

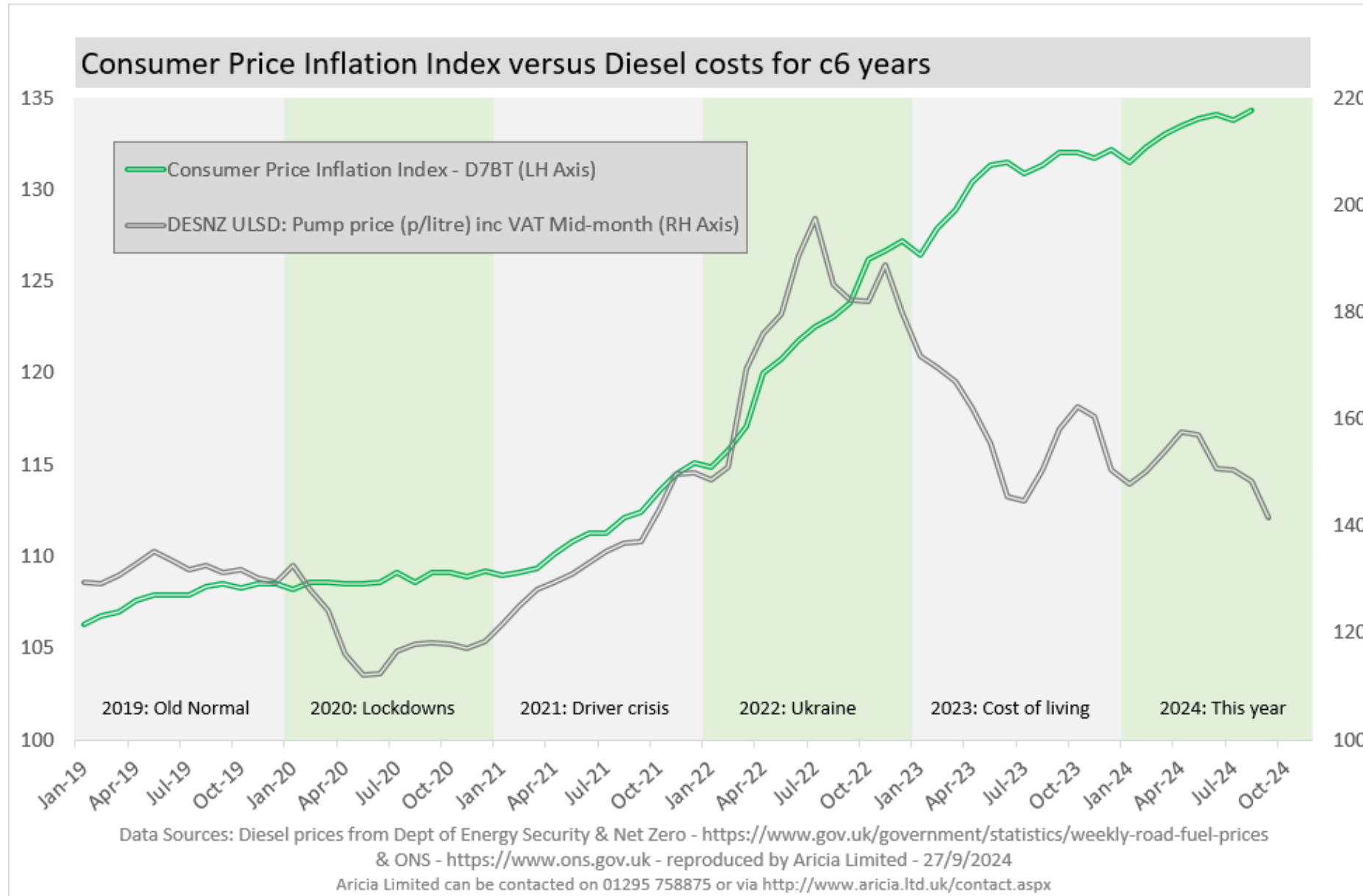
# Why is your Supply Chain under pressure? Some of the indicators driving behaviour

Kirsten Tisdale FCILT

9 October 2024



# Mixed messages



- > CPI Index (green – LH Axis) shows the impact of inflation since January 2019 on the average person's expenditure
- > Diesel cost (grey – RH Axis) is pence per litre inc VAT at a particular point in time



# Imports & exports – UK plc

- > UK Trade figures from ONS up to July 2024 (latest available)
  - > CVM - chained volume measure = no inflation
  - > Goods - no services, excludes precious metals but includes fuels
  - > Table = YoY RoC - July snapshots – data is seasonally adjusted

Chained Volume Measure (CVM)		Year-on-Year - Rate of Change (%)			Proportion of imports or exports	
		July 2022 v July 2021	July 2023 v July 2022	July 2024 v July 2023	July 2021	July 2024
Exports	EU	3.5	-4.8	-11.1	49%	49%
Exports	Non-EU	3.1	-0.9	-12.8	51%	51%
Imports	EU	14.7	-0.1	-3.2	50%	56%
Imports	Non-EU	-3.2	-10.9	2.1	50%	44%



- > Cars is the UK’s single largest import and export commodity – 8 out of 10 cars produced in UK exported (SMMT) - there may be impact in balance of trade from the move to electric

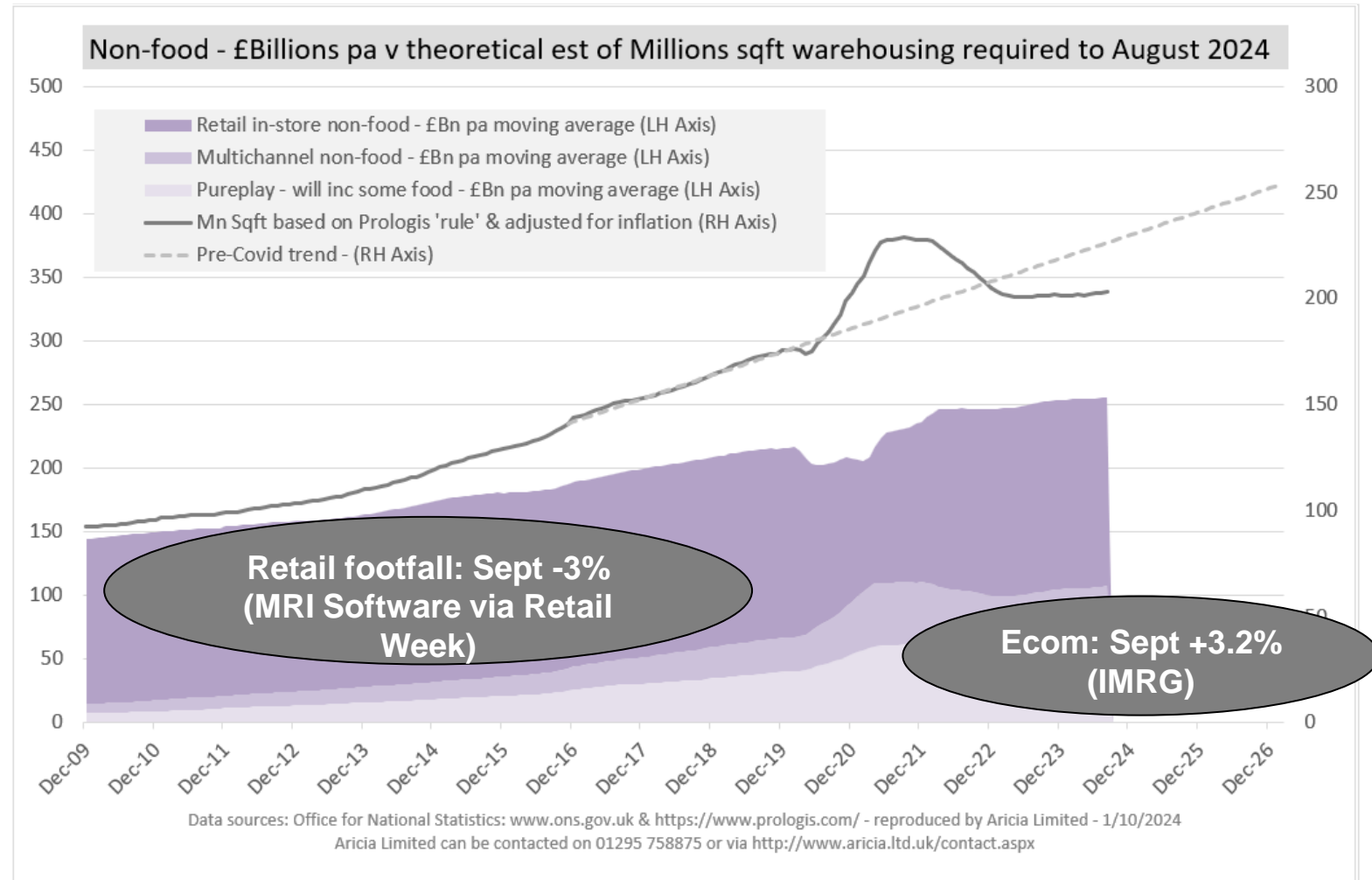


- > ONS BICS surveys: In 2024 both Manufacturing & Retail/Wholesale have high level of companies saying that they are stockpiling
- > Retail at highest level since survey started Feb 2021 – nearly 1 in 5 businesses

# Non-food retail – theoretical warehousing requirement



- > Shaded areas represent **non-food retail & internet at sales value**
- > Moving average removes seasonality
- > Does include some food in Pureplay as ONS don't report separately eg Amazon pantry, Ocado, specialised food sites...
- > Dark line strips out inflation **AND** uses Prologis 'rule'\* to convert to theoretical estimate of millions of sqft warehousing required
- > \*Prologis analysis in 2016 resulted in a formula: online sales require approx. 3x the fulfilment space compared with bricks retail
- > The dotted trend is hand-drawn



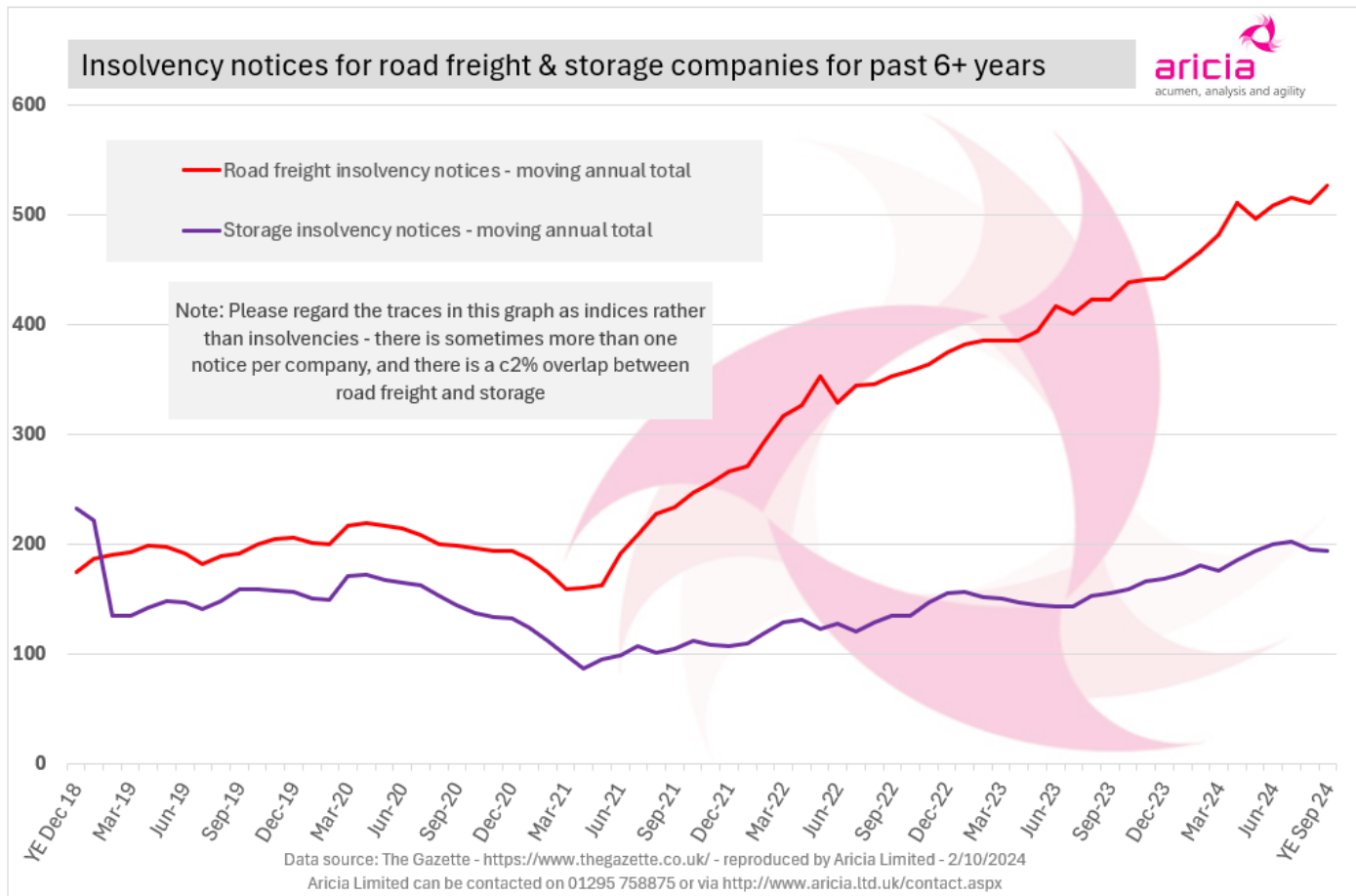


## MotorTransport

Scale of new company closures revealed in data analysis

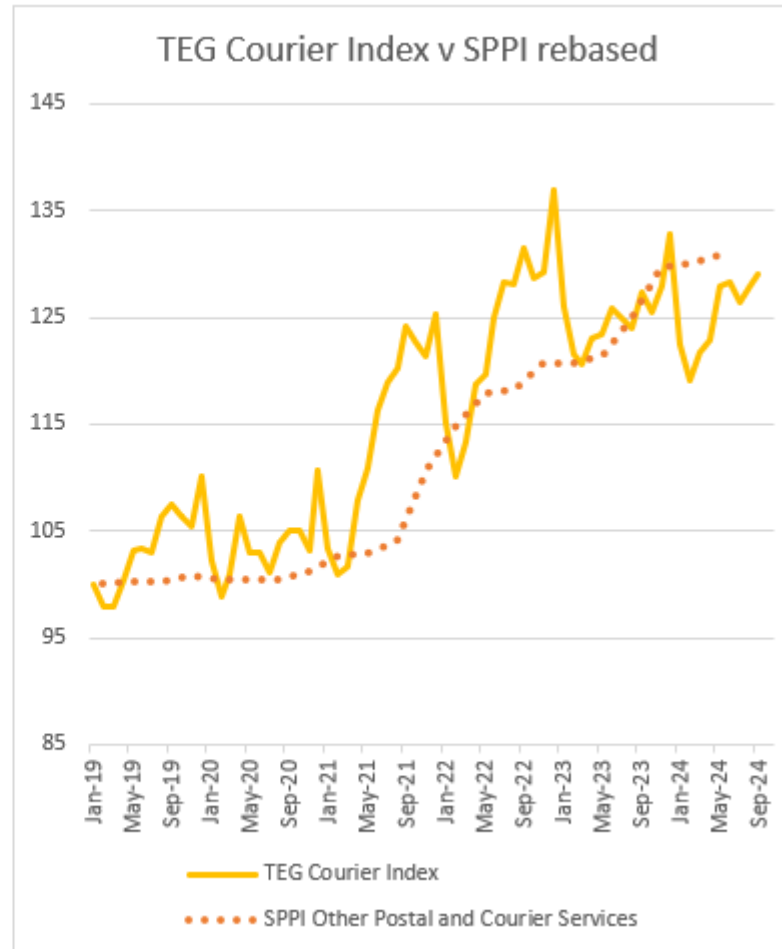
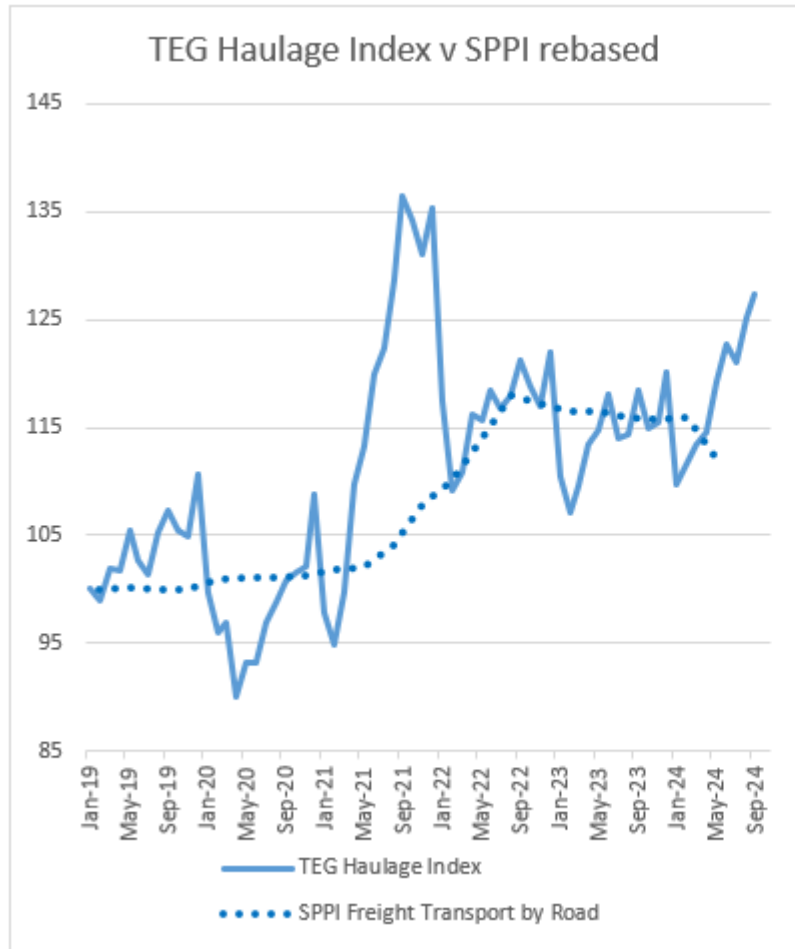
3 October 2024 | By Chris Tindall

Half of all haulage companies that were set up since 2019 have now entered insolvency proceedings or closed down, according to analysis of official figures.



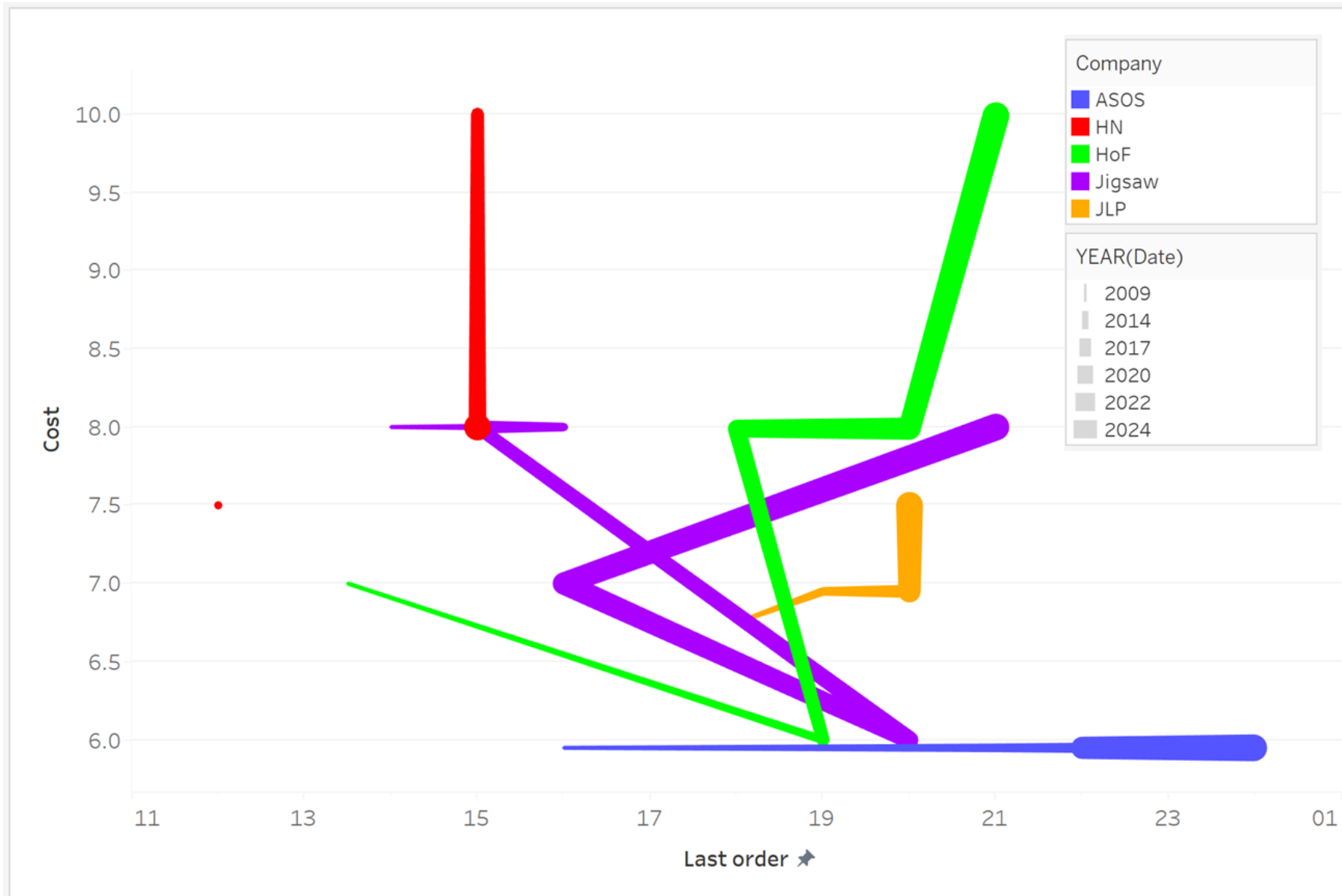
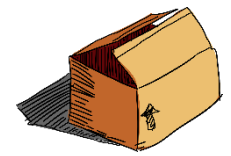
- > Regard graph as an index = no of insolvency notices
- > It's a combination count for
  - > Administration
  - > Creditors' voluntary liquidation
  - > Liquidation by the Court
  - > Members' voluntary liquidation
- > This will overstate, but it is a consistent method

# Haulage & courier cost indices



- > SPPI – Service Producer Price Inflation from ONS – like CPI but for business
- > Transport Exchange Group produce spot rate indices based on the average pence per mile paid via its two freight exchange platforms
- > The SPPI tends to move more smoothly than TEG – partly because it includes more contractual deals and partly because being quarterly irons out the bumps

# Home delivery charges & order cut-offs for next day



- ASOS lowest / most consistent pricing (& offer annual subs)
- Harvey Nichols didn't offer a next day service in 2014
- House of Fraser / Frasers now highest current charge
- Jigsaw have made most adjustments to offer over the years
- JLP have made least dramatic changes to offer

# What Next?

NEXT

Today's topic: "Creating Breakthrough Moments in the Retail Supply Chain" ...the tribunal / appeal

My own (past) perspective, but the world has changed:

High Street of the past	Warehouse	Retail today
Pretty safe environment	PPE often needed	Bodycams sometimes
9-5, Sundays off, part time possible	Shifts	Shifts
Could catch bus to town	Car needed to get to work	Car needed to get to work
Errands at lunchtime: eg bank / chemist	Middle of nowhere	Some errands possible, some not

## LEIGH DAY

"Next argued at the hearing in May this year that market forces explained the pay difference. They told the tribunal that the market rate for a warehouse operative is more than for a sales consultant and that the sex of staff did not come into it. The tribunal rejected this."

## CAPX

Another bizarre aspect of this is that a legal right to equal pay for work of equal value only currently applies to comparisons between men and women. If 90% of Next's warehouse workers were women, and 90% of their shop assistants were also women, the company could pay warehouse workers extra with no comeback at all.

Author: Professor Len Shackleton is an Editorial and Research Fellow at the IEA and Professor of Economics at the University of Buckingham

- > Past = 'just' ££ potentially, Future = ??
- > How far reaching could this tribunal decision be if it is upheld at appeal?







Thank you, any questions?

A vertical rectangular graphic with a light grey background. At the top is a circular profile picture of a woman with short grey hair and glasses. Below the photo, the name 'Kirsten Tisdale FCILT' is written in a black, sans-serif font. Underneath the name, the text 'I'm on LinkedIn' is displayed in a bold, pink, sans-serif font. At the bottom of the graphic is a large, black and white QR code.



# Sources



- > Always check you have most up to date version
  
- > Consumer Price Inflation index: <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7bt/mm23>
- > Diesel pump prices: <https://www.gov.uk/government/statistics/weekly-road-fuel-prices>
- > Imports & exports: <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/bulletins/uktrade/july2024>
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- > ONS Business Insights and Conditions Surveys: <https://www.ons.gov.uk/economy/economicoutputandproductivity/output/datasets/businessinsightsandimpactontheukeconomy>
- > Retail sales inc internet data: <https://www.ons.gov.uk/businessindustryandtrade/retailindustry/bulletins/retailsales/august2024>
- > Prologis 2016 report on ecommerce sqft (one off):  
[https://www.prologis.com/sites/corporate/files/documents/2017/02/Research\\_Whitepaper\\_Ecommerce\\_Impact\\_on\\_Logistics\\_Real\\_Estate.pdf](https://www.prologis.com/sites/corporate/files/documents/2017/02/Research_Whitepaper_Ecommerce_Impact_on_Logistics_Real_Estate.pdf)
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- > TEG Road Transport Price Indices: <https://transportexchange.com/road-transport-price-index/>
- > Home delivery charges & order cut-offs – retailers own websites
- > Next tribunal judgments: <https://www.gov.uk/employment-tribunal-decisions/ms-m-thandi-and-others-v-next-retail-ltd-and-next-distribution-ltd-1302019-slash-2018-and-others>
- > Leigh Day, representing the claimants, on Next: <https://www.leighday.co.uk/news/news/2024-news/landmark-equal-pay-win-for-thousands-of-workers-against-retailer-next/>
- > CapX piece on Next: <https://capx.co/next-equal-pay-judgement-is-no-win-for-workers/>
- > BBC reporting on Next tribunal: <https://www.bbc.co.uk/news/articles/cy5y3nz40k1o>
- > Motor Transport reporting on Next tribunal: <https://motortransport.co.uk/next-warehouse-logistics-called-into-question-following-tribunal-ruling/22588.article>
- > Next 2021 – Can the Warehouse Cope?: [https://www.nextplc.co.uk/~/\\_media/Files/N/Next-PLC-V2/documents/2022/results-for-the-half-year-ending-july-2021%20290921.pdf](https://www.nextplc.co.uk/~/_media/Files/N/Next-PLC-V2/documents/2022/results-for-the-half-year-ending-july-2021%20290921.pdf)
  
- > Images: <https://pixabay.com/>