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The Digital Store of Future & CPG Collaboration in the New Age of Omni-Channel Commerce: A Panel Discussion

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Panelists:

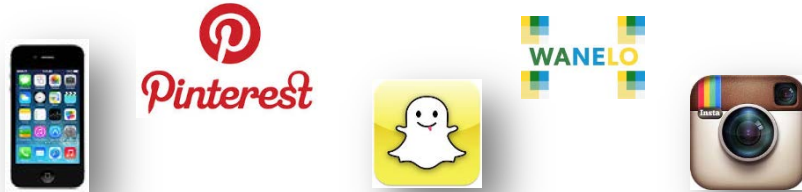
- **Dennis Donelon:** *Senior Director –Customer Supply Chain Integration at PepsiCo*
- **Mark Batenic:** *President & Chief Executive Officer, IGA, Inc.*
- **Girish Dhaneshwar:** *Assistant Vice President, Global Supply Chain – Retail & Consumer Goods, Cognizant Business Consulting*

Facilitator:

- **Meena Surti Patel :** *Assistant Vice President/Lead – Retail & Consumer Goods , Cognizant Business Consulting*

Transformation is an imperative to survival

This year, there will be more than 10 times as many photos taken than in 1993, and yet Kodak is in bankruptcy



“My daughter is 3 and I’ve already taken 25,000 photos of her. I have 7 photos of my grandfather.”

Father of two, Fort Worth, Texas

Americans are watching more movies at home than ever, yet the curtain has closed on Blockbuster



“No industry is immune to transformation and the tipping point for CPG may be approaching soon”

The shifts in retail & wholesale are beginning to impact CPG



Customer Shift

- Baby boomers (24%) and millennials dominate (26%)
- Balance of power continues to shift
- Continued convergence in experience



Technology Shift

- Consumerization of IT (SMAC)
- Internet of Things
- Convergence in application landscape



Competitor Shift

- Citius-Altius-Fortius (Brute force)
- Metamorphosis (Changing operations)
- Innovation (New operating models)



freshdirect

INTRODUCING
amazon dash
BUTTON



Instacart



Impacts on CPG and Grocery Supply Chains

- The “Unlimited” online shelf space – beginning of the end for traditional shelf domination
- Technology influenced shopping behaviors – changing fulfillment strategies
- Consumer insight in the world of Digital Commerce – So far all “retailer currency”
- Pressure to subsidize Omni-channel fulfillment: The ask for “Skin in the game”
- The “Online Grocery Basket” : No room for brands without “fulfillment legs”
- Volume shifts in channel mix : Supply chain changes across areas from packaging to transportation

Supply Chain Planning in the Omni-channel world

Question 1 for the Panelists:

Retailers are coming under pressure to rethink their integrated planning in order to support new standards of service with respect to inventory visibility and “available to promise” capabilities. How much of that pressure is percolating to the CPG companies? Are you seeing signs of the traditional CPFR getting impacted because of changes in Retailer planning cycles?

Continuously evolving channel mix

Question 2 for the Panelists:

As retailers continue to expand the store formats and drive new fulfillment strategies, what impact is that having on CPG and Grocery supply chains? Is packaging coming under strain due to the need for SKU separation by channel in an ever changing channel mix? As frequent replenishment models gain footing, are CPG and grocery transportation functions getting impacted?

Pressure on warehousing functions

Question 3 for the Panelists:

Warehouse management traditionally for CPG companies has been a fairly simplistic operation. With retailers wanting to operate the ecommerce operations in CPG warehouses, what arte CPG companies doing to ensure that this model is scalable?

Adapting to e-fulfillment for Grocery

Question 4 for the Panelists:

With heavy influx of new business models in grocery fulfillment (a la blue apron) and hyper personalization based on consumer segments, what are grocery manufacturers doing to support e-commerce fulfillment?

Coping with reduced replenishment times/volumes

Question 5 for the Panelists:

As consumer behaviors continue to evolve altering buying patterns in terms of frequency, basket size and assortment, retailers are continuously investing in different automation technologies to support the consumer demand. Are CPG companies and grocery manufacturers feeling the ripples of this? Do you foresee having to adopt some new technologies in your operations as well?

Supply Chain Planning in the Omni-channel World

Question 6 for the Panelists:

Online volumes will continue to grow and increasingly more categories like beauty, personal products, small appliances, grocery etc. seem to be embracing online commerce. CPG companies are today faced with the classic prisoner's dilemma – “Collaborate or Compete”? How do you think CPG companies will manage this dilemma? What will be the factors that will drive CPG strategy in the Omni-channel world?

KEEP CHALLENGING™

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