



# CONSUMER SECTOR TREND ANALYSIS

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## Industry Background + Thesis

The consumer goods sector is composed of stocks and companies which produce final goods for household and individual consumption. Individuals use these goods for their own pleasure and necessity. Goods can be broadly categorized under two umbrellas: durable and non-durable. Durable goods are goods which will last a relatively long period of time. Non-durable goods are those which have quick inventory turnover and do not last long. Some key types of companies in the consumer goods sector are electronics, automobiles, packaged goods, food, and clothing.

Thesis: The consumer goods industry is being transformed by three key trends: embracing sustainability and the circular economy, leveraging direct-to-consumer sales, and influencers championing ESG initiatives, each driving sustainable growth and innovation.

## Recommendations

Explore companies that focus on sustainable business practices, enhance digital capabilities, and focus on health and wellness.

1. Companies should focus on sustainability, not just as a compliance measure, but as a core business strategy to attract the modern consumer.
2. Developing robust e-commerce platforms and integrating advanced technologies like AI for personalized experiences will be key.
3. Companies should expand their product lines to include healthier options and transparent labeling to cater to the health-conscious consumer.

## Sustainability and Circular Economy

Companies are increasingly focusing on sustainability, reducing waste, and promoting recycling to cater to environmentally conscious customers.

A recent report by the Ellen MacArthur Foundation highlighted that only 8.6% of the world is circular, indicating a vast potential for growth in circular economy practices within the consumer goods industry.

## Case 1

### IKEA's Circular Economy Initiatives

In the last year, IKEA has made significant strides in embracing circular economy principles. The company launched a program to buy back used furniture from customers, which is then refurbished for resale or recycling. This initiative is part of IKEA's ambitious plan to become a fully circular business by 2030. By doing this, IKEA aims to extend the life of its products and reduce waste, aligning with the growing consumer demand for sustainable and environmentally responsible practices.

## Direct-to-Customer (DTC) Sales

The DTC Model allows brands to sell directly to consumers through online platforms, bypassing traditional intermediaries. This approach provides companies with greater control over their brand, customer experience, and data analytics.

According to a report by eMarketer, DTC e-commerce sales in the United States are expected to surpass \$151 billion by 2023, representing a significant increase from previous years.

## Case 2

### Lenskart's Innovative D2C and AI Integration

Lenskart, one of the largest eyewear companies in India, employs a cost-saving D2C model. Using AI, Lenskart allows a customer to take a selfie and be provided with a range of suitable frames that best fit their face. Lenskart creates a personal connection with the customer while also collecting immensely useful data on consumer behavior.

## Influencers Promoting ESG Efforts

Influencer marketing is a useful tool for companies determined to further their ESG efforts. Companies are able to expand their audience by working with influencers who have a genuine passion for sustainability and social causes.

## Case 3

### Meghan Markle's Impact Investment

Meghan Markle accelerated the small startup of the sustainable, vegan beverage brand Clevr Blends when she became an impact investor. She gave the brand the opportunity to reach new audiences and grow in popularity.