RETAIL & CONSUMER PACKAGED GOODS ENTERPRISES WILL WIN WITH A COMPREHENSIVE DIGITAL MARKETING PLATFORM

Bharath Sarma Rejeti
Sameer Nadaf

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Building and managing global Retail, Consumer Packaged Goods (henceforth referred as RCPG) brands has never been so challenging and exciting for global enterprises. As organizations expand to newer geographies, they are implementing marketing programs in challenging business environments, as they deal with the mass migration of consumers from the traditional to the emerging marketing channels. Converting this multi-channel audience into customers and cementing their loyalty is a daunting marketing task.

To stay ahead, marketers need innovative ways to understand, collaborate, reach and influence consumers who are fast embracing the emerging channels. Marketers need a robust technology platform that can offer them comprehensive support in planning and executing these operations.

This paper outlines the trends that have been shaping the marketing efforts of global RCPG enterprises. By illustrating the big picture of marketing, this paper will focus on the need for RCPG enterprises to deploy a comprehensive digital marketing platform.

Marketing Trends that are Shaping RCPG Enterprises

Global RCPG enterprises are marketing their products in several countries that are culturally diverse, demographically unique and linguistically distinct. This requires marketers to standardize their marketing approach and yet gather location-specific consumer insights for improved business impact.

In addition, as a significant number of consumers migrate from the traditional channels (print, television and radio) to the emerging ones (web, mobile and social media), marketers are looking for tools that can support their decisions and generate better return on their marketing spend.

The above challenges and transformations have led to the following five major marketing trends that have been shaping the RCPG industry's global marketing programs:

1. Reduction in time-to-market for worldwide product rollouts

2. Heightened risks and increasing stakes in R&D and marketing spends

3. A shifting marketing ecosystem

4. Acceleration in time-to-reach a critical mass of 100 million users

5. Decreasing loyalty and fast changing consumer perceptions

Reduction in Time-to-Market of Worldwide Product Rollouts

RCPG enterprises have been experiencing tremendous pressure to develop and launch their products faster. This is supported by increased consumer demand for quality products across several countries that share similar demographics and collapsed trade barriers.

For instance, Gillette launched its Gillette Sensor razor in October 1989 in the European market and then in the North American market within 2 months[1]. The worldwide product rollout was later completed in about 18 months. A decade later, Gillette completed the launch of its next generation product, the Gillette Mach 3 razor, within 12 months— from July 1998 to June 1999[2].

Now consider another innovative and global RCPG enterprise –

AppleInc. Apple's iPod, which was winningly marketed as a device that can put "1000 songs in your pocket," was first launched in the USA in October 2001[3]. Consumers in the rest of the world had to wait until 2005 to buy them locally[4]. Fast forward to Apple's iPhone launch: the global rollout was completed within 2 years – from June 2007 to October 2009[5].

From the iPod to the iPhone, the worldwide product rollout was compressed from 4 years to 2 years. And recently, Apple's latest product offering, the iPad 2, was available in 25 countries worldwide within just one month in Mar 2011![6]

Gillette and Apple are only a few examples that demonstrate how swiftly global RCGP enterprises are responding to consumer demands worldwide. The worldwide product rollouts are fast reducing, from the earlier 'several years' to today's 'a few months.'

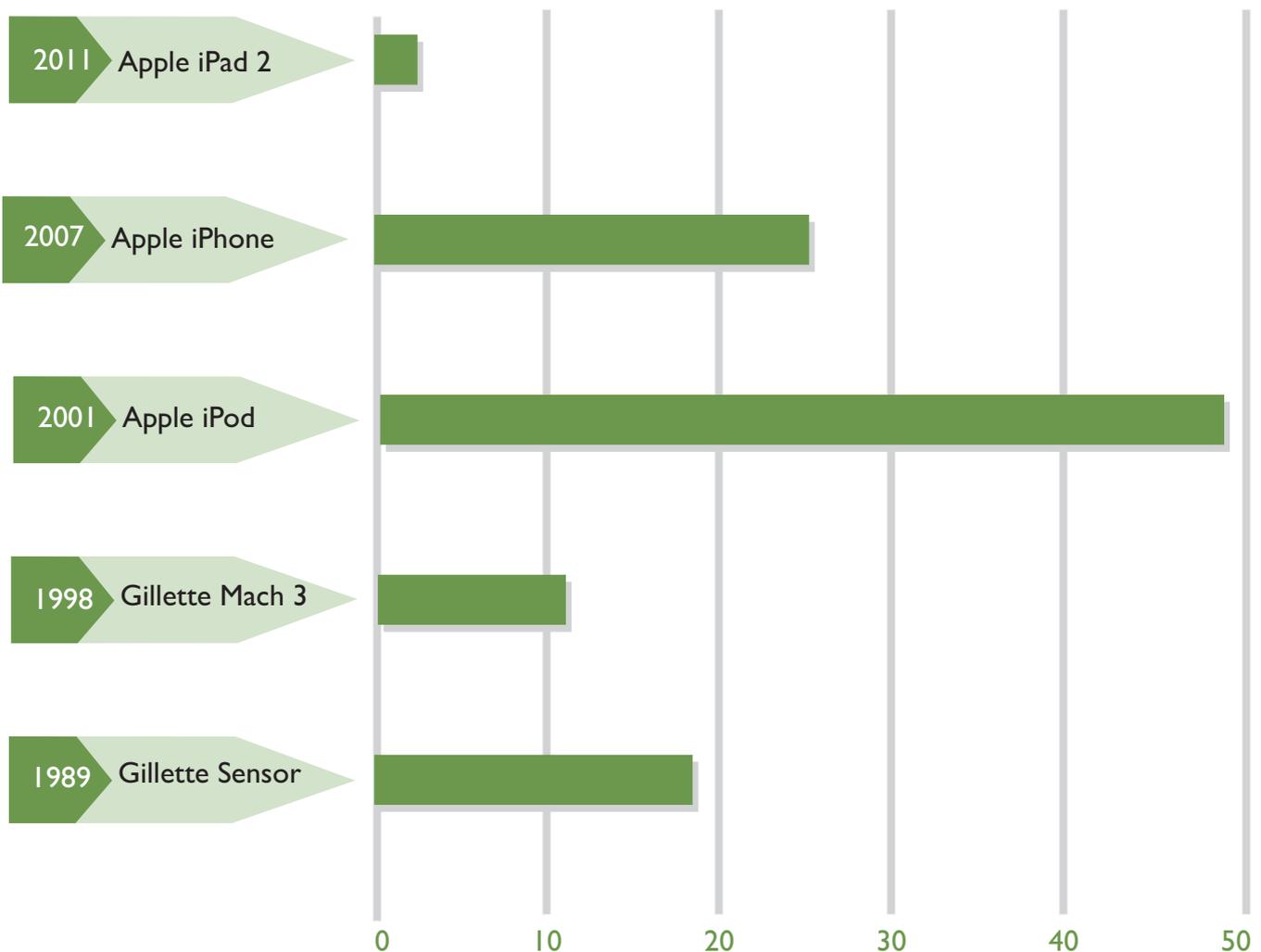## Time Taken For Global Product Rollout (in months)

Figure 1: Time Taken for Global Product Rollout

Heightened Risks and Increasing Stakes in R&D and Marketing Spends

Global RCGP enterprises are spending more money on product development, global rollouts and marketing on various channels. To refer again to the case of Gillette: the company spent 13 years and USD 300 million on product development and the worldwide rollout of its Sensor razor. Comparatively, it took only 5 years but a massive budget of USD 750 million to roll out the March 3[7].

When the stakes get bigger even as the global rollout cycles get shorter, marketing risks can only increase exponentially. Not only are global RCPG organizations encountering these risks, but they are also seeing their advertising budgets balloon in order to reach out to their worldwide prospects.

Television advertising world wide, for instance, was estimated to have reached USD 160 billion in 2010[8], up from a tiny USD 7.5 billion in 1977 in the US[9]— an increase of about 21 times over a period of 33 years. Similarly, as per a Forrester research report, enterprises worldwide spent about USD 0.3 billion in 1995 on internet marketing vs. USD 200 billion by 2010[10]— an increase of 666 times over 15 years! The emerging digital marketing channels such as mobile and social media will also witness a similar increased marketing spend in the future. Gartner estimated that the worldwide mobile advertising was about USD 3.3 billion in 2011 and was projected to reach USD 20.6 billion by 2015[11].

Whether it is for product development, global launches or for advertising, clearly the stakes are getting bigger and riskier for marketers.

A Shifting Marketing Ecosystem

Forty years ago, the marketing channels available for the RCPG companies were very limited – stores, direct mailers, billboards and newspapers. Later, new inventions like the television and the telephone created television advertising and tele-marketing in the 1970s[12].

Today, with the advent and proliferation of the digital marketing channels, such as web, mobile and social media, marketers are experiencing a shift in the marketing ecosystem. The internet is still a growing phenomenon, with 25 billion tweets in 2011; 2 billion views per day on YouTube and 200 million views per day of YouTube via mobile[13]. The RCPG industry has already started feeling the strength of the internet in ecommerce revenues. What used to be a negligible contribution ten years ago has started contributing 10-20% of the revenues for many RCPG companies now. Consumer research and review of products /companies as well as peer-networking is taking place mainly on the web, and all this influences buying behavior. A Forrester research report indicates that the online channels will influence 53% of total sales by 2014[14].

RCPG enterprises therefore need to reach out to their consumers who are conversing on several digital channels. While most of the tweets and Facebook updates are related to the consumer's personal matters, they are increasingly talking about products and companies that they like or hate. It is therefore imperative that the RCPG businesses perform 'social listening,' decipher social conversations and influence the brand perceptions with their marketing communications.

Advertising Spend (in USD billion)

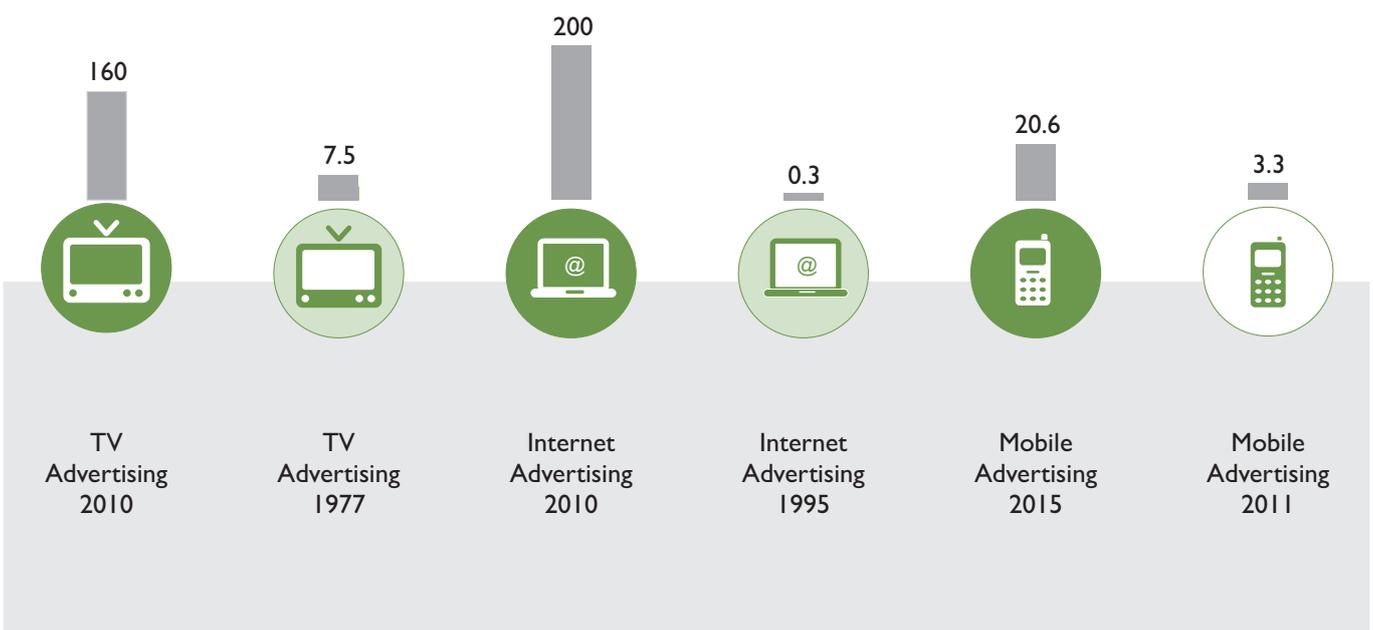| 160 | 7.5 | 200 | 0.3 | 20.6 | 3.3 |
| TV Advertising 2010 | TV Advertising 1977 | Internet Advertising 2010 | Internet Advertising 1995 | Mobile Advertising 2015 | Mobile Advertising 2011 |

Figure 2: Advertising Spend in Different Channels

Acceleration in Time-to-Reach a Critical Mass of 100 Million Users

We noticed that the popularity and the sustainable economics of marketing on a channel peaked whenever a channel was able to reach 100 million users. This, we believe, is the critical mass that is essential for the success of marketing. It is this factor that will tell you whether you are too early or too late in the game!

Telephone, for instance, was invented in 1876 but it was only in 1971 that the number of Bell System telephones in service reached 100 million in the US. Concurrently, the aggregate number of fixed line telephone users reached 160 million in 200 other countries[15]. It took the telephone about 95 years to produce 100 million users, and it was only after 1971 that tele-marketing really became popular in the US.

Similarly, even though the mobile was invented in 1973, there were only 12.4 million mobile subscribers by 1990. But by 2010, there were over 4 billion mobile subscribers, or 67% of the world population[16]. In this case of the mobile phone users, it took about 25 years to reach over 100 million users.

Now, let's see what happened with the internet: it was in 1982 that the TCP/IP protocol was standardized and the internet was commercialized in 1995[17]. While there were 2.8 million Internet users in 1990, by 2010 this number had reached a whopping 1.8 billion – that is an increase from 0.05% to 26.6% of the world population[18].

It took about 15 years for the Internet to reach the 100 million mark

in 1995. The Internet's popularity and its adoption as a marketing channel witnessed an exceptional growth after this time. Lastly, Facebook, a leading example of social media, was incorporated in 2004 and by August 2008, it had recorded 100 million users on its worldwide social network[19]. It took an unimaginably short period of merely 4 years to reach the critical mass required.

With several new channels reaching this critical mass very quickly, marketers will have to keep a constant watch on the new and merging channels in order tap consumers who are migrating to these new channels.

Decreasing Loyalty and Fast Changing Consumer Perceptions

Consumers are increasingly turning less loyal. Blame it on the proliferation of product options, high decibel advertising and promotions, but consumers are interested in trying different things and are increasingly sensitive to price changes. Over the past 30 years of organized retailing, the contribution of private labels has been increasing – a clear indication that consumers do not mind switching loyalties.

This trend is apparent in consumers' increased spending on private brands or store brands, instead of on name brands. As per a research report from the Nielsen Company, private labels contributed 20.8% in volume and 21.8% in dollar sales in 2010, to the chagrin of the established national brands, whose share was 29.7% in volume and 21.3% in dollar sales of national brands in 2010[20].

Years to produce a critical mass of 100 mn users

Channel	Years
Social	4
Internet	15
Mobile	25
Telephone	95
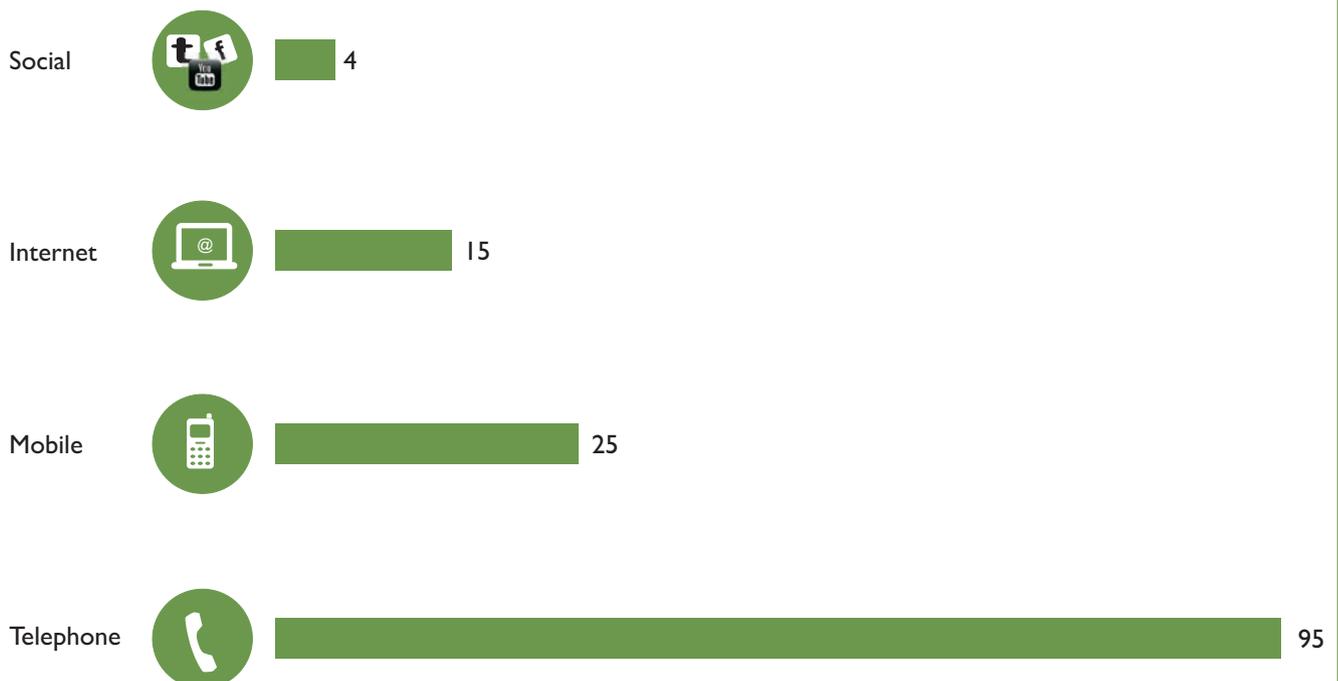
The Daunting Task Ahead for RCPG Enterprises

To reach the new generation of consumers, RCPG companies must create personal, interactive, and social marketing experiences —and must do so with consistency across all channels, with tight coupling and co-ordination within multi-channel marketing campaigns. Additionally, the organization's offline presence should reinforce the online presence and vice-versa. This is a daunting task for RCPG enterprises, given the changing trends in the marketing landscape as enumerated above.

To stay ahead, marketers mus develop innovative ways to understand, collaborate, reach and influence consumers who are fast embracing the emerging channels. RCPG enterprises are therefore looking for innovative ways to:

- Measure and optimize marketing spend
- Empower and collaborate within and outside the organization to shape the brand experience
- Increase consumer reach and manage consistent brand experience across digital channels
- Develop an integrated approach to closed loop marketing
- Create multi-level consumer segmentation
- Publish interactive, multi-channel campaigns simultaneously
- Integrated digital commerce and digital marketing

Currently, RCPG enterprises have to invest in several separate technologies to address marketing planning, campaign management, ecommerce, mobile commerce, CRM and analytics across marketing operations.

The need of the hour is a comprehensive technology solution that supports the organization, right from the stage of strategic marketing planning and conceiving marketing campaigns to managing digital commerce and customer relationships. The comprehensive digital marketing platform should scale up for the complexity of global RCPG operations.
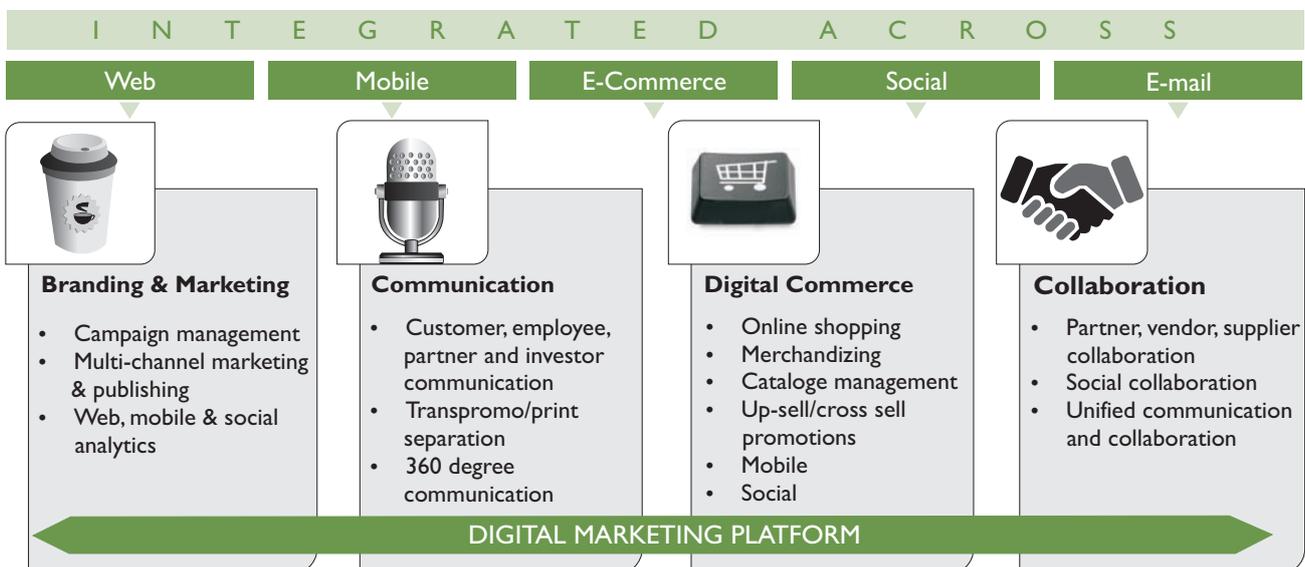
A Comprehensive Digital Marketing Platform

A Comprehensive Digital Marketing Platform should have:

- Centralized Digital Asset Management and Workflow Support – For reducing costs by eliminating the need to re-create digital assets. In addition, work flows facilitate the collaboration with partners like creative agencies and media as well as with various stakeholders within an organization
- Single-click Multi-channel Publishing – For accelerating time-to-market of marketing campaigns that support global product rollouts. This also helps increase multi-channel consistency of brand experience
- Integrated Digital Commerce and Digital Marketing – For analyzing ROI on marketing spends, increasing effectiveness of campaigns and increasing the overall sales. This also helps reduce risks in advertising overspends
- Integrated Social Reputation Management – For managing fast changing brand/company perceptions, engaging communities and promoting contagious ideas that lead to co-creation of products
- Robust Analytics and Intelligence – For gaining consumer insights and preferences through an integrated view of web, mobile and social analytics

We believe that RCPG enterprises should deploy a comprehensive digital marketing platform with the aim of improving consumer reach and achieving greater market leadership. The platform should not only support the RCPG enterprise's current marketing programs but also address the future road map for sustained long term success.

INTEGRATED ACROSS				
Web	Mobile	E-Commerce	Social	E-mail

Branding & Marketing
- Campaign management
- Multi-channel marketing & publishing
- Web, mobile & social analytics

Communication
- Customer, employee, partner and investor communication
- Transpromo/print separation
- 360 degree communication

Digital Commerce
- Online shopping
- Merchandizing
- Cataloge management
- Up-sell/cross sell promotions
- Mobile
- Social

Collaboration
- Partner, vendor, supplier collaboration
- Social collaboration
- Unified communication and collaboration

DIGITAL MARKETING PLATFORM

The Benefits of a Comprehensive Digital Marketing Platform

A comprehensive digital marketing platform supports an RCPG enterprise' end-to-end marketing operations, including:

Branding and Marketing:

- Helps brand managers and marketers to target and deploy effective branding/marketing campaigns, optimized for enhanced marketing effectiveness
- Enables coordinated, multi-channel publishing along with campaign management
- Empowers marketers with rich insights from integrated social media analytics to engage with the consumers effectively

Communication:

- Helps RCPG organizations take control of their multichannel marketing communications with their customers, employees and partners, through tight orchestration across workflow processes and measurement
- Improves the consistency in multi-channel customer communications for marketers to create relevant, effective and engaging customer experiences

Digital Commerce:

- Provides an ecosystem for RCPG enterprises to manage multi-channel commerce services focusing on the four aspects of a marketing campaign – Market, Manage, Analyze and Transact
- Enhances customer experience through integrated online

shopping, merchandising, catalog management and promotions across all digital channels

Collaboration:

- Allows RCPG organizations to collaborate with partners, suppliers and vendors through a unified system of enterprise collaboration tools during campaign design, approval, metrics-analysis and campaign optimization
- Enables faster decision making by integrating the internal and external stakeholders seamlessly and by providing real-time updates on people, groups, documents and application data

Conclusion

To summarize, the trends that have been shaping up RCPG enterprises are increasingly adding pressure on global marketing. RCPG business strategies therefore need to be backed up with robust, supporting technology platforms. By understanding the benefits of a comprehensive digital marketing platform, it is sufficient to infer that it alone can synchronously address all marketing needs. It is the only winning platform that RCPG enterprises would ever need to succeed in the digital world.

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About the Authors:

Bharath Sarma Rejeti has over a decade of experience in marketing and branding of IT services and products. He works with Wipro's service line that offers business technology solutions for collaboration, content management, customer experience and business transformation. He has worked across the functions of marketing, presales and partner management.

He holds a Post Graduate Degree in Business Administration from ICFAI Business School and a Bachelor's Degree in Science (Electronics) from the Andhra University.

Bharath Sarma Rejeti
Marketing Manager

Sameer Nadaf has about 15 years of experience in local and international markets with a proven track record in the areas of business-technology solutions/management, business planning and operations. He has worked across sales, alliance management, product management, practice management, program management, pre-sales, and has experience in consulting, architecting, designing and implementing business solutions.

Currently he leads the Digital Marketing Platform team at Wipro Technologies. His responsibilities include product/solution development, go-to-market strategy and solution sales.

Sameer Nadaf
Practice Director

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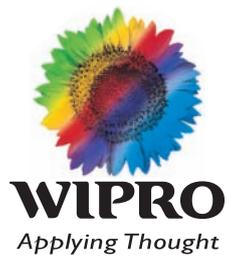
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