Resilience
A Journal of strategy and risk

Compliance in 2025
A key future role for retail & consumer companies
What does the future hold for the compliance function in the retail & consumer sector? What role will the Chief Compliance Officer play in 2025?

As this article in PwC’s Resilience journal shows, there is considerable room for growth for compliance executives in our sector. Fewer than half of R&C companies today currently have a chief compliance officer — and over two thirds of those must wear more than one hat. Still, the growth drivers — both sector-specific ones and the megatrends that are transforming all industries — point to a growing role for this critical position.

Here are some of the highlights today — and the possible trajectory into tomorrow’s compliance landscape — for retailers and other consumer-focused companies.

Megatrends
- In response to the shifting of the global economic balance from developed to developing countries, companies are expanding their global footprints — both organically and through mergers and acquisitions.
- The same shift could also affect sourcing strategies. Key drivers for this sourcing diversification could include technological advancements that allow for seamless sourcing, lower- or lowest-cost, and evolving shopper preferences for products sourced globally.
- Resource scarcity is driving companies to alter products, ingredients, processes and packaging in response to growing consumer demand for more environmentally-friendly products, free from various additives and chemicals.
- Technological breakthroughs, competitive pressures and changing shopper behaviour are accelerating a shift to so-called Total Retail (e.g., omnichannel) initiatives via PCs, mobile devices and tablets for multiple consumer interactions. Meanwhile, big data and advanced data analytics are helping businesses extract insights on consumers and their behaviours from vast arrays of structured and unstructured data.

From 2014 State of Compliance Survey
- Regulation is increasing across the globe, so we anticipate a growing role for the compliance function.
- Fewer than half of all R&C companies have CCOs, compared with 86% of heavily regulated companies and 69% of all responding companies. As the chart below shows, of those with CCOs, more than 70% wear two hats. This means only 16% of companies across the sector have a dedicated CCO.
- There’s a risk that the majority of compliance-focused time is being spent on reacting to acute problems and issues rather than on developing strategic and preventive activities.
- Nearly 50% of respondents had increased staffing levels in the previous 12 months.
- Because most R&C companies’ strategic initiatives involve some sort of regulatory risk or compliance challenge — based on new markets, new products, or new sourcing strategies — there will inevitably be opportunities to showcase the value that compliance can add.
70% of respondents agree that the person with the most responsibility for compliance “wears multiple hats”

Is the position of the person with the most responsibility for compliance a stand-alone role, or does s/he ‘wear multiple hats’?

The future insurance CCO will be...

- **Link closely with strategy colleagues**, helping them to understand early the risks associated with pursuing various strategies — whether digital, Total Retail or international expansion.

- **Play a key role in strategy for cross-border M&A, outbound transactions and the global supply chain** — providing insight into which potential markets pose better regulatory risk for acquisitions.

- **Be a key advisor to the sustainability practice** on the issues of: resource scarcity; compliance and ethical considerations of a retail practice; and potential impact on brand perception and social welfare.

- **Be multi- (and cross-) functional**. Loyalty programs will have become huge, driving more consumer data privacy concerns and further regulation. At the same time, social media will be a major channel for promoting brand awareness and ethical practices, as well as providing new consumer experiences. Consequently, the compliance, IT, e-commerce and marketing teams will have permanent cross-functional relationships that will be essential to competitive advantage.
To learn more, read The surprising truth about the star C-suite darling in 2025.

Access the full Survey here: pwc.com/us/stateofcompliance