



CNBC SQUAWK BOX INTERVIEW WITH OLIVER WRIGHT

VIDEO TRANSCRIPT

Speaker 1: Joining us now is Oliver Wright, who is a global consumer goods and services lead at Accenture. Oliver, I want to ask you about the mindset of the consumer, because it stood out to me on the back of the last financial crisis that consumers emerged very cash strapped. They were flooding the biggest budget providers they could find, the likes of Costco and everything else. But this time round we've seen consumers just desperate to get a hold of household goods. They want the reliability of delivery at this point. So, what does price sensitivity look like around these key basket of goods as we look at some of the inflation numbers that have been hitting the wires?

Oliver Wright: Yeah, it's a great question. I think what we're seeing right now is consumers really falling into three categories. We've got about 30 or so percent of consumers who really are looking for a much more exuberant period of time. They've got surplus cash, et cetera. We've then got a group in the middle who's spending is probably going to stay reasonably steady. And then we've got a key group in the bottom of around 25 or 30% of people who are clearly worried about the future. And I think that group is in particular, going to keep a bit of a tamper on what's going to happen with inflation over the next 12 months.

Speaker 1: We've seen a huge acceleration in digital trends and that's not just with the consumer side, but across supply chains as well, even more connected logistics at this point. What does that mean in terms of the supply shortages we'd witnessed some of the pricing

pressure that's been coming into certain goods as well? Do you think that we've got a resilient supply chain at this point that can weather any pricing pressures from here?

Oliver Wright: Yeah, I think it's one of the really interesting stories about out the impact that we have seen this year from both COVID and from Brexit is actually the degree to which the supply chains have been incredibly resilient. If you think about the concerns that we had reported in the press last year, we really haven't seen a lot of disruption at the shelf.

Oliver Wright: And when we look at the total level of investment, that's now going into further the level of automation, the level of demand planning and so on. It's very, very marked. It suggests that there's even more stability to come in future.

Speaker 3: There's a real lack of clarity, it seems to me, Oliver at the moment about figuring out how long these working from home and other trends will last for once we have experienced full re-opening for some months. What's your best guess at this point as to how sticky some of these trends will be?

Oliver Wright: Yeah. I think again, a really interesting question. From the data that we are now looking at, and we're doing this from looking at workers around the world. We've been running this for several months now. It's very clear that COVID's led to a rethink of the relationship between the employer and work. And more and more and more companies that



we're talking to around the world are rethinking how much people are going to be spending time in the office versus at home.

Oliver Wright: And in fact, in consumer goods, I have yet to talk to any of the management teams who are expecting to go back to the sort of working patterns they had before. And the focus within consumer is looking at what does it actually mean for where consumption is going to take place, because it's clear that we're going to see more and more folks spending a larger chunk of their time at home. And then obviously, a little bit of time in the office, but a much increased chunk of time at home. And that's a long term trend.

Speaker 3: And as we think about the consequences of supply chain shortening, which particular industries do you think are going to enjoy the bonus of support, perhaps to re-sure operations like agriculture, chip technology, and so forth. How many industries do you think will be affected?

Oliver Wright: I think this is going to be pervasive. It's going to go across all of the industries. And it's something that clearly is one of the big wake up calls from this experience is the degree to which people want that increased level of security of supply.

Oliver Wright: On the consumer side, it's particularly noticed because consumers are increasingly looking for more personalized goods as well. And the easiest way to do that is to manufacture things much, much closer to the consumers. So there's a huge level of investment folk going on right now to look at improving the predictability of supply chains, but also looking at bringing manufacturing much closer to the end consumer.

Speaker 1: Oliver, I want some help in how to think about wage inflation in the sector. And we're talking a lot of frontline workers here that were forced to work through the pandemic and take on natural risk. But at the same time, we've seen a huge amount of autonomous technology

rolled out in the sector, with customer fulfillment centers, autonomous vehicles, autonomous technologies being used. But even when it comes to the future trends around e-commerce, some of the traditional checkout workers have now been forced to learn new skills, technology skills, and even including coding. Something that high skilled workers don't even know anything about to this point. What does that mean in terms of where wages are going to go across the next five or 10 years in this sector?

Oliver Wright: It's again, a great question. I think that what we are seeing within the sector is definitely a bit of a war on skills and a bit of a war on talent. We're getting a lot of requests for people to understand how demand for these sorts of skills is going to shift and what the best way is to upskill folks to be able to go through the adjustment.

Oliver Wright: We don't expect that there's going to be a huge adjustment in the number of people employed in the industry. And what we do expect is that the nature of the profile of what that work looks like and the skills required is going to markedly shift. And I think this is one of the really big conversations is making sure that we've got a workforce that's really fit for the future.

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