Marico sharpens focus on data

Here's how the FMCG firm is using analytics and digital tools to improve forecasting and cut inventory costs

Transforming businesses by using digital and analytics is a priority for many organisations today. Marico is the latest to up the ante on the digital front. The fast-moving consumer goods (FMCG) company is leveraging data and big analytics to transform its demand forecasting system and ordering platform. Over the last few months, Marico has introduced innovations that have seen its demand forecast accuracy improve by 10 per cent to 78 per cent, the company says. Also, its new ordering platform has resulted in better execution of customer orders leading to improvement in distributor service levels which are now pegged at 95 per cent.

Marico had a lot of data lying at the distributors' end and customer insight data within the firm. "The key question before us was how do you harvest data to deliver better analytics and forecast better," says Mukesh Kripalani, chief of business process

MINING FIGURES

- Marico is using demand sensing analytics that helps in tweaking the allocation of resources quickly
- Using real-time sales data from distributors, Marico is better placed to gauge the impact of promotions on customers
- It is using data analytics to gain higher visibility of what's selling in different areas as it tracks sales geography-wise and at a distributor level

transformation and IT, Marico Limited.

Marico began by collating the data at one place and thereafter it increased the frequency of data usage within the company to drive data-led outcomes. "The centralisation of a huge amount of data has resulted in higher frequency of data usage within the organisation. Now we are accessing data almost on a daily basis rather than periodically. We are using various algorithms on available data and running different programmes (promotions, cross selling etc.) and are thus able to forecast demand with more accuracy," he adds.

Marico is using demand sensing analytics, which helps tweak the allocations of resources including machinery as well as manufacturing capacity quickly. This in turn helps the supply planning teams to react to changes in market demand more frequently. For example, in-depth analysis of day-to-day data at the distributor level is helping sales team to get a distinct view of product bouquets that are faring well in the market. It gives them a definite view of certain SKUs (stock keeping units) that may not be selling fast. In such scenarios, supply planning teams can make quick arrangements for augmenting bouquets that are overselling and reducing the manufacturing and availability of slow-selling SKUs.

The company's distribution plan now has a far higher frequency. This is reflected in its product promotions strategy as well. Using real-time sales data from distributors, Marico is better placed to gauge the impact of promotions on customers. If a product bouquet or promotional scheme does well at the distributor's level, the team is in a position to augment and increase product supplies accordingly.

Marico reaches 4.7 million retail outlets, serviced by its distribution network comprising four regional offices, 32 carrying and forwarding agents and about 5,600 distributors and stockists. Of this, over 853,000 outlets are serviced directly.

Further, Marico is using data-led demand forecasting to optimise its inventory level. It is using data analytics to gain higher visibility of what's selling in different areas as it tracks sales geography-wise and at an individual distributor level. Such an approach is helping it to generate sales without increasing the outgo from distributors ensuring that money goes behind pushing the right SKUs.

According to Vineet Trakroo, chief executive officer, Evolution Strategy Advisors LLP, large organisations have got departments sitting on reams of data and are in a position to create multiple scenarios using analytics. "However, most of the times we see misuse of analytics since companies continue to rely more on external data such as that provided by third-party agencies to drive their strategies. This needs to change for companies to identify specific problem areas and then deploy diagnostics using data to improve key performance areas. " For example, it's not enough for a company to use analytics to assess the impact of promotions. Rather, such assessments should eventually contribute to the overall growth of the company.

Even as Marico has gone about introducing digital initiatives and data-led solutions, it had to ensure supplies to trade channel partners and consumers weren't disrupted. To achieve this, it was crucial for it to bring different members of sales, supply chain, operations and IT on the same page, help them understand and appreciate the benefits of digital transformation.

Most importantly, Kripalani points out, efforts had to be made to make employees understand that forecasting is not just sales-driven; a lot of it is driven by sentiment as well. "There is a tendency to believe that if a forecasting model has suggested something, things would pan out exactly like that. However, that is not always true. There is and always going to be room for a human touch to enhance sales prospects as well as sales experience."

Value of robotics

Indian IT providers are developing robotics process automation as a core capability

For a number of years, the fear of job losses had restrained key board members at Americorp* in sponsoring robotics automation initiatives, though they engaged with their global IT solutions provider from India in ongoing business transformation. In particular, it had a large supply chain management team to manually gather data, create purchase requisitions and generate purchase orders (POs) in their SAP system every week. The POs were then downloaded and emailed to the respective vendors as PDF attachments. Earlier this year, the Indian IT provider offered a "PO bot" that automated the data extraction, purchase requisition creation and approval, PO generation and emailing processes to process transactions four times faster, completing the PO cycle in less than five minutes. The bot also allowed unlimited, on-demand requisition and PO creation based on monitoring live requests and triggering related processes. It reduced the manual effort by 65-80 per cent, freeing up 1700+ man-hours per year in supply chain management activities that were directed to more strategic value-added tasks, as well as help manage its ever-expanding IT and compliance-related tasks.

Research at the Aston India Centre for Applied Research reconfirms that leading Indian IT providers are continuing to develop robotics process automation (RPA) as a core capability for service delivery, offering a cost-effective alternative to rapidly eroding labour cost arbitrage-related opportunities to their global clients. RPA is starting to seriously change the delivery of services and the nature of jobs by stripping those parts of the job that are conducive to such automation as brought out in the Americorp example, while devoting human effort to activities such as strategic data analysis of supply-chain data, leading to changes in client business models and freeing up time

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for organisational innovation without any significant layoffs.

Most interestingly, RPA has provided Indian IT providers an effective tool to compete against threats of insourcing. The overseas backlash against the impact of automation is increasingly leading them to seek assistance from Indian IT providers, rather than sponsor their in-house automation initiatives. In parallel, Indian providers continue to get better in using automation to cut costs and improve process metrics including responsiveness, timeliness, quality and ease of use. Automation will only breed automation and progress from routine manual tasks to more routine cognitive tasks, resulting in even HR teams at clients eventually developing an emerging view of talent and capability that would come not just from humans, but also technology.

Let us consider another example at the European law firm Law& Law LLP*. Attorneys in their team manually reviewed hundreds of thousands of documents for relevance to the litigation, within extremely challenging timelines and limited budgets. After years of resistance to automation and overseas outsourcing, they worked with a global business process management (BPM) provider from India this year to develop a "learning" algorithm or software model and train it with examples of relevant and non-relevant documents and metadata. Additionally, this algorithm iterates by adding additional examples to improve the model's intelligence and evolve as a predictive model to score documents based on relevance. This allowed Law & Law LLP to safely and defensibly exclude over 87 per cent of the documents from the review population and outperform time and cost expectations, once again without any significant job losses.

*Names changed on request

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Electric charging gap

While India has pledged to have an "all-electric car production effective 2030", the lack of charging infrastructure is one of the prime concerns for the government of India to achieve this milestone, according to Grant Thornton CII report, Sustainable NextGen Automotive Technologies – Imperative India. India lags behind in the availability of charging infrastructure with 353 charging stations across the country. A large number of these charging stations have been set up by the manufacturers of electric vehicles (EV). It is estimated that by 2020, additional power generation capacity of 150–225 Mw would be required with an investment of about ₹750–1000 crore. The report further highlights that for deeper penetration and sustainable development of EVs, two and three-wheeler will play a major role. India being the largest two-wheeler market, infrastructural investments seem to be the only way forward for achieving the same.

Tech downsides

While technology has helped make processes more efficient, completely depending on it can have its downsides, especially when it comes to recruitment and finding the right talent, reveal the findings of the Tech and Touch survey conducted by Randstad India. According to the survey results, while most candidates find value in technology, they are frustrated when it overtakes the human aspect of the hiring process. In fact, 78 per cent respondents agreed that they perform much better in personal interviews as compared to automated tests. Interestingly, a vast majority of the millennials aged between 21 and 26 (79 per cent) also subscribed to this view. About 58 per cent said that an overly automated interview process would be less transparent and not provide the feedback they were seeking. Also, 83 per cent mentioned that technology makes the interview process more efficient but much less personal.

'Automatic' choice

Ola Auto's maiden TV commercials try to define the category as the cab aggregator looks to tap the market beyond metro cities

BRAND: Ola Auto
BUDGET: ₹10–12 crore (estimated)
AGENCY: Happy mcgarrybowen

Leading online cab aggregator Ola has come up with its first set of television commercials (TVCs) for its Ola Auto business, as it sets sights on foraying into a market beyond metro cities. The campaign features two ad films in English and a few regional languages, each less than half a minute and delivering the tagline, "Auto *bole toh* Ola Auto", reminiscent of the iconic category-defining "Thanda *matlab* Coca-Cola". While audiences may be familiar with Ola's association with cabs, the maiden TVCs on its autorickshaw segment comes three years after the launch of the feature.

In one of the ads show two girls are just finishing shopping inside a supermarket, and in the other two girls are bored at class. Both sets of prospective Ola customers barely think aloud wishing they could leave in an autorickshaw when the vehicle emerges like magic next to them with the driver ready to ferry them.

Mudit Shekhawat, senior director, marketing, Ola, points out the objective of the campaign is to reach out to a large commuter base and make Ola Auto the top-of-the-mind recall for every regular autorickshaw user. "The Ola Auto proposition is extremely compelling. With rides starting at just ₹29 for the first 4 km, free Wi-Fi, wide availability, doorstep pickup as well as cashless payments, there is no reason why anyone with a smartphone should be taking regular autos."

Ola is present in 110 cities, and in the autorickshaw space, it is the largest aggregator with a coverage of 73 cities. Ola records approximately 10 million auto rides in the country every day, says Shekhawat, providing a big opportunity to add more vehicles to the platform while transferring benefits to customers (through value adds to their rides) and to drivers (through increased earnings).

Happy mcgarrybowen, the creative agency from Dentsu Aegis Network, conceptualised the campaign.

Kartik Iyer, chief executive officer, Happy mcgarrybowen, says given the familiarity of autos to Indians, what Ola offers isn't a different commuting option from what exists but a change is at an experiential level.

"There are some very compelling reasons like doorstep pickup and ₹29 for 4 km and above that the free WiFi which are possible only when you book an Ola Auto. The task on hand was to build on this and make the association between autos and Ola stronger," he adds. Iyer says the simple, quirky communication in the campaign isn't different from earlier ones from Ola. "The only difference is that this campaign has gone more vernacular than others focussing on markets where autorickshaws are more popular."

Ola is a leading aggregator in the online segment of the taxi market in India, the overall market being estimated at about USD 15 billion, as against nearly $2 billion online.

Shekhawat says that the auto business is one of Ola's

The ad campaign tries to show what Ola offers customers isn't a different commuting option but a completely new experience

fastest growing categories. "Our current focus is on the smartphone-owning offline auto customers. Hence, we are working on several features that will help us in removing all the barriers for accessing Ola's services. Launching features such as enabling commuters to access Ola's services, even if they don't own a smartphone or have Internet connectivity, is something that's in the pipeline. Other than this, we will be scaling up autos further, taking it to many demand-heavy tier-II and tier-III cities," he adds.

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1 This company was founded by a couple in 1859. It handled the baggage of all the delegates attending the Republican Presidential convention at Chicago in 1860 when Abraham Lincoln was nominated. It also helped promote the sale of US War Bonds during World War II. Name the company.

2 Who is opening pop-up stores called "Home of Black Friday" and where?

3 Connect a group of indigenous peoples of South America, the Guarani, a Spanish botanist and physician Pedro Jaime Esteve and Coca-Cola.

4 What is common to the following founders: George Eastman of Kodak, Food pioneer and breakfast cereal tycoon CW Post who founded Post Holdings in Battle Creek, Michigan in the early 1900s and Adolph Herman Joseph Coors, Sr. who founded the Adolph Coors Company (now the Molson Coors Brewing Company) in Golden, Colorado in 1873?

5 This technique used in brand marketing and product management to help a company decide product(s) to add to its portfolio and opportunities they should continue to invest in was a refinement of the BCG matrix. Name the tool and the firm that hired a rival to BCG and got this strategic tool created.

6 Name the brand that was born when a young R&D scientist simply froze shower gel in an ice tray to throw up not only a Eureka moment but also a new category for the product. It was launched in 2009.

7 What is usually the second Monday of December or the last Monday with at least 10 days prior to Christmas called in the US? Name the firm that coined it.

8 MP, Gujarat and UP are the top three states in the production of this spice. An Indic tale states that before an *asura* impersonating a *deva* could swallow the immortal elixir called *amrit*, it fell from his mouth mixed with saliva. The liquid was absorbed by the earth and the spice was born.

9 Which brand's punch line reads, "A difference that matters"?

10 Identify the brand from the image. It is the symbol of a city in North America and personifies loyalty in marriage.

ANSWERS TO THE STRATEGIST QUIZ 538

1. The Banana massacre. It was a massacre of workers for the United Fruit Company that ceased operations in 1970. One of its famous brands Chiquita bananas remains
2. The annual gala organised by Alibaba for its record breaking sale day called 11.11 global shopping fest
3. The brand Spalding. Albert Goodwill Spalding, who set up the sports firm in Kentucky, was responsible for all
4. The East India Company
5. Tea industry. Flush is the plucking season and generally the first flush (February–May). Killing the green is heating process deactivates enzymes in the leaf to halt oxidisation
6. Mattel launched the first-ever hijab-wearing Barbie doll. It's designed after Ibtihaj Muhammad
7. They were both produced by oil baron Howard Hughes in 1927
8. Warren Buffet and his wife Susan started this $2.5–billion endowment in the 1960s to support reproductive choice in addition to petitioning for a reduction in nuclear arms
9. Crocs, the footwear brand
10. Apparel brand Escobar Henao created in 2010 by the Medellin cartel leader Pablo Escobar's son Sebastian Marroquin. He made a documentary ("Sins of my father") that is a search for reconciliation with the descendants of victims of his father's violence against the state of Colombia. The brand's motto is – in peace we trust

One lucky winner will receive a cheque for ₹2,000. Send your entries to strategist@bsmail.in. All entries must carry the postal address of the contestant. Last date for receiving entries: November 24 till 8 pm. Previous winners and employees of Business Standard and their families are not eligible to participate. The winner is chosen on the basis of the first correct entry received.

There were five correct entries to Quiz No 538. The winner is Rohit Jain of Meerut