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FMCG and retail (e-commerce) REBOOT

October 2020

Contents

Foreword 04

Executive summary 07

Realign businesses and business priorities post COVID-19 15
- Impact of COVID-19 15
- Business priority decisions by FMCG 18

Enhance consumer and shopper experience 21
- Customers in India and their expectations from consumer brands 21
- Pillars can enable companies to build an experience strategy 23

Build distribution post COVID-19 33
- Impact of COVID-19 on existing FMCG and retail distribution 33
- How companies are innovating and rebuilding distribution systems post COVID-19 36
- Building future-proof distribution channels 42

Omni-channel for expanding reach 45
- Trends and innovation in omni-channel retail strategies 46
- Critical success factors for omni-channel 47

Operate more efficiently 51
- Impact of COVID-19 51
- The impact and implications on supply chains of organisations 52
- Considerations for organisations 53

Thrive by focusing on sustainability 57
- Changing consumer habits 57
- Impact of COVID-19 57
- Waste management rules and Extended Producer's Responsibility (EPR) in the Indian context 57
- Challenges in accomplishing the sustainability agenda 58

Conclusive remarks 63

About Deloitte 64

About FICCI 65

Connect with us 66

Acknowledgements 66



Foreword Deloitte



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The COVID-19 pandemic continues to affect the Indian economy across sectors, including FMCG and retail. These sectors have been facing massive disruptions over the past few months across the value chain, ranging from manufacturing and logistics, to distribution and retail. We have also seen drastic changes in consumers' behaviour during and after the lockdown as they have continued to study and work from home. As brands adapt to the 'new normal', they have to move to an agile business model to minimise disruptions in the future as this may not be the last pandemic. Companies have to learn to proactively respond to the new shopping habits that consumers are developing in a continually changing landscape. Brands and retailers will need to re-learn the shopper journey for their categories, to create seamless shopping and consumer experience for their customers. They also need to look at putting consumers/shoppers in the centre of everything they do.

The Deloitte−FICCI report "FMCG and retail REBOOT" is developed against this backdrop. The report looks at how FMCG and retail companies must REBOOT their business models as Indian consumer/shopper journey evolves in these changing times. In this paper, we talk about the importance of how the brands need **to realign their businesses and business priorities** to **enhance consumer and shopper experience** by **building a flexible distribution network,** accelerating the adoption of **omni-channel** across brands, continuously improving the supply chain, and focusing on sustainable business practices to **operate efficiently** and **thrive** in a new business landscape.

In the 'new normal', brands need to be highly adaptive to cater to these changes. They need to be on top of new trends and best practices in India and across the globe, and alter their strategies quickly to meet consumers'/shoppers' expectations.

Foreword FICCI



Dilip Chenoy
Secretary General
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India has emerged as one of the most attractive investment destinations with the increasing disposable income, rapid industrialisation, and a shift in the demographic pattern. Amongst the significant contributors to this growth story have been the consumer-centric sectors, such as retail, FMCG, and e-commerce. India is one of the world's fastest-growing major economies and has immense potential. However, there is a need to further promote participation and involvement of businesses for furthering the cause of nation-building, and achieving the societal goals of inclusive growth and empowerment of the people.

The COVID-19 outbreak is having a severe impact on people, economy, and business. The industry has shown tremendous commitment to work with the government and other agencies to contain the spread of the virus. As the country unlocks itself and opens up, new trends and business practices are expected to emerge. In view of this, the theme for Massmerize 2020 is **REBOOT**.

FICCI Massmerize provides a perfect platform to initiate a dialogue between the government and the retail, FMCG, and e-commerce sectors on various regulatory issues and consumer trends. The FICCI–Deloitte report that has the underlying theme of **"REBOOT"** is an attempt to analyse trends in the FMCG, retail, and e-commerce industries in the backdrop of the COVID-19 blow.

We hope that the insights shared in this report will help identify new opportunities and in turn, improve performance across these sectors. At the end of the day when businesses succeed, the economy prospers and larger value creation takes place, which ensures a better future.

Executive summary



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The Deloitte-FICCI thought leadership report **FMCG and retail REBOOT** for Massmerize'20 looks at 're-starting' businesses as COVID-19 related lockdowns have eased. It looks at new trends and business practices emerging in the "new normal", and changes in consumer/ shopper behaviour in India. The report is the fourth in a series of Deloitte-FICCI reports released annually, following KONNECTED to Consumers in 2017, Consumer LEADS in 2018, and EVOLVE for consumer in 2019.

FMCG and retail REBOOT: The fourth edition of the report, taking cues from the other three editions, examines how brands need to 'reboot' their business models and partnerships to thrive in the new normal. In many cases, they may consider abandoning age-old route-to-market models and marketing practices. As companies continue to adapt to this prolonged and unplanned lockdowns, their ability to rapidly digitise the value chain, form alliances for manufacturing, distribution, marketing and product development, use data analytics to understand consumers and shoppers better to maintain and possibly improve customer experience, will be the big differentiator in the industry. The lockdown has also given most companies a chance to review their operations, including their supply chain and sourcing models, and invest in cloud-based technologies, AI-enabled digital procurement, AR and VR, block chain, etc., to create demand-responsive supply chains to cope with and predict future disruptions. COVID-19 is a reminder to the consumer industry about the fragility in ways of doing business and building models that can adapt rapidly. As consumers and brands continue to be more "KONNECTED" through technology and the internet/e-commerce ecosystem, brands must realise that the consumer today LEADS the conversation (moving from B2C to C2B) even more. They need to cater to consumers' needs in their product and service offerings. As a result, brands must EVOLVE and REBOOT their business models to succeed.

REBOOT for FY '20 and beyond

R

REALIGN businesses and business priorities post COVID-19

Companies are re-evaluating their priority segments, distribution, and product mix, investing in more agile planning solutions and exploring digitalisation. They are also re-assessing their manufacturing footprint, etc., with a focus on catering to Indian consumers, while using raw materials sourced from India and manufacturing in the country (under the government's "Atmanirbhar" programme).

E

ENHANCE consumer and shopper experience

Companies are adopting strategies and harnessing digital technologies to cater to elevated consumer experience and developing a "single view" of the consumer. They are moving towards personalised zero-touch journey across the physical and digital channels (we see the emergence of 'phygital' retail), and predictive metrics using AI, ML, and other exponential technologies.

B

BUILD distribution post COVID-19

Companies are re-evaluating and re-building their operating and distribution models during the lockdown using new-age distribution channels (such as e-commerce, omni-channel, direct-to-consumer, hyperlocal delivery, and aggregator models). There has been an increase in focus on hyperlocal deliveries, regionalisation, and rural markets. Companies have been forging new strategic alliances to expand distribution capabilities and enable last mile delivery, while also looking to expand their direct coverage across rural India.

O

OMNI-channel for expanding reach

The current pandemic has accelerated the shift of consumers to online and low-touch shopping experience, as they continue to avoid visiting physical retail stores. As a result, brands and retailers are looking to integrate online and offline digital touchpoints to influence and enhance their shopping experience through the following measures: increasing hyper-personalisation; offering multiple and fast payment options; providing responsive customer support; and adopting innovative business models to facilitate last mile reach.

O

OPERATE more efficiently

The changing dynamics post lockdown requires flexibility and agility in business operations. As organisations move to the recovery phase, in many cases, they are looking at next-generation manufacturing (Manufacturing 4.0), digital procurement based on AI and ML, sourcing, and physical network reorientation, to reach pre-COVID-19 volumes. They are also using partner alliances and ecosystems to facilitate this.

T

THRIVE by focusing on sustainability

The COVID-19 crisis has caused disturbance across sectors. It has put sustainability on the back burner in many cases, as companies struggle to recover and stabilise their businesses. However, the spotlight on sustainability is likely to return in light of this pandemic as more governments are likely to push for stringent compliance to existing sustainability norms and establish new ones. This will put pressure on businesses to increase their investment to incorporate sustainability across their business strategies.

The COVID-19 pandemic, 'a stampeding event' in the history, has fundamentally changed the business world. It has led to consumers living differently, buying differently, and in many ways, thinking differently about their priorities. Long-term trends have also been significantly disrupted, and changes anticipated over the next few years have occurred in the space of weeks, having a profound impact on many businesses. As a result, brands are reshaping their businesses in real-time; they are unsure how permanent some of these changes will be.

Each chapter of the report looks at major trends during the lockdown from an Indian perspective. The chapters further highlight some best practices through case studies, which look at implementation of these in the new normal world post lockdown. We believe that the content and information provided in the report will be beneficial for stakeholders in the consumer and retail sectors—consumers, shoppers, industries, the government, and the academia.



EVOLVE for consumer

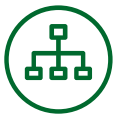
The third edition of the four-year annual series of reports delved into the major aspects of a consumer's shopping cycle where brands needed to "EVOLVE" to thrive in an evolutionary consumer landscape. Consumer markets are evolving rapidly with the help of technology in an environment where data is the new oil. In such a highly competitive scenario, the report highlighted that companies could not afford to overlook any aspect of the shopper journey and lag behind in the competitive market. Consumer experience has become more crucial today, and brands must constantly innovate to offer novel products and services to cater to modern consumers' evolving demands. The report covered the following aspects:



Engage for better connect: Personalised advertisements, proximity marketing, leveraging modern technologies such as AR, VR, AI, chatbots, etc., are means through which brands—both offline and online—can engage with their consumers.



Voice of consumer to be paramount: Listening to the consumers' opinions, suggestions, and feedback is equally important for offering them the most suitable products based on their needs. Social media sites, company websites, blogs, emails, phone calls and texts, in-store communications, and other physical and online touch points should be used for this—brands must be omni-present across mediums to listen and act upon the consumers' needs.



Organise retail channels and trade to provide seamless and integrated solution: The retail market in India has evolved from a "Bricks-versus-Clicks" to "Bricks-and-Clicks" and is now moving towards an "Intermix". In future, the most sustainable way for the brands to cater to consumers' needs is to play across the confluence of multiple retail modes—traditional stores, modern brick-and-mortar stores, online channels, etc.,—to offer a seamless shopping experience.



Loyalty to be built by going the extra mile: There is a need to redefine the Key Performance Indicators (KPIs) for loyalty measurement. In an environment where the consumers have a plethora of options and brands to choose from, benchmarking loyalty through traditional parameters becomes highly challenging and not reflective in true sense. The brands must go the extra mile to ensure that all its consumers have a memorable experience irrespective of whether any products are bought or not.



Vouch for commitment: Consumers now actively gauge a brand's commitment to its values and promises. They have become more conscious than before regarding the sustainability practices of brands and the impact of these practices on the environment. Hence, there is a growing need for public institutions and brands to collaborate and collectively ensure sustainable measures as a standard norm in their operational practices.

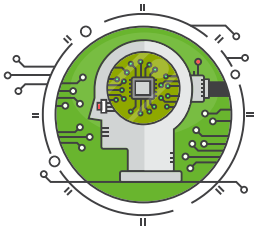


Enhance product and service offering: While brands must use technology to engage with consumers more, there is also a need to enhance the shopping experience of the consumers through hyper-personalised offerings, bespoke marketing and loyalty solutions, agile and lean business models, etc. Another major trend is need for the vernacular content to cater to the consumers' needs—many brands are now catering to the demands of both urban and non-consumers by offering their services in non-English regional languages.

Consumer LEADS: The second edition of the annual series of reports puts consumers and their buying experiences at the forefront. While brands must remain connected to consumers throughout their shopping journey, listening to the consumer is also important as he/she "LEADS" the conversation (moving from B2C to C2B). The report delved into key action items for brands, demonstrated through best practices and select case studies:

CONSUMER

L E A D S



Learn from millennials for innovation and strategy



Engage with consumers to enhance brand connect



Accelerate digital investments to cater to new-age shoppers



Deliver value and convenience to be competitive



Sustainable practices to deliver responsibly

- Showcases how the youth in the country are influencing the traditional buying behaviour, and the need for brands to work constantly to cater to these altering needs through innovation and prioritisation.
- Highlights the importance of transforming the entire shopping journey of the consumers—awareness, consideration, purchase, aftersales, and loyalty—to make it more engaging and immersive for consumers.
- Develops a perspective for the brands to accelerate their investments in digital and technology to address the new-age consumer needs.
- Provides best practices and case study examples for brands to refurbish their value propositions to resonate with the consumers' values and beliefs.
- Highlights the importance of sustainable practices to ensure that the brands conduct responsible businesses.

KONNECTED to Consumer: This edition of the report explored the connectedness of consumers—the main aspect being that the internet and technology are driving the inter-connectedness of consumers amongst themselves and with the brands, and that it was critical for brands to be "connected" to their consumers/shoppers to win them. The report covered the following areas:

K

Knowledge of consumer data and insights
"Big" data generated via digital/online and through technologies used by brands in myriad forms and ways to make the consumer retail journey and experience better. The knowledge from this valuable consumer data will help brands in customised targeting, personalised offerings, and to have a more "meaningful" dialogue with their consumers.

O

Omni-channel approach unlocking the prospects
The infusion of offline and online retail modes has led to the emergence of omnichannel retail, where the shoppers may browse online and buy offline or vice versa. This has led to the shifting of major brands into both pure-play offline and pure-play online mode or a mix of both.

N

National policies impelling business growth and benefitting consumers
Conducive policies have led to increased investments that not only help the country grow monetarily, but also assist in building infrastructure, bringing modern technologies, creating substantial social and environmental impact, etc.

N

Novelty attracting the new-age shoppers
While affordability and convenience remain the most crucial factors to influence a consumer's purchase decision, novelty or uniqueness in the offering also drives the sales. Novel approach by the brands to offer benefits via digital means also helps brands in connecting with their consumers and building loyalty.

E

Environment and social practices driving sustainability and influencing consumer behaviour
Sustainable practices can help brands to stand out and build brand trust. Preference to sustainable practices such as sustainable sourcing, reduction in greenhouse gas emissions, waste management, clean packaging, natural and healthy food options, etc., is gaining traction.

C

Convenience bridging the gaps
The growing consumer needs are pushing companies to implement improvements to their last mile delivery to make it easy for consumer and shoppers to access the products. This compelling need of convenience and wanting the product "now" is giving rise to hyperlocal start-ups, which connect local buyers and stores to penetrate remote areas, etc.

T

Technology augmenting consumer experience
Factors such as improved digital infrastructure, greater use of smartphones, and increasing number of start-ups in technology space is assisting in wider acceptance and greater implementation of modern technologies for commercial retail, especially with the evolved general trade.

E

E-wallets scaling up the payment ecosystem and handiness
Greater degree of convenience, increasing internet penetration, greater smartphone usage and government support have led to the exponential growth of Unified Payment Instruments (UPI), especially m-wallets.

D

Digital marketing as growth engine
Advantages such as cost-effectiveness, consumer engagement, and personalised offerings are expected to drive the rapid growth of digital marketing in India. Going forward, native marketing—a completely non-intrusive ad format—will be used in India to make the ad experience of the consumers completely natural and in flow with their retail journey.





Realign businesses and business priorities post COVID-19

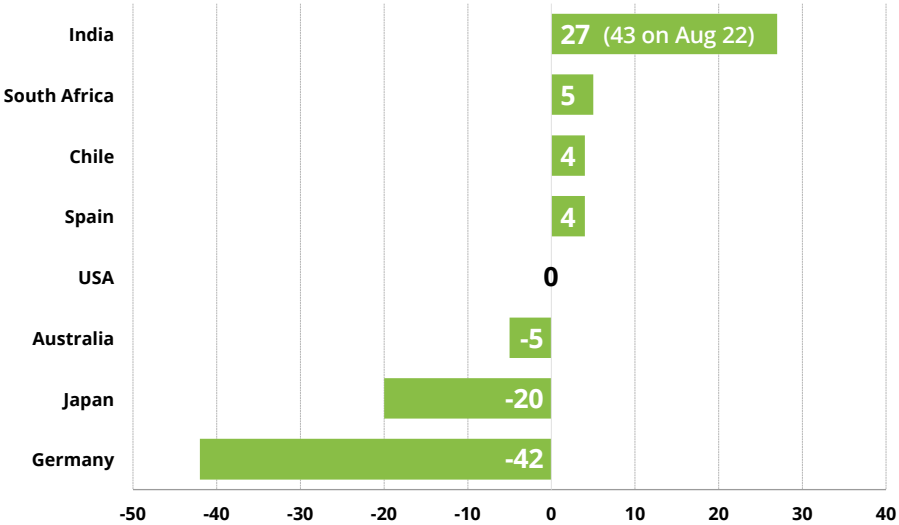
In addition to the COVID-19 pandemic, business leaders can learn critical lessons from studying other global upsets in the modern history.

01. Seismic events cause the tectonic plates to shift and create entirely new landscapes — the world order, societal norms, and industry structures will never be the same. A **"new normal" will emerge."**
02. Disruptive market conditions—when the steady pace of competition is replaced by volatility and uncertainty—create ideal opportunities for competitive breakaway. This has the lasting power of separating good from great. **Winners and losers will be made.**
03. Despite the critical importance of responding swiftly to the crisis, some of the most successful business leaders look well beyond the clouds and have the foresight to guide their organisations through the storm and position their companies to recover and thrive. **Leadership will be shaped.**

Indian consumers have been reported as most anxious compared with their global peers. However, with the total number of COVID-19 cases coming down in the past weeks, a sharp reduction is seen in the anxiety levels.

Indian consumers' key concerns are around health, safety, and financial stability. They are still apprehensive with the proposition of going to a public place, such as malls, restaurants, or staying in a hotel.

Global Anxiety Index – "I am more anxious than I was last week"
As of 3 October 2020



Source: Deloitte State of the Consumer Tracker

Consumer concerns

	October 3	August 22
I'm concerned about my physical well-being	76%	79%
I'm concerned about the health of my family	82%	84%
I feel safe going to store	54%	57%
I'm concerned about making upcoming payments	44%	52%
I'm delaying large purchases	62%	69%
I'm concerned about losing my job	60%	64%
I feel safe going to a restaurant	37%	45%

Source: Deloitte State of the Consumer Tracker

The impact of the pandemic has been unprecedented. There continues to be great uncertainty regarding the duration and depth of the crisis. Stay-at-home mandates, and the resulting health and economic consequences are changing what we buy and consume as well as where and how we shop.

There are several fairly predictable outcomes on what we buy and consume. Various FMCG companies have already tried to respond to the changing trends in an agile manner.

	Trend	Case Studies
1.	Acceleration in e-commerce sales with consumers preferring to stay at home; significant purchases were driven through e-commerce.	• A company in the oral care space launched its made for e-commerce range across product categories and witnessed strong growth. • A consumer company focused on Ayurveda and natural products partnered with a food delivery player to deliver products to consumers and used e-commerce for new launches.
2.	Growth of the value segment – The financial uncertainty and families eating together due to lockdown, led to both SKU down trading in rural India at one end and family pack sizes in urban India on the other end. However, bulk packs are on a decline because of fewer institutional buyers.	• A large conglomerate has launched a hand sanitiser at a price of half a rupee. • A large consumer company saw ~50 percent of the general trade business coming from lower-price and access points. • In the potato chips category, a player saw larger pack sizes of snacks moving faster off the shelves. • A biscuits player saw the sales of Glucose biscuits bounce back in the pandemic.
3.	Increased demand from Rural – COVID-19 has affected about 40 million internal migrants, with 50-60,000[1] moving to rural areas in a span of days. With reverse migration and increased MGNREGA spend, rural demand has picked up favouring companies with strong rural distribution.	• A consumer company focused on Ayurveda is investing to expand its rural coverage. It expects to connect with 60,000 villages by the end of this fiscal year.
4.	Focus on health, hygiene, and nutrition – Health concerns and the need to build immunity have led consumers to buy home sanitation and immunity boosting products; this category saw drastic growth between March 2020 and May 2020.	• Several brands launched sanitisers and hand wash products. Players focused on Ayurveda had more than 50 launches and those in a broader consumer category had 45 launches. • An oral care player doubled down on its Ayurveda brand of toothpaste and mouth spray. • A large FMCG player launched 50+ new product/pack innovations during the pandemic largely focused on the health/hygiene/nutrition segments. • An FMCG player from South India launched a range of surface disinfectant sprays and partnered with a cab service provider (for drivers) and a bank (for customers and employees) for product activations.

[1] World bank-COVID-19 Crisis Through a Migration Lens

With changing consumer preferences and operational constraints due to the pandemic, FMCG companies are being forced to make some hard choices on the business priorities.

01. Save to thrive

Based on a recent global study by Deloitte[2], expectation for positive revenue growth has declined significantly due to COVID-19. Compared with pre-COVID-19 expectations, the percentage of respondents globally expecting positive revenue growth is down 40 points. In India, the outlook is down by 20 points.

In India, 73 percent of the companies surveyed expect to undertake a cost reduction programme in the next 12 months. They are concerned with their current cost structure. Companies have cut down on their discretionary spending,

Due to COVID-19, companies optimised on their trade spend, with focus on ensuring product availability in the channel (as consumers stocked up) and reduction in advertisement budget across major players. Reduction in advertisements, specifically television advertisements, saw various B2C start-ups take up top advertisement spots.

02. Re-evaluating priority segments and products

With the reverse migration of labour and increased spend by the government in MGNREGA, the rural demand is expected to be stronger. Consumers continue to hold back on discretionary spending to save cash. Per a recent report by Nielsen[3], increased focus on Middle and Rural India was reiterated as the majority of CXOs claim that they are increasing focus on Middle India and rural markets over the next six months. Contribution of lower town classes to overall e-commerce has increased from May to August vis-a-vis pre-COVID-19 levels. There are visible signs of consumers either downgrading to more affordable (mass and popular) offerings or shifting towards value-for-money large packs. Companies have been forced to re-evaluate their distribution and product mix in line with the changing trends. Per a recent Nielsen study[3], 36 percent CXOs plan to rationalise their consumer offerings in the next six months.

03. Investments in digital

With social distancing norms in place and uncertainty to general business, larger players have also invested in digital technologies to reduce cost structure and increase business continuity. Companies are extending partnerships with multiple digitally native players to expand reach with digitally native customers. A large FMCG player is participating in the digitalisation journey for general trade (GT) – an app for its GT stakeholders now has 0.23 million outlets onboard and seen a 2x rise in order value and number of SKUs ordered. Companies have also invested in more agile planning solutions and explored digital in manufacturing to enable continuity to business and respond better to the crisis.

04. Re-evaluating supply chain

Closure of international borders for a considerable time affected raw material sourcing, creating supply chain shocks. Several brands started vocalising about their Indian roots calling for "vocal for local", influencing several consumers to buy products that use raw materials sourced from and manufactured in India. The trends have led companies to re-evaluate their manufacturing footprint for resilience to manage such shocks and changing consumer sentiments in the future.

With the continued uncertainty caused by the pandemic and pressure on costs, companies will have to realign their 'where to play' choices across geography, customers, and products to maximise their returns and make strategic business choices to ensure long-term sustainability of the business. To win, companies will have to 'enhance' consumer experience, 'build' resilient distribution, enhance their 'omni' channel play, 'operate' efficiently, and 'thrive' by focusing on agility and sustainability.

[2] Deloitte Survey: https://www2.deloitte.com/us/en/pages/operations/articles/global-cost-management-survey.html, 1089 respondents globally 44 from India
[3] COVID-19 Evolving Consumer Trends (Edition 5), Nielsen, September 2020


Direct Splash Protection


CUSTOMER
EXPERIENCE

Enhance consumer and shopper experience

Customer experience has been a critical pillar in the growth and transformation strategy of retail and consumer companies for over a decade. However, today's consumers are raising the bar for what they expect along the shopping journey. Further, past few months brought fundamental shifts in the age-old habits of Indian consumers – the way they buy, consume, or engage with brands. These shifts might be more enduring than expected as consumers prefer remaining cautious in the backdrop of uncertainty caused by COVID-19.

In response to the current and expected future consumer behaviour, companies are adopting strategies to deliver an enhanced and elevated experience. We are witnessing rapid and full-scale investments in new technologies to improve access, increase personalisation, and simplify interactions. It is crucial to note that consumer experience (CX) goes beyond traditional parlance of the support and service function. Customer experience is an outcome of every form of engagement covering product, brand, sales, relationship management, transaction servicing, and others. Hence, to be able to elevate customer experience, companies need to complement their technology investments with in-depth understanding of their customers' needs, behaviour, and patterns.

Customers in India and their expectations from consumer brands

Before delving into various kinds of experience strategies that companies can design for their customers, let us understand Indian customers and their expectations from consumer brands:

What experience means for different customer segments

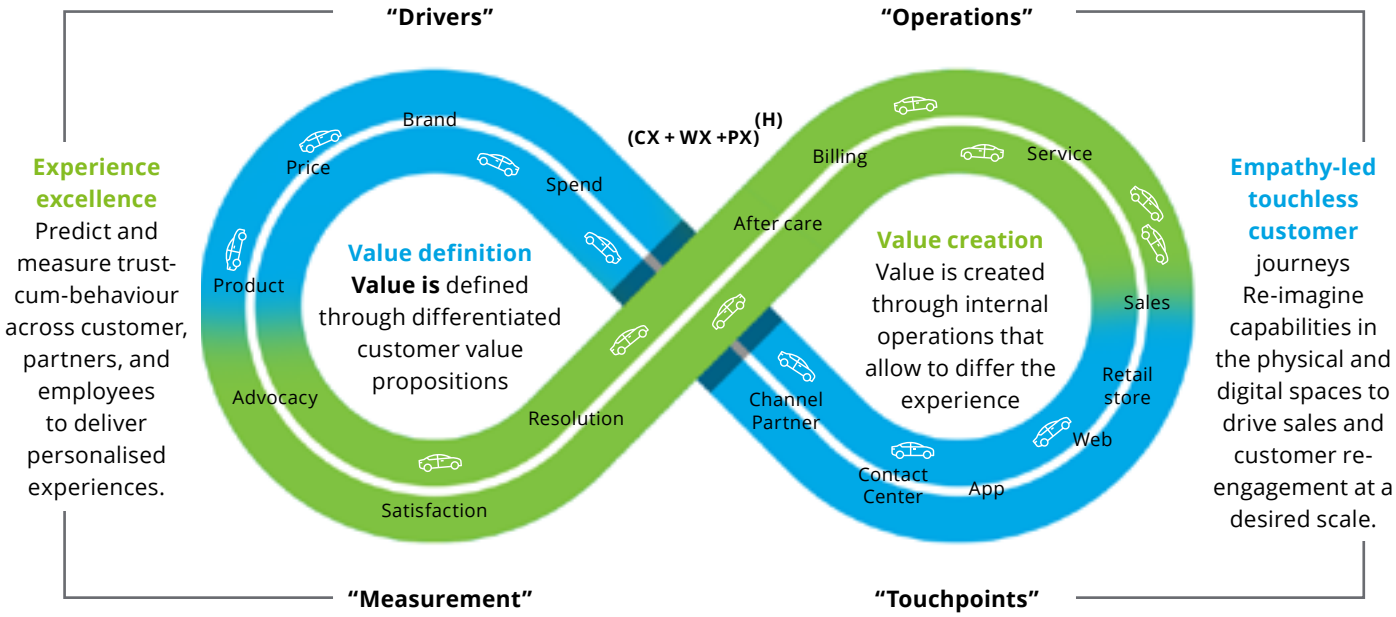
Customer segment	Attributes	Expectations
Digital natives	• Millennials or gen Z consumers • English speaking • Social media savvy and active as contributors • Multiple gadgets/device owners • Independent at young age • Open to peer reviews and influencers • Ready to experiment • Pricing not a primary consideration	• Always on – anytime anywhere sales and service • Self-service across channels • Convenience over pricing • Freebies, offers, and promotions

Customer segment	Attributes	Expectations
Digital adopters	• Millennials, gen X/Y, or baby boomers • Willing to learn new technologies • Single gadget/device owners • Passive/reluctant presence on social media • Open to reviews from trusted sources • Late adopters of new channels • Price conscious	• Make technology simple to use • Preference in vernacular languages • Tend to compare physical and digital channel experiences, products, and pricing • Remember my past interactions • Happy to pay reasonable premium for convenience to a limited extent
Old school behaviour	• Gen X/Y or baby boomers • Single device owners but limited use (beyond basic connectivity) • Low on trust with respect to new technologies and channels (seeing is believing)-adoption only as last resort or defer purchase/engagement if traditional channel is not available • Price sensitive	• Continue the way it has been so far • Be available in the physical format near to my location • Pricing – critical driver in purchasing decision

Source: Deloitte Analysis

Companies should design and deliver human experience that is iterative and establishes a feedback loop to augment value chain – harnessed through a combination of experience and operational excellence to drive financial growth, spur innovation, and transform businesses.

Human experience driven value loop



Source: Deloitte Analysis
CX – Customer Experience | PX – Partner Experience | WX – Workforce Experience | (H) – Human Centricity

Pillars enabling companies to build an experience strategy

The following four pillars can enable companies to build an experience strategy aligned with business objectives and customer needs:

01. Safety and convenience

- COVID-19 has changed consumer expectations. The lockdown led rapid transition to online shopping. However, health and safety concerns are keeping customers away from physical stores even post lockdown. Consumers are in a constant flux of two opposing forces – concerns over visiting enclosed spaces (such as retail stores or malls), and at same time desire to move out and interact with one another.
- Catering to both these concerns and desires in the most frictionless manner possible, is crucial for brands. We have seen most retail stores deploying safety measures. However, most of these measures were inconvenient to follow or did not cater to the scale of footfalls in the shop. This led to customers turning away or coming out with frustrated experiences and heightened concerns about their health. Some of these measures could include the following:
  - Complement safety measures with right convenience measures enabled by technology − Self-service checkouts, click and collect models, curb-side delivery, queue less aisles, and others
  - Make behind-the-scenes action visible − Humans look for tangible, conspicuous signifiers that ensure safety; signs that they can see, feel, hear, and smell; awareness campaigns on measures being taken; frontline staff with uniform and badges/certification tags; and visibility on actions being taken
  - Build a proof of capacity to ensure social distancing − Queue counter displays, waiting time, appointment-based bookings, and other such measures)

Case in point

- Leading food delivery apps created visibility about safety measures by providing details such as name and temperature of stakeholders whose hands were passing the parcel – the chef cooking the meals, the packing counter boy, and the delivery boy carrying the meal. In addition, these apps adopted other measures, including the following:
  - Grading of participating joints based on safety and hygiene
  - Video blogs on food safety and hygiene, including measures taken such as touchless delivery
- Leading private airport provider, re-engineered end-to-end traveller journey by keeping principles of hygiene at core; it further adopted a visible multi-channel communication and awareness strategy to generate confidence in travellers on the measures being taken.

02. Re-imagine channels where 'old and new' can complement and co-exist

Today's customers are not only digital savvy but fast becoming digital natives, leading to a need for a consolidated approach to customer experience aligned with product design and digital strategy. They have become a king enabled through several communication and social media channels. Multiple channels increase options for customers, and the ability to demand customised products and information. Customers are more aware of competitive and key service offerings across the board.

Consumer and retail companies need to take a page from digital-first companies— it has never been more important to build a seamless omni-channel brand presence. Customers are looking for a digitised experience (both online and offline), enabled by technological innovation at every turn. They also use digital tools to maximise productivity and efficiency, and create a dynamic, engaging experience.

Retail stores from physical to phygital stores

Reconsider the size and number of stores that will meet customers' needs, eliminating poorer-performing stores and focusing on flagship, showrooms, and pop-up store experiences. Consumers will no longer come in just to browse; they will arrive already knowing what they want, and the associate's role will be to facilitate the purchase through an exceptional customer experience.

Companies should design pre-emptive and personalised zero-touch shopping journey across the physical and digital channels based on design principles mentioned below:

Design principles

A-Place	B-Plan	C-People	D-Period
Do you have to step out?	Can you anticipate and plan actions?	What is expected crowd size?	What is the time needed?



Pre-booked entry and QR code based access



Click and collect/shop and drop/curb-side delivery



Virtual crowd/ queue management



Immersive shopping and service window-cum-BTS visibility

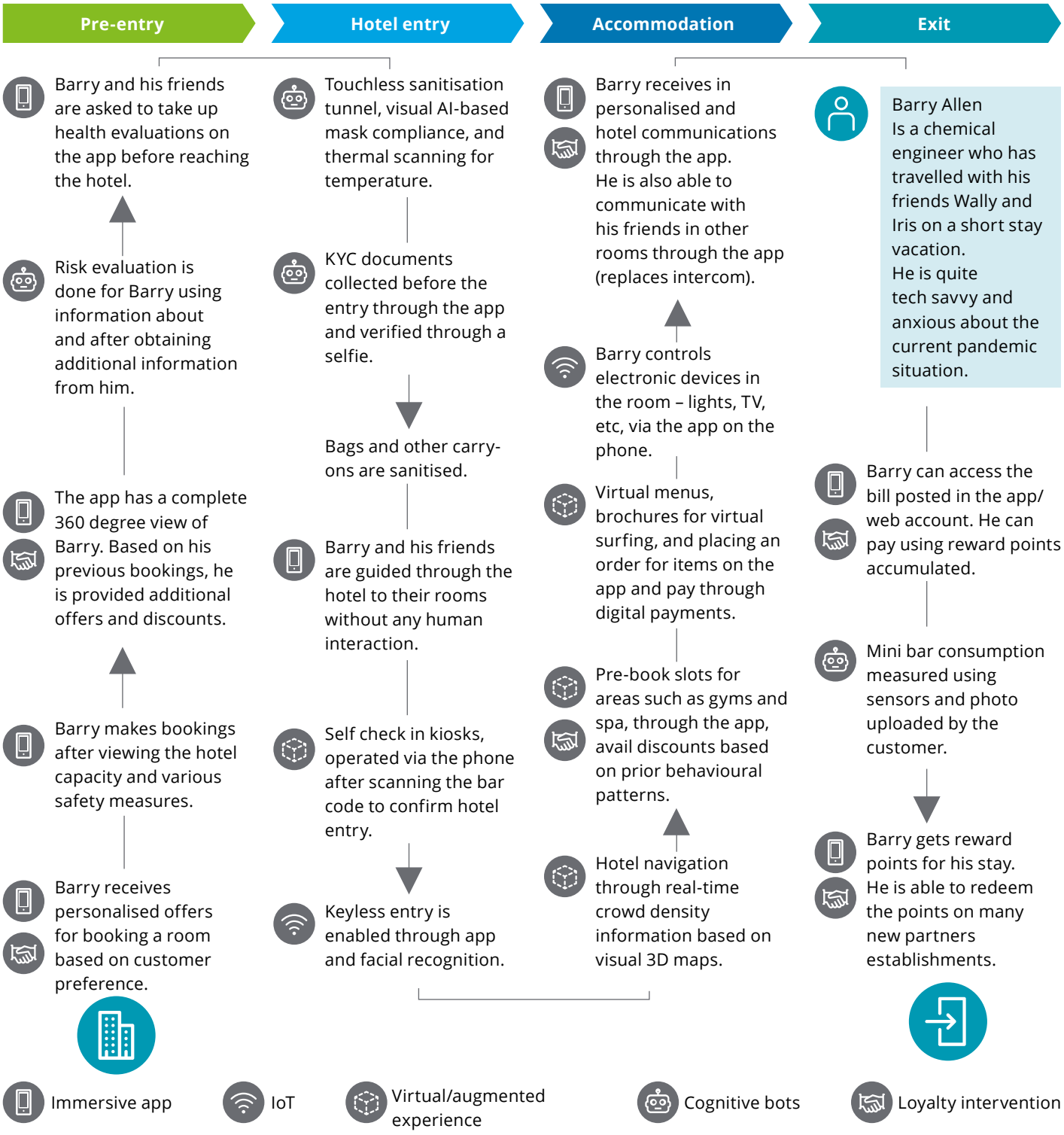


AR/VR led trouble shooting

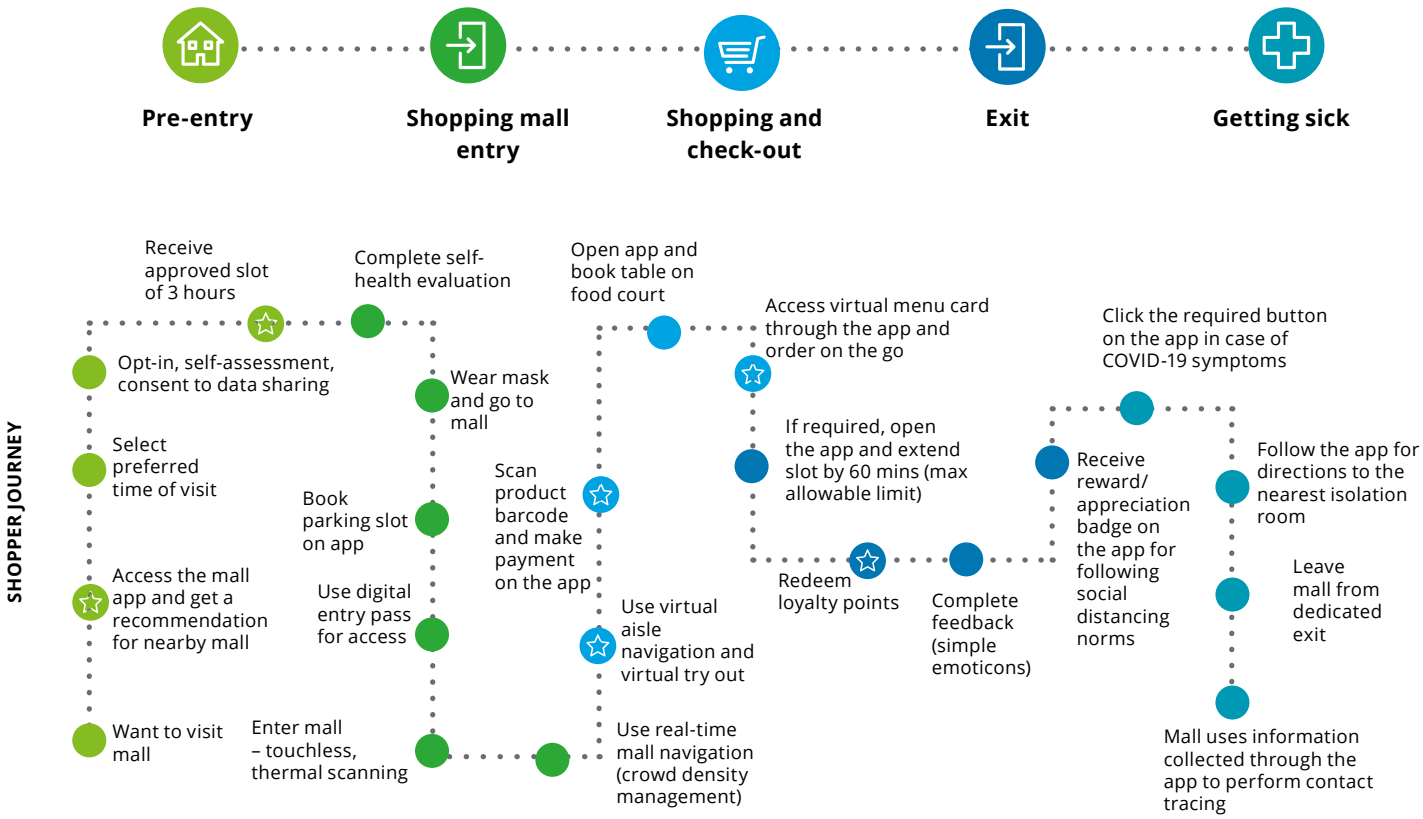
Shown below is an indicative new normal journey in a shopping mall and a five-star hotel for consumers where the physical channel has been re-imagined and complemented with digital experience:

Case in point – Indicative touchless journeys developed on principles of empathy led scale @usual

Re-imagined journeys at a luxury hotel



Re-imagined journeys at a shopping malls



WHAT'S IN IT FOR THE MALL

- **Access to customers preferences** to draw **out specific promotion and** marketing schemes
- App adoption- **direct engagement with customers**
- Preparedness for expected crowd density and ensuring minimum health risk

- **Location-based shopping information to consumer**-enabled through the mall navigation app to **boost conversions**
- **Wow experience for customers** through an end-to-end **touchless experience**
- **Goodwill and brand building** with transparent information

- **Real-time personalisation of products (fit of product, customisation, etc.),** while customers are browsing digitally, to uplift sales conversion and slash returns
- **Increased food-court** footfalls
- Rich data source for analytics to be used for **spatial re-deign**

- Customer feedback and **sentiment sensing**
- Loyalty invoked and driving incentives for repeat footfall while giving a digital upbeat and touchless shopping experience

- **Contact tracing**
- **Symptom reporting** and case management

Cloud and AI-driven call centres
Contact centres are a key touchpoint where businesses can build strong connections, earn trust, and create loyalty. Artificial Intelligence (AI) remains a strategic priority for contact centres. Per the Global Contact Center Survey 2019[4] by Deloitte, 75 percent contact centre leaders invested in AI capabilities and 56 percent of them believed that AI has broad applications in call centre transformation.

This was further accentuated in recent times where anytime, anywhere call centres became a reality. Service continuity and sales pressure forced companies to move from on-premise call centres to remote call centres. Immediate benefits realised from remote call centres usually outweighed the challenges faced, such as real estate savings, work-life balance, and higher workforce diversity. There is a growing acknowledgement that issues faced were not flaws of operating model design but attributable to timing of events. Hence, there is greater support for shifting to the 'new normal' in the customer community.

As a result, many leading telecom operators, banks, and retail giants are considering adopting this as a norm. As customers are also gearing to the new normal in many facets of life, this is the right time for organisations to accelerate transformation of call centres. Organisations can adopt three kinds of AI-led service philosophies:

High touch-AI/cognitive levers used for deflection to self-care; diagnosis to closure via human intervention

Lite touch-Low complexity managed via AI/cognitive; human intervention-based diagnosis and resolution for higher complexity issues

Zero touch-E2E interaction managed via AI and cognitive for most call drivers; human intervention only for exception and premium handling

Conversational AI
Conversational AI refers to the use of messaging apps, speech-based assistants, and chatbots to automate communication and create personalised customer experiences at scale. Most chatbots are used for deflection, i.e., channeling customers to the right queues. AI is now changing this. Corporates are investing significantly in conversational AI to understand the intent and offer first-point resolution to customers. This will enable them to improve operational efficiencies and elevate experience. Per the Global Contact Center Survey 2019 by Deloitte, use of chatbots and messaging is expected to double for complex interactions management in the next two years. To get competitive advantage from conversational AI, companies should focus on the following:

- Integrate conversational capabilities with intelligent automation to enable extreme personalisation.
- Use conversational AI platform focused on sales and collection along with support services (this will make the channel self-funding).
- Deploy conversational AI not just for end customers, but also for managing workforce and channel partner experience.

[4] Deloitte Global Contact Center Survey 2019 representing 172 organisations headquartered in 16 countries

Digital properties – Apps and social media

Digital properties remain a crucial channel in the experience value chain. However, companies need to focus on the following elements to ensure adoption at scale across customer segments:

- Availability of digital properties in vernacular languages with easy-to-use visual interface
- Education and adoption measures, including trust building activities for more customers to sign up and transact on digital properties
- Multi-channel linkage and real-time information updates on digital properties
- Linkage of digital experience with physical channels

Re-imagined channels-Case in point

- A global Fortune 500 company had to make an emergency shift to work from home call centre set-up, coupled with increased call volumes as physical channels were not available due to the lockdown. The company worked by making the shift from High Touch to Lite Touch call centre by strengthening IVR and bots, and empowering customers with self-validation controls.
- Various B2C companies are running pilots to make digital properties available in vernacular languages. One of the use cases is on vernacular bots. Although these are in the nascent stage in India (due to 100+ dialects and language complexity), this channel has the maximum potential given a low smartphone penetration and literacy rates beyond urban India. Companies are exploring setting up voice bot capabilities in local languages for sales and service journeys.
- Leading FS organisations are enriching conversational AI with 'extreme personalisation' using advanced AI/ML and intelligent automation. These measures will enable conversational AI to work as virtual voice agents for collection and recovery use cases. As a result, the system is able to determine what time to call which category of customers and how to adjust tone and wordings on the same script to have effective collection rates. Given the success on collection rates, the company is exploring deployment of extreme personalisation-led conversational AI in B2B virtual sales management.
- A hyper market chain reformatted its store guidelines to sustain trust. These guidelines include allowing a number of people at a time and rationing units of purchase to avoid hoarding. It made the queue and crowd density information visible on digital properties (such as app or web). This helped customers plan when they could come. Further, they allowed customers to book slots when to visit (just like dining reservations), equipping them with information to serve customers better.
- Various luxury brands launched their season sales over virtual pop-up stores on social media platforms and registered double-digit growth in sales and customer engagements compared with the past year.

03. Customer experience strengthened on pillars of workforce and partner experience

Years of sub-optimal returns on transformation projects, along with COVID-19-driven shifts in human behaviour and business challenges, have revealed that **silo focus on customer experience capabilities will not be enough to thrive into the future.** Instead, exponentially growing results and flipping out of the current mode would start when organisations align and connect customer experiences with workforce and partner experience. Focusing on partners and workforce responsible for engaging and fulfilling customer needs (customer experience elevation requires an equal focus on partner and workforce experience), is crucial.

A few interventions/use cases are mentioned below:

Customer experience	Partner experience	Workforce experience
• Make visible changes in customer journey, displaying safety and generating trust • Make new, easy-to-use channels available to customers • Being digital in vernacular languages • Virtual queue management • Personalised virtual shopping guides • Showcase how we care and adjust to new norms • Generate trust by demonstrating transparency on behind-the-scene activities • New ways of engagement and working for virtual walk-ins • Notification and messaging factory • Define authentic messaging • Personalised offers and service interactions • Pre-emptive pulse on the resilience index • Conduct event-based sentiment check	• Partner safety – extending benefits and communications • Channel programmes for better brand perception • COVID-19 partner resource hub • Virtual onboarding and expansion • New code of conduct and values • KPIs and SLAs on what customer service means in the new normal • Changes in business behaviour attributes • Transparent communication on invoice payments and dues • Real-time, two-way communication channel • Trust generating communication • Sensing on willingness to co-invest, co-risk, and grow • Event-based sentiment check • Focusing on partner business continuity	• Convenience and safety concierge for employees due to closed schools and limited day care support • Touchless employee journeys • Provide tools (such as alerts) to combat COVID-19 when they move between green zones and red zones • Information, empowerment, and recognition to service customers • Empathy-focused new code of conduct and values • Re-profile and redeploy staff with higher vulnerabilities (e.g., expecting ladies in frontline) • Changes in expected behavioural attributes • Communicate job security and stability • Re-iteration unending support • Flatten listening hierarchies and provide more channels • Share stories of strength within a company • Fit-for-person motivation drivers • Pre-emptive pulse on fatigue and the resilience index • Event-based sentiment check • Skill refresh interventions, including soft skills • Valued engagements through crowdsourcing/ innovation hackathons

04. Weaving experience as a true differentiator

Using AI, ML, and other exponential technologies, companies are replacing conventional metrics of experience with predictive metrics of behaviour and real-time emotional sensing. This helps companies with the following:

- Segment customers based on their values and sub-conscious behaviour for sharper personalised offerings, communication, and service
- Sharpen existing segmentation by a combination of behavioural data with sales and operational data
- Predictive understanding of human behaviour and expectations than reactive survey collation
- Real-time insights and sensing to enable corrective actions with intuitive close looping workflow

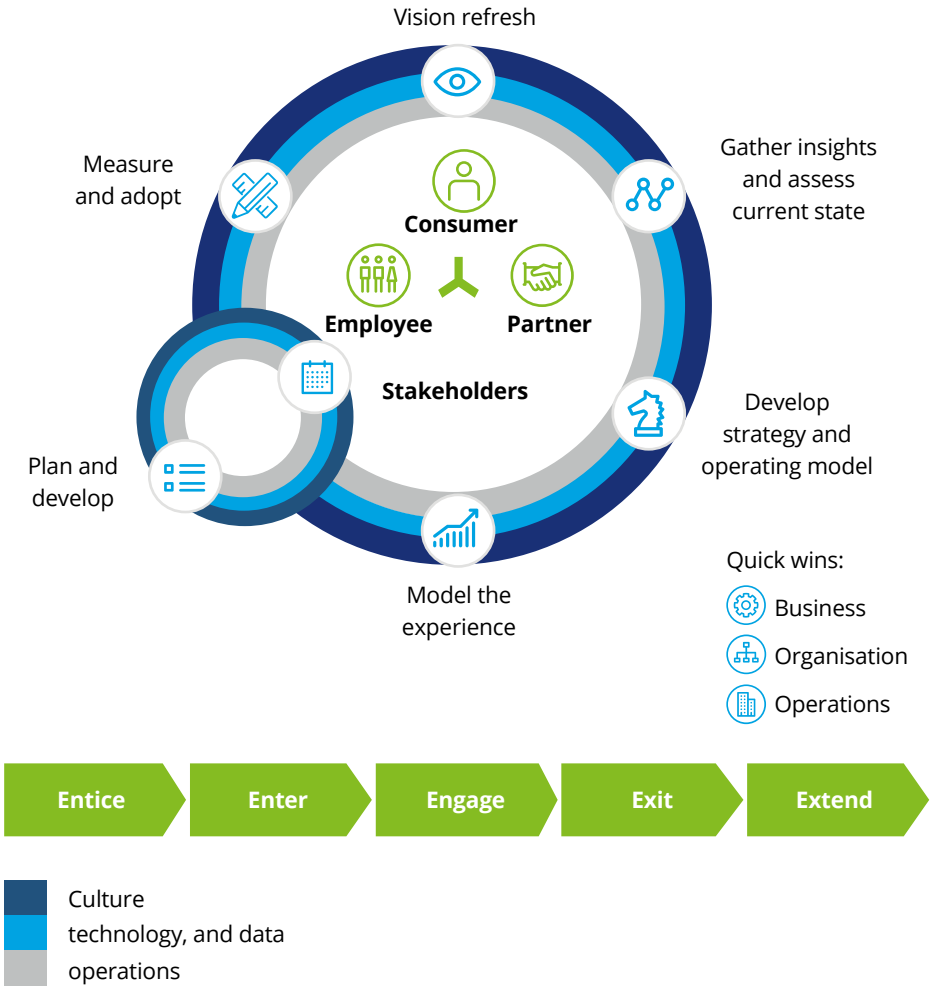
Further, organisations are complementing experience excellence intent with equal competence across the value chain. This includes designing for new normal; preparing for 'never seen before' rainy day scenarios; and driving experience-linked business outcomes on revenue acceleration, cost, and efficiency savings.

Organisations must take a step back and drive experience elevation focused on three core elements – culture, technology, and operations – using the following underlying principles:

- Align culture, technology and data, and operations towards a common vision
- In-depth user understanding and insights-driven choices; re-model traditional business propositions to cater to the shifting demand pool
- Strategise differentiated value propositions while tackling key consumer sentiments and showcasing empathy during a crisis
- Accelerated time to value and reduced risk; use digital tools to deliver tangible benefits across customer journey, offerings, and internal operations
- Agile development with continuous measurement, learning, and improvement

The two foundations of customer loyalty, trust, and confidence are being put to test. Corporates and brands must put customers' interests first to shine in these uncertain times. Those that act quickly can capture loyalty via human-centric transformations in the next few months to build a legacy of loyalty. As a leader, now is the time to build trust, signal safety, and redefine connection.

The COVID-19 crisis and the technology revolution are fast giving way to the human revolution − now, more than ever, people are seeking human connection. To be competitive in this human age, companies must elevate the human experience by providing purpose and meaning through shared experiences that enable connection across workers, customers, and partners. Therefore, the human experiences organisations create are becoming a vital part of their ability to thrive. Humanising the experience by designing right channels and journeys, is crucial.





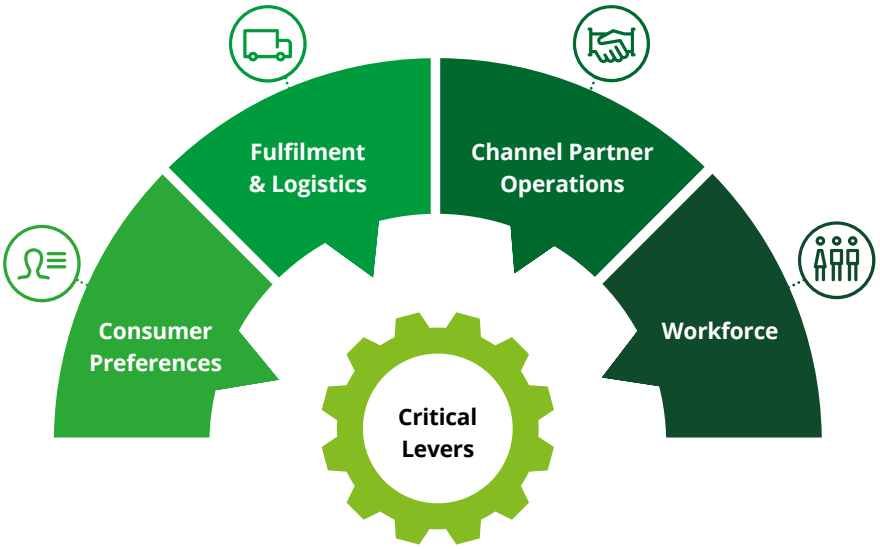


Building distribution channels post COVID-19

Impact of COVID-19 on existing FMCG and retail distribution

The pandemic has forced many retail stores and intermediaries to either scale down or shut shop, causing unprecedented disruption in retail activity. Distribution channel partners have suffered significant losses from lockdown disruptions. In the retail and FMCG segments, the pandemic has affected critical areas, such as consumer preferences/behaviour, fulfillment and logistics, channel partner operations, and workforce.

Critical areas affected that need to be rebuilt



Changing consumer preferences: COVID-19 pushed customers into prioritising essentials and buying more online

The pandemic has significantly altered consumer preferences, purchase patterns, and customer touchpoints. A recent Deloitte consumer survey[5] in the Indian market revealed a growing trend towards online shopping, preference for hyperlocal deliveries, and blended commerce. Consumers are giving importance to safety and hygiene, thus avoiding visiting physical marketplaces. Other trends being observed are consumers' willingness to pay for convenience while cutting down on discretionary spending due to reduced income.

Fulfillment and logistics: During the pandemic, movement of trucks decreased to 95 percent from normal scenario with trucks stranded at warehouses

The logistics sector, an indicator of the overall health of the economy, saw the maximum impact of the pandemic in the initial days of the lockdown when the movement of trucks decreased significantly. The only movement witnessed was that for essential goods. Intermittent market lockdowns, and numerous security and health checks significantly affected the movement of raw materials and last-mile delivery of products.

E-commerce players also had to suspend their logistics services for sellers on their platforms. According to the Retailers Association of India (RAI), the supply chain of about 25,000-30,000 supermarkets had been affected.[6]

[5] https://www2.deloitte.com/in/en/pages/consumer-business/articles/state-of-the-consumer-tracker.html
[6] https://economictimes.indiatimes.com/small-biz/sme-sector/hit-by-a-virus-and-lockdown-the-wheels-are-coming-off-the-indian-logistics-industry/articleshow/74882675.cms?from=mdr

"Intermittent market lockdowns and numerous checks on movement of goods led to the blocking of a number of pin codes by logistics firms. There were rumours floating around customers rejecting shipments in fear of contamination, companies planning to fire staff owing to reducing orders, etc., that added to the panic"

Representative of a logistics firm

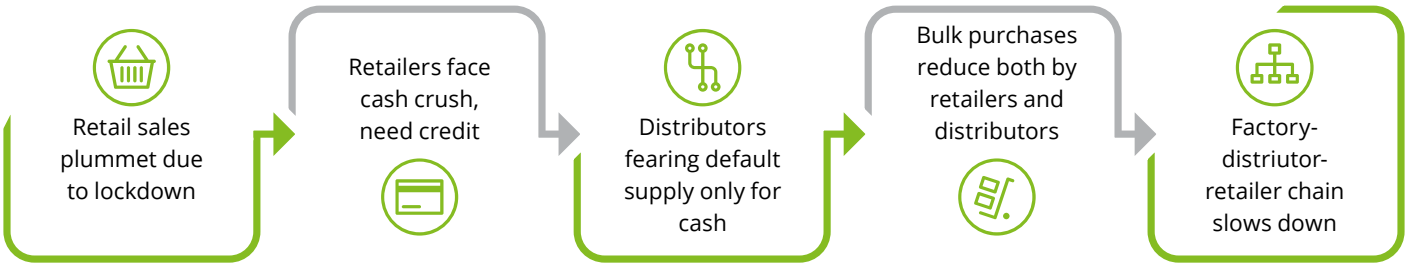
As the country's economy gradually opened up and resumed normal operations, logistics activities and players witnessed a muted recovery due to disruptions in market operations and consumer sentiments.

Channel partner operations were affected and resulted in lower cash flows

Due to COVID-19 induced lockdowns, many retailers and distributors saw a sudden and dramatic halt in their cash inflows as consumers stayed indoors and reduced spend on non-discretionary purchases. As retail stores remained shut, distributors fearful of non-payment from retailers (of consumer goods, electronics, smartphones, etc.) and an increase in lending strictness from banks and NBFCs, started dealing only in cash instead of continuing with the usual practice of offering up to three weeks of credit. This is because they feared defaults by small retailers.

This adversely affected flow of goods. The problem was more pronounced in smaller towns where local kirana shops often provide goods to regular customers on credit. The pandemic pushed these buyers (including migrant workers who returned from cities) in smaller towns to default. Slowing of credit rotation led to a reduced return on investment across the retail supply chain.

Cash crunch leading to a slowdown in the FMCG/retail sector



More than one crore migrant workers[7] moved back to their hometowns during the pandemic

As companies struggled to create and fulfill consumer demands, they faced another challenge in the form of reverse migration. Even when lockdown restrictions were eased and companies were allowed to resume operations, a majority of their workforce had travelled back. This has forced stores to operate at reduced capacities. Distributors operating with minimal staff were unable to supply goods down the channel, forcing retailers to arrange delivery of goods.

"We have stocks ready to be transported in our godowns but are unable to find people who can help us deliver them to kirana outlets. The majority of the loading, transportation, and unloading activities were done by migrant labourers from other states who are now unavailable. Additionally, we are losing customers as small retail shop owners are shutting shops and moving back to their hometowns."

Distributor of a leading FMCG player

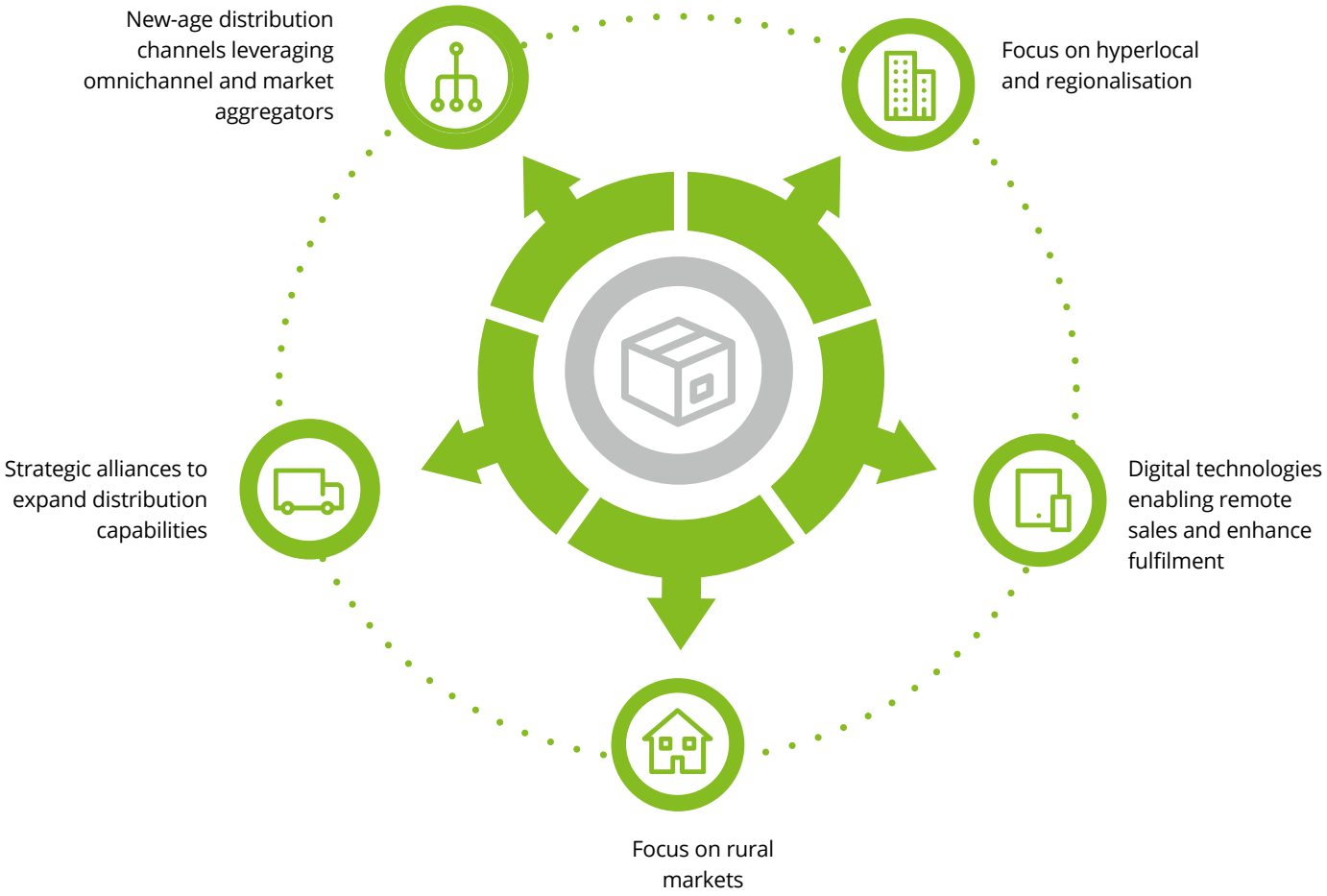
[7] http://164.100.24.220/loksabhaquestions/annex/174/AU2044.pdf



How companies are innovating and rebuilding distribution systems post COVID-19

The pandemic revealed that companies using digital channels, such as e-commerce, omnichannel, and direct-to-consumer, were able to adapt and recover faster. Companies that were ahead of the curve in the digital transformation journey proved to be best-equipped to manage the repercussions and navigate the pandemic with a relatively lesser impact. Companies that relied only on traditional distribution channels to service customers were at a greater disadvantage. The major trends that are emerging in rebuilding distribution are the following:

Emerging trends in distribution



Increasing focus on hyperlocal and regionalisation

The distribution trend that has gained significant attention from business leaders today is hyper localisation. In the past, companies had experimented with hyperlocal distribution to achieve varying levels of success. However, a supporting ecosystem of customers, technology platforms, and last-mile delivery players have been gradually building up. Additionally, there has been a growing acceptance of channel partners during the pandemic. Distributors/dealers are looking at it as another channel to capture the market rather than treating it as competition. The pandemic saw a significant increase in the hyperlocal delivery of essential items, such as groceries, fruits, and hygiene. Consumers who had been compelled to stay indoors because of the fear of infection, quickly transitioned to online marketplaces offering delivery at doorsteps.

Another trend observed in case of companies with global sourcing and distribution systems was the prolonged impact of disruptions on operations. Companies and their channel partners suffered from an acute shortage of raw material/finished goods as the sourcing countries went into lockdown. This dependency and reliance on global partners are compelling them to re-evaluate their strategy of centralised distribution and sourcing. The flexibility offered by multi-level sourcing and distribution channels is capturing leaders' interest. The sourcing and distribution channel is undergoing a significant change and witnessing the re-emergence of regional logistics hubs.

Case: Companies launching hyperlocal platforms and delivery capabilities

One of India's largest marketplaces has piloted a hyperlocal delivery model to deliver products across categories such as grocery, mobiles, electronics, and home accessories. The company provides consumers an option to fulfill orders in 90 minutes or book a 2-hour slot on the basis of their preference. At present, the company has tied up with 3PL for last-mile delivery. However, it plans to move towards a hybrid model wherein they can use local shop owners and their existing logistics capability to deliver products.

"The company witnessed 3-5x growth in demand for hyperlocal delivery of essential goods during market lockdowns. Demand for other non-essential product categories is also increasing."

Leading logistics player

Increasing use of digital technologies to take orders remotely and enhance fulfillment levels

The traditional model of flooding the market with the inventory at channel partners and stores is sub-optimal at many levels. Sensing demand, forecasting accurately, and building visibility in the system are essential for companies to extract maximum value from existing infrastructure and assets. Building a flexible and adaptive channel is now a key requirement for sustaining a business.

The right combination of route to market, digital solutions, and technology adoption is crucial for building a responsive distribution. Real-time visibility on facilities, operations, and logistics will play a key role in enabling the business to make informed decisions. Companies use new-age technologies, such as IoT, artificial intelligence, sales automation tools, big data, and analytics to enable visibility and traceability, and build digitally connected networks.

Companies have witnessed a manifold increase in the adoption of salesforce automation tools, enabling teams to do remote/telephonic selling. Remote selling capabilities, coupled with demand visibility and order fulfillment, have enabled companies to effectively service outlets with optimal inventories.

Case: Companies using analytics/tech to build innovative fulfillment options

A leading apparel manufacturer has undertaken a transformation journey to enhance its sales operations and strategy with the help of new-age digital solutions. The company had implemented sales automation tools for both the company and channel/franchise partners to enable greater visibility on operations and enhance productivity. Data captured from these tools are used to create performance dashboards for leadership to take proactive business decisions. The company has witnessed a significant improvement in the adoption of these tools since the outbreak of the pandemic. Encouraged by the improvements, the company is investing in building remote sales capabilities to enable business continuity and ensure minimal impact on sales.

Rural markets driving consumption and growth recovery

Rural India accounts for about 65 percent[8] of the total population and contributes significantly to the overall FMCG spend. Reverse migration, decreasing digital divide, and increased government focus and expenditure, are expected to expand markets and increase demand in rural areas. Further, recent government reforms in the agri space are likely to improve returns for farmers and improve average household income/consumption. Contribution from agriculture and allied services is expected to fuel rural/Indian economic growth, especially during COVID-19.

Drivers of rural consumption and demand include the following:

- Increase in purchasing power due to growth in agricultural output and the government's focus on increasing agricultural income and output
- Augmented government spending on rural infrastructure development and poverty elimination programmes
- Increased production in rural; the share of rural industrial output as a percent of the total industrial output, has doubled in the past few years[9]

In light of increasing rural consumption, companies are re-focusing their strategies on reaching out to rural customers, and investing in building and strengthening their distribution capabilities in rural markets. Traditionally, companies had built indirect distribution capabilities to serve rural markets. This led to limited visibility on the flow of products and consumer purchase patterns, and a relatively higher cost to serve. With increasing consumer demand, companies now focus on building their direct distribution to gain a stronger foothold in the market and boost sales.

Case: Investment in expanding distribution capabilities in rural markets

A leading Indian conglomerate is expanding its reach in rural markets by investing in building warehousing and distribution capabilities. The company plans to use these warehouses in addition to their brick and mortar outlets as last-mile connection points for its e-commerce venture. The company also plans to set up internet-enabled kiosks at these points to allow rural consumers to place online orders. Using these new innovative connection centres, the company intends to sell a wide range of products that have a long shelf life and do not require installation assistance. Additionally, these centres can act as delivery/collections

[8] https://data.worldbank.org/indicator/SP.RUR.TOTL.ZS?locations=IN
[9] https://niti.gov.in/writereaddata/files/document_publication/Rural_Economy_DP_final.pdf

centres. The company has plans to extend this model to groceries, personal care products, apparel, footwear, etc. After the successful implementation of this project, the company intends to have an effective presence and direct access to ~95 percent of the Indian population.

Strategic alliances to expand distribution capabilities and reach

Building or expanding a business cannot be successfully achieved solely on the back of a great product/service and business plan. Ensuring visibility and product availability for the right set of customers at the right time is an essential component. Companies have explored numerous distribution channels and configurations to achieve this.

The pandemic, with market lockdowns, compelled companies to re-configure their distribution systems within a short period. As customers were locked indoors, companies had to explore omni-channel and hyperlocal delivery models. New and unconventional partnerships were forged to achieve this feat.

FMCG companies partnered with online marketplaces to showcase their products on online marketplaces. They also partnered directly with third-party delivery services to enable doorstep delivery. Fulfilment of these orders were routed via a company's existing channel partners to support the entire value chain.

Post the pandemic, we are witnessing a seismic shift in how companies are re-configuring and re-thinking distribution strategies. More companies are exploring alliances that can offer greater value than a simple movement of goods across locations. We are witnessing an increasing trend, and need for companies to enter into strategic and unconventional partnerships to enhance visibility, expand coverage, and penetration while optimising cost to serve. These new-age partnerships serve a varied set of purposes related to capability enhancement, logistical support, and market and consumer insights.

Case: Enhancing reach and revamping consumer shopping experience

A leading Indian conglomerate's retail arm partnered with a popular instant messaging platform to deploy a conversational commerce platform for grocery orders. Customers can search for a local business on the app, browse through its catalogue, and complete purchase either on the app itself or place an order online and collect products from the store. The partnership may later be extended to include the distribution of medicines, fashion, lifestyle products, food, etc.

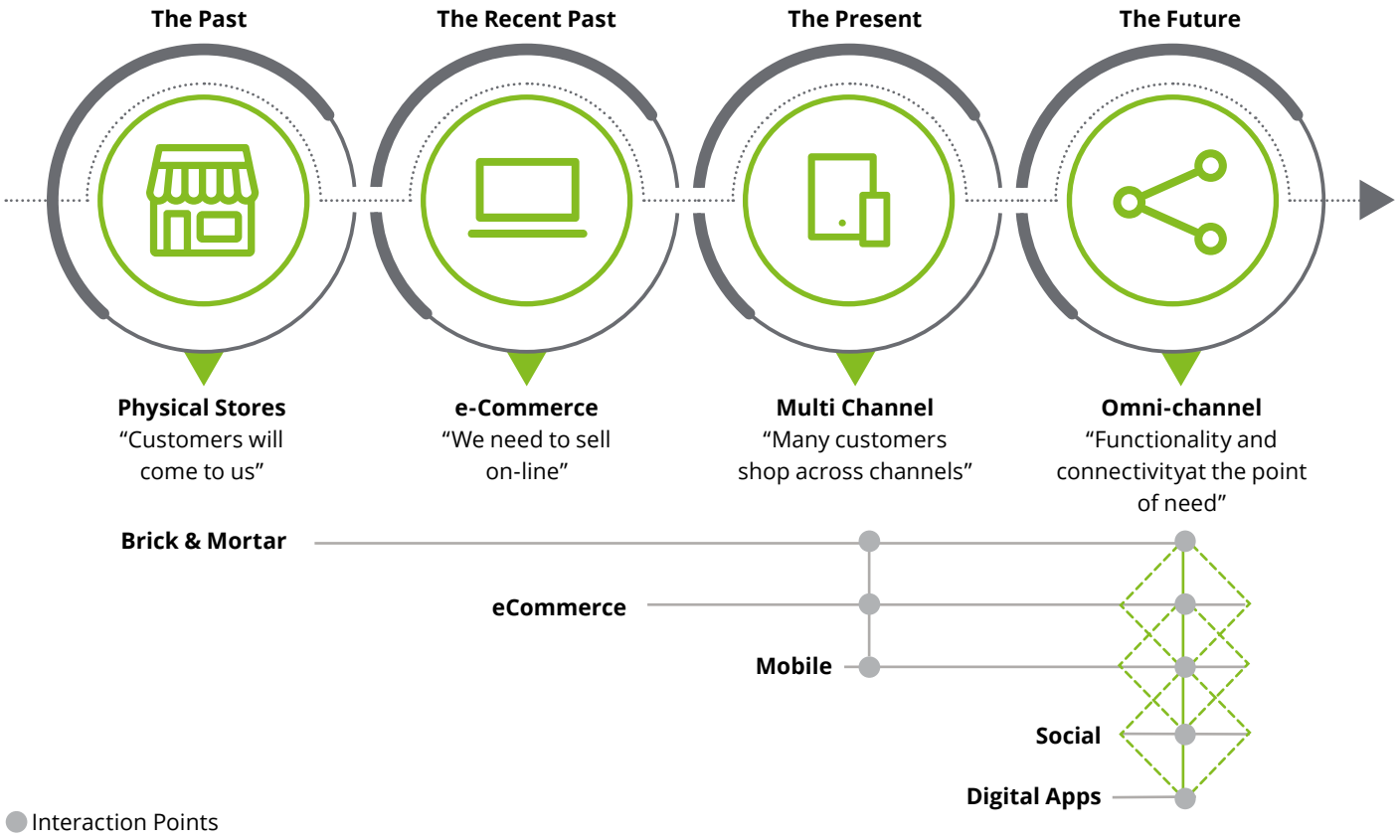
New-age distribution channels using omni-channel and aggregator models

Rise of omni-channel models

With evolving consumer and market trends, urbanisation, burgeoning millennials, consumption-driven society, brand awareness, and rising income, companies have had to modify business models and operations to cater to these market disruptions. Knowledge of consumer, micro-markets, demography, real-time view of operations thus becomes essential. Companies have progressed from traditional distribution channels servicing brick and mortar outlets to e-commerce and further to multi-channel. They are now gradually progressing towards an omni-channel approach. Each model has brought companies closer to their customers.

Omni-channel will be the next step in the evolution of retail[10]

Omni-channel is the next step in the evolution of retail moving from intersection of multiple channels towards integration of multiple channels



The FMCG market had been growing with an increasing share of e-commerce and direct-to-customer models. The pandemic further accelerated this trend. Digital collaborative distribution models became the need of the hour for companies to connect and service customers offering a convenient, hygienic, personalised, and consistent offline-to-online (O2O) experience.

The share of e-commerce and DTC channels is rising, driven by the following:

- Increasing digital spend by millennials
- Growing need for personalisation and customisation
- Rising preferences for convenience and faster deliveries
- Growing in-home consumption

Digital native brands, the early adopters of direct distribution channels, have proven the potential of this channel. The changing consumer and market trends are now coercing traditional brands to enter this space and build it as an additional channel.

[10] Deloitte Research

Emergence of aggregator models for distribution

This shift towards online channels can be witnessed across the B2B space as well. While some players have existed for decades, the majority of the other companies failed to make a mark. Recent structural market changes in the form of GST, rising internet penetration, growth of digital payments, government and PE/VC funding, and even demonetisation are fostering the growth of these start-ups and aggregators. Start-ups such as Udaan, Jumbotail, ShopX, and Ninjacart have raised significant funding in the past few years. Encouraged by this trend, even the government has launched an e-marketplace to improve procurement efficiencies at public-sector enterprises.

These aggregators, primarily operating in the B2B space, are re-defining the distribution ecosystem by increasing efficiencies, reducing prices, and rising effective margins available to channel partners. They offer a wide range of services, including the following:

- Product visibility/discovery via an online marketplace
- Platform for conducting commerce activities
- Finance and credit facilities
- Logistics and last-mile delivery services
- Value-added services, such as analytics and advertising

Retailers and enterprises are finding value in these players as they provide direct access to a wider range of customers, along with transparency in operations. In the B2B space, customers find value in this model as they can easily compare services across multiple players and get guaranteed delivery. During the pandemic, acceptance of online commerce has improved in the retailer community, which was a major challenge before the onset of the pandemic.

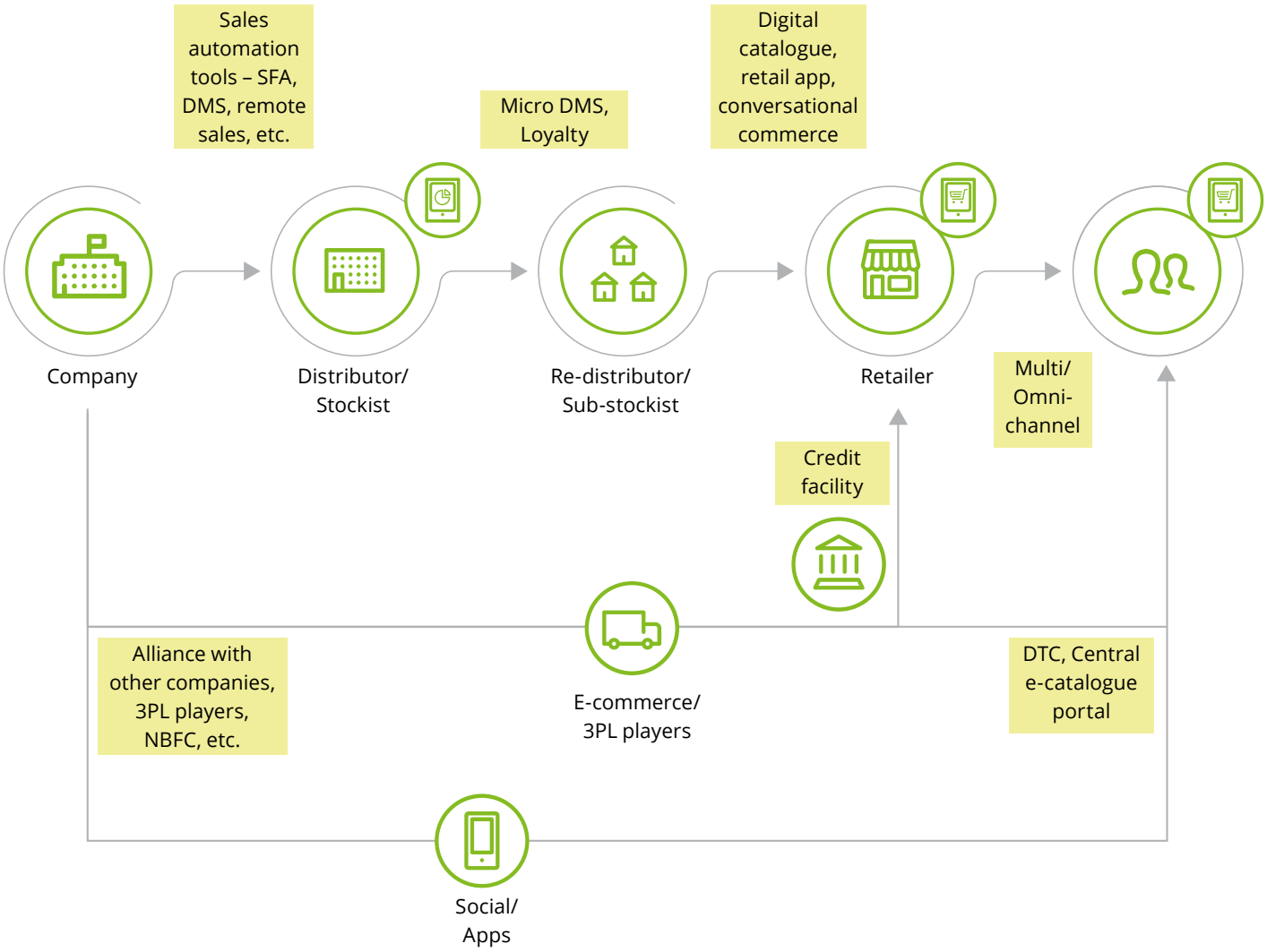
Case: B2B e-commerce channel to expand reach/coverage and offer innovative business models

- A B2B start-up currently present in Bengaluru is serving about 20,000 neighborhood kirana stores. The company has created an ecosystem wherein it offers the following services:
  - Order fulfillment via their warehouses
  - Last-mile and home delivery
  - Supply services to local stores
  - Credit and working capital support
- Another B2B e-commerce player focusing primarily on rural markets aims to act as a bridge between rural consumers and manufacturer/primary markets. The company offers a wide range of services, including the following:
  - Direct to home delivery for consumers
  - E-commerce tech platform for a retailer to cater to their sourcing requirements from the convenience of their shops
  - Credit, marketing, analytics, and logistics support to local retailers

Building future-proof distribution channels: Potential interventions and critical success factors

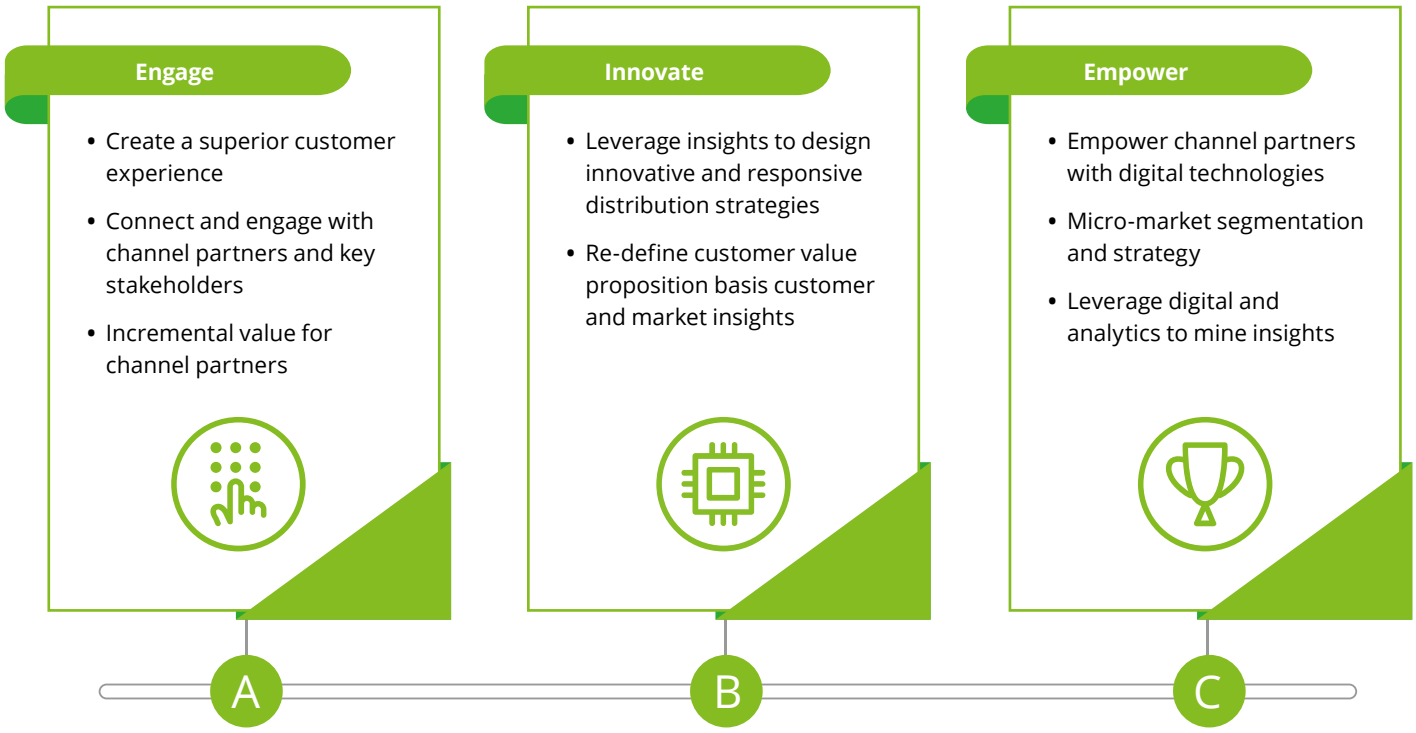
Companies that learn from market disruptions and put customers at the heart of their operations (i.e., transform their mindset and enable channel partners to progress from simply catering to consumer requirements to identifying the latent need, shaping requirements, and proactively delivering solutions) are more likely to succeed in future-proofing their businesses. Companies are exploring digital and sales interventions across the channel that will help them extract greater value and build sustainable distribution channels.

Multiple sales acceleration initiatives can be undertaken using digital solutions as an enabler (illustrative)[11]



[11] Deloitte Research

To build future-proof distribution with the help of channel partners, the focus should be on the following key elements-Engage, Innovate, and Empower



Engage: Distribution has always been a customer-centric business with interactions playing a key role. With the rise of new distribution trends and channels, this aspect has been further amplified with distribution channels to engage in more effective communications across the value chain and with customers. Easy access to data and information have empowered customers and stakeholders across the value chain to become more informed and require engagement across various touchpoints (online and offline).

Distribution channels and partners can no longer survive by overflowing the market with inventory, sales representatives, and branch offices. To build a sustainable and preferred route to market, channels/channel partners need to capture a wide range of data points and collaborate with partners to derive insights and new applications. Companies need to build a holistic offering package for their channel partners, and drive productivity and effectiveness.

Innovate: Distribution channels need to use insights through data and process improvements to extract exponential value from existing infrastructure and assets. Companies need to work with channel partners to optimise key components, such as pricing, SKU management, inventory management, and network optimisation, to transform operations, optimise cost to serve, and enhance efficiencies within the value chain. Managing trade-off between service and stock levels, product assortment carried, and re-imagining channel configuration can drive greater value from existing assets, and enable companies to invest in building innovative customer servicing and fulfillment strategies. This will help bring in agility and improve receptiveness to pilot and experiment with innovative strategies to develop micro-market specific distribution strategies.

Empower: To empower channel partners, companies will need to leverage digital and new-age technologies, embrace data, and generate insights from them. Technology implementations have transitioned from being a mere change of systems to transformation drivers that help re-imagine business with new streamlined processes and automated functions. Companies can build a single view of customers, markets, and operations, resulting in a deeper market understanding for micro-market segmentation and designing specific distribution strategies. Additionally, an empowered channel facilitates the capturing of valuable data across customer touchpoints, thereby enabling a superior customer experience and transformed operations.



Omni-channel for expanding reach

Omni-channel is being fuelled by increased digital influence, demand for differentiated experience, and tailored experiences for and orientation of consumers.

The proliferation of digital touchpoints has transformed consumer behaviour. Customers want same service levels and access to information throughout their purchase journey regardless of interaction channel (physical store, mobile device, or website). In addition, tailored and engaging experiences and an emotional connect are strong drivers for choosing a brand.

Changing consumer preferences are driving omni-channel adoption



In response, retailers use a combination of online and offline digital touchpoints to influence and delight consumers. This has become especially important in the current pandemic, which has accelerated the shift of consumers to an online and low-touch delivery experience. While consumers have become accustomed to online shopping during the current lockdown, a need for 'real-world' experiences that physical stores offer will always exist. To meet this need, retailers are looking to seamlessly integrate channels and extend offline experiences to include online platforms.

Hence, omni-channel is the retail model of the future with a shift in focus from the company to the customer. In addition, by adopting this model, retailers can increase footfall in stores, improve conversions, and offer a better experience to customers than competition.

COVID-19 has accelerated omni-channel strategy formulation

To future-proof their business, retailers had already embarked on an omni-channel journey. The pandemic has accelerated this shift. This scenario also demonstrated that retailers who were either prepared for or had completed this transformation before the pandemic struck have been able to weather the storm better.

Case study
After implementing effective omni-channel strategies, an American retail corporation witnessed a 141 percent increase in digital sales despite the majority of its stores having remained open. This contributed to a same-store sales growth of 10.8 percent. The retailer also acquired 5 million new customers. In April, sales on curb-side pickup increased nearly 1,000 percent. The same-day delivery option via multiple fulfilment options also was popular with a growth of 278 percent.

Case study
One of the top retail jewellers in India introduced gold ownership certificates to enable customers to make continued purchases during the lockdown. Multiple lockdown-related campaigns were also launched to capture the consumer mind space. The store landscape was modified to ensure social distancing, and enable appointment and occasion-based purchases. Convenient payment options were enabled through e-gift cards

Trends and innovation in omni-channel retail strategies



Technology-driven hyper-personalisation
Businesses use tools and technologies such as CRM and IoT-enabled devices to gather data of a customer's interaction with the brand across multiple touchpoints. This allows them to offer customised experiences using AI, augmented reality/virtual reality, etc., in the physical and digital environments.

Multiple payment options
Launch of new technologies and growth of fintech have led to convenient and faster checkout processes. Contactless payment is also gaining steam because of the pandemic.

Customers are now embracing digital payment options, such as QR code enabled transactions, mobile wallets, NFC, and UPI. According to NPCI data, volume of UPI transactions almost doubled between Sept 2019 and Sept 2020.[12]

Responsive customer support
In 2018, brands in the US lost US$75 billion of business as customers switched brands because of bad customer service.[13] Customers want immediate help and support during their purchase journeys. Businesses are setting up integrated contact centres to provide anytime and anywhere customer support through phone calls, social media, email, text, video, and live chat.

Innovative business models
As working from home has become the new normal, businesses are using digital interventions, such as remote selling/ video calling to connect with consumers. This will also help re-evaluate priority customers and cater to the shift in focus from urban to rural on account of rapid reverse migration.

Remote selling consists of an end-to-end sales cycle starting from creating awareness to providing after sales service. Given the pandemic, brands are expected to continue to explore this option to provide better customer experience and augment sales.

Critical success factors for omni-channel retail

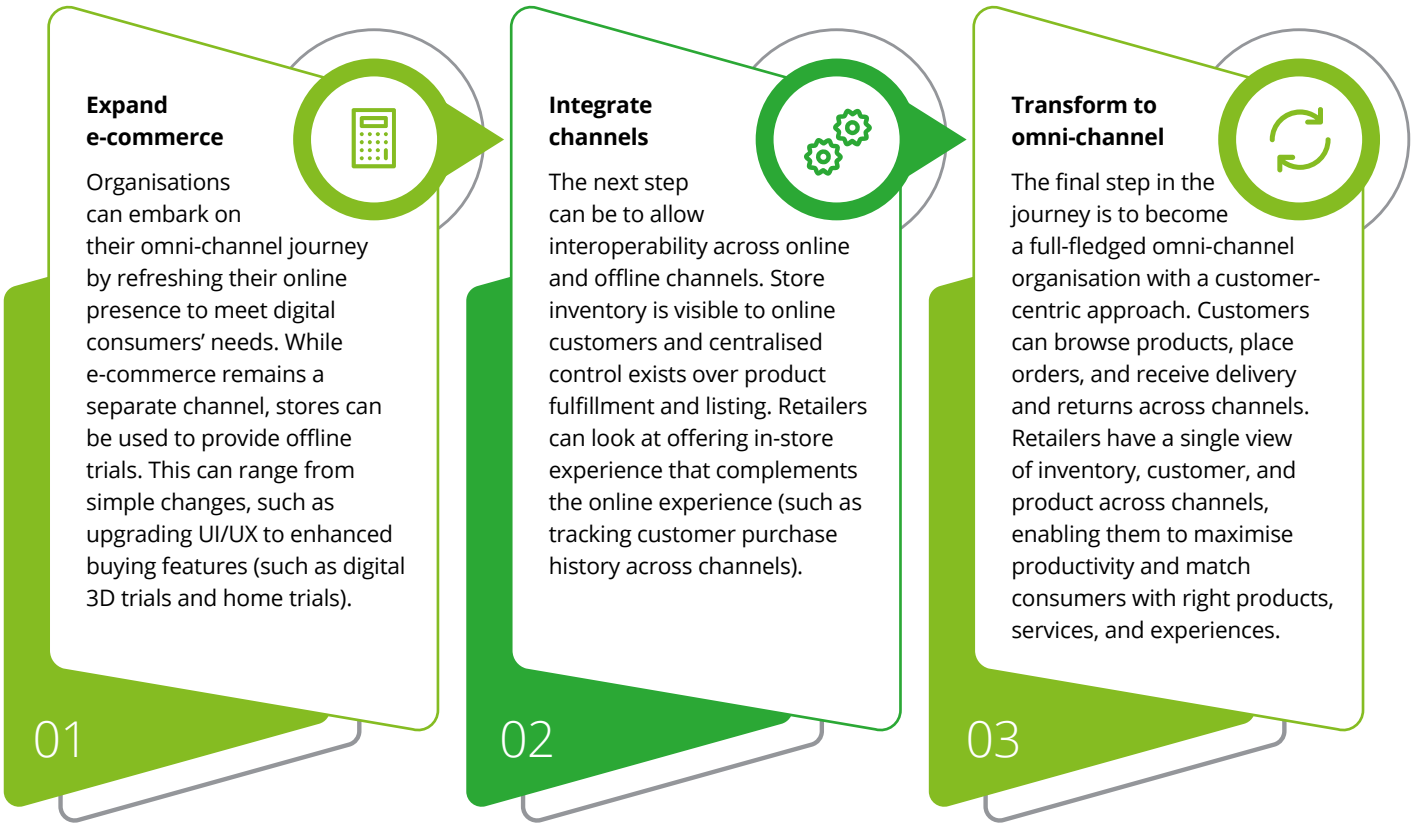
	Key features and functionalities		
Single view of customers	**Integrated CRM system**	Customer lifecycle management strategy	Single customer master
Single view of inventory	**Real-time stock visibility and accuracy**	Endless aisle and cross-channel purchases	Single product master
Single view of products	**Integrated pricing**	E-catalogue	Single design codes for products
Seamless customer experience	**Integrated promotions**	Omni-channel cart access	Virtual and cross-channel trials
Convenience and personalisation	**Home delivery, BOPIS, ship from store, and try and buy at home**	• Product customisation • Personalised browsing	Targeted discounts and offers
Digitally empowered store staff	**Access to a customer's shopping profile across channels and regions**	Digital tabs to view products across stores	Mobile cashier to enable faster checkout and skipping queue

[12] Source: NPCI website: https://www.npci.org.in/product-statistics/upi-product-statistics
[13] Source: https://www.forbes.com/sites/shephyken/2018/05/17/businesses-lose-75-billion-due-to-poor-customer-service/#4b94634616f9

Capability	Description	Benefits
Single view of product	Ensure single and consistent product for product look-up across channels.	Enable creation of a single repository of product-related data.
Single view of inventory	Provide real-time visibility to cross-channel stock and enable inventory placement.	Enable strategic placement of inventory across the supply chain to meet expected demand.
Single view of customer	Enable a single view of customer, including profile and interaction data across channels.	Enable focus on each customer to create targeted messaging and offerings.

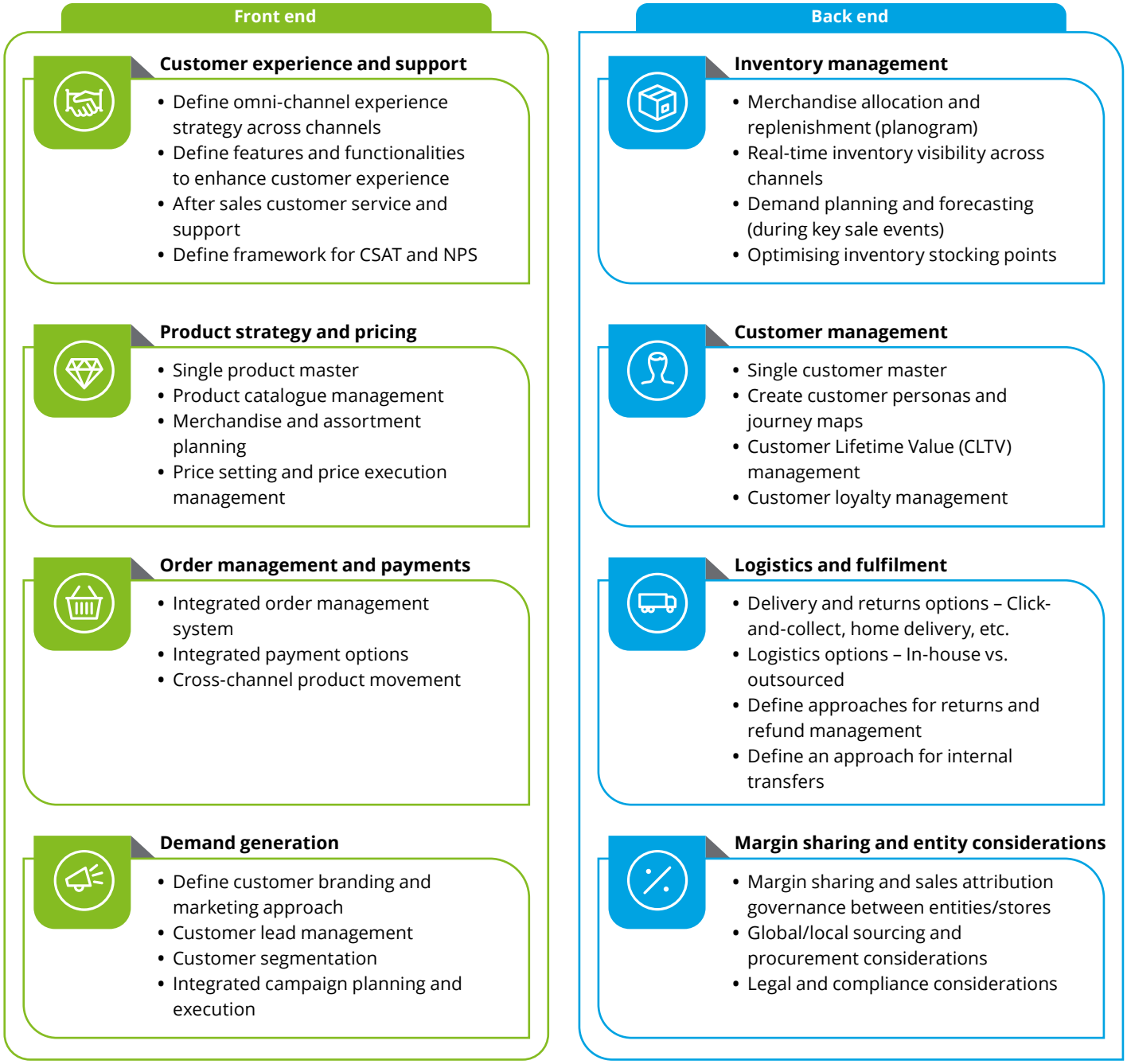
Capability	Description	Benefits
Seamless customer experience	Develop processes, tools, and infrastructure to provide the ability to transact at every touchpoint.	Enable capturing customers' orders consistently across channels, provide order visibility, and update customers and store associates.
Convenience and personalisation	Create customer delight by providing convenient and tailored experiences.	Leverage analytics and ensure consistent communication with customers across channels to enhance their experience.
Digitally empowered store staff	Provide enhanced in-store connectivity and digital tools to associates and customers.	Enable convergence of digital and store experience driven by associate engagement and enabled by store connectivity.

Three steps to becoming an omni-channel organisation



Business capability canvas for omni-channel retail

To win in an omni-channel world, retailers need to develop customer-and organisation-facing capabilities covering key business functions. A business capability view provides a map to navigate the journey.




POST-COVID-19

Operate more efficiently

Impact of COVID-19

Orchestrating the recovery to the pre-COVID-19 levels would require significant collaboration and coordination within and across organisations as new operating models, partnerships, and national policies continue to evolve. Absence of a precedent and the simultaneous impact across nations are adding to the complexity as serial learnings cannot be applied. Hence, there are no proven playbooks to date. In such situations, three timeframes over which a crisis plays out are mentioned below:



Respond – During which organisations are focused on dealing with the present situation to ensure survival, continuity, and safety

Recover – During which organisations use their learnings from the Respond phase and emerge stronger and become more competitive in the marketplace

Thrive – During which organisations shape the future of their businesses

Over the past seven months, the priority of businesses and their leaders in India has been responding effectively to the dynamics of the marketplace except in a few sectors (including food and pharmaceuticals) where organisations now focus to recover and thrive. However, given the changing dynamics requiring flexibility and nimbleness, organisations across sectors need to consider three timeframes concurrently and accordingly allocate time, effort, and resources. With the added dimension of Non-Pharmaceutical Interventions (NPIs), this would require levels of orchestration and coordination that have not been attempted before over an extended period of time given the current state of the pandemic. The criticality emerges from the fact that organisations' decisions will have a significant impact on their business and operating models. Hence, these decisions would be the foundation for the business to thrive, and achieve sustained and profitable growth and performance post the pandemic era.

Impact and implications on supply chains of organisations

There are a number of significant supply chain implications on businesses that have been created/evolved from the way the ecosystem has responded to the pandemic.

Fatigue of intermediaries

In the recent past, supply chains have been characterised by a significant increase in "Go Direct to Customer" models specifically in the consumer business segment. In our estimates, most leading organisations have moved exponentially to about 15 percent of their total sales being direct to consumer. This is also being accelerated by customer expectations that are now characterised by "fatigue of intermediaries." Changing expectations require organisations to provide a multitude of fulfillment options to customers (e.g., ship from store, pickup at store, same-day delivery, and digital delivery). In the near term, to add to the complexity, customers would be able to choose and change the fulfillment option while the product is in transit.

Instant fulfillment orientation

In a significantly proliferated portfolio that organisations are expected to carry in India, they need to hold inventory to meet demand from different channels while catering to customer expectations on both service levels and defined delivery windows. This, coupled with the range of fulfillment modalities, significantly increases inventory in the channel/ working capital requirements and/or stock outs for the business.

(Un) predictability of demand

With price in perspective, convenience drives customers' purchase decisions. Hence, the shift in channels as they access goods and services makes it difficult for organisations to hardwire their supply chain infrastructure and ecosystem. Without real-time information and predictive models, organisations may not be in a position to forecast demand and run the danger of duplicating demand data across channels.

Bi-directional supply chains

With a proliferated portfolio, on-line ordering and multiple variables to choose from, expectation mismatches exist. This creates significant pressure on supply chains to configure a robust and visible reverse supply chain that sustains the cost structure of a business and addresses complexity (as products could be returned through a different channel than what was considered for ordering).

Drag of technology

"Digital supply chains" is the buzzword for businesses. However, with uncertainty caused by the pandemic, most organisations in India have to make the decision of replacing their ecosystem of aging, inefficient, and fragile legacy systems that lack the flexibility, responsiveness, and computing power to appropriately orchestrate an India-wide multi-node, multi-echelon, dynamic supply chain. Furthermore, most systems are at best point solutions or a range of solutions which are not integrated. Hence, they would not be able to provide end-to-end visibility required to optimise and address emerging dimensions.

Fragmented physical footprint

Many of today's largest retailers have grown through acquisition, resulting in a network footprint which is far from any theoretical optimal solution. Distribution centre coverage may overlap; it is usually not enough to justify capital required for consolidation. Facilities of different eras and leadership ambitions may challenge efforts to standardise processes and handling.

Considerations for organisations

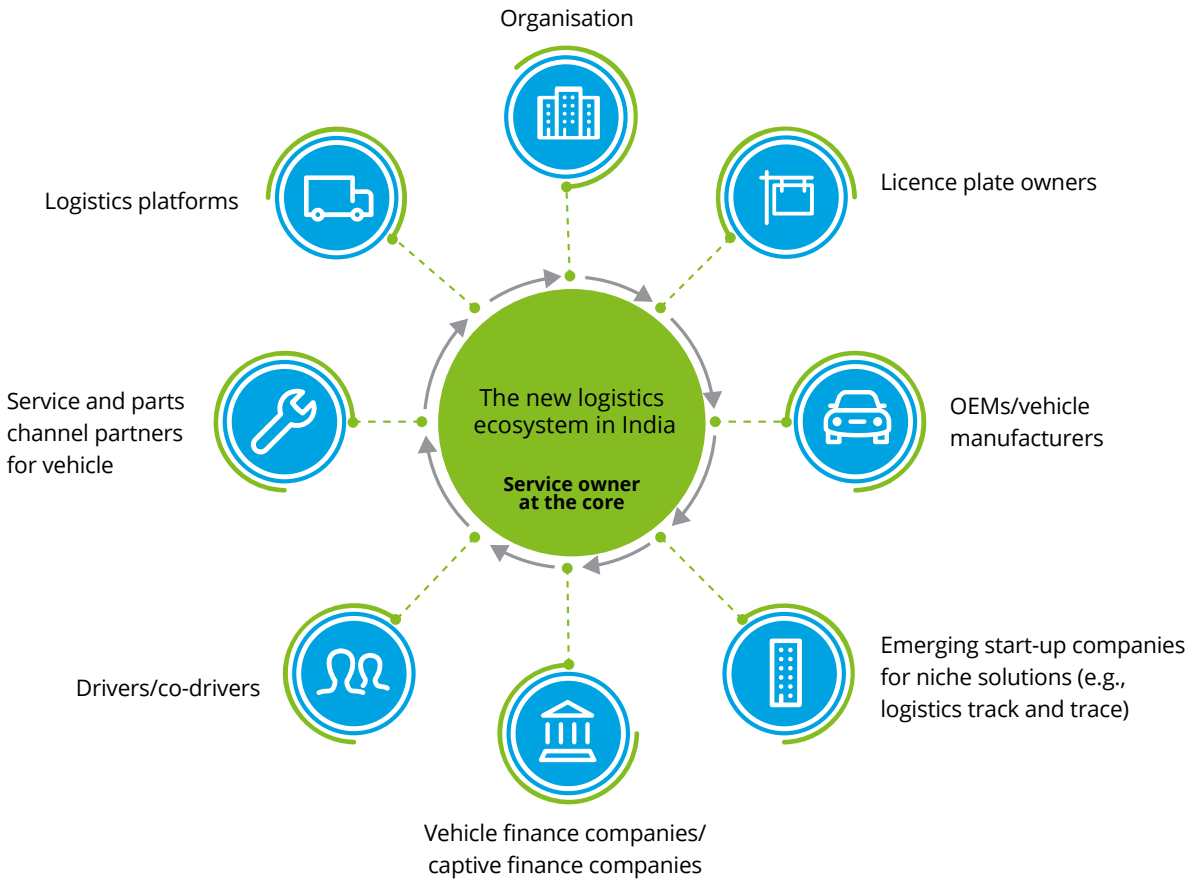
This is a unique moment for organisations in which they can plan and execute actions for tomorrow without a significant baggage of the past. Seven key actions that are expected to characterise the successful journeys of leading organisations are discussed below.

What to own in the supply chain – value delivery or value addition?

With uncertainty in demand, organisations are forced to do more with less to preserve cash and enhance competitiveness. This, coupled with changing customer preferences and expectations, is forcing organisations to rethink their value proposition. Focus is now on answering the fundamental question of what in the supply chain should the organisation own and what should be leveraged from others. The focus has now shifted from value addition to value delivery that goes beyond traditional outsourcing or contracting. An example is the new ecosystem that is being created in logistics where the core organisation is at the periphery of the ecosystem. Although the ecosystem includes automotive OEMs, it has the mindshare of the customer from an experience viewpoint. This enables organisations to focus on their core supply chain competencies and capabilities that would enhance customer experience while using best practices for sustained competitiveness.

This has significant ramifications including the ones on the talent models. Tasks that would require a full-time employee in an office could now be farmed out to 'gig economy' workers.

The evolving logistics ecosystem



Operating model – a move to hyper segmentation

The primary requirement from supply chains is the alignment to the business and customer strategies. As organisations are fine-segmenting their market to enhance customer experience, they also need to segment their supply chain for a synchronous planning and fulfillment of customer requirements.

Class-leading companies have now embarked on the journey of hyper segmenting their portfolios to plan, source, make, and deliver in a heterogeneous model aligned to market demands. This should be based on fulfillment, service levels, and cost to serve than a homogenous model that is unidimensional for most markets and segments. The collateral impact of this is the reduction in complexity for the business and therefore, the enhanced focus of the leadership on exceptions in the value chain.

Comprehensive digital acceleration

Most digital interventions are planned as a set of un-coordinated point solutions with the primary purpose of rapidly digitising old processes and operating models for functional effectiveness. While these provide instant gratification to both leaders and executives involved in the programmes, their impact on business competitiveness even in the short term is questionable.

Leading organisations are taking the alternate route of working on a broader organisation platform that includes their extended supply chain to create and deploy solutions that help solve data and digital problems across the extended enterprise. The outcome is a "Digital Twin," which is an evolving digital profile of the historical and current behaviour of a physical object or process that helps optimise business performance (based on massive, cumulative, real-time, real-world data measurements across an array of dimensions).

This would be the building block for an integrated capability connecting internal and external supply chain systems with relevant customer insights pulled in from various nodes of the supply chain – consumption, patterns, velocity, time windows, etc. This data-rich network helps generate real-time customer insights from a supply chain perspective, enabling appropriate decision-making to minimise lost sales and customers.

Create — Outfitting the physical process with sensors that measure critical inputs from the physical process and its surroundings

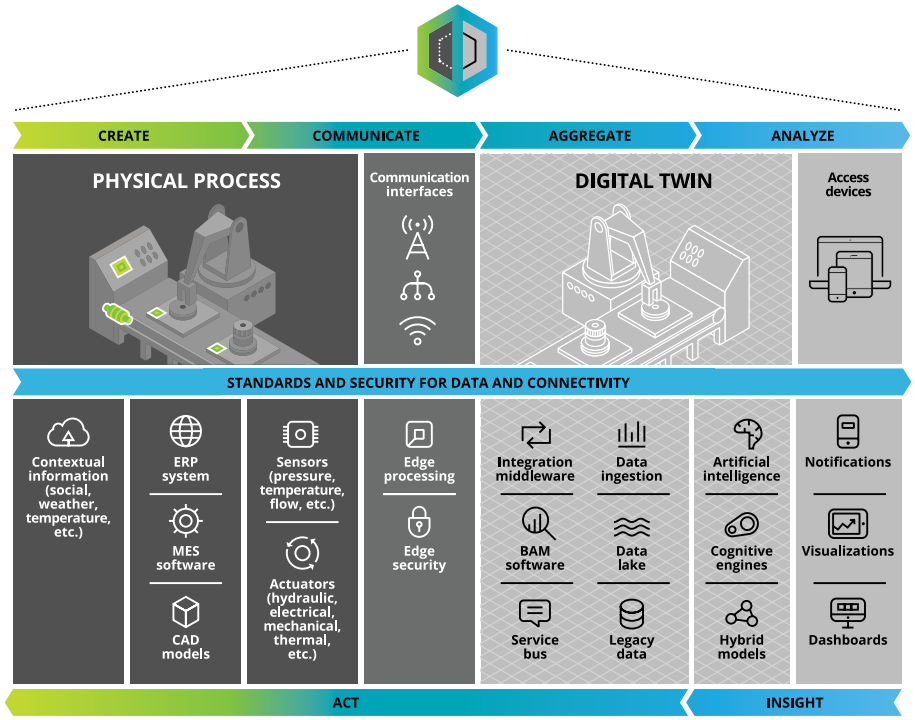
Commu-nicate — Seamless, real-time, bi-directional integration/connectivity between the physical process and the digital platform

Aggregate — Data ingestion into a data repository – processed and prepared for analytics

Analyse — Data is analysed and visualised to develop iterative models that generate insights and guide decision-making

Insight — Insights from analytics are presented through dashboards that indicate areas potentially needing investigation or change

Act — Actionable insights are fed back to the physical asset and the digital process to achieve the impact of the digital twin



Source: Deloitte University Press.

Physical network reorientation- Infrastructure for flexibility and rapid response

Companies need to use the opportunity presented by changing customer preferences on fulfillment to replace or optimise legacy supply chain infrastructure, including physical distribution sites and delivery capabilities, to prepare for a more transparent and flexible supply chain. This would mean not just consolidation and aggregation of the footprint but a significant move towards optimising space, enhancing quality of infrastructure, and filtering the associated partners. An optimisation rate of 20 percent in the legacy footprint is envisaged.

Leverage partner alliances and ecosystems

One of the key disruptions has been the emergence of start-up ecosystems that can provide competitive advantages through best-in-class solutions. As organisations make decisions on these, key factors for consideration should not be limited to traditional models of cost of ownership but focus on differentiating elements, including acquisition and retaining of talent, and technological flexibility to tackle both the problems of today and the decade. These decisions will affect competitiveness, speed-to-market, and general business agility.

In summary

As executives and businesses make the decisions required to ensure their organisations' recovery, supply chain functions are getting closer to the decision-making process and providing insights required to drive strategy. First is a specific focus on the dimensions of scenario planning that help business understand both the short-and medium-term implications. The second has been the impact on improved capital performance enabled by digitalisation of the supply chain to provide actionable recommendations.


RETAIL

Thrive by focusing on sustainability

Sustainability has become a buzzword in the spheres of innovation and marketing over the past few years. With disruptions in the environment due to natural and man-made disasters, sustainability has also gained prominence in boardroom discussions. Besides climate change, the three key factors that put sustainability at the top of organisational agendas, are discussed below.

Changing consumer habits

As businesses seek to become more responsible corporate citizens, consumers too are now acknowledging the need to reduce carbon footprint.

A recent survey found that more than 43 percent consumers are choosing brands based on brands' environmental values. About 34 percent consumers' buying behaviour is based on a brand's ethical credentials, and two-thirds of the consumers surveyed indicated a significant reduction in the use of single-use plastics.[14]

A demographic study revealed that people over 45 years are most likely to reduce their consumption of single-use plastic. They are also keen to engage in other environmental issues, such as cutting carbon emissions. While those aged 18-34 are most likely to choose brands for their ethical values. People of all ages are adopting more sustainable consumer behaviours.[14] With this in mind, brands are proactively looking to build sustainable practices across their supply chain.

Impact of COVID-19

The COVID-19 crisis has also put sustainability in the spotlight. Businesses are looking at reorganising their supply chain to build operational resilience and incorporate sustainability across strategies.

It often takes a great deal of upheaval and strife to cause a fundamental societal change. COVID-19 is seen to be providing that uncomfortable upheaval across sectors right now. It is expected to cause a fundamental shift in investment and activity towards sustainability. The question is how far will these changes go? It is almost a certainty that there will be a massive reassessment and realignment of supply chains. It is also likely that investors and consumers will factor sustainability much more strongly while evaluating opportunities.

Waste management rules and Extended Producer's Responsibility (EPR) in the Indian context

The Plastic Waste Management Rules 2016 and the E-Waste (Management) Rules 2016 have become wider in their ambit, and specifically refer to the EPR. Both these rules have been adopted at a central level and applied throughout India. Some states have extended applicability beyond these provisions and banned single-use plastic.

[14] https://www2.deloitte.com/uk/en/pages/consumer-business/articles/sustainable-consumer.html

The Plastic Waste Management Rules 2016 impose obligations on "brand owners", "producers," and "importers." These rules have introduced the notion of EPR in the context of plastic waste management. For the first time, the rules also cover "waste generators" that include every individual generating waste.

The e-waste rules contain specific e-waste collection targets that producers must achieve as part of their obligations as members of the producer responsibility organisation – starting with 10 percent of the quantity of waste generated to going up to 70 percent by 2023.

EPR is a means to enable large corporations in India share the burden of waste management, as is being done in several countries. Over the years, companies have been allocating disproportionately higher funds towards developing new plastic materials but hardly anything for post-consumer management. India's uniform framework on EPR offers a timebound effort and provides for progressive intervention in the future on part of corporations.

For corporation, EPR in India entails **economic responsibility** (all or part of the expenses for the collection, recycling, or final disposal of products they are manufacturing); **physical responsibility** (physical management of products); and **informative responsibility** (information on the environmental properties of products).

Aligning green goals and meeting their EPR responsibilities will help brands fulfil their corporate social responsibility, and assist them in building brand trust and gaining allied competitive advantages.

Challenges in accomplishing sustainability agenda

While sustainability is the need of the hour, some aspects that organisations need to factor in while working on their sustainability agenda are mentioned below:

- Every company is not on the same level of maturity regarding sustainability, making it difficult to have a standardised benchmark for sustainability.
- Aligning sustainability with business objectives across various geographies and businesses is crucial.
- Lack of awareness and sophistication amongst supplier networks (key emission contributors) remains a barrier in achieving sustainability targets.
- On-ground implementation still remains an important challenge.
- Consumers may be seen as advocates for change, but they are rarely activists for change.

Sustainability has now reached a tipping point where enterprises that embrace it will reap potential benefits. Those that do not adopt it may miss out on relevant opportunities. Let us learn how organisations can overcome these challenges to accelerate their growth and transformation by looking around, looking inside, and looking ahead.

Looking around

Sustainability has become a watchword for organisations and governments across the world. Enterprises can look around to understand and implement regulations that stem from government initiatives to become more sustainable. They can also seek inspiration or use capabilities from the business environment to respond to these initiatives and use sustainability as a driver for innovation.

01. Global environment, COVID-19, and the plastic ban

Research from the Pew Charitable Trusts and SYSTEMIQ indicates that 11 million metric tonnes of plastic flowed into oceans in 2016. This number is projected to be 29 million metric tonnes in 2040. The same research found that 40 percent of today's global plastic waste ends up in the environment, with single-use plastics being the main culprit.[15]

[15] https://www2.deloitte.com/global/en/blog/responsible-business-blog/2020/tackling-waste-in-post-covid-world.html

In light of this global climate crisis, China announced in 2017 that it would ban the import of plastic waste from around the world. This was a catalyst for change, and the world took notice. It prompted Thailand and Canada to impose a ban on single-use plastics. Local action was taken in the US with states such as California and Massachusetts eliminating or working to eliminate certain types of plastics.

In June 2018, Prime Minister Narendra Modi announced that India would eliminate single-use plastics by 2022. Overall 127 countries have restrictions on manufacturing, distribution, or use of plastic bags, while some levies a tax.

Before the COVID-19 pandemic hit the world, global decision-makers were beginning to make meaningful progress towards eliminating single-use plastics. However, many of these gains were lost when the pandemic hit, as reusable items (such as grocery bags and coffee cups) were abandoned over fears of virus transmission. Instead consumers went back to single-use plastics to limit human contact and decrease virus transmission.

To regain lost ground in the agenda and reduce single-use plastics consumption, governments, businesses, and NGOs need to regain momentum together by continuing to focus on three key areas: innovation, waste management and policy reforms, and evidence-based decision-making. And, this must be done within the parameters of our 'next normal,' where depending on single-use plastics is not necessary. Economies are rebuilt to optimise reusable and design-out waste.

02. Sustainability best practices

By viewing sustainability through the lens of growth and opportunity, businesses have been able to apply their creativity and innovation to tackle some sustainability challenges, and are also opening up new business models, strategies, products, and services. By innovating for sustainability, businesses can also identify ways to accelerate towards their future business strategy.

Deloitte Canada's sustainability team is working with a global chemical company to improve the circularity of plastic value chains through blockchain technology. As another example, an automaker company anticipates producing 22 million Electric Vehicle (EV) units by 2030, when EVs are expected to comprise 40 percent of the automaker's offerings.

Some businesses may lack the necessary knowledge, skills, or technology, to achieve the desired scale or pace of their sustainability transformation. Rather than building or buying these capabilities, companies can use the capabilities of others within their ecosystem. For instance, a consumer goods company has made a commitment that 100 percent of its packaging will be recyclable or reusable by 2025. Recognising that the company would struggle to achieve this alone, it opened the Institute of Packaging Sciences in 2019 to co-develop and test new environmentally friendly packaging materials and systems, together with suppliers, research institutions, and start-ups.

The opportunity for system-changing innovation is now. Consumers are looking for new, environmentally friendly alternatives and governments are struggling to tackle the sheer volumes of plastic waste.

Looking inside: Deloitte's approach to responsible business

With a longer-term narrative in place, executives can look inside their business to see what initiatives they could launch in the immediate or near future to accelerate the path towards a sustainable future. Organisations that take a transformative approach to sustainability have made several characteristic shifts to think and act differently, as illustrated below:

Several key shifts characterize companies that take transformative approaches to sustainability



Source: Deloitte Analysis

Looking ahead: Sustainability strategies

While looking ahead, organisations need to focus on how to take advantage of new growth opportunities related to sustainable development, as well as what threats and challenges may arise from it.

Due to the COVID-19 pandemic, most organisations have experienced some sort of supply chain disruption. To be able to sustain in the 'new normal', organisations should take into consideration the following practices from a supply chain perspective.

Identify and plan for supply chain risks

Organisations need to put in place processes to identify and ensure that sustainability can be built in the supply chain, end-to-end. Sustainability should not just be a function of ensuring nothing bad will ever happen (that is not a realistic goal). Rather, it is a function of designing and implementing processes to understand, anticipate, and manage sustainability, and its related risks when they materialise.

Increase in transparency

To achieve resilience and improve their supply chain, organisations must move beyond tier 1 suppliers and go onto tier 2, 3, 4 and even beyond. They also need to understand who are their suppliers, where are they located, where do they source from, etc.

Responsible businesses need to prioritise sustainability over everything. The way to do this is to engage with stakeholders, have a candid discussion on key issues affecting them, agree on areas where there is a problem, and then look at solving them together.

If a supplier is polluting an environment advertently or inadvertently, responsible businesses can join hands with them and come to a mutual understanding on what needs to be changed. Working together to solve the problem can eliminate the damage that other stakeholders are doing to the environment, while also depriving less responsible competitors from engaging with that supplier. This can send a strong message to peers and other clients that sustainability is the need of the hour and only responsible businesses will be given precedence and priority by consumers. Taking this "responsible business" approach strengthens the overall supply chain. This also protects the reputation of the buyer's industry – which is a source of risk shared by competitors.

Re-assess the supply chain

In the 'new normal', organisations will need to reassess their supply chain risks and redefine their supplier relationships. Earlier, cost was the primary criterion to select suppliers. However, now that is expected to be replaced by cost/risk analysis with an emphasis on transparency keeping the sustainability agenda in mind. Re-assessing the supply chain will help organisations achieve transparency as well as supply chain resilience.

Building a sustainable supply chain will lead companies to understand risks, assess and monitor how their suppliers are managing those risks, and diversify their supplier portfolios to decrease vulnerabilities.

It is the time to transform and make an impact that matters

COVID-19 has created a need to achieve greater sustainability. Environmental, Social, and Corporate Governance (ESG) leaders have outperformed during this crisis. Crises always bring with them a degree of opportunity. As the global economy starts to motor back to life, investors are keeping an eye on sustainable companies and industries, as they will be far more resilient against future global disruptions.

Looking ahead, looking inside, and looking around can help organisations understand the importance of adding sustainability into their business models, and identify opportunities that can arise from a crisis. Sustainability can only be long term if it is embedded within an organisation's policies. Responsible businesses need to put sustainability high on the management agenda and individual department KPIs, to initiate action. Tracking progress against well-defined quarterly and yearly targets will help inculcate this practice in the minds of key stakeholders.

Companies need to take these readily achievable steps to meet the sustainability need to respond, recover, and thrive in the 'new normal'.



Conclusive remarks

COVID-19 has fundamentally transformed the world. As a result, the consumer and retail sectors are evolving rapidly and long-term trends have been majorly disrupted. Changes anticipated over the next few years have occurred in the space of weeks and months, having a profound impact on the ways of doing business. To survive, **brands and retailers need to "REBOOT" their businesses in real-time**, with lasting impact across many areas.

Brands need to **realign businesses and business priorities** across manufacturing, distribution, and product mix, enabling them to respond to the crisis better. To **enhance and shape the next generation of consumer and shopper experience**, brands have accelerated their investment in digital and predictive technologies. Further, companies are working towards **building a resilient distribution network** by expanding into new channels, forming alliances, and collaborating with distribution partners, to expand capabilities and enhance fulfillment levels.

Safety concerns have led to an increase in online "touchless" shopping, and brands are unlocking the prospects of increased sales by **strengthening their omni-channel play** and moving businesses to O2O, D2C, etc. Brands are also updating their business models and digitalising their supply chain to **operate efficiently** and evolve with the changing trends. Environmental and social practices have gained paramount importance post lockdown. Companies will **thrive by focusing on sustainability** in such a dynamic business environment.

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Established in 1927, FICCI is the largest and oldest apex business organisation in India. Its history is closely interwoven with India's struggle for independence, its industrialisation, and its emergence as one of the most rapidly growing global economies.

A non-government, not-for-profit organisation, FICCI is the voice of India's business and industry. From influencing policy to encouraging debate, engaging with policymakers and civil society, FICCI articulates the industry's views and concerns. It serves its members from the Indian private and public corporate sectors and multinational companies, drawing its strength from diverse regional chambers of commerce and industry across states, reaching out to over 2,50,000 companies.

FICCI provides a platform for networking and consensus building within and across sectors and is the first port of call for the Indian industry, policymakers, and the international business community.

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