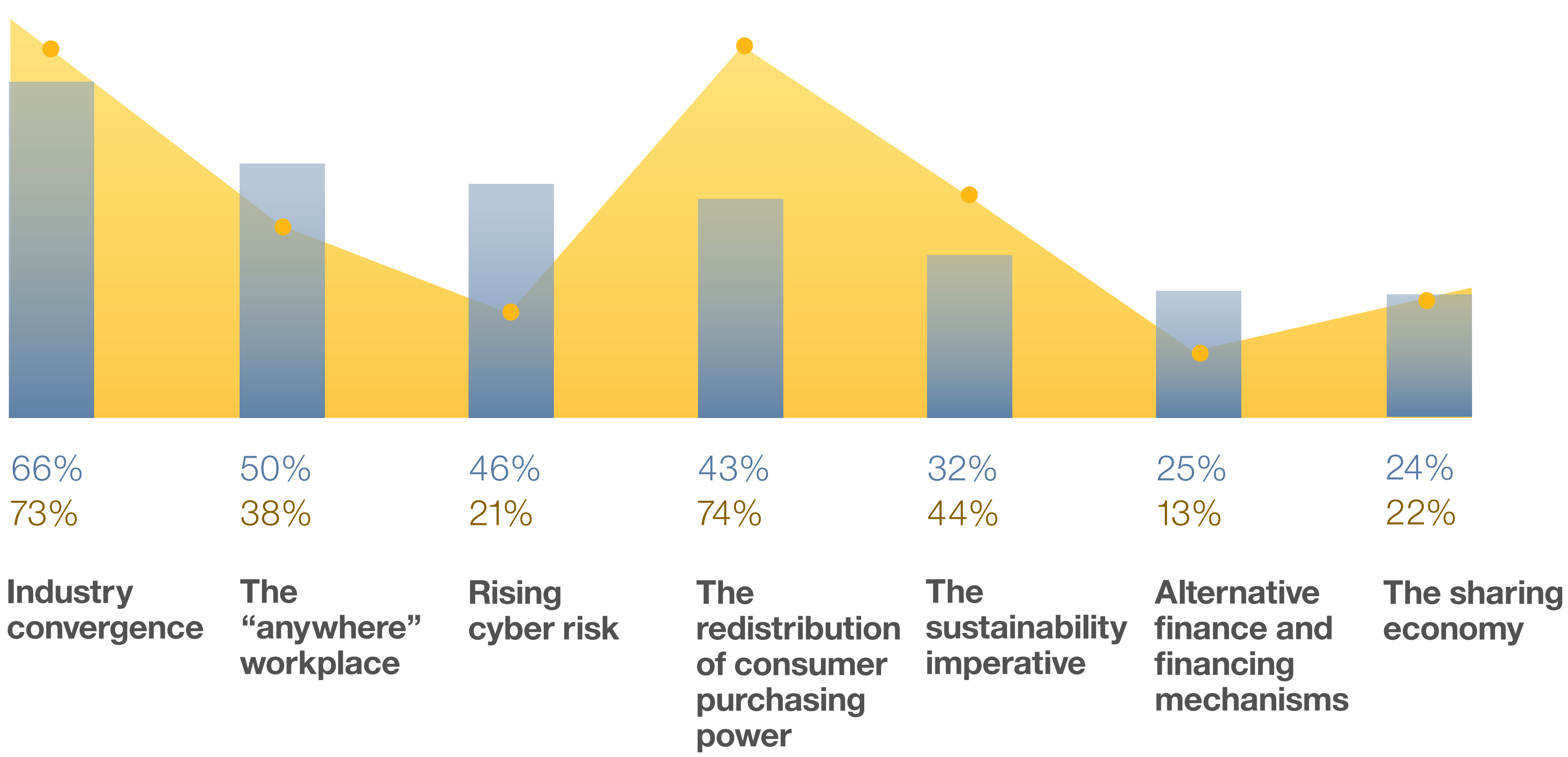
REDEFINING BOUNDARIES

Insights from the Global C-suite Study

Consumer Products Industry

We surveyed 416 top executives from the Consumer Products (CP) industry for our latest C-suite Study. So how do they stand out?

Figure 1. *CP CxOs see shifts in consumer spending power as a top trend*



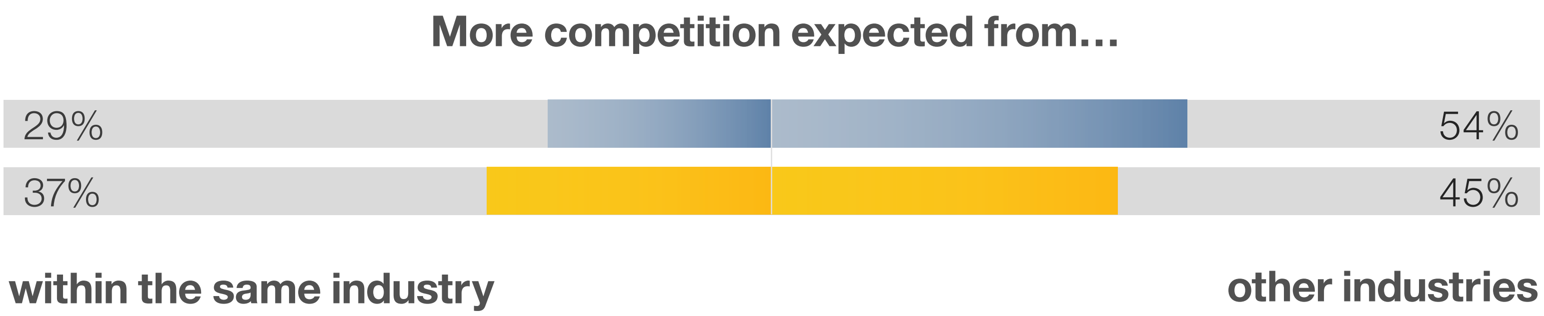
Two key trends

CP CxOs are even more convinced than other CxOs that industry convergence is reshaping the business arena. They say the redistribution of consumer purchasing power – as the middle class simultaneously expands in the emerging nations and shrinks in North America – is an equally important phenomenon (see Figure 1).

Global
Consumer Products

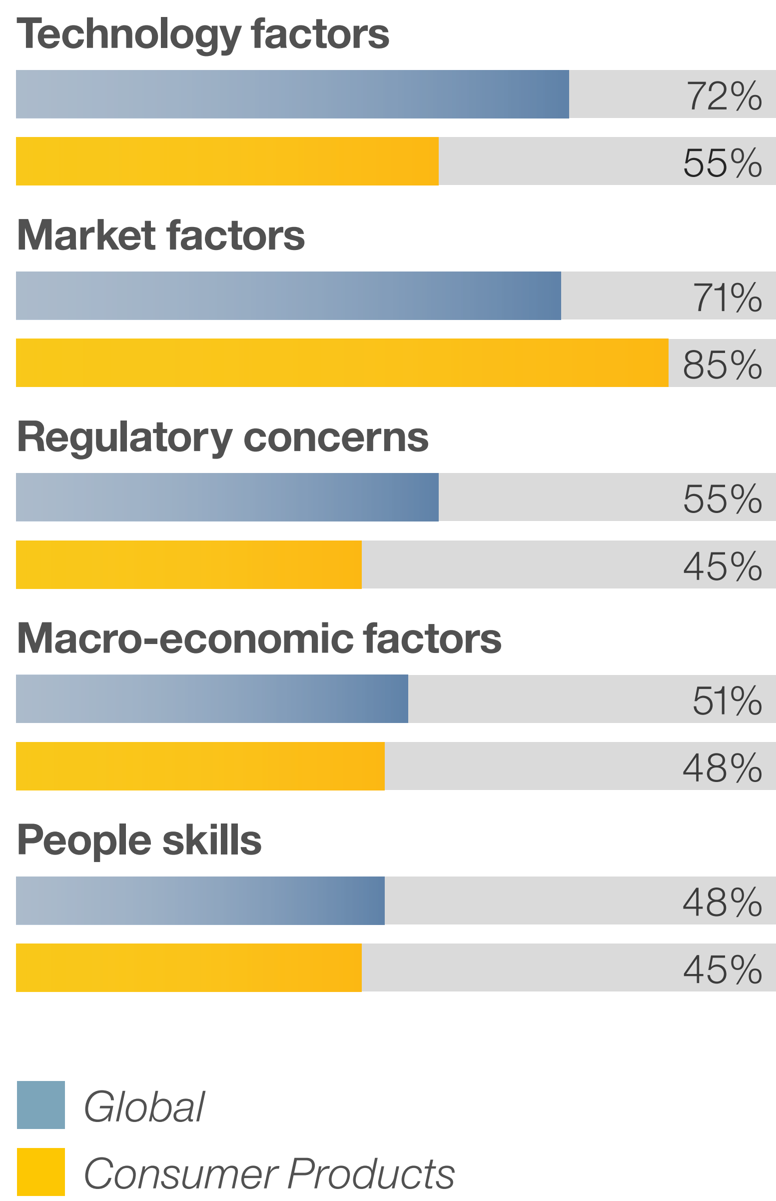
But though CP CxOs are acutely aware of how the boundaries between different sectors are blurring, they're less concerned about outsiders invading their patch than CxOs in other industries (see Figure 2).

Figure 2. *CP CxOs are less worried about a land grab than other CxOs*



CP CxOs differ from other CxOs in yet another respect. They think market factors are by far the largest external influence on their enterprises. They're not discounting technology, but it comes further down the list of outside forces they have to contend with (see Figure 3).

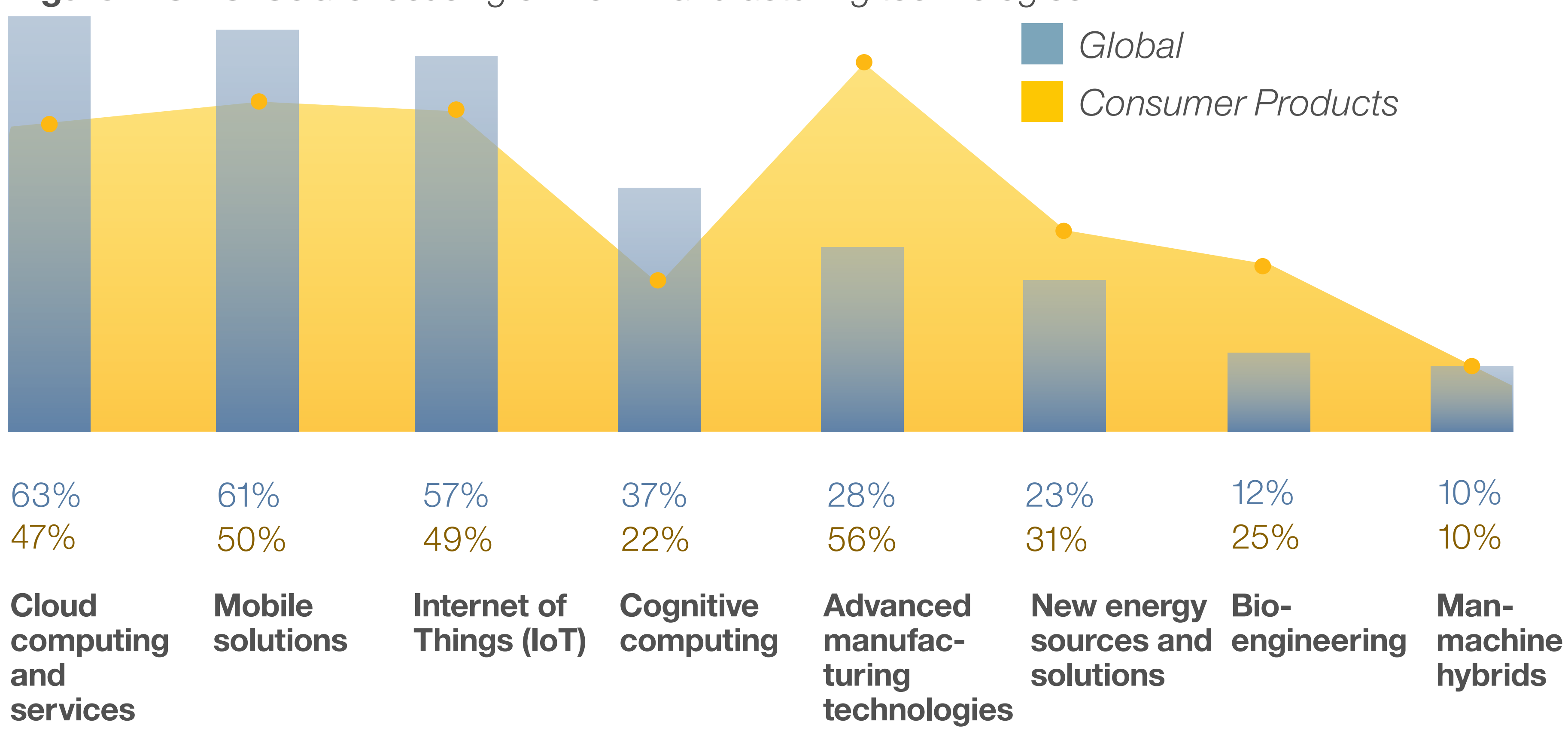
Figure 3. *CP CxOs say market forces trump other external influences*



Transformational tech

Most CxOs are placing their bets on cloud computing, mobile solutions and the Internet of Things. CP CxOs are interested in these technologies as well, but they're even more excited about new manufacturing tools. They're also exploring the potential of new energy solutions and bioengineering more proactively (see Figure 4).

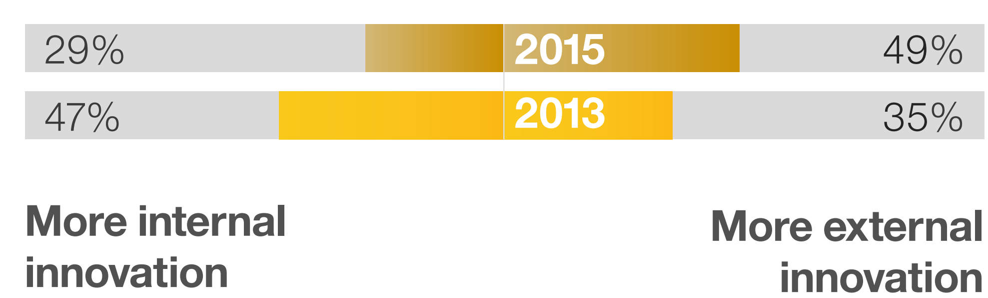
Figure 4. *CP CxOs are focusing on new manufacturing technologies*



But new technologies bring new risks – as CP CxOs realize. And they're even more concerned about reputational damage than the CxOs in our overall sample (46 percent versus 36 percent). Conversely, they're much less worried about IT security (50 percent versus 68 percent).

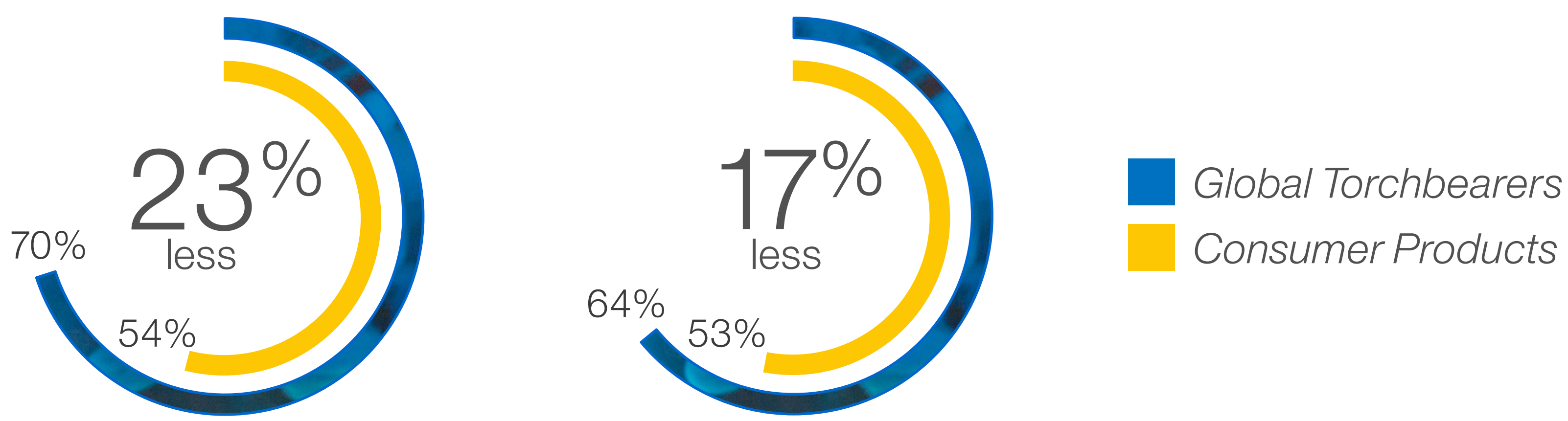
What's arguably more noteworthy, though, is the fact that so many CP CxOs still seem prepared to "go it alone," rather than looking for partners to help them exploit new technologies and innovate more effectively. They're more likely to be looking for external sources of innovation than they were two years ago (see Figure 5). However, only 59 percent plan to expand their ecosystems compared to the global average of 70 percent.

Figure 5. *CP CxOs are coming around to the idea of external innovation*



Moreover, relatively few CP CxOs are particularly concerned with changing the way they go to market. We identified a small group of very successful enterprises in our global sample. Torchbearers – as we call them – possess some distinctive traits. Among other things, they're exceptionally intent on reviewing their revenue models and the customer types they target in light of the technological advances they envisage. CP CxOs lag behind our exemplars on both counts, despite the opportunities digital technologies offer to go direct to consumers (see Figure 6).

Figure 6. *CP CxOs may be missing a chance to change the way they go to market*



That said, CP CxOs are bolder than many of their peers in other industries. Whereas only 58 percent of the CxOs in our overall sample aim to reach the market first when they're launching new business models or offerings, 67 percent of CP CxOs aspire to be market pioneers.

You can see the various installments of our latest Global C-suite Study at ibm.com/csuitestudy

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