

How the supply chain might look post Covid-19



John Perry

Comment: John Perry, managing director of supply chain and logistics consultancy SCALA, believes the future could offer a boost to domestic farming as part of lasting changes after coronavirus

While it is very difficult to predict exactly how life will look once normality has resumed, it is inevitable that neither business nor society as a whole will return to exactly how it was prior to the coronavirus pandemic.

But where is the supply chain likely to see change?

Strategy changes

For many, we are likely to see a re-assessment in supply chain strategies. Reliance upon global supply chains will reduce, particularly on single sourcing of components, raw materials and finished products. Subsequently, this could also potentially lead to more positive encouragement of domestic production, manufacturing and farming where possible.

Companies are also likely to re-assess their "Disaster Plans", armed with the

knowledge from this crisis of just how much supply chains can be impacted at a moment's notice.

Indeed, many are likely to see this as a "dry run" for what may happen if we end up with a damaging – and still worryingly realistic – no-deal Brexit further down the line, and place a greater emphasis on future contingency planning and investing in solutions to increase resilience. At the same time, of course, we cannot lose focus on efficiency and the need to offset the effects of workforce shortages such as more technology and automation.

Changing consumer expectations

The significant increase in home delivery and Click & Collect in all sectors will factor more heavily in consumer buying behaviour than previously, due to many shoppers having become even more accustomed to purchasing goods in this way.

This will have a knock-on effect on businesses, as, if these models do indeed persist, they will in turn impact both businesses' capacity to meet changing consumer expectations, and their Cost to Serve, due to many home-delivery services currently being provided either for free, or at a low cost that is not a sustainable business model long term.

Reduced consumer choice

Product lines may evolve, with the possibility of a reduction in consumer choice for products.

While consumers have had the benefit of a very wide choice (tens of thousands) of products when they visit the major supermarkets previously, there are considerable supply chain benefits in reducing the range of products available.

Given this, we are likely to see businesses explore ways to streamline product ranges to increase the resilience of the

supply chain, reduce complexity and make it more efficient. This is the approach favoured by discounters such as Aldi and Lidl, and while

we are not likely to see these exact models replicated, we may see moves in that direction that could increase both supply chain resilience and supply chain efficiency.

<http://www.fruitnet.com/americafruit/article/1474/parts-of-san-diego-quarantined-as-psyllid-count-mounts>

© Copyright Market Intelligence Ltd - Fruitnet.com 2014. The copyright on this article and all content published on Market Intelligence Ltd - Fruitnet.com is held by Market Intelligence Ltd - Fruitnet.com Limited, a joint venture between Market Intelligence Limited and Dr Rolf M Wolf Media GmbH. All rights reserved. Neither this article nor any part of it may be reproduced, stored or transmitted in any form, including print-outs, screen grabs and information retrieval systems, without the prior permission of the copyright owners.

FRUITNET.COM