

EUROPEAN CONSUMER GOODS INDUSTRY BAROMETER - 2024

As Europe prioritizes competitiveness in 2024, the consumer goods industry, which is the **third largest manufacturing sector in Europe**, remains cautious in its outlook for productivity and growth in Europe. Despite signs of improvement, **supply chain disruptions have become the new norm**¹, driven by sourcing challenges and geopolitical tensions. This leads to uncertainty and requires increased agility to adapt, whilst striving to remain focused on growth and competitiveness.

The continuous challenges of the supply chain, from sourcing to manufacturing and distributing, require manufacturers to constantly adjust their processes at significant cost. Inflation, which remains an issue for many, adds another constraint. The industry remains a staunch supporter of the Single Market, moving EUR 276 billion of consumer goods within the EU every year, which represents 61% of FMCG goods traded. The remaining 39% is exported outside of the EU at a value of EUR 174.8 billion².

These recurring issues have led many companies to cut investments and reduce their workforce in the past few years. The time to focus on European competitiveness has never been so important.

Of the manufacturers surveyed³



18% are SMEs

Global turnover below EUR 50 million

32%

Global turnover below EUR 350 million

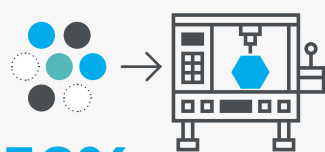
39%

Global turnover below EUR 1 billion

Supply chain disruption continues to impact European FMCG manufacturing:

88% of EU FMCG manufacturers faced sourcing, supply, or production issues in 2024.

EUROPEAN FMCG MANUFACTURERS EXPERIENCED AT LEAST ONE OF THE FOLLOWING CHALLENGES IN THE PAST YEAR



58%

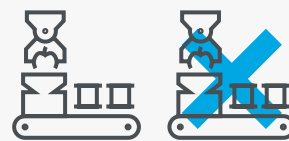
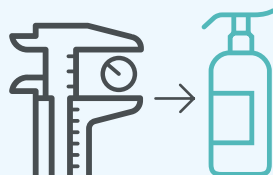
of FMCG companies in the EU faced sourcing challenges for essential manufacturing components.

- For 74%, sourcing issues impacted up to 10% of their assortment.

39%

have had to modify their packaging

- For 56%, it impacted up to 10% of their assortment.



35%

of manufacturers had to reduce or cut production

- For 80%, it impacted up to 10% of their assortment

34%

of manufacturers have therefore had to modify product composition

- For 71%, it impacted up to 10% of their assortment



14% of respondents experienced all of the above issues

Key Facts & Figures for Branded Consumer Goods Industry in the EU (Eurostat 2022): Food, Beverages (alcohol & non-alcohol), Personal Care, Home Care, Petcare, Tissue.

€714.5 billion of sold production; €276.1 billion products traded within the EU; €174.8 billion exported ex-EU; €81 billion of investments, including R&D; Over 166.000 brand companies.

LABOUR SHORTAGE

2 out of 5

European consumer goods manufacturers faced labour shortages last year.



39% of businesses have been exposed to labour shortages, which had a negative impact on production.



19% nearly one fifth of businesses, have had up to **10%** of their product range impacted by labour shortages.



12% of businesses have been impacted by labour shortages for **20%** and more of their product range.



AGILITY REQUIRED FROM MANUFACTURERS TO ADAPT PRODUCTION

Due to these challenges, **60%** of European FMCG manufacturers faced unexpected production costs last year.



14% of those surveyed indicated this impacted over a third of their product range.



27% of those surveyed indicated this impacted up to 10% of their product range.



Inflation of costs continues to have a significant impact on the manufacturing process

9 out of 10 European FMCG manufacturers surveyed experienced an increase in costs in the past year in the EU - 94% of consumer goods manufacturers experienced some kind of inflation in the past 12 months

91% experienced inflation of labour costs

- Costs were stable for 9% of those surveyed



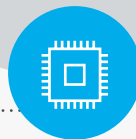
78% experienced inflation in transport and logistics costs

- Costs were stable for 18% of those surveyed



76% experienced inflation for their product components

- Costs were stable for 18% of those surveyed



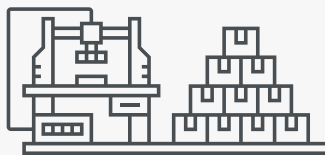
39% experienced inflation of their energy costs

- Costs were stable for 33%



64% experienced inflation for their packaging

- Costs were stable for 27%



The impact of inflation varies greatly: on average 44% of the companies surveyed experienced inflation of over 60%, while for one quarter of companies inflation was below 10%.

IMPACT ON MANUFACTURERS PRICE TO RETAIL SECTOR



73%

73% of the European FMCG manufacturers surveyed have had to reflect these cost increases through increased prices to retailers (customers) in the past 12 months. However, 20% absorbed costs and did not change their prices.

30%

of manufacturers surveyed passed on less than 10% of their increase in production cost



23%

passed on 30 to 60% of their increase in production cost



30%

passed on over 60% of their increase in production costs



IMPACT ON CONSUMER PRICE SET BY RETAIL SECTOR (CUSTOMERS)



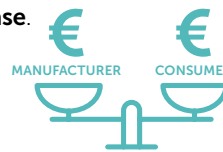
The retail sector (customers) sets consumer prices⁴

72%

of FMCG manufacturers have seen retailers increase the consumer price of their products

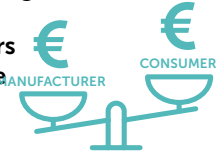
42%

of FMCG manufacturers have observed retailers **increase the consumer price** of their products at the **same level as the manufacturers price increase**.



21.5%

of these FMCG manufacturers have observed retailers **increase the consumer price** of their products at a **higher level than the manufacturers price increase**.



IMPACT ON INVESTMENTS AND JOBS



36%

of European FMCG manufacturers **did not invest or reduced their R&D Investments**



38%

of European FMCG manufacturers **did not invest or reduced their CAPEX Investments**



12%

of European FMCG manufacturers **had to reduce manpower by cutting jobs**

Future implications for Investments in the next 12 months



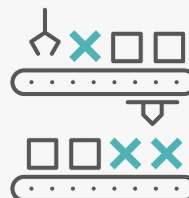
19%

do not plan to invest, or plan to reduce R&D investments in the next 12 months



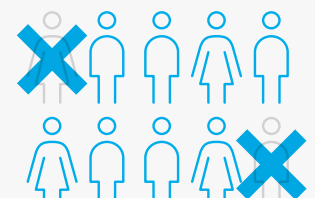
19%

do not plan to invest, or plan to reduce their (CAPEX) investments



37%

plan to reduce or cut production



13%

plan to reduce employment

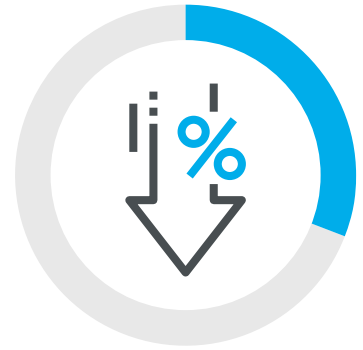
OF THE MANUFACTURERS SURVEYED



17%
saw
sales decline



23%
saw
profit shrink



31%
lost
market share

Impact for the Future:

As Europe focuses on enhancing competitiveness, it must also emphasize maintaining an open, enabling, and equitable business environment. The branded consumer goods industry, which accounts for 33% of the EU's trade surplus, plays a crucial role in sustaining Europe's competitive edge as one of the Union's most successful export sectors. Ensuring fair and resilient supply chains is essential for offering consumers diverse choices and value, thereby supporting value creation, entrepreneurship, and growth within the European economy.

