

The Supply Chain Compass:

Spotlight on Sustainability



A note on the audiences

As we step into a transformative period for supply chains, uncertainty is our new norm. We are witnessing rapid changes driven by technological innovation, geopolitical tensions, inflation, climate change and more. These shifts have fundamentally altered the landscape of supply chain management, especially since the COVID-19 pandemic. Speed, precision and agility have become the cornerstones of success, where quicker access to accurate information enables businesses to make the right decisions, faster, and to navigate changes, challenges and opportunities effectively.

In the context of such constant change and challenge, we spoke to 671 senior supply chain leaders across Europe and North America, operating in a range of industries within manufacturing, retail and logistics. We asked them about their hopes and fears, about the way their supply chain runs, about their priorities for the future and how they see their supply chain evolving over the next five years.

The research was conducted independently by B2B International and took place from November 2024 to January 2025. This was before the inauguration of U.S. President Donald Trump on the Jan. 20, 2025, and before the president's announcement of trade tariffs in April 2025.

In this report we identified three groups based on their strategic priorities.

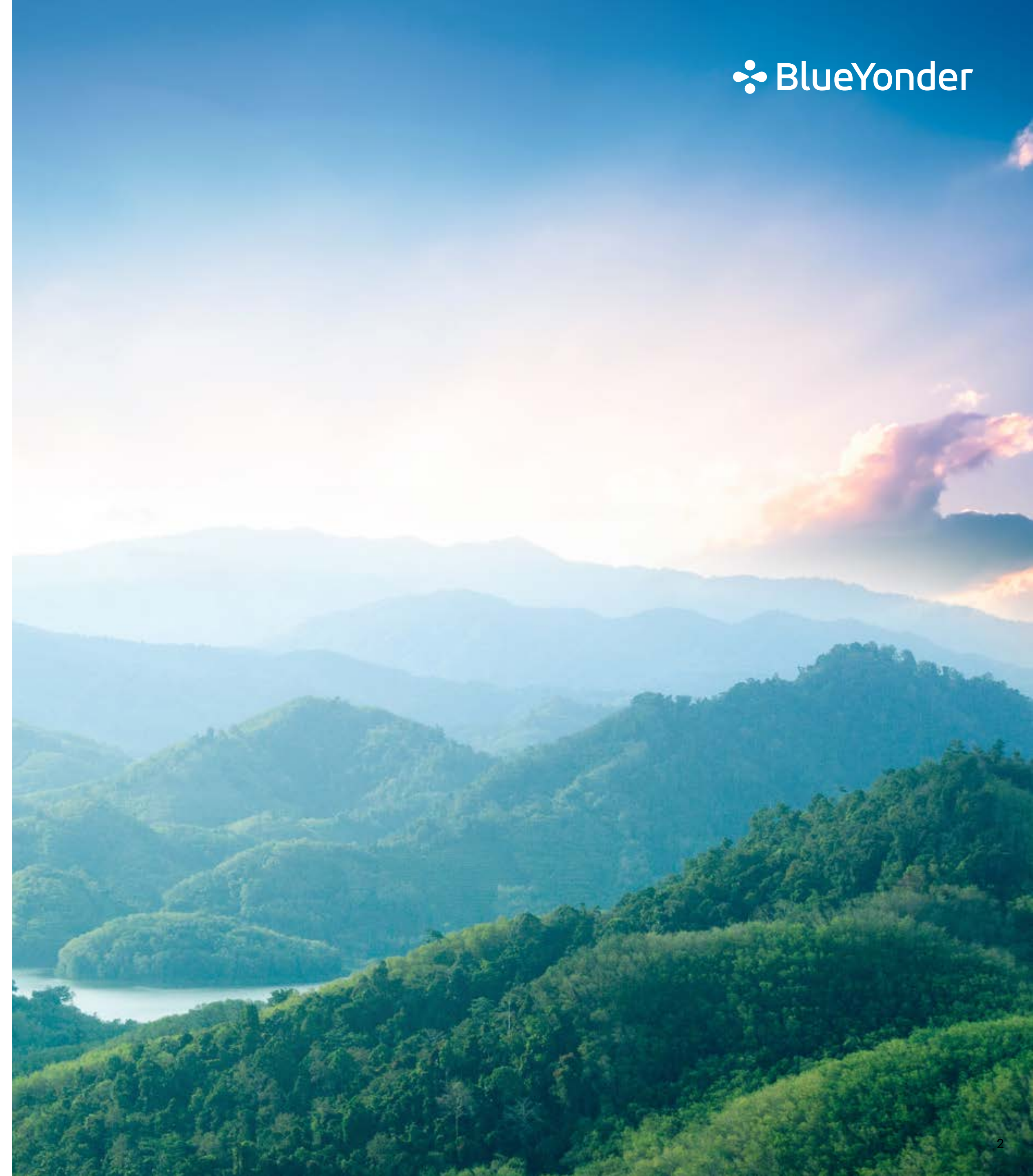
Group A: Resilience Builders

This group's business priorities include a focus on efficiency, productivity, resilience, real-time supply chain management, breaking down silos or improving the quality of service provided to end customers.

Businesses in this group (A) are spread across the industry—half in Manufacturing, one-third in Retail, and one in five operating in Logistics—with a greater presence in the U.S.

The priorities which unify them are more common to retail hardlines businesses, parcel carriers and third-party logistics businesses (3PLs), and industrial, high tech, and semi-conductor manufacturers.

Sentiment-wise, this group (A) is somewhat optimistic: 56% are “very optimistic” about their financial outlook for the next three years, above Group B (39%) and below Group C (73%). However, Resilience Builders are 20% more likely than average to say that the supply chain is facing a lot of challenges without many clear solutions.



Group A
Resilience Builders

46% of leaders

Operationally, they currently see themselves as more reactive businesses, less ready for the future or to handle unexpected shocks (66% agree that their supply chain is ready for the future; 43% state that for unexpected shocks, they have some measures in place, but there's room for improvement), and one in three rate their performance as excellent across key business areas from customer satisfaction (highest), through to employee satisfaction (lowest). Despite some challenges, 56% are very optimistic about the revenue and profit outlook of their business over the next three years.

Group B: People-First Operators

Over a quarter of supply chain leaders have different priorities to those primarily focused on efficiencies. This group aims to make their businesses more agile, through operational excellence, investing in people and geographical expansion.

These tend to be younger businesses and they're more likely to be retailers or logistics businesses than those in the other groups (24% have been in operation for fewer than 30 years; 28% are from

the Logistics sector and 26% are from Retail). Specifically, CPG retailers and manufacturers, convenience retailers, automotive manufacturers, and logistics 4PL and 5PL.

This set of leaders are more pessimistic and seemingly more challenged by the current goings on in the world of commerce. They are 20% more likely to think that old business models are being radically disrupted, and that slow decision making/execution is a drag on their business.

Operationally, they are somewhat conflicted: 60% are of the belief that their supply chain can manage and recover from unexpected shocks, yet just 25% rate themselves as excellent across key business areas (from supply chain planning the highest, down to execution lowest). This is reflected in their financial outlook, where only 39% are "very optimistic," the least confident group of the three.

Group C: Sustainable Accelerators

The final quarter of businesses have a different outlook to groups A and B, prioritizing faster and better decision making, sustainability and customer centricity.

This group tends to be comprised of retail soft lines businesses, life sciences manufacturers and third-party logistics operators. Leaders with this set of objectives are more likely to be in mainland Europe than the USA. Additionally, 20% of this group have an annual revenue of between \$250-\$499 million (compared to 14% of the total sample).

Culturally, this set of leaders are the most optimistic and proactive of the three. 82% state their supply chain is ready for the future, and two in three believe their business can effectively manage and recover from unexpected shocks. Nearly half rate their business performance as excellent, where supply chain planning is their best performing area, and ecommerce fulfillment is their weakest. As a result, 73% are very optimistic about their future financial performance.

The full report, "The Supply Chain Compass," can be found [here](#). In this spotlight paper, we're going to look specifically at attitudes and sentiments towards Sustainability.

Group B
People-First Operators

28% of leaders

Group C
Sustainable Accelerators

26% of leaders

Sustainability in the supply chain

With 60% of the world’s carbon emissions coming from the supply chain, sustainability is top of mind for leaders. The number one word used by the leaders in our study to describe how they feel about supply chains was “sustainable.” Moreover, terms like “sustainable,” “ethical” and “resourceful” are commonly used when leaders are describing their outlook on the future of industry.

Simultaneously, respondents indicated circularity was top of mind, particularly in technological investments. Many leaders cited collaboration, real-time data sharing and end-to-end technology to be priorities. Advancements like these in circularity will lead to advancements in sustainability. As one leader described:

Moving toward circular supply chains is a major shift that excites me. This model reduces waste, minimizes resource consumption and supports sustainability efforts while creating new business opportunities in refurbishing, remanufacturing and recycling. The shift to circularity also creates opportunities for businesses to implement product as a service models where products are leased rented or subscribed to, instead of being sold. This generates continuous revenue and enables the take back of products for refurbishment or remanufacturing.

Manufacturing supply chain leader, Denmark

68% of leaders agreed that the onus of solving sustainability problems like waste and climate change is on supply chain operators, indicating the pivotal role they believe they play in sustainability efforts. However, despite feeling responsible for the transformation, sustainability initiatives are often at odds with other business objectives: For leaders who ranked profitability as a top priority, only 11% also ranked sustainability as a top three priority. A similar view is seen for operational priorities like improving efficiency and productivity, cross-functional operational excellence, and building an agile business.



Sustainability runs counter to most priorities

% of leaders focusing on each strategic priority also focusing on sustainability

Implementing new technology	29%
Becoming more customer-centric	27%
Faster/better decision making	26%
All leaders	24%
Better real time management of our supply chain	20%
Improving our quality of service (e.g through better faster/fulfillment)	16%
Improving efficiency & productivity	13%
Becoming more resilient to risks and challenges	12%
Increase profitability	11%
Expanding our geographical coverage	11%
Breaking silos, ensuring our supply chain is connected end-to-end	9%
Cross functional operational excellence	7%
Building a more agile business	6%
Investing in our people	5%

Sustainability initiatives should not be at odds with business objectives, and it indicates there is a need to reframe what sustainability means and how it is cohesive with overall business objectives. Within this report, we will explore the tensions between sustainability and business goals exist, plus how companies are taking steps to overcome them.

Just 11% of profit focused leaders also consider sustainability a top priority

Who drives sustainability in the supply chain?

A significant portion of leaders (68%) agree that there is an onus on supply chain operators to help solve problems like inflation and climate change, recognizing their responsibility and the role their businesses will play in the transition. Unfortunately, only 26% of respondents rank sustainability as a top three strategic priority.

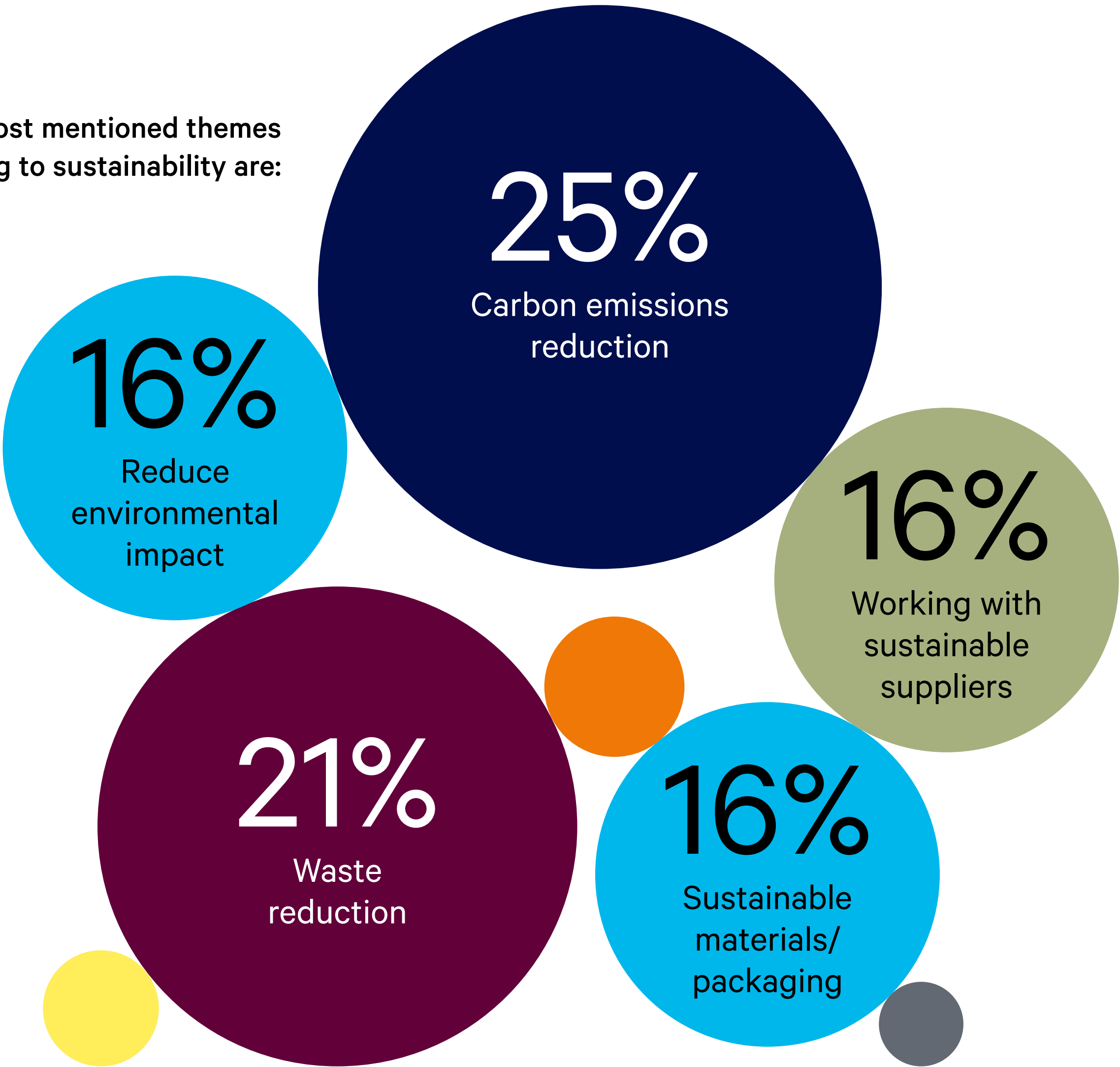
In a world of disruption and decision fatigue, sustainability often falls behind other priorities. Initiatives that exist are largely in place because they can be measured or have targets such as reducing carbon emissions.

% agreement



Whilst most have a view of what sustainability means to their organization, it is not particularly sophisticated

The most mentioned themes relating to sustainability are:



The current state of play on sustainability is a focus on reducing environmental impact, and there is a fairly uniform view on what this means across organizations.

Most organizations think of sustainability as an environmentally focused topic within the context of supply chain management.

Most initiatives look like:

- Offsetting emissions completely, reduce/re-use/recycle, find partners up and down the supply chain with similar values.
- Taking accountability and taking action to maintain sustainability like reducing carbon emissions from trucks, warehouses and other parts of the supply chain.
- Partnering with recycling firms or local artisans to repurpose damaged items to achieve zero waste in operations by diverting unsellable items through recycling or repurposing initiatives.

While these efforts are crucial, they are mostly driven by regulations and a sense of responsibility. As a result, the efforts in place today could be jeopardized by political shifts or consumer sentiment. Moreover, we see a gap between the groups of supply chain leaders that we introduced earlier. Some groups take a proactive approach, while others hesitate to move beyond intent.

Group C, The Sustainable Accelerators, focused on speed and sustainability, sits ahead of the pack in this section. Leaders in this group have sustainability as a strategic objective, believing it's the right and necessary thing to do. For them, sustainability is not something to focus on only when business performance is otherwise good. These leaders see the link between sustainability and commercial growth, while leaders in Groups A and B tend to focus on other priorities first.

Despite the emphasis on sustainability, only one in five supply chain leaders indicated confidence in achieving their sustainability objectives, compared

to 57% of leaders who said they were confident in becoming more customer-centric, for example. Based on these responses, we can assume that supply chain leaders want to make strides in sustainability but lack the resources and tools to execute efficiently. Pursuing carbon emissions and waste reduction goals without solutions that are integrated into supply chain management has historically been ineffective and time-consuming.

Despite the clear connections solutions providers see, few leaders make the connection between sustainability and technology. Only 11% see an opportunity for artificial intelligence (AI) to help better understand environmental impacts of the supply chain, leading to more organizational sustainability. Just 8% list sustainability benefits as a main advantage of adopting AI. Despite these numbers, 26% of respondents believe that forecasting technology can improve efficiency and, in turn, sustainability efforts. So, there is a path forward for many organizations.



Sustainability and profitability for the supply chain

As mentioned above, many leaders have a narrow view of what sustainability will bring to their business. Even those with sustainability as a strategic objective often see sustainability in strict terms that often involve bearing additional costs.

Actions like recycling come to mind rather than broader efforts enabled by technology, such as precise forecasting, which saves on cost and redundant labor. On the other hand, there is often no credit given for avoiding a problem through accurate planning compared to the times they solve a problem the team knows about. Connecting the dots between effort and quantifiable results, particularly around cost and savings, will turn sustainability from an obligation into an imperative that impacts the bottom line for companies.



Opportunities for sustainability investment



And if companies don't connect those dots, it seems that customers will do it for them. In B2B purchase decisions, the influence of personal decision-drivers like ESG and sustainability credentials has accelerated. In 2024, these personal drivers overtook professional drivers (pricing, quality, range) for the first time as a driver for brand choice. A company committed to reducing environmental impact has increased in importance for decision-makers among B2B purchasers. An outwardly visible commitment to sustainability matters in purchasing decisions for both consumers and B2B decision-makers. It can make the difference between winning and losing a contract, with policies often submitted as part of procurement processes. However, articulating a commitment to reducing environmental impact is one thing; clear actions are another. To be chosen, companies need to be seen taking meaningful action on ESG and sustainability.

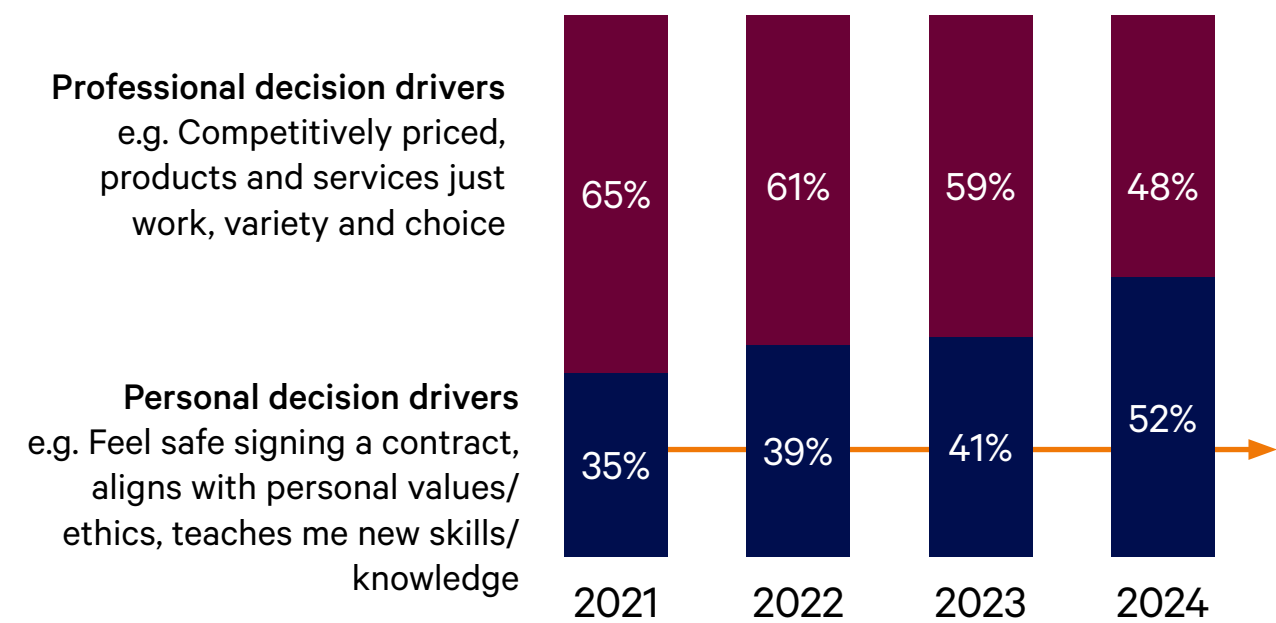
Electric vehicles in the supply chain are one way that companies are doing more than just making a commitment to change. In the survey, 49% of companies said they have invested in EVs and 60% plan to invest further over the next year. Those investments will certainly do more to earn the attention of Millennial and Gen Z audiences, who now represent almost two-thirds of global decision-makers for B2B products and services. As their influence continues to grow, companies that invest in sustainable practices will ensure profitability in the future.



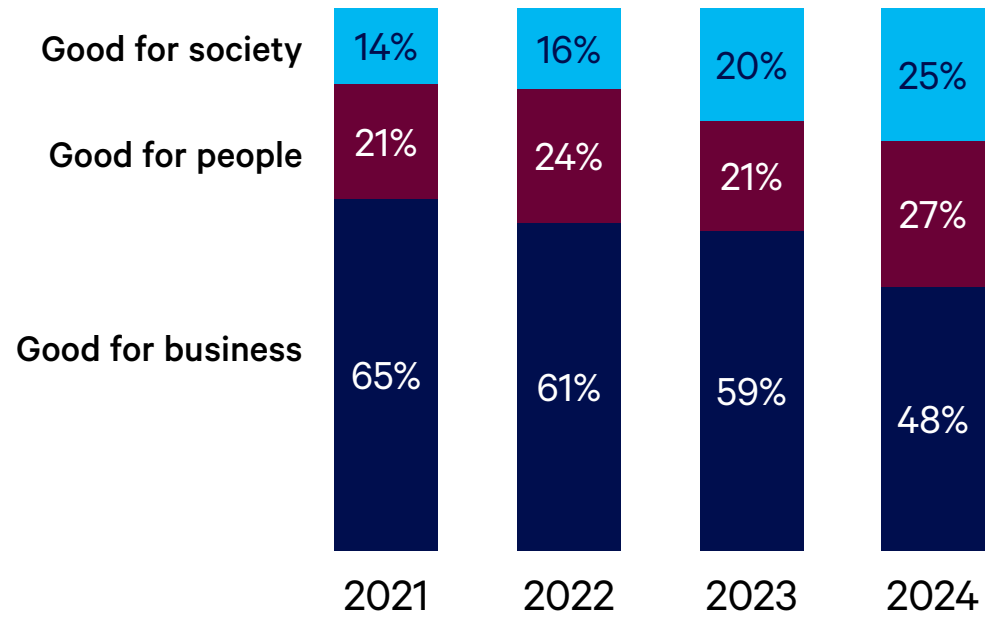
While the extent to which sustainability is prioritized varies by group, the approach to achieving sustainability goals is more aligned



Overall influence of different types of decision drivers on the likelihood of being selected



Overall influence of different types of decision drivers on the likelihood of being selected (out of 100%)



Group A
#3 priority

Ranks after implementing tech and faster/better decision-making

Group C
#7 priority

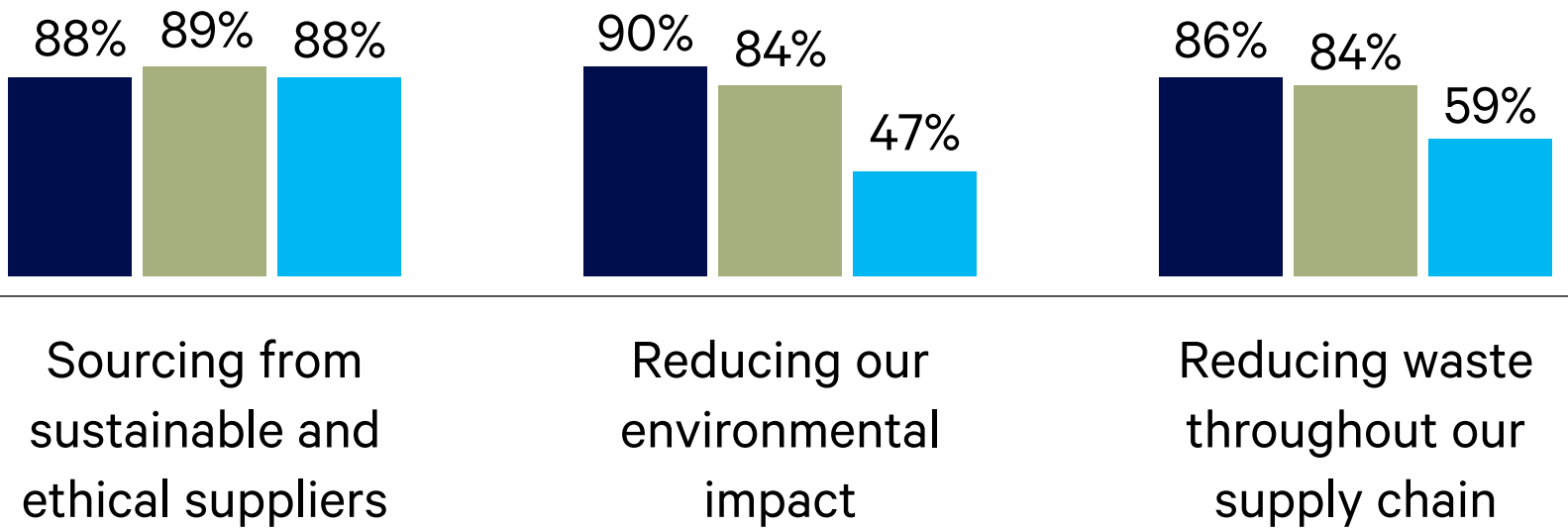
Middle of the road priority

Group B
#12 priority

Becoming customer-centric and breaking down silos are the only lower-ranking priorities



The top three actions being taken to achieve sustainability goals are the same across all three groups:



That said, Group B is less strongly aligned to the other two groups on the extent to which the focus is on the environment, ranking each action lower.

Group B is more likely to be prioritizing greater collaboration/partnerships and digital software transformation and innovation.

Closing thoughts



SASKIA VAN GENDT
CHIEF SUSTAINABILITY OFFICER, BLUE YONDER

Supply chain executives know two things: sustainable technologies and operations should be priorities and it's increasingly difficult to get the resources to make them happen in meaningful ways. Based on the answers to the survey, 2025 is the year that will change.

Today, supply chain leaders can leverage cognitive solutions to reconcile the demands of consumers, regulators and stakeholders alike. Integrated sustainability and supply chain management solutions help leaders make decisions faster and more accurately, which increases efficiency and reduces waste. End-to-end visibility allows all teams to collaborate on sustainability goals and track progress in real time.

Perhaps the most exciting benefit from these new technologies is that they will only get smarter and

more powerful as more teams use them. With more data and use, AI algorithms understand the goals that are most important to each organization and the best ways to achieve those goals. Sustainability efforts will compound as more supply chains adopt these powerful solutions.

Existing, affordable solutions can help supply chains tackle up to 40% of emissions, including cutting inventory write-offs by 50% and Scope 3 transportation emissions by 40%.

Blue Yonder is confident that next right step towards more sustainable supply chains exists for all companies. No matter what your top priorities are, investing in sustainability solutions will help you achieve your goals with more efficiency and less impact on the world we all share.



Learn how Blue Yonder can help you achieve your supply chain priorities at blueyonder.com

Blue Yonder is the world leader in end-to-end digital supply chain transformation. With a unified, AI-driven platform and multi-tier network, Blue Yonder empowers businesses to operate sustainably, scale profitably, and delight their customers — all at machine speed. A pioneer in applying AI solutions to the most complicated supply chain challenges, Blue Yonder's modern innovations and unmatched industry expertise help more than 3,000 retailers, manufacturers, and logistics service providers confidently navigate supply chain complexity and disruption.