

A hand is shown placing a wooden block with the words 'NEXT' and 'NEW' on it next to a row of wooden blocks that spell out 'NORMAL'. The blocks are on a reflective surface.

Leading The Conversation In The Next Normal

Survey Results, June 2020

Facilitated By HAVI Supply Chain

SURVEY RESULTS: Introduction And Background



There is no doubt that Covid-19 has put our resilience and future operating models to a severe test as we reflect on the best way to respond and pivot towards creating and succeeding in the next normal.

At HAVI, we are leading an industry-wide conversation that involves working alongside our customers and within the industry to develop shared insights so we can help each other work towards safeguarding our collective future.

With this in mind, we recently conducted an industry survey. The results of this survey, which we are proud to present here, should be viewed as **the start of our conversation** as we explore what our next normal will actually look like.

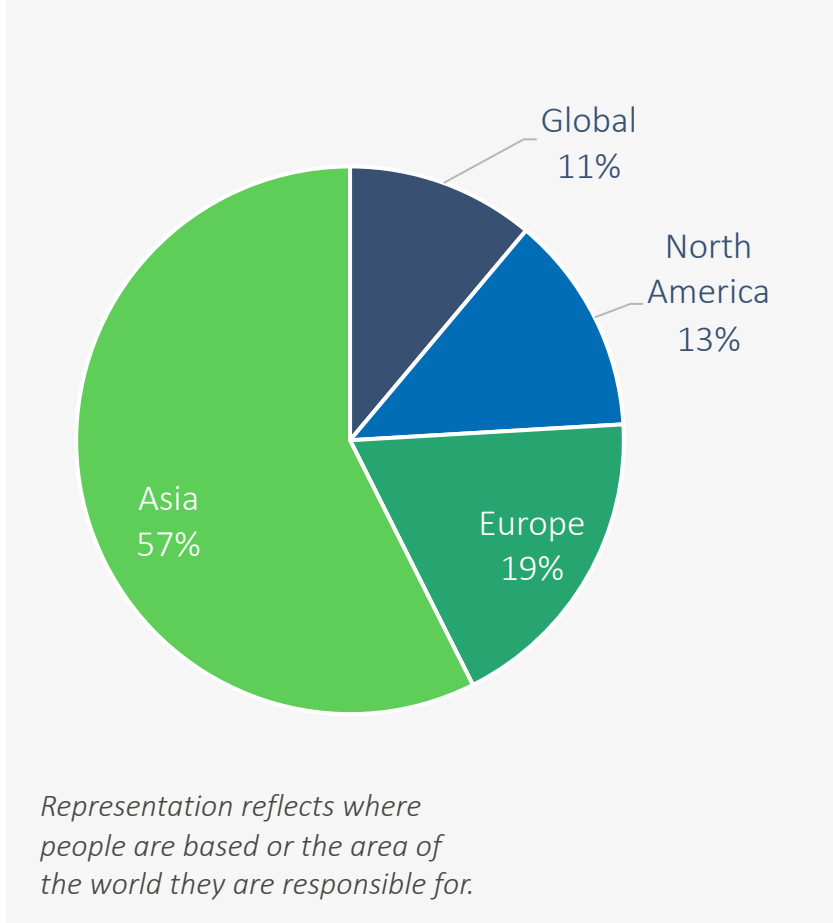


DEMOGRAPHICS: Who Is Starting The Conversation?

BY BRANDS

Note: additional respondents were from companies focused on technology, logistics, consultancy, retail fit-out, students.

BY REGION



BY PERSONA

- 64%** have roles in Supply Chain, Logistics, Sourcing, Procurement
- 80%** from food service, restaurant, convenience sectors.
- 30** people want to get involved in the conversation.



we're open again

PART 1: RESTARTING THE BUSINESS

RESTARTING BUSINESS: HAVI's Experts Share Their Insights



In this section of the survey we explored the business-critical areas our industry must assess as we continue to strengthen our resilience and work towards safeguarding our collective future in **restarting the business**.

PLAN FOR COMEBACKS AND CLOSURES

Before reopening and ramping up, weigh factors such as labor availability, inventories and your partners' capacity to meet demand. Also consider how the closure of some locations will drive traffic to your nearby stores that have remained open.

CONSIDER FOCUSING LOCALLY FIRST

Post-COVID-19, more restaurant brands are likely to focus locally or regionally rather than nationally as the pandemic affects different parts of countries in distinct and discrete ways. The same shift also applies to suppliers.

KEEP IT SMALL AND SIMPLE

Post-shutdown, it makes sense to simplify and downsize your operations. This could mean smaller kitchens producing smaller menus using fewer high-quality, more versatile SKUs that take up less storage space and come with simpler pricing.



Does your business have a plan in place to restart restaurant, outlet or store operations?



40% have a plan in place
30% in development
6% not started.

Note: This was at the time of taking the survey!

Top five priorities influencing plans for recovery and re-opening restaurants, stores or outlets?



BEHAVIOR

1. Consumer Behavior
2. Company strategy
3. Social distancing
4. Local legislation
5. Financial, Cost, Access to capital & Assured Supply



Insights

Capacity, labor, and digital capabilities were cited as additional priorities. New opportunities and challenges are being identified in the area of last-mile delivery as brands overcome complexities to serve customers safely beyond the social distancing measures they need to implement.

Do you anticipate needing to downsize (or upsize)?

50% said it did not apply.

For the rest, top three priorities...

1. Changes in supplier or ingredients
2. Planning or forecasting teams
3. Smaller kitchens resulting in SKU changes

Insights



Areas of consideration include smaller kitchens resulting in SKU changes. In addition, there is a trend among brands towards considering virtual kitchens (ghost kitchens) as consumers drive changes by shifting from dine-in to take-outs.

Top five priorities influencing your sourcing and procurement supply chain strategy as business recovers?

1. Cost consideration
2. Risk mitigation
3. Sustainable solutions
4. Consumer trends
5. Hygiene and sanitization

Insights

Local legislation, supplier quality assurance, and more localized supply chains were cited as additional priorities.

The need for personal protective equipment for employees – and customers – combined with ensuring availability remain overall priorities.

Last-mile distribution and 'click & collect' (or home delivery) were also cited as key influencing factors testing brands' agility.

How has the supply chain changed as a result of the crisis?

1. Enhanced source and supplier strategy
2. Higher carry out and delivery packaging needs
3. Analyzing supply chain network approaches
4. Higher chemical and cleaning category demands
5. More need for local suppliers

Insights

Changes in menu analysis plus more promotions were additional priorities. In contrast: fewer promotions where menus and ingredients are limited.





PART 2: SECURING SUPPLY

SECURING SUPPLY: HAVI's Experts Share Their Insights



In this section of the survey we explored the business-critical areas our industry must assess as we continue to strengthen our resilience and work towards safeguarding our collective future in **securing supply**.

MITIGATE RISK AND IMPROVE RESILIENCE

Take steps to smooth fluctuations in your financial forecasts to help you manage waste and assess your week-to-week requirements at distribution level. Actively explore opportunities to offset risk by diversifying your supply chain while keeping it cost competitive.

MAXIMIZE TRANSPARENCY AND OPTIMIZATION

Right now, it is more important than ever to have greater transparency, visibility and optimization. For example: do you have full oversight of when each product in your stock room will perish? What measures can you take to ensure your product doesn't go to waste? And importantly, what about supply chain traceability?

SHARPEN FORECASTING AND PLANNING

Post-shutdown, accurate forecasting and planning will involve considering new data points such as start-up timeframes, local guidelines on restaurant openings, capacity and traffic, and new customer preferences and expectations.



How satisfied are you with the responsiveness and flexibility provided by your food supplier and distributor during the COVID-19 pandemic?

4 

average rating



Insights

While the average rating was 4, written feedback expressed mixed sentiments. Several respondents commented that there were inconsistencies and it was difficult to make comparisons between different suppliers.

What forecasting or planning capabilities are in place to scenario plan demand and determine inventory requirements in your supply chain?



42% use excel spreadsheets

- 20% use software that is off-the-shelf or in the cloud
- 18% use applications through outsourced services

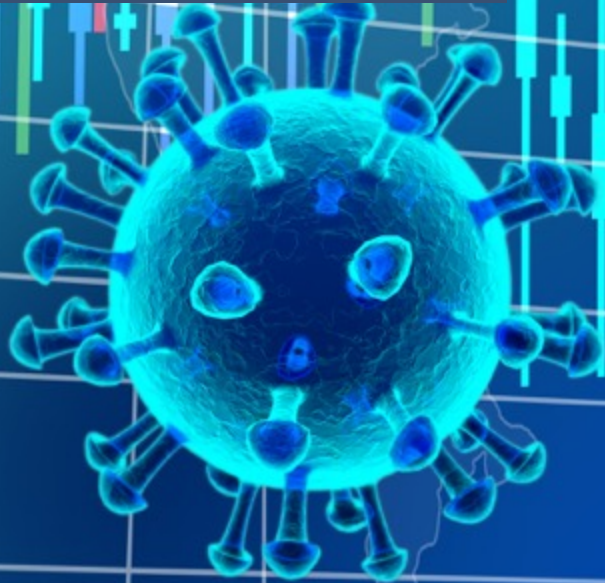


Insights

Data differed from region to region. For example: in Asia, the use of Excel spreadsheets increased to 62%.

Whatever technology capabilities were in place, 60% of respondents felt they had visibility at each node of their supply chain, providing a line of sight over inventory status such as inventory balances, remaining shelf life, lot codes etc.

Do you think you have sufficient forecasting and planning capability once business resumes?



53% said
No/Unsure

Insights



Sentiment is that the outlook is very uncertain and unpredictable, making it difficult to rely on historical data.

Predicting consumer behavior linked to spending habits or health trends will remain challenging.

PART 3: PRIORITIZING SAFETY



PRIORITIZING SAFETY: HAVI's Experts Share Their Insights



In this section of the survey we explored the business-critical areas our industry must assess as we continue to strengthen our resilience and work towards safeguarding our collective future in **prioritizing safety**.

SAFETY AND HYGIENE CONCERNS FRONT AND CENTRE

Win consumer trust by rebuilding your business around their safety and hygiene concerns with – for example – new packaging standards and innovations like no-contact vending and sanitization machines, and contactless collection and delivery.


DIGITAL AND CONTACTLESS CUSTOMER EXPERIENCE

As the focus shifts towards solutions that manage social distancing and reinforce sanitization efforts in restaurants and stores, what does your delivery roadmap look like when it comes to digitizing or creating contactless processes in your back and front of house operations?

SAFEGUARD CONSUMER TRUST IN FOOD SAFETY

Food safety and quality is at the heart of consumer trust and your brand promise. Do you have a secure supply chain and the right insights and traceability when it comes to handling food in your supply chain?





Top five priorities influencing your safety plan as you work to reopen or have already reopened?

1. Social distancing measures
2. Contactless interaction
3. Personal protective gear
4. Cleanliness standards
5. Packaging (home delivery, take away) + cost considerations



Insights

Results differed from region to region. For example: cost consideration rated number 1 in Asia versus 5 globally.

Brands also mentioned store design and refit measures as a priority.

3



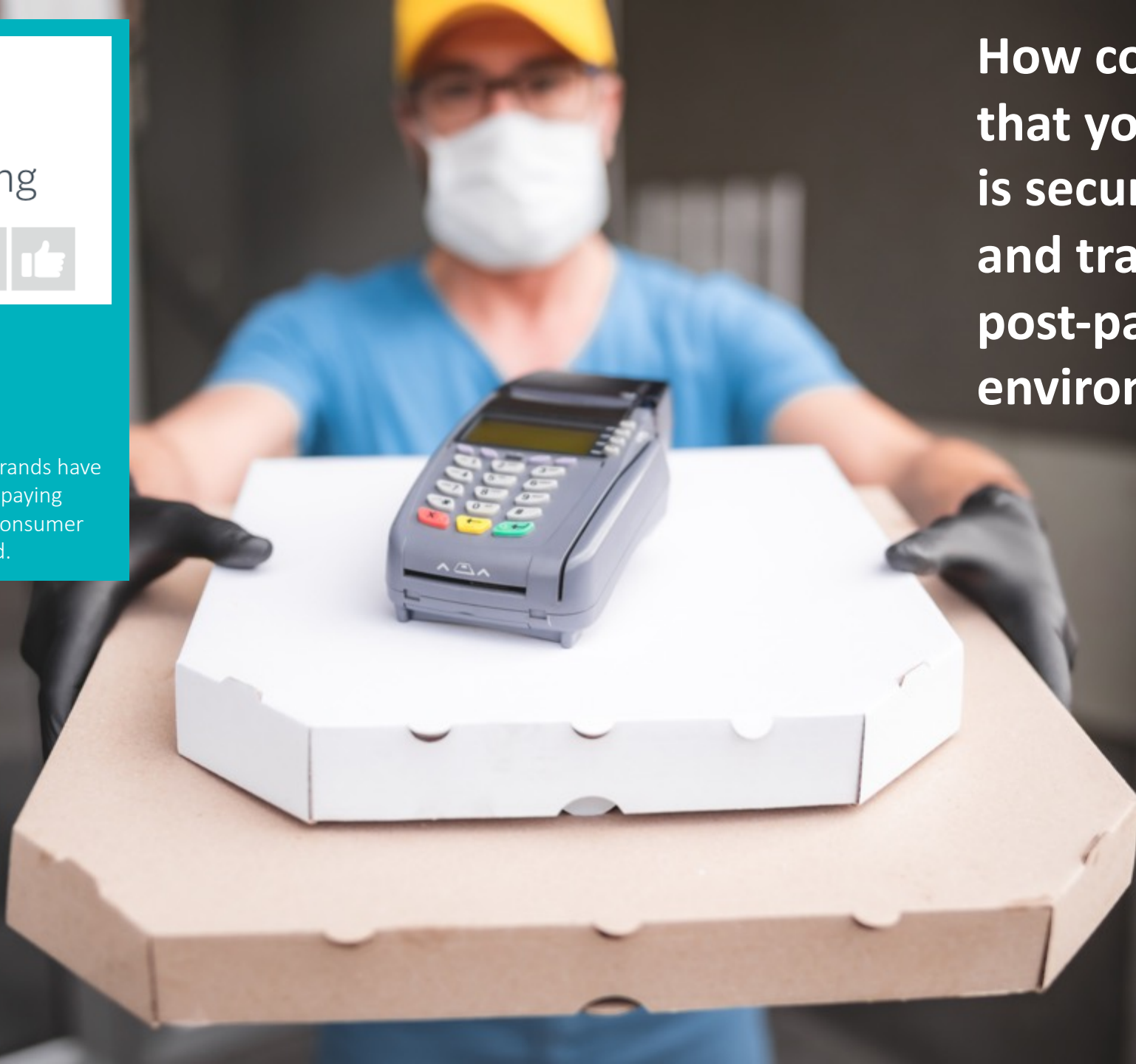
average rating



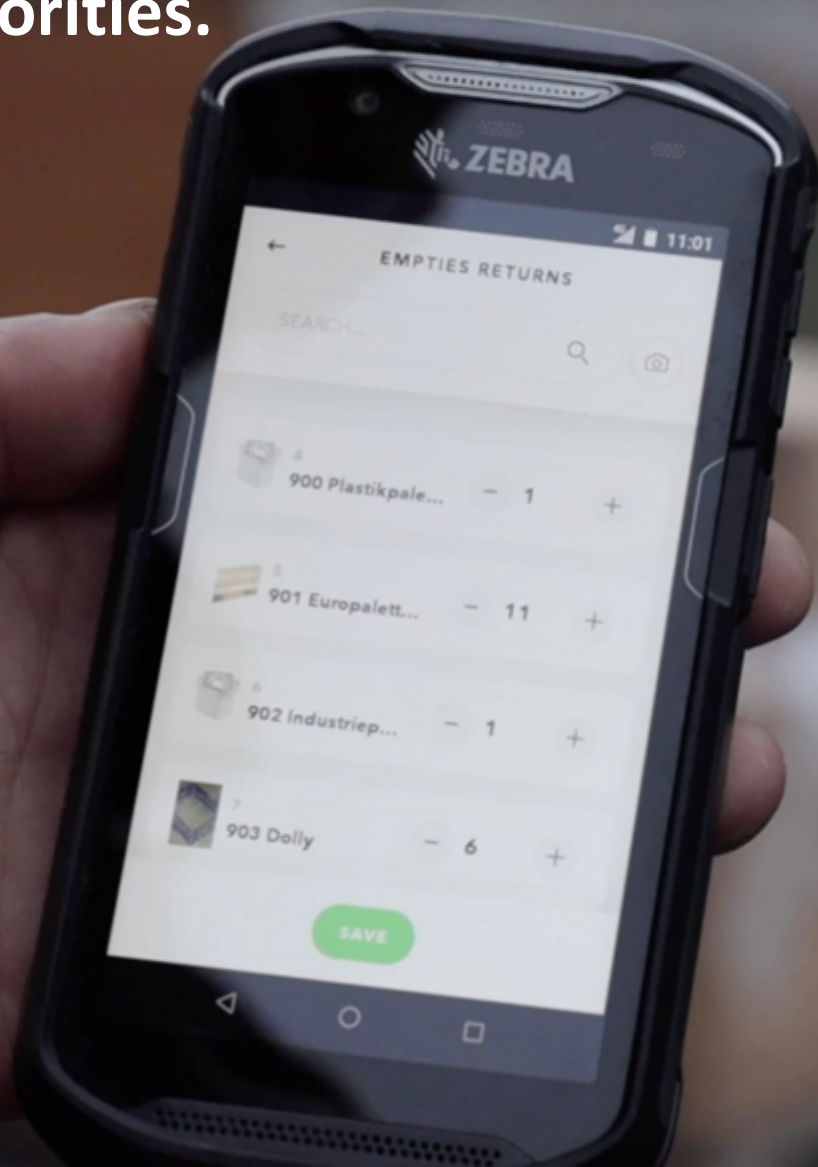
Insights

Confidence is average. Clearly, brands have an opportunity to build trust by paying attention to and learning from consumer behavior over the months ahead.

How confident are you that your supply chain is secured with insights and traceability in a post-pandemic environment?



Safety measures in the backroom and delivery processes including top five priorities.



1. Digital tools to order, take stock, manage claims
2. Supply chain visibility (e.g. GS1 standards)
3. Ability to track processes remotely via app for changes in delivery scheduling
4. No staff needed to take delivery at the store
5. Track delivery truck arrival time in real time

Insights

85% need to plan and implement social distancing in their backrooms and introduce contactless deliveries with their logistics partner.

Other considerations include: fewer staff; contactless deliveries; using technology and overcoming the challenges posed by limited backroom space on safe distancing measures.

At HAVI, we will continue to lead an industry-wide conversation by working with our customers and the industry to develop shared insights so we can help each other work towards safeguarding our collective future.



JOINING THE CONVERSATION

We would like to thank everyone who gave their valuable time to start the next normal conversation.

We look forward to building on your insights and facilitating further insights as we move along the road to recovery in the weeks and months ahead.

If you would like to continue receiving insights from HAVI or if you are interested in joining the conversation, please email us with your contact details.

Info.HAVISupplyChain@havi.com