

**KANTAR CONSULTING**

# DIGITAL TRANSFORMATION:

## HOW TO LEAD A REVOLUTION IN THE WORLD OF BIG CPG

REID GREENBERG  
EVP DIGITAL & ECOMMERCE, KANTAR CONSULTING

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**COLLABORATIVE MARKETING SUCCESS VIA NEXT  
GENERATION TRADE AND REVENUE OPTIMIZATION!**



**SPRING  
SUMMIT 2018**

“Winning with TPx, Retail Execution,  
and Advanced Analytics Capabilities  
Across Channels”



# AGENDA



1 The world has gone digital

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2 Why do we need to create a transformational digital revolution?

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3 Your framework to inspire a revolution

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4 Next steps

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# 1. The world has gone digital.



“ A COMPANY THAT GETS DIGITAL RIGHT IS A  
COMPANY BUILT FOR THE FUTURE.

Jon Iwata  
SVP MARKETING, IBM

Before  
discussing  
trends, let's  
frame what  
Digital is





IT ISN'T

JUST ABOUT TECHNOLOGY

A 'CHECK THE BOX' EXERCISE

A SET OF NEW TOUCH POINTS (SOCIAL MEDIA) WE ADD ON TO A CAMPAIGN

IT IS

ITS ABOUT PEOPLE: OUR EMPLOYEES, CONSUMERS, CUSTOMERS, SHOPPERS

TECH-ENABLED INNOVATION, SPEED AND CONVENIENCE

AN INTEGRAL PART OF OUR STRATEGY FROM THE VERY START

And a digital transformation is definitely not this!



I just posted my first  
Twittergram note!

We are totally a digital  
company now!

#digitalceo  
#drophemic  
#igotthis  
#ladygaga  
#digitalnative

# Winning organizations must have a clear digital ambition.

Winning organizations prioritize their digital ambition on their strategic agenda in order to commit their entire business to a digital transformation.



The world is changing rapidly (VUCA).



# The 5 disruptors of Interconnected Commerce that should keep you up at night.



## 1 THE RISE OF PRIVATE LABEL BRANDS.

Private label brands like Brandless.com, Grove Collaborative are built with brilliant use of data and direct to consumer at their core.

3<sup>rd</sup> party sellers are nimbly navigating the AMZN ecosystem better than incumbent brands.



## 2 EFFORTLESS AND FRICTIONLESS DIGITAL INTERACTION.

A secure, always-accessible, easy-to-use technology platform is the price of entry in a world of consumers now accustomed to immediate shopping gratification.



## 3 AUGMENTED RETAIL AND THE OMNICHANNELIZATION OF MOST THINGS.

Shopping is not in singular channel but 3-dimensional. Online, in-store and multi-directional is the new retail way. Content and communication powers all of it.



## 4 THE FLYTRAP OF PLATFORM OF ECOSYSTEMS.

The quiver of “where I shop” has declined from 2009 to present.

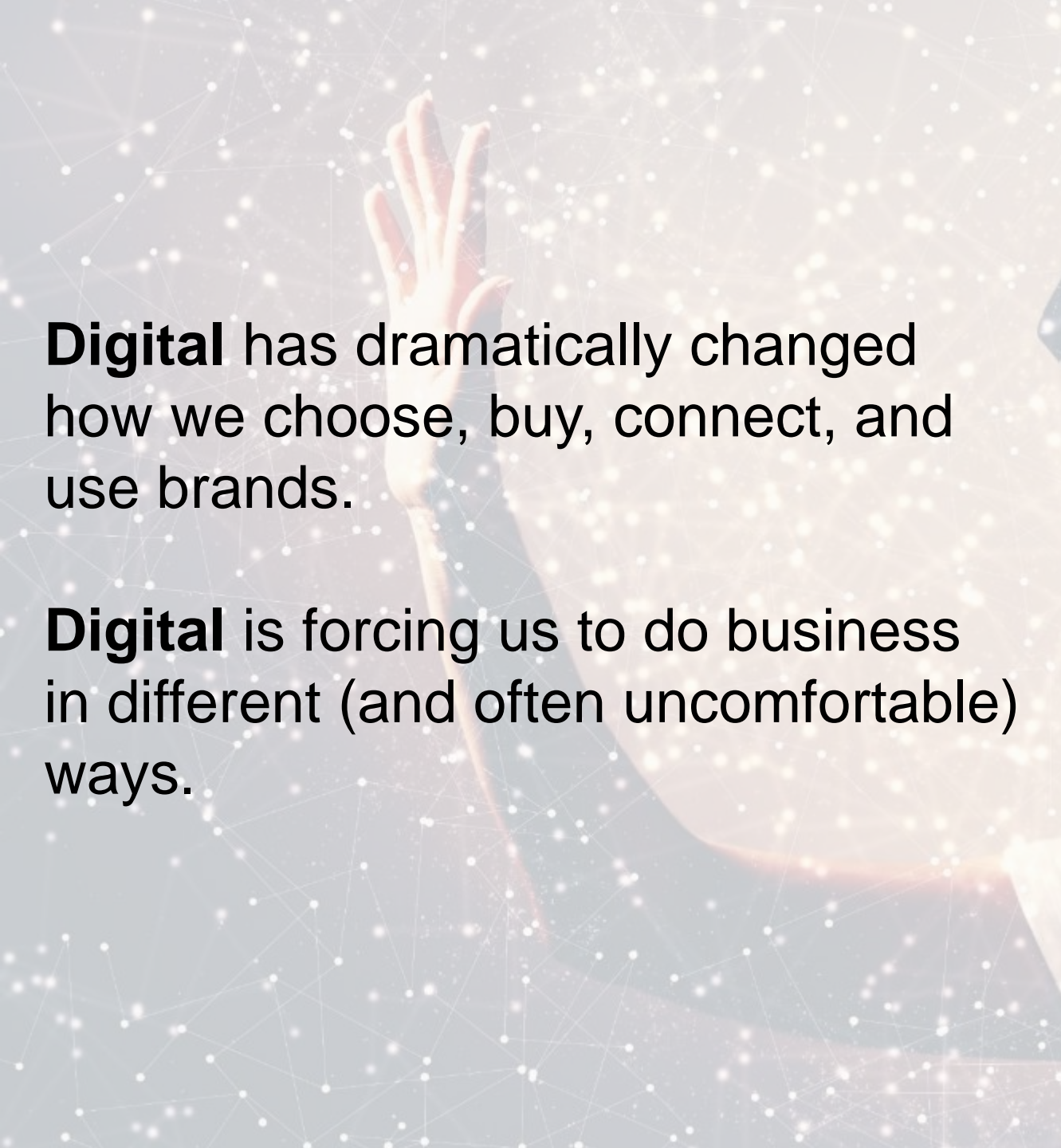
If I’m an AMZN Prime member, why would I want to ever leave?



## 5 DIGITALLY-BORN DISRUPTORS.

Between 1955 and 2011 87% of the F500 companies went out of business.

Those on the list for 2020 are being built RIGHT NOW.



**Digital** has dramatically changed how we choose, buy, connect, and use brands.

**Digital** is forcing us to do business in different (and often uncomfortable) ways.





# We are in the **Age of the Interconnected Consumer**

**50**  
billion

Connected devices by 2020

**212**  
billion

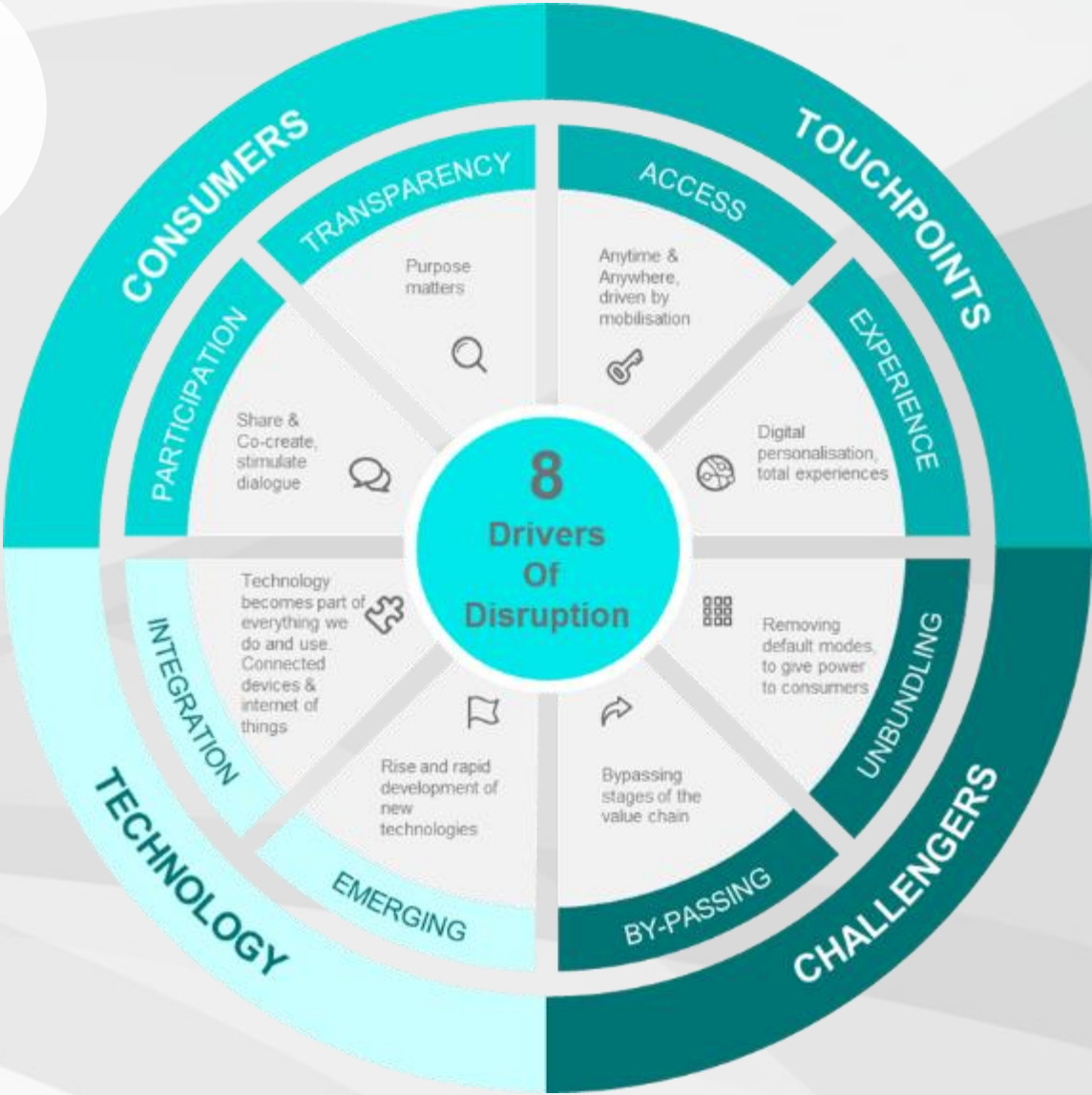
Sensor enabled devices

**7**

Average of 7 devices per person – fluidity of media consumption across devices

***“Consumers do not separate their digital and analogue lives”***

Which means we face significant challenges on how we talk to our shoppers



“

OUR INDUSTRY DOES NOT RESPECT TRADITION – IT ONLY RESPECTS INNOVATION.

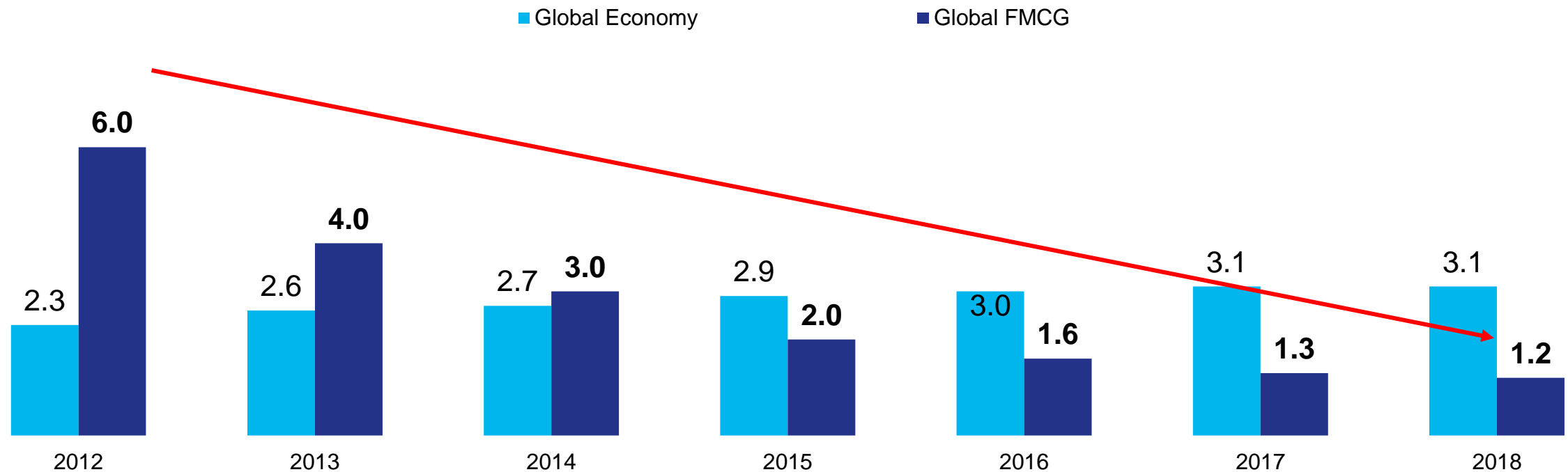
SIZE, WHICH WAS ONCE A COMPETITIVE ADVANTAGE IS BECOMING A LIABILITY AS BUSINESSES THAT ONCE DOMINATED THE MARKET AND NOW STRUGGLING TO KEEP UP WITH YOUNG, NIMBLE STARTUPS.

SATYA NADELLA  
CEO, MICROSOFT

# Slowing growth in consumer products is a global challenge

Across markets, fast moving consumer goods (FMCG) is growing slower than the global economy

## % Change year over year in global sales



**The challenge we face:** We are all feeling the pressure to **Digitally Transform**. In order to fully transform and excel, we need to:

Understand the rapidly changing **digital landscape**

**Unite** around a **clear digital ambition** that will guide the transformation strategy

**Embed** the strategy using a roadmap to create a **future-proof organization**



In today's digital economy we observe the following 4 things as companies attempt to cope with the rapid changes:



ADAPT

FOLLOW

STRUGGLE

DIE

**Adapt:**

Adapt to disruptive threats. Move quickly into new markets and categories. Hire great people. Build amazing brands and capabilities.

THEY ARE BOLD.

**Follow:**

These companies transform by observing and copying the leaders or by moments of 'lucky brilliance'.

Or frantic realization....

**Struggle:**

Key internal digital-evangelists slowly convince the organization to change. A long, slow process but they eventually get there.

Hiring a good consultant is helpful! 😊

**Die:**

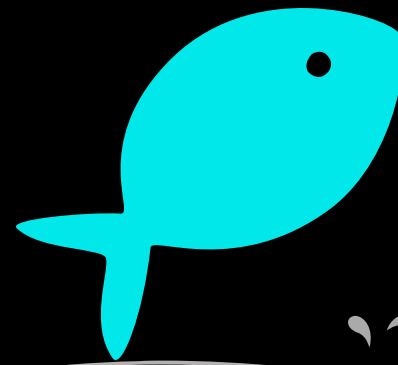
These organizations fail to deploy **Digital Darwinism** and eventually go extinct.

# 2. Why do we need to create a transformational digital revolution?



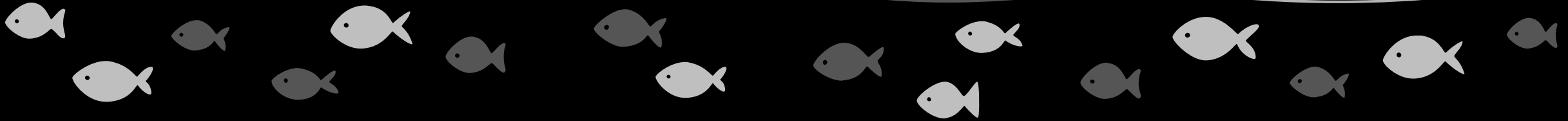


## How are global 2000 companies responding?



93%

of G2000 CEOs are undergoing digital transformation.



### BUT CEOs state:

- **50%** say their organization has the necessary skills to navigate the change.
- **69% are concerned** about their ability to handle unknown and unforeseen issues.
- **85% of these CEOs** also cite concern about integrating automated business processes with AI and are unclear about new technologies.
- **20% of business leaders** cannot articulate what digital really means.

# Our Performance in Digital: “We put our campaign collateral that is created for offline channels on online channels.”

## PERFORMANCE



- Digital Touchpoints are added on at the **end of Campaign creation** and not integrated
- It is considered a **check-the-box exercise**
- For **International** markets, with **limited budgets**, digital touchpoints are often the only marketing channels and we lack the understanding

“  
*We’re throwing online what we  
create for offline*  
”

“  
*We’re doing Push Marketing in  
a Digital Era*  
”

“  
*We talk to our consumers  
instead of engaging with them*  
”

“  
*Digital is not separate, above all  
it needs to answer to a problem  
statement and integrate with the  
overall strategy*  
”

Investing in upskilling employees in digital will result in long term reward and ensure the organization is not left behind.

## BENEFITS OF DIGITAL SKILLS

- 1** Empower the organization and its employees to release their potential and **better nurture relationships with customers**
- 2** Maintain an impactful competitive advantage from the ability to translate insight into action by **leveraging digital tools and channels**
- 3** Spend money to make money; and spend money to save money: Investing in **digital skillset generates significant cost-savings**

# What does success look like at the end of this journey?

1 A **clear, focused Digital Ambition with full buy-in** to guide you over the next 3-years  
**NO NOISE. ONE LANGUAGE**

2 **QUICK ADOPTION** – adopting new technology ahead of competitors, giving you a **competitive advantage**, in both saturated and new markets.

3 A Culture that **EMBRACES RISK AND EXPERIMENTATION**, and **doesn't run from potential failures.**

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RESULTING IN AN  
**INTEGRATED and PERSONALIZED  
TOTAL EXPERIENCE**

FOR CONSUMER, CUSTOMER AND SHOPPER (AND INTERNAL ORGANIZATION)

**Far from tactical**

**It is a CULTURE shift**



# 3. Your framework to insight a revolution

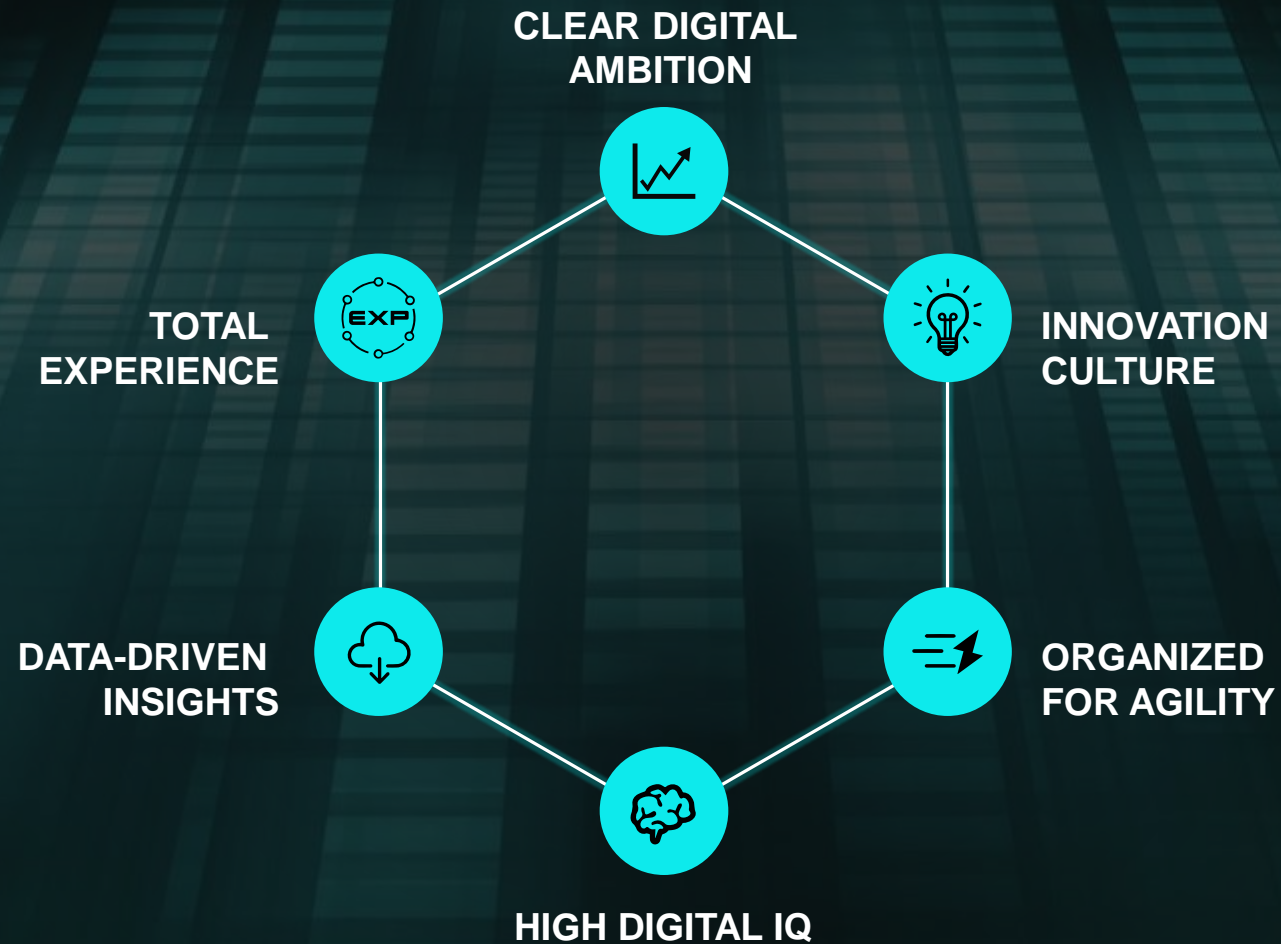


# Interconnected – Understanding the themes that power growth. Old world vs. new world.

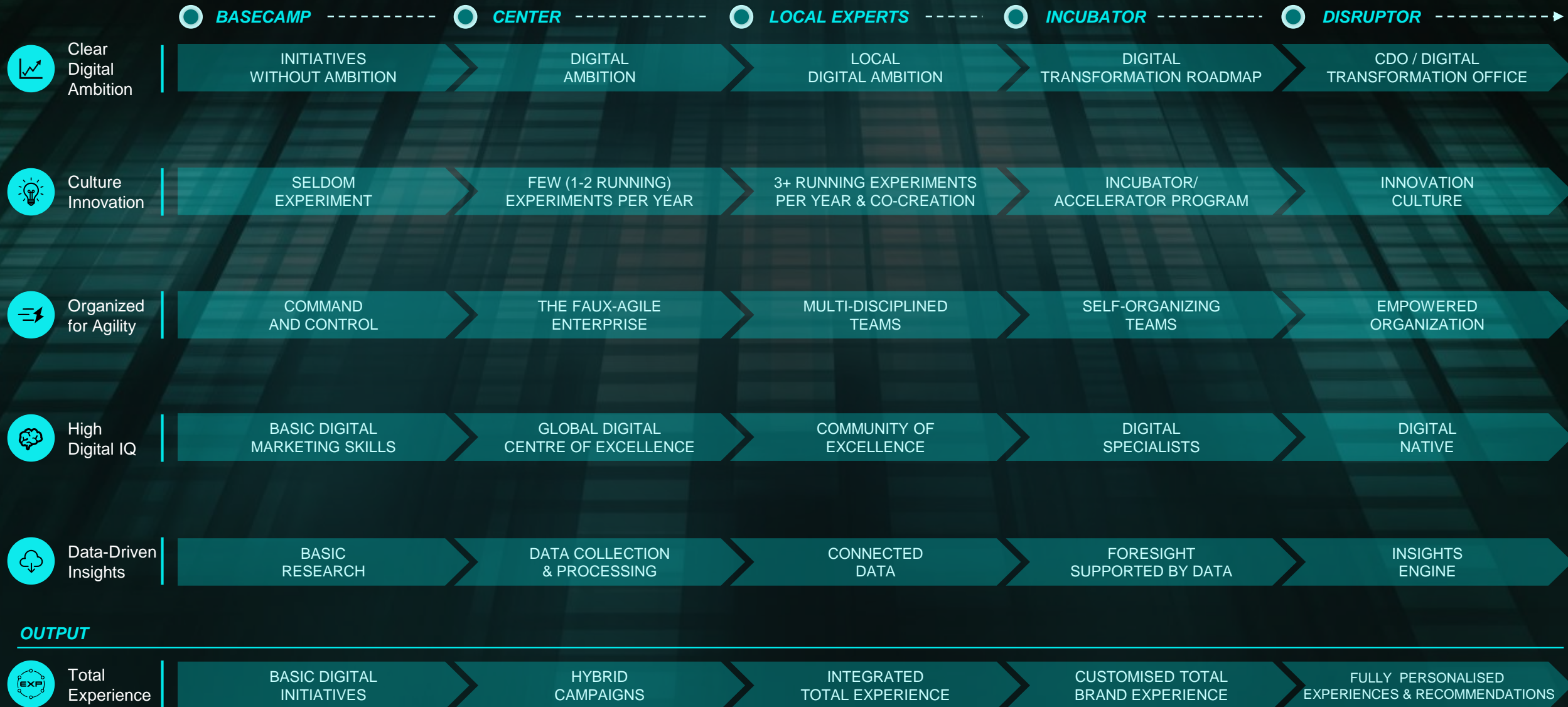
SILOED CONCEPTS	INTERCONNECTED CONCEPTS
DIGITAL OVERLAY	DIGITAL IS INTERWOVEN
CHANNELS	CHANNEL AGNOSTIC
PLAN AND LAUNCH	TEST, LAUNCH, TWEAK
CONTENT IS KING (OR QUEEN)	COCREATED CONTENT IS KING
BRAND-LEAD PRODUCT INNOVATION	COCREATED INNOVATION
MAKE THESE PRODUCTS WORK!	UNCOMFORTABLE NEW
MASS-APPEAL	PERSONALIZATION OF ONE
HIDE THE DETAILS	COMPLETE TRANSPARENCY
OPINION BASED DECISIONS	DATA-DRIVEN INSIGHTS



# The 6-Step Digital Transformation Framework



# 6 drivers of digital transformation framework:



# Clear Digital Ambition



Clear Digital Ambition



Basic digital initiatives, disconnected without true ambition

Established across business - extends beyond initiatives

Established across local departments - extends beyond initiatives

Long term Digital Transformation Roadmap in place with clear accountability

Specific leader/team dedicated to guide full-scale Transformation program

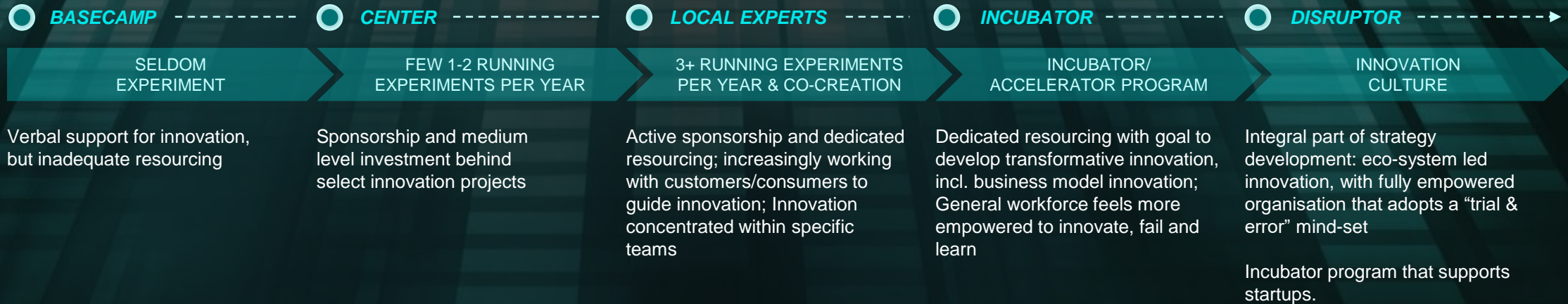
“We are not an item retailer, we are a project retailer. The new front door is in your pocket.”



# Culture of Innovation



Culture of Innovation



# Organized for Agility



Organized for Agility



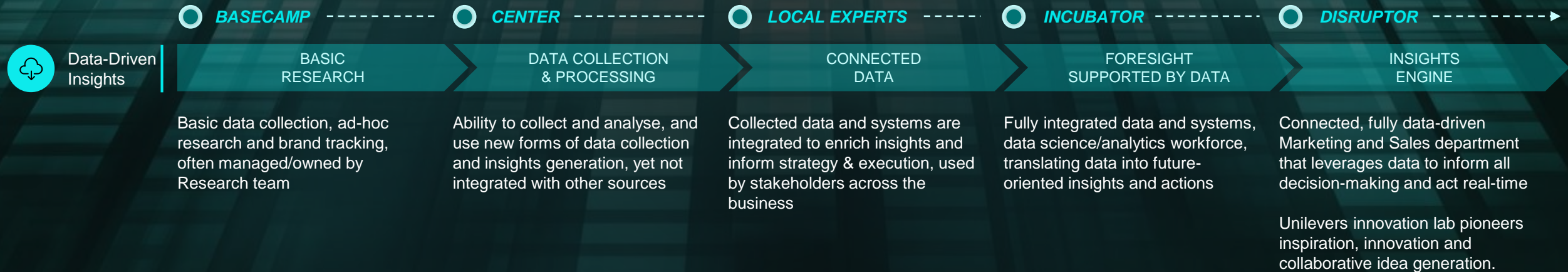
PROPER CLOTH

# High Digital IQ

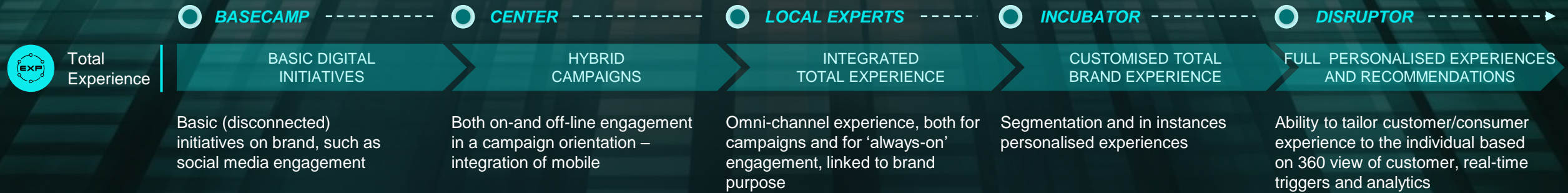




# Data-Driven Insights



# Total Experience





# CASE STUDY | STARBUCKS

Starbucks' prioritization of their digital ambition is paying off.



“Our digital flywheel is a powerful proprietary asset that is driving deep customer engagement, revenue, and profit growth around the world.”

-Kevin Johnson, CEO Starbucks

Starbucks was clear that they wanted to become a 'digital disruptor' and prioritized this agenda at the highest levels within the organization.

**THEN**  
**COFFEE SHOP**



**NOW**  
**DIGITAL SHOP**



2008  
created  
Starbucks  
Digital  
Ventures





**Starbucks' prioritization of their digital ambition is paying off.**



**More than 20% of transactions going through Mobile Order & Pay (MOP)**

**Personalized marketing sales tripled**


**Membership in Starbucks Rewards grew 11% in 2016 to 13.3 million active members in the U.S.**





# Culture of innovation

Leading organizations (Fortune 500) adopt open innovation techniques as a source of competitive advantage.

Four incandescent lightbulbs are arranged in a row on a reflective surface. The first three are unlit and appear dark against the blue background. The fourth bulb on the right is brightly lit, casting a glow and a reflection on the surface below it.

**78%**

Of the top performing firms in the USA & Europe practice open innovation.

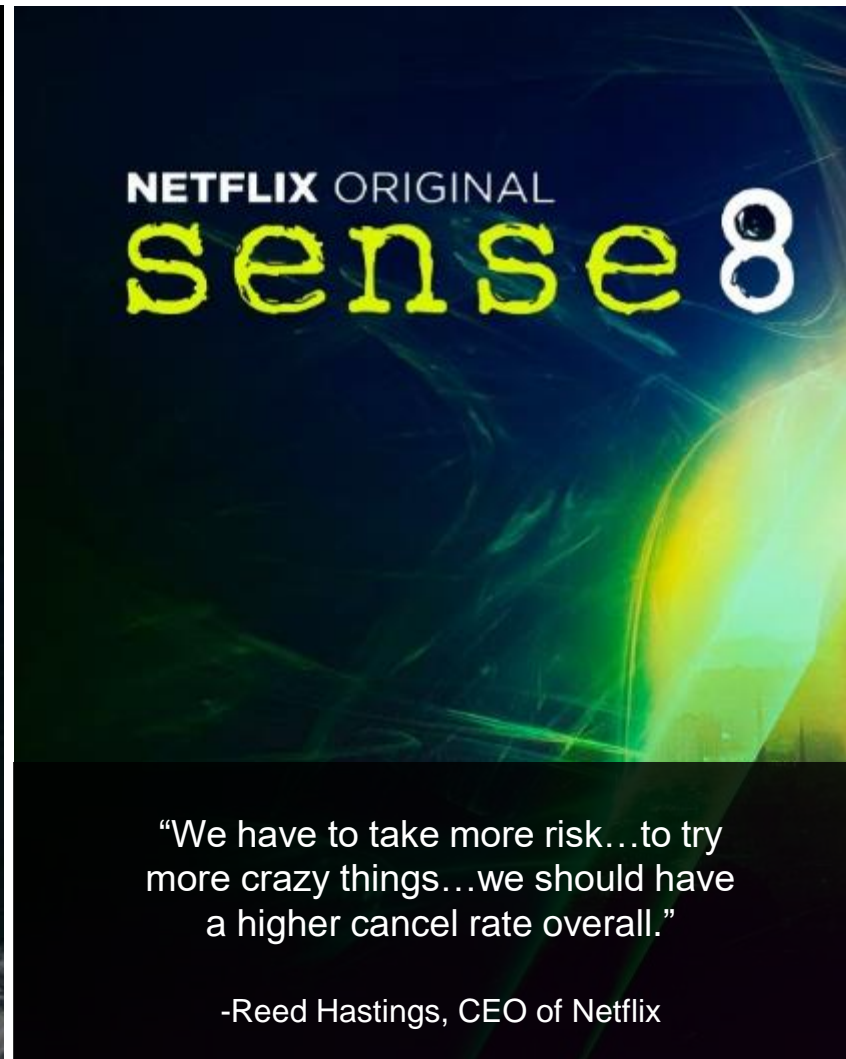


# Winning organizations also embrace risk and experimentation, with failure as an accepted possibility



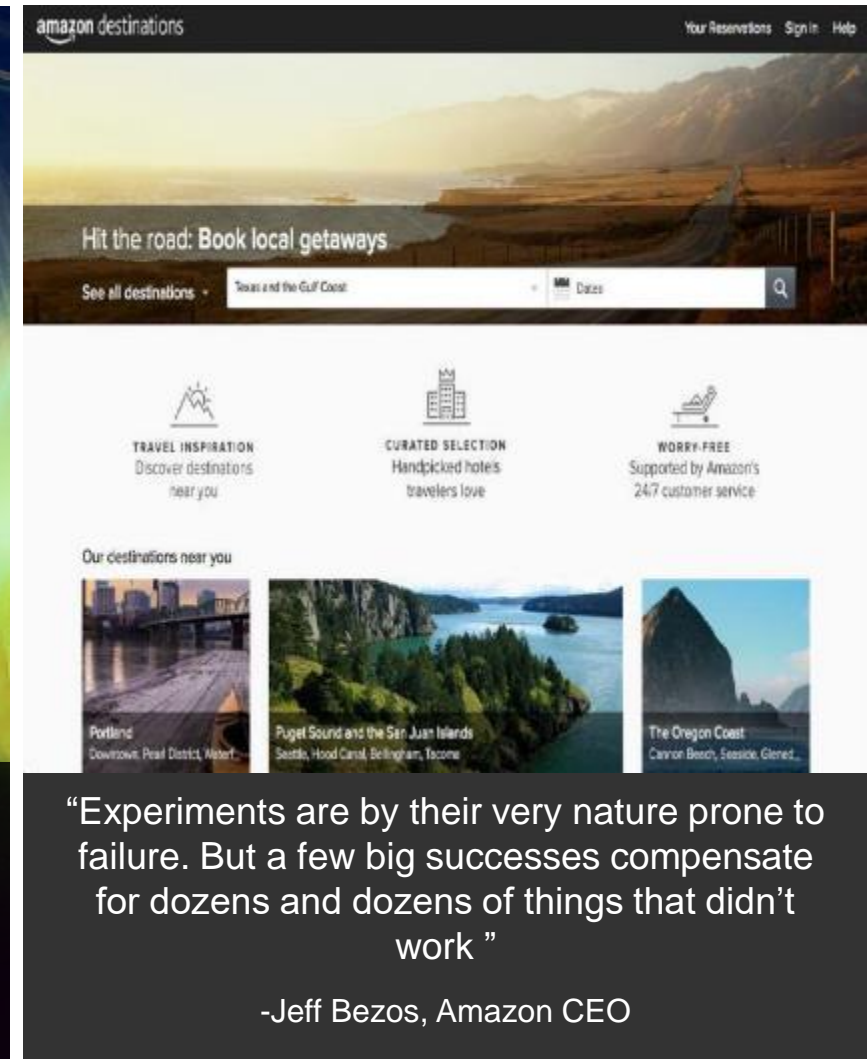
“If we’re not making mistakes, we’re not trying hard enough.”

-James Quincey, CEO of Coca-Cola



“We have to take more risk...to try more crazy things...we should have a higher cancel rate overall.”

-Reed Hastings, CEO of Netflix



“Experiments are by their very nature prone to failure. But a few big successes compensate for dozens and dozens of things that didn’t work ”

-Jeff Bezos, Amazon CEO



# Organized for Agility

The trend among leading companies is to restructure to facilitate agile ways of working while providing stability.

**Customer  
Centric**

**Focused  
Work**

**Cross-  
Functional  
Collaboration**

**Empowered  
Staff**

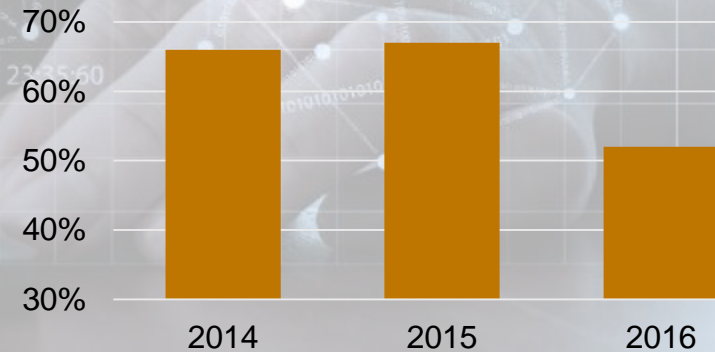
**Test  
& Learn**



# High Digital IQ

Leading organizations acknowledge that they need to do more to stay abreast of the constant change within the digital arena

## Percentage of companies that rate their Digital IQ as strong





# Data-Driven Insights

Top performing companies invest ahead in marketing analytics and technology to design and deliver optimal customer experiences.


“While we are seeing significant growth in our online sales, these online shoppers see the relevance of our stores as approximately 46% of our online U.S. orders are picked up in our stores, a testament to the power of our **interconnected retail strategy.**”

Greg Menear, CEO, The Home Depot



# Total Experience

Top performing companies use digital to interact with consumers, customers and shoppers provide optimised experiences; ensuring improved customer satisfaction and driving loyalty




TransferWise Send money Receive Money Help & Support

## Hey, hidden fees. Your secret's out.

Sending money abroad is deceptively expensive, thanks to the hidden fees we've all been forced to pay. Now TransferWise lets expats, foreign students and businesses transfer money wherever it's needed, at the lowest possible cost. No hidden fees, no headache.

Frictionless Experiences



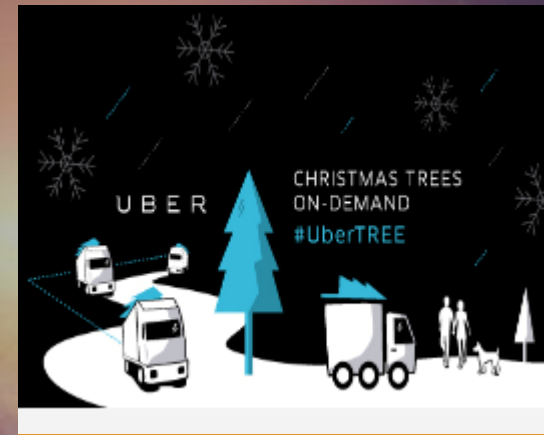
Spotify

## Soundtrack your life

Let Spotify bring you the right music for every mood and moment. The perfect songs for your workout, your night in, or your journey to work.

Get Spotify for free

Personalized & Real-time



UBER

CHRISTMAS TREES ON-DEMAND #UberTREE

SOMOLO Social, Mobile, Local

**Omnichannel isn't enough! Focus should be on ensuring business processes and digital systems are optimized to deliver the experience consistently and seamlessly across channels.**



**86%**

of consumers will pay up to 25% more for a better customer experience...

**80%**

of companies say they deliver superior customer experience...

**8%**

of their customers think the same.





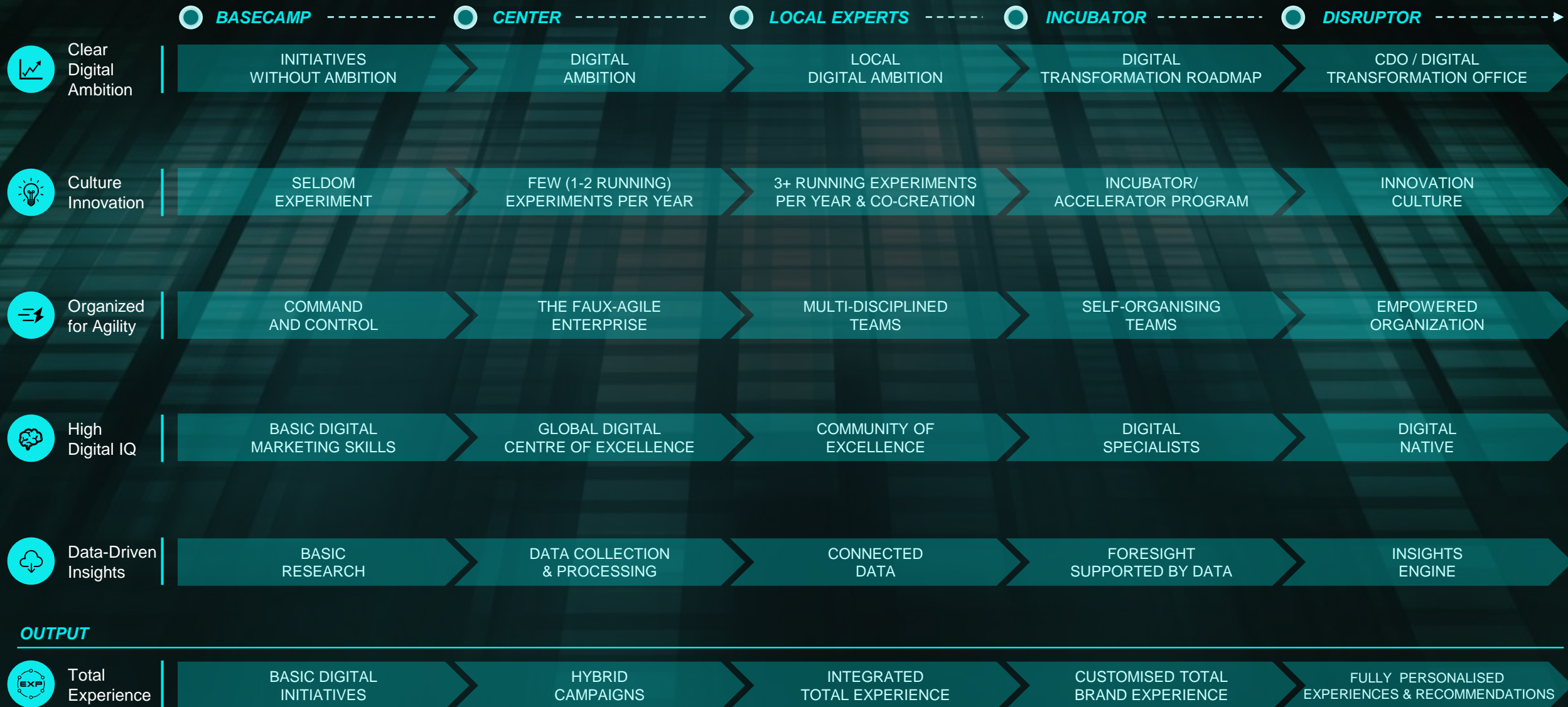
**...HITTING**  
**the ball**  
**will!**





**What now?**

# Understand and learn where your organization falls in the framework.



# Get going!

Have an experiment-based approach, driven by urgency and desired impact. Fail fast, to succeed faster.

If you are not embarrassed by  
the first version of your product,  
you've launched too late.

Reid Hoffman

# Start small and scale up!

If legacy is the enemy of progress, start with a small unit which can work agile/digital first to find new solutions, and then role it out across the business



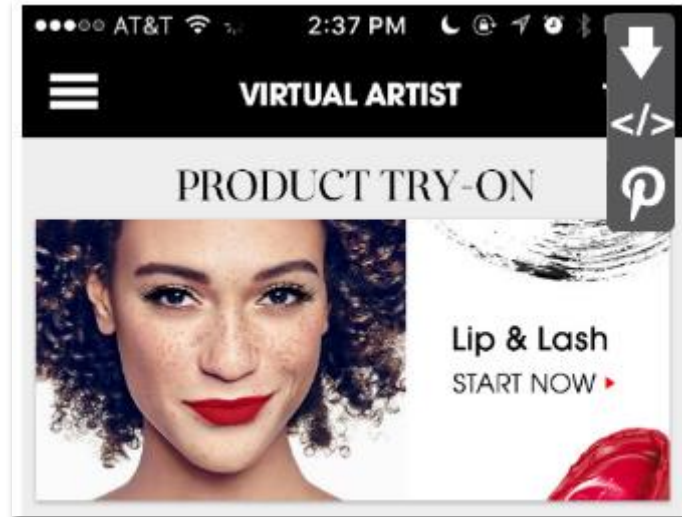
# Push through!

People get stuck because of the pressure to maintain core business, the frustration due to few breakthrough ideas and risk-averse mentality



# Consider establish a Digital Innovation Think Tank

Development of technological capabilities and a digital culture is critical.



@WalmartLabs

Forward Thinking

@WalmartLabs is accelerating their development to redefine the shopping experience to meet the changing needs of our customers wherever they are—in a store, on our website, or on their mobile device.

## Store No. 8

- Tech startup incubator
- Headed by Seth Beal and Katie Finnegan
- Based in Silicon Valley
- Recruit and build startups that specialize in emerging technologies (i.e., robotics, virtual and augmented reality, machine learning and artificial intelligence)

“ ONCE YOU GET EVERYONE ON BOARD AND SAYING **HELL-YEAH** TO YOUR IDEAS, YOU WILL BE AN UNSTOPPABLE FREIGHT TRAIN OF INTERCONNECTED COMMERCE.

REID GREENBERG  
THOUGHT LEADER, IDEA DIGITIAZER, SELF QUOTER

THANK YOU!





For further information please refer to  
[www.KRIQ.com](http://www.KRIQ.com)

Contact:  
Reid Greenberg  
EVP Digital & eCommerce

T: +1.802.355.4474

[Reid.Greenberg@kantarconsulting.com](mailto:Reid.Greenberg@kantarconsulting.com)

 @kantarconsult  
@reid\_greenberg

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