

A Sustainable Path Ahead for Consumer Goods and Retail

Last week, I took part in the Consumer Goods Forum in Chicago, the largest-ever gathering of executives from leading consumer and retail companies—more than 1,100 global leaders from 70 countries.

The theme was “Empowering Businesses to Deliver a Better Tomorrow.” The size of the event alone was evidence of just how determined leaders are to collaborate on the highest-priority issues as these companies wade through complex challenges.

From 2003 to 2013, consumer staples companies outperformed the S&P 500 by 30%, and it was among the top sectors for investors. After those stellar ten years but before the pandemic, the reverse was true: performance fell 30% below the S&P. Then came COVID-19, and the sector slid to the bottom of investors’ lists. Not surprisingly, companies are under a lot of pressure to choose the right path ahead for shareholders and customers.

In that context, it’s particularly impressive to see how many leaders are committed to choose the right direction for the planet, too. BCG has been supporting the forum to define the strategy and launch a new Coalition of Action, focused on the path toward net zero. It’s an exciting opportunity that brings players together across the consumer value chain—both manufacturers and retailers—to make powerful progress.

The coalition focuses on challenges that are better solved through collaboration than by companies acting alone. It’s taking a deliberately action-oriented approach to tackle the primary drivers of emissions across the consumer goods value chain and achieve material impact. In only a few months, progress has been powerful:

- It started developing common sustainability targets for suppliers covering six dimensions related to emissions, energy, and resource use.
- It launched “commodity captain” masterclasses, to share best practices and accelerate commodity decarbonization across regions.
- It identified opportunities to source green power in markets where access to competitive rates is challenging.
- And it agreed to develop recommended carbon metrics that retailers can request from manufacturers.

A Turn to Real Impact

The conversations at the forum were realistic—with a clear sense of what needs to happen next:

- **Change is needed—now.** The challenge is immense, but there’s a strong desire to focus on action and progress.
- **Collaboration will be key.** Given the complexity of the consumer value chains, manufacturers and retailers need to work together to drive change. Companies set individual targets but work together to go faster and make the costs of change lower for all players.
- **Breaking compromises should be the goal—instead of wallowing in tradeoffs.** Product innovation and new ways of working (with suppliers upstream and consumers downstream) can lead to win-wins in the future.

This new coalition is unique in bringing together the world’s largest consumer manufacturers and retailers to carry out a consciously pragmatic strategy. Leaders have shown that they are ready and able to make progress on sustainability while dealing with the pressure of a challenging and fast-changing environment. That commitment should send a strong signal to other sectors, particularly upstream suppliers, that this work must remain a priority.

Until next time,

A handwritten signature in black ink, appearing to read "Rich". The signature is stylized and cursive, with a large initial "R" and a long, sweeping tail.

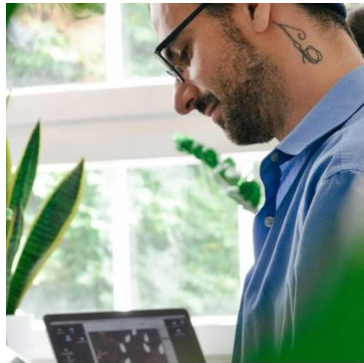
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