



Growth amplified

Consumer Products State of the Industry
Executive Survey 2023



The industry looks to the future with increasing confidence

Many CPGs experienced better than expected performance and express confidence in continued favorable performance

41%

Somewhat better last 12 months



51%

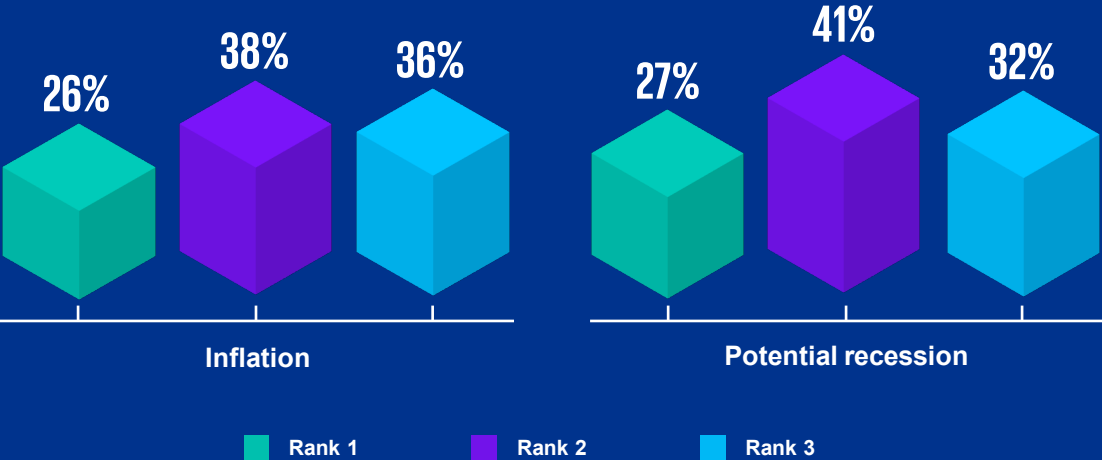
Somewhat better next 12 months

Ultra focused on top line growth, simultaneous efforts are steered towards expanding margins and managing cost

68%

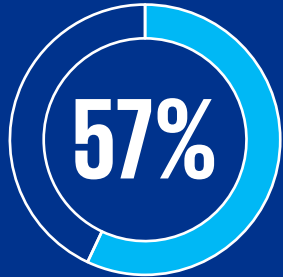
Top line growth

Albeit better than expected performance, inflation and a potential recession are the biggest concerns

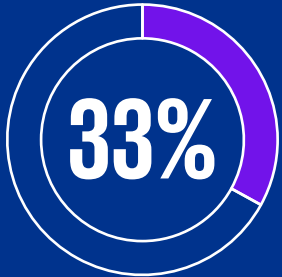


Organic growth to leverage the power of the portfolio

After a revival of the core portfolio during inflationary times, more growth is expected to come from net new products



Grow more than last year



Grow same as last year



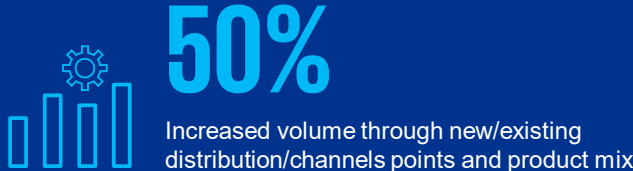
Grow less than last year

Inflation led price increases materially contributed to top line growth, CPGs have now shifted to enhanced product mix and increasing distribution points

Revenue growth source



Volume growth lever



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M&A continues with targets that extend channel presence and move into high growth pockets of demand



55%

High growth categories, platforms, other sub-sectors



39%

Insurgent brands with strong consumer engagement



31%

Channel expansion (e.g., strengthen eCommerce)

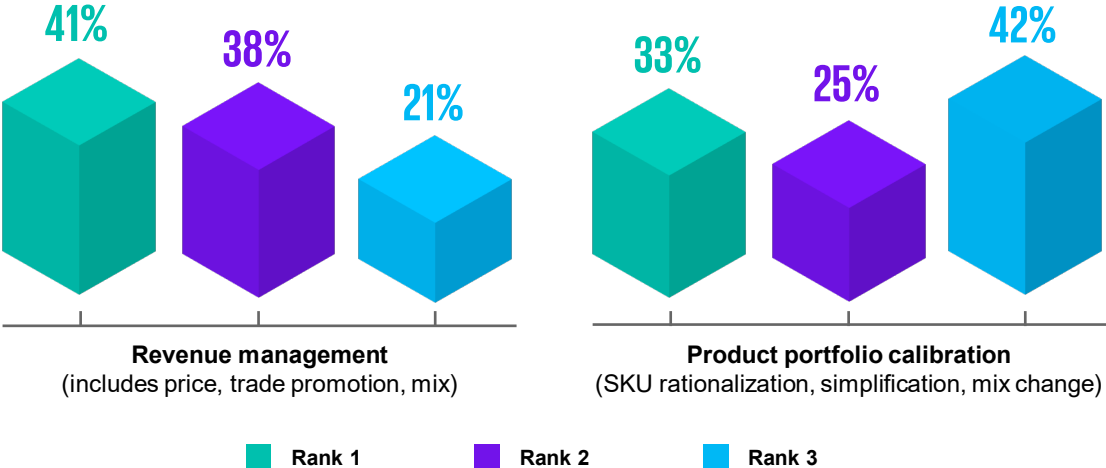


29%

Geographic/market expansion

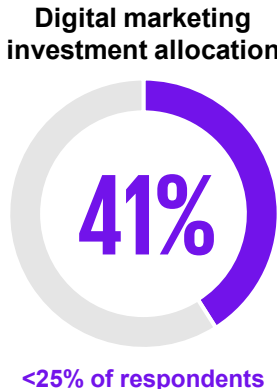
Revenue growth management

Building analytics-enabled revenue growth management has become a prevalent priority to support top line acceleration



Marketing capabilities lag digital ambitions

CPGs are very early in the maturity of their digital marketing capability maturity



The industry looks to the future with increasing confidence

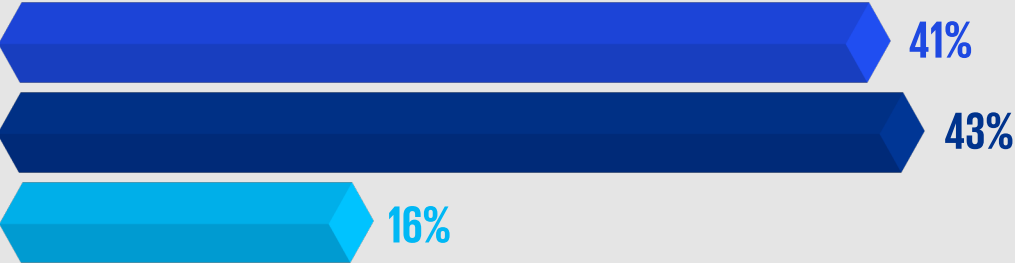
Digital answers to residual supply chain issues



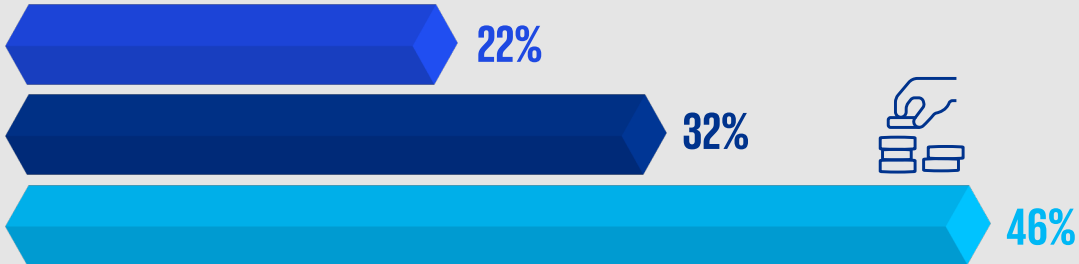
Being able to accurately forecast demand and preserve retailer service levels is a major challenge which leads many to redefine manufacturing cost levels

Supply chain challenges

Accuracy of demand forecasting



Manufacturing cost



Rank 1 Rank 2 Rank 3



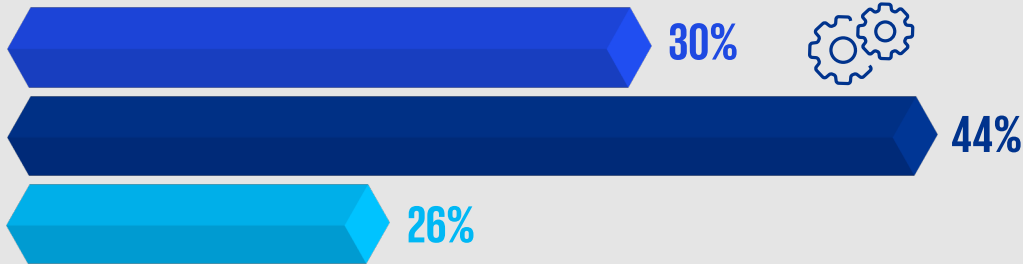
Digital supply chain investments are steered towards improved agility and optimizing inventory with expectations of a lower cost base

Digital supply chain investment priorities

Improve supply chain agility



Optimize inventory



Rank 1 Rank 2 Rank 3

Digital supply chain transformation:

43%

Yes, we have planned initiatives



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Data and analytics is a strategic priority

Current focus is demand and supply forecasting, and customer engagement. For the future, CPGs will begin to move up the maturity curve with more focus on further advancements like personalization, and channel development.

D&A value sentiment



59%

Some value
(in select functions/divisions/
business units, etc.)

D&A applications ranking today



54%

Demand and
supply
forecasting



47%

Customer
engagement

D&A applications ranking tomorrow



56%

Demand and supply
forecasting



43%

Demand insight
(i.e., patterns)

The challenge with D&A is not a lack of data, rather too much data without appropriate governance which hinders extracting meaningful insights.

D&A capability challenges



48%

Right level of data
governance



42%

Failing to gain insights or
value out of huge data

D&A risk area



49%

Data quality/
validity/veracity



36%

Talent availability

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The consumer products industry has experienced just a fraction of AI's power

75%

of consumer products companies are still **evolving their capabilities and application of artificial intelligence**, recognizing the need for more transformation across people, processes, and technology to extract AI's full value potential.



Analytics (BI, AI, Big Data) are most important technology investments to help solve for accurate and timely insight

Supply chain technology investment in analytics and intelligence





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