



Helping Organizations Worldwide Work
Smarter, Faster, and With Greater Confidence

2025 SUPPLY CHAIN PRIORITIES AND CHALLENGES: CROSS-INDUSTRY REPORT

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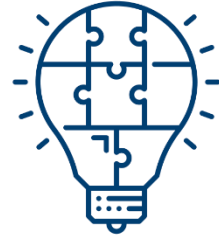
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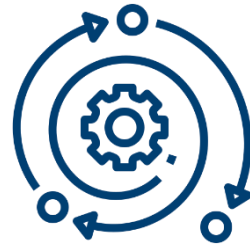
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ABOUT THIS REPORT



APQC concluded its 11th annual Supply Chain Management Priorities and Challenges research in early 2025.



The purpose of this research is to learn about organizations' supply chain management priorities, performance, and trends.



This report provides a cross-industry snapshot of the current state of supply chains, important trends, obstacles to improving supply chain processes, and organizational priorities for supply chains in 2025.



379

Valid Participants



A LOOK BACK AT 2024

PERFORMANCE ON 2024 BUSINESS GOALS

Across different regions and industries, nearly two-thirds of organizations surveyed are not on track to achieve all their 2024 business goals (65%), and even more organizations reported falling behind their competitors or peers (73%). As shown on the next slide, when compared to 2023, more organizations may be faring worse when it comes to meeting all business goals but report doing better or as well as their competitors in 2024.



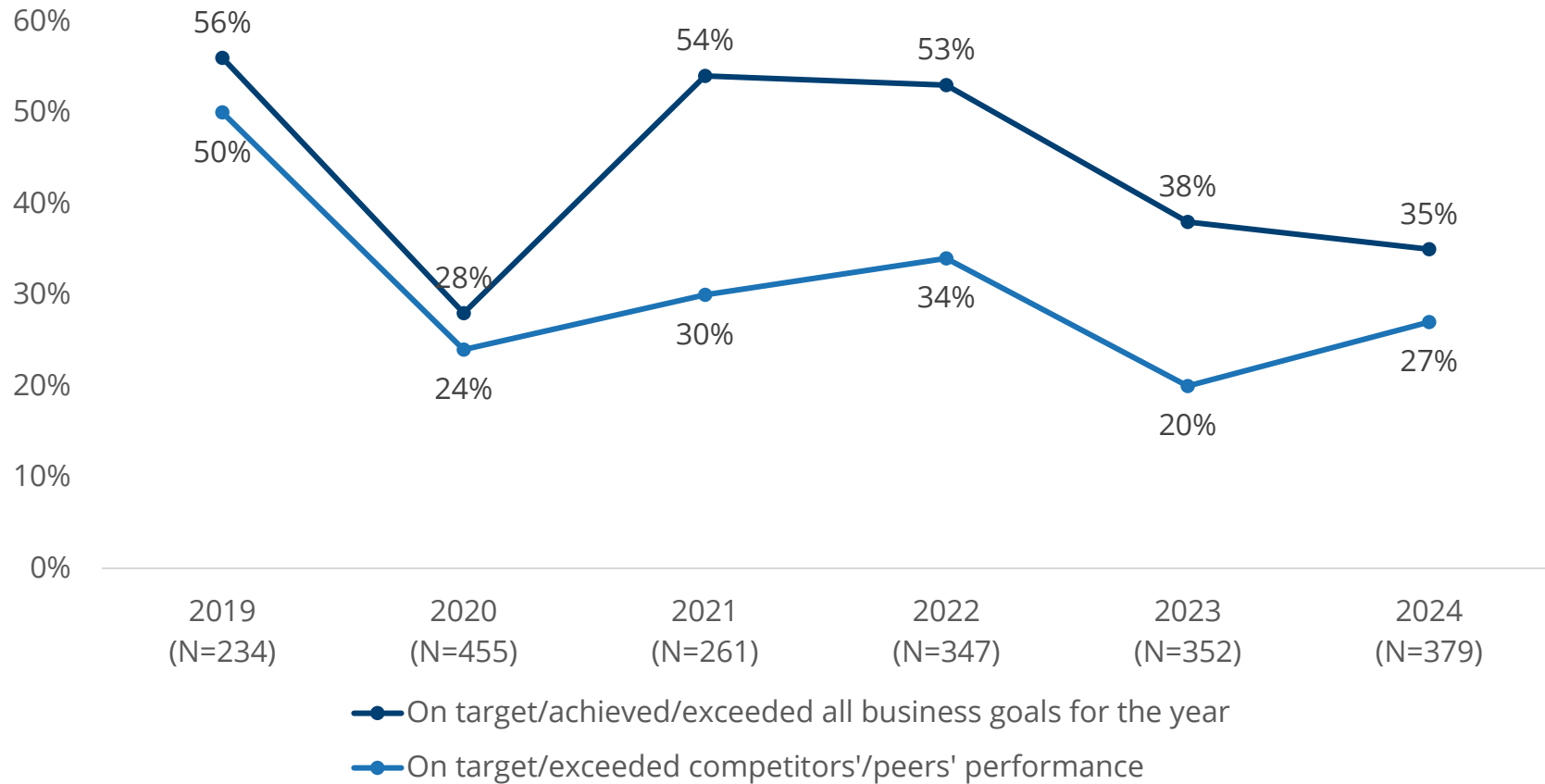
35% on target/achieved/exceeded
all business goals for 2024



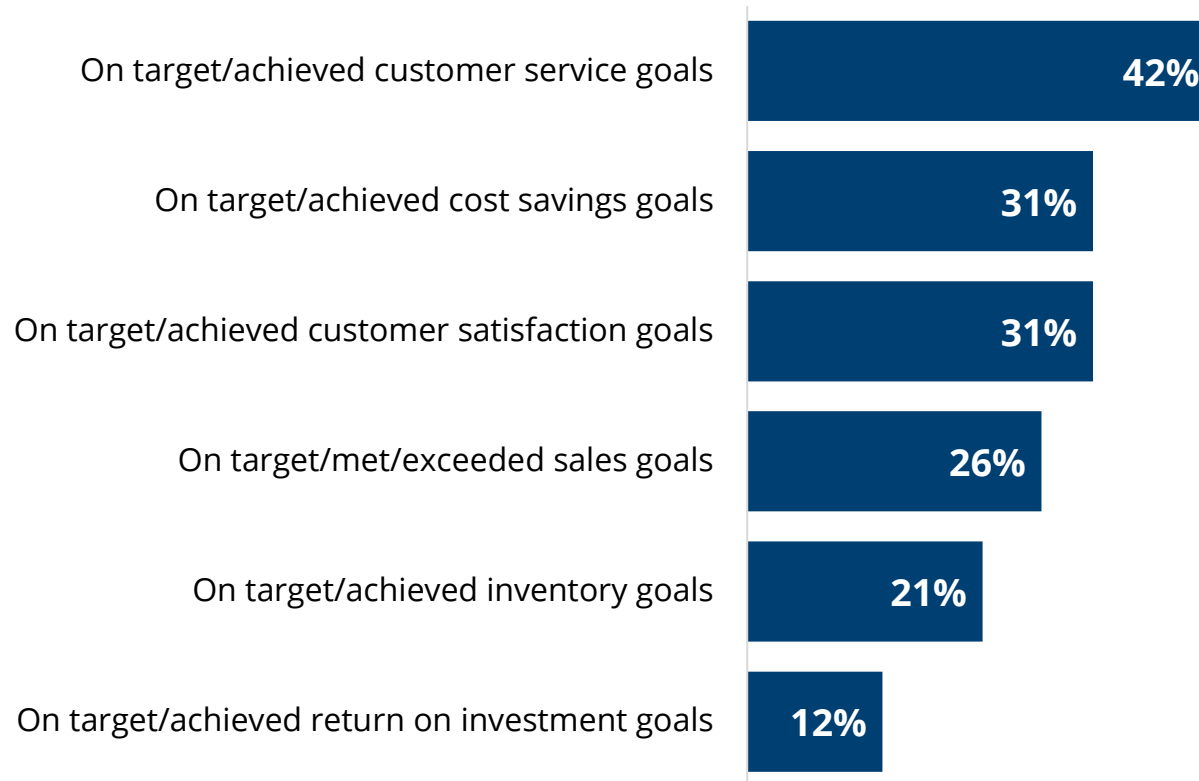
27% on target /exceeded
competitors' / peers' performance

PERFORMANCE ON 2024 BUSINESS GOALS

In a world fraught with geopolitical conflicts, labor strikes, natural disasters, and more, it is not surprising that there has been a downward trend in achieving all business goals since 2021. However, in 2024, there has been a slight uptick in the number of organizations reporting being on target with or better than their competitors' performance (27% in 2024 vs. 20% in 2023).



PERFORMANCE ON SPECIFIC 2024 GOALS



Organizations are most likely to indicate being on target for or achieving customer service goals (42%) and least likely to be on track for achieving return on investment goals (12%).

Compared to only 30% of organizations that achieved their 2023 customer service goals, more organizations today (42%) are on track or have met their 2024 goals. This suggests that customer service is increasingly on the forefront of many supply chain functions.

The values above do not add up to 100 percent because it was a "select all that apply" question.

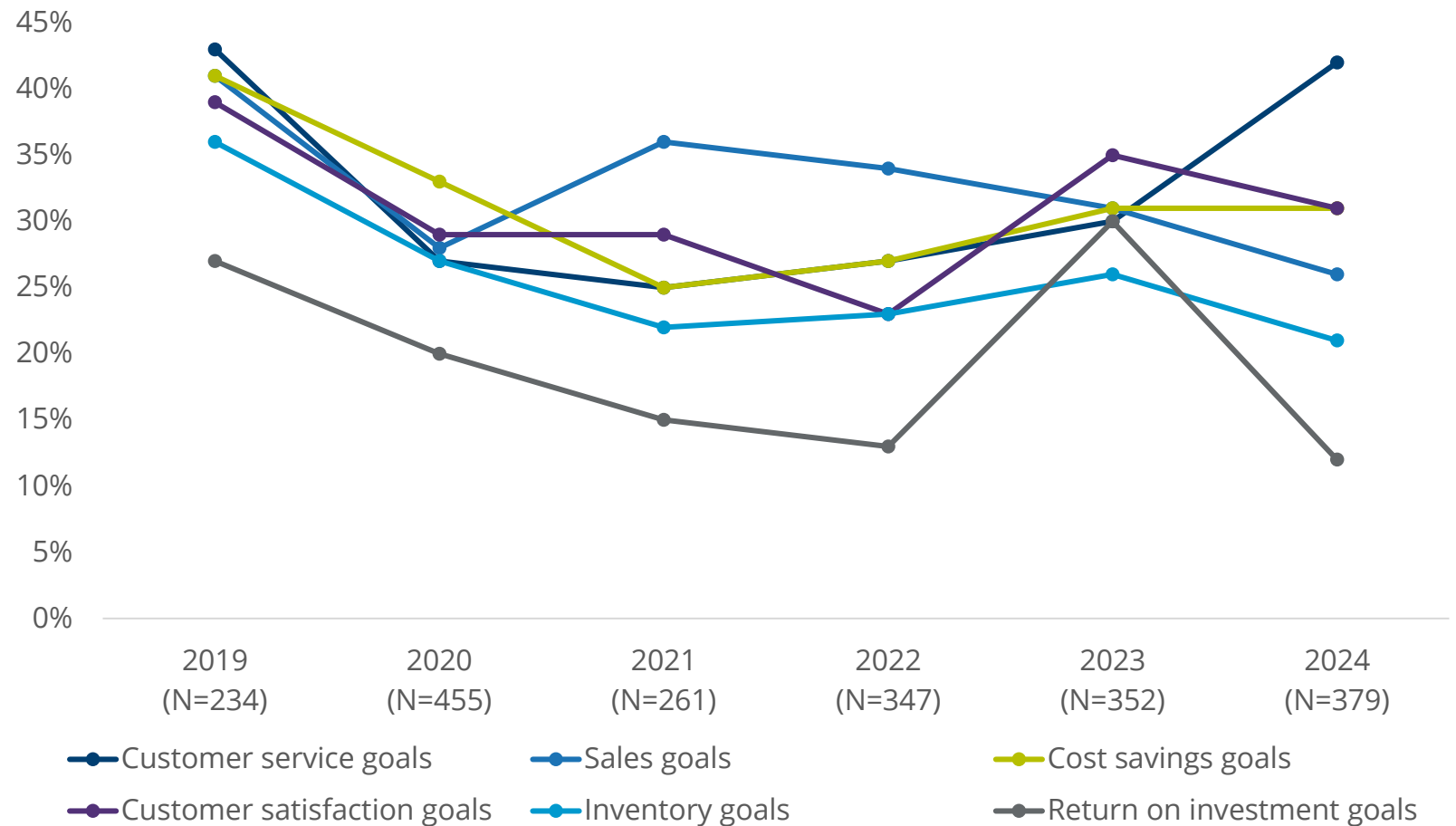
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ACHIEVING SPECIFIC GOALS YEAR OVER YEAR

Compared to 2023, organizations in 2024 are more likely to have achieved customer service goals (42%) and cost savings goals (31%).

On the other hand, it is concerning to see fewer organizations achieving customer satisfaction goals, sales goals, inventory goals, and return on investment goals. The trend may call for greater investment of resources to increase the chances of meeting these goals in 2025.

Percentage of Organizations On Target/Met/Exceeded Goals

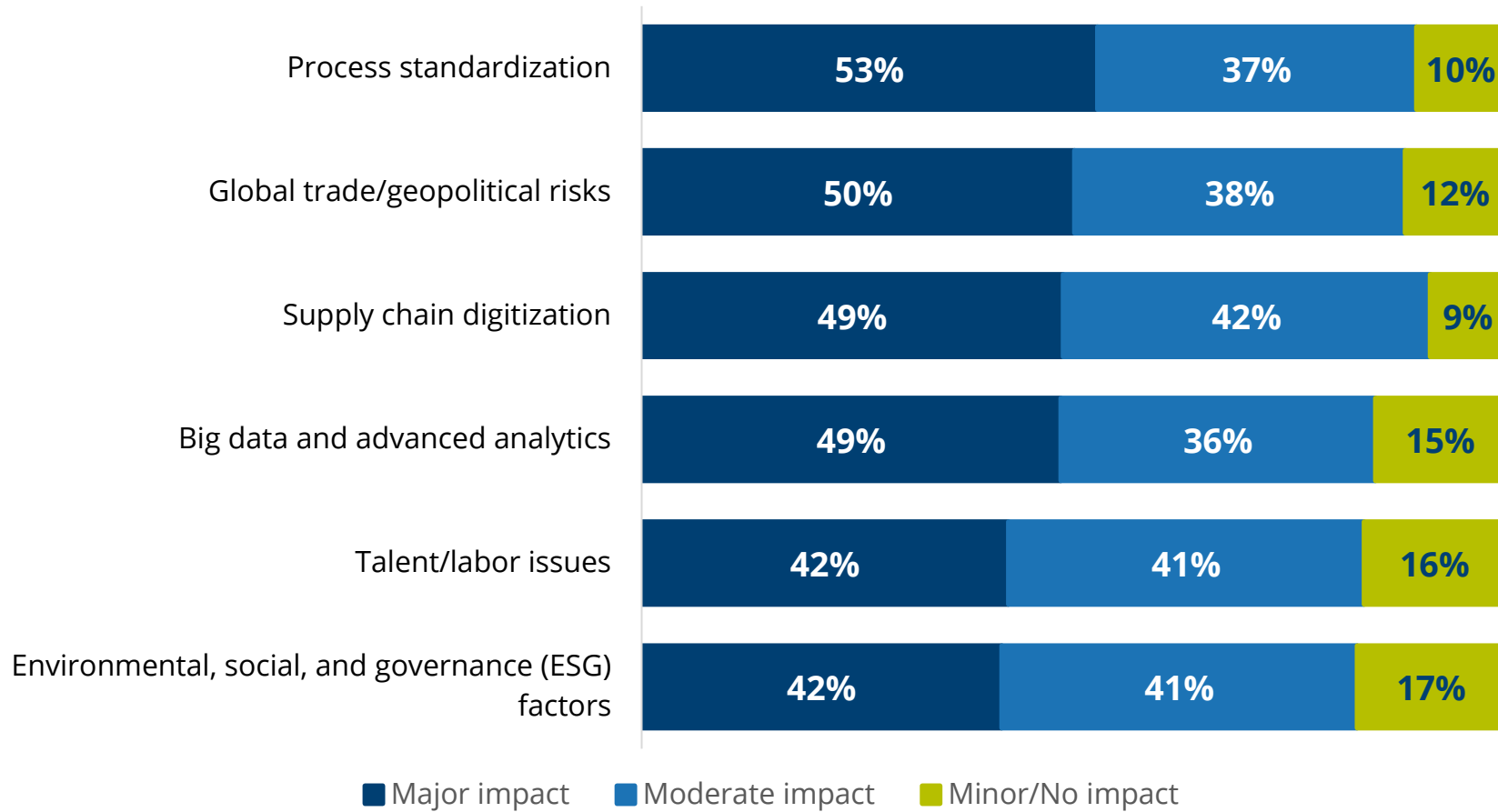




2025 CHANGES AND CHALLENGES

TOP TRENDS IMPACTING SUPPLY CHAINS

Top 6 Trends, Innovations, and Developments Impacting Supply Chains Over the Next 3 Years (by 2028)



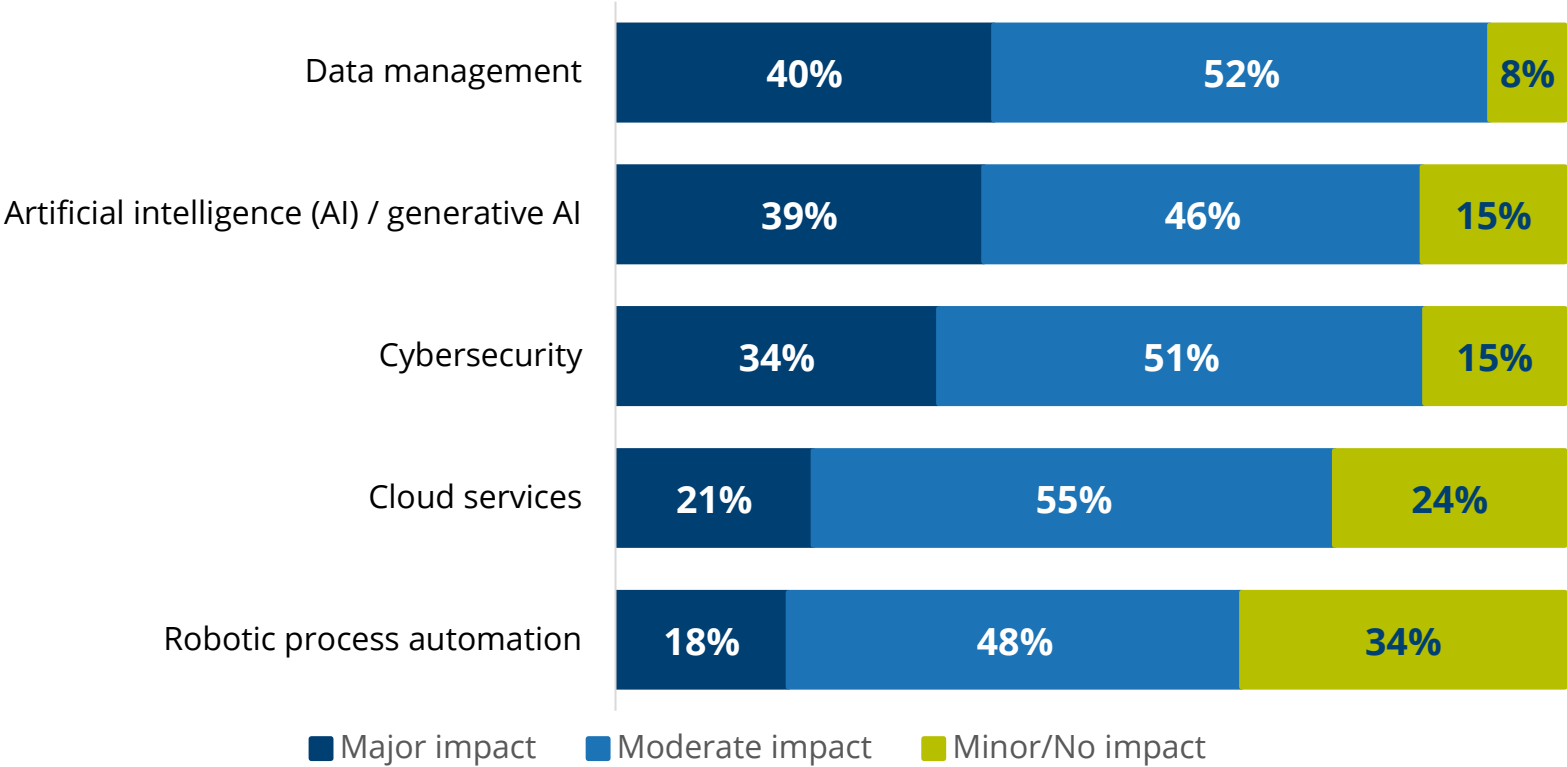
Over half the organizations surveyed have identified process standardization (53%) and global trade/geopolitical risks (50%) to be top trends that will have a major impact on their supply chains over the next three years.

Compared to 2024, fewer organizations are anticipating major impacts from supply chain digitization (49% in 2025 vs. 64% in 2024) as well as big data and advanced analytics (49% in 2025 vs. 65% in 2024). Nevertheless, a significant majority of respondents still anticipate at least a moderate impact from those trends.

The trends are listed in descending order by Major impact.

OTHER TRENDS IMPACTING SUPPLY CHAINS

Other Trends, Innovations, and Developments Impacting Supply Chains Over the Next 3 Years (by 2028)



Data management and artificial intelligence (AI) or generative AI are other important trends expected to have at least a moderate impact on supply chains over the next three years.

Interestingly, compared to 2024, respondents this year are expecting cybersecurity to have less of a major impact on supply chains over the next three years (34% in 2025 vs. 43% in 2024).

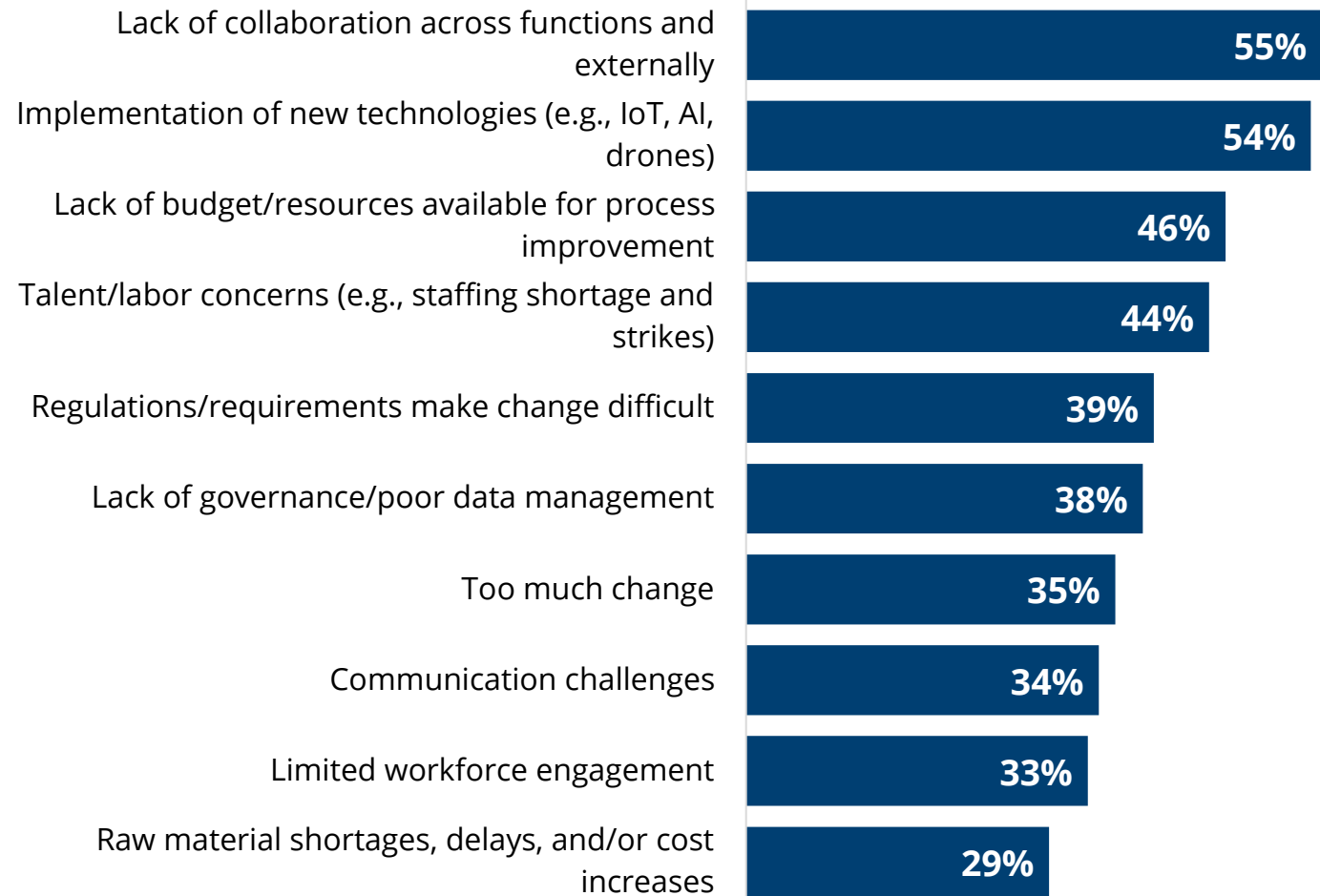
The trends are listed in descending order by Major impact.

OBSTACLES TO IMPROVING SUPPLY CHAIN PROCESSES

In a similar trend from last year, the majority of organizations surveyed have identified the lack of internal and external collaboration (55%) and implementation of new technologies (e.g., Internet of Things (IoT), AI, and drones) (54%) as barriers to improving supply chain processes.

Lack of budget/resources available for process improvement (46%) moved up the list by three spots to emerge third in 2025.

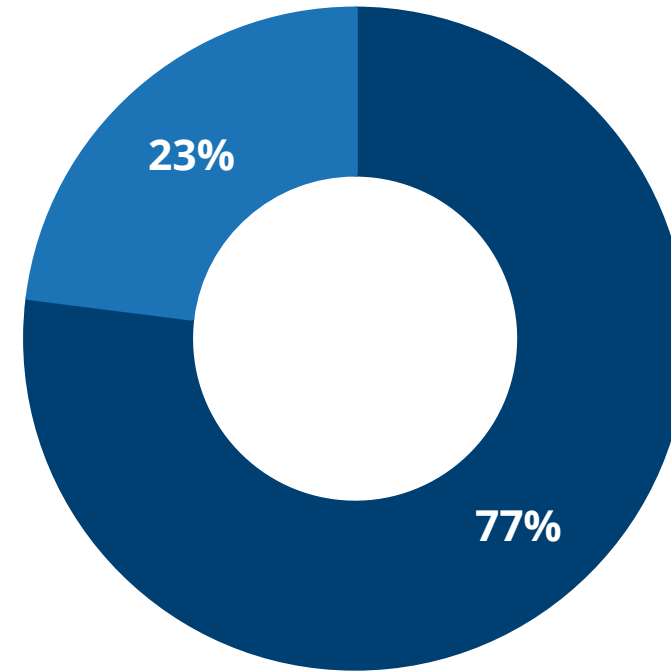
Notably, many more organizations now find that regulations are making change difficult (39% in 2025 vs. 17% in 2024).



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OVERCOMING OBSTACLES

Percentage of Organizations That Have Re-Evaluated/Modified Supply Chain Strategy to Overcome Obstacles



■ Yes ■ No

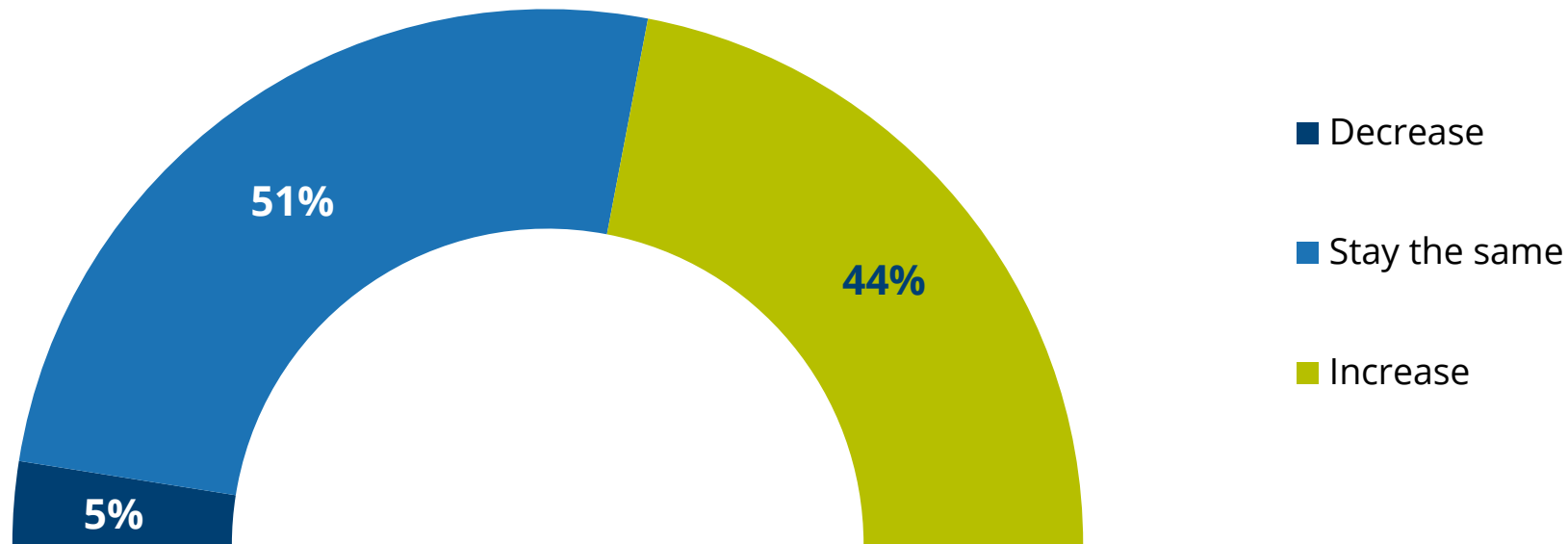
Compared to last year, slightly fewer organizations are re-evaluating or modifying their supply chain strategy to overcome obstacles (77% in 2025 vs. 84% in 2024).

This downward trend is concerning given that supply chains are increasingly encountering disruptions and uncertainties. Having contingency plans and being adaptable and resilient are needed to thrive.

SUPPLY CHAIN BUDGET TREND

In 2025, 44% of organizations expect their budget for supply chain management tools, technology, innovation, and initiatives to increase. About half expect their budget to stay the same (51%), and only 5% anticipate a decrease. Given that in past years a larger percentage of organizations saw this budget increase (44% in 2025 vs. 55% in 2024), it appears that now they are holding steady at the increased level of funding.

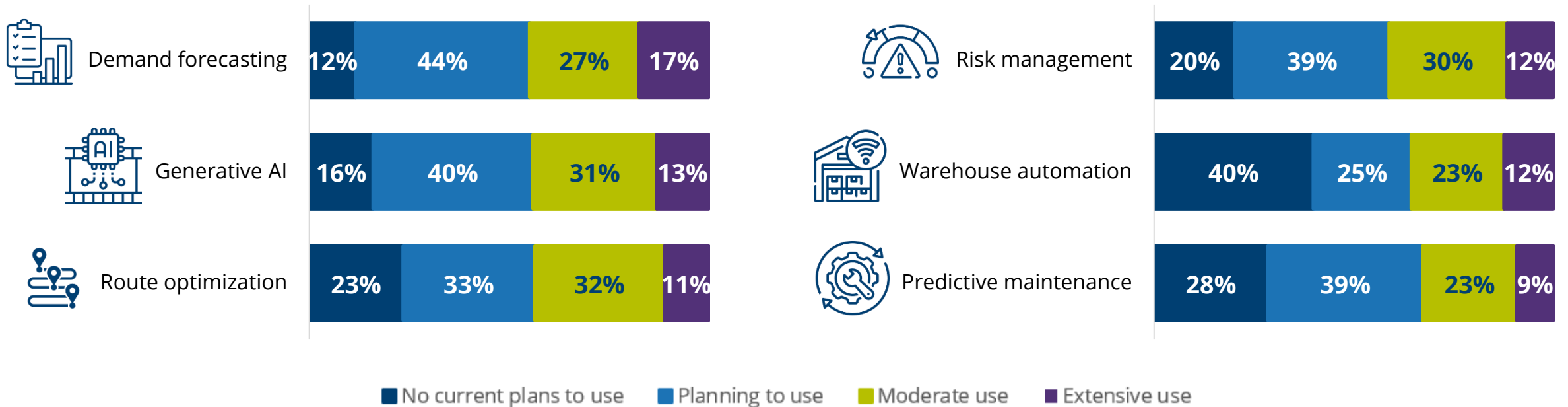
Expectation of Organization's Budget Change for SCM Tools, Technology, Innovation, and Initiatives From 2024 to 2025



USE OF ARTIFICIAL INTELLIGENCE IN SUPPLY CHAIN

Organizations today are most likely to moderately or heavily rely on AI for demand forecasting. Generative AI, which is an increasingly popular type of AI that assists users in creating new content, such as text, images, audio, and data, is also growing in popularity with 84% using or planning to use it. Interestingly, 40% of respondents say there is no current adoption plan in their organization for AI in warehouse automation.

Extent that Organizations are Planning or Currently Using AI for Supply Chain Activities



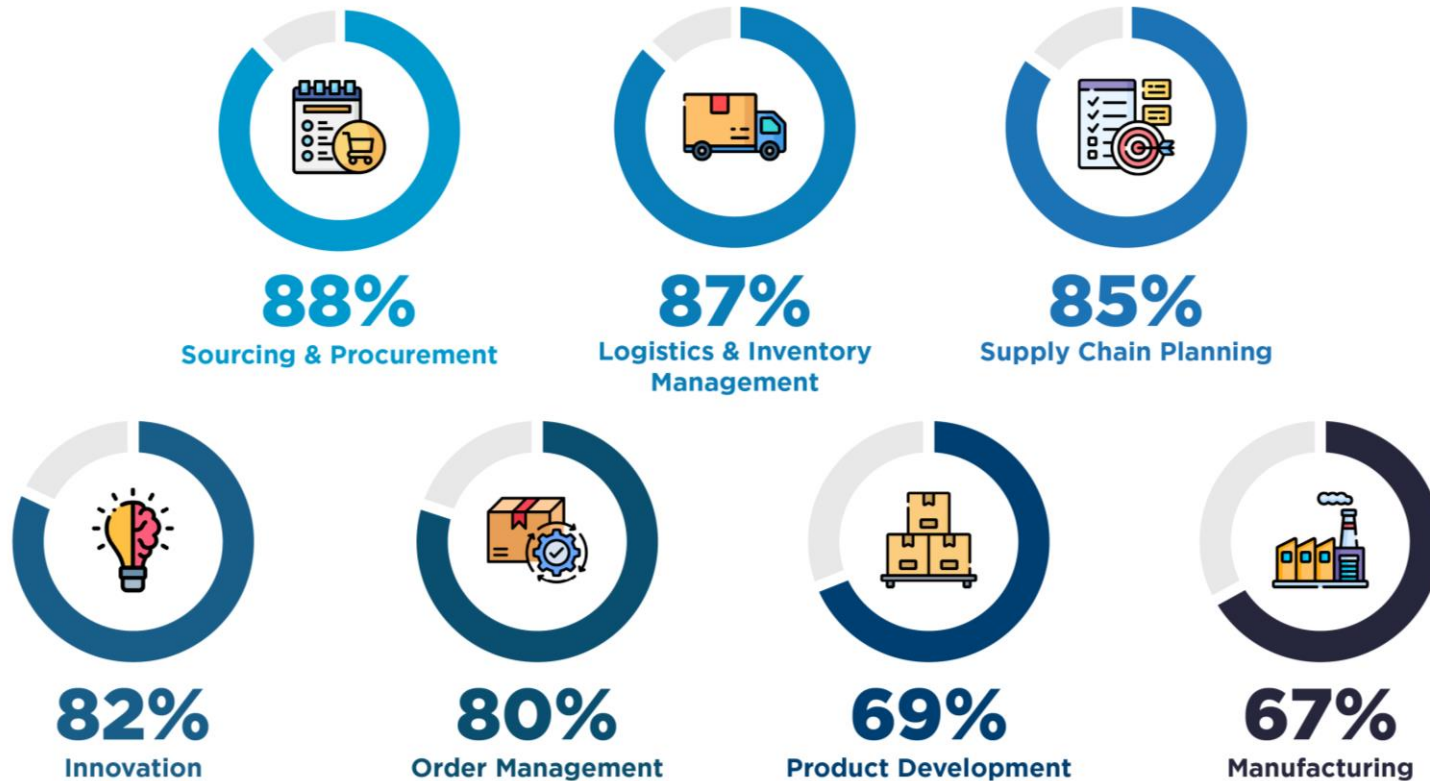
The activities are listed in descending order by Extensive use + Moderate use.



2025 PRIORITIES

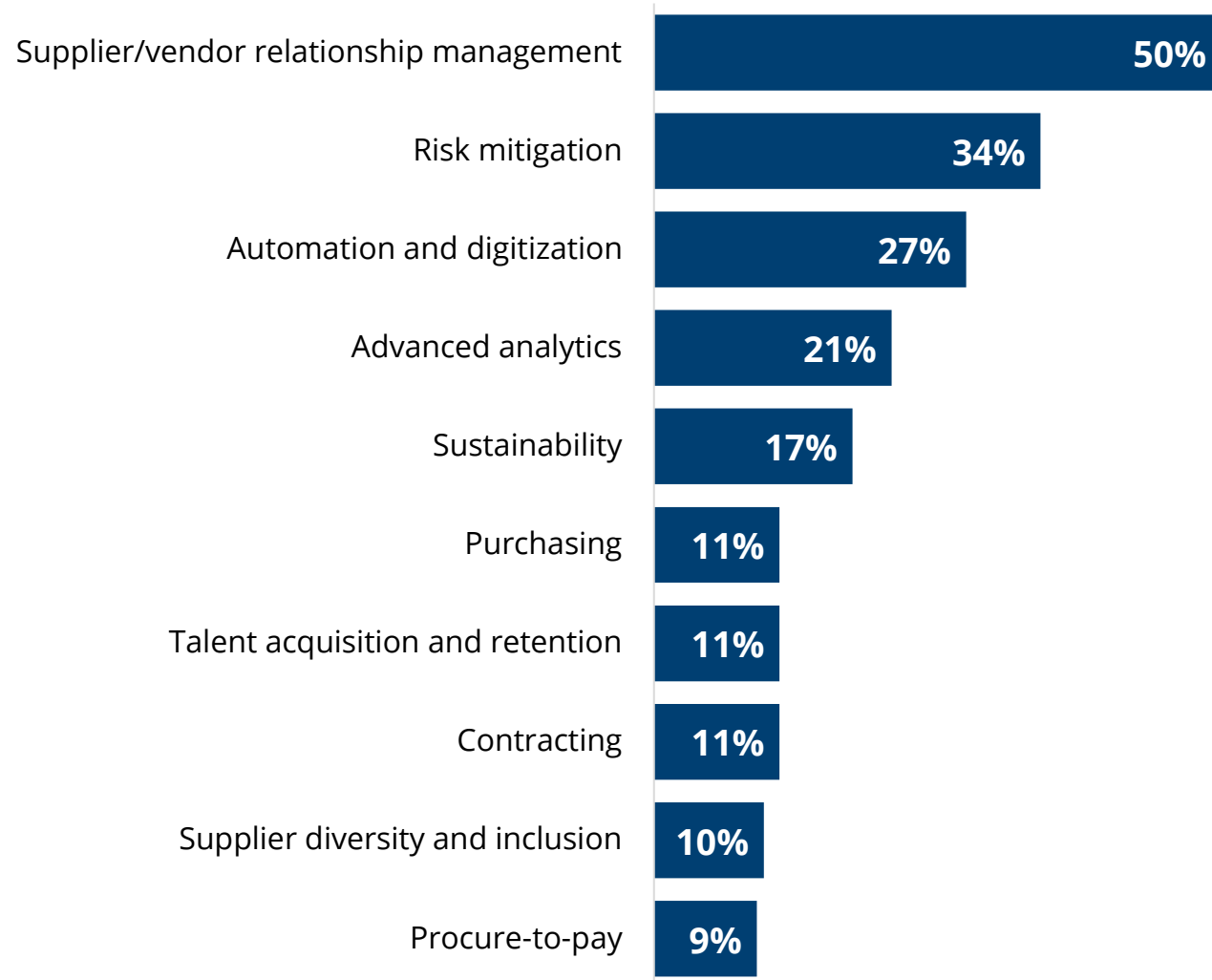
2025 OVERALL SUPPLY CHAIN AREAS OF FOCUS

Sourcing and procurement (88%) emerges as a top priority for organizations this year. Logistics and inventory management (87%) as well as supply chain planning (85%) follow close behind. Compared to 2024, a smaller percentage of organizations are prioritizing product development (69% in 2025 vs. 82% in 2024) and manufacturing (67% in 2025 vs. 72% in 2024) this year.



N=371

TOP PRIORITY AREAS IN SOURCING AND PROCUREMENT



Similar to 2024, the top focus area this year in sourcing and procurement continues to be supplier/vendor relationship management (SRM), with even more organizations selecting SRM as a top priority area (50% in 2025 vs. 32% in 2024).

Having a strong relationship with suppliers allows an organization to have more leverage in price negotiations, mitigate risks through greater visibility into disruptions, and improve quality control through jointly identifying and addressing quality issues.

Other important focus areas in sourcing and procurement include risk mitigation (34%) as well as automation and digitization (27%).

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2025 STRATEGIES FOR SOURCING AND PROCUREMENT

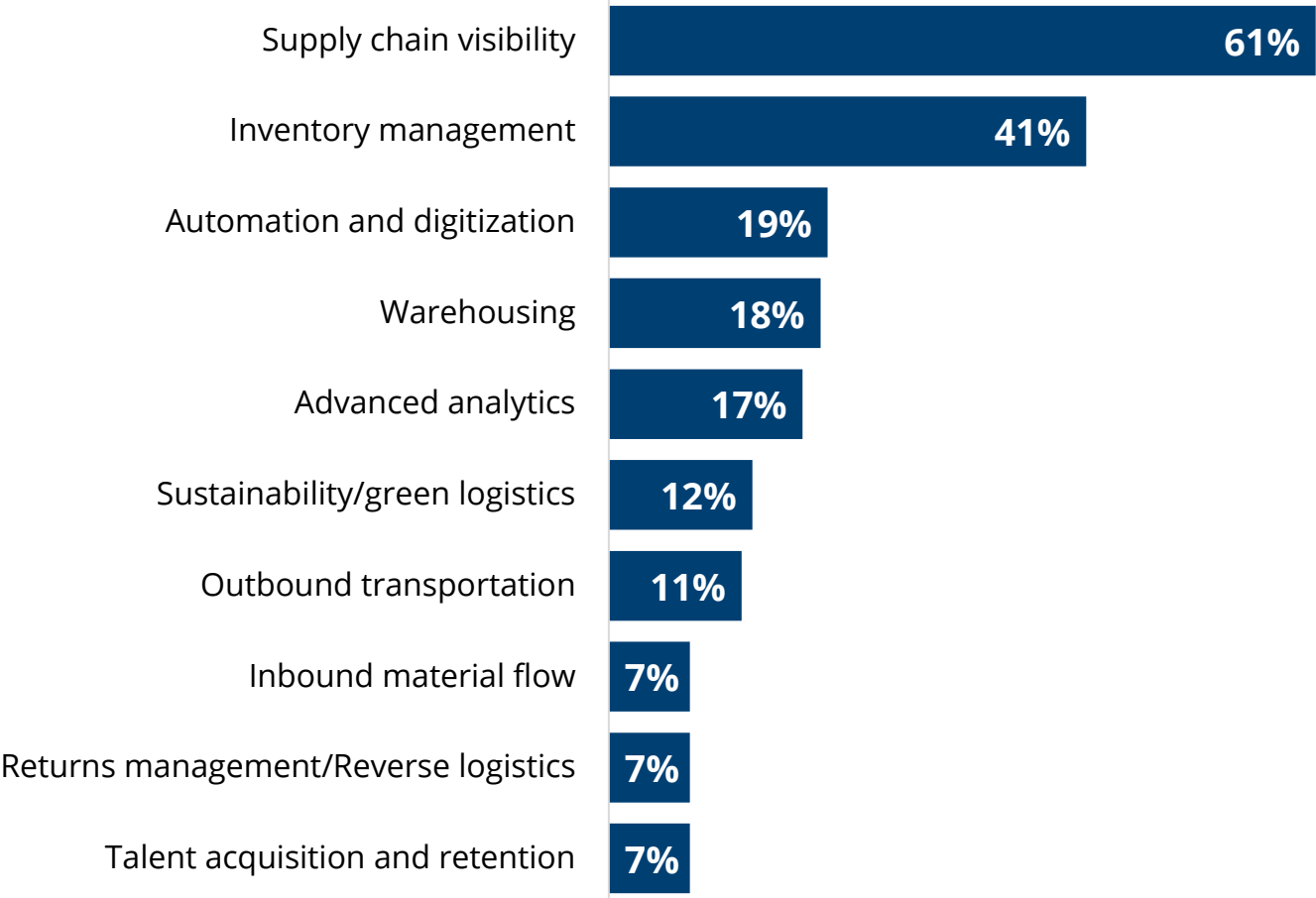
The top two actionable strategies for sourcing and procurement in 2025 include improving key supplier relationships (52%) and standardizing processes (46%).

Compared to 2024, more organizations now recognize the importance of improving key supplier relationships (52% in 2025 vs. 40% in 2024). This finding ties in with supplier/vendor relationship management (SRM) being the top focus area this year.



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TOP PRIORITY AREAS IN LOGISTICS AND INVENTORY MANAGEMENT



Compared to last year, supply chain visibility has emerged as a top priority area in logistics for most organizations (61% in 2025 vs. 47% in 2024). Supply chain visibility is critical in logistics and inventory management as it allows organizations to track their goods in real time, allowing them to identify any unexpected bottlenecks and react swiftly to potential disruptions.

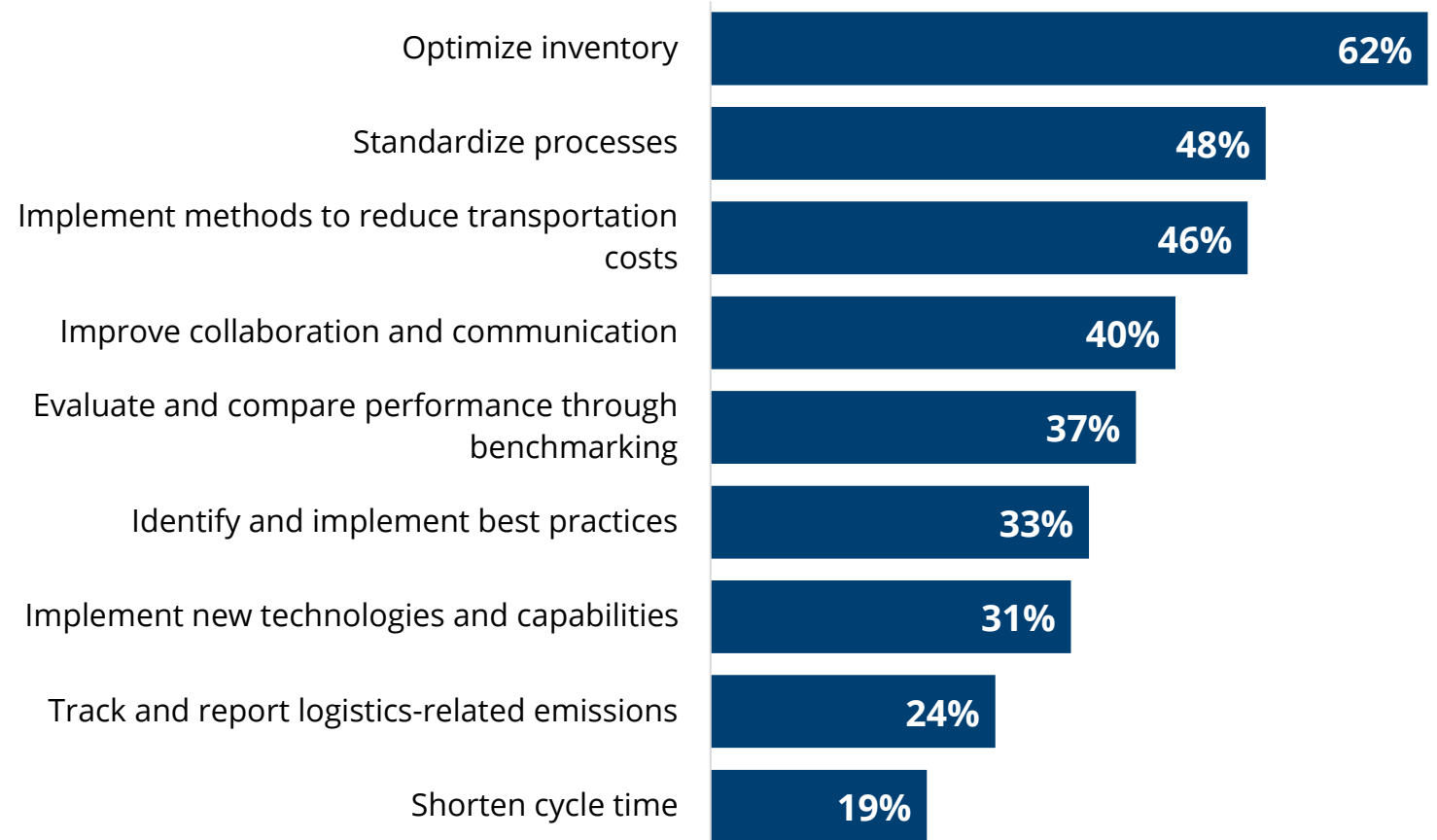
Inventory management is also a top priority for 2025. Optimizing inventory management can lead to cost savings.

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2025 STRATEGIES FOR LOGISTICS AND INVENTORY MANAGEMENT

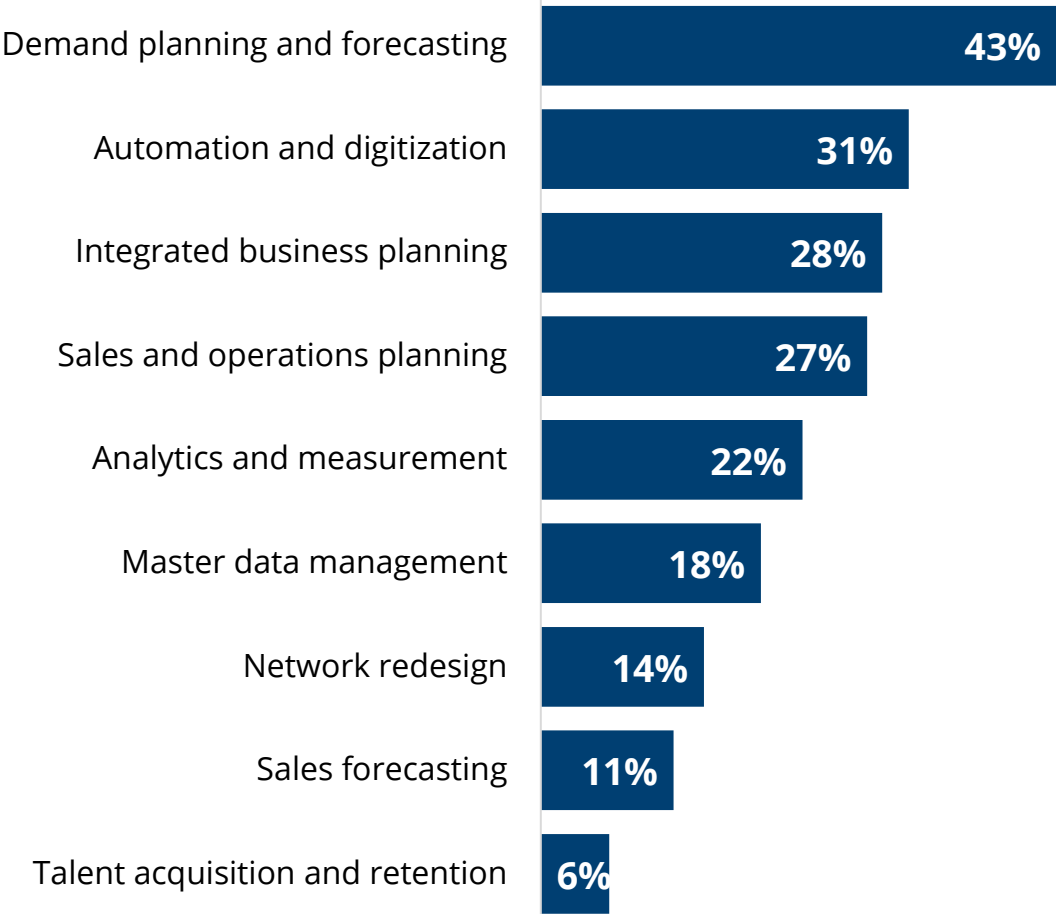
In logistics and inventory management, nearly two thirds of organizations are performing inventory optimization (62%), and almost half are planning to standardize processes (48%) and implement methods to reduce transportation costs (46%).

The goal of optimizing inventory is to balance between adequately meeting customer demand, minimizing overstocking, and preventing stockouts.



The values above do not add up to 100 percent because it was a "select all that apply" question.

TOP PRIORITY AREAS IN SUPPLY CHAIN PLANNING



Over two-fifths of the respondents (43%) have identified demand planning and forecasting to be their organization’s priority in supply chain planning, which is over one and a half times that of last year (28%). This could be a result of organizations seeing greater value in ensuring they can accurately predict and adequately meet customer demand.

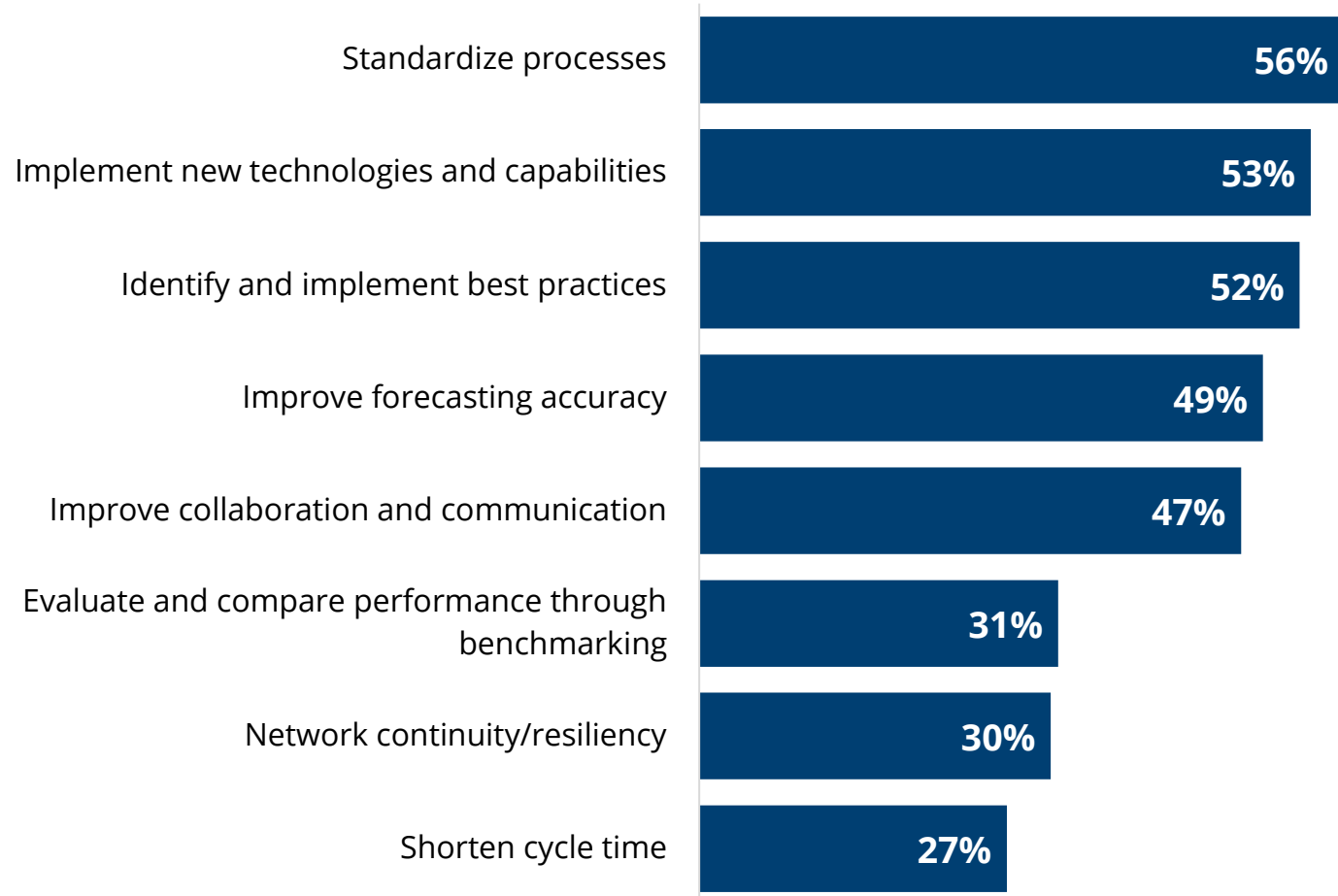
In turn, this could lead to greater operational efficiency, lower costs arising from excess inventory, and better customer satisfaction.

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2025 STRATEGIES FOR SUPPLY CHAIN PLANNING

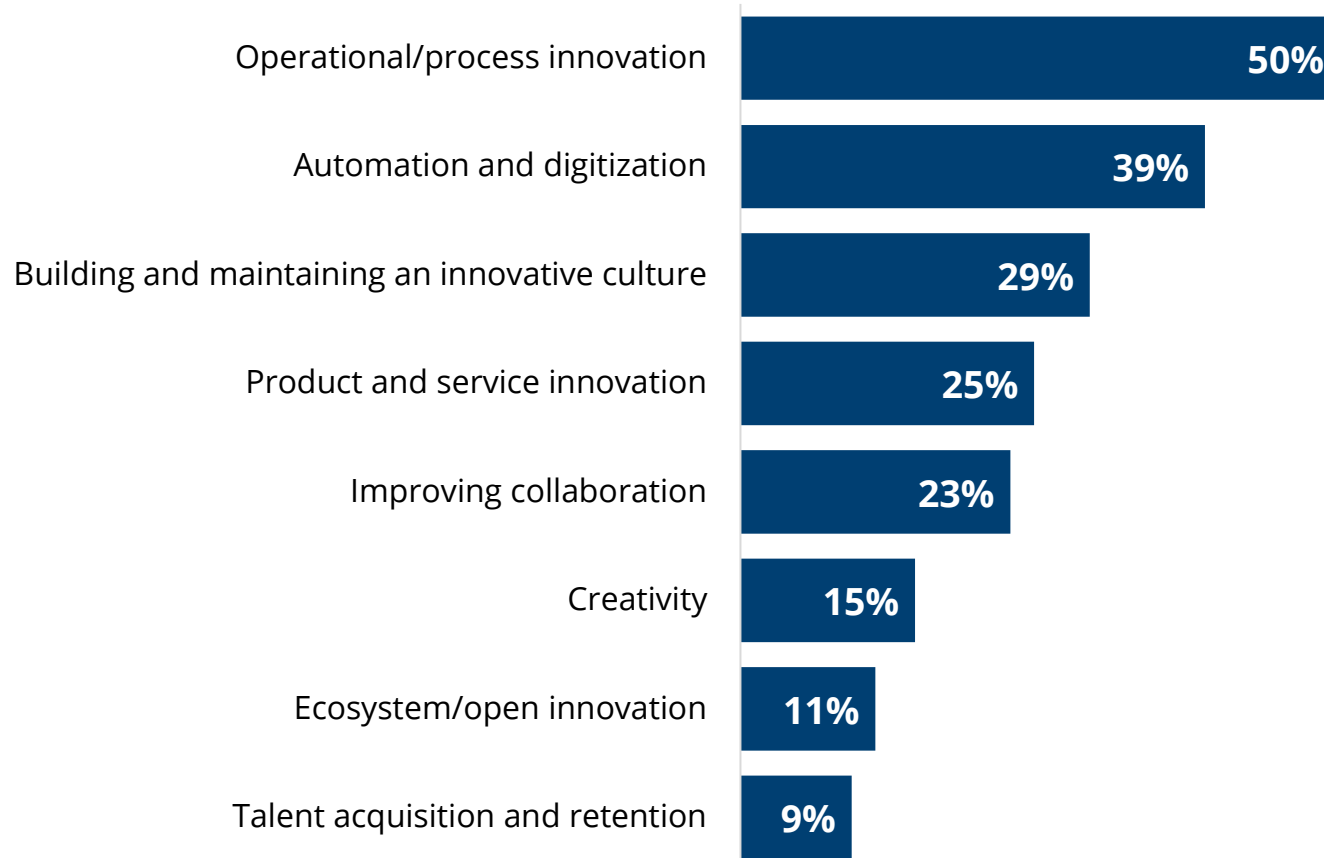
The top strategies that will be adopted by the majority of organizations for supply chain planning in 2025 are standardizing processes (56%), implementing new technologies and capabilities (53%), and identifying and implementing best practices (52%).

Process standardization can allow organizations to have greater visibility into operations, minimize errors, reduce costs, and foster closer collaboration with internal and external stakeholders. Implementing new technologies and capabilities would enable organizations to stay competitive.



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TOP PRIORITY AREAS IN INNOVATION



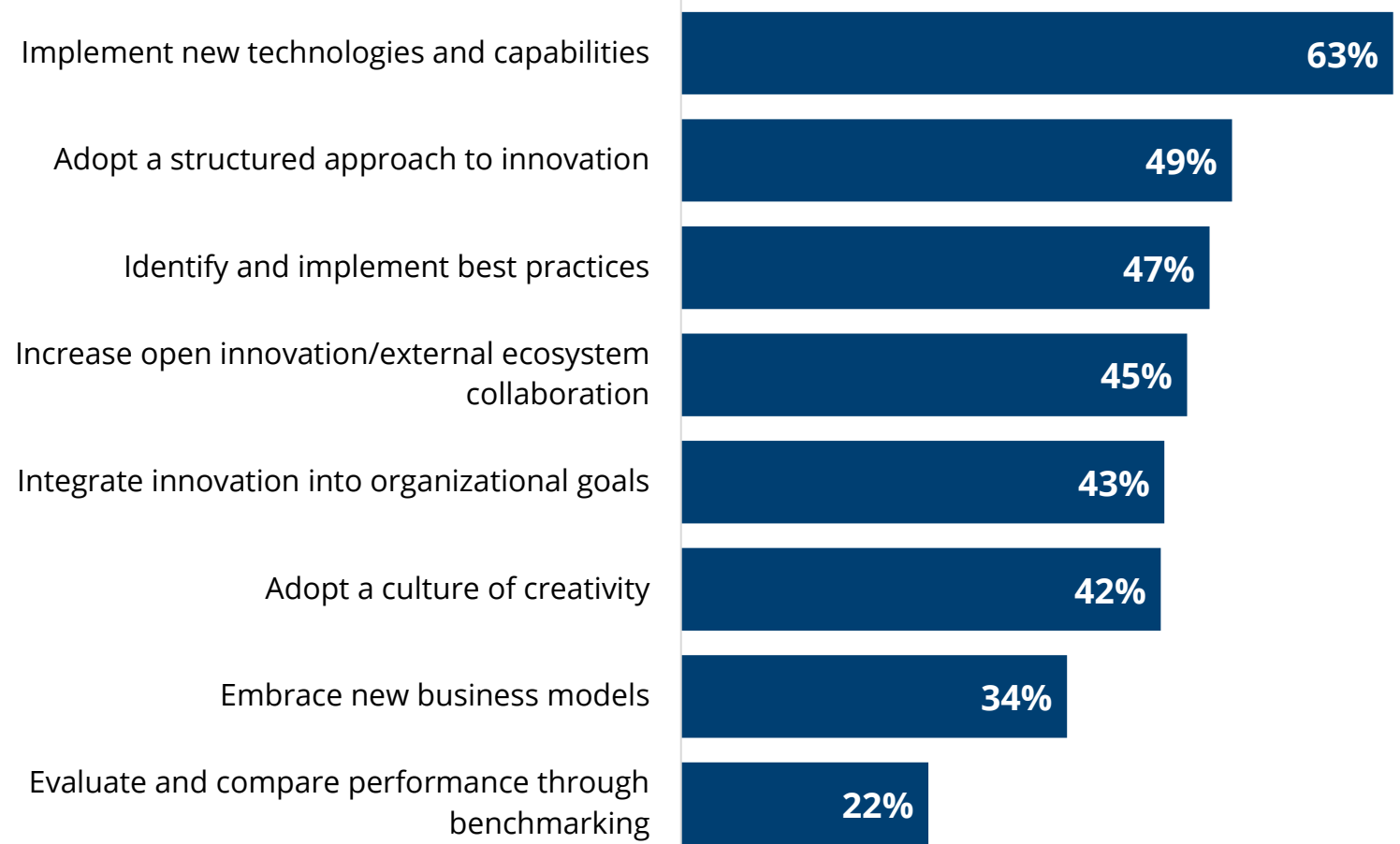
Innovation helps organizations to gain an edge over their competitors amid uncertainty and disruptions around the world today.

The top focus area in innovation for 2025 is operational/process innovation (50%), which means organizations want to focus on finding new, more effective ways of going to market and operating their supply chains.

2025 STRATEGIES FOR INNOVATION

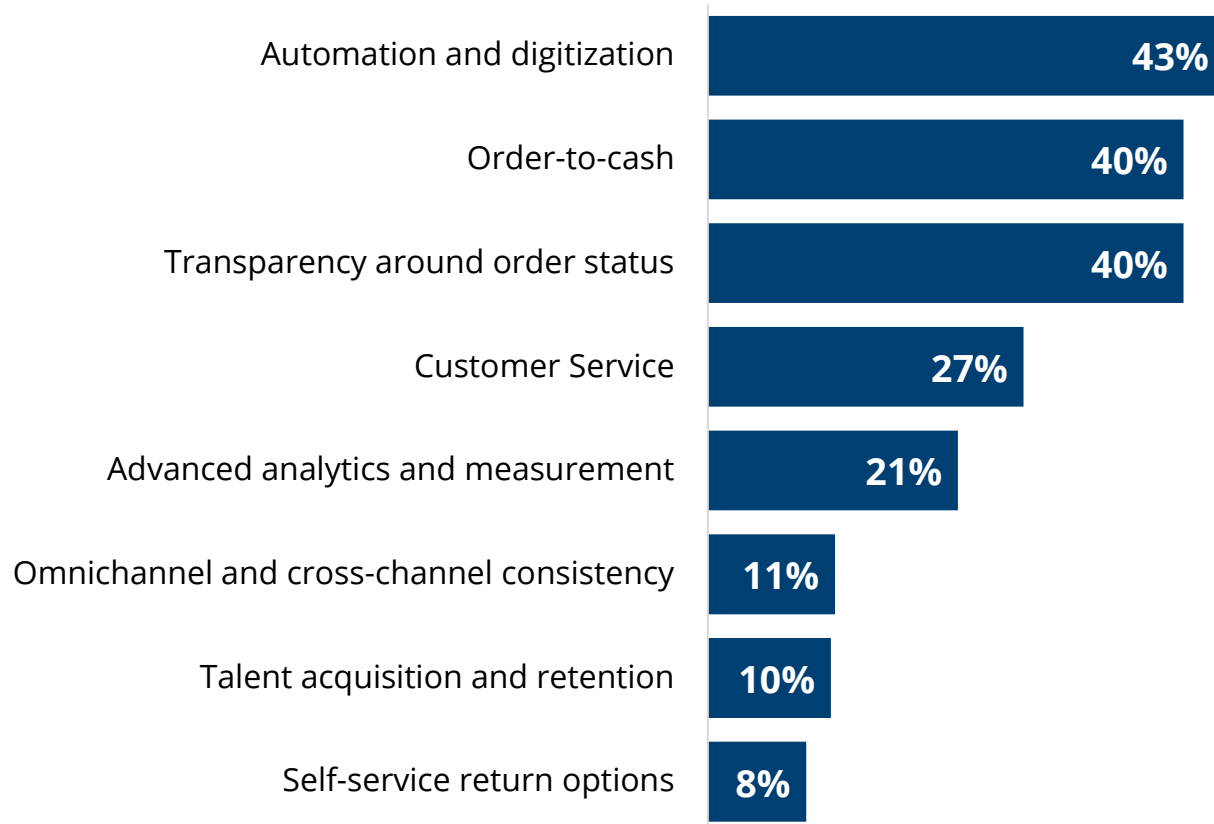
Nearly two in three respondents have indicated that for 2025, their organizations have plans to implement new technologies and capabilities (63%) for innovation. This is an increase from 2024 (51%).

Coming in second is the plan to adopt a structured approach to innovation (49%). This is in stark contrast to 2024, when organizations deemed that to be least important (33%) among all the potential strategies. A structured approach provides a framework to guide organizations in generating, developing, and implementing new ideas.



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TOP PRIORITY AREAS IN ORDER MANAGEMENT



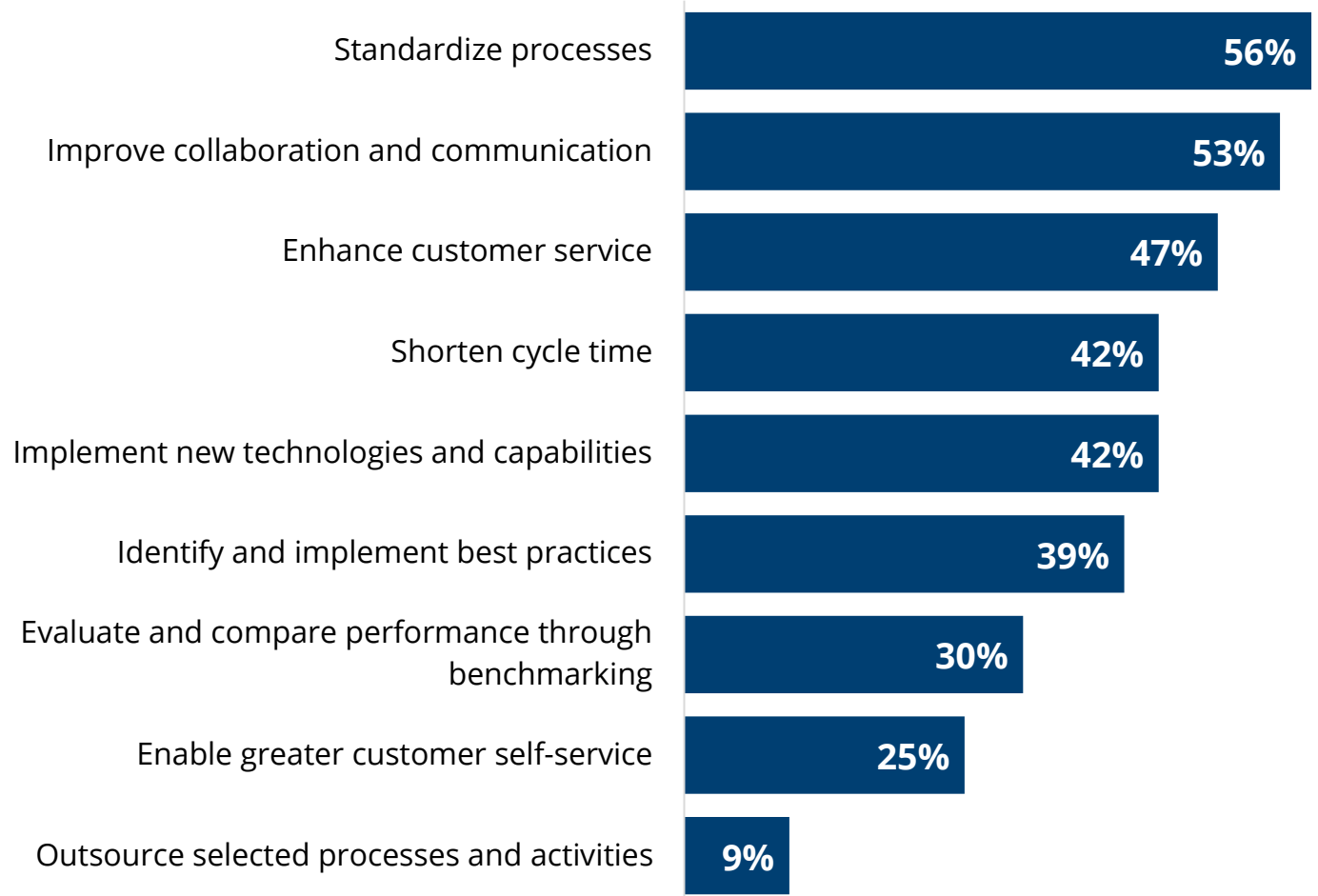
The top priority areas for order management are automation and digitization (43%), order-to-cash (40%), and transparency around order status (40%).

Having an effective order management system has a direct positive impact on order fulfilment accuracy and efficiency, and this in turn improves customer satisfaction.

2025 STRATEGIES FOR ORDER MANAGEMENT

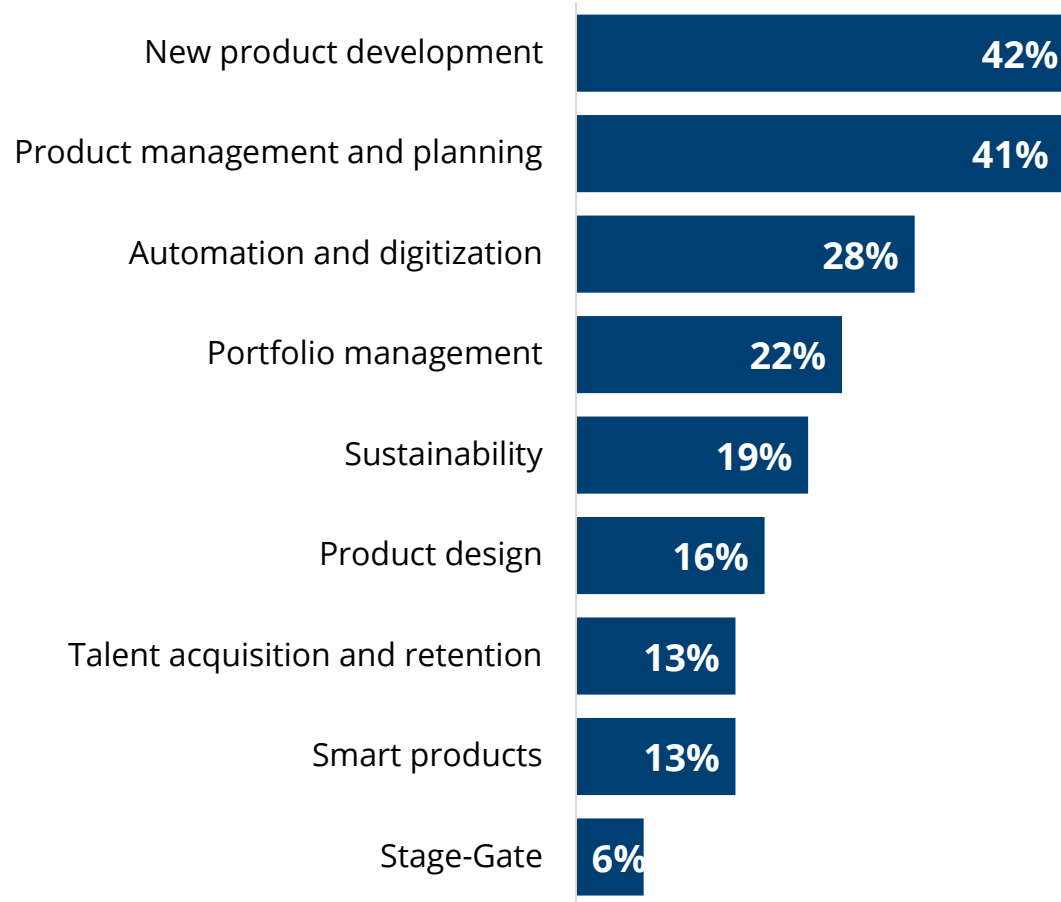
More than half of the respondents have identified their organizations' top actionable strategies for order management in 2025 to be standardizing processes (56%) and improving collaboration and communication (53%).

Having standardized processes in order management would bring about consistency in order processing and result in faster order fulfillment, fewer errors, and overall better customer satisfaction.



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TOP PRIORITY AREAS IN PRODUCT DEVELOPMENT



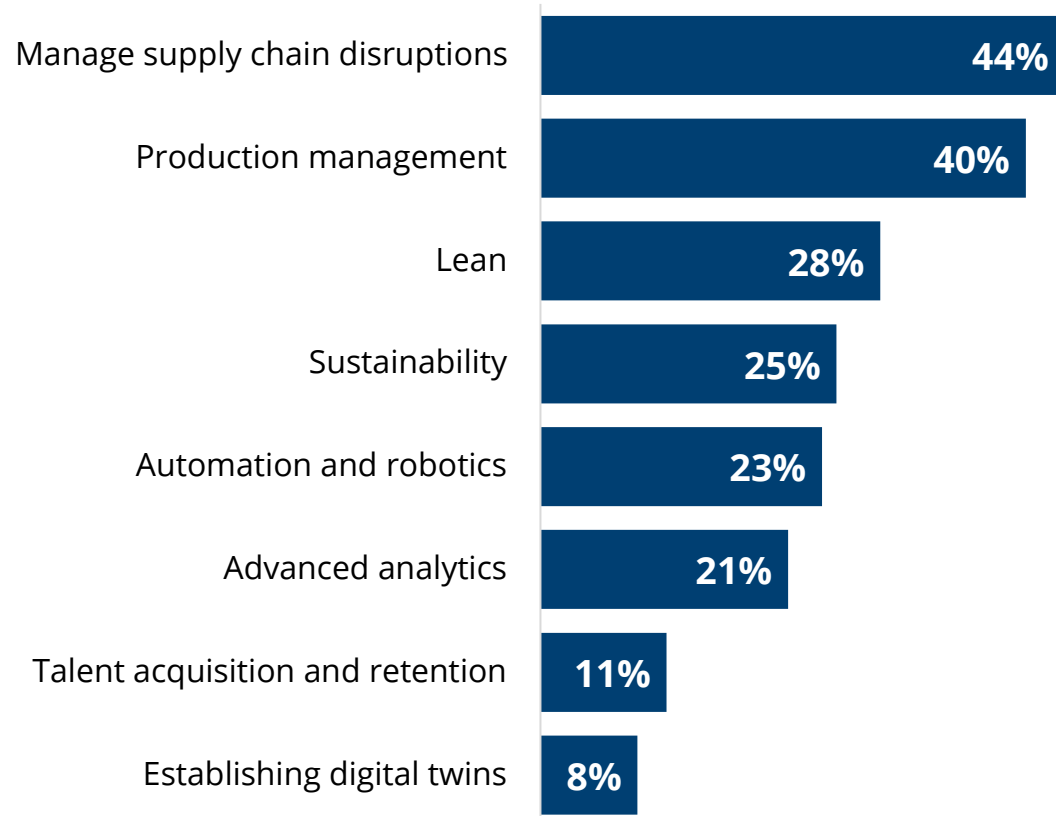
New product development continues to be a top focus area in product development (42% in 2025 vs. 37% in 2024).

More organizations this year will also be making product management and planning a top priority (41% in 2025 vs. 30% in 2024).

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TOP PRIORITY AREAS IN MANUFACTURING



Managing supply chain disruptions continues to be a top priority for manufacturing in 2025 (44%). Disruptions arising from geopolitical conflicts, climate changes, labor strikes, and cyberattacks have posed challenges for manufacturing and the overall supply chain.

Production management is also a critical area of focus in manufacturing, with 40% of respondents identifying it to be a priority this year.

The values above do not add up to 100 percent because it was a "select top two" question.



DEMOGRAPHICS

DEMOGRAPHICS

Region	
United States and Canada	40%
Asia Pacific	26%
Europe	18%
Africa and Middle East	11%
Central and South America	5%

Level of Role	
Head of Business	3%
VP/Senior Executive	22%
Director/Senior Manager	45%
Manager/Process Owner	25%
Specialist/Analyst	3%
Consultant	3%

Organization's Primary Role	
Manufacturing	56%
Services	33%
Hybrid	11%

Top Industries	
Consumer Products/Packaged Goods	13%
Industrial Products	12%
Pharmaceutical	8%
Automotive	8%
Petroleum/Chemical	8%
Services/Professional Services	8%
Aerospace	8%
Financial Services/Banking	8%
Healthcare	8%

Annual Revenue (in USD)	
Less than \$500 million	6%
\$500 million to less than \$1 billion	19%
\$1 billion to less than \$5 billion	33%
\$5 billion to less than \$10 billion	16%
\$10 billion to less than \$20 billion	13%
\$20 billion or higher	13%

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