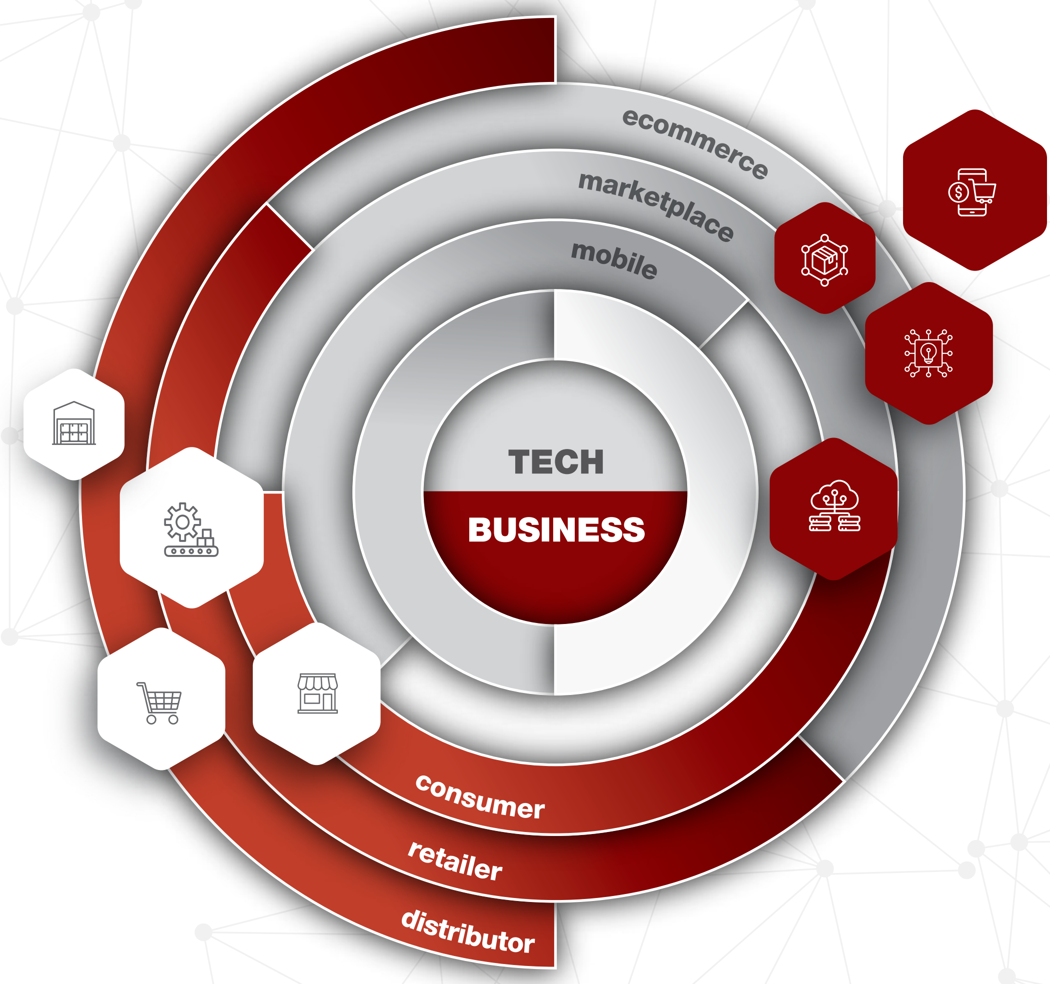
Digital Go-to-market Transformation

Connecting business and tech to succeed in digital commerce



Integration
Together, for the change you need

Contents

executive summary

Digitalization can open new frontiers and opportunities for the “right product, right place, right time” mantra underlying any go-to-market (GTM) strategy. In our experience, however, many executives are left either unsatisfied or disappointed with the outcome of digital initiatives that their organization has pursued – for a number of reasons:

- The elusiveness of arriving at a clear digital vision connected to the overall business strategy
- Reactive solutions ending in investments that lack sufficient thoroughness and planning
- Digital initiatives that simply aren’t delivering meaningful results

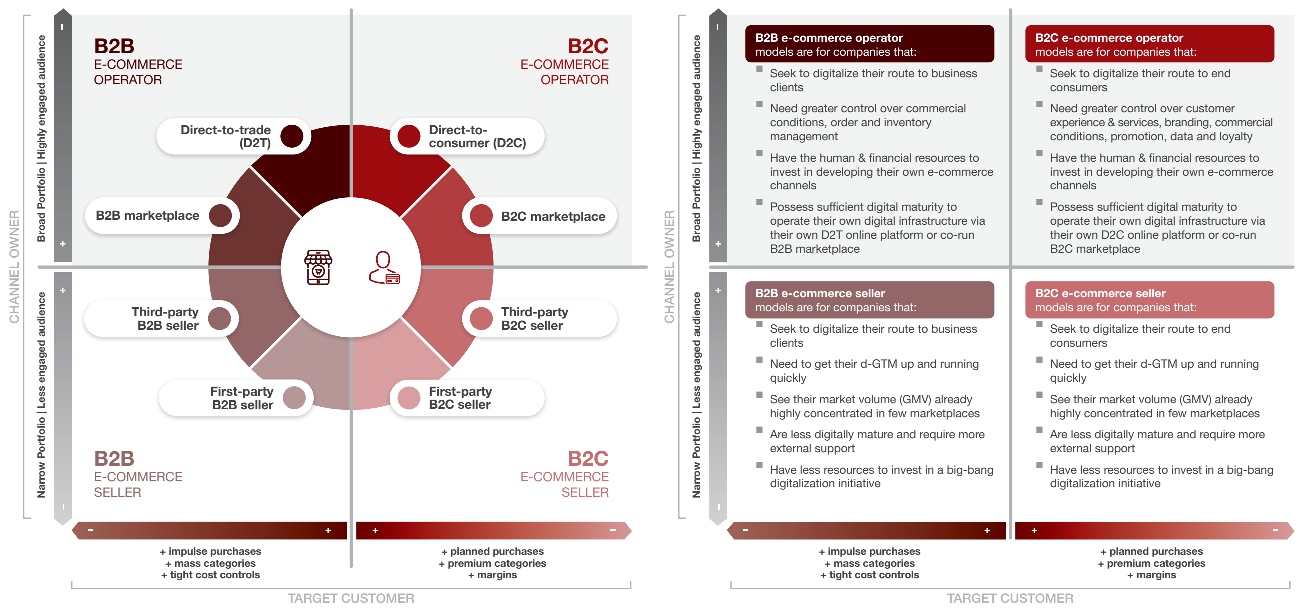
Contrary to the buzz, a digital GTM is still a go-to-market strategy at its core. Far from being a complex and technical endeavor, it’s about introducing new ways of getting to the same consumers, with additional tools that add efficiency to what’s already in place.

When speaking of a digital go-to-market (d-GTM) strategy, we refer to a combination of three elements:

1. **using digital channels** to reach, sell and supply goods and services
2. **using digital tools** to connect and streamline processes
3. **using data provided** by digital go-to-market models to better know your customers

8 DIGITAL COMMERCE OPERATING MODELS comprise the d-GTM landscape. These can be selected and combined to serve specific customer segments, according to two sets of characteristics:

1. **Target customer:** models for serving business clients (B2B) vs. end consumers (B2C)
2. **Channel owner:** digital channel is owned by the company (e-commerce operator) vs. owned by an external platform operator (e-commerce seller)



See the detailed graphic on pages 14 and 15.

When **CHOOSING THE RIGHT COMBINATION** of d-GTM models, five factors are particularly relevant:

- **Category behavior** (in terms of planned vs. impulse purchases)
- **Price point** (cost-to-serve considerations such as logistics, marketing and services)
- **Audience engagement** (drawing target consumers and being core for business clients)
- **Customer lifetime value** (degree of loyalty and likeliness of repeat purchases)
- **One-stop assortment** (offering a diverse portfolio to drive traffic to a online channel)

Factor weight for each d-GTM model

FOUR KEY SUCCESS FACTORS can help companies effectively design and implement a d-GTM strategy that delivers results.

1. **Setting a d-GTM model that's fit for the context with a clear strategic north.** This means having:
   - A unique value proposition: Identifying specific customer needs the digital channel should address and how it fits within the overall GTM strategy
   - Objectives and key business results: Setting business goals and results for the digital channel in line with the organization's business plan
   - Organizational alignment: Aligning the strategic goals of the digital channel, investments and initiatives with the overall organizational objectives
   - Sponsorship and engagement: Communicating the strategic north and role of the digital channel to all stakeholders to ensure alignment and buy-in

2. **Adopting new ways of working with a digital culture and mindset** by crafting a clear picture of the culture that will support it. This means building upon a so-called necessary culture – one that supports the company's digital growth strategy – and translate this into a clear roadmap of actions that will sustain the transformation over time.

3. **Implementing right by getting the basics done well.** Companies must remember that engaging consumers in the virtual space can be an entirely different beast compared to conventional interactions in the physical world. Getting the basics right involves everything from bringing the product register up to speed, investing in impactful product images, setting up an online customer service channel and more.

4. **Collecting and applying data as a competitive advantage.** If data is the new gold, then digital channels and tools are the new gold mine. Leveraging digital to advance a go-to-market strategy offers immense opportunities to generate more value for the business. The data generated by digital tools and models offer two major benefits:
   - Companies can offer a more complete and seamless experience that better serves customers
   - It provides deeper insights into who their customers are, what they want and how to fulfill this

IN CONCLUSION, the core challenge companies are faced with is connecting the dots. Overcoming this calls on business leaders to apply a few common principles:

- **A laser-sharp focus on customer and business needs,** with a commitment to delivering a measurable impact while ensuring flexibility
- **Concentrated efforts with fewer but better initiatives** that respect the given time, human and financial restraints
- **Close cooperation between the commercial, tech and finance teams,** allowing digital channels to improve the customer experience

digital go-to-market

Preface

In recent years, chief revenue and commercial officers have increasingly been under pressure to leverage digital technology as a way of boosting revenue and reducing costs within the go-to-market strategy. And while most of the organizations our teams come across have already responded with a mix of digital initiatives, we find numerous executives either unsatisfied or flat-out disappointed with the outcome – for a number of reasons:

- difficulty in achieving a clear digital vision connected to the overall business strategy due to a lack of focus and differing understandings
- solutions that are implemented too hastily in reaction to demands from vendors and experts to act quickly and invest in the latest technologies
- digital initiatives that simply aren't delivering meaningful results

Innovations in technology and business have time and again opened new possibilities for companies to go to market. Harnessing the potential of today's digital commerce landscape calls on business leaders to learn and adjust. Fortunately, **the fundamentals of a strong go-to-market strategy remain the same: serve customer needs with the right products in the right place at the right time.**

In our work with leading companies across different geographies and sectors, we've identified a few common elements among the businesses that succeed in their digital go-to-market strategies:

1. **A laser-sharp focus on customer and business needs,** with a commitment to delivering a measurable impact and flexibility in adjusting technology to their current reality and resources
2. **Concentrated efforts with fewer but better initiatives** that connect the dots across the business, respecting the given time, human and financial restraints
3. **Close cooperation between the commercial, tech and finance teams,** allowing digital channels to improve the customer experience with proper calibration and an attractive ROI

Our objective in this report is to build bridges across different areas of the organization so that businesses may achieve the results they seek in their digital go-to-market journeys. We hope this contribution will put executives from diverse backgrounds on the same page about what success look like, help them build a clear roadmap to the future and show them how to focus on the right initiatives for their businesses to achieve measurable impact.

WHAT IS A DIGITAL GO-TO-MARKET AND WHY IS IT IMPORTANT?

When set up and implemented intelligently, digitalization can open new frontiers and opportunities for the "right product, right place, right time" mantra underlying any go-to-market (GTM) strategy. As businesses continue to advance on this front, leveraging digital has become a must for keeping a GTM model competitive and delivering the maximum possible levels of value and efficiency.

Fortunately, figuring out how to digitalize in this context is still a GTM discussion at its core – albeit one with some additional parameters. Far from being a complex and highly technical endeavor, an effective digital go-to-market strategy means introducing new ways of getting to the same consumers, with additional tools that add efficiency to what's already in place.

Simply put, a digital go-to-market (d-GTM) strategy comprises three elements:

1. using digital channels to reach, sell and supply goods and services to B2B and B2C customers while concurrently
2. using digital tools to connect and streamline processes, for customer service teams, sales staff and distribution partners (such wholesalers, distributors and retailers)
3. using data provided by digital go-to-market models to get to know customers, their needs and their habits even better

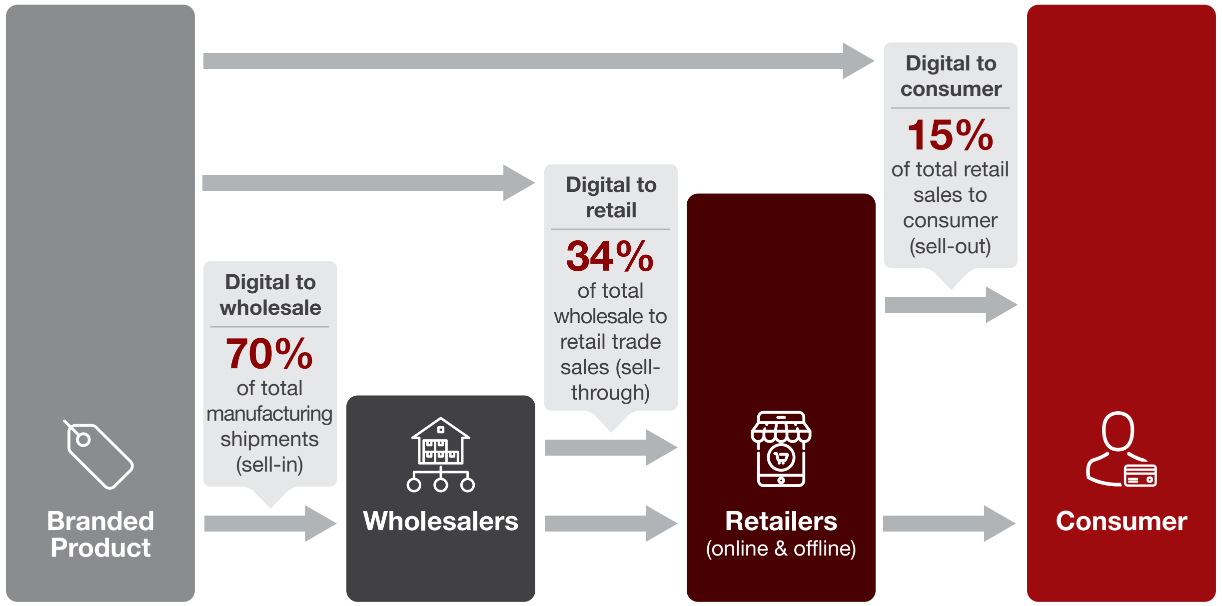
When executed in a way that's aligned with the overall business and go-to-market strategy, a d-GTM allows businesses to deliver better-targeted products to more of the right customers with improved efficiency and speed.

In our experience, businesses at any level of digital maturity can capitalize on the benefits of a d-GTM model, gradually advancing by:

- offering a more intuitive, convenient user experience
- identifying the optimal digital channel mix and catering sales execution to individual needs
- collecting customer data to inform data-driven decision-making
- driving efficiency to optimize the route-to-market through automation and AI
- using technology as a co-pilot offering input and tools for teams to better serve customers

The incentives to embark on this journey are stronger than ever. Digitalization already sees deep penetration across the go-to-market value chain for both consumer as well as industrial goods and services.

In developed markets like the U.S., digital commerce currently represents around 15% of all retail-to-consumer sales (sell-out), 35% of all wholesale-to-retailers trade (sell-through) and 70% of all manufacturing shipments (sell-in).[1]



It's past time for executives to **demystify** digital and **future-proof** their GTM strategy.

1 source: census.gov 2021

What can we learn from past GTM transformations?

Over the past five decades, innovations in technology and business models have transformed the way companies go to market. They have opened new possibilities for increasing productivity while reducing costs, enabling companies to reach a greater number of customers in a more effective way.

Today we see technology, data and digital sales channels as the new normal that's penetrating deeper into go-to-market strategies across virtually all industries and corners of the globe. While potentially disruptive for some, the latest advance in technology and business models that we call 2nd-wave digitalization is the continuation of a consistent evolution of GTM transformations.

1 FROM THE DOMINANCE OF A DIRECT-SALES INDUSTRY TO RETAIL

Before the 1970s, companies relied on direct sales to reach retailers. Salespeople visited potential end consumers and business clients in person, often door-to-door or via booths at trade shows. This was time-consuming and became increasingly costly to reach smaller customers due to increasing labor costs.

2 THE EXPANSION OF MODERN TRADE

Growth of large-scale modern retail chains (e.g. supermarkets, pharmacies and department stores) offered increased scale while consolidating and standardizing channels to reach many customers. This professionalization of the retail business demanded more robust ways of working via joint business plans, category management, collaborative demand planning, trade marketing and key account management.

3 SALES-PARTNER NETWORKS

Companies adopted a more indirect GTM approach to reach and serve their long-tail customer base, developing sales-partner networks via distributors and wholesalers. This required new capabilities referred to as partner relationship management to acquire, develop and evaluate partners.

4 **1ST-WAVE DIGITALIZATION AND RETAIL CONSOLIDATION**

The spread of digital technologies led companies to incorporate these into GTM strategies, e.g. via order management systems, customer relationship management, revenue management optimization and advanced GTM model segmentation. The retail landscape also consolidated with the growth of cash & carry, convenience and neighborhood stores etc. as well as the development of assets such as customer data platforms, retail-owned brands and retail media networks. This wave also saw the widespread adoption of digital order-taking from distributor sales teams and direct models.

5 **2ND-WAVE DIGITALIZATION**

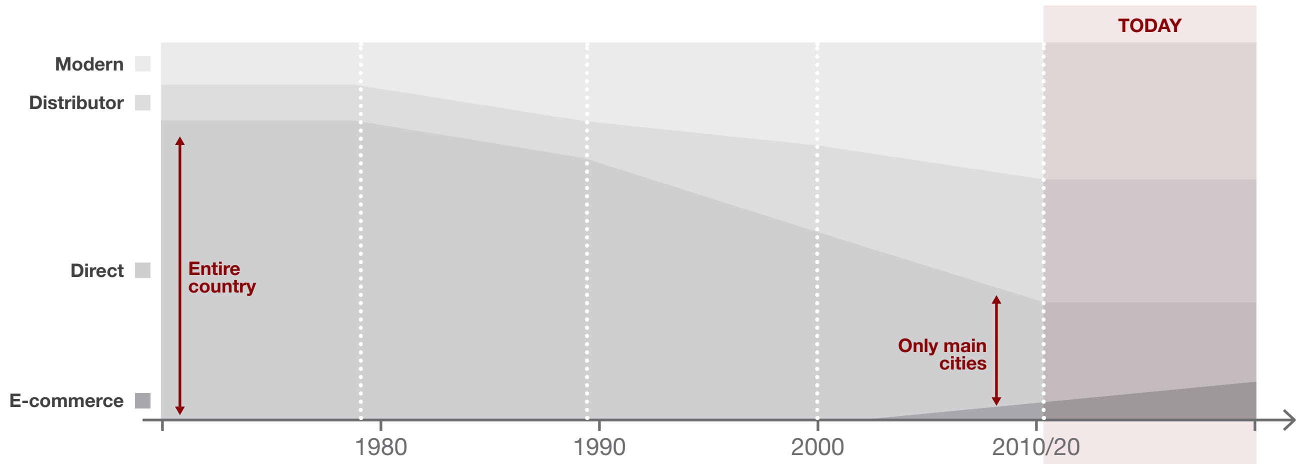
The near universal use of the Internet, smartphone penetration and the digital migration of late adopters such as senior consumers and small businesses have expanded the reach of e-commerce and mobile-first shopping. The growing scale of digital supply chains and logistics are making last-mile delivery cheaper and more convenient, with 2nd-generation digital tech such as cloud computing, big data, machine learning and AI undergoing widespread adoption.

Companies are leveraging technologies that automate and enhance complex cognitive tasks related to how brands communicate, sell and supply customers.

IN SHORT

The entire value chain can now be digitalized – not only parts of it – which has enabled the introduction of self-service models that are reducing costs. At the same time, however, executives are confronted with the challenge of deciding who should be in control and who's better at point-of-sale execution.

5 waves of go-to-market transformations 1970 - 2022



	PHASE 1	PHASE 2	PHASE 3	PHASE 4	PHASE 5
	Dominance of direct-sales industry to trade	Modern trade expansion	Sales partner networks Migration to distributors & wholesalers	Trade consolidation, C&C and modern formats 1st-generation digitalization (web, search, social, e-commerce)	2nd-generation digitalization (big data, AI, mobile-first, digital & smart commerce digital supply chain)
CAPABILITIES	▪ Micro-distribution ▪ Brand management ▪ Mass media	▪ Joint business planning ▪ Category management ▪ Collaborative demand planning ▪ Trade marketing	▪ Enterprise resource Planning (ERPs) ▪ Partner relationship management (PRM) ▪ Electronic data interchange (EDI and VMI)	▪ Sales force digitalization ▪ Order mgmt systems (OMS) ▪ CRM & segmentation ▪ Web, search and social media ▪ E-commerce	▪ Mobile-first ▪ Big data & cloud ▪ Artificial intelligence & ML ▪ Digital supply chain ▪ Digital commerce platforms ▪ Smart devices & sensors

The moral of the story? The most recent GTM transformation is a continuation of what's come before. Across each wave, we've seen clear a movement toward greater consolidation and centralization – be it from dispersed direct sales to modern trade in wave 2 or from sales partner networks to advanced GTM model segmentation in wave 4.

Far from being a path-breaking disruption, wave 5 represents the further evolution of 1st-generation digitalization and retail consolidation. Building on the past, 2nd-generation digitalization is about consolidating the ways your business gets directly to consumers (B2C), the ways it directly connects with trade (B2B) and, ultimately, the ways it refines customer lifecycle management and experience.

Taken together, all the waves are a single movement built on better understanding your customers along with the tools and partners available to serve them.

How do we navigate the digital channel landscape?

Today's go-to-market context offers executives an ever-growing selection of digital channels and formats, with innumerable possibilities. To help make sense of this landscape, we break it down into **8 digital commerce operating models**, which can be selected and combined to serve specific customer segments.

As shown in the graphic below, the 8 models are broadly divided based on two sets of characteristics:

1. **Target customer:** models for serving business clients **(B2B) vs.** end consumers **(B2C)**
2. **Channel owner:** digital channel is owned by the company **(e-commerce operator) vs.** owned by an external platform operator **(e-commerce seller)**

CHANNEL OWNER

Broad Portfolio | Highly engaged audience

B2B e-commerce operator models are for companies that:

- Seek to digitalize their route to business clients
- Need greater control over commercial conditions, order and inventory management
- Have the human & financial resources to invest in developing their own e-commerce channels
- Possess sufficient digital maturity to operate their own digital infrastructure via their own D2T online platform or co-run B2B marketplace

B2C e-commerce operator models are for companies that:

- Seek to digitalize their route to end consumers
- Need greater control over customer experience & services, branding, commercial conditions, promotion, data and loyalty
- Have the human & financial resources to invest in developing their own e-commerce channels
- Possess sufficient digital maturity to operate their own digital infrastructure via their own D2C online platform or co-run B2C marketplace

Narrow Portfolio | Less engaged audience

B2B e-commerce seller models are for companies that:

- Seek to digitalize their route to business clients
- Need to get their d-GTM up and running quickly
- See their market volume (GMV) already highly concentrated in few marketplaces
- Are less digitally mature and require more external support
- Have less resources to invest in a big-bang digitalization initiative

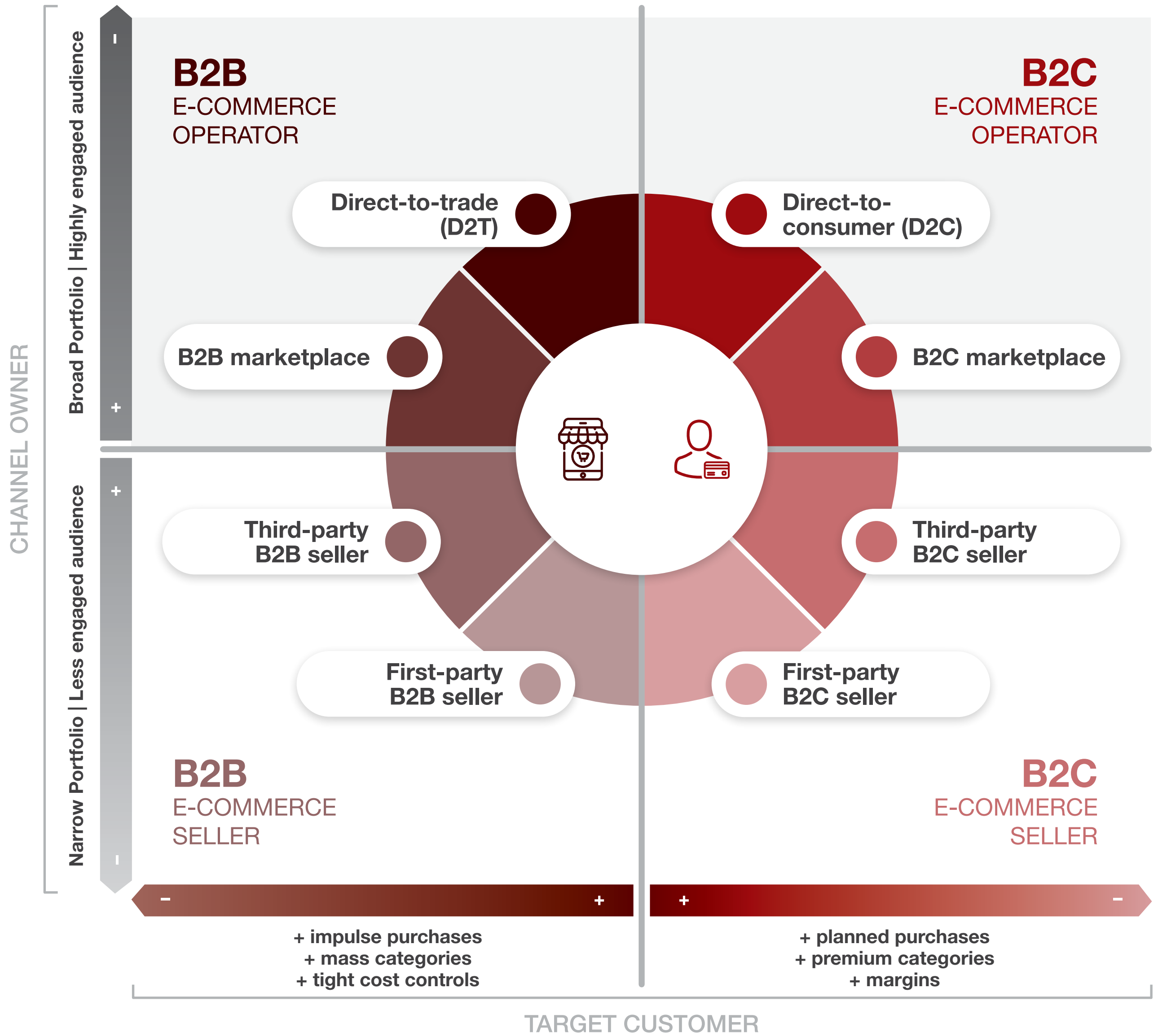
B2C e-commerce seller models are for companies that:

- Seek to digitalize their route to end consumers
- Need to get their d-GTM up and running quickly
- See their market volume (GMV) already highly concentrated in few marketplaces
- Are less digitally mature and require more external support
- Have less resources to invest in a big-bang digitalization initiative

+ impulse purchases
+ mass categories
+ tight cost controls

+ planned purchases
+ premium categories
+ margins

TARGET CUSTOMER



Model zoom-in

E-COMMERCE OPERATOR

Marketplace

Marketplaces are digital platforms that offer advertising, commerce and logistics to consumers and sellers. There are several prerequisites for running an effective marketplace: 1) a unique value proposition for both sellers and buyers, 2) sufficient resources for higher upfront investments and 3) the ability to acquire and retain sellers and buyers.

Direct-to-customer

Direct-to-customer branded e-commerce stores are destination websites ("brand.com"). They can establish a direct relationship between a brand and its customer base, resulting in a highly engaged audience. The main challenge lies in building the necessary relevance to become a priority destination for web shoppers as compared to marketplaces at a tight profit margin.

NOTE: Direct operating models can focus on serving end consumers (D2C) or business clients (D2T), each with distinct buying journeys. Operating an e-commerce channel provides brands with the maximum amount of flexibility for collecting customer data, personalizing the customer journey (via CRM and communications) and promoting cross-selling with complementary products and services.

E-COMMERCE SELLER

First-party seller model

The business acts as a vendor that fulfills wholesale purchase orders from an e-commerce retailer. The retailer is responsible for the rest of the process, from dynamic pricing and inventory to delivery and after-sales service.

Third-party seller model

The business functions as a vendor that sells to customers through a marketplace – with much more control over pricing, inventory, delivery, listing etc.

NOTE: As running a sales channel on autopilot versus manually, the first-party seller model is less hands-on and easier to start with while the third-party seller model allows for much more customization and control. Pricing and margins are key considerations here.

Generally, marketplaces with first-party sellers seek to ensure they offer the lowest price on the internet for the given SKU, harshly penalizing product visibility while paying sellers a fixed wholesale price. The third-party model allows sellers to directly manage their pricing and margins on the marketplace, where they can sell their items at retail price and pay a fixed commission percentage.

EXPERT TIP

Understand the value (and requirements) behind each model

The first question every business needs to ask itself is: What's our strategy? If the objective is to go fast and invest less, then becoming a seller in a well-established marketplace lends itself as a viable option – offering a pre-existing structure, less organizational adjustments and the ability to get products out within a month.

However, as a seller, you don't own the customer relationship – the marketplace does. The latter can use your transactional data for purposes such as promoting similar/competitor brands or even approaching your suppliers to bring them on as sellers in the marketplace.

At the same time, a marketplace can serve as a springboard for implementing a longer-term solution. If the business strategy will be better supported by a company-run e-commerce channel (which may be beyond current capacities in terms of expertise, preparation and investment), many companies enter a third-party marketplace while the proprietary e-commerce channel is being developed.

How do we choose channels best suited to the business?

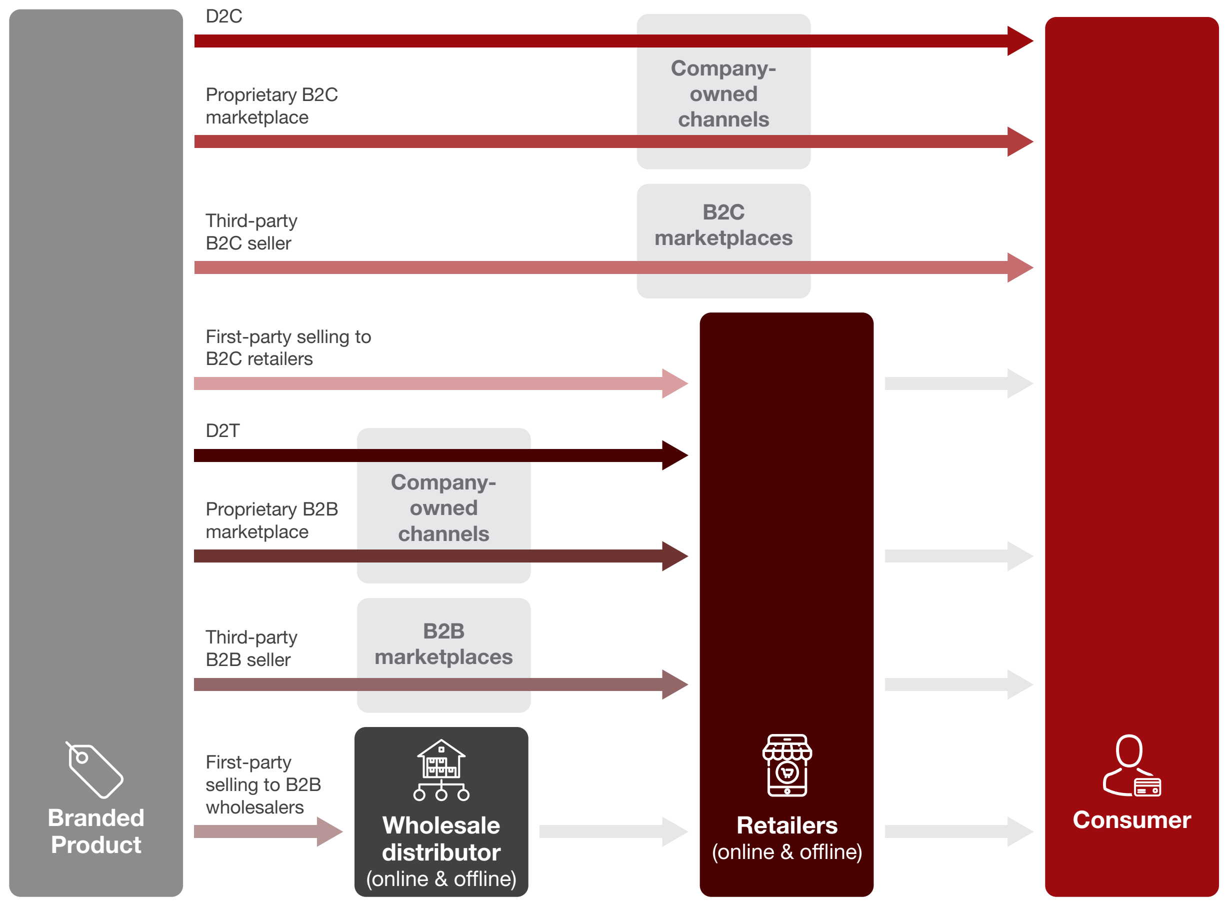
Digitalizing your presence and route-to-market is anything but a one-size-fits-all solution. Many different elements will influence how each company should take its products to market in the digital landscape considering its own strategic objectives, market and business reality.

Executives are advised to calibrate the level of investment demanded of each digital operating model with the current and future needs of the business. Some business strategies may demand lighter and less cost-intensive ways of going to market digitally. Others will benefit far more from more proprietary options that add greater complexity and upfront investment.

In the following pages, we highlight five of the most relevant factors for choosing the right selection of d-GTM operating models:

- **Category behavior**
- **Price point**
- **Audience engagement**
- **Customer lifetime value**
- **One-stop assortment**

The digital go-to-market ecosystem & its operating models



Category behavior

When seeking to generate more value for your customers, overall category behavior is a useful gauge of what digital can offer them. Both business clients and end consumers are savvier than ever before. They now leverage virtual resources to gather greater amounts of background information that inform their purchase decisions, from price comparisons to technical considerations and reviews.

This behavior is especially relevant for **planned purchase** categories for which consumers are more likely to conduct thorough research and shop online, making digital B2C channels critical.

In contrast, **impulse purchase categories** tend to see a much lower level of e-commerce penetration and investment, as background information and comparison are less relevant for purchase decisions.

This doesn't, however, imply that only planned purchase categories are suited for digital models. Digital B2B resale channels are vital for reaching a greater number of small & medium-sized enterprises as well as convenience points of sale. Impulse categories can also be promoted through solutions such as push notifications and display ads on grocery, food service and last-mile delivery apps.

Price point

Does the portfolio consist mostly of high or low-ticket items? **Cost-to-serve considerations** such as logistics, marketing and services need to be factored into the selection of digital operating models. Without significant bundling, net margins generated by selling low-ticket items direct to customers will simply not make sense when weighed against their cost-to-serve.

As lower-margin items need to maintain much lower costs in the e-commerce landscape, they are most suited to digital models such as B2B channels or B2C marketplaces, offering cost dilution via larger drop sizes or category bundling. Again, the question executives need to ask themselves is how a certain digital model is adding value to the consumer and to your business strategy – be it by lowering costs, reaching more consumers, adding efficiency etc.

EXPERT TIP

Knowing your audience is everything

B2B consumers are very different from B2C shoppers. Businesses always need to know their audience to deliver the best experience possible, while remembering that the "best experience" is also something relative.

The B2C shopper may want visuals, lots of information and interaction with the product. On the other hand, a B2B consumer seeks speed, practicality and basic information. This experience must also be adjusted to the market. Many companies overlook the fact that preferences, ways to shopping, modes of interacting with products and ordering vary from country to country, meaning adaptation is crucial.

Audience engagement

When considering certain models in their d-GTM strategy, companies need to consider the **level of engagement** they have with their target customers. This serves as a solid indicator of the volume of visits that proprietary channels such as a website, co-run marketplace or app will generate.

The characteristics of certain categories will naturally create greater engagement among customers than others. A classic example in the B2C space includes lifestyle categories such as sportswear that are largely based on customer connection – as opposed to everyday household supplies.

Category development through branding and content efforts can also play a significant role in gauging this factor. In general, categories and brands with higher audience engagement are better contenders for more complex digital commerce models that move up toward direct-to-consumer models, while lower engagement favors operating as a seller within marketplaces.

For B2B models, high audience engagement depends on two factors:

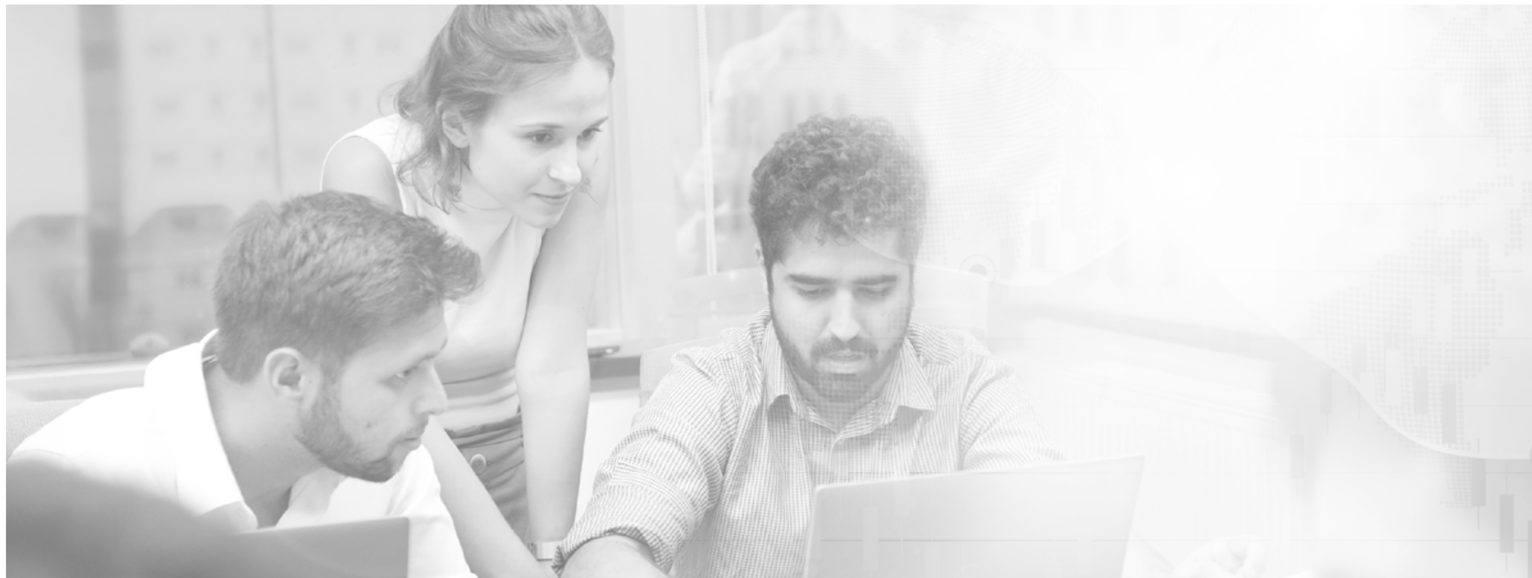
1. how essential the product or service is for the client's production process (complementary vs. core offering)
2. the rate of innovation and differentiation

Direct-to-customer B2B channels are critical for core offerings and especially so for those offering high degrees of innovation and customization (for more details, see our B2B Go-to-market report).

EXPERT TIP

Website experience is only one side of the coin

After developing a well-executed site, many companies overlook the other side: making the right investments in digital marketing to get shoppers stopping by in the first place. When planning a digital strategy, time and investment calculations need to take both sides into account so the business isn't left with an appealing site receiving little traffic.



Customer lifetime value

Assessing the potential lifetime value of their customers is another important element in the choice of operating models.

Categories with target consumers that offer greater value through brand **loyalty and repeat or high-ticket purchases** over time will benefit more from a direct-to-customer channel or proprietary marketplace. On the other hand, companies tend to focus on more accessible, capital-light first-party or third-party seller models for categories with customers less unlikely to make repeat or high-ticket purchases.

Companies with a portfolio of business clients already making repeat purchases and entering long-term supply agreements generally see quicker returns when investing in D2T or co-run B2B marketplaces.

One-stop-shop assortment

Both business clients and end consumers want to avoid dealing with an abundance of channel options that complicate their buying experience. More and more, customers prefer to stick to a handful of go-to channels that they deem to be most convenient.

As such, companies should consider the **breadth and depth of their product offerings** to address shopper missions. Those with a wide range of products that want to offer a one-stop-shop experience to their customers may choose to focus on co-run marketplace or D2C model. Those with a narrower product range generally benefit more from first-party or third-party seller models.

Factor weight for each d-GTM model

What key success factors must we consider for implementing?

In our experience, four key success factors facilitate businesses seeking to operate a digital GTM.

1. A d-GTM model that's **fit for the context with a clear north**
2. New ways of working with a **digital culture and mindset**
3. **Implement right** by getting the basics done well
4. **Collect and apply data** as a competitive advantage

1. A d-GTM model that's fit for the context with a clear north

Identifying the role that digital can play within the GTM strategy should force business leaders to first ask themselves some fundamental questions:

- How can digital advance our business strategy and what measurable impact do we aim to achieve?
- Given the digital options that exist, which will advance our strategic objectives?
- What platforms, channels and tools do we want to use to achieve this?

Just as in any well-executed GTM model, at the end of the day, it boils down to recognizing that: the business has a client to serve, it needs to figure out how to best serve that client given the current reality and choice of options, and it should use these insights to guide the digital strategy ahead.

A digital GTM model can support the strategy in many different ways, but it's important to stress that there's no one-size-fits-all digital approach. Apart from the overall GTM objective, some models lend themselves better than others in terms of coherence vis-à-vis the company's capabilities and culture. Different digital models will impose distinct demands and call for distinct types of expertise from the organization.

Setting up and running a marketplace-in, for example, brings with it the organizational challenge of dealing with stakeholders of a different nature. The brands providing products to be sold on your marketplace (sellers) are not suppliers in the traditional sense – nor are they clients. This means developing and refining a different approach to effective stakeholder management – and the business will need to decide whether it and the strategy have the appetite to adapt to this necessity.

While selecting a model with the right fit can represent a major milestone along the digital journey, businesses are also advised to think one step ahead and consider execution. The delivery methods (in terms of logistics, supply chain, payments etc.) and pricing policies need to be factored in for each model. Can the company do this on its own or would it be willing to outsource? What would the impact of each be on the organization and the way it operates?

Having clear objectives in place helps maintain focus and accountability for delivering tangible and prioritized results. Four considerations have proven useful for setting a strategic north in this context:

1. A unique value proposition: Identify the specific customer needs that the digital channel is designed to address and how it fits, complements and improves upon the overall GTM strategy.
2. Objectives and key business results: Define business goals and key results for the digital channel within the organization's business plan (i.e. growth, profitability and satisfaction).
3. Organizational alignment: Ensure that the strategic goals of the digital channel, the necessary investments and initiatives are aligned with the objectives of the organization as a whole.
4. Sponsorship and engagement: Communicate the strategic north and role of the digital channel to all stakeholders to ensure alignment and buy-in.

Setting the right digital approach for the GTM strategy requires the leadership to stop, reflect and make a series of choices. This is an exercise in maintaining coherence with the strategy, essence and culture of the business as well as an opportunity to consider where ruptures with the past may be worth investing in.

EXPERT TIP

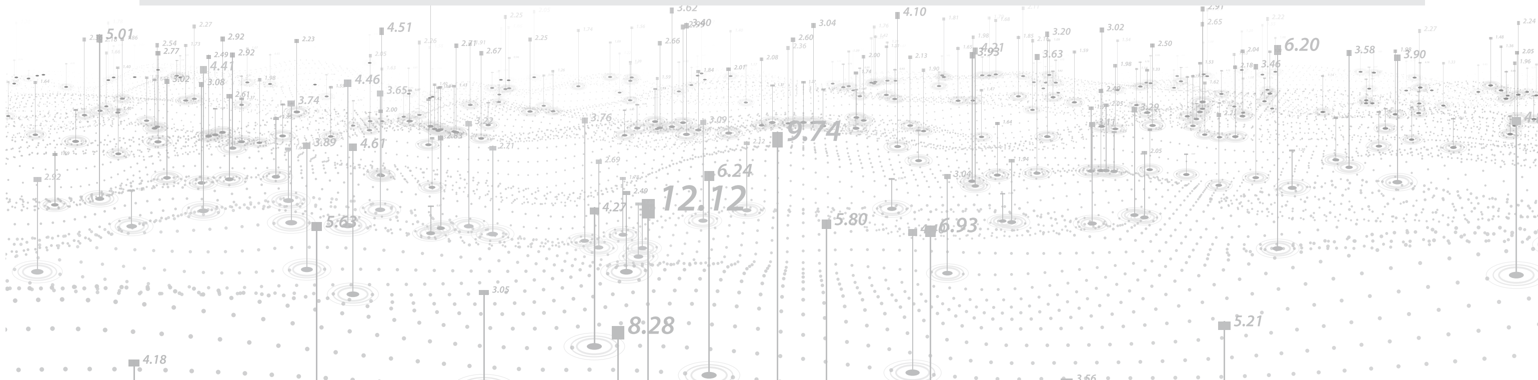
Balance the books from the outset

Companies need to ensure that their investments in digital channels are consistent with the broader business strategy and that they actually hold promise to contribute to the long-term success of the organization.

We've seen many executives hand out blank checks for digital initiatives, resulting in unsustainable expectations while escalating cash burn. The most effective digital strategies take a step-by-step approach based on constant adjustments and gradual gains.

Creating a business plan for the digital elements of the GTM strategy is a highly recommended tool in this sense. This should track progress, make necessary corrections and keep focus on delivering tangible results to justify the next investment – always in alignment with the overall business strategy.

Having a clear understanding of the expected breakeven point and the what-if conditions for breaking even also helps in making informed decisions about future investments in each digital channel initiative.



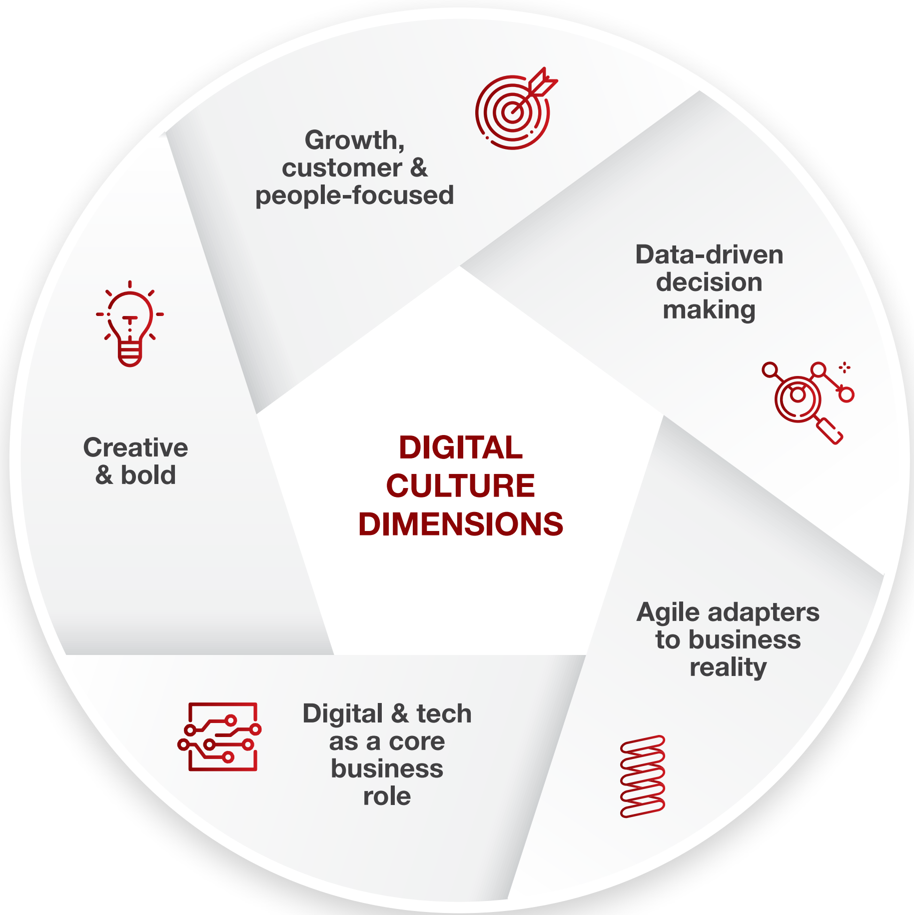
2. New ways of working with a digital culture and mindset

Developing a clear digital strategy for the go-to-market model needs to go hand in hand with crafting a clear picture of the culture that will support it. Rather than a desired culture, we advise companies to build upon a so-called necessary culture – one that supports the company's digital growth strategy – and translate this into a clear roadmap of actions that will sustain the transformation over time.

Ultimately, the digital growth strategy should be reflected in a digital growth culture. This involves updating a few elements:

- The culture manifesto with rules, rituals, attitudes and behaviors to guide organizational decisions
- The management system that expresses the culture by putting the values into practice

Cultural success factors for digital growth



Effectively leveraging digital channels is a fine balancing act between engagement, price pack architecture, channel strategy, supply chain and more. What we often see companies struggle with is knowing where responsibility should lie in taking care of this "digital part" of the business.

One point that's often overlooked is that any digital approach will not work if it's siloed off from the rest of the business or left to a specific area to address. At an organizational level, the digital aspects of the GTM strategy must be cross-cutting and bring different functions together into a holistic approach – something that few companies manage to effectively unify.

In a digital world, media, commerce, product and service channels are increasingly converging requiring more multi-disciplinarity in problem-solving and decision-making. Successful teams build a common purpose, goals and evaluation criteria to measure success as well as a strong sense of identity and belonging that builds trust, collaboration and complementarity.

3. Implement right by getting the basics done well

Engaging consumers in the virtual space can be an entirely different beast compared to conventional interactions in the physical world. As such, putting effort into doing the basics well at the beginning represents a worthwhile investment.

This involves everything from getting the product register up to speed, investing in impactful product images, setting up an online customer service channel and more. The "basics" will, of course, be more or less complex depending on what you're selling, to whom and with what overall objective. Whereas one company may be digitalizing to gain scale for an FMCG product, a luxury brand will need its digital approach to transfer its well-polished customer experience from the physical world into the virtual one.

Adapting descriptions in the product register to the new context is a common element that companies underestimate. The virtual customer experience demands a different approach to convincing the customer than the physical space – where customers can touch and feel the product while also being accompanied by a sales associate.

On digital channels, this same effort of convincing has to happen with images and an impeccable product description, one that not only makes the sales pitch but also provides product specifications that the customer may require. One recurrent reason why a company's digital approach "just isn't working" may be due to a lack of awareness about how to operationally adapt a d-GTM implementation to this altered reality.

At the same time, building truly proprietary digital channels to complement the overall GTM strategy calls on companies to shift their thinking away from seeing these channels as merely a means to push products. A digital channel will add the most value when seen as a product itself, one capable of delivering services that address business and end consumer needs throughout the customer lifecycle.

EXPERT TIP

Thinking of digital beyond just an app or website

End consumers and business clients likely already utilize dozens of tried-and-test paths to purchase. Convincing them to adopt a new digital channel requires offering them a differential beyond merely being another app or website or making the same purchase with the same benefits and the same experience.

The most successful modern digital channels are becoming bonified "super apps" with bundles of complementary services, such as subscription and auto-replenishment, exclusive offers, scheduling appointments, entertainment, financial services and more.

These are enabled by modular tech architecture that allows for easy integration of new services and features, extensive customer research to understand customer needs and pain points along with a culture of continuous improvement and experimentation.

4. Collect and apply data as a competitive advantage

Leveraging digital to advance a go-to-market strategy offers immense opportunities to generate more value for the business, including in ways that may not have been imaginable before. If data is the new gold, then digital channels and tools are the new gold mines – offering much greater yields than conventional customer surveys.

The data generated by digital tools and models today offer two major benefits:

1. It allows companies to offer a more complete and seamless experience that better serves customers
2. If done properly, it provides deeper insights into who their customers are, what they want and how to fulfill this

Beyond boosting the bottom line and improving efficiency, gaining a better understanding of your customers and how to best serve them also opens new frontiers for product development, availability, channels, alternative revenue streams and more. Leveraging this is, however, premised on having a clear strategy in place – both for the overall business as well as what it can do through digital.

Data can be used to train machine learning and artificial intelligence models that can deliver better, faster, more scalable and lower-cost decision-making and services to optimize functions at scale – such as product offerings, pricing, advertising, sourcing and supply chain management.

This can become a virtuous cycle for competitive advantages: Companies with more data can deliver better and cheaper services, which results in more customers that generate more data.

Conclusion

CONNECTING THE DOTS

The most recent GTM transformation wave is no longer bleeding edge – it's a reality that most organizations have in some way responded to. It's quite uncommon to find companies nowadays really starting from scratch, as most have some constellation of digital initiatives, attempts and success cases or at least plans in place alongside their overall strategy.

The challenge we're often faced with is helping them to connect the dots and zero in on that much-needed coherence that's key to putting digital at the service of the GTM and the overall strategy.

This means that the question is rarely: "What should our digital strategy be?" And more often: "Why isn't our digital approach working?" While the starting point and nature of the challenges being faced may differ, both traditional and digital-native organizations run into roadblocks. The most common symptoms we see are:

- A lack of focus (to truly connect digital with the strategy)
- Too little visibility over what's being done (to prioritize what matters)
- A tendency to overestimate the organization's capabilities (to make the right choices or adjust)

Helping companies connect these dots for an effective d-GTM strategy means placing the business on a digital evolutionary journey – rather than planning and going big from the outset. This starts by identifying where things are broken in the digital approach and setting the next steps that will get digital to steadily generate value for the business by complementing the GTM strategy.

HOW WE HELP

Partnerships are what make the digitalizing world go round. We help clients make sense of this by starting down the digital GTM journey with them together as a partner.

This means asking the right questions, bringing aboard the correct experts and leveraging the strengths of the organization while taking advantage of the context of the business. It's about arriving at coherent solutions that the client can subsequently implement – be it in cooperation with another business or in-house.

Our approach is based on working in partnership, serving as a business translator for digital that helps clients connect the dots across the organization, the strategy and the reality at hand.

For businesses eager to digitalize, this requires taking a step back, tuning out the noise and achieving focus. A CEO's best ally in this context is often a well-founded business decision with resolve – transforming the fear of missing out into the satisfaction of missing out – knowing the strategy up to date, on track and delivering the desired results.

CASE STUDY

Setting the digital GTM course together

CHALLENGE

A global FMCG company needed support strengthening its digital channel presence in the context of their go-to-market strategy.

SOLUTION

For this client, the topic of digitalizing was largely based on buzzwords and abstract concepts influenced by dispersed moves that competitors were making. The project needed to bring the approach back to the ground, nailing down viable options and practical next steps from the plethora of digital options. They narrowed digital down to what was relevant for the GTM strategy via the following steps:

1. The project team worked hand-in-hand with the head of e-commerce to **define the underlying parameters** during weekly touchpoints. This meant defining, refining and redefining the scope of the incipient digital strategy until a right fit was reached.
2. A benchmark for a baseline scenario was created, with the consultancy team leveraging its internal resources. Using the existing client network, the team created a **customized benchmarking framework** that assessed other FMCG companies in terms of digitalization.
3. The teams also created a **digital maturity assessment**, mapping out how advanced the company was across different stages of a full-fledged digital GTM strategy, as well as what was needed for advancing and the incremental benefits each stage could offer.

RESULT

The framework and the maturity assessment made digital tangible for the client's leadership, demystifying the topic by breaking it down into concrete and relatable elements.

Rather than starting with the technical aspects of digital, the project challenged the client to start the other way around: reflect on the overall strategy and how digital could be leveraged to advance it. This challenge was essential so that the client wouldn't be left with a patchwork of trendy and pricey digital initiatives disconnected from the business and unable to deliver the needed value.

With these tools and definitions in hand, the company was ready to implement the concrete steps independently.

Appendix

INTEGRATION CASES AND CREDENTIALS

Integration's solutions always consider the constrains of reality. For us, reality is represented by deviation from an ideal state in the sense of people, financials, organizational culture, heritage, ambition or business context.

The best solution is the one that's most achievable and leaves behind a positive legacy – not necessarily the most theoretical, academic or trendy at the moment. We listen and gain an understanding of the specific business reality at hand before recommending solutions, and we're not afraid to adjust based on new elements of reality.

CASE STUDY

Developing a seller services model & ways-of-working for a B2C marketplace company

CHALLENGE

A digital-native B2C marketplace unicorn had the challenge of developing its seller base and cross-selling new services such as ads, payments, credit and logistics services to maintain its growth momentum.

SOLUTION

To achieve these objectives, the projected undertook a deep-dive of seller insights and personas, leading to a new seller segmentation with specific goals and service model for each cluster. The teams developed new ways-of-working to boost seller services, including a review of account planning, sales, seller development & seller success management.

RESULT

These combined efforts contributed to over 30% year-over-year growth in gross merchandise value and an increase of more than 1 p.p. in average take-rate through seller services.

CASE STUDY

Managing e-commerce projects for a full-commerce technology company

CHALLENGE

An innovative company offering digital commerce white-label ecosystems-as-a-service for large enterprises faced the challenge of improving the quality and agility for the implementation of their new e-commerce stores.

SOLUTION

The teams started the project with a hands-on approach by assuming the PMO role for a critical multinational e-commerce implementation project. Based on the lessons learned from this practical experience, the teams structured a project portfolio management methodology, tools and artefacts as well as reviewed the onboarding experience and organizational model by aligning the delivery office, tech, design and operations.

RESULT

Implementing a multi-national e-commerce project for a leading CPG client along with reviewing management artifacts reduced implementation time, increased satisfaction and cut down on time-to-revenue.

CASE STUDY

Launching and growing an omnichannel marketplace for a retailer

CHALLENGE

A retail chain with over 2,000 stores wanted to leverage its market leadership in brick-and-mortar stores – with a massive customer audience and logistic footprint – to become an omnichannel platform that could scale digital sales and an integrated marketplace for 3P sellers.

SOLUTION

Integration supported the retailer across several workfronts such as 1) implementing a last-mile logistics model integrating DCs, stores and carriers to enable express delivery, 2) introducing a supply chain transformation to integrate 3P merchants into their distribution network and 3) creating the digital commerce business unit organization design, governance and definitions for new capabilities, processes and functions.

RESULT

The retailer achieved over 50% in revenue compound annual growth rate, surpassing over 500 million dollars in gross merchandise value while their marketplace achieved over 150,000 SKUs and 400 sellers.

CASE STUDY

Unlocking digital channels growth and new business models for consumer packed goods companies

CHALLENGE

Numerous CPG companies had been underperforming in digital channels compared to their offline channels and needed to implement a digital go-to-market strategy with focused initiatives to win in the digital space.

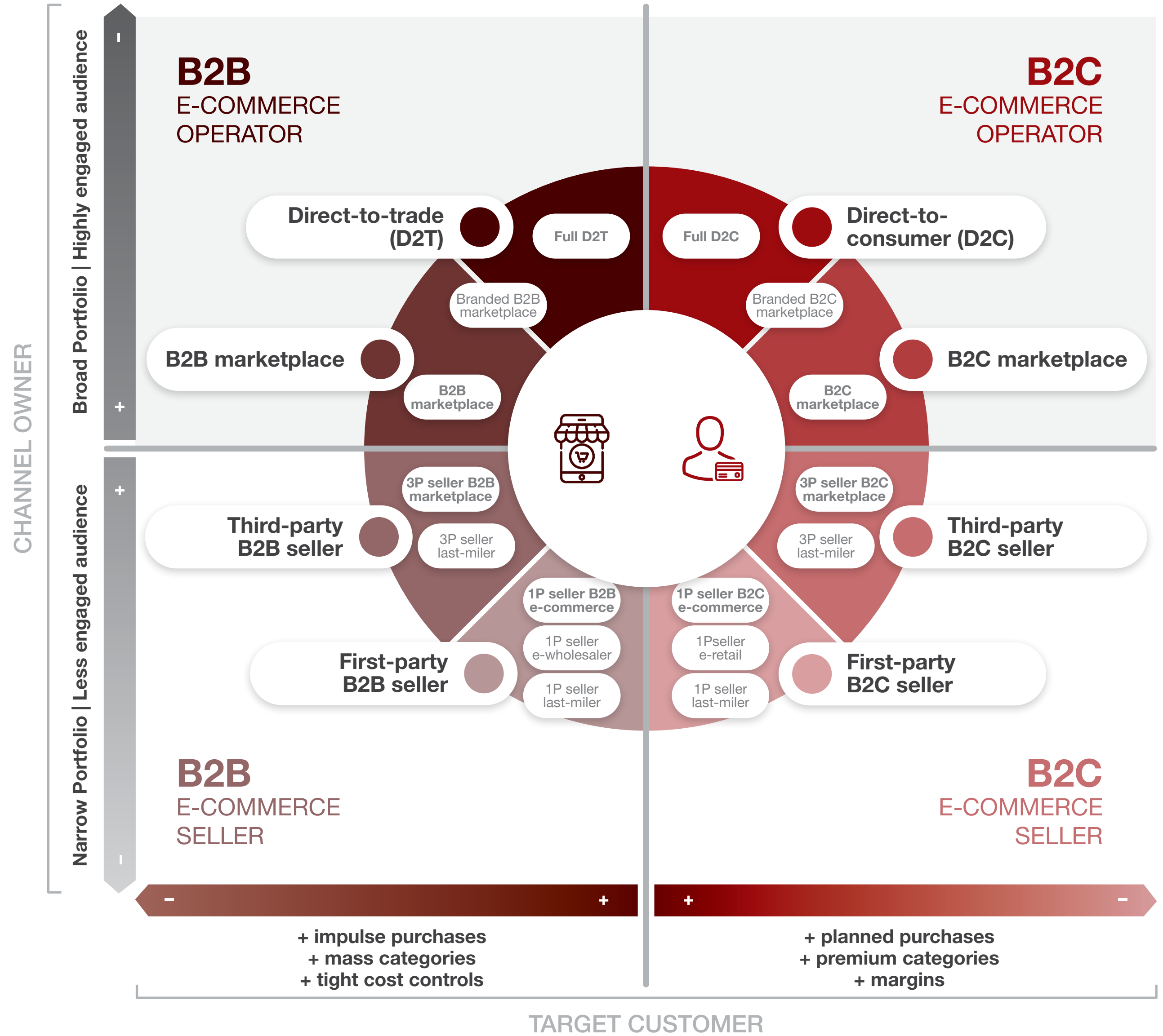
SOLUTION

Integration has been helping these CPGs expand their portfolio of products and brands across digital channels in a wide range of geographies from – from the Americas to Asia. The teams have built new capabilities and ways-of-working as well as digital assets while also helping them implement new business models such direct-to-consumer, B2B and B2C marketplaces.

RESULT

Our clients have managed to close the gap in digital commerce, typically achieving between 10 and 30% year-over-year growth in digital sales.

A DEEP DIVE ON DIGITAL GO-TO-MARKET OPERATING MODELS, ADVANTAGES & CHALLENGES



The following pages include one-page overviews offering a deep-dive into each of the 8 digital operating models that can be selected and combined in a d-GTM strategy.

We've included real-world examples, details on relevant factors such as data intelligence, customer service, brand equity, content and more, and an overview of variations with each model.

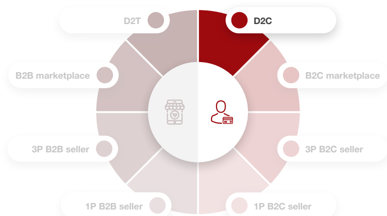
MODEL ONE-PAGE

DIRECT-TO-CONSUMER (D2C)

Directly selling a manufacturer's goods to the end-customer (B2C) through a company-owned online platform.

Examples

adidas, L'ORÉAL, NESPRESSO



Properties

LOYALTY

Intelligence: One of the advantages of the D2C model is the possibility of generating first-party data for analyzing customer preferences via data analytics to better tailor online communication, promotions and pricing

Loyalty programs: Full control over D2C and customer data facilitates the creation of loyalty programs – to retain customers, maintain sales levels and induce cross-buying by understanding and meeting customer preferences and needs

Purchase recurrence: Full control over D2C and customer data, facilitating the creation of subscription programs, saving time and effort for research and incentivizing the purchase of new products through a more seamless customer experience

PURCHASE

Customer service: Customer service depends on what is offered to manufacturers/ third parties

One-stop shop: Limited product portfolio due to the presence of one or few manufacturers at the D2C site. Hybrid D2Cs allow for pooling products from different manufacturers and having one-stop shops in specific areas (e.g. beauty)

AWARENESS

Traffic: Low traffic generation due to one/ few companies offering goods and limited product portfolio on the site

Brand equity: Vast possibilities for generating content and advertising on a company-owned D2C site, resulting in a high potential for building brand equity

Reach: High level of reach by leveraging logistics network of third party specialized in the distribution

Product knowledge: Ownership of the site permits sharing deep-level of product information to facilitate purchase decisions

INFORMATION

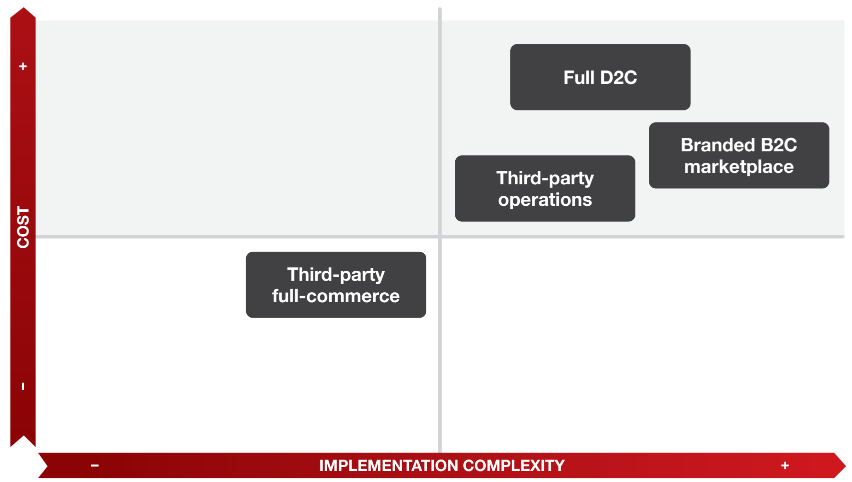
Price comparison: Little/no possibility for the customer to compare product prices with other brands or companies

Content: D2C sites offer high potential for sharing blogs, videos and articles that build brand equity, boost engagement and increase loyalty

Reviews: Possible to have reviews on D2C sites, albeit with low representativeness due to limited customer reach and low comparability with products from competitors

Model variations

- **Full D2C:** Manufacturer handles the full value chain, from sales to cash collection, logistics, consumer service and marketing
- **Full D2C + 3P operations:** Manufacturer(s) sells goods to the end-consumer (B2C) by leveraging a third party for logistics
- **Branded marketplace B2C:** Manufacturer hosts a marketplace for reselling partner products (i.e. retail franchise, distributor), taking orders and executing fulfillment for B2C customers
- **D2C + 3P full-commerce:** Manufacturer(s) sells goods to the end-consumer (B2C) while leveraging a multitude of third-party services such as platform infrastructure, logistics, marketing, customer service and cash collection



Value chain dynamics

ACTIVATION	SALE	CASH COLLECTION	LOGISTICS	CUSTOMER SERVICE	LOYALTY
communication	consideration to order	order to payment	payment to delivery	delivery to satisfaction	satisfaction to loyalty
▪ Actively leverage generated data to boost CRM and optimize pricing, promotions and customer communication ▪ **[Full D2C]** Manufacturer has full control over marketing, ads and overall customer experience ▪ **[3P full-commerce]** Promotions and activations performed and managed by a specialized third party, who oversees and optimizes activities based on the generated consumer data and analytics	▪ Requires a broad and unique assortment (e.g. premium products, exclusives and personalization) ▪ A wide product portfolio ideal for offering a one-stop shop solutions ▪ Via the manufacturer's online site at retail/ wholesale prices – depending on the customer (B2C or B2B) ▪ **[3P full-commerce]** Via a third-party platform designed and managed for the manufacturer(s)	▪ Requires attractive pricing, especially in comparison with other online channels ▪ **[3P full-commerce]** Carried out by third-party full-commerce with specialized payment providers often leveraged for additional services such as cash advances and loan services – especially applicable for B2B	▪ Requires fast and seamless delivery ▪ **[3P logistics & full-e-commerce]** Fulfilled by a third party	▪ By manufacturer(s) ▪ Requires high-level and 24/7 customer support ▪ **[3P full-commerce]** Carried out by third-party full-commerce	▪ Engagement with the customer via digital marketing, e.g. content, promotions, competitions etc. ▪ Manufacturer fully manages loyalty benefits ▪ **[3P full-commerce]** Third-party full-commerce manages all after-sales customer relationships, including loyalty programs, promotions etc.

	⊕ Advantages	⊖ Disadvantages / Challenges
FULL D2C	▪ Greater control over product assortment, marketing and sales tactics ▪ First-party consumer data ▪ Can serve as a test-&-learn platform for new products or promotions ▪ Manufacturer keeps full margin	▪ Difficult to achieve sufficient traffic on the website, especially with a limited product portfolio ▪ Requires substantial investments in IT, marketing and logistics infrastructure ▪ Requires company to have internal teams for digital marketing, e-commerce (sales) and IT development ▪ Risk of channel conflicts
THIRD-PARTY OPERATIONS	▪ Benefit gained from third-party logistics network ▪ Full operational control of customer service, marketing and loyalty, with more influence and quality control ▪ Manufacturer owns customer data	▪ Dependency on third-party logistics ▪ Risk of losing clients when transitioning to company-owned logistics ▪ Requires substantial investments in IT and marketing ▪ Requires company to have internal teams for digital marketing, e-commerce (sales) and IT development
THIRD-PARTY FULL-COMMERCE	▪ D2C can be run with minimal infrastructure and cost investment ▪ Benefit of specialized expertise and service offerings, providing customers with a more professional and full-service portfolio – beyond the transactional ▪ Reduced complexity, resource and cost investments for manufacturers ▪ Manufacturer owns customer data	▪ Dependency on third-party for operations
BRANDED MARKETPLACE	▪ First-party consumer data ▪ Digitalization and real-time control over policies of resellers and data-driven applications ▪ Greater control over product assortment, marketing and sales tactics ▪ Benefit gained from third-party salesforce and logistics network	▪ Requires integrating ERP/OMS with different reselling partners that may use different systems – each requiring a pocket system ▪ Reselling partners need to migrate all sales volume to the new digital commerce platform (storefront for customers, sales team order-taking app etc.) ▪ Requires a high degree of change management across sales partner network ▪ Manufacturer splits shares with the reselling partner

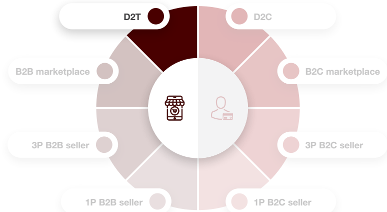
MODEL ONE-PAGE

DIRECT-TO-TRADE (D2T)

Directly selling a manufacturer's goods to retail outlets (D2T) through a company-owned online platform.

Examples

Mondelēz International, reckitt, Unilever



Properties

LOYALTY

Intelligence: One of the advantages of the D2T model is possibility of generating first-party data for analyzing customer preferences via data analytics to better tailor online communication, promotions and pricing

Loyalty programs: Full control over D2T and customer data facilitates the creation of loyalty programs – to retain customers, maintain sales levels and induce cross-buying by understanding and meeting customer preferences and needs

Purchase recurrence: Full control over D2T and customer data, facilitating the creation of subscription programs, saving time and effort for research and incentivizing the purchase of new products through a more seamless customer experience

PURCHASE

Customer service: Customer service depends on what is offered to manufacturers/ third parties

One-stop shop: Limited product portfolio due to presence of one or few manufacturers at the D2T site

AWARENESS

Traffic: Low traffic generation due to one/ few companies offering goods and limited product portfolio on the site

Brand equity: Vast possibilities for generating content and advertising on a company-owned D2T site, resulting in high potential for building brand equity

Reach: Depends on the fulfillment model, i.e. leveraging specialized third party or relying on company's own logistics network

Product Knowledge: Ownership of site permits sharing deep-level of product information to facilitate purchase decisions

INFORMATION

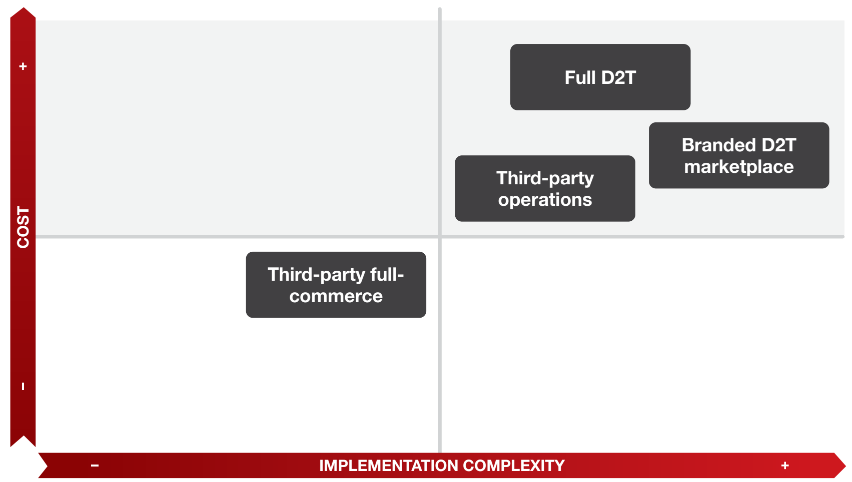
Price comparison: Little or no possibility for the customer to compare product prices with other brands or companies

Content: D2T sites offer high potential for sharing blogs, videos and articles that build brand equity, boost engagement and increase loyalty

Reviews: Possible to have reviews on D2T sites, albeit with low representativeness due to limited customer reach and low comparability with products from competitors

Model variations

- **Full D2T:** Manufacturer handles the full value chain, from sales to cash collection, logistics, consumer service and marketing
- **Full D2T + 3P operations:** Manufacturer(s) sells goods to retailers (D2T) by leveraging a third party for logistics
- **Branded D2T marketplace:** Manufacturer hosts a marketplace for reselling partner products (i.e. distributors/wholesalers), taking orders and executing fulfilment for B2C customers
- **D2T + 3P full-commerce:** Manufacturer(s) sells goods to retailers (D2T) while leveraging a multitude of third-party services such as platform infrastructure, logistics, marketing, customer service and cash collection



Value chain dynamics

ACTIVATION	SALE	CASH COLLECTION	LOGISTICS	CUSTOMER SERVICE	LOYALTY
communication	consideration to order	order to payment	payment to delivery	delivery to satisfaction	satisfaction to loyalty
▪ Actively leverage generated data to boost your CRM and optimize pricing, promotions and customer communication ▪ **[Full D2T]** Manufacturer has full control over Marketing, ads and overall consumer experience ▪ **[3P full-commerce]** Promotions and activations performed and managed by a specialized third party, who manages and optimizes activities based on generated consumer data and analytics insights	▪ Requires a broad and unique assortment (e.g. premium products, exclusives, personalization) ▪ Ideally ample product portfolio to offer a “one-stop shop” ▪ Through manufacturer's online site at wholesale prices ▪ **[3P full-commerce]** Via third-party platform, which is designed and managed for the manufacturer(s)	▪ Requires attractive pricing, especially in comparison with other online channels ▪ **[3P full-commerce]** Through third-party full-commerce, who often leverage specialized payment providers to offer additional services, such as cash advance and loan services (especially applicable for B2B)	▪ Requires fast and seamless delivery ▪ **[3P logistics & full-e-commerce]** Fulfilled through third-party	▪ Through manufacturer(s) ▪ Requires superior and 24/7 available customer support ▪ **[3P full-commerce]** Through third-party full-commerce	▪ Engagement with the customer through digital marketing (content, promotions, competitions etc.) ▪ Control & benefits of loyalty are fully with manufacturer ▪ **[3P full-commerce]** Third-party full-commerce managing all after-sales customer relationship, incl. loyalty programs, promotions etc.

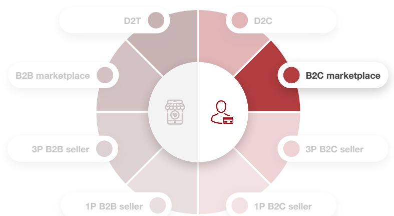
	Advantages	Disadvantages / Challenges
FULL D2T	▪ Greater control over product assortment, marketing and sales tactics ▪ First-party consumer data ▪ Can serve as a test-&-learn platform for new products or promotions ▪ Manufacturer keeps full margin	▪ Difficult to achieve sufficient traffic on the website, especially with a limited product portfolio ▪ Requires substantial investments in IT, marketing and IT, marketing and logistics infrastructure, or outsourcing ▪ Requires company to have internal teams for digital marketing, e-commerce (sales) and IT development ▪ Risk of channel conflicts
THIRD-PARTY OPERATIONS	▪ Benefit gained from third-party operations and scale ▪ Full operational control of customer service, marketing and loyalty, with more influence and quality control ▪ Manufacturer owns customer data	▪ Dependency on third-party operations ▪ Requires substantial investments in IT and marketing ▪ Requires company to have internal teams for digital marketing, e-commerce (sales) and IT development
THIRD-PARTY FULL-COMMERCE	▪ D2T can be run with minimum infrastructure and cost investment ▪ Benefit of specialized expertise and service offerings, providing customers with a more professional and full-service portfolio – beyond the transactional ▪ Reduced complexity, resource and cost investments for manufacturers ▪ D2C can be run with minimal infrastructure and cost investment	▪ Dependency on third-party for operations
BRANDED MARKETPLACE	▪ First-party consumer data ▪ Digitalization and real-time control over policies of resellers and data-driven applications ▪ Greater control over product assortment, marketing and sales tactics ▪ Benefit gained from third-party salesforce and logistics network	▪ Requires integrating ERP/OMS with different reselling partners that may use different systems – each requiring a pocket system ▪ Reselling partners need to migrate all sales volume to the new digital commerce platform (storefront for customers, sales team order-taking app etc.) ▪ Requires a high degree of change management across sales partner network ▪ Manufacturer splits shares with the reselling partner

MODEL ONE-PAGE

B2C MARKETPLACE

Multiple manufacturers pool together assortment and resources to directly sell to end-consumers via an online platform. The manufacturer(s) takes care of all steps along the value chain themselves, or with a third-party/solution provider.

Examples



Properties

LOYALTY

Intelligence: Basic data insights provided by the marketplace, with the possibility of purchasing additional data insights

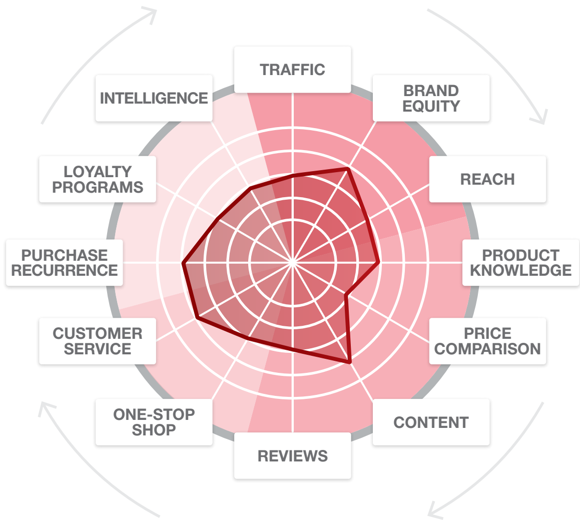
Loyalty programs: Loyalty programs for the marketplace can offer premium services or discounts, depending on setup

Purchase recurrence: Product subscriptions exist and can be incentivized via discounts, depending on marketplace setup

PURCHASE

Customer service: Structure depends on the marketplace setup and can be managed either by the marketplace owner or by a third party

One-stop shop: Available for a specific category, broader overall assortment than D2C



AWARENESS

Traffic: Moderate traffic due to wider assortment than D2C – mostly limited to few categories

Brand equity: As few sellers are present on the marketplace, reasonable opportunity exists for content generation

Reach: Moderate in general and depends on the chosen model (own fulfillment or third party)

Product knowledge: Generally moderate – depends on marketplace setup and negotiated contract between manufacturer & marketplace provider

INFORMATION

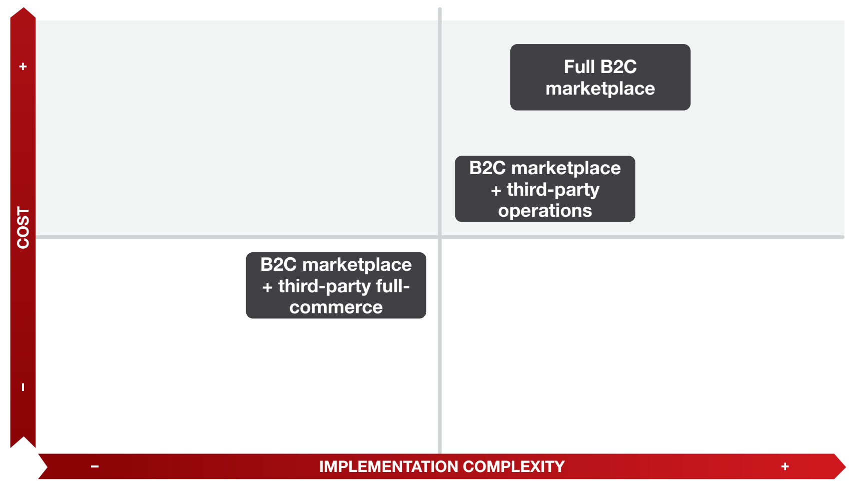
Price comparison: Presence of few manufacturers and brands allows for limited price comparisons

Content: Moderate opportunity for content generation with some influence over each brand – depends on marketplace owner

Reviews: Reviews generally possible yet limited in number and representativeness given moderate traffic and presence of only a few brands on the marketplace

Model variations

- **Full marketplace in:** Multiple manufacturers from the same industry, e.g. FMCG, pool and sell goods to end-customers (B2C)
- **Marketplace in + 3P operations:** Manufacturer(s) sell goods to the customer (B2C), leveraging a third party for logistics
- **Marketplace in + 3P full-commerce:** Manufacturer(s) sell goods to customers (B2C) while leveraging a multitude of services from a third party, e.g. platform infrastructure, logistics, marketing, customer service, cash collection etc..



Value chain dynamics

ACTIVATION	SALE	CASH COLLECTION	LOGISTICS	CUSTOMER SERVICE	LOYALTY
communication	consideration to order	order to payment	payment to delivery	delivery to satisfaction	satisfaction to loyalty
- Actively leverage generated data to boost CRM and optimize pricing, promotions and customer communication - Shared control over marketing and consumer experience - **[3P full-commerce]** Promotions and activations performed and managed by a specialized third party that manages and optimizes activities based on generated consumer data and analytics insights	- Direct sale at retail prices to end-customers on joint platform pooling together multiple manufacturers' product portfolios - Ideally offer an ample product portfolio for a one-stop shop - Requires a broad and unique assortment (e.g. premium products, exclusives, personalization) - **[3P full-commerce]** Via a third-party platform that's designed and managed for the manufacturer(s)	- Requires attractive pricing, especially in comparison with other online channels - **[3P full-commerce]** Through third party that often leverages specialized payment providers to offer additional services	- Fulfilled by the manufacturer(s) - Requires fast and seamless delivery - **[3P logistics and full-commerce]** Fulfilled by a third party	- By manufacturer(s) - Requires superior and 24/7 customer support - **[3P full-commerce]** Fulfilled by a third party	- Engagement with the customer through digital marketing (content, promotions, competitions etc.) - Shared influence and loyalty benefits with other manufacturers but with wider product and brand assortment to boost customer loyalty - **[3P full-commerce]** Third party manages all after-sale customer relationships, including loyalty programs, promotions etc.

	Advantages	Disadvantages / Challenges
FULL MARKETPLACE IN	- Wider brand and product assortment makes marketplace more attractive to customers, potentially leading to increased website traffic and higher sales - Pooled experience and resources among multiple manufacturers - Financial investments can be shared among manufacturers	- Shared control over value chain, especially marketing, customer data, loyalty etc. - Benefits (e.g. of customer data analytics, customer loyalty and sales) are shared among multiple manufacturers - Joint decision-making and control might slow down and reduce flexibility - Risk of channel conflicts
THIRD-PARTY OPERATIONS	- Benefit of third-party logistics network - Full operational control over customer service, marketing and loyalty, allowing for more influence and quality control - Manufacturer owns customer data	- Dependency on third-party logistics - Risk of losing clients when transitioning to the company's own logistics - Requires substantial investments in IT and marketing - Requires the company to have internal teams for digital marketing, e-commerce (sales) and IT development
THIRD-PARTY FULL-COMMERCE	- Allows running a marketplace with minimum infrastructure and cost investments - Benefit of specialized expertise and service offerings that provide customers with a more professional and full-service portfolio – beyond the transactional - Reduces complexity, resource and cost investments for manufacturers	- Dependency on third-party operations

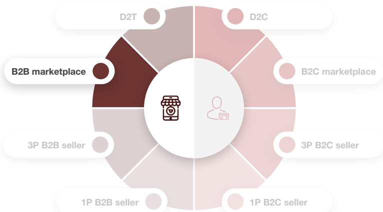
MODEL ONE-PAGE

B2B MARKETPLACE

Multiple manufacturers pool together their assortment and resources to directly sell to retailers (D2T) via an online platform. The manufacturer(s) takes care of all steps along the value chain themselves or with a third-party/solution provider.

Examples

BEES, blz PRO, COMPRA AGORA, JUNTOS SOMOS+



Properties

LOYALTY

Intelligence: Basic data insights provided by the marketplace, with the possibility of purchasing additional data insights

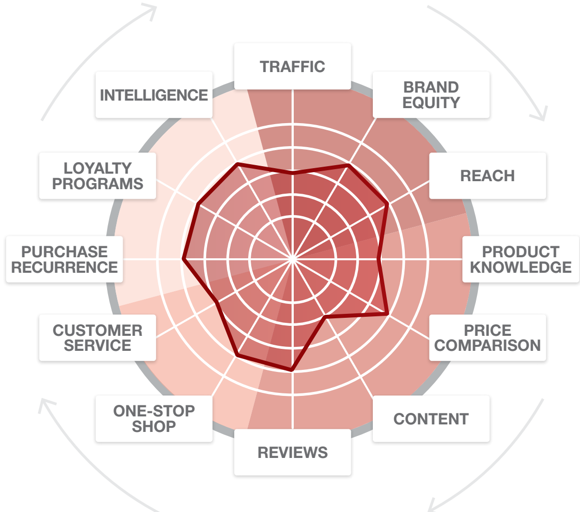
Loyalty programs: Loyalty programs for the marketplace can offer premium services or discounts, depending on the setup

Purchase recurrence: Product subscriptions exist and can be incentivized via discounts, depending on the marketplace setup

PURCHASE

Customer service: Structure depends on the marketplace setup and can be managed either by the marketplace owner or by a third party

One-stop shop: One-stop shop possibility for retail covering a wide assortment and high brand variety – depending on setup



AWARENESS

Traffic: Can be high depending on the marketplace, given a broad assortment and high brand variety

Brand equity: More transactional and branding is less relevant

Reach: Moderate to high in general and depends on the chosen model (own fulfillment or third party)

Product Knowledge: Generally moderate – depends on marketplace setup and a negotiated contract between manufacturer & marketplace provider

INFORMATION

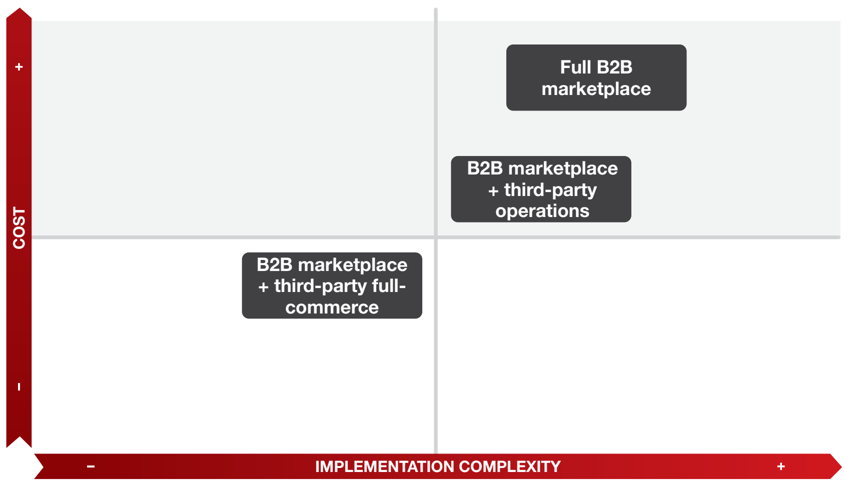
Price comparison: Presence of multiple, competing manufacturers and brands allows for reasonable price comparisons

Content: Marketplace is more transactional by nature and less content-driven

Reviews: Reviews are generally possible yet limited in number and representativeness given moderate traffic and presence of selected brands on the marketplace

Model variations

- **Full marketplace in:** Multiple manufacturers from the same industry (e.g. FMCG) pool and sell goods to trade. All steps of the value chain are performed by one or multiple manufacturers
- **Marketplace in + 3P operations:** Multiple manufacturers sell goods to retailers via a marketplace leveraging a third party for logistics
- **Marketplace in + 3P full-commerce:** Multiple manufacturers sell goods to retailers while leveraging a multitude of services from a third party, e.g. platform infrastructure, logistics, marketing, customer service, cash collection etc.



Value chain dynamics

ACTIVATION	SALE	CASH COLLECTION	LOGISTICS	CUSTOMER SERVICE	LOYALTY
communication	consideration to order	order to payment	payment to delivery	delivery to satisfaction	satisfaction to loyalty
▪ Actively leverage generated data to boost CRM and optimize pricing, promotions and customer communication ▪ Shared control over marketing and consumer experience ▪ **[3P full-commerce]** Promotions and activations performed and managed by a specialized third party that manages and optimizes activities based on generated consumer data and analytics insights	▪ Requires a broad and unique assortment (e.g. premium products, exclusives, personalization) ▪ Ideally ample product portfolio to offer a "one-stop shop" ▪ Sale at wholesale prices to retail on a joint platform pooling together multiple manufacturers' product portfolios ▪ **[3P full-commerce]** Via a third-party platform that's designed and managed for the manufacturer(s)	▪ **[3P full-commerce]** Through third party that often leverages specialized payment providers to offer additional services such as cash advances and loan service	▪ Fulfilled by the manufacturer(s) ▪ Requires fast and seamless delivery ▪ **[3P logistics and full-commerce]** Fulfilled by a third party	▪ By manufacturer(s) ▪ Requires superior and 24/7 customer support ▪ **[3P full-commerce]** Fulfilled by a third party	▪ Engagement with the customer through digital marketing (content, promotions, competitions etc.) ▪ Shared influence and loyalty benefits with other manufacturers but with a wider product and brand assortment to boost customer loyalty ▪ **[3P full-commerce]** Third party manages all after-sale customer relationships, including loyalty programs, promotions etc.

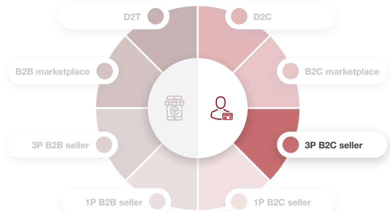
	⊕ Advantages	⊖ Disadvantages / Challenges
FULL MARKETPLACE IN	▪ Wider brand and product assortment makes marketplace more attractive to customers, potentially leading to increased website traffic and higher sales ▪ Pooled experience and resources among multiple manufacturers ▪ Financial investments can be shared among manufacturers (i.e. joint ventures)	▪ Shared control over the value chain, especially marketing, customer data, loyalty etc. ▪ Benefits (e.g. of customer data analytics, customer loyalty and sales) are shared among multiple manufacturers ▪ Joint decision-making and control might slow down and reduce flexibility ▪ Risk of channel conflicts
THIRD-PARTY OPERATIONS	▪ Benefit of third-party logistics network ▪ Full operational control over customer service, marketing and loyalty, allowing for more influence and quality control ▪ Manufacturer owns customer data	▪ Dependency on third-party logistics ▪ Risk of losing clients when transitioning to company's own logistics ▪ Requires substantial investments in IT and marketing ▪ Requires company to have internal teams for digital marketing, e-commerce (sales) and IT development
THIRD-PARTY FULL-COMMERCE	▪ Allows running a marketplace with minimum infrastructure and cost investments ▪ Benefit of specialized expertise and service offerings that provide customers with a more professional and full-service portfolio – beyond the transactional ▪ Reduces complexity, resource and cost investments for manufacturers	▪ Dependency on third-party operations, tira o resto

MODEL ONE-PAGE

3P B2C SELLER

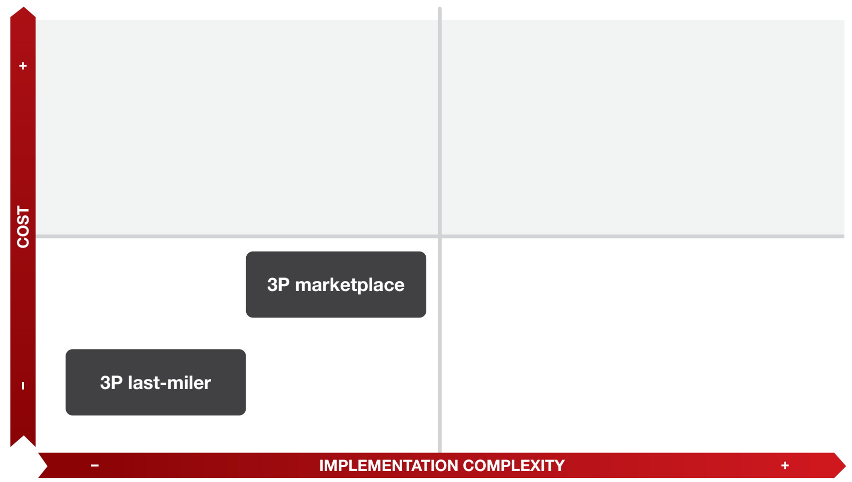
Manufacturer serves as a retailer selling directly to end-customer through a platform (web or app-based). The manufacturer manages everything from inventory to pricing and fulfillment.

Examples



Model variations

- **3P marketplace:** Manufacturers sell via a marketplace. Providers are often referred to as "Pure Players".
- **3P last-miler:** App-based selling and delivery of goods directly to consumers within a certain geographic radius and a short time period through picking up at nearby retail stores (see next page).



Advantages

3P MARKETPLACE

- Greater control of pricing, inventory, product listings, advertising and brand
- Better margin profile, given retail prices to end-customer (paying commission to the marketplace)
- Better consumer data (in comparison to 1P)

3P LAST-MILER

- Good opportunity to acquire new customers, given limited assortment of last-milers
- Can serve as test & learn platform for new products
- Great for convenience, especially good for grocery and/or convenience products, given super express delivery time

Disadvantages / Challenges

3P MARKETPLACE

- Requires advanced capabilities to drive purchase orders, handle inventory logistics, track competitor performance (e.g. product availability, pricing), intelligent pricing strategy, customer service etc.
- Requires solid brand reputation and active managing of reviews, as there is no support structure given by the marketplace
- Risk of account suspension if the marketplace's shipping, labelling and preparation guidelines are not met
- Incurs additional commission fee from the marketplace

3P LAST-MILER

- Dependency on last-miler to receive customer data
- Additional commission fee to last-miler

3P MARKETPLACE

Examples

Properties

LOYALTY

Intelligence: Basic data insight provided by the marketplace with the possibility of purchasing additional data insights

Loyalty programs: Loyalty program for the marketplace (e.g. Amazon price) offering premium services, such as fast delivery, however not binding to a certain brand or product and therefore of limited value for manufacturers

Purchase recurrence: Depending on the marketplace's setup, product subscriptions exist and can be incentivized via discounts (e.g. Amazon)

PURCHASE

Customer service: Depending on the chosen model (3P logistics or full-commerce). Usually well-structured, given order frequency and requirements of the marketplace

One-stop shop: Broad product and category assortment, given the presence of numerous manufacturers on the marketplace

AWARENESS

Traffic: High traffic, given one-stop shop proposition of marketplace (high assortment, variety of brands)

Brand equity: Content generation done by the manufacturer on the marketplace, therefore moderate influencing power

Reach: Reach depends on the logistics capabilities of the manufacturer himself, who is responsible for fulfillment

Product knowledge: In general moderate, depending on the marketplace setup as well as the negotiated contract between manufacturer & marketplace provider

INFORMATION

Price comparison: High number of brands and products make price comparison very user-friendly

Content: Very limited opportunity for content generation on marketplace

Reviews: High traffic and comparability between brands on the marketplace allow for representative reviews, which however require active management by the manufacturer

Value chain dynamics

ACTIVATION	SALE	CASH COLLECTION	LOGISTICS	CUSTOMER SERVICE	LOYALTY
communication	consideration to order	order to payment	payment to delivery	delivery to satisfaction	satisfaction to loyalty
▪ Manufacturer has full control over promotions and activations and therefore requires customer data from the marketplace to generate insights and optimize pricing, promotions and communications	▪ Sale performed over the marketplace at retail prices to the end-customer ▪ Manufacturer remains with product ownership until sale and receives full margin (only pays commission to marketplace) ▪ Depending on the negotiated contract, manufacturer has different possibilities to tailor and manage their product/brand page on the marketplace ▪ Possibility to "sponsor" certain products to optimize search results on the marketplace	▪ Requires attractive pricing, especially in comparison with other online channels	▪ Inventory and delivery handled by the manufacturer	▪ Through manufacturer(s) ▪ Requires superior and 24/7 available customer support	▪ Product subscription possible on some marketplaces to increase loyalty, however no influence from manufacturer (via marketplace)

▶ 3P B2C SELLER

3P LAST-MILER

Example Rappi

Properties

LOYALTY

Intelligence: Basic data insight provided by the last-miler with the additional possibility of purchasing additional data insights

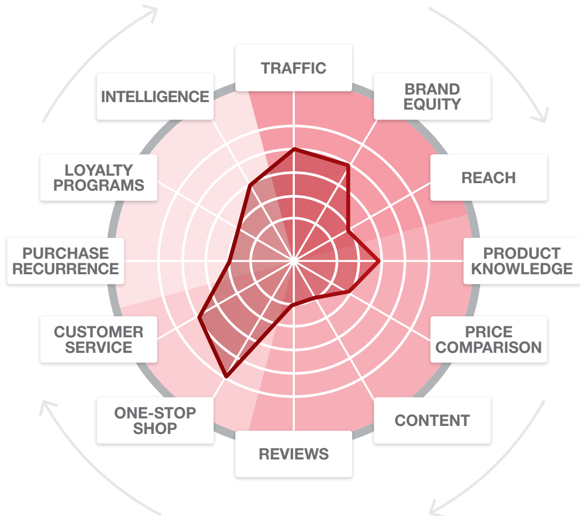
Loyalty programs: No loyalty programs

Purchase recurrence: No product or order subscriptions, purchase recurrence mostly incentivized via promotions (e.g. free delivery) and limited-time offerings

PURCHASE

Customer service: Provided by Last-mile operator (mostly via live chat or emaill)

One-stop shop: last-miler proposition to be a one-stop shop for most essential grocery and retail products



AWARENESS

Traffic: Med-high traffic, given one-stop shop proposition of the last-miler

Brand equity: Very transaction based, therefore less focus on branding

Reach: Limited to a small geographic radius in densely populated areas, that can be reached via (motor)bike in a short time period (10-20 minutes), no long-distance distribution network

Product knowledge: Moderate, given limited flexibility and interface on last-miler app (mobile format)

INFORMATION

Price comparison: Assortment is limited to most essential groceries & retail goods with a small selection of different brands per product, thus no/limited price comparison

Content: Very limited opportunity for content generation on last-miler

Reviews: In general no product reviews on last-miler app

Value chain dynamics

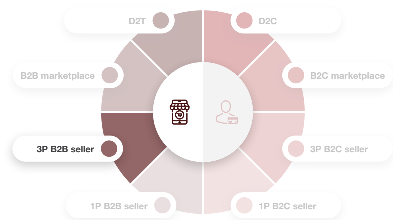
ACTIVATION	SALE	CASH COLLECTION	LOGISTICS	CUSTOMER SERVICE	LOYALTY
communication	consideration to order	order to payment	payment to delivery	delivery to satisfaction	satisfaction to loyalty
▪ Strongly promotion driven to incentivize registration and recurring purchasing at last-miler app	▪ Manufacturer sells goods to last-mile operators at wholesale prices ▪ Through mobile app from last-miler that offers product portfolio from multiple retail/FMCG brands and possibly also last-miler private-label products	▪ Through last-miler at the moment of sale, supported by third-party payment provider (e.g. PayPal)	▪ Manufacturer's delivers good to last-miler's dark stores ▪ Order picking for end-customer happens directly at last-miler's dark store ▪ Delivery through last-miler with (motor)bikes within limited radius in a densely populated area	▪ Last-miler provides service on their online app	▪ [not applicable]

MODEL ONE-PAGE

3P B2B SELLER

Manufacturer sells directly to trade through a marketplace. The manufacturer manages everything from inventory to pricing and fulfillment.

Examples: AliExpress, amazon, mercado livre



Properties

LOYALTY

Intelligence: Basic data insight provided by the marketplace with the additional possibility of purchasing additional data insights

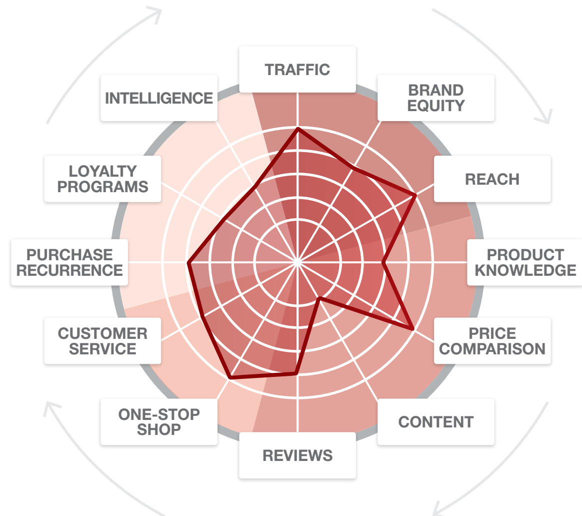
Loyalty programs: Loyalty program for the marketplace (e.g. Amazon price) offering premium services, such as fast delivery, however not binding to a certain brand or product and therefore of limited value for manufacturers

Purchase recurrence: Depending on the marketplace's setup, product subscriptions exist and can be incentivized via discounts (e.g. Amazon)

PURCHASE

Customer service: Depending on the chosen model (3P logistics or full-commerce). Usually well structured, given order frequency and requirements of the marketplace

One-stop shop: Broad product and category assortment, given presence of numerous manufactures on the marketplace



AWARENESS

Traffic: High traffic, given one-stop shop proposition of the marketplace

Brand equity: Content generation done by the manufacturer on the marketplace, therefore moderate influencing power

Reach: Moderate, but limited product reach, as distribution depends on the logistics capabilities and capacity of one or a few manufacturers (no third-party Logistics network)

Product Knowledge: In general moderate, depending on the marketplace setup as well as the negotiated contract between manufacturer & marketplace provider

INFORMATION

Price comparison: Presence of a multitude of manufacturers and brands allows for price comparisons

Content: Very limited opportunity for content generation on marketplace

Reviews: High traffic and comparability between brands on the marketplace allow for representative reviews, which however require active management by the manufacture

Model variations

▪ **3P marketplace:** Manufacturer sells directly to trade through a marketplace. The manufacturer manages everything from inventory to pricing and fulfillment.

3P B2B SELLER

Value chain dynamics

ACTIVATION	SALE	CASH COLLECTION	LOGISTICS	CUSTOMER SERVICE	LOYALTY
communication	consideration to order	order to payment	payment to delivery	delivery to satisfaction	satisfaction to loyalty
▪ Manufacturer has full control over promotions and activations and therefore requires customer data from the marketplace to generate insights and optimize pricing, promotions and communications	▪ Depending on the negotiated contract, manufacturer has different possibilities to tailor and manage their product/brand page on the marketplace ▪ Possibility to "sponsor" certain products to optimize search results on the marketplace	▪ Requires attractive pricing, especially in comparison with other online channels	▪ Inventory and delivery handled by the manufacturer	▪ Through manufacturer(s) ▪ Requires superior and 24/7 available customer support	▪ Managed through marketplace owner – no influencing power for manufacturer

3P MARKETPLACE

⊕ Advantages

- Greater control of pricing, inventory, product listings, advertising and brand
- Better margin profile, given retail prices to end-customer
- Better consumer data (in comparison to 1P)

⊖ Disadvantages / Challenges

- Requires advanced capabilities to drive purchase order, handle inventory logistics, track competitor performance (e.g. product availability, pricing), intelligent pricing strategy, customer service etc.
- Requires solid brand reputation and active managing of reviews, as there is no support structure given by marketplace
- Risk of account suspension if marketplace's shipping, labelling and preparation guidelines are not met
- Incurs additional commission fee from marketplace

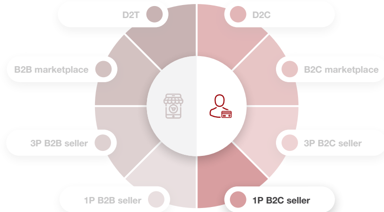
MODEL ONE-PAGE

1P B2C SELLER

Manufacturer sells directly to trade through a marketplace. The marketplace provider manages everything from inventory to pricing and fulfillment and is often also referred to as a "pure player".

Examples

Alibaba.com · amazon · mercado livre



Properties

LOYALTY

Intelligence: Basic data insight provided by the marketplace with the additional possibility of purchasing additional data insights

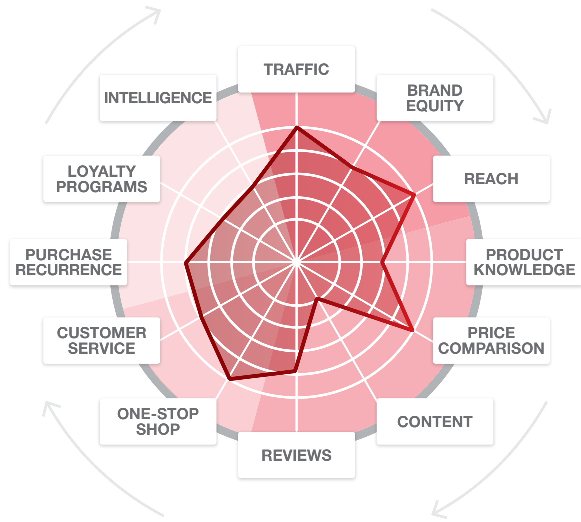
Loyalty programs: Loyalty program for the marketplace (e.g. Amazon price) offering premium services, such as fast delivery, however not binding to a certain brand or product and therefore of limited value for manufacturers

Purchase recurrence: Depending on the marketplace's setup, product subscriptions exist and can be incentivized via discounts (e.g. Amazon)

PURCHASE

Customer service: Central customer service provided by the marketplace

One-stop shop: Broad product and category assortment, given presence of numerous manufacturers on the marketplace



AWARENESS

Traffic: High traffic, given one-stop shop proposition of Marketplace

Brand equity: Focus more on the transactional, less on branding

Reach: High, given the extensive distribution and logistics network of the marketplace

Product knowledge: Moderate, depending on the marketplace setup as well as the negotiated contract between manufacturer & marketplace provider

INFORMATION

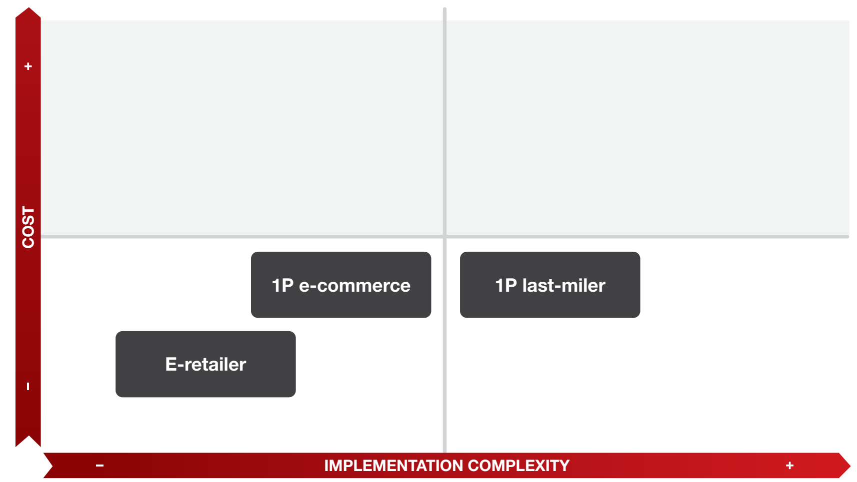
Price comparison: Presence of a multitude of manufacturers and brands allows for price comparisons

Content: Very limited opportunity for content generation on marketplace

Reviews: High traffic and comparability between brands on the marketplace allow for representative reviews, which are fully managed by the marketplace (no influence from manufacturer)

Model variations

- **1P e-commerce:** Manufacturer sell at wholesale prices to an e-commerce retailer, who takes ownership of the products and ships them to the end customer. Also referred to as a "pure player".
- **1P last-miler:** App-based selling and delivery of goods directly to consumers within a certain geographic radius and a short time period through picking at nearby retail stores.
- **E-retailer**: Platform is operated by a traditional retailer, who sells, picks and ships his usual assortment via the owned marketplace. Also referred to in some markets as **"Bricks-and-Clicks"**



▶ 1P B2C SELLER

Value chain dynamics

ACTIVATION – communication

- **[1P marketplace]** In full control of the marketplace, who might charge additional allowances for advertising, merchandising and chargebacks
- **[E-retail]** Activation via the retailer's website, manufacturer's influence depending on the agreed contract/JBP
- **[1P last-miler]** Strongly promotion driven to incentivize registration and recurring purchasing at last-miler app.
- Given products are picked from retail stores, promotions are launched in cooperation with the retailer product brands

SALE – consideration to order

- **[1P marketplace]** Manufacturer sells product at wholesale prices to the marketplace provider, who takes full product ownership and decides over pricing to the end-customer
- Platform operated by marketplace provider offering the product portfolio of multiple industries
- **[E-retail]** Via the retailer's website
- **[1P last-miler]** Through a mobile app from last-miler that provides the product assortment from different retail stores nearby
- The end-consumer selects the retail store that they want to buy the products from
- Product assortment and brands differ depending on the chosen retailer
- Each order is limited to the selection of one specific store

CASH COLLECTION – order to payment

- **[1P marketplace]** Operated by marketplace, possibly via third-party payment solution
- **[E-retail]** Via the retailer's website, possibly via third-party payment solution
- **[1P last-miler]** Through last-miler at moment of Sale, supported by third-party payment provider (e.g. PayPal)

LOGISTICS – payment to delivery

- **[1P marketplace]** Purchase order of marketplace fulfilled by the manufacturer, customer order fulfillment by marketplace
- **[E-retail]** Manufacturer ships goods up to a central warehouse of the retailer, retailer distributes to the end-consumer
- **[1P last-miler]** Manufacturer delivers goods to retailer, where last-miler does the order picking
- Delivery through last-miler with (motor)bikes within limited radius in a densely populated area

CUSTOMER SERVICE – delivery to satisfaction

- **[1P marketplace]** Operated by the marketplace
- **[E-retail]** Via the retailer's website
- **[1P last-miler]** Last-miler provides service on their online app

	⊕ Advantages	⊖ Disadvantages / Challenges
MARKETPLACE 1P	▪ Hands-off approach that requires limited resources and operational oversight by the manufacturer, e.g. merchandising team of the marketplace optimizes product detail pages ▪ Better sustain distribution network through lower cost with no intermediaries and additional markups ▪ Optimization of product sales through the marketplace's Merchandise team (e.g. placement priority, advanced analytics tools, product display ads) ▪ Manufacturers gain credibility selling products with the marketplaces seal of approval	▪ Manufacturer loses control of product pricing ▪ Lower margins, as the manufacturer sells products at wholesale prices to the marketplace provider ▪ Risk of chargebacks if stock levels or order fulfillment is not done satisfactorily ▪ Dependence on the marketplace's orders to maintain the manufacturer's presence
E-RETAILER	▪ Access to large customer base through already established retailer ▪ Opportunity to receive/buy retail sell-out data to get a view on own product performance, as well as competitor's product performance	▪ Dependency on retailer's clients and distribution network
1P LAST-MILER	▪ Very little effort and complexity, as the 1P last-miler does not require a separate drop-off point (manufacturer delivers to retailer) ▪ Great for convenience, especially for grocery and convenience products given super-express delivery time	▪ Dependency on last-miler to receive customer data ▪ Additional margin cost to last-mile

E-RETAILER ("BRICKS-AND-CLICKS")

Examples: americanas, magalu, Pão de Açúcar, REWE, Walmart

Properties

LOYALTY

Intelligence: Possibility of buying retail sell-out data that allows generating data insights

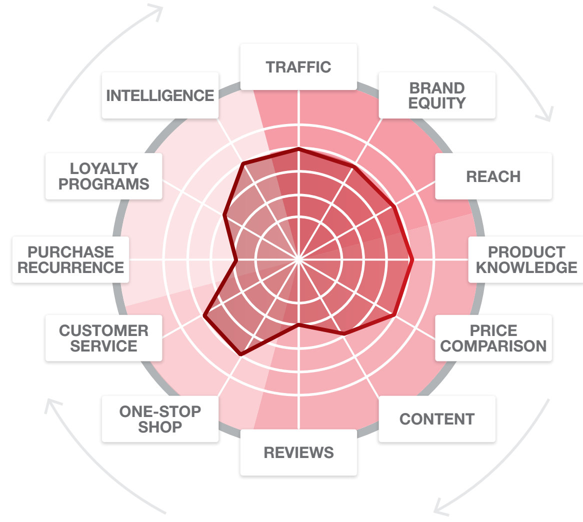
Loyalty programs: None, in general, but opportunity to cooperate with service provider (e.g. Payback) that offers loyalty program

Purchase recurrence: No product or order subscriptions, purchase recurrence mostly incentivized via promotions (e.g. free delivery) and limited-time offerings

PURCHASE

Customer service: Provided by e-retailer (e-mail/phone)

One-stop shop: E-retail aims to provide a full assortment as in the offline channel



AWARENESS

Traffic: Moderate-high with increasing tendency, as more and more consumers are switching to online grocery/retail shopping

Brand equity: Focus more on the transactional, less on branding

Reach: High reach, based on e-retailer's pre-established distribution network

Product knowledge: Moderate opportunity

INFORMATION

Price comparison: High, given large variety of brands and product assortment allowing for direct comparison

Content: Depending on the negotiated contract with the e-retailer, opportunity exists to feature the manufacturer's brand in content (e.g. recipes)

Reviews: Generally no reviews

1P LAST-MILER

Examples: daki, Flink, getir, GORILLAS

Properties

LOYALTY

Intelligence: Basic data insight provided by the marketplace with the additional possibility of purchasing additional data insights

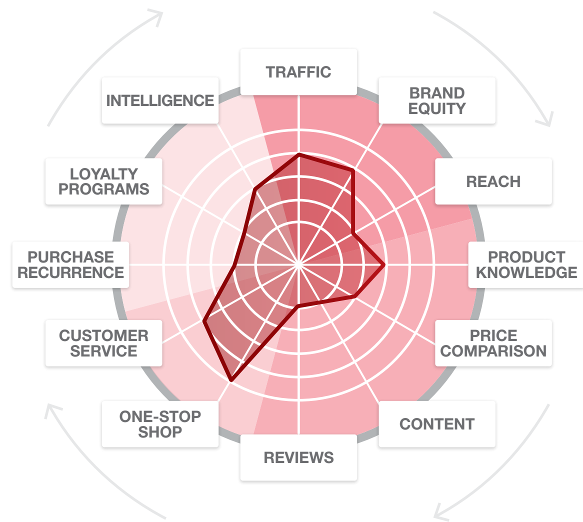
Loyalty programs: No loyalty programs

Purchase recurrence: No product or order subscriptions, purchase recurrence mostly incentivized via promotions (e.g. free delivery) and limited-time offerings

PURCHASE

Customer service: Provided by last-mile operator (mostly via live chat or email)

One-stop shop: last-miler proposition to be a one-stop shop for most essential grocery and retail products



AWARENESS

Traffic: Med-high traffic, given one-stop shop proposition of the last-miler

Brand equity: Focus more on the transactional, less on branding

Reach: Limited to a small geographic radius in densely populated areas, that can be reached via (motor)bike in a short time period (10-20 minutes), no long-distance distribution network

Product knowledge: Moderate, given limited flexibility on last-miler app

INFORMATION

Price comparison: Assortment is limited to most essential groceries & retail goods with a small selection of different brands per product, thus no/limited price comparison

Content: Very limited opportunity for content generation on last-miler app

Reviews: In general no product reviews on last-miler app

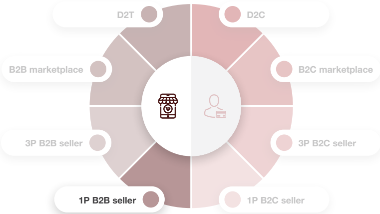
MODEL ONE-PAGE

1P B2B SELLER

Manufacturer sells to a marketplace at wholesale prices, fully owning, storing and shipping the product to retail/trade outlets.

Examples

amazon MARTINS mercado livre



Properties

LOYALTY

Intelligence: Basic data insight provided by the marketplace with the additional possibility of purchasing additional data insights

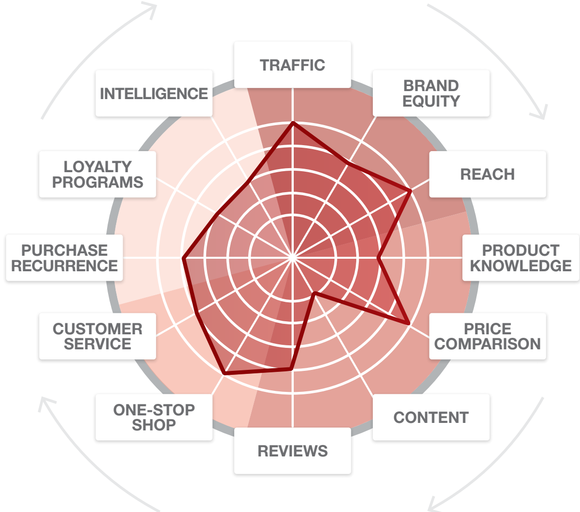
Loyalty programs: Loyalty program for the marketplace (e.g. Amazon price) offering premium services, such as fast delivery, however not binding to a certain brand or product and therefore of limited value for manufacturers

Purchase recurrence: Depending on the marketplace's setup, product subscriptions exist and can be incentivized via discounts (e.g. Amazon)

PURCHASE

Customer service: Usually well structured and managed by the marketplace provider/e-wholesaler

One-stop shop: Broad product and category assortment, given the presence of numerous manufacturers in the marketplace



AWARENESS

Traffic: High traffic, given one-stop shop proposition of the marketplace

Brand equity: Content generation done by the manufacturer on the marketplace, therefore moderate influencing power

Reach: Depending on the logistics capabilities and capacity of the marketplace provider/wholesaler, but generally high

Product Knowledge: In general moderate, depending on the marketplace setup as well as the negotiated contract between manufacturer & marketplace provider

INFORMATION

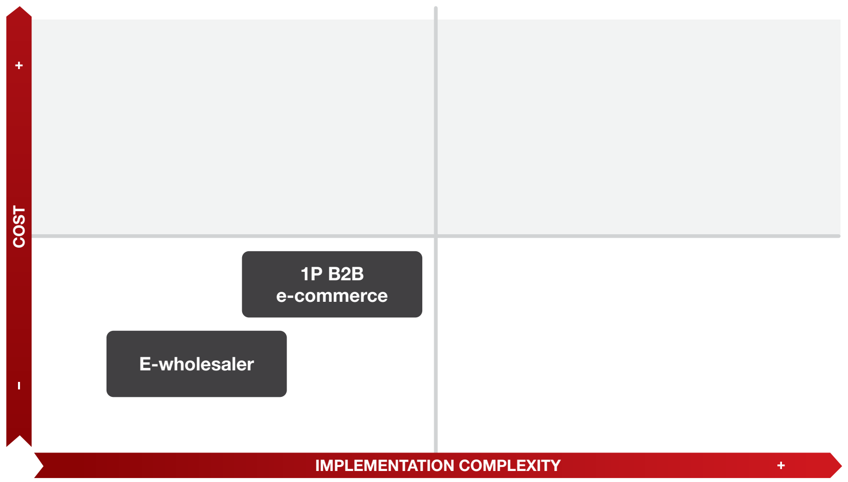
Price comparison: Presence of a multitude of manufacturers and brands allow for price comparisons

Content: Very limited opportunity for content generation

Reviews: High traffic and comparability between brands on the marketplace allow for representative reviews, which however require active management by the manufacturer

Model variations

- **1P e-commerce:** Manufacturer sell at wholesale prices to an e-commerce retailer, who takes ownership of the products and ships them to the end-customer. Also referred to as a "pure player".
- **E-wholesaler:** Platform is operated by a traditional wholesaler, who sells the usual assortment via the owned marketplace



Value chain dynamics

ACTIVATION	SALE	CASH COLLECTION	LOGISTICS	CUSTOMER SERVICE	LOYALTY
communication	consideration to order	order to payment	payment to delivery	delivery to satisfaction	satisfaction to loyalty
In full control of marketplace/wholesaler, who might charge additional allowances for advertising, merchandising and chargebacks (depends on negotiated contract/JBP)	Sale performed over the marketplace interface Depending on the negotiated contract, manufacturer has different possibilities to tailor and manage their product/brand page on the marketplace Possibility to "sponsor" certain products to optimize search results on the marketplace	Operated by marketplace	Inventory and delivery handled by the marketplace provider/ wholesaler	Operated by the marketplace provider/ wholesaler	Managed through marketplace owner – no influencing power for manufacturer

	Advantages	Disadvantages / Challenges
1P MARKETPLACE	Access to a larger client base, especially small, independent stores Hands-off approach that requires limited resources and operational oversight by the manufacturer Better sustain distribution network through lower cost with no intermediaries and additional markups Optimization of product sales through the marketplace's Merchandise team (e.g. placement priority, advanced analytics tools, product display ads) Manufacturers gain credibility by selling products with the marketplaces seal of approval	Manufacturer loses control of product pricing Lower margins, as manufacturer sells products at wholesale prices to the marketplace provider Risk of chargebacks if stock levels or order fulfillment is not done satisfactorily Dependence on the marketplace's orders to maintain the manufacturer's presence
E-WHOLESALER	Access a large customer base through a pre-established wholesaler Opportunity to receive/buy retail sell-out data to get a view on own product performance, as well as competitor product performance	Dependency on wholesaler's clients and distribution network

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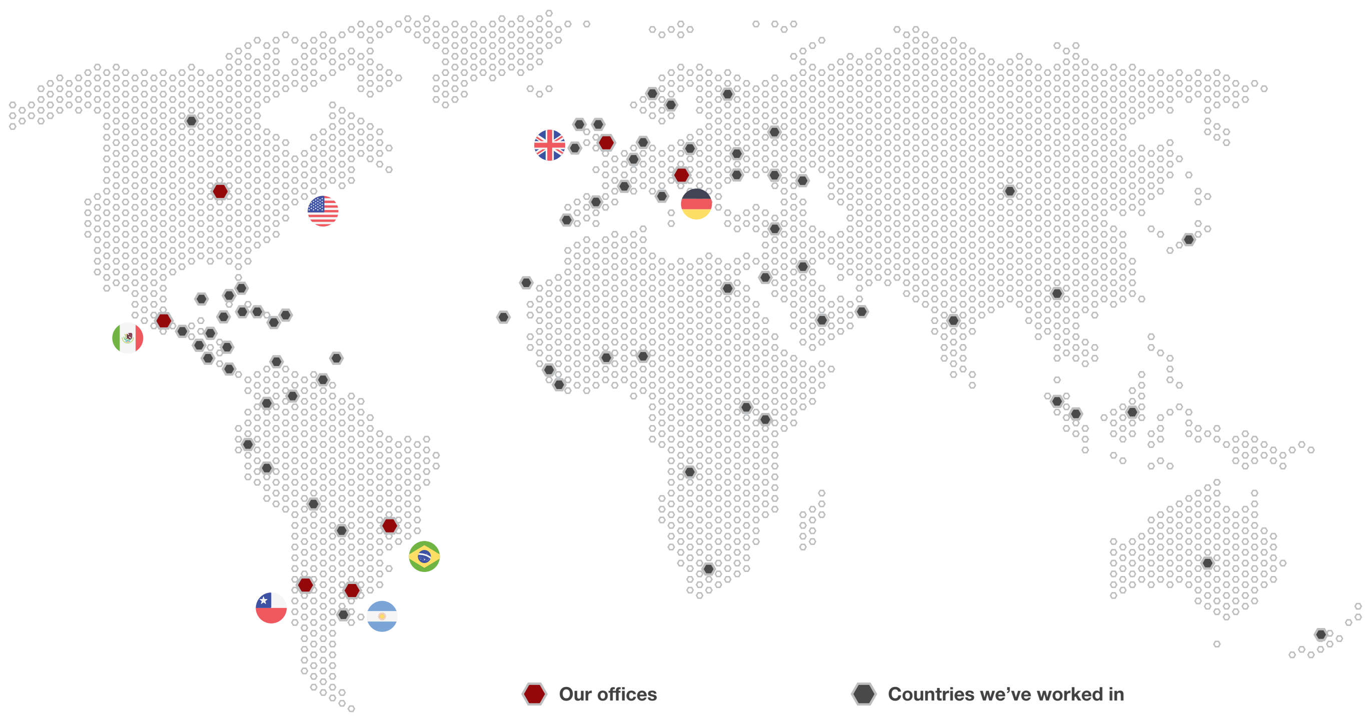
About Integration

Integration is a **global strategy & management consultancy** committed to realizing the change that our clients need. Founded in 1995, Integration has grown quickly to become an internationally recognized and award-winning consultancy firm operating from offices in **Buenos Aires, Chicago, London, Mexico City, Munich, Santiago and São Paulo**. To date, our teams have delivered thousands of projects for clients across virtually all industries in over 85 countries.

We work side by side with our clients to create customized solutions that match their business needs for change across all levels of the organization – always integrating our expertise with the client's reality. The result of this for our clients is a unifying movement across the organization that creates a positive legacy of tangible change – always integrating people and business.



Visit our website

integrationconsulting.com

since
1995

global offices
7

clients served
900+

projects delivered
3600+

countries worked in
85+

repurchase rate
87%

What we offer

AI & DIGITAL

- GROWTH
- SUPPLY CHAIN
- EFFICIENCY
- ORG. DESIGN
- M&A

How we offer it

Our differential is an approach based on integrating teams – **a transformation that's only possible when working side by side**

We believe in strategies that can be implemented

WE'RE PARTNERS IN YOUR TRANSFORMATION

Some of our clients – who are all available for references

ABInBev, ACH, aché, Alpargatas, AON, Associated British Foods plc, AssoDeere, AZZAS 2154, Bacardí, BASF, Bauducco, Bayer, BD, Beiersdorf, Biorigin, brf, Cargill, Carrefour, cogna, COPA energia, COTY, Danone, Dasa, Diageo, essity, Ferrara, Bimbo, Grupo Boticário, DPSP, GPA, Hershey's, Iguatemi, IHS, Jive, Johnson&Johnson, Kellogg's, Kenvue, Kimberly-Clark, Kinea, KraftHeinz, L'ORÉAL, Localiza, MARS, McCain, mercado libre, Mondelēz International, Mosaic, novo nordisk, PATRIA, pepsico, Pernod Ricard, RD, reckitt, sabesp, Suntory, suzano, Sylvamo, symrise, Unilever, VINCI COMPASS, WELLA, Whirlpool, zilor

We're proud of the recognition received for our work

Best Change Management Project in the Public Sector

Project of the Year

International Project Category

Commercial Impact Category

Top Employers among Medium-Sized Companies from Focus magazine (2022 and 2023)

LATAM

Best Supply Chain Consultancy Award from Inbrasc – the Brazilian Supply Chain Institute (2016, 2017, 2018 and 2020-2021)

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Integration

Together, for the change you need