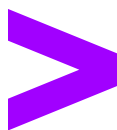




How Consumer Goods Companies Can Lead Transformative, Responsible Change



The consumer industries are critically important: This is not vanity. They employ one in five workers around the world, and they shape people's daily experiences more so than many other industries. From the comforting morning cup of coffee or tea, to the products that protect and nourish babies, relieve headaches, and soothe sore muscles, to clothing, electronics, and so much in between, they are there.

That's why it was no surprise that these industries stepped up in the early days of the COVID-19 pandemic.

Among other measures, they produced personal protective equipment, provided touchless delivery of goods and services, and introduced stringent sanitation practices to protect employees and customers.

But much more is needed. The pandemic greatly exacerbated pre-existing and systemic global challenges, revealing fault lines and enormous flaws in how society treats its most vulnerable populations (see "Fault lines and flaws, exposed").

If these issues remain unaddressed, then any so-called recovery (judged, for example, on a return to pre-pandemic spending levels) will be false and likely short-lived. The consumer industries can—and should—step up to lead this effort.



Fault lines and flaws, exposed

Collateral damage from COVID-19, at a dashboard level, includes:

- **The fragility of small and medium-sized businesses:** Projected failure of 20%–25% of SMBs in 2020—for a total of some 60 million businesses.¹
- **A crisis in the informal workforce:** Severe impact on the workers who make up approximately 60% of the global workforce, and have minimal employment protection, if any.²
- **Young people's economic future at risk:** According to the National Bureau of Economic Research, those graduating into a recession experience losses that can last a decade. Millennials earn 20% less than their Baby Boomer parents did at the same time of life."³
- **The reversal of almost a decade of economic gains:** The United Nations and Oxford University estimated that 490 million people across 70 countries could fall into poverty.⁴
- **Disproportionate impact on already-vulnerable populations:** Some 265 million people projected to suffer acute hunger as well as exacerbated health and wellness effects due to limited access to care for pre-existing conditions such as obesity, diabetes, addiction, and mental health challenges.⁵



Individual company action isn't enough. Only collective action will create the solutions needed at scale. To create and sustain change of this magnitude, the consumer industries must deploy new and disruptive business models—in concert.

They must proactively involve companies, organizations, and agencies throughout their business and community ecosystems.

They must also involve consumers themselves—by providing solutions that consumers can back with confidence through their spending, and by engaging consumers in the design and deployment of those solutions.

Consumers say responsible consumption is important to them; this sentiment has been widely reported. At the same time, over

30% say they don't make responsible buying decisions

purposefully because it is too difficult to assess the effects of their purchases—much less compare the options.



**The challenges are daunting.
But recently, the path to
transformative change has
taken on a more tangible shape.**

Earlier in 2020, the World Economic Forum introduced a vision and mission to advance its focus areas through unified action. The Forum's power as

an independent, convening body can also prove game changing. And digital technologies are providing the means. Business commitment and follow-through are the remaining pieces of the puzzle.



Consumers' views (and changing behaviors)

Four trends

1

Holistic Health

The vast majority (94%) of consumers in [Accenture's ongoing consumer research](#) have made at least one healthy change since the pandemic began—and most plan to continue this behavior in the future. The changes consumers are making indicate a multi-faceted definition of health, spanning health-conscious shopping, mental wellbeing and gathering with others to exercise. Nine out of 10 consumers see health as their own responsibility (vs. their doctor's), and, as individuals take more responsibility for their own wellness, they are also actively seeking more user-friendly, holistic solutions that they can find in their own time. Increasingly, they see more companies as possible contributors to holistic health—and expect a one-stop shop supported by cross-company coordination and collaboration.

2

Closer to Community

Fifty-six percent of the survey participants are buying more from local stores, and 80% of that group plan to continue the practice. Concurrently, 56% of consumers are buying more locally-sourced products, and 86% of that group expect to continue to do so. Moreover, these behaviors are on track to continue. Consumers increasingly expect to develop relationships with, and share responsibility for, the businesses they frequent and the people who work there.





3

Responsible Consumption

Sixty-five percent of consumers expect businesses and governments to “build back better”—sustainably and responsibly. And 63% reported that they are personally limiting food waste by planning their shopping decisions more carefully and using up what they purchase. Additionally, even in the midst of severe health and economic stress, 60% are buying sustainable or ethical products, with most of that group saying that they will continue doing so.

4

New (and Lasting) Ways to Engage

People have increasingly migrated their activities online—and in many cases, engaged in entirely new ways of interacting. From doctor appointments, to fitness classes, concerts, and get togethers with family and friends, experiences are increasingly virtual. New occasions—and digitally-powered business models—continue to emerge. And, 75% say they will continue online/virtual interactions after the pandemic. Consumers of all ages have moved up the digital learning curve; for example, historic ecommerce holdouts permanently doubled the proportion of products they buy online.

A unifying vision for consumer industries

The unifying vision articulated by the World Economic Forum and its partners in the Consumer Industries community and the Future of Consumption platform puts the societal interests of humans at its core:

“ We are first and foremost human-centric, creating shared value and operating with integrity to ensure a sustainable and resilient future.”

Human-centricity, its focal point, means that industry actions will be shaped first by a holistic consideration of human needs. **Shared value** means that actions will benefit all stakeholders—individuals, business, governing bodies, and the planet on whose resources they depend. And **operating with integrity to ensure a sustainable and resilient future** means

that all actions will support long-term economic viability.

The Forum and the consumer industries’ community developed this vision and articulated priorities to bring it to life (see graphic below).

Read [the full World Economic Forum report on these recent activities](#).

Consumer Industries Community Goals	Improve Consumer Health & Well-Being	Advance Sustainable Consumption	Accelerate Inclusive Growth	Build Trust & Transparency
Potential Collaborative Actions	Better Nutrition for All	Enable Responsible Consumer Choice	New Deal for the Workforce	ESG Leadership
			Ongoing: Upskilling & Reskilling Collaborative Pilot	Ongoing: Global Supply System Dashboard (GSSD)



What's different now

New business models and collaborative ecosystems

Companies have worked on these very complex, widespread, and deeply rooted problems for a long time in one form or another. What's different now are the innovations brought about by the fourth industrial revolution, which have opened the possibilities of new capabilities, and new ways in which people, companies, governments, and other entities can collaborate at speed. Used well, these factors can tip the balance in favor of sustainable solutions at scale. They have enabled the disruptive business models and the potential for collaboration through human-centric ecosystems that bring such goals within reach.

For example, circular models can ensure that products and materials are used (and re-used) to yield the most possible utility. Inclusive ownership models, by design, propel commercially viable businesses that also contribute to the communities in which they operate.

All these models create significant change, integrating business and societal value which is amplified by new technologies and an ecosystem approach.

The imperative for collective action, as illustrated through packaging

Providing and promoting sustainable packaging is a more complex issue than meets the eye—and just one example of the urgent need for collective action. In fact, every element of the value chain must contribute to realize a widespread solution. The problem is not just overreliance on certain types of packaging (company behavior). It is also consumer confusion about which packaging types are more sustainable than others, and a lack of widespread ability to recycle different materials. Lasting solutions will demand holistic action, including consumer education; municipalities investing in—and standardizing—recycling facilities; and product and packaging manufacturers agreeing to use a range of materials that facilities can handle.



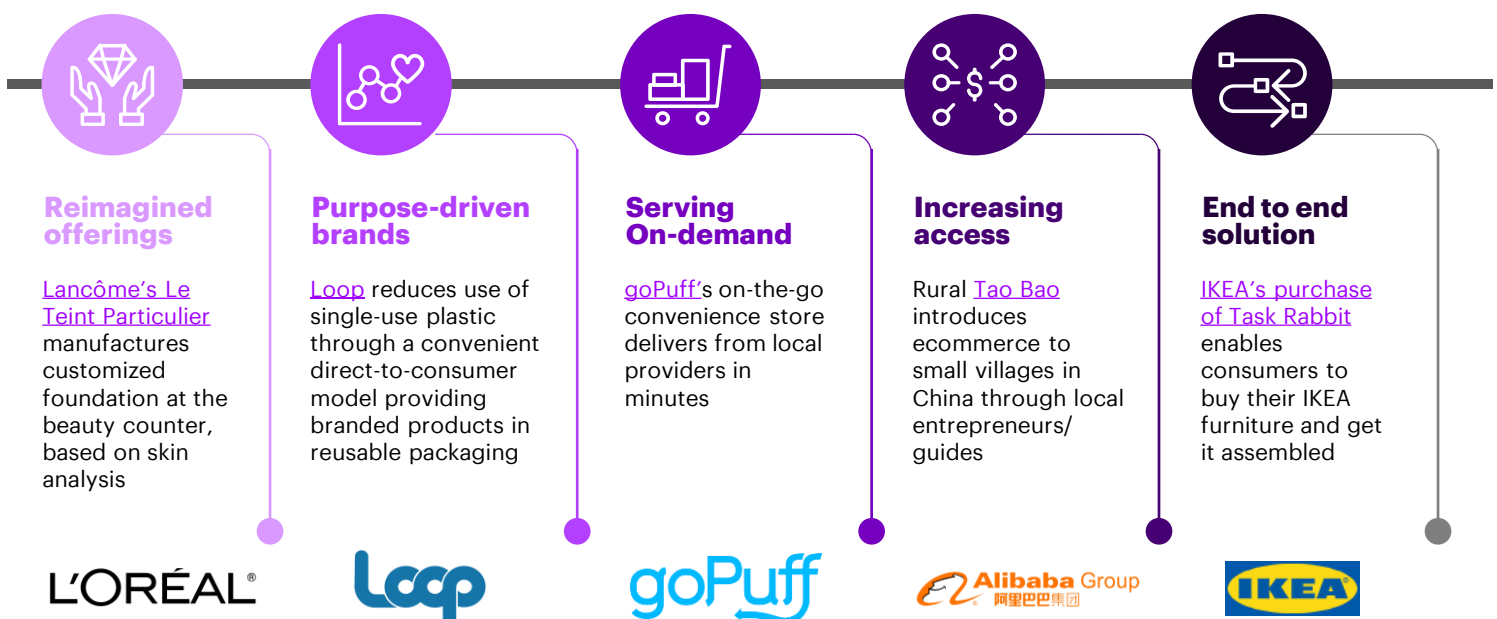
Disruptive Business Models open new possibilities

New Business Models



Source: Accenture Analysis

Disruptive Strategies



Four examples illustrate what's possible. Each is aligned to the World Economic Forum's consumer industry goals.



1

Improving consumer health and well-being → Action: Better nutrition for all

Imperfect Foods is an online social enterprise selling high-quality produce that either doesn't meet store standards (for size or looks) or is considered surplus. Imperfect orchestrates an ecosystem of more than 200 growers, food bank partners, and private partners, including Kroger supermarkets, and Feeding America, a nonprofit. In 2018, (the most recent data available) while 20 billion lbs. of food went to waste on US farms, Imperfect recovered 1149 million lbs.—selling 325 million lbs. and donating 824 million lbs. to food banks.⁶

2

Advance sustainable consumption → Action: Enable sustainable consumer choice

C'est Qui le Patron (Who's the Boss)?! uses an inclusive business model to ensure that it creates broad value. In doing so, it also illustrates the power of building trust and transparency. The farmer-members of this French dairy cooperative set the company's overall direction, then engage consumers in each subsequent phase, e.g., voting to choose new products and determine all product specifications, choosing packaging and setting prices.⁷



3

Accelerate inclusive growth → Action: Launch a new workforce deal

The Forum's Consumer Industries Taskforce on Future of Work is a collaborative industry effort to help workers remain productive and employable in a transforming labor market. Through this initiative, organizations including Walmart, Unilever, Accenture, and SkyHive are developing a proof-of-concept for how companies can best upskill workers to thrive in a digital economy. [Learn more](#).⁸

4

Build trust and transparency → Action: Advance Environmental, Social, and Governance (ESG) leadership

The city of Amsterdam is mustering cross-sector ESG leadership to avoid waste and reduce CO2 emissions. Amsterdam's "Circular 2020–2025 strategy" aims to halve the use of raw materials by 2030, and to create a circular economy by 2050. The city is developing a monitoring tool to track and trace raw materials and assess which initiatives (planned and ongoing) make the biggest contribution.⁹



Get started: Three bold steps for CPG business leaders

1 Embed ESG goals throughout the company's strategy.

Leaders frequently expect a tradeoff between business results and responsibility; however, Accenture research has shown that *doing both* can benefit companies.¹⁰ Change requires “*and*” thinking, not “*or*” thinking. Even before the pandemic, the NYU Stern’s Center for Sustainable Business had found that products marketed as sustainable grew 7.1x faster than “conventional” products.¹⁰ And that number is increasing, even during the pandemic. Unilever’s Sustainable Living Plan is an example of how doing the right thing for people and the planet can also do right for business. The company’s purpose-led brands have consistently outgrown the rest of its portfolio; they have also helped Unilever avoid over one billion euros in cost through improved water and energy efficiency and waste reduction.¹¹

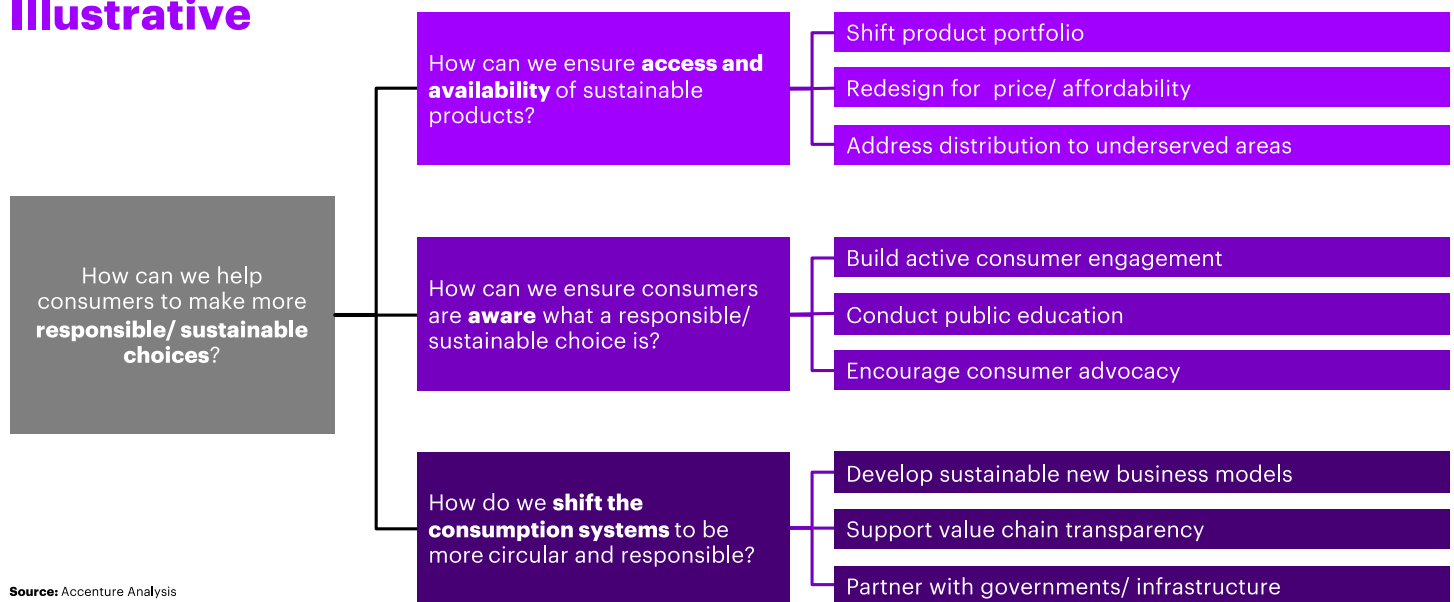


2 Focus on where your organization can have the greatest impact.

Responsible activities have varying levels of impact, and the ones that get the most public attention are not always the ones that have the greatest positive impact on societal goals. Companies should objectively define the most powerful value levers and align company efforts against those areas where a company has comparative advantage—a real “right to play”.

Value Lever Framework | Responsible Choice

Illustrative



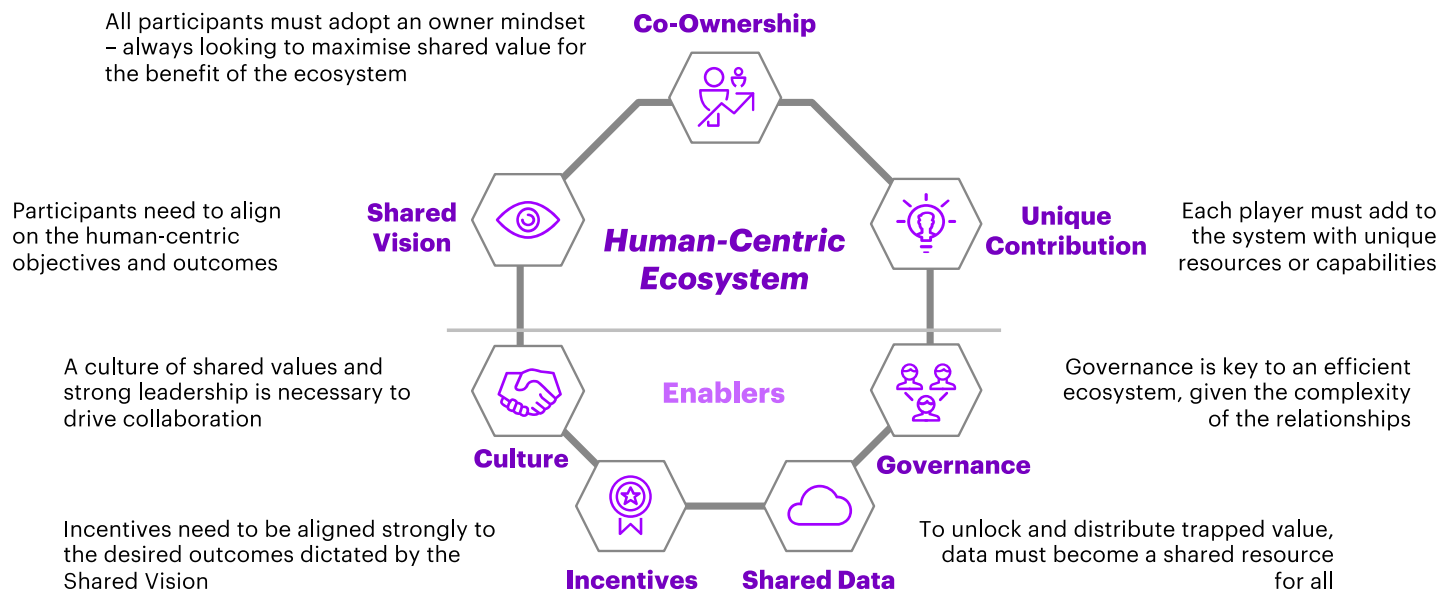
Source: Accenture Analysis

3 Embrace an ecosystem mindset

The concept of comparative advantage reinforces why human-centric ecosystems are so critical to success; when the challenges are so complex, no one company can serve every component of a solution. However, this type of collective action is a relatively new way of operating for the consumer industries. Traditional barriers include concern about working with competitors or not controlling all aspects of a solution; lack of skills and capabilities to support collaboration; and existing and emerging laws (including anti-trust and privacy regulations). Developing the collaborative “muscles” needed to effect these changes means breaking new ground in data sharing, governance and accountability.

This chart [from the full World Economic Forum report](#) shows the elements of an effective, human-centric ecosystem.

Key tenets of an effective human-centric ecosystem



The challenges facing the CPG industry are complex and far-reaching. As such, they represent an exciting opportunity for big change—starting now.

If CPG executives take to heart the lessons that have emerged over this past year, the world can be a fundamentally and enduringly healthier and better place.



About Accenture's Consumer Research

Accenture's ongoing consumer research program is monitoring the changing attitudes, behaviors and habits of consumers worldwide as they adapt to a new reality during the COVID-19 pandemic and subsequent recession, and which of these changes are likely to have a lasting impact. All statistics are from this research unless otherwise noted. [Learn more](#) about the research findings.

Collaboration with the World Economic Forum

Accenture and the World Economic Forum Consumer Industries are engaged in a multi-year collaboration to explore the future of consumption and the creation of new opportunities for society and business through the transformative impact of technology and disruptive new business models. During the COVID-19 pandemic, the Forum formed the Consumer Industries Action Group and, with Accenture as the official knowledge partner, convened industry CEOs and leaders to safeguard the functioning and resilience of the industry during the crisis and beyond. This initiative galvanized support and broad alignment on an industry mission and vision, highlighted in the [Vision Towards a Responsible Future of Consumption: Collaborative action framework for consumer industries](#). For more information, please contact Zara.Ingilizian@weforum.org or Andrew.Moose@weforum.org.

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Contact us

Oliver Wright

Senior Managing Director
Global Industry Lead, Consumer Goods & Services
oliver.wright@accenture.com

Karen Fang Grant

Principal Director
Global Research Lead, Industry Networks
karen.fang.grant@Accenture.com

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