

# BOWEN



## Post-Covid Aftereffects include Widespread Innovation

### 10 Pain Points that will Continue to Drive Change

Looking back over the past six months, we adopted more new behaviors than ever before. Some of them, like the Covid haircut, we are eager to leave behind. But others might endure longer term. What are the lingering pandemic *pain points* that might continue to fuel change in the future?

Pain points can create an impetus for successful innovation. Persistent pain can motivate people to experiment with new behaviors to find relief. Observing these new behaviors is often the key to new product and service ideas that gain traction.

Earlier this summer we interviewed more than two dozen CEOs and their trusted advisors about their experience with the Covid crisis and their forecasts for the future. In those interviews, and in the many conversations that followed, we heard harbingers of change we can expect to see for years to come. Here are ten central themes.

## 1. VIRTUALLY THERE

When physical distancing dismantled the workplace as we knew it, permanent change was heralded by companies and employees alike, many committing to remote working for the long term. But one hospitality industry CMO reminds us, “We’re human. Our juices flow differently when we’re together.”

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While “zoom” has been adopted as a new kind of verb, digital solutions still struggle to replace all the human connections, especially in collaborative situations. For the CEO of an international management consulting firm, “It’s harder to take cues from somebody. You have to hear the side conversations, to smell the sweat, and to sense the kindness.”

In the world of work, innovation will drive change across technology platforms, workplace design, and communications protocols. Remote working challenges leaders to capture nuanced conversations so that soft meanings can be understood and, more broadly, to create cultures that fully support the needs of employees. All this while maintaining the benefits of distance working, like better work-life balance and physical safety.

When people eventually return to the office, a different challenge unfolds. As one CPG executive predicted, “we will reject the former ‘office of the future’ – characterized by more density and less personal space.”

## 2. FROM HOME TO HUB

Real estate is booming in some US markets, but one seasoned realtor encountered skepticism when her customer viewed a now ubiquitous “open concept” space and turned to her to say, “I need a place for myself.”

Faith Popcorn’s “Cocooning” trend from decades ago spoke to the home’s role of shielding its busy occupants from a chaotic world. But the impact of Covid is different. Now the home must play many concurrent roles, prompting the National Board of Realtors to assert, “Where you live has never mattered more.”

The New York Times signaled agreement by launching a new At Home section “for a new way of life.”

Innovation will respond through a shift in residential architecture, to build more varied, modular and individual spaces into family homes. Technology will concentrate on improving the user experience of connectivity for socializing, learning, working and other activities that have already

found their way home. Theaters, health clubs, places of worship, schools and anywhere people convened in the past, will rethink offerings to allow for more meaningful distance participation.

Providers of all types of consumer experiences must consider hybrid solutions that work anywhere.

### 3. DIGITAL ISOLATION

Before Covid-19, medical researchers had documented the emotional damage that can be caused by the superficiality of online conversations. Digital platforms often fail to meet basic psychological needs for “real” human interaction and can cause a feeling of isolation. The mental health impact of digital isolation is alarming, with some researchers projecting morbidity and mortality rates that will surpass obesity.

The pandemic did not create this pain point but sheltering brought it into sharper focus. This should not be a surprise. One to five percent of New Yorkers suffered from PTSD for years after the 9/11 attack.

This year, not long after people began sheltering at home, online services like Talkspace.com broke the silence, offering a way for consumers to manage their mental health online.

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Insightful leaders have taken notice. According to one global CMO, “It’s not enough to ask how someone is doing. When you’re talking through a screen, you have to repeat, ‘no, how are you *really* doing?’” A design boutique principal observed a heightened need for mutual empathy. “People have a genuine curiosity about what your life is like at this time – we are spending more time talking about our personal lives than ever before.” As a seasoned executive summarized, “It takes a different management style to inspire people at home and to see into the wellness of the person.”

Remarks like these show that employers are taking responsibility and will call for change in how managers of remote workers are hired, trained and rewarded. It requires more effective, user-friendly platforms for everyone to communicate their mental well-being. Smart tools for filtering negative social content and conversations will likely be part of the mix.

### 4. CORPORATE AGILITY

Covid-19 threw many companies into crisis mode. Top priority was safety, and other issues varied. A CPG marketing executive reported on “fractured consumer marketing and distribution

systems.” Hospitality and travel are “still reeling” from a massive shift in travel patterns and consumer expectations. A national science museum watched revenue disappear overnight and “had to quickly learn to engage customers – and patrons – through other means.”

Covid issued a clarion call to executive leaders to find innovative ways to “de-risk” the future, ranging from strategic planning to culture building, one insisting, “A cultural re-set needs to happen.”

The CEO of a global B2B technology company said, “We are under pressure to redefine value – to explore new business models.” A hospitality CMO agreed, “We have to experiment with new business concepts, to observe performance, and then re-concept.” The CEO of a national research consultancy summarized, “If there was ever a time to think of things differently, it is Covid.”

For the CHRO of a bioscience company, the pain of change is balanced by optimism for the future, “The first thing was to narrow scope – to survive current conditions. Then we could work on how to come out stronger than we were before.” She found guidance in Nassim Taleb’s concept of “antifragility” (HBR, 2012), which may be even more apropos today.

## **5. CLEAN AND SAFE**

Covid-19 will impact how we define standards of cleanliness in everyday situations. After this year, many will not view social contact – from handshakes to hugs – in the same way again.

The CMO of a global lodging company wondered, “Will people be comfortable at a salad bar or breakfast buffet ever again?”

Consumers are responding to the threat of disease by taking control – not surprisingly for one executive who said, “Americans like to be in control.” People who are afraid of Covid are cautiously returning to some leisure activities – like road trips with overnight stopovers, for instance – with new requirements for safety and new safeguards they will enforce themselves.

When Hilton Worldwide announced a partnership with Lysol and Mayo Clinic and new protocols for keeping guests safe, the CMO of a formidable competitor lamented that they “beat us to the punch.”

When researchers alerted us to the germ-resistant properties of copper surfaces, the Aeris copper phone case was born.

The safety-first consumer mindset demands a challenging service model reboot across industries, with hospitality and retail leading the charge. Restaurant service has moved to the sidewalk in many markets, but the jury’s out on how to deal with winter weather or to help people relax with traffic moving inches away. A recent collision in New York City highlights the risk of putting casual diners in harm’s way.

## 6. COMMUNITY CONSCIOUS

A familiar sight among cold sufferers in Asia and Europe for decades, the face mask is a new idea for most Americans. It speaks to the role individuals can play in the health of others, a key factor in conscientious health care.

This kind of behavior change originates with a new mindset. For the CMO of a national fitness club chain, “It’s hard to work out in a mask. But we are asking our [fitness club] members to be more cognizant of other members – to be kind and considerate, to be *mindful*.”

Feeling responsible for keeping others safe will define a segment of American consumers and, for them, will drive new consumer behaviors and innovative products and services that they choose.

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Change may accelerate instore-online synergy (which has been evolving for decades) and bring hybrid solutions to many other places where people congregate. It will extend to education, parenting and home health care. Travel and hospitality will coax seasoned users into healthier behaviors. Insurance and financial services providers may factor new behavioral patterns into risk assessments. Pharmaceuticals may include contagion control among efficacy claims. People may display badges of immunizations with pride.

Businesses will incorporate community health into their purpose and their actions.

For retailers, touchless transactions and the ubiquitous hand sanitizer are price of entry. Now, store programming must eliminate barriers to physical distancing. The CEO of a CPG company knew that pre-packed aisle displays, which could be counted on to boost holiday sales, would be rejected by merchants concerned about traffic flow. As early as May, he called for an alternative strategy that would protect Q4 sales projections, and people’s health.

## 7. THE ESSENTIALS

With the sound of spontaneous cheers at the end of the 7:00 PM shift in cities like New York still ringing in our ears, many of us were unprepared for the emotional impact of that moment.

Across industries, Covid-19 shone a much-deserved spotlight on a group of inextricable roles in our society that we named “essential workers.” The director of an elective surgery hospital that repurposed its facility to accommodate Covid patients observed, “We see a renewed sense of heroism, which extends from health care workers, to our cleaning staff.”

While the gratitude is heartfelt, it is also disruptive.

Elevating the value of essential workers will challenge an established economic model. It begins with compensation and benefits. And, with greater importance, visibility and rewards, come higher standards and expectations for workers, new regulations and increased competition for higher paying jobs. These changes, which will extend far beyond healthcare, will stress the already-fragile margins in the hospitality industry, for instance, and throughout the value chain.

The dean of a private university calls for resolution that results in narrowing of scope, “In education – especially the lower grades – we will need to refocus on education alone and take other responsibilities like family counseling and policing out of the equation.”

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## **8. THE LUXURY OF COMFORT**

The Millennium generation disrupted new product and service ideation for a decade with its preference for collecting rich experiences over expensive “things.” Now, that will be called into question, as the premium value of comfort supplants the value of adventure.

One management consultant predicted that comfort, defined as “a feeling of freedom that results from being confident that we are safe,” would overtake traditional signals of luxury.

A premium skin care CMO reminds us, “High touch is what differentiates luxury from mass. Luxury (in the beauty category) is built on makeovers and demos.” The CEO of a communications agency saw change on the horizon, “Right after the lockdown, we started hearing rumors that our clients would put a permanent end to sampling in store.”

A shopper marketing consultant and author posed the question, “Why would I pay a premium for an upscale restaurant experience, to be served by someone wearing a mask and gloves?”

A hospitality CMO admitted to focusing on premium experiences in recent years, to the detriment of the basics, “Our marketing muscle for more basic services has atrophied a little.”

For brands ranging from consumer products to retail experiences, premium cues must be re-invented. Solutions will vary widely and a theme underlying many of them will be a new, augmented understanding of comfort.

## 9. A SURVEILLED LIFE

Earlier this year, Google and Apple announced their collaboration to use aggregated data to gauge the likelihood of virus transmission by individuals and, in August, the Virginia Department of Health launched COVIDWISE.

Covid-19 has shone a light on the value of personally identifiable information (PII) data in slowing the spread of a pandemic and reminds us of countless other public health benefits – and, at the same time, its threat to personal privacy.

The new app promises anonymity. But it reminds users of the tension point between safeguarding their data and benefitting from it – in public health, marketing and beyond.

One global CEO spoke of the value of user data in the context of marketing, “For the first time, the power of the consumer and the power of the merchant may have reached an equilibrium.”

Many consumers recognize the risk to their personal privacy but feel the train has left the station. An analog may be the watchful eye of drones, which were famously used to disburse public gatherings in some cities – a useful endeavor, but for many, a step too far.

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The challenge for innovation comes down to trust. One executive reflected, “We are living in a powerful trust crucible. It is shocking how little we trust sources of information.” Solutions must contend with who should own the data exchange, how it should be regulated and what the consumer should control. The best solutions will deliver tangible health benefits, with transparency and trust.

## 10. THE EQUALITY MANDATE

In June, Merriam-Webster announced it would change its definition of racism to add the concept of systemic oppression.

Before the Black Lives Matter movement brought many people out of Covid-shelter for the first time to make their voices heard, we had already observed the disproportionate impact of Covid-19 on Black and lower income people – an eloquent example of systemic racism.

The topic is political, but it also issues a mandate for innovators to remove bias from the technology-driven systems and processes that organizations need in order to operate.

College entrance examinations serve as one example. Some educators will not miss the SATs. For a student leadership director at a nationally ranked state university, “The primary benefit of undergraduate studies is psycho-social development. Today, standardized admissions tests do not correlate with undergraduate performance.”

Many universities will seek a new system for filtering an unwieldy number of applications. For them, unbiased, purposeful testing systems – likely developed through the application of machine learning – are long overdue.

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This is only one example. Our population is growing more diverse. Many studies show that diverse organizations are consistently more productive, successful and innovative. It follows that innovation will be needed across the business systems that support them.

In every industry, we must continue to prove the adage, “Diversity is the mother of innovation.”

*Please share your insights and ideas. We look forward to your comments.*