



The Consumer Goods  
**FORUM**

**FLP**

BERLIN  
2018

**18<sup>th</sup>-20<sup>th</sup>**  
**OCTOBER 2018**

[tcgfflp.com](http://tcgfflp.com)

**BERLIN**  
**GERMANY**

**#2018FLP**

**EXECUTIVE SUMMARY**



# This was the 63<sup>rd</sup> FLP CONGRESS

## THE 2018 FLP CONGRESS IN THE WORDS OF THOSE WHO WERE THERE

Outstanding experience!!! From beginning to end we shared views and cases from all around the world. A unique moment to feel and breathe what we are willing to construct in the future, with a sustainable and ecological responsibility. I will make a point on the need to keep this network alive and use it to support each other. I feel very lucky to have had such an opportunity to attend this event.

**Juan Pablo Valdes**  
Grocery Manager, CENCOSUD, Chile

FLP is much more than a training programme. It's a fantastic opportunity to understand and experience the new trends shifting the consumer goods industry and the absolute necessity to lead with purpose. The interventions are of a high level, the workshops are innovative (special mention to the agile methodology!) and the opportunities to network huge. I feel privileged to have attended this programme and to have met current and future business leaders! Thanks to the CGF for this awesome programme.

**Thomas Kyriaco**  
Customers Alimentation Initiatives Director, DANONE, France

A truly fantastic and educational journey into the various aspects of global retail. A real eye opener on the future of retail, how technology is influencing retail and how technology is going to be such a big part of global retail. A well-organised and structured event. I am truly blessed to have been a part of this awesome event. Thank you all!

**Rashid Kader**  
Store Manager, PICK N PAY, South Africa

#2018FLP thanks for a wonderful programme! Met great people, learned a lot and explored Berlin!

**KC O'Brien**  
CP&R Sector Leader, EY, USA

FLP was an outstanding, refreshing experience from the moment I walked in to that bright pink hotel lobby! It was clear from the agenda that the committee had done their "homework" and were deeply in tune with the current state of the industry, where it is headed and how that may be different than where it needs to go. Once the programme began, it was clear that this would not just be another business card collecting event - we were there to work, learn and challenge each other to be better leaders at levels that are not normally discussed so deeply and honestly in the office. I feel so fortunate to have had this opportunity, to have met the calibre of leaders that I did and for the very rare, honest and genuine speakers that shared their passion with us.

**Amie Dlouhy**  
Director Retail Optimization & Implementation, SOBEYS, Canada

The FLP was a refreshing take on leadership development and business networking. The programme managed to cover a vast agenda of topics from sustainability to agile. The experience was extremely rewarding and I know I left the programme inspired about the future of our industry.

**Michael Labanara**  
Zone VP US Field Sales – West, The Coca-Cola Company, USA





FLP CONGRESS 2018

Business needs, consumers and technology are changing fast and future leaders must understand how to recognise these shifts. These challenges provide a clear opportunity for businesses to innovate and have a positive impact on both people and planet.

As part of the FLP, and our annual congress, we are committed to helping your high-potential leaders tackle how and why. With a focus on inspiring companies to do business the right way, the FLP has been designed to build leaders for companies with purpose. If your company is looking to make positive changes, the FLP Congress will help ensure your potential C-level executives have all the tools and the network to build the industry’s collective future.



FLP CONGRESS COMMITTEE - BERLIN 2018

Chairman : John BRADSHAW, Pick n Pay, South Africa

- Demir AYTAÇ, Migros Ticaret A.S., Turkey
- Patrick BACHER, TCC, Germany
- Niels DEKKERS, Spar International, Netherlands
- Viva FAHLÉN, ICA Gruppen AB, Sweden
- Richard FLINT, HEMA B.V., Netherlands
- Paul FORD, The Coca-Cola Company, UK
- Brian HARRIGAN, IGA Inc., USA

- Christian LAMPRECHT, Develey Senf & Feinkost GmbH, Germany
- Rhoda LANE-O’KELLY, The Consumer Goods Forum, France
- James NAYLOR, McKinsey & Co. Inc., UK
- Karin VON FUNCK, The Boston Consulting Group GmbH, Germany
- Tim WELCH, PepsiCo Inc., USA



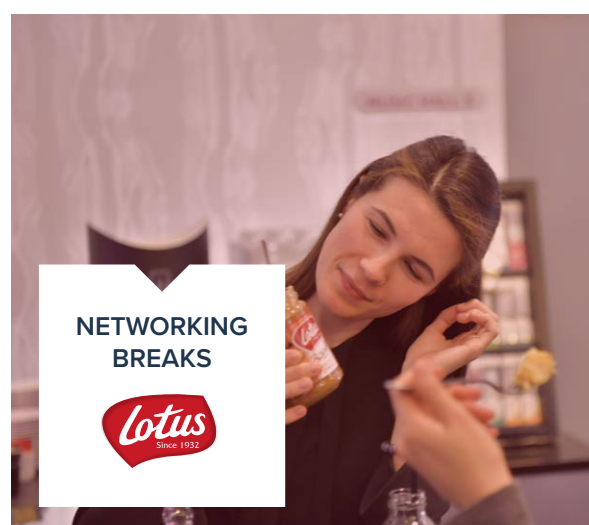
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## THANKS TO OUR SPONSORS

The Consumer Goods Forum would like to thank the FLP Congress Official Sponsors for their generous support.



# BUSINESS SESSIONS



Explore live comments and many more on the FLP Network on Workplace



## KEY QUOTES



"You can only create value if you understand the customers you serve."

**Olaf Koch**  
CEO, METRO AG & Co-Chair of The Consumer Goods Forum Board of Directors



"It's no longer about stronger characters, as we recognise these don't create great leaders by default."

**Özgür Tort**  
CEO, MIGROS TICARET & Vice Co-Chair of The Consumer Goods Forum Board of Directors



"Customers today are comparing experience with experience, not retailer with retailer."

**Hani Weiss**  
CEO, Majid Al Futtaim-Retail



"Never stop learning, be yourself, love what you do and be passionate. Fight for what's right."

**Michael Durach**  
CEO, Develey Senf & feinkost GmbH



"Genuine leadership is impossible without trust."

**Dr Raphael von Hoensbroech**  
Managing Director, Konzerthaus Berlin



"As future leaders, you need to learn to prioritise the global challenges."

**Ignacio Gavilan**  
Director, Environmental Sustainability  
The Consumer Goods Forum



## HOW TO MAKE THE MOST OUT OF THE NEXT THREE DAYS



### John Bradshaw

Head of Marketing, Pick n Pay  
& FLP Committee Chairman

FLP Committee Chair John Bradshaw once again welcomed delegates to the FLP Congress, now in its 63rd year.

Delegates include young leaders from all over the world, and so it's important for delegates to leave their egos at the door and get to know each other. This is a great opportunity, so make sure you use it. The CGF is the world's most valuable consumer goods network and I'd like to thank the sponsors who help make all this possible.

Also, please take note of the all-new FLP Network, which is a key tool in the development of the global FLP community. This is the chance to join an enduring network and is the perfect way to connect and get added value.

Throw yourself into the event and you'll not regret it.







## BUILDING LEADERS FOR COMPANIES WITH PURPOSE



### Peter Freedman

Managing Director  
The Consumer Goods Forum

**Peter introduced the case for purpose and the qualities he believes are needed by tomorrow's leaders.**

Trust in business is declining and data shows there is little to no confidence in large corporations and brands. This is not a sustainable place to be in. Declining trust should be a basis for action.

There has to be a revolution in both retail and manufacturing and we have to fundamentally change how we do business. Gen Z'ers and millennials are clearly telling us they want to buy from brands that do good for the world. B corps, for example, are pursuing a purpose beyond profit. And, purpose attracts talent. CEO Paul Polman said Unilever has 2,000,000 applicants globally. 10 years ago, it was only 200,000. Meanwhile, Danone CEO Emmanuel Faber has made a passionate plea for companies to change how they do business.

For investors, we are seeing an increasing focus on sustainability-driven companies in portfolios, and we also see many governments failing to prepare for the future. Larry Fink said, "Companies must benefit all their stakeholders, including shareholders, employees, customers, and the

communities in which we operate". At the CGF, our members believe purpose beyond profit is essential.

The CGF is a network of some 400 companies, led by a Board of 54 CEOs. Our mission is CEO-led collaboration to drive positive change. Collaboration is more than the typical drivers, like price and convenience, or taste and cost for producers. These are still critical, and you need to lead in these areas, but our argument is you also need to deliver on product safety, environmental and social sustainability, and consumer health. You cannot deliver this by yourself. You need to collaborate.

Qualities you need? You need humility to listen to stakeholders, insight to connect purpose to their needs, courage to do what's right, wisdom to collaborate with competitors and perseverance to break down internal – functional and geographical – silos.

### KEY TAKEAWAYS

- We must fundamentally change how we do business.
- CGF's mission is CEO-led collaboration to drive positive change.
- To be an effective leader, you need humility, insight, courage and wisdom.



## LEADING STRATEGIES FOR COMPANIES WITH PURPOSE - PART 1



### Olaf Koch

CEO, METRO AG  
& Co-Chair of The Consumer Goods Forum Board of Directors

**Olaf talked about some of the decisions he's had to make while at the helm and the work being done by METRO to support their communities and employees.**

METRO is about 'absolute customer centricity'. Most people think we are a retailer, and we were in 2012. But, we experienced a slowdown around 2007. This is the time things changed in the industry, as digital penetration began to explode.

The balance of power in our industry has shifted to the consumer. The consumer knows all about quality and price. Retail in the past was about supply chains and replication. It was about having the products and getting them to people. Today, however, it's about customers and what we can do for them. You can only create value if you understand the customers you serve. It's about shifting from anonymous transactions to customer-focused relationships. METRO today is a wholesaler. It's about providing an experience for customers.

METRO is a company that works for other professionals. We forgot this for a while. We work

for the smaller folks who bring innovation and excitement. We want to help our consumers be successful. Our purpose is a strong foundation. We relentlessly seek customer understanding and build trusted and personal relationships. Our customers know our success is based on their success. People are the core of our success. Our business is people, 100%.

To be a good corporate citizen, we need to engage on topics like sustainability, but we are not the Salvation Army. We need to make money. So, it starts with our people being fully engaged and motivated. In 2011, we had 60% engagement on average. This means staff were not engaged in our strategy. We are now at 78%, and some offices are over 90%. Our staff believe they can make a change. We are also adding value for our customers and improving satisfaction across the board.

### KEY TAKEAWAYS

- Today, retail is about customers and what we can do for them.
- You can only create value if you understand the customers you serve.
- To be a good corporate citizen, we need to engage on topics like sustainability, but we still need to make money.





## LEADING STRATEGIES FOR COMPANIES WITH PURPOSE - PART 2



### Özgür Tort

CEO, MIGROS TICARET  
& Vice Co-Chair of The Consumer Goods Forum Board of Directors

**Özgür, reflecting on his own experiences, talked about surviving turbulence and the importance of modern leadership.**

My agenda is now very different to six months ago, and it will probably be different again in another six months. MIGROS used to be a supermarket chain. However, we are also the largest fresh meat operator and the largest online sales operator. It goes beyond physical stores now. It's a new world, but we must enjoy it.

Of course, the customer is key. We are no longer defining success by the number of stores. We talk about the number of loyalty members we have. It's about penetration: the numbers of homes we reach. We have about 83% penetration rate in Turkey. This is a real transformation. I am proud of this change in the food retailer's mindset. It's not just a marketing idea.

Today, the digital signature of MIGROS and our stakeholders is different. We used to define our stakeholders as staff and suppliers. Our new stakeholders include a data centre and payment partner. These have influenced food retail activities and changed how we work. We

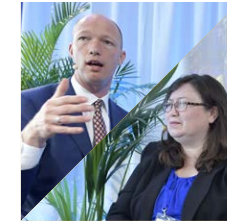
have an intelligence office. We are keen to drive deep insights and understand the actions of our customers. The definition of who our partners are is different. The data triggers our actions and definition of stakeholders.

We also need to focus on efficiency and the new stakeholders help us with this on last mile. Customers want to pay smoothly. We need a consistent payment tool to do this, but it's not a retailer's job, so we needed a payment partner to deliver this. The paradigm shift has gone beyond classical collaboration.

Of course, speed of change is different for large retailers. It needs a different leadership style. How to prioritise and act is going to be very different today. It's no longer about stronger characters – bigger egos – as we recognise these don't create great leaders by default. We need people who can communicate and motivate. And, we have to accept failure. We have to admit we fail sometimes and leaders need to be humble and honest.

### KEY TAKEAWAYS

- Success is now defined by penetration and how many homes we reach.
- The definition of who our partners are is different as we look to drive deep insights.
- It's no longer about stronger characters, as we recognise these don't create great leaders by default.



## INVESTING WITH PURPOSE

WHY A PUBLIC COMPANY'S RESPONSIBILITY IS TO MAKE A POSITIVE CONTRIBUTION TO SOCIETY IN ADDITION TO PROFITS FOR SHAREHOLDERS



### Julie Nash

Director, Food and Capital Markets  
Ceres



### Peter van der Werf

Senior Engagement Specialist  
Robeco

**Julie opened the session by talking about sustainability from the Ceres perspective.**

Ceres works as an organisation that brings investors together on topics like sustainability. This is powerful because we bring a lot of money to the table: 161 institutional investors and 25 trillion

dollars in assets. More specifically, we have seen leading, global investors managing US\$6.4 trillion call on companies to eliminate deforestation in South American cattle production.

**Peter was then welcomed to the stage to answer a series of questions on how Robeco sees sustainability.**

All of our company's investment decisions are influenced by environmental and social factors. We adjust views based on long-term sustainability. We can quantify how companies will be successful.

that showcases signs of change, which can help us build the conviction that it is driving behaviour.

The asset owners are who we manage funds for. They are the ultimate clients. For all of these, we consider sustainability an important element. Climate change, for example, is a crucial driver companies need to prepare for. For pension funds, we see a strong need to see how their portfolios line up with the two degrees scenario.

With regards to who is typically in the room to make these decisions, it differs from meeting to meeting. It could be technical people, or it could be executive leadership, as this is where strategy is set and sustainability clearly integrated into the business model. Sustainability needs to be part of the strategic vision.

What is an engagement process? Engagement starts with a deep-dive research programme. Obesity, for example, is a long-term risk for food companies. In 5-10 years, this is a value-disrupting factor. Engagement means we talk to people about this and look for info

My advice for the young leaders: within your daily work, you may have a lot of KPIs, but take a helicopter view of your stakeholders and discuss if you can set up collaborations and then challenge the KPIs. Are your being held accountable and are they helping deliver long-term value on the issues that matter?

### KEY TAKEAWAYS

- All of our company's investment decisions are influenced by environmental and social factors.
- Sustainability needs to be part of the strategic vision.
- Take a helicopter view of your stakeholders and discuss if you can set up collaborations and then challenge the KPIs.





## A HANDS-ON WORKSHOP FOR MANAGING YOUR ORGANISATION THROUGH A CRISIS LIFECYCLE

Session Facilitated by



**Mary Calam**

Senior Expert, McKinsey  
& former Director of National Security at The UK Home Office

Mary explored the concept of crises before inviting delegates to participate in a crisis management workshop to experience it for themselves.

Crises are becoming more frequent and the cost of failure more extreme. Crises can be triggered by a variety of scenarios: natural causes, self-inflicted, malicious actors, reputational scandals and data breaches, for example. The initial trigger can be relatively minor, compared to the knock-on impact.

Many companies are ill prepared to respond to crises. Understanding what a crisis is and how it may evolve is key to preparing for mitigating against the damage caused: types of threats, evolution of a crisis, degree of control, etc. Typically, a crisis goes through four phases of evolution.

For the workshop, groups are set up to take part in a crisis response simulation: GlobalTech is a tech company that is pioneering driverless technology for a subway trains. The tech includes onboard sensors and artificial intelligence systems, as well as routing tech housed in remote control rooms.

*Scenario: After a commuter death, GlobalTech, finds itself in a crisis related to its driverless technology. Delegates represent the company and discuss various incidents and responses to*

*them as the crisis continues to derail and become ever more serious. This included role-playing live press conferences.*



*Once completed, delegates provided feedback and looked at the evolution of the scenario and what could happen to GlobalTech over one week, one month, one year and three years. This covered mainstream media reports, protests from labour unions, the company having to undergo significant change and mass staff changes at the executive level.*

**Mary then recapped and provided her own insights into what works.**

From my experience, there are three elements that tend to work when managing a crisis. First, take control. Create a group to deal with it and respond quickly; focus on the facts and solve core problems. Next, look like you've got a grip and define actions. Third, think about big, bold moves. Change the conversation. And, remember, decisions made in the first 72 hours of a crisis can dramatically impact the next months and years for your company.



### KEY TAKEAWAYS

- Crises can be triggered by a variety of scenarios.
- Many companies are ill prepared to respond to crises.
- There are three elements that tend to work when managing a crisis: take control, define actions and make bold moves.





## PART 1: LEADING WITH PURPOSE IN ENVIRONMENTAL SUSTAINABILITY

WHY SUSTAINABILITY MATTERS FOR THE FUTURE OF YOUR BUSINESS



### Ignacio Gavilan

Director, Environmental Sustainability  
The Consumer Goods Forum

Ignacio explored the concept of sustainability before diving into some of the key challenges future leaders need to understand and help overcome.

Sustainability is a very difficult thing to define, but most people know about it in some form. There's a lot of content out there and it continues to grow; however, the nay-sayers will tell you the messages are inconsistent or incomprehensible.

At the CGF, we work as a do-tank. The thinking has already been done. Now, as young leaders, you are the future and you need to prioritise. Here are just some of the things you and your companies need to start looking at.

Food waste: a huge problem. One-third of all food produced is wasted. There hasn't been any real action until five years ago. You need to measure it before you can manage it.

Refrigeration: a hidden problem to most of you. Synthetic refrigerants have high Global Warming Potential. Shifting to natural refrigerants is one of the most cost-effective climate mitigation strategies.

Deforestation: 40% of the products in supermarkets contain soy or palm oil. Soy is the commodity that feeds livestock. Deforestation related to soy is a

huge problem. Companies need to know where the soy comes from and if it's deforestation-free.

Plastics: in the last 18 months we've seen it rise to a top-of-mind issue. 95% of the plastic we produce is single-use. One million bottles produced a minute. Around 75-80% will negatively impact the environment after usage. Collective action has to take place.

Forced labour: 25 million people involved in forced labour. Only 1% is what you see on the streets. The rest is hidden. Take note of work being done, like the CGF's Priority Industry Principles, and implement change.

When it comes to making decisions, don't focus too much on policies and management systems. Focus on performance and outcome. Have clear accountability among your company's departments. Listen to consumers – they trust brands that are transparent, commit and report. We are moving away from time-bound commitments to ongoing transparency. It is no longer acceptable to ignore your supply chain. And, believe in the power of collaboration.

### KEY TAKEAWAYS

- As future leaders, you need to learn to prioritise the global challenges.
- Food waste, refrigeration, deforestation, plastics and forced labour are the sustainability challenges you need to be aware of.
- Don't focus too much on policies and management systems, focus on performance and outcome.



## PART 2: LEADING WITH PURPOSE IN HEALTH & WELLNESS

HOW COMPANIES WITH PURPOSE IMPLEMENT THE HEALTH & WELLNESS AGENDA



### Isabelle Grosmaître

Alimentation Initiatives Catalyst  
Danone

Isabelle introduced a revolution that is now taking place and highlighted the importance of leadership, action and collaboration.

Health is a global issue for people and for the planet. We need to go from cure to care and we need collaboration to get there. Urgent action is required, and millennials are begging for change. Our economy is also being reinvented. Big companies are losing ground on start-ups and SMEs. Sustainable brands are growing, traditional companies are flat.

A food revolution is happening, and, at Danone, we choose to serve it with partners. Danone wants to be a catalyst of change and foster healthier and more sustainable eating and drinking practices. Danone is the only company of this size to have such a large healthy products portfolio.

And, this is where the CGF can help us. It's a unique platform that allows us to act collectively. We chose the CGF as our global platform for driving change. In Health & Wellness, we've built a collective movement to empower people to live healthier lives and drive shared value. We have commitments related to individual company's products, but, we also need to act together. We are

an act-tank sharing three convictions: together for healthier behaviours, learn and maximise impact at scale, and create an incubator mindset to help create new business practices.

Our framework is to act for our employers and our customers. Through our Collaboration for Healthier Lives work, we are seeing positive actions taking place in communities around the world, with positive results starting to be seen. For example, we saw a 38% shift towards healthier practices in Colombia and 42% of users of a health app in Turkey have shifted towards healthier choices. It's just the beginning, but this is unprecedented action, collaborating with our competitors, academics and public health authorities.

As young leaders, you need to learn by doing and by being humble. Don't underestimate the power of collaboration, as there is no impact at scale without it. It is about new business practices. We are not here to save the world, we are here to build new business models. Be activists in business.

### KEY TAKEAWAYS

- A food revolution is coming and urgent action is required.
- The CGF is a unique platform that allows us to act collectively.
- Don't underestimate the power of collaboration, as there is no impact at scale without it.





## PURPOSE IN ACTION

A DISCUSSION BETWEEN IGNACIO, ISABELLE AND MODERATOR ALEX THOMSON



### Ignacio Gavilan

Director, Environmental Sustainability  
The Consumer Goods Forum



### Isabelle Grosmaître

Alimentation Initiatives Catalyst  
Danone



### Alex Thomson

Presenter & Chief Correspondent  
Channel 4 News

Isabelle and Ignacio were joined by moderator Alex Thomson as the floor was opened for delegate-led questions.

**Question: What excuses do companies give for not acting?**

**Isabelle:** Even for good companies it's not always easy. We need strong leaders in companies to be courageous. There is pressure about the bottom line. We are at a very important moment. The past was about sustainability departments not having the accountability. This world is now over.

**Ignacio:** Most people will see a lack of accountability and authority as a key problem. Legal departments can also be overly cautious and block actions. Lack of resources is another one. Hence, don't focus on the reporting so much, just focus on action and be transparent.

**Question: What is the role of governments in all of this?**

**Ignacio:** On plastics, for example, governments have a huge role. Campaigns go against brands, but governments get off the hook. We need every step of the chain to take ownership.

**Isabelle:** Health & Wellness is a little different. A few years ago, there was no discussion or conversation between companies and governments. We were the scapegoat. Today, however, everyone knows it is such a big problem and that we must work together.



attention spans. We have one minute to convince a consumer it's the product they want.

**Isabelle:** Technology is critical. This is why Health & Wellness has focused on digital. We have looked at future tech and how best to use it.

**Question: What's the definition of "healthier"?**

**Isabelle:** It's an ongoing question, but there shouldn't be a global definition. Various regions have different habits and understandings. It needs to be local. Our scorecard to report progress is based on local dietary guidelines. Healthier baskets are based on categories within these local guidelines. It's not just about good or bad.

**Question: What one piece of advice would you give these young leaders?**

**Ignacio:** Unlock resistance to change and be transparent.

**Isabelle:** As future leaders, you need to be activists in business.

**Question: How will technology impact sustainability?**

**Ignacio:** In a world of transparency, technology is key to delivering success. We live in a world of massive amounts of information, but short

## KEY TAKEAWAYS

- Even the best companies can find it difficult.
- Making the most of technology is crucial.
- You need to be activists in business.





## WHERE WILL DIGITAL TAKE OUR INDUSTRY? AN OVERVIEW

WHAT'S NEW? A JOURNEY AROUND THE TECHNOLOGIES THAT WILL  
IMPACT THE CPG/RETAIL INDUSTRY OF TOMORROW



### John Phillips

SVP Customer Supply Chain & Global Go-To-Market  
PepsiCo

**John took the delegates on a journey through digital disruption, highlighting eight trends that have the potential to disrupt the FMCG industry.**

First, the connected home and Internet of Things (IoT). We estimate by 2020 there will be 13 billion IoT connected devices in homes. At PepsiCo, we've been very interested in the smart home and the connected kitchen. A simple example of IoT: Amazon Dash. Some brands are already receiving 50% of their orders from Dash buttons. It's hard to unseed such if you are late to the game.

Then there is the convenience and speed of Alexa Shopping. 41% of consumers said they would prefer a voice assistant over a website or app because it helps them automate their routine shopping tasks. 35% of activity through voice assistants is already about buying products.

Key points to act on: look to the consumer space for innovation. Leverage IoT connectivity to gain

new insights on your consumer and B2B products and assess your company's ability to act on IoT demand signals.

Second, IoT in retail. This includes cameras, connected coolers, digital merchandising platforms, smart-shelf sensors and much more. Examples include Kroger's Shelf EDGE, which is dramatically shifting purchasing decisions through digital media activation at the shelf, and Amazon Go, another example of retail disruption.

Key points to act on: visibility will go beyond dashboards to become true shelf-aware systems. Consider infrastructure requirements, collaborate more and think beyond scorecarding and dashboards, and work towards autonomous interventions.

Third, in-store robotics. Automated robotics and AI are now being tested in-store, simplifying routine work around stock and missing labels, etc. These are focused on predictable and repetitive tasks.

Key points to act on: robots create new opportunities for improving customer service. You can automate manual processes and leverage image recognition and cloud processing tech to provide near real-time insights.

Fourth, crowdsourcing. Sticky behaviour of these services has now increased due to the introduction of subscription-based services. These crowdsourced delivery capabilities are now expanding at a rapid pace.

Key points to act on: you should evaluate partnerships and try to drive sticky purchasing behaviour.

Fifth, drones. We will see a key growth in warehouses, and with flying drones, the sky is no longer the limit. We can also see automated robots delivering food to customers, with the ability to reduce last mile delivery costs over time by 80-90%.

Key points to act on: don't just look in the air. Think about the warehouse and other uses. They can redefine last mile logistics costs.

Sixth, autonomous vehicles. Fully-automated tractor-trailers are now on the roads. 94% of road deaths due to fatigue and human error. These vehicles can change that and improve safety overnight. Of course, security is super important. Hackers have proven they can hack and control a car through its onboard computer.

Points to act on: you have to be in this space to be successful in the future.

Seventh, smart wearables. Through products like Real Wear and Microsoft's HoloLens we are now seeing self-contained wearables in the workplace. They can provide assistance via remote experts and augmented reality.

Key points to act on: understand how advanced wearables are enabling new augmented realities and options. You can enable workers onsite and offsite.

Last, artificial intelligence (AI). Does your company have an AI strategy? The aircraft industry is doing incredible things with AI. AI is also now doing great things with image recognition and creating personalised, interactive experiences in the physical world.

Points to act on: think big and extend your vision all the way to the consumers. Be the change agents.



### KEY TAKEAWAYS

- Digital disruption is already here.
- There are eight main technologies shaping the future of the industry.
- Understand them and define how best to make use of them.





Session Facilitated by

**Andrew Cosgrove**Consumer Lead Analyst  
EY**Florian Huber**Consumer Transformation Leader  
Germany, EY

The EY team introduced the philosophy behind their hackathons. Delegates then explored the 150 drivers of change identified by EY before working together through an entertaining development experience.

Who is the future consumer? Understanding the future of the consumer is vital. You need to understand what trends are shaping the industry today and what they mean for companies before creating new products and business models.

Delegates were then asked to vote on what they felt were the key drivers of change. Digital and AI were the two biggest top-of-mind issues in the room.

As humans, we are not agile. We design to a future we've already seen. Companies need to shift from protecting what they have, to creating what they need to become. Disruption has been enormous for last 20 years, but the speed of change will never be this slow again. And, when we asked what the future consumer would value, convenience was the clear winner.

For every one of the 150 drivers of change, there are things and actions that make them more likely. At EY, we took these 150 and turned them into eight core hypotheses. We then did Hackathons



around the world to create 15 new worlds. Some of the things we found were buying and shopping will become very different activities; food fiction will become food fact, and our lives will be more fluid.

Delegates were then asked to explore the drivers of change on the table. After groups discussed them, they moved on to developing new products. Teams then pitched their products to the room and the young leaders voted on the best new product. In the end, the winning product was "Print Me Pretty", a concept of 3D-printed clothing that you can recycle and re-print. No need to wash.



## KEY TAKEAWAYS

- You need to understand the future consumer.
- Digital and AI were the two biggest top-of-mind issues.
- Companies need to shift from protecting what they have, to creating what they need to become.





## THE GERMAN RETAIL LANDSCAPE

COUNTRY OVERVIEW FEATURING VIDEO INSIGHTS FROM A VARIETY OF CONSUMER PROFILES IN GERMANY



**Dr Marcus Jacob**

Partner  
McKinsey & Company

**Dr Marcus Jacob introduced retail in Germany: its history, current trends and ongoing challenges.**

Germany is a unique discounter territory. It is the birthplace of private label in Europe and home to rich customers in a land of low prices. The German retail market is worth 185 billion euros, with EDEKA, Schwarz Group, REWE and ALDI the dominant forces. Many of these offer discount formats that comprise significant share of the market.

Ever since the first discounter in Essen to the division of ALDI creating the “ALDI equator” to the discounter boom in 1989 - 44,000 mom and pop stores closed, and price levels fell by 15% - discounters have enjoyed great success.

Having already introduced own label products to compensate, supermarkets started further counter strategies in 2009, as share of retail sales for discounters grew to 42%. They looked more at the experience and service options. However, discounters are now overhauling their format. We've seen a rising number of employees per sqm, increased complexity and disenfranchised consumers. The number of SKUs per store has also grown, over 30% in 2-3 years.

Convenience is a rather new retail concept to German consumers. The German consumer is spoilt by proximity to large supermarkets, so it's the bakeries and butchers that are expanding to offer convenience. This is very specific to the German market and very different to markets like Japan and South Korea.

Germany's eGrocery market is also lagging beyond others. This is because it is very difficult to make online grocery profitable, as Germany is a country of rich people who hardly pay anything for their groceries. And, German's are conscious about privacy, broadband coverage is unstable, credit card penetration is low, and the dispersed population is problematic.

For Berlin, it is different to the rest of Germany. It's a country in itself. Single-unit, consumer on-street consumption is very particular to Berlin. It is also an assortment innovation testing ground and both multi-cultural and multi-national. There is an English language anomaly here.

### KEY TAKEAWAYS

- Germany is a unique discounter territory.
- EDEKA, Schwarz Group, REWE and ALDI are the dominant forces.
- Convenience formats are not as popular as in other markets; nor is eGrocery, as Germany is a country of rich people who hardly pay anything for their groceries.

## BERLIN RETAIL SCENE REPORT

*“Germany's economy remains the largest in the EU, and the fourth-largest in the world (The World Bank). Although its growth has been somewhat below that of the EU as a whole, it is steadily growing, increasing by 2.2% in 2017 (Eurostat). Within this strong economy, Berlin has been growing faster than the country, registering growth of 3.6% per annum between 2006 and 2015 versus the country's 2.7% over the same period. The city-state has prioritized investment in Research & Development (R&D) to foster the startup culture flourishing in Berlin, with the gross expenditure on R&D totalling 3.55% of the regional GDP in 2013, versus the national total of 2.82% (Eurostat).*

*This burgeoning economy and lively startup scene (scoring 9.0 out of 10), along with various other metrics, contributed to Nestpick naming Berlin as the best city in the world for millennials in 2018. The boom that Berlin has undergone in recent years, along with its relatively low cost of living means that Berliners have the second-highest level of disposable income in Germany. For retailers and suppliers this means Berlin has the potential to be a lucrative environment, though the demands of its denizens may be more difficult to meet than in other German cities. The biggest opportunities in Berlin exist within the growing convenience and online channels, although success is not necessarily guaranteed. (...) “*

Download the full Retail Scene  
provided by Kantar Consulting







## A MASTERCLASS IN AGILE: WHAT IT IS, WHAT IT MEANS AND HOW IT CAN BENEFIT YOUR ORGANISATION



Session Facilitated by

**The Boston Consulting Group**

The Boston Consulting Group introduced the concept of agile before inviting the delegates to participate in a hands-on masterclass.

Today's session is about better understanding what "agile" really is. Agile is one of few inventions from IT that has spread out to all departments. Back in 2001, 80% of IT products failed. Agile was introduced and has a proven track-record for delivering on time and on budget.

Agile is the ability to create and respond to change in order to succeed in an uncertain and turbulent environment. Are you able to respond to this change? With agile planning, you can constantly see if a plan is being correctly implemented and course-correct if not. However, agile is not a goal itself. It will help you be better, faster and stronger: faster to market, more efficient by breaking down silos, and increase employee engagement and retention rates.

**The facilitators then introduced the workshop ahead: a session that will ensure the young leaders take the learnings away.**

We will stimulate a mature agile technology method, Scrum. There are three major roles: agile coach, product owner and the agile team, and collectively



you will move through the various stages in order to deliver a working product iteratively.

*During feedback, delegates highlighted the importance of communicating with the client and to be open to adjusting. Flexibility was important. It also allowed them to be more efficient and effective. However, it's important to spend the necessary time to plan correctly. Many of those reporting back also felt working in small teams and making regular course corrections was key to success. Such regular reviews also meant mistakes didn't become problems.*

To conclude, if you are to make agile work at scale, you need an effective operating model to support agile ways of working. This should include purpose and strategy, governance and funding, structure, processes, culture and behaviour, leadership and talent, measurement framework and technological enablers.



### KEY TAKEAWAYS

- Agile is one of few inventions from IT that has spread out to all departments.
- Agile is the ability to create and respond to change in order to succeed in an uncertain environment.
- If you are to make agile work at scale, you need an effective operating model to support agile ways of working.



## Lessons in Leadership

kindly sponsored by *The Coca-Cola Company*



### LESSONS IN LEADERSHIP – PART 1



#### Frank Alexa

European Consumer Practice Leader  
Egon Zehnder

**Frank looked at the concept of management and what global research now tells us about the need for transformational leadership.**

Purpose has become a big topic in management literature and leadership circles. It has also evolved into something related to kindness, going beyond simply making a profit. It's a buzz word, so there is a risk it will lose its original meaning: it's used too broadly, its artificially merged with business goals and not lived authentically.

We conducted a global research project last year, surveying CEOs from around the world. More than 400 CEOs replied and shared their perspective on mindset and success, and expectation vs reality. One question was: How does the CEO role compare to expectations? The top answer was related to driving cultural change. 63% said ensuring long-term success by investing in the future and 62% said creating a value-based culture with purpose.

So, how to bring this purposeful culture to life? DM, the biggest and most successful drugstore retailer in Germany consider themselves social retailers. The purpose of the company is to know why they do what they do. It's about eye-level conversations, and non-

violent, positive conversations.

DM also thinks from the customer backwards. They put the customer on top, not the CEO. These are the most important people for DM, and the people in the stores are most close to the customers. They do, therefore, need to ensure the store staff are successful. The company needed a reinvention to get there.

The stages of transformation when becoming purpose-driven include improvement, renewal and reinvention. Improvement is about responding to changes in the market. Renewal is about leveraging this change, and reinvention is to co-create a completely new eco-system and corporate social value. This also helps you shift from looking at just the "what" to focusing on the "why, how and what".

This is transformational leadership. You are generating strategic intent, orchestrating creativity, growing emotional commitment, anchoring in society and developing leadership and accountability. In short, achieving purpose means living up to it.

#### KEY TAKEAWAYS

- Purpose has evolved into something related to kindness, going beyond simply making a profit.
- The stages of transformation when becoming purpose-driven include improvement, renewal and reinvention.
- Achieving purpose means living it.



### LESSONS IN LEADERSHIP – PART 2



#### Hani Weiss

CEO  
Majid Al Futtaim-Retail

**Hani provided insights into the leadership lessons he has learned from a career in retail.**

Our company is about creating great moments for everyone, every day. We are a leading lifestyle conglomerate in the Middle East, Africa and Asia, serving over 560 million visitors a year. Our company is grounded by three core values: be bold, passionate and together.

My personal journey has been wonderful, and it's the stories in the journey that matter most: retail is the art of storytelling. A few of the lessons learned include the need for retail ideas that inspire. As leaders, you need to pursue the ideas you believe in with conviction and grit. You should also look at a challenge from the perspective of others and positively impact people's lives through sustainable practices. Customers today are comparing experience with experience, not retailer with retailer.

As leaders, you must also learn to gain trust and build on it through action. And, critically, the key to developing your business is focusing on your

customers. Listening to your customers is vital and decisions should always be led with the customer in mind. In 2014, I was promoted to CEO of retail, and this was when "healthy living" was beginning to impact our region. We needed to leverage our sourcing networks in order to offer a large range of relevant products. Our healthy kitchen range is now one of our most successful introductions. Listening is very powerful, but often underestimated as a leadership quality.

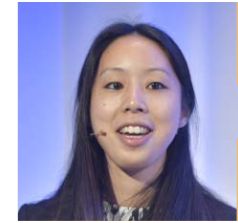
It's also important to remember the importance of challenge vs opportunity. Be open to learn and relearn. It is essential to have a learning mindset and having the humility to learn every day is more important than having all the answers. Have courage to recognise and acknowledge when you have made a mistake. Never be too proud. Teams need to be flexible and ready to change course. The key to success is the courage to change course.

#### KEY TAKEAWAYS

- Retail is the art of storytelling.
- Customers today are comparing experience with experience, not retailer with retailer.
- Having the humility to learn every day is more important than having all the answers.







## LESSONS IN LEADERSHIP – PART 3



### Rachael Gan

Social Entrepreneur, and former Vice President  
Goldman Sachs

Rachel provided her personal views on leadership and the path she is now embarking upon.

What does a great leader look like? I've experienced a variety of work environments. Working on Wall Street was interesting. It was structured and I had mentorship. We had values and you needed to live by them. Then, I co-founded a social enterprise dedicated to fighting food waste in London. I also joined two tech start-ups. Today, I'm the CFO of ImpactVision, supporting customers with real-time food quality decisions.

So, what motivated me to go from Wall Street to social enterprises? I am motivated by the opportunities provided by technology to help solve some of the challenges we face today. It's a key enabler. My mindset had also changed. Earlier in my career, I was focused on the world as it was. Only later did I think about my role in the future world. Working for a financial institution limited my future impact. I also thought about life less in silos. I no longer wanted to judge companies based on their bottom line. Business should be equally about social and environmental impacts.

On leadership, you don't need to be a CEO or manager to do this. Being a great leader means having conviction. If people are going to follow you, you need to have conviction for people to believe in you.

You also need to learn to lead by inspiring freedom not fear. Psychological safety is a shared belief that the team is safe for interpersonal risk taking. Team members should not be punished for making mistakes or for speaking their minds. Empower your team and ensure everyone has a voice.

Being a good manager is different to being a good leader. You need to recognise the need to motivate, respect and inspire. Of course, both require work. And, great leaders serve a cause greater than themselves. This is the most important element. Our teams are motivated, and this allows us to be successful, as they believe in what we are doing. Our vision is greater than ourselves, our egos and our bottom lines. As leaders, we need to use our voices for good.

### KEY TAKEAWAYS

- If people are going to follow you, you need to have conviction for people to believe in you.
- Learn to lead by inspiring freedom not fear.
- Great leaders serve a cause greater than themselves.



## LESSONS IN LEADERSHIP – PART 4



### Michael Durach

CEO  
Develey Senf & feinkost GmbH

Michael emphasised the need to be different, to try new things and to take the leap of faith.

Develey stands for quality, brands, people, culture and independence. Our USP is flexibility. We work from A to Z, building a business that is difficult to copy. Our marketing strategy is to focus on being niche. But, what about purpose? Growth just happens, but we need it to be responsible, for our people and our communities, and we need to leave the planet in a better place than we found it.

To do this, to grow your business sustainability, you have to remember there is always a way. If Plan A doesn't work, change it. Just make sure you have a plan and don't be afraid to take risks. There are opportunities to be had, and you can create great operations and teams if you are willing to take the chance. You also need to be different. We are a family company, and can't compete with the big guys, but that's OK. Don't follow the herd.

You should also help your community and give back. You should focus on people and make use of the different cultures. You should also surprise your

enemies. We are small, and people underestimated us. We took a different approach and we succeeded. Quality survives. There is always someone who will do it cheaper, but is it better? Is it sustainable? You need to roll up your sleeves and work hard. Think big!

In 2008, I tried to reinvent sustainability at Develey. We needed big goals: zero goals. We target zero neutral: everyone knows the number 0. By 2022, we will go CO2 neutral at all sites, all our products will be produced without palm oil, and, by 2020, no waste will go to landfill.

To achieve this, we need to be able to adapt and reinvent ourselves. Never stop learning, be yourself, love what you do and be passionate. Fight for the right culture, be in the driver's seat and surround yourself with the best team. Take the leap of faith! However, don't forget to have fun. Quoting Steve Jobs, "If you want to make everyone happy, don't be a leader. Sell ice cream!"

### KEY TAKEAWAYS

- We need to leave the planet in a better place than we found it.
- Make sure you have a plan and don't be afraid to take risks or make changes.
- Never stop learning, be yourself, love what you do and be passionate. Fight for what's right.





## KEYNOTE CLOSING ADDRESS & WORKSHOP WITH A LIVE ORCHESTRA



### Dr Raphael von Hoensbroech

Managing Director  
Konzerthaus Berlin

The masterclass, led by Dr Raphael von Hoensbroech with the support of the attending orchestra, was a powerful and engrossing demonstration of the role of the effective leader.

Teamwork, harmony, movement, discipline, position and role, attention to others, vision and meaning, are all constitutive elements of orchestra music and qualities sought after by business leaders. Together with this orchestra – who I met for the first time an hour ago – we will create a live musical animation that involves everyone present and illuminates you on leadership, art and the key element of trust.

As the conductor, I am the only musician not making a sound. But I am responsible for what the orchestra does. I don't have the knowledge of all of the orchestra's musicians, who are experts and can do things I cannot. Each musician's perspective is different and, as the conductor, I am the only one with the full score.

The role of the leader/conductor is to create a communal movement that involves everyone, to strike a subtle balance between allowing the expression of different individual personalities and creating a sense of togetherness. The musicians bring their unique talents and personalities to the orchestra. Yet the orchestra is more than the sum



of these individual parts.

In fact, orchestra musicians can play without a conductor. If we just let the orchestra play without me, the first violin generally takes over. But, with rehearsals, they will find the correct way to play without the conductor. So, what is the value of a conductor? The conductor's role is to articulate the purpose (make the music and move the audience) and vision (how to achieve that). There's a world of difference between making music and playing notes.

For the conductor, however, it is important not to micromanage the musicians; stand listlessly and not give enough information and guidance, nor should they let their ego conduct the orchestra. The challenge of the conductor is to make everything fit together, while the leader must have expectations and show the future. This is impossible without trust.



### KEY TAKEAWAYS

- The role of the leader is to create a communal movement that involves everyone.
- The conductor's role is to articulate the purpose.
- Genuine leadership is impossible without trust.





CLOSING OF THE FLP CONGRESS 2018



**John Bradshaw**  
Head of Marketing, Pick n Pay  
& FLP Committee Chairman

John thanked everyone involved in making this event what is and sent delegates on their way focused on the FLP Network and the FLP Congress in Boston in 2019.

It's been a fantastic few days. You'll remember dancing together in Berlin when you are competitive CEOs in the future. You've learned about purpose and much more. This conference is about you guys and you've made it a great event. It is with mixed feelings that we draw the Berlin edition to a close and begin our journeys home.

Remember to join the ongoing conversations on the FLP Network on Workplace and make the most of this fabulous community. Thanks of course to our sponsors who have been hugely supportive once again. And, thanks to the FLP Committee for helping to support the development of a new vision for FLP and to all the support and CGF staff. We now look forward to seeing you on the FLP Network and welcome you to join us once again at the FLP Congress in Boston, October 2019.



**KEY TAKEAWAYS**

- This conference is about you, the future of our industry.
- Keep the conversation going on the new FLP Network.
- Join us in Boston for the next FLP Congress in October 2019.

10th – 12th October 2019  
Boston, USA





# NETWORKING MOMENTS

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3. Dowload the Workplace mobile app



**If you have any questions :**

[f.ballve@theconsumergoodsforum.com](mailto:f.ballve@theconsumergoodsforum.com)

# *The* **FLP** **NETWORK**

The FLP Network is a **global, year-round network** of young leaders in the consumer goods industry and is reserved exclusively for attendees of the FLP Congress. Hosted in Workplace, it gives them a chance to discuss **trends, insights** and **challenges** among peers and to have a **unique access to CEOs** via webinars and exclusive content.



# HOW TO MAKE THE MOST OF THE **FLP** NETWORK

## STAY INFORMED & PRODUCTIVE



Share industry trends and thought leadership by publishing notes and sharing articles



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Engage with your peers in real-time wherever you are through the mobile app



Benefit from the expertise of FLPers across the globe



Share your opinions, expertise and knowledge by joining the conversation

## What is The Consumer Goods Forum?

The Consumer Goods Forum is a global, parity-based industry network that is driven by its members to encourage the global adoption of practices and standards that serves the consumer goods industry worldwide. Uniquely positioned as the organisation bringing consumer goods retailers, manufacturers and their service providers together globally, the organisation is expertly placed to drive positive change across the industry to benefit both people and planet, and help members secure long-term, sustainable business growth.

[www.theconsumergoodsforum.com](http://www.theconsumergoodsforum.com)



**FLP**

## What is the FLP?

The FLP exists to create a network of recognised young leaders that together can build a sustainable future for the consumer goods industry. For over 60 years, the FLP annual event has brought together the brightest talents from our industry for three days of networking, best-practice sharing and further learning. Now, the FLP is expanding its programme even further by building a global, online community, the FLP Network, exclusive to our FLP Alumni. By joining, your future leaders will be able to benefit from learning and development opportunities all year long.

[www.tcgfflp.com](http://www.tcgfflp.com)

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**FLP**  
BOSTON  
2019

**10<sup>th</sup>-12<sup>th</sup>**  
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**SAVE THE DATE**