

Protecting the Flow: Smart Logistics for FMCG Supply Chains

FMCG companies are spending more and more on logistics. The FMCG logistics market in Europe is expected to grow by almost £50 billion in the five-year period between 2024 and 2029, at a CAGR of 4.7%.¹

Consumer packaged goods companies typically spend 6-8% of their revenues on distribution and transportation costs.² When firms are operating on tight margins, getting logistics right is critical.

And the stakes are high. Retailers have zero tolerance for failure. A delivery that arrives an hour late can trigger a cascade of problems. Production lines back up as finished goods have nowhere to be stored. Warehouse capacity fills. Factory efficiency drops as output slows. Customer service teams start fielding angry calls. And at the end of the chain, shelves sit empty while shoppers walk to a competitor.

This is the upstream and downstream effect. FMCG logistics is about protecting a flow - from raw ingredients arriving at production, through manufacturing, into warehouses, and finally onto retail shelves where consumers make their purchasing decisions.

Every touchpoint matters. One mistake can ripple through the entire supply chain and affect everyone who depends on that flow remaining unbroken.

The companies that succeed in FMCG logistics understand this. Precision beats speed if speed comes without accuracy. The best operators invest in systems that provide visibility and alert stakeholders before minor issues become major crises. Strategic planning addresses volatility, with capacity strategies that can handle February's quiet weeks and December's relentless peaks. Most importantly, successful FMCG logistics operations treat distribution as a strategic function that directly impacts product availability, customer satisfaction and competitive advantage - not merely a cost to be minimised.

This paper explores why FMCG logistics demands more than standard freight solutions, what happens when the flow breaks, and how the best operators are solving these challenges. The following sections examine the unique pressures facing FMCG supply chains, the hidden costs of getting it wrong, the capabilities required for success, and the emerging trends that will shape the sector's future.



Why FMCG demands more than standard logistics

FMCG supply chains operate under a distinct set of pressures. The combination of velocity, volume and variability creates an environment where small discrepancies can quickly snowball into significant operational and financial consequences.

Speed and perishability

The velocity of demand in FMCG is relentless. A leading British snack food brand provides a useful illustration. Its production lines generate around 40,000 pallets each week. At around 150 boxes per pallet, with 100 multipacks in each box, the numbers add up quickly. The challenge lies in keeping this flow uninterrupted.

Delivery windows in FMCG are tight. Fresh bakery goods ordered at 3am must reach stores by 6pm the same day. Crisps have a bit more leeway, but if ordered on Monday they must still arrive at retail distribution centres by Tuesday or Wednesday.

The delivery timeslots themselves are narrow, too. A typical FMCG delivery slot spans one hour, with tolerance of just 30 minutes either side. Arrive early and the receiving facility isn't ready. Arrive late and the slot has closed, creating bottlenecks that affect every subsequent delivery. For products with limited shelf life, this precision is critical. Dairy, fresh produce and chilled goods have a finite window of viability from production to shelf.

Scale and complexity

FMCG operations succeed through throughput efficiency – moving high volumes at low margins. The business model depends on continuous flow at every stage. From ingredients arriving at production, through manufacturing, into secondary storage, and finally to retail, each transfer point must operate without friction.

Product variety adds complexity. Temperature-controlled products require dedicated cold chain management. Certain goods can't be transported together – for instance, bakery items absorb strong odours, so bread can't share a vehicle with spices. Some combinations are dangerous. Chlorine-based bleaches can react with aluminium, producing hydrogen gas and creating a fire risk.

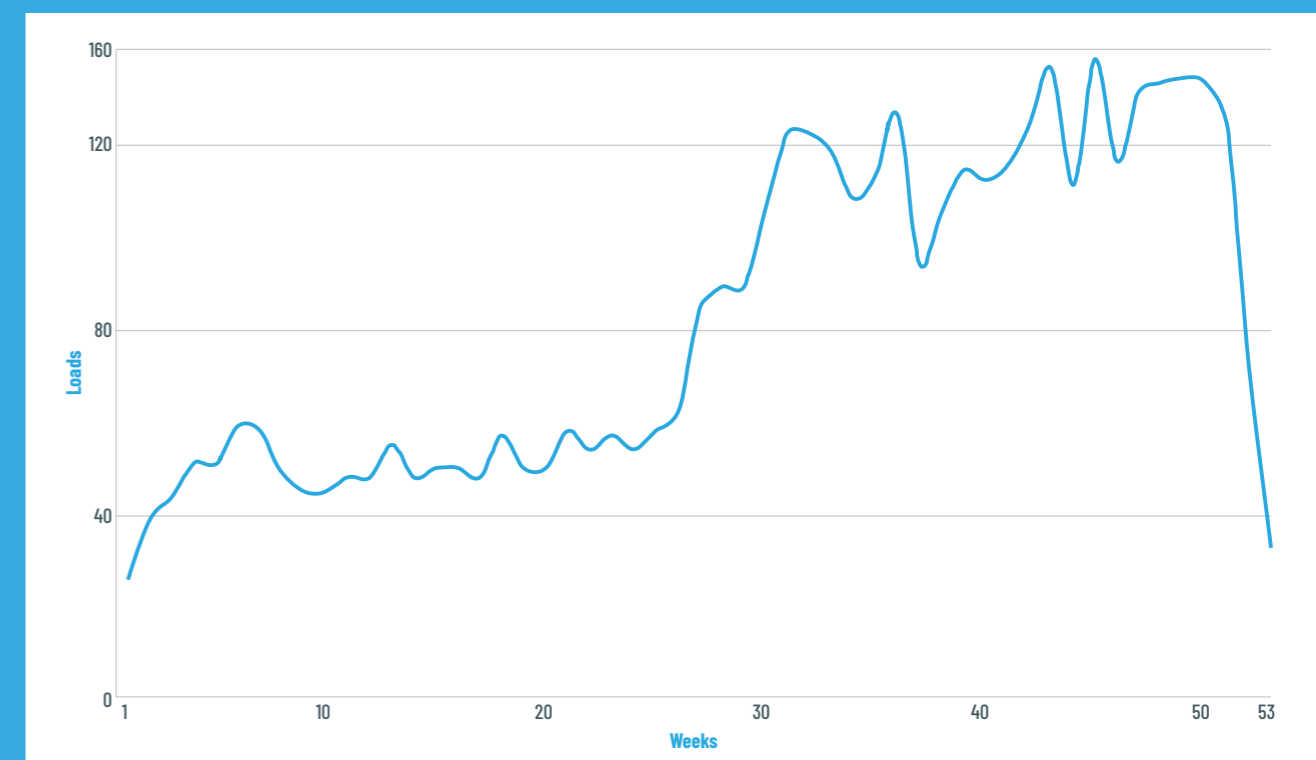
And then there's the long tail problem. Roughly 80% of volume goes to 20% of customers, while 80% of customers need servicing with just 20% of volume. Full loads to major retailers are straightforward. But when a customer orders five pallets and the vehicle holds 26, finding economical ways to serve that demand becomes a strategic challenge.

Seasonality and volatility

Demand in FMCG also doesn't follow steady patterns. Week 40 through December sees volumes jump as Christmas approaches. The confectionery sector hits similar highs around Halloween and Easter, while beverage companies often face their busiest stretch in summer. These spikes create fundamental shifts in operational requirements.

The planning challenge is therefore substantial. Where should capacity be positioned in February when it won't be needed until November? Maintaining dedicated resources during quiet periods is expensive, yet without that capacity in place, December's spike can become unmanageable. Logistics providers must balance cost efficiency during low seasons against service reliability when demand spikes.

bwd's FMCG Seasonal Demand



FMCG logistics providers must plan and resource for extreme demand fluctuation – maintaining service levels while managing costs during quiet periods requires sophisticated forecasting and flexible capacity.

Very small margin for error

Retailers measure logistics performance stringently. The standard expectation is 98.5% on-time-in-full, or better. That means for every 100 deliveries, fewer than two can be late or incomplete. Anything less and relationships start to strain.

The reason is simple – if a product isn't on the shelf, the sale goes to whoever has it in stock. Shoppers won't wait around. In competitive retail, one out-of-stock experience can push customers to try a rival, and they might not come back. Retailers therefore hold their suppliers, and their suppliers' logistics providers, to exacting standards.



When the flow breaks: Consequences across the chain

When logistics breaks down in FMCG, the damage moves fast. Operational problems trigger financial losses, harm reputations and undermine environmental commitments. The damage can often take months to fix.

Operational bottlenecks

Production lines run at consistent speeds, converting raw materials into finished products on a tight schedule. The system relies on transport arriving when expected. Without it, output backs up and the whole operation grinds down. The economics get worse as things slow. Labour, equipment and overheads don't disappear when volume drops – they just get divided across fewer units, which means the cost per item climbs.

Warehouse capacity compounds the problem. When collections run late, space fills rapidly, and production stops completely once capacity is hit. In extreme cases, a single delay can take days to work through.

Financial impact

The financial consequences can be numerous. Wasted miles from poor network design mean vehicles running half-empty or taking inefficient routes. Each unnecessary mile adds fuel costs, driver time, vehicle wear and carbon emissions – all of which eat into tight margins.

When loads fail to consolidate efficiently, cost-to-serve climbs. In many cases, five pallets heading to Manchester could easily combine with other loads going the same way. Miss that opportunity and a vehicle runs half-empty, which means profitability starts to disappear.

Emergency solutions carry premium price tags. Finding available vehicles at short notice or sourcing alternative capacity costs significantly more than standard arrangements.

For manufacturers working on slim margins, small percentage increases in logistics costs can eliminate profit entirely on certain product lines.

Reputational damage

Meanwhile, retailer relationships take years to build and can fracture within weeks of repeated service failures. Major supermarkets have alternatives with multiple suppliers competing for the same shelf space, so when one supplier consistently fails to deliver on time and in full, retailers will try a competitor.

The damage spreads through industry networks. Procurement teams compare experiences and share performance data. A pattern of logistics failures becomes known, making it harder to win new business or negotiate favourable terms.

Product recalls are another big reputational concern and show why traceability matters. When contamination or quality issues emerge, regulators and retailers need to see exactly where goods have been. Companies that can't answer such questions face product pulls, financial penalties and lasting brand damage.

Logistics is also a common barrier for smaller producers trying to break into big retail. Buyers at major chains will always ask if you can reliably service hundreds of stores, and if you can't provide adequate proof, doors can be closed before discussions about your product have even begun.

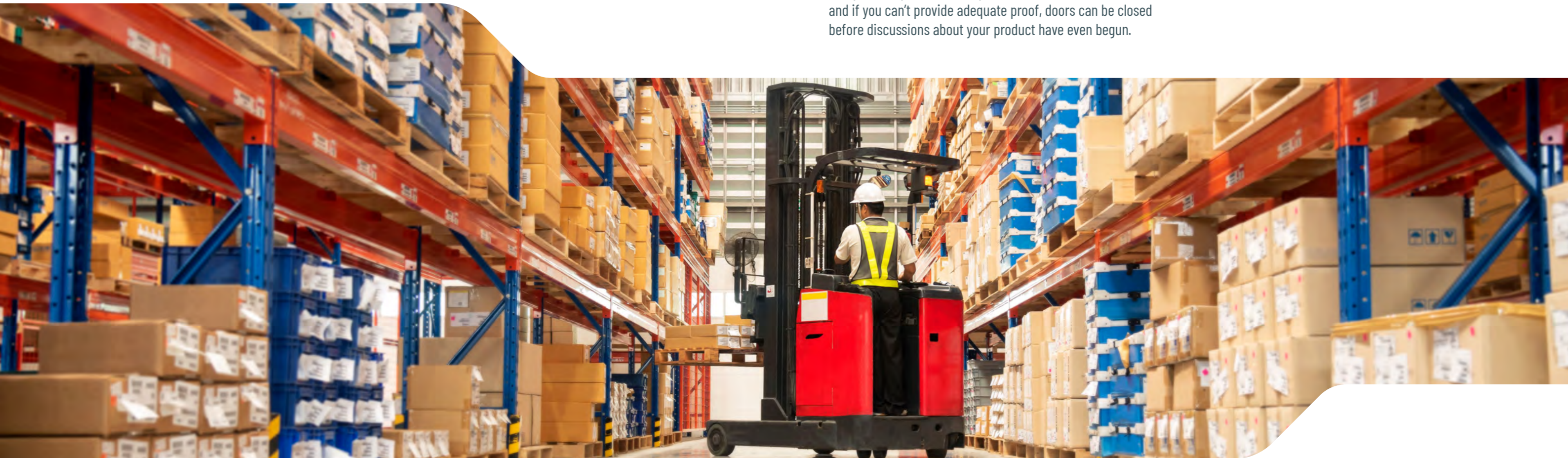
Environmental consequences

ESG can also be set back as half-empty vehicles undermine sustainability commitments. When logistics operations run inefficiently, emissions per unit delivered increase. A vehicle designed to carry 26 pallets running with just 13 produces roughly double the carbon emissions per pallet compared to a fully loaded journey.

Reactive routing multiplies this effect. Emergency solutions often require vehicles to cover unnecessary distances, make additional journeys that could have been avoided with better planning, or operate outside optimal traffic conditions.

Lack of consolidation turns what could have been one delivery into several. Instead of combining compatible customers heading to the same region, fragmented planning creates multiple separate journeys.

Environmental consequences can also translate into lost business. Retailers needing to hit ESG targets set by their own stakeholders seek out suppliers who can demonstrate efficient, sustainable operations. Poor logistics performance becomes a reason to switch to an alternative.





The keys to successful FMCG logistics

The challenges and consequences outlined above aren't inevitable. Operators who consistently protect the flow do so through a combination of intelligent systems, experienced people, rigorous execution standards, smart network design and commercial flexibility.

Intelligence and proactive systems

Real-time visibility sits at the foundation. Knowing where vehicles are, how far from collection or delivery, whether they're running ahead or behind schedule... this information enables proactive decisions to prevail over reactive firefighting. When systems alert stakeholders to potential delays before they become actual delays, problems get solved while they're still manageable.

Predictive planning takes this further. Analysing historical data reveals patterns in demand, identifies seasonal trends and highlights which routes consistently run into issues. This feeds directly into capacity planning, resource decisions and route design.

Patterns emerge from the data that daily operations may not reveal, such as loads that could combine, delivery windows that need adjusting, and networks that could benefit from reshaping.

The right calibre of people

Although technology tells you where things are and data unlocks valuable insights, people decide what to do about it. FMCG needs operators who think proactively, catch problems forming, and understand that their choices affect factories, warehouses, retailers and customers. Years of experience build this awareness in ways training courses never match.

Precision in execution

BRC Global Standard compliance sets the baseline for food safety and quality management. Whether formally accredited or operating to equivalent principles, FMCG logistics requires rigorous protocols around equipment quality, contamination prevention and hygiene standards.

End-to-end traceability becomes critical the moment issues appear. Can you show exactly where a product came from and where it went? That capability often separates a managed incident from a full recall with regulatory consequences and brand damage.

Intelligent network design

Shared-use solutions unlock efficiency that individual operations cannot achieve alone. If brands such as Haribo, Coca-Cola and Walkers are all shipping to the same Tesco warehouse, combining those loads into single journeys makes obvious sense.

Geographic planning matters too. Collecting from manufacturers located near each other, routing through regions efficiently and minimising empty running will carry a huge impact when compounded over thousands of deliveries. The long tail problem demands creative solutions: grouping small orders, finding efficient multi-drop routes, or connecting customers with complementary demand patterns.

Commercial flexibility

The best logistics partnerships go beyond transactional relationships and are a story of continuous shared improvement. For example, helping customers understand their cost-to-serve patterns can shape more efficient ordering behaviour, while counter-seasonal planning balances resources across demand volatility. Meanwhile, providing solutions for new market entrants with intermittent volumes can help to grow whole new sectors and opportunities.

Multi-national snacks manufacturer

bwd started providing transport solutions for a global snacks manufacturer by working for a major UK grocery retailer with exceptionally high service level requirements.

After six successful years, this expanded to include a direct relationship with the snacks manufacturer with deliveries from both factory and RDC 3PL warehouses to customers.

Encompassing FMCG operations and planning, bwd now handles a total of 2.5m pallets across 9,300 loads per annum.



Leading bottled water company

bwd has provided UK transport logistics for a multinational beverage manufacturer for over four years. As a result of achieving high service levels, year-on-year, this relationship has deepened and bwd now delivers over 3,000 loads per annum.

Adaptability and flexibility from bwd help overcome challenges such as short notice spikes in demand, often driven by changing weather conditions.

Alongside the ability to work with multiple logistics partners on FMCG planning. These capabilities are the key reasons the customer continues to value bwd for its outbound operations to major UK retailers.





Partner with proven FMCG logistics expertise

FMCG logistics goes well beyond moving products. Our job is to protect the flow from production to consumption, maintain precision under pressure, and adapt to constant change. In a sector where margins are tight and retailer expectations are non-negotiable, getting logistics right can be the difference between products reaching (and staying on) shelves or competitors taking that space.

bwd's FMCG experience

Barron Wood Distribution (bwd) has spent over 30 years serving major FMCG brands from global drinks businesses to multi-national snacks manufacturers, as well as a range of leading supermarket retailers. Our specialist FMCG division brings deep sector knowledge, understanding both the operational realities and the commercial pressures that define this market.

We maintain 99.3% on-time-in-full performance because our systems, people and processes are built specifically for FMCG's demands. Our asset-light model provides the flexibility to scale with seasonal peaks while maintaining consistency through quieter periods. Real-time visibility, proactive communication and intelligent network design are fundamental to how we operate.

Whether handling full loads to major retailers or finding efficient solutions for the long tail, we approach FMCG logistics as a strategic partnership. Continuous improvement, shared efficiency gains and protecting your flow are how we measure success.

Start a conversation

To discuss your FMCG logistics challenges and explore how bwd can support your operations, contact our team today.

Looking ahead: Evolution in FMCG logistics

The capabilities that work today may not be as effective in years or even months ahead. Anticipating trends and operating with the foresight and flexibility to adapt in kind is therefore crucial to remaining futureproof.

We've identified four key trends which are particularly worth keeping an eye on...

Warehouse automation

People-dependent warehousing is shifting towards automated systems where cranes replace forklifts, software manages stock placement and robots handle picking. The efficiency gains are substantial with tighter packing, faster throughput and lower labour costs. But as warehouses start operating more like factories, there is minimal tolerance for service failure. Road logistics must adapt accordingly. What worked for servicing traditional warehouses won't necessarily work for facilities running 24/7 automated operations.

Product diversification

Established brands continuously launch new lines, tweak recipes and test variations. Meanwhile, micro-brewers, artisan food makers and craft cosmetic producers enter the market. Each addition complicates logistics. New products disrupt

stable flows, create different handling requirements and demand fresh route planning, and this creates a challenge for logistics providers: how to serve low-volume entrants who haven't yet built critical mass while maintaining efficiency for established high-volume customers.

Supply chain reconfiguration

A change in manufacturing location could result in a product that was made in the UK for decades is now suddenly sourced from Europe, or vice versa. At the same time, customer requirements may change overnight as new commercial strategies kick in. Logistics providers need to be ready to adapt when their customers do.

Expanded control

Successful logistics operations increasingly manage both suppliers and customers (i.e. the full upstream and downstream chain). This might mean handling pallet flows, managing retailers' own equipment pools, or coordinating component logistics alongside finished goods. Greater control enables better service, which in turn creates opportunities for growth. Companies that can offer integrated solutions across multiple supply chain stages will have advantages over purely transport-focused competitors.



1 <https://www.mordorintelligence.com/industry-reports/europe-fmcg-logistics-market>

2 <https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/the-new-model-for-consumer-goods>





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