

The need for collaboration with FMCG supply chains

The world, it seems, is currently lurching from one black swan event to another. This relentless disruption has forced FMCG businesses to deal with many threats to their supply chains ranging from container shortages to increasing costs of transportation to overloaded ports.



Addressing the challenges of the new global market

At challenging times like these, FMCG companies are looking to leverage their partnerships with logistics providers to achieve end-to-end visibility of both inbound and outbound supply chains.

Companies can address the root causes of disruptions in many ways. It comes down to working with all the other stakeholders in the supply chain to try and create seamless visibility throughout.

Everyone across the supply chain from the freight company to the supplier to the customer needs to be on the same page. But gaining real visibility is a tricky 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.



Creating value for the FMCG industry

If you are able to achieve visibility through the latest technologies and simplified supply chains, you can then make informed decisions whenever disruption occurs. The latest blockchain technology will help provide the insight you need to keep things moving when obstacles are put in your way.

But having the latest technologies is not enough. You also have to ensure you have the right internal processes in place and that your people have the correct mindset to overcome the many different challenges that may be encountered.





DISRUPTION

We've seen that even the slightest delay in services across Europe, caused by anything from terminal congestion to extended import container dwell times to labour shortages, can result in a domino effect of disruption across the network.

Of course, the abundance of products with a short shelf life makes FMCG goods companies particularly vulnerable to any kind of value-chain disruptions with 29% of executives specifying this as a particular cause of concern.

With all the well-publicised current issues, local sourcing is steadily growing in popularity with 29% of European FMCG businesses already using this strategy.

It's also apparent that FMCG customers require structure, support and commitment through their supply chains so, even when the market or industry faces challenges, they have contingencies to ensure their goods continue to flow. Introducing supply chain agility helps to avoid inventory gaps and overcome any sudden lack of product availability.

RESILIENCE

Good, agile planning helps build resilience in FMCG supply chains. It's important to analyse production schedules for the months ahead, keeping one eye on finding alternative routes or using warehousing options to avoid potential supply chain disruption.

Businesses are waking up to the fact that resilient supply chains are a 'must' moving forward. With the impact of the recent disruption on consumer products and retail (CP&R) supply chains, 66% of organisations say their strategy will change significantly in the next 3 years.

That resilience will come in different ways for different organisations, but supply chain agility is sure to be a key ingredient for all.

SUSTAINABILITY

The pressure will continue to grow, year on year, on all businesses to operate increasingly sustainable supply chains.

Currently, over 80% of greenhouse gas emissions in most consumer-goods categories occur in supply chains. Looking at this at a more granular level, in the Food and Beverage sector, the vast majority of emissions (92%) are from road transport, particularly diesel-fuelled Heavy Goods Vehicles.

The search is on for more environmentally-friendly modes of transport and for net zero solutions across air, sea and land. ISCC certified biofuel alternatives is just one way FMCG companies can reduce dependence on fossil fuels within the supply chain moving forward.

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