Kaustubh Rajnish [00:10 - 00:25]: Hi, I'm Kaustubh Rajnish and I lead the topic of Grow Digital Commerce for Consumer Goods at Accenture. And I'm joined by Oliver Wright, who is our industry lead for Consumer Goods and Nevine El-Warraky, who leads our Accenture Song practice for Consumer Goods globally.

Managing Change with a reinvention mindset

Kaustubh Rajnish [00:32 - 00:49]: Our consumer goods industry has been in constant flux for the past two to three years, and that has obviously accelerated massively in terms of consumer behavior, as in digital channels. How do you perceive or recommend large consumer goods companies to manage this change?

Oliver Wright [00:50 - 01:24]: Thanks for having us today, Kaustubh. The key thing that we’re recognizing is that there were some leaders who thought a few years ago that we would go back to calmer waters after the pandemic passed, and we now know that that's absolutely not going to be the case. In a world where we’re seeing the increasing impact of climate change, in the world which we know we characterized by ongoing political instability, in a world where the impact of disruption and the impact of data, technology and the role of science is going to become increasingly prevalent in people's minds, the pace of changes is going to continue to accelerate.

Trends driving change in digital commerce

Kaustubh Rajnish [02:20 – 02:26]: I wanted to bring Nevine a bit in here, in terms of Nevine, what are the big trends that you’re seeing that is driving all of what Oliver was talking about.

Nevine El-Warraky [02:27 – 03:15]: The biggest change we have seen is the emergence of commerce as a real driver of how consumers and customers, engage with brands and services. I think what we know now is that over 94% of all purchases globally, are done digitally.
And even for small businesses, B2B, 85% of transactions are done on some sort of digital channel. So fundamentally, this is an area that will continue to grow, and although post-pandemic, we have seen people go back to store, that doesn’t mean they have come off digital channels. We are just seeing a much more complex environment, with people and when I say people, I mean consumers and customers, interacting both digitally and physically, in a very fluid way. And I think therefore consumer goods companies need to think about how to set up for that in a meaningful way going forward.

The shapeshifting nature of digital channels

Kaustubh Rajnish [03:20 – 03:28]: How do you see the shape shifting nature of these digital commerce channels and which are the ones that you feel are more material or relatively more important than others?

Oliver Wright [03:29 – 04:02]: What we have seen in the last few years is this massive explosion in the range of channels that we’ve got. We’ve created this model called The Fan, it identifies that there are currently 14 different channels for the ways in which product can find its way to consumers or to shape consumer and customer behavior. And with the advent of the metaverse, we see that number of channels just continuing to proliferate. And we have no reason to believe that there won’t be a much larger range of channels in the future.

Enduring profitable growth

Kaustubh Rajnish [04:07 - 04:15]: How are CPGs expected to ensure enduring profitable growth while managing these channels and commerce?

Nevine El-Warraky [04:16 - 04:52]: I think the way we traditionally thought about the functional silos within organization is worth bringing up when we talk about, you know, investment and commerce, because commerce is not just a transactional landscape. Commerce is going to be how we build relationships with the consumers and the customers going forward, so the traditional way we think about budget allocation, the way we think about how internally within the organization, we separate marketing from commerce, from sales, is not going to be the way forward. And I think where we have seen it succeed, it’s important that we rethink how we are going to look at the areas connected to each other.

Oliver Wright [04:52 - 05:48]: And, also just, you know, building on Nevine’s point. The other thing that I think is a trend that needs to be factored into this thinking is what we’ve been calling the movement towards life centricity. So, if we think about the way things were ten, twelve years ago, we would have been thinking about a very clear push of an individual product to a consumer, really quite a straightforward relationship and solving a very simple, simple need. What we’re now seeing is a movement towards understanding, what that broader unmet need is of a consumer and how can we ensure that we’re providing a much more complex range of products and services to be able to meet those consumer needs. But that also brings complexity with it because you’re not, again, just managing individual product relationships, you’re managing suites of products and services and needing to understand the consumer in a much more holistic way than we ever have before.

Nevine El-Warraky [05:49 - 06:18]: The complexity that Oliver is referring to means that the likelihood, of costs accelerating without a clear plan is huge, because fundamentally the fragmentation of the route to market means that you’re having to think about all the logistics and operations that follow. You have to take a step back and understand how can you do this at scale, efficiently, in time. The implications for supply chain manufacturing, for example, so all these things need to be taken into consideration right from the word go.
Six steps for successful digital commerce

Kaustubh Rajnish [06:25 - 06:35] What do you reckon is the five or six things that CPG C-Suite should be doing today to be able to be successful in the digital commerce topic?

Oliver Wright [06:36 – 08:11]: The first of those is very much around understanding how they should participate across those 14 channels, which of those are the most relevant to them and ensuring that they are aligned as a team around those. Because what we're finding when we talk to teams is that what emerges is that that some of those channels, particularly ones like social commerce, the ones that have been less address than they need to be. Second thing then is actually being able to effectively manage the engagement with customers and consumers across those channels because a lot of them were established in silos.

And what that creates is quite a fragmented level of consumer and customer experience maintaining that consistency. And then the third thing underpinning that is that there is the actual management of the enabling capabilities for those, get shared across those different channels because in the same way that they've been created in silos, that often means that there are the recreation of similar sorts of capabilities to support those.

So things like having understanding of pricing, having common views of, actual brand information, understanding of customers, understanding of consumers, etc., those are all assets that are common across all of these channels. And so, what we're suggesting is that we create mechanisms to be able to share those assets in a much more unified way with technology, so that we can manage the costs of these channels and the development of future channels in a way that's actually going to maintain the right level of margins in the industry. So those are three I would call out in the first instance.

Nevine El-Warraky [08:12 – 09:27]: And I would say that once you have the unified platform that you're operating on, you'll be able to have a proper data foundation, allow yourself to have the analytics to drive insight out of internal and external data. And as sustainability and ESG measures become more important in the future, allow you to even monitor and track over time. So having the right data foundation is absolutely critical and the platforms, unified platforms, allow you to do that.

Now, the other thing I think is quite important is commerce operations. As the number of channels increase, so does complexity, and it's important that you set up a sort of a streamlined commerce operations that allows you to deliver in time and connect to supply chain manufacture in a meaningful way, without the margin erosion that we might see otherwise. And then lastly, very importantly, is rethinking the operating model, because most consumer goods companies have functional silos between marketing, commerce, sales and even insights and thinking around this fluid journey for the consumer and the customer that we've talked about previously, we think about how the wiring needs to work internally to allow this real time and sort of inside development into action going forward.

Kaustubh Rajnish [09:28 - 09:40]: On that note, I wanted to thank Oliver, Naveen, for this wonderful, interesting chat. There's obviously a topic in constant flux and we'll see you soon in another conversation. Watch this space. Thank you.

Nevine El-Warraky [09:40 - 09:40]: Thank you.