![LTIMindtree logo]

Jumpstart Your Direct to Consumer Journey in Four Weeks

For the last couple of months, we all are experiencing unprecedented disruptions. Customer buying patterns have transformed almost overnight. As digital channels become the dominant norm, digital commerce, and service capability-development are key to realize revenue, retain customers, and ensure business continuity.

As customers and businesses shift behaviors and operations to a digital-only paradigm, some telling trends are rapidly emerging and leaving your business in either one or both categories.

• **Facing a surge:** Essential products struggle to keep up with demand and are placing extreme pressures on the supply chain e.g. online grocery sales in USA have grown 2x, and 1.3x in the UK during the recent months according to Adobe Digital Index.

• **Need to quickly rewire:** Previous eCommerce laggards like grocery have been thrust into the mainstream, fast and dependable local delivery is commonplace – from the local deli to new entrants like Costco and Publix, who have made the transition to home delivery at scale in a matter of days. We are also on a similar journey to help our customers jump-start a Direct to Consumer (DTC) website in less than four weeks.

Recent statistics shows that in just the last couple of weeks, the online orders have surged extremely for packaged goods such as   online orders in the US have increased by **56%,** and the online sales in UK crossed **22%** last month.

While some brands are scrambling to understand the disrupted customer behavior, there are other brands who are making it to the news because of their growing sales online. Such as:

- **Nike's** online sales grew by **36%** in the last quarter and they also reported an extraordinary growth in the usage of their fitness apps *(here)*

- **Nestle** reported an eCommerce sales growth of **29%** in the first quarter due to more people working from home nowadays *(here)*

- **L'Oréal** reported that their eCommerce division is growing at **52%** and now represents close to **20%** of sales which includes sales through their own brand websites, plus sales via retailers' websites *(here)*

- **Levi's** sales rose by **5%** in the first quarter powered by its direct-to-customer online business. *(here)*

A survey conducted by Morning Consult exhibited that more than 24% of customers said they won't feel safe in stepping out to go to stores, shopping malls, etc. for at least six months. So, for businesses who haven't thought about online commerce yet – it's time to start this journey as quickly as possible.

To adapt to this changing environment & behavior, companies must make fundamental changes in their approach to Digital.

i) Rethink and Revise Your Digital Strategy.

Most companies today are selling via retailers/distributors or through marketplace, and , therefore , have no insights into their customers' profiles and buying habits. Hence, companies are unable to target the customer directly or improve their basket size. The solution is to opt for new channels to reach out to the customers, and invest in new channels such as:

a. *Direct to Consumer (D2C) channel:* It provides you with an opportunity to know your customer better, get direct access to your customer data, offer personalized content, test new promotions, bundles, and empower customers to provide feedback directly through this channel. It will help with brand building, brand awareness and as a result you will gain brand ambassadors and most importantly customer loyalty.

b. *Conversational Commerce :* With all the stores closed its important for retailers & brands to provide new levels of guidance to make online shopping easier. Conversational commerce enables you to be available for your customers 24x7, and help customers search and navigate products very easily. Brands who have implemented conversational commerce witnessed a spike in the number of customers engaging per day and also **~50%** increase in conversational traffic in just a couple of months.
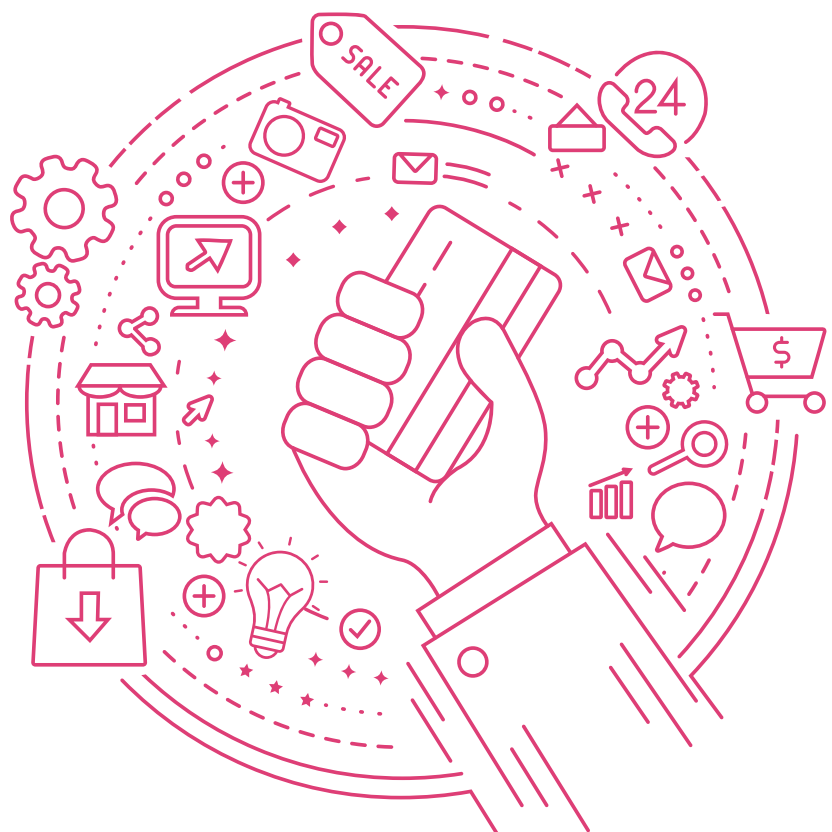
ii) Know your end customer better

One customer equals one profile. It might sound irrelevant or unrealistic to some companies, but this pandemic would most-certainly leave behind few attitudinal shifts (esp. among young people) and some buying behavior changes. So, companies need to start thinking of how to engage with the customers beyond just a sale. Such as:

a. Invest into innovative ideas and try to keep your customers engaged on a daily basis via contests, such as Lego Ideas - a Lego web shop where you can submit your Lego design and ideas which get voted on by the community and winners are announced every week. Now, it might sound simple, but not many companies are investing in building a day-to-day engagement channel for the customers today.

b. Allow flexibility with subscriptions, let your customer update and modify the subscription bundle as and when they want. This will help you reduce the overall percentage of subscription cancellations.

c. Improve customer experience with better recommendations based on past order history, cross-sell and upsell etc. All these small functionalities lead to enriched buying experience and adds to customer satisfaction.

iii) Relook at the Supply Chain

One of the areas hit hardest is the supply chain – both on the supply-side and demand-side. The key to maintain value to the customer is on-quality and on-time delivery. So, companies need to relook at the supply chain and tighten all the weak points quickly.

a. *Realign your supply network:* COVID-19 has clearly put businesses at risk. Particularly, ones with high dependency on one geography - for instance China for supply of goods, raw materials etc. It might have been a cost-exective move from procurement perspective, but now it's high time for companies to re-evaluate their supplier network. A good starting point could be to look for alternate suppliers nearshore. Another, long-term plan could be to create a transparent multi-tier supplier network such as tier one suppliers, tier two supplier etc. as a contingency. This will require a very exhaustive risk assessment and mapping of suppliers based on location, business impact etc. but it will help companies to be prepared and avoid closing of manufacturing units/plants in the future.

b. *Demand planning:* To make sure you can fulfil customer demand for essential products continuously and not run 'out of stock', it is important to know the realistic end-customer demand in order to estimate inventory. So, companies need to work with the sales and operations planning team to get fair estimate of actual demand and optimize the production accordingly.

This will enable companies to run plants at reduced capacity with limited workforce and yet be able to fulfil end-customer necessities.

c. Order fulfilment: Improvise the order fulfilment process by narrowing the gaps in logistics capacity.

A very simple way is to run a stress test and look at the current fulfilment model, such as location of your warehouses, transportation time, frequency of replenishment of store inventory, additional time and cost incurred to move stock from one warehouse to another if needed etc. These simple exercises will help you understand the minor as well as major issues in the fulfilment process which in turn delays 'home delivery' or even 'click and collect' of orders. Recently, Walmart US announced express delivery service to deliver orders to customers' doorsteps in less than two hours' time, using their stores as mini warehouses.

So, we can start with minor provisions such as realistic demand planning, addition of people to order preparation and order delivery team etc. to make sure customers don't have to wait for weeks to get their groceries. If you fail to fix these gaps quickly and be available to fulfil customer demands, they will switch to competitor brands.

Below is LTIMindtree's framework to help build a D2C website in less than four weeks

Launch a website in <4 weeks

Understand the focus area, requirements and envision the solution for MVP

½ or 1 day workshop

2 to 4 weeks

4 to 8 weeks

Scale (as required)

Virtual design thinking workshop

- Elaborate the business case and requirements
- Select the right technology and platform
- Finalize the high level architecture
- Finalize the scope for MVP
- Address security & authentication aspects
- Design & Implement the solution

Customize

Customize and improve the solution based on the learnings

Scale up the solution to handle more use cases or volumes

A high-level plan to launch website in < 4 weeks' time

Here are the five major milestones to launch a website in four weeks' timeframe.

02
Technology stack & high-level architecture decision

1. eCommerce platform decision (such as Shopify, BigCommerce etc.)

2 Required system integrations (Product Information Management - PIM, Pricing Information, Product Imagery, Payment Integrations, Shipping Provider etc.)

3. External Integrations such as ERP systems (Order Export/Import, Inventory Information)

4. Strategy for data and content migration if **required**

01
Define a roadmap & what you want to achieve in near future

1. High-level vision of business and target customers

2. What is the business case, problem statement and expectations?

3. Budget

4. Timeline

03
Design and implement the solution to launch the website

1. Finalize the scope and design for the MVP

2. Identify the major milestones

3. Resource planning

4. Finalize prerequisites for project kick-off such as software and platform licensing

5. Project kick -off

6. Follow short iterative development cycles with regular feedback from business

04
Launch website

1. Soft launch website to controlled customer base

2. Gather customer feedback and work on critical brand impacting issues

3. Launch website

05
Enhance and maintain

1. Add new features and capabilities in smaller iterations

2. Test and Learn (A/B Testing)

So, what's next on your list?

In this new normal , digital-only paradigm, CPG companies need to rethink their digital strategy through innovation, customer relations, and alternate operating models. Prioritize customers at the epicenter of operations and align customer acquisition and retention strategies around it.

If you are responsible for sales in a CPG company, now is the time to focus on your eCommerce strategy, capabilities, skills, and partnerships as the #1 item on your shopping list. Reach out to us at *info@ltimindtree.com* to jumpstart your direct to consumer journey today!

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