

## **Frequently Asked Questions**

### **Q: What is Consumer Direct (CD)?**

A: Consumer Direct is a "catch-all" name for the business-to-consumer (B2C) market in which companies sell directly to consumers and rely on the Internet as the medium of interactive communication. While various forms of direct-to-consumer sales have existed for decades, the Internet-enabled CD business has only existed since the mid-1990's. Examples of CD companies would include Amazon.com, Peapod.com, and Buy.com. Many companies today have a "brick 'n mortar" presence, as well as a CD model. Wal\*mart, for example, has a Consumer Direct component called Walmart.com.

### **Q: Is the Consumer Direct Market limited to any specific type of products?**

A: While the Consumer Direct Market covers all forms of B2C, the name Consumer Direct has mainly been applied when describing models that focus on everyday consumables such as dry groceries, perishables, and HBA items. So, the term Consumer Direct is generally used to describe companies such as Peapod, Simon Delivers, and Drugstore.com. Also, the B2C component of grocery and mass merchandising chains that now engage in CD, such as Publix, Safeway, Kroger, Wal\*mart, and Kmart, would be described as Consumer Direct.

### **Q: How is Consumer Direct different from Mail Order?**

A: Mail Order companies differ from CD companies in that their business models do not rely on the Internet and they do not maintain interactive relationships with their customer base. In addition, most of the models provide direct-to-home deliveries within one day of placing the order.

### **Q: Is Consumer Direct as described above only operating in the U.S.?**

A: No. CD is a global business opportunity. In the grocery industry, many major grocery chains in Europe, Asia, and Latin America have CD formats. Most of the 20 largest grocery companies in the world have a Consumer Direct model in one or more countries.

## **Frequently Asked Questions (con't.)**

### **Q: What is the Consumer Direct Forum?**

A: The Consumer Direct Forum is an association of interested professionals with varied business experience that come together every few months to share information and learning about the Consumer Direct Market. The focus of the forum, at least at the outset, is the grocery industry, and specifically on the logistics/supply chain operations of grocery CD. Beyond learning, the forum's aim is to identify and improve operating components critical to the success of the CD supply chain. It is expected that the broad range of experience among the forum members will help identify solutions more quickly than could be accomplished without such a forum.

### **Q: Why is the supply chain the focus of the forum's time and effort?**

A: Creating a CD supply chain that is scaleable, cost-effective, and consumer transparent has proven to be more difficult than anticipated. Order complexity (multiple temperature, time sensitive, home delivered), order size (often 40 to 50 SKUs), and the need for extremely high order accuracy has made CD logistics a focus area for e-retailers. Coupled with the fact that fast-moving consumer goods are low margin items means that creating a supply chain that meets consumer needs at a reasonable cost is a true challenge. Reducing the logistics costs of operating a CD model greatly increase the model's chance for long-term financial success.

### **Q: Who are the members of the CD Forum?**

A: The CD Forum is open to all. Initial steering committee members include a broad range of companies interested in seeing the channel grow rapidly and in a consumer-preferred manner; Procter & Gamble (an FMCG manufacturer), St. Onge Associates (an engineering firm), EXE Technologies (a supply chain software provider), Siemens Dematic (a material handling system provider), and AMR Research (an industry analysis firm). Other members include retailers that provide CD Services (such as drugstore.com and Simon Delivers), other manufacturers (such as Kraft), other supply chain service providers (such as Lockheed Martin Distribution Services) and firms such as Descartes (a transportation software vendor).

### **Q: When was the Forum founded?**

A: The CD Forum was founded in 1999 initially as a think-tank and is formalizing to become an association.



## **Frequently Asked Questions (con't.)**

### **Q: What are the outcomes of the Forum?**

A: The Forum's first outcome will be a position paper on the CD channel and its supply chain challenges, published by AMR Research in Boston during the early months of 2002. In addition, the Forum will host meetings approximately two to three times a year to discuss specific industry challenges and create potential solutions, use deploy sub teams to address individual retailer challenges, and publish documentation on current best approaches and future trends.

### **Q: What are the costs associated with the Forum?**

A: The CD Forum is run as a not-for-profit organization with dues of \$2,000 annually. Conferences and meetings are additional and these costs are in line with other similar organizations.

### **Q: Why should I join the CD Forum?**

A: The CD Forum is a wonderful place to share ideas, meet new people, learn about the industry trends, and identify opportunities to pursue new business opportunities in an important future channel of grocery business.

### **Q: How do I learn more?**

A: Please visit the web site at [www.cdlogistics.com](http://www.cdlogistics.com)