

Better supplier collaboration needs to be at the forefront of the drinks industry, says Crimson & Co

- Drinks Industry Forum aims to address issues surrounding supplier costs -

If the drinks industry is to respond to demands from consumers for more variety across its product portfolio, it has to be prepared to put greater emphasis on improving supplier collaboration across all elements of its supply chain, says Crispin Mair, Director at supply chain consultancy [Crimson & Co](#). Historically, supply chains operating in the drinks industry have lacked flexibility due to the range of products in their portfolio remaining very stable. However, changes in consumer behaviour have seen a greater demand for more variety from drinks firms across their product range.

This demand for greater variety is nothing new and has been the case for years in the FMCG sector, which has often led the way when it comes to diversification. Drinks companies however, are often left lagging and as a result are now playing catching up. While the fallout from this is unsurprising, what is often taken for granted is the impact this has on the suppliers within the drinks supply chains. Mair states that the pressure now being put on drinks companies to come up with new and innovative products is putting pressure on both them and suppliers to become more agile and responsive to demand changes:

"The drinks industry is starting to catch up with the FMCG sector when it comes to product innovation. Traditionally, drinks companies have tended to offer one set product with the only variance being the size of the bottle you purchase - today, the market is evolving. Drinks infused with different flavours and mixers are having a dramatic impact on product portfolios and this is impacting all levels of the supply chain, from ingredients to packaging. It's vitally important to have your suppliers on board to support this.

"Accommodating wider product diversity drives expense into the drinks supply chain. For example, changing your portfolio will often result in the need to store more materials, which fundamentally alters a company's cost base.

"To address this it is imperative drinks companies are seen to be working with their suppliers to mitigate the costs involved within this process. As an industry, we need to see greater collaboration whereby suppliers and drinks companies work closely to ensure that the necessary changes don't prove to be ridiculously expensive. The two parties must work together to ease the cost burden.

"Ultimately, the drinks industry needs to understand that it will not be able to optimise costs without working with suppliers. It needs to treat suppliers as a business asset with a huge amount of knowledge.

To address the points raised by Crispin Mair, Crimson & Co is hosting a Drinks Industry Forum taking place on Thursday 22nd January in London. The event will include guest speakers from both inside and outside the drinks industry who will discuss their experiences of supplier collaboration projects, particularly focusing on what can be done to address issues in driving down supplier costs.