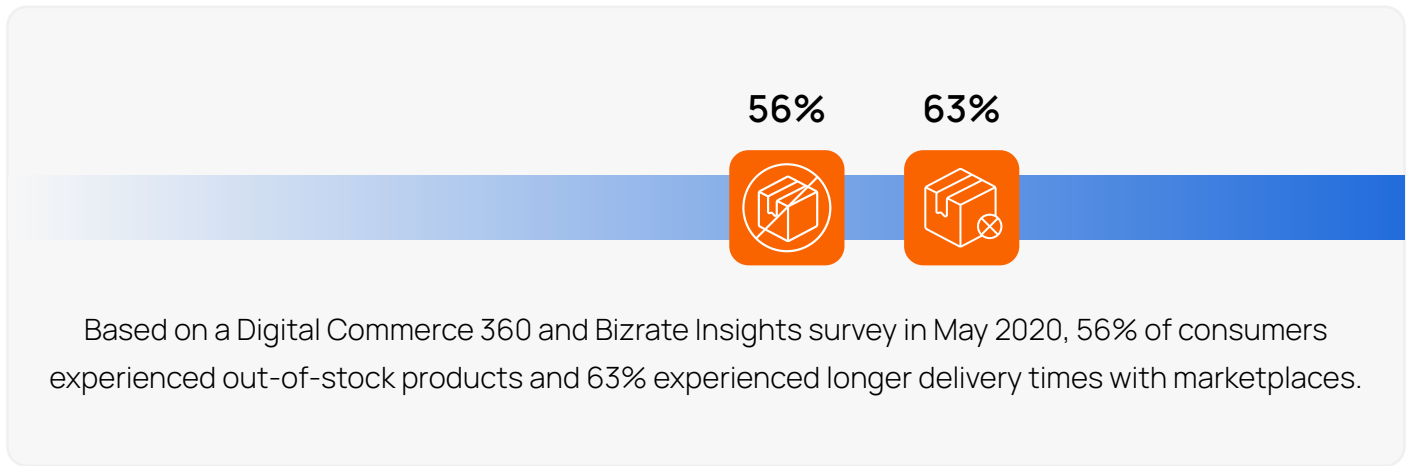
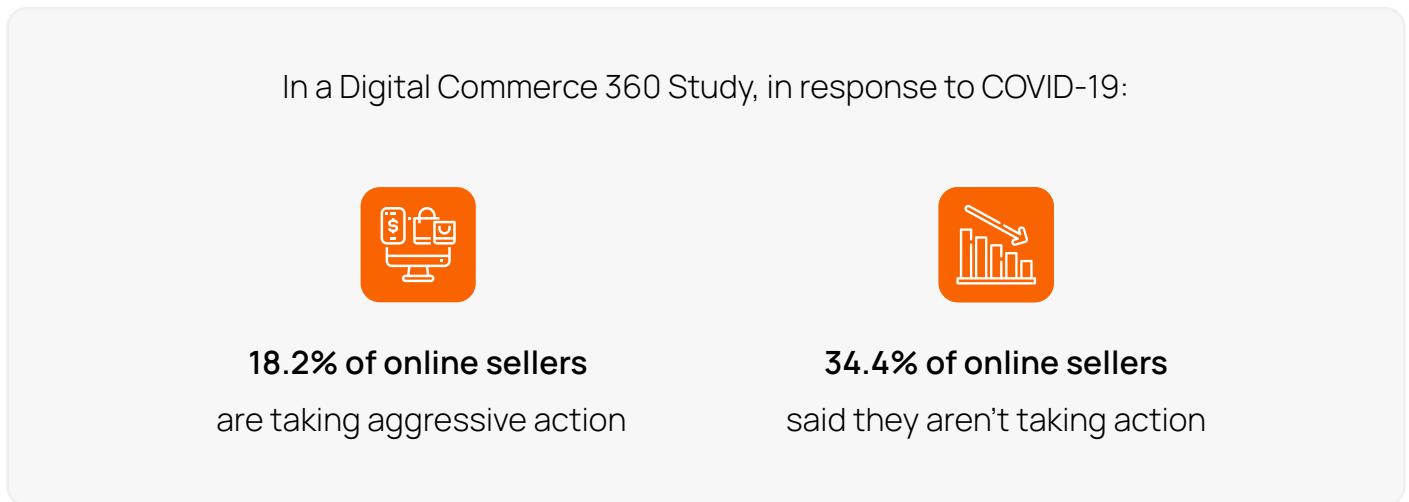


8 Ways CPG Companies Can Stay Agile in a Changing Marketplace

The CPG industry has had to adjust rapidly due to COVID-19. Many companies have seen the demand for their products spike, and those with resilient supply chains are keeping up while those being greatly affected by disruptions and shutdowns are struggling.



Because consumers are shopping from home rather than brick and mortar retail stores, CPG companies are seeing brand loyalties weaken and shift as consumers gravitate towards products readily available online. Many CPG companies are not equipped for fast, cheap (or free) direct-to-consumer shipping and are missing opportunities for customer retention and acquisition.



With online CPG sales increasing and many businesses not prepared, what can they do to set themselves up for success amid a pandemic? We've put together our top tips to improve business operations during the COVID-19 crisis and long after.

How to Stay Agile in the Changing CPG Industry

Step 1: Understand Carrier Schedules, Capacities, and Constraints

Understand that there is a shift in capacity and delays are more commonplace during the pandemic. Delays in getting products to consumers are resulting in shifting brand loyalties.

In a March 2020 study done by Digital Commerce 360,



40.1% of retailers were concerned with the strength of consumer confidence

»» What can you do as a result to gain consumer confidence and retain brand loyalty?



Ensure your customers remain happy by adjusting distribution modes and expectations, as necessary.



Add more carrier options in order to ensure that product can be picked up and delivered in a timely manner.

FedEx, DHL eCommerce and other shipping companies have recently reported greater demand than supply during COVID-19. Shippers need to evaluate the relative capacity in the market, which can also adversely impact shipping discounts.



Step 2: Prepare a D2C Segment

With consumers more motivated to shop from home, brick & mortar stores experiencing shortages on CPG goods, and disruptions to distribution networks causing increased delivery times from popular online shopping hubs, more shoppers are buying directly from manufacturers.

For Q2 fiscal 2020, UPS reported:



Residential
ground
deliveries
increased

You can prepare for moving some volume to direct-to-consumer selling by:

- ✓ Analyzing consumer data
- ✓ Coordinating with your marketing team
- ✓ Selecting an appropriate fulfillment provider if your current operations cannot efficiently manage small parcel logistics and online selling

Because the disrupted supply chain calls for the need to get products directly from production to consumers, you should proactively address the successive increase in shipping costs. Residential deliveries drive higher operating costs, and subsequently, lower margins.

Step 3: Manage and Overstock Inventory

CPG demand has spiked due to consumers stockpiling, resulting in many inventory stock-outs or delays. To prepare for either a supply shortage or continued demand over the course of the pandemic, consider stockpiling inventory while ensuring you have the capacity and technology in place to manage said inventory.

Step 4: Weigh Your Outsourcing Options

As demand rises, whether you're planning to overstock, or your current warehouse can't hold enough inventory to meet demand, outsourcing warehousing and fulfillment may be a great solution for confronting shortages.



➤➤ Third Party Logistics (3PL's) and Warehousing/Fulfillment businesses can help shippers:

- ✓ Lower costs
- ✓ Focus on core competencies
- ✓ Manage inventory and storage
- ✓ Pick/Pack/Ship, track packages and manage returns
- ✓ Save time

If you're a small-to-midsize CPG company, specialized 3PLs can help you reduce costs by consolidating loads with other CPG companies sending goods to the same destination. 3PLs can also help reduce storage costs by cross docking, a somewhat complicated strategy not employed by many CPG companies due to the systems and technology that must be in place to manage it effectively. A capable 3PL can also package your goods for you, saving you the costs of shipping to your packaging center and back to your DC.

Step 5: Facility Sanitization, Safety Measures & Employee Satisfaction

Many workers are protesting their workplaces due to unsafe working conditions. As an essential industry, it's important that individuals throughout your organization feel safe, and that your customers know your product is safe as well.

Take measures to properly sanitize your workplace and ensure safety measures are in place and upheld.

These can include:

- ✓ Virus testing
- ✓ Mask and gloves distribution
- ✓ Enforced hygiene practices

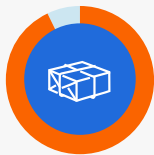
Communicate these measures to your employees and let your customers know that your products are safe to use and consume. Consider employee recognition programs and rewards for working over the course of the pandemic, as many large CPG companies across the country are beginning to implement for warehouse and onsite workers.



Step 6: Provide Customers with Transparency

With so much uncertainty in the current crisis, customers rely on brands to deliver what they need.

In a study done on over 3,000 shoppers,



93% of consumers

said they preferred some sort of communication updating them if something went wrong with their delivery.

Transparency is key and over-communicating will help maintain customer trust and brand loyalty. If your supply chain is experiencing delays, communicate that with customers and set expectations from the get-go.

Step 7: Build Supply Chain Redundancy

With disruptions across the supply chain and the future still uncertain, CPG companies are working towards building more resilient supply chains.

Redundancy could include:

- ✓ Holding extra inventory
- ✓ Using more ports
- ✓ Double- (or even triple-) sourcing suppliers



While typically more expensive and in conflict with lean practices, resilience is essential when confronting the unknown and unexpected, like a natural disaster, accident, or pandemic.

Additional Carrier Options:

Shippers are wise to consider additional regional parcel carriers like:



The USPS also offers many unique pricing and service advantages for parcel shipping.





Step 8: Practice Long-Term Cost-Containment Strategies

It's important to prepare your business to contain costs after this is over. Because there is no foreseeable end to the crisis, you'll want to think long-term. Consider cost-containment strategies that your business can benefit from like:

➤➤ Automation

Free up time for your employees to perform more valuable work that demands more cognitive thinking. Invest in automation for tedious or time-consuming tasks now and significantly cut costs in the long run. Consider shipment execution technology that enables the use of multiple carriers and least-cost routing.

➤➤ Reducing Shipping Costs

Shipping costs are continually rising – even more so due to disruptions caused by the pandemic, prompting carriers to suspend service guarantees and create new surcharges. Your business can procure shipping cost reductions through a third party, like Shipware. With no upfront costs, you can cut expenses in the short-term and ensure low shipping costs for years to come.

➤➤ Remote Work (When Possible)

Marketing, sales and accounting departments, for example, can operate remotely, cutting many of the costs associated with onsite working. Remote work also gives you the opportunity to hire the best talent available globally, not just locally, a further boon to any business.



Skip the Unnecessary Costs, Contact Shipware Today.

Get started with the cost-saving solutions from Shipware to help your business' bottom line now and after the CPG marketplace has stabilized. Reach out to our team of expert shipping consultants to learn how we can save you up to 30% in unnecessary shipping costs.

Contact us at www.shipware.com/contact today.

