

Revenue management IN THE **COVID-19** era

“Crisis upends existing social order and creates paradigm shifts.”

- Albert Camus

While the economic impact of COVID-19 is not yet fully understood, competitive dynamics, supply chains, and customer needs are shifting rapidly. The spread of the virus across the globe—and subsequent retrenchment of markets and consumer buying patterns—highlights the need for companies to refresh their strategies for serving tomorrow’s demands.

COVID-19 is creating deep and far-reaching impact on what consumers value and how they live their lives

The virus is sending shockwaves throughout markets everywhere and exposing vulnerabilities in the personal and professional lives of people around the globe.

The COVID-19 crisis has led to supply chain disruptions, liquidity challenges, and new market demands. Many firms are experiencing significant challenges, while others are seeing new opportunities open. Business is built on human connections and personal interactions—now is the time to understand how needs are changing and adapt your approach to the market.

Navigating short-term disruptions and preparing for a new normal

Short-term demand shifts are already apparent, and it is likely that long-term consumption patterns will change significantly

SHORT-TERM DEMAND SHIFTS:



Supply chain disruptions have led to large-scale shortages of needed commodities



Liquidity challenges require careful cost containment to sustain ongoing operations



Demand changes have had a disproportionate impact in Airlines, Hospitality, Energy, and Food Service



Remote-only requirements have led to large-scale shifts in how value gets created and how we interact with customers

LONGER TERM, NEW OPPORTUNITIES WILL ARISE:



New value drivers Safety and the ability to transact and consume remotely are rising in importance



Demand growth Some sectors are seeing growing demand for services as varied as frozen foods, content streaming, and health care



Risk mitigation: Consistency and certainty are focal needs across markets

What will it take to succeed IN THIS **new normal?**

The most successful companies are nimble in how they address changing market needs. To navigate these challenging times, companies should focus on the following:



Customer centricity

Update the understanding of the customer to uncover new needs



Pricing strategy

Align price and promotion strategy with the new ways that consumers buy and transact



Operating model agility

Be ready to create, deliver, and fulfill the emerging market opportunities

Respond

CONTROL THE TACTICS

Focus on getting more out of existing offerings and customer relationships—plug price/margin leakages from unprofitable products and customers



Immediate cash flow improvements

Recover

DEFINE THE STRATEGY

Assess market needs and how they have evolved. What is today's value proposition? How are disruptive technologies being leveraged? What are the new ways in which we can connect with markets?



Effective market response

Thrive

EMBRACE THE FUTURE

Develop broader tech-enabled commercial capabilities to better serve evolving customer needs, develop and deliver offerings to capture and sustain value



Modernized revenue management

Bringing it all together

The biggest challenges require businesses to innovate and re-think their revenue and operating models. Now is the time to test all.

The epidemic is changing market needs in important ways that require companies to adapt. Deloitte has been helping companies win and thrive in challenging times for 30+ years.



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