

Reimagine Your Business for Uncommon Growth in the Post-COVID-19 Era

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Uncommon Growth in the Face of Disruption

The COVID-19 pandemic will have a long-lasting impact on businesses and their customers. Some industries have been disrupted, while others thrive despite the crisis.

Leading through disruptive times requires businesses to consider new consumer perspectives, rethink their value propositions and further accelerate their digital transformations.

At Prophet, we have identified two imperatives that will help businesses achieve uncommon growth in the post-COVID-19 world: adapting to the new normal consumers and accelerating digital transformation.

In this report, we will delve into the underlying consumer trends, social and technological enablers as well as emerging patterns of digital transformation that all work to point out new opportunities.

Adapting to the New Normal Consumers

The new normal will not be normal. Values and expectations will change, so will consumer preferences as a result.

COVID-19 does not change the fundamentals, but it is accelerating the changes that were underway.



The evolving consumer attitudes will open up new opportunities.

Finance	Health	Relationship	Society	Environment	Technology
85%	79%	75%	66%	72%	75%
Consumers believe the impact of COVID-19 on their finance will end in 6 months	Consumers think they will pay more attention to the health of their family and themselves	Consumers are convinced that improving the wider community is of high importance	Consumers feel that the interests of the community should be prioritized over personal interest	Consumers are willing to pay a premium for products that are environmentally friendly	Consumers expect that technology development will speed up after COVID-19

Source:
Kantar China May 2020

New consumer habits, along with new perspectives and expectations, are shaping a new normal in all areas of life.

How we work & learn

Millions of professionals and children are working and studying remotely at home. This has challenged the norms of business and travels, and reset how we learn, network, collaborate and even socialize.

How we live & entertain

Consumers have re-assessed how they socialize, what they spend their time on, and what ‘home’ means and can deliver. For many, life priorities will be reset, and day-to-day routines and activities rewired.













How we stay well & healthy

‘Health is the New Wealth’—Health, hygiene, and well-being will be top priorities. Consumers will be more engaged and selective in managing their health, putting a premium on brands that deliver on ‘health’ attributes, and are willing to share data to be better protected.

How we select & what we buy

Asian consumers have valued status, image and purpose over the years. The new normal will lead many to reassess purchasing criteria, and unleash the smarter, wiser consumers—brands that provide deal, substance, trust and responsibility will be preferred.

As we have seen, these new consumer habits accelerated the penetration and usage of many new (sub) category leaders.

How we work & learn	How we live & entertain	How we stay well & healthy	How we select & what we buy
 Zoom Virtual meeting platform	 TikTok (DouYin) Video sharing social network in China	 Ping An Good Doctor One-stop healthcare ecosystem in China	 Hema Fresh Grocery and fresh produce retailer in China
 Agora.io Digital communication platform	 Netflix Internet entertainment service provider	 Headspace Meditation app	 Grab Super app in Southeast Asia
 DingTalk Digital communication and collaboration platform	 Meituan-Dianping Super app in China	 Halodoc Online healthcare platform in Indonesia	 Idle Fish (XianYu) Second-hand goods e-commerce platform in China

The new normal points to five consumer trends and opportunities for businesses to consider and capture.



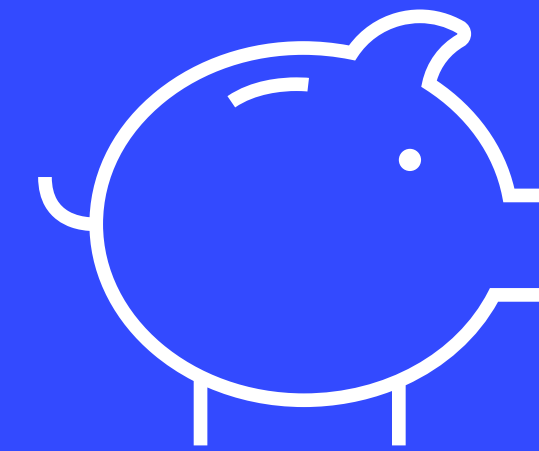
**More 'We'
Less 'I'**



**Home
Sweet Home**



**'New'
New Retail**



**Health is
the New Wealth**



**Value
Redefined**



More ‘We’ Less ‘I’

After years of rising individualism and personal expression, COVID-19 sparked a greater sense of community and activism.

The pendulum will likely swing from a heavy sense of individual consumption to more social engagement and consumption as people seek out more meaningful connections and more responsible consumption.

Image source:
unsplash.com, pexels.com



Post-lockdown, travelers will be more thoughtful with their travel spend and will travel with purpose and sensitivity towards the health of people and the planet. They will seek activities and experience that tie to community and look for greater transparency on sustainable measures taken.



Fashion, in response to COVID-19 and increased environmental awareness, will accelerate its efforts to deliver more sustainable and responsible products through cleaner value chain. Fashion label The R Collective launched its Denim Reimagined collection using surplus denim from Levi’s jeans. Officially endorsed by Levi’s, the upcycling collection was launched at Levi’s flagship store in Hong Kong.



Home Sweet Home

Consumers have adjusted to home life, the place where we work, learn, shop, exercise, socialize and entertain.

While many consumers cherish the idea of being free to go out and reconnect with normality, many have formed new habits.

Retailers, services and entertainment providers will have to outcompete the home, which has offered 'good enough' substitutes and convenience.

Image source:
unsplash.com, pexels.com

Across Asia and in China, nightclubs delivered on needs for social connection and for release via online live-streaming (TikTok) at the convenience of home. Bars and clubs will need to 'up' their game and reclaim their spot as favorite destinations to party out of home.



The COVID-19 outbreak has confined many people to their homes. For many, the silver lining during this period is found in the kitchen. McCormick, a spice-making company, is seeing double-digit YoY increase for its spice products in China even after the restrictions have been eased, indicating cooking at home is here to stay. To excite consumers' palates, food and beverage providers will need to offer superior culinary experiences that is better than before.

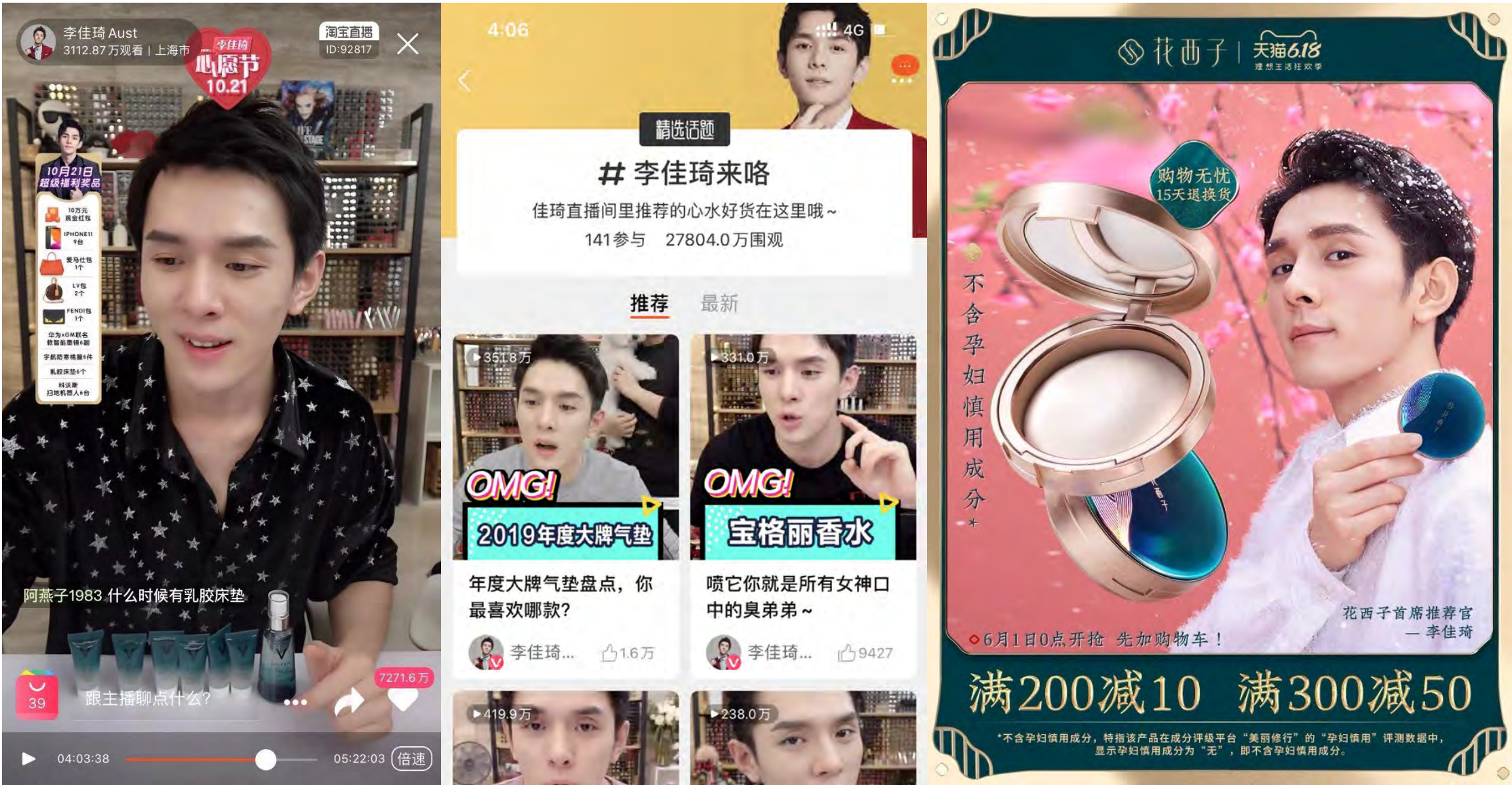


'New' New Retail

The COVID-19 outbreak has forced consumers to become familiar with engaging online. The situation has also upended the retail industry and compelled retailers, both large and small, to adopt omni-channel approaches.

As offline formats re-open, there will be higher expectations for offline retailers to deliver distinctive customer experiences to attract customers who can now fulfill their shopping journey (mostly) online.

Image source:
Taobao App



Across Asia, delivery of food and services, like KFC, McDonald's and Meituan (美团), now assure high safety and hygiene standards. Traditional retailers and malls will have to rethink their experiences and the customer journey to ensure the same level of guarantees.



Shopping has become social, personal and entertaining, delivering escapism and instant gratification. Live-streaming on RED (小红书), Bilibili (哔哩哔哩), WeChat (微信) or other platforms continues to increase in demand as the new norm, putting more pressure on offline retailers to deliver a WOW experience.



Health is the New Wealth

Staying healthy will remain a top priority, impacting consumers’ choice around self-care, as well as their expectations towards brands.

Every products will need to be guaranteed safer and healthier, and healthcare will need to be accessible, on demand, at distance, highly personalized and through digital means.

In exchange, consumers will accept data to be shared, tracked and integrated across platforms.

Image source:
Alipay App, Ping An Good Doctor App

The insurance industry will be transformed with a rapid demand for better health coverage and life protection. While international players like AXA, AIA or MetLife will compete with enhanced services to capture the more affluent rising middle class, mutual-aid insurance platforms, such as Xiang Hu Bao (相护宝), are capturing the lower-end market with a peer-to-peer business model (300 million members as of April 2020).



Online medical consultations were already becoming ubiquitous in China, but the use of digital platforms is a defining characteristic of the COVID-19 crisis. Health management will continue to be more digital. Ping An Good Doctor (平安好医生) saw a 10-fold increase during the coronavirus outbreak to 1.1 billion accumulative visits in January 2020 and is retaining customers on its platform.



Value Redefined

With millions financially constrained, many will shift preference toward low-priced value propositions and will want to be financially savvy, without losing the thrill of shopping.

Consumers with spending power will reassess their definition of ‘premium’, seeking more pragmatic and tangible superiority in the brands they choose. They will also put greater value on responsible and conscious buying.

Image source:
www.yicai.com/news/100617311.html, 2.taobao.com



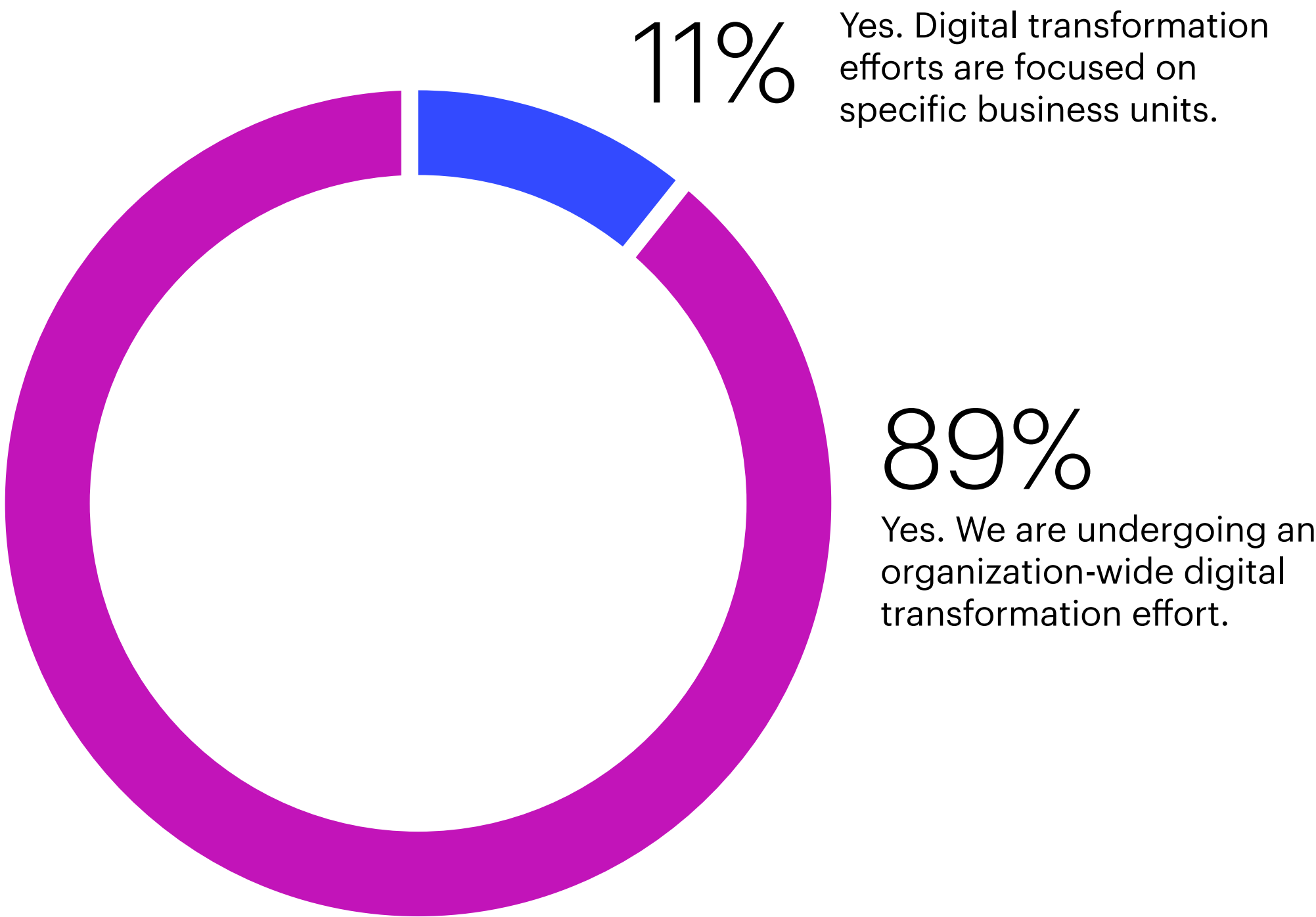
Both online and offline consumers will continue to be “Deal Hunters”, indulging and enjoying the thrill of the many shopping festivals. Over 15 e-commerce holidays are scheduled in 2020. The recent Double 5 Festival, led by the Shanghai government with the contribution of Alibaba (阿里巴巴), Pinduoduo (拼多多) and Suning (苏宁), delivered combined online and offline sales of 10 billion yuan within the first 24 hours.

Many Gen-Z and millennial shoppers are offloading possessions and embracing a newfound less-is-more attitude. Chinese social media saw the rise of #ditchyourstuff (断舍离). The second-hand or flea market app Idle Fish (闲鱼) has seen accelerated growth.

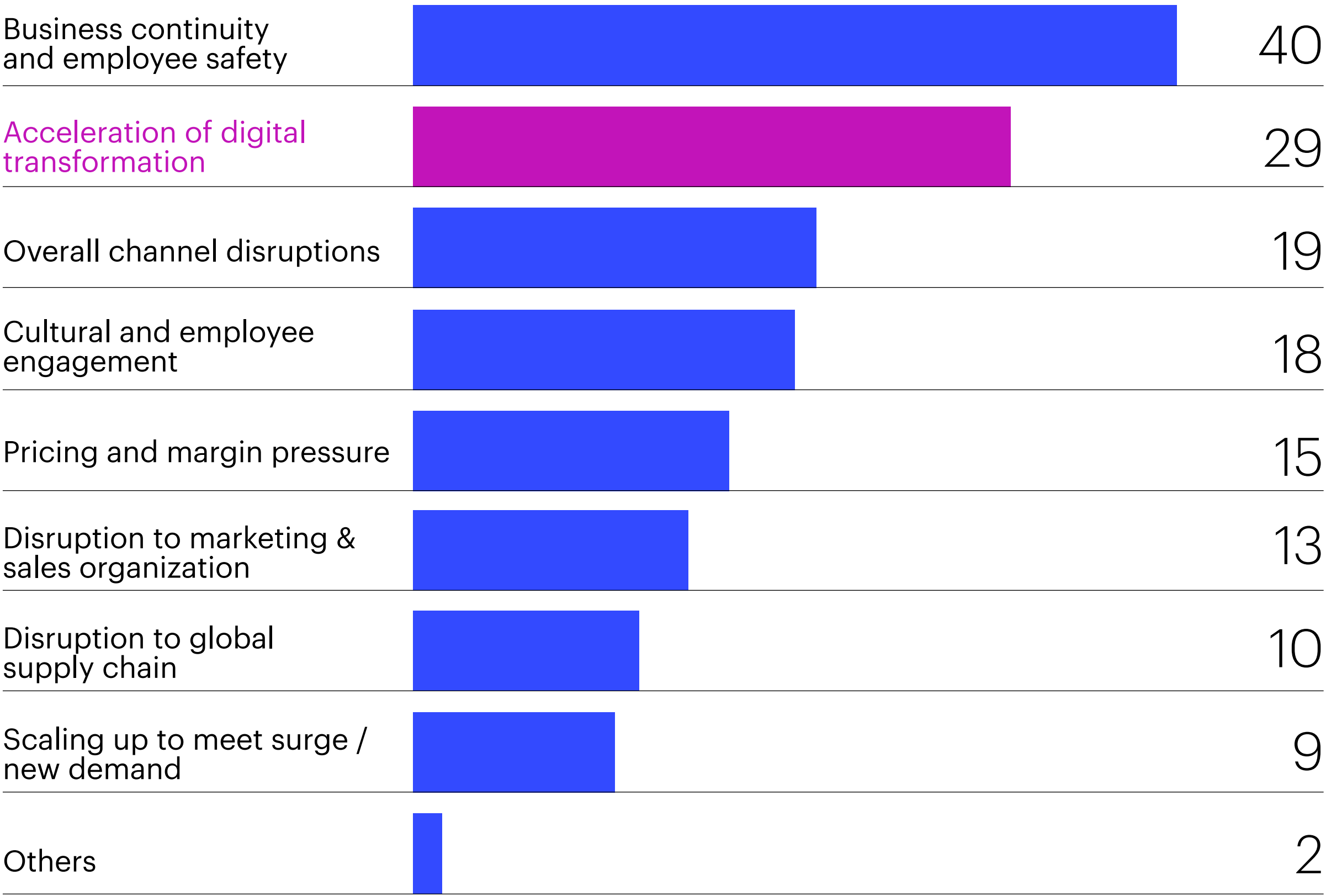


Accelerating Digital Transformation

For many, digital transformation was already underway — COVID-19 sparked an acceleration and scaling of digital efforts.



Q: Is your organization undergoing a formal digital transformation?
Source: 2020 Prophet State of Digital Transformation Survey



Q: Which of the following are the three areas most significantly impacted by COVID-19 in your organization?
Source: Prophet Leading in the Time of Crisis Client Pulsing (May 2020)

Five enablers will continue to shape and accelerate digital transformation in this new normal.



**Accelerating
5G**



**Virtual
Business**



**Unexpected
Partnerships**



**Data Exchange
Unlocked**



**Contactless
Economy**



Accelerating 5G

The new normal has catalyzed the need for smarter and more integrated solutions, all of which demand greater connectivity enabled by 5G.

The effects on businesses are far-reaching, changing the way we approach manufacturing, logistics, public security, healthcare, entertainment and more.

Image source:
carrier.huawei.com, pexels.com



5G unlocks the potential for a seamless and immersive shopping experience, making the shopper’s journey more efficient and entertaining. Alibaba’s Tmall launched a 3D virtual shopping experience at the 618 Shopping Festival. Over 100 brands have participated in the initiative, among which, IKEA has created a 1:1 virtual showroom, bringing its 3,000 sq m Shanghai store to consumers’ mobile phones.



We have seen many industries tapping into 5G to accelerate automation. For example, mining companies across Asia have deployed intelligent unmanned mining trucks to maintain productivity and safety during COVID-19.



Virtual Business

As online became the 'new norm', consumers have become comfortable with going online to fulfill needs that are traditionally served offline.

Seizing this opportunity, companies have to re-design their end-to-end customer experience to enable digital engagement from discovery, purchase to after-sales service to capture and retain these new 'digital natives.'

Image source:
pexels.com



Retail companies have to upskill their sales employees as they adapt and migrate their sales force online. Cosmo Lady (都市丽人), one of China's largest underwear and lingerie companies, transformed its employees into a WeChat salesforce with the aim of achieving closer proximity to consumers.

Financial institutions are evolving their traditional way of interacting with customers through digital tools. In May 2020, Citibank HK introduced its industry-first remote video insurance application service. Financial advisors can recommend and sell insurance products through virtual meetings.





Unexpected Partnerships

Companies across industries have shown tremendous resourcefulness during the pandemic in creating new solutions through partnerships.

To create new and integrated customer experiences, they looked beyond ancillary partnerships to combine capabilities, resources, and technologies in innovative ways.

Image source:
Swiggy website, P&G Facebook, H&M Facebook

Global FMCG giants are exploring partnerships to deliver unique value to customers, especially when traditional channels are faltering. In India, P&G partnered with Swiggy, a food delivery app, to deliver essential household products to consumers, in the absence of a delivery supply chain.



Reimagine Your Business for Uncommon Growth in the Post-COVID-19 Era



Companies are sharing their consumer ecosystem as a new media platform to amplify their reach to a broader audience. H&M has granted the Red Cross access to its Instagram channel to spread health and safety messages to H&M’s 120 million followers globally.



Data Exchange Unlocked

The world is at a tipping point – the pandemic has made consumers become more comfortable with sharing data and having it tracked across platforms, in exchange for safety, health, transparency and efficiency.

But they also now hold even higher expectations for the value they get from the data they share.

Companies must find ways to deliver greater value in exchange for more data.

Image source:
DBS website, KFC website

Across Asia, consumers have embraced the sharing of personal data, ranging from face-scan payments for retail purchases to temperature checks and contact-tracing during COVID-19. In China, subway companies are experimenting with face-scan payments for faster commuting.





Singapore 

Login 

DBS Stronger Together Fund

SGD 10.5m regional fund for those hard hit by Covid-19;
In SG, DBS will match public funds raised

Learn More



In the world of finance, global financial institutions are creating new, appealing offers in exchange for customers’ personal data. DBS Bank in Singapore launched a 30-day free COVID-19 relief insurance for its customers. To enjoy the free coverage, customers needed to provide information about their demographics, finance, and health. DBS saw 52,000 sign-ups within a day, showing that customers are willing to share data in exchange for the desired value.

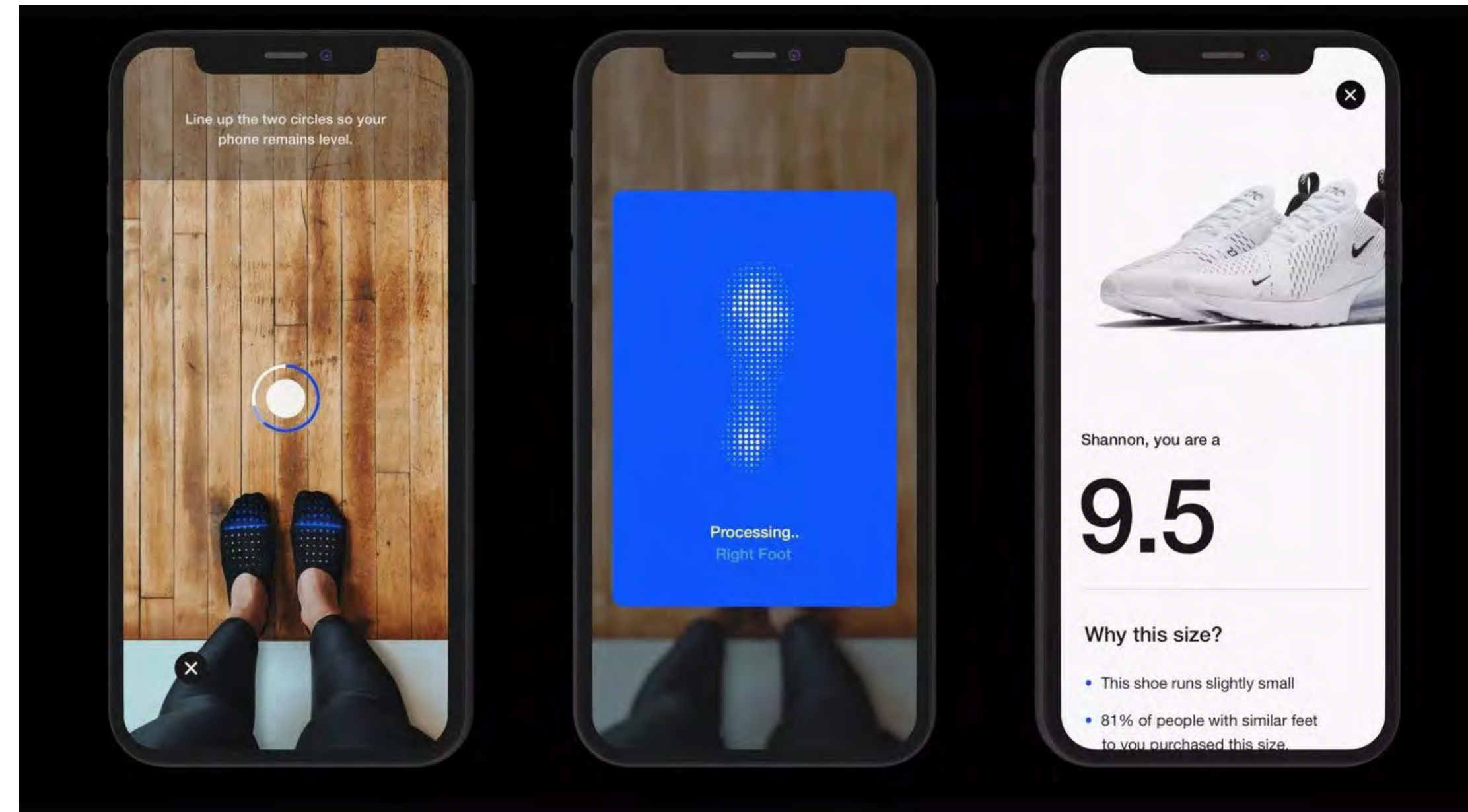


Contactless Economy

For years, advances in digital technology have been raising the expectations for convenience.

But in the post-COVID-19 world, convenience is no longer simply about speed or being frictionless, it is also about being contactless – completely eliminating the need for any human contact or interaction.

Image source:
9to5toys, Grab Facebook



Global retailers are investing in technology to deliver superior experience to shoppers regardless of where they are. To address shoppers' issue of buying the wrong shoe size online, Nike introduced an app Nike Fit to enable customers to find the right size by scanning their feet, eliminating the need to go to a physical store.

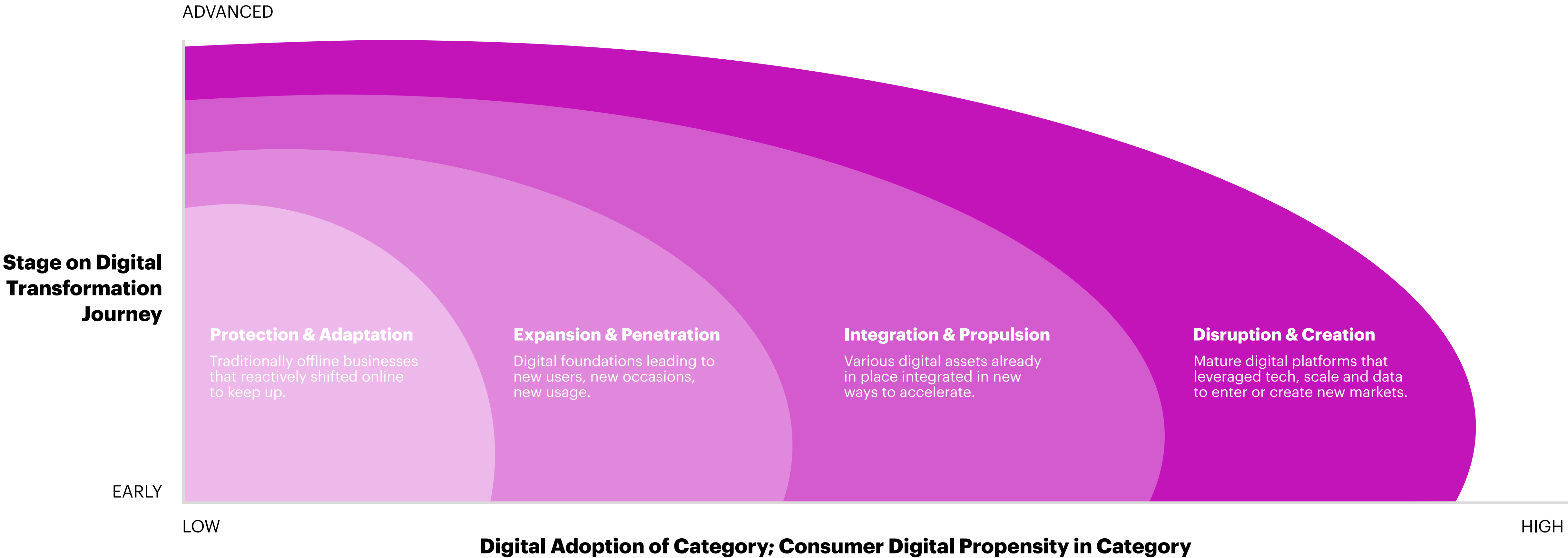
Gojek and Grab have become a critical node for the e-commerce business during COVID-19 as consumers opt for contactless delivery due to health and safety concerns. Hotels and restaurants that previously shielded away from a direct-to-consumer delivery service are now partnering with Gojek and Grab to sustain their business.



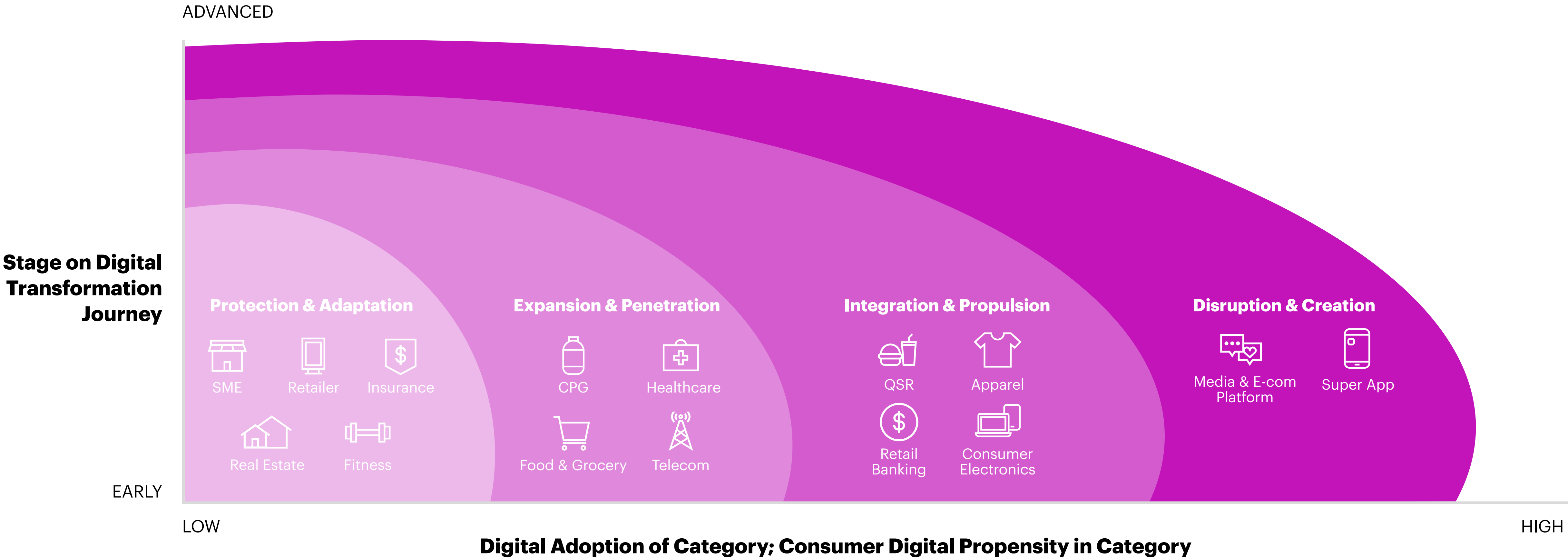
Digital Transformations in Action

**Patterns are emerging
across industries pointing
out new opportunities**

Companies that were further along in their digital transformation efforts were able to accelerate and create new value.



Industries across various maturity levels fared differently.



Protection & Adaptation

Traditionally offline businesses that reactively adjusted their operations and offers in order to increase their presence online.



Pre-COVID-19 Characteristics

- Traditional ways of working were good enough to meet consumer demand and no real disruptor as of yet
- Value and supply chain, delivery of products and services mostly determined by category, ie., physical (gym, real estate, small retailers)

Digital Transformation Acceleration Opportunities

- Rethink offers and value propositions beyond core offer—identify new business model and revenue opportunities. e.g., from selling product, to selling advisory, content, or services
- Evaluate enterprise-wide value chains to identify opportunities for new efficiency and new online delivery mechanism
- Develop new online presence and apps to connect offline and online activities

Common Categories



SME



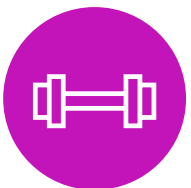
Real Estate



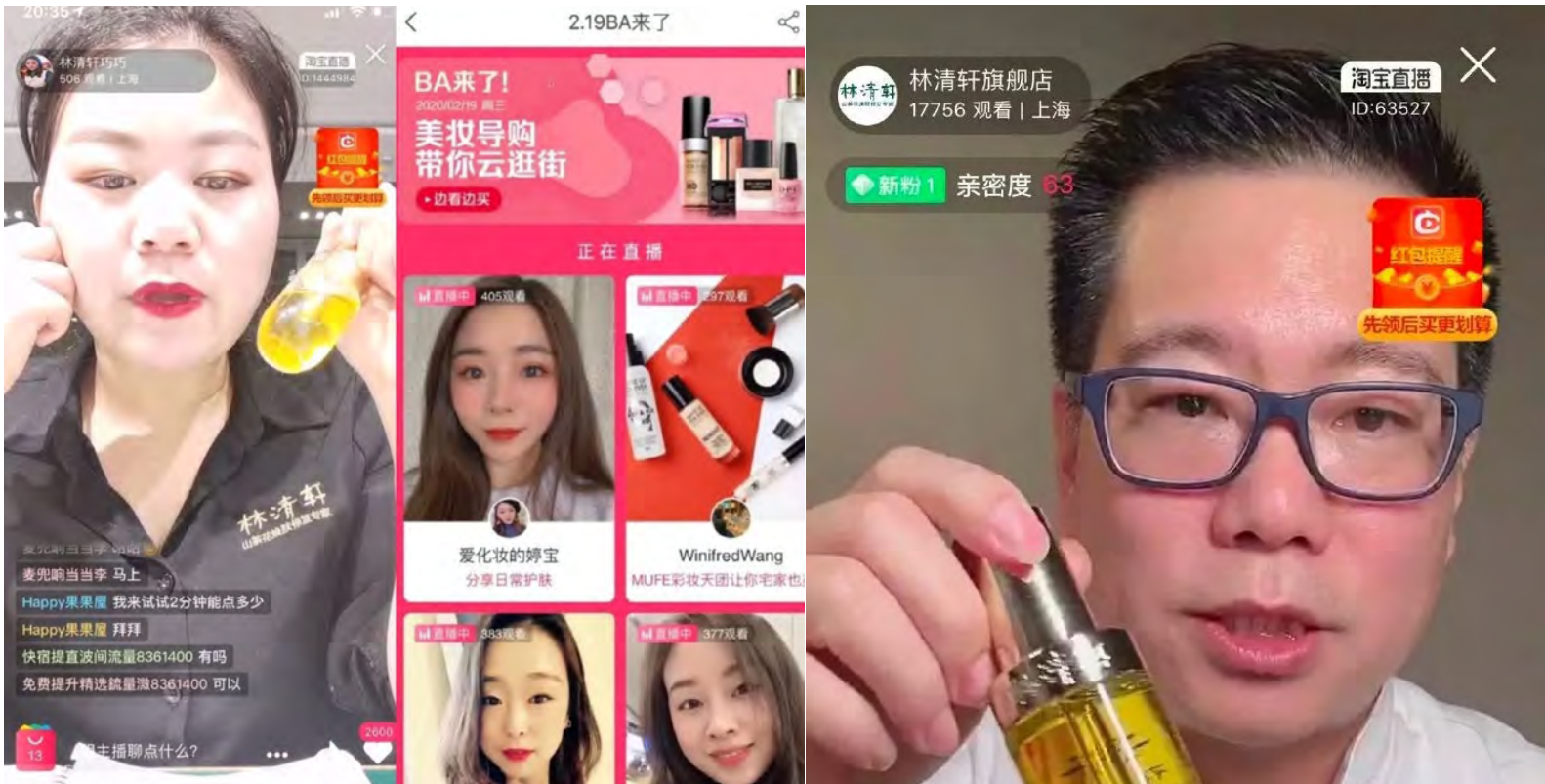
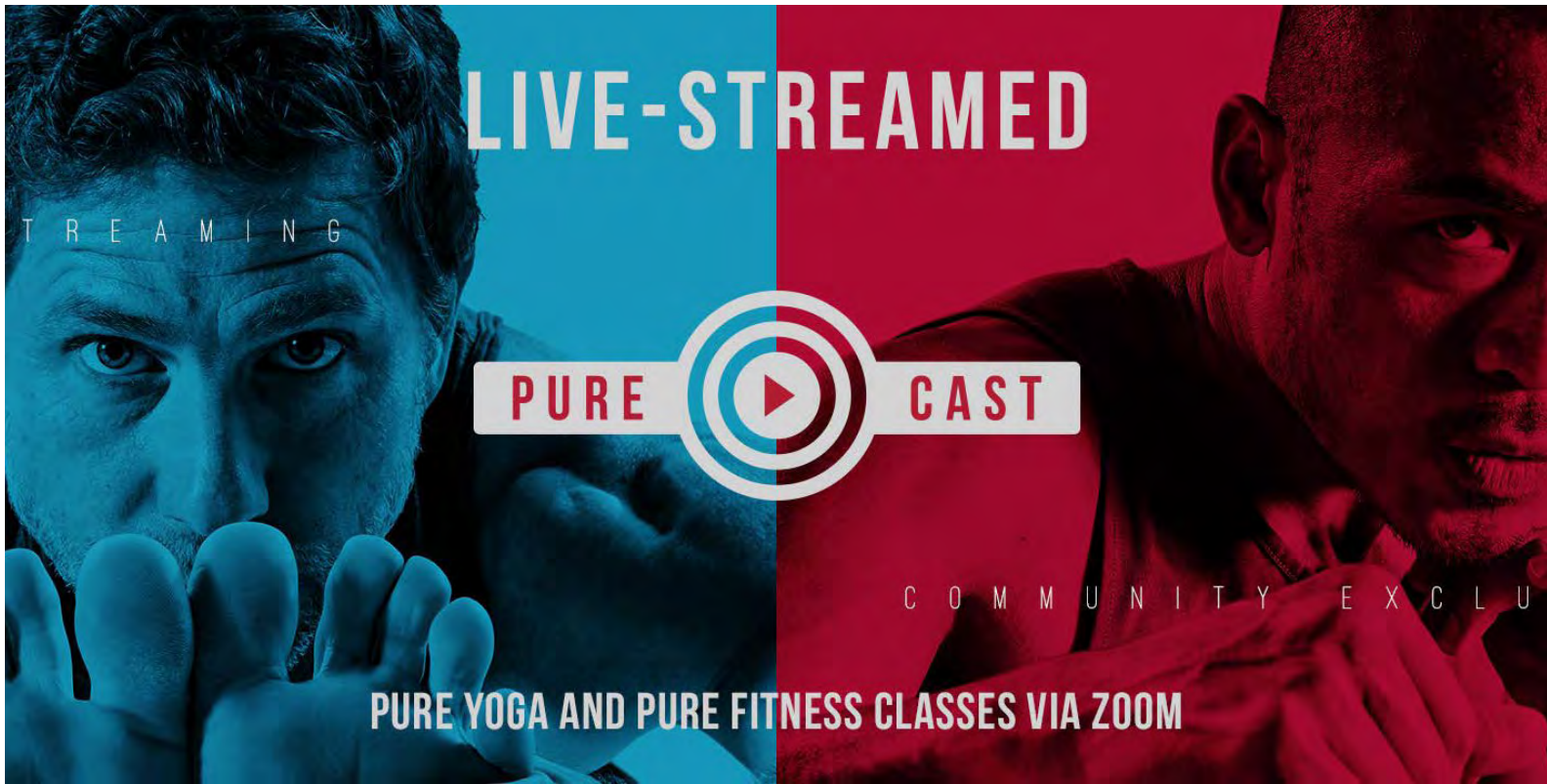
Retailers



Insurance



Fitness



Evergrande Group (恒大集团) is one of China’s largest real estate companies. The industry traditionally relies heavily on offline sales agents and house viewing to drive growth.

How Digital Transformation Is Accelerating

Evergrande Group introduced a new sales app to enable house viewing 24/7 through VR and panoramic technologies. Transactions and consultations can also be made remotely via the app. The company sold 47,500 apartment units online within the first 3 days of its launch.



Pure Fitness is a fitness studio chain in Asia known for its premium physical facilities and professional training programs.

How Digital Transformation Is Accelerating

Pure Fitness offered live-streaming classes and online personal training across Asia to continuously engage their members, encouraging them to stay active and healthy at home when studios were closed.



Forest Cabin (林清轩) is a Chinese skincare brand. With over 300 brick-and-mortar stores across China, it relied heavily on physical stores and offline marketing activities to drive sales.

How Digital Transformation Is Accelerating

Forest Cabin redeployed its in-store beauty advisors to become online influencers to engage customers through live-streaming and personalized chat, averting bankruptcy and achieving a 45% revenue growth YoY within 15 days.

Expansion & Penetration

Companies that had built digital capabilities pre-COVID-19, and were able to acquire new users and expand usage thanks to their digital channels.



Pre-COVID-19 Characteristics

- Primarily focused and dependent on existing core revenue streams and traditional channels
- Started to invest into digital transformation initiatives, focusing on a few areas such as marketing and sales
- Piloting, testing and learning

Digital Transformation Acceleration Opportunities

- Invest in sustaining new ways of working
- Build infrastructure and value proposition centred on digital-first offers
- Rethink and re-prioritize how organization interacts with customers
- Evaluate and enhance customer acquisition and retention strategy
- Scale test-and-learn internally and with external partners to offer additional features

Common Categories



Food & Grocery



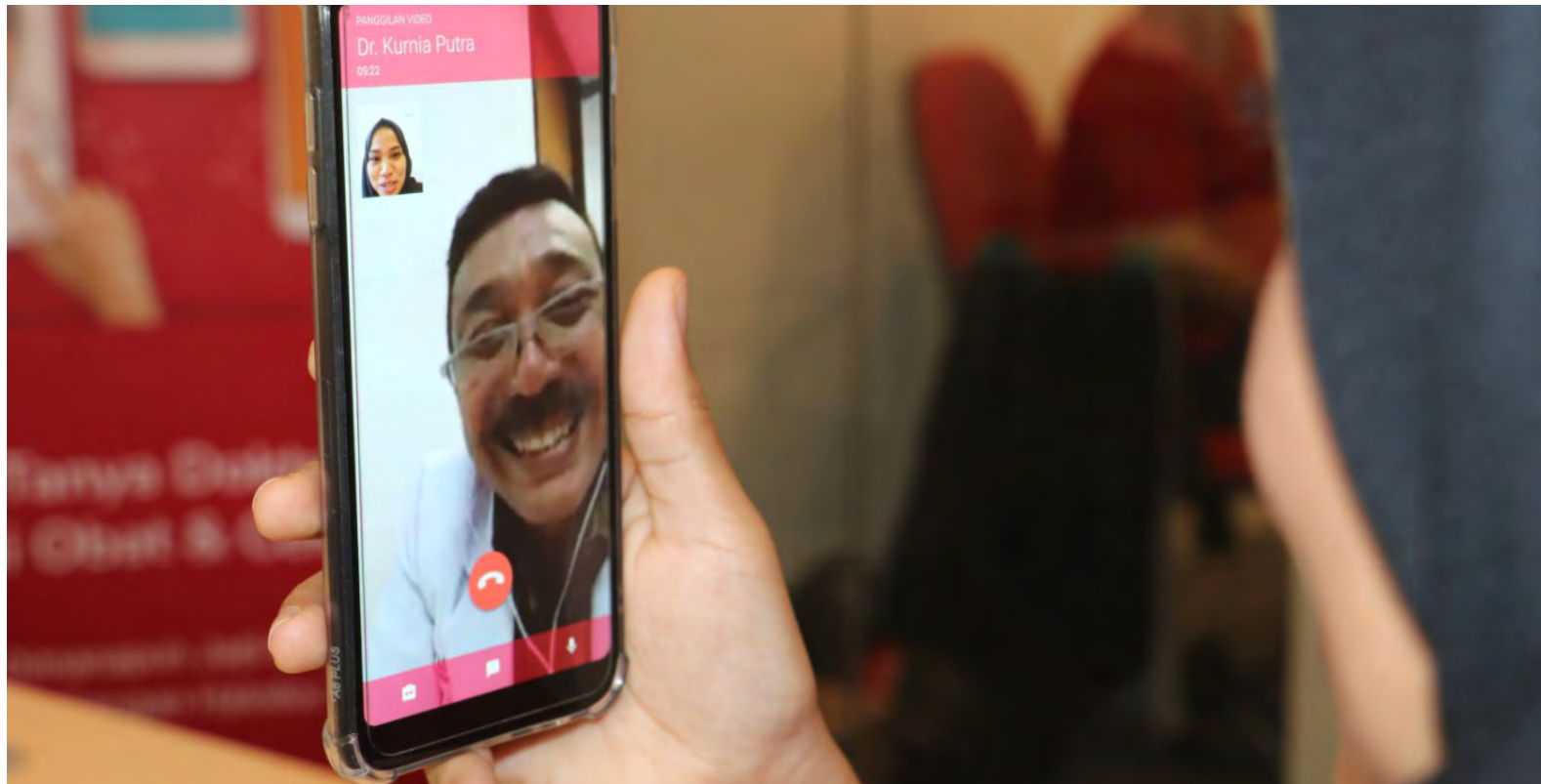
Healthcare



Telecom



CPG



Halodoc is an online telemedicine provider in Indonesia, focusing on delivering medicinal drugs to patients and offering teleconsultation services by medical professionals.

How Digital Transformation Is Accelerating

Partnering with Gojek, insurers and local hospitals, Halodoc launched a free online health consultation supported by a chatbot service, as well as free drive-through rapid testing for COVID-19.



Xibei Youmiancun (西贝莜面村), a restaurant chain in China, has been developing its e-commerce platform over the past few years, but relied heavily on its offline channels before the COVID-19 outbreak.

How Digital Transformation Is Accelerating

Xibei proactively expanded its online offers via its e-commerce platform and explored additional digital avenues, such as WeChat Work, to expand its customer base.



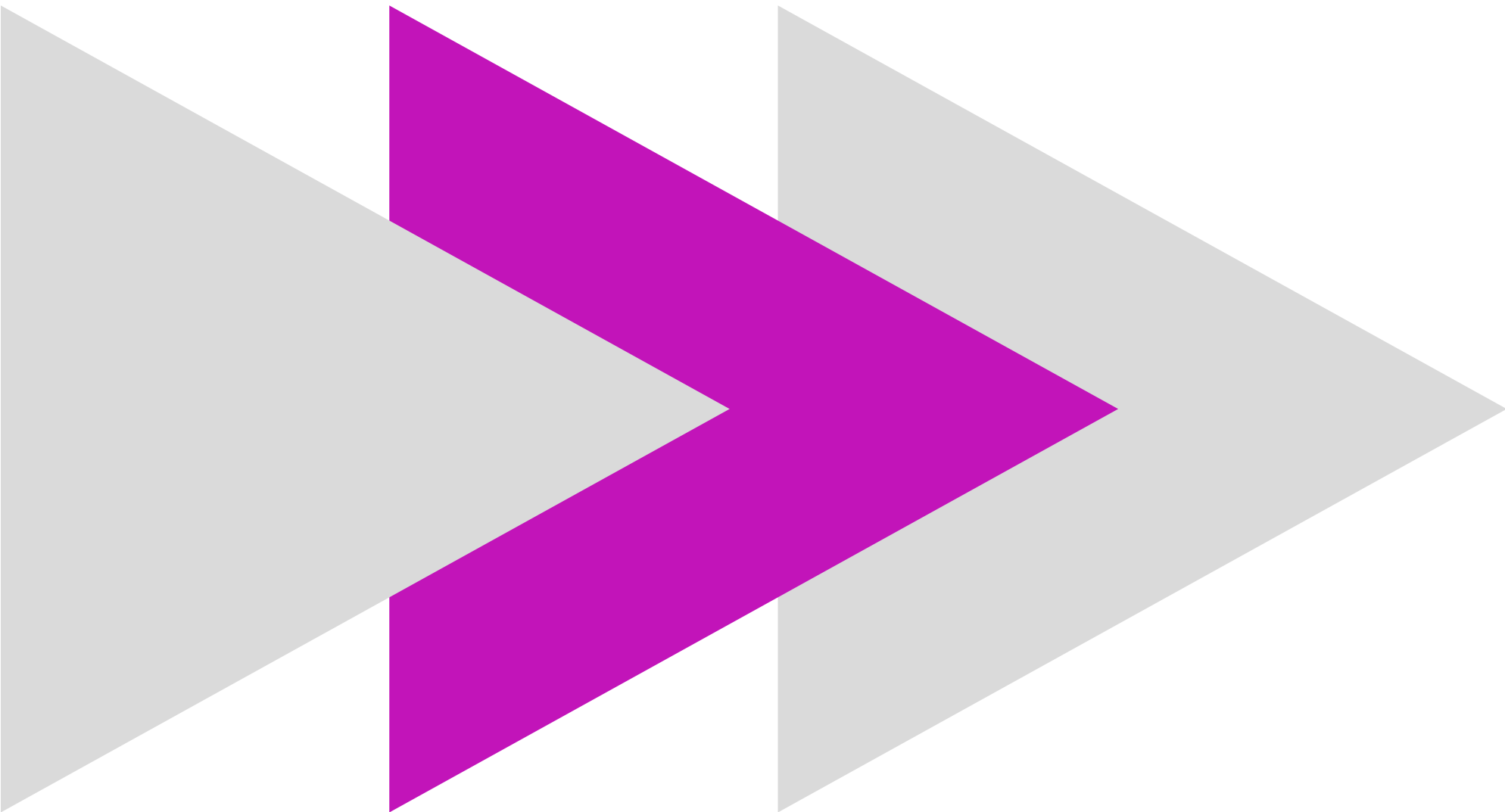
Sheng Siong, a large supermarket retailer in Singapore, had developed its e-commerce platform and supply chain to deliver groceries to customers within the same day.

How Digital Transformation Is Accelerating

Sheng Siong is leveraging big data to optimize its sales and operation mix across omni channels and O2O to derive more efficiency gains in its supply chain. Its Q1 profit grew by 50% on the back of COVID-19 demand.

Integration & Propulsion

Companies that effectively capitalized on the various digital assets they already had in place to integrate them in new ways, elevating the value their ecosystem delivers to customers, and propelling their business forward.



Pre-COVID-19 Characteristics

- Significant investment made in digital opportunities
- Robust digital transformation initiatives and roadmap in place across the organization
- Several digital transformation initiatives in place (e-commerce, marketing, content, value chain), but not always integrated

Digital Transformation Acceleration Opportunities

- Lean into digital-first offers as ‘new norm’
- Seek new opportunities to integrate various digital transformation initiatives into an overall consumer experience
- Deepen existing relationship with captive audience and increase share of wallet through more offering and experience
- Continue to recruit and introduce new consumers to platform and create ‘stickiness’ through data-driven personalization

Common Categories



QSR



Apparel



Retail
Banking



Consumer
Electronics



As a pioneer in digital banking in Asia, DBS Bank’s technology infrastructure and organization have been developed in an agile manner to serve customers’ banking needs online 24/7.

How Digital Transformation Is Accelerating

DBS Bank recently launched an industry-first digital financial planning tool NAV Planner. Its retail customers were able to continue receiving financial advisory digitally by leveraging DBS' fintech capabilities, giving further confidence to customers to utilize more of its digital banking tools now and in the future.



With its mantra of delivering seamless, physical and digital retail experiences, Nike has been investing in digital capabilities and diversifying its sourcing base.

How Digital Transformation Is Accelerating

When physical stores were closed, Nike was able to shift its inventory to digital sales channels. Moreover, Nike leveraged its Nike Training Club resources to inspire and support Chinese consumers to stay active and connected at home, while driving sales toward its e-commerce platform.



YumChina

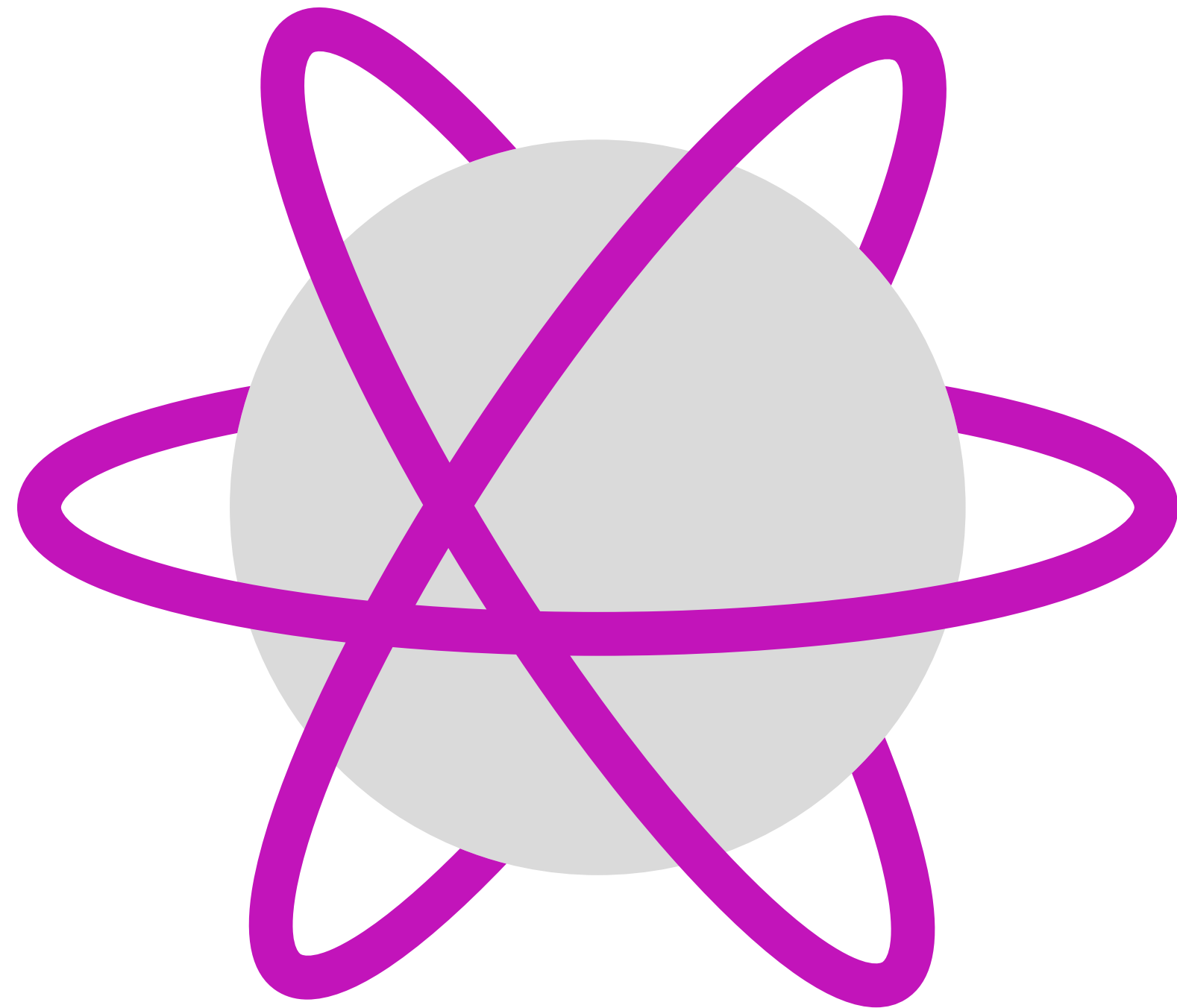
YumChina, running thousands of KFC and Pizza Hut locations across China, has been aggressively investing in digital to enhance its members’ O2O experience across brands. It has grown its digital membership to 230 million members as of Q3 2019.

How Digital Transformation Is Accelerating

Leveraging its well-established digital capabilities across loyalty, retail and delivery, YumChina was able to quickly integrate and enhance its services to offer contactless delivery and take-out. Its Tmall stores promoted digital coupons for shareable meals to drive traffic to its loyalty apps. YumChina’s sales revenue via delivery services grew by 40% in Q1 2020.

Disruption & Creation

Digital platforms and super apps that leveraged their tech, scale and data, and their access to massive customers/users, to disrupt industries and categories, and to create new markets.



Pre-COVID-19 Characteristics

- Born digital-first or operate in a digital-first manner
- Access to massive amount of behavioral data, AI and analytics expertise to provide highly individualized solutions
- Long-term orientation, with high level of capital and resources, or strong assets that they can deploy across a wider set of opportunities and markets

Digital Transformation Acceleration Opportunities

- Identify next categories that one's scale, data and internal capabilities can give permission to enter
- Identify categories that are market inefficient and can be improved through better data analytics and consumer understanding
- Continue to expand the platform as 'destination' and drive more cross-selling

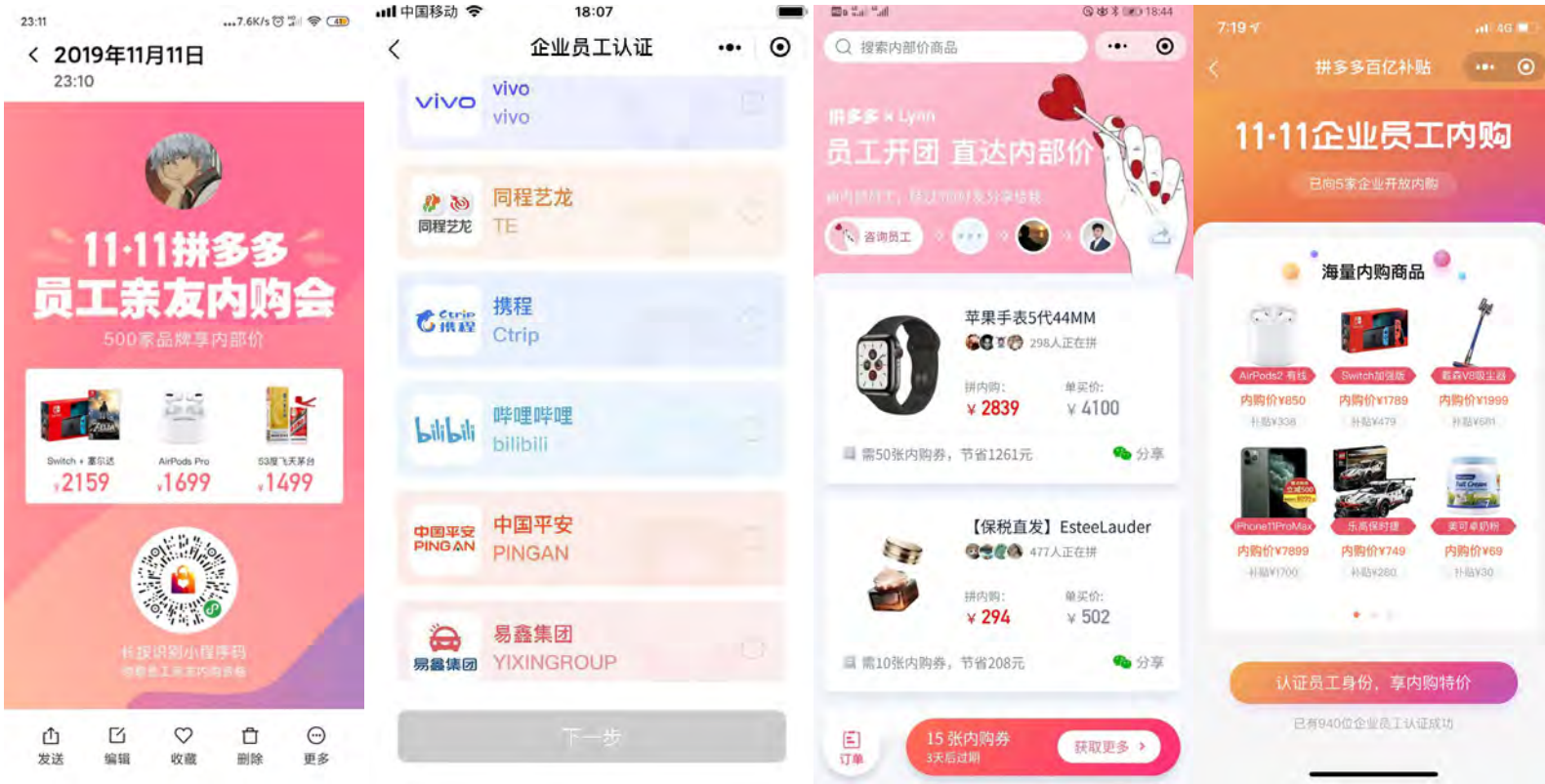
Common Categories



Media & E-Com
Platform



Super App



Started off as a ride-hailing app, Grab is continuously developing its ecosystem to become a super app. Grab partnered with Ping An Good Doctor (平安好医生) to offer GrabHealth, a telemedicine and teleconsultation service, to Indonesian consumers since 2019.

How Digital Transformation Is Accelerating

GrabHealth is currently expanding its hospital network integration, developing its health insurance service, and building in multiple languages to enhance its services.



Alibaba's ecosystem takes all functions associated with retail online and coordinates them into a data-driven network of sellers, marketers, service providers, logistics companies and manufacturers. It also continuously integrates with other ecosystems.

How Digital Transformation Is Accelerating

Alibaba will invest 10 billion yuan to strengthen the artificial intelligence and Internet of Things (IoT) ecosystem around its smart speaker Tmall Genie (天猫精灵) by integrating more content and services from Alibaba's ecosystem, ranging from entertainment to healthcare, education and online shopping.



Chinese e-commerce platform Pinduoduo (拼多多) has been innovative in harnessing the power of social networks and integrating social into the online shopping journey.

How Digital Transformation Is Accelerating

To further engage its community during the outbreak, Pinduoduo successfully launched several new services, including a WeChat mini-program Pin Neigou (拼内购) that allows its employees and customers to promote products and obtain new customers directly on WeChat.

Seizing the Transformation Opportunity

What to do next to spark **Uncommon Growth** in the new normal?

Four questions for businesses to adapt to the new normal

1.
How is digital changing consumer behaviors & habits?

Where has digital accelerated expectations or created new behaviours or occasions that must now be serviced in new ways?

2.
What partnerships can help extend the brand to new areas?

Where can the brand grow credibly through new partnerships along the value chain?

3.
What ecosystems & experiences can deliver new value?

Which new channels and experiences are a must-have in today's digital new norm, requiring a rethink of what is offered and how?

4.
Which new models are required to excel?

How do models, ways of working, and resources need to evolve to service new partnerships, experiences, channels and consumer needs?

Different levers businesses can pull as they look to seize opportunities adapting to the new normal consumers

1. Rethink tomorrow's consumer

- Refresh your segmentation
- Identify new consumer occasions
- Map new markets

2. Adapt brand & marketing

- Rethink the brand portfolio and positionings
- Enhance digital marketing capabilities

3. Enhance experiences

- Refresh the experience roadmap to be digital-first
- Quickly stand-up test-and-learn pilots for quick validation
- Build new direct-to-consumer models
- Build new partnerships across the value chain

4. Transform digitally

- Reimagine operating models
- Redefine the employee and employer value proposition
- Redeploy resources, assets and competencies toward new purposes and use cases

Ready to talk about how we can help you find Uncommon Growth?

About Prophet

Prophet is a consultancy that helps clients find uncommon growth through marketing, brand, experience, innovation and organization & culture capabilities. We operate differently than other consultancies, blending insight, strategy and creativity with an optimistic yet pragmatic approach.

We have partnered with some of the world's most successful companies, including Marriott, Walmart, AB InBev, AXA, Samsung, emart, Midea and MB Bank. With twelve global offices and more than 450 experts in marketing, innovation, digital and design, we are able to bring together the right people with the right experience to solve our clients' business challenges.

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