

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



**SPRING
SUMMIT 2018**

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



**In-store, Online, Anywhere –
The **Time** is **Now** for
Connected Commerce!**

Sri Rajagopalan, VP eCommerce, Johnson & Johnson

Promotion Optimization Institute • Spring Summit 2018 • Chicago, IL



The reckoning of retail is finally here: eCommerce

Sri Rajagopalan – Vice President : eCommerce & digital sales, Johnson & Johnson Consumer Inc.





- The messages in this deck are #IMHO
- I #learn everyday - this content is actually created by & from you
- The biggest game changer in this journey is your #attitude
- Questions are good – interactions are awesome, lets chat
- This is not an eCommerce 101, but a 401.8278....

Why are we here today?

At this p

— Da
Ama
build
servi

The Toy
JP Mc
funct
An HQ2

Roughly three-quarters of Americans go online at least daily

% of U.S. adults who say they go online ...



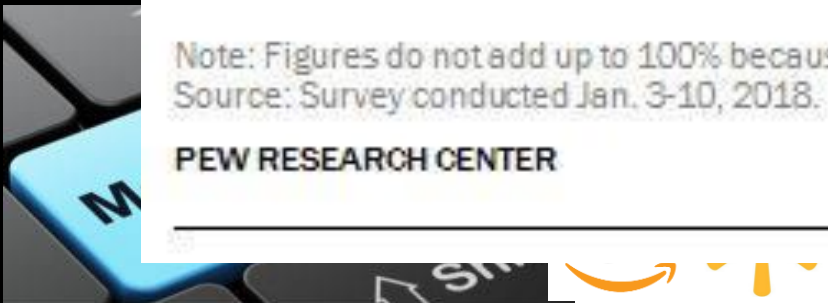
Note: Figures do not add up to 100% because non-internet users were not asked the question.

Source: Survey conducted Jan. 3-10, 2018.

PEW RESEARCH CENTER

100.00
99.50
99.00
98.50
98.00
97.5234
97.00

berg



echo echo plus echo spot echo show



THE ARUBA BEACH SANDALS STORY




KISS

Keep. It. Simple. Stupid.

amazon Prime

Gravity Defyer Men's Dexter Brown Sandals 15 M US
by DEV
\$82.00
FREE Shipping on eligible orders

Size: 15 D(M) US

Color: Brown

Price: \$34.99
Sale: \$29.99 Prime & FREE Returns
You Save: \$5.00 (14%)

In Stock.

Ship to: sri...

Buy now with 1-Click



THINGS WE KNOW & MUST KEEP IN MIND



8%

E-commerce sales account for just 8% of total retail sales in the US and 14% in the UK - so still lots of room for growth!



81%

81% of shoppers research their product online before purchasing



92%

92% of US customers would consider delivery within 2 days to be 'fast delivery', but only 18% would consider delivery within 5-7 days as fast.



\$6.7 trillion

B2B eCommerce sales are expected to outgrow B2C sales, reaching 6.7 trillion USD by 2020.



\$1,800

Total average eCommerce spend per customer over the course of the year is estimated to be \$1,800 in the US and 1,600 in the UK.



59%

Mobile sessions accounted for 59% of all sessions by device on eCommerce sites, but these mobile browsers made up just 38% of revenue



x2

Average Order value (AOV) for repeat customers is twice as high as for first-time customers



85%

85% of customers start a purchase on one device and finish it on another.



70%

70% of eCommerce site users rank the ability to zoom in on product images among their top priorities for deciding on purchase.

LET'S PLAY 'APPRENTICE'



AMAZON IS A BEHEMOTH THAT WILL DISMANTLE TRADITIONAL RETAIL



Q: IS AMAZON A RETAILER OR A
TECH GIANT?

THE EXTRAORDINARY SIZE OF AMAZON IN ONE CHART

Amazon is bigger than most brick and mortar retailers put together

Market value as of December 30, 2016



Source : geekwire.com (Mar 17)

- ~\$753 BN as of 03/27/18 (yahoo finance)
- > \$375BN added in 2017
- This is 'absolutely spectacular faith.....'
- Makes benchmarks tougher for others

WHY WE SHOULD CARE



1. Growth of PVT label
2. End of the brand era? #whoa
3. The use of AI in shopping

Number of US Retail Stores Closing in Early 2017



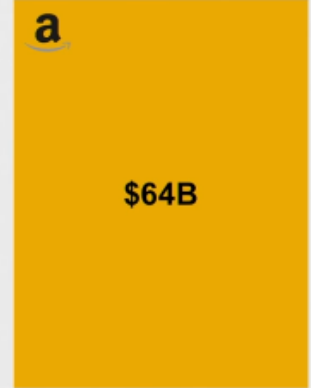
Forecasted US and Global Store Openings Between 2016–2020



REVENUE GROWTH



2016 Revenues



Amazon's Sales Growth Since 2010

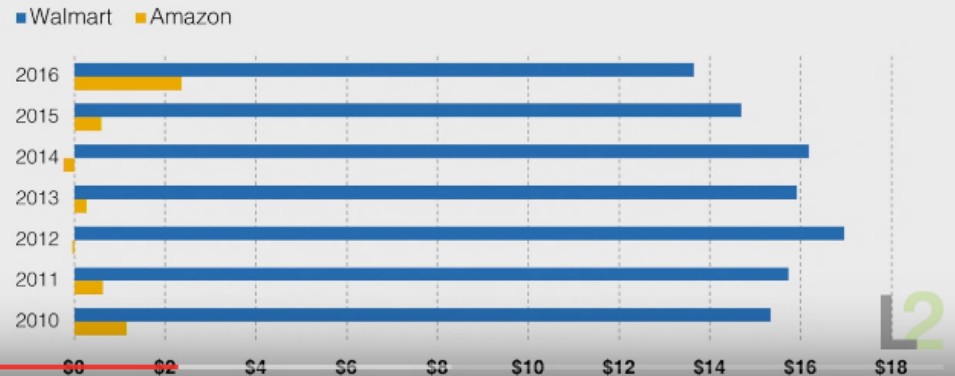
MEANWHILE...

Percent of American Households 2016

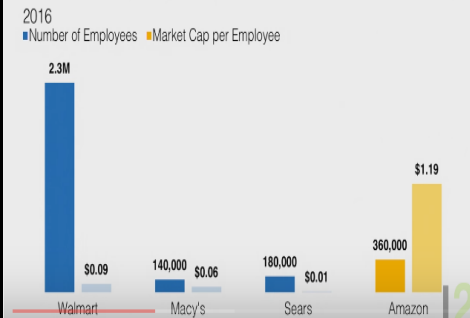


THE NEW COMPETENCE: STORYTELLING

Net Profits in USD Billions



RETURN ON (HUMAN) CAPITAL



ESTIMATED 2017 CONTENT BUDGETS



\$2.5B



HBO

\$4.0B



\$4.3B



\$4.5B



\$6.0B

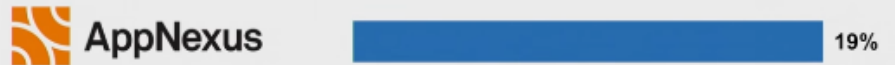


AMG IS A SECRET WEAPON COMPETITORS DON'T HAVE

DATA NIRVANA



Who Is Your Most Preferred DSP?
2017, Percent of Respondents (Top 4)

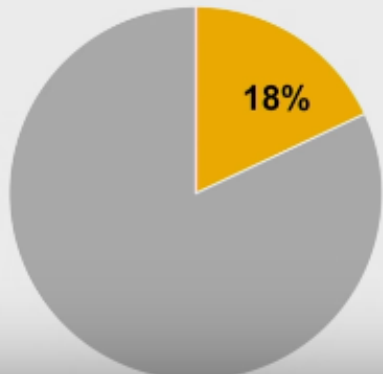


7%



PROFITABLE

If Amazon's U.S. ad revenue was equal to Facebook in 2016.



= \$395 million

Almost a **fifth** of total operating income for its North American retail business



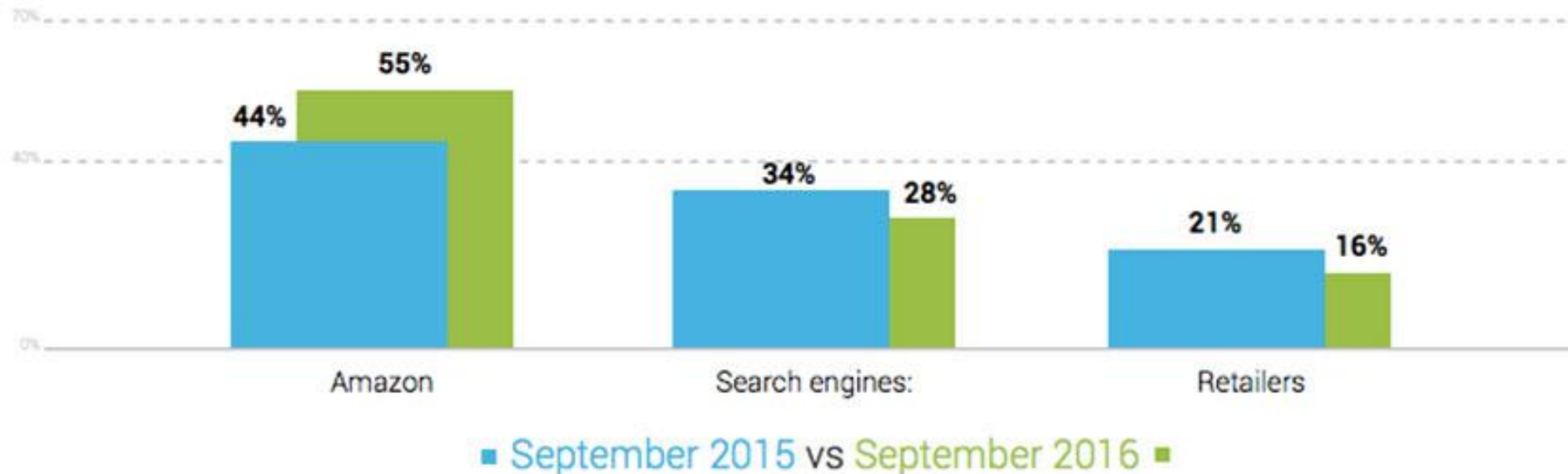
BLOCK



SEARCH DOMINATION – I MEAN DOMINATION

Comparing 2015 to 2016, Amazon has increased its lead as consumers' first destination for product search over search engines and retailers.

Where customers begin their product search



AMAZON IS NOT JUST A RETAILER : ECOSYSTEM



amazon
media group
ADVERTISING




ENTERTAINMENT




CONTENT

VOICE L2

Brand-Agnostic Favoritism?



"Alexa, buy baby wipes"



Sponsored WaterWipes Sensitive Baby Wet Wipes, Natural & Chemical-Free, 12 packs of 60 Count (720 Wipes, Packaging May Vary) by WaterWipes
\$37.99 (Sponsored) (was \$42.00)
Subscribe & Save
More options available: \$36.99 (Prime) | FREE Same-Day
★★★★☆ 2,231


Alexa: \$24.81 L2



SERVICES

VOICE L2

What Does Pay-to-Play Look Like?



"Alexa, buy batteries"

"Alexa, I do not want AmazonBasics batteries"

"No."

"No."

L2

amazon
student
VALUE PROVIDER



RETAIL



Add to Cart



Add to your Dash Buttons



Add to List

Step 1 : success metrics and why not?

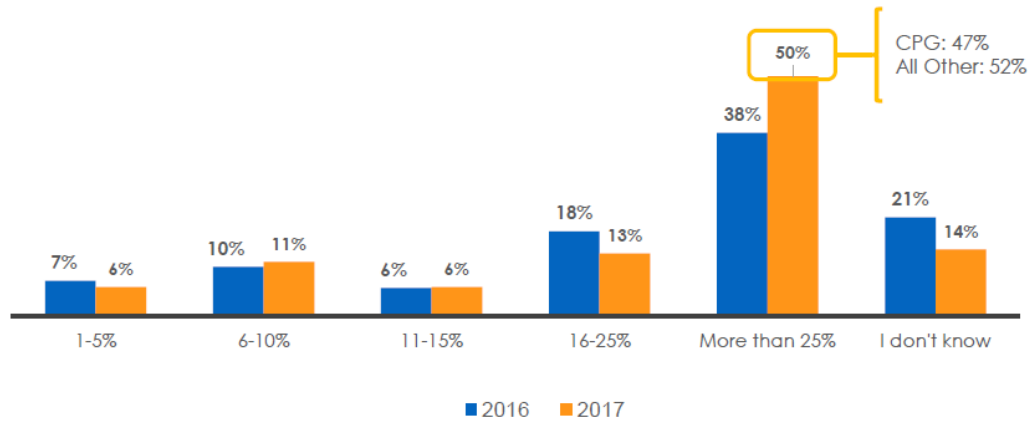
Align on success criteria

- Hard objectives :
 - ❑ Share, Profit, Growth, Incrementality
- Soft objectives :
 - ❑ Brand equity, offline influence, brand advocacy, retailer relationship

- Small indie brands now have a way to WIN – share erosion
- Content, R+R and SEM is real – others are investing
- Offline is impacted by online - > 75%
- Innovation search begins here

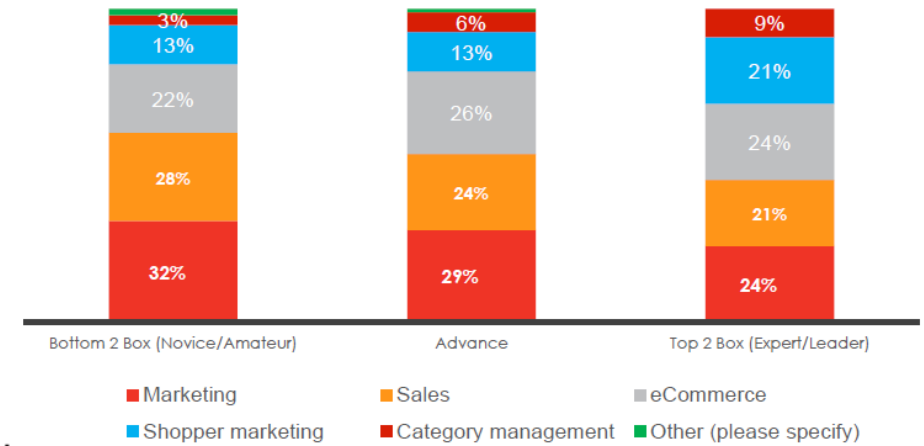
Sales Targets are Getting More Aggressive

Q: What were your company's eCommerce growth targets for 2017?



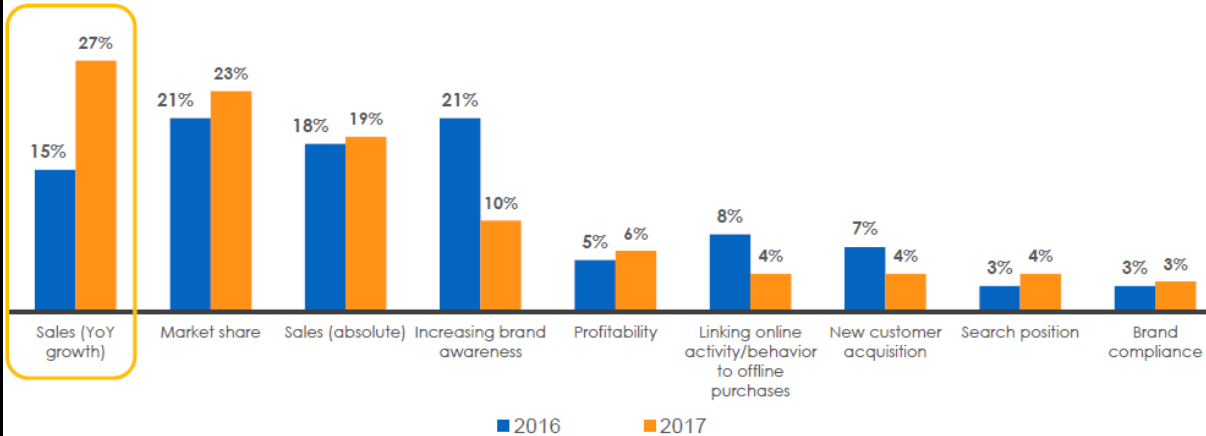
Marketing Budgets Are the Largest Source of Funds

Q: Which budget(s) is the company using to support online retail?



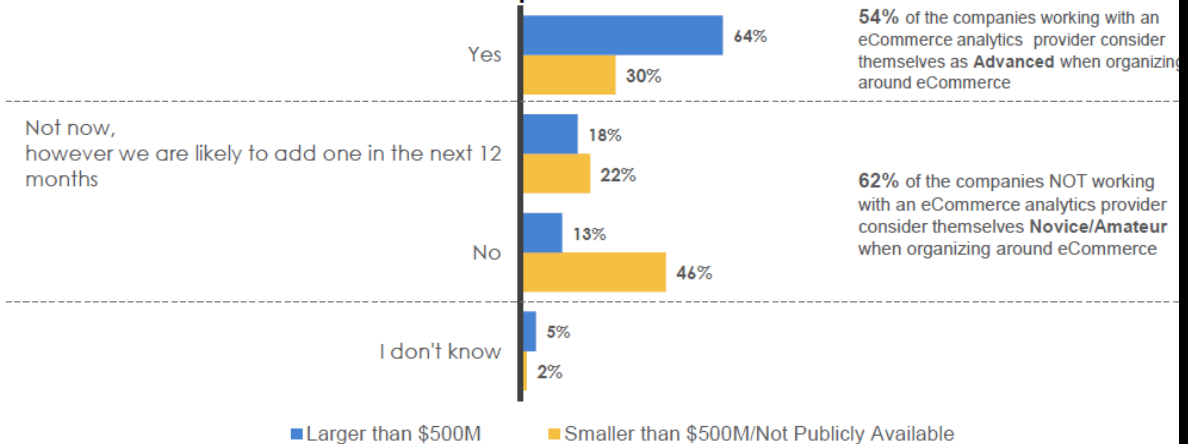
...While YoY Sales Growth is the #1 KPI

Q: Please select the single most critical eCommerce KPI for your organization



Industry Leaders Investing in Measurement & Analytics

Q: Do you currently work with a provider of eCommerce analytics to measure your eCommerce performance?



ADAPTING TO THE 'NOW' : EMBRACE THE CHANGE



VS.



PRICE



Discount
Flexible
Unpredictable
Savings
Inconsistent
Confusing
Variable
Risky
Unstable
Unreliable
Inconsistent

PLACE

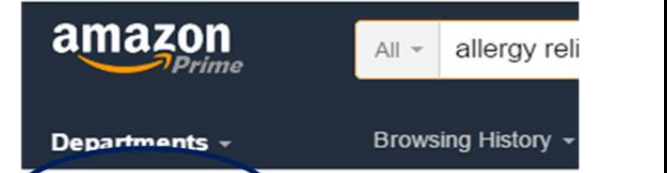


PROMOTION



LOWEST
GUARANTEED
PRICE

PRODUCT



1-16 of 16,387 results for "allergy relief"

Johnson & Johnson Johnsons Baby Head

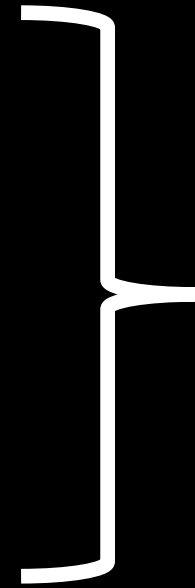
★★★★★ 131 reviews Q&A By: Generic Walmart #: 550253456



LEVERAGING YOUR STRENGTHS + ADAPTING TO THE 'NOW'

NOW =

1. CONTENT
2. SEM
3. ASSORTMENT
4. RATINGS & REVIEWS



EMBRACE THE 'NOW'

Why do they come online?

Ratings & Reviews



What do they want to see?

1. Purchase experience
2. Product quality
3. Usability explanation
4. Ask questions



How do you prepare?

1. Syndicate reviews
2. Drive reviews
3. 2 way conversation
4. Answered questions

Find an exact product/SKU



1. 1st page results – 15
2. See some details
3. Keyword results
4. Re-targeting consumers



1. Attributing in content
2. SEM techniques
3. Title has to be perfect
4. CRM & Trip missions

Research & Learn



1. Product content
2. Use details
3. Demonstrations
4. Make it easy to select



1. 5 + hi res images
2. SEO bullets in content
3. Custom content
4. Video shorts on use

Best price & value



1. Lowest possible
2. No per item ship cost
3. Will buy from 3P
4. Add-on to thresholds



1. EDLP
2. Omni store match
3. Channel strategy
4. Co sell/ basket build

CONTENT MATTERS & WHY

Sponsored ← **BET ON SEM**

Best Seller ← **INVENT THIS TAG**

Radha Beauty Rosehip Oil 4 oz - 100% Pure Cold Pressed Certified Organic ← **DEMAND SEO OPTIMIZED TITLES**

by Radha Beauty

\$13.95 (~~\$3.49/Ounce~~) ~~\$49.99~~

Prime | FREE One-Day ← **INVENT AND PUSH PLATFORMS THAT DRIVE CONSUMER VALUE**

Get it by **Tomorrow, Apr 21**

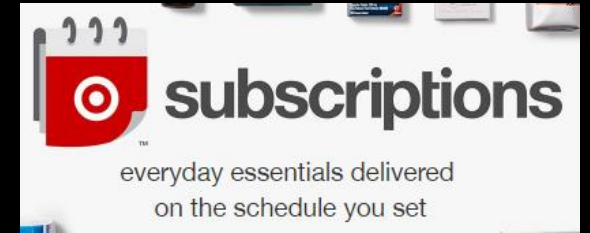
FREE One-Day Shipping on qualifying orders over \$35

★★★★☆ 4,145 ← **AGGRESIVELY DRIVE & OWN R&R**

HAVE A STRATEGY

Product Description
Radha Rosehip Oil - 100% Pure Cold Pressed Certified Organic

BET ON CLICK & COLLECT & DIGITAL ANCHORS



10. Foot Locker: Get items shipped to your local Foot Locker store.



THE WINE CHARMS STORY

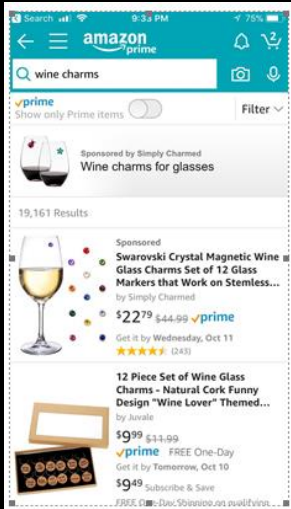
It's Friday afternoon

VISIT 1 : MASS MERCH WITH EDLP

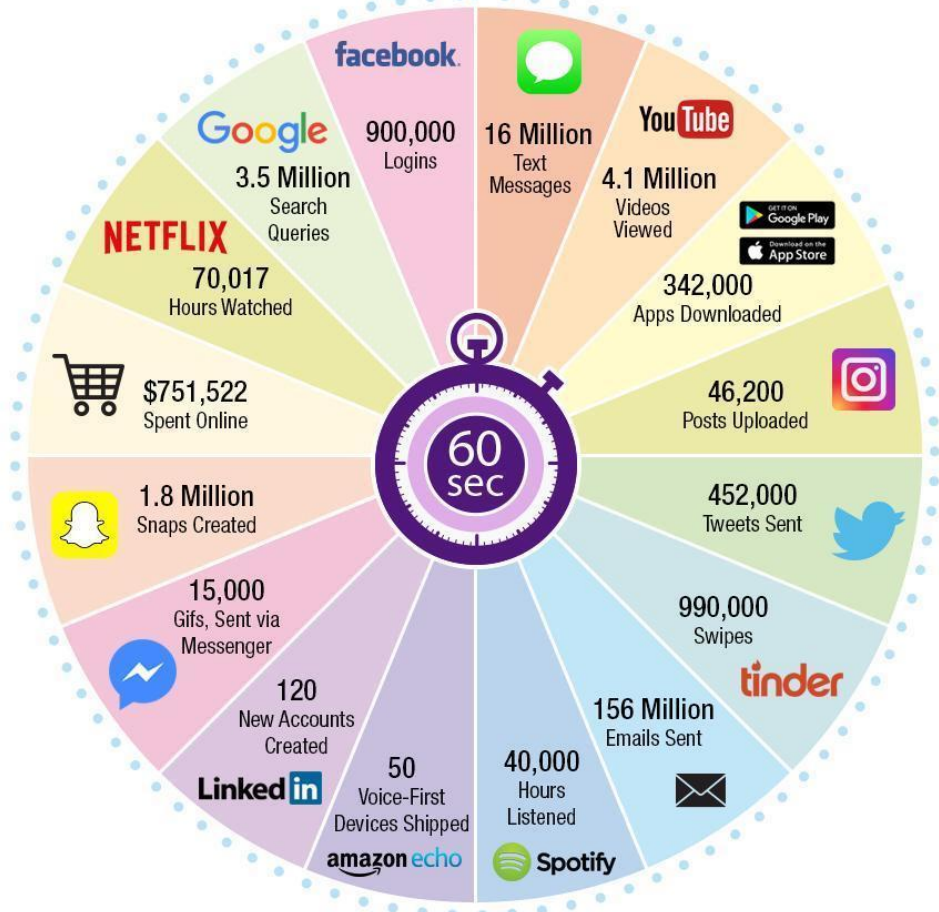


VISIT 2 : DISCOUNT HOME FURNISHING

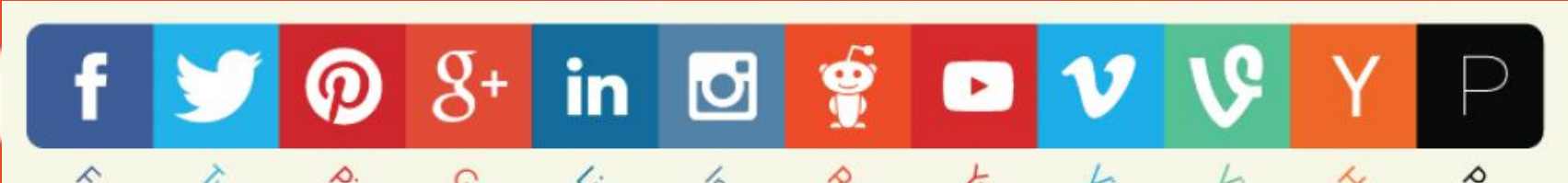
VISIT 3 : HOME FURNISHINGS & DECOR



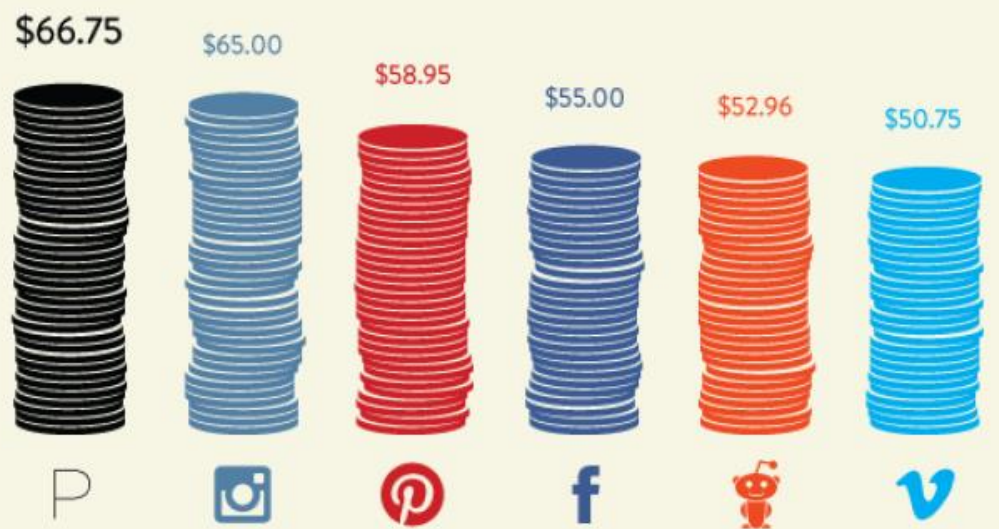
What happens in an internet minute?



WHAT'S NEXT : SOCIAL COMMERCE IS NOW

SO  CE

Which social media platforms drive the most sales?



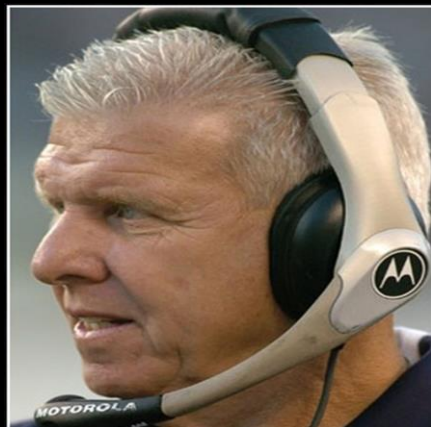
TOP 10
ARAB WOMEN
THAT ARE RULING
SOCIAL MEDIA



Massive attitude shifts needed to succeed



“Using process as a proxy for success”



“You don’t get medals for trying, you get medals for
RESULTS”

Massive attitude shifts needed to succeed

**THINK
FAST**



MAKE THE **QUICK** DECISION
THE **RIGHT** DECISION

- In campaign shifts : SEM, A+ Content, Media
- Media on a retail website vs. TV/print/Radio/Google
- #influencers can drive conversion - say what ???

- Innovation campaigns not made to scale at launch
- Logistics/fulfillment scorecards look similar yet different
- Supply chain stock cuts cannot penalize eCommerce

YOU - ELIMINATE THE FOLLOWING VOCABULARY

1. “Can we test & learn and then scale”
2. “It’s only 2 % of my business”
3. “It’s a race to the bottom”
4. “It’s causing too much price disruption in the marketplace”
5. “It’s a search and ratings platform only”
6. “I don’t know how to convince management” – **YOU OWN THIS**

The Promotion Optimization Institute Business Leadership Council Members



First Name	Last Name	Company	Title	E-Mail
Denny	Belcastro	Kimberly-Clark	VP Industry Affairs	
Pam	Brown	Del Monte	Director, IT Governance & PMO	
Tom	Burkemper	Walgreens	Senior Director, DMM Beverages	
Matt	Campbell	Accenture	Managing Director	
Jason	Eastman	Crayola	General Manager, Target and Food & Drug	
Rita	Finley	Corelle Brands	Fmr. Director of Global/Category and Shopper Insights	
Michael	Gamage	Blue Buffalo	Director Customer Sales and Promotion Analytics	
Bryan	Gildenberg	Kantar Consulting	Chief Knowledge Officer	
Francesca	Hahn	Hill's Pet Nutrition	e-Commerce Director	
Lisa	Heriksen	Meijer	SVP Marketing & Customer Engagement	
Michael	Kantor	Promotion Optimization Institute	CEO and Founder	
Lisa	Malleus	Mondelēz International	Head of e-Commerce Digital Solutions ITS, Americas	
Sri	Rajagopalan	Johnson & Johnson	VP, e-Commerce & Digital Sales	
Andrew	Schiller	Johnson & Johnson	Director, e-Commerce Category Management	

Thank You and stay in touch!

Sri Rajagopalan

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Johnson & Johnson Consumer Inc.,

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srajago9@its.jnj.com

Sri Rajagopalan
eCommerce JEDI : also called Vice President - head, eComm...
1 d

As the movie was released I was thinking of the time I met this guy - Capt. Sully Sullenberger or Capt Sully! He said "leadership is about patience, focus and having the guts to act". Virtues we all try to practice on the job everyday. #UA1548

36 Likes • 3 Comments

Sri Rajagopalan commented on this
Johnson & Johnson
How important is work-life balance to you? Do you often take your work home with you? Online job platform Indeed compiled a list of the top 25 companies offering their staffers the best work-life balance and Johnson & Johnson has been... show more

Sri Rajagopalan likes this
Johnson & Johnson
2015's list of Fortune's Most Powerful Women: Johnson & Johnson Group Worldwide Chairman, Sandi Peterson is #27.

Best Buy profit beats estimates; shares surge
reuters.com • Best Buy Co Inc (BBUY) shares rose 19 percent on Tuesday after the retailer reported a higher...

These Are The Companies With The Best Work-Life Balance
fastcompany.com • Indeed combed millions of anonymous employee ratings on Fortune 500 companies...

Fortune's Most Powerful Women in Business
fortune.com • Peterson joined Johnson & Johnson in 2012 from Bayer, in the largest role ever given to an out...