

# Reimagining go-to-market strategies after the pandemic



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The coronavirus pandemic has hampered companies' go-to-market strategies everywhere, but nowhere has the disruption been more severe than in emerging markets.

Once the crisis has receded enough for businesses to start bouncing back, emerging markets will experience a reset in demand. However, there will also be a dramatic change in the shape of demand on the front line. Covid-19 has already significantly disrupted sales teams' traditional activities. There are many unknowns ahead, but one certainty is that go-to-market approaches must fundamentally change.

Preparing for the rebound requires a different mindset and I see five imperatives in the rebound phase.

## Reimagine the sales process

Covid-19 has accelerated the ongoing process of the digitisation of sales. Businesses decision



makers should look at every sales role and activity to find opportunities for digital automation or augmentation. BCG's global survey of companies in a variety of industries found that roughly 80% of companies are actively exploring ways to shift their go-to-market strategies away from in-person channels and toward digital ones.

Companies must reimagine the entire sales process and answer the following questions:

- Are these activities really needed?
- Is there a way to handle them digitally so they become more efficient and effective?
- Could existing solutions or partners help with the reimagination process?



### Rethink the distribution model

The pandemic is compounding subscale distributors' growth challenges with higher costs of working capital and unfavourable economics. Data clearly shows that bigger distributors grow faster and invest more in their businesses than smaller ones do. Once they get through this period of short-term distributor support, companies need to evaluate the scale, architecture, and profile of these partners. They also need to critically evaluate the role of the traditional distributor.

Companies need to reassess how well their distributors are handling multiple activities – such as servicing and breaking bulk, secondary execution, retailer credit, collections, and local compliance – and whether other players in the ecosystem could do the work more effectively.

There are clearly many inefficiencies in the way distributors carry out their business today – often relating to deliveries or order-taking at the fragmented front end. Companies also need to completely rethink the payout structures for

distributors, taking into account the role they want each distributor to play and linking payouts to performance.

The rise of B2B e-commerce players in emerging markets has been driven by the belief that technology can make some aspects of distribution more efficient for both the companies trying to sell products and their retailers. This is undoubtedly true. However, the use of B2B e-commerce platforms will force companies to think through a number of business model issues, such as:

- How do we manage the inevitable conflicts with distributors?
- Should we create our own B2B e-commerce platform or should we partner?
- How do we change our team and functions (including trade marketing and sales) once we start using such platforms?
- Who handles the jobs of core activation and demand generation?

### Pivot to win in e-commerce

BCG's recent consumer research shows a systemic shift toward e-commerce. This shift isn't surprising, given the highly transmissible nature of Covid-19, and it isn't the first time that a health crisis has caused consumers to shop differently: there was significant and sustained growth in e-commerce after the SARS outbreak in China.

In South Africa, online retailers reopened a few days into level five of lockdown to focus on offering essential goods. Others paused their core service offerings and pivoted their businesses to

selling and delivering essential goods such as fruit and vegetables and later groceries. Online retailers were forced to innovate and make sudden shifts to their businesses as they navigated the restrictions imposed on e-commerce to ensure their survival.

Companies should use this opportunity to develop their e-commerce 2.0 business strategies. Many leading companies are already planning to grow their e-commerce businesses, including for products such as building materials and tires, which retailers used to sell to in-store customers directly. Product assortment and packaging, digital marketing, merchandising, and customer service are among the areas in which companies must develop capabilities to succeed in e-commerce in emerging markets.

### Optimise front-end sales spending

Companies have traditionally devoted a high share (from 20% to 30%) of the gap between consumer price and net revenue to channel trade spend. Covid-19 creates an imperative for companies to optimise their highly fragmented, often mismanaged, trade investments by prioritising spends across Stock Keeping Units (SKUs) and to analyse affordability, brand strength, market share, and competition on the basis of location.

Our analysis across multiple clients suggests that as much as 20% of trade spends is wasted through leakages. These leakages can be plugged by the effective use of technology including analytical rules to ensure the correct classification of different retail segments. A structured approach can help



companies reduce the cost to serve by 200 to 300 basis points and free up capital for investments in disruptive opportunities.

### Explore digital partnerships

To address customers' expectations and new behaviours in the aftermath of the pandemic, a go-to-market approach that leverages digital technology is critical. Companies should creatively and carefully assess partnerships with logistics and delivery providers, with B2C and B2B e-commerce businesses, with technology providers, and with companies in the broader ecosystem to unlock value through disruptive ideas.

Locally we saw several partnerships between retailers and online logistics platforms, to enable shortened delivery times of groceries for the

convenience of customers during the lockdown period. With reduced budgets and increasing cost pressures, strategic partnerships with other companies can be beneficial to all parties. Companies should be asking themselves what to build, what to partner on, and what to acquire.

### Preparing for an uncertain future

The crisis is forcing companies to make structural changes in their go-to-market plans. They must, therefore, become more effective in how they respond to evolving consumer and customer needs, in navigating the competitive landscape, and in controlling the costs of doing business. Nimble organisations that can innovate and adapt digitally will be the ones that shape the new reality. **SR**