

Acquia
EXPERIENCE DIGITAL FREEDOM

INDUSTRY RUNDOWN: CONSUMER PRODUCTS

**USING A UNIFIED VIEW OF YOUR CUSTOMER
FOR SMARTER PERSONALIZATION**



IN A CHALLENGING TIME, LOOK FOR OPPORTUNITIES

The consumer products industry is undergoing significant change. Even before the pandemic, foot traffic to brick-and-mortar outlets was declining and traditional supply chains were facing disruption. Now, that situation has been exacerbated by product shortages, margin pressures, and retail stores closures — some of which are permanent. As consumers become increasingly reliant on digital experiences to protect their safety, direct-to-consumer and digital commerce have become the primary means of survival for many brands.

New ecosystems are emerging — both from traditional manufacturers and retailers, and from a complex mix of nimble startups, digital channels, and non-traditional players. To connect with their customers, companies must embrace innovative digital strategies and leverage these new multi-channel systems. But complexity and cost can make it difficult for brands to deliver a consistent, personalized experience across every channel.

The key to success is leveraging technology to unify and enrich the massive amounts of data being generated, and use that data to meet consumers where they are, in real time, on their preferred device, with personalized products and offers.



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*Consumer product companies and retailers face a confluence of rapidly evolving technologies, consumer demographic shifts, changing consumer preferences, and economic uncertainty. These dynamics have the potential to undermine not only historical sources of profitable growth but also historical sources of competitive advantage, and **render traditional operating models obsolete.**”*

DELOITTE

TRENDING NOW IN CONSUMER PRODUCTS

Traditional retail has been undergoing dramatic disruption for some time. The pandemic has only worsened the situation, and generated significant financial pressure. According to Deloitte, consumer products leaders will have to strike a balance between the need to invest in technologies to keep up with increasingly empowered consumers and the desire to remain financially prudent in their investment strategy.

Additionally, Deloitte believes companies should commit to investing in digital technologies with built-in analytic capabilities. These capabilities will help them better understand their consumers, as well as the operational problems they are trying to solve. Because data is only useful when it can be harnessed to generate insights, collection is just the first step.

When the pandemic first hit, consumer demands were already changing rapidly. Consumer products manufacturers who already had a solid, data-driven, consumer-centric foundation in place were able to pivot quickly and maintain a competitive advantage.

Machine learning and advanced analytics are the key to unlocking and interpreting customer data to develop real-time insights that are both forward-looking and predictive.

COVID-19 has forced potentially dramatic new directions in consumption, altering behaviors in ways that few would have imagined just nine months ago. Some of these trends are clearly here to stay. For others the jury is still out. What is clear is that the impact of COVID-19 on consumer behavior will outlast the crisis.”

BAIN & COMPANY

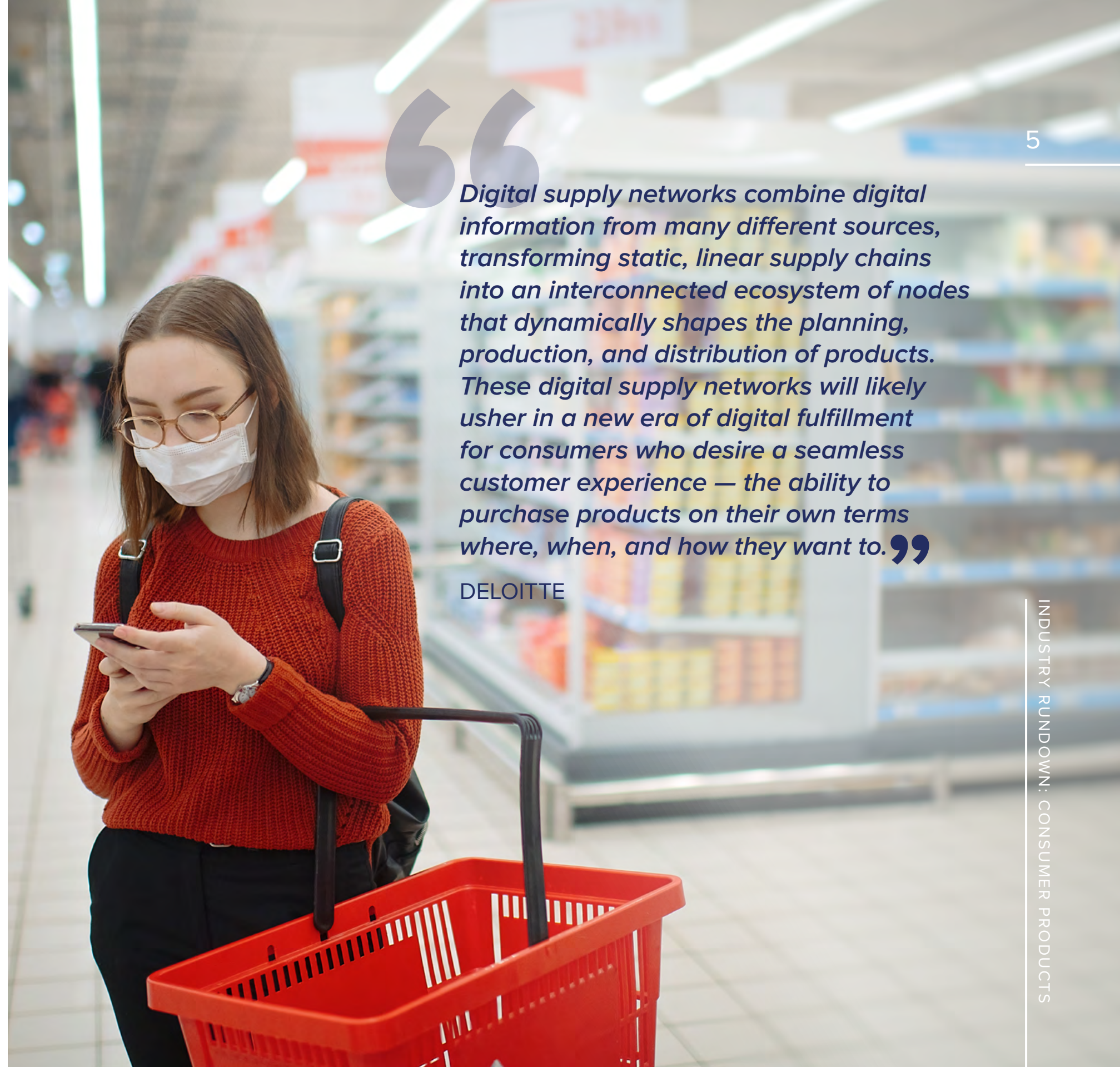
THE TRENDS IN CONSUMER PRODUCTS: INDUSTRY 4.0 AND THE DIGITAL SUPPLY NETWORK

Industry 4.0 is a new industrial revolution that utilizes connected and smart devices to transform supply chains. According to Accenture, the traditional value chain will pivot toward hyper-personalized experiences, products, and services. The pivot will be driven by innovative business models that generate new sources of revenue. Industry 4.0 promises to enable consumer products companies to be more agile and responsive to consumer needs, maximize revenue, and reduce costs and inventory.

According to PWC, the Industry 4.0 revolution is mobilizing a new type of retail and consumer goods customer. This customer wants a seamless, fast, efficient shopping experience and products that are more personalized than ever before. Retailers can address these expectations by offering a multi-channel experience that combines online and physical shopping, and enables consumers to easily switch between the two, depending on their preference at any given time.

HERE'S HOW TO MAKE THE MOST OF IT:

Serve these customers in the manner and on the channel they desire, and deliver the personalized experiences and products they want. Making it happen will require a single, unified, real-time view of each and every customer.



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Digital supply networks combine digital information from many different sources, transforming static, linear supply chains into an interconnected ecosystem of nodes that dynamically shapes the planning, production, and distribution of products. These digital supply networks will likely usher in a new era of digital fulfillment for consumers who desire a seamless customer experience — the ability to purchase products on their own terms where, when, and how they want to.”

DELOITTE

THE TRENDS IN CONSUMER PRODUCTS: GROWTH OF DIRECT-TO-CONSUMER

Many direct-to-consumer (DTC) brands started with online-only sales. Now, many incumbent brands have recognized the opportunity DTC channels offer to gain control of the end-to-end customer experience and gather valuable customer data. With many retail outlets closed, either temporarily or permanently, the pandemic has only heightened interest in DTC business models.

In turn, some DTC brands have launched stores and pop-up experiences to better engage with customers and deliver an in-person experience around their product. These new channels only increase the amount of data about a given customer. But often, that data ends up siloed in different systems.

HERE'S HOW TO MAKE THE MOST OF IT:

DTC enables better 1:1 relationships with customers, but there are still many touchpoints in which a customer can interact with a brand, such as social media. Access to rich customer data across all touchpoints can be a distinct competitive advantage. To deliver truly personalized experiences, consumer products companies must be able to capture, analyze, and gain insights from all the available to them.

“DTC products have been receiving the lion’s share of press and consumer attention — but the 1-1 relationship these services have built with their customers and wider audiences to drive engagement and customer satisfaction cannot be ignored.”

IAB



THE TRENDS IN CONSUMER PRODUCTS: PRODUCT PERSONALIZATION & CUSTOMIZATION

As interconnected technology and supply chain efficiency improve, so does the ability to personalize products for consumers. That personalization can, in turn, enable brands to charge more, and help generate word-of-mouth marketing. Additionally, because a customized product and experience aren't available anywhere else, personalization can boost customer satisfaction and loyalty.

A Deloitte report found that one in five consumers is willing to pay a 20% premium for a personalized product or service, and 48% are willing to wait longer for it. Millennials, in particular, value customization.

HERE'S HOW TO MAKE THE MOST OF IT:

Interacting with customers to take orders for personalized products can generate volumes of valuable data and personal information about preferences. Those insights can be leveraged for future marketing and product design. Artificial intelligence and machine learning will enable brands to make sense of the data and gather insights to predict the consumer's preferences and make relevant offers at the right time in their journey.

A man with dark curly hair and a beard, wearing a bright yellow blazer over a white shirt and a wooden bow tie, is smiling and pointing his right index finger upwards. He is standing in front of a light-colored wall with some blurred text and a dark object hanging on it.

Consumer spending will likely shift toward customized products and experiences across a broad range of consumer products. The likely consequence: Customization of both the product and the end-to-end shopping experience will be critical to capturing value. ”

DELOITTE

CHALLENGES:

*The Impact of the Pandemic
on Consumer Sentiment
and Purchasing*



The COVID-19 pandemic has had a potentially long-lasting effect on consumer spending; many consumers are more mindful of how and where they spend their money.

Pressures on consumer income can have a negative impact on brand loyalty. Consumers may choose to try new, lower-priced brands and channels in search of greater convenience and better value.

There has been an accelerated shift to online channels and contactless services. That dynamic is likely to continue in a post-pandemic environment.

Now more than ever, brands need to understand their customers' values, sentiments, and needs. Those insights can inform development of more personalized and relevant offers on the channels customers prefer.



WE HAVE SEEN FIVE FUNDAMENTAL SHIFTS TO CONSUMER BEHAVIOR, SOME OF WHICH WILL HAVE A LASTING IMPACT

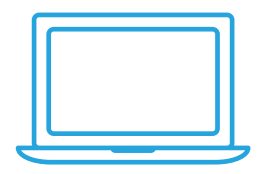


1

SHIFT TO VALUE AND ESSENTIALS

20-40%

net decrease in intent to spend in discretionary categories

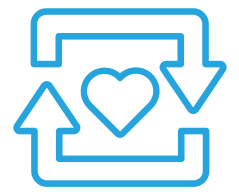


2

FLIGHT TO DIGITAL AND OMNICHANNEL

20-40%

net increase in intent to spend online even post-COVID-19



3

SHOCK TO LOYALTY

73%

of US consumers have changed stores, brands or the way they shop



4

HOMEBODY ECONOMY

64%

of US consumers are not yet resuming "normal" out-of-home activities



5

NEW HOLIDAY OUTLOOK

25%

decrease in net holiday spending intent

Source: McKinsey & Company

MANAGING DATA ACROSS NEW COMPLEX ECOSYSTEMS

Traditional supply chains have been disrupted and new, more complex routes to market are emerging. Digital supply networks are capturing and combining digital information from many different sources, transforming previously linear supply chains into an interconnected system of nodes.

Harnessing the massive amounts of data to deliver a seamless experience across these new connected ecosystems can be challenging. New technology platforms and

machine learning will become even more crucial to making sense of the data in order to personalize the customer experience and make the right offer at the right time.

As these new ecosystems evolve, brands must leverage the massive amounts of data across systems, networks, and touch points. Only then can they create a unified view of customers and prospects needed to reach new customers, deliver seamless and engaging user experiences, and drive customer loyalty.

“62 percent of companies that invested in customer analytics observed a clear ROI. Of these, 52 percent witnessed an increase in revenue. This suggests companies can confidently commit themselves to investing in digital technologies to increase operational efficiency or to better understand their customers.”

DELOITTE

OWNING THE CUSTOMER EXPERIENCE

New ecosystems and competition have created a digital battle for ownership of the customer experience. Today, consumers are empowered and informed by the wealth of information at their fingertips. Customer feedback and price comparison tools that help with purchase decision making are everywhere. Social media and other influences have a strong impact on consumer purchasing.

Customers want instant gratification, and have high expectations for a personalized experience across every channel. At the same time, they want transparency. They want companies to know them, and they want to connect with brands on a deeper level.

Unfortunately, the complexity and costs associated with these new channels can make it more difficult for brands to deliver a consistent, personalized experience.

To gain and retain ownership of the customer experience, brands must adapt to new ways of doing business. Instead of mass advertising, they must employ new tactics, such as dynamic hourly promotions and personalized messaging. Customer insights must be real-time, forward-looking, and predictive. This is only possible with the proper tools, and insights into all customer and prospect data gathered along the way.



KEYS TO SUCCESS

To remain relevant and competitive in these challenging times of retail disruption, consumer product companies must deploy technologies to deliver personalized customer experiences in real time like never before.

1

DATA-DRIVEN MARKETING STRATEGY

Driven by a powerful digital platform to translate massive volumes of data across vast networks and touchpoints

2

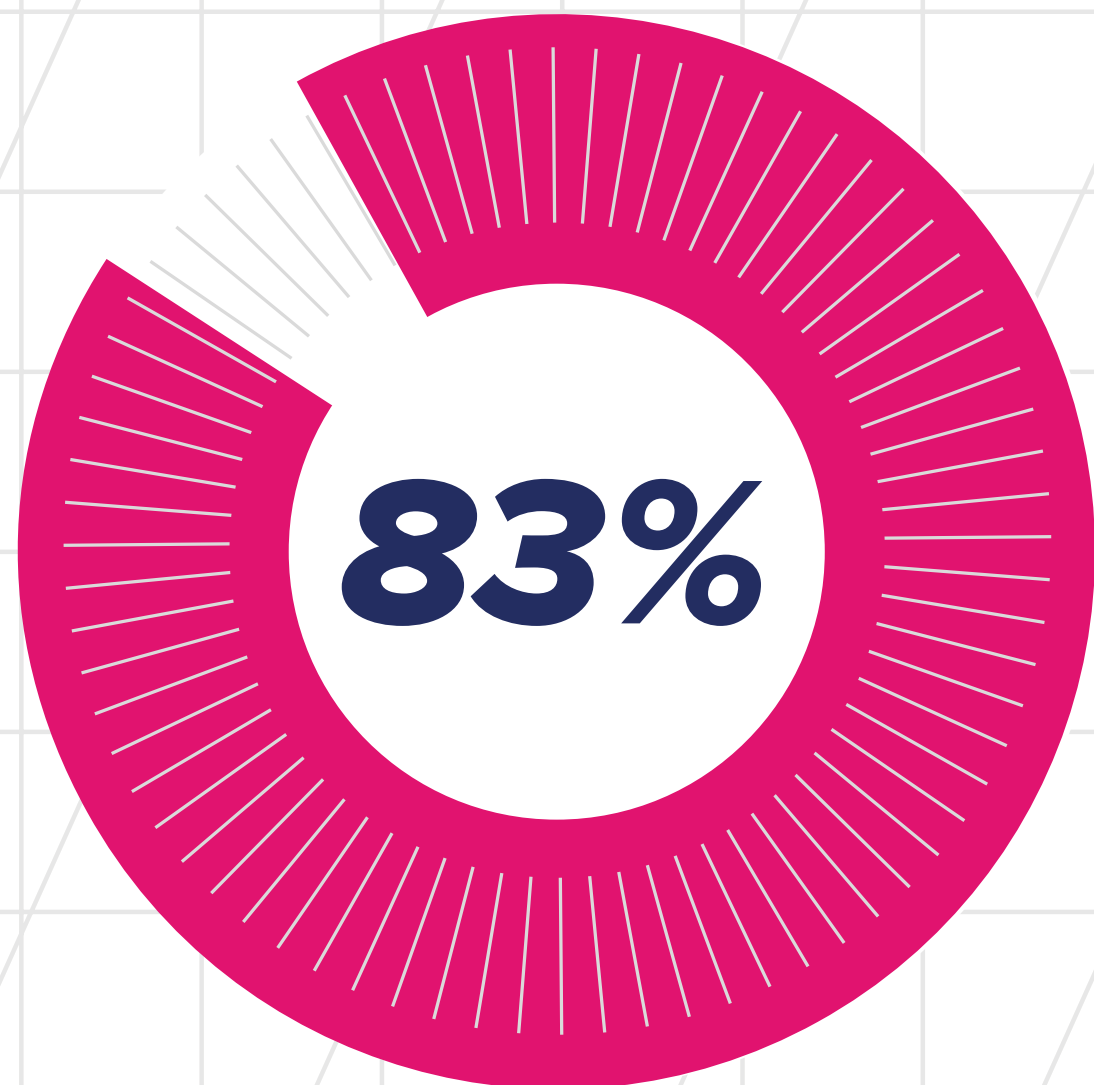
CUSTOMER-CENTRIC VIEW

360 degree omnichannel strategy to meet customer expectations of a personalized, retail-like experience

3

MEET CUSTOMERS WHERE THEY ARE

Deep insights to understand customer behavior and sentiments to place targeted offers at the right time in their journey



83% of marketers say that their customer data lives in unconnected silos, with data from different channels and systems stored in separate servers, clouds and databases scattered across multiple departments.

GET IT ALL IN ONE PLACE: ACQUIA CDP

Consumer products companies need to gain and retain ownership of the customer experience by delivering meaningful and personalized customer experiences. Siloed data across disparate systems and ever expanding touchpoints can make this challenging - if not impossible.

With a Customer Data Platform (CDP) consumer products companies can unify all customer data to develop deep, holistic views of their customers. New platforms and machine learning enable deeper insights into customer behaviors and preferences. Marketers can deliver targeted, relevant offerings, at the right time, on the devices that consumers prefer.

With Acquia CDP consumer products companies can:

- ✓ Improve customer acquisition
- ✓ Improve retention and loyalty
- ✓ Grow market share in a rapidly changing environment

Find out everything you need to know with our “Customer Data Platforms 101” eBook.

Acquia

ACQUIA.COM

ABOUT ACQUIA

Acquia is the open digital experience platform that enables organizations to build, host, analyze and communicate with their customers at scale through websites and digital applications. As the trusted open source leader, we use adaptive intelligence to produce better business outcomes for CX leaders.

