

SALES EXCELLENCE IN TIMES OF CRISIS

CUSTOMER CENTRICITY IS KEY



We are in the middle of the Covid-19 pandemic and many companies are in pure crisis mode: securing supply chains and managing costs and especially cash. This is important but there is evidence that the economic crisis will last longer – until at least Q4 2020. So it is not just about managing the crisis but about equipping sales to win market share and utilize the crisis.

1. 90% of economy is psychology

The economy in almost all Western countries is shut down to some extent, and unemployment rates are soaring. Even if the crisis only lasts for a few weeks, there will still be uncertainty about the possible return of Covid-19 in the autumn. A highly perceptible downturn combined with future uncertainty is poisonous for our economy. Even if the EU Commission implements a new Marshall Plan for Europe and the Maastricht criteria are suspended, our collective psychology makes fast recovery very unlikely to happen.

Assuming a high level of uncertainty over the coming months, the ability but even more the willingness to consume and invest will decline. The supply shock will be followed by a demand shock and intensify the crisis – a vicious cycle.

2. Understand your customer

If we leave the macro-economic view and take a closer look, the picture is much more mixed. The majority of the population will not experience any negative financial effects. Many industries will not be hit at all or will even grow as a result of the crisis (e.g. e-commerce). But even the parts of the economy severely impacted by the crisis (e.g. automotive) will continue to spend money, as will the respective parts of the population. But differently!

Most sales organizations work with some kind of customer segmentation. Marketing and sales efforts are steered accordingly. Ideally, sales training is based on arguments tailored to customer needs. However, customers' psychology just changed, and with it a significant part of their needs. So you need to adapt, urgently.

THIS IS NO ORDINARY ECONOMIC CRISIS. YOU ARE BEING HIT BY EVERY SINGLE CUSTOMER DECISION: ON POSTPONING OR CANCELLING PROJECTS, CUTTING COSTS OR MAKING HOUSEHOLD SAVINGS. THESE ARE A SERIES OF "NO'S". THE QUESTION IS HOW TO CHANGE THE "NO" INTO A "YES"!

2.1 Segment your customers

There are many methods of customer segmentation. In B2B, only a small number of parameters are used, such as geography, size, industry, application and a few others. In B2C, age, gender, income level, buying habits and ideally many more specifics enter the market segmentation. In times of crisis, these types of segmentations are almost useless as they do not reflect current customer needs, customers' level of concern about the crisis or how they see the future. The latter is key when it comes to larger investments.

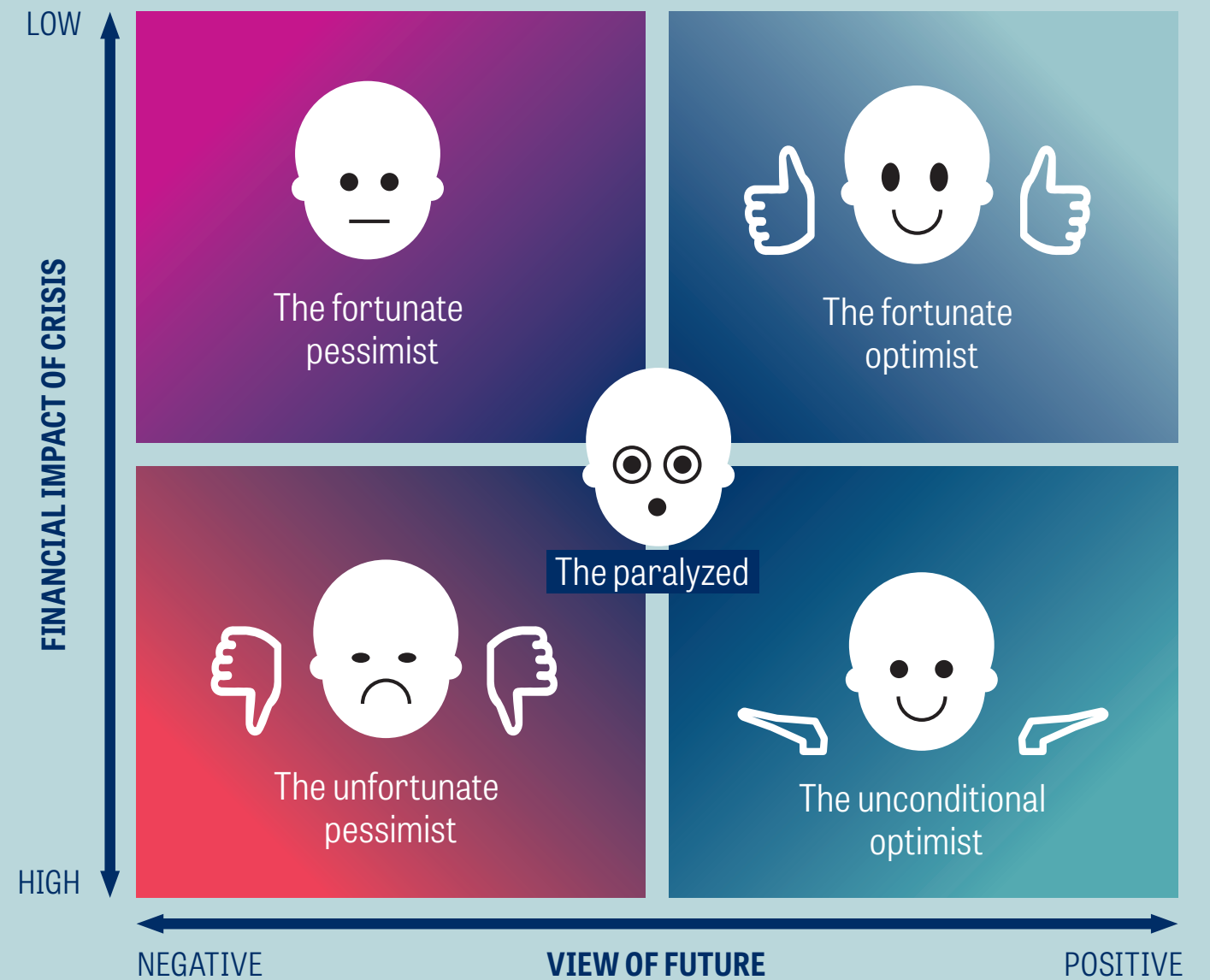
However, there is also no time to do a PhD on the topic. In our experience, defining customer archetypes is the most value-adding approach as it can be done in a very short period of time. Due to its simplicity, it helps the sales organization to change its approach fast. To define customer archetypes, take your current customer segmentation as a starting point and begin by adding the criteria that most influence buying behavior.

One highly simplified way is to cluster your customers according to crisis impact and view of the future (see Illustration 1).

It is important to realize that customer segmentation in times of crisis is very dynamic. Customers will move between archetypes as the crisis proceeds and is finally resolved, hopefully sooner rather than later.

CUSTOMER SEGMENTATION IN TIMES OF CRISIS IS **VERY DYNAMIC.**

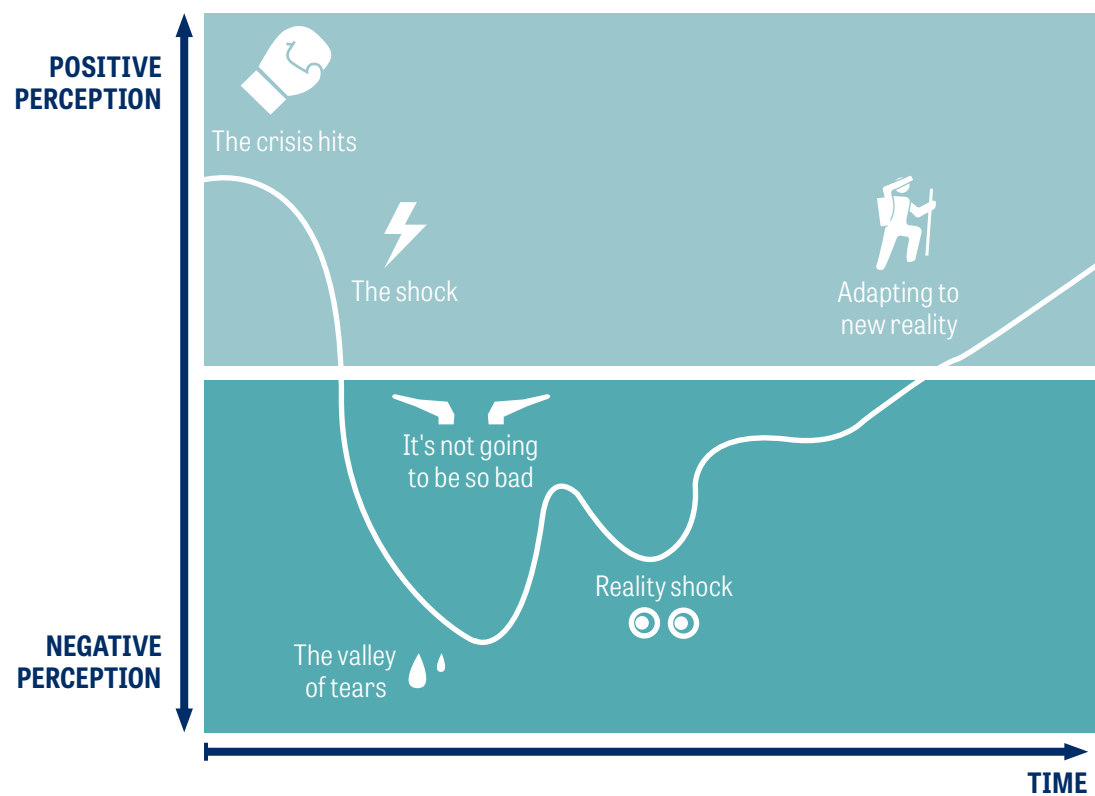
ILLUSTRATION 1: SIMPLIFIED CUSTOMER ARCHETYPES



2.2 Identify growth areas

As already mentioned, most of your customers will be hardly affected by the current crisis. Some customer segments might even experience growth. Pairing the market insights you have with the customer archetypes gives you a starting point for identifying growth areas for the months ahead.

ILLUSTRATION 2: EVOLUTION OF PERCEPTION IN TIMES OF CRISIS



Depending on your product and service range you need to go deeper. For consumer goods producers, the question will be how to position their products in the coming weeks and months to align with buying motives. Even unfortunate pessimists will “reward” themselves at some point with a non-substantial purchase. During the financial crisis, we saw that sales of more luxury items with relatively low price tags increased significantly. This is likely to happen again. The question is how to tap into these growth areas.

Fortunate pessimists in B2B expect a worse future, even though they are hardly affected by the crisis. They will be open to products and services that help them cope better with the negative outlook. Your company might have something to offer this archetype, whether it be investments with substantial savings and a short payback time or insurance or hedging products.

For substantial purchases or investments, companies should primarily target the fortunate optimist. An optimistic public-sector worker who is unaffected by the crisis is much more likely to still buy a brand-new car to reward him/herself. The same applies to business customers who are benefiting from the crisis, such as e-commerce or pharma firms. These market segments are still open to large investments.

Be careful with unconditional optimists. Where financing is involved, they may be substantially more likely to default. The paralyzed, i.e. those unable to make their mind up, will sooner or later move to one of the other archetypes and therefore should not be first priority of active sales efforts at this point.

Over time the crisis will evolve and your customers' perceptions will change (see Illustration 2). Your customers will move from one archetype to another and the archetypes themselves will alter. This is also the key reason to keep things simple: so that you can manage the upcoming change.

As the Covid-19 crisis is not marching in lockstep over the globe, it is essential to learn from countries that are at a later stage and apply the learnings to countries that are still at an earlier stage so that you can better predict how business conditions will evolve there. What are the customer patterns after the lockdown ends? Which companies were able to gain market share and how? Even if you do not have local operations, we strongly advise you to utilize market research and expert interviews to gain insights for your sales organization.

3. Implement an upgraded sales strategy

Once you have identified your specific customer archetypes and potential growth areas, it is time for a hands-on sales strategy. There are five key areas that you need to address:

3.1 ADAPT YOUR PRODUCT AND SERVICE PORTFOLIO

As buying motives with the majority of your customer archetypes have changed, it is crucial to adjust your offering accordingly. Pessimists will crave products and services that help them deal with the crisis. What better time for energy companies to encourage customers to switch providers and save lots of money? Or how about pushing factoring as a quick liquidity boost to pessimistic companies? These are just two obvious examples.

In many companies there will be no obvious “crisis offering”. Here, design thinking – a customer-centric methodology – can help you to quickly identify and test ideas.

3.2 ADJUST YOUR MARKETING AND SALES CHANNELS

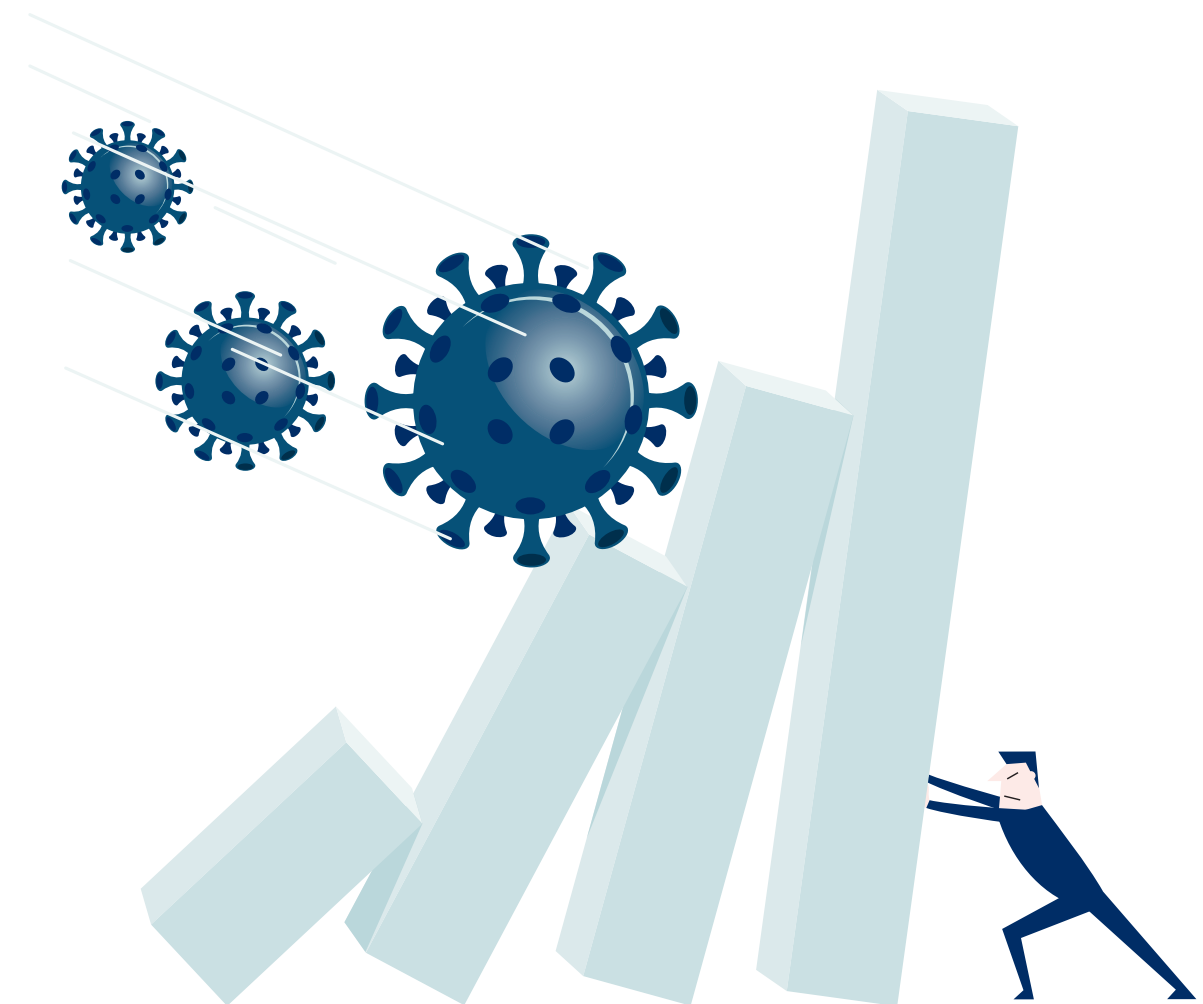
In recent weeks, online channels have helped companies to save revenues that would otherwise have been lost. For example, DIY shops are marketing their new video chats with DIY experts to help customers plan a new garden. After the chat, customers can order all the necessary products online. Given how convenient it is, this offering will probably outlive the current crisis.

But it is not just about online, it is about deciding where to invest time and effort. Target the archetypes with the highest potential. Find a portfolio of marketing measures that connects you with your customers by addressing their current needs.

3.3 TRAIN AND MOTIVATE YOUR SALES TEAM

Communicate and engage with your sales team, starting with top management, so that they recognize the archetypes and apply the learnings. Cutting cost in your company is a hygiene factor but it will not resolve the crisis for you, nor will it help you win market share.

There is no time for lengthy training sessions. Communicate your learnings and the newly defined approach to your sales team in such a way that they understand the rationale and purpose. Make a few dry runs and then try out the approach for real.



3.4 IF YOU FAIL, FAIL FORWARD

Communicate sales successes but also failures. Analyze both to derive learnings and sharpen the approach. Establish at least weekly exchanges on different levels to share your experiences in different geographies, industries, etc.

3.5 STRATEGICALLY EVOLVE YOUR SALES STRATEGY

As well as failing forward, you need to be one step ahead on a strategic level. Apply learnings from markets that are at a later stage of the crisis to sharpen your sales strategy. Monitor your competitors closely to avoid nasty surprises. Widen your horizon and also learn from other industries, your suppliers, and your B2B customers.

EVERY CRISIS IS DIFFERENT
BUT ONE THING IS CONSTANT:
WINNERS IN TIMES OF CRISIS
CONTINUE TO OUTPERFORM
THE MARKET AFTER THE
CRISIS ENDS. **AS WINSTON
CHURCHILL USED TO SAY:
NEVER WASTE A GOOD CRISIS.**

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