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Unravelling the Practices Adopted by Consumer Companies in the New Normal

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Abstract

The pandemic coronavirus has altered the ways of consumers living, spending, eating, recreation and almost everything. Resultantly it has impacted the practices adopted by the companies dealing in consumer goods. Keeping this in mind the present study aims to elucidate the changed practices adopted by consumer companies in India. The findings bifurcated companies into three dimensions front office, middle office and back office. Further it was concluded that in the age of new normal companies primarily have invested their around 33% of efforts in operational movement, 26% in customer eccentricity and about 24% in employee welfare. For future consumer companies tends to adopt a 3P strategy i.e. Positive consumers, productive employees and proactive business.

Keywords: Consumer Companies, Covid-19, New Normal, Changed Practices, Front Office, Middle Office, Back Office.

Introduction

The novel coronavirus originally emerged from wet markets of Wuhan, china in December 2019. Slowly and steadily it encroached in almost all parts of the world. This deadly disease was declared pandemic on 11 February 2020. As a preventive and curative measure to contain the harmful impact of coronavirus the government of various countries including India declared a complete lockdown which was further eased from time to time keeping in view the declining graph of country's GDP. During this prolong period of new normal the consumer behavior drastically took a turn. It has changed the way of people eating, spending, living and has hit almost every aspect of consumers life. Symmetrically it has woven the ways in which the consumers companies operated prior to this lethal disease. The normal ways of company's operations have been completely halted. Due to the outbreak the companies have devised new ways to survive with the new normal



situation. This paper attempts to highlight such practices adopted by consumer firms which ultimately deals with the final consumers. The covid-19 has impacted almost all facet of businesses Consumer attitudes has been significantly changed as they are now more emphasizing on safety and hygiene focusing on essential items. The logistics and distribution have completely undergone changes due to unavailability, government restrictions and consumer changed behavior. Even the production has seen some disruption due to scares raw material, limited manpower availability and lastly the changed demand pattern. Keeping the safety of employees in mind the operating model in the new normal has been shifted to work from home model. All these impacts have changed the cash flow framework. Now companies have to manage the increased fixed cost and also the working capital.

Literature Review

(Seetharaman ,2020) elucidated the impact of coronavirus on industries. The pandemic left the world in standstill position which led to imposition of social distancing norms and restriction on people working in industries. Information delivering firms continued their operations smoothly but firms dealing in production of physical products were either forced to scale down their production or halt their operations temporarily. The crises aroused the needs for such firms to redesign their present product and services, design alternate digitalized products and services and altering the ways of delivering with maximum safety measures and less contact.

According to (Tripathi & Bagga, 2020) the pandemic imposed strict restrictions of social distancing which made businesses to shift operating model from physical to virtual workplace. The goal of profit maximization before pandemic has now been changed to survival and continuity. The new practices adopted during this outbreak includes business intelligence, artificial intelligence and analytics to track businesses. Business Intelligence is used consistently in the pandemic era to track the healthcare system. It helps in identifying the people infected by coronavirus, places they have travelled in the past, availability of healthcare facility for infected people.

(Jiang Wen, 2020) Conducted a study to know the management and marketing practices being adopted by hotel industries during the age of new normal. The research studied covid 19 impact from three perspective artificial intelligence, sanitation and cleanliness and healthcare. The use of artificial intelligence for thinking and feeling has opened new avenues for health and hygiene.

(Ozili & Arun,2020) Spiking coronavirus cases halted almost all activities including businesses operations, finance market, organization of events etc. The fear among people of getting infected by virus lead to adoption of safety measure while investing and consuming. Increased lockdown period and foreign movement restrictions severely impacted the stock prices. As opposed to it restrictions imposed on internal movement and higher fiscal spending had a positive impact on economic activities.

(Hall et al.,2020) examined the impact of changes in consumption pattern due to coronavirus pandemic. It was found that more consumption of a specific category of products led to accumulation of that production leaving other aside. During the pandemic era the hospitality sector was hard hit because of diminishing demand.



(Knowles et al.,2020) revealed that coronavirus pandemic outbreak and subsequent imposition of lockdown and social distancing norms led to radical shift in consumption pattern and the way of peoples shopping. This will significantly impact the brands since consumer is a cognitive miser and hence once they adopt a particular shopping and consumption habit may shift permanently. Thus, it becomes imperative for the brands to values to their customers in order to sustain in long term.

Coronavirus and Consumer Companies

The companies dealing directly with consumers are tremendously investing their efforts in three key areas including 33% in operational movement, 26% in customer eccentricity and 24% in employee welfare. For operation movement the companies are revamping their supply chain in order to fulfill orders. The companies are continuously monitoring their approach to directly reach the customers as well they are redesigning their warehousing network to fulfill the customers' orders promptly. In addition, companies are redesigning their business model taking into account cost effectiveness and are negotiating contracts to reduce spending on rent, purchase of raw material. Further such companies are adopting integrated plan programme, the long-term plan are now being restructured and making use of analytics to make planning process more efficient. New schemes are devised to engage business partners with changed marketing dynamics. For customer eccentricity the companies are increasingly focusing on customer engagement by connecting with customers through digital platforms and maintaining brand value. Companies are conducting surveys to know the new trends and continuously interacting to create safety cognizance. Companies are making efforts to reach customer through e-commerce and are processing orders through e-mails and other digital channels. Contactless shopping is increasingly being used. Products are now being manufactured keeping in view the new lifestyles of the consumers. Lastly efforts on employees cannot be ignored. Companies are investing in upgrading their employees to operate in new normal scenario. Companies deploying efforts on educating employees through e-learning platforms and helping them in inculcating leaderships traits as well soft skills. Session are being regularly conducted to motivate employees and take care of their mental well-being to cope up with new living ways. Keeping safety of employees in mind artificial intelligence is used along with face recognizing technology. Adequate infrastructural facilities are being provided to employees to work efficiently. For a deeper understanding of the practices adopted by companies, the companies dealing with customers have been divided into three unit's front office, middle office and back office.

Front Office

Front office is comprised of all the functions which involves interaction with customers including marketing activities, sales and customer services. sales and channels are now more focused followed by marketing communications and customer services. Companies are now opting for alternative sales channels like e commerce, tele calling, collaborating with companies with strong distribution framework. Existing channels are being redesigned especially in retail channels with more emphasis on rural markets. New pricing mechanism, new schemes being developed. Extended warranty period and return period being devised to cope with the changed circumstances. Training of salesforce to increase the efficiency of workforce and improve relations between company and



employees. Companies interacting through online with customers and creating awareness about safety and hygienic environment through online platform and videos sharing. A significant amount is now being spent on digital media than traditional media. Customers safety is of utmost priority for companies. Remote services is on the top where customers requests are handled remotely either through instructional videos, users manuals, chat bots etc.

Middle Office

Middle office is composed of company's core activities including research and development, production, procurement. Much of middle office functions are performed in the field of supply chain and production management. Supply chain is adjusted for new normal by mainly direct distribution thereby removing the middlemen. Order processing is usually being done online. To keep the safety norms in minds packaging are now changed to meet needs for sanitization. Companies are expanding the production of essential items. Companies are complying with the norms issued by regulatory authorities. With the lockdown regime companies are procuring most of the within national boundaries.

Back Office

All the support function to the above-mentioned activities is performed by back office including financing, taxation, IT related and human resource related. Most of the back-office functions are focused on human resource management and financial management. HR is taking all possible measures to keep their employees engaged and motivated. The HR teams are now becoming more agile. The companies seating arrangements, social distancing norms, sanitization, temperature checks are being increasingly considered. More companies are partnering with government for creating awareness, fortifying infrastructure and partnering with hospitals to have access to healthcare facilities. Financing and auditing functions are now becoming digital. Working capital is now increasingly monitored and only essential cashflows are addressed. Companies are now regularly interacting with financial advisor to revamp the strategies.

Conclusion

The coronavirus has left the economy in the state of disruption. Almost all sectors have been severely impacted. Its impact cannot be overlooked on company's dealing with consumer directly also called consumer companies. The pandemic has interrupted the operating practices followed in these companies. The paper aimed to study the changes in practices adopted by the consumer companies in the new normal era. The findings revealed that consumer companies are now paying more attention to front office function with focusing more on selling directly to consumers by removing middlemen. Companies has largely diverted their attention on adopting safety measures in every aspect of company operation.

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