

Marketing & Sales Practice

How European marketing-and-sales leaders handle COVID-19's effects

To mitigate the financial impacts of the pandemic, executives focus on consumer needs and reorganizing their businesses for the next normal.

by Thomas Joseph, Dieter Kiewell, Roberto Longo, Caroline Tufft, and Jamie Wilkie



© Getty Images

The COVID-19 crisis has forced business leaders to adjust to new competitive dynamics, remote working models, and ongoing economic turmoil. With Eurozone GDP contracting five to 14 percentage points¹ and consumers across Europe delaying purchases or trading down, businesses are facing significant economic headwinds.

The pandemic and the resulting economic crises have tested how well leaders understand, analyze, and respond to changes in external and internal environments, while also driving a rapid revenue recovery.

We asked eight European executives from the Marketing Academy Fellowship, a leadership program developed by the Marketing Academy and McKinsey, to share their experiences of leading through this pandemic.

Focus on the human element

The marketing-and-sales leaders we spoke with continue to navigate rapid commercial change while dealing with the human toll of COVID-19. Four practices helped them steer their organizations through adversity.

Prioritizing employee challenges. Some of the biggest and most immediate impacts of COVID-19 were experienced by the front-line employees who needed to keep working to meet shifts in customer demand, while simultaneously managing their own safety and family concerns. Companies that rose to meet this challenge had leaders who were not afraid to show vulnerability and who were able to acknowledge the personal struggles of their teams and support them when possible. At the United Kingdom retailer John Lewis Partnership, executives visited retail locations frequently, listened to employees' concerns and experiences, and rolled up their sleeves to help. "Senior management was literally stacking shelves at Waitrose until three a.m.," says marketing director Becky Brock. To reward its front-line employees, the partnership adjusted its traditional bonus structure to provide additional compensation and increase the store discount for partners.

Demonstrating 'deliberate calm' and 'bounded optimism'. Effective crisis-response leaders are able to acknowledge current difficulties but also to consciously help unify teams behind a single purpose with an eye to the future. Cheryl Calverley, CEO of United Kingdom e-commerce mattress company Eve Sleep, did this by encouraging her teams to look beyond present obstacles and focus on building a business that would be highly responsive to change over the next few years. "It's usually easy to rally people during a crisis. What is difficult now, when people are anxious and cannot look beyond their current situation, is to energize teams around a vision for the future," says Calverley.

Communicating effectively. Delivering frequent and clear updates during a crisis isn't as easy as it sounds. Too much information can overwhelm people; too little and they're operating anxiously in the dark. TINE Group, a Norwegian food producer and dairy cooperative, kept its 5,000 employees and 10,000 farmers informed with one-page weekly updates. "These one-pagers were a very effective way of communicating the problem, what we did to understand it, and our recommendation going forward," explains Rick Lawrence, TINE's CMO & VP of international markets.

Katie McAlister, the CMO of travel and tourism company TUI UK & Ireland, says she went from addressing the company's 5,000 employees once a month to recording a vlog to give more frequent updates on changes. She also hosted regular digital Q&As so anyone with questions or feedback could engage with her and other colleagues. Life-science consumables and packaging solutions company DWK Life Sciences used surveys to garner feedback from employees. "I really wanted to keep a very close dialogue with our people," says managing director Michael Merz, who sees people's increased comfort with virtual communication as an opportunity to have more quality, real-time interactions with customers across the globe.

¹ Based on modeling by McKinsey and Oxford Economics, 2020.

Empowering teams. The stress and uncertainty of COVID-19 has been less suited to a top-down management response than to the work of highly adaptable groups united by a common purpose. Frozen-foods company Birds Eye UK responded to the unprecedented surge in demand for its products by further empowering its cross-functional team of supply-chain and marketing-and-sales leaders and staff. The 40-person team was given significant additional decision-making authority and encouraged to move rapidly. “The crisis revealed a resilience, flexibility, and steeliness that the team might not have known they had,” says Steve Challouma, Birds Eye UK general manager.

Similarly, executives at John Lewis Partnership resisted the impulse to consolidate decision-making at the top. “We had to trust people, be very clear on the brief we were giving them, and then let them get on with it,” says Brock.

Act amid uncertainty

The COVID-19 pandemic did not come with a road map. As Rick Lawrence, CMO and VP of international markets at the Norwegian food manufacturer TINE Group, put it, “What happens when a pandemic hits Norway is not data I can find readily.” Instead of waiting for a full set of facts to emerge, the company learned to accept the uncertainty and acted boldly and decisively for rapid revenue recovery. Lawrence used diverse data sources, such as an analysis of actions taken by similar companies in other markets, to help

develop plans for action. In fact, in past recessions, the companies that emerged from the downturn stronger were those that made bold moves to sustain revenues while simultaneously increasing operational flexibility by reducing debt, shrinking their brick-and-mortar footprint and supply chains, or redesigning their workforces.

Antreas Athanassopoulos, the group CCO and CEO of financial services at Dixons Carphone, took steps to survive the immediate shocks by rolling out major “stop waves” such as a halt on advertising spend. He then prioritized actions to optimize the business for the near term by single-mindedly focusing on preserving cash. He assumed that customers would want to exercise similar fiscal restraint and therefore quickly improved the company’s processes for online store-credit applications, leading to a doubling of the company’s approval rate.

To withstand the impact of reduced sales, DWK Life Sciences streamlined its cost structures by implementing more rigorous inventory management and reprioritizing customer-outreach activities toward those with a better return on investment, such as digital engagement tools.

Lay foundations for future growth

Even as they manage the pressures of the current crisis, leaders also need to start laying foundations for future growth. These include redesigning demand plans, updating brand propositions for a

We had to trust people, be very clear on the brief we were giving them, and then let them get on with it.

—Becky Brock, marketing director,
John Lewis Partnership

shifting marketplace, and updating outdated models for customer insights. We have seen leaders deploy these tactics across three overarching themes:

1. Prioritizing customer experience

Much of the consumer shift to digital channels that occurred during the shutdowns has persisted. In McKinsey's Consumer Sentiment Survey (June 18–21), the proportion of European consumers who said they intend to keep shopping online grew by 22 to 29 percent for grocery deliveries, household supplies, personal-care products, and alcohol (exhibit).

To retain these new customers and win more, marketing executives are leading the charge to rethink customer experience. "The pressure is on for us to think about the next step in digital, as the lockdown has given time for others to catch up very quickly. The opportunity now is to create ever more relevant yet differentiated online experiences," says Julian Diment, chief commercial officer at yachting company Y.Co. To help its customers plan future trips, Y.Co created an interactive destination map that highlights areas open to yachting and any areas with travel restrictions.

Leaders are also focusing on the implications of increased digital adoption for customer service and support. At Dixons Carphone, for example, Athanassopoulos pushed to enhance online

customer journeys with engaging video content that includes detailed product reviews, options to interact with salespeople through webchat capabilities, and real-time discussions with product specialists via its ShopLive platform. He says the electronics and mobile retailer has also shifted its focus to develop a more flexible and versatile workforce and is planning on training in-store employees to support online sales and customer service. "We talk about omnichannel, but we need to introduce the concept of the omni-colleague" says Athanassopoulos. This is a critical time for companies to invest in learning and commit to reskilling their workforce in order to meet new consumer demand and deliver new business models.

2. Accelerating use of data and analytics

Next-normal consumer journeys will be increasingly personalized. The jump in digital usage and the wide availability of analytical tools mean that marketers can do more with customer data than ever before. The challenge is to continuously monitor customer demand signals, identify the right insights, and act quickly to turn them into relevant, valuable customer interactions.

At John Lewis Partnership, Becky Brock is overseeing the merging of data into a single view of customers, creating increasingly granular customer segmentations, and using predictive analytics to

The pressure is on for us to think about the next step in digital, as the lockdown has given time for others to catch up very quickly. The opportunity now is to create ever more relevant yet differentiated online experiences.

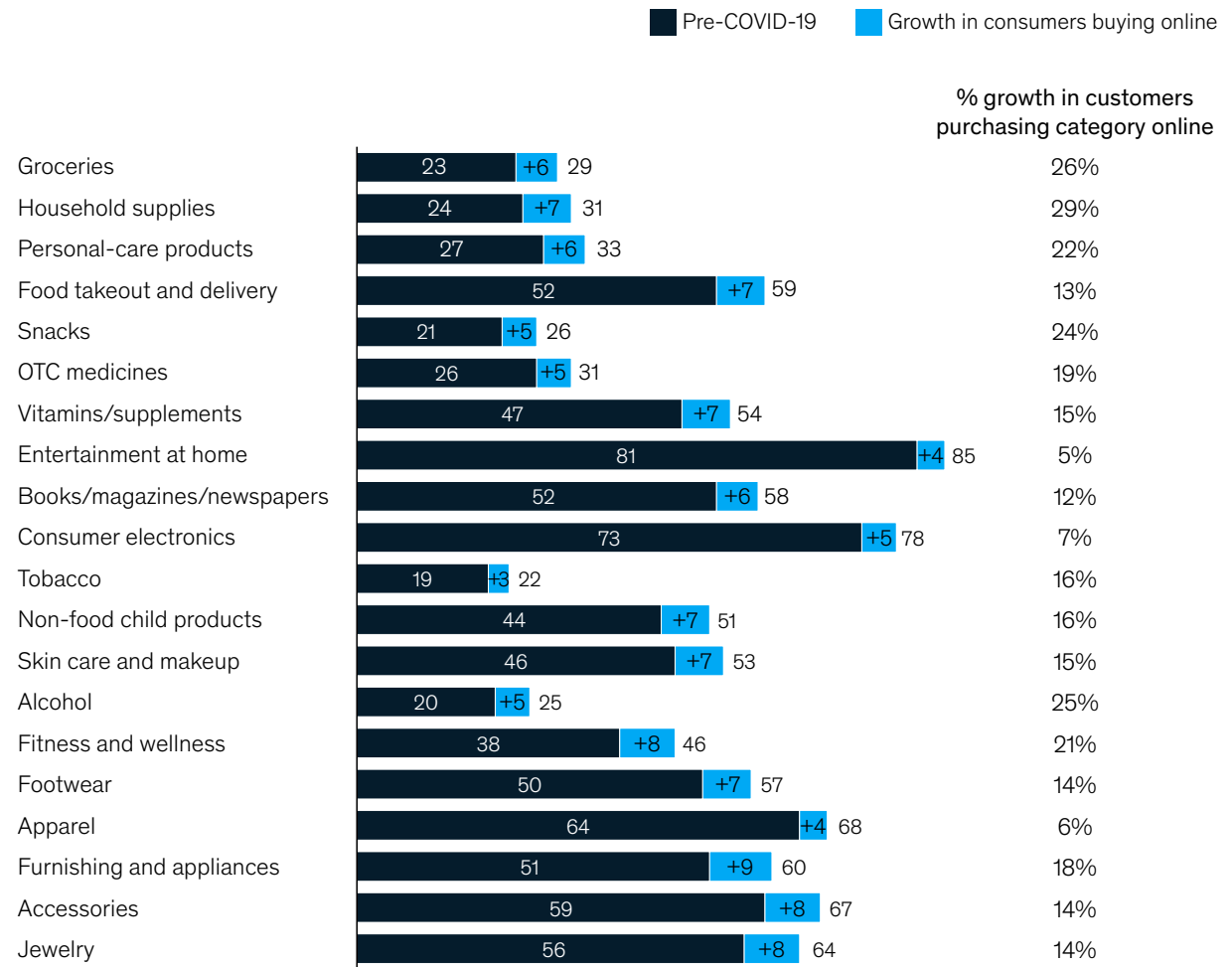
—Julian Diment, CCO, Y.Co

Exhibit

The centralized commercial hub is the next-gen intelligence unit driving the sales organization.

Consumers' use of online channel before and after COVID-19^{1,2}

% of respondents purchasing online³



¹Q: Before the coronavirus (COVID-19) situation started, what proportion of your purchases in this category were online vs from a physical store/in person?

²Q: Once the coronavirus (COVID-19) situation has subsided, tell us what proportion of your purchases in this category you think will be online vs from a physical store/in person?

³Respondents who indicated that they have not bought the category online and do not intend to do so in the next two weeks are classified as not purchasing online.

Source: McKinsey & Company COVID-19 Europe Consumer Pulse Survey 6/18–6/21/2020, n = 5,645, across Italy, France, Germany, Spain, UK, Portugal, sampled and weighted to match European general population 18+ years

recommend next best actions to drive new customer behaviors. This emphasis on analytics is also driving innovations across a range of areas, from shopping advice and personal styling to payments and delivery.

3. Reinventing value propositions

For many organizations, the COVID-19 crisis is a test of adaptability and creativity. At Eve Sleep, for instance,

the normal inhibitors of sleep wellness, such as long commutes and the stress of hectic lives, diminished during the shutdowns. In response, Calverley adjusted the company's brand promise to address a new set of potential sleep challenges. "We have a country which has thousands of people mourning, and our unemployment and poverty rates are climbing.

We now have to consider what this will do to people's sleep wellness," she says.

To address widespread anxieties about COVID-19-era travel, Katie McAlister at TUI UK & Ireland did a thorough survey of the travel company's customers to understand their biggest concerns and then translated their feedback into a brand promise, highlighting five major issues, including hygiene and cleanliness, flexibility with travel plans, and what customers can do if the virus resurges in various locations.

Navigating through the pandemic has created significant personal-development opportunities for business leaders. The crisis has forced them to reimagine internal collaboration and communication, adjust decision-making processes, widen their approach to risk, and rethink their value propositions in response to fast-changing customer needs and behaviors. Those leaders best able to navigate these challenges will be at the forefront of shaping the next normal across their industries.

Thomas Joseph is an associate partner in McKinsey's London office, where **Dieter Kiewell** and **Caroline Tufft** are senior partners; **Roberto Longo** is a partner in the Milan office; and **Jamie Wilkie** is a partner in the Boston office.

The authors would like to thank Thenjiwe Stemela and Kinga Young for their contributions to this article.

Copyright © 2020 McKinsey & Company. All rights reserved.

About the Marketing Academy Fellowship Program

The Marketing Academy Fellowship is a part-time capability-building program that gives a select group of exceptional marketing-and-sales leaders, all at the top of their career ladder, a unique opportunity to further develop the leadership capabilities required for CEO and board-level positions. McKinsey & Company is a knowledge partner for both the EMEA program, which has run for seven consecutive years, and the US program, launched in 2019.

The authors would like to thank Sherilyn Shackell, founder and CEO of the Marketing Academy, and all the fellows and alumni who were interviewed for this article:

Antreas Athanassopoulos, group CCO & CEO financial services, Dixons Carphone

Becky Brock, marketing director, John Lewis Partnership

Cheryl Calverley, CEO, Eve Sleep

Steve Challouma, general manager, Birds Eye Ltd. UK

Julian Diment, CCO, Y.Co

Rick Lawrence, CMO & VP international markets, TINE Group

Katie McAlister, CMO, TUI UK & Ireland

Michael Merz, managing director (CSO), DWK Life Sciences Group