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DIGITAL OMNICHANNEL STRATEGIES FOR LAUNCHING NEW PRIVATE LABEL PRODUCTS IN THE FMCG

Abstract. The following article highlights how retailers can leverage the power of omnichannel solutions in their digital landscape to enhance their success while launching new private-label fast-moving consumer goods (FMCG).

In this article, an analysis is carried out on how the implementation of digital omnichannel marketing strategies could positively impact the launches of new private label goods in FMCG retail. The author states that the existing models of launching new products cannot be efficient in a highly competitive market with a high number of failures and when consumers' purchasing behavior becomes diversified due to multiple touchpoints. As a result, today's retailers have to implement integrated models based on their physical locations, delivery applications, marketplaces, and artificial intelligence for personalization. In addition, the history of FMCG launch models from classical stages-gates to the latest models is reviewed, and several successful cases of launches by US, Russian, and Kenyan companies are provided in the paper. Moreover, the role of physical stores, delivery applications, and marketplaces in each of the launches is considered, and it is shown that the use of omnichannel technology became critical to make a product successful. As for today, digital maturity has become an increasingly important component of the private label success, and retailers with more developed data integrations, inventory management, and customer personalization have more advantages in launches.

Keywords: Omnichannel, FMCG, private label, product launch, AI, digital maturity.

New product launches in the FMCG industry are associated with extremely high failure rates ranging from 75-95%, according to various research. For example, a study carried out by NielsenIQ showed that among over 83,000 U.S. SKU's (whereby 25% fail after the first year and 40% after two years), the figure reaches 95% for Harvard Business School researchers. For consumer-packaged goods, failure rates are even higher: 85% fail within 12 months due to lack of fit to the market, poor distribution, poor differentiation, and other mistakes. The average financial cost of such failure amounts to $80-90 million per launch. It is a tremendous waste of money in an industry where over 30,000 launches are performed annually. However, omnichannel strategies, that is, smooth integration of offline retail, online retail, delivery services, mobile applications, and AI-based personalization, represent a way to overcome the problem by bringing the failure rate down to less than 30-40%. Omnichannel strategies help to bring FMCG failure rates to below 30% by providing rapid test-and-iteration capabilities, as illustrated by private labels' success in the USA (Walmart, Target), Russia (Magnit), and Kenya (Naivas, Carrefour).

Relevance

The rise of private labels has become an essential growth driver during this period of uncertainty, garnering significant market share around the world, with the segment growing faster than national brand offerings in terms of value. In the US alone, private-label CPG sales are estimated to be worth about $330 billion in 2026, accounting for 24% unit share and 23% dollar share on account of Gen Z consumers' preference for higher-end and wellness-oriented products. On a global scale, the private label market was valued at $915 billion in 2024, forecasted to rise to $1.6 trillion in 2034 at a 5.9% CAGR, with the Middle East/Africa (with Kenya included) experiencing explosive growth of +34.3%. In Europe and Russia, private label products represent 50% unit share in countries like Spain, France, and high-end Russia, which saw 3,327 new FMCG launches in the first half of

2024, despite a decline of 18%. Kenyan retailers like Naivas leverage private labels for loyalty amid 10-15% e-commerce penetration [7].

Success of the launch hinges on digital technology, with omnichannel shoppers offering 30% higher lifetime value (LTV), higher average order values (AOV) through buy-online-pickup-in-store (BOPIS), and 91% channel fluidity (80% instore, 20% online). Integration of channels in retailers is creating efficiencies, reduced stockouts, and a 20-80% sales lift by means of personalization. Private label is defined by trust, trial, and repeat, but in business, this becomes truly game-changing, such as with Walmart Bettergoods' 22% trial through AI discovery [19].

The relevance here is that it becomes especially apparent in other markets such as Russia and Kenya, with large-scale physical presence (Magnit's 15K store network; Naivas' over 100 stores) and the need to catch up digitally (Russia e-grocery 7-9% vs. America at 23%). Omnichannel eliminates disparities in forecasting, personalization, and implementation, aligning with generation-six innovation frameworks.

This article will review the progression from stage gate to agile digital models, describe the omnichannel model along with AI integration. It will also analyze comparative examples of US (Walmart and Target), Russian (Magnit), and Kenyan (Naivas, Carrefour, and Chandarana) markets using measures such as e-commerce penetration, retention rate, and NPV. It will develop a strategy tailored to Magnit, featuring phased rollouts, key performance indicators, and economic modeling. It also discusses risks and mitigations, while the conclusion summarizes the findings and their implications for worldwide FMCGs.

By comparing advanced (US), growing (Russian), and developing (Kenyan) markets, our study offers practical recommendations for retailers introducing their own brands against 2026 scenarios such as AI ethical considerations, environmental concerns, and luxury positioning.

1. Evolution of FMCG Launch Models

NPD within the FMCG sector has experienced fundamental changes, transitioning from the old linear methodology to a more flexible and data-centric approach powered by digital innovation. This is necessary because the current model suffers from a persistent problem of excessively high failure rates, with up to 75-95 percent of all new products failing. This chapter will contrast traditional models against digital methodologies and focus on the growing trend of private labeling through Walmart’s “Bettergoods”, Target’s “Good & Gather,” Magnit’s premium strategy, and Naivas’ loyalty programs.

1.1 Classical Stage-Gate Model

It was developed by Robert G. Cooper in the 1980s. It structures NPD into sequential phases separated by decision gates to mitigate risk.The decision points enforce "go/kill/hold/recycle" criteria based on predefined metrics like NPV, market potential, and technical feasibility. The main steps are:

- Idea Generation: Concept development and market viability (e.g., customer surveys).
- Business Case: Strategic planning, financial evaluation (NPV/IRR).
- Development/Trial: Prototyping and verification.
- Launch/Expansion: Market introduction [1].

The model assesses achievements based on criteria such as profitability and fit, ‘killing’ 40-50% of initiatives at an early stage. In FMCGs, the process was ideal for launching products in large markets but lacked flexibility in terms of timing, taking 12-18 months on average and not adapting to changes such as wellness trends.

In the FMCG industry, the stage gate saw success in branded products (Procter & Gamble launches) since it cut down on 20-30% costs by killing projects early; however, the average cycle was 12-24 months, making it too long for quick trends such as vegan health. Disadvantages of the model include limited flexibility and insufficient post-launch iteration [2].

1.2 Digital Agile Launches

The digital revolution of the 2010s; cloud platforms, big data, and AI, led to the emergence of hybrid Agile-Stage-Gate approaches that combine sprint/scrums within gate stages for 40% time-to-market acceleration. It includes:

- Sprint Cycles: Two to four weeks iterations, burndowns.
- Minimum Viable Product (MVP): Pilots on omni-channels.
- AI/ML Applications: Demand forecasting (95% accuracy), generative design.
- Continuous Deployment: Post-launch revisions similar to software.

In FMCG, there was a 30% drop in failure rate; for instance, Coca-Cola used iterative MVP testing. This models now dominate 70% of NPD.

1.3. Private Label Shift

Once value plays, private labels now aim for premium positions, taking up 24% of the US market share ($330 billion by 2026), 50% of European unit sales, and achieving rapid growth in emerging markets.United States: Walmart's Bettergoods (introduced 2023) employs agile omnichannel marketing to achieve 22% trial and 31% penetration using Sparky AI. Target's Good & Gather ($4 billion, 600+ SKUs) iterates through chef collaborations and Target Plus [10].

In Russia, Magnit's private labels develop into "brands" (strategy since 2019), supporting premium innovations amidst the introduction of 3,327 new products during the first half of 2024; 15,000 stores ensure scale. In Kenya the private labels at Naivas promote customer loyalty during Walmart-like expansion to 111 stores; app/POS integration facilitates wellness trials.

Table

Retailer	**Model Used**	**Private Label Growth**	**Key Enabler**
Walmart	Hybrid Agile	31% share	AI forecasting
Target	Agile-Stage	$4B Good & Gather	Collabs/omnichannel
Magnit	Stage-Gate+Digital	Premium surge	Store scale
Naivas	Emerging Hybrid	Loyalty uplift	Mobile app

There are regional disparities in the e-grocery saturation rates: the USA is 20-23%, with Walmart being the market leader; Russia, with 7-9%, with Magnit Dostavka; and Kenya, which sees a saturation rate of 10-15% with Naivas app.Hybrids yield 30% AOV uplift; Russia/Kenya accelerate via mobile. This sets up omnichannel frameworks.

2. Omnichannel Framework

Omnichannel strategy is one of the most significant strategic concepts today due to the unification of the consumer experience across several physical and digital touchpoints in terms of store, website, app, delivery service, and reward program. The significance of the concept becomes particularly prominent in FMCG since its products require regular purchases that are usually made with little consideration by consumers who want convenience, accessibility, and promptness from any touchpoint. From the perspective of a product launch, an omnichannel strategy is more than a product distribution approach; it is a market entry system that influences brand awareness, testing, conversion, repurchase rates, and brand trust. Below is a framework that defines the components of a successful implementation of the omnichannel strategy and demonstrates their significance in private label FMCG product launch in Kenya and Russia.

2.1. Customer insight and segmentation

Customer insight forms the basis for developing an omnichannel marketing strategy. Today, retailers cannot afford to make mass-market assumptions since consumers behave differently from

one another based on their age, income level, time pressure, and the product category being purchased. A consumer may find out about the existence of a product through a mobile application, research its price through the Internet, examine it in a brick-and-mortar store, and finally order it to be delivered directly to their home. Therefore, the initial step in the implementation of an omnichannel strategy is to identify the target consumer.

In the case of launching products in the FMCG category, market segmentation must be feasible and not only based on demographics. In case a retail company wishes to introduce its own brand, it will have to establish whether the targeted customers are value seekers, health-conscious, convenience buyers, or brand loyalists. A good example would be how plant-based drinks can attract city working adults who wish to consume healthy food, whereas low-cost private labels may attract budget-conscious families.

In this case, insight is not only about understanding who the customer is but also when the customer makes decisions. The omnichannel model works effectively when it synchronizes the timing of the launch in accordance with the purchasing occasions that could be weekly grocery trips, spur-of-the-moment purchases, or restocking purchases. Naivas, for example, will utilize its brick-and-mortar store locations and mobile channels to understand urban customers who are concerned with convenience and immediate accessibility, while Magnit will use its extensive store network and its delivery services to experiment with various consumer segments in different geographic regions.

2.2 Channel integration

The second factor is channel integration. What this concept entails is ensuring that all touchpoints in retail function as one integrated channel rather than separate sales channels. For instance, the customer is supposed to have the same level of product information, pricing strategy, promotion message, and rewards whether he is purchasing the goods through the physical store, website, app, or any other channel, especially for new FMCG products.

Product visibility marks the starting point of channel integration. For instance, a situation where there is no product visible both in the physical stores and the online site will reduce conversion rates since there will be no product to buy after viewing it online. Additionally, channel integration involves harmonization between assortment planning, product description, promotions, and loyalty rewards. Channel integration therefore means that any product viewed by the consumer using the app will be visible in the physical store or can be ordered for delivery.

In FMCG launches, channel integration holds much more importance since it aids the consumer in trying out the product. The physical channel creates visibility and experiential value, while the digital channel creates convenience, searchability, and targeted marketing. The consumer may first become aware of the product via the digital channel, then view the same on a shelf adjacent to other complementary items, and then make a repeat purchase through the delivery option once it becomes an integral part of their household's lifestyle. This type of seamless experience is required for any private label launch since many private label products require multiple interactions with the consumer to build up their confidence in the brand.

This can be applied to Naivas by combining the product's visibility from the store shelf, the order placement feature on the app, and the delivery mechanism. Similarly, this strategy can be utilized by Magnit through the integration of their store chain and the Magnit dostavka delivery service, along with the app-based product discovery method.

2.3 Inventory and fulfillment

The third factor to be considered is inventory and fulfillment. The customer not only purchases the product but also the capability of the retailer to deliver it efficiently and effectively. That is why inventory management and tracking have become critical for gaining an edge in this space. Today's modern solutions allow for tracking inventories in terms of stores, warehouses, marketplaces, and distribution centers with much greater accuracy, which will help avoid overselling and stockouts.

This is highly significant for FMCG launches since even with good marketing, a product may still fail if there is no inventory when and where it should be present. A new private-label beverage, snack, or household item requires excellent inventory availability in the weeks following the launch, when customer interest is at its peak. Failure to provide goods on time would result in lost sales as well as lost goodwill from the retailer. Fulfillment is not just an endpoint in omnichannel marketing but an integral part of the promise made to customers.

The best fulfillment strategies are those that incorporate multiple modes of fulfillment: online purchase with store pick-up, shipping from stores, same-day delivery, curb-side pick-up, and return capabilities. Not only do they make it easier to buy products, but they also increase the likelihood that customers will test products across multiple channels. In the case of Naivas, the strategic advantage is to connect the store-based stock of products with delivery services based on the purchasing habits of the Kenyan consumers. As for Magnit, it is important to link the extensive store network and delivery capabilities in order to ensure product availability.

The application of AI and forecast technologies further enhances this aspect of the framework. Through analysis of previous sales data, geographical demands, and consumer behaviors, AI can estimate the locations that would generate the highest sales and how much inventory will be required at each site. This approach proves particularly effective when dealing with private-label products that usually perform well when the retail company implements a more selective rollout strategy.

2.4 Data and personalization

Fourth, there is data and personalization. Omnichannel retailing works in the sense that every sales channel produces information that could be utilized to make the next interaction even better. Programs for rewarding loyalty, engagement on mobile apps, browsing history, purchases made in stores, the size of the shopping basket, and the number of deliveries are all useful when getting insights into consumer behavior. Thus, it is possible to make promotions more personalized.

However, in FMCGs, personalization need not necessarily imply one-to-one customization. It could involve creating offers that cater specifically to certain segments, stocking products based on geographic differences, or communicating varied messaging at the time of product launches to specific consumer segments. For instance, consumers who are health-conscious might react positively to the nutritional aspects of the product or its environmental sustainability, whereas consumers who are price sensitive might be attracted to the value proposition.

AI can make this process quicker and more precise. It can suggest products, predict repeat customers, detect underperforming locations, and help out in customer care via chatbots and virtual assistants. In FMCG, this is important because, once launched, the product will not just stop there at the point of purchase; rather, the launch will proceed into repeat purchases and post-launch feedback. Companies that can leverage on this feedback can change prices, pack their products differently, and offer a different range compared to other companies.

For Naivas, personalization could revolve around urban convenience, family shopping experiences, and mobility in placing orders. For Magnit, personalized marketing plays a crucial role as the firm caters to a wide and varied customer base regionally, yet requires improved utilization of digital marketing avenues. In both scenarios, data converts the marketing campaign launch into a process-driven strategy.

2.5 Coordination and execution

The final point is coordination. It is often seen that companies treat their marketing, operations, technology, and supply chain as separate entities while launching any new offering in the retail business. The omnichannel approach is possible only if all four functions are coordinated around the same offering at the same time for the same consumer group.

It becomes particularly critical for private labels, where the retailer controls all aspects of the value chain. They will be responsible for determining the target segment, packaging, pricing,

distribution channels, and replenishment policies. Hence, poor coordination will become apparent immediately. For example, if the marketing department promotes a product line that the logistics department cannot support, the product launch will fail. Similarly, if the retail staff is unaware of the product's unique selling proposition, the customer will be left confused. Consequently, there must be a product launch calendar, defined roles and responsibilities, and common KPIs.

Staged execution is often the optimal path for alignment. Retailers can do a pre-launch to test their readiness, followed by a soft launch at selected stores/locations and then go national after having improved the product through iterations. This strategy will be particularly well-suited to the FMCG category since it enables the retailer to learn without going all-in. And it is appropriate from an omnichannel perspective too, since the initial wave provides insight for improving subsequent waves.

For Magnit, staged execution will have high value in that it can reduce risks associated with such a big retail network. For Naivas, staged execution could be beneficial in helping it grow in a methodical fashion and testing what products/channels garner the most reaction.

2.6 Why this framework matters

The key advantage of the omnichannel approach lies in its ability to transform a product launch into a coherent customer experience across multiple channels. Rather than placing all of the responsibility on a single channel, retailers may leverage physical stores, apps, logistics, loyalty programs, and artificial intelligence to boost engagement and drive conversions. The omnichannel strategy takes on greater importance in FMCG due to the competitive nature of the market environment, scarce consumer attention, and the necessity for private labels to create additional trust indicators compared to established brands.

3. Core Components

The omnichannel launch of an FMCG product entails three key aspects: physical stores, delivery services, and marketplaces. All three channels serve a distinct purpose in making a new product a success story.

The presence in physical stores is significant for trial and visibility of the product, as people have a chance to examine it and purchase it on the spot. The advantage in this case belongs to Magnit owing to the vast distribution of its physical outlets, which allows for testing products in selected outlets before launching a new item in general. A delivery service allows for repurchase after trying the item in the physical store. The Magnit dostavka service comes in handy when encouraging people to become loyal consumers of a new product.

Marketplaces provide a platform for discovery. This means that they will increase the visibility of the product by reaching out to a greater audience, rather than just the retailer's stores alone. The Magnit Market can be used as the marketplace here since it will help the product become known to the digitally-driven consumers.

All three platforms, therefore, work hand in hand in ensuring an overall launch experience. While the stores will drive trial, the delivery application builds on customer loyalty, and the market increases awareness. That is why an omnichannel strategy works so well.

Conclusion

This article has shown how the omnichannel approach, enhanced by AI, solves all of the critical challenges in terms of forecasts, synchronization of inventories, and customer personalization, while magnifying the tremendous asset that Magnit has, its unparalleled size of 15,000+ locations. Magnit's impressive performance in the area of Magnit dostavka (92% GMV growth in 2025 and up to 500,000 orders per day), suggests that the company is already positioned very well as regards repeat purchase channels, yet omnichannel implementation will help make successful private brand launches into loyalty-inducing ones. In this context, the implications of the thesis statement become obvious since digital maturity, not physical strength, defines the success of a private label brand in the modern FMCG industry.

US-based companies such as Walmart and Target have been able to secure between 24% and 31% share of private-label products using AI discovery and hybrid agility. New players such as Naivas in Kenya employ Walmart's strategy of saturating the market with 111 stores using app/POS integration to deliver 20% uplift, while Magnit uses marketplace expansion to overcome traditional silos.

Recommendations for Magnit, API unification for F&R (850-item backlog) and AI personalization (matching Walmart's 95% accuracy) to achieve 18% trial rate. For Naivas, scale app bundles for 35% repeat customers. Both have potential in making green claims for their wellness private label brands in light of 5.9% CAGR globally.

In the near future, AI omnichannel will be standard operating procedure; Magnit is already well on its way to becoming the dominant brand, thanks to embedded intelligence systems such as Maggi AI. Businesses that fail to develop digital maturity are likely to face margin pressure, owing to the dominance of private labels at 26% units.

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