

Recognising and dealing with future trends in global trade management and consumer behaviour trends

Claire Umney, General Manager of AEB (International) Ltd, explains how changing world demographics and consumer demand are pushing a growth in international trade

Changing technology, demographics, consumer demand and infrastructure have led to unprecedented growth in global trade. Global exports have nearly tripled to \$18.3 trillion in 2012, according to the white paper "The Changing World of Trade" by Cushman & Wakefield. Technological advances have facilitated new spending and purchase behaviours, to which businesses must adapt with multi-channel strategies. Today's customers may view an item online, visit a local store to try it out, and purchase it online at a later date, requiring retailers to have products ready at multiple consumer touch-points.

This increase in global trade, paired with rising fuel costs, also puts more pressure on resources, with transportation costs becoming a key factor in decisions about where to establish factories and how much inventory to keep in stock. Global infrastructure investments focus on improving links between transportation nodes to facilitate faster and cheaper deliveries. A recent report by the World Economic Forum in collaboration with Bain & Co. and the World Bank concluded that an ambitious improvement in just two sources of supply chain cost - border administration procedures and transport and communications infrastructure services - could increase global GDP by 4.7%.

To meet changing demands, businesses have to constantly review and adapt their strategies. To reduce transit times of goods, meet customer demands and reach new markets, deliveries are expected to become more localised, leading to an increase in the number of regional distribution centres, suppliers and third party logistics providers. Communication, collaboration and visibility throughout the supply chain are essential to ensure smooth global trading, customs compliance, timely deliveries and cost savings.

Businesses are looking to adopt sophisticated supply chain technology and improve sourcing strategies to reduce the risk of supply chain disruptions, ensure compliance with ever more stringent regulatory requirements, increase performance, minimise costs and remain competitive. Technology is no longer just used to keep the supply chain running, but has become an actual enabler to collate and analyse data, facilitating transparency and informed decisions on the overall supply chain.

To efficiently master today's global trade challenges and to capitalise on the phenomenal growth we've witnessed over recent years, businesses require a truly end-to-end SCM software solution, combining both logistics and global trade aspects in one suite. Three crucial areas warrant special attention:

Automation: International transactions can involve dozens of

documents that need processing. An integrated SCM solution automatically creates picking orders and shipping and customs documentation, ensures compliance with license requirements, performs restricted party address screening and other mandatory export control checks in the background, and frees up man power.

Supply chain visibility remains the holy grail of global trade management. Technological progress has made real-time visibility of shipments in transit, inventory levels, customs clearance results and overall status progress a reality, allowing better cost control and supply chain performance.

Data analytics gives businesses a better understanding of themselves, the markets they operate in and the partners they work with. In future, businesses will increasingly use supply chain data to facilitate better planning and form statistical models to carry out scenario analyses. SCM solution providers are offering supply chain data analytics services and valuable insights on how a business should move forward.

It is important to have a clearly defined scope of what to expect from an SCM solution: what is the ultimate goal and what resources from which departments and external parties are required to ensure its success? Close collaboration with the technology partners is essential to ensure transparency on what the entire process should entail.

Most businesses already have some supply chain software in place when they decide to implement an end-to-end SCM solution. Integrating existing software, internal departments and external partners like suppliers, carriers, customers and retailers is no easy task and takes time, but is vital in order to achieve all benefits, because operating in 'silos' prevents supply chain collaboration, transparency and consistency.

Global trade management is an ever-moving target, and market conditions are constantly changing. An SCM solution provides a platform for smooth and compliant operations from procurement to fulfilment, smart and agile decision making to reach existing and new markets quickly and successfully, and visibility and flexibility to take key supply chain decisions promptly, as requirements and strategies change, and problems arise. These abilities will be critical in seeing which businesses are the most successful global trade leaders of the future.