

Eyes on different markets and industries

88%

of consumer goods CEOs are confident of increasing their company's revenues this year

57%

of consumer goods CEOs are entering other sectors or considering doing so



Emphasis on emerging opportunities

Consumer goods CEOs are less upbeat about the global economy than they were last year, but their views are broadly in line with those of CEOs in other sectors: 34% expect the outlook to improve.

Like their counterparts in other industries, consumer goods CEOs are confident of generating higher revenues in the short and longer term. They're looking to the US and China to produce much of this growth. They also have high hopes for Brazil.

Ready for most disruptive megatrends

So what could upset these ambitions? Consumer goods CEOs are nervous about higher taxes, geopolitical uncertainty and over-regulation. The shift in consumer spending patterns is also a source of concern for 67%. Like their peers in other sectors, many consumer goods CEOs expect a range of disruptive forces such as regulation and changes in competition and customer behaviour to reshape the commercial landscape. One area where they are more concerned than peers is around new distribution channels, which 57% fear could cause upheavals (versus 50% overall).

Sights set on new and adjacent sectors

More than half of all consumer goods CEOs think it likely that companies in one industry will increasingly compete in others over the next three years. But they're not as worried about the prospect of new market entrants as CEOs in other sectors. Indeed, many have responded by going on the attack: 30% have already expanded into other industries themselves, while 22% have considered doing so.

The pioneers are mainly targeting the retail and wholesale sector. But some CEOs also say their companies are exploring the potential in agriculture as well as healthcare, pharma and life sciences – areas very different from those in which consumer goods companies normally operate.

Questions to ponder

- Where's the most attractive area of opportunity for us? In our existing business or new sectors?
- What is value for our customers? Would our competitors define it differently?

Creating new forms of value

Treading warily down the digital path

Consumer goods CEOs recognise the strategic significance of mobile technologies for engaging with customers, data analytics and cyber security tools. But they place slightly less weight on data analytics than their peers in many other industries do (74% versus 80% overall). They're also less worried about the pace at which technology is evolving, although it's still a source of concern to 39% (versus 58% overall).

Consumer goods CEOs acknowledge that it's not easy to implement these new technologies. They say a clear vision of the competitive advantages to be obtained is essential. It's also important to have a CEO who personally champions the use of digital technologies and a robust plan with properly defined measures of success. However, the rewards far outweigh the effort. Those consumer goods CEOs who have already invested in digital technologies report that their companies can now analyse data more effectively, operate more productively and manage their sourcing and supply chains more efficiently.

Alliances high on the agenda

The percentage of consumer goods CEOs planning to form a new alliance has risen sharply, from 32% to 48%, this year. Most want to partner with suppliers, customers and business networks or trade organisations – largely to get access to new geographic markets or customers and to beef up their company's ability to innovate.

However, the percentage of consumer goods CEOs planning to increase the organisational headcount has fallen from 45% to 40%. Most consumer goods CEOs are still concerned about the availability of key skills though (69%). The same number now actively search for new candidates in different countries, industries and demographic segments.

Questions to ponder

- How do we filter and synthesise the large amount of data available for decision-making?
- Can we de-risk entry into new markets with strategic alliances or joint ventures?



“If you have unlimited resources – and I don't know any company that does – you can try to go it alone and take time and build products. But if you want to accelerate what you're doing, it's better and easier with a partner that understands the market.”

Alan D. Wilson, Chairman,
President and Chief Executive
Officer, McCormick & Company

Get in touch with us!

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