

 Global Insights

Consumer Goods World of Work 2023 Outlook



62%

SAY SUPPLY CHAIN CHALLENGES
WILL CONTINUE IN 2023

97%

SAY BECOMING MORE SUSTAINABLE
IS A TOP PRIORITY

77%

OF EMPLOYERS STILL STRUGGLING
TO FIND SKILLED TALENT

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The consumer goods industry is continuing to evolve to deliver the consumer more value, more personalization, more connectivity, and a better experience. However, recent years have shown how much the infrastructure which makes it all possible is vulnerable to disruption.

As the industry navigates consistently increasing consumer expectations, it must also face the realities of economic uncertainty, geopolitical instability, supply chain constraints, and talent scarcity. This is compounded by the reality of increased worker expectations from employers as many companies around the world struggle to find the workers they need. **This ManpowerGroup Global Insights report analyzes the top seven trends impacting the consumer goods industry and its workforce today.**

- How is consumer buying behavior changing?
- What are leading brands doing to grow consumer engagement despite economic uncertainty?
- What are the workforce implications?



Mind the Consumer Gaps

Consumer expectations for brands are continuing to increase. Corporate social responsibility, sustainability, convenience, and transparency are expected. They are also expecting a continuously improving digital and personalized consumer experience as e-commerce continues to increase its share of the retail market. And as inflation continues to impact global purchasing power, they are looking for a value proposition of more for less.



- **Mind the Digital Experience Gaps:** Digital experiences that don't meet consumer expectations cost businesses up to \$4.7 trillion annually – [Qualtrics](#)
- **Sustainability is Key:** 54% of global industry leaders say sustainability is the most important innovation opportunity for the industry – [Deloitte](#)
- **But Cost-Consciousness is Growing:** 96% of consumers plan to adopt cost-saving behaviors in the next six months – [PwC](#) (Feb. 2023)
- **Service Offers an Opportunity:** 55% of customer service issues remain unsolved and 36% of consumers say they are unsatisfied with a recent customer service experience. – [Qualtrics](#)

Workforce Implications:

- Finding the right IT talent or external partners to continuously improve digital user experience (CX) is critical
- Customer service talent will play an increasingly important role in consumer retention as economic uncertainty increases the potential for churn
- Pricing pressures will increase the urgency of workforce cost optimization



36% OF CONSUMERS SAY THEY ARE **UNSATISFIED** WITH A RECENT CUSTOMER SERVICE EXPERIENCE

They Want it All, They Want it Now

Brands are responding to global uncertainty by getting closer to consumers and focusing on unmet needs. This includes the development of both omnichannel and direct to consumer business models. It also includes innovative use of consumer data and new marketing channels. In addition, consumer-centricity is also increasing the importance of differentiators such as sustainability.



- **More Direct:** Direct to Consumer (DTC) sales grew 45% in 2020 and are expected to grow 20% in the coming years. Manufacturers are keen to continue this momentum since the margin savings of bypassing traditional channel partners can be as high as 40% – [KPMG](#)
- **More Sustainable:** 97% of industry leaders agree becoming more environmentally sustainable is a priority (compared to 58% for all other companies) – [Deloitte](#)
- **More Connected:** By 2025, the top 50 consumer goods manufacturers will have invested in a brand app using AI, embedded technology in the product, videos as a digital asset and/or integrated innovation with IT and R&D teams – [Gartner](#)

Workforce Implications:

- Growing need for talent to support the scaling of DTC capabilities such as e-commerce platforms or logistics
- Growing demand for talent with green skills such as electric vehicle maintenance, green chemistry or remanufacturing
- Strong demand for application development and data science expertise will continue



**DIRECT TO CONSUMER (DTC)
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Life in the Express Lane

The innovation is growing beyond e-commerce to frictionless omnichannel experiences. Retailers are experimenting with shops where carts and smart shelves are fitted with cameras and sensors to provide checkout-free shopping. New retail formats are also evolving to meet growing consumer demand for unique experiences.

- **Checkout-Free Shopping:** Industry leaders such as Amazon, Albertson's and Sam's Club are experimenting with checkout-free shopping in multiple locations. The technology uses a combination of advanced sensors, cameras and mobile payment to allow consumers to completely skip the checkout line – [Crunchbase](#)
- **Increasing E-Commerce Penetration:** E-commerce will continue to grow in categories once dominated by brick-and-mortar retail. Fueled by evolving consumer expectations, increased competition, and technological advancements, e-commerce could account for up to 18 to 30 percent of grocery sales in many advanced markets by 2030 – [McKinsey](#)
- **Going Dark:** A growing number of retailers locations are “going dark” to address changes in consumer behavior. For example, brick-and-mortar retail locations are becoming distribution centers and some restaurants are eliminating in-person dining rooms – [Forbes](#)



E-COMMERCE COULD
ACCOUNT FOR UP TO
18 TO 30 PERCENT
OF GROCERY SALES IN MANY
ADVANCED MARKETS BY 2030

Workforce Implications:

- **Shifting demand from frontline retail workers to fulfillment, maintenance and customer service**
- **Upskilling/reskilling needed to help the retail workforce adapt to new business models**
- **Location and workforce planning analysis will be an important part of strategies to move e-commerce distribution closer to the consumer**

To-Go with Sustainability, Please

New players and business models are entering the market to disrupt traditional forms of retail and consumer services. To meet consumer demand for digitally-powered convenience, access over ownership business models such as Airbnb and Zipcar continue to grow. Green startups are also trying to disrupt the market with more sustainable alternatives to traditional products.

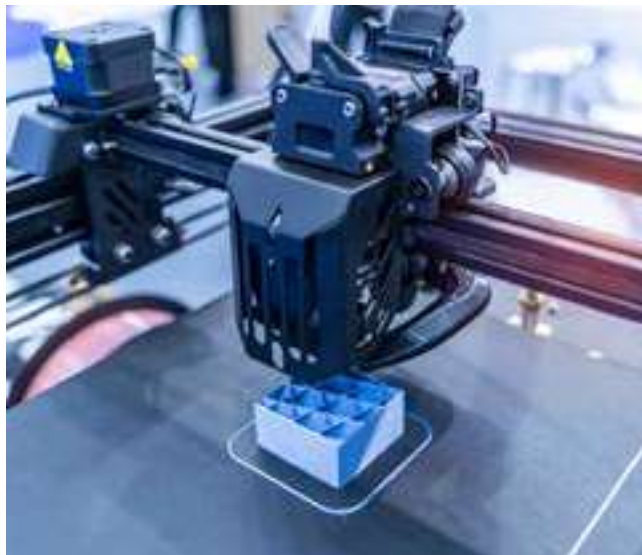
- **“As-a-Service” Everything:** Subscription based selling models will continue to grow to offer consumers value when they need it. For example, more than 20% of personal electronics device sales will be sold using subscription service models by 2025 – [IDC](#)
- **To-Go, Please:** By 2025, younger diners will help drive 65% of restaurant orders to be for takeout (delivery, pickup, drive-thru), accelerating growth of kitchen-only locations and third-party food ordering apps – [IDC](#)
- **Betting on Green Disruption:** In 2021, roughly 1,200 green startups focused on disruptive business models to fight climate change raised a record \$90 billion. This is putting additional pressure on established brands to increase their sustainability efforts – [Wall Street Journal](#)



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Workforce Implications:

- Growing need for upskilling, reskilling or outplacement services for traditional roles disrupted by the accelerating pace of innovation
- The growth of “as-a-service” and sustainable business models will increase the value of reuse. As a result, green jobs needs will grow for roles such as reverse logistics or refurbishment to prepare products for the next user



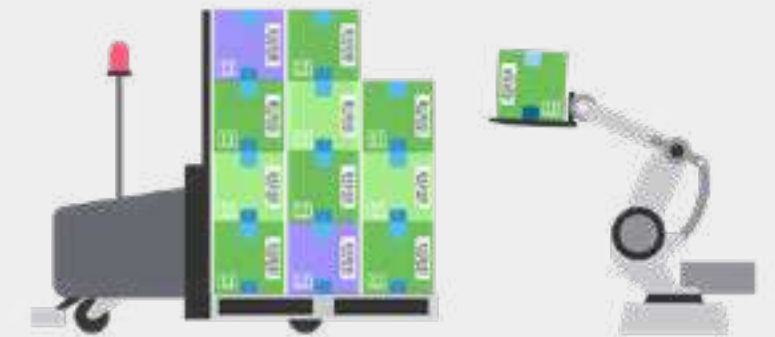
Just Do It, Faster

Industry 4.0 is in full swing as consumer goods manufacturers seek to maximize productivity through the growing use of a combination of automation, artificial intelligence, additive manufacturing, big data analytics, connectivity, and robotics. They are seeking to leverage technology to overcome persistent challenges such as rising raw material costs, supply chain disruption and talent scarcity.

- **Automating Warehouses:** By increasing the automation of warehouse operations, some companies have already unlocked 20% to 50% improvement in service levels while generating a 25% to 50% reduction in fulfillment costs – [BCG](#)
- **Just Print It:** Across industries, more than 10% of today's manufacturing processes will be replaced by additive manufacturing (3D/4D printing) by 2030. The increasing use of such technology will allow manufacturers to more rapidly offer new products and offer greater customization to consumers – [McKinsey](#)
- **Just Automate It:** The global industrial automation market, which includes increased use of smart automation and robotics, will grow at a steady 9% rate from \$175 billion in 2020 to \$265 billion in 2025 – [Statista](#)

Workforce Implications:

- **Decreasing demand for low-skill workforce but increasing demand for skilled technical talent**
- **Need to upskill/reskill for new roles created by automation**



BY INCREASING THE AUTOMATION OF WAREHOUSE OPERATIONS, SOME COMPANIES HAVE UNLOCKED 20% TO 50% IMPROVEMENT IN SERVICE LEVELS

Coming Soon to a Country Near You

Disruptions during the height of the COVID-19 pandemic exposed vulnerabilities in global consumer goods supply chains. In particular, they are now reexamining decades of supply chain globalization and consolidation which have delivered significant cost savings but minimal redundancy when any part of the chain is disrupted.



- **Reshoring and Near-Shoring:** In response to growing geopolitical uncertainty and rising wages in some developing countries, 53% of manufacturers say they have near or re-shored operations in the last 24 months – [Ey](#)
- **China + 1:** To increase resiliency, manufacturers are relocating some manufacturing from China to other countries in the APAC region such as Vietnam, Malaysia, Bangladesh, India and Taiwan – [CNBC](#)
- **An Ongoing Challenge:** Industry leaders are concerned with 62% expecting supply chain challenges to continue in 2023. Nearly half believe established just-in-time delivery models will need to be replaced to add resiliency – [Deloitte](#)

Workforce Implications:

- Increasing manufacturing workforce needs in markets such as Vietnam, Malaysia, Bangladesh, India, and Taiwan
- Growing demand for manufacturing talent closer to key consumer markets in Europe and North America
- Workforce location strategies will be crucial to identifying and securing top-tier talent



53% OF MANUFACTURERS SAY THEY HAVE NEAR- OR RE-SHORED OPERATIONS IN THE LAST 24 MONTHS.



Act Now While Supplies Last

The industry has faced a whirlwind of challenges in recent years. In early 2020, COVID-19 lockdowns around the world impacted millions of consumer goods workers and companies quickly scaled back. When unexpected consumer demand surged, the industry raced to scale back up but faced growing inflation and talent scarcity. Despite aggressive government efforts to fight inflation and a deteriorating economic outlook the labor market remains historically tight today.



- **Global Talent Scarcity Reaches Historic High:** Talent scarcity grew to a 17-year high with 77% of Consumer Goods & Services employers say they are having difficulty finding the skilled talent they need – [Q2 2023 ManpowerGroup Employment Outlook Survey](#)
- **Global Hiring Demand Remains Strong:** The Net Employment Outlook, which measures employers intending to hire vs. those anticipating staff

reductions, remained strong at 18% in early 2023. Despite growing economic uncertainty, the global Net Employment Outlook increased 11% vs. the previous quarter and weakened only 6% YOY – [Q2 2023 ManpowerGroup Employment Outlook Survey](#)

- **Talent Scarcity is the New Normal:** In developed markets, the combination of an aging workforce and lower labor force participation rates will drive persistent talent scarcity. In 2030, there will be 13.5 million fewer workers in Europe vs. 2020 and similar trends are expected in many of the world's most developed markets – [McKinsey](#)

TALENT SCARCITY GREW TO A 17-YEAR HIGH WITH 77% OF CONSUMER GOODS & SERVICES EMPLOYERS SAY THEY ARE HAVING DIFFICULTY FINDING THE SKILLED TALENT THEY NEED

Workforce Implications:

- Elevates the importance of continuously improving Employer Value Proposition (EVP) to recruit and retain the best talent
- Innovative approaches needed to retain highly-skilled but aging workers
- Increased urgency to upskill/reskill current employees



In Conclusion

Consumers goods industry leaders and HR practitioners must continue to adapt to the new normal. As they seek to sustain the reinvention of their business models, build supply chain resiliency, control costs, and drive meaningful action on their ESG goals they must first overcome a very human challenge. They must find a way to attract and retain the best talent to make it all possible.



Global Workforce Solutions for Consumer Goods



Workforce Consulting
& Analytics



Workforce
Management



Talent
Resourcing



Career
Management



Career
Transition



Top Talent
Attraction



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