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Adapting customer experience in the time of coronavirus

Care, creative thinking, and new tools can address customers' acute needs today and forge stronger ties in the post-COVID-19 era.

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In a short period of time, COVID-19 has overwhelmed lives and livelihoods around the globe. For vulnerable individuals and the customer teams that serve them, it has also forced a rethinking of what customer care means. Suddenly, examinations of customer journeys and satisfaction metrics to inform what customers want have given way to an acute urgency to address what they need.

Particularly in times of crisis, a customer's interaction with a company can trigger an immediate and lingering effect on his or her sense of trust and loyalty. As millions are furloughed and retreat into isolation, a primary barometer of their customer experience will be how the businesses they frequent and depend upon deliver experiences and service that meets their new needs with empathy, care and concern. Now is also the time for customer experience (CX) leaders to position themselves at the forefront of the longer-term shifts in consumer behavior that result from this crisis. Keeping a real-time pulse on changing customer preferences and rapidly innovating to redesign journeys that matter to a very different context will be key.

Hand in hand with this perspective, four CX practices can frame short-term responses, build resilience, and prepare customer-forward companies for success in the days after coronavirus. They are: focusing on care and connection; meeting customers where they are today; reimagining CX for a post-COVID-19 world; and building capabilities for a fast-changing environment (Exhibit 1).

1. Focus on fundamentals: Care and connection

Now more than ever, people need extra information, guidance, and support to navigate a novel set of challenges, from keeping their families safe to helping their kids learn when schools are shut down. They want a resource they can trust, that can make them feel safe when everything seems uncertain, and that offers support when so much seems to be overwhelming. A baseline starting point: staying true to company values and purpose. Our research shows that 64 percent of customers choose to buy from socially responsible brands, a figure that has grown significantly in the past two years.[1]

Exhibit 1

Four actions can address immediate customer needs and prepare for the future.
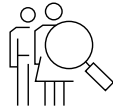
Focus on care and concern	Meet your customers where they are	Reimagine the post-COVID-19 world	Build agile capabilities for fluid times
• Reach out, but with support, not marketing	• Innovate digital models to help customers weather the crisis safely from home	• Economic hard times will force cost cuts	• Tap social media, not surveys, for quick customer readings
• Make a priority of employees and community	• Expand home delivery options	• Migrate customers to digital channels to save money and boost satisfaction	• Solicit employees for ear-to-the-ground insights
• Stay true to company purpose and values	• Consider contactless operations	• Brick and mortar stores may look very different post-crisis	• Save time with "test and scale" labs
			• Pay attention to "failure modes" indicating that you've missed customer signals

[1] *Earned brand 2019*, Edelman, edelman.com.

The way organizations step up to play this role for their customers, their employees, and the broader community is likely to leave lasting memories in customers' minds.

Care for your customers

The first step in caring is to reach out—not in marketing or overt attempts to gain a competitive edge, but to offer genuine support. Many organizations have already stepped up to care for their customers. For instance, Ford's "Built to Lend a Hand" campaign outlines initiatives including payment relief and credit support. Budweiser redeployed $5 million usually spent on sports and entertainment marketing to the American Red Cross. When tens of thousands of college students needed to vacate their dormitories unexpectedly, a storage rental company offered 30 days of free self-storage. A credit-card company quickly recognized the pandemic's financial burden and waived one month of interest on credit cards. Government officials have encouraged others to do the same. These experiences are critical for customers in the short term, and the impact will build positive relationships that are bound to last long after the crisis has ended.

Care for employees

In times of crisis, caring for customers starts with thinking first about employees. As any flight attendant would advise during the preflight safety briefing, it's important to put on your own oxygen mask before helping others. Our research shows that 60 percent of Americans are very or extremely concerned about their safety and the safety of their families, while 43 percent are very or extremely concerned about their job or income—and not being able to make ends meet.[2]

Some companies have led with employees in mind during an unsettling period of uncertainty. In a video prepared for employees, Marriott CEO Arne Sorenson transparently shared statistics on the company's performance and outlook, announced pay cuts for himself and his executive team, and focused

on a sense of hope in the future. Many companies have pledged to continue paying hourly workers at their regular rate, even if they need to remain at home due to illness, while others are still paying hourly workers despite store closures. For those still on the job, employers can provide new tools, training and support to enable employees to deliver superior customer experience in a new environment.

Care for the community

Today's industry leaders have demonstrated that genuine care should extend beyond the immediate customer base. Italian companies have donated hundreds of millions of dollars to local hospitals and the Civil Protection Agency to combat the virus spread. Many are stepping up to the plate to manufacture important supplies. Luxury-goods companies have refitted cosmetics and perfume production to help produce hand sanitizer. Remote conferencing services companies, who are benefiting from the shift to virtual meetings, have provided free videoconferencing for K–12 schools.

2. Meet your customers where they are today

Customers' normal patterns of life have come to a halt. Simple activities like a trip to the grocery store or dining out with friends are now difficult, risky, or even prohibited. Overnight, demand patterns have shifted. Overall online penetration in China increased by 15–20 percent.[3] In Italy, e-commerce sales for consumer products rose by 81 percent in a single week, creating significant supply-chain bottlenecks.[4] Customers need digital, at-home, and low-touch options. Digital-led experiences will continue to grow in popularity once the coronavirus is quelled, and companies that act quickly and innovate in their delivery model to help consumers navigate the pandemic safely and effectively will establish a strong advantage.

Accelerate digital options

Digital delivery has become a necessity for most customers who are confined at home. Adoption

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[2] McKinsey US Consumer Pulse survey of 1,073 US participants, 18 years old and above, between March 20 and 22, 2020.
[3] McKinsey survey of 1,249 participants across 46 cities in China, February 2020.
[4] Chiara Bertoletti, "Coronavirus Nuovi dati sulle vendite della gdo in store e online," GDOWeek, March 6, 2020, gdoweek.it.

The way organizations deal with their customers, their employees, and the broader community in a crisis is likely to leave lasting memories in customers' minds.

has grown strongly, even among the most "digitally resistant" customers. For some companies, the rapid development of digital functionalities is key to ensuring continuity of services. China-based Ping An Bank rolled out new "Do It At Home" functionality and received more than eight million page views and nearly 12 million transactions within half a month. Players in service industries have also accelerated digital value-added services like advice and education. Over 44,000 viewers tuned in to Bank of China's first three online shows, where leading investment managers shared market insights, discussed the impact of the virus, and gave advice.

Other companies are making select digital services free to help existing customers and broaden their reach to new audiences. Fitness companies are deploying this strategy through extended free trials for their online and app-based classes, where app downloads and new sign ups have grown between 80 percent and more than 250 percent in recent months. It's likely that many customers who have converted to digital services will stick to them after the immediate health crisis is over: Companies who make this shift to digital and deliver superior experiences have an opportunity to increase adoption and maintain these customer relationships after the crisis.

Bring your business to customers' homes
Similarly, home delivery has gone from a convenience to a necessity: during this crisis, Italy has seen online grocery home-delivery users

double between February and March.[5] In China, Meituan, China's premier food delivery service, reported quadrupled delivery orders in early 2020. Quick-service restaurants and aggregator apps are offering free delivery to capture share in this demand shift. Some fresh meal delivery start-ups have experienced a month-on-month demand boost of 25 percent and are experimenting with bulk versions of their offering. In the United States, home delivery options have expanded beyond food, as pharmacies offer extended free trials on their prescription delivery service, and car dealerships offer to pick up and drop off vehicles repair and maintenance.

Make physical operations touch-free
If part of the customer journey must exist in a physical channel, consider converting to contactless operations. The United States has seen a 20 percent increase in preference for contactless operations, with numerous industries adapting to this change. Meituan, which started as a food- and product-delivery service but evolved into a digital ecosystem player, was the first Chinese company to introduce contactless delivery in Wuhan.[6] The service quickly became popular among all audiences, enabling Meituan to reach beyond its core millennial customer base—more than two thirds of new users are in their 40s and 50s. In the United States, Walgreens has rolled out a drive-through shopping experience. Customers order from a menu of available items such as household goods, medical supplies, and groceries. Store associates assemble and check out the order—all from the convenience of the drive-through

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[5] Madeline Lenahan, "COVID-19: Impact on food and drink," Apptopia, March 12, 2020, appotopia.
[6] In contactless delivery, customers order online or via phone, and the delivery is dropped off at a pre-specified location to minimize interpersonal interaction.

window. Grocery chains have kept their physical stores open to shoppers but are adding touchless measures, including new installations of plexiglass "sneeze guards" at every cash register to protect customers and employees.

3. Reimagine customer experience for a post-COVID-19 world

The COVID-19 crisis will end at some point. We expect changes in consumer preferences and business models to outlast the immediate crisis. This has begun to play out in China, where there has been a 55 percent increase in consumers intending to permanently shift to online grocery shopping, and an increase of three to six percentage points in overall e-commerce penetration in the aftermath of COVID-19.[7] Some consumers will be trying digital and remote experiences for the first time. In China, the share of consumers over the age of 45 using e-commerce increased by 27 percent from January to February 2020, according to Chinese market-research firm QuestMobile. Once they are acclimated to new digital or remote models, we expect some consumers to switch permanently or increase their usage, accelerating behavior shifts that were already underway before the crisis.

Further, once the public-health crisis has subsided, economic impacts will persist. Leading companies will deliver on the customer experiences that are emerging as most important in the "next normal," while finding ways to save and self-fund.

Find savings without sacrificing experience

In a downturn, cutting costs is inevitable. But that does not have to come at the expense of a good customer experience, which can create substantial value (Exhibit 2). Often, the best ways to improve experience and efficiency at the same time are to increase digital self-service and to make smarter operational trade-offs, grounded in what matters most to customers. In industries like banking, digital servicing and sales are less expensive than branch- and phone-based approaches. The problem for many banks is that too few customers reach that point because they find digital channels unfamiliar and intimidating. Migrating customers to digital channels is often a successful way to boost savings and satisfaction. Teams can adopt this customer-centric mindset in any cost-cutting exercise, including migrating customers to self-serve channels, radically simplifying a product portfolio, or optimizing service level agreements.

Reimagine your brick-and-mortar strategy

So far, 60 US retailers—representing $370 billion in annual sales and over 50,000 physical retail locations—have closed temporarily.[8] The market capitalization of physical retail space has fallen by more than 35 percent.[9] When stores reopen, the world of brick and mortar may be fundamentally different. More and more customers will have grown comfortable with digital, remote, and low-touch options, even in rural and older populations.

We expect to see the shuttering of underperforming stores. Retailers and consumer goods companies should plan now to capture this lost volume. Use mobile, online and geospatial data to optimize networks and omnichannel sales. Examine dynamics across digital channels, owned outlet stores, and wholesale partners. Companies should also re-examine the role that physical locations will play. Omnichannel fulfillment options such as buy online, pickup in store will increase. Some locations may be converted to "dark stores" for fulfillment only.

Finally, some existing stores may shift toward experience hubs that offer services and encourage purchase across all channels. Consider Nike's store in New York's SoHo neighborhood. There customers, assisted by a personal coach, can try on shoes in various simulated sporting environments—including a basketball half-court, soccer trial field, and outdoor track—to determine their preferred

[7] McKinsey survey of 1,249 participants across 46 cities in China, February 2020.
[8] "Coronavirus and store closures: Tracking America's retailers and restaurants," *Wall Street Journal*, March 26, 2020, wsj.com.
[9] Google Finance, March 6, 2020, finance.google.com.

Exhibit 2

Focusing on customer experience is a winning strategy in recession.

Total returns to shareholders of customer experience leaders and laggards,[1] % by quarter
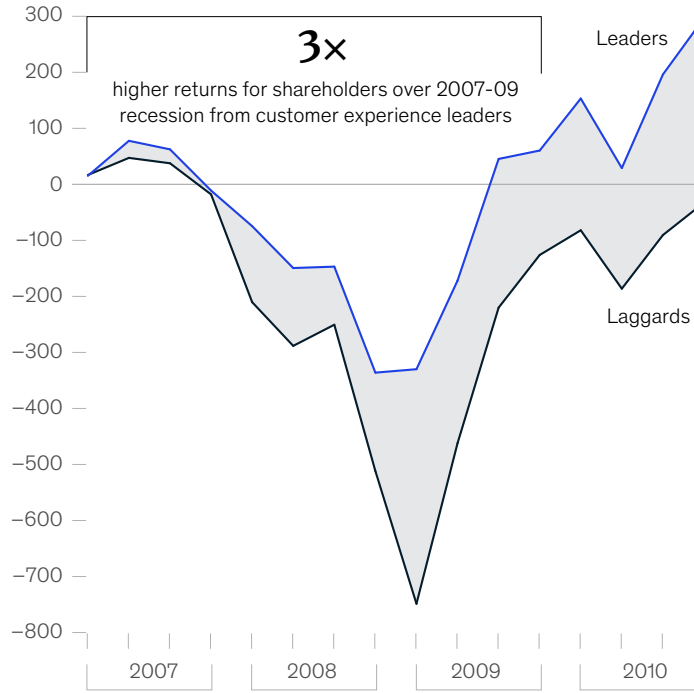
[1] Comparison of total returns to shareholders for publicly traded companies ranking in the top 10 or bottom 10 of Forrester's Customer Experience Performance Index in 2007–09.

Source: Forrester Customer Experience Performance Index (2007–09); press search

product. As the forced isolation of coronavirus fades from view, this type of outlet may be a template that additional retailers will adopt.

4. Build capabilities for a fast-changing environment

Maintaining a strong customer experience in crisis requires rapid research to understand changing dynamics and new pain points as well as agile innovation to address them. Customer leaders who master that approach will create value for consumers in high priority areas and in an environment of increased competition.

Keep a real-time pulse on changing customer preferences

Traditional customer insights techniques, such as surveys, often have an 18- to 24-day lag between launch and results readout. At a time when conditions can change from hour to hour, that can be far too long to deliver useful perspective. Companies should look to quick and novel ways to keep a pulse on consumer sentiment. In Italy alone, Facebook has seen a 40 to 50 percent increase in usage since the crisis began. A surge in online usage now underway offers opportunity to tap into insights from social media to rapidly understand consumer sentiment and develop new ideas. One Chinese rental car company established a team focused on monitoring social media to identify real-time trends.

In Shenzhen, where employees were asked to avoid using public transit, it rolled out a "rent five days, get one free" offer that allowed people to expense a weekday carpool for work and keep the car on Saturdays to run personal errands safely.

Listen to employees
Frontline employees are a company's eyes and ears on the ground. Solicit and collect employee feedback: it will prove useful in gauging how customers are feeling and how daily interactions are changing. Sadly, this source of insights often goes largely overlooked—while 78 percent of frontline employees report that their leaders have made customer experience a top priority, nearly 60 percent say they believe that their ideas for improving that experience often go unheard.[10] Tools and technology now exist to rapidly collect and aggregate real-time ideas and feedback from frontline employees. Investing in these can make a critical difference in the rapidly changing current environment.

Adopt agile innovation
The sooner that companies can fulfill new consumer needs during this time, the better off both will be. This often means accelerating time to market for new customer experiences, rapidly prototyping and iterating, and releasing innovations in their "minimum viable" state, rather than waiting to perfect them. Building agility across functions to handle changing customer circumstances is necessary and will have long-lasting benefits. Typically, test-and-scale labs allow companies to build new experiences

with 50 percent reduction in speed to market. In addition to agile approaches, companies should rapidly examine their innovation pipeline to set priorities for new customer experiences that line up with remote, digital, or home delivery trends; these will likely continue to accelerate and differentiate CX providers in the post-COVID-19 world.

Finally, customer leaders shouldn't take their eyes off of "failure modes" that can hurt if overlooked. When it comes to demonstrating care toward employees, make sure to double down on supporting employees—customers will notice and appreciate this as well. Don't assume that customers will automatically migrate to existing digital and remote platforms. Rather, actively raise awareness and the internal capabilities needed to support adoption of these experiences. As for securing useful feedback, if the volume of customer insights and feedback from sources like social media and employees has not increased severalfold in an intense crisis environment, take it as a sign that you are missing critical insight needed to adapt experience.

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Customer experience has taken on a new definition and dimension in the overwhelming challenge of COVID-19. Customer leaders who care and innovate during this crisis and anticipate how customers will change their habits will build stronger relationships that will endure well beyond the crisis's passing.

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[10] "Finding the way to happy customers through the voice of your employees," Medallia, medallia.com. Note: McKinsey & Company is a partner with Medallia in conducting research, compiling data, and developing customer analytics.

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