

Strengthening supply chains in consumer

Growing Global

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Introduction

Consumer businesses are operating in one of the most challenging environments in recent years. Across markets such as France, the UK, the U.S. and Germany, average growth rates have struggled to return to pre-pandemic levels, while margin pressure, shifting consumer behaviour and supply chain disruption continue to reshape the sector.

In response, companies are [responding](#) to this environment with a mixture of portfolio rationalisation and targeted cross-border expansion. Global suppliers like Nestlé and Unilever are refocusing their portfolios around value at the expense of volume. In the face of market saturation, European retailers are rationalising their operations, investing in the formats and locations that best reflect changing consumer preferences. As a result of these adjustments, levels of M&A in retail [rose significantly](#) in 2025 in both the Americas and Europe.

According to our most recent [C-suite barometer](#), international expansion remains a strategic priority with 22% of executives identifying it as a key focus for the next three to five years. However, expansion is becoming harder to execute in practice as divergent local regulations and tariffs add further complications. In addition, [territorial supply constraints](#) imposed by large manufacturers can force retailers to construct supply chains in what they regard as a sub-optimal fashion.

This sector perspective builds on the findings of our [Growing Global: Strengthening supply chains](#) report which highlights how geopolitical volatility, regulatory fragmentation and data challenges are reshaping

supply chain design across industries. For consumer companies, these pressures are particularly acute given the scale, speed and margin sensitivity of their operations.

Supply chain traceability has become a central issue. Regulations such as the EU's [Corporate Sustainability Due Diligence Directive](#) (CSDDD) are increasing requirements to identify, prevent and mitigate human rights and environmental abuses across their entire supply chain. These obligations are increasing cost and operational burden, while exposing gaps in data, traceability and supplier oversight.

At the same time, the role of technology is evolving rapidly. Many consumer companies already operate at relatively high levels of digital maturity but the focus is shifting towards the use of artificial intelligence (AI) to improve forecasting accuracy, optimise inventory and enhance customer experience. Nearly all executives (92%) report that AI is having an impact, but in most organisations this remains concentrated in targeted use cases, with scaling constrained by data quality, legacy systems and operating model complexity.

In this context, supply chains are no longer just an operational backbone, they are a critical enabler of growth. The need to make explicit trade-offs between efficiency, resilience and cost, maintain visibility across increasingly complex networks and leverage data effectively is becoming a defining factor of competitive advantage in the consumer sector.

“Ultra-lean supply chains are no longer fit for purpose. As geopolitical risk, regulation and transparency demands intensify, resilience and data-led decision making are becoming the foundation of sustainable growth.”



Isabelle Massa
Partner, Head of Consumer,
Forvis Mazars Group

Key insights

1. Consumer supply chains are shifting from efficiency to availability

In a context of demand volatility and margin pressure, ensuring product availability is becoming as critical as cost optimisation. Companies are selectively increasing buffers, diversifying sourcing and prioritising service levels over purely lean models.

2. International expansion is constrained by execution, not ambition

While 22% of consumer goods executives prioritise expansion, real-world execution is increasingly shaped by local supply constraints, tariffs and operational complexity. Scaling successfully requires adapting fulfilment models and supplier networks to each market not replicating existing ones.

3. Margin pressure is exposing operational weaknesses

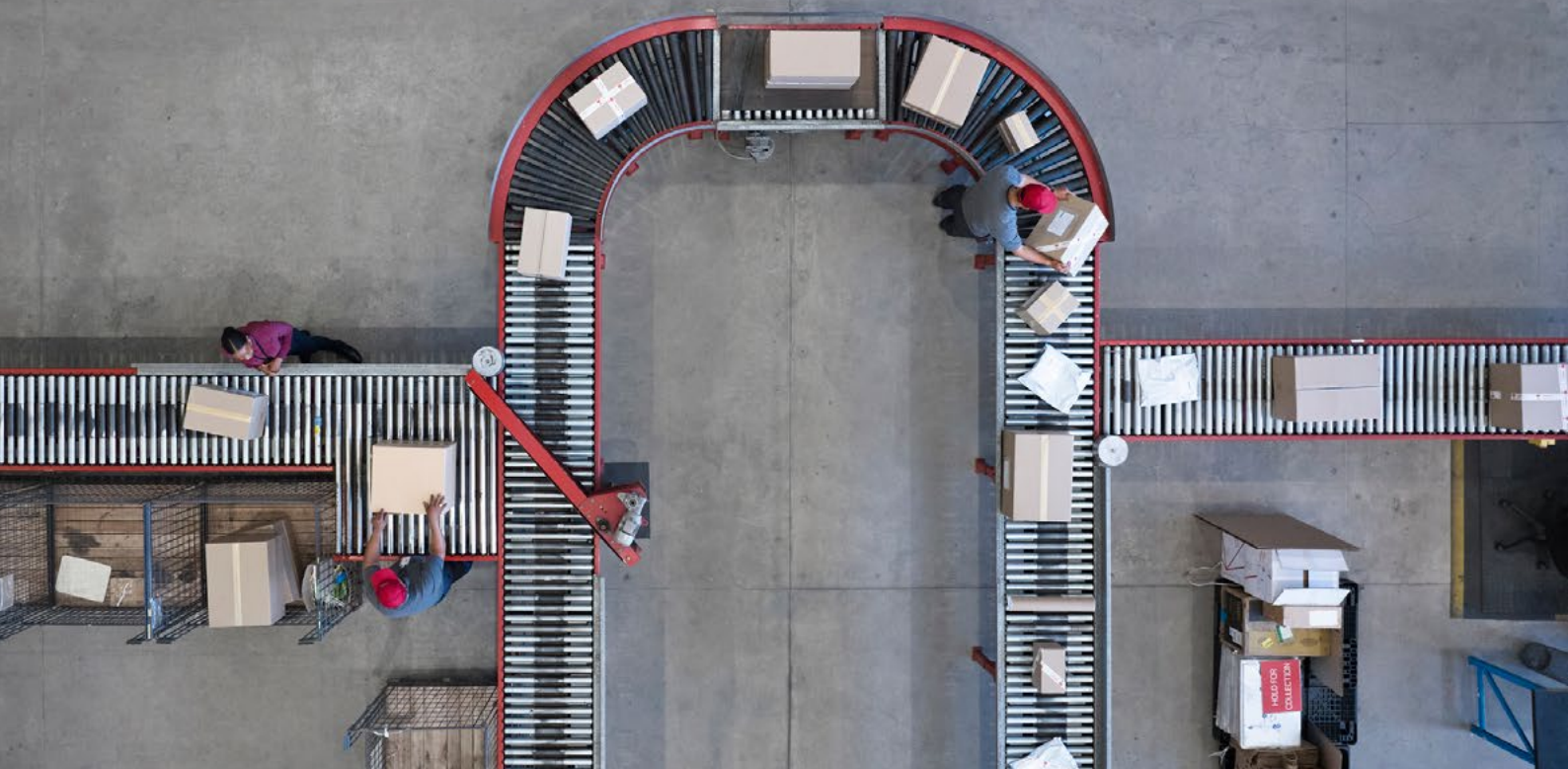
Tight margins in retail and consumer goods mean that forecasting errors, supplier inconsistencies and fulfilment inefficiencies have an immediate financial impact. Operational discipline and data-driven planning are becoming key differentiators.

4. Regulatory pressure is reshaping supply chain decisions

Regulatory requirements such as the EU's CSDDD are pushing companies to extend visibility beyond tier 1 suppliers, often revealing gaps in data, traceability and supplier oversight. For many organisations, compliance is acting as a catalyst for broader supply chain transformation.

5. AI is moving from experimentation to operational impact

With more than half of executives reporting a significant impact, AI is increasingly used to improve forecasting, optimise inventory and enhance customer experience. However, fragmented data and legacy systems continue to limit its scalability.



Preparing for what's next

For consumer businesses, international expansion remains a critical lever to address structural pressures in mature and highly competitive markets. By scaling across borders, companies can access new demand pools, diversify revenue streams and build the scale required to offset persistent margin pressure. However, the findings of our 'Growing Global: Strengthening supply chains' report make clear that success is now increasingly determined by supply chain capability rather than market opportunity alone.

The operating environment has shifted materially. Tariff volatility, regional supply constraints, regulatory divergence and evolving consumer expectations are no longer isolated challenges; they interact to create a more complex and less predictable system. In this context, expanding into new consumer markets requires more than extending existing models. It demands supply chains maintain the ability to absorb disruption while maintaining performance across geographies.

A key challenge lies in execution. While strategic decisions around market entry are often well-defined, the operational reality is more difficult to manage. Building or strengthening supply chains, whether organically or through M&A, introduces multiple points of friction. Supplier reliability, product quality, lead times and last-mile performance all become more difficult to control as geographic complexity increases. In margin-sensitive sectors such as consumer, even small inefficiencies can have a disproportionate financial impact.

At the same time, the balance between cost efficiency and resilience is becoming harder to manage. Ultra-lean supply chain models, once optimised for cost, are increasingly being challenged by the need for flexibility and risk mitigation. Many consumer companies are responding by diversifying suppliers, regionalising production and introducing selective inventory buffers. However, these adjustments require careful calibration, particularly in sectors where margin pressure limits the ability to absorb additional costs.

“The most agile consumer supply chains aren't the fastest, they're the ones built with the capabilities to absorb disruption while protecting availability and margin.”



Matt Dalton
Partner, Consulting, Consumer
Forvis Mazars in the UK

Preparing for what's next

Regulation is also playing a more decisive role in shaping supply chain decisions. Requirements linked to sustainability, tax and product traceability such as the EU's CSDDD are increasing expectations for visibility across entire supplier networks. These obligations extend beyond compliance; they are driving structural changes in how supply chains are designed, monitored and governed.

In parallel, tax considerations are becoming more closely intertwined with operational decisions. Changes to sourcing, distribution or legal structures can trigger significant tax implications, particularly in the context of international expansion.

Technology and data represent another critical dimension. While many consumer companies have invested in digital tools, legacy systems, fragmented data and manual processes continue to limit visibility and responsiveness. As supply chains become more complex and more regulated, these constraints are increasingly difficult to manage. The next phase of transformation will depend on the ability to integrate systems, standardise data and enable real-time decision-making across functions and geographies.

AI has a growing role to play, particularly in forecasting, inventory optimisation and compliance monitoring. However, its impact will depend on the strength of underlying data and systems. Without consistent, high-quality data, the benefits of AI are likely to remain limited. While leading organisations are making progress, many continue to be constrained by legacy systems, fragmented data and limited end-to-end visibility.

Looking ahead, successful consumer companies will be those that treat supply chains as a strategic capability rather than an operational necessity. This means investing not only in technology, but also

in operational discipline, governance and cross-functional coordination. It also requires a shift in mindset, from optimising for efficiency alone to designing systems that can adapt, scale and perform under uncertainty.

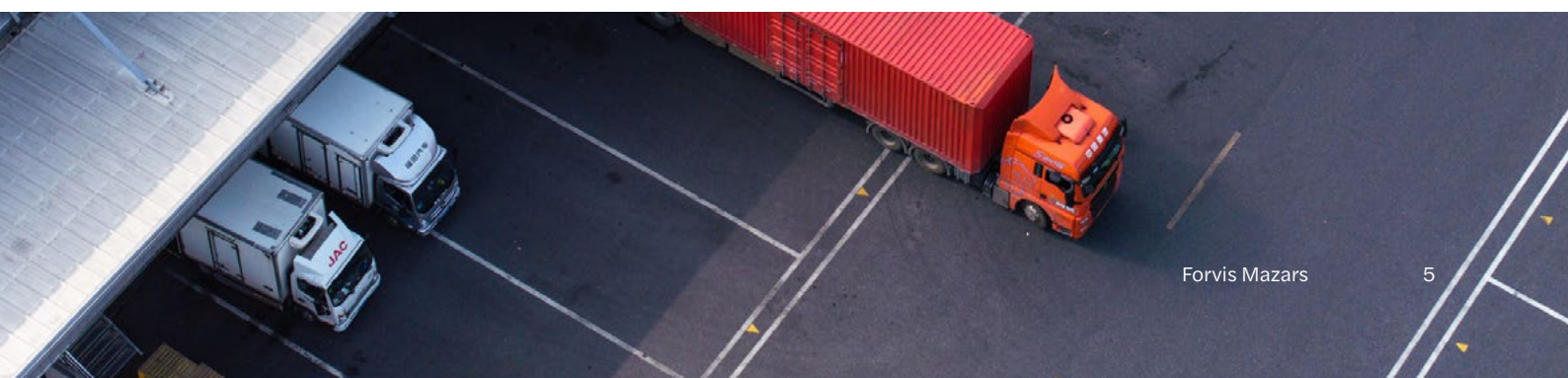
In an environment defined by volatility, regulatory intensity and constant change, success is no longer determined by the ability to predict disruption, but by whether organisations have built the capacity to absorb it. For consumer businesses, that capacity is no longer peripheral but decisive, increasingly determined by the strength, flexibility and maturity of their supply chains.

“Supply chain decisions shouldn't be made in isolation, as they have tax, regulatory and operational consequences. Companies that don't prioritise these risks early on in the process can find it adds significant cost, complexity and delay to their growth plans.”



Claire Cowen

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