The Future of CPG

Consumer Insights in a Dynamic Marketplace

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This is an exciting and challenging time for the CPG industry. As the marketplace evolves, trends in consumer behavior continue to disrupt an evolving industry. At the core, is an understanding of your customer. The effective use of consumer data is an essential factor in the success of the CPG industry in 2019. According to Forbes, 2.5 quintillion bytes of customer data are created each day. CPG companies have an opportunity to generate actionable consumer insights in an omnichannel environment by aggregating this data across their various technology platforms seamlessly and instantly.

Consumer packaged goods companies have traditionally viewed technology as a necessary business expense to be managed in the most efficient way possible. During recent years, CPG companies have grasped the commercial potential of the endless supply of information about customer behavior, needs and wants. The volume of data emanating from point of sale, mobile platforms and social media is exploding and unleashing technology as an enabler in ways that go beyond operational efficiency. Companies able to build a cohesive and expansive view of the data across various systems including Consumer Data Platforms, Marketing Technology Platforms and Digital Asset Management Platforms will be able to engage with their consumers smarter and quicker, across all channels. So what does that look like from consumer insight to technology solution?

How Consumers are Behaving

Online and Omnichannel Sales

According to a study conducted by the Food Marketing Institute, almost half of shoppers now report purchasing their consumer packaged goods online. This trend illustrates that consumers value choice and convenience. They enjoy the speed that the combination of online ordering and store pick up can provide. When CPG businesses offer these features and combine them with home delivery, they manage to please the largest number of customers. Giant online retailers like Amazon are now offering CPG delivery through online ordering and the number of users for this service is growing.

Values and Sustainability

Consumers are paying more attention to the goods they purchase based on personal values. A focus on sustainability, environmentally friendly products, and corporate responsibility are now

things to consider for all businesses providing consumer goods. In other words, shortages in natural resources not only disrupt global supply chains, but also the opinion that consumers have about a company.

Experiences

There has been a shift in consumer preference that centers on experiences rather than products to provide greater satisfaction. Marketers should focus on launching goods that grab consumer attention which in turn encourages them to share their experiences through social media. This helps create a much stronger interest in products and can even provide opportunities to mine data for future marketing plans.

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What do these Trends Mean for the Technology Ecosystem?

Data and Artificial Intelligence

Consumer goods businesses produce a tremendous amount of data which makes it difficult for decision makers to browse and derive meaningful insights across disparate platforms. To achieve both growth and create personalized micro-experiences for the consumer, a large number of data points must be taken into account, including consumer preferences, marketing campaigns, sales promotions, purchasing choices, and product reviews. This is where tools like CDPs come into play to help consolidate and start standardizing all that consumer data. Combine your CDP with Artificial intelligence, and that's where things get really interesting, from harnessing volumes of real time data to prioritize and alert on key performance indicators, to automatically generating indicators and reports that are consumable for business leaders.

According to an AI Gartner Trend Insight Report, customer facing processes, including support and sales and marketing, are the leaders in leveraging AI techniques. The opportunity remains to move AI further upstream. Artificial intelligence can also prescribe the right business action that needs to be taken for the insight it provides. AI is the new buzz, but businesses need to understand the real and quantifiable use cases for their organization (e.g. metadata tagging, product performance). AI also requires training and clean data sets to improve accuracy. Technology must be married with the operational structure to support it.

Direct Consumer Relationships

CPG companies are increasingly using technology to create direct relationships with consumers to increase loyalty and improve insights on individual customer needs, which in turn can lead to more accurate targeting of products and promotions. Most CPG companies now engage with consumers on social media sites. It is the ability to maintain social brand presence, monitor consumer conversations and respond in real time that requires a complex and evolving set of technology solutions that look very different from the traditional transactional CPG information technology.

Thoughts to consider while building direct relationships with the consumer include:

1. How are you engaging with consumers on social media sites?
2. What passive insights are you considering, such as monitoring blogs and social networks for references about brands?
3. Do you have direct engagement in the form of targeted marketing and new product introductions?

Consumer insights and information are the lifeblood of the CPG industry. According to the AMA, despite the advantages of integrated data and technology platforms, research shows that only 6% of marketers worldwide report having a single view of the customer across online and offline channels. Demand for technology solutions to enable data driven decision making will only increase as consumer behavior continues to evolve. This is a historic opportunity for information technology leaders to drive change in creating value for the business.

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