

Driving Business Response to the Impact of Covid-19: Redesigning Distribution

(Part of a series of Covid-19 related articles)

Based on a post-crisis new level of operational efficiency and changing need and expectation of customer

What is the impact?

Global trade activity fell by 14.8% and supply chains starved of cash in Q2. Among global regions, UK hit hardest in Q2 and showed much weaker recovery in Q3⁶.

What challenge are businesses experiencing?

With physical retailing being unavailable extensively during the escalation of the pandemic forcing lockdowns to go into effect, customer demand nosedived impacting significantly trade activity globally and across multiple local hotspots. In response, physical retailers in the UK have needed to quickly reshape distribution to cope with extremely challenging market conditions.

With signs of recovery not visible yet and restrictions still widely in effect, only option has been for most businesses in impacted industries to adapt frequently and gradually reach a new level of operational efficiency during the crisis and beyond.

Endnotes

6. The Tradeshift Index of Global Trade Health Q2 2020, 14 July 2020 and The Tradeshift Index of Global Trade Health Q3 2020, 19 Oct. 2020

What businesses need to do?

The normal distribution of goods to customers has greatly been distorted leaving most physical retailers in need to rapidly redesign their distribution network, review their supply chain and reassess their relationships with suppliers.

Developing strong resilience and responsiveness of their distribution network to sharp changes in customer demand and trade activity between lockdowns is critical. Businesses need to raise the bar when reassessing supplier relationships, making bold decisions on resources, redesigning capabilities and dealing with contingencies. Their ability to respond effectively to the current highly adverse conditions will be key to successfully moderate disruption and eliminate future shocks and redesign their distribution network based on new higher standards that can cope with the crisis of today while continuing to meet customer expectations.

What businesses can achieve?

Accelerating improvements and redesign of distribution capabilities based on enhanced understanding of crisis-led market conditions and special circumstances.

Mitigating supplier relationship management risks. Reducing supply chain complexity and framing focus on simpler local structures to improve resilience and management.

Enhanced real-time cost and resource management to rapidly changing requirements for market, business, supplier and customer. Supported by effective forecasting and contingency planning.

Effective selection and deployment of technologies for supply chain automation in supporting areas.



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