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**Woolworths Australia**

SCM during covid-19

Executive Summary

The transformative procedures that turn resources into completed products and services are tied together by operational management. As a result, controlling operational processes is critical to an organization's success—for example, Woolworths Group Ltd offers fresh items for its clients and has used these services as a recurring theme in its logo and well-known tagline. 'The Fresh Food People are Woolworths.' Throughout the COVID 19 Pandemic, the organisation has shown that it has successfully addressed problems that may arise during its routine everyday processes. Operational managers are supposed to devise strategies for achieving the organization's current and future objectives. This entails identifying issues that may obstruct the achievement of the objectives and efficiently addressing them inside the company. Woolworth's chain management, for example, meets and exceeds consumers' wishes and demands in a variety of ways. During COVID 19, however, demand and supply became a worldwide economic issue, putting tremendous strain on the organization's supply chain management.

Table of Contents

[Introduction 3](#_Toc102245570)

[Analysis of the Industry 4](#_Toc102245571)

[PESTLE of Woolworth 4](#_Toc102245572)

[Major suppliers/sources of supply during pandemic 6](#_Toc102245573)

[Woolworths supply chain issue 7](#_Toc102245574)

[Causes of Woolworths supply chain issue 10](#_Toc102245575)

[Recommendation 11](#_Toc102245576)

[Conclusion 11](#_Toc102245577)

[References 12](#_Toc102245578)

# Introduction

Woolworths Supermarket is a well-established supermarket chain in Australia, with a presence throughout a substantial portion of the country's industrial background. This report will illustrate the many characteristics and repercussions of globalisation on businesses. The business's history, present operations, tenure, intriguing facts, and basics of future approach have all been described in detail (Woolworths Group Ltd., 2021). The study focuses on Woolworth's operations and supply chain procedures, with a focus on how successfully they have (or haven't) dealt with the pandemic's issues and what they may have learned that might help them be better equipped to deal with a highly disruptive event in the future. With so much information, it will be easier to provide a clear and complete picture of a broad range of organisational criteria. Condensing content from several credible sources resulted in the creation of several sections. Operations management is a critical component of a company's organisational structure, translating inputs and raw materials into a recognisable physical produced product for customers, as in Woolworth's instance. Productivity is significantly influenced by internal organisational structures. Oversees the integration of general operations systems, manufacturing operations, and people to manage productivity via operational factors. The supply chain connects operations related to the transfer of raw materials and the creation of the end product to offer customers tangible things to buy. Consumer demands are met in-store, ensuring that stock is taken care of on a regular basis to keep the supply chain moving smoothly into the shop (Parliament of Australia, 2020). This may range from production planning to customer service, which is both easy and effective. By supplying services and commodities that meet client expectations, the value chain increases consumer value. Operational management establishes an internal structure that team members must follow in order to meet the organization's objectives (Woolworths Group Ltd., 2021). They determine the talents and resources available to the organisation in order to enhance the final goal's development. Value chain management is used by Woolworths Group Ltd's operations management system, which evaluates existing skills to see whether the value is required. COVID 19 boosted sales, but it also had a huge influence on the supply chain, hurting customer happiness and availability.

# Analysis of the Industry

The retail business is fast gaining speed to give favourably to the overall perspective as a result of continuous economic and social advancements, including vigorous economic growth, growing buying power, and expanding population. According to Mordorintelligence.com, Australia's retail business will expand by 2% during the next five years, from 2013 to 2018. (2017). Given that Australia's retail business is the second smallest in the Asia Pacific (ASPAC) region, such a pace of growth suggests that the industry needs significant improvement (Veselovská, 2020). The country's condition market is very volatile, suggesting that a major uptick or downtick might occur at any time. Low loan rates, along with a rise in people's discretionary income, could assist the industry flourish more swiftly. Regardless of the industry's slow development, trading has done well, especially internet sales, which have increased significantly in recent years. Since low lending rates and the development of household credit promote consumers to splurge, the industry has turn out to be more price-economical while offering buyers the most accessibility (Powell, 2021). Woolworths Group Limited, Australia's well-known food and grocery retailer, was founded in 1924 and opened its first shop in Sydney three years later, during the Great Depression. Introducing the well-known "Fresh Food People" campaign, which debuted in 1987 and quickly became a publicly re-listed stock market in 1993, obtaining "96 percent of all fresh fruit and vegetables and 100 percent of fresh meat" (www.woolworthsgroup.com.au, n.d.). With more than 215,000 workers nationally, Australia's second-biggest food and stapling chain are currently regarded as one of the country's major food and stapling businesses. Woolworths (WOW) has a share price of $39.63, according to the Australian Stock Exchange (ASX - WOW WOOLWORTHS GROUP LIMITED 2021). The impact of COVID 19 on the company's share prices from 2020 until now has been revealed by ASX (WOWs) (Parliament of Australia, 2020).

# PESTLE of Woolworth

**Political**

Political factors are essential to consider when evaluating the factors that may have an influence on Woolworths Limited's long-time viability in each country or market. Woolworths Limited works in the Food & Staples Retailing industry in more than a dozen countries, revealing it to a range of political risks (Knight, 2021). To succeed in such a vibrant Food & Staples Retailing industry across several countries, it is vital to expand the systemic risks of the political atmosphere. Woolworths Limited may carefully consider factors such as the importance of the food and staples retailing business in the country's economy, political stability, the threat of military invasion, levels of corruption, chiefly in the Food and Staples Retailing industry, government administration, and involvement in the food and staples retailing industry before entering or investing in a market. Woolworths also takes care of contract execution legal framework, intellectual property protection, food and Staples Retailing Trade Regulations and Tariffs, preferred corporate associates, antitrust laws about food and staples retailing, rates of taxation and incentives, wage legislature, such as the minimum remuneration and overtime pay, food and Staples Retailing Workweek Regulations, and employee perks that are required (Macau, 2022).

**Economic**

Despite government interference in free markets and the food and staples sector of the economy, various economic views are blooming, allowing Woolworths to develop profitably. Australia and New Zealand are both economically stable, with a good quality of living, which helps the company's retail sales accelerate. According to the World Economic Outlook 2018 of the International Monetary Fund (IMF), Australia's GDP is among the top twenty in the world, representing considerable growth potential for merchants (Hobbs, 2021).

Customers prefer organic products provided by retailers with a green tag. Sociocultural Environment – People of all demographic levels prefer firms that offer environmentally friendly products and services, and many customers choose organic products provided by retailers with a green tag. Woolworths recognises this trend and is dedicated to supplying 'green' items while also being a leader in fostering a better standard of living (Sallis, Owen and Fisher 2015). Woolworths has recognized various sustainability programmes and efforts all over the years to deal with variations in the socio-cultural environment, including its sustainability plan 2007-15 (Kaye and Sridharan, 2022).

**Technology**

Woolworths has begun a journey to develop more digitally confidence as part of its continuing transformation to offer better service. The majority of these functions are crucial to a corporation's success; thus, speed and agility are required. All through the earlier financial year, Woolworths unveiled the idea of smart shops, intending to make its stores better via the application of robots and iPads with built-in cameras at self-serve checkouts. The retail titan has proposed a subscription model that entails monthly and annual payments as well as free home delivery of items purchased via the firm's own app. Another technical use being considered is the 'shop and go,' which was intended to help consumers with their shopping problems (Knight, 2021).

**Legal**

The new ASIC legislation, which compels all Australian companies to publish a climate shift report as part of their operational financial evaluation, might harm the company's image. Companies who aren't worried about climate change may find it difficult to collect funding in Australia, where OFRs may be utilised to acquire cash from particular investors without having to publish a catalogue. As a consequence of their endeavors to reduce their carbon footprint and promote to a healthy environment, Woolworths may be less damaged. Woolworths must endeavour to keep its stock up to date to avert any legal allegations against its merchandise, despite complying with a variety of standards and rules. Changes in the law affecting competition, employment, health and safety, product safety and consumer safety, confidentiality, anti-bribery and misconduct, anti-money cleaning, liquor, gambling, and the environment will have an immediate influence on how the company works. The legal team must stay up to speed on any modifications that occur in order to preserve conformity with the various standards (Gilfillan, 2020).

**Environmental**

There are a few crucial points to note while addressing environmental factors in Woolworth's group PESTLE analysis: As part of its Good Business Journey effort, Woolworths has built key CO2 systems, mounted natural refrigeration units to reduce carbon discharges, and developed stores that meet the 5-star green star design standard (Cook, 2022).

# Major suppliers/sources of supply during a pandemic

Woolworths rapidly recognised the critical role we needed to play as the COVID-19 epidemic spread throughout Australia, with a team of over 200,000 people and over 3,000 shops in practically every region. We introduced safety measures and education to enable our staff to do their role in promoting health and safety in their communities, guided by health advice and searching for best practice initiatives in other countries facing comparable conditions (Chua et al., 2021). PPE, Health, Hygiene, Cleaning, and Social Distancing were the five pillars on which the efforts were centred.

Graphical user interface, text, application, email

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Image: Woolworths is developing a framework to handle a rapidly shifting situation during a pandemic

Source: (Parliament of Australia, 2020)

# Woolworths supply chain issue

Following the initial outbreak of the Covid-19 pandemic in Wuhan, China, supply chain issues developed. As the illness spread over the globe, the World Health Organization (WHO) proclaimed it a pandemic and advised that most people remain inside to help avert the sickness from spreading (Blake, 2022). As a result, numerous nations have closed their borders, disrupting passenger travel as well as logistics and supply chains. In Australia, the government implemented an air travel restriction, leading many Australians to believe they would suffer food shortages and begin stockpiling vital items such as pasta, canned food, and toilet paper rolls. As a result of the panic shopping, supermarket behemoth Woolworths ran out of goods. One of the things on the list was toilet paper (Cook, 2022). Kimberly-Clark is a global corporation based in the United States that produces paper-based consumer items such as tissue, toilet paper, baby wipes, and sanitary napkins. In addition, it manufactures medicinal and surgical devices. It operates in over 40 countries all over the globe. During the COVID-19 epidemic, Australia saw an unusual surge in demand. This was due to consumers' panic shopping at supermarkets, which resulted in bare shelves and no supplies for others. Kleenex is a Kimberly-Clark brand that provides Woolworths with toilet paper (Kaye and Sridharan, 2022). Its Millicent factory in South Australia is where toilet paper is now produced in Australia. Kimberly-Clark has increased output at its Millicent facility in South Australia in response to a rise in demand for home basics fueled by rising worries of the coronavirus. To meet the increased, short-term demand, the corporation said that its manufacturing lines are functioning 24 hours a day, seven days a week. Furthermore, the supplier said that it is working directly with retailers to address the shortages as soon as feasible (Hobbs, 2021).

Demand forecasting is always a major worry for a company. High demand necessitates the stocking of more inventory, while stable demand necessitates the stocking of less inventory. Woolworths, for example, maintains a consistent demand for all items, including toilet paper rolls, allowing them to adequately supply their consumers. However, it failed to match the market's unexpected spike, which steadily intensified as the government closed state borders, causing consumers to be concerned about supply chains (Macau, 2022). Woolworths had to down its shop for a day in order to reshelve goods and advise their suppliers about the exceptional demand, telling them to ramp up production. According to an analysis, Australian retailers' monthly retail turnover on toilet paper, pasta, and wheat quadrupled, while expenditure on preserved food, medical supplies, and cleaning products grew by 50% (Knight, 2021).

Chart

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Source: ABC News

**Highly fragmented data, asymmetric information**

Information about shortages was widely disseminated on the Internet at the start of the outbreak, particularly when New South Wales was placed under lockdown, resulting in panic shopping. The information imbalance between suppliers and consumers, which is largely fragmented, is at the root of these issues. When customers see empty shelves, they automatically assume that toilet paper is no longer available (Veselovská, 2020). Toilet paper, on the other hand, is a product with relatively predictable purchase behaviour, according to Economist Jim Luke. Stores normally keep adequate goods to last two or three days. Customers typically purchase toilet paper every two weeks or so, enough to last until their next trip to the large box store. To put it another way, toilet paper is momentarily stolen by the consumer rather than being used up (Knight, 2021).

**The discrepancy among the material management information system and the real situation results in information opacity**

The opacity of management information, in addition to the asymmetry of supply and demand information, is a key issue in this pandemic. The conventional supply chain is beset by ineffective management approaches in the face of rising demand. As a consequence, the material administration information system and the real situation are inconsistent. Woolworths, for instance, declared on March 5 that the manufacturers of Kleenex, Sorbent, Quilton, and Woolworths' own toilet paper had expanded output. Further queries from the media to Woolworths, such as how frequently toilet paper was refilled and why certain aisles lay empty for long periods, went unanswered, escalating customer anxiety (Powell, 2021).

**There are ineffective coordination mechanisms across industries, departments, and regions**

The conventional supply chain is a kind of industrial chain that connects upstream and downstream businesses. Continuous communication, coordination, consultation, and confirmation are crucial for data exchange and flow between upstream and downstream businesses (Parliament of Australia, 2020). Communication costs in the supply chain are considerable as a consequence of the lack of effective harmonisation methods between sectors, divisions, and locations. More toilet paper distribution is dependant on warehouse space, trucks, and re-stockers, according to Flavio Macau, senior professor of supply chain management and global logistics at Edith Cowan University and board member of the Australasian Supply Chain Institute. According to Macau, "it's not as straightforward as it seems" (Macau, 2022).

# Origins of Woolworths supply chain issue

The major source of this issue was people purchasing large quantities of items in a panic, particularly toilet paper, and stockpiling as much as they could. As a result, Woolworths' shelves were almost bare, severely limiting purchases. As other nations went into total lockdown because of the threat of a covid 19 epidemic, Australia supplied its people with what they required in a limited way (Knight, 2021). Woolworths' open-closing hours were also impacted, and they had to double-check that the shops were closed before restocking for the following day to ensure the safety of its employees and customers (Macau, 2022).

**Woolworth how to deal with the problem of toilet paper issue**

1. Product supply should be increased by the supplier.

Kimberly-Clark has increased output at its Millicent facility in South Australia in response to a rise in demand for home goods fueled by rising worries of the coronavirus. To meet the increased, short-term demand, the corporation said that its manufacturing lines are functioning 24 hours a day, seven days a week. Furthermore, the supplier said that it is working directly with retailers to address the shortages as soon as feasible (Kaye and Sridharan, 2022).

2. Restock the supply

Woolworths and its suppliers are working nonstop to restock stock levels in its shops. Woolworths stores throughout Australia have stated that they would be shut for one night only to refill their supermarket shelves in order to fulfil consumer demand, according to ANZ economists Adelaide Timbrell and David Plank. "Stockpiling on groceries, toiletries, and pharmacy items appears to have tipped in the week ending March 20," they said in a new evaluation of national retail patterns (Hobbs, 2021).

3. Improve transport efficiency

To accommodate the huge growth in Woolworth volume over the network. Woolworth has been engaging with current and latest carrier associates to bring in extra transport apparatus to help with the project (Cook, 2022). Woolworth has also received cooperation from state governments, who have removed curfews for delivery to stores, and several carriers have reached out to provide more support as a result of the company's increasing volume. Woolworths has also added four pop-up warehouses to its supply chain networks in the last month to allow it to distribute even more products to shops, as well as arranged for certain suppliers of high-demand commodities to transport directly to stores (Gilfillan, 2020)."

# Recommendation

During the pandemic, the Woolworths Group faced several challenges; nevertheless, using Artificial Intelligence (AI) in the shop would restrict human touch, lowering health risks for both employees and customers (Chua et al., 2021). The AI system will improve its operational management structure, precisely recording inventory demand and supply, and exceeding the wants and pleasure of customers. In 10 shops throughout New South Wales, the pilot 'Scan&Go' AI system was launched. It is supposed to automatically weigh and identify the fruit or vegetable. While stock turnover, management of expired items, and time efficiency may all help Woolworths, a complex two-step procedure for loose fresh fruit is one of the numerous challenges that might occur when dealing with new modern technology (Macau, 2022).

# Conclusion

The operational and managerial obstacles experienced by Woolworths Group Ltd during the first COVID 19 epidemic reveal difficult concerns that customers, management, and employees had to deal with on a daily basis for months. The issues originate from a scarcity of raw materials that customers anticipated to find in stores; although stock prices rose throughout both waves, the company's ability to grow was hampered by an inconsistent supply chain during a chaotic era. An artificial intelligence system would have aided their supply chain structure, helped them overcome the challenges of demand forecasting, and increased earnings and market share while surpassing customer expectations. While eliminating close human interaction, customers' and employees' health and well-being are actively preserved.

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