# HOW RETAILERS ARE REWIRING SUPPLY CHAINS TO HANDLE RISING COSTS, RISKS AND UNCERTAINTY


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Supply chain disruptions used to be an occasional occurrence; something that would send supply chain and logistics professionals scrambling to book alternative sources and transportation modes. When it was over, everyone went back to the comfort of their just-in-time supply chain models, confident that the next disruption would not happen soon.

That is no longer the case for supply chains in any industry, and the retail supply chain is no exception. Whether disruptions come from tariff volatility, shifts in geopolitical conditions, labor shortages, cybersecurity threats, or some as-yet-unforeseen Black Swan event, the new reality is that disruption is a constant operating condition for retail organizations. That is why, in a recent survey of 100 retail supply chain leaders conducted by DP World and Supply Chain Dive's Studio, **95%** of respondents say disruption is extremely or very important to their organization today.

Yet, confidence remains relatively high, with all respondents saying they are least somewhat confident in their ability to withstand a major disruption over the next three years, and **80%** saying they are extremely or very confident. This confidence is not arrogance or bluster, but well-earned by supply chain professionals who have spent years accounting for what seems like an endless series of disruptive events.

This combination of cautious confidence and persistent disruption is the end result of a fundamental shift in global retail supply chains. Leading retailers no longer fool themselves into thinking they can prevent the next disruption. Instead, they are learning how to operate within it by redesigning their supply chains to be more adaptive, resilient, and responsive to unexpected changes.

In this report, we will explore the best practices, technologies, and partnerships that retail supply chain leaders are using to thrive in a world where disruption is a constant.

# SETTING THE STAGE: A MULTITUDE OF CHALLENGES

The last several years have been defined by a global pandemic, multiple wars, crumbling trade relationships, and massive regulatory shifts. Supply chain operators have learned a critical lesson from these events: There is no single point of failure that can be mitigated to avoid disruption.

In the 12 months preceding the survey, retailers most commonly experienced transportation bottlenecks or port congestion (**57%**), labor shortages and/or work stoppages (**44%**), and cybersecurity incidents (**33%**). Of note, not a single respondent made it through 2025 without experiencing some type of disruption.

In the face of these systemic issues, external pressures also threatened supply chain efficiency. Eighty-six percent of respondents report that tariffs and changing trade policies are considered extremely or very important, while **80%** say the same about material and component shortages.

Interestingly, environmental and climate risks were more nuanced among respondents. While **87%** of retail supply chain leaders say these risks are at least somewhat important, only a small share (**7%**) find them extremely important. Geopolitical instability follows a similar pattern, with **84%** naming them at least somewhat important, but only **10%** rating them extremely important.

**FIGURE 1**

Supply Chain Disruptions Experienced in 2025


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“Anybody that’s in the logistics field now has become a little desensitized to what we call Black Swan events,” says Mark Khayat, vice president of freight forwarding at DP World in the Americas, a leading global end-to-end logistics provider. “We know something’s going to happen. Nothing is going to run smoothly.”

That doesn’t mean that risks are inconsequential, only that they have become so commonplace that industry professionals just assume something will go sideways. Essentially, they hope for the best but prepare for the worst. To do this, retailers are placing extra focus on the types of disruptions they can manage, such as inventory, labor, transportation, and cybersecurity, to name a few.

By building flexibility in these areas, retail organizations can then respond more effectively to external shocks as they surface. The added flexibility is creating additional complexity for retail supply chains, however, which isn’t cheap. That’s most likely why **74%** of retail supply chain leaders name rising operating costs as extremely or very important.

Other issues, such as cybersecurity of systems and/or components, are ranked as extremely or very important by **73%** of respondents.

> “The challenge is that there are so many moving parts and logistics elements, specifically, that retailers are trying to track all the time. It becomes overwhelming.”
>
> **- MARK KHAYAT, VICE PRESIDENT OF FREIGHT FORWARDING, DP WORLD, AMERICAS**

With such a diverse range of issues, retailers often struggle to designate priorities and resources effectively. Still, that doesn’t mean that they aren’t up to the challenge.

# HOW RETAILERS ARE ADAPTING THEIR STRATEGIES

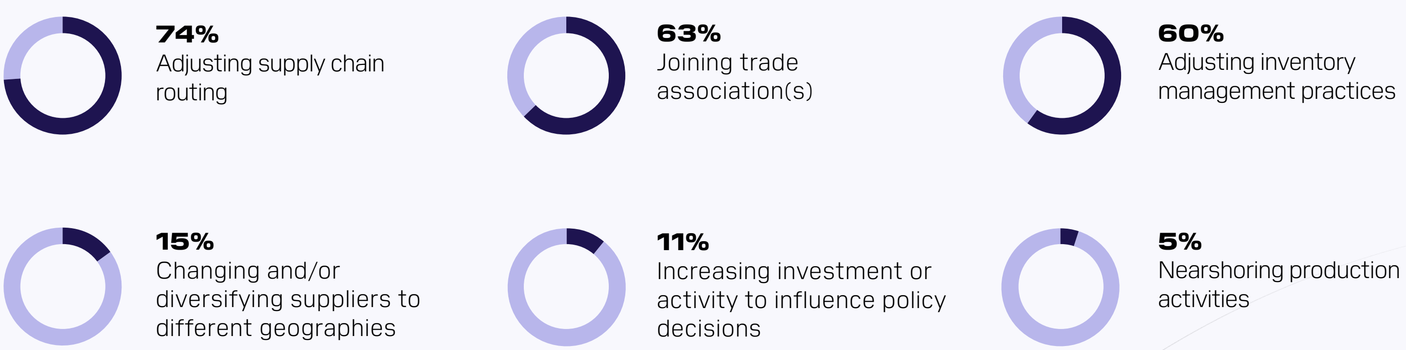
With disruption now a constant, retail supply chains are evolving in kind by pursuing partnerships and technologies that enable more dynamic adjustments based on real-time conditions.

One of the most obvious signals of this shift is the growing focus retailers have placed on routing. Nearly three-quarters (**74%**) of retail supply chain leaders say they are adjusting routing to address tariff impacts, while more than half (**53%**) are optimizing routes as a cost management measure. Routing itself has evolved from a reactive response measure into a strategic lever.

> "People have to have a really good understanding of the options that are available to them when deadlines get tight. They've got to be able to pivot very quickly into alternatives."
>
> **- MARK KHAYAT, VICE PRESIDENT OF FREIGHT FORWARDING, DP WORLD, AMERICAS**

**FIGURE 2**

Top Strategies to Address Tariffs and/or Changing Trade Policies

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Retailers are also putting more thought into how they manage inventory, with **60%** saying they are adjusting inventory practices in response to tariffs and trade policy changes. To combat material and component shortages, **80%** of retail supply chain leaders are changing and/or diversifying suppliers, while just under half (**48%**) are limiting inventory altogether to avoid undue risk.

A persistent labor shortage has also been a disruptive thorn in the side of supply chain practitioners for years, which is prompting retail supply chain organizations to make structural changes to adapt. Retailers are combining a number of short-term fixes with longer-term transformation efforts, with two-thirds (**66%**) of respondents increasing wages and benefits, a similar number (**65%**) hiring contractors, and just under half (**49%**) increasing safety measures and deploying automation.

While automation can help struggling operations do more with less, it is unfortunately not yet an all-encompassing solution to labor issues.

"The desire to move to automation is there," says Khayat. "Retailers are meeting with all kinds of companies that are promising solutions and alternatives that they would like to be there. The reality is that the tools are not quite being adopted yet, or not developed to their liking, or not customizable to the needs they have. There's definitely investment and you can see retailers are going down that path, but they still need physical labor."

To manage the complexity created by labor shortages, geopolitical stability, and other disruptive challenges, many retailers have begun looking outside their own four walls, both for opportunities to optimize and for help doing so.

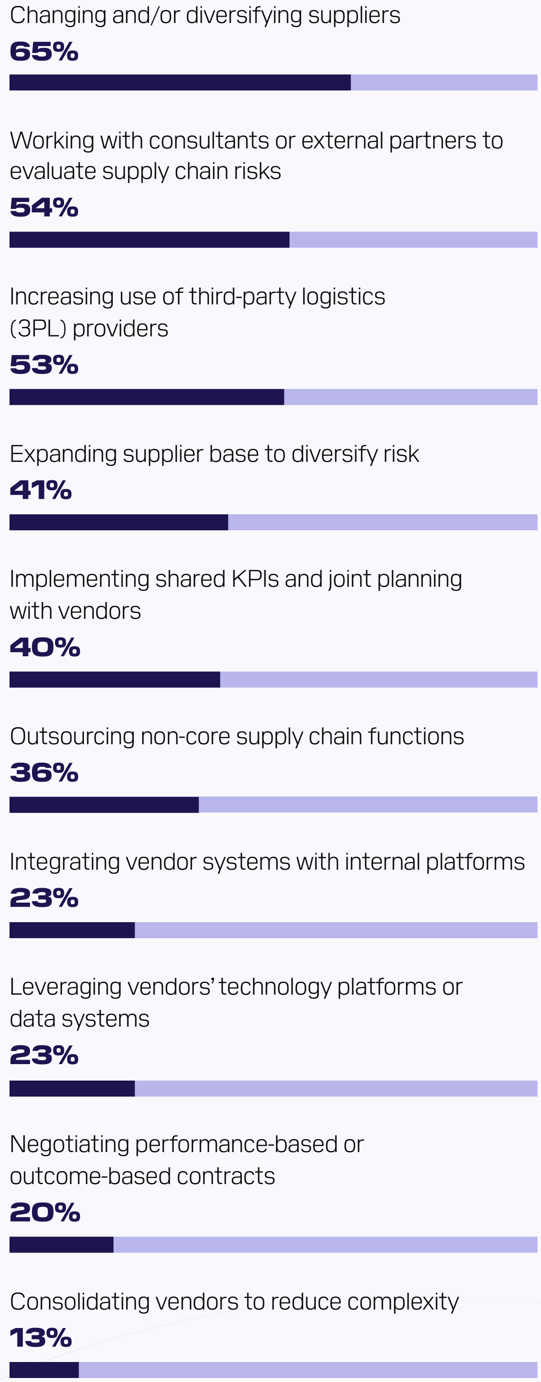
About two-thirds (**65%**) of respondents say they are changing and/or diversifying suppliers specifically to address geopolitical stability, while **40%** report expanding their supplier base to improve supply chain efficiency.

Meanwhile, more than half (**54%**) of retail supply chain leaders say they are working with external partners to evaluate risk, while a similar percentage (**53%**) are increasing their use of 3PL providers to improve supply chain efficiency and profitability. These changes are slowly shifting the way that supply chains are designed and how they operate.

"Retailers have been going a little bit outside the box and not locking themselves into one or two providers," Khayat says. "But then they end up going too big and too broad, that ends up being chaos because now their team is managing a hundred different providers, billing systems, technologies, and EDI connections. So, now the trend is coming back to a smaller group of trusted providers that give them multiple options and have flexibility and power to to provide solutions a super small forwarder may not be able to and that larger ones won't offer because they are stuck in their ways."

**FIGURE 3**

**How Retailers are Leveraging External Vendors/Suppliers**

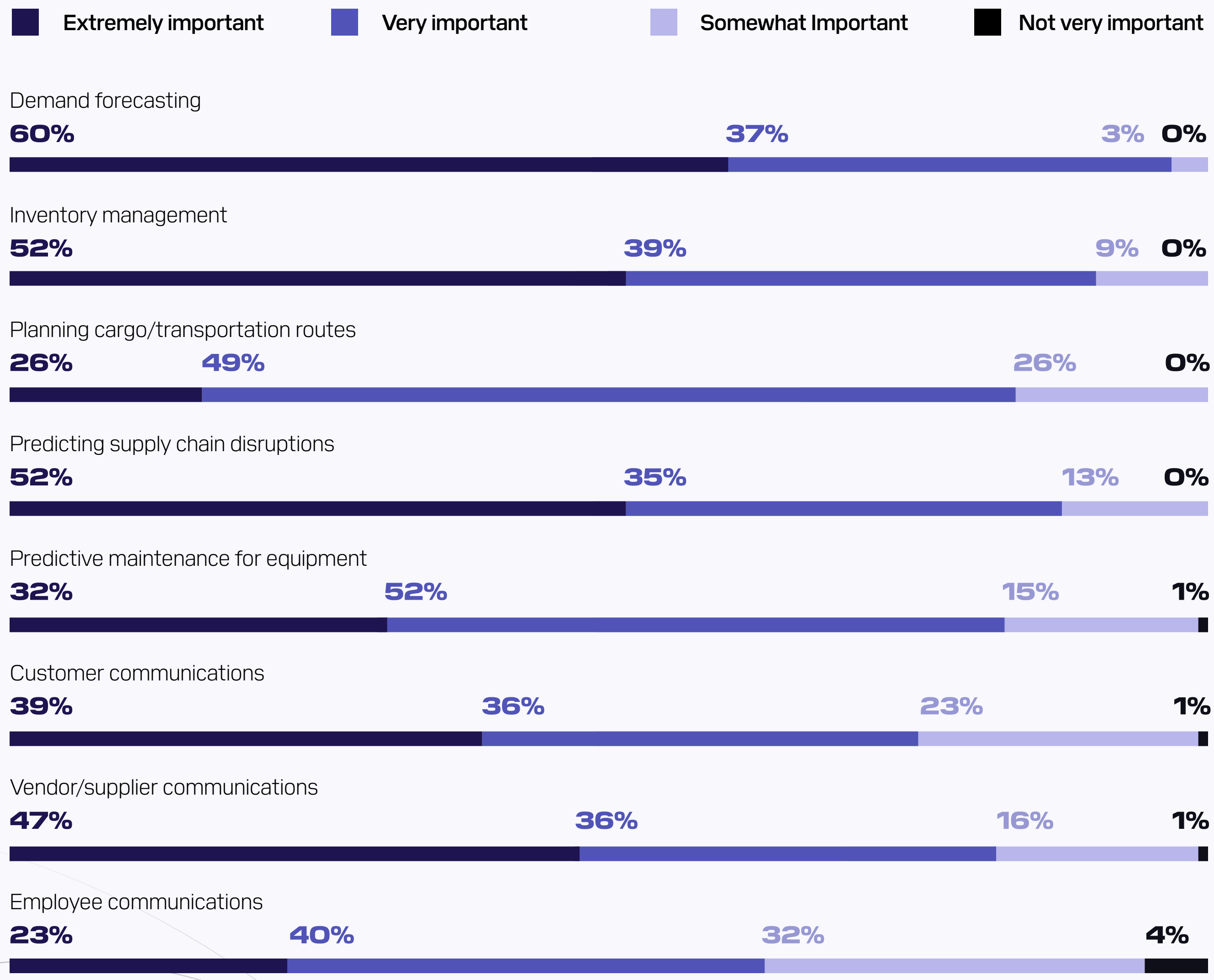


# HOW BETTER TECH IS HELPING RETAILERS SHIFT FROM REACTIVITY TO PROACTIVITY

The shift toward a more adaptive supply chain wouldn't be possible without better technology. While the retail supply chain has pursued greater visibility for years, visibility alone was never enough to solve the disruption problem. Modern solutions give retailers actionable data, allowing them to make dynamic, informed decisions in the moment.

**FIGURE 4**

The Importance of Technology for Supply Chain Activities

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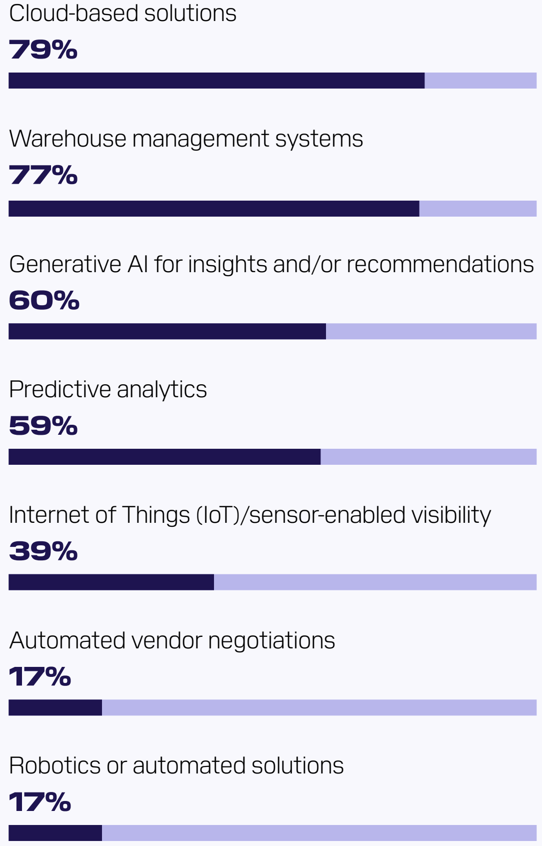
To that end, **97%** of retail supply chain leaders say that technology is extremely or very important for demand forecasting within their organization, followed by **91%** who say the same about inventory management, and **87%** about predicting supply chain disruptions.

Retailers have already made significant investments in technology solutions to help them improve supply chain capabilities. Survey respondents report that they have already rolled out a broad range of technologies,

Retail leaders also say they are investing in new capabilities over the next 12 to 24 months, with robotics/automation solutions (**31%**), predictive analytics (**24%**), IoT/sensors (**24%**), and automated vendor negotiations (**23%**) ranking highest for new investments. Roughly three-quarters of respondents (**76%**) report that at least a minimal budget increase is expected by 2030 specifically for supply chain-related technology.

**FIGURE 5**

**Technology Solutions Adopted by Retail Companies**




Those investments are not without challenges, however. Survey respondents noted a number of critical barriers to adopting supply chain technology solutions within their organizations, such as regulatory concerns (**54%**), competing strategic priorities (**45%**), difficulty integrating with legacy systems (**37%**), and cybersecurity concerns (**36%**).

In spite of any barriers, retailers will continue to push forward on technology adoption because if they don't, they will inevitably lose their competitive edge.

> "Having that information and visibility allows them to be more forward-thinking. They can anticipate better and provide their partners with the information necessary to help them be more flexible and adaptive."
>
> **- MARK KHAYAT, VICE PRESIDENT OF FREIGHT FORWARDING, DP WORLD, AMERICAS**

**FIGURE 6**

**Primary Barriers to Supply Chain Technology Adoption**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# THE FUTURE ISN'T FIXED — IT'S FLEXIBLE

Retailers have made significant progress in recent years toward building the resilience and adaptability necessary to mitigate the impact of unexpected disruptions. Many of the strategies highlighted here, from dynamic routing to supplier diversification to predictive technologies, all require a level of coordination, cooperation, and visibility that few retail organizations have fully mastered.

Looking ahead to the next couple of years, the path is not simply finding and adopting new strategies, but learning to implement them at scale. Retail organizations that want to win amid disruption must focus on building stronger supplier relationships, engaging in more collaborative logistics partnerships, and making smarter technology investments. Without full, digitally enabled, end-to-end alignment across the global supply chain, even retailers who managed to ride out the last several years of continuous disruptions can still run the risk of succumbing to new ones.

The retail supply chain is at a turning point in terms of best practices, strategies, and technologies. Where retail leaders go from here will ultimately define the success of supply chain operations for years to come. It is absolutely critical that retail supply chain leaders build not just a resilient supply chain operation, but an ecosystem. Engaging partners who can help provide or boost the capabilities discussed in this report will ensure that retailers will not just survive the next five years of disruption — they will thrive in them.

Visit DPWorld.com to learn more about how we can help you build a more adaptable retail supply chain function.

DP World is reshaping the future of global trade to improve lives everywhere. Operating across six continents with a team of over 125,000 employees, we combine global infrastructure and local expertise to deliver seamless supply chain solutions. From Ports and Terminals to Marine Services, Logistics and Technology, we leverage innovation to create better ways to trade, minimizing disruptions from the factory floor to the customer's door.

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