Fast track to digital commerce
Reimagining business models in rapidly changing times
Today, much of life as we know it has been turned upside down and many people are changing their behavior as consumers, workforce, and more importantly, as humans. During this time of uncertainly, businesses need to break set patterns of thinking and respond to the situation now, prepare to recover, and use the learnings to thrive in the new normal. For many organizations, digital commerce offers opportunities to reimagine how they go to market and adapt their business models to the current environment.

Business operations across most industries are impacted by COVID-19. Much of the travel and hospitality business has almost come to a halt, while many grocery retailers are experiencing exponential demand. Meanwhile, declining restaurant business is causing strain deep into the supply chain, leading to reduced demand and excess inventory for many food distributors. Customers are generally cutting back spending on non-essential items (e.g., luggage and electronics) in favor of everyday staples (e.g., fresh produce and paper goods).

Some organizations are pivoting to new business models or operations in response to the current environment:

- Casey’s General Store recently expanded its partnership with DoorDash to add delivery options at nearly additional 600 stores. Dozens of household and grocery items are now being added in an effort to better serve customers sheltering in place during COVID-19.¹

- Amazon decided to temporarily prioritize stocking and delivery of essential household staples and medical supplies to fulfill customer orders for necessary items.²

- The French government is backing a digital marketplace to bring people working at health facilities who have demand for COVID-19-related products together with manufacturers who are producing them.³
Reimagining your marketplace

For many organizations, taking care of workers and customers and reducing the stress and anxiety of these uncertain times is top priority. They recognize the need to break old habits and pivot to new ways of doing business to be able to reduce the impact of COVID-19 on business. By adapting quickly to the new environment, businesses can find innovative new ways to serve a broader marketplace.

As organizations evaluate the new environment, new digital channels, new partnerships, and new business models should be considered:

- **New digital channels/capabilities:** Many companies who work through intermediaries—without direct-to-consumer relationships—are facing reduced demand as their customer touchpoints are severely impacted. Some food distributors that supply primarily to restaurants, sports arenas, social clubs, and similar businesses are seeing a dip in demand from their customers due to shelter-in-place and social distancing orders. At the same time, the demand from grocery retailers is increasing significantly, creating an opportunity to shift the supply chain’s focus. Distributors/manufacturers that have successfully operated in B2B models may consider setting up a direct-to-consumer (DTC) online channel to generate demand directly from end consumers and to help compensate for some of the loss in demand from their traditional customer touchpoints. Additionally, some companies—such as wineries—who sell to their end customers directly through physical stores may not currently have an online store. They can establish digital commerce channels to serve their customers and preserve a revenue stream. These new digital channels can be set up using home delivery and/or curbside pickup delivery models leveraging existing supply chain capabilities. Similarly, organizations who already run B2C digital commerce could elevate the human experience by exploring new capabilities designed to help their customers cope with these trying times. Sellers, particularly those offering ‘non-essential’ items, can offer flexible payment options such as ‘buy now pay later’ to ease their customer’s financial burden. Technologies exist to launch a commerce site or add features to a functioning site in weeks (see sidebar).

- **New partnerships:** Identifying and engaging new partners can help organizations respond quickly to the current situation and expand their reach into a new marketplace. Customers who are willing to spend on essential grocery products often see empty shelves or long wait times for delivery. In response, ‘non-grocery’ retailers have an opportunity to temporarily expand their offerings to include these essential products. Liquor stores, in states where regulations allow, could stock fresh fruits and vegetables as a convenience to patrons. These new partnerships offer a potential win-win for the retailers (increased product offerings, higher basket size, and new customers) and the food distributor (new demand source, leverage existing supply chain).

- **New business models:** Some organizations in the ‘non-essential’ categories are seeing reduced demand and risk surplus inventory. While providing discounts is one approach to encouraging purchases, organizations should consider setting up an industry-specific marketplace. Investing in a marketplace platform and signing up sellers (suppliers, other adjacent brands, even competitors) to participate sets the stage to liquidate (or even donate) excess inventory when recovery starts. Similarly, manufacturers can shift their operations to build products that customers urgently need and distribute using their existing B2B channels. For example, some distilleries are shifting production to making hand sanitizer to address the supply shortage.

SOLUTION CAPABILITIES

Online commerce solutions offer a wealth of features and potential benefits to help speed up your response to a changing business model, including, but not limited to:

- **Cloud-based technology platform:** Select a cloud-based technology platform to help fast-track your digital commerce capability and reduce setup time.

- **Intuitive experience:** Focus on keeping a simple and intuitive site experience with the emphasis on speed, using existing storefront themes, branding, and digital content.

- **Mobile first:** Take advantage of mobile-first design and architecture utilizing the out-of-the-box web frameworks.

- **Online ordering capabilities:** Provide critical commerce capabilities such as account management, search, browse and navigate, pricing and promotions, cart and checkout, and order intake.

- **Master data loads:** Piggyback on existing data extract, transform, and load infrastructure and use manual intervention where necessary to load the master data for product, pricing and inventory data.

- **Supply chain:** Lean on your existing supply chain capabilities and integrate with a last-mile delivery platform to enable fulfillment options such as home delivery or curbside pickup.

- **Customer acquisition:** Design your social and email marketing campaigns to reach your potential customer using built-in search engine optimization capabilities designed to improve your product and site visibility.

- **Built-in support for customer analytics:** Integrate web analytics platforms to track site traffic, sales, cart abandonment, and customer behavior.
The NEED for speed

Key considerations for quick-turn digital commerce

Regardless of how your business pivots to respond in this time of uncertainty, strengthening digital commerce capabilities is likely to emerge as a core requirement. Consumers are shifting purchasing to online channels at an accelerated pace; year over year, e-commerce revenue is reportedly up 37% and orders are up 54%. B2B customers also rely increasingly on digital platforms to place orders. Typically, establishing a DTC channel can be a massive undertaking requiring significant investment of both time and money. Some organizations already have online commerce platforms that may require expanded features, while others have been slower to develop this channel and are starting from scratch.

However, as COVID-19 concerns are pushing many organizations to respond now, they may need to break away from established patterns of decision making and execution, and prioritize time to market. This will likely be a hard shift, but is often a necessary one. Companies should expect to make tradeoffs in the interest of moving fast. The good news is that technologies exist in the marketplace to launch DTC channels at an accelerated pace. Keep these considerations in mind as you select and implement new digital commerce solutions:

• **Minimum viable product:** Focus on the most critical, must-have features needed for your initial go-to-market to be successful. This could mean smaller product catalogs and basic content for the grocery items that a liquor store website intends on selling.

• **Out-of-the-box features:** Align your business processes with out-of-the-box product features to help minimize the need for customization, reducing initial setup and ongoing maintenance costs. A distributor can stand up a quick direct-to-consumer channel with the feature set from a commerce platform.

• **Vital integrations:** Consider prioritizing essential integrations, such as product selection and payment, over shipping and other functions that can be implemented using local data sources and business logic. At launch, it may be acceptable not to employ an address validation service, or to manually load product and price lists in the commerce platform rather than building integrations with backend systems.

• **Revisit rules around customizations:** Organizations build logic and rules through the years and then implement them in their business and solutions. In order to pivot into a new model or operations, it may be acceptable to take a hard look at these and relax some rules in favor of business continuity.

• **Manual workarounds:** Encourage flexibility from business and IT operations in defining and adopting manual workarounds for capabilities such as returns management and customer service. It may be acceptable to pull manual reports from raw data instead of building a robust solution for launch, or could be acceptable to ask customer care to call the warehouse directly.

As your company adapts to the changing environment and reconsiders how business is done, it’s clear that digital commerce is more important than ever. At Deloitte Digital, we can help you select and implement the appropriate solution as we draw from our experience across industries and technologies. Organizations willing to start small and act quickly may be able to respond to the changing marketplace, while putting into place a digital commerce platform able to support continued success.