

Sensing & accelerating the response to (slowing) demand

Respond and restore. Together.

Continually prepare for the next normal

While full economic consequences of recessions, pandemics and other black swan events are unclear at their onset, lessons from the past have taught us two realities:

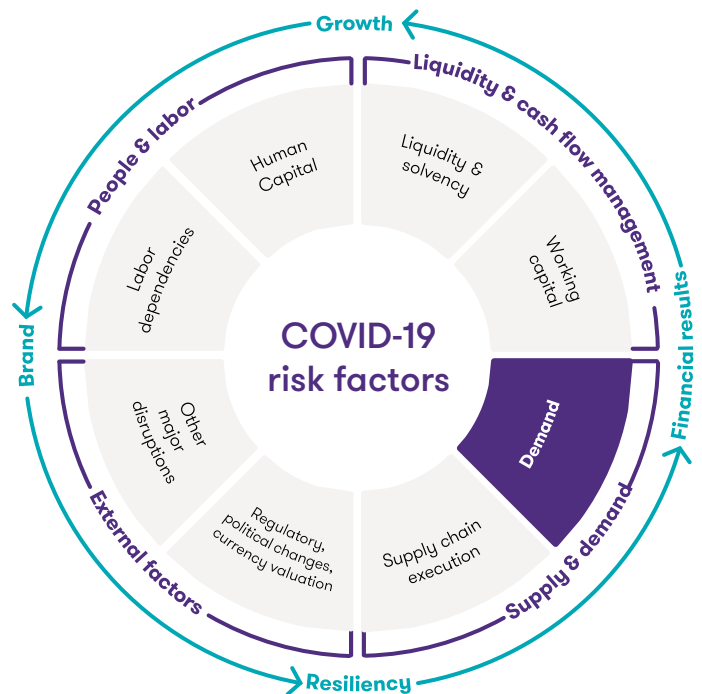
1. What we find on the other side will not look like the normal of recent years
2. Resilience is a function of speed and rigor

There is another underlying dynamic which should encourage us to overcome normalcy and see the possibility of a crisis and the impact it could have. Some of the behavioral shifts caused by the current crisis like remote collaboration and digital marketing | selling | delivery have been emerging for a while, but now they are required, or at a minimum, have been accelerated.

Some of those shifts will revert back to an extent, e.g. dining in restaurants, purchasing of discretionary products, while others might become increasingly common, e.g. on-line education, tele-banking services and turning long-time e-commerce holdouts to converts.

In the recent past, market capitalization has declined across sectors, e.g. Air & Travel 40%, Retail 10%, Banking 30% with significant variations on the implications across business models.

The key to understanding these implications comes down to the ability to sense the shift in demand and respond with precision as time and resources are more constrained.



Extreme demand reduction raises the need to moderate customer concerns and rapidly adapt ways to support new buying behaviors

Focus on the most imminent customer centric questions

Businesses should focus on addressing 3 questions regarding changes to their customer and consumer demand:

1 **Can you still reach your customers in an effective manner?**

2 **Are your products and services as attractive as they were yesterday?**

3 **Has your cost of marketing and sales adjusted to the new challenges in demand?**

Impact your reach as demand shifts and new demand emerges

Industries experience crises differently and the impact to their value chains vary. One common opportunity across all is maintaining the mindset that there could be a silver lining nested in this temporary setback. Here's a look at a few industries:

CONSUMER GOODS & GROCERY

Consumer goods companies will surge back yet they have been notoriously late to the e-commerce game (2-5%). Food service spending is going to grocery stores or shifting to pick-up only and delivery mode – requiring new promotion & discounting tactics. Now is the time to be a fast follower and apply learnings from past industries who went first.

INSURANCE

Insurers with brokers, agents, or other intermediaries have a great opportunity to not only improve the broker/agent experience, but to re-define their ability to support the policyholder and improve customer engagement and retention. To achieve this, embracing modern marketing and selling strategies and technologies is essential.

TECHNOLOGY

Technology companies have to accelerate 5G infrastructure investment to support the lift in connection density and remote collaboration. Alongside, the increase in external competition is making it critical to implement customer profitability modeling so you're confident the customers you have are the ones you want.

BANKING

Banks have an opportunity to accelerate their customers' and their own shift to digital. This goes beyond retail banking and the need to remove previously defined "branch borders." There is a golden opportunity to work across strategic partners to deploy a leaner, more cost effective customer experience and supporting operation.

Immediate areas to adapt and run interventions

Refocus demand generating investments

In a slowing economy, the pressure on marketing and sales to improve marketing efficacy and conversion of sales is key.

With an increasing shift to digital, you have a renewed opportunity to target and convert customers on a variety of digital channels that have only been lightly adopted to date.

As this shift occurs, embracing new ways of working is critical. This means welcoming in the discipline of modern marketing and sales while also saying good-bye to the legacy (and often costly) approach to customer acquisition and retention.

Create margin headroom and optionality

As revenues fall faster than costs, applying a modern approach to spend optimization is table stakes for resiliency.

Identifying moments that matter across the customer journey and re-allocating resources accordingly frees up non-working dollars.

The resulting margin headroom allows for improved liquidity management and optionality.

Optionality includes now having the ability to invest in higher priority demand focused activities, internal capabilities or infrastructure needs.

Think ecosystem and integration

The partnership between individual companies and their capabilities, assets and customer reach can provide pathways for creating new markets and revenue sources.

What might have been previously considered impossible becomes possible when you shift to an integrated approach to delivering on your customer's complete set of needs.

For example, online food delivery companies and athletic equipment companies partner to create specialty, customized meals and diets for delivery.

Ensure product | service attractiveness

As consumer and customer behaviors and demand change, so should your ability to quickly shift product | service strategy.

New ways of engaging with your customers and building trust and loyalty need to be created through their product | service experience itself.

This may involve positioning changes, promotional adjustments or even exploring a pricing | revenue model evolution, but in the end what was attractive yesterday may not be today.

Source of data: eMarketer, World Economic Forum and Nielsen data from March 2020

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