

Part 2

New Marketing for the New Normal

By Mathilde Cazenave, Artemio Garza, Jason Hecker, Priyeshu Jain,
Scott McKie, Adam Quint, Pree Rao and Sarah Van Dyke

The COVID-19 pandemic has transformed markets around the world. We've previously discussed major changes that have been catalyzed by this once-in-a-generation event. These include increased volatility and uncertainty, accelerated digitization and the inseparability of business and purpose.

Naturally, changing market dynamics are driving shifts in the marketing function. Though many of the shifts unfolding in marketing had already begun before COVID-19 emerged, the pandemic has accelerated those trends, and in many cases, left its own unique imprint.

These insights are drawn from one-on-one conversations with 65 executives from 61 companies around the world, examining a single question:

“How will the marketing function look different post Covid-19?”

These leaders told us that transformation had been expected, but the fast and furious nature of COVID's impact created new challenges and opportunities they are scrambling to address. Across industries, they highlighted five overarching

trends impacting the ways marketing is done:

- COVID-19 has fundamentally changed customer journeys
- Markets are demanding faster, more creative innovation
- Purpose-driven messaging, and action to back it up, are more relevant than ever
- COVID-19 has accelerated the shift toward localized marketing execution
- Marketing will rely even more heavily on data and analysis

The Customer Journey: Fundamental Shifts

The concept of the customer journey – how the customer identifies a need or want, seeks solutions, evaluates options and makes a purchase decision – underpins marketing strategy. Marketers look for opportunities along the way to influence the customer experience and ultimately the purchase decision. In many cases, COVID-19 has fundamentally changed the customer journey – what customers need, how they shop, how products and services are delivered, and how the customer experiences each step.

Not surprisingly, one of the most fundamental changes in the customer journey is a shift to more remote shopping. This includes both more online search and evaluation before purchase and even finishing a purchase online. For some categories – think cars, clothing, appliances, health services – this shift means that the customer must be reached, influenced and served much differently than in the past. Shifts in the customer journey may even change the very priorities and preferences that drive the purchase decision.

Changes in the customer journey require corresponding adaptations in marketing strategy and execution. As brick-and-mortar retail locations shut their doors, there has been a clear need to recreate aspects of that process virtually. For example, “for brands and packaged goods, shelf space is now irrelevant,” said Chip Bergh, CEO of US-based Levi’s.

Far from unique to consumer-facing businesses, the changing customer journey will impact business-to-business marketing as well. But the rush to online channels creates a new set of challenges for marketing teams. These spaces are growing increasingly crowded, and successful differentiation will require not just the recreation of the mechanics of the shopping and purchase process, but

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also the holistic experience customers are missing. “There remain opportunities in the new environment for personalized experiential brand building, such as online digital experiences, a guided whisky tasting over Zoom or an online conversation with a Master Blender,” said Cristina Diezhandino, Chief Marketing Officer, Diageo.

Malte Hoffman, Vice President Western Europe, The Kraft Heinz Company, described how the marketing mix will shift as a result of the changing customer journey. “Marketing will be focused much more on reaching consumers at home and around home as out-door activities like festivals and concerts will not be allowed for a while - much less sponsorships of events. Budgets will shift to more TV again. Not in the old fashioned 30 seconds commercial but more on sponsoring cooking TV shows and do-it-yourself programs and other things like this,” she said.

Innovation: Farther and Faster

There was a time not too long ago when plans for innovation took a year or more to execute, whether it was launching a new product offering, building a new route to market or developing an innovative new marketing campaign. But in the face of COVID-19, the marketing function came under pressure to bring the idea-to-implementation timeline down to months or even weeks. And with unprecedented challenges and constraints to address, that speed needed to be accompanied by new levels of creativity and risk tolerance.

Some believe that marketing needed this pressure to “go outside their comfort zone,” said an Innovation Director of a gaming company. “There has long been a culture in marketing in which leaders simply said: I know what I need to do. They did not dream and imagine. Marketing needed more people who would push boundaries, challenge the status quo, propose crazy ideas.”

Alison Worthington, interim CMO for Bragg's and former CMO at Method, highlighted an example of how new challenges call for more creativity. The rush to digital channels has raised the bar for differentiation through live online marketing, she noted. "One of the bigger trends in marketing prior to COVID-19 was experiential marketing. Clearly that model has been flipped on its head. Everyone is trying to make up for it with Facebook and Instagram Live. The jury is still out if the deluge of live video on Instagram will stick."

Many marketers we spoke to pointed out that success in breaking through the clutter will depend on the ability to create quality content that is practically relevant to the consumer in the moment. That means an increased emphasis on innovative content development that is faster, if perhaps less polished. Some have found success in helping to meet the increased need for at-home entertainment options. "We are sponsoring online events with different musical artists, where our online store is present and people can buy with a click," said Jose Cirilo Teixeira, CMO, Seara Alimentos, a major Brazilian food processor.

It is clear that a changing marketplace will continue to challenge the marketing functions to be more innovative and agile. Many organizations have adapted quickly in the short term. However, some have recognized that additional considerations will have to be given to drive continued innovation overtime, likely in a world of more remote or partially remote work.

Focus on Purpose: Now, More Than Ever

Brands are relying on the marketing function to drive the narrative internally and externally. Purpose-driven marketing was a growing trend at the start of the year that only grew more pressing when the pandemic hit.

As the pandemic has threatened public health and safety, it has also created economic and social hardships for many. Marketing leaders widely recognize that the need for stability and reassurance has driven an increased focus on trust among consumers, who increasingly want to deal with companies and products they believe have their well-being in mind. As such, provenance, authenticity and meaning are critical discussion topics, said Simon Lowden, Chief Sustainability Officer, PepsiCo. Brands are looking for their unique purpose stories, he added.

Further, consumers are developing a heightened awareness of the

interconnectedness of business and community. Against the backdrop of COVID-19, more customers have begun looking for ways to use their purchasing power to support social impact. They are taking greater interest in knowing what companies “stand for,” beyond short-term profits.

Elisabeth Charles, Board Director, At Home and former CMO, Rodan & Fields, highlighted the importance of getting tone right during this particularly fraught moment in history. “At this time, when empathy is so critical and you can easily say and do the wrong thing to alienate your stakeholders, I think marketing needs to be in the center of ensuring that all the messaging is authentic, brand right and relevant,” she said.

It’s clear, however, that a supportive and empathetic tone must also be accompanied by concrete actions that are consistent with the message, said Jonathan Mildenhall, CEO TwentyFirstCentury Brand, former CMO of Airbnb. “We’re writing a new marketing playbook in real time while trying to secure the future of our families and businesses.” Companies that offer something that will lift up the communities they serve in this difficult moment will build loyalty. He offered the example of Headspace, an app offering guided meditation to reduce stress and anxiety. As COVID-19 caused job losses for many, the company began offering free subscriptions to its Headspace Plus service to anyone who is unemployed. The initiative positions the brand as a solution to a real and timely need, while also inducing trial and loyalty over the long term.

Ms. D’Allesandro from Brightline Trains summed it up well: “From a hiring and purchasing standpoint, employees and consumers alike will use COVID-19 as a litmus test for evaluating the merits of a company or brand. How organizations navigate this crisis will determine their ultimate success when the world starts to more closely resemble ‘normal.’”

Personalization and Localization: Driving the Agenda

Even before COVID-19, marketing teams were looking to tailor their executions to local cultures, events and ways of life. The pandemic has accelerated the localization trend, both by keeping people closer to home and by creating constraints on individual and social activity that differ significantly between communities.

“Given that countries, regions and cities are moving and reacting differently to the crisis, marketers are combining global marketing with hyper-local marketing, such as cities in Spain rebounding at different speeds and different US states responding differently to COVID,” said Diezhandino of Diageo. That means that both what the customer is looking for and the way that the customer needs and wants to interact with the company – all online, mostly online or mostly in person – differs from place to place. Accordingly, the value the company can create, and the marketing message, will differ locally as well.

Early movers in localization have found it to be effective. Chris Tung, CMO, Alibaba, described how his company is adding value at multiple levels by blending the online and offline customer experience in a highly localized fashion. At brick and mortar stores, product assortment is customized to the needs and tastes of the nearby customer base. Consumers use the store app to find what they are looking for and use the brick and mortar store as a delivery center for those in the immediate neighborhood. “It’s been so popular that the price of real estate rises in neighborhoods that have this model established,” he said. “We are now also collaborating with supermarket chains to plug in capability for such online and offline integration.”

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Localization demands tailored marketing as well. “In the past, you didn’t have location in your mind. You post an ad, run one on TV or even online. We used to have city-based marketing. One whole city - not smaller modules,” Tung said. Localization allows the business to capitalize on hotspots of demand in a more targeted way. “So, it becomes a much more interesting modular marketing that we are going to do.”

We can expect that the unique circumstances introduced by COVID-19 will encourage other businesses to move in this direction.

Data: The Key to the Future

Many of the trends described above – the changing customer journey, the drive for rapid innovation and differentiation in the virtual world, and local customization – will be enabled by a markedly more sophisticated use of data. Real-time data will enable companies to offer, sell and deliver more relevant products, services and experiences on a more granular level, and enable more personalized and unique marketing execution. For example, the localization described by Mr. Tung of Alibaba is only possible through the use of data to synchronize inventory, order management, and the consumer interface. The investment in enabling technology is offset by enhanced conversion rates.

Since the crisis, “the definition of historical data has changed,” said a senior marketing leader at a large online retailer in South Korea. “Initially analysis was done over 3-4 months, but now they are working on very short-term data.” From our discussions with marketers, many companies are now refreshing analyses daily or even more frequently.

“Businesses are also using data to help them deal with the financial pressures created by the crisis. The economic hardships caused by COVID-19 will continue to be felt by consumers and companies alike going forward,” said Philippe Barbut, General Manager, Hanes brand, France and BeLux.

While much remains uncertain, marketing leaders see their function evolving at the speed of crisis. With change sweeping through work and life, brands rely on marketing to keep a connection with consumers during turbulent times. Brands will live and die based on how well they weather the current shifts in consumer beliefs and behavior. The stakes for marketing have never been higher.

For more information, contact:



Mathilde Cazenave
Paris
mathilde.cazenave@egonzehnder.com



Artemio Garza
Miami
artemio.garza@egonzehnder.com



Jason Hecker
Chicago
jason.hecker@egonzehnder.com



Priyeshu Jain
New Delhi
priyeshu.jain@egonzehnder.com



Scott McKie
Sydney
scott.mckie@egonzehnder.com



Adam Quint
London
adam.quint@egonzehnder.com



Pree Rao
New York
pree.rao@egonzehnder.com



Sarah Van Dyck
San Francisco
sarah.vandyck@egonzehnder.com

Covid-19 Micro-Website

We have launched a micro-website where this and other informative pieces are posted. This site will be regularly updated: [click here](#) for further details.

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