



Leading the pack in digital commerce

Client story



Client
Global producer of pet food

Sector
Consumer & retail

Project
Digital commerce transformation



Client challenge

Despite being one of the top producers of premium dog and cat food worldwide, this pet food producer faced significant market disruption. Its customers were moving away from brick-and-mortar channels, like veterinarian offices and pet supply stores, to digital commerce platforms and specialty sites. Fixing the problem required unprecedented innovation in how the company served its primary customers—veterinarians—as well as their customers, the pet parents. And it required making the investment and taking the risk to remain competitive in a changing marketplace.



Benefits to client

KPMG helped the company develop and launch a new national digital commerce platform that allows pet owners to purchase their products directly from their veterinarian for home delivery. This connected commerce solution enables subscription services and drives business outcomes through better customer experience, stronger engagement, and a supply chain that can fulfill online orders seamlessly.

In just the first eight months post digital commerce platform launch, the company has been able to:

- Exceed the number of customer sign-ups the company expected—adding more than 10,000—with lower-than-expected churn
- Expand the average orders customers typically purchase within a recommended nutritional plan
- Improve pet parent compliance with veterinarian instructions, leading to healthier dogs and cats and happier veterinarians
- Gain more customer insights so that the company can improve its product and service offers
- Create industry excitement and increase the market opportunity as a result.



KPMG response

The company initially aimed to cut costs in what it believed to be a supply chain issue—making warehouse distribution more efficient and effective. But coming from previous successful work at its parent organization, we wanted to examine other issues as well. We asked whether they were building the right capabilities to serve their customers and be profitable in a digital age. In the face of increasing competition, we encouraged the company to think differently about the online buying experience and the customer journey as a whole, and helped them chart a path to navigate the digital economy.

We conducted extensive research to determine how customers wanted to interact with the company for a more modern and engaging experience. Then we assessed changing market dynamics to determine the threat of disruption from competitive business models. We also analyzed target markets, profit margins, pricing models, regulatory compliance, and other business metrics.

From there, we designed a new business model, leveraging the company's legacy strengths while establishing new sources of growth through digital channels. In addition to selling products directly to veterinarians (a typical business-to-business, [B2B] model) as the company had done for decades, they would embark on a B2B2C model, including the pet parent for the first time as the ultimate consumer.

The new subscription-based model allows them to continue selling products to veterinarians first, increasing compliance with prescriptions and leading to better pet health and a higher return on investment. The company also gains a direct relationship with pet owners by providing convenient home delivery, crucial in this category.

Though the business model was straightforward, a number of operating model changes were required to execute successfully. Over the course of the two-year engagement, we designed, developed, and built two new commerce platforms, focusing on seamless user experiences for both veterinarians and pet parents across mobile and desktop devices.

Leveraging our research, we analyzed process flows as well as compensation requirements for vets and pricing expectations for pet owners. We mapped out operating model requirements and processes across all order-to-cash activities, including customer registration, order entry, fulfillment and distribution, collection, tax reporting, and postsales support.

At a time when customers want to engage with companies how and when they want—across all channels and touchpoints, fulfillment capabilities, and return methods—our client has transformed into a customer-centric, digitally enabled business engineered for profitable growth.



KPMG insights

Connected commerce delivers a new level of data analytics and customer insight that can change your organization.

A deliberate focus on your customers yields an enormous amount of data that requires hiring or training people to mine, curate, and analyze it. The resulting insights can produce more targeted products and services as well as changes in supply chains and customer service so that a better customer experience is created.

Digital platforms make it easier to introduce new products.

Because the digital framework and platform are already in place, digital capabilities can be added more quickly and seamlessly. Case in point: an IoT pet collar that can provide real-time pet data to manage health.

You can't afford to be penny wise and pound foolish.

Though initially perceived as expensive investments, digital commerce projects unlock manifold value and revenue. They also deliver the experience that today's customers expect—and if you don't deliver that, someone else will.

If you are interested in learning more about this case study, or if you are experiencing similar issues, please contact us.

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