

# Changing gears and shifting focus for consumer goods - Making consumer companies future ready

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## Key takeaways:

- *Companies that can innovate and reinvent, will be able to deliver the intended customer experience profitably whilst staying relevant to survive the new rules of business.*

The pandemic has been around for a while now, and the uncertainty of how it plays out still looms high. Over the last 18 months, consumer behaviour has altered dramatically creating new winners, negatively impacting many businesses and forcing companies to re-think how to serve their consumers. Some of the significant ways this uncertainty, or change, has manifested itself are:

- **Home becoming the new hub:** consumers want everything, ranging from food to clothes to services, to be delivered to the comfort of their home
- **Direct-to-consumer:** consumers are willing to buy directly from brands and lock in for longer periods of time with fewer brands
- **Enhanced experiences:** consumers seek more nuance beyond the traditional transactions
- **Privacy and security:** consumers expect protection of their data and personalisation
- **Purpose:** consumers hope to alleviate guilt by choosing brands that align with their purpose

The above-mentioned changes are underpinned by core trends such as 'seeking value' and 'health/hygiene' being firmly established.

Acknowledging these changes, along with meaningfully their altering operating models, has clearly differentiated some winners in today's market. KPMG in India's survey '[Navigating through COVID-19](#)' gives us some insights into what these 'winners' did.

- **Accelerated transition to being more 'consumer centric'** was manifested in the increased relevance of product/service portfolios and their ability to be expanded through new channels (business to consumer and business to business). They did this through meaningful efforts to engage with/listen to consumers and alter their operating models to put these 'consumer requirements' in the centre for the management to solve.

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- **Improved ability to execute** was manifested in fast turnarounds to launch new products/services and efficient serviceability to a more fragmented go-to-market (GTM). They did this through creating war rooms for fast decision making, being open to work with eco-systems/alliances and leveraging digital to identify and deliver on multiple micro-opportunities.
- **Additional focus on employees** was manifested to cope with the momentum that the industry was witnessing and augment missing capabilities through up-skilling initiatives. They did this by being genuinely empathetic, enabling remote/safe ways to work, hiring fast and altering KPIs to focus both on the company as well as the employees.

It is difficult to say whether the changes have stabilised. Current valuations of many companies do indicate the market's belief in the above mantra. However, the experience of the past 18 months should be adequate warning to companies not to take environment for granted. That said, with vaccination rates improving, travel opening up globally – it may be fair to conclude some of these changes are here to stay. And that will have a lasting implication on how we operate, going forward.

To begin with, there is no alternative to **being a deeply consumer-centric** organisation. Companies need to engage with consumers/customers more meaningfully and genuinely partner with them to solve their wants or needs. This would imply a change in how organisations are structured to really put the 'consumer in the centre'. Direct to consumer (D2C) models have gained a significant amount of traction today in order to address the changing consumer demands post/during COVID-19. D2C allows businesses to deeply understand what consumers are exactly looking for with iterative feedback and reviews, also helping these companies directly communicate with consumers.

Next, it is fair to acknowledge that a single organisation cannot do everything, hence companies should be open to **work with eco-systems and partners**. There are now many specialists, both niche and scaled, who can help companies quickly adapt to changes and be jointly accountable for outcomes. We have witnessed many consumer companies working closely with strategic/alliance partners with an aim to achieve operational efficiencies. For instance, partnering with a start-up for last mile deliveries or working with new-age logistic companies could bring in route optimisations.

Further, while **being backed by digital or data/analytics** is something that has been a focus for a while, a company's ability to leverage it well is table-stakes today. As investments in new technologies continue, we see companies now gradually resorting to artificial intelligence (AI) and machine learning (ML) to help predict consumer demand and enable sourcing in time. Customer experience is now a new lever that companies want to tap into. Brands are progressively investing in deploying in-store interactivity tools, conversational chatbots and augmented reality (AR)/virtual reality (VR) led customer experiences.

Additionally, we are hearing of a great deal of attrition these days. As lines between home and work continue to blur, employees are restless and seek better employment experiences. In this environment, what companies need to do is treat employees in the same way as they would treat their customers, **solve their concerns** and focus on building their presence in the market rather than being swamped with internal issues.

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Finally, **measure what matters**. The market and the investor community have already started tracking whether companies are following the above-mentioned recommendations. It is about time that the internal KPIs of companies also evolved accordingly.

All in all, companies who are able to innovate and reinvent will be the ones that will be able to deliver the intended customer experience profitably while staying relevant to survive the new rules of business.

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