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Something  
Digital

# Future-Proof:

How an Ecommerce Center of Excellence  
Enables CPG to Thrive in the DTC Era

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## I.

## Investing in the Future of your Brands



Brands are much more than businesses that sell products to consumers; they're sources of comfort, a promise to the customer, and a standard for quality. Sometimes they're even iconic representations of Americana. Songs like "American Pie" celebrate beloved Chevys, while Andy Warhol turned images of Campbell's soup into treasured works of art.

But brands, like popular culture, also reflect a moment in time. And like popular culture they must evolve with the consumer's changing tastes and values or fall into oblivion.

While staying relevant with the consumer has always been a top priority for brand managers, maintaining a leadership position has become much more challenging in the digital age. Newcomers with minimal budgets and barebones staff have managed to upend multiple sectors of the consumer market, and challenge incumbent brands in ways that were inconceivable just twenty years ago.

The inherent advantages powerhouse brands once enjoyed – ample funds to launch nationwide TV campaigns that define the conversation, long-established mass distribution channels, 100+ year head starts in the market -- are themselves less relevant than they once were. Founders of direct-to-consumer (DTC) brands have leveraged digital technology to overcome those advantages, enabling them to bypass middlemen, speak directly to the consumer and create loyal customer bases, complete with first-party consumer data.

With low barriers to entry and a large swath of Millennials and Gen Zers who've never developed the emotional attachment to the brands favored by previous generations, it has never been easier to launch a challenger brand.

# Shifting Sands of Consumer Marketing

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Although we tend to think of DTC as a business model, it actually extends beyond to one-to-one relationship brands have with consumers. [As eMarketer notes](#), “The most successful [DTC] brands combine modern-day aesthetics, high-quality product design and experience and differentiated positioning within their category.” In other words, the DTC breakout stars have set a new baseline for consumers to evaluate the products they ingest, wear and bring into their homes, and it is a standard that all brands must meet.

How do modern enterprises compete with emerging DTC brands? How do they stay relevant in an environment where storytelling and brand aura are key factors in the consumer’s decision-making process? And how do they speak directly to individual consumers, as DTC brands do, when they’ve always relied on third-party resellers and wholesalers to do that for them?

These are urgent questions given that millennials, Gen Zers (along with all future generations) are steeped in digital, and will soon make up the lion’s share of the global consumer market.



# Enter the Enterprise Center of Excellence

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An enterprise center of excellence (ECOE) is a group of stakeholders, processes, and technologies, deployed in the ecommerce channel, to help brands stay relevant with the modern consumer. The goal of an ECOE is two-fold. The first is to achieve a stated purpose – say revive a laggard brand or launch a new one with a DTC aesthetic. The second is to create a case study with learnings that the rest of the enterprise can leverage.

The latter is an important aspect of an ECOE: ultimately, ECOEs should not be constrained to a single brand. The learnings, best practices and technology models that arise out of an ECOE initiative should serve as a model for other brands within the enterprise to emulate.

Longer term, ECOEs tend to follow a life cycle of acquire, refresh and build, which help an enterprise ensure that the brands within its portfolio have a process in place to assess each brand's level of relevancy with the modern consumer, and evolve when necessary.



## **Within the context of ecommerce, this ebook looks at:**

- Macro-level drivers of an enterprise center of Excellence
- The purpose of a Center of Excellence and who it serves
- The lifecycle of a center of excellence and real-life examples
- How to build a team for a center of excellence



## II.

# Why Launch an ECOE?

While enterprises launch centers of excellence to achieve specific goals -- say, revitalization of a brand or the transformation of customer experience -- there are also critical macro-level forces at work that make them an imperative.

**Let's look at them.**

## The DTCification of the Consumer

In the early 2010's a new crop of direct-to-consumer brands emerged, selling bespoke versions of everyday products like shaving cream and intimate apparel. Citing sustainability, fair labor practices and social justice, DTC brands asked consumers to think carefully about the products they ingest, wear and bring into their homes. DTC brands also developed a specific design aesthetic and purchase experience which are markedly different from incumbent brands.



Incumbent brands, watching as Millennials and Gen Zers flocked to the newcomers, realized that they too must embrace the DTC aesthetic. It's fair to say that today we live in an age of the DTC-ification of brands.

But while industry pundits hail the emergence of DTC as truly mold-breaking, in many ways it's business as usual for enterprises that have been manufacturing consumer goods for decades. Here's why: consumers, highly influenced by cultural trends, will change buying habits over time. Brands with staying power are attuned to those trends and use them to update their brands' product makeup, aesthetic, packaging, storytelling and marketing messages.



Take Clairol, a brand of hair coloring products that launched in 1931. To keep up with millennials, the company has updated its Natural Instincts line to meet a modern aesthetic in every way, from its packaging to its promise of vegan hair dye.

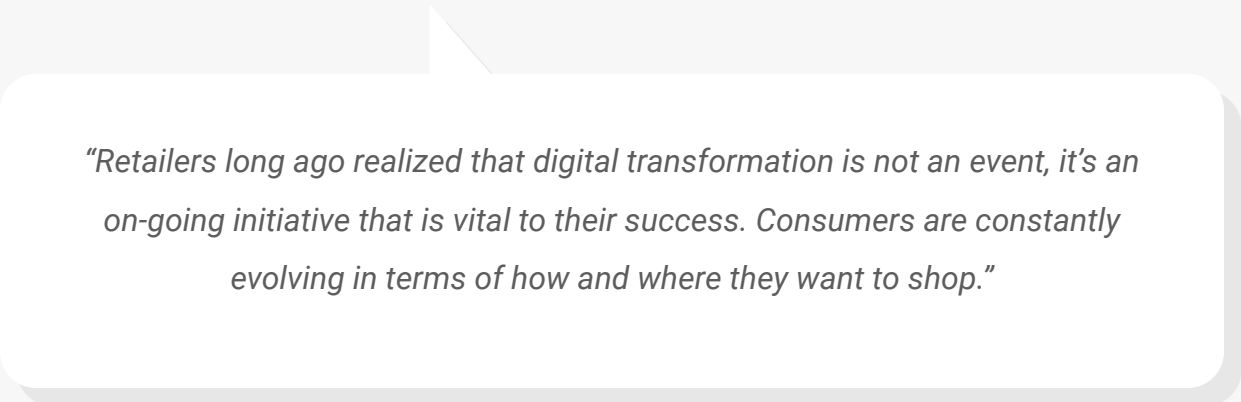
# The Digital Transformation Imperative

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For well over a century, brands controlled the conversation, telling consumers what to think and how to evaluate the products they buy. User generated content put an end to those one-way conversations; social media enforces that new world order. Today, consumers are in the driver's seat, determining who they'll listen to, along with where, when and how they progress through the purchasing journey.

Consumers also leave clues as to their preferences and brand loyalty as they interact with brands across multiple touchpoints. Most brands have embarked -- or plan to embark -- on a digital transformation so that they can better harness those insights, and use them to sharpen their competitive advantage, as well as provide a higher level of service to their customers.

Like ECOEs, digital transformations are not one-and-done projects; they are ongoing processes designed to listen to and respond to the consumer. As Signify'd Vice President of Product and Brand Marketing Stefan Nandzik, explains:



*"Retailers long ago realized that digital transformation is not an event, it's an on-going initiative that is vital to their success. Consumers are constantly evolving in terms of how and where they want to shop."*

It's not enough for retailers to constantly adjust in order to serve those changing needs. Retailers need to be out in front, anticipating what customers want.

And even that's not enough. To paraphrase Steve Jobs, sometimes retailers need to show consumers something that they want — including things that they didn't even know they wanted until they saw it. All that takes constant innovation.





# Purpose of an ECOE

An ECOE encompasses a set of stakeholders, processes, practices, and best-in-class examples of a brand’s investment in digital commerce that serves as a model for others within the enterprise to emulate.

At its best, an ECOE is a proof point of the art of the possible, demonstrating the efficiencies and level of consumer relevancy brands can achieve when freed from existing cultural constraints of the enterprise. At its worst, it’s nothing more than a PR play that has zero impact on the consumer (a fate that all ECOEs must avoid as the ultimate purpose of an ECOE is to better serve customers).

## When to form a COE?

	Enterprise Goal
Revitalize a Brand	<ul style="list-style-type: none"><li>• Meet the modern consumer’s expectations in terms of a brand’s esthetic, promise and values</li><li>• Ensure brand relevance in the market</li></ul>
Transform the Customer Experience	<ul style="list-style-type: none"><li>• Optimize and standardize the customer experience across all channels and touchpoints</li></ul>
Achieve Operational Efficiencies	<ul style="list-style-type: none"><li>• Standardize technology infrastructure</li><li>• Streamline number of partners and vendors to manage and skill sets required to support internal infrastructure</li></ul>

## Who the ECOE Serves

ECOEes have multiple constituents, and will benefit the organization on multiple levels.

**The Enterprise.** As multi-generational entities, survival is tied to the enterprise's ability to evolve with consumers over time. An ECOE helps to keep the business modern and nimble, as nothing in the consumer world is durable.

**People/Brand Leaders.** An ECOE can be personally rewarding to the people who champion it within an organization. Such initiatives can help ambitious people build their influence and leadership across the enterprise as they share what they've learned in multiple divisions.

**Brands.** All brands experience a life cycle in which they grow, catch on, rise to prominence, fall out of favor, and quite possibly stagnate and fall by the wayside. This life cycle -- fueled by consumer restlessness and boredom -- is unavoidable. There is no escaping the need for constant reinvention in order to remain relevant in the culture.

And because it has never been easier or more affordable for young entrepreneurs to launch a new brand, incumbent brands are under tremendous competitive pressure to continue innovating and growing.



## IV.

# The Lifecycle of an ECOE

ECOE's tend to follow a natural life cycle of build, buy and refresh which help an enterprise ensure that the brands within its portfolio have a process in place to assess a brand's level of relevancy with the modern consumer, and evolve when necessary. To demonstrate the cycle, let's look at some real-life examples.

## Clorox and NeoCell: Acquire a Modern Brand

Clorox added NeoCell to its portfolio by way of another acquisition: Clorox acquired Nutranext, which had previously acquired NeoCell. Acquisitions are becoming a common way to gain expertise in the DTC channel, as Edward Hauck, Managing Partner at Nutrition Business Advisors LLC explains: "Whether we call it multichannel or omnichannel, several recent investments by the large CPG players in the natural products channel seem to be driven by their interest to bridge the traditional retail channel and direct-to-consumer marketing technique."

Founded in 1998, NeoCell offers a range of collagen products to promote both health and beauty, and Clorox viewed it as a perfect end-cap brand to mass-market to millennials. In addition to bringing DTC experience and market share to the portfolio, Clorox's CEO at the time, Benno Dorer, told investors that with no clear leader in the category, NeoCell presented Clorox with an opportunity to accelerate growth in a fast-growing sector.

NeoCell marketers have updated the branding to give it a modern aesthetic.



Before



After



## Clorox and Natural Vitality: Refresh Existing Brand

In many ways, acquiring a modern brand is a low risk approach to launching an ECOE, in that it allows the team to get its feet wet with a brand that has traffic, customers and legacy behind it, and can serve as a surrogate for a grander vision of brand revitalization. Once a template is created, the team can then apply it to the more established brands in the portfolio.

In the case of Clorox, the ECOE team now has specific learnings from NeoCell that could now be applied to Natural Vitality. Those learnings include team architecture, inventory management, supply chain, integration to ERP, media buy and PR strategy, and the network of developers, technologists and outside agency consultants.

Natural Vitality underwent a brand refresh, and in September 2019, the company announced a new look, as well as new products, such as gummies in order to appeal to the millennial market.



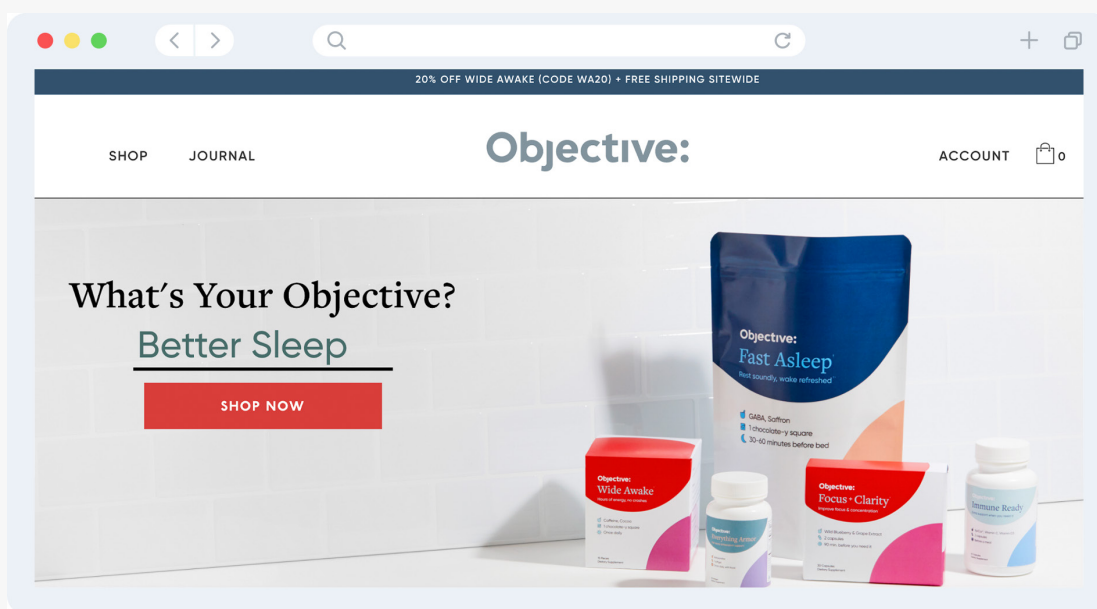
# Clorox and Objective: Building a New Brand

In October of 2019, Clorox made waves when it did something it hadn't done in a very long time: launched a new brand from scratch. Objective, a wellness brand that targets Gen Xers, served as Clorox's first foray into DTC marketing.

The Objective launch relied heavily on the DTC team that came to Clorox via its 2018 acquisition of Nutranext. The acquisition of Nutranext was strategic, as the company's VP of Growth, Vivian Change, explained, "[At Clorox] there's tons of brand management expertise, but there wasn't a growth marketing function [that was] thinking about how you also do performance marketing."

By leveraging the existing DTC expertise within Nutranext, Clorox was able to expedite the inception-to-launch timeframe. In just four months, the company conceived of the brand and identified the market to serve, as well as built an ecommerce site, integrated it with its backend systems, set up tracking and began launching campaigns.

But, true to the nature of DTC marketers, Objective has already evolved. One year after its launch, Objective marketers have updated the logo to include a colon (:), as well as the packaging and website in order to appeal to millennials.



## Case Study: ECOE and Apparel - Centric Brands

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Centric Brands is an apparel company that owns numerous labels, including Robert Graham, Herve Leger, Hudson Jeans, Buffalo Jeans, Joe's Jeans, Tommy Hilfiger, Lucky Brand and many others. Something Digital began working with Centric Brands when the company asked us to redesign and build the ecommerce site for Robert Graham. Our goal was to design an ecommerce stack that was more efficient and that could be deployed for all of its brands.

Like many holding companies, each brand within its portfolio had its own technology infrastructure. Some of the brands used Magento Commerce, while others used Shopify, and SAP Hybris. This led to significant inefficiencies, including the headache of managing hundreds of licenses. The disparate platforms also meant that Centric Brands was unable to foster cross-brand purchases.

### Centric Brands had specific goals for its ECOE:

- Homogenize the technology so that all sites offered a core set of features (e.g. reviews, store locators, real-time inventory for buy-online-pickup-in-store for brands that have brick-and-mortar outlets)
- Replatform all brands to Shopify Plus
- Streamline operations and cross-merchandise catalogs.



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**BUFFALO**  
DAVID BITTON

**HERVE LEGER**  
PARIS

**HUDSON**

JOE'S 

*Robert Graham*<sup>®</sup>



# Robert Graham

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Centric Brands opted to begin the initiative with RobertGraham.com. As an omnichannel brand there was a fair amount of complexity involved in replatforming the site, including integration of its order management and ERP systems. The replatforming served as a test case for its other omnichannel brands.

The Robert Graham site was originally built on a legacy version of Magento Commerce, which meant the brand needed to upgrade to the latest version to maintain compliance. Additionally, they needed to engage an outside developer anytime site changes were needed. Another prescient concern was ADA compliance, which added to the urgency to upgrade.

Central questions Centric Brands posed to Something Digital was: If the company replatformed to Shopify Plus would the other brands in its portfolio also be able to use it? Could the ancillary technology – reviews platform, payment provider, email platform – be applied across the other brands?

After the Robert Graham site was complete, Centric Brands transitioned Hudson Jeans, which was already on Shopify Plus, to Something Digital to manage. With each brand transition and replatform the process becomes easier; the latest replatform, Herve Leger, was done in just 4 weeks.

**This approach accomplished many goals that Centric Brand had:**

- Created a modern way to connect with the consumer, including cross-brand purchases, social sharing and proofing, and a true omnichannel experience.
- Homogenized the technology infrastructure, allowing for cross-pollination of marketing initiatives.
- Consolidated team skills into a few discrete areas of focus, allowing Centric Brands to develop expertise in a select set of platforms. It also reduced the number of software licenses to negotiate and renew.

## The Cycle Continues

By the time a company completes the build, buy, refresh cycle, it will be time to begin it anew.



## The People You'll Need

### ECOE Champion: A Figurehead for Change

For an ECOE to succeed it needs an internal advocate, someone who will step up to serve as the key driver and owner of adoption. A critical role of the ECOE champion is to get all of the ECOE constituents excited about the new operating model, as well as recognizing that it's not commandeering their individual decision-making freedoms or adding layers of bureaucracy.

#### The ideal ECOE champion is someone who:

Reports to CEO/CMO

Directly manages leaders of critical business functions, such as analytics or customer care

Is able to define cross-channel digital strategy as lead evangelist on digital innovation

Can coordinate with all corporate leaders in the multiple business units for digital needs and activities

Oversees ECOE governance and prioritization processes

**When building out the ECOE team, the champion should seek out people within the organization who are:**

<b>Commercially Aware</b>	<p>A team should include people who are knowledgeable and familiar with your products and the unique needs of your global markets.</p> <p>The content team should view themselves as an extension of their assigned brand's sales team. They should have a strong understanding of what the specific brand has to offer customers.</p>
<b>Technically Proficient</b>	<p>Each member of the content team should be proficient with your company's technology stack and platforms, including your analytics, marketing automation and advertising platforms.</p> <p>These team members should have at least a basic understanding of site technology, so that they can make minor modifications to ensure faster turnarounds to push their creativity further.</p>
<b>Data-Driven and Results Focused</b>	<p>Your team will need agile marketers who feel confident in measuring and interpreting data sets so they can modify their strategies accordingly.</p> <p>Content exists to drive a conversion. The team must include professionals who build their process and content around goals and concrete data.</p>
<b>Digitally Savvy and Search Led</b>	<p>Marketers who understand the importance of search and how it works with other forms of marketing.</p> <p>Heightened focus on employee upskilling and training. Assessing the level of sophistication and focus on constantly developing people with the most current SEO skills.</p>
<b>Content-Centric</b>	<p>Content team members that are able to balance and prioritize the needs of the customer with those of the organization.</p> <p>They need to be able to create highly engaging, valuable content that people want to read.</p>
<b>Socially Apt</b>	<p>Effective communicators who are able to explain and collaborate with professionals at all levels, across the global organization.</p> <p>Externally, they need to adopt a customer-centric view of the world and focus, almost exclusively on creating an excellent customer experience.</p>



## VI.

# Workbook: How to Determine if an ECOE is Right for YOU

Up to this point, this ebook has addressed the need for an ECOE at a relatively high level. This section is meant for readers who are considering an ECOE within their organization and seeking to build a case for one within the C-suite.

Warning Sign	Yes/No
Inability to scale on fragmented tech stacks	
Concerned about data security within the enterprise	
No economies of scale as a result of acquisitions	
Lack of best practice sharing (e.g. audience strategies, channel strategies, insights, compliance, and so on)	
Redundant roles that aren't necessarily full-time when only serving a single brand or business unit.	
Procurement roles that aren't necessarily full-time when only serving a single brand or business unit	
Procurement is bogged down managing an abundance of renewals for the tech stack	
Finance is pressuring the organization over the high cost of technology licenses	
Multiple business units are requesting similar resources -- capability investments, skill sets, vendors -- from "corporate"	
No one has a handle on all of the vendors and partners who are involved across your internal ecosystem.	

**If several of these are true, a COE may be the solution.**

# How to Ensure Your ECOE is Viable

If you make the case to the C-suite that an ECOE is warranted, a natural question you'll be asked is: How will you ensure that the initiative will be viable?

Here are some of the questions you may be asked. You can help your efforts by ensuring you have answers at the ready:

<ul style="list-style-type: none"><li>• Can you provide clarity on what will become the ECOE's governance and the brand's or business unit's channels to influence it?</li></ul>
<ul style="list-style-type: none"><li>• How will you allocate the ECOE's cost across the brands or business unit?<ul style="list-style-type: none"><li>• "Usage"? Revenue-based? Margin based?</li></ul></li></ul>
<ul style="list-style-type: none"><li>• To whom is the ECOE ultimately accountable? (C-suite, business unit, CMO?)<ul style="list-style-type: none"><li>• How will you define success or failure?</li></ul></li></ul>
<p>Which functions or activities will move from the brand or business unit into the ECOE?</p> <ul style="list-style-type: none"><li>• How will you eliminate any potential redundancy that may result from the transfer?</li></ul>
<ul style="list-style-type: none"><li>• Have you sketched out the design of all ECOE processes, e.g. intakes, approvals, etc.<ul style="list-style-type: none"><li>• What is the role of the brand or business unit when the ECOE is taking the lead in brand requirements, UAT?</li></ul></li></ul>
<ul style="list-style-type: none"><li>• How will you prioritize requests?<ul style="list-style-type: none"><li>• How will you measure ROI?</li></ul></li></ul>
<ul style="list-style-type: none"><li>• In instances where there is an opportunity to deliver a feature/functionality to a brand or business unit:<ul style="list-style-type: none"><li>• How will you roll it out to other business units?</li><li>• How do you ensure that all subsequent brands and business units will have the requisite capabilities?</li></ul></li></ul>

**Preparing these answers ahead of time will greatly increase your proposed ECOE of receiving a green light.**

# Ready to Future-Proof Your Brand?

Something Digital, now part of the Rightpoint family, can help. We create human-focused digital commerce experiences that help brands evolve and grow their businesses. Our services include:

**Ecommerce strategy.** We can help you build an ecommerce strategy that applies to all of your brands, enabling you to streamline operations and benefit from brand synergies.

**User Experience and Design.** Our award-winning team brings ecommerce best practices, data-driven design, and engaging creatives that drive sales and increase conversion.

**Digital Strategy.** We provide ongoing digital strategy and optimization including development and creative services, 24/7 performance monitoring, paid search, display advertising, SEO, and email marketing to ensure your site grows with your business.

**Accessibility.** We're passionate about designing and developing digital experiences that can be easily enjoyed by all.

