



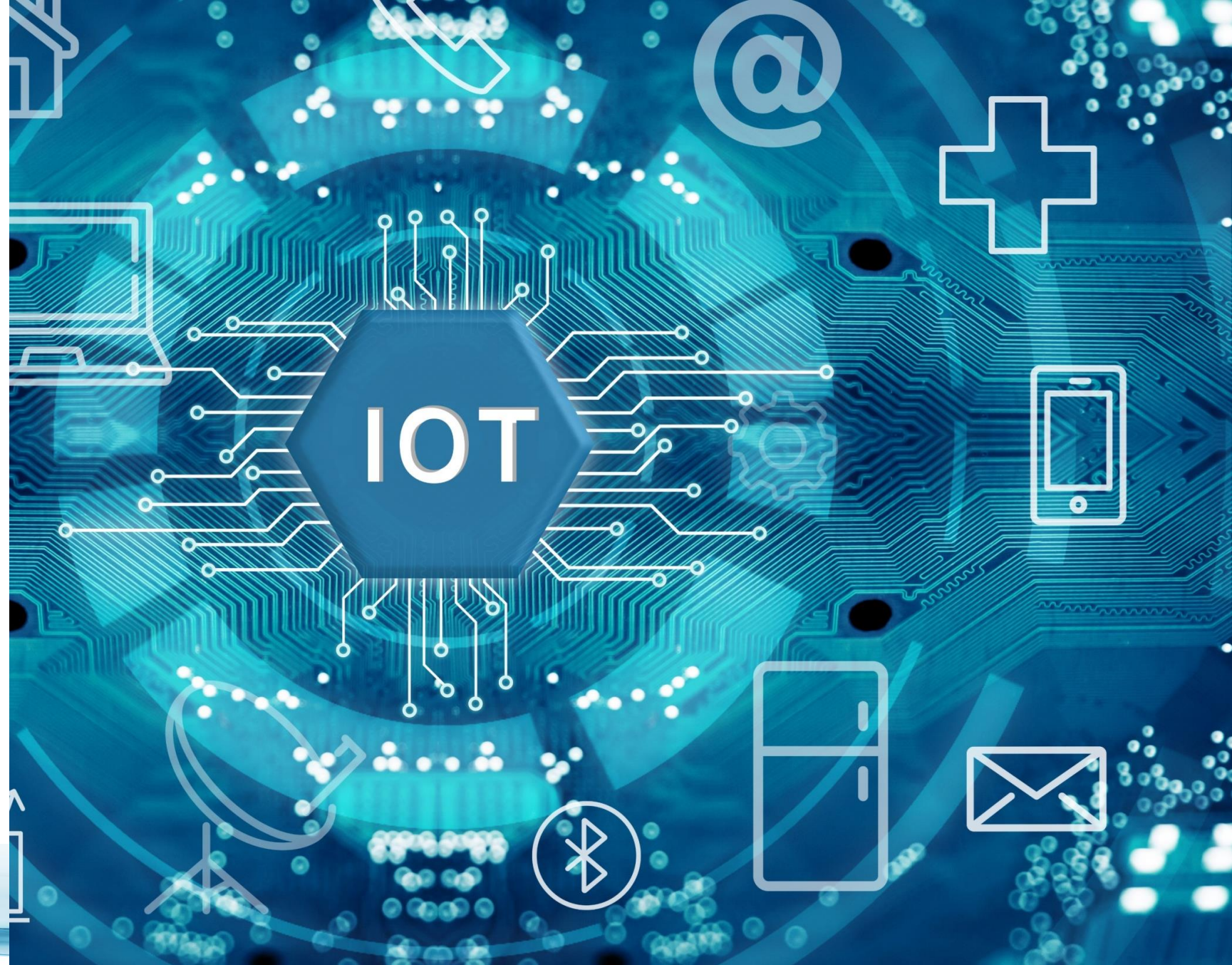
Geopolitical and Pandemic Learnings for the E2E Supply Chain

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What will be presented

- New business environment - Changes in Business Models
- COVID-19 and Geopolitical crisis
- Market trends pre crisis
- Market trends post crisis
- Disruptive technologies
- The new Supply Chain mindset



The Unexpected Changes in the last 3 years



- COVID-19



Pre Covid

Covid recovery

Covid recovery

Geopolitical

Geopolitical

- Geopolitical changes



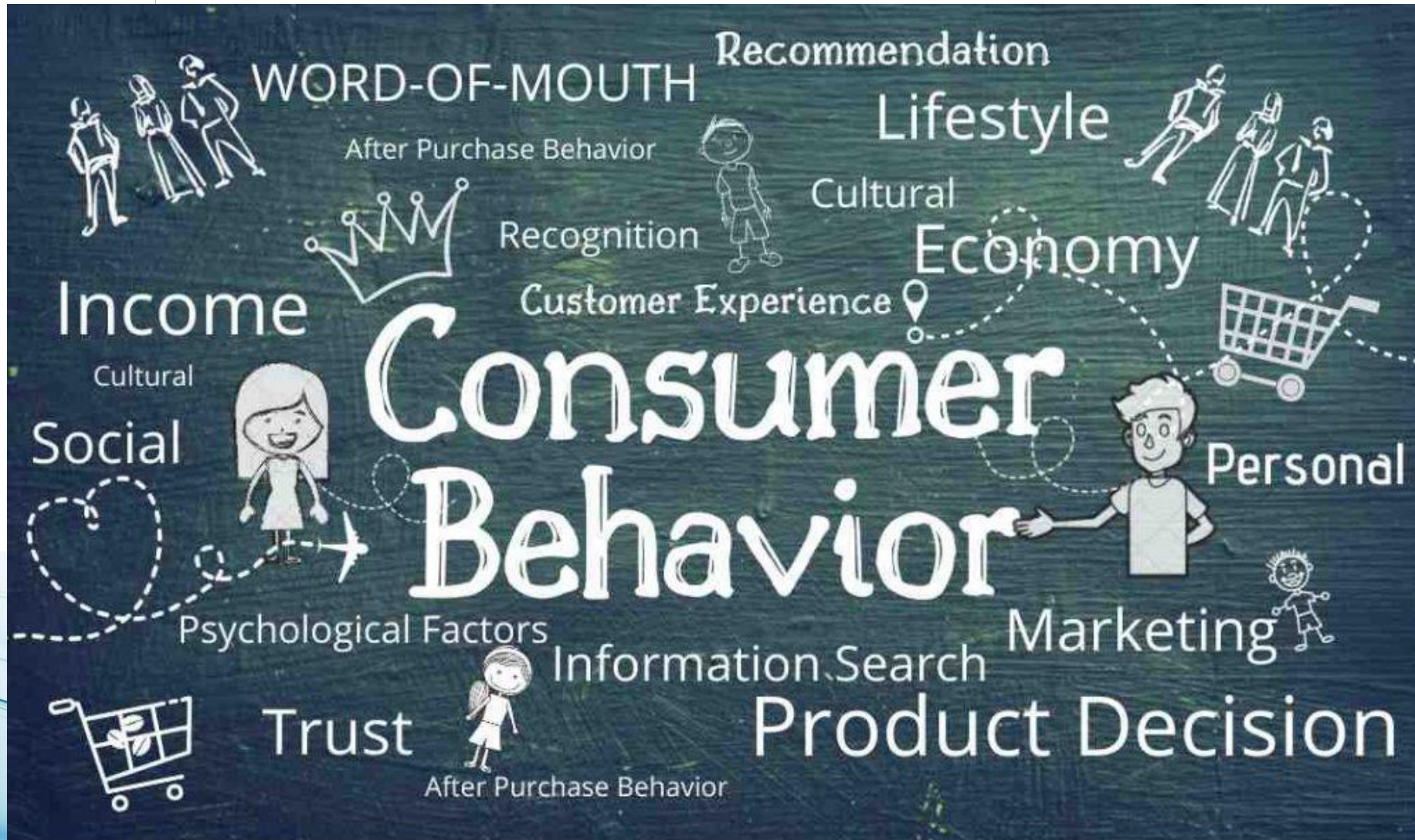


The Changes in the Day-to-Day business

- **COVID-19 (focusing in the FMCG area)**
 - Consumer behavior
 - Market trends
 - Supply chain

- **Geopolitical changes**
 - Disruptive and catalytic changes in the supply chain
 - Inflation





Market Trends pre COVID-19

Consumers

- The ageing of the population
- Households with decreasing number of members
- Consumers start walking on their learning curve at a very young age
- Needs for fast shopping
- Trending away from mass produced products and trying to find the personalized ones
- The post-sale service counts more than the sale
- Privacy and security
- Affordability

Vendors

- Reduced investments and Reduced working capital
- Increased focus on customer and consumer satisfaction
- Fast changing workforce dynamics
- Fast changing regulatory environment
- Speed to market initiatives
- Traditional advertising is fading out
- Increased focus on the social responsibility and sustainability
- Global supply base production networks
- Adaptability to market dynamics change

Consumer Behavior during crisis



1. Shift to value and essentials
2. Flight to digital and omnichannel
3. Loyalty is there until a better option is offered
4. Health & caring economy
5. Homebody economy

Supply Chain challenges in COVID-19 era



- Almost 4 trillion \$ were lost from the business in USA and Europe in 2020
- Supply Chains very complicated and interlayered
- The complexity resulted to significant delays and mainly disruptions that we are still realizing (electronics)
- Supply chains have shown weak resilience





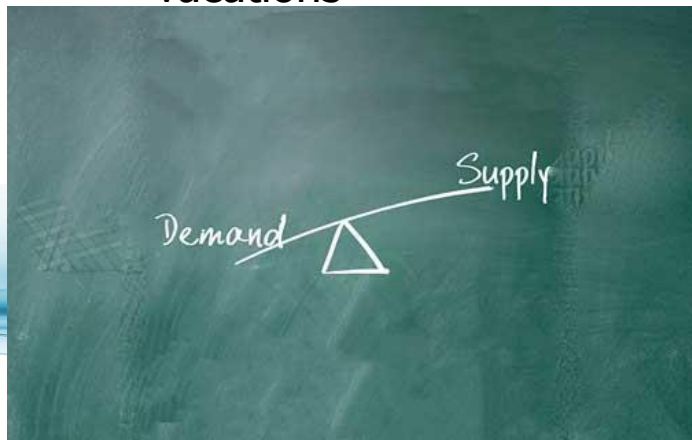
Market Trends post COVID-19

Consumers

- Needs for fast and contactless shopping
- The post-sale EXPERIENCE counts MUCH more
- Affordability
- Households with decreasing number of members
- Preference on convenient and home packs
- HORECA under big pressure
- Alternative options
- Decreased travelling and vacations

Vendors

- Further reduced capital investments and Reduced working capital
- e-commerce
- Digital supply chain
- Optimization
- Speed to market initiatives
- More centralized approach
- Agility and adaptability to market dynamics change
- Limited innovation
- Big challenges to haulage costs
- Disruptions in the supply change



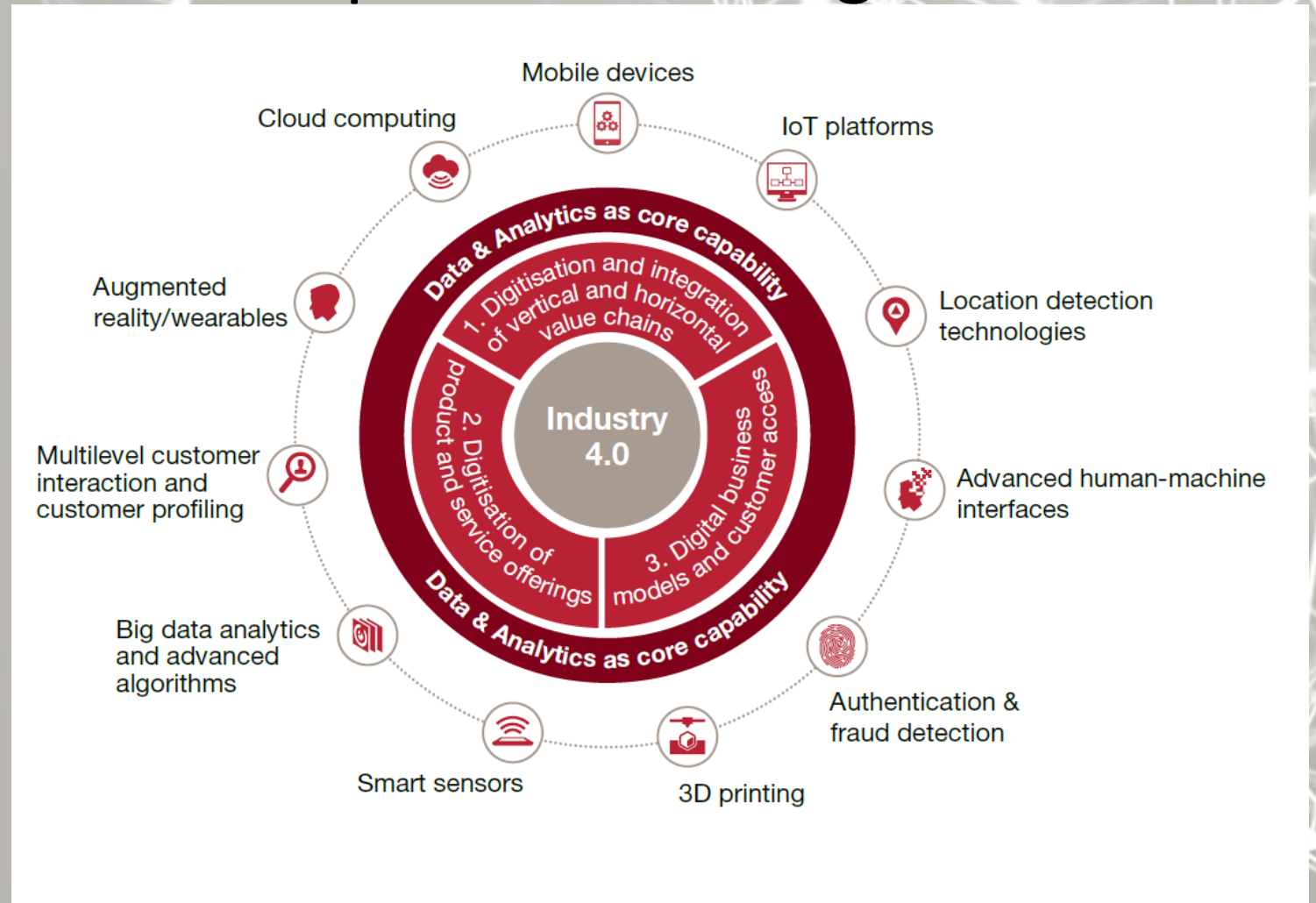
- Transparency
- Scenario built – what if analysis – contingency planning
- Resilience
- Agility

Supply Chains must
built their resilience to
a higher level

Disruptive technologies

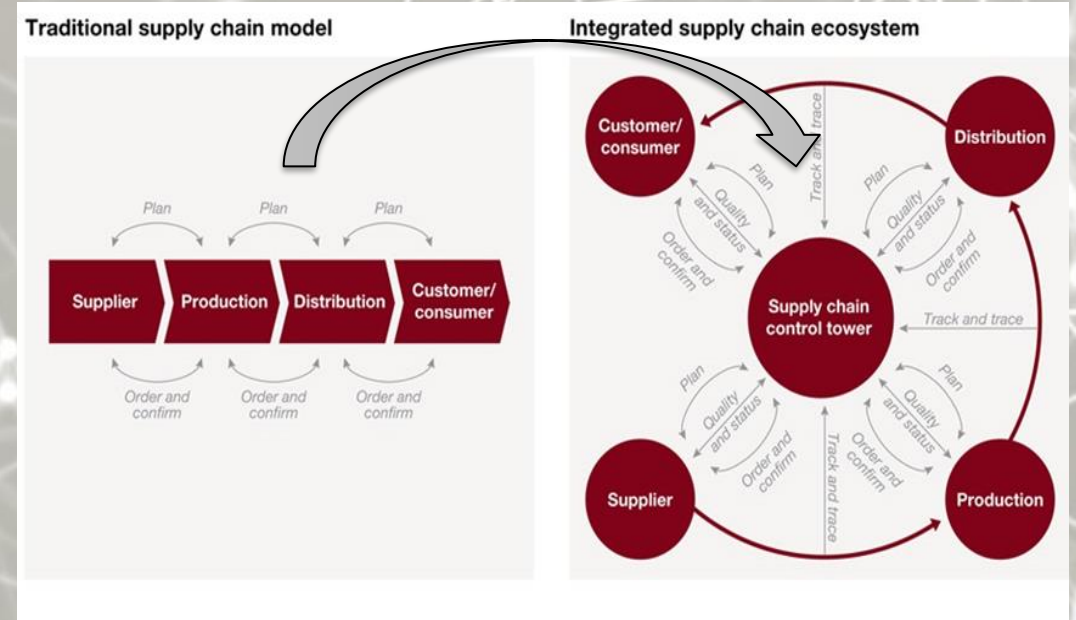
The enablers of the change

The everchanging transformation enablers for our social and economic lives



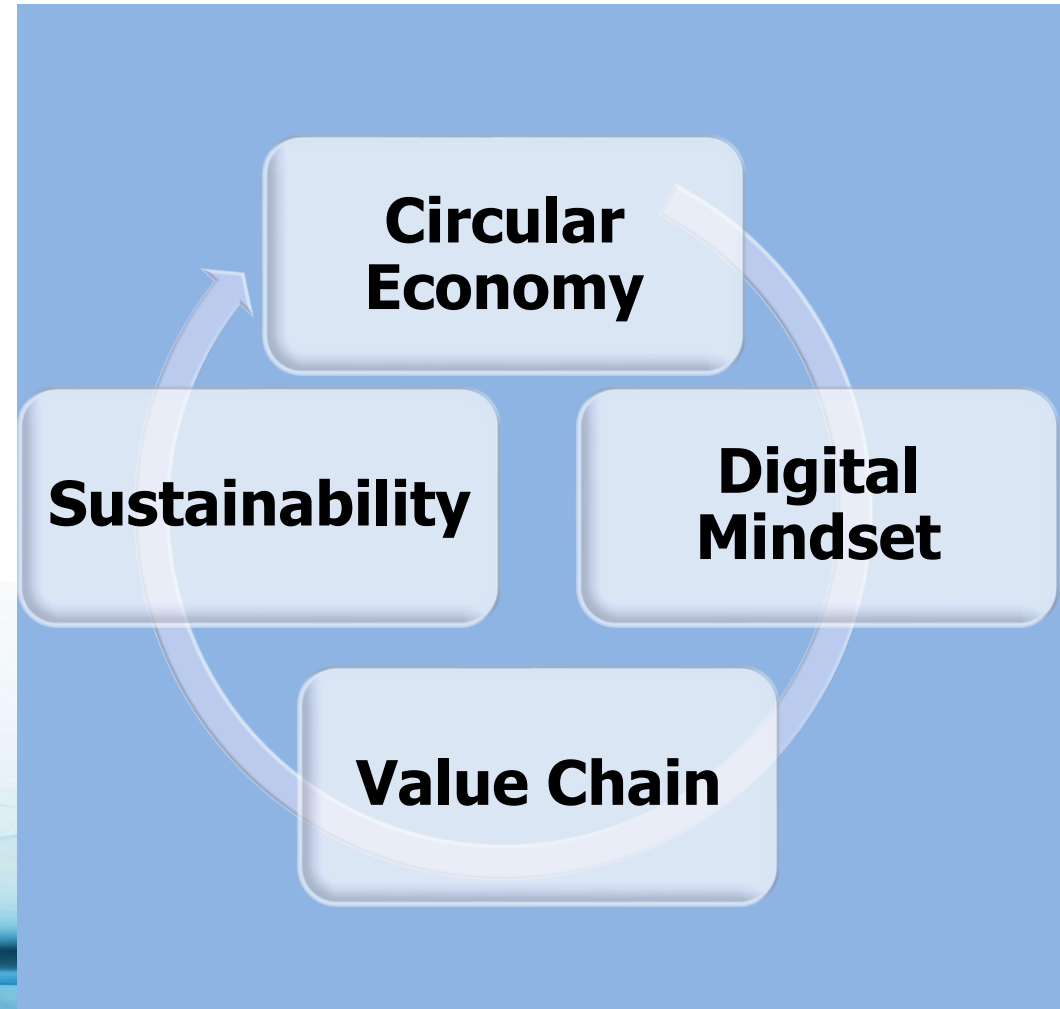
Changes in the business models

The linear supply chains with limited feedback from the end user to the designer are transformed to more circular ones with numerous communication channels and data analysis that retrofit the product/service designer





Changes in the Business Model



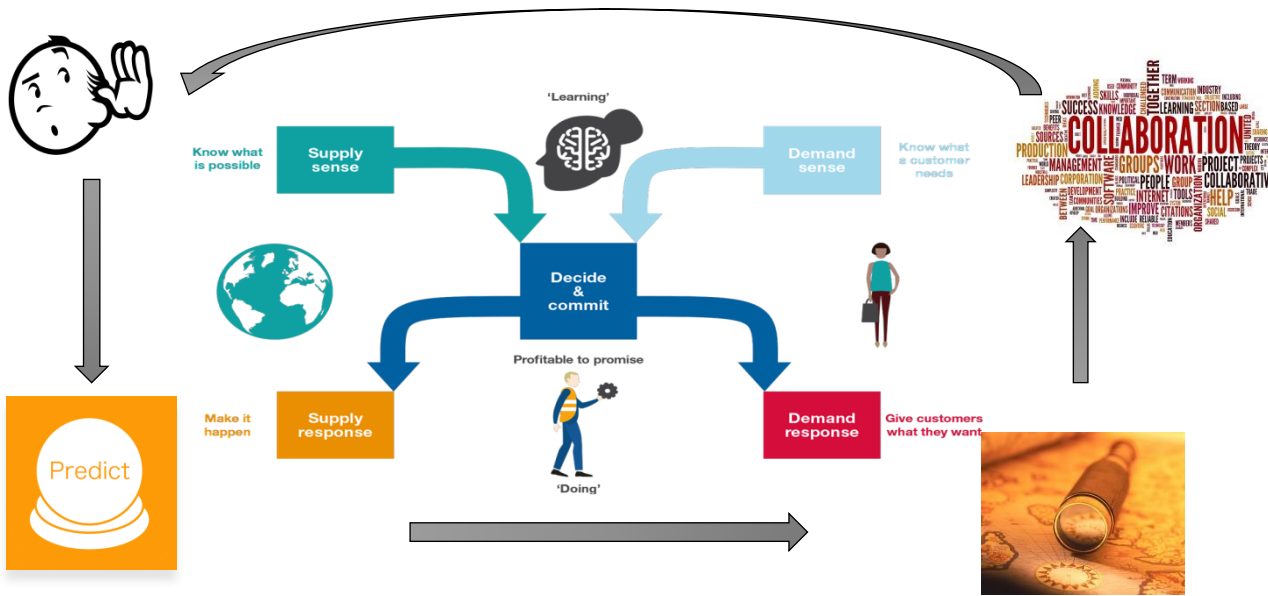
Circularity - Recyclability



Recyclability is the prerequisite for the Circularity.

The Circular Plastics Alliance aims to boost the EU market for recycled plastics to 10 million tones by 2025.

EU → CO2 neutral by 2050



The new approach

We must NEVER forget the significant role of the human mind and the right interaction balance between human mind and technology



The new strategic approach in Supply Chain

- IoT and disruptive Technologies
- Artificial Intelligence and Machine Learning
- Robotics
- Last-Mile Delivery
- Warehouse Automation
- Big Data Analytics – Data Lakes
- Cloud computing
- Autonomous Vehicles
- Elastic and agile Logistics
- Resilience



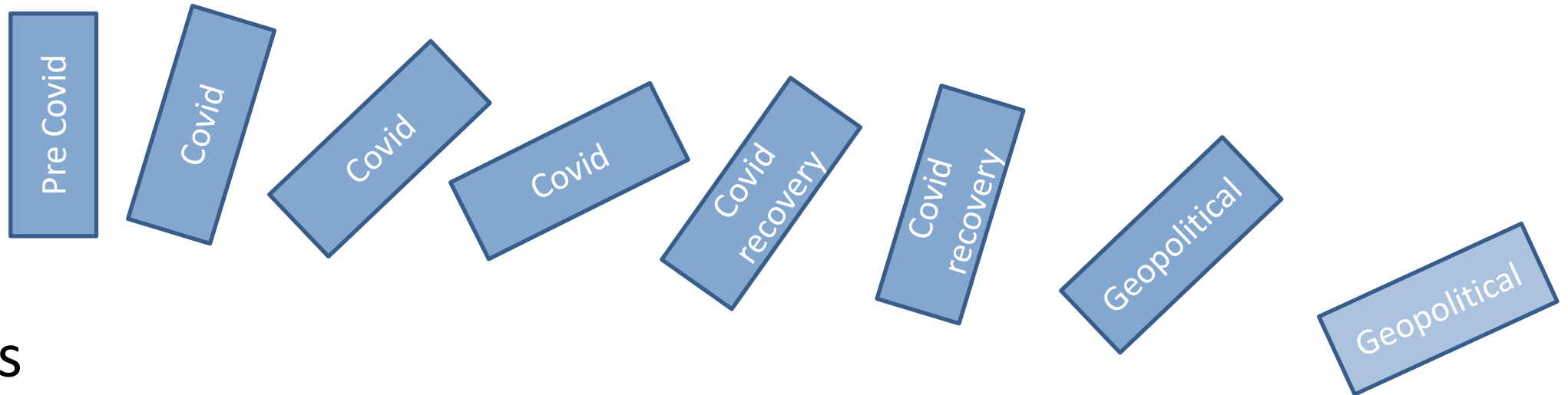
The BIG new challenges are the Geopolitical ones - the Facts

The Facts:

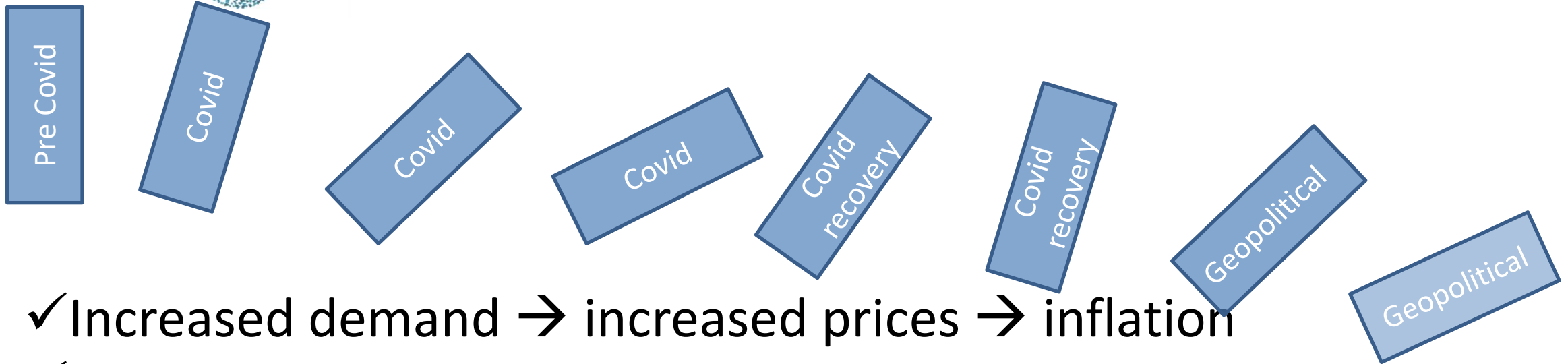
- Globalized interconnected supply chains and transport corridors
- Involved countries are counting only got the 4% of the global GDB
- Important players in the semiconductor supply chain. Raw material availability (palladium, neon)
- Oil and natural gas supplies
- China, that is a very important global player in the supply chain is also in the picture
 - ❖ Rail link between China/Central Asia and Europe is disrupted
 - ❖ Trade war between USA – China continues
- Unanticipated rising demands for chips and lockdowns, disruptions due to recent fires in fabricating plants, and climate related events



The BIG new challenges are the Geopolitical ones - the results (1)



- ✓ Oil prices
- ✓ Disruptions in the delivery of electronic equipment and machinery
- ✓ In all facets the balance is toward the demand
- ✓ Increased demand
- ✓ Too early to conclude differences in the consumers' behavior



- ✓ Increased demand → increased prices → inflation
- ✓ Investors are shifted towards safe and traditional investments rather than technological and disruptive ones
- ✓ Transformation towards digitization is delayed
 - ❖ Disruptions in the electronics supply
 - ❖ Inflation
 - ❖ Investors' interest shift



Back to the future business

- Decrease the very interdependent and complex Supply relation
 - ❖ On-shoring, 'friend-shoring'
 - ❖ Time, money, COGS, raw materials, natural resources
- Improve contingencies and built risk management tools
 - ❖ What if scenarios
- Inventory policies
- Reinforce the IoT pre-COVID 19 momentum
- **New mindset**



The new supply chain mindset

New Competences needed

Cognitive - Functional

- Big data analytics
- Numerical and analytical skills
- Market and industry knowledge
- Functional mastery

Behavioral transformation

- Leadership
- Communication
- Negotiation skills
- Strategic and critical thinking
- Problem solving skills
- Creativity
- Imagination
- Resilience - agility
- Risk taking
- Adaptability Accountability
- Quick Follow-through
- Curiosity continuous learning
- Team player



The new Supply Chain mindset

Digital mindset

- Agile and adaptable
- Flexible about time and space
- Comfortable with ambiguity
- Taking risks and exploring
- Open to learning and collaboration
- Respectful of diverse perspectives
- Connecting the global with the local
- Connecting through ideas

What has been discussed

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