



10 industry trends impacting RGM for 2024 and beyond

Contents

An economic soft landing	2
Increased promotions expected by retailers	3
Consumer expectations beyond pricing	3
Sustainability and corporate responsibility	4
Data and analytics	4
E-commerce expansion beyond Amazon and Walmart	5
Return to in-office work	5
Global unrest	5
Manufacturing challenges and responses	6
Generative artificial intelligence (AI)	7
Target success in 2024 with effective solutions	8

10 industry trends impacting RGM for 2024 and beyond

As a revenue growth manager, staying ahead of the curve is crucial to your success. In the ever-evolving landscape of the consumer packaged goods (CPG) industry, it's important to keep an eye on the latest trends that can impact your revenue growth strategy. Here is our take on what's ahead in 2024:

1 An economic soft landing

While there is a general feeling among economists that the worst-case economic scenario has been avoided, the soft landing has come with consequences for consumers, and subsequently for CPG companies.

The end of low interest rates has led to increased consumer credit card debt. Coupled with stagnant wages, this is causing consumers to spend more cautiously, especially on non-essential items.

Around the world, consumer resistance to price increases in the CPG sector has been evident, highlighted by the case of Loblaw Companies, Canada's largest food retailer. The backlash against Loblaw, including accusations of profiteering directed at the grocer and its chief executive, reflects broader concerns. Similarly, in France, Carrefour, a major supermarket chain, halted sales of PepsiCo products, including Pepsi and Frito Lay, over what it considered to be "unacceptable price increases." This decision by Carrefour, as reported by The Wall Street Journal, underscores the growing trend of retailers pushing back against price hikes from suppliers, signaling a shift in the dynamics of the FMCG industry.

Since the pandemic's end, consumer tolerance for price increases has diminished. This trend of resistance to price hikes is also noticeable in the United States,

United States, where consumers are not just pushing back against price increases but are increasingly expecting price reductions, signifying a notable shift in the industry.

CPG leaders need to rethink their strategies. Passing increased costs onto consumers is becoming less effective. A more balanced strategy, one that aligns profit margins with consumer expectations, is likely to be more successful in appealing to consumers.

At CPGvision, we offer essential support for revenue growth managers. Our integrated suite facilitates informed, data-driven decision-making that is in sync with current consumer trends, aiding in the creation of strategies that are both adaptable and robust in this period of economic adjustment.



2 Increased promotions expected by retailers

Retailers are increasingly expecting more promotional efforts from manufacturers. A report by RSM US highlights rising labor and logistics costs, leading retailers to expect their manufacturing partners to compensate for the margin difference. External forces are also exerting pressure on retail promotions. According to The NPD Group, 78% of consumers are reducing their spending due to inflation, with 75% citing higher food costs as the main reason. In this context, trade promotions become a crucial area for retailers to maintain traffic in their stores.

Retailers, responding to these budget-conscious consumers, will continue to ask manufacturers for more promotions. The goal is not just to lower prices temporarily but to create a sense of value and savings that attracts cautious buyers. Retailers need promotions that stand out and encourage spending.

More promotions can drive sales, but they also present challenges. We anticipate an increase in the number of deductions that manufacturers will need to address, along with a heightened need to scrutinize their validity, as retailers face increasing margin pressures.

3 Consumer expectations beyond pricing

Consumer expectations in the CPG industry will continue to expand. The trends from 2023 are continuing and becoming more influential, altering how consumers engage with brands.

Consumers will expect more than a simple purchase - they will want an engaging experience. Brands need to create interactions that go beyond pricing, offering personalized marketing, engaging store experiences, or interactive digital content. The aim is to provide a memorable experience that encourages loyalty.

There will continue to be a demand for transparency and authenticity from brands. Consumers want to know the origins and manufacturing processes of products, along with the brand's values, especially regarding ethical sourcing and sustainability. Transparent communication in these aspects can build trust with consumers.



1 Sustainability and corporate responsibility

Sustainability and corporate responsibility are consumer expectations that aren't going away any time soon, even with the emphasis on pricing and value escalating. Companies that continue to evolve towards eco-friendly packaging options like compostable, recyclable, and reusable materials, as well as responsible sourcing, will continue to gain favor with consumers.

The use of cruelty-free and vegan ingredients in products will continue to grow in both food and non-food categories, such as cosmetics and cleaning products. Consumers are increasingly attentive to product ingredients, preferring those that meet ethical and environmental standards.

According to a McKinsey report, 60% of consumers are willing to spend more on products with sustainable packaging. This highlights a significant change in consumer attitudes: people are actively seeking and willing to pay for sustainable options. We expect plant-based food options to expand again, rebounding from the decline we saw through the COVID years.



60% of consumers

5 Data and analytics

Effectively gathering and using data from various channels is becoming even more crucial for both FMCG and non-fast-moving consumer brands. Consumers now interact with brands through a mix of online and offline channels, including social media, websites, etc. Each channel provides valuable data that can reveal consumer behaviors, preferences, and trends. Using this data is key to better understanding and engaging customers.

Big data's role in the Consumer Goods sector extends beyond just collecting information. It's about analyzing this data to gain insights that can lead to innovative strategies and a competitive advantage. With the growth of online shopping, there's more consumer data available than ever before. As discussed below, the use of AI to effectively and efficiently harness the power of this big data will enable a more focused and effective engagement with consumers. Assessment of the processing ability of technology platforms in handling big data is a vital component of any tech purchase today.

CPGvision can assist in just this kind of data harnessing - which involves having the right tools and the ability to make agile decisions based on data and insights. With effective solutions, companies can access real-time analytics and reporting, providing the visibility needed to make informed decisions that drive results.



6

E-commerce expansion beyond Amazon and Walmart

There is an expansion of e-commerce beyond the traditional giants like Amazon and Walmart, especially in the FMCG sector. While home goods and apparel have traditionally dominated e-commerce platforms, FMCG brands are now finding new avenues to reach consumers directly.

An example of this trend is the rise of platforms like TikTok Shop. As highlighted by Econsultancy, TikTok Shop offers a unique blend of entertainment and shopping, allowing FMCG brands to tap into a vast, engaged audience. This platform exemplifies how social media can be leveraged not just for marketing but also as a direct sales channel, offering a fresh, interactive shopping experience.

However, this new e-commerce landscape is not without its challenges. One phenomenon to be mindful of is the rise of 'de-influencing' videos, where influencers or users discourage purchases of certain products. This trend underscores the need for consumer goods brands to be authentic and genuinely engage with their audience to maintain a positive brand image and consumer trust.



7

Return to in-office work

Despite the continued presence of remote work, more companies will move to hybrid models, where employees split their time between home and office. This change is likely to reverse certain consumer trends that became prominent during the COVID-19 pandemic, especially those related to convenience and out-of-home consumption.

The transition to hybrid work models will continue to significantly influence consumer behavior and preferences. As individuals increasingly return to office settings, even if only part-time, there is a growing demand for products designed for on-the-go and out-of-home use, as well as swings in preferences in apparel (and of course, the brand of cup you use to cart your hydration around).

8

Global unrest

Global unrest is another trend that will continue into 2024 and beyond. This includes various geopolitical, economic, and social factors that can disrupt market operations.

Global unrest poses a direct threat to supply chains and overall market stability. Consumer goods companies need to be ready for possible interruptions in their supply of materials or product distribution. Luckily, most have shored up operations in this area after the COVID experience. Such global issues can quickly alter consumer behavior and demand, necessitating flexible and responsive strategies.



Manufacturing challenges and responses

The manufacturing industry is encountering notable challenges and is adapting with new strategies. Deloitte's 2024 outlook for the manufacturing industry indicates that the sector is dealing with issues like ongoing shortages, economic instability, and significant investments. These challenges emphasize the importance of digital transformation for a competitive and resilient future.

Manufacturers are facing critical problems, including shortages of skilled labor, disruptions in supply chains, and the necessity to innovate products to achieve net-zero emissions targets. In response, there's a growing trend to use technology to improve both efficiency and resilience in manufacturing.

The industry will be increasingly focusing on digital innovations such as smart factories, digitalizing supply chains, and enhancing aftermarket services to boost performance. The integration of technologies like artificial intelligence (AI) and the Internet of Things (IoT) is key in addressing these challenges, helping to streamline operations and maintain competitiveness. Key initiatives that will continue to gain steam in 2024 are:



Digitization of the supply chain

Adopting digital supply chains means incorporating technologies like AI, data analytics, cloud computing, and IoT. These tools improve visibility, efficiency, and the ability to react to market fluctuations.

For example, US-based startup Repeat developed a smart replenishment platform designed to transform one-time buyers into repeat customers. This platform offers a seamless reordering experience that is customer-friendly and boosts company revenue. Repeat's solution uses order data to establish baseline replenishment intervals and automates these workflows, enhancing operational efficiency.

CPGvision stays at the forefront of trade promotion technology, offering advanced solutions equipped with highly accurate predictive analytics for all RGM functions. Our technology is powered by sophisticated machine learning (ML) and AI, ensuring that consumer goods companies can make data-driven decisions for effective revenue growth management.



Digital twin

This innovative approach is revolutionizing how consumer goods companies plan, develop, and manage their products and operations. A digital twin is a virtual model that accurately reflects a physical object or system. In the consumer goods sector, this means creating digital replicas of products, machinery, or entire supply chains. These virtual models enable companies to simulate, analyze, and optimize their processes in a virtual environment before implementing changes in the real world.



Blockchain

While blockchain isn't new, its application in the consumer goods sector is. Brands are exploring how blockchain can meet growing consumer demands for transparency.

This technology allows consumers to track products, from ingredient sourcing to environmental impact, enabling informed purchasing decisions.

Blockchain's distributed ledger technology allows consumer goods manufacturers to store comprehensive product data, accessible to consumers. This includes production details, expiration dates, and transportation records, ensuring transparency in agricultural and animal care practices. The technology's design ensures that data can only be altered with consensus, maintaining integrity.

Furthermore, the blockchain tracks goods from production to sale, creating a secure, unalterable record of a product's journey. This enhances food safety and waste reduction by facilitating quick identification and recall of contaminated products. The primary benefits of blockchain in this sector include improved supply chain visibility, fraud prevention, process streamlining, and cost savings.



10 Generative artificial intelligence (AI)

In 2024, AI technology, particularly generative AI, is predicted to significantly influence how companies operate, with far-reaching impacts on various aspects of revenue growth management. One of its primary capabilities will be in identifying and simulating potential supply chain disruptions. By analyzing a wide range of data, including public and specific supplier information, generative AI will be adept at assessing factors like port congestion, shipping routes, and supplier networks. This will enable it to forecast potential risks and their impacts on business operations, thereby enhancing strategic planning and risk management.

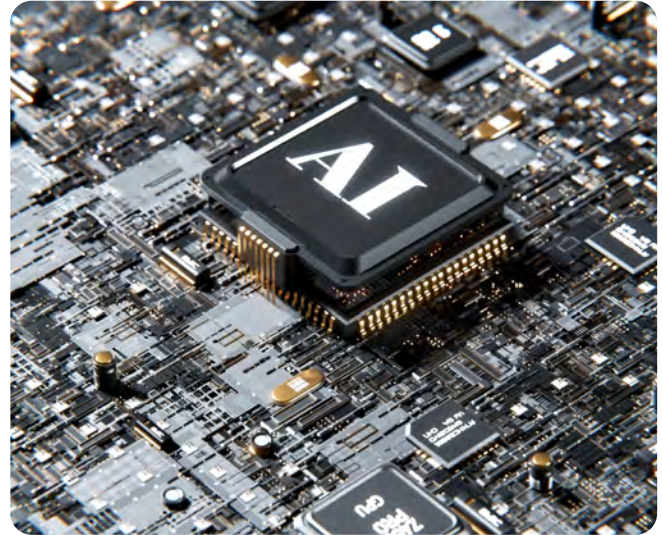
In 2024, generative AI is anticipated to be pivotal in identifying growth and optimization opportunities. By analyzing data from a variety of sources, it will uncover patterns and trends that could be overlooked with manual analysis. This ability will be crucial for supply chain managers, aiding them in making more informed decisions about inventory management and production planning, thereby enhancing operational efficiency.

Additionally, AI will play a significant role in helping retailers forecast future trends. It will analyze historical data, consumer sentiment, and competitive information, enabling retailers to anticipate market trends. This foresight will inform their ordering and manufacturing decisions, leading to a more optimized supply chain and improved delivery processes.

Generative AI will offer revenue growth managers advanced tools for more accurate and dynamic pricing strategies. It will enable the analysis of market trends, consumer behavior, and competitive actions to optimize pricing in real-time. For product assortment, AI will provide insights into consumer preferences and market demand, allowing for more effective product mix and placement decisions. AI will also enhance promotional strategies, ensuring that trade spending is more targeted and effective, thereby maximizing ROI.

A prime example of AI's potential in 2024 can be seen in Procter & Gamble's (P&G) use of AI-powered tools for optimizing in-store product placement. These tools analyze customer behavior and store layouts to determine the most effective product positioning, leading to increased sales and revenue.

While AI has been part of our lives for awhile, 2024 is poised to be a breakthrough year, with its applications in the business world becoming more extensive and impactful. The potential applications of AI in revenue growth management are vast and still unfolding, promising a new era of efficiency, strategic insight, and market competitiveness.



Target success in 2024 with effective solutions

As we look toward 2024 and beyond, revenue growth managers need to continually adapt, innovate, and focus on delivering exceptional value to consumers. By staying informed and responsive to emerging trends, revenue growth managers can drive success in the dynamic world of consumer packaged goods.

CPGvision offers a cutting-edge and comprehensive suite of trade promotion solutions specifically designed for the CPG industry. Our state-of-the-art platform seamlessly integrates all aspects of trade promotion, ensuring unparalleled functionality and performance.

No matter where you are in your trade promotion journey, CPGvision is committed to providing you with unwavering support. Don't hesitate to book a meeting with us today and explore the transformative possibilities CPGvision can bring to your business.

