Research finds the need for companies to transform into 'omni businesses'

A survey of 400 consumer goods retail and manufacturing executives from 27 countries has revealed that companies that want to keep in front of change and secure competitive advantage are transforming themselves into fully integrated 'omni businesses' - able to respond to the needs of customers across all channels and at any point during their shopping.

By 2018, 32% of the executives responding to the Global Consumer Executive Top of Mind survey conducted by KPMG International and The Consumer Goods Forum said that they plan to evolve beyond their current single-, multi- or omni-channel retail operations into omni businesses. This means completely a digitally integrated business including not just sales channels, but also manufacturing, inventory, marketing, sales, payments and distribution. Forty-two percent of executives said that their customers already expect a seamless experience across sales channels, especially the influential millennial generation.

Willy Kruh, global chairman of consumer markets, KPMG International commented: “The customer is the new point of sale. To compete in a global marketplace with shifting demographics, even today’s best-in-class consumer goods retailers and manufacturers require a deeper, multidimensional understanding of their customers. Hyper customer-centricity brings the customer into sharper focus through the use of advanced data analytics and smart technologies to track and anticipate consumer behaviour in near-real time and deliver personalised products and experiences when, where, and how the customer wants them.”

Willy Kruh.

Picture: KPMG.com

Smarter analytics and technologies

The executives surveyed said that they are investing significantly in smarter analytics and technologies. While 29% said they are currently using data analytics, that proportion will double to 58% in the next two years. Usage of techniques such as predictive analytics, customer path to purchase analytics, and artificial intelligence are also expected to double over the next two years, to 59%, 54% and 43%, respectively. Other analytical technologies that executives think will grow fast include real-time tracking systems, scenario modelling and stress testing, and micro targeting.

“Companies need to gather and analyse as much circumstantial, situational, and demonstrated behaviour data as possible so they can start to understand the motivation for why, when, and how a consumer makes a purchase decision at any given time. However, this shouldn’t be at the expense of the fundamentals of good customer service,” said Kruh.

Despite the investments in sophisticated analytical technologies, research with 7,100 consumers across 19 countries suggests that a majority of retailers and manufacturers may not be paying enough attention to more basic customer expectations.

According to the survey, consumers rank return policies and payment options as two of their top-three considerations when choosing the brand or retailer to buy from (number one was competitive pricing). But industry executives thought these would be the two least important considerations for their customers.

The pervasive influence of millennial consumers

Peter Freedman, MD of The Consumer Goods Forum, commented: “This report provides further evidence of the pace of disruption that the industry is experiencing from the pervasive influence of millennial consumers, social media and omni-channel business models. So much so, that sometimes industry executives may struggle to keep up with their consumers. According to this report, over 75% of shoppers now say their top buying criterion is detailed and transparent product information – yet only 42% of industry executives think transparency is important. And over half of consumers rate environmental and ethical considerations as very important to their purchase decision, a proportion again underestimated by industry executives."

He continued: "The Consumer Goods Forum exists to help our members address many of the priorities highlighted in the report – including transparency, environmentally and socially sustainable supply chains, and the shift to 'omni-business models'. In all of these areas, the scale and pace of change requires retailers and manufacturers to collaborate at scale if they are to catch up with consumers."

Download the full report here.