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Friday 3rd July: 2:30pm – 3:30pm CEST:

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

*Emmanuel Faber, Chairman & CEO, Danone*

*Özgür Tort, CEO, Migros Ticaret*

*Moderator: Wai-Chan Chan, The Consumer Goods Forum*

Commencing the final webinar in the Virtual Knowledge Series, Wai-Chan started the discussion by summarising the key takeaways from previous webinars. Looking to the future, Özgür and Emmanuel then offered some preliminary thoughts about the course of retail during COVID-19 and what the “new normal” might look like.

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. 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.

Wai-Chan then asked some follow up questions:

- 1. If you were to pick a few things that have emerged during the pandemic that will stick moving forwards, what would they be?***

Özgür responded that 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. He also said we have ignored wildlife and nature-based solutions. 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.”

## **2. Will SKU rationalisation stay as well?**

Özgür said it has been a prominent trend because 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.

## **3. What do you think the outlook is for companies in the consumer goods sector? Will some companies do better or worse than others?**

Özgür started and shared it will ultimately 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.

Emmanuel shared similar thoughts that larger, established brands have been more trusted but smaller brands have been able adapt to new circumstances more quickly. This has been time for the bigger brands to shine. For example 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, he 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.

## **4. There seems to be two groups against each other: the younger generation and some governments that care more about the environment and sustainability, and the older generations and populist governments who care less. Who will win against each other post-COVID?**

Emmanuel noted that the European elections last year and the recent local elections in France demonstrate the green wave taking over Europe. He doesn’t have all the answers, but in his opinion he thinks it would be wrong for governments to not 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 Actions will be essential in driving collaborative change faster and more dynamically.

**5. *Wai-Chan paraphrased and called the virus a “shock to the system.” How will this shock impact the Coalitions?***

Özgür started by saying that the CGF’s Coalitions of Action now have an even stronger willingness to act. Importantly, 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.

Emmanuel shared similar thoughts and offered that two Coalitions are working on upstream issues in supply chains. The Forest Positive Coalition (FPC) and the Human Rights Coalition – Working to End Forced Labour (HRC) are working to address issues that go beyond what is immediately visible to manufacturers and retailers. The FPC wants to ensure deforestation is not occurring on the ground at the farm-level while the HRC is shedding light on the informal economy in our supply chains. Both want to ensure we build socially and environmentally sustainable supply chains.

**6. *What are your final thoughts on the uniqueness of the CGF and what you have learned through this pandemic?***

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.