FieldAssist

Business Transformation in FMCG

People-First and Business-Led

The CPG industry today is staring at significant headwinds. A volatile macroeconomic climate and changing consumer expectations are exerting pressure on already razor-thin margins. Market forces are becoming more complex, while unpredictable regulatory environments have the industry constantly looking over its shoulders.

Retail industry accounts for:

10%
of India's GDP

8%
of India's employment

27.9%
Indian FMCG projected CAGR between 2021-2027

Groceries are the biggest Indian household expense, accounting for over **24%** of all quarterly expenditure

Amidst these challenges, technology has come to the rescue. While the FMCG industry has traditionally been more cautious in adopting new technology compared to other sectors, things are changing. After a slow start, the sector has embraced digitization with a vengeance.

Ever since the days when "Big Data" used to be a buzzword - and few sectors handle more big data than FMCG - the industry has been collecting and storing data without the means to obtain actionable insights from it. Today, with the recent revolutions in AI and ML technology, it has the power to do exactly that - and more.

The last decade has seen the increased deployment of digitization tools that have been central to increasing efficiency, cutting costs, optimizing processes, and ultimately achieving business goals. However, merely buying and deploying the right tools is not enough. Today's complex challenges require a novel way of thinking about technology. They demand a business-led and business-driven solution, not just the mere deployment of a piece of software.

Digital Transformation
in FMCG

70% of digital transformations fail to meet their stated goals

Market trends keep changing every quarter, and consumer preferences are getting difficult to predict. While smaller firms have always faced competition from the larger, established brands, the reverse is also increasingly true: established CPG MNCs are seeing their traditional dominance being encroached by small, niche, and nimble firms with better technology and a more dedicated sales force. The influx and ascent of smaller players often threatens to topple existing market leaders from their perch.

Today, the space is ridden with intense shelf-space competition and market consolidation. Today's challenges are unique, intense, and expansive - and cannot be solved by yesterday's solutions. As Saurabh Gupta, CTO at FroGo, eloquently put it in a recent roundtable of industry experts organized by FieldAssist,

"AI/ ML will not solve your problem unless you know what problem to solve. Ability to sell is not equal to the ability to distribute."

600+
new competitors enter the space annually

Just **20%**
secure shelf space

8 out of **10**
new launches fail

27.9% Projected CAGR of Indian FMCG market revenue from 2021 to 2027

90% of the Indian logistics sector is unorganized

According to a report by Infosys, FMCG was ranked **sixth** in AI maturity, scoring a "middling" **50%**

Many CPG firms already have basic technology solutions in their stack, Enterprise Resource Planning (ERP), Sales Force Automation (SFA), Distributor Management System (DMS), accounting tools, and so on. Such legacy systems are necessary for increasing efficiency and decreasing costs. However, on their own, they are not sufficient to tackle the unique challenges of this new era. Enterprises can no longer afford to stay content with old ways of thinking and merely implementing legacy systems.

Typical shortcomings of traditional digital transformation projects can generally be categorized as follows:

Misalignment with Business Goals

It's important to remember that technology is not the solution, but merely a set of tools to reach the solution. Far too many digital transformation projects fall prey to **over-technologization**, focusing overly on the "digital" and less on the "transformation", thus ending up prioritizing technology over the organization's business needs. As the Economist Intelligence Unit (EIU) puts it: "Digital transformation does not mean replacing humans with technology, but rather helping humans to work better with technology."

Invest in cultural change

Digital transformation is not just about technology, it is about people. And as part of business transformation, the culture of the organization also needs to be transformed. Business teams, that are your main customers, need to be aligned with IT. This is where proper Change Management becomes critical. Your business users are used to working with certain software tools, which are part of their day-to-day tasks and workflows. Even the slightest change in these mental models needs to be executed with care and subtlety. Identify who is going to be affected by the project, demonstrate its urgency and importance, and most importantly, explain how they stand to benefit from the changes. Arindam Gupta, GM IT at Wipro Consumer Care and Lighting, summarized this succinctly in a recent FieldAssist roundtable:

> *"People and Process must be factored in with technology. Man and machine need collaboration to work well."*

Another astute statement by Kajal Bhaumik, Senior Sales Automation Manager at Nivea India summed up sentiments:

> *"Cutting the clutter, making everyone see the priority,"*

which is key to obtaining desired outcomes.

Doing too much too soon

Ambition is a good thing. Over-ambition is not. Many IT initiatives try to take too much on their plate in too short a time, and with too few resources. Surveys repeatedly show that big-bang approaches to transformation projects almost alway fail to reach their desired goals. This is especially true for large enterprises. The larger the establishment, the more the need to be sensitive while implementing even the smallest change. The more entrenched existing business workflows and use cases, the more the need to start small and do one thing at a time.

Lack of nuanced industry-specific CPG expertise

Every organization is unique, with unique challenges, which require unique solutions. Many digital transformation projects - or even single, standalone deployments - attempt to force-fit generic solutions to solve specific problems. Common solution templates, or solutions that may have worked for other sectors or even for other companies in the same sector, may not work for you. This is one of the most common issues with technology-led business transformation: the brute force application of cookie-cutter solutions where they don't belong, and the general lack of personalization and customization.
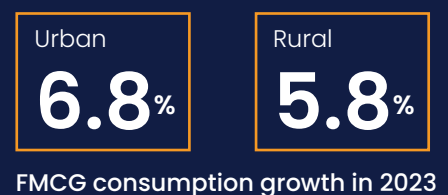
Lack of iterations and feedback loops

Once the initial deployment is complete, many elements and tasks are often left to fend for themselves. Over time, stagnation creeps in, and eventually, when someone (mostly a newcomer) raises the need for improving or upgrading the legacy solution, they encounter a standard response: that people are too used to the existing system and way of working, and changing it would be too much hassle. By this time, it is too late, and nobody is willing to bell the cat. To avoid such entrenchment, precautionary measures must be taken right in the beginning. Obtaining and analyzing regular, periodic feedback is essential for the health and progress of any technology solution. Constant improvements, based on feedback from all stakeholders, helps you avoid technology stagnation and lock-in.

Rural market share **35%**

65% Urban market share
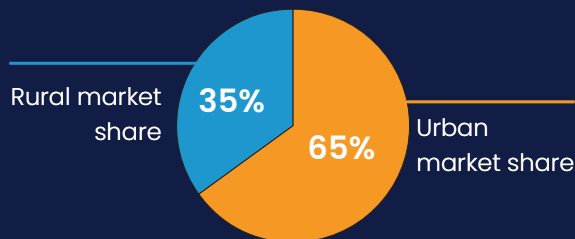
Market share of annual FMCG sales in 2022

Urban
6.8%

Rural
5.8%

FMCG consumption growth in 2023

Introducing
FieldAssist Intelligence Suite or FAi

Business-led and human-centric

Technology is often considered a point solution to a point problem. Entire projects often start and end with technology. At FieldAssist, we believe that the correct approach is to start with the business first - identify a business problem, and then utilize technology and data to arrive at the solution.

Customized and tailored to you

One size doesn't fit all in today's world. The FMCG industry in particular is plagued by cookie-cutter fixes, and generic solutions that are not even industry-specific, let alone company-specific. FAi, by definition, is customized to your specific needs and requirements. It will also adapt itself based on your stage of readiness for technology adoption.

Incremental and progressive

Business-transformation projects that go all in with big-bang, brute-force approaches almost never work. People need to be given time to adapt to the new system. The new systems need to be given time to prove themselves and integrate into existing environments. FAi implements a gradual, step-by-step approach that is sensitive to existing processes, routines, and mental models.

Iterative and refining

Backed by the most advanced cutting-edge algorithms and trained on hundreds of huge datasets, FieldAssist's AI-ML models learn on-the-go and improve with each iteration, automatically adapting themselves to your unique environment. The entire approach is business-led and people-led, with technology serving a supporting, albeit important, role. As summed up by Nithin Philip, GM - Sales at iD Fresh Food (India) Pvt. Ltd., regarding Machine Learning, in the FMCG industry in a recent FieldAssist roundtable, "Machine is still learning; adoption is the key to success."

What makes FAi different

Persona-based solutions with nuanced CPG understanding

Beyond Templatization

Far too many business transformation projects rely on templatized solutions. Such brute force methods are often pushed by consultants who lack specialized CPG expertise. Commoditized, generic solutions are not just harmful - but in today's market with competitors breathing down your product launches - outright dangerous. You need experts with decades of experience solving problems similar to yours for other CPG firms, while still recognizing and appreciating your unique stage of market penetration and differentiators.

FieldAssist experts are CPG specialists who know every minute detail of how the industry and market work and how you can stay on top - the right kind of consulting.

Holistic change management with minimal disruptions

Be the Change - and Manage it too

Any system is only as good as the amount of change you need to inculcate in order to use it. Good change management can make or break a project. It's not just about the changes in systems, but also the changes in processes and daily tasks of business users that technology causes. People are typically resistant to change, and tend to resist and avoid even slight amendments to their business process and ways of working. The best business transformation projects rely on minimal change management through maximized automation. As Vineet Chadha, National Sales Head at Brew King Beverages, neatly summarized in a recent roundtable organized by FieldAssist,

> *"Convincing people is the biggest challenge; Tech instills fear in them!"*

At FieldAssist, we go beyond mere deployment and implementation. For us, that's just the beginning. We take co-ownership and co-responsibility for user adoption. With our agile methodologies that minimize workflow disruptions, six-week delivery guarantee, trusted pre- and post-deployment consulting, and strong hypercare support - we treat every project not just from the perspective of an OEM partner, but a business partner.

The Indian FMCG space is just getting started. The potential and scope for further growth is enormous:

₹20,000

Annual expected average FMCG spending per Indian household by 2025

7%

Share of e-commerce market in India's total retail market in 2023

Avoiding big-bang approaches and doing one thing at a time

Small steps for your project, giant leaps for your business

Doing too much too soon is a common problem plaguing CPG transformation projects. It is tempting to assume that new technology requires a disruptive, all-encompassing change or a complete overhaul. Yet, incremental change, driven by a deep understanding of the business and executed on the ground, delivers superior results. A calibrated approach, guided by detailed knowledge of the industry from your technology partners, facilitates rapid scaling while minimizing disruptions. As Prince VP, AGM - Information Technology at Daikin India put it in a recent FieldAssist roundtable, emphasizing the importance of prioritization,

> *"All digital transformation is critical, but you should be selective in your approach".*

FieldAssist products allow you to not just execute large projects in small, successful steps, but also actually witness the success of each step with your own eyes. The most advanced Machine Learning algorithms and training models learn on the go, improving with each iteration.

40% of India's snacking market is controlled by regional players **3000+**

The highest levels of Enterprise-grade Security

Precaution is better than cure

It is often said that there are two types of organizations, those that have been hacked, and those that have been hacked but don't know it yet. As the world becomes more and more hacker-friendly, CPG firms, that hold large amounts of customer data, are particularly vulnerable. An average data breach costs $4.45 million, and a ransomware attack will cost you $5.13 million on average (not counting the ransom). Identifying and containing a data breach takes an average of 277 days even for the most seasoned experts. Regulatory challenges and reputational damage exacerbate the problem. Brands need to ensure that customer data as well as their proprietary strategy information is well protected and secure at all times.

All FieldAssist products incorporate global security best practices and data encryption standards, and are fully compliant with ISO 27001 and SOC2. Role-based access control makes it easy and simple for administrators and managers to manage user actions and access.

$4.45mn Average cost of a data breach

$5.13mn Average cost of a ransomware attack (not counting the ransom)

9+ Average number of months it takes to identify and contain a data breach, even for seasoned experts.

Simple to implement and use

Good things come in simple packages

Many supply-chain automation solutions are simply too complicated to implement and deploy. And that's before your users get around to using them, provided they don't need countless hours of training to get up to speed. After endless slide decks and project management comes the realization that the project has barely moved forward, being mired in countless meetings and spreadsheets.

FAi and its components are all cloud based, and your users can get immediately up and running with all of them. Android and iOS support enables you to stay up to date while on the go. Full integration support is also available, with ready connectors for the most common enterprise products, and well-documented RESTful APIs for custom integrations. FieldAssist's extensive after-sales support ensures that projects are not only seen through to their completion, but also keep delivering results constantly.

Join the CPG revolution today

FieldAssist stands ready to enable the best possible business outcomes for great brands like yours. With **600+ CPG brands in 15+ Countries**, from multinational brands to boutique firms, FieldAssist's unique people- and business-first philosophy is uniquely suited for today's retail markets. We help brands not just keep up with the latest technology, but also industry best practices and standards. Backed by decades of collective experience and equipped with the most cutting-edge AI-ML algorithms, our trusted RTM experts and solutions are just a call away.

Sources:
Indian Brand Equity Foundation (IBEF), IBM, Nielsen, Rubix Data Sciences, Kantar

Information
Insight
Impact

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