



SAFETY • STRENGTH • STABILITY

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CUSTOMER-CENTRIC BUSINESS EVOLUTION

2020 has been filled with uncertainty, and the COVID-19 pandemic is the most glaring. It has rocked the global economy. The International Monetary Fund's (IMF's) *World Economic Outlook* in April 2020 predicts the cumulative loss to the world's GDP from 2020 to 2021 will be approximately US\$9 trillion, more than the combined economies of Germany and Japan.

The pandemic has caused momentous disruptions to the way businesses operate. It has altered peoples' lives, their needs and priorities as well as spending behaviours. Consumers are more discerning with where and how they spend their money, creating a new set of challenges for businesses trying to survive.

Additionally, the virus makes it even more difficult for companies to adjust and plan for the future. Companies still don't know a lot about the virus: duration, the possibility of additional waves and the volatility of demand and supply. Added to this, businesses have to find ways to strengthen their relationships with consumers while figuring out how to deal with limited to no personal interaction as a result of mandatory social distancing.

BUILDING NEW CUSTOMER RELATIONSHIPS

Research has shown that the key to surviving a disruption, such as the COVID-19 pandemic, is to have a dedicated customer base that continues to depend on your products or services even

in challenging climates. In order to retain loyalty, companies must first understand their customers. But they must also be open to adapting their offerings when those needs change. The following points highlight how to adapt to changing customer relationships:

- **Let growth goals take a backseat**

For any company, maintaining its existing customer base is essential to its survival strategy. If businesses choose to focus only on customer acquisition, it could be to the detriment of existing ones. Leading customer-centric research shows that new customers can cost five times more to acquire when compared to maintaining existing customers. This highlights the fact that it is much easier



for companies to expand and build on existing loyalty than it is to make inroads into new client territory; which can be magnified especially during these difficult economic times.

• **Aligning to customer needs**

In any company, there are critical elements for success that require continuous improvement – from standardised costs and stable operations to meeting compliance expectations. These all become irrelevant if your product or service offering is no longer relevant or aligned to the customers' needs. If no one is buying what you are selling, they also do not care if the process has been optimised and is now 15% better than the previous year.

• **Data-driven precision**

Digital marketing and social media, which were already increasing in popularity before the pandemic, will continue to play a vital role for all businesses. They are not only useful communication tools but can capture customer data. Analysing this data can provide specific and indispensable insights into your customer's base and provide actionable

insights to help support the decision-making process.

The more data you have, the more accurate these insights will be. Every digital touchpoint is an opportunity to capture customer data to help you better understand their needs, expectations and concerns. It will allow you to be on the front foot when it comes to evolving behavioural patterns. Data-driven insights will allow companies to adapt their processes and keep customers satisfied, even in rapidly changing environments, boosting loyalty and retention rates.

COMMUNICATING WITH CUSTOMERS

What is clear is that companies need new strategies to respond to all stakeholders through the turmoil. In order to minimise uncertainty, clear and effective communication providing reliable information is essential. However, all stakeholder communication is not created equal as different groups require specific information about the company's response to the crisis and its strategy in the post-COVID world:

- Investors want to know which companies will come out stronger on the other side, and which are not agile enough to keep up with the pace of change.
- Employees are more likely to give a company their all when they believe it has their best interests at heart.
- Consumers want to believe in a company and are more engaged with ones that share their values.

The *Harvard Business Review* has determined that the HEART framework for sustained crisis communication can assist companies through crises and not only preserve but strengthen their bonds with consumers. It was designed by Ted Waldron and James Wetherbe, based on their extensive experience with businesses dealing with crises and consists of the following five key strategies:

- **Humanise your company**
- **Educate about change**
- **Assure stability**
- **Revolutionise offerings**
- **Tackle the future**

To put it simply, it highlights the communication dos and don'ts in crisis management – it provides guidelines on what to say, as well as what not to say, to consumers during sustained crises. It emphasises the importance of making current and potential customers aware of your company's plan for supporting them while simultaneously providing new value aligned to their ever-changing requirements.

• Humanise your company

In this step, it is important to show understanding and empathy, not only for customers but also for employees and other people who keep the wheels of your business turning. The key is to be genuine and authentic. People want to do business with people they like, and people who understand the challenges they face because they face them too.

A key example given is a sushi restaurant chain in the US that temporarily changed their employees' responsibilities from in-house dining to delivery. This allowed customers to interact with familiar faces and feel reassured and comforted while experiencing as close to what would be expected if they visited the restaurant. This is also observed by financial institutions forgiving upcoming payments.

At the end of the day, the value customers receive is most important. However, you must not stray from your brand in the humanising process because you don't want to confuse customers by communicating in a way that makes you look like someone you're not.

• Educate about change

It is important to be open and transparent with customers, so they always know their options to interact with the company. Let them know what, if any, changes in service are taking place: different business hours, closures of specific locations, amendments to online orders and the delivery process or anything else that will help them



communicate with the company's brand more effectively.

• Assure stability

Communicate what distinguishes your company – emphasise the fact that you're doing everything in your power to provide the products, services, and experiences that they have grown to love over time. Additionally, ensure that customers understand the steps in place to help maintain the expected standards that will keep them satisfied. A good example of this is that gyms have pivoted so that regular gym memberships can now be used to access online workout sessions to keep members active and in shape.

• Revolutionise offerings

Beyond assuring customers that the company's existing value propositions will remain the same, it is also important to communicate the exciting, innovations that have arisen from dealing with the ongoing pandemic.

Also, it could be beneficial to seek feedback and reach out to customers

to determine what can be done to improve their lives even further. What are they struggling with? What do they need access to? How could you change your delivery options to accommodate their needs?

• Tackle the future

The final component relates to what you can learn from the current situation and how you're going to implement this once everything is back to normal. As the authors put it, "The temporary improvements that satisfy customers now may become permanent improvements to your company's business model in the future."

It is essential to let customers know that your company is taking ownership of the situation, as much as possible, rather than allowing the situation to take ownership of your company and its valued customers.

Businesses can use this opportunity to adapt and grow and can even emerge from this crisis with the right fundamentals in place to help them

Further Insights



If you are invested in a company, you want to make sure that the company has implemented measures that will allow them to effectively navigate the pandemic and that their response plans not only ensure its survival but also positions them for growth in the future. The following key elements should be considered:

1. Human capital management

How is the company prioritising and managing their people? Are there sufficient strategies, which include health and safety policies, practices that take into account emerging risks to the workforce? The COVID-19 pandemic has highlighted the value

of human capital as well as its management. Companies could easily expose themselves to business disruptions or delays if proper human capital management to address how they are prioritising and managing their people is not implemented.

2. Change in compensation packages

If as a result of the pandemic pay cuts are required, it should be across all levels of the organisation. A reduction in salary should not only affect staff members but CEOs and other executives should also voluntarily accept it and lead by example so that staff members don't feel like they are

the only ones making sacrifices for the company. The percentage reduction is not expected to be the same across all levels.

3. Shareholder rights

Even though, shareholders don't manage the day-to-day business operations, decisions relating to the company's goals and overall performance often require shareholder approval. Shareholder decisions can be made by resolution or at general meetings and it is important that even in these times, that shareholders are given the opportunity to exercise these rights.

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