Transforming CPG Sales

Learning from Leading Companies

accenture

Top quartile growth companies are leading in the use of advanced analytics and technologies in Sales.

Digital. The Sales function within CPG organizations has slowly embraced it as a way of driving growth and creating efficiencies. But the approach to date has been incremental versus transformative.

However, Accenture's research reveals a group of leading CPG Sales organizations that are further along in their digitally led transformation and are demonstrating top quartile growth (top and bottom line)[1]. How? By taking a holistic approach and harnessing digital as an enabler for transforming the capabilities of their Sales organization and their engagement with customers and shoppers.

This group of leaders is nearly twice as far down the road of embedding digitally led transformative change than their cohorts.

[1] All data is from the Accenture Consumer Goods Company Sales Executive research unless otherwise noted.

COVID-19 as an accelerant

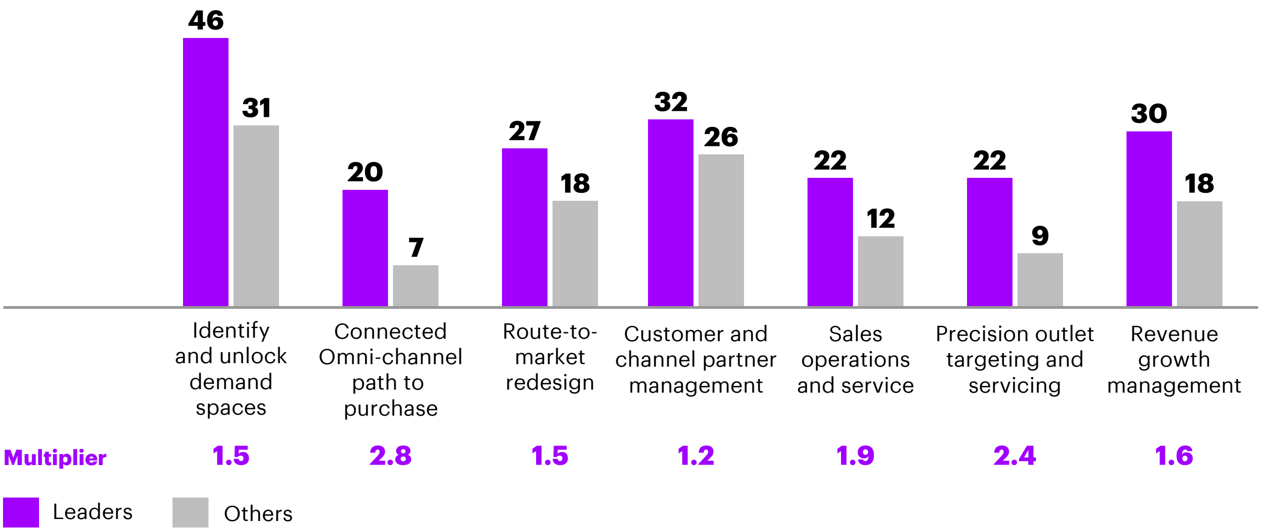
Fluctuations in demand. New routes to market. Virtual Salesforce. Doubled eCommerce. COVID-19 has caused substantial challenges for Sales organizations. And led many to realize that embracing a digitally led transformation strategy has gone from “nice to have” to “must have.”

Digitally-led transformation involves blending human capabilities and advanced analytics and new technology enablers. Our research and experience indicate that combining humans and machines delivers the greatest business impact. Advanced analytics, automation and machine learning all help reduce mundane, repetitive, transactional tasks releasing the capacity of Sales teams. They give Salespeople insights at their fingertips, allowing them to add more value and deepen relationships with their customers.

The seismic shock of COVID-19 has acted as an accelerator for building and scaling new capabilities. Ones that seize on emerging growth opportunities and create more resilient operations for the future. Our recent research shows leading companies are driving further and faster than the rest on embedding the transformative capabilities required to win into the future (Figure 1).

Figure 1: Leaders have embedded seven capabilities more than their peers

Bars represent percentages of companies reporting mature capabilities in respective areas.



Source: Accenture Consumer Goods Company Sales Executive research

In this report, we will focus on the capabilities that were ranked as most important to transform in the near term:

Route to Market

Outlet Targeting and Servicing

Customer and Channel Partner Management

Demand Spaces & Revenue Growth Management

Route to Market—Shaken to the Core

Sales leaders are grappling with an evolving landscape of how and where their products are being sold. From new marketplaces, growth in direct-to-consumer channels, the emergence of new occasions to be fulfilled, and small outlets offering delivery to home services, the traditional route to market foundation has been shaken to the core. This requires a total rethink of route to market priorities and strategies, one which leaders are already well down the road of redesigning and implementing.

The rapid development of B2B marketplaces and ecommerce platforms is challenging the wholesaler and distributor-based route to market models. With new and emerging ecosystem partners there are a plethora of options to choose from, requiring companies to fundamentally rethink their route to market strategy to serve existing and new demand spaces. It requires deciding where to partner versus where to go it alone, and testing new approaches to determine the growth potential and ROI.

Leaders are building stronger digitally enabled links to end outlets and customers to create direct, personalized relationships that provide added value advice and services. This allows them to build direct customer connections irrespective of the route by which the customer gets the product.

Added to this, leaders are also looking to capture and consolidate data across every customer touchpoint and along the value chain to enable rapid adjustments to route to market strategy and execution. Leaders are 50% more likely to have fully embedded transformative route to market capabilities than others. These include predicting the impact of disruption, taking a joined-up approach for online and offline interactions, and leveraging an ecosystem of partners to access and service available demand spaces.

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Growth through a digital, integrated RTM

A global foods business wanted to reconfigure their route to market (RTM) in the away from home and independent channels where they recognized big growth opportunities. Accenture helped them by using Advanced Growth Analytics to identify white space opportunities and reviewed their current route to market capabilities and operations. The result? A 12% increase in revenue while reducing cost-to-serve by more than 20%. How? By building a digitally-led, integrated RTM strategy including data-driven partnerships, B2B optimization with order transfer capabilities and a data-led approach to field operations and customer value generation.

Outlet Targeting and Servicing—Getting Granular

As shopper habits evolve, customer expectations rise and the outlet landscape changes due to COVID-19, the targeting and servicing of outlets has never been more important—indeed it is a critical growth opportunity and differentiator in the industry.

The pursuit of growth is getting more granular. Which requires a more sophisticated, data-driven approach to outlet segmentation and targeting both online and offline. Leaders are now focusing on customer 'segments of one' and marrying multiple data sources (including publicly available external data sets), to create a 360 "genome" view of an outlet and the most important occasions and missions to target.

This allows specific, outlet level targeting of the activations (e.g., the right assortment, price, shelf layout and maximize growth and shopper conversion.

This granular targeting also allows leaders to optimize their outlet service strategy. They are adopting a multi-channel approach to servicing outlets weaving in personal and digital contact to deliver an enhanced customer experience. They are using digital twins to manage transactional activities and implementing voice-enabled commerce and B2B ecommerce platforms. This multi-channel approach frees up precious field resources, allowing increased outlet coverage and/or visit frequency.

It also means more time can be spent on personalized, added value conversations during face-to-face visits and leaders are now enabling their Sales reps with outlet-specific data, insights and next-best-actions. This personalized service can be delivered with no or low marginal cost. Accenture research and analysis shows increased frequency of contact with outlets and level of personalization has a material impact on Sales growth. For example, an alcoholic-beverage company has seen a 20% increase in outlet profitability through personalization and B2B commerce.

Leaders are two times more likely to have embedded granular outlet targeting and servicing.

Growth through data-led outlet targeting and servicing

A global consumer goods company wanted to reactivate the business with small stores by optimizing outlet level range and promotions. Accenture helped them develop an advanced analytics capability to generate new insights from their own data as well as multiple external data sources (e.g., web scraping and social media). The company realized a more than 4% sales increase after this was scaled to automatically provide outlet-specific recommendations for more than two million outlets.

Through enhanced outlet insights, the company was able to reallocate resources across outlets, including targeting new outlets. They also preempted issues by increasing field sales time on low-performing outlets before issues showed up in financial performance.

Customer & Channel Partner Management—Reinventing Engagement

Question: Is Walmart a retailer, a brand owner, a wholesaler, a media and entertainment company, a financial services company, a media agency or a technology platform company?

Retailers are changing fast. They are reinventing themselves and their business models to meet new consumer needs, drive growth and improve profitability. They are creating advanced digital environments to engage with their customers, expanding their offerings and channels and driving digitally enabled execution.

Added to this, retailer data sets and category insights are now often more powerful than those of CPGs, and they are increasingly leveraging them to target their customers. This retail reinvention will upend the existing CPG approach to engaging with customers.

Leading CPGs have recognized this change and are designing a new wave of data and digitally driven services that add value and differentiate their engagement approach. They are marrying data sets with customers to identify new, targeted growth opportunities and then leveraging digital tools like geo-location targeting and precision marketing to drive footfall to stores and traffic to websites.

Leaders are also redesigning their customer teams to add new capabilities and specialisms such as data analytics and insights, digital commerce, experience building and marketing. Indeed, as retailers like Walmart and Target have become advertisers, CPG marketeers are becoming increasingly interested in retailer-specific, targeted communications.

All of this challenges the role of the Customer Manager (KAM)—a role that looks the same today in many Sales organizations as it did in the 1990s. Leaders are looking to transform the role using automation and analytics to streamline non-added value activities, freeing up time to focus on transforming the category experience and driving new ways to create joint value for their customers.

Net net, the reinvention of retailing is requiring a reinvention of the way CPGs engage with customers. A fundamental shift is emerging.

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Growth through reinvented customer engagement

A global personal care company needed to reimagine their approach to engaging with major customers to drive incremental growth. Accenture helped them conduct a detailed review of future customer requirements and developed a new service-based engagement approach that leveraged data partnerships to target shoppers more effectively and build strong category experiences. A new 360-degree customer segmentation model allowed tailoring of the service offering. The client recently rapidly launched this new approach globally, allowing them to reprioritize resource and service allocation in their 2021 planning cycle.

Demand Spaces and Revenue Growth Management (RGM)—“Part of the Day Job”

Many CPGs have invested to understand the most attractive pockets of growth by category and channel. However, the channel coverage does not always include the fastest growing, new emerging opportunities. They have also sought to improve the return on investments by targeting these through RGM.

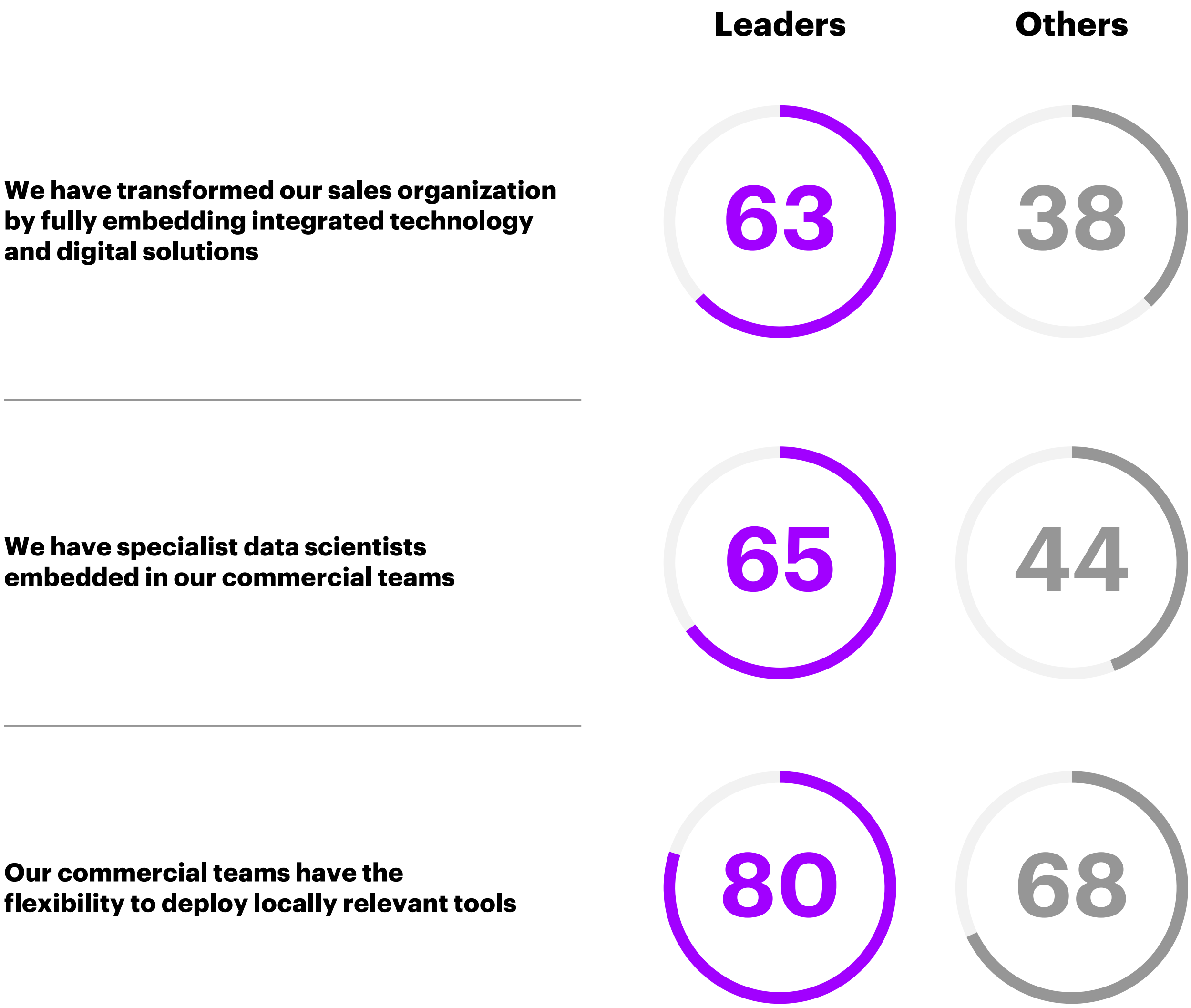
The issue here is that RGM has become a specialism which, in many cases, is separated from day to day Sales processes and teams. Playbooks and analytics have been built for both demand spaces and RGM. Yet manual, labor-intensive data preparation has prevented these capabilities from scaling. When they are scaled teams are still commonly expected to drill into reports and dashboard to identify opportunities themselves rather than have them presented easily as notifications and alerts within their day-to-day work.

Third parties have stepped in, yet point solutions often create duplicative work and narrow insights—not competitive advantage. Designed as use-cases, they are not allowing account teams to easily create a compelling proposition for the customer across all commercial levers.

CPGs have relied traditionally on people interpreting analytics and setting guardrails for Sales teams to plan within. But digital and AI are changing that. Leading CPGs have invested more in building an intelligent, highly automated data foundation to feed analytical models (Figure 2). Recommendations are now surfaced automatically in planning tools, field sales platforms, and B2B commercial platforms—removing judgement and interpretation.

Figure 2: Leaders have embedded data, analytics and digital capabilities

Percentage of respondents who agreed or strongly agreed this capability is embedded across our business.



Source: Accenture Consumer Goods Company Sales Executive research

A deeper view of demand spaces is integrated to drive more personalized actions. A single data model removes duplicate effort and helps build compelling commercial offers across all levers. The result? Understanding demand spaces and RGM is no longer a specialism, but a core part of the Sales day job. While many are still on the journey, leaders expect to reduce manual workload by up to 80% in the next few years and grow revenues by up to 3 – 5%.

Leading CPGs are 50% further advanced in embedding advanced analytics and insight generation into their demand space identification and Revenue Management practices.

Increased profitability through data-led RGM

A global alcoholic beverage company radically changed their approach to RGM to unlock more granular opportunities across channels. Having relied on point analytics solutions for each individual RGM lever that were not connected to their planning and digital Sales systems, the company realized they had to change. They were not able to build compelling joined up plans for customers based on a combined set of changes across RGM levers: there were too many hand-offs to consistently execute recommendations. And their RGM data and analytics lacked differentiation. A robust RGM data foundation was created to feed all applications. Modular, reusable models were tailored for their business that automatically fed recommendations to their planning and digital Sales systems. Trade investments were better focused, recommendations were executed and both customer and brand profitability dramatically improved.

Getting started

COVID-19 has accelerated a pronounced shift in the customer, channel and route-to-market landscape. This is forcing CPGs Sales organizations to rethink the capabilities required to win into the future. A digitally led, data driven transformation of the function is no longer a "nice to have" but is a "must have".

Leaders are transforming the function holistically, pulling all the possible levers to move quickly and at scale. They are evaluating where humans best add value and what "superpowers" technology can give them. Where can digital or machines do routine, executional tasks to free humans to bring more data-led recommendations to customers? How can processes be reimagined? Where can ecosystem collaboration be strengthened? How can routes to market be redesigned to deliver personalized customer experiences?

Leaders are showing the way—now every CPG needs to be a fast follower!

Contact us

MARTIN ADKINS
Managing Director
Accenture Interactive, Consumer Goods

martin.adkins@brandlearning.com

GAVIN PAPE
Managing Director
Accenture Strategy & Consulting, Consumer Goods

gavin.pape@accenture.com

About the Research

The research included 200 CSO participants surveyed online from February 12 to March 5, 2020. The executives are from Europe (38 percent), North America (33 percent), Latin America (15 percent) and Asia Pacific (15 percent). The consumer goods companies' revenues range from $50B (11 percent), $20 – 49.9B (17 percent), $10 – 19.9B (24 percent), $5 – 9.9B (26 percent) and $1 – 4.9B (23 percent). Additionally, qualitative interviews were conducted.

About Accenture

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