INTELLIGENT REVENUE GROWTH FOR B2B

EMBEDDING AI TO REINVENT RELEVANCE

THE POWER OF AI
CONSUMERS AREN’T BUYING THE STATUS QUO

Consumer goods companies are facing new, profound challenges. For incumbents, it is a time of existential crisis. Growth has stagnated.

Consumers are engaging and buying in new ways. Digital disruptors are changing the rules of the game. One thing is certain, future growth doesn’t look like the past.

Growth is declining for legacy leaders
Eighty-six percent of incumbents are averaging revenue compound annual growth rate (CAGR) of <1 percent. Legacy practices—pulling the levers of product, customer, and channels—aren’t reversing the decline.

Liquid expectations are raising the bar
As digital brands proliferate, they are setting higher standards. Consumers expect rich, highly personalized experiences with no friction—regardless of business or brand.

Digital disruptors are stealing category growth
The performance gap between digital disruptors, microbrands, and incumbents is growing. As consumer expectations are increasingly shaped by digitally enabled, direct to consumer (DTC) brands, incumbents’ relevance continues to weaken.

A digital “earthquake” in retail is imminent
Traditional retailers will continue to lose their grip on consumers, as digital disruptors, like Amazon, vie for dominance at the local level.

As a result, consumers are in a constant state of re-appraisal, demanding that businesses remain relevant in every micro-moment between sales and service. As market dynamics are increasingly shaped by digital players and startups who are radically customer centric, incumbents are losing their capacity to attract, engage, and retain customers.
As digital brands proliferate, they are setting higher standards. Consumers expect rich, highly-personalized experiences with no friction—regardless of business or brand.
Incumbents need to navigate a significant rise in complexity in all aspects of their business in order to innovate, incubate, and scale with speed, precision, and predictability. Personalization will require real-time insights and more digital interactions with customers. Customized products will require new manufacturing capabilities. Localization will require many more stock-keeping units (SKUs).

To manage the complexity, they need to become data-driven organizations. They need to gather insights across all functions to identify new opportunities, break silos that produce generic experiences, and enable the workforce to work smarter. They need to unify everything from demand generation, to purchase, to servicing. And, they need to do it in a cost-effective manner to unlock capital for continuous innovation.
Large consumer goods and services (CG&S) brands can learn something from their small, but mighty competitors. Digital disruptors and microbrands are creating new opportunities to grow by getting closer to the customer.

To do so, they focus on individual consumers, customizing products, and adapting to local opportunities. They are:

- **Super-personal in how they interact** – They understand the individual, not a segment, to tailor the portfolio, message, and activation for each and every moment.
- **Super-granular in how they deliver** – They obsessively map the market to localize product and execution, outlet by outlet, aisle by aisle.
- **Intelligent and integrated** – They leverage data to make decisions and unify operations. In the process, they debunk category myths, create new ideas, and create premium customer experiences.

As such, they are reinventing consumer relevance, identifying pockets of growth, and developing new brands, products, and services to fit all needs, occasions, and locations.
Companies will develop a powerful new capability to retain and expand their customer base, reduce costs, differentiate competitively, and drive new growth.

Intelligent technologies, like artificial intelligence (AI) and machine learning, are providing companies with a new capability to harness the power of their data and master this complexity. They can capture and process vast quantities of data with great granularity in real time to meet individual customer needs. AI will enable companies to become hyper-relevant with everything they do. And, it will empower them to identify and deliver on countless new growth opportunities.

THE INTEGRATION OF AI WILL HELP:

Unify across functions and improve performance

- **Diagnose** – AI helps leaders rally around the consumer and drive integrated efficacy by revealing how actions impact key performance indicators (KPIs) across the business, not only within each function.
- **Prescribe** – Algorithmic recommendations have the capacity to “see” beyond interim improvements to predict innovative actions that meet end goals.

Discover new opportunities for growth

- **Understand** – AI will provide granular insights about individual consumers by processing vast sets of structured and unstructured data from 1st and 3rd party sources.
- **Target** – AI helps identify micro-segments and priority demand spaces (e.g. new occasions, category sub-segments, and servicing opportunities) to develop new business models, and optimize product, pricing, promotion, and packaging practices.
**Digitize operations to increase efficiency and unlock working capital**

- **Automate** – AI enables business process redesign by automating most manual, repeatable, and high-volume activities. And, it learns and optimizes over time to drive ongoing improvements.
- **Unlock** – By pushing more activities down to the execution layer, AI drives margin enhancement, and lowers the cost base to unlock capital for funding the digital business.
- **Empower** – Employees can maximize their time and value by delegating executional tasks to AI, and focusing their energy on analytical and strategic initiatives related to innovation, and competitive differentiation.

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**Create 1:1 hyper-relevant experiences within an integrated ecosystem**

- **Sense** – AI’s use of unstructured data (e.g. photos, video, audio, etc.) provides new consumer insights by identifying individual needs based on their context.
- **Comprehend** – Natural language processing will help machines better infer what human communications are intended to convey.
- **Act** – AI creates 1:1 relationships by building experiences in real time, including personalized recommendations, customization, promotions, and value-add services.
- **Learn** – Machine learning enables continuous improvement by understanding and adapting to a consumer’s preferences, intentions, and behaviors across the ecosystem.

Using AI to unify around the consumer and reinvent relevance, companies will develop a powerful new capability to retain and expand their customer base, reduce costs, differentiate competitively, and drive new growth. Furthermore, AI will help them set ever-increasing standards of performance by continuously optimizing interactions and transactions—creating a self-perpetuating path to growth.

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**Explore how Accenture is helping clients reinvent relevance and unlock new growth opportunities.**

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