

Post Covid-19 Outlook: Enhancing your Ecommerce Strategy

Scenarios for ecommerce in MENA

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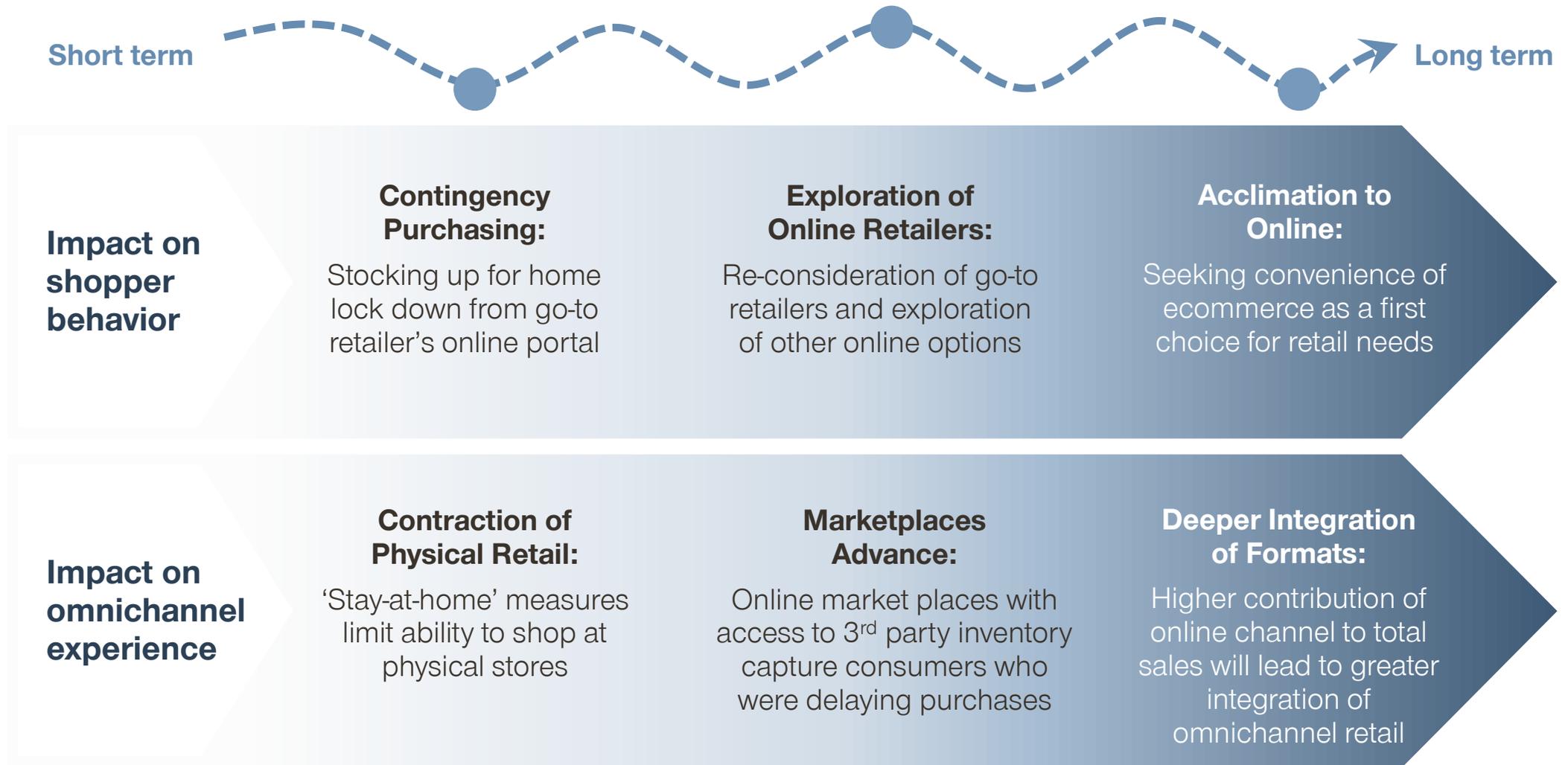
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Social distancing amidst COVID-19 has dramatically re-shaped shopper behavior – which effects are here to stay?

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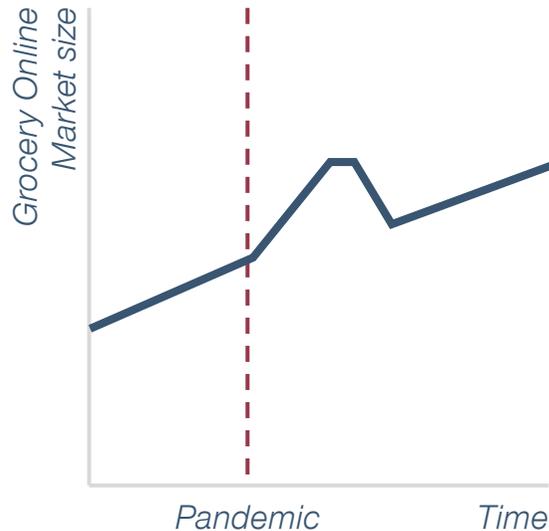


Scenarios for ecommerce growth post COVID-19 impact

Illustrative

Scenario 1

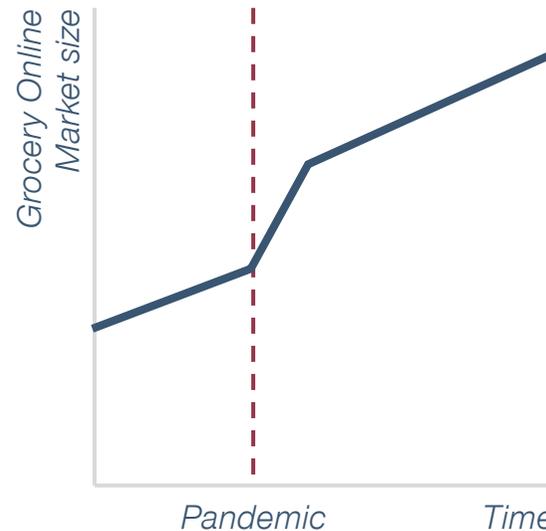
Temporary Shock



- A return to original shopping behavior once curfews/lock-downs are lifted
- Effect could be compounded by unsatisfactory service resulting from limited stock or long delivery times

Scenario 2

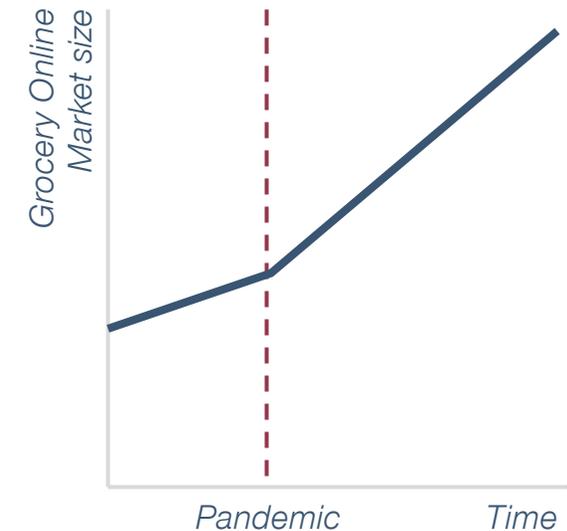
Growth Adjustment



- Temporary ramp-up in online shopping due to physical restrictions
- Partial uptake in conversion to online shopping, while many return to physical shopping experience once curfews lifted

Scenario 3

Market Acceleration

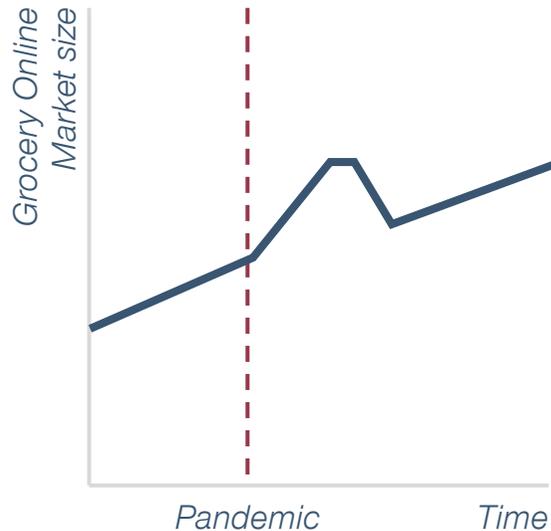


- High ratio of conversion to online shopping behavior
- High quality service provided by online retailers further encourages continuation of online shopping

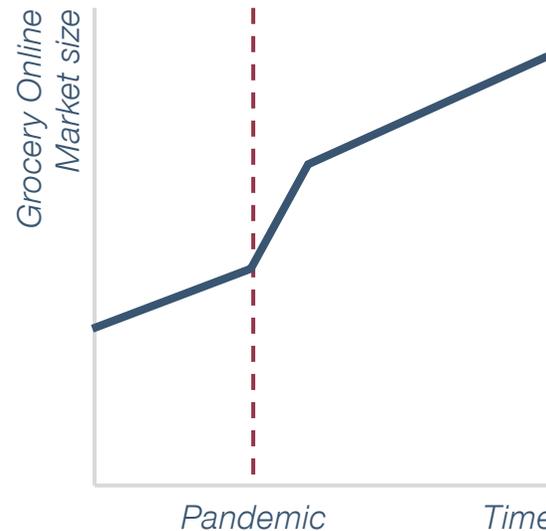
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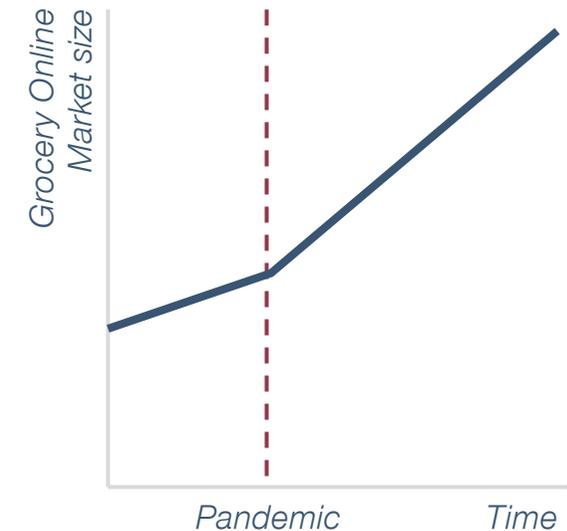
Scenario 1
Temporary Shock



Scenario 2
Growth Adjustment



Scenario 3
Market Acceleration



Key Demand Drivers for Ecommerce

- Restriction of physical movement in the short-medium term
- Contingency purchasing as a result of panic in the short term
- Increased prioritization of convenience long term

Potential Limitations to Growth

- Prolonged crisis results in high unemployment and smaller wallet size
- Desire for physical experience and social contact results in correction in ecommerce growth as shoppers go back to physical stores
- Quality of experience provided by retailers (e.g. consistency, quality improvement), which will partially impact which scenario materializes

Online commercial excellence: businesses must adapt digital ways of working in the near term

Factors to consider as shoppers quickly shift to online channels for their needs

E-Commerce Topic

1



Customers

2



Channel

3



Product Landscape

4



Pricing and Promotions

5



Supply Chain Management

Considerations during the acute phase of the crisis

- Be honest and **enhance customer trust – avoid losing customers** for short-term benefit
 - Reaffirm customer trust through **loyalty programs** that allow for customized benefits
 - Aggressively communicate the customized offer and convenience of shopping
-
- Aggressively **communicate the convenience** of online channel
 - Ensure operational resources for the **reliability of deliveries**
 - **Develop product recommendations in online channel** – customers susceptible to consumption structure changes
-
- Ensure **product availability for the key categories** that customers require or are inclined to in emergency situations
 - Maintain strong relationships and consider flexible terms with partners to **ensure ability to provide superior product availability and ramp up, where needed**
-
- Prioritize **promotion for revenue and profit** – limit investment in traffic generation
 - Show the understanding of cluster/regional specific needs with **customized promotion offer**
-
- **Determine internal and external risks to supply chain**
 - **Reassert relationships** with partners along supply chain to ensure reliability of product flow
 - Identify capacity for ramp-up of suppliers in order to **estimate potential extension of product stocks**

Online commercial excellence: we can help you answer the key questions for a more sustainable business

Framework with key questions businesses should address to effectively monetize ecommerce opportunities

E-Commerce Topic

1  **Customers**

2  **Channel**

3  **Product Landscape**

4  **Pricing and Promotions**

5  **Supply Chain Management**

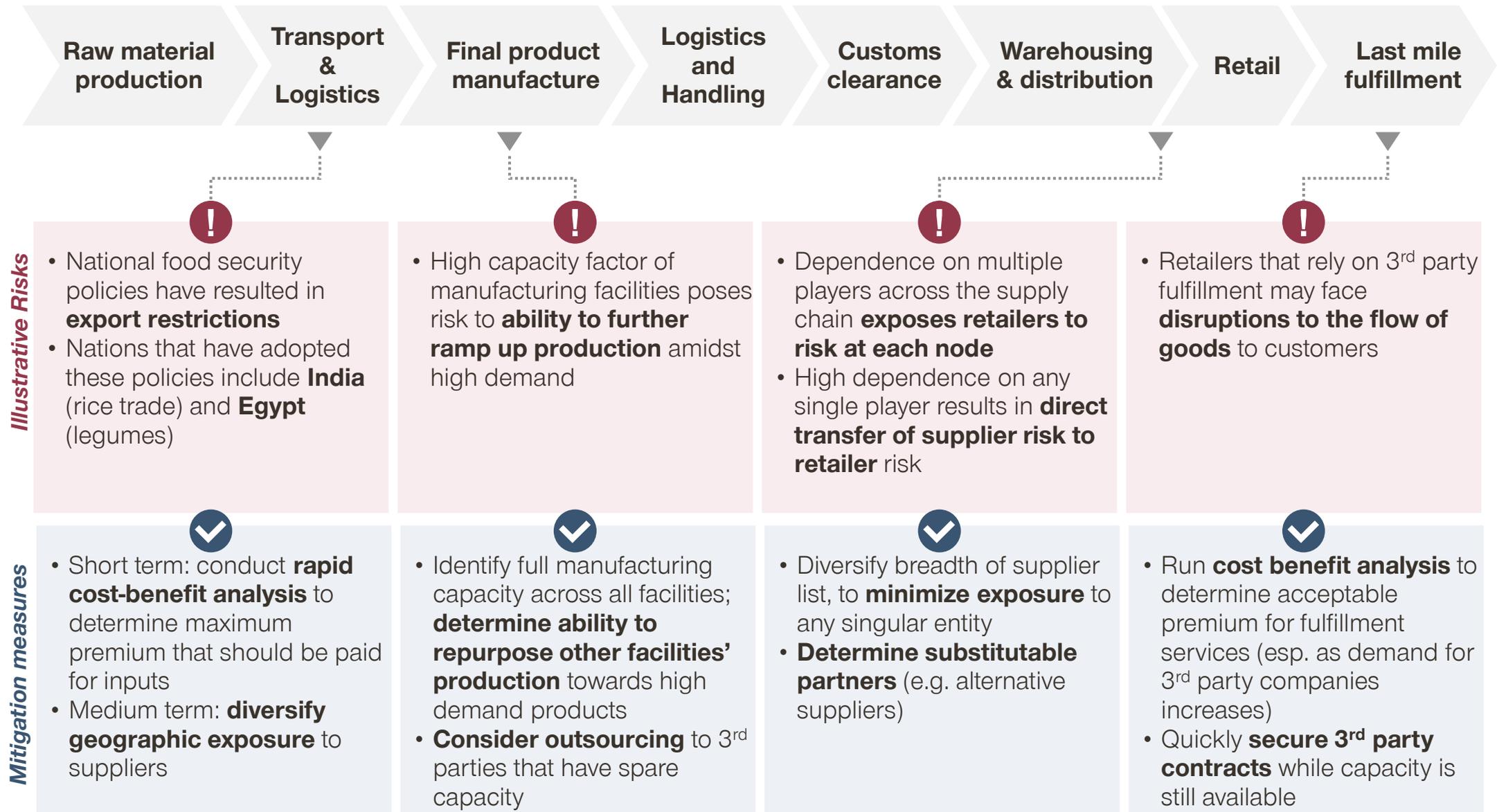
Questions that SKP can help you answer to facilitate ecommerce growth

- ? Is there clear **customer segmentation**? (e.g. by household size, physical location, etc.)
 - ? Do you track **specific purchase behavior** of customers?
 - ? Do you have a **loyalty program** with benefits that caters to different customer segments?
-
- ? Do you know which **channels to leverage** to best reach your customers?
 - ? Do you know how can to build a **successful omnichannel strategy** if it makes strategic sense for your business?
-
- ? Do you know the optimal **product assortment** to include in your online offering?
 - ? Do you account for **seasonality** when designing and managing your online product base?
-
- ? Do you have a digital pricing system that allows you to set-up a **dynamic pricing** method for online sales?
 - ? Have you identified and employed optimal **discount levels** and an associated communication strategy?
-
- ? Are you **exposed to upstream or downstream risk** across your supply chain?
 - ? Are you able to **adapt your supply chain or increase capacity** to meet product demand?
 - ? Do your **trade terms minimize your exposure** to procurement risk?

▪ Did you answer **"No"** to more than one of these questions?
▪ Please get in touch with us – **we are glad to help you!**

We can further address supply chain risks that pose an immediate challenge to business continuity

Overview of ecommerce supply chain, associated risks and mitigation measures



We believe discussions are best started with an introductory **complimentary** webinar

Your benefits

Introductory Webinar



- ✓ Discussion of your as-is situation and relevant consumer trends
- ✓ Assessment of your Commercial competence and monetization opportunities
- ✓ Discuss potential project initiatives

Complimentary

3 hrs

Opportunity check



- ✓ Determination of growth targets and ambition level
- ✓ Assessment of your Commercial Excellence against best-in-class benchmarks and your ability to differentiate
- ✓ Identification of quick wins
- ✓ Prioritization of first initiatives

4 - 6 weeks

Commercial Excellence optimization



- All benefits of Opportunity check plus:
- ✓ Solution development:
 - Overarching ecommerce strategy, covering recommendations on:
 - Customers
 - Channels
 - Product landscape
 - Pricing and Promotions
 - ✓ Quantification of impact (business case)
 - ✓ Implementation roadmap

10 - 12 weeks

Commercial Excellence program



- All benefits of Commercial Excellence optimization plus:
- ✓ Process design and tools development
 - ✓ Implementation support (PMO)
 - ✓ Training of your staff (tools, processes, capabilities)
 - ✓ Quarterly refresher sessions with top management

16+ weeks

Developing an ecommerce strategy

Step 1: Size your online opportunity

1 Conduct gap analysis

Market sizing and validation exercises performed by Simon-Kucher



“
The first step in growing our food distribution services was to size the market and define our target segments. Simon-Kucher helped us identify the most promising opportunities for us to tap into.

Leading consumer goods and food retailer, GCC

- **Mapping** of online market segments (size and definition)
- Growth **projections** and validation of **assumptions**
- Assessment of online **go-to-market** options
- Identification of **online best practices** in a market segment and **benchmark** against current situation

“
Simon-Kucher’s analysis of the structure and outlook for the optical lens market enabled us to identify tangible growth prospects. This was further enhanced by the consistent level of interaction with our team and the resulting knowledge transfer that they were able to provide.

Globally leading consumer goods and pharmaceutical retailer, USA

Developing an ecommerce strategy

Step 2: Build your road to success

2 Develop Ecommerce strategy

Examples of Simon-Kucher projects through each principle of the online strategy

1 Customers

“After segmenting our customers and identifying target groups, the segment-specific growth initiatives we implemented with the Simon-Kucher team enabled us to capitalize on a 7% increase in sales.”

Leading QSR chain
KSA

Perform segmentation exercise

2a

2 Channel

“Simon-Kucher hit the nail on the head when guiding us through the building of CILLOX, an online platform tailored for our B2B customers, streamlining both our B2B and B2C online sales strategy.”

Global Logistics Leader
Germany

Redefine online channels

2b

3 Product Landscape

“Through a combination of bundling and upselling principles, Simon-Kucher carefully designed an optimal product assortment which supported our price and brand perception.”

Globally leading grocery retailer
Germany

Conduct product assortment exercise

2c

4 Pricing and Promotions

“Thanks to Simon-Kucher, we realized how a segmented pricing approach was a key success factor for online pricing. Our price levels are now aligned with our value proposition.”

Online flower retailer,
France

Conduct value-based pricing study

2d

Our flexible delivery model ensures ability to drive positive outcomes

Alternative delivery models



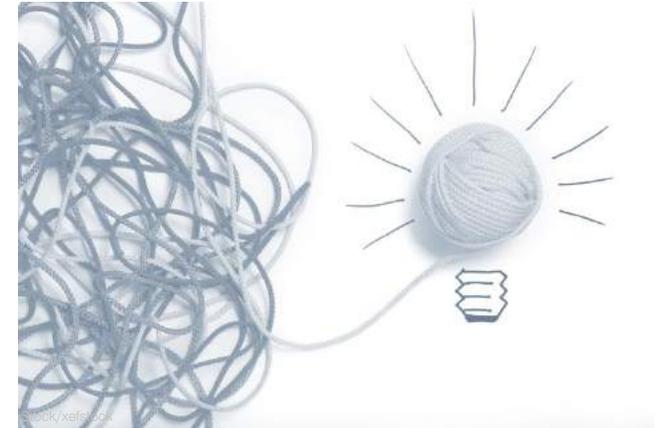
- ✓ Extensive use of **digital communication** tools:
 - Project workshops conducted via **video conference**
 - **Daily stand-up** and **ad-hoc meetings** via Zoom (or equivalent)
 - **Digital assignment** and **documentation of daily tasks** via online tool e.g. Asana
- ✓ **Back onsite:** Team will be back onsite the minute travel restrictions are eased

Enhanced project management



- ✓ **Increased Senior Advisor involvement** to provide rapid feedback on outstanding decisions, allow for faster iterations, and drive the project forward
- ✓ **Rigorous PMO and monitoring:** Tight schedule and daily check-in with PMO for rigorous management
- ✓ **Weekly updates to management** on completed achievements and open points requiring senior clarification
- ✓ **Recordings of all videoconferences** can be made available to the appropriate team members

Outcome focused engagements

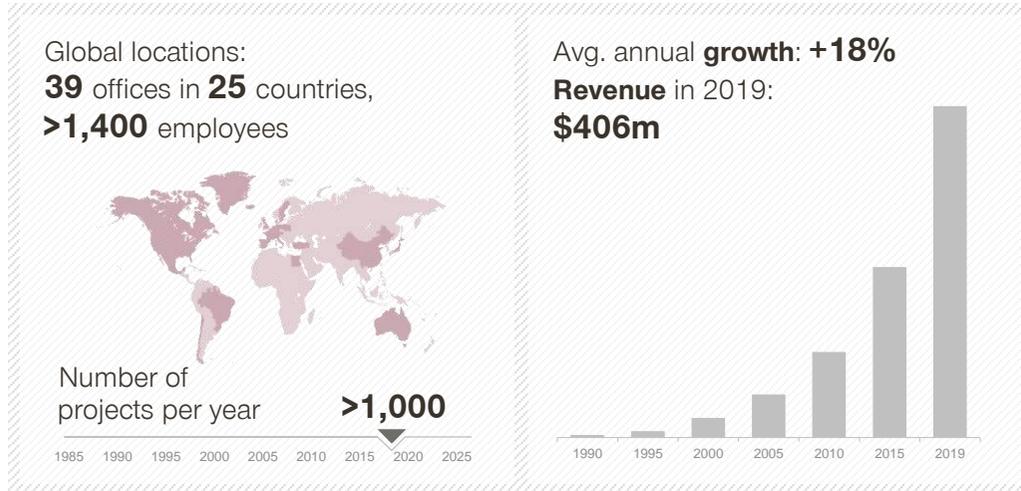


- ✓ **Commitment to deliverables** outlined in the project proposal and contract
- ✓ **Minimized impact** on timelines where critical deadlines are in place
- ✓ **Flexible working model** so that client satisfaction and comprehension are guaranteed: Pragmatic extension of work phases (e.g. elongated interview periods)

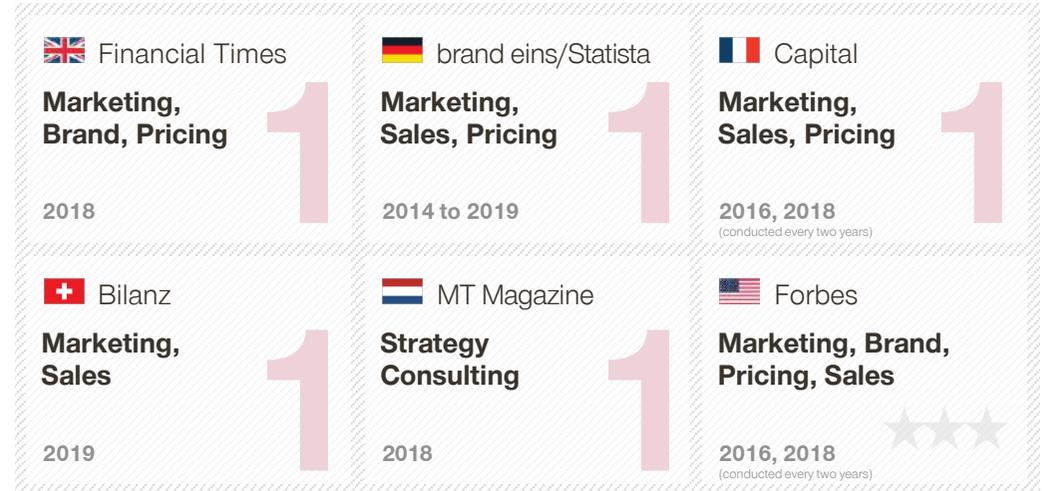
Simon-Kucher & Partners is world's #1 advisor on Marketing, Sales and Pricing

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Facts and figures



Globally renowned consultancy for topline improvement



Simon-Kucher profile

TopLine Power®	This is what Simon-Kucher is all about. We boost our clients' revenue and profits by optimizing their strategy, marketing, pricing, and sales.
Simon-Kucher Digital	We advise clients on how to improve their top lines with digital technologies, from big data analytics, machine learning, and artificial intelligence to tailor-made pricing and sales tools.
THE unicorn advisors	We have worked for over 30 unicorns such as Asana, Stripe, and Uber.

What others say about us

<p><i>No one knows more about pricing than Simon-Kucher.</i></p> <p>Philip Kotler, marketing guru</p>	<p><i>Simon-Kucher was a great partner during our research phase. We appreciated their support, expertise, and partnership throughout the process of developing Uber Rewards.</i></p> <p>Barney Harford, former COO, Uber</p>
<p><i>As a specialized consultancy with a clear focus, Simon-Kucher combines strategic expertise and implementation capabilities in a unique way.</i></p> <p>Member of the Executive Board, Bank Julius Baer & Co. Ltd.</p>	<p><i>Pricing strategy specialists.</i></p> <p>The Wall Street Journal</p>

Project leadership

SIMON • KUCHER & PARTNERS
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Lovrenc Kessler
Managing Partner
Office: Dubai, UAE

- Managing Partner of Simon-Kucher & Partners' Dubai office, responsible for the Middle East and North Africa.
- Member of Simon-Kucher's Global Consumer and Retail Practice and has advised leading FMCG and retailer players in the MENA regions in achieving profitable revenue growth
- Areas of expertise include growth strategies, portfolio architecture optimization, omni-channel strategies incl. ecommerce, trade term optimization and marketing efficiency
- Frequent guest speaker at leading industry conferences in Middle East and Europe
- MBA from the University of Eichstätt-Ingolstadt in Germany, majoring in Economics, Finance, International Management

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Gawel Adamek
Director
Office: Dubai, UAE

- Director in Simon-Kucher & Partners' Dubai office and Member of the Global Consumer and Retail Practice
- 8 years of management consulting experience focusing on Retail & Consumer goods, broad experience in pricing and offering portfolio optimization, promotions and trade terms
- Worked for multiple leading consumer goods producers in UAE, KSA, Egypt and leading large format retailers in Europe
- Lead commercial excellence transformation programs consumer goods manufacturers in KSA and Pricing and Promotion Management for retailers in the GCC
- MA from the University of Cambridge, UK and BA from the University College London, UK

SIMON • KUCHER & PARTNERS
Strategy & Marketing Consultants



Farah Thalji
Manager
Office: Dubai, UAE

- Manager with Simon-Kucher & Partners Dubai Office, with core focus on retail
- 7+ years focusing on growth strategy, channel selection and investment review, especially in the retail and leisure/hospitality industries
- Conducted projects alongside private equity firms, family business and government entities across GCC
- Previously advised the UAE Ministry of Finance on growth challenges in the ecommerce sector, competitiveness of international vs local companies and proposed regulatory structures to enhance the sophistication of local ecommerce policy
- Masters in International Finance and Public Policy from Columbia University, BA in Economics from Harvard University

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Thank you!

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