



How FMCG companies
benefit from supply
chain visibility

INTRODUCTION

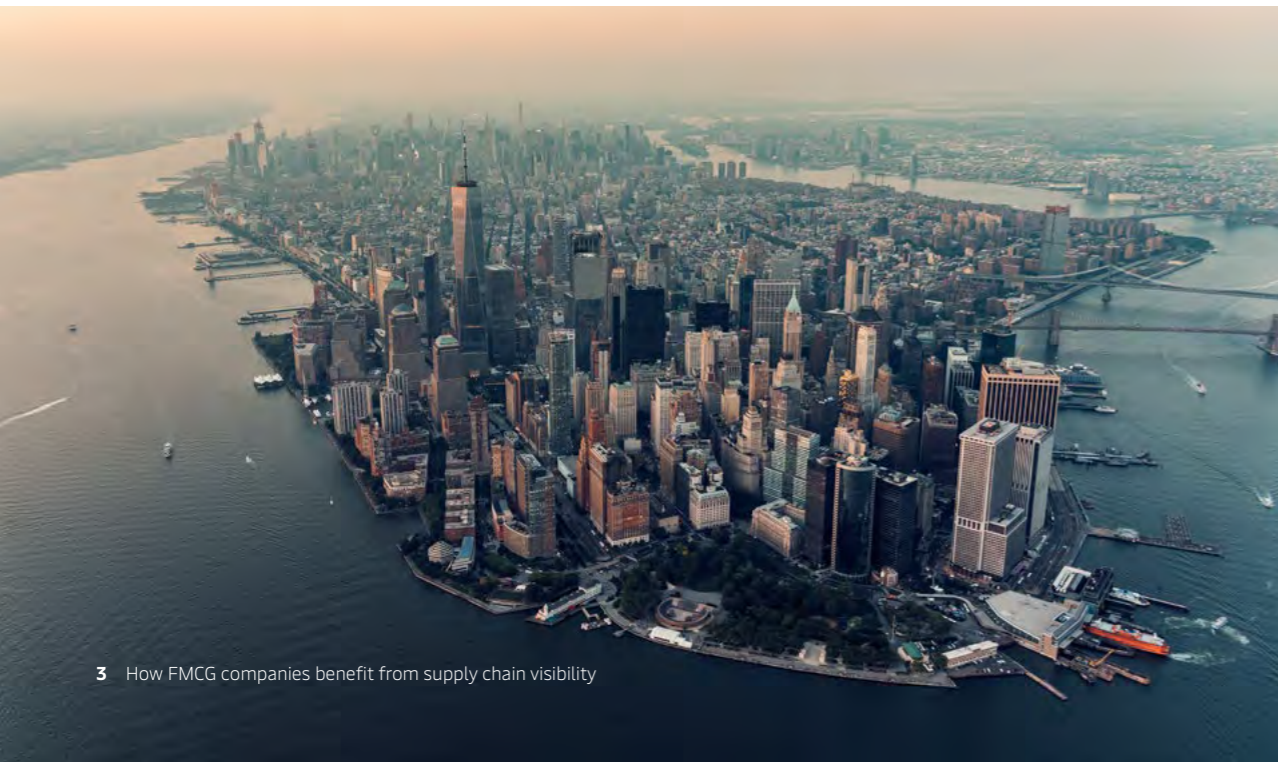
The global market has witnessed increased demand volatility in recent years.

This has forced FMCG businesses to deal with capacity constraints, container shortages and port congestions in the absence of transparency and predictability in their supply chains. Unlike in the past, when FMCG companies focused mainly on delivery to stores, supermarkets and wholesalers, today, brands are expected to cater directly to the consumer, often via e-commerce. This calls for a significant revamp of FMCG supply chains, allowing for delivery to local hubs and direct to consumers.



What are the challenges of the new global market?

In times like these, FMCG companies are looking to leverage their partnerships with logistics providers and focus on achieving end-to-end visibility. For a number of reasons, this is easier said than done.



1

VOLATILITY

With so many disruptive forces currently impacting the supply chain, the lack of continuity and consistency in upstream and downstream material flows is jeopardising the sometimes delicate balance between supply and demand. Nine in ten executives surveyed currently rate supply chain issues as the greatest threat to growth.¹

2

UNCERTAINTY

It's hard to know where you are, or where your materials are, when the supply chain is rocked by one black swan event after another. Just when it seems as though the worst disruption of the pandemic is behind us, the conflict in Ukraine, the spiralling fuel prices and Brexit provide further complications. Compared to other sectors, FMCG organisations were approximately twice as likely to report additional transportation costs as a result of the end of the EU transition period.²

3

COMPLEXITY

With everything so inter-connected in the modern supply chain, just one issue can have a knock-on effect that will have implications all the way down the line. That might explain why 57% of FMCG executives are seeing shorter local supply chains as a new priority.³

4

AMBIGUITY

The lack of visibility in the supply chain makes it almost impossible for logistic teams to make informed decisions. With the picture effectively blurred, there comes a reliance on guesswork. 19% of global FMCG buyers don't know their suppliers' names and addresses and wouldn't even begin to know how to find out.⁴

How do we address these changes?

When it comes to FMCG customers, the need of the hour is flexibility.

Being able to adapt to changes quickly not only helps mitigate supply chain risks, it also allows businesses to avoid disruptions affecting their end consumers.

To do this, real-time end-to-end visibility is a must. And technology such as predictive analytics and machine learning capabilities aid in continually monitoring the supply chain and taking quick decisions about potential disruptions.

Another important aspect of overcoming supply chain challenges is collaborating with logistics partners, building relationships and managing them in order to work together towards the common goal of having a resilient and agile supply chain.





VISIBILITY

Visibility plays a major role in the smooth functioning of today's supply chains. It provides businesses with the control they need to make inventory changes based on demand, deal with transport disruptions and plan alternative modes, and track cargo all the way from the manufacturing unit to the end consumer.

But gaining real visibility is a challenge with complex supply networks that consist of multiple suppliers, service providers and logistic service providers. The fragmented internal structures of many companies only compounds this problem. Besides, currently over half (53%) of buyers in this sector simply have no way of finding out who exactly their suppliers are.⁵

However, businesses somehow need to achieve increased visibility so they can keep their finger on the pulse. They also need accurate, near real-time data that is constantly accessible to enable prompt and enlightened decision making.

AGILITY

The past couple of years have shed light on the importance of having a supply chain that is agile enough to deal with disruptions smoothly and quickly by being flexible and responsive. And yet, only 23% of consumer product organisations believe their own supply chain is agile enough to support the organisation's evolving business needs.⁶

Data-driven knowledge can help put this right by providing businesses with the direction they require to implement technology to boost agility. This can give FMCG companies the confidence of knowing that they have contingencies in place to ensure their goods will continue to flow even when those unexpected challenges emerge.

SUSTAINABILITY

As in every aspect of business today, sustainability is a key requirement of the modern supply chain. In fact, according to a recent report from Deloitte, sustainability is becoming the epicentre of FMCG business strategy. "From innovation in the supply chain to energy efficiency in the distribution network, the sector will take more steps to reducing environmental damage next year."⁷

Currently, FMCG is one of the eight most polluting supply chains (along with construction, fashion, electronics, automotive, professional services and freight) that, together, produce more than 50% of global emissions.⁸ Something has to change.

The solutions here lie in initiatives like reducing reliance on fossil fuels by offering ISCC certified biofuel alternatives that offer immediate carbon savings. The right partnerships are also vital as businesses work towards co-developing groundbreaking green logistic solutions that deliver on both sustainability goals and business objectives.

PARTNERSHIP

FMCG businesses rely on supply chain operations that ensure their products move seamlessly from the factory to the consumer's door, no matter the disruption, demand fluctuations or global events. To do this, businesses require an integrated logistics partner who can support their operations and help their growth ambitions by providing solutions that give them the tools required.

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