

ABSTRACT: STRATEGIC OPPORTUNITIES AND CHALLENGES FOR CONSUMER COMPANIES



A Delphi Study on Projections 2023
with Consumer Goods Experts from the DACH region

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Executive summary

In our latest Delphi study, we ask experts to assess future projections on strategic opportunities and challenges for consumer companies in the DACH region. The aim is to provide rich food for thought regarding the long-term impact of COVID-19 on the industry: Will consumer companies have to adapt their current framework of ambitions and objectives? Which value propositions and strategic options seem most promising in terms of value creation and value capture in the New Normal? Which capabilities, resources and systems will therefore be required? You can download the full study report from this [link](#). At this point we would like to provide you a snapshot of some selected particularly valuable insights:

Strategy considerations start with a deep understanding of the customer. The experts state that consumers are looking for something special, something authentic that not everyone has. Convenience remains popular. Successful brands build on purposeful value propositions, such as "health", "care-for-yourself" or "ecological". But COVID-19 will reduce the purchasing power of part of the population in the long term. "Disposable income will become smaller, the demand for low prices will increase." In our view, this is a very central insight, which influences successful strategies also for premium consumer goods. The experts point to various options on how to deal with the price pressure.

The topic of sustainability / CSR / ESG will continue to gain in importance. In the future, charging a premium price for sustainable products will probably no longer be possible - sustainability could become a hygiene factor for consumer goods. In contrast, non-sustainability poses serious long-term risks to success.

Responding to the unique challenges of the pandemic the consumer sector has accelerated digital transformation. We find the differentiation of the experts' answers very precious: For companies in the DACH region, it is important to build up innovative business models, new offers and omni-channel coverage with the help of digital technologies. In contrast, internal digitalisation, which allows processes and IT capabilities to be handled more efficiently, is to be undertaken in phases and with care - a yin and yang of transformation must be found. The huge leverage of digitalisation therefore lies more in the area of value creation.

The polled experts confirm with a 66% probability that in 2023 80% of the discovery and evaluation of consumer goods would take place online. As a consequence, a customer must be approached and engaged during this early stage of the purchase process; both webroomers and showroomers are to be converted into customers. Of course, there is still a need for touch-and-feel, impulse buying or shopping as a social experience with family and friends, but this strong result indicates that offers must be found and attractively promoted via digital channels.

Nowadays, consumers expect a customer experience that is integrated, consistent and seamless in every single contact with the brand and in the entire buying process. From online to offline, and from offline to online - O2O. In contrast to many other studies, here some experts emphasise that a prominent presence in an online marketplace is preferable to direct-to-consumer models. Reach, awareness, customer experience, fulfilment or logistics pose major challenges that not every consumer goods manufacturer can manage professionally in its own online shop. The costs to achieve a comparable quality level like the online market places would be enormous.

Depending on the product category, a professional and efficient customer service is one of the most important factors of a seamless customer experience: for sophisticated products, competent

personal advice is expected. For simpler products, chatbots and artificial intelligence will increasingly be applied - technologies that need to be built up now.

One essential pillar of successful management in the future is a collaborative mindset of partnership: Whereas in the past companies primarily tried to seize a greater market share by fighting against existing competitors, today organisations change the kind and depth of their values offered by partnering with others in the long term in order to be closer to the customer, work more efficiently and drive developments forward. Models of collaboration and resource sharing not only improve long-term customer loyalty and resilience, but also mitigate risks.

Out of these future drivers, you can choose the two factors that are most important to your business and draw a scenario matrix (find an example below). Elaborate the most likely scenario in detail with your teams. This includes assessing the implications of the changes for value creation, value capture and value delivery in the future. Incorporate the factors into strategy and annual planning and create a list of the most effective actions that ensure the sustainable development of your business under the current strategic opportunities and challenges.

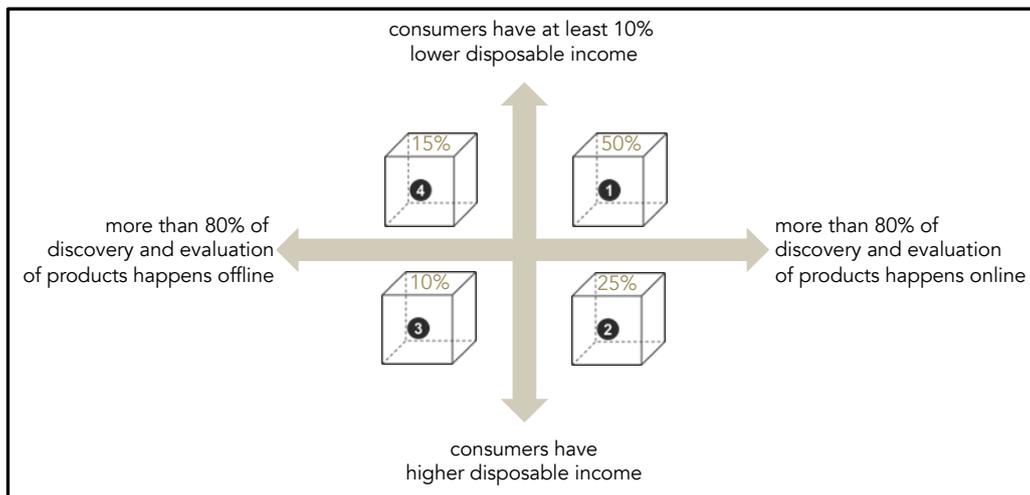


Figure 1: Szenario matrix for consumer goods company x

Methodology

Every generation of leaders is facing its unique sort of change in its business context. It is their key challenge to adapt to the resulting volatility, uncertainty, complexity and ambiguity, short VUCA. In the past, it may have been sufficient to develop the strategy based on an environmental analysis of the last few months or years. But in so doing, the strategic options would be limited by lagging indicators about the environment; industry structure and customer behaviour would be taken as given and all competitors would try to capture a greater share of the same existing demand. The world would be supposed to stand still while a plan is being developed and to stay on the predicted course during implementation! As on the one hand magnitude and speed of change is so severe now, and on the other hand technologies and industries converge, companies must approach the future with agility and an open mindset, to adapt to new strategic options and improve their resilience. That's why we – along with Google, Alibaba or IBM - like to work with a concept called "Decision Intelligence" and a thinking in scenarios to turn intelligence (insights, data, information) into better decisions and actions.

Authors of the Study

The study was written, conducted and evaluated by Regula K. Broger with the support of Dr. Roger Moser.

Regula K. BROGER, Managing Partner of Broger Management Services Ltd. and Associate Partner at Skyadvisory Ltd., has been working as a strategy consultant for 10 years. Prior to that, she gained broad line experience as general manager, marketing or sales executive in various industries such as consumer goods (Nestlé, Unilever, Mondelez, Bosch), luxury goods, media (Clear Channel) and education in different markets throughout Europe and Asia. Her advisory focus includes strategy, marketing / sales, market expansion, digital transformation, post-merger integration and innovation management. Additionally, Regula is an entrepreneur (Chairperson and CEO Hair & Care Ltd.), Vice-President of the Foundation Board of Think Tank Thurgau and an expert of the Asia Connect Centre HSG (ACC-HSG).



Dr. Roger MOSER is a lecturer in various roles at Macquarie Business School, Australia, University of St. Gallen, Switzerland and the Indian Institute of Management Udaipur, India. He also acts as Chairman of SatSure, a satellite data analytics and intelligence provider for banks, insurers and governments. Roger is a thought leader in the emerging field of decision intelligence – a combination of managerial, behaviour and data sciences to improve the decision-making practices of senior leaders. Based on his expertise, he coaches multinational corporations and SMEs on how to improve their intelligence gathering and processing practices in dynamic business environments.

