

Stay competitive amid volatility

A checklist for FMCG procurement professionals

Procurement professionals for fast moving consumer goods (FMCG) manufacturers are no strangers to price volatility. Given the nature of these goods—high-volume, low-price sales—profit margins are inherently narrow. However, recent years have seen a further squeeze on these margins due to escalating costs. Increasing demand for sustainable practices, while important, has also put a strain on manufacturers in this sector.

Making the right moves at every step of the procurement process helps reduce risk and maximize profits. Between supply chain disruptions and unexpected price changes, FMCG procurement professionals need to be ahead of the market to stay competitive. One of the biggest factors to consider is the first step: sourcing your raw materials.

In this guide, we'll explore some of the questions you should ask yourself about your strategies for raw materials sourcing.

01

Do you have tools to monitor price changes in real-time?



Are you equipped with historical pricing insights? How are you tracking the prices of the many critical raw materials needed for your FMCG operations? How does this drive your procurement strategies for critical raw materials? Do you have access to market-reflective price data to refine your tactical approach?

Price volatility is nothing new for procurement professionals in FMCG since it deals with a wide range of raw materials from agricultural commodities to metals and forest products. Strain material management processes and make it difficult to accurately budget category spend. Receiving timely updates on pricing trends enables you to grasp the current valuation of essential raw materials such as paper packaging, pallets, pulp, aluminum, steel, vegetable oils and so on, giving you a solid foundation for strategic procurement decisions.

02

Do you have visibility over supply and demand forecasts for the raw materials critical in FMCG?



Since FMCG manufacturers move a large volume of products, they need to source a large volume of raw materials from multiple suppliers. You may be able to see what market prices are now, but how far into the future can you anticipate the market? Raw materials for FMCG manufacturers come from various sources such as agriculture and forest and metal products, each one with their own set of factors affecting its price. So it's essential to have clear visibility over market forecasts. With detailed market insights, you can align your strategies with the direction of the market. Accurate forecasts enable businesses to adjust to projected shifts in demand, optimizing procurement and minimizing excess inventory costs.

03

Do you have a solution for managing rising costs and volatile prices?

Rising costs and volatile prices are common and well-known challenges in the FMCG market. Real-time price data takes the guesswork out of anticipating the market and hedging price risks.



With comprehensive insights into market dynamics, businesses can better manage the procurement process for raw materials. Hedging your risks will ensure your sourcing strategy strikes a balance between profitability for your organization and affordability for your customers. By using Fastmarkets' forecasts and insights, you streamline the laborious task of researching price and supply, empowering you to focus on more strategic tasks. At the same time, you transfer the risk of liability from your own internal forecasts to an external source.

04

Do you have transparency over supply and demand forecasts to optimize inventory levels?

Ensuring a reliable supply for your organization is paramount. It requires visibility into the complex supply chain and a clear outlook on the supply and demand of key materials.



A better understanding of price movements as well as supply and demand dynamics will enable you to prepare effective scenario planning strategies for shocks and fluctuations. With this insight, you can re-assess your options, whether it is dual sourcing, changing raw materials or adjusting production schedules for your product. Additionally, staying informed about the performance and production activities of companies within the FMCG space is essential. This enables you to assess production levels accurately and avoid overproduction, which could adversely impact market prices.

05

How are you keeping up with sustainability trends within the FMCG industry?

As sustainability becomes more crucial, it often involves added expenses. Buyers must tackle the task of replacing less sustainable materials while maintaining cost efficiency. Procurement teams are tasked with evaluating suppliers based not only on price and reliability but also on factors like emissions and other ESG considerations.



Receiving regular reports on packaging and sustainability trends along with extensive industry sets helps procurement leaders in the FMCG space pinpoint suppliers that align with their criteria, such as carbon emissions profiles at both the producer and plant levels.

How well do you understand your suppliers' cost structures?



How do you know if your suppliers are overcharging you? Are their prices the industry standard?

With reliable price data and a firm grasp on market dynamics, FMCG players will be able to compare cost inflation against industry standards. A better understanding of costs also allows you to evaluate suppliers better, giving your organization the leverage to challenge the suppliers' price-increase logic or negotiate for price decreases.

Looking to fill the gaps?

With over 100 years of price reporting experience and several decades of reporting on commodities that now comprise raw materials critical in the automotive industry, our range of outlooks and forecasts will provide you with the data and expert analysis you need to assess the market effectively.

Our insights and forecasts are designed to address the needs of procurement professionals within this space.

Price data and news	✓ Breaking news and market-reflective commodity prices for softwood, hardwood, paper packaging, pallets, recovered paper, tissue, nonwovens, pulp, base metals and steel
Short-term forecasts	✓ Two-year forecasts for paper packaging, recovered paper, pulp, nonwovens, wood products, base metals, steel and steel raw materials
Long-term forecasts and analysis	✓ Up-to-date 5- and 15-year forecasts for paper packaging, pulp and wood products
Asset analysis	✓ Covering mills, machines and plants across the world providing visibility into mill operations, cost of production, input consumption, operational profitability, competitive benchmarking and more

Why choose Fastmarkets?



Trusted data

Price data is market-reflective and backed by IOSCO-compliant methodologies



Expert analysis

Gain access to experts, from price reporters on the ground in key markets to analysts researching shifting market dynamics



Extensive coverage

We assess over 5,500 prices on a daily to weekly basis covering key materials like pulp, recovered paper, carton board, vegetable oils and metals and many more



Fastmarkets Dashboard

Personalized view of markets most relevant to you through our fully customizable dashboard, with an easy-to-understand view of price data, price trends and news

Secure your raw materials supply now.

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