APRIL 3. 2020, ISSUE 1

RICCI'S ROUND UP

Only the most relevant, insightful COVID reports, opinions & case studies of the week

THIS ISSUE:

The Commercial & Consumer Phases of COVID 19 - pg 2-3

Spotlights on consumer behaviuor & attitude changes to food & advertising - pg 3-4

LETS START WITH THE FACTS

About 3 weeks ago, our world literally changed in 24 hours. Most of us were sent home to work. We quickly had to cancel or redeploy activity based on our new demand & supply capabilities or cost saving requirements, rapid changes in consumer needs & behaviours and the introduction of social distancing rules.

Some of us are still battling daily challenges to keep stock on shelves, deal with retail closures and secure our business's financial stability. Others are starting to come up for air, settling into a new rhythm and starting to think about life after COVID-19 and what it means for their brands and strategic plans.

This is where I hope to come in and help you. There is A LOT of information and opinion out there on how brands should be planning through and out of COVID-19. My goal is to sift through this and find the most relevant, insightful pieces. Topped with a sprinkling of my opinions & hypothesis, of course :)

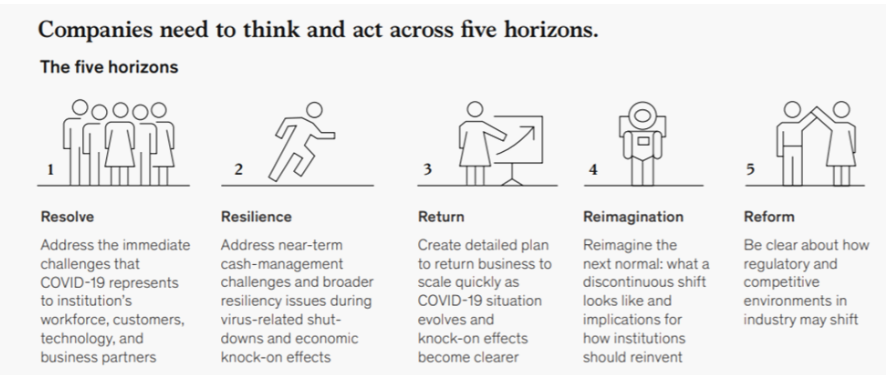
Given we are only three weeks into this crisis, its a little too early to start forming any definitive conclusions about the 'next normal'. So I am dedicating this issue to the emerging, killer facts & their potential implications and will begin forming actionable insights as our data sources become richer.

I thought I'd kick off these round ups with the best of the big global research houses, who are using their broad market reach and local expertise to present a global perspective on the early signs and implications from markets who are ahead of us on the COVID curve.

Keep an eye on McKinsey, Nielsen & Kantar as they are continuously updating their research findings & insights as each market moves through the curve. I highly recommend subscribing to their weekly newsletters.

BEYOND CORONAVIRUS: THE PATH TO THE 'NEXT NORMAL'

"For some organizations, near-term survival is the only agenda item. Others are peering through the fog of uncertainty, thinking about how to position themselves once the crisis has passed and things return to normal. The question is, 'What will normal look like?' While no one can say how long the crisis will last, what we find on the other side will not look like the normal of recent years.""



Source: McKinsey COVID-19: Briefing note, March 30, 2020

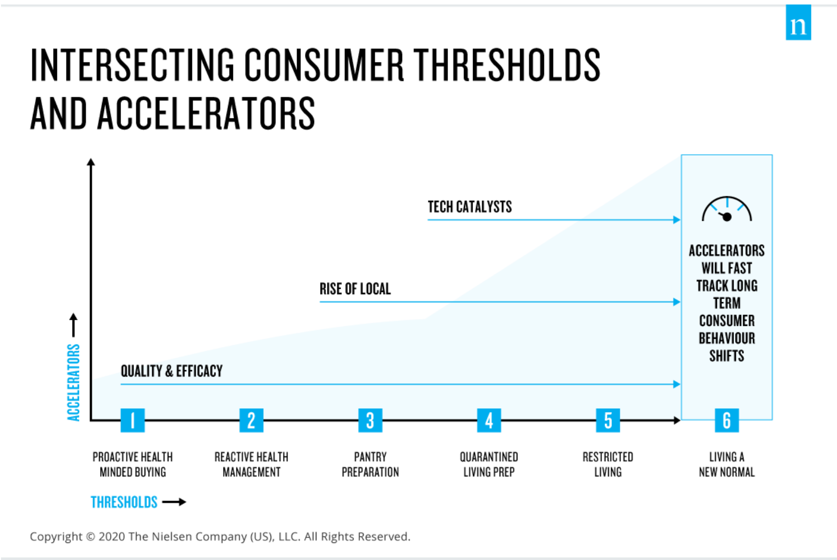
This article by McKinsey is a worthy read for business & marketing leaders as they look to guide their organisations, brands & teams through the five horizons of COVID-19.

Most of you are most likely still highly consumed by Horizon 1 &2 right now, but if you haven't already, I encourage you to set aside some thinking time and start setting your vision and plans for Horizons 3 & 4. There are some great thought-starters within.

EMERGING CONSUMER BEHAVIOUR CHANGES

While the McKinsey report focused on the phases business's will move through, Nielsen is publishing & constantly refreshing their findings & observations about the phases **consumers** will move through, with a spotlight on FMCG, Retail & Media. As each market moves through each threshold (led by China & Italy), they are reporting on the key indicators and implications from each, to help the lagging markets plan ahead.

What is of particular interest is the "new normal" as consumers move into Phase 6 and come out the other end of the crisis with a fresh set of attitudes and behaviours that brands will need to consider to stay relevant. Watch this space for further insight!



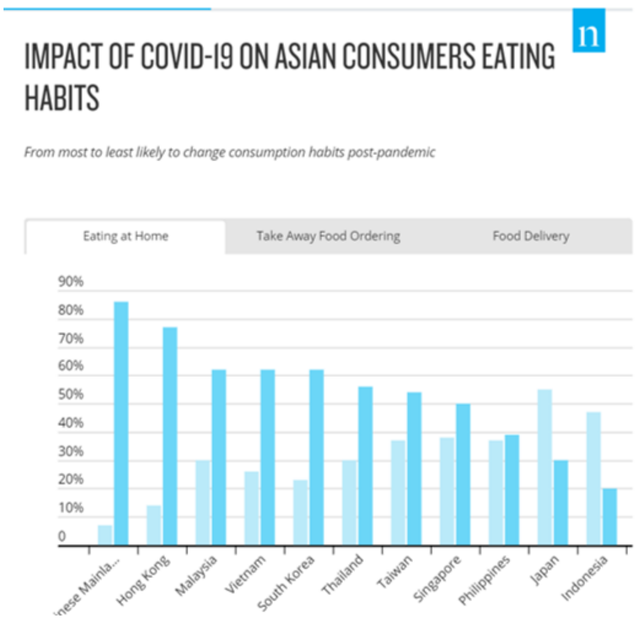
Nielsen have already started to identify three emerging shifts in consumer needs & behaviours through the phases:

- The importance of **quality & efficacy**, particularly in the space of hygiene & safety. Nielsen believe consumers will be willing to pay good price premiums for this reassurance.
- The rise in popularity of **locally sourced** products and consumers demand for transparency in the supply chain
- Consumers broad and increased adoption rates for **technology** that make life easier eg online shopping and virtual working but this comes with an increased expectation that these experiences are enhanced and seamless.

SPOTLIGHT: POTENTIAL CHANGES IN EATING HABITS

"Given the extended period Asian markets have endured the COVID-19 escalation, the prolonged time people have had to spend time in their homes in lockdown across a number of markets is clearly forcing a rethink in consumer behaviour. The desire to spend more time at home appears to be a likely side effect that will extend over time."

Although it is still early days, the indications are that consumers will be spending more time eating at home. This is evident not only in Asian consumers claimed behaviour but also in their actual shopping behaviour as they move back to the 'new normal". The Nieslen study states that *"......sales (growth) are regularly exceeding 20-25% of the average weekly sales across FMCG every week since the end of January. Consumers have been back to the same store multiple times, so this behaviour is beyond panic buying."*



While the sample for this study are all Asian markets and there are some distinct variances in claimed future behaviour across the sample, it is a trend for both FMCG & Retail/Entertainment clients to keep abreast of as we learn more over time

SPOTLIGHT: CONSUMER CHANGING ATTITUDES TOWARDS ADVERTISING

If you can afford to and have supply or service, do not go dark

Consumers want brands to advertise, but you may need to adapt your message & tone
A survey of more than 35,000 consumers globally by Kantar found that just 8% thought brands should stop advertising. But brands should very clearly show how they are helping in the new everyday (77%), keep consumers informed about what a brand is doing in the new situation (75%) and definitely not exploit the situation for commercial gain (75%). Consumers also agree that brands can either talk as they always have or adapt a carefree and light tone with only 40% of people believing brands should avoid humour during this time.

Media usage is growing, yet spend is dropping.
The Kantar study showed an unsurprising growth in media (given we are all in lockdown). Web browsing grows 70%, linear TV viewing increases 63%, and social media 61%. Yet 55% of marketers have postponed & reviewing budgets (UK)? If you can afford it, you should keep spending. Eyeballs and attention is up for grabs.

Long term brand health is at risk
Previous Kantar data reveals the detrimental affect on brand health when it stops advertising over a period of 6 months and using the last large scale global crisis 08/09 GFC as a case study, Brand Z data shows that strong brands recover 9 times faster than the rest. So build the case to invest in your brands long term health while consumers are receptive and attentive. But be sure that your message and tone is relevant.

Sources: Kantar COVID-19 Barometer, Marketing Week & WARC

A SPRINKLE OF OPINION & SOME EMERGING HYPOTHESIS

A return to the bottom of Maslow's Hierarchy of Needs & appreciation for the basics
We live in a highly developed, western world where we have never had to worry about basic securities such as food, health and freedom to live the life we want. We are now living in a period of scarcity & restrictions and I doubt consumers will not take for granted the supply of fresh food and hygiene necessities again. Availability, integrity of supply chain and locally sourced foods will become key desires for consumers and along with it, the resurgence of many iconic, household FMCG brands (ie those who play their cards right during the crisis).

A significant switch in the usage and key occasions for tech & online behaviours
During isolation, many of us will come to realise the efficiency and ease of online commerce and virtual offices. As a result we will likely adopt much higher usage levels than pre-COVID. On the flip side, after long periods of isolation consumers will realise the importance and value of face-to-face interactions and socialising vs via social media. Yes, we may slow down and eat at home more often (a resurgence in the sit down breakfast perhaps?) but we are social beings and with a desire for more face-to-face time with the broader community will come a big opportunity for retail & entertainment venues to facilitate these face-to-face social occasions

Until next time..... Cheers, Anne