EUROMONITOR INTERNATIONAL

2020 Industry Insights

LISA HOLMES

The data included in this document is accurate according to Passport, Euromonitor International's market research database, at time of publication: July 2020

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Lisa Holmes

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Introduction

Even before the Coronavirus (COVID-19) pandemic upended business priorities, companies faced a challenging landscape of new technology, digital innovations and shifting consumer expectations and values. Companies are now forced to adapt their strategies to address the short-term urgency of surviving the pandemic, while at the same time continuing with longer-term investments and strategies to create value in a constantly-evolving environment.

Exploring the three pillars of company culture amidst COVID-19

Understanding the trends that professionals are seeing day-to-day and their predictions for the future of their industry helps pinpoint broader business and consumer patterns across multiple industries. With this in mind, Euromonitor International launched the Voice of the Industry series, which surveys professionals on what trends and innovations they are seeing across 12 key industries. Each industry has a Voice of the Industry survey, fielded annually on a rotating basis throughout the year. Working closely with in-house industry experts and analysts, these surveys cover a wide array of topics and key trends. Typical sample sizes of professionals in each industry range from 250 to 1,000+.

In April 2020, Euromonitor International fielded a special Voice of the Industry: COVID-19 survey of 4,812 professionals working in companies spanning different industries and geographies.

This report spotlights some of the data and insights found in the Voice of the Industry series over the past year, including results from the Voice of the Industry COVID-19 survey, to highlight how businesses are addressing three core aspects of company culture:

- Customer culture: Creating cross-channel consistency for customers
- Digital culture: Structuring for digital and technology investments
- Sustainability culture: Integrating green and sustainable initiatives into company policy and work flow

Industries Covered in Euromonitor International's Voice of the Industry Series:

Alcoholic Drinks	Digital Consumer	Packaged Food
Beauty and Personal Care	Home Care	Retailing
Consumer Foodservice	Luxury	Sustainability
Consumer Health	Non-alcoholic Drinks	Travel

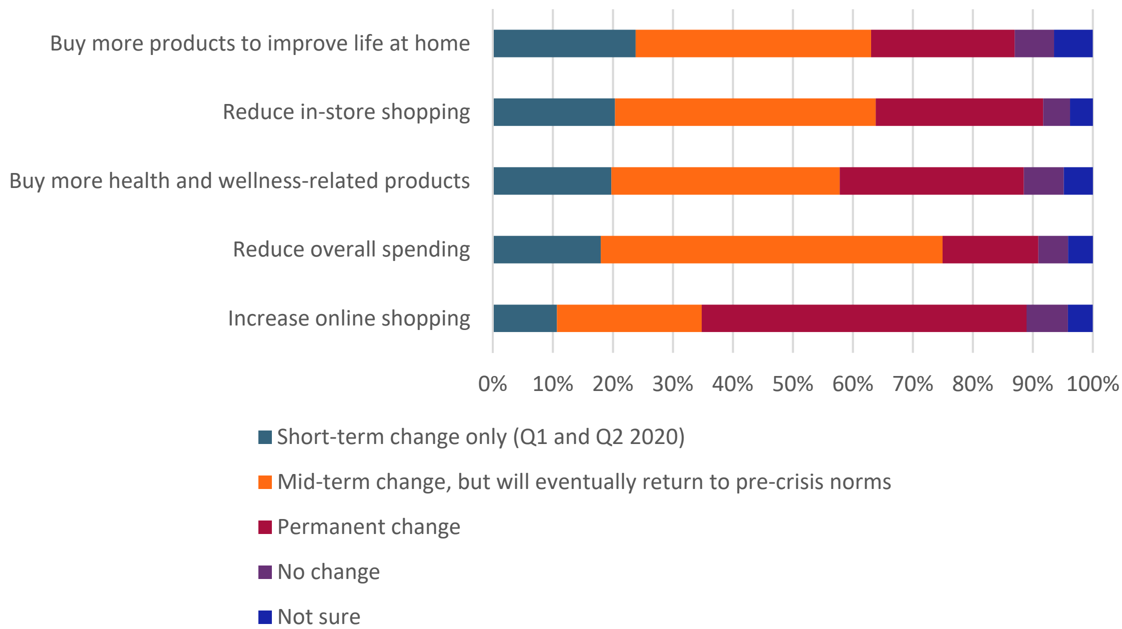
Customer Culture: Improving the Customer Journey

An accelerated shift to a digital customer journey

The COVID-19 pandemic accelerated shopper trends that were already in motion around seamless checkout and fulfilment, whether purely online, in-store, or a combination of the two. Indeed, during the lockdowns, the internet quickly turned into a lifeline for shut-in consumers as they sought to live, work, shop and play through digital channels. Consumers, including older generations, learned new skills or perfected digital-based habits, such as e-learning, telemedicine and online shopping, that are likely to continue at high levels in the recovery phase and beyond.

Omnichannel solutions, such as hyperlocal delivery and click and collect, will be minimum entry requirements. New outlets will be designed with these shifts in mind, and are likely to include features like separate areas for last-mile delivery order fulfilment and cashierless checkout options. Many retailers and foodservice players globally are racing to implement click-and-collect and curbside pick-up options for shoppers wary of entering brick-and-mortar locations during the crisis.

Anticipated Changes to Consumer Shopping and Spending Behaviour, April 2020



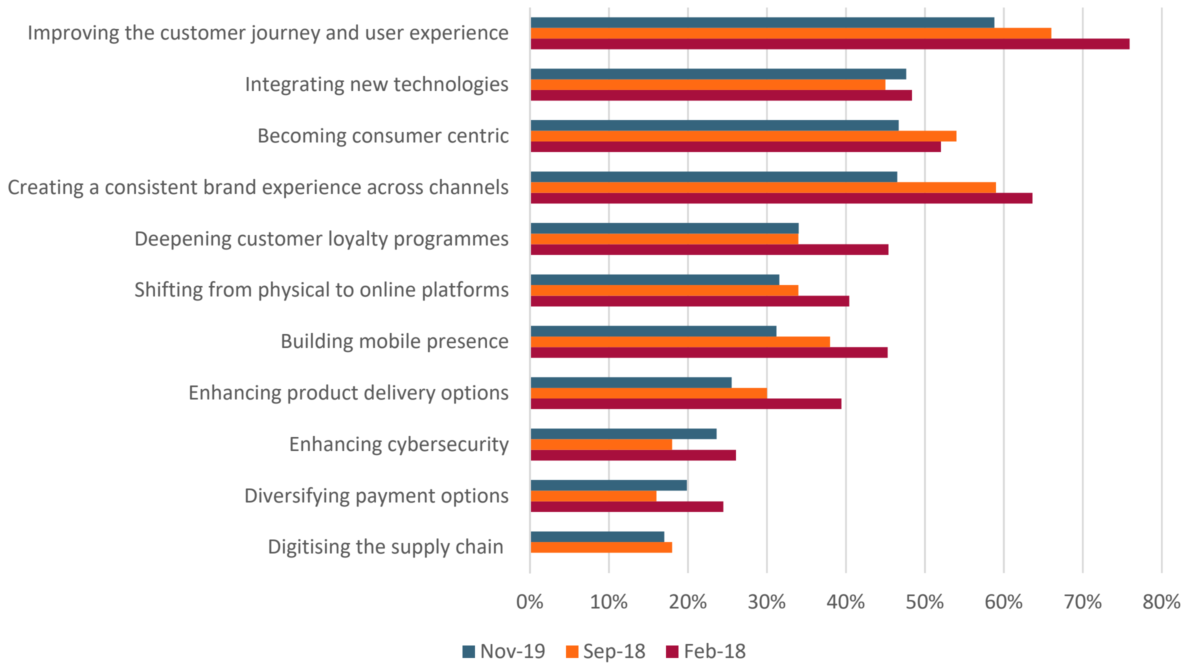
Source: Euromonitor International COVID-19 Voice of the Industry Survey, April 2020; n=2846

Improving the customer journey is the top concern for business leaders

Prior to the COVID-19 pandemic, improving the customer journey and user experience was identified as the most important commerce-specific development in the coming 12 months, according to over half of respondents to the 2019 Voice of the Industry: Digital Consumer survey. Even though COVID-19 accelerated the shift towards a digital customer journey, technology has always played an important role for companies and brands wishing to provide a memorable customer experience, as it enriches the customer's user journey. Brands can use technology to deliver a truly curated experience for the consumer, catering to individual preferences, beliefs and lifestyles for absolute consumer-centricity.

59%

of respondents stated that improving the customer journey and user experience is the most important commerce-specific development in the next 12 months.



Most Important Commerce-Specific Developments in Coming 12 Months

Source: Euromonitor International Voice of the Industry: Digital Consumer survey, February 2018, September 2018, November 2019, n=834

Consistency across channels is key

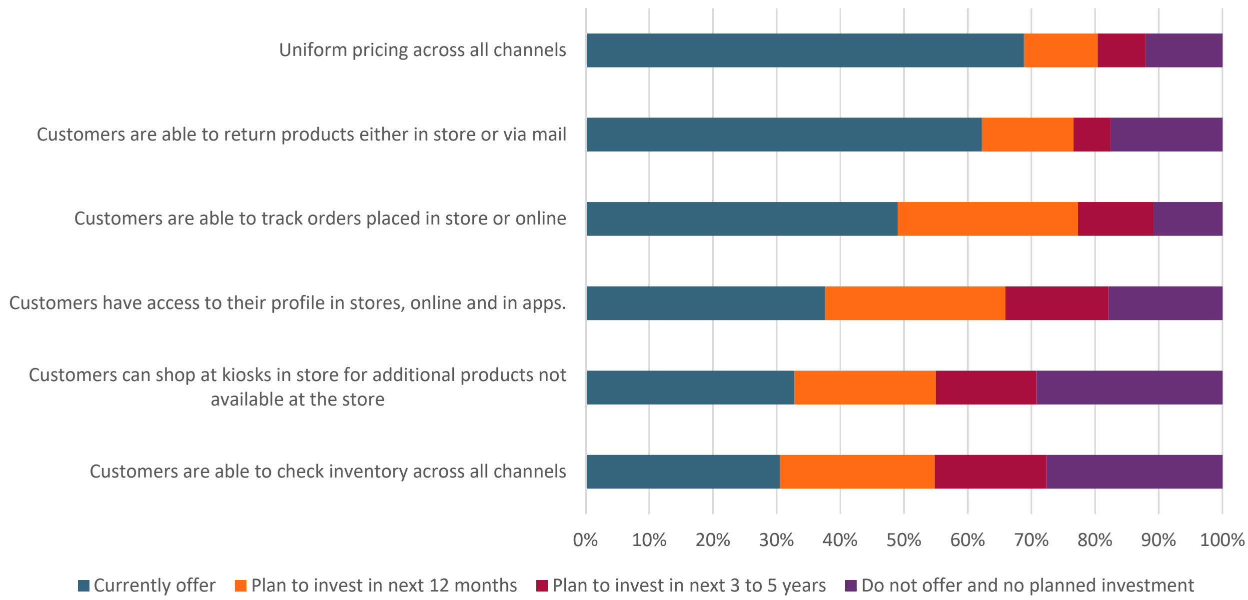
For many industries, improving the customer journey means offering a seamless experience regardless of where or how the customer is interacting with the brand or company. One of the first steps in this omnichannel process is to ensure consistency across physical and digital channels. This is particularly important as more customers shift to digital channels, both out of necessity during COVID-19 lockdowns and out of convenience (and perhaps caution) as physical outlets re-open. Close to two-thirds of Voice of the Industry: Retailing respondents said that they currently have uniform pricing and assortment across all channels.

Transparency in pricing and availability means that companies will need to invest in standardised pricing and a consistent inventory. In addition, retailers plan on investing in two important capabilities: the ability to track orders placed online or in-store and the ability for customers to access their profile online, in-store and on the app. This allows customers to be up-to-date on their activities across all the channels where they interact with the retailer.

37.5%

of respondents currently offer the ability for customers to access their profile online, in-store and in apps

Cross Channel Investment Plans, 2019



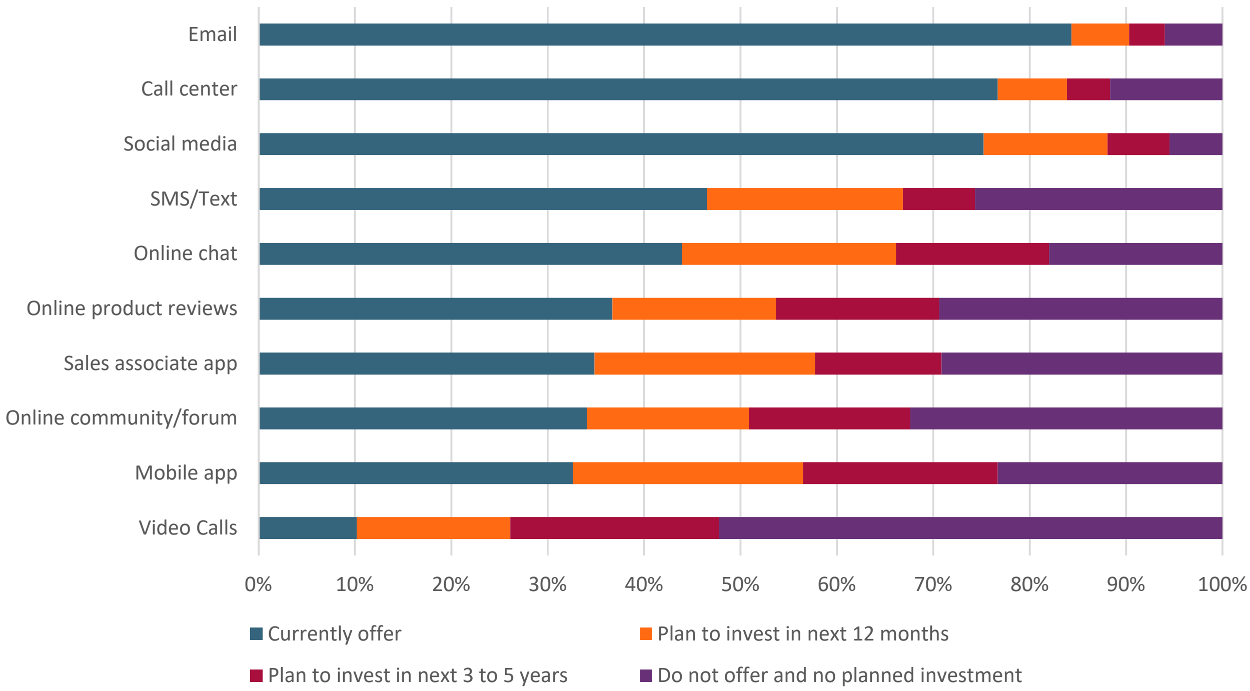
Source: Euromonitor International Voice of the Industry: Retailing survey, July 2019, n=390

Customer service is now digital

Customer service through email, call centres and social media are well-established channels as seen in Euromonitor International's Voice of the Industry: Retailing survey, with approximately 70% of respondents offering all three. Consumers expect to be able to reach a retailer at any time through any digital channel, similar to how they communicate in their professional and personal lives. As a result, retailers plan on investing next in customer service available through online chat, within their mobile app and even through product reviews in the next year.

22%
of respondents plan on investing in customer service via video calls in the next 3-5 years

Customer Service Channels



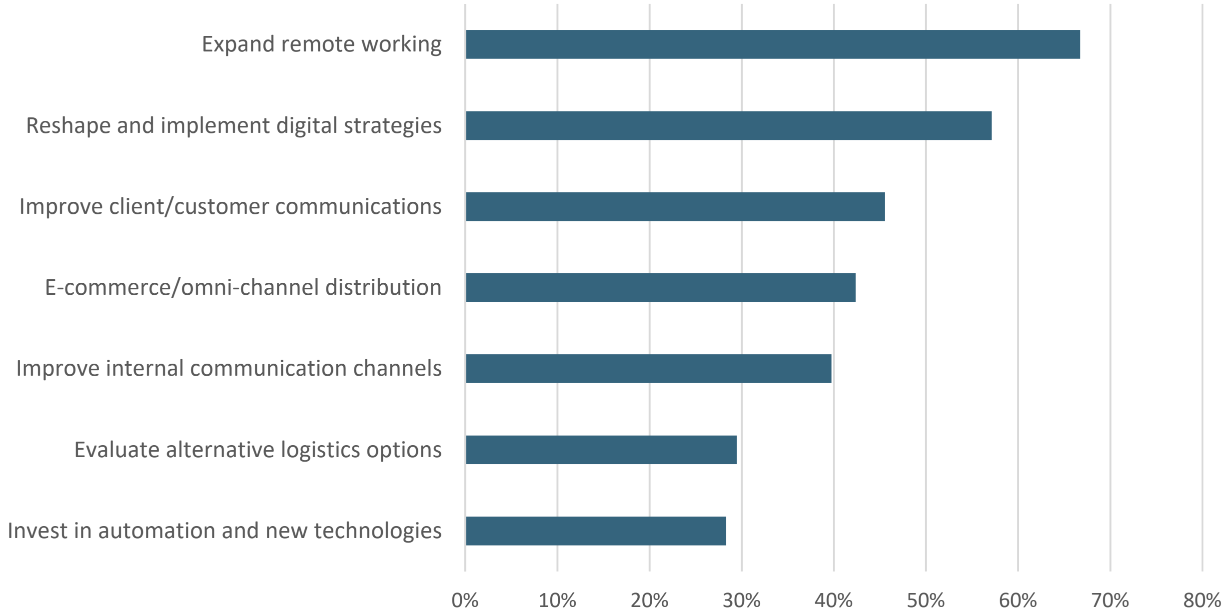
Source: Euromonitor International Voice of the Industry: Retailing survey, July 2019, n=390

Digital Culture: Making the Right Digital and Technology Investments

In order to deliver on these plans for an improved customer journey, companies need to have a strong digital culture. One likely long-term impact from the COVID-19 pandemic will be the growing role of technology. During the outbreak, technology has played a starring role. This pandemic will likely accelerate the trajectory of technologies like cloud computing, which make businesses more flexible. Robotics will likely receive an initial surge in interest since such technology would reduce human contact.

Although technology will gain more attention, the subsequent economic downturn due to the lockdowns taking place globally will likely delay investments in some initiatives that are deemed as not essential in today's operating environment. In the short-term, companies are focused on tactical digital and technology-related measures they can take to ensure business continuity in the unknown future. Expanded remote working and improved communications are two examples of this approach.

Technology-related Measures to Prevent Similar Risks in the Future, April 2020



Source: Euromonitor International COVID-19 Voice of the Industry Survey, April 2020; n=4812

Even as many companies are scrambling to react to the impact of COVID-19 on their customer base, supply chain and operations, new technologies are creating massive upheavals in consumer expectations and blurring industry lines. New forms of competition are emerging, including overnight start-ups and unanticipated digitally-inspired business models. Every company now finds itself needing to embark on a digital transformation to both survive and maintain its relevance as the world looks ahead to a new normal.

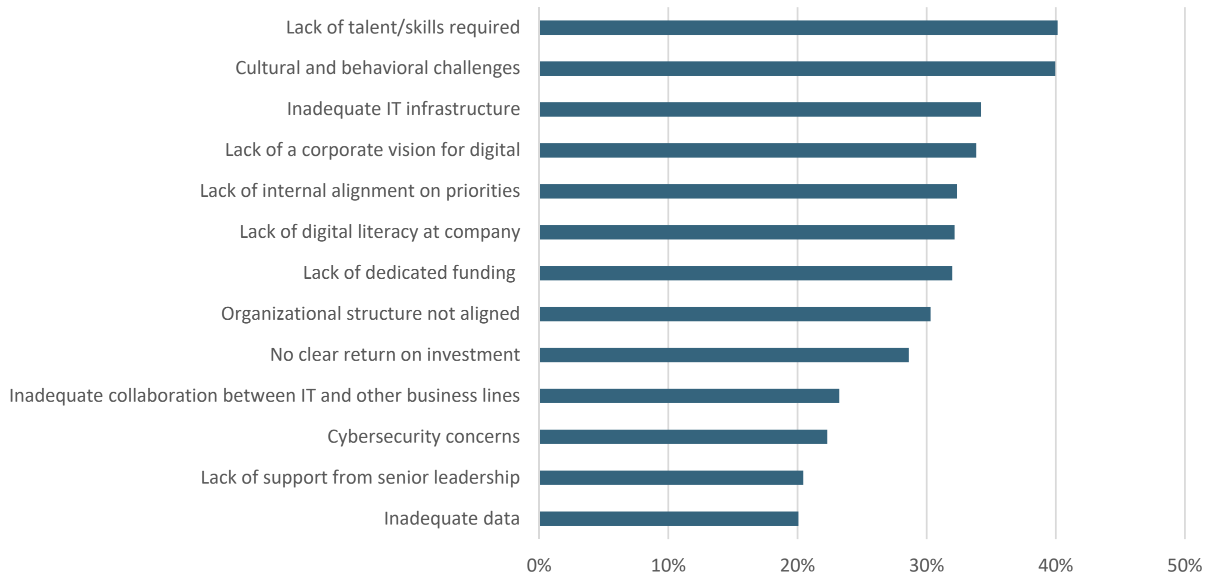
Digital effectiveness is about more than just implementing technology

In a digitally-focused Voice of the Industry survey, Euromonitor International asked industry professionals why their company struggles with becoming digitally relevant. The top reasons given included cultural and behavioural challenges and a lack of talent and skills required to make those changes. Both of those answers tie to people and their knowledge, talent and attitude toward digital transformation. This indicates that staying relevant in the digital era is about more than just deploying the latest and greatest technologies. While technology will be a component, companies must have the right people and processes in place as well.

40%

of respondents stated that a lack of talent or skills was the biggest barrier hindering digital effectiveness

Barriers Hindering Digital Effectiveness 2019

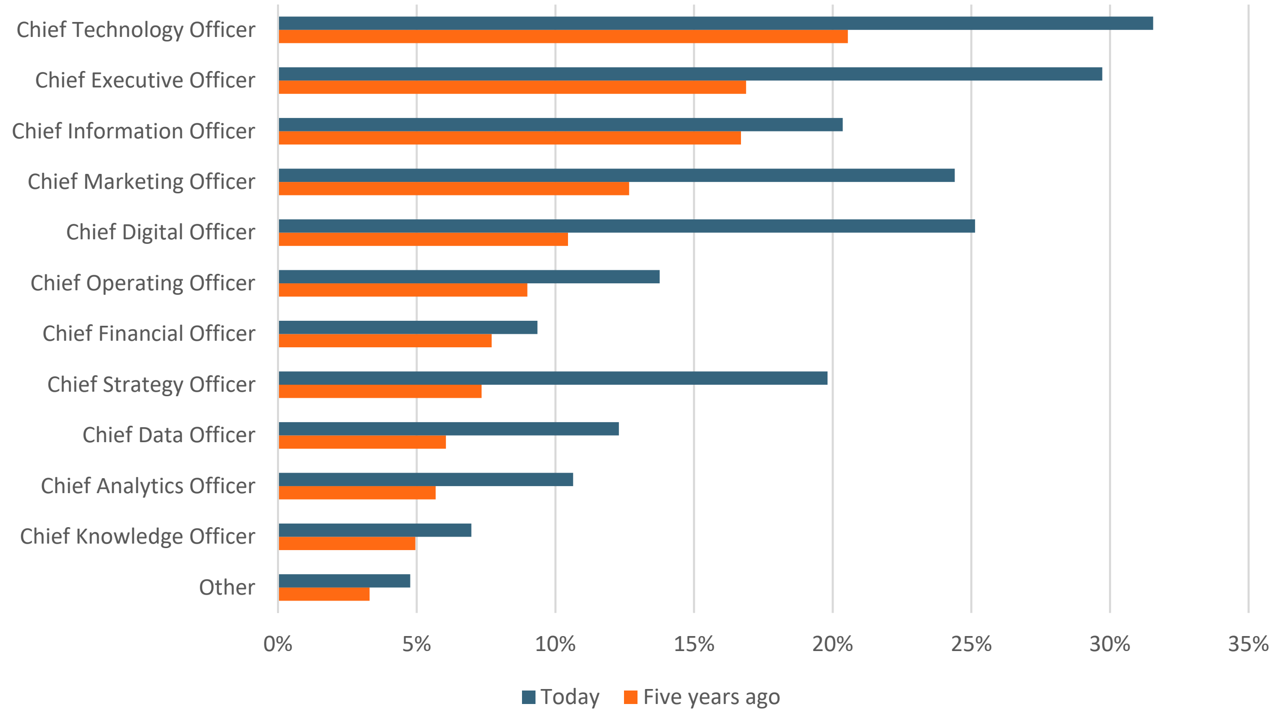


Source: Euromonitor International Voice of the Industry: Digital Consumer survey, November 2019, n=834

Digital transformation is reshuffling seats amongst senior executives

A digital-focused culture within a company comes from the top. However, determining who should lead the digital transformation is challenging because digital and technology initiatives typically span multiple departments. The classic battleground is between the marketing department, which focuses on how to reach out to prospects, customers and investors, and the technology department, which focuses on the company's technological issues. As a result, relatively new corporate roles, like Chief Digital Officer, are emerging from these cross-department challenges to oversee the broad-reaching digital initiatives to enable future innovation and business transformation.

Leads Digital Initiatives in Company 2019



Source: Euromonitor International Voice of the Industry: Digital Consumer survey, November 2019, n=834

Sustainability Culture: Building Sustainability into Company Policy

The pandemic has brought a renewed interest in social and corporate governance issues, especially those around health, mental wellbeing, job security and financial struggles. As the crisis evolves, it will be relatively easy for consumers to discern which companies remain highly aligned with their purpose and values beyond the outbreak. With both environmental and social risks intrinsically linked, consumers will remind companies of their wider obligations in terms of the planet and society, with brand activism becoming more important. Sustainability is no longer a "nice to have", it is now more than ever synonymous with business empathy, purpose and resiliency.

75%

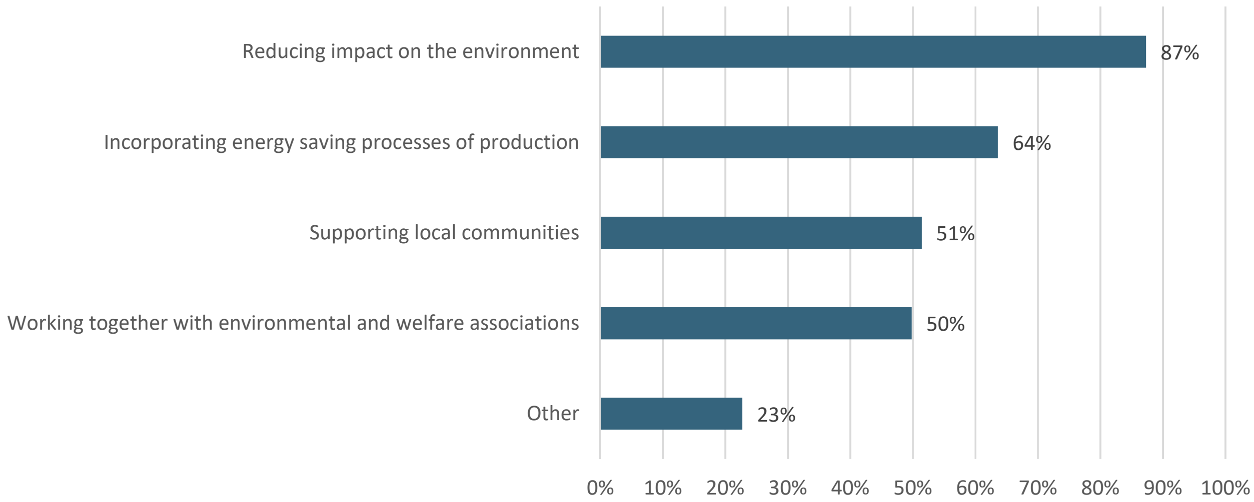
of respondents believe that consumers will pay more attention to how companies treat employees and customers through 2021 and beyond

What does "sustainability" mean for companies across industries?

The United Nations first defined sustainable development as "meeting the present needs without compromising the ability of future generations to meet their own needs". Today, sustainability is considered an umbrella term that encompasses all sorts of social and environmental concerns along the full value chain, from ingredients sourcing and business operations to the manufacturing, transportation, use and lifespan of products.

In the Voice of the Industry: Sustainability survey, Euromonitor International asked professionals what "sustainability" means to them. Although the definition varies and respondents tend to define sustainability in two or more ways, most of them link sustainability to "reducing environmental impacts", followed by "reducing energy impacts", and "supporting local communities".

Meaning of Sustainability 2019



Source: Euromonitor International Voice of the Industry: Sustainability, May 2019; n=556

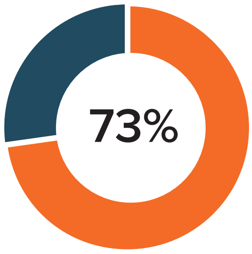
From sustainability to purpose

The idea of sustainability has evolved beyond the inclusion of ethical credentials and environmental concerns, such as plastic pollution and climate change, towards "purpose over profit", which is a more holistic approach aiming to create social, environmental and economic value. Prior to the COVID-19 outbreak, the "profit-driven" approach to doing business was gaining traction in the board room. In 2019, 35% of surveyed professionals reported that the CEO was leading their company's sustainability initiatives, according to a Euromonitor Voice of the Industry Sustainability survey.

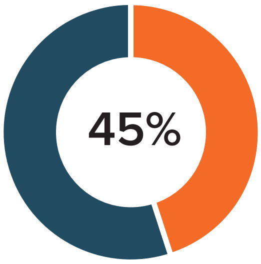
COVID-19 brought a new consciousness that goes far beyond merely compensating for a company's negative impact on people and the planet. Businesses are making a positive impact, putting their mission first, helping countries to close existing gaps in acquiring essential supplies while also supporting employees, suppliers and local communities.

Purposeful leadership is more essential than ever, with companies expected to lead with transparency and empathy, aligning their actions with their promises. Business as usual can be disrupted for the good, with the COVID-19 pandemic putting businesses' purpose-driven promises to the test.

2019

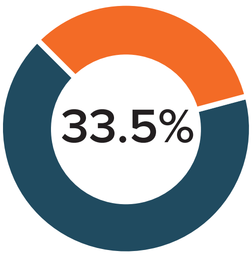


of surveyed professionals think that their company's sustainability strategy is an important component of the value proposition that needs to be improved



of surveyed companies believe that the attention paid to how compaines treat employees and consumers during the COVID-19 pandemic will become permanent during future crises

2020



of surveyed companies plan to invest in employee health and welfare to prevent risks similar to COVID-19 in the future

Source: Euromonitor International Voice of the Industry: COVID-19 survey, April 2020; n=4812
Euromonitor International Voice of the Industry: Sustainability, May 2019; n=556

Looking Ahead

Customer-centricity, digital development and sustainability are three core aspects of cross-industry culture that will continue to be crucial as companies contend with current challenges and look ahead to longer-term strategic planning beyond COVID-19. Technological advancements, new digitally native brands and changing consumer expectations are driving uncertainty and increased competition, regardless of the industry. By understanding what cross-industry peers are focusing on for future investments and long-term strategies, businesses can stay ahead of change, embrace new opportunities to improve the customer experience and meet sustainability goals to maintain their competitive edge.

Euromonitor International's ongoing Voice of the Industry survey series will continue to track developments in these areas, along with a myriad of other intra- and pan-industry trends.

About the Author

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As Euromonitor International's Global Head of Surveys, Lisa oversees a team of survey specialists whose work include: survey development, fieldwork management, data cleaning, rigorous data analysis and insightful reporting. Lisa specialises in synthesising the results of Euromonitor International's global consumer surveys into client insights and business implications, particularly focusing on the consumer path to purchase and consumer segmentation.

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