Reuters Events:
Retail Supply Chain &
Logistics Planning Report 2021

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Foreword

In the crowded retail marketplace, customer experience is key, and logistics can be the differentiator between the winners and the less prepared. Companies in the latter category that are not able to deliver goods at the right time and place will risk losing their customers to one of many competitors. Furthermore, if they fail to deliver against the lowest costs, they will not succeed in reaching their business goals.

The increasing importance of customer experience and cost control are key challenges in the retail industry. Rapidly evolving technologies and sudden disruptions are two other factors that make the retail supply chain increasingly complex to manage. And as we are all aware by now, COVID-19 uncovered the vulnerability of global supply chains and the need for improved resilience and agility. This survey shows us that many companies still rely on tools that were never designed to plan logistics operations, let alone deal with the many rules and constraints of today's supply chain operations. Some administrative systems, like a Transport Management System, can do very basic planning, but they are not able to support planners in making transport planning more efficient. Although accuracy is rated as the second most important aspect of delivery, many organizations notice a significant gap in this, namely between the plan and the actual execution of said plan.

In order to prepare your supply chain for future disruptions and ever-changing consumer demands, you have to start embracing optimization technology. More and more data is becoming available and retailers are expected to process the information quickly in order to keep their consumers satisfied. Balancing the customer-facing promise with back-end technology investments will give retailers the best chance to profitably keep pace with consumer expectations and competitors' fulfillment offerings. Business leaders need to start thinking about how to use new analytics technology not just to analyze and understand the past, but to make better decisions for the future. Those that use big data to feed big business decisions will create an optimal supply chain network infrastructure. But keep in mind that technology will only enable change if it is suited to your specific strategy.

One digital planning platform that provides one version of truth, live KPI data, continuous optimization capabilities and the ability to evaluate each outcome to determine the best course of action to meet, and even exceed, business KPIs is essential to stay on top of the competition. Fewer miles and resources shall be needed to deliver goods at the right time. This is what will enable you to cut logistics-related costs while keeping service at a maximum and build resilience into your supply chain to make your operations future-proof.
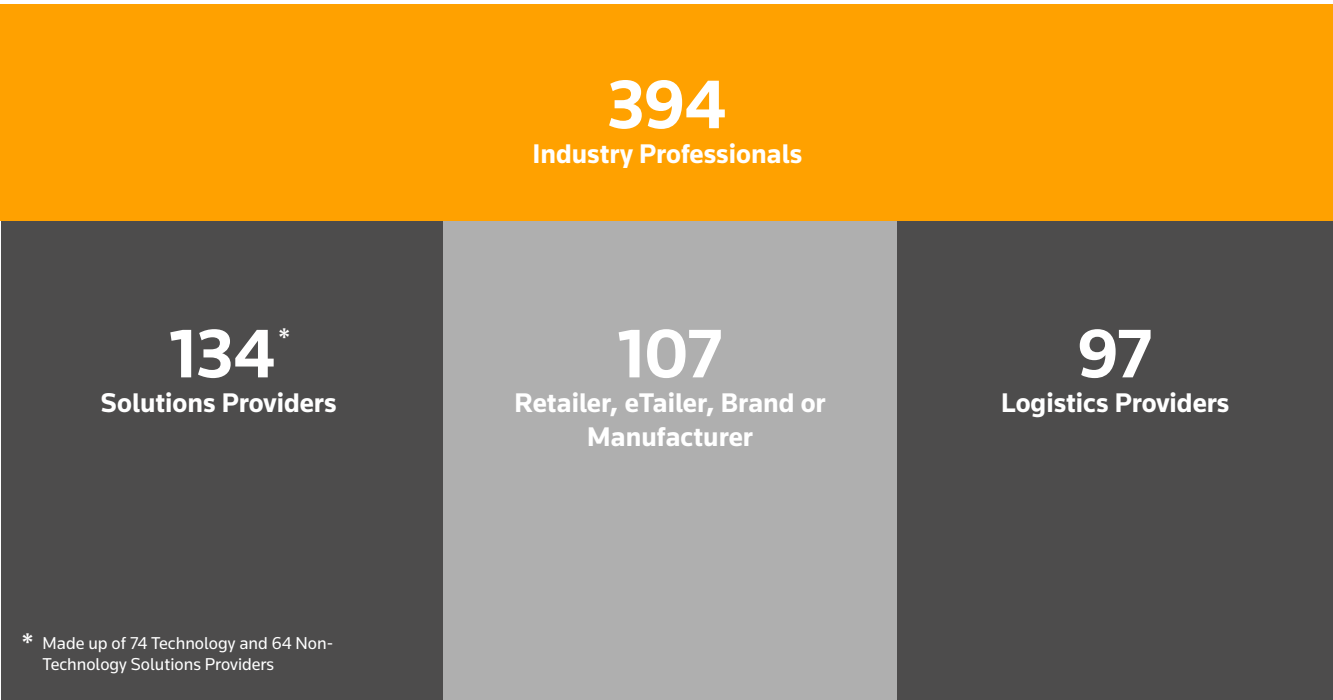
Philippe Loeb

Vice President Home & Lifestyle, CPG and Retail
Dassault Systèmes

Methodology

394 supply chain executives from across the globe were surveyed for this report.
We gathered information from retailers, eTailers and brands (9%), manufacturers (19%), logistics service providers (24%), technology solutions providers (20%), legal and financial solutions providers (13%) as well as media associations and consultants (15%) to bring you insights into the state of logistics planning in 2021.

This year's report provides insights at all scales of operation, with representatives from supply chain organizations across the world turning over anywhere between 5 million (32%) and 1 billion+ (28%) annually, and respondents ranging over industries as diverse as electronics (15%), groceries (15%) and apparel (7%).

394
Industry Professionals

134[*]
Solutions Providers

107
Retailer, eTailer, Brand or Manufacturer

97
Logistics Providers

[*] Made up of 74 Technology and 64 Non-Technology Solutions Providers

Planning

The importance of robust risk and demand-aware logistics planning has never been clearer than in 2021. With global stay-at-home orders causing a sharp shift to grocery delivery as well as delivering a push to continually rising trends in eCommerce, businesses have shifted sales channels online and begun to pay greater attention to supply chain planning and execution within their operations. Unfortunately, reliance upon legacy systems and traditional supply chain practices have held back companies from truly embracing Industry 4.0 standards, leaving some struggling to keep pace with the market.

**Where in your customer's logistics planning do you encounter the most challenges?**

	Value
1	23%
2	18%
3	16%
4	10%
5	9%
6	4%
7	4%
8	4%
9	3%
10	1%
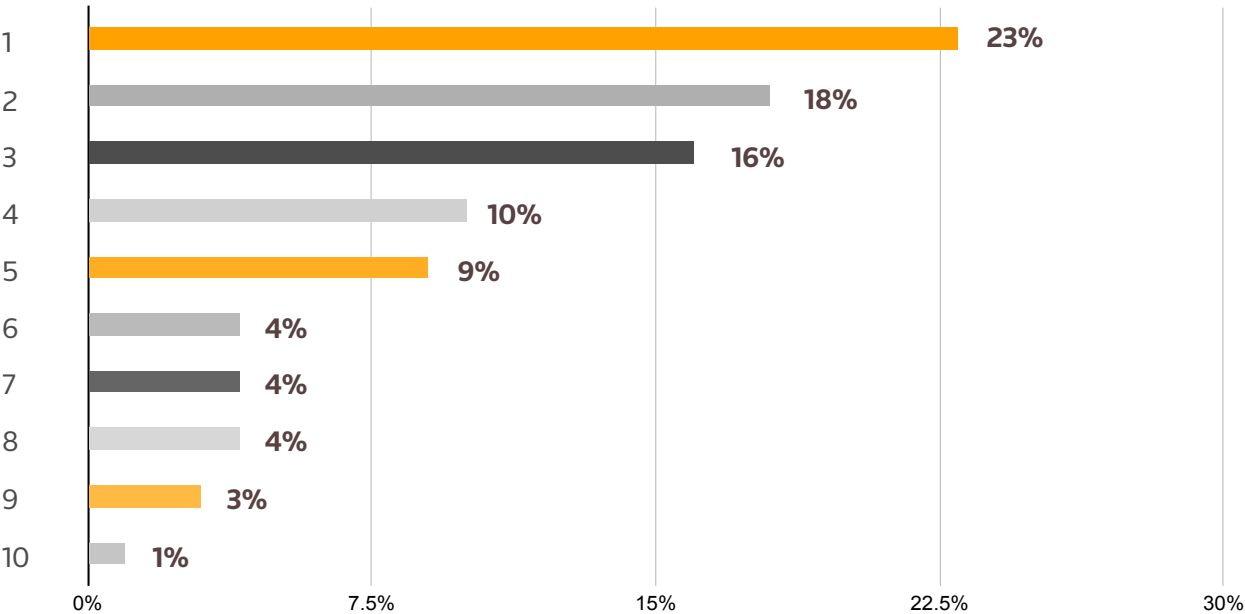
(1) Forecasting

(2) Visibility

(3) Cost Containment

(4) Reaction to Change

(5) Integration

(6) Resource Allocation

(7) Evaluation of Multiple Scenarios

(8) Other

(9) Plan Creation Speed

(10) None

IN PARTNERSHIP WITH **DASSAULT SYSTEMES**

Planning

Effective forecasting is a crucial part of logistics planning and can help to ensure accurate inventory levels, revenue estimates and supply chain organization. However, of the Logistics Service Providers (LSPs) we surveyed, 23% told us that they had the most challenges with their customers when it came to forecasting, with a further 16% emphasizing that they found the most difficulty in maintaining cost containment strategies in line with their customers' logistics planning. An additional 18% of respondents picked up on this, noting that the lack of end-to-end visibility hindered their customers' ability to effectively plan operations. With slow reaction times (10%) compounding upon difficulties dealing with demand and supply side fluctuations, our respondents felt that these issues were detrimental to their customers' ability to adapt quickly and take advantage of changing situations. Whilst the pandemic may have introduced a degree of unexpected volatility into customer demand, businesses would have benefitted from information-driven cost containment practices being instituted beforehand. Instituting them now will help to establish business margins and ensure profitability going forward.

How would you describe your planning process?

Entirely Manual 28%	Entirely Automated 7%
—	—
With system support: 28%	With planner support: 20%
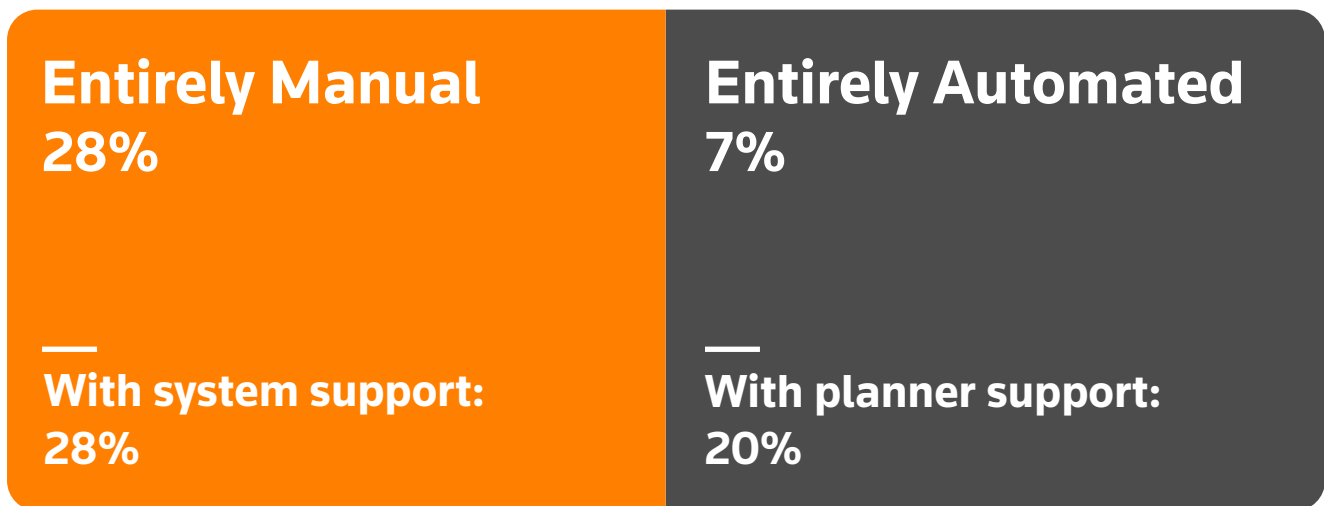
The majority of our respondents still utilize manual processes to make planning decisions (55%), but differ over whether their system supports them in calculating consequences. Whilst 28% of retailers, brands and manufacturers rely upon an automated system to create a full plan, 21% of them still require a dedicated planner for fine-tuning. We found that just 7% of respondents have a fully automated planning system, with a planner only required to handle exceptions. A further 16% rely entirely upon their planning system to provide advanced support for decision making, such as visualization, automation of sub processes or suggested actions.

Planning

Which statement about plan vs actual applies to your organization
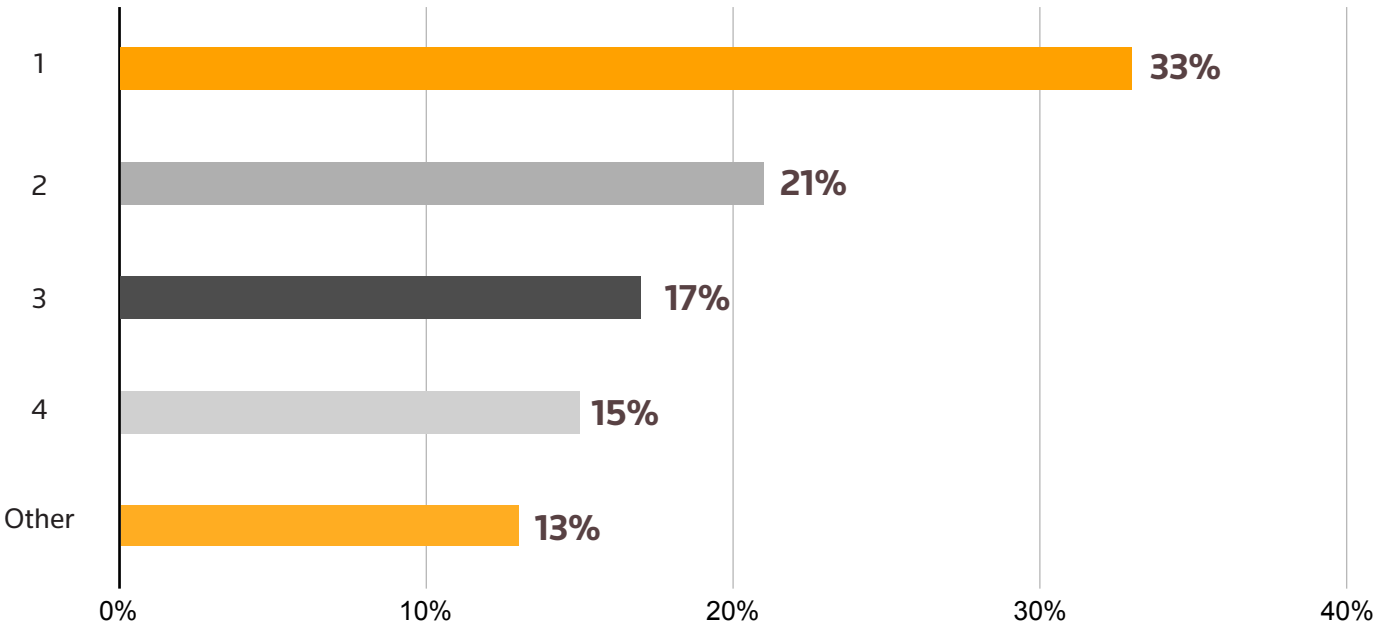
(1) There is a significant gap between plan and execution and this is a very costly gap

(2) Planned volumes are not accurate enough (volumes are often higher or lower than expected)

(3) The plan created is not feasible in execution. Not all rules are captured correctly. Plans are changed in execution

(4) Planned travel durations are not accurate enough (time windows are often missed)

Our survey found that there remains a significant distance between planning and execution across the industry, with 33% of our respondents stressing that this is an increasingly costly gap that they are looking to close. Issues such as poor volume estimation (21%) as well as inaccurate planning for travel durations (resulting in time windows being missed) (13%) all represent areas marked for improvement. 17% of organizations we surveyed also highlighted that planning was often entirely at odds with possible execution, a pressing cause for concern if not swiftly rectified.

To what extent do you adjust the plan during the day of execution?

All of our respondents told us that they adjusted the plan during the day of execution to varying degrees. For 22% of retailers, brands and manufacturers, orders might be partially postponed to a later day or even re-attempted later on the same day in case of failed delivery (12%). If these are not feasible options then delivery sequences are adjusted (27%) or orders are re-allocated to different trips (15%) or trips reassigned to different resources (15%). Being able to re-optimize schedules to reflect unpredicted disturbances is therefore a key and an ongoing concern for our respondents.

Supply Chain

Building a resilient supply chain in a post-pandemic world requires placing agility and adaptability at the heart of operations. Supply chain visibility has long been a 'knowledge gap', exposing companies to risk and disruptive events such as transportation infrastructure changes or capacity fluctuations. The ongoing COVID-19 crisis caused a number of these issues to surface in tandem, leaving some businesses scrambling to patch blind-spots in their practices.

The acceleration of eCommerce during this period has caused many to cast a shrewder eye upon inventory and order fulfilment strategies, examining the post-pandemic landscape from the warehouse to the store.

What are the most important requirements from your customers when it comes to your logistics services?

Speed of Service	Flexibility	Accuracy of Service
18%	3%	26%
Visibility of Goods	Cost of Service	Customer Communication
15%	28%	10%

As always, the primary requirement from customers is the cost of service. 2021 has been a year of tightening budgets and greater scrutiny over costs relative to their impact on achieving business goals. As such, our respondents have found that their customers are examining the value proposition of their service purchases more closely than ever, with LSPs highlighting that the most important requirements from their customers was the cost and the accuracy of service (28% and 26% respectively). Speed of service was also noted as a key requirement by 18% of respondents.

Supply Chain

Surprisingly, visibility of goods is seen to be one of the least important requirements from customers. Despite its implication for both accuracy and cost of service just 15% of LSPs thought it to be of importance for their customers. Furthermore, just 11% believe that customer service communication is important, emphasizing that many LSPs believe their customers to prefer a cheaper and more hands-off approach when selecting service providers.

Which of the following characteristics apply to your supply chain?

27% of retailer and manufacturer respondents told us that their supply chain planning process consisted of two steps: (1) creating loads and (2) assigning these loads to available resources, often outsourcing the second step to haulers. Crucially, 37% of respondents told us that they work with multiple haulers in the second step, all of whom have different contracts. Either consolidating these loads into a centralized platform or by utilizing a SaaS service to dynamically assign loads to approved partners would greatly speed up the process, easing the administrative load currently complicating operations.

Improving dock and staging lane capacity (as well as allocation) is also key requirement for many of our respondents, 17% of whom noted it as a bottleneck within their supply chain. For perishable or temperature-controlled items cross-docking is viewed a useful practice, with 25% of our respondents telling us that store deliveries are often cross-docked at a distribution center instead of delivered directly. An additional 25% told us that cross-docking helps with consolidation arrangements, saving on outbound costs. However, 21% do note that environmental regulations and innovations are making planning much more complicated, driving up costs elsewhere, despite these savings.

For 25% of those surveyed, we found that store delivery windows were quite tight, requiring precise route planning, especially for the 12% of respondents who find that their driver typically picks up goods from multiple depots on a single day, and whose deliveries might be full-truck loads to a single store (27%). Additionally, just 10% are integrating outbound operations with inbound operations (utilising the same resource pool and scheduling outbound trips for inbound collection on their way back). In part this may be due to the fact that, for 12% of respondents, the plan for any particular day is bound up in the events of the day prior, and cannot be treated independently.

Supply Chain

#	%
1	37%
2	27%
3	27%
4	25%
5	25%
6	21%
7	17%
8	12%
9	12%
10	10%
11	6%
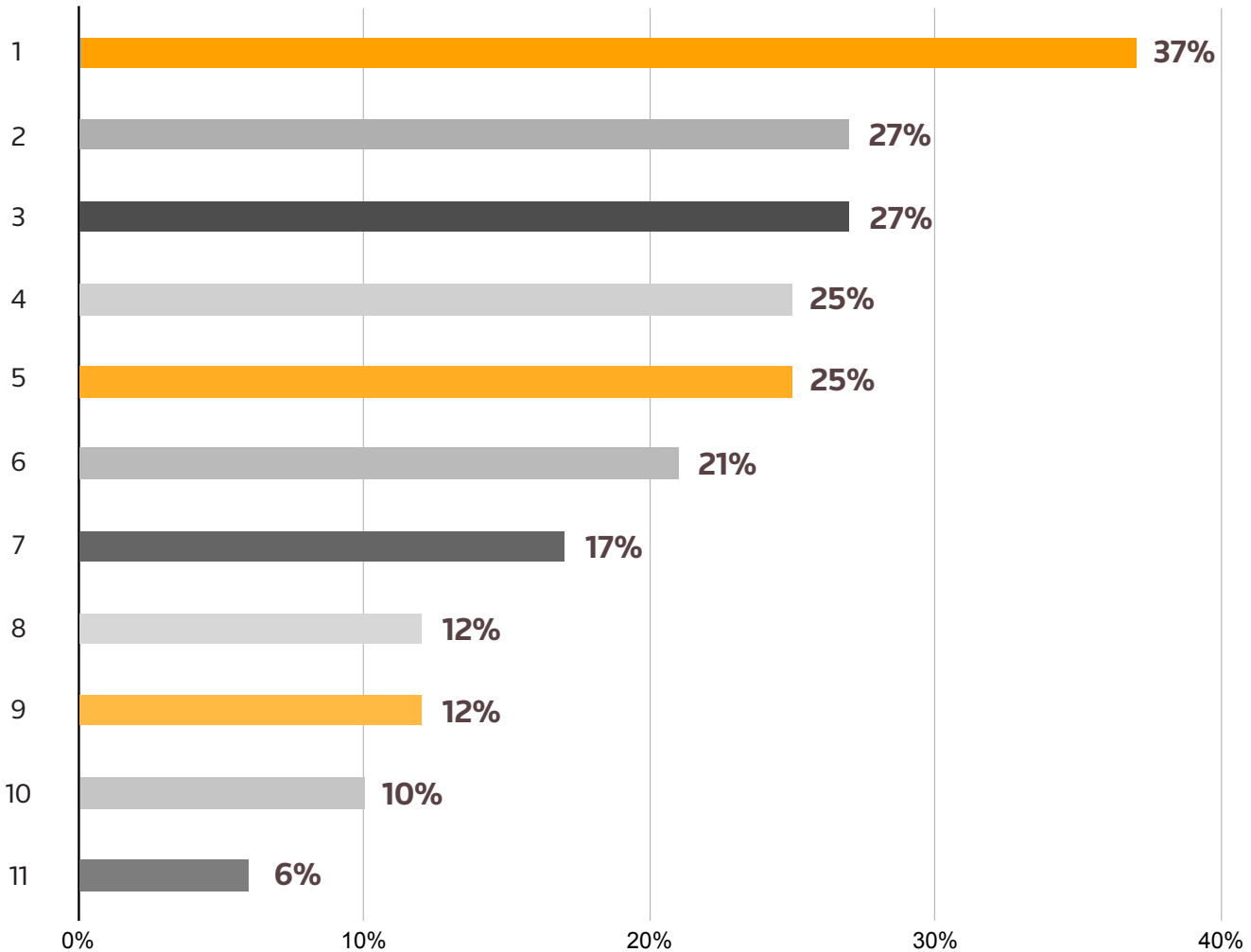
(1) Outbound deliveries are usually full-truck loads to a single store

(2) A driver/truck typically picks up goods from multiple depots on a single day

(3) Outbound operations are integrated with inbound operations

(4) Store deliveries are often cross-docked at a DC instead of delivered directly.

(5) Planning process consists of two steps

(6) The plan for one particular day cannot be seen independently from the day before

(7) Store delivery windows are quite tight.

(8) Work with multiple hauliers, which all have different contracts

(9) Environmental regulations and innovations are making planning much more complicated

(10) Dock & lane capacity is a bottleneck within the logistics supply chain

(11) Other

Supply Chain

How important is inventory planning and forecasting to your customers and their partners?

The overwhelming majority of solution providers understand that inventory planning and forecasting is a crucial factor for their customers looking to improve supply chain performance (56%). However, almost one-third of our respondents noted that, whilst planning was a company-wide goal, their customers were not measuring it with respect to supply chain performance (31%), with a further third noting that supply chain leaders are feeling pressure to improve performance (31%). A much smaller number of those surveyed told us that, while planning is a company-wide goal, it is not something their customers measure or make decisions on for delivery, logistics or supply chain planning performance (7%). Just 6% responded that their customers are wholly unconcerned about planning at this time.

To what degree do you feel your customers' existing logistics technologies support efforts to improve planning capabilities?

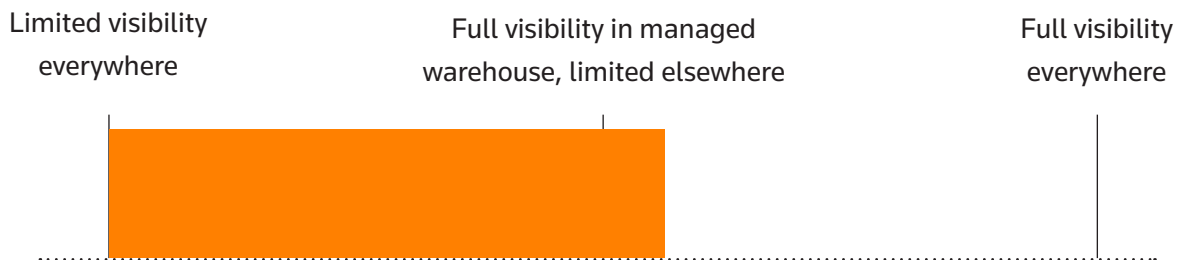| Support improvements	Don't Support improvements
Solutions: 35% LSP: 46%	Solutions: 65% LSP: 54%

Almost half (48%) of all solutions providers told us that, whilst their customers' existing logistics technologies were useful for measuring the current state of planning processes, they did not help them do anything to improve them and a further 17% informed us that the current state of existing systems means they are not of any use for improving planning capabilities. However a significant amount (35%) told us that their customers were on the right track, with existing systems either supporting the majority efforts to improve the planning process (29%) or fully supported them (6%).
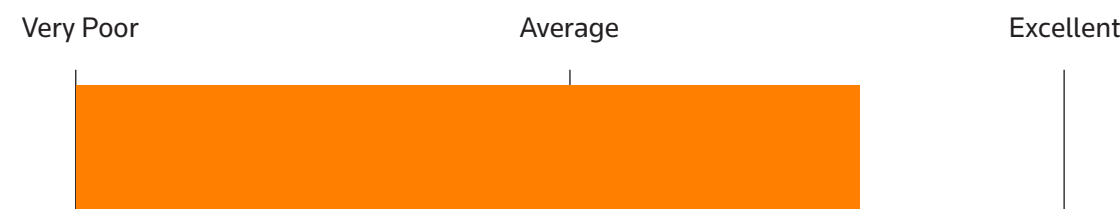
Supply Chain

Logistics providers responded with closer margins. 54% of respondents emphasised to us that existing systems do not help to do anything to improve their customer's logistics planning, even if useful for measuring indicators, whilst 46% of respondents found existing systems useful for supporting most, if not all, efforts to improve customer planning.

What percentage of visibility do you have over the inventory you manage?

Limited visibility everywhere	Full visibility in managed warehouse, limited elsewhere	Full visibility everywhere

A smart warehouse program can help to ensure increased service levels, ensuring on-time and complete shipments, as well as real-time information for both the organization and end customer. By building upon existing WMS, the developing smart warehouse can help to provide visibility over inventory through the warehouse and in transit. However, as we learned from our respondents, realising this with current technology is still some way off. Whilst the majority had full visibility over inventory in managed warehouses (62%), that number shrank to 34% for those with full visibility of inventory in warehouses and transit, as well as limited visibility of inventory in retail stores, returns and repairs. 19% had full visibility from warehouse to transit to store, but, 28% only had visibility over inventory in transit, with another 19% only having limited visibility over inventory in managed warehouses.

How would you rate your ability to provide end-to-end visibility to your customer?

| Very Poor	Average	Excellent

Supply Chain

The majority of solutions providers felt that they had the potential to provide E2E visibility to their customer (39%), though substantial work would be needed to ensure it would become a reality. A further 26% felt that they would do a good job and 22% told us that their ability to provide E2E visibility to their customers was second to none, providing upstream and downstream visibility to their customers. It is also worth noting that some are still entirely unprepared to provide E2E visibility to their customers at this time, with 13% rating their ability poor to very poor.

End-to-end visibility (E2E)

A growing emphasis has been placed on E2E visibility in recent years, with companies more and more focused in tracking what is happening at all stages of the supply chain. E2E visibility helps to ensure that all stakeholders have a clear picture of the supply chain, providing actionable data at each stage to facilitating collaboration and mitigate risk.

Current Issues

What would you say is the least attractive aspect of the service you provide?
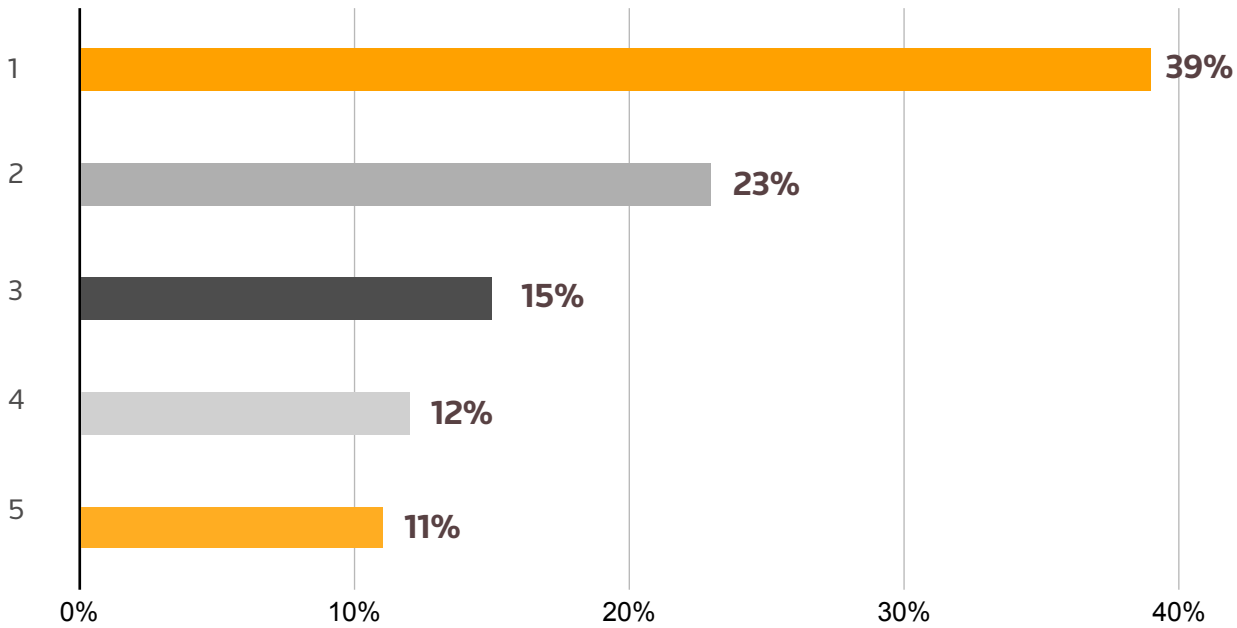
|	
(1) Flexibility	
(2) Cost of Service	
(3) Clarity of Service	
(4) Speed of Service	
(5) Customer Support	

Of those solutions providers we surveyed, 39% told us that the flexibility to handle changing requirements was the least attractive aspect of the service they provided, followed by cost of service (23%). As noted throughout this report, fluctuating schedules as well as customer demand has meant that retailers are placing greater pressure upon solutions professionals to provide them with a dynamic and adaptive service to meet their changing needs. The majority of respondents believed that their customer support and speed of service were laudable aspects of their service, with just 11% and 12% repsectively citing them as unattractive. Logistics planning systems are undergoing rapid transformation across the industry, both due to the drive towards Industry 4.0 capabilities and changes in inventory planning. The rise of advanced predictive and prescriptive analytics has meant that data has become more actionable throughout the organisation. Transitioning over from the static spreadsheet-based model of the past to rich user dashboards can better align strategy and action across operations, helping to create generative data-based feedback loops between previously siloed parts of the company.

Current Issues

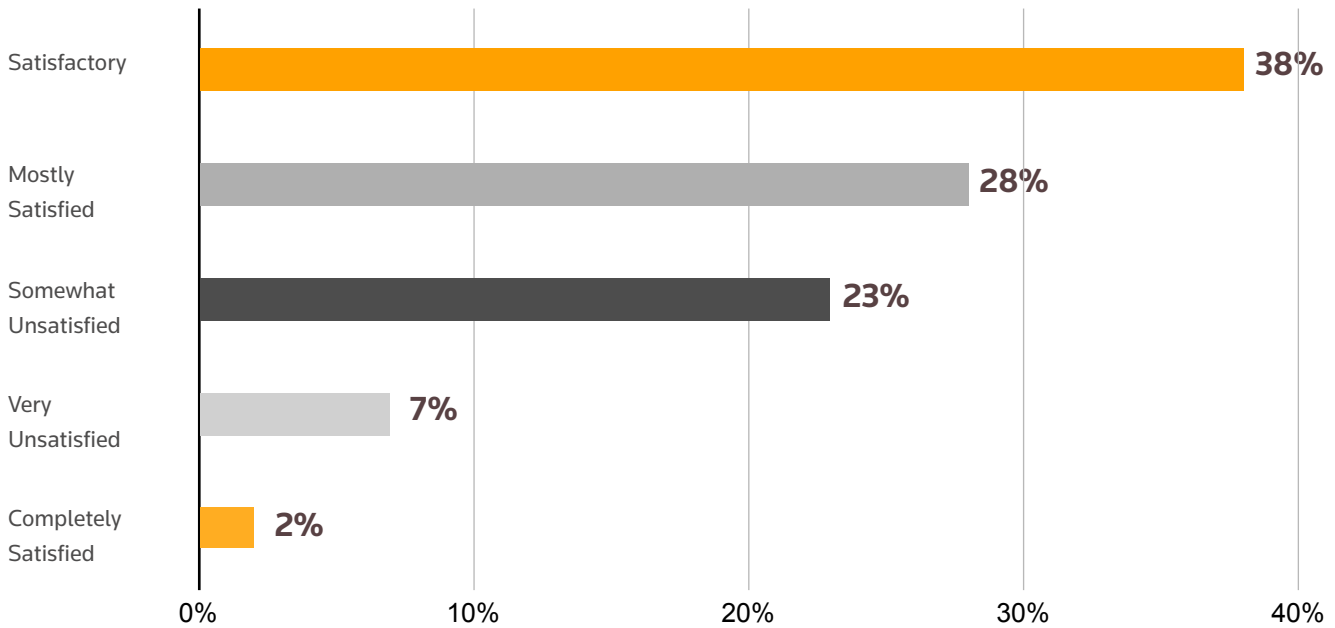**Which tools do you currently use to plan your logistics operations?**

Rank	Percentage
1	22%
2	20%
3	16%
4	15%
5	9%
6	7%

Axis labels: 0%, 5.5%, 11%, 16.5%, 22%
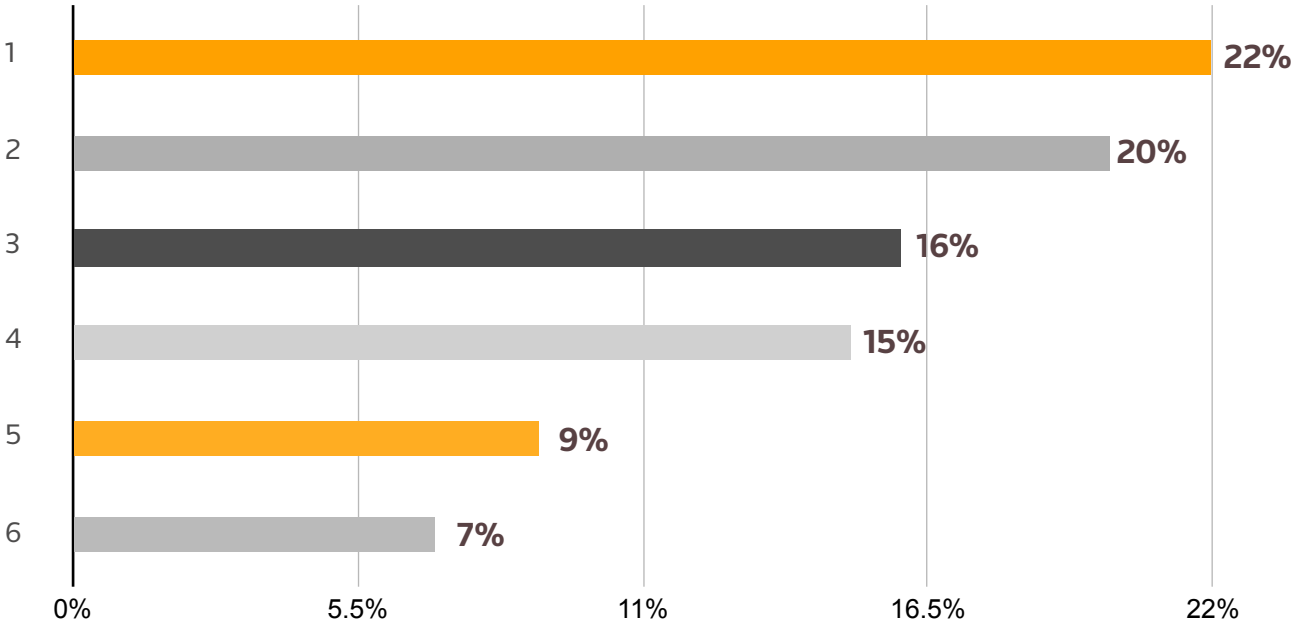
(1) Excel

(2) Warehouse Management System

(3) Custom

(4) Transport Management System

(5) Other

(6) Commercial-off-the-shelf

20% of those surveyed across retailers, manufacturers, logistics providers and solutions providers are using a Warehouse Management System (WMS). 16% are using custom built planning tools, whereas only 7% opt for a commercial off the shelf (COTS) planning system. However, the outlier to these statistics, as always, is Excel. Though it remains the proverbial hammer fit for every nail, 22% of those surveyed said that they still rely upon it to plan their logistics operations. Whether this is due to ease of use (i.e. good UI/UX), familiarity with the software, or the proliferation of templates available for inventory management, demand analysis or decision matrix analysis, the fact remains that Excel still has a place in the modern logistics planning space. However, it is important to note that this is a substantial decrease upon 2019. Our 2019 survey found that 62% of the industry were still using Excel to plan their logistics operations (often in conjunction with a WMS or TMS). Thus, we have seen a significant shift, in only a year, away from Excel, to COTS and custom planning tools and WMS. We must also note that none of our respondents cited using forecasting software or inventory planning software.

Current Issues

How satisfied are you with your current planning system?

| Satisfactory | 38% |
Mostly Satisfied	28%
Somewhat Unsatisfied	23%
Very Unsatisfied	7%
Completely Satisfied	2%

Overall, the organisations we surveyed were satisfied with their current planning system. However, there was clear room for improvement. 38% responded that they only found their current planning system satisfactory at best, with a further 28% telling us they were mostly satisfied, but desired more. Surprisingly, despite 16% of respondents having a custom planning solution tailored to their business, just 2% were completely satisfied with their current system. With respect to this, 30% of firms were either somewhat unsatisfied (23%) or very unsatisfied (7%) with their current offering.

Warehouse and Transportation Management Systems

Warehouse (WMS) and Transportation (TMS) management systems have fallen short in recent years. Designed primarily as administrative systems, both struggle to meet the complex challenges called for in modern logistics. Companies still using a TMS and WMS should look to a dedicated planning tool to build an agile and resilient supply chain.

Current Issues

What are the biggest shortcomings of your current system? / of your current way of planning?

#	Percentage
1	44%
2	43%
3	41%
4	32%
5	31%
6	31%
7	30%
8	28%
9	27%
10	26%
11	20%
12	20%
13	19%
14	15%
15	5%
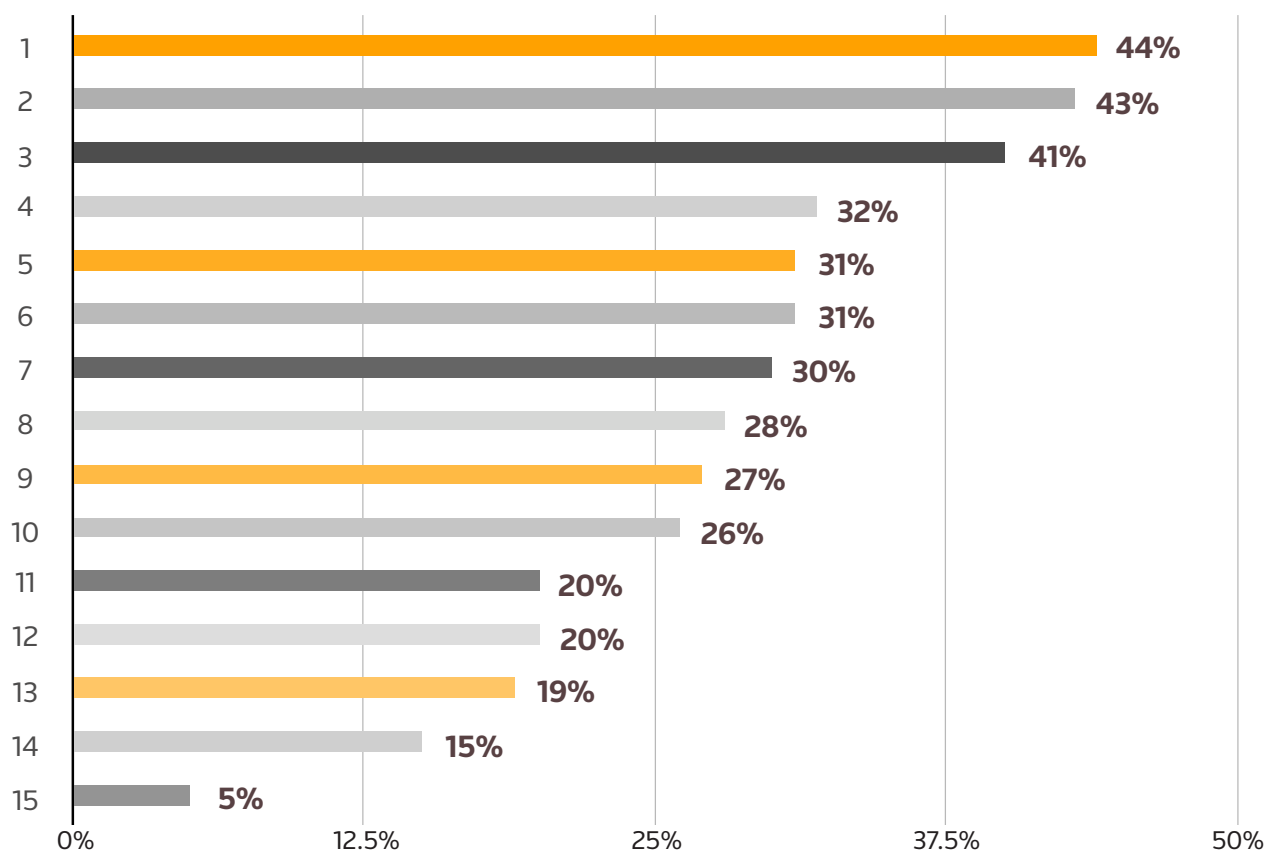
(1) The system is not well integrated with other systems

(2) The system is lacking automatic planning/optimization

(3) Not all complex rules are completely covered in the system

(4) We are not able to test multiple scenarios beforehand

(5) The visibility of the plan should be more intuitive

(6) The time it takes to create a plan

(7) Recalculating consequences of a decision takes a long time or is ineffective

(8) The system is not able to align logistics and warehouse operations

(9) The system is lacking the flexibility to adapt to our business processes

(10) It is difficult to collaborate with multiple planners

(11) It is not a SaaS solution

(12) The system is lacking web based architecture/user interface

(13) The system solves planning in isolation and not across department

(14) The system is lacking mobile access

(15) Other (please specify)

Current Issues

Our respondents highlighted a broad range of shortcomings within their current planning systems. Crucially, almost half of our respondents (41%) found that their current planning system failed to account for all complex rules, and struggled to create a feasible plan as a result. When coupled with the fact that a substantial amount of these systems lack integration with other systems (44%), our respondents felt that they struggled to make a plan and execute without instituting workarounds. Similarly, the severe lack of automation (43%) within these systems means that each rule unaccounted for must be inputted and accounted for manually.

These issues are made even more frustrating due to the speed of many current systems. Our respondents noted that their planning systems often took far too long to create a plan (31%) and too long to recalculate the consequences of a decision (30%). The inability to pre-test multiple scenarios and decisions beforehand compounded upon this issue, forcing a much slower planning workflow than desired. (32%) To this extent, some of our respondents felt that their current system could only solve planning in isolation and not across departments (19%).

Furthermore, though fewer in number, our respondents felt that the systems currently in use were inflexible, and unable to adapt to their business processes (27%) or to align logistics and warehouse operations (28%), restating the problem of a lack of integration with other systems. When working with multiple planners, all of whom may use different systems, our respondents found that the tools they were using were not well suited to collaboration (26%), in part due to the lack of web based architecture or humane user interfaces offered by current systems. (20%). Most egregiously 15% of our respondents did not even have mobile access to their current system, a must in the modern age of mobile and tablet computing.

Current Issues

What is the biggest challenge you're facing when planning your logistics operations?

| Category	Percentage
1	23%
2	15%
3	13%
4	12%
5	12%
6	8%
7	8%
8	6%
9	4%
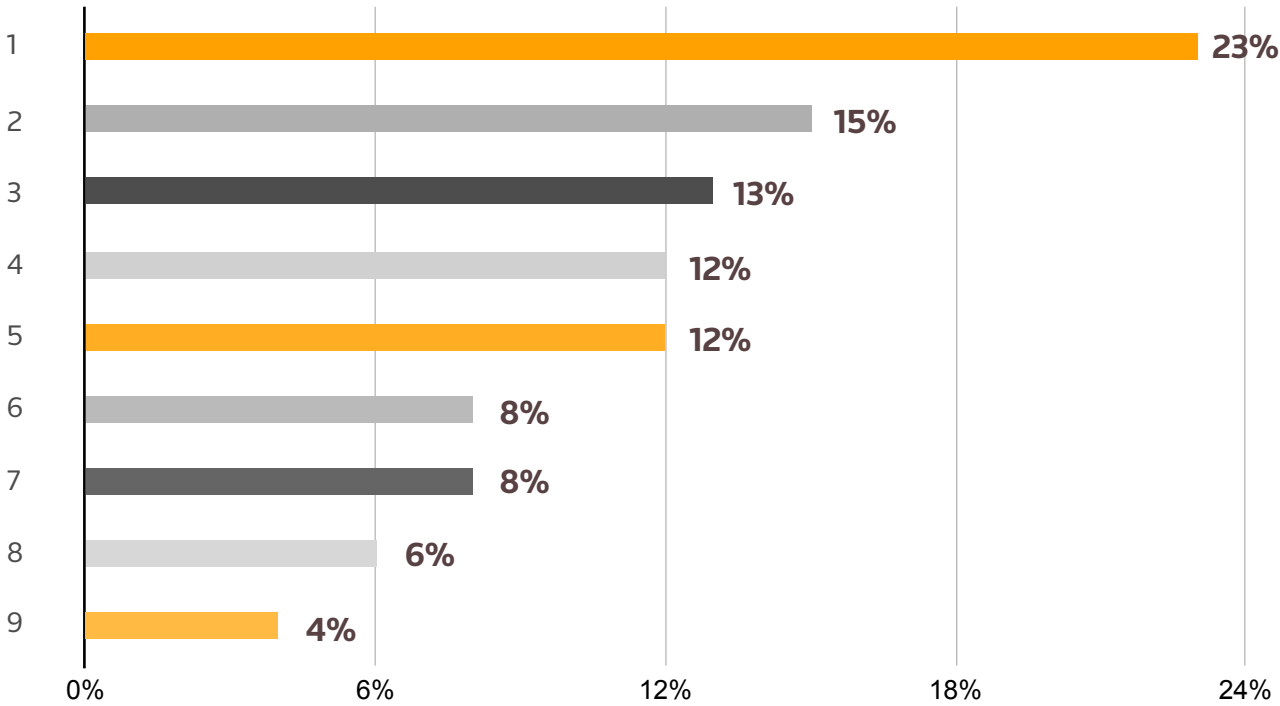
(1) Inbound and outbound fleet are not integrated, causing network inefficiencies

(2) Other (unspecified)

(3) Workforce in the warehouse is not aligned with logistics plan

(4) Multiple trucks arriving at the store at the same time

(5) Picking time at the warehouse is not aligned with the logistics plan

(6) Delivery windows at stores are not aligned with the delivery plan

(7) Creating a logistics plan which takes available loading docks and lanes into account

(8) It's difficult to change or decide which warehouse supplies which store

(9) Workforce in the store is not aligned with the logistics plan

Business Goals

Retailers and manufacturers alike bemoaned the lack of integration between inbound and outbound fleets, with 23% citing them as a cause of network inefficiencies. Aside from this however, the majority of organisations felt that they were in good stead with their logistics operations, especially in the warehouse: just 13% of retailers told us that both the workforce and picking times (12%) in the warehouse are currently misaligned with their logistics plan. Business are increasingly on track, cutting down on those bottlenecks amongst warehouse workforces anticipated to cause issues with logistics planning. Warehouse modernization needs to focus on tighter worker and workflow optimization, integrating existing WMS solutions with forward think-ing automation solutions such as AMRs (autonomous mobile robots) to aid workers in completing higher value tasks and cutting down these remaining asymmetries. Scheduling issues (multiple trucks arriving at the same time) is also an increasingly disappearing problem but remains to be dealt with for 12% of respondents. None of our respondents cited any difficulty creating feasible loads when taking compartment constraints (such as termpaerature zones) into account.

If you could choose only one, which of the following business goals would be the most urgent for your business as a whole to achieve by improved logistics planning?
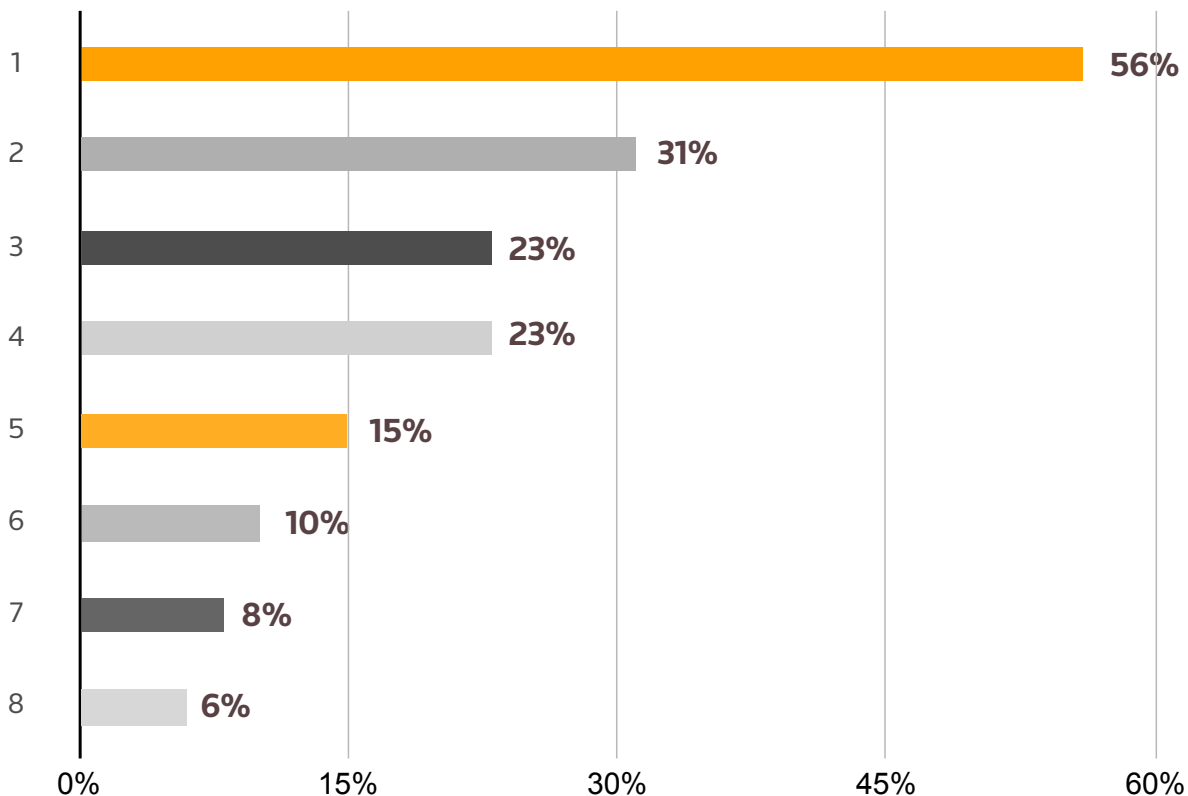
Business Goals

(1) Reduce logistics costs

(2) Improve on-time-in-full delivery of store replenishment orders

(3) Consolidated integration of various logistics plans into one overall plan.

(4) Strengthen your position within the full supply chain (take more control)

(5) Streamline operations between logistics, depots and stores

(6) Ability to outsource logistics operations to focus more on other parts of the business

(7) Reduce environmental impact

(8) Other

The most urgent goal for our respondents was, of course, a reduction in logistics costs. The costs involved with the gap between planning and execution, trouble with third-party suppliers, sourcing and manufacturing have all come to the fore this year, and 56% of respondents told us that looking to reduce costs whilst strengthening their position within the full supply chain (23%), consolidating the integration of various logistics plans into one overall plan (23%) and streamlining operations between logistics, depots and stores (15%). Investment into agile forecasting and replenishment tools can also help to subdue any unexpected variations in preference and demand, often at increasingly granular levels. As 31% of our respondents also told us that they wanted to improve on time-in-full delivery of store replenishment orders, the market for demand planning and replenishment solutions looks to be an active space in the short-term.

Replenishment

Replenishment is part of a set of processes that can be used to help retailers gain an edge on the competition. A replenishment model utilises demand forecasting and lead time forecasting as well as order cycle time and service level goal analysis to minimize inventory levels and provide goods at the time customers demand them.

Future

What would be the key differentiators to select a system?

Rank	Value
1	63%
2	47%
3	42%
4	37%
5	31%
6	28%
7	15%
8	7%
9	5%
10	4%
11	4%

(axis: 0%, 17.5%, 35%, 52.5%, 70%)
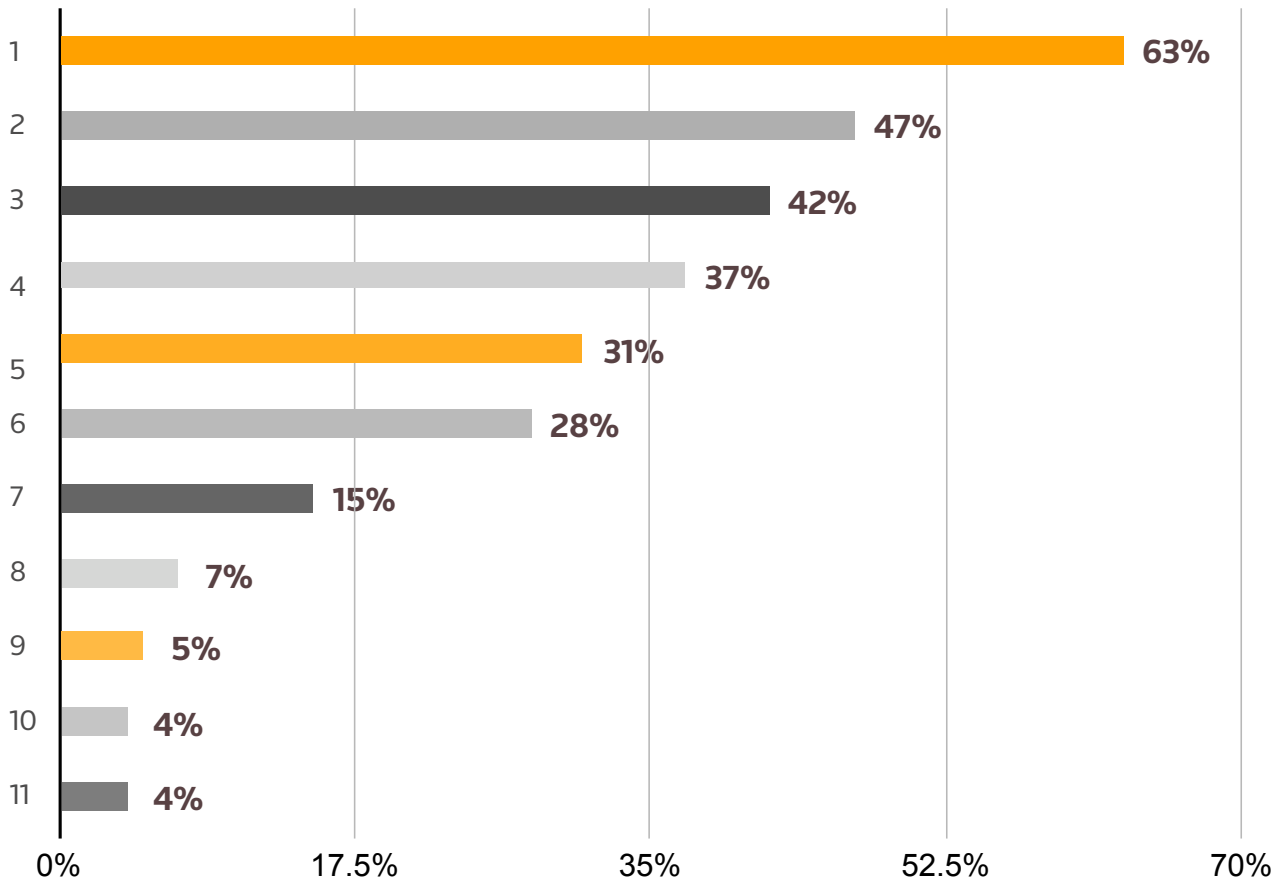
(1) Value delivered

(2) Integration

(3) Flexibility

(4) Price

(5) Usability

(6) Speed of implementation

(7) Specific Features

(8) Customer References

(9) Positioning by analysts

(10) Company culture

(11) Other

As expected, improved value delivered from the planning system was the key differentiator that would spur our respondents on to investing in a new planning system for outbound distribution (63%).

Future

Whether this is an openness to integration with other tools (47%) through accessible Application Programming Interfaces, quick implementation (28%), or providing increased flexibility to the planning process (42%), being seen to quickly add value to an existing operation is a big differentiator in the planning system space. Usability was also a key consideration for our respondents (31%). There are no excuses for poor UX decisions or clumsily designed interfaces as we move forward into 2021. These tools are the the primary touchpoint for all levels of operator, and must provide an intuitive and frictionless frontend. Price is obviously a key variable in this equation (37%), especially in the SaaS space; customers want to know that they are not overpaying for a solution that will be sold off or integrated into a clunky stack in a few years, but instead are funding the development of a reliable and scalable planning system.

Applications of Artificial Intelligence and machine learning technologies within supply chain planning are growing, especially in forecasting and replenishment processes. Converting insight into action and maximising sales potential demands a smarter, and more nimble supply chain, which is in no small part achieved by customer-centric inventory management process. Logistics planning is at the heart of a dynamic and future-facing supply chain. However, there are challenges on the horizon.

Future

What are the biggest logistics planning challenges that you foresee for the (near) future?

Retailers, manufacturers and brands
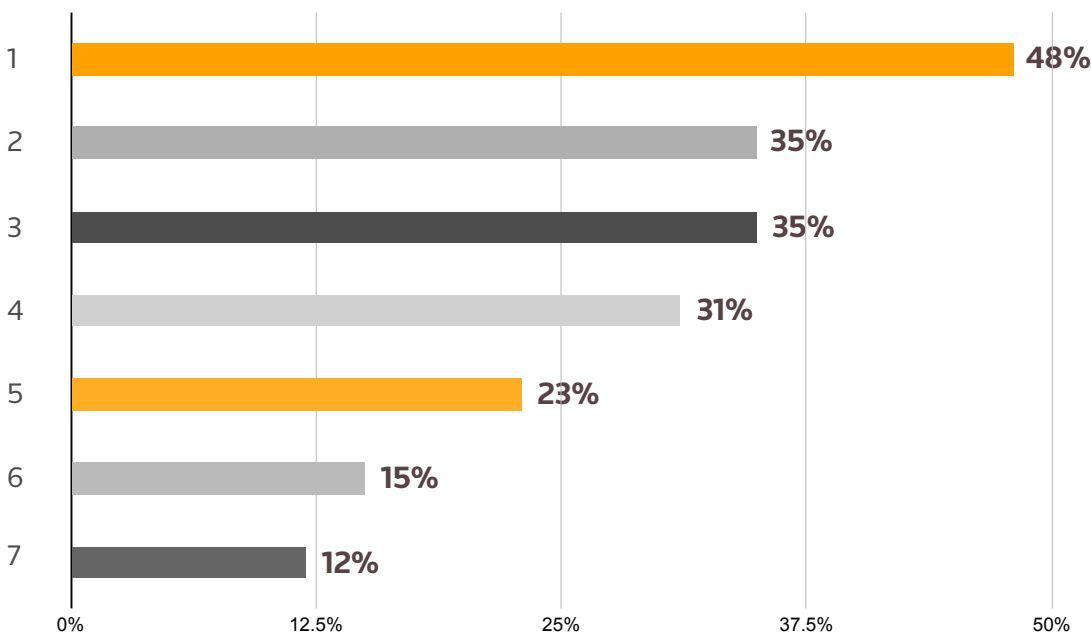
(1) Service Requirements

(2) Automated Warehouses

(3) Infrastructure Problems

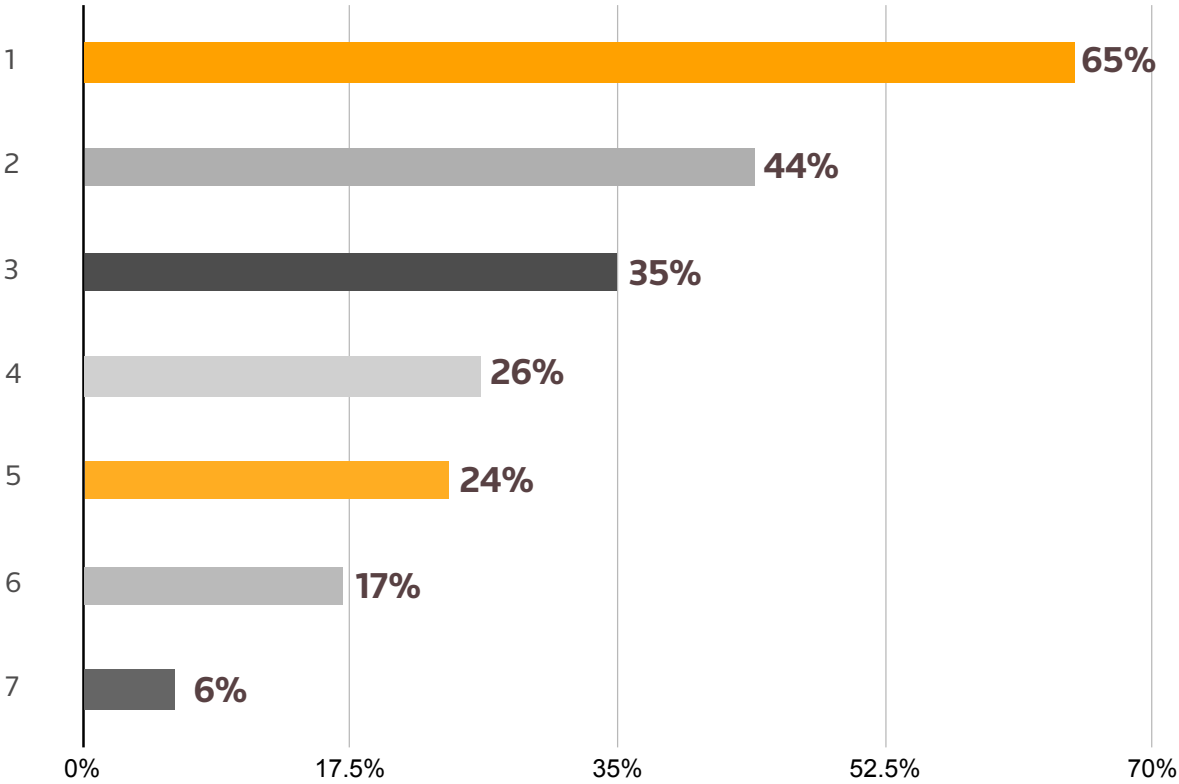(4) Planning Algorithms

(5) Skilled Drivers

(6) Driverless Vehicles

(7) Alternative Fuel

Of the retailers, brands and manufacturers we surveyed, the challenge they felt was most pressing in the near future was meeting customer service requirements (48%). With eCommerce booming, and customers conditioned to expect near-instantaneous delivery, as well as last-mile visibility, retailers are anticipating a host of challenges when attempting to fulfil these requirements of in the near-term. 35% of respondents also highlighted the fact that infrastructural challenges will make it difficult to meet customer expectations, as traffic jams, route changes, and new regulation require augmenting existing practices. Automation is of course another primary challenge, with 35% citing automated warehouses as a near-future challenge, as well as the deployment of planning algorithms (31%) within their operations.

Future

Logistics Service Providers

(1) Service Requirements

(2) Infrastructure Problems

(3) Skilled Drivers
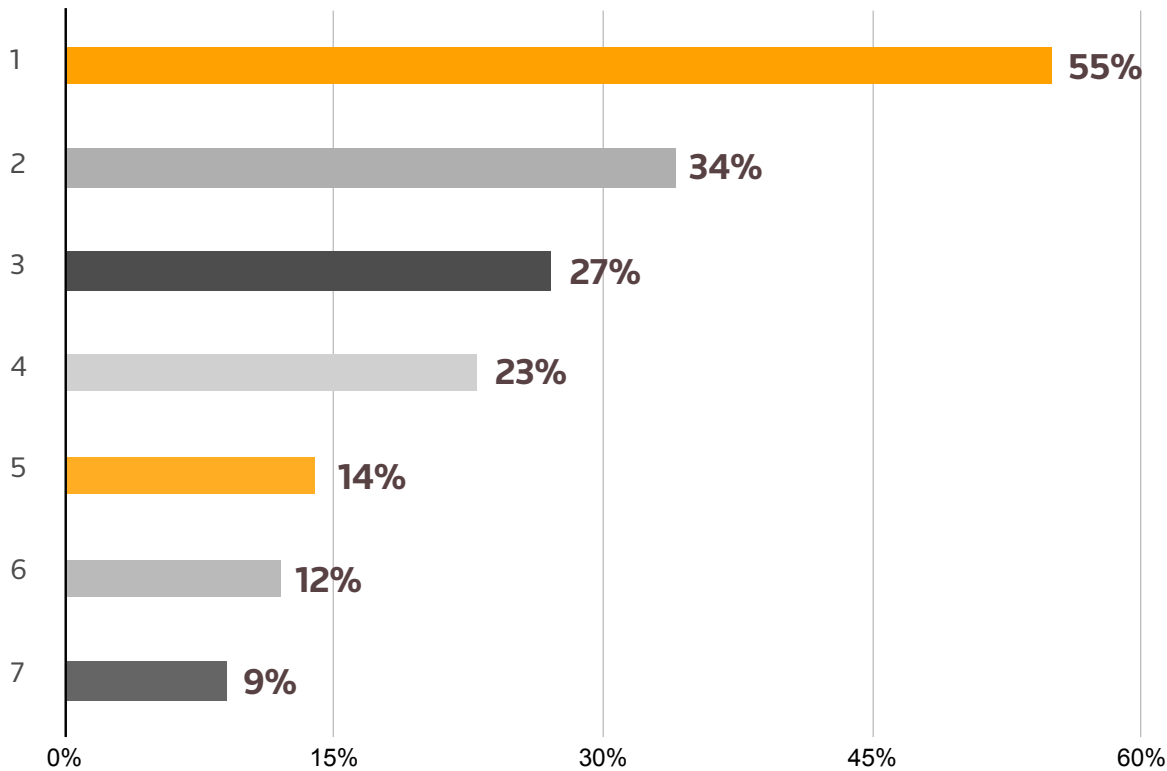
(4) Planning Algorithms

(5) Automated Warehouses

(6) Alternative Fuel

(7) Driverless Vehicles

Amongst logistics providers we found that increased service requirements from customers was overwhelmingly considered to be the main problem for the future, with 65% telling us that this was their greatest concern going forward. Another key concern emerging for LSPs appears to be developing infrastructural problems such as traffic jams, speed regulations, and driving bans. 44% of respondents highlighted this issues, and a further 35% noted that it may be compounded by the perceived lack of skilled drivers to take up shifts or to provide flexibility in working around these infrastructural hurdles. Automated systems were also perceived to be a substantial challenge going forward, with 26% concerned about algorithmic planning systems, and a futher 24% looking closely at the development of fully automated warehouses. In addition to this, concerns around innovations in trucking, from alternative fuel systems (18%) to driverless vehicles (6%) remained a latent concern.

Future

Solutions Providers

Rank	Percentage
1	55%
2	34%
3	27%
4	23%
5	14%
6	12%
7	9%

0% 15% 30% 45% 60%

(1) Service Requirements

(2) Planning Algorithms

(3) Automated Warehouses

(4) Infrastructure Problems

(5) Skilled Drivers

(6) Alternative Fuel

(7) Driverless Vehicles

Solutions providers responded similarly to LSPs, with 55% of those we surveyed emphasising that increased service requirements from customers would be the greatest challenge going forward. However, a greater emphasis was placed on automated systems, with 34% highlighting the use of algorithms to create plans and a further 27% noting the challenges faced in establishing fully automated warehouses. Driverless vehicles (9%) and alternative fuel systems (11%) also remain a background, but growing, challenge for the future.

Future

How would you rate your customer's forecasting accuracy and quality of data?

Very Poorly   Average   Very Well

59
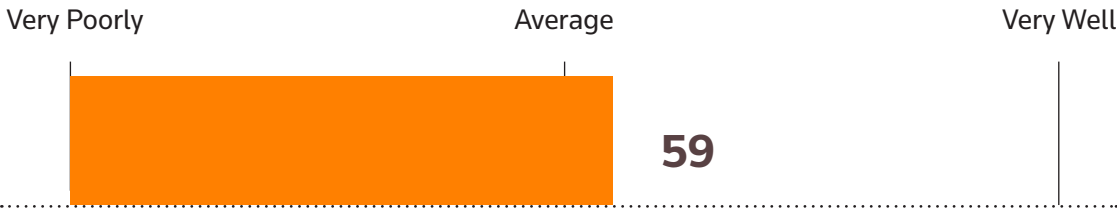
What long term trends do you expect your customers to commit to?

One long-term trend solutions providers expect their customers to commit to is an increase consolidation across the supply chain (59%). COVID-19 and ongoing trade wars have forced suppliers to re-evaluate risk in their sourcing and manufacturing capabilities, pushing towards lean inventory management and more localized manufacturing processes. This push comes at the same time companies are considering the shifting shape of labor, with many expecting to downsize their workforce as they move to higher levels of automation (45%)

The rise of home delivery (48%) due to COVID-19 and the year-on-year trend in eCommerce driven by Amazon has pushed businesses to up their game, especially when it comes to delivery. Solutions providers anticipate customers committing to offering faster delivery options, including same-day (21%).

To this extent, 10% of solutions providers believed that their customers would begin to commit to increasing the number of stores, but keeping retail space to a minimum, offering local hubs for collection and returns. Just 4% believed that their customers would opt for fewer but larger scale stores.

Increasing their share of international markets will be a key concern going forward, especially with new deals being hashed out between the UK and prospective trading partners. (33%) Though increased emphasis on electric or hydrogen vehicles is still not believed to be at the forefront of their customer's minds (9%) more stringent emissions standards (16%) will dictate how feasible it is to meet these delivery targets without investment in alternative fuel vehicles.

Conclusion

The findings in this report highlight several continuing and emerging challenges following a difficult year for retailers. The vulnerabilities of their supply chains have been exposed as the pressure to deliver has increased despite the global disruptions. In a world that has been forced to change fast throughout 2021, accurate logistics planning has never been more important.

Ranking as the second biggest challenge to successful planning efficiency was a lack of visibility. This will continue to plague all aspects of supply chain and logistics endeavours as capabilities and demands continue to change. A clear and actionable, end-to-end view of operations is something that retailers and LSPs struggle for currently due to outdated and incapable systems. This affects your planner's ability to efficiently schedule logistics, let alone deal with the complexities of today's supply chain operations.

While most understand that the lack of end-to-end visibility across inventory planning, forecasting and warehouse operations is a crucial factor when improving supply chain performance, the state of their existing planning systems meant that businesses were missing opportunities to realise substantial cost savings and increase customer experience.

There has however been progress over the last 12 months with a substantial reduction of businesses using insufficient software - such as spreadsheets - as their primary planning tool. This big shift will no doubt continue to grow given the scale of change caused by the impact of the Pandemic and the challenge of inaccurate forecasting throughout 2021. To cope with the fluid demands of today and beyond, businesses have started to adapt. Even during this time of global crisis, we see progress.

Indeed, as we look ahead, the future seems to point towards increased consolidation across the supply chain, as well as growing service requirements from customers. Driven by the expedited push from eCommerce, businesses are looking to scale and improve flexibility and accuracy in delivery, tightening operations and moving towards increased, lean processes. All of this will certainly help the wider aim for cleaner and more sustainable logistics practices across the industry, a must for all players involved.

One thing that was made abundantly clear from the survey responses is the fact that a dedicated planning system that considers all the unique requirements and constraints of retail logistics, will play a crucial role in supply chain optimization over the years to come. As the industry continues to leverage automation, and SaaS offerings require greater integration, businesses at all levels would do well to follow this trend and make "early" moves towards more robust and future-conscious solutions to improve agility in forecasting, execution and overall supply chain performance.

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