


Intelligence that delivers

How FMCG companies can drive profitable,
sustainable growth with an intelligent supply chain





A cosmetics manufacturer has a plan. With a new, aromatic oil – organic, sustainable, and fair-trade – they believe they can produce a unique line of body creams that are both sustainable and cheap. Their prototype was a success – now it's time to scale up and start selling.

The plan immediately goes off the rails. Despite their earlier assurances, the supplier isn't prepared for the quantities involved. The cosmetics company finds another supplier, only to have their cargo sit in a foreign port for weeks. Waves of disruption start to spread now, as another product is wedged into the empty production window, leading to planning, re-planning, endless firefighting and frustration across teams, and ultimately, to an inventory imbalance.

When the oil finally arrives, it's rancid. Once again, another product is rushed into production to fill the gap. Management decides to cut their losses. This year they'll stay the course: the opportunity has been lost.



Introduction

Traditional supply chains have undergone a fundamental transformation—and what exists today is an entirely new and more complex ecosystem. While most FMCG companies are working to adapt, many still aren't seeing the results they need. Shelves go empty at critical moments. Promising new products fail to scale. And across daily operations, margins are thinning as companies struggle to accurately forecast costs, demand, and availability.

5 out of 6 FMCG organizations

may be under-equipped to manage today's supply chains.

What trends are disrupting FMCG?

Is there something wrong with the actions FMCG companies have taken so far?

What does a successful supply chain strategy look like today?

These are some of the questions we'll be answering. We'll look closely at the new pressures in the industry, and the unique challenges of reacting to multiple imperatives at once. The disruption today is unprecedented, but the opportunities are unparalleled. Armed with the right set of strategies and capabilities, we believe that FMCG companies have a chance to gain a lasting competitive advantage.

A person wearing a brown apron is pouring honey from a glass jar into a white bowl filled with granola. The person is holding a wooden spoon in their left hand and the honey jar in their right hand. The honey is being poured in a thick stream. In the foreground, there are several glass jars containing various ingredients: one with red berries, one with dark seeds, and one with light-colored granola. The background is slightly blurred, showing the person's torso and arms.

Supply chain trends

Where the current response falls short

Over the last two to three years, many FMCG companies have made improvements to their supply chain approach, and with some success. But fatigue is setting in. Despite their efforts, many companies face similar challenges:

- With longer lead times and port delays, 70% still face uncertainty related to material supplies.
- With a lack of manpower and frequent breakdowns, 75% still have trouble scaling production up and down.
- With unreliable insight into multiple fronts, 66% still have trouble with basic demand planning.
- Finally, 68% of companies see a role for circular economy in their future, but lack the resources to enact it.

To see why today's challenges are so imposing, let's zoom out and look at the FMCG landscape as a whole.

We identified four consumer trends that are leading customers to change their shopping habits – and their loyalties.

4 consumer trends...

Every year, the Capgemini Research Institute releases our [Consumer Trends Report](#), looking at the dominant retail trends from a consumer perspective. In the most recent edition, we identified four consumer trends that are changing customers' buying behavior, their preferences, and their loyalties.*

1. Ever more personalization

If you're tired of hearing about personalization, here's some bad news: there's a reason this demand keeps coming up, and it's not going anywhere, ever. Why not? Because there's no practical limit to how personalized a product can be, and there are 8,215,169,417 individuals in the world (as of the latest estimate). Products are being individualized to a level undreamed of just years ago, and consumers can't get enough of it.

To see how far this trend can stretch, take the example of Coca Cola's Freestyle – one of the most interesting projects we've supported in this domain. With the help of a specially developed flavor infusion system reminiscent of ink jet cartridges, a single vending machine delivers thousands of original flavors, meeting every customer's taste. Similar innovations are in the works for other FMCG products. According to our research, product customization is a top loyalty factor in several subsectors, including health and beauty, apparel and accessories, and luxury goods.

2. Seamless channel selection and fulfillment

To put it simply, customers don't care about the channel, they just want what's at the other end. The ideal channel

strategy is invisible to your customers. This may be the most thankless job in all of FMCG – the better you perform, the less your customers notice it. The same is true for fulfillment – customers are happiest when you make it look easy. The importance of rapid delivery services cannot be overstated with 70% of consumers saying they are willing to pay more for fast delivery.

3. Uninterrupted service and loyalty

Supplier disruptions, geopolitical issues, tariffs-these are what the kids call, 'you problems'. Consumers will not pay one cent more to help you through them. They have their own problems to worry about, in the form of soaring prices (in every sector) and unavailable products; they're exhausted by it, and they're less forgiving than ever. 53% of consumers switch brands/retailers regularly, despite subscribing to their loyalty programs.

4. Affordable sustainability

Customers used to view sustainable products as something like luxury products. Not anymore. Customers today want sustainable, but the majority don't want to pay more for it.

Sustainability is an important issue to shoppers, with 64% having purchased products from organizations perceived to be sustainable, up from 60% last year. However, the proportion of consumers willing to pay a premium for sustainability (more than 5%) has dropped consistently over the past two years.

The significance of this trend cannot be over-estimated.

* All statistics from Consumer Trends Report

Dominant retail trends from a consumer perspective

Global Trends



Global Crisis and Disruptions

75%
of companies

Face frequent supply chain breakdowns leading to a loss of service and revenue

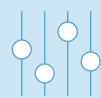


Inflation and Macro-economic Factors

73%
of companies

Are grappling with rising fuel prices, wages and material costs

Consumer Trends



Inflation and brand loyalty

73%
of consumers

Will be more loyal to brands that help them through the cost-of-living crisis



Delivery and fulfillment

70%
of consumers

Are willing to pay more for fast delivery.



Loyalty

53%
of consumers

Switch brands/retailers regularly



Sustainability

64%
of consumers

Purchased products from organizations perceived to be sustainable

Source: "What matters to today's consumer" 2025 Report, Capgemini Research Institute

No easy solutions

To make matters worse, these four trends compete with each other, compounding the challenges. Let's take just one trend – **affordable sustainability** – and see how it is affected by every other trend:

The remaining trends all have a tendency to drive up prices, making all products (including sustainable products), less affordable. In fact, other goals, such as personalization and quick delivery, stand in direct opposition to the goal of affordable sustainability.

The same is true for each of these trends, to a greater or lesser extent. Inflation raises the cost of direct delivery. Personalization increases the need for new materials, often in small amounts. Trying to strategize and redefine your supply chain to address all of these trends at once can feel impossible. It's not that there's anything wrong with the solutions FMCG leaders have tried – they're just not enough for the scale of the challenge. There's a whole new FMCG landscape today. Responding to it adequately requires a new kind of thinking.

A close-up photograph of a bee in flight, positioned in the upper right quadrant. The bee is yellow and black with translucent wings. It is flying over a dense field of purple lavender flowers. The background is a soft, out-of-focus purple and green. A dark blue rectangular box is overlaid on the left side of the image, containing white text. A thin, light blue curved line starts from the bottom left of the text box and extends towards the bottom right of the image.

The need for an advanced, intelligent supply chain

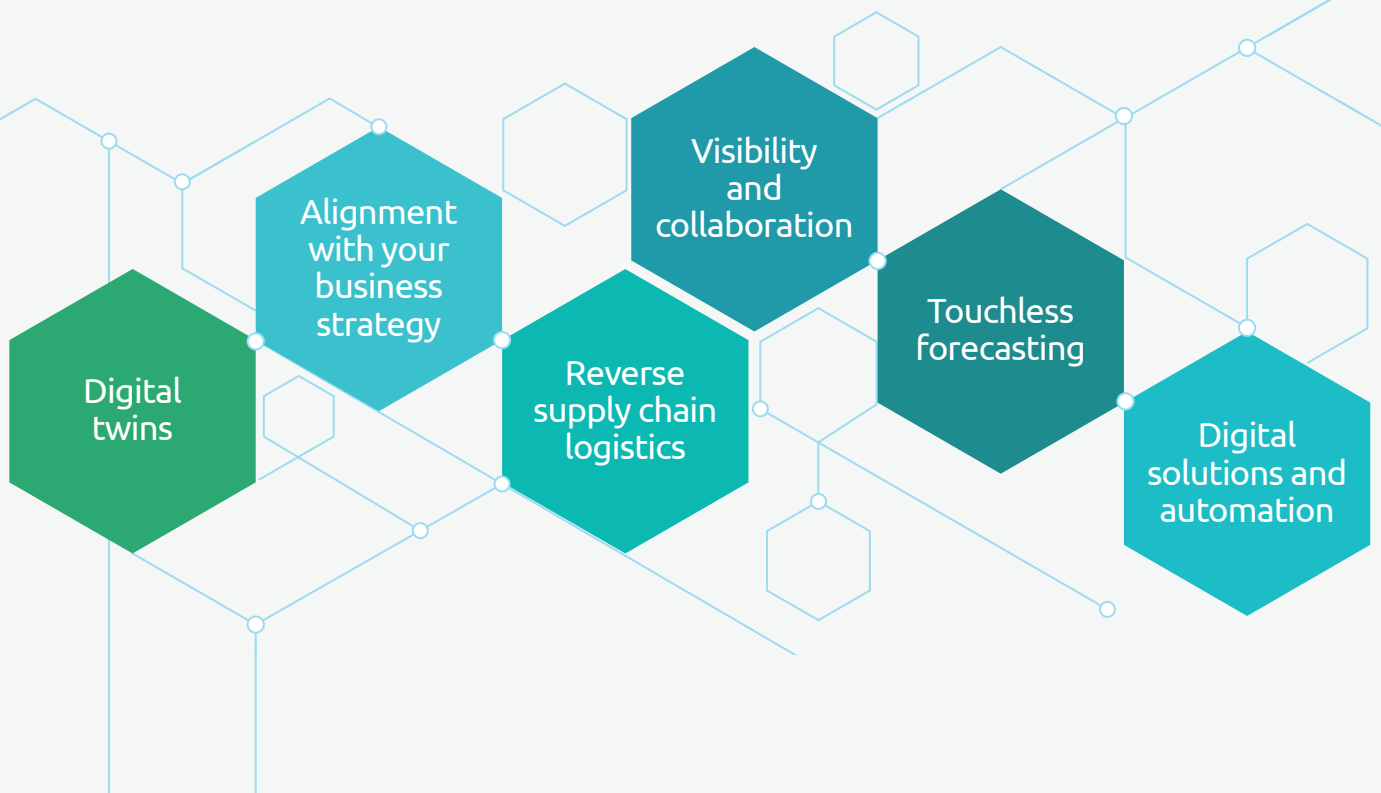
Driving sustainable, profitable growth today means transforming our supply chains into something intelligent. What does “intelligent” mean in practice? Advanced, intelligent supply chains are about automation, accuracy, and speed. An intelligent supply chain strategy gathers data and analyzes it, bringing everything under the eye of a control tower that gives your team visibility from one end of the supply chain to the other. Intelligent supply chain solutions comprise many of the approaches you’ve likely already tried, some new, plus some fundamental shifts that increase efficiency and lower costs.

Six elements to aim for

Intelligent supply chain solutions will vary from one organization to the next, but a successful strategy is likely to cover the same basic needs. We divide those into six parts:

1. Your solution aligned with your business strategy, ensuring profitable and sustainable growth across customers, channels, and products.
2. It takes advantage of supplier visibility and collaboration platforms to monitor and enhance the performance of suppliers at each tier, promoting collaboration and sustainable procurement.
3. Touchless forecasting and integrated business planning anticipate customer demand and optimize inventory deployment. This helps create a more responsive supply chain while optimizing service, cash, cost, and sustainability.
4. Digital solutions and automation, such as smart order management and autonomous warehousing and transportation, streamline order orchestration and improve customer experience. These solutions also contribute to more sustainable operations.
5. Reverse supply chain logistics support a profitable circular economy model. This facilitates the efficient reuse and recycling of products.
6. Digital twins provide end-to-end network resilience and sustainable performance control.

6 elements to aim for

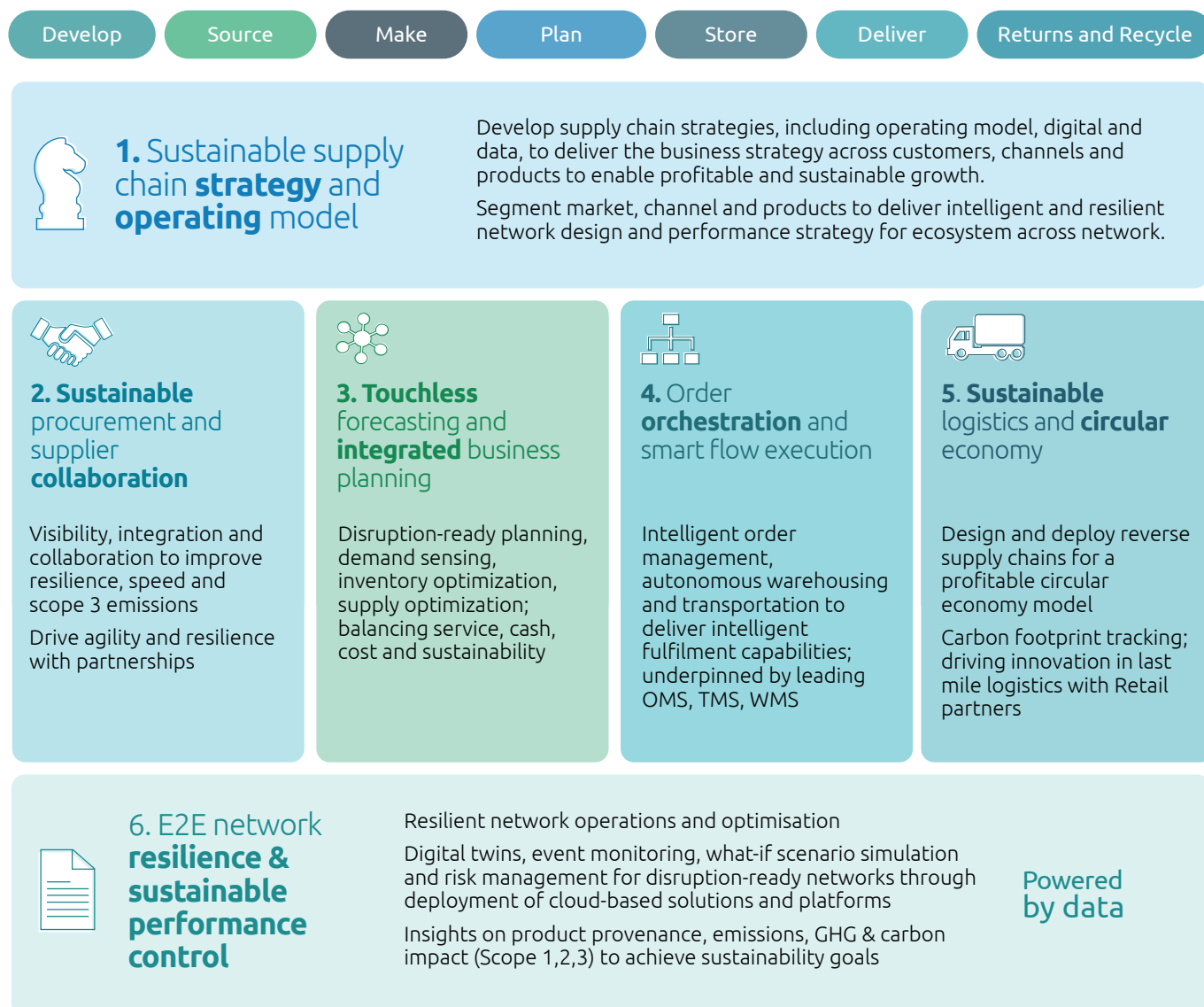


The graph below shows some of the opportunities that arise with an intelligent supply chain, together with the types of gains we've seen.

As part of an advanced intelligent supply chain, changes such as these are linked to a holistic, company-wide strategy to avoid the competing priorities effect we discussed earlier.

Increasingly, we hear people speaking of intelligent supply ecosystems, and the comparison is apt. The amount of complexity today is staggering, but there are structures, and they work in fairly predictable ways. To interact with that ecosystem, your organization needs to be at least as structured, and flawlessly connected. That's what an advanced, intelligent supply chain gives you.

FMCG organizations need to move towards 'intelligent' supply chains that are integrated and focus on a well-balanced set of outcomes enabled by key capabilities



The background is a warm, golden-brown bokeh image of a field with many bees in flight. A bright blue line starts from the bottom left, curves upwards and to the right, then curves back down and to the left, ending near the bottom right. Several bees are visible in various positions across the frame, some in sharp focus and others blurred.

Intelligent supply chain in action

Here are a few examples of how some FMCG leaders have managed to organize the complexity in their supply chains, and the benefits they're enjoying.

Touchless forecasting

A global FMCG leader had hit a plateau in accuracy. With a touchless forecasting solution powered by AI, they gained greater accuracy and visibility into every tier of their supply chain.

Touchless forecasting led to:

- 8-10% gain in forecast accuracy, with 3-5% improvement in forecast bias
- 20-30% productivity gains for the demand planner, accompanied by an 80 percent reduction in the forecasting cycle time

Demand sensing

A global soft drink leader wasn't satisfied with their forecast accuracy and subsequent overstocking and outages. Emergency transport was eating up their margins and harming their efforts at sustainable shipping.

The demand sensing solution they implemented provided an immediate 22 percent boost in accuracy, with a 7-day rolling horizon. Planning was stabilized along their entire supply chain, smoothing out production planning, increasing capacity and lowering transportation costs. Their savings in the first year alone ran into in the millions.

A true, intelligent supply chain

Finally, our collaboration with a leading global consumer packaged goods company resulted in a remarkable transformation of their supply chain operations and a new operating model. By implementing a comprehensive set of changes, the company successfully optimized their processes and achieved outstanding outcomes. The key focus was on developing a connected business operations model to drive end-to-end alignment, efficiency, and future growth through standardisation and digitisation.

Alignment and adoption was key, as they rolled the new operating model out across multiple functional areas. They implemented integrated forecasting for accurate demand projections and facilitated collaboration and alignment with key customers through customer business planning. Integrated supply planning ensured optimal inventory levels and minimized stockouts, together with material requirement planning, order management, and stock allocation. Transportation management streamlined logistics operations, while collections management and claims management enhanced financial efficiency.

Was it worth the effort? The company is able to provide best in class and segmented services, fully leveraging the benefits of scale, cutting-edge technology, and a strong centre of expertise to each of its category groups. These services will enable business priorities of competitive, profitable, consistent, and responsible growth. The company was able to improve productivity whilst effectively serving more than 250,000 customers across 30+ markets. The financial value generated by this new operating model was also significant.

One reason why so many companies are frustrated is that they pour money and effort into plugging a few big leaks, only to be blindsided by an unexpected wave. What this company did so well was to implement changes across the board, from the top down. Not only are they now internally on the same page; they are on the same page with many of their key suppliers. That's an advanced intelligent supply chain in action.



A foundation for profitable, sustainable growth

John has a disaster on his hands. His wife's birthday is tomorrow, they've planned a trip together, and he's trying to buy her a present – her favorite perfume. But all the local stores are out of it. He's tried two cosmetics stores already, and phoned two more. Nothing.

Desperate, he texts his friend for advice.

His friend responds with a link. As the website opens in front of him, John can't believe what he sees. This cosmetics distributor offers same-day delivery – not only to your home, but inside airports, on the other side of security. He can select whatever he wants from hundreds of items and pick them up airside tomorrow. No size limitation, no pouring expensive perfume into tiny bottles, and absolutely no more driving around searching store after store.

It's not just better than the previous store, it's in a different league.

John selects his wife's perfume, together with a couple other items. Then he scans over the website, and sees a link to another page of home goods... with a built-in order schedule, so that all he needs to do is select how frequently he wants his items, and then they'll be grouped together and delivered, automatically, for as long as he wants.

An idea strikes him.

John takes out a slip of paper and writes out:



If there is one, underlying message to take away from our report, it's this: an advanced supply chain strategy requires success on many fronts simultaneously. Do that, and a new world opens up. We often hear FMCG companies worried about lagging customer loyalty, and it's true; customers are ready to leave for a company that meets their needs better. Why can't that company be yours?

Your customers have spoken. With an advanced, intelligent supply chain, you'll be ready to answer.

"We're seeing great potential for artificial intelligence in warehouse management, demand sensing, customer operations and in driving growth across value chains."

Mayank Sharma

Vice President and Global Supply Chain Capability Lead, Capgemini

Artificial intelligence can optimize supply chain costs by analyzing real time data, determining, and prioritizing necessary actions."

Pravin Chaudhary

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About Capgemini

Capgemini is a global business and technology transformation partner, helping organizations to accelerate their dual transition to a digital and sustainable world, while creating tangible impact for enterprises and society. It is a responsible and diverse group of 340,000 team members in more than 50 countries. With its strong over 55-year heritage, Capgemini is trusted by its clients to unlock the value of technology to address the entire breadth of their business needs. It delivers end-to-end services and solutions leveraging strengths from strategy and design to engineering, all fueled by its market leading capabilities in AI, generative AI, cloud and data, combined with its deep industry expertise and partner ecosystem. The Group reported 2024 global revenues of €22.1 billion.

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