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# WHAT'S NEXT?

## PERSPECTIVES ON RETAIL AND CONSUMER GOODS

SOURCE: MCKINSEY & COMPANY

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# Consumer Insights

Consumer behaviors are settling into a new normal, as people everywhere learn to live with the reality of COVID-19 and as more countries reopen parts of their economies. Although the pandemic's impact has varied across regions, five themes have become evident among consumers across the globe:

- SHIFT TO VALUE AND ESSENTIALS
- FLIGHT TO DIGITAL AND OMNICHANNEL
- SHOCK TO LOYALTY
- HEALTH AND 'CARING' ECONOMY
- HOMEBODY ECONOMY

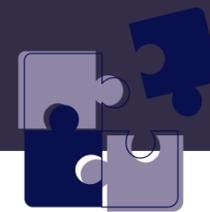


# HOW COVID-19 IS CHANGING CONSUMER BEHAVIOUR - NOW AND FOREVER



**COVID-19 IS  
TRANSFORMING  
CONSUMER LIVES: WE  
HAVE COVERED A  
'DECADE IN DAYS' IN  
ADOPTION OF DIGITAL**

Three change forces: economic  
downturn, preference shifts, and  
digital acceleration



**BEHAVIOUR CHANGES  
ARE NOT LINEAR, AND  
THEIR STICKINESS WILL  
DEPEND ON  
SATISFACTION WITH THE  
NEW EXPERIENCES**

Ups and downs ahead of us  
Stickiness = forced behavior x satisfaction  
The jury is still out on value-driven  
behaviors



**THE FUTURE IS NOW:  
PLAYERS SHOULD  
PREPARE**

Prepare for consumption declines or  
trading down  
Address footprint offer and shopping  
experience for the new reality  
Follow consumers in their new  
decision journeys when marketing  
and communicating

**Behaviour changes will reshape consumer decision journeys, and companies will need to adapt fast.**

**Retailers and consumer-packaged-goods companies that use the transition period to rethink consumer -decision journeys can reshape consumer behaviour.**

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## **HOW**

### **Consumers Get Information**

Shake-up of media mix



## **WHAT**

### **Consumers Purchase**

Overall consumption: 15% US decline with recovery in 2023.



## **WHERE**

### **Consumers Purchase**

Channel mix re-evaluation: E-commerce, On-the-go consumption decline, Decrease in travel retail.



## **HOW**

### **Consumers Experience**

Shake-up in what consumers value.

Loyalty shake-up, as consumers are forced to try new things.

# What makes APAC's Generation Z Different?

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## 5 Consumer Trends

### ONE

They rely on social media but are thoughtful about how they engage with it.

### TWO

They want it all - and are used to getting it.

### THREE

They prefer brands that show their personality and uniqueness but that are also well known enough to be recognised.

### FOUR

They are greatly influenced in their brand selection by video content.

### FIVE

They want to be seen as environmentally conscious, but they often don't want to pay for this.

# HOW TO SHAPE VALUE PERCEPTION IN THE NEXT NORMAL

## DEVELOP A VALUE STRATEGY FOR EACH CONSUMER SEGMENT.

In light of economic uncertainty, the general consensus is that value will matter—but there is unlikely to be a one-size-fits-all approach to maintaining or improving consumer value perception.

## LOCALISE YOUR VALUE LEVERS.

Given the variability in COVID-19's impact across the country, adjust your pricing, promotions, and assortments to best serve local communities. Consumers in areas that are still under heavy restrictions.

## BUILD AGILITY INTO YOUR COMMERCIAL ACTIVITIES

Agility—the ability to respond rapidly to changes in consumer sentiment and value perception—will be crucial. You will need to monitor carefully chosen metrics that are reliable indicators of how consumers are thinking about price and value,

## UPDATE YOUR VALUE COMMUNICATION FOR THE POSTCRISIS CONTEXT

Given the shifts in consumer behavior—more cooking at home, larger baskets, less cross-shopping across retailers—each shopping occasion, for loyal and new customers alike, takes on greater importance for retailers.

# Impact of COVID-19 on the retail sector

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**Shift to online and digital purchasing**

**Shift to value for money**

**Loyalty shock.**

**Flexibility of labour.**

**Healthy, safe, and local.**

**Channel disruption and expansion**

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# Let's Chat

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