

**WNS**

# **TOP 5 EMERGING TRENDS IN THE CPG INDUSTRY**

**A WNS PERSPECTIVE**





**Hyper-personalized Services**



**Going Local for Global Sustainability**



**Smart, Intuitive Technology**



**Supply Chain Ownership**



**Subscription Services Gain Ground**

## TOP 5 EMERGING TRENDS IN THE CPG INDUSTRY

### A WNS Perspective

*“We are the infarmers, and your neighborhood is our farm,”* says the German indoor farming company, Infarm, which has developed a cloud-based platform to re-create optimal farming conditions from around the globe. Using controlled ecosystems, the company is bringing vertical farming technology to grocery stores and restaurants – helping customers buy and consume fresh produce. Another German company mymuesli allows customers to personalize its blend of muesli ingredients online. Up to 80 organic ingredients with no artificial additives can be tailored and ordered at the click of a button – which is then dispatched to the consumer.

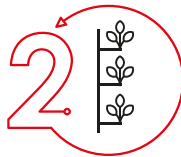
The Consumer Packaged Goods (CPG) industry is in the midst of ground-breaking changes across the value chain – from manufacturing and packaging to service delivery and customer engagement. This evolution is being driven by customer obsession, relentless technology disruptions and business model innovations. Here are five key trends that we believe are re-defining the future of this industry.



## HYPER-PERSONALIZED SERVICES

The concept of convenience will become more granular and success will be defined by the smaller details. CPG companies are all set to integrate user behavior insights with smart human-centered design and engineering to deliver next-level consumer convenience. The Home Bar by U.S.-based beverage-maker Keurig aptly underscores this trend. Customers can, at just the push of a button, serve a versatile selection of cocktails, brews and wines at home.

Such a re-imagined approach calls for sharper market-sensing and adaptive manufacturing that may not be mass-market oriented. It will also set the stage for collaborative innovation and investments in entrepreneurial projects.



## GOING LOCAL FOR GLOBAL SUSTAINABILITY

In the quest for more sustainable experiences, food production will come closer to homes. Hyper-local horticulture for households will become viable, powered by technology and digitization. FarmBot is one such open-source farming project that is enabled by industrial robot technology. The farming model, a unique combination of a digital platform and automated hardware, allows people to plan and grow their food in their own spaces.

This is also giving rise to hyper-local networks as business opportunities. For example, Alibaba's Ele.me leverages local logistics services in China's mobile-first economy to achieve speedy delivery across the country. This enables local shops and restaurants to gain access to a larger base of digital customers.



## SMART, INTUITIVE TECHNOLOGY

Technology is enabling CPG organizations to bridge physical and digital experiences to achieve greater relevance and closer engagement with consumers. A U.S. cosmetic company is interacting with its customers through an Augmented Reality (AR) tool – letting them try out different hair colors to instantly find their preferred shades.<sup>1</sup> Another company, through its recent acquisition, has deployed AR and Artificial Intelligence (AI) to train algorithms for different skin types and lighting conditions, and deliver personalized services for its customers.<sup>2</sup>

Companies are merging overall customer experience with smarter and more perceptible technologies to ensure consumers offer 'zero resistance' in all the stages between discovery and fulfillment. Internet of Things (IoT) is increasingly becoming mainstream with the rise of 5G, thereby exponentially boosting connectivity and helping customers make informed decisions on their purchases.

<sup>1</sup><https://www.coty.com/in-the-news/press-release/coty-introduces-blended-reality-beauty-magic-mirror>

<sup>2</sup><https://www.lorealusa.com/media/press-releases/2019/june/modiface>



## SUPPLY CHAIN OWNERSHIP

CPG players are increasingly looking to own the entire supply chain to grow their brand, enabling more precise and end-to-end supply chain analytics to take center-stage. This will also improve the depth of data science in pricing and promotion analytics. Supply chains will transform to be a key competitive differentiator and growth enabler, as CPG companies make them a vital part of their experience strategy.

Take the example of a leading beverage company that digitized its supply chain to offer touch-screen soda fountains to customers.<sup>3</sup> More than 100 beverage options are made available from a single point of sale, while even the replenishment and management of these machines are completely automated. The company has also created an application for consumers to create their own mixes and earn rewards.

<sup>3</sup><https://www.coca-colafreestyle.com/>

<sup>4</sup><https://multichannelmerchant.com/ecommerce/subsription-services-will-make-up-75-of-dtc-brands-by-2023/>



## SUBSCRIPTION SERVICES GAIN GROUND

For CPG companies, Direct-to-Consumer (D2C) capabilities will be an opportunity to achieve higher and targeted engagement, increase margins and improve brand equity. It is estimated that 75 percent of organizations having D2C capabilities will provide subscription services, with global subscription commerce comprising of 18 percent of the market by 2023.<sup>4</sup> Subscription services are helping end-customers engage in meaningful relationships with brands with tremendous flexibility – from increasing or reducing or pausing a subscription to changing products and discounts midway. Companies are not only launching new subscription businesses, but are gunning for strategic acquisitions to differentiate themselves.

The CPG industry is fast approaching a tipping point, and tapping into the consumer's psyche is the only way to drive profitability and growth. Companies need to move beyond cashing in on one booming trend, and embrace a continuous learning journey by listening to their customers and adapting their business accordingly.





€ 1,89

€ 1,29



€ 1,89

€ 1,00



€ 2,29

€ 2,29



€ 2,29

€ 1,29



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## About WNS

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