



**Bluegrass**  
INGREDIENTS™

## Navigating Supply Chain Disruptions – 3 Best Practices for Food Manufacturers

A perfect storm of factors is creating unprecedented uncertainty around costs and availability of key ingredients for many food manufacturers.

The ongoing effects of the COVID-19 pandemic, record inflation, and war in Ukraine have made sourcing and shipping many ingredients unpredictable and expensive. Those challenges have been top of mind for food and beverage industry leaders.

In fact, 54% of organization leaders say their top concerns in 2022 are shipping costs, container costs, and/or other unexpected fees at ports, according to [Mazars' Annual Food & Beverage Industry Outlook for the United States](#). Other challenges on food manufacturers' radars include the need for supply chain improvements,

and fewer shipping delays. Supply chain challenges are also driving inflation and rising costs, [analysts say](#), with proteins like meat, poultry and dairy continuing to lead the way in price hikes.

*Across the industry, these rising costs and sourcing challenges are forcing manufacturers to consider drastic action.*

This includes switching suppliers or altering ingredients and formulations. Such actions are not without risk, even in far less turbulent times. Here are three best practices food manufacturers should be mindful of as they navigate potential supply chain and pricing disruptions.



# 1. Don't Compromise on Customer Expectations

Consumers can be extremely reluctant to change. Here's just one notable example: When Coca Cola debuted New Coke in 1985, customers [revolted](#). They filed class action lawsuits, flooded the company's service line with calls, and even booed ads for New Coke at sporting events. Despite supporting research and a marketing blitz promoting the new recipe, Coke failed to account for the fact that customers simply weren't ready to accept a new taste for a product they'd known and loved for generations.

*Today, consumer expectations around the food they eat extend far beyond flavor.*

Customers seek out products that match their appetites and their lifestyles and values. From plant-based products to clean label offerings, customers won't continue to reach for a product if it compromises their priorities and worldview.

Food manufacturers should be wary of any changes to flavor or formulation that would give consumers pause – or reach for the competition's product. Fortunately, a new breed of suppliers and flavor partners are using culinary expertise to help manufacturers mitigate flavor risks. Through techniques like enhanced flavor development, rapid prototyping and collaboration, manufacturers can develop, test, and refine new ingredients and flavors faster and with greater precision.

# 2. Leverage Supplier Services in Addition to Product Portfolios

Food manufacturers should first look to their existing network to tackle pricing and availability issues. There's an opportunity to enhance partnership with current suppliers, using the strength of the existing relationship to navigate uncertainty and collaborate.

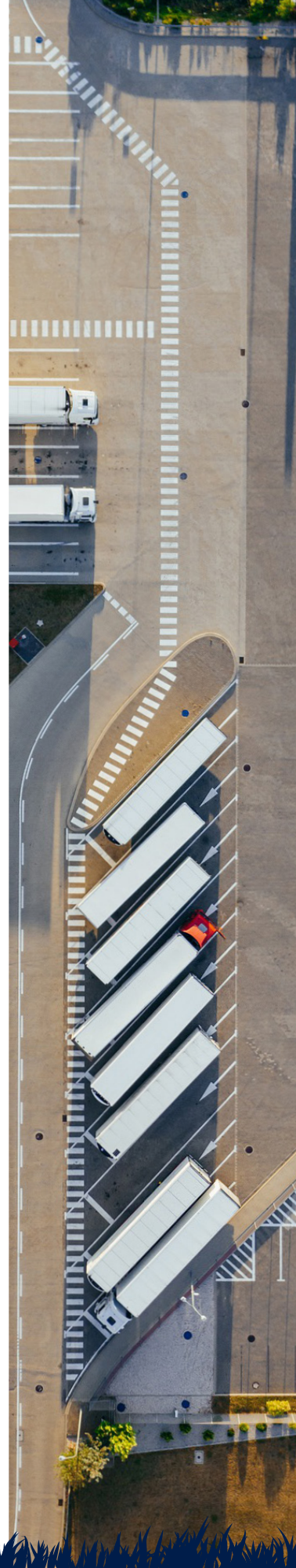
*Working with established partners can also help streamline logistics and product development.*

Today's evolved suppliers often utilize cutting-edge trend analysis and proprietary approaches to develop products and processes that can better withstand current supplier challenges.

Organizations that take this partnership to the next level can help organizations better navigate existing issues and be more resilient for future disruptions. It's worth exploring additional services and collaboration opportunities with existing partners before looking to external sources.

# 3. Proactively Address Cost and Supply Chain Challenges

As supply chain challenges ebb and flow, taking a more proactive and comprehensive approach to the risks and potential threats is a vital step. From advanced forecasting and risk management to less formal scheduled planning sessions with current team members and suppliers, understanding where disruptions or price increases may be coming from, and building a plan to address them, is an important part of building a more resilient supply chain.





As food manufacturers put these practices into place in addressing supply chain volatility and product availability, it's worth assessing the role food powders and specialty ingredients can play in fostering greater resilience and predictability. These formulations offer a number of benefits over traditional ingredients. From a supply chain perspective, powders can simplify shipping and storage while reducing costs.

### *| Cheese powder, for instance, has numerous benefits.*

Dry dairy reduces refrigerated storage costs and offers extended storage shelf life versus wet cheese ingredients. Cheese powder manufacturing processes eliminate seasonal, regional and agricultural flavor, color and texture volatility commonly seen in wet dairy ingredients.

From a production standpoint, it's easy to work with and measure. It can produce the same flavor and consistency as conventional cheese while delivering on the same label and ingredient requirements. These attributes are true for most flavor powders, but prove to be especially valuable when compared to more volatile ingredients like cheese and other wet dairy products where new supply chain realities significantly impact cost and quality.

At Bluegrass Ingredients, our application experts and culinary specialists have a proven track record of working with food manufacturers to successfully incorporate food powders and specialty ingredients like concentrates into new and existing products with an eye toward evolving supply chain and product availability trends.

As an agile ingredient innovation company, we deliver solutions informed by emerging trends with a sharp focus on satisfying consumer expectations through deeper, proactive partnerships.



Talk to your Bluegrass Ingredients representative or reach out to one of our experts to explore a partnership to concept, test and create better flavor experiences.