



Organisations Reacting & Responding to COVID-19

Fieldwork: July to October 2020

A Forethought Study

Research intelligence for smart business

Since mid-March, Forethought has provided vital market intelligence to our clients by tracking Australians' emotions, behaviour and sense of normality during the pandemic.

We have spoken at length with business and industry leaders and surveyed Australian organisations.

Forethought's deeper investigations focus on:

- Business impact to understand how businesses are operating during the pandemic and recession; the ways they are shifting strategically; and their new marketing and customer initiatives; and
- Emerging and existing needs of businesses working in-house or harnessing external expertise.

Most companies report reacting and responding to the crisis before reframing their COVID-normal customer and brand strategies. They have also reviewed their digital, contactless and new contact customer experiences. However, few organisations report rethinking their offer to embrace new opportunities that attract customers and/or stop the loss of existing ones.

Key Findings

1

Organisations with pre-existing, well-informed, digital investment pipelines and sophisticated data management have the jump on the competition.

Streamlining of digital investment underpins swift adaptation of operations and customer service.

2

Companies able to give management the headspace to identify and leverage data and digitally enabled external expertise are navigating well.

However, the expertise must be relevant, targeted, specific and informed by the right data.

3

The strugglers are businesses without effective digital pipelines, insightful data and strategic direction.

In this cohort, adaptations are largely reactionary with an overwhelming focus on current operations limiting consolidation of changes and futureproofing.

How well are organisations travelling?

Our research has pinpointed three key types of organisations navigating the current turbulence.



Fleet Leaders

These expanding enterprises are benefiting from the pandemic and moving at such a rapid pace that they need additional supplies and crew to ensure they can continue navigating successfully in the tumultuous seas ahead. They may be leaving others in their wake but require accurate information and insightful forecasts to keep an eye on the horizon, plot the course and keep ahead of the fleet.



Safe Sailors

These organisations are now COVID-safe and navigating cautiously in unfamiliar seas. They are working with new rules, shifting around crew and resources as required and using information to ensure they can maintain a steady course.



Becalmed

These organisations may be taking on water while hoping to stay afloat until the tide changes and external currents steer them in the right direction. Budgets have been slashed. Crew have been furloughed or lost jobs. The organisations need new ways to navigate but do not have the equipment necessary or crew to gather, and act on, useful information. They are most in danger of sinking or running aground.



Who we interviewed

Between July and October 2020, Forethought interviewed decision-makers in large enterprises that included:

- Retail – DIY retailer, supermarket, department store, big-box retailer;
- Financial Services – bank, superannuation, insurer, professional body;
- Education – university; and
- Others – utilities, fast-moving consumer goods, agriculture, property, real estate.

Emergency responsiveness

When COVID hit, all types of organisations transitioned business operations to home and online to ensure the safety of employees and customers. Cross-functional, agile teams executed projects that allowed work to continue and for customer service to be digitally transformed with new ways of delivering goods and services. The scale of the changes differed between fleet leaders, safe sailors and becalmed organisations.

Before COVID, digital transformation and customer service advancements were largely in their infancy or part of long-term strategies. These soon jumped to the front of the initiatives queue. Timelines were crunched, plans were bought forward and then scaled up quickly. McKinsey reported that consumer and business digital adoption moved forward by five years during this period.

In retail, transformation reshaped good customer experience from a bricks and mortar approach to safe and convenient online and at home customer interactions.

Projects mentioned by respondents fell into four buckets:

- Implementing internal technology solutions to manage employee workload;
- Upgrading technology to manage online interactions;
- Click and collect programs / contactless delivery; and
- Converting services to online formats.

Although some strategic planning was shelved during the initial COVID response, most businesses mentioned new benefits from:

- More agile and nimble teams, less siloed departments;
- Greater momentum for change and fast delivery of initiatives;
- Adaptation of internal resources, less wasteful internal resources;
- Early access to the revenue bought about by digital transformation initiatives;
- Clearer understanding of organisational goals and clarity on what matters (easier to prioritise initiatives); and
- More emphasis on data-led decisions (where possible).

“The kind of strategic work we were doing and made decent progress on has ...been accelerated over the last six months... We’re doing almost all the things that we kind of were planning to do in three years’ time.”

CCO, Department Store

“Speed to market is something [which] maybe we haven’t been known for. It’s actually given us that burning platform to accelerate a lot of parts of our strategy... We banded together. We had that collective way of thinking and we communicated well internally. And we took care of the customer.”

General Manager,
Marketing, Bank

Missed opportunities to capture new customers

The *fleet leaders*, or expanding enterprises, reported growth and new customers. Demand has increased, services have reached a wider range of people and, in some cases, competitors have been unable to deliver.

These organisations have changed how they serve customers, but they do not appear to have the capacity to look beyond pressing priorities to plan long-term strategies to retain new customers in a harsher economic market.

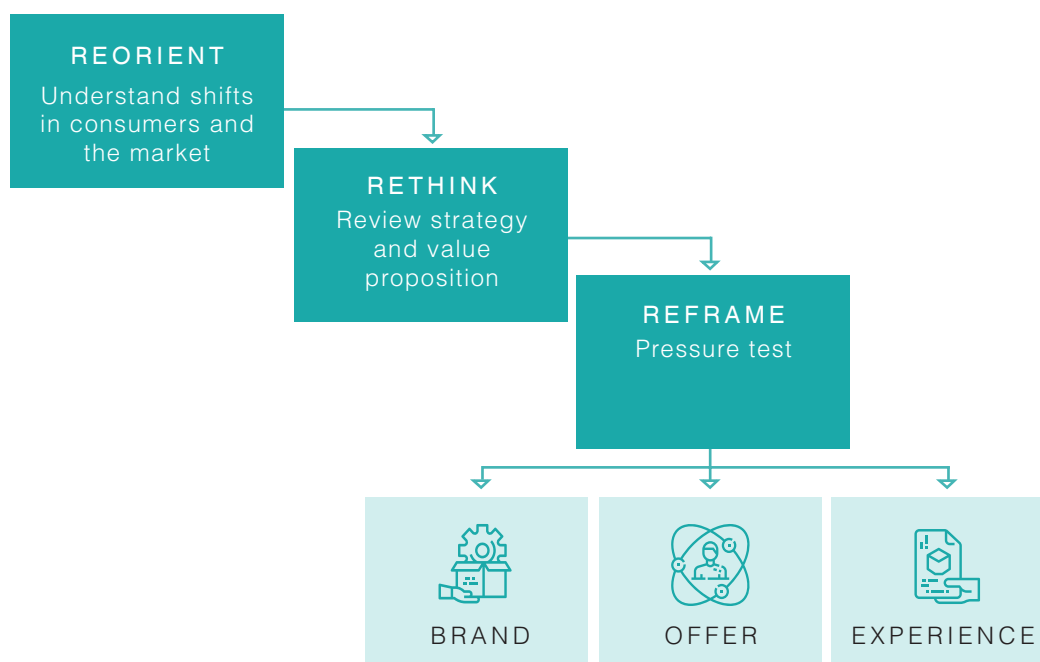
"It has been very reactionary because no one really knows what's going on and how things are going to play out."

Commercial Director, Supermarket

Organisations, which remain becalmed, are losing core customers. They appear to be waiting for market conditions to snap-back instead of embracing the opportunity to safeguard against future macro-economic impacts, pivot and diversify revenue streams with new and local customer bases.

At both ends of the scale, organisations are not necessarily putting strategies in place to cater to new customers or new markets. Many are still reacting and responding to the crisis, waiting to snap-back, rather than rethinking and reframing their offer. (See Figure 1 below)

Figure 1



The need for faster, relevant, and targeted information

Most organisations are still busy, albeit with increased workload and fewer resources. To perform well, teams need more relevant and timely information to aid decision making and guide investment decisions.

There is also interest in gaining knowledge and hearing from other businesses, suppliers, and industry thought leaders. Organisations want to collaborate and communicate to better understand how to adapt.

Business customers and government departments are seen as hungry for relevant and localised information to help them manage operations. In Business-to-Business (B2B) and Business-to-Government (B2G) areas, organisations are using thought leadership pieces produced by other businesses and agencies. They appreciate the efforts of suppliers to try and help clients.

"All agencies were trying to create value in having a point of view on what was changing and understanding the changing landscape... We're booking in webinars of what's changed, they are trying to provide information to help us."

CMO, Fast-Moving
Consumer Goods

Refocusing Research

Organisations report moving budget towards, or getting approval for, COVID-related strategies. While the operational focus is on omni-channel and digital customer experiences (CX), research needs have shifted away from CX to understanding brand and the customer value proposition.

For many, general tracking data for brand and CX has been disrupted or become redundant. This means organisations are either parking tracking and funnelling funds elsewhere or adding modules to their tracking to contextualise results.

Focusing investment

Trends in customer and brand related areas of investment demonstrated by fleet leading and safe sailing organisations can be categorised into primary and secondary areas of focus as follows:

Primary:

- Validating behaviours: Which behaviours, attitudes and values will stick and which will slip;
- Offer optimisation: Are current products and service offerings relevant for the COVID19 / recessionary context?;
- Emotions: Understanding emotions and their impact on consumer behaviour, in particular, anxiety; and
- Experience: Impact of COVID19-related customer sentiment on customer KPIs and implications for tracking (for example, Advocacy, Brand Health and, Customer Satisfaction).

Secondary:

- Macro trends analysis such as localisation: What does “support local” mean for brands, in retail and services contexts?;
- Industry benchmarking: Which industries are adapting well and what can be learned?;
- Thought leadership: Innovation and identification of new opportunities and segments, and rapidly building the business case for investment; and
- Brand safety: Avoiding ‘tone-deaf’ communications and tailoring media spend for the times.

Flexibility, adaptivity and headspace

Fleet leaders are looking to external suppliers to help free up the headspace of organisational leaders.

More suppliers are now acting as extensions of organisational teams in relationships that have become closer with the pervasive use of online communications. For example, it is now much easier for suppliers to log in to meetings and receive relevant updates.

Organisations appreciate the adaptability and ability of external suppliers to work tight timelines. Speed of service, the quality of deliverables, proactive sharing of ideas and contributions to thought leadership define the value of suppliers. Those providing external support need to be clear and concise about the value they deliver to organisations and teams and often need to drive relationships.

Not only is collaboration between the organisation and external suppliers more important, but so is the expectation that suppliers can work better together. For example, bringing in media consultants, creatives and researchers to create the 'agency village'. There are opportunities for these agencies to work better together and push for better outcomes during this time.

"Working with external providers is likely easier now due to more screen time and less travel."

Senior Manager, Customer Advocacy & Intelligence, Superannuation

"Having individual relationships at the moment are at the motivation of our partners unless there are individuals in the teams that say: 'Wouldn't it be great if I did x and y for you... and you will get this concrete piece of value.'"

GM, Customer Experience and eCommerce, Big-box Retailer

"Agency partners need to step up and support the internal team – be responsive and relevant."

EGM, Marketing, Professional Body

Conclusion

Becalmed organisations have reacted and responded in ways that largely align with Forethought's research on shifts in consumer mind, mood and behaviour during the pandemic. However, *safe sailing* organisations have also managed to reframe their offers and experience for a COVID-normal context.

Those showing the way are the *Fleet leaders*, which continue to re-think their offers to leverage and consolidate new opportunities presented by the pandemic.

This research has shown that *fleet leaders* are characterised by a combination of:

- Digital acceleration: Streamlining and re-prioritising existing digital investment pipelines;
- Evidenced based strategy: Leveraging customer and/or market data in real time to adapt offers and customer experience;
- Developing and delivering: Actively developing and rapidly executing on new strategies to capture and keep new customer segments; and
- 'Through sourcing': Using relevant external expertise to complement internal resources to enable fast and effective prioritisation of investment and execution of initiatives.

While some organisations are showing the way in dealing with and growing through the COVID period, the thinking and actions that have underpinned these successes can be leveraged by any organisation.

Economic contraction, geopolitical uncertainty and unpredictable COVID recovery trajectories will continue to impact Australian consumers for months and years to come. All organisations would do well to learn from the success factors of the current *fleet leaders*.



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