

SECTOR

Consumer Packaged Goods

In Consumer Goods, the digital agenda is accelerating as companies look to drive growth in turbulent times.

Consumer Packaged Goods (CPG) organisations need to constantly evolve to stay competitive. The speed of this evolution continues to accelerate, with a range internal and external pressures driving change throughout the sector.

The key challenges we see with our clients are:

- 'Low cost' supermarket chains ('Discounters') benefiting from hyper efficient operating models and offering consumers everyday low-price alternatives to major CPG brands
- 'Buying groups' increasing retailer power, driving down prices and CPG margins
- 'Disruptive' challenger brands offering new products, channels and distribution mechanisms channels degrading CPG organisations market share
- Pressure from consumers, shareholders and employees to shift to more sustainable business models and brands with purpose
- Increasingly saturated first world markets with ever reducing margins and limited opportunities for growth
- The impact of new media, and particularly social media, on everyday consumer behaviour
- The shift to on-line, through a complex mix of eCommerce channels and business models (pure play, omnichannel, direct to consumer, etc)
- Changes resulting from the Global pandemic, particularly accelerating the shift to on-line.
- The blurring of traditional trade (via distributors) and modern trade (direct to retail) in many regions breaking down traditional market archetypes

However, reacting to these pressures in the right way can turn potential threats into opportunities for CPG organisations looking to increase profitability and drive growth.

"I feel lucky to have spent the last 10 years working with many of the world's leading CPG companies; it's a fascinating business that touches literally everyone's lives. The pace of change and the stakes are high - with the scale of both opportunity and challenge being formidable. We'll bring our strong sector experience to bear, but we'll never assume we know your business better than you do. Working as an embedded part of your team, we'll help you quickly define and deliver the change you need to succeed."

Jon Bradbury
Partner



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Recognising the value of data and the insights generated through analytics

The application of net revenue management (NRM), also known as revenue growth management (RGM), methodologies is now industry standard, enabling CPGs to optimise product pricing, pack formats, assortment & promotions while also taking a holistic view on trade spend. Trade Promotions Management (TPM) capabilities are also maturing rapidly, with foundational capabilities for promotions management and pre- and post-event analysis moving towards automated optimisation.

Data is the fuel that drives this type of analysis, including internal finance and sales data but also external data such as market share, weather and geopolitical data. Organisations are looking to find quicker and more cost-effective methods to organise data and exploit it. At the leading edge a number of companies are experimenting with Artificial Intelligence (AI) and Machine Learning (ML) powered predictive analytics tools that could, if implemented and adopted correctly, prove game changing.

Digital is also changing execution in market, as the role and capabilities of field salespeople, merchandisers and distributors is increasingly transformed through technology.

Outside of sales, analytics is also providing significant opportunities for both supply chain and finance. Predictive models have been proven to significantly improve demand forecasts, meaning that CPGs can plan more effectively, driving efficiencies throughout the supply chain. Automation is becoming industry standard for order-to-cash and treasury management processes, delivering efficiencies and reducing errors.

Digital has also clearly transformed marketing (as it has in all sectors), providing a vehicle for direct consumer engagement. CPG organisations are also using social media 'mining', powered by artificial intelligence, to better understand consumer needs.

Combined these new digital capabilities represent a significant step towards truly integrated business planning, driving efficiencies throughout the organisation. They also provide the transparency required for CPGs to change the conversation with their customers from one of confrontation to collaboration.

Building impactful eCommerce channels that are profitable for both CPGs and retailers

CPG organisations now have the data needed to develop targeted omnichannel strategies for retailers and consumers. These approaches incorporate a clear generational shift away from traditional channels driven by changing consumer priorities and lifestyle choices. CPGs increasingly look to engage directly with consumers, both through interactive marketing strategies, including those driven through social media, and eCommerce channels that both allow and incentivise shoppers to buy direct.

The growth of the eCommerce channel represents both a significant opportunity and a challenge for CPG organisations.

'Traditional' CPG organisations are still set up to serve 'bricks and mortar' operations first and foremost and so, to fully benefit from eCommerce growth, they will need to adapt and even transform their operating model and core capabilities to compete.

The Global pandemic has led to a rapid acceleration in eCommerce penetration. There are strong indications that these changes are here to stay and CPGs are looking at opportunities to rapidly develop these capabilities in a sensible and sustainable way.

Putting sustainability at the heart of business strategy

For most CPG organisations moving to more sustainable business models means making significant changes, including increased investment in research and development, targeted acquisition strategies, marketing initiatives and initiatives to drive increased traceability through supply chains. To ensure that these changes happen and demonstrate their commitment some CPG organisations have chosen to put sustainability visibly at

the heart of their future strategies.

Technology is a key enabler, and organisations are also looking to digital solutions to help drive the sustainability agenda, providing the information required to optimise product portfolios, provide full traceability, and reduce wastage throughout the supply chain.

Investing in emerging markets as a vehicle for future growth

The growth powerhouse continues to be developing and emerging markets - but winning in these markets requires a different approach in a range of key areas, for example in terms of routes to market (with these markets being largely distributor led, and dominated by General Trade, or only localised Modern Trade), and in terms of the competitive landscape (with more local brand domination requiring a different 'local vs. global' mindset and organisation structure).



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How we can help

We can help in a number of areas that are directly relevant to the industry challenges discussed above, such as:

Customer (Sales) Transformation – From Net Revenue Management/ Revenue Growth Management to Retail execution, Trade Promotions Management and Trade Terms optimisation, to eCommerce and Direct-to -Consumer channels we can help you to make the important investment decisions required, then set up and run programmes that deliver real and lasting change needed to really optimise your sales across all channels and markets.

Channel transformation – we can help you build eCommerce strategies (Pure Play, Omni Channel, Direct-to-Consumer and New Business Models) that are both profitable and meet consumer expectations. From portfolio (value density, packaging, bundling, etc), to Demand optimisation (content, SEO optimisation, etc) through to execution (CRM, pricing, supply chain, etc).

Consumer (Marketing) Transformation - From transforming consumer insight and relationship management; to optimising digital asset and product information management; to delivering the latest and best on-line consumer experience; to transforming the role of salespeople, merchandisers and distributors; to moving infrastructure to the Cloud – wherever

there's an opportunity for Digital to drive your business, we can help you achieve it.

Services/ Operations (Finance, HR and IT)

Transformation – we can help you set the right strategy and deliver the necessary transformation to your key 'back office' functions in order to best align and support the new business reality. We can help you to drive efficiency, but also get the 'local vs. global' balance right, and partner the business optimally to support all the business changes described above.

It's about doing it fast and doing it right, which suits us down to the ground. With our 'low volume, high value' model, we won't overwhelm with large teams or take months to produce results.

Typically only using one or two highly experienced and high calibre people, we can assess and turn around major programmes in weeks, or help you cut through to a core strategy in a matter of days. Above all, this is about sound judgement – doing enough analysis and drawing on our experience to help our clients make a confident call on what's right for them.

We work as close knit part of your team, doing the work 'with you, not to you', and getting to results that have real ownership and buy-in. The full suite of ways in which we can help can be found on our [website](#).

Our experience

We helped a global consumer goods organisation turnaround their outsourced service which provides end-to-end off-shore production and deployment of global eCommerce Content.

- This involved reviewing the operating model, defining a comprehensive 'reset plan', and the driving that plan through in parallel to running the operational service.

Berkeley's involvement has been truly transformative. They have helped us unlock the power of an end-to-end off shore model by helping us reset our joint approach and addressing challenges on both sides - Global eContent & Experience Design Director (eCommerce)

We set up and then ran a Global sales transformation programme delivering efficiencies and driving growth

- We led a global Sales transformation programme, a key strategic initiative to drive greater efficiency and effectiveness in the Sales function in this CPG major through process, technology and organisational changes. With our involvement, the programme was mobilised with engagement and delivery underway across 18 markets, with further markets onboarding. This high profile, high complexity initiative remains one of the client's largest and most critical transformation programmes to date.

"Berkeley's involvement has been critical in getting the programme moving. Without their structure and challenge we would not be in the position we are today." – Global IT Lead

We helped mobilise an EMEA-wide trade promotion optimisation and sales capability roadmap at a global CPG

- In response to an increasingly challenging competitive environment our client had been investing in new IT capabilities to drive growth. To address this challenge the client needed to make a transformational improvement in its end-to-end sales capability. We supported them in planning and mobilising this work, from developing and agreeing terms of reference through to leading the team through the initial shaping phase.

"This is amazing – thank you! Your continued support and dedication really has been appreciated ... I've benefited from the organisation, structure and discipline you've provided the team" - RGM and In-Market Execution Leader EMEA

We helped develop an enterprise information strategy to transform the management and use of data to drive business performance for a Global CPG

- We worked with the senior leadership team to develop a single, enterprise plan to optimise the value of this organisation's data. It also served to align the business around a comprehensive set of prioritised use cases for data and analytics, to inform a detailed business case for implementation of the strategy.

"The main benefits of Berkeley's involvement were: 1) forward thinking, 2) challenging the norm, 3) holding us to account, 4) great approach and structure, 5) great insights and in-depth analysis" – CIO