



Adopting B2C Principles to Maximize B2B Revenue



Abstract

The benefit of leveraging best practices of B2C is a natural progression in the evolution of CPG enterprises as they seek to digitally transact with trade suppliers and monetize the relationship.

The digital shift across the retail and consumer packaged goods (CPG) industries presents contrasting pictures. While the retail industry has been transformed with a business-to-consumer (B2C) thrust via e-commerce, the CPG industry has been slow to adopt digital technology to reinforce the business-to-business (B2B) model.

Our experience and anecdotal evidence suggest that B2B presents a business case to reinvigorate the CPG industry with a digital approach to interaction and commerce on the lines of B2C. We are proposing a B2C-like model of engagement with trade suppliers that takes a leaf out of the well understood and ever-innovating B2C playbook.

CPG companies should forge a direct relationship with the network of distributors and trade suppliers as it deepens the engagement, cultivates loyalty, and maximizes commerce. These types of engagements will provide a more viable business model since the stakeholders and constituents who manage B2B partnerships are digital natives who are familiar with e-commerce in a B2C context.

Let us evaluate how the B2C-like B2B model can maximize value across business functions to boost productivity and increase profitability for CPG enterprises. Let us call this Digital D2B (Direct to Business)!

e-CRM

Digital D2B as a business catalyst to create a personalized customer experience for trade suppliers and increase their customer lifetime value (CLV) by leveraging customer relationship management (CRM). No two trade suppliers are similar in terms of business needs and market dynamics. A nuanced analysis of the trade supplier's interaction (phone and e-mail) and transactions (historical sales and purchase trends) with the CPG major provides business intelligence to shape a bespoke experience.

CRM sets the business context for CPG enterprises to engage and transact with the trade supplier community. A CPG company can segment this customer universe into silver, gold, and platinum customers. You can use these customer personas and serve customers better by distilling business insights about their unique needs and preferences. An intimate understanding of customer dynamics allows the CPG company to retain high value customers and cultivate loyalty. You can drive loyalty management by exploring several rewards-linked schemes, such as reward points to be redeemed, or discounted pricing on achieving sales milestones.

Demand forecasting

Digital D2B to serve as an all-weather demand and sales forecasting approach for CPG enterprises. Trade suppliers either maintain purchase order records manually or in data silos. Limited visibility into order history and events such as seasonality of products or promotions inhibit the ability of distributors to forecast demand and predict sales. The business imperative: a single source of truth that serves as the foundation for accurate demand and sales forecasting.

Data science offers a rounded view of purchase order history and accounts for variations in demand by incorporating events that influence demand across business cycles. For instance, historical demand during a festival period can help predict demand for alcohol brands, while past demand during peak summer can gauge demand for sun screen and sun block brands more accurately. A holistic view of past sales data offers insights into future sales, which is crucial for demand generation at a CPG enterprise level, and sales and operations planning for trade suppliers.

Inventory management

Digital D2B can be the vital cog in the supply chain ecosystem that provides a 360-degree view of inventory movement between the CPG company and trade supplier as well as trade supplier and retailers. Real-time updates about inventory status provide trade suppliers with information to make timely and informed decisions to optimize inventory. Significantly, it facilitates a leaner supply chain, enhances organizational efficiencies, and boosts profitability.

Idle inventory can be detrimental to business for trade suppliers. Better visibility into inventory status can free up capital as well as warehousing real estate. For instance, dynamic and uncertain demand for fast-moving consumer goods that are perishable in nature can be mitigated with alerts as products reach their expiry dates. Similarly, inventory profiling can provide recommendations to pair inventory of products with complementary products for bundled promotions.

Sales and promotion

Digital D2B offers a level playing field for distributors and trade suppliers to execute accelerated sales promotions across online, offline, and below the line media. A robust digital asset management (DAM) system offers a repository of product information and brand imagery that can be accessed anytime, anywhere for promotional campaigns. It empowers trade suppliers with high-resolution digital imagery, product reviews and comparisons, and product videos and commercials. You

can localize global content, access it in diverse formats, repurpose it and make optimal use of digital resources to plan and implement effective promotions.

A consolidated source not only offers you visibility into content that can be used across media, but also provides access to brand campaigns around the world. It offers insights into how a global brand message can be localized and made relevant to different cultures across regions. It is imperative to share best practices in advertising and promotion

with the trade community for a consistent brand experience, since end consumers are exposed to diverse media channels. Rich content from one source maximizes effectiveness as well as return on advertising expenditure.

The CPG industry needs to embark on a digital transformation to sustain its competitiveness and maximize profitability. A Digital D2B approach on the lines of the B2C engagement model of the retail industry unleashes business opportunities for CPG enterprises.

Nia

Nia is our artificial intelligence (AI) platform that aggregates organizational data from people, processes, and systems into a self-learning knowledge base and automates business and IT processes. Cognitive technologies mine data for rich insights into 'path to purchase' and contextual information for targeted marketing campaigns.

TradeEdge

TradeEdge is our insights-driven sales platform to drive profitable growth. It offers CPG executives actionable intelligence across the distribution chain. Our platform, delivered on the cloud and available on mobile devices, integrates with the distributor ecosystem, improves retail execution, and facilitates entry into new markets.





For more information, contact askus@infosys.com



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