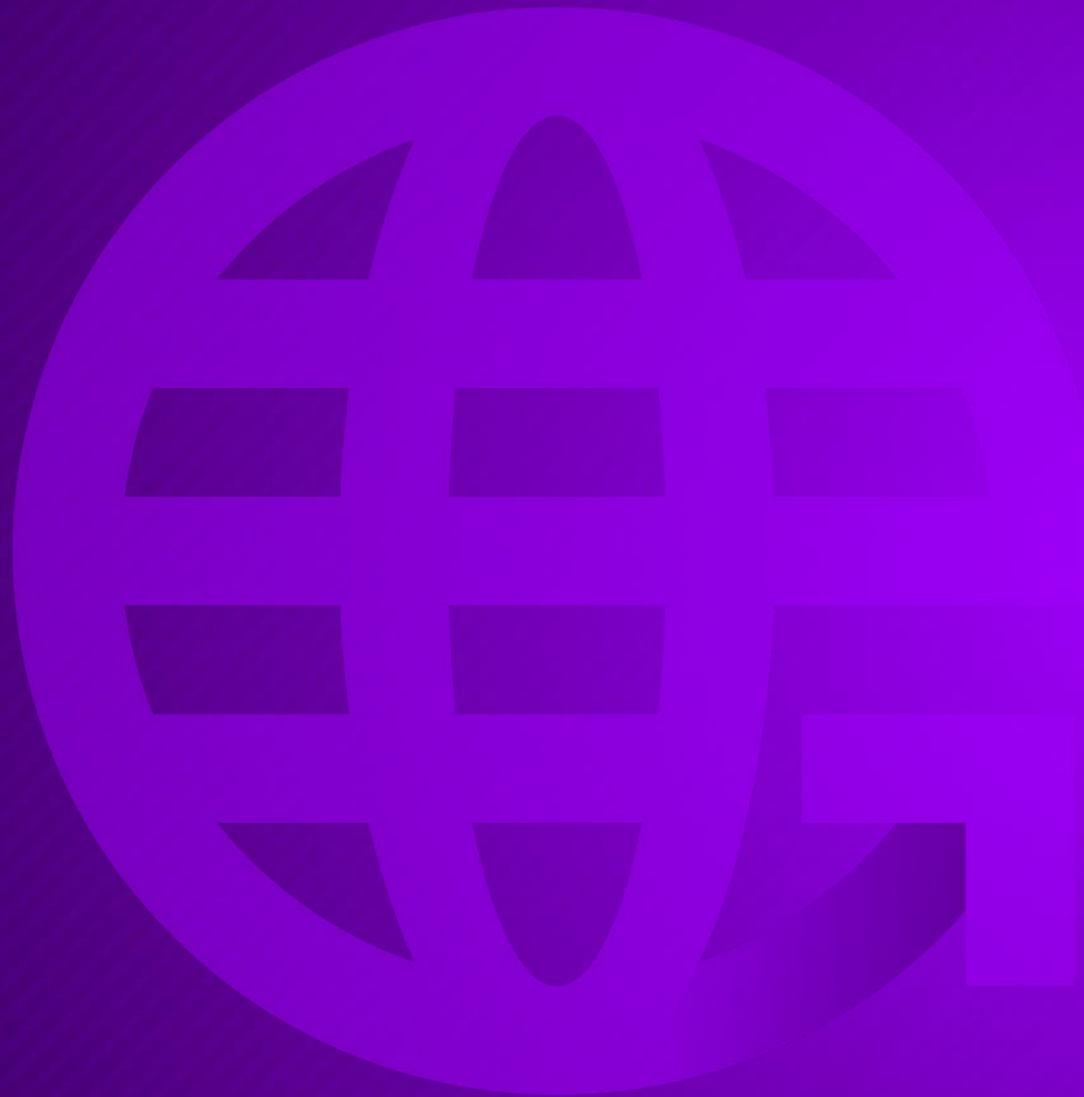


Finding new growth in a time of crisis

Navigating the human and business impact of COVID-19



COVID-19 has swept the globe, spreading uncertainty and upheaval wherever it goes. These are undoubtedly anxious times, in which leaders are worried about the health of their families and employees, first and foremost, yet are also overwhelmed with business challenges.

While uncertainty rules the day, it is possible to take back some control by protecting your company and taking better care than ever of your employees and your customers.

This is **no ordinary** economic downturn

Fundamental changes in consumer behavior, supply chains and routes to market are knocking companies off balance. It's impossible to forecast and analyze trends. Traditional benchmarks and insights used to manage the business are suddenly obsolete.

These developments are on top of trends already in motion as new customer expectations were upending business models stable for years, if not generations.

We know some of these shifts caused by COVID-19 are temporary while others will have a lasting impact. But we can't know which will be which. We have some clear guidelines for what you can do right now to help regain stability and what you could do to keep growing in the future.

"Never normal" might be the new normal as leading companies learn they indeed have the ability to outmaneuver uncertainty in rapid cycles. Companies that apply these insights and newfound capabilities for the long term will emerge stronger.

How can organizations urgently adjust their business to **respond to new dynamics?**



How can I protect core revenue and take care of my customers NOW?



Where can I find growth NEXT?



How should I shift my long-term corporate strategy for the NEVER NORMAL?



How can I protect core revenue and take care of my customers NOW?

Although there is no proven playbook for this moment, past crises are instructive. Retention is the first step. The American composer Stephen Sondheim once wrote, “To get what you want, better see that you keep what you have.”

Listening to and meeting your core customers’ needs is foundational. What sets apart those who will thrive in the aftermath is their ability to anticipate market shifts and react and adapt to new customer needs in real time.

We offer three clear actions for leaders.

1. Create visibility into a rapidly changing environment

Because historical data isn't useful, real-time insight and analytics are fundamental to addressing the challenge. Ongoing and localized insights into shifting customer situations, behavior, demand patterns and the operating condition of important ecosystem partners are crucial.

Replace dried-up knowledge streams. Historical models and benchmarks used to manage the business are obsolete, and proprietary company data no longer sufficiently anticipate customer trends. A manager of one of the largest global convenience store operators admitted that, "Our predictive analytics can't tell us anything right now." Similarly, demand signals from small and medium business (SMB) customers have dimmed for a wireless carrier which, until recently, sourced 50 percent of leads through its network of retail stores. Social listening and third-party data has emerged as a mission critical source to get actionable demand signals.

Get up to date. Companies need more real-time data and demand signals. A large snack food company arms drivers with handheld computers to scan stale product removed from stores they deliver to. Corporate can then analyze what's selling and what's not and adjust daily production. As the pandemic economy turns consumer behavior on its head, predicting consumer purchasing behaviors will be almost impossible.¹ Real-time data could be the only reliable panacea for companies seeking to also act in real time moving forward.

Look for the unexpected. The ability to spot developing trendlines will be crucial. For example, a major benefits and insurance provider is designing a real-time response system, supported by AI, which will continuously scan job boards, credit reporting services and social media for insights on more than 25 million SMB customers. In conjunction with hyper-local economic indicators, the company can use the insights to identify and prioritize at-risk customers for proactive intervention, business support and retention efforts. Failing to invest and activate these capabilities now is driving your business in the dark without headlights.

Reset your leading indicators. Public health and location-specific data will be paramount, particularly in conjunction with fundamental indicators of demand. Vehicle traffic, mobile smartphone data and social media sentiment will show the extent to which workers and consumers are adjusting to the new normal.



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2. Reimagine services to meet evolving customer needs

The ability to quickly tailor existing products, offerings and services to new consumer needs, such as the implementation of grocery store hours for the elderly, will be essential.

Prioritize the right customers. While not all customers are equally valuable to you, they are equally likely to ask for special commercial treatment. Prepare to make tough choices and have an “investment plan” based on what they mean to you. Begin with important tactics including price ceilings to avoid gouging, guardrails to avoid excessive discounting, and close examination of tiers and deal desk practices to remove barriers that slow sales. Leading companies will begin to model the anticipated recovery of customers and invest accordingly.

Get ahead of the curve. [Developing rapid capability to manage omnichannel commerce and engagement is crucial](#). The rapid adoption of digital channels for consumers’ shopping, buying and service needs recently slowed, according to Accenture’s Digital Intensity Index, but appears to have reignited. Fitness streaming is soaring.² Work from home technologies are skyrocketing. The final chapter of the rotation to digital is being written.

Make digital more human. To increase customer access and solve for online trust and engagement issues, companies are investing to humanize digital experiences. A leading wireless carrier looked beyond its own website to optimize paid and unpaid search and increase its web traffic. The company is now building on what it learned with an initiative to improve online engagement and lead capture for SMB prospects and customers. Similarly, Bluemercury, for example, personalizes the buying experience with access to product-specific experts via chat.³ The company embraced rapid (weeks not months) machine learning and AI to bring human agents online (chat), speed time-to-proficiency, and provide real-time coaching and guidance to improve conversion rates.

Forge “last mile” distribution options. Teaming with “last mile” capability partners like UPS, FedEx, Uber and telecommunication companies can create new options for meeting demand. When the consumer stays home and your customers work remotely, the last mile becomes the only path. For example, a large pharmacy store chain partnered with a delivery service to provide on-demand delivery of health and wellness items including select over-the-counter medications and household essentials.



It’s clear that this crisis will accelerate trends in motion. The virtualization of services, in-home enablement and the shift to digital have long been underway.

3. Establish a nimble, and virtual, operating model

Because behaviors are evolving, customer treatment strategies, messaging and offers must also change. Resources and investments will need to be continually reallocated, and companies will need healthy ecosystem partners, not just as allies but also as sources of real-time data and information.

Reassess customer contact. The new workplace is elastic and digital.

Customer service needs are growing as companies learn that call centers can be completely virtual. Meanwhile, marketing lead flow has slowed and, overnight, everyone has become part of inside sales. Many companies now do business without field sales interaction. What is the role of the salesperson in the next normal? In the US, there are an estimated 81,000 pharmaceutical salespeople pursuing 830,000 physicians.⁴ Will that ratio still make sense if we conduct business effectively without being in-person? Front office functions must adapt with new offerings, contact methods and messaging. For example, a wholesale distributor in the food service industry is exploring direct-to-customer contactless order and delivery models for commodity goods—using restaurant carryout facilities to distribute the orders. Where else will the value chain be reshaped to disintermediate dealers and third parties?

Adopt an innovation mindset. Reliance on institutional knowledge and time-consuming traditional approaches to customer research (surveys, focus groups, etc.) should be replaced with more agile tactics. Companies should be nimble to catch new opportunities from evolving customer demand and avoid being trapped by legacy costs and investment allocations. Winners will marry the fail-fast mentality of a startup with the portfolio-minded approach of private equity. Constant customer contact, idea incubation, and rapid testing will drive real-time insights and help make informed decisions to rebalance supply and demand.

Repurpose assets to enable new business models. Assessing existing marketing investments, price and promotional policies, physical assets (real estate, vehicles, network) and talent relative to local conditions and demand opens up possibilities. For example, a leading wireless carrier repurposed most of its company-owned retail workforce to take posts as customer service representatives and inside sales agents.



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Where can I find growth NEXT?

The future will belong to the prepared.

While it might sound counterintuitive to spend time today identifying new growth paths, lessons from the past two recessions suggest companies that balanced growth and cost management outperformed their competition in the aftermath.

To be ready for what's next, prioritize three goals.

1. View your business through a customer lens

Product-minded organizations must shift their focus to the current, evolving and latent needs of their customers. Ongoing and localized insights into shifting customer behavior, demand patterns and the operating condition of important ecosystem partners are vital.

Reset around customer needs. Now is the time to focus your business on what customers value and how they want to buy and receive service. Break down product-centric, business unit, and functional silos to better understand the unmet needs of your customers and organize in a manner that fulfills those needs. One media company is using their recently created needs-based segmentation to redefine the B2B customer experience.

Define unique interventions for your unique customers. Winners in the recovery will approach customer treatment with agility and precision. The one-size-fits-all approach no longer works. Customers had unique needs and buying behaviors before the recession and they will emerge on unique recovery paths and trajectories. Companies must embrace a data-driven approach to understand customer behavior, preference, and potential. They must also define fit-for-purpose marketing, sales, pricing and servicing approaches to optimize cost-to-serve and maximize share of wallet. For example, a cloud computing organization ditched its legacy size and volume-based segmentation model that led it to

high costs with certain customers and unmet needs with others. It tailored new treatment and coverage strategies based on buyer behavior and potential. This ultimately increased sales capacity by 50 percent.

Rely on purpose. This crisis offers a unique chance to restore and build trust with customers. Those companies that prioritized trust on the same level as growth and profitability leading into the crisis will emerge more competitive. At the same time, companies must nurture this asset and need to be careful not to be seen as exploiting the current environment, even as a byproduct of responding to increased demand. Online retailers, for example, have suffered from scrutiny regarding worker protections as they try and continue to support skyrocketing demand for delivery. Gen Y and Z's behaviors and priorities are starting to set the norms. Trust needs to be earned and earnest, or demographic trends will eventually force that into play.



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2. Rethink your channels and ecosystems

Business model flexibility will be more important than ever and having ecosystem partners that allow for experimentation and rapid scaling on a variable cost basis would be key to success.

Decouple the core. As they define growth pathways, companies should allow for new business models, operating models and governance to be unencumbered by the core. Retail chains may choose to repurpose select locations as distribution hubs for “low-touch” walk-in pick up. Gas station chains are exploring ways to leverage their network of convenience stores by expanding their assortment of goods and services to compensate for other store closings. Some of these changes will come and go. Others will permanently change what we all expect.

Take a fresh look at adjacencies. Education and healthcare have long resisted the rotation to digital, yet they may leapfrog before the dust has settled. Physical distancing is forcing innovation in industries that have traditionally resisted digital strategies. Consumers are driving experimentation with new online delivery of services in both sectors. Studying how both businesses and their “cousins” (for example, professional learning, corporate training, exercise, nutrition and wellbeing companies) are adapting to the current situation could reveal new opportunities for your business.

Providence Health has fast-tracked diagnosis and treatment by online video as well as an AI-powered online COVID-19 assessment tool.⁵ In some cases, the change will be more temporary, such as with restaurants that will presumably return to “dining in”. Discerning which trends will be game-changers and which will be fleeting is an important skill to hone in the months ahead.

Buy a swan. The current environment will create unique opportunities to acquire assets, IP and talent in the search for new growth pathways. In recent years, many established industries have been threatened by “the rise of the ants”—startups that have threatened the fundamentals. This may be the reverse Black Swan opportunity for some incumbents to acquire underfunded or overleveraged startup threats.



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3. Define a portfolio approach to invest wisely in what's next

Economic downturns require portfolio-minded investment decisions. The leaders going into a recession will not be the leaders coming out. An integrated and forward-looking approach to investment allocation and prioritization can help future proof your business.

Apply a hedge fund mindset. Portfolio-minded investing in your business requires visibility into and across business units, brands, functions and key partnerships. Now is the time to evaluate how consumer experiences are delivered across ecosystem partnerships to inform targeted decisions to build, buy or partner. A similar approach is required within the four walls of your business to prevent precious investments and operating expenses from remaining trapped in an individual silo.

Be creative. Companies need to be creative in aligning their core assets and competencies to changes in the marketplace. Some are pivoting to offer products and services for the healthcare and other crucial industries, as Dyson and automotive companies are doing by designing and manufacturing ventilators.⁶ As industries are reshaped by the crisis, there will be new opportunities to align and design long-held assets (not just “hard” assets—but also consider your brand or data) with new demands and unmet needs.

Let pricing lead the way. Start by reconsidering pricing and payment models. Potential alternatives may include subscription models, time-boxed discounts and subsidized promotions. New financing and credit extension might help top customers (and partners) optimize cash flow to emerge stronger and more loyal. For example, American Express recently invested in default and collections data-driven decision making, which will enable it to make targeted, proactive offers to cut prices and recoup payment from struggling cardholders, avoid third-party collections and maintain hard-won loyalty.⁷

Put good money to its best use. New demand-sensing capability can be put to work to inform key investment decisions. For example, leverage geographic demand trends to balance inventory and supply chain capacity; optimize pricing and promotions to stimulate demand for “oversupplied inventory”; allocate sales and service talent (including inside sales); and refine sales coverage, quota, crediting and commission strategies to optimize spend.



New demand-sensing capability can be put to work to inform key investment decisions.



How should I shift my long-term corporate strategy for the NEVER NORMAL?

To position their companies for growth in the recovery, leaders are now thinking about disruption more pointedly and are strategizing to make their organizations more resilient and competitive.

As you think to the more distant future, which may not be “business as usual,” we encourage you to consider three actions.

1. Stress test the business ecosystem

Disruption occurs along the fault lines of an industry's ecosystem which, in turn, destabilizes historical sources of competitive advantage. Triggers include shifts in demand and supply, changes in consumer attitudes and expectations, a reset of the cost-value equation and changes in government policy—all of which are happening right now. Such changes have cascading consequences that can upend industry leaders whose operating models lack the resiliency to adapt and keep pace.

Time to (pretend) fight. Companies that embrace uncertainty and “wargame” scenarios centered on plausible business futures (using real-time sensing and analytics to see market shifts as they happen) will gain a fresh perspective. This envisions unexpected market changes and develops the strategic foresight to anticipate fundamental shifts in consumer behaviors, attitudes and demand, as well as likely competitor moves. Conducting such wargames informs optimal adapting strategies and tactics that help to mitigate risk, enables the identification of new and emerging opportunities, and creates a framework that allows companies to sense, respond and move with speed and discipline. For example, in response to a complete breakdown of traditional movie distribution and the temporary closure of all major theater chains, leading studios are

making new releases available for rent through Amazon Prime and other home-entertainment channels.⁸ While this move may be a temporary solution, it could just as easily reshape customer expectations around access to new films permanently. Others in and around home entertainment and content will need to understand and model multiple outcomes for this new industry opportunity...or threat.



Companies in and around home entertainment and content will need to understand and model multiple outcomes for this new industry opportunity...or threat.

2. Rebalance commercial investments in a time of crisis

Determining how to rebalance commercial investments is one of the most important decisions to make in the months ahead. Focus on the customer to hit the target.

Don't overdo it. In the heat of a crisis, it's not uncommon for companies to make drastic cuts in "discretionary" spending to generate cash. All too often, these cuts impact commercial spend categories such as sales, marketing, price and promotion, and even new product development without real consideration of the longer-term strategic implications. That means it impacts customers. This rush to radically scale back customer investments often leads to unintended and detrimental consequences that can only be seen clearly in hindsight.

In a time of crisis, companies must still evaluate their commercial investments holistically and in a manner that balances the trade-offs between near-term realities and longer-term considerations. Those that maintain focus on loyal customers, prioritize the optimal mix of products and services, and accelerate differentiating innovation will be better positioned to meet demand, generate significantly higher ROI, and emerge stronger and more relevant with their customers.

For example, during the 2000 recession, Target increased its store footprint from 947 to 1,107, including 88 SuperTarget stores. It also revamped its merchandising strategy, partnered with celebrity designers, introduced a branded credit-card program and partnered with Amazon to accelerate its online presence. While many retailers suffered, Target grew sales by 40 percent and profits by 50 percent over the course of the recession.⁹

Similarly, during the 2008-2009 Financial Crisis, Target focused on strengthening its position in food, increased the number of store-branded products and overhauled operations to support this emphasis. During the height of the recession, Market Pantry sales increased by 30 percent and today food retail accounts for one-fifth of Target's sales and is a primary driver of traffic to its stores.¹⁰



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3. Build for resiliency

Disruption, regardless of its form or speed, requires a shift in thinking. Executives can no longer assume that business models will remain intact, that they can acquire their way to growth or digitize core business processes to minimize costs. While all those moves may still be necessary, success hinges on business resilience and the ability to readily adapt to changing conditions.

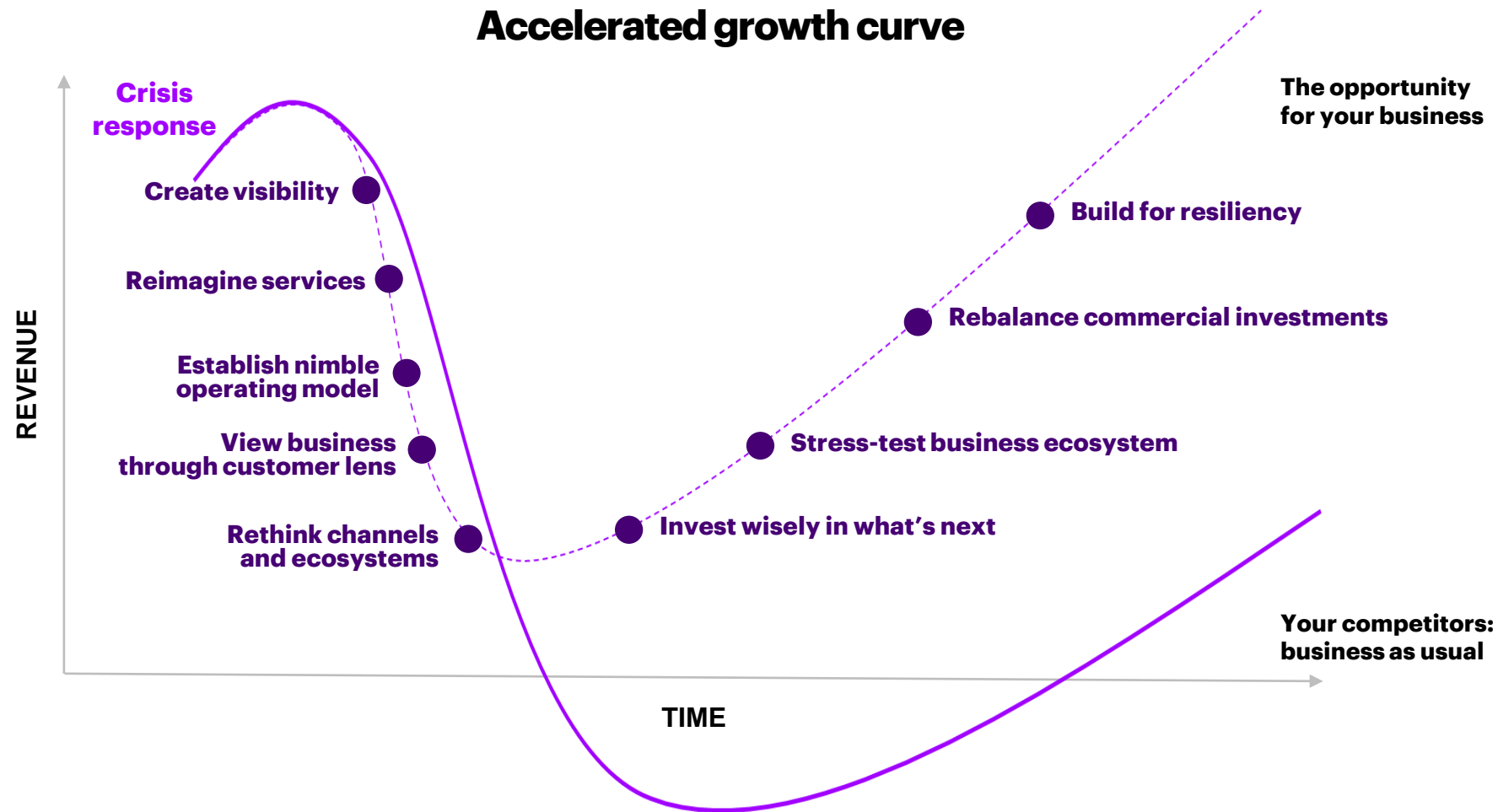
Future-proof your business. The rapid rise of the COVID-19 pandemic has brought into sharp relief the vulnerability of many companies, especially those with supply chains heavily dependent on supply and production located in China. Despite years of concern regarding the theft of intellectual property, growing trade and political tensions, and rising labor costs, few companies took action on supply and network changes as they couldn't see past the cost increases. Such changes were often considered too radical and counterintuitive. Now, companies are motivated to actively explore options that reduce their dependency on any one location, thereby fortifying themselves for the next big unknown. The new priorities and winning recipes are being written now.

Use the crisis as an accelerator. Business leaders looking to weather the storm should think differently and beyond the immediate crisis to best position their organizations for a new tomorrow. While many questions remain unanswered, we know the eventual recovery will be unpredictable and highly variable across industries and geographies. Not all businesses will survive. Many that do will be weakened. The companies that emerge stronger will accelerate their strategic ambition through the crisis, acquire differentiating and disruptive capabilities and offerings, and place growth bets at a time when others are retrenching and recovering. Companies that [include acquisitions in their responses to epidemic outbreaks](#) see total shareholder returns increase by up to 30 percent versus those that do not.



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Interventions deployed now, next, and for the future can minimize impact and accelerate your company's recovery



**Now is a time to act, to
prepare for what's next
and to imagine an
unimaginable future**

We have learned “what can be done.” Appliance companies and auto manufacturers can design and manufacture ventilators in 10 days, alcoholic beverage companies can produce hand sanitizer, fashion brands can manufacture masks and tobacco companies can support clinical trials to find a cure, all within days and weeks. “What can be done” has been reframed.

We have also learned we have the capabilities to innovate, collaborate and succeed at a rate assumed to be impossible. Will we return to 18- or 36-month product lifecycle development processes? How will CEOs react the next time someone says, “that’s impossible”? We cannot unlearn what we’ve learned. It’s up to us to apply these newly revealed capabilities to our business and our lives.



How Accenture can help

These unprecedented times will have a lasting effect on consumer behaviors, supply chains and routes to market.

Navigating the crisis will require a new playbook and balanced approach to managing the near term while balancing investment for the future.

Accenture is helping clients outmaneuver uncertainty, both for the near and long term, so they emerge stronger and continue growing in the future.

We can work with your company to help stabilize revenue, reshape your business to align with evolving demand and design new and disruptive growth pathways.

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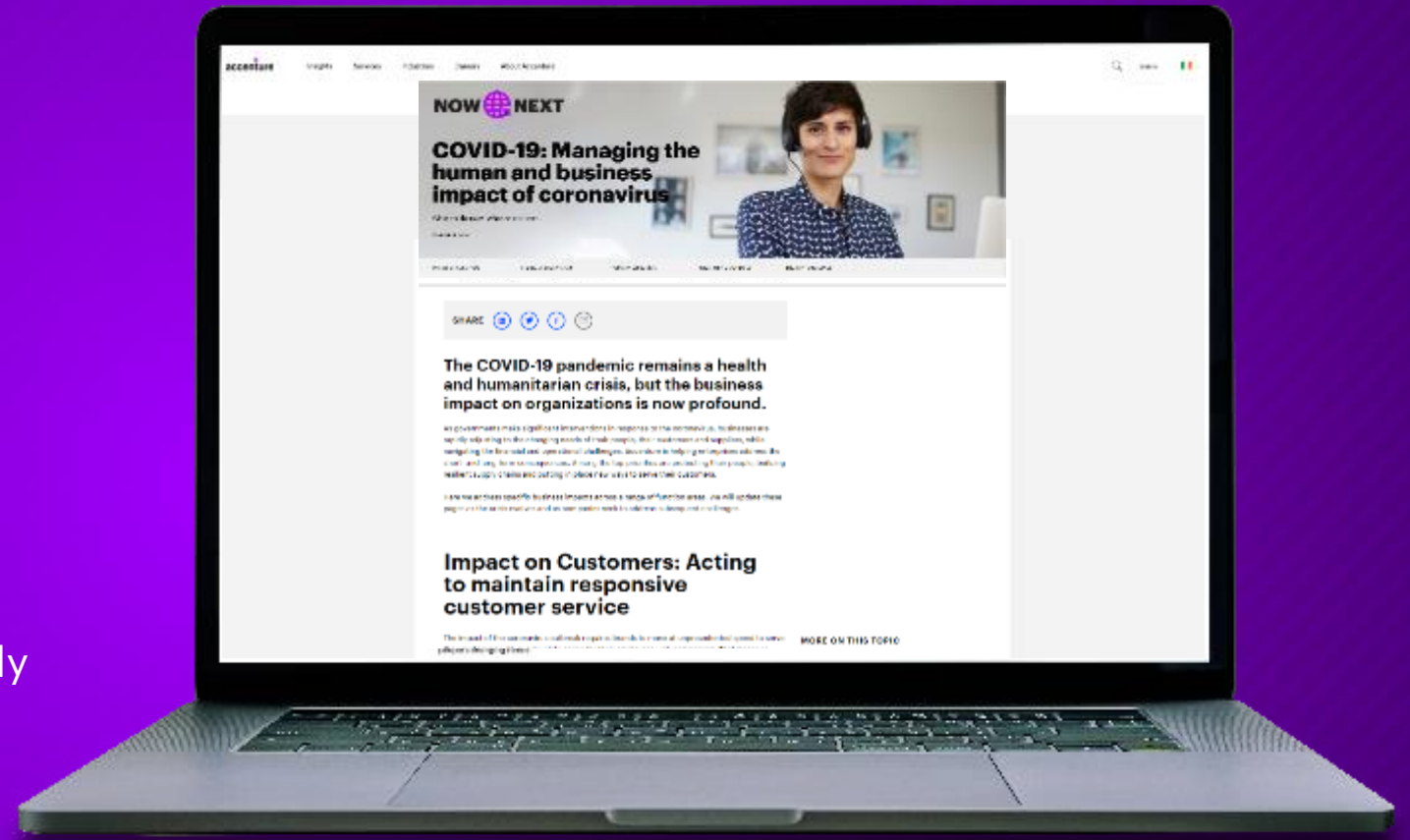
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To help our clients navigate both the human and business impact of COVID-19, we've created a hub of all of our latest thinking on a variety of topics.

Each topic highlights specific actions that can be taken **now**, what to consider **next** and how to outmaneuver uncertainty and emerge stronger in the **never normal**.

From leadership essentials to ensuring productivity for your employees and customer service groups to building supply chain resilience and much more, our hub will be constantly updated. Check back regularly for more insights.

[VISIT OUR HUB HERE](#)



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