How brands can win when markets are volatile

By Zak Haeri , issued by GfK – An NIQ Company

2 Feb 2022

Before the pandemic struck in early 2020, we were already operating in fast-moving and uncertain times. But Covid-19 has exposed us to levels of market volatility that we have not seen since the Global Financial crisis more than a decade ago. Indeed, we've moved through such rapid cycles of infection, lockdown, and government stimulus that the heads of most business and marketing leaders are still spinning.

The outlook for 2022 is uncertain, with much depending on whether we see new Covid-19 variants emerge. While there's an air of cautious optimism that we've seen the worst of the pandemic, the withdrawal of government relief measures, rising interest rates, local and geo-politics, digital acceleration, and higher inflation pose challenges of their own.


Zak Haeri

So, how do brands position themselves to win in such an uncertain market when a range of forces are shaping customer behaviour?

There is no one-size-fits-all answer, but there are three general principles that can help most organisations navigate market turbulence:

1. Offence is the best defence

In turbulent times, many organisations batten down the hatches and wait out the storm. They follow a strategy of damage limitation because they do not want to take any bold risks based on an imperfect understanding of how the market dynamics are changing. However, there are also businesses that see volatility as an opportunity to not only protect and consolidate their businesses, but to grow them by taking calculated risks.

There are some brands in nearly every sector that have grown their market share throughout the Covid crisis. They used data and information to make forecasts about the future and made educated bets about where and how they could win in the new reality of lockdowns and global supply chain disruptions. In many instances, these brands have grown at the expense of the brands that, for example, cut marketing budgets and inventory while they waited for the crisis to pass.

2. Make decisions based on facts

Even though data-driven decision-making is one of the buzzwords of the moment, many business decisions are still made based on gut feeling or conventional wisdom. Because human beings are blinkered by dozens of cognitive biases, this can lead to decisions that are irrational or based on a limited perspective of the world. The more complex the decision, the riskier it is to make irrational decisions based on wobbly assumptions.

Changing this picture begins with the humility of admitting that no person knows everything and seeking the facts. Not only can the facts guide the organisation towards making better decisions, they can also build support among stakeholders for doing the right thing. If facts are available, all stakeholders can evaluate them and reach the same conclusion. We always find, however, that using the facts and data to tell a story supports this process.

3. Separate signal from noise

Organisations today are data-rich, with data flooding into their businesses from a growing list of internal systems, external data providers and connected devices. But the real challenge in an age of big data, when data lakes have turned into data swamps, is identifying which data can be translated into valuable business insights. This highlights why it's important for brands to focus on data quality and work closely with partners who understand how to extract actionable information from their data.

MARKETING & MEDIA

WATCH: Unfolding consumer and market trends, and how brands can win in a volatile market

GfK 13 Dec 2021

The role of AI and market intelligence

As organisations strive to improve their resilience and agility during these times, we see a growing role for artificial intelligence (AI) in supporting their business objectives. At its most powerful AI isn't about automating human jobs away; rather, it's about enabling and augmenting human intelligence. AI's ability to make sense of data at a scale and speed is unfathomable to humans.

In particular, AI excels at surfacing facts humans might ignore (because of their biases) and sifting through the noise in massive datasets to help find the right signals. An AI algorithm can consider thousands of variables in a complex system and their non-linear relationships, while a human struggles to keep more than a handful of variables in mind at the same time. For example, a solution such as gfknewron can make forecasts-based signals like point-of-sale data, consumer insight and social media listening.

It can analyse how variables such as price points, consumer preferences and behaviours, channel, product choice and more interact with each other. Not only can this answer questions such as which product a customer bought, where and at what price, it can also help to predict future trends. This enables a brand to craft the right pricing, channel, product and marketing strategies to drive revenue and profit growth.

The human touch remains important. A marketer or data analyst will not only grasp what the data is saying, but will also be able to shape the recommendations and forecasts into a story that resonates for their colleagues.

Building to last

Built to Last, Jim Collins' study of what separates a company that thrives over the long term from one that doesn't, concludes that there are two dynamics at play: its ability to preserve its core ideology and its ability to change strategy and operations to remain relevant in a changing world. Each business leader knows about the purpose and vision that makes their company unique. AI can help equip them with the insights and forecasts they need to adjust their strategies and operations to ensure relevance as technology, customers and markets shift.

ABOUT THE AUTHOR

Zak Haeri is the managing director at GfK South Africa.

- **South African retailers have arrived at an e-commerce crossroads** 24 Apr 2024
- **A convergence of retail and e-commerce ideas at a must-attend event** 25 Mar 2024
- **South Africans prioritise value for money in festive season spending** 19 Dec 2023
- **Black Friday 2023: Retailers and manufacturers will need to be agile to navigate a volatile landscape** 19 Oct 2023
- **Omnichannel strategies: One size does not fit all in South African retail** 19 Sep 2023

GfK – An NIQ Company

Reliably delivering #GrowthfromKnowledge to our clients. Empower bold actions for sustainable growth.
Profile | News | Contact | Twitter | RSS Feed