

Retailers' next supply chain challenge: climate change

Article

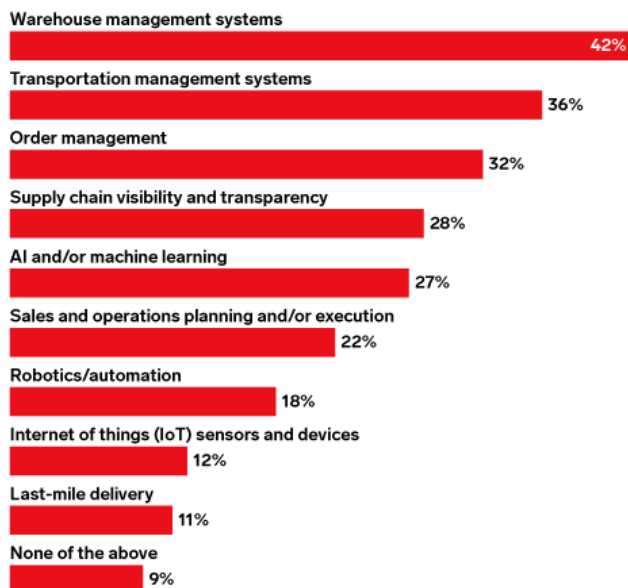
The trend: With supply chains not yet restored to full health, retailers and their partners are looking for ways to futureproof operations and reduce the possibility of widespread disruption.

- **The number of CEOs citing supply chain disruptions as one of their biggest challenges rose 36% in 2022, per IBM's latest CEO survey.**

- At the same time, shipping costs and delivery times are falling just in time for the all-important holiday season.
- But regardless of the current conditions, supply chain investment and innovation is a must as retailers face the prospect of disruptions caused by climate change, labor strikes and shortages, and other unforeseen circumstances.

Logistics Technologies Areas That US Supply Chain Executives Plan to Implement/Enhance, April 2022

% of respondents



Note: In the next 12 months

Source: Blue Yonder, "Supply Chain & Logistics Executive Survey," May 23, 2022

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High-level analysis: In order for retailers and brands to understand how to prevent possible disruptions, they must have a complete view into every link in the chain, preferably in as close to real time as possible. That means coordinating with manufacturing and shipping partners to track where goods are in the production and transportation stages—and it also means investing in artificial intelligence and data analytics to get deeper insight into where problems are most likely to arise.

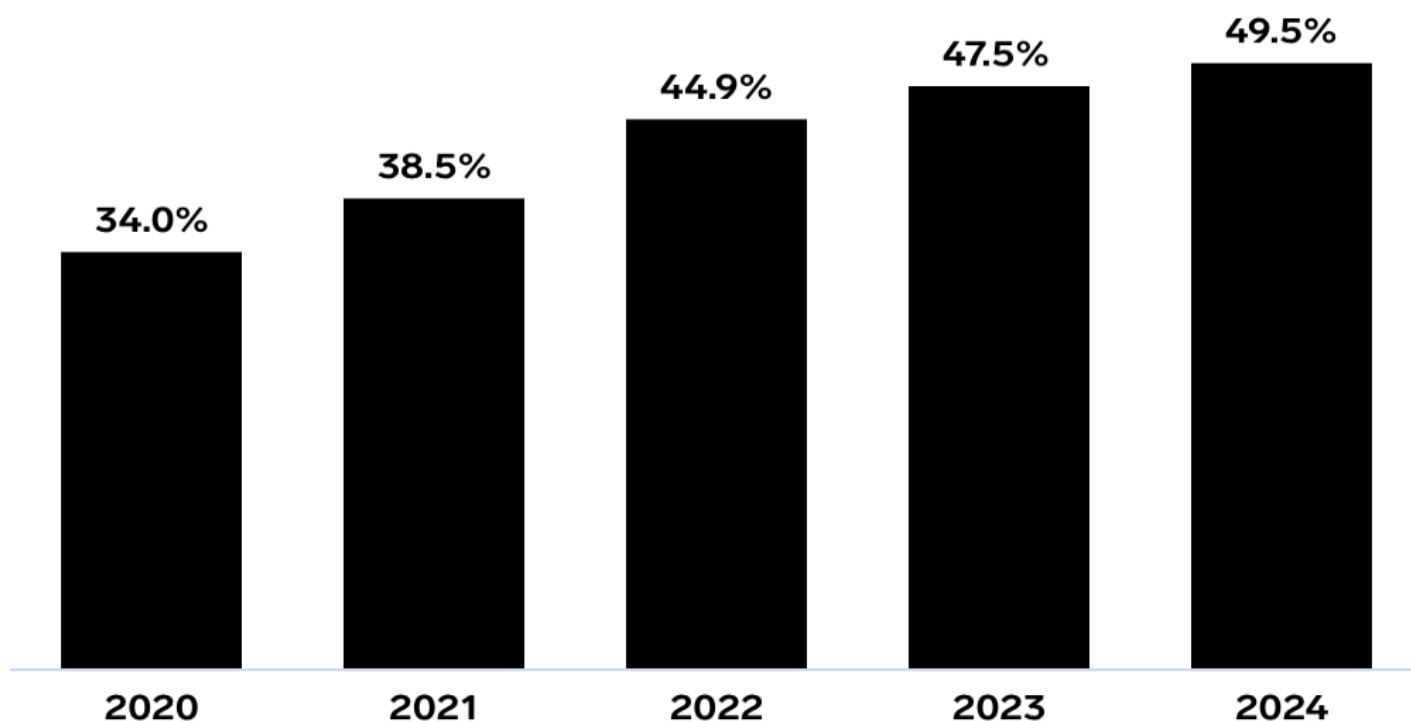
- **Altana**, a startup that uses AI to identify potential risks, anomalies, and bad actors in the supply chain, recently raised **\$100 million** to help governments, businesses, and logistics companies gain better visibility into the global network.

- **Noodle.ai raised \$25 million to help retailers better match supply to demand**, reducing the risk of overproduction and unnecessary logistics costs.

More automation: Labor—and labor costs—are an ongoing challenge within the supply chain. **Over one-third (38%) of chief supply chain officers (CSCOs) say wage inflation has caused major disruption within the supply chain over the past two years**, per IBM's 2022 CSCO Study. And with labor shortages and strikes across the [United States](#) and [Europe](#) threatening to create serious bottlenecks, retailers are turning to robotics to ease some of the pressures.
- **Walmart recently [acquired](#) Alert Innovation**, a robotics company whose autonomous bots are capable of storing, retrieving, and dispensing orders across fulfillment centers, to speed up grocery packing and delivery.
- **Locus Robotics'** autonomous mobile robots help workers fill orders faster in over 200 warehouses worldwide, per The New York Times.
- **Gather AI raised \$10 million in Series A funding for its real-time inventory visibility solution**, which relies on drones to help businesses keep inventory from being misplaced.

Warehouse and Fulfillment Center Robots

US, 2020-2024



● % of warehouse and fulfillment center operators

Note: autonomous units and systems operating in locations where companies' goods are stored, including warehouses, distribution centers, and fulfillment centers, by an operator with more than \$10 million in annual revenues

Source: eMarketer, August 2022

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The big takeaway: While softening demand might reduce the urgency retailers and others feel to upgrade their supply chain capabilities at this present moment, extreme weather caused by climate change is creating yet another supply chain crisis that will be even more difficult to navigate around.

- **Low water levels on the Mississippi River have created a logjam of over 100 vessels,** imperiling grain and soybean shipments to the rest of the world.

- It could take up to eight weeks to fully repair the damage Hurricane Ian inflicted on logistics networks in the Southeast, per FourKites.

Without the infrastructure in place to identify vulnerabilities and maneuver around them, retailers and manufacturers will be trapped in an ongoing cycle of delays and out-of-stock issues that will severely hurt their standing with customers and hamper their ability to compete.

*This article originally appeared in Insider Intelligence's **Retail & Ecommerce Briefing**—a daily recap of top stories reshaping the retail industry. Subscribe to have more hard-hitting takeaways delivered to your inbox daily.*

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