

devices and multitasked while sometimes socializing with the rest of us that held tightly to a single mobile phone. As we fast approach 2020, the trend is to consume more data more quickly and more of it is coming our way. The next generation will not do research in the traditional sense and will operate in a more reactive mode based on intelligent signals that come to them.

Big data analysis and analytics at your fingertips will be the trend of the future business world for businesses to react to consumer and innovation trends. The idea is to cater to the “cluster of one”, the individual, as IBM called it at NRF 2014. Those businesses that can build operational and analytical excellence that will cover their end-to-end supply chains and consume intelligent signals via mobile channels will be the winners.

The buzz around machine learning, data mining, predictive analytics and optimization techniques will continue to grow while the expectation from the business world will be to bring the outputs of these very complex concepts to a very simple platform where decisions can be made easily and data can be shared easily. It is time to start building the foundation for big data that will ultimately end up in our specific industries and allow room for making it look real simple in the end.

Innovation Trends

More so than in any other section, the following predictions take into account the increasing pace of change and the impact it will have on the way consumer goods companies innovate. Functions expected to be most affected include consumer connections, the need for transparency and processes for innovation.



Ivan Arrington
Senior Manager,
Category & Shopper Insights

BUTTERBALL, LLC

Read any marketing journal and you are confronted with three emerging trends: Omnichannel sales, the rise of Gen Y and mobile consumption. Each of these is critical and winners will be identified before 2020.

But, if we look a bit further out, there is a quietly developing public health threat, predicted to emerge by 2020, that could drastically impact food manufacturing. The CDC believes that one in three Americans may develop diabetes by 2050. UnitedHealth Group is sounding a louder alarm, warning that more than 50 percent of Americans could be pre-diabetic or diabetic by 2020.

With the passage of the Affordable Care Act, both the U.S. government and the insurance industry will be motivated to improve the standard American diet and stave off the high costs associated with rising rates of diabetes (estimated by United Healthcare to be \$3.4 trillion dollars over the next decade at current rates). Already, there is discussion of a “fat tax” and further regulation of refined food ingredients).

I believe that marketers will be asked to reformulate or re-invent top products and I think it will be difficult. A large U.S. food manufacturer just revealed that it took six years to remove trans fats from a best-selling snack product. We are fortunate at Butterball to have a naturally better-for-you product, but we still work every day to strike a balance between consumers’ desires and their health.

Providing better choices is a good start. Preparing for regulation will ensure that brands and manufacturers remain viable.



Jim Carroll
Futurist, Trends & Innovation Expert

Going forward, the biggest trend impacting the consumer goods and retail sector is that the pace of innovation has clearly shifted to the speed dictated by Silicon Valley — which means that the innovation will now occur at the speed of Moore’s law. (Remember, Moore’s law explains that roughly, the processing power of a computer chip doubles every 18 months while its cost cuts in half. It provides for the pretty extreme exponential growth curve we see with a lot of consumer and computer technology today.)

The checkout process? It’s now being driven at hyper-speed through the introduction of iPad-enabled checkout devices, which accelerates change. The introduction of ever more intelligent, connected packaging technologies shifts control of innovation from traditional packaging companies to tech companies, the makers of bits and chips and RFID and tags. In store interaction, with consumers more engaged with their iPhone than with a salesperson, now evolve at staggering speed as in-store promotion technologies no longer involve cool cardboard box end-cap displays, but hi-tech LED televisions wired to Facebook Like buttons. And of course, there’s the Amazon helicopter drone delivery system. Science fiction? Maybe so — but if you think so, then I suggest you watch a few old episodes of The Jetson’s cartoon show. Watch carefully, and you’ll see that George was

actually having FaceTime chats, read his news off the Internet, and has Internet-sensor, connected clothing. What was once science fiction now becomes reality faster than ever before.

This means that in the future, the consumer goods industry is going to have to learn to innovate at the speed of companies such as Apple, Google, Twitter and Facebook, as opposed to a more leisurely pace of innovation found in the past. Clearly, Moore's law rules! Hence, my catchphrase — the future belongs to those who are fast!



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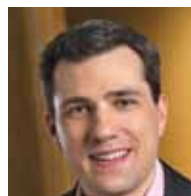
Ironically, the initiative with the greatest potential for impacting CPG companies by 2020 is taking place right now. Advanced personalization services are revolutionizing how CPGs develop and market new products, optimize inventories and supply chains, and predict and satisfy emerging consumer needs.

The intersection of big data and cognitive computing, just now becoming a reality, will present CPG companies unprecedented abilities to create rich consumer preferences down to very precise units, such as households, closets and cupboards. These identities will travel with the consumer across the shopping experience, impacting buying decision everywhere along the path to purchase, either digital, or brick and mortar.

The volume and exactness of data contained in these personalized preferences, along with the increasing ability of computing systems to reason and think like human beings, will give rise to increasingly sophisticated recommendation engines that will intelligently anticipate unmet, unrealized and unimagined consumer needs and tastes. And they will take into account broad and precise preferences for taste, scents, textures and cuisines as well as consumer conditions such as cooking aptitude, dietary restrictions, allergies, time constraints and sales and savings available nearby or online.

Achieving this requires a deep semantic understanding of consumers and their environments to uncover subtle relationships and valuable inconsistencies. Creating rich taste preferences presents unique challenges that demand sensory-based understandings of the consumer. Manufacturers and retailers will turn to technologies such as sensory identification to accurately model taste, scents and texture preferences.

In this new world order, consumers will be the ultimate winners, benefitting from highly personalized products and finely targeted recommendations that improve the shopping experience, consumer decision making, and ultimately, the products that define their lives.



Andrew Foust

Business Director, Convenient Meals

MCCORMICK & COMPANY, INC.

As an industry, we talk about people being connected like never before. Today's consumers are adopting new trends and tastes in many cases instantaneously, ultimately gaining control over how, when and where brands grow. E-mail, smartphones, web sites, social media, e-commerce and the like have broken down traditional geographic boundaries so that what's trending isn't just regional anymore — it is real time and it is worldwide.

To be successful, brands have to be fast and nimble with innovations and marketing solutions to meet growing demands. Even regional brands must look through a global lens — and adjust to the new reality that consumers play an increasingly significant role in deciding what could become the next big thing. This change in perspective has serious implications for planning and on how CPG companies are internally setup to respond to these ever-emerging trends.

The "Clever Compact Cooking" insight from the McCormick Flavor Forecast 2014® illustrates this idea. With 3.3 billion people — more than half the world's population — living in cities, there is a growing movement toward creating more efficient cooking within limited spaces. It is inspiring inventive urban dwellers across the globe to discover creative, cross-functional ways to prepare flavorful meals. Just look at what some of the latest small appliances can do — chop, mix and cook an entire meal in the space it takes to store a food processor. It's our job at McCormick, as a global flavor leader, to provide the tools — creative recipes, innovative multi-functional ingredients, new uses for kitchen appliances and more — to help consumers adapt to this trend.



Mike Friedman

Partner

KALYPSO

The approaches for delivering innovation have increased exponentially and will continue to rapidly expand. Take digital marketing, for example. Digital is all around us — so much so that it is easy to dive into new tools and lose track of the ultimate goal: delivering successful innovation. The key to competing and winning in 2020, then, is about maintaining the fundamentals for innovation success while leveraging new capabilities like digital.