

# The Importance of Supply Chain Management in Positioning and Creating Brands of Agro-Based Products

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## **ABSTRACT**

*This case aims to provide information on the importance of supply chain management in creating and positioning of brands of products by companies. Supply chain management entails configuration, collaboration, and coordination. The company that uses only costing for creating brands without resource availability exposes its supply chain to an insufferable risk. Consequently, the company hoping to create its brand in the world market needs to be more resilient in the supply chain process and resources. A strategic and holistic approach to supply chain in collaboration with different companies will help to identify the different strategies, which can be more resilient and efficient supply chain. Supply chain management acts as branding tool and is vital for conveying branded goods to the market in optimal time and cost. The creation of a brand name is linked to management strategies, but persistence and character are possible solely by using supply chain efficiently.*

## **ORGANISATION BACKGROUND**

*The best supply chains aren't just fast and cost-effective. They are also agile and adaptable, and they ensure that all their companies' interests stay aligned. - Lee (2004)*

Palm oil is the second most consumed oil in the world after soybean oil. Malaysia is the biggest exporter of palm oil in the world, which currently produces 39% of the world palm oil, and exports 44% of its total production. As Malaysia is also the largest producers of palm oil and palm oil products, it plays a major part in meeting the growing demands of sustainable products from Unilever, which is the largest user of palm oil. Unilever buys 1.3 million tons of palm oil in a year to make products such as Dove soap, TRESEMME shampoo, and Flora Margarine (Evans, 2014) (Figure 1). However, by the end of 2014 Unilever has decided to stop buying unsustainable palm oil that cannot be traced (Evans, 2014) in the supply chain due to 'green movement'. The Malaysian palm oil industry could achieve another milestone as in the 80s, which bolstered the Oleochemicals industry to grow due to an ample supply of palm and palm kernel oil.

Malaysia is now the second largest manufacturer of palm oil products after Indonesia, which took over the number one position in 2007. The oil palm, *Elaeis guineensis*, originates in a region from Angola to Senegal from West Africa and

*Figure 1. Use of palm oil in various final product*  
Source: Patel, 2013.



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