



**VIRTUAL
KNOWLEDGE
SERIES**

Preparing for the New Normal: The Consumer Goods Industry After COVID-19

Executive Summary

8th June to 3rd July 2020

11 SESSIONS

**EXCLUSIVELY
FOR CGF
MEMBERS ONLY**

**22
EXPERT
SPEAKERS**

**FOCUSED
ON GLOBAL
RECOVERY
FROM
COVID-19
AND
MITIGATING
IMPACT**

**3,000
REGISTERED
DELEGATES**

Contents

Page



Setting the Scene: Introducing the Virtual Knowledge Series	4
Implications of the Pandemic for the Global Economy and Geopolitics	6
Update on the Fight Against COVID-19	8
Sustainability After the Crisis: Acceleration or Deceleration?	10
The Next Normal: Which Business Transformation for Which Consumer?	12
Implications for Consumer Attitudes and Behaviour	14
How Your Shopper is Changing: What You Need to Know	16
Towards a Circular Economy in a Post-COVID World	18
Frontline Workers: What's the Winning Approach?	20
Self-Care Redefined: Values & Behaviours Shaped by COVID-19	22
The Future of Foodservice	24
Post-COVID: The Implications for the Consumer Goods Industry and the CGF	26

Setting the Scene: Introducing the Virtual Knowledge Series

By March 2020, the world was embroiled in the middle of a crisis like nothing most of us have ever experienced. Our industry was, and still is, at the centre of it and it was clear The Consumer Goods Forum needed to find a way to bring members together and share knowledge and learnings from the very top.

In a few short months, the beliefs that we shared about leadership priorities in the industry had been fundamentally challenged. The immediate crisis brought about by COVID-19 made us rethink everything that we considered normal or best-in-class. We have all had to adapt very quickly in order to continue to give consumers access to essential products and to protect our workers throughout the supply chain. We have had to fundamentally rethink how we assure the safety of both shoppers and colleagues.

Our industry has risen to these challenges in extraordinary and inspiring ways – as is clear from

the some 500 examples of positive, industry-led best practices that the CGF has helped to showcase.

But, we also saw this as a time to look ahead, beyond the immediate crisis, and to begin to shape the kind of leadership that our companies – and our industry collectively – will need in a world with COVID-19.

First and foremost, what will it take to build trust in this world – trust with consumers but crucially also trust with our employees? How should we go about securing our supply chains and adapting to big shifts in the channel mix? Most acutely for members of the CGF, how should we lead on positive change – should we back off from sustainability or double down on it?

To that end, we assembled an exceptional group of industry leaders and global experts to help us. Collectively, they discussed how they see this context and its implications, while also responding to questions from the thousands of people who attended the series.

This Executive Summary is an abridged documentation of those discussions. The full video recordings and written summaries remain available to members of The Consumer Goods Forum via the online Members Space. However, we hope this document can also help inspire those outside of the CGF membership on what's needed and where the industry is heading in a post-COVID world.

And, perhaps, it will also help showcase the value of becoming a CGF member.

Sessions Moderated by:



Wai-Chan Chan
Managing Director
The Consumer Goods Forum



Peter Freedman
Former Managing Director
The Consumer Goods Forum



**The Virtual Knowledge Series
will be returning in 2021, so be
sure not to miss out!**

Implications of the Pandemic for the Global Economy and Geopolitics



Martin began the session by providing an overview of COVID-19 and its implications for the world. He divided his remarks into what is happening with the pandemic now and what the world might look like post-COVID-19.

The current crisis is expected to be the worst since the 1930s, and maybe even worse as this closing down of business hasn't been witnessed before. It is impacting the movement of goods and international travel, as well as causing inequality - old people versus young; poor vs rich; and those who can work from home versus those who can't.

There are still many unknown factors: whether or not there will

be a cure or vaccine, or further waves of infection; the shape of the recovery, unlikely to be linear; how permanent the change in behaviours will be; and how governments will handle the fiscal debt and deficits. Working from home has accelerated use of technology but shouldn't replace travel entirely. COVID-19 will probably be seen as an accelerator rather than a fundamental change, as some shifts - popularisation, online sales, nationalism - were already taking place.

When there is a huge shock to society, what matters in terms of the response is whether what you get are the politics of fear or hope. Society is divided; we need sensible, sound leadership. This

crisis has affected the younger generation badly, and it's hard to predict what will win, aspirations or retreat, because generations are not homogeneous; there are bigger divides in them than between them.

Economically, those who can operate in the virtual space will win; businesses that depend on face-to-face interactions are the most vulnerable. It's structural, not temporary; there is an enormous decline in economic activity, so some expenditures like advertising have disappeared. There are few absolute winners and success is relative to a business' ability to transform for the virtual world.

If you're a CEO, you have two

questions: what is the lesson of this crisis for the resilience of my business and how much can I afford to spend? What's the trade-off? You should structure yourself to be more resilient; localisation is one possible way, but one should also consider diversification and redundancy costs. The least vulnerable supply chain is not necessarily the one closest to home. Policy makers may affect what CEOs can do: governments might say they want local supply chains, and business leaders need to take this into consideration, irrespective of their own beliefs.

In the short-run, governments will probably intervene to support business more; long-term, we don't know yet. In the developed world,

governments supported local businesses, intervened massively in financial markets and protected the health sector. This will go on for some time, as governments want to see stability, and this could take years. The shock is too big, and it's difficult to think of us going back entirely to the free-market; international trade has been impacted by nationalism and the breakdown in relationships with China and between the US and Europe.

Developing countries have been very badly affected by the crisis. Longer-term, if protectionism continues, export countries will be impacted and capital flows may not come back. On the tech side, there is already a strongly felt view that technology was beginning to undermine the advantage some countries had with regards to labour markets. However, tech can also benefit them to provide certain services and products. That said, AI could impact both developed and developing countries. It's unlikely that any developing countries will come out as winners; a few that could be interesting to watch are Vietnam, Bangladesh and the East Asians, who are the best organised.

Wolf's concern about populism hasn't gone. Politicians who dismiss

experts create bad policies. A no-deal Brexit will further increase the damage to the UK. Brexit was a bad idea then, and the current global situation now makes it an even worse idea.



KEY TAKEAWAYS

1. COVID-19 will probably be seen as an accelerator rather than a factor of fundamental change, as some shifts were already happening.
2. Businesses that depend on face-to-face interactions are the most vulnerable; economical success will depend on their ability to adapt into the virtual world.
3. CEOs should ask themselves how resilient their businesses are and what are the tradeoffs when considering supply chain alternatives.

Update on the Fight Against COVID-19



DAVID NABARRO

Special Envoy on COVID-19,
World Health Organization

David says this virus is unlike anything he has seen before; it is complex, causes long recoveries, and we don't know yet when it's going away. Life in the future will be about learning how to live with this constant threat.

We need to establish defences at the community level: keeping physical distance, isolating those with symptoms, caring for the elderly and vulnerable. Businesses must look at working conditions and make sure they are not a hotbed for spreading the virus; governments need to treat this seriously and communicate transparently.

It's not health or the economy: it's investing in health to protect the

economy. The fastest he believes we can develop and test a vaccine is 18 months, but most probably 2.5 years; we need the safety checks and we need it to be accessible to all.

All of us will need to invest in public health. Public health benefits from being local and granular. In some east Asian communities, parts are broken into smaller honeycombs, and within these honeycombs people know exactly where to get support when they feel ill. This central, "guardian" figure in local communities, helped by other experts, is not controlling or oppressive; it's about being able to identify potential outbreaks and responding quickly.

Some countries, such as South Korea, Austria, Denmark, Singapore, Vietnam and Germany, have been firm in their approach of stopping the spread of the virus. Governments need to be quick, robust and decisive, so as not to overload hospitals, which would ensue an explosive outbreak.

The WHO doesn't want people to stay home for months on end; lockdowns are destructive to the economy. Those with symptoms or tested positive, or those more vulnerable, need to stay home for two weeks. Physical distancing is important, as is face protection, but the WHO wants people to move around and to make the best choice based on accurate information.

This virus is not believed to be temperature-driven, although managing it is more complicated during the winter. We should talk about a constant presence instead of further waves; let's acknowledge it and adapt our behaviours. It's important people recognise that working together and sharing experiences is the only way to overcome this, and this is where the WHO is quite useful. Politicians that follow the playbook will do better in the long-run.

The consumer goods industry is key: it connects everyone through its products and stores, and should highlight how all of us are responsible for working together to beat this. CGF members can also put pressure on governments

to develop coordinated, local groups to help maintain defences. Your employees should act as ambassadors for the right actions. Make sure your suppliers are doing the right thing too. Your collective reach and interests make you front and centre in the efforts to make the change, and customers will repay those businesses who behave and respond appropriately.

Some countries are choosing the cheapest stimulus to get the economy going, regardless of the cost; for example, getting tourism back up and running, but not thinking about the carbon footprint. Another option is to care for people like never before. There is a huge amount of individual and collective responsibility to manage this. We're learning the power and value of working together to mitigate COVID impacts, help people and improve nature. There's a lot of innovation and it is transforming how business is being done. This narrative is very common with younger people; they believe we shouldn't throw away the future for short-term security.

We'll know the end of the tunnel is approaching when we'll see there aren't many cases of COVID and hospitals are not overflowing. We'll feel more secure, and statistics and

testing will prove it. If the numbers are very, very low, we'll know the situation is held in check. Some countries, like New Zealand and Vietnam, are getting there; others have more work to do.



KEY TAKEAWAYS

1. We need to learn how to live with the constant threat of the virus, and establish defence at the community level. Individuals, businesses and governments are all responsible for it.
2. Lockdowns are destructive to the economy; the WHO wants people to move around and to make the best protection choices based on accurate information. We should work together to innovate and transform how business is being done.
3. The consumer goods industry is key: it connects suppliers, employees and customers, and should highlight how all of us are responsible for working together to beat this. Customers will repay those businesses who behave and respond appropriately.

Sustainability **After the Crisis: Acceleration or Deceleration?**



ALAN JOPE

CEO,
Unilever

Alan JOPE started by saying that at Unilever there is absolutely no trade-off between purpose and profit. By being responsible and looking after stakeholders, shareholders will be rewarded. It drives consumer preferences and lower costs. It also makes you a more attractive employer for young people, who will hold companies to account. Opposing pressures, like low-cost fossil fuels, could result in a set-back; however, we will continue to march in the right direction.

Dave Lewis complemented by saying showing leadership and commitment is key. Reasons to take care of the planet are still relevant: population growth, waste in our systems and increasing

global temperatures, which have not gone away because of COVID-19. We need to act, and there is an opportunity to rethink our approach. Our carbon footprint has been reduced globally due to fewer flights, as has food waste in homes during lockdown. Tesco wants to show action, not just talk about how they build resilient food supply chains and keep forests and fisheries at the top of the agenda.

People are shopping differently now in comparison to before lockdown: online business has doubled at Tesco; more vulnerable people need support. There are less visits to the shops, but generating bigger baskets. Families are more concerned about the cleanliness of the shops and thinking harder



DAVE LEWIS

CEO,
Tesco

about what they consume: cooking from scratch, eating together and following healthier diets. But we don't know yet how these changes in consumer behaviour will translate into long-term behaviour.

Alan noted different countries are at different stages of the biological, social and economic crisis, even though certain consumer behaviour is similar everywhere, such as looking for value, as they sense a recession coming. Businesses need a portfolio that fits this. Similarly, the home has become a safe place, and there has been a major increase in hygiene products, as well as vitamins and minerals, as people want to take care of themselves more.

The big shift to digital helps to feel more connected to consumers around the world and get more feedback. Companies are changing how they work, and things are evolving in a very different pace; things are happening in days that would have taken months previously. Unilever started producing hand sanitizer by converting a factory within two days.

Dave agreed, noting Tesco had plans to double its e-commerce capacity within three years; it has been done in three weeks. The crisis has created a priority and focus that we don't usually afford ourselves, even though we pretend we do.

Remote work has actually made us quicker, and we have stripped away things that have no value. If we can keep hold of some of these efficiencies and connectivity, we will all be better served. The future of the office will probably be hybrid: some days in the office and some at home every week.

People now know how technology can support traditional retail, such as in demand forecasting, supply chain and energy efficiency. Before COVID-19 there were already supply chain issues. Food is a global commodity and there are massive opportunities to rethink reliance on imports so it's more sustainable, affordable and secure. We can put together food, health and the environment and deliberately build up. Tesco believes in being more strategic and building a consistent, national food strategy, where both business and government have key roles to play.

Unilever's supply chain has been resilient because it's interconnected and global, Alan said. A globally, connected supply chain has a much lower cost: 1% of their carbon emissions come from own operations; 2% from shipping; 15% from agriculture and raw materials; and 82% comes from consumer use. Countries

should have import / export strategies and not aim to become independent in their food supply chain. It's important not to fall into the trap that "local" is cheaper or more resilient. Breakdowns in trade between China and the US or Europe are a massive concern. Alan called on his fellow business leaders to actively advocate for free trade and global supply chains.

The number one skill we will need from employees is the ability to re-skill; those with plastic brains, flexibility and the desire to upskill will be key. Everything is connected and we need people who can see patterns. Essential workers, specially in health and food, are among the lowest paid - and we needed them the most. The fact that food is cheap has negatively impacted salaries and is something to rethink. System-thinking, agriculture, biodiversity, health and environment will be more relevant than ever before in the supply chain. Opening people up to learning new skills will be important, and Tesco has constantly been investing in training and implementing recent changes was easier because the skill base was there, Dave noted.

The imperative for sustainability has gotten higher. We need to do

better on driving progress on the things we agree on, Alan said. The CGF Coalitions of Action are a great starting point, but we have to hold ourselves accountable. The big problems of our time can not be solved by any one party. We need everyone - civil society, private sector and governments - together. Collaboration works best when we work towards a common goal, and the CGF provides this singular focus: to serve people better.

KEY TAKEAWAYS

1. There are many changes in consumer behaviour - online shopping, cooking from scratch, the home as a safe place, self-care - but we don't know yet how these changes will translate into long-term behaviour.
2. A globally, connected supply chain is more resilient and has a much lower cost. Fellow business leaders should actively advocate for free trade and global supply chains.
3. The imperative for sustainability is higher and we need everyone - civil society, private sector and governments - working together.

The Next Normal: Which Business Transformation for Which Consumer?



JUDITH MCKENNA

President & CEO,
Walmart International

Judith began by noting consumer behaviour has been similar across the 26 countries Walmart operates, but affected by different government behaviour and legislation. Some purchasing trends have seen a dramatic increase across the world and are likely to stay: online shopping, eating more at home, eating healthier, more focus on value, and giving more thoughts about which businesses to trust.

We've seen adoption of online shopping everywhere, in different formats according to what is perceived as more convenient - delivery, pick-up etc. People will continue to want to go to stores if they feel safe and if the experience is positive. Good customer service

will be key.

People across all generations will care more: about the planet and about what they consume. Society's expectations for businesses to do the right thing have never been more in the spotlight.

Workers in the frontline have been extraordinary in keeping themselves and customers safe. There's a broader societal duty of creating opportunities and caring for these entry level jobs. We all have a responsibility, and it will fit beautifully within an agenda of safety, health and care going forward. It's different for each country, but, in general, through all this we are seeing more partnering

with governments, institutions and other bodies, and with each other in the retail industry. We have an obligation to put aside differences and work together to create lasting change. There will be tensions along the way, unexpected things will come along, and you have to control what you can by making sure your priorities are clear and you have the right principles at heart.

We've all realised how stressed the global supply chain can be and how interconnected it all is. We'll all have to be better in allowing for some degree of flexibility. There'll always be a global supply chain, and you will always have imports, but businesses will need to decide what's right for each and do it in a

sustainable way, ensuring that a clear dialogue, based on fact and impact, happens. The CGF clearly has a place in this discussion.

By being multilocal, our teams on the ground are closer to consumers. We have to empower them, and to leverage what Walmart can give, the knowledge scale and expertise. We encourage our businesses to have a local identity.

In three years time, I'd like to say that the most important strategic shift that Walmart made in light of COVID is threefold. We've remodeled and reshaped our business to take advantage of opportunities and to create a true omnichannel that is relevant for

each country. We've continued to have the very best talents, who were able to execute what was needed. And, we've continued to innovate and create and grow options for the future.

These weeks working in alternative ways brought us joys and challenges that have given leaders more empathy, humbleness and tolerance. Someone said to me, "in virtual calls all the boxes are the same size, so everybody feels the same". This is really impactful. Resilience, communication and empowerment have also emerged as more critical. We've become more customer-centric and associate-centric, as it's become even more crucial to truly understand what it is that you're trying to solve for your customer or associate.

We've worked together with supply partners to solve problems and create new rules. There is a movement to share more data, when it benefits all. Data is everything, everywhere, so we need to break it down to which data would be most difficult to collaborate on moving businesses forward, and then you can decide if it's sensitive externally and internally. That should be the approach. No doubt that relationships across global supply

chains will change for the better in the long term, and we have seen what the benefits are already.

To summarise, consumers will still want innovation and value. And, collaboration, sustainability, food waste and product sourcing will all continue to work together.



KEY TAKEAWAYS

1. Some trends have been accelerated across the world and are likely to stay: shopping online, eating healthier, choosing which businesses to trust.
2. Good customer service will be key to making people want to continue shopping in stores, despite the increase in online sales.
3. The global supply chain is stressed and interconnected; we will have to allow some degree of flexibility and do what's right in a sustainable way.

Implications for Consumer Attitudes and Behaviour



SOLITAIRE TOWNSEND

Co-Founder,
Futerra



KEVIN LEE

COO,
China Youthology



SCOTT MCKENZIE

Global Intelligence Leader,
Nielsen

At Nielsen, as they tracked consumer habits, they saw six cycles that most of the planet went through, said, Scott, from proactive health buying and pantry prep to buying related-to-quarantined-living and living a new normal. These cycles were more tied to news cycles than infection rates.

Consumers are looking for quality and efficacy in products, consuming more local and

showing higher interest in augmented and virtual reality shopping experiences. There's a gravitation toward essentials and more cautious spending, along with a demand for transparency and accountability. Even insulated spenders - whose income sources have been relatively protected, compared to constrained spenders - are not spending to their capacity.

We are seeing social unrest as

people respond to government action or inaction. Scott said that the world is recalibrating right now; "recovery" will be dependent on true consumer confidence, until we see a solution such as an effective vaccine. Data shows that we're behaving like humans no matter where we are on the planet.

At Futerra, Solitaire said, they have also seen a massive recalibration happening pre-pandemic, an emerging narrative around the pressures that our supply chains are putting on the planet and an upswing of consumer concerns around plastics and pollution. As consumers, we are looking more and more at the cross-over between the health of our planet and our own health. Many

consumers, particularly the 'insulated consumers', are using this moment to attempt to make sustainable lifestyle changes on their behaviours, and they are looking to brands to help them with it. Brands need to look at how they can enable the changes consumers are looking to make, be it exercise routines, cooking help, moving away from meat and dairy towards a more plant-based diet, insulating their home or changing travel, etc.

Futerra and CGF have a longstanding partnership around honesty, she said. Consumers are keen to know 'What impact does this product have?'. Whereas transparency is one-way, honesty is a conversation. Consumers want

to ask questions and have them answered.

The pandemic is accelerating existing conversations around issues from movements like Black Lives Matter, MeToo and Women's March. Companies must become more comfortable talking about social justice, environmental justice, solidarity and diversity inclusion policies. Younger generations have maintained their interests and concerns; the pandemic has simply reinforced their view that the way the industry interacts with nature has got to change.

There is a deeply held belief that lower-income constrained consumers do not care about environmental issues, but studies show they care as much, if not more. The premiumisation of purpose creates a certain amount of unhappiness amongst consumers that feel excluded from it. Successful brands will promote value, health, safety and good and address broader issues including social inequality and racial injustice.

Kevin then commented on the impact this crisis will have on the next generation in China. In the short term, there are new policies and increased government

investing to help younger workers get back into the workforce. In the medium term, there is a recalibration of spending. The young generation sees the world changing fast and chaotically, and they are choosing to distance themselves from a consumer mindset, and are instead reusing, and being more creative and strategic, spending on skill sets and resources that will give them more safety in the future. And in the long term, we may see a dismantling of the value chain or the receding of globalisation, and many younger people are reevaluating their prospects or their plans to study abroad.

All speakers then agreed that retailers and manufacturers should get together to find new ways to think about and act on sustainability, human rights, food and plastic waste. Solitaire urged that CGF members become comfortable with justice - we treat climate, economic, racial or healthy justice in silos, but what they have in common is fairness and solidarity. For China, Kevin advised companies to support consumers who are trying to create their own sustainable futures.

Disruptor brands are rebranding themselves away from disruption, into service and solution brands.

Scott pointed out that there is an even bigger desire for local products and this will continue to have consequences, as there is an erosion of that consolidation of basket that large retailers desire, particularly in areas that are high in margin. Kevin mentioned that talking about local is not only about the sourcing side, but also the context side as well. Is this created for your local context? That's going to give people a sense of security and an application that's relevant for them. Whether you are a global or local player, Kevin prompted,

are you creating things that are catered for a local context? That's where the true disruption is today and where the opportunity lies.

KEY TAKEAWAYS

1. As consumers, we are looking more and more at the cross-over between the health of our planet and our own health.
2. The premiumisation of purpose creates a certain amount of unhappiness amongst consumers that feel excluded from it; lower-income consumers care at least as much, if not more, about environmental and social issues.
3. True disruption today means catering for the local context, instead of thinking only from a sourcing point of view.

How Your Shopper is Changing: What You Need to Know



CHRIS REID

Executive Vice President,
Mastercard

Chris started by explaining how e-commerce has significantly risen in volume as a result of physical stores being closed, various degrees of quarantines and lockdowns, and consumer preference. This has varied however based on country-level nuances which can be explained both by social norms and by the pace at which COVID-19 impacted the market.

From a retail point of view, John explained common patterns have emerged, starting with emotional spending that took form in early panic buying, shelf-clearing, and rapid stock ups, with nuances between rural and urban stores within the same national markets.

IGA's Chinese headquarters are based in Wuhan, he said, and everyday life has resumed for the most part, though food shopping is not as normal. E-commerce transactions have changed from first panic-buying to normal, full-basket shopping, to fill-in purchases. As time goes on, he predicts that 30% of e-commerce consumers will stay solely as e-commerce shoppers, while the others will experience a mix of returning to retail stores and using both traditional and e-commerce.

Mastercard's corporate research showed a significant majority of consumers are missing the physical experience of going to a grocery store, especially local stores, commented Chris.



JOHN ROSS

CEO,
IGA

The category mix changed, from the panic-buying of household cleaning products and pantry items in the first weeks of the pandemic, to a calmer behaviour as people gained confidence in shopping in-person safely. Alcohol sales have also sustained high growth. For Mastercard, three categories of spending have seen significant growth during the pandemic: groceries, home improvement, and furniture. Spending in other categories has changed based on access and availability; travel and department store shopping have experienced significant loss in demand, as have jewellery and clothing.

John pointed out the distinction between two types of consumers

during this time: the white-collar consumer working from home, not in financial or personal distress, who are being creative and cooking more during lockdown; and the low-income and/or unemployed consumers, for whom the pandemic has caused significant financial stress, specially because stores are not offering as many discount coupons as before, given their own financial struggles.

Consumers will be more likely to come back to a physical store once it has reopened if they are confident the store is health-conscious and taking the necessary measures to keep people safe. People were already tending towards buying local before COVID, and this has accelerated not only to support

local economies but also to shorten the supply chain and eat more fresh produce. Shoppers are also spending more time preparing their own meals at home and are more health-conscious.

Consumers will expect efficiency, particularly when it comes to stock, and mature customer service, and these demands will be the same in-store and on e-commerce. Retailers will have to rethink some services to offer them in a way to meet the shopper demands.

Given the unexpected nature of the pandemic, many brands had to switch gears quickly to meet demands for certain products or stop production on others. It made the industry think harder about opportunities for collaboration and efficiency. For example, consumers have been showing a strong willingness to substitute for one item that they regularly buy, but may be out of stock, for the same item made by a different brand. Focus of brands should be in offering solutions to consumers to take stress out of their lives.

For low-income shoppers, immediate needs take precedence over more macro needs for sustainable shopping. The primary concern is being able to feed their families and have access

to necessities. More affluent shoppers are therefore in a different position to think about the sustainability of their products. Based on Mastercard's consumer sentiment research, people's concerns at the moment are first focused on the pandemic, then the economy, then their family, and finally the environment.

Measuring confidence and fear is important in this aspect. Confident shoppers are willing to experiment with their purchases and think about different ways of shopping and fearful shoppers are those who rely on time-tested products that may be produced less sustainably. Boosting confidence in this manner is essential. Consumer spending may rebound in an optimistic manner but it depends on how countries open up from lockdowns.

John then noted how retailers stepped up during the pandemic to offer leadership. The celebration of grocery store workers as heroic highlights how retailers have worked hard to create safe environments for their workers and consumers, which has brought them a lot of credibility.

All of the CGF's Coalitions of Action and their commitments are critical, and the industry needs to figure out how to allocate its

more limited resources to be able to meet the commitments the Coalitions laid out. Now more than ever, consumers are looking for companies to deliver on their promises. They are accepting of progress, even if it is slow, but they want to see action and progress.

KEY TAKEAWAYS

1. Consumers will expect the same levels of efficiency in-store and online.
2. Brands should focus on offering solutions to consumers to take stress out of their lives.
3. Consumers are looking for companies to deliver on their promises and they want to see action, even if progress is slow.

Towards a Circular Economy in a Post-COVID World



EMMANUEL FABER

Chairman and CEO,
Danone

Emmanuel believes it is very likely the economic crisis will reshape government and business' short-term agendas. Rather than a change in strategy, Danone has accelerated some of their long-term goals from 2030 to 2025, with circularity being one of them. Businesses should deal with all stakeholders, including nature, in a fair and transparent manner. The way we respond to the social crisis will need to be adapted and not focus on GDP growth.

Ellen mentioned that the goals that had been set by businesses, governments, individuals and educators across the world before COVID-19 are actually being held on to. The Foundation believes that a circular economy is the way

forward and that it is a much better solution for people. COVID-19 has amplified the existing problems and accelerated solutions; it is almost like the world has fast-forwarded three months.

To understand what circular economy looks like and how it can be applied to a business, a company should ask themselves some questions: can they provide the same product in a different form of packaging, or no packaging at all? What happens to the product once it has been consumed? How can you get that service to consumers? Ultimately, consumer goods are a service and people need access to them. It is more about what we can deliver, in terms of usefulness, and reducing the amount of material



DAME ELLEN MACARTHUR

Founder,
The Ellen MacArthur Foundation

that is brought into the system.

Emmanuel then shared a tip for fellow CEOs: changing organisations is a decision only CEOs can make. Five years ago, Danone changed to an organisation that works in cycles, including a carbon cycle, milk cycle and water cycle.

The Foundation works by analysing what the future could look like with a circular economy, and then having an open dialogue with businesses, organisations, governments, and others to understand the changes that have to happen now to envisage that future. In plastics, for example, during the World Economic Forum, they tried to look at the statistics around plastic

packaging and were unable to find one organisation in the world who had a handle on what the statistics are. Many businesses want to fix the problem but cannot tackle the issue on their own. By having an open dialogue, not just with companies but with governments, as policy is a player in this, they work out what success looks like and then are able to set targets and set global commitments.

Emmanuel said that all 15,000 people managing teams at Danone have sustainability KPIs in their bonus. Circularity on packaging is measured by the total amount that is recycled, and by measuring the targets they set, for example achieving zero polystyrene worldwide by 2025.

Ellen then commented that last year they launched Circulytics, a measurement tool for an organisation to see how circular they are and to support them in the transition towards the circular economy. The tool reveals the extent to which a company has achieved circularity across its operations.

It is vital to understand what needs to be in place for investors to find companies that have the circular goal and to see where they are. If you want to put your money somewhere in the new future we want, she said, help is needed to bring the financial capital into the spaces that can really benefit from it.

Unfortunately, there will be structurally more plastic in the world with COVID-19. The recovery period will take time and it is important not to derail from something that takes years to happen because of cracks in the system. The crisis has exposed a lot of problems with the system; we can see how quickly acceleration can happen and be taken up within the global economy. A company cannot simplify or create a new recycling system on its own; it's important for business and governments to have a dialogue.

According to the Foundation's New Plastics Economy report released in 2016, 32% of 78 million tonnes of plastic ends up in the environment and ultimately, in the oceans (this does not include microbeads, and microplastics, etc). There is a cost to shifting the system, particularly in plastic packaging. The consumer doesn't want plastic that's not recyclable and companies don't want to pollute the oceans. As incentives come to help recover the economy, this will help build an economy that is resilient and regenerative, and less 'disposable'.

On a personal note, Emmanuel said the crisis has been an incredibly fast-track learning experience. He realised he is codependent on the eight billion human beings on the planet. COVID has been a huge call for looking back and reflecting how we can use 'life' as an ally, rather than as a simple resource. Ellen agreed that COVID is something that arrived from nowhere and pushed us all apart, while bringing us all together.

KEY TAKEAWAYS

1. COVID-19 has amplified the existing problems and accelerated solutions; it is almost like the world has fast-forwarded three months.
2. Understanding and measuring the KPIs for a circular economy are key to knowing where you are and how to build the future you want.
3. Recovery incentives will help build an economy that is resilient and regenerative, and less 'disposable'.

Frontline Workers: What's the Winning Approach?



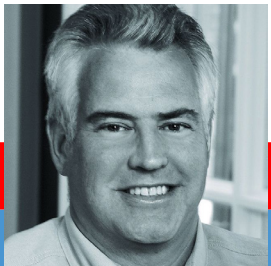
PETER MCGUINNESS

President,
Chobani



DARRELL JONES

CEO,
Save-on-Foods



TOM HEINEN

CEO,
Heinen's Fine Foods



ANU GUPTA

COO,
Jyve

Peter started by saying that “everything” was to be learned during this unprecedented crisis. What was essential, for Chobani, was that they needed to make and ship products on time, keep their workers safe and supported, and do some good in the world. Actions such as paid childcare, free food for lunch and dinner, bonuses to frontline workers, and donations to food banks helped motivate and keep their employees safe. While

this situation has caused a lot of stress and anxiety, good will come of it, and it will allow an opportunity to build better, long-term policies and procedures. Brands will be remembered by how they behaved during the crisis.

Darrell commented that both frontline and warehouse workers were equally important to navigate this crisis, and policies were implemented for everyone at

Save-on-Foods. Getting products to customers in a timely fashion required employees to have closer relationships with people working in the warehouses and with suppliers. A contingency plan for the company’s meat plant was one of their biggest concerns, and while the changes implemented did slow production down, they were able to keep team members safe.

Customer service has always been an important component of Heinen’s business, and Tom said that the measures implemented for their employees, ensuring they should feel comfortable and safe coming to work, made it easier for them to provide the best customer experience. These changes might not go away entirely, as the crisis has brought a new awareness across their associate base and an elevated element of personal

health and safety. Having their associates love working for Heinen's has always been key for their leadership, and the crisis has added an additional dimension of what to focus on, which is that people need to feel safe.

Anu noted that we are living in "paradox", as some are working comfortably from their couches, while others have their lives directly impacted. This has made it more important than ever to understand workers' motivations, which can be broken down into two broad categories: job control (having flexibility to decide when, where and how much to work) and social support (feeling appreciated and needed). To have their work recognised and appreciated has meant a lot to essential workers.

People had different reactions and needs during the pandemic, based on their medical needs and overall comfort profile as an individual, which makes predictability and flexibility more important than ever. Going forward, employees will be pickier about where they seek out their jobs, and job control will become essential.

Speakers were then asked if they believe that this new "verbal contract", with new changes implemented by employers, will

fundamentally change what is expected by employees in the future.

Peter responded that both employees and employers have increased their expectations of each other, as well as empathy and trust. During the pandemic, we've all had to trust one another to get the work done, and he wants that trust to remain after the pandemic.

Tom echoed Peter's emphasis on trust - he sees the pandemic as a "test of maintaining and securing trust with associates," since employees are essentially putting themselves at risk by coming into work. Liberal leave policies, even during normal times, are a big part of how you build trust and comfort among employees - if you give people the benefit of the doubt, you'll be surprised.

For Anu, the "contract" between employers and employees has remained essentially unchanged. Speaking of trust, she reaffirmed that how you show up now will reinforce how people perceive you going forward.

Trust has been a core value of Save-on-Foods, and Darrell doesn't think the "contract" has changed much for his company. If you have these core values, and everyone

throughout the organisation understands them, believes them, and lives them every day, they will get you through anything, even a pandemic.

At the end of the day, it's about people working together, whether it be a supplier, team member, organisation, retailer, wholesaler, manufacturer - the more we're together, the better off we are.

As a wrap-up of the session, each of the speakers summarised, in one word or phrase, their thoughts and feelings on the current situation.

Darrell: Trust your customers, take care of communities.

Peter: In perpetuity. We should have been doing these things all along.

Tom: Do the right thing. When in doubt, do the right thing.

Anu: Listen to frontline individuals. Their work is essential and hard, and whatever we can do to make it easier is very important.

KEY TAKEAWAYS

1. Brands will be remembered by how they behaved during the crisis.
2. Ensuring employees feel comfortable and safe coming to work makes it easier for them to provide the best customer experience.
3. Listen to individuals, understand their motivations, and make sure there is trust between employees and employers.

Self-Care Redefined: Values & Behaviours Shaped by COVID-19



MARCUS OSBORNE

Vice President, Health & Wellness Transformation, Walmart



THIBAUT MONGON

Executive Vice President & Worldwide Chairman, Consumer Health, Johnson & Johnson



MANOJ K. RAGHUNANDAN

President, Global Self Care and Office of Marketing Value, Johnson & Johnson Consumer Health

With COVID, Thibaut commented, what we thought would take a couple of years, is now happening very fast. Johnson & Johnson is heavily involved in developing a vaccine and aiming to manufacture a billion doses by the end of 2021. On the consumer health front, what we saw during the pandemic is that the consumer needs to be in control of their health and the products they choose. Trust matters more than ever. As the

pandemic continued to evolve, the definition of healthcare broadened.

Marcus said that, from the Walmart perspective, it became evident that the overall shopping experience needed to be enhanced to reduce risk and create a strong sense of safety. To give customers more options for their retail needs, Walmart had to significantly speed up their omnichannel efforts and manage the total supply chain

as efficiently as possible. From a healthcare perspective, they developed telehealth options to enable people to access care without having to physically come in, and helped alleviate some of the demand on the existing healthcare system via parking lot diagnostics.

Extraordinary events that require us to be flexible, like natural disasters, can happen all the time and will impact your supply chains. The extraordinary becomes ordinary. The good news is that we have gotten used to some of these disruptions, which has enabled us to act effectively.

Manoj said that self-care has emerged and expanded in a big way. We've seen movements

towards naturals, healthy diets, exercise, probiotics and mindfulness. Consumers understand that this is important to their health and they want to manage their health holistically. Social media is playing a big role - many people turn to "Doctor Google". People who would never had considered something like telemedicine are adopting it because of COVID; patients want greater control and our role about is being able to provide them with trusted quality care and advice.

Marcus said there are three trends from the retailer perspective that should remain after the crisis. First, the use of telehealth (to web conference with your medical provider) and AI-driven care (to

interact with technology that can assess and potentially even diagnose your condition). Second, greater use of non-traditional medical professionals. And third, the rounding out of the self-care opportunity - as in self-care diagnostics. If a consumer can self-diagnose and self-treat, while leveraging AI-driven tools to self-assess, this creates a very different consumer experience.

J&J has been exploring and investing in each of these areas for some time now. There is a responsibility for companies to take ownership for bringing the information consumers need and to make a clear, focused effort on eliminating pseudo-science across our industry. We also need to look at the totality of the healthcare journey and make sure we bring holistic solutions to the table. Retailers can play a bigger role in healthcare and the industry should go deeper on the healthcare needs of consumers. There is an enormous opportunity for us to recognise and address consumer angst about healthcare, and its affordability, accessibility and complexity. This is a global phenomenon, albeit with differing levels of intensity.

Minority, lower-income groups have been more impacted from the

pandemic, because of working or living conditions. COVID is simply shining light on a problem that has been an issue for a long time. The industry has a responsibility to put better healthcare in reach of underprivileged populations, and we have to do it now. Access to data, customised solutions, partnerships within the industry and with community leaders, these will play an important role. We need to ask ourselves, how inclusive are our solutions? At Walmart's healthcare events, with tests like blood pressure, glucose, cholesterol, allergies, BMI and others, more than half of the individuals screened say they've not had a health screening in five years, if ever. Disproportionally, these are lower income individuals, African Americans or Hispanics. The industry has most of the answers but needs to move faster and scale up to address healthcare inequities.

As more companies join the Collaboration for Healthier Lives (CHL) Coalition of Action at the CGF, the focus shifts from food and healthy diets to a more comprehensive, holistic approach. If we want to broaden our impact, we need even stronger collaborations, across food and non-food, across retail and manufacturing. Collaboration

demands a holistic approach. The solutions consumers are looking for are not isolated. They are looking to improve or maintain health and we need to ensure we are working together to bring them those holistic solutions, to address their needs in totality and not just a part of it. This requires a greater depth than what we've ever had to do before.

KEY TAKEAWAYS

1. Extraordinary events that require us to be flexible, like natural disasters, can happen all the time and will impact your supply chains.
2. Companies have a responsibility to bring clear, correct information for consumers and to try to eliminate pseudo-science across our industry.
3. Consumers are looking to improve or maintain their health and the industry needs to collaborate to bring them holistic solutions.

The Future of Foodservice



JAMES QUINCEY

Chairman and CEO,
The Coca-Cola Company



CHRIS KEMPCZINSKI

CEO,
McDonald's

Chris started by saying that the impact of the virus on the foodservice industry has been significant and varied depending on the sector, with dine-in being the most impacted, and geographical location. The impact on jobs also varied from one country to another, depending on the degree of shutdown or social safety net. James added that the more focused on in-house consumption a restaurant was, as opposed to at-home consumption, ie takeaway or delivery, the more impacted they were.

Chris then discussed the impact of consumer sentiment: in some places, there is widespread consumer concern about the economic impact of the virus and

of course for public safety, whereas in other places consumers are less concerned. Consumer sentiment was impacted by how much the virus felt like a threat to their health, as well as the economic condition of their state.

Both companies, Chris and James said, have strong risk management processes. Pandemics have always been around and will always come back around; as a business, you have to be prepared for the next event coming from left field. This crisis has been a great global learning experience.

Companies with strong and trusted brands are going to fare well. Customers around the world have been confident that McDonald's

keep their food safety standards everywhere. Now, the company is working to further develop that trust also with human safety standards. He also stated that now is the time for companies to step up and support their communities, especially since consumers are paying attention to what brands are doing now more than ever.

James agreed and added that another thing that will help companies recover faster is being (or becoming) more "future-forward" with technology. Having tech in-store to help with ordering, digital apps, ways for people to order that are contactless, and overall shifting toward a more digital future will make a difference going forward. A large part of that

shift will be permanent. The overall "digital component" of purchasing will be much bigger across all channels.

On the other hand, James said that in-person experiences certainly won't be going away. Humans are social creatures, and not everyone will "sit in their cave and be happy to do everything virtually." The experience won't be quite the same, as people are going to be more concerned about hygiene, but how it's going to change and where the nuances will be is a question to keep in mind.

Sustainability should become more pronounced post-COVID, as COVID revealed that large natural disasters - like climate change - can

have massive impacts across all sectors of the economy. The plant-based trend, for example, is here to stay, out of an environmental concern. For McDonald's, when they will join the plant-based market, they will do at-scale and "sell more of it than anyone else in the world", Chris said.

Apart from touchless tech, plant-based and sustainability, what are other trends that will stick? Chris imagines that scenarios where you're in the office three days a week and work from home two days will become more prominent. This will impact the foodservice sector because it may mean less business done during breakfast, with less people picking up breakfast on their way to the office. He also stated that dinner may become more centred on dining at home, with a bigger focus on delivery and takeout. James added that affordability will be important for a while; we're still in the early stages of the economic impact of the crisis, and there may be further waves of outbreaks.

When asked about leadership lessons from the crisis, James noted that authenticity, communication, transparent leadership and a growth mindset have been increasingly important, and that trusting employees is

vital. Chris echoed the importance of authenticity and community and added on empathy. With what's going on in the world right now, between COVID and social justice issues, leaders must be empathetic with what employees might be experiencing in their personal lives: someone who's sick at home, economic loss, etc.

In times like this, when people are so focused on challenges and bad news, being able to paint a picture of what a better future could look like and how our companies can be instrumental in achieving that inspires people and makes them feel like they're serving a larger purpose. Larger companies like McDonald's and The Coca-Cola Company have the ability to change the world, which can be very empowering for employees.

KEY TAKEAWAYS

1. Consumer sentiment was impacted by how much the virus felt like a threat to consumers' health, as well as the economic condition of their geographical location.
2. Despite an overall bigger digital component in retail, in-person experiences will remain important, with new factors like a higher concern for hygiene.
3. Besides touchless tech, plant-based and sustainability, working from home should also be a trend that sticks, and this will impact the foodservice sector: less out-of-home breakfasts, for example.

Post-COVID: The Implications for the Consumer Goods Industry and the CGF



EMMANEUL FABER

Chairman and CEO,
Danone



ÖZGÜR TORT

CEO,
Migros Ticaret

Özgür reflected on the industry's ability to collectively work together to meet consumers' needs, but also how important of a role local self-sufficiency plays in weathering the crisis. He also pointed out that the industry will need to be focused on consumers' behaviour, which has changed as a result of the pandemic and will continue to change as the world recovers. Online retail has experienced major growth and this new shopper paradigm will impact the retail industry for years to come.

Emmanuel echoed Özgür's words that the crisis has highlighted the industry's ability to collaborate effectively. He said it was the first time in his 25-year-long career that he saw this level of collaboration

in the industry to specifically ensure the continuance of the food supply chain. He also saw the consumer goods industry working in solidarity with civil society. He said this cooperation is essential to face the problems of our time. The crisis has had a deep impact on human behaviour and has changed and will continue to change how people act. One impact will be the acceleration of the food revolution, localisation and government intervention in the corporate sector.

The resilience of the industry in the long term will be tested. Short term optimisation to meet immediate needs was demonstrated, but the system will have to be able to sustain itself in the long run.

Our science and technology is not enough, and this virus is a warning that we cannot receive without putting nature at the core of the solutions we build for the future in what he calls a "new deal with nature."

SKU rationalisation has been a prominent trend, as brands have prioritised securing day-to-day necessity items that consumers will need, like food and hygiene materials. Variety will be less to shoppers' benefit because their shopping choices and purchasing power have been affected by unemployment, income insecurity and other economic conditions. Digital connection between retailers and manufacturers will be essential in securing an efficient

flow of data and product supply.

It should take a couple of years for the global economy to recover. Larger manufacturing brands that are stronger are probably going to get stronger and smaller to mid-size manufacturers will try to protect their cash flows. Retailers will want to make sure they can trust the smaller brands. There's been a psychological impact on consumers and retailers will have to adapt to those impacts.

Larger, established brands have been more trusted but smaller brands have been able to adapt to new circumstances more quickly. Many CGF members and other large brands have gone the extra mile to act in solidarity with civil

society and local communities to support them. However, Emmanuel sees the food revolution turning more people to find non-market-based solutions not within the consumer goods industry. Super local buying and bulk shopping are two examples of quickly growing trends. The keyword will be trust: consumers want to truly trust brands as safe and healthy, no matter how big or small they are.

There seems to be two opposing groups: the younger generation and some sustainability-based governments, and the older generations and populist governments. Emmanuel noted there seems to be a “green wave” taking over European elections; governments should incorporate sustainability into the solutions for the future. Supply and demand have been affected physically and psychologically, and our “normal” efforts will not work. That’s why the efforts of the CGF and the new Coalitions of Action will be essential in driving collaborative change faster and more dynamically.

The CGF’s Coalitions of Action now have an even stronger willingness to act - and there is also a stronger commitment to truly driving results-oriented action. This is especially important because the

themes the Coalitions’ work on are all very interrelated; for example, COVID has demonstrated the relationship between plastics, food safety and health. Another example is food waste, which looks at food loss but also at global hunger, which has been impacted by the pandemic. The Coalitions will have to adapt their strategies accordingly to work together to address these issues holistically.

For Özgür, the uniqueness of the CGF is clear because we are able to have the clear commitments of CEOs which drive our action and create results. High-level leadership has been essential to weather the crisis. Companies have learned a lot in these past months, particularly on how to collaborate and how to act quickly and with agility. This unity will have to continue in the future since it is now our industry’s duty and legacy.

Emmanuel closed the discussion by saying that we all know COVID has shown us it is time to act to change the way our world works, but the CGF can be the place where we act more quickly and more powerfully than ever before.

KEY TAKEAWAYS

1. The crisis has highlighted the industry’s ability to collaborate effectively and ensure the continuance of the food supply.
2. Trust will be key; consumers want to truly trust brands as safe and healthy, no matter how big or small they are.
3. COVID has demonstrated the relationship between plastics, food safety and health, for example, and between food waste and global hunger. The CGF’s Coalitions of Action now have an even stronger willingness to act - they will adapt their strategies to work together and address these issues in a holistic, results-oriented way.



The Consumer Goods Forum (“CGF”) 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. It brings together the CEOs and senior management of some 400 retailers, manufacturers, service providers, and other stakeholders across 70 countries, and it reflects the diversity of the industry in geography, size, product category and format. Its member companies have combined sales of EUR 3.5 trillion and directly employ nearly 10 million people, with a further 90 million related jobs estimated along the value chain. It is governed by its Board of Directors, which comprises more than 55 manufacturer and retailer CEOs. For more information, please visit: www.theconsumergoodsforum.com.

EMEA - International HQ

(+33) 1 82 00 95 95

membership@theconsumergoodsforum.com

Asia - Pacific Office

(+81) 3 6457 9870

tokyo@theconsumergoodsforum.com

Americas Office

(+1) 301 563 3383

washington@theconsumergoodsforum.com

China Office

(+86) 156 1857 0303

shanghai@theconsumergoodsforum.com

LatAm Office

(+57) 1 520 7159

bogota@theconsumergoodsforum.com