

The Return to Growth in Turbulent Times

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DIGITAL INNOVATION

Part One

Taking stock

Where we are on day 194*
of these Turbulent Times

* Days since the World Health Organization declared COVID-19 a 'global pandemic' (March 11)

For the time being, we live in a world of hotspots

On 26 June, **Texas** became the first state to reimpose a lockdown as it faced a surge of COVID-19 cases following its attempted reopening.

On 29 June, the **UK** set out local action being taken in Leicester following a surge in coronavirus cases in the area.

Sept 22, the **Greek** government is considering a second, short lockdown in order to contain the worrying increase of coronavirus infections.

On 18 July, **Catalonia's** regional government asked millions of people to "stay at home" as the area experienced a resurgence in coronavirus cases.

On 17 July, **Israel** re-imposed some lockdown measures following a vigorous second surge in the number of coronavirus infections.

China reinstated a strict lockdown near **Beijing**, affecting around 400,000 people, on 29 June.

On 4 June, **Mexico** paused its easing of lockdown due to a new spike in COVID-19 cases.

On 13 Sept, a second 3-week nationwide lockdown was announced.

Lockdown measures were re-imposed in Australia's second biggest city on 7 July, confining **Melbourne** residents to their homes.

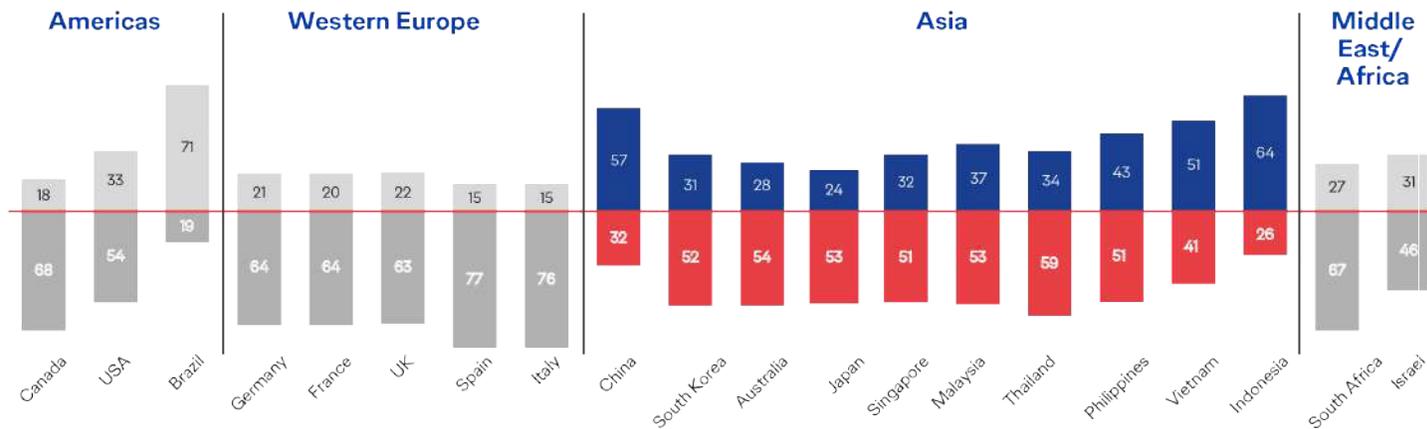
Confidence in a swift recovery is mixed, higher in Asia

But others (including marketers) are less optimistic

View on COVID-19's impact on the economy

I believe the economy will recover quickly once coronavirus situation has died down (4&5)

It will take a long time for the economy to recover and will have a long term impact in terms of job losses and businesses struggling (1&2)



85%

of marketers are less optimistic about the overall economy (vs. more optimistic)

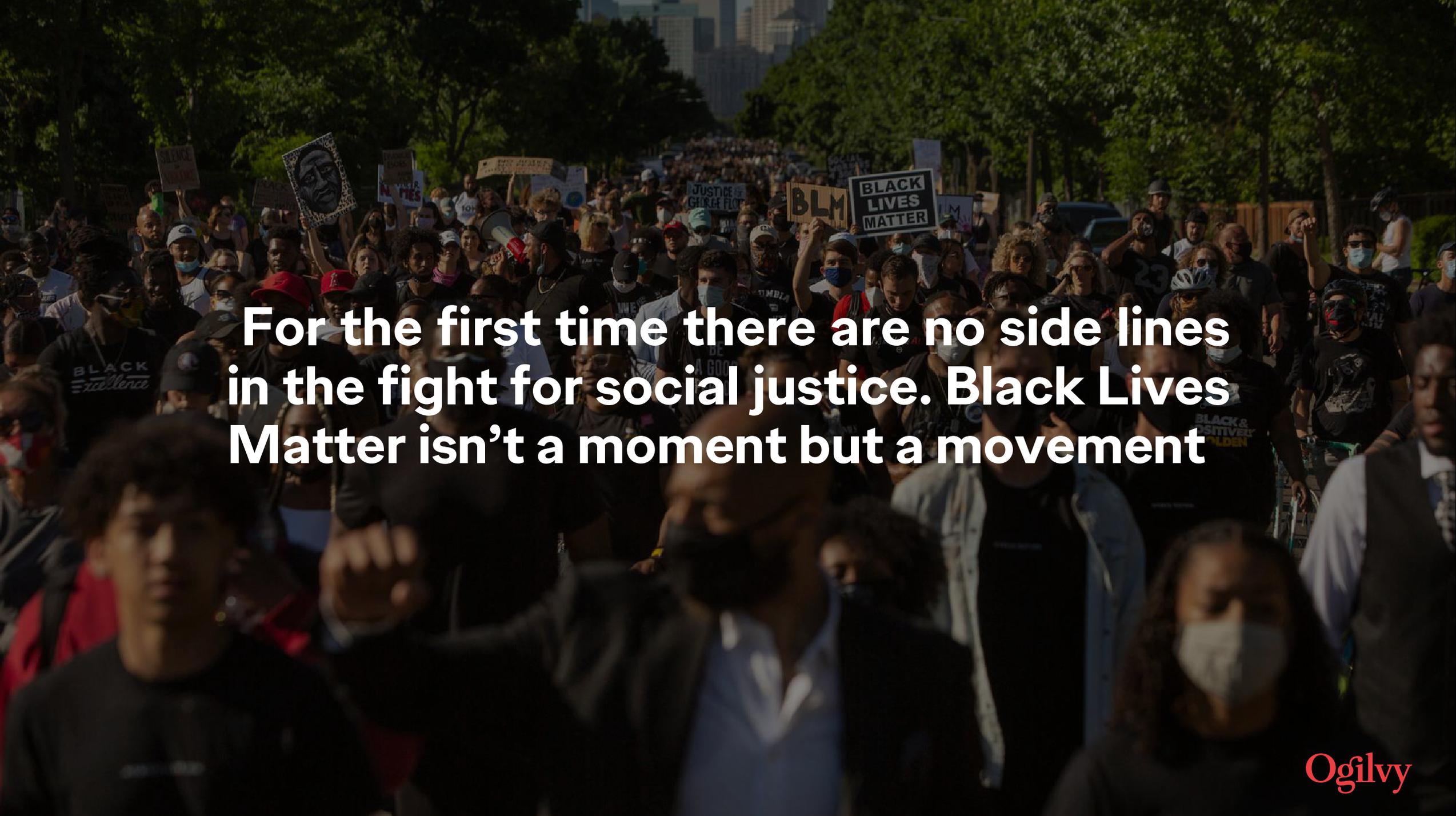
Source: Kantar; The CMO Survey, 2020

The background features a dark blue grid with a candlestick chart on the left and a data table on the right. The chart shows price fluctuations with blue and red bars. The table contains columns of data, including percentages and 'N/A' entries.

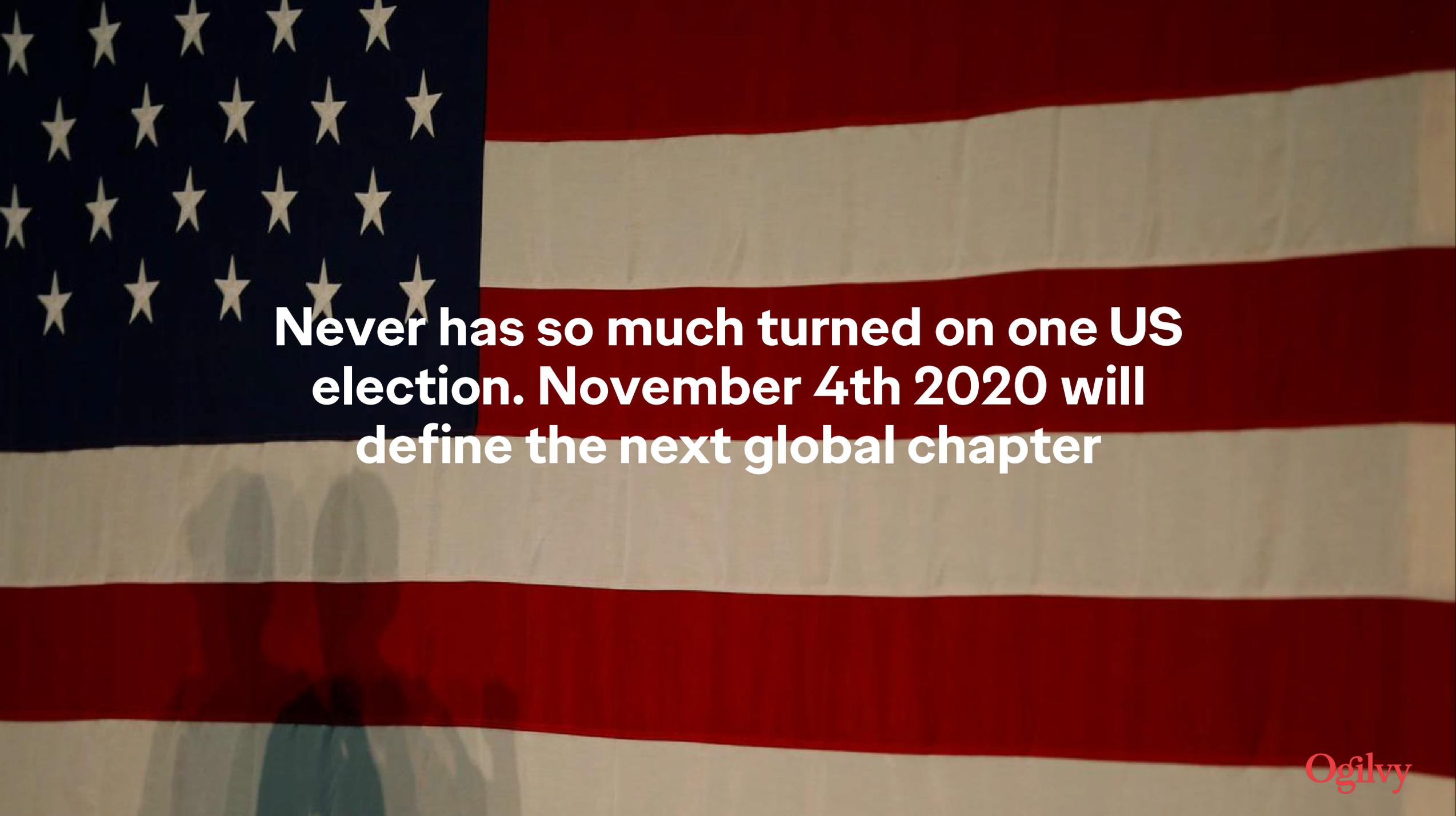
**Many world economies have met
the technical criteria for recession**



But the pandemic that started it all is now just one of several crises to which we are all adapting

A large, diverse crowd of people is gathered for a Black Lives Matter protest. Many individuals are wearing face masks and holding up signs with messages such as "BLACK LIVES MATTER", "JUSTICE FOR GEORGE FLOYD", and "BLM". Some people are raising their fists in a gesture of solidarity. The scene is set outdoors with trees and a city skyline visible in the background.

**For the first time there are no side lines
in the fight for social justice. Black Lives
Matter isn't a moment but a movement**

The background of the image is a close-up, slightly blurred view of the American flag, showing the stars and stripes in a wavy pattern. The stars are white on a dark blue field, and the stripes are red and white.

**Never has so much turned on one US
election. November 4th 2020 will
define the next global chapter**

A woman in a brown coat and glasses holds a large Union Jack and European Union flag in a city square at night. The background features brightly lit buildings with colorful lights (red, purple, blue) and a crowd of people. The text is overlaid in white on the image.

And while Brexit has been in the background,
December 31st 2020 marks the end of
the transition period and much
negotiation is still to be done



Turkish claims in the Aegean Sea and the Refugee Crisis are again high in the agenda, with no clear sight of the resolution of either



The near future is characterized
by **uncertainty**

In times of crisis:

“More is lost by indecision
than a wrong decision”

Brand owners need to balance a complex agenda

While crisis management and BAU present challenges



Crisis management

Addressing the ad hoc shocks of health, social and economic crises and often fighting for survival.



Business as usual-ish

Continuing to run the day-to-day business operations in a more complex social and economic environment.



Accelerated transformation

Hastened deployment of a transformation programme in response to rapidly shifting consumer behaviours.

Part Two

Return to Growth:

Pathways to Growth for Brands
and Businesses

The last few months have raised a new set of questions

“How do you ensure what your brand “says” and “does” is appropriate for this moment in time?”

“How do you high-grade your spending to prepare for either growth or retrenchment?”

“How do you build a moat to protect customer loyalty while breaching the moat of competitors?”

“What is the new normal reshaping the experience your customers are expecting?”

“How do you make sure you are selling in all the new ways customers are buying?”

“Where is innovation needed to quickly close the gaps and get you ready for what’s next?”

The last few months have raised a new set of questions

Brand Relevance

Spending Optimization

Retention & Acquisition

Customer Experience

Commerce

Innovation

1. Brand Relevance

How do you ensure what your **brand**
“says” and “does” is appropriate for
this unique moment in time?

1. Brand Relevance

In the last few months the hierarchy of needs has shifted
Physiological, Safety and Love & Belonging are the priority

Self-actualization

Desire to become the most that one can be

Esteem

Respect, self-esteem, status, recognition, strength, freedom

Love & Belonging

Friendship, intimacy, family, sense of connection

Safety Needs

Personal security, employment, resources, health, property

Physiological needs

Air, water, food, shelter, sleep, clothing, reproduction

EMPLOYMENT



COMMUNITY



COMFORT



SAFETY



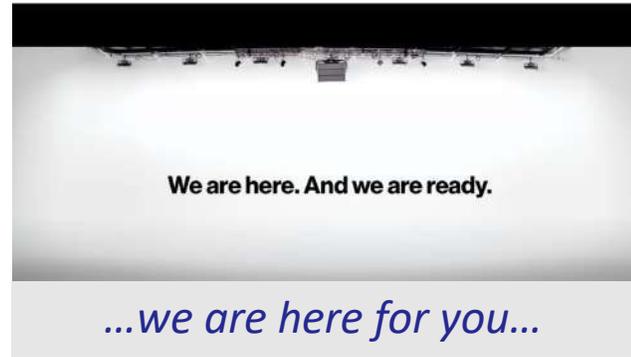
FOOD



1. Brand Relevance

COVID-19 responses have often fallen short too
In effort to show empathy, brands have succumbed to sameness

Pandemic tropes



Recovery themes



1. Brand Relevance

Black Lives Matter has put pressure on brands and exposed inappropriateness

Famous names and iconography are no longer acceptable and are hastily being changed

Nascar has banned the display of the Confederate flag at its events, a common sight at Nascar circuits, particularly in the sport's southern US heartland.



Quaker Oats will rebrand its Aunt Jemima products due to its racial stereotyping



Uncle Ben's is to scrap the image of a black farmer and could change its name



The Washington Redskins American football team has confirmed it will retire its name



Hindustan Unilever renamed its flagship skin care brand Fair & Lovely as **Glow & Lovely**

1. Brand Relevance

Even the largest brands that fail to respond appropriately face reckoning
Large corporations are joining hands to stand against hate speech and misinformation

For the first time in its history, **Facebook** is facing an organized boycott from advertisers – several large corporations including Hershey, Honda, and Verizon have stopped their spending.

What would you do with \$70 billion?

We know what Facebook did.

They allowed incitement to violence against protesters fighting for racial justice in America in the wake of George Floyd, Breonna Taylor, Tony McDade, Ahmaud Arbery, Rayshard Brooks and so many others.

They amplified white nationalists by including news sources with known extremist ties in their "fact checking" program.

They turned a blind eye to blatant voter suppression on their platform.

Could they protect and support Black users? Could they call out Holocaust denial as hate? Could they help get out the vote?

They absolutely could. But they are actively choosing not to do so.

99% of Facebook's \$70 billion is made through advertising.

Who will advertisers stand with?

Today, we are asking all businesses to stand in solidarity with our most deeply held American values of freedom, equality and justice and not advertise on Facebook's services in July.

Let's send Facebook a powerful message: Your profits will never be worth promoting hate, bigotry, racism, antisemitism and violence. Please join us.

#stophateforprofit
stophateforprofit.org



NAACP

ADL



common sense

Free Press

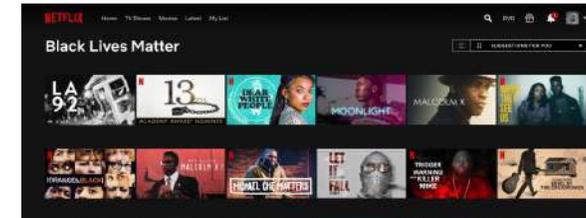
Center for American Progress

1. Brand Relevance

Brands are being defined by their Purpose
Authentic and appropriate words and actions shine



Dove has demonstrated the ability of its well-developed Purpose-led brand strategy to flex across health and social crises



Netflix's commitment to content creators extends to all races and ethnicities. The platform has added a Black Lives Matter section to its genre tab permanently and signed a deal with John Boyega (Star Wars) to develop films that focus on West and East Africa.



TD Bank responded rapidly to growing employee concerns over the economy and job security, pledging no job losses in 2020 that will impact underrepresented groups or minority communities affected by COVID-19.

1. Brand Relevance



A Path Forward for maintaining Brand Relevance

Use Purpose as compass, the right message at the right time



‘Μίαν Άλλη Αρχή’ (April): Using the music of Manos Hatzidakis and the lyrics of Yiannis Ritsos, dramatizes the efforts of the total organization and its employees, instilling hope to all to make ‘a different start’ towards a better world.

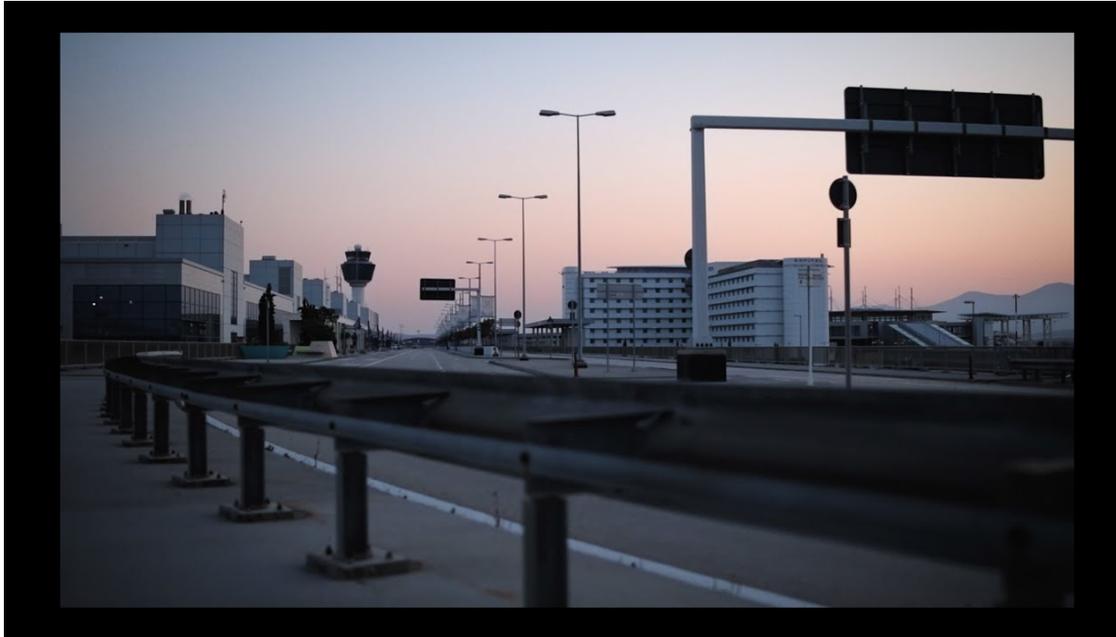
(1.2m YouTube views)

‘Γεράκι’ (July): To promote new rate plans that provide unlimited data, the ad tells the story of a hawk that finds its way back to freedom, with the help of a man with unlimited mobile internet.

(highest spontaneous ad recall of the last 5 years / Kantar)

1. Brand Relevance

A Path Forward for maintaining Brand Relevance *Responding with empathy and compassion*



‘Ένα μικρό, ελάχιστο ευχαριστώ’ (April): Using the voice of its president Mr. Vasilakis, Aegean apologized for not being able to fly on Easter, and called everyone to participate in ‘a small thank you’ by donating miles to the doctors and nurses of the 17 reference hospitals of Greece.

(150k YouTube views)

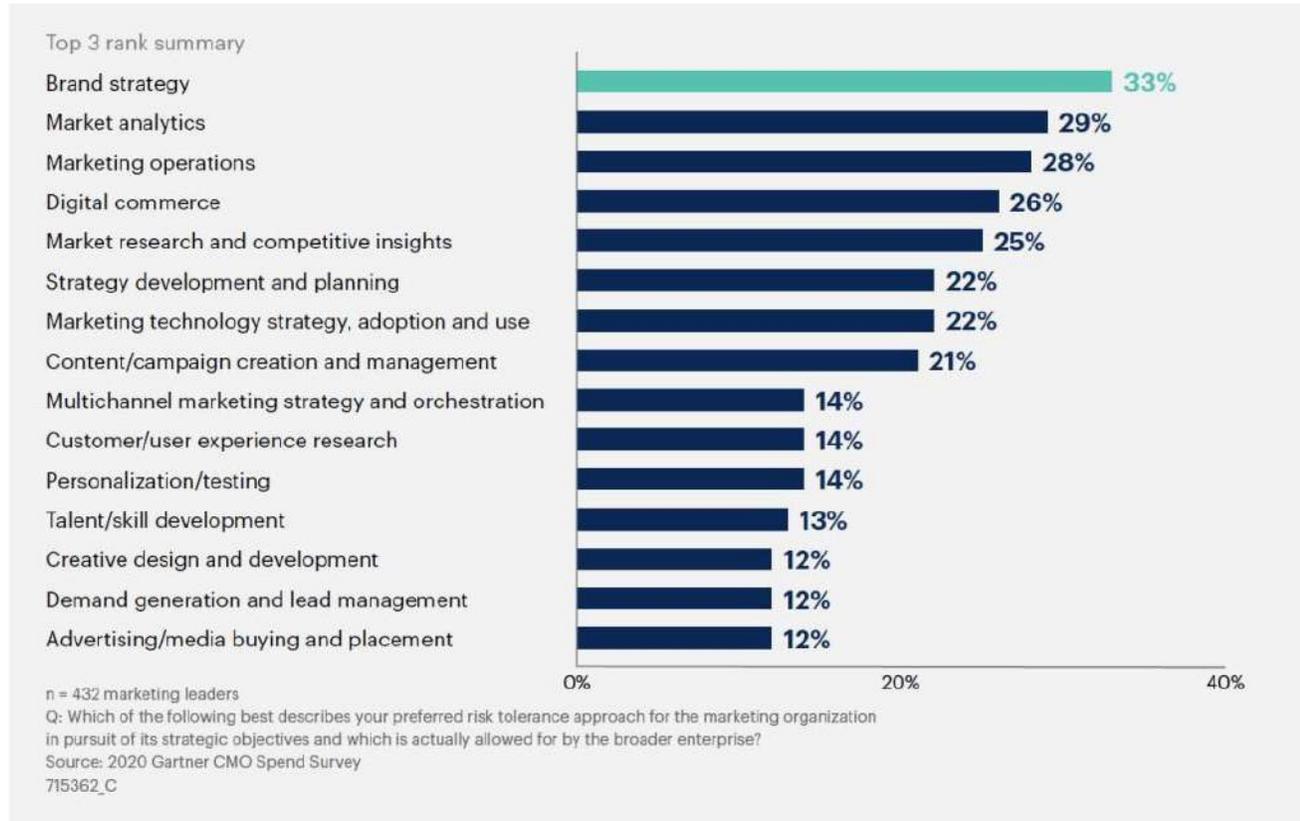
1. Brand Relevance

A Path Forward for maintaining Brand Relevance

Re-examine your brand's Purpose to connect with consumers today

33%

of CMOs cite brand strategy as their most vital strategic capability, surpassing analytics in importance.



How do you build a moat to protect customer **loyalty** while breaching the moat of competitors?

2. Retention & Acquisition

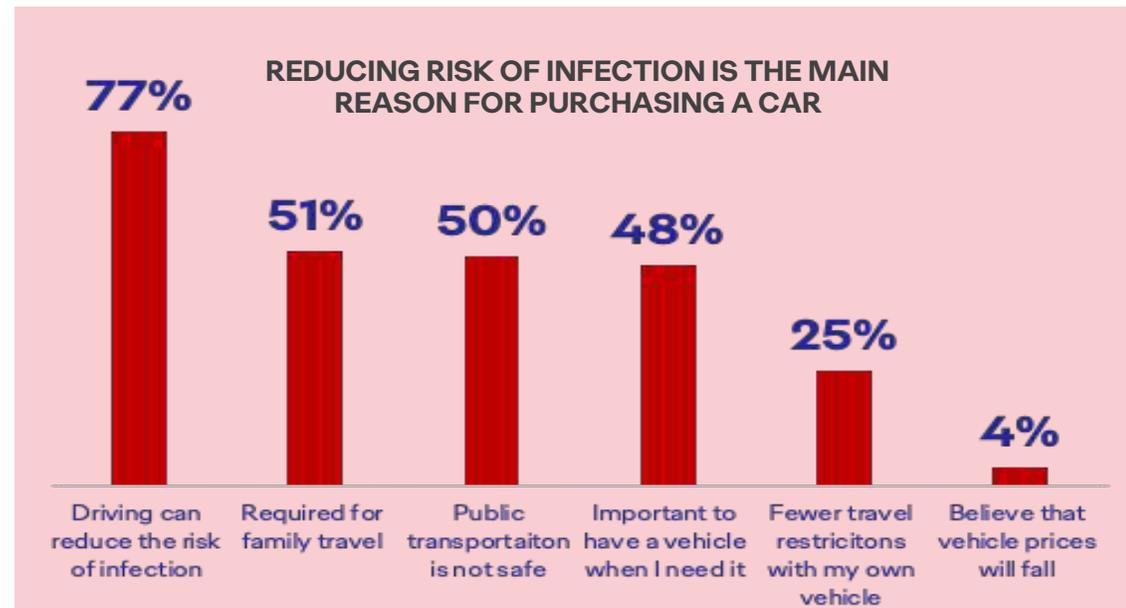
The 'Next Normal' does not mean blanket behaviour.
There will be different responses that impact brands and products.

Shock Wave



Hermès reopened its flagship store in Guangzhou's Taikoo Hui mall and took \$2.7 million **in one day**.

Shifting



Post-COVID Volvo focused on its product innovation air con feature with germ filters. 20% YOY sales increase in China

2. Retention & Acquisition

Consumers have explored new brands while in lockdown

54%

of those surveyed in the U.S. reported they had made purchases from “brands that were new to them” and that new brands accounted for more than half of their shopping carts at checkout”

84%

of those surveyed in China said they bought a new product or service when in lockdown

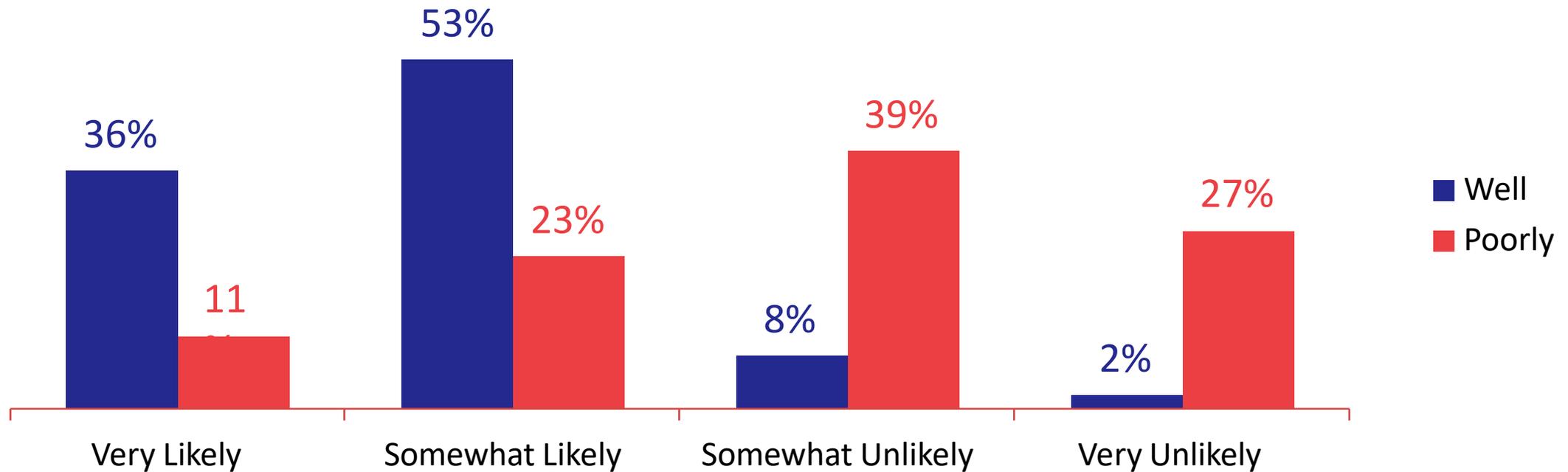
31%

of shoppers globally will continue to buy new products and services that they started to buy during the crisis

2. Retention & Acquisition

Consumer loyalty can be buoyed by a well-handled crisis response

Consumer loyalty based on brands' crisis response:
"How likely are you to shop with a company after it experiences a crisis and responds well/poorly to that crisis?"



2. Retention & Acquisition

Short term free offers to acquire valuable consumers segments for the future

Eurotunnel is offering refundable tickets to give reassurance to holidaymakers, who can go from home to holiday without ever leaving their car. The company has seen record bookings as restrictions begin to lift.



US car insurers refunding millions of dollars to customers stuck at home during coronavirus lockdowns.



Broadband and wireless companies are signing a "Keep Americans Connected Pledge" to ensure customers in the US aren't cut off from communications services.



UK's mortgage payment holiday extended by three months

2. Retention & Acquisition

Providing flexible solutions when dealing with financial challenges is a necessity to retain customers



Headspace is offering those unemployed due to COVID-19 free access to their entire library.



Nike will be making its fitness app free for customers year-round, and not just during the COVID-19 pandemic.



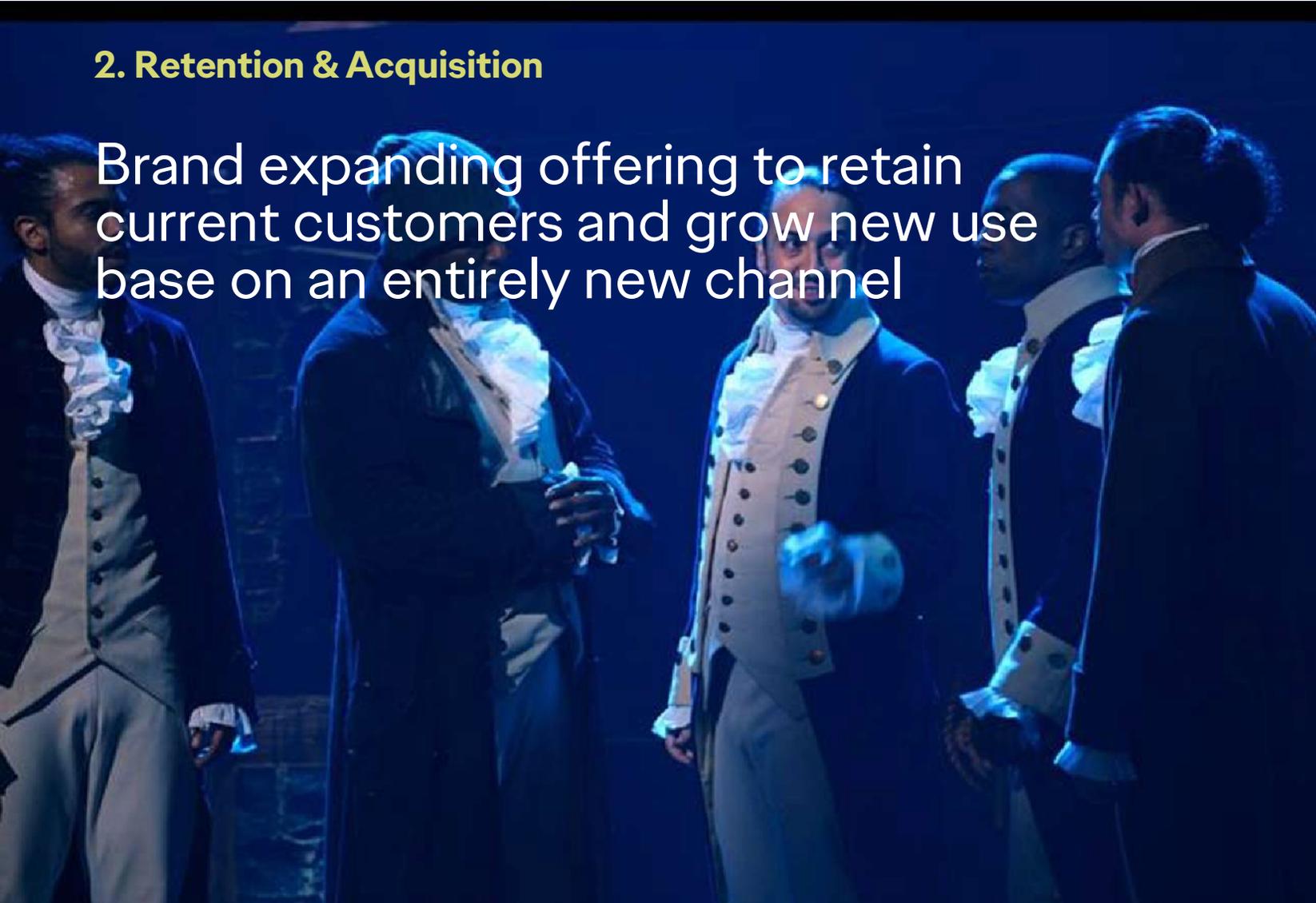
Cisco's Webex are assisting schools and universities by offering free tools for teachers, parents, and students to support the development of online-learning plans.



Burger King gives away two free kids meals to help families that rely on school lunches.

2. Retention & Acquisition

Brand expanding offering to retain current customers and grow new use base on an entirely new channel



Hamilton the musical is available to watch on Disney+ as an alternative to live events.



Travis Scott performed a live set inside the online game **Fortnite** in which more than 12m players took part in, as well as outside viewers who watched the spectacle via streaming platforms such as Twitch and YouTube.

2. Retention & Acquisition

Providing flexible solutions to support current customers and acquire new ones



Eurobank (May) was the first bank to offer an integrated plan of 750m € to support tourist businesses including postponement of loan installments, direct liquidity provision, acceleration of relevant funding tools, etc.



Toyota (May) initiated an online ordering capability via its website that enables customers to order their car without having to visit a dealer with very good results.



Onassis Foundation digital channel that was launched on YouTube during lockdown (April), enabled the organization to multiply its audience reach and social impact despite C19 distancing limitations (>40K subscribers).

2. Retention & Acquisition

A Path Forward for Retention & Acquisition

Consider building new models for retention and acquisition



Develop strategies and programs
to re-activate loyal but
dormant customers through existing
and new propositions



Identify future valuable customers
in the 'new normal' context and develop
multi-channel acquisition programs to
attract and convert

3. Commerce

How do you make sure you are **selling**
in all the new ways customers are buying?

3. Commerce

New types of shopping are booming as marketers get to grips with new commerce platforms, tactics and initiatives

Consumers who are currently spending more than before the coronavirus, by category (%)



Example merchants in China

Closest comparable model in the US

Taobao, JD.com	Amazon
7FRESH	Amazon Prime Now, Instacart
WeChat, Pinduoduo	Groupon
Jaishou, TikTok, Taobao Live	Facebook Live
TikTok	YouTube, Instagram
WeChat	SMS consumer engagement
WeChat	Facebook
YUNJI	Amway
JD.ID X-Mart	Amazon Go

Source: BCG COVID-19 Consumer Sentiment Survey, May 22-25, 2020 (N = 2,963), unweighted, representative within +3% of China national demographics.

Note: Question text: "In the past ~three months during the virus outbreak how did your spending at each of the following compare vs. before the coronavirus?" and "For each of the below types of online shopping, do you expect to spend more, the same, or less over the next 6 months?"

3. Commerce

The pandemic has accelerated long-term DTC trends

+50%

increase in DTC advertising spend in 2019. Even before the pandemic, DTC stood as one of the top-rising retail trends.

Media Radar, 2019

+24%

growth forecast in DTC sales in the US in 2020. In a market of disrupted channels and intensified competition, this uplift is unprecedented.

Source: EMarketer, 2020

-35%

market cap fall in physical retail space. More than 60 U.S. retailers representing \$370 Billion in annual sales have closed temporarily.

Source: McKinsey, 2020

3. Commerce

Established DTC companies have weathered the storm, while others have shifted focus to capitalize on the opportunity



Nike showed resilience amid the pandemic in its third-quarter results, with sales increasing by 5% from last year. Sales were boosted by a 36% spike in digital growth during the period



Heinz launched a new website called Heinz To Home where customers can buy all their essential favourite Heinz canned foods and get them delivered direct for free.



Pepsico launches direct-to-consumer website Snacks.com and pantryshop.com in less than 30 days amid COVID-19 pandemic

3. Commerce

Big commerce players are doubling down on long-term eCommerce plays

618 SHOPPING FEAST in numbers



As China's largest sales event since the coronavirus outbreak, **618** offered an opportunity for e-commerce platforms and brands to reconnect with customers and generate growth.

M&S

M&S has partnered with Deliveroo to offer same-day delivery, and is integrating its grocery into Ocado in September.



Carrefour has launched its Food & Beverage Marketplace to meet the new expectations of its eCommerce customers in France.

Walmart*

Walmart has launched a membership program, called Walmart+, that closely resembles Amazon Prime. The Company has also partnered with Shopify to expand its online marketplace

Greece: On-line shopping behaviours are here to stay

>2x

Number of regular
online shoppers vs.
2019

50%

Of internet users
are shopping online
(vs. 20% in 2019)

83%

Of online shoppers
who prefer home
delivery of any
products they buy
on-line

3. Commerce

Greece: Rapid acceleration of eCommerce via partnerships & owned assets



Lacking its own eCommerce platform, **Sklavenitis** **partnered with e-food** (from March) in order to be able to offer on-line shopping and home delivery services.



IKEA online shop showed remarkable growth during lockdown, effectively sustaining sales despite the closure of physical stores.



Unilever Food Solutions Greece (Professional) funds and builds e-commerce sites for its key wholesaler partners that enable them to sell to their end-clients on-line.

3. Commerce

A Path Forward for Commerce

Post-pandemic expectations won't wait for your long-term Commerce roadmap – find the “right-now” workarounds

Nascent

Are you enabling customer acquisition through CRM and media? Are your social channels working hard enough?

Capable

What are your full commerce capabilities and where is the opportunity for growth? Are you prioritizing DTC?

Mature

What is your plan to accelerate ecommerce growth?

4. Spending Optimization

How do you high-grade your **spending** to prepare for either growth or retrenchment?

4. Spending Optimization

Cut spending, invest for growth or pause activity
How do you decide which path to take?

Some brands are cutting spending

28.4 %

of marketers cut spending during the pandemic

Others are investing to capture growth

41.3%

of marketers reported an increase in marketing budgets due to the crisis

Many have just pressed “pause”

30.3%

of marketers have reported no change in their overall marketing budgets during the pandemic

4. Spending Optimization

Some brand are optimizing well
Making smarter trade-offs with spend

HOME IS GOOD



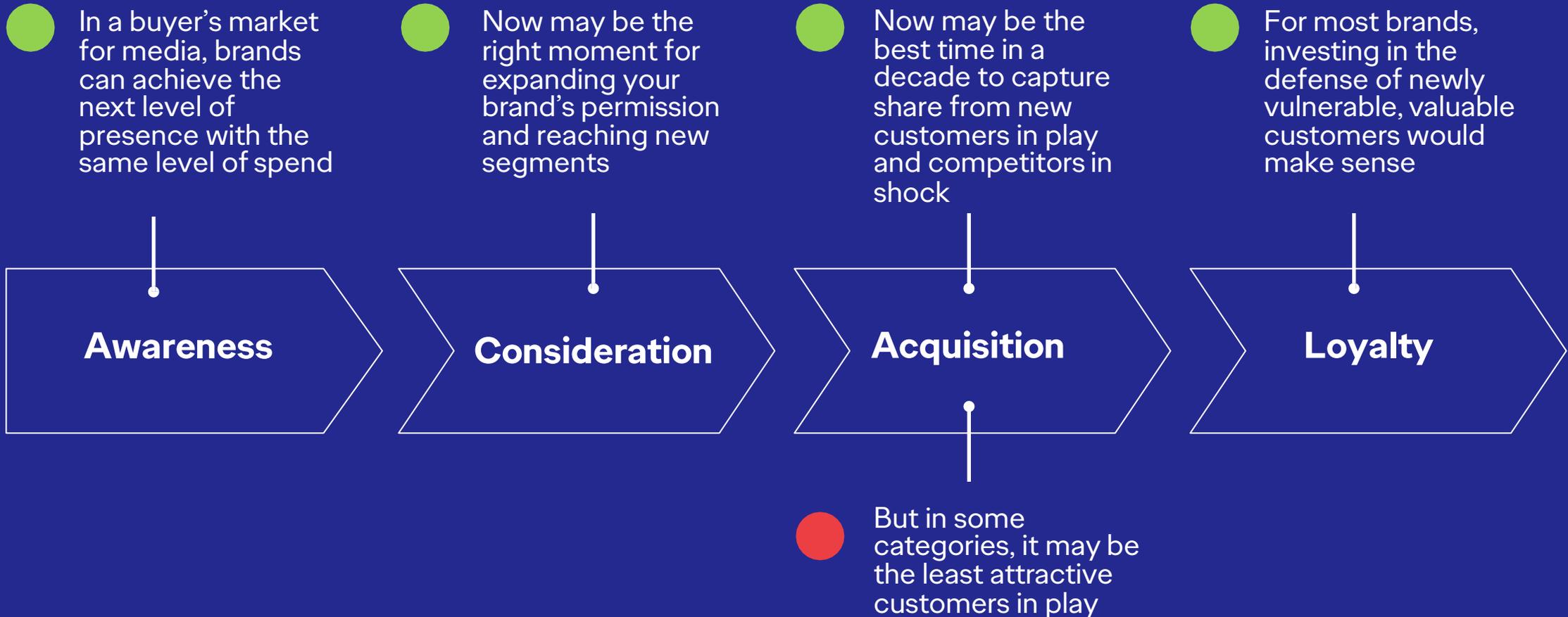
Comfort

Unilever has maintained its marketing spend but reviewed its priorities. The company is dialling up areas with the highest ROI, such as its home and hygiene brands.

4. Spending Optimization

A Path Forward for Spending

Priorities across the funnel have changed in recent months



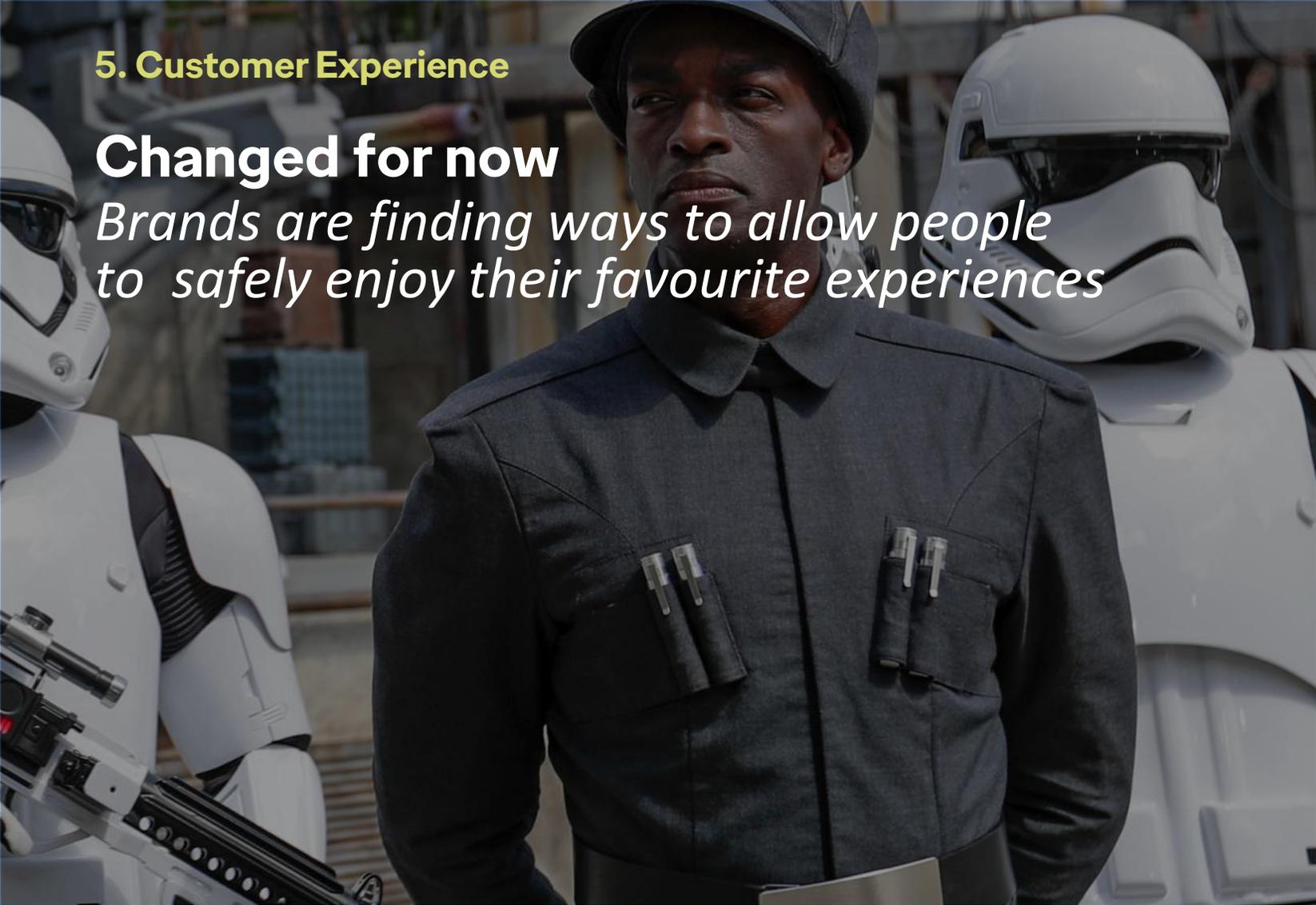
5. Customer Experience

What is the new normal reshaping the **experience** your customers are expecting?

5. Customer Experience

Changed for now

Brands are finding ways to allow people to safely enjoy their favourite experiences



Stormtroopers are enforcing pandemic protection measures at Disney World, such as wearing masks and keeping distance.

Sales of massage chairs on Tmall and Taobao
(million RMB)



Tmall and Taobao have seen a spike in the sale of massage chairs and neck massagers as people replicate experiences at home



Bangkok opened a new drive-in cinema with a novel cooling system to help combat the discomfort of being confined to cars on a hot night.

5. Customer Experience

Changed for the next 1-2 years
Industries facing prolonged impact due to COVID-19 are having to adapt the experience

Changi Airport installed proximity sensors on its automated kiosks to eliminate the need for travellers to touch the electronic screens when they check in or drop off their bags.



Meituan's 'Safe Trip' hotel initiative championed cleanliness and saw a 1.6x increase in bookings



Restaurants, such as Patty & Bun in London, offer DIY kits of their popular menu items as an alternative to dining out

5. Customer Experience

akiniko
was live · 5h ago

Changed forever

Some brands are successfully trialing their service models in digital format for a longer-term shift



mollykatemoore
Yes Soph! I see you killing it! 🏃‍♀️

bakarihollier
Lets Go Akin and Jaws 🙌🙌🙌🙌🙌🙌

- joyfeline
Whoo Baby!!
- thekristinagirod
@rightupyouraltee Let's get this church, baby!!
- berkleymcfarlin
❤️❤️❤️
- dillanostrom
Yes yes yes!
- kristindossantos
Hi @christinaramirez!! Saw you too 😊😊

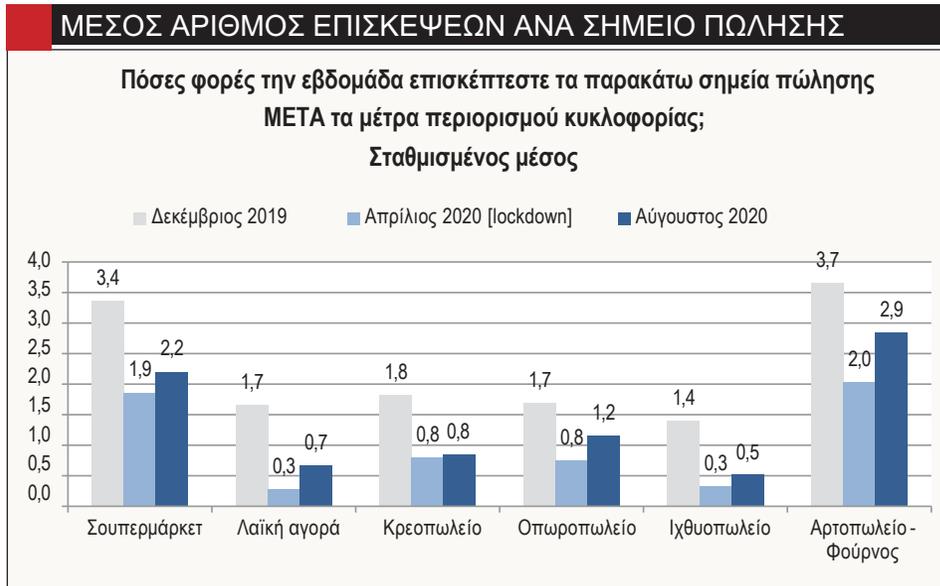
Send message

Fitness

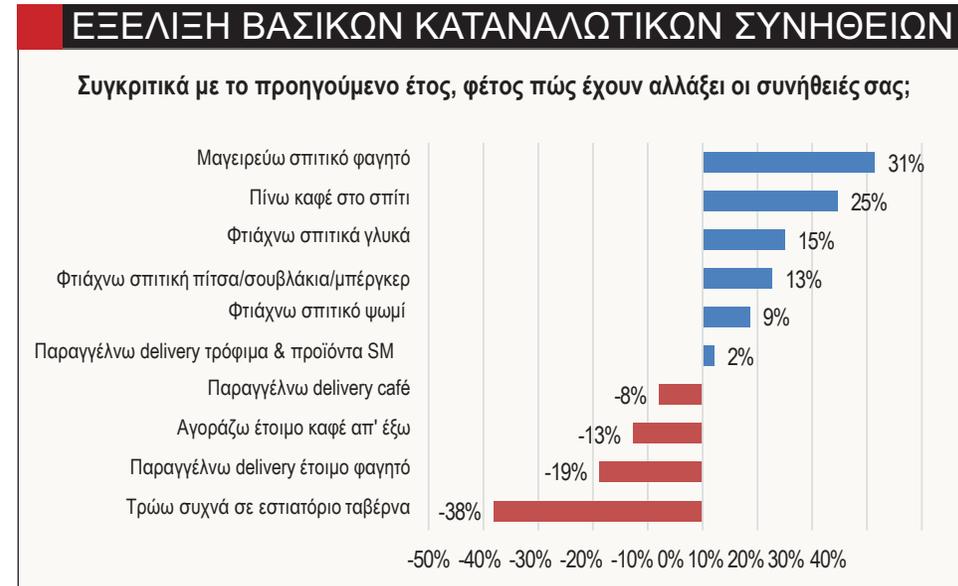
companies have shifted to a new model, virtualising their class experiences with live or recorded video. It's likely that customers who have converted to digital services will stick to them after the immediate health crisis is over.

Greece:

New habits create challenges, but also new opportunities for customer engagement



Post-lockdown visits to physical stores are rebounding, but at a significantly lower level vs. 2019



Some of the new habits acquired during lockdown are sustained

5. Customer Experience

A Path Forward for Customer Experience

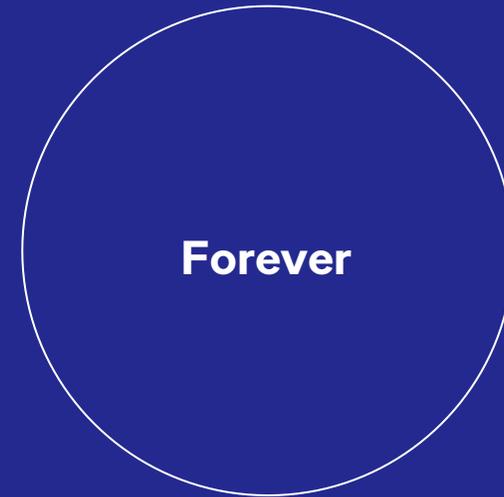
Prepare for different scenarios of the future by creating the journeys today



What do consumers need right now and how have their behaviours temporarily shifted?



Is your industry likely to see changes over the next couple of years that require a rethink of the related customer experience?



What are the long-term shifts impacting your brand and business that will fundamentally reshape CX?

5. Customer Experience

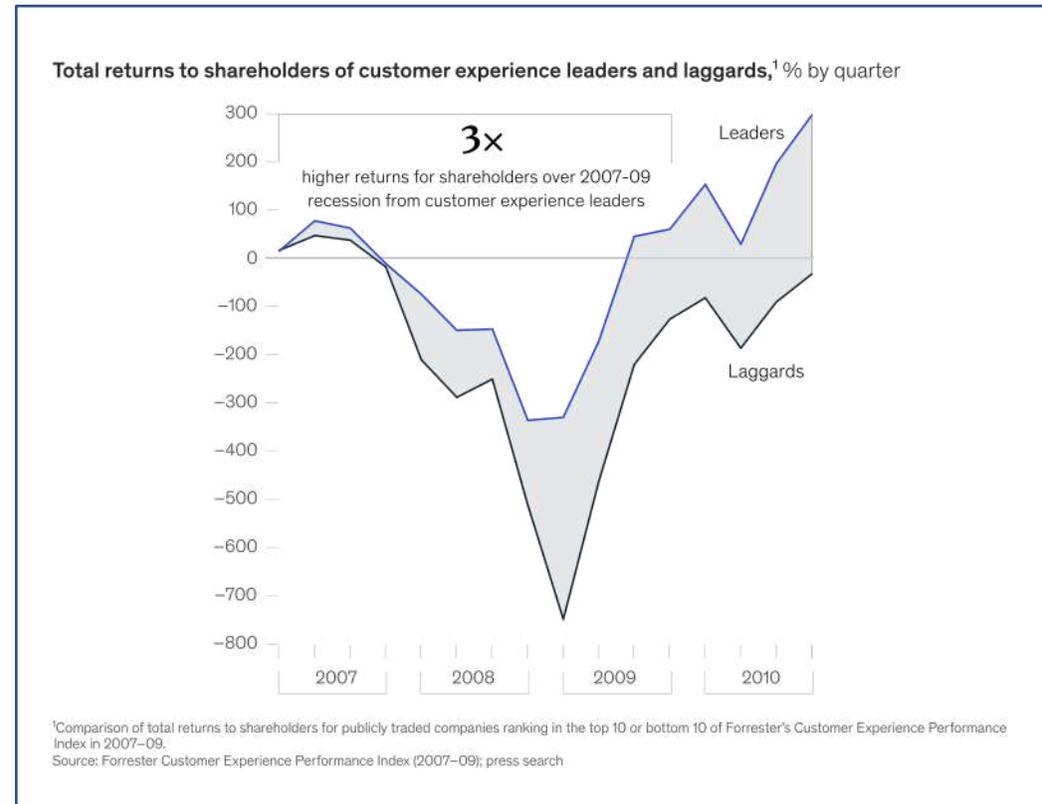
A Path Forward for Customer Experience

CX can help inoculate brands during economic downturn

3x

Higher returns for
shareholders over 2007-
2009 recession from
CX leaders

'[one of] the best ways to improve experience and efficiency at the same time are by increasing digital self-service and making smarter operational trade-offs, grounded in what matters most to customers'



Sources: McKinsey 2020

Where is **innovation** needed to quickly close the gaps and get you ready for what's next?

6. Innovation

The last 4 months saw companies innovate like they always should have – lean, fast and agile, and driven by real human needs

55%

say that brands and companies are responding more quickly and effectively than government

62%

say their country will not make it through the COVID-19 crisis without brands playing a critical role in addressing the challenges

Forbes

The One Good Thing Caused By COVID-19: Innovation



HBS Working Knowledge Contributor ⓘ
Leadership Strategy
Business research for business leaders

6. Innovation

Companies across industries revamped their existing production lines to help fight the pandemic



Ford shifted its car production to make ventilators for patients and respirators for healthcare workers – and 3M, GE and UAW are working to speed up that production.



UK-based F1 teams united around 'Project Pitlane' to assist with ventilator production.

PRADA



A number of luxury **fashion brands** have turned their production lines to making surgical masks.



Ferrari developed ventilator for coronavirus patients, designed and built in 5 weeks.

6. Innovation



Dyson designed a new ventilator in 10 days.

George Dyson, the owner of the company received an order from UK Prime Minister to deliver 10,000 ventilators to support the pandemic needs. He decided to design a new ventilator, called CoVent, which is manufactured quickly, efficiently and at volume.

6. Innovation

Innovating rapidly to meet and serve consumers when and where they are

Contact

Pantry Kits for every occasion

Everyday Pantry



Shop Now

Rise & Shine



Shop Now

Snacking



Shop Now

Hydration



Shop Now

Protein



Shop Now

Workout & Recovery



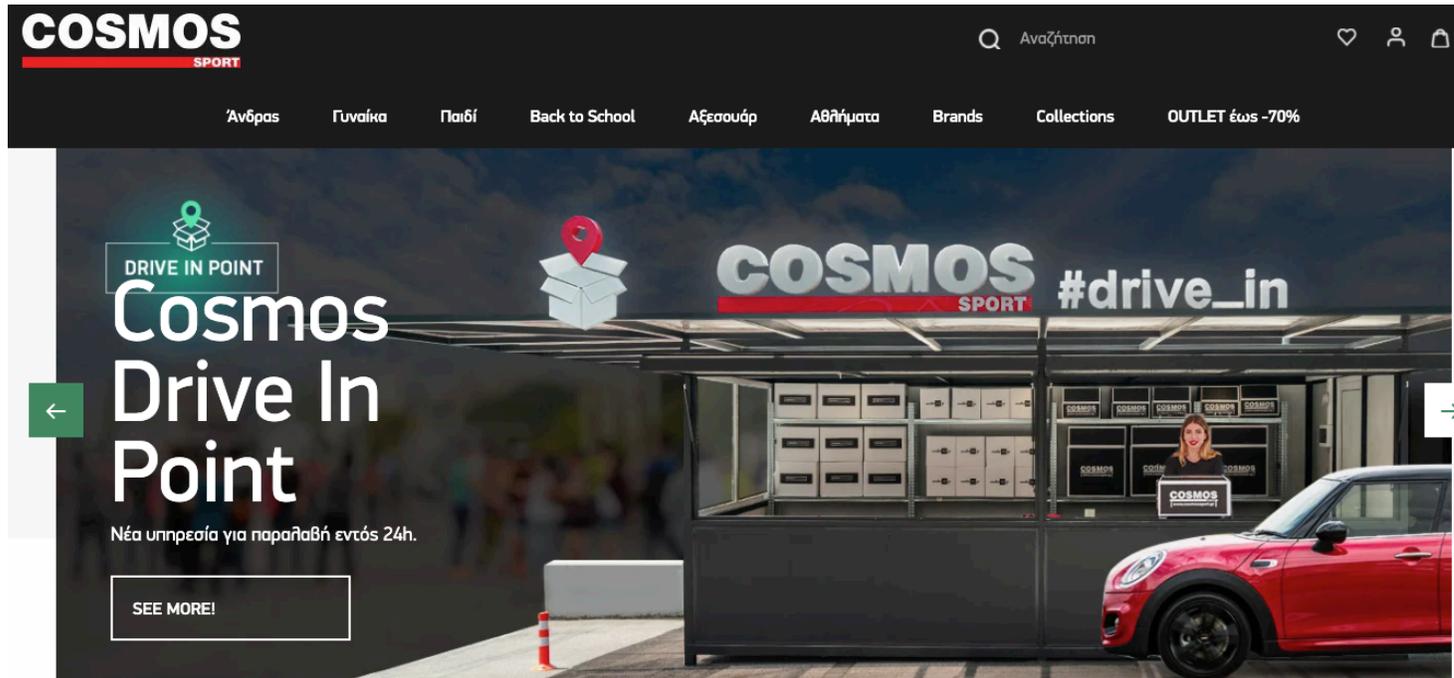
Shop Now

Pepsi designed two new websites for online sales in 30 days.

After significant drop in sales due to lockdown, Pepsi decided to launch **snacks.com** and **pantryshop.com** in order to get consumers' pantry delivered at their doorstep. Not only that, but they created pantry kits for every occasion making the purchase easy, fast, and according to user needs.

6. Innovation

Innovating rapidly to meet and serve consumers when and where they are



COSMOS SPORT drive-in point

Cosmos Sport on-line shop offers 24h delivery via a special store/collect point. Customers order on-line, select 'drive-in' delivery at check out and can pick up their delivery in 24 hours without ever having to leave their vehicle or enter a store.

6. Innovation

Redesigning the experience for the new times



The entertainment experience in Greece is being re-designed: **Drive-In Cinemas**

After the entertainment industry faced extreme revenue losses due to the Covid-19 pandemic, there has been a re-design of the summer cinema festivals so that they can be aired at Drive-In Cinemas. Responding to the need of social distancing, there are 4 Drive-In cinema openings this summer in Athens.

6. Innovation

A Path Forward for Innovation

Scaling your pandemic innovation skunkworks to solve for what's next

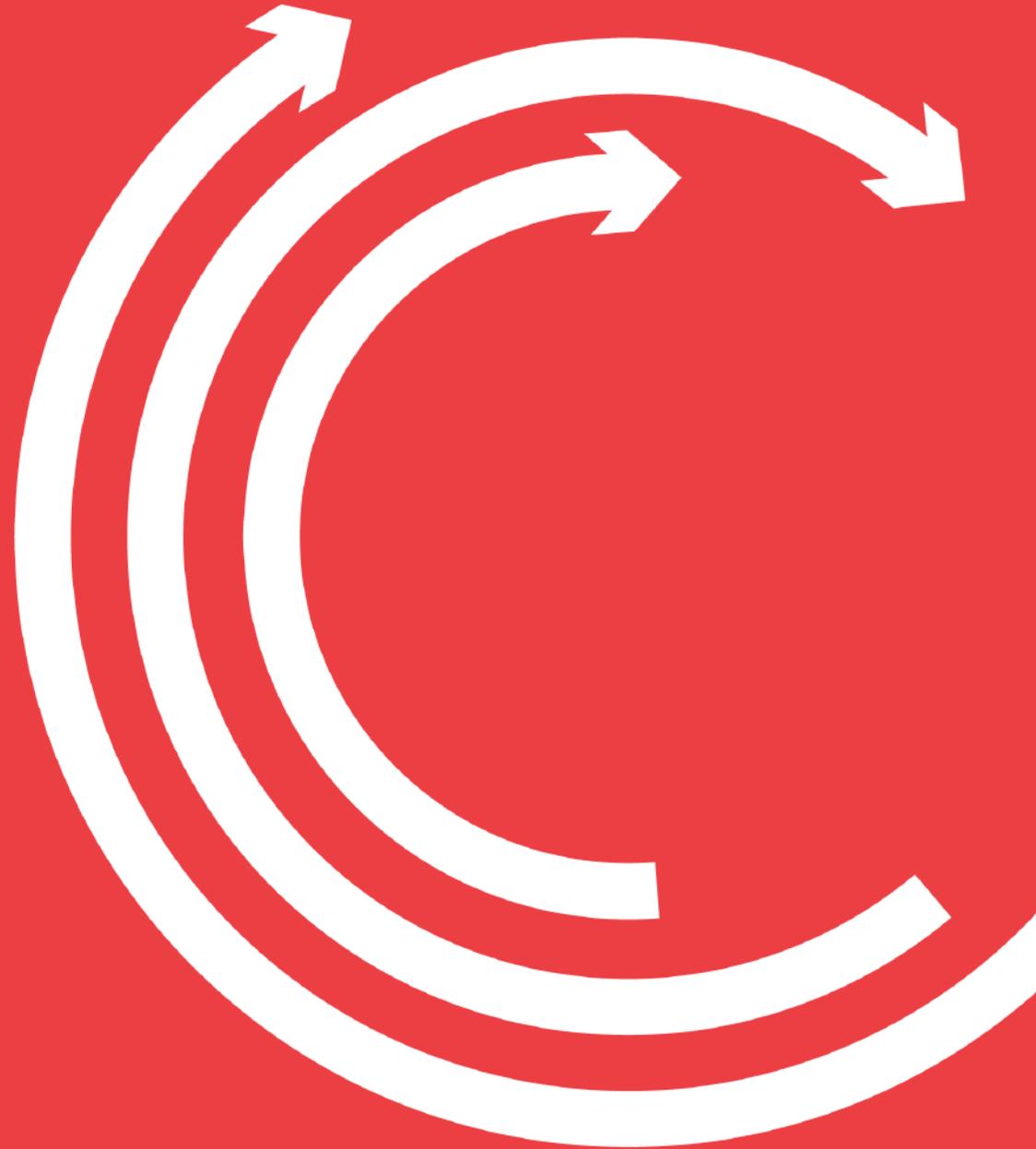
HOW?

- Conduct **rapid “Futurecasting” exercise**, to assess the implications of the current environment on the client’s innovation agenda
- With the Futurecasting findings the team then conducts a **“Gap-Analysis” of the client’s current innovation pipeline**, to both identify gaps that have emerged and new opportunities that have been created
- This insight is then used to seed an **Innovation Co-Creation Workshop**, which reprioritizes current pipeline initiatives and shifts resources to close pipeline gaps

Part Three

Return to Growth:

A Practical Approach for
Brands & Businesses



Summing Up: The 6 critical actions for brands to return to growth *which does your brand and business need to address?*

1

Brand Relevance

Reframe what you “say” and “do” to maintain your brand relevance in this new normal environment.

2

Retention & Acquisition

Determine which customers are at risk right now and create tailored retention and acquisition programs.

3

Commerce

Ensure all your selling channels are working as hard as they should.

4

Spending Optimization

Conduct a marketing spending optimization audit to focus on critical messages and channels and do more with less.

5

Customer Experience

Determine which changes to the customer experience are here to stay and how they can be delivered profitably.

6

Innovation

Reprioritize your innovation agenda to meet new customer expectations and capture new growth opportunities.



Thank You

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