



# 9 industry trends impacting RGM for 2023 and beyond

As a revenue growth manager, staying ahead of the curve is crucial to your success. In the ever-evolving landscape of the consumer packaged goods (CPG) industry, it's important to keep an eye on the latest industry trends that can impact your revenue growth strategy. By understanding and harnessing these trends, you can position yourself and your organization for continued success in 2023 and beyond.

## Contents

<b>Application of AI: Biggest change for consumers and businesses</b> .....	1
<b>Sustainability and transparency</b> .....	2
<b>Social responsibility and political polarization</b> .....	2
<b>Inflation and economic uncertainty</b> .....	2
<b>The importance of value</b> .....	3
<b>Fluctuating price elasticities</b> .....	3
<b>Increase in quantity and complexity of data</b> .....	3
<b>Direct to consumer (D2C)</b> .....	4
<b>Personalization of the buying journey</b> .....	4
<b>Target success in 2023 with effective solutions</b> .....	5

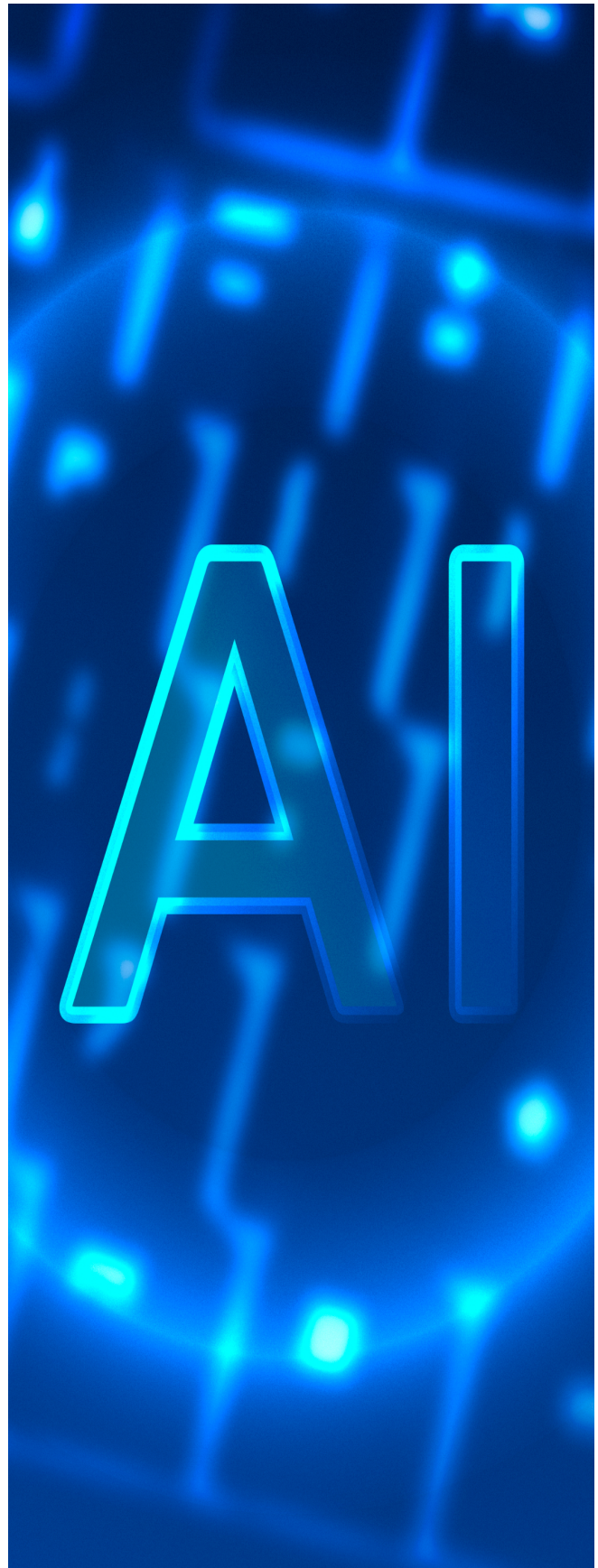
## Application of AI: Biggest change for consumers and businesses

The application of artificial intelligence (AI) is revolutionizing the way companies operate. AI has emerged as a game-changer in the CPG industry, empowering businesses to make data-driven decisions, automate processes, and deliver personalized experiences to consumers.

One of the biggest impacts of AI in the CPG industry is its ability to optimize revenue growth. By leveraging AI, revenue growth managers can identify new market opportunities, target specific consumer segments, and develop tailored marketing campaigns. The predictive capabilities of AI allow businesses to forecast demand, optimize pricing strategies, and reduce waste by accurately predicting consumer preferences and demand patterns.

You have probably been targeted by this type of AI and machine learning (ML) and have likely noticed how you can merely think of something and an ad for it will appear on your phone. A prime example is Amazon's recommendation system, which utilizes AI algorithms to provide personalized product recommendations to its customers. By analyzing customer browsing and purchase history, as well as comparing it with data from millions of other users, Amazon's recommendation system suggests relevant products, increases customer engagement and drives sales.

At CPGvision, we empower decision-making through comprehensive, real-time data insights and adaptive solutions that integrate seamlessly with your RGM functions. Utilizing the power of AI and ML, our solution provides users with analytics and insights, allowing them to start with trade promotion management (TPM) and add trade promotion optimization (TPO) and revenue growth management (RGM) capabilities as organizational needs and readiness require.



## Sustainability, and transparency

As consumer concern about the environment and corporate responsibility grows, revenue growth managers must recognize the importance of these factors in building trust and loyalty with their target audience.

Sustainability will continue to be a top priority in 2023. In fact, in the consumer-goods sector, 57% of all newly founded companies are green start-ups. With this increased focus on climate change and environmental issues, consumers are demanding eco-friendly products and sustainable practices from the brands they support. Revenue growth managers must understand the significance of integrating sustainability into their strategies to meet consumer expectations.

Transparency will also play a vital role in building trust with consumers. In an age of information, consumers are becoming more discerning and value honesty and authenticity. They expect brands to be transparent about their processes, ingredients, and sourcing methods.

To meet these consumer expectations, CPG manufacturers should continue to find innovative ways to engage their target audience in sustainability and corporate responsibility journeys. This can involve implementing eco-friendly packaging, using renewable energy sources, supporting ethical sourcing practices, and communicating these efforts effectively to consumers. By showcasing their commitment to sustainability and transparency, brands can earn the trust and loyalty of their customers.

## Social responsibility and political polarization

If you are participating in any kind of social media, you have noticed that businesses of all kinds, especially consumer goods, are finding themselves in the crosshairs of increasing political polarization, not just in the US but across the globe. Important social issues typically backed by corporations are becoming triggers for boycotts and social media campaigns. It will be more vital than ever to have a full understanding of the values of core consumers. The balance between corporate values and social trends will become increasingly difficult to maintain.

## Inflation and economic uncertainty

Inflation is a familiar experience for marketers, salespeople, and shoppers alike. Rising costs of raw materials, transportation, and labor can put pressure on profit margins and pricing strategies. Look at the food category, for example. [The US Bureau of Labor and Statistics](#) reports that 'food at home' prices have risen by 12% in the past year.

Revenue growth managers must carefully analyze and anticipate these cost increases to ensure profitability while remaining competitive in the market. By analyzing data and monitoring market trends, they can make informed decisions to mitigate the impact of inflation on revenue growth.

Additionally, economic uncertainty adds another layer of complexity to the CPG landscape. Revenue growth managers must stay agile, constantly monitoring economic indicators and consumer trends to adapt their strategies accordingly.

Inflation poses a significant challenge for the CPG industry in 2023. CPGvision can help you design effective price and promotion strategies during this time.

## The importance of value

In 2023, consumers will increasingly prioritize value outlets that offer competitive prices without compromising on quality. They will actively seek out value brands that provide affordable alternatives to well-established names, emphasizing that value doesn't mean sacrificing quality. They expect the best of both worlds: affordability and excellence.

There will also be a growing demand for value food substitutes, including plant-based and sustainable options, as consumers look for healthier and more environmentally friendly choices that still deliver on taste and nutrition. Revenue growth managers must strike a delicate balance by offering competitive pricing without compromising on quality, ensuring that their products and services consistently meet or exceed consumer expectations.

Consumers will also expect personalized, engaging, and meaningful interactions with brands, seeking value in the overall experience rather than just the product itself. Revenue growth managers need to focus on delivering exceptional customer experiences, leveraging technology and data to tailor offerings, and creating a sense of value and loyalty.

## Fluctuating price elasticities

Related to inflation is the importance of quantifying and updating price elasticities, which measure the responsiveness of consumer demand to price changes. Elasticity will continue to change without consistency, posing both challenges and opportunities for the industry.

We can expect to see significant shifts in price elasticities across different consumer segments, product categories, and channels. Some consumers, products, and channels will exhibit a higher degree of price elasticity, meaning that changes in price will

have a more significant impact on consumer demand. On the other hand, certain segments may become less price-elastic, indicating that consumer demand will be less influenced by price fluctuations.

For revenue growth managers, keeping a finger on the pulse of consumer price elasticity is crucial. It enables them to make informed pricing decisions, optimize revenue strategies, and effectively allocate resources.

Revenue growth managers who invest in technology like CPGvision's RGM solution will be better positioned to navigate the market, drive revenue growth, and maintain a competitive edge. Our platform empowers users to utilize price elasticity modeling to accurately quantify the impact of competitive price elasticities, and to simulate different strategies with our scenario capability.

## Increase in quantity and complexity of data

With advancements in technology and the growing influence of digital channels, businesses are inundated with vast amounts of data. However, as we move forward, the focus shifts from the sheer quantity to the complexity of the data. Revenue growth managers understand that it's not enough to collect data; they need to analyze it effectively and translate it into actionable strategies. By partnering with experts in data analytics and employing advanced AI tools, revenue growth managers can harness the power of predictive analytics to make better decisions. ML algorithms can help identify patterns, trends, and correlations within the data, enabling revenue growth managers to uncover valuable insights and predict consumer behavior. This enables them to optimize pricing strategies and target specific consumer segments.



## D2C (Direct to consumer)

D2C has emerged as a powerful strategy for revenue growth managers to establish a direct relationship with consumers. By utilizing D2C, CPG brands can control the entire customer experience, from product development and manufacturing to marketing, sales, and customer service.

Several CPG manufacturers are venturing into the D2C realm through various strategies. This includes acquiring rapidly growing newcomers (as seen in Unilever's \$1 billion acquisition of Dollar Shave Club), investing in startups (like Campbell Soup's \$10 million investment in meal-kit company Chef'd), or launching their own D2C initiatives.

One of the key advantages of D2C is the ability to capture valuable consumer data. By interacting directly with consumers, brands can gather rich insights into their preferences, behaviors, and buying patterns. This data enables revenue growth managers to personalize operations.

D2C provides CPG brands with the opportunity to cultivate brand loyalty. Through direct interactions, brands can establish a deeper connection with consumers, fostering trust and loyalty. By providing exceptional customer experiences, personalized recommendations, and convenient purchasing options, revenue growth managers can build long-lasting relationships with their target audience.

## Personalization of the buying journey

Personalization includes many aspects of the buying journey, starting from the initial touchpoints to the final purchase. Revenue growth managers should get insights into their consumers, delving deeper to develop a better understanding of their preferences. This understanding will enable them to personalize the buying journey accordingly.

By segmenting consumers based on their preferences, demographics, and purchasing history, revenue growth managers can deliver highly relevant and personalized messages through various channels. This can include personalized emails, tailored social media ads, or targeted content that speaks to the needs and interests of consumers.

Research by McKinsey shows that companies that personalize the buying journey have been found to generate an impressive 40 percent more revenue from these tailored activities compared to average players.

## Target success in 2023 with effective solutions

As we look toward the latter half of 2023 and beyond, revenue growth managers need to continually adapt, innovate, and focus on delivering exceptional value to consumers. By staying informed and responsive to emerging trends, revenue growth managers can drive success in the dynamic world of consumer packaged goods.

CPGvision offers a cutting-edge and comprehensive suite of trade promotion solutions specifically designed for the CPG industry. Our state-of-the-art platform seamlessly integrates all aspects of trade promotion, ensuring unparalleled functionality and performance.

No matter where you are in your trade promotion journey, CPGvision is committed to providing you with unwavering support. Don't hesitate to book a meeting with us today and explore the transformative possibilities CPGvision can bring to your business.