



Emerging stronger

UNDERSTANDING NEW CULTURAL DYNAMICS
THROUGH THE LENS OF HISTORY

 BAVGROUP



THE COVID-19 CRISIS IS CHALLENGING THE LIMITS OF OUR GLOBAL SOCIETY

Disrupting our global markets

Challenging global democracies and institutions

Redefining global movement and individual freedom



AS THIS CRISIS EVOLVES AND SOCIETY IS MANDATED TO ISOLATE, WE CAN SEE THE STRENGTH THAT REMAINS IN OUR

Most Important Connections



**IN THESE UNCERTAIN TIMES,
CONSUMERS INCREASINGLY LOOK
TO BRANDS TO TAKE ACTION**



BEING A CONNECTED BRAND GOES BEYOND JUST THE TECHNOLOGY

As we move into this new reality of remote working, livestreaming, virtual tours, etc., we will be **MORE** connected than ever. But, it will be important to understand how the definition of what a connected brand means, and why it matters even more **in the minds of consumers**.

As brands navigate this new era of disruption and uncertainty, understanding how to be a culturally and emotionally connected brand through the consumer experience will be key to emerging stronger.

Responses to the disruption don't need to be bold moves, rather a series of small moves, anything from tonal changes to digital shifts, can be equally effective.

By creating culturally connected moments and reacting genuinely to their consumers, brands can generate deeper consumer loyalty, emotional commitment and positive brand perceptions that break through category norms even as categories themselves shift as a result of larger disruptions.



What You'll See in This Deck

LESSONS LEARNED FROM HISTORY

WHAT WE ARE SEEING NOW

PREDICTIONS & IMPLICATIONS FOR THE FUTURE



LESSONS LEARNED

From History

THROUGH THE LENS OF
MACRO EXTERNAL EVENTS
9/11, THE GREAT RECESSION, SARS EPIDEMIC

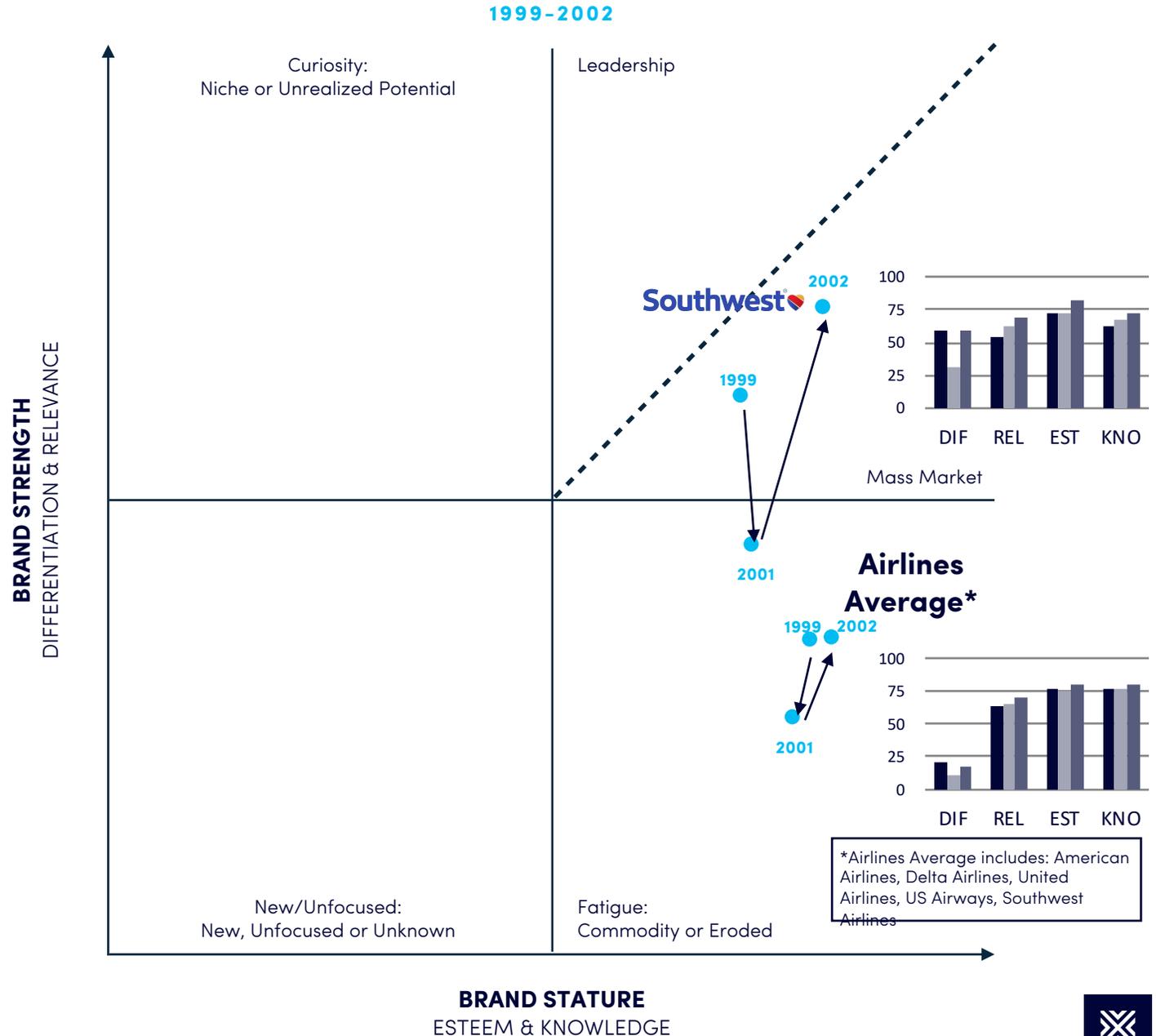


Macro External Events: 9/11

Context: In 2001, a series of coordinated terrorist attacks were launched against the U.S., causing untold damage, lost lives and a turning point in U.S. foreign policy.

Changes: Consumers didn't blame airlines for the attacks, and still perceived airline brands as Reliable and Trustworthy; however, Fun was drained – the thrill of flying was gone.

Unlike other airlines, Southwest did not cut capacity despite the drop in demand, and instead opted to postpone new aircraft deliveries which delayed planned growth. Despite short term losses, this reinforced the best parts of the brand's identity (Fun, Friendly, Customer-centric), helping Southwest emerge even stronger post-crisis.



Macro External events: The great recession

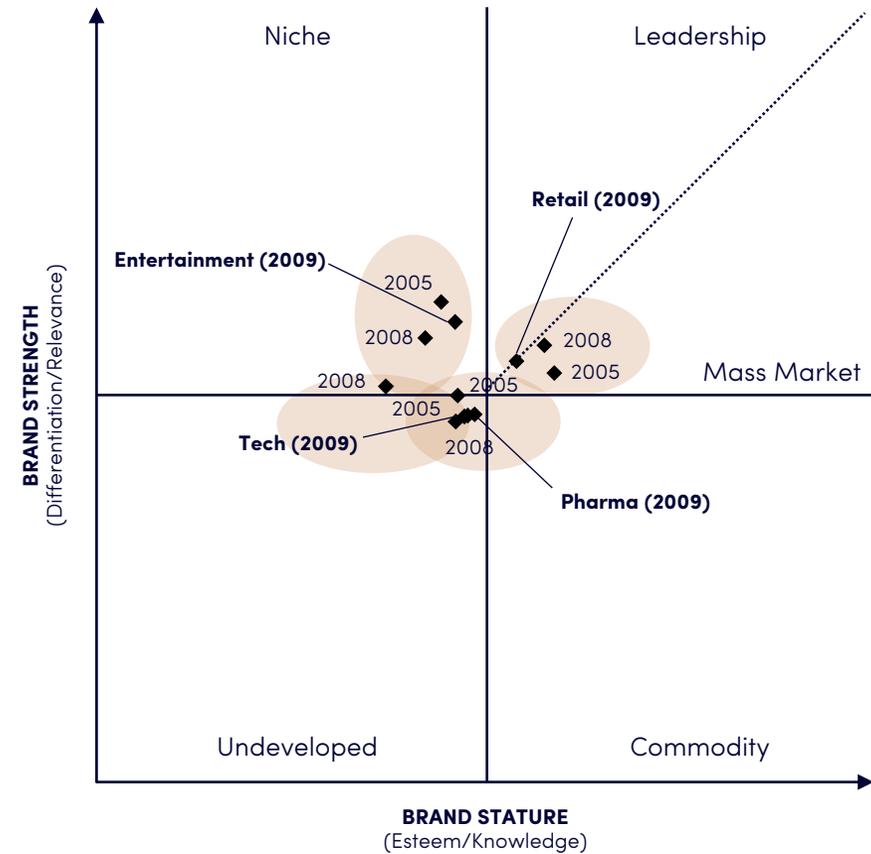
Context: More than a decade ago, a global economic slowdown drastically shifted consumption behaviors and redefined what value means to consumers.

Changes: Brands in the Luxury, Automobile, CPG, and Financial Services industries declined during the recession, but brands in Retail, Entertainment, Technology, and Pharma remained consistent.

CATEGORIES THAT DECLINED DURING THE RECESSION



CATEGORIES THAT REMAIN CONSISTENT DURING THE RECESSION

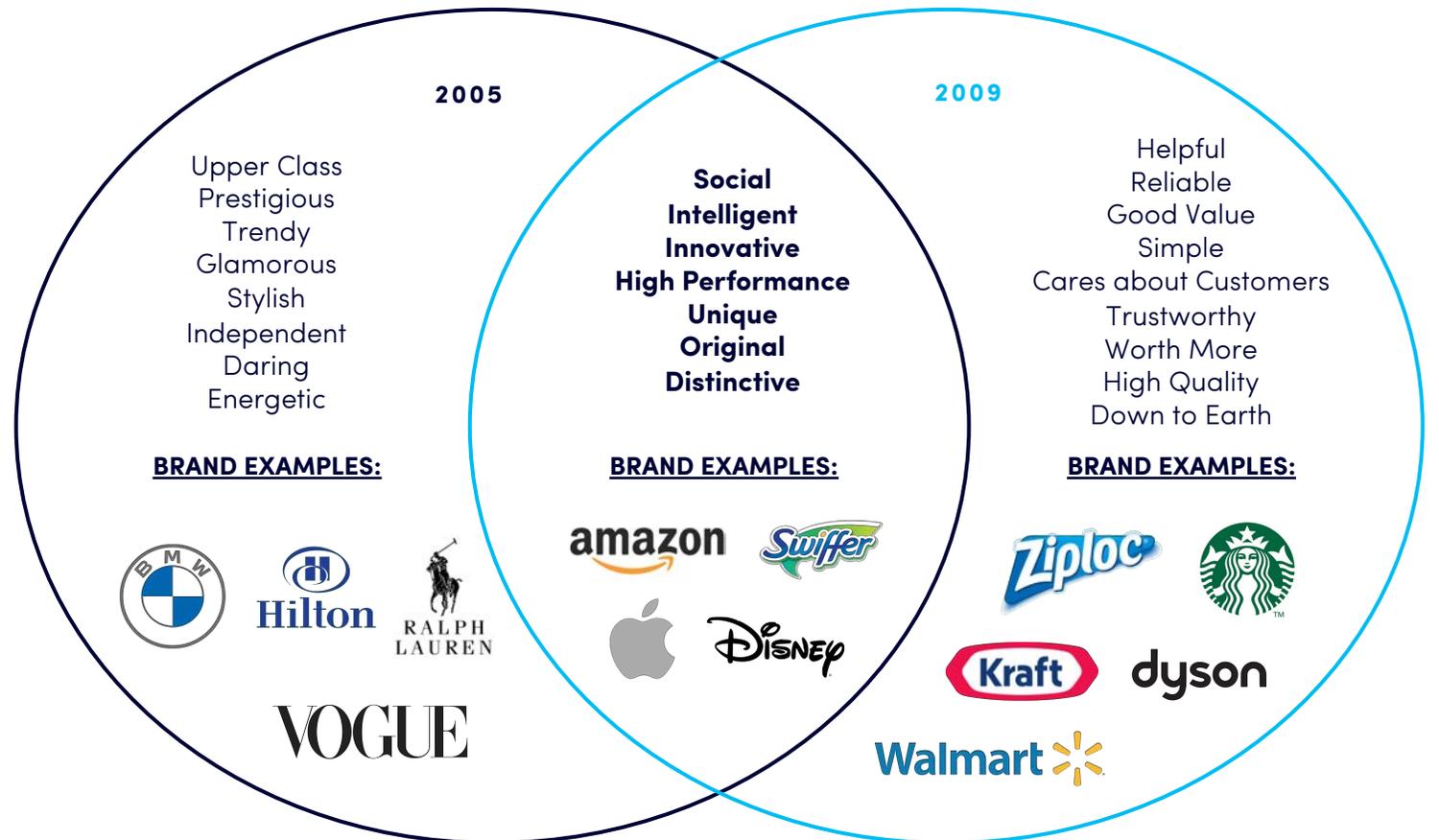


Macro External events: The great recession

Changes (cont.): Overarchingly, across industries, the qualities consumers desired in brands shifted after the economic crisis. Consumers went back to **the basics and prioritized Value, Helpfulness, Reliability, Simplicity, Customer-centricity, Trustworthiness, and Quality**. Brands like Ziploc, Kraft, and Walmart, as well as Starbucks and Dyson exemplified this post-recession consumer outlook.

DRIVERS OF BRAND STRENGTH

PRE- VS POST-RECESSION

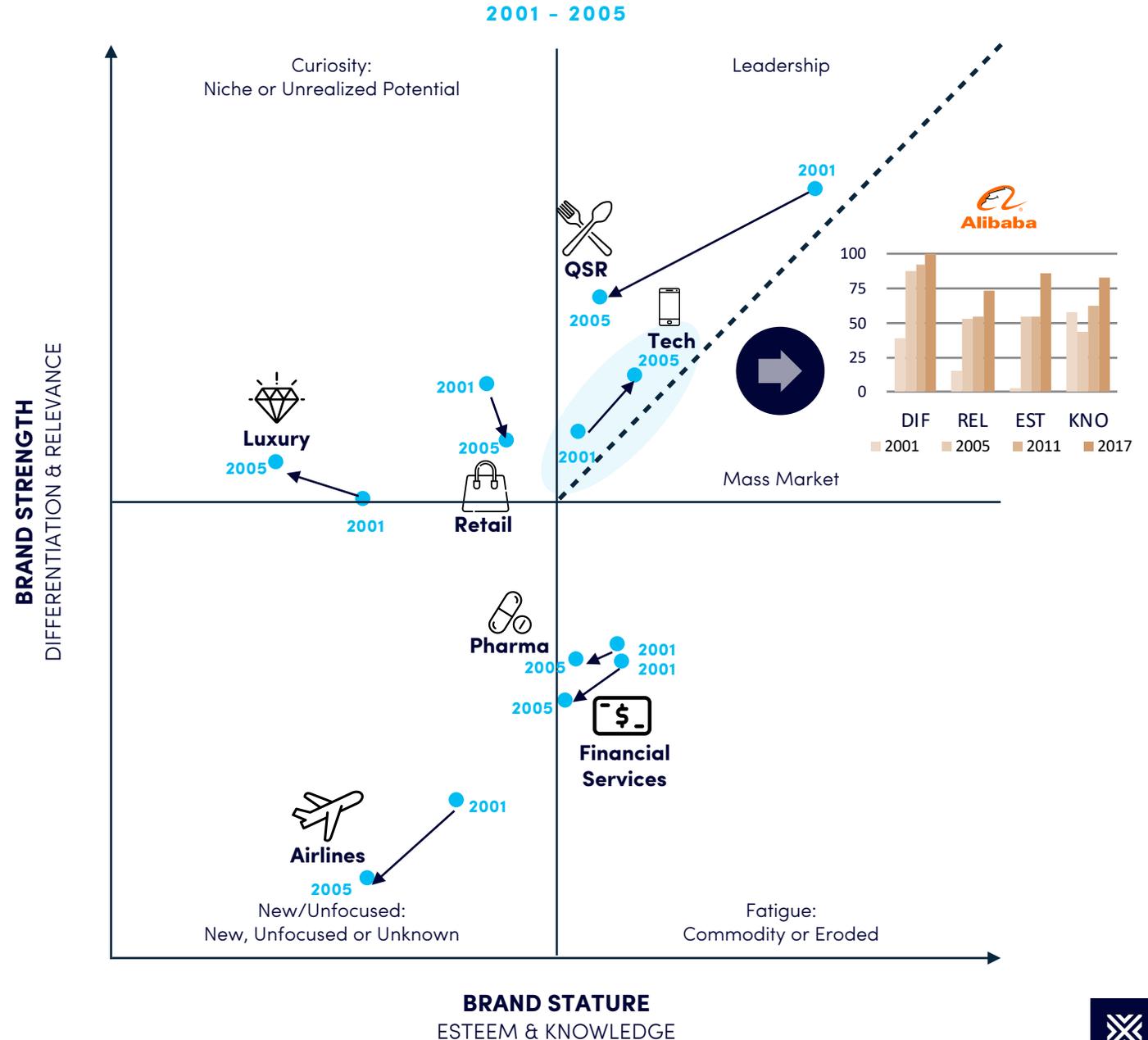


Macro External Events: SARS

Context: Almost 20 years ago, the severe acute respiratory syndrome (SARS) swept across China, infecting more than 5,000 and killing almost 350 by 2003.

Changes: China's confinement during SARS threatened the future of brands across sectors. All sectors declined in 2005 post-SARS, with the exception of the technology sector.

Alibaba saw this as an opportunity to invest in technology and pivot the core of its business to speed up the adoption of online commerce. As a result, Alibaba saw its biggest gain in Brand Equity after SARS, where they increased the most on Differentiation, Relevance and Esteem.



Lesson #1:

Brands must continue to consistently build & invest in their brands in times of uncertainty

Most companies cut marketing during a crisis, which is actually a huge mistake.
Adversity is a great time to build a business. -Toney Fernandes, AirAsia CEO



Domino's Pizza heavily invested in brand marketing to rebuild its brand during the Great Recession

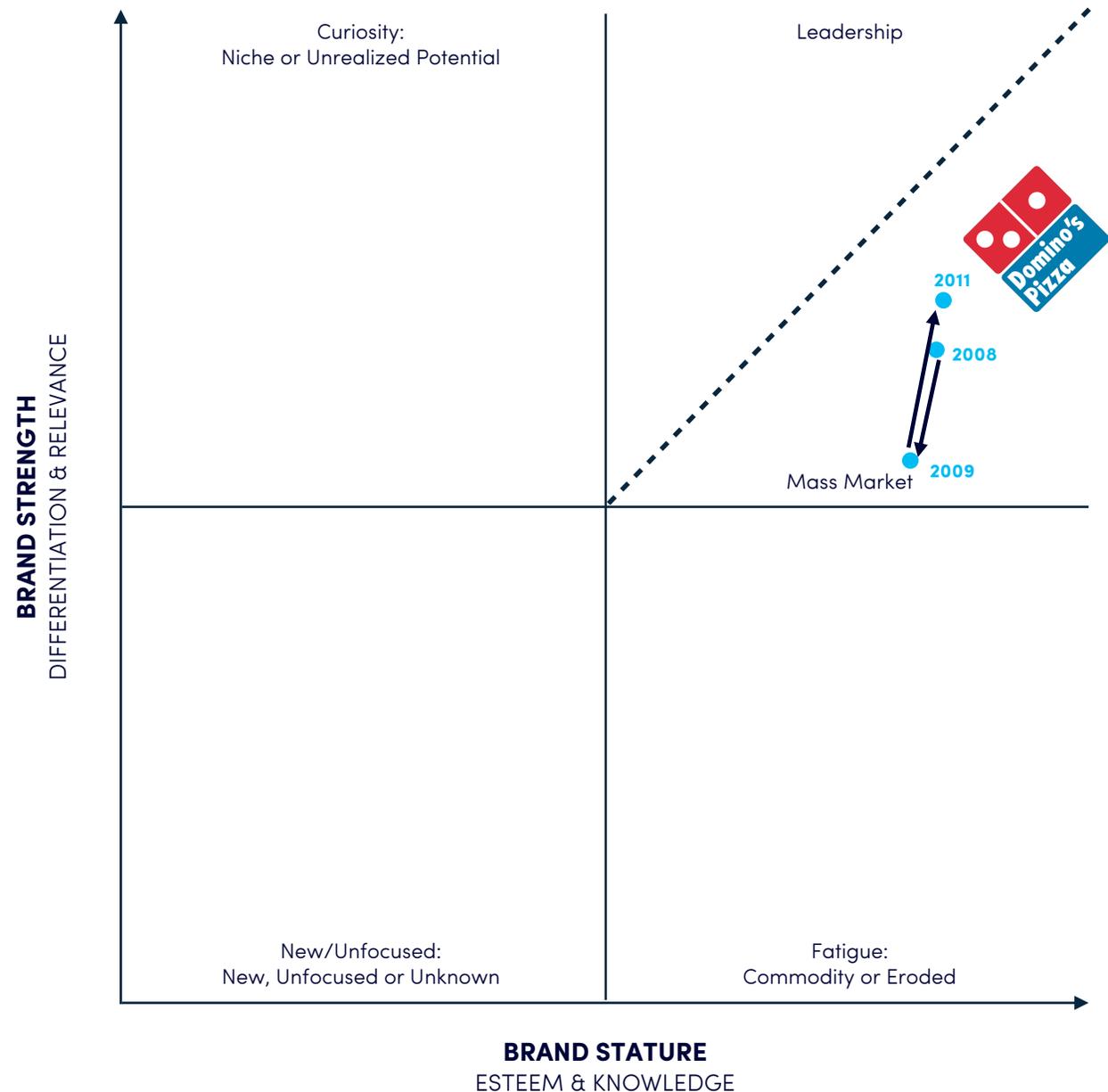
THE HUFFINGTON POST

Domino's Workers Disgusting YouTube Video: Spitting, Nose-Picking and Worse (VIDEO)

In April 2009 during the Great Recession, a "disgusting" YouTube [video](#) posted by Domino's employees quickly became viral. The event was emblematic of the growing number of customer complaints Domino's faced on social media.

Two days after video the surfaced, the CEO of Domino's posted an apology [video](#) and outlined the company's actions while Domino's doubled down on its brand efforts. They used this as an opportunity to launch a social [marketing campaign](#) redefining its brand around transparency. Domino's also responded by improving the recipe and investing in technology, helping drive digital sales. By expanding its digital capabilities, Domino's repositioned itself as an innovative technology brand.

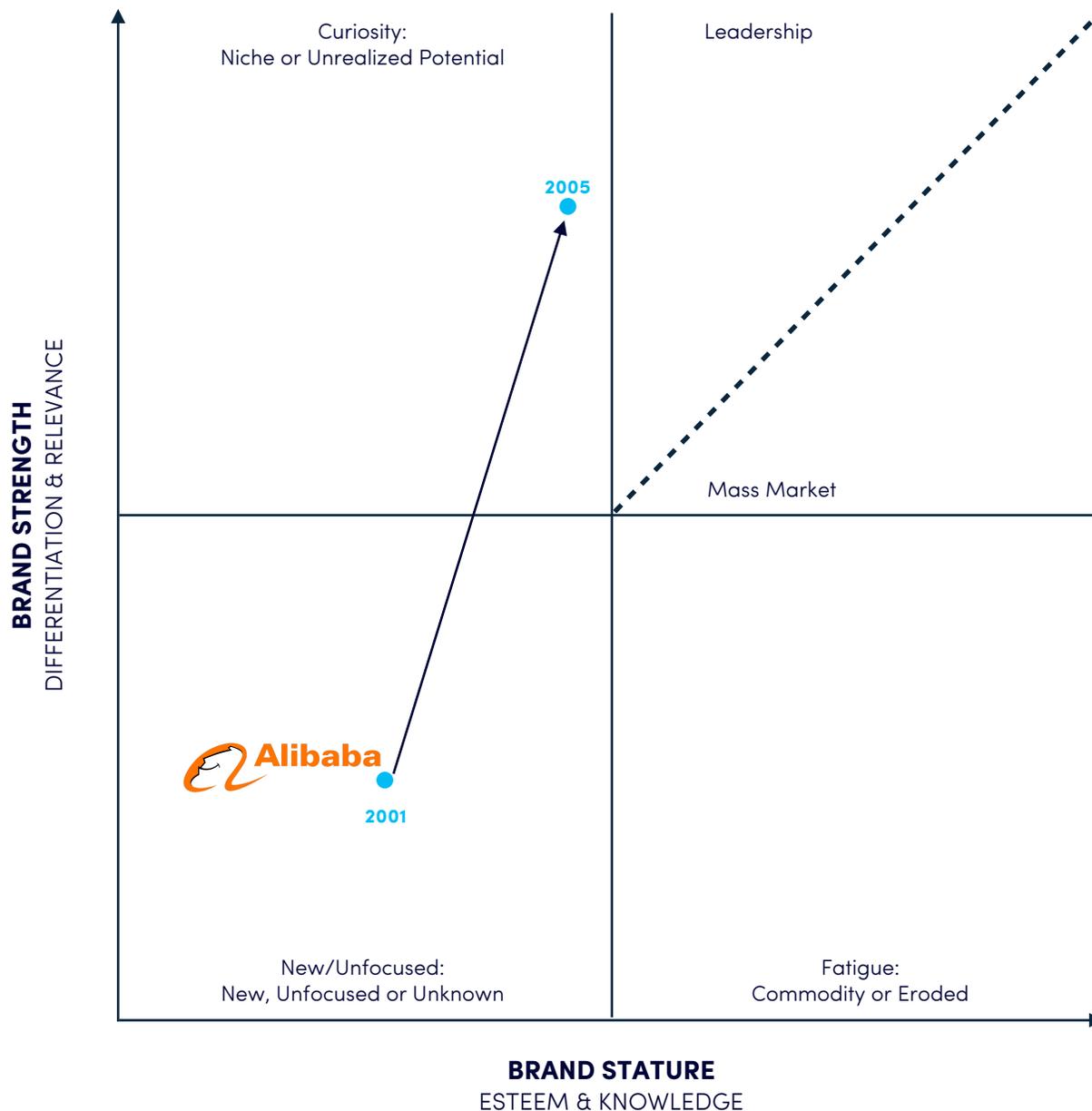
Despite a small drop in brand equity and facing a recession, Domino's regained brand strength in the following years by investing in its brand.



Lesson #2:

Brands that seize the opportunity to innovate and invest in research & development during a crisis are more likely to emerge stronger





Alibaba relied on innovation during SARS as the brand pivoted its core Activities to online commerce

When SARS hit China in the early 2000s, Alibaba was known primarily at the time as a B2B commerce site. They invested in consumer facing technology, launched TaoBao, and pivoted the core of its business from B2B to B2C to speed up the adoption of online commerce for consumers.

2001 VS. 2005

PIONEERING

+238% LEADER
203% UP TO DATE
+103% UNIQUE
+82% INNOVATIVE

DEPENDABLE

1221% WORTH MORE
+230% HELPFUL
+247% RELIABLE
+123% TRUSTWORTHY

GENUINE

+72% CARES CUSTOMERS



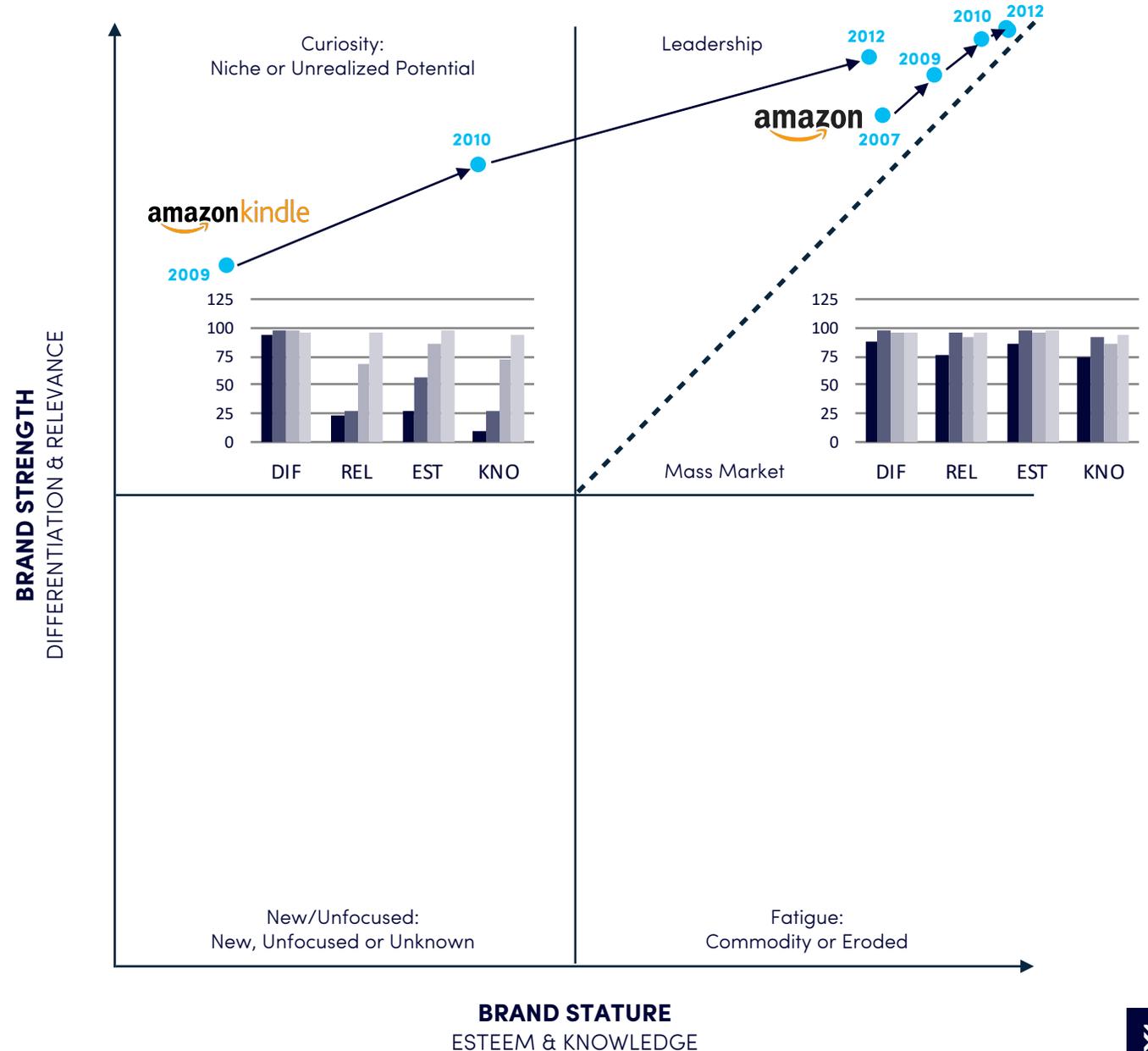
During the 2009 recession, Amazon focused on product innovation with the launch of Kindle, a low-cost tablet, an initiative that rapidly boosted both Kindle and Amazon's brand equity

Amazon's Recession-Friendly Tablet Strategy: Cheap Now, Pay Later

Low-price Kindles are made possible by turning people into purchasers of other products

In 2009, during the Great Recession, Amazon invested in research, and product innovation by launching Kindle, a low-cost alternative to tablets.

The low price of the Kindle made it accessible to all and reinforced Amazon's positioning as the world's largest and most affordable online retailer.



Lesson #3:

Customer Centric Imagery is key as consumers look to brands to become beacons in times of uncertainty

During a crisis, brands have the opportunity to enhance their image by providing assistance to consumers in genuine and authentic ways. Under stress, consumers find comfort in the familiar, and brands that bring stability, value, or joy resonate the most.



Following both 9/11 & The great recession, customer-centric imagery becomes more important for driving usage and consideration

NATIONAL SECURITY CRISIS

Post-9/11

**DOWN TO EARTH
TRUSTWORTHY
RELIABLE
CARES ABOUT CUSTOMERS
FRIENDLY
KIND
HELPFUL
SOCIALY RESPONSIBLE**

increased in power to drive
usage and **consideration**

ECONOMIC CRISIS

Post-Great Recession

**DOWN TO EARTH
TRUSTWORTHY
RELIABLE
FRIENDLY
CARES ABOUT CUSTOMERS
HELPFUL
OBLIGING**

increased in power to drive
usage and **consideration**



The brands that survive bring humble leadership and people-first attitude to the table

For weeks following the 9/11, some Starbucks stores took the initiative to stay open 24/7, providing food and coffee to rescue workers and serving as triage centers for the injured.

In 2002, a year after 9/11, Starbucks was seen as a more purposeful, performance brand.



9/11 Response

1999-2002



PURPOSEFUL

+78% HELPFUL

+45% TRUSTWORTHY

+41% KIND

+ 65% SOCIALLY RESPONSIBLE



PERFORMANCE

+101% HIGH PERFORMANCE

+68% ENERGETIC

+79% LEADER



The brands that survive bring people first and Ingenuity to the table

By launching new consumer products, prioritizing customer relationships, and providing smart solutions during a time of financial duress, Chase's brand recovered at a faster rate than other brands in the JPMorgan Chase portfolio and other financial brands.

By 2017, Chase was recognized as more purposeful as well as more ingenious.

CHASE 

Post-Recession

2009-2017



PURPOSEFUL

+44% DOWN TO EARTH

+29% CARES ABOUT CUSTOMERS

+61% OBLIGING



INGENUITY

+67% GOOD VALUE

+41% HIGH QUALITY

+51% UP TO DATE

+36% INNOVATIVE



Lesson #4:

Value-centric strategies may be safe and reliable during times of crisis, but brands need more dimension than just value for long term growth

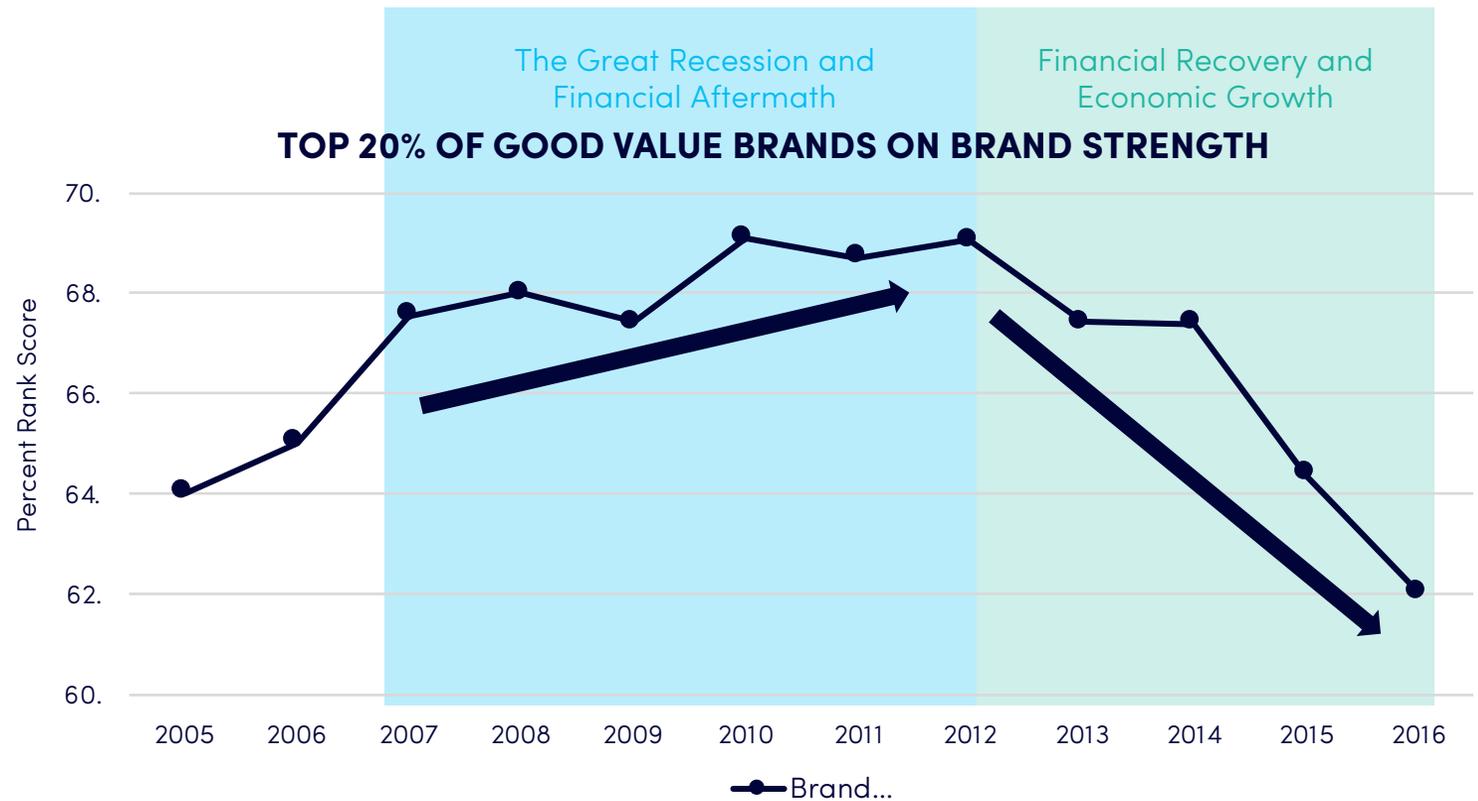


During financial hardship, consumers look for good value brands, but singularly focusing on value is not a viable long-term growth strategy

While the top Good Value brands gained momentum in Brand Strength throughout the Great Recession, once the economy began to recover and grow, the future growth potential of Good Value brands plummeted.

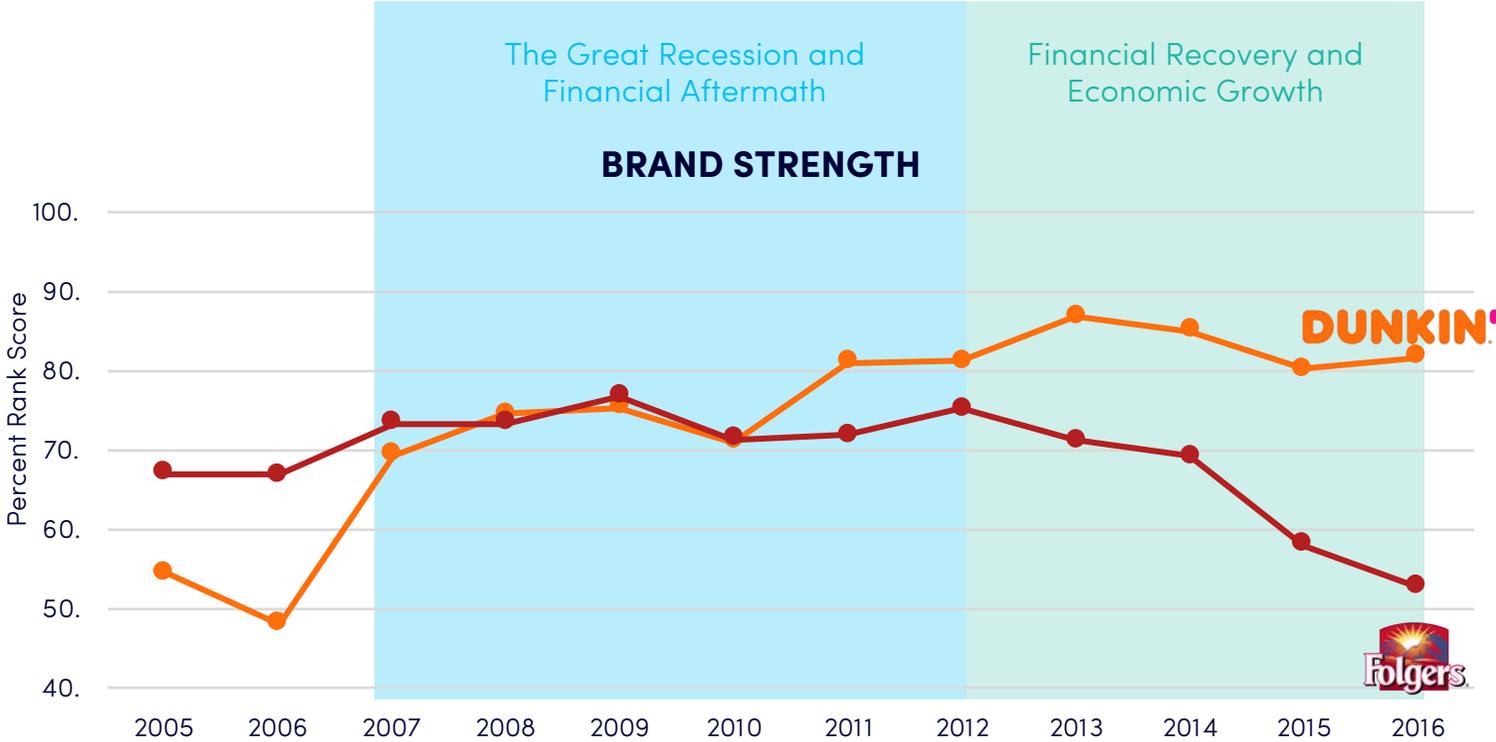
Leaning into value can be a short-sighted strategy and may undermine future growth potential once the market rebounds.

Brand Strength is BAV's proprietary forward looking metric for future growth potential and brand momentum.



Both value-centric brands, Dunkin' and Folgers followed differing post-recession trajectories

Brand Strength is BAV's proprietary forward looking metric for future growth potential and brand momentum.



Source: BAV USA, FY2005-FY2016, All Adults



Acquired by a group of private equity firms, the company quickly realized the brand had been sitting on a goldmine: its beverage portfolio.

Dunkin' put coffee in the spotlight by launching its major "America Runs on Dunkin'" campaign.

In the campaign, the brand talked about coffee "the Dunkin' way": by focusing on how it fuels everyday hardworking Americans.

This notion directly challenged the ethos of sophistication Starbucks had curated.



(2006) Partnered with JetBlue to become the airline's official in-flight coffee

(2007) Launched coffee at retail outlets, at supermarkets and club stores.

(2008) Develops its all-day oven-toasted menu, featuring flatbreads, sandwiches and hash browns

(2011) Promotes new advertising campaign, "I'm Drinkin' Dunkin'!"

(2011) Creates the first Dunkin' K-Cup® pods

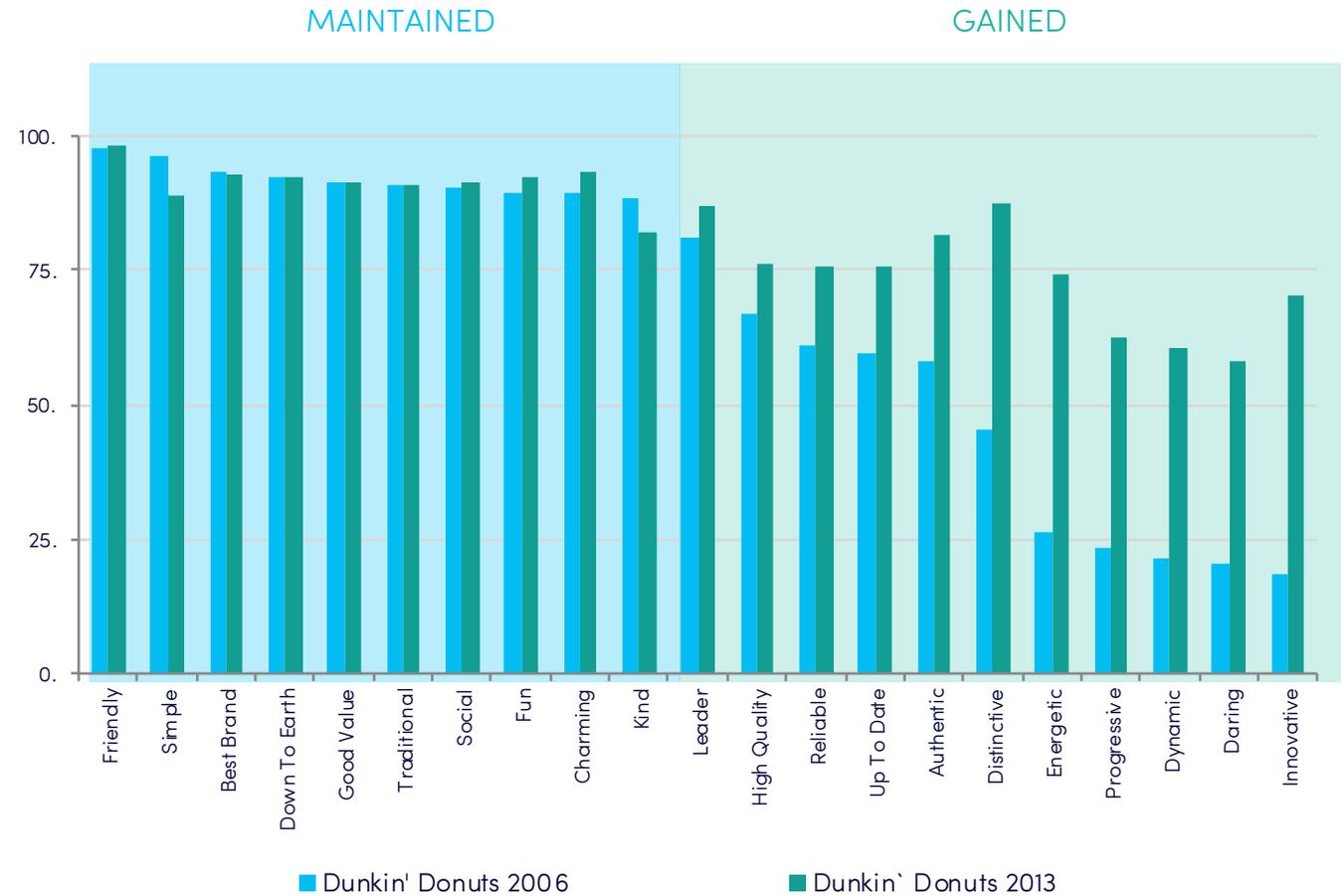
(2013) Released the Dunkin' Mobile® App

Throughout the recession years, dunkin' invested in its "America runs on Dunkin'" Campaign





As a result, dunkin' maintained its good value core but built engaging and differentiating meaning, allowing the brand to continue growth even after the recession, unlike many other one-dimensionally good value brands



Lesson #5:

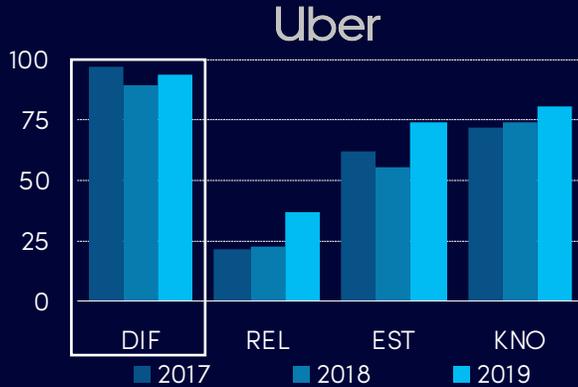
Building High Differentiation and Esteem can help you bounce back quicker in times of crisis thanks to greater advocacy and emotional commitment



In 2017, a series of internal scandals led to a decrease in Uber's brand equity, but in less than a year, the brand bounced back by leveraging performance and, more importantly, empathy

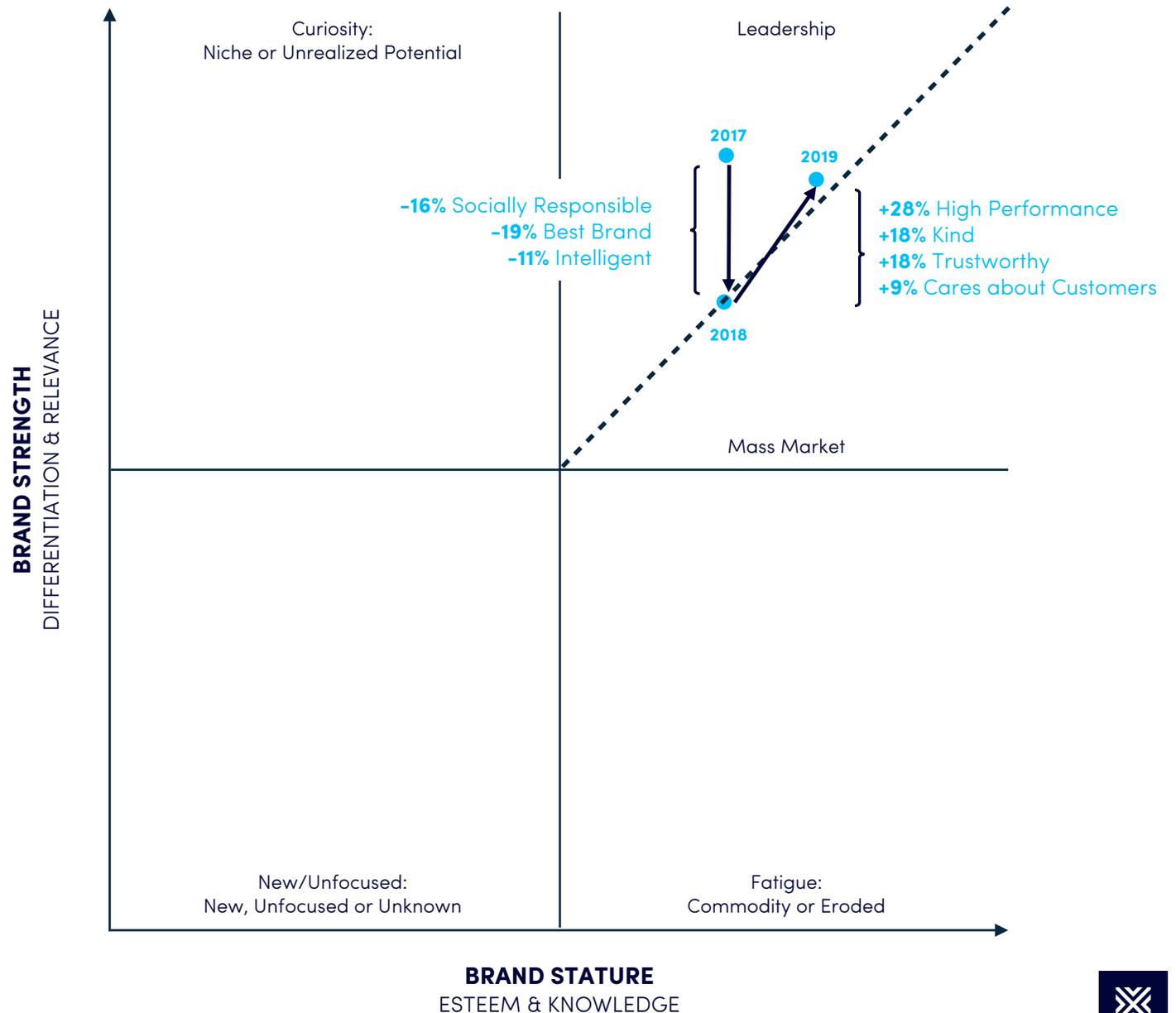
Uber's new CEO issues public apology to London for company's mistakes

'We won't be perfect, but we will listen to you'



High differentiation drives higher preference and usage

Source: BAV USA, FY2017, FY2018, FY2019, All Adults



WHAT WE ARE

Seeing Now



THE IMPACT OF THE COVID-19 PANDEMIC SPANS FROM THE PERSONAL TO THE PUBLIC DOMAIN



Brands have a role to play now more than ever before, as consumers are looking to them to take a stance and help the community

62% of consumers trust **private companies** more than the **government** to take care of their needs



THE POWER OF **PURPOSE** ON BRAND EQUITY

2007

TODAY

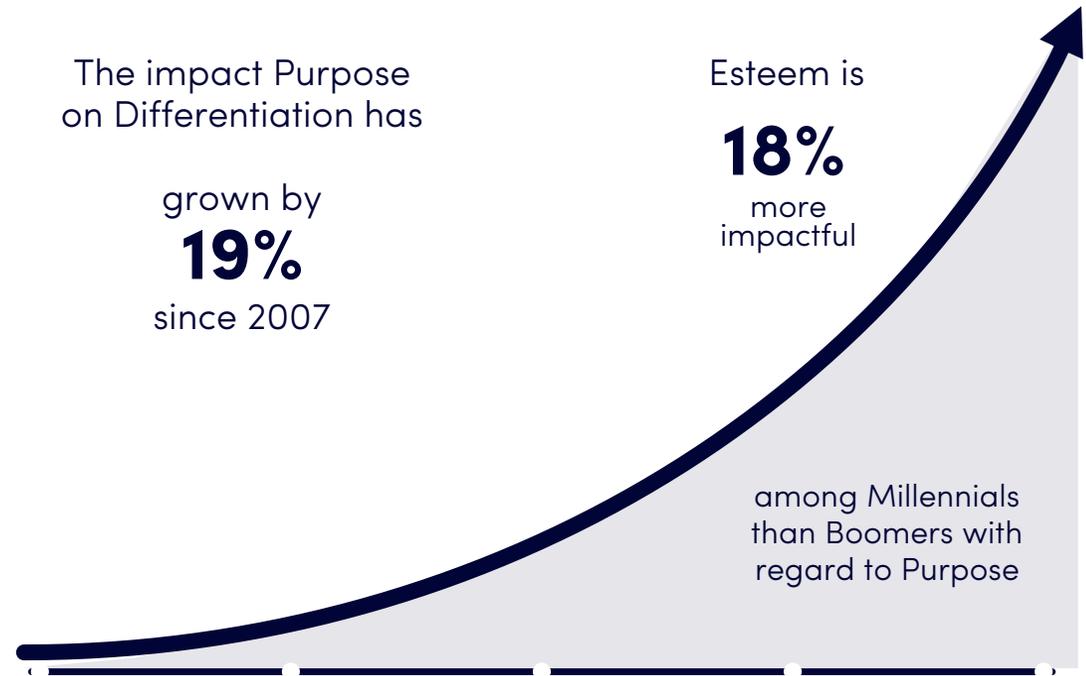
The impact Purpose on Differentiation has

grown by **19%** since 2007

Esteem is

18% more impactful

among Millennials than Boomers with regard to Purpose



BRANDS ARE WORKING ON DEEPENING ENGAGEMENT BY CREATING VIRTUAL ECOSYSTEMS AND PLATFORMS FOR INTERACTION

IMPACT

Forcing rapid adoption of digital-first strategy

Flexibility and agility in meeting rapidly evolving consumer needs

Brand engagement as an ecosystem

Being a connected brand amid mass isolation

Localized rhetoric

Heightened recognition of staff



REACTING IN REAL-TIME



With no real world Formula 1 action this weekend, attention turned instead to the first in a brand new series of Virtual Grands Prix, created to give fans some racing action to watch as the ongoing coronavirus situation continues to affect the F1 calendar.



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REACTING IN REAL-TIME



lululemon
@lululemon

Things may be moving quickly, but our people and community will always stay our first priority. Our community carries on through #thesweatlife online. Meet us for classes, meditations, practices—and a whole lot of coming together.

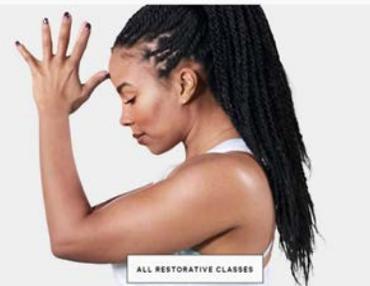
Calvin McDonald @calvinmcdonald · Mar 20
As we continue to evaluate the COVID-19 situation, we have made the decision to keep our @lululemon stores in NA and Europe closed through April 5. We are extending our commitment to pay our people through this period.

#thesweatlife Online: March 23-29

- Monday** Do-anywhere workouts
- Tuesday** IG Live Yoga 12pm PST
- Wednesday** IG Live Run Chat 12pm PST
- Thursday** IG Live Meditation 6pm PST
- Friday** Five new feeds to follow
- Saturday** At-home training
- Sunday** Mindful writing exercise

Take Care

The time you take to connect with yourself will positively influence your day-to-day, and how you connect with others. Go inward, de-stress, get grounded.



ALL RESTORATIVE CLASSES

All The "Indoorphins"

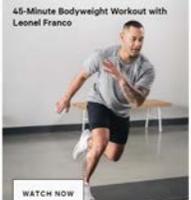
Go on, unleash that natural high. These workouts and practices require little room and no equipment to release energy and stress. Bonus: you might sleep better.

25-Minute Stretch and Strengthen with Aaron De Jong



WATCH NOW

45-Minute Bodyweight Workout with Leonel Franco



WATCH NOW

Vinyasa Yoga with Janet Stone



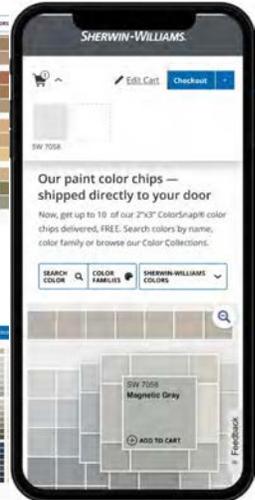
WATCH NOW

Power Yoga with Barro Magtiste



WATCH NOW






BRANDS ARE REDEFINING HUMAN INTERACTION AND DEEPENING RELATIONSHIPS THROUGH TECHNOLOGY

IMPACT

Social cohesion and interactions in the age of social distancing

Adapting to communal attitude vs. individualistic instincts

Reliance on technology

Compassion and empathy vs. xenophobia and racism



REACTING IN REAL-TIME

NETFLIX



BRANDS ARE STAYING AUTHENTIC, ALIGNING HOW THEY HELP THE WORLD WITH THE WAY THEY DO BUSINESS FOR THE SOCIAL GOOD

IMPACT

Single -consumption
(except essentials)

Supply chain implications

Small business and service industry support

Waning consumer confidence

Consumption pattern shifts



REACTING IN REAL-TIME

ADWEEK

Yelp, GoFundMe Join Forces to Help Local Businesses During the Coronavirus Pandemic

TE

Yelp commits \$25M in waived fees and free services to local restaurants and nightlife

Anthony Ha
@anthonyha / 10:37 am EDT • March 20, 2020

THE VERGE

Yelp adds new features to help local businesses survive

Alongside a \$25 million fund for local businesses

By Jon Porter | @JonPorty | Mar 20, 2020, 9:00am EDT



BRANDS ARE WORKING WITH GOVERNMENTS TO SOLVE ISSUES AND SAVE LIVES

IMPACT

Skyrocketing unemployment rate

Recession prevention

Balancing economic impact vs. public health needs

Foreign policy and travel restrictions

Mitigation of widespread panic through timely dissemination of accurate information



REACTING IN REAL-TIME

Tesla CEO Elon Musk acquires 1,200+ ventilators from China to help alleviate coronavirus shortage

Nathan Bomey USA TODAY

Published 8:40 a.m. ET Mar. 24, 2020 | Updated 10:52 a.m. ET Mar. 24, 2020

AdAge

AB INBEV DIVERTS SPORTS AND ENTERTAINMENT SPENDING TO CORONAVIRUS AID, RELEASES 'ONE TEAM' AD

The \$5 million donation will go to the American Red Cross

By E.J. Schultz, Published on March 25, 2020.

THE VERGE

Ford joins Tesla and GM in helping with ventilator and mask supply

The carmaker is working with GE and 3M to supply more vital equipment to the medical community

By Sean O'Kane | @sokane1 | Mar 24, 2020, 12:32pm EDT

Facebook, Google, Microsoft, Reddit, and Twitter just said they're working together to fight coronavirus misinformation

BUSINESS INSIDER

Tyler Sonnemaker Mar 16, 2020, 9:37 PM



Mar 17, 2020 - Health

Louis Vuitton owner LVMH supplying hand sanitizer to hospitals for free

Rebecca Falconer

5,214 views | Apr 2, 2020, 03:57pm EDT

New Balance Making Personal Masks In Two Northeast Factories

Forbes

Tim Newcomb Contributor @



Made shoes yesterday. Making masks today.

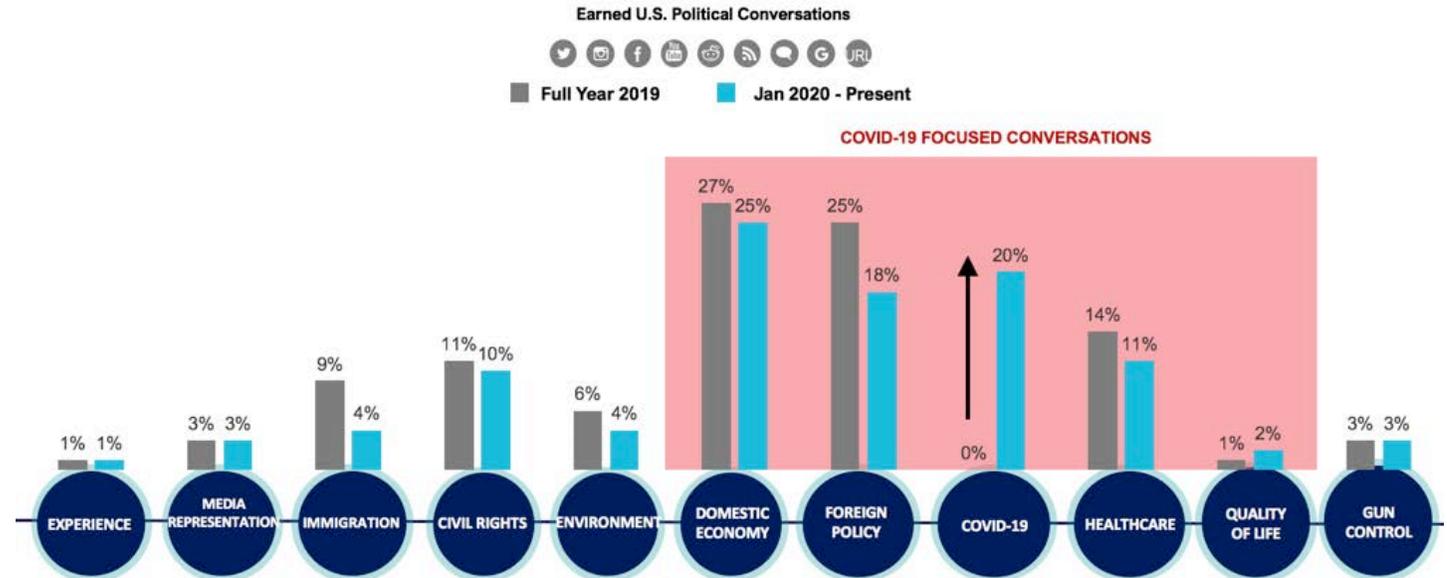
COVID-19 IS RADICALLY CHANGING POLITICAL DISCOURSE, IMPACTING THE WAY POLITICIANS ARE APPROACHING POLITICAL CONVERSATIONS

IMPACT

- Skyrocketing unemployment rate
- Recession prevention
- Balancing economic impact vs. public health needs
- Foreign policy and travel restrictions
- Mitigation of widespread panic through timely dissemination of accurate information



REACTING IN REAL-TIME



32 Source: BAVSOCIAL, USA, Facebook, Twitter, Instagram, Reddit Forums, Blogs, News; January 2019 – March 2020



So what do consumers want from brands?

77% OF CONSUMERS SAY COMPANIES SHOULD **TALK ABOUT HOW THEY COULD BE HELPFUL** IN THE NEW EVERYDAY LIFE

75% OF CONSUMERS SAY COMPANIES SHOULD **INFORM THE PUBLIC ABOUT THEIR EFFORTS** TO FACE THE SITUATION

75% OF CONSUMERS SAY COMPANIES SHOULD **NOT EXPLOIT THE CORONAVIRUS SITUATION** TO PROMOTE THE BRAND

ONLY 8% OF CONSUMERS THINK COMPANIES SHOULD **STOP ADVERTISING**



PREDICTIONS & IMPLICATIONS

For the Future

IN THE MIDST OF EVERY
CRISIS LIES OPPORTUNITY.

– ALBERT EINSTEIN





Prediction One

RISE AND REDEFINITION OF EMPATHY

As the world rallies in a united front against the common enemy: COVID-19, people will have experienced unity in ways never experienced before. Consumers will continue to look to brands to not only deliver on their brand promise, but to be empathic to society, recognize employees and contribute to local communities by setting the example.

QUESTIONS TO THINK ABOUT FOR THE FUTURE:

How do you keep your brand purpose & values consistent between company employees and consumers?

How will you shift your tone in communications moving forward?

How are you talking about your brand versus what you get credit for from consumers?





Prediction Two

A NEW KIND OF COMMUNITY

In recent years, online communities have shaped into “toxic social media”, unraveling a world about portraying perfection and idealism. Post COVID-19 will take us back to an older world of community building, with a bigger emphasis on authentic sharing and participatory social media.

QUESTIONS TO THINK ABOUT FOR THE FUTURE:

- How do you keep your brand purpose & values authentic?
- How will content shape on your channels?
- How will you shift your tone in communications moving forward?
- How are you talking about your brand vs what you get credit for from consumers?
- What are the unseen opportunities to connect with your audience?





Prediction Three

CONSUMER-LED TECHNOLOGY RENAISSANCE

COVID-19 will serve as catalyst for many tech innovations, digital transformations and catapulting new ways in which brands connect both brand experience and customer experience. This will also include new ways we look at industries like telemedicine, fitness, e-learning and retail.

QUESTIONS TO THINK ABOUT FOR THE FUTURE:

How do you approach a digital-first strategy?

Who are strategic brand partners that can help elevate offerings?

How will content shape on your channels?





Prediction Four

RECALIBRATION OF “BRAND PURPOSE” AND “SOCIAL GOODNESS”

People, Communities, Brands, and Governments around the world are stepping up in times of global crisis. In a Post COVID-19 world, consumers will continue to expect “Purpose” to be cost-of-entry regardless of industry.

QUESTIONS TO THINK ABOUT FOR THE FUTURE:

What is the new definition of purpose? Is it going to consumer expectation of brands?

How do you stand out in this new dynamic? And how do you continue the momentum ?

How do you leverage for partnerships?

How does the role of purpose change in driving brand equity?



← SHORT-TERM →

HOW CAN YOUR BUSINESS MODEL ADAPT AND EVOLVE IN THE CURRENT ENVIRONMENT?

Some questions we can help answer:

- What are the best opportunities for your brand in the current scenario?
- How are competitors reacting to the current situation?
- What can we learn from previous crises? What did the winners/losers do?
- What are the growth factors that are more important during a crisis?
- What are the most actionable assets available right now?
- What are your brand's fundamental benefits in this scenario?

WHAT ARE THE NEEDS/WANTS OF YOUR CUSTOMERS TODAY?

Some questions we can help answer:

- What are customers living through?
- What do they need and what can your brand help them with?
- Where do they need you? Where do they not need you?
- What are the unseen opportunities to connect with them?
- What are the different ROIs (economical, brand, prestige, etc.)?
- How should you talk with them? What should be the tone of voice?

← LONG-TERM →

HOW WILL YOUR BRANDS LEAD AND EMERGE STRONGER IN THE (NEW) NORMAL?

Some questions we can help answer:

- How can we build today in order to lead tomorrow?
- What was important after a similar crisis?
- What will be the most valuable areas to own after this crisis?
- What opportunities can your brand explore?
- What are the most interesting synergies in your portfolio for the new normal?
- What will be the most appealing perceptual white spaces after this crisis?





Thank You

 BAVGROUP

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