



Nigel Wright uncovers current **supply chain challenges** in the Swedish consumer sector

In this article, based on our own research within the Swedish consumer industry, we take a look at how businesses have tackled supply chain challenges this year. >>



The supply chain is increasingly seen as an important strategic asset that not only drives financial performance but acts as a service

differentiator between producers, distributors and retailers. Changing consumer behaviour is one factor that has brought the supply chain to the fore of corporate strategic planning and in the USA, supply chain specialists have identified multi-channel shopping as being the key trend impacting the discipline in 2013.

Multi-channel shopping means that the days of static product flow through the supply chain are over. Companies today need to manage multiple 'virtual supply chains' and create bespoke, flexible strategies so that they can reduce inventories and be adaptable across different category segments. US companies, regardless of industry, are increasingly working closely with strategic partners to develop new process innovations to deal with behavioural changes in consumer shopping habits.

After studying the US analysis, Nigel Wright Sweden was interested to find out what

trends were impacting the supply chain in the Swedish consumer sector and also where suppliers and retailers were focusing resources in 2013. Consultant Tobias Albrektsson led the research project and collected data from 35

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supply chain managers at leading retailers and suppliers including ICA, Axfood Bergendahl, Media Markt, Clas Ohlson, Adidas, Santa Maria, Pernod Ricard and Candy King.

The research focused on the central question, 'what is the biggest challenge facing your organisation in 2013?' and the results highlighted that the growing use of multichannel shopping was indeed creating problems for all businesses. The companies

surveyed all indicated they were working hard to deal with behavioural changes in customer shopping habits in the most cost effective way possible. The focus areas for improvement highlighted in the research were customer service, logistics, IT systems and skills development.

To improve customer service, businesses are working primarily to make improvements with forecasting processes as well as trying to negotiate better solutions for storage and transport. Media Markt, for example, explained how it has centralised its purchasing organisation, enabling the enterprise to better control and optimise the flow of its supply. Pernod Ricard is also trying to maintain

good service levels while making a number of significant structural and product range changes, together with new logistics solutions.

Other companies in the survey also highlighted internal and external logistics solutions as core focuses for efficiency improvement. Lidl and Bergendahls, for example, are investing in new warehouses while Indiska have chosen to outsource warehouse operations to a 3PL provider. Candy King and Adidas on the other

Sweden market update



Retail sales growth across different categories in Q2 signalled the end of a difficult few months for Sweden's consumer industry which had experienced a slowdown in consumer spending. October's data highlighted that consumer confidence had risen significantly and domestic manufacturing orders had also gone up. Although employment is still falling, fewer businesses are anticipating further cutbacks as economic growth is almost certain to accelerate as we enter the New Year.

hand have both made substantial investments in centralising and reducing European warehouse operations, giving them the challenge of delivering on a daily basis, across borders, to a much greater extent than before. Again, it seems common that finding the most cost effective solutions goes hand in hand with meeting the variety of new customer demands.

For the majority of companies in the survey, improving IT systems and developing staff also remain high priorities. Businesses are starting to see the broad, tangible benefits of leveraging the vast amounts of supply chain data now available to them. Robust data makes it easier for companies to identify the underlying causes of supply chain issues quickly and this knowledge can then be used to drive significant improvements across the organisation. Decisions now take place in real time and the importance of taking action immediately is also creating new styles of working. With the help of new technology, email, for example, has partly been replaced by mobile apps that enable supply chain professionals to track and solve irregularities that occur in the chain even faster.

Although companies collaborate more across borders today and rely heavily on suppliers,



at the same our survey highlighted that they are determined not to lose any internal capability. This is clearly an important issue for many businesses and focusing on internal skill development is perceived as essential to militate against any potential failings in supplier relationships. The ability to identify and develop robust skills in a changing world will be crucial, along with the ability to manage the increased pace of change and demands of constantly improving lead times and rising

capital expenditure, both now and in the future.

Nigel Wright's extensive experience in supply chain recruitment has helped our brand become recognised as a leading supply chain specialist, in the international consumer sector. We look forward to further strengthening this position by continuing to help Swedish consumer companies improve supply chain capability through identifying and retaining top supply chain talent.