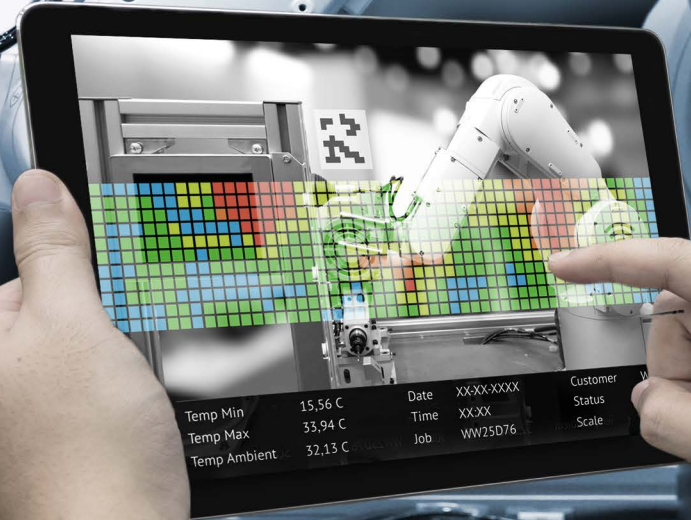




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Are you ready to
ask the difficult
questions prompted
by Industry 4.0?

Blog



Trends in the consumer goods market are forcing manufacturers to ask some difficult questions. It's time to take a more strategic approach to Industry 4.0 says Patrick Ramakers.

Mention Industry 4.0 or Factory of the Future and most people immediately think of technology - robotics, sensors, clever application of data and the like. In my opinion, this conception of Industry 4.0 is too narrow. It fails to include understanding of the trends impacting the market to which manufacturers need to respond.

Industry 4.0 is much broader than clever technology

The automatic refill of home care products (like washing detergent) by direct connections between your house and the FMCG supply chain (IoT). Mass customisation, like name printing on FMCG products. Subscription models for healthier food. These are all examples of Industry 4.0 in action - the new methods of production and supply that provide consumers with more leverage to automate on one hand and customise products and delivery requirements on the other.

It's clear from this that Industry 4.0, or the Factory of the Future, extends well beyond technology used on the factory floor. Industry 4.0 encompasses the process from order to delivery and returns, bringing in production, logistics, warehousing and the supply chain. To a certain extent, learning can be taken from the capital goods industry, for example customisation of cars. However, even something as apparently simple as printing your name on a product package has huge implications for the FMCG industry.



It's called the fourth industrial revolution for a reason

A few years ago we ran a workshop, organised by a visionary plant manager, to explore his factory's readiness to embrace the Factory of the Future. We projected a couple of market trends onto the existing manufacturing systems and looked at the outcome. This was a state-of-the-art factory but, typical of an Industry 3.0 operation, it was highly automated and highly inflexible. Every change the business might have wanted to implement to meet new trends needed massive capital investment.

So here is the real challenge for manufacturers. Over the past 15 years and more, the focus of large FMCG production has been on efficiency and cost reduction. Factories have become larger and highly automated, but also highly inflexible. Industry 4.0 needs high flexibility and smaller runs, while still providing competitively priced goods. To embrace this sort of change requires an entirely new mindset and potentially very different factories – it is a revolution.

Time for those difficult questions

Key trends include mass customisation and healthification, which is likely to work in conjunction with customisation. Sustainability and localisation (local manufacturing, local ingredients, local markets) are also having a growing impact in particular areas. Reaction against single-use plastics showed just how quickly a trend can spread across the global marketplace.

It's clear companies need to be looking at these trends and the implications not just for their factories, but for their business model. That's why Industry 4.0 should be approached from a strategic perspective.

The questions you need to be asking include:

- What is your current model?
- Which trends will have a potential impact in your business?
- Have you looked at new opportunities and are you running pilots?
- Are you developing a roadmap for your 4.0 strategy?

We are working with FMCG manufacturers to help answer these questions and to create a roadmap to Industry 4.0. Download our white paper for further discussion of the topic with examples of what's happening in practice, or get in touch with us directly. We'd be delighted to share our experiences.

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