Genpact and HFS Research Study Finds Majority of Retail and Consumer Goods Execs Overwhelmed by Pace of Change

Inflation, cybersecurity, and supply chain disruption top concerns; companies' operations and technology not prepared for future challenges such as explosion of generative artificial intelligence

NEW YORK, June 20, 2023 /PRNewswire/ -- Retail and consumer packaged goods (CPG) executives are overwhelmed by the pace of change, according to a new study released by Genpact (NYSE: G), a global professional services firm focused on delivering outcomes that transform businesses, and HFS Research, a unique analyst organization that combines deep visionary expertise with rapid demand-side analysis of the Global 2000.

The study, *The consumer goods and retail playbook for balancing the macroeconomic slowdown and race toward innovation*, reveals that more than 60% of retail and CPG executives feel challenged to keep pace with the changing nature of demand, among the myriad of pressures in the post-pandemic world. Inflation, cybersecurity, and supply chain disruption are the top three concerns. The explosion of generative artificial intelligence (AI) adoption is transforming how companies and their brands will operate, only increasing challenges with the pace of change.

Growing consumer expectations and e-commerce disruption are also driving new business models and digital modernization initiatives. The report, which includes responses from more 600 global retail and CPG executives, also provides a playbook based upon HFS' Horizons innovation framework. Horizon 1 is digital modernization, Horizon 2 is unmatched consumer experience, and Horizon 3 is driving value through new business models. Companies that invest across all three Horizons of innovation are best positioned to lead in the future, yet most fail to address the full transformation across these areas.

Looking ahead at enterprise challenges, leaders must align priorities and investments across the three Horizons of innovation and value creation to survive, thrive, and lead. Yet, the study shows that only 6% of retail and CPG companies executives say their companies are investing across the three Horizons and focused on all the right initiatives to lead in the future.

"Retail and CPG companies struggle to balance the macroeconomic 'slowdown' with the 'big hurry' to innovate," said **Saurabh Gupta, President, Research and Advisory Services at HFS Research**. "Most companies are not investing across all the areas they need to meet. Beyond survival, they must take a balanced approach to their people, processes, sustainability initiatives, and technology to thrive."

The research also underscores the need for companies to transform processes and operations to meet ever-evolving consumer needs. Most survey respondents cite that their companies' internal operations can't keep pace with demand and supply challenges, and only 22% feel they have successfully modernized their order management operations.

Additional insight from the research include:

- **Supply chain disruption changing business models** – The pandemic shock on supply chains is something with which 70% of retail and CPG executives still grapple, and 75% say their companies are responding to by transitioning from traditional linear to autonomous supply networks.
- **Customer evolving buying patterns also driving new channels –** Another pandemic trend with dramatic

impact on change is the rapid rise of direct-to-consumer (DTC) sales. Over 70% of consumer-packaged goods executives state that their companies are investing in DTC models for growth.
- **Sustainability is mission critical, but improvement needed** – Only 60% of retail and CPG executives say their companies have appointed a chief sustainability officer, developed frameworks for front-line employees to be more aware of their impact on the planet/sustainability, and are engaged a third-party services provider to help achieve sustainability goals.

"The pace will only pick up, especially with the explosion of generative AI," said **BK Kalra, Global Leader of Retail and Consumer Goods at Genpact.** "Our research underscores that companies need to transform their operations, invest in AI and data, and develop new business models in a digital-first world."

For more information about the study, see *The consumer goods and retail playbook for balancing the macroeconomic slowdown and race toward innovation*.

About the Research
Genpact partnered with HFS to survey more than 600 CPG and retail firms across the United States. United Kingdom, France, Germany. Japan, Australia, and the Nordics in two sets of data in 2022 and 2023 to understand where they hedge their bets, explore how they respond to macro and industry-specific trends, and create a playbook to move from survival to emerge stronger out of the current storm.

About Genpact
Genpact (NYSE: G) is a global professional services firm delivering the outcomes that transform our clients' businesses and shape their future. We're guided by our real-world experience redesigning and running thousands of processes for hundreds of global companies. Our clients – including many in the Global Fortune 500 – partner with us for our unique ability to combine deep industry and functional expertise, leading talent, and proven methodologies to drive collaborative innovation that turns insights into action and delivers outcomes at scale. We create lasting competitive advantages for our clients and their customers, running digitally enabled operations and applying our Data-Tech-AI services to design, build, and transform their businesses. And we do it all with purpose. From New York to New Delhi and more than 30 countries in between, our 115,000+ team is passionate in its relentless pursuit of a world that works better for people. Get to know us at Genpact.com and on LinkedIn, Twitter, YouTube, and Facebook.

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