

**The Consumer Goods Forum**

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## **New Consumer Goods and Retail Industry Study Reveals Need to Rethink the Value Chain**

*The Consumer Goods Forum and Capgemini call for needed industry change to secure long-term, sustainable growth; Existing value chains must evolve to consumer-driven value networks*

Paris and New York, 14 December 2015 – [The Consumer Goods Forum](#) (CGF) and [Capgemini](#) today published results from their new report “*Rethinking the Value Chain: New Realities in Collaborative Business.*” The report identifies future trends in the consumer products and retail (CPR) sector and concludes that traditional value chains are no longer sufficient to keep pace. In order to secure long-term growth, it recommends the adoption of a “value network” approach to doing business. The report was unveiled during the [CGF’s Board of Directors](#) meeting in Amsterdam, with special recognition going to Muhtar Kent, Chairman & CEO of The Coca-Cola Company, and Motoya Okada, President and Group CEO of AEON Co., LTD, who initiated the project at the Board level and who are long-time Board co-sponsors of the CGF’s [End-to-End Value Chain & Standards Pillar](#), where this project sits.

It’s believed that this fresh perspective to the value chain will engage manufacturers, retailers and additional stakeholders. The industry should no longer think of the value chain as a linear journey, whereby products and information flow linearly and sequentially from supplier to manufacturer to retailer to consumer. Instead, it will increasingly organize itself as networks around consumers, offering a multiplicity of channels and interfaces across all value-add processes and business entities. Ultimately, the consumer is increasingly in charge, making decisions that have direct impact across the value network, with the industry responding to that – rather than the other way around.

Muhtar Kent said: “*Today’s consumer is empowered like never before. Consumers now have the power and the means to share their opinions and concerns with a larger audience than ever, through a growing array of social and digital channels. In this era of rising consumer expectations and a rapidly changing business environment, there is one crucial question we need to ask ourselves: How do we strengthen our industry and benefit consumers through the unprecedented challenges that lie ahead? This report, initiated by The Consumer Goods Forum, considers some of the essential ways of anticipating and addressing such profound shifts.*”

The report is the result of extensive working sessions and expert interviews with thought leaders from the world's top CPR businesses as well as subject matter experts. It highlights how the industry needs to fundamentally change the way it collaborates with all stakeholders.

Motoya Okada said: *"Members of The Consumer Goods Forum and our industry have a responsibility to collaborate for a better future for the world's consumers. This Future Value Network report highlights additional opportunities, due to the many changes impacting our industry, for all of us to become even more effective in making lives better for consumers while delivering on our responsibility of value and trust. We can achieve these goals by collaborating much more effectively than in the past. The world is changing profoundly and so must we."*

The report highlights three overarching priorities on which the industry could collaborate and which should deliver a positive return on investment:

- **Consumer engagement.** Taking part in a true dialogue with consumers, justifying their trust in our industry. The industry needs to be consistently responsible with consumers' data so it can add value in serving them and engaging with them. This will require companies to adopt common and clear principles for consumer engagement.
- **Transparency.** Keeping consumers informed about the nature and traceability of products' ingredients, nutrients and provenance – to inform consumers of the contents, safety, environmental and societal impact of products, while improving efficiency within the industry. This will require a step-change in collaboration on product global data definitions, data quality and data sharing, going beyond simple track-and-trace and audits.
- **The last mile of distribution.** Reconsidering the assumption that distribution to stores and consumers is an area where companies operate independently of each other, and exploring opportunities to collaborate, under certain circumstances, to improve speed, efficiency and consumer satisfaction while minimizing environmental impact. The new model would involve a new form of 'network' partnerships. To fully grasp these opportunities, the industry will need to invest in flexible technologies, interoperability of new processes and more open corporate cultures.

Peter Freedman, Managing Director of The Consumer Goods Forum, said: *"The CGF is constantly looking for ways to support greater business efficiency and to build consumer trust. This report emphasises the importance of action to address both opportunities. It reinforces much of our current agenda but provokes us all to implement it with a very different approach to collaboration and with still greater urgency."*

Ted Levine, Global Sector Leader, Consumer Products & Retail at Capgemini, stated: *"As an industry, we need to agree to adopt modular technology, which offers a plug-and-play approach to business applications and big data services - to speed up time to market and create a culture of innovation. At Capgemini, we see the opportunity for Consumer Goods and Retail companies to move toward a consumer-driven supply chain that builds end-to-end value networks with greater localization across all channels, visibility and insights to drive speed and innovation to meet the demands of the digitally-enabled consumer."*

For more information and to download the report, please visit - [www.futurevaluenetwork.com](http://www.futurevaluenetwork.com).

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### **About The Consumer Goods Forum**

The Consumer Goods Forum (“CGF”) is a global, parity-based industry network that is driven by its members to encourage the global adoption of practices and standards that serves the consumer goods industry worldwide. It brings together the CEOs and senior management of some 400 retailers, manufacturers, service providers, and other stakeholders across 70 countries, and it reflects the diversity of the industry in geography, size, product category and format. Its member companies have combined sales of EUR 2.5 trillion and directly employ nearly 10 million people, with a further 90 million related jobs estimated along the value chain. It is governed by its Board of Directors, which comprises 50 manufacturer and retailer CEOs.

For more information, please visit: [www.theconsumergoodsforum.com](http://www.theconsumergoodsforum.com).

### **About Capgemini**

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