



Trust is the New Corporate Currency

Building Durable Relationships Across the
Consumer Products Value Chain

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Introduction

The Growing Significance of Trust in a Time of Transition

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When it comes to products, there are more choices today than at any other time in our history. The entertainment we choose to watch and listen to. The gadgets we choose to make our lives easier. The toys we choose for our children. But in the ever-expanding world of consumer products—Consumer Packaged Goods, Food & Beverage, and associated Specialty Chemicals suppliers—there’s a special lens on choice.

What we choose to put in our bodies, on our bodies, and in our homes carries added implications—and often attracts more scrutiny—from consumers, regulatory bodies, and broader society.

And rightly so: products like foods, cosmetics, cleaning agents, and medications are critical in our daily lives and must meet the highest standards of quality and safety.

More than most, consumer products industries do not easily accommodate mistakes.

There are many factors that go into consumer products buying decisions, but in the digital era—and in a world of intense competition and first movers with fast followers—underlying each purchase is **trust**.

Trust is an intangible asset we trade on as a society to improve the lives of people and communities and keep our economies moving forward.

With consumer products, trust is encompassed by transparency, where and how ingredients or materials are sourced, environmental impact, and manufacturing standards. It is difficult to establish, harder to consistently maintain, very easy to lose, and hardest of all to regain.

At Veeva, our mission is to partner with and support our customers to help you bring trusted products to market faster without compromising quality or compliance. Over the past few years, success in this has been challenged in a time of transition: unprecedented supply chain disruption, geopolitical shifts, rapidly changing consumer demands, and more.



Greg Harbin

Greg Harbin, General
Manager, Consumer
Products, Veeva Systems

In this report, we hear from industry leaders, analysts, academics, and our customers about the growing importance of trust amidst today’s challenges and how consumer products organizations are building a new currency of trust through culture, innovation, and technology.

We hope you will enjoy reading these insights and that in these pages, you find ways to help your own organization build trust across your ecosystem.

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Transparency + Integrity =
Trust

Trust as Currency

Defining a New Metric in Consumer Products Industries

Trust as Currency

Defining a New Metric in Consumer Products Industries

“Trust” is a term we hear used a lot these days—it’s a small word with great weight. Different people assign different meanings to it depending on their lived experience, but most can agree that trust, at its core, means that an individual or entity will deliver on their promises, and that their actions will consistently match their claims and commitments. Even on a good day, reliably delivering on our promises as individuals is a challenge. It’s all the more difficult for a multinational company with a complex global supply chain that stretches from raw materials to store shelves.

A recent survey found that since the pandemic, a large majority of executives (75 percent) have had a more difficult time building and maintaining trust with their customers.¹ The same survey found more than half (55 percent) of consumers say that once a company has

trust [truhst]

1. reliance on the integrity, strength, ability, surety, etc., of a person or thing; confidence.
2. confident expectation of something; hope.
3. confidence in the certainty of future payment for property or goods received; credit: to sell merchandise on trust.

violated their trust, they will never give it their business again. Alarming, the percentage of consumers who have taken action to settle a score against a company through measures such as pestering or public shaming in person or online tripled in just two years, from three percent in 2020 to nine percent as of 2022.²

And trust doesn’t just play out with customers—employees and suppliers also rely on trust as relationship capital—80 percent suggested that the most important thing companies must do to earn trust is practice what they preach.³

How did we get here, and what does trust actually mean in the context of consumer products industries? How do we measure it, quantitatively or qualitatively? And how has it

become the new currency? To delve into these complicated questions—and understand the heightened importance of trust in consumer products today—it’s a good idea to take a step back, consider the foundations of modern business and what’s changed.

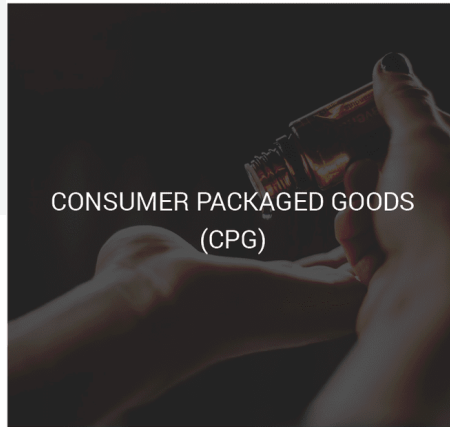
A recent survey found that since the pandemic, a large majority of executives have had a more difficult time building and maintaining trust with their customers.

1. Adobe Trust Report, Adobe, 2022.

2. National Customer Rage Survey, 2022.

3. Adobe Trust Report, Adobe, 2022.

Consumer products-related industries



CONSUMER PACKAGED GOODS
(CPG)



FOOD & BEVERAGE
(F&B)



SPECIALTY CHEMICALS

Shareholder as primary stakeholder

Generally, when companies were first formed, there was only one true metric: financial. According to [Dr. Venkat Venkatraman](#), Professor of Information Systems at Boston University, equity came from shareholders. The company used it to create value by marketing and selling products and services delivered in the marketplace. Customers normally paid a premium, successful companies performed well, and shareholders benefited monetarily.

Historically, it was about bargaining and power—the company bargained with suppliers to get the lowest costs. It demonstrated power to customers through extracting the most financial value to maximize revenue for shareholders. Sometimes there was competition, which could drive prices down, but supplier and customer choices were far more limited than they are today.

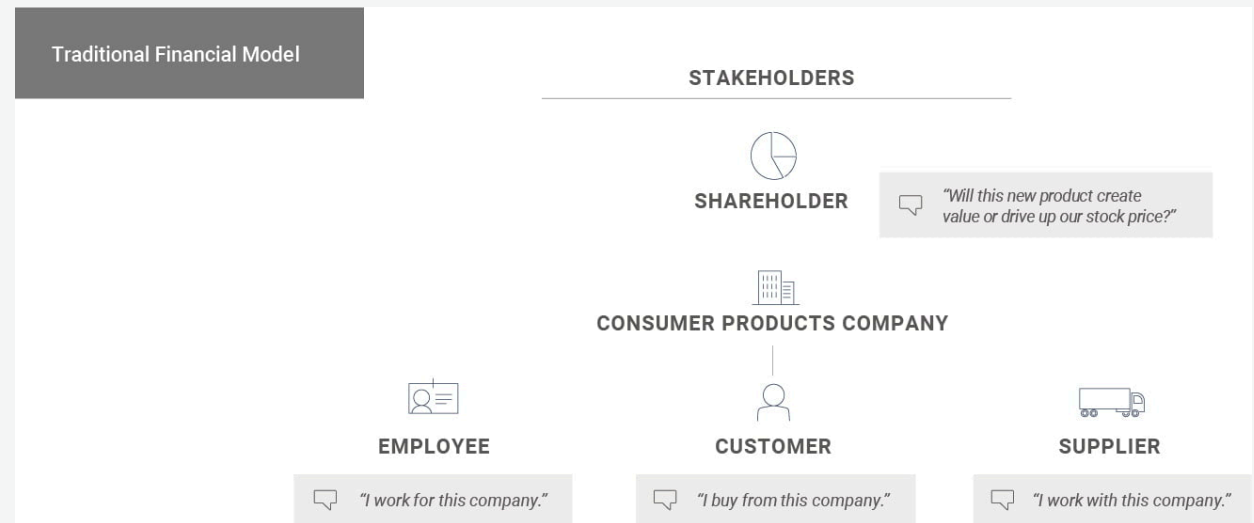
“In that pre-digital, pre-internet era, the shareholders were the most important stakeholders, and they didn’t ask a lot of questions about the suppliers the company worked with, how the company operated, how the company’s products were manufactured, or how the company treated its workers—because they didn’t have to,” said Dr. Venkatraman. “The metric was solely based on their financial reality and was easily determined in the stock exchange and stock price.”

The expansion of visibility and Influence

As a species, humans desire communication and the feeling of being connected to one another.⁴ Even before the internet era, there was mass media. Knowledge sharing through news, publications, catalogs, and other platforms allowed people and broader society to gain new insights about the products and brands they chose. With new insights into corporate practices, activism took root locally and around the world. No longer could a massive oil spill be a private matter or a tainted medicine be swept under a rug. Corporations used their public relations machine to manage crises like these to retain some control over how they were perceived. Consumers and broader society were more aware than in previous times, but not even the most dedicated activist could know everything.

Today, with social media and digital news platforms—as well as globalization and connected capitalism—the balance of influence has shifted. There are still shareholders and stock price is still a metric. But there are now other critical stakeholders with skin in the game.

Fig. 1: Traditional Financial Model versus New Trust Value Chain Model.



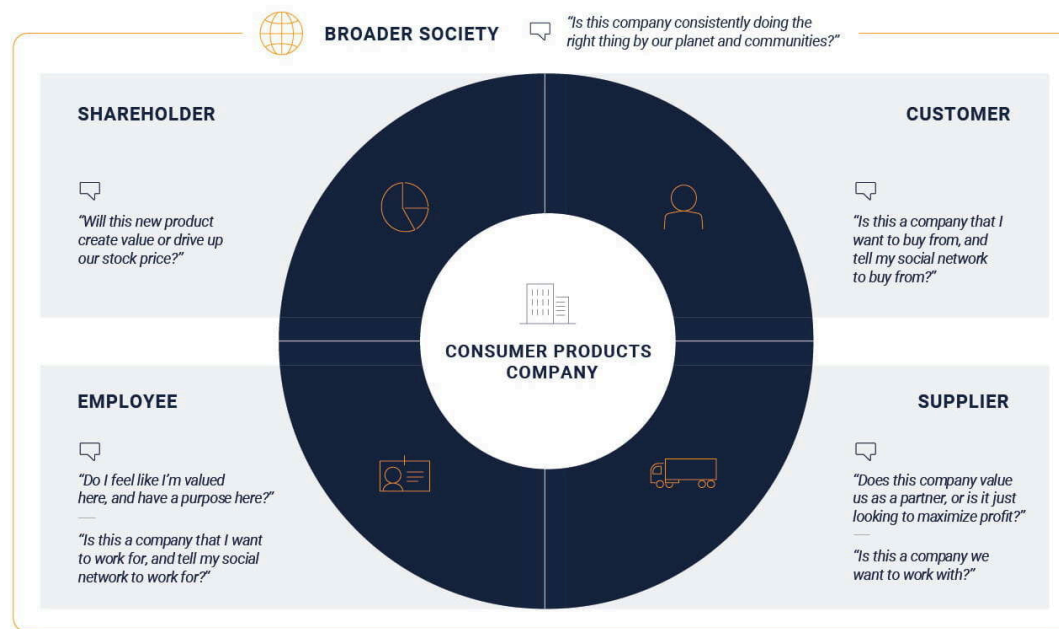
When something goes wrong in consumer products-related industries, it's no longer just the shareholders that hear about it. Employees, suppliers, customers, consumers, and broader society might all be affected by—and have an opinion about— an overpriced cleaning product, a dangerous chemical in our shampoo, dubious labor practices, or the recall of a certain food

(fig. 1). All stakeholders are implicitly voting with their wallets and voices for companies that consistently do the right thing.

4. "Social pain and the brain: Controversies, questions, and where to go from here," Lieberman, M. D., Eisenberger, N. I., Crockett, M. J., Tom, S. M., Pfeifer, J. H., & Way, B. M., Annual review of psychology, 2013.

New Trust Value Chain Model

STAKEHOLDERS



Different stakes require a different metric

Where the shareholder might have asked, "What is the potential ROI on this product?" or "Will this new product create value or drive up the stock price for the company?" Today, a supplier asks, "Is this a company we want to work and partner with?" The employee asks, "Is this a company I want to work for or tell my social network to work for?" The customer asks, "Is this a company I want to buy from or tell my friends to buy from?" And broader society asks, "Is this company consistently doing right by our planet and our communities?"

These kinds of questions can't be answered in concrete financial terms. When the only transparency was stock market value, all the signals were in one place. Today there is a new, complex web of connectivity. Now we have different signals, and they cover all stakeholders. The forces of global social media, customer demands, immense amounts of data, and stricter government regulations and compliance are driving a more intangible currency: Trust.

“

Trust is the single most valuable equity that you can have to ensure long term success. I tend to say trust comes on a donkey and leaves in a Ferrari. It takes ages to build trust and a trusted brand. But you can break that trust very easily by doing something that you shouldn't.

- Alberto Prado, Head of R&D
Digital & Partnerships, Unilever

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In the context of consumer products industries, trust is not legalistic. “It’s not an explicit written contract,” said Dr. Venkatraman. “It’s an implicit contract with suppliers, employees, customers, and society. Each of these groups has the power to influence the financial well-being of an organization.” Consumers might trust a product more if it’s built using sustainable practices. Suppliers need to trust that a company is negotiating for resources in good faith vs. squeezing them for maximum profit. Employees gain trust when they believe a company is serious about investing in their career growth through training opportunities and giving them purpose. And from a broader societal perspective, a neighborhood might welcome a new office or manufacturing facility, trusting in the company’s positive impact.

At the end of the day, a trusted company has a much higher chance to retain customers who will continue to buy from it; employ workers who will continue to be productive and actively recruit better talent; partner with suppliers who will continue to be transparent; and court governments that will invite it to build offices and factories in their cities. In fact, the overall benefits for companies that are trustworthy are significant—recent research suggests that these companies outperform the S&P 500 by levels as high as 30 to 50 percent.⁵



5. Lawrence A. Cunningham, “Opinion: Why high-quality, trustworthy companies have beaten the S&P 500 by 30%-50%,” Market Watch, July 3, 2021.

How do you make trust *your* currency?



To make trust your corporate currency, Dr. Venkatraman suggests thinking through the following four steps and their associated questions and action steps to develop a systematic plan.



What are the drivers of trust for each stakeholder—employee, supplier, consumer, and broader society? What are your priorities as a company, and how well do they match stakeholder expectations? Are you working to articulate the rationale as clearly as possible and communicate your commitment, key actions, and resources you have committed to earn the trust of each group? Have you thought about assigning responsibilities within the leadership team for your different stakeholders?



Are you monitoring developments in the external marketplace (and internal organization) that could likely cause direct impacts on trust? What could be likely negative (or positive) sentiments in the relevant communities, and what responses are in place?



Phase 3

Restoring Trust

It's inevitable that trust will be broken and needs to be restored. Are you developing routines with responsibilities and action plans to restore trust in the event that something goes wrong?



Phase 4

Measuring Trust

Are you linking trust to performance metrics that drive your business? There's no one equation that shows how valuable trust is for every company. You must develop and refine the equation for your setting. Use specific indices such as Net Promoter Scores (NPS) and track them over time and relative to competitors. Develop scores of employee engagement from internal surveys and link to relevant metrics from external sources such as Glassdoor to tie employee satisfaction to customer satisfaction.



The background of the slide is a photograph of three people in a library or office setting. They are gathered around a table, looking at a laptop. The man on the left is wearing a white cap and a beard. The woman in the middle is wearing a dark cap and sunglasses. The man on the right is wearing a grey hoodie. They are all smiling and appear to be engaged in a collaborative activity. The background is filled with bookshelves containing many books and binders.

The Courage of Our Convictions

Investing in Organizational Trust



“
You must be the change you wish to see in the world.”

- Mahatma Gandhi



The Courage of Our Convictions

Investing in Organizational Trust

The above quote emphasizes the idea that individual actions and attitudes can have a profound impact on the world around us. By being the change we wish to see, we can inspire others and set an example for positive change. For the titans of industry today—and more specifically, for global consumer products leaders—there is perhaps no better concept to embrace. Another way to say it is “practice what you preach.” And the change must start from within since it is the seed of trust that first grows internally before extending outward into the greater world.

Just as in individual change, we find that shifting to a new organizational model doesn’t just happen. Building this new currency of trust must entail an enterprise-wide strategy that is deliberately planned and executed, not unlike any other important business initiative.

Trust as an organizational imperative

When we think of trust, the question of where it begins often arises. Some might say in the boardroom, where big, complex decisions are being made. Others might suggest that it begins deep in the labs of research and development, where materials and concepts are being developed and tested. Still others might believe it starts with employees, the stakeholders who roll up their sleeves every day to ensure that safe, high-quality products make it to shelves. All of these answers are correct, yet there's something much larger than these single components.

Organizational trust supersedes any one individual or group. It is best built from the inside out—into the very culture— through levers and actions that cut across the functional areas of a business, from product quality to data protection to financial integrity.⁶

There's no single definition of organizational trust; much work has been done in this area by pioneers such as Roderick M. Kramer, Todd Zelkowitz, and others through research in the fields of management, organizational behavior, and human resource management. Organizational trust is commonly discussed in business schools and widely featured in academic journals, books, and articles in these fields. It has also become a topic of interest among research groups and professional services networks like Deloitte.

Making the intangible tangible

In fact, Deloitte has written that all stakeholders—shareholders, employees, suppliers, customers, and broader society—each have their own unique needs and perspectives on which organizational trust depends. Trust-building initiatives should be framed and seen through their eyes.⁷

Throughout 2020-2022, Deloitte consulted nearly 3,000 executives to gauge the significance of certain actions and operating areas in fostering trust within their organizations and industries and to compare their organization's performance to others in their field. The goal was to gain insight into what drives trust in their organizations.

While the study spanned multiple industries, there is much that consumer products-related companies can glean when considering the operating areas—or domains—identified by specialists and corporate leaders.

6. Sandra Sucher and Shalene Gupta, *The Power of Trust, How Companies Build It, Lose It, Regain It* (Public Affairs, 2021), p. 20.

7. "Can you measure trust within your organization?" Deloitte, February 2022.



Each of these domains provided the opportunity for leaders to give tangible examples of where and how they could drive trust. For instance, in the area of Data integrity and protection, an organization that invests in this domain can effectively and quickly identify and remediate data breaches while also being transparent about its data policies and practices.

In the domain of Financial integrity and health, an organization that invests here is transparent in its financial communications and reporting, has a high degree of audit readiness, and employs tax compliance strategies that are responsible and aligned to business strategies.

What's remarkable about this study is how it demonstrates that company leadership and researchers are recognizing the growing importance of trust as a currency and making it not only a central topic of discussion but an area of investment. They're thinking about how each operating area can sow and grow trust among employees, suppliers, customers, and within broader society.

Trust investment domains as relates to Consumer Packaged Goods (CPG), Food & Beverage (F&B), and Specialty Chemicals

Each industry is unique in terms of how its companies are investing in trust domains—the Retail industry, for example, may be further along than Healthcare in areas like customer experience, but Healthcare may be more invested in compliance.

Building on the Deloitte research, we conducted our own survey of leaders from several consumer products companies—as well as consulting members of our team, many of whom have deep expertise in these industries—about where specifically they’re seeing market leaders investing in trust.



Compliance

Compliance is important for consumer products companies in building trust because it helps to ensure legal agreements, consumer safety, reputation, and sustainability. By prioritizing compliance, companies can establish a positive reputation and build trust among regulators and consumers, which can lead to increased sales and long-term success. Those we surveyed agreed that this is often easier said than done when there is an increasing burden of regulations on consumer products worldwide. In these industries, location matters when it comes to compliance—different regions have different regulations and are subject to change at all times.

A good example is the European Union’s (EU) 2018 regulation on acrylamide in foods. Research has shown that acrylamide can be carcinogenic in animals and may increase the risk of cancer in humans.

In response to these concerns, the EU introduced new regulations that set limits on the amount of acrylamide allowed in certain foods, such as potato chips, bread, and coffee. The regulations require food manufacturers to take steps to reduce acrylamide levels in their products, for example, by using different cooking methods or changing ingredients. When taking into account measures such as using specific raw materials, adjusting cooking times and temperatures, updating labeling and product information, and conducting regular testing to monitor acrylamide levels, the sudden change in regulatory laws around acrylamide has had a significant impact on food manufacturers, especially those that produce snacks and baked goods.

8. Cost of Quality, ASQ.



Product quality

From ingredients to packaging to enjoyment, quality is synonymous with a trusted brand or product and a critical factor in the success of consumer products companies. Quality is not only a matter of satisfying customers and meeting their expectations; it's also a matter of avoiding unnecessary costs that can hurt the bottom line. Cost of Poor Quality, or COPQ, refers to the total amount lost in producing or delivering defective products or services and can take the form of appraisal costs, internal failure costs, and external failure costs, all of which can range from 15 to 40 percent of total sales.⁸



Authentic and resilient leadership

In a post-pandemic world that has forced remote work and caused a crisis of relationships, strong leadership has become more critical for consumer products companies. Many organizations in these industries have come to the realization that authentic leadership helps to attract and retain precious talent at a time when turnover is high. It also builds the new resiliency required to run a successful global business with many moving parts amidst a struggling supply chain.

CPG, F&B, and the Specialty Chemicals companies that supply them are among industries most often in the limelight in areas like regulations and social media. Strong leadership is vital to establishing consistency and resilience, which leads to increased trust.

In the dynamic and uncertain world these industry segments face, leaders play a crucial role in helping their teams acquire new skills and abilities that will enable them to thrive in changing markets. Leaders also have to engage their teams by pointing out both the challenges they face and the opportunities they have to make a difference. Leaders should support their teams by defining the problems they need to solve and the goals they need to achieve.



Environmental, Social, and Governance

All stakeholders, especially consumers, employees, and broader society, are demanding that their CPG, F&B, and chemical brands and products be environmentally and health-friendly. As a result of this trend, regulators are not far behind, and new legislation around the world is driving these industries to comply. Executive leadership has taken note and is wisely treating Environmental, Social, and Governance-related (ESG) initiatives as business imperatives. Delivering on ESG commitments provides the opportunity for a double win for trust: doing what's right by the world and its communities sows trust among all stakeholders while also making shareholders content by providing a new path to profitability.

One-third of consumers are willing to pay a premium for sustainable products, and companies should prepare for sustainability to become the expectation, not the exception, in the future.⁹

In consumer products-related industries—which have an enormous, worldwide impact on multiple ESG areas—it's not just about sustainability. Positive nutrition, animal rights and treatment, responsible sourcing, and ethical workplaces and practices are also on the list and driving consumer perceptions and purchasing behaviors.

9. Global Sustainability Study, Simon-Kucher & Partners, 2021.



Diversity, Equity, and Inclusion

Some consumer products organizations are investing in Diversity, Equity, and Inclusion (DEI) to embrace diversity and ensure that more people are included and have their lived experiences acknowledged so they can bring their best selves to work. Like the domain of Authentic and resilient leadership, the domain of DEI helps to attract and retain talent. It also reflects the diversity of consumers and drives innovation and creativity. Many consumer products organizations are not only practicing DEI within their own walls but also within their supply chains, taking steps to encourage their suppliers to adopt these practices. For example, Johnson & Johnson has a supplier diversity program that aims to increase the diversity of its supplier base. The company encourages its suppliers to adopt best practices in diversity and inclusion by promoting gender and ethnic diversity in their workforce and leadership.



Food safety

This domain is not included on the list provided by Deloitte but is of particular importance in the F&B industry when it comes to building and maintaining trust. Not only are regulators and consumers becoming more demanding when it comes to the safety of foods and beverages, product recalls can damage trust in an F&B organization and its supply chain. Overall, food safety is crucial to protect public health, prevent economic losses, build consumer confidence, and meet regulatory requirements. Many F&B companies are investing in food safety to ensure the quality and safety of their products. Examples include implementing food safety management systems, such as Hazard Analysis and Critical Control Points (HACCP) and ISO 22000, to identify and control food safety hazards and conducting regular internal and external audits and inspections to ensure



facilities and processes meet food safety standards and regulations. Some also use technologies like blockchain, sensors, and artificial intelligence to improve food safety by tracking products, detecting contaminants, and automating processes. They also provide food

safety training to employees to ensure they understand and follow food safety procedures and standards. Proactive companies are working closely with suppliers and regulators to ensure that ingredients and products meet food safety standards and regulations.

Mind the gap: Trust domains where consumer products organizations can grow



Cybersecurity

Trust is difficult to build when CPG and F&B companies are particularly at risk for cyberattacks. The CPG industry has experienced a surge in cyberattacks in recent years, which can have serious consequences for businesses and consumers alike, including financial losses, damage to reputations, and the compromise of sensitive data. In 2017, a cyberattack on Mondelez International, a multinational confectionery, food, and beverage company, disrupted operations and caused significant financial losses. The attack affected the company's ability to produce and distribute products, resulting in a reported loss of \$150 million in revenue. Another example is the 2020 cyberattack on Campari, an Italian beverage company. This attack, attributed to the Ragnar

Locker ransomware group, disrupted Campari's operations and caused data loss. The attackers demanded a ransom payment of \$15 million, and while the amount paid was not disclosed, it's reported that Campari's cybersecurity insurance policy covered only part of the cost. A third example: JBS, which supplies more than one-fifth of all beef in America, said all its US plants were pushed offline during a ransomware attack on the Brazilian-headquartered company's networks. The attack also disrupted other operations across the US, as well as the company's businesses in other countries, including Australia.

These incidents highlight the importance of cybersecurity for F&B and CPG companies, as

cyberattacks can significantly impact operations and financial performance. To build and maintain trust, companies must invest in cybersecurity measures and establish robust incident response plans to prevent, detect, and mitigate cyber threats. Working with IT partners (e.g., building on Amazon Web Services infrastructure) that develop cloud-based solutions with a strong focus on security can bring several benefits, including rapid deployment, flexible protection, broad visibility, simplified management, and more.¹⁰

10. "Cloud security benefits: staying protected as digital boundaries expand," Cisco, 2021.



Data integrity and protection

Studies have shown that the CPG industry is a laggard when it comes to digital maturity, and data is part of this equation.¹¹ Some consumer products companies have embarked on digital transformation with zeal but often without a sound data strategy. The problem is not only with the variety and cadence of data but also with the way the data is organized. Often, data is scattered in transaction systems, spreadsheets, even in documents, and pictures. There is much work to be done in consumer-related products industries when it comes to how companies manage and protect data.

11. "Building a Resilient Consumer Goods Industry,"
Accenture, 2021.



Putting trust into action

When you look across these trust domains, ask yourself which ones you and your organization are doubling down on, which ones you're holding your cards on, and why.

Among the trust domains, where is your organization investing the most?

How do your trust investments line up with your brand and product strategies and your organization's mission and vision?

Are company leaders communicating these investments to employees, suppliers, customers, and society?

Are you maximizing the full potential of your IT vendors as partners vs. suppliers?

Making sure your domain investments are clear and in lock step with your objectives—and identifying places where work needs to be done—can help consumer products companies deliver on trust and grow it across their ecosystem of stakeholders.

The background of the slide is a photograph of four business professionals sitting around a round glass table in a modern office setting. The image is overlaid with a semi-transparent blue filter. The professionals are engaged in a discussion, with one man pointing at a document on the table. The office has large windows in the background, showing a cityscape.

Purpose Over Paycheck

Building Trust Among Employees



Trust is the foundation for building strong teams and strong companies. Trust is not a commodity that can be bought or sold. It is earned over time through actions, decisions, and interactions.”

- **Denise Morrison**, former CEO of Campbell Soup Company



Purpose Over Paycheck

Building Trust Among Employees

[Otsuka](#) is well-established in the pharmaceutical industry, with a range of drug, nutritional supplement, and food and beverage products, and a solid commitment to sustainability. When the company reached a saturation point in Japan with [Pocari Sweat](#), a beverage that replenishes the body’s fluids and electrolytes, it decided to move into the Indonesian market. This region is highly competitive—major players in the Indonesian beverage market include international conglomerates, but local brands also have a significant presence and are popular among consumers.

As a Japan-based company, Otsuka strives to be sensitive to the various cultures into which it distributes its products. Leadership in Tokyo became concerned when the local Indonesian Otsuka team planned the Pocari Sweat promotion to coincide with the end of Ramadan, a month-long observance in the Islamic faith that is a time

of fasting, prayer, and reflection. The Indonesian team, well-attuned to the cultural nuances of their country, insisted that the promotion would be well-received. Otsuka executives in Japan decided to trust their Indonesian counterparts and agreed to support the promotion. The introduction of Pocari Sweat proved to be a significant success. Today, it remains one of [Indonesia’s](#) leading sports drink brands, widely available in supermarkets, convenience stores, and other retail outlets nationwide.

This story—and there are many like it—underscores the value that can be unlocked when consumer products organizations deliberately focus on building a foundation of trust with employees and teams, not just at home but throughout the regions where they operate.



A unique platform

Employees in the consumer products space are not that different from employees of companies in other industries. Many people today, especially the younger part of the workforce, are asking for more transparency from their leadership, increased recognition, more opportunities to participate, and more purpose or meaning in their careers.¹² On the topic of

trust, many organizations tend to apply this only to their consumers, customers, and society, but for consumer products companies trust is an intangible currency with employees as much as with any other stakeholder. In fact, unlike other industries, global companies such as Procter & Gamble, Reckitt, BASF, and many others provide a powerful platform for their employees because of their potential for real impact on the world around them.

Leaders in consumer products organizations need to always think about ways they can continue to sow and grow trust with their employees, many of whom bring highly specialized skills in a competitive employment landscape.

12. "6 Gen Z Traits You Need to Know to Attract, Hire, and Retain Them," LinkedIn, 2019.

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The performance of a company that has trust is better because it improves communication, commitment, and productivity. When there is no trust between employees, or between employees and leadership, companies have to work much harder to achieve the same or lesser results.”

- [Rita Iacoviello](#), Director of Strategy at Veeva Systems

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A currency of its own

“Quiet quitting” refers to doing the minimum requirements of one’s job and putting in no more time, effort, or enthusiasm than absolutely necessary. It’s happening more than many think, especially in consumer products-related industries. While it’s impossible to measure quiet quitting, there is data on turnover. A 2021 survey by The Consumer Goods Forum found that the average annual employee turnover rate in the CPG industry was 17.6 percent. This statistic is much higher in the F&B industry since it includes restaurant employees. A 2021 report by Workstream, a hiring platform for the hourly workforce, found that the overall turnover rate in the food and beverage industry was 69.7 percent.

Where turnover was once a matter of “the cost of doing business,” employee loyalty becomes a currency of its own in the post-industrial age, where hard-won knowledge is often locked in the minds of employees. In a world where attracting, retaining, and building talent is harder than ever—and where employees’ voices have become amplified—consumer products leaders

are asking questions like “How do we make sure our workforce feels valued and also aligned to our company values?” and “Are we providing our employees access to modern tools and training that keep them engaged, challenged, and productive?”

A recent study found that 75 percent of employees say they would stay longer with a company they trust.¹³ Statistics like this tell us just how much the world has changed since earlier eras. Employees today expect to have their voices heard, to be acknowledged for their contributions, and ultimately, to be respected in the new trust value chain.

Finding opportunity in crisis

Throughout 2020-2022, consumer products industries were significantly affected by the pandemic due to supply chain disruptions, changes in consumer demand, and government-imposed restrictions on retail operations. Many companies in the industry experienced significant declines in revenue and profits, which led to cost-cutting measures such as layoffs.



“It’s not about how you treat employees during the good times,” said [Dan Jacob](#), President, ProAQTive. “It’s how you treat your employees during a downturn, like a pandemic. These moments of upheaval present the opportunity to earn trust with your employees.”

Not every company was—or is—in the position to take layoffs off the table in the midst of daunting economic realities. But larger global consumer products enterprises might do well to explore other cost-cutting measures as they endure storms. When the weather clears, it can prove expensive and time-consuming to recruit and train new talent. There are also optics. If employees have it in their minds that their employer’s first financial strategy is to cut staff, it erodes trust and takes years to regain it. Take Disney as an example. After announcing widespread layoffs in early 2023, to the shock of many, the company ran ads during the Super Bowl only weeks later—ads that cost, on average, \$6.5 million per 30 seconds. Numerous outlets and voices [widely criticized](#) the company for the decision.

Industries like CPG and F&B were more likely to implement layoffs and other cost-cutting measures than those in other industries. According to a survey of more than 800 organizations, 57 percent of consumer products companies had implemented cost-cutting measures in response to the pandemic, compared to 47 percent of companies across all industries.¹⁴

The pandemic was also instrumental in providing a novel opportunity for two-way trust between consumer products employees and their employers in the form of remote and hybrid work. Approximately 95 percent of companies in the Consumer Goods and Retail industry shifted to remote work during the pandemic.¹⁵ Many companies in these industries were able to adapt to remote work quickly, with the majority of employees working from home within two weeks of the initial COVID-19 lockdowns. The shift to remote work was facilitated by technology and digital tools, which allowed employees to collaborate, communicate, and access information from home. Even amidst fresh challenges of finding new ways to manage and coordinate supply chains, employees and employers were driven to develop a new level of trust for one another.

13. Edelman Trust Barometer: Trust in the Workplace, 2021.

14. “COVID-19: Implications for business,” McKinsey & Company, 2020.

15. “Consumer Sentiment and Behavior During the Coronavirus Crisis,” McKinsey and Company, 2020.

Within our own four walls: What today's consumer products companies are doing to build trust with employees

Rethinking culture

"Trust with employees comes down to making sure that there's a consistent message that's crafted from the top down, so everyone is singing from the same hymn book," said [Sam Venugopal](#), Partner at PwC. "You have to go beyond slogans. It's about creating and driving a consistent message that will percolate down to help drive that trust is paramount and that

technology adoption that enables trust is critical." This kind of clarity has historically been easier to achieve for smaller organizations and startups. It stands to reason that small-to-medium-sized businesses, with fewer leaders, employees, and messages to convey, would be better suited for crafting and pushing through one consistent message. But larger consumer products companies must change the way they operate in this regard to inspire employees.

In many ways, to thrive in a fast-changing world, these organizations need to embrace a startup mindset. This means cultivating a culture that fosters agility, innovation, and collaboration. A culture that breaks free from red tape and rigid rules and empowers each employee to shape their own path and contribute to a shared vision. In the article ["The CPG CEO of The Future,"](#) one CPG leader put it this way: "You have to inspire, motivate, and reward your people in ways that are meaningful to them, not in cookie-cutter ways that stifle their potential. That should be your top priority as a CEO because that's what makes the difference."





The best leaders build trust from the inside out. An organization that does not have the trust of its employees can never earn the trust of its customers.”

- **Scott Baradell**, CEO, Idea Grove, author of *Trust Signals: Brand-Building in a Post-Truth World*



However, consumer products leaders should tread with some caution and not attempt to impose a culture from the top down. Culture should grow organically from the actions of leaders, not their words. “I have this dilemma, which is that I want to transform the culture, but I don’t want a culture transformation program. I believe that culture comes out of your deeds,” said Alan Jope, former CEO of Unilever.

Flatter and more agile organizations tend to be more successful compared to siloed, bureaucratic, and matrixed organizations. Large companies with executives distant from marketplace realities and consumers should break down their business into smaller teams to enable more direct collaboration and decision-making. Ideas can come from anywhere in the organization; consumer products companies should experiment with different ways of working, such as assembling people around problems based on talents and skills, to achieve tremendous focus and solve problems in a finite period.¹⁶

Looking at the whole person

To establish and maintain trust, consumer products leaders are recognizing the importance of viewing employees not just as workers that contribute to the bottom line but as people who have families, life goals, and dreams. One study found that employees in high-trust organizations are more productive, have more energy at work, collaborate better with their colleagues, and stay with their employers longer than people working at low-trust companies. They also suffer less chronic stress and are happier with their lives, and these factors fuel stronger performance.¹⁷ Another study found “there is a positive correlation between employee engagement and performance: highly engaged workplaces grow 16.29 percent faster and have a 26 percent higher stock performance.”¹⁸

16. “The CPG CEO of The Future: Insight into the Transformation of CPG Leadership,” SpencerStuart, 2019.

17. “The Neuroscience of Trust Management behaviors that foster employee engagement,” Harvard Business Review.

18. “The Correlation Between Employee Engagement and Performance,” LSA Global.



Providing opportunities for career growth has become essential in industries like CPG and F&B. “It used to be that an employee was on a defined track,” said [John Cooper](#) of Veeva Systems. “Managers looked at performance, then moved on to the next year, rinse and repeat. Now there is more openness for employees to discuss possibilities with their managers, where they’re asking questions like ‘What do you enjoy?’ and ‘What would you like more exposure to?’” According to Cooper, one can look to the area of sustainability as evidence of this trend. A number of employees at CPG, F&B, and Specialty Chemicals companies are voluntarily moving into the sustainability space within their organizations as a way to find more meaning in their careers and to use their platform to make a positive difference.

To grow trust, many consumer products organizations are offering training and development programs, mentorship programs, and other opportunities for employees to develop their skills and advance their careers. For example, Unilever offers [career development programs](#) that help employees identify potential career paths within the company, provide skills training, and connect them with experienced mentors who can provide guidance and support. This builds trust with employees by demonstrating a commitment to their long-term growth and development. It helps create a sense of loyalty and engagement, which can lead to improved productivity and retention.

What can leaders do to grow trust with employees?

As we've seen, there are many actions consumer products leaders can take to build loyalty and trust among their workforces. We can think of these either at the enterprise level or the functional level. Here are some questions leaders might ask to assess how they are building trust at home.

Enterprise level

Are we routinely hosting executive town halls where we're sharing the company vision, strategy, business results, and employee engagement programs?

Are we establishing a consistent message across the organization so that all employees—no matter where they operate in the company—are aligned and bought in?

Are we engaging our teams (cross-functionally) as part of greater transformation initiatives?

Functional level

Does our organization invest in a company intranet where employees can praise one another or share grievances?

Do we offer skills training, competency training programs, and career growth paths?

Does our organization offer financial advice and make financial planners available at no cost?

Are we giving employees the tools to make the best use of their time, freeing them from tedious manual work so they can focus on applying their expertise?

The background of the slide is a photograph of an industrial facility, possibly a pharmaceutical manufacturing plant. It shows long, parallel metal pipes or conduits running through the space, with various mechanical components and tanks visible in the distance. The entire image is covered with a semi-transparent blue overlay.

An Extension of Yourself

Building Trust with Suppliers



An Extension of Yourself

Building Trust with Suppliers

At a time when real estate is at a premium and it's difficult to expand into new land, dairy companies around the world often have to manage with the milk pools that are already established. In places like New Zealand, Australia, and parts of the Middle East, there are thousands of lifestyle farmers that use their land to supply dairy, not as a main source of revenue but rather as an extracurricular activity. Even so, these lifestyle farmers have become very important to the dairy supply chain. When a catastrophic event such as a drought occurs, which is becoming more common as we experience climate change, these farmers are the most affected as a result of a lack of preparedness and expertise. This can end up costing the industry on the whole. Governments in these places may not provide subsidies when things go sideways, so there has been an increase in larger consumer products companies investing in the resilience of lifestyle farmers.

Enter Fonterra, a New Zealand-based dairy cooperative that operates globally. Fonterra offers a [“milk price advance”](#) program, which allows farmers to receive a portion of their expected milk payments in advance to help with cash flow during challenging times. This program has been particularly helpful for lifestyle farmers, who often have smaller herds and may be more vulnerable to fluctuations in milk prices or weather events. This program is just one example of how companies can support their smallholder farmers and improve the resilience of their supply chains. By providing financial support and other resources to these farmers, companies can help ensure a stable and consistent supply of raw materials while also promoting the sustainability of their supply chains.



Trust is something which is the basis for collaboration and without trust, there is no successful contract manufacturing.”

- **Lukas Maksym**, Senior Manager Global Industrial Hygiene and Product Purity Management, BASF





Scenarios like these not only underscore how consumer products organizations must now be looking after the entire chain of contributors but also thinking about the fragility of our supply chain and the growing significance of building a wide range of suppliers.

From past to present

In earlier times, the number of suppliers was limited, so consumer products companies tended to have more direct contact with their network. Larger enterprises usually audited every supplier to make sure they were up to standards, following established rules and

practices. Today, the supplier portfolio has expanded, largely as a result of companies wanting to build resilience through increasing available options—a trend that was only accelerated by the pandemic. Consumer products leaders realized the importance of partnering with multiple suppliers in multiple regions to keep their business running during disruption. But then, with the onset of war in Ukraine and other geopolitical factors, conversations around deglobalization and regionalization emerged; discussions around moving from offshoring to nearshoring to onshoring have become more commonplace.

“In this environment, with all these back-and-forth trends and so many suppliers in so many places, it’s difficult to have direct control all the time,” according to [Rita Iacoviello](#) of Veeva Systems. “You need to establish a trusted relationship now more than ever, as well as rules and mechanisms for building trust with suppliers. It’s also about giving them the knowledge and guidance through operational activities in order to let them be autonomous. It’s become essential to provide them with policies, guidelines, and procedures to guarantee the level of safety and quality you’re expecting, especially in such a turbulent period.”

Up-leveling the playing field: What today's consumer products companies are doing to build trust with suppliers

Keeping your friends close

Consumer products organizations have come to understand that they're responsible for their products from the moment a fruit is picked, or an ingredient is created. If not done correctly, the ramifications can be significant. For example, if a supplier decides to change a key ingredient and doesn't inform its partners, there is potential to negatively affect not just the company but the entire industry. In 2018, several brands of infant formula were recalled in France after a [supplier](#) changed the source of an ingredient, resulting in the formula containing salmonella bacteria. The contaminated formula caused dozens of infants to become ill, and the recall affected millions of products across Europe. The incident led to an investigation into the supplier's quality control practices; the importance of supply chain monitoring and control in the infant formula industry was highlighted. This example emphasizes the potential risks associated with changing suppliers or ingredients and the

importance of quality control and monitoring throughout the supply chain. Companies in the CPG, F&B, and Specialty Chemicals industries must ensure they have effective systems in place to detect and respond to any changes in their supply chains that could impact the safety or quality of their products.

Transparency and partnership are key here. This means investing in and partnering at the supplier level. Consumer products companies need to have visibility to make sure suppliers aren't engaging with underage workers or quietly switching ingredients. "In our industries, we should be asking to what extent do our suppliers trust us as a company so that when they foresee a change or a problem, they come to us first to jointly solve a challenge," said Venkat Venkatraman, Professor of Information Systems at Boston University. "Do we have enough trust with our suppliers so they feel they can be transparent, so we know about a problem before it becomes a major one?" Dr. Venkatraman

added that sharing of data, business plans, and roadmaps are ways to foster and reinforce trust with global suppliers.

Aligning on the greater good

It's been proven that a large percentage of consumers and customers don't want to buy from brands that fail to show a broader understanding of their obligations and responsibilities to society.¹⁹ Two-way trust between consumer products organizations and suppliers becomes even more important in the area of Environmental, Social, and Governance (ESG), which is also now deeply connected to compliance and regulatory.

ESG happens across the value chain—from sourcing raw materials all the way down to

19. "From Me to We: The Rise of the Purpose-led Brand," Accenture, 2021.

reuse and disposal—and suppliers play a critical role here. For example, a company may set a goal to reduce carbon emissions. Still, if its suppliers are not aligned with this goal and continue to produce carbon-intensive products, it will be difficult for the company to achieve. In order to ensure that suppliers are aligned with a company's ESG goals, it's important to establish strong relationships based on trust, transparency, and accountability. This may involve setting clear expectations and standards for suppliers, conducting audits and assessments to monitor compliance, and engaging in regular communication and collaboration to identify areas for improvement.

Patagonia, an outdoor clothing and gear company, launched the [Traceable Down Standard \(TDS\)](#) in 2013. TDS ensures that the down used in Patagonia products comes from birds that have not been force-fed or live-plucked and that the entire supply chain meets rigorous animal welfare and traceability standards. To implement TDS, Patagonia works closely with suppliers to ensure they meet the company's sustainability and animal welfare

standards. The company audits its suppliers regularly to ensure compliance with TDS and provides training and support to help suppliers adopt more sustainable and responsible practices. Through TDS, Patagonia can trace the down used in its products back to specific farms and regions, which has led to significant improvements in its ESG performance.

By maintaining trust with suppliers and working together to achieve shared ESG goals, companies in the consumer products industry can create more sustainable and responsible supply chains, enhance their reputation with consumers and stakeholders, and contribute to a more sustainable future.



Co-innovation is key

While it's true that some supplier relationships are more transactional (e.g., commodities), others run much deeper, such as when a supplier provides intellectual property. Suppliers are experts regarding the chemicals and ingredients they manufacture and deliver. Acknowledging their expertise and engaging in innovation with them can build immense amounts of trust and give them a stake in a product or brand's success. As McKinsey & Company recently noted, "These (successful) organizations understand that when buyers and suppliers are willing and able to cooperate, they can often find ways to unlock significant new sources of value that benefit them both."²⁰

There are numerous examples of consumer products enterprises building trust through co-innovation with their suppliers. The same McKinsey source states that "Building trust takes time and effort. Often this means starting small, with simple collaboration efforts that deliver results quickly, building momentum." In the Philippines, Jollibee Foods Corporation hosts



When buyers and suppliers are willing and able to cooperate, they can often find ways to unlock significant new sources of value that benefit them both."

- McKinsey & Company



quality days to bring together suppliers and discuss best practices, quality standards, and ways to improve supplier performance. Another example: the Clorox Company may co-create with a chemical supplier to gain exclusivity of an ingredient and then collaborate on a packaging design and execution with a manufacturer.

Larger, more ambitious opportunities between consumer products companies and suppliers await further along the trust scale. In some regions, dairy and beef enterprises are coming together with their supply chains to advance innovation at the supplier level to [reduce methane](#)

[and the burden of so-called "burp taxes."](#) Here, larger F&B and CPG companies sometimes provide investments, and smaller suppliers can access the insights and value produced by these investments. This, in turn, stimulates the research value chain for universities. In another example, Unilever [partnered](#) with Novozymes to develop sustainable detergents using their combined expertise. Unilever provided knowledge about stains and materials, while Novozymes used its reagent-optimization capabilities.



The partnership led to the creation of two enzyme innovations that improved product performance, increased market penetration, and allowed Unilever to compete with premium-branded competitors. The new formulation also performed well at lower temperatures, helping customers save energy and reduce CO₂ emissions.

Overall, innovation with suppliers is essential for consumer products and food companies looking to improve their sustainability, efficiency, and competitive position in the market.

By working closely with suppliers and leveraging their expertise, these companies can create more sustainable and responsible supply chains, reduce costs, and build trust with suppliers. In fact, in one McKinsey survey of more than 100 large organizations in multiple sectors, “Companies that regularly collaborated with suppliers demonstrated higher growth, lower operating costs, and greater profitability than their industry peers.”²⁰

20. “Taking supplier collaboration to the next level,” McKinsey & Company, 2020.

Acknowledging the value of smallholders

Smallholders play a significant role in the global supply chain, particularly in the agricultural sector. According to the Food and Agriculture Organization (FAO), smallholder farms account for more than 90 percent of the world's farms and produce over 80 percent of the food

consumed in Asia and Sub-Saharan Africa.²¹ Smallholder farmers, defined as those who cultivate less than two hectares of land, are responsible for producing a wide range of crops, including coffee, cocoa, tea, spices, fruits, vegetables, and grains. These crops are used in a variety of industries, from food and beverage to cosmetics and pharmaceuticals.



Photo by: World Agroforestry Centre/Yusuf Ahmad.

Large consumer products and food companies are increasingly recognizing the importance of empowering smallholders and are taking various steps to support and work with them. Various initiatives are aimed at improving smallholder productivity, increasing their incomes, and promoting sustainability.

Mars Inc., a US-based multinational food company, has a program called "[Cocoa for Generations](#)," which focuses on promoting sustainable cocoa production and improving the livelihoods of cocoa farmers, many of whom are smallholders. The program is active in cocoa-producing regions across the world, including West Africa, Indonesia, and Brazil. Mars Inc. provides training and technical assistance to improve smallholders' cocoa production practices. The company has partnered with local organizations and governments to develop training programs on pest and disease management and post-harvest handling.

21. "Smallholders and Family Farmers," Food and Agriculture Organization, 2014.

These training programs help smallholders improve the quality and quantity of their cocoa production and increase their incomes.

Mars Inc. is also working to promote sustainable cocoa farming practices by investing in research and development and collaborating with other stakeholders in the cocoa industry. The company has set a goal to source 100 percent of its cocoa from certified sustainable sources by 2025. In addition, the company is supporting smallholders through various initiatives aimed at improving their access to financing and markets by partnering with financial institutions to provide smallholder cocoa farmers with access to credit and other financial services. This also includes working with local cooperatives and organizations to help smallholders access new markets and receive fair prices for their cocoa.

By working closely with smallholders, consumer products companies can help build more resilient supply chains and promote a more equitable and sustainable food system.

One of the chief benefits of this kind of activity is that it builds trust at the source— often the most vulnerable part of the supply chain.

Share the wealth

It is not only consumer products enterprises providing opportunities for and building trust with suppliers—banks and financial institutions are coming to the fore to play an important role. By providing financing, risk management, and other services, they can help suppliers operate and grow their businesses. If suppliers can meet targets set by financial institutions, they are then able to access loans with lower interest rates. “Financial incentives drive behavior change, and that is the big challenge at the supplier level,” said [Natasha Telles](#) of Veeva Systems. “It’s not because they don’t want to, but because suppliers often lack capital and manpower. This is a way to bring them on the journey.” With suppliers, the “stick” is often found in compliance and exporting in market, while financial incentives and creating a community are the “carrot.”



Trust as a two-way street

Building trust with suppliers goes both ways—suppliers must also seek to invest in trust mechanisms with the consumer products organizations they supply. Aside from delivering on time, suppliers should be expected to follow a code of conduct and meet contractual agreements, standards, and requirements related to quality, safety, sustainability, and ethical practices. In the United States food industry, the FDA states that “Receiving facilities and importers may need to conduct onsite audits to determine if their suppliers are producing food in compliance with FDA food safety standards, including the new standards promulgated under the FDA Food Safety Modernization Act (FSMA).” This includes an annual onsite audit when the hazard will result in serious adverse health consequences or death to humans or animals and is controlled by the supplier.

Consumer products companies often use third-party auditing firms to audit their suppliers. These third-party firms are independent of both the consumer products company and the

supplier being audited and have expertise in auditing and assessing compliance with various standards and requirements. Coca-Cola, for instance, has a global [Supplier Guiding Principles \(SGP\)](#) program that outlines the company’s expectations for supplier compliance with environmental and social standards. As part of this program, Coca-Cola requires its suppliers to undergo regular audits to ensure compliance with SGP. The beverage giant uses third-party auditing firms to conduct the audits, typically on-site at the supplier’s facilities. The auditing firms assess the supplier’s compliance with Coca-Cola’s SGP, including requirements related to human rights, labor practices, environmental management, and business ethics. The auditing firms then provide detailed reports to Coca-Cola. The reports are used to identify areas of non-compliance and opportunities for improvement.

By using third-party auditors, Coca-Cola is able to ensure the independence and objectivity of the audit process and leverage the expertise and experience of these auditing firms in assessing supplier compliance with its standards.



SPOTLIGHT

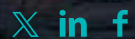
BASF and Onono

It's not just consumer products companies that drive all the innovation; suppliers themselves can also take a lead role. BASF created Onono (Centre for Scientific and Digital Experiences) in São Paulo, Brazil, a lab for personal care and home care that combines BASF's science with the innovation demand of its customers and startups to develop ideas and think about the trends of the future. Onono has been a success because it became an ecosystem for the personal care industry in Brazil.



The development of customized products for the skin or hair, based on an individual's type of skin or hair, using digitalization technology to deliver a solution for the end-consumer is very important for us and we will see more of it in the future."

- Tatiana Kalman,
Head of BASF Personal Care Europe



The BASF logo, consisting of a blue square with a white dot inside, followed by the text 'BASF' in a bold, white, sans-serif font.

What can leaders do to grow trust with suppliers?

As a consumer products leader, building trust with suppliers is essential to ensure the quality, safety, and reliability of your products. Here are some important questions you might consider when it comes to fostering trust with your suppliers.

What are our supplier's quality standards, and how do they ensure the quality of their products and materials?

How do our suppliers approach sustainability, and what measures do they take to minimize their environmental impact?

How do our suppliers approach innovation, and what new products or technologies are they developing that can benefit our business and customers?

What are our supplier's ethical and social responsibility practices and how do they ensure their workers' safety and fair treatment?

How do our suppliers handle product recalls, and what is their process for ensuring prompt and effective resolution?

By asking these questions, you can establish a more transparent and collaborative relationship with your suppliers, build trust and confidence in your products, and mitigate potential risks and issues in your supply chain.

How do our suppliers manage their supply chain, and what steps do they take to ensure the integrity of their materials and products?

What is our supplier's financial stability, and how do they ensure they can fulfill their contractual obligations to us?

The background of the slide is a photograph of a person, likely a healthcare professional, wearing a white lab coat. The person is looking down and slightly to the side, with their hands near their chest. The image is overlaid with a dark blue gradient, making the text stand out.

Informed and Empowered

Building Trust with Consumers and Customers



At Unilever, we believe trust is the foundation of great brands. We must earn it every day and never do anything to compromise it.”

- Alan Jope, former CEO, Unilever



Informed and Empowered

Building Trust with Consumers and Customers

When its shoppers speak, Walmart listens. Over the years, consumers have increasingly demanded that one of the largest retailers in the United States pay more attention to environmental issues like carbon footprint, packaging, and waste. In response, Walmart has made a commitment to reduce greenhouse gas emissions dramatically. In looking over its vast supply chain—from source to shelf—Walmart found that a majority of its footprint comes from its suppliers and the consumer products companies it buys from. The retailer put a program in place requesting that companies like P&G, The Clorox Company, and many others participate by communicating their carbon footprint. Through a rigorous program, Walmart works with suppliers and partners to identify opportunities to reduce emissions, such as improving energy efficiency, transitioning to renewable energy sources, and reducing waste. Walmart also provides resources and training to help suppliers adopt more sustainable practices.

Walmart is considered a retailer, yet it is also a manufacturer of store brands. The multinational giant is in a unique position to enact real change. While committing to, investing in, and executing on a massive sustainability initiative—achieving net zero across its operations and supply chain by 2040—is good for the planet, what’s remarkable about this story is that most of the inspiration comes from shoppers. Walmart leadership recognizes that to build trust with its loyal customer base, it must listen like never before.

One size does not fit all: Listening to consumer desires

Stories are an important way that we humans make sense of the world around us and connect with others. They’ve been used throughout history to communicate information, share knowledge, and convey values and beliefs.



One reason stories can be so powerful is that they engage multiple areas of the brain, including those involved in language processing, sensory experience, and emotion. By activating these different areas, stories can create a more immersive and memorable experience than other forms of communication. While it's true that today's customers are looking for products that claim more, do more, and are in accordance with their worldviews, at the heart of these desires are stories and, more importantly, finding themselves in the stories they seek.

Brands and products are much greater than physical items—they represent stories in which people want to see themselves.²² For most brands today, it's nearly impossible to develop stories without some degree of heterogeneity. For companies to tell the stories their customers want to hear, they need to diversify and personalize, both through individual worldviews and cultural nuance. This trend is driving conversations that previously happened at the brand level down to the product level. "Trust used to be centered around brands, built

largely around advertising and one-way communications," said [John Cooper](#) of Veeva Systems. "Today, brands are still important, but there's a lot more focus on the product when it comes to trust." For brands to be successful in delivering stories through personalization—sustainable packaging, healthy

22. "Brand identity and purchase intention: The role of consumer need for self-expression and product visibility," *Journal of Business Research*, 2017.



ingredients, organic, Halal, gluten-free—they must do it through products where consumers are focusing their hearts, minds, and wallets. Consumers have always wanted these things. Now, they simply have the platforms to voice it and the buying power to demand it.

Stories are so important to consumers that they're willing to pay a premium for the narratives they want to hear and see themselves in. But this requires authenticity among today's consumer products companies. Indra Nooyi, former CEO of PepsiCo, said, "You cannot take an American product and try to sell it in another country the way you sold it in America. You have to adapt to the local environment." Trying to impose a product that was successful in one market onto another market without considering local context is unlikely to be successful. To gain trust with consumers globally, companies must take the time to understand the cultural and societal factors that influence consumer behavior in each market and adapt their products and marketing strategies accordingly.

A skeptical audience

Through Gallup polling in the United States, we find there was a shift in the 1960s from citizens largely trusting in big government to being more watchful of it (from 75 percent in the early 1960s to 50 percent in the late 1960s). We see this trend among many consumers globally, who have demonstrated more caution when it comes to the products they buy, especially those that go in our bodies, on our bodies, and in our homes. One report found that trust in the food and beverage industry was at 57 percent in 2020.²³ Consumers today want more accountability from their brands and products—94 percent are more likely to be loyal to a brand that offers transparency, and 73 percent are willing to pay more for a product that offers complete transparency.²⁴

23. Edelman Trust Barometer, 2020.

24. "Transparency ROI Study: Building Consumer Trust Through Ingredient Transparency," Label Insight, 2019.

Meaningful connections: What today's consumer products companies are doing to build trust with consumers and customers

It's clear that there is work to be done among consumer products organizations to continue gaining consumer trust, but this also represents an enormous opportunity. Companies in this space dedicated to their consumer base can now use new tools and platforms to prioritize transparency, demonstrate social responsibility, emphasize quality and safety, engage with consumers, and adapt to their changing preferences. Most important of all, consumer products companies can start to tell—and are telling— authentic stories that their consumers want to hear and ultimately invest in.

Transparency

A wide variety of studies have proven that any move toward transparency is a good thing for customers (e.g., Walmart) and consumers (e.g., Walmart's shoppers). Being transparent can happen at the company level or at the product level, and it's wise for consumer products organizations to be actively pursuing both. At

the organizational altitude, many companies publish earnings reports, make diversity and inclusion information available, and report their senior leadership compensation. Consumers can now refer to several annual reports that rank CPG and F&B companies according to their trustworthiness—Edelman Trust Barometer, BrandSpark International, Food Industry Association Trust Study, The Hartman Group Trust Study, and Consumer Reports Annual Brand Reliability Survey, to name a few. Every region around the world offers a means of measuring trust among consumer products organizations and their brands.

Consumers hear about these organizational initiatives, and they are the positive narratives they want to hear, yet most consumers only engage regularly at the product level. Consumer products leaders have to prove to consumers that what they're saying is true and deliver on their promises. If promoting a specific property of a food, then the promise needs to be fulfilled,

and the customer needs to experience that promise, or the trust is broken. If even one small ingredient or material changes, many consumers will know. Failure to communicate even the smallest change can erode consumer trust. Perhaps the best transparency test in consumer products-related industries comes in the form of recalls—this is where the rubber meets the road. While there are numerous examples of poorly handled recalls, Pine-sol, a Clorox Company product, offers an example of how to “do transparency” right.

In September 2021, The Clorox Company announced a voluntary recall of certain Pine-Sol products due to possible bacterial contamination. The recall was initiated after testing showed the presence of *Pseudomonas aeruginosa*, a type of bacteria that can cause infections in people with weakened immune systems. The Clorox Company stated that there had been no reports of illness associated with the products at the time of the recall.

Still, it took the action of advising customers to stop using the affected products immediately and to dispose of them in accordance with local regulations. Customers who had purchased the affected products were also encouraged to contact The Clorox Company for a full refund. The company stated that the recall was limited to specific production codes and that other Pine-Sol

products were not affected. The Clorox Company also worked with retailers to remove the affected products from store shelves. In addition to the recall, it issued a press release and [posted information](#) on its website and social media channels to inform customers of the issue and the steps they should take. The company also offered a toll-free number for customers to call with questions or concerns about the recall.

This example highlights the importance of transparency. The Clorox Company was able to get in front of the unfortunate development, even though it was costly. The optics of a recall can erode trust in the beginning, but in the long run, transparency builds more consumer trust when people remember that a recall was handled responsibly.

Feedback mechanisms

“Our customers are our most important asset. By listening to their feedback and responding to their needs, we can build trust, loyalty, and long-term relationships. We are committed to putting the customer at the center of everything we do,”

said Brian Cornell, Chairman and CEO of Target. Creating mechanisms that shift monologue to dialogue—from one-way messaging to conversations—is a powerful way to build trust with consumers. Consumer products companies have embarked on a mission to let the voice of the customer be heard across a wide range of outlets. Customer service hotlines, AI-powered chatbots, online contact forms, social media, and email all help to give consumers a safe, open forum to sing praise or lodge complaints.

In its Asian territories, Unilever relies on an initiative known as “Listen, Analyze, Act,” which involves monitoring social media and other online channels for customer feedback and then using that feedback to make improvements to its products and services. Unilever also has a dedicated customer care center in India that customers can contact to report complaints or ask questions about its products. The company has implemented several technology-enabled solutions, including chatbots and virtual assistants, to provide quick and efficient support to customers. In addition, Unilever regularly conducts surveys and focus groups



with customers to gather feedback and insights into their needs and preferences. The company also works closely with retailers and distributors to ensure that its products are meeting the needs of local consumers.

Investing in consumer feedback mechanisms creates new touch points and opportunities. Like any financial currency, consumer products companies spend real money and effort and get it back in the form of the trust currency through earned media like social, blogs, press, reviews, and consumer conversations. Feedback mechanisms also help consumer products organizations gain valuable insights that they can then use to address mistakes or innovate new offerings.

Third-party certifications

When it comes to product ingredients or sustainability, it's often all in the logo. According to one study, 95 percent of Americans reported they are aware of one or more food certifications, and 59 percent reported they purchase one or more foods with certifications. Nearly 75 percent

noted that one or more food certifications are important when choosing which products to buy.²⁵ The fact that consumers are increasingly looking for these third-party certifications on the products they buy carries special implications for consumer products companies, whose wares are front and center on store aisles. Third-party means just that—many consumers are no longer content taking the word of the product seller but instead seek validation from parties they consider unbiased.

To some, this trend alone confirms a certain lack of trust in consumer products organizations. Yet to others, it simply demonstrates that consumers are becoming savvier in their purchasing behaviors and either seek a second opinion or want their products to meet high standards. Certifications such as Fair Trade, Rainforest Alliance, and USDA Organic can provide assurance that a product meets certain environmental and social requirements, while certifications such as Non-GMO Project Verified and Gluten-Free can provide assurance about a product's ingredients and allergens.



25. "Sustainability, certifications and claims: What resonates with consumers?" Food & Beverage Insider, 2020.

Danone has pledged to use the [B Corp certification](#) on all its global brands by 2025. The B Corp certification is awarded to companies that meet high standards of social and environmental performance, transparency, and accountability. By using this certification, Danone aims to provide consumers with greater transparency about the social and environmental impact of its products. Danone has also committed to using other third-party certifications on its products, such as Fair Trade,

USDA Organic, and Non-GMO Project. These certifications help to reassure consumers that Danone's products meet specific standards for sustainability, health, and social responsibility. To drive awareness and education, Danone has launched a website called "[One Planet. One Health.](#)" which provides information about Danone's sustainability initiatives, including its use of third-party certifications, as well as information about the health benefits of its products.

There are hundreds of certifications available to consumer products companies today. The Danone example shows that it's not just about applying a label, it's about making a deliberate decision on the right certification for your product and demographic, providing education around these certifications, and remaining committed to fulfilling the promises that live behind the label.



Being there for your customers

The pandemic created significant disruptions in the CPG and food supply chain, leading to shortages of some products and changes in consumer behavior. Many CPG, F&B, and Specialty Chemical products suddenly became scarce; it seemed that one day the world woke up to a shortage of toilet paper, hand sanitizer, disinfectant wipes, baking supplies, canned goods, and meat products. When a consumer goes to buy one of these products, and it's not on the shelf, it's easy for trust in the companies that provide the products to fade. Some consumers expressed frustration not only with the shortages but with the perceived lack of transparency from companies about supply chain disruptions. Additionally, the pandemic created new health and safety concerns that many consumers wanted companies to address.

Many CPG and food companies responded quickly to the pandemic by implementing new safety measures and adjusting their operations to meet changing demand.

Some companies also donated products or money to support relief efforts, which helped to build goodwill with consumers. At one of its major factories, Procter & Gamble ramped up production of both toilet paper and paper towels by 20 percent, even as it revamped its operations to keep its roughly 600 workers healthy. "The more we can serve our consumers, the better it is for everyone," said Rick McLeod, a P&G executive. "If they can just see some product in the store, it will help. There's a sense of pride of being able to deliver that thing that's so needed right now."

The Clorox Company was one of the CPG companies that experienced a surge in demand during the pandemic, as consumers sought out cleaning products and disinfectants to protect against COVID-19. The Clorox Company doesn't traditionally purchase bulk ingredients, yet made large, expensive investments in acquiring ingredients and chemicals so that consumers could get what they needed in a challenging time. It was then able to ramp up production of its cleaning products and increase the number of shifts and workers.

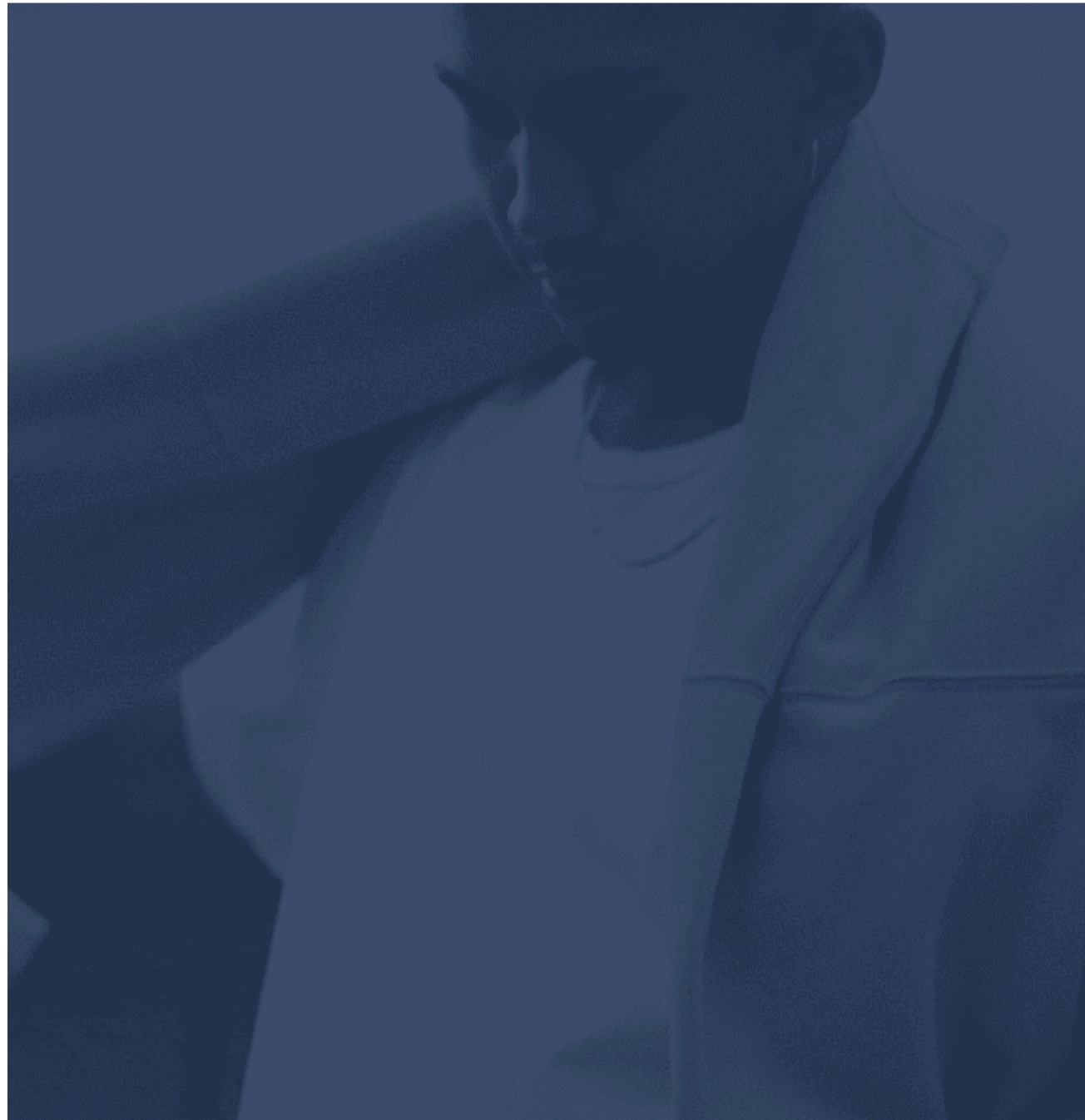


It made significant donations of cleaning products to schools and hospitals. It launched a public education campaign to help people understand how to use its products against COVID-19, even as it implemented a number of safety measures to protect its workers. During the height of the pandemic, The Clorox Company was one of the [most trusted brands](#) in North America.

"When product demand went through the roof for many consumer products in the early days of the pandemic, I feel that a strong culture of agility and teamwork, supported by a foundation of proactive planning and strong systems and processes, was the make-or-break for companies successfully responding to the pandemic," said [Randy King](#), former Chief Science Officer at New Chapter, Inc. (a Procter & Gamble subsidiary).

“Retailers and consumers wanted to know that the products they needed and trusted were going to be available, and while there was some level of understanding of the early challenges, the companies that were really prepared to respond quickly and with high-quality solutions built confidence.”

In general, the pandemic created a highly challenging environment for companies. Many consumers likely understood that some disruptions were inevitable. But the crisis also highlighted the importance of trust and transparency for companies, and those able to respond quickly and effectively to the crisis likely strengthened their relationships with consumers. Consumer products companies can take a page from effective responses to the pandemic—because crises could happen again—and companies can use these occasions to build consumer trust.



What can leaders do to grow trust with consumers and customers?

As we've seen in this section of the report, consumer and customer trust can be as fragile as the supply chain itself. Promoting transparency at all times; giving customers a platform and voice; demonstrating openness to third parties; and simply being there in a time of need all work to grow trust with an often cynical audience. Here are some questions consumer products leaders might ask regarding growing trust with customers.

Are we transparent about our products and their ingredients, as well as our production and supply chain processes?

Are we committed to ethical business practices, such as fair labor standards and sustainable sourcing?

Are we building strong relationships with industry organizations and regulators to demonstrate our commitment to safety, quality, and compliance?

Are we consistently meeting our quality standards and customer expectations for our products?

Do we have a clear and effective system for handling product recalls or safety concerns?

Are we effectively leveraging technology and data to improve product safety, quality, and customer experience?

Are we proactive in addressing customer concerns and complaints, and do we communicate openly and honestly with customers about any issues?

Do we actively seek and respond to customer feedback and use this feedback to improve our products and customer experience?

Are we investing in employee training and development to ensure our team members are equipped to deliver a consistently high level of customer service and product quality?

Are we willing to invest in customer education and engagement to help them make informed decisions about our products?

A Greater Perspective

Building Trust with Broader Society



Building trust with society is not an option, it's a requirement for success."

- Irene Rosenfeld, former CEO of Mondelez International



A Greater Perspective

Building Trust with Broader Society

It's estimated that in the United States alone, over 500 million plastic straws are used and discarded every day. They can take up to 200 years or more to decompose. This means that a significant number of plastic straws end up in landfills or the ocean, where they contribute to environmental pollution.

As part of its efforts to phase out plastic straws worldwide, a [recyclable, strawless lid](#) became the new standard for iced beverages in Starbucks stores. The lid was modeled after the lid customers recognize from Starbucks hot drinks and has approximately nine percent less plastic than the flat lid and straw historically used for iced beverages.

Unlike straws that cannot be recycled because of their size, the strawless lid made from polypropylene meets the Association of Plastic Recyclers' design guidelines for recyclability. It can be recycled in many markets in the US and Canada.

What's noteworthy about this move by Starbucks is not just the enormous steps it took to implement this program and move toward being more accountable to broader society but that it was led by its Chief Sustainability Officer. According to a study by PwC, in 2021, more CSOs were hired than in the previous five years combined.²⁶ This dramatic rise underscores the growing commitments that many organizations are making in a deliberate effort to grow trust globally and among local communities.

26. "How empowered is your CSO?" PwC, 2021.



The meaning of broader society for today's consumer products companies

"Broader society" generally refers to the larger community or society beyond one's immediate social circle or group. It encompasses people from various backgrounds, cultures, and socioeconomic levels and may include individuals not directly connected to or affected by a particular issue or situation. When a company discusses its impact on the broader society, it's

considering the effect of its actions not only on its customers and shareholders but also on the wider community and the environment. The term "broader society" emphasizes the importance of considering the bigger picture and the common good rather than just one's own interests or those of a small group.

For consumer products organizations, there is crossover when it comes to what we may think of as broader society. The trust a company

builds collectively among its employees, suppliers, customers, and end consumers can serve to affect its trust status with society at large. A consumer may want sustainable packaging, or an employee may want to work for a company that promotes positive nutrition. Efforts in these areas often fall into the domain of Environmental, Social, and Governance (ESG), which, for the purposes of this report, is where we generally focus on building trust with broader society.

A unique opportunity—and responsibility

Of all the industries in the world today, CPG, F&B, Specialty Chemicals, and even Crop Sciences have perhaps the most responsibility for care of the planet, and more eyes watching them. These industries touch or are directly responsible for almost every product that goes in our bodies, on our bodies, or in our homes. According to a

[report](#) published by Nature Food, food systems are responsible for around one-third of global greenhouse gas emissions. And according to a report by the [Sustainability Consortium](#), which evaluates the sustainability performance of consumer products, the CPG industry is responsible for roughly 33 gigatons of CO₂.

Apart from emissions, to understand the impact these companies have on the world and human beings, one only needs to consult the United Nations. In September 2015, the UN set out its 17 [Sustainable Development Goals \(SDGs\)](#), adopted by the 193 member states at the United Nations Sustainable Development Summit in New York. Of these 17 SDGs, consumer products-related industries directly impact nine of them.

Consumer products industries impact 9 of the 17 United Nations Sustainable Development goals.



ZERO HUNGER

GOOD HEALTH
AND WELLBEING

CLEAN WATER
AND SANITATION

RESPONSIBLE
CONSUMPTION
AND PRODUCTION

DECENT WORK
AND ECONOMIC
GROWTH

INDUSTRY,
INNOVATION, AND
INFRASTRUCTURE

CLIMATE
ACTION

LIFE BELOW
WATER

LIFE ON LAND

Acting with integrity: What today's consumer products companies are doing to build trust with broader society

Consumer products companies can play a critical role here. For example, companies that produce food and consumer goods can contribute to the SDG of Zero Hunger by increasing food production and reducing food waste. They can also help to promote sustainable agriculture and ensure that their supply chains are free from human rights abuses, child labor, and other forms of exploitation. Companies can also contribute to the SDGs of Good Health and Wellbeing by providing access to safe and nutritious food, promoting healthy lifestyles, and developing products and services that support wellness. In addition, companies can contribute to Sustainable Consumption and Production by reducing their carbon footprint, implementing sustainable practices across their operations, and developing innovative products and services that reduce waste and resource consumption.

Overall, consumer products companies can gain trust with broader society and local communities by aligning their business strategies and practices with the UN SDGs and engaging with all stakeholders to promote sustainability and responsible business practices.

The grand scheme of things

According to Intertek, a leading Total Quality Assurance provider to industries worldwide, “A surge of legislation, development of standards, and consumer awareness has increased the need for companies to demonstrate innovation in design, transparency, and reporting for their products and packaging.” Intertek states, “Life Cycle Assessment (LCA) has emerged as an essential and widely recognized framework to understand and measure the environmental, social, and economic attributes of a product, material, or process.”²⁷



27. “How empowered is your CSO?” PwC, 2021.

Consumer products companies are increasingly using life cycle assessment and analysis as a tool to determine the real impact of a product from a sustainability perspective. LCA is a comprehensive methodology that evaluates the environmental impact of a product throughout its entire life cycle, from raw material extraction to disposal or recycling. By using LCA, consumer products companies can identify the hotspots in the life cycle of a product where the greatest environmental impact occurs and then work to reduce or eliminate those impacts. This approach can help companies design more sustainable products, reduce waste, and minimize the use of resources such as water and energy. Consumer products companies are using LCA in a number of ways, including product design, supply chain management, and marketing and communications.

Global beauty and personal care products company L'Oréal has set bold, measurable targets for 2030 on climate, water, biodiversity, and natural resources.²⁸ It has incorporated LCA into its product development and innovation process. The company uses LCA to evaluate the

environmental impact of its products throughout their entire life cycle, from raw materials sourcing to production, use, and disposal. L'Oréal's Sustainable Product Optimization Tool (SPOT) is an internal software platform that helps the company identify the environmental hotspots of its products and develop strategies to reduce their impact. The tool includes over 30 environmental indicators and covers the entire life cycle of the product, from raw materials to end-of-life. Through the use of SPOT, L'Oréal has been able to develop products that are more sustainable with a reduced environmental impact. For example, the company has developed a shampoo bottle made from 100 percent recycled plastic, which has a 70 percent lower carbon footprint compared to the previous version of the product. L'Oréal also uses LCA to evaluate the sustainability of its supply chain and to work with suppliers to improve their environmental performance.

Consumer products companies increasingly recognize the importance of looking at the larger picture in determining the real impact of a product from a sustainability perspective.

By using LCA, companies can create more sustainable products and reduce their environmental impact.

Environmental impact score as the ultimate goal

The pressure to meet sustainability goals isn't just coming from regulators and legislation but from broader society. Both forces are coming together to compel consumer products companies to adopt wide-ranging health and sustainability agendas and follow through on them. One example is around post-consumer resin and single-use plastics. In 2021, a US Senate bill was introduced that places a tax on virgin plastic resin.²⁹ The revenue will go into the creation of a Plastic Waste Reduction Fund. The European Union's Green Deal provides for all packaging in the EU area to be reused or recycled by 2030.³⁰ Legislative acts like these, which largely follow constituent desires, are likely to increase in the coming months and years.

28. L'Oréal Group, L'Oréal for the Future, our sustainability commitments for 2030, 2023.

“With the trend we’re seeing now, it’s not difficult to imagine a nationwide environmental impact score that will be required by consumer products companies on all packaging,” said John Cooper of Veeva Systems. “This score would be at the product and shelf level so consumers can see what products are better or worse for the environment, which could affect not only buying decisions but the amount of trust broader society has for any product, brand, or company.”

These ratings would conceivably take many factors into account and determine a figure based on life cycle analysis—the full journey of a

product from ingredients to manufacturing to shipping. Even today, we’re seeing the emergence of tools like Eco-score, a food label with five categories from A (green, the preferred choice) to E (red, the choice to be avoided). The aim is to help consumers make more ecological choices when purchasing. The tool was developed by a group of eight independent players in France: ECO2 Initiative, Etiquettable, FoodChéri, Marmiton, Open Food Facts, ScanUp, Season, and Yuka. There are various other ecolabels, such as the European Ecolabel, which is also based on life cycle analysis (LCA).



Finding the balance

It’s often difficult to achieve the balance between effectiveness of a product and its toxicity. A successful product must be effective, but today it must also be safe for humans and the environment to maintain trust with broader society. One example is household hazardous wastes such as antifreeze, bleach, batteries, or tires. There is a significant amount of legislation on this topic, and it begs certain questions of consumer products leaders. “If we’re a company selling these products, wouldn’t we be making sure that end-of-life is non-discriminant? Where does our responsibility begin and end as a producer of these products?”

The Clorox Company has been working on these issues for many years. The company employs teams of chemists and toxicologists to ensure that whatever it produces works effectively but is also safe for consumers and the planet, especially when the product is discarded at end-of-life. Syngenta, provider of agricultural science and technology and, in particular, seeds and pesticides, has an agreement with the industry association.

29. “US Senator introduces bill with 10-cent tax on virgin plastic,” ICIS, 2021.

30. “How to prepare for a sustainable future along the value chain,” McKinsey & Company, 2022.

When authorities or academia have a concern about any of its chemicals or products, information is made immediately available to whoever has a valid interest. Interested parties can also contact Syngenta to learn more. “This implies that you need to have a culture of transparency built in,” said one Syngenta researcher. “It doesn’t happen without a strong commitment to do it internally first, and digital helps to make it possible. We’re also very open to showing studies and research that prove that our products find the balance between safety and efficacy.”

The three Rs

“The three Rs” is a commonly used phrase that refers to the principles of Reduce, Reuse, and Recycle. These principles are aimed at promoting sustainable use of resources and minimizing waste. Reducing involves decreasing the amount of waste generated by reducing the amount of resources consumed. Reusing includes finding ways to use products more than once rather than throwing them away after a single use. Recycling involves recovering materials from waste products and converting them into new products. The three Rs make up an important concept in sustainable

development. They are used as a guide for individuals, businesses, and governments to reduce their impact on the environment and promote a more sustainable future.

To build trust with broader society—and as an effort toward driving the three Rs—numerous consumer products organizations participate in the Sustainable Packaging Coalition (SPC). This organization is made up of over 200 companies from across the packaging supply chain, including raw material suppliers, packaging manufacturers, brand owners, retailers, and waste management companies. Several international consumer products



companies—Tetra Pak, Amcor, Ikea, Colgate-Palmolive, Danone, Procter & Gamble, and others—work in the coalition to promote sustainable packaging practices and reduce the environmental impact of packaging throughout its life cycle. The organization also develops tools and resources like the “How2Recycle” labeling program, which provides standardized recycling labels for packaging materials.

Unilever is one member company that is reworking the size of packaging to ensure that containers are more fitting relative to the size of the product. The company is committed to making packaging lighter or more environmentally friendly without compromising product, performance, or shelf life, while also making sure that packaging is easily recycled or composed of recycled material. This requires investing in R&D and new technologies as well as partnering with suppliers which have the “know-how” when it comes to packaging. Being able to develop breakthrough technologies in the area of the three Rs will not go unnoticed by broader society.

“Unilever is partnering with companies to recycle waste material and has dedicated one of its entire sites in Italy to recycling plastic,” said Rita Iacoviello of Veeva Systems, who formerly worked for Unilever in Italy. “The company is investing a lot of money and R&D efforts to look for alternatives to implement the commitments it’s promising to consumers.” In Japan, Kao Corporation, a multinational consumer goods company that produces personal care, home care, and cosmetic products, has partnered with Terracycle on a free program called “MyKirei.” This allows consumers to send Kao-branded packaging and pumps and Jergens pumps to be cleaned and separated by material type. The materials are then recycled into raw formats manufacturers use to make new products. The company even offers a virtual tour of its processing facilities.

Positive nutrition

Sustainability initiatives like packaging, water conservation, deforestation, and carbon emissions attract much of the attention of broader society, but there’s also the overall health of human beings to consider when building trust. The number of people with diabetes rose from 108 million in 1980 to 422 million in 2014.³¹ The worldwide prevalence of overweight and obesity has doubled since 1980 to the extent that nearly one-third of the world’s population is now classified as overweight or obese.³² Cardiovascular diseases (CVDs) are the leading cause of death globally. It doesn’t go unnoticed that what foods and beverages people consume can play a major role in their overall health.

31. World Health Organization, Diabetes Key Facts, 2022.

32. “The epidemiology of obesity,” Yu Chung Chooi, Cherlyn Ding, Faidon Magkos, 2019.



It's not a 'big brand' versus 'small brand' battle. It's a 'relevant' versus 'irrelevant' battle. The brands that serve customers best win. But to do that you need to be close to your consumers, super agile, and faster than anyone else."

- Jan Zijderveld, former CEO, Avon



In the F&B space, many companies are making an effort to reduce salt, fat, sugar, and calories. Much of this is being driven by regulatory and consumer pressures, but also by competition. Traditional giants like Coca-Cola, Nestlé, and Tyson foods are being disrupted by companies that lead with healthier options and ingredients. Kind Foods, Beyond Meat, Amy's Kitchen, and Bolthouse Farms are grabbing market share as a result of the trend toward—and demand for—positive nutrition.

This isn't to say that large F&B enterprises have not taken action in the area of positive nutrition. On the contrary, Nestlé has been working for two decades to "reduce the levels of sugar, salt and sodium, trans and saturated fats in its products, and to remove artificial trans fats altogether."³³ Sugar, as a key ingredient in its confectionery products, for example, isn't easily replaced, and alternatives can't always maintain the taste and texture of chocolate or sugar confectionery. Yet Nestlé has invested heavily in

research and development around the world, creating new technologies to overcome this challenge. In five years, the company has reduced sugar from across its UK confectionery portfolio by 10 percent.

Food and beverage enterprises that prioritize positive nutrition are more likely to gain the trust of broader society. By promoting healthy eating habits and lifestyles, these companies can demonstrate that they're committed to improving the health and well-being of their consumers and the community. This can also help to differentiate them from their competitors and create a positive brand image. Furthermore, by prioritizing positive nutrition, food and beverage enterprises can contribute to tackling some of the most pressing health challenges facing society, such as obesity and malnutrition. This can help create a healthier and more sustainable food system that benefits everyone.

33. [Reducing sugar, salt, and saturated fat](#), Nestlé.

What can leaders do to grow trust with broader society?

As we've seen, building trust collectively through making the right choices and investments throughout the value chain and with all stakeholders—employees, suppliers, customers, and consumers—will result in a higher trust value in broader society. Relevant topics include sustainability, transparency, positive nutrition, and doing right by society across the spectrum of what we put in our bodies, on our bodies, and in our homes. Here are some questions consumer products leaders might ask regarding growing trust with broader society.

What steps are we taking to ensure the safety and quality of our products?

Are we committed to promoting healthy eating habits and lifestyles?

Are we regularly evaluating and improving our practices to ensure we are meeting the evolving needs and expectations of consumers and the broader society?

Are we transparent about our ingredients and production processes?

What measures are we taking to address concerns related to social responsibility, such as fair labor practices and animal welfare?

Are we investing in the right technologies that will help us to achieve our ESG and nutrition goals?

How are we addressing issues related to sustainability and environmental impact?

How are we collaborating with other industry players and stakeholders to drive positive change?

Technology as Trust Enabler

The Critical Role of Digital and IT



We believe that technology can help us build trust with consumers by providing more transparency and traceability across our supply chain.”

- Miguel Patricio, CEO, Kraft Heinz



Technology as Trust Enabler

The Critical Role of Digital and IT

To demonstrate just how important digital capabilities are in today's consumer products industries—and to show how far we've come—it might be an interesting exercise to take a step back in

In the early 20th century, Radithor was a radioactive drink marketed as a cure-all for a wide range of ailments, including arthritis and fatigue. The product contained radium and was advertised as a health tonic that could boost energy and vitality. However, the product was later found to be extremely dangerous, and many people who consumed it suffered from radiation poisoning and other serious health problems. Radithor remains one of the best examples of quackery in that period.

But what if those buyers of [Radithor](#) could suddenly know every ingredient in the product, understand the health effects of each ingredient, and be familiar with where each ingredient was sourced? What if they could also know where the packaging materials originated and whether

the bottle containing the drink was recyclable? Imagine that these buyers could then enter a worldwide platform where they not only rated the product but urged others not to buy it. In this scenario, it's likely that Radithor would not have been trusted as a safe or viable product.



Fast forward a hundred years, and such is the environment today when it comes to our consumer packaged goods, foods, beverages, and chemicals. This isn't to say that mistakes or recalls don't happen—they certainly do—but the pace of information and awareness has increased exponentially. All stakeholders can now make more timely, informed decisions than ever before. This is in large part made possible by technology, and consumer products companies must move at the speed of digital to maintain and grow trust.

Consumer products companies are technology companies

Today, every organization sharing the consumer products space, from suppliers to manufacturers to retailers and distributors, must rely on technology—and deliberate digital transformation strategies—to deliver safe products people trust. Innovation, forecasting and predictability, regulatory and compliance, data, social media, and more are all part of a greater digital picture that continues to evolve.

In 2021, Gartner categorized the consumer products industry as a “follower” in terms of technology adoption.³⁴ Even some of the largest, most successful enterprises in this space continue to use siloed communications, legacy or on-prem tools, Excel spreadsheets, and even pen and paper to keep up with critical information and updates. In this rigid, fragmented environment, it's almost impossible to collect, understand, or analyze the increasing amounts of data. As one Syngenta executive told us, “You're not really excelling if you're using Excel. Once that information is entered or written down, it's just a moment in time and almost unusable to anyone else and certainly hard to access. What happens if you have a fire?”

A majority of our respondents agreed that true trust was likely not possible before the advent and adoption of technology. In previous decades, there was only the word of the company or any other entity that played a role from sourcing to shelf. To build trust across the ecosystem today—and gain trust with all stakeholders—consumer products leaders need to consider every product touchpoint.

The right technology allows information to flow freely across the supply chain.

“Before technology enabled environments, enterprises like pharmaceuticals used to rely on standard continuous improvement models, drawing information from the field and using it to either improve the manufacturing process or draw certain conclusions to improve the R&D process for developing better products,” said Sam Venugopal, PwC. “There was a lot of talking the talk, but not much materialized because of multiple challenges. Today, technology lets us walk the walk. Cloud-based and cloud-powered analytical tools allow for greater information sharing, analytics, and stronger insights that improve products and customer experiences.”

34. Hype Cycle for Consumer Goods, Gartner, 2021.

Benefits of technology-driven trust



Benefit 1: Data and insights

In the last two years since Gartner labeled consumer products industries as “Followers,” there have been big strides in some areas. For instance, leading consumer products organizations are much more likely to invest in data capabilities and share more data with consumers and partners, which can power smart labels that help consumers make better decisions and assist supply chain partners in coordinating and optimizing logistics. Also, companies that invest in data capabilities are likely better positioned to meet tracking and traceability requirements. And these investments enable other capabilities, such as assessing supply chain carbon footprint and monitoring and complying with ethical working practices.³⁵

There’s a significant push to move to solutions that unify data, processes, and documents related to a business or functional area, which have traditionally been fragmented. This allows consumer products organizations to gain new visibility into what’s really happening, connect the dots, and work systemically, driving insights that weren’t previously achievable. Citing the adage “an ounce of prevention is worth a pound of cure” and becoming richer in the data they are collecting lets these companies move from a reactive approach to a preventative one.

“There’s also the opportunity for insights to drive innovation,” said Rita Iacoviello of Veeva Systems. “Many consumer goods companies are currently using tech in a linear or fragmented model, like food safety, or compliance, or regulatory, but the opportunity lies in mining all the rich data to understand whether there are markets where consumers are willing to pay more for this particular form of compliance, what claims consumers are responding to, and

what bits of compliance they want to see at the base level.” In regions like China and Singapore, data and insights show that if a food company can claim [fresh, chilled products like meat](#), consumers are willing to pay a certain percentage more than for a frozen product.

Data also comes in the form of consumer feedback from the field. The right technology allows complaints to be logged, understood, analyzed, and trended, all of which can lead to insights that flow back to R&D. Creating a feedback mechanism and removing guesswork is much more effective in driving continual improvements.

All of these data-driven initiatives—data sharing, data consolidation, analytics and insights, innovation, customer feedback mechanisms—help to build trust across the value chain and among all stakeholders.

35. 2023 Consumer Products Industry Outlook, Deloitte, 2023.



Benefit 2: Traceability

A robust data strategy also drives transparency and traceability. “Apart from a commodity, almost every product consists of dozens of specialty ingredients from suppliers,” said David Maher of Veeva Systems. “Each one of these can be further composed of dozens to hundreds more raw materials from another group of suppliers. Truly understanding with confidence what’s in a product requires a sequence of information that must be maintained and validated along the value chain.” This is a major challenge for companies, requiring detailed documentation and near-constant communication. Even then, the accuracy of shared information is not always guaranteed. “Traceability is only truly possible through technology,” he said.

In the F&B space, companies are expected to be able to trace everything from source to shelf, which can only be done with modern, cloud-based technology that allows them to have all the data available and connected. Digital traceability systems using RFID tags, barcodes, and GPS are all at play here. One example is the use of traceability QR codes in Korea. A dedicated code on a milk product can tell consumers the entire story from left to right, beginning with the farm from which it originated all the way through to where the product was bottled and shipped. In this scenario, if something goes wrong at any point along the supply chain, the company can act quickly. If a product can cause harm to consumers, companies must have the data to show exactly where the product is made and to root out the cause of the problem.

Consumer products companies also need to be able to trace back their claims and communications to prove to authorities and all stakeholders what’s been done to substantiate those claims. Without proper traceability measures, the brand is at risk of losing trust. “Traceability is critical for food safety, quality, and sustainability, as well as for building consumer trust,” said Paul Bakus, former President of Corporate Affairs at Nestlé. “Technology can help us track products from farm to fork, providing transparency and accountability throughout the supply chain. By using data and analytics, we can identify and address potential issues before they become problems, and we can also substantiate claims about the origin, quality, and safety of our products.”

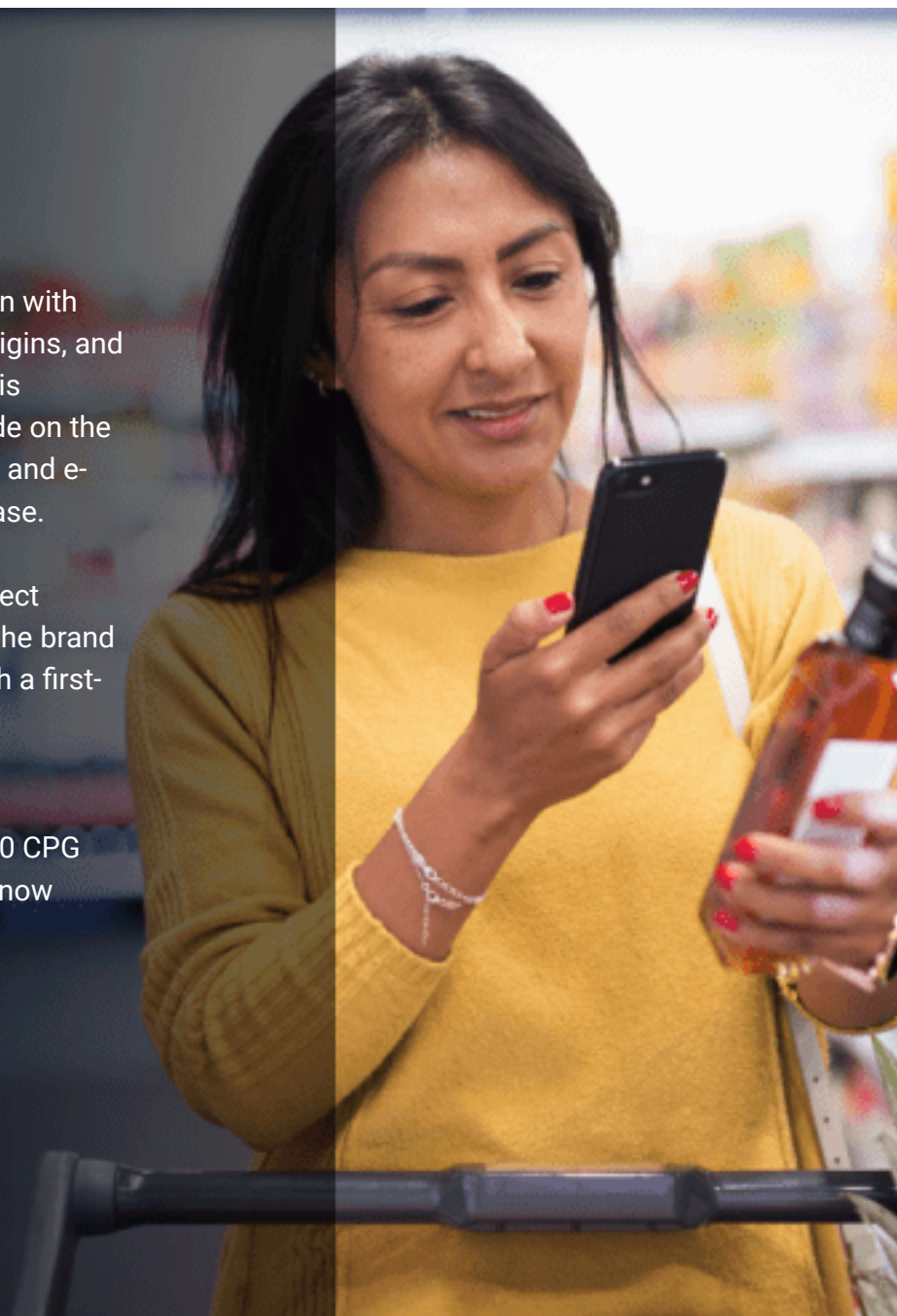
SPOTLIGHT

Connected packaging

In a post-pandemic world where consumer brands need to establish a more direct connection with their consumers and regulators are demanding greater transparency about products, their origins, and ingredients, many consumer products organizations are looking to [connected packaging](#). This technology-driven mechanism allows consumers to interact with products by scanning a code on the package with their smartphone. It provides access to information, personalized experiences, and e-commerce options and allows consumers to engage with the product in-store or post-purchase.

As brands typically control product packaging and labeling, the interactive code creates a direct connection between the brand and the consumer, regardless of retail channel. This enables the brand to collect data directly from the consumer, influence and originate transactions, and establish a first-party connection with the consumer.

Connected packaging is becoming the norm as brands strive to meet consumer demand for authenticity, transparency, and personalized experiences. In the US and Canada, more than 60 CPG companies, including Reckitt, Colgate-Palmolive, Nestlé, Procter & Gamble, and Unilever, are now giving shoppers access to product information through a digital platform.





Benefit 3: Supplier collaboration

Technology is helping consumer products companies build trust and stronger relationships with suppliers by providing new tools and platforms for communication, data sharing, and collaboration. Many use cloud-based platforms to connect with suppliers and share information in real-time. These platforms allow for seamless cooperation across geographies and time zones and enable suppliers to access up-to-date information about product specifications, orders, and delivery schedules. Electronic Data Interchange (EDI), a technology that enables the automated exchange of business documents between trading partners, is being used to streamline communication with suppliers, reduce errors and delays, and improve the efficiency of supply chain processes.

Supplier portals provide a centralized platform for suppliers to access information, submit orders, and communicate with the company. These portals can also be used to share best practices, collaborate on product development, and coordinate supply chain activities. Advanced technology like blockchain is being explored as a way to improve collaboration and transparency in supply chain relationships. Creating a decentralized, tamper-proof record of all transactions related to a product, from its creation to its sale, can help to build trust and improve collaboration between CPG and food companies and their suppliers.





Benefit 4: Employee productivity and retention

According to recent studies, Gen Z and millennials currently make up approximately 38 percent of the global workforce, and this percentage will rise to about 58 percent by 2030.³⁶ These are the generations that have come of age with smartphones and social media and are heavy users of digital technology.

A 2019 survey conducted by Dell Technologies and PSB Research, polling more than 12,000 individuals across 17 countries, turned up some key findings about what these important generations think about technology in the workplace: 80 percent of Gen Z respondents said that technology offered by an employer would influence their decision to take a job, while 63 percent of millennial respondents said the same.³⁷

Millennials and Gen Z employees expect the technologies that empower their personal lives to also drive communication and innovation in the workplace. They've been outspoken that access to the technology they like to use makes them more effective at work.

"Outdated technologies that might have been tolerated by previous workforce generations may quickly become a thorn in the side of younger staffers and, in turn, drain employee morale," wrote Forbes Councils Member David Karandish.³⁸ "Technology is crucial in order to transform your business into a place where Gen Z wants to work and would like to stay."

It's not surprising that generations that have been able to access cutting-edge digital technologies—or were born with them—would expect to use them for 40-plus hours per week. Consumer products companies interested in growing and retaining talent among current workers and future leaders are wise to invest in digital tools to enable them better. This means moving away from static, fragmented, on-prem tools and systems that decrease productivity and job satisfaction and toward digital, cloud-based, unified tools and systems that do the opposite.

36. "How prepared are employers for Generation Z?" PwC, 2021.

37. "Gen Z: The Future Has Arrived," Dell and PBC Research, 2019.

38. "Technology Is Critical To Recruit And Retain A Workforce That Is Only Getting Younger," Forbes, 2019.

On the cutting edge: How consumer products companies are using technology to bring safe, trusted products to market faster



“Supply chains are at the center of challenges consumer goods are facing in today’s strained landscape. From inflation driving skyrocketing pricing to material and labor shortages slowing down processes, these brands are having to get inventive,” wrote Liz Dominguez, Managing Editor, Consumer Goods Technology. “In response, Unilever has been transforming its supply chain strategy, embracing what it calls ‘groundbreaking technologies’... that are improving transparency and traceability with sustainability at the forefront.”³⁹

To ensure effective quality management, Unilever is employing [disruptive technologies](#) that enable supply chain evolution and implementing [digital tools](#). One lesson the organization learned during

the pandemic was that agility trumps forecasting. According to Marc Engel, former chief supply chain officer for multinational consumer goods at Unilever, the company found that its investment in agility probably had a return ten times that of its investments in scenario planning.⁴⁰ An example of that agility in action stems from Unilever’s work with one of its key grocery customers. That customer provided access to its point-of-sale scanning data. The company quickly realized that if one of its core products hadn’t been over the scanner for four hours, odds are that it wasn’t on the store shelf. “Every time that happens, we assume they’re out of stock, so we automatically ship,” Engel said. “It’s those kinds of things that really drive change, but you need digital fluency in your organization.”

Unilever is also on a [mission](#) to reach a deforestation-free supply chain for many of the ingredients and materials it relies on, such as palm oil, paper, tea, soy, and others. To achieve this ambitious goal, Unilever relies on bleeding-edge technologies like AI and satellite imaging. Leveraging Google Cloud technology, Unilever can monitor its supply chain using a combination of satellite imagery, data storage, and machine learning that gives the company a 360-degree view of its supply chain. This allows Unilever to estimate which farms and plantations are supplying the mills and to monitor mills, landscapes, and farms to prevent deforestation. In addition, Unilever uses anonymized data signals from mobile devices to detect potential sourcing links.

According to one Clorox Company researcher we spoke to, “Claims were a challenge at Clorox. We had disjointed spreadsheets in the areas of innovation, claims substantiation, and marketing communications. No matter how large the company, things are being handled in Excel spreadsheets across disconnected hard drives.” In an effort to make sure that the technology it uses to manage its products, chemistry, and all data is ready for the twenty-first century and beyond, The Clorox Company has made a deliberate and critical commitment to investing \$550 million in IT systems over five years.

With these systems coming into place, the company can now address important issues like information about what ingredients and chemicals are in each of its products and operations data for its retailers. The Clorox Company is also able to communicate with its consumers through tools like [Smart Label](#), a common platform that gives consumers and other stakeholders richer information about the company’s product down to SKU level, its ESG initiatives, and more. “Technology is helping us to build more transparency than ever, which in turn drives more trust,” said one Clorox executive.

Agricultural science and technology company Syngenta is a frontrunner in adopting new technologies. In some ways, crop protection is even more highly regulated than the pharmaceutical industry since there is both a human health component and an environmental component. Having access to the right technology gives Syngenta a simpler, more real-time way to find studies and data and help track when and where materials are produced, as well as recognize requirement triggers. This brings a compelling advantage when it comes to traceability and transparency, which regulators expect today. “Without the right technology, it would be a nightmare,” said one Syngenta executive. “The duration of the slow part is the criticality because an organization like Syngenta can lose years getting to market or even getting data and information to regulatory bodies. It’s highly critical because, without technology, the slow down would be measured in years, not days or months.”



One of the ways Syngenta has embraced technology is in the development of a digital platform called “Syngenta Digital,” which allows farmers to access information on Syngenta’s products and services, including product labels, safety data sheets, and regulatory information. The platform enhances transparency and enables farmers to make informed decisions about using Syngenta’s products. Syngenta also leverages technology to track the entire supply chain of its products, from production to distribution to consumption to provide detailed information about the origin, quality, and safety of its products, which helps to build trust with consumers and regulators. Syngenta is using technology to develop sustainable farming practices that reduce the environmental impact of agriculture. For example, Syngenta’s [“Good Growth Plan”](#) aims to improve the sustainability of farming by reducing greenhouse gas emissions, conserving water, and enhancing biodiversity. By using technology to develop and implement sustainable farming practices, Syngenta is building trust with stakeholders who are concerned about the environmental impact of agriculture.



39. “Unilever’s ‘Groundbreaking’ Supply Chain Investments Lean Into AI and Geolocation,” Consumer Goods Technology, 2022.

40. “The Supply Chain Evolution in the Era of Disruption,” Veeva Industries Blog, 2022.

What can leaders do to use technology as a trust enabler?

As an implicit currency, trust can only truly be driven and fostered by the right technology. In the integrity-plus-transparency equation, digital becomes a critical enabler of trust. It activates integrity and drives real-time transparency and visibility on every level, at every point of the value chain. However, investing in technology doesn't build trust in and of itself. It must be part of a sound digital transformation strategy. As one consumer products executive told us, "The right tech is the tool that helps you execute it."

Here are some questions that leaders might ask when it comes to using technology to build trust among all stakeholders.

How might technology help us to empower our employees better, make them more productive, and provide them with the tools and resources they need to make ethical and responsible decisions?

How can we use technology to innovate and develop new products and services that meet the changing needs and expectations of our stakeholders while also aligning with our values and mission?

How can we use technology to increase transparency and traceability in our supply chain to ensure responsible sourcing and reduce the risk of unethical practices?

What digital tools are we using to improve our environmental and social impact and track our progress towards our sustainability goals?

Are we using technology to better communicate with our stakeholders and respond to their concerns and feedback, both online and offline?

How can we use technology to ensure data privacy and security for our customers, suppliers, and employees and build trust in our brand?

Conclusion

Transparency + Integrity = Trust

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As we've seen in this report, for consumer products companies in the CPG, F&B, and Specialty Chemicals industries, trust is an implicit currency that can be defined in a variety of ways and that can be sown, grown, and measured in just as many. At its heart, trust is the willingness of one party (the trustor) to become vulnerable to another party (the trustee) on the presumption that the trustee will act in ways that benefit the trustor and vice-versa. Companies in these industries must move beyond gauging their success in purely financial terms and strongly consider and mightily invest in trust mechanisms across any and all parties that hold a stake in the success and perception of their brands and products: employees, suppliers, customers, consumers, and broader society.

While trust is an implicit currency, it's not altogether disconnected from financial currency, and the stakes can be high. A recent Deloitte analysis found examples of three large global companies, each with a market cap of more than \$10 billion, that lost 20 to 56 percent of their value—a total \$70 billion loss—when they lost their stakeholders' trust.⁴¹

At the end of the day, it might come down to a simple but hard-to-achieve equation: Trust is the product of transparency plus integrity. Transparency is about actively making truthful information widely available at every level, while integrity involves investing in critical trust systems and being deliberate about following through on commitments. In this careful calculation, technology can help to drive transparency and can also help to make integrity actionable in ways not possible before.

A recent Deloitte analysis found examples of three large global companies, each with a market cap of more than \$10 billion, that lost 20 to 56 percent of their value—a total \$70 billion loss—when they lost their stakeholders' trust.

For today's consumer products leaders, it might be easy to view all of these new developments as punitive. After all, these companies operated largely out of the public eye for decades, using financial success as their only metric. Increasing scrutiny from regulators and an expansion of stakeholders and their active participation could certainly be seen as a burden. But moving toward a trust-based economy actually presents a historic opportunity for these companies.

41. "Can you measure trust within your organization?" Deloitte, 2022.

Today, with an authentic approach and the right tools, consumer products organizations can reach unprecedented levels of proximity and intimacy with all stakeholders, which leads to richer conversations, better learnings, improved innovation, and ultimately, to generating more revenue without compromising on compliance or quality.

When it comes to maintaining and growing trust, there is no “one-size-fits-all” solution for consumer products companies. Each organization needs to determine where to place its investments depending on which stakeholders are most important, and these investments may shift over time. However, there are some tangible things leadership can do to build an intangible currency:



It's not what you say, it's how you act.

For the C-suite, every small step you can take to position yourself as being communicative and transparent with all stakeholders—shareholders, employees, suppliers, and customers—will serve you well, and over time it will be known that you're doing right by broader society.



Keep your word.

Be able to back your claims since consumers are scrutinizing these and third-party certifications to make sure that products and brands align to their values, whether that means organic, Halal, free from parabens, and more.



Decide where to invest.

If your focus is on maintaining trust in the employee marketplace, you will make commitments to recruiting, training, skilling, benefits, compensation, and avoiding layoffs at all costs; it's a loss of trust among employees if this is violated. If focusing on consumer trust, you might invest in pricing transparency and communicating why a price is increasing or reducing prices where possible.

Trust is the product of transparency plus integrity.



Remain in good standing with the law.

Trust also plays out in the world of compliance and regulatory, where governments are driving best practices and passing legislation that directly affects the consumer goods value chain. You don't want news coming out about being constantly audited or fined because you haven't fulfilled your regulatory obligations—that's now in the mind of all the stakeholders. And it's not just about the fines but about avoiding media exposure for violating trust.



Learn from your mistakes.

If a crisis does occur, it's an opportunity to systematize so it doesn't happen again.



Trust in trust as an implicit currency.

A currency is something you spend. Like all sound investments, you get it back with gains through earned media that comes from social media forums, blogs, press, consumer conversations, and throughout the greater trust value chain of stakeholders.

By implementing these strategies, consumer products companies can foster a culture of transparency and trust, which can have a positive impact on employee morale, customer loyalty, and overall business success.

A photograph of a man and a young girl shopping in a grocery store. The man, wearing glasses and a blue button-down shirt over a white t-shirt, is looking at a product on a shelf. The girl, wearing a light blue shirt, is pointing at the same product with a smile. The background is filled with various grocery items, including bags of chips and vegetables. The entire image has a blue overlay.

About Veeva

Bring Trusted Products to Market Faster

At Veeva, we've long welcomed the opportunity to partner with enterprise leaders and practitioners in consumer products-related industries who recognize the potential for innovation and strategy across the new trust value chain.

To learn more about Veeva and how you can use Veeva's technology solutions to bring trusted products to market faster, please visit us at Veeva Industries.

GLOBAL HEADQUARTERS

4280 Hacienda Drive Pleasanton, CA 94588,
United States

EUROPEAN HEADQUARTERS

08940 Cornellà de Llobregat, Barcelona, Spain

ASIA HEADQUARTERS

Level 18, 201 Miller Street North Sydney
NSW 2060, Australia

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