



# **PAINTING THE DIGITAL FUTURE OF THE CONSUMER GOODS INDUSTRY**

accenture<sup>></sup>strategy

The consumer industries will undergo enormous change over the next decade. We anticipate that the industry will go through more change in the next 10 years than it has in the last 40.

Digital is a key solution. Fostering the agility, innovation and deep consumer connections that will be the hallmarks of change over the next decade. Through 2025 \$4.9T of operating profit, 14% of the total industry profits are at stake.

We see four (4) areas where digital will have most impact over the next decade. First, by embracing analytics as a strategic differentiator.

With 2.5 quintillion bytes of data created every single day, data is not only more valuable than ever it's also more protected by consumers. Our research shows that people will typically allow the use of their data if it improves their experience – but they want to balance the value of that improved experience with their own privacy. We need to gain their trust by being transparent about how their data is used and the product journeys from source to home.

Second, our clients need to build strategic differentiation in consumer experience. Increasingly companies now sell experiences rather than simply products or services. Digital technologies make this possible—think of the growing number of smart devices and sensors we have seen over the last few years, supported by advances in analytics and artificial intelligence.

With painstakingly curated Instagram pages and Facebook profiles, today's consumers are used to customizing their online world. They now expect the same level of personalization in the products and services they buy.

By 2018, business-to-business sellers incorporating personalization into digital commerce are set to realize revenue increases of up to 15%. But, this requires investment in service design and the physical environment where the experience will take place. Physical environments alone are not enough.

The third area of digital impact is omni-channel retail, highlights the enormous shift we will see in digital commerce over the next 10 years. About 10% of consumer commerce is digital today. By 2026, we anticipate that number will be 40% or higher.

The fourth and final area where digital will have a huge impact on the industry over the next decade is no surprise. Every successful company will need a digitally enabled operating model. It will be table stakes, not a differentiator.

Companies have been able to offer intelligent and responsive digital services because of the prevalence of connected devices, sensors and cheap data storage, coupled with rapid advances in artificial intelligence. These technologies also give companies the opportunity to revolutionize operations and functions that are crucial to the success of their businesses. From smart supply chains to digital talent management, our clients need to revamp their operations from a digital base.

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