



Consumer Packaged Goods & Retail

Preparing CPG companies, retailers and marketplaces for holiday events in uncertain times

Cyber Monday is an emotional roller coaster with staggering highs and precipitating lows. Struggle for both retailers and CPG manufacturers is real albeit with an experience of unparalleled shopping glory. However, we believe that outperformers will continue to get two fundamental principles right:

1. **Consumer is king:** A special day for prime members is not a bad way to honour commitment and loyalty; that is what makes ~50-75% discounts sweeter and a day to look forward to. One key tactic that retailers may resort to is to activate presale communication for loyal shoppers (or prime member in case of Amazon) to whet their appetite. This will allow them to rationalize their offers instead of hitting everyone with everything; spamming shoppers with discount offers is the cardinal sin. Instead, aim should be to spike their interest with innovative offers. In the past 5-years, outperforming CPG companies have launched 2X new SKUs compared to laggards. They have also been smarter about spotting white spaces and segments of the future, and better at capitalizing holiday events.
2. **Rapid scaling and penetration is the key:** Choose a flexible ecommerce platform that is scalable with fast-changing traffic demands. This must be pursued with razor sharp focus on:
 - a) Assortment: Fast track to eCommerce SKUs commanding at least ~25-30% of revenue share
 - b) Analytics: Build/Buy into ecosystem of digital tools and partnerships to capture performance insights into hourly transactions
 - c) Pricing: Track and address price compression across portfolio and marketplaces. Mine data based triggers to implement price changes
 - d) Branding: Pandemic fast-tracked demand in eCommerce and warranted pivot to business-to-consumer deliveries. Use marketing tools to develop budget, allocate spend and capture ROI from investments.
 - e) Fulfilment: Use stores as fulfilment centres and creative order management techniques by embracing kerbside pickup and other emerging consumer expectations. Target >95% OTIF to outperform markets

Progress involves raising expectations and history, as we know it, can go backwards and forwards; but the overall trajectory for such holiday events is likely to be positive for CPG manufacturers, retailers, marketplaces and shoppers alike. We certainly caution against self-selection to not become so rigid and sensitive towards traditional behaviours. COVID-19 has overhauled established bureaucracies, retailing ecosystems, shopper biases and family ethos. A jolly holiday event following the most grateful day of the year may still be testing waters with our most notorious health challenge yet.

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