



SUPPLY CHAIN INSIGHTS

THINK FUTUREPROOFING: HOW LOGISTICS CAN GIVE FMCG BUSINESSES THE EDGE

Speed. Choice. Customisation. Consumer expectations are at an all-time high. Yet, we know fast-moving consumer goods (FMCG) manufacturers are seeing profit margins squeezed tighter than ever. Constant pressure to land products at the right time, sudden shifts in trends and an unstable economic climate can make it a challenge to deliver consistently for consumers.

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With 8 in 10 consumer packaged goods (CPG) leaders citing inflation and geopolitical issues as impacting the cost and efficiency of their supply chain (Cap Gemini Research Institute), what's the secret to maintaining a competitive edge in a dynamic FMCG market? We believe it lies in efficient, scalable and responsive logistics. Here we review four key trends impacting the FMCG sector and explore how supply chain solutions can support businesses to deliver the key drivers – speed, choice and customisation – to customers around the world.

THINK: Fluctuating demands

From unexpected weather conditions to an influencer endorsement that goes viral, consumer product trends can change in an instant. Sudden spikes in popularity can present challenges for FMCG manufacturers operating more traditional supply chains, making it difficult to mobilise quickly and capitalise on these immediate sales opportunities.

To meet today's consumer expectations, supply chains must have the flexibility and agility to respond to sudden shifts in demand without causing delays or stockouts.

By embracing the latest forecasting technology, manufacturers can simulate various demand scenarios, track order levels and spot customer trends early. Predictive data analytics and inventory optimization tools can ensure FMCG businesses are always prepared to respond at speed.

When faced with a surge in demand, it's important to have access to scalable logistics solutions too. On-demand warehousing allows FMCG businesses to flex their storage needs, while collaborative logistics gives them access to a wider range of transport and resources.

Co-packing, or contract packaging, is another strategic approach that can significantly enhance supply chain flexibility. By partnering with specialised co-packers, FMCG businesses can quickly ramp up production capacity or adapt to new products without the need for significant investment. This allows for faster response times to market demands and helps to avoid stockouts during peak periods.

THINK: Sustainability

In today's landscape, FMCG manufacturers need to respond to the increase in demand for sustainable products, while also demonstrating and reporting on their brand's ESG commitments.



To stay competitive and compliant, sustainability measures are no longer optional — they're vital.

64% of consumers try to have a positive impact on the environment through their everyday actions (Euromonitor), so integrating sustainable practices is necessary if businesses want to align with consumer values, meet regulatory standards and secure their position in an eco-conscious market. However, the challenge for the FMCG industry is how to become more sustainable while maintaining speed-to-market, cost-effectiveness and service quality.

Optimisation is the key word when it comes to reducing the environmental impact of FMCG logistics.

Optimising transportation routes, consolidating shipments and meticulous load planning can all support manufacturers to increase fuel efficiency and reduce emissions – without compromising on brand experience.

Leveraging digital and automation technologies to optimise packaging operations can boost productivity by mechanising repetitive, continuous tasks to free up skilled workers to focus on more growth initiatives.

Sustainable packaging is another way that FMCG businesses can look to improve their environmental footprint. Redesigning packaging with sustainability and efficiency front of mind can help cut waste, reduce transportation costs and meet environmental targets.

What's more, regulatory standards now require companies to monitor, track and reduce their carbon emissions. As a result, consumer goods businesses need partners who can provide systems for monitoring their net supply chain emissions from



end to end. Using suppliers and providers who are transparent about their own sustainable practices also gives FMCG manufacturers peace of mind – and can even contribute towards their own environmental targets.

THINK: End-to-end integration

Whether buying from an e-commerce site, a mobile app, or a physical store, consumers expect brands to provide consistent and integrated shopping experiences across multiple retail channels. This omnichannel approach means FMCG producers can reach customers where they are and offer the convenience and flexibility they need.

Some FMCG manufacturers are even adopting the direct-to-consumer (D2C) model, bypassing traditional sales channels and delivering straight to the consumer.

But how can companies offer consistent levels of speed, choice and customisation across online and offline touchpoints? It requires end-to-end visibility and greater supply chain control.

To achieve this level of control, FMCG businesses should take advantage of advanced technologies such as the Internet of Things (IoT), AI, and big data analytics. These technologies enable real-time tracking and monitoring of goods throughout the supply chain, allowing for quick responses to any disruptions or delays.

It's also important to remember that less is more when it comes to managing multi-channel supply chain networks. Consolidating suppliers and distribution channels not only makes it simpler to coordinate logistics from source to store, but also gives businesses the opportunity to improve supply chain resilience and better control costs.

By partnering with a third-party logistics provider (3PL), FMCG businesses can manage every aspect of their supply chains. From planning to sourcing, manufacturing to storage, distribution to returns, 3PL helps bring much needed standardization, reliability and agility to traditional supply chains.

THINK: The future of FMCG logistics

It's clear that the future of FMCG supply chains lies in the ability to meeting growing consumer expectations quickly and efficiently. By leveraging the latest supply chain technologies and embracing efficiencies, manufacturers can optimise operations and offer product choice and customisation without passing on increased costs to the customer. With 70% of consumers preferring omnichannel shopping (BazaarVoice), agility is crucial for supporting direct-to-customer models, omnichannel retail, and responding swiftly to changing consumer demands.

As the industry navigates economic pressures and market shifts, manufacturers must look to futureproof their supply chains. By adopting future-focused logistics solutions and sustainable operations, FMCG manufacturers can meet current needs while ensuring resilience for the future. Investing in agile, efficient, and sustainable supply chains allows businesses to enhance customer satisfaction, optimise operational costs, and secure long-term success in an ever-evolving market.

If you're looking to futureproof your FMCG supply chain, get in touch with one of our experts to discuss how we can support you to deliver for your customers.

Think FMCG logistics. Think DHL

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