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- NEWS ALERT -

Global study reveals critical need for evolution in standards to address rapidly changing industry trends and user habits

- o *100% of executives who participated in the study indicated that changes in consumer behaviour will have the greatest impact on the industry's supply chain in the coming decade*
- o *70% called for wider standards adoption across the value chain*
- o *50% are calling on GS1 to take a global governance role to support implementation and adoption priorities*

Paris, Brussels, 5 March 2013 – **A report released today by Capgemini Consulting, the global strategy and transformation consulting arm of the Capgemini Group, together with GS1, the global standards organization, and The Consumer Goods Forum, the consumer goods industry platform, concludes that wider adoption of standards is key to both supply chain efficiency and meeting new consumer needs. The report, titled: "*The Future of Standards in the Consumer Goods & Retail Industry: Cut costs and meet new consumer needs,*" calls on the industry to introduce simplified programs to help users embrace and deploy standards while enabling provision of standardized product data to consumers.**

Since the first barcode was scanned in 1974 standards have led to huge savings for the consumer goods industry allowing more efficient flows of goods and information. As consumers today become empowered through social and mobile technologies, they increasingly require real-time product updates and the ability to scan barcodes to obtain "beyond the label" data such as product origin, ingredients and manufacturing working conditions.

According to research by GS1 UK and Cranfield School of Management, barcode adoption saved the UK retail industry £10.5 billion in 2011 alone.[1] Elsewhere, electronic standards have allowed companies to move from manual paper-based processes, with benefits including shortening delivery times by 61 hours on average[2], cost savings of €12-18 per transaction[3] and 5% fewer out-of-stock situations[4]. Nonetheless, with increasing industry challenges, more is needed to be done to ensure standards can be more widely adopted to help drive progress in the consumer goods and retail industry.

The results of the study showed that there are numerous challenges regarding standards faced by the industry including:

1) **Underuse of standards** – Compared to large companies, small and medium enterprises have significantly lower rates of standards use, with manual processing frequently the norm. Standards need to be extended to new channels such as e-commerce and affiliated transportation and logistics parties.

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[1] *GS1 and Cranfield School of Management, 2012*

[2] *'Make your supply chain more efficient by using GS1 standards,' IBM and The Consumer Goods Forum, 2011*

[3] *GS1 France, GS1 Germany/PROZEUS project*

[4] *'Make your supply chain more efficient by using GS1 standards,' IBM and The Consumer Goods Forum, 2011*

2) **Data available through product barcodes is often missing or inaccurate** and not provided in a standardized way across multiple channels.
3) **Promotions are problematic** as they are necessary for sales growth but difficult to forecast demand as retailers are often unwilling to share promotional strategies.
4) With the **challenge of Big Data**, retailers and manufacturers find it difficult to respect standards that require barcode numbers to change every time a product is slightly altered.
5) There is increasing **scarcity of natural resources but also rising consumer interest in sustainable business** - creating the demand for more accurate and consistent information on carbon footprint, water usage, recycling and energy consumption.

Key recommendations of the report are:
- Develop marketing programs targeted toward companies not making full use of standards
- Introduce simplified standards programs for ease of adoption
- Use existing standards to communicate product information to consumers
- Collect sufficient information about product origin and route to market to minimize risk
- Develop solutions to ensure data quality
- Design new standards to facilitate the exchange of sustainability related data
- Expand GS1's role from standards defining body to center of excellence in standards deployment

"The Capgemini research sheds light on an important issue: as an industry we need to put more work into making sure standards are well-adopted throughout our business networks. We're fortunate to have dynamic organizations like GS1 and The Consumer Goods Forum to help us with that," explained José Lopez, Executive Vice President, Operations & GLOBE, Nestlé.

"Standards have a fascinating past and an exciting future. On the one hand, they are foundational to the way we do business, driving down the cost of our operations. On the other hand they are helping us to get closer to our consumers and meet their ever-changing needs, particularly in the digital world." commented Mike McNamara, Chief Information Officer, Tesco.

Susan Wood, Principal, Capgemini Consulting North America, said, *"Our report shows the urgent need for not only the greater adoption of standards and more consistency in standards implementation, but also improved data, guidelines and governance across the consumer goods and retail sector. This is particularly important due to increasing consumer demands, which are driving the digital transformation needed to improve the shopper all-channel experience."*

The latest study was based on in-depth interviews with leaders in supply chain and IT functions of 20 global consumer goods manufacturers and retailers worldwide, across Europe, Asia and North America, including Johnson & Johnson, Nestlé, Tesco, Unilever and Walmart.

To download 'The Future of Standards in the Consumer Goods & Retail Industry' please log onto:
www.capgemini.com/the-future-of-standards

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NOTES FOR EDITORS

About Capgemini Consulting
Capgemini Consulting is the global strategy and transformation consulting organization of the Capgemini Group, specializing in advising and supporting enterprises in significant transformation, from innovative strategy to execution and with an unstinting focus on results. With the new digital economy creating significant disruptions and opportunities, our global team of over 3,600 talented individuals work with leading companies and governments to master Digital Transformation, drawing on our understanding of the digital economy and our leadership in business transformation and organizational change.

Find out more at www.capgemini-consulting.com.

About Capgemini
With more than 125,000 people in 44 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2012 global revenues of EUR 10.3 billion. Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience^{TM}, and draws on Rightshore®, its worldwide delivery model.
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About The Consumer Goods Forum
The Consumer Goods Forum (CGF) is a global, parity-based industry network, driven by its members. It brings together the CEOs and senior management of over 650 retailers, manufacturers, service providers and other stakeholders across 70 countries and reflects the diversity of the industry in geography, size, product category and format . Forum member companies have combined sales of EUR 2.1 trillion.

The Forum's vision is: "Better lives through better business". To fulfil this, its members have given the Forum a mandate to develop common positions on key strategic and operational issues affecting the consumer goods business, with a strong focus on non-competitive process improvement. The Forum's success is driven by the active participation of the key players in the sector, who together develop and lead the implementation of best practices along the value chain.

Find out more at www.theconsumergoodsforum.com.

About GS1
GS1 is a not-for-profit, neutral organisation that is driven and governed by its members. It manages and develops the most widely used system of supply chain standards in the world - used by over 1 million organisations in multiple sectors and in close to 150 countries.

GS1 is most well-known for the bar codes that companies put on their products and that are scanned by retailers at point-of-sale. However, GS1 standards are much more than the barcodes. They provide a framework for companies to identify, capture and share information which drives supply chain visibility. This allows companies to improve effi ciency, safety and sustainability and to better collaborate with suppliers, customers and end-consumers.

Find out more at www.gs1.org.