

# 9 supply chain issues

## keeping technology and electronics manufacturers awake at night

If you're a technology and electronics manufacturer, supply chain issues can give you sleepless nights. In this infographic, we use our experience as an integrated logistics services provider to show you how to tackle them.

LET'S DIVE IN



## 1 Shorter product lifecycles

Consumers and businesses always want the next big thing, meaning technology and electronics products often go out of fashion quickly. But it's not just a demand problem; it's a design problem too.

**2 MILLION** IPHONE 14 PREORDERS within 24 hours of its launch despite 900 million users.<sup>1</sup>

**AVERAGE OF 2.3 YEARS** SHORTER LIFETIME CYCLE - to Smartphones, washing machines, TVs, and vacuum cleaners - than their designed or desired lifetimes.<sup>2</sup>

As your products have shorter lifecycles, **your supply chain needs to be agile.** That way, you can always keep pace with demand.

## 2 Increasing ESG demands

Increasing environmental, social and governance (ESG) demands are a monumental challenge for all businesses. But none more so than technology and electronics manufacturers, who are well behind the curve.

**53%** OF TECHNOLOGY COMPANIES don't have a decarbonisation strategy or targets in place.<sup>3</sup>

**OVER 155,000** TONNES OF ELECTRICAL WASTE EVERY YEAR. E-waste is the fastest-growing source of waste in the world.<sup>4</sup>

To accelerate your decarbonisation journey and support your **move towards a circular economy**, find a logistics partner that shares your sustainability goals and has the assets to enable change.



## 3 Sourcing complexity

High-tech components are manufactured by a relatively small pool of companies, many of which are based in China.<sup>5</sup> However, amid trade tensions, some companies may want to rethink their manufacturing footprint.

**30%** OF CHINESE COMPANIES control 30% or more of the global market for 15 key technology products and services<sup>6</sup>

**6 out of 10** ORGANISATIONS EXPECT to have an impact on the supply chains.<sup>7</sup>

If you have a Sino-centric supply chain, **it might be time to diversify your supplier base.** You don't have to restructure your entire network but hedging your bets can make your supply chain less scary.



## 4 Meeting the omnichannel

E-commerce is already a popular, often preferred, avenue for technology and electronics purchases - and it's still growing. However, as consumers and businesses expect to receive their orders faster, demand for assets like distribution centres is increasing.

**10.5%** ANNUAL GROWTH RATE for e-commerce in the global consumer electronics segment, resulting in a market size of \$511 billion by 2025.<sup>8</sup>

**1% MORE** GDP OF INVENTORY holdings is now kept by the world's 3,000 biggest businesses compared to 2019.<sup>9</sup>

**Access to warehousing infrastructure is essential to making e-commerce a success.** But with demand on the rise, so too are warehouse rates. Consider the speed/cost trade-off carefully.



## 5 Reverse logistics

Supply chains don't just flow in one direction, especially for online purchases. And, unfortunately, the technology and electronics industry is more familiar with reverse logistics than others.

**20-30%** OF ONLINE PURCHASES are returned globally, compared to only 8-10% of in-store purchases.<sup>10</sup>

**8%** OF ONLINE ELECTRONICS PURCHASES ARE RETURNED making it the second most returned product category in e-commerce.<sup>11</sup>

**Decentralisation can make your reverse logistics smoother and more effective.** Instead of shipping all returns to one, ship them to local warehouses to keep the inventory close to consumers.



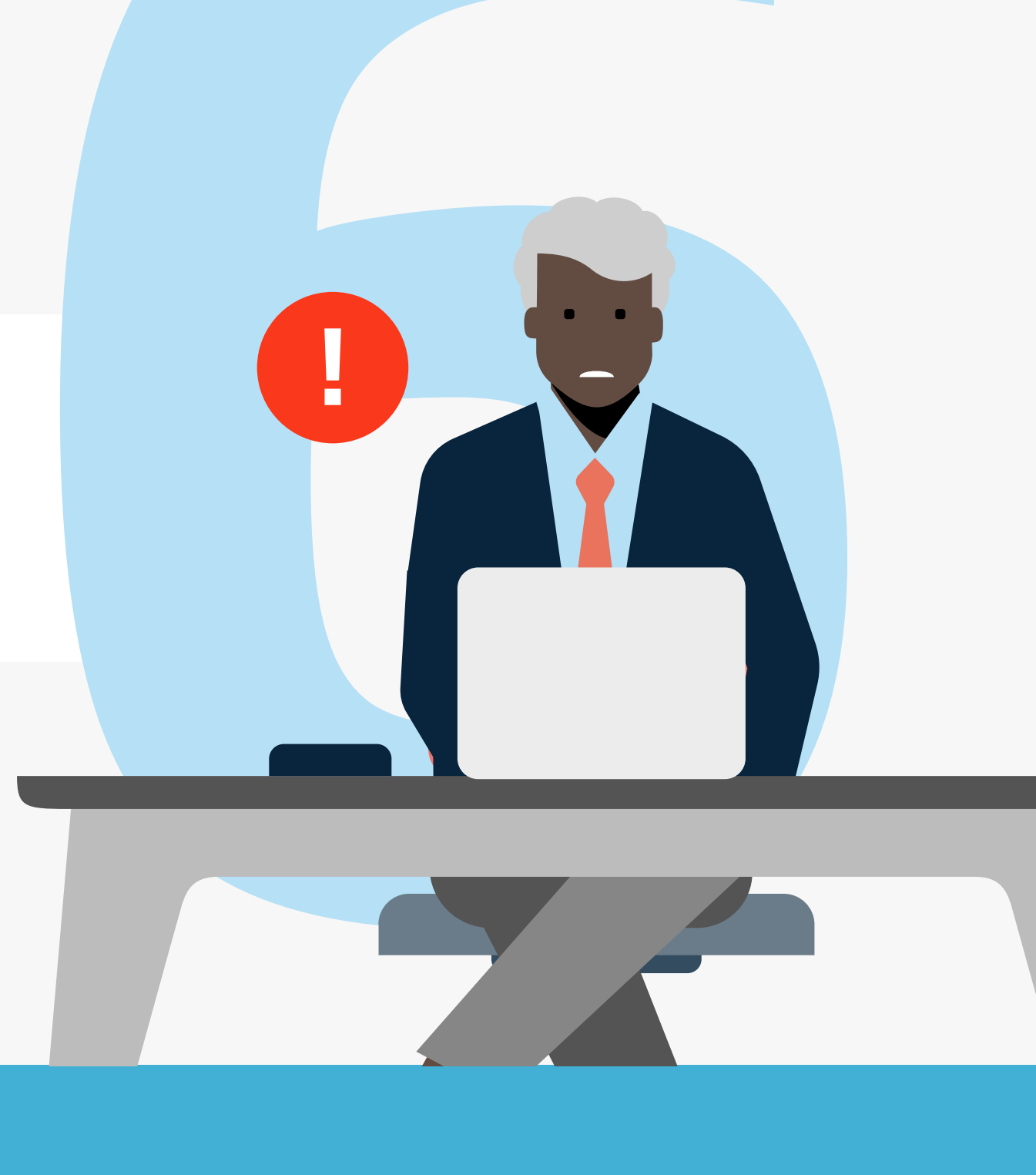
## 6 Security threats

As technology and electronics products are essential components of critical infrastructure, they're high-value targets for cybercriminals. Plus, with more IoT devices in use, attackers have more points of entry.

**300%** MORE ATTACKS ON SUPPLY CHAIN SOFTWARE globally in 2021 compared to 2020.<sup>12</sup>

**NEARLY HALF** OF ORGANISATIONS consider cybersecurity an important challenge for their supply chains through the next three years.<sup>13</sup>

**To protect your supply chain, you need eyes on your shipments at all times.** Breathe more reliability into your logistics with real-time information and data transparency.



## 7 Supply shortages

Integral technology and electronics components like semiconductor chips have long been in high demand, so supply shortages aren't new. However, they're getting worse.

**20%** OF THE GLOBAL SEMICONDUCTOR CHIP is consumed in Europe, but only about 9% is manufactured there.<sup>14</sup>

**30 WEEKS** IS THE AVERAGE WAIT TIME for a semiconductor chip, up from 10 weeks in September 2020.<sup>15</sup>

**Stay ahead of the game.** Keep your inventory up to date and improve demand forecasting to prevent supply problems before they arise.



## 8 Lack of visibility

While they manufacture innovative products, technology and electronics companies don't always apply this innovation to their logistics.

**94%** OF BUSINESSES don't have full visibility of their logistics operations.<sup>16</sup>

**ONLY 2%** HAVE VISIBILITY beyond the second tier of their supplier base.<sup>17</sup>

**Supply chain digitalisation is no longer a nice-to-have.** A big-picture view of operations is required to help you make better decisions at every stage of the supply chain.



## 9 High raw material costs and price uncertainty

Following the pandemic and the Ukrainian conflict, all raw materials have experienced inflation and price uncertainty. The technology and electronics industry isn't immune from these issues.

**71%** OF COMPANIES highlight raw material costs as their number one supply chain threat for 2023.<sup>18</sup>

**\$85.91** A BARREL - the price of Brent crude oil in February 2023 compared to \$62.28 in 2021.<sup>19</sup>

Some market dynamics are outside your control. To mitigate their impact and maintain your momentum, **build resilience into your supply chain with fixed-price contracts.**



Click here to discover how Maersk can help you tackle these issues, and get the peace of mind to sleep better at night.

For step-by-step guidance on how you can gain visibility and improve control in your technology and electronics supply chain, see this visual guide.

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