



## **Radically changing consumer & retail industry offers CEOs a choice – transform now, or be left behind**

*Customer centricity is the key driver of success according to global CEOs*

While more than 65% of CEOs agree their organisation fosters a culture of innovation and disruption, 40% are not adapting successfully, according to the Global Consumer Executive Top of Mind survey, *No Normal is the New Normal: Make disruption work for your business*, conducted by KPMG International and The Consumer Goods Forum (CGF).

The results of the sixth annual survey reveal a consumer industry at the point of radical change and that CEOs need to make changes on a similar scale to stay competitive.

“Today’s consumer and retail market is beyond disruption – we are disrupted – and CEOs need to listen to the market, look outward and focus on changing their business,” said **Willy Kruh, KPMG Global Chair, Consumer & Retail**. “It’s an increasingly difficult tightrope to walk between dealing with both internal and external continuous disruption, but both are key to creating customer centric organisations. Those companies that cannot authentically connect to customers will get left behind.”

Commenting on Asia Pacific in general, **KPMG in Singapore’s Head of Consumer & Retail, Jeya Poh Wan Suppiah** said: “Shifting demographics and expectations in the Asia Pacific are heightening the need for business owners to radically rethink their business in order to stay relevant and resonate with customers. Turning to data and analytics, and embracing and experimenting with new technology such as AI, robotics and AR, should be central to any strategy for businesses seeking opportunities in this economically and culturally diverse region.”

Survey results are being released today in conjunction with the annual CGF Global Summit taking place in Singapore from 12 – 15 June 2018.

The survey results suggest that in two short years, by 2020, the industry landscape could look very different:

- New business models: CEOs agree the historical and current business models will not survive continuous disruption.
- Fewer physical stores: North American respondents felt this change most keenly, with 37% agreeing that they will close stores in the next two years.
- Increased sales through owned channels: In order to increase speed and efficiency, CEOs agree they will need to sell more product through their own distribution channels. This sentiment was shared equally by North American, European and Latin American respondents.

“One of the business model transformations we’re seeing is putting social purpose at the forefront of strategy,” says **Peter Freedman, Managing Director, The Consumer Goods Forum**. “Consumers, especially the millennials responsible for \$US2.75trn of consumer spending, want to know what a company stands for. Financial returns are no longer enough and consumers are choosing to put their money where there are environmental, social and community benefits.”

## Looking to the leaders

How will CEOs prioritise changes to stay competitive? Leading digital organisations offer a blueprint for growth:

- Prioritise operating efficiency: 76% of digital leaders agreed this was a focus for the next two years ahead of governance and control, people and culture, revenue growth and business transformation
- Create disruption: 88% of digital leaders agree that they lead their industry in disruption rather than watch it happen
- High risk tolerance: Only 17% of digital leaders believe innovation is being held back by an aversion to risk
- Double down on customer engagement: Nearly 80% of digital leaders will prioritise the customer in order to grow revenue

The need for radical transformation is not unique to the consumer and retail industry, as evidenced by KPMG's recent [CEO Outlook](#) which found that 71 percent of CEOs are prepared to lead their organisation through a radical transformation of its operating model.

"The recent KPMG CEO Outlook survey shows that 60-70 percent of CEOs believe the next two to three years are going to be more transformational than the last 50," adds Kruh. "We are in the midst of three revolutions – geographic and geopolitical, demographic and technological – that are colliding with each other and turning the world upside down. And companies throughout the world are faced with a landscape that they're not used to."

Freedman added, "To succeed in a world of such intense disruption the survey also suggests we need to think about collaboration in new ways. That's epitomised by the growth of platform companies of course. But in many other ways what used to be a competitive battleground may now provide scope for collaboration and companies that used to be your competitors may now be your potential partners."

Please visit [kpmg.com/topofmind](http://kpmg.com/topofmind) to download the full report.

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Note to editors:

### **About the Global Consumer Executive Top of Mind survey**

Now in its sixth year, this annual survey was conducted by telephone and online between March and April of 2018. A total of 530 senior executives from companies headquartered in 28 countries participated in the survey. The respondents were senior executives at global companies from the food, drink or consumer goods, manufacturing and/or retail sectors, 87% of which had at least US\$500 million in annual revenues. The companies in the survey represent over \$US3.2trn in consumer sales.

### **About KPMG International**

KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. We operate in 154 countries and have 200,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

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## About The Consumer Goods Forum

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 50 manufacturer and retailer CEOs. For more information, please visit: [The Consumer Goods Forum](#).

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