

Massive disruption in the retail industry meets changing consumer needs

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Issues impacting retailers, manufacturers under the spotlight at The Consumer Goods Forum Global Summit in Cape Town from 15 to 17 June

Participants at the Consumer Goods Forum (CGF) Global Summit in Cape Town have been given a taste of some of the disruption that is changing the consumer goods manufacturing and retail industry, during presentations by the leaders of some of the disruptive companies that are changing their world. The CGF celebrates its 60th anniversary with a stellar line-up of influential speakers.



Daniel Zhang, the CEO of Alibaba Group, explained that his company's mission is "To make it easy to do business anywhere." Alibaba only started as an e-commerce company in 1999, but in 2016 it surpassed Walmart as the world's largest retail company. Despite this fact, Zhang says that "Alibaba is not a retail company, it is a data company," which uses its multiple businesses to generate data that can be

aggregated and analysed in order to help its partners understand consumers and serve them better.

This focus on the use of technology to understand and customise the approach to buyers is at the heart of the disruption taking place in the consumer facing industries. Michael Fertik, Founder and Chairman of Reputation.com, explained that there have been three major breakthroughs in technology over the past 20 years that are enabling an entirely new way of doing business.

1. Search: Google in particular has made it increasingly easy to find information about anything, anywhere at any time. This capability is continuously improving.
2. Cloud: Storage of data has now become effectively free with the advent and growth of the cloud, and soon it will be cheaper to store information forever than to delete it.
3. Predictive analytics: The continuing improvement in the ability to analyse and make sense of data means that companies are able to understand how customers are likely to behave more accurately.

The fact that all data will be stored forever, is easily searchable and can be easily analysed, will change the world.

Kate Sayre, Global Head of Consumer Goods Strategy at Facebook, referred to the fact that today companies have an unprecedented ability to target and assess the effectiveness of their messaging to consumers across multiple platforms and change it according to results within an hour. This, however, requires nimbleness and innovation, which large established corporates generally lack. It is therefore small companies, which don't struggle with traditional corporate bureaucracy, that are causing much of the disruption. Where Google and Facebook have succeeded most is in being able to bring innovators into their firms and keep them happy.

Fertik pointed out that in the modern world everything is becoming digitised. Therefore, to focus on digital is pointless, and "appointing a Chief Digital Officer is like appointing a Chief Gravity Officer". However, the gap between good users of digital technology and bad ones is getting bigger, as those that use digital well are accelerating ahead of the rest. Rather than focusing on the inevitable use of digital technologies, companies should ensure that they are using data to help customers define their specific needs, and set about meeting those needs.

It's about the people. As Vivienne Ming, Co-Founder of Socos, pointed out, "There are impressive and wonderful ways in which we can change people's lives, and there are intrusive and creepy ones." Companies that use the data that they collect about people effectively and with sensitivity, rather than just to "sell them more stuff more efficiently", will do well going forward. Those that don't use the data to make life better and more convenient for their customers in an increasingly time-starved world will be left behind.

The disruption that we see taking place today will continue, as new technologies arise and as existing ones improve. Early-stage innovations like 3D printing will become increasingly ubiquitous and challenge existing business models. Companies that currently design, manufacture and distribute products like clothing and ready-made meals will have to decide what business they are in once consumers are able to print those products in their own homes. Such companies may end up selling intellectual property, rather than finished goods. The companies that can adapt most quickly and effectively to this ongoing change will be those that will still be thriving in 20 years' time.

Moreover, large companies must keep an eye on what seemingly insignificant small companies are up to, because it is they who are most challenging the status quo. Ludwick Marishane is the founder and MD of South Africa's Headboy Industries, which manufactures and sells its Drybath Gel globally and which challenges the makers of traditional soaps that require large quantities of water. Listed by *Time* magazine as one of 30 people under 30 who are changing the world, Marishane warned the established corporate leaders present to "Take us very seriously!"

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