

Consumer
Packaged
Goods
Edition

2025

State of Smart Manufacturing Report

10TH ANNUAL



expanding human possibility™

Welcome

Discover how the Consumer Packaged Goods (CPG) industry is harnessing smart manufacturing and emerging technology to drive long-term business impact, improve quality, reduce risk, increase capacity and address workforce challenges.

In response to a rapidly evolving market, CPG manufacturers are under intense pressure to **improve quality, reduce cybersecurity risk and optimize processes.**

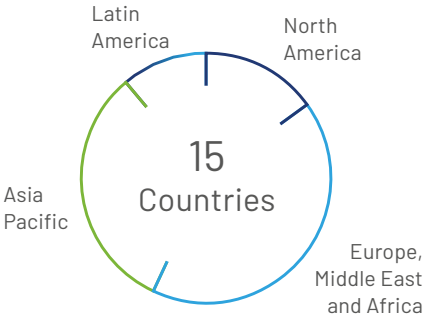
While external factors like competition, inflation, economic uncertainty and ongoing supply chain disruptions continue to challenge growth, workforce-related issues remain a significant, but secondary, concern for many CPG manufacturers.

About the Research

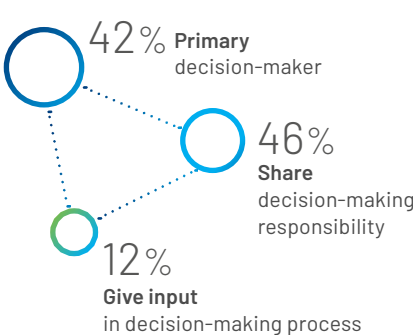
This report is based on the responses of 174 managers and executives from CPG manufacturers, original equipment manufacturers (OEMs), system integrators and engineering procurement companies (EPCs) in 15 countries.

It is part of [Rockwell Automation's 10th annual State of Smart Manufacturing report](#), which surveyed more than 1,500 decision makers across various industries.

Geographic split



Respondent roles



Obstacles and outlook for the CPG industry

Leaders in **the CPG industry** reported a shift in external challenges with competition rising to the top ahead of inflation and economic growth challenges.

Competition wasn't among the top five concerns for CPG manufacturers in 2024. Its emergence reflects changing consumer behaviors, the growing influence of private-label brands and a market increasingly driven by price and value.

External obstacles

2024		2025
Inflation and economic growth	1	Competition
Rising energy costs	2	Inflation and economic growth
Workforce	3	Supply chain disruption
Cybersecurity risks	4	Workforce
Supply chain disruption	5	Rising energy costs

Internally, the industry is grappling with a range of challenges.

Chief among them is the difficulty of finding and implementing technology that employees can use effectively. Given its significant share of total manufacturing employment, this concern is particularly acute for CPG manufacturers compared to other industries. This highlights a broader issue: a misalignment between the technology being introduced and the current capabilities of the workforce.

35% of CPG manufacturers are adopting **smart manufacturing technology** in to mitigate internal risks

CPG focuses on digital transformation

The urgency for digital transformation in CPG is intensifying. A vast majority of industry leaders acknowledge that internal and external pressures are **driving the need for smarter, more resilient operations.**

As a result, manufacturers are zeroing in on capabilities like Artificial Intelligence (AI) and Machine Learning (ML), real-time asset visibility, in-line quality monitoring and scalable infrastructure. These are seen as the technologies most likely to generate meaningful business outcomes.

The main business outcomes leaders in the CPG sector are looking to achieve from their smart manufacturing investments include:

- Quality improvement (45%)
- Cost reduction (44%)
- Revenue growth (43%)
- Risk reduction (40%)
- Overall equipment effectiveness (40%)



AI emerging as the tech frontrunner

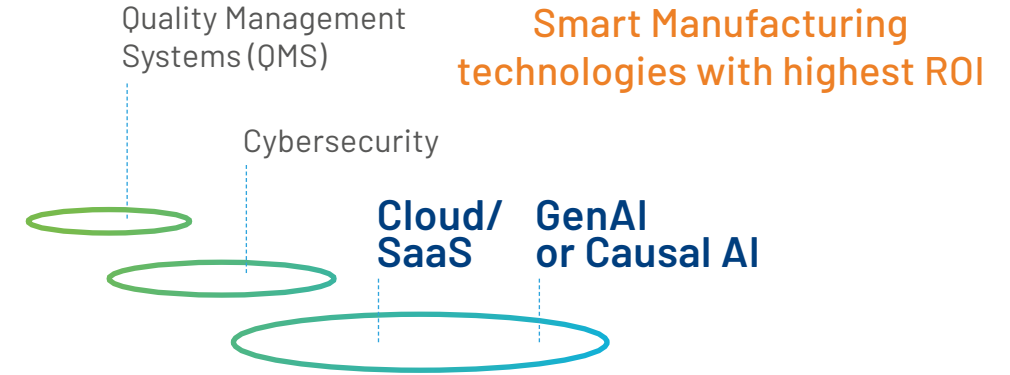
Simulation software and AI are set to lead technology investments for CPG manufacturers.

40% of CPG manufacturers plan to invest in digital twins, simulation, and emulation in the next 5 years

In 2025, CPG manufacturers are allocating a slightly larger portion of their budgets toward digital transformation.

The CPG industry has recognized the strategic value of data and laid the groundwork by building out cloud infrastructure. The urgency to embrace cloud-based solutions accelerated during the COVID pandemic, as manufacturers sought greater resilience and agility in the face of disruption.

The investment landscape can now be seen through two main lenses: enabling platforms, such as cloud and cybersecurity, and advanced technologies that address specific use cases, with AI emerging as the frontrunner.



Technologies CPG manufacturers have already invested in

59% Cloud/SaaS

54% GenAI or Causal AI

47% AI/ML

44% Generative Design

Long-term business impact has become main driver

At the heart of technology investment decisions is a mindset shift.

70% of CPG respondents cited **long-term business impact** as the primary driver for tech investment, followed by expansion or increased capacity at 62%

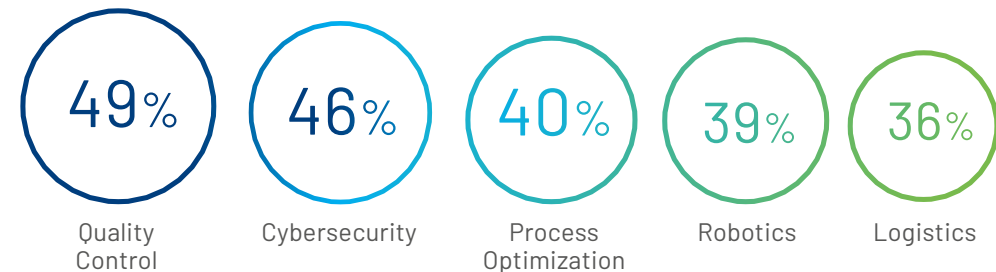
CPG leaders have grown increasingly frustrated with short-term pilots that offer limited scalability or impact. Now, the focus is on smart manufacturing technologies that have demonstrated real-world benefits—solutions that are not only effective but also easier to integrate and scale across operations. This shift reflects a maturing approach to innovation, where the emphasis is on sustainable growth and transformative outcomes rather than quick wins.

It's no surprise that manufacturers are aiming to improve quality with smart technology, especially in such a fiercely competitive market where consumers can quickly switch to alternative brands if they perceive better value. In response, major brands are doubling down on quality, reinvesting in their flagship products to stand out and maintain loyalty.

Following quality, cost remains a critical focus. CPG manufacturers looking for innovative levers to reduce costs and meet the demands of both consumers and investors are turning to long-term, cost-saving strategies offered by automation to protect competitiveness and profitability.

Risk reduction looks different for CPG manufacturers, where safeguarding proprietary formulations is essential. Brand equity is everything in CPG, as consumer trust can take years to build but can be lost in an instant. Taken together, the priorities of quality, cost and risk reduction reflect a forward-looking approach to how CPG manufacturers are investing to stay competitive.

Top uses for AI/ML over next 12 months



CPG leans on AI to bridge the data insight gap

The increased availability of data is correlated with the increased use of AI in CPG manufacturers.

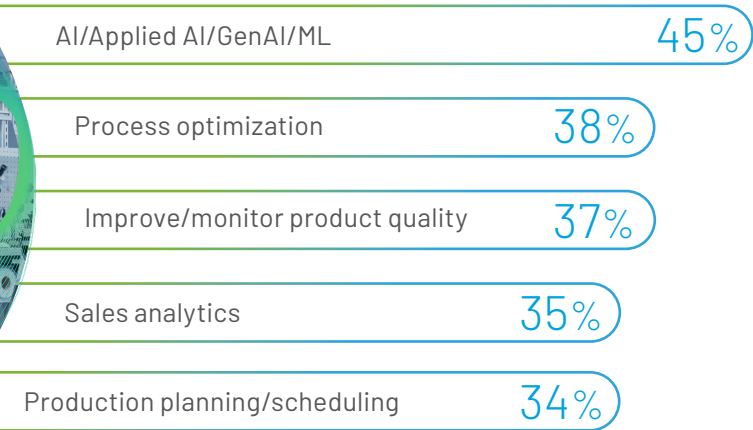
As data collection continues to scale across the CPG industry, manufacturers are increasingly looking to AI to make sense of it all – and gain competitive advantage, optimize the workforce and drive long-term impact.

44% state data collected is used effectively

These findings mirror those in our aggregated report, although the CPG industry appears even more eager to use this data to enable AI, scoring 5% above the aggregated average. While reinforcing the industry’s strong focus on AI and the value it sees in the technology for competitive advantage, these findings suggest a gap between manufacturers’ data collection capabilities and their ability to leverage this data for decision making and operational improvements.



How the data collected is being used



CPG industry eyes tech-forward skills to bridge talent gap

By 2030* it's projected that we'll have
7.9 million fewer workers than we'll need

*Korn Ferry Study

CPG industry leaders are looking to **AI/ML technologies (44%)**, as well as **increasing automation (43%)** to fill the gap.

CPG business leaders are also looking at:

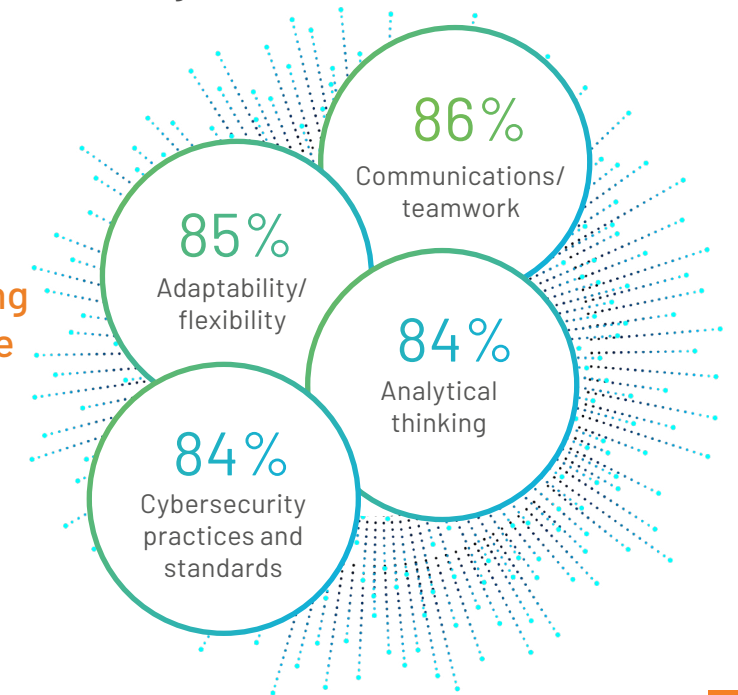
- Introducing flexible scheduling (39%)
- Adding/using technology to create more engaging jobs (39%)

CPG manufacturers continue to face familiar workforce challenges, like training, change management and retention, but their strategies for overcoming them are evolving.

Upskilling has become a critical focus as manufacturers recognize that the success of their digital transformation depends heavily on bringing employees along for the journey. Training staff on updated processes (34%), managing change effectively across teams and improving employee retention (both 33%) are the top workforce challenges expected in 2025.

The industry has struggled with attracting and keeping employees, especially in the wake of COVID. CPG manufacturers are addressing these issues by investing in automation and digital solutions that minimize reliance on manual and repetitive tasks. This shift is now driving a growing demand for talent with advanced technical skills in AI, robotics and cybersecurity. Rather than seeing talent gaps as risks, CPG manufacturers are viewing them as opportunities to bring in new skillsets that align with their digital ambitions.

Capabilities CPG
employers are looking
for in their workforce



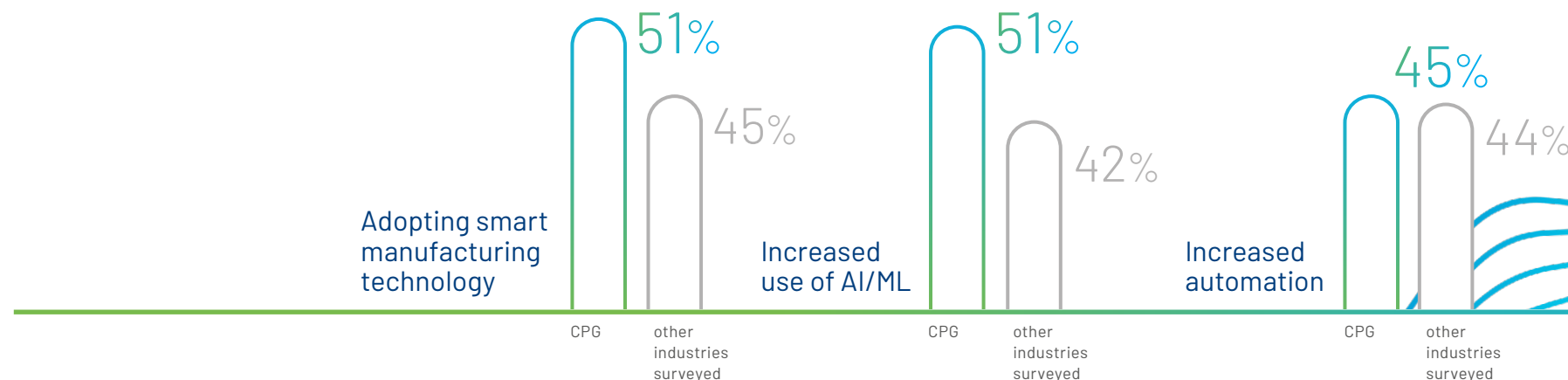
What the future holds for CPG Manufacturers





CPG manufacturers are focusing their efforts on **process automation, robotics and digitalization tools** that align with implementing technology.

These insights reflect an industry amid profound transformation. CPG manufacturers recognize that success hinges on the integration of people, processes, and technology, and actively seek ways to optimize investments across all three to unlock lasting value.

CPG manufacturers will need to think holistically about intuitive and scalable solutions that provide long-term business impact while enabling and/or utilizing AI. Doing this will help manufacturers enable agility and simplification for their teams to take on more SKUs, attract/retain talent, mitigate cybersecurity risk, and build a more data-driven, sustainable organization.

Plans to drive positive business outcomes over next 5 years



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