
Future Readiness in the Era of Adaptability

A report by the IMD Future Readiness Center

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Executive summary

01

If 2024 was the year business leaders learned to live with chaos, 2025 is the year chaos started picking winners.

Our 2025 Future Readiness Indicator for the finance, automotive, and consumer packaged goods (CPG) industries measures how 40 financial institutions, 21 automakers, and 26 CPG companies stack up against a new reality of turbulent economic policies, increased innovation, tightening regulations, and heightened consumer expectations.

The results are stark. **Mastercard** and **DBS** have turned compliance into competitive firepower, **BYD** has erased **Tesla**'s once-unassailable lead, and some household names now sit on the brink of obsolescence, trapped by the very scale that once made them invincible. On the CPG front, **L'Oréal** and **Coca-Cola** proved that investment in technological innovation and AI insights is key to staying ahead of their peers.

The lesson is clear: strategy without speed is nostalgia. Firms that pair disciplined governance with fearless experimentation are already compounding advantages while others cling to yesterday's playbooks. The pages that follow distil how they're doing it – and what every leader can do to move forward on a Monday morning.

IMD's [Future Readiness Indicator](#) is designed to gauge a company's readiness for deep, long-term, secular trends. We assess a company's preparedness for the future through a comprehensive methodology which includes evaluating key factors such as Financial Fundamentals, Investors' Expectations of Future Growth, Business Diversity, Employee Diversity/ESG, Research & Development, Early Results of Innovation Efforts, and Cash & Debt Management.

As we begin to answer, two characteristics consistently emerge across future-ready companies, regardless of size or sector, alongside these fundamental principles: agility and technological patience.

Agility is all about quick pivots. You spot new conditions, shift direction, tweak policies, and ride cultural waves, always evolving so you stay ahead. Technological patience is the flip side. You know where each innovation sits on the adoption curve, so keep your finances strong enough to bankroll smart digital experiments when the timing is right.

What does it take to be future-ready in 2025?

From our research, five key lessons emerge about what it takes to make your organization future-ready this year:



Be strategically, technologically, operationally, and culturally agile

Organizations across every sector are navigating extreme volatility and uncertainty. From war and sanctions to trade disputes and tariffs, businesses and their leaders need to be agile and able to respond to the changing parameters.

Financial services firms need solid scenario planning. It helps them to spot key uncertainties, sketch out realistic “what-ifs,” and talk through what each one could mean for the business. These firms should also be pulling in revenue from more than just interest. Automation is a great way to trim costs. And every product should be tailored to the economic climate of the region it serves.

In the automotive sector, trade wars and technology restrictions continue to shift the way automakers source parts and export. Organizations need real-time visibility into their supplier networks to anticipate disruptions and need the ability to pivot. Digital, transparency, and flexible supply chains will be key.

CPG executives also need to focus on ensuring agility within the supply chain and within their organizations by engineering resilient, agile supply chains through seeing resilience as a strategy, and not as insurance.



Regulatory adaptability is a silent differentiator

With rapid innovation must come robust governance. As industries experience rapid innovation, a host of new regulatory complexities have surfaced which must be carefully explored to protect brands, build stakeholder and consumer trust, and maintain relationships with regulators and local bodies.

In financial services, this means focusing on the development of adaptable compliance systems, leveraging RegTech, and viewing regulation as a strategic opportunity rather than a burden.

For automakers, regulatory and political acceptance can make or break globalization plans. ‘Going global’ requires Chinese firms in particular to become multinational in operations and evolve beyond the status of exporters. This means hiring local teams, complying with local labor and environmental norms, and possibly partnering with local players.

In CPG, strong governance alone isn’t enough. Leaders must weave sustainability and ethics into product design, sourcing, and everyday operations if they want to earn stakeholder and consumer trust. That trust comes from concrete, measurable steps – think recycled or refillable packaging and independently verified responsible sourcing – and from talking about those steps in plain language that doesn’t feel like corporate jargon.



Focus on human capital

Talent itself has a huge role to play in the future readiness of firms. This means hiring AI engineers, cyber specialists, data scientists, and sustainability analysts across all three sectors, but critically, it also requires executives to foster an inclusive culture that harnesses creativity and promotes a compelling employee value proposition that blends competitive pay, well-being benefits, and visible sustainability commitments.

Equally as important as recruitment is retention, and existing staff within the financial services sector require continuous upskilling to remain agile and innovative. Practitioners must map out a skills-based workforce plan to attach tasks to capabilities, recruit for skills rather than titles, and build internal talent marketplaces.

Automakers can’t rely on local labor alone. They also need tech and branding experts who can focus on software architecture and boost brand recognition and trust in new markets. Getting those skills might mean launching a big hiring push for software engineers, retraining current employees, or teaming up with tech companies.

CPG firms must also invest in continuous reskilling, especially in digital and analytics, and streamline decision rights so that the organization can pivot at market speed.



Stay one step ahead of the competition

Conventional wisdom is to be the best in the business, but as our Future Readiness Indicator uncovers, success is not dependent on battling the giants but merely staying one step ahead of your competition.

In financial services, it is a matter of relative vs. absolute leadership. Smaller and regional companies need to outpace direct local competition, not replicate the global giants. Incremental and pragmatic steps can drive leadership within a niche market.

In today’s auto world, the old giants don’t look so giant anymore. Big legacy makers with sprawling supply chains have a hard time pivoting. Smaller, quicker companies start with software and race ahead instead.

They aren’t just trying to out-build traditional brands, they’re rethinking the car itself as an “iPhone on wheels.” Thanks to over-the-air updates, almost every feature can be recalibrated on the fly, reshaping the whole agenda for the industry.

In the CPG sector, those that succeed are not necessarily the largest by revenue, but those that excel at anticipating trends, innovating, and adapting ahead of peers.



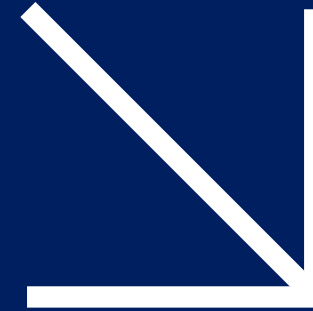
Build an unforgettable customer experience

In an age of marked competition across both sectors, customer experience is crucial and requires more than loyalty schemes and personalization.

Consumers in the financial services industry want frictionless journeys that remember context across channels. They expect brands to not only recognize their preferences but also anticipate their needs, creating unique experiences that feel human. At the same time, their data must remain private and secure. Institutions that square the 'personalization-privacy paradox' will convert trust into durable economics.

Automakers must invest in brand and customer experience for global competitiveness. As EV technology becomes commoditized, brand differentiation and trust will decide winners. This is especially pertinent for the ambitious Chinese EV makers expanding abroad – they will need to convince skeptical Western consumers on quality, safety, and service, turning tech prowess into a beloved brand.

In the CPG space, consumers want products tailored to their specific needs, and these can change quickly. Companies that are winning in this respect are doing so by using AI and big data to analyze customer preferences and predict trends and then launching products that resonate.



In this report, we take a deeper dive into each of the three sectors, *discover what key trends emerge* from the data and *what strategic lessons can be drawn*, analyze which companies rank highest on this indicator and why, and look at why some companies are falling behind.

About the Future Readiness Indicator

02

Future readiness refers to a company’s ability to anticipate and adapt to external changes. This is achieved through strategic foresight and tactical adaptability. As the world grows more ambiguous, however, companies must scale up new capabilities to maintain a competitive edge.

By focusing on long-term innovation and short-term adaptability (and noting that this is not an either-or choice, but both), companies cannot only survive but thrive in extremely dynamic business environments. This proactive approach is key to success and resilience in an ever-changing economy.

This Future Readiness Indicator goes beyond pure financial performance. It rewards companies that show diversification, invest in innovation, uphold sustainability, and manage healthy cash flows – all critical to adapting to the ever-changing financial services and automotive sectors.

Each of these dimensions comprises a combination of publicly available data – annual reports, press releases, corporate social responsibility and sustainability reports, third-party databases (e.g., Crunchbase for investments/ acquisitions, Sustainalytics for ESG ratings, Factiva for press coverage), and specialized tools.

To gauge which companies stand poised to prosper in 2025 and beyond, we gather, consolidate, analyze, and interpret data in multiple rare variables (47 in total) and assess their future readiness by analyzing the data across the seven factors detailed in the table below.

This approach enables researchers to look beyond quarterly profits and capture how well an organization can adapt to and invest in the future. Our goal is to give industry insiders and broader stakeholders an evidence-based snapshot of the extent to which firms are positioned to stay ahead.

Factor	Description
Financial Fundamentals	Core financial health and performance, including profitability and revenue growth.
Investors’ Expectations	Market perceptions and valuations, often captured via stock market performance.
Business Diversity	Breadth of products, services, and geographic reach, enhancing resilience.
Employee Diversity/ESG	Commitment to diversity, equity, inclusion, and sustainability, impacting brand image.
Research & Development	Driving innovation and adaptability, ensuring long-term competitiveness and market relevance.
Early Results of Innovation Efforts	Success and scaling of new initiatives, such as prototypes and platforms.
Cash & Debt	Liquidity, free cash flow, and debt-to-equity ratios, indicating financial resilience.

Finance



Executives across the financial services landscape find themselves at a unique inflection point.

On one hand, they face an increasingly unsettled macroeconomic backdrop, forcing them to defend themselves and their clients against the fallout from war, sanctions, tariff announcements, and retaliatory measures. Simultaneously, the industry experiences rapid innovation, which requires robust governance, intelligent innovation, and thoughtful personalization, both for consumers and internal talent teams.

To become winning organizations, financial institutions must pivot, evolving beyond a state of survival and defending themselves against disruption.

From scenario planning during a permacrisis and building adaptable compliance systems to striking the balance between being digitally pioneering and technologically patient, we analyze the forces shaping future readiness in 2025 and examine how leading banks, insurers, and payment networks are evolving to stay competitive.



03



Forces transforming finance in 2025

01

An unsettled macro backdrop

In 2022, Collins Dictionary selected Permacrisis as the word of the year, denoting a feeling of living through a period of war, inflation, and political instability. Three years on, and the term carries more weight than ever, as organizations navigate wars, sanctions, tariff announcements, and retaliatory measures.

Dovetailing with this geopolitical uncertainty is an increasingly unsettled macroeconomic environment, homing receding inflation, downward-trending interest rates, and stagnant economic growth.

The post-pandemic rebound is over. Global GDP is tracking a modest 2.7%-3.3% in 2025, well below the 2000-2019 average, and offering striking regional splits. While the US holds up near 2%, India powers ahead above 6%, Europe limps at -1%, and China's growth slows to an estimated 4%. Divergent growth dictates region-specific strategies as India and much of Southeast Asia focus on loan growth, the US looks for fee income, and Europe chases cost takeouts and consolidation.



How companies can prepare

While many businesses tend to delay decision-making in this environment, further dampening economic activity, scenario planning must bake in geopolitical tariff shocks or energy spikes could reignite inflation. Executives must take this strategic approach to identify driving forces and critical uncertainties, develop plausible scenarios, and discuss implications and paths.

Organizations possess all the necessary historical data to initiate the creation of potential scenarios. Uncertainty continues into the past, and in moments of disproportionate uncertainty like these, business leaders can go back in time and find comparative lessons to prepare for whatever comes next.

Organizations must also diversify revenue beyond interest income, optimize costs via automation, and tailor offerings to regional economic conditions.

02

AI moves from pilot to pervasive, and increasing governance is emerging

AI is now embedded across the value chain, transforming the financial services industry across fraud detection and prevention, credit scoring and risk management, customer personalization, algorithmic trading, predictive analysis, and financial advisory.

Coexisting with these operational efficiencies is a host of new regulatory complexities that must be mitigated by financial organizations to protect brands, build stakeholder trust, and maintain relationships with regulators.

Regulators and boards have pivoted from "innovation-friendly" to "show me the controls." Businesses must ensure model explainability, bias testing, secure data pipelines, and clear accountability, all of which are quickly becoming as resource-intensive as model building itself. Institutions that treat AI governance as a first-class discipline, supported by dedicated ethics committees and tooling, will scale fastest and avoid reputational stumbles.



How companies can prepare

While many businesses suffer from the compulsion to adopt technology during their 'peak of inflated expectations' (precisely when they cost the most and deliver the least), the most future-ready companies are not rushing to implement every emerging technology. They are doing something radically different, which is mastering the art of technological patience. The most future-ready organizations distinguish themselves by understanding where innovations fall on the technology adoption curve and building robust financial health to provide the critical resources for technological experimentation, as well as robust governance strategies.

Financial organizations should adopt AI for operational and customer-facing innovations while building robust governance mechanisms to address risks and regulatory scrutiny. This can be a slower incremental change rather than an overnight transformation.

03

Cloud, tokenization, and open finance redefine the digital agenda

Financial institutions have been slower than others in moving their often old and intertwined systems to cloud infrastructure due to concerns over data residency. However, recent analysis has suggested that banks are not only beginning to capitalize on public cloud capabilities, but hybrid/ multi-cloud architectures are now [the default for Tier-1 banks](#), valued as much for rapid feature delivery and built-in resiliency as for raw cost take-out.

Similarly, pilots for tokenized deposits, tokenized funds, and real-time cross-border settlements are maturing from [proofs of concept to early revenue lines](#), especially in the EU and Singapore corridors. Seen as a bridge between traditional finance and the digital economy, tokenization is reshaping the concept of money and assets, with the [World Economic Forum expecting 10% of global GDP to be tokenized by 2027](#).

Another piece of infrastructure redefining the digital agenda is open finance, and with the US [CFPB finalizing Section 1033](#) of its data-sharing rules and Canada, Australia, and Brazil extending open-banking into investments and insurance, secure APIs are turning customer-permissioned data into a competitive weapon.

Financial institutions that are architected for composability, which requires decoupling data, business logic, and channels, gain the agility to plug into partner ecosystems and launch white-label services in weeks rather than quarters. While incremental changes are key, agility is everything.



How companies can prepare

Much like the conversation around AI, financial regulators and industry watchdogs are scrutinizing these future-defining tools. When looking to capitalize on new infrastructure, financial organizations must seriously consider the governance required and take the necessary steps to build out skilled teams and robust governance mechanisms.

To capitalize on these opportunities, leaders must also upskill their staff and grant them the freedom to explore new technologies. Much like organizations already participating in tokenization pilot projects in Europe and Asia, executives can participate in programs and regulatory sandboxes to play a leading part in digital discussions and bring learnings back into the business.

Cloud, tokenization, and open finance strategies must also align with the digital transformation initiatives already underway, while technological patience remains a critical component of future-ready organizations. Equally, executives must be careful not to get lost on the technology adoption curve and keep in mind existing customers who may still require access to traditional services.



04 Regulation fragments and tightens

From the “Basel III Endgame” capital rules to the EU Digital Operational Resilience Act (DORA) and sweeping crypto, AI-bias, and BNPL proposals, future-ready firms invest in “compliance agility” as 2025 ushers in the most complex patchwork of financial rules in decades.

This patchwork, comprising proposed and passed legislation, aims to boost the cyber resilience, moral integrity, and strength of the global financial services infrastructure. But while each plays a pivotal role, tightening regulation requires an extraordinarily high level of sophistication and operational resilience. [DORA is live](#), mandating granular ICT-risk mapping, severe-scenario testing, and tight oversight of critical third parties while more than a dozen US states now require [GDPR-style consent](#).

For organizations, this means building modular, reusable control frameworks, automating evidence gathering, and maintaining “policy intelligence” capabilities that fuse legal analysis with geopolitical risk sensing.



How companies can prepare

For executives, this means focusing on the development of adaptable compliance systems, leveraging RegTech, and viewing regulation as a strategic opportunity rather than a burden.

Winning organizations are not chasing every rule change in isolation; they build modular, reusable control frameworks, automate evidence gathering, and maintain “policy intelligence” capabilities that fuse legal analysis with geopolitical risk sensing.

05 The customer imperative: hyperpersonal, always-on, privacy-respectful

Personalization is no longer enough to satisfy the modern consumer. AI and journey orchestration are combining to take the consumer experience to the next level with hyperpersonalization.

Customers want frictionless journeys that remember context across channels. They expect brands to not only recognize their preferences but also anticipate their needs, creating unique experiences that feel human. More than [90% of customers surveyed by Accenture](#) said they favored brands that recognized, remembered, and provided relevant recommendations. However, this can often come with an attached cost of privacy.

The industry already faces scrutiny over data residency and cyber resilience concerns, and the ability to store consumer data and trends to personalize their experience poses some pressing questions over security. Institutions that square the “personalization-privacy paradox” will convert trust into durable economics in the form of higher cross-sell, lower churn, and richer data flow to power the next wave of AI.



How companies can prepare

Organizations must leverage AI and open-finance data to deliver “next-best action” advice. Executives must build privacy-by-design and transparent consent dashboards, and converge identity, security, and experience – biometric or behavioral authentication that is both safer and invisible.

Financial institutions must also close the “empathy gap” of digital by offering seamless hand-off to staffed chat or video – armed with full customer context – and embed financial-wellness tools such as budget coaches, automated savings, and BNPL safeguards, to demonstrate value beyond transactions and keep pace with the global consumer demand to build financial literacy.

06 ESG integration evolving from marketing slogans to a regulated baseline

Mandatory sustainability reporting hits a tipping point in 2025 as demands for ESG data expand in scope and complexity.

Skepticism about the ESG label is rising in some jurisdictions, so framing sustainability through the lens of financially material risk and growth is crucial – after all, financial institutions face many of the same consumer, reputational, and regulatory pressures that companies do concerning ESG risk management.

Global sustainable-bond issuance is on track to [hit \\$1trn](#), and appetite for transition-finance structures such as sustainability-linked loans remains robust despite political pushback. Executives must seize the opportunity presented to them to become truly future-ready.



How companies can prepare

To do this, financial organizations must upgrade their data infrastructure. This means ingesting heterogeneous ESG data, reconciling it with financial ledgers, and enabling audit-ready reporting.

Leaders must also embed climate scenarios, translating regulation into product-level strategy, underwriting policies, and product pricing.

07 Talent: Bridging the skills chasm while perfecting hybrid work

AI engineers, cyber specialists, data scientists, and sustainability analysts are topping recruitment wish lists while unemployment for these roles is near record lows. Salary inflation continues as broader labor markets cool and demand for flexibility, purpose, and continuous upskilling persists.

Simultaneously, five generations now populate the workforce, demanding flexibility, purpose, and continuous upskilling to ensure agility and innovation.

Despite the demands, the corporate world beckons staff back into the office, shifting societal expectations around flexibility, and starving organizations of top talent. Meanwhile, many leaders fall into the laggard trap of promoting rather than progressing key executives. Winning institutions in the financial services industry (and beyond) are identifying knowledge gaps, finding skillsets to fill them, and giving key staff the mentorship and freedom to thrive in new experience areas.

Teams need diversity of thought, a breadth of experience, and transformative behaviors if they are to help organizations continuously evolve and stay future-ready.



How companies can prepare

Practitioners must map out skills-based workforce plans to attach tasks to capabilities, recruit for skills rather than titles, and build internal talent marketplaces. They can also devise hyper personal learning paths, deploying AI-powered platforms that diagnose skills gaps and deliver bite-sized, ‘just-in-time’ training.

Financial organizations must also optimize hybrid work, preserve flexibility, and broaden talent pools while redesigning physical spaces for collaboration sprints and client engagement. Crucially, this must be built on an inclusive culture, creating a compelling employee value proposition that blends competitive pay, well-being benefits, and visible ESG commitment to attract digital artisans.

Financial Services

The 2025 results

Ranking 2025	Company	Score 2025	Sector
1	Mastercard Inc.	100	Payment
2	DBS Group Holdings Ltd.	95.7	Bank
3	Visa Inc.	95.6	Payment
4	JPMorgan Chase & Co.	81.1	Bank
5	Coinbase Global Inc.	79.9	Payment
6	The Progressive Corp.	75.7	Insurer
7	HSBC Holdings plc	75.2	Bank
8	Zurich Insurance Group AG	74.5	Insurer
9	Allianz SE	70.1	Insurer
10	Block Inc.	68.4	Payment
11	ING Group N.V.	66.1	Bank
12	Bank Of America Corp.	63.7	Bank
13	Paypal Holdings Inc.	62.4	Payment
14	Natwest Group plc	58.4	Bank
15	Banco Santander SA	56.4	Bank
16	American Express Co.	55.4	Payment
17	The Bank Of New York Mellon Corp.	55.3	Bank
18	AXA S.A.	49.1	Insurer
19	China Life Insurance Co., Ltd.	48.5	Insurer
20	UBS Group AG	47.3	Bank
21	The Travelers Companies Inc.	46.7	Insurer
22	Capital One Financial Corp.	46.1	Bank
23	Wells Fargo & Co.	41.4	Bank
24	Fiserv Inc.	40	Payment
25	Aflac Inc.	39.4	Insurer
26	Bnp Paribas SA	39	Bank
27	Chubb Ltd.	38.9	Insurer

28	Citigroup Inc.	33.5	Bank
29	Swiss Life Holding AG	29.7	Insurer
30	Discover Financial Services	29.1	Payment
31	Swiss Re AG	25.1	Insurer
32	Assicurazioni Generali SpA	23.9	Insurer
33	Metlife Inc.	21.2	Insurer
34	Prudential Financial Inc.	20.4	Insurer
35	Mercadolibre Inc.	20.4	Payment
36	Global Payments Inc.	14.8	Payment
37	Ping An Insurance Group Co. Of China Ltd.	13.6	Insurer
38	American International Group Inc.	13.5	Insurer
39	Lincoln National Corp.	10.1	Insurer
40	China Pacific Insurance Group Co., Ltd.	1	Insurer

Key findings

- Payment networks rule the podium: Asset-light, API-driven business models keep Mastercard and Visa nimble. Both scored very high on Business Diversity and Early Results of Innovation Efforts thanks to embedded finance partnerships and venture incubators.
- Digital pure-plays leapfrog legacy peers: Coinbase moves into the top five because tokenized-asset custody now counts toward both growth expectations and innovation yield, two factors where many universal banks lag.
- Asian trailblazers emphasize culture and cloud: DBS's early cloud-native pivot and "hackathon" talent culture boost its R&D and ESG-talent sub-scores, lifting it above larger Western banks with heftier balance sheets but slower cultural velocity.
- Insurance giants show split performance: Progressive leads the insurer pack for the first time due to its investments in AI. Zurich and Allianz crack the top 10 by coupling balance-sheet strength with climate-adjusted underwriting, while US multiline carriers sit mid-table as long-tail liabilities and low digital engagement drag on investor sentiment.
- Regulatory adaptability is a silent differentiator: Firms that stood up modular compliance stacks for DORA, CSRD, and MiCAR scored higher on Cash & Debt (fewer fines) and Early Results of Innovation Efforts (faster product releases in regulated sandboxes).

Future-ready companies – and those falling behind

The future-ready titans: Mastercard and DBS forging the path ahead



Mastercard and DBS are the top performers in the 2025 Finance Indicator. Mastercard leads the indicator, followed by Asian banking giant DBS in second place. In sixth place is insurer Progressive, highlighting how future-readiness is no longer confined to payments or pure-play banking.



These two champions prove that future readiness is not a single playbook but a shared mindset.

Mastercard wins by exploding the value chain into an ecosystem anyone can plug into, and DBS wins by compressing internal complexity until change itself becomes routine. Mastercard scales by offering the world a modular, LEGO-style set of payments, whereas DBS turns its own house into a flexible, fault-tolerant machine. Both, however, pair audacious technology with disciplined governance, invest as heavily in trust as in code, and treat every regulatory jolt as design input rather than drag. In uncertain times, the leaders' message is clear: build platforms that welcome future possibility, build cores that can absorb future shock, and you won't just survive the next discontinuity – you'll define it.

Mastercard leads the indicator in position 1. It has spent the last decade rewiring itself for “infinite optionality” as CEO Michael Miebach transformed a venerable card network into a boundaryless operating system for the digital economy. Every element of Mastercard’s old four-party payment rail has been broken into bite-sized, public APIs. This enables developers across the globe to pull fraud-AI, tokenization, open-banking pipes, and real-time account rails quickly. This modularity allows the company to pivot faster than before: a joint venture now clears domestic transactions in China even as the same platform powers peer-to-peer payments in Ghana and B2B invoice flows in Germany. Its investment in a \$7bn cyber-and-identity firewall has transformed the brand that once just moved money; it now sells trust, data, and resilience at a planetary scale, still hitting “five-nines” uptime while inventing rails that no spreadsheet has yet modeled. Infinite optionality, it turns out, is a very profitable business model.

DBS is in second place, having reached the same summit by choosing the long road. In 2014, CEO Piyush Gupta looked at Alibaba’s branchless juggernaut and ordered a house-wide spring clean at DBS. Hundreds of legacy processes were shredded in week-long Process Improvement Events, where frontline staff earned the right to rewrite workflows on whiteboards and have them signed off before lunch on Friday. Money was ringfenced to rip out brittle cores and rebuild them into clean, lean, API-ready processes. Only when the ‘wiring’ was safe did DBS layer on cloud microservices and open APIs, turning DBS into the world’s most admired digital bank. The payoff is visible everywhere: sub-second account openings, AI nudges that help customers save, new products rolling out across six markets in weeks, not quarters, underpinned by a culture where a junior coder can fix a policy that once took a regional committee to amend. Slow work made DBS very fast.

Progressive is the top insurer on the indicator, achieving an impressive sixth place. The 86-year-old firm vaulted into the top tier by turning actuarial science into a real-time sensing network. Long before telematics became a buzzword, Progressive gambled on fitting cars with Snapshot devices and ingesting billions of miles of driving data. By 2024, that legacy had matured into an AI factory that prices risk hour by hour and flags accidents in milliseconds. Last year, the company scaled its edge and launched an accident response feature in its mobile app, which auto-detects serious crashes and dispatches help to the scene. A nationwide rollout was announced in November 2024. Progressive’s results in 2024 showed how well their market responded; more than five million net new policies and 21% premium growth were achieved. CEO Tricia Griffith acknowledged the excellent results, commenting that this was “one of the best overall years in the history of Progressive.”

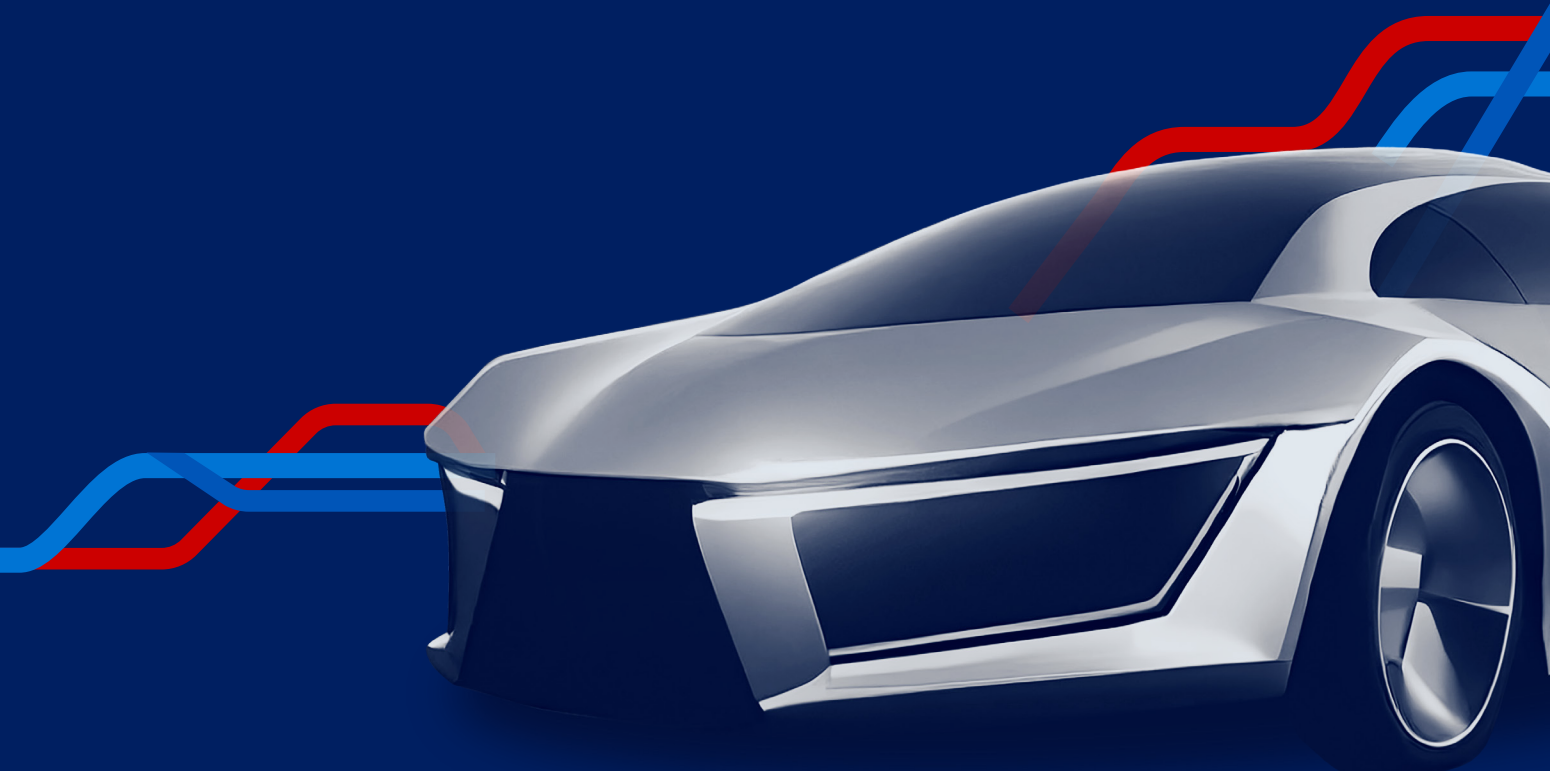
Final thoughts

Future readiness is no longer confined to payments or pure-play banking. Financial institutions that demonstrate agility and reinvent the way they operate, reinvigorate their processes, and invest in AI to stay ahead of the pack now lead in a continually evolving financial services landscape.

Agility remains to be everything, but for executives, incremental changes are all that are needed. Just as Rome wasn't built in a day, future-ready firms are not made overnight. Rapid and responsive transformations are not expected, nor will they be rewarded if the infrastructure, governance, and talent teams are not layered or embedded efficiently.

Future-ready firms are organized in a way that allows them to respond quickly to adapt to the evolving macroeconomic backdrop; however, attaining that title is not a quick or isolated process. It must form part of an aligned and integrated innovation strategy, sponsored from the top down, and paying careful attention to the impact on every other facet of the business, including existing customers, reputation, and talent.

Automotive



04

In an industry being upended by electrification, digitization, and geopolitical shifts, how can we tell which companies are truly prepared for the future?

Our latest Future Readiness Indicator analysis reveals a dramatic shift in competitive positions, with Chinese electric vehicle (EV) manufacturers now challenging – and, in some cases, surpassing – traditional automotive giants.

This report examines the factors behind these changes, the implications for industry players, and the strategic pathways for different categories of manufacturers.



Forces transforming the automotive industry in 2025

01 Software-first strategies and rapid iteration

For the first time in our future readiness assessment, we observe BYD and Tesla scoring nearly identically at the top tier of our rankings. This represents a significant shift from previous years when Tesla maintained a comfortable lead over competitors.

While legacy automakers relied on siloed hardware, Tesla built a ‘central nervous system’ that updated like a smartphone, and for years, that granted them the top spot on our rankings. However, BYD has closed the gap steadily through persistent innovation and strategic patience. Their recent entry into the Swiss market reveals something crucial about future readiness in any industry: it is never a finished state but a continuous process of adaptation and, critically, even market leaders can be challenged when competitors commit to the long game.

The top tier is now dominated by companies with a strong EV and software focus. BYD leads with a score of 100, followed closely by Tesla at 98.1, with Geely Automobile (82.0) and Li Auto (56.1) completing the top four positions. These companies share a common trait: they prioritize software architecture and digital integration in their vehicle designs.



How companies can prepare

To thrive in this new landscape, auto OEMs must fundamentally realign strategies. Organizations must double down on software and digital talent – the future will belong to companies that treat cars as “computers on wheels,” offering seamless software features and rapid updates. This may require a substantial recruitment drive for software engineers, reskilling existing staff, or partnering with tech firms.

For existing leaders, boldness can change the world or burn it. Successful leaders need a clear mission and relentless execution.

02 Supply chain digitization

Meanwhile, traditional automotive manufacturers are experiencing concerning trends. Companies like Stellantis, Volkswagen, BMW, and Mercedes-Benz have reported declining revenues, while Chinese manufacturers BYD, XPeng, and Li Auto have demonstrated substantial growth. This divergence highlights the fundamental shifts occurring in consumer preferences and technological approaches.

A critical finding from our analysis is the importance of supply chain digitalization and agility in navigating today’s complex trade environment. Companies with digital supply chains, complete transparency, and modular product architectures are better positioned to adapt to rapid tariff changes.

The relative simplicity of EV architectures compared to traditional internal combustion vehicles provides an inherent advantage in supply chain flexibility. With fewer components and more standardized designs, EV manufacturers can shift production locations or component sourcing to minimize tariff impacts. Traditional manufacturers with complex global supply chains face greater challenges in adapting to tariff changes. Medium-sized traditional players like Honda appear particularly vulnerable, lacking both the scale advantages of larger manufacturers and the agility of newer EV companies.

Table: Chinese EV makers vs. traditional automakers

Aspect	Chinese EV makers (e.g., Li Auto)	Traditional automakers
New model cycle	18–36 months	5–7 years
Organizational style	Matrix, startup-like, agile	Hierarchical, slower
Product refresh rate	Annual, with frequent OTA updates	Major refresh every 3–5 years
Customer feedback loop	Incorporated rapidly	Slower, often delayed
Market response	Rapid ramp-up and new launches	Slower, retooling required



How companies can prepare

The lesson is clear: EVs are becoming commoditized, but software ecosystems and rapid iteration cycles are not. Chinese automakers, unencumbered by legacy systems, are leveraging this agility to redefine user experiences.

Organizations must build supply chain agility and local resilience. Greater transparency through digital tracking systems and local sourcing or manufacturing of critical components, such as batteries and chips, can mitigate shocks from trade wars or tariffs.

Leading players are already localizing EV battery production in key markets and using AI to anticipate supply bottlenecks.

03

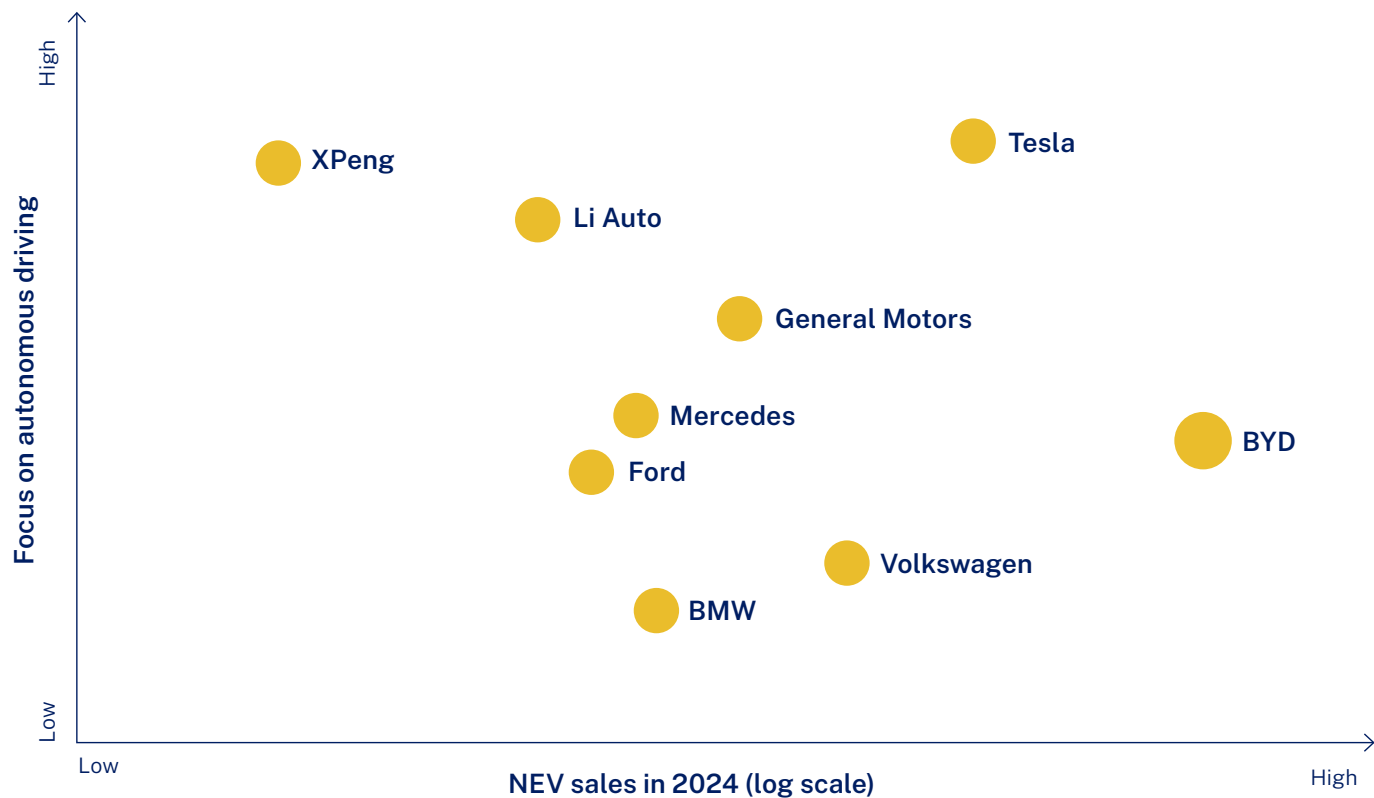
The squeeze on traditional automakers

Legacy manufacturers face a dual crisis: plummeting profitability in China (a key growth market) and an inability to fund moonshot research and development. Volkswagen, despite leading traditional OEMs in future readiness, struggles with declining revenue and reliance on hardware-centric models.

In an extreme illustration, VW's next-gen EV platform, the SSP – Scalable Systems Platform, was originally due in 2026 but has now been pushed to 2031 due to software setbacks. Despite its strategic vision, VW has struggled mightily with the execution of that vision, especially on the software side. Its software subsidiary, Cariad, encountered severe difficulties in developing a unified operating system for all VW Group cars. This led to years-long delays in flagship projects such as the launch of new Audi and Porsche electric models, both postponed due to the software not being ready.

Delays not only dampen VW's innovation output in the near term but also underscore an agility problem: huge legacy companies are not adapting fast enough to the breakneck speed of change. Volkswagen's high ranking, therefore, comes with an asterisk – it has the scale and resources to be future-ready, but it risks undermining its progress through slow internal processes. From our research, we can see VW excels in research and development input, but its innovation output could be stronger if not for these missteps.

As profit pools shrink, reinvestment in software or battery tech becomes unsustainable – a death spiral for those clinging to 20th-century playbooks.



How companies can prepare

Organizations must invest in brand and customer experience for global competitiveness. As EV technology itself becomes commoditized, brand differentiation and trust will decide winners. This is especially pertinent for the ambitious Chinese EV makers expanding abroad – they need to convince skeptical Western consumers of quality, safety, and service, turning tech prowess into a beloved brand. Likewise, incumbents must revitalize their brands to shed any “old guard” image and showcase their innovations in electrification and connectivity.

Automotive

The 2025 results

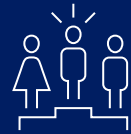
Ranking 2025	Company	Score 2025	Sector
1	BYD Company Ltd.	100	Automotive
2	Tesla Inc.	98.1	Automotive
3	Geely Automobile Holdings Ltd.	82	Automotive
4	Li Auto Inc.	56.1	Automotive
5	Kia Corp.	49.3	Automotive
6	Volkswagen AG	48.8	Automotive
7	Toyota Motor Corp.	48.7	Automotive
8	XPeng Inc.	48.3	Automotive
9	General Motors Co.	47.2	Automotive
10	Ford Motor Co.	43.1	Automotive
11	Mercedes-Benz Group AG	40.4	Automotive
12	Hyundai Motor Co.	39.2	Automotive
13	Stellantis NV	23.3	Automotive
14	Nio Inc.	16	Automotive
15	Nissan Motor Co. Ltd.	11.2	Automotive
16	Harley-Davidson Inc.	9.7	Automotive
17	Honda Motor Co. Ltd.	8.8	Automotive
18	Renault SA	8.4	Automotive
19	Bayerische Motoren Werke AG	3	Automotive
20	Tata Motors Ltd.	2.3	Automotive
21	Suzuki Motor Corp.	1	Automotive

Key findings

- BYD leads the indicator for the first time, followed closely by Tesla.
- Chinese dominance is deepening; three Chinese manufacturers make up the top four positions.
- The top tier is dominated by companies with a strong EV and software focus.
- Traditional automotive manufacturers are experiencing concerning trends and declining revenues, whereas Chinese manufacturers are demonstrating substantial growth.
- Supply chain digitalization and agility is essential to navigate a complex trade environment.
- Investing in brand and customer experience for global competitiveness is essential.

Future-ready companies – and those falling behind

Chinese EV makers lead the charge



BYD, Li Auto, and XPeng – all Chinese automakers – are surging ahead not merely due to cost advantages but through software-first vehicle architecture.

These companies have reimaged cars as “iPhones on wheels,” enabling over-the-air updates that recalibrate everything from suspension systems to safety features. Tesla’s early lead in this domain is being eroded as BYD’s research and development intensifies, also obtaining 1,880 new patent authorizations in the last year, representing a surge of 113.64% compared to the same period in 2023, and outpacing its Western rivals.



The global expansion conundrum for Chinese automakers

One fascinating implication of recent trends is the challenge Chinese automakers will face in translating their domestic dominance into global success.

As we have established, companies like BYD, XPeng, and Li Auto are brimming with technical prowess and are leading in future-ready metrics. The question is, can they conquer markets outside of China? The strategic and cultural hurdles here are significant, and the outcome will shape the global auto landscape.

Chinese automakers are gearing up for international expansion. Europe is a prime target – the world’s second-largest EV market and relatively open compared to the US. We have already witnessed initial forays: MG (under SAIC) selling successfully in the UK and Europe by leveraging a familiar British brand name, NIO launching in Norway (with its battery swap stations), XPeng and BYD entering markets like Norway, the Netherlands, and Germany.

A telling example is **XPeng’s** approach. Often dubbed the “Chinese Tesla,” XPeng has prioritized an “experience-first” strategy powered by AI, designing its vehicles’ user interface and autonomous features before the mechanical elements. XPeng was among the first to roll out features like full-scenario voice control and advanced driver aids at a time when many Western cars were still catching up, and its software-centric philosophy is paying off: XPeng’s rise in the ranking was largely due to high marks in Research & Development (R&D) and Early Results of Innovation Efforts, reflecting its heavy investment and deployment in the self-driving space.

Chinese EV makers are also masters of rapid iteration. They launch new models or updates at a pace Western firms struggle to match. While a traditional automaker might take 5-7 years to develop a new vehicle generation, companies like **Li Auto** iterate in half that time or less, thanks to a startup-style organization. This agility is evident in product refreshes – for instance, Li Auto’s yearly upgrades to its extended-range EV SUVs incorporate customer feedback and the latest tech features almost in real-time. Such speed is a competitive advantage captured by the Index’s “agility” aspects (even if not an explicit factor, it influences innovation and growth metrics). It also aligns with how these firms managed to seize opportunities: when EV demand spiked, they ramped up production and introduced entry-level models quickly, capturing market share while some incumbents were still retooling factories.

One challenge is brand recognition and trust. Many Western consumers have never heard of XPeng or Li Auto. BYD is better known, mostly thanks to Warren Buffett's backing and some public transit buses being sold abroad, but it still lacks the household name status of Toyota or Ford. Building a brand takes time and often a track record of reliable products on the road. Chinese automakers will need to invest heavily in marketing and in meeting, if not exceeding, local safety and quality standards to win trust. Any early missteps, such as a high-profile reliability issue, could set back the whole cohort by feeding into biases that Chinese products are lower quality – a stereotype they have to actively disprove.

Another challenge is that consumer preferences and design tastes vary by region. What Chinese customers want, such as certain AI features, in-car karaoke systems, or specific styling cues, may not directly translate to American or European tastes.

There is also the issue of regulatory and political acceptance. This may force Chinese automakers to invest in foreign factories. Something BYD is considering with an EV plant in Europe. 'Going global' will require Chinese firms to become more multinational in operations and evolve beyond the status of exporters. That means hiring local teams, complying with local labor and environmental norms, and possibly partnering with local players.

There is precedent for what Chinese automakers are attempting. Just as you can look back at moments of volatility to scenario plan, we can look back at past successes and learn. The Japanese and Korean entry into Western markets is one such lesson. Japanese cars in the 1970s-80s transformed from being cheap, fuel-efficient curiosities to dominant, trusted brands through consistency and understanding local needs. Korean automakers Hyundai and Kia faced a "cheap and cheerful" reputation in the 90s, but by investing in design and quality, they are now considered on par with many established brands. Chinese companies will try to compress this cycle, but it will take years. The Future Readiness Indicator does not directly measure brand power, but indirectly, the investor expectations factor might capture optimism or skepticism about these global plays.

Traditional automakers are falling behind

Legacy manufacturers face a dual crisis: plummeting profitability in China (a key growth market) and the inability to fund moonshot R&D. Volkswagen, despite leading traditional OEMs in future readiness, struggles with declining revenue (-7.4% market cap CAGR) and reliance on hardware-centric models.

Further, traditional automakers' R&D focuses on incremental improvements, for example, compare Volkswagen's 1.27% R&D intensity 3Y CAGR to BYD's 23.35% 3Y CAGR. Traditional automakers' complex, fragmented supply chains hinder tariff navigation, as can be evidenced by [Stellantis' net revenue down by 17% compared to 2023](#).

Final thoughts

Going forward, the race is far from over – it's simply entering a new phase. The competitive gap can open or close faster than ever. A breakthrough in battery chemistry, a sudden regulatory change, or a geopolitical shock can reshuffle the deck. Future readiness is a moving target, and today's #1 can become tomorrow's cautionary tale if it fails to adapt. Likewise, a company on the bottom rung can leap up if it wholeheartedly commits to change.

For industry executives and observers, one thing is clear: the future of the auto industry will be defined by those who are prepared for discontinuity, not just continuity. The age of electrification and digitalization has upended the certainties of the 20th-century automotive market. Scale alone won't guarantee success, nor will legacy brand prestige. The winners will combine the nimbleness of startups with the wisdom and resources of incumbents – a rare breed, but not an impossible one.





Digital and flexible supply chains

The looming specter of trade wars, specifically, the unpredictable, whiplash US tariffs on Chinese EVs, amplifies the need for digital supply chain resilience. Companies like BYD and XPeng are exploiting loopholes by rerouting production through third countries, a tactic enabled by real-time data analytics and modular architectures.

The forward-looking implication is that digital, transparent, and flexible supply chains will be key. Companies need real-time visibility into their supplier networks (down to Tier 2 and Tier 3 suppliers) to anticipate disruptions. They also need the ability to pivot – e.g., quickly qualify a new chip supplier if one gets caught in a geopolitical crossfire. The Index rewards those who invested in such capabilities.

Localization strategies

Moreover, localization strategies are now strategic imperatives. With tariffs looming, Chinese EV makers like BYD and NIO are contemplating setting up assembly in Europe to bypass import taxes, much as Japanese and German automakers built US plants in the past decades.

Western firms, under the US Inflation Reduction Act, are also localizing battery production in North America to qualify for subsidies. Nearshoring and friend-shoring are the buzzwords: bringing production closer to end markets or countries with stable trade relations. This is a reversal of decades of offshoring purely to chase low cost. The implication is that companies might incur higher costs in the short term to build redundant or regional supply chains, but the payoff is future readiness – the ability to keep delivering when global supply routes fragment.

Financial liquidity

Finally, financial liquidity – one of our seven scoring fundamentals – ties into this. Companies with strong balance sheets can afford to carry more inventory or dual-source critical components – essentially buying insurance against disruption. Those with weak finances are forced to keep lean supply chains that work in calm times but collapse in crises. This was evident during COVID-19: the healthiest companies could charter private cargo flights for chips or pay a premium for scarce parts, while weaker ones simply had to idle plants. The indicator's inclusion of cash/debt metrics underscores that financial health underpins agility.

Agility is no longer optional. Organizations without end-to-end supply chain visibility will falter under protectionist policies.

Consumer Packaged Goods

05



The Consumer Packaged Goods (CPG) sector faces a dynamic and challenging landscape.

Inflation is easing but still drives value-conscious, price-sensitive consumer behavior. Meanwhile, demands for personalization, better experiences, health, wellness, and sustainability are rising.

Technology, especially Artificial Intelligence (AI), is no longer optional – it's a core tool for managing operations, engaging consumers, and streamlining supply chains. Add to this a shifting geopolitical scene, with major tariffs, notably between the US and China, reshaping global supply chains and costs.

Winning here requires agility: leveraging AI and analytics, building resilient supply chains, mastering Direct-to-Consumer (D2C) channels, aligning with consumer values, and innovating relentlessly.

Forces transforming CPG in 2025

Evaluating the future readiness of CPG companies in the demanding 2025 landscape requires assessing their capabilities against the key trends and pressures shaping the industry. Winning requires agility: leveraging AI and analytics, building resilient supply chains, mastering Direct-to-Consumer (D2C) channels, aligning with consumer values, and innovating relentlessly.

Top CPG firms excel in five key areas:

01 AI and data: Scaled AI across personalization, supply chains, and efficiency

Winning organizations across the CPG sector are scaling artificial intelligence to offer unique experiences, shorten supply chains, and streamline operations. From analyzing customer preferences and predicting trends, to supply chain optimization, revenue growth management (RGM), and operational efficiency, AI is being integrated beyond pilots, into every facet of business.

McKinsey recently analyzed more than 150 use cases to quantify the impact that AI can have on consumer goods businesses and found that AI transformation can have significant value on CPG firms across six zones: Consumer insights and demand shaping, product and innovation, manufacturing and operations, supply chain planning and logistics, customer and channel management, and direct to consumer. The winners are making a head start by moving AI into every core workflow.



How companies can prepare

Move AI from isolated pilots into every core workflow: hyper-personalization, demand forecasting, dynamic pricing, and end-to-end automation. Build a single, high-quality data backbone (“AI for data, data for AI”) and pair the tech spend with serious upskilling and change management so people have the freedom and literacy to use the new tools.

02 D2C and omnichannel: Seamless platforms and strong loyalty programs

Readiness here is measured by the maturity and effectiveness of the company’s D2C platform(s), the seamlessness of its omnichannel integration providing consistent customer experiences, its proficiency in leveraging valuable first-party data gathered through direct interactions, and the strength and appeal of its customer loyalty programs.

These two strategies, while typically working in isolation, are increasingly complementary in a digital consumer landscape. As far back as 2017, [Harvard Business Review uncovered that 73% of 46,000 shoppers used multiple channels during their shopping journey](#). Half a decade on, and the need for seamless integration of channels is the difference between a winning and lagging organization, making fluctuations more predictable and manageable, offering greater flexibility in responding to changing market conditions, and effortlessly segmenting customers based on their shopping preferences.



How companies can prepare

Make the handoff between online and in-store invisible. Treat D2C not just as a sales channel but as a goldmine of first-party data and a live R&D lab. Use robust loyalty programs to keep shoppers close, while working with retailers to avoid channel conflict.

03 Sustainability: Real eco-friendly practices, not just talk

[According to Nielson, Gen-Z spending is expected to grow to \\$12tn by 2030](#) and as a generation, it is continuing to reshape the retail landscape, characterized by digital nativity and social consciousness. Prioritizing sustainability and social impact, modern shoppers need more than empty promises.

Future readiness requires a tangible commitment to sustainable practices embedded within operations, such as advancements in eco-friendly packaging, responsible sourcing of materials, and transparent communication about environmental and social impact.

Critically, it also includes the ability to meet consumer demands for sustainability without imposing excessive price premiums that alienate value-conscious shoppers. Winning organizations are presenting authentically sustainable yet affordable product lines for the conscious but cost-aware consumer.



How companies can prepare

Bake sustainability and ethics into product design, sourcing, and daily operations. Lead with measurable actions such as recycled or refillable packs, verified responsible sourcing, and communicate them plainly to earn consumer trust without “greenwash.”

04 Innovation and portfolio management: Final bold product launches driven by data

Winning organizations are focusing on the development of genuinely novel products and services rather than just incremental line extensions. They are also carefully improving their speed to market, ability to adapt their product portfolio dynamically to align with evolving consumer needs, and their use of D2C channels and data analytics to inform and accelerate the R&D process.

Innovation is critical for growth, but despite this, innovation within the CPG industry falls far behind any other. AI is emerging as a driver of innovation and aims to plug this intent-action gap within the sector, generating new ideas, optimizing product formulations, and ensuring consistent quality through advanced control mechanisms. Joining AI as an innovation tool is social data, offering fast consumer insights into trends, tastes, and preferences.



How companies can prepare

Shift R&D toward breakthrough solutions that grow volume, not just line extensions. Mine D2C and social data, and then pivot the portfolio quickly as tastes, health trends, and price tiers evolve.

05

Pricing and finance: Smart pricing and healthy margins despite pressures

This capability reflects the company's ability to manage pricing strategically in an environment where broad increases are difficult, optimize the effectiveness and ROI of trade promotions, maintain healthy profit margins amidst persistent cost pressures (including tariffs), and effectively balance necessary investments in growth and technology with shareholder returns.

Much like the other forces shaping the CPG industry, AI is also optimizing pricing strategies by quickly adjusting to market conditions and competitor pricing. It is however important to note, like our advice within the financial services section, that historic data is just as relevant as new consumer data and comparing the two enables winning CPG firms to implement differentiated price increases rather than uniformed ones. [Leading CPG companies are using AI methodologies to integrate granular analyses of historical data with future-oriented consumer research.](#)



How companies can prepare

Replace blanket price hikes with data-driven actions: AI-led dynamic pricing, ROI-based trade promos, and smarter product-channel mix decisions that protect margins while defending volume in a value-conscious market.

In addition, agility is key to success, particularly given the turbulent macroeconomic environment. As such, CPG executives need to focus on ensuring agility within the supply chain and in their organizations by engineering resilient, agile supply chains through seeing resilience as strategy, not insurance. Diversify sourcing beyond any single country exposed to tariffs or political risk, then deploy AI, IoT, and automation for real-time visibility, sharper forecasting, and rapid rerouting when disruptions hit. Finally, building an agile organization is critical. This can be achieved by breaking the wall between commercial and operations teams, empowering cross-functional squads to act on data in real time. Invest in continuous reskilling, especially in digital and analytics, and streamline decision rights so the organization can pivot at market speed.



Consumer Packaged Goods

The 2025 results

Ranking 2025	Company	Score 2025	Sector
1	L'Oréal SA	100	Cosmetics
2	Coca-Cola Co.	90.8	Beverages
3	Unilever plc	89.7	Household Products
4	Procter & Gamble Co.	86.9	Household Products
5	Nestlé SA	85.4	Food Products
6	Colgate-Palmolive Co.	82.7	Household Products
7	Beiersdorf AG	74.9	Cosmetics
8	Diageo plc	69	Beverages
9	PepsiCo Inc.	65.6	Beverages
10	Monster Beverage Corp.	61.9	Beverages
11	Mondelez International Inc.	59.8	Food Products
12	Hershey Co.	57.1	Food Products
13	Estée Lauder Companies Inc.	51.9	Cosmetics
14	Henkel AG & Co. KGaA	48.2	Household Products
15	Danone SA	43.5	Food Products
16	Kimberly-Clark Corp.	40	Household Products
17	Brown-Forman Corp.	36.1	Beverages
18	Constellation Brands Inc.	33	Beverages
19	Anheuser-Busch InBev SA	29.1	Beverages
20	Pernod Ricard SA	26.9	Beverages
21	Reckitt Benckiser Group plc	25.8	Household Products

22	Coty Inc.	25.3	Cosmetics
23	Archer-Daniels-Midland Co.	14.6	Food Products
24	General Mills Inc.	11.9	Food Products
25	Keurig Dr Pepper Inc.	9.3	Beverages
26	Kraft Heinz Co.	1	Food Products

Key findings

- The standout companies – including **L'Oréal, Coca-Cola, Nestlé, Procter & Gamble (P&G), Unilever,** and others – are not necessarily the largest by revenue, but they excel at anticipating trends, innovating, and adapting ahead of peers.
- The 2025 leaders also show how consistent investment in innovation, data, and talent turns uncertainty into advantage.
- L'Oréal's focus on technological innovation to meet the modern consumers' needs sees it maintain its top spot as the #1 future-ready CPG company.
- Coca-Cola, in second place, shows how its investment in AI-driven insights to fine-tune its supply chain has delivered as has its culture of evidence-based decision-making and broken-down silos.

Future-ready companies – and those falling behind

L'Oréal and Coca-Cola lead the pack



L'Oréal has emerged as the #1 future-ready CPG company. It centers on technological innovation to meet modern consumer needs.

L'Oréal heavily invests in R&D (about 3.5% of sales) and advanced analytics to drive product development. It uses AI and big data to analyze customer preferences and predict trends, enabling it to launch products that resonate quickly.



For example, **L'Oréal** developed AI-powered tools like virtual try-on apps and skin diagnostics, enhancing customer engagement and personalization. Utilizing social listening, L'Oréal even creates new hair color shades based on social media trends.

On the sustainability front, L'Oréal's campaign "By Garnier, Naturally" emphasizes natural ingredients and eco-friendly packaging, aligning with consumer values. Structurally, L'Oréal's business diversity (solely beauty/cosmetics) is offset by its breadth within beauty – it owns a wide portfolio of brands from mass market (L'Oréal Paris, Maybelline) to luxury (Lancôme, YSL Beauty) and active cosmetics (La Roche-Posay), giving it multiple growth engines.

It also boasts a globally diverse market presence, with strong growth in Asia (notably China) complementing stable sales in Europe and North America. Critically, L'Oréal's culture champions innovation and agility – it famously operates with a "startup" mindset despite its size, incubating new brands and investing in tech startups (through its Bold Ventures fund).

L'Oréal's success underscores that even a company over 100 years old can reinvent itself with a data-driven strategy – a model of future readiness in CPG.

Coca-Cola is another top-ranked future-ready company known for transforming its traditional beverage business through data and innovation. Its differentiator has been its adoption of AI and advanced analytics at scale to optimize nearly every aspect of its operations.

The company collects massive datasets on sales, weather patterns, social media sentiment, and more, and uses AI models to forecast demand with high accuracy. These AI-driven insights allow Coca-Cola to fine-tune its supply chain – producing and distributing just the right amount of each drink for each region, for example – thereby reducing waste and stockouts.

Another area where Coca-Cola applied AI is marketing: it uses algorithms to assess the effectiveness of campaigns in real time, adjusting ad spend and content for maximum ROI. By democratizing data access internally (making AI tools available to managers at all levels), Coke has fostered a culture of evidence-based decision-making and broken-down silos.

Beyond process optimization, Coca-Cola has shown innovation in product offerings – important for the Early Results of Innovation factor. Historically known for its flagship soda, the company recognized shifting consumer tastes (away from sugary drinks) and aggressively diversified its portfolio. It launched and/or acquired products in high-growth categories such as bottled water, sports drinks (Powerade), coffees (via the acquisition of Costa Coffee), and sparkling water.

A standout success was launching Topo Chico Hard Seltzer, capitalizing on the hard seltzer craze with a low-sugar alcoholic option. Coca-Cola's ability to quickly develop or acquire trendy products (like vitamin waters, teas, zero-sugar variants) shows an innovation mindset often more associated with smaller companies.

From a financial perspective, Coca-Cola has strong fundamentals: it consistently delivers high margins and cash flows, enabling heavy reinvestment in marketing and innovation (and dividends to keep investors happy).

Other notable performers making their mark

Other notable performers in the 2025 Future Readiness Indicator include Colgate-Palmolive, which improved from ninth to sixth place. Its strong financial performance and innovation, likely due to investments in sustainable oral care products, underpinned this rise. Mondelez International jumped from 17th to 11th position, excelling in business diversity and innovation, reflecting its focus on global snack brands and digital marketing. PepsiCo moved from 11th to ninth, with balanced performance across financial and business diversity, supported by health-focused product lines underpinning this.

The laggards

By contrast, companies that lag in future readiness tend to follow older playbooks. They might rely too much on cost-cutting, or have slower innovation cycles or a narrow product focus. A case in point often cited is Kraft Heinz (USA) – formed by a mega-merger and heavy cost-cutting, it underinvested in innovation for years, leading to sales declines and brand erosion. In a world of plant-based milks and craft condiments, Kraft Heinz was caught flat-footed (though it's now trying to catch up with more innovation). Similarly, some highly indebted companies or those that didn't embrace diversity in their ranks have seen talent and consumers drift away.



Final thoughts

Rethinking today's supply chains is tough, costly, and slow, so every move must count. Tariffs have turned up the pressure, but they also make the business case for modern technology crystal-clear: adopt AI fast, optimize with advanced analytics, add IoT visibility, and pilot blockchain for traceability.

Executives can adopt scenario and resilience planning to spot disruptions early, run network-wide cost and capacity simulations, and use disrupted ledgers to prove compliance, especially important when tariffs differ by source country.

The CPG sector will likely see greater convergence with technology, deeper personalization of products, and more emphasis on sustainability and social value. Future readiness is not a one-time achievement but a continuous imperative.

The leaders of 2025 show how consistent investment in innovation, data, and talent turns uncertainty into advantage. The data and trends underscore a clear message: future-ready firms turn uncertainty into opportunity. Those who keep that momentum will thrive; those who pause will be overtaken.

Standouts like L'Oréal, Coca-Cola, Nestlé, Procter & Gamble (P&G), Unilever, and others are not necessarily the largest by revenue, but they excel at anticipating trends, innovating, and adapting ahead of peers.

Conclusion

06

Winning organizations across the automotive, financial services, and consumer packaged goods industries possess two future-ready traits: digital, operational, and cultural agility, and technological and strategic patience. They know when to act – and, vitally, when to pause.

AI is a critical force, and automation intensifies the competitive landscape. Successful companies have built the right organizational plumbing to capitalize on AI with minimal risk. However, the most future-ready organizations distinguish themselves by understanding where innovations fall on the technology adoption curve and ensuring they build robust financial health to provide the critical resources for technological experimentation. They also have modularity and agility. Whether it's financial services, the automotive industry, or CPG, the ability to break down large operations into smaller components is the key to rapid adaptation.

Appendant to these fundamental principles of future readiness sits a critical set of focus areas encompassing governance, customer satisfaction, and talent.

Regulation is tightening across all sectors. Trade uncertainty and volatility indexes are at their highest today than they have been since records began. War and geopolitical tensions pose a serious risk to business in the form of sanctions, restrictions, and reputational cost, and to navigate them successfully, organizations require robust governance mechanisms that account for every eventuality.

At the same time, public opinion can make or break a company. Customer satisfaction is critical, driving consumer loyalty, demand, and advocacy, generating revenue, and shaping public perception. From remembering behaviors and predicting next moves to ensuring products align with local demand and exceed local expectations, personalization is no longer enough to satisfy the modern consumer. AI and journey orchestration are combining to take the consumer experience to the next level with hyperpersonalization. Customers want frictionless journeys that remember context across channels. They expect brands to not only recognize their preferences but also anticipate their needs.

For financial services executives, this means creating unique experiences that feel human. For automakers, brand differentiation and trust will decide the winners as EV technology becomes commoditized. Chinese EV makers expanding abroad will need to convince skeptical Western consumers of quality, safety, and service, turning tech prowess into a beloved brand. Crucially, striking the privacy-personalization paradox is critical, circling back to an ever-important conversation about cyber resilience and data residency. In CPG, the winners are using AI and big data to analyze customer preferences and predict trends, enabling them to launch products that resonate quickly. For example, L'Oréal developed AI-powered tools like virtual try-on apps and skin diagnostics, enhancing customer engagement and personalization. Utilizing social listening, L'Oréal even creates new hair color shades based on social media trends.

The biggest innovators also know leadership requires a strong team of executives and managers who are not just exemplary in the field but representative of a diverse range of experiences and philosophies. These executives are rewarded with compelling compensation and benefits, and importantly, an inclusive culture that harnesses creativity, favors flexibility, and offers freedom to explore new concepts and make mistakes. Reskilling is a pivotal part of this conversation, as is embracing frenemies and removing 'not invented here' mindsets, which are shared prerequisites for continuous innovation.

Finally, those organizations rewarded with high rankings on our 2025 Future Readiness Indicator have long taken incremental steps to equip themselves with the organizational fortitude needed to thrive in a modern age. Overnight transformations are not necessary, nor are they rewarded. Smaller and regional companies need only to outpace direct local competition and not replicate the global giants. Gradual, pragmatic steps can drive leadership and allow organizations to thrive.



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