

2021 CMO Playbook

Lessons From the COVID-19 Crisis and
What Brands Can Expect in the Year Ahead

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Introduction

What kind of lasting change comes out of a year like 2020—and how does it shape the months to come?

After a year dominated by life-altering events like the COVID-19 pandemic, a lagging economy, and an escalating movement for racial and social justice—not to mention the wide-ranging job loss, isolation, and depression that have emerged alongside—what might be the long lasting effects on people’s lifestyles and habits? And what kinds of new priorities and behaviors will materialize in 2021 as a result?

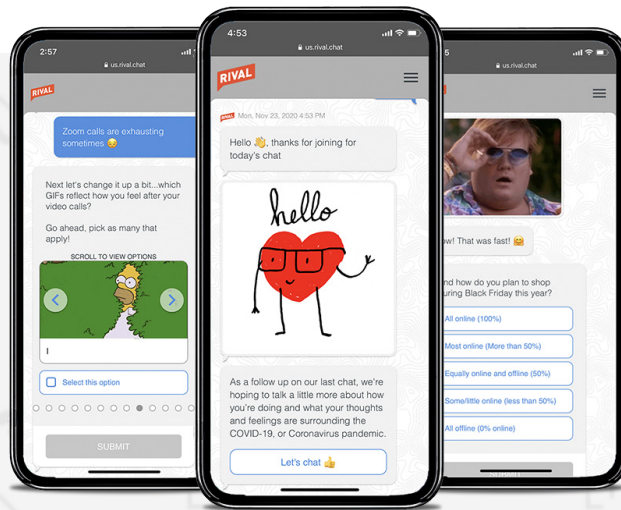
These are questions brands and CMOs across all industries are asking. But they’re not unique to them. Consumers, too, are making the same queries—wondering what comes next and what their so-called “new normal” will be following a time of such dramatic change.

Reach3 Insights and Rival Technologies set out to answer those questions. Leveraging Rival’s mobile messaging-based research platform, we talked with consumers across the United States to understand how their behaviors, routines, and sentiment were changing as the pandemic evolved. Beginning in March 2020 as stay-at-home restrictions began to take hold, we assembled a mobile community of 1,500 Americans aged 16 and over to learn first-hand the impact of changing consumer sentiment on major industries like consumer goods, retail, technology, media, and sports.

We wanted to see what was going through consumers' hearts, minds, and wallets as they navigated these unpredictable times and examine how these changing emotions and sentiment could impact behaviors, brand usage, and businesses in the year to come. What we found is that there is no going back to the old status quo. But there also isn't any sort of magical "new normal" emerging either. Instead, 2021 will likely require an ongoing commitment to understanding the real but evolving human condition that emerges in the aftermath of this pandemic and resulting economic impact—and helping consumers prepare for the world on the other side.

As a marketer, understanding this new customer dynamic can help you to find your brand's place in it—identifying where you can play a role and where it may make more sense to take a step back. As research firm Gartner put it in a March 2020 report: "[M]aintaining customer-centricity is of utmost importance during times of stress, greater needs and quickly changing expectations." And that makes it particularly critical now as the world begins to recover from the pandemic-induced economic reshuffle.

Three main trends will frame the year ahead: changing consumer behaviors and routines, rising expectations around digital experiences, and evolving relationships and socialization habits. Clear brand winners and losers have already emerged from each—but brands still have time to position themselves to come out ahead in 2021. Becoming a brand winner starts with recognizing where those trends come from and how they're changing—and truly understanding where your potential customers stand.



A more human and effective approach to capturing insights during a time of uncertainty

The research showcased in this report is not just another COVID-19 survey. Rather, Rival and Reach3 use proprietary conversational, mobile messaging-based techniques that deliver a natural, mobile-first experience to research participants while maximizing the richness and representativeness of insights.

Instead of getting an email, members of our Mobile Communities get notified of new activities via SMS—a technique that lets us capture robust, in-the-moment quantitative and qualitative feedback from hundreds of consumers. Our surveys (we call them “chats”) are short and engaging—we take

great pains to make sure that the language and tone we use are friendly and appropriate for this crisis.

Our mobile-first approach seamlessly leverages the smartphone’s chat, voice, and video technologies—allowing us to uncover rich insights on the underlying motivations and attitudes driving consumer behaviors during this time. Through this approach we’re also able to capture emotive selfie videos from research participants, helping us get a deeper understanding of the human aspect of the pandemic.

For more information about this research and to get access to our interactive mobile deliverables, visit reach3insights.com/consumer-closeness or rivaltech.com/consumer-closeness.

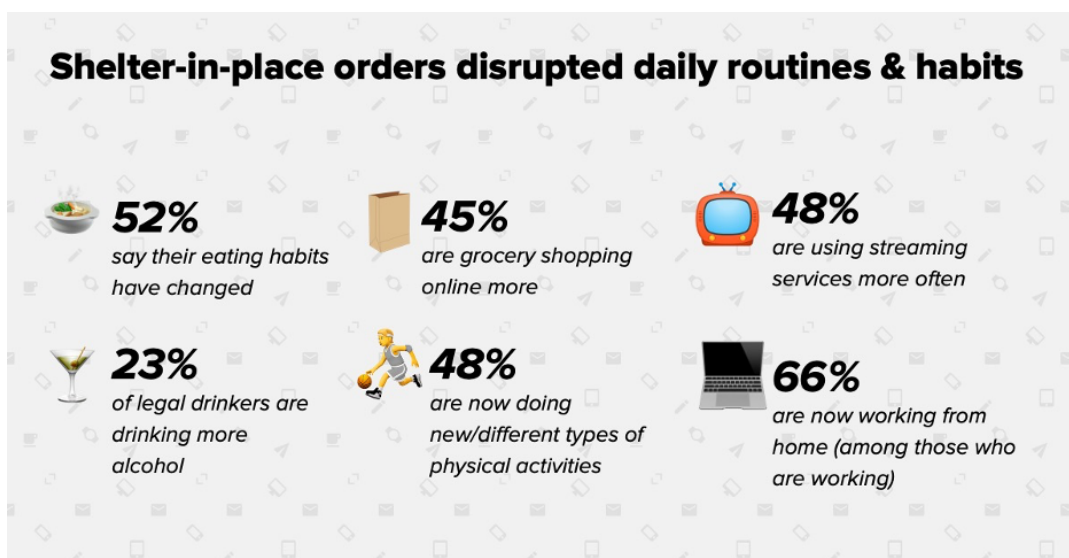


Changing Behaviors and Routines

It's probably not shocking to hear that people's behaviors changed in 2020. You just need to put your face mask on, walk into a store—if stores are even open where you live—and see the difference for yourself, allowing six feet for social distancing. Or you can go online to see the widespread conversations popping up around Black Lives Matter and social activism, or hit the streets to view first-hand the escalating concerns around job loss and economic insecurity.

Either way, change is clearly in the air, and the way consumers interact with brands and, as a result, the buying decisions they make are changing too. To succeed, brands need to be empathetic to consumers' evolving financial conditions and world views while meeting these new and emerging needs head-on.

Shelter in place, social distancing, and remote work and school have all helped alter consumer behavior. After all, among those that are working, a majority are now working from home. Combined with social distancing and shelter in place, that's disrupted daily routines and led to new habits.



As that new reality has progressed, emotions have roller-coastered along with it. Faced with these new realities, people are battling feelings of isolation, stress, and boredom. Add in the overall uncertainty of what the outcomes or trajectory of the pandemic might be, and 45% are dealing with anxiety. Balancing work from home and the needs of a family are leaving people feeling drained—as is the increase in screen time and ongoing pandemic-related media coverage.

These emotions have fueled a new set of priorities. Viewed through the lens of Maslow's Hierarchy of Needs, emerging habits reveal

consumers refocusing their attention on building a strong foundation that ensures they can satisfy their most basic physiological and safety requirements. As such, consumers today are reprioritizing food, water, and home essentials, as well as safety, hygiene, wellness and cleanliness. And we're seeing this bear out statistically. For instance, 52% say they are doing more self-care, and 48% are now doing new or different types of physical activities.

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In other cases, consumers say they have begun to over-prepare for what might lie ahead. "I will have at least a month of food and household necessities on hand at all times because you never know when something like this will happen again," one research participant told us. Others say they wash their hands more frequently or have started to pursue therapeutic activities like gardening or home improvement.

In this time of crisis, many consumers are also making buying decisions based on their conscience—something apparent through both the pandemic and the Black Lives Matter movement.

"I think that people will start to think about what is important and what isn't," one consumer told us, and that's a statement that played out in the numbers.

Eighteen percent expect to make conscious consumerism a permanent change after the pandemic is over. But we've found commitment to conscious consumerism varies based on age, with some of the youngest consumers showing the most commitment.

76% of Gen Z consumers

are more likely to buy a brand's product or service if they have made statements on issues that matter to them.

Sixty-one percent of Gen Z consumers said they often think about where their money goes, while 76% are more likely to buy a brand's product or service if they have made statements on issues that matter to them (while only 62% of those 25 or older agreed with the same statement).

Just as important as making a statement, though, is making one that appears authentic to your brand. "With some brands, it doesn't feel genuine, like they are just posting that to prove that they are supporting but aren't taking the proper actions," one 17-year-old told us.

Finally, behavior changes have also emerged from one of the highest U.S. unemployment rates on record since World War II, with a majority of the people we talked to experiencing at least some loss of income. The widespread reality of a pandemic-impacted economy has seen consumers change their spending habits and hold off on big purchases.



But while both the pandemic and the financial crisis (and hopefully racial inequality and other social injustices as well) will end at some point, respondents expect many of the new lifestyle changes they've established to stick. After the crisis is over, 89% will continue with some of the new habits, behaviors, and routines they've picked up: 29% expect to continue buying less, 28% will continue buying from local retailers, and 19% will continue to purchase private label products.

Still, what marketers need to know is that new routines are not set in stone ... yet. There is time to build on the new habits that have formed and insert your brand into this new consumer reality. Opportunities are arising for brands to anticipate where the market is heading and help consumers meet their new and evolving needs. This means making sure you have the right consumer research tools in place, testing all of your assumptions and keeping on top of changes as they happen. Ultimately, it also means putting your customers at the center of each decision you make.



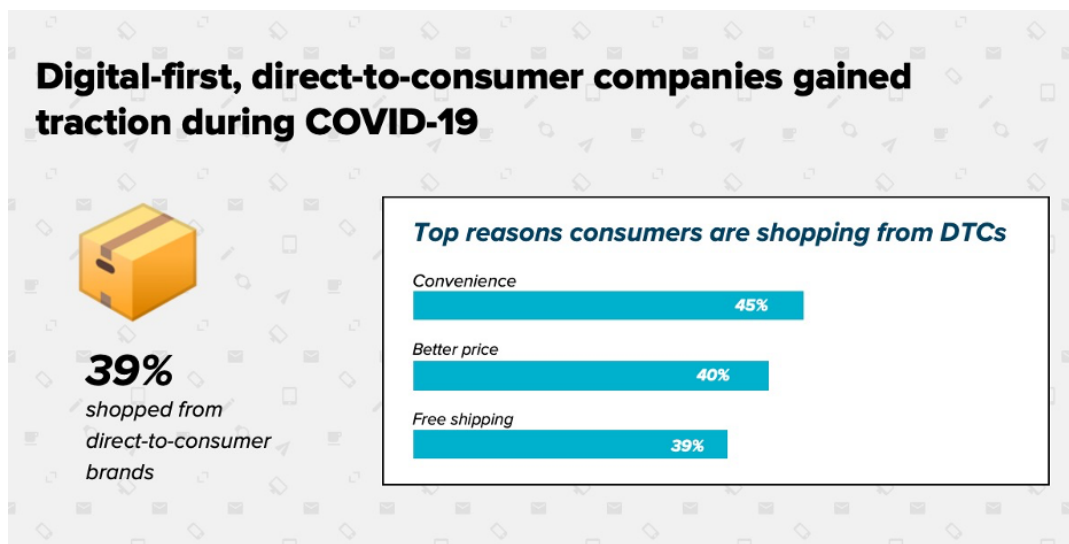
Rising Expectations for Digital Experiences

With Americans stuck at home more than ever, they're doing more and more online: attending school, taking part in work events and meetings, socializing, and shopping. And as they lean more heavily on those digital experiences to fuel and invigorate their day-to-day life, their expectations for them are rising.

For marketers and e-commerce sites, keeping up means providing digital experiences that stand out. Some, though, are already ahead of the game.

Over the past five to seven years, there has been a proliferation of direct-to-consumer e-commerce companies. Reliant on a dynamic website and targeted marketing activities—usually through social

media directly to their customer base—many don’t even have a physical storefront. And during the pandemic, those sites have risen to the top, with many consumers shopping from direct-to-consumer brands. “I think that online shopping is going to take over,” one person told us. “It already has started to, but now this has forced online retailers to really take off with their businesses.”

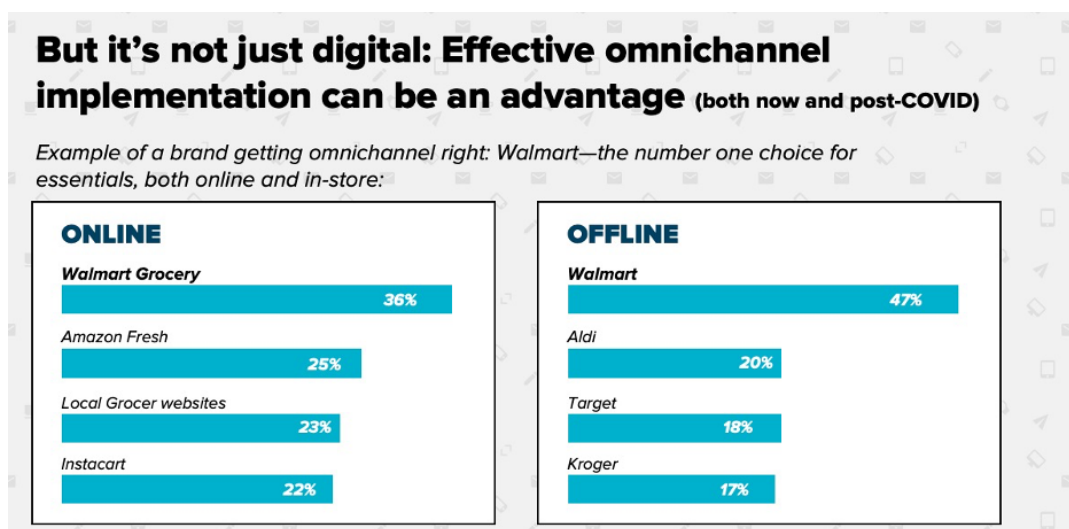


While many consumers are concerned about what this new trend might mean for brick-and-mortar retailers, it’s not just direct-to-consumer sites that are thriving. Consumers are experimenting with a wide range of retail experiences, including those that blend traditional and digital models. Offering effective omnichannel experiences has proven to have brand benefits: Walmart, for instance, has thrived, with consumers naming the brand as their number one choice for essentials both online and offline. And by offering a

“click-and-collect” service that allows shoppers to order online and pick up at the store—leveraging their supercenters as warehouses while maintaining a community connection—they’ve successfully bridged the two experiences together.

In fact, Walmart has demonstrated that succeeding in this new environment doesn’t mean abandoning an offline strategy altogether. Instead, it’s about understanding your inherent strengths as a business and leveraging those strengths for a better shopping experience. By doing precisely that, they’ve risen to the top: in August 2020, Walmart U.S. reported its Q2 e-commerce sales had nearly doubled over the previous quarter.

Investments in digital transformation in other industries are paying off as well, with those who invested in an exceptional digital experience before COVID-19 benefiting from that early foresight.



For instance, while the pandemic has crushed the restaurant industry, consumers say they are tired of cooking at home and have a pent-up desire to go back to restaurants. To get as close to that experience as possible, many experiment

50% are using restaurant websites

42% are using restaurant apps

with technology, with 50% using restaurant websites and 42% taking advantage of restaurant apps. It's no wonder, then, that those restaurants that were proactive and invested early in that digital infrastructure are doing well compared to their peers—and research suggests they'll continue to do so even after the pandemic is over.

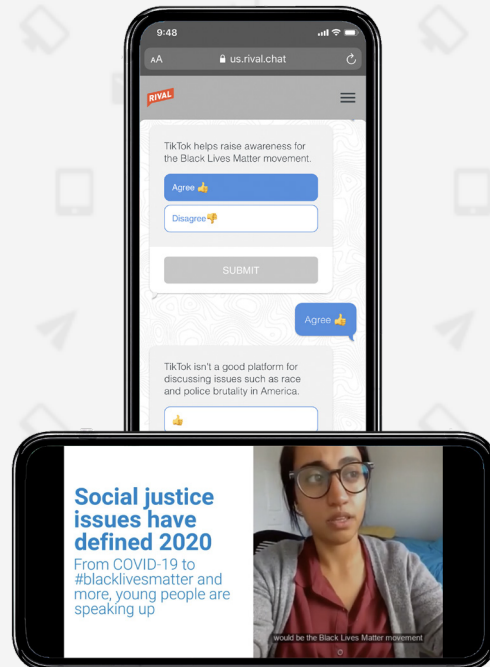
Experimenting with these new shopping behaviors has raised the bar for consumers, potentially changing the value equation of how they decide which brands to engage with, restaurants to visit, and stores to frequent. To succeed as a brand, you need to understand consumers' value triggers and how expectations are evolving—and start to consider how your brand can meet and eventually exceed those expectations.

Going into 2021, then, it's clear that everyone is going to have heightened expectations about the interplay between online and offline, and e-commerce and digital experiences in general. To move forward successfully, brands will have to step up and meet those new needs – focusing not only on product innovation and brand messaging, but also user experience and digital path-to-purchase.

The rise of social activism during COVID-19

Digital transformation hasn't only affected buying habits. Social activism has also gotten a digital makeover. Perhaps because people were spending more time online during the lockdown, the death of George Floyd galvanized people from different races and age groups to participate in discussions around racial equality and police violence. TikTok, especially, has proven an effective tool during the Black Lives Matter movement, becoming an unexpected channel for Gen Zs to make political statements and organize efforts. For them, TikTok is both a place to learn and a place to take action:

- 57%** of Gen Zs say that TikTok helps them stay up to date on the news
- 77%** of Gen Zs say that it has helped them learn about social justice and politics
- 32%** have educated themselves further because of something on TikTok
- 94%** of TikTok users say it's generated meaningful action for the BLM movement
- 26%** of TikTok users say they recently attended a BLM protest (versus 13% of non-users)



To learn more, visit
reach3insights.com/blog/tiktok-social-activism



Evolving Relationships and Socialization Habits

Americans aren't just changing their relationships with brands, though. The pandemic has also affected how they interact with family and friends and how they socialize in general. Of the people we talked to, 28% say COVID-19 had the biggest impact on their relationship with their family, while 12% named their significant other and 11% their kids.

Some of those changes have been a direct result of social distancing and shelter in place. In-person celebrations and events declined through 2020 as people put weddings, parties, and seasonal events on hold. But that changed as the year progressed—with a few

caveats. While a majority of consumers said they “definitely” plan to celebrate Thanksgiving (56%), Hanukkah (59%), and Christmas (64%), those celebrations will probably be smaller and more intimate than normal. And people are being selective: only 28% were as certain about celebrating Halloween and just 40% were definitely planning to take part in a New Year’s Eve celebration. “This year will probably be spent more with close friends and family and small church groups instead of attending larger parties,” one participant told us.



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For brands that rely on seasonal events as significant drivers of traffic and revenue, the shift in celebration styles has had a direct effect on their bottom line. But there’s opportunity still in the evolution that’s happened. With the right ad campaign, product portfolio and packaging, they can find a presence in these smaller, intimate gatherings and inspire consumers to find ways to still make them memorable events.


Other brands and industries have already benefited from the changing interpersonal dynamics and socialization habits that have

emerged. There's been a rise in virtual hangouts and events, for instance, with a majority of consumers moving real-life celebrations and get-togethers to a virtual space. Gaming has also become more popular, with Gen Zs and other gamers building new friendships through video games. Many find it commonplace to make friends online, with some even moving those friendships offline.



Finally, with 45% of people dealing with anxiety, consumers are re-examining their relationships with themselves as well, and 13% say that's where COVID-19 has had the biggest impact. With that in mind, 38% are putting a greater emphasis on self-care, and 48% are taking part in new or different types of physical activities. With gyms closed, under restrictions, or still considered unsafe, they've turned to self-service workouts or online subscriptions. This has opened up opportunities for brands that specialize in digital fitness and at-home health and wellness—as well as for those in areas like food, beverage, or technology that have a direct link to health-and-wellness.

And while COVID-19 has represented a big change driver for relationships this year, the Black Lives Matter movement has also had a massive impact. This has been particularly apparent among Gen Z: 69% have discussed social issues with their family or friends, compared to 41% of their older counterparts. “My generation will be the generation to make change. We know how to connect with one another and team up to make a change and a powerful statement,” one young person stated.



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Brands that understand these evolving relationships can find ways to add value. They can also start to play a role in facilitating the relationships and building the emotions that will help consumers begin 2021 feeling healthy and happy. But to do that, they must look beyond the data to understand the human aspect underneath. Immersive consumer research techniques that provide ongoing engagement and learning can help to reveal how brands can leverage these changes in the products and messages they bring to market.



Preparing a Roadmap for 2021

So how, in this time of change, do brands position themselves in 2021 for growth and continued relevance? Through our ongoing immersive conversations with consumers, we uncovered some strategic moves brands can make to navigate the new year and build a customer-centric approach in these unpredictable times.

Don't rely on brand loyalty, but do establish and deliver

customer trust. With the consumer landscape more dynamic and unpredictable than ever, brand loyalty has been affected in some cases but not in others. Even in this market, it's clear that consumers are trying out new brands, and sometimes even actively looking for the best brands to serve their new lifestyles: 36% have purchased new products and brands they'll continue to use even after the

pandemic is over. In other areas, though, where their safety may be at risk, they're staying to the tried and true—58% of restaurant guests, for example, will be going to restaurants they've tried before. This speaks to their experience of trust—something that has become imperative in this new climate.

Remember that context is king. With consumers' routines and behaviors changing, brands need to reassess how and when they engage. Are they missing opportunities to reach out and connect with their potential customers? Are there new usage or consumption occasions that exist now but didn't before? Understanding these new consumer touch points will be critical to maintaining physical availability across all access points—especially when more traditional venues that have fueled consumers' interactions with brands in the past have become less traveled in a post-COVID world.

Expand and optimize digital experiences, but always keep your customer in mind. Strong digital and omnichannel experiences will be critical moving forward. For many new brands, digital will become the first touchpoint with customers, which makes it paramount to engaging in a holistic way. But to get that experience right, it's essential to understand the contextual and emotional triggers driving attitudes and behaviors today. Establishing foundational learnings on the digital path to purchase is crucial to getting this right, and integrating emotional drivers into digital experiences will create brand winners.

Help customers build stronger relationships—both with your brand and with each other. There's an opportunity for brands to create customer communities that foster positive relationships and organically engage customers in ongoing iterative learning. Consumers' emotional dynamics are in a state of flux, and they're looking for help from brands to help navigate those changes. These "helper brands" will be rewarded through increased word-of-mouth and social amplification.

Participate in social justice issues, but only with authenticity and action. The COVID-19 crisis and Black Lives Matter movement have made consumers (in particular Gen Zs) more discerning of how brands address issues that matter to society. That means the expectations are higher for how brands insert themselves in these hot-button issues. Consumers see through performative activism, so you have to be ready to back up your words with real action. Continuous conversations with your customers can provide insights on what truly matters to them and how you can more meaningfully participate.

Keeping up in this new landscape means continually engaging with customers and questioning their assumptions, to understand how behaviors and trends are evolving and how you fit into consumers' new routines and habits. Only through that knowledge—paired with an understanding of the value your brand brings—can you begin to develop new relationships with consumers in this time of change, and retain brand engagement even as the climate shifts.

Conclusion

By the time the pandemic recedes and the effects of the Black Lives Matter movement are reverberating in the form of lasting change, consumers will have established new habits and routines. The question is: which brands will they turn to as they do?

Those that can shift with the market around them and build new value that meets ever-evolving consumer needs will emerge as the biggest winners in this new landscape. But to accomplish that, you need a clear view into what your customers are feeling—and how those emotions and the behaviors they inspire are changing as the world around them does.

With that in place, you can build new momentum—and emerge a brand winner in 2021.



About Reach3 Insights

Reach3 Insights is a full-service research consultancy that develops scalable, conversational insight solutions for today's modern, agile enterprise. Led by CEO Matt Kleinschmit, the company uses immersive, in-the-moment research designs and dynamic digital storytelling to deliver deep experiential insights that inspire action. Reach3's growing client base now includes industry-leading brands such as Diageo, Snapchat, Roblox, Tyson Foods, Kimberly-Clark, Jägermeister, and Hyundai. Reach3 is part of Reid Campbell Group and a sister company to Rival Technologies. For more information, visit reach3insights.com.



About Rival Technologies

Rival Technologies is the company behind the world's first enterprise mobile messaging-based market research platform. The company's solutions enable industry-leading brands such as the NHL's Vancouver Canucks and REVOLT Media & TV to create Mobile Communities of consumers they can continuously engage for insights. By leveraging the smartphone's chat, video, and voice technologies, the Rival platform enables marketers and researchers from global brands to capture robust quantitative and rich qualitative feedback and unlock the fast, iterative and ongoing insights they need to improve business outcomes. Rival is part of the Reid Campbell Group and a sister company to Reach3 Insights. For more information, visit rivaltech.com.



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With 20 years of hands-on consultative insights experience across a variety of industry sectors, Matt is a skilled and seasoned research innovator specializing in developing agile, inter-disciplinary consulting teams and creative, technology accelerated insight solutions for global brands who are determined to win in today's fast-paced marketplace.