



NEWS RELEASE

Pandemic Drives Increased Velocity of Innovation, Brings New Challenges and Consumer Demands for Customization

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Mastercard and Harvard Business Review Analytic Services Research identifies insights, methods, risks in remote collaboration, enhanced security and customer experiences

PURCHASE, N.Y.--(BUSINESS WIRE)-- The increased demand for digital-first solutions and more customized experiences over the past year has led companies to place a greater emphasis on innovation. In the second edition of the **Become Index**, 53% of executives say their organizations place a high priority on innovation. Close to half of businesses surveyed (42%) responded to the need by increasing innovation budgets. They developed new ways to keep workers safe and novel paths to connect with and cater to customers while safeguarding customers' health and peace of mind.

Become, sponsored by Mastercard and powered by the Harvard Business Review Analytic Services Business Innovators Index, is an annual, long-term innovation research initiative. It provides the actionable insights and roadmap needed to spark innovation, all informed by the extensive research and diverse input from consumers and key innovative businesses around the globe.

In its second edition, Become surveyed more than 1,800 business leaders and more than 10,000 consumers around the world and across industries to identify the traits demonstrated by the most innovative companies:

- Digital Agility: Keeping up with accelerated digital adoption and real-time customer needs, especially touchless experiences



- Surround-Sound Analytics: Making data-driven decisions the lifeblood of the organization
- Ironclad Data Security: Protecting customers and their data
- Strategic Investing: Taking intentional risks and accepting failure as part of the process
- Customer Proximity: Keeping customers close as a guiding force for innovation

Alex Clemente, Harvard Business Review Analytic Services (HBR-AS) managing director says, “As the world continues to emerge from the pandemic’s long shadow, the pace and speed of innovation has brought on new opportunities, but also some challenges. Many organizations have proven they can be fast, agile, and emerge stronger to whatever awaits next, but there are some gaps in what businesses saw important and what consumers need during and after the pandemic. I believe business and society are now forced to redefine what it means to be innovative. And businesses everywhere should re-evaluate if the new-found velocity and pace of change can be sustained.”

If companies are to excel into the future, addressing today’s risks and consumer demands include focusing on five key areas:

- Build back with humanity. Research finds that 71% of consumers say they are more likely to buy from brands that reflect their values and provide excellent care for their customers and employees.
- Break barriers to remote collaboration – More than one-third(38%) of executives cite working remotely as a challenge to future innovation and growth. A distributed set of teams not only presents barriers to collaboration—especially the informal teamwork that can blossom amid casual encounters—but also can keep people removed from tools and facilities that support innovation.
- Prioritize innovation investments. Despite the gains made in vaccines and therapeutics, one of the most common challenges to innovation is an uncertain economic outlook and potential loss of revenue. More than half of respondents (63%) cite uncertain economic outlook and nearly half (46%) cite revenue loss as challenges to innovation, thus making it harder to decide which innovation efforts to pursue and which to table.
- Prevent a security and data privacy pandemic. It’s no doubt that trust and peace of mind are highly important, ranking third on the priority list behind health and safety, and convenience. Yet only 37% of organizations indicated they have recently or plan to soon invest in data privacy and cybersecurity management to improve the customer experience. Similarly, only 35% of survey respondents say recent investments in data privacy and security were made in response to the pandemic.
- Personalize customer proximity. More than a third (36%) of consumers are willing to share more personal information if it means a more immediate, personalized customer service experience. Being close to and truly understanding the customer’s needs can be supported through investments in predictive, data-driven, and real-time digital tools.

Michael Miebach, CEO at Mastercard says, “This report shows that people are demanding real action. The world has changed from the pandemic, and people have less patience for just talk. As we’ve seen in these findings, many businesses aren’t meeting that expectation and so will need to work harder to do so.”

Notes to Editors:

Methodology

Harvard Business Review Analytic Services Business Innovators Index study was conducted during September and October of 2020. A total of 1,846 respondents, drawn from the HBR global audience of readers (magazine/newsletter readers, customers, **HBR.org** users), completed the business survey. A separate survey was conducted among consumers aged 18+. A total of 10,755 respondents, drawn from a global consumer research panel, completed the consumer survey. Both studies garnered responses from all major regions of the world.

Research Reports

To download the full Become 2021 reports: The Value of Experience: Customer Needs Top the Innovation Agenda and The CEO Story: Innovating from Crisis to Recovery, please visit [BecomeIndex.com](https://becomeindex.com) or [HBR.org](https://hbr.org). **View the first episode** of a new thought leadership series – **Mastercard Conversations**. Hear more about the report and other topics in the first episode which includes CEO interviews with Mastercard, IBM and Synchrony.

What CEOs Are Saying

Mastercard and Harvard Business Review Analytic Services developed [**The CEO Story: Innovating from Crisis to Recovery**](#), a look at the actions that can spark change and innovation as companies and people look ahead to what’s next.

Michael Schlein, President and CEO, Accion says: “A vital ingredient of an organization’s digital agility is experimentation. Many organizations pour excessive time and investment into designing new digital products, only to realize they don’t function as expected when factoring in client behavior. To develop new offerings in a digital world, financial service providers need the flexibility to experiment safely and effectively. This means teams need the freedom to fail, all while ensuring that any inevitable failures occur in a secure environment. Testing assumptions can open surprising doors that create differentiated offerings and innovative solutions.”

Nick Molnar, Co-Founder and Co-CEO, Afterpay Ltd. says: “When the global economy started to shut down our stock dropped 90% in three days. We had massive headwinds in front of us. It’s an easy instinct to hoard cash when times get tough, but it’s also important to be brave and invest. And it turned out that our service was

and is just what consumers need right now—the ability to spend in a responsible way by paying for things with their own money over time. Covid has given us the tailwinds to accelerate investment in our business and double-down on our strategy, including global expansion and expansion into new verticals.”

Arvind Krishna, Chairman and CEO, IBM says: “If there is anything the Covid-19 pandemic has taught us, it’s the critical importance of technology solutions that enable speed, flexibility, insight, and innovation for our clients. For organizations today, choosing which technology platforms power their business is the most consequential decision they can make. These platforms are the basis for competitive advantage in the 21st century. They determine how quickly companies can pivot to new market opportunities, how well they serve clients, how much they can scale, and how fast they can respond to a crisis like the one we’re facing today.”

Arne Sorenson, President and CEO, Marriott International, Inc. (2012-2021) said: “We maintain a constant conversation with our customers, both through formal surveys and in meetings with meeting planners and corporate travel managers. With Marriott Bonvoy, our loyalty program, we’ve got access to 140 million plus travelers. We don’t necessarily communicate with every one of them, of course, but we’ve got the ability, with real time feedback, to hear from every one of them about what they want and what they liked and didn’t like about their last stay with us. In 2020, in combination with hearing from our general managers on the front lines, that led us to very quickly roll out new protocols around health and safety.”

Dr. Ruth Browne, President and CEO, Ronald McDonald House New York says: “Very early in the pandemic we were fighting just to keep our doors open. We had our first Covid case in early March. But I thought it was important that we keep fighting for our future, too. We had just launched our strategic planning process in January, and we elected to continue on with it. As I like to tell my team, ‘You either make dinner or are dinner.’ I want to make dinner. Our plan is a growth plan—a plan to expand the depth, breadth, and reach of our services, become better aligned with our hospital partners, and create new and recurring streams of revenue for our house. When you believe in your future, it’s important to always keep fighting for it.”

Katrina Lake, Founder and CEO, Stitch Fix Inc. says: “Listening to the client and his or her context has always been at the core of our experience and that is even more relevant today than before. Even before the major disruption of the pandemic, our stylists were very accustomed to seeing our clients going through changes—switching jobs, moving to another part of the country, or growing their family—and we are able to meet the client in that moment. Having this ability to listen and react quickly is something we’ve been doing for a decade and has been enormously helpful, especially in 2020 and into this year, in delivering an experience curated for each individual and right for the context of their lives, even when that context is rapidly changing.”

Margaret Keane, Executive Chair, Synchrony says: “We’ve had to have the right infrastructure to be agile

and compete in real time. In the past, it might have taken us a year to roll out a new credit model. Today, we're able to make changes to our models on the fly because we've created the technology infrastructure, leveraging data and artificial intelligence, that allows us to do that. During the 2008 credit crisis, we closed a higher volume of accounts because we didn't really have the ability to know, in real time, how creditworthy a customer was when economic conditions changed quickly. Today, we're much more surgical and fast, all driven by an infrastructure that allows us to do things in real time."

Dr. Freeman Hrabowski, President, University of Maryland, Baltimore County (UMBC) says:

"We've taken paying attention to the needs of our students to a new level. We are acutely aware that it's much easier for students to fall through the cracks since we're not with them in-person each day. It has meant being even more proactive about finding those students who might not be connecting effectively or who are having problems. We spend a lot of time talking about having the courage to listen to the voices of students—not just student leaders, but also those who might be feeling invisible."

About Mastercard (NYSE:MA):

Mastercard is a global technology company in the payments industry. Our mission is to connect and power an inclusive, digital economy that benefits everyone, everywhere by making transactions safe, simple, smart and accessible. Using secure data and networks, partnerships and passion, our innovations and solutions help individuals, financial institutions, governments and businesses realize their greatest potential. Our decency quotient, or DQ, drives our culture and everything we do inside and outside of our company. With connections across more than 210 countries and territories, we are building a sustainable world that unlocks priceless possibilities for all.

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About Harvard Business Review Analytic Services:

Harvard Business Review Analytic Services is an independent commercial research unit within Harvard Business Review Group, conducting research and comparative analysis on important management challenges and emerging business opportunities. Seeking to provide business intelligence and peer-group insight, each report is published based on the findings of original quantitative and/or qualitative research and analysis. Quantitative surveys are conducted with the HBR Advisory Council, HBR's global research panel, and qualitative research is conducted with senior business executives and subject matter experts from within and beyond the Harvard Business Review author community. Email us at **hbranalyticservices@hbr.org**.

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