

Ketchum
empathy + intelligence

Brand Reckoning 2020 Study

How Crisis Culture Is Redefining
Consumer Behavior, Loyalty and Values

The coronavirus pandemic has radically altered America's priorities. At the same time, a nationwide upheaval on matters of race and justice challenges our perception of the status quo.

While it's not surprising that these developments would affect the psyche of the American consumer, Ketchum research reveals changes that are both unexpected and profound.

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U.S. GDP contracted at a 32.9% annual rate from April through June, its worst drop on record. In the first quarter, GDP decreased 3.4 percent.

BUREAU OF ECONOMIC ANALYSIS,
AUGUST 3, 2020

INTRODUCTION

Disruption. It's not just a buzzword any more.

The unprecedented events confronting the world since early in 2020 have disrupted people's opinions and beliefs in many ways. For businesses, this shift creates high-stake implications both for a company's reputation and its relationship with its customers. To better understand these implications, Ketchum conducted research to answer several key questions. As stay-in-place orders lift and businesses reopen, how willing are consumers to reengage with the outside world? How much have recent events changed what they value? How does this differ from person to person and what can we learn from that?

Ketchum Analytics surveyed close to

4,000 Americans in mid-June – three months into the U.S. pandemic – to understand their attitudes and beliefs, openness to reengaging with the outside world, and the extent to which this experience has redefined their values.

The results send a clear signal. Nearly half of those surveyed (45%) say their brand preferences have changed – and 62% expect that shift to be permanent.

Close to three quarters (74%) said the recent protests against racial injustice have made it more important to support businesses that improve diversity and inclusion. Eighty-eight percent say the coronavirus has made it more important that companies behave ethically.

Using the study data, Ketchum also aligned these evolutions in consumer attitudes and behavior to four specific personas. We call them **Retro Reengagers, Open-Minded Explorers, Worried Withholders** and **Cautious Questioners**.

These groups have less in common demographically than they do by their reactions to this year's unrelenting stream of disruptions – especially how loyal they remain to brands and how willing they are to resume everyday life.

2020 crisis culture represents a Brand Reckoning. Existing brand personalities now come with added responsibilities if the relationship is to continue. Understanding the sudden shifts in consumer behavior, loyalty, and values could well spell the difference between leadership opportunities and cautionary tales.

Methodology

Ketchum Analytics – recently honored with the AMEC Platinum Award for Most Effective Media Intelligence, Research and Insights Company – conducted a nationally representative survey of 3,883 Americans aged 18+ between June 14 and June 23, 2020. The study's overall margin of error is ± 1.57 percentage points at the 95% confidence level.

CRISIS CULTURE AND BRAND RECKONING

In a pandemic, people question their values. Then they question their brands.

“What’s most surprising about these findings is just how significant a disruption recent events have proven to be to longstanding brand loyalty.”

MARY ELIZABETH GERMAINE,
MANAGING DIRECTOR,
KETCHUM ANALYTICS

Within three months of the coronavirus becoming a pandemic in the U.S., Americans had dramatically altered the way they shop, work, consume, and recreate. Many reprioritized their values in response.

In a rapid and largely unexpected shift, consumers also began questioning brand loyalties and looking for companies that share their values. According to *Brand Reckoning 2020*, a remarkable 45% said COVID-19 had changed their brand preference, and 62% said they expect the change to be permanent.

For some, the importance of brands will be diluted; 63% report they will purchase more private label items in the future.

This fragility in brand loyalty is a natural outcome of the massive disruption to the supply chain that consumers experienced during the pandemic. People were forced to try new brands because their preferred ones weren’t available – for some, that has made them question their previous loyalty after discovering they can get the same quality at a lower price for many products.

But empty shelves aren’t the only driver of the great brand reckoning. Survey respondents also indicated that COVID-19 has caused them to reflect on how superfluous some past purchases are, and they’re also using their purchase power to support companies that are taking a stand on issues such as Black Lives Matter.

Taking a hard look at what really matters

86% Now consider mental health more important

74% Say COVID-19 has shown how unnecessary some past purchases were

62% Say the pandemic has completely disrupted their 5-year plans

62% Expect their shift in brand preference to be permanent

Preferential treatment for some brands



But...



Expect to care more about their preferred brands in the future

More likely to purchase private label items in future

What matters more since COVID-19

86% Feeling connected to immediate family

89% Feeling safe

90% Physical health

91% Cleanliness

When will consumers be ready to reengage with brands?

Surveyed three months into the crisis, American consumers are still not completely comfortable returning to their pre-COVID lives and activities. The soonest they will feel comfortable is three months out, a pause that stretches to almost a year for international travel.



Companies are being held to higher standards

The research shows it is now more important that businesses:

- 90%** Are trustworthy
- 90%** Prioritize customer safety + employee safety (both 90%)
- 88%** Behave ethically
- 88%** Communicate effectively
- 84%** Display empathetic leadership

While 9 in 10 (89%) believe some companies have taken advantage of the current situation for marketing purposes

Change is in the air

SOCIAL JUSTICE AMPLIFICATION

Flashpoint events involving race and justice amplify brand reevaluation. *Brand Reckoning 2020* research revealed profound consumer reaction to nationwide protests against systemic racism sparked by the May 25 death of George Floyd and the Black Lives Matter movement.

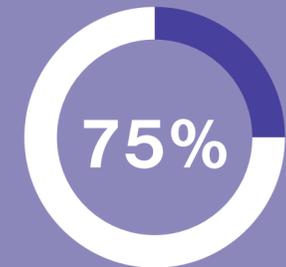
Americans say they now feel more positively about businesses that:



Prioritize diversity and inclusion in their charitable efforts



Prioritize diversity and inclusion in their hiring practices



Publicly support social justice causes

And they believe it's now more important to:



Believe the protests have made it more important to support businesses that improve diversity and inclusion



Say it's more important to support minority-owned business through their purchases



Say its more important to them to speak out in favor of diversity and inclusion policies

Meet the Crisis Culture Personas

MEET THE CRISIS CULTURE PERSONAS

How We Identified the Crisis Culture Personas

As part of our *Brand Reckoning 2020* approach, Ketchum Analytics aligned the evolutions in consumer behavior to specific personas and identified the key insights likely to affect consumer behavior. The four personas are based on whether respondents fall above or below average on two metrics:

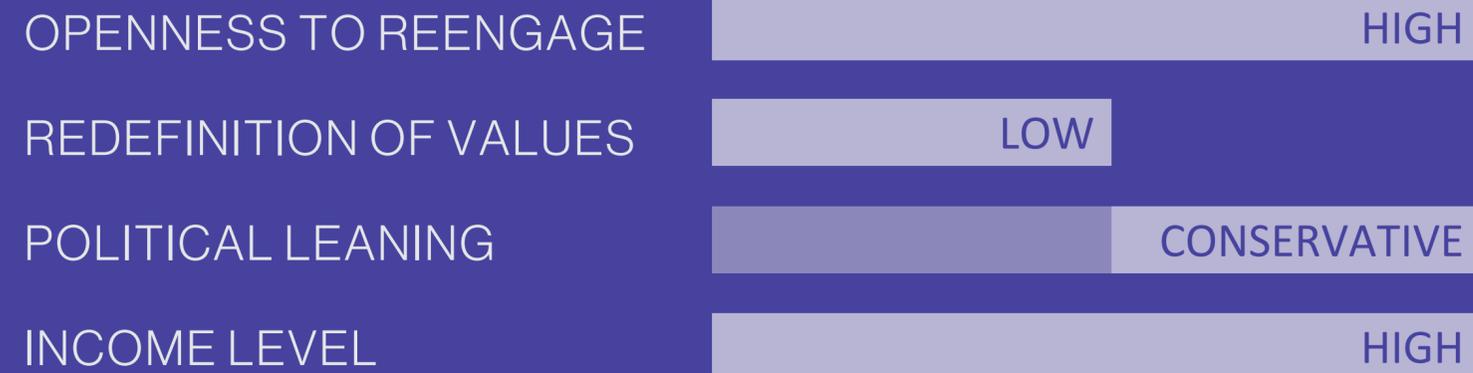
- **Openness to Reengage:** How soon Americans will feel comfortable returning to their pre-COVID lives and activities. The further along on the axis, the longer it will take before those personas feel comfortable returning to the pre-COVID notion of normal.
- **Redefinition of Values:** How much the importance of various personal values have changed in response to COVID-19 (e.g. my physical health, feeling connected to my friends, cleanliness). The further along on the axis, the greater the degree of change in values (and the greater the magnitude of change).



RETRO REENAGERS

Ready to return to the world as it was
33% of consumers

Most likely to feel very comfortable visiting shared spaces, most likely to believe we shouldn't have to wear masks in public, and less likely to prioritize diversity and inclusion in choosing brands.



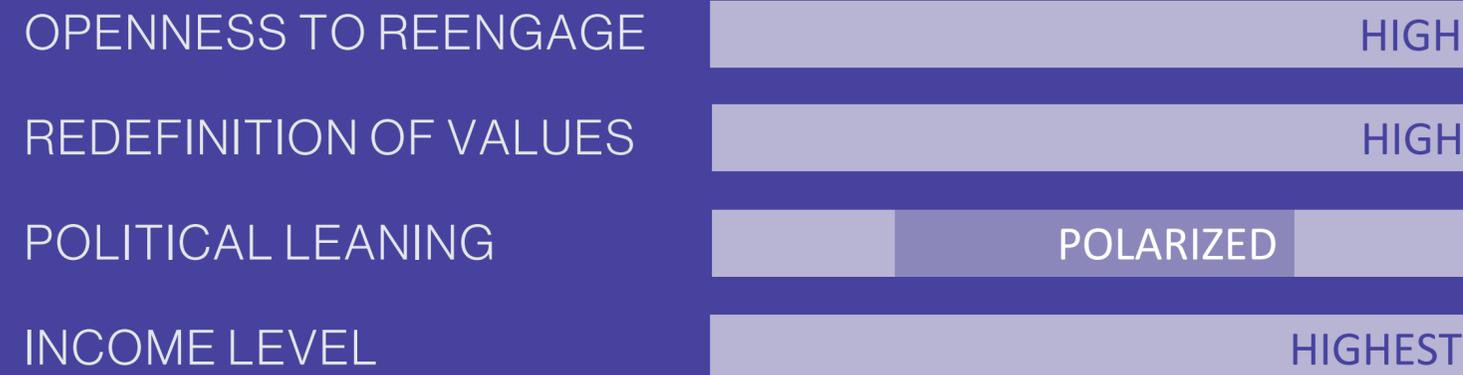


OPEN-MINDED EXPLORERS

Have new priorities as they return to a world reopening

22% of consumers

Most likely to change brand preference post-COVID, more likely to be urban and educated, more likely to be influenced by advertisers, social media and bloggers.





CAUTIOUS QUESTIONERS

Keeping their distance until they know more
25% of consumers

Twice as likely to feel very uncomfortable visiting shared spaces, most likely to have an underlying health risk and most likely to feel positive about companies prioritizing diversity and inclusion in the wake of Black Lives Matter protests.





WORRIED WITHHOLDERS

Not easily influenced: they prefer their comfort zone

20% of consumers

The oldest persona, more likely to feel somewhat uncomfortable visiting shared spaces, least likely to have changed their brand preference, considers advertising less influential now than prior to COVID.



It's important to know that personas are not set in stone — individuals may cross fluidly from one persona to another because of personal or broader community drivers.

What moves a crisis culture persona to action?

Higher-redefinition-of-values personas (**Open-Minded Explorers, Cautious Questioners**) are more likely than lower-redefining personas (**Retro Reengagers, Worried Withholders**) to take certain actions based on their values:

- Twice as likely to have purchased a company's products for the first time as a result of company leadership during COVID-19
- 26% more likely to have taken an action like stopping/starting purchase
- 12% more likely to have changed a brand preference as a result of COVID-19

The high-redefinition personas are also 24% more likely to say that commitments to diversity and inclusion practices are now more important, 22% more likely to say that philanthropy and charitable efforts are now more important and 20% more likely to say that visible leadership is now more important and that environmental responsibility is now more important.

“We're living in a crisis culture that is driving people to revisit many long-standing values and behaviors. It's a brand reckoning that is both a powerful opportunity to connect with a dramatically shifting consumer audience and a wake-up call to innovate or face irrelevance.”

MIKE DOYLE
KETCHUM PRESIDENT & CEO

FINAL WORD

Change can be healthy — but only if brands keep listening. And evolving.

Humans respond and change based on what is happening in the world around them. We are all experiencing a combination of crises that is unlike anything we have been through before – the uncertainty of health risks, job losses and furloughs, an economic downturn and restrictions in day-to-day living caused by COVID-19 – intensified by flashpoint events highlighting systemic racism in the United States. Crises like these cause people to reevaluate their beliefs and priorities.

For companies, this brand reckoning is a powerful opportunity to connect with a dramatically shifting consumer audience. It's also a wake-up call to innovate or face irrelevance. There are already many examples of more agile and disruptive brands moving in to meet changing needs or companies saddled with previous ways of providing goods and services that are no longer safe.

- Understand your target audience by their motivations and fears and what makes them feel safe or comfortable – viewing them as personas instead of people of a certain age or gender or income will help brands be more relevant and more precise

- Fragile brand loyalty cuts both ways – the risk of losing out to private labels or competing brands may be offset by the Open-Minded Explorers out there who switch *to* your brand instead of *from* it
- In the face of uncertainty or a charged environment, saying nothing may feel safer but it can pose greater risk. Consumers and employees want to hear authentic communications from companies backed by visible actions
- Manage this period of unrelenting change by measuring audiences more frequently and creating scenarios to fight back against uncertainty

In the end, what marketers and communicators can use as their north star is the fundamental concept defining a brand. A brand is a promise. Brand value comes from a promise that is kept.

It is the brands that continue to keep the promises they represent – and be transparent and humble about the ways in which they may currently fall short – that have the best chance of emerging from this crisis with more loyal customers, greater brand equity and a stronger corporate reputation.

Get in touch

Interested in understanding how your stakeholders' beliefs and behaviors have been impacted by the crisis culture? Ketchum is helping clients around the world navigate the current landscape and remain relevant with consumers, B2B customers and employees.

We'd be happy to discuss how we can do the same for you.

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Learn more about [Ketchum](#) or visit the [Brand Reckoning 2020](#) page.

To see additional insights from this research series, visit [Work Shift 2020](#) (employees) and [Transforming Travelers](#) (consumer travel insights). Ketchum also has Brand Reckoning 2020 data for the U.K. and Germany.

The winner of 105 Cannes Lions and *PRovoke*'s Global Creative Agency of the Year, Ketchum is the most creatively awarded firm in our industry. We're equal parts human-centered and business-focused, empathetic and intelligent. As a global communications consultancy, we combine the deep industry and specialty expertise of boutique firms with global reach to find unexpected connections that lead to lasting relationships and work that matters.

ISSUES & CRISIS

Second Wave COVID-19 Planning
(Vulnerability Assessment, Stakeholder Analysis, Operational Decision-Making Tools & Checklists, Scenario Identification & Message Development)

EMPLOYEE COMMUNICATIONS & ENGAGEMENT

Integrated Communications & Content Strategy
Operational/Return to Work Considerations
HR Communications
Leadership Communications Strategy

MEASUREMENT

Custom Personas/Audience Development
Competitive Landscape Analysis
Cultural Insights & Trend Analysis
Digital Journey Mapping

CONSUMER ENGAGEMENT

Brand Strategy / Narrative
Media Relations
Influencer Marketing
Social Media

