

# TRENDS, CHALLENGES AND ROLE OF PROCUREMENT IN THE CPG INDUSTRY

## Trends

- Pandemic worries have been changing consumer behavior
- The shift in consumer behavior leads to the growing demand for many food, beverage, and homecare categories
- CPG companies need to define a contingency plan to ensure supply continuity

### Key trends

Health & Safety Concerns

Stockpiling

Health & Safety Concerns

Who are my customers?  
Where do they live?  
How are they buying?  
What are they buying?  
Where do I stand?  
Who are new players?

## Potential Solution

- The consumers are buying more products online than ever before and have become more health, safety, and brand conscious. At the same time, they care about environment, sustainability, and corporate social responsibility (CSR)
- CPG industry must quickly determine the weakest links in their supply chain including raw materials, packaging, or workforce and build strategies to address these issues in the order of priority
- This is where procurement steps in and an advanced procurement organization is key to CPG company's success

## Key Trends in CPG Procurement

### Market Intelligence and Advanced SRM:

- Deep supplier relationship management (SRM) programs enabled with artificial intelligence, machine learning, advanced analytics, and automated market intelligence are helping to drive innovation in the CPG industry
- By subscribing to the right suppliers who can study consumer behaviors, conceptualize products, produce, package, identify target markets, advertise, and sell at regional and global scale, CPG industry can reinvent the outreach to consumers
- These advanced SRM programs are capable of automatically segmenting the supplier base, manage the performance and risk to ensure adherence to CSR

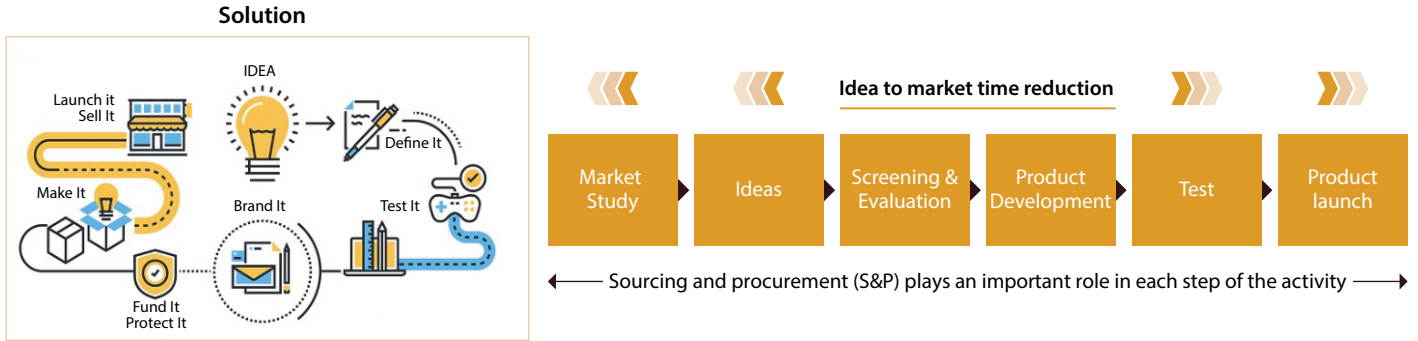
### Point Solutions and Robotic Process Automation:

- Point solutions which enhance the eProcurement solution capabilities are one of the new trends in CPG industry, i.e., automated market intelligence combined with predictive internal and external data analytics are helping to make informed procurement strategy and operational decisions
- Process transformation initiatives such as guided buying or RPA for rule-based repetitive tasks in the end-to-end source-to-pay processes result in empowering the business, increase self-service, and help to cut the effort and time to purchase products/ services; this in turn reduces cost and enhances efficiency in the overall supply chain and is another key trend in CPG procurement, where there are multiple recent examples of major CPG companies catching up with these trends



## The solution

- The solution of idea to market time reduction is time tested, and the best way to accomplish it is to be innovative and adopt the new ways of the world
- The key here is not only producing the most innovative product but also to reduce the time between the concept of becoming a product and reaching the consumer
- This is where procurement steps in, to find the right suppliers, partners, and alliances to speed-up idea to market process and an advanced procurement organization is key to CPG company's success



## Pandemic Savior - Outsourcing

### Outsourcing provided much-needed business continuity during periods of instability and shutdowns

The continuity given by outsourcing is one very significant advantage of the process, particularly in the context of the COVID-19 pandemic. Outsourcing often offers continuity cover to organizations to ensure that the job can always be done in compliance with the negotiated deadlines.

### Reduction of costs

The impact of COVID-19 has proven that many workers do not need to be physically in the office to work effectively — the same goes for outsourced workers or entire departments. Outsourced procurement function not only delivered reduced

operational costs but provided instant access to highly qualified expert service providers with a deep pool of resources, especially in times of crisis and uncertainty.

### Security and efficiency in a virtual workforce

With many employees working from home for the foreseeable future, businesses are forced to quickly implement technology and solutions that will help them best adapt to these new circumstances. In this virtual age, migrating an organization to cloud-based software from desktop or server-based software allows business leaders and employees to have secure, remote access without any hassles.



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