

The future of consumer behaviour and brand strategy post covid 19

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Abstract

World has been disrupted by Covid-19 affecting lives and livelihood. This paper intends to portray how in pre-covid-19, the consumer's awareness and technology leveraged the markets for both good and services, increased competition as market players started using various platforms such as e-commerce, m-commerce, s-commerce. While during covid, markets have shrunk to bare minimal, the world is already prepared to bounce back mainly because world and India are technologically well prepared to serve the market in various platforms which covid cannot destroy. As the new forms of markets are emerging, market leaders are also changing strategies of branding, creating brand values to be in the fore front and build trust among the techno savvy aware consumer. Yet keeping up in the fore front of creating brand image needs collaboration of a number of experts such as strategist, supply chain experts, scientist and big data analysts. This has been possible in pre-covid situation and will be carried on in post covid period also. The paper is based on the observations made by leading market research organisations.

Keywords: Covid-19, technology, consumer's awareness, Brand value

Introduction

The COVID-19 pandemic abruptly changed how the world does business. Work shifted, wherever possible, into people's homes and online in accordance with social distancing guidelines. As a result, businesses' longstanding resistance to remote employees dissolved, and the lines between work and family life, long blurred, blended overnight. Even when life returns to some form of normal, some of these changes will continue.

The India consumer was distinctly changing across multiple dimensions even before covid-19, the virus lockdown has quickened the process.

The India consumer is gradually but distinctly changing across multiple dimensions. The need for convenience, personalization, shopping on trend, multi-channel engagement and bias towards healthy living have become basic expectations. While some

of these trends will continue to play out as it is, a few could be conflicted with evolving preferences; e.g. convenience vs. gradual rise in sustainability, or hyper personalization versus rising concerns around data and privacy. Some of the other emerging trends such as preference for renting over owning, shift towards experiences and brand affinity could go up or down, as witnessed in global markets.

How will new age consumer look like, post covid?

- Changing purchase patterns: With increasing internet penetration in India, online buyers are rapidly increasing. Moreover, m-Commerce will be growing at an exponential pace
- Connected consumers: Consumers in today's world are more connected than ever. They are empowered by technology to get what they want, when they want and where they want
- Experiential Consumers: Consumer will increasingly prefer to buy from modern retail stores with spacious layouts. While there are

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multiple options from where a product can be bought, shopping experience will become the key differentiator amongst channels

- Healthy choices : Increasing sedentary lifestyle and changing eating habits has made way for healthier choices including natural, herbal, organic and Ayurveda

Role technology is changing the consumer behaviour?

Information-Centered Shopping: People in Indian cities now treat information gathering as an integral part of the shopping experience. As per study by BCG (2020), eighty-five percent of consumers check at least two data points (beyond prices and discounts) when they're buying something, and roughly 50% do some sort of online research. Information that people look for, are product reviews, manufacturing and expiration dates, and how a product compares with alternatives in terms of features

Rise of Social commerce for 'We shopping'

Importance of 'S-commerce' or social commerce (Jia Wertz, 2019) has significantly increased in today's world of connected consumers. Pictures and videos of products/brands posted by consumers on social networking sites and blogs, user experiences and stories shared on the web, ratings, reviews and recommendations posted online, etc. act as user-generated advertorial content.

This content either promotes or demotes a particular product, brand, or service amongst a specific set of people that have access to view/read the content. Social commerce is not just restricted to social network driving sales, but consists of other forms such as peer-to-peer sales platforms (community-based marketplaces), group buying (products and services offered at reduced rates if enough buyers are willing to make the purchase),

user-curated shopping (where users create and share list of products/services for others to shop from), participatory commerce (where consumers become decision makers across the product value chain through voting, funding, and collaboratively designing), etc.

Since consumers can freely post information regarding their purchases or experiences on various social platforms and express their views, social media has become a great tool for companies to engage with consumers.

Companies will be leveraging (some have already started) various analytical tools (K&W In collaboration with WNS, Sep 28, 2016) advance analytics are being used to analyse the social and behavioural traits of the consumers and tweak their strategies accordingly to suit the consumers' needs and convenience. Social sites are also used frequently to raise queries or post grievances which keeps the consumer companies on toes to respond promptly to such concerns and avoid any damage to their social rapport. Social media platforms and online product/ service reviews form an important part of the millennials' shopping journey as it influences their purchase decisions.

How should brand strategy change

Brand strategy today resemble popular song of Hindi movie kagaz ke phool "Waqt ne kiya, kya hasin sitam, hum rahe na hum, tum rahe na tum". Well, haseen (beautiful) or not, consumers and their behaviour have definitely changed. They now jump from brand to brand, product to product, and site to site at a click of a button. At the same time, brand relevance remains high. Brands are beacons of trust. The more choices consumers have, the more important these beacons become.

Mckinsey & company research (2020) shows that brand relevance is especially high in categories

that offer almost unlimited choice, such as online dating, online shopping, and online travel booking. For online shoppers (which will now accelerate in coming time), risk reduction is the most important brand function by far, well ahead of image benefit and information efficiency (www.mckinsey.com 2020).

The need for having a strong brand is more than ever and it “radiates trust and will protect shoppers from the risk of making the wrong choice. Apart from strong brand, data and analytics are transforming the way brands and customers interact with each other” (www.mckinsey.com 2020). Therefore, it’s time to update the proven principles of brand strategy. It’s time for brand strategy to revamp and “fast forward”.

Economics of good reputation and strong brand

A question that often gets asked is what is your

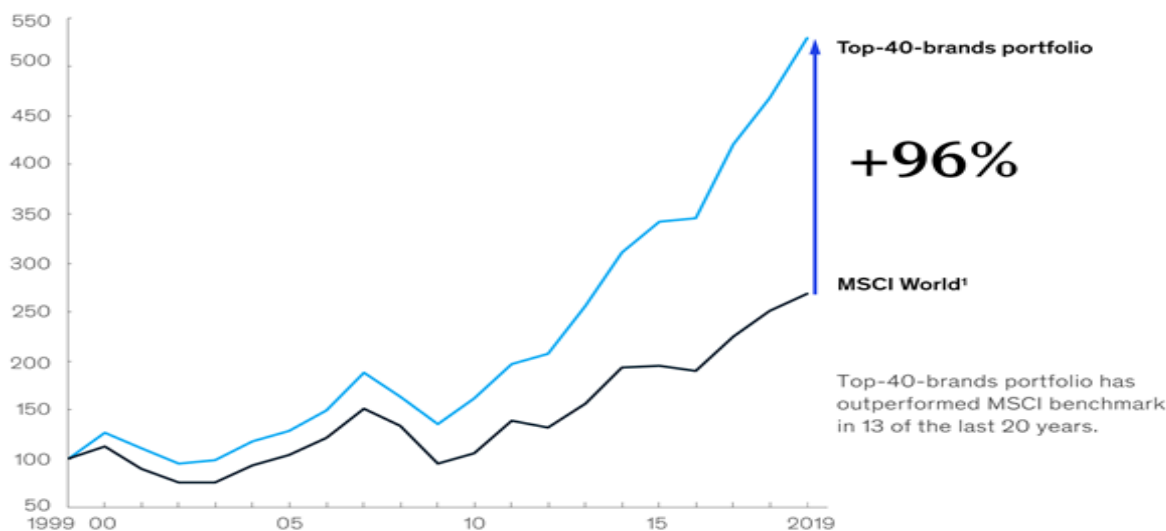
company’s reputation worth? According to a study by Simon Cole “the impact of market value” company’s market value is directly attributable to its reputation. And in a highly connected world where customers, operations, supply chains, and internal and external stakeholders are scattered across the planet — and where reputations can be globally attacked with just a few keystrokes — that number is likely even higher today.

Strong brands consistently outperform the market. The two models below verifies this statement.

The world’s 40 strongest brands yielded almost twice the total return to shareholders (TRS) of an investment in a **Morgan Stanley Capital International (MSCI) World** index certificate over the course of the 20-year period ending in 2019 as per the diagram below (www.mckinsey.com 2020).

Powerful brands significantly outperform the market.

Total return to shareholders, Index



¹Stock market index of 1,646 world stocks maintained by Morgan Stanley Capital International. Source: McKinsey Marketing & Sales Practice

McKinsey
& Company

Another model used to measure brand equity is the brand asset valuator (BAV) by www.slideshare.net (2019)

This research is done over 44 countries covering 0.2 million consumers. The research compares of the brand equity of thousands of brands across various categories. There are five key pillars of brand equity, according to BAV (www.slideshare.net) (2019) :

1 Differentiation: that measures how a brand is seen differently in the market.

2 Energy: measures how quickly brands are accepted by the customer

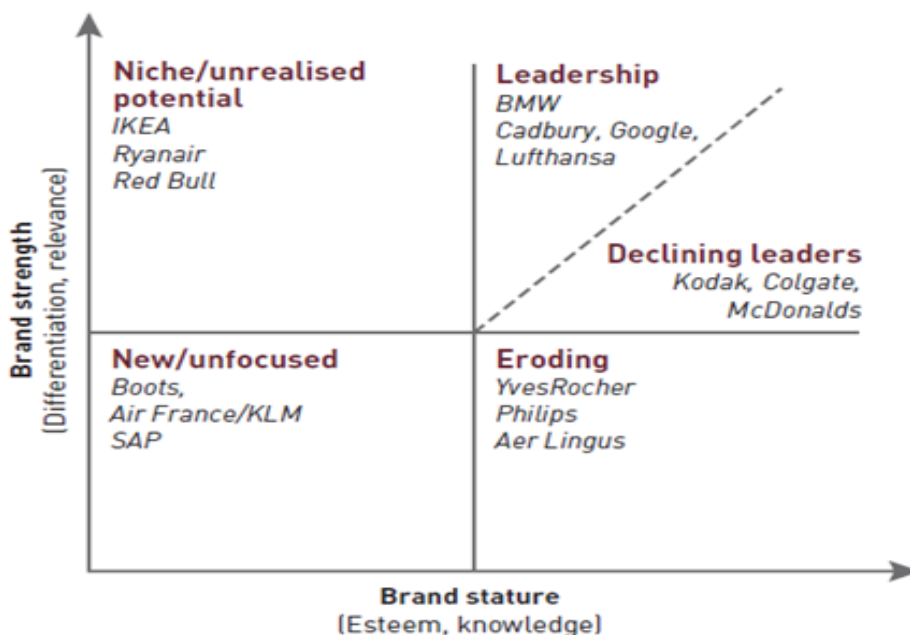
3 Relevance: measures brand's ability to create popularity in length and breadth (www.diva-portal.org).

4 Esteem: measures how well the brand is respected in the market (www.diva-portal.org).

5 Knowledge: measures how well the consumer know about the brand and cherish to have it.

Differentiation, Energy and Relevance combine to determine Energised Brand Strength. These three pillars point to the brand's future value. Esteem and Knowledge together create Brand Stature, which is more of a 'report card' on past performance.

“The relationships among these dimensions – a brand's 'pillar pattern' – reveal much about its current and future status” (www.diva-portal.org). Energised Brand Strength and Brand Stature combined form the PowerGrid, depicting the stages in the cycle of brand development – each with characteristic pillar patterns – in successive quadrants (studfile.net). Strong new brands show higher levels of Differentiation and Energy than Relevance, while both Esteem and Knowledge are lower still. Leadership brands show high levels on all pillars. Finally, declining brands show high Knowledge – evidence of past performance – a lower level of Esteem, and even lower Relevance, Energy and Differentiation. Combining these factors, one can create a graphical approach to Brand Equity, as shown in Figure below (www.easynotecards.com).



Source: BAV POWER GRID

Mckinsey research (2020) finds that Brands draw their power from three sources:

1. Science (insights generation and performance measurement)
2. Art (creativity), and
3. Craft (management and execution).

In times of rapid change, strong brands particularly need the benefits of these robust foundations: a deep understanding of customers and the market based on rigorously tested concepts, a clear purpose brought to life by creativity, and an inspiring brand experience delivered consistently across all touchpoints to drive both brand perception and business performance.

How Data will drive brand-equity management in future

Enhancing brand equity in the digital, omnichannel age, new age marketers will have to think out of the box and embrace new methods and new data sources:

Perception; The need is to track brand perception online. Companies need to go beyond only looking at clicks and followers. The need is to capture perception, and social media is the best place to do it effectively and do it quickly. "Brand equity built over decades can evaporate in a heartbeat when bad news goes viral. Companies can no longer afford to wait for quarterly brand-tracking results. Waiting even a week can be too long. The good news is that state-of-the-art tools allow companies to capture indicators such as buzz volume and user sentiment in real time" (www.mckinsey.com2020).

Speed is the key qualitative research which may not be viable due to cost. That is why now research mostly is based on observations of consumer behavior in large number which often do not take care of underlying consumer needs. Information

collected from internet and mobile applications, enables brands to collect information, interest and choice through feedback in a fraction of a moment and no cost. Thus the industry can incorporate changes quickly to improve the level of satisfaction (www.mckinsey.com).

Customization as per individual customer need and choice forges brands to build relationships with customers. "Thanks to advances in data quality and analytics, messages and metrics can be tailored to ever-smaller target groups or micro-need states and occasions" (www.mckinsey.com). Next-generation Marketing Return On Investment modelling and granular growth mapping allow marketers to record and optimize brand performance across all touchpoints, often at the level of individual customers.

Art: Creativity

Creativity drives brand success! For example performance at the Cannes Lions advertising awards over a period of 15 years, consistently outperform their peers due to creative way of presentation every way. "Successful brand campaigns embed their messages in stories that touch, thrill, or amuse their target audience. Increasingly, consumers also expect their favorite brands to create value beyond product benefits" (www.mckinsey.com).

Craft: Rallying around purpose

While finding purpose is important, but Purpose alone is not enough for brands to prosper. It is important to keep a promise at all touchpoints. Break the promise, and you break the brand!

Brand strategy with the aim purpose to expand market and create customer delight is a challenging task which can be achieved only with dedicated top team working together to achieve purpose driven changes (www.mckinsey.com). Entire purpose should be based on well define goals and values

for laying foundation of communication , operation and guide people and product development (www.mckinsey.com). Main players here are brand strategists, creative directors, data scientists, designers and agencies who should work together in unison, yet with fluidity and agility. This needs a different ecosystem for brand leaders to operate which can be observed across industries now (www.mckinsey.com).

Conclusion

As the economy lurches back, recovery will be unpredictable; uneven across geographies, sectors, product categories, and customer segments; and often slow to return to pre-crisis levels. While a few sectors will face unusually strong demand, leaders in many industries must deal with periods of structural overcapacity. Those companies face the painful need to right size the cost base and capital of their operations, supply chains, and organizations overall and to transition their fixed costs to variable costs aggressively wherever possible. Complicating matters for leaders as they grapple with ways to deal with an uneven recovery is that historical data and forecasting models will be of little use to predict where pockets of demand will emerge and where supply will be necessary.

New data and completely rebuilt analytical models will be essential to steer operational decisions. Finally, many organizations have shifted to remote working models almost overnight. A remote-first setup allows companies to mobilize global expertise instantly, organize a project review with 20—or 200—people immediately, and respond to customer inquiries more rapidly by providing everything from product information to sales and after-sales support digitally. In effect, remote ways of working have at least in part, driven the faster execution drumbeat that we're all experiencing in our organizations. And this step change in remote adoption is now

arguably substantial enough to reconsider current business models. Quickly pivoting the business agenda to address these changes will be critical for a successful recovery. Digital will undoubtedly play a centre stage role.

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