

# COVID-19

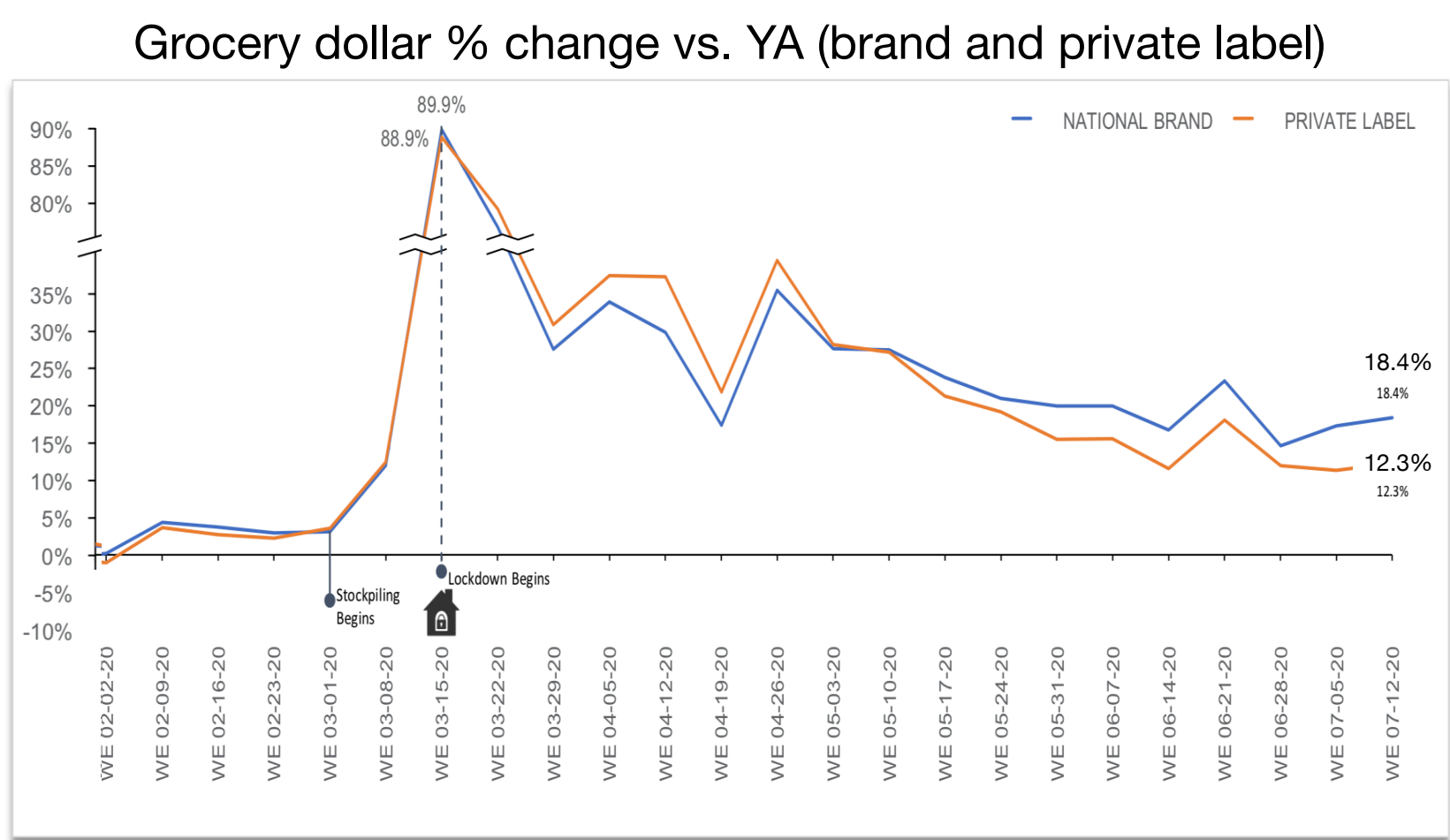
# SERIES

**Week Three – The Brand Story**

October 20, 2020

# COVID-19 impacted consumers' value equations

More time at home mixed with ongoing uncertainty has forced consumers to be more intentional about grocery shopping. Availability and price continue to shape their decisioning, changing the value they place in name and private label brands.



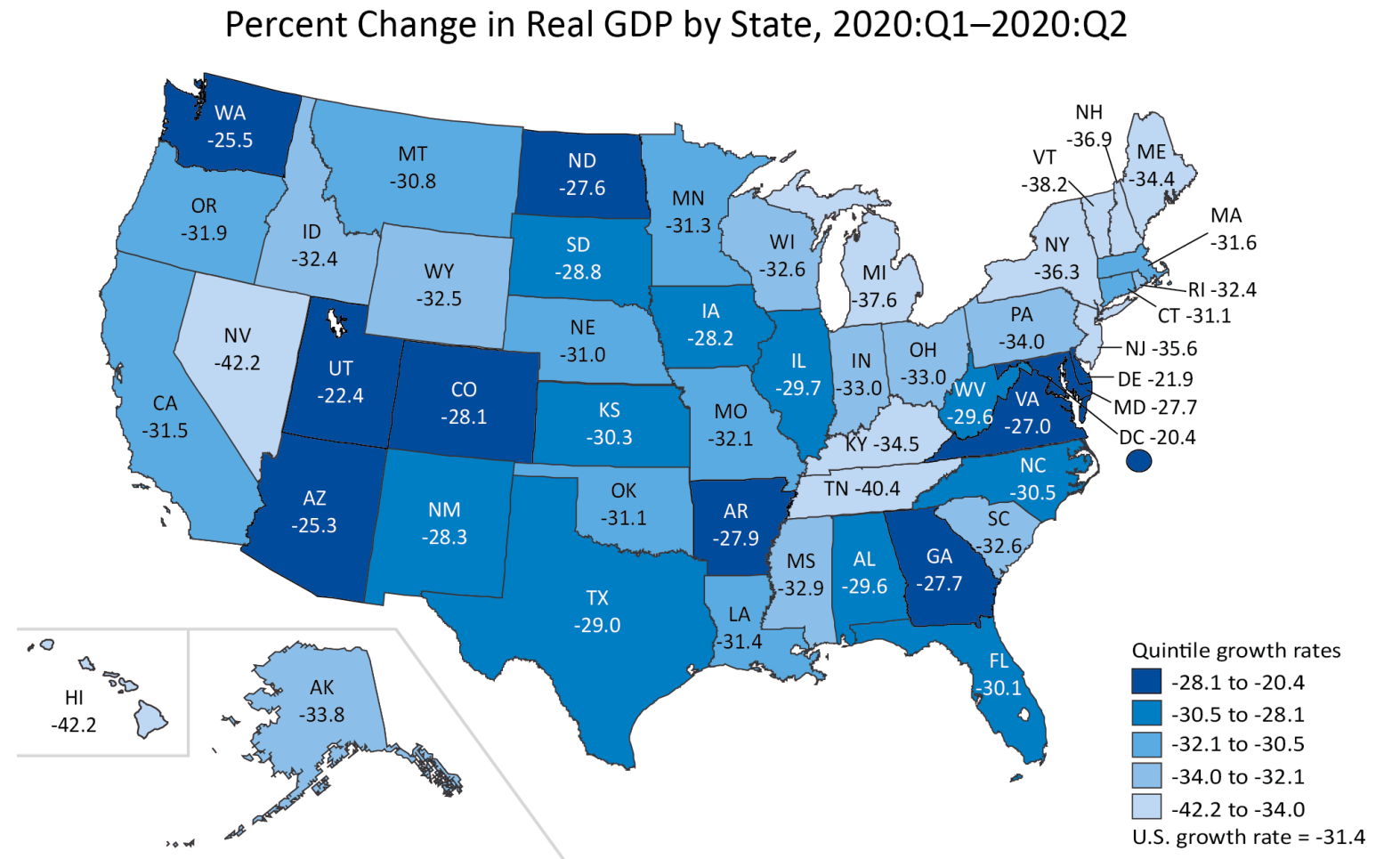
COVID-19 and shelter-in-place drove up grocery spend across the board, yet created tension between name and private label brands by disrupting consumer shopping habits.

Fewer shops, bigger baskets, and more pressure on shoppers to get everything they need shattered the concept of brand loyalty and presented new challenges for brands and products trying to make the list.



72% of consumers noted they are more aware of product availability than they were prior to COVID-19.

Many shoppers were forced to choose from what was available at the onset of crisis and still experience out-of-stocks that force them to prioritize availability over factors like taste, health, or brand preference – a trend IRI has found to impact both national and store brands similarly.



Consumers have always shopped on a budget, but the pandemic has intensified their focus on low prices and value.

Between ongoing joblessness and negative GDP growth across the country, fear of economic hardship remains at an all-time high, which is driving shoppers to increasingly rethink the role value plays in their weekly shopping trips.

Source: Oracle Food Industry Association 10/20, Mintel COVID-19 report 6/20  
<https://www.bea.gov/news/2020/gross-domestic-product-state-2nd-quarter-2020>  
<https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/the-great-consumer-shift-ten-charts-that-show-how-us-shopping-behavior-is-changing>

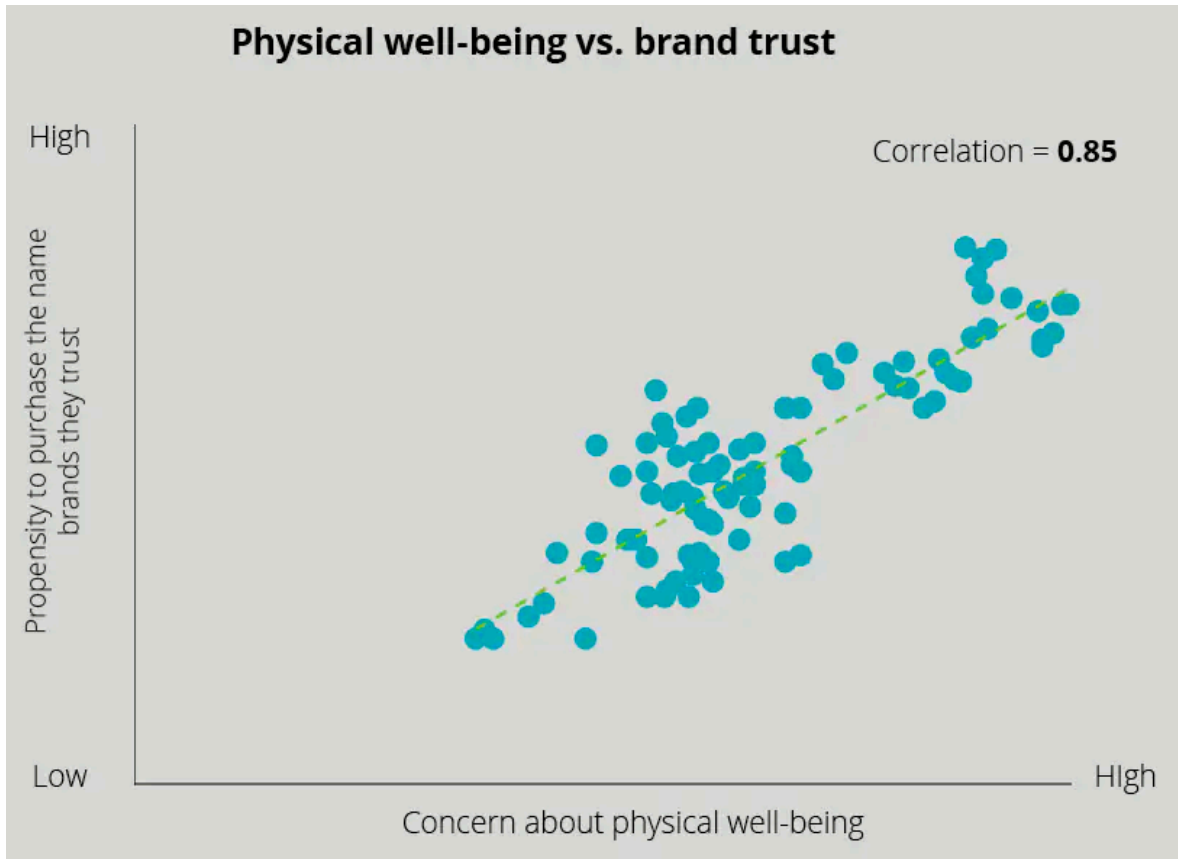




# Consumers are seeking confidence in a time of crisis

New concerns over personal well-being drives consumers towards the comfort of familiar brands, yet the realities of the pandemic also emphasized the desire for value within budget and spurred more interest in private label.

## Consumers seek comfort from familiar brands



Reliance on trusted brands has shown to increase along with concerns over physical and financial well-being.

In a recent survey, 86% of consumers said they see their preferred brands as an essential safety net during crisis, while 60% said they are turning to brands they believe they can absolutely trust in crisis.

As a result, many familiar name brands, are seeing upwards of 50% growth during the crisis – especially in packaged (+58%) and frozen (+57%) foods.

## Consumers seek cost-savings from private label



With financial fears hanging overhead, many consumers are seeking value from private label brands in the form of more affordable pricing.

58% say they regularly compare prices between name and private brands, and 80% intend to keep switching between name and private brands after the pandemic, largely due to availability and the perceived value of lower-priced products.



# Brands stand out by providing value beyond price

Many consumers believe brands play a critical role in managing crisis, and these consumers look for brands to address current and ongoing challenges brought on by the COVID-19 pandemic.

## Consumers expect brands to help everyone

1. DoorDash has been supplying drivers with PPE (first gloves and hand sanitizer, then adding masks and wipes when available) since early March. Any DD drivers who don't know of this just haven't checked their emails. They send out a weekly newsletter with updates and have...



89% of consumers want brands to provide free products to those most affected by crisis, and 90% want brands to do everything they can to protect the well-being of their employees, even if it means substantial financial losses through crisis.

While expectations for brands to help society and behave responsibly is most-often decoupled from what drives shopper preference at-shelf, some early studies suggested brands that jumped to help at the onset of crisis saw short-term benefits of their actions.

## Consumers need brands to help them



84% of consumers say they want brands to show how they can help people deal with pandemic-related life challenges.

With many consumers still cooking more at home, mealtime is an opportunity for grocery brands to deliver tangible benefits over lower-priced alternatives.

From health and convenience, to emotional connection and meal solutions beyond recipes, consumers want brands to help them cope by making mealtime easier, quicker, and more rewarding.



# TAKEAWAYS

**Redefine value:** The pandemic put perceived value in the spotlight for many grocery shoppers. Brands that show how they create tangible value by making mealtime easier, more connected, and more rewarding than lower-priced options will have a leg up as consumers move forward.

**Provide support:** Consumers dealing with crisis are seeking comfort and expecting help from brands. Brands looking to make the basket must provide of-the-moment solutions to actual challenges consumers are facing and bring those to life through brand messaging and activations.

**Authenticity:** Brands can draw shoppers in by clearly communicating their intentions and purpose. Finding opportunities to address relevant needs while connecting solutions to the brand's position is key to creating the consistency needed to set brands up for longterm success.





**THEODORE SCHWEITZ**  
VP STRATEGY



**TAYLOR MCKEE**  
SR. STRATEGIST



**SARAH BECK**  
SR. STRATEGIST



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