



Leading questions

Infusing intelligence to reinvent CPGs



Too many consumer packaged goods companies (CPGs) are losing household relevancy as consumer preferences shift, and channel complexities increase. What's more, they're experiencing unrivaled levels of disruption across operations. Legacy structures and processes are too static to manage against these headwinds. To sustain growth and differentiation post-pandemic, leaders and employees will need to solve for a new set of questions and embed intelligence across the company. This requires a fundamental mindset shift and new ways of working, starting at the top.



To thrive, CPGs need to seamlessly connect internal and external data sets to uncover and fuel new insights at scale throughout the organization.

The result: both the macro and micro picture is always in focus and available in seconds or minutes instead of hours or days. Building new insights and connecting them across the organization to form new intelligence is critical to achieve the level of agility and control needed to compete in today's super charged competitive environment. Getting it right requires harnessing the power of artificial intelligence (AI) on the cloud.

Engraining intelligence into the core of every decision, function, and process requires fundamental change. Most companies have pockets of data-driven approaches in their enterprise. But those that are pulling ahead of their competitors have broken out of functional and geographical siloes and are thinking bigger and broader about how to leverage advancements in data and analytics as a catalyst to reinvent the business.

It's a daunting effort. Reimagining the organization as an insight-driven enterprise starts with examining the status quo and questioning how things that are done today can be transformed to deliver competitive value tomorrow. Three leading questions will enable CPGs to start on a course of becoming an end-to-end insights driven, intelligent organization.



1

How can we reimagine intimacy with end consumers and deliver a differentiated personalized experience?

Understanding consumer behavior at a granular level is critical when it comes to delivering personal experiences. But CPGs are faced with the complexities of ever-changing data privacy guidelines, non-harmonized data sources, nuances around first, second and third party data, and most importantly the lack of a cohesive end-to-end architecture which enables the collection, curation and just-in-time insights to target the right consumer with the right product messaging based on the consumers' context.

To continue to maintain a pulse on consumers, manufacturers must create their own consumer data intellectual property. By merging 1st party data with 3rd party data using AI on cloud, CPGs can get a 360-degree view of consumers. Companies struggle when it comes to wielding insights at scale because consumer data is confined inside an unscalable architecture.

Consider P&G: the company launched its own Consumer 360 solution on Google Cloud Platform which consolidates consumer data to effortlessly deliver hyper-personalized experiences at scale. According to Vittorio Cretella, the company's CIO, "Advanced data analytics lets us offer consumers the best selection of products at their local stores and reach them on their preferred channels... With a powerful cloud infrastructure, we can meet goals and reach new ones—and continue to evolve products and put consumer experience first."¹

This intelligence is not only valuable to marketing but also should be used in sales, R&D, and other areas to ensure the consumer stays solidly in focus.



Carlsberg brews innovation with cloud

To grow, Carlsberg's leaders knew the company needed to transform into a digital business, which meant moving to the cloud. As part of that, Carlsberg zeroed in on initiatives designed to enhance customer experiences, improve agility in local markets and gain greater customer insights. Carlsberg now has the freedom to innovate and experiment. It can operate much more quickly, launching new initiatives and campaigns in hours, rather than months.

Learn more about [Carlsberg's transformation](#).

2

How can we sense and respond to demand volatility within days and create supply chain resiliency?

CPGs are perfecting demand sensing to ensure supply chains are flexible enough to meet changes in the marketplace. Linear supply chains won't cut it. Today's competitive environment calls for digital supply networks, ones that are integrated and continuously connecting plants, machines, workers, manufacturing, operations, and ecosystem players.

Legacy ERPs can't deliver the needed speed and scale. Which is why cloud capabilities must be layered on top of them to access and analyze the massive amounts of data now available in real-time. Otherwise, the supply network is too slow to respond and consumer and customer needs aren't met.

Digital supply networks are enabled by AI and machine learning ingrained throughout planning, transportation and logistics, and manufacturing. Consider one beverage manufacturer that redesigned its core processes on the cloud to ensure integrated automation, traceability, and flexibility for future volume and technology growth. They lowered production conversion costs by more than 50% and reduced direct labor by a whopping 70% through a highly automated facility. Net-net: they do more with less, help keep people safe and contribute to a sustainable future.

The insights enabled by digital supply networks allow for faster growth, improved return on investment and unprecedented levels of productivity. And importantly, they can respond more adroitly to newly evolving situations, like a global pandemic.



To support its growth objectives, one of North America's leading food companies is building an agile, customer-centric supply network that is resilient. They are reimagining their end-to-end planning process to put customers at the center of their operations and better manage and anticipate disruptions. New planning processes and supply chain segmentation help the company balance supply and demand in real-time to offer enhanced customer experiences. With this innovative, cloud-based solution, the company can leverage rich internal and external data from across its digital supply chain to gain visibility into issues, take quick resolution actions and plan for scenarios. By integrating advanced analytics, machine learning and artificial intelligence into supply chain planning, the company is expected to improve forecast accuracy by up to 15% and reduce inventory by even more.

3

How do you stay ahead of the evolving channel landscape and optimize performance at the outlet level?

Promotion optimization. Pricing. Price pack architecture. Retail negotiation. These are all some of the hardest challenges to delivering profitable growth. Excelling in any of these areas, let alone all, requires precision analytics and intelligent revenue growth management. CPG players need to arm sales and commercial teams with the ability to predict consumer behavior and react—rapidly.

In this new reality, AI and machine learning bring together consumer, shopper, competitor, retailer, and channel data into one location, where cloud-based analytics are industrialized and infused into commercial planning through execution with little or no human touch. And granular insights enable near real-time actions in each channel at the outlet level.



A global consumer goods company is becoming a leader in digital trade engagement. The objective is to equip salespeople with data and analytics to build stronger relationships with customers based on shared value. Direct understanding of trade partner preferences and the co-creation of a winning B2B customer experience are helping drive success. The program was first piloted in one country and then expanded to more than six countries. Sales reps increased productivity, and the savings are being reinvested into customer acquisition to grow revenue.



Answering the big questions

Reinventing CPGs means embedding intelligence and building data driven-muscles, and becoming less vulnerable to the market, consumer, and regulatory volatility. Here are five things to do differently now, to go from “pockets” and “pilots” to organization-wide bench strength.



1. Lead with business value

To get momentum, you must align to business value; focus on the specific questions that need to be answered. Keep an unwavering focus on the business outcomes as you plan the required capital investments to light up the capabilities. Ensure that the journey is continually measured using outcome focused metrics and KPI's.



2. Focus on the critical data elements

To block out the noise, quickly identify and invest in the 10-20% of data that drives 90% of the business value. An enterprise-wide data strategy and foundation helps CPG companies to harness data's power. And, to leverage data as capital to help drive strategic differentiation in the marketplace.



3. Achieve speed and scale via the cloud

To rapidly transform and scale, companies need the right enterprise cloud strategy (e.g., single cloud, multi cloud) and architecture. One that is flexible and scalable. Migrating to the cloud for the sake of migration will not enable transformation. Conversely, chasing disconnected analytics without an underpinning cloud strategy will limit the amount of value that can be unlocked.



4. Don't stay stuck in pilots

Run experiments across markets and functional dimensions of your organization, i.e., testing consumer insights in one market, while measuring the impact of digital manufacturing in another, to test the architecture and to ensure that the insights tide lifts all parts of the enterprise.



5. Build Data-Driven Talent

To truly transform, organizations will need to ensure that their talent is properly brought along the journey. Existing talent will need new skilling. And, new talent may need to be infused to ensure data and insight literacy across all teams. This requires both a mindset and culture shift from the top of the organization all the way down. And, it needs to extend broadly across functions, beyond IT.

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References

¹ "How Procter & Gamble uses Google Cloud to improve consumer experience," Google, August 11, 2020, <https://cloud.google.com/blog/products/data-analytics/how-procter-gamble-improves-consumer-experiences-with-data>

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