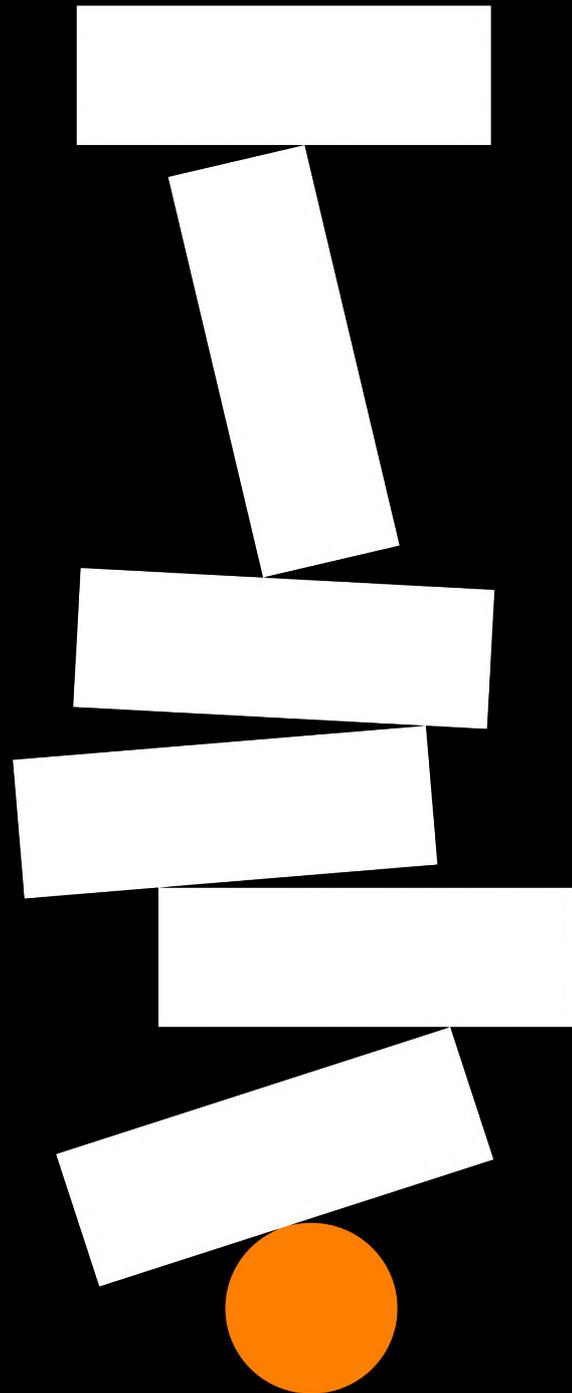


Week in review

Brands and consumers adapt to the crisis, plus an in-depth look at the impact of COVID-19 on CPG



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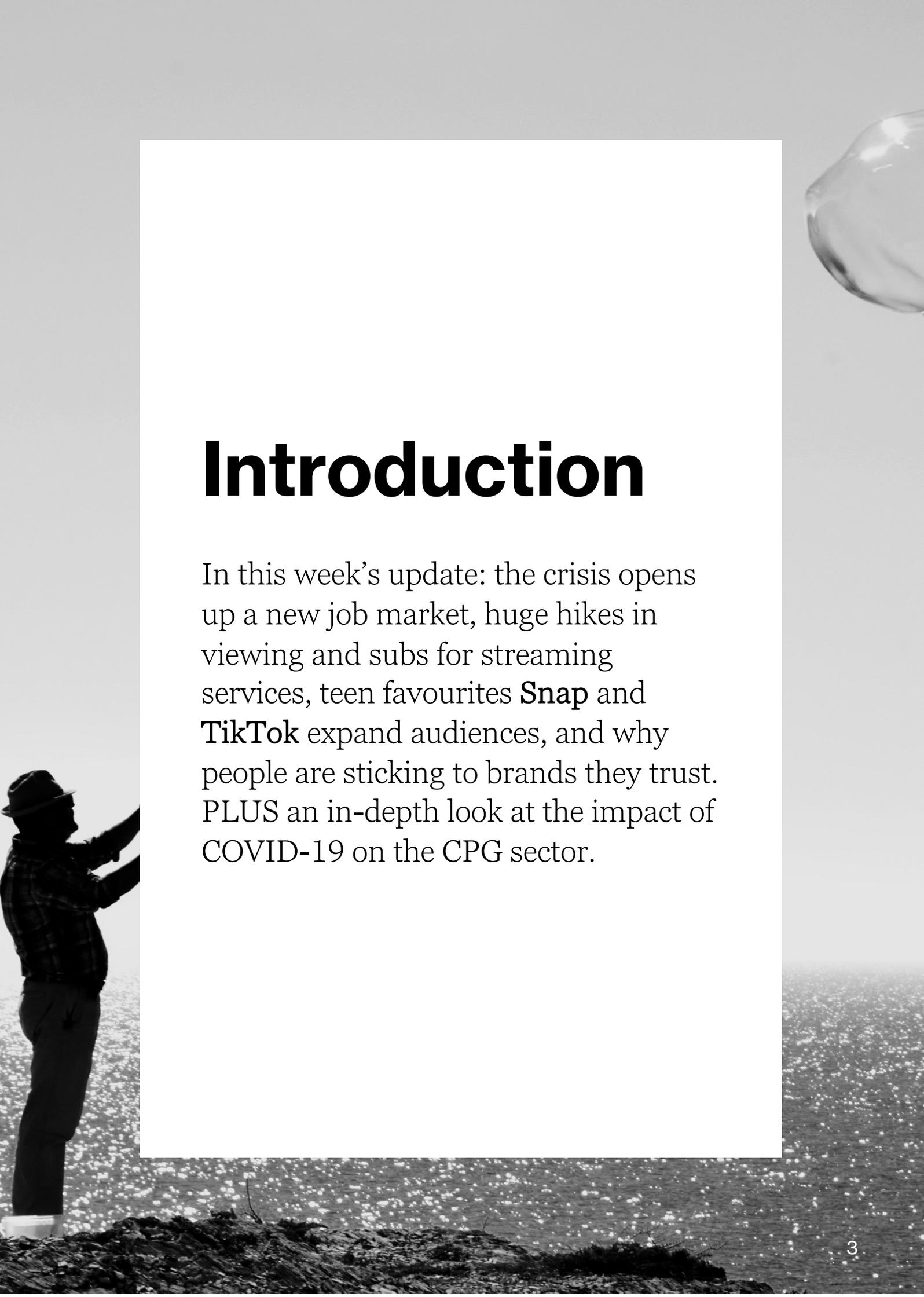
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A black and white photograph of a person in silhouette standing on a rocky shore, looking out at a vast sea of bubbles. The person is wearing a hat and a jacket. The bubbles are small and numerous, creating a shimmering effect on the water's surface. The background is a light, hazy sky. The overall mood is contemplative and serene.

Introduction

In this week's update: the crisis opens up a new job market, huge hikes in viewing and subs for streaming services, teen favourites **Snap** and **TikTok** expand audiences, and why people are sticking to brands they trust. PLUS an in-depth look at the impact of COVID-19 on the CPG sector.



A new job market

As small firms come under pressure to reduce their workforce, employment opportunities in the thousands have been created at some of the US and UK's biggest retailers. The likes of **Walmart**, **Amazon**, **Tesco** and **Aldi** are hiring for their distribution and fulfilment centres, delivery and customer service teams.

The urgency to fill these positions to meet unprecedented consumer demand has prompted companies to review and expedite their recruitment process. It has also seen some of the big chains offer enhanced benefits to reflect current concerns, for example child-care or paid sick leave, even for temporary or part-time workers.

More specifically, in Germany the retailer Aldi has entered a pioneering partnership with **McDonalds**, who have had to close their restaurants. According to a press release, the cooperative agreement will enable workers from [McDonalds to be deployed to Aldi](#) for as long as required, after which they can return to McDonalds.



Companies hiring to cope with COVID-19
[Click to read](#)



UK supermarkets: new jobs tracker
[Click to read](#)



Hiring spree at biggest retailers
[Click to read](#)

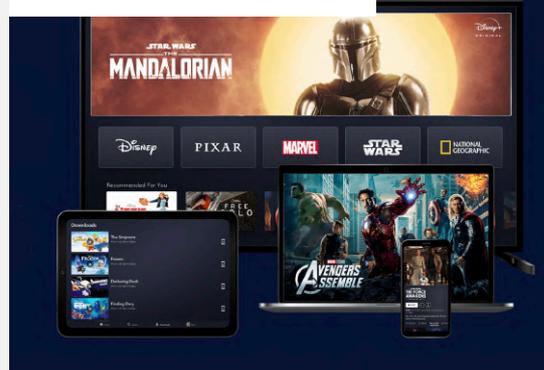


Entertainment choices evolve as more people are stuck at home

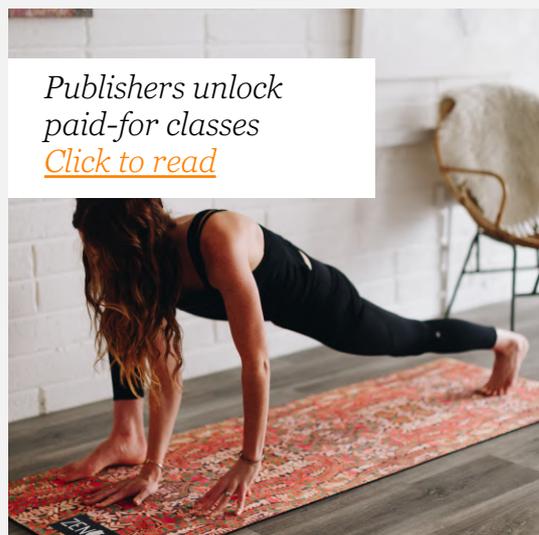
Streaming services are gaining audiences as traditional entertainment options shut down, with **Netflix**, **Amazon** recording double-digits increases. New entrant **Disney+** is pressing ahead with the launch in European markets. Linear TV has also benefitted from housebound viewers – children’s TV in the US seeing a boost after years of falling ratings.

Cartoon Network viewing was up 58% week-on-week last Monday and Tuesday; **Disney Channel** was up 43%. With children off school in a large number of countries, families are turning to live streamed services including **The Body Coach**, **1Rebel** and **Active by PopSugar** for PE classes and gym sessions. The Body Coach stream attracted more than 1.6m views last Monday. Also in support of families, [Amazon’s Audible](#) has made hundreds of audio books available free to children and students for as long as schools remain closed.

Disney+ rolls out across Europe
[Click to read](#)



Publishers unlock paid-for classes
[Click to read](#)



Children’s TV ratings soar with schools shut
[Click to read](#)





Snap and TikTok are winning in entertaining audiences under lockdown

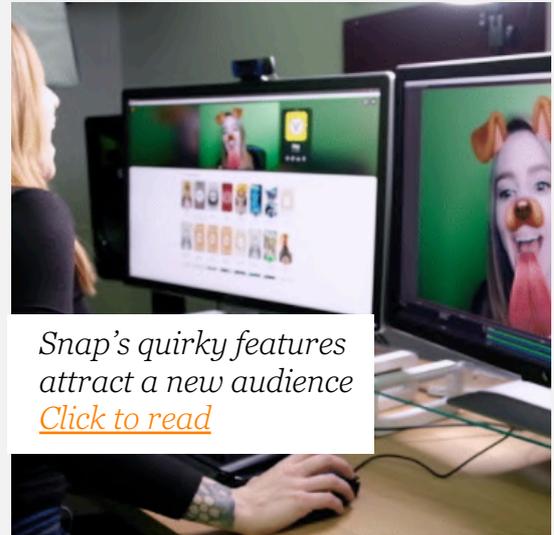
As the shutters come down and we distance ourselves, brands and platforms have a unique opportunity to offer what many so desperately need – excitement and variety.

Platforms such as Snap are perfectly positioned to satisfy this need and have seen a 10-fold surge in downloads of its Snap Camera tool that allow consumers to overlay their face with augmented reality filters, turning themselves into toilet roll or pizza.

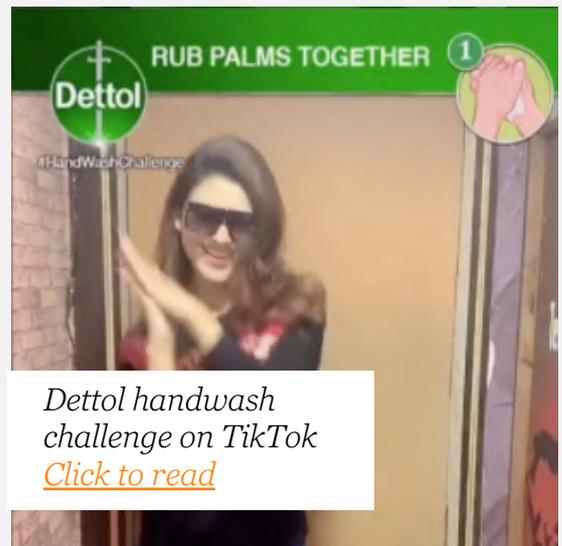
This spike is driven by the uptake of video conferencing software not only for business but for virtual happy hours. This may allow Snap to expand beyond its teenage fan base and into the corporate crowd.

Much like Snap, TikTok will expand its audience and first-movers are seeing serious results.

Dettol's #HandWashChallenge on TikTok has surpassed 11 billion views in five days.



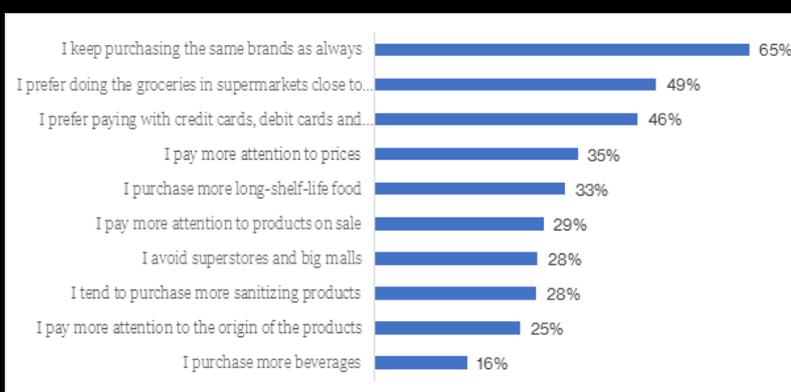
Snap's quirky features attract a new audience
[Click to read](#)



Dettol handwash challenge on TikTok
[Click to read](#)

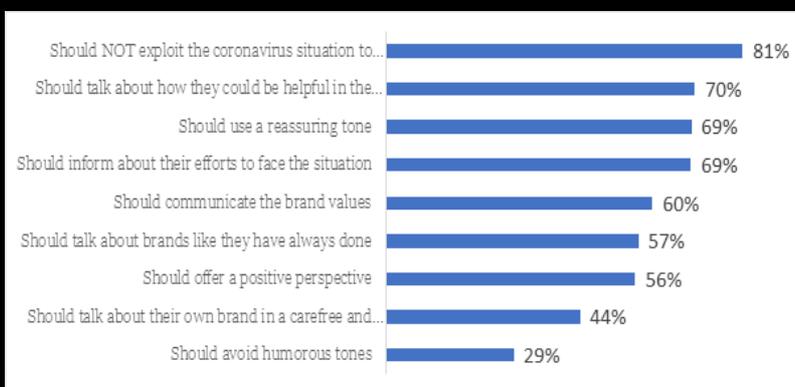
New research from Kantar UK highlights emerging attitudes towards brands and shopping habits during the crisis

Brand loyalty is driving shoppers to the brands they trust, while only a third are paying more attention to prices. When asked whether, in comparison to last month, their shopping habits at stores, supermarkets and shopping malls had changed, two thirds of respondents said they were sticking to the brands that they knew best.



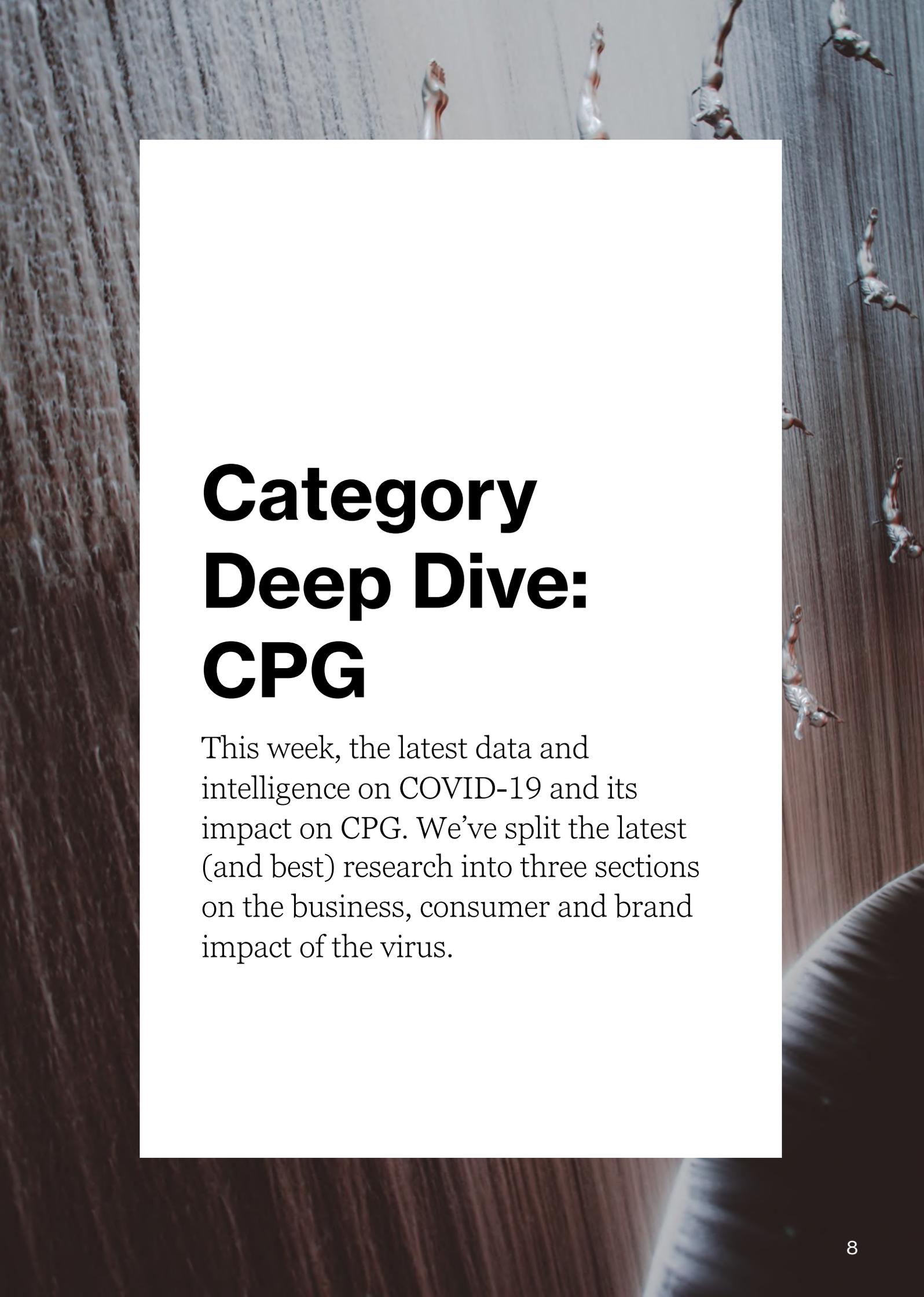
Q5_GRID: In comparison to last month, how have your shopping habits at stores, supermarkets and shopping malls changed? Those surveyed that responded with either: Completely Agree/Agree somewhat.

When asked how brands should advertise in this situation, respondents highlighted the desire for brands to be helpful, reassuring, and communicate their core values.



Q12_GRID: And in this situation, how should brands advertise? Advertisements today... Those surveyed that responded with either I completely agree/I partially agree

Source: Kantar UK, Covid-19 Barometer Wave 1 Fieldwork 14-16th March

An aerial photograph of a waterfall with several divers in mid-air, creating a sense of depth and movement. The water is turbulent and white with foam, while the surrounding area is a dark, textured rock face.

Category Deep Dive: CPG

This week, the latest data and intelligence on COVID-19 and its impact on CPG. We've split the latest (and best) research into three sections on the business, consumer and brand impact of the virus.



01

Business

Impact



1 Business Impact

A balancing act of supply and demand

CPG companies have largely avoided the fate of many sectors which have experienced an immediate loss in consumer demand as country lockdowns take hold. Demand for food products, household goods, home care and OTC healthcare products have spiked. In the UK, Shore Capital estimated that 'there will be 20-25% higher aggregate demand for groceries for the foreseeable future'. But the crisis has challenged the ability of CPG companies to meet this demand.

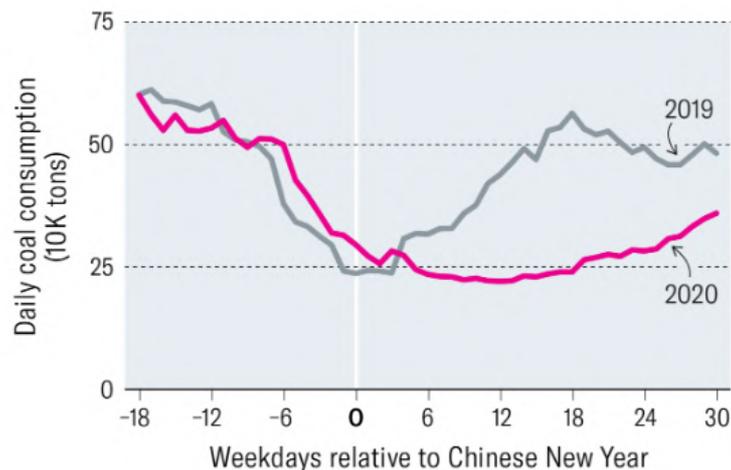


We access 387 suppliers in China that ship to us globally more than 9,000 different materials, impacting approximately 17,600 different finished product items. Each of these suppliers faces their own challenges in resuming operations."

Jon Moeller, CFO, P&Gⁱ

CPG companies are grappling with supply chain re-alignment and range rationalisation. As the epicentre of the epidemic moves from East to West, there is hope that some of this supply chain pressure will be alleviated by the resumption of Chinese manufacturing. Figure 1 below shows that coal consumption in China has recovered from a low of 43% to currently 75% of 2019 levels, indicating that the Chinese are getting back to work and production is resuming.

Figure 1: Coal consumption is increasing, an indicator that the Chinese economy is recoveringⁱⁱ





Opportunities (and threats) as the new online reality bites

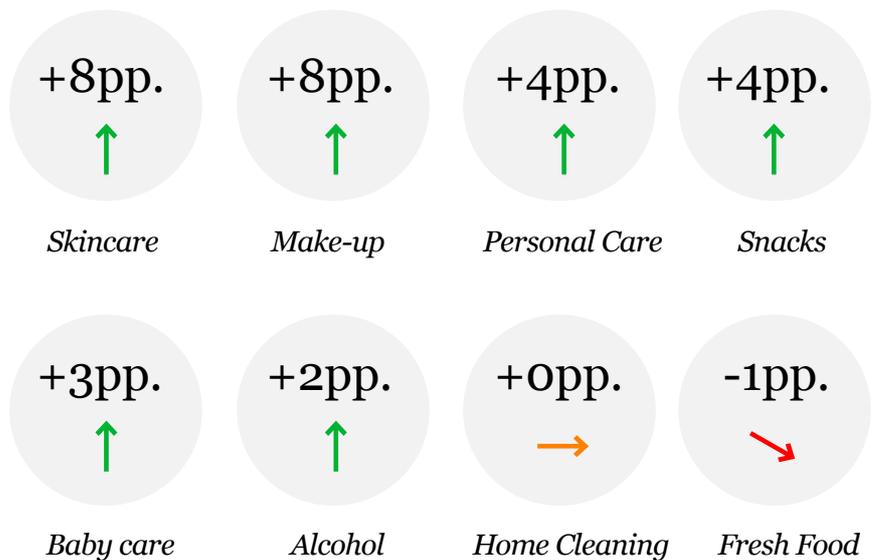
Life under quarantine is altering behaviour. Consumers, out of necessity, are shopping online for the first time. This has seen a significant online acceleration in affected markets. In Italy, under lockdown since 9 March, supermarket chain **Carrefour** said online customers had doubled to 110,000ⁱⁱⁱ. Credit Suisse thinks that structural change in the US market has been brought forward by five or more years.^{iv}

Will these newly formed consumer habits stick once normality resumes?

Looking at China, there is evidence that there has been a shift to more online purchasing post-crisis in key CPG sectors .

Figure 2: China – Evidence from the East that changing habits are here to stay

Growth of Online purchase comparing from Pre vs. Post crisis. % of respondents indicating more online purchase.



Source: McKinsey, Covid-19 Impact Report, March 2020

There will be renewed CPG focus on ‘winning’ in online. As the emergence of **Alibaba**ⁱ after the SARS epidemic in 2003 showed, new entrants can fill the vacuum created by shifts in consumer behavior.



02

Consumer

Impact

Stockpiling: myth or reality

CPG has taken center stage in media reporting of the pandemic. News from around the world features images of empty shelves to depict the phenomenon of stockpiling or ‘panic buying’. In contrast to the media narrative, data from Kantar suggests that spikes in demand for key products are driven by more frequent rather than bigger purchases.^{vii}



Temporary shortages are being caused by people adding just a few extra items and shopping more often – behaviour that consumers wouldn’t necessarily think of as stockpiling.”

Fraser McKevitt,
Kantar Worldpanel

Whether or not we call it stockpiling, data from China suggests that as the situation unfolds, consumers could increase CPG purchasing. For example, GWI found that 2 months after Wuhan was initially placed under lockdown, **71% of Chinese consumers had purchased extra food, drink or household supplies because of the pandemic.** In comparison, this number falls to 51% in the USA and 37% in the UK, neither of which had implemented official restrictions at the time of fieldwork.^{viii}

Furthermore, across Europe, ComScore is already showing spikes in grocery retail site visits (as of w/e 15/03)^{ix} and Instacart downloads in the US were up +218% on 15 March.^x

Figure 3^{viii}: Chinese consumers are most likely to have purchased additional CPG goods because of Covid-19, unsurprising given the advanced stage of the pandemic in China

Share of consumers who purchased extra CPG products (food, drink or HH supplies) because of the Covid-19 pandemic

China	71.2%
Philippines	70.9%
USA	51.1%
Spain	48.0%
Italy	39.3%
Australia	38.3%
UK	37.0%
South Africa	33.1%
Germany	32.6%
Japan	29.6%
Brazil	27.9%
France	27.3%
Singapore	25.1%

Source IX: GWI, Coronavirus multi-market study, 16-20 March 2020



Product origin takes center stage

As the FT declares that *Coronavirus is a global crisis, not a crisis of globalization*, there is nonetheless a heightened awareness of product origin among consumers. This is in part down to the desire to support local businesses but also a bid to eliminate risk of infection through imported products.

In the UK, 1 in 4 are paying more attention to product origin when doing their supermarket shopping (42% among 16-34s)^{xi}. More explicitly, 36% of US consumers say they would avoid buying food products from China. However, this seems to be in part down to how the pandemic has been communicated in different countries as the figure falls to 27% in France and Germany, and 21% in the UK.^{xii}

If we look to China, we see that **most people (3 in 4) want to learn more about things than they used to**, namely brands. Given the more advanced situation there, as the rest of the world adjusts to 'lockdown' we can expect similar trends in other global regions. This could mark a shift towards localized products as consumers seek more information.

Essential items drive CPG growth but it's the small pleasures that people want to share

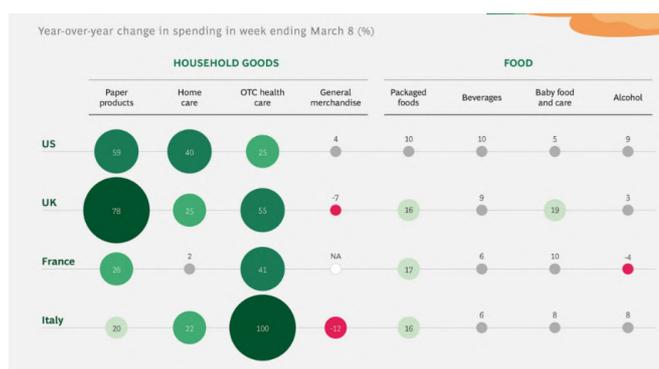
Mainstream media has focused on the consumer rush to stockpile essentials and (as of 8 March) essential categories like paper products and OTC healthcare are experiencing the highest growth (see figure 2).^{xiv}

Meanwhile, on social media, there is a trend toward people sharing what Kantar have dubbed 'the new essentials.' Through visual recognition technology, Kantar analyzed posts about the Covid-19 pandemic. They found that many people commenting on #quarantinelifewere were sharing photos of comforting products such as wine, hot chocolate, tea, snacks, and face masks. Again, looking to China, snacks and alcohol both

fell into the top 5 categories sold on discount site Tuango during the pandemic.^{xvi}

Given the unsettling times ahead, it is no surprise that consumers are looking for solace through food, drink and personal care products. While this is seemingly balanced out by the movement towards health and wellness, there is a risk of over-consumption which brands must take into consideration.

Figure 4: Health and Household essentials drive sales growth, but alcohol and packaged foods are also among the categories up year on year



Source XV: IRI, Point of sale, YOY change in spending, w/e 8 March 2020

Gen Z have been quicker to change their purchasing behavior than older people

On 12 March GWI reported that 60% of Gen Z were extremely or very concerned about Coronavirus, compared to 40% of baby boomers.^{viii} This heightened concern among Gen Z is reflected in their CPG purchasing; 51% of them purchased extra food/drink because of the pandemic (vs 31% of boomers) and 51% purchased extra household supplies (vs 30% of boomers).^{viii}

Kantar's UK COVID-19 barometer had similar findings, with 18-34s more likely to buy sanitizing products (+59% vs average), long-life food (+35%), and alcohol (+98%) than the average adult.^{xi}

Looking to social media, the sheer number of posts, videos and memes on Coronavirus (or 'The Rona' as it's been dubbed) is overwhelming. Given that 62% of 16-24s (vs 24% average) spend an hour or more on social media each day, it's perhaps no surprise that Gen Z is more concerned about the pandemic than boomers.^{xvii}



03

Brand
Impact

CPG brands are adapting their campaign strategies

As the impact of the pandemic increases, brands have to decide whether to continue spending on campaigns. Kantar data shows that strong brands recovered x9 faster than others after the 2008 financial crisis. This suggests companies should continue to invest in brand building now to help protect for the future. Only 5% of US consumers surveyed think companies should stop advertising during the crisis. Despite this, brands like Hershey are under pressure to pull campaigns that are inappropriate in tone or message. 42% of people agree it is acceptable for brands to mention COVID-19 in ads, but this must be approached with caution.^{xx}

Mondelez chocolate brand Cadbury has pulled its UK Easter campaign in response to new rules on social distancing. The ad depicted a grandfather organising an egg hunt for his visiting grandchildren, a social interaction strongly advised against by the government.



Due to current government guidance on social distancing, we recognize it's no longer appropriate to encourage close physical contact, particularly with older generations. For that reason, we've made the decision to replace our current Easter ad with spots that are mindful of the current climate. We're working to do this as soon as possible."

Cadbury spokesperson

Guinness received a good response to its recent **St Patrick's Day Message** where it told viewers 'don't worry, we'll march again' urging people to celebrate indoors. The ad uses historic footage, demonstrating the longevity of the Guinness brand, stating 'We know that St. Patrick's Day feels different this year. But we've been around for 260 years and learned over time that we're pretty tough when we stick together'. Without referencing the pandemic itself, the brand successfully addresses the crisis consumers face while encouraging viewers to follow WHO advice.



Brands are finding new ways to help

Some brands are using their expertise to support charities tackling the crisis. Many CPG companies have partnered with not-for-profits to help provide crucial support. The most effective are those delivering crucial help related to their product offering and with a clear and sincere donation strategy, as learnings from China show.

A recent Kantar study shows that after the COVID-19 outbreak 37% of Chinese consumers will prioritize the purchase of brands that show support during the pandemic.^{xxi}

Unilever have committed to providing free soap, sanitiser, bleach and food to the value of €100 million. Half of this will go to the COVID Action Platform of the World Economic Forum and the other half will take the form of product donations, partnerships and handwashing education programmes at national and local levels. They are also supporting their stakeholders, offering €500 million of cash flow relief to support vulnerable suppliers and small-scale retail customers.



As the world's biggest soap company, we have a responsibility to help. We have a social, medical and moral obligation to make soap more readily available worldwide."

Alan Jope, *Unilever CEO*

Kraft Heinz Co. is adapting aid to suit the varying needs of people around the world, exemplifying a well-considered donation plan. It has pledged \$12 million in money and food which is being shared between charities in different countries. For example, it is giving \$1.9 million to US hunger organization Feeding America and in the UK it is helping Magic Breakfast provide 12 million breakfasts for school children in need.

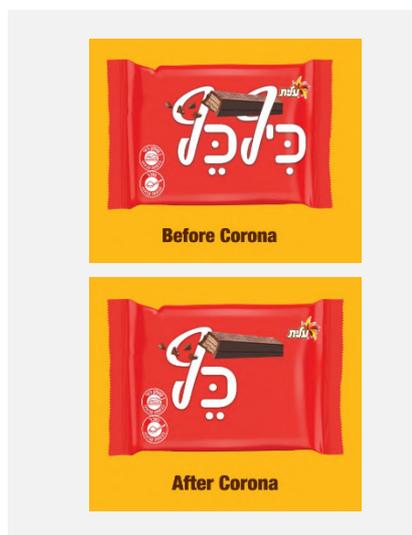


"This donation is an immediate and impactful way we can help our neighbors in need around the world and help fill this critical gap."

Miguel Patricio, *Kraft Heinz CEO*

Some brands are amplifying WHO advice. Elite's **Keef-Kef**, an iconic Israeli chocolate bar, has changed its logo to promote WHO's advice on social distancing. After the Israeli Ministry of Health released its coronavirus guidelines, banning handshakes and high fives of all kinds, the brand launched a billboard and social media marketing campaign. The first half of the brand's name 'Keef' (which means high five) was deleted, leaving only 'Kef' (fun in Hebrew slang).

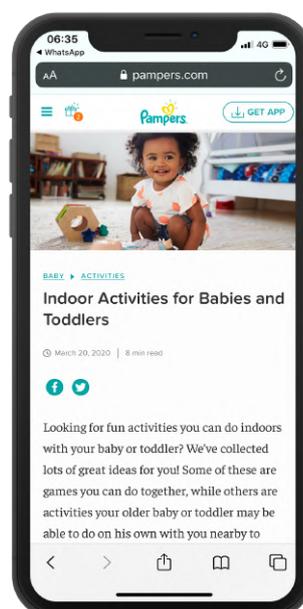
For more examples of how brands are using creative to amplify WHO advice, take a look at Wavemaker's *Creativity in Quarantine* report [here](#).



Providing at-home entertainment

Brands have spotted the opportunity to provide at-home entertainment to fill the gap left by the cancellation of events and disruption to sponsorships. As consumers look for escapism, digital channels are becoming even more important to brand communication.

Pampers are using their social channels around the world to support families restricted to their homes. For example, blog posts are providing ideas for parents to entertain and teach their babies and toddlers. **Bud Light** sponsored its first 'Bud Light Dive Bar Tour: Home Edition', featuring country music star Jake Owen. The gig was performed from the artist's house and live-streamed on Instagram. The show also encouraged donations to American Red Cross.



Sharing economy extends to employees to help alleviate CPG demand and support workers from other sectors

The sharing economy, a popular business model in China, has been extended to employees during the outbreak. Many businesses have begun 'sharing' employees so that workers in suffering industries, who would otherwise lose their jobs, can work for organizations that are struggling to keep up with consumer demand. Thousands of employees from the catering, movie, taxi and retail sectors have been able to apply for temporary jobs at other companies.

Hema Fresh a Chinese grocery food delivery company, has hired more than 3,000 new employees from over 40 different companies. The company's online orders have increased dramatically since the outbreak and new employees have been brought in to help ease the demand on its supermarkets and delivery system. The company states it is still short of 10,000 employees but with the mutually beneficial sharing scheme it should be able to increase its workforce and help those facing unemployment.

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Thank you

