

Omnichannel Merchandising Best Practices

3 Quick-Win
Strategies To Beat
The Competition



An illustration of two people on a circular white platform. A woman in a teal top and grey skirt stands on the left, holding a phone. A man in a green shirt sits on a blue sofa on the right, using a laptop. Four blue arrows point outwards from the platform.

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Executive Summary

With half a trillion dollars spent online in the United States in 2018, eCommerce now represents a full 15% of total retail sales — a percentage that is growing with no signs of slowing down. While eCommerce channels are centers of growth across many categories, big consumer goods brands have had difficulty adapting to omnichannel strategies. The result: hundreds of millions of dollars in lost sales opportunities. For category managers, brand strategists, and shopper marketers, this paper takes a closer look at answering three main questions:

01

Why are the largest manufacturers of consumer goods struggling to maintain market share in eCommerce channels?

02

What can large CPG companies do to better meet online consumer demands for more product information?

03

How can brands effectively scale merchandising efforts across a multitude of eCommerce channels?

The Emerging eCommerce Landscape

Customer Story

For one global food brand, one indicator that their eCommerce strategy needed work was finding listings of their products on Amazon — even though their eCommerce division didn't yet sell there. Instead of finding products listed by their own eCommerce team, they found that resellers had been buying their products by the pallet and selling them at a steep markup.

Resellers have low barriers to entry, and step in where manufacturers are slow to stake a claim. Many consumers may even attribute high reseller prices to the brand itself, and perception of value may suffer.

Large consumer brands can't ignore the new reality: if you don't sell your products to the most popular online channels, someone else will (or already is).

eCommerce has taken off like a rocket, even in an era when other channels have struggled to connect with consumers. According to BCG, eCommerce sales grew at an annual rate of 19% from 2013-2018, compared to 1% growth for in-store sales.

The trend is expected to continue, across a number of industries: BCG says eCommerce represents half the likely growth in the grocery sector over the next five years, and Forrester predicts that by 2022, over a third of fashion retail sales will be made online.

Built on their understanding of how best to get products on store shelves, the largest manufacturers of consumer goods — responsible for creating some of the most recognizable brands in the world — have struggled to keep pace with eCommerce growth. Most large consumer brands' eCommerce market share lags 5-10 points behind their share in the brick-and-mortar world.

In order to outcompete and outlast new challengers, it's not enough to simply have an eCommerce strategy. That strategy needs to be comprehensive and future-ready, with full omnichannel capabilities that allow fast expansion into emerging eCommerce channels.

When eCommerce channels are neglected, they can become incubators for up-and-coming rivals. Worse yet for large CPG companies, it's harder to notice challenger brands emerging in digital channels, leaving the possibility for being blindsided by the competition.

Nowhere is the new reality clearer than on Amazon, where eCommerce has turned unknowns into popular favorites. For example, the most popular chocolate brand sold on Amazon.com in late 2018 wasn't Hershey's, Reese's, or Nestle — it was ChocZero, a company less than one percent market share in the offline world.

To survive and thrive in today's omnichannel world, large CPG companies have to rethink merchandising in a strategic, forward-thinking way. Tomorrow's most successful global manufacturers will be those who can effectively scale eCommerce efforts for many products, channels, and regions.

Modernizing Merchandising: Choices and Challenges

When eCommerce merchandising creates challenges for large consumer goods manufacturers, **it's all a matter of scale.**

eCommerce was designed to have low barriers to entry, and challenger brands (like ChocZero or mattress superstar Casper) take full advantage of this fact. **In companies with a small product assortment being sold through a small number of channels, detailed, complete product information can be entered manually.** With relatively infrequent changes to product information, smaller companies can keep eCommerce channels up to date.

But when Nuxeo talked to leading consumer goods companies, we heard a different story. **Large companies have generally found it difficult to effectively scale their merchandising efforts,** encountering significant challenges in several areas.

Channel Expansion

Larger brands want to market in more eCommerce channels, but the obstacle to scale here is a lack of channel standardization. Every channel demands different image resolutions, description lengths, and product information. These small differences place a major burden on the merchandising teams that have to assemble this information from multiple systems and departments, and add up to big time wasters (and big revenue loss) for big brands.

Uploading information to channels is also a non-standardized process: every channel has its own way to ingest product information. Each spreadsheet, form, or API is organized differently — so even when an eCommerce specialist gets enough experience with one channel to enter product information quickly, the advantages vanish when new channels enter the picture.

For one major food company, eCommerce merchandising involved tedious, manual data entry from a dedicated team. Each FTE would enter product information for one major online retailer, and adding a new channel meant adding another full-time worker. As a result, channel expansion was limited and slow-moving.

Product Assortment

While small challenger brands can achieve growth with just a few products and limited choices, large CPG companies have large assortments across many brands. With so many products, manual processes fall short and can't meet rising consumer expectations for product information.

One of the world's top toy manufacturers told Nuxeo that it has only been able to include complete product information on Amazon for the 10 percent or so of its products likely to account for the most sales, while the less-popular 90 percent had "stub" descriptions with less information.

The company knew it was losing sales because of the incomplete information for many products. But with so many products available, they had simply reached the limits of the Amazon team's capabilities to properly merchandise the full product range.

Product Changes

A change to packaging — the fabric content on a clothing label, or the ingredient list on a mascara bottle — used to be enough to roll out a change in product information to every store those packages were sent to. But in eCommerce, every change requires alterations to product images, descriptions, and more.

One top consumer goods manufacturer Nuxeo talked to was overwhelmed by changes to product information. During times when many product changes were occurring at once, product information sometimes took months to update, even in the largest eCommerce channels.

These challenges have forced large companies to make **tough decisions about which products, channels, and pieces of product information will be used**. Even when companies know growth and revenue are being negatively impacted, they still find it difficult to effectively scale eCommerce merchandising efforts.

But what if it didn't have to be this way?

What if you could stop worrying about different formats, different resolutions, different data requirements? What if "different" ... didn't make a difference?

To Omnichannel And Beyond: Conquering Scale Challenges

As channels continue to proliferate, **the most successful large brands will be those that can effectively scale their merchandising efforts** — for every product, every change, in every channel.

Growth will be stunted for companies that don't automate and streamline legacy, high-touch, manual merchandising processes.

Nuxeo has worked with some of the world's largest consumer goods companies to take on today's toughest omnichannel digital challenges. Several strategies have emerged as clear winners for eCommerce merchandising at scale.

Streamlined Channel Expansion

Listing products on a new eCommerce channel shouldn't have to be a nightmare for the teams in charge. Drawing from product, eCommerce, and creative processes and applications, Nuxeo can streamline collection and distribution of product information and media to new channels, even those with requirements that differ from existing channels.

One Nuxeo customer accelerated eCommerce growth by **automating expansion of their complete current product assortment to new channels**. Leveraging product information that already existed in their systems, this major cosmetics and beauty manufacturer can now conquer new and emerging eCommerce channels in diverse markets worldwide faster than its competitors.

Automated Omnichannel Launches

Successful CPG companies need fast product launch cycles, complete with quick rollouts of new product information to all existing channels — for eCommerce and beyond. For today's forward-thinking manufacturers, Nuxeo can eliminate the need to prioritize some channels while leaving others behind.

One customer, an apparel mega-brand, was able to make it easy to launch new products in many channels at once. In addition to rolling out the new solution to eCommerce channels, it created a **retail brand portal to showcase their newest products in an on-brand way** — enabling retailers to have a single source for approved, on-brand images and information.

Continuous Product Updates

More products mean more product changes, and the largest CPG companies, especially in seasonal or trend-driven sectors like apparel, toys, beauty, and luxury, can face overwhelming numbers of product changes on a daily basis. By linking systems that contain and use product information, images, and descriptions, these companies can maintain current information for their full product assortment, no matter how wide or deep their omnichannel strategy goes.

For one food manufacturer, Nuxeo connected product details to eCommerce listings, ensuring that every channel they used would be updated as soon as any product changes were made. With 2,000 product changes every year and a rapidly-expanding number of eCommerce channels, the company was able to **keep its full range of product listings up-to-date in every channel** using Nuxeo's forward-thinking solution.

How Big Brands Can Find Quick Wins in Merchandising

Ultimately, the large consumer goods brands who thrive in 2019 and beyond will be those who accelerate their move from a multichannel strategy — where every new channel requires extensive new work to be done — to an omnichannel one.

With real omnichannel strategies, enabled by a modern content solution, adding a new channel (or ten new channels, or a hundred) is automated and streamlined. As a result, you can enter into new markets faster and take advantage of trends by moving into new channels serving emerging demographics.

Think modernization means long, drawn-out implementation of technology projects? Think again. Diversifying your channel mix doesn't have to be a massive, multi-year technology project. Deploying a modern content solution like Nuxeo can be completed in weeks, not months.

With Nuxeo, you can stay agile and flexible, with an approach that fits your needs today while keeping you ready for the future.

To learn more about how Nuxeo can work to help you achieve your omnichannel goals, visit www.nuxeo.com/industry/CPG today.