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## Executive summary

### Formula for growth: (Innovation)<sup>Big Data & Analytics</sup>

#### Grocery Manufacturers Association findings of industry research

Technological and digital innovation is starting to transform, and in some cases even disrupt, the Consumer Packaged Goods and Retail industry. After decades of relatively limited — or *linear* — change, the industry is starting to experience the "knee in the curve" brought on by an *exponential* pace of innovation. This innovation is fueling an enormous amount of "big data" exhaust, providing CPG companies with ample opportunities to generate new insights leveraging existing and emerging sources and forms of data.

The full research report — Formula for Growth:
(Innovation)<sup>Big Data &</sup> Analytics — provides a summary of the key conclusions and recommendations from the culmination of more than ten months of research on this industry opportunity. The research effort was the by-product of a true collaboration between the Grocery Manufacturers Association (GMA) member firms, GMA Information Systems Committee, and Deloitte Consulting LLP (Deloitte), with contributions from numerous thought leaders from business and academia. In addition, the final report features a full profile of the prominent technological and digital innovations that are driving new trends in the CPG industry, including extensive interviews with the CEOs of leading Silicon Valley and similar startups behind these industry innovations.

The report outlines for CPG companies real and practical opportunities to help drive top- and bottom-line growth through the combination of innovation and big data, while assisting companies in understanding how to improve their analytical maturity, competencies, and capabilities

The five key conclusions and recommendations identified in the research are:

### 1. Few CPG firms have the required analytical foundation in place

Over the last decade, the majority of firms in the CPG industry have not progressed beyond localized analytics and are still challenged to capitalize on their "small" existing data (internal and structured). Conversely, a small handful of CPG firms have improved their analytical maturity to become strong analytical companies and therefore have the required foundation to capitalize on new and emerging sources of big data.

"Working closely with Deloitte, the GMA Information Systems Committee set out to help demystify potential big data opportunities for the CPG industry and to better understand how we can continue to improve our overall analytical maturity using both existing and emerging sources of big data."

 — Andy Platt, Vice President, Enterprise Analytics & Insights,
 The J. M. Smucker Company; GMA Information Systems Committee Chair

"It is hard to understate the importance of this report. Consumer packaged goods companies are focused on growth like never before, and it is clear that big data is an important driver of innovation and business growth. Deloitte and the Information Systems Committee are to be commended for the insights they developed and the roadmap they have created for trading partners seeking to innovate and expand."

— Pamela G. Bailey, GMA President and Chief Executive Office

### 2. Rapid-fire pace of innovation requires data and analytics competency

The rapid-fire pace of technological and digital innovation has the potential to define winners and losers in the CPG industry, and an integrated core competency around small data, big data and analytics is a requirement for the winners.

#### 3. Linear change to exponential disruption

Until now, a CPG company's competitive advantage did not depend on having strong analytical maturity; however, the industry's preconceived notion of change is about to be disrupted by the exponential pace of innovation. Navigating this landscape will require companies to harness data and quickly convert it to insights.

### 4. Business context required — integrated and cross-functional business planning and execution

The "Formula for Growth" is most impactful when applied in the context of cross-functional and integrated business planning and execution. Whether small or big data, the goal is to consistently make better decisions to improve an organization's planning and execution toward achieving top- and bottom-line growth objectives.

### 5. Cultural shift — the characteristics and traits of the new industry "winners"

This new "exponential" pace of innovation requires a culture of experimentation, trial and error, and other methods that support a company's ability to remain agile, fluid, and adaptable. A strong versus weak data and analytical maturity is one of the key differentiators between a CPG company that successfully navigates this new era of innovation and one that falls victim to the exponential pace of change.

More information about this report is available at www.deloitte.com/us/formula4growth. A web-based, interactive report application is available exclusively to GMA member companies via the GMA site at www.gmaonline.org. This GMA member-exclusive content includes a profile of the top emerging technological and digital innovations that will usher in vast quantities and new forms of data for the CPG manufacturing and retail industry.

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#### About GMA

Based in Washington, D.C., the Grocery Manufacturers Association is the voice of more than 300 leading food, beverage and consumer product companies that sustain and enhance the quality of life for hundreds of millions of people in the United States and around the globe. Founded in 1908, GMA is an active, vocal advocate for its member companies and a trusted source of information about the industry and the products consumers rely on and enjoy every day. The association and its member companies are committed to meeting the needs of consumers through product innovation, responsible business practices and effective public policy solutions developed through a genuine partnership with policymakers and other stakeholders. In keeping with its founding principles, GMA helps its members produce safe products through a strong and ongoing commitment to scientific research, testing and evaluation and to providing consumers with the products, tools and information they need to achieve a healthy diet and an active lifestyle. The food, beverage and consumer packaged goods industry in the United States generates sales of \$2.1 trillion annually, employs 14 million workers and contributes \$1 trillion in added value to the economy every year. For more information visit www.gmaonline.org.

#### **About Deloitte's Consumer Products Practice**

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