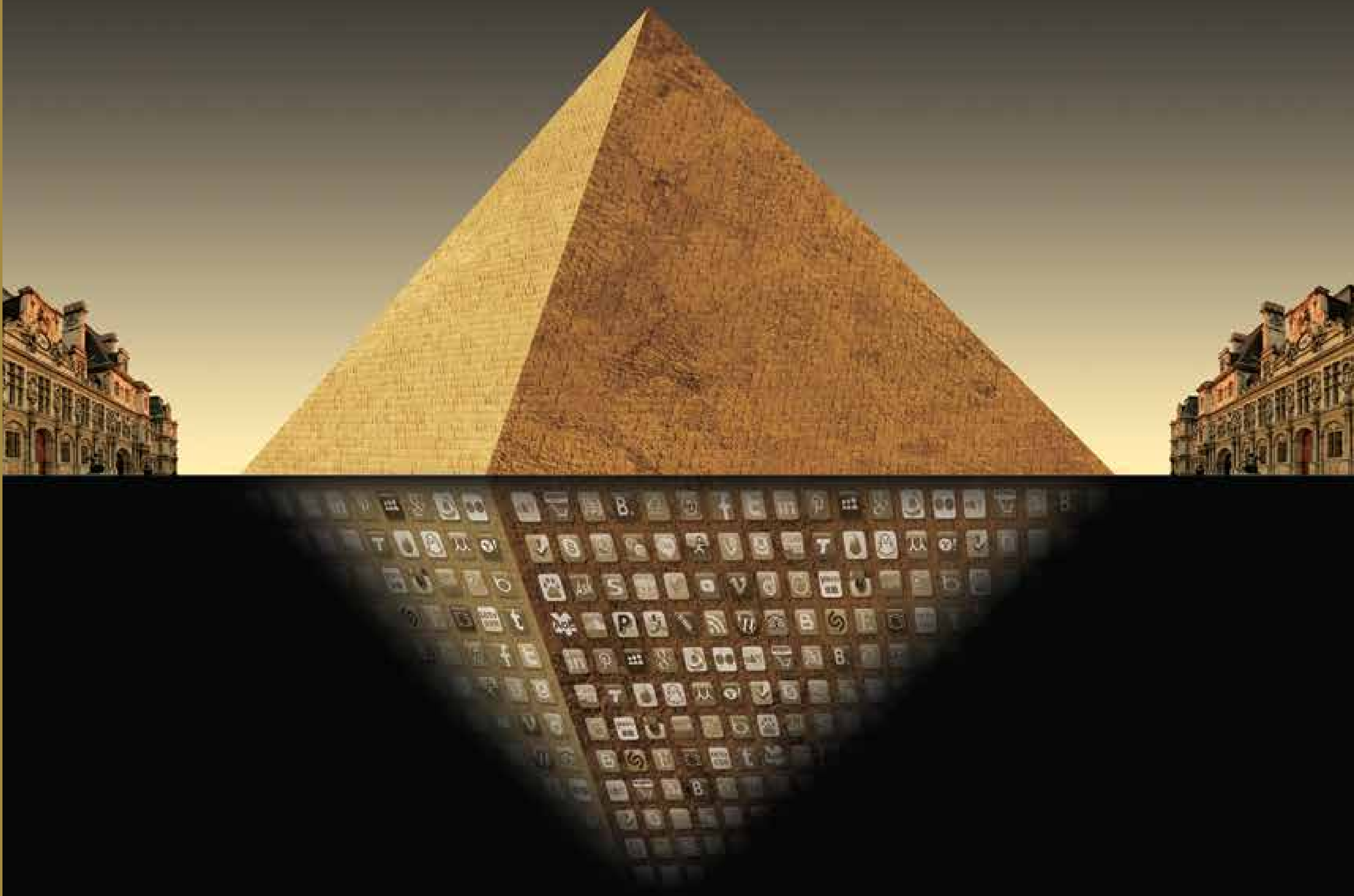
THE GLOBAL SUMMIT 2014

The Consumer Goods FORUM

THE EXECUTIVE SUMMARY

GROWTH THROUGH CHANGE

PARIS, FRANCE



THE 58TH GLOBAL SUMMIT

WELCOME TO

THE GLOBAL SUMMIT

PARIS, FRANCE

THE GLOBAL SUMMIT 2014

CONTENT

WEDNESDAY 18 JUNE

OPENING SESSIONS

WINNING GLOBALLY THE FRENCH PERSPECTIVE
PERSPECTIVES ON GROWTH

DICK BOER
PAUL BULCKE

WELCOME TO THE GLOBAL SUMMIT 2014

Dick Boer and Paul Bulcke welcomed delegates to The 58th Global Summit. Boer noted that the Summit marked the fifth anniversary of the formation of The Consumer Goods Forum as a global industry association for retailers, manufacturers and service providers to discuss and identify common responses to collective industry challenges.

Bulcke reminded delegates of the four pillars of The Forum's strategy: Sustainability, Product Safety, Health & Wellness and End-to-End Value Chain & Standards. He shared the outcome of the meeting of The Forum's Board of Directors held earlier in the day and the adoption of a number of specific commitments. By 2016, companies should make public their policies on nutrition and product formulation. Similarly, by 2016 they committed to implement employee health and wellness programmes. By 2018 they would lead industry-wide implementation of consistent product labelling and stop targeted advertising to children under 12 for products that did not fulfil specific nutrition criteria based on scientific evidence and applicable national or international dietary guidelines.

On Sustainability, Bulcke said the Board called on heads of state across the world to engage and act with determination, leadership and ambition to secure an ambitious and legally binding global climate deal. The Board also reaffirmed its commitment to take action through the two Board-approved climate change resolutions in respect of the serious risk that climate change represented for its customers, its businesses and the communities in which they were based.

Dick Boer,
President & Chief Executive Officer,
Royal Ahold and Co-Chair,
The Consumer Goods Forum

Paul Bulcke,
Chief Executive Officer,
Nestlé and Co-Chair,
The Consumer Goods Forum

LAURENT FABIUS

KEYNOTE OPENING ADDRESS

Laurent Fabius said that France was attempting to seek growth through change. It remained the fifth biggest economy in the world, was the most welcoming country for inward industrial investment and had a highly educated workforce. But its overall level of investment and high exchange rates for the Euro meant it had to adopt a series of measures to improve competitiveness.

Important elements of this policy included the restructuring of regional government into fewer but more powerful centres, the lightening of labour costs and introducing new systems to foster research and development. Fabius also looked forward to the December 2015 United Nations Climate Change Conference. He noted his audience understood the reality of climate change - that instead of just a simple increase in temperature, it rather represented a fundamental disruption, even deregulation of the climate system. France would welcome delegations from 195 countries and work tirelessly for success. That involved communicating some tough messages; equally, he pointed out the opportunities for "green growth" were extraordinary.

The two largest players in this debate, the United States and China, were both fully aware of the need for more progress than in Copenhagen, but progress could not be made solely by the action of large national governments. That was why Ban Ki-moon had appointed Michael Bloomberg as Special Envoy for Cities and Climate Change, and equally why Fabius called on delegates to go back to their companies and galvanise them for action.

Laurent Fabius,
Minister of Foreign Affairs
and International Development,
France

JEAN-PAUL AGON

Jean-Paul Agon said that the company's entire history could be described as growth through change, the theme of the congress. From the first modern hair colour in 1909 to the development of a full range of products for men, it had invented most of the beauty products and categories in the market.

Change was now accelerating due to four shifts. The first was geographical, especially with regard to developing markets. A recent OECD estimate said the number of middle class consumers globally would increase from 1.8bn to 3.2bn between 2009 and 2020. In simple terms, this represents a near doubling the number of potential consumers. But in developing products that met the most demanding of a wide range of markets, L'Oréal was also reverse innovating global bestsellers.

The second shift was an explosion in the number of older customers. Agon said 55 year old women today now looked younger than their mothers at 45, and that they aspired to replicate that advance in the next ten years – thus changing appearance by 20 years in a single generation.
The third shift – that of digital – was closer to a revolution. Agon invited L'Oréal colleagues to demonstrate the Makeup Genius app which allowed real time make up experimentation through a smartphone. Thus digital recreated what was lacking in self-service – the service.

Finally, L'Oréal was meeting a shift in corporate responsibility with its comprehensive "Sharing Beauty With All" programme; a series of six concrete, specific commitments relating to sustainable sourcing, employment and community support.

Jean-Paul Agon,
Chairman & Chief Executive Officer,
L'Oréal

GEORGES PLASSAT

Georges Plassat described some of the initiatives he and his team had undertaken to rebuild the company's performance. They were going back to their roots: the key was always to seek out new customers and to add value.

Plassat emphasised how different were the attitudes and tastes of consumers from market to market, even at a regional level. Meeting those demands required the management of much greater variation in product offering, working closely with manufacturers to customise and tailor, and introduce new products of higher quality and calibre. In their international operations, local managers were vital for their understanding of market conditions and customer psychology. At the same time, a constant pressure to be competitive required more efficient and simple IT systems to manage this greater complexity. Being competitive was not just about selling products at the lowest possible cost. It required a full understanding of what customers wanted, and the capacity to be delighted by innovation.

The scale of change at Carrefour meant the commitment of its people was critical. That meant change could only follow a collective understanding of what had happened to the company in recent years, and what had to happen next. To deliver its omnichannel future, Plassat said Carrefour needed to find people who really wanted to work for the company – young people from a generation who expected work to be an end and an objective in its own right. Motivating them meant going beyond just financial compensation.

Georges Plassat,
Chairman & Chief Executive Officer,
Carrefour

NIKESH ARORA

THE DIGITAL FUTURE

Nikesh Arora said we were in the midst of a technological revolution, characterised by everything being connected to everything. And because each successive wave of technological innovation tended to build on the one that came before, we should be thinking through the consequences of always on connectivity.

One was the speed at which brands could be built, so rapid were the opportunities for trial and advocacy. Another was a reflex desire for immediacy. Google's own research indicated that 44% of people would abandon an online shopping cart if they found shipping time was more than two to three days. Another was an explosion of expertise. For any given category of consumer use, you could reckon on finding about 150 people offering in-depth knowledge on YouTube. Arora cited a collaboration with Unilever in which they had created a channel called All Things Hair to capture some of the 7.7bn searches annually for and around "hair" and link them to expert "how to" videos. He also noted that YouTube could be said to be the world's biggest social network given its user numbers and their use of comments and messages.

Another consequence, of course, was that those born into this world – the digital natives – were having the rules defined and enforced by the older generation, who by definition were digital migrants. To overcome this, Google deliberately set out to put the user first, move fast, and "think 10x" – to ask what would transform rather than increment performance.

Nikesh Arora,
Senior Vice President & Chief Business Officer,
Google

MICHEL SERRES

A NEW APPROACH TO THE CHALLENGES OF A WIRED CIVILISATION

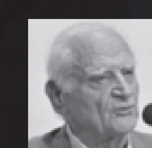
Michel serres said there had been three major stages in the digital revolution: one of hardware, another of software and now a social revolution whereby major institutions were being constructed collectively.

This was not the first time that human memory and knowledge had been externalised beyond the neurons of the individual brain. The invention of writing was a great leap forward, as was the introduction of the printing press. But these were slow changes in comparison, and the digital revolution had also introduced a dramatic separation between how knowledge was organised and the physical world. Up to now, we had used addresses to denote a specific topographic location (whether in a house or a library). Now we and our knowledge were occupying new, virtual spaces.

In consequence, we were living through a radical redefinition of role. As a professor, Serres had been used to lecturing to students who could safely be assumed to know little or nothing of what he was saying; now he could hear them whispering to each other as they confirmed or disproved what he was saying in real time. And something similar was happening to doctors and lawyers – indeed, any knowledge worker.

We now had several billion people who could legitimately say they held the world in their hand – a power not granted to Caesar Augustus or Louis XIV. There was great optimism for a new utopia, but the institutions to govern it had still to catch up.

Michel Serres,
French Philosopher, Author and Professor,
Stanford University



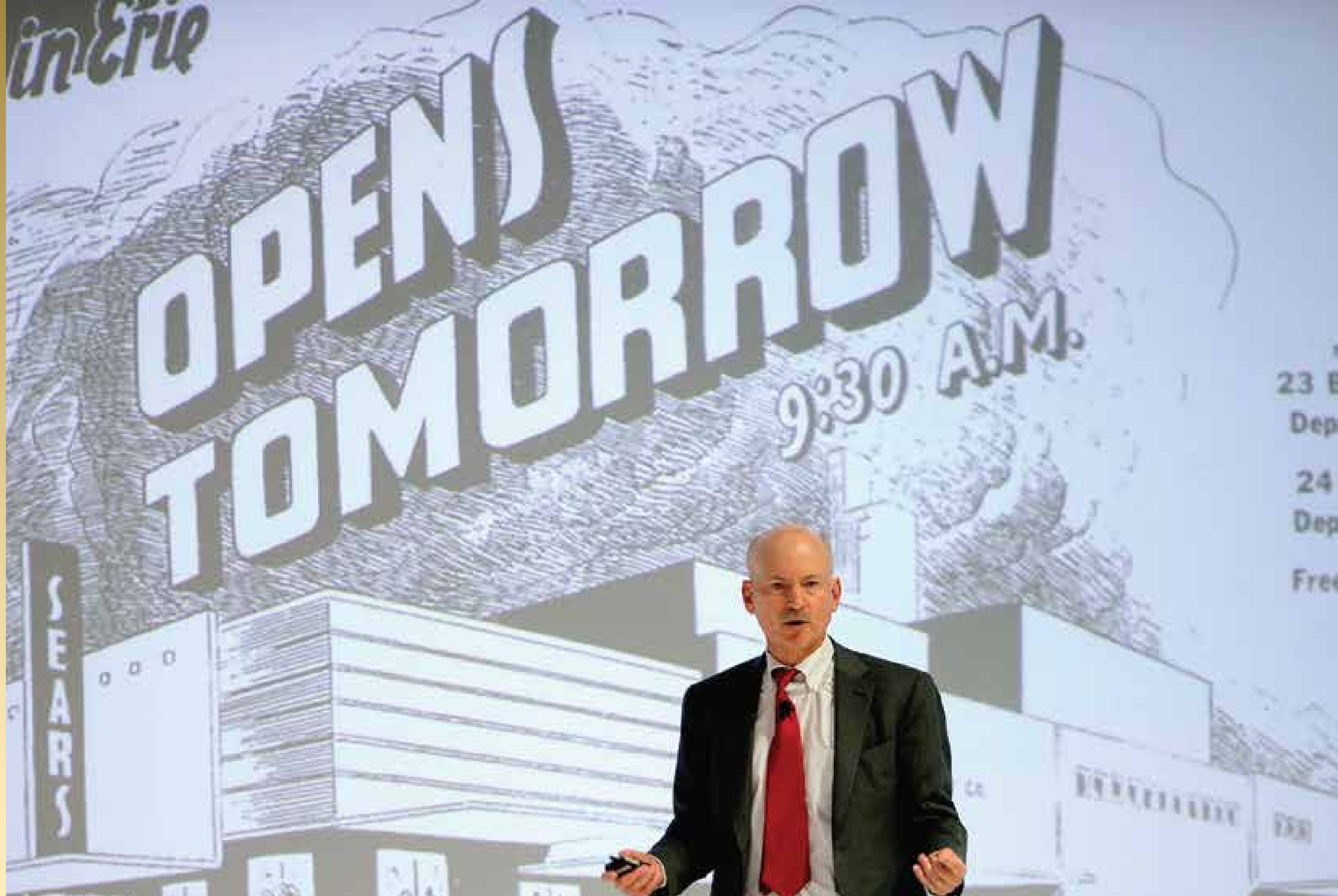
MORNING SESSION

ARE STORES NECESSARY?

AFTERNOON SESSION

RETAIL STRATEGIES FOR GROWTH

THE FUTURE OF RETAIL & THE CONSUMER GOODS BUSINESS MODEL



PROFESSOR TEDLOW

MAKING BIG BETS IN THE AGE OF DISRUPTION

Richard Tedlow said that as a business historian, these were the most uncertain times he had ever lived through. That was exemplified by an exceptionally fast contraction of enclosed shopping mall space in the United States. Where there had been 1,100 malls in 2003, there were now fewer than 700 and no new ones had been built since 2006.

Making big bets in ages of disruption was inherently challenging, but possible. Tedlow described the history of Sears, which had been for over 20 years the largest retailer in the United States after Robert Wood masterminded its transformation from a catalogue retailer serving a largely agricultural nation to a store-based retailer operating in a country with new and larger cities, easy access to cars and a modern infrastructure. He quoted Wood: "It's a good thing for a man not to have been in business, I mean, you can see things that men who are very close to the business don't see".

Tedlow recommended considering the story of the hedgehog and the fox, based on a saying of Archilochus, a Greek poet of the 7th century BC: "The fox knows many things, but the hedgehog knows one big thing". In other words, consumer goods industry players should, like the fox, be quick to learn as much as they could about what was going on but then, like the hedgehog, concentrate on doing one thing and doing it very well.

That might involve radical change. Tedlow noted how the management of Intel had survived the erosion of their traditional market in digital memory in the 1980s by imagining what their replacements would do - and then doing it for themselves. They had got out of the memory business altogether and concentrated instead on processors.

Richard Tedlow,
Professor emeritus,
Harvard Business School

DOUG HERRINGTON

INNOVATING ON BEHALF OF CUSTOMERS

Doug Herrington said he was excited and honoured to be with the companies who had built the modern packaged goods industry. Amazon had been selling consumable products for just 10 years of the 20 since they were founded by Jeff Bezos.

Three ideas bound Amazon together: being customer focused, innovation loving and long-term oriented. Being customer focused meant that when they were evaluating new ideas, they did not look at market sizing or the competitor landscape so much as writing an imaginary press release from the customer's perspective to see how excitingly it read. Loving innovation was in their DNA; Herrington cited Bezos's saying: "There is not a box we cannot invent our way out of". And long-term orientation meant Amazon would embrace projects other companies would baulk at, even if they took three, four or five years to succeed.

Herrington said there were areas in which consumer products companies could improve performance radically in the digital space. One of those was providing digital imagery that could actually help sell a product, and another was being prepared to innovate packaging that would succeed at the moment of truth when products arrived at the customer's home.

Amazon focused on selection, price and convenience. Herrington described how the long tail strategy developed for non-food products worked in grocery – in liquid detergents they offered 150 SKUs and over 1,000 SKUs in breakfast cereals. No physical store in the world could afford the space to match this choice. With regard to price, he explained how Amazon's Subscribe & Save service offered discounts against automatic replenishment. And as to convenience, he noted that Amazon Fresh could deliver an order made by 9.00pm by first thing the following morning in its first markets of Seattle, Los Angeles and San Francisco.

Doug Herrington,
Vice President Consumables,
Amazon

MARK PRICE CVO

RETAIL CASE STUDY ON CREATING VALUE IN THE IN-STORE EXPERIENCE

Mark Price said the events of 2007 and 2008 had put Waitrose in danger of being outflanked. The business was confronted by a highly competitive environment, a downturn that was reducing disposable household income and the industry-wide effects of new technology. They had decided that they would refocus on core values (for Waitrose could only be run in a Waitrose-like way), but at the same time to drive volume, efficiency and growth.

Reinventing a great brand was analogous to developing a new production of a great opera. Price cited director Jonathan Miller, who observed: "The score, music and the words of La Traviata never change, but the performers, the audience and the context of the performance are always different". He said you had to discover what was essential and what wasn't.

In 2009 Waitrose therefore introduced a new own brand range of everyday groceries at great prices called Waitrose Essentials at the cost of a hit to gross margin. That line now generated over £1 billion in sales and represented 18% of turnover. They had launched a Price Match scheme which involved checking 8,000 lines a week and increased new product introductions from 1,000 a year to 5,000.

Price said that two of the most powerful words in retail were "now" and "free". Their loyalty scheme, myWaitrose, offered a free cup of coffee or tea to customers every day, gave them money off their shopping through discount vouchers and a free daily newspaper provided they spent over £5.00. They were currently giving away over a million free drinks a week. And they had continued in the same spirit by introducing random acts of kindness to their offer, such as surprise bottles of champagne for loyal online shoppers.

Mark Price CVO,
Managing Director,
Waitrose and Deputy Chairman,
John Lewis Partnership

OLIVER SAMWER

AN ENTREPRENEURIAL ONLINE SUCCESS STORY

Olivier Samwer said his company had learned that if you moved fast to start operations in many small countries, you ended up with a big business. He also questioned the absolute value of being the very first to innovate. The automotive industry had been invented by Germans but was now dominated by the Japanese.

Samwer said that the smartphone had changed everything. Just a few years ago there were serious barriers to the adoption of digital technology in emerging markets; these had now disappeared at a stroke. He questioned the long term future of physical retail stores and asked whether anyone seriously believed that had the internet already existed, anyone would have seen the need for shops. Business failed to see this because it was run by older people; the young understood this far better.

At Rocket they had been able to challenge a number of myths. One was that you needed a fully modernised infrastructure to engage in e-commerce. In India they had set up their own delivery system from scratch. Another was that you had to develop technology for PCs and laptops. In new markets they were going straight to mobile. And a third was that product was the most important dimension. Samwer argued that instead it was the platform. What was distinctive about Amazon was, ultimately, its platform and not that it had initially sold books.

His advice to delegates was to become paranoid about the need to move fast – whatever they had planned, they should be doing it faster. And he recommended partnering as a way to get access to the skills and networks that were required for success.

Oliver Samwer,
Founder,
Rocket Internet

A PANEL DISCUSSION:

NEW MODELS FOR CONNECTING WITH CONSUMERS

The preceding speakers were joined by Erin Hunter, Global Head of CPG Strategy at Facebook, for a lively panel discussion moderated by Professor Tedlow. Hunter said that her work at Facebook was about the leverage of the platform they had built on behalf of consumer packaged goods companies.

A number of questions were put to the panel. One to Samwer was about the extent to which building infrastructure meant replacing one kind of asset heavy business of bricks and mortar with another of distribution equipment and technology. He countered that the network Rocket had built in India was relatively low cost, in that delivery drivers were contractors who brought their own vehicles and were supplied with a GPS device and a simple uniform.

Another question related to corporate responsibility. Price said there were broader philosophical issues at work about the future of capitalism and the relationship companies had with their staff and suppliers. New entrants to the market would have to struggle with the same questions after the initial brightness and buzz of their arrival had died down. A recurring theme concerned the long term viability of physical stores. Hunter said that every individual consumer had an answer that was right for them, and that all those needs could be served in a personal way provided retailers and manufacturers had the data. She pointed out that Herrington himself said he and his family sometimes went shopping in physical stores and that the consumer industry had a long history of following the customer.

Doug Herrington,
Vice President
Consumables,
Amazon

Mark Price CVO,
Managing Director,
Waitrose and
Deputy Chairman,
John Lewis Partnership

Erin Hunter,
Global Head of
CPG Strategy,
Facebook

Oliver Samwer,
Founder,
Rocket Internet

IAN MCLEOD

AN AUSTRALIAN SUCCESS STORY: A TOTAL RETAIL TURNAROUND

Ian McLeod described how the company had been turned around after its acquisition by Wesfarmers. He had become leader of the business at a time when it was struggling with a range of fundamental issues: poor operating standards, poor quality, poor availability and declining profit performance.

His turnaround strategy had been in three phrases: building a solid foundation for the business, delivering consistently well and driving a distinctive Coles difference. They had bound this up in a vision for Coles of giving the people of Australia a shop they trusted.

McLeod described how they had animated a price campaign with the development of a big red hand, used extensively in television advertising. It was simple but effective and memorable; ad recall went from 31% to 65%, and identification with Coles from 42% to 93% of those who recalled it. When kids started stealing the "hands" from stores, Coles printed 500,000 of them to encourage their use and the reinforcement of the price cut message.

Having reset their prices and price perception, their strategy was based on high quality fresh food, improved productivity, excellent availability (gaps on shelves were reduced by 40% and auto-replenishment was introduced for fresh), injecting personality into the customer-facing part of the business by emphasising the importance of the store (and equally, the service orientation of what had been head office) and finally providing the best customer experience.

McLeod said that over and above the improvement in economic performance, and triggering a reverse in a long period of food price inflation in Australia, his greatest achievement was to be able to say 100,000 Coles team members were now proud to be working there again.

Ian McLeod,
Managing Director,
Coles Group

DAVE B. DILLON

40 CONSECUTIVE QUARTERS OF POSITIVE IDENTICAL SUPERMARKET SALES

Dave Dillon was interviewed by Summit Moderator Alex Thomson and asked about a run of 42 consecutive quarters of growth. He was asked whether at the start of that sequence, Kroger had faced as dramatic a challenge as Coles in Australia. Dillon said the preceding performance had been relatively strong but that Kroger had in fact been drifting from their main mission of staying relevant for customers and that this was beginning to be visible in the data. They had embarked on a journey, not always comfortable, to try to understand what their customers really wanted of them.

Fundamental to this was a commitment to listening, watching and analysing data from multiple sources. Dillon said that Kroger's ten year partnership with dunnhumby had yielded rich insights, but that they had also used extensive focus groups, home visits and accompanied shopping trips to understand what customers really wanted and what they really did. Putting these learnings into action accompanied a shift in focus from driving profit by cost reduction to one of growing sales.

Dillon paid tribute to Walmart as a competitor, saying they had learned from them. One way was in pricing, where watching Walmart drive down prices when Kroger was raising theirs told them what they had to do. And, secondly, they had inspired them to be far better at logistics, store processes and overall execution.

In answer to a question about sustainable capitalism, Dillon said that he did not believe the true purpose of a company was to earn a profit. It was there to serve customers and associates. Without a profit it wouldn't be allowed to run a chain to serve customers in the first place. But the purpose was to build a company that related to its customers.

Dave B. Dillon,
Chairman,
The Kroger Co.

SERGE PAPIN

WHAT MAKES INDEPENDENT RETAILERS SUCCESSFUL?

Serge Papin described the origins of the system in the late 19th century. It remained a system of associates who were full partners in the business, collectively making major governance decisions and individually retaining full control over their own stores.

Papin argued that a network of independents was structurally advantaged in a large and varied country like France. Independents were better suited to adapting to local difference because they lived in their own markets and had stronger connections with local suppliers. What was more, it was hard to match the status and significance of running your own business at the heart of a local community. Larger multiple retailers often tried to lure associates to sell their businesses to them but did not understand that it was sometimes about more than money. These advantages resulted in the three largest such associations in France accounting for €109 billion in annual sales.

Papin described a number of digital initiatives being undertaken by Système U, including delivery and click and collect options, and a digital book download service allowing access to 200,000 titles. But he admitted that he was not fully convinced that French customers wanted to buy fresh food online. In French food culture, people quite enjoyed running this kind of errand to the store and being able to seek advice about a wide range of products. An Amazon Fresh might find some demand for fresh food delivery in the richest areas of Paris but he doubted such a model would work in Brittany.

Serge Papin,
Chief Executive Officer,
Système U

PEDRO PEREIRA DA SILVA

A POLISH LEADERSHIP STORY: HIGH QUALITY, LOW PRICES, STRONG GROWTH

Pedro Pereira da Silva described the journey his company had taken in developing their business in Poland.

Biedronka had become the third most valuable brand, was the second largest company and the largest retailer in Poland – but this had all been achieved since just 1994 and by a Portuguese company undertaking its first international expansion after 200 years of domestic trading. It was a short story in duration that was rich in learnings.

One of these was not to export a model but to create a new one. Biedronka (the name means 'ladybird' in Polish) was designed to meet the conditions of its market: it sold a new and different assortment and its store design had been flexible through a series of evolutionary changes. An efficient supply chain had been created from scratch, and the model had been founded on better, simpler store operations. From very early on, they had understood proximity was key to success in a market with a traditionally very strong independent sector.

Pereira da Silva said the business had gone through four distinct stages of development. The first few years had seen very rapid growth, but in then focusing on just the Biedronka format (Jerónimo Martins started with three), they had slowed down, closing 75 stores overnight. There followed a period of consolidation and range reduction (down to 850 SKUs, though they now offered around 1,200). Rapid growth was resumed in 2004, at which point they operated 700 stores. By 2007 this had reached 1,000 and they were on track for 3,000 in the next two years. Their commercial strategy had been based on an EDLP strategy reinforced by high quality own brand and long term partnerships with their suppliers.

Pedro Pereira da Silva,
Biedronka Stores,
Poland Country Manager & COO
Jerónimo Martins Group

MICHAEL T. DUKE

THE PACE OF CHANGE – INSIGHTS FROM A CAREER IN RETAIL

Mike Duke was asked how he evaluated his own performance at the head of the business over the preceding five years. In retail, he said, you had to assess the composition of the whole team and how it had been performing collectively. In that regard the current team at Walmart was the strongest in the company's history, and it was of that he was the most proud.

Much had not changed since the board asked him to take the role. Sam Walton's vision of helping people all over the world save money and live a better life remained at the heart of their mission. Similarly, values such as integrity, a culture of servant leadership and the manner in which they treated their people and customers were always going to be the same.

Conversely, it had been clear in 2008 that Walmart had to accelerate their investment in technology, and that they had to build on already solid foundations in their international business. He agreed there had been some difficulties along the way in international expansion, but pointed out that when Walmart first left Arkansas in the 1970s, they had struggled and lost a lot of money. They had learned from that and adjusted, and the same was true overseas.

Asked about the move into digital, Duke admitted it had not always been easy. Nor was there a magic switch by which 2.5 million associates suddenly became digital advocates. But one of the company's greatest cultural characteristics, ingrained in everyone by Sam Walton, was the passion to serve customers the way they wanted to be served. And that was how they had really got it; that it really would be about digital, e-commerce and retail stores operating together.

Mike T. Duke,
Chairman of the Executive Committee,
Wal-Mart Stores

MORNING SESSION

WHY SHOULD WE CARE?

THE CHIEF EXECUTIVE CUSTOMER

AFTERNOON SESSION

WINNING IN OUR WORLD

PETER FREEDMAN

BUILDING CONSUMER TRUST – HOW THE FORUM CAN HELP YOU

Peter Freedman acknowledged the genius of the consumer goods industry for spotting consumer needs and managing complex supply chains. He also hailed the special relationship between retailers and manufacturers which had led to the establishment of The Forum.

Freedman said three areas of change were set to shape the industry for a long time to come. The first was the battle for consumer trust, which was currently radically threatened. The second was the effect of digital transformation, most obviously in e-commerce. And the third was a fundamental change in the shape of the industry. He used a map of the world redrawn to reflect national populations to illustrate what the industry might look like after a few decades, and contrasted that with a business sector historically led by companies from North America and Western Europe.

This degree of change placed a great deal of pressure on the industry and its existing structures, and without being careful, its members could easily become defensive, divided and stressed. But a divided industry could not address and rebuild consumer trust.

Much could and should be accomplished by companies themselves and national industry associations. He asked therefore what The Forum could do as the only organisation to bring manufacturers and retailers together at a global level, and in as inclusive a manner as possible. It has a unique two part mission: to capture greater business efficiencies for its members but also drive positive change on the behalf of consumers around the world. He and his team were determined to support those efforts by improving The Forum's value proposition to its members, increasing awareness and promoting greater engagement.

Peter Freedman,
Managing Director,
The Consumer Goods Forum

A COVERSATION WITH FAREED ZAKARIA

HEALTH & WELLNESS: HELPING CONSUMERS LIVE HEALTHIER LIVES

Paul Bulcke and Dick Boer were interviewed by Fareed Zakaria about the challenges faced by the industry in terms of health and wellness concerns around obesity and non-communicable diseases.

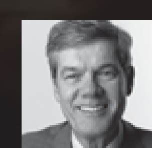
Bulcke said that the consumer goods industry was often identified as being central to the problem of obesity but it was also central to the solution. The industry might want to be defensive but it really had to position itself as being ready to engage with all stakeholders. Trust was built on action, and that is what the industry had to communicate.

Boer noted that customers were demanding much more in this arena than 10 years ago, and that they themselves understood the importance of balance and moderation. But retailers could still play a critical role in helping to educate, especially amongst children. Bulcke agreed that a healthy society started with children. He pointed out how little food education had traditionally been made available in schools.

With regard to packaging, Boer emphasised the importance of The Consumer Goods Forum's clear declaration about consistent product labelling and consumer information. He said that simplifying labelling might prove important, given that too much information could easily confuse customers, but that technology would also play an important role.

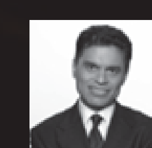
Bulcke said that the industry had to act out of conviction, not convenience, and that it was simple regulation that worked best. He said that the industry should not lobby for own short sighted interest, but engage in multi-stakeholder actions and dialogue for the right cause: better health and a better world. To state the obvious, longer living, healthier consumers were good for business.

Dick Boer,
President & Chief Executive Officer,
Royal Ahold and Co-Chair,
The Consumer Goods Forum



Paul Bulcke,
Chief Executive Officer,
Nestlé and Co-Chair,
The Consumer Goods Forum

Fareed Zakaria,
Host of Fareed Zakaria GPS,
CNN and Editor-at-Large,
TIME



PETER BEGG, CENK GUROL & DANNY WEGMAN

FOOD SAFETY: GLOBAL FOOD SAFETY AND EFFICIENCIES

Peter Begg, Cenk Gurol and Danny Wegman discussed the positive impact of the Global Food Safety Initiative (GFSI) of The Consumer Goods Forum.

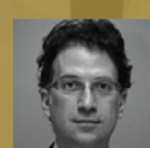
Wegman said that food safety was an entirely non-competitive issue, for nobody could be happy if the company down the road was selling products that made people ill. But cost was, as always, an issue. Keeping the cost of an accredited safer food system down was of benefit to everyone in the food chain, which is why the GFSI was committed to the development of a single food safety audit.

Begg said that the development of such a system was ultimately a shared responsibility. GFSI had been around for 14 years and made significant progress, but much remained to be done. They continued to build awareness and usage, with GFSI's first Global Food Safety Conference to be held in Asia taking place in Kuala Lumpur in March 2015.

Gurol said it was hard to ask other people to adopt the programme without doing it yourself first. At AEON they had now rolled out the programme to their direct suppliers and farms and for their private label brands, they were seeing around 60% fewer audits being required. He said companies could find out more from plentiful information on the GFSI website, they could start using the GFSI tools and gain acceptability globally and if they really had a passion for the subject, they could become part of one of the working groups. Wegman observed that in truth, these were not options in the long term. If you wanted to stay in business, this is what you had to do.

Peter Begg,
Senior Director,
Global Quality Programs
and GFSI Board Member,
Mondelēz International

Cenk Gurol,
VP and CEO E-commerce
and GFSI Board Member,
AEON



Danny Wegman,
Chief Executive Officer,
Wegmans Food
Markets, Inc

JAMIE OLIVER MBE

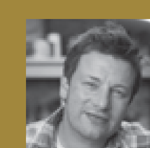
WHY SHOULD YOU CARE?

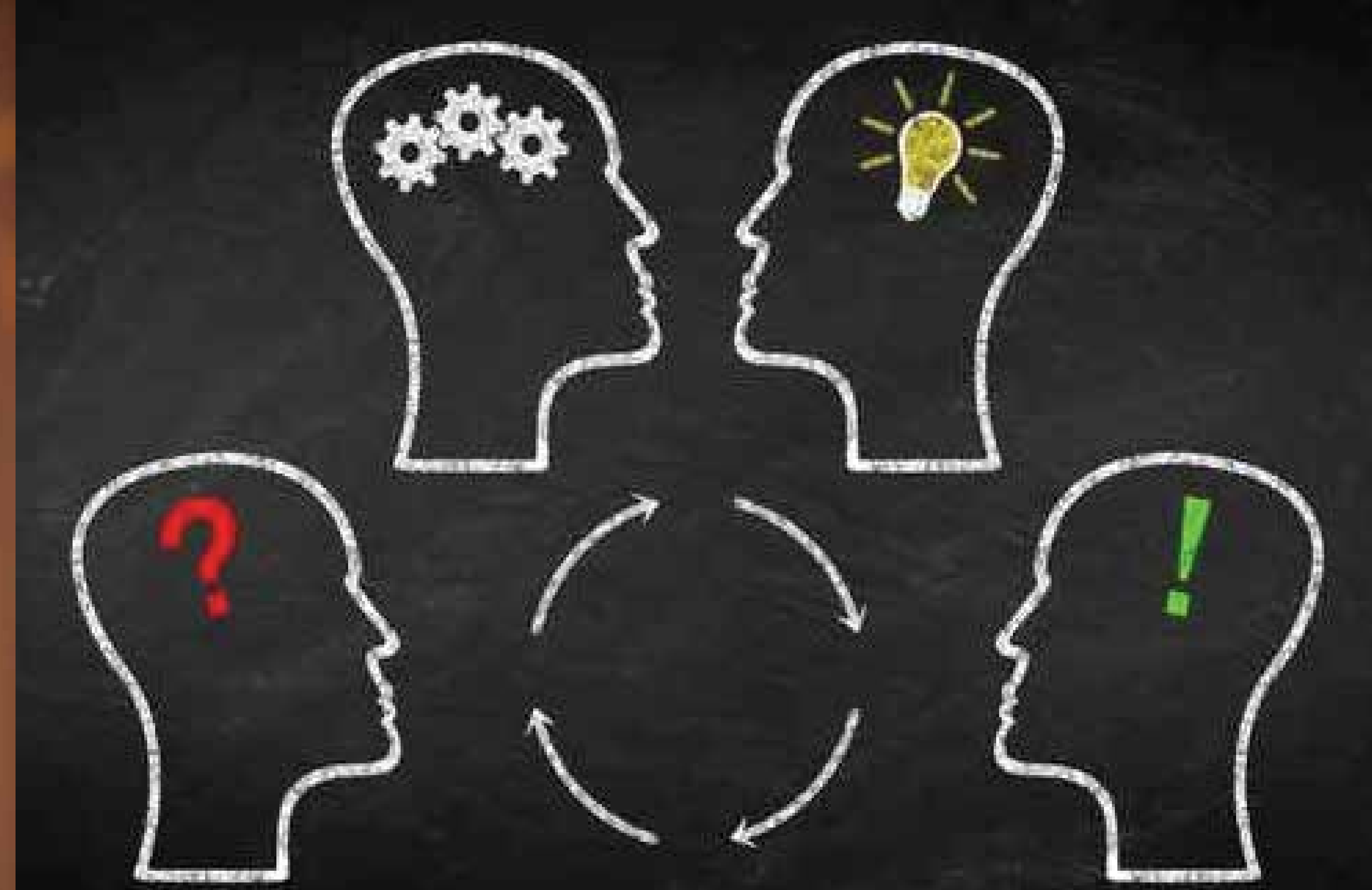
Jamie Oliver said that the people in the room at The Global Summit had more power to influence health and behaviour than any government in the world. He commented that in his work with the British government, he had worked with about one minister for education per year – a far higher turnover than that of CEOs.

Oliver said that his job was to be a storyteller and to take the public on a journey. That didn't always go well immediately. He had gone to live in the most unhealthy town in America and for the first few months he had been subject to physical threats, even if eventually he had been presented with the key to the city by the mayor. He said he was supported by a very strong team of investigative journalists and food scientists and that together they were able to create a great deal of high quality content – in marked contrast to so much of the food information on the internet. He pointed out how easily young, first time cooks were discouraged from learning how to prepare fresh meals if the instructions they used were unclear or just wrong. High quality food education for children was tantamount to a fundamental human right.

The world was changing fast, and that included the differences between the established and emerging economies. In 2013, it was estimated that for the first time in history, more people died from the effects of eating too much than from not having enough to eat. Meanwhile, he had discovered that in the second largest school district in the US, some 40% of children did not have access to safe, clean drinking water. The threat of being featured in a television documentary was a very powerful lever for getting this changed.

Jamie Oliver MBE,
Chef, Restaurateur and Health Advocate





DANIELA RICCARDI

BACCARAT: GROWTH THROUGH 250 YEARS OF CHANGE

Daniela Riccardi described the major events in the 250 year history of the Baccarat brand and business. She divided that history into three phases: the birth of a legend, the age of design and today and tomorrow.

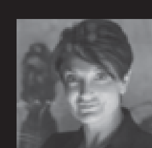
The business had started in 1764 to serve the King of France, the Tsar of Russia and other monarchs, branching out from their initial core of chandeliers to tableware and decoration. These three categories still described their production today. Production was bespoke, but the first retail store opened as early as 1832 on the rue de Paradis.

Baccarat had enjoyed a true age of design with the appointment of its first Artistic Director in 1920. Working with designers such as Chevalier, Dali and Rigot, the offer had been expanded to the decorative arts and fragrance bottles – and the customer base had spread beyond the aristocracy to the rich and famous of the world.

Nowadays Baccarat's customers were a combination of old money, new money and those whose wealth was all but beyond money. Like any other luxury brand, it relied on a combination of retail store, department store and digital presence. Its business reflected the rise of emerging markets, but Riccardi noted they still made significant sales to those building and refurbishing palaces.

All the same, some things had not changed and would never change about the brand. It represented unique savoir-faire, with production still taking place in Baccarat in Lorraine. It maintained a timeless quality which continued to travel unchanged through the centuries. And it retained its role as the witness of truly unforgettable moments.

Daniela Riccardi,
Chief Executive Officer,
Baccarat



JUSTIN KING

UNDERSTANDING THE SAVVY SHOPPER, OUR PATH TO GROWTH

Justin King said the last few years had seen what appeared to be a permanent change in consumer behaviour. He cited data which suggested some four in five customers had changed purchasing habits as a consequence of the squeeze on family budgets. Nine in 10 customers said they were using shopping lists. For the first time in many years, they saw significant growth in long life categories such as dried, canned and frozen foods.

In the wake of the financial crash and subsequent economic downturn, Sainsbury's had been widely predicted to be the most vulnerable of the main British supermarket chains, but in the event it had in fact performed the most strongly. King attributed this to avoiding the calls to go to one or other end of a polarising market, and rather listening even more carefully to what customers in the middle ground wanted and were concerned by.

What most of his 24 million customers a week wanted, regardless of their social class, was for Sainsbury's to do the right thing, whether that related to how they managed their staff, sourced ethically or labelled food. They had used marketing expertise to help customers save money by using food more efficiently, whether in making the most of family roast meat dinners or using leftovers with a specially designed smartphone app which identified suitable recipes depending on what food customers had available in their fridge.

In questions afterwards, King defended Sainsbury's policy of putting traffic light labelling on the front of all of their own brand products. He said the evidence did not support the idea that the current minimum level of nutritional information was leading to a net improvement in health and wellbeing.

Justin King,
Chief Executive Officer,
Sainsbury's Supermarkets Ltd

FRANCK RIBOUD

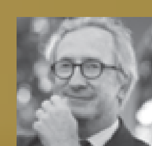
BUSINESS PURPOSE, RESPONSIBILITY AND GROWTH

Franck Riboud described to the Summit the variety of social programmes undertaken and supported by Groupe Danone. He explained how this policy had been handed down by his predecessor, Antoine Riboud, and how it had been launched by his landmark speech in Marseilles in 1972 to a national convention of business leaders. At its heart was the belief that economic and social progress were inextricably linked. From time to time the balance between them would swing in one direction and then the other, but they could and should not be separated.

He cited examples of work Danone had done in multiple arenas. The Danone communities project supported, developed, financed and promoted social businesses. One of these was the Grameen Danone Foods project in Bangladesh, founded together with Muhammad Yunus. The Danone Ecosystem Fund supported the invention of new models of production and Dan'Cares provided access to welfare and safety services for group employees in markets such as Indonesia and Mexico. The Livelihoods Fund, an investment fund created at Danone's initiative, was a further example, restoring ecosystem and carbon assets.

These activities were, he stressed, complementary and not in tension with Danone's conventional economic interests. These projects were enabling them to reach pockets of population which would otherwise have remained inaccessible, and they had driven significant improvements in staff engagement and motivation, and correspondingly in lower employee turnover and absenteeism. In any case, the managers of the future would not be incentivised solely by bonus systems. They needed and wanted a sense of true accountability and in Danone, they had seen the proof of this for themselves. He urged delegates to follow their example.

Franck Riboud,
Chairman and Chief Executive Officer,
Danone



MATTIAS KLUM

THE HUMAN QUEST: EARNING OUR SUSTAINABLE FUTURE - THE BIG PICTURE

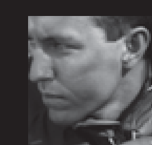
Mattias Klum showed Summit delegates a series of extraordinary pictures and film clips of his work in some of the remotest and most beautiful parts of the planet. Those included some of the first pictures ever taken of animals as rare and retiring as the kinkajou, the Congolese water cobra and the Argus pheasant.

Klum contrasted the state of the natural world before and after the environmental damage caused by deforestation, and explained how overfishing off African coasts drove the illegal trade in bushmeat. He explained the effect of ecosystem loss on the original residents, whether a blowpipe hunter who had seen an area reduced to monoculture for palm oil, or baby orang-utans traumatised by seeing their mothers clubbed to death for straying into the same plantations, or the animals of coral systems lost to acidification, bleaching and trawling.

Klum said he was the first to indulge in the convenience of modern, rich life but that together we had to figure out how to manage this wisely, and to work out which land should be used and which land should be maintained in its original state. As Linnaeus said, we were all connected and these natural realms were nothing short of support systems for the entire human race.

In his work he could draw attention to what we had and what we risked losing for ever. It was for that reason he could justify sending a photographer and his assistant to some of the most remote regions on the planet. We could not rely solely on business, science or art, but combined they were very powerful.

Mattias Klum,
Cinematographer,
Film Director and WWF Ambassador



FAREED ZAKARIA

KEYNOTE CLOSING ADDRESS - GROWTH THROUGH CHANGE

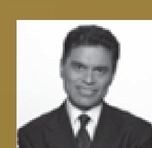
Fareed Zakaria reflected on the current atmosphere of uncertainty and anxiety around the world and compared it with a series of apparently intractable crises over the preceding 30 years. He noted that despite a series of major shocks, the most striking thing was the resilience and stability of the world economy and attributed this to three forces.

The first of these was political stability. We were living through a historically rare platform of peace in which there were no major geographical fault lines.

This in turn had enabled a second force of economic convergence. The world's major countries were following broadly similar rules of financial engagement and governance. As just one consequence, the number of countries experiencing hyperinflation had gone from 34 in 1979 to 0 today (Zimbabwe having the previous year pegged its currency to the dollar).

The third trend was the information revolution, which had laid deep interconnections for a global market unlike those which had preceded it. It was true that – for instance – the world before the First World War was one of globalisation, but that had been an interdependence of trade. This was an interdependence of everything.

Nevertheless, Zakaria said that globalisation was changing. As emerging nations shook off an automatic dependence on the Western world, they were rediscovering themselves and developing a desire for indigenous art, culture and brands. Western companies had broadly done well on the back of the three main forces at work up to now, but they would find it harder in the coming years. The pace of change had just dramatically increased and where once they might have been able to direct it, now they must adapt to it.



Fareed Zakaria,
Host of Fareed Zakaria GPS, CNN and Editor-at-Large, TIME

DICK BOER & PAUL BULCKE

CLOSING REMARKS BY THE CO-CHAIRS

Dick Boer and Paul Bulcke brought to a close The 58th Summit of The Consumer Goods Forum. Paul Bulcke hoped that delegates had benefited from the knowledge shared during three days, and had taken the time to network. The uniqueness of The Forum was as a platform where retailers, manufacturers and service providers could connect and reflect together.

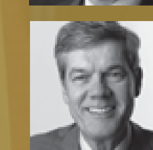
He said that the Summit programme had truly reflected the transformations the industry was going through, not just to maintain growth and create value but to remain successful, sustainable and trusted. And of those three attributes, trust was the most important; between members of The Forum, their different industries, shoppers and consumers and the communities at large in which they lived. He called on delegates to help deliver the commitments made by The Forum.

Dick Boer said that in the course of a few days the Summit had learned what growth through change really meant. Delegates had heard from three senior retailers about humble and dedicated leadership; it had been a privilege to hear from Dave Dillon, Mike Duke and Justin King one last time in their current roles. They had benefited from the insights of the Summit's French hosts, led by Laurent Fabius, Jean-Paul Agon, Georges Plassat, Serge Papin and Franck Riboud. They had learned more about the prospects of the digital age from Doug Harrington, Erin Hunter and Oliver Samwer – and from Daniela Riccardi, they had been reminded that in the East, it is already tomorrow.

Boer stressed the importance of trust in an age where quality was not a given for the consumer goods industry, and recalled Jamie Oliver's call to educate our children as a matter of human rights. He urged delegates to reach out to Peter Freedman and his team both to understand and to share, for the industry needed both its leaders and their talented staff to develop new solutions and drive positive change.

Paul Bulcke
Chief Executive Officer, Nestlé and Co-Chair, The Consumer Goods Forum

Dick Boer
President & Chief Executive Office r, Royal Ahold and Co-Chair, The Consumer Goods Forum



SANDER VAN 'T NOORDENDE & JEAN-CHRISTOPHE SAUTORY

DELIVERING TOMORROW, TODAY: A NEW WAY OF ORGANISING IN CPG BY L'ORÉAL AND ACCENTURE

Sander van 't Noordende said the principal challenge for consumer goods companies was truly to connect with the consumer, whether through direct engagement, complex indirect channels or in digital and physical retail channels. He adapted Thomas Piketty's rule about investment returns versus growth to say that consumer speed was consistently moving ahead of organisation speed.

Fortunately, it appeared possible to simplify this challenge through the use of market archetypes, whether at country or city level. Indeed, megacities were arguably an archetype in their own right. And a similar exercise could be undertaken with consumer archetypes. He mentioned three examples: the affluent over-50s, the health conscious and super-premium – all groups who exhibited common attitudes and behaviours across multiple markets. Companies needed increasingly to organise themselves around these types of consumers, and less around country or group of product.

Jean-Christophe Sautory described the global supply chain transformation undertaken by L'Oréal in the last few years, moving from a country-driven supply chain to a much more regionally-driven one, but with inventory information synchronised throughout. They had invested significantly in growing analytical skills, guided by the concept of market archetypes. In turn, that had helped develop a new generation of brand websites with shared central contact management. All of these were built with responsive design to accommodate the significant variation in device choice and use around the world.

L'Oréal had concentrated on reducing time to market for technological innovations. Their new generation of brand websites was more consistent and allowed new functionalities in one market quickly to be applied to others. And their digital incubator had been responsible for the development of the Makeup Genius app, which tracked expressions and head movements while demonstrating a full range of products as they would appear if worn.

Sander van 't Noordende,
Group Chief Executive—Product
Accenture

Jean-Christophe Sautory,
Chief Information Officer, L'oréal Group

PAT BAKEY

RESPONDING TO THE NEXT WAVES OF RETAIL DISRUPTION

Pat Bakey said the industry was in a race without a finish line. Mainstream retailers and manufacturers had to keep catching waves of disruptive change at the right moment; neither too early nor too late. In this regard he identified a number of trends that he and his colleagues at SAP thought were especially significant.

One of these was the rise of a new breed of super-aggregators – companies such as Amazon, Alibaba and eBay. They were not just presenting content but creating it, owning the living room and the experience they created with customers.

Another was the rapid emergence of new business models and the reshaping of the value chain. Bakey reminded the audience that it was not so long ago that companies such as Nike and adidas were seriously debating the merit of being in the direct business – by 2013, 25% of Nike's revenues came from the direct channel. Newer models were radically different, whether they linked consumers directly to producers or facilitated peer sharing, allowing people to borrow or rent rather than buy.

Bakey argued that both retailers and manufacturers should be trying to move away from transaction based businesses to relationship and experience ones. That offered the prospect of innovating to identity new sources of value and revenue, including the potential to capture revenue from transactions you don't get – for instance selling maintenance capacity on other people's hardware.

In all of this, consumer companies had to strike the right balance between the information they gained from customers and what they shared with them. Customer data itself should be treated like gold, because the currency in the new economy was trust. If broken, the information flow would dry up immediately.

Pat Bakey,
Executive Vice President General Manager
Global Retai
SAP

SPECIAL SESSIONS

DAVID JENSEN & EDWARD KACZMAREK

DELIVERING AGILE INNOVATION: CREATING VALUE FROM COLLABORATION WITH ENTREPRENEURS IN RETAIL AND CONSUMER PRODUCTS

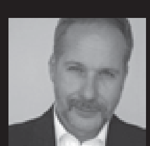
David Jensen, Global Innovation & Digital Strategy Leader at EY, said that as companies entered an age of innovation – and where innovation was at the centre of their business imperatives – it was remarkable how little the process of innovation had itself been developed.

He described how the move from traditional to agile innovation changed the cost implications of innovation, required leadership to be much more tolerant of change, embraced collaboration outside the firm and required fluid, self-organising project management. Citing EY survey data, he said that consumer executives generally agreed that collaboration with smaller, entrepreneurial firms had become increasingly important to them, but that few were confident about their ability to do it well. He demonstrated how an agile innovation flight map could help companies move through three stages of creation, incubation and activation.

Jensen interviewed Ed Kaczmarek, founder of Brand Accelerator and lately of Mondolēz International, to find out how agile innovation could work in practice. Kaczmarek outlined a number of practical tips: getting conventional marketers to spend real time up front on the premises of startup locations, centralising legal work and facilitating brand team communications about their work inside and outside the organisation.

He said the speed at which traditional marketers acquired new digital skills was startling, as was the realisation that there was significant potential for greater pace in standard business processes. If a creative brief could be developed in 1-2 hours, why did agencies require 1-2 months to do the same thing? That spirit had inspired the creation of Brand Accelerator, where they aimed to get pilots to market within 60-90 days – near enough immediate for CPG innovation.

David Jensen,
Partner,
Global Innovation
and Digital Strategy Leade
EY



Edward Kaczmarek,
Co-Founder and
Managing Director
Brand Accelerator

JEFFREY SCHUMACHER, PHILIP BEHN & JOHN PHILLIPS

CAPTURING THE OMNICHANNEL GROWTH OPPORTUNITY

Jeffrey Schumacher, CEO of BCG Digital Ventures, said there was far more innovation still in the pipeline. Of some 1,500 companies in seed finance mode, 40% of them were in the retail or consumer packaged goods space. The need to adapt was constant; less than two years ago, Facebook earned nothing from mobile and this year it would account for more than 60% of revenue.

There were a number of sources of disruption. One was ever increasing processing power. A second was far greater capacity for content delivery, whether through mobile or superfast broadband. And the third was an entirely set of new ways of interfacing with content, largely driven by low wattage Bluetooth.

Philip Behn, VP eSourcing at Walmart, showed a video shot about three years before by Walmart to envisage an aspirational series of digital innovations to the customer shopping experience at Walmart. Some 80% of what had been considered futuristic then had now been implemented. Much of that was driven by the handheld supercomputer – 65% of Walmart customers had a smartphone and for the under-35s, that figure rose to 80%.

John Phillips, SVP Customer Supply Chain and Global GTM at PepsiCo, talked about hyperconnectivity. He showed how consumers could teleport themselves into a concert sponsored by Doritos, nominating a support act for LL Cool J and choosing his encore number in real time as well as being able to watch the show with a fan's eye view by orienting their tablets around a front row view of the stage. He ran through a rich series of other crowdsourcing and gamification examples.

Behn said that personalisation was a very powerful tool, especially when you could show the customer what they did both instore and online. Taking into account both allowed retailers to make much more relevant recommendations. Phillips talked about a series of radical last mile innovations and closed the session with a live drone delivery of Doritos.

Philip Behn,
Vice President of eSourcing
Wal-Mart Stores

John Phillips,
Senior Vice President
Customer Supply Chain
and Global Go-to-Market
PepsiCo, Inc.

Jeffrey Schumacher,
Chief Executive Officer
BCG Digital Ventures

STORE TOURS

Auchan

Intermarché
Les Mousquetaires

LA GRANDE EPICERIE PARIS
Groupe Bon Marché

LE BON MARCHÉ
RIVE GAUCHE

MONOPRIX

SUPER U

kindly sponsored by
MARS incorporated

Eat Well, Live Well. AJINOMOTO.
Bavaria Holland's Premium Beer
brandloyalty Redefining Relationships
DIGI 寺岡精工
ITO EN
L'ORÉAL
merison the art of kitchen & living
nielsen
red dot square & KANTAR RETAIL
tcc
The Coca-Cola Company

I.ZONE

THE GLOBAL SUMMIT OFFICIAL SPONSORS

PARIS, FRANCE

Eat Well, Live Well.
AJINOMOTO.
Coffee & Tea Breaks

ATKearney
Delegate's Lunch

Bahlsen
Networking Breaks

The Coca-Cola Company
Official Opening Cocktail, & Refreshments

DANONE
Partner's Programme

KPMG
cutting through complexity
Business Connect & Delegates WIFI

L'OREAL
Closing Gala Dinner

MARS
incorporated
Store Visits Programme, & Delegate Briefcases

PEPSICO
Delegate's Lunch

SUNTORY
Cocktail Reception

The Consumer Goods
FORUM

FRANCE - INTERNATIONAL HQ
France
Tel: (33) 1 82 00 95 95
info@theconsumergoodsforum.com

JAPAN OFFICE
Tel: (81) 3 62 72 62 83
tokyo@theconsumergoodsforum.com

THE AMERICAS OFFICE
Tel: (1) 301 563 3383
info@theconsumergoodsforum.com


The Consumer Goods FORUM
THE GLOBAL SUMMIT 2015
www.tcgfsummit.com
NEW YORK
JOIN US AT THE GLOBAL SUMMIT
24 - 26 JUNE 2015