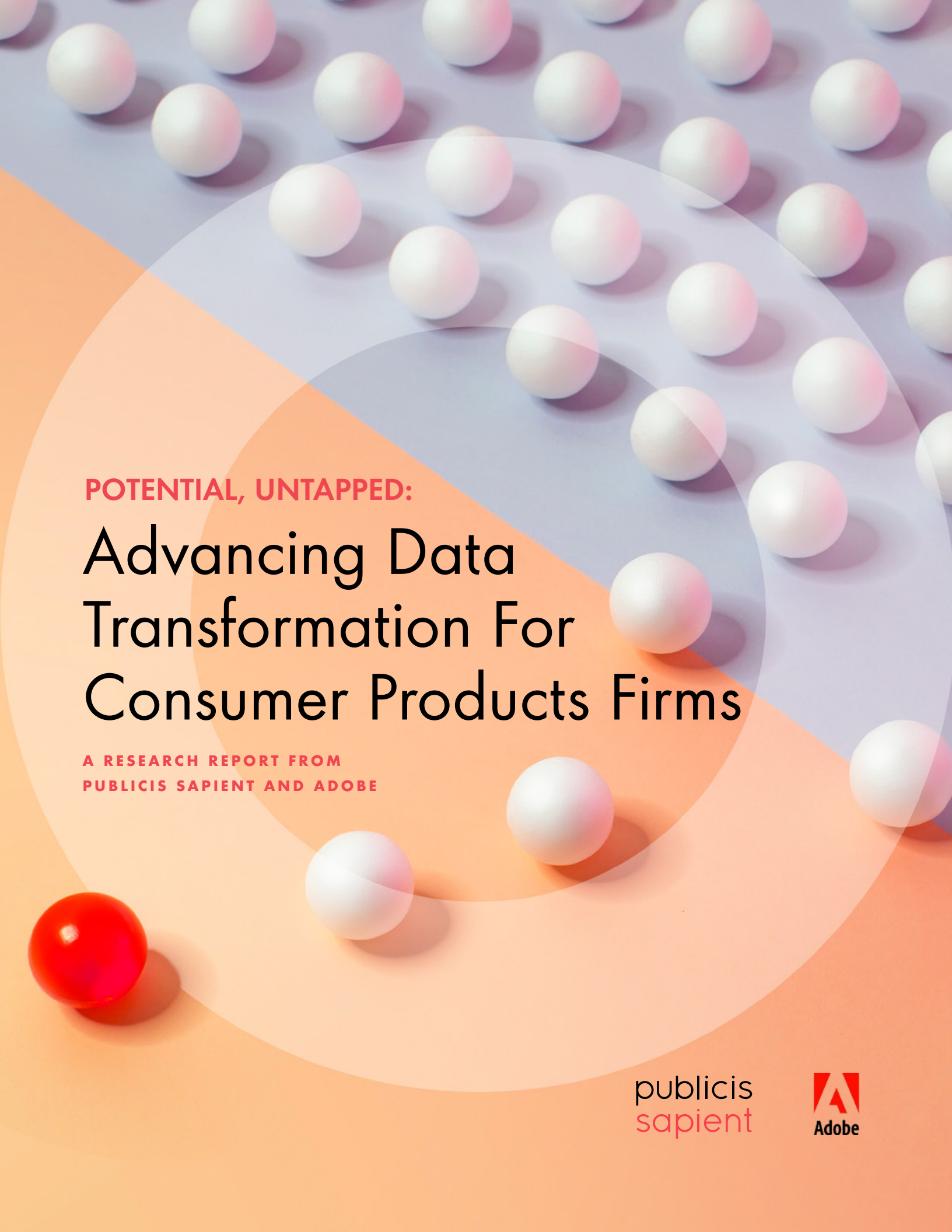




POTENTIAL, UNTAPPED:

Advancing Data Transformation For Consumer Products Firms

A RESEARCH REPORT FROM
PUBLICIS SAPIENT AND ADOBE

publicis
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Consumer Products (CP) firms are well aware of the challenges and opportunities of data and analytics.

CPs are now beginning to develop more sophisticated e-commerce capabilities to get first-party data once obscured or unobtainable from third-party partners and taking control of the customer journey in a way that's authentic to their brands.

While CPs have invested in acquiring data, our research finds that a majority of organizations are still figuring out how to sift through the noise and use technology to identify meaningful insights across the organization – those differentiated nuggets of data that drive powerful business decisions.

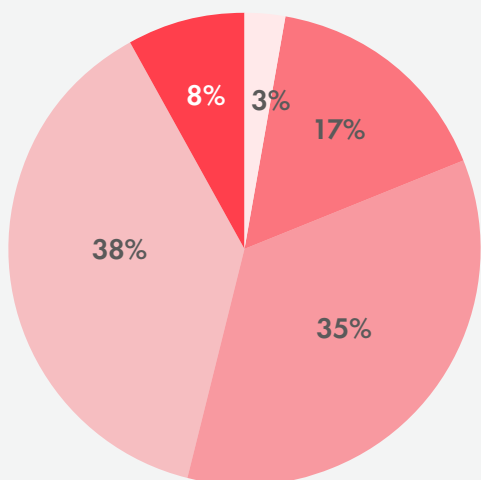
Though more than half of CPs say they are “partially” or “mostly” digital, only 8 percent say they are a “completely” digital organization or have fully mastered data/analytics platforms. While 71 percent of CPs believe they are ahead of competitors in AI adoption, 48 percent still struggle to monetize the technology for better return-on-investment.

Publicis Sapient teamed up with Adobe to examine the state of data transformation within CPs today – the common bottlenecks firms face, the ongoing journey to decide where (and when) to invest, and the external forces prompting CPs to champion e-commerce and the analytics needed to elevate it. We also outline ways CPs can start using data in business more intelligently by evaluating data maturity, understanding areas of opportunity and igniting organizational change.

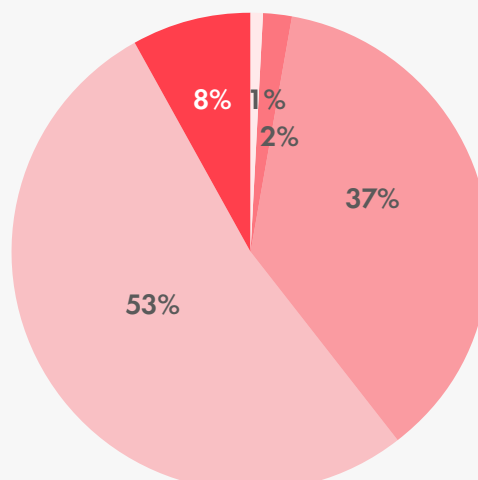
Research was conducted through a survey of 120 consumer products leaders on data transformation within their organizations, supplemented by 12 qualitative interviews from different industry sectors. All respondents are currently employed in senior leadership roles at companies with \$2+ billion in revenue.

(See pg. 12 for our methodology.)

Please indicate where your company/organization aligns for each dimension on the scale below with regard to analytics and data:



- 1 - We are experimenting with key technologies: Platforms, e.g., applications programming interface, social media, blockchain, Cloud
- 2
- 3 - We are adopting key technologies for platforms
- 4
- 5 - We have mastered key technologies for platforms



- 1 - We are mostly not digital
- 2
- 3 - We are partially digital in strategic areas
- 4
- 5 - We are a completely digital business



“Without COVID,
we believe it would’ve
taken years to get
where we’re at now
from an e-commerce
perspective.”

– Respondent, Pet & Garden Industry

CPs see benefits of e-commerce, but outside forces accelerate change

Owned e-commerce channels are projected to represent less than a fourth of overall CP revenues in 2020 but still remain a steady opportunity for growth. Though a smaller piece of the share (8.4 percent), respondents also cite subscriptions as an emerging source of income as they expand direct-to-consumer (D2C) services.

While investment in digital channels, artificial intelligence (AI), customer experience and data/analytics remains prevalent, mounting pressure from digitally mature incumbents, D2C disruptors and the increased demand from the COVID-19 pandemic are prompting CPs to reallocate resources.

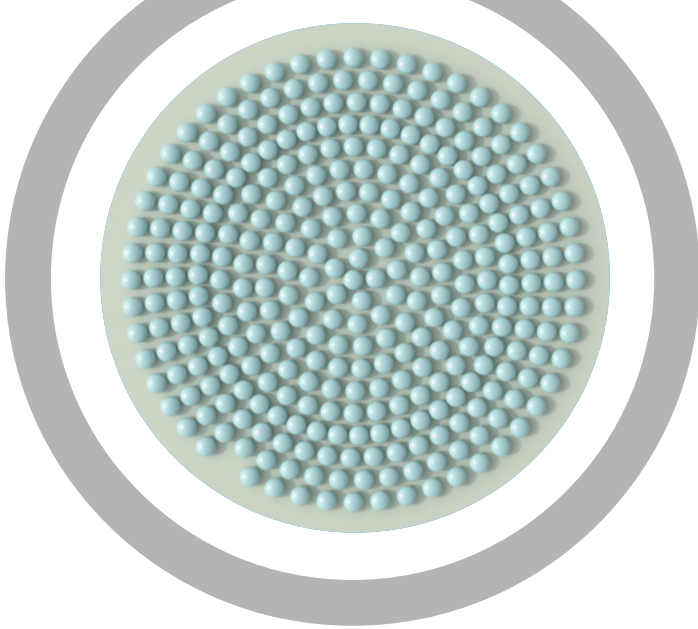
In turn, CPs are exploring new D2C models (like subscription business models) and shifting their marketing and business strategies to swiftly meet changes in customer demand.

“We’ve seen brands getting creative with how they have adapted to the changes in consumer behaviors driven by COVID-19,” Kristen Groh, Consumer Products Industry Lead, North America, Publicis Sapient, said. “By standing up D2C experiences that differentiate with subscription models or specialty packs not found at traditional retail, brands were able to avoid channel conflict while serving their consumers, collecting valuable data and creating more direct relationships.”

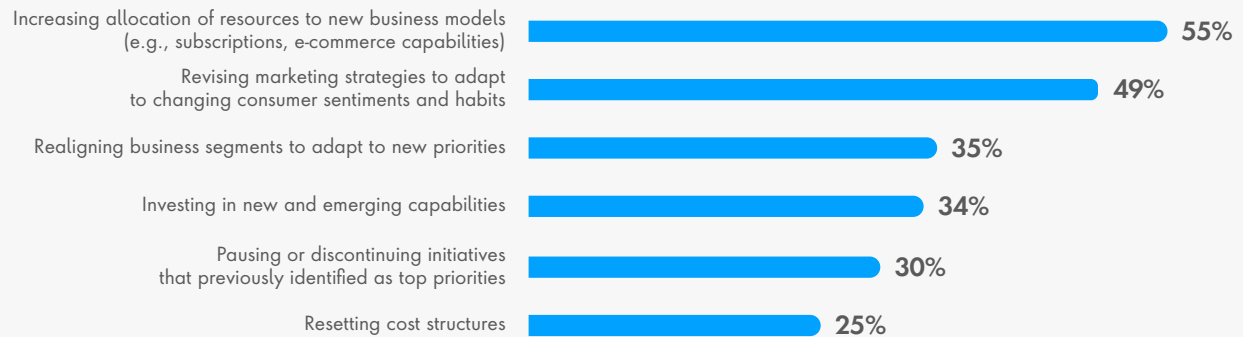
THE FUTURE OF AI:

65% have kicked off 2-5 AI projects
within their organization
of CPs

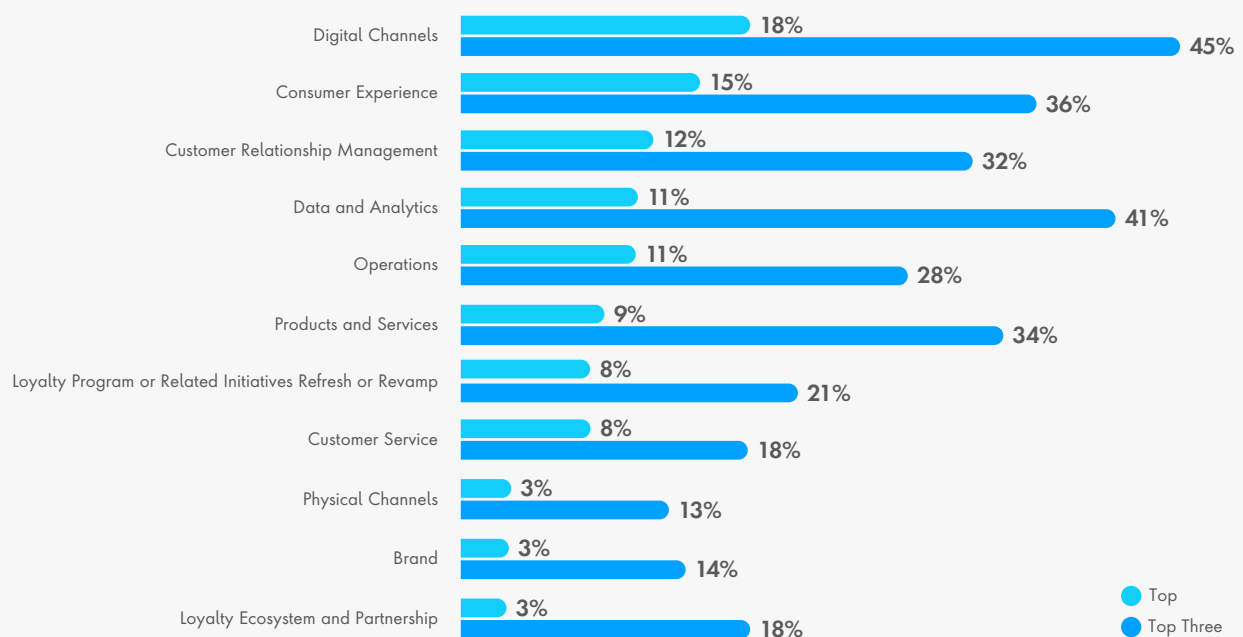
81% have defined a significant
number of specific AI initiatives
they plan to implement before
the end of 2020
of organizations



Thinking about how your organization has pivoted as a result of the COVID-19 pandemic, which of the following is your organization pursuing?
(Multiple response)



In which of the following areas do you anticipate making the greatest investment in FY21?
(Rank top three)



ADVANCING E-COMMERCE TRANSFORMATION

With rapid innovation top-of-mind, CPs should focus on expanding existing e-commerce opportunities and D2C in a way that enables short-term value, while setting a foundation for long-term growth.

“There’s been an unprecedented growth in online shopping driven by COVID-19. Much of this consumer behavior will stick as we get back to a new normal. This is an opportunity for CP brands to capture and maintain a significant share of market by focusing on the right changes and priorities within their organizations,” Bruce Richards, Senior Industry Marketing Manager, Retail & Consumer Goods, Adobe said.

HOW TO GET STARTED

- **Evaluate the existing e-commerce business** and company potential to bring new products or services to market. What areas of opportunity exist to quickly optimize and improve customer experience? How much demand exists for a particular D2C model? Does the organization have the infrastructure to support these initiatives?
- **Prioritize data strategy** in a way that makes sense for the organization, with a focus on providing the most value over time. For example, a CP firm with less advanced data/analytics capabilities may need to establish the right technology to get programs up and running, or experiment with “lighter” D2C models that are easier to implement and build from there. A CP firm that already has an established D2C program and data capabilities may focus on testing, learning and innovating.
- **Think like a tech company:** Like the digital disruptors, CPs must adopt an organizational mindset that’s rooted in data innovation. Communicate the value of new e-commerce initiatives to leadership to secure buy-in and build teams dedicated to getting the job done.

“We need to go there.
We all want to invest there.
We want to get organized there. The question is how? With whom? Today, you do B2B, B2C, but you go through the grocery and they sell to your consumer... Tomorrow, you will own the relationship, you will own the data, and you will get access directly to the consumer.”

– Respondent, Food & Pet Care





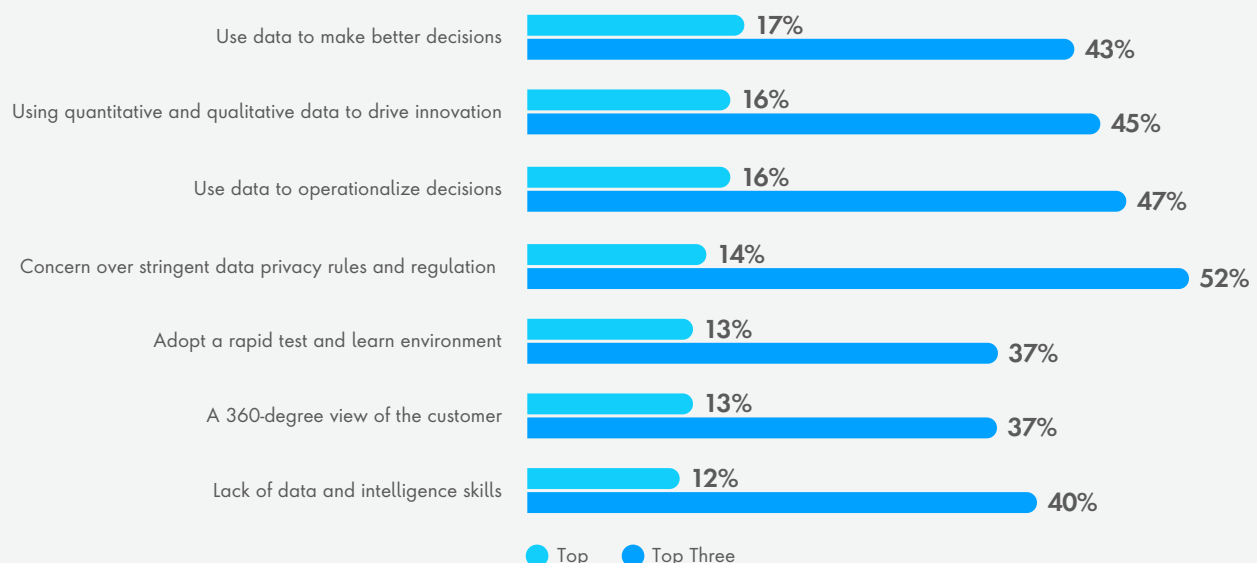
“Data’s one thing, but what do I do with it? And what does it mean? I think turning that data into something meaningful is a skill and that’s where the value gets created.”

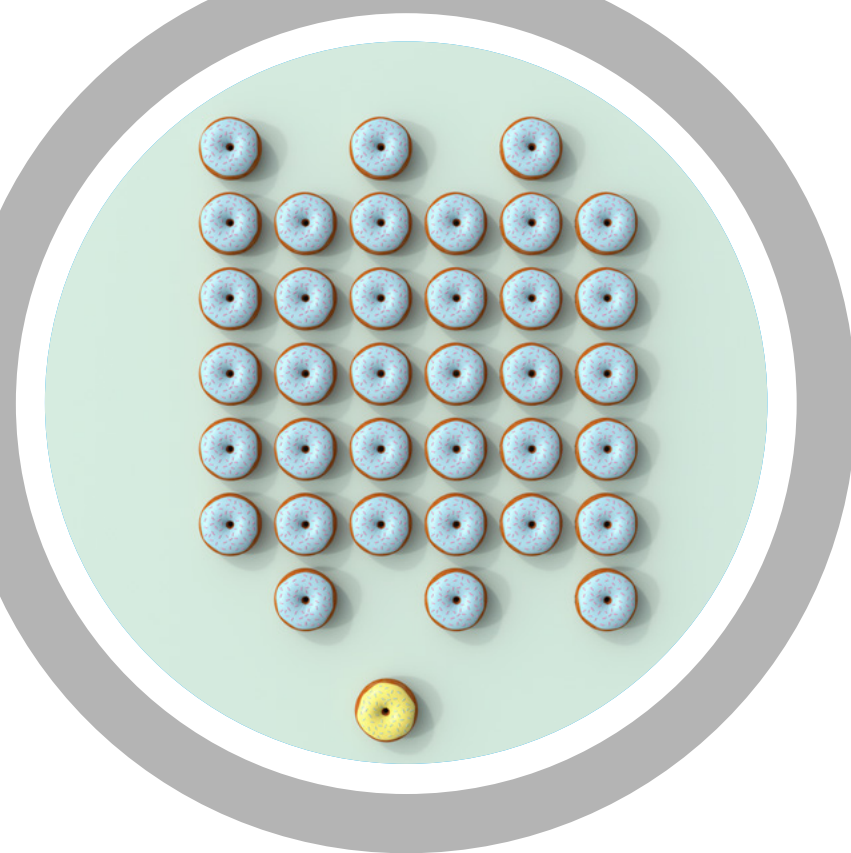
– Respondent, Packaged Foods Industry

How to use data to extract meaningful insights remains a crucial challenge

CPs have made strides in evolving data intelligence and analytics capabilities but face several core challenges. In addition to keeping up with privacy and data regulations, CPs face issues using data to operationalize decision-making, driving innovation through data and building teams with the right skills.

What are the primary challenges your company faces in using data to maximize value and drive profitable growth?
(Rank top three)

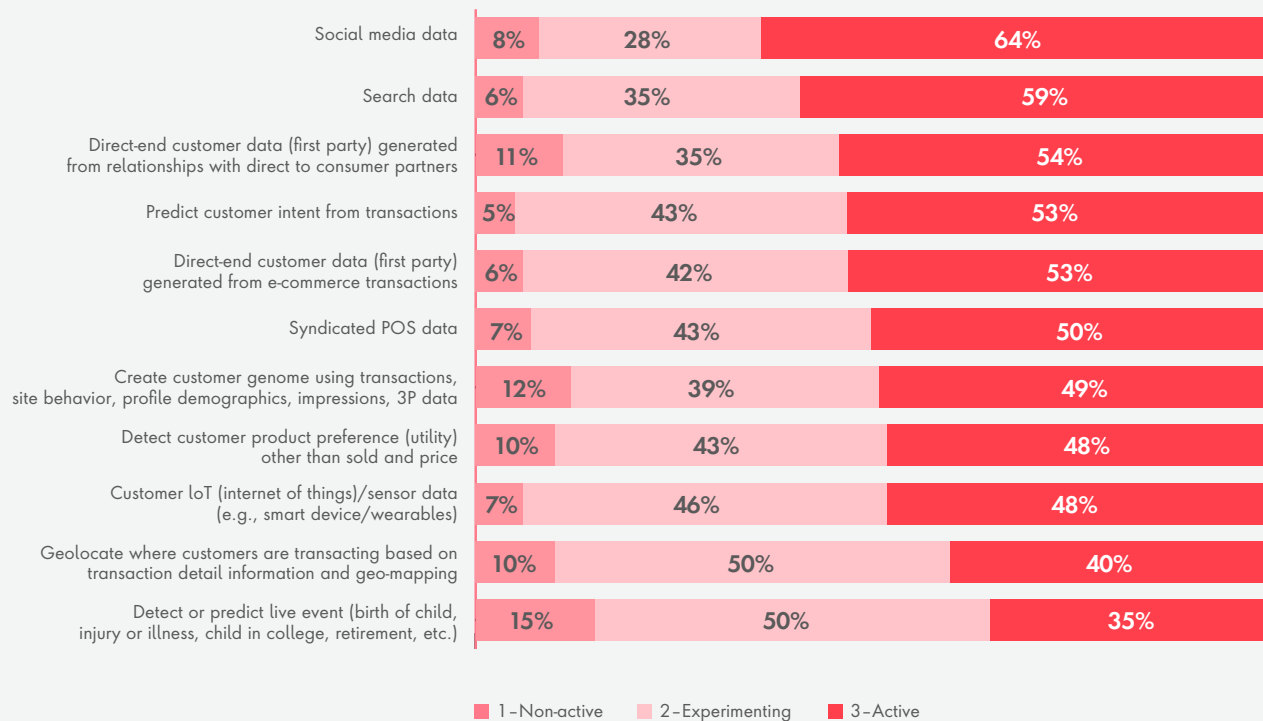




The Data Disconnect

While CPs are using data, the disparity between what's collected and *how* it's used is clear. Currently, more than half of CP firms are using data from social media and search, alongside e-commerce data, data generated from relationships with D2C partners and transaction data.

How active is your company in using these types of data?



AI in business today

63% are using AI to analyze product or consumer data
of CPs

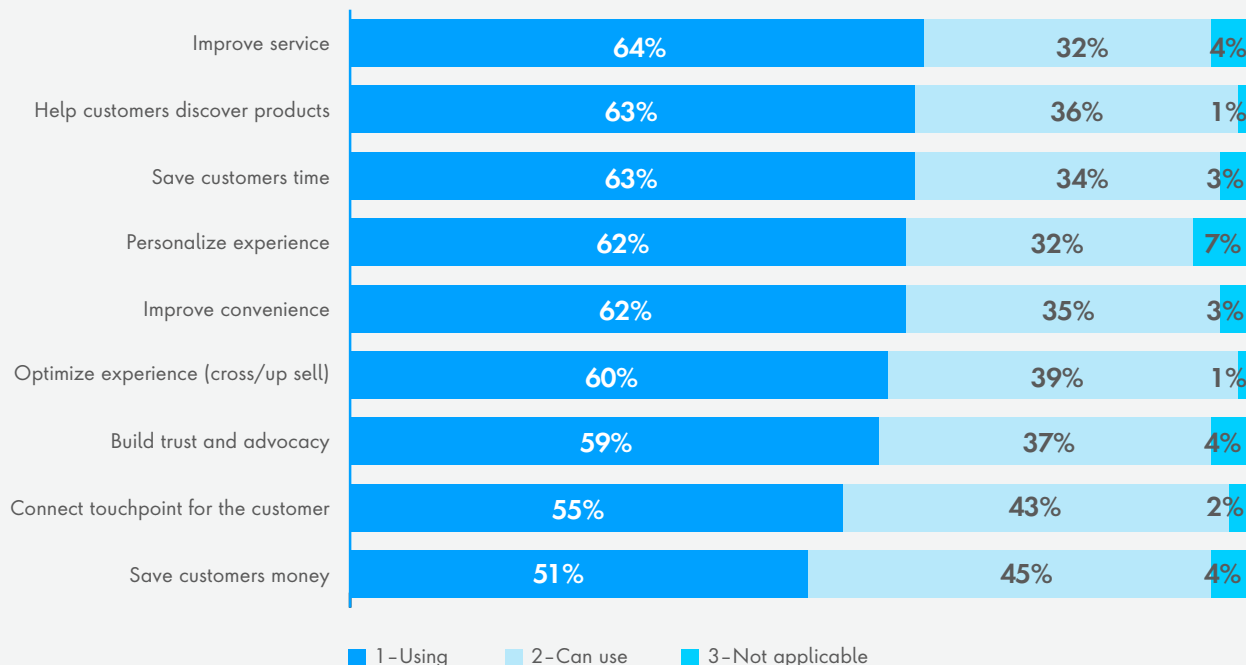
54% say automating insight generation is the most relevant use of AI within their organization

But while a majority of CPs say they're applying data towards things like improving service, making the customer experience more personalized and improving product recommendations/search, **only around a third** are using data to its greatest extent in the same key areas.

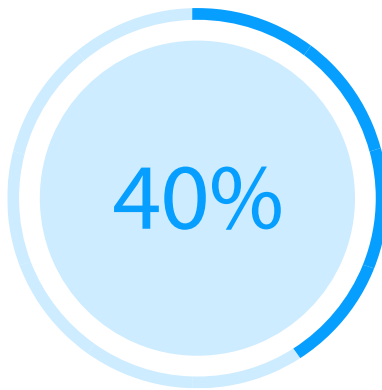
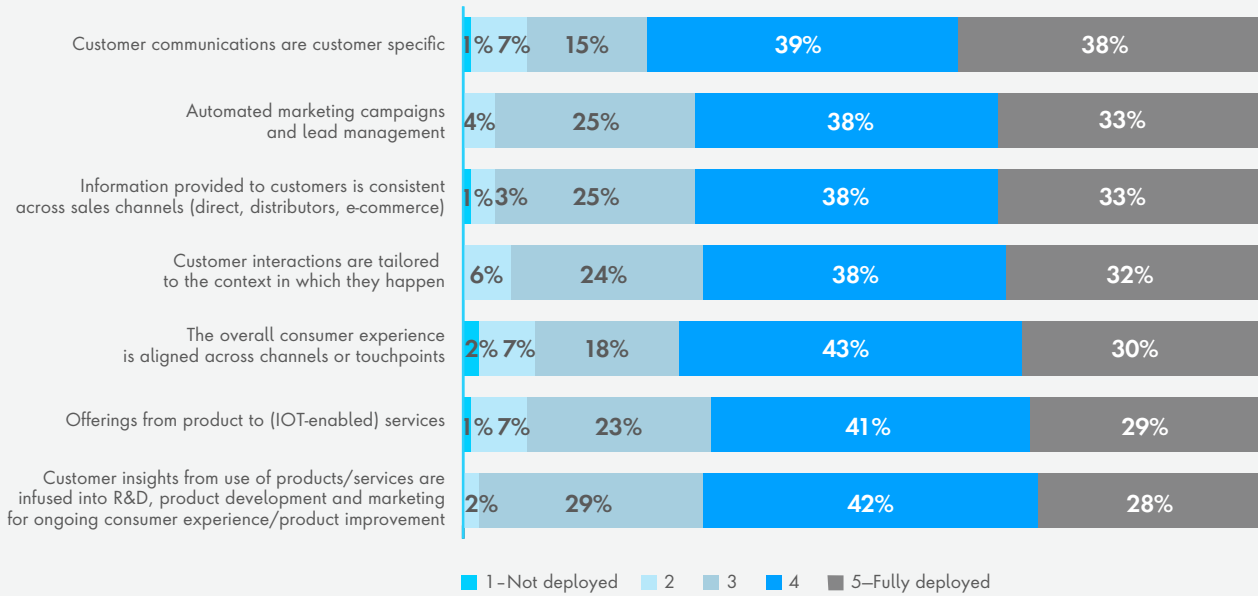
"Keeping data current, clean and being able to analyze it well are the biggest challenges. Do you invest in the capability to do that before you grow the business? Or do you grow the business and then invest in the capability to do it when there's really more to be gained from it?"

- Respondent,
Health and Fitness Industry

What are the most valuable areas where your enterprise is using/can use data to optimize customer value and drive profitable growth?

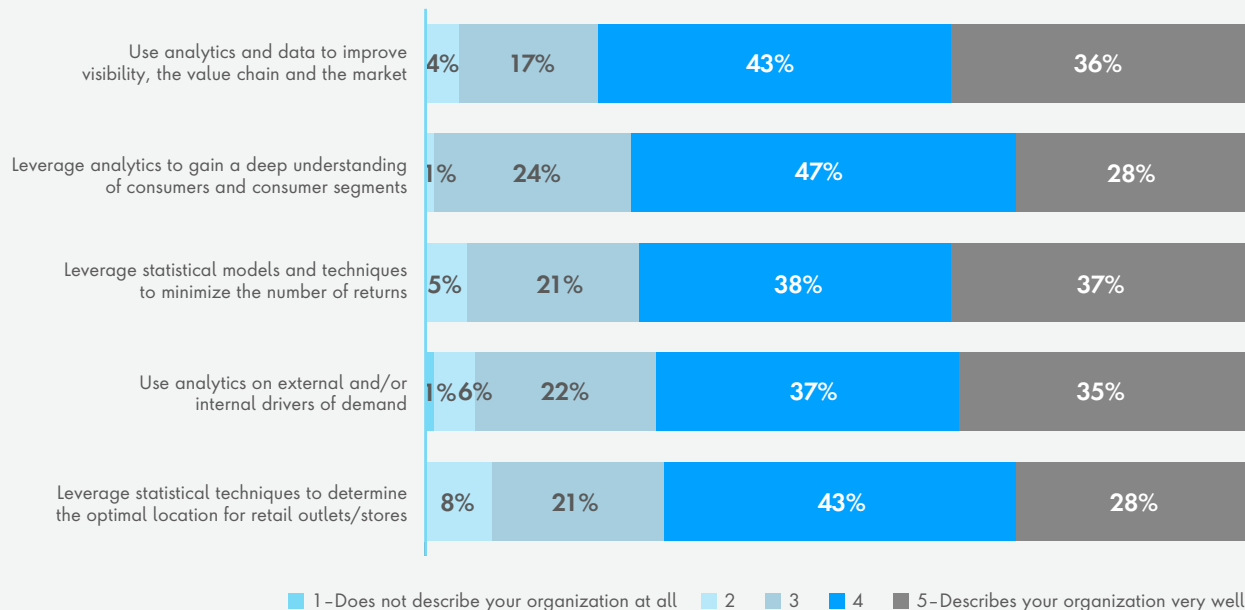


Rate your company's current level of use.



Further, while a majority of CPs are using analytics to understand the consumer, anticipate returns and prioritize retail locations, less than 40% feel that they've truly mastered analytics capabilities.

Please indicate the extent to which each of the following describes your organization in the area of using analytics.



One of the greatest areas of improvement is using data from multiple sources to create connected customer experiences – indicating that data may be siloed and harder for companies to piece together holistically.

“While CPs have made strides in leveraging consumer data well in pockets within the organization, silos across markets, brands and departments have made it difficult for these companies to fully capitalize the use of data across the enterprise — optimizing the supply chain; driving better, more personalized experiences; and improving the likelihood that new product innovations will meet consumers’ stated and unstated needs,” Groh said.

Data readiness for CP firms:

Less than half of CPs are enriching their first-party data with second and third-party sources

Lack of understanding of how data plays a role in current or evolving D2C programs is one of the top concerns cited by CPs when implementing AI

CPs are also just beginning to apply data-driven strategies into other areas of the business, like R&D to develop products and services based on consumer preferences. Less than a third are using data to improve cognitive search.

“Experience matters now more than ever. The consumer sees the collection of all interactions with the brand as the brand itself. Experience is the new brand. The CP industry must deliver experiences that connect and help the consumer achieve meaningful outcomes – not just commercial or sales driven outcomes,” Richards said.



“Sometimes it’s hard to build the path between all these data and of course we are losing a lot. We are losing a lot of good opportunities, and that’s a huge challenge for us.”

– Respondent, Beauty Industry

ADVANCING DATA TRANSFORMATION

CPs have the opportunity to improve by unifying and integrating data and analytics across the enterprise, automating processes and planning more effectively with better intelligence.

HOW TO GET STARTED

- **Understand the consumer.** Improving customer experience goes beyond just marketing and optimizing an e-commerce site. In an increasingly digital world where convenience is expected and consumers are inundated by choice, providing what people want, in the way they want, is critical.

By managing data and analytics capabilities under one unified platform, CPs can map the customer journey across every part of the business. This allows for clear visibility into how business decisions are making an impact and where the company can improve operationally to support the customer. AI can be used to process data in near real time, allowing for better demand planning and price optimization in the short term, while fueling long-term decisions through predictive modeling, product development and future D2C efforts.

Access to first-party data makes a difference. Our research finds that CPs that are actively collecting first-party data (from either owned or partner D2C channels) and enriching it

with second- and third-party insights are better equipped to understand consumers, predict demand and provide more contextual experiences than those that are not.

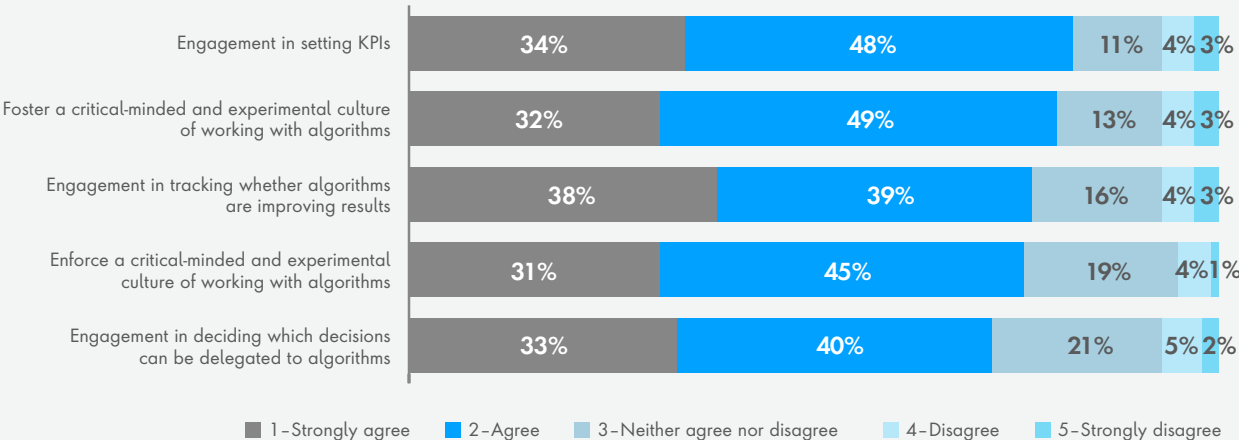
- **Build the right team.** As CPs become digital organizations, they need to build teams capable of supporting a new way of working. According to our research, shortage of AI-specific skills (39 percent), lack of employee adoption (30 percent) and poor understanding of AI among leadership (28 percent) are top cultural roadblocks when it comes to data transformation. To address talent needs, many CPs are scaling capability and mitigating cost through offshore partnerships that help build the right skill sets needed for long projects or for fixed periods of time. With this approach, CPs can focus on making the right investments when upskilling or reskilling internal talent for the long term, while addressing immediate needs.
- **Embrace a culture of change.** Despite adoption challenges, ninety-seven percent of CPs say they continuously seek innovation. But fostering organizational change requires a deep understanding of both process and people. Who are the champions of data and analytics within the organization? How is the organization communicating change efforts? What can leaders do to provide employees with the resources needed to succeed?

Around 80 percent of respondents agree that leadership should work to involve stakeholders when setting KPIs for AI projects, establish an experimental, test-and-learn environment and use analytics to monitor AI effectiveness. By providing a critical yet transparent look at the successes and roadblocks around AI implementation, CPs can help build a sense of trust and acceptance for AI projects.

“You can have the best technology developed, but if you don’t know how to use it, how to operate it, how to install it in the company, it’s useless.”

– Respondent, Food & Beverage Industry

These C-suite actions are absolutely essential to avoid either excessive skepticism or unquestioning acceptance, by employees or management, of the actions taken or suggested by algorithms.





Conclusion

This is an opportune moment for CPs. Digital tools and technologies are only becoming better. During uncertain times, e-commerce is serving as a way to evolve how CPs interact with consumers at a time when building relationships and providing safe, convenient experiences are more important than ever.

At the undercurrent is the data and analytics that fuel proactive business decisions. With consumer habits poised for rapid change and a market increasingly crowded by competitors, CPs must work to understand where opportunity exists to build their business, and create a foundation for scalable growth. Operationally, a platform approach to data and analysis helps CPs bring their existing data efforts together across the enterprise. Culturally, building the right teams and fostering a culture of change helps align the business towards achieving data-driven goals.



Our Methodology

The Adobe Consumer Products study was completed via online interviews by a third-party research firm hired by Adobe and Publicis Sapient.

The sample is composed of 120 Consumer Goods and Services respondents. Interviews consisted of an administered questionnaire, covering the following topics:

- Introduction and Screening Questions
- Digital and E-commerce Initiatives and Investment
- Data and Analytics Initiatives and Investment
- Artificial Intelligence Initiatives and Investment

The Consumer Goods firm types include: Fast moving consumer packaged goods, Nondurable consumer packaged goods, Durable consumer goods

The study was conducted throughout June-July of 2020. The survey had 120 respondents from the US, France, Germany and the UK.

All survey respondents were actively employed by a CP firm at the time of the study.

All CP organizations surveyed are \$2 billion+ in annual revenue.



OUR PARTNERSHIP

Our partnership with Adobe, the leader in digital experience technology and platforms, allows us to power transformations in retail, financial services, consumer products and more.

Adobe named Publicis Sapient their Partner of the Year seven times—a feat no other Adobe partner has achieved. Combining Publicis Sapient's proprietary methodologies with the power of the Adobe Experience Cloud and the Adobe Experience Platform, our global clients choose our partnership to transform their operations and customer experiences through enriched customer profiles, AI-generated actionable insights, streamlined orchestration, and real-time personalization. Get in touch with us today to see how we can help you start your digital business transformation journey.



GET IN TOUCH

Learn more about how Publicis Sapient and Adobe help leading Consumer Products firms build meaningful relationships with customers and stay top-of-mind using a range of data and analytics capabilities, user experience expertise and dedicated brand skills to ensure e-commerce growth in an ever-disruptive marketplace. Continue the conversation with:



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