

The KANTAR logo is displayed in a bold, sans-serif font. The background of the slide is a photograph of a smiling woman with long dark hair, wearing a patterned jacket, standing on a beach at sunset. The sky is a warm orange and yellow, and the beach is visible in the foreground with some people in the distance.

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Signaling a Recovery: A Framework for Brand Activation

A Special FutureView Webinar
on the COVID-19 Pandemic

Don Abraham, Senior Partner
don.abraham@kantar.com

J. Walker Smith, Chief Knowledge Officer
jwalker.smith@kantar.com

April 30, 2020

bit.ly/SignalingARecovery

- Hello, and thank you for joining us for what promises to be a full download on how brands can signal a recovery.
- My name is Don Abraham, and I am a Senior Partner in the Consulting Division of Kantar. Before we begin, two housekeeping items. First, we are unlikely to have time for questions during this presentation. But we do want to get your questions. Please use the question box, and we will get back to you after we conclude. Second, we have set up a bitly link for you to download this presentation, along with our speakers notes. You will see that link on the footer of every page, and it's the three words in our title – Signaling a Recovery.
- Let's get started.

Today's Presenters



J. Walker Smith

Chief Knowledge Officer



Don Abraham

Senior Partner,
Consulting Division

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- We are grateful for your time, and I am honored to be co-presenting with our Chief Knowledge Officer, J. Walker Smith.
- I have the pleasure of starting us off today and will then quickly hand it off to Walker.
- But first, I'd like to give you a quick primer on what we plan to discuss today.

Signaling a Recovery in Two Parts



What brands need to know:
DEMAND SHOCK



What brands need to do:
SIGNAL HYGIENE

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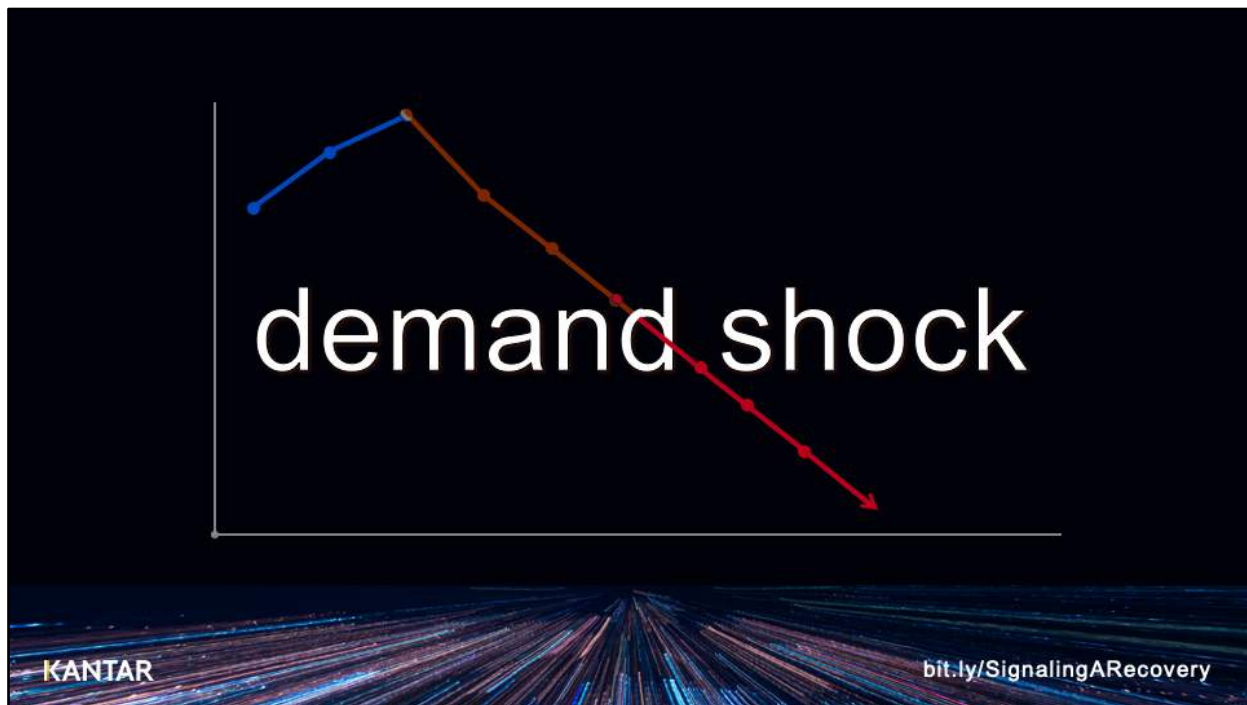
- Walker and I are going to talk about two things – demand shock and signaling hygiene. These two topics are intimately connected — what brands should know and what brands should do.
- We have to know and understand what has happened to demand and figure out how to signal a recovery. If we don't reactivate demand, we won't get our businesses and the economy going again. From our perspective, the only way to do that is to send the right signals to spark and accelerate a recovery. We can do everything else perfectly but if we can't signal to people that it's safe to shop and buy again, then nothing else will work.
- So those are the two ideas — demand and signaling. Demand is the problem. Signaling is the solution. Or if you will, demand is the question for which signaling is the answer.
- But there is a lot to say about both of these ideas, so apologies in advance for the amount of what we're going to cover and the speed with which we're going to do it. But this really is important.
- As is our norm, we are going to bring together a lot of content from a wide range of sources to give you a coherent perspective, then we're going to boil it down into a four-part process for reactivating your brands.
- We are happy to follow up individually and take more time to sort through everything, so just ask us. After all, we're just sitting at home by ourselves and we'd welcome some virtual company!
- And without any further delay, I'd like to welcome Walker to this discussion.



1
**What brands need
to know:
DEMAND SHOCK**

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- Thanks, Don. And I'd like to welcome everyone to the call today as well. As Don said, we're focusing on two big ideas — Demand and Signaling ... what to know and what to do. I'm going to talk about demand after which Don is going to offer prescriptive guidance about signaling.
- So let's jump in.



- These two words are the story of what has happened — a demand shock. We are facing a crisis of demand — the sudden, abrupt, and unpredictable loss of demand over the month of March.
- People have not been allowed to shop. People were too worried to shop anyway. And many people lost the ability to shop when they lost their jobs. A demand shock has put the economy into crisis.
- The problem is that reactivating demand is not as simple as reopening stores.

The New York Times April 26, 2020

China's Factories Are Back. Its Consumers Aren't.

The manufacturing giant is once again turning out steel and cellphones. But job losses and pay cuts have left its people reluctant to spend — a problem the U.S. and Europe may soon face, too.

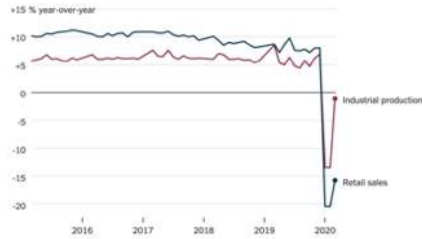


A Dongfeng Honda factory in Wuhan, China. Chinese factories are up and running again, but consumers aren't spending much yet.
Aly Song/Reuters

China's Stores Reopened, but Consumers Haven't Returned

Many Chinese families have been slow to resume spending after factories resumed almost full production in March following widespread lockdowns.

Year-over-year change



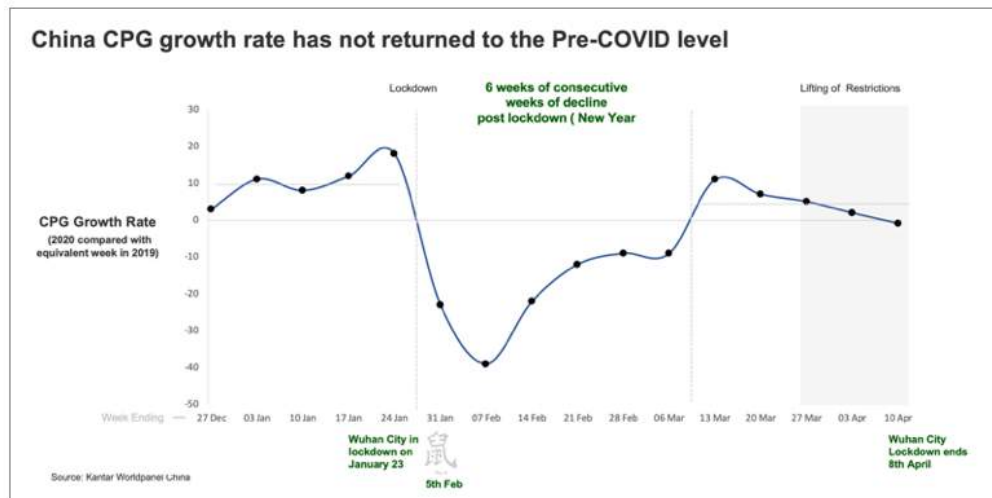
By The New York Times | Source: China's National Bureau of Statistics, via CEIC Data

"Empowering consumers could be the tougher task. Many lost their jobs or had their pay slashed. Still others were shaken by weeks of idleness and home confinement, a time when many had to depend on their savings to eat. For a generation of young Chinese people known for their American-style shopping sprees, saving and thrift hold a sudden new appeal."

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- Reports from China say that the economy is open but consumers are lagging. Day before yesterday, *The New York Times* published this chart and reported that the "tougher task," quote/unquote, is getting people back into stores. Supply is available, but there is little demand for it.



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- Kantar data agree. This Worldpanel analysis of CPG sales in China shows a recovery, but not a recovery back to trend.
- But there's a nuance here. When the economy opens up, there will be a bounce-back, just as there was in China. So the good news in this discouraging chart is that despite the weak recovery you can see both growth and upside potential.
- There is growth to be captured to prime the pump for a self-reinforcing flywheel or virtuous cycle that can fuel itself. If brands lean into this and invest behind it, they can raise the angle of recovery.
- But doing so means that 'build it and they shall come' is not the solution. We have to build it, of course, but separately and more importantly we have to signal to consumers that it's safe and acceptable to come.



FEDERAL RESERVE BANK of ST. LOUIS
CENTRAL TO AMERICA'S ECONOMY™

Open Vault Blog

Everyday Economics Explained

March 25, 2020

“We economists think of the coronavirus as being a supply shock. But a supply shock can, in turn, create a **demand shock**,” said St. Louis Fed economist David Wheelock, Group VP and Deputy Director of Research.

A demand shock affects aggregate demand; like a supply shock, it can also affect prices.

“This coronavirus has elements of both supply and demand shocks. The way to think about the **demand shock is, it's the information that affects our expectations** of what might transpire in the future,” explained David Andolfatto, SVP in the Research Division at the St. Louis Fed.

“The demand shock is how people are projecting this to unfold.”

<https://www.stlouisfed.org/open-vault/2020/march/supply-demand-shocks-commentary>

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- Now I'm sure that those of you who are trained economists are about to sit up and text me that the cause of the current economic problem was a supply shock not a demand shock. But economic events are always multiple kinds of shocks, so the question is which shock to the system is the one that holds the key to recovery.
- As this panel of economists at the St. Louis Fed explained, while the supply shock caused a demand shock, it is the demand shock that is now the overarching issue. There is no demand ready in the blocks to go sprinting down the track as soon as supply is restored. So this is not a supply issue. No matter what you do about supply, nothing will work until demand is reactivated.

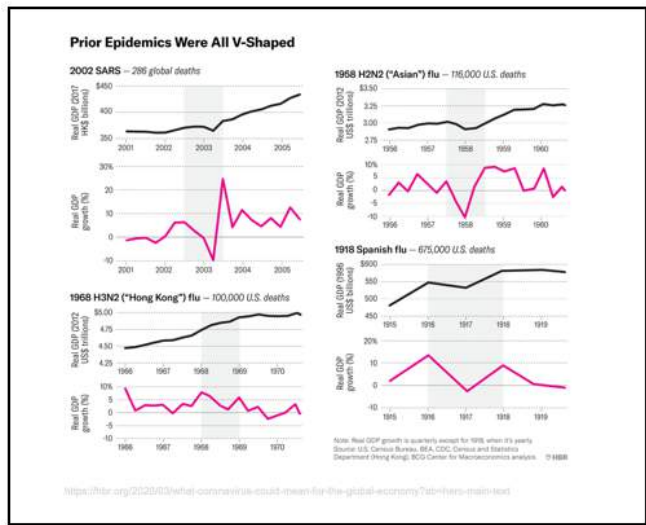
not
2008

not
1929

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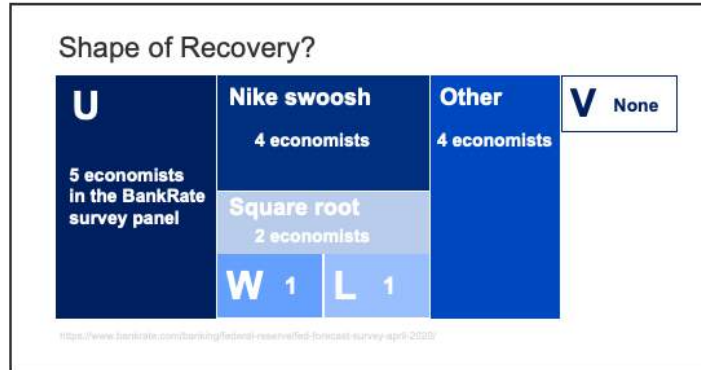
- Indeed, it is this demand shock that makes this economic event different from the Great Recession and the Great Depression.
- Both 2008 and 1929 began as a liquidity crisis that escalated into a demand problem as people lost savings, homes, and jobs.
- The remedy in both cases was, first and foremost, backstopping banks and financial institutions. Government also had to help with demand, but it was banks first, which is precisely why so many people got upset in 2008.
- In neither instance, though, did the consumer economy shut down. It was hurt, but it kept running. You could still go to a bar to wash down your sorrows as your stock portfolio crashed. Not so this time — bars have been shuttered along with everything else. This has made it harder for a big shot of fiscal stimulus to remedy the situation since there is little going on to stimulate.
- And it's not just this pandemic. No pandemic is like a financial crisis.



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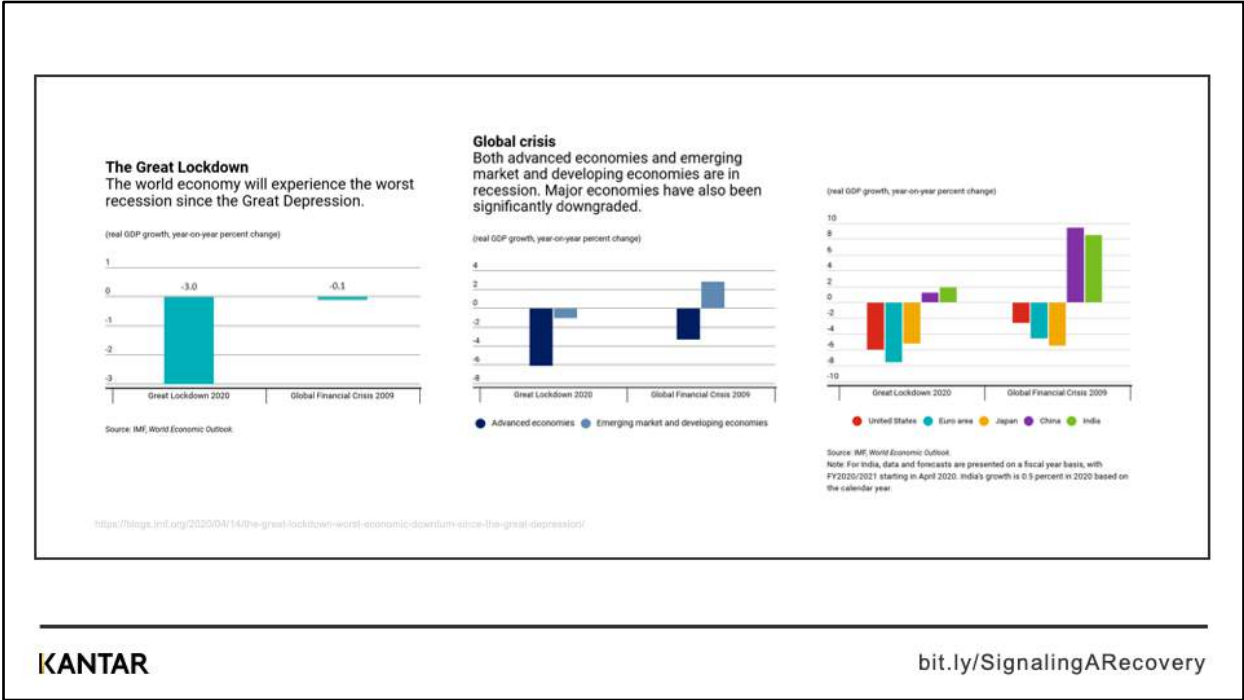
- In fact, all economic declines caused by pandemics have been V-shaped events. You've heard that term, I'm sure — a downturn that is a sharp decline followed by a big, quick recovery that passes the trend line and makes up for lost value before settling back down to the prior growth curve.
- This seems like good news — we are suffering now, but if history repeats itself, we'll be caught up and back on track by year-end.



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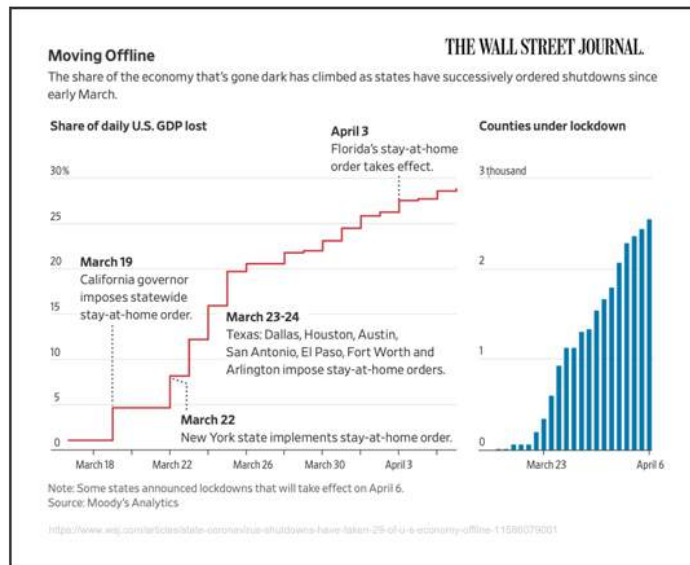
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- Unfortunately, economists say otherwise.
- Before each meeting of the Federal Open Market Committee that sets monetary policy in the U.S., the financial industry publisher BankRate surveys a small handful of economists to get predictions of what the committee might do.
- BankRate added a question ahead of the April meeting about the expected shape of the U.S. economy.
- The 17 economists surveyed split their votes across a variety of shapes, all of which portend a longer, not a shorter, recovery. None picked a V-shape.
- So why is it that economists don't think the U.S. economy will go through this pandemic like every other pandemic over the past hundred years?



- The answer is the demand shock.
- These charts are from an April IMF report comparing this event to the Great Recession — not for guidance about policy; only as a benchmark of severity.
- Remember that 2008 was the worst downturn since the Great Depression. As you can see on the left, current forecasts project that this pandemic will greatly surpass that. And the other key difference seen in these charts is that emerging markets grew during the Great Recession — but not so this time, so the circuit breaker of the global economy has been taken out by the pandemic as well.

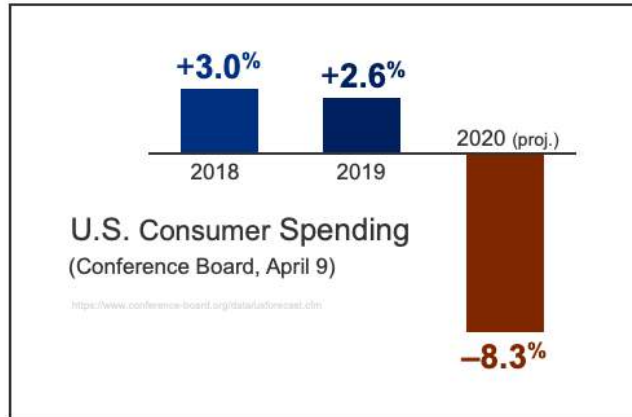
- **As of April 5, 29% of U.S. economy under lockdown**
- **Estimated loss of \$17.4 billion in daily GDP output**
- **Benchmarks:**
 - **Late 2007 to mid-2009, quarterly output fell 4%**
 - **1929 to 1933, average annual output fell 26%**



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- The impact on the consumer economy is unprecedented.
- An analysis by Moody's Analytics for *The Wall Street Journal* calculates that by early April, nearly one-third of the U.S. economy — 29 percent, to be exact — was under lockdown, costing more than \$17 billion in daily output. This is well beyond the benchmarks of prior downturns.



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- What this macro situation means for brands and businesses is a sizable contraction of demand. The Conference Board projects a huge decline in spending for this year.
- And there, in one chart, you have the challenge facing our brands and businesses — the problem of demand.
- Now, this is not inevitable. This is just what the Conference Board foresees if we keep doing business as usual. And that is what this webinar is all about — figuring out a better way to answer the demand question posed by this chart.

Did California's Shelter-in-Place Order Work? Early Coronavirus-Related Public Health Effects

[Andrew I. Friedson](#), [Drew McNichols](#), [Joseph J. Sabia](#), [Dhaval Dave](#)

NBER Working Paper No. 26992

Issued in April 2020, Revised in April 2020

On March 19, 2020, California Governor Gavin Newsom issued Executive Order N-33-20 2020, which required all residents of the state of California to shelter in place for all but essential activities such as grocery shopping, retrieving prescriptions from a pharmacy, or caring for relatives. This shelter-in-place order (SIPO), the first such statewide order issued in the United States, was designed to reduce COVID-19 cases and mortality. While the White House Task Force on the Coronavirus has credited the State of California for taking early action to prevent a statewide COVID-19 outbreak, no study has examined the impact of California's SIPO. Using daily state-level coronavirus data and a synthetic control research design, we find that California's statewide SIPO reduced COVID-19 cases by 144,793 to 232,828 and COVID-19 deaths by 1,836 to 4,969 during the first three weeks following its enactment. **Conservative back of the envelope calculations suggest that there were approximately 2 to 4 job losses per coronavirus case averted and 113 to 300 job losses per life saved during this short-run post-treatment period.**

<https://www.nber.org/papers/w26992.pdf>

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- In this regard, our public health decisions have implicitly made a calculation of how much economic loss we are willing to suffer in order to combat the coronavirus.
- This is the abstract for an econometric paper just published about actions in the state of California. I've highlighted the key takeaway in yellow.
- We have accepted lockdowns to the tune of 2 to 4 lost jobs per coronavirus case averted, and up to 300 lost jobs to save a life.
- This is a good thing, but ...

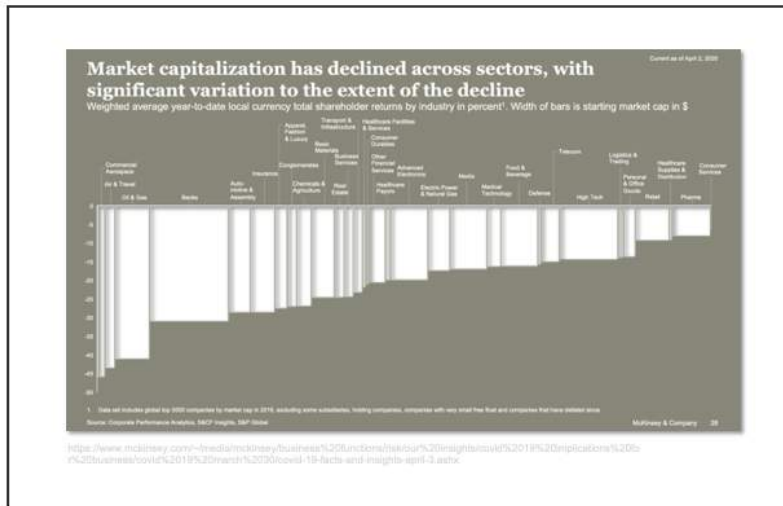
Table 5: REPORTED LIKELIHOOD OF REMAINING OPEN BY INDUSTRY AND HYPOTHETICAL CRISIS DURATION

Industry	N	1 Month	4 Months	6 Months
All Retailers, except Grocery	598	0.69	0.35	0.33
Arts and entertainment	314	0.65	0.45	0.35
Banking/finance	177	0.78	0.63	0.59
Construction	448	0.72	0.43	0.45
Health care	449	0.79	0.47	0.35
Other	1,462	0.76	0.48	0.38
Personal Services	214	0.57	0.40	0.22
Professional Services	271	0.79	0.63	0.54
Real Estate	147	0.74	0.56	0.56
Restaurant/Bar/Catering	173	0.72	0.30	0.15
Tourism/Lodging	174	0.66	0.48	0.27
Total	4,427	0.72	0.47	0.38

Notes. This table reports results across industries of expectations of remaining open in December based on different hypothetical durations of the COVID crisis. This question was asked at the end of the survey, after policy questions were conducted. The randomization is between subject.

<https://www.nber.org/papers/w26989.pdf>

- ... it is a tough pill to swallow.
- This chart is taken from a late March survey of small business owners nationwide. The three columns on the right show in decimal format the percentage of small businesses within each category that say they can survive a lockdown of 1 month, 4 months, and 6 months.
- The results are discouraging. It's been a month already in most cities and states and about one-quarter to one-third of small businesses said they couldn't make it that long. Half to two-thirds will close if lockdowns last 4 months or more. You can watch the local news any day of the week and see this happening.
- The demand shock problem is no joke.



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- By the way, this impact of the pandemic goes well beyond small businesses. Nor is it evenly distributed. This is a McKinsey analysis of market cap declines through the end of March.
- All sectors have lost value, but the sectors that have lost the most demand are the ones that have seen the greatest losses in market valuation.
- The demand shock is the key to understanding where we stand.

business **after** lockdown

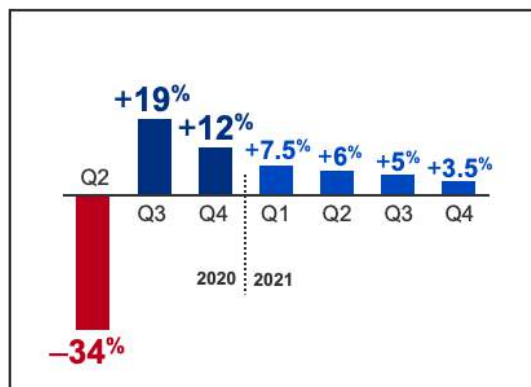
- ✓ Beat fair share
- ✓ Bend the curve

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- The prior two charts show the impact of the lockdown period. But the challenge for brands is not business during lockdown. It's business after lockdown. How do brands relaunch themselves in a way that captures or even exceeds a fair share of the growth that will occur as well as potentially accelerating the growth curve beyond the cautious forecasts of economists.

U.S. Quarterly Real GDP Growth (proj.) (Goldman Sachs, March 31)



<https://www.courthousenews.com/wp-content/uploads/2021/04/US-Economics-Analysis-3-31.pdf>

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- Let me underline that. I live along the Southeast coast of the U.S. where hurricanes are a regular occurrence. And when they make landfall, they destroy value, but they create a rebuilding boom in their aftermath that generates way above average growth. That's how to think of this pandemic. It is just like a hurricane.
- The nuance to all of the negative forecasts is that there is going to be unprecedented growth ahead. But before we get to that spurt of growth, we are going to go through the wringer.
- This chart shows the current Goldman Sachs forecast. It was updated 11 days after it was first issued because record-breaking unemployment claims forced a downward revision from its original forecast of a 24 percent decline in Q2 to a 34 percent drop. Now there are lots of forecasts and Goldman is on the extreme end of negative outlooks, but every forecast projects that Q2 will be in freefall.
- But then, Goldman projects that Q3 will be the single best quarter of growth ever measured in all of U.S. economic history. In shot, an exceptionally bad quarter followed by growth like we've never seen before.

U.S. Quarterly Real GDP Growth (proj.)
(Goldman Sachs, March 31 forecast)



<https://www.courthouseinvest.com/wp-content/uploads/2020/04/US-Economics-Analysis-3-31.pdf>

Annual Real GDP Growth
(IMF, April 14 forecast)

	2019	2020 (proj.)	2021 (proj.)
Worldwide	2.9%	-3.0%	5.8%
U.S.	2.3%	-5.9%	4.7%
China	6.1%	1.2%	9.2%
E.U.	1.2%	-7.5%	4.7%
U.K.	1.4%	-6.5%	4.0%
Brazil	1.1%	-5.3%	2.9%
Mexico	-0.1%	-6.6%	3.0%
Nigeria	2.2%	-3.4%	2.4%
S. Africa	0.2%	-5.8%	4.0%
India	4.2%	1.9%	7.4%
ASEAN-5	4.8%	-0.6%	7.8%

<https://www.imf.org/2020/04/14/the-great-lockdown-world-economic-quantum-since-the-great-depression/>

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- Looking at this on an annual basis highlights the growth to come even more clearly.
- On the left is the Goldman Sachs annual forecast. Even with an unprecedented third quarter, the U.S. will finish the year in the red. So will almost every economy worldwide as you can see in the IMF chart on the right. But a weak 2020 is going to be followed by very strong growth in 2021. There is going to be a big rebound.
- It's easy to do the multiplication and see that we won't get back to the prior trend line until 2022, but that doesn't change the fact that 2021 is going to be a big growth year.
- There is going to be a big opportunity for brands and businesses to help themselves as we move into an above average period of growth. Managed properly, growth can even feed on growth, and maybe to an extent not anticipated in these forecasts.

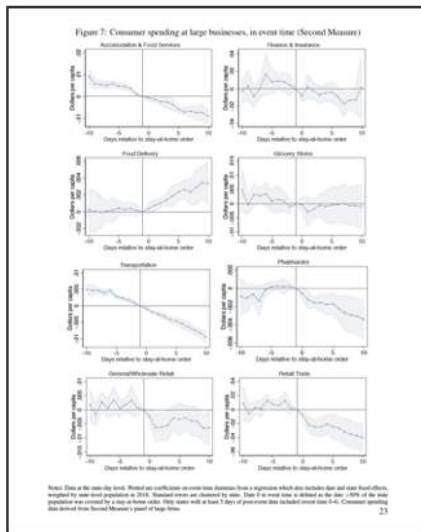
Demand

- Shock to the economy
- Now, unprecedented **impact**
- Next, unprecedented **growth**

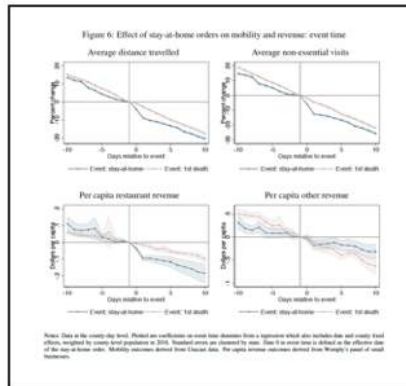
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- So, a quick summary before we move on. The demand shock of the pandemic has had unprecedented economic impact. But there is an opportunity ahead for growth unlike anything we have ever seen. If we can lean into this opportunity, we can do way more than expected or forecasted. It's all up to us.



<https://www.ihogxford.org/publications/working-papers/2021/2020-12>



"We show that COVID-19 has had large effects on consumer behavior, reducing spending at small businesses and physical stores of large businesses ... Stay-at-home orders do cause noticeable changes in consumer behavior, but these effects **explain only a small fraction** of the change in consumer behavior and spending since mid-March."

- Just to say it again, demand is not going to fix itself.
- A recently published analysis of consumer mobility and spending levels found that stay-at-home orders do not explain the biggest part of the drop since mid-March. "Only a small fraction," quote/unquote, of these declines are attributable to restrictions, write the researchers. You can scan these different charts for different categories and see that declines were happening well before stay-at-home orders were put in place.
- And this points directly to the necessity of signaling to reactivate demand.

Miami Herald

April 24, 2020

"I will not die of stupid."

Leonard Pitts, Jr., 2004 Pulitzer
Prize winner for Commentary

But here's the thing. There's been a lot of talk over **who has the power** to reopen America's economy. Well...it belongs to me. And to you. **It belongs to us, as consumers.**

The president and the governors can issue all the orders they want, the owners can remove all the padlocks, but **none of it matters if customers are too afraid** to walk back through the doors. And I am. I have no idea how many consumers I represent, but I suspect it's more than a few.

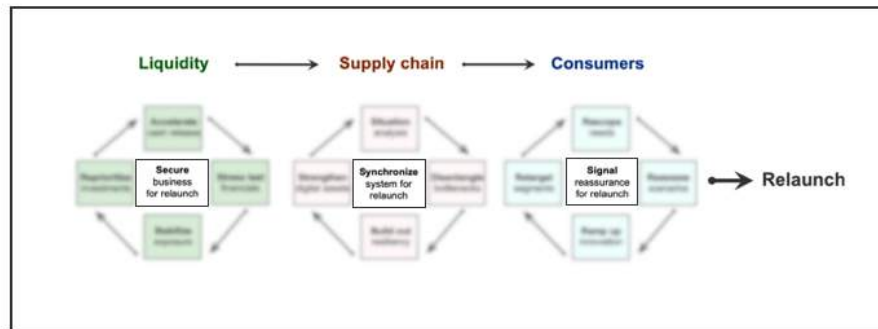
I get that businesses are suffering. But I refuse to eat in a crowded restaurant, sit in a packed movie house or fly on a full flight again **until I feel I can do so safely.**

<https://www.miamiherald.com/topstories/columns/leonard-pitts/article042239621.html#storylink=cpy>

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- Brands cannot count on demand to automatically come back. Pulitzer Prize-winning columnist Leonard Pitts gave voice to the concerns of everybody in a *Miami Herald* column in which he pointed out that the key to reopening America's economy is reassuring consumers. If people are afraid for their safety, they will not return to the marketplace.
- So the key step for brands after the lockdown is solving the problem of demand. That means getting the right signals to consumers.



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- The opportunity before us is hiding in plain sight. As brands come out of lockdown, they must get three things right in order to grow — liquidity, supply chain and consumers.
- Indeed, every macro-economic forecast makes assumptions about how well brands can do these things. So if you want to beat the forecast, do these things better. But at the very least, do these things well enough so that you can beat your fair share of the forecast.
- What you see here is our systemic framework or checklist for recovery. But we're not showing specifics because today we are only focusing on consumers. Stores and brands can be well financed and always available, but if consumers can't or won't shop and buy then the whole system fails to get started. Demand makes everything else work. Again, for you economists listening in, this is what's different from a classic supply shock. This fix is not supply — there is no flood of demand awaiting supply. The remedy required is demand.
- There are four essential requirements for reactivating consumer demand. I'm going to talk about the need for them, and Don is going to talk about the shape they must take.
- In effect, what we must do is relaunch our brands and businesses — not more of the past, but something better designed for the future. Every business in every category must remake itself in order to send the signals that will reactivate demand.
- And not just advertising messages, but every aspect of a brand's physical, digital, societal and retail presence. It is what brands do no less than what brands say. It is about signaling reassurance in every possible way.

Demand Signals

- ✓ Tangible
- ✓ Substantive

- **What is safe?**
 - PROTECT
- **Who is safe?**
 - RECONSIDER
- **Why is it safe?**
 - INNOVATE
- **How is it safe?**
 - PARTNER

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- Unfortunately, the marketplace is working against brands and businesses. Consumers are getting mixed signals, even the wrong signals. And this is reinforcing the aversion that Leonard Pitts gave voice to in his column.
- But these mixed signals point directly to what brands can do to send the right signals.
- And by the way, these have to be real signals, not just a gloss to say the right words. Consumers want real signals that feel tangible and substantive.
- There are four things in particular, each of them an opportunity — indeed, an imperative — for brands to address.
- I want to say two things about each of these four areas.

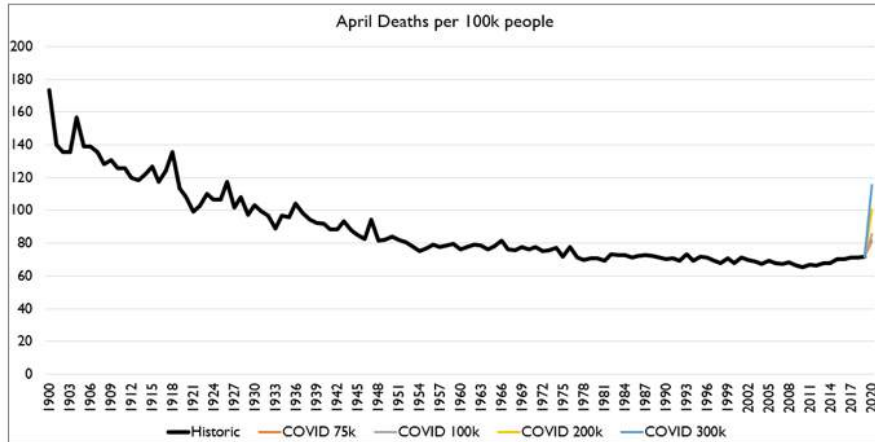
1. Anxious

- **What is safe?**
 - PROTECT
- **Who is safe?**
 - RECONSIDER
- **Why is it safe?**
 - INNOVATE
- **How is it safe?**
 - PARTNER

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- There is a long shadow of anxiety darkening the mood of consumers. Simply put, they feel unprotected, and they will certainly not take it for granted that business as usual will protect them.

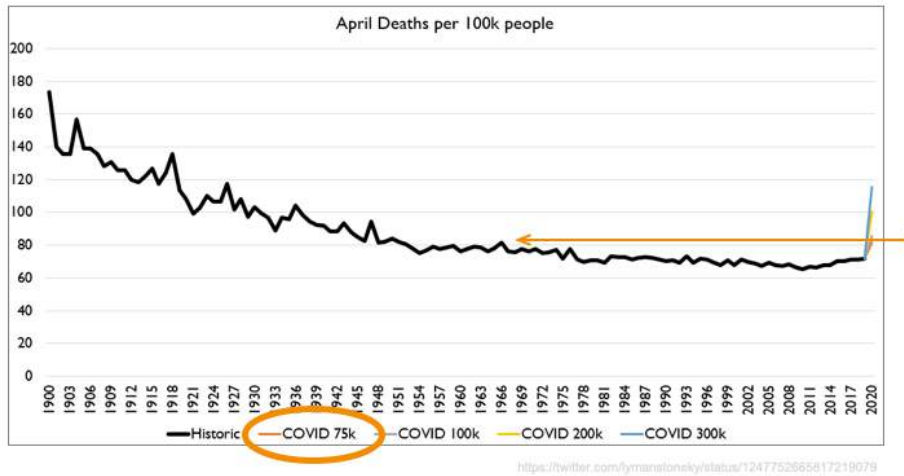


<https://twitter.com/lymanstoneky/status/1247752665817219079>

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- Lyman Stone is an economist who has been regularly posting coronavirus updates on his Twitter feed. This chart shows April death rates back to the start of the 20th century. Stone calculated four trends lines based on different scenarios of where total deaths would be by today, the end of the month.



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- What you see is that the coronavirus has increased the death rate so much that it has reversed half a century of medical advances.
- We all know what this feels like as we live through it day by day. But in this graph, I think get a very good representation of the anxiety and the worry and the fear that this pandemic has created.

Here's a list of some of the areas that saw the biggest increase:

Town/Suburb	% Change
Port Chester, NY	+135%
Short Hills, NJ	+124%
Montclair, NJ	+105%
Berkeley Heights, NJ	+98%
Ridgewood, NJ	+90%
Maplewood, NJ	+86%
Great Neck/Kensington	+86%
Stamford, CT	+79%
Long Beach, NY	+76%
Syosset NY	+70%
Scarsdale, NY	+65%
Norwalk, CT	+64%








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- So it's no surprise that people are reacting in ways that self-protective and indulgent. On the left is a chart tracking searches by people living in New York City for homes in surrounding suburbs and less populated areas. These searches are up 250 percent year over year.
- On the right are headlines from the U.S. and the U.K. about booming sales of comfort foods, which was also the subject of a story in the *Sunday Times* this past Sunday that referenced Kantar Worldpanel data for the U.K. tracking monthly growth in March across different comfort foods categories from 6 percent to 31 percent.

1. Anxious
2. Normality

- **What is safe?**
 - PROTECT
- **Who is safe?**
 - RECONSIDER
- **Why is it safe?**
 - INNOVATE
- **How is it safe?**
 - PARTNER

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- These kinds of changes in behaviors have prompted a lot of talk about a new normal. And there is no doubt that changes are coming. But it's worth thinking about this before jumping on the bandwagon of the new normal. Not everything is going to change, even things that have changed a lot for the moment.

asymmetric

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- There is a phenomenon during downturns related to private label brands known as, quote/unquote, asymmetric share gains. Private label brands gain share as consumers look to save money. But when the downturn is over, private label brands give up those share gains as people go back to name brand products. However, they don't give up all of these share gains. Private label brands keep a piece, which is why it's called asymmetric.
- There is change because of the downturn, and this change lasts, but it is not change to the degree measured during the downturn. What is measured in the middle of a downturn is not predictive of continuity over time. So we must be careful about extrapolating the future based on the moment. The position in the moment is fluid, not settled. There will be asymmetric gains by things like online and delivery. But how much is yet to be determined, and it's probably less than you think.
- Indeed, when you look at survey data, consumers are not saying that they aspire to a new normal. Consumers want to get back to normal — they want to return to what they know. That's the real takeaway from comfort foods — it points to consumers wanting less change, not more change. Routines will be affected, but as Don will explain, not necessarily in the ways being popularized right now as the new normal.

PROTECT

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- What people really want is a hygiene perimeter beyond which they feel safe and can get back to normal. Each brand or retailer has to do this.
- And that's the first takeaway about the right signal to send to reactivate demand — protect. Consumers are anxious for signals that brands are committed to protection.

1. Distressed

- **What is safe?**
 - PROTECT
- **Who is safe?**
 - RECONSIDER
- **Why is it safe?**
 - INNOVATE
- **How is it safe?**
 - PARTNER

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- Consumers have had very different kinds of experiences during the pandemic.
- Mostly, we think of consumers in distress.



<https://www.nytimes.com/2020/04/15/us/economy/coronavirus-bars-cash-donations.html>

► Figure 2. Estimated drop in aggregate working hours, globally, by region and by income group

Estimated percentage drop in aggregate working hours compared to the pre-crisis baseline (4th quarter 2019, seasonally adjusted)



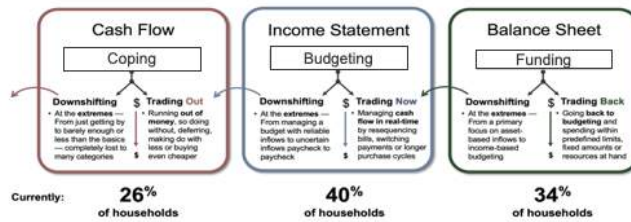
Source: ILO nowcasting model; see Technical annex 1.

https://www.ilo.org/wcmsp5/groups/public/-/dgreports/-/dcomms/documents/briefingnote/wcms_743748.pdf

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- Stories abound about restaurants and bars pulling dollar bills off the ceiling to help cushion the blow for employees they've had to let go.
- And the International Labour Organization released its latest update yesterday. In Q1, working hours were down an average of 4.5 percent globally due to job losses and furloughs because of the pandemic. Q2 is projected to be more than double that decline. Perhaps most worrisome is that the big bump in Q2 will come in lower-income countries least able to afford benefits for large numbers of unemployed workers.
- Anything we have known about these consumers is going to have to be reconsidered in light of their economic distress.



	Cash Flow	Income Statement	Balance Sheet
Coronavirus disrupted daily routine: <i>Moderate</i>	34%	50%	57%
Coronavirus affected personal finances: <i>Extreme</i>	35%	20%	16%
Worried about effects on your job: <i>Extreme</i>	22%	16%	9%
How long disrupt daily life: <i>Several weeks or less</i>	39%	29%	28%
How long disrupt personal finances: <i>Several weeks or less</i>	37%	27%	25%

Kantar U.S. MONITOR: COVID-19 Survey, March 17-20 (18+)

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- This is our lens on economic downturns. We published an analysis last year that looked at consumers in terms household finances — Cash Flow, Income Statement and Balance Sheet. I won't delve into that here, but FYI, a WARC paper we authored on this is about to be published. The most important takeaway is that there is no such thing as, quote/unquote, trading down. There are lots of shifts in trading patterns but managing through a downturn depends on starting point. Most importantly, the customer showing up now is not likely to be the customer a brand had before — precisely because of these shifts.
- And in a follow-up survey completed recently by the U.S. MONITOR group, these different groups of consumers are affected in different and non-intuitive ways. And they have very different expectations of how long this will last.
- Cash Flow consumers are the most affected financially but the least in terms of daily routine. And it's Balance Sheet consumers who are worried that this disruption will last longer even though the impact on them has been less severe.
- The question for your brand is what mix of these three groups comprises your target, and how must you reconsider your value proposition in light of that?

If 16% of people move to the lowest income levels, UK CPG would decline by 3.5%



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- Perhaps the best way to see the importance of reconsidering consumers in terms of household financial statements or budgets is seen in this illustrative analysis from the Kantar Public COVID-19 survey of consumers in G7 countries. When the distribution of households changes across the three groups I just showed you, spending potential drops by a sizable amount and the pattern of coping changes from one kind of spending to another kind of spending, with very different decision criteria and brand preferences.



- But not all consumers need to be reconsidered in terms of distress. Some consumers have been buffered from many, or any, negative consequences. And these consumers should be front and center in your reconsideration of brand targets after lockdowns are over.

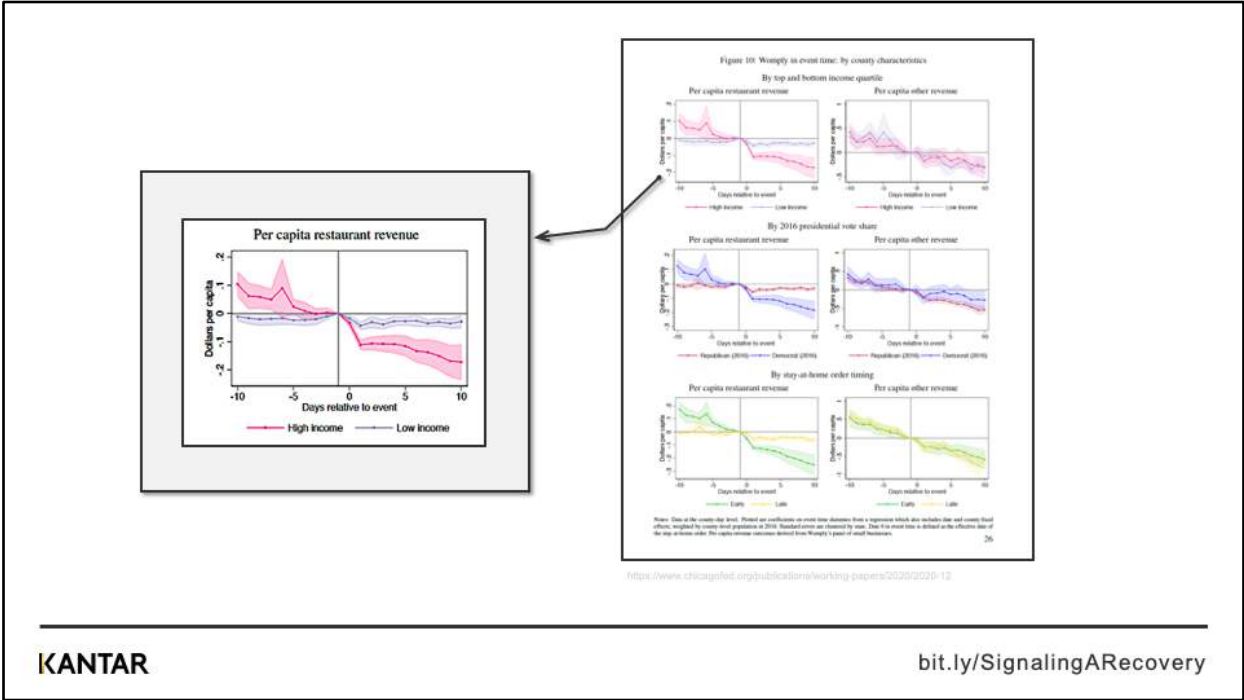
Most of the concern is driven by financial uncertainty, rather than a health risk



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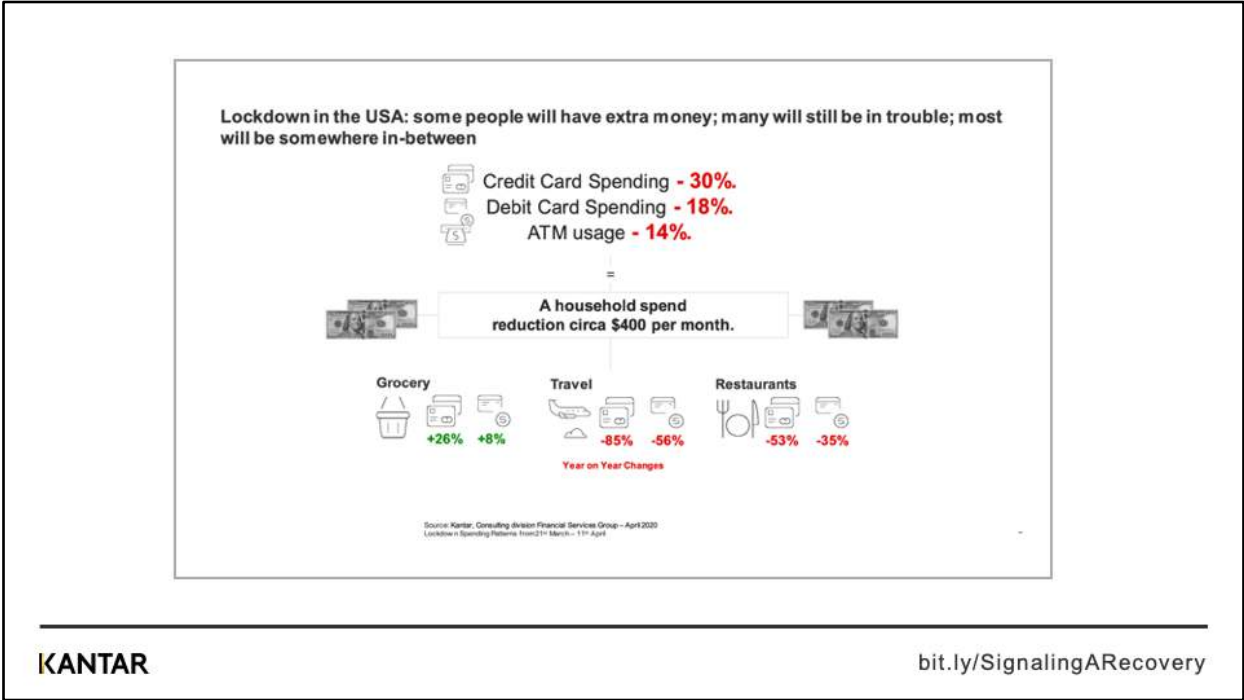
- As the marketplace reopens, every brand will have to find a core base of consumers to prime the pump, if you will, in order to get a flywheel or a virtuous cycle going again.
- This will require looking for growth in places outside the comfort zone of business as usual, places beyond traditional places. There are plenty of hidden pockets of opportunity out there.
- There is a finding in everybody's tracking data that I've mentioned in some of my weekly Keeping Up videos that you can see in this chart as well. It is the consistent result that about one-third of consumers worldwide say the pandemic has not really changed their day to day lives or caused them financial worries. These data are from the Kantar COVID-19 Barometer in 50+ countries worldwide, and its latest wave finds 3 in 10 consumers in key countries do not feel greater pressure to watch their finances. Similarly, 47 percent of U.S. consumers in the March COVID-19 survey by the Kantar U.S. MONITOR group reported little or no worries about the impact on their personal finances.
- That's a reserve of customers who have been unaffected as things have gone sideways for others. They have been buffered from financial impact, and they should be the first place to look for business after lockdowns are over. It's consumers like these that represent a prime target for every brand during the recovery. And it's not a small group — it's one-third of consumers worldwide.



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- In some categories, lost customers can be brought back more easily because it is less likely that they are in distress.
- For example, this analysis by the Chicago Fed looked at data on small businesses (from a credit card processor) to assess the impact of lockdowns on sales. I've enlarged the key chart. It breaks out customers into highest and lowest income quartiles, and for restaurants covered by this database, almost all of the lost revenue is from high income consumers, exactly the people most likely to be buffered from negative impacts and thus more easily targeted on the upswing. Every category and every brand should be reconsidering its targeting to find these customers in the marketplace. This is how you prime your business.



- Even consumers who have faced distress might be worth reconsidering. Now, do not get me wrong. I am not making light of their distress. Just today, *The New York Times* reported on a mile-long line for a food bank in New Jersey.
- The urban legend, if you will, that many unemployed U.S. workers are being paid more than they were making at their old job because of the \$600 per week bonus from the CARES act is true. It's not all unemployed workers, of course, and it ends on July 31, so it's only temporary. But this points to a more nuanced view of demand potential.
- This chart from the financial services team within the Kantar consulting division looks at the other side of household finances — not income but expenses. For many households, less spending because of lockdowns frees up money. Again, it is a more nuanced view of demand potential that should figure into reconsidering how brands approach the recovery.

RECONSIDER

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- And that's the second takeaway about the right signal to send to reactivate demand — reconsider consumers to reveal better ways to grow during the recovery.

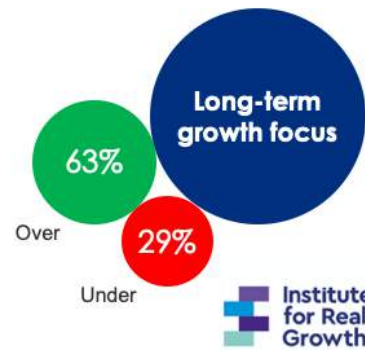
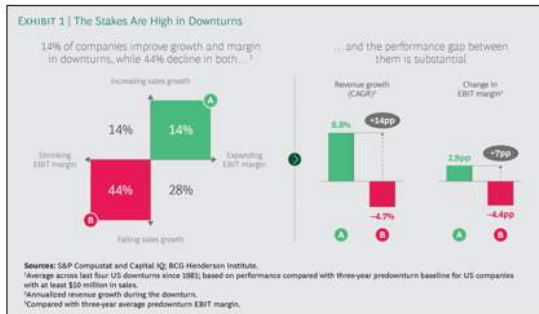
1. Long view

- **What is safe?**
 - PROTECT
- **Who is safe?**
 - RECONSIDER
- **Why is it safe?**
 - INNOVATE
- **How is it safe?**
 - PARTNER

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- Innovation can reassure consumers about why a brand or retailer is safe. The old can be fixed, but it was the old stuff and the old ways that proved susceptible to the pandemic. Innovation is a much better signal.



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- Innovation is smart during downturns to begin with.
- This research from BCG last year is especially revealing. It looked back to 1985 and found that companies that innovated during economic slowdowns grew 14% during the downturn. Companies that did not innovate declined three times as much. Innovative companies were more likely to act early, to focus on growth not cost-cutting, and to invest with a long-term perspective. This is consistent with the research we released last year that found a long-term market view is the single biggest predictor of growth.
- And it's not just innovation but innovation at speed. The best example I've heard of during this pandemic is Walmart in Central America that was able to design and activate an online grocery service in 10 days.

1. Long view
2. Makers

- **What is safe?**
 - PROTECT
- **Who is safe?**
 - RECONSIDER
- **Why is it safe?**
 - INNOVATE
- **How is it safe?**
 - PARTNER

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- The appeal of innovation is likely to be higher than usual because so many consumers have themselves become innovators during this pandemic.



- The maker culture has found mainstream appeal as individual people have rallied to support health care workers by hand-crafting face masks and 3D-printing ventilators and plastic shields. The presumption now is that innovation is what saves lives and fills in the gaps that manufacturing cannot meet. The signal that communicates real impact is innovation. All of the individual innovators have been the ones able to make a difference where and when it mattered. There is no better time for a signal of innovation to reassure consumers than now after people have seen innovation as one of the heroes during this crisis.

INNOVATE

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- And that's the third takeaway about signals to send to consumers — innovation is what consumers have seen work when it was needed.

1. Restless

- **What is safe?**
 - PROTECT
- **Who is safe?**
 - RECONSIDER
- **Why is it safe?**
 - INNOVATE
- **How is it safe?**
 - PARTNER

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- Finally, consumers are looking for reassurance about how things work. Increasingly, we see consumers challenging received wisdom, so many are looking for whatever bit of contrarian opinions might give them the excuse to think about safety in a more convenient, less restrictive way.

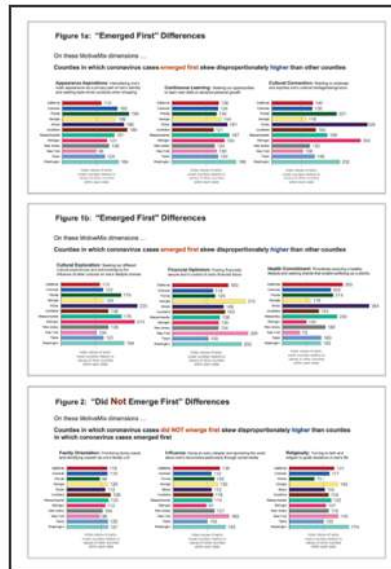


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- Don is going to talk more about quarantine fatigue and the growing push back among a minority of consumers against continued lockdowns.
- These three charts show mobility data tracked by the University of Maryland Transportation Institute. There are a lot of data points, but it's all summarized in shades of purple. Lighter colors reflect more social distancing, less travel from home, and more compliance with stay-at-home orders.
- The map on the left shows pre-lockdowns America on March 1. Then lockdowns began to happen and by April 1, the middle chart, people were complying. But since then, people have grown restless, and compliance has weakened. The map on the right is April 25 before almost any lockdowns had been lifted, and you can see darker colors — the wrong direction — in Kansas, Massachusetts, Minnesota, Montana, Ohio, Oklahoma, Pennsylvania, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming. Only Alabama and Missouri got lighter.

MOTIVEMIX



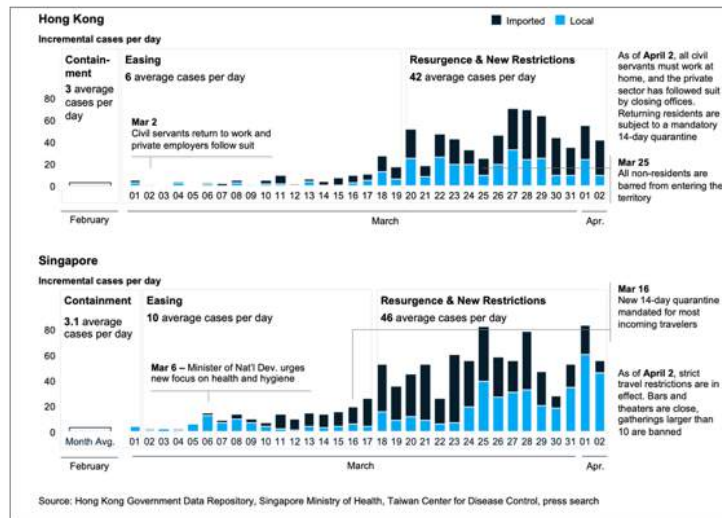
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- Perhaps the risk of allowing this to continue unfettered in the absence of any kind of guidance or direction by signaling or regulation is seen in an analysis performed by the MONITOR Analytics group. Using MotiveMix® scoring to aggregate individual scores into county-level profiles for 12 key states in this outbreak, the team was able to compare the counties in which the coronavirus first appeared to all other counties in a given state. It turns out that there were clear lifestyle differences that are shared by all counties where the coronavirus appeared first.
- You see the key summary chart here. It would take us too far afield to dig into the specifics. And I'm only trying to emphasize the bigger takeaway, which is that lifestyle proximity, if you will, matters much more than geographic proximity in explaining the first appearance of the disease. In other words, lifestyles matter a lot, so as restlessness begins to override restrictions, lifestyles will again come into play. And without any overriding signaling to the contrary, consumer lifestyle behaviors will once again put the marketplace at risk of setbacks and downturns because of an ongoing cycling of outbreaks. Lockdowns will be harder to impose and enforce in the future. The only remedy available — the only safeguard against future demand shocks — will be signaling.



- The restlessness playing out in resistance and protests is complicated by all of the unknowns associated with the novel coronavirus, which includes just about everything this is to possibly know about it.
- We don't know when, or even if, a vaccine will be available. The best course of treatment for seriously ill patients is a work-in-progress. We don't know if infection confers immunity, or if so, for how long. New symptoms are being added to the list every few weeks. The lack of testing has left us in the dark on the true rate of community infection. Face masks have only just been added to the protocol of prevention. Why some people get seriously ill and others show no symptoms is unclear. Why some patients get very sick and others don't is also unclear. Whether hot weather will make the virus dormant is unknown. Whether there will be a resurgence in the fall is anybody's guess as well.
- These sorts of knowledge gaps are common for every new infectious disease, but because of this uncertainty and the intense media coverage that the pandemic is receiving, consumers are getting mixed signals, and often even the wrong signals. Many have convinced themselves that the best way to deal with the unknowns is just to provide answers for themselves.



<https://www.mckinsey.com~/media/mckinsey/business%20functions/mckinsey%20insights/covid%2019%20update%2004%20business%20in%20march%202020/covid-19-facts-and-figures-april-3.pdf>

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- But the consequences making decisions in the face of big unknowns can be seen in the experience of Hong Kong and Singapore. Early on, both had control of the coronavirus. But travel restrictions were eased in both places and with that came a new surge of cases, leading to the re-imposition of lockdowns. Unknowns are sure to keep us balancing on a knife's edge for the foreseeable future.

PARTNER

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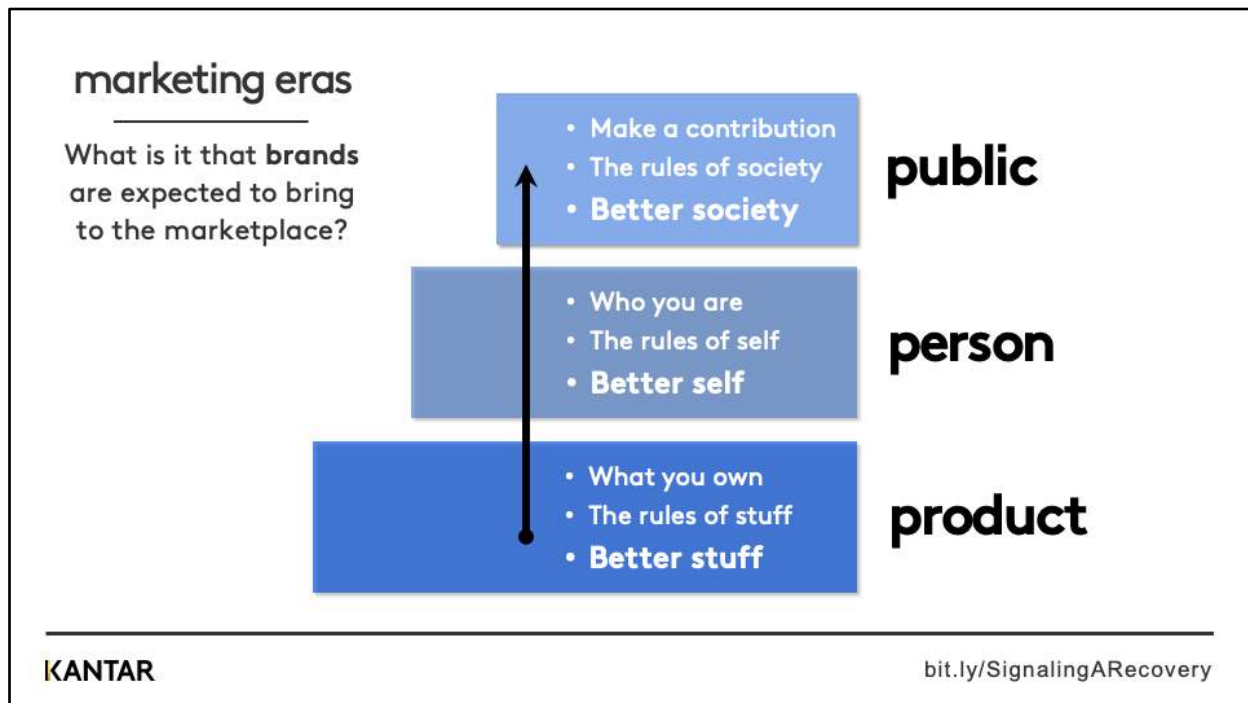
- Bottom line, restlessness and the inability to respond to skeptics and deniers with full command of this brand new disease undermines the perceived authority of any single entity. Partnering together to speak with a combined voice of consensus and shared interests will send a clearer signal to consumers. This is the fourth imperative — partner to create a stronger signal of reassurance.

You're ready,
but consumers
need better **signals**.

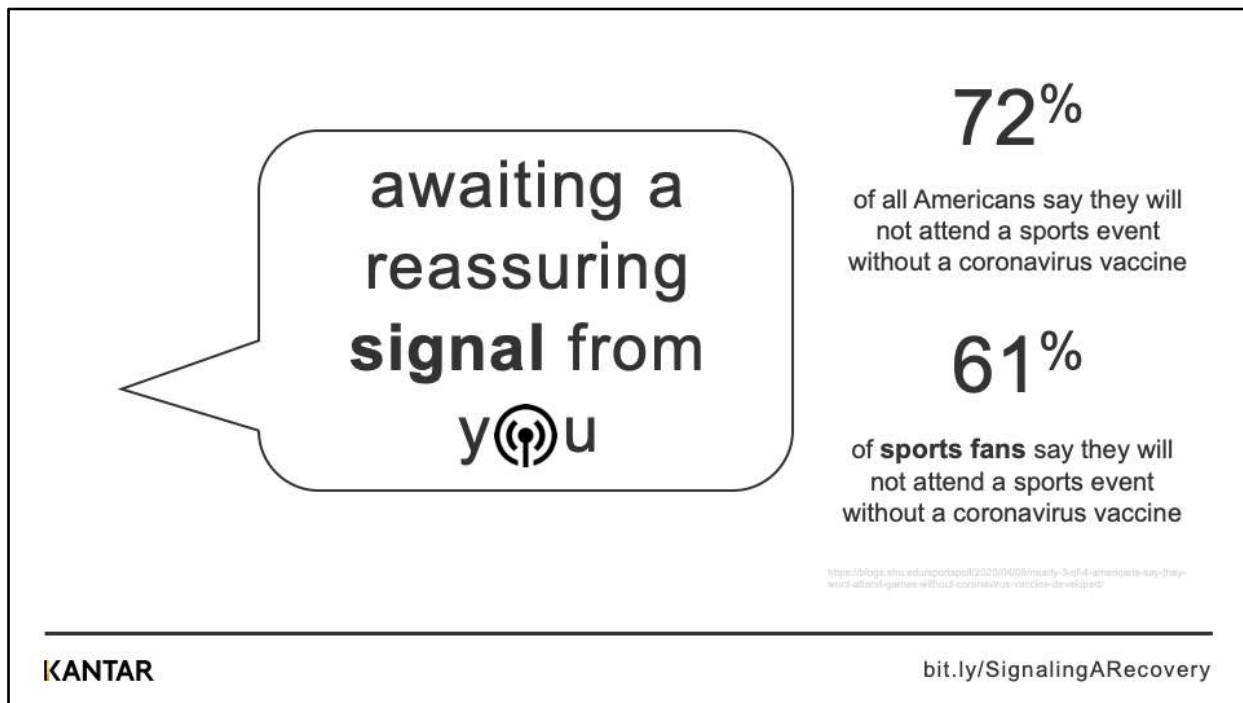
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- As the economy reopens, brands and companies will be ready to do business long before consumers. The only way to get consumers caught up is with better signaling.



- Don't forget that consumers are now looking to brands for signals about what to know and what to do. This was the subject of my March 25th FutureView webinar. The Era of the Public is now emerging fast, and with it, new expectations about the public and community role of brands. People are looking for brands to make a contribution to society at large, especially in the midst of this pandemic.
- The mixed and often confusing signals being sent by government and science aggravate the natural aversion that people feel about exposing themselves to health and financial risks.
- Reactivating demand is fundamentally an issue of sending the right signals — and not just advertising messages, but every aspect of a brand's physical, digital, societal and retail presence. It is what brands do no less than what brands say. It is about brands signaling reassurance in every possible way.



- These data from the April 9 Seton Hall Sports Poll illustrate both the challenge and the potential. Emblematic of the broader issue of getting consumers back into the marketplace after lockdowns end, nearly three-quarters of all Americans want a vaccine available before they attend another sporting event. This is not really about a vaccine per se so much as it is about signaling hygiene. That’s the challenge that signaling must address for demand to be reactivated.
- But the percentage drops to 61 percent among sports fans. People who are invested in the category are more likely to take a risk. And that’s the potential that signaling has to unlock demand. People want to come back. In some cases — far from a majority, but certainly indicative of the pent-up desires of most people — people are so committed they will venture into unsafe territory. But imagine if brands and businesses could tap into this pent-up demand and deliver on hygiene in a way that is genuinely safe and truly reassuring. That kind of signaling could not only earn a brand more than its fair share of growth, it could bend the total growth curve into a steeper upward angle.

awaiting a
reassuring
signal from
y@u



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- As Bill Gates put it in a recent column in *The Economist*, it's going to take both medical and commercial advances to overcome the natural aversion people have about infectious diseases. That's the signal we need to send.


Signaling Imperative

reactivati@n of demand

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- And that's the signaling imperative. Reactivating demand and getting past the shock it has delivered to the economy will take smarter, better, and more original signaling.
- Let's hear from my colleague Don Abraham about how to accomplish that. Don, over to you.

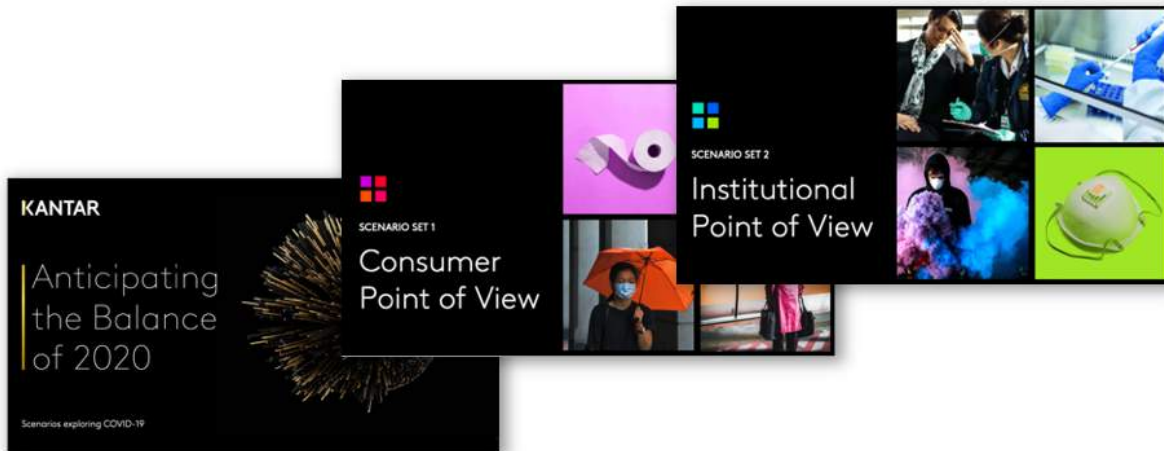


What brands need to
know:
Update on Kantar COVID
Scenarios

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- Thank you, Walker, and I am excited to pick up where you are leaving off.
- I have two things to add to what Walker has already shared.
- First, I want to update you on where we see the Kantar COVID Scenarios.
- Second, I want to share our perspective on how businesses and brands can ignite and fuel demand over the balance of 2020.

March 19, 2020 – Kantar Releases Anticipating the Balance of 2020

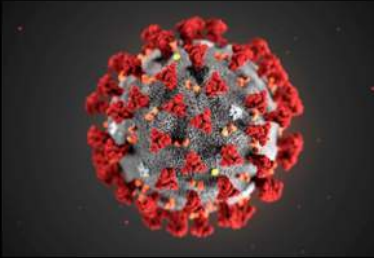


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- So let's begin with the scenarios.
- As you may recall, Kantar published our model very early — in mid-March — and we shared them in a webinar on April 2.

The key uncertainties



HOW
THE DISEASE
WILL BEHAVE



HOW
INSTITUTIONS
WILL BEHAVE



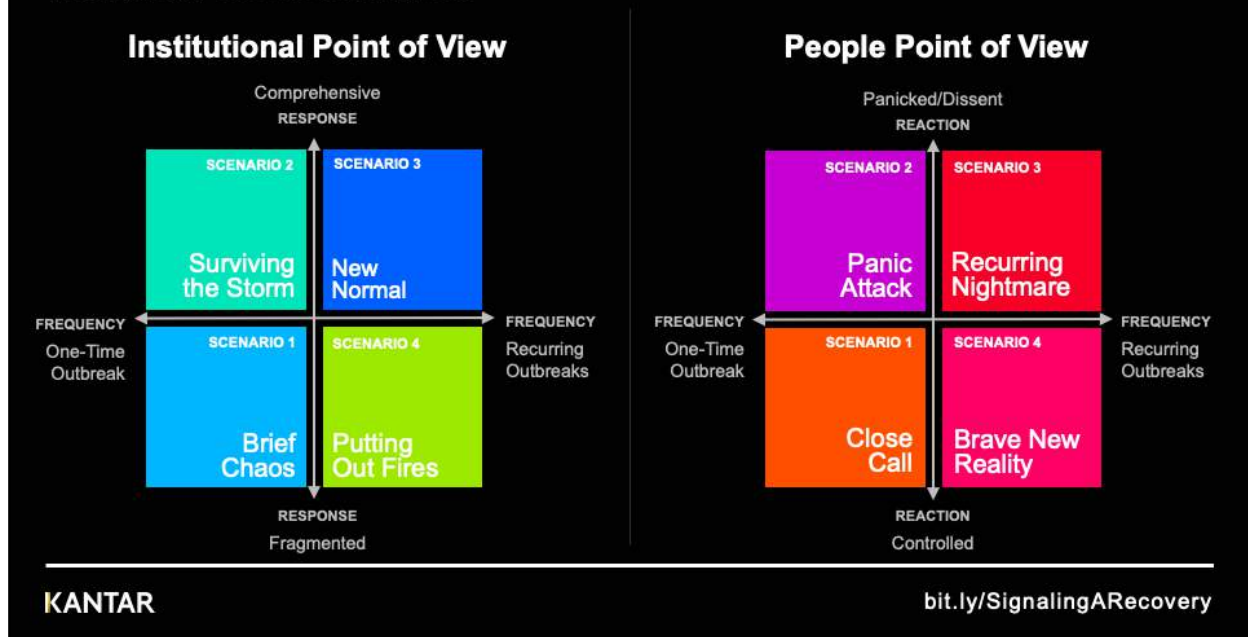
HOW
PEOPLE
WILL BEHAVE

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- At that time, we were focused on three critical uncertainties.
- We didn't know how the disease would behave.
- We didn't know how people would behave.
- And we didn't know how institutions would behave.

The Kantar COVID Scenarios



- The resulting scenarios painted interesting, vivid, and somewhat scary pictures of how 2020 could play out. We now have 6 weeks of perspective and while all of these futures could come to pass, there are strong signals that bring them into sharper focus.
- As for how the disease will behave, we are more focused on the right side of each model. The likelihood of recurrence is greater than the likelihood of a one-time event. This point has been echoed by CDC Director Redfield in his comments from mid-April, anticipating a dueling flu and coronavirus surge in fall 2020. This type of recurrence, in addition to being brutal, risks an even more difficult situation for healthcare workers than the last 2 months. Similarly, Dr. Fauci has repeatedly warned we will have a fall recurrence of coronavirus. Amid all of the heroic efforts to find a treatment, a vaccine, better testing and tracing, the right side of the X-axis seems to be where the energy is right now.
- As for the reaction of people, things are coming into focus as well. Some of you live in Michigan, Kentucky, North Carolina, or other states where protests have begun. This is in line with the top of our model. We are seeing panic about the economy and about how to put food on the table. Some people are dissenting from official guidance offered by state governments. As announced yesterday, Q1 GDP growth contracted by 4.8% and Q2 is expected to be north of 30%. Simply put, we anticipate that dissent with only grow.
- We are seeing a less controlled reaction in other parts of the world. It was widely reported about a week ago that some Danish parents are refusing to send their kids back to school even though the government said it was safe. In Italy and France, there have been riots over the ways in which governments did or didn't function. This is equally interesting and noteworthy dissent. We anticipate this will show up in the U.S. as more states come out of lockdown.
- So protests against the continued shutdown are rising in the U.S. and will continue in the

months to come, especially as the stark economic picture Walker painted becomes reality.

- And let's not forget that this is a Presidential election year. This marketplace will shift a bit as the virus-related stressors combine with economic exasperation, and then get fanned by polarized political perspectives.
- We will see where this leads as more localities open up over the next 4 to 6 weeks and as the Presidential election cycle really gets moving, so we expect to see the top of the People Scenario matrix coming to life in the next few months.
- Finally, regarding the institutional response, the signals continue to line up on the side of fragmentation rather than the side of a comprehensive response. The federal government is far from aligned with state governments, which we see that playing out in real-time with Georgia where there is pressure from all sides about how to proceed. Federal and state governments are clearly not taking a comprehensive approach. We also have state governments that have been at odds with mayors and other local leaders.
- A broader view across the globe finds very few examples of institutions coming together for the greater good against a global common threat. This is simply extraordinary.
- For the U.S. marketplace holding out hope of comprehensive action in a Presidential Election year is simply illogical. What is logical, however, is how the fragmented nature of the government response ties directly to the role of businesses and brands. Brands are an underappreciated yet key part of our scenarios, and while the government may be fragmented, it doesn't have to end there. Consumer confidence in governments has been low for decades. But consumer confidence is also affected by business and brand actions.
- This is where the critical role that modern brands play becomes a key to unlocking the marketplace. This is where brands can step into the void left by government inaction. And this is where we move into the final part of our presentation.



- We want to spend our remaining time translating the perspectives Walker and I have shared into a clear and actionable framework for regaining momentum.
- As we know, the power of analogies is strong for precedents to understand, for lessons to learn, and for perspectives to gain. And as Walker has said from the start, this is a disruption. We have been through disruptions before. This virus is a disaster from a health system perspective and it is a tragedy for millions across the world. However, in the business world, we must stay focused on the reality that this is a disruption because we can learn from prior disruptions.



- This last section will start with learning from an analogy — tying this disruption to a very different disruption. This analogy is the mind-numbing and awful events of 9/11.
- The hijacking and crashing of commercial airplanes stunned the world, caused fear, confusion, and a great amount of soul-searching. And it changed travel forever. Most importantly, for this analogy, it caused all of us to stop flying in the immediate aftermath.
- As the government sought to blunt the economic impact of the attacks, one of the biggest challenges it faced was effectively communicating to travelers that the skies were safe for flying again.
- Like today, 9/11 was a disruption and created a crisis of confidence. Like today, there were real questions about how to protect us. There was a clear and unmistakable sense of fear and confusion. And there was deep anxiety as the U.S. government began to experiment. For those who remember this process, the government worked through a variety of tests, checks, and processes that signaled to fliers that their safety was both a priority and something that could be secured, and that the U.S. government was in comprehensive and complete control of the airways.

TSA security checks were a critical innovation that sent an unmistakable SIGNAL it was safe to fly



Secure Environment



Institutions in Control



Confidence in Safety

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- Eventually, out of this, the Transportation Security Administration was born. It didn't appear suddenly, but once it did, it was a clear signal that every time anyone entered an airport they were going to be safe.
- Is it perfect? No. Is it inconvenient at times? Sure. But that is not the point. It is effective.
- All of the security measures — both those with teeth and those that are more about “security theater” — provide clear and unmistakable signals to travelers that the environment is secure, that institutions governing travel are in control, and that travelers should have confidence in their own safety.

Today the public is again shaken and scared, waiting to see where COVID-19 shows up next. They need to be reassured it is safe and hygiene is where it begins.

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- Our current crisis is similar in many regards, with fear for our health, confusion about what is safe, and reticence to engage in the marketplace as the hallmarks of today. But this is a disruption that brands can help to relieve and resolve.

TSA security checks **HYGIENE** is the critical innovation that sends an unmistakable SIGNAL it is safe to **fly** enter the marketplace



Secure Environment



Institutions **Brands** in Control



Confidence in Safety

KANTAR



- At a time when first and foremost people fear for their health, it's hygiene instead of TSA security checks. The biggest opportunity for sparking demand is to deliver new and unmistakable signals that it is safe to enter the marketplace.
- Done properly, clear and well-executed signals of hygiene will tell everyone that it is safe to get back in the marketplace, that businesses are free from the virus, that brands are in control, and that people can have confidence in their health and safety.

But how do brands spark demand in a world with a hygiene imperative?



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- But how do you do that? How do brands spark demand in a world with a hygiene imperative?
- We believe that businesses and brands need a comprehensive and clear approach to people that signals hygiene. In order to ignite demand, brands must signal hygiene.
- Signaling hygiene goes well beyond ad campaigns and packaging. Signaling hygiene is more than an email to a brand's audience, more than advertising discounts, more than a big sign that says 'open for business'.
- Signaling hygiene is a layered and complex process that will challenge norms and push innovation efforts into uncomfortable spaces. But the result will be people feeling the confidence, the assurance, and the desire to engage again with brands.

Early Indicators Signaling Hygiene

Temperature checks



Hospital-grade disinfectant



Delivery robots



Protective gear vending machines



AI camera safety verification



Register plexiglass screens

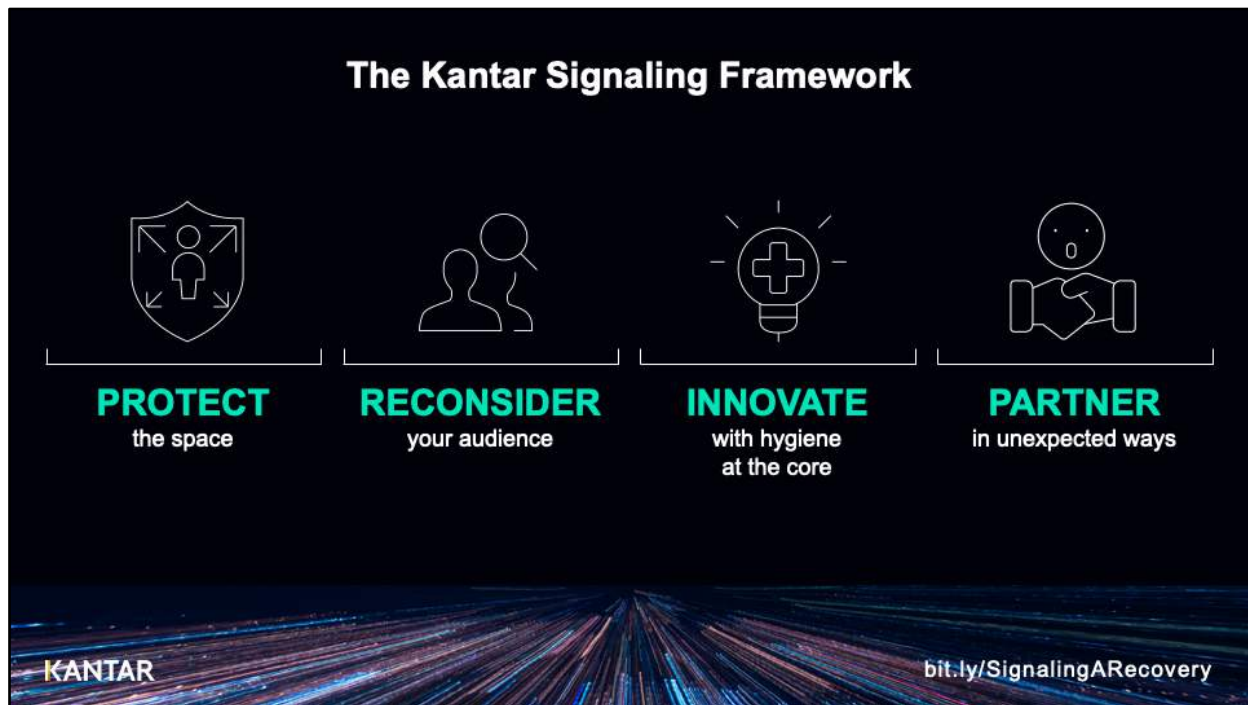


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- As with the post-9/11 world, we are seeing experimentation already in signaling hygiene.
- We see the use of thermometers to gauge who is sick/who is healthy.
- We see plastic screens up at registers.
- We see hotels converting to hospital-grade disinfectant.
- We even see the use of AI for safety verification at places like Domino's and contactless delivery via robots.
- We see a whole host of experiments, all seeking to signal to people that it is safe. These experiments can be seen and assessed in places that were hit first like Asia or hit hardest like the travel and hospitality sector. They are a bit ahead and thus offer a nice model to consider. But there is more to come, and brands can and must do better.
- This is only the beginning.

The Kantar Signaling Framework



- This is where our framework comes to life. We have taken a long look at what we see in the marketplace, and we have consulted with scores of companies on how to reignite demand. The framework you see here is where we have netted out.
- We see this challenge breaking down into 4 imperatives, which Walker alluded to earlier — 4 different ways or 4 different steps as for planning over the next 12 to 18 months.
- We recommend that businesses and brands need to: Protect the space. Reconsider the audience. Innovate with hygiene at the core. Partner in unexpected ways.
- This framework has been deployed and tested in many of the categories we touch, from food and beverage to CPG to hospitality to a wide range of B2B businesses. And the interesting outcome is that it works for both consumers and for employees. This last point — employees — is a critical link to the marketplace of 2020 and beyond.
- Let's go deeper into each part of this framework and share some additional perspectives.

1. PROTECT the Space



Manage the places and spaces where people directly interact with your brand to limit consumers' anxiety about the actual risk of exposure to COVID-19.



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- Signaling to people that it's safe to leave their homes will be a critical first step in this process. So let's start with the imperative to Protect the Space.
- Retailers have started to show the way early on. Grocery stores started adding plexiglass shields to checkout areas a month ago. Various retailers have painted boxes or squares six feet apart to help people maintain an appropriate distance from one another. And in other cases there are arrows directing people to go down store aisles in a certain direction.

1. PROTECT the Space



We need to understand what spaces matter.



The need to Protect the Space will guide brands for months to come.



Many more opportunities are coming, as our spaces signal hygiene in new way.

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- But that is only the beginning. The opportunity to signal hygiene goes well beyond markings on the floor.
- We need to understand more. What spaces matter? In other words, what spaces now cause anxiety for people, that a brand could step in to relieve? Shared surfaces like shopping carts and door handles matter. Packaging seals matter more than ever. Shared spaces matter, which is why Lyft is jumping ahead with new ways to signal that their cars are safe.
- Brands will be iterating around the idea of Protecting the Space for months to come. What is important to note is that hygiene has displaced many long-standing trends as the new North Star.
- Our spaces — public or private, business or education, transportation or recreation — need to signal hygiene in new ways.
- What spaces and physical touchpoints matter most to your people?
- What level of assurance do people need to step back into your category?
- And importantly, how can your organization ease employee anxiety about the physical work environment so that they can help?

2. RECONSIDER your audience



This disruption has changed how many people think about themselves and will live going forward. Brands need to find the right place, time and demand occasion by reconsidering the audience.



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- Second in our framework is to reconsider your audience. This should not be a surprise, but this disruption has changed how many people think about themselves, about their loved ones, about their lives, and about how they are going to live going forward. As a result, we have to reconsider our audience and find the right signals for the right place, the right time, and the right demand occasion.

2. RECONSIDER your audience



As the pandemic recurs, brands need to better understand the needs of homeschoolers.



The pandemic is felt differently across different income levels.



Consumers in hard-hit cities will require different signals than consumers elsewhere.

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- But let's go deeper. We anticipate a few new audiences to come out of this disruption that we haven't seen before, or haven't seen in this scale.
- Homeschooling was never a big deal before for most brands. Few brands were discussing how to reach people who were both full-time homeschoolers and full-time remote employees. But with waves of recurrence, this is an audience we need to signal. How can we reconnect with this audience in a meaningful way and signal our understanding?
- Let's not forget economic fault lines being exposed like never before — higher-income people are more likely to be working remotely and lower-income workers more likely to be continuing to report to work amid difficult circumstances. Plus, jarringly high unemployment numbers. These audiences, too, will need different signals.
- Regionally, we know a brand's audience will splinter across new virus-related lines. You could easily argue that this disruption has created a country of nation states, each with differing perspectives on the best course of action. In places hard hit — like the greater New York, greater Detroit, greater Chicago, San Francisco, etc. — a new consumer is emerging. This audience will require new and different signals as they emerge from their homes a heck of a lot less comfortable, a heck of a lot more reticent, and in need of additional signals that require deeper understanding.
- For brands, this is a new reality. This is going to be challenging, and we cannot assume old models will be accurate. It's time for deep human and cultural understanding. It's time to dig in and see the market for what it is now, not what it used to be. And there are various and familiar tools ready to be deployed, whether it's MONITOR Profiles, refreshed segmentations, or deep human insights work. This is where it starts.
- Signaling effectively and reconsidering the audience is critical.

3. INNOVATE with Hygiene at the core



Hygiene has never been the starting point for innovation when trying to deliver new products and services. Now we need propositions that build hygiene in from the very start.



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- Next in our framework is a pure innovation challenge.
- Brands need to Innovate with hygiene at the core. As we mentioned in our April 2 webinar introducing the Kantar Scenarios, today's disruption is a clarion call to innovators to crank up their efforts and push into new spaces.

3. INNOVATE with Hygiene at the core



Change means that the marketplace has shifted, exposing new needs.



Some routines will remain, some will disappear, and some will emerge.



Hygiene will form the core of a rebalanced innovation portfolio.

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- Innovation is always the answer in times of change because change means that the marketplace has shifted. New needs have emerged. New compensatory behaviors abound. New segments are taking shape in many categories. What does this look like?
- For starters, this is equivalent to launching a new brand or identifying an innovation pathway. Done well, this is exploratory work that starts with human insights work. Human and cultural insights have never been more important as people come out after more than 30 days of lockdown.
- What do we know about 30 days of a routine? Well, according to our understanding of behavioral science and every diet book ever written, 30 days is what it takes for new routines to stick. At Kantar, we love the idea of exploring routines.
- Based on our deep understanding of humans and culture, we know that there are three kinds of routines that will emerge. There are routines that will continue along the same path they were on before the disruption, such as grocery shopping or trips to the coffee shop. These are deeply valued and hard-wired routines for many.
- We also know that some routines will disappear as they don't make any sense in a hygiene-centric world. This is where radical innovation is needed, such as routines for hotel check-in or movie theater seating, or school lockers or classroom seating or university mess halls.
- And finally we know that new routines will emerge. This is where categories like beverage and alcohol are rightly focused. After a few months of remote dinner parties and drinking occasions, this is a space where brilliant innovations with hygiene at the core will emerge.
- Done right, innovating with hygiene at the core will ignite demand with waves of new offers that will reframe and rebalance a brand's innovation portfolio. It starts with deep human understanding.

4. PARTNER in unexpected ways



Lower the barriers around your business and look outside the category – or to competitors – to form new alliances, partnerships and solutions.



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- Fourth, and perhaps most challenging, is to partner in unexpected ways. Related to our last idea about Innovation with hygiene at the core, there is a unique and powerful opportunity that lowers the barriers around a business and reshapes the ring fence around brands. Yesterday's definition of competition is over.
- In other words, let's do something out of the ordinary for these extraordinary times.

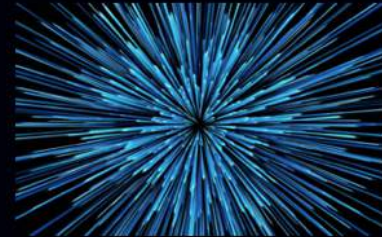
4. PARTNER in unexpected ways



All brands are facing the same challenge at the same time.



Signals of hygiene across categories will resonate strongest with consumers.

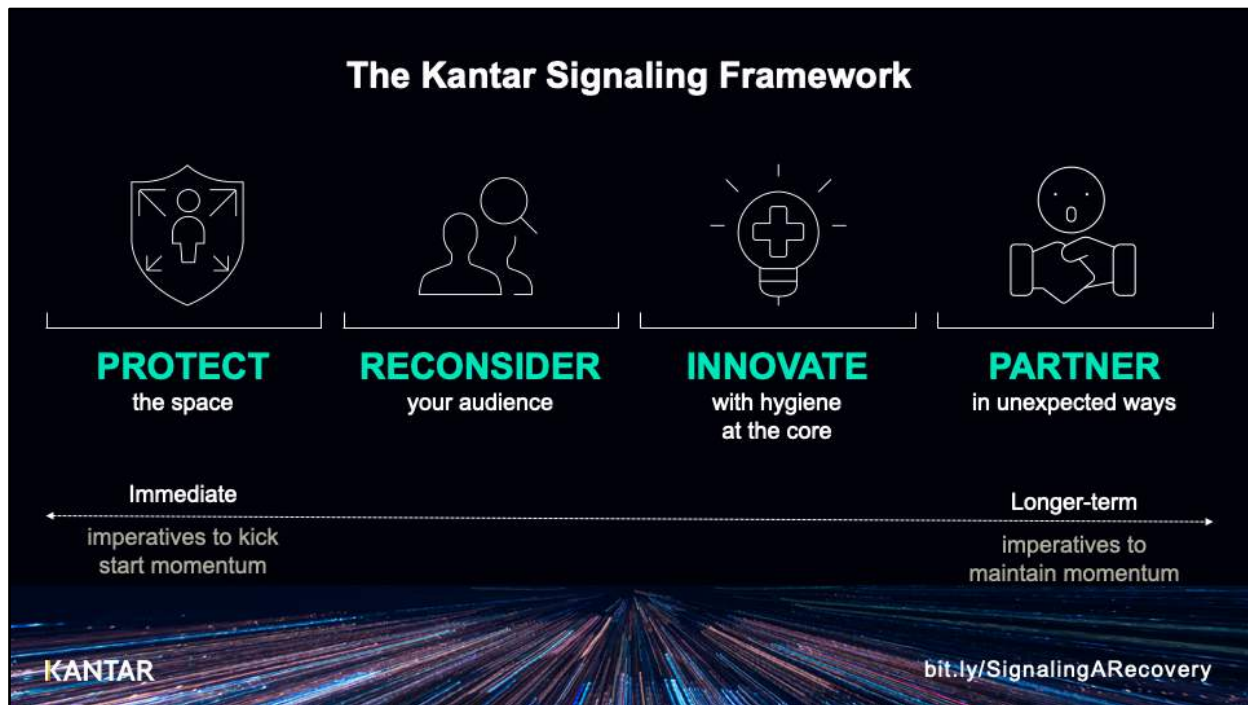


The right brand partnerships will ignite demand.

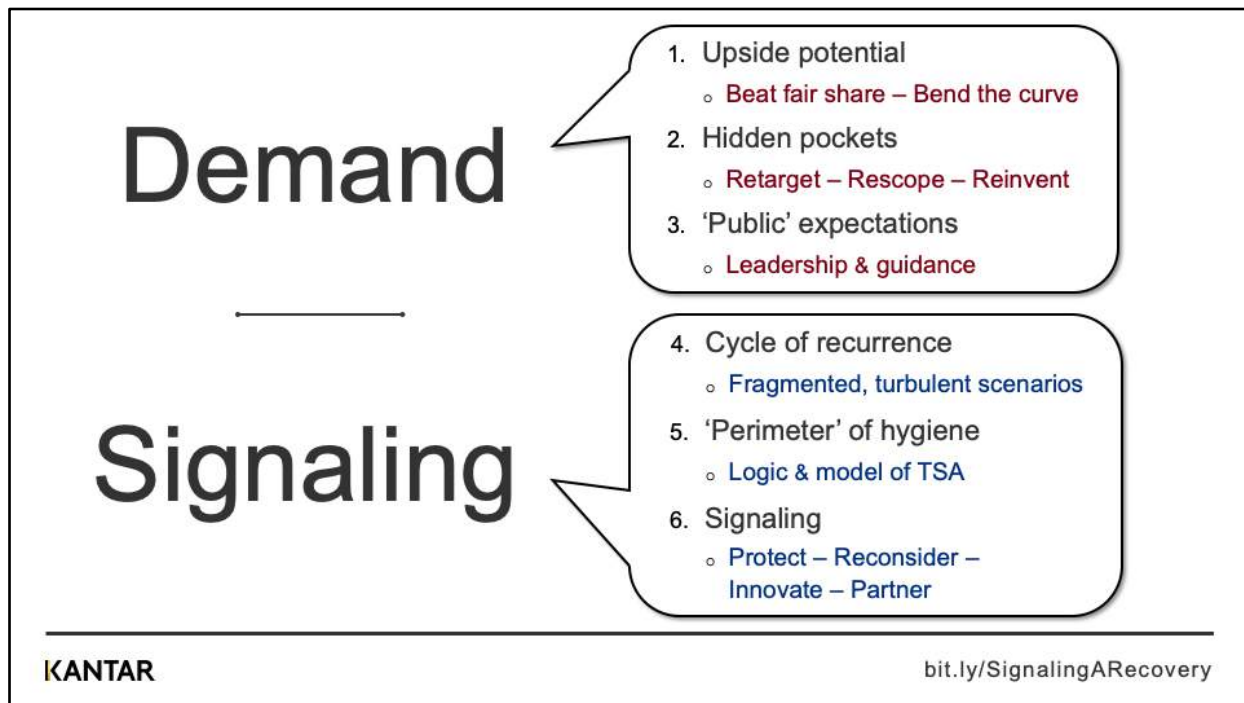
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- If Google and Apple can launch a partnership and if Ford and General Electric can come together, the opportunity for new and unexpected partnerships is real. Brands are a critical player in this, particularly when we consider the ways in which brands can partner within their own categories to signal a comprehensive response to people.
- To be a bit provocative, for the first time in history, in every pocket of the globe, every single brand has the same exact challenge. Our markets are frozen. People are scared and waiting for signals. This is the perfect time to do the unexpected. This is the ideal time to call a competitor or previously illogical partner and come together to reignite demand in partnership.
- To come at this topic of unexpected partnerships from another angle, let's take the human-centric view. We are about to have every brand flood the market with its own signal of hygiene. From a human-centric perspective, that is going to be dizzying and confusing, to say the least. What if, instead, brands formed loose alliances and partnerships to signal hygiene together to people. This could be new levels of third-party accountability, similar to Fair Trade labels. This could be community-level partnerships with other brands that are active in the same communities.
- What if you took a fundamentally different view on the marketplace and viewed it as an opportunity for partnership and local collaboration instead of dominance and noise?
- Signaling to people that a new market reality is here by featuring unexpected partnerships is how to ignite demand, and this is how to keep the engine running. This is how to help people and communities feel safe and confident. This is how to avoid scaring people back into a paralyzed state of confusion.



- At Kantar, we are using this framework already as a Signaling Playbook to help leading brands ignite demand and kick their business engines back into gear. This is not a small challenge. Nor is this something that can be done overnight.
- But these four steps are the right ways to break the process down and move ahead with confidence and purpose, and with a new perspective on the balance of 2020.
- The next 12 to 18 months will continue to challenge us in unexpected ways. And the next 12 to 18 months are going to present a wide range of options for us to consider for our brands.
- And with that, I am happy to pass the mic back to Walker for some closing thoughts.



- Thanks, Don. So let me wrap up with a couple of final thoughts.
- What to know and what to do ... The two key ideas from today are Demand and Signaling — the demand shock that has impacted the global economy and the signaling of hygiene needed to reactivate demand.
- The forecasts ahead are very dark, but don't forget the upside potential for above average growth. This is going to require rethinking what you know about targeting, needs, benefits, value propositions, and business strategies. But consumers expect brands to play a much more public role, and never has that been more important. In short, the opportunity is not about simply hanging on. It's about capitalizing on opportunities that are hiding in plain sight.
- Critical to capturing those opportunities is getting the signals right. People need reassurance about hygiene and safety — not just messaging, but actual physical presence. This must be optimized against the different timelines of markets around the world and the sure likelihood of outbreaks coming back. A good model to consider is airport security. And the best way to approach that is the four-fold framework of signaling around Protect, Reconsider, Innovate, and Partner. These four cornerstones should be the foundation of your strategy and the platforms on which you brainstorm and innovate.
- This is the roadmap to recovery. And this is how we at Kantar can work with you to build success for your brands and businesses.

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Thank you!

Signaling a Recovery: A Framework for Brand Activation

A Special FutureView Webinar
on the COVID-19 Pandemic

Don Abraham, Senior Partner
don.abraham@kantat.com

J. Walker Smith, Chief Knowledge Officer
jwalker.smith@kantat.com

April 30, 2020

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- Thank you again for your time and interest today. Please let us know how we can be helpful.
- The replay and deck will be available at this link as soon as the software system processes the file and uploads it. So check back.
- Thank you very much.