Transforming Consumer Engagement with **Digital Innovation**

Changing economic conditions, growing brand categories and emerging digital technologies are continually influencing consumer and shopper behavior. In a post-recessionary environment with price sensitivity still at an all-time high, consumers are scrutinizing their spending habits, demanding more value and becoming better informed about their purchasing decisions. Many consumers are thus turning to and relying on digital sources – online retailers, social media and mobile technologies - to research products and make informed choices. These factors are not only transforming how consumers buy but how consumer packaged goods (CPG) companies can engage with them.

While most CPG companies have basic digital capabilities in place, many struggle to fully integrate them into their innovation and brand/marketing processes. When companies don’t take advantage of these innovative new ways to connect with consumers, they miss out on opportunities to increase profit and sales, gain new consumer insights and ultimately deliver a better consumer experience. As the digital space continues to grow in influence, how will your company create a Digital Innovation approach that supports your business strategy and goals?

**Digital Innovation: A Two-Way Street**

Emerging digital capabilities have transformed marketing into a bi-directional conversation where CPG companies can listen, participate and interact to provide shoppers and consumers with more innovative products. Despite this, a lack of understanding of the digital space is still keeping CPG companies on a one-way street.

Kalypso can help move companies from a place of relative uncertainty to a position of competitive advantage where digital innovation is a proven and measureable “win” internally and externally. Kalypso’s Digital Innovation approach helps companies apply these two-way capabilities to transform internal processes and go-to-market strategies to better engage consumers and shoppers.

**What is Digital Marketing in CPG?**

The art of communicating and connecting with consumers and shoppers via digital mediums (web-sites, e-commerce, i-media, email, social media, search, mobile, etc) to drive awareness and action for their brands.

**The Impact of Digital Marketing in CPG**

- Consumers spend up to 30 minutes researching before they go shopping.
- 96% of shoppers create a shopping list before the buy.
- The majority of shoppers have become less loyal to retailers and channels.
- The Internet is the #1 destination for shopping list creation and purchase decisions.
- Online activity is effective at changing behavior in-store.
- Major CPG company found that digital beats every other marketing channel in ROI.
Kalypso’s Digital Innovation methodology focuses on two key areas:

- **Digital Marketing** – Interactive marketing via a digital suite of tools - including branded sites, e-commerce, i-media, social media, search, e-crm, mobile and mobile commerce - to engage consumers online to take some form of action. Digital tactics are selected and integrated into an “activation map” that enables the best marketing solution for the intended consumer target.

- **Social Product Development** – Creating and implementing a comprehensive social strategy that supports business goals for product development and innovation. Social technologies, software and applications are evaluated based on business needs. Social strategy and technology are integrated into product development business processes, from Front End of Innovation through support for in-market products.

**Deliver Digital Innovation Results**

Kalypso’s deep experience in CPG and systematic view of new product and service development helps clients fully integrate Digital Innovation into strategy, plans and execution to deliver sustainable results. **Our approach to Digital Innovation consists of five critical phases:**

1. **Leadership Commitment**: Create a leadership sense of urgency.
2. **Digital Assessment – Current State**: Understand current state and capabilities.
3. **Digital Vision – Future State**: Create a three-year digital vision with success criteria.
4. **Digital Innovation Roadmap**: Build a proven roadmap from current to future state.
5. **Execution**: Execute the transition with excellence with success criteria as a guide.

Digital Innovation starts with an understanding of how digital can impact the business, the consumer/shopper, competitors and the global economy. Our team conducts a comprehensive digital assessment to review your program and performance. Our team then works with you to develop a strategic roadmap of the improvement areas and execute from current state to future state.

Kalypso’s Digital Innovation approach can help you innovate how you connect with your consumers and shoppers, integrating digital into your marketing strategy and improving return on your investment.

**About Kalypso**

Kalypso is the world’s premier innovation consulting firm, helping clients improve performance by delivering on the promise of innovation. Kalypso offers clients full service capabilities including Business and Innovation Strategy, Front End of Innovation, Portfolio and Pipeline Management, New Product Development and Introduction, Pricing and Value Management, PLM Technology, Leadership and Learning, and Intellectual Property Management. For more information, visit kalypso.com. Follow Kalypso on Twitter @KalypsoLP and on Facebook at facebook.com/KalypsoLP.

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