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FT LONGITUDE

Course for Change: How the retail industry builds resilient supply chains in an unconventional world



ALL THE WAY

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01. Executive summary

Within days of a suspected cyberattack in May 2025, UK retailer Co-op's supply chain was severely disrupted.¹ Staff across the business struggled to cope as Co-op took systems offline to counter the attack; shop assistants were forced to apologise for the empty shelves in many stores as the attack disrupted deliveries of fresh goods.

It was a harsh reminder of the realities of modern supply chain management: in these uncertain and volatile times, disruption is commonplace. The ability to resist supply chain disruption, and recover quickly when it strikes, is key to success.

Our research, conducted by FT Longitude on behalf of Maersk, reveals that some retail companies can do just that. We surveyed 190 supply chain professionals from the retail sector as part of a larger, multisector survey carried out in February and March 2025, and found that a small group of 'resilience frontrunners' is outperforming other retailers in resilience. Here, we analyse their strategies and priorities to reveal how you too can withstand supply chain disruption and recover from it fast.



What we found out

Resilient supply chains reduce revenue losses due to disruptions



Supply chain functions can be a strategic enabler of growth



Predictive analysis and AI are major priorities for investments



Collaboration and partnerships within the wider supply chain network is key



Logistics Service Providers (LSP) are valuable partners when building resilient supply chains.



02. Introduction

In the retail sector, supply chain shocks are numerous and unpredictable – and can come from any direction. In the US, for example, labour protests at ports hit retailers' preparations for the Black Friday sales in 2024.² In Spain, extreme flooding in autumn 2024 destroyed infrastructure, shut factories and ruined crops across the country, which damaged the retailers from across Europe that source from the region.³ And cyberattacks haven't just hit Co-op or the UK. In December 2024, a ransomware attack on supply chain software provider Blue Yonder caused disruption at retailers in multiple countries.⁴

The retail industry, more so than its sibling industries, is particularly vulnerable to supply chain difficulties, which can quickly wipe out its notoriously tight margins that are often as low as 2–3%, according to recent analysis by NYU Stern.⁵ And low margins are coupled with greater demand volatility than in other industries, with limited visibility of sometimes unpredictable consumer behaviours.



Resilience matters

Retailers can't afford to be complacent about supply chain resilience. However, our research suggests that many are falling into that trap: nearly two-thirds of retail supply chain leaders believe their organisation is more resilient than its industry peers. Statistically, they can't all be right.

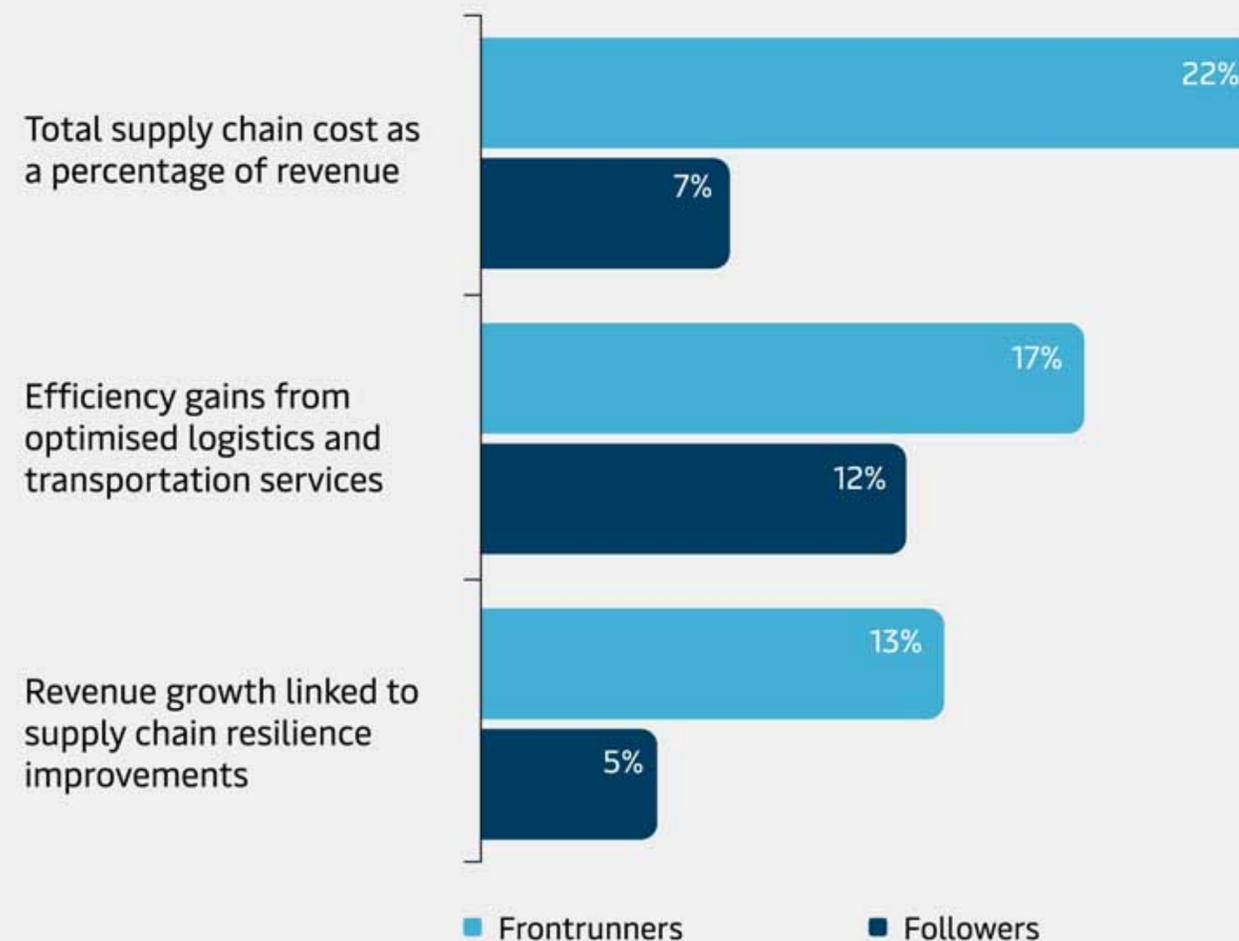
If you're overestimating your resilience, you risk unnecessary damage from further supply chain disruption – but you could also miss significant upside. Our research shows that more resilient organisations do a better job of keeping their customers happy: they're smarter at anticipating problems, quicker to respond and more reliable on delivery. This translates into superior financial performance (see Chart 1).

Less resilient retailers will have to close the gap. Here, we discuss how they can do this by learning from the experiences of the most resilient businesses in the industry, which we call the 'resilience frontrunners'.

This report examines:

- How the frontrunners count on leadership, people and skills to maximise resilience
- How they make the most out of technology and data
- How they share responsibility to increase supply chain resilience

Chart 1: The most resilient companies perform better



There's a resilience gap

The resilience frontrunners report much lower disruption-related losses than the other companies in our research. On average, each retail business lost an equivalent to 3.6% of its revenues in its last fiscal year because of disruptions to the supply chain. But the resilience frontrunners performed far better, limiting their losses to less than 1%.

In the last fiscal year, the average retailer lost 3.6% of their revenue because of supply chain disruption.

These frontrunners aren't just managing risk more effectively. They also outperform other businesses across a range of indicators. They're more than twice as likely as the least resilient companies in our research, which we call the resilience followers, to have achieved revenue growth linked to supply chain resilience improvements. They're also outperforming the followers on supply chain costs and efficiency gains (see Chart 1).

This is significant. "Historically, supply chains have been seen as efficiency operations – they were a cost to be driven harder," says Matt Swindells, chief operations and supply chain officer at Australian retailer Coles Group. "But in the modern retail environment, they're actually growth enablers: they make it possible for retailers to meet customers' increasing expectations."

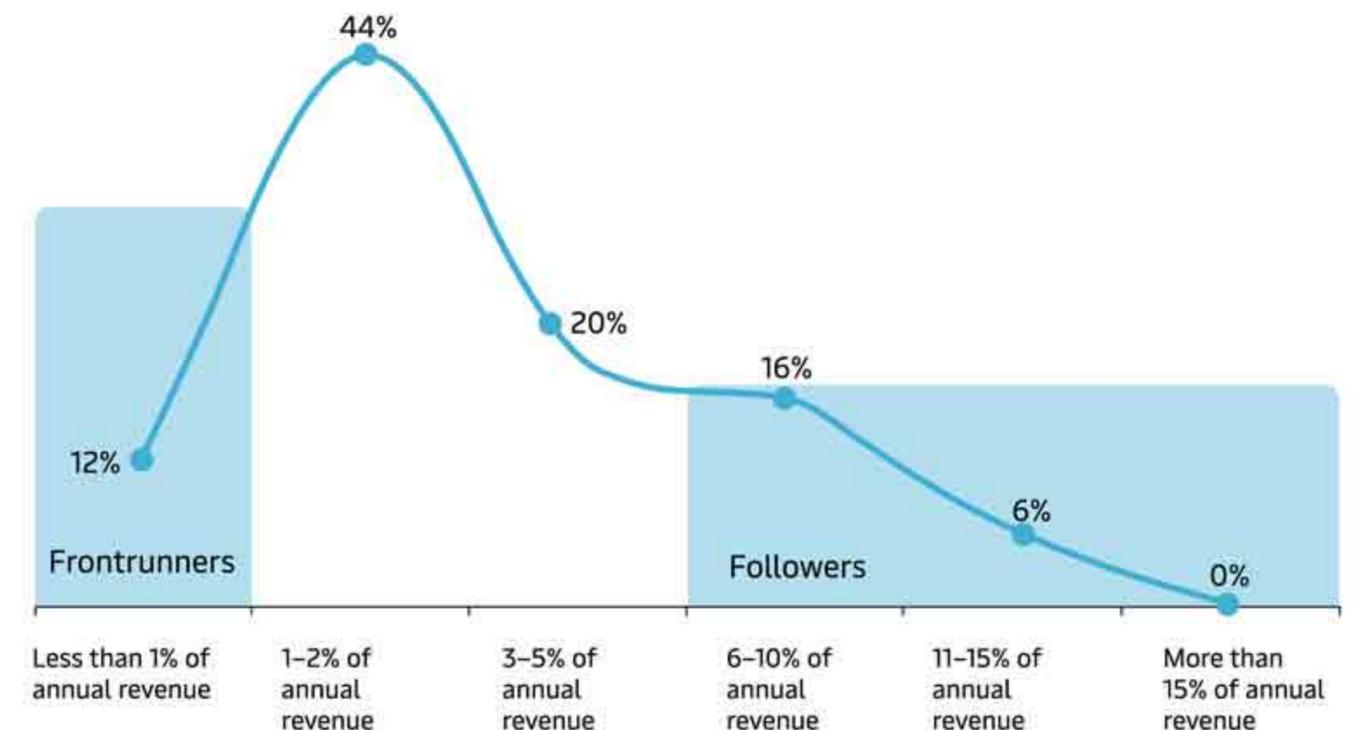
The resilience followers are struggling: 21% say that disruption has hit profit margins in the past two years. Just 4% of the frontrunners suffered in this way. The followers are also more likely to have struggled with rising supply chain costs and setbacks in their supplier relationships and partnerships.

What can these organisations learn from our resilience frontrunners? In this report, we find out what the frontrunners have done to get the edge, and how other businesses can follow their example in these unconventional times.

A closer look at the resilience frontrunners

We looked at variations in average annual revenue losses in retail companies caused by supply chain disruptions. The ones with losses of less than 1% of revenues in the most recent fiscal year are the resilience frontrunners, and the ones with losses of more than 5% are the resilience followers. Using this methodology, 12% of retailers emerge as frontrunners and 22% are followers (see Chart 2).

Chart 2: Only 12% of retail businesses have suffered low disruption-related losses



03. How the frontrunners count on leadership, people and skills to maximise resilience

So that the supply chain function can deliver the wide-ranging resilience retailers need, its leaders must take on new responsibilities and a broader role. It's a view the resilience frontrunners embrace. They say that the supply chain and procurement functions need to evolve from being primarily focused on the movement of goods to being a central pillar of strategy.



This shift has important implications for senior supply chain leaders. Among the frontrunners, the CSCO role is already more strategic than it is for the followers. Frontrunners' CSCOs are also more focused on positioning the supply chain as a strategic asset and a potential catalyst for revenue growth.

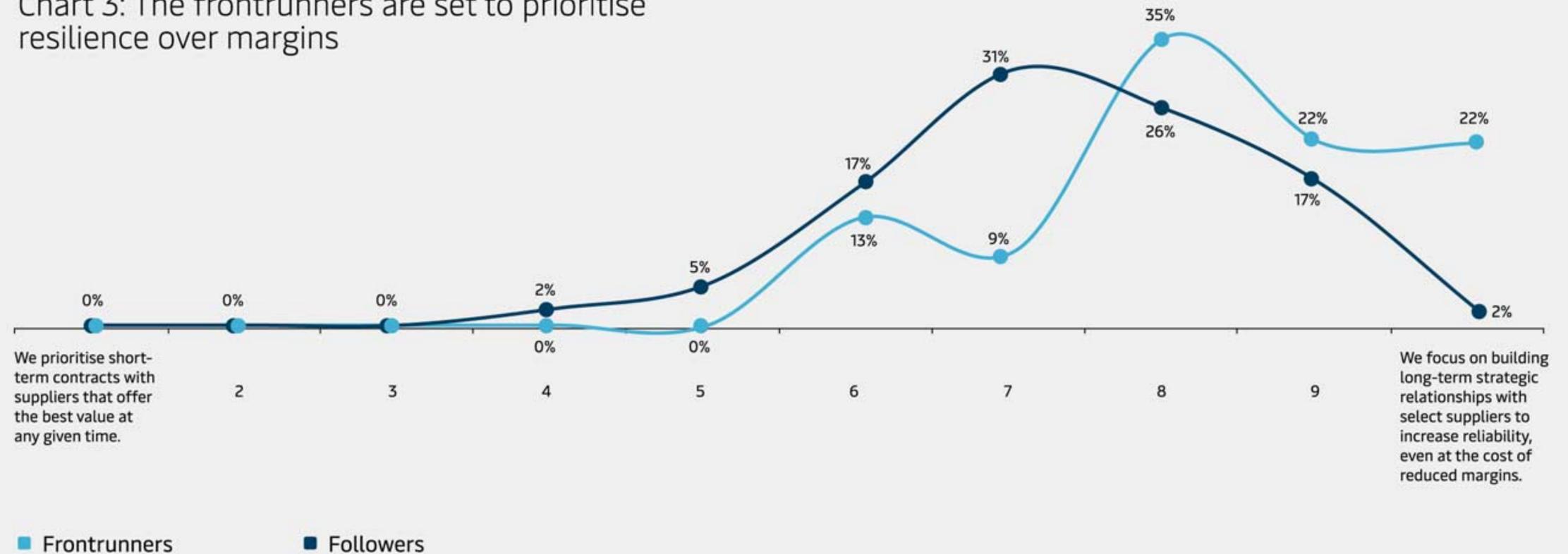
Over the next 12 months, the frontrunners are more likely to prioritise long-term and strategic relationships with select suppliers, even if this has implications for their margins. The trend goes in the same direction for the followers, but it's less pronounced and they're more inclined to prize short-term contracts that maximise value (see Chart 3).

One example of this approach is how the more resilient retailers work with their suppliers.

"Our CSCO is actively developing functional leaders into business leaders. She doesn't want us at the back, but at the forefront - as strategic partners that can drive commercial and financial performance. To succeed, we must bring the whole organisation with us."

Tanja Fend
 Head of Global Supply Chain Strategy and Development
 Swarovski

Chart 3: The frontrunners are set to prioritise resilience over margins

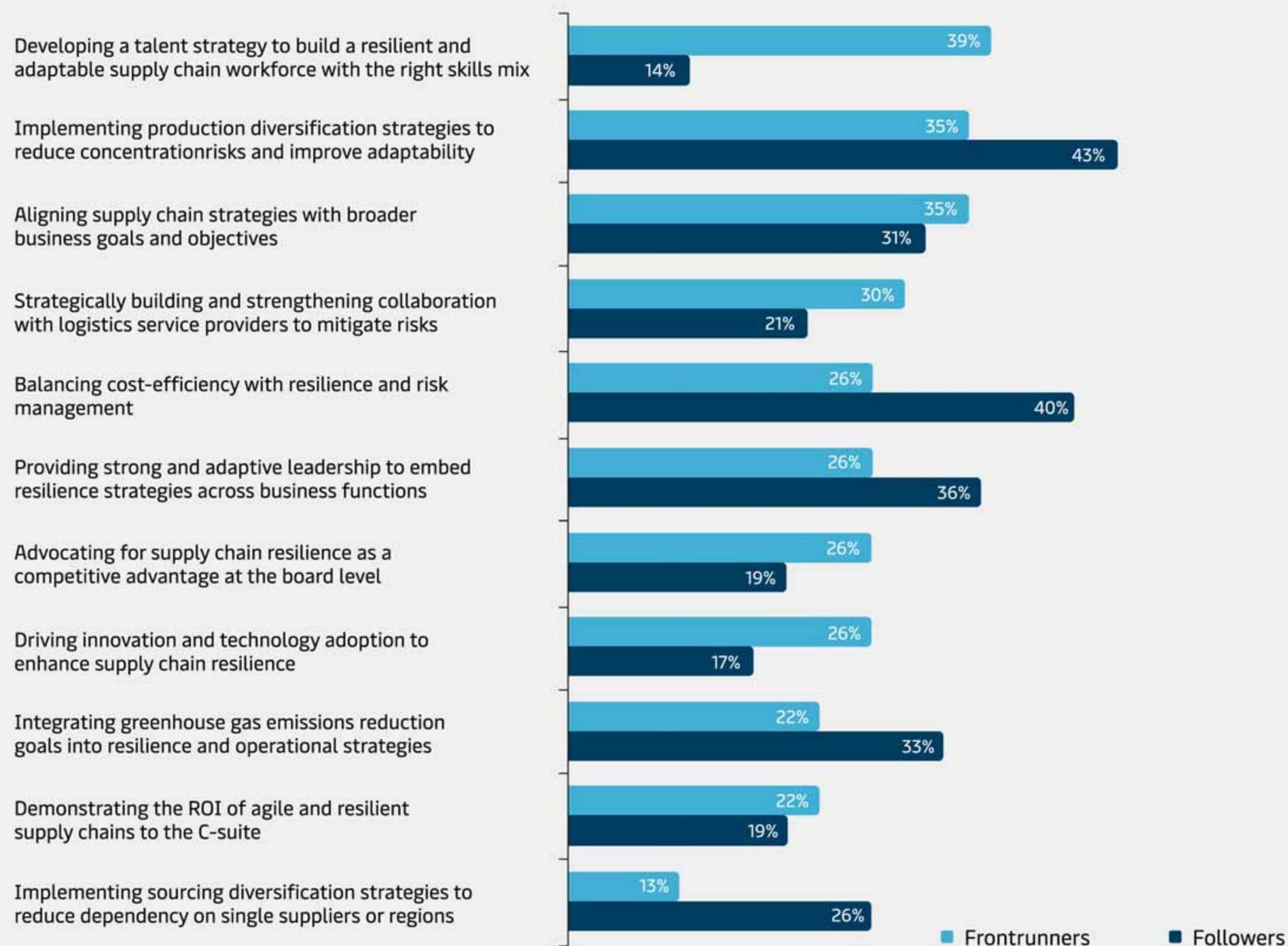


Adapting to chaos: Resilience is a team effort

But it's not just about the CSCO. The frontrunners understand how important it is to get everyone in the organisation involved in resilience. They're more likely than the resilience followers to actively create a company culture that fosters a resilience mindset across all parts of the organisation.

And the changing role of the supply chain function requires new skills and an adaptable team. That explains why, among the frontrunners, talent strategy is seen as a major priority for the CSCO. For the followers, it's not even a top 10 issue (see Chart 4).

Chart 4: Talent strategy is a top priority for the frontrunners



The frontrunners focus on specific skills in their team. The most common needs are competencies in geopolitical risk management and regulatory compliance, proficiency with advanced supply chain technologies, and data analytics skills.

As they work towards supply chain agility, the frontrunners are also significantly more likely to be training their teams to become more responsive.

As they work towards supply chain agility, the frontrunners are also significantly more likely to be training their teams to become more responsive. "It's all about how you adapt to disruption," says Deepak Menon, General Manager of International Supply Chain and Transformation at Anko Sourcing, the supply chain business of Kmart. "You need the ability to look at disruption and uncertainty and quickly extract insights, understand patterns, organise a response, bring in protocols and make them consistent."

57% of the frontrunners train teams on agile supply chain practices to improve responsiveness and resilience, compared with just 29% of the followers.

Take skills in new technologies, a focus area for most of the frontrunners. AI can give retailers early warning signals for potential disruption in the data, and digital twins can help with scenario planning and war gaming. And using AI or digital twins also frees up time to focus on strategic decision making: if technology does the numbers, the team can focus on more strategic work.



Sourcing these skills requires some imagination. Already, 30% of the frontrunners are looking across their wider organisations and offering cross-functional training to equip staff to get the most out of new technologies; only half as many of the followers have taken this step. The frontrunners also offer upskilling and reskilling programmes more regularly. And where skills can't be filled internally, collaborating with external partners such as LSPs is another way to source specialist skills.

Key takeaways:

How to use leadership, people and skills like a resilience frontrunner



Position the supply chain as a strategic function, not just a cost centre. This means recognising your CSCO's role as a growth enabler.



When you fill skills gaps, don't overlook internal talent.



Build skills by using the expertise and experience of external organisations such as LSPs and other supply chain partners.



Embed a resilience culture across the whole organisation: resilience is everyone's responsibility.



04. Making the most of technology and data

As supply chains become increasingly complex and as the need for agility increases, advanced technologies are becoming indispensable.

"Tools such as AI can help us understand the complexity of these ecosystems," says Yao Zhang, Vice President of Operations at Singapore-based furniture retailer Castlery. "We can analyse and anticipate the root causes of a given problem, and generate reliable solutions."



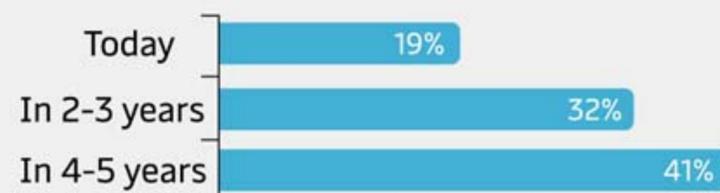
Already, 19% of retailers say that technologies for multi-tier supplier mapping to enhance transparency are "mission critical" – and that's expected to double within the next four to five years.

Digital twins and tools for predictive analytics are other technologies that are seen as mission critical by a small but significant number of retailers today, and they're set to become crucial for about 40% before the end of the decade (see Chart 5).

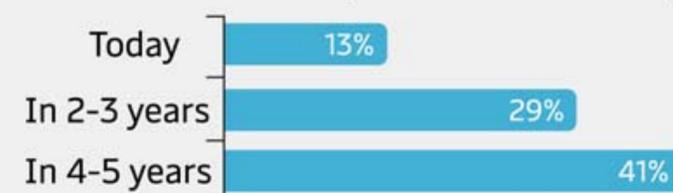


Chart 5: A rapid rise of resilience technology is expected in the next four to five years

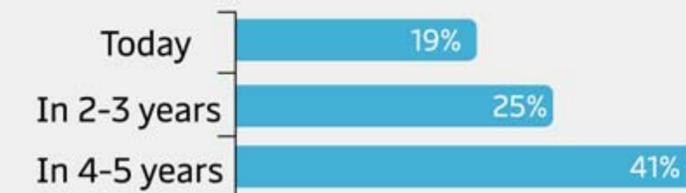
Real-time risk visibility and actionable insights for proactive disruption management



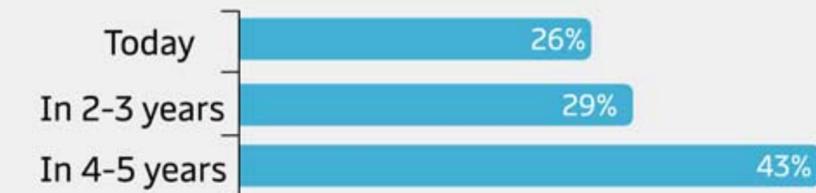
Digital twin technology for real-time visibility, crisis scenario simulations, and decision-making support



Multi-tier supplier mapping to enhance transparency and ensure regulatory compliance



Predictive analytics for supply chain planning to improve resilience



■ Mission-critical – Essential for achieving supply chain resilience; cannot operate effectively without it

Many retailers are evolving at pace. "We're aiming to implement digital twin capabilities," Swarovski's Tanja Fend explains. "We're working with our outsourcing partner to build control towers to track our products from the factories to the customers' shelves."

AI is a particular focus for many retailers. Areas where organisations are particularly enthusiastic about increasing their use of AI include risk detection, scenario simulation and dynamic routing and transportation management. In each case, organisations say there's significant scope for AI tools to take more responsibility from human operatives in the near future.

"It's dynamic: The data tells us where a particular change might be needed, and the end-to-end operation enables us to execute that decision faster than anyone else."

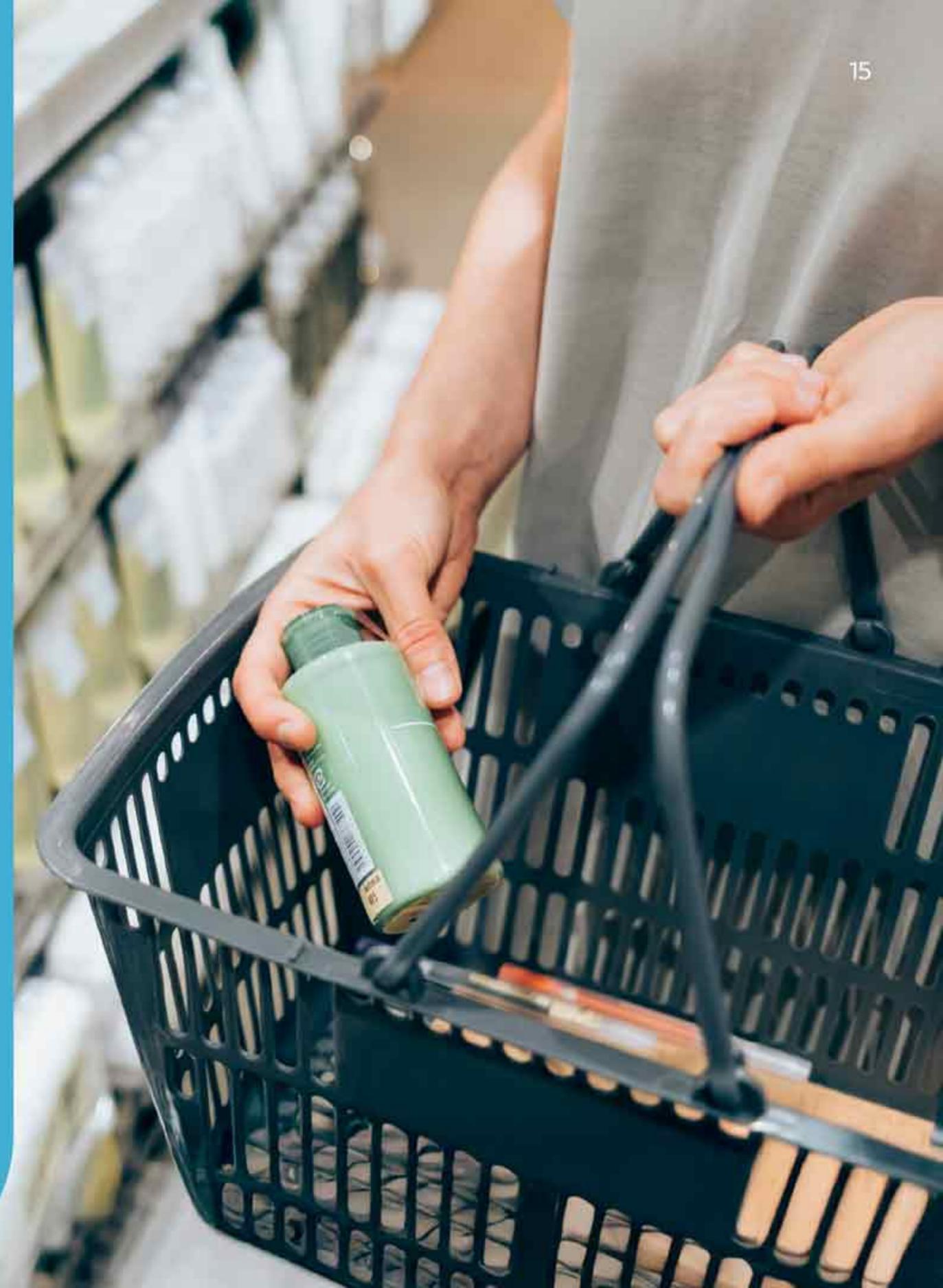
Matt Swindells

Chief Operations and Supply Chain Officer
Coles Group

"Optimisation means digitising your end-to-end supply chain operation so you can see data in a single view and across all your assets," says Cole Group's Matt Swindells.

Yao Zhang at Castlery makes a similar point. "We've been using machine learning to create our baseline forecasts for many years, with algorithms capable of looking at historical data and what we know about future campaigns, new products and market developments," he says. "The forecasting accuracy is constantly improving. Now, we need to see more powerful applications of AI in this domain."

To be valuable, these technologies need data that's in the right format and accessible at the right place and time. This can be difficult. Many companies, including more than a third of the followers, say that data sharing with supply chain partners is a weak point in their resilience strategies. And even when the right data is available, a lack of the skills and knowledge needed to turn data into actionable insights can hold back technology's role in resilience.



More resilient retailers are moving on as the rest play catch-up

While companies like Coles and Castlery are already using technology to make their supply chains more resistant to disruption, others are trying to catch up. More of the followers than the frontrunners are focused on technology investments – probably because they're behind their competitors.

More advanced businesses, meanwhile, can start to make other strategic investments. Our research suggests that these include building inventory buffers, working on a company-wide resilience culture, and developing contingency plans with supply chain partners (see Chart 6).

Key takeaways:
How to optimise technology and data for supply chain resilience

-  Future-proof your supply chain by investing in AI, digital twins and other advanced technologies.
-  Focus on data. Manage your existing data sources to create a 'single version of the truth', fill gaps in your data to enable more insightful analysis, and work across your supply chain network to secure access to more mission-critical data.
-  To get the most from new technologies, build skills within your supply chain function and collaborate across your organisation and with partners.





Chart 6: The frontrunners and the followers have different investment priorities

Enhancing risk detection and monitoring capabilities across the supply chain

Increasing inventory buffers or stockpiling critical components to improve resilience

Investing in the company's culture to foster a resilience mindset across the organisation

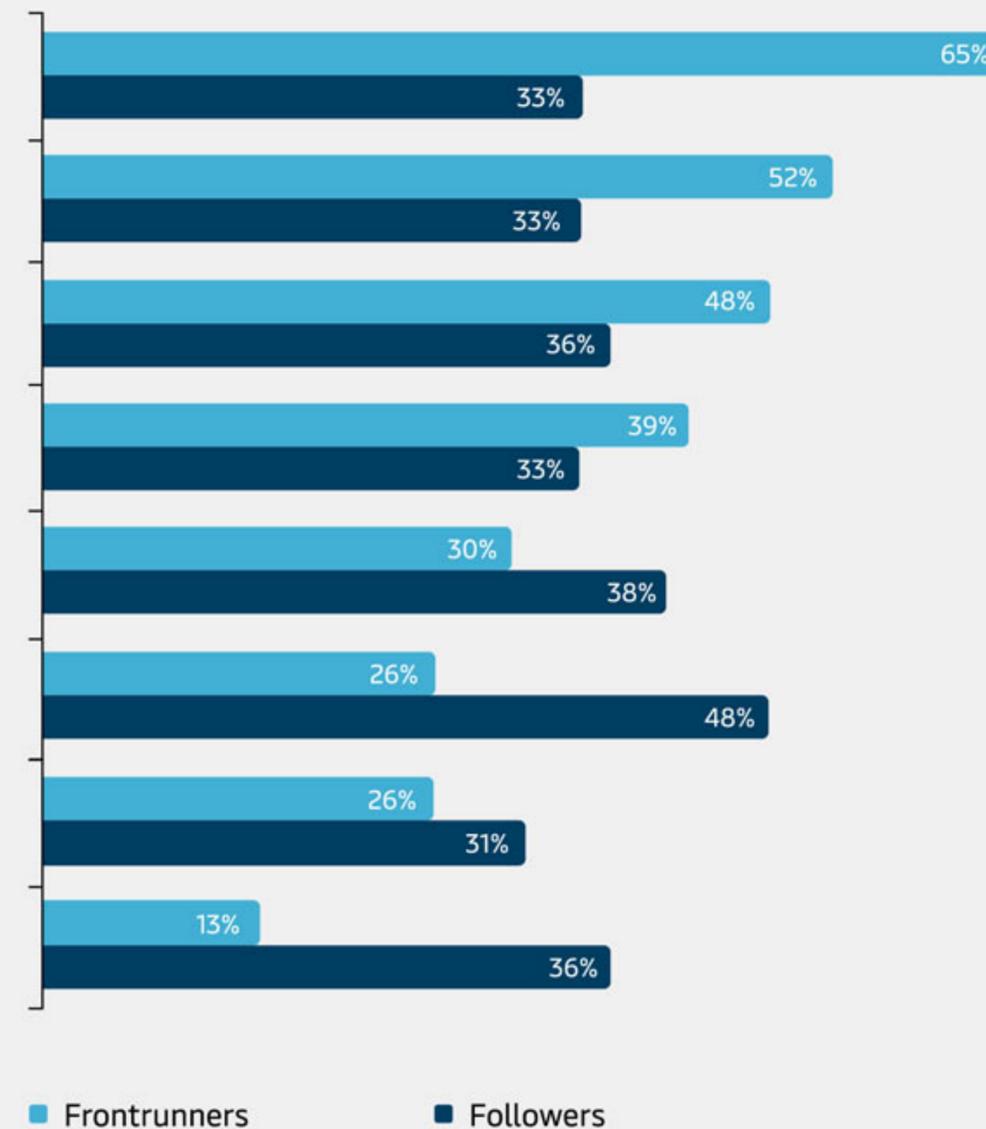
Developing collaborative contingency plans with supply chain partners

Adopting advanced technologies (e.g., AI, digital twins) to enhance agility, efficiency, and forecasting

Investing in supply chain visibility tools to improve real-time monitoring and decision-making

Implementing cybersecurity measures to protect supply chain systems

Diversifying suppliers and transportation routes to mitigate risks



05. Share responsibility to drive supply chain resilience

Showing their commitment to the concept of being stronger together, many of the resilience frontrunners are working on collaborative contingency plans with their supply chain partners: it's one of their top five investment areas for building resilience (see Chart 6). And they agree that collaboration and partnership are increasingly crucial as they prepare for supply chain disruption and plan for risk mitigation.



“We’re simplifying in order to build stronger relationships with a smaller number of suppliers.”

Tanja Fend

Head of Global Supply Chain
Strategy and Development
Swarovski

To collaborate better, you might need to consolidate your supply chain network. “We’re simplifying in order to build stronger relationships with a smaller number of suppliers,” says Swarovski’s Tanja Fend. “They’re supporting us through a transformation of the business into delivering luxury at scale.”

At Castlery, Yao Zhang says that relationships with certain manufacturing partners are so crucial for supply chain resilience that it can make sense to invest with them together. When Castlery wanted to diversify its production bases, for instance, it funded some manufacturing partner’s global expansion.

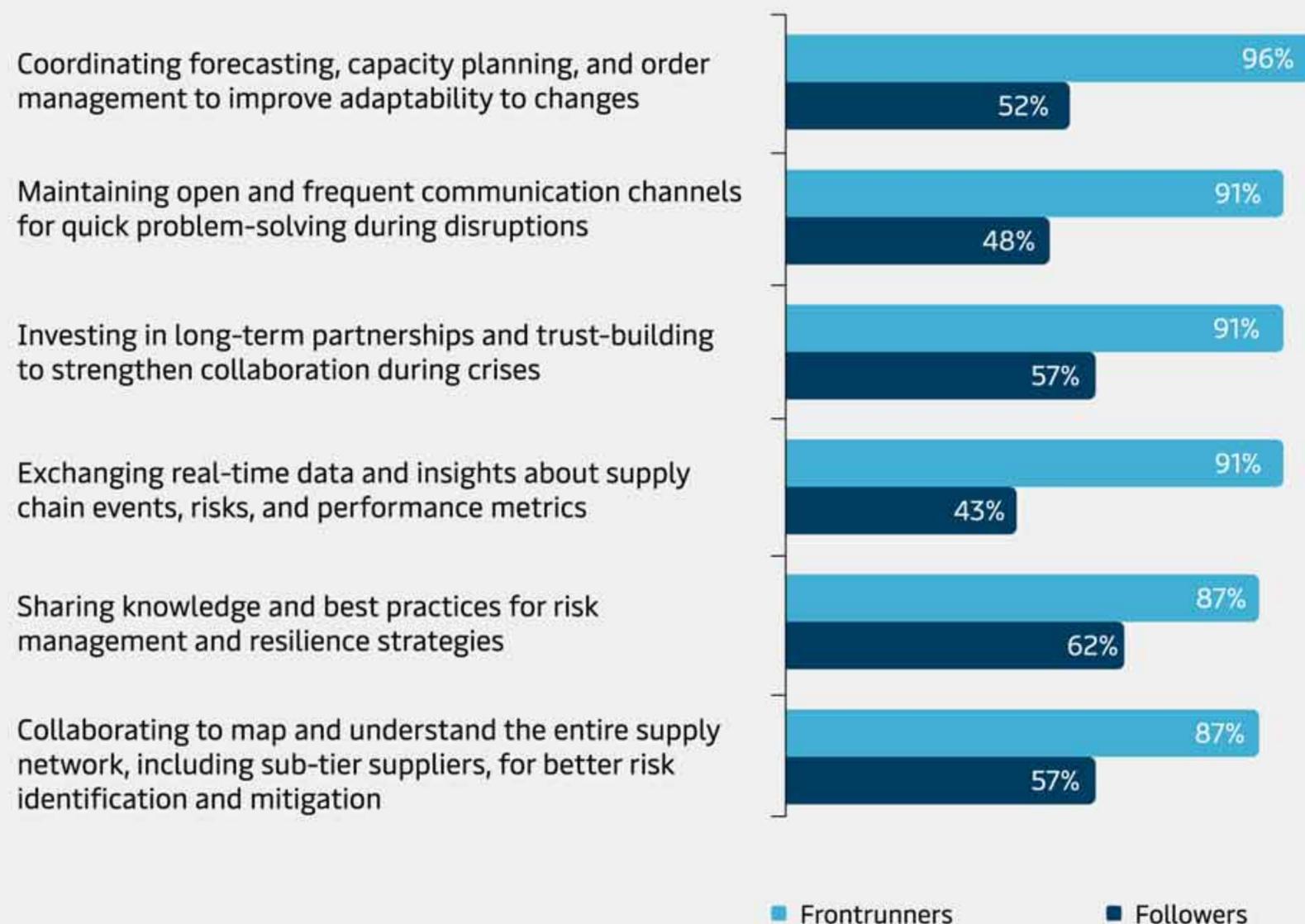
“We pushed them to expand their manufacturing presence and capacity, and even loaned them the startup funding and accepted higher unit production cost initially,” he says. “That paid for the leases on the land, for machines and for materials to get started. Once they ramped up production, we got payback every month after containers shipped, and we continue to work together to gradually improve production efficiency, and therefore cost over time.”

Across a whole range of supply chain competencies, the frontrunners are already collaborating closely across their networks – much more than the followers are. This includes coordinating on forecasting and capacity planning, regularly exchanging real-time data and insights, and maintaining open and frequent communication channels (see Chart 7)

For Matt Swindells at Coles Group, open communication is a crucial part of a resilient supply chain, and personal relationships and knowledge sharing matter.



Chart 7: Most of the frontrunners collaborate with network partners



"It takes time to build those relationships and the understanding of relatively complex supply chains and capability," he says. "The partnerships that make a difference go far beyond structural frameworks."

The frontrunners are keen to collaborate even more with their partners and allies. For instance:

- 57% of the followers say they need to improve their access to flexible logistics services. Just 24% of the followers say the same.
- 52% of the frontrunners (compared to 40% of the followers) work on increasing collaboration with suppliers to improve their responsiveness to changes in demand.

Key takeaways:

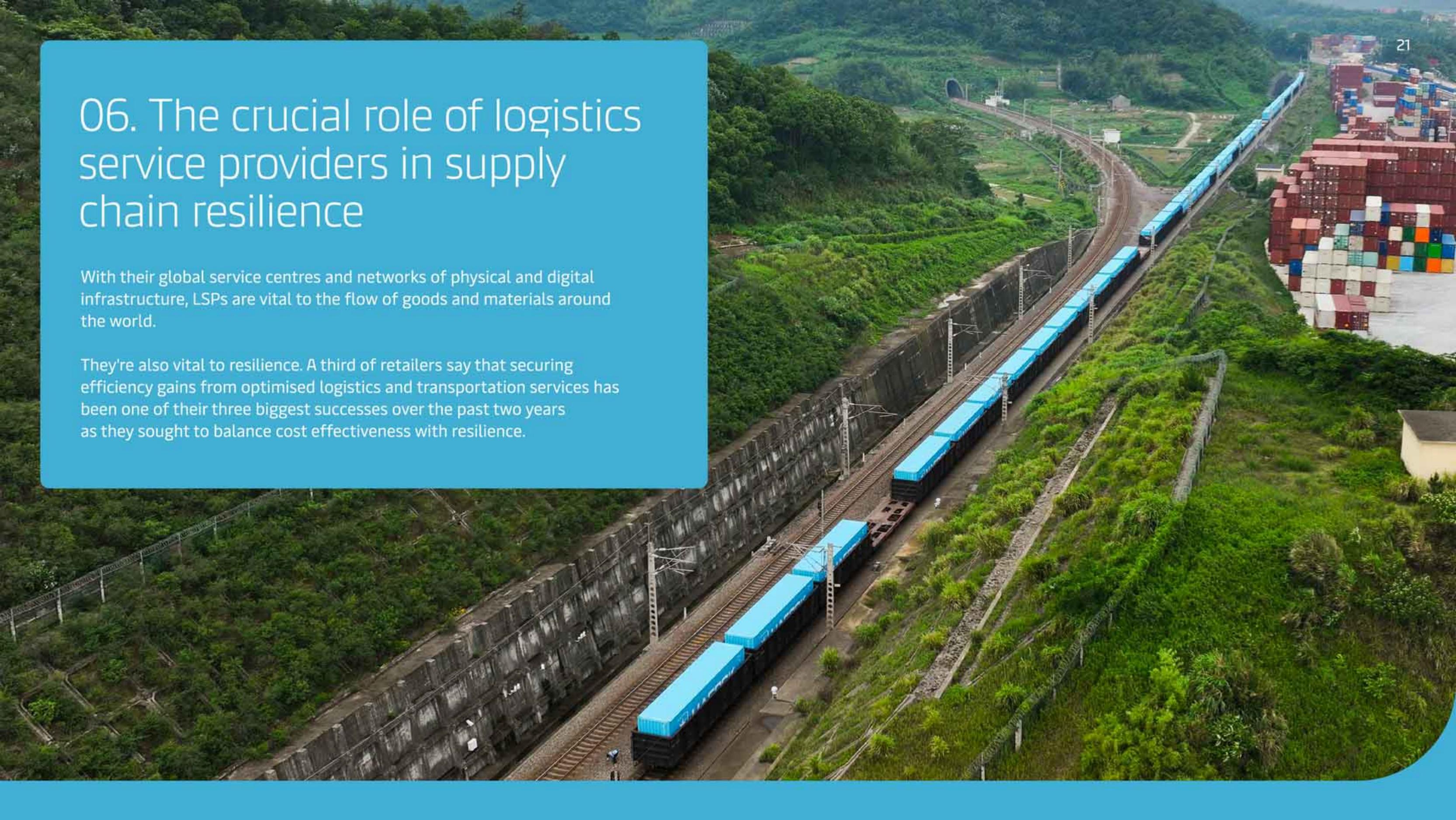
How to optimise technology and data for supply chain resilience

-  Focus on partnerships that give you access to the data, insights and expertise that support greater resilience.
-  Map your entire supply chain network, including sub-suppliers, to identify and address risks before they cause problems.
-  Create and actively manage communication channels with your supply chain partners to resolve problems as quickly as possible.

06. The crucial role of logistics service providers in supply chain resilience

With their global service centres and networks of physical and digital infrastructure, LSPs are vital to the flow of goods and materials around the world.

They're also vital to resilience. A third of retailers say that securing efficiency gains from optimised logistics and transportation services has been one of their three biggest successes over the past two years as they sought to balance cost effectiveness with resilience.





33% of retailers put efficiency gains from optimised logistics in their top three resilience successes from the past two years, but 26% had problems.

But some retailers associate logistics services and transportation with setbacks. So logistics is a high-impact lever: building strong relationships with trusted logistics partners can have measurable benefits, but if you don't get it right it has negative consequences.

Deepak Menon of Anko Sourcing says you have to play to the strengths of both parties. The company's relationship with its LSP, Maersk, is built on shared access to data analytics, but each side uses its own expertise. "It gives us a great deal of flexibility," says Menon. "Based on its analysis of peaks and troughs, Maersk can decide, for instance, how to position ships and how to get our goods to the port and to our warehouses. But to optimise fulfilment we can talk to them about which products to pack where in the container – with our fastest-selling goods at the front. It's all about having a relationship that gives us greater control over our supply chain.

"The more our partners learn about how we work, the better their position to bring balance to our supply chains."

Deepak Menon

General Manager
Anko Sourcing

The frontrunners have a better grasp of how, when and where to use their relationship with their LSPs. They're clear in their answers about which three services, products or capabilities are most valuable:

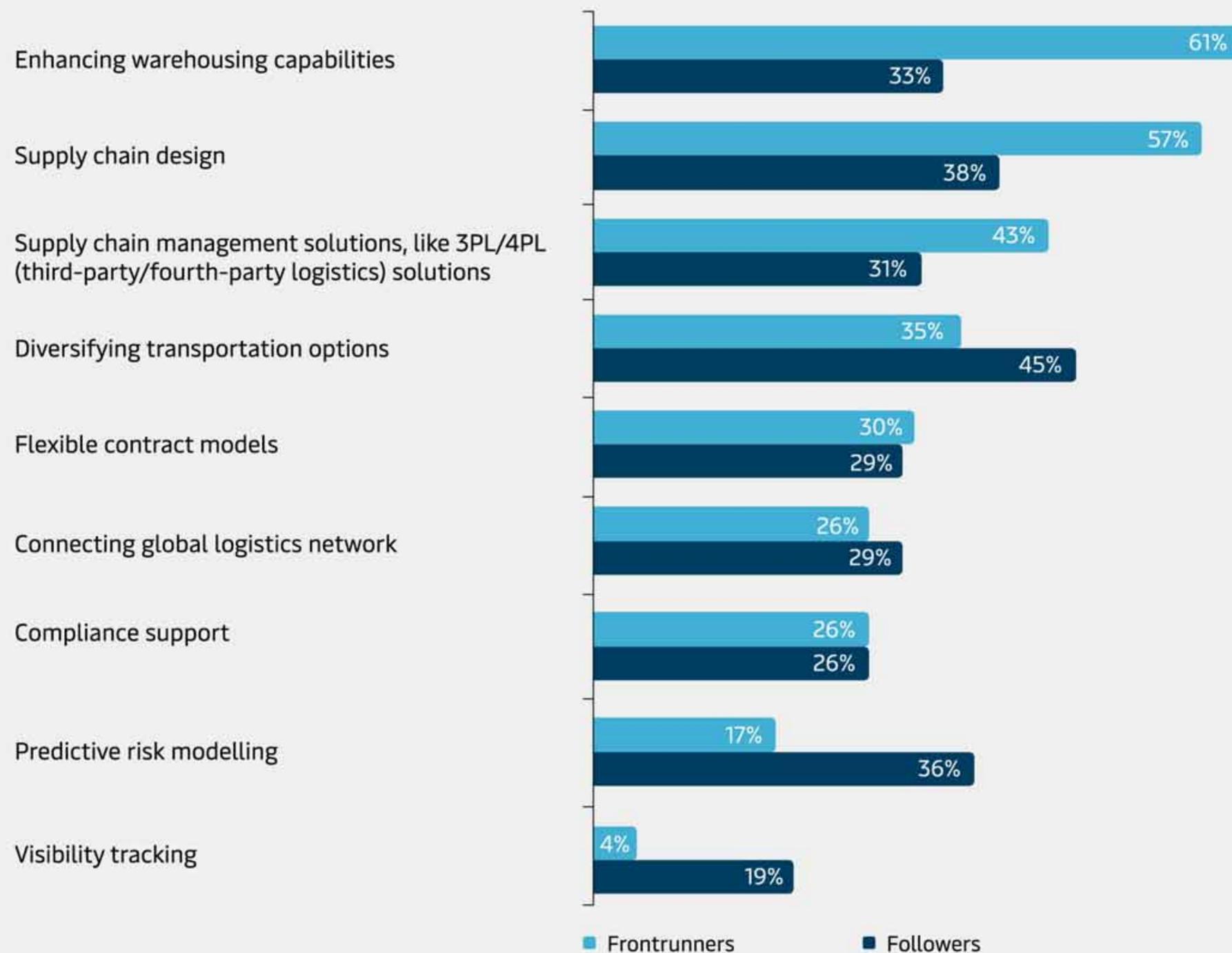
- Enhanced warehousing capabilities
- Supply chain design
- Supply chain management solutions by third-party or fourth-party logistics (3PL or 4PL) providers

When it comes to the followers, there's less clarity. This could be because they have a poorer understanding of their needs and how they could be filled by LSPs (see Chart 8).

Another gap between the groups is in the frontrunners' greater use of LSP services, products or capabilities that increase financial resilience: financial scenario-planning tools, asset light strategies facilitated by outsourcing logistics operations or leasing, and 3PL and 4PL supply chain management tools are all more popular to the frontrunners than to the followers.

Sustainability can be another benefit of external partnerships. As consumers grow increasingly concerned about the sustainability of the products they buy,⁶ Matt Swindells of Coles Group says LSPs can help retailers to improve their indirect (scope 3) emissions. Swindells says a partnership with an Australian logistics firm enabled Coles Group to pilot all-electric trucks. "The trucks can cover more than 300 kilometres on each charge," he says. "And they will play a big part in the future of how we meet the commitments we've made on our carbon emissions."

Chart 8: The frontrunners have a clearer view of how to use LSPs effectively



07. Course for Change: Achieving supply chain resilience in an unconventional world

Retailers are committed to helping their supply chain withstand disruption: every one of the retailers in our research says they're investing in making it more resilient. That's good news, because although average disruption-related losses are higher in other sectors, retail faces its own challenges.

Our research shows that the resilience frontrunners are deploying a range of approaches across three areas: technology and data, people and skills, and collaboration in the network. And it's having a measurable impact on their resilience.



To catch up with these frontrunners, other retailers must follow their more strategic approach to the supply chain.

- 
Act with strategic intent by positioning their CSCO and supply chain function as catalysts of growth instead of cost centres.
- 
Equip their teams with forward-looking skills, focusing on adaptability, digital capability and cross-functional expertise.
- 
Invest in advanced technologies, as well as the skills and data foundations they need to make full use of them.
- 
Embed a culture of resilience beyond the supply chain function that creates awareness and accountability across the whole organisation.
- 
Invest in scenario planning and simulation tools to prepare for disruption, rather than simply reacting to it.
- 
Map their supply networks in depth, including sub-suppliers, so they can identify and address vulnerabilities before they get worse.
- 
Work more closely with partners across the value chain because they recognise that resilience is a shared responsibility among suppliers, sub-suppliers and LSPs.

Many retailers are already trying to make these changes. They recognise that customers and shoppers worldwide have expectations that have never been more demanding, and have limited sympathy for the supply chain pressures on retailers. Now's the time for them to increase their efforts and follow the lead of our resilience frontrunners.

The prize will be significant. In today's unconventional world, where volatility and uncertainty are the norm, resilience has become a critical point of differentiation – and an increasingly valuable competitive advantage.



Appendix: About our research

This report is part of a broader series of reports covering five sectors: lifestyle, retail, fast-moving consumer goods, technology and auto. The survey took place in February and March 2025 and covered 19 countries, with 26% of respondents based in North America, 26% in Europe, 26% in Asia Pacific, 11% in India, the Middle East and Africa, and 11% in Latin America.

The retail survey

This report draws on the analysis of responses from 190 retail experts from seven industries: retail including e-retailers (23%), luxury goods (15%), home improvement retailers (23%), supermarkets and hypermarkets (23%), speciality retailers (7%), convenience stores (6%) and discount retailers (3%).

Respondents are C-level executives (29%) and senior supply chain, procurement and operations professionals.

- 72% represent companies with revenues between US\$1bn and US\$10bn
- 18% have revenues of between US\$500m and US\$1bn
- 10% have revenues above US\$10bn

We would like to thank everyone who took part in the research.





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