



Mindtree

*Welcome to possible*

WHITE PAPER

Collaborate with customer.  
Engage the consumer.



## Summary

The industrial revolution of the 18th century brought in automation in manufacturing processes, leading to a spectacular climb in productivity. Over the next two centuries, manufacturing processes advanced at a phenomenal pace that prompted improvement in the speed and efficiency of other processes down the value chain. At the end of the 20th century, exploding competition coupled with IT innovations opened up multiple avenues for consumers to make informed decisions.

Consumer Packaged Goods (CPG) companies then began aiming for seamless collaboration with their customers and direct engagement with the end consumer. A difficult journey, given the challenges that organizations were grappling with. Limping out of the recession of 2008, the CPG industry continued to face headwinds due to economic turbulence in developed markets. Yet, key developing markets continue to grow. Today, the challenge for a CPG manufacturer is to sustain their share in developed markets and strengthen their position in developing markets. Organizations need to adopt distinct strategies to cater to unique market demands. This requires a synchronized effort from all stakeholders in the value chain to meet the ever-changing needs of the consumer.

## Contents

Collaborate with the customer.....	03
Engage the consumer.....	03
Mindtree's experiences from the real world .....	03

## Collaborate with the customer

In the CPG industry, consumers expect the right product to be available at the right place and at the right price. Some key challenges:

- Trade spend is close to 15% of revenue. Retailers use this very effectively but CPG companies still struggle to get optimum ROI through the channel. On an average only 15-20% promotions turn profitable
- More than 75,000 SKUs need to be managed through a huge channel. As per industry statistics there are around 120K convenience stores, 32K supermarkets, 6K mass merchandisers and 20K drug stores in the Americas alone. On the other hand, there are more than 20K primary distributors, one million secondary distributors and 25 million outlets in the developing economies of APAC
- Stress on key performance indicators like less than 80% order fill rate and 70% forecast accuracy

To address these challenges, manufacturers have to be in sync with their customers, distributors and retailers for planning, replenishment and promotional activities. This is possible only if organizations break out of their silos to collaborate with each other and transform data into intelligence. The intelligent data would then reflect which promotions would be profitable before they are executed. Or which assortment would be best suited for which outlet and so on. This requires processes to collate all the required data and then convert it into intelligent insights.

## Engage the consumer

There are different varieties and brands of CPG products which gives the consumer many options to choose from. Shifting product loyalties open new areas of opportunities and with it a new set of challenges:

- More than 35,000 products are expected to be launched in the next 3 years, however more than 70% may fail
- Interactive marketing spend by the CPG industry is increasing at 22% CAGR
- 57% consumers review products before purchase and almost 50% spend hardly any time at all

To address these challenges, it is very important for CPG organizations to adopt innovative solutions to engage the consumer. Increasingly, CPG organizations use digital channels (online, social media and mobile) with the consumer not only to attract, but also to engage them and build brand loyalty. This requires focused and consistent messaging to individual consumers based on their buying pattern and social / mobile behavior.

## Mindtree's experiences from the real world

Mindtree believes that CPG enterprises need to collaborate with their customers through an optimized trade promotion solution, strong distributor management system and by automating sales force activities.

In an engagement with a global CPG leader, Mindtree has rolled out a trade promotion management solution across 30+ countries covering both developed and emerging economies. The solution helped streamline the planning and execution of trade promotions and enabled effective control on managing trade funds. It provided a single view of all promotion activities in the operating company. It also helped in putting the right funds behind the appropriate activities. Most importantly, the customer was able to bring in global standardization of processes, with the flexibility to meet local needs.

Mindtree was involved in another successful implementation of a distributor management system. This was a strategic solution to connect millions of outlets through remote ordering, distributor financials and KPIs and mobility, with the help of a strong enterprise backend platform on cloud. This first-of-its-kind innovative approach helped a CPG major to significantly improve penetration in the developing world. It also enabled the sales force to view outlet sales information on the move.

In one of our engagements with a Fortune 500 beverage company, Mindtree worked on digitizing vending machines and implementing replenishment process for stock refill. Also, Mindtree helped the customer to build a mobile sales force automation mechanism which enabled the sales force to make critical decisions and respond to customer queries on the move.

We believe that engaging the consumer is as important as collaborating with the customer. In one of our global implementations, Mindtree standardized the global web development and support processes for a Fortune 100 CPG organization having presence in over 140 countries. Today we design, develop and maintain a portfolio of 800+ websites developed over multiple technologies in use across many countries. This consolidation of digital marketing properties helped in reducing the cost of website development and maintenance and ensured 100% compliance to the defined privacy, security and usability.

With a global presence and a suite of innovative solutions, Mindtree ensures that CPG companies can embark upon a journey of collaborating with customers and engaging their consumers. It is important to implement customized solutions which cater to the local needs of the market while keeping in view the global scenario.

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Naveena KL is a program director in Mindtree's CPG and Manufacturing Industry Group which focuses on providing solutions in the customer and consumer management space for CPG and manufacturing companies. He has over 15 years of experience in the industry and has implemented enterprise wide SCM solutions for Fortune 500 CPG companies. He has anchored various IT programs and has a deep understanding of challenges faced in the customer and consumer space for CPG companies across diverse markets. He can be reached at [naveena\\_kl@mindtree.com](mailto:naveena_kl@mindtree.com)

**About Mindtree**

Mindtree is a global information technology solutions company with revenues of over USD 400 million. Our team of 11,000 experts engineer meaningful technology solutions to help businesses and societies flourish. We enable our customers achieve competitive advantage through flexible and global delivery models, agile methodologies and expert frameworks.