FIGURE 1: SUBTRENDS

1. Health Awareness

Growing private market for health products and services
Stronger engagement of society in health issues and healthy products
Growing share of population suffering from illnesses
Convergence of industries (healthy cosmetics, functional food)

2. Environmental Sustainability

Rising demand for sustainably produced goods
Rising desire for products that are reusable, durable and recyclable
Growing need to use carbon-friendly/renewable energy sources
More private and standalone energy generation (solar panels)

3. Fight for Resources

Rising world energy demand and energy price levels
Greater limitation and speculation of fossil fuels/scarce resources
Growing need for food and water security in developing countries
Growing need for strategic partnerships to secure resource access

4. Environmental Degradation

Increasing exploitation of scarce resources
Ongoing climate change and more severe natural disasters
Growing total volume of non-degradable waste
Increasing awareness of collateral damage on species

5. Income Shift

New middle-class customers in developing countries
Increasing income gap between lower- and upper-income classes
Demand polarization/focus on price-value ratio (lacking mid segment)
Increasing demand for ownership-free products (pay-by-usage)

6. Digital World

Convenient product buying through digitalization (mobile commerce)
Rising usage of digital devices at point-of-sale (augmented reality)
Growing demand for simple technology with intuitive interfaces
Increasing adoption speed of new technologies
Connectivity of products and more add-on services (smart TV)

7. Open Data

Growing amount of interrelated and meaningful data
Greater availability and access to data and knowledge
Growing difficulties to protect private data
Greater usability and exploitation of consumer information for firms
Greater transparency of corporate processes (track and trace)

8. Informed Consumers

Increasing information exchange between firms and customers
Increasing price and value transparency for consumers
Opinions more influenced by peer-to-peer referrals (social media)
Growing desire to fully understand product/service (customer experts)
Customer dissatisfaction spreads faster and has stronger impact

9. Regulations

Strengthening of regulations that protect scarce resources
Growing involvement of NGOs in public affairs
Global collaboration of institutions leads to stronger regulations
More restrictions on product range from regulations (choice editing)
Greater standardization of products and business processes

10. Multipolarity

Growing of trade within countries and regions
Shifting economic power to developing countries
Growing demand for locally produced goods
Increasing legislative protectionism in global trade
Increasing interdependencies of markets

11. Mobility

More time spent for transportation during work and private life
Rising wish for individual mobility services that are publicly available
Growing number of people relocating more often and farther away
Rising number of migration flows

12. Urbanization

Increasing number of people living in urban areas
Decreasing average household size
Greater anonymization of society and need for new social safety nets
More agricultural usage in urban areas of developing countries

13. New Social Structures

Merging of real and virtual relationships and lifestyles
More people connect in online communities of shared interests
Personal relationships and communities change more frequently
People have fewer close friends and more acquaintances/loose contacts

14. Social Responsibility

Stronger request for corporations to fulfill obligations of society
More importance on showing social/environmental impact (CSR reports)
Increasing desire for fair-trade products
Increasing image impact of good-cause initiatives for firms

15. Burden of Aging

Aging of society and labor force in developed countries
Growing cost pressure on public health sector
Increasing willingness of healthy and consuming elderly to spend
Increasing need for firms to cover aging-induced costs of society

16. New Working

Increasing workload leads to growing convenience shopping
Increasing flexibility of business resources such as labor and IT
Increasing demand for job hopping and shorter employment cycles
Growing decentralization of firms into networks of autonomous units

17. Scarcity of Talent

Increasing requirements for new skills that employees need for working
Scarcity of skilled labor in developed countries
Greater need to build international workforce
Rising number of highly educated employees in developing countries

18. Female Shift

Increasing influence of women on family consumption decisions
Increasing number of women working
Increasing number of highly educated women in workforce
Growing demand for work-and-family programs

19. Personalization

Increasing demand for personalized product and service offerings
Decreasing willingness to accept concessions in product choice
Growing demand for personally influenced items (crowdsourcing)
Growing desire for unique products

20. Entertainment Society

Increasing demand for entertaining and unconventional points-of-sale
Growing importance of experience as added value to products
Growing number of people playing games online

Source: The Consumer Goods Forum, Roland Berger

Prioritizing Megatrends for Collaborative Action

While a case can be made that each of these trend clusters will affect the industry in the coming years, we wanted to identify from this long list those likely to have the greatest impact and that could be addressed through collaborative action in the consumer goods and retail industry. Several activities were undertaken to achieve this objective:

- An online survey was conducted among CGF member companies to assess the relevance and monetary impact of each identified subtrend.

- Expert interviews provided an external view of the relevance of trends in the consumer goods and retail industry to help prioritize areas for collaborative, non-competitive industry actions.

- Working sessions were held to help further define the areas for the development of collaboration action.

These activities led to the selection of five prioritized trend clusters — or megatrends (Figure 2). As part of the process we considered the potential impact of each megatrend on the industry and raised related key questions.

Let's take a closer look at these megatrends.

01 Health and Wellness

As consumer knowledge about health and wellbeing grows, so does interest in healthy consumption and products, with product and service offerings evolving to support this interest. Among the factors driving the interest in health and wellness are increasing life expectancy and the rising number of older people.

The potential impact on the industry of the health and wellness megatrend will be significant. For example, the selling of "healthy products" may become more challenging as consumers demand improved transparency and include new decision criteria such as sustainable production in their product selection process. At the same time, the industry may benefit from the evolution of new categories, for example by including more functional food products and healthy cosmetics in assortments.

In light of these developments, how should companies respond to consumers' need for increased transparency and education about health topics in order for consumer goods and retail to become a "healthy" industry?

FIGURE 2: FIVE MEGATRENDS WITH HIGHEST RELEVANCE FOR THE CONSUMER GOODS AND RETAIL INDUSTRY

01	02	03	04	05
New product and service offerings evolve to support growing number of individuals who feel more responsible for healthy consumption and healthy products	Access to resources gets more difficult as demand from economic prosperity and a rising middle class in emerging countries increase pressure on the world's ecosystem	Awareness of environmental and social impact of consumption continues to get more important as people gain transparency and require new levels of sustainable business operations from corporations	New digital devices and ubiquitous, always-available information change consumption habits and provide new opportunities for corporations to interact with consumers	Supported by new technologies and higher educational levels employees' flexibility increases and corporations are required to adapt to new ways of working in order to retain talent
Health & Wellness	**Fight For Resources**	**Sustainability**	**Digital World**	**Future Working**

Source: The Consumer Goods Forum, Roland Berger

02 Fight for Resources

Economic prosperity and a rising middle class in emerging countries is increasing the pressure on the world's ecosystem, including the growing need for food and water security. In addition, as global demand for resources like food, water and energy rises, access becomes more competitive and prices may increase. Factors such as ongoing climate change and more severe natural disasters are also affecting the supply of resources.

This megatrend has the potential to affect the consumer goods and retail industry in a number of ways. Consumers will increasingly expect companies to use the latest technology for reducing waste of natural resources. And businesses will need to consider new types of partnerships (for example, public/private) to secure access to resources. In addition, the industry will have the opportunity to play a vital role in securing the nutrition supply in developing countries.

In this environment, how can the industry ensure that people receive and maintain access to increasingly scarce resources and that these resources are distributed fairly?

03 Sustainability

Awareness of the environmental and social impact of consumption continues to rise, leading consumers to look for greater transparency, more sustainable operations, and sustainably produced and fair-trade products from businesses. The importance of using reusable and recyclable material to reduce waste is also increasing. An additional aspect of this megatrend is the rising demand for firms to contribute monetarily to society and to support good-cause initiatives.

The industry impact may be substantial as consumers and employees become more educated about environmental and social issues and require credible transparency. In addition, corporate social responsibility initiatives will be evaluated more critically. The industry as a whole will need to be more aware of its "social footprint" on both a global and regional level, as instances of misconduct could have a significant impact on businesses.

With this increased focus on sustainability, how can the industry efficiently provide (and transparently communicate about) long-term care for people and the environment?

04 Digital World

New digital devices support ubiquitous and always-available information and enable companies to interact with customers across more touchpoints. Key factors driving this megatrend include the increasing adoption speed of new technologies, the growing amount of interrelated and meaningful data, the greater usability of private data and the growing difficulty of protecting this information.

Industry implications include the challenge of managing the rapidly growing information exchange between businesses and customers, and the increasing price and value transparency demanded by buyers. Consumer goods and retail companies will see their businesses affected as technology startups drive innovation and set new standards, for example in retail processes. Image building will need to be far more credible due to the heightened level of transparency and "open data culture." At the same time, there will be opportunities to adopt new technologies for efficiency gains.

In light of these digital developments, how can businesses further simplify consumers' daily lives through new technology? How can companies handle new options and requirements through data transparency (for example, by providing clear, uniform and accurate digital product information)? And how will this trend impact existing regulations?

05 Future Working

Technological advances will foster new approaches to flexible, digital working. At the same time, access to qualified labor may become more difficult in some markets as requirements for higher skill levels increase, resulting in a battle for talent. The labor pool will also evolve due to the growing number of older workers and highly educated women in the workforce.

These trends will likely continue to drive a growing decentralization of businesses into networks of autonomous units. Changes in the ways of working will require companies to focus more on so-called "soft skills," interpersonal skills that dictate how people interact with others. Image-driven employer branding around topics like social and environmental impact will become more important. The demand for flexible working solutions will drive the industry to make changes to its technological infrastructure and hence its work/life balance models.

As the ways of working evolve, how can companies attract, maintain and develop top talent and future leaders for the consumer goods and retail industry?