Expansion into Consumer Packaged Goods (CPG) Market

1. Executive Summary

FraudTech currently provides advanced fraud prevention and detection solutions to e-commerce businesses. Our core technology leverages AI-driven behavioral analytics, machine learning, and real-time transaction monitoring to reduce fraudulent activity and improve merchant trust. With fraud losses in retail growing rapidly—especially as CPG companies accelerate their direct-to-consumer (DTC) channels—this market presents a high-potential expansion opportunity. This strategic plan outlines how we will penetrate the CPG retail market, focusing on building credibility, tailoring our product to sector-specific needs, and forming strategic partnerships.

2. Strategic Objectives

Market Entry – Successfully launch into the CPG retail segment within 12 months.

Customer Acquisition – Secure at least 5 mid-to-large CPG retail clients in the first year.

Product Differentiation – Adapt product features to address fraud risks unique to CPG (e.g., coupon abuse, chargeback fraud, reseller fraud).

Partnership Development – Establish 2–3 strategic alliances with retail tech providers, POS platforms, or CPG associations.

Revenue Growth – Generate 15–20% of total company revenue from the CPG vertical within 18 months.

3. Market Analysis

Opportunity: CPG retailers are increasingly selling through e-commerce and omnichannel platforms. Fraud is shifting from traditional card-not-present attacks to loyalty program abuse, promo exploitation, and fraudulent returns.

Market Drivers:

DTC channel growth (subscription boxes, online orders, same-day delivery).

Rising fraud costs for retailers (global e-commerce fraud projected to exceed $40B by 2027).

Demand for integrated fraud solutions that cover online, mobile, and in-store channels.

Competitive Landscape: Current fraud prevention vendors are focused on general retail and financial services. Few address the unique fraud vectors in CPG. This is our differentiation opportunity.

4. Target Customers

Mid-to-Large CPG Retailers with strong e-commerce channels (food, beverage, household products, beauty & personal care).

Subscription Box CPG Brands with recurring billing models.

CPG Brands Running Loyalty Programs where account takeover and points fraud are high risks.

5. Go-to-Market Strategy

A. Product Strategy

Enhance product with features tailored to CPG retailers:

Promo & coupon abuse detection

Loyalty fraud prevention

Return fraud flagging

Multi-channel integration (e-commerce + retail POS + app purchases)

Develop sector-specific dashboards and reporting for fraud teams.

B. Marketing & Positioning

Position as "the fraud prevention tool designed for CPG retailers' unique challenges."

Content strategy:

White papers on fraud in CPG retail.

Case studies with early adopters.

Webinars with retail fraud experts.

Industry engagement: sponsor or speak at events like Groceryshop, NRF, and Consumer Goods

Sales & Marketing Summit.

C. Sales Strategy

Build a dedicated CPG sales team (2–3 account executives with retail tech backgrounds).

Focus on pilot programs: offer 90-day proof-of-concept engagements.

Pricing model: transaction-based or subscription, with tiered plans for mid vs. enterprise CPG

brands.

D. Partnerships

Integrate with retail POS systems (e.g., Shopify Plus, Oracle Retail, Square for Retail).

Partner with CPG industry associations to gain credibility.

Collaborate with payment processors to offer bundled fraud prevention solutions.

6. Operational Plan

Q1:

Market research & customer discovery interviews with 20+ CPG brands.

Build a product roadmap for CPG-specific features.

Q2:

Release beta features (promo abuse detection, loyalty fraud alerts).

Launch targeted marketing campaign.

Begin pilot programs with 2–3 early adopter CPG retailers.

Q3:

Secure first 3 paying CPG clients.

Expand integrations with retail tech partners.

Collect customer testimonials.

Q4:

Scale sales outreach to top 50 CPG e-commerce retailers.

Expand the account management team for retention.

Evaluate international expansion opportunities (EU/APAC CPG retailers).

7. Financial Projections (Year 1 – CPG Focus)

Revenue Goal: $2M from CPG clients.

Customer Acquisition Cost (CAC): $50K per enterprise account.

Annual Contract Value (ACV): $200K–$400K (enterprise); $50K–$100K (mid-size).

ROI: Expect break-even in the CPG vertical by the end of Year 1, profitability in Year 2.

8. Risk Assessment & Mitigation

Risk: Established fraud vendors compete aggressively.

Mitigation: Differentiate with CPG-specific features and industry partnerships.

Risk: Long enterprise sales cycles in retail.

Mitigation: Offer low-barrier pilots and transaction-based pricing.

Risk: Product feature gaps for omnichannel.

Mitigation: Accelerate integrations with POS and loyalty systems.

9. Key Metrics & KPIs

CPG pilot programs launched

New CPG clients acquired

Conversion rate from pilot → paid contract

CPG-specific feature adoption rate

Revenue contribution from the CPG vertical

Reduction in fraud losses reported by clients

10. Conclusion

Expanding into the CPG retail market offers FraudTech the opportunity to differentiate from generic fraud prevention vendors and establish a stronghold in a growing vertical. By tailoring our product, forming strategic partnerships, and leveraging targeted go-to-market strategies, we can position ourselves as the leading fraud prevention solution for CPG retailers.