



White Paper

Creating Customer Centricity Through Digitalization in CPG Industry





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INTRODUCTION



The advent of digitization has transformed how we conduct business, manage IT operations, and serve customers. Every industry, including CPG (Consumer Packaged Goods), focuses on customer experience. ***How an enterprise interacts with its customers is becoming as important as to how it delivers products.*** Enterprises are mastering a fast-paced digital transformation to provide a high level of satisfaction.

However, CPG enterprises are under extreme pressure to re-establish profitable growth while also meeting rising customer expectations. To position themselves and maintain a lead in digital advancement, CPG enterprises must overcome the following challenges:

- Working in a volatile and competitive market
- Managing multiple delivery channels (touchpoints, especially on social media platforms)
- Constantly advancing to provide tailored products and services
- Shortening the manufacturing and supply chain cycles
- Using smart technologies to help with real-time inventory management
- Using advanced analytics to build and improve customer connections

To become truly consumer-centric, businesses must reimagine their digital initiatives, especially regarding supply chains. Transitioning from product-centric to customer-centric solutions is no

longer an option for businesses; it is a mandate to thrive. And the great part is that businesses now have plenty of powerful tools to meet these challenges.

This white paper will discuss various aspects of digitalization and digital transformation impacting customer-centricity in the CPG industry.



PRODUCT-CENTRICITY vs. CUSTOMER-CENTRICITY



Definition

To date, many businesses have established themselves with the products they manufacture or the services they provide rather than by the problems they resolve for their customers. A product-centric firm is associated with product superiority - an approach driven by intense research and technology.

On the other hand, a customer-centric business focuses on addressing a business problem and provides value through customized solutions. It is considered an 'outside in' approach driven by innovative service delivery experiences that cater to the customer's needs. The primary goal is to build a long-term relationship while focusing on customer priorities rather than market share.

Strategy and Example

Specific to strategies, customer-centricity employs a buyer-driven pull strategy as opposed to a sales-driven push strategy. Mass media tools are approaching new-age digital media tools such as influencers, experiential marketing, and personalized customer journeys for generating user engagement.

Apple is an excellent example of a product-focused company. As Steve Jobs said, customers only know what they want once it is shown to them. This foundation of Apple's organizational and market structure enables the profitable delivery of their products to customers effectively. Less emphasis on individual customer feedback, and the same product features are accessible to all who can afford them.

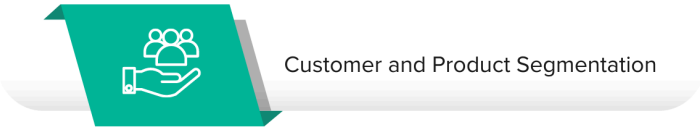
In contrast, Amazon entirely focuses on the customers. *"If you're competitor-focused, you have to wait until there is a competitor doing something,"* Jeff Bezos, the e-commerce giant's philosophy.

Being customer-centric allows you to be more innovative. Everything that Amazon does revolves around customer expectations and experience. Although they do not sell a product, they have mastered customer-centricity via their unique service delivery platform.

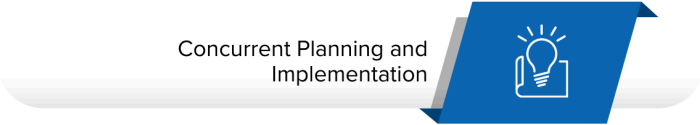
WHAT CAPABILITIES DO LEADERS PRIORITISE

Customer and Product Segmentation

It is the most distinguishing feature of customer-centric supply chain players. These enterprises identify segments with similar requirements and organize their capabilities to deliver the required outcomes for these segments.



Customer and Product Segmentation



Concurrent Planning and Implementation



Design to Margin Capabilities alongside Agile and Integrated Innovation

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These capabilities enable the delivery of the product portfolio at optimal cost. Supply chain leaders have reported performing this exercise within their organization and the entire ecosystem.

Concurrent Planning and Implementation

Based on simultaneous planning and implementation, these capabilities bring about resilience and responsiveness, enabling enterprises to plan and re-plan the entire supply chain based on the latest data insights. Professionalists have strategically invested in the potential areas that will help them build more customized products and services.

MEETING CUSTOMER VALUE PROPOSITION



Connected Customer Experience

Post-pandemic, CPG enterprises emphasized a connected consumer experience. It is no surprise that people spend more time at home and purchase products online via eCommerce websites, social media outlets, and subscription models.

To deliver a connected customer experience, CPG supply chains

should be customizable, from providing the right product for every channel (touchpoint) and consumer segment to tailoring the portfolio as preferences change. These must also be responsive to evolving consumer and customer demand across products and purchasing channels.

Price Competitiveness

Offering price-competitive products and services has emerged as a critical component since customers are aware of market trends and becoming more price-conscious. A large portion of consumers are shopping economically by purchasing with budget brands. However, Rendering a price competitiveness-based outcome necessitates an optimized, cost-effective supply chain to deliver a taste of price competitiveness while contributing to enterprises' profitability.

Trust and Sustainability

Enterprises are increasingly focusing on environmentally friendly products and services for a cleaner and greener supply chain and manufacturing. Using manageable and sustainable best practices fosters trust and benefits among societies and the environment. Also, customers prefer organic and more sustainable products meeting their lifestyle and health

concerns. To build trust and express social responsibility, supply chains need to provide end-to-end visibility for long-term sustainability. Agile and accessible supply chains are resilient to disruption and proficient in delivering customer value propositions.

However, CPG enterprises must decide what must be prioritized as desired outcomes by segmenting and developing the necessary capabilities.

USING DIGITALIZATION TO ESTABLISH CUSTOMER CENTRICITY

Digitalization allows CPG enterprises to expand their product offerings and provide exceptional customer experiences, allowing them to fortify their businesses in a competitive and complex market. There are the following key considerations to achieve personalization at scale:

1. Putting your customer in the spotlight

It is difficult to gain a competitive advantage in a crowded market with numerous products and services. As a result, building specific differentiators is imperative when competing for profits, volume, and value share. Enterprises that understand customer requirements and pain

points will achieve a competitive advantage against rivalries. Interaction with customers, comprehending their problems, and responding to them while ensuring their engagement is an elementary part of the customer-centric strategy. Also, businesses can only catch up with some customers on a single platform.



Putting your customer in the spotlight



Establishing matrices and a governance system



Understanding consumer behavior and expectations



Creating a map of the digitally-enabled customer journey



Going digital to improve customer focus



Using advanced technologies to augment

With digitization, all phases of a customer's path to purchase can be attributed to a channel or customer segment. High-value segments should be treated differently than casual customers. Customer lifetime value is an effective measure of business sustainability. Paying attention to these measures can increase business revenues and open possibilities for new markets.

2. Establishing matrices and a governance system

The key to customer satisfaction is measuring what happens and deploying data to drive action within the enterprise. With a top to bottom approach, practitioners determine the customer experience with matrices and go to customer journeys and performance indicators. Additionally, enterprises require proper governance and leadership to move from knowledge to action. For each type of cross-functional customer journey, leading enterprises have governance structures comprising a sponsor—a chief customer officer—and an executive champion. With digitization working simultaneously within normal operations, employees can conduct mundane activities to succeed in the organization. To better understand, business leaders must model the behavior they expect from these employees while communicating the necessary changes regularly. Some enterprise level programs, such as formal reinforcement mechanisms and skill-building activities, also support the transformation.

3. Understanding consumer behavior and expectations

Buyers and explorers are two types of customers. While buyers account for 20% of the segment and 80% of revenue, explorers are casual, instinct-driven buyers. Both categories exhibit distinct and opposing behavioral patterns. With such disparate behavior, it is difficult to produce relevant results with in-depth communication strategies, engagement plans, sales initiatives, and CRM strategies. As a result, customized solutions are in high demand.

From determining the customer's lifetime value and enticing them to make a purchase, digitization helps CPG enterprises streamline critical operations in the disruptive market.

This enables manufacturers to concentrate on buyer acquisition and retention rates and up-selling and cross-selling at reduced costs.

4. Creating a map of the digitally-enabled customer journey

Understanding the customer's digital journey is critical for developing tailored sales, marketing, and branding strategies. Businesses should be able to address the following issues:

- Customers and their buying habits
- Customer purchase touchpoints
- Product and service expectations of customers
- Customers' purchases are impacted by peers or external buyers.

The goal is to examine the customer's journey and expectations from their perspective. Businesses that run their operations digitally first can achieve these goals.

5. Going digital to improve customer focus

Every department within the organization generates a massive amount of untapped customer data. Combining this data pool with advanced analytics can help achieve customer-centricity at every touchpoint effectively and efficiently. It is only possible with the following:

- Optimized content
- Leveraging advanced data analytics and insights
- Personal interaction and social participation

Businesses can only succeed in a disrupted business landscape by digitalizing and providing customer-centric solutions.

6. Using advanced technologies to augment

CPG companies must be mindful of technological obsolescence. There is a need to focus on and be familiar with the evolving landscape of IT technologies, including IoT, ML, AI, Blockchain, Robotics, Digital Traceability, and others.

A ROAD AHEAD WITH BATOI

Mastering the concept and execution to deliver a better customer experience is intimidating. However, it is critical today in a rapidly changing business environment.

CPG enterprises can improve business processes to achieve long-term, hyper-connected customer-centricity. According to statistics, *implementing digitization and consumer data analytics across major processes like inventory management and logistics execution has proven profitable.*

Modern businesses provide complete solutions and services in this new normal, from conception to implementation. You can select a partner who understands your business challenges and complex processes while delivering extraordinary results. At Batoi, we use technology, processes, and domain expertise to help you become a customer-centric enterprise.

Want To Know More About Our Services? [Schedule a Demo](#)



ABOUT BATOI - THE CLOUD COMPANY



We automate software engineering.

Batoi is a Rapid Application Development (RAD) Platform. The Platform provides tools for designing and building applications, handling codebase deployment and security, integrating blockchain, AI, AR/VR, and IoT capabilities, and managing software projects. Batoi has been catering to customers across the globe for building, deploying, and managing their software applications since 2010.

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