



Investing to be a Hero for Shoppers in the Time of Coronavirus

Leading Retailers and Brands will Shape the Next Normal

COVID-19 has hit our industry like a light switch, instantly uprooting shopping behaviors. Shoppers' intent to prepare and stay safe have driven pantry loading, trips to alternate retailers to avoid crowds, and new brand trials as favorites are unavailable. All this amidst large volumes instantly shifted from restaurants to groceries as we eat all meals at home.

Our path out of COVID-19 is a dimmer switch, with light slowly shining onto a consumer base forever changed. Expect no return to normal, but instead a "next normal," already being shaped by shoppers, retailers, and brands. During the Great Recession, a McKinsey study¹ found that retailers who succeeded (10 pt sales growth) during the downturn had increased marketing and operating investment by 2.2 percentage pts. Retailers who did not saw 6 percentage pt sales declines. The Harvard Business Review also found that brands that invested in marketing to stay connected with consumers thrived post recession².

Reaching shoppers at the point of decision, the shelf-edge, enables retailers and brands to be heroes for shoppers now and shape their perceptions of value into our next normal.

3 Ways Leading Retailers and Brands are being Heroes for Shoppers



Adapting messaging based on local conditions

COVID-19 impacts individual communities in different ways on different timelines. These hyperlocal dynamics drive variance to shopper behaviors and inventory conditions by location as the pandemic rises and wanes across the country.

Successful retailers and brands are reaching shoppers with the right messages at the right places. For example, leading brands convey benefits and value for a product that is robustly stocked in one geography and suppress the message in geographies with no stock. The outcome is the most relevant messaging for your shoppers given their current context.

Aggressively conveying value to shoppers



Your shoppers are seeking value. Since the COVID-19 crisis started, consumers are ~25% more likely to search for deals, compare prices, and review store flyers³. As our recession deepens, this behavior will only increase.

Shopper perception of price gouging is a real risk for retailers as promotions were chiefly paused amidst COVID-19 supply shocks. Leading retailers and brands who show shoppers they “have their back” through value messaging will be rewarded with loyalty and retention. Conveying value at the point of decision is a sure-fire way to do this effectively.

Some methods to bring this value message to shoppers as the shelf-edge include:

- ▶ Driving awareness of omni-channel offers and value (e.g., digital coupons)
- ▶ Doubling-down on the strong value you are offering on your best deals in the circular
- ▶ Reinforcing messaging of your product’s features & benefits, all at a great value



Addressing new shopping behaviors rapidly, head-on

Consumption behavior has meaningfully changed. People are cooking more meals at home. They are “pantry loading” some categories while decreasing spend in others. And they are switching brands, as they face out of stocks today and seek to maximize value in the face of severe financial constraints.

To address the new shopping behaviors head-on, leading retailers and brands are leveraging the shelf-edge to engage shoppers. Specific engagement examples include:

- ▶ Providing content, like recipe ideas, to spark interest and usage
- ▶ Cross-promotional offers that bundle slow with fast moving products
- ▶ Brands who have gained switchers encourage repeat purchase to retain them
- ▶ Brands who have lost shoppers shout their product’s uniqueness to earn them back

History tells us that crises ultimately end, COVID-19 will be no different. As the lights brighten on the “next normal” for our industry, retailers and brands who invest to support shoppers will shape this future, be heroes for shoppers, and will take market share. Leveraging media at the point of decision, the shelf-edge, will extend this lead for the retailers and brands who choose to disproportionately invest in their shoppers.

For further insights, please contact your Vestcom representative or marketing@vestcom.com

1. McKinsey & Company (<https://tinyurl.com/vw2z5cr>)
2. Harvard Business Review (<https://tinyurl.com/v9qcc95>)
3. Path to Purchase Institute (<https://tinyurl.com/w79pkvx>)