Transform Customer Engagement with Deeper Insights

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Executive Summary

Addressing Elevated Expectations Across the Value Chain

The consumer goods industry is changing at an exponential pace. Empowered, digitally fluent consumers expect personalized, connected experiences across each buying journey. Likewise, the consumer goods employees serving them want digital-first tools to provide seamless brand experiences.

IDC offers the following recommendations for building agility to anticipate and address the expectations of B2B customers and their empowered consumers:

- Innovate customer experiences across channels to generate revenue and increase loyalty
- Digitally transform key business processes to serve current and future customers
- Associate inferred product selection or combinations against consumer patterns for stronger forecasts
- Achieve operational efficiencies by implementing transformative technologies
- Improve sourcing processes and relationships to satisfy consumer demand, increase agility, and decrease response time
How Well Do You Know Your Customers?

Market-leading consumer goods companies determine and leverage what they know -- and what they can learn — about their customers. They then transform the data into actionable customer insights that fuel satisfaction.

Building deeper loyalty requires a greater understanding of the forces underlying customer behaviors. Manufacturers, wholesalers, and retailers note that these behaviors are changing the way they work.

**IDC survey respondents ranked the top business drivers of supply chain change:**

- Growth
- Selling directly to the consumer
- Competition
- Lack of innovation
- Retaining customers

(Source: IDC Supply Chain Survey, March 2018; n=66 Brand Oriented Value Chains)
Turn Great Products into Great Consumer Experiences

Building a single, holistic view of a customer requires an intelligent system of engagement across the path to purchase. That creates agility to pivot in real time if that is what the data is suggesting.

**Transformation of the path to purchase focuses on:**

- Differentiating the customer experience through personalization
- Driving extreme operational efficiency, speed, agility, and effectiveness
- Increasing visibility and insights into consumer preferences and shopping habit shifts
- Improving agility to predict market shifts
- Building stronger, more collaborative relationships with retailers, wholesalers, and distributors to win the consumer
Your Data Determines Your Destiny

Organizations seldom complain about having too little data. More often they are unsure of how best to harness the tremendous wealth of data available to create new experiences for consumers. That’s the opportunity at the heart of digital transformation.

By analyzing and redesigning the path to purchase processes, organizations can seamlessly blend the digital and physical to best serve the modern consumer — a constantly shifting target.

**Things to remember**
- Transformation is not an incremental upgrade
- Technology enables smart actions and interactions
- Look to the future to define where you need to be
- Anticipate customer needs across channels
Use Insights to Blend Digital and Physical Consumer Experiences

As customers demand better service, price, and convenience, the digital platform for modern engagement has a three-pronged mission: reducing costs, improving service, and increasing productivity. This is made possible by the quality of available data that can be captured and analyzed at a granular level. Analytics can bring this data to an intelligent format through artificial intelligence.

Benefits of best-in-class analytics capability:

- Reduced costs
- Improved service level
- Improved productivity
- Improved business planning
- Increased visibility/traceability
- Increased agility

Source: IDC Supply Chain Survey, March 2018, n=393
The Magic Is in How Wisely You Use the Data

Data is beneficial in strategizing next best steps. Without actionable takeaways, however, it holds little value.

Synthesize the date available to cater to consumer expectations and anticipate wants and needs:

- Translate demographic patterns into promotional offerings (geography, household size, and past preferences)
- Create personalized product journey experiences that are “sticky”
- Extract product association inferences and utilize data for cross-sell and up-sell opportunities
- Connect loyalty information to web presence and purchase history
Connect to Unknown Consumers with Contextual Insights

While there will be consumers who do not explicitly have tracking mechanisms (i.e., loyalty memberships), there are context clues that can trigger events in-store or online to provide offers to capture return sales.
Use the Modern Feedback Loop to Map Consumer Insights to Planning Processes

A connected consumer goods experience delivers smarter, more personalized service:

Real-time social sentiment flows through feeds. Social listening — what your audience is saying about you and others in the market — yields actionable data and responses.

Visibility to operational data exists. What’s in highest demand and when? Real-time inventory is crucial to workflow optimization.

A 360-degree view of customer emerges. A holistic understanding fuels segmentation, predictive analytics, and promotion planning to deliver on customers’ preferences.

Internet of Things devices relay pause and selection information in-store. This continuous stream of data holds significant predictive potential.
More than Half of Surveyed Companies are Evaluating or Buying a New Supply Chain Solution

Insights gathered and analyzed via the modern feedback loop are crucial to transforming the consumer goods supply chain. When companies can better dissect information about their consumer base, they can better plan and anticipate inventory that will speak to that consumer. Forecasting and planning are the primary beneficiaries of such integrated analytics.
Gain Buy-In to Drive Transformation Now

Once there’s shared understanding about the benefits of a transformed path to purchase, creating a case for urgency requires that the team:

• Identify an executive sponsor who recognizes the importance of this initiative
• Benchmark the business against past performance and competitors, if possible
• Identify the escalating risks of inaction and address them
• Align LOB and IT to understand the initiative’s importance and implications

All of this plays out in a landscape of continued industry disruption, hyper-competitiveness, and strained IT budgets. Transformation requires leadership to explore new business, risk, and return metrics; reallocation of funding; and a more assertive use of data analytics.

Other trends reshaping the consumer goods industry include:

• Increased globalization, competition, collaboration, and complexity across segments
• Shifting consumer tastes, loyalties, and spending priorities
• Consumerization of technologies and realization of real-time, data-driven business
IDC offers the following recommendations for building the agility to anticipate and address consumer expectations:

- Innovate customer experiences across channels to generate revenue and increase loyalty rates through data-driven decisions
- Digitally transform path to purchase processes to serve the customer of today and the future by blending digital and physical experiences
- Associate inferred product selection or combinations against consumer patterns in the data for stronger future forecasts and learnings
- Pursue operational efficiencies by implementing modern technologies
- Improve sourcing processes and relationships to satisfy consumer demand, increase agility, and decrease response time
Methodology

The data presented in this InfoBrief comes from several of IDC’s global, web-based surveys, including:

- IDC Supply Chain Survey, March 2018; n= 502
- IDC Global IoT Decision Maker Survey, August 2016; global retail n=824
- IDC Global IT & Communications Survey, May 2016; n=241