



Anticipating the Next Normal: Connect with your Consumer





Overview

Consumer Packaged Goods play a vital societal role in fulfilling both basic physical needs and more discretionary human ‘wants.’ During these times of change, we believe deep consumer understanding is necessary for the CPG industry to more effectively provide for needs during the COVID-19 crisis and pivot to address an emerging ‘Next Normal.’

Many are following changes in consumer spending and sentiment, which provides a lagging view of events as consumers deal with the global pandemic. We believe it is equally important to understand **why** consumers are making choices in the near term and identify **how** brands and retailers can better meet rapidly changing needs moving forward. The Seurat Group is fielding ongoing ethnographic discussions with consumers across the country to develop a real time understanding of the drivers of choice and how those will change based on disruptions brought on by the COVID-19 pandemic.

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Changing Consumer Needs

More consumers are necessarily spending more time, energy and resources meeting foundational physical needs. At the same time, more unstructured hours spent at home affords some consumers a unique window to seek purpose and fulfillment. Both impact purchase decision-making and it is critically important for brands and retailers to understand how the needs of consumers are changing at a granular level, since the impact of COVID has been very uneven.

Consumer Need Priorities

Purpose & Fulfillment	“ I’m taking a course about the Science of Happiness
Social Connection	“ I used to live at the gym. Went every day at 6am, It’s driving me crazy I can’t go!
Health & Security	“ I’m panicking. I worry I won’t be able to take care of my 2 kids. Job security is stressful
Basic Physical Needs	“ I’m 76. Will it harm me? Will it harm my family?

2

Disruption of Decision-Making

Over the past two months the consumer decision process has been completely disrupted. Prior to COVID-19, many consumer decisions were based on a habitual, subconscious process used to simplify a sea of options. Now, decisions are more deliberate as consumers match new priorities to a rapidly shifting consideration set.

“ Who knows what will be in stock? It’s different every time I go to the store or look online.

While the negative human impact of the crisis cannot be overlooked, the current situation provides a unique lens into human decision-making, revealing how brands and retailers can better provide consumers with what the need and want, now and in the future.

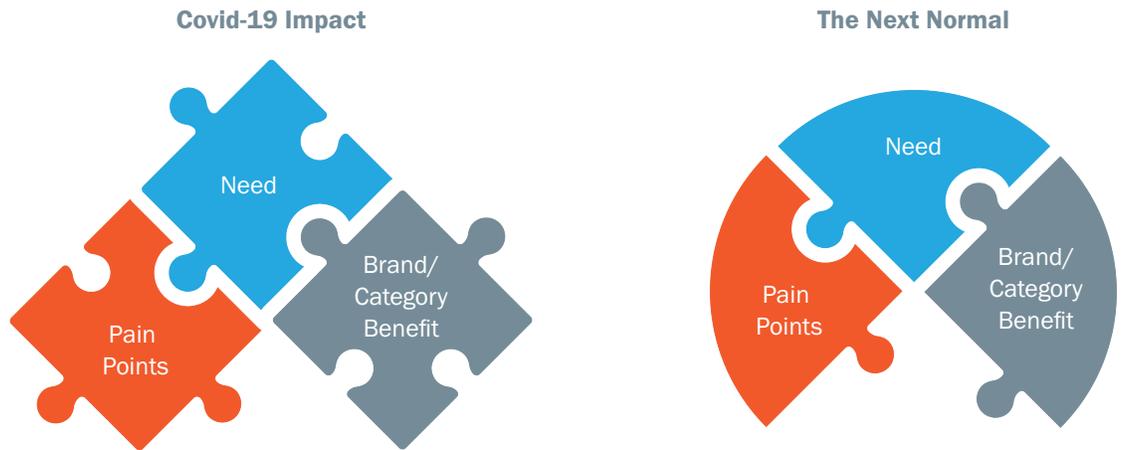


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“ Every brand in the world is emailing me some story. It won’t convince me to buy something. But I won’t forget the companies that are actually making things better for me.

While there is no crystal ball view to the future, we used our consumer ethnographies to develop a model of behavior to better understand, and predict, how choices made in the consumer goods space will continue to evolve. Applying the model at the category level reveals opportunities for brands and retailers to better meet consumer and shopper needs. It measures the change in consumer need prioritization, pain points, and desired benefits sought from goods and services. It is a forward-looking perspective that is crucial to prepare for the ‘Next Normal’ and reveals some of the changes we observe now are temporary while others will be far more enduring.

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Evolving needs, pain points and benefits will drive changes in consumer behavior. Plan to meet these changes by maintaining relevancy and building trust during this time.



Example of the Consumer Model in Action: Baking at Home

	Pre Covid-19	Covid-19 Impact	Next Normal
Consumer Needs	Healthy Eating, Convenience	Social connection, Indulgence, Comfort	Healthy Eating, Convenience
Consumer Pain Points (Baking)	<ul style="list-style-type: none"> • Skills required • Experience • Time to learn & prepare • Clash with food values (e.g. carb avoidance) 	Consumers have time and resources; food values shift 	Return to busy lives outside; the home elevates pain points 
Benefit Delivery (Baking)	<ul style="list-style-type: none"> • Satisfaction in an accomplishment • Social activity • Knowing the source of food • Nourishment 	Consumers prioritize benefits baking provides 	Consumers de-prioritize benefit baking provides 
Result	Baking at home undergoes a long decline as consumers lack time and experience and do not see the benefit of baking at home over the convenience and quality of retail / foodservice options	Disruptions amplify baking delighters and address past pain points as consumers have access to time and resources. New habits form. Result: Ecommerce sales of breadmakers +652%, sales of flour up +162%	New habits and baking skills create some stickiness for at-home baking; however, normalization of routines drives many people to reduce / eliminate baking at home



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Consumer Behavioral Change ‘Stickiness’

Understanding changes to consumer need priorities and pain points, along with the ability of manufacturers and retailers to consistently deliver against these changes during COVID, is key to mapping the near-term impact. Identifying the level of long-term change to consumer needs and assessing how well brands and retailers performed during the crisis shows us the ‘Next Normal’.

Growth Scenario: Delivering on changing needs, addressing pain points and building trust

“ I started shopping at Aldi to save money. Their organic produce surprised the hell out of me. I’m sold and don’t feel the need to go back to Whole Foods anymore.

Decline Scenario: Underdelivering on changing needs, not addressing pain points and eroding trust

“ I tried to order click-and-collect for groceries but things were out-of-stock, I couldn’t figure out how to use it efficiently and there were no delivery windows for 2 weeks. Not going to be trying that again.



1 in 2 online delivery grocery shoppers reported wait times of 2+ days

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How should CPG Manufacturers and Retailers Respond?

During these unprecedented times it is critical for brands and retailers to stay connected with consumers and shoppers in real time to identify the impact of COVID on consumer needs and pain points and continually assess how they can adjust their offer to better deliver in the near term. At the same time, there is a need to use forward-looking insight to determine what the ‘Next Normal’ will be and develop strategies to deliver on this future state at a matrixed consumer, brand, occasion and local level.

Key steps for brands and retailers as they work to provide for consumers now and build enduring relationships:

1. Build deep empathy and understanding across consumer cohorts in real time

- Build a view of consumer needs, pain points and the brand value equation
- Re-construct the consumer / shopper journey
- Focus on speed of perspective and depth over precision
- Decisions will be made on incomplete data—declare a belief in what will happen, and don’t waver

2. Develop a clear, consumer-based vision for the future. Everyone is inundated with what’s happening day by day.

3. Implement a blueprint for the ‘Next Normal’ now, using a task force structure grounded in the consumer.

- Track, learn and adjust based on the gapping between initial thinking on what will happen vs what does happen.

Reach out to the Seurat Group team for additional information on ways to build the insight foundation needed to prepare for the next normal and develop a blueprint to delight consumers and shoppers through this time of change.

Sources:

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