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# RESEARCH & INSIGHTS

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## COVID-19 Industry Focus: The Imperative Need For Digital Transformation To Support Changing Customer Demands

**There is no doubt that Covid-19 reshaped our lives, businesses and experiences whilst opening our eyes to the things that we take for granted.**

On a positive note, we were all able to breathe a sigh of relief and be grateful for things like the internet, mobile apps, zoom and retail ecommerce. And as we talk about the world of work changing and the 'new norm', we need to stop and acknowledge the bigger change – that we, as consumers have ultimately changed our behaviours. The result of which is an impact that is reshaping our business and workplaces and will continue to do so for decades to come. Supply chains that serve our daily needs and satisfy desires are going through immense transformation now that our consumers are purchasing goods online at a record pace.



Looking back, the crisis did many good things such as connecting families, rekindling our care for others and showing us just how resilient we could be. However, it also exposed major pressure points within our supply chains. Generally speaking, our logistics industry survived and overcame the major hurdles thrown at it (notwithstanding the significant impact on the aviation sector).

Yes, systems were tested. We had reduced air capacity and many supply chains were stretched to breaking point, but we survived. Goods moved, shops largely had stock of essentials and hospitals remained equipped.

In surviving, we learnt to overcome challenges such as: supplier factory closures, forced lockdowns, retail outlets being closed, shipping port delays, reduced air cargo capacity and in some places in the world – a lack of ecommerce connectivity due to an over-reliance on physical marketplaces.

***So how did we survive? Was it by design, by default or largely just good luck?***



Digitisation was a big driver for us to be able to navigate the crisis and it seems like a new buzzword when in fact, it has been around for some time now. How many meetings have you sat in where you heard, “we must digitise this, and we must digitise that” thrown loosely across the room?

Digitisation as an idea has been around for some time, however many organisations have always struggled with deciding *how* to digitise.

As COVID-19 exposed our pressure points, it also highlighted the need for more robust digital tools. Many of the systems and processes that we were proud to have were simply not strong enough.

**We were underprepared for last mile.** When our customers needed home delivery, we lacked the means to quickly meet their changing expectations.

**We struggled with an over-reliance on hardware infrastructure.** As movement became restricted and we needed to overcome bottlenecks, we found that we lacked connectivity and adaptability. Hardwired systems will not give us that real-time information. We need a cloud-based system in order to achieve that flexibility.

**We lacked data connectivity.** Increasingly, our supply chains are being used, shaped and bent by data. The data comes in many shapes and forms: our customers, the promotions, new products and disruption events. With the increasing need for adaptability, nimbleness and flexibility, access to data becomes imperative to our responsiveness.

**We did not know enough about our customer.** Largely speaking, we were not connected to our customers in real-time and we did not understand their patterns and behaviours. This left us in a situation where we had to play a guessing game. In some regions, we survived off of generally high inventory levels, but others were not as fortunate.

*All of these shortfalls, but yet our supply chains were resilient enough to survive.*

We need to prepare ourselves and our supply chains for the next 'black swan' event and in doing so, our future logistics strategies will need reshaping.



**We need resilient strategies underpinned by technology and data.** The tools we use, the ways we source, our channels to engage users, the way we manage inventory and overcome bottlenecks need to be incorporated in our digital transformation agendas as we focus on the adaptability of our routes to market.

**Back engine systems must connect to the front-end of our businesses at every point in the supply chain.** We cannot be responsive if we lack visibility at any point in our supply chains. We cannot serve our customers better if our business is not designed to be adaptable to their changing needs. This proactive communication between front and backend will be used to build and retain knowledge within our supply chains.

**We must renew our focus on our digital transformation strategies and the adaptability of our routes to market.** It is not enough to talk about digitisation, we must create a plan to prioritise its implementation. Minimising disruption to our customers will be key to navigating the next crisis that the world encounters.

#### **Things to do on our pathway to success:**

- We must embrace new models that align to the changing consumer demands and behaviours
- Our supply chain eco-systems must be relooked at and digitised
- Our supply chains need to be nimbler and better connected to consumers
- Understand that digital transformation is imperative, not only to support our business operations but as the #1 enabler that will allow us to grow with our better-connected consumers.

The discussion does not end here. Tune into our vodcasts or subscribe to **Logistics Executive TV** ([Subscribe Here](#)) where we are featuring a COVID-19 series covering the current global situation all the way through to the impact on driving business forward and future supply chains. Talk to us about how we can partner with you to:

- Develop a more resilient digital transformation strategy.
- Establish a roadmap to create business-wide automation and digitisation.
- Coach your talent to embrace the increased digitisation as they embrace the new norm.

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