

Global Top of Mind Survey results released

The Consumer Goods Forum and KPMG International have released the findings of their annual Global Top of Mind Survey, which polled nearly 500 C-suite and senior executives globally representing manufacturers and retailers in the Food and Drink, Consumer Goods, Luxury Goods and Agribusiness sectors.



The survey included the views of a number of South African respondents. One of its major highlights revealed how important the digital revolution will be over the next 12 months to consumer goods and retail companies - impacting on everything from business growth and supply chain management to food safety, sustainability, and data security and privacy.

More than any previous year, the focus of global executive attention has shifted from economic uncertainty to data, technology and the supply chain. As the consumer demand for digital experiences and e-commerce grows, retailers and manufacturers are looking at how they can meet these needs and operate in this new era of disruptive technology.

- 54% of global respondents cited digital strategy for mobile/digital platforms as top of mind for their business over the next 12 months. This compares closely with 50% of South African companies who also cited digital strategy as quite important for the year ahead. 32% of global respondents, however, currently see themselves as having weak or no capabilities in these areas.
- 56% of consumer goods and retail business leaders cited data analytics as being important to their firm's strategy, making it the highest-ranked strategic area in the survey. On the other hand, only 33% of South African businesses view a data analytics capability as being important.
- 47% of the respondents cited data security as being very or critically important to their business, and 29% said it will be one of their biggest challenges over the next 12 months. Data analytics were also cited as one of the three biggest business challenges over the next 12 months (21%).

The supply chain

The supply chain was rated by consumer goods and retail executives as the number-one challenge for their companies - and is also the most likely to receive increased investment this year.

- 50% of South African businesses cite supply chain management as their most challenging area compared to 38% of global executives.
- When asked which area a company would increase its investment in over the next 12 months, 67% of South African companies aim to spend by expanding internationally.
- It is notable that 67% of local businesses aim to reduce supply chain and input costs over the next two years and aspire to improve speed and flexibility, while reducing excess capacity.

Sustainability and health driving decisions

In focusing on driving organic growth, local businesses view the biggest impact to come from winning market share from

competitors, and entering new markets. Only 17% of businesses view growth to be a result of product innovation. In addition, half of the respondents view their businesses as having a weak customer experience capability and many local businesses view cost pressures as a reason to change their operating model.

A significant number of consumer goods and retail leaders also indicated the importance of corporate social responsibility in their plans for the next 12 months through transparency and environmental considerations.

- 44% of business leaders cited traceability and transparency around end-to-end value chains as a top goal for their company just ahead of reducing waste and emissions (42%) and sustainable sourcing (41%).
- Food retailers and manufacturers listed health and wellness (47%) and securing food safety (46%) as their top goals for the next 12 months.
- 52% of respondents reported that they have a strong or good capability to meet their sustainability agenda. Reputation and brand (41%), consumer demand (34%) and competition (28%) were cited as three main drivers behind sustainability.
- 56% said health and wellness and/or CSR and sustainability priorities are very important to their business.

Peter Freedman, MD of The Consumer Goods Forum, commented: "This year's research clearly shows how important digital strategy is to the modern consumer goods industry, as new technologies and new entrants to the market disrupt traditional consumption. Getting this strategy right and acquiring new digital skills will allow businesses to reach out to consumers in new ways, drive growth and enhance other important elements of their businesses; not least when it comes to ensuring a transparent and collaborative end-to-end value chain. The Consumer Goods Forum is already helping members get to grips with these important challenges through our programme of major projects, events and best practice communities."

Daryll Jackson, consumer markets industry leader of KPMG in South Africa, commented: "In line with international respondents, the South African participants also identified digital strategy and supply chain as the two most crucial elements for immediate attention, but to differing degrees. Whereas the international view prioritised digital strategy, South African businessmen said supply chain, particularly speed and flexibility, was the most crucial issue. I think it is largely true to say that in the digital space, particularly online shopping, South Africa does lag [behind] the international community; hopefully there will be significant catch-up in the medium term, despite South Africa's logistical challenges. The results also indicate that local respondents place less importance on data analytics than do their international competitors. The power and advantage that effective analysis can provide will, no doubt, soon boost the attention given in South Africa to the science of data analytics."

Willy Kruh, global chairman, consumer markets of KPMG International, added: "The survey results reveal that improving capabilities in the area of data analytics is the number one strategic priority for executives in the consumer space in 2014. At a time when 90% of the data currently available has been generated in the last two years, the volume is overwhelming. And while data analytics may be at the top of the corporate agenda, the challenge that should really be keeping companies awake at night is data security. Although 47% of the respondents cited data security as being very or critically important, this is not enough. Companies are still a long way from where they need to be in terms of protecting their client and proprietary information from security breaches. Hackers will always be one step ahead, and companies need to ensure

they are not overconfident in their ability to protect themselves."

Methodology

The research report is available at kpmg.com/CMsurvey2014 and is the second annual report to be released by the forum and KPMG. The survey was conducted by Oxford Economics on behalf of KPMG and The Consumer Goods Forum during April 2014. 469 C-suite and senior executives were surveyed from food, drink and consumer goods manufacturers and retailers based in 32 countries.

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