Chief Supply Chain Officer Report 2016

By: Haley Garner, Head of Research and Content, eft

Introduction
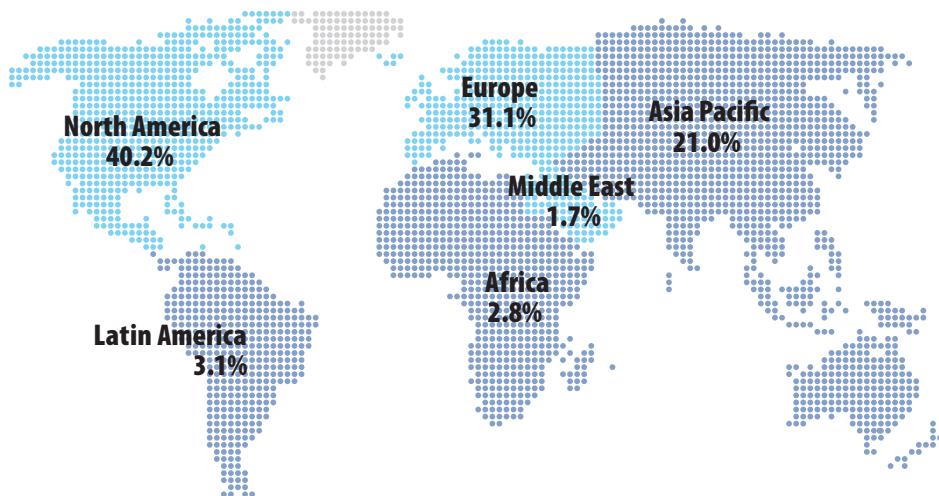
The supply chain is changing rapidly. This is being driven by a combination of technology advancements, changing market conditions and an evolving industry. One of the most significant drivers of supply chain change has been the empowerment of the consumer. Ranging from product personalization to purchasing decisions based on available inventory, the consumer is more influential than ever on the supply chain. This is not only affecting retailers, but is impacting every layer of the supply chain. For example, as demand fluctuates, suppliers have to cope with retailer requirements.

This report was the product of a survey of 300 supply chain executives, including 44% manufacturers and retailers (shippers), 22% logistics providers and 35% solution providers. It aims to explore some of the key forces affecting supply chain today, and how manufacturers and retailers are coping with the new realities of a modern supply chain.
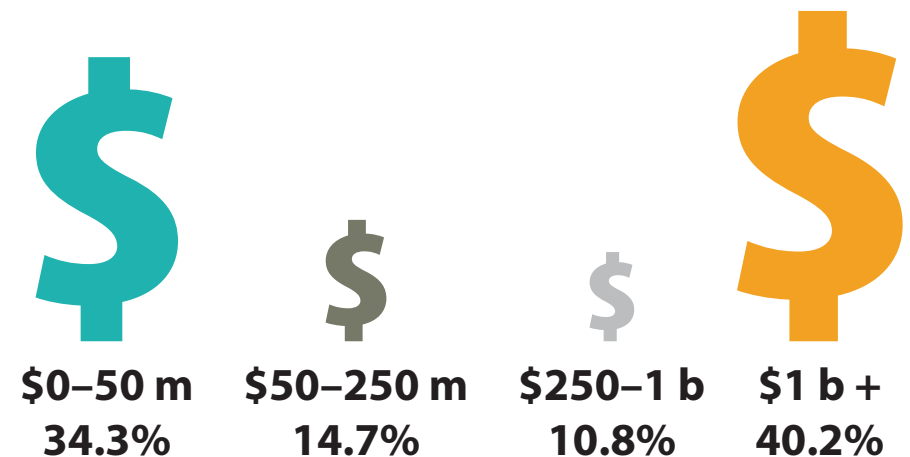
What best describes your business type?

44%
Shipper - Manufacturer/Retailer

22%
Logistics Service Provider (LSP)

35%
Other - Solution Provider, Consultant, Academic, Press, Government etc

What region are you based in?

Europe
31.1%

Asia Pacific
21.0%

North America
40.2%

Middle East
1.7%

Africa
2.8%

Latin America
3.1%

What is your company's annual revenue?

$0–50 m
34.3%

$50–250 m
14.7%

$250–1 b
10.8%

$1 b +
40.2%

Regional analysis

Where is growth, cost and friction increasing and decreasing in supply chain?

Solution provider customer assumptions:

- **Biggest growth –** North America, East Asia, South-East Asia
- **Biggest cost-increase –** North America, Western Europe, East Asia
- **Biggest friction increase –** Africa, East Asia, South America
- **Biggest friction decrease –** North America, Western Europe, South East Asia

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Logistics provider customer assumptions:

- **Biggest growth –** North America, South Asia, South East Asia
- **Biggest cost-increase –** North America, Western Europe, East Asia
- **Biggest friction increase –** North America, Africa, Middle East
- **Biggest friction decrease –** North America, East Asia, South Asia
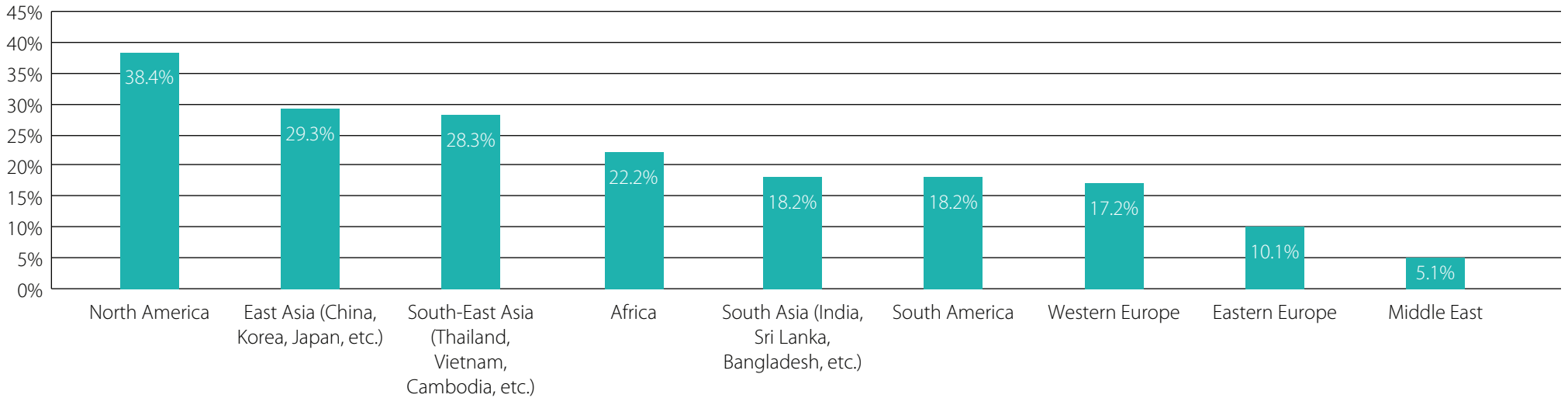
See Page 7

Shippers seeing:

- **Biggest growth –** East Asia, North America, South-East Asia
- **Biggest cost-increase –** Western Europe, East Asia, North America
- **Biggest friction increase –** South America, East Asia, Africa
- **Biggest friction decrease –** Western Europe, East Asia, south-East Asia
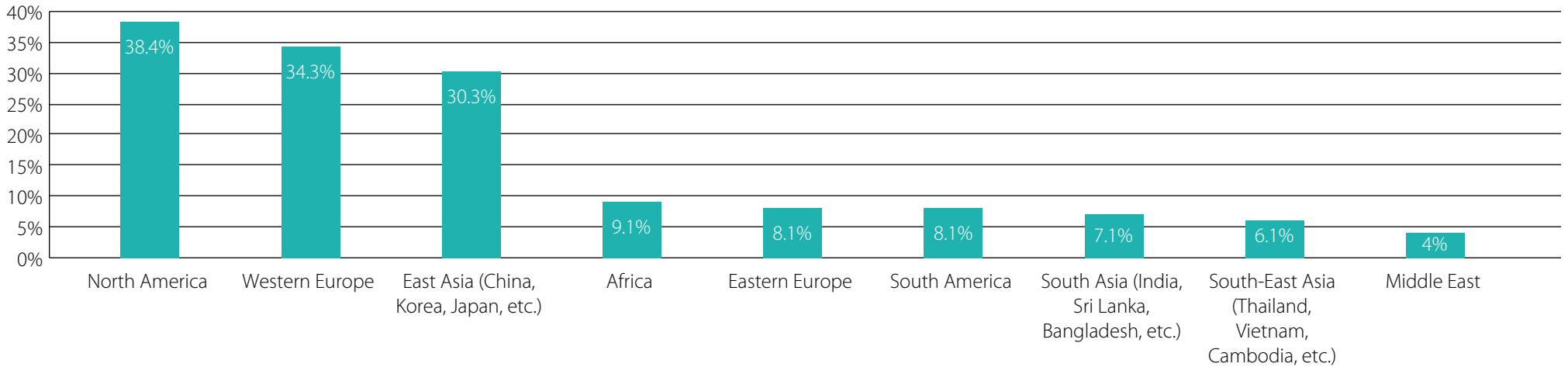
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While the regions in play for each category were similar, some areas of interest are worth highlighting. Logistics providers found North America to be both the region with the biggest increase as well as decrease in friction. Despite the paradox, this could be due to the introduction of a number of regulations in the US in conjunction with a positive economic climate, infrastructure etc. Given the regions that received most focus, logistics providers and solution providers are concentrating on North America while their shipper counterparts are looking to East Asia predominantly. This is likely due to the respondent types of the survey. Most shippers that took part are global organizations, while many of the logistics companies contributing are more localized. The logistics operations in Asia are also still highly localized with far fewer global players operating extensively in the region.

Regional analysis

SOLUTION PROVIDER

Regions with biggest growth

Region	Value
North America	38.4%
East Asia (China, Korea, Japan, etc.)	29.3%
South-East Asia (Thailand, Vietnam, Cambodia, etc.)	28.3%
Africa	22.2%
South Asia (India, Sri Lanka, Bangladesh, etc.)	18.2%
South America	18.2%
Western Europe	17.2%
Eastern Europe	10.1%
Middle East	5.1%

Regions with biggest cost increases

Region	Value
North America	38.4%
Western Europe	34.3%
East Asia (China, Korea, Japan, etc.)	30.3%
Africa	9.1%
Eastern Europe	8.1%
South America	8.1%
South Asia (India, Sri Lanka, Bangladesh, etc.)	7.1%
South-East Asia (Thailand, Vietnam, Cambodia, etc.)	6.1%
Middle East	4%

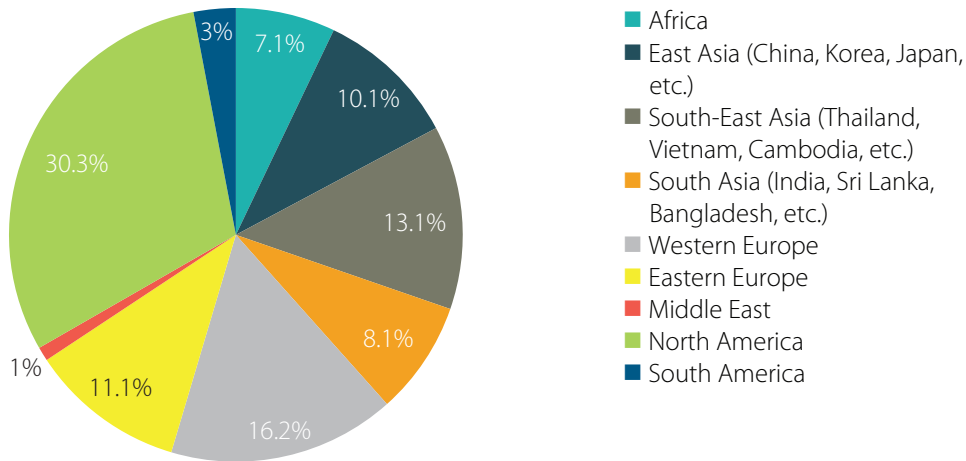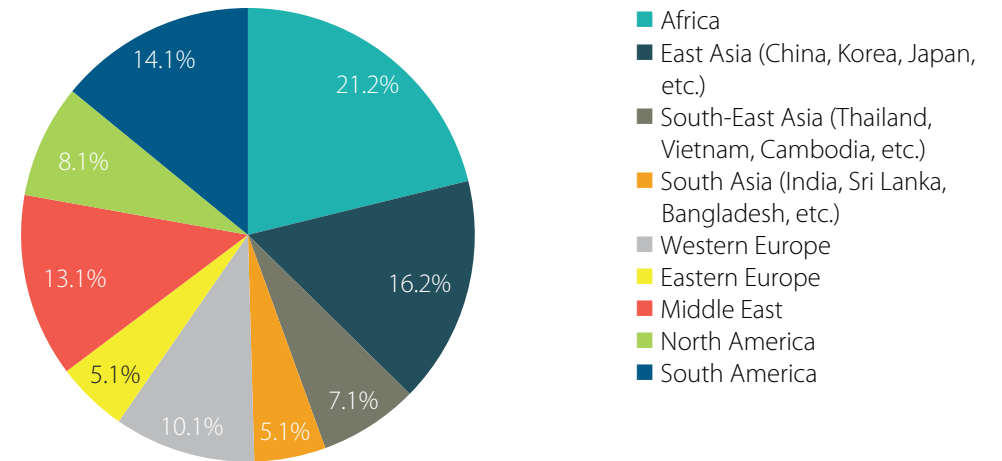# Regional analysis

SOLUTION PROVIDER

Regions with biggest supply chain friction decreases (ie. reduction of barriers to entry, infrastructure improvements, political risk decreases, etc.)
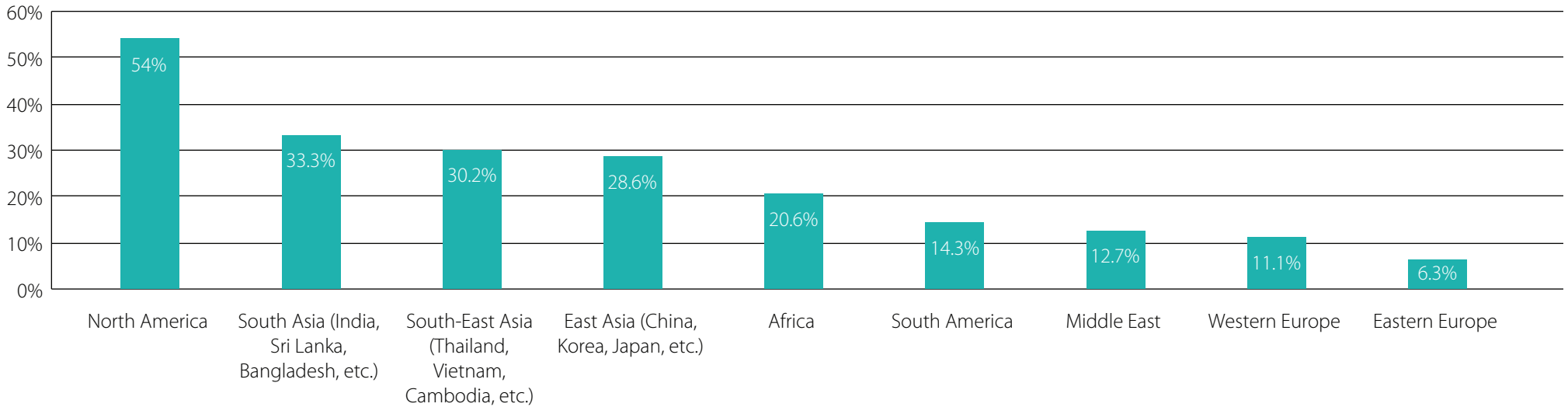

- Africa
- East Asia (China, Korea, Japan, etc.)
- South-East Asia (Thailand, Vietnam, Cambodia, etc.)
- South Asia (India, Sri Lanka, Bangladesh, etc.)
- Western Europe
- Eastern Europe
- Middle East
- North America
- South America

Regions with biggest supply chain friction increases (ie. increased barriers to entry, failing infrastructure, increased political risk, etc.)

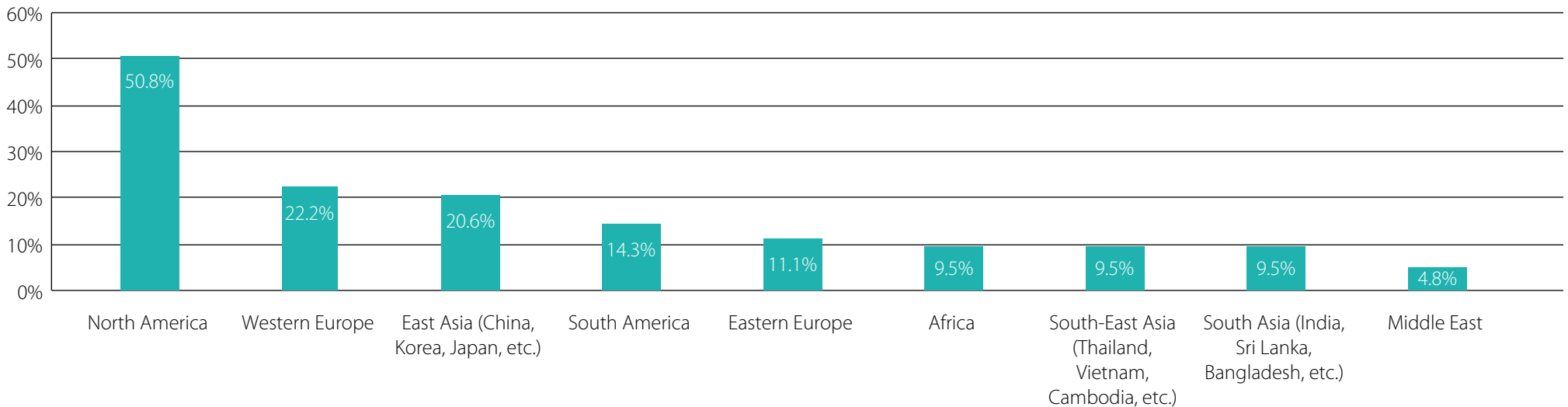- Africa
- East Asia (China, Korea, Japan, etc.)
- South-East Asia (Thailand, Vietnam, Cambodia, etc.)
- South Asia (India, Sri Lanka, Bangladesh, etc.)
- Western Europe
- Eastern Europe
- Middle East
- North America
- South America

Regional analysis

LOGISTICS PROVIDER

Regions with biggest growth

Region	Growth
North America	54%
South Asia (India, Sri Lanka, Bangladesh, etc.)	33.3%
South-East Asia (Thailand, Vietnam, Cambodia, etc.)	30.2%
East Asia (China, Korea, Japan, etc.)	28.6%
Africa	20.6%
South America	14.3%
Middle East	12.7%
Western Europe	11.1%
Eastern Europe	6.3%

Regions with biggest cost increases

Region	Cost increase
North America	50.8%
Western Europe	22.2%
East Asia (China, Korea, Japan, etc.)	20.6%
South America	14.3%
Eastern Europe	11.1%
Africa	9.5%
South-East Asia (Thailand, Vietnam, Cambodia, etc.)	9.5%
South Asia (India, Sri Lanka, Bangladesh, etc.)	9.5%
Middle East	4.8%

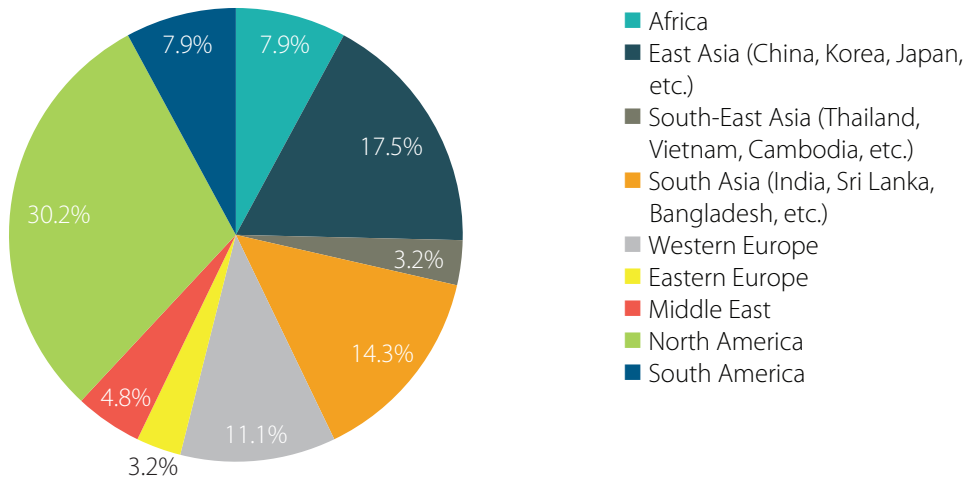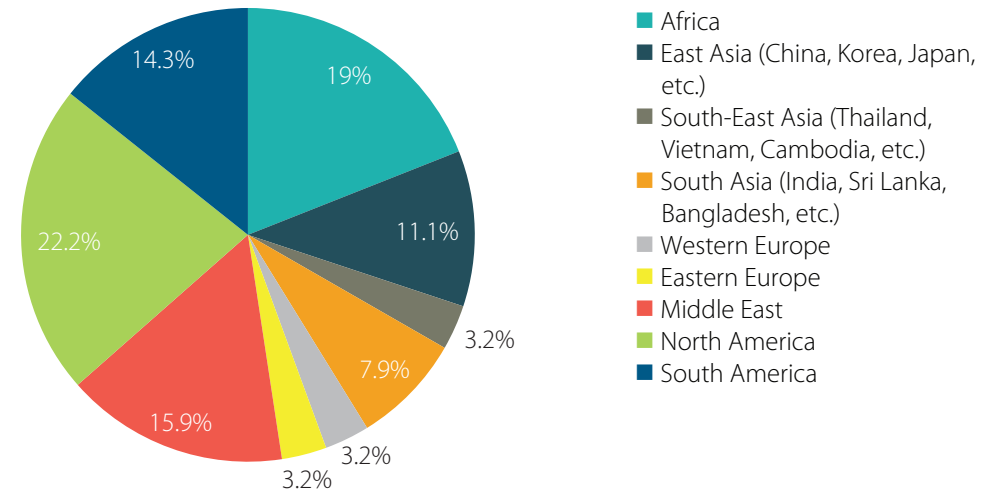# Regional analysis

LOGISTICS PROVIDER

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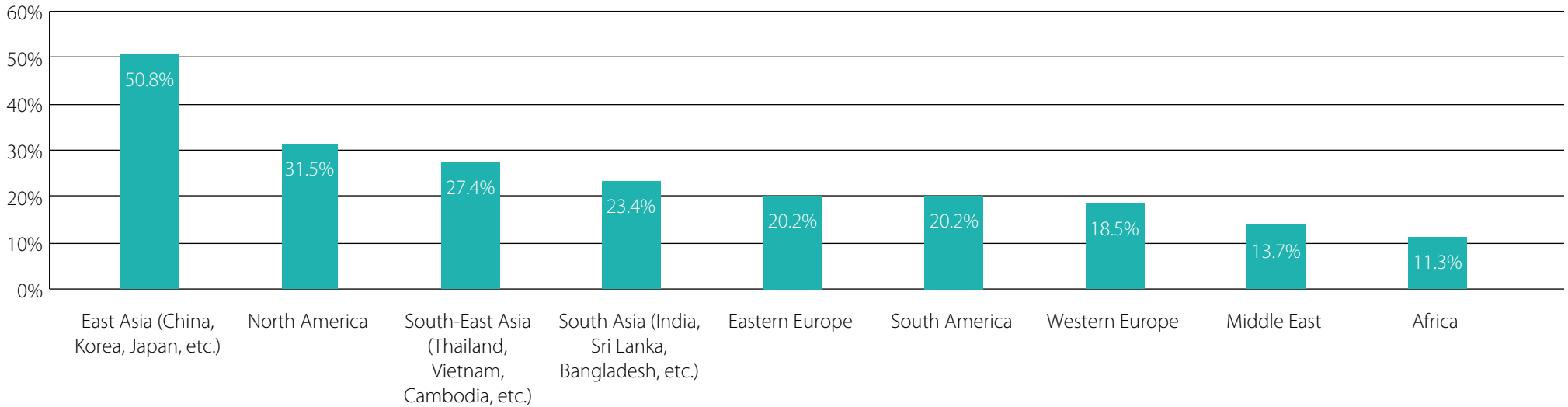
Regions with biggest supply chain friction increases (ie. increased barriers to entry, failing infrastructure, increased political risk, etc.)
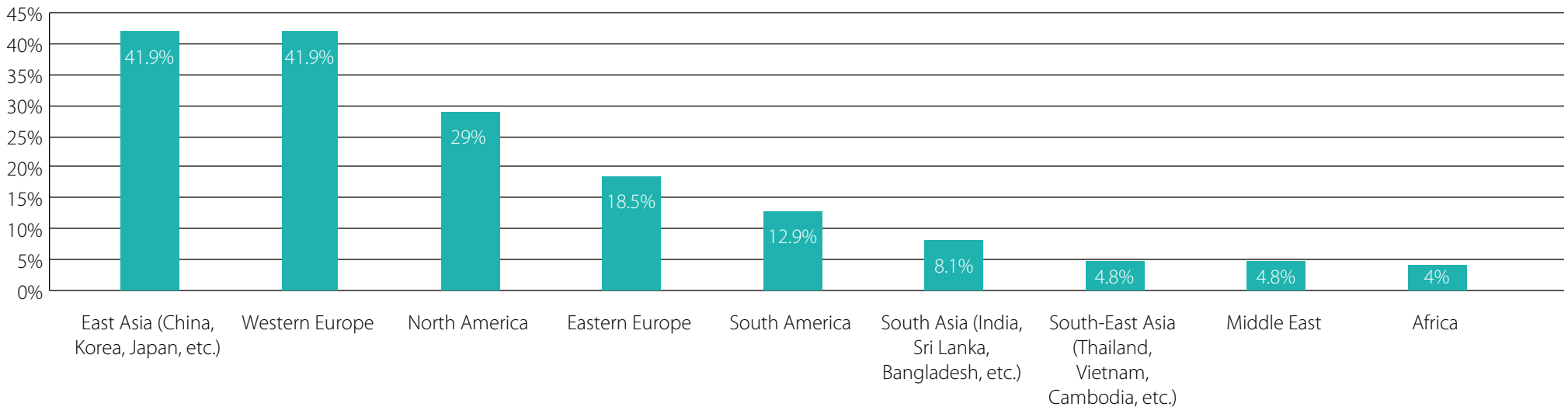

- Africa
- East Asia (China, Korea, Japan, etc.)
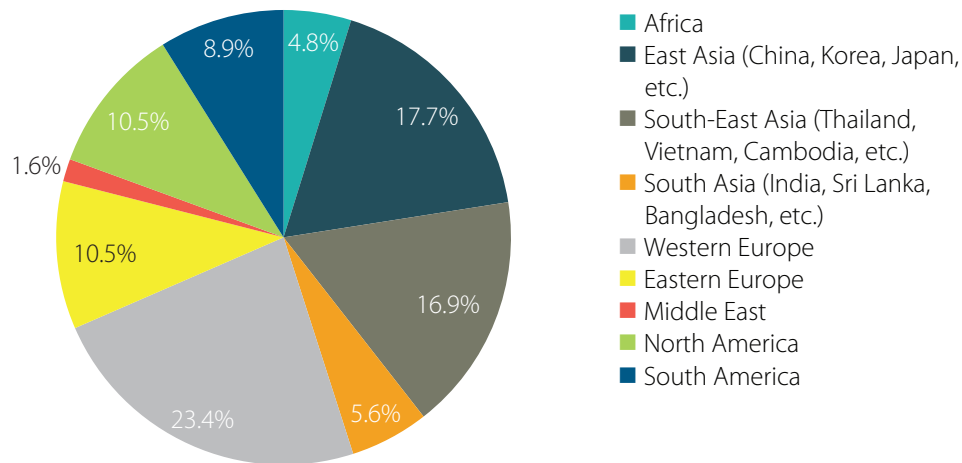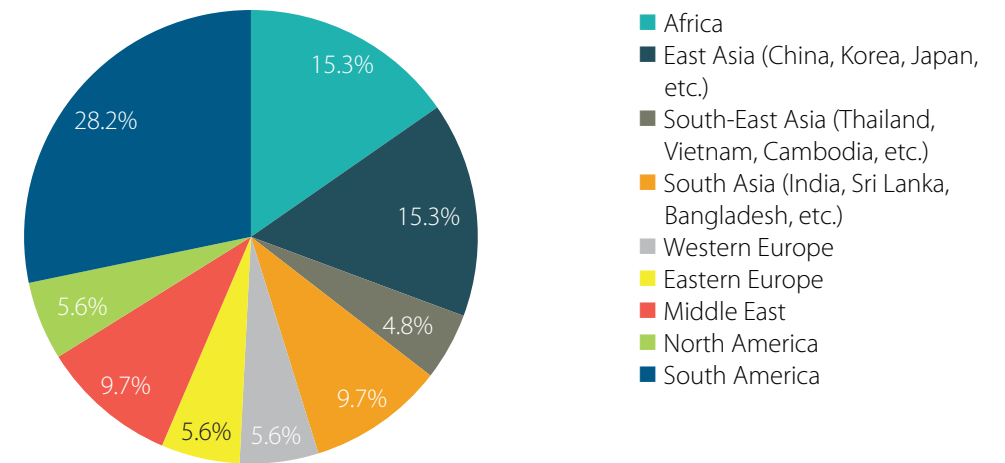- South-East Asia (Thailand, Vietnam, Cambodia, etc.)
- South Asia (India, Sri Lanka, Bangladesh, etc.)
- Western Europe
- Eastern Europe
- Middle East
- North America
- South America

Left pie chart values: 7.9%, 17.5%, 3.2%, 14.3%, 11.1%, 3.2%, 4.8%, 30.2%, 7.9%

- Africa
- East Asia (China, Korea, Japan, etc.)
- South-East Asia (Thailand, Vietnam, Cambodia, etc.)
- South Asia (India, Sri Lanka, Bangladesh, etc.)
- Western Europe
- Eastern Europe
- Middle East
- North America
- South America

Right pie chart values: 19%, 11.1%, 3.2%, 7.9%, 3.2%, 3.2%, 15.9%, 22.2%, 14.3%

Regional analysis

SHIPPERS

Regions with biggest growth

East Asia (China, Korea, Japan, etc.) — 50.8%
North America — 31.5%
South-East Asia (Thailand, Vietnam, Cambodia, etc.) — 27.4%
South Asia (India, Sri Lanka, Bangladesh, etc.) — 23.4%
Eastern Europe — 20.2%
South America — 20.2%
Western Europe — 18.5%
Middle East — 13.7%
Africa — 11.3%

Regions with biggest cost increases

East Asia (China, Korea, Japan, etc.) — 41.9%
Western Europe — 41.9%
North America — 29%
Eastern Europe — 18.5%
South America — 12.9%
South Asia (India, Sri Lanka, Bangladesh, etc.) — 8.1%
South-East Asia (Thailand, Vietnam, Cambodia, etc.) — 4.8%
Middle East — 4.8%
Africa — 4%
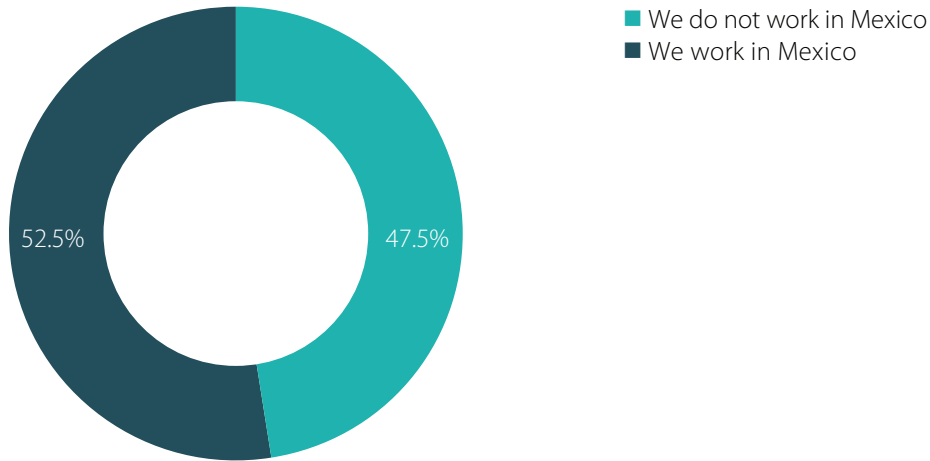
Regional analysis

SHIPPERS

Regions with biggest supply chain friction decreases (ie. reduction of barriers to entry, infrastructure improvements, political risk decreases, etc.)

- Africa
- East Asia (China, Korea, Japan, etc.)
- South-East Asia (Thailand, Vietnam, Cambodia, etc.)
- South Asia (India, Sri Lanka, Bangladesh, etc.)
- Western Europe
- Eastern Europe
- Middle East
- North America
- South America

Regions with biggest supply chain friction increases (ie. increased barriers to entry, failing infrastructure, increased political risk, etc.)

- Africa
- East Asia (China, Korea, Japan, etc.)
- South-East Asia (Thailand, Vietnam, Cambodia, etc.)
- South Asia (India, Sri Lanka, Bangladesh, etc.)
- Western Europe
- Eastern Europe
- Middle East
- North America
- South America

Regional analysis: Mexico

SOLUTION PROVIDER

■ We do not work in Mexico
■ We work in Mexico

52.5% 47.5%

LOGISTICS PROVIDER

■ We do not work in Mexico
■ We work in Mexico

58.9% 41.1%

SHIPPERS

■ We do not work in Mexico
■ We work in Mexico

63.5% 36.5%

Mexico has grabbed a number of headlines in recent months with many organizations re-strategizing their operations given global cost-fluctuations. In fact most respondents had worked in Mexico with only 41% having not. Some of the highest ranking challenges included security, regulatory challenges and infrastructure while labor costs and technology short-falls barely registered. This is worth highlighting as it underpins some of the advantages of running near-shoring in Mexico; affordable talent, in close proximity to the US market.

Even more logistics organizations had operations in Mexico. Given the challenge shippers are facing in Mexico – infrastructure and regulatory challenges –logistics providers are clearly positioning themselves to provide expertise in this region.
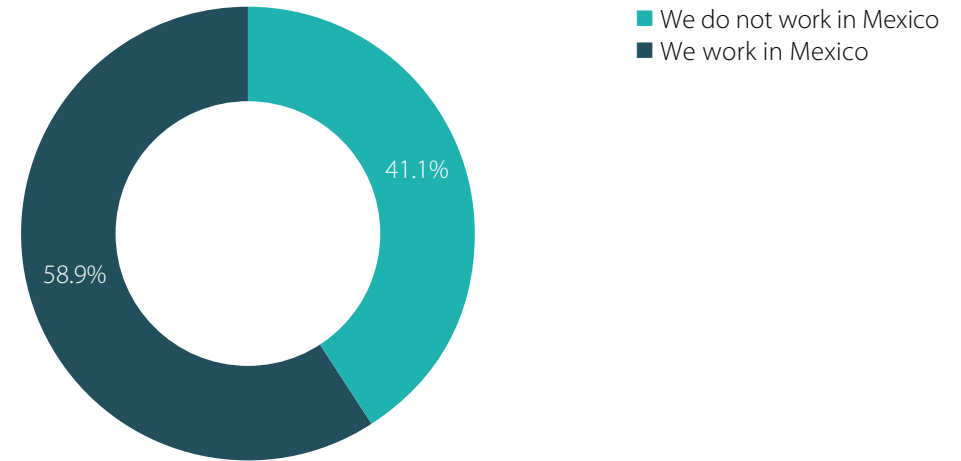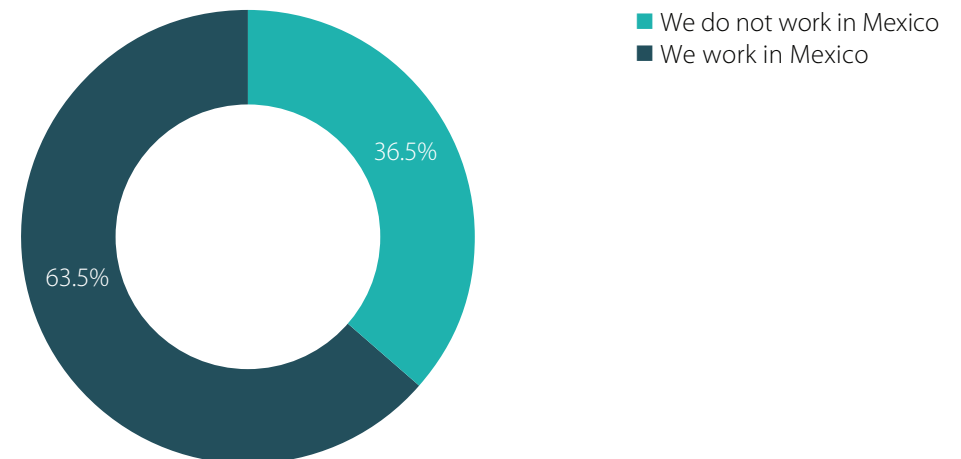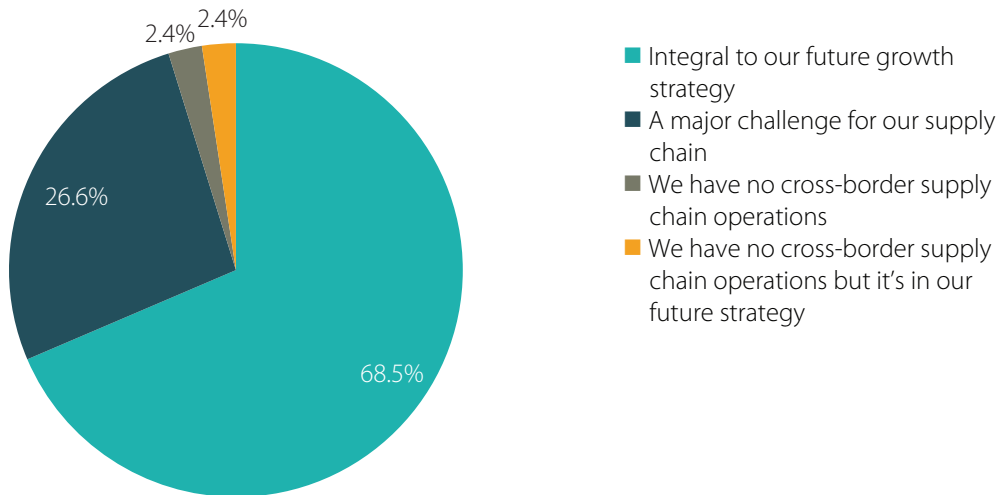
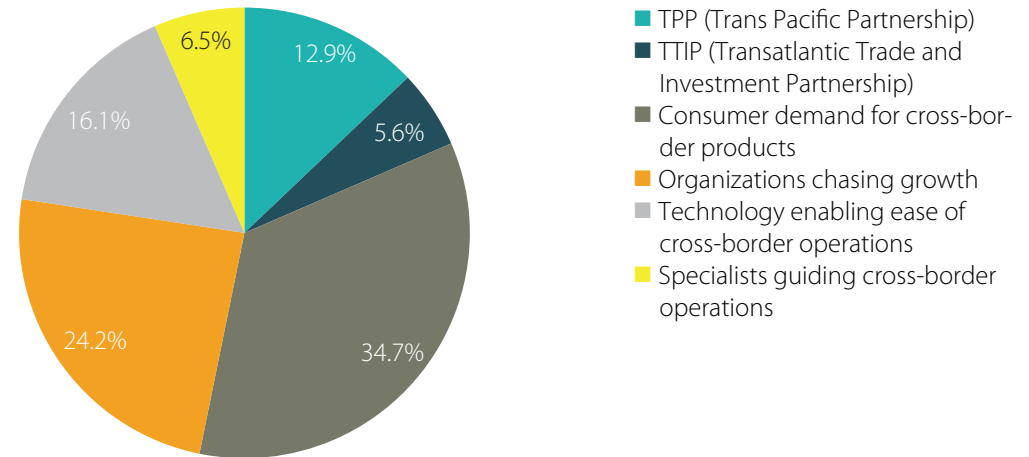# Cross-border trade

SHIPPERS

Cross-border operations are:

- Integral to our future growth strategy
- A major challenge for our supply chain
- We have no cross-border supply chain operations
- We have no cross-border supply chain operations but it's in our future strategy

68.5%
26.6%
2.4%
2.4%

SHIPPERS

The biggest drivers for cross-border trade over the next 18 months

- TPP (Trans Pacific Partnership)
- TTIP (Transatlantic Trade and Investment Partnership)
- Consumer demand for cross-border products
- Organizations chasing growth
- Technology enabling ease of cross-border operations
- Specialists guiding cross-border operations

12.9%
5.6%
34.7%
24.2%
16.1%
6.5%

eCommerce is creating opportunities for manufacturers and retailers across the globe and shippers agree that cross-border commerce is integral to their future growth strategy. Shippers reported that consumer demand on their side was driving their cross-border operations, but a further 27% said it was posing a major challenge to their supply chain.

Consumer demand is also driving growth in cross-border trade for logistics providers as well. This is clearly in step with their customers who are seeing the same thing. Solution providers on the other hand are gaining growth from helping their customers handle these processes. Solution providers were seeing cross-border trade being driven by technology easing operations.
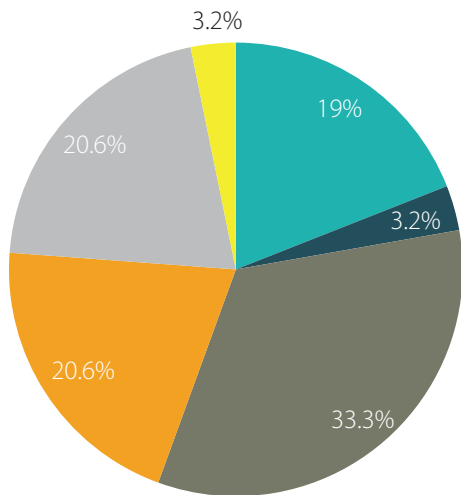
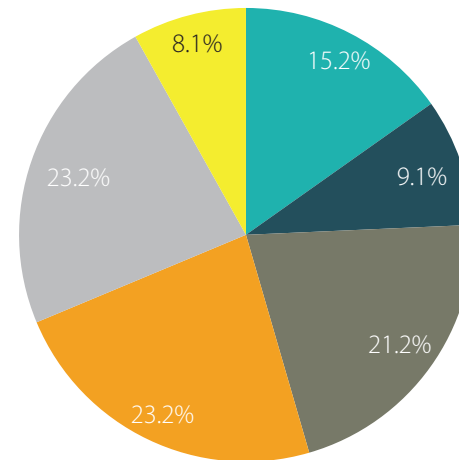# Cross-border trade

LOGISTICS PROVIDER

The biggest drivers for cross-border trade over the next 18 months

- TPP (Trans Pacific Partnership)
- TTIP (Transatlantic Trade and Investment Partnership)
- Consumer demand for cross-border products
- Organizations chasing growth
- Technology enabling ease of cross-border operations
- Specialists guiding cross-border operations

19%
3.2%
33.3%
20.6%
20.6%
3.2%

SOLUTION PROVIDER

The biggest drivers for cross-border trade over the next 18 months

- TPP (Trans Pacific Partnership)
- TTIP (Transatlantic Trade and Investment Partnership)
- Consumer demand for cross-border products
- Organizations chasing growth
- Technology enabling ease of cross-border operations
- Specialists guiding cross-border operations

15.2%
9.1%
21.2%
23.2%
23.2%
8.1%

Supply chain challenges and investment drivers

The Top 3 Solution provider customer assumptions:

- **Biggest challenges –** Talent, visibility, coordinating operations across channels
- **Investment drivers –** Cutting costs, eCommerce, Data and analytics
- **Holiday 2015 success –** Well, very well, not well

See Page 15

The Top 3 Logistics provider customer assumptions:

- **Biggest challenges –** Fluctuating consumer demand, coordinating operations across channels, keeping pace with technology
- **Investment drivers –** Cutting costs, eCommerce, data and analytics
- **Holiday 2015 success –** Well, very well, not well

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The Top 3 Shippers:

- **Biggest challenges –** Fluctuating consumer demand, talent, visibility
- **Investment drivers –** Cutting costs, data and analytics, automation
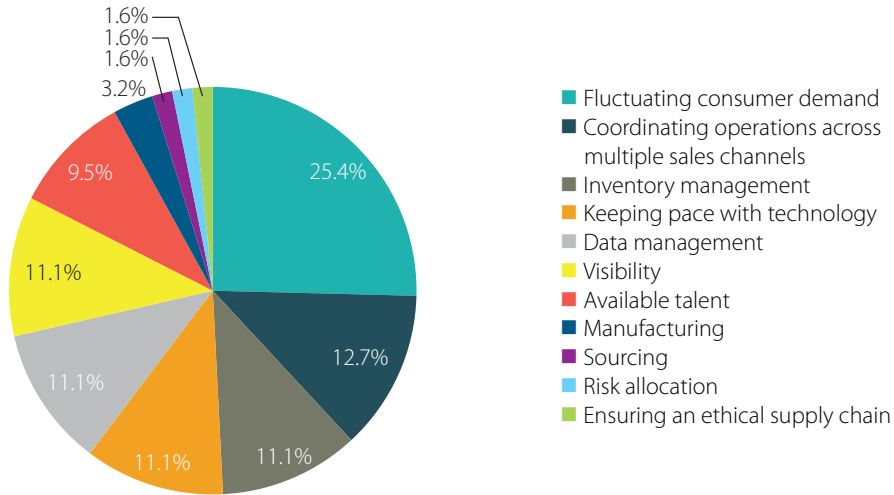- **Holiday 2015 success –** Very well, well, perfectly

See Page 17

Logistics providers and solution providers are both seeing first-hand the key challenge shippers face: fluctuating consumer demand. The increasing speed of global commerce and dynamic global economic conditions are all driving increased demand fluctuations. Many shippers are looking towards automation and analytics as mechanisms for coping with this challenge. In fact these represent two of the primary drivers for shippers to invest in their supply chain. As such, for solution providers to overlook fluctuating consumer demand underpins a lack of understanding between them and their shipper customers.

Shippers tended to rate themselves much higher than their logistics or solution provider counterparts when it came to their performance during the holiday 2015 season. This discrepancy highlights the challenge of collaboration in the supply chain. The fact that significant numbers of solution and logistics providers said that their shipper customers didn't perform well emphasizes a lack of alignment between these different industry segments. Ultimately logistics providers and solution providers are basing their assumptions on their sales and interactions with their customers rather than a broader industry perspective.
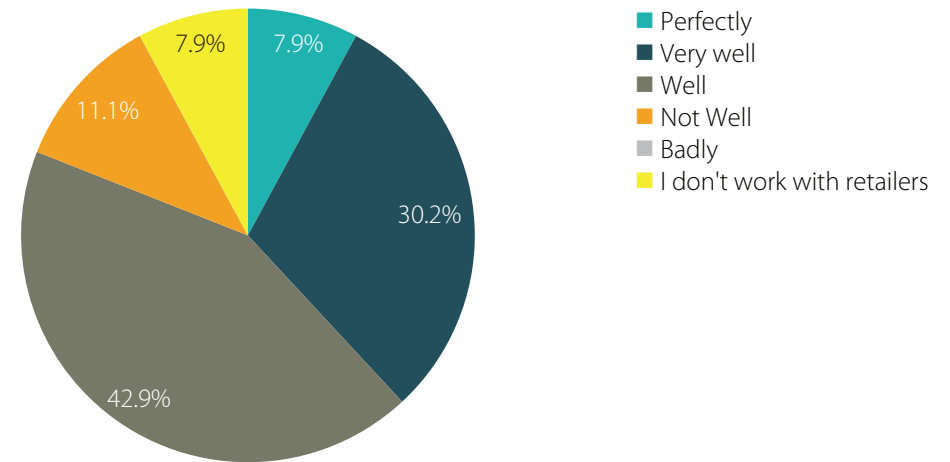
Supply chain challenges and investment drivers

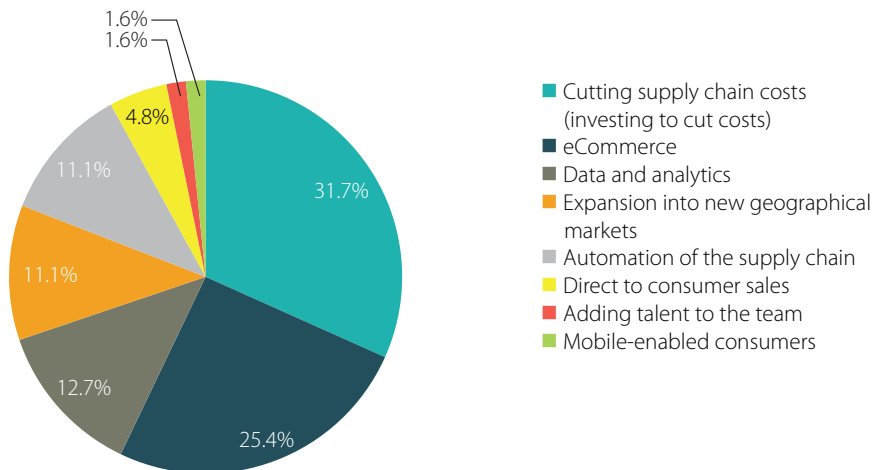## SOLUTION PROVIDER

Biggest challenges in the supply chain

- 25.4% Fluctuating consumer demand
- 12.7% Coordinating operations across multiple sales channels
- 11.1% Inventory management
- 11.1% Keeping pace with technology
- 11.1% Data management
- 11.1% Visibility
- 9.5% Available talent
- 3.2% Manufacturing
- 1.6% Sourcing
- 1.6% Risk allocation
- 1.6% Ensuring an ethical supply chain

SOLUTION PROVIDER

How well did your customer's supply chain cope with this year's holiday season?

- 7.9% Perfectly
- 30.2% Very well
- 42.9% Well
- 11.1% Not Well
- Badly
- 7.9% I don't work with retailers

SOLUTION PROVIDER

Biggest driver for your customers' supply chain investments

- 31.7% Cutting supply chain costs (investing to cut costs)
- 25.4% eCommerce
- 12.7% Data and analytics
- 11.1% Expansion into new geographical markets
- 11.1% Automation of the supply chain
- 4.8% Direct to consumer sales
- 1.6% Adding talent to the team
- 1.6% Mobile-enabled consumers

Supply chain challenges and investment drivers

LOGISTICS PROVIDER

The biggest challenge your customers are facing in their supply chain
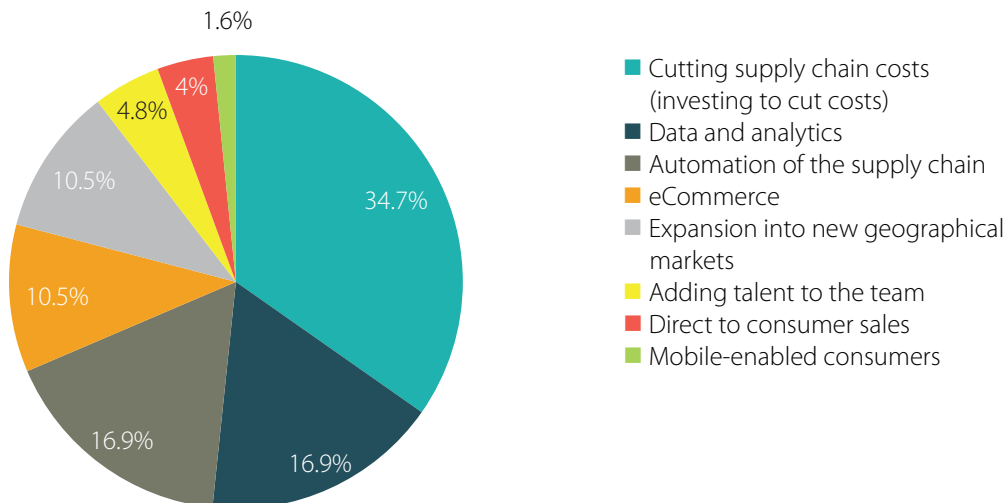

- 14.5%
- 8.9%
- 12.1%
- 21%
- 5.6%
- 3.2%
- 3.2%
- 1.6%
- 4.8%
- 6.5%
- 12.1%
- 6.5%

Legend:
- ■ Available talent
- ■ Inventory management
- ■ Coordinating operations across multiple sales channels
- ■ Fluctuating consumer demand
- ■ Keeping pace with technology
- ■ Manufacturing
- ■ Sourcing
- ■ Data governance
- ■ Risk allocation
- ■ Data management
- ■ Visibility
- ■ Ensuring an ethical supply chain

LOGISTICS PROVIDER

How well did your customer's supply chain cope with this year's holiday season?
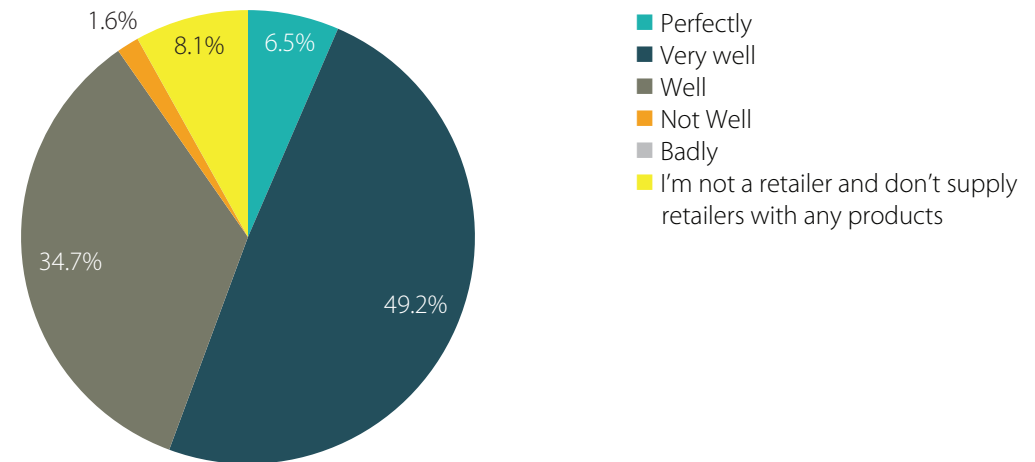
- 1.6%
- 8.1%
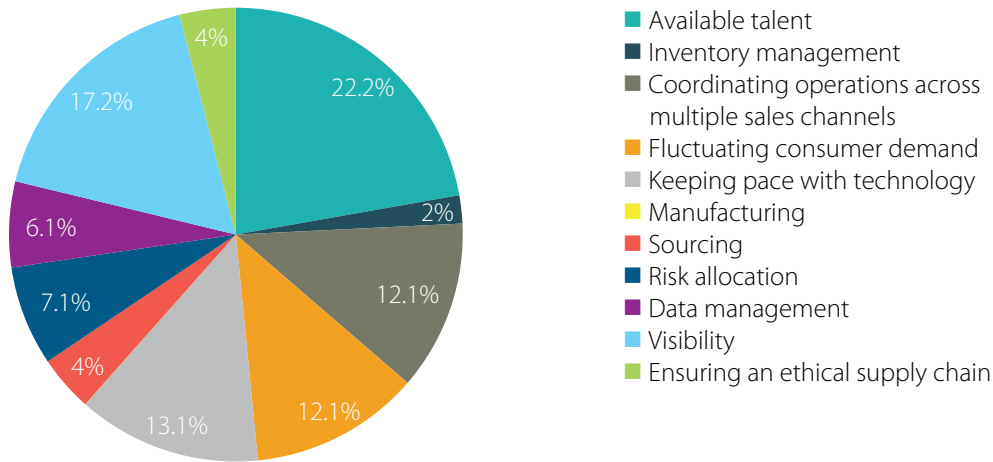- 6.5%
- 49.2%
- 34.7%

Legend:
- ■ Perfectly
- ■ Very well
- ■ Well
- ■ Not Well
- ■ Badly
- ■ I'm not a retailer and don't supply retailers with any products

LOGISTICS PROVIDER

Biggest driver for your customers' supply chain investments

- 1.6%
- 4%
- 4.8%
- 10.5%
- 10.5%
- 16.9%
- 16.9%
- 34.7%

Legend:
- ■ Cutting supply chain costs (investing to cut costs)
- ■ Data and analytics
- ■ Automation of the supply chain
- ■ eCommerce
- ■ Expansion into new geographical markets
- ■ Adding talent to the team
- ■ Direct to consumer sales
- ■ Mobile-enabled consumers

Supply chain challenges and investment drivers

SHIPPERS:

Biggest challenges in the supply chain

- Available talent — 22.2%
- Inventory management — 2%
- Coordinating operations across multiple sales channels — 12.1%
- Fluctuating consumer demand — 12.1%
- Keeping pace with technology — 13.1%
- Manufacturing
- Sourcing — 4%
- Risk allocation — 7.1%
- Data management — 6.1%
- Visibility — 17.2%
- Ensuring an ethical supply chain — 4%

SHIPPERS:

How well did your customer's supply chain cope with this year's holiday season?
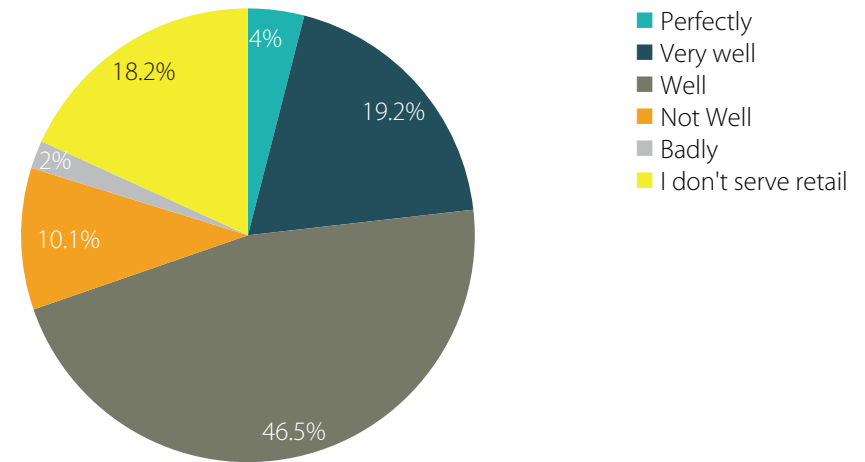
- Perfectly — 4%
- Very well — 19.2%
- Well — 46.5%
- Not Well — 10.1%
- Badly — 2%
- I don't serve retail — 18.2%

SHIPPERS:

Biggest driver for your customers' supply chain investments

- eCommerce — 20.2%
- Expansion into new geographical markets — 6.1%
- Data and analytics — 17.2%
- Direct to consumer sales — 6.1%
- Automation of the supply chain — 10.1%
- Cutting supply chain costs (investing to cut costs) — 32.3%
- Adding talent to the team — 4%
- Mobile-enabled consumers — 4%
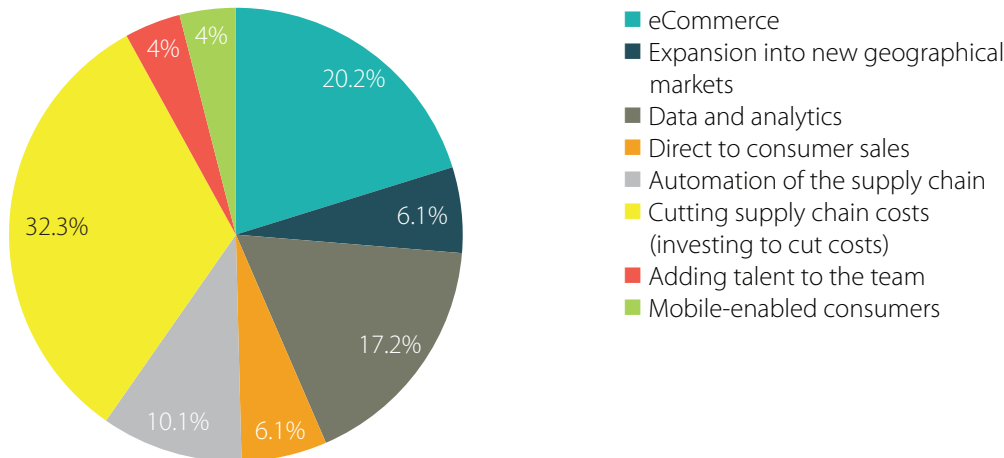
eCommerce

SHIPPERS:

The biggest challenges in eCommerce

Pie chart legend:
- Managing inventory across channels — 18.4%
- Keeping pace with fluctuating consumer demand — 18.4%
- Understanding the consumer — 10.5%
- Streamlining the online sales process — 12.3%
- Returns management — 7.9%
- Working with logistics partners — 6.1%
- Repairs and aftermarket services — 2.6%
- Delivery costs — 7.9%
- Delivery options (Same-day, scheduled delivery, re-routing deliveries etc.) — 9.6%
- What to do with our retail stores — 1.8%
- Coordinating suppliers — 2.6%
- Too much inventory — 1.8%

Fluctuating consumer demand was the biggest challenge for shippers working in eCommerce, alongside managing inventory across channels. Effectively, shippers are being driven by a need to be agile and predictive whilst maintaining visibility over their operations. These are not necessarily new challenges, but their nature is changing because of eCommerce. eCommerce is putting the consumer in the driver seat and shippers are still playing catch-up. Understanding the consumer actually ranks 4th for shippers in terms of their eCommerce challenges and is clearly linked to their need to keep pace with fluctuating demand. The better a retailer understands their customer, the stronger their abilities for predicting future demand.

S&OP

SHIPPERS:

Supply chain visibility

- Mature — 8.9%
- Advanced — 26.6%
- Intermediate — 45.2%
- Entry-level — 15.3%
- No S&OP — 4%

LOGISTICS PROVIDER

Biggest drivers for S&OP

- Siloing — 5.6%
- Omni channel Retail planning — 6.5%
- Demand fluctuations — 45.2%
- Need for increased internal visibility — 29%
- Need for increased external visibility — 8.9%
- For fuelling and facilitating predictive analytics — 4.8%
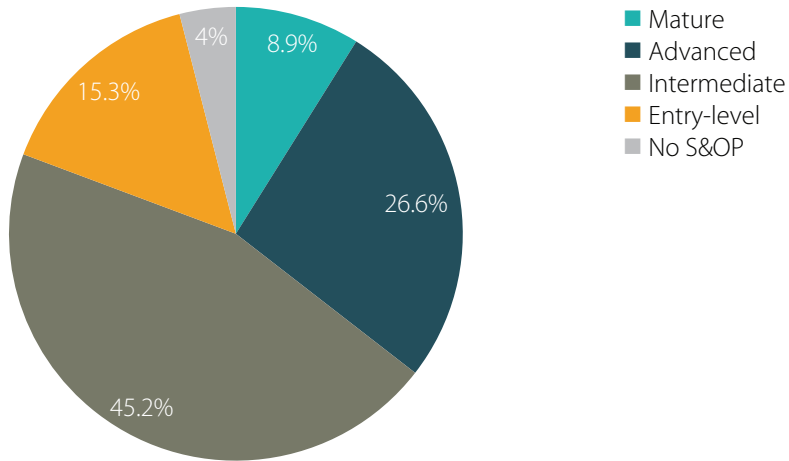
One of the strategies many shippers employ to gain a better understanding of demand and forecasting is through sales and operations planning. In an effort to understand how honed shippers' S&OP processes are, we asked respondents to rate their own S&OP maturity. Unsurprisingly, most shippers rated themselves as 'intermediate'. This indicates that shippers are aware of their own shortfalls in understanding and predicting demand.

Fitting this line of thinking, demand fluctuations were the biggest factor for driving shippers to push S&OP in their organizations. eCommerce is clearly one of the factors making the link between S&OP and demand fluctuations.
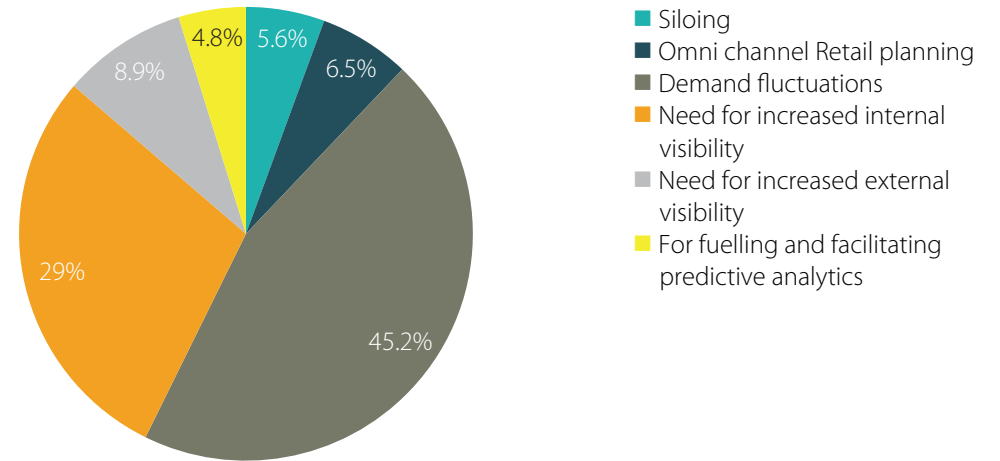
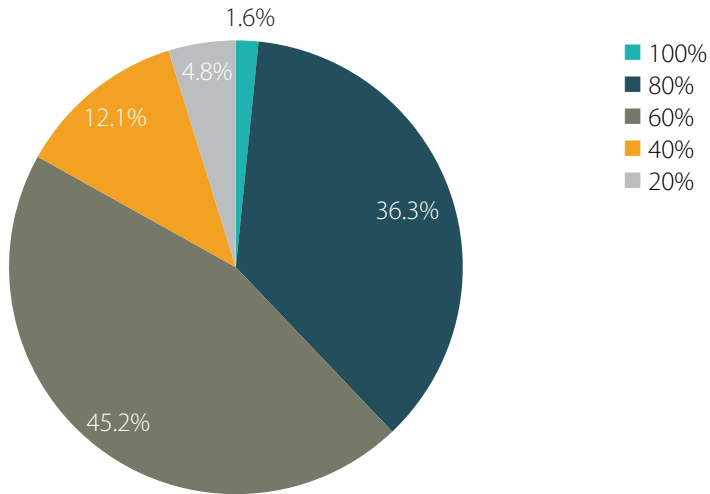As sales channels multiply, organizations are going to have to process more data and coordinate internal processes to ensure demand is met seamlessly. Sales need to align with marketing which need to align with operations. The second biggest driver for S&OP is thus increasing internal visibility. If marketing hits onto a winning product, how can they translate this data to operations to ensure enough product is in the right place at the right time?

Visibility and Data Governance

SHIPPERS:

How much visibility do you think you have of your supply chain?

- 100%
- 80%
- 60%
- 40%
- 20%

1.6%
4.8%
12.1%
36.3%
45.2%

SHIPPERS:

How much visibility do you have of your customers' supply chain?
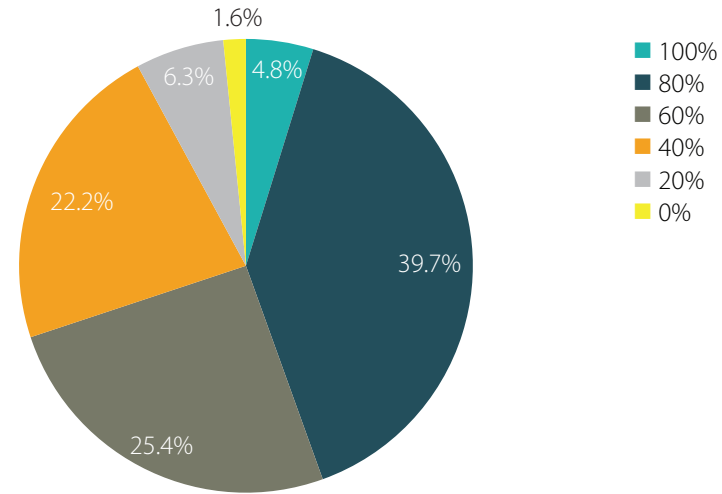

- 100%
- 80%
- 60%
- 40%
- 20%
- 0%

1.6%
6.3%
4.8%
22.2%
39.7%
25.4%

Visibility has been one of the most significant age-old challenges in supply chain. As technology has advanced, visibility needs have expanded at an even greater pace. So how much visibility do key players in supply chain have?

- Most shippers have 60% visibility over their supply chain
- Most logistics providers have 80% visibility over their customers' supply chains

Because of the critical nature of competitive differentiation for logistics providers, most have invested extensively in visibility solutions. The complexity of the supply chain has left shippers still playing catch-up. We recently asked shippers on the visibility they have over their suppliers, a number that dropped significantly in comparison with their own inventory.
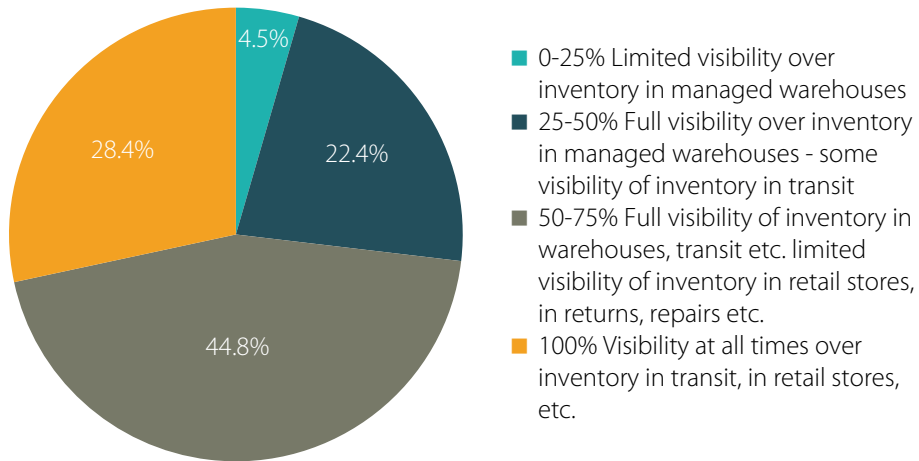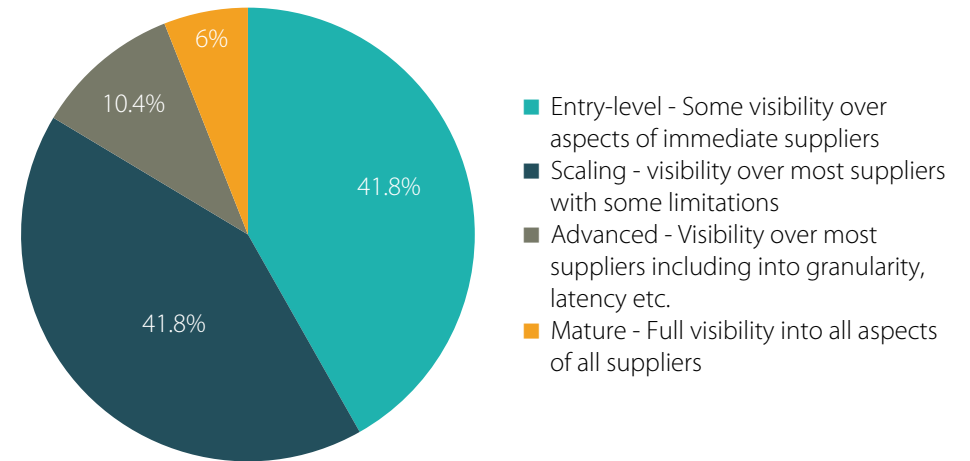
The influx of data into the supply chain has caused a significant amount of executives we've spoken with to highlight a number of the challenges that are associated with sharing information. In addition to basic technological hurdles associated with data transfer, data visibility would require the sharing of significant amounts of data between organizations. Logistics companies were far more interested in sharing their data with their customers. Similarly to how logistics providers have greater visibility over their customers' supply chains, this is likely due to the competitive differentiation data-sharing brings them. Only 43% of shippers were very willing to share their data with their logistics providers. 17% were even unwilling to share this information. This does put into question the nature of collaboration between shippers and logistics providers – why are shippers less willing to share their data?
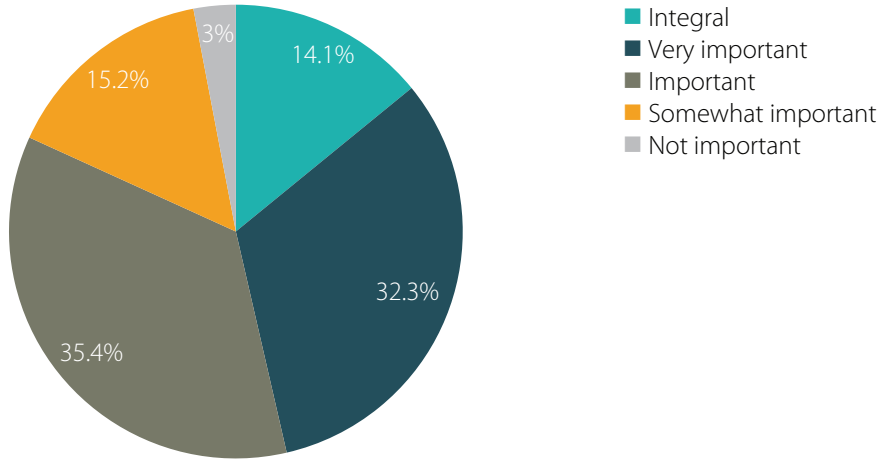
Visibility and Data Governance

Retailer visibility over their inventory

- ■ 0-25% Limited visibility over inventory in managed warehouses
- ■ 25-50% Full visibility over inventory in managed warehouses - some visibility of inventory in transit
- ■ 50-75% Full visibility of inventory in warehouses, transit etc. limited visibility of inventory in retail stores, in returns, repairs etc.
- ■ 100% Visibility at all times over inventory in transit, in retail stores, etc.

Retailer visibility over suppliers

- ■ Entry-level - Some visibility over aspects of immediate suppliers
- ■ Scaling - visibility over most suppliers with some limitations
- ■ Advanced - Visibility over most suppliers including into granularity, latency etc.
- ■ Mature - Full visibility into all aspects of all suppliers

Source: eft D3 Retail Report

CSR in Supply Chain

SOLUTION PROVIDER

How important is CSR for your customers?

- Integral — 14.1%
- Very important — 32.3%
- Important — 35.4%
- Somewhat important — 15.2%
- Not important — 3%

LOGISTICS PROVIDER

How important is CSR for your customers?

- Integral — 31.7%
- Very important — 44.4%
- Important — 19%
- Somewhat important — 4.8%
- Not important

SHIPPERS:

How important is CSR for your supply chain?

- Integral — 15.3%
- Very important — 33.1%
- Important — 37.1%
- Somewhat important — 8.1%
- Not important — 6.5%

Corporate social responsibility has gained an increasing slice of the spotlight as consumer visibility has increased and regulations have tightened. For example the Modern Slavery Act 2015 in the UK has forced companies to rethink their supply chain visibility. From the consumer side, a swath of major global manufacturers and retailers that have decided to use free-range eggs instead of caged ones. What is truly driving the industry to change though?

CSR is important to shippers. Their supply chain partners are experiencing this as well with most seeing their customers emphasizing it as such. Logistics providers, however, think their customers see CSR as integral, beyond what shippers themselves have stated. This difference in perception could be due to the shipper-LSP relationship. Shippers will demand their LSPs are compliant of their own CSR code, as well as increasingly stringent regulations.
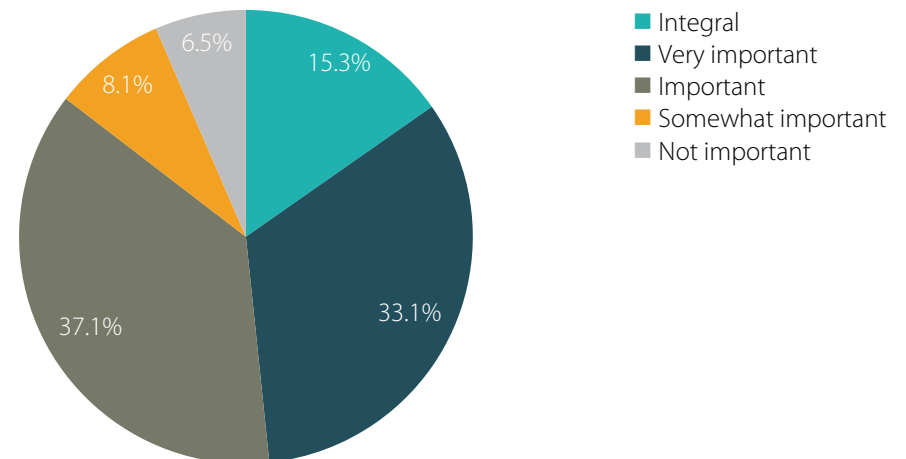
CSR in Supply Chain

SHIPPERS:

Biggest drivers for CSR investment

- Corporate culture
- Government regulation
- Customer pressure
- Cost-cutting
- Brand image
- Ethics

39.5%
9.7%
15.3%
8.1%
17.7%
9.7%

SHIPPERS:

Top CSR priorities for the supply chain

- Usage of conflict minerals
- Slavery in your supply chain
- Pollution
- Energy from renewable resources
- Fair-trade

13.7%
8.9%
27.4%
27.4%
22.6%
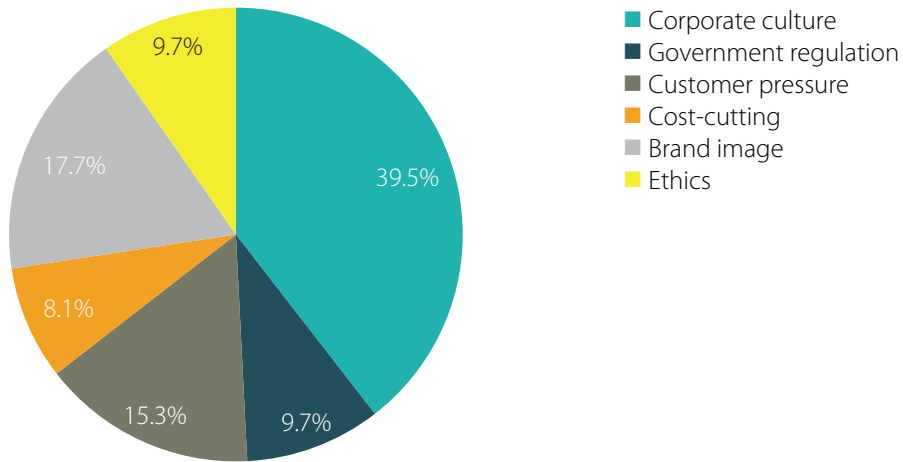
Why is CSR so important for shippers? Corporate culture is by far the biggest driver for investment into CSR initiatives. This is positive news for customers, as it means that companies are increasingly defining themselves on the way they conduct themselves. In recent years, there has been a lot of discussion on how to get shippers to more actively involve themselves in CSR. One of the primary ways that has been identified is to make it cost-beneficial. Despite this assumption, the survey results show that reality is quite the opposite. Respondents to the survey spent on average around US$3m towards CSR in their organization over the last year. For comparison's sake, shipper respondents spent an average of US$12m on technology during the same period.
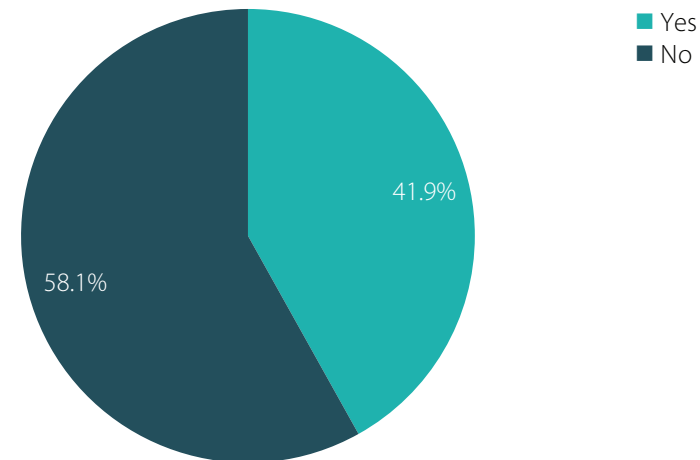
CSR in Supply Chain

In fact, when it comes to prioritizing CSR, renewable energy ranks near the top, with only pollution (particulate being released into the environment) ranking higher. Given the regulatory environment, we would have considered investment into renewable energy as a cost-saving exercise more than a corporate culture one. As renewables start to drive cost savings, maybe we'll see cost-benefit start to climb up the rankings. In fact, 40% of shippers are already using renewable energy in their supply chains.
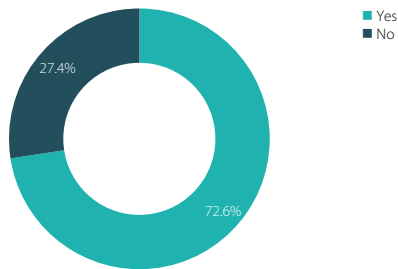
SHIPPERS:

Renewable energy usage in the supply chain

- Yes
- No

41.9%

58.1%

SHIPPERS:

Are you experiencing difficulties hiring the right talent into your supply chain?
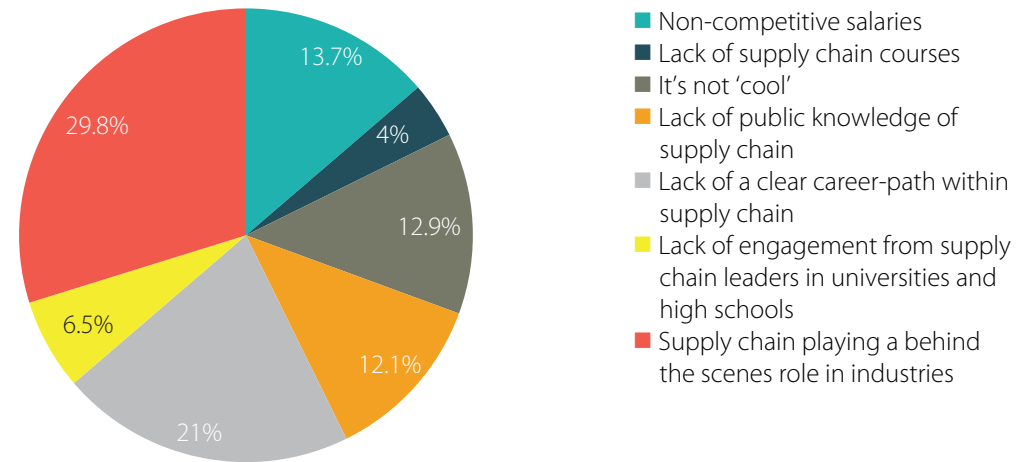

- Yes
- No

27.4%
72.6%

Over 70% of manufacturers and retailers are experiencing difficulties hiring the right talent. This suggests a huge challenge for the industry. There were a few drivers for this. First and foremost was the fact that supply chain is flying under the radar as a behind the scenes role. As a consequence, younger generations are less likely to be aware of the supply chain when they are finding their career path. What compounds this problem is the lack of clear career-path in supply chain. It's only recently that there are dedicated degrees in the industry. In addition, with the Chief Supply Chain Officer being a relatively new role, the ladder to the top isn't clear. It is also a role that is only sometimes represented in the senior leadership team, or often incorporated into a broader COO role.

Shippers find themselves spending most of their resources on the people in their organization. This is somewhat surprising considering the current technology trends shaping the industry. The average technology spend per manufacturer or retailer was in excess of US$12m bbut this number varied massively depending on the size of the company in question. However, it gives a hint at the sums that are required to ensure processes are operating effectively and that talent is taken care of.
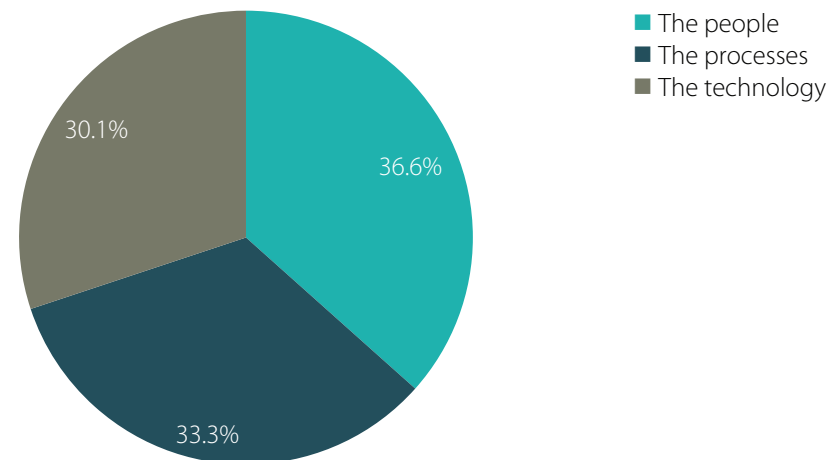
SHIPPERS:

Barriers to entry for talent into the supply chain

- Non-competitive salaries
- Lack of supply chain courses
- It's not 'cool'
- Lack of public knowledge of supply chain
- Lack of a clear career-path within supply chain
- Lack of engagement from supply chain leaders in universities and high schools
- Supply chain playing a behind the scenes role in industries

13.7%
4%
12.9%
29.8%
12.1%
21%
6.5%

SHIPPERS:

Where shippers are allocating their resources

- The people
- The processes
- The technology

36.6%
33.3%
30.1%

The Future

In the 2026 supply chain...

Category	Percentage
Warehousing is mostly automated	55.6%
Manufacturers and retailers have full visibility including down to multi-tiered suppliers	54.8%
Prescriptive analytics are being used in most supply chains	50.8%
Consumers have full visibility on inventory at retailers	46%
3D printing plays a significant role in manufacturing	42.7%
Logistics is mostly automated	41.9%
Consumers schedule and re-route their own deliveries	41.9%
Consumer demand is accurately predicted	36.3%
Manufacturing is mostly local	25.8%
The entire supply chain is carbon neutral	18.5%
Consumers initiate their own repairs through 3D printing	18.5%
Drones are being used in most supply chains	16.9%
The supply chain only uses renewable energy	16.1%

According to most respondents, we are already well into the future of supply chain. In 10 years, over 50% of respondents believe warehouse automation, full-visibility and prescriptive analytics will be prevalent in most supply chains. These are relatively conservative predictions given the amount automation, predictive analytics and full visibility are already in existence in some supply chains.
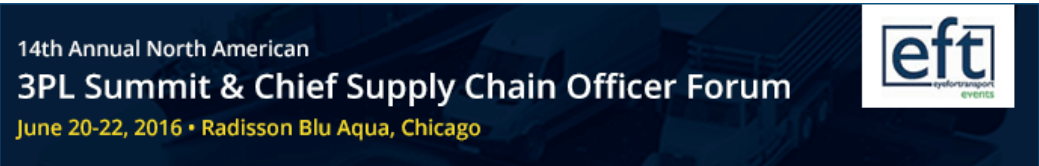
There were some other interesting predictions, however. Over 40% of respondents felt that 3D printing would play a significant role in manufacturing by2026. This would represent a pretty major change over the current state of

affairs where 3D printing is mostly used in prototyping, and other much more basic, non-integral steps of manufacturing. Another interesting prediction was the 42% of respondents that think logistics will be mostly automated by 2026. While we didn't ask for further detail, this would suggest the continued development of logistics apps and APIs to further automate pick-ups and drop-offs. It would also suggest an increase in autonomy in the actual movement of goods, whether through the usage of semi-autonomous vehicles or the heavy sensorization of the transportation process through IoT applications.

Conclusion

The supply chain is caught in the midst of some major change. This is best summarized in the report through asking manufacturers and retailers to describe the supply chain of 2026. The answer was automation of warehouses, visibility and prescriptive analytics. These are all areas we are currently in the midst of and are set to define the next several years of supply chain.

Slowing global demand has put more strain on the modernization of supply chains as manufacturers and retailers need to respond to shifting demand whilst implementing change. Some regions are still presenting opportunities, and many manufacturers and retailers are using the upside of some regions to gain an edge on their competition. Mexico is a great example of this, where labour costs and talent are prompting a number of manufacturers to relocate their operations.

eCommerce is also a booming area in supply chain, one that is presenting its own set of challenges. Fluctuating demand is perhaps the most challenging of these, as seasonality, trends, omnichannel sales are all adding to the complexity. The retailers and suppliers that are able to command visibility, prescriptive analytics and warehouse automation today, are ahead of the curve tomorrow.

Want to learn more?

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- Tonet Rivera, SVP Global Supply Chain, **Mead Johnson Nutrition**

- Judy McReynolds, President and CEO, **ArcBest**
- Frank Vorrath, VP Global Supply Chain, **Johnson Controls Inc.**
- Darrell Edwards, Senior Vice President and Chief Supply Chain Officer, **La-Z-Boy**
- Henriette Hallberg Thygesen, CEO, **Damco Americas**
- Ray Greer, President, **BNSF Logistics**
- Claudia Knowlton-Chike, SVP Supply Chain, **Emerald Performance Materials**
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