

SUPPLY CHAIN TRENDS AND ISSUES

Who has the top consumer packaged goods and retail supply chains?

Each year, SCDigest reports on the annual survey results from Cannondale Associates, which ranks the top consumer packaged goods industry supply chains and the top retail supply chains in the primary store segments that sell those packaged goods products.

The full Cannondale survey and report, which it calls PowerRankings, was released in late 2009 and covers a number of company performance measures for both consumer goods manufacturers and retailers, including such areas as brand power, marketing programs, sales teams, overall business fundamentals, etc., as well as supply chain.

The rankings for this year, as always, were developed by asking retailers to rate manufacturers on each of these categories, and manufacturers to rank retailers on a similar set of attributes.

Both manufacturers and retailers are from the packaged goods, food and beverage areas, meaning the retailers rated are drawn exclusively from sectors such as mass merchandise, traditional grocery, warehouse clubs, and drug store chains.

The theme of this latest report is "The Cycle of Success," which the report says is more important than ever in this era of unprecedented market dynamics.

"The past 12 months have seen the emergence of changes at a rate that is unusual even for this industry," the



SCDigest Editorial Staff

report says. "Keeping up with this shifting landscape - let alone profiting from it - is a daunting task for manufacturers and retailers alike."

Too often, Cannondale says, these pressures lead manufacturers and retailers to focus on "the right now" instead of doing what is "right" for long-term business success.

As a result, Cannondale says manufacturers and retailers too often seem to be working at cross purposes. Instead, both sides need to pursue a more collaborative model that focuses on the five elements of the Cycle of Success:

1. Simplicity

2. Consistency
3. Follow Through
4. Creativity
5. Involvement

Top Manufacturer Supply Chains

We'll start with the top consumer packaged goods supply chains, as rated by their retail channel partners. The percentages in the chart below reflect the number of retailers respondents who said a given manufacturer's supply chain was in the top 3 in the industry. For a number of consecutive year's, Procter & Gamble has come out on top, though it took a bit of a hit, down almost 11 percentage points from its 2008 rankings, which were down 5%



Source: Cannondale Associates

from 2007. The report says there was some feedback from retailers that P&G had become "less flexible" than in the past. However, it stills has a fairly sizable margin over second place Kraft.

Meanwhile, Nestle made a big move both positionally and percentage-wise, up 5 percentage points over last year's rankings. ConAgra and Campbell's cracked the top 10 this year, replacing Clorox and Coca-Cola on the Cannondale list.

One retailer, for example, said "ConAgra has really stepped up its game on supply chain. They went from a middle of the pack supplier to one of our best."

Top Retail Supply Chains

Among consumer packaged goods focused retailers, it should come as

no surprise that Walmart came out on top, named among the top three by an astounding 95.6% of manufacturer respondents - increasing that number by 3.5 percentage points in 2009. (See graphic on page 3).

Costco, meanwhile, jumped from fourth to second place, moving past last year's number 2 Target, which fell 4.7 percentage points. Meijer also took a fairly large percentage drop, while Kroger enjoyed a big percentage gain, up 6.3 points.

Because of a tie, the top 10 is really a top 11, with Safeway and Giant Eagle new to that list for 2009, with SuperValu falling off this year.

They are relentless when it comes to improving the effi-

ciency of every aspect of the supply chain." Kroger also got kudos from one manufacture respondent, who said that the grocer "is extremely progressive in what they are trying to do with their supply chain."

What's your reaction to this year's Cannondale CPG manufacturer and retail supply chain rankings? Think any of the rankings are out of whack? What are the key attributes of a world class retail supply chain? Let us know your thoughts at the Feedback button below.

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Source: Cannondale Associates