

Consumer Goods Companies Boost Technology Budgets by 34% to Align Sustainability and Operations and Drive Growth, Finds New Study by IBM and The Consumer Goods Forum

Consumer products leaders are focusing on improving supply chain operations, leveraging analytics, AI and other technologies in an effort to drive greater efficiencies and help achieve sustainability goals



ARMONK, N.Y. and Paris, France April 12, 2023 – According to a new global study by IBM (NYSE:IBM) and The Consumer Goods Forum (CGF) 61% of consumer goods leaders are purposefully aligning their sustainability and operational goals, with 77% of respondents agreeing sustainability investments will accelerate business growth. Respondents indicated their companies will boost technology budgets by 34% over the next three years in order to deliver on the promise of operationalizing sustainability.

The study, entitled “*Redesigning brand values: Purpose and profit converge in core operations*,” surveyed 1,800 consumer goods executives across 23 countries. It reveals that consumer goods companies are integrating sustainability into their operations, recalibrating sustainability measurement and reporting, as well as increasing their investment in technology to help them achieve their sustainability goals.

“The world we live in is rapidly changing and FMCGs as well as consumers are taking notice,” said Ruediger Hagedorn, CGF End-to-End Value Chain Director. “So, how are companies in this sector preparing for both a more sustainable and efficient future while leveraging new technologies? This report provides valuable insights into what determines decision making at the boardroom level globally, which will shape our future.”

Some of the key findings in the study include:

- **Integrating sustainability and operations:** 61% of consumer goods leaders surveyed are purposefully aligning sustainability and operational goals to optimize investments and efforts, with 77% of leaders agreeing that sustainability investments will accelerate business growth. This strategic integration is resulting in innovative initiatives such as sustainable packaging, energy-efficient manufacturing processes, and ethical sourcing of materials.
- **Recalibration of measuring and reporting sustainability.** Nearly 75% of leaders agree on the need to recalibrate how they measure and report on sustainability targets. However, many lack the capabilities to monitor and measure progress in

real time. The study highlights the importance of establishing a solid data foundation and improving data collection capabilities to drive transparency and trust.

- **Leveraging technology for operationalizing sustainability:** Companies are turning to technology to effectively deliver on sustainability promises, with leaders seeing a role for multiple advanced technologies including automation (71%), analytics (69%), IoT (62%), AI (55%), and intelligent workflows (44%). As they revamp their supply chain operations, 67% cite the use of predictive and prescriptive analytics and AI-powered demand sensing (69%) to improve inventory management and eliminate excess stock. They are also applying AI-enabled workflows (70%) and are beginning to adopt the emerging technology of digital twins (26%) to drive efficiencies.

"In today's world, consumers actively seek out brands that reflect their values, making sustainability integration an important differentiator for consumer goods businesses and the retailers they service," said Luq Niazi, Global Managing Partner for Industries at IBM. "Meaningfully embedding sustainability into brand operations can only be achieved through a robust combination of business process, technology, ecosystem partnerships, and C-suite collaboration across manufacturing, technology, operations, supply chain, and sustainability. By embracing this holistic approach, consumer industry executives can help drive sustainable business performance to tap into a larger share of consumer spending."

The study showcases successful examples from consumer goods companies including Levi Strauss, Pandora, Reckitt, Unilever, and Walmart, which have already begun utilizing technology for sustainability and reaping its benefits. These businesses serve as inspiration for other companies looking to drive positive change in their business operations.

Study Methodology

In 2022, the IBM Institute for Business Value and The Consumer Goods Forum (CGF), in collaboration with Oxford Economics, conducted a global survey of 1,800 industry executives across 23 countries - North America, Latin America, Europe, Middle East and Africa, and Asia Pacific - to understand how consumer products leaders balance emerging and urgent sustainability objectives with ongoing operational goals. The full study is available at: <https://www.ibm.com/thought-leadership/institute-business-value/en-us/report/sustainable-operations-consumer-products>

About the IBM Institute for Business Value

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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 4.6 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 55 manufacturer and retailer CEOs. For more information, please visit: www.theconsumergoodsforum.com.

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<https://stage.mediaroom.com/ibmnewsroom/2023-04-12-Consumer-Goods-Companies-Boost-Technology-Budgets-by-34-to-Align-Sustainability-and-Operations-and-Drive-Growth,-Finds-New-Study-by-IBM-and-The-Consumer-Goods-Forum>