



# COVID-19: Balancing cost and experience to emerge resilient

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## In times of disruption, how can companies balance spend management across the marketing, sales and service functions while maintaining the right customer experience?

The impact of COVID-19 is being seen across the global economy. Times are tough and all businesses are dealing with its effects in different ways. But organizations that take careful measures now position themselves to be resilient in the future.

Companies must think and act as one taking a holistic view of costs across the Front Office functions of marketing, sales and customer service. In this paper we outline some considerations and measures organizations can take to effectively rationalize costs during and after COVID-19 – balancing the need to tighten their belts while ensuring they have sufficient resources to ride out the economic challenges and emerge strong.

### Balancing the economics of customer experience.

Now more than ever, organizations must understand what customers value in order to deliver the appropriate experience at different stages of the customer lifecycle. The only way to know how to rationalize across Front Office functions is to understand customer behaviors – short and long-term. Understanding how COVID-19 has fundamentally changed your customers' expectations and interactions is critical to correct decision making. In other words, which changes are temporary, and which will be forever?

At the same time, the capital investments and operating costs needed to provide these experiences must to be re-examined in view of the global restrictions in place – for example, many physical experiences are no longer possible and 'no touch' or interaction-free deliveries have become an unexpected norm. Businesses must hit the sweet spot between cutting costs too much and under-delivering for their customers.

It's about striking the right balance of what customers expect and what financially makes sense for your company to deliver. Organizations that master these economics of customer experience will be able to optimize spend while delivering winning, empathetic experiences that show integrity and humility in view of the COVID-19 outbreak.

One way of achieving this is to work through three steps to optimizing customer experience:

#### 01 Targeting value



Monitor changes in customer and employee behaviors and preferences, then identify new solutions to solve a need or address a concern in the new normal. This requires real-time insight and an outside-in focus – centered on what will add the most value for people in the near term.

#### 02 Projecting value



Articulate what's truly required to bring new ideas and experiences to life, considering impacts beyond your function and adjacencies to the solution (e.g. processes surrounding technology). Especially during times of constraint and pressure, leaders and teams can benefit greatly from combining resources and efforts across functions to have a greater focus and impact.

#### 03 Realizing value

Assess the true impact of solutions once they're launched, both benefits and unintended consequences. Then recalibrate as needed to make sure the economics are in balance – and use that story to support the next investment case.

## Understanding the economic curve

Taking a long, hard look at costs and engraining flexibility into business models will help organizations ride out the disruption, however long it lasts. Organizations can also know when to begin investing again. Looking at previous global recessions, around 17 percent did not survive the downturn. But others were able to flourish – with nine percent of companies outperforming competitors by at least 10 percent in sales and profits growth in the three years following a recession(a).

A recession can be an opportunity if handled correctly. Therefore, it is important to consider the economic curve your business is facing, in order to determine when and where to rein in spend, and then how much and when to begin investing again. Ascertaining quickly where your business sits allows you to strategize rationally and budget accordingly – jump the curve and you can get ahead of the competition.

Curve shape	Characteristics	Example industries	Response
<b>L-shape</b>	Revenues flatten quickly and remain so for an extended period of time	Hospitality (Vacations)	<b>Defend</b> – trim the fat, amplify low cost sales channels and automate account management
<b>U-shape</b>	A gentler curve with a prolonged slump followed by a gradual rise back to pre-COVID-19 revenues	Insurance	<b>Prepare for a prolonged siege</b> – streamline and digitize back office functions, walk away from accounts with low profitability and aim to look beyond layoffs by considering furloughs, hours reductions, and performance-related pay
<b>V-shape</b>	A sharp but brief dip, or perhaps even a short-term increase in sales	Healthcare; Social media	<b>Attack</b> – aim to drive growth, acquire market share from weaker competitors and build-out sales channels to maximize profitability

## Removing siloed thinking and processes to make business decisions quickly and effectively

In this time of disruption, customers will be unforgiving of organizations perceived to be leveraging COVID-19 to sell, or treating it with levity. These organizations will be punished in the longer term as customers take their business elsewhere. There is therefore an overriding need to be sensitive and patient in dealings with customers – and this applies to all functions of an organization, not just those that are traditional customer-facing ones.

Now is the time to invest in your teams, enabling them to retain customers and build future growth. There's an even greater need to connect across Front Office functions and the organization as a whole, so that business models remain scalable and durable. It's even more vital during these unprecedented circumstances for companies to have a single view of the customer, shared by the Marketing, Sales and Service functions, so they can react quickly to their fast-changing needs and expectations. We will look at those functions in detail now.

## Invest in brand positioning and the right marketing initiatives during disruption

Continuing to invest in the long-term position of your brand creates a stronger position during and after the crisis. Organizations or brands that turn inwards with too many cost control measures will slowly lose their visibility, relevance and differentiation. Marketing therefore has a crucial role to play during the current disruption to help organizations ride out the turbulence and emerge strong – with their corporate and brand reputations intact. Now is an excellent time for companies to draw deep on their brand and corporate social responsibility (CSR) values and genuinely make a societal difference.

However, market uncertainty poses an immediate challenge to well-meaning objectives – every dollar must be accounted effectively and allocated responsibly. Now is not the time for experimentation. Reviewing all brand initiatives and marketing campaigns is key – organizations must focus on getting the most from sunk costs and fill in gaps with existing resources, people and technology, especially if these can be sourced in-house. Here are some key areas to think about:

**Agility** – These challenging times call for agility with planning and spend. Budget tracking becomes even more important. Measure campaigns in-flight – drop what is not producing and quickly move those funds to more productive campaigns

**Review** – A thorough review of partners and alliances will help showcase costs that do not contribute towards agreed goals. Agencies should be chosen with care: only those that have been proven to provide high value content, deliverable within agreed timeframes, and maximum value for money, should be used.

**Prioritization** – Organizations should prioritize campaigns with a healthy return on investment, and challenge each campaign for relevance and appropriateness with the brand and CSR agenda.

**Measurement** – Global inflection points like COVID-19 underscore how important strong data and analytics are. Budgets cannot be tracked effectively without comprehensive data collection and analysis. Data is also key to personalizing customer interactions – a trend of ever-growing importance and one which is even more crucial during these uncertain times.

Note: (a) Harvard Business Review, <https://hbr.org/2019/05/how-to-survive-a-recession-and-thrive-afterward> referencing an earlier article, 'Roaring out of recession' <https://hbr.org/2010/03/roaring-out-of-recession>

## Sales strategies through the buyer's eyes

Almost overnight, sales interactions have out of necessity become entirely virtual as lockdown and social distancing requirements prohibit traditional on-premise and field sales models.

Organizations urgently need to assess their legacy sales models to determine if – and how – they should change as their company and customers enter the post-COVID-19 recovery period. For some whose solutions are highly custom or complex, and whose customers expect a high degree of intimacy, it may be a return to business as usual with only minimal lasting impacts. For others, particularly those whose solutions are more or less configurable based on customer needs, the current situation may force a more permanent change in how they engage with customers.

To thrive, it will be critical for businesses to quickly adapt their customer experience strategy, sales model, and supporting infrastructure to the new normal of buyer expectations. But if they fail to adapt, they will be left behind by more nimble competitors.

Getting ahead of these changes now – before a return to pre-COVID-19 demand levels – represents an opportunity to catapult beyond the competition and capture when growth returns. Key considerations include the following:

**New ways of working** – Organizations must ask themselves if they are empowering their sellers to thrive in a more virtual environment. Do they have the right sales processes and enabling tools to support an increase in virtual sales interactions that will replace traditional demand generation, opportunity management, solutioning, and quoting activities once performed in-person or through high-touch channels?

**Margin preservation** – Sales leaders must balance the natural reaction to try and win every deal at all costs during the downturn with the reality of the economics of their business. Increasing pricing discipline is more important than ever. Special pricing, discounts, and unusually favorable commercial terms must be viewed and negotiated with customers as investments that provide an immediate or future return for the business. Sellers need to be clear on which customers are being targeted for greater investment and why, lest those investments – by way of lower margins in the short-term – go without a future return.

**Technology and operations** – Sales operations teams must quickly determine if the existing sales support capabilities and Front Office infrastructure can adapt to, and support, future sales models and ways of working. Where scale once existed in the form of an offshore shared service, for example, can the Sales function move forward should those capabilities be compromised by future work restrictions?

**Coverage and capacity** – Sales capacity and coverage, including territory assignments, should be re-examined with consideration not only for short-term decrease in demand, but longer-term implications on sales models. If necessary, sales channels should be realigned to better meet any anticipated changes in customer buying preferences. Sales territories may need to be adjusted in response to company or customer-imposed travel restrictions.

## Intentional and fact-based customer service

Now, more than ever, organizations must be proactive and intentional in their approach to customer service. Customers are very likely to be disorientated and stressed, especially in industries such as travel and financial services where movement restrictions and sweeping financial measures have sown confusion. Companies can recognize and pre-empt this confusion, ensuring customers turn to them as trusted sources of information and stability.

Customer agents have an important role to play. Organizations should invest in the right areas to support them during this difficult time, keeping the following firmly in mind:

**Personalization and Empathy** – Personalization comes under particular scrutiny during times of disruption: customers are confused and often worried; they expect organizations to understand this, and tailor their interactions accordingly. The last thing many customers want is to be treated as one of a long line of anonymous consumers. It's important therefore to empower agents to be sympathetic and pre-empt customer enquiries. Organizations must try, as far as possible, to avoid customers feeling trapped in a queue growing increasingly frustrated with no clear resolution on the horizon.

**Training** – Businesses need to re-evaluate the tools and training their customer service agents need to empathize with customers, so they can find swift, mutually satisfactory solutions to complex problems which during this time of COVID-19 are likely to also be emotionally charged.

**Automation** – Upfront automation and effective triaging systems can help to reduce the pressure on people, enabling them to deal with more difficult issues with less stress. For instance, chatbots could be deployed to help customers navigate lower-level issues themselves so human agents can handle more complex queries. Companies could make use of online chat forums to handle common and multiple queries. Though set-up time typically takes a couple of weeks, once in place they will prove useful regardless of how long the current disruption lasts.

**Outsourcing** – Workforce reduction in commonly outsourced countries like India and the Philippines will likely cause challenges. Radically different situations across the world in terms of lockdown orders and associated impacts mean offshore call center employees may not be able to provide timely and appropriate support. This makes automation all the more critical.

## Thinking ahead

COVID-19 presents challenges to businesses – but also opportunities. It throws light on the need for organizations to put the customer at the heart of the business and have a coherent, consistent intent across their Front Office functions – and indeed connect the entire enterprise. It highlights the importance of digitalization and robust data collection so that organizations make decisions based on evidence, not instinct. And it foregrounds how essential it is for organizations to consider how each function fits together.

To flourish rather than flounder, businesses must determine the correct investment strategy across the Front Office by considering their customers, their brand and their place on the economic curve, so they can invest with greater certainty of return.

All companies will be physically constrained during the measures to contain and limit the impacts of COVID-19 and their values will come under close scrutiny. However, they must leverage their ability to adapt and be resilient, embrace technology and, above all, trust their teams to put their customers' needs first and foremost – as this will bear fruit long after the pandemic is over.

Note: (a) [www.reuters.com/article/us-health-coronavirus-india-outsourcing/indias-huge-outsourcing-industry-struggles-with-work-from-home-scenario-idUSKBN21COLR](http://www.reuters.com/article/us-health-coronavirus-india-outsourcing/indias-huge-outsourcing-industry-struggles-with-work-from-home-scenario-idUSKBN21COLR)

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**If you have any questions regarding the possible impact from COVID-19 or are looking for help to position your customer experience strategy to be resilient in the face of future threats, please do not hesitate to get in touch.**

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