

Survive Or Thrive?

How To Emerge From An Economic Crisis Stronger Than Ever

Lessons From 8 Companies

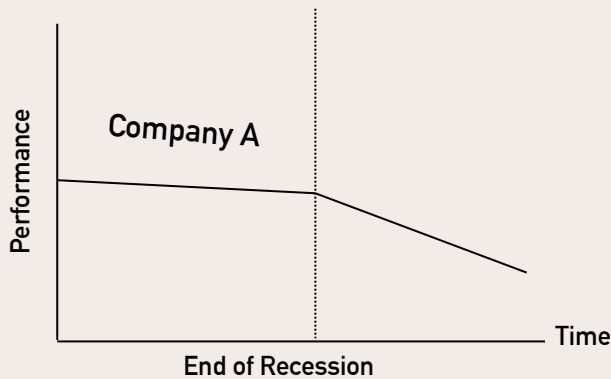
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How To Impact



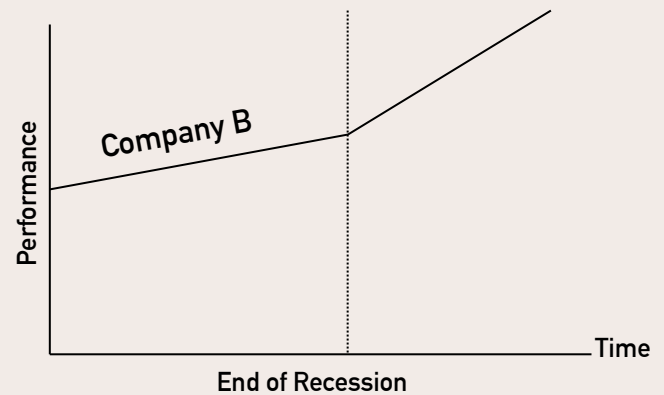
Innovation Investment During Crisis: Two Schools of Thought

Nobody knows what the economy will look like at the end of a crisis, but we can't afford to hibernate until it's over. It was during the GFC and the US recession between 2001-2010, that two schools of thought on innovation investment during times of crisis emerged:



School A: Just Survive

Tighten our belts and focus on the bottom-line, stop any non-core investment, undercut the competition, pare back and hold tight.



School B:

Lay the Groundwork to Thrive

Now more than ever we need to innovate to differentiate ourselves from the market, to add customer and consumer value, while managing our bottom-line.

Finding Opportunity In Adversity

Periods of extreme change in behaviour, mindset and delivery of commerce become the perfect time to act: to make better decisions and problem-solve, to identify and foster new areas of opportunity, while operating leanly and swiftly.

Post-GFC saw the emergence of some of the biggest companies in the world. In the following cards, discover 8 companies that stayed switched on to new market needs in a recession, acted nimbly to pivot their business and seized an opportunity to position themselves for exponential long-term growth.

Airbnb (2008)

Making Ends Meet

Struggling to meet high rental prices, Airbnb founders, Brian Chesky and Joe Gebbia had the idea of renting out an air mattress in their San Francisco living room for some extra cash. It was the same year as the onslaught of the Great Recession and led to one of the first instances of the share economy going digital.

Key Learnings

Airbnb disrupted the market of short-term accommodation, providing an alternative for those who were priced out by hotels and allowing travellers the opportunity to 'Live Like a Local'.

How could we identify underserved markets, disrupt established behaviours and create new value equations?



SodaStream (2009)

The Right Time To Relaunch

At-home carbonation devices were a staple items in households in the 1970s and 1980s before fizzling out as consumers opted for store bought soda in bottles and cans. That all changed in 2009 when SodaStream re-launched with a revamped minimalist design and reformulated mixes - moving away from sugary drinks and toward mineral waters that brought health, sustainability and cost saving benefits to tight pocketed soda lovers at just the right moment.

Key Learnings

The SodaStream device offered the advantage producing the same products at half the cost. in less than a minute... but had lost traction In the face of economic recession and with sustainability issues coming to the forefront, SodaStream's relaunch ticked all the right boxes. Globally sales climbed from 730,000 units in 2007 to nearly 2 million in 2010.

How could we tap into changing consumer mindsets to (re)launch a product that addresses a real - new - need?



Hyundai (2009)

Providing Assurance



In 2009, the US market was down 39.4%, when Hyundai almost doubled their market share - from 2.4% to 4.1%. The auto company was able to do this with the their Hyundai Assurance program: a system that encouraged customers to buy a new Hyundai and if they lost their job, the automaker would make the payments for them for a period of time, then buy back the car.

Key Learnings

The response to the program was overwhelmingly positive. By reassuring its customers that they would be assisted with car payments in the event of economic hardship, Hyundai was able to double their market share,

How can we offset risk in the current climate, intervene directly to assist our impacted customers and ultimately build long-term brand loyalty?





Mailchimp (2001)

A Voice For Small Businesses

Mailchimp started out working with large corporate clients with yearly retainers. When the Great Recession hit, Mailchimp was forced to pivot its business model, they added 'freemium' access to their product to better serve smaller, cash-strapped businesses who were trying to reach their audiences- once a user reaches 500 subscribers, all of Mailchimp's features became 100% free to use.

Key Learnings

Mailchimp was a small business themselves, they understood what those businesses wanted out of their marketing tools and recognised that email was a cost-effective and accessible marketing channel for SMEs.

How could we pivot our proposition to gain competitive advantage in a changing economic landscape?



WhatsApp (2009)

Democratising Access

WhatsApp founders, Jan Koum and Brian Acton created the encrypted messaging app 'WhatsApp' as a way for people around the world to message each other quickly. At the time, text messaging required a phone number with a country code. The app gained quick popularity because users could communicate with friends and family using the Wi-Fi network.



Key Learnings

The internet messaging application came into being because of the need to democratising phone-based communications. It succeeded by capitalising on emerging trends like push notifications and messaging encryption.

How could we broaden access to our product and services in a time of restricted physical movement?



Warby Parker (2010)

Seeing & Acting On A Need

Warby Parker was founded in the middle of the Great Recession when its founders found that it was nearly impossible for customers to purchase an affordable pair of fashionable glasses online. They went on to grow Warby Parker – an online-first prescription glasses company – into a thriving direct-to-consumer business by bypassing the middle man and mark-up on lenses.

Key Learnings

Founders at Warby Parker recognised an enormous pain-point in the eyeglass industry, albeit one that was seemingly a losing proposition. Turns out, yes, people do want to buy glasses online.

How could we bypass the middle man to deliver products straight to our customers?

WARBY PARKER





Pinterest (2009)

Pinning For A 'Better' Time?

Ben Silbermann, Evan Sharp and Paul Sciarra, benched their previous app to launch Pinterest, a website and app that resembles a digital scrapbook. Research they found in the development of their previous project found that many users acted in a particular way - sending themselves images and links, not necessarily to buy the item, but to 'collect' them (maybe for a future purchase?)

Key Learnings

When spending was down, Pinterest thrived on its subtle but compelling online brand engagement. While traditional ads got in the way of other forms of social media and 'pushed' products on consumers who weren't ready to convert, Pinterest acted as a platform to share ideas and 'save' products for later - delivering a meaningful value-add.

How can reconfigure how we engage with our end-users to create value and build positive brand sentiment – for the short and long term?



Groupon (2008)

Promoting Connection In A Time Of Need

Andrew Mason founded Groupon in the middle of the 2008 recession. The website promotes companies by offering deals on their products and services to consumers. By encouraging product discovery through discounts and incentives, Groupon provided a way for companies to gain exposure and ease consumers into discretionary spending.

GROUPOON

Key Learnings

During a time of market uncertainty, Groupon used technology to create a two-sided value proposition - helping all parties to thrive by connecting businesses and brands with their customers and offering customers cost-savings at the same time.

How could we foster collaboration to enable mutually beneficial outcomes for businesses and end-users?



Recessions demand more innovation (not less) – they catalyse extreme behaviour change, disrupt the rules of established markets and increase the need for genuine utility and innovation to help end-users navigate their new normal.

Now is the time to **hunt for fresh insight** that sheds light on the rapidly changing needs of your end-users, to **run Agile Innovation projects** that allow you to explore multiple new opportunities at pace, and deploy **rapid prototyping** to validate new business ideas with minimal investment.

Reach out to discuss how you can drive your innovation agenda forward in this moment of flux.

Let's make something amazing together.



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