

COVID19 CHANGES IN U.S. MARKETPLACE, CONSUMER HABITS & MEDIA CONSUMPTION

THE CONSUMER LANDSCAPE



More than three-quarters of all Americans have been ordered to stay at home. That means about 80% of America's population, or about 265 million people, under some form of lockdown.



School closures (in most states) have impacted at least 124,000 U.S. public and private schools and affected at least 55.1 million students.



At least 40 states have shut down non-essential businesses. (retail, gyms, libraries, museums, etc.) as well as public spaces across the US. Grocery stores, pharmacies, and banks remain open.



The governors of 15 states have ordered all bars and restaurants closed for dine-in service. Carryout/curbside pick-up and delivery is still permitted.



Cancellation of all sports & live events for the foreseeable future (NBA, NCAA, NHL, MLB canceled; Boston Marathon delayed until Sep; Tokyo Olympics officially postponed until 2021.



CPG growth overall is driven by demand of essentials such as groceries, cleaning supplies, and medical supplies



Ecommerce spending up more than 40% YOY since the March 13th national emergency declaration, varying dramatically according to category. From March 13-24, online sales vs. YAG for:

- Toys, sporting goods & camping products +200%
- Industrial supplies, + 150%
- Housewares/hardware/auto/boating & motorcycle remained flat.
- Apparel sales fell 15%.

ADVERTISING/ENTERTAINMENT CONSUMPTION TRENDS



CONSUMERS ARE INTERESTED IN HEARING FROM BRANDS

- 4A's and real-time market research platform Suzy, conducted a survey of 1,000 consumers (3/18) indicating that 56% of consumers are pleased to hear how brands are taking action to help; 43% said it's reassuring to hear from brands they know and trust; and, 40% want to hear what brands are doing in response to the pandemic.
- Kantar's recent survey of more than 35,000 consumers globally reporting that just 8% of consumers thought brands should stop advertising. However, they expect companies to connect with empathy: 78% believe brands should help them in their daily lives; 75% saying brands should inform people of what they're doing to help.

Source: <https://www.aaaa.org/consumer-sentiment-towards-brands-during-covid-19/>



PAJAMA ENTERTAINMENT: THE NEWEST CULTURAL SHIFT OF THE CORONAVIRUS ERA

- Celebrities are showing us their unvarnished selves and homes as they try stay in front of audiences in a time of social isolation – Late Night hosts creating monologues from their homes or Live taping without audience (GMA, Today Show)
- Bored citizens in quarantine have posted 'cloud raves', memes, and video diaries of daily life under lockdown on TikTok through the virus outbreak.
- TikTok is approaching 2 billion lifetime installs of its app, according to Sensor Tower. TikTok was the most popular non-gaming app worldwide in February 2020, ahead of big names like WhatsApp and Facebook and marking the app's best month ever.

Sources: <https://www.washingtonpost.com/business/2020/03/23/pajama-entertainment-is-newest-cultural-shift-coronavirus-era/> / <https://www.businessinsider.com/tiktok-nears-2-billion-installs-coronavirus-2020-3>



GAMING IS THRIVING

- Gaming sites have seen substantial increases in traffic since the virus outbreak.
 - Twitch : +10% viewership
 - YouTube Gaming: +15% viewership
 - Enthusiast Gaming: +20% engagement across entire network, +40% weekly views across larger sites
 - Torque Esports (USA): Over a period of 8 days, esports grew from only 8% of their entire business to 87% (versus physical racing).
 - Mahjong (China): The game has seen a 109% increase in daily active users over the past 2 months.
- **WHY?** As live events have been cancelled and people are self-isolating at home, many have turned to gaming as a form of entertainment and to connect with others and socialize. ¼ of gamers play games to socialize with others.
- There is potential for non-gaming brands to reach their target audience through a new medium, as people that were traditionally non-gamers start exploring the world of gaming.

Sources: VentureBeat, Enthusiast Gaming, The Logic, Mintel

THE MEDIA LANDSCAPE



NATIONAL MARKETPLACE UPDATES

- Broadcast, Cable and Streaming Services are all seeing increased viewership
- According to Nielsen, massive gains in 25-54 year old viewership for Cable News Networks vs. same time last year (CNN +193%, FOX News +89%, MSNBC +56%)
- New programming premieres will be delayed, Live events cancelled/postponed
 - (Tony Awards (June), Academy of Country Music Awards (April), Billboard Music Awards (April))
- Production teams shut down impacting Live shows in Late Night and Daytime; Broadcast airing repeats in most cases.
- Sports cancellations leaving networks with holes to fill in air-time



DIGITAL CONSUMPTION HAS INCREASED

- **Digital Consumption across the total internet has increased:** visits are up by 10% and time spent is up by 14%
- **News content is a key driver** in traffic and engagement increases. General News has seen a 52% increase in pages visited and a 41% increase in time spent.
- As consumers eagerly await updates from the provincial and federal government to address the crisis, the politics sub-category is seeing the biggest traffic boost, with a 55% increase in daily unique visitors and an 86% increase in time spent.
- **Food & Grocery e-commerce:** social distancing restrictions have driven more consumers online.
- Other content categories that have seen traffic increases include Entertainment, Games, Music, Dating, and Religion/Spirituality.

Source: comScore



STREAMING AND ON-DEMAND MEDIA ON THE RISE

- With the cancellation of live sports, many advertisers are considering redirecting their linear TV investments to other inventory controlled by TV networks such as their streaming platforms.
- **The DAX audio network** has seen a 16% growth in Overall audio listening, being driven by smart speakers (+27%). The increase is attributed to streaming of AM/FM stations and news/talk formats (which have grown by 115%).
- Streaming services with extended free trials and low-priced subscriptions could gain market share and build a loyal consumer base during this time.

Sources: Digitay, DAX, Nielsen

MEDIA CONSUMPTION TRENDS: GLOBAL



Streaming: China, the Philippines, Spain and Italy lead for increased usage of streaming services (over 50% in each country)

Live Events: Globally, 40% express interested in the idea of watching live-streamed sports events and music concerts. In China this number climbs to over 50%

Gaming: Spain, Brazil and Italy are ahead for increased gaming (40%+)

Smartphone Usage: 3/4 in the Philippines, China, Brazil and South Africa report increased usage of their smartphone, compared to 1/3 in the UK, Australia and Germany.

Large Purchases: highest in China (20%), underlining the challenges for brands in this sector who rely on Chinese customers

Streaming: Gen Z are 7x more likely than boomers to report increased usage of music streaming services

Smartphone Usage: Gen Z say they are spending more time on their smartphone (80%)

Large Purchases: Gen Z are most likely to be delaying significant purchases in several categories – technology purchases in particular

Broadcast TV: Boomers are the most likely to be watching more TV on broadcast channels.

Should advertising continue as normal? 39% of Gen Zs agree, 39% of males agree, and 39% of high income households agree

Should advertising continue as normal?

Consumers in Australia, Brazil, Italy, and the Philippines provide highest levels of support.

Global research from Kantar indicates only 8% of people believe brands should stop advertising altogether.

People are most in favour of brands responding to the outbreak by providing:

- flexible payment terms
- offering free services
- closing non-essential stores
- helping to produce essential supplies
- use a reassuring tone, offer a positive perspective and communicate brand values

Source: GWI Coronavirus Research Report March 2020, Kantar

IN-HOME MEDIA CONSUMPTION CHANGES

from the GWI Coronavirus research report, March 2020

	Gen Z	Millennials	Gen X	Baby Boomers	Female	Male	Higher Income	Lower Income
	%	%	%	%	%	%	%	%
Creating / uploading videos (e.g. on YouTube, TikTok, etc)	9	7	2	1	6	5	8	4
Listening to more radio	6	6	8	7	6	7	7	8
Listening to more streaming services (e.g. Spotify, Apple Music, etc)	23	15	8	3	13	13	18	13
Reading more books / listening to more audiobooks	17	15	13	12	14	14	17	13
Reading more magazines	5	5	3	3	4	4	6	4
Reading more newspapers	5	6	5	6	5	6	7	5
Spending longer on messaging services (e.g. WhatsApp, Facebook Messenger, etc)	29	22	20	14	23	21	24	20
Spending longer on social media (e.g. Facebook, Instagram, Twitter, etc)	30	24	16	10	23	20	25	18
Spending longer talking on the telephone to others	10	10	10	10	10	10	11	10
Spending more time cooking	23	21	23	14	24	19	25	21
Spending more time on apps	22	16	12	6	14	16	15	14
Spending more time on computer / video games	23	21	13	11	13	23	20	18
Spending more time on hobbies / pastimes	21	20	15	14	18	19	19	20
Spending more time socializing as a family / household	32	32	33	15	32	31	34	27
Watching more news coverage	30	34	42	43	36	37	38	30
Watching more shows / films on streaming services (e.g. Netflix)	32	30	22	14	27	27	29	24
Watching more TV on broadcast channels	18	19	20	26	19	20	19	21

BRAND RESPONSE

Consumers want to see brands acknowledge the new realities during these challenging times and they want to hear what actions brand's are taking to be responsive. We will see an increasing number of advertisers coming out with COVID-appropriate messages in the coming weeks to promote banding together to support one another and the community.

While there are many examples of brands responding to the crisis, here are just a few examples :



Unilever's CEO, Alan Jope, has pledged 100 million euros (\$108 million, retail value) in such products as soap, sanitizer, bleach and food for charities, about half going to the COVID Action Platform of the World Economic Forum.



In it's new "A Free Pair for Healthcare" program, Crocs will donate up to 100,000 pairs of shoes to hospitals and health care facilities.



JanSport has pledged to donate 10,000 packs of food to the World Central Kitchen to help underprivileged students who are not able to get free meals with school closures.



Hyundai Assurance offers to cover payments for 6 months if your job is lost due to Covid-19 while GM is enabling OnStar Crisis Assist (at no charge) for all current GM owners.

WHAT THIS MEANS

Behaviors and trends are changing rapidly, but as consumers adapt to a "new normal," it's important to remain present and top of mind. A recent article on Campaign Live says it best: "there is a risk of losing brand equity when advertising goes dark and an opportunity to use this time to build and reinforce a brand's relationship with their customers and prospects."

So, don't stop connecting with your consumer, just make it count.

Take a closer look at your media mix to align with the new consumption patters of your consumer.

Make sure your creative executions are demonstrating how your brand is making changes and adapting. Consider revisiting your message: people will be looking for information, advice, reassurance, and new forms of interacting with your brand.

Traditional broadcast media can play important roles in driving consumers to the evolving e-commerce solutions offered.

Other forms of media, such as digital, streaming platforms, and gaming are ways of reaching your audience that may not have been part of your content strategy of the past.

While there's no one-size-fits-all approach on how to apply these insights to your marketing plan, the teams at Active International are here to help navigate now, and plan for what's next. We may all be amid uncharted territory, but together we achieve more.

- The Active Team