

Jumpstart your **Direct to Consumer** Journey in **four weeks**



For last couple of months, we all are experiencing unprecedented disruptions. Customer buying patterns have transformed almost overnight. As digital channel becomes the dominant norm, digital commerce, and service capability-development is key to realize revenue, retain customers, and ensure business continuity.

As customers and businesses shift behaviours and operations to a digital-only paradigm, some telling trends are rapidly emerging and leaving your business in either one or both categories

- **Facing a surge:** Essential products struggle to keep up with demand and are placing extreme pressures on the supply chain e.g. online grocery sales in America has grown 2x, and 1.3x in the UK during the recent months according to Adobe Digital Index.
- **Need to quickly rewire:** Previous eCommerce laggards like grocery have been thrust into the mainstream, fast and dependable local delivery is commonplace – from the local deli to new entrants like Costco and Publix who have made the transition to home delivery at scale in a matter of days. We are also on a similar journey to help our customers jumpstart a **Direct to Consumer (DTC) website in less than 4 weeks' time.**

Recent statistics shows that in just the last couple of weeks, the online orders have surged extremely for packaged goods such as, US online orders have increased by **56%**, and the online sales in UK crossed **22%** last month.



While some brands are scrambling to understand the disrupted customer behavior, there are other brands who are making it to the news because of their growing sales online. Such as:

- **Nike's** online sales grew by **36%** in the last quarter and they also reported an extraordinary growth in the usage of their fitness apps [\(here\)](#)
- **Nestle** reported an eCommerce sales growth of **29%** in the first quarter due to more people working from home nowadays [\(here\)](#)
- **L'Oréal** reported that their eCommerce division is growing at **52%** and now represents close to **20%** of sales which includes sales through their own brand websites, plus sales via retailers' websites [\(here\)](#)
- **Levi's** sales rose by **5%** in the first quarter powered by its direct-to-customer online business. [\(here\)](#)



A survey conducted by Morning Consult exhibited that more than 24% of customers said they won't feel safe in stepping out to go to stores, shopping malls, etc. for at least 6 months' time. So, for businesses who haven't thought about online commerce yet – it's time to start this journey as quickly as possible.

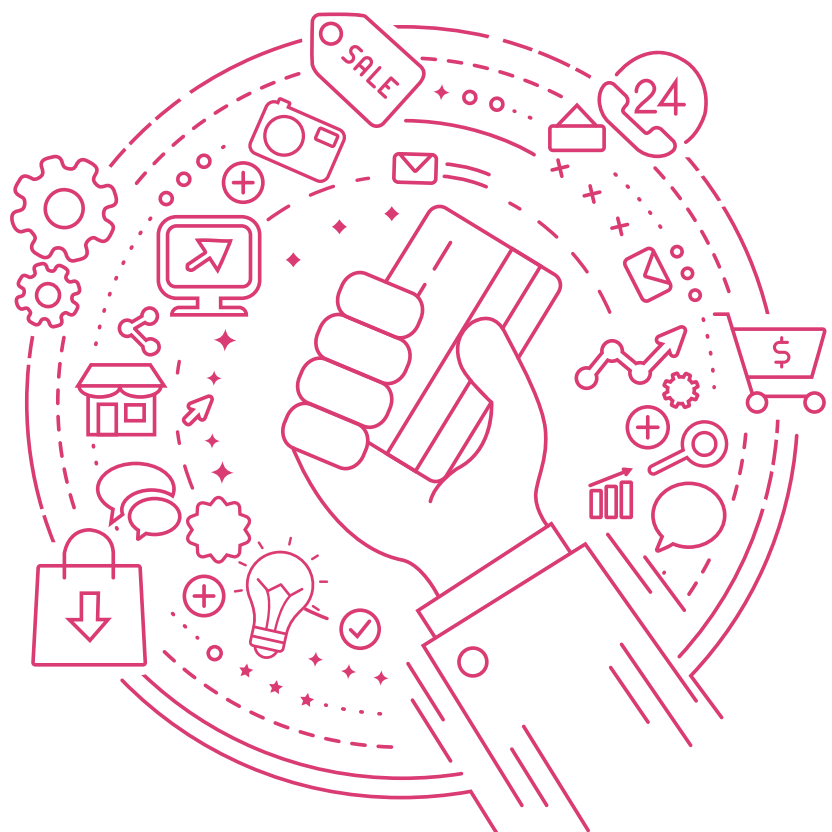
To adapt to this changing environment & behavior, companies must make fundamental changes in their approach to Digital.

i) Rethink & revise your digital strategy.

Most companies today are selling via retailers/distributors or through marketplace, and therefore have no insights into their customers' profiles and buying habits. Hence, companies are unable to target the customer directly or improve their basket size. The solution is to opt for new channels to reach out to the customers, and invest in new channels such as:

a. Direct to customer (D2C) channel: It provides you with an opportunity to know your customer better, get direct access to your customer data, offer personalized content, test new promotions, bundles, and empower customers to provide feedback directly through this channel. It will help with brand building, brand awareness and as a result you will gain brand ambassadors and most importantly customer loyalty.

b. Conversational Commerce With all the stores closed its important for retailers & brands to provide new levels of guidance to make online shopping easier. Conversational commerce enables you to be available for your customers 24x7, and help customers search & navigate products very easily. Brands who have implemented conversation commerce witnessed a spike in the number of customers engaging per day & also **-50%** increase in conversational traffic in just a couple of months' times.





ii) Know your end customer better

One customer equal One profile. It might sound irrelevant or unrealistic to some companies, but this pandemic would most-certainly leave behind few attitudinal shifts (esp. amongst young people) and some buying behavior changes. So, companies need to start thinking of how to engage with the customers beyond just a sale. Such as:

- a. *Invest into innovative ideas* & try to keep your customers engaged on a daily basis via contests, such as Lego Ideas - a Lego web shop where you can submit your Lego design and ideas which gets voted by the community & then they announce the winners every week. Now, it might sound simple but not many companies are investing in building a day to day engagement channel for the customers today.
- b. *Allow flexibility with subscriptions*, let your customer update & modify the subscription bundle as and when they want. This will help you reduce the overall percentage of subscription cancellations.
- c. *Improve customer experience* with better recommendations based on past order history, cross-sell & upsell etc. All these small functionalities lead to enriched buying experience and adds to customer satisfaction.

iii) Relook at the supply chain

One of the areas hardest hit is the supply chain – both on the supply-side and demand-side. The key to maintain value to the customer is on-quality and on-time delivery. So, companies need to relook at the supply chain and tighten all the weak points quickly.

a. Realign your supply network: COVID-19 has clearly put businesses at risk. Particularly, ones with high dependency on one geography for instance China for supply of goods, raw materials etc. It might have been a cost-effective move from procurement perspective but now it's high time for companies to re-evaluate their supplier network. A good starting point could be to look for alternate suppliers in nearshore. Another, long term plan could be to create a transparent multitier supplier network such as tier 1 suppliers, tier 2 supplier etc. as a contingency. This will require a very exhaustive risk assessment and mapping of suppliers based on location, business impact etc. but it will help companies to be prepared & avoid closing of manufacturing units/plants in future.

b. Demand planning: To make sure you can fulfil customer demand for essential products continuously and not run 'out of stock'. It's important to know the realistic end customer demand in order to estimate inventory. So, companies need to work with the sales and operations planning team to get fair estimate of actual demand and optimize the production accordingly.

This will enable companies to run plants at reduced capacity with limited workforce and yet be able to fulfil end customer necessities.



c. Order fulfilment: Improve the order fulfilment process by narrowing the gaps in logistics capacity.

A very simple way is to run stress test and look at the current fulfilment model such as location of your warehouses, transportation time, frequency of replenishment of store inventory, additional time & cost incurred to move stock from one warehouse to another if needed etc. These simple exercises will help you understand the minor as well as major issues in the fulfilment process which in turn delays 'home delivery' or even 'click and collect' of orders. Recently Walmart US, announced express delivery service to deliver orders to customers' doorsteps in less than two hours' time using stores as mini warehouses.

So, we can start with minor provisions such as realistic demand planning, addition of people to order preparation & order delivery team etc. to make sure customers don't have to wait for weeks to get their groceries. If you fail to fix these gaps quickly and be available to fulfil customer demands, they will switch to competitor brands unless they are satisfied.

Below is Mindtree's framework to help build a D2C website in less than 4 weeks.



A high-level plan to launch website in < 4 weeks' time

Here are the five major milestones to launch a website in four weeks' timeframe.

01

Define a roadmap & what you want to achieve in near future

1. High-level vision of business and target customers
2. What is the business case, problem statement & expectations
3. Budget
4. Timeline

04

Launch website

1. Soft launch website to controlled customer base
2. Gather customer feedback and work on critical brand impacting issues
3. Launch website

02

Technology stack & high-level architecture decision

1. eCommerce platform decision (such as Shopify, BigCommerce etc.)
2. Required system integrations (Product Information Management - PIM, Pricing Information, Product Imagery, Payment Integrations, Shipping Provider etc.)
3. External Integrations such as ERP systems (Order Export/Import, Inventory Information)
4. Strategy for data and content migration if required

03

Design & implement the solution to launch the website

1. Finalize the scope and design for the MVP
2. Identify the major milestones
3. Resource planning
4. Finalize prerequisites for project kick-off such as software and platform licensing
5. Project kick-off
6. Follow short iterative development cycles with regular feedback from business

05

Enhance & maintain

1. Add new features & capabilities in smaller iterations
2. Test & Learn (A/B Testing)

So, what's next on your list?

In this 'new normal' digital-only paradigm, CPG companies need to rethink their digital strategy through innovation, customer relations and alternate operating models. Prioritize customers at the epicenter of operations and align customer acquisition & retention strategies around it.



If you are responsible for sales in a CPG company, now is the time to focus on your eCommerce strategy, capabilities, skills and partnerships as the #1 item on your shopping list. Reach out to us at info@mindtree.com to jumpstart your direct to consumer journey today!



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About Mindtree

Mindtree [NSE: MINDTREE] is a global technology consulting and services company, helping enterprises marry scale with agility to achieve competitive advantage. "Born digital," in 1999 and now a Larsen & Toubro Group Company, Mindtree applies its deep domain knowledge to 300+ enterprise client engagements to break down silos, make sense of digital complexity and bring new initiatives to market faster. We enable IT to move at the speed of business, leveraging emerging technologies and the efficiencies of Continuous Delivery to spur business innovation. Operating in 18 countries and over 40 offices across the world, we're consistently regarded as one of the best places to work, embodied every day by our winning culture made up of over 21,000 entrepreneurial, collaborative and dedicated "Mindtree Minds."