

Becoming an Insight-Driven Business: the Journey for Consumer Products and Retail Companies



Capgemini partners with consumer goods and retail players as they embrace an increasingly data- and insight-driven world via digital approaches. Adopters of these strategies are achieving competitive differentiation and improving their return on investment, across everything from media spends to trade promotions, and discounts to manufacturing assets.

The Digital Era: driven by Data, informed by Insights

The consumer products and retail world is being turned upside down, with new 'paths to purchase', different ways of engaging with consumers, redefined roles for stores and brands, new approaches to assortments, consumer-driven supply chains, and dynamic networks of collaborating trading partners.

We're all aware of the underlying trends: empowerment of consumers, an increasing pace of change in our lives, the growing amount of time we devote to social media, our greater reliance on these channels for information and advice that would once have come from brand owners, the immense trail of data that we now leave behind us...

Trends like these present valuable opportunities to learn from and build intimacy with customers. But they also bring new challenges for all parts of the organization, from sales to supply chain and to IT.

Companies are struggling to improve business with Insights

Generating insights from vast amounts of data is only part of the challenge; embedding them into better business decisions is where value delivery begins. However, new research¹ shows that it's not easy to achieve.

As a consumer product or retail (CPR) company, you enjoy considerable insight into your product, channel profitability, and sales data. However, legacy business intelligence systems often struggle to extract all the insights available from internal data, let alone tap into new sources. These systems were designed for a world where marketing activities were planned months ahead; now, digital channels have made marketing into a dynamic organism that changes by the second.

At one time, Big Data technologies were hailed as the answer. However, many Big Data initiatives have failed to deliver what companies need, mainly because they're limited to small experimental projects that never get scaled up for enterprise use, or joined up into a serviceable whole². Often, too, brand and local teams get impatient and resort to 'shadow IT', buying data, insights and solutions that meet only their own specific and temporary needs.

Insight-driven capabilities as competitive advantage

Capgemini's view is that insights generated by this flood of data will be the most effective driver of business competitiveness in the near future. However, to get the insights in a cost-effective and timely manner, companies need a different approach. They must confront market changes head on – recognizing, for example, that social platforms such as Facebook and Twitter are more important to consumers than the information channels companies control themselves.

To illustrate: a business may find that its emails and brochures increasingly end up in junk files and garbage bins, while consumers are congregating in their own online spaces to discuss or develop innovative ways of using its products. Add to this that social is going increasingly 'dark', taking place on private apps, and there will be no way to track where the conversation is going.

Understanding and influencing human behavior is always stimulating and often difficult. Understanding shopper/consumer/citizen behavior, based only on what people like, tweet or say they will do, under various channels and environmental factors, can be significantly different from what they actually end up doing (as proved in the recent US elections). Therefore, closing the loop between self-reported information with the actual 'vote' at the point-of-sale, with real money, as much and as fast as possible, is competitively valuable.

Capgemini can help your company engage with these new 'consumer-driven value networks' by understanding and getting involved with the platforms where users congregate. That way, you can regain the ability to participate in, and perhaps even shape the discussions.

Doing this requires not just new analytics tools but also a change to your operating model, working practices, skills and culture. You need to be able to learn about the consumer from one minute to the next, and make appropriate adjustments to what you're doing, including changing content 'on the fly'. Your teams will need to work in a whole new way – an extremely collaborative and dynamic one.

¹ Capgemini: "Consumer Insights: Finding and Guarding the Treasure Trove", July 2016

² Capgemini & Informatica Research: Big Data Payoff: Turning Big Data into Business Value, June 2016

Build an Insight-driven Business to drive Value

Our goal is to help CPR companies accelerate their journey towards becoming an insight-driven business. This is not a narrow point-solution, but a practice-proven approach that brings together business, data, analytical tooling and technology platforms, in small iterative steps while, in parallel, working towards the end game.

Our proposition provides a growth-path to an industrialized and scalable capability. We can quickly demonstrate value, and enable fast and appropriate decisions and agile fact-based operations, with the sole objective of measurably changing and improving the business.

Capgemini takes a 3-step approach: 1. Demonstrating value; 2. Scaling capability; 3. Growing the Insight-driven Business, all using our ‘Demonstrate Business Value NOW!’ framework (see Figure 1). This approach packages these 3 incremental phases together with 3 streams that reinforce each other:

- **We ‘factivate’ the business (‘activate with facts’):** Our 12-week analytics hothousing approach identifies potential business value. It is focused on embedding analytics into

core processes and your people’s work by understanding your business personas, with T-shaped teams that are up-skilled on advanced data science and analytics;

- **We ‘animate’ the required data, platform and advanced analytical tooling:** While we are agnostic with a differentiating experience in most popular industry tools and technologies, our Consumer Business Data Lake provides a cloud-powered Big Data & Insights service, to bring together all relevant data (internal and external data, structured and unstructured) to deliver real-time insights at ‘the point of action’;
- **We ‘operate’ the organization by building enduring capabilities and benefits:** Our catalog of insight-services (via playbooks and service-sheets) ensures consistent and scalable services-led delivery. We orchestrate for open innovation and industrialization. A hybrid funding model (both capex and opex, mix of subscription, ‘pay-as-you-go’ and custom-flex) is available and we manage an ecosystem of advanced analytical solution providers.

This is an end-to-end approach that combines bespoke business solutions and industrialized IT solutions, while taking into account the cultural aspects of moving data into the heart of decision-making.

Figure 1: A typical Business Value Now! Journey



Case Study: Insight-driven business in action at a global CP company

This global consumer goods company wanted to build a scalable capability to engage direct with end-consumers worldwide, in a meaningful, relevant dialogue.

In just 12 weeks, Capgemini developed a range of data, technology and analytical service capabilities that allowed the company to leverage multiple data sources and Big Data in order to answer a wide range of business questions. A successful Proof of Value (POV) led to the setting up of a network of Consumer Insights Centers across the globe – co-located with the client’s marketing and sales teams.

These Centers operate industrialized versions of the POV, providing Marketing teams with immediate and real-time insights, leading to a deeper understanding of the end consumer. This helps target budgets and messaging more effectively - where they actually influence customer attitudes and behavior; conventional metrics, such as brand equity or ROI, are also now based on real-time data.

Typical benefits include:

- **Consumer understanding:** segments, communities, interests, personas, lifestyles, influencers, purchase and loyalty preferences, geographical nuances;
- **Engagement effectiveness:** campaign analysis, real-time content creation and course correction, channel preference, media buying, search optimization, digital ROI, NPD analysis;
- **Market strategy:** brand and category analysis and strategy, opportunity scouting, community influence;
- **Event responsiveness:** leveraging planned and unplanned external ‘events’, responding to ad hoc PR opportunities or crises.



The Benefits of becoming an Insight-driven Business

Our clients have experienced significant measurable benefits, such as over 6% net increase in sales with higher margins, 100% improvement in campaign engagement, 10%+ ROI on promotions and up to 15% reduction in inventory; see Figure 2.

With our help, you can use our insights service to:

- Build outstanding customer and consumer experiences - engaging effectively across multiple channels such as consumer-driven value networks;
- Generate significant cost savings – through scalable industrialized business insights development, with Rightshore® and usage-based pricing and unparalleled flexibility and security;
- Increase productivity and performance - enabling staff to work more effectively so that marketers can optimize their media/advertising activity and content in real-time;
- Balance consumer choice and personalization against privacy requirements - dealing fairly with customers and avoiding stiff penalties for data breaches;
- Achieve the appropriate balance of investment - in product mix, store promotions or wider trade activities;
- Keep your finger on the pulse of innovation – to remain efficient, agile and aware of emerging trends.

Our CPR Insight-driven Business Solutions

Three key services are at the heart of this journey and can be executed stand alone or in combination. Our starting point to identify potential business value is our 2-week Agile Analytics Hothouse approach.

Insight-driven Marketing: Consumer power and their relationship with social and mobile continues to challenge the CMOs and their teams, resulting in dilution in MROI, risky launches, missed trends and exhausted teams. Our core expertise credibly pulls together the right data and insight to drive timely and targeted marketing activity to counter fragmentation of effort, and grow MROI.

Insight-driven Sales: Margins have come under enormous pressure from an evolving trade landscape, and rising consumer expectations. Internally the complexity of fragmented data as well as SKU proliferation means optimizing the cost to serve is not straightforward. Our solution uses real experience to better exploit and control the insights from sales and trade data, to ignite commercial ROI and better align time-short teams with value.

Figure 2: An example of how Capgemini’s Demonstrate Business Value NOW! Approach can help meet typical Shareholder Value objectives

SHAREHOLDER VALUE Example Objectives	Example KPIs	
+3% to 9% Net Incremental Sales	+5-15% Attributable growth -10-25% Spend with same Shopper results +40-250% ROI on media spend -30% on data and research bill	Insight-driven Marketing
-10 to 30% Reduced Costs	+3-9% Net Sales Growth -10-50% Trade Promotions ROI or same sales with 10-25% less Trade spent -5-10 points Reduction in Out-of-Shelf	Insight-driven Sales
10% Improved Working Capital	- 10-15% Reduction in Inventory carrying Costs ~90% Demand Forecast accuracy -20-60% labour Costs +2-10% Gross profits	Insight-driven Supply Chain

Insight-driven Supply Chain: A key challenge in the network of supply chains is the inconsistent ability to identify, collect, structure, cleanse and harmonize multiple external data sources. Our solution creates the discipline and cloud-based platform for advanced analytics to turn these data sources into predictive and actionable insights and deliver tangible supply chain improvements. This means understanding which products are really wanted, where customers want to transact, and predicting when those transactions will take place.

Our portfolio of CPR Insight-driven enabling Offers

Underpinning our approach are three key specific supporting services, based on leading technologies and frameworks, proven tools and accelerators. An 8-week accelerated decision-making diagnostic - Data WARP - kick starts the process.

NextGen Business Insights Service Center (BISC): A framework for industrializing business insights, it anticipates your needs for timely, accurate insights, faster time-to-market and profitable growth. A scalable, flexible, high-performance model that aligns business and IT, it delivers real-time insights and analytics, with reduced costs and enhanced efficiency, quality and business satisfaction;

Master Data Management (MDM): Tailor-made, 'out-of-the-box' MDM and Product Information Management capabilities that help clients offer best-in-class experience to their customers through an omni-channel view of customer, location and product. Our solution balances market requirement for customer centricity and personalization, while ensuring regulatory compliance, avoiding penalties for data breaches, and protecting the brand;

Insights-as-a-Service Platform: The 'new normal' for Big Data and analytics platforms, our full-stack solution helps clients bring all the relevant data together in one place. Using NextGen cloud infrastructure, business data lakes, and pre-built lab environments, this solution generates real differentiated business value.

Start small, grow fast, and scale big

Our approach is to start small and then build new capability, using iterative and agile techniques. We always focus on delivering business value – so you get early proofs of concept that you can actually use. What differentiates this approach from what you may have experienced so far is that we can help you scale up the solutions to serve your whole organization, and plan the modifications you'll need to make to culture, capabilities and so on.

It sounds like a lot of change, but it's manageable using our 7 Guiding Principles, helping you at each step of your journey to:

- Build an integrated, comprehensive insights capability, by aggregating and exploiting all kinds of data
- Design an operating model that allows you to act on your new insights
- Develop the necessary skills and working practices
- Democratize analytics, making them user-friendly and accessible so that anyone, whatever their level of technical knowledge, can exploit your data to the full, and
- Create a culture characterized by a passion for insights-driven decisions.

Capgemini's 7 Guiding Principles for becoming an Insight-driven Consumer Products or Retail organization

1. Embark on the journey to insights within your business and technology context
2. Enable your data landscape for the flood coming from connected people and things
3. Master governance, security and privacy of your data assets
4. Develop an enterprise data science culture
5. Unleash data and insights-as-a-service
6. Make insight-driven value a crucial business KPI
7. Empower your people with insights at the point of action

We also provide guidance on choosing specific technologies with a range of proven tools and approaches to draw on, including:

- Access to industrialized consumer business data solutions to reduce IT investment
- Reference framework and materials to help you select and build your own technologies
- A catalog of analytics and insights for accelerating the creation of value
- A 'Lab in the cloud' where you can experiment, hypothesize and simulate.

Working with Capgemini is different

Our Business Value NOW! Approach demonstrates value from Day One with our focus on services-led delivery and a commitment to drive business results, working as one team with you. Other ways in which we believe we deliver a superior outcome:

- **Accelerated deployment of Insights:** we can achieve rapid execution through our pre-built industry solutions and innovation labs; so for example it can take only a matter of days to introduce social campaign optimization;
- **A flexible commercial model:** you can choose how your insights are delivered, from an in-house center of excellence, to a pay-as-you-go insights-as-a-service facility delivered by Capgemini;
- **Global sector credentials:** our approach is practice-proven, so you can benefit from the lessons we've learned and best practices and partnerships we've developed. As one FMCG CMO commented: "you really know how to embed this in Marketing";
- **An end-to-end Solution Framework:** unlike most SIs, our integrated approach pulls together experience, expertise and accelerators, to work across commercial supply chain processes and trading partners;
- **In-built Elasticity:** our framework is highly modular (from ad hoc to recurring requests), using a service catalog model with multi-delivery options, all meeting the most stringent security requirements.

How to get started

Starting this journey towards becoming an insight-driven business can be surprisingly fast:

- For business-led initiatives, using our Agile Analytics Hothouse approach in just 12 weeks, you can prove the value in real life based on concrete business challenges;
- For enabling initiatives, you can leverage our Data WARP 8-week accelerated decision-making diagnostic.

Or we can work with you to develop your digital strategy and thinking in more detail, before you embark on the change.

Not Theory but Practice - our Client Successes



Insight-driven Retail at leading global convenience retailer: Capgemini improved the sales of a global Convenience Retailer by 8% with higher margins. We focused on Retail Analytics 4Ps processes including store segmentation, out-of-shelf identification and reduction, assortment optimization, planogram development, strategic pricing and promotion optimization. We are providing end-to-end value creation with program strategy, program and change management, retailer and merchandiser compliance, data management, end user management and training, and on-going category analytics and insights services.



Insight-driven Consumer Goods at a major global CP company: We provided integrated marketing, customer service, and loyalty program analytics to help it personalize communications to customers better. We also helped define global standard processes and a framework for managing customer information, and created a central repository that provided a 360-degree view of customers globally.

Find out more:

Interested in this digital transformation journey? Contact us to arrange a half-day or one-day workshop that will ignite your journey and, more importantly, your stakeholders' enthusiasm for the way forward!

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About Capgemini

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