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*High performance. Delivered.*

## Achieving High Performance in Home and Personal Care

• Consulting • Technology • Outsourcing



Scale in emerging markets and a targeted portfolio of relevant, convenient products that deliver clear benefits distinguish the high performers in home and personal care. In the future, the predictive analytics, collaborative channel management and demand-driven supply chains that sustain these strengths will be more important than ever.

## The Future Outlook

Over the next five years, growth in the global home and personal care market is expected to slow to half the levels achieved between 2004 and 2009 (to 2.2 percent in the household sector and 2.6 percent in personal care).<sup>1</sup> Demand for relevant, convenient products in key beneficial categories such as anti-aging skincare targeted at the over 50s, as well as sun and baby care, will remain strong. But developed markets are maturing fast, which will mean fiercer competition for in-store market

share. The key to sustained growth will be in emerging markets, where a billion new consumers and rising disposable incomes offer tremendous growth potential for players who can move in quickly with the right combination of brand positioning and channel management. Asia's rapidly expanding skincare market, fragrances in Latin America and extra-BRIC markets (such as Pakistan and Venezuela), and "green" homecare offer especially interesting opportunities.

"Accenture High Performance Business Research methodology<sup>2</sup> has been enhanced to take better account of positioning for the future. Our recent analysis of the home and personal care industry, which will be refreshed regularly, covers the period 2011 to 2014."

1. © Euromonitor International 2010

2. Accenture High Performance Business Research methodology analyzes performance across five metrics: (revenue) growth; longevity (or total return to shareholders over time); profitability (or ROIC); consistency over five years; and positioning for the future (a measure of investors' expectations of the value of future returns). In home and personal care, we analyzed a peer set of 13 publicly held, global companies to identify those that continuously outperformed their industry peers over economic and industry cycles and changes of leadership.



# Industry Background

Two factors—the fallout from the recession in mature markets and one billion new consumers in emerging markets—have transformed the industry landscape for home and personal care, complicating longer-term trends such as aging and health consciousness, and intensifying and globalizing competition.

In mature markets, thrifty consumers have continued to trade down—with significant consequences for private label penetration. In household care, competitively priced private label

paper products, bleaches and polishes have made strong inroads. And taking advantage of the move to “masstige” beauty and personal care, some mass-market retailers have come up with private label products as sophisticated as their branded equivalents.

In emerging markets, which will account for the bulk of global sales growth over the next five years, middle-class consumers are trading up in both sectors.





# The High Performers

Against this background, high performers have been able to consistently increase revenues while maintaining strong profitability over a five-year period. They have also delivered higher returns on invested capital over both three and five years—a reflection of their higher levels of capital efficiency.

## The Building Blocks of High Performance

These high performing companies owe their success to the mastery of three building blocks (Figure 1).

### Market Focus & Position

High performers continue to focus on two things: where to play and how to win. They have enhanced their proven expansion strategy and are taking the same approach to gain share rapidly in emerging markets, either by acquisition or by adapting their

products to make them relevant in these markets.

### Distinctive Capabilities

#### • Actionable Insights

Accenture High Performance Business research shows that companies investing in advanced analytics capabilities outperform the S&P 500 on average by 64 percent. High performers, moreover, are five times more likely to use analytics strategically than low performers. The high performers in home and personal care not only leverage predictive analytics to enhance the decision making of their knowledge workers—they have also expanded the analytics cloud beyond the company, ensuring a continuous stream of insight by building strong, collaborative relationships with both customers and consumers.

**• Innovation Marketing**

The high performers know that consumers will pay more for products that are relevant, convenient and provide claims-based benefits. They start from a margin improvement target, and invest continually in extending successful brand lines while keeping the portfolio lean by retiring old products. They also make creative use of the new digital and social marketing channels so conducive to claims-based advertising. And they achieve superior returns on marketing investment by managing the channel mix—new and traditional—collaboratively.

**• In-Store Availability**

The high performers know that the best way to deal with retailers is to partner with them. And by doing so, they have gained access to near real-time—point of sales information—an accurate picture of real, rather than forecast demand. With their fragmented outlets, multiple players and unique local needs, emerging markets present special challenges. But in partnership

with local retailers and distributors, the high performers have built a model that is designed to cope. Their consumer-driven supply networks enable them to ramp supply up and down swiftly and efficiently, as needed, ensuring that products are always available in the places consumers want them.

**Performance Anatomy**

**• Simple Operating Model**

In a market characterized by brand globalization and where efficient resource allocation is critical, a simple operating model helps the high performers to make decisions more swiftly and to execute on them at speed.

**• High Performance Management**

The high performers systematically nurture commitment, achievement, entrepreneurship and teamwork—and they link performance to quantifiable results in a continual process of goal setting that is aligned with the company’s strategic goals.

**Are You Ready for High Performance?**

Intrigued? Accenture has worked collaboratively with the leading players in Consumer Goods and Services for decades, leveraging an unmatched combination of research-driven insights, experience and skills to help them achieve high performance. For more information about how Accenture can help your company achieve high performance, book a visit to one of our Customer Innovation Centres or contact us directly to begin your journey to high performance.

Figure 1. Three building blocks for high-performance businesses in the home and personal care segment.



## About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with more than 215,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$21.6 billion for the fiscal year ended Aug. 31, 2010. Its home page is [www.accenture.com](http://www.accenture.com).

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