

Channelizing digital experiences:
Direct to Consumer (D2C)
re-defined



Not 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' consumers. Emerging revenue models are enabling new avenues of growth.

Ultimately, to thrive in the online world, CPG companies need to fundamentally rethink how they compete. By strengthening their e-Commerce capabilities, these companies will be taking a significant step in their journey to becoming a fully digital entity. By building their digital maturity, they will make their brands and their 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 will need to build or partner on intelligent engagement platforms. The challenge is to deliver seamless, immersive digital experience along the entire customer journey.



The CPG Industry will double in size in the next decade



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



Customers are purchasing personalized products today



Consumers are already Generation Y and Z



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



Grocery sales will be online by 2025



US homes already shop for food and beverage online



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 need to significantly revisit and re-imagine their business model to go closer to the digital experience, more than ever, and establish themselves as **direct-to-consumer (D2C)** brands by innovating themselves around below mentioned 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 D2C channel for the first time or to invest deeper into an existing implemented platform, it's imperative to first understand what consumers want from a direct relationship (multi-channel/Omni-channel) and 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 of which is to assess the end-to-end value chain from products-to-platform and help deliver a rapid D2C enablement project to operationalize the digital commerce behavior with 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 for many 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



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 onboarding Time



~50%
Reduction in operation cost

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

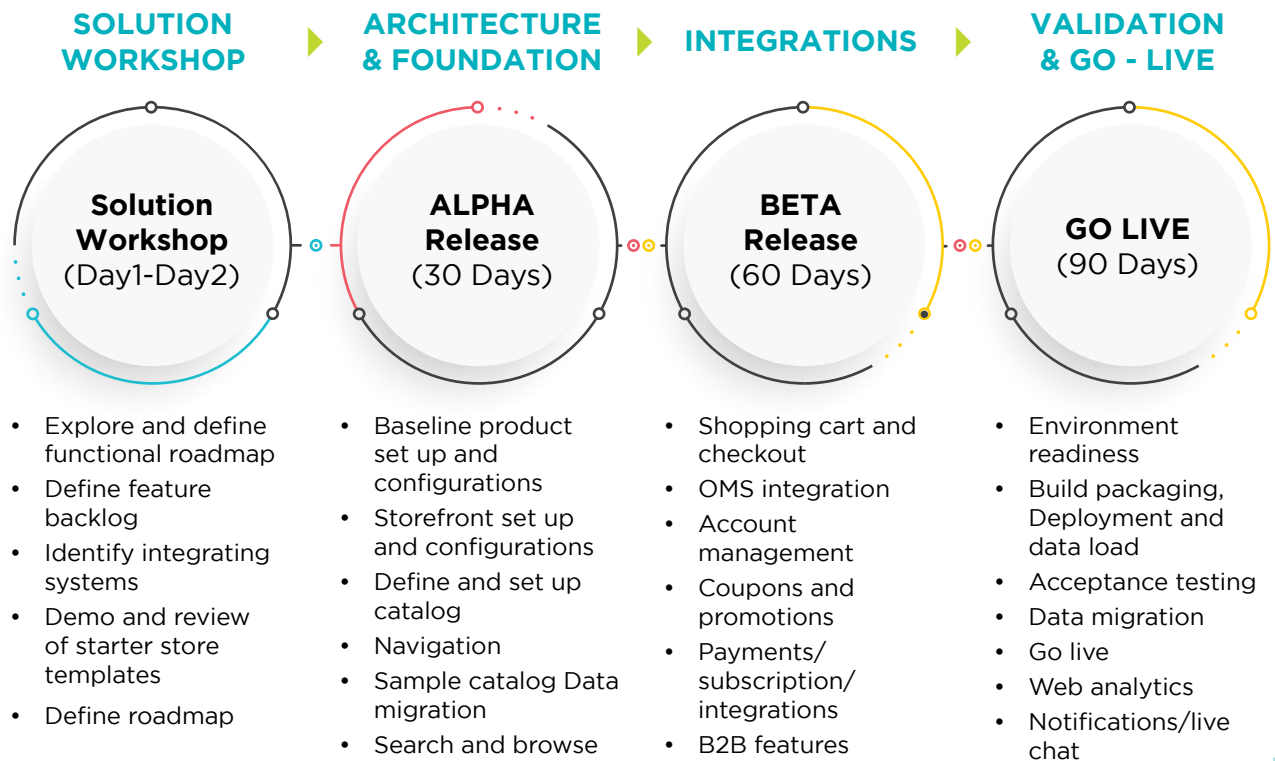
Consumers tend to make repeat purchases so there is a need of recurring orders/subscriptions

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



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%
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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 that could help the client to bring agility in creating promotions and sell in market places.



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