



Business Model Innovation in The Cement Industry: Going Direct-to-Consumer

The benefits of getting closer to customers is linked to key business outcomes for companies

“To over-deliver in service to a customer is by far the most valuable thing to a business. Because there are only two ways to improve the operations of a business: increase sales or decrease costs...”

- Daymond John, US Retail Mogul



- 1 Gather Big Data** (purchasing, social, delivery)
Understand consumer behavior around buying patterns and use
- 2 Increase Barriers to Entry**
Form direct relationship with consumers, protecting retailer channel
- 3 Control Customer Point-of-Sale Experience**
More control over the brand and cement purchasing process

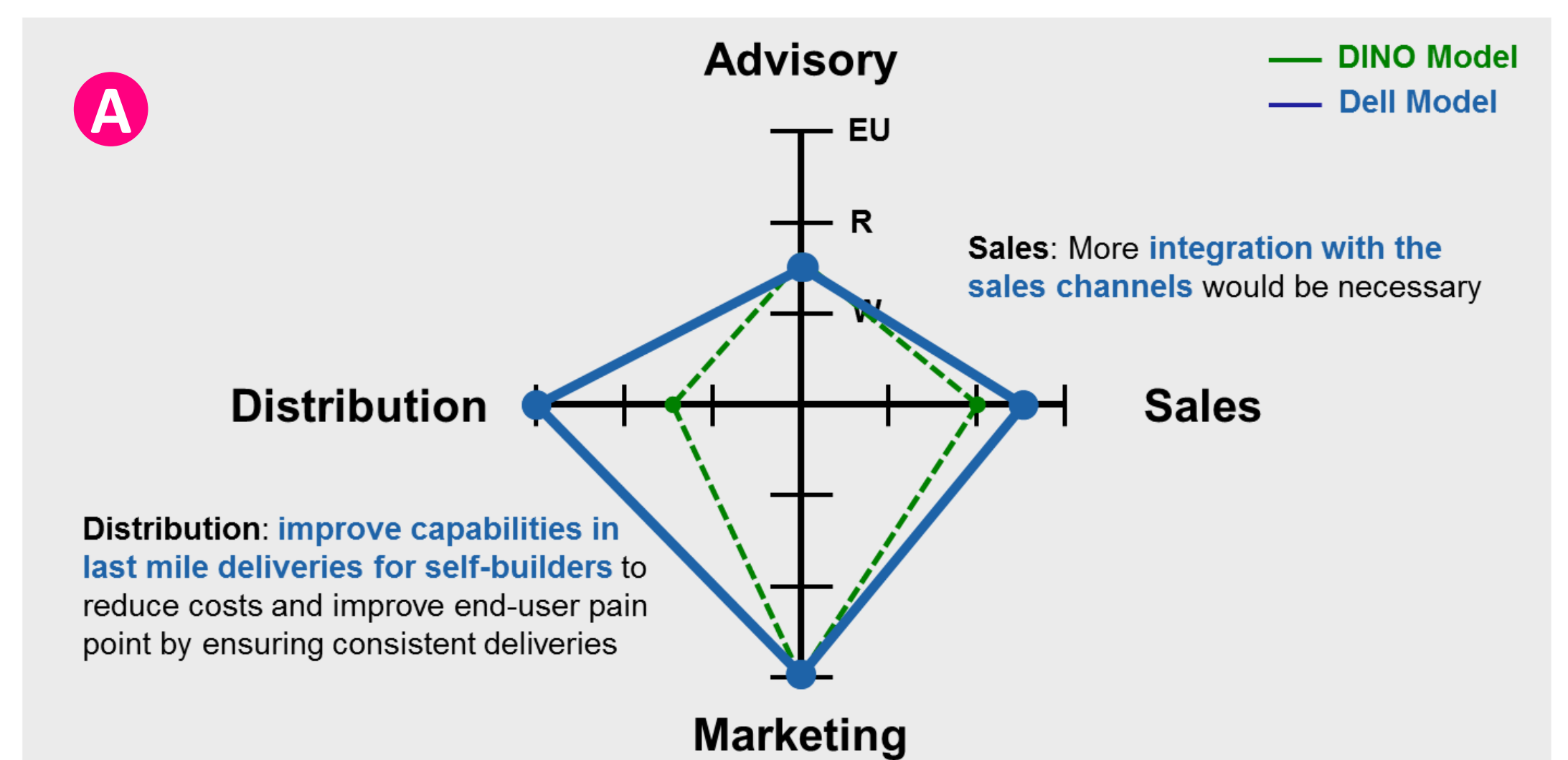
We conducted primary market research in Trujillo and visited the Pacasmayo plant to understand local market realities



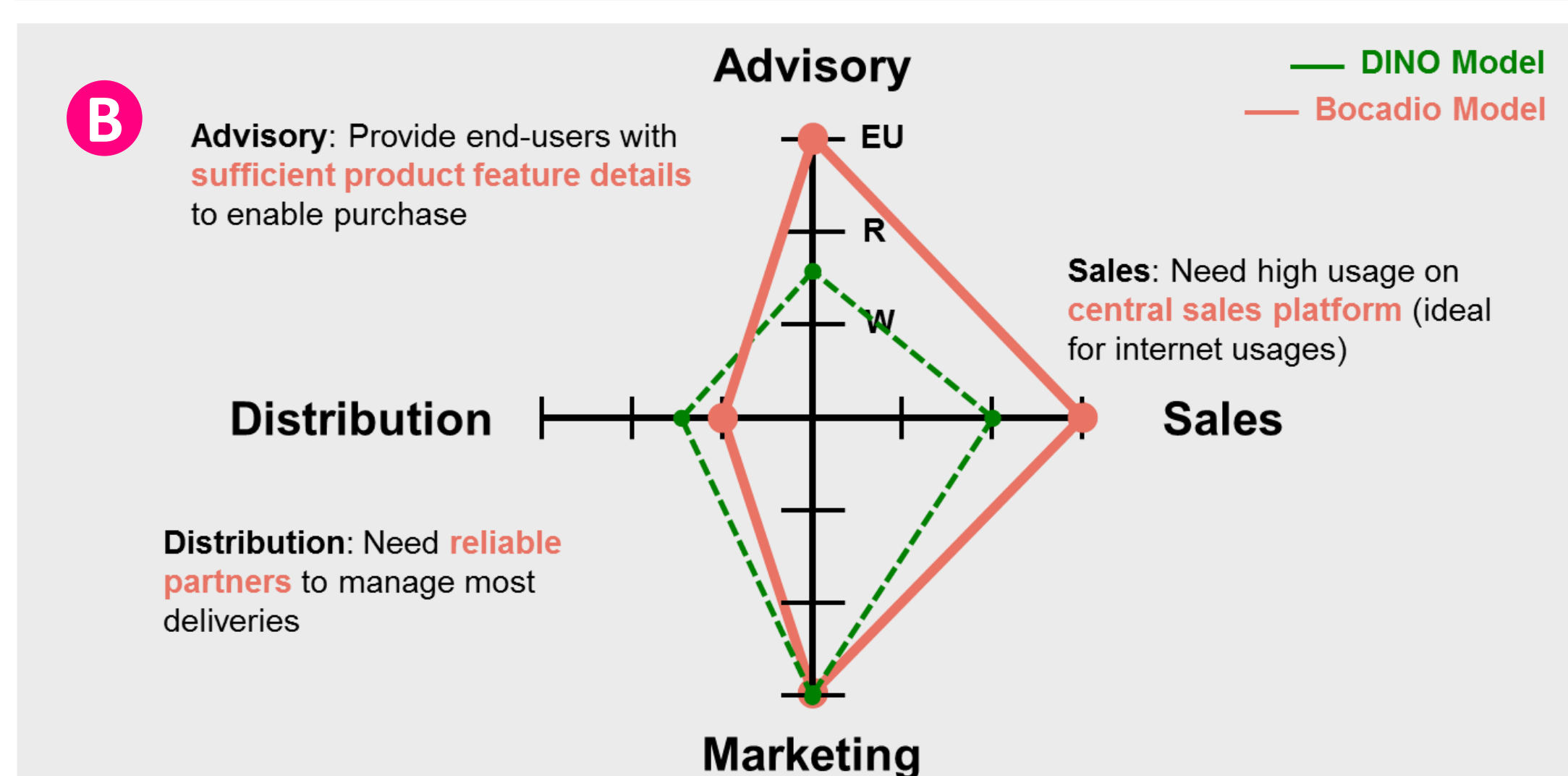
We identified eight different B2C models are used by various successful companies

B2C Option	Example Companies	Description
Brick & Mortar Stores	BCP	• Full ownership and control of brick and mortar stores
Pure E-Commerce Model	DOLLAR SHAVE CLUB SHAVE TIME. SHAVE MONEY.	• Market and sell entirely through an e-commerce channel
Direct Sales	BELCORP	• Door-to-door direct sales model • Most appropriate for selling discretionary goods
A Centralized Delivery	DELL	• Orders taken through multiple channels (phone, online, catalog, stores...) • Best-in-class delivery capabilities
B Outsource Delivery	BOCADIO	• Centralized sales system, • Orders dispatched to partners for fulfillment
JV to sell direct to end-users	INDITEX, TATA Leadership with trust	• Concentrated JV with a major retailing partner (rebar, etc.)
C Franchise	McDonald's	• More formal controls on existing DINO network through stronger franchise agreement
Brand License Distributors	DINO	• License the DINO brand to affiliated retailers
Subsidies & Spend-backs	ANAFRIA	• Incentivize desired retailer behavior through subsidies and spend-backs

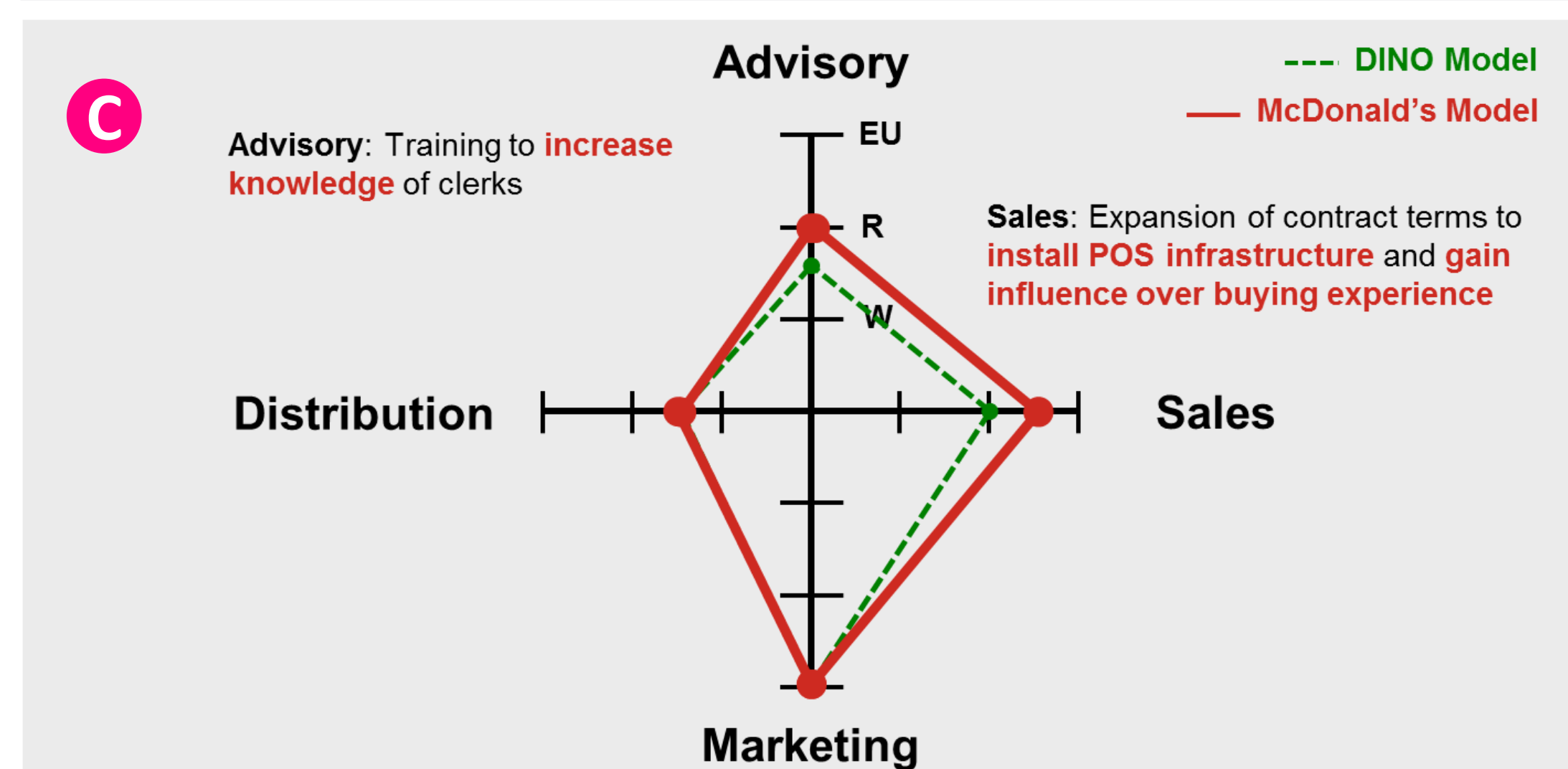
Alternatively, shifting towards a Dell Model (strong delivery) increases end-user loyalty and raises barriers to entry, but rankles Asociados



The Bocadio Model is predicated on providing end-users with sufficient information to make purchase decision and centralizing sales



Shifting to McDonald's Model (franchise) will enable control of POS experience and will gain critical information on end-users at time of sale



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