Supply chain management

Business, Management

Supply Chain Management: Chocolate Industry By Chocolate Supply Chain

The chocolate supply chain has been marked with high levels of vertical integration over the years, as significant attention has been placed at a number of stages along the supply chain. Hence, the industry is now concentrated on the large-scale transnational confectioneries following a sequence of mergers plus acquisitions.

Traditionally, chocolate firms have been more diverse as they focused on marketing their products within their own home markets than on production. That’s why international chocolate firms like Cadbury and Nestle only outsource their chocolate ingredient requirements to a handful of selected processing firms (UNCTAD, 2008, p. 4). However, such a move could not cope with increasingly seasonal demand patterns, along with short-term variations resulting from weather, political instabilities in cocoa producing nations, and aggressive marketing campaigns (Slack, Stuart, & Johnston, 2010, p. 57).

The intricacies in terms of processing, production and transportation, is mirrored by the multilayered makeup of the chocolate industry, whereby there are discrete product markets within the various stages in the supply chain. This then generates massive implications in terms of transportation, legal disputes based on competition laws, and unbalanced exportat requirements, especially when defining pertinent product market within the chain (Waters, 2003, p. 60). For instance, the chocolate market is widely perceived to be distinct from the consumer chocolate products, which is then categorized into numerous product segments. The goal is not just to control the constancy of the chocolate products, but also to influence it, and they have made dependability as an important external aspect, when it comes to consumer service.

Chocolate supply chain: (UNCTAD, 2008)

Potential Issues and Solutions

The changes that are occurring along the chocolate supply chain are mostly driven by the developments towards branded consumerism. In this industry, public perception is focused on the responsibilities of key chocolate brands. Therefore, the companies have to contend with their level of direct publicity to social plus developmental matters in cocoa-producing nations. This shift should be based on the premise that operations management within a strategic level entails performance objectives being linked to the interests of the chocolate operation's stakeholders (Slack, Stuart, & Johnston, 2010, p. 56).

In this case, they connect to the company's responsibility to their consumers, suppliers/famers, their shareholders, employees, as well as the wider society (Slack, Stuart, & Johnston, 2010, p. 56). Given that quality is a significant factor in the beverage industry, consumer satisfaction or discontent depends on upstream activities. A first tier supplier scheme will be helpful, since it entails moving materials directly to the operations. The industry operation management should seek greater influence in the quality of the chocolate products, even as internally, the quality operations should seek to minimize costs while increasing dependability (Waters, 2003, p. 34). In particular, the boundaries involving trading and the chocolate processing firms have become indistinct. Therefore, companies should now become more involved through network modelling and capacity adjustments (Waters, 2003, p. 144). Such integrated firms are vigorous in both chocolate producing and consuming countries, as they increasingly operate as transmission channels through the use of technology across the chains. This will help in communicating market information, changes in global standards, as well as prices from consumers to the chocolate manufacturers.

List of References

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