ATKearney

CONSUMERS@250

2017 Executive Survey Overview

1. **Survey composition and executive summary**
2. Agility vs. process certainty
3. Scale vs. personalization
4. Privacy vs. data sharing
5. Value vs. values
6. Culture vs. control

Sample composition

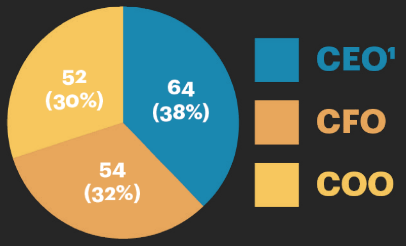
Overview

In association with *The Wall Street Journal*, A.T. Kearney launched a quantitative and qualitative study of 170 CPG and retail c-suite executives

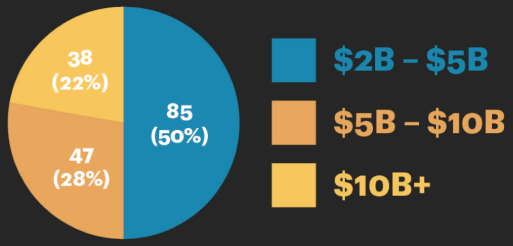
All respondents were screened to ensure:

- They hold the appropriate job title (CEO, CFO, or COO)
- They work in one of the listed industries at a U.S.-based company with sales in excess of $2 billion

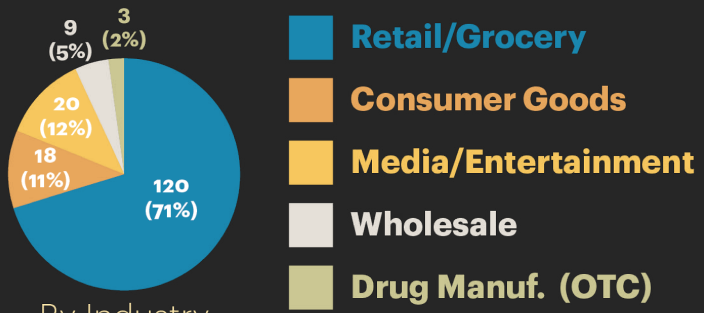
Respondent Breakout



By Title



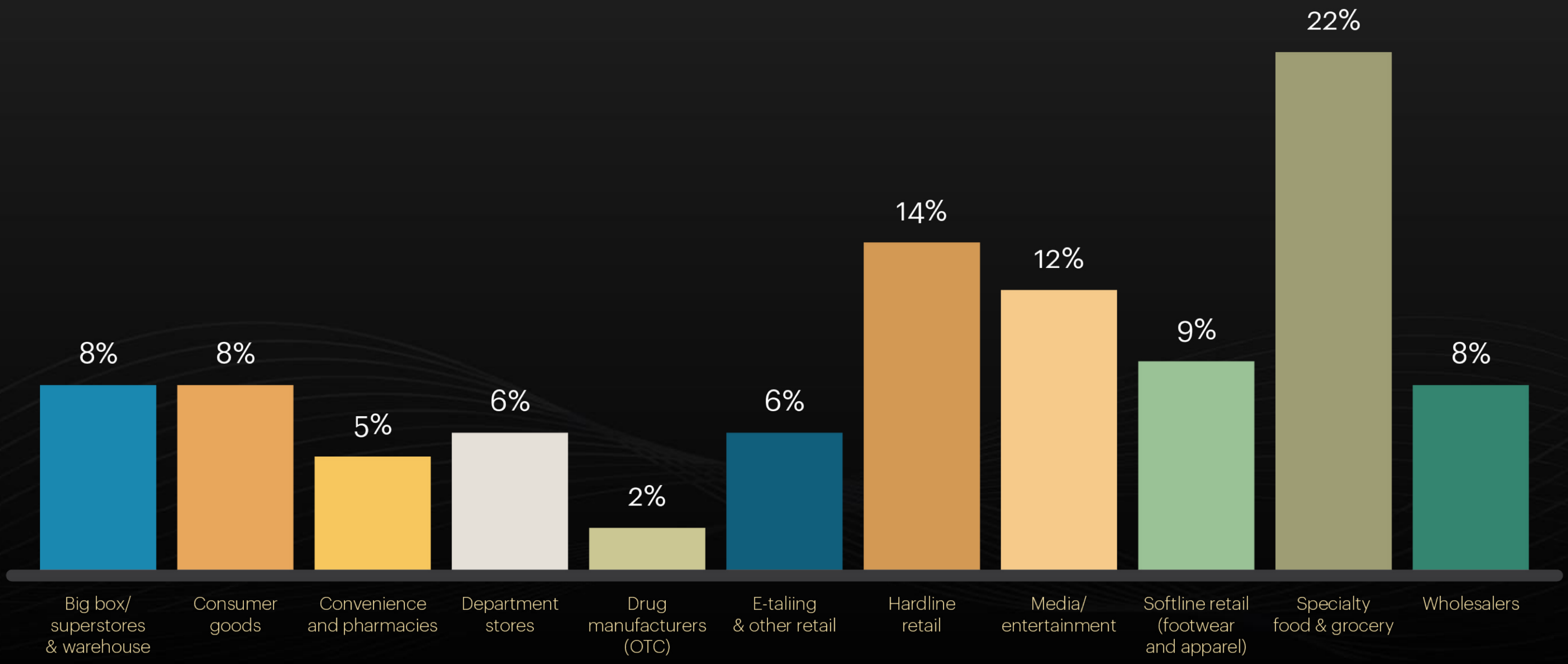
By Revenue



By Industry

1. CEO includes 16 respondents with the Title of Owner/Partner

Sample composition – breakout by industry



Executive summary

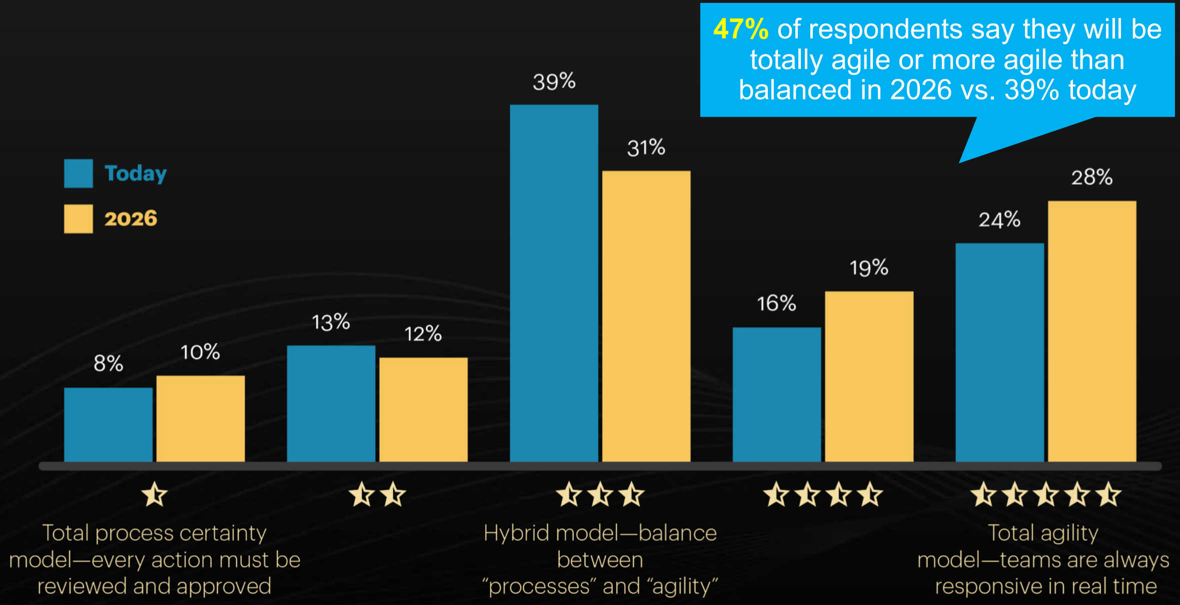
We wanted to understand where executives see their businesses today, where they think they will need to be in 2026, and how their organizations are addressing change

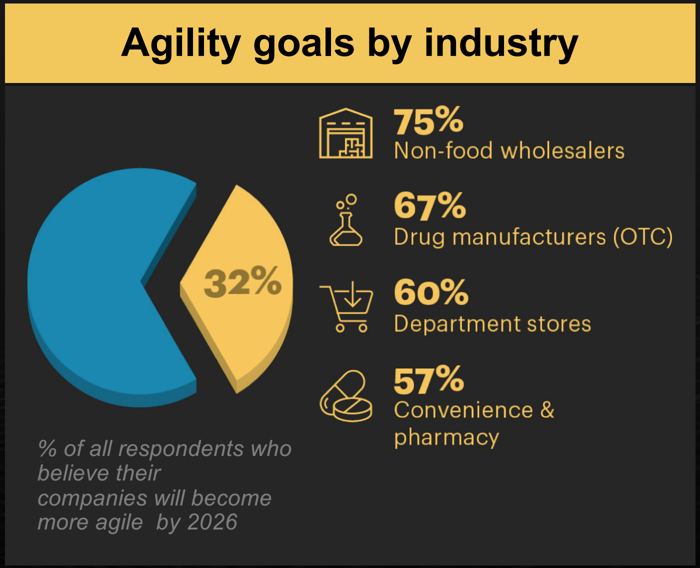
Agility vs. process certainty	A majority of respondents agree there is a need to become more agile, effectively responsive in real-time, but while 40% saw “Culture” as the top hurdle to be cleared before agility can be achieved, only 11% have a specific plan to address it
Scale vs. personalization	While a majority believe products and services will have to become more personalized and customized by 2026, a full 21% of respondents indicated they still plan on offering mass market solutions in 2026
Privacy vs. data sharing	There is a clear understanding that data is the key to future success and an awareness of privacy concerns, yet there doesn’t seem to be much creative thinking about how to reward “new consumers” for sharing data beyond traditional methods
Value vs. values	Most executives agree on the need to connect with consumers’ new ethical and moral concerns, but 14 % have no plan to address the issue and or believe they can outsource the answer
Culture vs. Control	While Most respondents stated a need to change and become more innovative in terms of solutions and organizational process and decision making models– 87 percent of respondents said they would continue to prioritize cultural fit over disruptive thinking when recruiting new talent

Respondents recognize the need for agility…

Q: What business processes and systems does your organization currently embrace today?

Q: Which of the following approaches do you believe your organization will adopt by 2026?



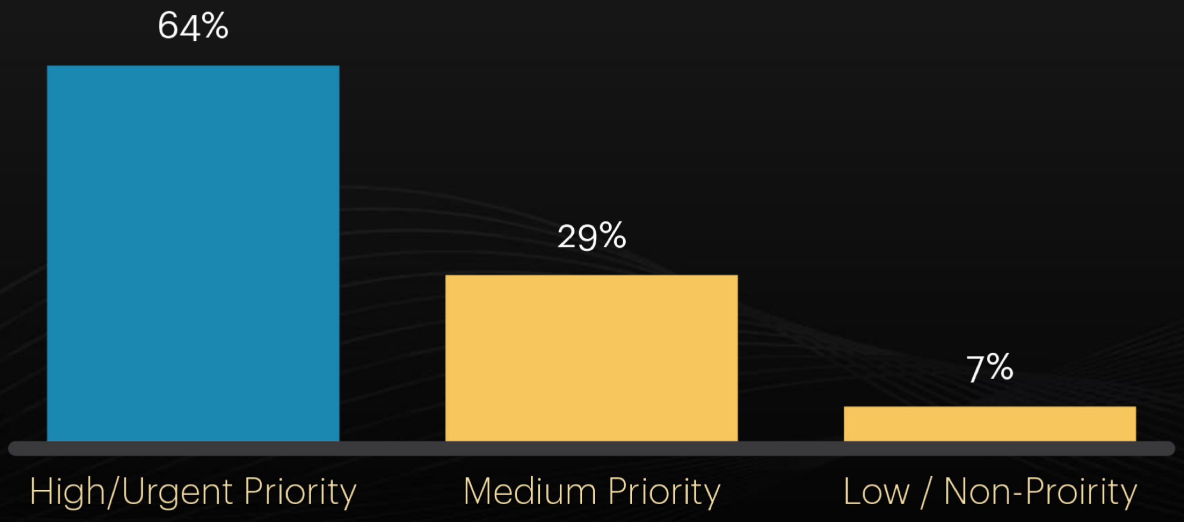


Note: Numbers may not resolve due to rounding
Source: A.T. Kearney Consumers@250 Executive survey

…and achieving this is a top priority

Q: How much of a priority is making this change in your organization?

Prioritization by respondents who believe their companies will become more agile



Breakout

Percent who believe becoming more agile is an urgent / high priority:

By title

CEOs	CFOs	COOs
63%	61%	71%

By company size

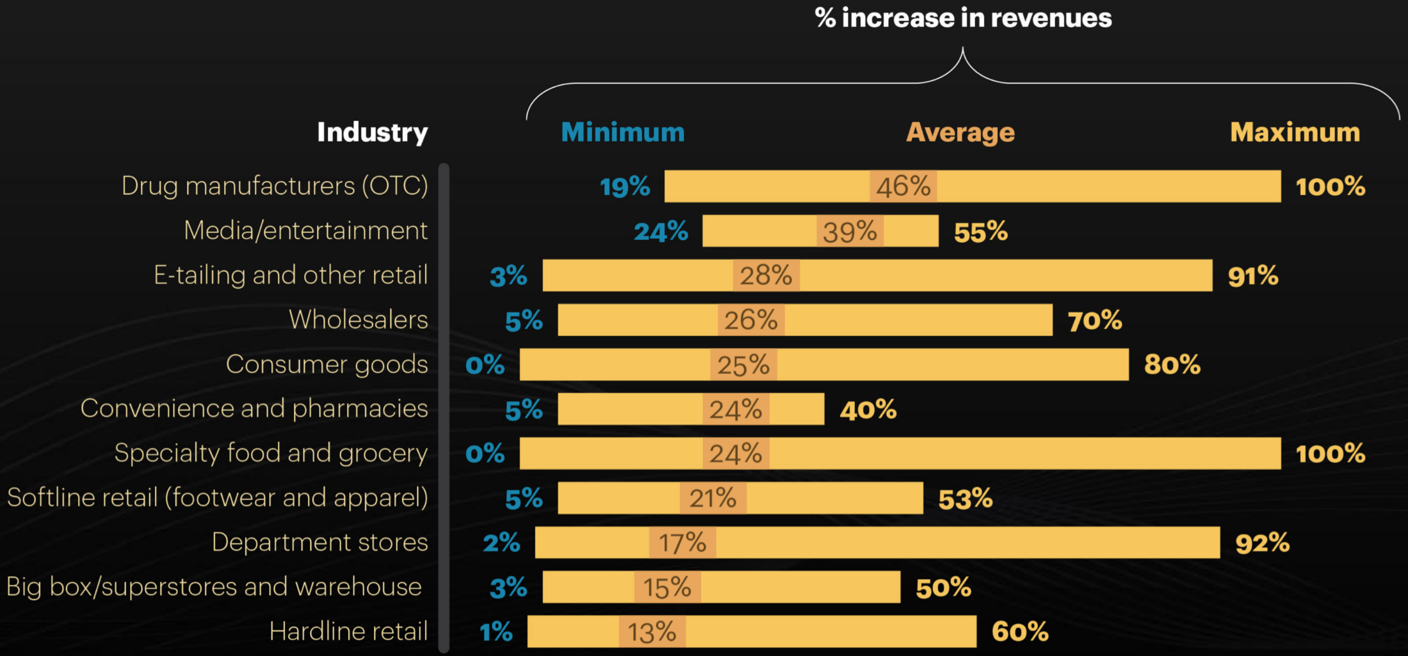
Large	Medium	Small
81%	53%	63%

Large: >$10B Medium: $5B–$10B Small: <$5B

Source: A.T. Kearney Consumers@250 Executive survey

A more agile model is seen to have a big impact on revenue

Q: If you were to prioritize achieving a total-agility based model, what incremental revenue would you expect your organization to gain?



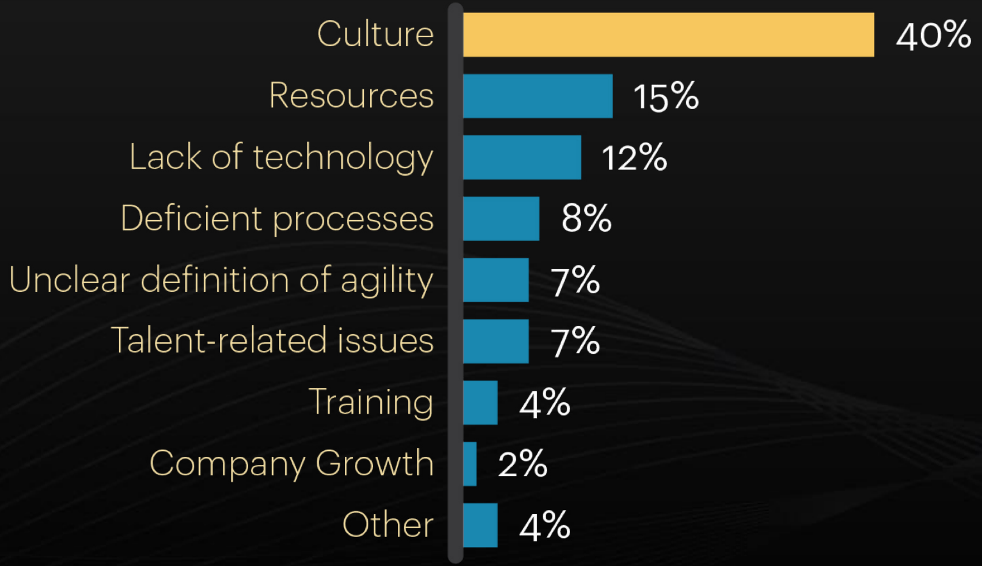
Estimated average revenue lift of **23%**

Note: Numbers may not resolve due to rounding
Source: A.T. Kearney Consumers@250 Executive survey

Cultural issues are seen as the main barriers to agility but…

Q: What are the main barriers holding back your organization from becoming agile?

Open-ended responses (% by category)



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Source: A.T. Kearney Consumers@250 Executive survey

Select quotes from respondents

Culture

- "One barrier is to get over fears of totally overhauling a system that's been proven to work"
  – CEO, +5B Food Specialty Store
- "Risk aversion is a big barrier. Leadership also likes having lot of information which can turn into analysis paralysis"
  – CFO, +10B, Groceries

Resources

- "Leadership buy in and figuring out if we truly have the resources for the agility we need to accomplish."
  – CFO, +2B Wholesale

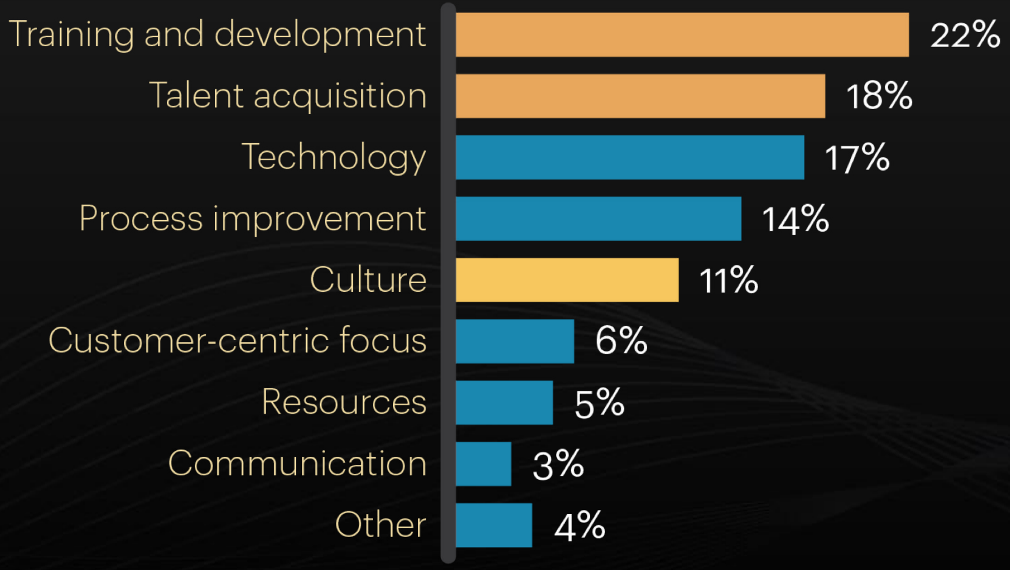
Technology and Processes

- "Lack of data and systems for quick, fact-based decisions at key point of influence" – COO,+2B Retail
- "Legacy computer systems" – CFO, +2B Media

…culture was fifth on the list of steps to get there

Q: What specific steps are you taking today to become a more agile organization?

Open-ended responses (% by category)



Select quotes from respondents

Training and Development

- "Constant feedback, better work environment, greater training and ensuring career advancement to employees."
  – COO, +2B Convenience and Pharmacies
- "Leadership development training to help drive change"
  – CFO, +5B Clothing Stores

Talent Acquisition

- "Bringing in members of management from outside to bring new perspective."
  – COO, +2B Consumer Goods

Technology and Process Improvement

- "We are looking at changing our internal programs to be more of a Lean corporation"
  – CEO, +2B Department Store

Note: Numbers may not resolve due to rounding
Source: A.T. Kearney Consumers@250 Executive survey

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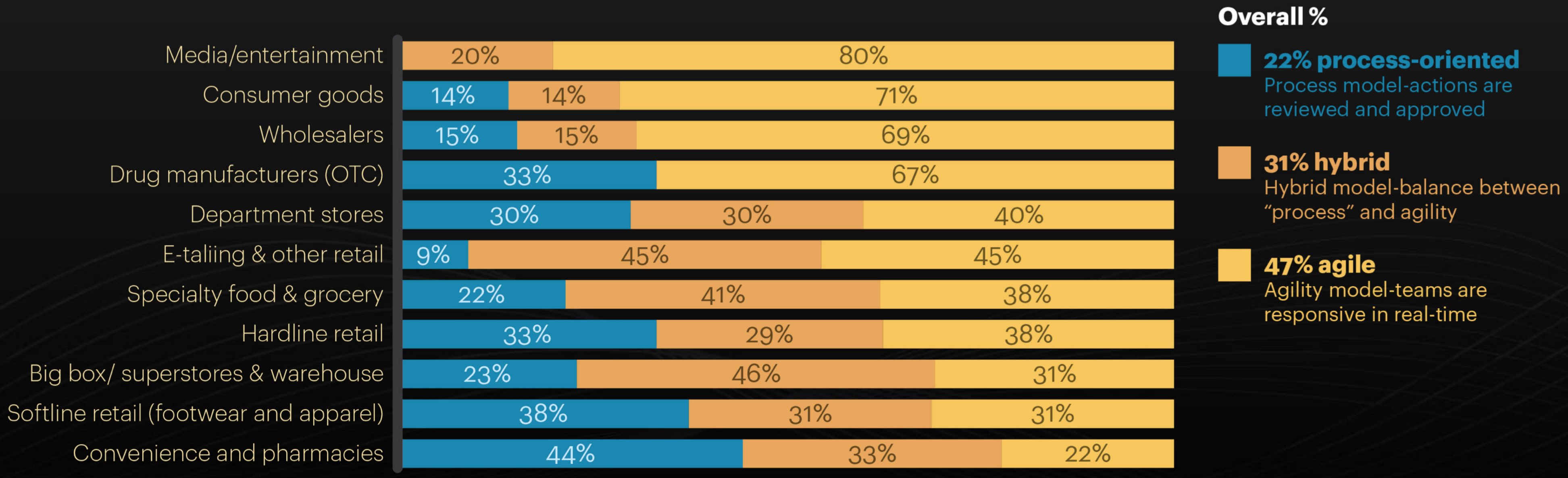
Agility in 2026 by Industry

Q: Which of the following approaches do you believe your organization will adopt by 2026?



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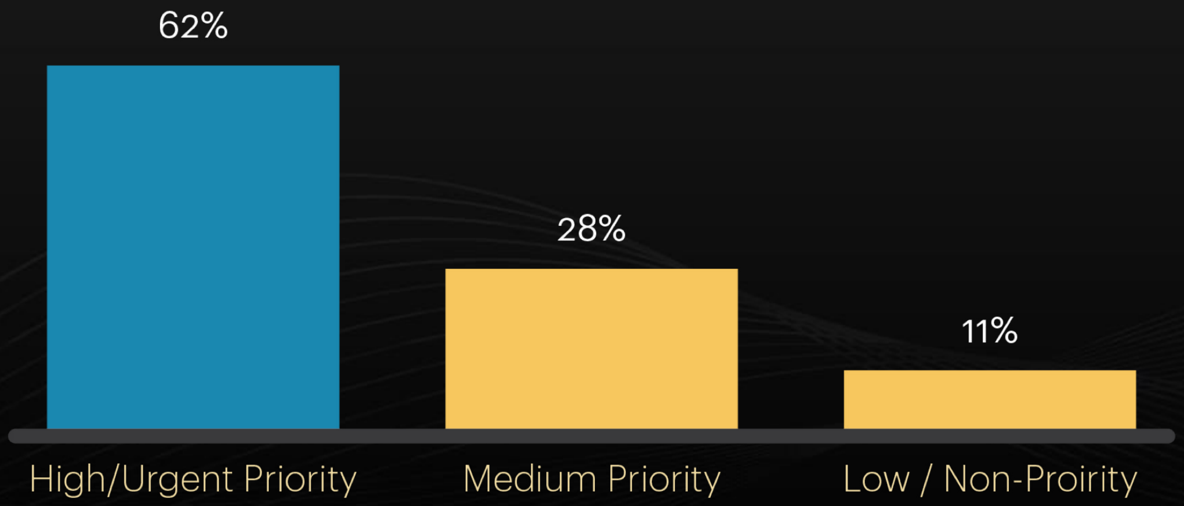
Offering more personalization is a top priority

Q: How much of a priority is making this change in your organization?

Prioritization by respondents who anticipate offering more personalized products



Breakout

% who believe more personalization is an urgent /high priority:

By title

CEOs	CFOs	COOs
57%	65%	65%

By company size

Large	Medium	Small
58%	62%	65%

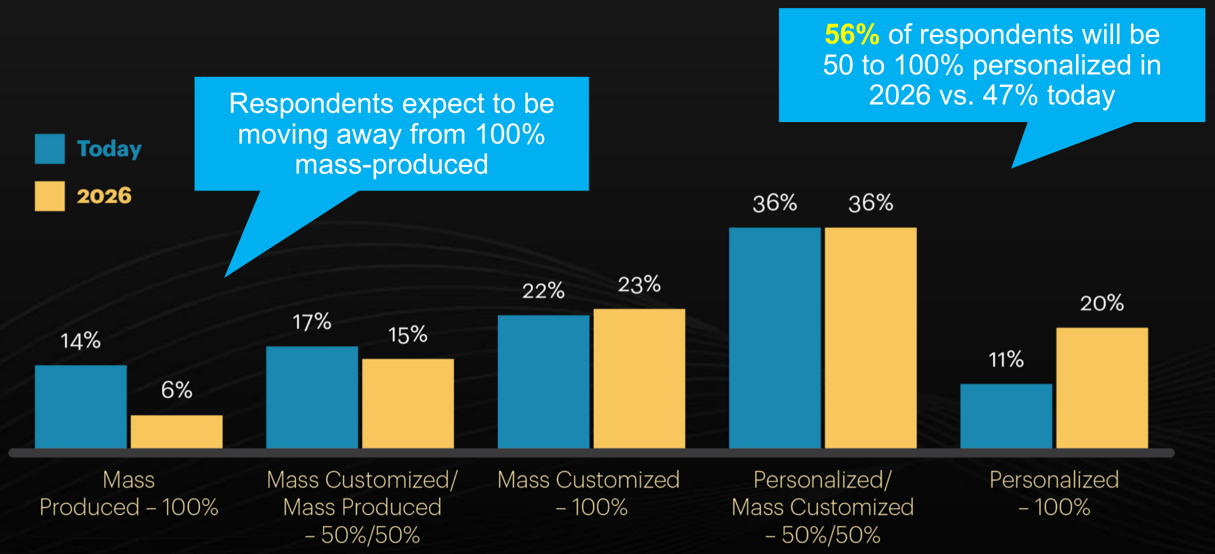
Large: >$10B Medium: $5B–$10B Small: <$5B

Note: Numbers may not resolve due to rounding
Source: A.T. Kearney Consumers@250 Executive survey

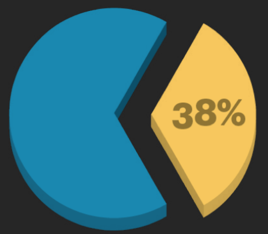
Most respondents anticipate offering a significant level of personalization in 2026

Q: how would you describe your company's approach to products/services today?

Q: Which of the following approaches do you believe your organization will adopt by 2026?



Personalization goals by industry



% of all respondents who anticipate offering more personalized products in 2026

67% Drug manufacturers (OTC)

63% Non-food wholesalers

60% Jewelry & cosmetics

56% Convenience & pharmacy

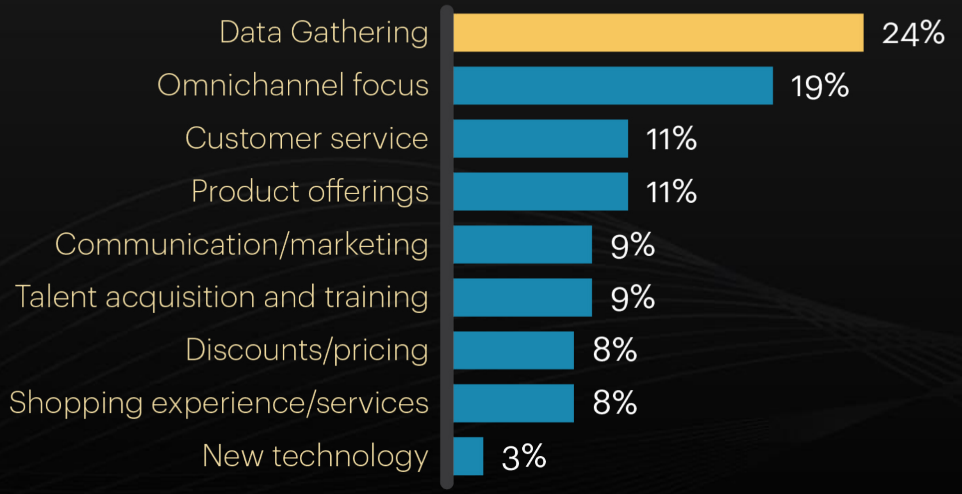
50% Department stores

Note: Numbers may not resolve due to rounding
Source: A.T. Kearney Consumers@250 Executive survey

Respondents are focusing on data analytics and channel strategies to get there

Q: What specific steps are you taking today to offer a more personalized shopping experiences to your consumers?

Open-ended responses (% by category)



Breakout

30% Specific channel

VS

15% Consumer wants

35% Analytics

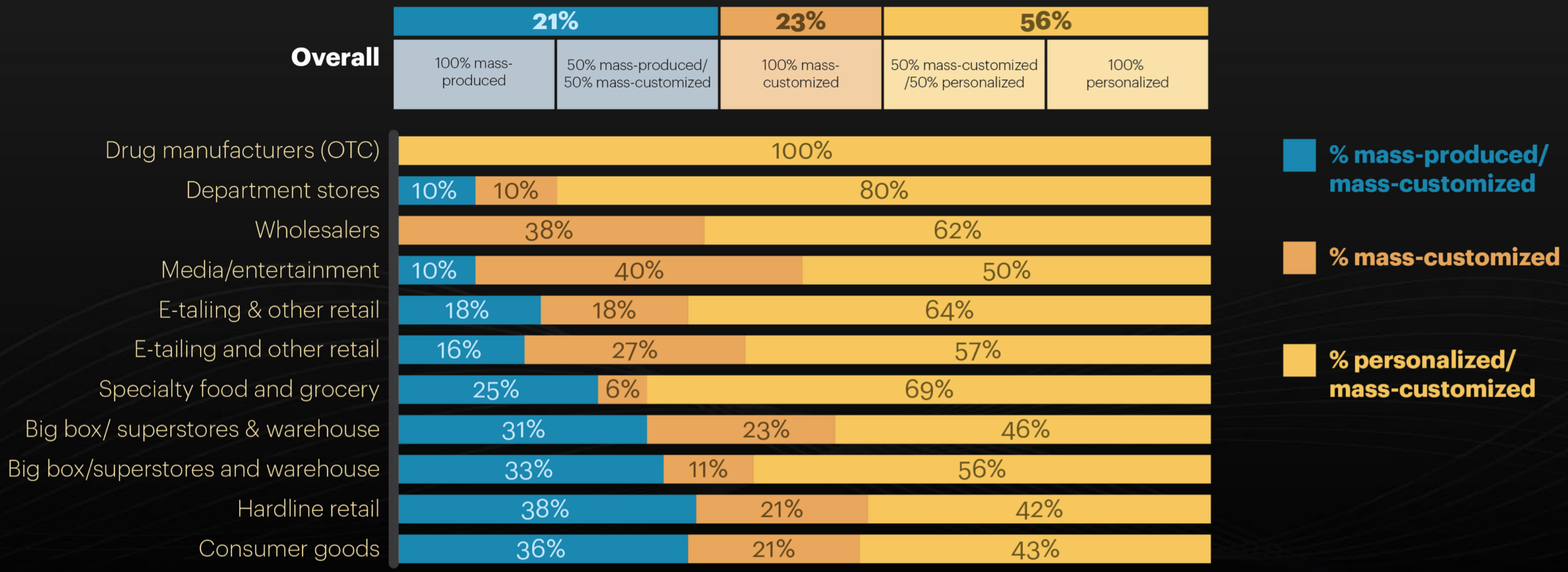
VS

17% People

Note: Numbers may not resolve due to rounding
Source: A.T. Kearney Consumers@250 Executive survey

Personalization in 2026 by Industry

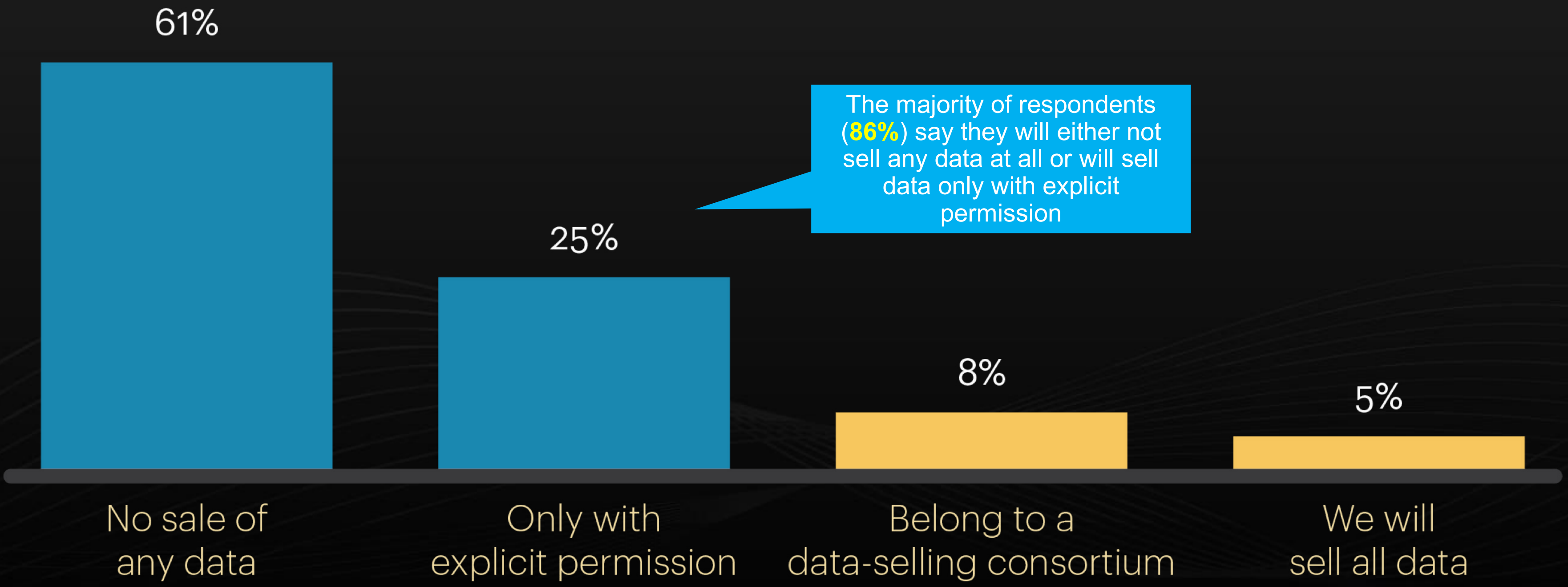
Q: Which personalization approach will your organization adopt by 2026?



Note: Numbers may not resolve due to rounding
Source: A.T. Kearney Consumers@250 Executive survey

Most respondents say they will not sell any data or will sell data only with explicit customer permission

Q: By 2026, how will your organization approach the sale of customer data?

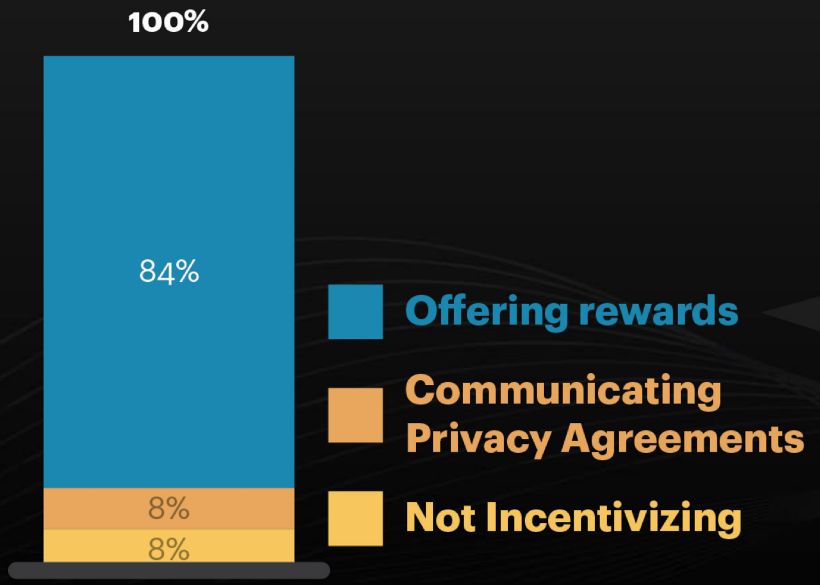


Note: Numbers may not resolve due to rounding
Source: A.T. Kearney Consumers@250 Executive survey

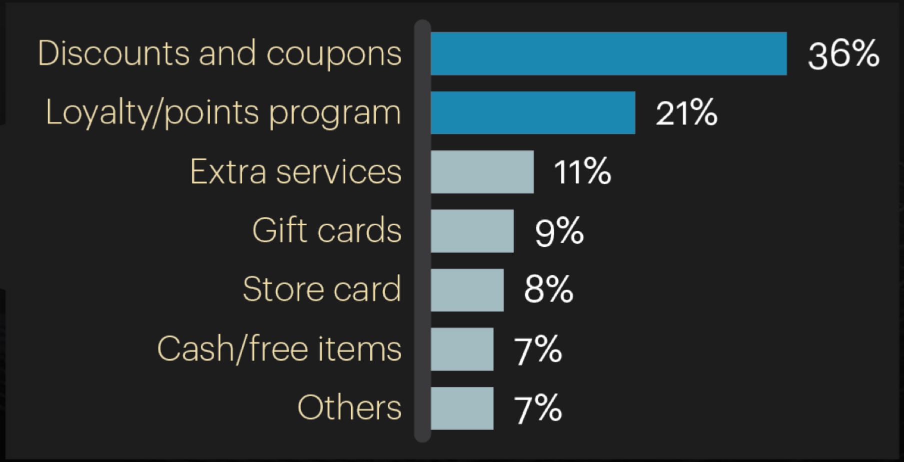
While 92% of respondents incentivize consumers for data access, they rely on traditional rewards

Q: What are some specific ways in which your organization plans to incentivize customers for sharing their personal information?

Open-ended responses (% by category)



Offer rewards category (% by type)



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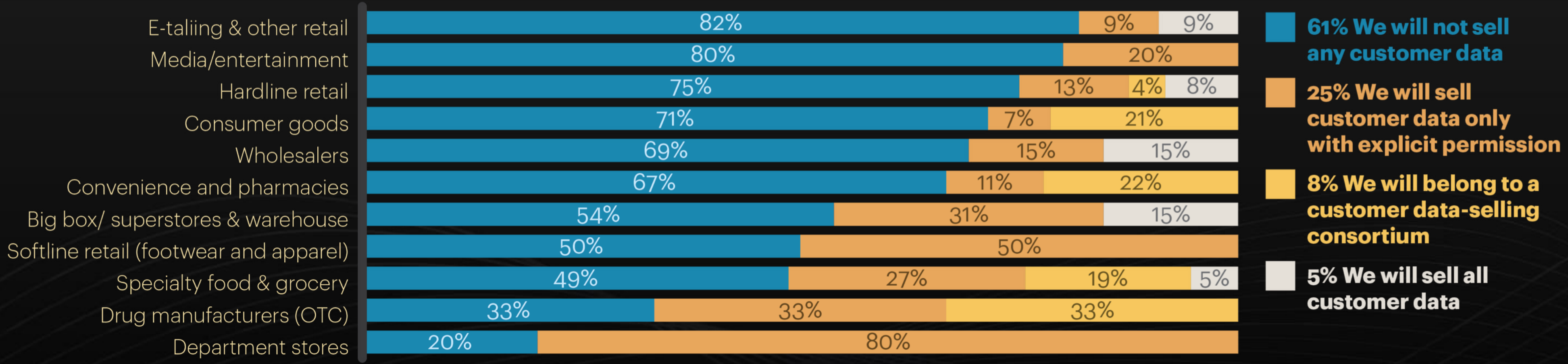
Source: A.T. Kearney Consumers@250 Executive survey

Approach to customer data in 2026 by Industry

Q: By 2026, how will your organization approach the sale of customer data?



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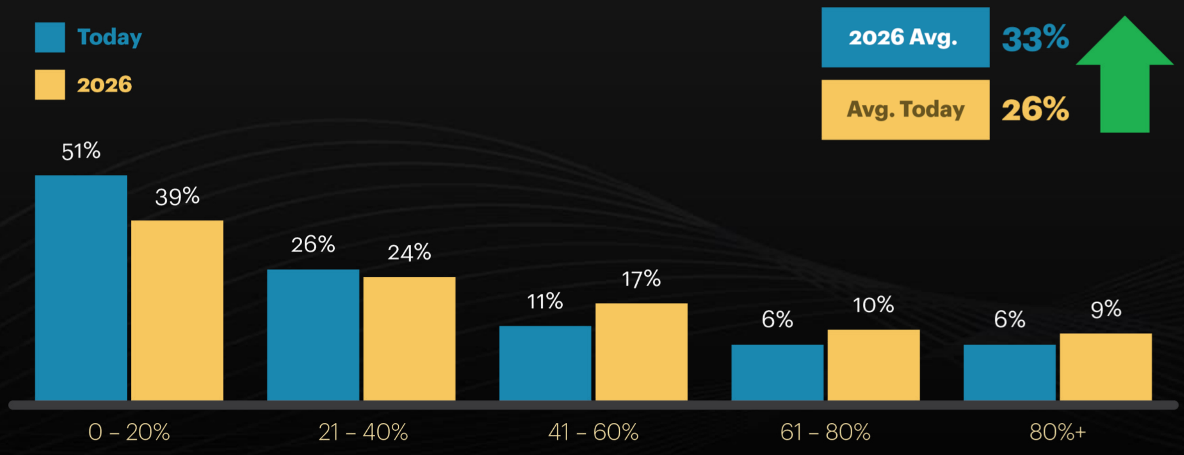
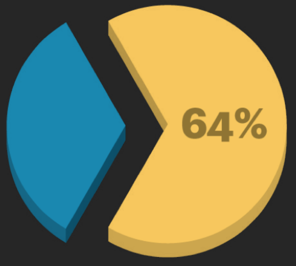
64% of respondents believe more purchases will be driven by ethical concerns in 2026 vs. today

Q: What percentage of actual purchases are being driven by ethical concerns today?

Q: What percentage of actual purchases do you believe will be driven by ethical concerns in 2026?



Values-driven goals by industry



% of all respondents who anticipate that a higher% of purchases will be driven by ethical concerns in 2026

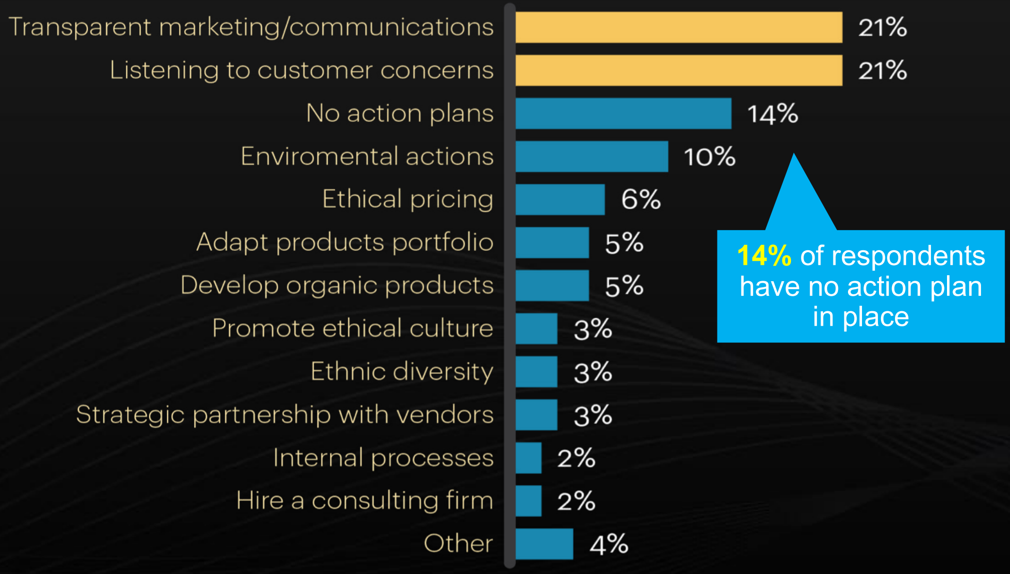
- **+16%** Convenience and pharmacies
- **+15%** Big Box/ superstores
- **+13%** Soft-line retail
- **+12%** Grocery stores
- **+11%** Food wholesaling

Note: Numbers may not resolve due to rounding
Source: A.T. Kearney Consumers@250 Executive survey

Respondents see transparent communications as key to incorporating ethical concerns

Q: What specific steps are you taking to incorporate the ethical concerns of your customer base into your product offerings?

Open-ended responses (% by category)



Select quotes from respondents

Clarity in Communications

- "Timely release of information through ads and mass email." – CEO, +5B Pet Store
- "We create a spirit of openness in the practice of marketing." – CFO, +10B Convenience Store
- "Our endorsements are clear and transparent." – CEO, +10B Clothing Store

Listening to Customer Concerns

- "We are listening to our customers and dropping brands that customers have ethical concerns with." – CFO, +2B Supermarket
- "We make sure our customers' purchasing decisions are based on their preference, not our pressure.." – CEO, +2B Broadcaster

Note: Numbers may not resolve due to rounding
Source: A.T. Kearney Consumers@250 Executive survey

Ethically driven purchases in 2026 by Industry

Q: What percentage of actual purchases do you believe will be driven by ethical concerns in 2026?

Purchases driven by ethical concerns (% by industry)

Source: A.T. Kearney Consumers@250 Executive survey

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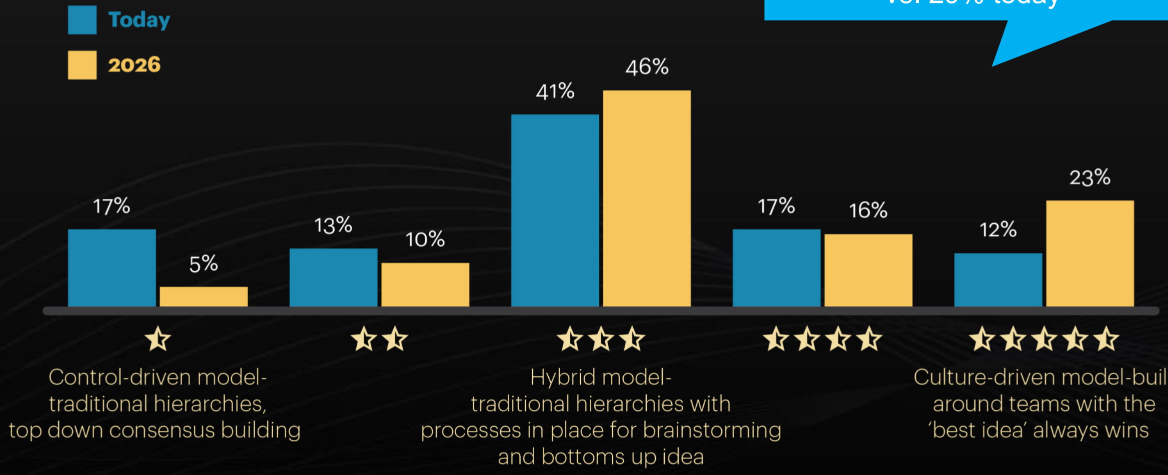
Respondents expect to be moving away from hierarchy

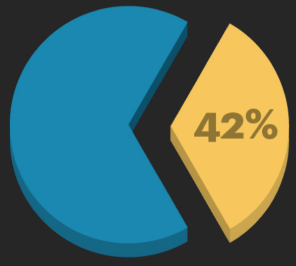
Q: How would you describe your company's culture and organizational structure today?

Q: Which of the following approaches do you believe your organization will adopt by 2026?

39% say will have a flatter organizational model in 2026 vs. 29% today



Flat organization vs. hierarchy goals by industry



% of all respondents who anticipate a flatter organizational structure in 2026

70% Department stores

63% Non-food wholesalers

56% Convenience & pharmacy

53% Grocery stores

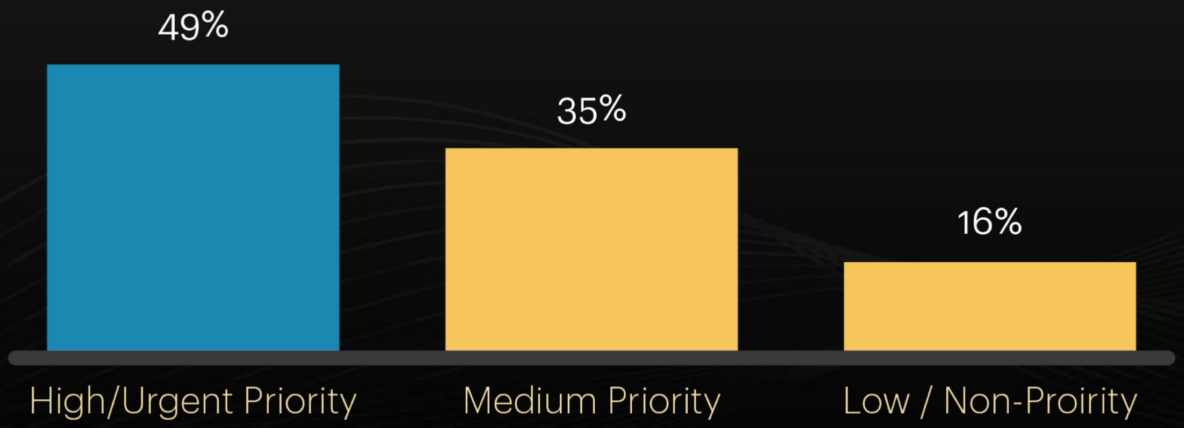
50% Consumer goods and soft-line retail

Note: Numbers may not resolve due to rounding
Source: A.T. Kearney Consumers@250 Executive survey

Nearly 50% of those who will move to a flat-organizational model view this as a top-priority

Q: How much of a priority is making this change in your organization?

Prioritization by respondents who anticipate flatter organizational structure



Breakout

% who believe a more culture-driven organization is an urgent /high priority:

By title

CEOs	CFOs	COOs
40%	45%	59%

By company size

Large	Medium	Small
52%	22%	61%

Large: >$10B   Medium: $5B–$10B   Small: <$5B

Source: A.T. Kearney Consumers@250 Executive survey

Paradoxically, when recruiting new talent, 87% prioritize cultural fit over disruptive thinking

Q: By 2026, how will your organization approach recruitment of top talent? Please select one response.

87% of companies told us that when they are recruiting new talent they prioritize cultural fit over disruptive thinking.

49% of all respondents

- “We will target candidates who appear to be the best “cultural-fit”—that is, individuals who share a similar background with current staff and are most likely to conform and adapt to the core values and collective behaviors of the organization.”

38% of all respondents

- “We will recruit some candidates who bring non-disruptive diversity of thought, but whose backgrounds and values align with the collective behaviors of the organization.”

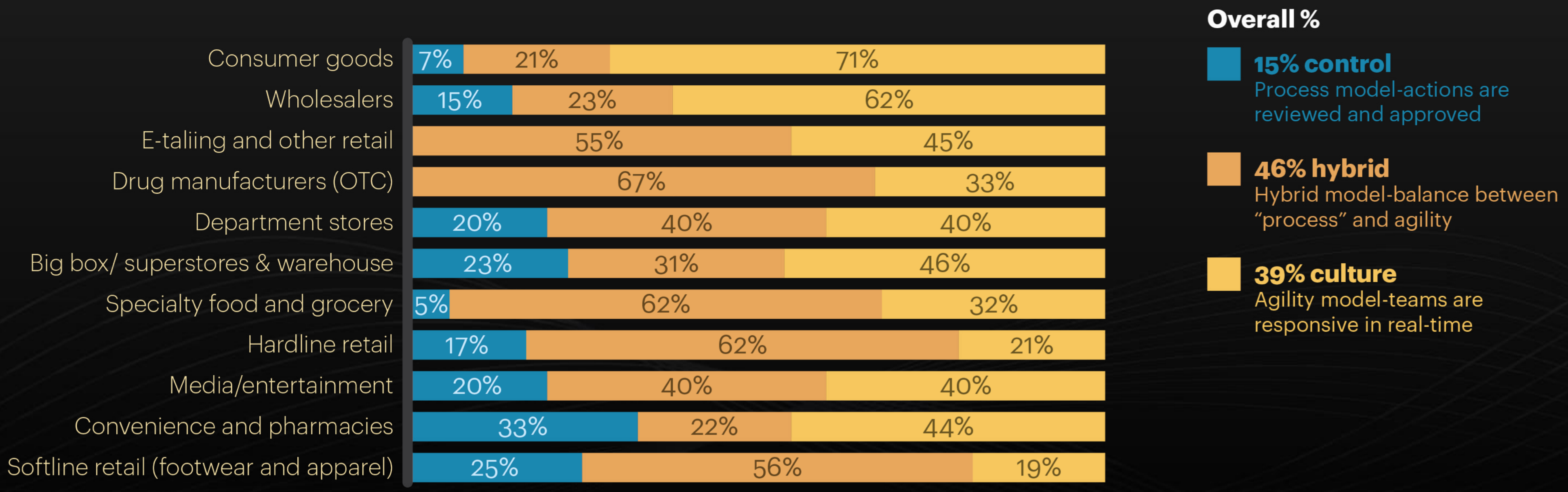
13% of all respondents

- “We will deliberately recruit diversity of thought, including disruptive thinkers.”

Source: A.T. Kearney Consumers@250 Executive survey

Culture & organizational structure in 2026 by industry

Q: Which approach to culture and organizational structure will your organization adopt by 2026?



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