



KPMG 2023 CCO Survey

Consumer & Retail

The KPMG 2023 Chief Ethics & Compliance Officer (CCO) Survey explores how 240 CCOs from some of the world’s largest (>\$5B in revenue) companies across six industries are adapting to new global challenges and evolving risks. CCOs in Consumer & Retail (C&R) are focused on tackling new regulatory requirements, continuing to implement and plan for ESG initiatives, and improving third-party risk management—all while keeping their technology budgets for ethics and compliance the same.

Compliance pressure builds

Much like the majority of CCO respondents across industries, participants in C&R say they feel the most pressure from their boards.

Top drivers of pressure in C&R:



Board:



Customers:



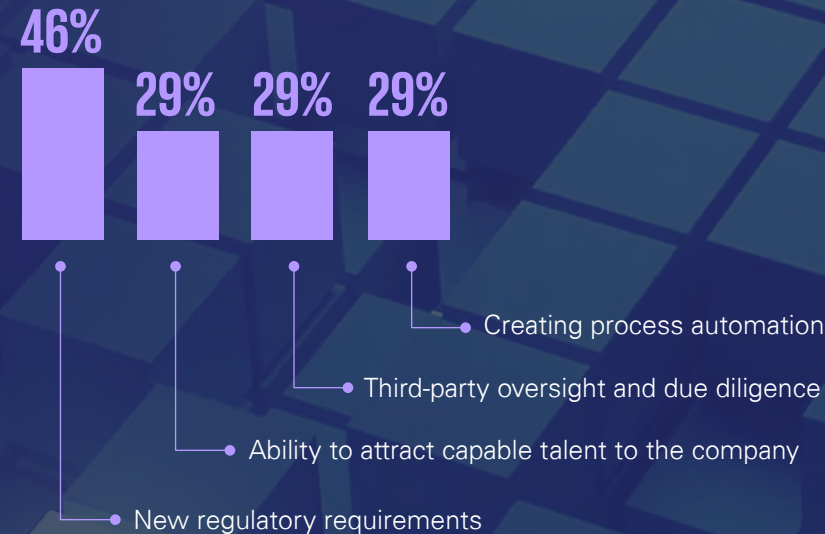
Employees:



Challenges on the horizon

New regulatory requirements top C&R CCOs’ list of compliance challenges over the next two years.

Top challenges in C&R:



Top processes to improve

In the next two years, most sector CCOs say industry-specific regulations are the most important processes they plan to improve. However, third-party risk management topped C&R’s list of areas to enhance. This is likely due to the rise in third-party missteps across the supply chain that have caused reputational harm and damaged consumer trust.

Top areas to improve in C&R:

Third-party risk management



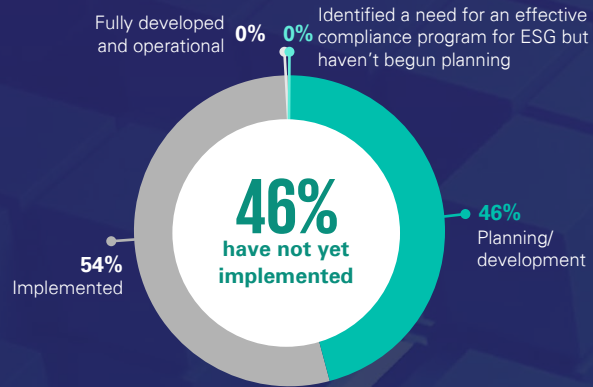
Industry-specific regulations and consumer protection



ESG: A work in progress

C&R companies are fairly mature in their ESG journeys compared to other sectors. There are mounting pressures from consumers on sustainability and ethical supply chains (e.g. environmentally-friendly products, decarbonization, forced labor issues).

Maturity level of ESG programs in C&R:



Bigger budgets for technology needs?

Most CCOs have their sights set on technology and data and analytics as the top compliance activities to enhance over the next two years. C&R CCOs are split on whether their technology budgets will increase or stay the same.

C&R CCOs' budget intentions for technology in ethics and compliance functions:

50%

Increase

50%

Stay about the same

Where will the extra money go?



Cybersecurity and data privacy

75%



Data analytics

50%

Automation

More and more, C&R businesses are looking for opportunities to automate. But even with bigger budgets, there are still multiple obstacles in the way before automation can be widely implemented.

Top areas automated over the past two years in C&R:

50%

Third-party management

50%

Risk assessments

50%

Manual supervisory tasks

Workforce worries

Most CCOs anticipate increasing their headcounts over the next 12 months, despite talent shortages. In C&R, CCOs expect their full-time headcounts to increase.

The number of full-time employees over the next year will:

67%

Increase



33%

Stay about the same



CCOs at consumer products and retail organizations have plenty of compliance needs due to new cyber and ESG regulations, and the monitoring of third parties. Increasingly important is establishing protocol around AI and Generative AI.”



Duleep Rodrigo

U.S. Sector Leader – Consumer & Retail, KPMG LLP

What should C&R companies focus on?



Align compliance to the technology priorities of the overall business.



Proactively develop use cases for positive ROI on activities that are worth implementing companywide.



Shift compliance operation models to tech-enabled models, leveraging automation and AI for more effective and efficient compliance risk management.



Develop a third-party risk program that incorporates compliance objectives that are aligned to the company's overall business goals.

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The KPMG Chief Ethics & Compliance Officer Survey is conducted bi-yearly to explore the priorities and two-year outlook of CCOs from some of the largest organizations in the world. Their responses offer valuable insights into key areas of ethics and compliance across six industries: Healthcare & Life Sciences; Financial Services; Industrial Manufacturing; Consumer & Retail; Technology, Media, & Telecommunications; and Energy, Natural Resources, and Chemicals.

Read more about the overall survey findings at read.kpmg.us/CCOSurvey.

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