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The Future of Standards in the Consumer Goods & Retail Industry

Cut costs and meet new consumer needs: A view from the industry

THE FUTURE OF STANDARDS is simultaneously "back to basics" while selectively advancing into new territory.

- **100% of executives who participated in the study indicated that changes in consumer behavior will have the greatest impact on the industry's supply chain in the coming decade**
- **70% called for wider standards adoption across the value chain**
- **50% are calling on GS1 to take a global governance role to define implementation and adoption priorities**

> " *The challenge is adoption [...]. There's no consistency across the board. We cannot standardize our operations until we get to a high volume critical mass* "
>
> - Chief Information Officer of a Retailer

A View from the Industry

This study was based on in-depth interviews with executives at more than 20 companies around the globe: Aeon, Alliance, Boots, Campbell's, Colgate-Palmolive, Groupe Soparind Bongrain, DHL, Delhaize, Jerónimo Martins, Johnson & Johnson, Kimberly-Clark, Kroger, Li & Fung, Nestlé, Procter & Gamble, Retail Systems Research, Safeway, SC Johnson, SUPERVALU, Tesco, Unilever, Walmart.

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Today's marketplace continues to be highly competitive. Consumers in mature markets are struggling in the tough economic climate, while developing markets have enormous growth potential. Excess inventory throughout the supply chain remains a problem. Pressures to reduce costs remain high. Could there be untapped potential in industry standards to address these challenges?

In parallel, the industry is undergoing enormous transformation. Changes in consumer behavior, the availability of new and advanced technologies, shifts in buying power and scarcity of natural resources are expected to reshape the industry's supply chain at an unprecedented pace. These trends are challenging manufacturers and retailers to redefine how they collaborate. As industry collaboration models change, must standards also evolve?

The industry's standards will need to mature as the industry transforms itself

Given these complex dynamics several key messages emerged:

- Where standards are presently deployed, no opportunities were identified for improvement to the standards themselves

- A wider range of trading partners need to embrace standards to increase supply chain efficiency

- Standards must be embedded into new process areas to meet consumer expectations, manage corporate risk and improve supply chain planning

- Improving the guidelines and services that surround standards will generate value through greater consistency in implementation

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> *"Consumers are becoming more demanding, and want access to more information"*
>
> — VP of Supply Chain of a Manufacturer

Shaping the future by taking action today

In light of a clear mandate to advance the industry's standards framework, it is recommended that the industry:

1. Develop marketing programs targeted toward companies not making full use of standards
2. Introduce simplified standards programs for ease of adoption
3. Use existing standards to communicate product information to consumers
4. Collect sufficient information about product origin and route to market to minimize risk
5. Design new standards to facilitate the exchange of sustainability related data
6. Develop solutions to ensure data quality
7. Expand GS1's role from a standards defining body to a center of excellence in standards implementation

The benefits of a more mature standards program for the industry

Research conducted by GS1 UK and the Cranfield School of Management revealed that barcode adoption in the UK saved the UK retail industry £10.5 billion in 2011. If standards extended more broadly within the industry's ecosystem can we double that number?

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Read the full report, "The Future of Standards in the Consumer Goods & Retail Industry," authored by Capgemini Consulting with support from GS1 and The Consumer Goods Forum.

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