PLAYING TO WIN VS PLAYING NOT TO LOSE:
LIVING BUSINESS

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accenture strategy
DISRUPTION: WHY DOES IT MATTER?

The main C-Suite challenge = delivering profitable growth.
GROWTH IS NOW ELUSIVE
AND MUCH HARDER TO ACHIEVE

<table>
<thead>
<tr>
<th>Disruption Redefines Growth Boundaries</th>
<th>Past Success is Just Not Replicable</th>
<th>Traditional Ways Do Not Yield Predictable Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital Speeds</td>
<td>7 Out of 10 CEOs state that traditional approaches are increasingly irrelevant.*</td>
<td>Strategy of “More” is Outdated More campaigns, more stores, more loyalty efforts...do not link to more profitable growth.</td>
</tr>
<tr>
<td>Empowered Customers</td>
<td>3 Organizations only stayed in top 10 of most valued over last 10 years.**</td>
<td>Growth Initiatives Often Fail Many growth efforts are too partial, too fragmented and too static to make a real impact.</td>
</tr>
<tr>
<td>New Disrupted Markets</td>
<td>4 Years to reach $1bn valuation today; previously took 20 years.**</td>
<td></td>
</tr>
<tr>
<td>New Value Equations</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: *Accenture 2017 Living Business Research; **Accenture analysis.
LIVING BUSINESS
SURVIVING BUSINESS CYCLES WHILE GROWING

WHERE ARE YOU?
PLAYING TO WIN:
Delivering sustainable profitable growth
IN TODAY’S DISRUPTED MARKETPLACE
CUSTOMER RELEVANCE IS THE KEY TO GROWTH

<table>
<thead>
<tr>
<th>Purchase Trigger</th>
<th>Older Millennials (28-37)</th>
<th>Younger Millennials (21-27)</th>
<th>Generation Z (18-20)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I needed it</td>
<td>64%</td>
<td>59%</td>
<td>32%</td>
</tr>
<tr>
<td>Saw something I liked while shopping in store or browsing online</td>
<td>34%</td>
<td>26%</td>
<td>23%</td>
</tr>
<tr>
<td>I randomly saw something I liked</td>
<td>15%</td>
<td>21%</td>
<td>14%</td>
</tr>
<tr>
<td>Recommended by friend or family</td>
<td>16%</td>
<td>23%</td>
<td>16%</td>
</tr>
<tr>
<td>Just wanted to buy something</td>
<td>32%</td>
<td>26%</td>
<td>24%</td>
</tr>
<tr>
<td>Saw an advertisement – TV, print, radio</td>
<td>14%</td>
<td>16%</td>
<td>20%</td>
</tr>
<tr>
<td>Got interested in something by going on social media – YouTube, Instagram, Facebook</td>
<td>9%</td>
<td>9%</td>
<td>13%</td>
</tr>
<tr>
<td>Email from retailer</td>
<td>2%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Younger consumers are increasingly impulse-driven – and influenced by others in their purchases.

Source: Accenture analysis 2018

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# A NEW GROWTH ERA: FROM LOYALTY TO RELEVANCE

<table>
<thead>
<tr>
<th>GROWTH ERAS</th>
<th>1960s</th>
<th>1980s</th>
<th>1990s</th>
<th>2010s</th>
<th>2020s</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MASS-MARKET</strong></td>
<td>Mass Production</td>
<td>Market research</td>
<td>Enterprise IT</td>
<td>Advanced CRM</td>
<td>Digitization of Everything</td>
</tr>
<tr>
<td><strong>SEGMENT</strong></td>
<td>Volume</td>
<td>Purchase funnel</td>
<td>Customer lifetime value</td>
<td>Customer retention</td>
<td>Customer attraction / gravity</td>
</tr>
<tr>
<td><strong>CUSTOMER</strong></td>
<td>Mass appeal</td>
<td>Segmentation</td>
<td>Proposition innovation</td>
<td>Tailored incentives</td>
<td>Personalization</td>
</tr>
<tr>
<td><strong>LOYALTY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Technology Enabler
- Mass Production
- Market research
- Enterprise IT
- Advanced CRM

## Performance Indicator
- Volume
- Purchase funnel
- Customer lifetime value
- Customer retention

## Front-office Lever
- Mass appeal
- Segmentation
- Proposition innovation
- Tailored incentives

## Management Focus
- Scale
- Relationship
- Personality
- Product
- Channel
- Experience

**SCALE**: Mass Production, Mass appeal, Enterprise IT

**RELATIONSHIP**: Market research, Purchase funnel, Customer lifetime value, Customer retention, Tailored incentives

**PERSONALITY**: Enterprise IT, Mass appeal, Proposition innovation, Tailored incentives, Personalization

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Companies need fluidity and agility to continuously accommodate customers’ ever-evolving needs and circumstances.

- 25% of customers say that they’d quit doing business altogether with a company that wasn’t relevant.
- 50% more likely that a company perceived as relevant by its customers will be recommended to friends & family.
BECOMING A LIVING BUSINESS

What do they do? And how do they do it?
A LIVING BUSINESS
STARTS WITH FOUR “VITAL SIGNS”...
A LIVING BUSINESS
...AND THEN EXECUTING FIVE CAPABILITY SETS AT SPEED.

TARGET NEW OPPORTUNITIES
Target core and disruptive growth initiatives to fuel responsive innovation.

REWIRE CULTURE
Rewire your workforce with a customer-first mindset.

SCALE WITH PARTNERS
Scale with a broad and new set of ecosystem alliances.

DESIGN FOR CUSTOMERS
Design products and services as hyper-relevant platforms.

BUILD ENGAGEMENT
Build intelligent marketing and sales experiences.

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Examples of Living Businesses, from across the globe, and across industries.
mBank has developed a digital service model, “mPower Business Starter”, that enables customers to launch a new business in one efficient transaction, and about 10 minutes.
Elevated cruise vacation experience by connecting people, places and cultures from around the world in a more profound way.
FIAT is changing the art and science of seeking, buying, selling and service...with digital at the heart.
Nike is using an array of partners to extend relevant offers to customers, unlock customer data and advance the brand.

“We see massive potential in a future where more Nike products are connected, bringing consumers inspirational content and serving as the onramp for Nike membership. And you can envision where that future goes, where consumers seamlessly engage with us through digitally connected products that continue to inform our design, manufacturing and distribution capabilities, creating new growth opportunities.”

- Mark Parker, Nike CEO

Source: diginomica.com
A track record of sustained success is no longer a reliable predictor of future growth, or even survival.
THANK YOU