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Social Business: CPG Industry is Feeling the Change  0

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Social Business: The Consumer Packaged Goods Industry is  5

Feeling the Change

By Ralph Jacobson, CPG and Retail Marketing,
IBM



Innovative Consumer Packaged Goods (CPG) manufacturers recognize the importance of engaging in social media to capture and augment consumer insights and have incorporated social media in their business strategy as a means to be closer to the consumer. In fact, one global food maker literally rewrote their entire company's marketing strategy based upon worldwide consumer sentiment they discovered through social channels.

While more CPG organizations are communicating via social networks, the big winners will become social businesses that use analytics to manage structured and unstructured data and act upon these insights to gain a competitive advantage. The process of becoming a social business is not limited to engagement with consumers. Leaders in the industry are collaborating with suppliers and other business partners via [social channels](#). One of the vehicles with which to leverage this global collaboration is via [cloud services](#).



[Social business tools](#) help consumer products firms cue demand signals in advance of actual consumer demand. When you anticipate needs and deliver

exceptional experiences, you delight your customers and create advocates. Finally, social business tools enable you to effectively analyze and use multiple customer inputs in your business decisions. As these capabilities are developed, CPG firms, large and small are



driving profitable growth.

In the recent 2012 IBM CEO study, 102 [Consumer Products CEOs](#) opined on priority of investment areas as:

1. 76 percent of the CEO identified consumer insights as their top investment area
2. 61 percent cited Supply chain as the second most important area
3. 55 percent identified Sales as the third most critical area for investment

The study also found Consumer Products CEOs are behind CEOs across multiple industries in their use of customer insights, an important aspect of modern business strategy, which could adversely impact the progress of any business if not dealt with proper tools and intelligence. However, Consumer Products CEOs have realized the importance of building connections with consumers and are planning to triple the usage of social media in next three to five years (from 17 percent today to 65 percent) in order to have more customer insights and drive the customer sentiments in their favor.

In a separate study, 188 CPG CMOs were interviewed face-to-face around the world in the largest cross-industry [Chief Marketing Officer Study](#) ever executed. This study found that CPG CMOs are vastly underprepared for the flood of data they must manage. Consumer Products CMOs are even more concerned than most of their peers in other industries with the data explosion, social media and shifting consumer demographics. Additionally, CMOs are looking for more tangible ways to capture marketing ROI. Across all industries, the two biggest barriers hindering CMOs from adopting new tools and technologies are cost and lack of certainty about ROI. Consumer Products CMOs are in agreement, with 64 percent citing cost as the biggest barrier and 61 percent citing lack of ROI certainty.

While social channels like LinkedIn, Twitter and Pinterest rise, fall and get acquired, CPG companies need to engage with consumers and their business partners and customers in ways that simply did not exist only a few short years ago. [Tools are available today](#) to take the “gut feel” out

of becoming a social business, and to drive profitable growth for CPG firms of all sizes. Please [join the conversation](#) with your peers around the globe.

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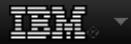
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