

CPG's must-haves

2024 +

An executive summary of the three topics that must be present in any CPG business plan.

AI

Artificial
Intelligence

Context

You can watch **consumers' needs and behaviors** change as fast as you are reading this, and if you are in the CPG industry, you need to do better than just keep up, you need to **anticipate**.

The recent appearance and exponential growth of tools such as ChatGPT and MidJourney had exposed the already ongoing massive **disruptive potential** of AI.

If correctly applied, **AI can help increase sales and optimize costs** by analyzing massive amounts of data, revealing consumer behavior patterns, predicting demand, making data-driven decisions, optimizing supply chain operations, inventory and marketing ROI.

Embracing AI with smart operating models, a strong talent base, robust digital platforms and efficient data governance has become a **must-have for CPG** companies wanting to remain competitive in the digital era.



Key AI Challenges

1

Data Integration

Lack of first party normalized data. Existing data often comes from multiple different sources (such as sales, marketing, and supply chain) and in different (not normalized) formats.

2

Capabilities Gap

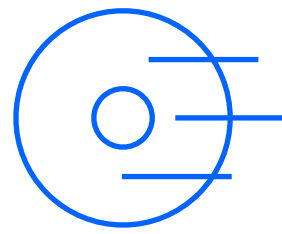
Between the existing talent, operations, processes, roles, governance, tools and platforms, and the ones needed for AI to thrive overcoming resistance to change and limited employee buy-in.

3

Legacy Systems

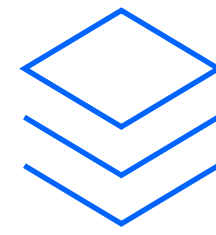
CPG organizations have historically invested heavily in regionalized market and business insights but less aggressively in unified big-data infrastructure and management models.

The journey to adopt AI successfully



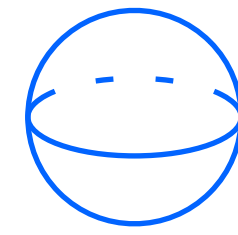
Define a clear strategic vision and plan for your AI

Identify the issue(s) that can be address with AI. Develop business cases for each and prioritize the initiatives in a roadmap to ensure proper focus & resources allocation.



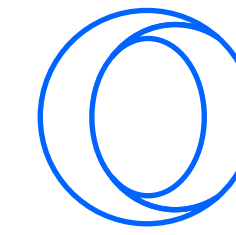
Set-up an effective data platform and governance model

Aim to centralized and standardized data models and platforms to ensure seamless integration, quality, and accessibility of data across business areas.



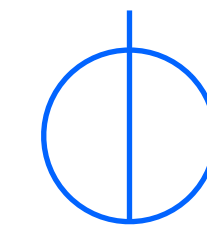
Build the right AI talent base and culture

Attract, recruit and retain new talent while up-skilling existing on AI expertise, and foster a culture of data-driven decision-making and agile implementation.



Update the operating model through change management

Communicate the updates in the current model, execute trainings with the key stakeholders involved and follow-up regularly to guarantee proper adoption.



Pilot potential applications with partners

Start with small-scale pilots to identify the use cases that deliver the most value. Forge strategic partnerships with specialized providers to accelerate the process.

Applications & Inspiring Examples

Marketing ROI

Increase the target segmentation, produce tailor-made content and monitor in real time, improving the effectiveness and efficiency of marketing ROI.



Nestlé → AI to provide creative guidelines and guardrails to guide 15K marketers, improving brand consistency and compliance and campaign efficacy.

Product development

Reduce the time and costs of new product development by exploring formulas generated by the combination of multiple inputs.



Sapporo → AI that predicts the target composition and produces a recipe including combination of raw materials, mixing ratios, and flavor.

Pricing and promotion

Adapt the price automatically and in real time based on any desired given input such as stock, expiry date or consumer profile.



Hoogvliet → AI to reduce food waste. Once a product nears its best-by date, discounts are applied automatic and incrementally.

AI

AI can help increase sales and optimize costs by analyzing massive amounts of data, revealing consumer behavior patterns, predicting demand, making (faster) data-driven decisions, optimizing supply chain operations, inventory and marketing ROI.

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Key AI challenges

1 Data Integration

Lack of first party normalized data coming from multiple, diverse and siloed sources.

2 Capabilities Gap

Between the existing talent, operations, roles, tools and platforms, and the ones needed for AI to thrive.

3 Legacy Systems

Regionalized and siloed big-data infrastructure and management models.

The journey to adopt AI successfully



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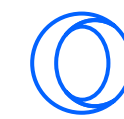
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Update the operating model through change management

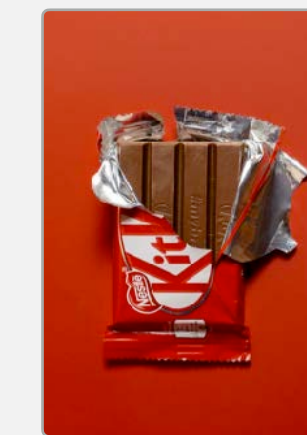
Communicate the updates, execute trainings and and follow-up regularly to guarantee proper adoption.



Pilot potential applications with partners

Start with small-scale pilots to prove value and partner with specialized providers to accelerate the process.

Applications & inspiring examples



Marketing ROI

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ESG

Environmental
Social
Governance

Context

The future of CPG will be marked by reusability, circular waste, social responsibility, renewable resources and carbon neutrality.

Large CPG companies are looking into **transitioning out of unsustainable legacy practices**, that to a large extent, are the ones the current business depends on. It is a highly complex challenge affected by **several external factors**, like regulation pressure and consumers demands, **impacting multiple areas of the business** such as supply chain, finance and marketing.

CPG companies must embrace sustainable transformation as a **core strategic pillar**. Those who already have, now need to find ways to overcome the associated **implementation challenges**.

A **tailor-made ESG-driven approach to innovation** is needed to foster internal alignment; identify, explore, and quickly validate areas of opportunity for achieving environmental and social positive impact without scarifying financial growth.



Key ESG Challenges

1

Bottom-up & top-down alignment

Low internal alignment on awareness, comprehension, definition of success, ambition, vision, goals and metrics and overall holistic role of sustainability within the company.

2

Regulation across markets

Lack of consistent, fully established and standardized regulations creating a common and fair ground for companies to pursue sustainable solutions without losing competitiveness in the process.

3

Unsustainable legacy practices

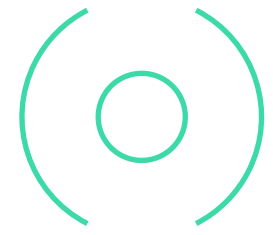
Economic dependency on well-established and currently profitable legacy unsustainable practices involving packaging waste, CO2 emissions and natural resources depletion.

4

Data systems & reporting

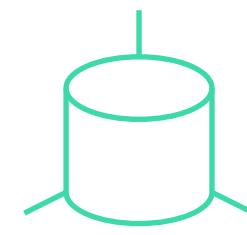
Existing data often comes from multiple different sources (sales, marketing, and supply chain) and in different (not normalized) formats, hindering proper internal and external reporting.

The journey to adopt ESG successfully



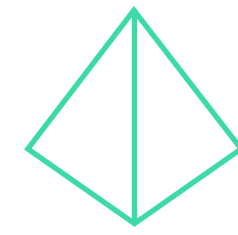
Define a clear strategic vision and plan for your ESG

Assess the starting point, identifying the key **ESG challenges**. Develop and prioritize the initiatives to tackle them in a roadmap to ensure proper **focus & resources allocation**.



Build a foundation of support based on collaboration

Generate the **spaces and routines** to actively engage with all the key internal and external stakeholders, developing ownership and paving the way for future **success of ESG initiatives**.



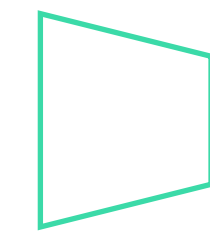
Build lean prototypes and run quick experiments

Focus on reusable models, circular waste, localized socially responsible initiatives, renewable resources and CO2 neutrality. **Fail fast and cheap**. Keep it small to **accelerate processes**.



Pilot initiatives in real-life environments

Build an **MVP** to conduct feasibility, usability, and desirability testing in selected markets, validating assumptions and gathering valuable data towards achieving **support for rollout**.



Scale using big data for measurement and reporting

Establish robust policies for **normalization, integration, modeling, and automation** of data to enable accurate scoring, monitoring, and prediction, leading to **successful reporting**.

Applications & Inspiring Examples

360° integration

ESG strategy can be rolled-out simultaneously across diverse areas of the business to leverage on the synergies and communicate consistency.



Converse x propelland → Implemented repair and buy-back schemes across selected retail stores, experimented with organic materials, and increased focus on purpose-driven marketing.

Package-less model

Approaching innovation through an ESG lens, can help crafting the service blueprint and experience touchpoint of new models.



Coca-Cola x propelland → Piloted a compact dispensed beverage service for retailers, exploring key triggers to boost activation and recurrence.

Enhanced convenience

By developing a consumer obsessed approach in the ESG strategy, companies can unveil sustainable solutions that don't sacrifice convenience.



Ecovidrio x propelland → Exploring how to increase glass recycling rates by rolling out user-friendly, "drive-thru" style recycling containers.

ESG

A tailor-made ESG strategy fully integrated in the core strategy is needed to foster internal alignment, identify, explore, and validate areas of opportunity for achieving environmental and social positive impact without sacrificing financial growth.

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Key ESG Challenges

1 Bottom-up & top-down alignment

Low alignment on comprehension, definition of success, ambition, vision, goals and metrics.

2 Regulation across markets

Lack of consistent, fully-established and standardized regulations creating a fair ground for competition.

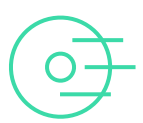
3 Unsustainable legacy practices

Dependency on well-established and currently profitable legacy unsustainable practices.

4 Data systems & reporting

Data from different sources and formats, hindering proper internal and external reporting.

The journey to adopt ESG successfully



Define a clear strategic vision and plan for your ESG initiatives

Assess the starting point, identifying the key ESG challenges. Develop and prioritize the initiatives to tackle them.



Build a foundation of support based on collaboration

Generate the **spaces and routines** to actively engage with all the key internal and external stakeholders involved.



Build lean prototypes and run quick experiments

Fail fast and cheap. Keeping it small to **accelerate the processes.**



Pilot initiatives in real-life environments

Build an **MVP** and test in selected markets to gather data in achieve **support for rollout.**



Scale using big data for measurement and reporting

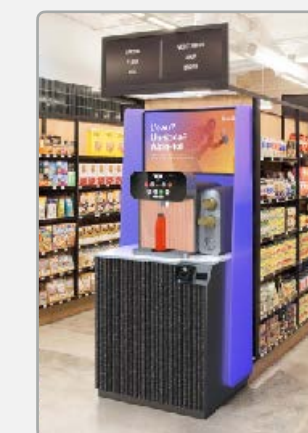
Establish policies for data **normalization and integration** to drive consistent monitoring and solid reporting

Applications & inspiring examples



360° integration

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Package-less model

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Enhance convenience

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RGGM

Revenue
Growth
Management

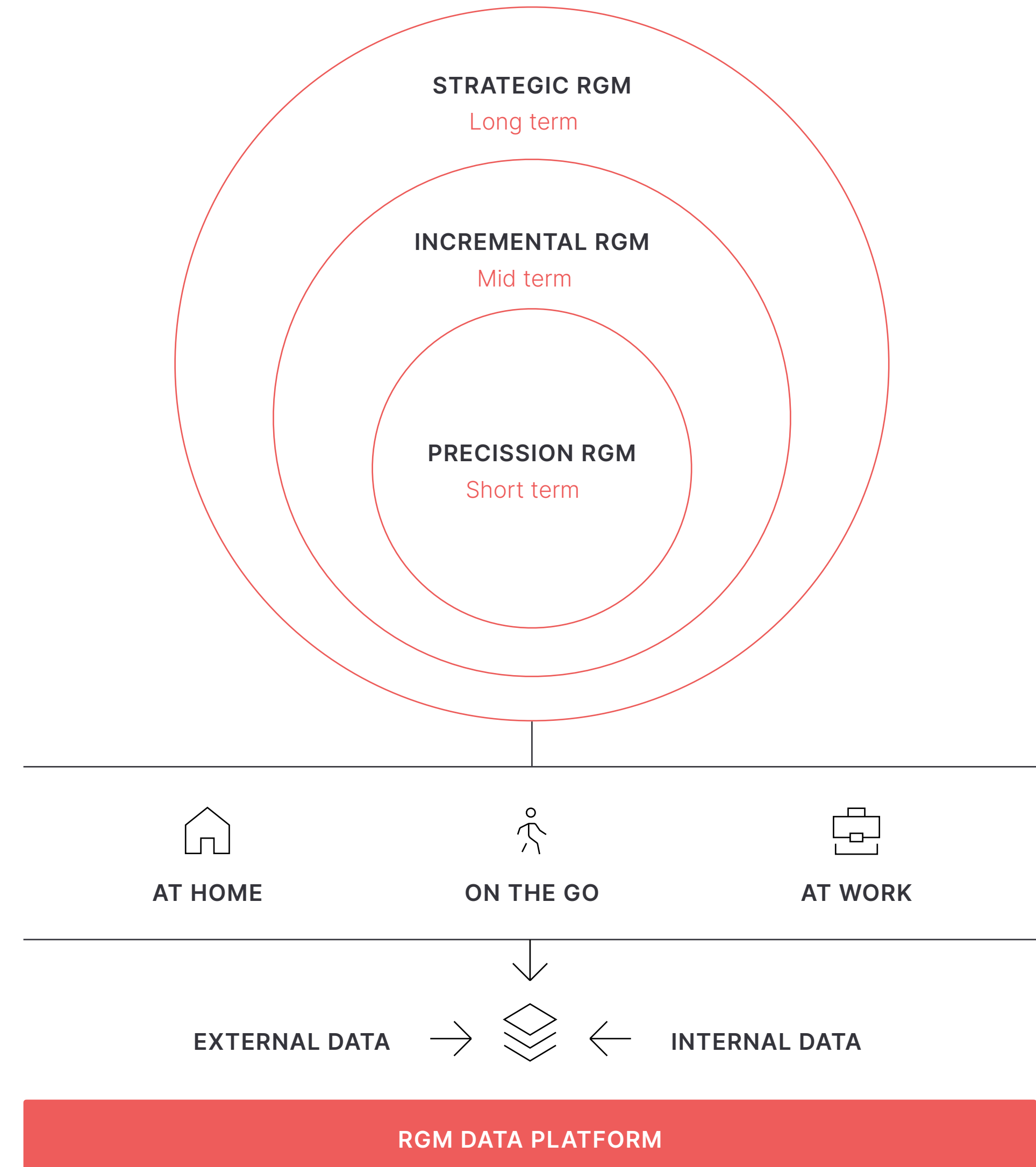
Context & Framework

There has been an exponential rise of new CPG brands launching a vast array of new products and value propositions, creating a **highly competitive and saturated environment** in almost every category.

In addition, the impact of COVID and other macro forces have created a context of **high inflation and uncertainty**.

Running a **RGM commercial capability assessment** is crucial for any CPG company to **evaluate and enhance its business performance**, reaching and maintaining a leading position.

This assessment must involve the evaluation of various aspects of the company's commercial activities (including pricing, promotion, product and trade) across key consumption occasions. While the data must be processed through a specific RGM Data Platform in order to constantly make the **informed decisions to bridge performance gaps** in the short-term, **anticipate opportunities** in the mid-term, and **adjust strategy** for the long-term.



Key RGM Challenges

1

Data Integration and automation

Lack of first party normalized data. Existing data often comes from multiple different sources, in different (not normalized) formats and has to be consolidated manually.

2

Cross-Functional Collaboration

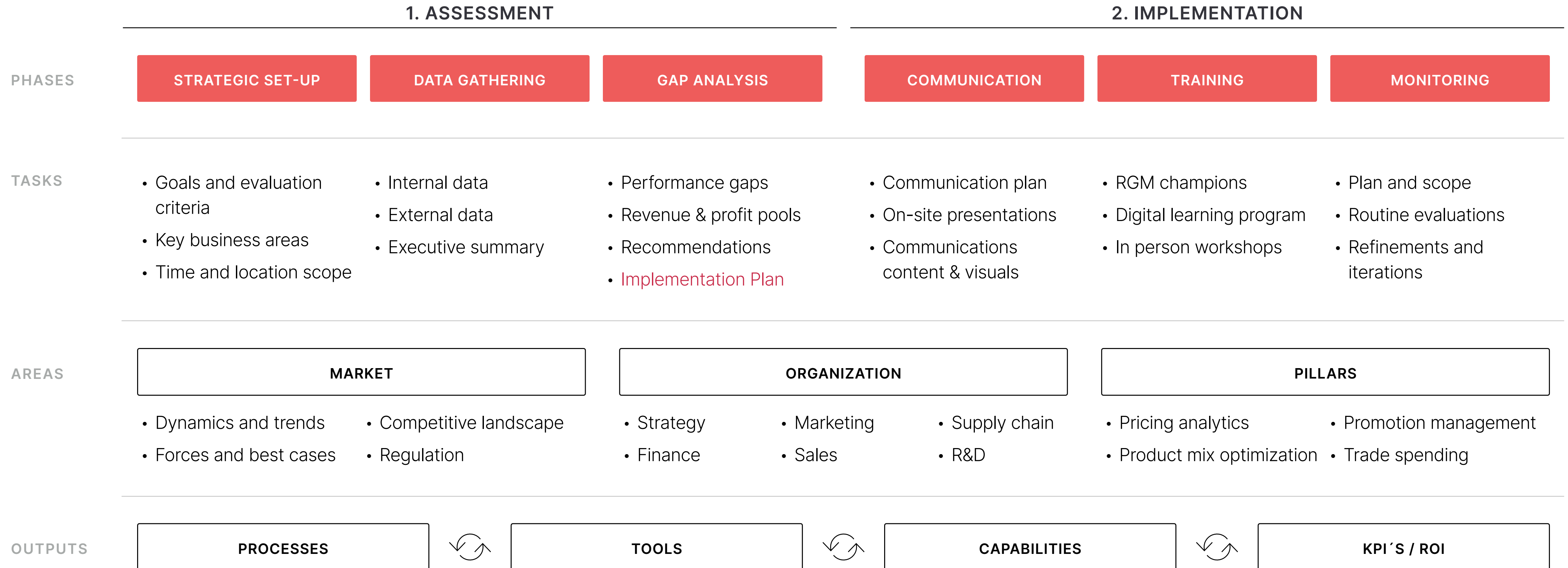
Coordinating efforts across the different business areas involved in RGM (different goals, priorities and KPIs) often without an enabling culture, governance and operating model.

3

Constant (fast) adaptation

Facing constantly changing conditions such as consumer preferences, regulation, retailer relationships, competitors activity, etc., often also dealing with heavy/slow legacy systems.

The journey to adopt RGM successfully



Applications & Inspiring Examples

Digital capabilities assessment

An RGM capabilities assessment can be ran with focus on a specific topic (such as digitalization), to unveil the key gaps hindering competitiveness.



Vitro x propelland → Executed a comprehensive assessment of the digital capabilities on its commercial workforce, identifying the key gaps to bridge in the short, mid and long term.

Packaging & pricing architecture

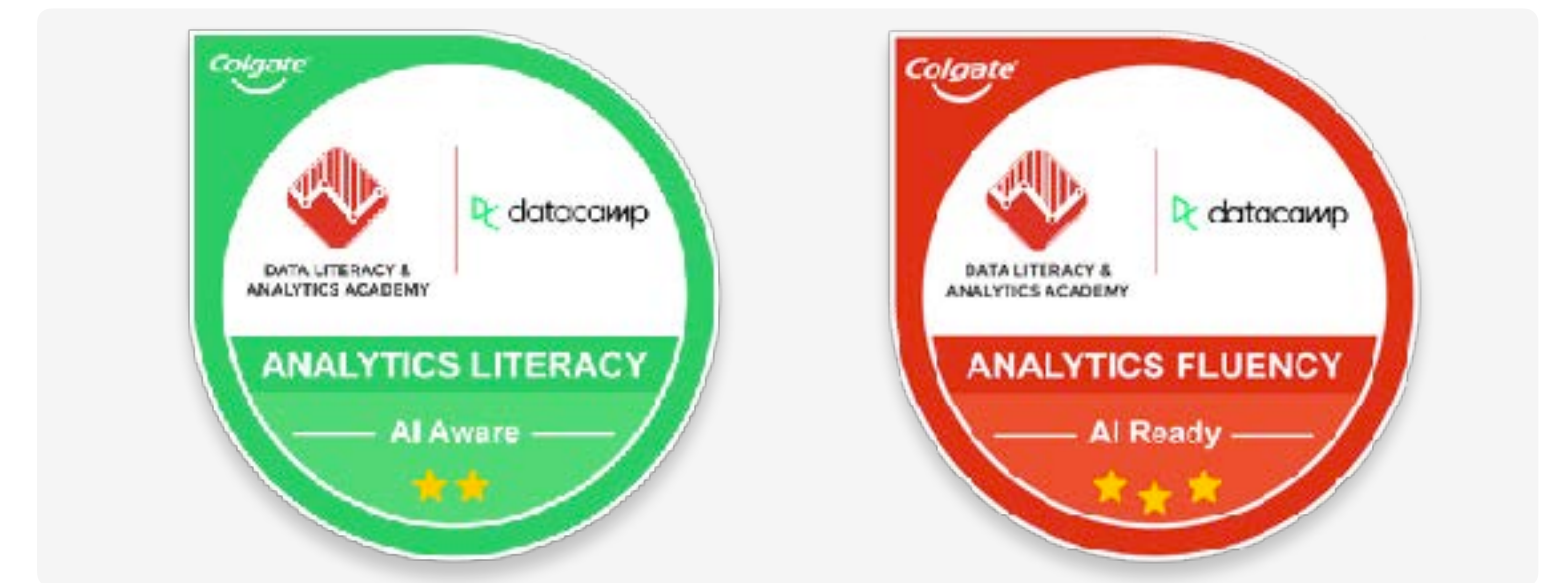
An RGM framework can be use to explore multiple alternatives within the packaging mix, anticipating to different scenarios in regulation and demand.



Coca-Cola x propelland → Explored alternative pack-price scenarios across consumer targets, consumption occasions, and business models to comply with upcoming regulation and corporate goals while driving top-line growth.

Cultural transformation

Following an RGM assessment, companies can develop an execute tailor made programs to accelerate adoption and foster cultural change.



Colgate- Palmolive → Launched the Data Literacy & Analytics Academy and the Data Science for Everyone course to accelerate the development of a data-driven culture.

RGM

An RGM **capabilities assessment** enables a detailed analysis of the current status enabling **informed decisions to bridge performance gaps** in the short, **anticipate opportunities** in the mid and **adjust strategy** for the long term.

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Key RGM Challenges

1 Data integration and automation

Lack of first party normalized data coming from multiple, diverse and siloed sources, processed manually.

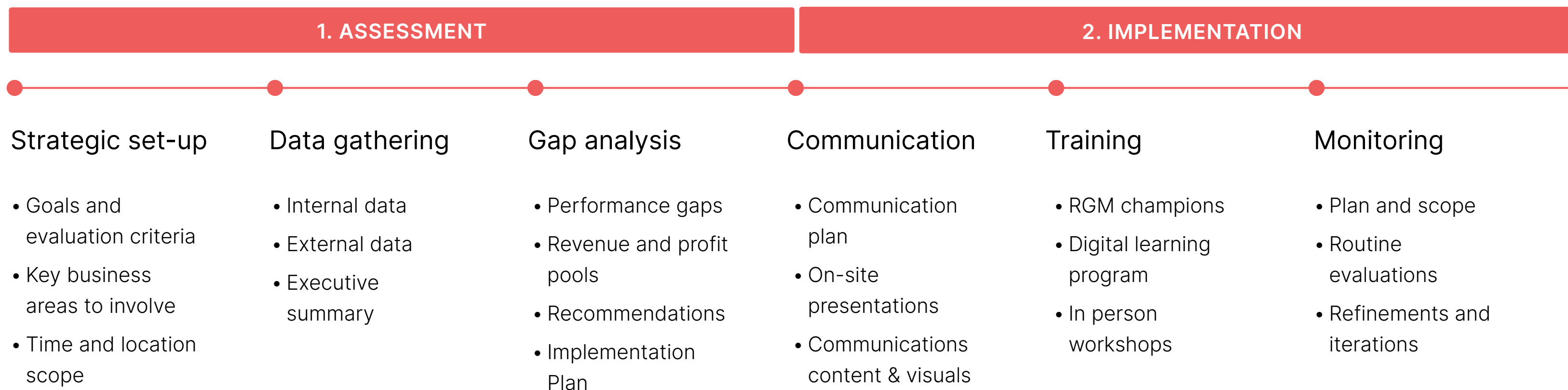
2 Cross-functional collaborations

Aligning different business areas often without an enabling culture, governance and operating model.

3 Constant (fast) adaptation

Adapting to fast changing consumer preferences, regulation, retailer relationships and competitors' activity.

The journey to adopt RGM successfully



Applications & inspiring examples



Capabilities assessment

Vitro x propelland → Executed a comprehensive assessment of the digital capabilities on its commercial workforce, identifying the key gaps to bridge the short, mid and long term.



Pack & price architecture

Coca-Cola x propelland → Explored different pack-price scenarios across consumer targets and consumption occasions to comply with upcoming regulation and corporate goals while driving top-line growth.



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Propelland is a global strategy, design and engineering firm helping companies → transform & grow

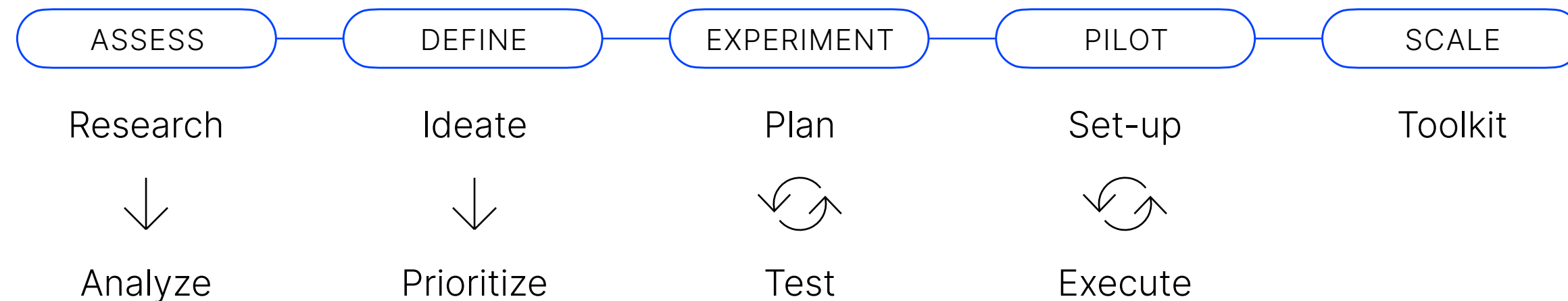
Serving our clients globally, regionally and locally

→ NA → EMEA → LATAM → APAC

WHAT

Strategy + Design + Engineering

HOW

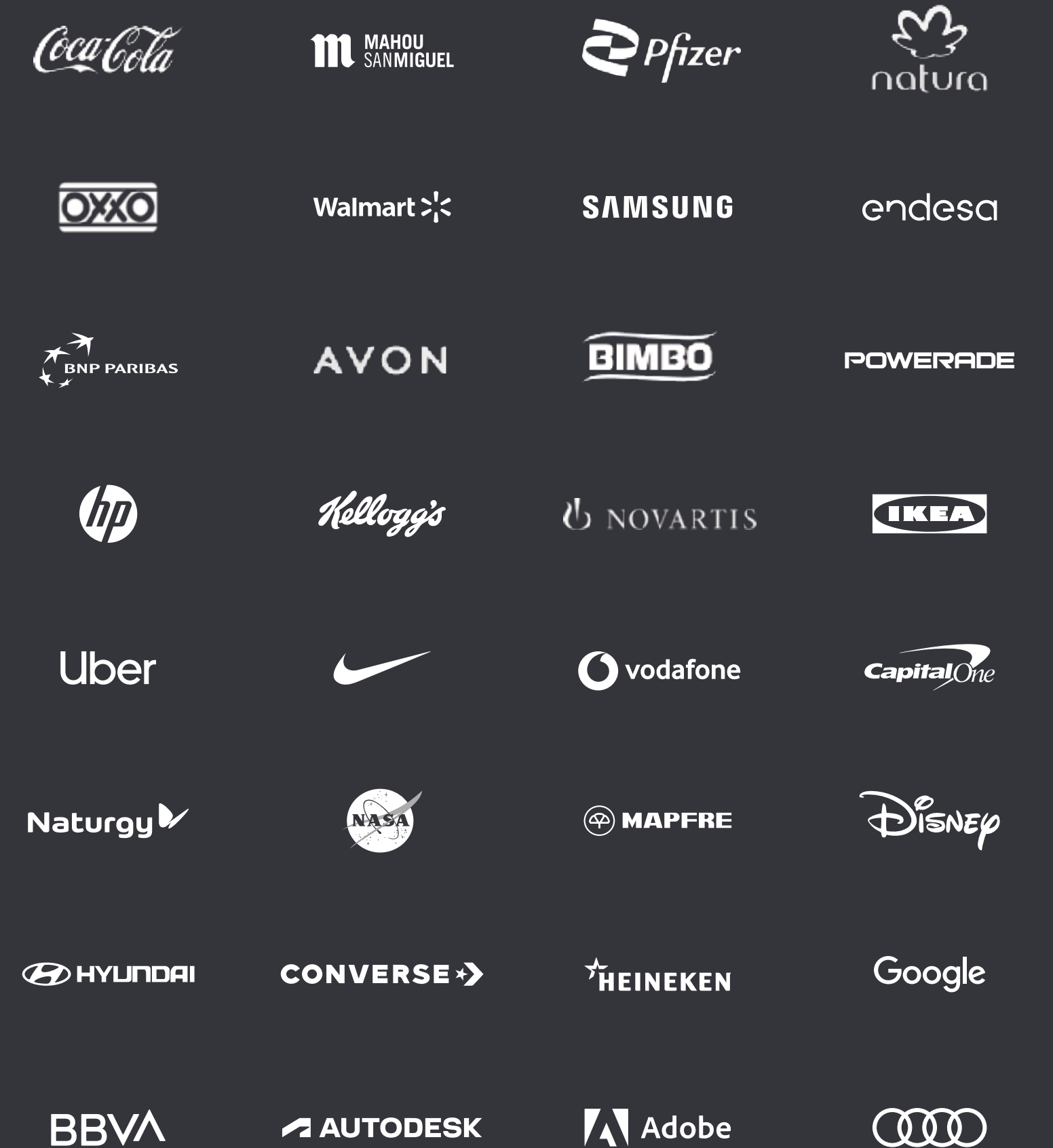


WHY

✓ Senior team with a deep understanding of CPG

✓ Flexible, lean and agile extension of your team

✓ Fresh perspective with a bringing to life DNA



propelland

Thinking, making, hacking

San Francisco

Mexico City

Bogotá

Madrid

Shanghai

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