

Brand survival in the next normal

13 July 2020

darwin
a BBDO boutique





It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change.

— Charles Darwin

How can brands respond to changing consumer behaviour?

Life will not be the same as before Covid-19, or at least not until a vaccine is developed. And even after that our lives probably will be different. In the meantime we will have to learn to live with more uncertainty.

In addition our economy has been hit hard by the prolonged lockdown and an economic recession is inevitable. Consumers will adjust their behaviour accordingly.

How can brands respond to this changing behaviour?

That's an important question we'll try to answer in this paper. Cautiously, because our answers depend on multiple external factors that can vary depending on categories and consumers.



Shifts in consumer
behaviour

What will be the impact on consumer trends?

A major destabilizing structural event such as COVID-19 demands a re-evaluation of the consumer. How will their needs and priorities shift in response to the outbreak? What type of behaviour and which attitudes will suddenly come to the fore? And which newly-learnt behaviour will become habitual and outlive the current coronavirus crisis?



The effect of Covid-19 on consumers will be long-lasting.

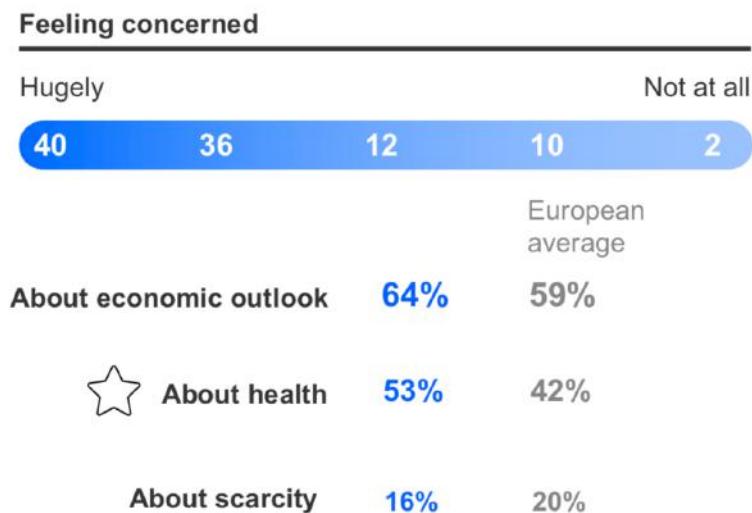
Almost all Belgians continue to expect their routines will be impacted for more than two months.



Source: McKinsey & Company COVID-19 Belgium Consumer Pulse 4/30-5/3/2020,
n - 603; 4/16-4/19/2020, n - 604, sampled and weighted to match Belgium's gen population 18+ years

People are primarily concerned about the economic outlook & their health, thinking long term already.

A much lower proportion are actually worried about scarcity of goods.



Of note, in wave 2 (end of March), the level of concern around economic outlook increased to **70% in Belgium** (statistically significantly higher)

Source: wave 1 Kantar barometer (data collected between 14th and 19th March)
Note: On top 3 concerns



The impact of health concerns

How will consumers react
and behave?

Protect but still connect

1. Covid-19 increased the need to inhabit spaces that pose little or no threat to personal well-being. Naturally, people want to be sure that their homes and workplaces – as well as the stores they visit and types of mobility they use – are doing all they can to prevent the transmission of the virus.
2. At the same time people need connection & community to stay mentally well.

1.
People will show
more risk averse
behaviour

People will show more risk averse behaviour

Expect a growing interest in hygiene-first design and support for new forms of hygiene etiquette in public spaces that minimize tactile interaction and nudge people towards behaviour that reduces contamination risks.

As a result people:

- will avoid crowded places like shopping malls, restaurants, bars and big events;
- make their house a more comfortable place;
- buy more online;
- shop more locally;
- work, learn and exercise more from home.

WE WILL AVOID CROWDED PLACES

In Wuhan, the lockdown measures have been lifted since the beginning of April. Schools, gyms and restaurants are slowly opening their doors again. However, people are keeping their distance and stay more at home. A recent survey shows that 86% of Chinese mainland consumers prefer to eat more at home in post-pandemic times.

Sources: [Warc - Changing consumer habits as virus crisis continues](#)

Since we are reluctant to go out, people feel the need to improve their homes. Research by Kantar shows that 12.5 million households in the UK are planning to tackle a do-it-yourself project in the near future, at home or in the garden. Interior painting was the most popular activity, with 60% of people saying they planned to pick up a brush. 40% say they are planning to work on their gardens this summer while 27% of people say they'll be painting sheds or fences in the coming weeks.

Our homes have become our temples. We expect that a lot of people will improve their homes even more in the near future. Since consumers also expect to spend more time at home the coming year, this trend will only accelerate in the future.

WE WANT
TO FEEL
MORE HOME
AT HOME

Source: IRI, Retail week, 29/4

ONLINE BUYING HAS INCREASED AND WILL GROW

Consumers who had never purchased online discovered the convenience of online shopping during the lockdown. For the first time 11% bought clothes and accessories online, 9% did their shopping online and 7% bought pharmaceutical products over the internet.

76% of people who bought online indicated that they would definitely still do so and even do more so in the future, even after the lockdown.

Source: Kantar Barometer, March 2020, Belgium

- Nielsen research has found that, since the outbreak of the virus, shoppers are steering away from products that travel long distances with multiple human touchpoints. In particular products such as dairy, fruit, vegetables and meats.
- During lockdown consumers were looking for stores that are less crowded and are located close by. 81% intends to continue to purchase in the shops of their area after the lockdown.
- Belgians are buying massively more from local businesses in order to support small local businesses.

SHOPPING GOES LOCAL

Sources: Nielsen research - Kantar Barometer, March 2020, Belgium -Polaris: recovery study, May 2020

WORK, LEARN, EXERCISE FROM HOME

- In the areas of retail, work, education, communication and play, digital alternatives to physical presence are challenging the need to appear in person.
- Belgians have adopted new low-touch activities such as remote learning and videoconferencing.
- As the threat of Covid-19 passes, expect new tribes of consumers to emerge who actively prefer more remote alternatives to in-person experiences and interactions. Physical presence will no longer be the natural choice.

2.
We will long
for connections &
community

We will long for connections & community

We need to feel part of something and want to connect meaningfully. We will seek connection, after being deprived of contact. However the fear of getting infected will force us to reduce our physical contacts. The lockdown comes with revaluing what really matters and rediscovering what is essential in our lives: meaningful connections with loved ones.

As a result:

- Physical connections will be reduced and limited to our inner circle: small groups of people with whom we have a real bond and meaningful conversations, such as family and close friends.
- The importance of ‘Local connections’ – be it community or neighbourhood, will be heightened and likely will endure in the mid term at least.
- We will search for more interaction with others in the virtual space.

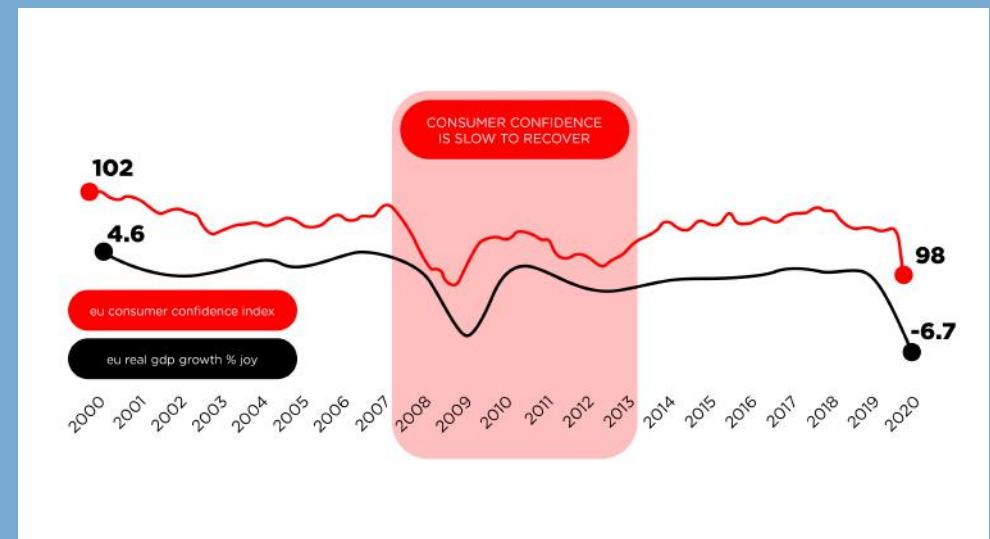


The recession
has arrived

A recession is inevitable

According to the IMF, global economic output is expected to contract by 3% in 2020. To put this in perspective: in 2009, the worst year of the financial crisis, global output dipped 0,1%.

We know from previous experience that consumer confidence comes back rather slowly, not fast.



Source: BBDO international research

Source: real gap growth - IMF consumer confidence index - OECD

The impact on the consumer will be significant

The view of an economic recession brings a lot of financial uncertainty both for businesses and consumers. The risk of job loss is increasing, resulting in a decline of purchasing power and confidence.

As a result people:

- are cutting back on spendings;
- are re-evaluating life;
- will delay their purchase.

Cutting back on spending

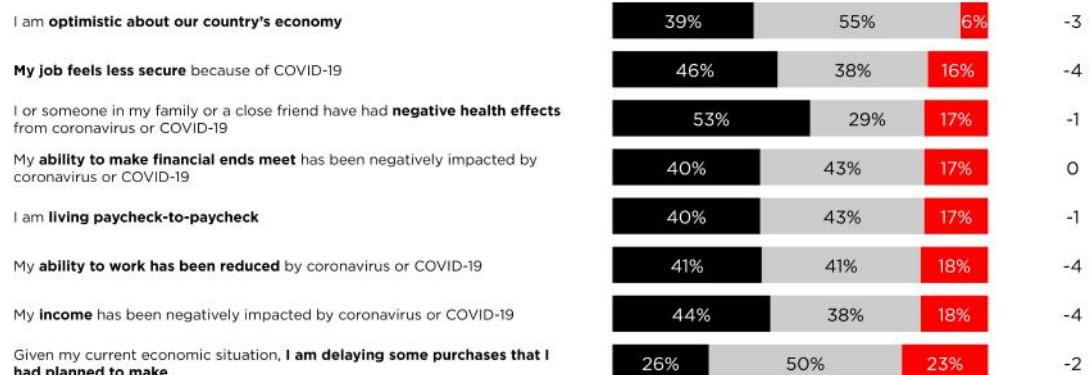
Belgians are feeling the economic impact of COVID-19 and are cutting back on spending.

Overall sentiment in the general population in Belgium¹

% of respondents

Strongly disagree / disagree
Somewhat disagree / agree
Strongly agree / agree

Strongly agree /
agree difference since
last survey²



¹Q: Please indicate how strongly you agree or disagree with each of the following statements. Please select only one response for each statement; figures may not sum to 100% because of rounding.

²Measures difference in "strongly agree/agree" between current and last pulse survey.

Source: McKinsey & Company COVID-19 Belgium Consumer Pulse 5/21-5/24/2020, n - 604; 4/30-5/3/2020, n - 603, sampled and weighted to match Belgium's general population 18+ years

Spending less, living well: Re-evaluating life

Next to the cut in spendings out of financial need, we also see an emotional impact. During the lockdown we learned new realities. We re-evaluated the simple pleasures in life. Escaping frivolous consumption has helped people to reconnect. We discovered that we can live happily with less.

With more time spent indoors, the pandemic sparks a collective introspective moment. People take a pause or go in autopilot mode of living to evaluate what contributes to their well-being. That leads to generational, lasting changes on an economic and deeply personal level.

Consumers will continue to reserve their money for those who are serving well-being needs rather than products and services that fuel superficial desires.

Purchases are being delayed

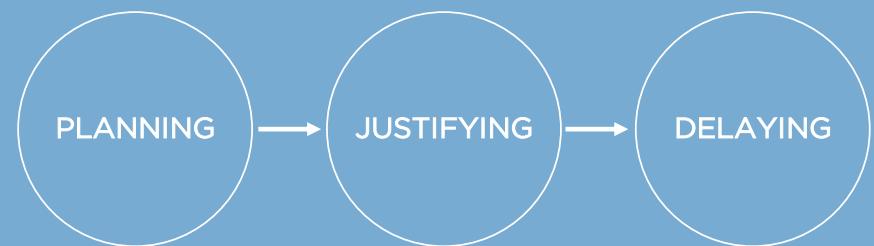
Need: We need to feel in control, so we adopt a siege mentality.

During and after the financial crisis of 2008 we identified key behaviours relating to the so called “siege mentality” that saw people delaying unessential purchases, taking the time to plan and research before making a purchase and justifying spend, often on the grounds of highly emotional drivers that would not allow us to compromise.

The current situation is different, as certain purchases are simply out of reach and the immediate future is filled with uncertainty making it impossible to plan. Still the overall mindset and the potential re-evaluation of current spending patterns and purchasing behaviour can have significant consequences on many categories.

Source: BBDO international research

SIEGE MENTALITY



Belgians' main concern is their economic situation (70%). 59% of respondents say they will plan their spending more strictly in the future. Belgians are preparing for uncertain financial times by reducing unnecessary spending, and trying to save.

Source: BBDO Trading Up, Trading Down, Trading Off Research 2008
Ipsos, Corona Belgium Survey, 27 March 2020



How can
brands respond?

1.
Brands have
to anticipate the
need for safety
& connection

Reassurance is key

We need reassurance on safety on the most basic level. Consumers will seek it everywhere.

Offer real solutions that keep them safe: for example an app where you can see how many people are at a certain place or shop (Tourisme Vlaanderen, Lidl).

EVERYTHING IS GOING TO BE ALRIGHT





Connection

- Go for community building instead of individualism. System1 live research data shows that ads about humanity and community perform better than those about self, self-image and performance
- Shift your focus to togetherness of families and small groups of friends
- Promote social de-distancing in a safe way
- Stay or go virtual: offer consumers virtual experiences and activations where they can connect with others

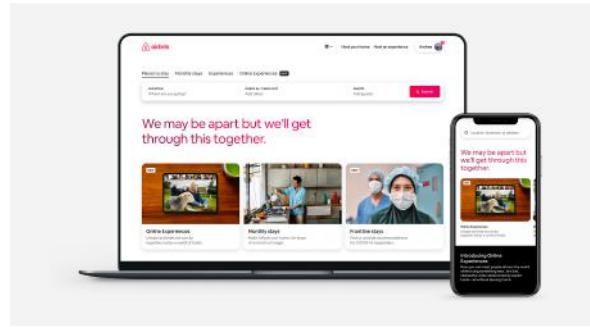


Connection



Cox connects with seniors

Cox has created two outreach programs 'One Call a Day' - the network's employees volunteer to call seniors - and 'Virtual Senior Centres', as part of an ongoing effort to connect older adults and to deliver on their brand purpose to establish real human connections.



Bumble and Airbnb enhance virtual dating

Bumble and Airbnb have joined forces to offer quarantined daters the chance to enjoy unique experiences together via virtual destinations and adventures. Craving intimacy, many people are eager to foster new connections during lockdown, and brands can engage them with novelty and skill-sharing.



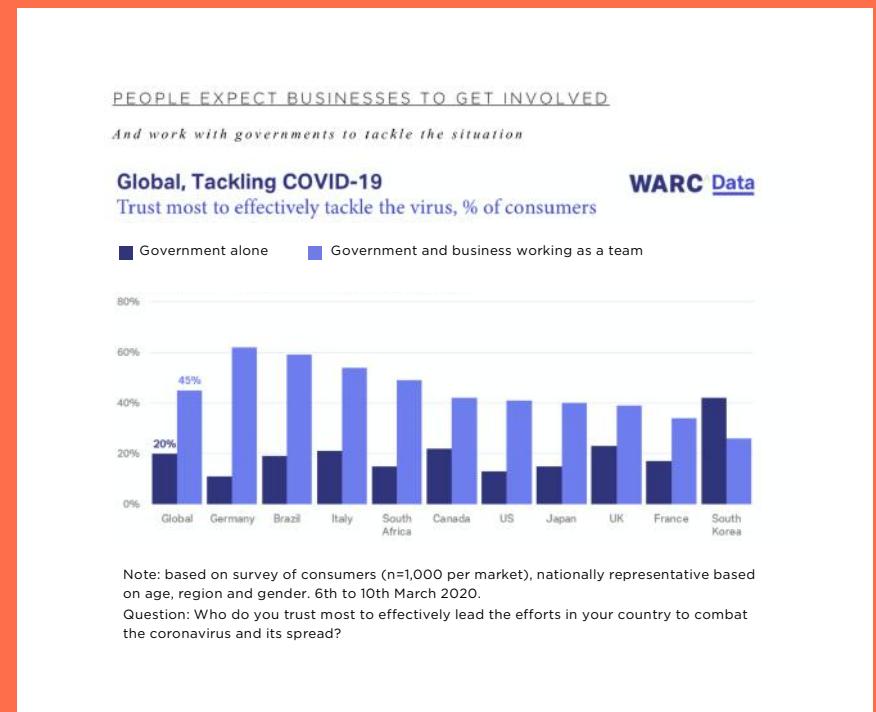
Cupra brings the stadium to fans

Even though fans cannot attend matches in person, CUPRA has launched "Let's win this match together" initiative calling on fans around the world to send in photos cheering on their team {FCB Barcelona} from home. Fan pictures will be displayed on the big LED screens instead of typical sponsorship ads.

Purpose communication will win

Brands that will win in the future are brands that pursue a higher goal, a 'purpose'. Unilever's 'sustainable living' brands are driving 75% of its growth. Recent studies show that a majority of consumers prefer brands and advertising messages that can contribute to society. It matters now more than ever. The pandemic is testing our humanity and values. Covid-19 has given us all a common purpose and thereby elevated the very idea of a company's purpose. 77% of global consumers want brands to talk about how they help in the new everyday life. Brands who help rebuild post-corona society, will win.

Sources: BBDOknows, brands now and next
Warc, strategy and effectiveness lessons 2019



Source: Edelman, Trust and the Coronavirus



But don't forget to be purpose driven

It's great to have a purpose. Even better is to be purpose driven. Throughout and after the recovery period, it is vital for brands to be as useful as possible to the communities they serve – combining purpose and practicality. Next to storytelling, there is a need for story doing.

Covid-19 has ushered in a new era of brand marketing: what counts is no longer what brands can get out of the customer over their lifetime, but what the brand can do for the customer. Once the pandemic ends, consumers will continue to look to brands who align with their needs more than ever. 64% of Belgians indicate that they will consider brands more that have taken positive initiatives during the crisis. 65% state that they will pay more attention in the future to the societal role of brands.

Source: Polaris, Recovery study, May 2020

Consumers applaud brands that get it right loudly and widely

Throughout the COVID-19 pandemic, marketers have been trying to inspire and connect with people around the world by launching campaigns, fundraisers and powerful public service announcements. But which brands are resonating the most with consumers? Influencer marketing and social data firm Influential decided to dig into this by tracking social conversations around the top Fortune 1,000 brands across Facebook, Twitter, Instagram, YouTube, forums and blogs.

The agency measured mentions of each brand four weeks before the U.S. government announced coronavirus as a global pandemic on March 13 and four weeks after the announcement.

And the winner so far is...

Consumers applaud brands that get it right loudly and widely



Johnson & Johnson with a **61 percent increase** in positive sentiment. Specifically for the company's attempt to create COVID-19 vaccines as well as the launch of its relief fund.



AT&T is a closed second, seeing a **58 percent increase** in positive mentions, with people focusing on how the company continues to pay all support staff who earn an hourly wage even if their services aren't needed.



Next up is Amazon, with a **52 percent bump** for pledging \$20 million to help accelerate coronavirus diagnostic testing, along with hiring 75,000 additional workers right now.

Analysts: The expectation is to support with purpose

Demonstrating true empathy
and deep understanding



"If anything positive comes out of the pandemic, it's that the veil of purpose has been lifted... Once the pandemic ends, consumers will look to brands that align with their needs more than ever. They'll choose the brands that made them feel seen in this time of crisis, not the ones that asked them to buy,"

— Adweek, May 2020



"This is a moment to invest in a leap ahead, reconsider priorities, get back to where it all began, or discard presumptions made during simpler times. This is not a time for reaction or inaction. If you're looking for a chance to revisit your purpose, the time is now."

— Warc, May 2020



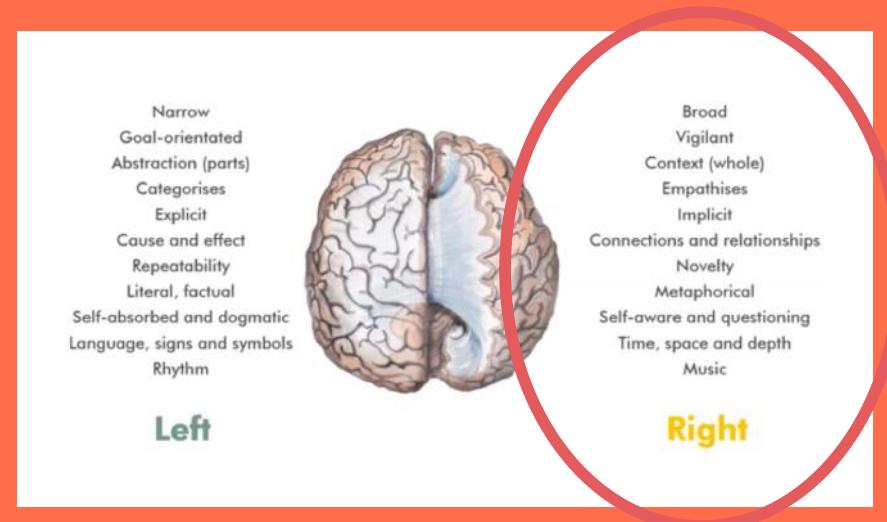
"Now more than ever, all ads must be purpose driven, even if that means lower profits."

— Les Binet, Group Head of Effectiveness, adam&eveDDB, May 2020

The consumer expects empathy

Find the right kind of voice that empathizes with consumers. Show understanding of the consumers' situation, experiences and worries. Use warm and emotional advertising that leans towards right brain features.

System 1 data suggests ads with more right brain features such as human connection, spontaneity and humour are performing better today. As are those with a focus on people and community.



2.
Brands should
remember the lessons
learnt in previous
recessions

Don't go dark

- Going dark can weaken consumer relationships and bonding metrics
- The impact of going dark can take 6 months to a year to show
- The erosion of consumer memory can take up to 5 years to undo



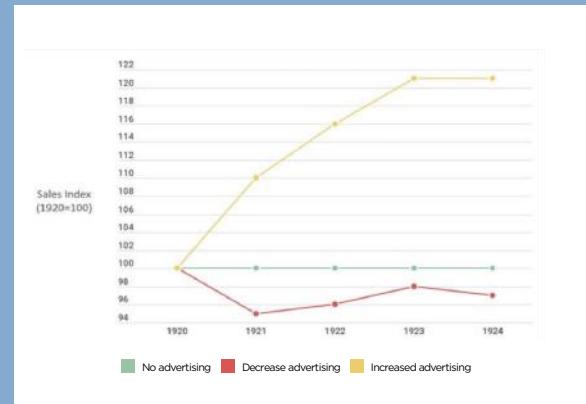
Source: Google & Ebiquity - Advertising through a recession 2020

Ad spend is vital

Investing in share of voice has driven strong growth during the recession and longer-term.

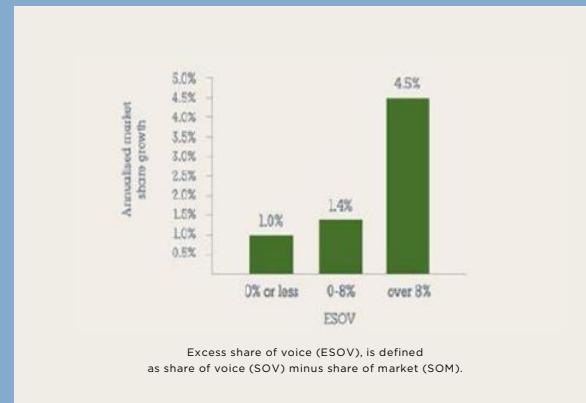
The good news is for those that can spend where others can't, costs to advertise will likely be lower than in normal times. Therefore there is an opportunity for brands during this downturn to identify and seize low cost growth opportunities, while also make the most of more captive, housebound audiences.

Increased ad-spend during the great depression (1920's) increased sales



Valle, Roland S. "The Use of Advertising During Depression"
Harvard Business Review 5, April 1927

Increased SOV during the great recession (2008) increased growth



Source: Marketing Week, 6 April 2020

Base: IPA cases covering 2008 recession

Both brand building and sales activation are important

Brand building

Creates mental brand equity & consideration:
mental availability

Influences future sales: makes next year's targets easier to achieve

Long term

Emotional priming

Broad reach

Sales activation

Exploits mental brand equity & consideration

Generates sales now: improves the efficiency of the campaign

Short term

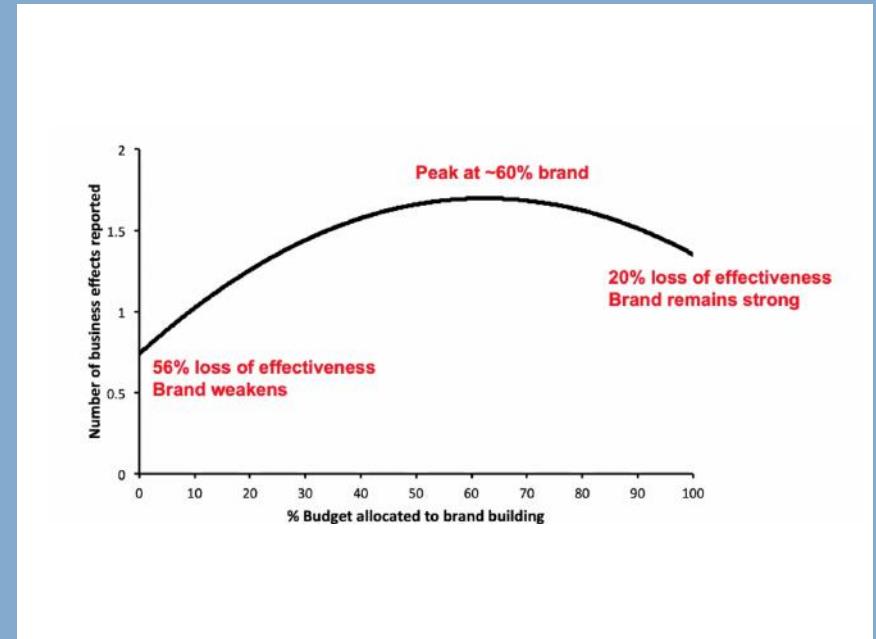
Behavioural prompts

Tightly targeted

But keep the balance right

Manage the short term and plan for the long term.

Keep the balance between brand building and sales activation (60/40).



Source: IPA Databank, 1998-2016 for-profit cases

Price sensitivity calls for adaptation and justification

Although consumers are delaying some purchases, they will still spend. Especially on the things that meet their emotional needs. Price sensitivity is rising. Expectations are that a lot of consumers will look more actively for good deals in the form of discounts or promotions.

Brands can play with pack size to meet consumer needs. P&G is serving consumers with smaller pack sizes that carry a lower unit price to become more accessible.

If consumers need to pay a price premium they will need to know why. They will need justification for themselves. Differentiation, emotional and quality claims and transparency from brands will become more important to protect price positioning.

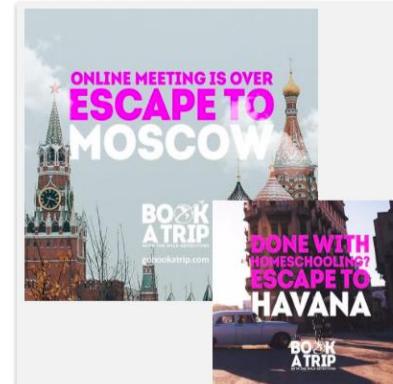
3.
Brands should react to
the Covid-19 recession,
but they can speak
their trusted language

Serve well-being needs

Consumers will continue to reward those who are serving well-being needs rather than products and services that fuel superficial wants. Brands need to fuel well-being and need to find ways to meet these consumer needs.

For example, Jack Daniels is perpetuating a sense of togetherness by highlighting the many creative ways people are staying connected with their latest crowdsourced spot. Global bespoke luxury and honeymoon travel operator Kuoni Travels has launched “Kuoni Flex” which allows travellers to indulge in their escapism and change holiday plans without charge up until seven days before departure. Allbirds (known for its comfy wool sneakers made from sustainable materials) has launched its new product line – its first running shoe – as more people are running outdoors.

Source: Warc, How consumers are redefining a good life



BOOKSTORE BECOMES TRAVEL AGENCY

A bookstore just shocked fans and boosted sales 200% with a brilliant quarantine pivot. The Wild Detectives store, became a travel agency with a literary twist, by creating a playful ‘Book a Trip’ website, which, at first glance, looks like a travel agency. But in reality, visitors who type in a particular destination are sent to a page of books that take place in the corresponding location.



KFC says thanks we'll take it from here

To mark the reopening of their restaurant door stores, KFC released a tongue in cheek ad celebrating fans' mixed success in attempts at making their famous KFC chicken. The ad used real images of homemade efforts. To heighten the mockery, the ad is backed to the soundtrack of Celine Dion's 'All By Myself'. At the end, KFC reassures viewers: "We'll take it from here."

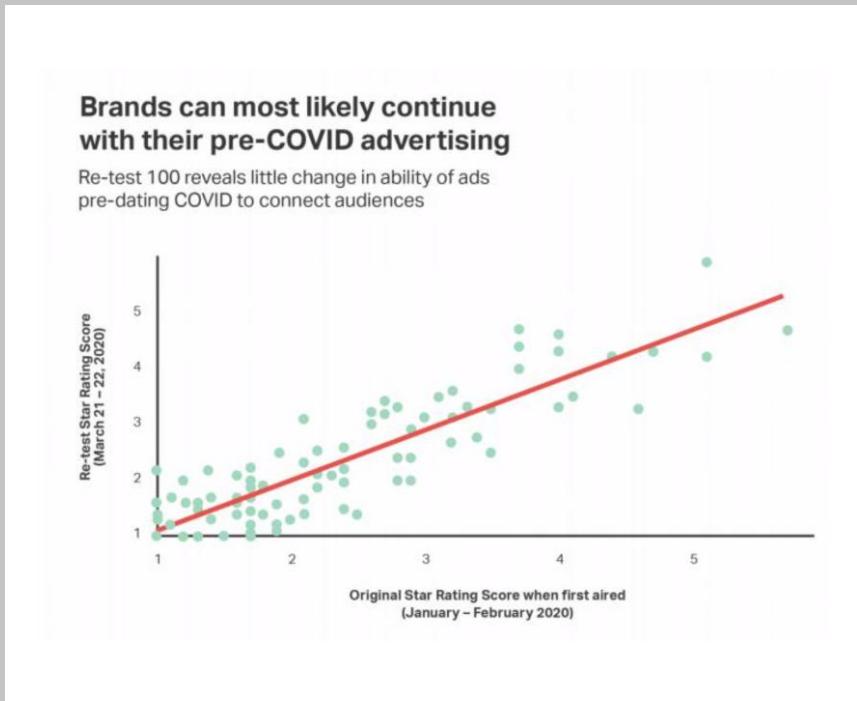
Spark joy

For brands in many categories, calendar events and landmark holidays are a major source of sales. However, planning for this consistent sales rhythm will no longer be viable. Instead, those who create moments of joy should appeal to consumers who are seeking for respite as they are experiencing the unfamiliarity of this modified world. Sometimes, joy may be a spontaneous moment of silliness, smelling freshly baked bread, or seeing your grandparent's face light up as they navigate video calls for the first time.

A joyful moment on its own may not mean anything, but patterns of it can. Brands who figure out how "joy" can be relevant to their consumers and maintain or expand these occasions with moments of joy will make a memorable impression on them - an unrelenting period as we live through it, but one that is well-lived with memories as we look back on it.

Source: Warc, How consumers are redefining a good life

Maintain existing brand creative where possible



Source: How should brands advertise during the crisis of COVID-19?
Orlando Wood, WARC Guide, May 2020

Many advertisers want to know if they can continue to use their pre-existing creatives they were using before Covid-19.

System 1 retested 100 ads (UK & US) it first tested in January and February 2020. Emotional response and brand recognition that can predict effectiveness in driving market share gain were measured. The research found pre-existing brand work will most likely still connect as well as it did.

When creating new work it is advisable to make use of your existing assets or characters. You can revisit successful work from the past, as long as it centers around human connection and it has spontaneity or humor. It connects better today than ever. The same goes for a focus on people, locality and community.



Brand survival conclusions

Brand survival conclusions

- Consumers are concerned about their financial situation and their health.
- They look at brands to keep them safe and to come up with solutions that fit their new needs: reassurance, connection in real life as well as virtual, well being, local preference and joy.
- Brands should empathize and focus on purpose driven marketing. Acts speaks louder than words.
- Rising price sensitivity calls for adaptation and justification: promotions and adapted packaging. For premium brands, differentiation, emotional and quality claims and transparency will become more important to protect price positioning.
- To keep brand equity and grow market share, ad spend is vital, keeping the right balance between brand building and sales activation (60/40).

It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change and it is much the same for brands.

The most adaptable brands will be those who survive. Therefore, knowing what is currently top of mind with consumers is absolutely key.

— L.C. Megginson, Professor of Management and Marketing
at Louisiana State University & Kantar

Thanks for inspiration to



WARC

McKinsey
& Company

KANTAR



nielsen
.....

IPA
Incorporated
by Royal Charter