HOW COVID SHAPED THE FUTURE:
Three Consumer Trends That Are Here To Stay

NBCUniversal
The pandemic has reminded us that we are all human.

Every company and every consumer had to adapt to new rules, new routines, new ways of connecting, a new reality.

How should brands respond to the changes we have all experienced?

By putting people – not just consumers – at the center.
THREE CONSUMER TRENDS THAT ARE HERE TO STAY:

89% of consumers say they will continue with behaviors they picked up during the pandemic.

But we asked ourselves, which would stick?

1. Digitization of Interactions
2. Rethinking Health and Life
3. Desire for Social Change
As consumers have shifted their behavior, brands have pivoted and adapted to the new normal.

- Walmart moved to convert retail space to distribution centers.
- Instacart saw a 210% increase in app downloads.
- Zoom's revenue grew 314%, growing faster in three months than the prior three years.
- Collective office week-off to unplug and recharge.
- On-site program for employee children to help with virtual classes.
- Access to 20 mental health therapy sessions per year for employees working 20 hours/wk.
- P&G forcefully weighs in on racial injustice.
- Tim Cook weighs in on voting rights in GA.
- Sephora joins the 15percentpledge supporting Black businesses.
Isolated, people looked to connect with friends and loved ones. The need to connect forced people to adopt new technologies and businesses to offer new ways to connect that digitized their interactions across the board.
BY NECESSITY, CONSUMERS AND BUSINESSES ALIKE ADOPTED NEW TECH AT UNPRECEDENTED GROWTH RATES

Growth In 2020:

<table>
<thead>
<tr>
<th>Demand For</th>
<th>Sales In</th>
<th>Transaction Value Of</th>
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<tbody>
<tr>
<td>Telemedicine</td>
<td>Ecommerce</td>
<td>Mobile Payments</td>
</tr>
<tr>
<td>+65%</td>
<td>+44%</td>
<td>+31%</td>
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<table>
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<tr>
<th>Time Spent Playing</th>
<th>Subscriptions In</th>
<th>App Downloads</th>
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<tbody>
<tr>
<td>Video Games</td>
<td>Video Streaming</td>
<td>Health &amp; Wellness</td>
</tr>
<tr>
<td>+39%</td>
<td>+37%</td>
<td>+50%</td>
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Sources: WEForum, CDC, Global Newswire, Newzoo, Forbes
...AND THESE NEW HABITS REMAIN AS MORE CONSUMERS BECOME COMFORTABLE WITH TECHNOLOGY IN THEIR DAILY LIVES...

IN 2020...

64% of Consumers had Technology Firsts

81% will Continue to Use New Skills Post-Covid
JUST HOW UNPRECEDEDENT WAS THIS TECHNOLOGICAL GROWTH?

When we say unprecedented, we mean it literally never happened. Ever.

While Electric Power took 14 years to reach 30% adoption, Click & Collect Grocery took less than 3 months.

How Much Faster Was a Behavior Adopted Compared to the Adoption of Electric Power?

- Click and Collect Grocery: 70x faster
- Mobile Banking: 47x
- Streaming: 47x
- Social Media: 3x
- The Internet: 2x
- Cable TV: 1.2x
- Electric Power: 1x
Change

The pandemic accelerated change because technology didn’t just facilitate ease and convenience but became a necessary way for people to interact with businesses, family, and friends.

Consequence

Consumers and brands are more aligned on the innovations they can respectively use and offer. As a result, we should expect the accelerated rate of technological adoption to continue.
The pandemic taught people there is a natural interconnectivity between health, work and family.
COVID HAS HAD A PROFOUND IMPACT ON HEALTH & WELLBEING
PEOPLE HAVE PRIORITIZED PHYSICAL HEALTH, MENTAL WELLBEING & EMOTIONAL CONNECTIONS

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<th>GOOD INTENTIONS ABOUT HEALTH</th>
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<tr>
<td><strong>42%</strong></td>
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<tr>
<td>of Consumers Intend to Take Their Health More Seriously Post-Covid</td>
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<th>HIGHER LEVELS OF WORK-LIFE BALANCE</th>
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<td><strong>73%</strong></td>
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<td>of Employees Reported Having a Better Work-life Balance From Home</td>
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<th>PUTTING FAMILY FIRST AFTER LAST YEAR</th>
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<tr>
<td><strong>84%</strong></td>
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<tr>
<td>of Consumers Report the 1st People They will Visit Will be Immediate or Extended Family</td>
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<tr>
<th>HIGHER LEVELS OF ANXIETY &amp; DEPRESSION</th>
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<tr>
<td><strong>+30pp</strong></td>
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<td>Average Share of Adults Reporting Symptoms of Anxiety / Depression</td>
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<th>EMPLOYEE EXPECTATIONS SHIFTED</th>
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<td><strong>74%</strong></td>
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<tr>
<td>of Professionals Expect Remote Work to Become Standard</td>
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<th>MENTAL HEALTH NO LONGER STIGMITIZED</th>
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<td><strong>+200%</strong></td>
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<tr>
<td>Increase In Mental Health App Downloads</td>
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Sources: MRI, December 2020 COVID Study; Forbes, Computer Weekly; Travel Age West; NHS; Forbes,
Extended periods of quarantine and isolation led many to **reexamine and reemphasize the importance of connection with loved ones.**

**From Pets to People**

- Pet ownership is at 71 Million HH – its highest EVER
- >2/3 of consumers plan to stay in closer touch with their families post-Covid
- >49% of employees miss seeing their colleagues and other office social interactions

Source: PRNewswire; MRI, December 2020
COVID Study; Flexjobs
AND COMPANIES REALIZED
PEOPLE’S WELL-BEING IS CRUCIAL FOR EVERYONE’S SUCCESS

WORKPLACE STRESS WAS A COSTLY ISSUE PRE-PANDEMIC

Employers are spending $120-$190B annually in additional healthcare costs related to employee burnout.

The U.S. economy incurs >$500B annually in costs related to workplace stress.

COMPANIES ARE IMPLEMENTING SOLUTIONS RECOGNIZING INDIVIDUAL NEEDS

“An immersive workspace is no longer limited to a desk in our Towers; the 9-to-5 workday is dead.”

- BRENT HYDER
  Salesforce Chief People Officer

“What we think is most valuable right now is time for all of us to collectively walk away.”

- TEUILA HANSON
  LinkedIn Chief People Officer

Sources: Stanford Graduate School of Business study; Harvard Business Review; Forbes
Health and wellness is no longer about just about ingredients or physical well-being. It’s now a larger, more holistic conversation – mind, body, and soul. Stigmas are being broken down.

**Evolving Consumer Views**
Previously stigmatized topics such as mental health, and products such as CBD are becoming increasingly normalized.

**CBD's Range of Applications Helps Reshape Public Opinion**

**How COVID-19 Changed the Way People Are Viewing Mental Health**

**Emerging & Repositioning Categories**
Rise of new brands and repositioning of existing ones to lean into the health and wellness space.

**PepsiCo Wants to Calm a Stressed Nation With Driftwell**

**PETCO Pushes Its Health and Wellness Transformation in First Work From Droga5**
HOW WE THINK THIS WILL EVOLVE HUMAN BEHAVIOR

Products can no longer be divorced from essential lifestyle

Change

The pandemic has revealed that health, wellbeing, and community are essential needs.

Consequence

Going forward, essential needs will be redefined to be more wholistic, integrating physical health, mental wellbeing, emotional connections. Brands will take notice, ensuring their products are reframed as essential to lifestyle.
While the pandemic did not start people’s need for change, it laid bare the urgency of that desire. People have asked companies to be at the center of that change, shaping today for a better tomorrow.
BRANDS HAVE AN OPPORTUNITY TO LEAD CHANGE

Frustrated with government response, American’s increasingly turned to corporations to help change the future. 73% of people believe companies have an opportunity to shape the future.

CEOs Should Take the Lead on Social Change
(% of American’s who believe that is true)

Pre-Pandemic
65%

End of 2020
74%

Source: Edelman Trust Barometer, Pew Research – Economic Inequality in the United States
WHICH HAS REAL CONSEQUENCES FOR BRANDS THAT LEAN IN

Companies that have leaned into the moment were seen as more trustworthy. People supported the brands they trusted, spending nearly 10x on those brands.

Average Revenue Growth Top 100 Brands During the Pandemic
(Most trusted vs. average growth rate)

- Average of most trusted brands in the US: 6%
- Average of top brands in the US: 50%

Sources: Kantar Top 100 Global Brands 2020, McKinsey & Company "The great consumer shift: ten charts that show how US Shopping behavior is changing"
BUT SOCIAL CHANGE IS HARD WON AND CONSUMERS HAVE HIGH EXPECTATIONS FOR BRANDS

98% CEO’S AS LEADERS
Percent of people who believe CEO’s have an obligation to speak out on social issues

76% ACT ETHICALLY
3 in 4 leading factors are related to ethics; brands are expected to act ethically

2% IT TAKES TIME
Addressing change requires trust. 2% of the most trusted companies founded in the last 20 years. The majority were founded before 1951.

Sources: Kantar Top 100 Global Brands 2020; McKinsey & Company “The great consumer shift ten charts that show how US Shopping behavior is changing; Edelman 2020 Trust Barometer
THE NEW BRAND IS POLITICAL AND VOCAL

From the sidelines to center stage

**Change**

People fundamentally believe businesses and brands have a role in changing society.

**Consequence**

Brands will be faced with difficult decisions, often with high risk. Navigating difficult social issues will become the next normal.
WHAT COMES NEXT?

Go all in on the issues that best align with a brand’s identity. Commit to those issues through action and advertising.

DIGITAL FLATTENS THE CONSUMER JOURNEY
Invest in digital media that effectively addresses the whole funnel and where possible, offer ecomm/shoppable components.

WELLNESS BECOMES PART OF PERSONAL IDENTITY
Develop creative that showcases a brand’s ability to address functional and emotional needs.

ACTIONS SPEAK VOLUMES, SO DOES INACTION
Pick a few issues to go all-in that align well with a brand’s identity. Commit to those issues through action and advertising.
WE’RE HERE TO HELP!

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