

# Respond, Reset and Renew

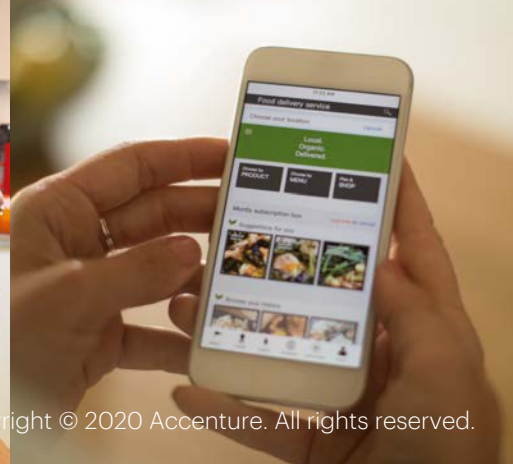
Navigating the impact of  
COVID-19 in Consumer Goods

March 2020



**COVID-19 is a worldwide health and economic disaster which will permanently alter consumer behaviors...**

**... resulting in lasting structural changes to the consumer goods industry.**



**This document summarizes the practical steps **Consumer Goods Leaders** should be taking in the days, weeks and months ahead...**



# Our simple message

COVID-19 is a once in a lifetime threat to people across the planet. Its impact and repercussions will be felt by everyone... changing the way the world works and lives.

It will permanently impact how and what we buy, substantially accelerating the structural changes shaping our industry, and also changing the relative importance of those trends. Above all, it is a wake-up call on agility and the capability to be enduringly relevant to consumers and customers.

In the near term different industry segments have different imperatives, with AlcoBev and Beauty being hit hard in terms of demand while Food and Home & Care are seeing massive demand increases. In the long term lasting changes will drive portfolio revaluation across the industries.

01

**NOW:**  
How we will **RESPOND**  
to the current crisis?

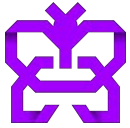
02

**NEXT:**  
How we will **RESET**  
our relationships and  
ways of working?

03

**FINALLY:**  
How we will **RENEW**  
ourselves for the new era?

# New risks and opportunities in the consumer industry



## Transforming consumer behaviors

Whilst consumers are reacting to the emergency in different ways, permanent changes in consumption are emerging. Consumers are seeking enduring value in products and experiences which are more healthy, trustworthy, environmentally sensitive, and supportive of the communities in which they live and work.



## Health awareness

C-19 will intensify the level of focus on mental and physical health—of individuals, their family and friends, pets, communities and the broader planet.



## Channel shift

The current crisis is driving consumers to explore the full range of engagement and consumption options—with lasting impact. The shift to eCommerce is accelerating substantially—as is the “move to local” (i.e. buy local-shop local).



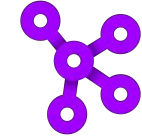
## Workforce and ecosystem relationships

Organizations will permanently reduce barriers within and across entities, and further blur the boundaries between home and the workplace.



## Supply chain transformation

Current events have exposed the strategic importance of demand sensing and flexible manufacturing close to the consumer. This will be a vital future strategic differentiator in the consumer goods industry.



## Mitigating disasters through ecosystems

C-19 demonstrates the interconnectedness of our industry and the need to create rapid global coordination mechanisms across the industry and beyond. This will reduce the negative consequences of shocks like C-19 which are likely to be more frequent in the future.

## CONSUMER, MARKETS AND VALUE CHAIN INSIGHTS

# Actions to take **Now**

## How should we respond

### 01 NOW

#### How we will **RESPOND** to the current crisis?

- Stand up cross-functional Command Center with KPI tracking.
- Create Elastic Digital Workplace task force.
- Reshape marketing plan around new demand and brand purpose.

### 02 NEXT

#### How we will **RESET** our relationships and ways of working?

- Build deeper understanding of new demand spaces and paths to purchase prioritizing accelerated eCommerce sales (B2B/D2C).
- Reallocate and repurpose resources (e.g. field salesforce).
- Enable the shift in product portfolio by flexible (3rd party) manufacturing and logistics.

### 03 FINALLY

#### How we will **RENEW** ourselves for the new era?

- Accelerate move to intelligent data-driven operating model (to support new business model).
- Reprioritize enterprise investment plans for post COVID era.
- Scan market for M&A opportunities.

# What, Who and How?

## WHAT?

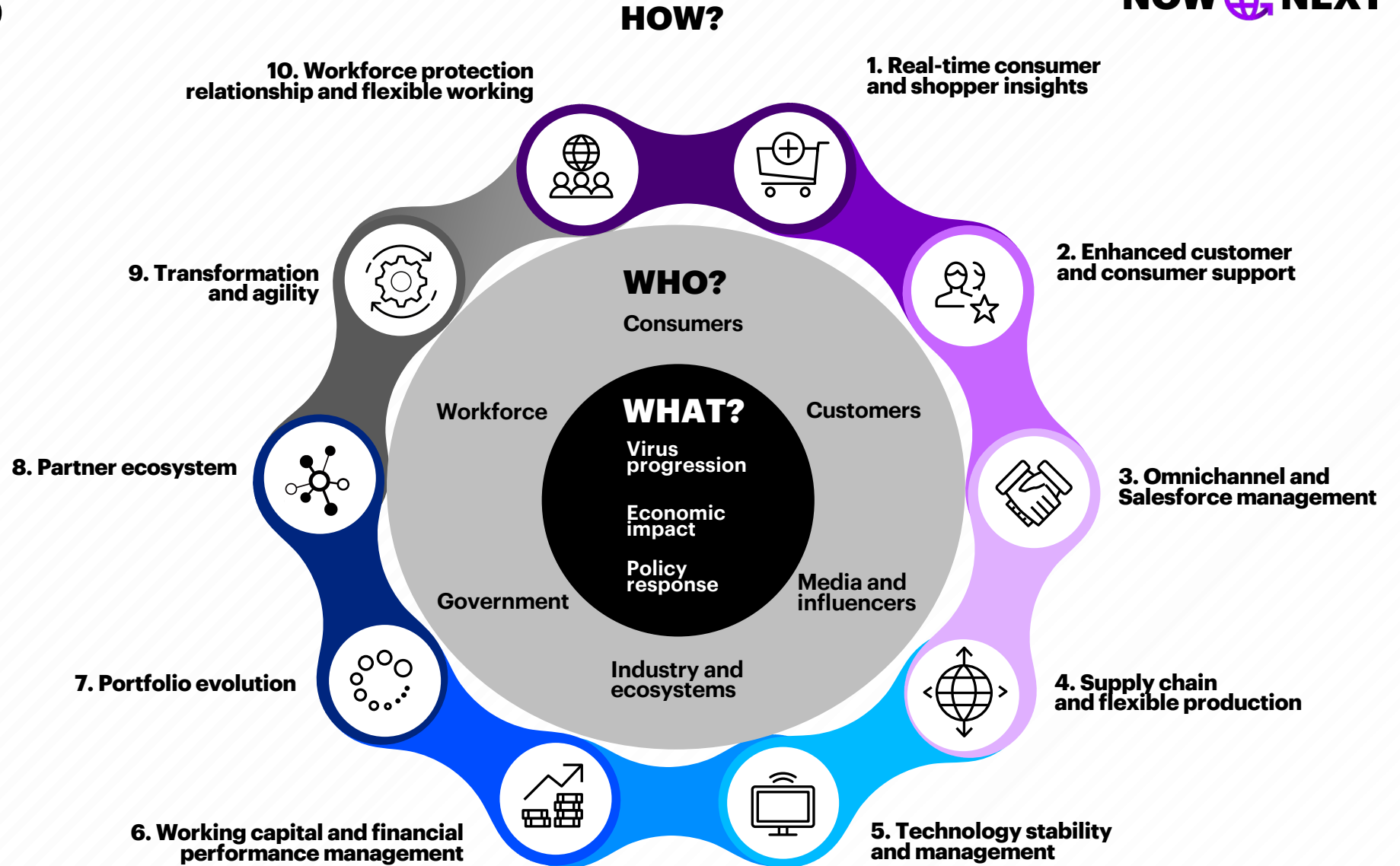
Is driving the change

## WHO?

You need to be connected with

## HOW?

Do you need to act to stabilize and grow your business



# The **next** steps





# Next steps for HR



## ISSUES

High levels of **stress** caused by **uncertainty** and the impact on **personal and family** well-being.

Equip workforce to quickly **scale**, and **dynamically adapt** to changing business needs based on global and local conditions ensuring business continuity.

Workers are searching for a **stable connection** to something bigger than the turbulence they're experiencing and prizing companies **that emphasize concern** not just for their own people, but also for the **community, and humanity** as a whole.

## RESPOND

- Invest in digital training and knowledge systems.
- Equip people (digital tools and collaboration tools).
- Manage mental health and wellness.
- Put the right leaders—your most compassionate and caring—out front. Stop non-essential work.
- Override policies.

## RESET

- Ensure leadership are flexible working champions.
- Review employee benefits in light of new reality.
- Scale Elastic Digital Workforce.
- Plan ahead for workforce changes, run scenarios for workforce changes (balancing immediate needs with eye to recovery).

## RENEW

- Set-up change management activities on large scale deployments remotely.
- Accelerate move to intelligent operating model (to support new business model).
- Invest in new skills for the future of work.
- Cultivate the culture, inclusion, collaboration.

## Assets and Capabilities

### Elastic Digital Workplace

Quickly scale and dynamically adapt to changing business needs based on global and local conditions.

### Workforce Planning & Scenario Modeling

Build-Buy-Borrow resource planning by automating jobs, hiring workforce, reskilling existing workforce, contracting labor etc.

### Data Driven Operating Model

Improve agility by applying the following elements: Human. Liquid. Enhanced. Living. Modular.

### Digital Talent

Reskilling and upskilling talent through continuous learning and by redefining how work “gets done” (e.g. analytics).

# Next steps for **MARKETING**



## ISSUES

Government enforced lock downs are creating a **global quarantine economy** which has led to a step change overnight where **digital is the only channel for many for shopping and services** and is likely to remain that way for a while

**Consumers are now signing up in mass and building familiarity with new digital services and channels** that had historically slow adoption rates, which in turn is **speeding up the digital transformations timelines** many brands had planned for.

Marketing leaders must now rapidly evolve to **optimize media and experiences across ecommerce and social channels** where consumers have migrated to and **prioritize the digital shelf** that for many is the only shelf left for them to compete on.

## RESPOND

- Reallocate macro and micro level media budgets to optimize performance where consumers are shopping (e.g. social and eCommerce ) and what they are shopping for (in-stock items)
- Social monitoring & responses are needed to address real time customer needs directly, as well as inform brand and communication strategies to address them more holistically
- Define brand actions that do something positive for the greater good during this time of need

## RESET

- Understand underlying short-term and structural behavioral change and channel impacts
- Radically rethink your digital shelf content for optimal discover and conversion to help consumers find what they want and need
- Invest in advanced digital assets such as digital twins to optimize virtual shopping experiences
- Ensure anti-infection efficacy attributes are clearly communicated

## RENEW

- Define and activate program purpose to ensure long-term credible trust
- Build your brand through new/evolving business models in both marketing and product/delivery partnerships
- Prepare for the battle for digital talent, which will become an even greater priority both during and after the crisis

## Assets and Capabilities

### Multi-disciplinary SWAT teams

Flexible pods to address immediate needs for content development & curation, social media listening, SEM & SEO analysis, market audits, and media optimization to rapidly address and respond to changing consumer needs and concerns.

### Digital Shelf Refresh

Audit & optimization of visual content, copy, and ATF images, including the analysis of customer reviews with our proprietary AI technology to update content to address consumers most significant questions and concerns

### Digital Commerce Dashboard

Creating visibility & insights across and within marketplaces, eRetailers, and click & collect channels to optimize sales and brand experiences in real-time

### Digitally Enabled Marketing Op Model

Redesigning the operating model, defining and improving internal talent needed and creating the ideal ecosystem collaboration

# Next steps for SALES



## ISSUES

Product scarcity causing consumers to **look past brand preferences** as they focus on fulfilling core needs.

Increased **channel and retailer hopping** in search of core category needs.

Consumers are now **avoiding** busy stores in exchange for the **safety of online shopping**.

Consumer spending is heavily focussed towards **physical goods**, spending on **services** has **largely decreased**.

Consumers **refrain from human contact** so businesses that rely heavily on physical presence are impacted.

## RESPOND

- Review field sales operations (safety first, adjust activities, virtual calling, remote training).
- Prioritize accelerated eCommerce sales (B2B/D2C).
- Adjust trade promotion plans and investment, and core SKU prioritization.
- Review stock allocation prioritization and demand planning.

## RESET

- Build special customer service policies.
- Reset all RGM levers for new behaviors.
- Build deeper understanding of new demand spaces and paths to purchase.
- Reappraise channel and customer strategies to diversify and de-risk.
- Build activity and Sales Playbook for recovery.

## RENEW

- Accelerate digital first customer sales and service models (B2B and B2B2C).
- Redesign distribution channels (Route to Market, Outlet Targeting and Field Sales).
- Digitize and automate sales processes.

## Assets and Capabilities

### E-Commerce Platform and Transactions Solution

Know and deliver what customers want, underpinned by three key characteristics: progressive technology & solutions, smart data analysis and customer centric architecture

### Revenue Growth Management

Align brand, pack, price, mix and promotion across customers to adjust to new occasions and balance of shopper missions across channels

### Digital Twin Of Field Sales & Customer Contact Agent

AI-powered digital twin of field sales roles and customer care agents, managing the increased number of inquiries due to the crisis

# Next steps for **SUPPLY CHAIN**



## ISSUES

Activity in **manufacturing** plants in the worst hit areas is declining and expected to **remain depressed** for months.

Shift towards **online channel** and **home delivery**, with traditional channels shutting down in specific markets requires **logistics execution setup**.

**Global distribution is disrupted** due to increased border controls, long waiting times due to additional HSE checks, and significant drop in available drivers and material.

**Lack of real time end-to-end visibility** prevents companies to make the right decisions in the now.

## RESPOND

- Scan E2E value chain performance, risks and dependencies/correlations.
- Establish control tower to coordinate and move inventories between channels and secure logistics capacity to mitigate value chain risks.
- Enable production shift/redirect production to other geographies.

## RESET

- Establish pragmatic risk monitoring setup to manage key supply categories for volume assurance.
- Ensure demand forecast balancing to better model sudden peak and dips, but also re-baselining after initial impact.
- Work towards secure capacity by leveraging flexible (3rd party) manufacturing and logistics.

## RENEW

- Scan E2E value chain performance, risks and dependencies.
- Invest in constant risk monitoring of global suppliers.
- Reshape the E2E value chain to balance supply routes and have natural fallback in place.
- Develop mitigation capabilities and define resilient operating model.

## Assets and Capabilities

### Supply Chain Disruption Analyzer

Evaluate risk impact and conduct quick-scan of the value chain. From raw materials to finished good product supply chains including both B2B and B2C disruption.

### E2E Supply Chain Control Tower

Manage complex supply chains by providing end-to-end visibility and analytics to optimize replenishment processes, customer satisfaction, and revenues.

### Products X.0

Connected Living Products and Services that evolve with customer health needs, to adaptable operations with highly agile supply chains.

# Next steps for **FINANCE**

## ISSUES

Disrupted value chains result in an increase in **COGS and supply costs** and **cash constraints**.

Personnel **productivity** may **decrease** due to working from home, illness & restrictions on mobility.

**Change in consumer behaviors** as well as **purchasing traits**.

**Global economy is slowing down**—interest rates and stock prices are declining.

## RESPOND

- Build business continuity scenario modeling tools.
- Set-up enterprise functions Command Center.
- Develop disaster evaluation and decision making framework.
- Assess cash collection risks
- Identify and execute cost optimization opportunities.
- Stop non-essential work. Use freed capacity to focus on business and human resilience.

## RESET

- Optimize payment terms
- Turn crisis management into risk management
- Review long-term investments plan
- Integrate operational and financial performance forecasting

## RENEW

- Scope out and prioritize opportunity areas and align long-term investment plans across enterprise.
- Scan market for M&A opportunities.
- Support local suppliers with capital investment to scale security of supply.

## Assets and Capabilities

### Working Capital Optimization Tool

End to end working capital assessment to release funds

### P&L and Cashflow Health Management

Review entire lifecycle of products from its conception through design and manufacture to optimize cashflow

### F&A Intelligent Automation

Including Payables Optimizer, Collections Optimizer, can boost productivity, improve WC, control & compliance, cash compliance and other financial metrics

### GBS Diagnostic

End to end Business Services benchmarking to identify opportunities to drive more value from current scope and high level case for new scope

### M&A and Ecosystem Scan

Ongoing scanning of acquisition – acquiring to support the portfolio evolution

# Next steps for **TECHNOLOGY**



## ISSUES

Increased **security risk** from **sudden shift** in **distributed working** for **significant** parts of the **workforce**.

Maintaining **sufficient IT service levels** through both **partner** and **internal** IT functions.

**Disruption** to **current** and **planned** IT delivery **programmes** linked to delivering **business outcomes**.

Technology needs to enable **future growth** through new **innovative business models**.

## RESPOND

- Conduct network assessment, understand effectiveness of current distributed working technologies, determine required uplifts,
- Re-assess and re-affirm security position for homeworking technologies
- Rapidly assess systems that aren't remote enabled, seek short term, but sustainable resolution, e.g. distribute physical hardware and secure networking
- Understanding local country restrictions for owned manufacturing and distribution sites, assess service provisioning
- Proactively assess service provision and confirm business continuity plans are in place
- Scale helpdesk capability to cater for distributed working

## RESET

- Understand business repositioning for customer and consumer sales and service models and reprioritize IT investment
- Provide analytics capabilities to track smart KPIs that matter in the new context, e.g. Customer churn, CLV, etc.
- Senior leadership living and breathing the new ways of digital working
- Implement advanced collaboration platform

## RENEW

- Invest in critical modern insights and analytics platform including 3rd party data to drive deeper consumer insights
- Rapidly develop digital marketplace and direct to consumer capabilities
- Urgently assess digital supply chain including direct to consumer fulfilment capabilities
- Execute a scaled technology skills uplift programme (improve technology quotient – TQ)
- Develop strategic partnerships across the broader ecosystem

## Assets and Capabilities

### Security

Enable true business resilience through a unified approach and operating model that brings all necessary functions together.

### Move To Modern IT – Living Systems

Transform the IT function to deliver radical modernization, upskilled internal teams and achieve significant reduction in operating costs.

### AIP+ Applied Intelligence Platform

Combine relevant data sources into a new analytics platform with AI/ML models driving insights and better business outcomes.

### Technology Strategy

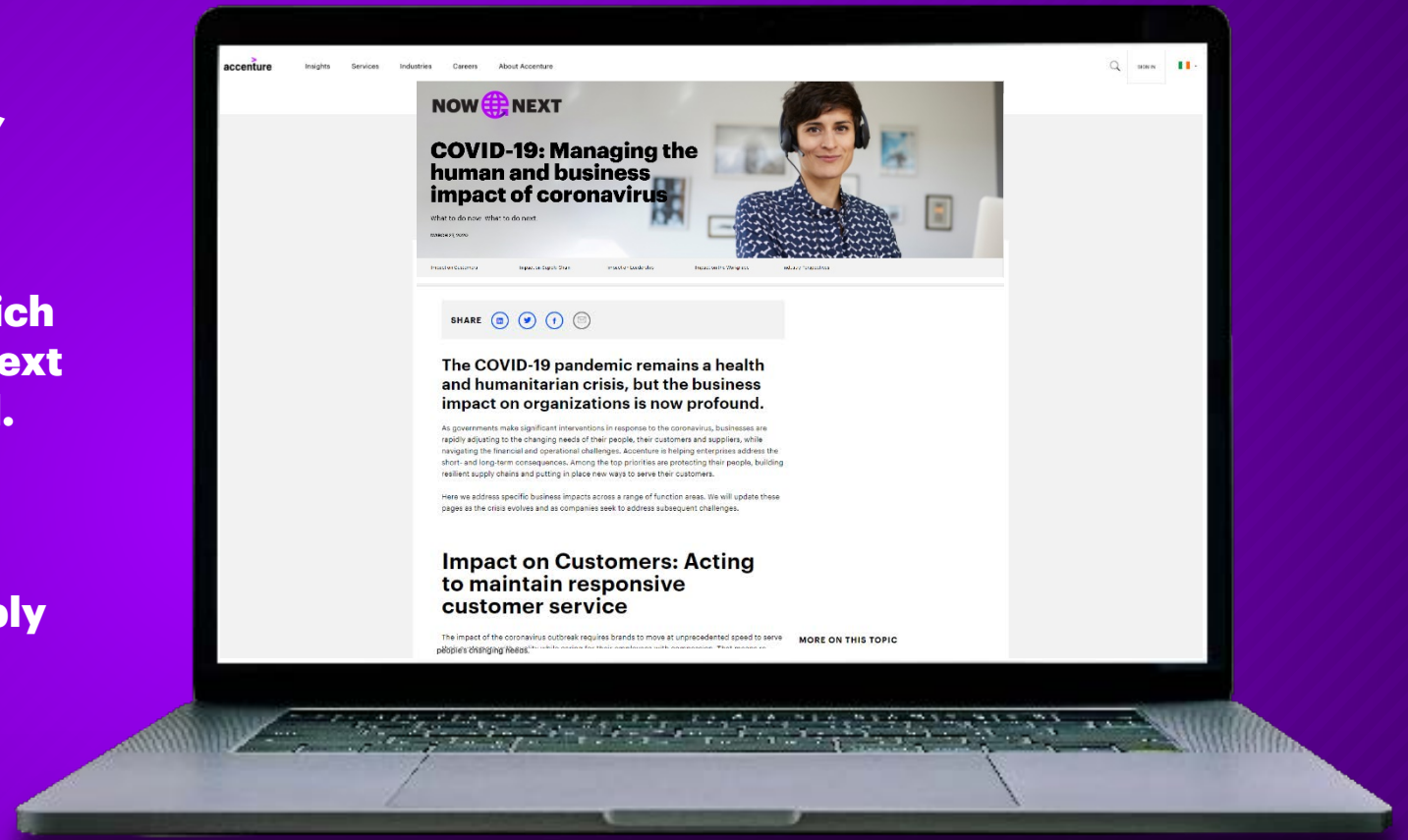
Bring together business and technology stakeholders, define the new business vision and required capabilities, roadmap and investment.

**To help our clients navigate both the human and business impact of COVID-19, we've created a hub of all of our latest thinking on a variety of topics.**

**Each topic highlights specific actions which can be taken now, and what to consider next as industries move towards a new normal.**

**From leadership essentials to ensuring productivity for your employees and customer service groups to building supply chain resilience and much more, our hub will be constantly updated. Check back regularly for more insights.**

**[VISIT OUR HUB HERE](#)**



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