

THE

GROWTH

BLUEPRINT

ISSUE 03

The commercial  
case for empathy

A SIMON-KUCHER PUBLICATION

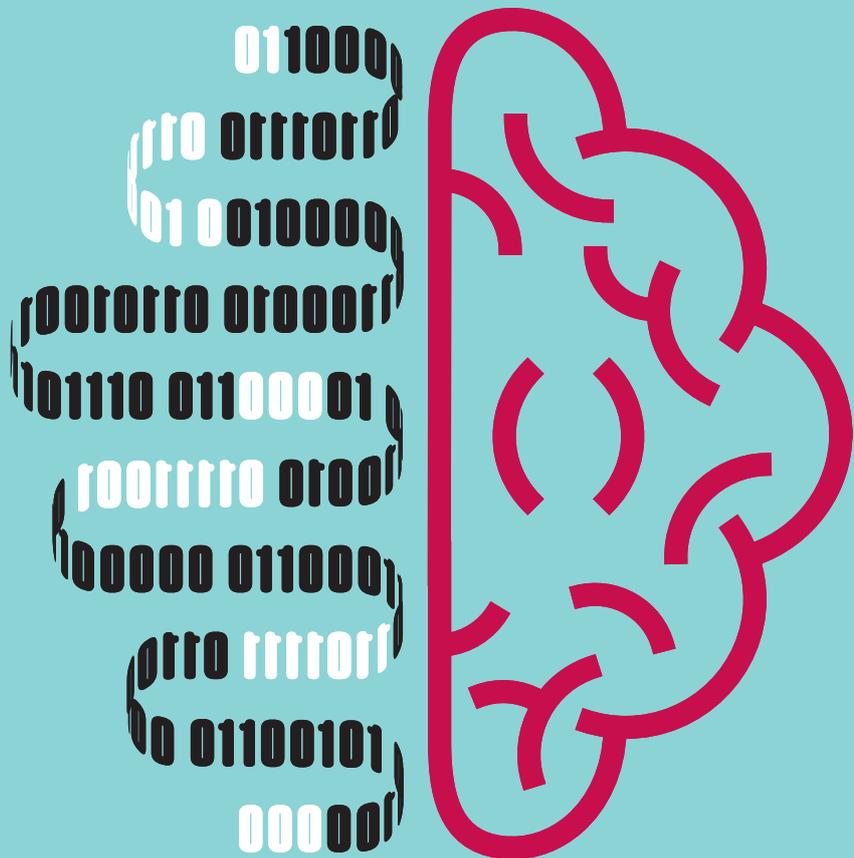
Insights in this issue

**WHEN THE WORLD  
FRAGMENTS,  
VALUE FRAGMENTS**

—  
Why commercial clarity now  
depends on local empathy

**OVERCOMING THE  
LOYALTY TRAP**

—  
How customer value is lost -  
and found





Uncover strategies,  
insights, and bold ideas  
to drive growth. Dive into  
your guide to smarter,  
sustainable success.

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## Foreword

**Welcome to the third issue of The Growth Blueprint. This edition is focused on the commercial case for empathy.**

**In a world driven by algorithms, empathy has become the ultimate differentiator. The most forward-thinking companies are discovering that understanding customers and not just predicting them is their most valuable competitive edge.**

**Here we explore how empathy is shaping smarter leadership, sharper strategy, and stronger performance – reinforcing that growth follows those who stay closest to their customers.**

**Brad Soper - Managing Partner, Americas**



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# When the world fragments, value fragments

Why commercial clarity now depends on local empathy

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In a world where markets and mindsets are diverging, empathy becomes a commercial necessity. Understanding how value feels is now central to sustainable growth.



# For years, growth followed a familiar logic: scale globally, standardize for efficiency, optimize centrally

**One pricing architecture.  
One commercial playbook.  
One definition of value.**

## **That logic is breaking. And fast.**

Consider what happens when a company announces a major decarbonization project. Investors applaud. In the regions where the investment lands, communities ask a different question: what does this mean for us? The strategy may be global. The scrutiny is local.

Tariffs diverge and regulations move at different speeds. Supply chains stretch and recoil. Even companies with a largely domestic footprint feel the pressure of decisions made elsewhere reshaping their cost base and competitive position.

**The world is no longer moving in parallel. And when markets diverge, value does too.**



## The risk isn't structure. It's misalignment.

Many organizations still operate with commercial models designed for a more stable era. Pricing decisions are applied uniformly, global guardrails are rigid, and assumptions about willingness to pay travel unchanged across borders.

But cost, regulation, and customer expectations now vary sharply by region.

A price corridor that protects margin in one market can destroy relevance in another. A global sustainability message may reassure investors but introduce local costs that take years to translate into visible benefit. And a loyalty structure designed to reward higher spending may alienate customers who are becoming more cautious about discretionary purchases.

The risk is not scale itself. It is commercial misalignment - discovering too late that customer perceptions of value have shifted while the model has not. Pricing is often where this strain appears first. It sits closest to the customer and absorbs volatility fastest. When assumptions about willingness-to-pay and customer priorities lag against reality, margin erosion follows.



# Fragmentation is structural. And human.

We tend to describe fragmentation in geopolitical terms. Trade blocs. Industrial policy. Regulatory divergence. There is a deeper behavioral shift at play though.

The same shopper who buys store-brand items buys a premium indulgence in the same outing. The same community that welcomes clean-energy investment can still resist it when local benefits feel unclear.

These choices are not contradictory. They are context-driven. People are recalibrating risk – making decisions in micro-moments based on connection and security.

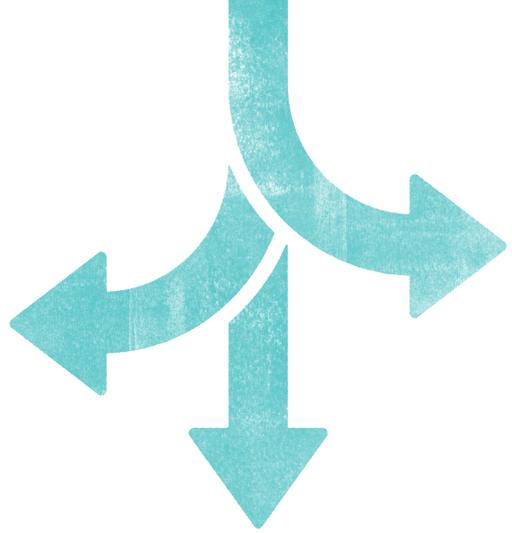
This is why static, demographic-led segmentation models struggle. Income and geography alone are no longer reliable predictors of behavior or perceived value. Even within a single region or income bracket, willingness to pay becomes highly contextual – shaped by the trade-offs customers are navigating at that point in time.

**Commercial clarity now requires understanding these subtleties, not smoothing them away.**

CLARITY

**“Empathy is not sentiment. It is the discipline of knowing where value has shifted, and acting before margin does.”**

Brad Soper  
Managing Partner, Americas



## Empathy as commercial infrastructure

Empathy, in this context, is not sentiment. It is discipline. It asks:

**What feels risky in this market?  
Where is trust fragile?  
Where is value perceived differently than we assume?**

Answering those questions allows organizations to design pricing guardrails that flex locally without losing control, enabling decentralized decisions that reflect real conditions rather than abstract averages.

Without this discipline, inconsistency creeps in and local autonomy turns into margin drift. The challenge is balance.

Leading companies are strengthening their ability to respond to market signals while maintaining clear commercial oversight. They define clear corridors within which regional teams can act. They invest in systems that detect early shifts in behavior and respond before the unexpected churn or uneven adoption pattern compounds into a larger loss.

**Speed matters. But speed without accuracy compounds error.**

## Growth in a world without a single answer

There is no universal template for value. What matters now is clarity: knowing where value is created, where risk sits, and how quickly organizations can adapt.

Empathy sharpens those answers. It exposes the pressures customers and communities are navigating. It translates volatility into informed decision-making rather than reactive discounting or blanket policy changes.

In this environment, growth no longer comes from applying one global model more efficiently. It comes from recognizing where assumptions no longer hold and adjusting with precision.

When the world fragments, value fragments. The organizations that understand that will protect margin, strengthen trust, and build resilience in markets that no longer reward uniformity.

**In a divided environment, clarity becomes the only form of control. And empathy is how you earn it.**



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# Q&A: When AI stops listening

An in-depth interview with our partner, Patricia Faur

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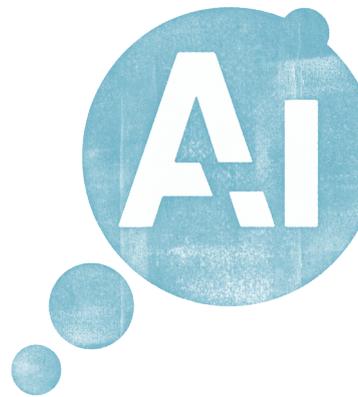
As organizations race to embrace AI and automation, many are discovering that efficiency alone is not a winning strategy.

In this conversation, Patricia Faur, Partner at Simon-Kucher, shares practical insights on where automation creates real value – and where it can quietly erode trust.



From customer service missteps to the importance of keeping a “human in the loop,” Patricia explores how leading companies balance productivity gains with empathy, accountability, and sound judgment. The message is clear: automation works best not when it replaces humans, but when it empowers them.

Have you seen organizations go too far with automation? What happened?



Yes, more often than you'd think and across all industries. And it usually starts with good intentions.

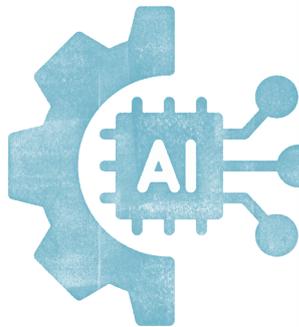
Many companies turn to automation as a way to cut costs. On paper, that makes sense. But the problem begins when automation becomes primarily a cost-reduction tool instead of a way to improve the customer experience.

A common example I see is in customer service. Some organizations replace large parts of their service teams with automated systems that aren't mature enough to handle real-world complexity. Customers can't resolve their issues. They get stuck in loops. They can't reach a human. Frustration builds quickly.

And it doesn't stop there. Tickets start piling up because the system can't properly solve them. Meanwhile, there are fewer humans available to step in. It creates this domino effect. Angry customers, unresolved cases, negative social media sentiment, and eventually brand erosion.

The reality is customers have endless options. If the experience is painful, they will leave. So while the company might save money in the short term, they often lose revenue, and trust, in the long run.

## Are there parts of the customer journey that should never be fully automated?



There are definitely moments where a human presence is critical.

Customers actually like automation, especially when it makes their lives easier. If it speeds things up, reduces effort, or improves quality, they appreciate it. But what they don't like is feeling blocked or unheard.

We talk a lot about personalization. But true personalization isn't just remembering someone's name or purchase history. It's about feeling understood. And that's very hard to fully automate.

What works best is automating the back-end processes. The things customers don't see. That's where efficiency can really shine.

But when it comes to support, advice, reassurance, or emotionally charged situations, people still want access to a real human.

**The human doesn't have to be involved at every step. But they need to be reachable. And they need to be empowered to step in when it matters.**



With AI advancing so quickly, how should companies decide when human judgment must stay involved?



AI is incredibly powerful. It can analyze massive amounts of data, generate insights, make predictions, and even recommend actions. The productivity gains are real.

But the risk is also real. Especially when decisions impact people or financial outcomes.

That's why the idea of "human in the loop" is so important. AI should support decision-making. It should surface insights and recommend options. But humans should validate and take responsibility for the final call – especially when stakes are high.

If a decision affects someone's finances or access to services, a human should be accountable at the end of that process.

**AI is a fantastic assistant. It should not become an unchecked authority.**

We've all experienced chatbots that feel scripted and robotic. How can organizations make automated journeys feel more empathetic?

Empathy in automation isn't really about sounding polite. It's about behavior.

First, systems need context. If a customer has interacted with you five times before, the system should know that. It should remember preferences, past issues, and prior resolutions. That creates the feeling of being recognized rather than starting from zero each time.

Second, give customers options and explain them. When automation clearly outlines why one option might be better than another, it builds trust.

Third, be honest about limitations. I personally appreciate when a system says, "I don't have enough information to answer that." It's much better than getting a confident but incorrect response. That transparency really builds credibility.

And maybe most importantly, design for recovery. Automation will fail sometimes. That's inevitable. The key is making it easy to escalate to a human and ensuring that the full context transfers with the customer.

When empathy is built into how the system behaves (not just how it talks), the experience feels much more human.

If leaders could remember just one principle when balancing efficiency and empathy, what would it be?

That companies should use automation to improve customer outcomes, not just to reduce costs.

When automation helps customers resolve issues faster, access better products, or reduce effort, they love it. But the moment it becomes a barrier, when it blocks access to help or adds friction, they will start to resent it.

Leading organizations don't automate everything just because they can. They think carefully about where automation truly enhances the experience and where a human touch makes the difference.

And trust still matters deeply. Customers feel reassured when they know there's a human validating the decisions behind the scenes.

Any final thoughts for leaders navigating this shift?

We need to use automation responsibly.

AI, data, and automation can absolutely elevate service quality and efficiency. But we can't lose sight of judgment, accountability, and trust.

I often hear leaders ask, "How do we ensure AI quality? How do we make it secure? How do we know we can rely on it?" These are the right questions. Responsible use is not optional. It's critical.

The human in the loop isn't going away. Customers want speed and convenience, yes. But they also want reassurance. They want to know someone is ultimately accountable.



**The companies that succeed commercially are the ones that know how to combine automation with humans for optimal results.**



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# A basket of needs and dreams

How luxury and staples are sharing mind space

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Companies can unlock value by understanding the emotional content of purchase decisions as cautious consumers balance thrift and indulgence.

# A careful shopper paces the aisles with intent.

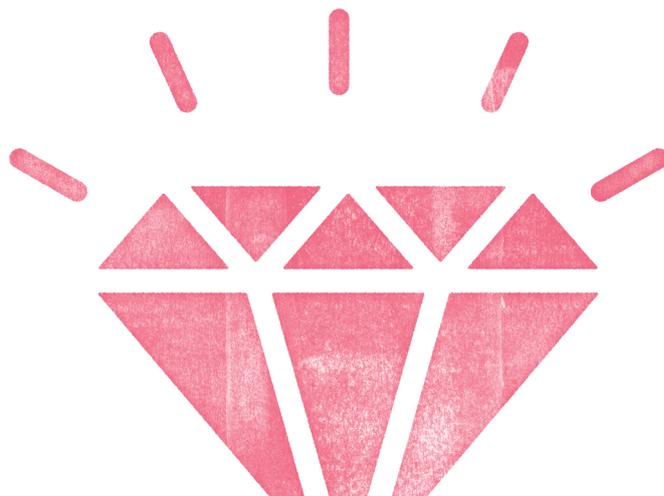


Basic groceries. Household staples. Relentless price checking. The quiet triumph of a cost-conscious shop.

And then something else goes into the basket. A fragrance. A fine wine. A premium ingredient. It's not strictly necessary or necessarily rational. But it is chosen.

This is a luxury, something meeting a deeper, more emotional need. Be that reward, reassurance, or escape, it offers a moment of joy. And it is priced accordingly.

In the business of feelings, today's consumer mixes thrift with treats. Discipline with desire.





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## Understanding the K-consumer

Aspirations have become a powerful value driver. Consumer confidence remains uneven and incomes fragile.

Yet demand for selective indulgence remains resilient.

Luxury slowed in 2025, but now shows signs of recovery. Consumers are seeking value, but also something less tangible, beyond price. To feel better. To dream. And they are willing to spend on what is important to them.

This is the 'K-shaped' economy in practice. Customers trade up and down at the same time. Here, affordability and aspiration are finely balanced, not in competition.

For companies, the implication is clear: misread this balance and you misprice your portfolio. Assume consumers are uniformly price-sensitive, and you over-discount. Assume they are insensitive to price, and you overreach. In both cases, margin erodes.



# Empathy beyond automation

Consumer companies have put effort and investment into efficiency. They have cut costs with data analytics and AI. They have learned to offer competitive offers at the right time and the right place.

But consumers are not machines. The need to escape the everyday grind is perennial. Companies need to understand not just what consumers are buying, but why.

**To decode emotional weight. Apply empathy. Understand psychology.**

In this new corporate playbook, offering real value means going beyond price. Tapping into experience and emotion<sup>1</sup>. Making customers feel deeply understood. Nuanced, empathetic marketing unlocks perceived value, surfacing inspiration at the right point on the path to purchase.



**“But consumers are not machines. The need to escape the everyday grind is perennial. Companies need to understand not just what consumers are buying, but why”**

**Camille Drumel**  
Partner, Simon-Kucher

# The importance of place

**Yet while consumerism is global, aspiration is local. Emotional drivers vary. Context matters.**

According to Simon-Kucher's most recent luxury market study, premium customers in the US and Europe remain cost conscious<sup>2</sup>. Nearly three in four will compare prices before purchasing. Craftsmanship considerations are balanced with price.

In China, luxury functions as lifestyle expression. Brand loyalty is strong and exclusivity matters. In India, luxury often signals social status, making this a key purchase driver, but consumers still evaluate alternatives carefully.

Geography shapes meaning. Meaning shapes willingness to pay.

A strategy that assumes uniform aspiration risks both overinvestment and underperformance. Companies that understand local drivers and adapt their messaging, pricing, and portfolio mix accordingly capture growth more consistently.

## Know your customer

**“Even within a single market, there are multiple consumer types, with multiple motivations. Buyers who must be reached differently, with differentiated messaging. All zigzagging between lanes, economizing in one place to splurge in another.”**

**Ellen Kan**  
Partner, Simon-Kucher

Winning over today's consumers is about speaking to the spreadsheet as well as the soul. Balancing needs versus dreams and splurges versus staples. Misjudge that balance and the consequences show up quickly: excess inventory in premium lines, volume leakage in value segments, pricing compression at both ends.

The opportunity is not to choose between thrift and indulgence. It is to understand where each sits in the customer's hierarchy of importance.

**Knowing the market and seeing through the customers' eyes has become more crucial than ever. Thriving means recognizing that economics alone no longer explains demand. In the search for customer loyalty, empathy has become as important as price.**



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# The emotional bank switch

In today's cost-of-living squeeze, customers stay where they feel understood

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Against the backdrop of rising bills and tighter budgets, customers are not just switching banks. They're switching off.

The real opportunity lies in designing loyalty around trust, recognition, and relevance.



# David is exactly the kind of customer every bank wants

He saves consistently, avoids unnecessary risk, and manages everything through his banking app. On paper, he looks loyal.

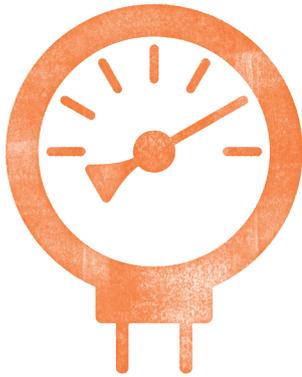
Yet over time, David disengages.

The rewards he earns are tied to credit card spending, lifestyle perks, and aspirational travel. But none of them reflect his priorities. Instead of feeling valued, he feels overlooked – even excluded.

David does not dramatically switch banks. He simply stops paying attention. He ignores emails. He disregards new product offerings.

**He mentally checks out.**





# As switching gets easier, loyalty gets harder

**“Customers are navigating rising bills, tighter budgets, and persistent uncertainty. The pressure is real, and it reshapes what customers value from their financial institutions.”**

**Joshua Koh**  
Partner, Simon-Kucher

Across global markets, the friction involved in changing banks has fallen dramatically. Digital onboarding, comparison tools, and regulatory reforms have made switching accounts simpler than ever.

But the more profound shift isn't technological. It's emotional.

Customers are navigating rising bills, tighter budgets, and persistent uncertainty. The pressure is real, and it reshapes what customers value from their financial institutions.

Take Australian banks as an example. Simon-Kucher research<sup>1</sup> shows that many loyalty and reward programs remain heavily skewed toward spend-based mechanics, particularly credit card activity. These programs reward revenue-generating behaviors rather than behaviors that signal financial discipline or resilience.

**That misalignment does more than reduce engagement. It erodes trust – and, over time, lifetime value.**

When customers are trying to save, reduce debt, or manage risk, a loyalty system that celebrates higher spending can feel tone-deaf. Over time, customers interpret that disconnect as a signal: this bank doesn't really understand me.

**And that's where emotional switching begins.**

1. Pillars for prosperity: Designing loyalty and rewards programs for Australian banks, Simon-Kucher, 2026.

# When tiers feel like punishment

When customers reduce spending and are automatically downgraded, they receive system-generated notifications outlining lost benefits.

What was designed as an incentive mechanism can become a penalty framework. The distinction is critical.

Amid the cost-of-living crunch, effective loyalty programs must lean toward recognition. That means rewarding consistent saving behavior, valuing long-term tenure even if quarterly transactions fluctuate, and acknowledging actions that strengthen financial resilience.

This isn't idealism. It's revenue protection. With switching barriers lower than ever, banks can no longer rely on inertia. Because if leaving is easy, staying must feel meaningful.

Incentives say,

**“Spend more.”**

Recognition says,

**“We see your effort.”**

**Loyalty tiers were once designed to signal status and exclusivity. Today, they can unintentionally signal something else.**



# Designing loyalty around recognition

Language shapes how loyalty is experienced. Many programs still communicate in purely transactional terms: points balances, tier thresholds, expiry reminders.

While operationally necessary, these signals rarely communicate reassurance, progress, or partnership. Yet those are precisely the signals customers seek.

Imagine if David's quarterly update recognized the financial buffer he has built, rather than the travel rewards he hasn't unlocked. Imagine a message that said: You've strengthened your savings over the past six months. That progress matters.

The emotional impact would be entirely different.

Beyond messaging, loyalty design must reflect life stages and financial context. A young professional building savings, a family navigating mortgage pressure, and a retiree prioritizing stability will experience value differently. A spend-driven, one-size-fits-all model cannot reflect that complexity.

Critically, banks should audit their loyalty journeys for moments that unintentionally signal exclusion:

- **A downgraded tier notification**
- **An irrelevant lifestyle reward**
- **A reminder about expiring points during financial difficulty**

Individually, these touchpoints seem minor. Collectively, they accumulate emotional weight. And customers rarely announce when that weight becomes too heavy. They simply disengage.

## Trust is the real loyalty metric

Banks often measure loyalty through product holdings, wallet share, or satisfaction scores. But the deeper metric is emotional safety.

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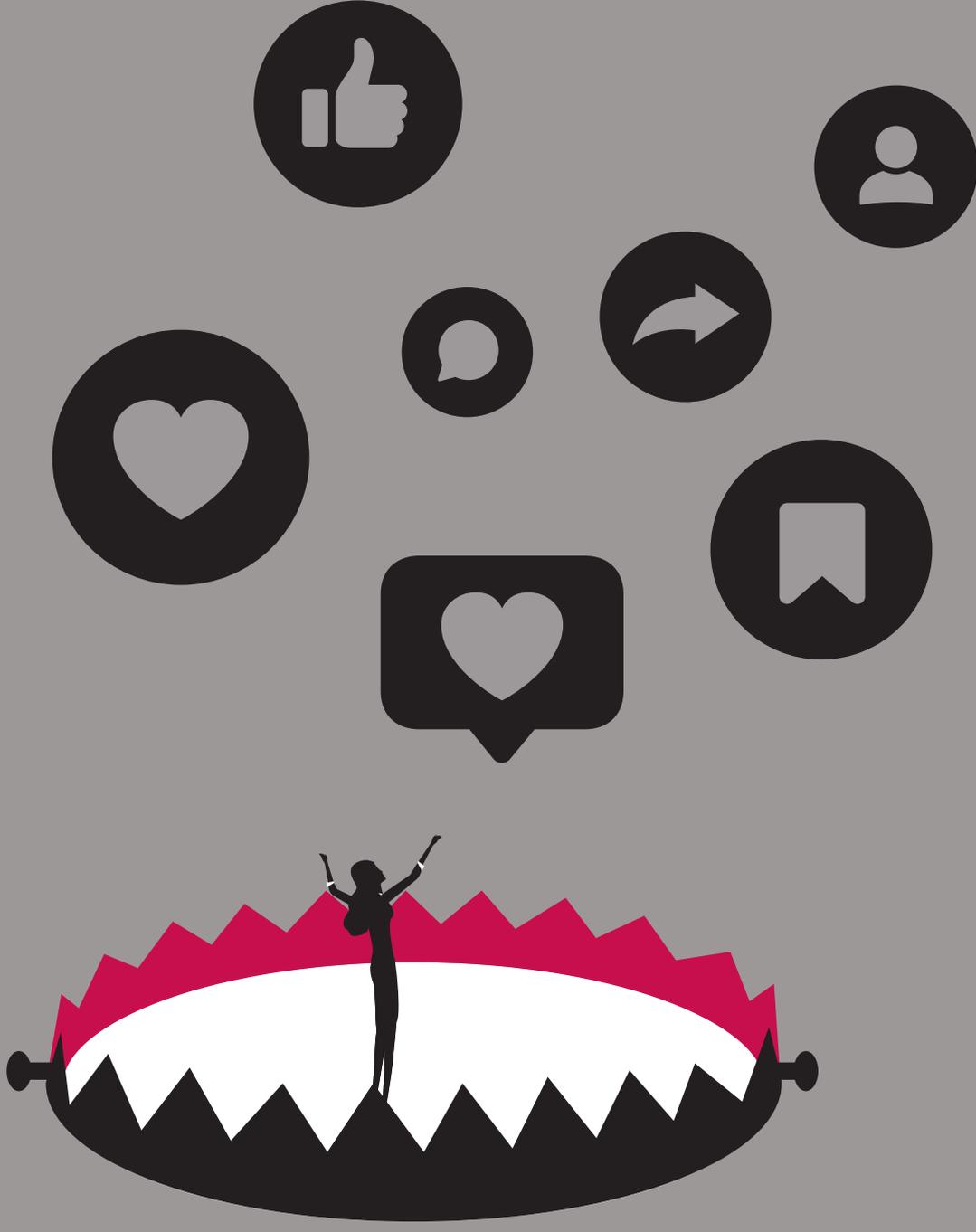
**Do customers believe their bank understands their reality?**  
**Do they feel recognized fairly over time?**  
**Do they experience the relationship as supportive rather than extractive?**

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These are the questions that determine durability.

The institutions that will lead the next era of banking loyalty understand a simple truth: durable trust is built when customers feel seen in the context of their financial reality.

**And trust is what keeps David engaged – long before a competitor offers him 0.2% more.**



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# Overcoming the loyalty trap

How customer value is lost –  
and found

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Customers rarely leave in a dramatic exit. They drift. They open your emails a little less often. Log in less frequently. Ignore the last upgrade prompt. By the time they click “cancel”, the decision has already been made.

Many companies assume that a large pool of loyal customers today guarantees growth and success tomorrow. But in markets where switching is frictionless, and alternatives are only a click away; loyalty is not static. It must be earned – and re-earned.



## That's the loyalty trap.

Loyalty isn't transactional; it's emotional. Uncovering, understanding, and acting on cues that offer hints to future behavior fuels change. This is the key to reducing churn and achieving additional value from existing customers.

Escaping the loyalty trap means embedding empathy into customer engagement – recognizing and responding to early signals of disengagement before retention turns into regret.



**“Loyalty isn’t transactional; it’s emotional. Uncovering, understanding, and acting on cues that offer hints to future behavior fuels change.”**

Kajetan Zwirgmaier,  
Partner, Simon-Kucher

## Customer data versus customer knowledge

Deepening customer relationships starts with data. Companies already know their customers' buying history and preferences, collected through touch points such as store visits, online sign-ups, and billing.

This can create a false sense of confidence.

### But data alone creates records. It does not create insights.

Too often, information is siloed across different departments, with fragmented ownership and inconsistent metrics. Without alignment and accountability, intelligence never becomes action. Without a hub to organize and optimize that information, the customer's thinking remains an enigma.

The answer is to build a single, intelligent view of every customer – a scalable customer value management (CVM) engine. That means unifying data into a single dashboard, then focusing actions on customer purchase psychology. Forward-looking, personalized analytics can anticipate needs, predict churn, and determine the 'next best action' for each customer. Activated through real-time triggers, this turns everyday interactions into potential moments of growth.



The impact can be significant. One major telecom operator implemented data-driven CVM systems and achieved a +20% increase in customer lifetime value. A UK operator unlocked €45 million in annual revenue through next-best-action tools and retention strategies. And at a regional bank, 78% of customers said they preferred receiving tailored offers<sup>1</sup>.

The commercial upside is clear. Customers respond when they feel understood.

# +20%

increase in customer lifetime value

# €45m

in annual revenue

# 78%

of customers said they preferred receiving tailored offers

<sup>1</sup> Why customer value management (CVM) is the growth lever you're missing, Simon-Kucher, 2025.

# Read the signals... and act



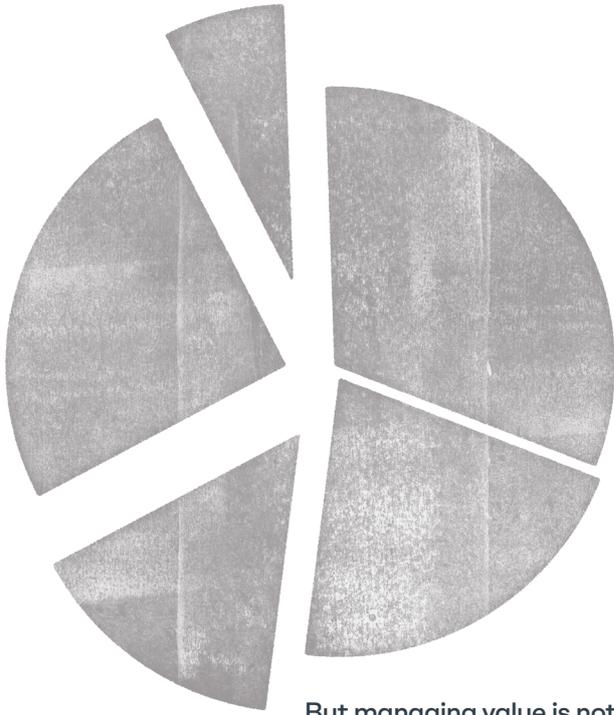
## Timing matters.

An abandoned sales quote.  
An unusually high bill.  
A promotion expiring.

These are all behavioral cues - and emotional ones. Intervening before attrition requires more than automation. It requires interpretation.

When companies anticipate or act on these with personalized, flexible responses, they both cement loyalty and generate more value. Customers who feel understood and valued respond.



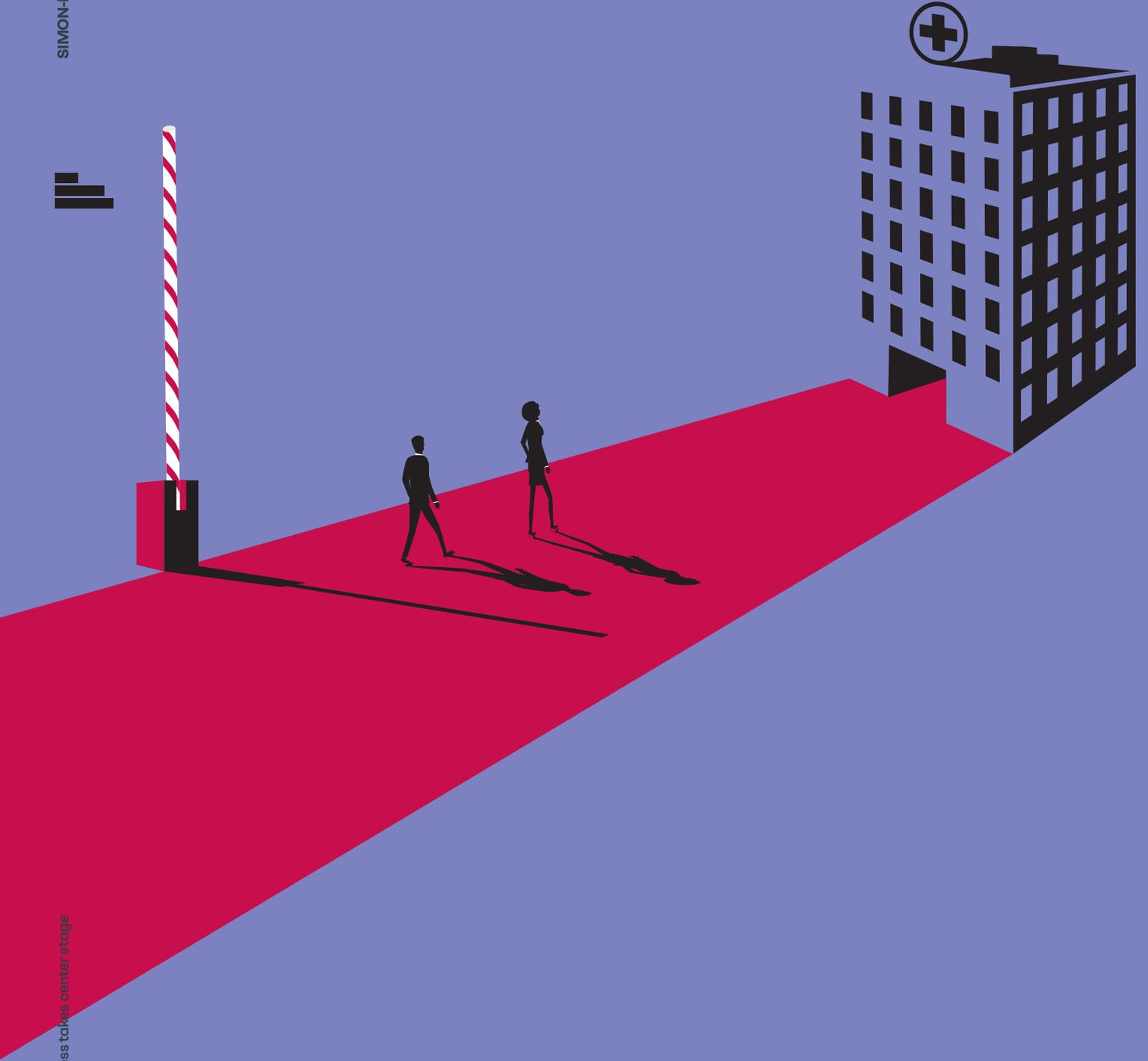


But managing value is not an app or an overlay for existing relationship systems. It demands a true governance model, with clear roles, ownership, and accountability directly linked to revenue outcomes. Companies need to embed CVM systems with reporting lines and review processes that can measure the business impact of driving emotional intelligence at scale.

The reward for getting this right is substantial. One recent Simon-Kucher study showed that 95% of total customer lifetime value within the telecommunications sector comes from customers of three years or more. And these customers spend on average 7% more than new ones<sup>2</sup>.

**When a company values its existing customers, they value the company in return. You can see it in retention levels, revenues, and sustainable profitability.**

**In fragmented markets,  
loyalty is not a campaign.  
It's a commercial discipline.**



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# Healthcare access takes center stage

Equitable access to  
healthcare is becoming  
a priority

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Pricing reform and regulatory  
pressure are reshaping  
healthcare. Growth now  
depends on designing access  
into commercial strategy  
from the start.



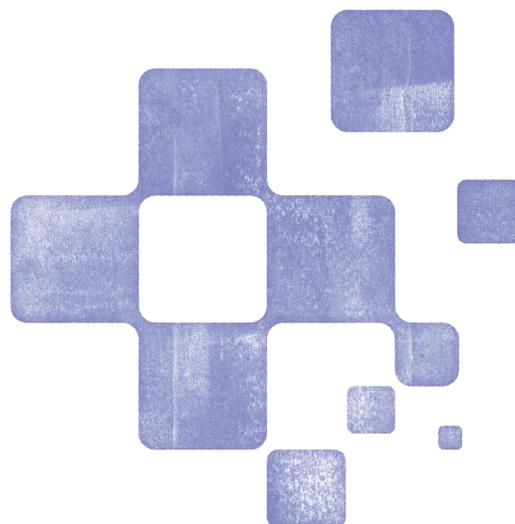
# Access is moving from the margins to the centre of healthcare strategy

Regulatory pressure is rising. Expectations are rising. So is scrutiny from investors and governments.

Patients, meanwhile, sit between possibility and reality. Breakthroughs are real. Science moves fast. Yet access still falters in familiar ways: delayed reimbursement, slow diagnostics, uneven coverage, complex referral pathways.

Closing the gap between promise and delivery will not come from incremental adjustments. It requires rethinking how access, pricing, and growth interact.

Equitable access is no longer only a corporate responsibility issue. It is becoming a core commercial design question.



# From afterthought to forethought

Pharma is feeling the shift across its traditional strongholds. For decades, the US acted as the key growth engine, with Europe following. Now both face sustained pricing reform and tighter scrutiny. Margins are under pressure. Access is conditional.

As regulators increasingly link market entry to affordability, access reshapes pricing logic. It can no longer be addressed after launch. It must be built in.

Investors are asking sharper questions:

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**How is unmet demand being reached?**  
**How are real-world barriers reflected in launch strategy?**  
**How do pricing and access plans reinforce each other?**

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Growth today depends on how therapies perform beyond approval. A product cleared by regulators can still remain out of reach if diagnostics are unavailable, reimbursement is delayed, or supply chains are inconsistent.

Consider a therapy launched with a premium pricing model built for the US. In markets where reimbursement cycles stretch for months and diagnostic capacity is limited, uptake slows. Forecasts are revised. Inventory builds.

**The science is sound, but the commercial model has not accounted for local access realities.**

Designing for access means aligning pricing, evidence, and distribution with how patients actually move through healthcare systems - and not how companies assume they do.

**“Access does not succeed on goodwill alone. It requires deliberate pricing choices, investment in infrastructure, and clear priorities. If strategy isn’t grounded in how patients actually experience care, growth will stall.”**

Roshel Jayasundera  
Partner, Simon-Kucher



# A shift in mindset

Rigid global pricing models are under strain. So are siloed licensing approaches. An access-first approach requires structured choices:

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**Where is evidence generated?**  
**How are indications sequenced?**  
**Which affordability mechanisms are viable?**  
**How is continuity of care ensured?**

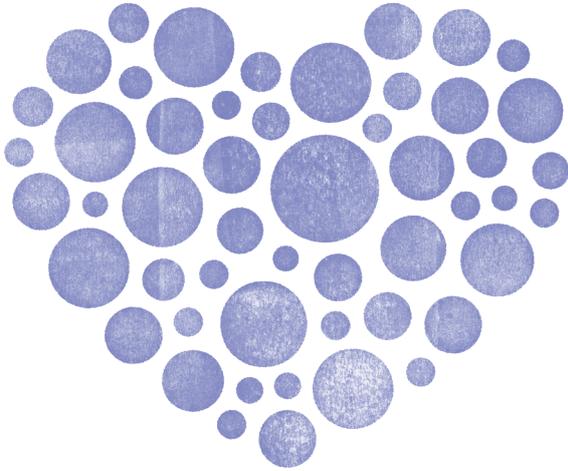
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These decisions affect volume, not just reputation.

Low-and middle-income countries, home to around 80% of the global population, now represent material long-term demand. Health systems are scaling. Insurance coverage is expanding. Infrastructure is improving. Expectations are rising.

Companies that design commercial strategy around these conditions early will capture growth more sustainably than those that treat access as a secondary consideration<sup>1</sup>.

# FIRST



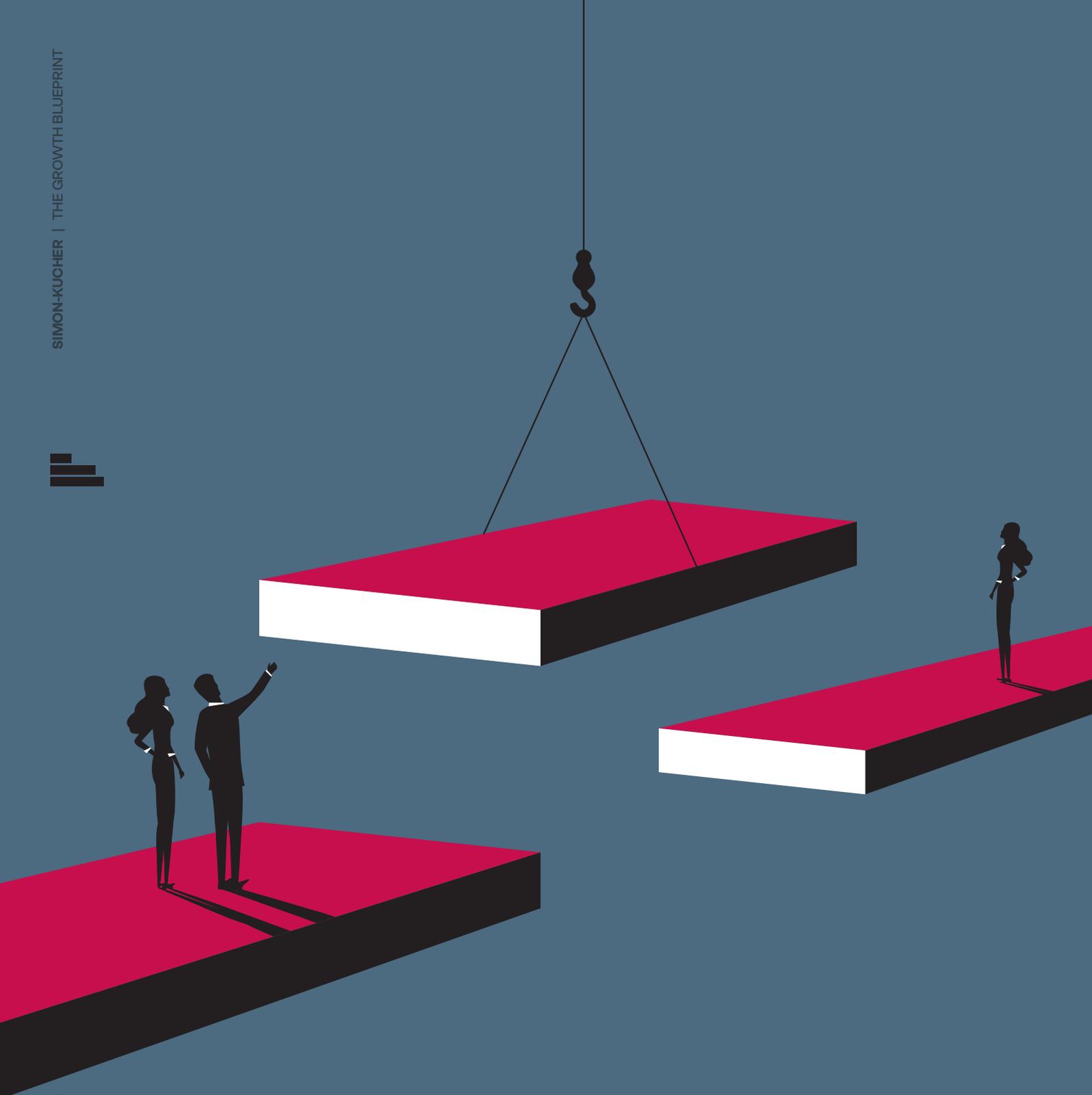
## Preparing for the next phase

**Growth will increasingly come from removing barriers as much as from launching new products.**

That means investing in the practical enablers of uptake: diagnostics that identify patients earlier, education that improves adherence, referral pathways that reduce drop-off, and supply chains that ensure continuity. This is particularly true in rural or underserved areas.

Across markets, access is no longer only about ability to pay. It is about willingness to design commercial models around real constraints. Companies that integrate access into pricing, trial design, and delivery strategy from the outset will unlock demand that others leave unrealized.

**In healthcare's next phase, growth belongs to those who align innovation with how patients actually experience care.**



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# Board-level empathy in an age of constraint

The next phase of growth demands empathy rooted in industrial reality

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The world's industrial giants are investing billions in decarbonization and cleaner operations. Yet across Europe, growth is increasingly shaped by structural constraints. Meeting this challenge requires board-level empathy grounded in economic realism.



# Empathy is not a term associated with heavy industry

Yet in today's environment, it has become a strategic discipline.

Industrial growth is no longer constrained primarily by technology or demand. In energy-intensive and manufacturing industries, the binding limits are structural.

Three gates now determine where capital is deployed:

- 1 Long-term energy availability
- 2 Scalable infrastructure
- 3 Regulatory predictability

If any one of these gates remains closed, investment slows or shifts elsewhere.

In our 2025 Energy Intensive Industries Study<sup>1</sup>, 94% of executives rank energy price levels among the most important location factors, closely followed by grid reliability and access. While 88% report having a renewable energy strategy, only around one third in sectors such as glass, cement, and steel report measurable commercial traction from sustainability-enhanced offerings.

The implication is clear: ambition is widespread, but investability remains uneven.

## 94%

of executives rank energy price levels among the most important location factors

## 88%

report having a renewable energy strategy

# The structural reality

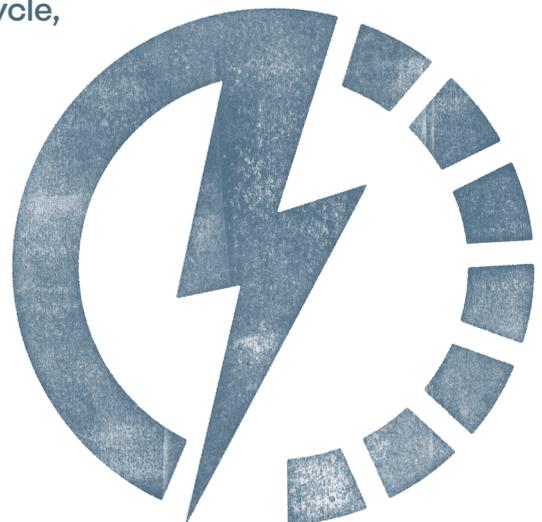
Low-carbon production models often depend on stable and competitively priced electricity, expanded grids, carbon transport networks, and predictable regulation.

In several regions, grid connection timelines now extend beyond typical investment cycles, and transformer lead times stretch multiple years. When capital is ready but infrastructure is not, investment decisions slow, or shift.

Across major industrial regions, electrification projects have been technically feasible and financially backed yet delayed due to uncertain grid expansion timelines and unclear long-term power pricing frameworks. In such cases, the constraint is not ambition, but synchronization between infrastructure readiness and capital deployment.

Simply put, capital does not wait indefinitely for structural clarity.

If projects are delayed by grid bottlenecks, if permitting stretches beyond predictable timelines, or if regulatory frameworks shift mid-cycle, then return assumptions deteriorate.



# Empathy as a structural discipline



Economic empathy is not about sentiment. It means recognizing that every decarbonization decision creates trade-offs across energy availability, infrastructure capacity, competitiveness, employment, and long-term resilience – and managing those trade-offs consciously.

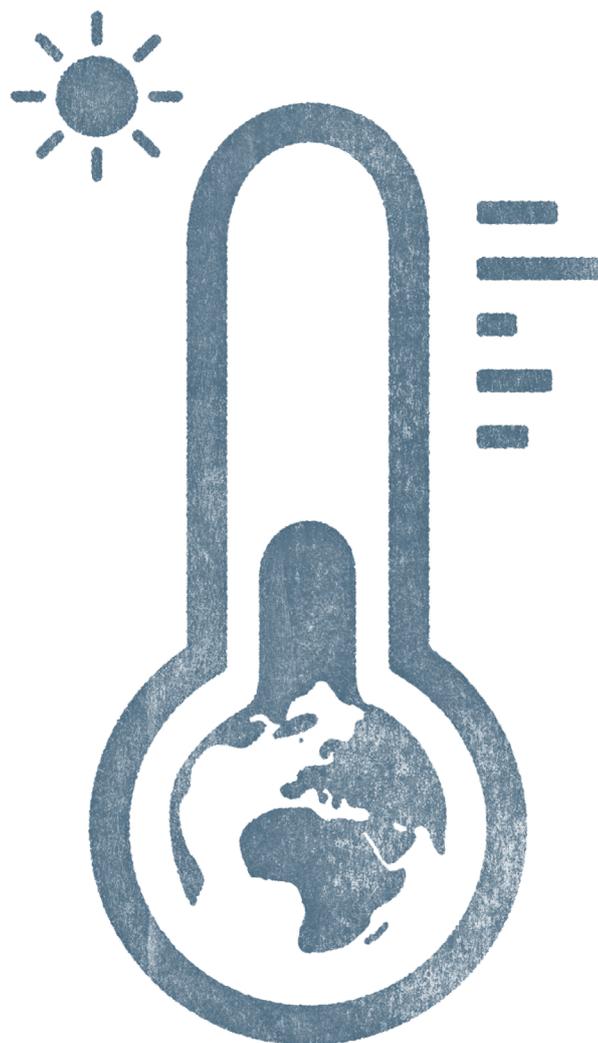
It is the discipline of integrating structural constraints into strategic ambition before capital is committed or withdrawn.

Consider a manufacturer planning to electrify production and expand capacity. The engineering is sound. The financing is available. Yet the business case hinges on long-term price visibility, timely grid connections, and regulatory stability.

On paper, the project advances decarbonization. In practice, its uncertainty freezes growth.

In recent years, regulatory ambition in Europe has accelerated significantly. Climate targets have tightened, and transition timelines have shortened. Yet supporting infrastructure, grid expansion, and long-term price visibility have not always evolved at the same pace.

When policy ambition advances faster than structural feasibility, capital reallocates to regions where energy availability, infrastructure capacity, and regulatory predictability are aligned. Boards are left managing the economic consequences.



In parallel, some energy-intensive manufacturers have sequenced new capacity additions in regions where grid access, permitting clarity, and long-term energy visibility allow projects to move within defined investment cycles – even if headline climate targets are similar elsewhere.

### This is where board-level empathy truly matters.

If investment is deferred or capacity is relocated, the consequences extend far beyond quarterly earnings. Skilled jobs disappear. Supplier networks weaken. Regional clusters fragment. Empathy at the board table means fully acknowledging these systemic effects.

Transitions that ignore competitiveness risk accelerating the very decline they seek to prevent. Transitions designed with economic viability in mind protect both climate ambition and industrial resilience.

Where economic empathy is absent, ambition and feasibility drift apart. Projects stall, investment is deferred, and capital ultimately relocates to jurisdictions where feasibility precedes ambition.

**“Economic empathy, therefore, requires aligning climate ambition with structural investability, not sequencing them separately.”**

Jan Haemer  
Partner, Simon-Kucher



# Strategic empathy in action

The industrial companies that navigate this phase successfully will combine structural realism with responsible ambition.

This means engaging constructively with policymakers on regulatory design and sequencing capital deployment in line with credible framework conditions. It also means communicating clearly about what is required for investment to proceed.

Board-level empathy extends to communities as well, by explaining how energy policies, permitting reform, and regulatory stability translate directly into sustained jobs, innovation, and decarbonization progress.

Of course, no single company can solve grid expansion or policy fragmentation alone. But boards can elevate the discussion by linking climate targets with economic durability in a transparent and disciplined way.

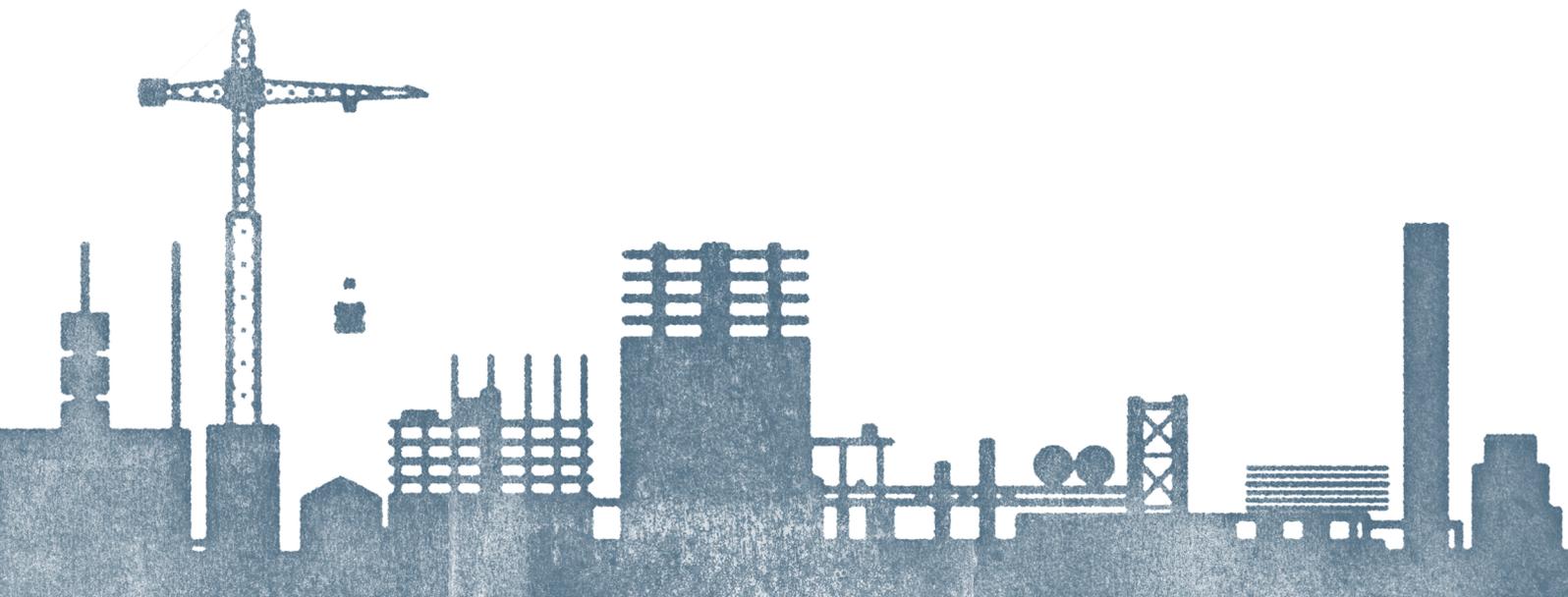
# Measuring what truly matters

**When properly understood, empathy sharpens strategic judgment. It grounds ambition in hard reality and ensures that decarbonization pathways sustain the industrial ecosystems on which communities depend.**

Performance will always be measured in output, efficiency, and margin. Today, however, it must also be measured in whether leaders design transitions that preserve competitiveness while advancing climate goals.

In this environment, growth depends not only on clearing structural gates, but on whether boards recognize the human and economic consequences tied to each decision.

**Indeed, those who grasp the full economic and societal stakes today will define the industrial landscape of tomorrow.**





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Issue 2 asks a simple question: how do you make innovation last?

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ISSUE 02  
Building to last:  
The architecture  
of innovation

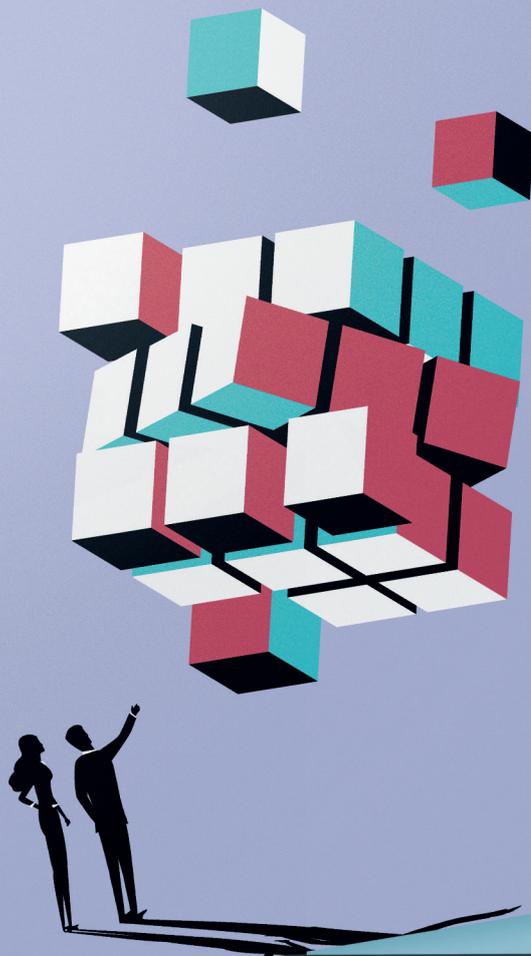
Insights in this issue

## WHEN THE LAUNCH PARTY ENDS

Why lasting value is the real  
test of innovation

## Q+A THE RULES OF SCALING UP

An in-depth interview with our  
partner, Eddie Hartman





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