



Navigating through COVID-19

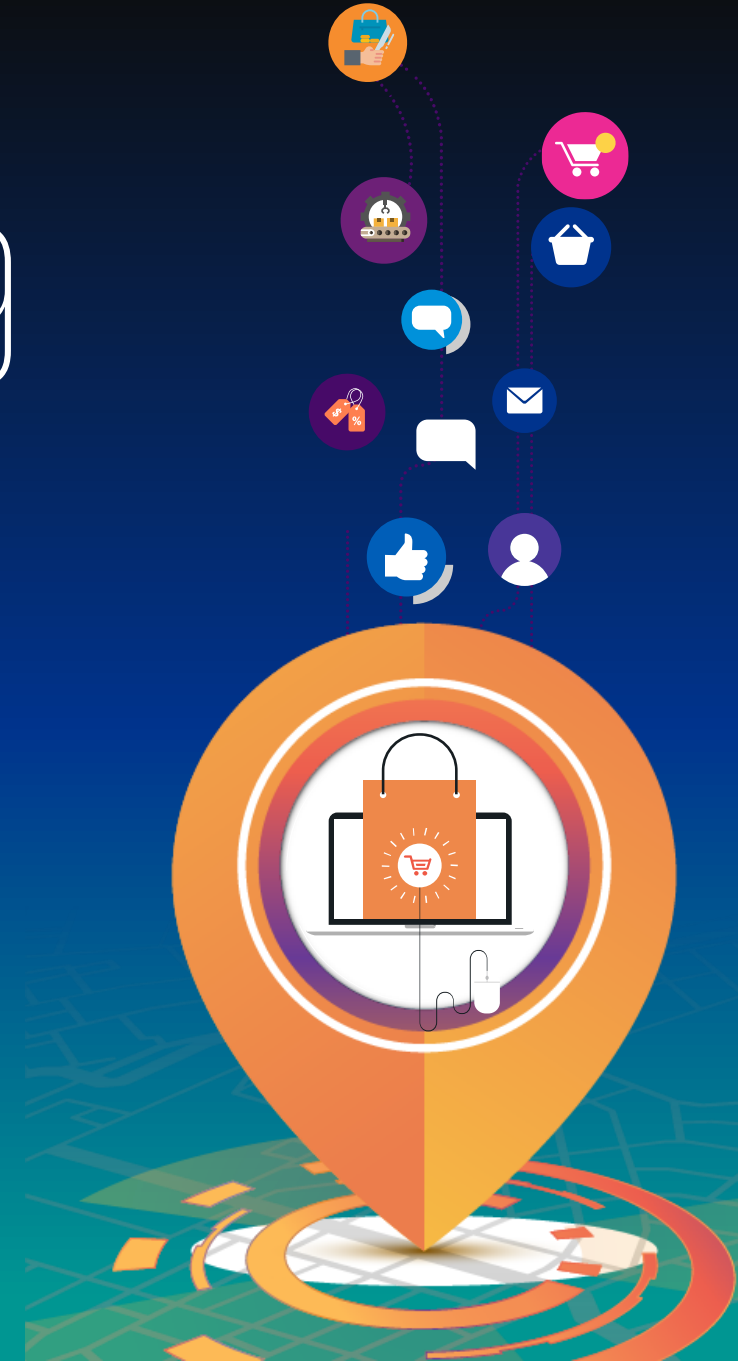
Re-imagine, re-invent, reach out!

A detailed survey on best practices adopted by consumer companies operating in India while dealing with the global COVID-19 pandemic.

This report aims to highlight some innovative practices and areas of transformation which companies have implemented to adapt and drive business during COVID-19.

September 2020

home.kpmg/in



Contents



Introduction



Foreword



Noteworthy practices being adopted by consumer companies



New ways of working in action:

- Front office
- Middle office
- Back office



Key take-aways for consumer companies



Acknowledgements





In the new age of COVID-19, companies are proactively utilising this period as an opportunity to adapt, focus and reinvent. In light of the current situation, companies are exploring dimensions where there is scope for improvement and development for their current business models.

Hence, we at KPMG in India, have attempted to create a repository that will serve as a guide/ready reckoner to understand some of the key innovative best practices that companies have undertaken to drive their businesses towards a better future. We have interviewed 142 CXOs of leading consumer organisations across 10 sub-sectors. Our survey highlights over 550 practices implemented across the value chain to combat disruptions caused by COVID-19. Of these, 189 practices (34 per cent) are in the front office, 157 practices (29 per cent) in the middle office and 207 practices (37 per cent) in the back office.

The overall objective of this repository is to aid consumer companies and retailers across India to comprehend how innovative strategies along with implementation of best practices can lead to a positive change over the long run.

As the saying goes – *‘Never let a good crisis go to waste’*. Has your company adopted the new set of opportunities to emerge stronger and embrace the future?



Harsha Razdan

Partner and Head - Consumer Markets and Internet Business
KPMG In India

COVID-19 has had a significant impact on companies across their value chain

Impact of COVID-19 on businesses



Customer sentiments have changed significantly with emphasis on **safety and hygiene**, increased focus on **essential items**, **alternate avenues** for purchase and **reduction** in **discretionary spending**



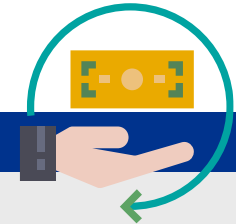
Logistics and distribution operations have seen disruptions and **uncertainty** over availability, evolving government policies and changing customer preferences



Managing undisrupted **production** has been **challenging** considering continuous **supply of key raw materials**, availability of essential **manpower resources**, complying to **policies** and managing **changing demands**



New operating model of working from home has forced companies to create **distributed secure infrastructure** and at the same time **safeguard the well-being of employees**

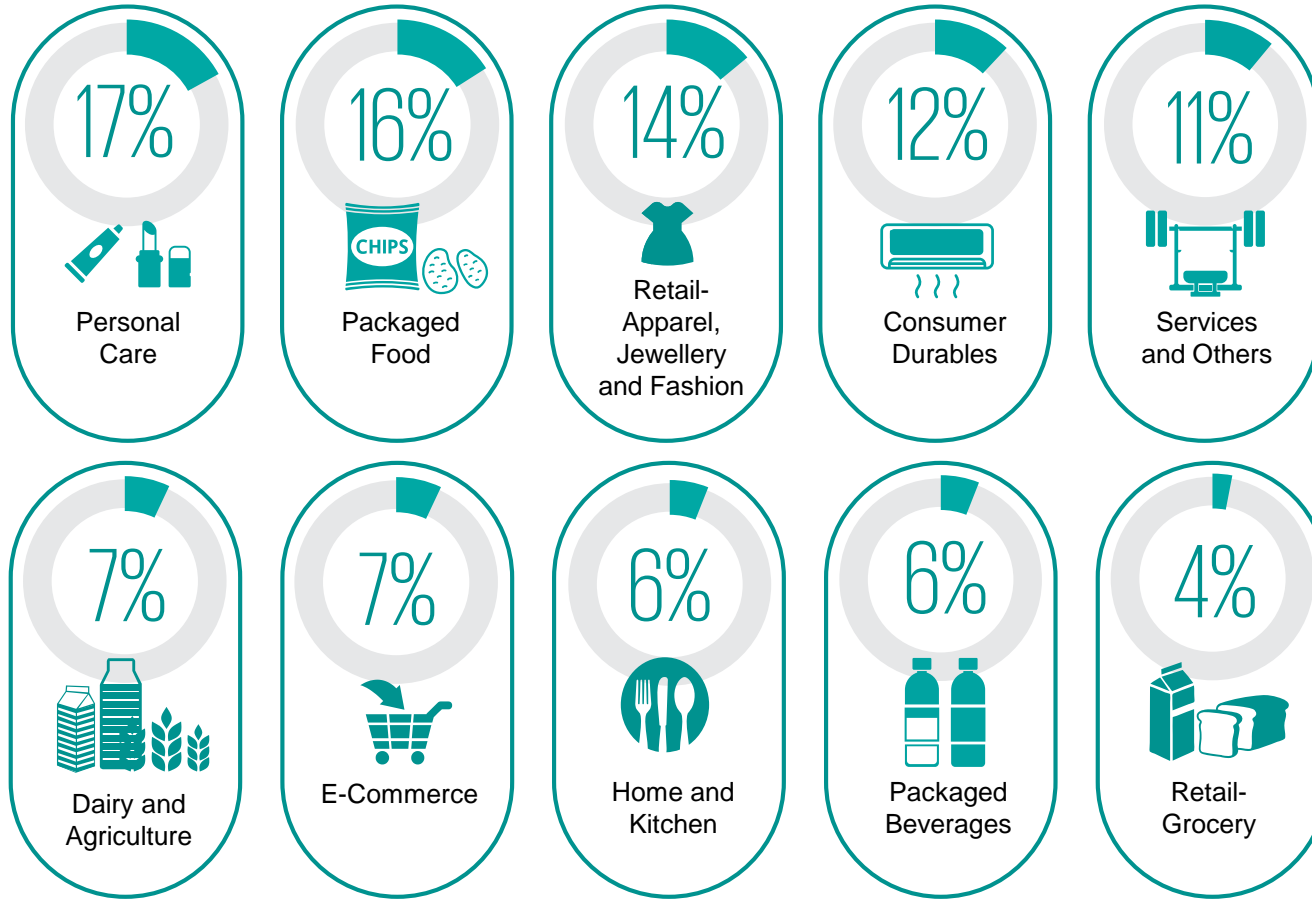


Companies have experienced sudden **changes in cash flow** and have had to manage **high fixed costs** thereby creating new challenges in **managing working capital**.

142 CXOs interviewed across 120+ consumer companies covering 10 sub-sectors



Sector-wise split in conducted survey



Research methodology

- Each of the CXOs was interviewed digitally on best practices used to innovate and adapt to changing market and operation dynamics.
- Survey questions were structured across value chain to include front office, middle office and back office.

• **Front office includes customer facing functions – Sales and channels, Marketing and Customer Services**

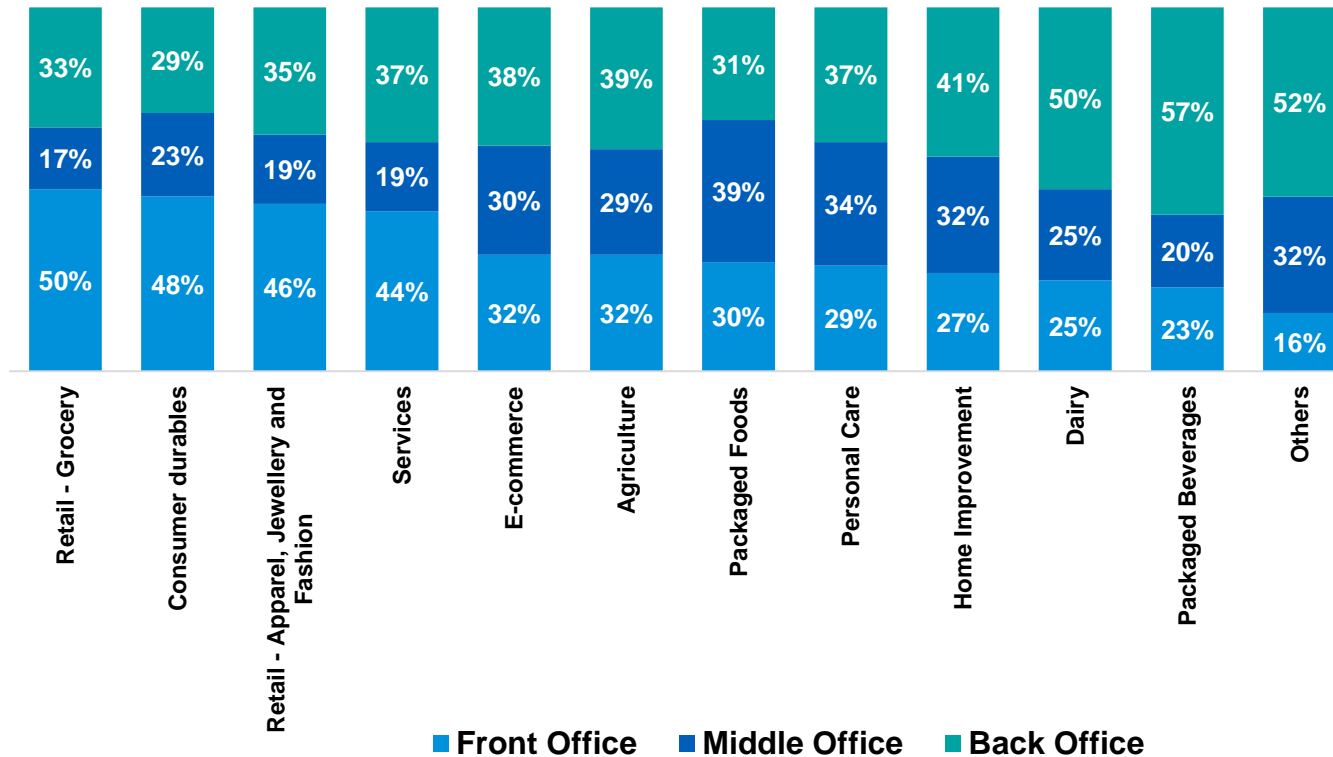
• **Middle office typically includes company's core operations – Procurement, Production, Supply Chain and Research & Development**

• **Back office includes support functions such as Finance, Tax and Treasury, Human Resources, Information Technology and Governance**

Source: KPMG in India's consumer companies' best practices survey 2020

Over 550 best practices deployed across front, middle and back offices

Sector-wise split across front, middle and back office



Source: KPMG in India's consumer companies' best practices survey 2020

Key observations

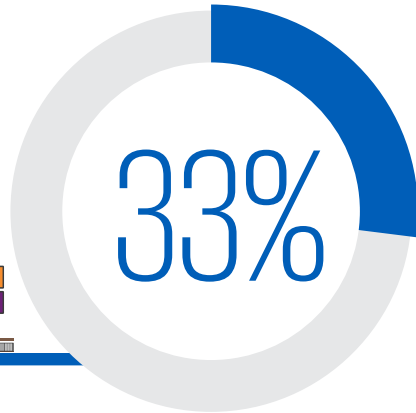


- Front Office**
 - Retail and Consumer Goods sector companies have been relatively focusing more on front office with larger emphasis on **direct to consumer sales channels**.
 - Across the retail sector, companies have been focusing efforts on **designing safer shopping experiences** and are actively communicating these measures to improve consumer confidence.
- Middle Office**
 - Companies with manufacturing focus : Packaged foods and personal care have been focusing on **procurement cost optimisation, aligning sourcing** and **production operations**.
 - Further, these companies (including e-commerce) have been working on **realigning logistics operations** to address order fulfillment for meeting customer preferences.
- Back Office**
 - Across sectors, companies have invested their synergies on setting up measures for **employee welfare, safety** and **training** and on setting up **essential infrastructure** for remote working.
 - Managing cash flow** as well leveraging data for planning during such uncertain times has been a consistent focus area across companies.

Consumer companies surveyed have invested efforts around operations, customer centricity and employee welfare

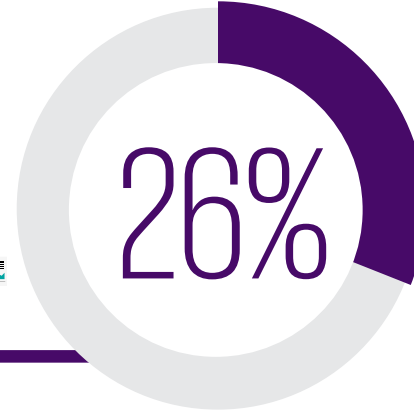


1. Operational Improvement



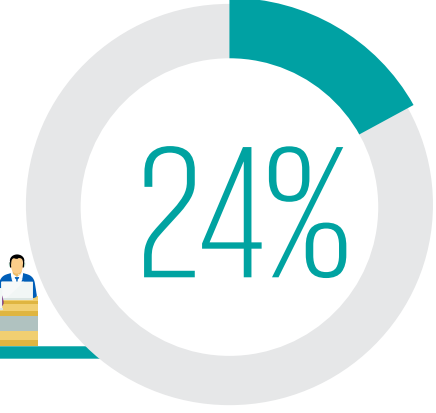
- Realign supply chain to ensure order fulfilment
- Implement cost reduction initiatives
- Increased focus on integrated planning and analytics
- Continuous engagement with business partners

2. Customer centricity



- Increased focus on **customer engagement**
- Reach customers through **new channels (including e-commerce)**
- Deploy safety initiatives for customers
- Redesign product portfolio to customer requirements

3. Employee welfare



- Increased emphasis on skill enhancement
- Focused initiatives for employee motivation and welfare
- Enable safety measures at work premises
- Digital enablement of workforce

33% of the best practices are centered around enhancing operational performance



01

Operational improvement



Realign production and supply chain operations

- Direct reach to customer is becoming a preferred alternative leading to alliances with hyperlocal delivery partners
- Warehousing network have been re-designed for ensuring fulfilment at expected service levels
- Production operations are being redesigned to extend product categories
- Processes and systems are being enabled for near real-time visibility on inventory levels

Implement cost reduction initiatives

- Companies are focusing on cost excellence as a lever to create competitive advantage
- Contracts are being negotiated particularly for high spend categories such as rent, raw material, etc.
- Operating models are redesigned considering cost effective and agile operations
- Innovative working capital strategies are being deployed to manage cash during such crunch times

Increased focus on integrated planning

- Long term strategy and business plans are being redesigned considering changing market dynamics
- Companies are enabling analytics platforms to support planning process
- Companies are deploying shorter planning cycles and enabling CXO war rooms for faster decision making
- Companies are focusing on building and testing a robust Business Continuity Plan (BCP)

Continuous engagement with business partners

- Incentives and schemes are being designed to assist channel partners to perform in changing market dynamics
- Focused initiatives are being taken to engage with business partners to ensure continuity in operations
- Companies are closely working with regulatory authorities to remain updated with policy changes

26% of the best practices are centered around customer centricity



02

Customer centricity



Increased focus on customer engagement

- Digital platforms are being increasingly used for connecting with consumers and maintaining brand recall
- Customer surveys and interactions are regularly conducted to understand emerging trends
- Companies are actively engaging with customers for creating safety awareness and building trust
- Companies also are focusing on generating leads through consumer interactions

Reach customers through new channels

- E-commerce being used as the preferred channel
- Direct to customers are becoming preferred choices – mobile vans, food delivery apps, etc.
- Digital channel engagement with channel partners and customers
- Call-centre, emails and social platforms for order processing
- Companies are investing in building omni-channel capabilities

Deploy safety initiatives for customers

- Contactless shopping experience is increasingly becoming a critical parameter for business operations
- Multitude of safety practices are being deployed to ensure safe shopping experience
- Companies are enabling Do-it-Yourself platforms and instructions to ensure seamless remote services to customers

Realign product portfolio to customer requirements

- Companies are leveraging internal synergies for extending product portfolio to include safety and hygiene products
- Within essential category, SKU portfolio are being rationalised to meet customer demands – large packets, combo packs of essentials etc.
- Products are being launched considering new living norms – dish washer, motion sensors, etc.

24% of the best practices are centered around employee initiatives and safety



03

Employee focused



Increased emphasis on skill enhancement

- Companies are investing in upskilling employees to new operating environment
- Many companies are focusing on enhancing soft skills and leadership qualities of employees
- Extra bandwidth of employees is being used to train / refresh employees on product offerings
- E-learning is becoming a preferred platform for managing talent development activities

Initiatives for employee motivation and welfare

- Virtual informal hangout sessions are regularly used for maintaining social connectivity and keeping motivation levels high
- Leadership is taking active effort engaging with employees
- Focused initiatives to check on employee health are being implemented – mental app, wellbeing survey, etc.

Safety measures at workplace

- Companies are exploring technology solutions to manage and monitor safety requirement – AI based camera, survey BOTs, face recognition, etc.
- Safety related standard operating procedures are deployed to ensure hygienic and safe working environment
- Health protection measures are being introduced to ensure employee safety – insurance, accommodation, etc.

Digital enablement of workforce

- Enabled sales with technology platforms for effective business operations – customised dashboards, app for ERP interface, etc.
- Processes are being digitised to remove manual interventions – Chatbots, app for order placement, digital catalogue, etc.
- Distributed, secure and adequate infrastructure provided to employees across levels for efficient operations



Front office transformation



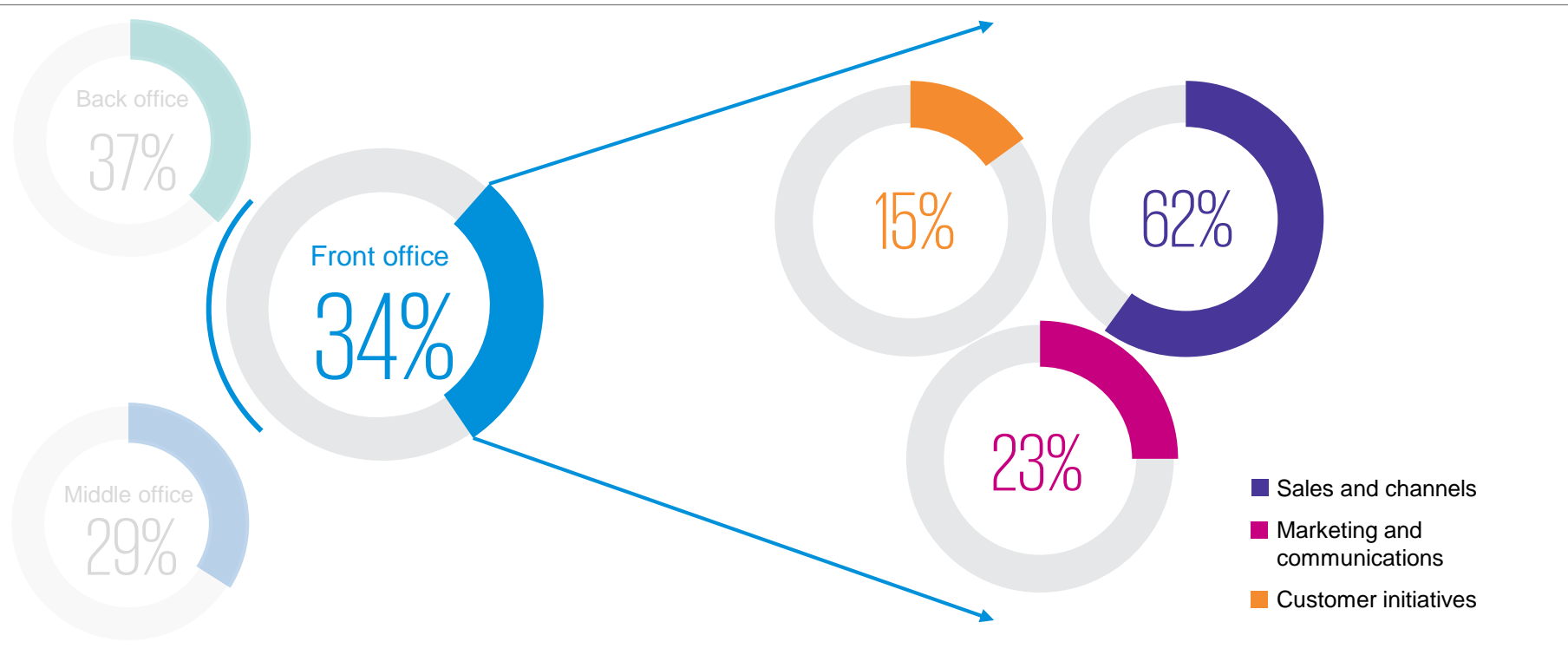
34 per cent of the initiatives taken by the companies were front office practices

Front office coverage

Sales and channels

Marketing and communications

Customer initiatives



The primary focus has been for change of practices in sales and channels (62%) followed by marketing and communications (23%) and customer initiatives (15%)

Source: KPMG in India's consumer companies' best practices survey 2020

Across sales and channels focus has been on reaching customers with the right value proposition

Sales and channels

62%

Focus area					
Alternate channel for sales	Redesigning channels and distribution	Improved product portfolio	Innovative pricing and schemes	Enabling a digital salesforce	Sales staff welfare, training and connect
Per cent of sales and channels					
→ 42 per cent	→ 24 per cent	→ 13 per cent	→ 10 per cent	→ 8 per cent	→ 3 per cent
Key themes					
<ul style="list-style-type: none"> Companies are actively exploring channels outside general and modern trade Few channels effectively used during lockdown: <ul style="list-style-type: none"> Ecommerce (own and marketplaces) Hyperlocal delivery Mobile vans Tele-calling Alliance with companies having strong distribution network 	<ul style="list-style-type: none"> Increasing focus on building omni-channel capabilities Retail channels are being focused as institutional channels are still recovering Emphasis being put on markets such as rural and lower tier cities with lesser impact of pandemic Payout mechanisms to channel partners are being redesigned to provide requisite business support 	<ul style="list-style-type: none"> Internal synergies are being utilised to launch safety and hygiene products Products typically not having much traction such as dish washers are being aggressively pushed in market Packaging design / sizes are being used to cater to changing customer sentiments 	<ul style="list-style-type: none"> Innovative pricing mechanisms are being explored to stimulate demand – partial payment, pre-booking, etc. Providing extension to return and warranty policies Focused promotions with incentive for adopting digital channels For products with high demand, many companies have removed discounts and schemes 	<ul style="list-style-type: none"> Leveraging technology through online interfaces allowed better customer experience Some companies have provided AR/VR support for pre-work design finalisation Companies have also used digital platforms to enable salesforce interactions with channel partners – retail app for placing orders, CRM for customer interactions, etc. 	<ul style="list-style-type: none"> To confirm continuity in work, companies moved sessions to a digital platform Further, there were regular check-ins and additional time to train their employees. This resulted in greater efficiency and better relationships between company and employees, dealers, and distributors.

Source: KPMG in India's consumer companies' best practices survey 2020

Huge impetus given to customer engagement for driving marketing and communications

Marketing and communications

25%

Focus area		
Digital customer engagement	Aligning marketing communications around safety and well-being	Shift in marketing channels and optimizing costs
Per cent of marketing and communications		
72 per cent	14 per cent	14 per cent
Key themes		
<ul style="list-style-type: none">• Digital interactions, social listening and customer surveys are being used to understand changing buying patterns• Branding campaigns are being launched with focus on safety and hygiene• Companies are focusing on building digital content to assist customer shopping experience• Companies are experiencing larger lead generation through digital channel as compared to previous years	<ul style="list-style-type: none">• Companies are focusing on creating a differentiating value proposition on safety and hygiene• Digital platforms and videos are preferred mediums to convey messages on safety standards• Safety measures for physical shopping are being communicated for improving customer confidence	<ul style="list-style-type: none">• Companies are shifting significant proportion of media spend budget from traditional mediums to digital mediums• Influencers are being actively used for wider reach to customer• Companies are leveraging current situation to get access to popular mediums at relatively lower cost• Contracts are being negotiated with media vendors to reduce overall marketing spend.

Source: KPMG in India's consumer companies' best practices survey 2020

With hygienic buying gaining impetus, safety is the premise for customer services offered

Customer initiatives

15%

Safety initiatives for customers while conducting business

Remote customer service with increased focus on DIY leading to cost reduction

Focus on customer engagement

Per cent of customer service

70 per cent

22 per cent

8 per cent

Key themes

- Companies are treating safety and hygiene factors as critical components of customer service
- Multiple initiatives are being implemented to serve customers in safe and secure environment – change in store plans to maintain social distancing, infographic for customer awareness, trial room redesign, sneezing corners, etc.
- Contactless service is becoming a top priority and companies are deploying numerous measures to achieve contactless experience
- Companies are leveraging technology platforms to ensure secure shopping experience – artificial intelligence enabled cameras for detecting safety compliance


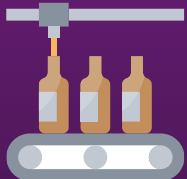



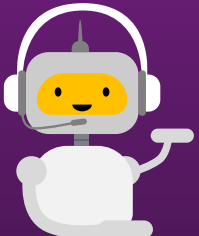
- Remote customer service is becoming a priority and companies are deploying measures to increase contribution of service requests that can be handled remotely
- Common practices deployed for remote customer services – creating and sharing instruction videos, service through calls, instruction manuals, chat bots, etc.
- Do-it-yourself (DIY) is becoming a preferred alternative to remotely service customers and also companies are considering this alternative from cost reduction perspective

- Companies are focusing on engaging with customers to check on customer well-being and create awareness on customer service initiatives
- Webinars and personalised calls are being increasingly used to connect with customers.

Source: KPMG in India's consumer companies' best practices survey 2020

Front office practices that catch the eye



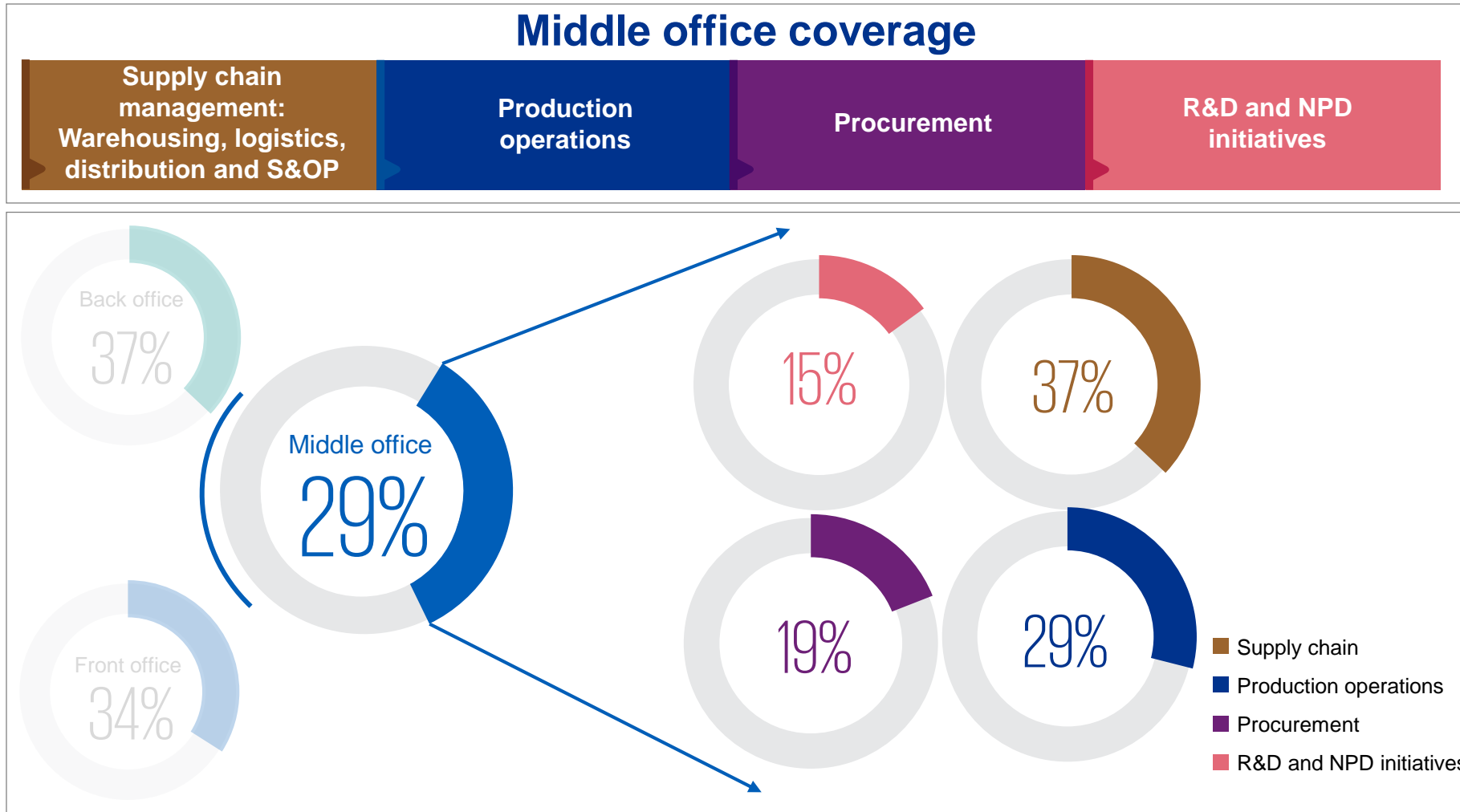
					
<p>B2B conversion to B2C</p> <p>One of the companies evaluated their B2B and B2C business portfolio. Realizing that the B2C portfolio was growing rapidly, they responded by changing their sales and distribution capabilities backed by production to address this. Today they have transitioned to a majority B2C portfolio which has had a positive impact on margins for the company.</p>	<p>Product rationalisation</p> <p>A FMCG food company identified that 80 per cent contribution of sales was coming from only 55 per cent of the outlets, and hence, rationalised the balance 45 per cent outlets. This led to reduction in product returns by almost 50 per cent as well as inventory and logistics optimisation. The swift action was taken for adapting to changing demands and led to better focus and improvement.</p>	<p>Call center conversion</p> <p>As sales staff were unable to visit stores, a beverage company used its customer service call centre set-up to conduct sales calls with their retailer network. Sales staff also virtually provided maintenance support for the retail network. This led to partial recovery of lost sales.</p>	<p>Digital incorporation in service</p> <p>Company introduced an app that allows users to locate stores near their vicinity and also to notify them on stock updates. Further introduced interactive practices to engage with their customers and conducted free sampling of upcoming products. The Company used this opportunity to double down on customer service and focused on direct to home strategy.</p>	<p>Virtual communication platform</p> <p>As a safety and hygiene awareness campaign, an FMCG company created a virtual platform to engage with doctors. Engagement with doctors has helped the company to stay connected with latest developments in these times and has also enabled the company to create a positive brand amongst its consumers and business community.</p>	<p>Chatbots for customer service</p> <p>With reduced functioning of call center support; chatbots have been introduced by a company for frequent and common enquiries of direct sellers. Chatbots are currently equipped to manage 50 per cent of queries around commission, points, SKU availability etc.</p>



Middle office transformation



29 per cent of the initiatives taken by the companies were middle office practices



Most of the middle office practices have been in the area of supply chain management (37%) and production operations (29%)

Source: KPMG in India's consumer companies' best practices survey 2020

Order fulfillment and S&OP have gained traction in the new supply chain norms

Supply chain

37%

Focus area				
Adjusted logistics to ensure order fulfillment	Revised S&OP and integrated planning procedures	Supply chain hygiene and agility	Inventory rationalisation techniques	Stakeholder management for effective transportation
Per cent of supply chain				
→ 55 per cent	→ 14 per cent	→ 12 per cent	→ 10 per cent	→ 9 per cent
Key themes				
<ul style="list-style-type: none"> Companies are exploring supply chain models to ensure fulfillment - direct dispatches to distributors, skipping intermediaries Companies are increasingly seeking alliances with hyperlocal delivery partners to increase direct reach to customers Order taking is increasingly shifting to digital platforms - Many FMCG players have effectively used call centers and retailer apps for the GT channel 	<ul style="list-style-type: none"> Supply and demand planning processes are being redesigned and also cycle is shortened to account for changing market dynamics Technology is being leveraged to improve visibility on inventory levels across value chain Agile and scenarios based planning methodologies are being increasingly used to improve accuracy across planning processes 	<ul style="list-style-type: none"> With focus on safety, sanitisation precautions are becoming norm across supply chain operations Considering order fulfillment constraints companies are re-designing packaging specifications to meet changing performance requirements Contracts are being re-negotiated and alternate commercial mechanisms are being used to optimize costs across logistics operations 	<ul style="list-style-type: none"> Inventory norms and warehouse locations are being closely evaluated to ensure expected service levels Inventory levels are being rebalanced to ensure right stock is available at right location Companies are looking for opportunities to reduce inventory levels by upsizing as well as rationalizing SKUs, focusing on fast moving inventory and reducing slow moving or obsolete stock and returns 	<ul style="list-style-type: none"> Liasoning with authorities is becoming critical to keep updated with policy changes and regulations Engagement with authorities at local level has become a priority as regulations keep on differing across locations Companies are actively engaging with transportation partners to ensure availability of capacity.

Source: KPMG in India's consumer companies' best practices survey 2020

Flexi-production operations along with safety and hygiene have been core for companies



Production operations

29%

Focus area		
Altered production operations in line with current scenario	Improved safety and hygiene at shop floor	Production planning and efficiency improvement
Per cent production operations		
→ 45 per cent	→ 33 per cent	→ 22 per cent
Key themes		
<ul style="list-style-type: none"> Companies are leveraging internal synergies and expanding production lines to initiate manufacturing of essential items Integrated production / supply planning is becoming critical to align production line to changing demand requirements Companies are deploying tools and processes to enable visibility and real-time reporting across production operations Package sizing is a critical lever companies are leveraging to align supply with demand requirements 	<ul style="list-style-type: none"> Safety on shop floor has become a norm but companies are focusing on initiatives that provide secure working environment while maintaining high productivity levels Technology is being leveraged to ensure safety compliances on shop floors – artificial intelligence enabled cameras Companies are taking special initiatives to provide accommodation and meal facilities to workforce Few companies are aligning production lines to match safety requirements – products with minimum manual interventions, etc. 	<ul style="list-style-type: none"> Companies are working closely with local and central regulatory authorities to ensure seamless operations in line with all requirements BCP is being created and tested to ensure continuity in operations considering changing working environment Production efficiency in the new constrained environment is becoming a top priority and companies are deploying initiatives such as reduced number of shifts with large cycles, reduced changeovers, focus on producing fast moving SKUs and larger pack sizes as well as outsourcing activities for job work, etc. Initiatives like series of technical trainings and well-being related sessions as well as continuous employee engagement has helped gain better productivity and motivation.

Source: KPMG in India's consumer companies' best practices survey 2020

Procurement



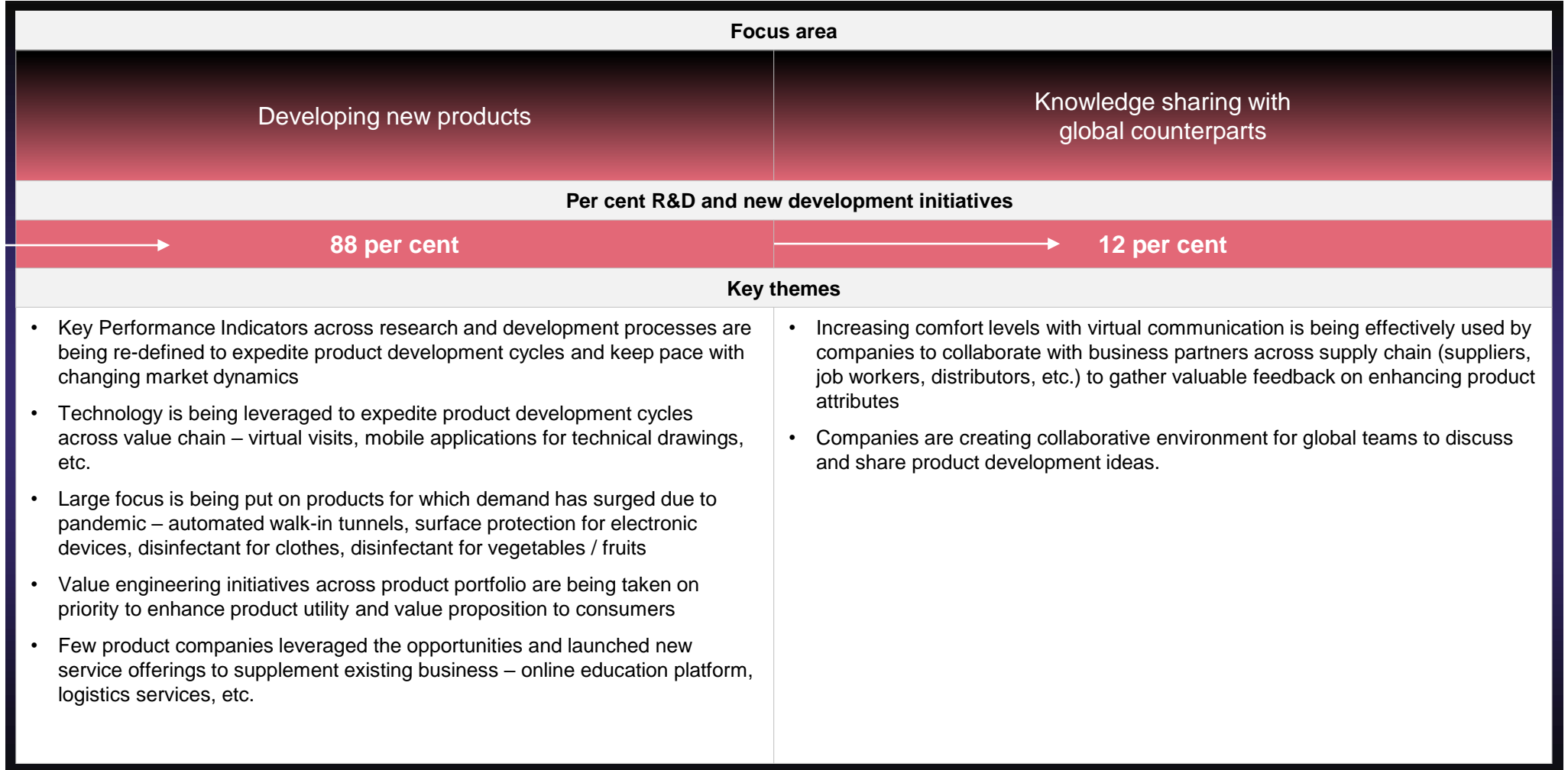
Focus area				
Alternate sourcing	Re-alignment of payment strategies	Cost reduction across procurement	Inventory rationalisation and supply planning	Continuous engagement with business partners
Per cent of procurement				
→ 23 per cent →	→ 20 per cent →	→ 20 per cent →	→ 20 per cent →	→ 17 per cent →
Key themes				
<ul style="list-style-type: none"> Considering impact on imports and China sentiments companies are actively look for alternate sourcing avenues – both import and domestic sourcing Sourcing from single supplier / location is being considered on priority for diversification Companies are looking at local procurement as an option in order to mitigate import risks and reduce lead time 	<ul style="list-style-type: none"> Payment strategies are being devised to align business continuity, well-being of partner and cash management Strategic discussions are being held with large value suppliers on scheduling payment terms Spend categories are being reprioritised considering business requirements and payment strategies aligned to newly defined categories 	<ul style="list-style-type: none"> Companies are taking contract restructuring and rate negotiations as priority as part of cost reduction initiatives Value engineering initiatives are being identified and implemented across procurement spend for cost reduction Technology platforms are being leveraged to keep tight control over purchase prices especially on raw materials – real-time tracking of auction prices, etc. 	<ul style="list-style-type: none"> Processes for close monitoring of inventory are being deployed to ensure timely availability at right location Small shelf life raw materials are being closely monitored and excess, if available, is put in market to avoid losses Companies are preparing risk management and business continuity plans for critical raw material / suppliers 	<ul style="list-style-type: none"> Proactive connect and strong engagement with suppliers to ensure alignment in business objectives Companies are taking efforts through continuous engagement to maintain preferred buyer status thereby ensuring continuous supply Companies are supporting small suppliers with liquidity support wherever required.

Source: KPMG in India's consumer companies' best practices survey 2020

R&D and new product development initiatives

R&D and NPD initiatives





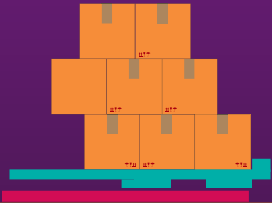

15%



Source: KPMG in India's consumer companies' best practices survey 2020

Middle office practices that catch the eye



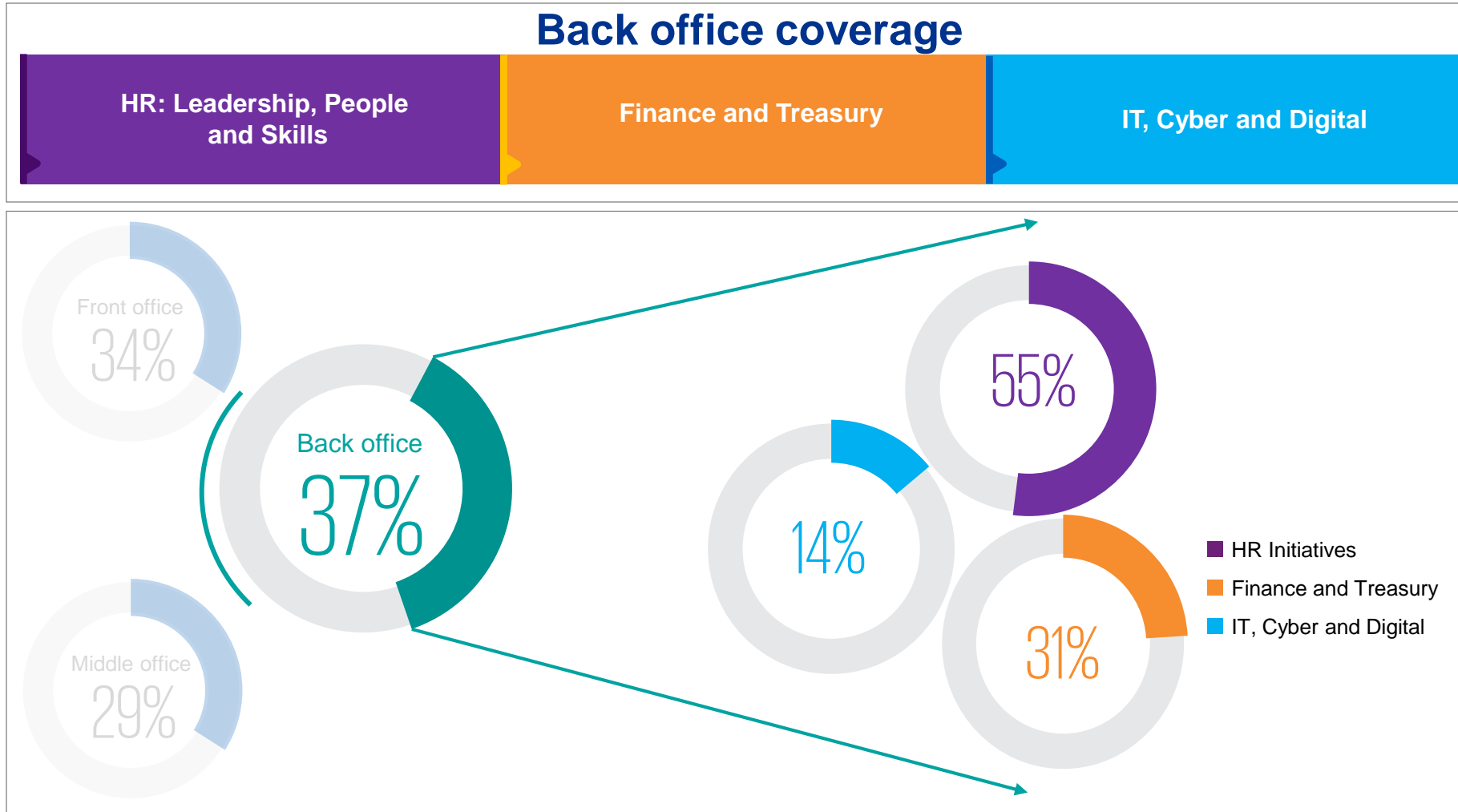
					
Launching real-time tracking platforms An FMCG company launched a platform for tracking real time auction prices for raw material procurement and enabling centralised purchases. This led the company to achieve long-term cost optimisation opportunities.	Ensuring stock availability A company created a special centralised task force to assist retailers on stock availability and delivery. This enabled movements within areas where stock availability was a concern for service levels.	Strategic tie-ups To cater to the strategy of direct deliveries and to ensure timely order fulfillments, some companies worked out short term contracts with large transport players who had better service levels to match demands. Many also tied up with delivery services for logistics.	AI for cameras A company began ensuring identification of conditions where resources are without masks or breaching social distancing regulations on the production facility. Large-scale implementation post successful pilot work is expected to increase adherence to safety rules.	Modified packaging for better logistics A beverage company changed its standard packaging size to reduce weight per case and also to fit into smaller size trucks. This also helped the company manage logistics during labour shortage, as it required lesser labour intervention.	Safety measures For maximum safety at factory and office premises, a company shifted from biometric system to facial recognition system for daily attendance monitoring.



Back office transformation



37 per cent of the initiatives taken by the companies were back office practices



Over 50 per cent of the back office practices were driven by HR functions and 31% by Finance functions

Source: KPMG in India's consumer companies' best practices survey 2020

HR functions have largely focused on staff welfare, L&D and employee morale

HR Initiatives

55%

		Focus area			
Initiatives for employee motivation and welfare	Organisation design and re-structuring for cost optimisation	Safety measures at workplace	Emphasis on skills enhancement	CSR initiatives	
		Per cent of HR: Leadership, People and Skills			
→ 35 per cent	→ 28 per cent	→ 22 per cent	→ 9 per cent	→ 6 per cent	
Key themes					
<ul style="list-style-type: none">• Customer-facing and shop floor employees are being recognised for their responsibilities• Leadership is taking active efforts in increasing the number of engagements with employees to communicate directly and keep employees motivated• HR teams are conducting informal meeting sessions on virtual platforms to keep employees engaged and socially active• Companies are investing in understanding and providing assistance on mental wellbeing of employees	<ul style="list-style-type: none">• HR functions are building teams with well defined goals to drive efficiencies• Companies are redesigning structures to make leaner and agile teams• Multiple operating models are being evaluated – such as outsourcing of functions, setting up of GCCs, etc.• Companies are working on BCP and succession plans• Redeploy capacity across organisations• Senior management compensation structures are being temporarily restructured to manage cost	<ul style="list-style-type: none">• Safety procedures are becoming a norm at the workplace - temperature checks, sanitisation, zone restrictions, safety kits, COVID-19 helpline, etc.• Infrastructure, policies, shifts and seating arrangements are designed considering strict adherence to social distancing norms• Technology is being leveraged to manage and monitor safety requirement – AI based camera, survey BOTs, QR Codes for seat allocation as well as traceability, paperless approvals, etc.	<ul style="list-style-type: none">• Companies are increasingly adopting e-learning platforms for employee training and performance management• With distributed workforce, productivity enhancement is becoming a critical driver• Companies are putting emphasis on enhancing soft, leadership and technical skills of employees	<ul style="list-style-type: none">• Providing low-priced items to COVID-19 camps by tying up with government officials• Partnering with government bodies to create awareness, strengthening infrastructure• Partnering with hospitals, banks and hotels, to gain access to doctors and create isolation rooms in different parts of the country• Pledging financial support for COVID-19 relief both to central and state governments.	

Source: KPMG in India's consumer companies' best practices survey 2020

Finance functions are focused on working capital optimisation and cost reduction practices

Finance and Treasury

31%

Focus area			
MIS, integrated business planning and reporting mechanisms	Working capital optimisation by robust cash management controls	Implementing cost reduction initiatives	Continuous engagement with business partners
Per cent of Finance and Treasury			
37 per cent	29 per cent	25 per cent	9 per cent
Key themes			
<ul style="list-style-type: none"> Companies are creating CXO war rooms and CXO briefings to improve visibility and accelerate decision making Weekly scenario planning is being run by companies in order to quickly identify changes in the business environment and prepare action plans Adequate ERP access has been provided to employees in the finance division for timely reporting and statutory compliances Weekly planning and regular revision of budgets coupled with detailed data analysis has enabled smarter business decisions Finance functions are shifting to digital practices for invoice processing and statutory audits 	<ul style="list-style-type: none"> Companies are deploying stringent disbursement and procurement practices Working capital is being regularly monitored and only critical cashflows are addressed in order to reserve cash and prioritise vendor payments E-commerce companies have started practicing innovative plans such as orders being made pre-paid, COD being halted, sale returns being revoked so that only genuine customers are served Using an invoice tracking tool to enable higher efficiency 	<ul style="list-style-type: none"> Companies are actively implementing cost reduction initiatives such as – optimising spends on utilities, re-designing store operating areas, and rationlising CAPEX, renegotiating contracts, etc. 	<ul style="list-style-type: none"> Regular interactions with vendors, suppliers, and other service providers has helped companies to ensure 'business as usual' is not impacted. <ul style="list-style-type: none"> Companies are engaging with banks to ensure flow of working capital Companies are in talks with several advisors and industry veterans for re-evaluating strategies Companies are establishing a strong co-ordination mechanism with the government and its advisors to find clarity and to make sure that activities are aligned with norms; as well as seek timely help where required.

Source: KPMG in India's consumer companies' best practices survey 2020



Increased efforts on building a robust IT infrastructure and leveraging digital tool and technologies



IT, Cyber and Digital

14%




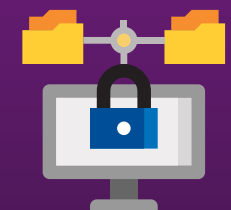




Focus area	
Enabling digital tools like technologies for ease in operations	Building a robust IT infrastructure
Per cent of IT, Cyber and Digital	
→ 54 per cent	→ 46 per cent
Key themes	
<ul style="list-style-type: none">• Companies have made investments in digital technologies to ensure seamless transition to a virtual work environment and drive internal communication to the maximum across all levels• Companies have leveraged technologies to ensure prepare and adapt to the new normal<ul style="list-style-type: none">○ IT enablement of attendance tracking○ Providing trainings to technicians via video calls○ Shifting all payments and transactions online○ Social distancing app developed for allocation of seats at workplace• Processes are being looked at critically and digitised across the value chain to minimise physical/manual interventions	<ul style="list-style-type: none">• Some of the IT infrastructure enhancements that companies are adopting are –<ul style="list-style-type: none">○ Implementing WFH by enabling adequate digital tools○ Increasing VPN bandwidth and securing additional bandwidth when remote work was announced○ Reviewing IT disaster plans and investing in improving the existing IT infrastructure○ Transition to cloud and giving adequate ERP access to employees○ Evaluating options like bringing your own device, two factor authentication for secured working• Companies are deploying focused security operations to manage risks of cyber attacks• Companies are also investing in long-term remote working strategies.

Source: KPMG in India's consumer companies' best practices survey 2020

Back office practices that catch the eye



					
GCCs stepping In A company's GCC compiled a list of best practices followed by different zones / regions in the group, built a tool around it and deployed it in zones which had a weaker position in working capital management.	Alliance with startups For cost optimisation and expediting innovation, an FMCG company is actively seeking opportunities to identify innovative solutions by leveraging alliances with agile start-ups. These solutions are further being explored to be implemented globally.	Cyber security A company took steps to incorporate two factor authentication, in response to the increasing cases of cyber attacks during the period. This helped secure their WFH environment.	Digital innovation Another FMCG company launched a social media based application that supplemented the existing ERP system and integrated it with distributors internal system for over 2000 stockists.	Cost reduction Companies negotiated for office rentals and managed 3-4 months of waivers which resulted in significant cost reduction. Some also initiated salary reduction in top management. Further, use of remote technology and digital platforms for interactions helped reduce travel costs thus leading to a significant cost saving.	Work by design An FMCG company introduced a measure where the employees in discussion with reporting managers can choose their most appropriate working location (office/home or a combination of both).



Way forward



What lies ahead - the 3P's for consumer companies

1



Positive consumers

- Buying preferences of consumers are rapidly changing and companies need to find innovative ways to engage with consumers for understanding and building relevant value propositions around these evolving changes.
- Safety and hygiene is becoming a top priority for consumers and companies need to not only include these factors across its operation but also effectively communicate the same with consumers to build necessary confidence and trust.
- Consumers have opened up for new channels of trade (e-commerce, digital partners, etc.) and companies need to build necessary agility in its operations to complement traditional channels with such evolving avenues to reach consumer.

2



Productive employees

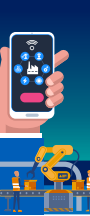
- Changing market dynamics will require companies to invest in upskilling its employees to evolving skillsets (digital, analytics, etc.) and also take a holistic view on skillsets to include softer aspects such as communication, sustainability, leadership, etc.
- With lesser opportunities for social interactions companies need to devise innovative measures to ensure similar level of employee engagement and keep team spirit high.
- Digital platforms are increasingly being used to enhance productivity and support remote working environment; companies need to design its own digital strategy and invest in building right-fit digital platforms across operations.

3



Proactive businesses

- With changing shopping preferences of consumers and higher service level expectations, companies need to build agility in its inventory planning and logistics operations to complement its traditional distribution network with evolving distribution channels.
- Strategic cost reduction initiatives are becoming imperative as higher operating margins can offer companies a significant competitive advantage in current environment.
- As companies are recrafting its long-term and business continuity strategies, to stay ahead of market requirements companies need to also expedite its operational planning and decision making processes by deploying analytics and necessary technology platforms.



1. **APAC:** Asia-Pacific
2. **AR/VR:** Augmented reality/Virtual reality
3. **B2B:** Business-to-business
4. **B2C:** Business-to-consumer
5. **BCP:** Business continuity planning
6. **CAPEX:** Capital expenditures
7. **COD:** Cash on delivery
8. **CRM:** Customer relationship management
9. **CSR:** Corporate social responsibility
10. **D2C:** Direct-to-consumer
11. **ERP:** Enterprise resource management
12. **FMCG:** Fast-moving consumer goods
13. **GCC:** Global capability centre
14. **HR:** Human resources
15. **IT:** Information technology
16. **L&D :** Learning and Development
17. **MIS:** Management information system
18. **NPD:** New product development
19. **PPE:** Personal protective equipment
20. **QR code:** Quick response code
21. **R&D:** Research and development
22. **S&OP:** Sales and operations planning
23. **SKU:** Stock keeping unit
24. **VPN:** Virtual private network
25. **WFH:** Work from home

The report has been summarised through various conversations with KPMG in India's client fraternity which included CEOs, CFOs and other CXOs of leading consumer companies in India. We sincerely thank all each and every CEO/CXO for sharing their thoughts and perspectives to make this report an insightful one.

Report Authors

- Harsha Razdan
- Pallab Roy
- Amit Bhandari
- Mustafa Surka
- Harpreet Singh
- Shreya Bapna
- Vighnesh Deshpande

Compliance and Design

- Sameer Hattangadi
- Nisha Fernandes
- Anupriya Rajput

About KPMG in India

KPMG in India, a professional services firm, is the Indian member firm affiliated with KPMG International and was established in September 1993. Our professionals leverage the global network of firms, providing detailed knowledge of local laws, regulations, markets and competition. KPMG has offices across India in Ahmedabad, Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Jaipur, Kochi, Kolkata, Mumbai, Noida, Pune, Vadodara and Vijayawada.

KPMG in India offers services to national and international clients in India across sectors. We strive to provide rapid, performance-based, industry-focused and technology-enabled services, which reflect a shared knowledge of global and local industries and our experience of the Indian business environment.



Contact Us

**Harsha Razdan**

Partner and Head – Consumer
Markets and Internet Business
KPMG in India

E: harsharazdan@kpmg.com

**Pallab Roy**

Partner – Management Consulting
KPMG in India

E: pallabroy@kpmg.com

home.kpmg/in

#KPMGjosh



Follow us on:

home.kpmg/in/socialmedia

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

KPMG Assurance and Consulting Services LLP, Lodha Excelus, Apollo Mills Compound, NM Joshi Marg, Mahalaxmi, Mumbai - 400 011 Phone: +91 22 3989 6000, Fax: +91 22 3983 6000

© 2020 KPMG Assurance and Consulting Services LLP, an Indian Limited Liability Partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

KPMG (Registered) (a partnership firm with Registration No. BA- 62445) converted into KPMG Assurance and Consulting Services LLP (a Limited Liability partnership firm) with LLP Registration No. AAT-0367 with effect from July 23, 2020.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

This document is for e-communication only.(029_THL0720_AR)