



ORACLE®

# CUSTOMER EXPERIENCE IN THE DIGITAL WORLD: **CONSUMER GOODS & RETAIL**

How Digital Technologies Equip You for Success



Consumer behaviors and expectations are vastly different today. How attuned are you?

The digital world that we live in has caused profound changes all over—especially in the retail and consumer goods industries. As humans, and as consumers, our behaviors and expectations have changed dramatically since the advent of the smartphone and the wide spread of digital connectivity.

**We now have unprecedented power, information, and choice at our fingertips.**

**As a result, our expectations are higher than ever. Today's consumers are:**

- 1. Independent information gatherers and form their own opinions.**
- 2. No longer trustworthy of brand messages.**
- 3. Trained to filter out non-relevant information, like ads and spam emails.**
- 4. Not hesitant to switch brands if they're unhappy for any reason.**

Newer business models are emerging daily to address more customer needs by offering exceptional and differentiated user experiences to enable convenience, personalization, flexibility, and security—they're creating new competition, collaboration, and co-opetition like never before.



## WHAT'S INSIDE

- 1) **Trend #1: The meltdown of retailers**
- 2) **Trend #2: The rise of Direct-to-Consumer models**
- 3) **What to do now to change and adapt for future success**
- 4) **Accelerating transformation in 3 key areas**
- 5) **Why integrated CX solutions are the answer**



## TREND #1: THE MELTDOWN OF RETAILERS

A recent phenomenon shaking up consumer goods and retail companies is the rapid meltdown of traditional brick-and-mortar channels—everything from strip-malls to luxury retail outlets. So far in 2018, thirteen US retailers have filed for bankruptcy, including big chains like Toys R Us, Nine West, and Brookstone. This brick-and-mortar “meltdown” is making the online (and omnichannel) shopping experiences imperative for future survival. According to The Atlantic, there are three major contributors to blame for the rapid disappearance of traditional retailers:

- 1) Consumers simply buy more stuff online than they used to.
- 2) In the US specifically, there is an over-supply of malls.
- 3) Consumers are shifting their spending from material goods to experiences, like eating out or traveling.



**58%**

of consumers shop online  
instead of in-store because  
its available 24/7



**73%**

of consumers use multiple  
traditional and digital  
channels while shopping



**78%**

of millennial shoppers  
spend money on experience  
over material items

# TREND #2: THE RISE OF DIRECT-TO- CONSUMER MODELS

When brands sell primarily through independent retail channels, they have very little control over how the product is sold and don't ever get to 'own' the customer relationship. Brands have very little visibility into who's shopping, who's buying, and who's satisfied with a purchase, making it exceedingly difficult to deliver a better customer experience. To get closer to the end-consumer, consumer good brands and retailers are investing in direct consumer outreach and engagement to get a real-time pulse on consumers' behaviors and intentions to be more responsive to consumers' needs.

This investment has led to the rapid emergence of the Direct-to-Consumer (D2C) business model. The D2C model gives brands an opportunity to build relationships directly with their consumers. Of course, building a brand through the D2C strategy also presents several challenges. For one, a very aggressive D2C undertaking could endanger the existing important go-to-market channel: selling through retail partners. To avoid upsetting their retail partners, brands need to find the right balance, such as using the information to figure out which consumer segments prefer to buy directly from retailers—and why.

Companies could also use their D2C channels to bring insight to their retail partners. For instance, it could act as a strategy to test new products and campaigns in a smaller, safe environment before they are scaled out to retail partners. Consumer intelligence can help brands make better decisions about their D2C efforts while at the same time providing the necessary insight to help their retail partners sell more—creating a win-win model.

As D2C comes to life, a significant internal challenge for brands will be to figure out how to make a 1:1 consumer engagement, commerce, and fulfillment model work. Brands selling through retail partners are used to planning and shipping pallets or truck loads of products at one time. It's quite a different dynamic to now sell and fulfill 'each' product to a single consumer!





## WHAT TO DO NOW TO CHANGE AND ADAPT FOR FUTURE SUCCESS

The same digitally connected technologies that are disrupting the consumer goods and retail industries are also providing opportunities to understand the hyperconnected consumer and deliver the frictionless, personalized, omnichannel experiences they demand. It's causing the industries to shift from an era that's predicated on consumers for products to now products for consumers.

Digital innovations are being led by new digital-native startups as well as by established brands leveraging disruptive new technologies to engage with consumers directly and getting them interested in purchasing their products. According to Michael Forhez, Global Managing Director of Consumer Markets at Oracle, consumer goods brands' survival depends not just on the ability for rapid adaptation, but the need to think outside of the box, like disrupters do from the beginning.

As the consumer goods and retail industries continue to evolve, there are five high impact trends to watch:

- 1) Retailers will see an increased move to fewer and smaller stores, new shopping formats, and a complete reinvention of "big box retailers."
- 2) Manufacturers will localize physical store assortments and globalize digital assortments by region.
- 3) Both retailers and manufacturers will create and use new forms of digitally-driven loyalty programs to better engage with the end-consumer and automatically serve them.
- 4) "Click-and-collect" ecommerce models or immediate home delivery will become a pre-requisite for consumers buying habits.
- 5) Artificial intelligence (AI), the internet of things (IoT), augmented reality, voice-activated devices, and image recognition will be a major focus for consumer goods and retail brands, with accelerated deployment.



# ACCELERATING TRANSFORMATION IN 3 KEY AREAS

Consumer goods brands and retailers paving the way in customer experience are focused on innovating three key areas of their business to meet customer needs:

## **1) DEVELOPING FLAWLESS OMNICHANNEL DIRECT-TO-CONSUMER (D2C) MODELS**

- Target and acquire the right customers by leveraging their digital signals and profiles.
- Leverage AI, IoT, and analytics to have intelligent, “in-the-moment-of-need” customer engagements.
- Grow customer satisfaction by seamlessly engaging customers across all D2C channels (social, mobile, ecommerce, call centers, stores, chatbots, email, etc).

## **2) EXECUTING SMARTER RETAIL**

- Create seamless access to front and back office systems, and implement real-time, online/offline capabilities.
- Provide intelligent and efficient B2B customer service—from sales planning to in-store execution using mobile and digital.
- Grow B2B retailer satisfaction by leveraging AI and IoT to predict needs and make it “easier to do business” by effectively interacting with suppliers/distributors/wholesalers/CG companies through digital and traditional channels.

## **3) CONDUCTING MODERN CUSTOMER BUSINESS PLANNING**

- Improve retailer satisfaction by providing actionable and intelligent guidance on trade spend to understand the impact of the spend, and to optimize it.
- Grow retailers’ revenue by providing analytics and tools for accurate product/SKU optimization.
- Increase profitability with an improved product mix and more efficient trade spend through product mix optimization, trade contracts negotiations, product placement, digital content sharing and customer micro-sites.



## WHY INTEGRATED CX SOLUTIONS ARE THE ANSWER

Oracle CX is delivering dramatic value for consumer goods and retail customers around the world. It enables great customer experiences throughout your customer's journey, and lets you effectively engage with the right customers at the right time with the right offers across physical and digital channels to dramatically improve customer acquisition, retention, life-time value capture, and brand advocacy.

For consumer goods and retail, Oracle's portfolio of CX solutions helps brands identify and engage with the right consumers, make relevant and timely offers and promotions at customers' 'moments-of-need', streamline sales through both traditional distribution and retail channels as well as through D2C channels, and deliver excellent support and service throughout the customer's life cycle.

Here are a few examples of the kinds of benefits our customers are realizing with Oracle CX:

100%

A large privately held US company that sells frozen foods from home delivery trucks, in grocery store freezers, by mail, and to the food service industry, realized a 100% growth in D2C commerce within 3 months of deploying the Oracle Oracle CX solution.

3X

A global soft drinks brand was able to generate \$3x in product revenue for every \$1 spend by better targeting their consumers, tailoring the messages, and optimizing the channel and time they engaged with their consumers. This resulted from 1.5% increase in overall product sales and 1.9% increase in trips to store.

125%

A US-based luxury women's clothing retailer increased sales conversion rates by 125% after deploying online and mobile chats as part of an omnichannel call center deployment. Consumers were able to get answers to their questions easily, and quickly than before which led to overall increased conversion rates.



# It's Time to Deliver Tomorrow's CX **Today.**

## Connect With Us

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