The Consumer Goods FORUM

GLOBAL SUMMIT

VANCOUVER 2019

Executive Summary

Growth Through New Retail

11th-14th June 2019

VANCOUVER - Canada

#CGFSummit

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Bill Morneau

"International trade and new technologies are enormously advantageous for those who are prepared for them; for those who are not, there is a significant productivity and satisfaction gap."

Arnold Donald

"You are much more likely to have diverse thinking if you have diversity of people – but that has actively to be promoted, because humans are creatures of habit who tend to gather together in like groups"

Thomas Kurian

"Despite the extraordinary potential of cloud-based technologies, constraints on transformation remain much more about organisational culture than about the technologies themselves."

Galen Weston

"The family roots and long-term mindset of so many consumer goods industry companies are helpful for tackling long term challenges. Sustainability mattered over generations, and it matters today."

Mark Schneider

"Being a force for good is about being patient and taking one step at a time."

Solitaire Townsend

"Honesty is of paramount importance to both Millennials and Gen Z consumers, but while Millenials are more likely to engage with brands, Gen Z consumers are more likely just to abandon products they distrust."

Max Koeune

"It has taken 12,000 years to replace manual labour in food production, but it will only take a few decades to fully automate the know-how of the best farmers, thanks to the sheer amount of data they can capture and put through AI."

Olaf Koch

"Data should theoretically flow seamlessly in a split second, but while the potential for data in the consumer goods industry is indeed comparable to that of a new oil, its current state is closer to chaos."

Seth Goldman

"The only way to be honest is to under-promise – but then accept that you will never be done."

Captain Scott Kelly

"Looking down at the earth you do not see political borders, but just continents where you know there are individual people, living their lives. Whatever the prospects for travel to Mars and beyond, this is the only home we will ever have."

Vincent Colliard

"Small steps are always better than none. Big companies like the members of The Consumer Goods Forum have tremendous power to inspire millions of people and make a great change."

Judith McKenna

"A major change in customer behaviour is around the importance of time."

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GLOBAL SUMMIT IN NUMBERS

The Consumer Goods FORUM

VANCOUVER 2019

1,000+
DELEGATES FROM 43 COUNTRIES

90%
OF VANCOUVER DELEGATES SAID THEY WOULD COME TO LONDON IN 2020

336
COMPANIES

TOP COUNTRIES

#1 - USA
#2 - CANADA
#3 - GERMANY
#4 - JAPAN
#5 - UK

71
SPEAKERS

36 PLENARY SPEAKERS

23 SPECIAL SESSION SPEAKERS

12 I-TALK SPEAKERS

MANY
SOURCES OF KNOWLEDGE

12 STORES VISITED ON STORE TOUR

10 I-ZONE EXHIBITORS

5 START-UPS

4.5k
TWEETS USED THE #CGFSUMMIT HASHTAG

CONTENT GOT ENGAGED WITH
5.6k TIMES

72k IMPRESSIONS

IN THE NEWS

188 ARTICLES

NEWS APPEARED IN OVER
100 COUNTRIES

POTENTIAL REACH
1.5 BILLION

Growth Through New Retail

The Global Summit brings together CEOs and senior executives from the world's leading retailers, manufacturers and service providers to learn, network and do business. Each year we select a theme that reflects the current challenges and opportunities facing our industry.

For the 2019 edition of the Global Summit, we chose the theme of "Growth Through New Retail". While of course growth remains challenging for all of the established players in the industry, many are nevertheless finding that the ongoing disruption presents exciting opportunities. Three such opportunities ran through this year's programme: (1) the continuing role of new technologies to rapidly reshape business models; (2) the power of "purpose" to inspire both consumers and employees; and (3) the importance of new forms of collaboration to achieve impact at scale.

We hope this Executive Summary gives you a chance to review what we learned about these opportunities, during the four days in Vancouver last June, from a wide range of different perspectives – retailers and manufacturers, start-ups and established players, industry outsiders and insiders, developing regions and developed.

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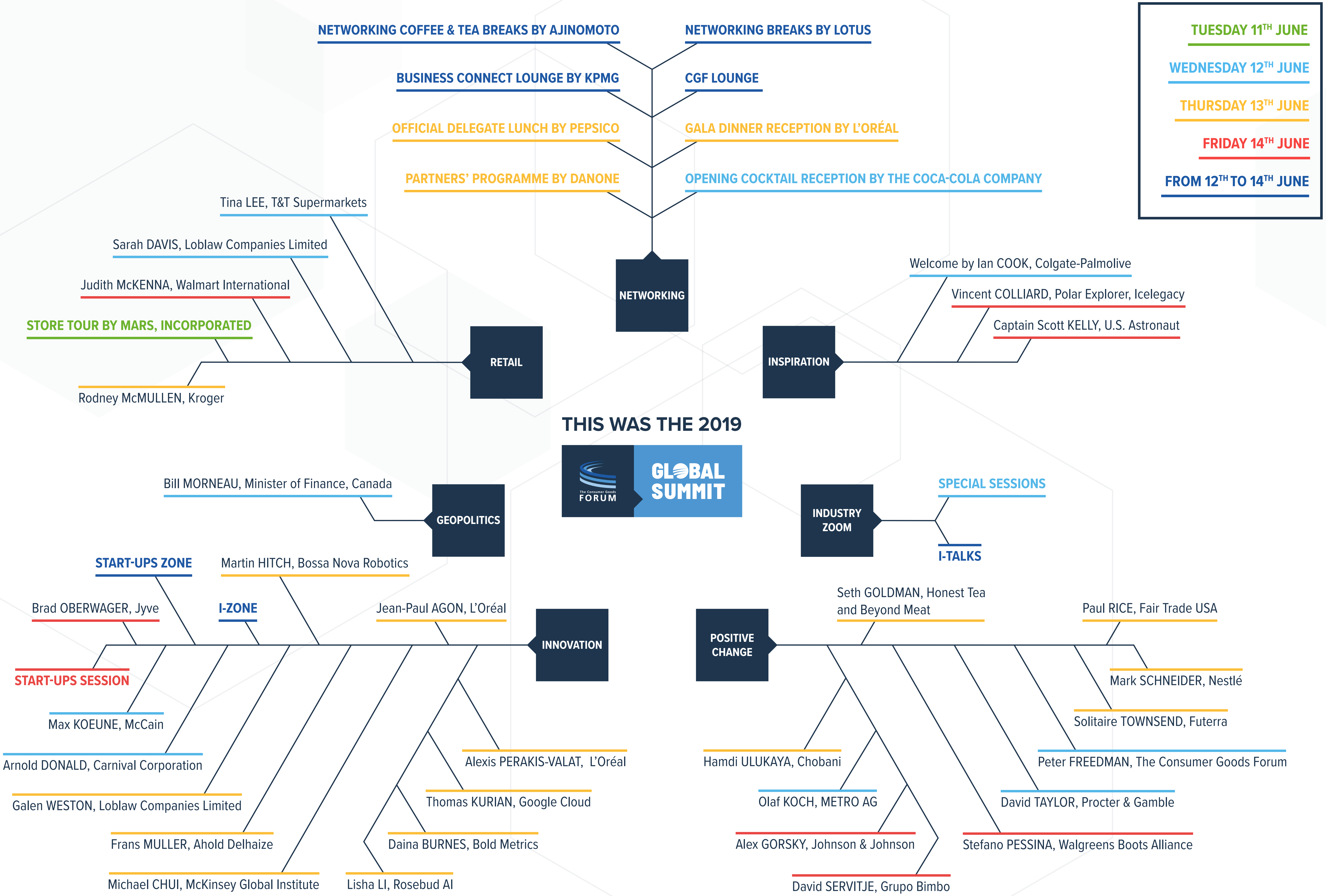

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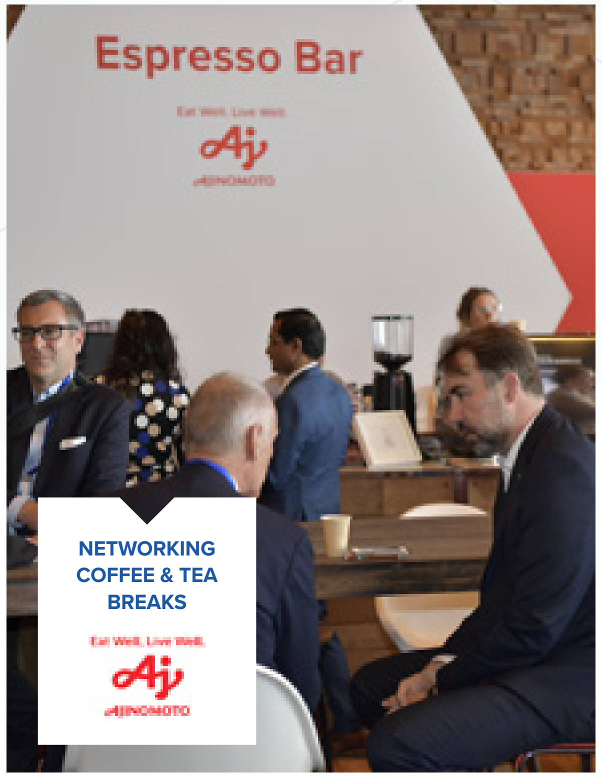

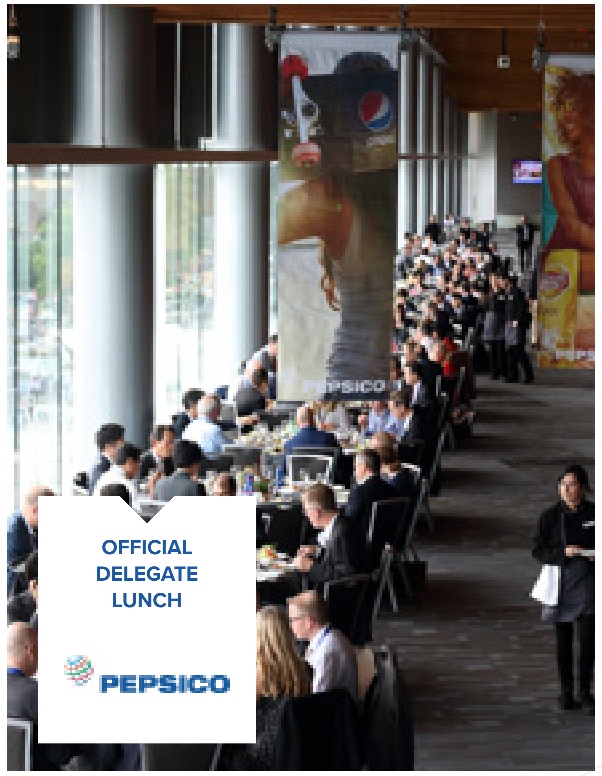

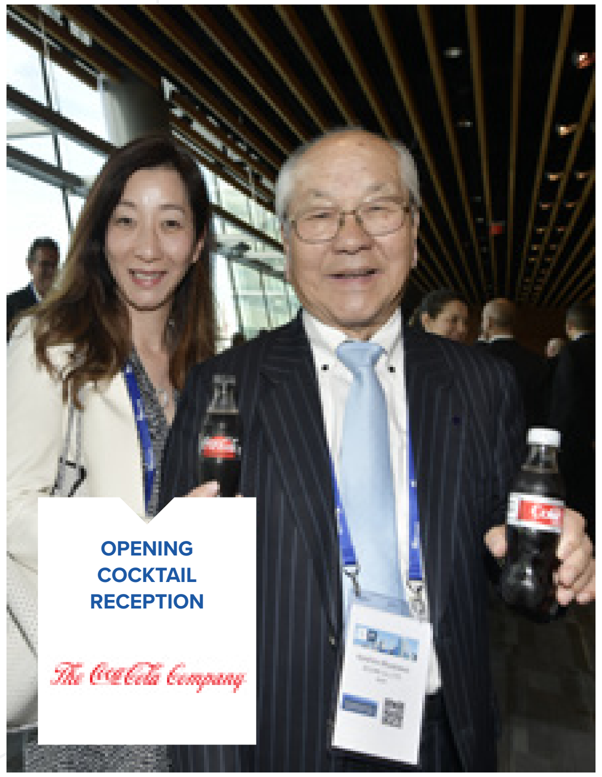

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Welcome & Introduction

Ian Cook

Executive Chairman, Colgate-Palmolive and CGF Co-Chair

Ian Cook extended a warm welcome on his behalf and that of his Co-Chair Olaf Koch both to Vancouver and to the 63rd Global Summit of The Consumer Goods Forum.

The changing consumer, increasing demands for sustainability and the rapid pace of development in the technologies shaping the consumer goods industries were all especially important as the backdrop against which member companies continued to seek growth. In doing so, they faced both challenges and opportunities.

The dialogue at the Global Summit would be wide-ranging, with a diverse range of voices from both established companies and start-ups. Throughout, the Summit would hear a great deal about the world's consumers; in turn, the participants themselves represented the rich variety of The Consumer Goods Forum with 950 delegates from 43 countries. Cook promised them three days which would reflect the dynamic pace of change all had to embrace.

He hoped everyone present would come to share his excitement about The Consumer Goods Forum and the important work its members were doing to secure consumer trust and drive positive change. Having attended the Board meeting in the morning, he was especially proud of the next generation technologies which would enable the transparency that was so important to consumers everywhere, together with the Board's enthusiasm and resolve to make a difference together.

A Global Perspective from a Canadian Leader

Bill Morneau

Minister Of Finance, Canada

Minister Morneau said it was his pleasure to welcome delegates to Canada, and to Vancouver in particular. Truly it was one of the country's jewels, and one which offered great opportunity.

Morneau set out historic progress on multiple global fronts – the reduction of poverty, the extension of human lifespan and access to clean water and power – alongside Canadian achievements: a crime rate which had been halved, increasing gender equality in the workplace and an open and tolerant attitude towards immigration. And yet there was a widespread sense of concern around the world. People felt frustrated.

He noted that at G7 and G20 meetings, what finance ministers talked about behind closed doors was inequality, both within states and between them. Globally, economies were changing. International trade and new technologies were enormously advantageous for those who were prepared for them, but for those who did not (and that seemed to apply particular in non-urban areas across the developed world), there was a significant productivity and satisfaction gap.

Even in Canada, which scored very highly on any balanced assessment of growth and wellbeing, populist politicians were starting to capitalise on a sense of frustration. Globally, voting for populist parties was approaching levels last seen in the 1930s, and it was possible to draw a link between these voting patterns and income levels and geographical areas.

As a government, his administration had introduced measures to counteract inequality and poverty, but Morneau said they also had to listen to business as the source of any future prosperity, and business had been explicit about the need for more skill building. They had increased grants to students from the lower and middle classes; they had strengthened both apprenticeships and in-career learning provision.

Morneau argued that open bipartisan trade agreements were essential, and that import tariffs were ultimately a tax on your own people. However, he argued that it was important to understand what was driving an appetite for protectionism, and that was a sense that what was good for global business was not always good for citizens. That was why it was so important to train people to be able to earn more of these rewards for themselves.

The Canadian Retail Mosaic

› Sarah Davis

President, Loblaw Companies Limited

Sarah Davis said she was delighted to welcome delegates to the Global Summit in Canada. In addition to being crazy about ice hockey and having lots of snow, however, she wanted them to be aware of its sheer size and relative scarcity of population; larger than the United States, but with one tenth of the population. With ten provinces and three territories, and being officially bilingual, it was complicated for retailers to serve a population equivalent to that of just California; the country was indeed a cultural mosaic.

Canadians were comfortable with online, but the full potential of the channel was far from being tapped. The number one category for e-commerce was apparel, followed by food and grocery and then health and beauty. Only 20% of Canadians were planning to purchase groceries online in the next 12 months, though, so that despite much talk of innovation, the vast majority of business remained in stores.

Loblaw was focused on customer experience, and the four questions Davis used to assess their performance were whether that experience was simple, convenient, rewarding and memorable. In turn, those questions were echoed by what research told them about their customers' priorities: first value, then trustworthiness and then quality. Importantly, then, their President's Choice private label was rated the single most trusted brand in Canada in 2018.

Tina Lee explained how T&T Supermarkets, named by her mother for her and her sister, had been established to address the needs of one of the tiles in the Canadian mosaic, the 5% of Chinese descent. When her parents had first moved to Vancouver, they had been compelled to visit multiple stores to meet their household's needs. On one especially frustrating trip her mother had declared she had had enough and asked, "Why can't we have a Chinese version of Loblaw's?".

› Tina Lee

CEO, T&T Supermarkets Inc.

The T&T Supermarket business had quickly evolved from selling just fresh produce and groceries to in-store prepared meals, handmade dumplings, sushi and steamed buns. Their customer was prepared to drive three times further than usual to shop with them.

They served three groups of customers: recently arrived East Asians, second generation immigrants who loved food they were not necessarily able to cook for themselves and Asian cuisine enthusiasts – non-Asians who wanted to explore Asian cooking.

New Retail Needs New Agriculture

› Max Koeune

President and CEO, McCain

Max Koeune said that during the next three decades the global population would increase from eight to 10 billion. Employing current practices, the food business would have to increase its use of water and land by two thirds apiece. Its greenhouse gas emissions would need to increase by nearly 90% when they already represented a third of the total.

For a company set up by brothers themselves descended from generations of farmers, and who to this day continued always to be established in rural areas and close to growers, these implications were profound. Koeune added that in each of the six years since he had joined the company, there had been a weather event which was the worst of its kind.

Clearly, they and the industry as a whole had to shift to a more sustainable agriculture which could achieve a different level of resilience. The good news was that there was an improving line of sight to what was needed to realise that goal.

Food waste was rightly a top priority for The Consumer Goods Forum. Koeune reminded delegates that a third of food was wasted, and it was estimated that some 28% of agricultural land was in effect dedicated to producing food that was thrown away. In 90% of their contracts, McCain now bought on a field run basis, taking all the potatoes that come from the field regardless of their size or shape. By contrast, the table market rejected between 30 and 50%. He added that in Belgium they worked with Colruyt to produce Envie, a range of soups made from "ugly" vegetables.
When it came to agricultural technology, Koeune observed that it had taken 12,000 years to replace manual labour in food production from the dawn of the agricultural revolution to the present, but that it would only take a few decades to fully to automate the knowhow of the best farmers, thanks to the sheer amount of data they could capture and put through AI.

Regenerative agriculture could protect water levels, reduce pesticide consumption and maintain biodiversity, all while not depleting land quality. But it required scale, and without scale real change would not be achieved. Koeune said collaboration between the industry, the public sector and finance was required – and the time to act was now.

Exceeding Guest Expectations

› Arnold Donald
CEO, Carnival Corporation

In conversation with Alex Thomson, Arnold Donald said that Carnival relied on scale, using big pieces of equipment with a lot of technology. They welcomed 13 million customers a year. But overall, the entire cruise industry was surprisingly small. The combined accommodation of all cruise ships was equivalent to just 2% of the world's stock of hotel rooms and were it to be a destination the industry would be equivalent to just a single major city. Neither could it grow that fast, simply because of constrained shipyard capacity.

Donald talked about the challenge and opportunity of diversity. He placed it in a broader context; communities thrived when business thrived, but over the longer term, businesses succeeded through innovation. And innovation was by definition diversity of thinking. You were much more likely to have diverse thinking if you had diversity of people – but that had actively to be promoted, because humans were creatures of habit who tended to gather together in like groups.

His leadership team at Carnival was indeed diverse, both by national, educational, racial and gender orientation measures. A diverse group of people organised around a common object would always outperform a homogenous team. They had doubled their market capitalisation and tripled earnings per share in a business which had been lagging behind for a decade.

Donald said his number one challenge was always people. They recruited 25,000 a year, and selecting, training and empowering them was critical because their number one objective was exceeding guest expectations. After that, there was always a geopolitical dimension to running a cruise business, since operating globally meant one or other development was taking place somewhere. He also talked about the challenge of operating sustainably in the context of a recent fine for pollution. He said the company had a clear intention and in many ways had demonstrated it (through air quality systems, recycling and developing LNG propulsion), but the reality was there were no excuses. They had made mistakes, they had to own them, correct them and move on.

Of the eight billion tonnes of waste deposited in the oceans annually, the overwhelming majority was land-based. But although maritime was not the principal source, it could be a leader. Their aim was to segregate waste so accurately that not a single stirrer or straw went into the water.

Growth Through Positive Change

› Peter Freedman
Managing Director, The Consumer Goods Forum

› David Taylor
President and CEO, Procter & Gamble

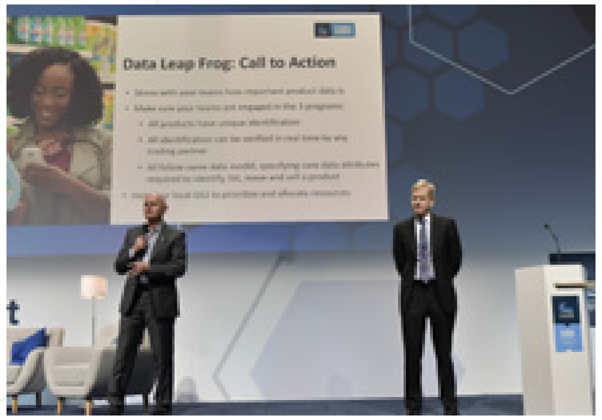
› Olaf Koch
Chairman of the Management Board, METRO AG and CGF Co-Chair

Peter Freedman said that The Consumer Goods Forum's agenda was inspired by the phrase "Growth through positive change" because every year, there were more and more data confirming the truth of this proposition. None of their collective commitments could mean anything, however, without transparency and honesty. And that in turn required accurate, reliable and comprehensive data. A product data leapfrog was now the 10th initiative of the CGF.

Olaf Koch said the industry was now serving a consumer base made up of people who all expected more information and insight. Data should theoretically flow seamlessly in a split second, but while the potential for data in the consumer goods industry was indeed comparable to that of a new oil, its current state was closer to chaos. Companies had 20-30 year old legacy database structures and exchanging their data with stakeholders presented major problems. Dealing with this required admitting the poor state of data quality and tackling the fragmentation of the solutions currently developed to deal with that. Two years ago they had first started to work on this topic with GS1 in the CGF's End-to-End Value Chain Pillar.

David Taylor said their proposed solution for collective endeavour had three main principles. The first was that every product should have a unique identification, rigorously applied. The second was that all identification could be verified in real time by any trading partner, and the third was that everyone should follow the same data model, specifying the same types of core data attributes to identify, list, move and sell a product. Taylor said it might sound simple, but it was anything but. In P&G they had been trying to achieve alignment on just seven attributes in eight markets, and it had been very hard work.

Koch observed that anyone tempted just to say people should get on with it really should just review the full listing process at a retailer. He said that at METRO they had made data a high priority leadership task with clearly defined targets, a full review of internal processes and systems and revised resource allocation. Taylor said that at P&G they had also employed a vigorous performance management approach to generate momentum.



The Future of Beauty

› Jean-Paul Agon
Chairman and CEO, L'Oréal

› Alexis Perakis-Valat
President, Consumer Products Division, L'Oréal

Jean-Paul Agon said he had last spoken to the Summit in Paris five years earlier, and that now seemed as if it had been in another century. The world had changed more in the last five years than in the previous fifty, and that was true of L'Oréal, and how they created, went to market and interacted with consumers. But the one thing which had not changed was the power of beauty. It remained the most dynamic and promising category in consumer goods.

Growth in 2018 was the highest in 20 years and they were convinced this growth would continue, in part because the market itself was premiumising. There was no trading down in beauty; it was an aspiration, not a commodity. The need for beauty was becoming more universal, not least because of increased urbanisation. City dwellers used beauty products both for socialising but also to combat pollution. Other drivers of increased demand included the growth in the number of senior citizens and a new generation of image-conscious men, whether that was skincare in Asia or the return of grooming in the West.

Agon said that beauty was boosted by digital – no category was more suited for it. By its nature it was intensely visual, and we were witnessing an explosion of self-expression in social media, with trillions of selfies a year, and billions of beauty videos viewed on YouTube each month.

Alexis Perakis-Valat talked about the opportunity for growth in the mass market, where growth was a more modest 4% than the overall figure of 5.5%. There was a paradox in that it was one of the most desired categories in shopping, but also one of the most disappointing. In the US, out of 125 categories, beauty had been ranked 110th in terms of shopper satisfaction. L'Oréal believed they had to change that and had embarked on a significant research exercise.

From a much deeper set of findings, Perakis-Valat selected three key lessons. First, time was the new currency – both a currency to be saved by shopping with super-efficiency, and one to be spent by browsing meaningfully. Second, consumers had an extraordinary appetite for education and information in beauty. The third was that beauty appealed to all senses, and not just vision. Building on these insights required disproportionate investment in innovation.

The Evolution of Retail in a Digital Age: How Kroger is Transforming its Model to Provide Consumers a Seamless Experience

› Rodney McMullen
CEO, Kroger

In an interview with Alex Thomson, Rodney McMullen said his number one challenge was keeping up with the customer and not losing them. It had led them to picking the product off the shelf and delivering it to them rather than the other, traditional way around – even if they were still to figure out how to make money in that new model. On the other hand, the digital customer of five years' standing still came into the offline store more than they had at recruitment, both for convenience but also discovery.

McMullen said there were always surprises. For instance, the variation in the use of new shopping channels did not always neatly follow an urban-rural split. Their store with the highest percentage of online purchases was in a small town in Indiana. In Denver they had been operating online for almost 20 years and had only recently seen sales take off when they invested ahead of growth rather than waiting for it. And he also argued that the broader growth potential was much greater than commonly supposed. In the ready-to-eat food market, Kroger's share was less than 1% in the United States. In groceries themselves, their market share was only just 5%. So, while there was much change ahead, there was much to look forward to – even if it was not a challenge for the faint of heart, and they relied on the right partnerships to get to scale fast enough in technological solutions.

With regard to efforts on sustainability, McMullen said they had learned a great deal from Europe and were progressively reducing and then eliminating the use of plastic bags. More broadly, they were committed to a zero waste position by 2025 across the whole company. In the first stages of transformation, their associates had achieved zero waste in 13-14 plants in the time they had targeted for 3-4 because of the enthusiasm in the company for the initiative. Energy consumption had been reduced by over a third. And again, McMullen called out the importance of the right partnerships, whether with individual NGOs like the World Wildlife Fund or the broader range of competitors with whom they were collaborating on the Zero Hunger, Zero Waste project.

Business as a Force for Good – the Nestlé Way

› Mark Schneider
CEO, Nestlé

In conversation with Alex Thomson, Mark Schneider said a focus on purpose was now central to doing business. The old 1980s mantra of just being there to make money no longer rang true; profit was one consequence of a job done right, but what consumer goods companies did for public health and the planet were what was on the minds of consumers and employees.

Schneider said being a force for good was about being patient and taking one step at a time. Success did not depend on a silver bullet but rather being prepared to be knocked down, get up, dust oneself down and try again repeatedly to do a bit better. That was reflected in long term relationships. In their sourcing from agricultural communities around the world, they were dealing with farmers who were economically fragile. But in their coffee sourcing they were often dealing with second, third and even fourth generation family suppliers who would say that Nestlé had been with them in good times and in bad.

Schneider addressed the question of deforestation. He said it was an example of the need to get up and try again. The industry had not met its own expectations. It had made some progress, but it was not close enough. Companies had to try harder, and work to exert pressure on non-compliant suppliers. New satellite monitoring technology was important in parts of the world where formal commitments alone could not be relied upon. Schneider acknowledged the accuracy of some NGO criticisms, but he said it was equally fair to ask them for specific suggestions about what to do, and their commitment to working together to get them done. But regardless, the facts were always favourable even when they weren't so good: change had to start by being brutally honest.

Schneider said that the exciting thing about the food and beverage industry was that for the first time in several decades, we were seeing a generation of consumers who were willing to spend a higher proportion of their income on high quality products. That was a tremendously good sign, just at the point at which science was offering new opportunities in individualised nutrition and for food systems which could be sustained without strip mining the planet.

How Cloud Changes the Game for Consumer Companies

› Thomas Kurian
CEO, Google Cloud

In conversation with Michael Chui, Thomas Kurian said Google Cloud's work was to take technology originally developed to serve consumers and make it available to businesses. The scale and functional breadth of cloud capabilities were making it possible for consumer goods companies to take consumers more seamlessly from moments of imagination to trial and purchase – both through deep insights to propose the right items to buy and then integrating online and offline systems to enable delivery, all without having to build and house such systems from scratch.

Kurian said that cloud mattered because of scale capacity, but also because of the speed with which it could deliver actionable insights from truly massive datasets. He cited the example of one retailer partner which used 1.8 trillion lines of data each week in driving their assortment, pricing and promotional decisions.

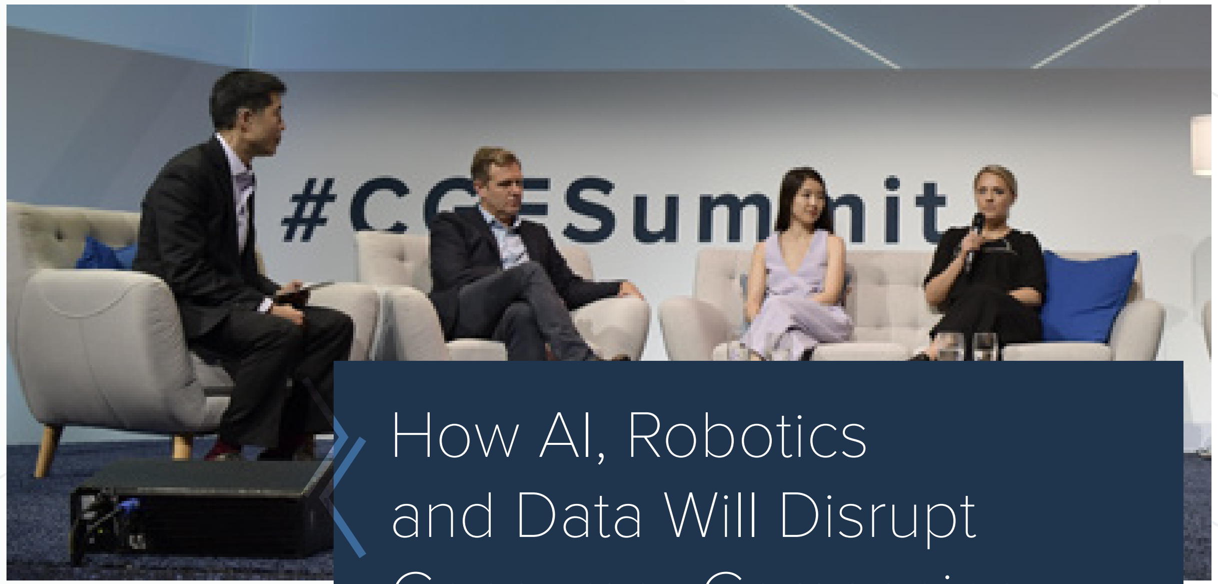
Cloud-based technology could be just as powerful for manufacturers. One pasta manufacturer had installed relatively cheap cameras on their production line to overcome their major production constraint, which was quality control. Video streaming and automatic monitoring was enabling them to run their lines many times faster. Similarly, a major brewer had used AI to monitor and optimise for the very many conditions that affect the distillation process.

Despite the extraordinary potential of cloud-based technologies, Kurian said the constraints on transformation remained much more about

In Conversation with
› Michael Chui
Partner, McKinsey Global Institute

organisational culture than about the technologies themselves. As the proportion of technology made available in the cloud increased, this difference would only get bigger. But he argued we were still only in the early stages of the journey. During the first years of the century, the assumption was that it was just bookkeeping and CRM for small and midrange companies that would live in the cloud.

Subsequently, larger companies had recognised lower priority functions could be outsourced with remote computing, but it was only now that they were understanding that new core capabilities - new ways to run supply chain, analytics, and deliver customer experience – would come from the cloud. And those advances had big implications. Every second taken out of the average transaction processing time was worth quite literally hundreds of millions of dollars for the largest players.



How AI, Robotics and Data Will Disrupt Consumer Companies

› Daina Burnes
CEO, Bold Metrics

› Lisha Li
CEO, Rosebud AI

› Martin Hitch
Chief Business Officer & Co-Founder, Bossa Nova Robotics

In Conversation With

› Michael Chui
Partner, McKinsey Global Institute

Michael Chui introduced the panel by observing that AI was an old concept – and the old joke was that the "AI" stood for "almost implementable." He also observed that in a McKinsey Global Institute study of 400 AI applications, most of the value they had identified did not come from robots taking over sales meetings but from existing use cases. While more and more work could potentially be automated, they could also see the potential for mass redeployment of labour.

Lisha Li said a combination of things had happened in the last decade. The first was the fuel for AI enabled by the infrastructure to collect and deploy massive amounts of data. Cloud systems were allowing them to train architectures which might themselves have originally come from the 1980s. For instance, the image recognition solutions developed in the last few years had come about

because Google had been collecting enough data for the models developed at the time of her graduate studies to train and perform properly.

Daina Burnes described how her company Bold Metrics used body measurement predictions to fine tune apparel manufacturing specifications by employing a continuous loop of purchase and returns information fed into their system so that over time a brand owner or retailers could understand whether their size gradings were correct. She noted that even by asking the consumer very simple questions – height, weight, age, jean size – it was possible to predict 90% of the body measurements of a customer. After extensive testing on the accuracy of these estimates they had proven they were within 3% of what a master tailor would achieve making a measurement in person. She contrasted that with an industry model which based designs on fit models or even just single body scans of fit models.

Martin Hitch described how they had worked with Walmart to deploy Bossa Nova's inventory taking robots. They were tall machines approximately 6 foot 6 inches tall and 250 lbs in weight, and they had spent two years learning how to deliver autonomy at scale safely. The primary function of the data they collected was to operationalise stores more efficiently during the day. He said for the foreseeable future, their robots would making store associates' jobs easier rather than replacing them, for the technical challenges for robots safely to manipulate 100,000 different SKUs were still daunting.

Leading Together Through Tech Partnerships

› Frans Muller
CEO, Ahold Delhaize

Frans Muller said that technology was helping Ahold Delhaize to live up to its corporate purpose, which was to enable customers to eat well, save time and live better. That did not have to involve overwhelming shows of force. He noted that in some of their Albert Heijn To Go stores, they had pioneered a scheme to allow customers just to tap their AH bank card on electronic shelf edge labels for immediate purchase.

Ahold Delhaize was looking at technology in three big buckets.

The first was omnichannel experience. In that regard, their conviction was that store operators with connections built up over decades would have the winning model over pure plays.

The second was the future of work itself. Retail was very labour-intensive – Ahold Delhaize alone had 370,000 associates, but much of their work was repetitive and in many markets labour was increasingly hard to source. Technology would change tasks and change jobs – but it would also create new opportunities to serve customers and replace the current tasks undertaken by humans with new ones.

Finally, they believed in scale as a prerequisite for first class technology. Their own size was important, but so were partnerships to help shoulder significant opex and capex requirements. Muller also explained how Ahold Delhaize were working with university academics in the United States and Europe, sharing access to massive datasets for breakthrough thinking on analytics. Technology made data available, and in turn, data enabled technology. But as a company that had been in business for 150 years, the ethical use of data was central to their strategy. They were transparent about their use of data, their consent process and compliance with GDPR, but they were doing more in order actively to explain to customers what they were doing with data, and how they would use machine learning.

In questions afterwards, Muller said that the Ahold Delhaize merger had not been easy because of its sheer size, but the two companies had a lot in common and both were built from family-owned brands. They had taken care to understand their respective cultures, and after three years they could justly claim a successful merger. Operating on three continents with multiple brands meant that they learned a lot from each other – and algorithms travelled.

Innovation and Impact

› Galen Weston
Executive Chairman, Loblaw Companies Limited

Galen Weston said the family roots and long-term mindset of so many consumer goods industry companies were helpful for tackling long term challenges. Sustainability mattered over generations, and it mattered today. Dealing with environmental degradation represented a tremendous challenge, but the industry had a history of making a difference. He cited GFSI as a great example of industry-generated standards being propagated across the world: 150,000 farms and 80,000 factories were now adhering to these standards.

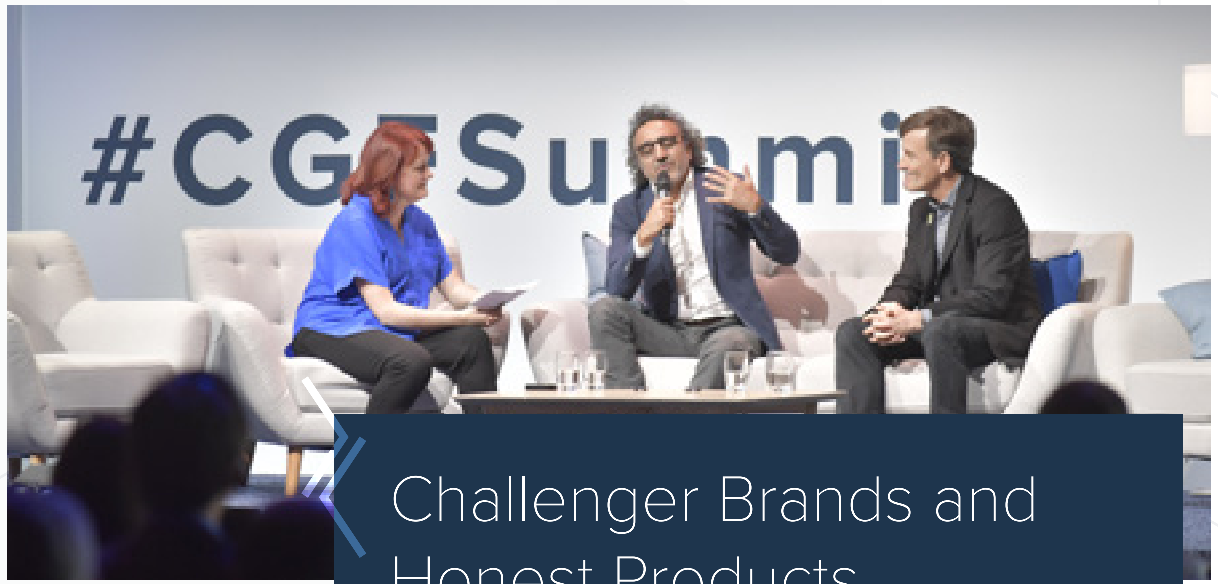
At Loblaw, Weston said they had identified three criteria for success in sustainability initiatives. The first was having consumers who cared – and who exerted pull on the industry. The second was having governments who were interested in action. Sometimes regulatory authorities could make a mess of things, but equally they could be very effective in galvanising change. And the third, in a world where business transacted for profit, was some form of economic incentive.

He described a series of initiatives in Canada which addressed the issue of single use plastics, noting that at their heart, they continued to echo the old mantra of “reduce, re-use and recycle”. For instance, Loblaw’s competitors at METRO had introduced a scheme whereby consumers could bring in their own plastic containers to be filled with product, weighed and given a barcode label (in questions afterwards, Weston confirmed Loblaw had just started a parallel scheme of their own).

The company that provided the PET bottled mineral water for the Loblaw Companies businesses under the Ice River Springs brand were the only beverage manufacturer to prepare their own 100% post-consumer recycled bottles, making use of 85% of all the PET recovered in Ontario. Indeed, they were now running short and were starting to mine landfill to recover more.

In British Columbia, the curbside refuse collection across the entire province had been harmonised in a scheme operated by the industry for the previous four years. Recycling rates had doubled and the contamination rate, at 6%, was the lowest in the world.

Weston noted that a focus on shared packaging standards sometimes inspired nervousness, but he emphasised that standardisation was not the same as uniformity.



Challenger Brands and Honest Products

› Seth Goldman
Co-Founder and TeaEO Emeritus, Honest Tea, and Executive Chair, Beyond Meat

› Hamdi Ulukaya
Founder and CEO, Chobani

› Paul Rice
Founder and CEO, Fair Trade USA

In Conversation with

› Solitaire Townsend
Co-Founder, Futerra

Solitaire Townsend presented the results of some fresh consumer research which showed how dramatic a shift had occurred between the Millennials and Generation Z in terms of trust in large companies. While honesty was of paramount importance to both generations, Millennials were more likely to engage with brands. Gen Z consumers were more likely just to abandon products they distrusted.

Hamdi Ulukaya said that even without charts or books there was a clear trend, and that was a return to the fundamental purpose of business, which was to connect with human truth. What seemed to be a very modern desire to do the right thing by your employees, suppliers, communities and consumers was simply a return to traditional values. He stressed that transparency and honesty about ingredients was just one part of the obligation placed by living up to them.

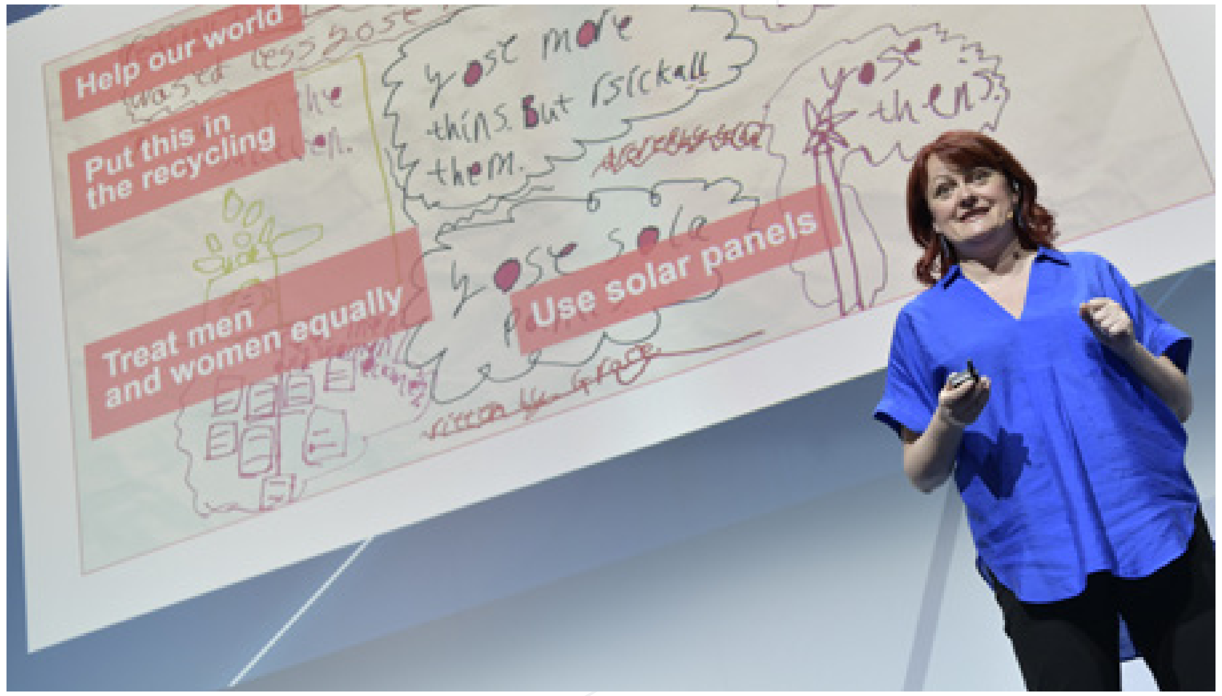
Paul Rice said that the Fair Trade movement had spent decades engaging with businesses like Chobani to help overcome a trade off mentality:

that you could be profitable and maximise shareholder value or be sustainable, but not both at the same time. They were discovering that in an era of conscious capitalism, people were driving long term business success by doing precisely that.

Ulukaya said that there was no point in being small for the sake of it (he had spent ten years becoming big and he liked it). In the food business it was more important to have the right mindset while also having access to the resources required actually to implement solutions. On the other hand, small companies were often better at telling their stories. Rice and Ulukaya outlined their joint work on the Milk Matters initiative, designed to support stakeholders throughout the dairy value chain

make lasting changes.

Seth Goldman observed that the only way to be honest was to under-promise – but then accept that you would never be done. He argued that big companies sometimes highlighted one big achievement and then moved on, rather than keep going with continuous improvement. Honest Tea had marketed one line of sodas as "not yet organic" – and then explained to consumers what they had done when they eventually were. He too emphasised the importance of scale. Coca-Cola had bought them in 2011 but it was only in 2015 that Honest Tea had the scale to move entirely to Fair Trade sugar.



Keeping Customers at the Centre of Re-Imagined Retail

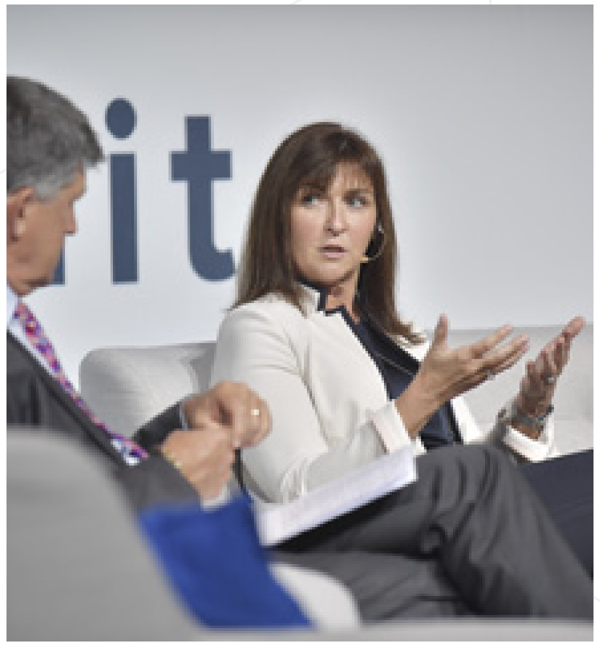
› Judith McKenna
President and CEO, Walmart International

In conversation with Alex Thomson, Judith McKenna said it was notable how many of the businesses represented at the Global Summit were on journeys. The current Walmart one started about five years ago, and it was focused on re-inventing from within an organisation steeped in a distinctive culture and a store-based business model. That had started by making the store experience better, but also focusing on e-commerce with the Jet.com acquisition. About three and a half years ago, they had understood that the sweet spot was omnichannel. If at the start of that journey you had suggested stores would become mini-fulfilment centres people would have been sceptical – but that was what had transpired.

McKenna said that a major change in customer behaviour was around the importance of time. Their omnichannel transformation was built on a store network which could touch 95% of the US population within 10 minutes. That enabled them to serve customers in different ways, and globally, they had observed that both the frequency and total spend of customers who shopped in both online and offline channels were higher than those who shopped in only one. In one trial they were experimenting with delivering directly to people's fridges, with trusted associates wearing live cameras so their customers could see what they were doing with their access.

A spirit of experimentation and being prepared to fail and move on was central to how Walmart was transforming how it worked. McKenna cited Walmart's Flipkart acquisition in India as a great example of taking risks and rewarding that behaviour. She noted they would tell you they had rarely done something which worked first time. Conversely, they did not implement completely straight out, but rather tested and refined. The critical elements of their agile approach were being very clear about the problem they were trying to solve at any one time, and putting the right team on it.

Integrating Flipkart – as the other businesses in the 26 countries in which Walmart operated – was easier than it might appear because the organisation's core values of integrity, excellence and service were universal. She was clear that the way for acquisitions to thrive was not to love them to death, but to operate in a way that allowed them to be the best versions of themselves they could be.



The Global Summit 2019 - Executive Summary

Be Part of the Change for a Better Future

› Vincent Colliard
Polar Explorer, IceLegacy

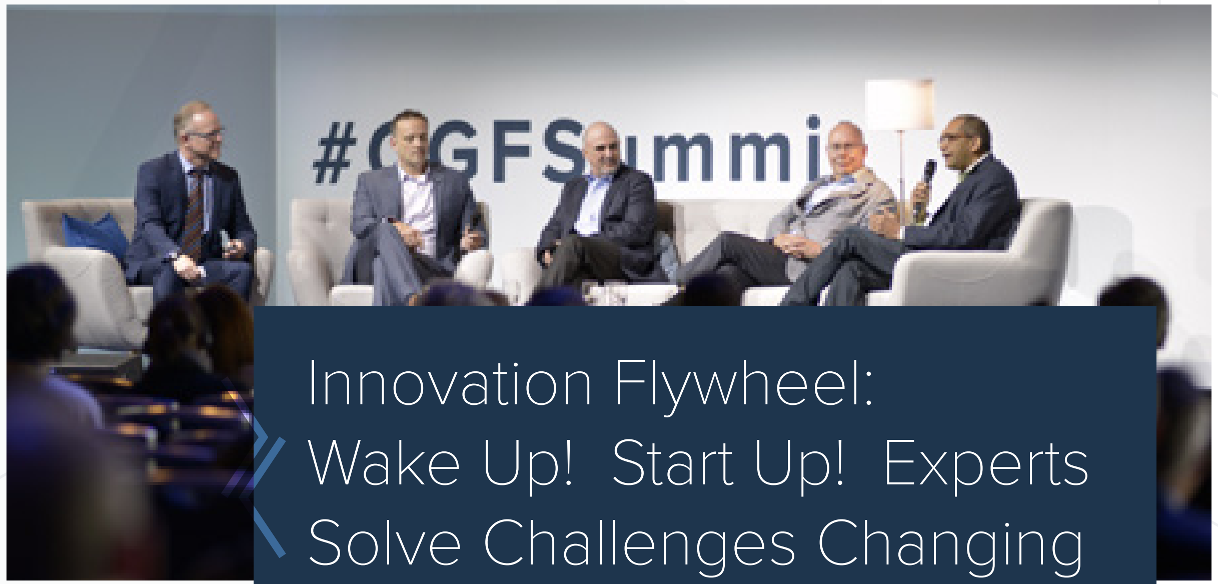
Vincent Colliard said that it might seem cool to be a polar explorer, but most of his professional life was spent being cold, miserable and hungry. Still, he liked to do it. From childhood this had been his dream, even though his father had told him being an explorer was not a serious job.

Earth had two big freezers – around the North Pole with its polar bears and around the South Pole with its penguins, together with some glaciers elsewhere across the world. Collectively they were responsible for regulating our temperature, and the mission for his presentation was to excite delegates about those regions and their importance.

The most important thing to understand was the speed and extent of the contraction of the polar icecaps. Recently, Colliard had sailed entirely around the North Pole in a single season; something not previously possible because of ice cover. He had navigated the North West Passage in just 25 days, which had taken Amundsen three years only a century ago. Of course, he had been blessed with a good boat, more data and new technology but the real difference was the change in the ice.

In another mission he and Børge Ousland were exploring an area in Alaska as part of their IceLegacy project, a mission to cross the world's 20 largest glaciers and ice fields to document the extent of climate change. Ousland had almost disappeared into a crevasse as a snow bridge collapsed, taking Colliard with him. They were now having to reschedule their expeditions because spring was arriving earlier everywhere.

Colliard said everyone shared a responsibility to preserve and protect wild open spaces, and that small steps were always better than none. He was inspired by Pierre Rabhi's Hummingbird Movement, itself based on the story of the forest fire and the hummingbird who flies over repeatedly to drop just a single drop. When questioned by the other animals, the hummingbird replies "I am just trying to do my share." Big companies like the members of The Consumer Goods Forum had tremendous power to inspire millions of people and make a great change.



Innovation Flywheel: Wake Up! Start Up! Experts Solve Challenges Changing the Way We Do Business

John Brahim

CEO and AI Business Architect, Maistering

Mehdi Daoudi

CEO and Co-Founder, Catchpoint

Eric Howerton

CEO, SKU Ninja + WhyteSpyder

Sastry Penumarthy

Co-Founder and VP Business Development and Strategic Alliances, Punchh

Interviewed By

Ruediger Hagedorn

Director, End-to-End Value Chain, The Consumer Goods Forum

In a wide-ranging discussion, Ruediger Hagedorn drew a series of lessons from four founders of successful start-ups operating within the consumer goods industries.

John Brahim said it would be foolish to accuse big companies of having fewer good ideas. The difference was that if one of his 40 AI engineers were to come up with a viable improvement, it would almost certainly make it into production; in a larger company, there were simply too few people who had the right to say yes, and too many who could say no. On the other hand, his world was one in which people lived for speed, even if that was fuelled equally by passion and jeopardy.

Mehdi Daoudi said a technique they had introduced at Catchpoint was to take a one week break twice a year and put their entire workforce into squads of 4-5 people, take a list of existing pain points for customers and then and just go off to try to fix them. They were creating a startup within a startup. The key was that every idea that made it to production was rewarded not just with cash but with more equity participation. They had been doing this for the last five of their ten years of existence and it created incredible spirit.

Sastry Penumarthy said that one area in which start-ups were moving ahead was in recognising the limitations of the first wave of big data solutions, and that was their slowness. Typically, they involved collecting a lot of data about which you didn't know the full history, but then somehow made meaning out of. Gathering, analysing, action planning and implementing made for a solid approach but it typically took three months. If, however, you collected the data in the right context in the first place, the traditional data re-engineering stages were not needed, and machines were often better at defining the right decision than humans. Systems would increasingly be expected to be more intelligent in the first place.

Eric Howerton said start-up success generally came down to hard work rather than isolated brilliant ideas. Indeed, there were usually plenty of ideas around but being able to choose the right ones and then keep them moving through other people without their losing track or being confused by the rate of change was really difficult.

The Future of Health & Wellness in “New Retail”

› Alex Gorsky

CEO, Johnson & Johnson

› Stefano Pessina

Executive Vice Chairman and CEO, Walgreens Boots Alliance

In Conversation With

› Peter Freedman

Managing Director, The Consumer Goods Forum

Peter Freedman asked Alex Gorsky and Stefano Pessina to reflect on the nature of their collaborative relationship. Gorsky said it was based on trust shared on a very personal level, and that too often it was easy to forget the importance of the personal understanding embedded in a one on one relationship, and its potential to be extended throughout two organisations.

While many good ideas had come up from both businesses, he said doing everything would result in achieving nothing. They had tried to focus on two to three really meaningful initiatives at a time. A good example was the area of pain, which was widely recognised to be a significant area of unmet need. By working together they had been able to design new and better ways of serving customers and patients.

Pessina said his company had cultivated relationships with a number of players, but it had been particularly easy with Johnson & Johnson. Commercial relationships were often based on conflict by default, but working like that could never realise the full potential of collaboration.

Asked about a career of notable successes in the field, Pessina said actually doing M&A deals was relatively easy, but to be worthwhile they had to satisfy three conditions: the new partnership had to be of cultures capable of integration, it had to have the right financial logic and it had to respect the fundamental DNA of your strategy.

Gorsky said that 18% of the US economy and one in eight of its jobs were in healthcare. Healthcare inevitably touched all of us at a number of points in our lives. But when it was possible to take a more holistic approach and focus on prevention and early intervention, the longer-term impact could be truly significant. He estimated that the value of improved outcomes and cost avoided meant a return of some $5-7 for every $1 spent on OTC remedies in time.

Gorsky and Pessina agreed that navigating major change and adverse events was made significantly easier by having long-established systems of values and pointed out that Boots had been founded in 1849, Johnson & Johnson in 1886 and Walgreens in 1901.

Driving Global Positive Change From Latin America

› Daniel Servitje

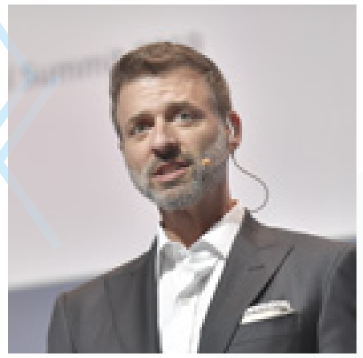
Chairman of the Board and CEO, Grupo Bimbo

Daniel Servitje explained that Grupo Bimbo, the largest bakery business in the world, had been started by a number of private families many years before. He accounted for their success by saying that a combination of processes, people and luck had all played their part. He also noted that some of the characteristics made evident by the start-up representatives at the Global Summit had been just as true of their own founders: they had been dreamers and they had been determined to serve consumers better.

More recently, five factors in particular accounted for their continued growth. The first was retaining a challenger attitude and being proud of their specialist focus. Even with 13,000 different products made across the world, they believed they were still true to their origin. Second, they were really good at connecting with consumers, not least with creative and intensive marketing campaigns. Third, they had relentlessly pursued growth and expanded distribution. Because of their products' short shelf lives, improving distribution had critical to their success. They had one of the largest DSD networks in the world with over 60,000 routes and 1.5m daily store visits. Fourth, they had a strong person-centred philosophy. Care for their people was the single most important of their set of seven core beliefs. And finally, he credited patience as a key success factor.

In reflecting what he had learned at the Global Summit, Servitje cited that last point about nurturing new ideas. Like children, ideas needed protection and time to mature. Second, he was more confident than ever that renewables were here for good and were profitable to convert to. They were committed to being truly sustainable in power consumption and were already operating at 90% of target in Mexico and using 100% renewable electric energy in the US. Every time they entered one of these agreements they had made financial sense as well as being better for the environment. Finally, he was convinced that the consumer goods industry had the potential to be a great force for good in the community. Some initiatives in food waste, improving their agricultural footprint and active reforestation they could undertake on their own, but the full potential impact required partnership and collaboration.

SkillEconomy™: the Future of Retail Workforce



› Brad Oberwager

Founder and CEO, Jyve

Brad Oberwager said skills mattered. Where it was possible to differentiate between performance, workers had the opportunity to improve their rewards, but where it was not, the conditions established by technology and the gig economy could easily lead to a race to the bottom. It was quite possible to end up with marketplaces with a fixed optimum level of performance and an asymmetry between countless identical providers of labour and a few companies continually driving down prices and paying less.

He described a world of increasingly modularised employment and more and more specific definitions of skills. He also pointed out how the careers of the newest members of the working population would be radically different from the careers of the audience, most of whom had been with their companies for 10, 20 or even 30 years. If you asked young workers how long they had been on the books, they were more likely to talk in terms of weeks.

Sharing would become ever more pervasive. Even as delegates were paying their associates in the grocery store, he could guarantee some of them were on Trax and sharing pictures of the very shelves they were conditioning. In this hyper-modularised world, new technologies would be of central importance. Oberwager said we would soon all be members of platforms that identified who we were, what we did and how well we did it – a kind of next stage LinkedIn, except for everyone.

Oberwager argued government and civil society had to take an active stance in developing policy. When you identified at such a high degree of specificity what people did, you had an active choice about how much to pay them. On his own Jyve platform they did not pay participants by the hour but they targeted outcomes on an hourly equivalent of double minimum wage. He said that time and again, this kind of piece work led to higher output and higher earnings.

Asked how incumbent larger companies reacted to his vision and platform, Oberwager said it was usually in one of three ways. They sometimes acknowledged incredible potential but were nervous about labour relations. Others asked whether they could test it. And another group just asked straight out whether they could invest in them. They were just about to announce the completion of a major financing round where all of their backing had come from the industries they served.

The Sky is Not the Limit: Lessons from a Year in Space

› Captain Scott Kelly

U.S. Astronaut & Retired U.S. Navy Captain

Scott Kelly said he was often asked about the best part of being in space, but while each of the launch, landing, floating in zero gravity or looking at the beauty of the earth was wonderful, the most satisfying thing was that it was a really, really hard thing to have done. He emphasised the importance of having a goal, a plan and then the determination to see it through.

Being in space had profound biological effects. You lost approximately 1% of bone mass a month, and were subject to radiation roughly equivalent to 20-30 chest X-rays a day. Conversely, an unexpected finding was that, compared to his twin brother, Kelly's telomeres – the ends of his chromosomes, and often seen as a sign of ageing – were not in worse shape at the end of his trip, but better.

Kelly's account of this last set of space journeys was dramatic. The Soyuz transporter rocket might start slowly, but within nine minutes you were flying around the world at 17,500 miles an hour, and for another six hours of orbit slowly caught up with the International Space Station. Once docked, the station itself was the size of a football field. Life aboard demonstrated some of the closed loop requirements for ultra-long distance space travel; notably, all their drinking water was recovered from urine, then re-excreted, re-purified and re-consumed. They had to scrub their atmosphere of carbon dioxide. All their energy came from solar panels.

Reflecting on what he had learned during his career as an astronaut, Kelly said he had come to appreciate the true value of teamwork and flexibility in leadership style. And working for NASA had taught him the power of diversity. Only with a team that looked at things in a different way could you come up with different solutions. Finally, looking down at the earth he noted you did not see political borders, but just continents where you knew there were individual people, living their lives. Whatever the prospects for travel to Mars and beyond, this was the only home we would ever have.

Store Tour

The Store Tour programme offered Summit delegates the best of Canadian retail, from traditional stores to ethnic supermarkets and from specialty independent shops to drugstores selling groceries. Delegates were able to discover the retail kaleidoscope that Vancouver has to offer and to discuss with the store managers and executives running operations in the stores.

A special introduction to the Vancouver Retail Scene was provided by Kantar.

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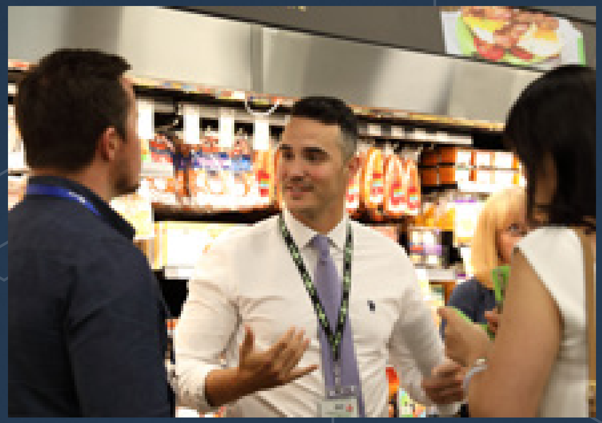
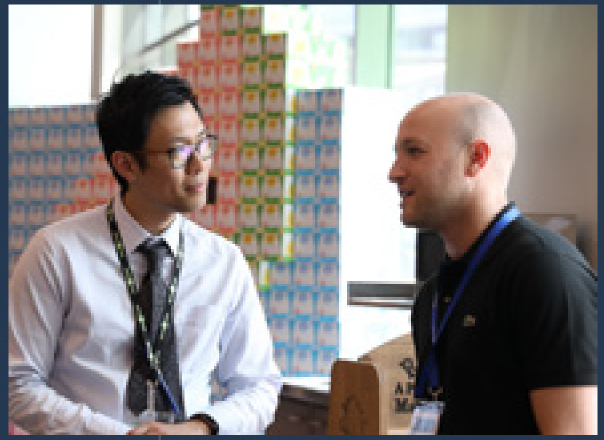




SPECIAL SESSION

Profitable Growth Through Precision in Digital Transformation.

›ANDY SEARLE
MANAGING DIRECTOR, ALIXPARTNERS

›BRIAN MAJOR
MANAGING DIRECTOR, ALIXPARTNERS

›JITENDER BATRA
DIRECTOR, ALIXPARTNERS

Brian Major introduced a session building on the results of an extensive AlixPartners survey into the state of digital transformation across heath and beauty, food and beverages and household products in six major markets: China, France, Germany, India, the United Kingdom and the United States. Their questions had addressed three big themes.

The first was digital-physical convergence. Jitender Batra said that one key message arising from their findings was that the vast majority of companies did not consider themselves fully prepared. He noted that it was mid-sized companies who tended to lag the most, perhaps because the smallest were often digital age companies and because the largest were the best positioned to invest heavily in technology and driving change. And there were marked differences in perceived progress in the transformation journey between markets. For instance, just 8% of China respondents considered themselves digital leaders.

The second was about respondents' experiences with digital marketing and trade spend efficiency. Andy Searle observed that in the main, respondents thought digital marketing was more effective than its traditional counterparts. When you broke that down by reference to specific spending, however, the picture was more mixed. From their detailed results, and extrapolating their findings across the industry, they estimated that of some $60 billion spent on digital marketing of CPG, $27 billion was generating a negative ROI (and $8 billion was being spent on projects with unknown returns).

The third was about digital organisation and execution. Again, their data revealed a rich and complex picture. Counter-intuitively, it was the companies who were digital leaders which reported the greatest frustration in driving transformation. They drew four lessons in this area. First, that companies had to start with leadership, shattering cultural norms and organisational silos. Secondly, they had to build risk-taking, experimentally-oriented cultures. Thirdly, they needed to hire the best talent and partners to accelerate their transformation programmes. And fourthly, they had to use data intelligently to allocate resources across a portfolio of initiatives, recognising that not all would necessarily come off.

SPECIAL SESSION

It's Time to Work Together and End Plastic Pollution. We Can Do It, Today.

›DAVID CLARK
VICE PRESIDENT, SUSTAINABILITY, AMCOR

›SANDER DEFRUYT
LEAD, NEW PLASTICS ECONOMY, ELLEN MACARTHUR FOUNDATION

›KEVIN RABINOVITCH
GLOBAL VP SUSTAINABILITY, MARS, INCORPORATED

›ALLEN LANGDON
PRESIDENT & CEO, ENCORP PACIFIC

The same properties of strength and resilience that made plastics the material of choice for consumer packaging were those that presented problems for the industry when that material got into the environment, said David Clark. To solve this complex problem, the industry could seek inspiration from other industries which had faced similar existential crises, such as the aviation industry when confronted with the challenge of safety. As in nature, a web was more resilient than a chain. He said we needed different parties working together so that when one part collapsed, the whole system did not.

Sander Defruyt shared hard-hitting facts about the current global plastics system. A third of plastic ended up in the environment, and more than half in landfill. We had to rethink how we produced, used, and reused plastics. Inspired by the Ellen MacArthur Foundation's Global Commitment, more than 400 actors had aligned around a common vision for a circular economy for plastics. Signatories had agreed to keep necessary plastics in our economy and out of the environment. Now, he said, was the time for action. Allen Langdon then took the stage to share how Extended Producer Responsibility programs could contribute to circular solutions. In British Columbia, two EPR packaging programmes for beverage container collection and residential packaging ensured that the area had one of the highest recycling rates in North America. Brand owners took full responsibility for the collections, without any involvement from local governments. He warned that EPR was not a silver bullet, but rather a platform for companies to use in moving towards a more sustainable model for production and renewal.

Kevin Rabinovitch reflected on today's plastics situation, explaining that the industry was faced with many design criteria issues, such as shelf life, food safety and lower cost. The shift to using more plastic brought with it additional challenges. We must not, he warned, inadvertently undo some of the problems we had already solved in trying to deal with the difficulties of today.

SPECIAL SESSION

How Will You Master the New Consumer Ecosystem?

EY
Building a better working world

KRISTINA ROGERS
GLOBAL CONSUMER INDUSTRY MARKET LEADER, EY

ANDREW COSGROVE
GLOBAL CONSUMER LEAD ANALYST, EY

Andrew Cosgrove and Kristina Rogers explained that they and their colleagues had taken some 150 drivers of change and synthesised their effects to form a view of the future consumer ecosystem. It would be a world structured by stickiness: those sites and services at which consumers naturally congregated would form the platforms at which multiple stakeholders could operate.

Rogers said that it was clear that solutions would dominate this new world, depending always on an individual's needs and building on a web of suppliers that might well be hidden from the end user. Cosgrove added that the key feature of this new world would be seamlessness.

Operating in an ecosystem world required a step change in both internal and external awareness. EY Embryonic was a cloud-based system combining multiple sources of data to bridge the gap between constellations of actors within organisations and those comprised of their customers, competitors and suppliers. Such networks brought the added challenge of rapid connectivity and volatility. Risk could enter a given company's ecosystem from multiple sources and spread in an instant. Rogers observed that the failings of a sub-sub-contractor could quickly become a headline issue for a brand owner with the amplification of social media.

They offered a set of five lessons for mastering ecosystems.

First, they argued for transforming from the future back, and not being too anchored in the present; equally, companies should ask whether those futures were relevant for a million or even a billion consumers as opposed to ones for a few hundred thousand.

Second, it was important to challenge every assumption inherited from working in a pre-ecosystem world. Third, partners should be chosen with extreme care, always with an explicit acknowledgement as to motivation between cost and competitive performance. The one essential foundation was a shared joint purpose and common values.

Fourth, companies had to ask themselves bluntly for whom they were the right partner, for whom the only partner and for whom just one of a number. And finally, companies had to equip themselves with the vision of an early warning system. Using tools like EY Embryonic, they had a better chance of detecting and anticipating disruption ahead of the curve.

SPECIAL SESSION

Quest for Developing a Global E2E Value Chain

YAMATO HOLDINGS CO., LTD.

KATSUHIKO UMETSU
SENIOR EXECUTIVE OFFICER, YAMATO HOLDINGS

OLIVIER TSALPATOUROS
DIRECTOR EUROPEAN AND TRADE AFFAIRS, GEOPOST / DPDGROUP

Katsuhiko Umetsu opened this session by presenting the mission of Yamato Holdings. He explained that their core belief was that in the field of logistics and beyond, the quest for innovation was an endless journey and required continuous effort. With their End to End Cold Chain Platform, the company aspired to create a future in which food was distributed safely throughout the world along temperature-controlled supply chains, all in line with the Global Food Safety Initiative standards.

Umetsu said that IT and technology had unquestionably enhanced human life, but that as a species we were now facing new social and environmental challenges. Food would have to be regarded as a global common asset which in turn had to be distributed safely. The logistics context was characterised by a worldwide increase in B2C online shopping of groceries. For the moment, the most popular products included staple pantry products such as beverages, personal care, and specialist ingredients, whereas fresh foods continued to be less popular for remote purchase.

Umetso noted that the development of logistics had made people's lives more convenient, but there remained considerable challenges and hurdles, not least relating to food safety. Maintaining end-to-end integrity was therefore a key challenge and area of focus for Yamato. The more diverse and extensive the food chain became between farm to table, he added, the more vulnerable it was at multiple points.

IT solutions were increasingly making the cold chain platform transparent, providing delivery truck, product and temperature range traceability. He noted, however, that blockchain was not especially useful for small and medium sized enterprises who wanted to upload their data. Joint programmes had to be developed between governments and the private sector to solve this issue.

Olivier Tsalpatouros then explained howt DPDGroup's own cold chain platform operated, and noted that they had been the first in France to launch this concept, soon to be rolled out internationally. Simplification, personalisation and trust were the company's top priorities. They had also worked to underpin the social sustainability of the solution, offering their workers decent working conditions.

In conclusion, Umetsu reinforced his view that food would become a global common asset. Collaboration really was key - industry, governments, and academics had to come together to work under a single umbrella.

The Platform Imperative - Case for Action: Why & How?

SPECIAL SESSION

›Eric Gervet
Senior Partner and Advisor in Digital Transformation & Innovative Growth Strategies, A.T. Kearney

›Rhiannon Thomas
Principal, A.T. Kearney

›Mirko Warschun
Senior Partner, Head Consumer Industries & Retail EMEA, A.T. Kearney

›Konstantinos Apostolatos
Senior Partner, A.T. Kearney

Konstantinos Apostolatos, Eric Gervet, Rhiannon Thomas and Mirko Warschun explored the implications of a rapid shift towards platforms across all sectors. Gervet said the easiest way to understand platforms was as sites where users created value – and as distinct from pipes, where producers in a conventional value chain added value as they went. Platforms were customer-centric by design because they invested in users, and they were asset light because their resources were devoted to connectivity. The consumer goods industry would form a third wave of platform expansion after first media and content and then mobility and services. The benchmark example was currently Amazon, but there was a growing number of need-based platforms like The Bump and Nike +.

Thomas said they had identified three types of platform archetypes: advisory (like baby, or elder care), discovery (especially in categories where the consumer would not so easily make progress on their own) and tailored convenience (everyday essentials, but in precisely the way to make life easiest).

Apostolatos explained that platforms had exponential data generation effects, not least because individual users could be connected with so many different products and services. For pet care, for instance, users could be consulting specialised food providers to activity tracking, dog sitting and health care. More subtly, platforms could transcend the difference between B2C and B2B channels, such as Schwarzkopf's Salon Love platform.

Warschun said that in preparing for the session they had reached out to a number of their CEO contacts and asked them about their organisations' readiness for a platform world. The majority were familiar with the idea but were not sure even about how to start. He said that the shift was a significant challenge because companies required quite different skills and capabilities, needed to define different metrics and definitions of success and were still short on understanding how best to use even existing assets.

He had five pieces of advice. One was to challenge the pipe mindset. The second was to aspire to true consumer intimacy. The third was to broaden category horizons. The fourth was to define the north star for your platform – a governing, binding mission. And the fifth was to get going and to start to bring your platform to life.

SPECIAL SESSION

Waste Revolution: Conquer Waste with an AI Enabled Intelligent Supply Chain

›Luq Niazi
Global Managing Director for Consumer Industry, IBM

›Bob Wolpert
Chief Strategy and Innovation Officer, Golden State Foods

Luq Niazi opened the session by setting the scene, offering a sense of the scale of the challenges facing modern day agriculture and the consumer goods industries. The planet's population had doubled since 1970, global wealth was increasing and technology had exploded. Conversely, however, consumers were more disconnected from the origins of what they consumed than ever before.

Consumers now expected to be able to buy any product at any time, irrespective of the season during which it was grown. For the global food supply chain, therefore, meeting consumer demands while delivering to the consumer in a responsible, sustainable way posed a complex problem. The consequences for the industry were vast, as agriculture accounted for 40% of the world's land mass, and was the industry's largest source of CO2 consumption.

Food waste was rife, with over 700 million tonnes of food wasted each year, and there was a proliferation of plastics which were ending up distributed in the wild environment. But with the convergence of multiple streams of innovation such as blockchain, AI and the Internet of Things, we now had the tools to create intelligent global supply chains. Niazi added that power was also now increasingly in the hands of the consumer who had access to data apps to trace their purchases. He argued that consumer goods companies should empower smallholders with data so that they could better optimise farming practices to cut waste, and increase yield, crop quality and ultimately their own income.

Bob Wolpert then described McCain Food's experiences with blockchain in helping to ensure food safety in their farm to fork beef supply chain. The previous summer, working with IBM, they had piloted a solution to smooth out many of the traditional complexities of the supply chain, combining the use of radio-frequency identification (RFID) in automatically tracking the movement of fresh beef, IoT devices to monitor temperature, and blockchain technology to synchronise the business rules between the various parties in the supply chain. Working together, these technologies could deliver a level of transparency, safety, and trust the industry had never seen before, Wolpert concluded.

SPECIAL SESSION

Innovation for Sustainability: How to Commercialise Start-Up Ideas and Build Competitive Advantage

›Linus Larsson
CEO, PulPac

›Chelsea Briganti
Co-Founder and CEO, Loliware

›Wil Schoenmakers
Global Consumer Lead, PA Consulting

›Mark Lancelott
Global Sustainability Lead, PA Consulting

Sustainability had been accelerated to the very top of the agenda for many companies, said Wil Schoenmakers, but it remained a significant business challenge. Consumer demands were intensifying and investors were expecting sustainable companies to deliver the same, if not better results. How could companies innovate for sustainability and, if they chose to, select the right start-up with whom to partner? He argued that sustainability had to be at the heart of what companies did, and that they had to be prepared to challenge the status quo, embrace disruptors, and empower them so that they could get to value fast.

Chelsea Briganti introduced her company, Loliware, and explained that its mission was to produce edible and compostable seaweed-based straws. Linus Larsson presented Pulpac, a company which enabled the packaging industry to replace single-use plastics with sustainable paper alternatives. Briganti and Larsson discussed the challenges faced by sustainability startups, and notably how they could find an appropriate balance between creating and preserving value and risk. They argued that consumer goods companies should be prepared to rethink their risk mitigation strategy and themselves shoulder additional risk to help start-ups launch, integrate into the industry and then get to scale. There was a clear opportunity for companies to take that risk and line up next to a smaller startup to drive innovation.

Sharing latest insights from the United Nations Global Compact initiative, Mark Lancelott described the three common factors among companies who had put sustainability at the heart of their strategy. They had all started with a clear purpose, managed to innovate and scale at the same time and had been prepared to collaborate with other stakeholders. Innovation, he said, was no good if it stayed in the lab. It required active experimentation and learning.

In concluding the session, all of the speakers agreed that transformative partnerships between bigger corporations and startups could help to drive a broader industry progress on sustainability. Although achieving market scale quickly certainly required a great deal of time and resources, the emergent smaller, "hipster" brands could very well be leading the way in the coming years.

SPECIAL SESSION

Roland Berger, P&G & dm: Decoding Generation Y. Attract Them to Your Brand. Excite Them in the Store.

›Tobias Göbbel
Senior Partner, Roland Berger

›Jürgen Kohnen
Director for Retail Innovation, Procter & Gamble

›Helen Saadé
Senior Consultant, Roland Berger

›Sebastian Bayer
Member of the Management Team, dm-drogerie markt

Helen Saade gave a rapid introduction to Generation Y – and used a suitably Gen Y technique to ask the audience questions: raising smartphones with the flashlight enabled to vote. As a cohort, they were doing everything their parents told them not to do; they were indeed getting into strangers' cars and sleeping in strangers' houses.

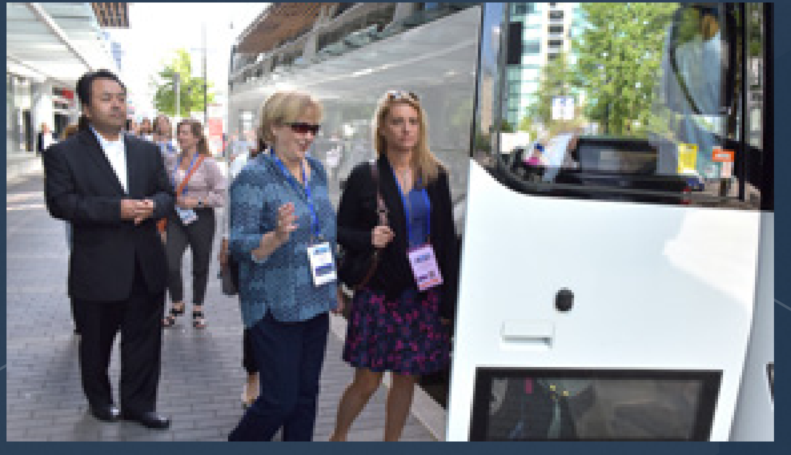
Göbbel explained that Roland Berger had launched a research study exclusively for the session, comparing Gen Y with the generations before and after. He said brands varied in their durability; for instance, Coca-Cola really had remained relevant from X through to Z. Others had not. Gen Y were prone to switching, and they were more driven by fun and by sustainability concerns than Gen X. And social media was more than twice as important for Gen Y as it was for Gen X.

Kohnen said that an insightful understanding of Gen Y led to a code he called "FIRE". To reach them you had to be fast, because they wanted instant gratification. They demanded personalisation because they wanted to be individual. Equally they valued sustainability because they wanted to be responsible. And they were motivated by cool, credible promotions because they wanted their brands to be exciting.

Bayer explained how in turn, dm-drogerie markt had been putting the FIRE code into practice to good effect. When it came to generating excitement, he explained how they had worked with partners like P&G to put on a live beauty festival called GLOW. It operated at significant scale in the real world with 20,000 visitors, but its true impact was reflected in 400,000,000 contacts online. They had sold out their following event in just 10 minutes.

Kohnen and Bayer explained how their two companies had collaborated at a significantly enhanced level and developed a new partnership model, attempting to put the traditional challenges in a retailer-supplier relationship to one side and rather focus on opportunities for growth. To get their joint team up to speed, they had met more than 20 times in the first few months. They were particularly attuned to the importance of external signals; David Taylor had cited Jack Welch's saying: "If the rate of change on the outside exceeds the rate of change on the inside, the end is near."

Partners' Programme



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ESM EUROPEAN SUPERMARKET MAGAZINE

Global Summit I-Zone

A cornerstone of the CGF's flagship event, the I-Zone is widely-recognised as the place to be to learn more about the latest developments and retail trends. In 2019, we brought more innovative experiences to the 1,000 delegates in attendance.

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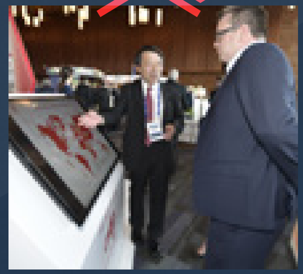

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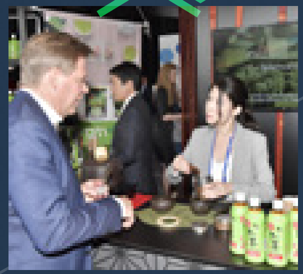

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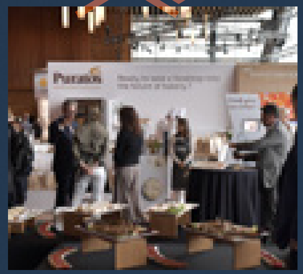

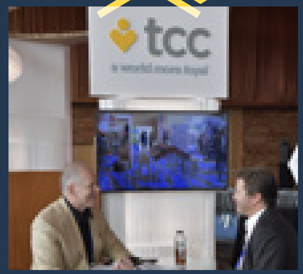

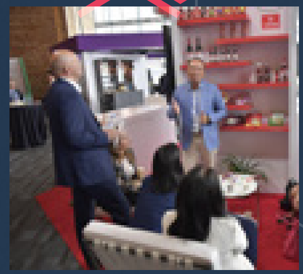

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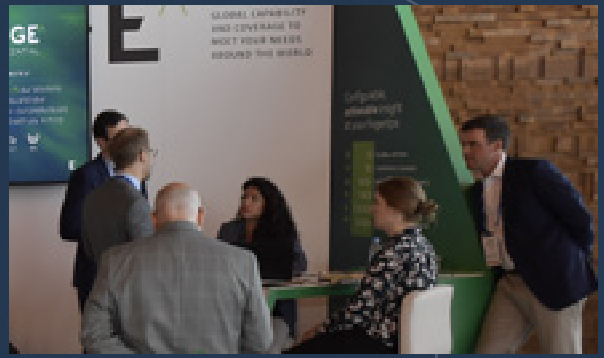
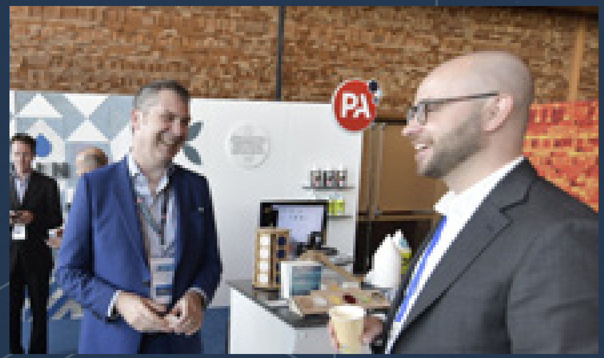
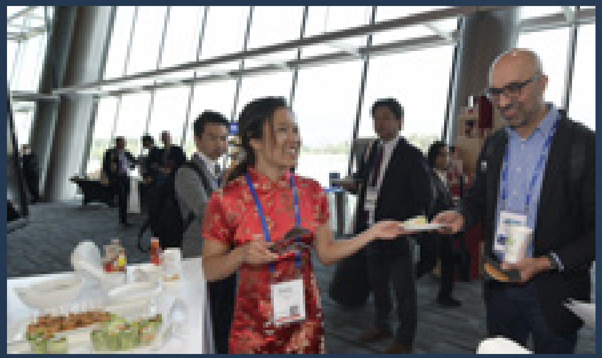
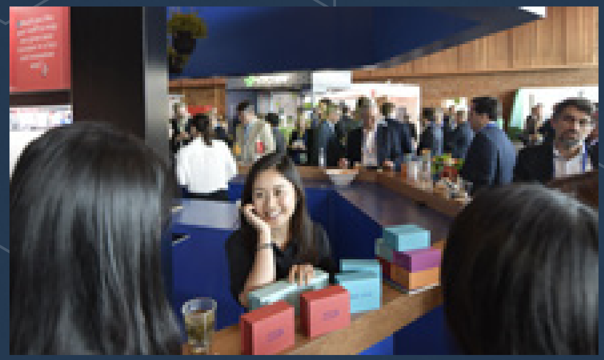
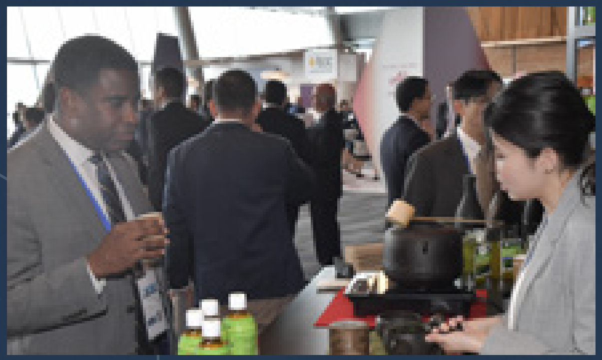
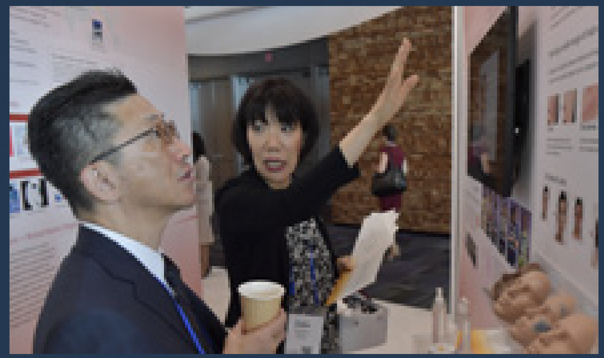


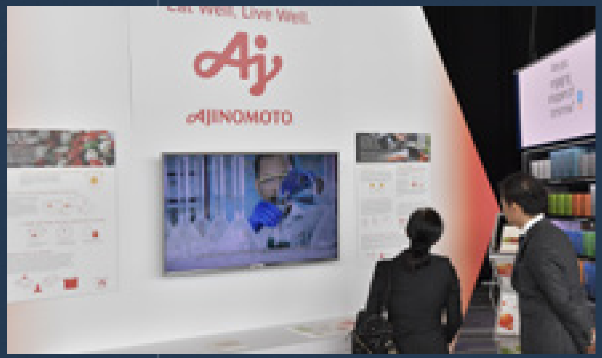






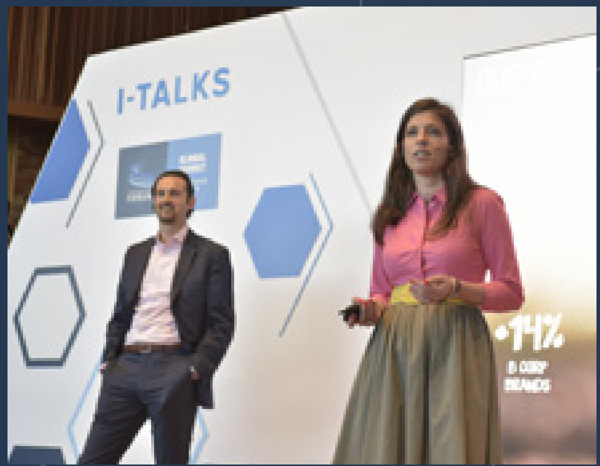


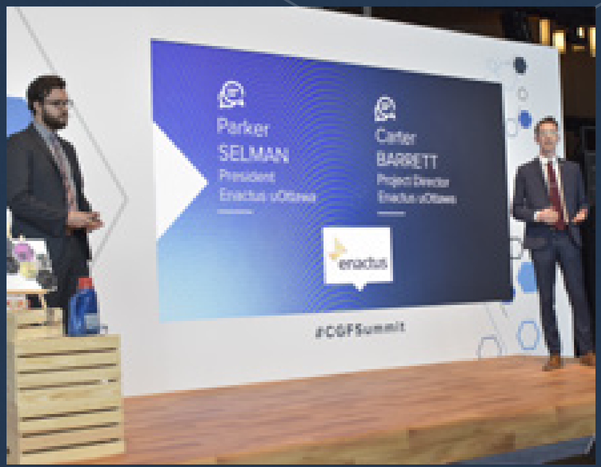




I-Talks

Back by popular demand in 2019, the I-Talks once again added even more to the Global Summit experience. Some of the brightest minds and the best ideas demonstrated excellence in action during the networking breaks, sharing how companies around the world are driving positive change, and building better lives through better business.





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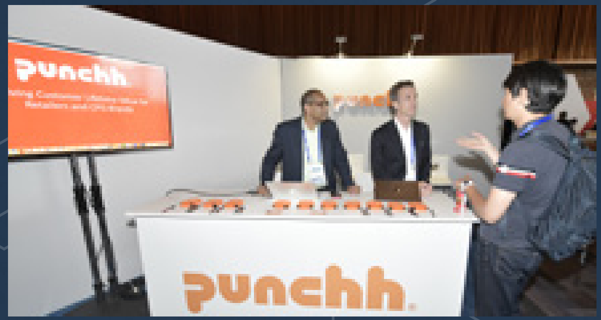
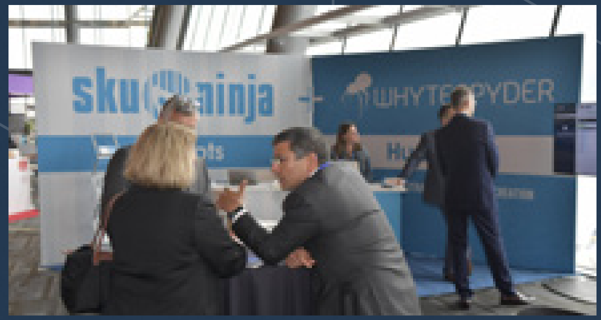
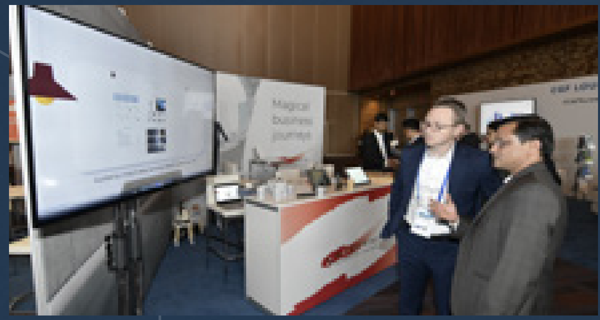
Start-Ups Zone

New to the Global Summit in 2019, the Start-Ups Zone showcased a select few start-ups looking to improve industry efficiency and take the technology world by storm.

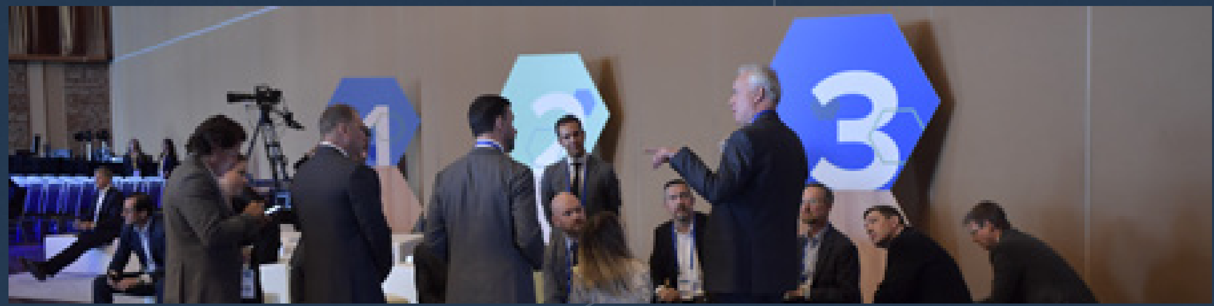




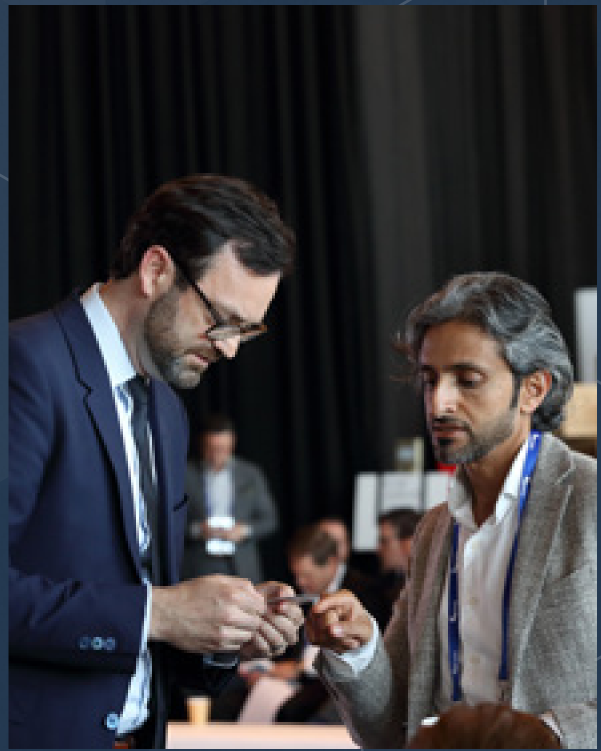


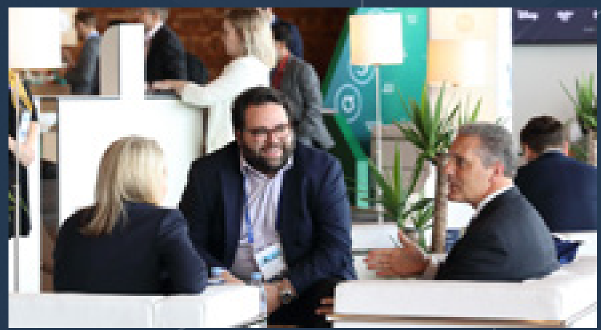
Meet-Ups

A new feature in 2019, the Meet-Ups were mini-sessions around themes directly linked to CGF strategy and pillars' activities. They took place during the networking breaks in a dedicated space, and were available upon invitation.



Networking Moments





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Executive Summary and online photo gallery pictures by: Diego Cassetta, Giancarlo Gobbi & Lydia Nagai

The Consumer Goods FORUM

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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

The Consumer Goods FORUM

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