

A woman with dark hair, wearing a green jacket over a pink shirt, is looking down at a small white product box she is holding in her hands. She is standing in a store aisle with shelves of various products in the background. The Oracle logo is visible in the top left corner.

ORACLE

Oracle for the Consumer Packaged Goods Industry

**A digital operation platform
for CPG companies**

The consumer packaged goods industry is no stranger to disruption. The challenges of the recent past have only accelerated the technology requirements needed to transform digitally to stay ahead of the competition and drive growth.



The five most influential forces shaping consumer packaged goods

Facing rapidly evolving market dynamics, consumer packaged goods companies must be digitally enabled to adopt **new business models** and support the entire customer journey. Organizations need to undertake broader and deeper transformations to meet rising consumer expectations in consumer experience, individualization, and delivery speed, while keeping costs under control.

Consumers have more choices than ever, and companies must compete for “real estate” in the decision-making process. It is difficult to create personalization and seamless shopping experience without the help of consolidated data. Consumers also have elevated expectations for brands when it comes to food safety or sustainability. To retain **brand loyalty**, CPG companies must adopt technologies to provide products that meet sustainability and regulatory requirements.

The unpredictable events are prompting brands to re-assess their operating environment, reduce costs, and increase agility in response to market requirements, **supply chain disruptions**, change in inputs and materials, fiscal regimes, and regulatory requirements.

CPG companies tend to struggle with outdated systems that are operationally focused. While understanding the benefits of streamlined, automated business processes, and the need to replace legacy systems to combat **rising costs**, the industry’s nature of cost consciousness sometimes stifles its growth.

There is also a righteous battle for **talent**, compounded by inadequate applications not optimized for talent acquisition and retention. The war for talent affects front-office and back-office employees, both of which are critical in executing digital transformation strategy.

1 **New business models**

CPG companies are racing to win the end consumers with new business models for omnichannel, subscription services, direct-to-consumer, and retail private label. It is difficult to accelerate the speed of innovation without a digital platform that connects the front-and back-office processes.

[According to McKinsey & Company](#), CPG companies must accept the challenge of delivering a great consumer experience across sales channels and shape their supply chains accordingly. The research indicates that most companies' supply chains predate omnichannel and layering the newly required capabilities on top of legacy systems can be difficult. CPG companies must streamline operations and adopt modern technology to drive growth and innovation.

2 **Supply and demand**

Amidst ongoing macro-economic uncertainty and global supply chain disruptions, CPG companies are challenged to source materials dynamically and maintain the right level of supply and inventory. Without consolidated data across business processes and visibility into supply chain, it is challenging to forecast demand, plan supply, production, and inventory accurately.

3 **Brand loyalty**

As CPG brands face more and more competition to stand out to their customers, they need a strong understanding of consumer data to build sentiment and loyalty. Siloed data can create roadblocks for companies looking to streamline their marketing strategies and to provide personalized products and buying experience.

It is also important to design environmentally friendly products, source materials responsibly, and manufacture and transport products in a sustainable way. This shift in customer priorities has forced Consumer Packaged Goods companies to strive for transparency at every point in a product's lifecycle. In supporting ESG initiatives, companies can improve their relationship with their customers by establishing trust and gaining respect.



4 **Rising costs**

Consumers are savvier than ever when it comes to ingredients, materials, sourcing, manufacturing, and packaging. Not only is sustainability important to consumers, but it can also be beneficial to companies' bottom lines.

CPG companies also must strike a balance between inventory levels and demand because inventory consumes a company's cash and incurs carrying costs. Companies must maintain tight control over inventory to conserve cash while ensuring they have enough stock to meet production schedules or forecasted customer demand and actual orders.

Managing process manufacturing effectively and efficiently for food and beverage companies and agriculture business is essential for cost control, quality, and food safety. Lack of process automation and monitoring capabilities from harvesting, grading, sorting, kitting, and financial billing can be costly. Companies need an end-to-end supply chain solution to help navigate the risks and operate efficiently.

5 **Competition for talent**

When it comes to talent the consumer packaged goods sector is subject to steep competition. Understanding how to utilize scarce labor and efficiently reskill talent is critical to the success of a company.

It is expensive to lose employees. Staffing shortages affect the productivity of a business which leads to missed sale opportunities and unhappy customers. Strategic workforce planning and a focus on improving the employee experience are paramount to attracting and retaining talent. CPG companies also need to acquire or reskill talent to help manage digital business transformations.



Key imperatives for consumer packaged goods companies

To address these forces shaping the consumer packaged goods industry and to drive innovation and growth, consumer goods companies need to pursue five key imperatives:

- New revenue streams and faster time to market
- Enhanced customer satisfaction with resilient supply chain
- Strong brand loyalty
- Increased operational efficiency and reduced costs
- Improved recruitment and retention of talent



New revenue streams and faster time to market

Older infrastructure inhibits CPG companies from developing new business models to keep pace with their competition. By replacing legacy solutions with an automated and integrated solution, they would gain the visibility and scalability needed to launch higher-margin business models, improve customer acquisition and retention, and faster time to market.

Oracle Fusion Cloud Customer Experience (CX), Supply Chain Management (SCM) and Enterprise Resource Planning (ERP) solutions help CPG companies adopt new selling strategies, including omnichannel commerce and fulfillment, subscription services, and direct-to-consumer, with capabilities in digital marketing, online merchandising, account-based pricing, and flexible shipping.

Grupo Bimbo moves to Oracle Cloud to help keep the world fed



[Grupo Bimbo](#) grew over the years through acquisitions and expanding operations. Along the way the company amassed a mixture of homegrown applications that existed alongside the company's global software. It wanted to use new technologies like AI and analytics on all the data its systems were producing but getting that information from the various systems was difficult and complicated. As a result, the company had higher levels of expenses and waste.

With its old system, customizations made implementing updates or innovations difficult, so Grupo Bimbo would perform updates only every three or four years. Today, the company updates its Oracle Cloud Applications every quarter, which gives the company access to new functionality and features faster.

Key benefits

- Ability to create the right product, distribute it at the right time, and sell it through the right sales channel
- Accelerated new functionalities and features with quarterly software updates
- Gained deeper insights into shipments through cloud-based transportation system
- Newly realized agility and scalability to react to customer and operational needs faster
- Reduced costs by modernizing on-premises solutions with cloud applications

Enhanced customer satisfaction with resilient supply chain

Through Oracle Fusion Cloud Supply Chain Management, gain full visibility into and control of the flow of goods across your company and global supply networks to improve customer satisfaction, decrease costs, and optimize service levels and working capital investment. Oracle Fusion Cloud Procurement automates strategic sourcing to help navigate costs, manage contracts and suppliers. CPG companies can establish trust with customers through blockchain powered track and traceability while simultaneously improving transparency across the global supply chain.



Land O'Lakes navigates supply chain disruption with Oracle Fusion Cloud SCM

The cloud helps the company to standardize process across global trade and achieve business goals on one single system. Immediately after its implementation of Oracle's cloud-based transportation management application in March 2020, Land O'Lakes experienced peak-level demand at a time when it typically saves inventory for the holiday rush later in the year. It was able to handle that spike with the help of Oracle Cloud applications

Learn more

[From Farmer To Fork](#): How Land O'Lakes Stepped Up To The Challenges Of A Global Pandemic



Strong brand loyalty

Oracle helps CPG companies build stronger brand equity and loyalty with a consumer-centric go-to-market strategy and a sustainable supply chain. Oracle FusionCloud CX solutions help attract and retain customers through personalization. Oracle FusionCloud SCM solutions help companies design environmentally friendly products, source materials responsibly, and manufacture and transport products in a sustainable way. Oracle FusionCloud Enterprise Performance Management (EPM) solutions provide organizations visibility to drive better decisions. Controlled sustainability data can be sourced across an organization to connect, manage, and standardize systems to reach sustainability goals.



Unilever builds brand trust with Oracle Cloud

[Unilever](#) needed to decouple its product growth from environmental impact and increase positive social impact while also continuously decreasing its global logistics network of CO2 emissions. It also needed to find new ways to provide best-in-class customer service, drive down logistics costs, and ensure a high level of reliability and scalability for its transportation management system while enabling it to optimize the productivity of IT team members.

Unilever undertook an ambitious initiative to implement Oracle Transportation Management (OTM) across the global network of Unilever logistics. Oracle helped improve the consumer goods company's CO2 efficiency in North America and ensured high performance and 24/7 management support for the business-critical transportation management platform while freeing IT team members for other priorities.

Unilever is committed to growing their businesses sustainably. With Oracle's help, Unilever strengthens their brand loyalty by cutting carbon dioxide emissions and driving sustainability.

Key benefits

- Expanded visibility of transport lanes and opportunities to optimize vehicle utilization—leading to smarter decisions, such as combining loads to reduce waste, fuel consumption, CO2 emissions, local pollutants, and traffic
- Implemented advanced logistics planning logic in Oracle Cloud OTM to expand the use of cross-docking and load consolidation model to support just-in-time delivery, reduce the number of trucks required, cut carbon, and reduce inventory requirements
- Reduced invoice rework thanks to real-time information on freight costs and accessorial charges—cutting paper use and time spent generating and analyzing logistics data

Increased operational efficiency and reduced costs

Oracle Cloud SCM solutions improve operational efficiency through automation and analytical insights into operations and supply changing networks. By instituting predictive analytics, which uses analytics and machine learning, companies can have a better view of production and inventories. Additionally, the ability to predict when something may break down in the supply chain can be more easily identified and resolved before it becomes an issue.

Under-forecasting can lead to missed sales and dissatisfied customers, but it can be difficult to manage multiple sources of data as well as ensure it is up to date. Inventory costs the company money, but it may be necessary to hold more safety stock to maintain superior service levels, avoid stockouts, and maximize operational efficiency. Finding the perfect balance is tough, CPG companies need demand sensing capability to eliminate the guessing game.

LiDestri sharpens planning with Oracle Cloud

The food and beverage producer [LiDestri Food and Drink](#) is reducing waste and inventory costs thanks to Oracle Cloud Supply Chain Planning applications. The Oracle Cloud SCM application suite offers a unified source of data, which improves LiDestri's ability to work with its growers on forecasts.



“By having accurate forecasts, we’ve been able to reduce disposals by more than 50%, saving millions of dollars a year.”

John Matrachisia
CIO, LiDestri Food and Drink



Improved recruitment and retention of talent

CPG companies need strong recruiting, HR and talent management tools to plan workforce, attract and retain the best talent. Oracle Human Capital Management (HCM) solutions help companies manage and optimize global people processes with one common data source. With the latest digital technologies and the ability to integrate HR, supply chain, and finance, CPG companies can deliver a better employee experience and support their needs to be successful in their role. They can also leverage highly configurable workflows that offer scalability and localization to make better decisions.

Hormel unifies finance and HR with Oracle Cloud

[Hormel Foods](#) is a global-branded company with leading brands in the CPG and food service space. Among its most notable brands are: Planters, SKIPPY, SPAM, Hormel Natural Choice, Applegate, Justin's, Wholly, Hormel Black Label and Columbus. As the company continued to make strategic acquisitions, it acquired different IT systems which did not interface well together, were difficult to maintain, and did not provide a clear view of company performance. In some cases, the HCM and ERP applications hadn't been upgraded in over 15 years.



To combat the issues in HCM and ERP solutions, Hormel Foods turned to Oracle Cloud for a single platform—one source of truth.

“We have visibility into every business from the same point of view. When our brands report, whether it's their cash flow, their income statement, or their balance sheet items, they are all presented the same way. When we look at our employee base, we now see the totality, not just 70 percent of employees, with different information on the other 30 percent.”

Jim Sheehan

Executive Vice President and Chief Financial Officer, Hormel Foods

Key benefits

- Modernized and connected core systems to drive stronger performance
- Leveraged innovation and efficiencies with quarterly updates
- Built a forecasting model to pinpoint growth opportunities across many brands and provide greater visibility across businesses

Next steps to move forward

Consumer packaged goods companies vary in size, complexity, and geographical footprint, but they all keep one main idea front of mind: how to operate more efficiently. Oracle's end-to-end solutions simplify business processes to save cost, scale businesses, improve employee experience and exceed customer expectations, while helping CPG companies to operate sustainably. Rapid technology advancements are creating transformational opportunities enabling them to increase resilience, create new business models, and drive scalable growth.

Get started with a live demonstration or workshop for your team to align Oracle capabilities with your business needs; bring in Oracle experts for a functional deep dive of our integrated front-and back-office solutions for CPG companies.

Learn more

[Explore Oracle Consumer Packaged Goods](#)

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