

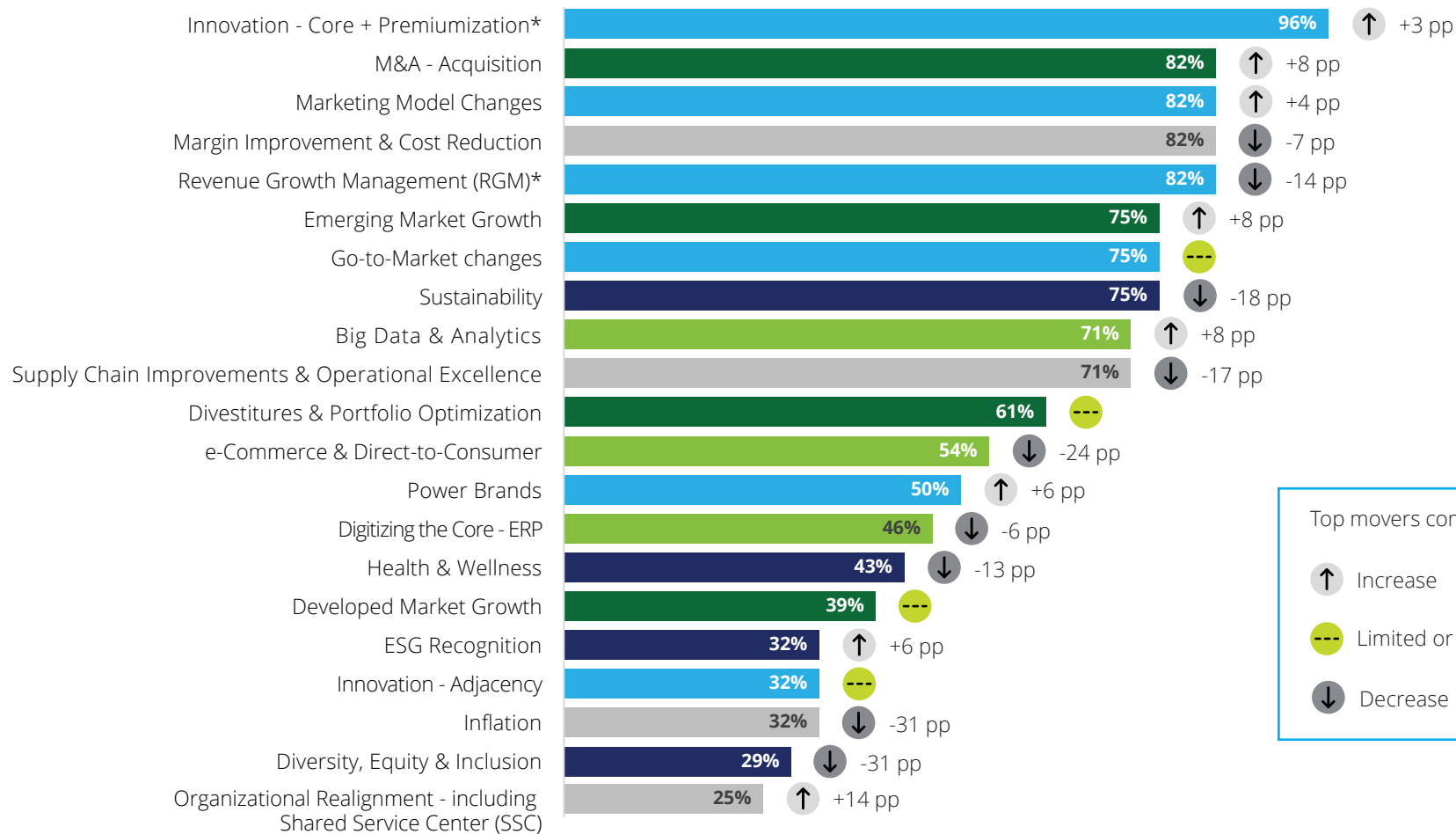
CAGNY 2024 roundup

Several well-known consumer packaged goods (CPG) companies discussed their priorities and strategies during the annual Consumer Analyst Group of New York (CAGNY) conference. Here's what we heard.



Key themes

Coverage by topic (% of companies discussing in 2024 compared to 2023)



Top movers compared to 2023

- ↑ Increase
- Limited or no change
- ↓ Decrease

- Marketing and innovation
- Workforce and ESG
- Operational excellence and efficiency
- Digital and analytics
- Markets and portfolio optimization

Note: *Premiumization is now part of the Innovation - Core theme (it was included in RGM till 2023) | Source: Based on Deloitte's analysis of presentations from 28 CPG companies from the CAGNY 2024 conference; pp is the percentage point change compared to 2023.

Topics gaining executive attention

<p>Profitable volume</p> <ul style="list-style-type: none"> CPG companies said they are likely to limit price-taking and return to volume/mix for growth. Favorable comps may help but they are taking action. CPGs say they will invest a higher % of revenue in marketing. In our outlook survey, 7 in 10 executives said they would increase marketing spend and 6 in 10 said it would be more digital. CPGs are getting more precise in decision-making and are investing in data and analytics for Revenue Growth Management (RGM). Companies are going to new places for volume growth and discussed emerging market investments more this year. 	<p>Product innovation</p> <ul style="list-style-type: none"> Core innovation was the most popular topic at CAGNY this year. Premiumization continues as a prominent innovation strategy. Companies also say they are going for more radical innovation and whole new products. Many CPGs say they will focus on their core brands as platforms to support new products and extensions. On what is expected to be a crowded shelf, CPGs may need to invest in commercial capabilities that can effectively bring innovations to retailers. 	<p>Excellence and efficiency</p> <ul style="list-style-type: none"> 8 in 10 companies said they are going for margin improvement and cost reduction in their CAGNY presentation. Most (84%) consumer products executives surveyed for the Outlook said increasing margins was a priority. And almost 2 in 3 said they will focus on decreasing costs in 2024. CPGs say supply chains are back to near normal with improved service levels, higher production capacity, and expanded distribution. Portfolio optimization, including divestiture, is now a perpetual practice of many CPG companies. 	<p>Opportunistic M&A</p> <ul style="list-style-type: none"> Discussion of M&A at CAGNY is up over prior years, as some companies look for it to be another lever for growth. Survey data revealed more than half (55%) of the executives thought there would be growth in acquisitions in the year ahead. 9 in 10 said expanding by acquisition is a priority for their company in 2024. In an environment where the cost of money is higher, 70% of executives surveyed felt their balance sheet would be a plus in an acquisition relative to private equity competition to buy the same company. 	<p>Capabilities</p> <ul style="list-style-type: none"> Many companies are continuing their digitization journey and starting to reap benefits by unlocking new capabilities. Companies discussed ERP implementations, expanding their data science teams, and adding new forms of machine intelligence and automation as a part of digitizing the core. This of course included Generative AI. Examples presented spanned forecasting and prediction, consumer behavior analysis, digital prototyping, digital marketing, future of work, and tracking and traceability.
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All survey results are sourced from Deloitte's 2024 consumer products industry outlook, published January 17, 2024.

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