AdAge

What's happened to marketers, media and brands during the coronavirus pandemic. What comes next

MARKETING IN THE TIME OF COVID-19

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CRAIN

WHAT COMES NEXT? DIGITAL FIRST

Last fall, when forecasters began looking at expectations for ad spending in 2020, their crystal balls signaled a conservative, cautious year for most marketers around the world. But buoyed by the presidential election and the Summer Olympics, and factoring in media price increases and continued growth in digital channels, ad spending in the U.S. was projected to grow by 4% to 5% this year.

And then the COVID-19 pandemic hit the U.S. And everything stopped.

Marketing began to reflect the impact of the pandemic in March, when U.S. ad spending across all media fell to $10.5 billion, 17.5% below the spending total from March 2019, according to Kantar.

Then in April, spending plummeted to $8.0 billion, down 23% from the weak March number and nearly 35% less than April 2019's total. The trend continued in May, with spending down 32% year to year, and in June, down 30%.

Kantar pegs first-half U.S. spending at $59.3 billion, down 19.3% from 2019. Second quarter spending alone dropped 32.4% year to year, to $25.5 billion.

Looking at the country's broader economic picture, the massive drop in ad spending was no surprise.

The University of Michigan consumer confidence index posted a record one-month decline in April; consumers continue to say they believe bad financial times and high unemployment will continue into 2021.

U.S. gross domestic product plunged at a seasonally and inflation-adjusted annualized rate of 31.7% in the second quarter, the sharpest drop on record. Unemployment rocketed to 14.7% in April, the highest level since 1939. It fell below 8% in September, but still with millions unemployed or underemployed and a wave of new unemployment claims every week.

Ad and subtract

The economic crisis played out in ad spending. There were significant ad spending declines for the first half of 2020 in every medium measured by Kantar. Print media were the hardest hit, with year-to-year ad spending declines of 24.6% for magazines and 36.3% for newspapers. Television spending fell 16.5%.

Even digital media fell 18% from the previous year. Conventional wisdom held that people increased screen time while sheltering at home, but advertisers weren't there.

"Interestingly, there's no media immune to the current environment," says Gregory Aston, head of digital media research science, Kantar Media Division.

That number should come as no surprise, Aston says.

"When we look at major contributors to digital spending, for instance, we look at the automotive, retail and travel categories—and those three categories alone contributed 42% of the decline in digital spending," he says.

Aston points out auto, retail and travel industries traditionally represent about a quarter of total U.S. ad spending. "The impact of those three categories going dark is so broad and deep that it has an impact on any media we're looking at," he says.

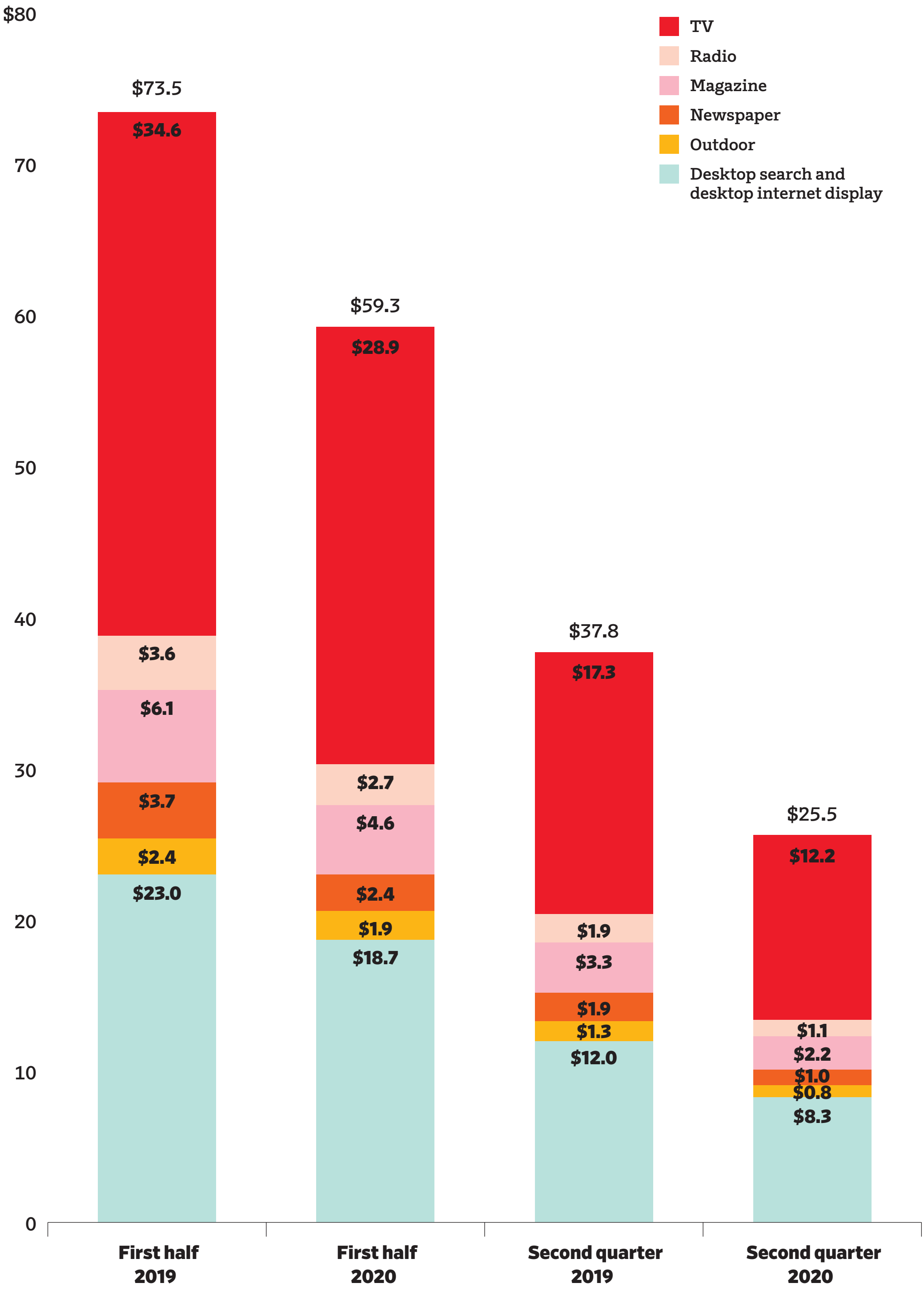
Kantar's numbers show overall ad spending by retailers tumbled 22.6% in the first half of the year to $5.9 billion—still the largest advertiser category as defined by Ad Age.

There was a split in the category, however. While department stores and specialty retailers were for the most part not open and often not advertising, spending by food stores and supermarkets was up 43%, Aston says, as households hunkered down and ate in.

"From a consumer behavior standpoint, going to the grocery store to resupply the

Down for the count

U.S. measured-media spending in first half 2020 and first quarter 2020 vs. a year earlier. Dollars in billions.



Source: Kantar. More info: Kantar.com.

TV: Broadcast network TV, cable TV networks, spot, syndicated; includes Spanish-language networks.
Magazine: Consumer, Sunday, business-to-business and local magazines; includes Spanish-language magazines.
Newspaper: National and local newspapers; includes Spanish-language newspapers.
Radio: Network, national spot and local.

pantry became the outing of the week for many households in the spring," he says.

The automotive industry also has seen mixed results. In particular, new-car sales suffered as manufacturers coped with supply-chain issues and product shortages in addition to mandated factory and showroom closures. Edmunds estimated a 52.5% decrease in new-car sales in April, compared to the previous year, calling it the worst auto sales month in more than 30 years.

Not surprisingly, ad spending in the automotive category fell 36.4% to $3.8 billion in the first half of the year.

But used-car sales have ticked upwards, and many dealers whose showrooms were closed in March and April reported record sales in the summer—reflecting pent-up demand, the availability of federal stimulus checks and a new group of customers purchasing cars in lieu of using public transit or ride-sharing options.

Travel advertising almost stopped entirely as consumers sheltered at home and international borders were closed. In percentage terms, the category's ad spending declined more than any other large ad category. Spending by airlines, hotels, car rental companies and other travel marketers fell 53.3% to $1.8 billion in the first half of the year. Travel ad spending in April alone plunged by a staggering 84% compared to 2019.

Other subcategories also saw big spending cuts that reflected lifestyle changes as consumers sheltered at and worked from home. Spending in the men's shaving products category fell 75%, Aston says; men working from home were not necessarily in the market to replenish shaving supplies.

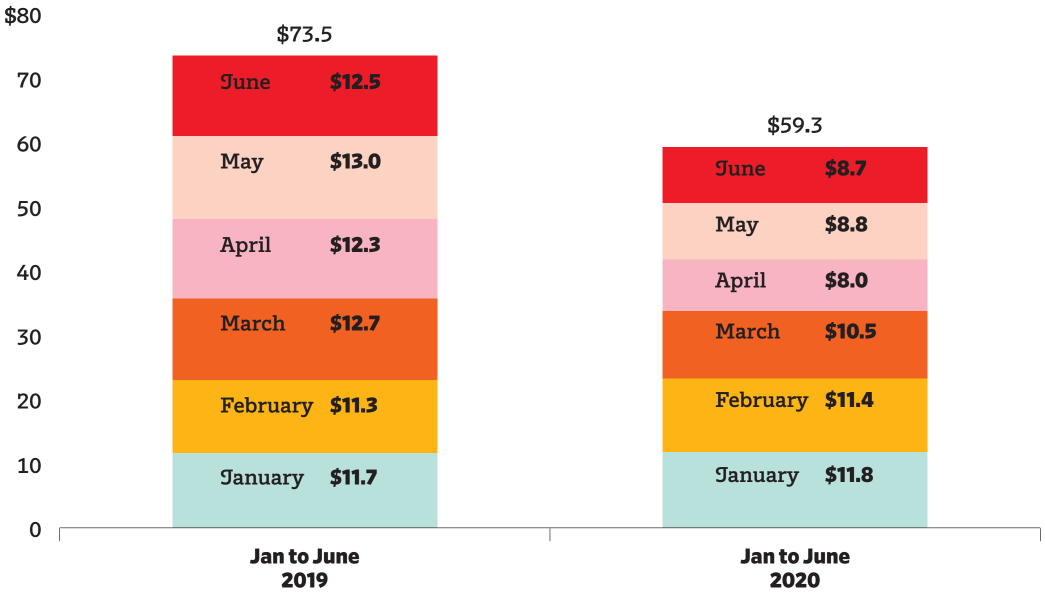
With most movie theaters closed across the country, ad spending for the movie category fell 57% in the first half of 2020 as most planned new releases were sidelined.

Advertising's outliers

Although all media disciplines saw big declines, and virtually all marketer categories cut ad spending significantly, there were outliers. With a rush of pandemic-related public health messages, U.S. government agencies increased spending 35.1% to $482 million in the first half.

Monthly media spending totals

U.S. measured-media spending in first half 2020 vs. first half 2019. Dollars in billions.



Source: Kantar. More info: kantar.com. Includes TV, radio, magazine, newspaper, outdoor, desktop search and desktop internet display.

A few major marketers also boosted spending. Not surprisingly perhaps, Amazon's measured spending rose 16.3%. Amazon was a top choice for many households seeking contactless delivery of essential products, but it also used ad time to spotlight its employees and safety protocols.

Facebook, another top advertiser with increased consumer usage, doubled ad spending in the first half of the year.

Pharmaceutical marketers AbbVie, Novartis and Regeneron Pharmaceuticals boosted spending as well.

AbbVie, for instance, launched the first ads for its Rinvoq rheumatoid arthritis inhibitor after receiving Food and Drug Administration approval late last year. "When a new drug is approved, you must go to market to support awareness," Aston says. "For the pharmaceutical industry, it's not really about discretionary income, but making consumers aware of new medicines available to them."

A few leading packaged-goods marketers, including Procter & Gamble Co., Kellogg Co. and General Mills, also increased spending, perhaps hoping to take advantage of consumers doing more cooking and cleaning while sheltering at home.

Road to recovery

Just as the travel category was the poster child for the disruptive impact of the pandemic, it promises to be a leading indicator of economic recovery, Aston says.

"If you're timing the rebound, keep an eye on travel," he says. "An uptick in travel means consumers are confident enough to resume normal behaviors and activity—that they're willing to travel, willing to go back to stores."

Discretionary travel also will be an indicator of an improved personal financial situation for consumers. "If consumers are going to part with dollars for a vacation, they will part with dollars for other discretionary buys," he says.

Marketers and agencies are wondering what to expect when life begins to settle on a new normal—what short-term strategies or consumer behaviors might morph into permanent changes in the marketplace, and how the media marketplace will adjust.

What's up (and down) with the top 10 categories

U.S. measured-media spending in the first half. In the early months of the pandemic, political and government ad spending soared. Dollars in billions.

Rank	Category	First half 2020	First half 2019	Percent change
1	Retail	$5.9	$7.6	-22.6%
2	Telecommunications, internet services, internet service providers	5.8	6.8	-14.4
3	Medicine and remedies	5.1	5.4	-5.8
4	General services	5.0	6.4	-20.8
5	Automotive	3.8	5.9	-36.4
6	Insurance	3.5	3.8	-6.8
7	Financial services	3.2	4.3	-25.3
8	Food, beverages and candy	2.9	3.6	-19.7
9	Government, politics and religion	2.6	1.8	45.5
10	Media	2.6	2.9	-12.8
	Top 10	$40.4	$48.5	-16.8%

Source: Kantar. More info: kantar.com. Ranking is based on U.S. measured-media spending, January through June 2020. Includes TV, radio, magazine, newspaper, outdoor, desktop search and desktop internet display.

What's up (and down) with the top 10 advertisers

U.S. measured-media spending in the first half. Procter & Gamble, Amazon, AbbVie and the government boosted spending in the early months of the pandemic. Dollars in millions.

Rank	Advertiser	First half 2020	First half 2019	Percent change
1	Procter & Gamble Co.	$1,417	$1,317	7.6%
2	Amazon	907	780	16.3
3	Berkshire Hathaway	894	1,080	-17.3
4	AT&T	575	903	-36.4
5	T-Mobile US	571	790	-27.7
6	Comcast Corp.	563	989	-43.1
7	Progressive Corp.	507	586	-13.5
8	AbbVie	495	419	18.1
9	Walt Disney Co.	483	656	-26.3
10	U.S. Government	482	357	35.1
	Top 10	$6,893	$7,878	-12.5%

Source: Kantar. More info: kantar.com. Ranking is based on U.S. measured-media spending, January through June 2020. Includes TV, radio, magazine, newspaper, outdoor, desktop search and desktop internet display.

Aston says the crisis will accelerate the industry's transition in video strategies, coming off the huge increase in over-the-top streaming options and consumer interest in them.

"Two years ago, it was a legitimate question in whether OTT was really augmenting reach," he says. "But today, it's a must-have instead of just a consideration."

In addition, because the traditional TV upfront deals were essentially abandoned this spring, more marketers and agencies will be buying fall and winter TV time in the unpredictable scatter market, which as a result will likely be competitive and pricey this year.

Digital first

Moving into 2021, Aston says he expects an even stronger push toward digital channels of all sorts as chief marketing officers look for return on investment.

"CMOs as well as any team managing investments on behalf of brands will need to be far more accountable for the dollars they're spending. That pressure for accountability will accelerate the ongoing trend to digital media," he says. "With national television, we're already seeing heightened interest in OTT placements as digital video environments where you can implement more direct targeting—whether that's geotargeting, behavioral targeting, interest-based targeting or targeting based on CRM (customer relationship management) data."

His conclusion: "During the recovery, it will be universal that we're going to be in an environment where it's digital first, in that paid media investment will start with the digital assets and build from that core."

Aston expects to see greater emphasis on integrated communications strategies.

"Brands will need to focus not only on how paid media influences consumer behavior, but how those paid media are amplifying messages across owned media—websites, apps, e-commerce, CRM," he says. "And then, how the brand is sustaining and leveraging consumer connections through user-generated content, earned mentions in social media or the press. The implications for agencies are that they'll need to be able to engage across all these assets and deliver on a holistic strategy."

Aston adds: "Post-crisis, the speed with which brands and media sellers and agencies can transform will determine their success." AA

SOCIAL STUDIES

2020 already was destined to be a headline-making year for paid social advertising. But the one-two punch of the pandemic and advertisers' Facebook boycott made it even more turbulent.

Paid social spending rose 5.5% in February 2020 compared to 2019. It then fell 0.3% in March, jumped 22.6% in April and surged 43.4% in May, according to analysis by Kantar and Pathmatics, the digital marketing intelligence platform. Overall paid social spending increased 19% to $7.7 billion in first-half 2020.

That roller coaster reflected multiple forces:

1. Consumer use of digital media during the pandemic

Desktop display and video ads surged as consumers who were sheltering at home turned to digital media, Pathmatics says, with consumers seeing almost 25% more ads on desktop devices since the beginning of March.

As early as December 2019, Pathmatics saw coronavirus-related keywords in creative messaging. When the pandemic hit the U.S. hard in March, there was "quite a huge spike in COVID-related language," says William Merchan, chief revenue officer for Pathmatics, including words like virus, quarantine, antiviral and coronavirus. That initial push tailed off in April.

2. The pandemic's crushing economic effect

"Major categories had massive swings in spending," Merchan says. Travel marketers, a backbone of Facebook, Instagram and Twitter ads, cut their paid social spending by 82% in April 2020 compared to 2019.

Spending in the auto category was down 55% in April and 32% in first-half 2020.

Although streaming video services were heavy advertisers, sports and other entertainment subcategories like movies, live events and ticketing services were highly affected.

Some retailers' social spending was gutted. "It came down to how much of their operation is digital," Merchan says. For instance, Amazon, Target and Walmart used paid social to heavily promote their e-commerce, delivery and curbside pickup options, while traditional department and apparel stores were often closed and therefore not spending.

3. Marketer push for direct-to-consumer sales

The pandemic has accelerated one big trend, Merchan says. "There's a clear move for every brand to become a direct-to-consumer brand, if possible," he says. "Everyone is trying to figure out how to get direct engagement with consumers, how to build out a sales model."

Pioneered by brands like Unilever-owned Dollar Shave Club and mattress seller Purple Innovation, the model for a DTC launch is pretty clear, he says: Put virtually all initial spending into social media, then move marketing to video, out-of-home and linear TV.

"It's a playbook that's worked well for many marketers," Merchan says. He points to some large alcohol brands that had "nascent e-commerce," but have invested heavily in a DTC model and paid social advertising after strong sales during the early days of the pandemic.

4. Election year

The year's paid social numbers would be substantially lower without the impact of political spending, which, led by the Trump campaign, totaled $236 million for the first half of 2020.

5. Facebook boycott

As concerns grew about questionable posts, harmful rhetoric and fraudulent ads, more than 180 brands joined a boycott of Facebook, halting spending entirely for a period in June and July.

Although paid social spending was dramatically affected—at least selectively—Merchan says many marketers have resumed spending, even if not to pre-pandemic levels.

"The reason why so many brands are spending a larger percentage of their marketing budgets on paid social is its performance," he says. "When you turn paid social ads off, you get a clear sense why you invest in digital media. Even in the travel industry, even in a category that was so highly impacted, we're seeing them come back." AA

CONSUMER RESPONSES TO COVID-19

When the pandemic began, Kantar mobilized its researchers "to stay on top of the pulse of this event," says Aaron Peterson, senior director of marketing in North America for Kantar Barometer.

One of the goals was to provide marketers with insights about how consumers were feeling, reacting and behaving during this unprecedented national crisis.

Early on as Americans sheltered in place at home, they ramped up use of many media channels. Not surprisingly, consumers reported increased use of linear and streaming TV, social media, websites, email, messaging apps and podcasts. As people began to leave their houses, media use in general began to decline, though it remained higher than normal levels.

Peterson says one constant over the past months is that consumers want brands involved in the national conversation.

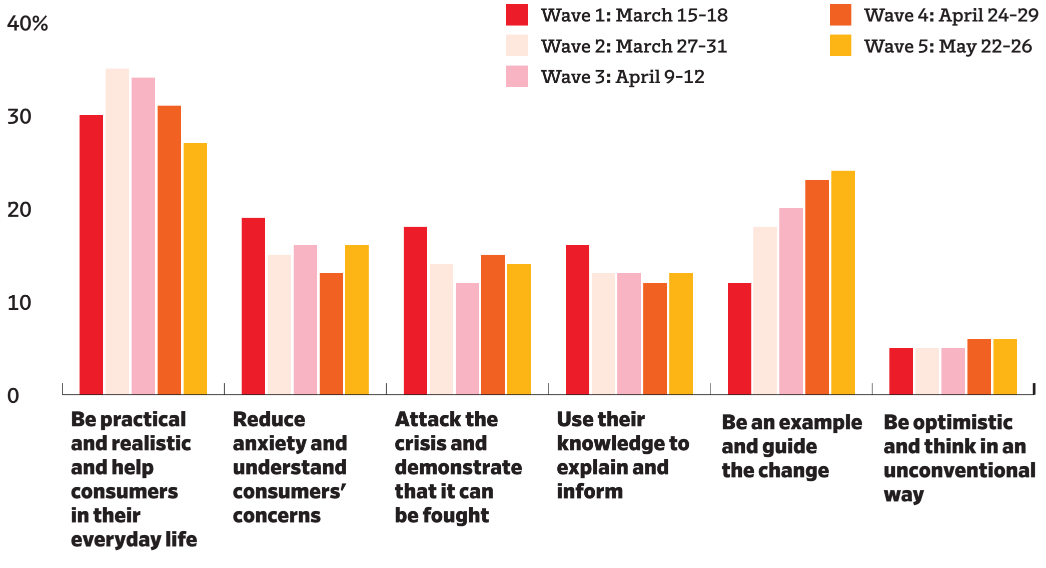
"Even at the beginning of the pandemic, consumers told us that they wanted to continue hearing from brands," he says. "Less than 10% of survey respondents said they expected brands to stop advertising. But the messaging is important. Consumers want recognition that life has changed, want reassuring messages about what brands and businesses are doing and how brands are taking care of both their employees and customers." AA

What consumers expect from brands

Consumer attitudes have been evolving throughout the crisis. For brands, there is now less importance placed on helping in daily life and more emphasis on guiding the change, although these two actions have consistently been top of mind since March.

Consumers were asked:

What is the main thing that brands should do at the moment? What other actions should be taken?

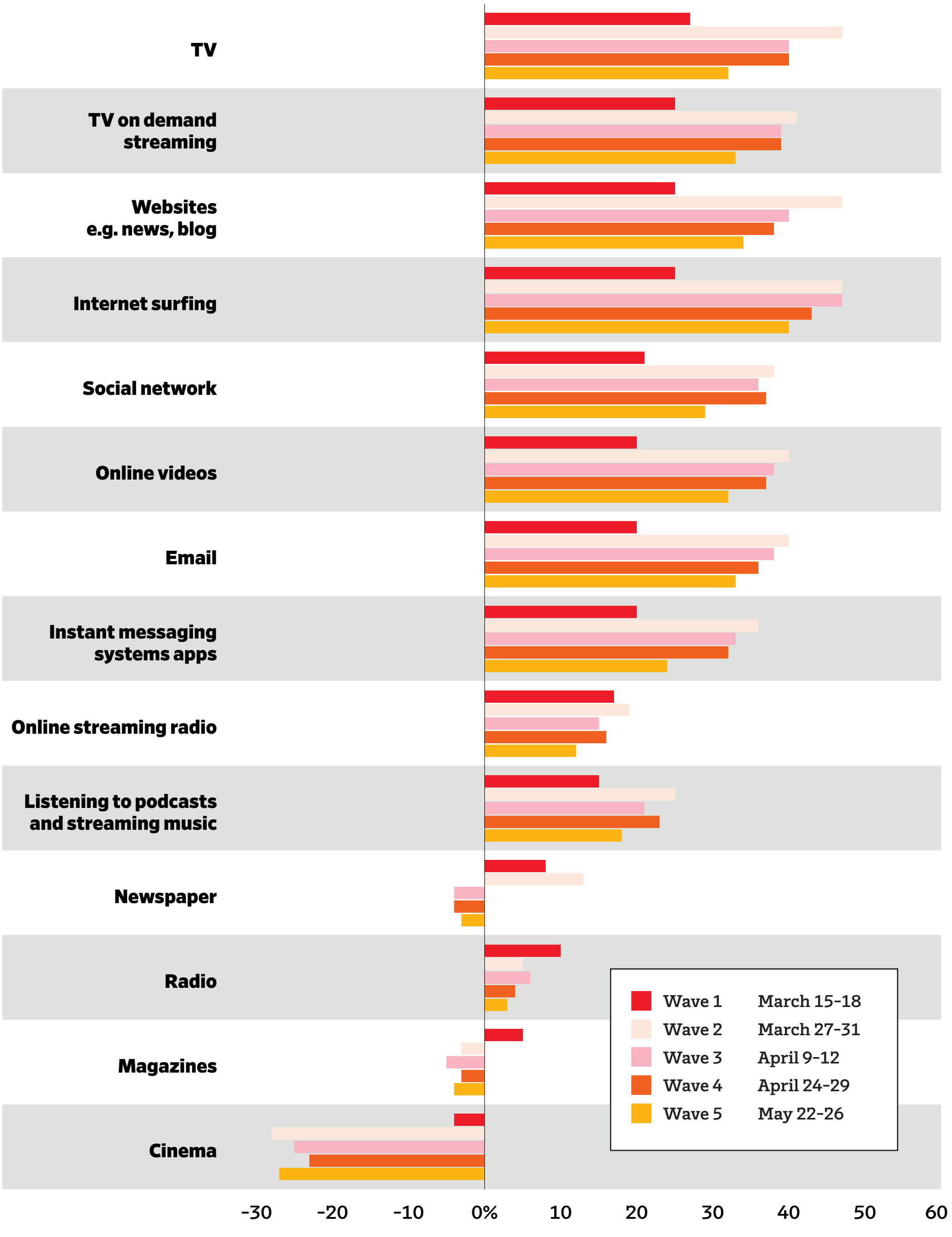


Source: Kantar. More info: kantar.com.

How COVID has affected media habits

In the early stages of lockdown, consumers initially spent significantly more time using virtually all media types. Now that they are allowed more freedom and opportunities to leave the house, they are not spending as much time across media channels.

Consumers were asked: In general, how has the coronavirus situation impacted your use of media? With reference to the last month, are you using the following media? Table shows the percentage of people who said they were using this medium significantly more minus the percentage of people who said they were using this medium significantly less.



Source: Kantar. More info: kantar.com.

2020 Edition

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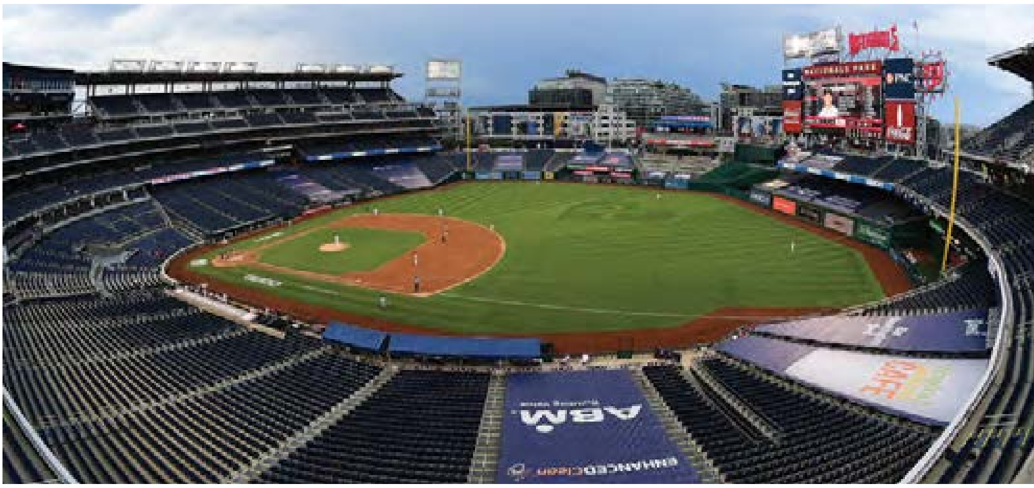


A whole new ballgame: Opening day for Major League Baseball in an empty stadium at Nationals Park on July 23, 2020, Washington Nationals vs. the New York Yankees.

Phil Ellsworth / ESPN Images

NEW RULES OF THE GAME

For many Americans, the true sign that the COVID-19 crisis was really a crisis occurred when major league sports suspended play in mid-March.

When the National Basketball Association, Major League Baseball and the National Hockey League began cancelling games, it became clear that life was no longer normal in the U.S. And the impact of those decisions reflects the power and reach of sports.

“Sports and sports marketing has grown because it’s pretty much the only game in town in terms of delivering a massive amount of people at once—in person and especially on TV,” says Ryan McConnell, Kantar senior VP and head of Sports MONITOR.

Last year, pre-pandemic, PricewaterhouseCoopers projected North American sports industry revenue would grow from $71.1 billion in 2018 to $83.1 billion in 2023—with media rights and sponsorships accounting for an increasing portion of revenue. PwC said media rights alone were projected to hit $25.3 billion by 2023, representing 30% of total sports revenue.

But “sports was affected by the pandemic perhaps more than any other industry,” McConnell says, as major league sports completely shut down for nearly four months. When Sports MONITOR surveyed Americans in May, 76% of self-identified sports fans said the absence of sports had affected them somewhat or very much. Although broadcasters tried to fill the void—and programming schedules—with game replays, sports documentaries and sports matches from overseas, Kantar found that most fans didn’t engage with those second-choice options (see accompanying chart).

Although all four major leagues—NBA, MLB, NHL, National Football League—are back playing, the break in play has left brands wondering how sports will be affected long-term.

On the positive side, the broader rise of legal sports gambling may provide even more engagement and viewership, just as fantasy sports—particularly fantasy football—has done. The riveting play of the U.S. national soccer team at the 2019 FIFA Women’s World Cup sparked more interest in women’s sports than the country has ever seen.

Beyond that, Kantar Director Steve Kulp says, “What sports does really well is bring people together. It can be a great unifier in a time of disunity.”

Field of dreams

Sports has been on the outside looking in since COVID-19 first arrived.

Which of the following have you done since COVID-19?	Sports fans	Avid fans	Casual fans
Watched a replay of a classic sporting event	37%	51%	29%
Watched a sports documentary or movie	29	43	21
Watched a sporting event without fans in attendance	25	32	20
Watched or played a sports-themed video game	19	29	12
Watched an international sporting event	11	18	7
Started following an athlete on social media	10	14	8
Discussed sports in an online forum/message board	9	15	5
None of these	36	19	46

Source: Kantar MONITOR. More info: sites.kantar.com/Offers/Sports_MONITOR.html.

But Kantar experts say there are points of concern for brands that have relied on sports as a key marketing channel.

"There were issues for sports that existed pre-pandemic, but the pandemic is accelerating some of these trends," says Kulp. "A huge concern for the future is the relationship between sports and Gen Z. With these kids, what we're seeing is disengagement from playing"—particularly the biggest spectator sports.

In the decade from 2008 to 2018, the percentage of kids aged 6 to 12 who participated in baseball on a regular basis fell from 16.5% to 13.6%; basketball from 16.5% to 14.1%; soccer from 10.4% to 7.4%; and tackle football from 3.7% to 2.8%, according to The Aspen Institute.

Another issue is declining interest in the in-person fan experience. According to Kantar Monitor, 64% of Americans aged 12-plus agreed with the statement, "In most cases, I'd prefer to watch sports on television versus in person."

"Attendance has been a major problem for many sports over the past 10 years," McConnell says, pointing out that MLB attendance has fallen 14% over the past 12 years.

"We were looking at attendance trends and asking what stadiums would look like in the future if they were half-filled. Then the future came," he says. "What COVID-19 has done is fast-forward the business by five years."

Nearly 18% of consumers surveyed after the pandemic began said they expect to be less engaged with sports in the future. "It gives me pause," Kulp says. "Combine that with the fact that avid sports fans didn't really engage with sports in the first months of the pandemic—they withdrew a bit. If I had skin in the game, I'd watch consumer engagement very carefully."

Ratings for the NFL's season opener broadcast in September were down by double digits. Although the telecast competed for sports fans' attention against NBA and NHL playoff games, some questioned whether player protests and activism also had an impact on viewership.

Sports stars have been applauded for taking a stand—and often choosing to not take the field—in the current national conversation about social justice. But for many fans, Kulp says, "Sports is an escape. At this moment, and perhaps into the future, it's not necessarily an escape from the political and social climate we find ourselves in."

One final headwind facing sports and sports marketing post-pandemic is that many Americans say they have come to appreciate some aspects of the slower pace forced upon them by the pandemic. "Downshifting is an actual thing," McConnell says. "Some think America will revert back to the usual hustle when the pandemic is over. It remains to be seen, when it comes to life post-pandemic, where sports fits in." AA

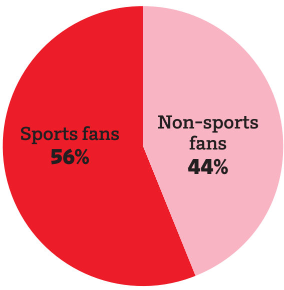
Waiting game

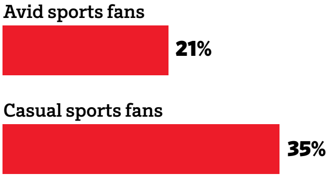
How are sports fans feeling—about life and about the return of live sports?

Sports fans		Non-sports fans
56%	"I'm willing to wait longer for sports to return if doing so means athletes and team employees are assuming less risk to their health"	
21%	"I want sports to return as soon as possible even if doing so means athletes and team employees are exposed to some health risks"	
44%	Going to a sporting event, concert or other live event is extremely or mostly safe with crowd control measures	32%
29%	Going to a sporting event, concert or other live event is extremely or mostly safe without any crowd control measures	18%
83%	"I have been following social distancing guidelines completely or mostly"	79%
59%	"No matter what the product is, I will pay more if I know it's clean and sanitized"	39%
76%	"I feel like I have more free time on my hands since the pandemic began"	63%
64%	"I am enjoying a slower pace of life that I would like to keep even after the coronavirus is over"	

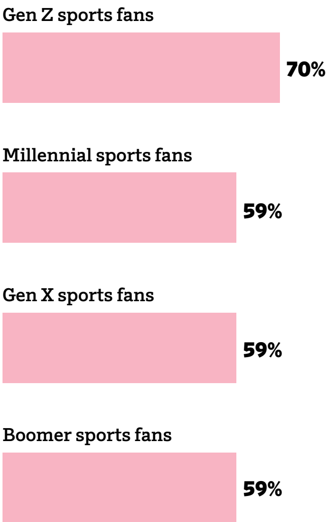
Source: Kantar MONITOR. More info: sites.kantar.com/Offers/Sports_MONITOR.html.

Sports fans[1] are more likely to be young—41% are Gen Z or Millennials, versus 25% of non-sports fans. They're also 60% male and significantly more likely to be people of color than non-sports fans.

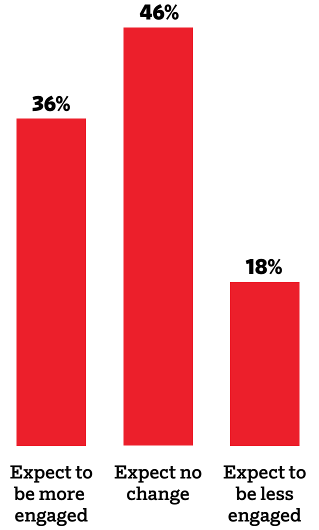




61% of sports fans say they don't expect to be able to afford to go to a sporting event anytime soon



Consumers were asked, "Which best describes your expectations about how the coronavirus will affect how you'll follow sports in the future?" Of sports fan respondents:



Source: Kantar MONITOR. More info: sites.kantar.com/Offers/Sports_MONITOR.html.
1. Percentage of the population aged 12 and up.

WHAT'S IN STORE

Walmart (left) and Amazon (Whole Foods and Prime) have delivered the goods for consumers during the pandemic.

Walmart; Bloomberg; Amazon

Shopping may never be the same again.

The COVID-19 pandemic and subsequent stay-at-home orders have led to what Kantar's Retail division calls "the most rapid and forced transformation in history" in U.S. retailing, as the crisis forced shoppers to interact with retailers in new ways.

- Consumers sheltering at home downloaded shopping apps and used online ordering for everything from grocery staples to cleaning supplies, pet care, personal care items and entertainment products.
- Those who didn't want to come into the store tried curbside pickup.
- Those who could afford it or were particularly vulnerable opted to pay for last-mile home delivery.
- Those who donned a mask and shopped in store eschewed cash and searched for retailers with contactless credit card terminals or mobile payment options.

Pre-pandemic, e-commerce was forecast to account for 15% of U.S. sales in 2020. But by the end of April, 25% of all sales were moving via e-commerce channels.

The transformation might be the most dramatic for the nation's grocery retailers and brands. Online grocery transactions accounted for 3% of sales before the pandemic, but soared to 10% by the beginning of May, while in-store grocery traffic fell nearly by half, according to ShopperTrak.

By April, downloads of shopping apps, including Amazon's app, were up 20% in the U.S. compared to January numbers. But Walmart's app hit an all-time high in downloads in early April to become the No. 1 shopping app in the U.S., according to App Annie numbers.

"Where we are now is maybe where we might have been in 10 years. The pandemic has dramatically accelerated the trends in the retail industry," says Reid Greenberg, executive VP for Kantar's Retail division.

"Retailers that have figured out how to shift business processes and quickly—those are the ones that will reap the rewards," he says. "Consumers were instantly trained to use e-commerce options, from [Amazon] Prime membership to Instacart and curbside pickup. I think a lot of these behaviors will be sticky and continue post-pandemic."

Nearly 30% of consumers surveyed by

Kantar Barometer in late May said they'd probably "continue to buy new products and services I started to buy online during the crisis." And 40% said they'd probably "continue to buy from certain online stores I started to visit during the crisis."

From a brand perspective, Greenberg says, "It's shifted the idea of e-commerce to a state of not urgent, or slightly urgent, to now massively urgent and critical." Building out e-commerce capabilities, keeping workers healthy and ensuring in-stock items are key priorities, he says.

For product marketers, an unexpected consequence of the pandemic is a potential weakening of brand loyalty—caused by a combination of product shortages, supply chain issues and customer desire to minimize shopping trips and stock their pantries. Whether they were looking for paper products, pasta, rice, peanut butter or cleaning products, shoppers confronted by nearly empty shelves bought what they could find.

Kantar calls this a "forced trial." Explains Greenberg, "With supply and stocking issues, consumers found themselves forced to buy an alternate brand—maybe a store brand like Whole Foods' 365 or [a] Kroger brand, an off-brand or perhaps a non-organic brand that wasn't first choice.

"That is going to have a long-lasting impact for shoppers who might not go back to their original brand choices," Greenberg says. "It's forcing brands to step up to the plate and re-earn that loyalty."

How can brands do that? Some 62% of consumers told Kantar they will "switch to brands that show higher levels of product safety." Nearly 60% said they were impressed by brands providing a necessary service, and 55% said they value brands that have made changes to help consumers during the pandemic.

Even after the initial panicked pantry stocking slowed down, many consumers faced a second challenge in midsummer as federal stimulus payments dried up and job prospects remained bleak.

"There are a ton of Americans who are going to be in a tough economic situation for a long time," Greenberg says. "They will be very much more price sensitive." That bodes well for "quality store brands like [Amazon-owned Whole Foods'] 365 or [Costco's] Kirkland," he says. "That's another danger for brands. Equal or slightly equal store brands can really benefit longer-term."

Product marketers and retailers are entering the traditional holiday selling season with a sense that nothing will be traditional about it. Greenberg predicts a continuation of "trends that we're seeing with the back-to-school shopping season."

There will be a significant surge again for e-commerce—along with shipping delays and surcharges from delivery companies—and a big uptick for options to buy and pick up at curbside or in-store.

"Are we going to see overall sales numbers like last year's holiday season? No. Those stores hoping for the big Black Friday/Cyber Monday surge will be disappointed," Greenberg says.

"There will be presents under the tree. But there will be a bifurcation of consumers. Those who still have jobs, feel confident and are doing OK may not change their shopping as much. But there are so many people who have kids at home, but have no job—for those families, it will be a difficult holiday season," he says. "It's a tragic disparity."

Whenever all the dust settles and the country returns to a sense of normalcy, the retail industry will be permanently changed, he says.

Future brick-and-mortar store designs will likely include wider aisles, added self-checkout options and distanced services and seating, in addition to digital, contactless options for ordering, payment and delivery.

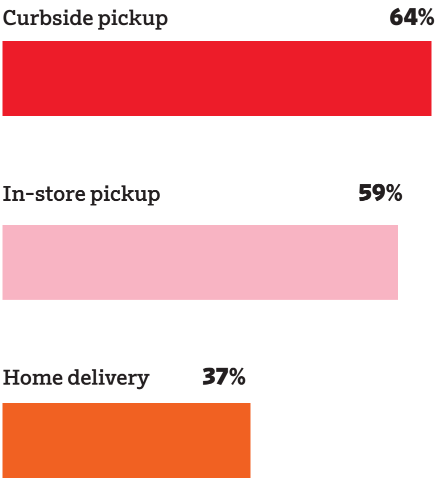
"Companies that have managed to stay open and adapted how they work with their customers and reduced friction along the path to purchase are going to do OK—at the expense of those who shut down immediately," Greenberg says.

"The big will continue to get bigger—whether that's Amazon, Walmart or even eBay," he says. "They'll continue to gain market share. Part of it is the flytrap of ecosystems. Once you've joined Amazon Prime or used Instacart, the likelihood of quitting is low." AA

SHIFTING SHOPPING HABITS

How the pandemic is changing the way consumers shop.

Post-pandemic, shoppers say they will continue:



Source: Kantar, LifePoints U.S. More info: kantar.com

Diaper buyers

39% were forced to try different brands because of shortages

Of those, **43%** said they would return to their usual brand when available

57% said they'd switch brands

Pasta purchasers

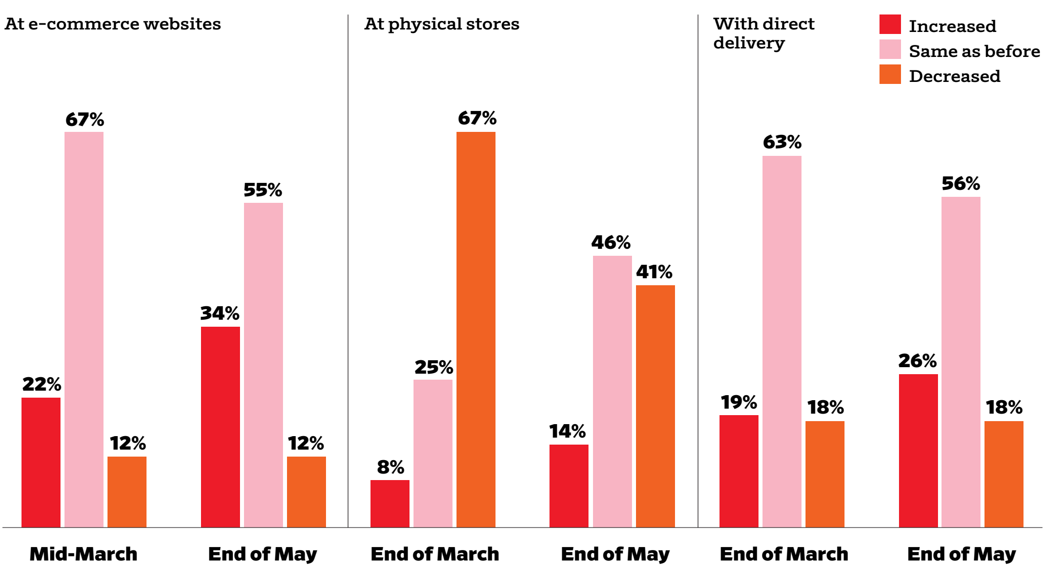
36% were forced to try different brands because of shortages

Of those, **37%** said they would return to their usual brand when available

63% said they'd switch brands

Source: Kantar, LifePoints U.S. More info: kantar.com

Percent of consumers shopping



Source: Kantar Barometer. More info: kantar.com.

Percent of respondents who say they probably will...

29%

Continue to buy new products and services I started to buy online during the crisis

40%

Continue to buy from certain online stores I started to visit during the crisis

Source: Kantar Barometer, May 22-26. More info: kantar.com.

Percent of respondents who agree with the statement:

I prefer doing the grocery shopping at supermarkets close to home	69%
I am purchasing the same brands as always	63
I prefer paying with credit cards, debit cards and mobile apps instead of cash	61
I pay more attention to prices	61
I avoid superstores and big malls	57
I pay more attention to products on sale	50
I purchase more sanitizing products	49
I am purchasing more personal protection products such as masks and gloves	49
I pay more attention to the origin of products	38
I purchase more vitamins/supplements	33
I purchase more alcohol for at-home occasions	23

Source: Kantar Barometer, May 22-26. More info: kantar.com.

BE CREATIVE. (AND DON'T HIDE)

Since the COVID-19 pandemic hit the U.S. hard in mid-March, marketers and agencies have been asking what Kantar calls the million-dollar questions: Should we be advertising? And if so, what should our message be?

"There has been so much disruption in the country, it's hard to figure out what to say. There are great sensitivities. Many brands think saying the wrong thing could be worse than saying anything at all," says Chris Petranto, global head of Kantar Analytics.

Indeed, Kantar numbers show U.S. ad spending overall dropped 19.3% in the first half of 2020. Spending in May alone fell by a third, according to Kantar's analysis.

Despite the challenging situation, Petranto says, "Marketers should be afraid of the dark. Both current expectations from consumers and history suggest that brands that get ahead of this and continue talking to their customers will build greater share as time goes on."

Kantar research found that even in April, 95% of consumers said they expected brands to continue advertising.

But the arrival of the pandemic in the U.S., followed by the severe national economic downturn and then the social unrest and protests across the country in response to police killings of Black citizens, presented a quandary for marketers.

Says Petranto, "Early on, there was a

Consumers and brands are learning to navigate this new world. Families staying home during the pandemic spent more time watching TV and streaming content.

iStock

backlash against brands that were tone deaf—those that were seemingly going about everyday business as usual. They weren't seen as leaders for change. They were going back into their reels and pulling out ads that did well historically. They may have thought that was a safe play, but customers have been watching.

"In this environment, they're very aware of brands that both say and prove that they care about their people, and the culture. Consumers expect brands to be leaders and agents of change."

To help marketers figure out what sorts of ad messages might be both most welcomed and most effective, Kantar used its new artificial intelligence technology application to quickly analyze television ads and predict consumer responses in real-time during the pandemic to provide direction to advertisers on what is and isn't working in North America. The analysis provided four tenets to guide marketing approaches in the current environment, referred to as their Creative Guardrail Series—as well as examples of brand campaigns doing well with viewers. (See page 22.)

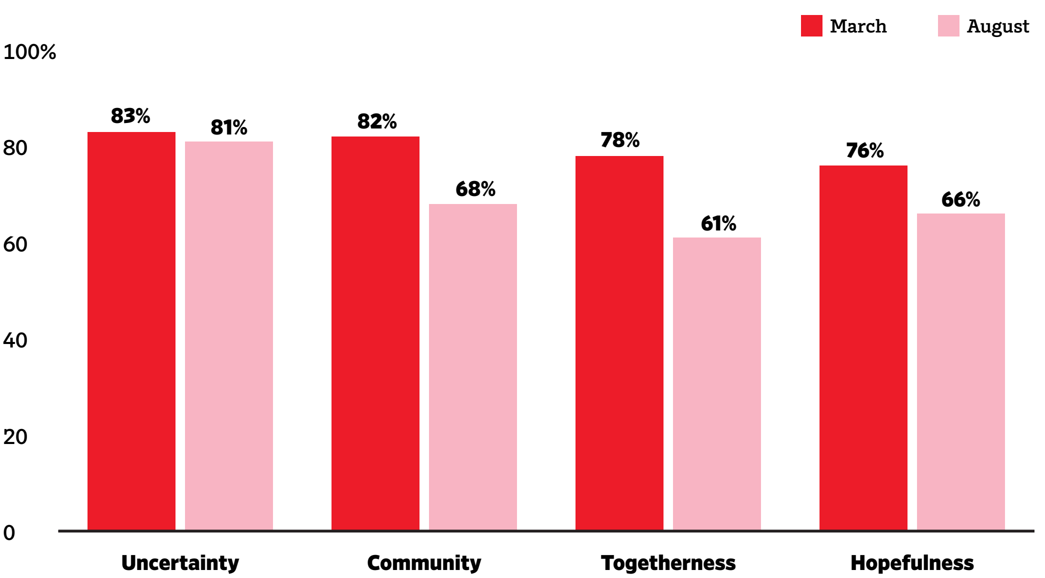
Kantar also took its February analysis of this year's Super Bowl TV commercials and compared the original findings to how consumers look at those ads in light of the current environment. Surprisingly, Petranto says, "There were small shifts, but the overall effect of the pandemic was not as impactful as we expected going in."

The situation remains fluid. "Four of five consumers say their needs and emotions are uncertain," he says. "The importance of early messaging emphasizing community and togetherness is starting to dissipate, although optimism is still needed. Some of those themes might not resonate as much now as they did in the spring. And to some degree, the expectations for brands is still up in the air—although my guess is that it will never go back to the old normal."

Petranto's final advice is: "Don't be so afraid that you don't do anything. AI tools can help guide your creative process so that you can get to market with confidence quickly. And the brands that learn how to navigate this new world will be rewarded." AA

How do you feel?

Creative messaging and guardrails. Consumers were asked: "Is this a feeling you associate with the coronavirus?"



Source: Kantar Neuro's IA Study, March-August 2020. More info: kantar.com.

4 TENETS FOR EFFECTIVE AD MESSAGES

The worldwide pandemic and resulting economic downturn and a third national event—the social justice/Black Lives Matter conversation—have made marketers concerned about what to say in advertising, and how to say it. Kantar used its new artificial intelligence technology tool to predict consumer responses to TV ads in real-time and published a Creative Guardrails Series providing four tenets for effective ad messages to guide brands in their advertising in times of crisis.

Tenet 1: Be optimistic in the face of adversity
Creative guardrail: The optimism that works best acknowledges how we are living (limitations, confinements, virtual contacts) but shows people making the best of it.

Tenet 2: Be familiar and constant in an uncertain world
Creative guardrail: Authenticity; don't pretend to have the history and love if you don't.

Tenet 3: Action over rhetoric
Creative guardrail: In talking about a company's efforts in the face of COVID-19, the message should be about what workers are doing—not management.

Tenet 4: Dare to be different
Creative guardrail: If lighthearted approach or humor is part of a brand's DNA, use it.

Tenet 1: Optimism. Nike, "Play for the World"
Tenet 2: Familarity. Kraft Heinz Co., "We Got You America"
Tenet 3: Action. United States Postal Service, "Certainty"
Tenet 4: Be different. Anheuser-Busch InBev's Budweiser, "Whassup Bud? Covid Edition"
See full Creative Guardrail Series: www.kantar.com/campaigns/the-power-of-analytics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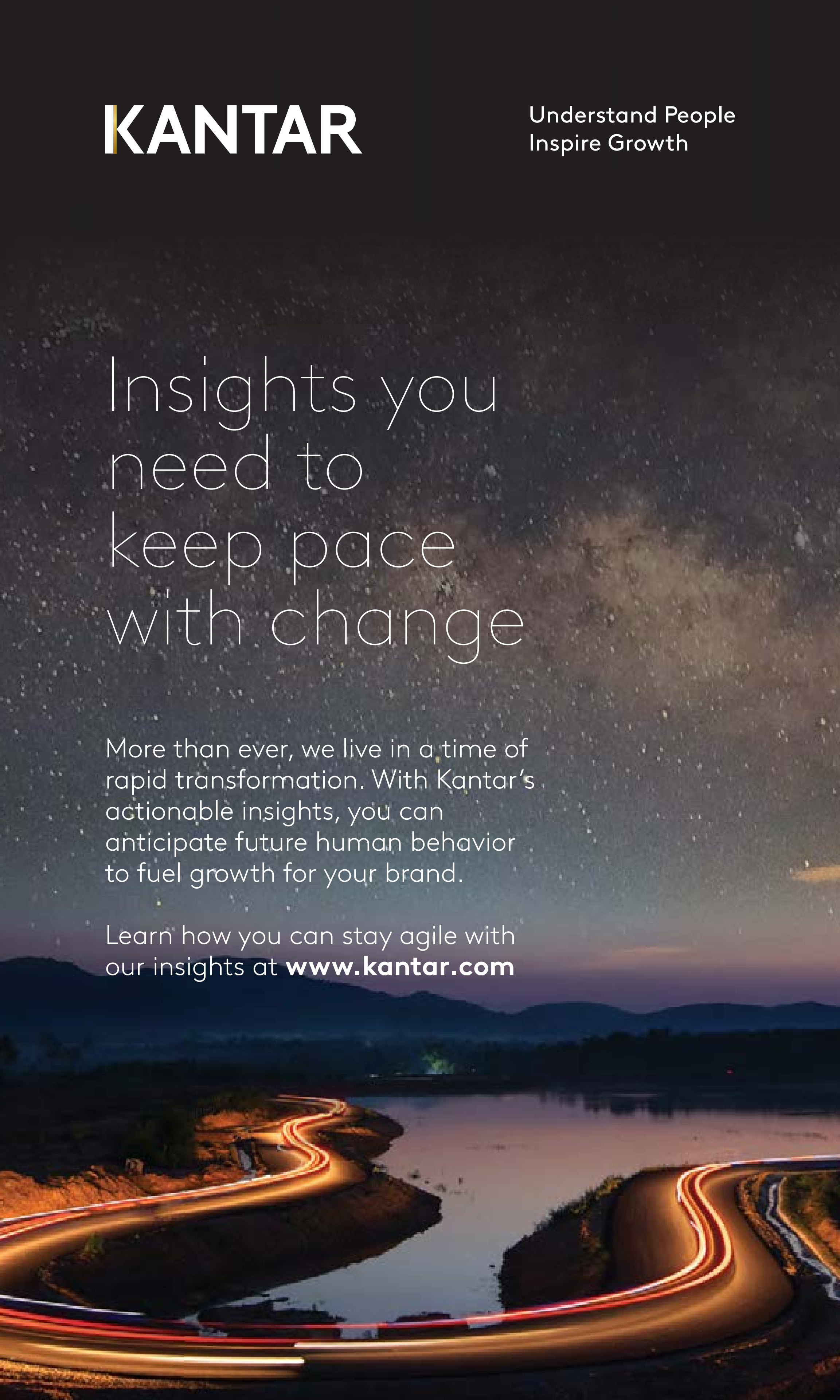
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