

BUILDING STRATEGIES FOR THE NEW DECADE



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FUTURE VALUE CHAIN
2020

2020 Future Value Chain: Four Strategic Objectives for the Industry



1

Make Our Business More Sustainable
From Niche to Norm



2

Optimize a Shared Supply Chain
Collaborate Differently, Compete Differently



3

Engage with Technology-Enabled Consumers
The Consumer in the Driver's Seat



4

Serve the Health and Wellbeing of Consumers
Focus on Quality of Life

ILLUSTRATIVE CASE STUDIES



1. Make Our Business More Sustainable



1. Make Our Business More Sustainable: From Niche to Norm

- Success means **consumers trust our industry**
- Retailers and brand manufacturers collaborate
 - Tackling big challenges (e.g., deforestation)
 - Helping consumers understand their role in living an environmentally friendly lifestyle
- Common measures, language and consistent messaging
 - Helping consumers understand their role
 - Helping them make right decisions, enabling a significant change in consumer behavior
- Competitiveness is delivered by
 - Brand and store performance
 - Breakthrough innovations improving sustainability
- Working with upstream suppliers we have extended our influence over many other contiguous industries



Success will come when consumers begin to trust our industry



Unilever Collaborates with Walmart (ASDA) to Create Awareness and Educate Customers on Sustainable Living



Background

- Consumer research showed that UK shoppers wanted to make the right choices for their families and for their environment but they had to balance that with getting value for money and with choices that were relevant to their lives
- Unilever's "Code of Business Principles," requires the company to work towards the goal of "developing a sustainable business"^a
- Unilever on regular basis undertake collaborative exercises with retailers like Walmart to reach out to customers with sustainable solutions



Solution

- In 2008 Unilever launched the "Family Kitchen" program with ASDA (part of Walmart) in the UK to communicate directly with shoppers about the difference that they can make to their families' wellbeing and to the environment^b
- A physical mock-up kitchen was prepared in the store, where consumers were educated about how they can make a difference to the environment through live demonstrations of tips and suggestions for their everyday behavior^c
- Along with the in-store program, a direct mailer activity and an extensive local media and PR program was also undertaken so as to build widespread awareness, and therefore commitment from shoppers^b
- A "family kitchen" was also installed in ASDA's head office to raise awareness and to educate with in the company^b

Benefits

- Shopper response to the program was that they believe sustainability is an issue of utmost importance^b
- Shoppers also valued the tips and suggestions received and felt empowered to change^b
- By offering immediate incentives the program reinforced the behavioral change^b



Source: (a) <http://www.unilever.ae/sustainability/people/customers>, (b) <http://www.sci.manchester.ac.uk/medialibrary/copenhagenpaper.pdf>,
(c) <http://www.bis.gov.uk/assets/biscore/business-sectors/docs/b/10-1100c-business-action-to-influence-consumer-demand-methods-and-literature.pdf>

METRO Group Develops a Sustainable Aquaculture Program for Fish in the Mekong Delta in Vietnam

METRO Group



GLOBALG.A.P.

Background

- The Metro Group is a pioneer in selling fish products to customers, brought from sustainable sources
 - Was the first German retailer to include products from MSC-certified fisheries in its comprehensive food assortment in the year 2002
- In Vietnam, the retailer has been working closely with suppliers of farmed pangasius fish to improve standards for food safety and sustainability



Solution

- The program involves farmers and processors in Vietnam, the World Wildlife Fund (WWF), GlobalGAP (Global Partnership for Good Agricultural Practice), the government of Vietnam and others
- This program is part of the WWF Aquaculture Dialogues that is working towards creating global standards for sustainable aquaculture



Benefits

- Metro is the driving force for initiating a benchmark model to harmonize standards and reduce costs throughout the supply chain
- The initiative allows customers access to safe and sustainable products



“The METRO Group supports robust and harmonized standards for food safety and sustainability, that are based on a wide stakeholder consultation process and operated under accredited third party certification regimes.”

– Hans-Juergen Matern, head of quality assurance for METRO Group

Source: (a) <http://www.worldwildlife.org/what/globalmarkets/aquaculture/aquaculture-engagingbusiness.html>; (b) “METRO Group to co-operate with WWF over sustainable fishery”, www.fishupdate.com, 2006; (c) “Metro to sell only sustainable fish”, FIS, May 2010;

Consumer Product Companies Committing Towards Sustainable Production of Palm Oil



Background

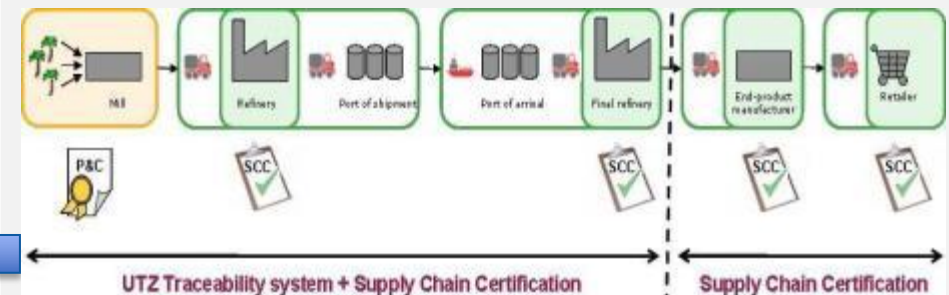
- Rising demand for palm oil is leading to deforestation of the rainforest as farmers are clearing these forests to plant oil palms^a
- Increased production of palm oil has also led to significant increase in greenhouse gas emissions^a
- Many consumer product companies are heavily dependent on palm oil as it is one of the key ingredients for some of their products. Sustainable production of palm oil is therefore of utmost importance

Solution

- To check the excessive cultivation for palm oil production and its effects on the environment, the Roundtable on Sustainable Palm (RSPO) was formed. The mission of RSPO is to promote and monitor sustainable oil palm cultivation and palm oil^a
- The proof of the feasibility for the sustainable palm oil production as well as the existence of a market for that product was the starting point for the RSPO initiative by WWF Switzerland^a
- The organization holds an annual meeting called RT or Round Table Meetings to bring together the various stakeholders to negotiate and deliberate on issues affecting the industry^a

Benefits

- In 2008 Unilever, a member of the RSPO group, committed to use only palm oil that is certified as sustainable, by ensuring that the large companies and small holders that supply it convert to sustainable production by 2015^b
- Henkel has also pledged to use palm oil derived from sustainably cultivated crops in its entire production by 2015^c



Schematic Overview of the Palm Oil Supply Chain^c

Source: (a) <http://www.rspo.org> (b) Unilever commits to sustainable palm oil, Food Navigator.com ,2 May 2008; (c) Our contribution to the sustainable cultivation of palm oil, <http://www.achesonindustries.com/SID-7BCFDD00-33FCOD26/sustainability/our-contribution-to-the-sustainable-cultivation-of-palm-oil-20402.htm> (d) <http://www.rspo.org/?q=page/887>

Coca-Cola Hellenic Opens an Energy-Efficient Plant In Ireland that Will Reduce CO₂ Emissions, While Helping Achieve the Company's Sustainability Targets



Background

- Coca-Cola Hellenic, one of the largest bottlers and vendors of The Coca-Cola Company, has pledged to reduce CO₂ emissions in production
- To achieve this, the company is building 15 Combined Heat and Power (CHP) units in 12 countries resulting in a 20% reduction of CO₂ emissions across 80 beverage production plants



Solution

- The company's operations in Ireland recently opened a new energy-efficient bottling plant
- The CHP system captures heat from the electricity generators and uses it to cover the plant requirements for hot water, steam and chilled water (production processes, heating, cooling and cleaning)
- The complex also features a fully automated warehouse that provides efficient storage and retrieval, and also gives better protection to containers and pallets



Benefits

- The plant will cut CO₂ emissions by up to 66% while supplying excess clean electricity to the local power grid
- Typically, a CHP unit has an efficiency of more than 85%. Traditionally energy generators efficiency can be as low as 35%



"This CHP plant is the fourth to be officially opened across our 28 countries, and another 11 are under development by ContourGlobal. Our aim is to cut CO₂ emissions by an average of 20% across all 80 of our bottling plants."

– Doros Constantinou, CEO, Coca-Cola Hellenic

Source: (a) "Coca-Cola Hellenic opens energy efficient plant in Ireland", www.foodbev.com, Sept 2010;
(b) <http://www.coca-colahellenic.com/sustainability/flagshipprogrammes/Reductionofcarbonemi/>

Albert Heijn Uses Dynamic Pricing and Digital Signage to Reduce Waste on Fresh Produce



Background

- 35% of fresh produce is wasted in the supply chain
- It is estimated that food waste costs retailers in the Netherlands € 300m-500m annually
- Albert Heijn wanted to test advanced technology solutions for intelligent waste management at store level and initiated a pilot together with Capgemini and other partners

Benefits

- Less costs and more sales due to reduced waste
- Taking corporate social responsibility by addressing the food waste issue
- Reduction of labour and print costs and the elimination of price discrepancies between shelf labels and POS systems

Solution

- An intelligent waste management solution to reduce food waste in stores that is based on adjusting the messaging on electronic signs to reflect changes in pricing, product information, promotions and plan-o-grams
- The system compares predicted and actual sales rates and analyzes expected deliveries and current stock levels to determine what predefined measures must be executed to avoid overstock or imminent out-of-stock situations
- The solution consists of centrally controlled wireless digital displays and shop floor hand-held scanners (to be used by mandated personnel with the knowledge and experience to make decisions regarding freshness and promotions to increase sales)



This project at Albert Heijn with Capgemini, Toshiba TEC and ImpulseLogic as collaborating parties won the highly coveted Retail Europe 2010 Award in the category "Best In-Store Solution"

Source: (a) Wageningen University, Capgemini 2010

Kraft Develops Innovative Solution – “Eco-Calculator” to Optimize Packaging, Track and Reduce Energy Usage for Its Products



Background

- Packaging represents 10% of the total energy used in the food supply chain^a
- Organisations are increasingly becoming more committed to reduce the environmental impact caused by packaging. Innovative and sustainable solutions are finding more prominence in industry discussions
- Kraft industries through innovative methods has been able to reduce 150 million pounds of packaging material from its supply chain^b



Solution

- Kraft developed Eco-Calculator to compare different package materials using a lifecycle analysis database to assist in the package design and material selection process^c
- Measures information like the amount of packaging used; how much post-consumer material can be used; energy used to create the packaging; amount of CO₂ generated as materials are created^b
- The Eco-Calculator scores are tracked to ensure the calculator is being used and to share learning of how different packaging material choices can result in reduced environmental impact^c
- The Eco-Calculator provides an output of key indices such as CO₂ and Energy Index, Case Cube/ Net Weight and Product/Package ratio^c
- Kraft also developed a checklist that forms part of any new product packaging development activity where “packaging environmental index” needs to be filled for all mandatory approvals. This index is derived on the basis of the assessment done with Eco-Calculator^c



Benefits

- The Oscar Mayer Deli Creations now uses 30% less paperboard than the previous design, which means a savings of 1.2 million tons of packaging out of landfills^b
- Kraft Real Mayo has 20% less packaging than before. The design also eliminates 1.3 million pounds of materials per year and lets Kraft Foods ship 10% more product per truckload^b



Source: (a) Amcor Australasia’s approach to packaging and the environment © Amcor Limited 2009; (b) Thinking Green, Consumer Goods Technology report, July/August 2010; (c) Kraft Foods Ltd National Packaging Covenant, Annual Report 2007 and Action Plans 2006-2008

2. Optimize a Shared Supply Chain

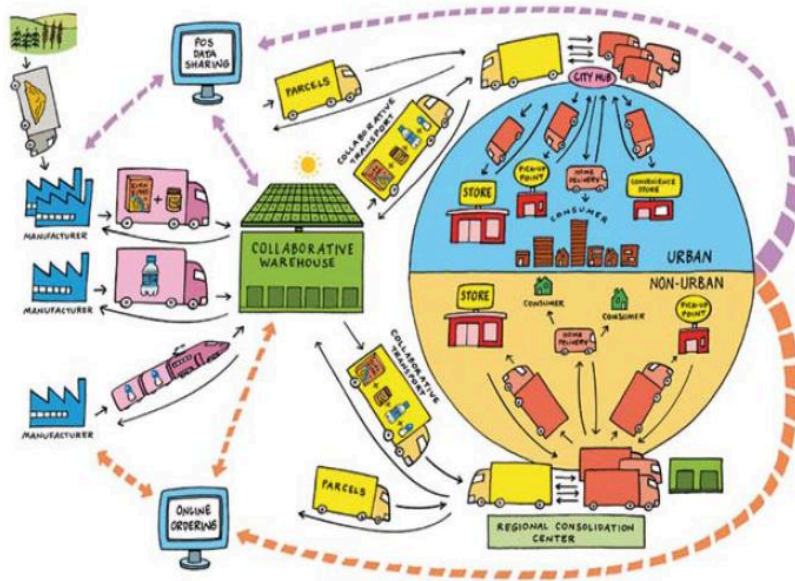


2. Optimize a Shared Supply Chain: Collaborate Differently, Compete Differently

- The 2020 **future supply chain** reconsiders assumptions
 - **New parameters** included
 - Reduced CO₂ emissions
 - Energy consumption
 - Driven by consumers; they are the trigger for an optimized collaborative supply chain flow



Success will come when supply chain optimization is treated from a total value chain perspective rather than from individual company perspectives



Colgate-Palmolive (and Other Companies) Uses Global Data Synchronization to Standardize Business Processes, Drive Efficiency and Enable Faster Innovation



Background

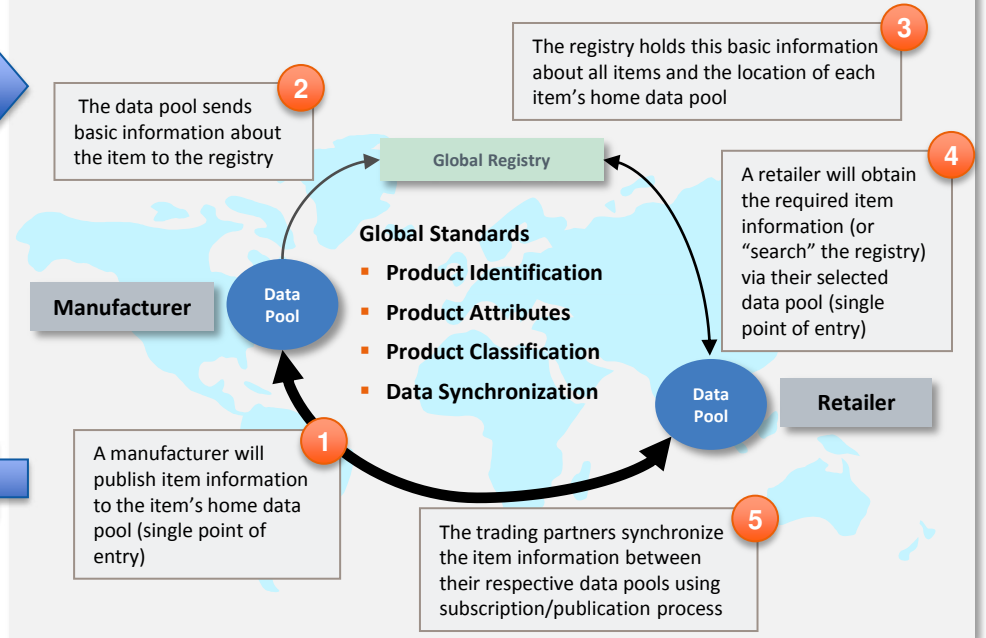
- Colgate-Palmolive is a global consumer products company with 36,000 employees and a revenue of approximately \$3.6 billion
- Its customers demand clean and accurate master data, and synchronization of clean and accurate master data in order to have an improved supply chain
- GDS has been the gateway to further data harmonization that drives additional benefits

Benefits

- Improved data quality, affecting efficiency of all processes
- Standardisation of business process
- One to many – data to anyone, anywhere
- Reduce trade partner set-up time
- Increased speed to market for new products
- Enabling Customer Data Integration
- Improved global spend analysis

Solution

- Global Data Synchronization (GDS) provides a globally standardized way to exchange product information



Global Data Synchronization provides the essential foundation for trading partner collaboration

Source: (a) Wageningen University, Capgemini 2010

United Biscuits and Nestlé Collaborate to Generate Significant Environmental and Cost Savings



Background

- Nestlé UK delivers over 15 loads per day from its factories in the North of England to its distribution center (DC) in Leicestershire. Only 80% of these loads could be tied to a return journey, so everyday two or three trucks would return empty
- United Biscuits delivers loads on a daily basis to Yorkshire from its NDC close to Nestlé's DC in the Midlands

Benefits

- Nestlé and United Biscuits created roundtrips that were more efficient, avoided empty truck movements
- They proved to the industry that it was possible for two competitors to collaborate to generate significant environmental and cost savings, and truck livery shouldn't be a blocker to collaboration

Solution

How they did this?

- UB and Nestlé participated in a series of workshops run by ECR UK, aiming to bring together companies in the food and grocery industry to identify opportunities to reduce empty running by closer collaboration. During these workshops they discovered a potential match in flows
- They put together a process that enabled UB trucks to collect a load each day from Nestlé's facilities for delivery to their DC

This process had to ensure that:

- Both businesses were happy that products were being moved on a trailer branded with a competitor's livery
- The drivers didn't get sight of the products they were moving in order to protect the integrity of any new products – trailers were loaded and sealed before the driver collected them
- The vehicles went directly from the factories to the DC and that trucks were fitted with satellite tracking



ECR UK announced that through measures such as sharing vehicles and more efficient warehousing their Sustainable Distribution project has saved 53 million road miles. This is equivalent to removing 900 lorries from Britain's roads or conserving 26 million liters of diesel fuel per year. Other companies that have cooperated in this project include:



Sainsbury's



Kimberly-Clark



TESCO



PEPSICO

Mars and Kuehne + Nagel Measure and Visualize Order Placement Impact to Gain Environmental Benefits and Improve Efficiency



Background

- Mars Netherlands is part of Mars Incorporated, one of the largest privately owned companies in the world
- Kuehne + Nagel is one of the world's leading providers of logistics services
- Capgemini Consulting is part of the Capgemini Group

Benefits

- Economic benefits: lower costs
 - Inbound efficiency for Mars' customers
 - Logistical efficiency
- Environmental benefits: less carbon dioxide
- Societal benefits: fewer traffic jams

Solution A Capgemini Case

- Mars' Green Order measures and visualizes the impact of order placement behavior on the environment for all partners in the logistics chain
- Mars Netherlands' partner Kuehne + Nagel ensures the correct carbon dioxide readings are printed on the waybill. Furthermore, CO₂ emissions are summarized on a Logistics Customer Scorecard, which will be used as a source for collaborative improvement objectives between Mars and its customers
- Capgemini Consulting has committed to helping Green Order become a generally accepted standard. The aim is to have more and more market parties join in gradually in order to maximize Green Order's social and economic impact



“Green Order is the compass to sustainable logistics. The focus in sustainability is often being of a technical nature, Green Order is able to translate information and indication of ethical ordering into specific actions.”

– Timo Hoogeboom, Managing Director of Mars Netherlands

Source: (a) <http://www.worldwildlife.org/what/globalmarkets/aquaculture/aquaculture-engagingbusiness.html>; (b) “METRO Group to co-operate with WWF over sustainable fishery”, www.fishupdate.com, 2006; (c) “Metro to sell only sustainable fish”, FIS, May 2010;

Danone Works with Carrefour to Improve On-Shelf Availability and to Leverage Supply-Driven Shopper Insights



Background

- Real-time combination of supply and sales data will enable manufacturers and retailers to improve on-shelf availability
- Danone is looking to improve its on-shelf availability and drive sales growth together with Carrefour
- Initial focus is on the 195 Carrefour hypermarkets, which had an on-shelf availability (OSA) of 93%

Benefits

- On shelf Availability has improved from 93 % to 98 %
- The project generated a business growth for Danone of 2,2 % and a category growth for Carrefour of 1.5%
- These figures are a clear proof that transactional data sharing can provide real time shopper intelligence
- Supply Chain scope is opened to new added value activities towards sales & marketing

Solution

- **Secure On-Shelf Availability:**
On a daily basis, sell-out and inventory data (POS data) are collected from 195 Carrefour hypermarkets. Based on this data, Danone Dairy supply chain team fine-tunes forecasts per store and per article every day, taking into account media campaign and promotion, and define replenishment orders to hypermarket dairy products team. This solution has improved on-shelf availability of Danone dairy products from 93% to 98%.
- **Develop Supply-Driven Shopper Insights:**
The solution implemented for OSA brings a large range of added-value shopper insights: innovation launch fine monitoring, media campaign effectiveness, price-sensitivity analysis ...
Illustration for Innovation: For each new product launch, from day one onwards, real-time insights are generated. Daily alerts are generated on hypermarkets where products are not sold on day one, so the sales teams can react accurately. After one week, the curve of the innovation launch is compared to previous launches, and a good appreciation of the future success of the product can be made. This way of working provides very early insights on the effectiveness of these new product launches.



3. Engage with Technology-Enabled Consumers



3. Engage with Technology-Enabled Consumers: The Consumer in the Driver's Seat

- **Consumer technology**
 - **Changes lives of consumers**
 - Changes shopping journey
 - Increases marketplace transparency
- **Consumers**
 - Demand personalized dialogues and offerings anytime, anywhere
 - Embrace technology quicker than the industry
 - Digital natives are increasingly big consumer base
 - Digital immigrants also heavily use consumer technologies
- **The industry**
 - Needs to figure out how to effectively interact
 - Needs to be viewed as a trusted source for information
 - Successful companies engage consumers in new product and service development



Success will come when we understand how to maintain a true dialogue with consumers via their preferred channels and technologies



PepsiCo Successfully Engages a Large Customer Base to Interact in Product Development through DEWmocracy



Background

- PepsiCo wanted to expand its Mountain Dew brand line by leveraging the power of co-creation and crowd sourcing
- The company wanted to engage customers in the product development phase and capture their opinions in all aspects of the product



Solution

- PepsiCo launched a massive marketing campaign for its Mountain Dew brand, with the objective of letting customers choose the next line extension to the Mountain Dew brand
- The campaign's mainstay was DEWmocracy, a multi-player game-based website that allows customers to help shape the flavor, color, name, logo and design of the next Mountain Dew drink
- The DEWmocracy candidates were available in for a limited time and consumers were fully engaged throughout the election process of "The People's Dew"
- After the majority of customers voted for Mountain Dew Voltage, consumers will now play an integral role in the marketing of Mountain Dew Voltage and are already being invited to suggest launch events at DEWmocracy.com



Benefits

- The promotion was able to engage consumers in every aspect of the product, in actively campaigning for it and finally electing its next line extension
- The campaign has served as a marketing tool to help reach future customers and build brand loyalty among current product users



Source: (a) MRD Lab Analysis. BevNet.com, "Mountain Dew Voltage Wins DEWmocracy Election to Become New Brand Line Extension", August 2008. The Creative Connector, "Mountain Dew Lets its Customers Decide the Future of its Drink with DEWmocracy", November 2007. Ripten.com, "Thousands Quest for Flavour in Mountain Dew's New MMO", January 2008

Coca-Cola in Japan Uses Interactive Vending Machines to Increase Consumer Engagement



Background

- Coca-Cola has traditionally operated a large number of vending machines in Japan
 - Coca-Cola operated about 980,000 vending machines in 2006, which increased to ~1m in 2007
- Coca-Cola wanted to further improve the consumer interaction while consumers transact at the vending machine



Solution

- In 2006 Coca-Cola decided to increase the number of “Next-Gen” vending machines (vending machines that support information technologies such as email and electronic money functions)
 - A plan to invest JPY 20 b between 2007-09 was announced to increase the number of vending machines (with network-based functions) from 12,000 to 200,000
- **Interactive vending machines with LCD touch display:**
 - Around mid-2010, Coca-Cola introduced 46” LCD touch screen vending machines. The idea was to make purchasing drinks more fun while making the machines stand out
 - Some of the machines are also equipped with video camera and temperature sensor. These machines suggest drinks based on customer gender and climatic conditions
- **Vending machines supporting payment through credit cards/mobiles:**
 - In addition to supporting payment via credit cards, these vending machines also supports various mobile payment services (iD, Cmode, Osaifu-Keitai, Edy system and Suica system)
 - Consumers who have the respective mobile payment service activated can pay using their mobile phone
 - For some of the services like “Cmode” there are special privileges for “Club Cmode members” such as:
 - Sales of admission tickets to amusement facilities
 - Mobile downloads (ringtones, screen savers, games)
 - Local area information services (vicinity map)



Benefits

- Increased level of consumer engagement, that helps in changing the experience of a mere transaction to pure interaction
- Further as an additional benefit, Coca-Cola Japan expects to use the smart machines for market research to design effective sales strategies



Source: (a) Coca-cola website; DoCoMo website; Coca-Cola Japan Unit to Invest 20 B. Yen in New Vending Machines, Jiji Press, 21 Feb 2007; Coca-Cola Japan to Increase Next-Gen Vending Machines, Jiji Press, 14 Feb, 2006; The marketing magazine; Coke vending machines offer digital downloads, Marketing Magazine, 18 Oct, 2006

Starbucks and L'Oreal Interact with Customers through an Innovative Mobile Marketing Solution Offered by O₂ Mobile in UK



Background

- Rapid advances in technology have given customers faster access to information, leading to changes in customer preferences and buying behavior
- Companies are regularly looking for newer media to interact with its customers, which offer one-to-one interaction, are cost effective and easy to track and measure
- High penetration of mobiles both in developed and developing countries has led marketers to explore opportunities offered by mobile in connecting with customers

Benefits

- 65% of customers who were part of initial programs made a purchase as a result of an SMS and MMS, and 60% of participants found the location-based messages to be “cool and innovative”^b
- More than 800 geo-fences were created for Starbucks across Britain^c
- O₂ Media recently announced that 1m subscribers had opted in to receive advertising via its “O₂ More”^d

Solution

- O₂ launched “O₂ More” - UK’s first location-based mobile marketing with Starbucks & L’Oreal^a
- The technology, developed by U.S.-based Placecast, will allow companies to “geo-fence” or target customers when they are in close proximity to the companies' stores^a
- The technology will enable brands to deliver relevant SMS and MMS to consumers with promotional codes offering discounts for products in a more targeted, engaging and effective way^a
- It relies on consumers opting into the service to receive relevant messages dependent on their age, gender, interests and for the first time, their location^a
- When opted in, “O₂ More” customers within a geo-fenced area owned by Starbucks who are interested in food and drink receive an SMS offering them money off at a nearby Starbucks
- Similarly in L'Oreal geo-fenced area, customers interested in beauty will receive an SMS offering a buy one get one free on L'Oreal products^a



Source: (a) Darren Hatfield, O2Partnership With Placecast, Starbucks, L’Oreal – UK’s First Location-Based Mobile Marketing, October 15, 2010; (b) Kathryn Koegel, Consumer Insights on Location-Based Mobile Marketing , Placecast ShopAlerts Pilot Studies; (c) Dan Butcher, Starbucks breaks first location-based mobile campaign with major carrier, Mobile Marketer, Oct 15, 2010; (d) Big brands trial O₂’s location-based messaging service, <http://www.graphicalliance.co.uk/blog/big-brands-trial-o2s-location-based-messaging-service>

Unilever and Albert Heijn Jointly Work on Strategic Activation Platforms, Using Shopper Insights to Drive Joint Growth



Background

- At a macro level, understanding the impact of economic downturn on consumer values and behavior is key; there can be significant shopper behaviour changes over past 12 months
- Retailers are becoming mega brands in their own right

Solution

Aligning shopper insights with Ahold's and Unilever's objectives

"Is there an innovative way to attract families to my hypermarkets for bulk trips through local marketing?"



"How can I get my kids actively playing outside - away from the computer?"

"How can I find new ways to deliver my brand promise of Vitality?"

Benefits

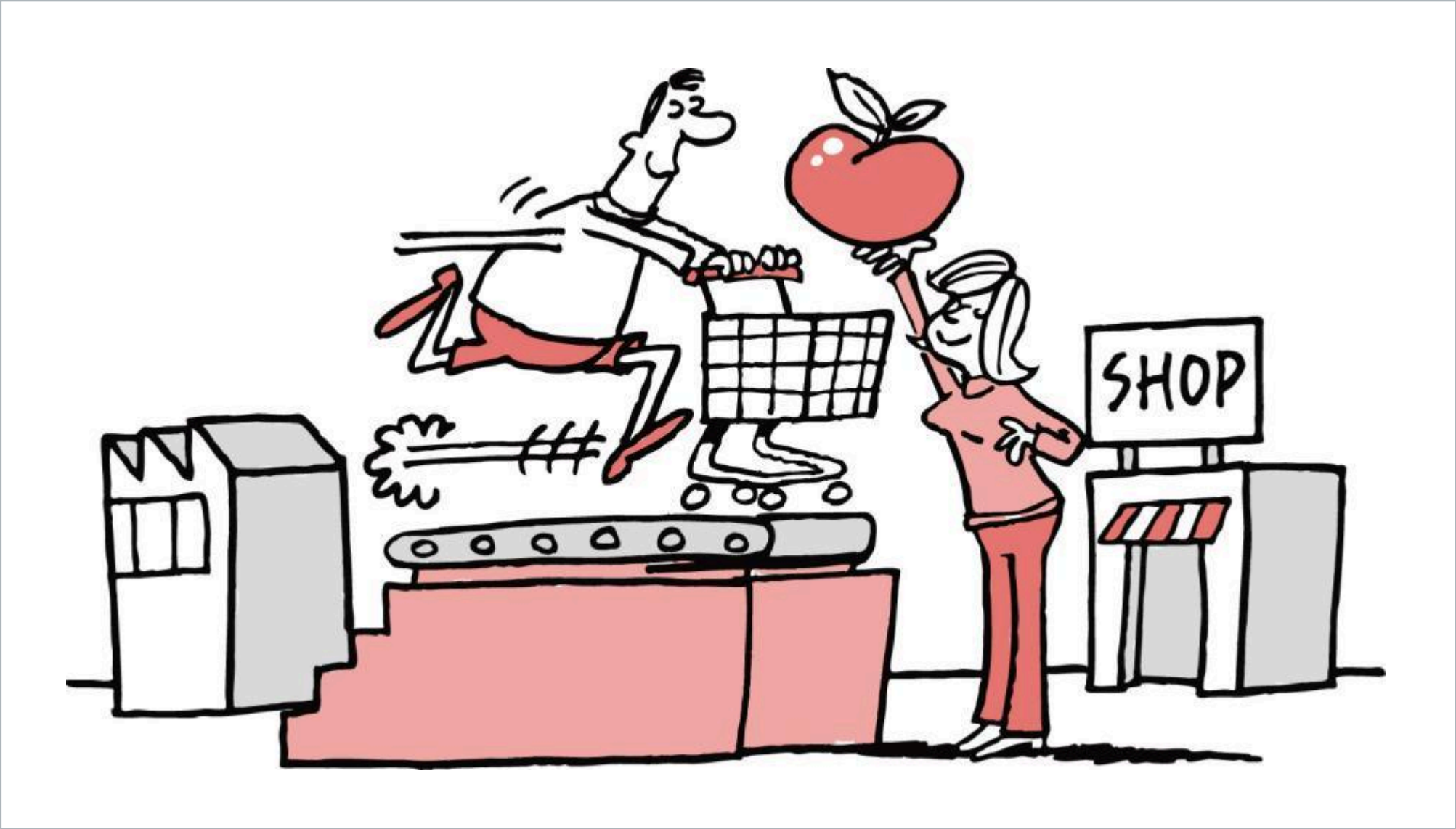
- Shopper impact: 54 tournaments with 3,240 kids participating – plus their fans!
- Albert Heijn and Unilever: increased sales
- Strategic activation platforms enable privileged contact with shoppers and consumers
- They are unique to the partnership and therefore difficult for competitors to replicate
- They reflect the speed and flexibility of the retail environment

Solution: Strategic Activation Platform: Insight-Led, Joint Marketing Program Delivering Sustained Growth and Long-Term Competitive Advantage



Source: (a) ECR Conference 2009, breakout session 3.2.: Shopper Insights <http://forum.ecrnet.org/PublicPages/Archive/Barcelona/Downloads/BO3.2-ShopperInsights.pdf>

4. Serve the Health and Wellbeing of Consumers



4. Serve the Health and Wellbeing of Consumers: Focus on Quality of Life

- **Health and wellbeing of consumers:** physical, emotional, spiritual, intellectual and sustainable wellbeing
- Positive changes in consumer behavior
 - Healthy choices available for all budget levels
 - Information/education to make informed choices
- Improved availability and quality of water and hygiene
 - Reduce diseases and infant mortality rate
- To be established via a new way of working together
 - Governments, consumer goods companies, pharmaceutical companies and NGOs
 - Enabling new business models
 - Enabling a dialogue to collaboratively work on concrete solutions



Success will come when we focus on “better lives through better business”



CFBAI Initiative Seeks to Address the Problem of Childhood Obesity by Self-Regulating Advertising to Children under 12 Years



Background

- The Council of Better Business Bureaus (BBB) and 10 leading food and beverage companies launched the Children's Food and Beverage Advertising Initiative (CFBAI) in 2006
- The goal of the Initiative was to shift the mix of advertising primarily directed to children ("child-directed advertising") to encourage healthier dietary choices and healthy lifestyles

Benefits

- As of 2010, the number of participants has grown to 17 from the original 10 in 2006
- Meaningful nutrition standards now govern what participants advertise to children
- Five participants no longer advertise soft drinks or candy to children

Solution

- Participating companies include Coca-Cola, Hershey, Mars, Cadbury Adams, Sara Lee Corp., Burger King, Campbell Soup, ConAgra, Danone, General Mills, Kellogg's, Kraft, McDonald's, Nestlé USA, PepsiCo, Post Foods and Unilever U.S
- The Enhanced Core Principles require participants to commit that 100% of their advertising primarily directed to children under 12 will be for healthier dietary choices or better-for-you products
- The Initiative covers child-directed advertising on traditional media (TV, radio, print and Internet) as well as on new and emerging media, such as mobile media and word-of-mouth advertising



"Kraft advertises only better-for-you Sensible Solution products that meet specific nutrition criteria to children ages 6-11 years old, and we don't advertise to children under six."

– Lance Friedmann, SVP, Health & Wellness and Sustainability, Kraft Foods Inc.

Source: (a) <http://www.bbb.org/us/about-children-food-beverage-advertising-initiative/>; (b) <http://www.bbb.org/us/enhanced-core-principles/>; (c) <http://thedailyvoice.com/voice/2010/01/society-to-kids-youre-on-your-1-002523.php>; (d) http://www.kraftfoodscompany.com/mediacenter/country-press-releases/us/2007/us_pr_07182007.aspx

Product Recall Service of GS1 in U.S. and Canada Has Helped to Build an Efficient Process for Handling Product Recalls



Background

- GS1, a not-for-profit association with member organizations in over 100 countries is dedicated to the design and implementation of global standards and solutions to improve the efficiency and visibility of supply and demand chains globally and across sectors
 - GS1 US and GS1 Canada are member organisations of GS1
- Product recall is one of the key focus areas for GS1

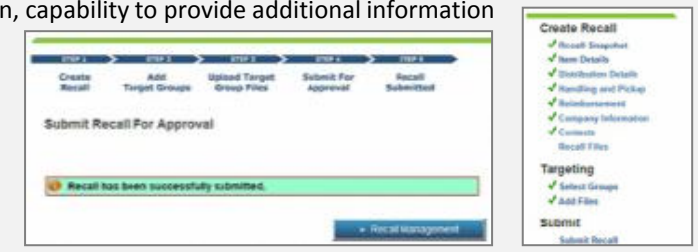


Solution

- Around September-November 2009, GS1 in collaboration with various entities in U.S. and Canada started online product recall service, Rapid Recall Exchange (in the U.S.) and GS1 Canada Product Recall (in Canada)
 - Partnering entities in the U.S.:** GS1 (U.S.), Food Marketing Institute (FMI), Grocery Manufacturers Association (GMA), National Grocers Association (NGA)
 - Partnering entities in Canada:** GS1 (Canada), Canadian Council of Grocery Distributors (CCGD), Canadian Federation of Independent Grocers (CFIG), Food and Consumer Products of Canada (FCPC), Retail Council of Canada (RCC)
- The **product recall service** is an industry-driven online communication tool developed using standards and the GS1 Identification Keys. Enables manufacturers to share real-time product notifications with their retail trading partners in a secure and direct manner, supporting the removal of potentially harmful products from the supply chain before they reach the consumer
- The **various features** of the service include:
 - Text messaging, verification of notification, secure user-authentication, email alerts about new information, targeted notification to specific customers, comprehensive, prioritized information with UPC bar codes and product images for easy identification, cross-border interoperability of recall processes and communication, capability to provide additional information

Benefits

- Standardized, more efficient process for handling product recalls
 - The exchange reduces complexity for suppliers by giving them one tool to reach retailers and wholesalers in the same way
- High penetration/acceptability of the system: Since its launch in September 2009, the system had 540 subscribers in the U.S. by October 2010 (representing ~85% of all U.S. supermarket channel sales)



Source: Rapid Recall Exchange Program website; GS1 U.S. website; GS1 Canada website

Nestlé Helps Raise Awareness about the Importance of Proper Nutrition and Health and Wellness to Children through Its Healthy Kids Global Program



Background

- While nutritional quality has improved worldwide over the past 50 years, new nutrition-related problems have also emerged
- Problems of under nutrition continue to exist in developing countries, while increasing rates of obesity in developed countries contribute to rising levels of chronic disease around the world
- The objective of the Nestlé Healthy Kids Global Program is to raise nutrition, health and wellness awareness of school-age children around the world



Solution

- The Nestlé Healthy Kids Global Program, launched in 2009, builds on Nestlé's existing base of about 30 education programs, with the objective of implementing a Healthy Kids program in every country where the company has a meaningful presence by the end of 2011
- Healthy Kids programs are designed and implemented in collaboration with national health authorities, child nutrition experts and/or education authorities and health experts
- The programs must fulfill stringent criteria and vary according to each country's circumstances
- A website was set up for team members and partners across the Nestlé program, providing information such as program criteria, best practices, evaluation and monitoring tools, communication tools, teaching material
- As of early 2010, 56 programs were in place globally. The objective is to have 80 programs by the end of 2011

Benefits

- Nestlé Healthy Kids in Brazil/Nutrir has trained 11,000 educators and reached 1.2 million children in 4,000 schools and social organizations. Nutrir has since been successfully adapted by Nestlé in Mexico, Ecuador, Venezuela and Colombia
- The Russian program helps children and teenagers adopt correct nutrition habits as part of a healthy lifestyle. The program has reached over 300 000 pre-school and school children every year, and over 2.5 million children in total



Source: (a) "Healthy Kids Global Programme", www.nestle.com; (b) http://www.csreurope.org/solutions.php?action=show_solution&solution_id=706;

Hindustan Unilever Limited Educates Rural Women to Enter the Growing Consumer Market in Rural India



Background

- Consumer products companies need to develop a localized distribution network specific to the markets in which they operate
- Hindustan Unilever Limited (HUL) wanted to enter the growing consumer market in rural India
- Poor infrastructure and low literacy rate were the key barriers for HUL to enter these markets



Solution

- HUL used innovative distribution solutions to tap the growing consumer market in rural India, currently India has 638,596 villages^c
- In 2000, Hindustan Unilever (HUL) piloted project Shakti (meaning “power” in Hindi) in a small district in India^b
 - It targets rural women who act as Shakti entrepreneurs receiving stock at their doorstep from the HUL rural distributor and selling directly to consumers as well as to retailers in the village^b. These rural women are being educated and provided with on-the-job training
 - One woman typically services 6 to 10 villages covering a population of 1,000 to 2,000 people^b
 - By 2010, the vision is to have about 100,000 Shakti entrepreneurs covering 500,000 villages and serving 600 million rural consumers^d

Benefits

- Hindustan Unilever has trained more than 42,000 Indian women in villages to serve as distributors, and extended its reach to 123,000 villages
- This program generates about \$250 million a year (2006) from the villages that otherwise would have been too costly to serve



Source: (a) Capgemini Analysis; (b) Where HLL's Shakti comes from, [The Hindu Business Line](#), May 2003; (c) Number of villages, [India Government](#), Jan 2008; (d) Company Report – Unilever in India, November 2007; (e) Company Website - [HUL Shakti](#)

Walmart Collaborates to Make Technology More Accessible and Affordable for Small Health Practices



Background

- Only about 17% of U.S. physicians use computerized patient records
- Walmart research showed technology was becoming less costly and interest was rising among small physician practices
- The Obama administration is trying to jump-start the adoption of digital medical records with \$19 billion of incentives in the economic stimulus package



Solution

- Walmart bundles a suite of hardware, software and services into an affordable and accessible offering. It functions as a systems integrator, an aggregator
- EClinicalWorks provides electronic record and practice management software, for billing and patient registration, as a service over the Internet. This Software-as-a-Service model can trim costs and make technical support and maintenance less complicated, because less software resides on the PC in a doctor's office. Dell manages hardware installation, training and maintenance
- Walmart has the potential to bring not only lower costs but also an efficient distribution channel to cater to small physician groups

Benefits

- The package deal of hardware, software, installation, maintenance and training will make the technology more accessible and affordable, undercutting rival health information technology suppliers by as much as half



Traditional health technology suppliers have tended to shun small physician offices because due to the higher costs to sell to them. Taken together, they make up a large market, but they are scattered. If Walmart is successful, this could be a game-changer

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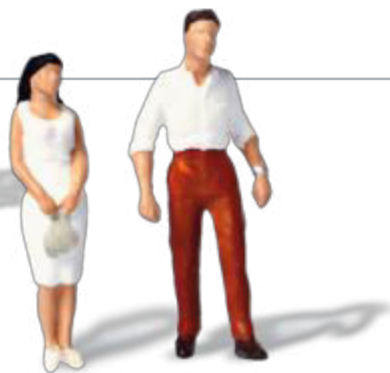
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