

Channelizing Digital Experiences:
Direct to Consumer (D2C)
re-defined



Not so long ago, large CPG companies in developed markets had little to worry about. Their products dominated retail shelves. Their brands were household names. Their reputations were strong. In the new normal however, everything has changed. Consumers want more. New technologies are readily accessible, allowing them to be 'always-online'. Emerging revenue models are enabling new avenues of growth.

Ultimately, to thrive in the online world, CPG companies must fundamentally rethink how they compete. By strengthening their e-Commerce capabilities, these companies are taking a significant step in their journey to becoming a fully digital entity. By building their digital maturity, they can make their brands and customer experiences even stronger than they were before.

Trends and Business Opportunities



In tomorrow's hyper connected world, the battle will be for customer ownership. To avoid being dis-intermediated, the CPG players must build or partner on intelligent engagement platforms. The challenge is to deliver seamless, immersive digital experience along the entire customer journey.



X2

The CPG Industry will double in size in the next decade



X8

CPG startup funding has experienced an 8X increase in the last six years



36%

Customers are purchasing personalized products today



2/3

Consumers are already Generation Y and Z



\$22 bn

US market has been taken by upstarts in the last five years



20%

Grocery sales will be online by 2025



25%

US homes already shop for food and beverage online



37%

Share of the CPG market will be in grocery in 2025

Opportunities that D2C is deriving for CPG Brands

Revenue Growth:
Establish direct connection with customers, increase engagement and conversion rates through their own e-Commerce channels.

Improved Margins:
No longer need to outspend the competition for better in-store positioning and promotions through pricing, or negotiate pricing with retailers for paper-thin margins.

Dimensions	Traditional	Digital
Reach	Finite	Unlimited
Personalization	Mass market	Personalized
Loyalty	Basic	Advanced
Access to customer	Limited, periodic	Comprehensive, realtime
Pricing	Partial control	Full control
Speed to	Slow	Fast
Merchandising	Limited control	Full Control
Assortment	Limited	Full
CAPEX	High	Low

Expanded Market Reach:
Sell to the fastest growing markets with the most desirable customer segments, allowing them to go global overnight.

Improved Customer Data:
Leverage data generated by digital tools and platforms to better understand customers' preferences, lifestyles, demographics, path to purchase, identify/target and nurture high value segments.

Comprehensive Product Assortment:
Provide a full assortment line of products while not being restricted to what is seen as hot selling items in physical stores.

This accentuates the **digital commerce** era where the CPG organizations must significantly revisit and re-imagine their business model to go closer to the digital experience, more than ever. They must establish themselves as **direct-to-consumer (D2C)** brands by innovating around the following constituents:

- Extend fulfilment capacity by enabling drop-shipment as a capability / order integration for last mile fulfilment setup and delivery
- Create store/web front within the marketplace with catalogue integration
- Establish own e-Commerce site/commerce-engine that enables order management extensions

Therefore, D2C brands must determine how to innovate the path to purchase channels, reconfigure the products, services and ecosystem, and deliver differentiated value to the consumers.



Our Solution and Framework Approach

Our Consultative Framework “CPG Starter Kit”

Whether CPG organizations intend to create a direct to consumer channel for the first time or invest deeper into an existing implemented platform, it's imperative to first understand what consumers want from a direct relationship (multi-channel/Omni-channel). Then build the digital commerce ecosystem around those requirements by gaining access to customer data, feedback, and insights for product enhancement and personalized delivery.

To enable this mechanism, we have developed a consultative framework CPG Starter Kit – the key objective is to assess the end-to-end value chain from products-to-platform and deliver a rapid D2C enablement project to operationalize the digital commerce behavior with the following tenets in place:

- Product strategy
- MVP capabilities
- Fulfilment strategy
- Revenue accounting
- Operational changes
- Go-Live



Our Solution: **Commerce-in-a-Box**

HCLs Commerce in a Box (CIB) provides a powerful customer interaction platform (store front/web front/commerce led) for Omni channel commerce. CIB is a customizable, scalable, and high availability solution that is built to leverage open standards. It can be used by companies of all sizes, and different industries. It provides easy-to-use tools for business users to drive increased conversions, 90-days go-live time and single ownership to drive efficiencies.

Commerce-in-a-Box Offering



How **Commerce-in-a-Box** is an extension to CPG Starter Kit

Existing Sales Channel

CPG companies have existing consumer sales channels through retailers and distributors

Shipment

CPG companies typically ship in pallets and not in small packaging that is needed by consumers. So there is always a need of a partner/3PL provider for shipping



B2B Commerce

B2B commerce and market place integration is big for CPG companies, so this is part of basic features for them

Recurring Orders

Consumers tend to make repeat purchases so there is a need of recurring orders/subscriptions

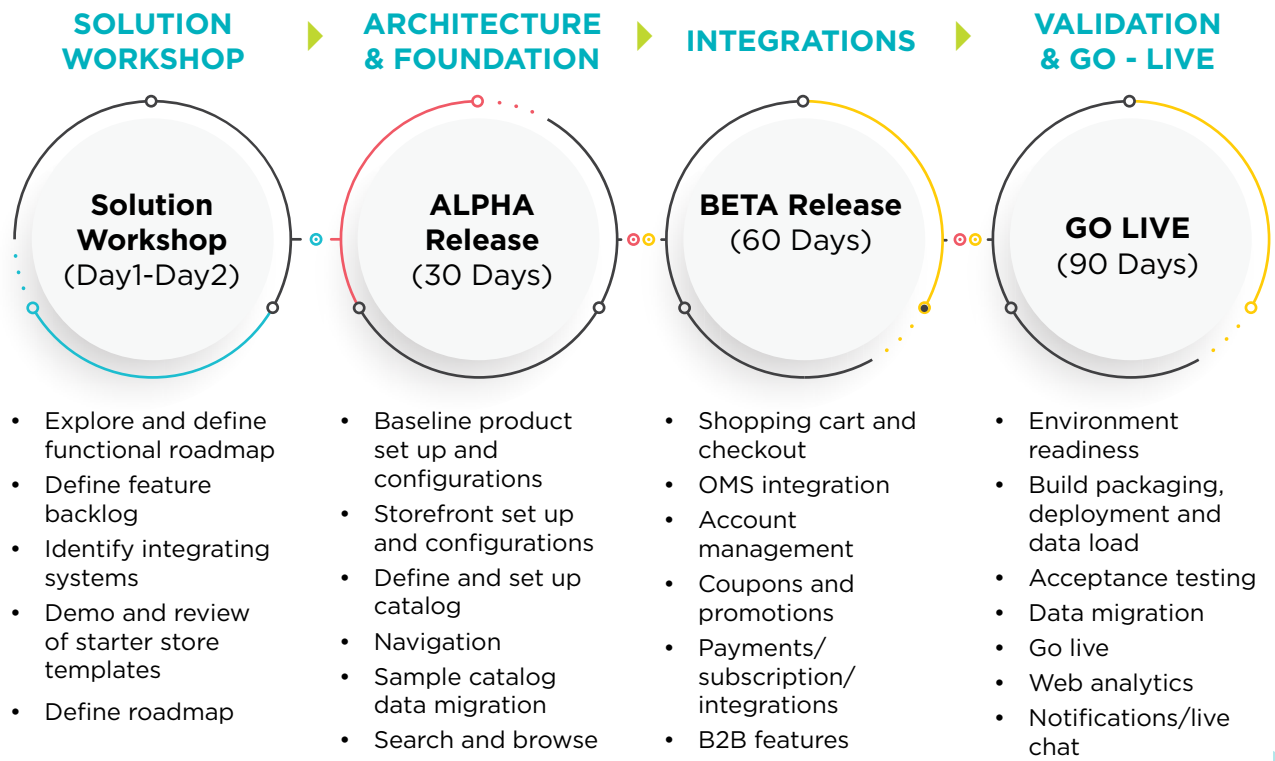
What **Commerce-in-a-Box** delivers for CPG organizations

- Web store for both D2C and B2B
- Business tools for easy setup of customer specific category, product, promotion and tiered pricing
- Digital marketing services
- Distributed order management for dropping shipments through partners and 3PL providers
- Out-of-box support for major credit cards and PayPal
- Go live in 90 Days



#CPGbyHCL

Commerce-in-a-Box Implementation Timeline



Business Benefits



GO Live in 90 days
accelerate time to market



BEST in class
customer experience



~40%
increase in revenue



~40%
CX improvement (CSAT)



Reduction
in partner on-boarding time



~50%
reduction in operation cost



Our Success Stories



A Leading Sportswear Brand

For a leading sportswear brand, we led the digital transformation project, helping boost digital sales through seamless customer journeys, and increased customer loyalty.

Business Benefits:

- 4% rise in the number of online visitors by enhancing the digital experience
- 5% increase in sales through the digital channel since launching the new site
- Fast and seamless upgrades of the HCL solution by using out-of-the-box functionality

A Leading Beverage Company

HCL helped a leading beverage company which was contemplating company-wide digital transformation exercise to enable Platform Refresh with the necessity of moving applications and infrastructure to cloud, so that a small revenue of stream could start in D2C space.

Business Benefits:

With the centralized integration of website, the outcome delivered is the enablement of enhanced digital engagement and Omni-channel commerce hub to achieve common central intelligence area for all promotions, pricing and products. This helped the client to bring agility in creating promotions and sell in market places.



For more information write to us at rcpg.solutions@hcl.com

#CPGbyHCL



HCL Technologies (HCL) empowers global enterprises with technology for the next decade today. HCL's Mode 1-2-3 strategy, through its deep-domain industry expertise, customer-centricity and entrepreneurial culture of ideapreneurship™ enables businesses to transform into next-gen enterprises.

HCL offers its services and products through three lines of business - IT and Business Services (ITBS), Engineering and R&D Services (ERS), and Products & Platforms (P&P). ITBS enables global enterprises to transform their businesses through offerings in areas of Applications, Infrastructure, Digital Process Operations, and next generation digital transformation solutions. ERS offers engineering services and solutions in all aspects of product development and platform engineering while under P&P. HCL provides modernized software products to global clients for their technology and industry specific requirements. Through its cutting-edge co-innovation labs, global delivery capabilities, and broad global network, HCL delivers holistic services in various industry verticals, categorized under Financial Services, Manufacturing, Technology & Services, Telecom & Media, Retail & CPG, Life Sciences, and Healthcare and Public Services.



www.hcltech.com

As a leading global technology company, HCL takes pride in its diversity, social responsibility, sustainability, and education initiatives. As of 12 months ending on March 31, 2021, HCL has a consolidated revenue of US\$ 10.17 billion and its 168,977 ideapreneurs operate out of 50 countries. For more information, visit www.hcltech.com