



THE GLOBAL SUMMIT 2011

EXECUTIVE SUMMARY

Better Lives
through
Better Business

15th – 17th June 2011
BARCELONA, SPAIN



The Global Summit
of The Consumer
Goods Forum
is the Global event
for modern retailers,
manufacturers and
their suppliers

- ▶ It is the essential destination for successful business leaders in our sector
- ▶ It is where CEOs talk to CEOs with additional input from experts and specialists
- ▶ It is the forum to voice the key issues and challenges facing our industry now and in the future
- ▶ It is the place where the global agenda for the consumer goods sector is set
- ▶ It is also where the responses to previously set challenges are shared
- ▶ It is the event you must attend if your future is in this vital and global industry

Wednesday 15th June

PLENARY SESSIONS

Welcome to The Consumer Goods Forum



Muhtar Kent, Chairman & Chief Executive Officer, The Coca-Cola Company and Co-Chair of The Consumer Goods Forum.

Lars Olofsson, Chief Executive Officer, Carrefour and Co-Chair of The Consumer Goods Forum.



Lars Olofsson, CEO of Carrefour and Muhtar Kent, Chairman and CEO of The Coca-Cola Company, Co-Chairs of The Consumer Goods Forum, opened the 2011 Global Food Summit with a call to action, urging members to engage with both the challenges and opportunities of a world emerging from financial crisis. Trust and transparency were essential to achieving both.

Lars Olofsson said that there were four objectives for The Consumer Goods Forum: to make business more sustainable; optimize a shared supply chain; engage with technology-enabled consumers and serve the health and wellbeing of consumers.

With regard to that last objective, he announced three new resolutions adopted by The Consumer Goods Forum around Health & Wellness: there would be concerted action around access to healthier products and services, resources to help consumers make informed decisions and a series of communication and educational programmes. All of these would raise consumer awareness of healthier diets and lifestyles. The new resolutions were in addition to existing commitments on climate change for zero net-deforestation by 2020 and the phasing-out of HFC refrigerants by 2015.

This momentum was timely, because citizens were calling for reassurance and paying more attention to, and demanding more of, brands. Values had now to be as much a part of their DNA as quality and price. And trust was the guiding principle at the heart of the five pillars comprising the mission of The Consumer Goods Forum: Emerging Industry Trends, Sustainability, Health and Wellness, Knowledge Sharing and Operational Excellence.

In his remarks, Muhtar Kent built on the theme of trust. "People are yearning for greater transparency in government, greater transparency in business and greater transparency in civil society. People are searching not only for greater GDP but for greater dignity", he said.

But he also argued that it was important to reflect on positive change. Despite the combination of natural and financial difficulties of the last few years, the general trend direction had been remarkably good: global income disparity between the richest and the poorest nations had narrowed dramatically, education and literacy levels were at their highest levels ever, while war, poverty, disease and child mortality had all fallen back, while life expectancy was growing almost everywhere. And in the last year, venture capital investment in clean technology and the smart grid had outpaced that in IT and biotech for the first time.

This was a dichotomous world with massive headwinds on one hand, and breathtaking advances on the other.

Welcome to The Barcelona Global Summit



Klaus Dohle, Chief Executive Officer, Dohle Handelsgruppe Holding and Chairman of The Global Summit Committee.

Klaus Dohle, CEO of Dohle Handelsgruppe Holding and Chairman of The Global Summit Committee, welcomed delegates to The Global Summit. He explained how the Tokyo Task Force had worked tirelessly to support the last minute preparation of the meeting in Barcelona after the terrible events in Japan. The Consumer Goods Forum looked forward very much to The Global Summit taking place in Tokyo in 2013.

With 850 attendees, the 2011 Summit had been designed to be like a movie with a fascinating beginning, an interesting end and an exciting story carrying the audience along between the two. In doing so, the Summit Committee were deeply grateful to the support of the sponsors who had made the programme possible: Ajinimoto, AT Kearney, Bahlsen, The Coca-Cola Company, Danone Group, KPMG, L'Oréal, PepsiCo, Sealed Air and Suntory.

In closing, and reflecting upon the state of the industry and the challenges it faced, Klaus Dohle quoted Catherine the Great: "A great wind is blowing, and that gives you either imagination or a headache."

Better Lives through Better Business



Bob McDonald, Chairman of the Board, President & Chief Executive Officer, The Procter & Gamble Company.

Bob McDonald, Chairman, President and CEO of The Procter & Gamble Company told the 2011 Global Summit that retailers and manufacturers had an inescapable responsibility to build better lives through better business practices. He asked “What industry has a bigger responsibility than ours?” pointing out that if Forum members were a single entity, they would collectively represent the fifth largest economy in the world.

The consumer goods industry really did have the opportunity to improve lives – and not as a consequence of making money, but as the means to do it. For example, Gillette had recently developed a new, low cost razor for Indian men based on deep consumer insights based on ethnographic research. Similarly, the combination of puberty education and Always sanitary protection enabled girls not to miss school for several days every month, and therefore improve their chance of completing their education and thus succeeding in life.

Bob McDonald set out priorities in three areas affecting consumers: providing significantly enhanced performance, reducing the physical burden of shopping and product use as well as making better use of their time and energy.

With regard to sustainability, he provided examples from across the industry. The Coca-Cola Company and PepsiCo had created bottles from plant fibres. 3M had developed renewable scotch tape. Unilever Canada recently announced a deal whereby 90% of its operations would be powered by renewable energy; Nestle was getting LEED certification for their manufacturing operations. Walmart had eliminated more than 80% of landfill waste from its operations in California, And Kellogg has already gone beyond its 2015 target for landfill, with nearly half of its locations sending 5% or less of its waste to landfill.

There was a real challenge to work more closely as an industry. A good recent example of this was General Mills’ recent decision to base their supplier scorecard on the one originally developed by Procter & Gamble.

The opportunity for the industry, echoing Archimedes, was to act as a true fulcrum for broader change in the world. To do that required still more creativity, innovation and leadership.



Japan Update

Motoya Okada, President,
AEON Co., Ltd.



A PROGRESS REPORT IN UNUSUAL TIMES

Motoya Okada, President of AEON gave the 2011 Global Summit a dramatic first hand account of his experience running one of Japan's leading retailers in the aftermath of the earthquake and tsunami of 11th March.

Of 27,000 AEON associates in Tohoku region, said Okada-san, some 13,000 were on duty at the time of the earthquake. At the end of the first day over 10,000 AEON people were unaccounted for, and almost two thirds of the 443 stores in Tohoku were unable to operate. Within a few weeks, some 98% of stores were open.

Okada-san explained how AEON's network recovered rapidly. That was partly down to straightforward, custom-built technology solutions which allowed vital communication

to take place. But it was also because of the bold, autonomous actions of local managers, sometimes in spite of terrible personal loss. "People are everything", said Okada-san. "Our single biggest lesson is that there is no training manual for such a big disaster."

As AEON rebuilt its supply chain, it concentrated first on four urgent tasks: getting hold of emergency fuel supplies, deploying 100 power generators and manual labour to resume sorting and shipping goods, transferring outbound logistics to other parts of the network and urgently repairing the damaged facilities. In the immediate aftermath of the radiation leaks from Fukushima, AEON relied on its close relationships with suppliers such as Kirin and emergency imports as the Japanese market experienced a surge in demand for bottled water.

Winning against Disaster

Makoto Kigawa, President,
Yamato Holdings Co., Ltd.



DELIVERING IN JAPAN UNDER CRITICAL CONDITIONS

Matoko Kigawa, President of Yamato Holdings, described how his company had responded to the challenges presented by the 11th March tragedy.

Yamato is Japan's leading courier company - the vehicle fleet comprises over 50,000 vans and in some areas represents a better network than the post office. Kigawa-san explained how Yamato's management team had been inspired by local personnel to develop a comprehensive response to the disaster, including a donation of ¥10 for every one of the parcels the company delivers for a year - an exercise projected to result in a donation of \$160m or some 40% of profits.

In practical terms the team identified three critical missions. The first was to restore their last mile

delivery network, the second was to use it to deliver urgent aid to victims and the third was to convene a steering committee around restoring and reviving local communities through fundraising.

Yamato had identified two paradigm shifts required for Japan. The first was about logistics - that damaged networks should always be capable of rerouting (like neural networks, and thus to contain "synapses"), as well as setting up relief goods stores in diversified locations across Japan that all of the major transportation companies in Japan could use to provide emergency aid in the future. The second was to agree on tax exemption for corporate charitable donations to maximise the speed and effectiveness of private sector support in this and any other subsequent situation where money is urgently needed.

World on the Edge: How to Prevent Environmental and Economic Collapse

Lester Russell Brown, Environmental Analyst,
Founder & President of the Earth Policy Institute



Lester Brown, Founder & President of the Earth Policy Institute, told The Global Summit there was a fundamental disconnect between the view of the world offered by natural scientists, and that by the majority of economists. Consensus forecasts of global growth – of the order of 3% a year – assumed away critical resource problems. And the failures of past civilisations in history could reliably be linked to the failure of their natural support mechanisms.

Brown argued the global economy was only one poor harvest away from chaos in the grain markets, with stocks now significantly depleted and with a series of structural problems which would continue to exert a relentless demand and supply side squeeze on food production. Last year's heatwave in Russia was extraordinary and reduced that country's grain production by 40%. If the same heatwave and the same 40% reduction in production had occurred in the American Mid-West, the consequences would have been terrible (and made worse by the current volume of grain being used for conversion to ethanol).

The second major supply side issue was the depletion of water resources. Data was jealously guarded, but it was a fair guess that peak water might already have passed before peak oil. And while there are substitutes for oil, there are no substitutes for water,

which we consume at an astonishing rate not through drinking (perhaps 4 litres a day in all forms of liquid) but through eating (perhaps 2,000 litres a day used in the production of food for one person).

A third supply side concern was that returns to technology were declining fast with agricultural yields flattening across the world.

Lester Brown argued that three indicators were critical. The first was the grain price. The second was simply the number of people in the world. And the third was the number of failing states in the world. All of these appeared to be going in the wrong direction.

Even so, the technology and resources for a dramatic change in practice were already at hand and he urged The Consumer Goods Forum members to play a leadership role in bringing this about. He illustrated the scale of the challenge by citing Roosevelt's challenge to the US automobile industry in the Second World War – combining unprecedented production of tanks, aircraft and ships with a three year moratorium on new car sales.

Thursday 16th June

The Macro Factor

"How geopolitics, economics and the rise of Asia will influence your business today and tomorrow"

Joshua Cooper Ramo, Managing Director, Kissinger Associates and Former Foreign Editor, Time Magazine



Joshua Ramo, Managing Director of Kissinger Associates and author of *The Age of the Unthinkable*, told The Global Summit that business leaders had to learn to see the world in a new way, accepting a degree of complexity and unpredictability associated only with times of revolution and prolonged upheaval.

The extent of these changes were analogous to the revolution in physics a century before – the classical mechanics of rational actors had been replaced by a quantum uncertainty about the timing and extent of disruptive change. "We used to think in terms of contagion", said Joshua Ramo, "and that there would always be a chance to get in before that last domino fell. But this is trapdoor contagion – everything goes at the same time." As a consequence, companies had to learn fast how to transcend old views of individual performance and navigate a landscape of rapid systemic change.

Joshua Ramo pointed to fundamental differences between Western and Asian perspectives. This were dramatically illustrated by scientific research which showed that a sample of Chinese graduates visually processed a series of images very differently from their American peers. Whereas the Americans immediately focused upon the foreground subjects of the images, the Chinese first scanned the background.

This preference for understanding the whole might be related to the conditions in China when the major philosophical and political traditions of the nation were being established – the Warring States period of 476-221 BC. As Joshua Ramo explained, "If your philosophical basis was established at a time when everything was chaotic, you would look around you all the time."

INNOVATION IN OPERATIONAL EXCELLENCE

Collaborative innovation: Partnering towards a sustainable supply chain

Doug McMillon, President and CEO of Walmart International, told The Global Summit that customers were neither able nor prepared to pay more for sustainability – so that Walmart’s commitments to renewable energy, zero waste and selling sustainable product had to be achieved in a way which enabled people to meet their basic needs and look beyond them. Around the world, customers were determined to make a better life for their families.

Doug McMillon described how Walmart had adopted their high profile environmental policy. “We stepped back and said ‘What if we tried to become a better company, create real change and let the results speak for themselves?’”.

The first thing Walmart had done was to get smart about the area. They had consulted a number of thought leaders in the areas of renewables and

sustainability and McMillon cited three books in particular he had found valuable: Green to Gold by Daniel Esty and Andrew Winston, The Ecology of Commerce by Paul Hawken and The Natural Step Story by Karl-Henrik Robèrt.

Working together with experts and industry partners was essential, not least in pursuit of their third major objective – to sell more sustainable products. So for example, they had worked with one of their suppliers to reduce the nearly 2m of wire used to secure a toy truck to its packaging by some 90%. However, continued progress would require business to be more creative and less linear – and to be transparent about failure as well as success in this area.

Doug McMillon, President and Chief Executive Officer, Walmart International



The Information Retail Revolution

Hans Eysink Smeets, a consultant serving both retailers and manufacturers, described the nature and effects of the Information Retail Revolution – and the emergence of the Information Retailer.

Few companies were really prepared for the scale of change about to hit. Their situation could be likened to people in a high-sided container on a beach with the tide coming in. It was possible to be in a state of denial for some time - except that by the time the waters came over the top of the container walls, any chance of escape would have long been passed.

The vulnerability of existing businesses to this Information Retail Revolution was of course directly linked to the role that information played in their business model. That was true of businesses like banking or recorded music – and porn. Whereas

there had once been 12 porn shops on Hans Eysink Smeets’ walk to his office in Amsterdam, there were now just two, barely hanging on.

There were still opportunities for incumbent players. For instance, a new breed of logistics players was springing up and offered producers a chance to sell their products directly to the customer. But this window was a brief one, and in general, older companies were ill-prepared for the rapid planning and strategy cycle of this new world. They could react with fear, inspiration or denial. Hans Eysink Smeets pointed out there was only one long-term option in those three.

Hans Eysink Smeets, Chairman and Managing Partner, Eysink Smeets Business Consultants BV



CONSCIOUS CAPITALISM

Doing Good while doing well. How to deliver a sustainable retail business, profitably

Dr. Ralph Sorensen, a member of the board of Whole Foods Market and President Emeritus of Babson College, set out his vision of Conscious Capitalism – an approach to business which embodies the idea that it is possible to do good while at the same time doing well in business terms.

There were three pillars to this approach. The first was the existence of enterprises primarily driven by their mission and a sense of purpose, not just profit. The second was the leadership of mission driven “servant

leaders”, who typically do not adopt a command and control style of management. And the third was an explicit commitment to optimize the return to all stakeholders – not just shareholders, but customers, employees, business partners, government and the community as a whole.

Dr. Ralph Sorensen explained how this approach could be seen at work at Whole Foods Market, the fastest growing and most profitable publicly owned retailer in the USA over the past 10 years (and a business with an earnings multiple of some 30-35 rather than the 10-15 typical of the industry).

Notably, Whole Foods Markets has a cash compensation limit of 19x average remuneration – meaning that the maximum salary and bonus payable in 2010 would have been \$705,037 – far less than the compensation of senior executives in other companies. But this was central to setting the “tone at the top” – modelling behaviours which in turn gave employees confidence in the significance of the company’s core values and mission.



Dr. Ralph Sorensen,
Member of the
Board, Whole Foods
Market & President
Emeritus of Babson
College

Keeping Mega Cities Healthy, Safe and Clean – what are the implications for our business?

Jean-François Decaux, Chairman and Co-CEO of JCDecaux, explained how globalisation and urbanisation were shaping the world’s economy, taking more people out of poverty than any other development in world history. But the fabric of cities was critical. As Churchill had said “We shape our buildings; our buildings shape us.” That was one reason why his company had invested so much in the quality of design in its work around the world, commissioning people like Norman Foster and Philippe Starck.

The company was obsessed with improving the lives of citizens, which was why they had built beyond simply housing advertisements to a series of innovations in street furniture and now transportation. Their self-cleaning toilets had now generated 400 million flushes around the world.

Jean-François Decaux described the progress made with the self-service bicycle system, first adopted in Lyon and now deployed in cities around the world. In

Paris, for instance, there were 25,000 bicycles in the system being used on average 5 times a day each. The distance covered by the users was the equivalent of going around the world five times each day.

Cities represented tremendous opportunity for mankind. The greater concentration of people resulted in a reduction in travel as people lived closer to the work they carried out and there was substantial public infrastructure. This was in marked contrast to the older American dream where citizens dreamt of having a home in the suburbs, even at the cost of driving long distances to and from work.

**Jean-François
Decaux,** Chairman
and Co- Chief
Executive Officer,
JCDecaux S.A



The New Normal

Peter Hinssen, entrepreneur, lecturer, writer and co-founder of Across



Peter Hinssen, Co-Founder of the Across Group and author of *The New Normal*, described how we were only half-way in our digital journey. That journey had started with the "old normal" – a world in which technologists would introduce new products, and users would have to make the best sense of them they could.

Our new world was one of "consumerisation" – one where most of the audience's employees and customers had better technology at home than were available at work. And this research amongst consumers whose sense of the necessities in life were their car, air conditioning, their mobile phone, internet access – even their iPod – but not food.

The digital journey only being half complete, many of the phenomena we assumed were part of the new world might still prove just to be interim stages. Email was on its way out, if you looked at the significant drop in its use by younger users – down by 59% in the last year for the 12-17 age group. The transition from television to internet usage was still playing out – thus evening use of broadband was still increasing. The sheer scale of this change meant that people in the audience were like the last of the Mohicans – a generation who remembered "being sat in front of the television waiting for your programme to start."

Peter Hinssen also highlighted the importance of being "good enough" – that speed always beat perfection. Gmail is "good enough". DVD is "good enough". (BluRay wasn't taking off, he argued, because of this). But in this new world, businesses had to face up to a far faster business cycle. So Google had pulled the plug on Google Wave because "it wasn't a billion dollar opportunity in 18 months." They had learned to kill quickly.



Eat Well, Live Well

Two legendary Japanese chefs and a leading food academic led a lively session to explain and demonstrate the power of umami, the fifth of the core tastes and perhaps the most important for healthy satiation. Nobuyuki Matsuhisa, Yoshihiro Murata and Gary Beauchamp reviewed the history of umami and its role in Japanese cuisine – starting with the basic stock or dashi which was traditionally made by infusions of dried bonito or kelp.

Umami was produced by three substances – glutamate (found in tomato, cheese and broccoli), inosinate (in meat and fish) and guanylate (in dried mushrooms).

During the session, Chef Matsuhisa demonstrated how dashi could be made in a new manner with more broadly available ingredients. Using sun-dried tomatoes for glutamate, small pieces of chicken breast for inosinate and dried mushrooms for guanylate he produced a modern alternative to traditional dashi and then cooked a Japanese paella.

Chef Murata explained how a series of leading young chefs from around the world had visited his restaurant in Kyoto to be trained in cooking without olive oil, butter or cream.



Gary Beauchamp noted that our preferences for the other four main tastes had their basis in human evolution – our preference for sweet and salty food over bitter food had a lot to do with getting enough to eat and not being poisoned. But umami also had biology on its side – as an ingredient in human breast milk, it was the very first taste most of us would experience.



Nobuyuki Matsuhisa,
Michelin-starred Chef and
Owner of 'Nobu' restaurants
in 24 cities world-wide



Yoshihiro Murata,
Michelin-starred Chef and
Owner of *Kikunoi*, Kyoto &
Tokyo, Japan and Director
of the Japanese Culinary
Academy



Gary Beauchamp, Director,
Monell Chemical Senses
Center, Philadelphia, USA



Session moderated by **Kumiko Ninomiya**, Ph. D., Director,
Umami Information Center/Non-Profit Organisation

Nature at the Heart of our Business



Franck Riboud, Chairman & Chief Executive Officer, Danone

Franck Riboud, CEO of Danone, described to The Global Summit how Danone's reliance on natural resources and its long-standing commitment to sustainable practices had led the company to set bold targets for both environmental impact and productivity improvements.

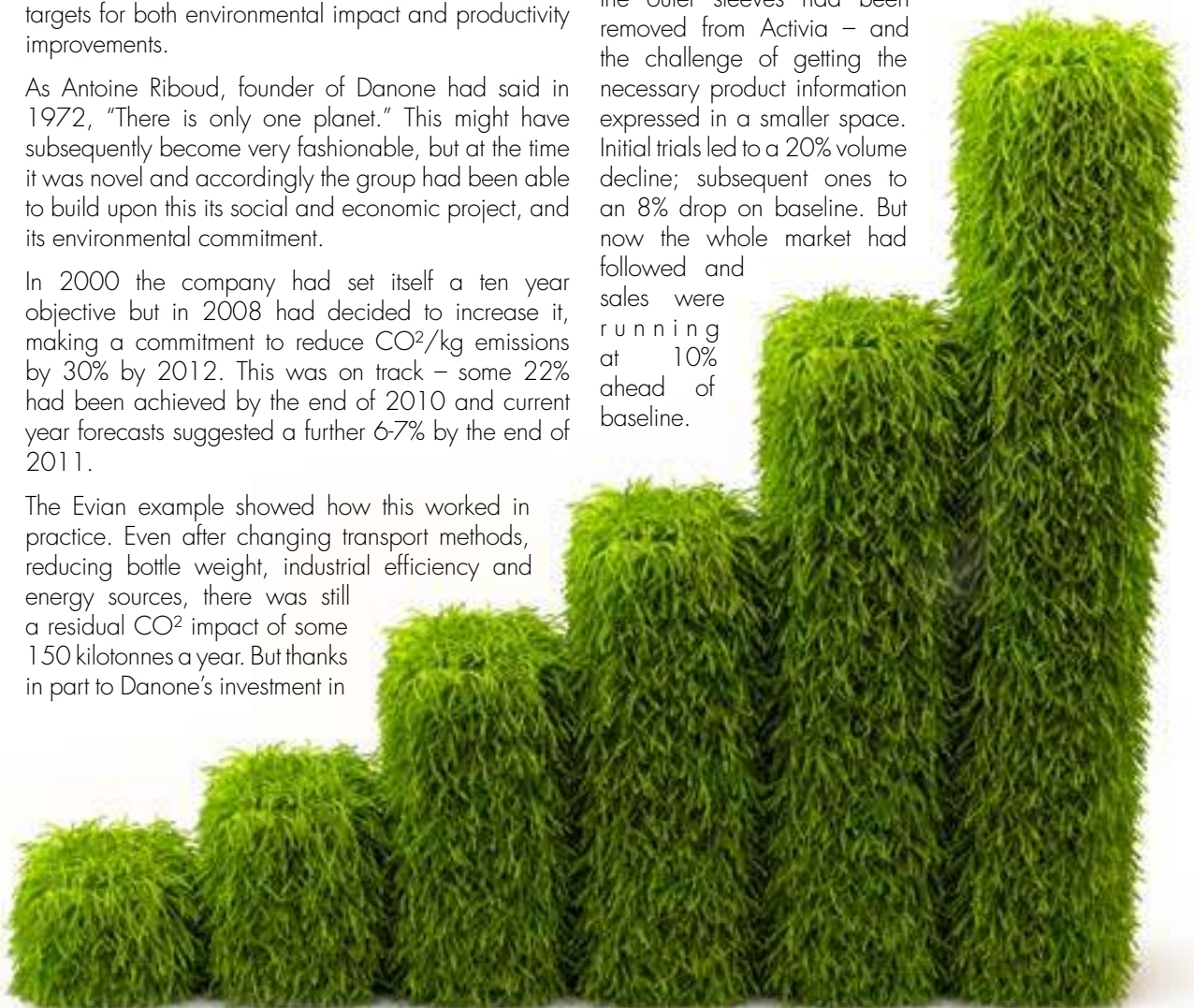
As Antoine Riboud, founder of Danone had said in 1972, "There is only one planet." This might have subsequently become very fashionable, but at the time it was novel and accordingly the group had been able to build upon this its social and economic project, and its environmental commitment.

In 2000 the company had set itself a ten year objective but in 2008 had decided to increase it, making a commitment to reduce CO²/kg emissions by 30% by 2012. This was on track – some 22% had been achieved by the end of 2010 and current year forecasts suggested a further 6-7% by the end of 2011.

The Evian example showed how this worked in practice. Even after changing transport methods, reducing bottle weight, industrial efficiency and energy sources, there was still a residual CO² impact of some 1.50 kilotonnes a year. But thanks in part to Danone's investment in

mangrove forests in Senegal, Evian business would be entirely CO² neutral by the end of 2011.

Franck Riboud described how the outer sleeves had been removed from Activia – and the challenge of getting the necessary product information expressed in a smaller space. Initial trials led to a 20% volume decline; subsequent ones to an 8% drop on baseline. But now the whole market had followed and sales were running at 10% ahead of baseline.



Friday 16th June

Health & Wellness

Understanding the responsibilities of our industry and what we can do, today

Indra Nooyi, Chairman and CEO of PepsiCo, told The Global Summit that this was the first generation in world history where “the future of food” represented two questions, not one. One half of the world had too much food and one half too little.

Focusing on the obesity side of this equation, Nooyi said that the inherent energy imbalance of the developed world had created an astonishing level of obesity, and a generation of children who might be the first to live shorter lives than their parents.

This was as much about a marked reduction in physical activity as it was about food consumption. In the USA, for instance, the proportion of children who walked or cycled to school had been 48% in 1969; in 2009 it was just 13%. But personal accountability was also critically important. It was not for government or industry to take responsibility for the consumption of the individual.

Indra K. Nooyi, Chairman & Chief Executive Officer, PepsiCo

No agency or industry had the power to reverse the trend of obesity. If all of the relevant stakeholders were seated together, it would be around a very crowded table. As an industry, the food business would only be heard if it spoke with one voice, and Nooyi welcomed the adoption of three new Health & Wellness resolutions by the board of The Consumer Goods Forum.

In informal questions and answers, Indra Nooyi argued that regulation by itself was a blunt instrument. Moreover, issues of weight control and hypertension were not about the inherent characteristics of food but its relative consumption – a bag of crisps manufactured by PepsiCo had less salt in it than a slice of white bread.



Health & Wellness

Our generation's ultimate legacy

Dick Boer, CEO of Royal Ahold, introduced the three new Health & Wellness resolutions approved earlier this week by the board of The Consumer Goods Forum – a move he described as “a very big step”.

The first concerned increased access and availability of products and services offering shoppers and consumers direct assistance in managing diet and healthier lifestyles.

The second, about product information and responsible marketing, concerned the detailed nutritional information to be found on the back of the pack and clear calorie indicators on the front as well as guidance for responsible advertising, including to children.



Dick Boer, Chief Executive Officer, Royal Ahold

The third was a broader mission to promote healthier lifestyles for customers but also employees. As an example from Ahold, Boer described children being invited into stores to be shown directly how to select and consume healthy choices.

Dick Boer pointed out that the problem was more complex than a world of rich countries and poor countries. There were still 40 million people in the United States living off food stamps. In informal questions and answers, he argued that the food business was operating from a position of strength in that in terms of quality, food had never been so good as it was today. Thus there was an added responsibility for retailers and manufacturers to help consumers access and select the right products.

The Future of Food

Guido Barilla, Chairman of Barilla Group, told The Global Summit that there was an urgent need for the food business to ask itself some very tough questions. He said the very concept of growth had to be examined if the industry was going to be able to deal with the issues it faced.

In trying to make sense of the last food crisis, Barilla Group had established the Barilla Center for Food & Nutrition, whose advice had already led the company to change a number of their recipes and reduce pasta volumes. They made a significant amount of information freely available to the media and the public.

Guido Barilla said he estimated there were 3 billion people eating too much and that food business companies needed to have the courage to actively tell their customers to eat less. That went against the grain – most people in the room had to face some stringent

examinations of economic performance every month, quarter and financial year – and he admitted it was easier for him to say some things because he was his own boss in a privately-owned company. “In my opinion”, he continued, “everyone in this room thinks the same way when he or she is at home.”

Reflecting on the scale of social and geopolitical change facing the world, Guido Barilla said that we were still adjusting to the consequences of the fall of the Berlin Wall. “The balance of the world was on that wall. When it fell, things changed.”

Guido Barilla, Chairman, Barilla Group and Barilla Center for Food & Nutrition



Our environmental responsibilities: what businesses should be doing

Allan Thornton, President of the Environmental Investigation Agency, described the work of the EIA to The Global Summit. He explained that its foundation in 1984 resulted from the desire to use empirical evidence – “intelligence” - actively to protect the environment. They had used undercover investigations to document evidence on poaching and illegal trade in endangered species, illegal logging and trade in chemicals that threatened the earth’s climate.

Allan Thornton thanked President Okada from AEON for his invitation to speak at The Global Summit and related how EIA had worked with AEON and other Japanese retailers to phase out the sale of whale and dolphin products in the Japanese market.

In their work on illegal logging, the EIA had alerted at least one Forum member to household goods using illegal logs entering their supply chain.

However, Allan Thornton concentrated his most urgent appeal to members of The Consumer Goods Forum to act in accordance with - and even ahead of -

the Board Resolution to phase out HFC refrigerants by 2015. The sheer scale of the potential impact was enormous, because HFCs were such powerful greenhouse gases. Under a business as usual scenario, HFC emissions between now and 2050 would account for the equivalent of 100 billion tonnes of CO².

The leaders of the global food business were in a unique position to make history by providing the leadership to take accelerated action to phase out HFCs. 20 billion tonnes of the target CO² saving would come from supermarket refrigeration. “The politicians have so far failed to deliver on this”, he said, “but you have the opportunity, the incentive and the means to do it.”

Allan Thornton, President, Environmental Investigation Agency (EIA)



Shaping the Future of our Sector



Dr. Tom Haggai,
Chairman, IGA, Inc.



Gareth Ackerman,
Chairman, Pick n Pay
Stores Ltd., Co-Chair
of the Knowledge
Sharing & People
Development Pillar
and member of The
Forum Board



Guy Tiebackx,
Head of Unbranded
Business, Develey
Senf & Feinkost
GmbH and FLP
Committee Chairman

What is the purpose of business? What are the next challenges for our sector? What talents and skills do we need to manage them?

A discussion between the business leaders of today and tomorrow.

Alex Thomson, the moderator for The Global Summit, led a wide-ranging discussion with Dr. Tom Haggai, Chairman of IGA, Gareth Ackerman, Chairman of Pick n Pay Stores and Co-Chair of the Knowledge Sharing and People Development Pillar and Guy Tiebackx, Head of the Unbranded Business at Develey and Committee Chairman for the Future Leaders Programme of The Consumer Goods Forum.

What was business for? Tom Haggai noted that the role of the store in the community had been at the heart of IGA's mission for almost a century, and Gareth Ackerman said that his company's experiences

in South Africa had taught them that unless you were part of the community you served, you quickly became irrelevant. During the 1970s and 1980s, Pick n Pay had worked hard to remain relevant to all of the players in a country in a very volatile state.

Alex Thomson asked why leaders should invest time and resources in knowledge sharing activities such as The Global Summit and The Future Leaders Congress. Guy Tiebackx said much came down to people power – you need to give managers the opportunity to get new ideas and have the chance to put them into practice on returning to their organisations. In terms of change, he said, companies didn't fail because they did things wrong but rather for persisting too long with what used to be right.

KEYNOTE CLOSING ADDRESS

Shaping the Future of our World

BETTER LIVES THROUGH BETTER BUSINESS

Dr. Bertrand Piccard, captain of the first continuous circumnavigation of the world by balloon and initiator of the Solar Impulse project, told The Global Summit that the difficulty of change was not the generation of new ideas. The real problem was getting from inspiration to implementation.

They had to learn how to get rid of habit, common paradigms and convictions. If audience members were to learn one thing, Bertrand Piccard said, it was to identify what they believed in most and learn how to do the very opposite.

He described the race to circumnavigate the world by balloon. His team and ten other competitors were trying; he failed twice. The team's old thinking was to build a balloon which could stay at the same altitude for the entire journey. It was only when they realised that this thinking made them fatally subject to changes in weather and wind pattern that they deliberately designed a balloon to be less vertically stable – so they could move up and down to find the right wind pattern at any one time. As they succeeded with this new solution, he noted, their competitors were still failing with the old one.

Even so, the experience of landing with just 40kg of liquid propane left from an initial payload of 3.7 tonnes left Bertrand Piccard determined that the next time he attempted a global circumnavigation, it would be without such a reliance on fuel stocks.

The technology for a first solar fuelled circumnavigation of the world had been in existence for many years, but up to this point, nobody had overcome the challenge of storing sufficient solar energy to fly through cloud, still less the night. Working with a dedicated team – including people who didn't realise that key construction elements were theoretically impossible – they achieved their goal.

Dr. Bertrand Piccard, Captain of the first non-stop balloon flight around the world, Initiator of the Solar Impulse project



A World in Progress – The Consumer Goods Forum in action and Closing Remarks

Klaus Dohle, Chairman of The Global Summit Committee, brought The Global Summit 2011 to a conclusion in reflecting on the experience of both conference proceedings and the Board meeting held earlier.

The Consumer Goods Forum was preparing to engage with the G20 and the World Economic Forum on behalf of its members and the industry.

Klaus Dohle also announced the appointment of new Board members from leading companies across the world. The Consumer Goods Forum were delighted to have their expertise and ideas at hand.

As Muhtar Kent noted on Wednesday, the global consumer was evolving very fast and expectations

were changing. It was up to the members of The Consumer Goods Forum to put the consumer at the heart of everything they did.

The Consumer Goods Forum had set some very big goals, but reflecting on what Guido Barilla had said earlier, Klaus Dohle suggested greater goals still could be set, working together to make better lives.

The Global Summit was now concluded, but the team would start working from the next day in planning for next year's event in Istanbul.

Klaus Dohle, Chief Executive Officer, Dohle Handelsgruppe Holding and Chairman of The Global Summit Committee



Shopper Led Transformation: How the Target Corporation is Refashioning its Business



Adam Holyk, Head of emnos USA Corp



Kate Whittington, Director of Guest Insights,
Target Corporation

Adam Holyk highlighted the surge in data analytics in US retail (8 of the 10 top retailers now have substantial loyalty programs). Target has worked with EMNOS to develop a series of segmentation lenses which inform ranging, pricing and promotion decisions as well as broader brand messages.

Kate Whittington described the store environment as a set of media channels running multiple messages – from standard ranges to promotions, flyers and receipt marketing – and the consequent challenge of creating a guest-centric media strategy across all those channels. Given the relative infrequency of Target guest frequency compared to that of a standard supermarket, they had made a number of innovations in their segmentation analysis – collapsing related SKUs into superproducts and taking data from up to 12 months back. Critically,

they could identify those guests who were moderately engaged by just some categories and start to understand how to persuade them to try others.

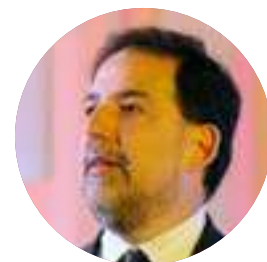
Target had used a series of overlapping segmentations to drive decision-making both in their main business and in determining complex space, range and adjacency decisions in the new City Target format – thus at category level they were able to distinguish between lifestyle and lifestage, guest value and potential and different missions and trips – the last especially relevant in the development of the new format.

Consumer 2020 – Reading the Signs



Lawrence Hutter, Global Industry Lead – Consumer Business and Transportation, Deloitte Touche Tohmatsu Limited

Dr Ira Kalish, Global Economist and Consumer Business Director, Deloitte Research



Lawrence Hutter and Ira Kalish first described five trends shaping the world economy and thus consumer industries: a changing shape to the global economy, falling birthrates and hence working population numbers, profound shifts in food consumption, concerted attempts to develop more sustainable business practices and a technologically driven revolution in communicating, connecting, socializing – and shopping.

Lawrence Hutter shared eight pragmatic recommendations for companies trying to engage with the 2020 consumer. First, they should recognise the majority of value capture in the near to medium term would remain in the developed world; conversely and secondly, that the majority of growth would come from the new middle classes in emerging economies. Third, while global in nature, these shaping trends would have different consequences in different parts of the world, always with market-specific combinations of “values and value”. Fourth, companies should decide what they wanted to stand for in the mind of the consumer and align everything behind it.

The fifth suggestion related to sustainability – no longer “just corporate social responsibility”, it was increasingly the primary lens for product and business model innovation. Sixth, brands needed to be nurtured and protected in a world increasingly consisting of connected customers. Seventh, in a world increasingly full of noise, there would be significant benefit from being able to align messages and experience along the entire path to purchase. And finally and eighth, it was going to be more and more important for the industry to engage proactively with governments about regulation. That was something better achieved by acting in concert – and there was no better body to do this than The Consumer Goods Forum.

Becoming Connected with the Consumer of the Future



Richard Chalcraft,
Chief Operating Officer, Clear Cell



Peter Maloney,
Chief Executive Officer and Founder

Peter Maloney and Richard Chalcraft showed how it was possible to make concrete assessments of marketing performance in a newly socially networked world – one which, as Peter Maloney explained, has seen dramatic changes in what customers are prepared to share, as so many are clearly willing to share information for scrutiny and comment. It's a world of dramatic value creation and market change. Thus Groupon have gone to quarterly earnings of \$650m in just nine quarters; meanwhile, it has already inspired an estimated 400 competitors.

Using four case studies – the community sites and social network activity of Starbucks, Nike, Jeep and Canadian magazine and leisure operator, UMM, Richard Chalcraft explained how the Clear Cell model could illuminate differences between them in approach and performance.

He set out the four areas of the model documents. The first was community connectivity – the number and diversity of the communities you as a brand owner connect with. The second was community engagement – the direction and quality of the engagement you have. These were outward-looking, but in terms of your business it was possible to distinguish between business understanding insights on the one hand, and business deployment – actually generating some value from these insights – on the other.

This new world of community engagement brought an entirely new set of marketing metrics. If before we had been concerned with Recency, Frequency and Value we should now be thinking of Engagement, Value and Influence. But before spending the significant amounts often implied by investments in this area, it was critical to understand where you were – and where you wanted to be.



The Crumbling Pyramid

Evolving Demographics and Implications for Global Packaged Goods and Retail

Martin Walker, Senior Director, AT Kearney's Global Business Policy Council

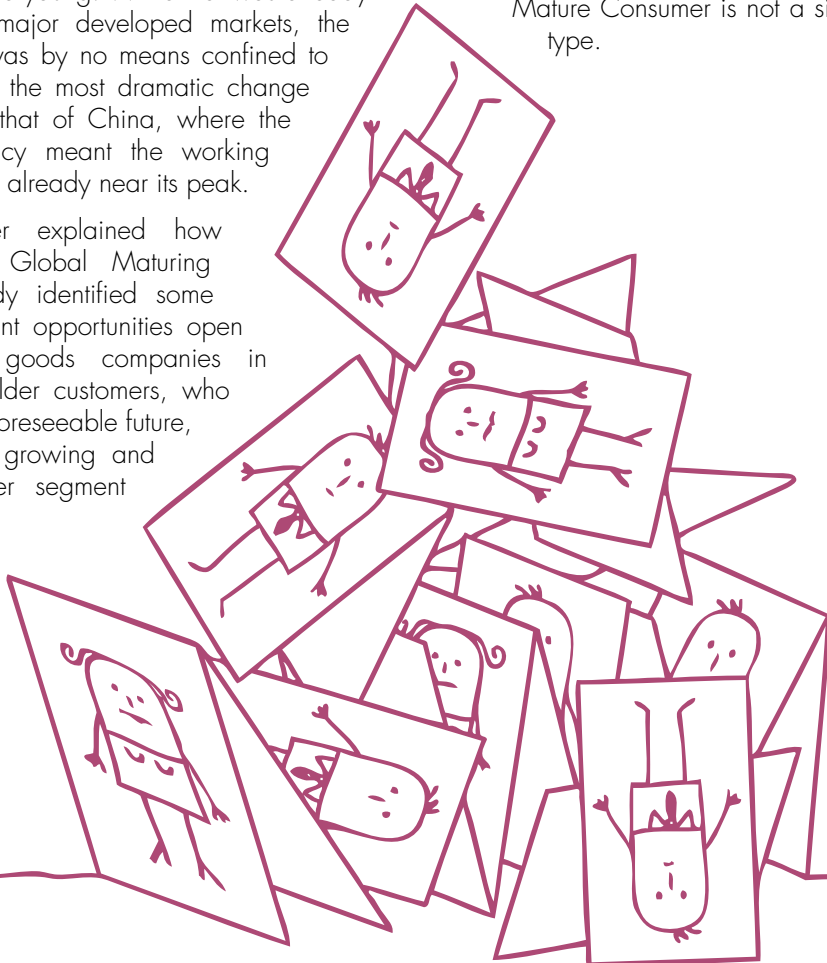


Martin Walker talked of an “Agequake” – a demographic transformation which was overturning the traditional pyramid model with which we have traditionally understood age distribution: a large number of young people supporting a tapering column of older cohorts. Two changes had combined to produce this: a revolutionary fall in birthrates and dramatic increases in the quality of healthcare.

By 2047 the global population of the over-60s would – for the first time in human history – exceed the population of the young. While that was already true in some major developed markets, the phenomenon was by no means confined to them – indeed the most dramatic change was arguably that of China, where the one child policy meant the working population was already near its peak.

Martin Walker explained how AT Kearney's Global Maturing Consumer Study identified some of the significant opportunities open to consumer goods companies in marketing to older customers, who would, for the foreseeable future, be the fastest growing and richest customer segment by age.

The study, carried out across the world, identified some very practical messages. Older customers consistently buy different product categories and enjoy shopping more than their younger peers. But they shop for smaller quantities and more locally, and are more demanding of quality (while loyal to their friends and to tradition). They watch for promotions but are currently disappointed by most of them (volume builders aren't great for people carrying their shopping home to a smaller household). And finally, their priorities change as they age further – the Mature Consumer is not a single, unchanging type.



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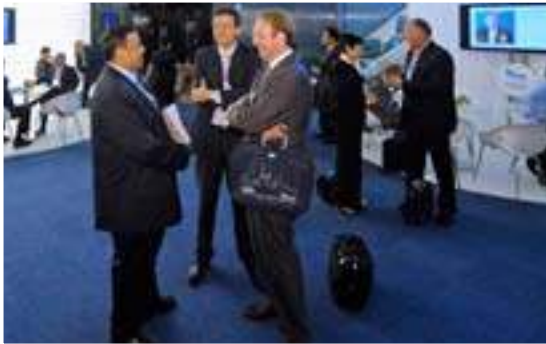


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The Consumer Goods Forum has structured its services to the industry around five issues identified as central to today's consumer goods industry advancement.

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Some of our 2011 Speakers:

- **David B. Dillon**, Chairman & Chief Executive Officer, The Kroger Co.
- **Dan Holm**, Author GreenEggsMarketing & Social Media Specialist
- **Anthony Hucker**, Vice President Strategy and Business Development, Walmart & Corporate Vice President, Walmart, Inc.
- **Rhonda Jordan**, President, Health & Wellness, Kraft Foods
- **Marcela Manubens**, Senior Vice President Global Human Rights & Social Responsibility, Phillips - Van Heusen Co.
- **Jose Luis Prado**, President, Quaker Foods and Snacks North America, PepsiCo
- **Jeremy Rifkin**, President, Foundation On Economic Trends
- **Karen Sauder**, National Industry Director, Food, Beverages and Restaurants
- **Rev. David Schilling**, Director of Human Rights & Resources Programmes, Interfaith Center on Corporate Responsibility
- **Guy Tiebackx**, Director, Develey Sent & Feinkost GmbH, Germany & Future Leaders Committee Chairman
- **Alex Thomson**, Presenter & Chief Correspondent, ITN's Channel 4 News

Register at: www.fcgflp.com
 Or contact the Consumer Goods FORUM at: flp@theconsumergoodsforum.com

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