

A man in a grey blazer and a woman in a purple dress are dancing together. The man is on the left, leaning towards the woman on the right. They are both smiling and looking at each other. The background is white.

LIVING BUSINESS

**Achieving Sustainable Growth Through
Hyper-Relevance**

accenture

CONTENTS

- 03** Foreword
- 04** Living Businesses Outperform Their Peers
- 05** The Keys to Sustainable Growth
- 07** Transformation Pathways to Becoming a Living Business: The Five Capability Sets
 - 08** Target New Opportunities
 - 10** Design for Customers
 - 12** Build Engagement
 - 14** Scale with Partners
 - 16** Rewire Culture
- 18** No Time to Waste
- 19** About the Authors

FOREWORD

In today's disruptive markets, business leaders across key industries are experiencing new levels of concern around survival.

Driving growth is always at the top of every CEO's agenda, but the path to success isn't what it used to be. Customer loyalty, once a dependable source of stability and growth, has been upended by emerging technologies.

To identify a clear path forward for today's large organizations, Accenture undertook a major research initiative in 2018 to determine how leaders in sustainable growth are different from their peers. We found that these companies:

- Understand the changing digital needs of customers;
- Pivot growth strategies to profitable areas beyond the core;
- Fund new growth by optimizing costs elsewhere.

So how do companies stay relevant? They need to be agile, moving nimbly and continuously to accommodate customers' ever-changing needs and circumstances. They need to embrace a customer-centric mindset that inspires different behaviors and ways of working in everything they do. More than relevant, they need to be hyper-relevant. And to keep them true to this purpose, organizations need to have a strong personality, a North Star, that underpins organizational behaviors and guides them, as they evolve. Remaining static can be extremely costly. Our research revealed that in the U.S. alone, the potential revenue that companies lost to competitors in 2017, by not being relevant enough, was a startling \$1 trillion.

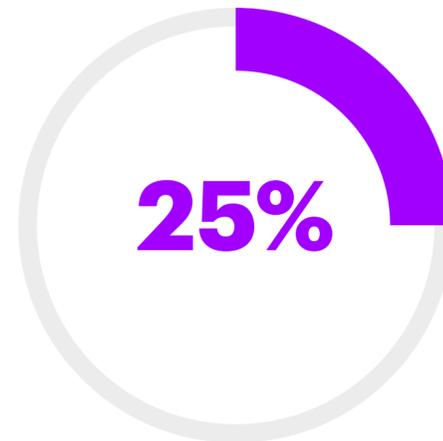
But, how do you achieve sustained growth at a time of unprecedented disruption? By becoming a Living Business—one that continuously adapts to the evolving needs of its customers, and market conditions, with speed and at scale, to achieve total relevance.

LIVING BUSINESSES OUTPERFORM THEIR PEERS

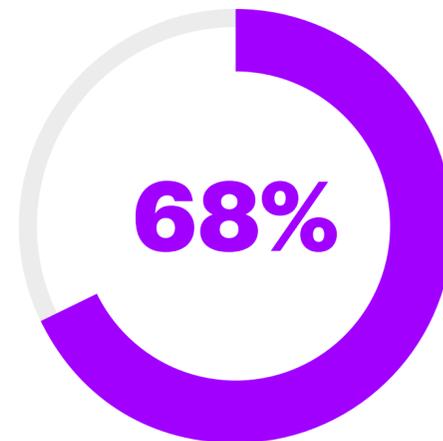
Today, customers have a wealth of options when it comes to buying the product, service, or experience that they historically relied on one company to provide. They're shopping around, more than ever before. They're more likely to opt for speed and personalized service over familiarity.

According to our research, when customers switch from one brand to the other, 64% cite seeking a more relevant offering as their reason for making the switch. This number is only likely to increase.

Based on our survey of more than 23,000 consumers (representing 33 countries and commenting on more than 8 different industries):



25% of customers say **they'd stop doing business altogether** with a business that wasn't relevant to them.



Companies that are perceived as relevant by their customers are **68% more likely to be recommended to friends and family.**

THE KEYS TO SUSTAINABLE GROWTH

“What are the keys to sustainable growth in a world where market turbulence is the norm?” This is a question on the minds of many company leaders who are spending more money than ever before in the pursuit of the next big idea, yet are not seeing a return on their investment.

Small, digital, pure-play organizations, and giant digital natives alike, are hardwired to thrive in this environment. Such responsive organizations are constantly offering customers more compelling, convenient, and highly personalized products and experiences. They're also seamlessly moving from one growth opportunity to the next, even across industry boundaries. In fact, according to our research, 78% of consumers would be willing to engage with digital natives for their banking and financial service needs.

But, most large companies and industry mainstays face a tougher road. Asset heavy infrastructures are limiting the ways in which they can serve existing customers and attract new ones. Outdated marketing, promotion, and channel strategies, developed to exploit the ability to deliver volume at scale, are now barriers to overcome.



Our findings indicate that the companies that are succeeding and achieving continuous growth have developed five interdependent sets of capabilities, which represent the keys to growth in the future. These Living Businesses:



Target New Opportunities

Target core and disruptive growth initiatives to fuel responsive innovation.



Design for Customers

Design products and services as hyper-relevant platforms.



Build Engagement

Build intelligent marketing and sales experiences.



Scale with Partners

Scale with a broad and new set of ecosystem alliances.



Rewire Culture

Rewire your workforce with a customer-first mindset.

The companies that scored highest on these capability sets— the Living Businesses—were also much more likely to achieve strong performance relative to their peers. These companies, despite being around only 10% of the companies we studied, are 50% more likely than others to report a strong readiness to weather business cycles and disruption in their industries. They are also three times as likely to achieve above average revenue and profit growth.

TRANSFORMATION PATHWAYS TO BECOMING A LIVING BUSINESS

The Five Capability Sets

All the companies in our study are feeling intense pressure to become relevant. But, the difference between the high performers and the other companies is telling: **95% of respondents representing the highest performing organizations agree that “customer expectations are increasingly shaped by the most relevant, real time and dynamic experiences” that they encounter across all industries. Respondents at lower performing companies were 20% less likely to agree.**

Moreover, the gap between understanding the nature of the challenge and taking effective action to meet it, is also wide— up to seven times greater for lower performing companies than for high performers.

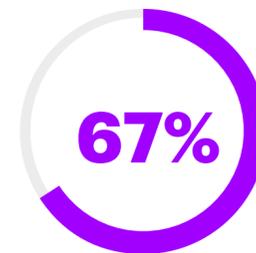
To bridge that gap and become a Living Business, it helps to consider each capability set as a pathway to transformation, with your current position as a starting point. The good news for an organization ready to transition into a Living Business, is that the age of a company isn't an impediment to progress. Older companies are not at an inherent disadvantage at the outset. Outside the small, digital pure-plays, and the digitally native giants, the age of the companies we studied was not an indicator of their proficiency in these areas. To understand why, let's consider each capability set in turn.



of high performers believe that their business needs a “much more iterative, dynamic, agile approach to doing business compared to three years ago.”



of high performers agreed that “business reinvention is required to be successful in today's context.”



among lower performing organizations, 67% agreed.

High performers were unsurprisingly far more adept than others at bridging the gap between their knowledge of what is needed to succeed and doing what it takes. The knowledge-achievement gap among other companies was up to seven times greater.

TARGET
NEW OPPORTUNITIES



In essence, targeting is about identifying and selecting new value and business models wisely. It includes recalibrating investments based on a better understanding of whether a new idea or opportunity represents a beneficial disruption worth pursuing. It also requires balancing core growth with disruptive growth to fuel responsive innovation.

To fully develop this capability set, businesses must ask, "What is it about our company that makes us relevant to customers now?" Then, they must think about their brand's identity with that relevance in mind.

Companies should:

- **Understand customers' changing digital needs and preferences;**
- **Pivot growth strategies to profitable areas beyond the core;**
- **Fund new growth by optimizing costs elsewhere.**



Of the high performers, 94% are planning to invest more in growing through areas beyond their core business, in the coming three years, compared with just



of all other respondents.



of high performers believe these capabilities will be highly important in the next three years, compared to



other respondents.



of high performers are excelling beyond their peers (other companies in their industry) when it comes to "funding new growth initiatives by optimizing costs elsewhere," compared with



of other companies in our study.

High performers in the insurance, communications and high-tech industries were particularly likely to be strong in these capabilities relative to their peers.



DESIGN FOR CUSTOMERS

Companies sometimes debate whether they should develop and bring to market products that are flashy and alluring, or those which are staid yet practical. Living Businesses know that these sorts of decisions are not binary. They also know how to meet different—and evolving—expectations. The “win” lies in finding the right balance by designing and bringing to market, hyper-relevant products and services that respond in real time to customers’ changing circumstances.

Designing for relevance means:

- **Acting on insights derived from advanced customer analytics;**
- **Developing compelling new experiences;**
- **Maximizing personalization and contextual sensitivity of products, services, and experiences.**



of high performers believe design to be highly important to business success, compared to



of all other respondents.

High performers in media and entertainment, insurance and travel, are particularly likely to be strong in these capabilities, relative to their peers.



of high performers were also more likely to have grown through innovation in areas beyond their core business, compared with



of all other respondents.



of high performers report strong success at innovating compelling new customer experiences compared with



of their peer set.

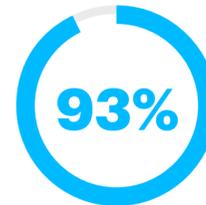
BUILD ENGAGEMENT



Build capabilities are focused on using a company's operating models to test, build, and scale intelligent physical and digital experiences that are immediately relevant to customers. This set is about using engagement channels to the greatest possible advantage—for the customer and the company. Living Businesses tend to be laser focused on outcomes in this area. This ensures that they move on to new endeavors before the advantage of a single, hyper-relevant offering or approach is exhausted.

Build capabilities focus on:

- **Using agile technology platforms and prototyping to develop and improve experiences;**
- **Rapidly scaling execution of new growth initiatives;**
- **Optimizing operations for dynamic execution across channels.**



of high performers found these build capabilities to be highly important to business success, compared to



of all other respondents.



Among high performers, 92% report excelling beyond their peers when it comes to optimizing operations to make products and services more relevant to customers. Only



of other respondents could say the same.



High performers were 30% more likely to believe that “acting on insights derived from customer analytics” would be at least moderately important over the next three years, compared to their peers.

High performers in the hotel industry are particularly likely to be strong in these capabilities, relative to their peers.

SCALE

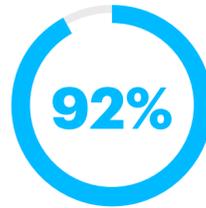
WITH PARTNERS



To master this set of capabilities, geared towards achieving market potential, a company needs to establish collaborative relationships with forward thinking partners and a broad set of ecosystem alliances beyond its traditional industry boundaries. That's because Living Businesses share and select data purposefully and efficiently—internally and across a broad ecosystem of partnerships—to achieve a powerful multiplier effect.

To scale successfully, companies should:

- **Collaborate with partners beyond traditional boundaries;**
- **Connect employees/partners with data via cloud platforms;**
- **Ensure that customer data moves fast, seamlessly, and accurately.**



of high performers found this scaling to be highly important to business success, compared to



of all other respondents.



Among high performers, 91% report excelling beyond their peers when it comes to "collaborating with partners beyond traditional industry boundaries." Only



of other respondents said the same.



What's more, in the last year, 28% of high performers engaged with a new type of alliance partner. Among lower performing companies?



That number was just 13%.

High performers in transportation and consumer goods are particularly likely to be strong in these capabilities, relative to other companies in the industry.

REWIRE CULTURE



Living Businesses strive to develop a workforce that combines the power of human ingenuity and artificial intelligence. This requires a cultural rewiring and a new customer-first internal focus.

Rewiring your organization can seem complex, but Living Businesses understand the return that comes from such an investment. As re-skilling and continuous learning continue to shape the workforce, companies must act proactively, rather than reactively, when it comes to being relevant.

Rewire capabilities include:

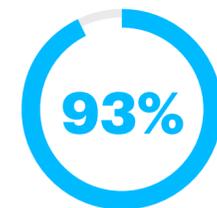
- **Fostering a culture that continually seeks to better customer relevance;**
- **Re-orienting organization structures around customer focus;**
- **Augmenting the workforce with flexible tools to enhance relationships.**



of high performers found rewiring to be highly important to business success, compared to



of all other respondents.



of high performers report excelling beyond their peer set when it comes to adjusting their organization's structure in ways that benefit the customer. Only



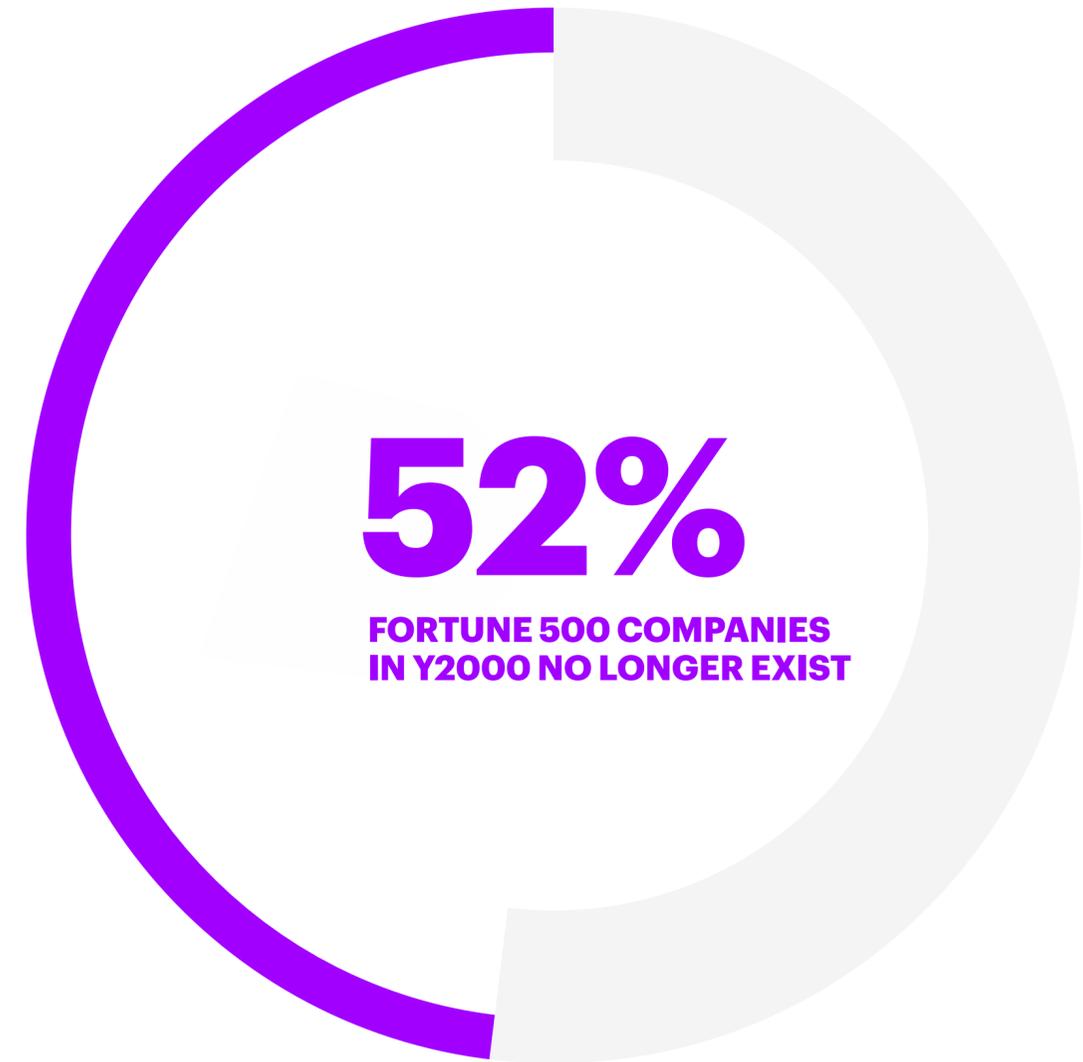
of other companies can say the same.

This area proved to be a key differentiator for high performers across 9 out of 10 industries we studied—more than any other capability set.

NO TIME TO WASTE

A track record of sustained success is no longer a reliable predictor of future growth, or even survival. 52% of the companies that were included in the Fortune 500 in the year 2000 no longer exist.

That's why Living Businesses are focused on creating new advantages before their current strengths fade. The contrast between their continuously highly relevant offerings, and those of companies hanging onto outdated "best practices," will be stark. And we are seeing that today's consumers choose relevance every time.



ABOUT THE AUTHORS



JOHN ZEALLEY

is Senior Managing Director, Customers & Channels Function for the Consumer Goods & Services Industry at Accenture.

He leads strategy definition and organic growth for Consumer Goods & Services.



GLEN HARTMAN

is Senior Managing Director at Accenture Interactive, North America & Global Digital Marketing Lead.

Cited by Forbes as a “Top 10 Influencer in Digital Marketing”, he helps Accenture clients engage customers and develop lasting brands.



MARK CURTIS

is Chief Client Officer at Fjord, part of Accenture Interactive.

He is a serial entrepreneur, innovator and co-founder of Fjord, where he leads offer definition, marketing and business development.



NIKKI MENDONÇA

is Global President at Accenture Interactive Operations.

She specializes in leveraging predictive analytics, content customization and programmatic strategies to drive multi-channel marketing ROI.



JOSHUA BELLIN

is Senior Principal at Accenture Research.

His research focuses on the intersection of changing consumer behaviors, marketing best practices and disruptive innovation.



OLIVIER SCHUNCK

is Principal Director at Accenture Strategy.

His expertise lies in growth strategy, customer experience and next generation of marketing, sales and service performance.

About Accenture

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions – underpinned by the world’s largest delivery network – Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With 459,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives.

Visit us at www.accenture.com

About the Research

In 2017 and 2018, Accenture Research surveyed over 1,000 top executives, including 195 CEOs, at companies spanning more than 10 industries, and with headquarters in 28 different countries. The survey asked about the extent to which customer relevance is driving their company’s growth outcomes, and, also asked respondents to assess their company’s capabilities in terms of becoming and staying hyper-relevant to customers. We used this information to assign each company a “Vitality Score”, and, using both self-reported performance data and public financial data, we developed a model that links vitality with firm performance.

Separately, as part of Accenture’s annual Global Consumer Pulse Survey, we asked over 23,000 consumers, representing 33 countries, and commenting on more than eight different industries, about what makes companies and brands relevant to them. We also found out how their perception of a brand’s relevance drives their purchasing behaviors.

Read more at www.accenture.com/livingbusiness