



CHANGE
ACTIVATORS

Online Hybrid
Shopping

Fall of Office
Ecosystem

Rise of Home
Ecosystem

What Should
Brands Do?

POST-COVID MARKETING IN WESTERN EUROPE AND NORTH AMERICA

EXECUTIVE SUMMARY

While the COVID pandemic prevents brand building in some areas, it enables it in other areas. Millions of consumers have changed their consumption habits in developed economies. The pandemic accelerated the migration to online shopping. Moreover, it ended the dominance of the office ecosystem. These two great social territories (shopping and office) have simultaneously shrunk in a couple of months. In the meantime, the home ecosystem, a new territory for brand building, has emerged. The city centres were hit, but they will survive because their function as the primary source of serendipity and randomness has not been challenged. In the post-COVID period, brands can win if they restructure and expand the shrinking social territory of consumers and enrich their home ecosystems.



ONLINE & HYBRID SHOPPING

Online shopping has been around for a long time, but the COVID pandemic accelerated the migration of shopping to online platforms. Even food, the most difficult category to convert, has a solid ground in online shopping now. We have relied on ecommerce to get things to our doors, contact-free and fast. These things range from essentials to not-so-quite essentials. While online shopping started out as a requirement amid social distancing measures and contagion fears, there may be no going back from the new normal of retail – especially now that customers see how doable, easy, and fast it is, now that they've been forced to do it.

According to Tim Steiner, CEO, Ocado, "The world as we know it has changed. As a result of Covid-19, we have seen years of growth in the online grocery market condensed into a matter of months; and we won't be going back". A recent UK survey showed that two in five people intend to carry on purchasing goods online rather than return to stores when they re-open. Hybrid options became popular as well. The click-and-collect orders – both kerbside and in-store pick-up – surged in the US. There may also be a rise in hybrid "omnichannel" shops in the post-COVID era.

SOCIAL TERRITORY WILL SHRINK

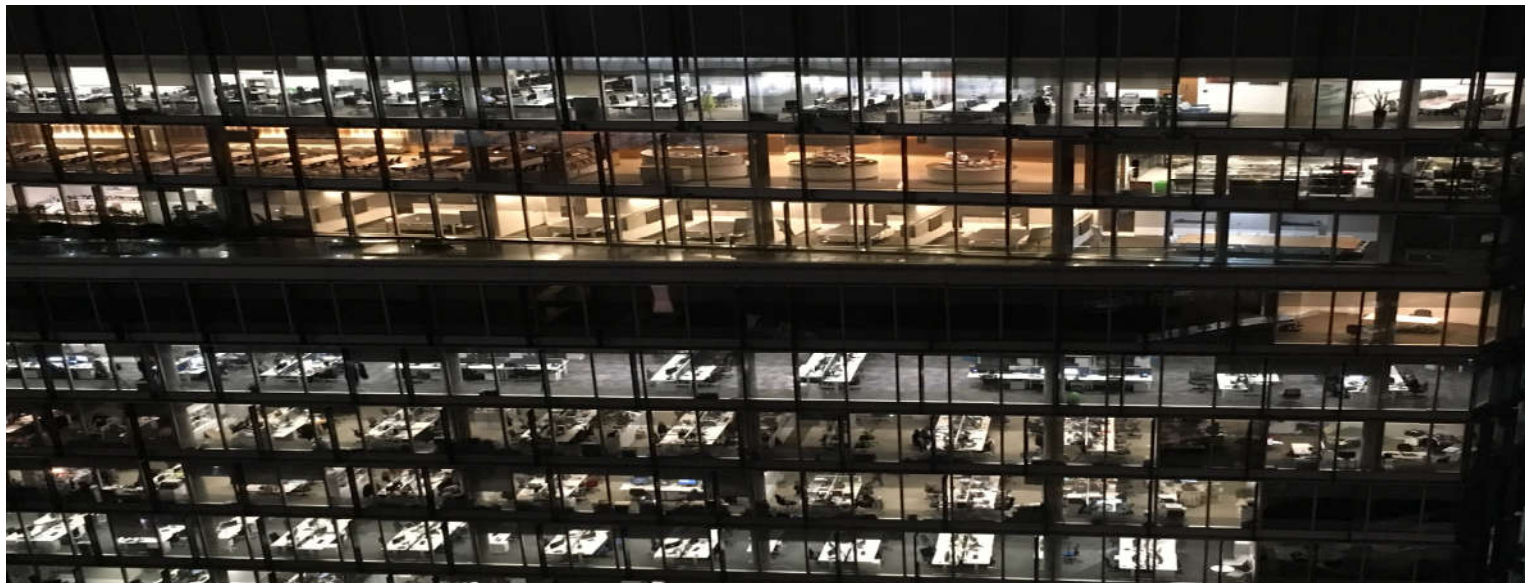
Shopping is a social territory. People browse on high street or in shopping malls for two reasons: to gather information (like learning about a product or category in person) or for pleasure. Consumer research tells us window shopping offers the benefits of escape, socialisation, and simple fun. The migration of shopping to online platforms will shrink this social territory. Consumers will be in need of new social territories after the pandemic. Brands offering a new social territory will win.

HIGH STREET WILL TRANSFORM FURTHER

High Street and shopping malls were not doing well before the COVID pandemic. They were in the midst of a transformation from a venue of convenience to experience. This transformation will accelerate. Brands need to adjust to this transformation faster.

BIG BRANDS WILL FIND HYBRID SOLUTIONS

Online retailers (Amazon, eBay, etc.) are not places for brand building. It is particularly difficult for small brands to differentiate themselves. Big brands will leave online retailers and open their own online platforms for two reasons: to build their brands further and to collect consumer data without being dependent on online retailers.



FALL OF THE OFFICE ECOSYSTEM

National economies dominated by the service sector will experience a higher percentage of work from home. A recent KPMG survey of large company CEOs showed more than two-thirds plan to downsize office space. Some kind of hybrid will find its way into the new everyday reality. Face-to-face business and office experience will continue but in a limited amount.

OFFICE ECOSYSTEM IS BROKEN

Before the COVID pandemic, the office ecosystem was the dominant territory we lived in. We not only worked in this ecosystem, but most of the consumption happened there. Commuting routes were also part of this ecosystem and occupied an important part in consumer life. Unsurprisingly, distribution channels and brand communication followed this inflating structure. The small supermarket, chain coffee, pub, or drycleaner next to our office, hairdresser, or gym at the city centre, as well as the advertisement billboards at the train stations or bus stops where we arrived everyday were all part of it. Now this ecosystem is broken. Brands that benefited from this ecosystem, such as Pret-a-Manger, are switching their attention away from the office ecosystem to survive.

ANOTHER SOCIAL TERRITORY WILL SHRINK

The office is a social territory. Work is the number one place where people make friends and socialise (interact with other individuals). A lot of us derive most of our social needs from those work relationships. Commuting is an extended part of this social territory. Sharing a bus or train with other fellow commuters also makes us feel connected to the greater society. Consumers will demand an alternative social territory and switch their consumption habits to where they can satisfy this need.

INSTITUTIONAL IDENTITY AND CULTURE IS THREATENED

The office is an important space for building institutional identity and culture. Work relations are what give people a sense of belonging in their job. A limited amount of face-to-face office hours means a weakening of the social bonds between colleagues and is a challenge to company cultures. Individual consumers will look for alternative institutional or abstract but uniting frameworks to build social bonds.



RISE OF THE HOME ECOSYSTEM

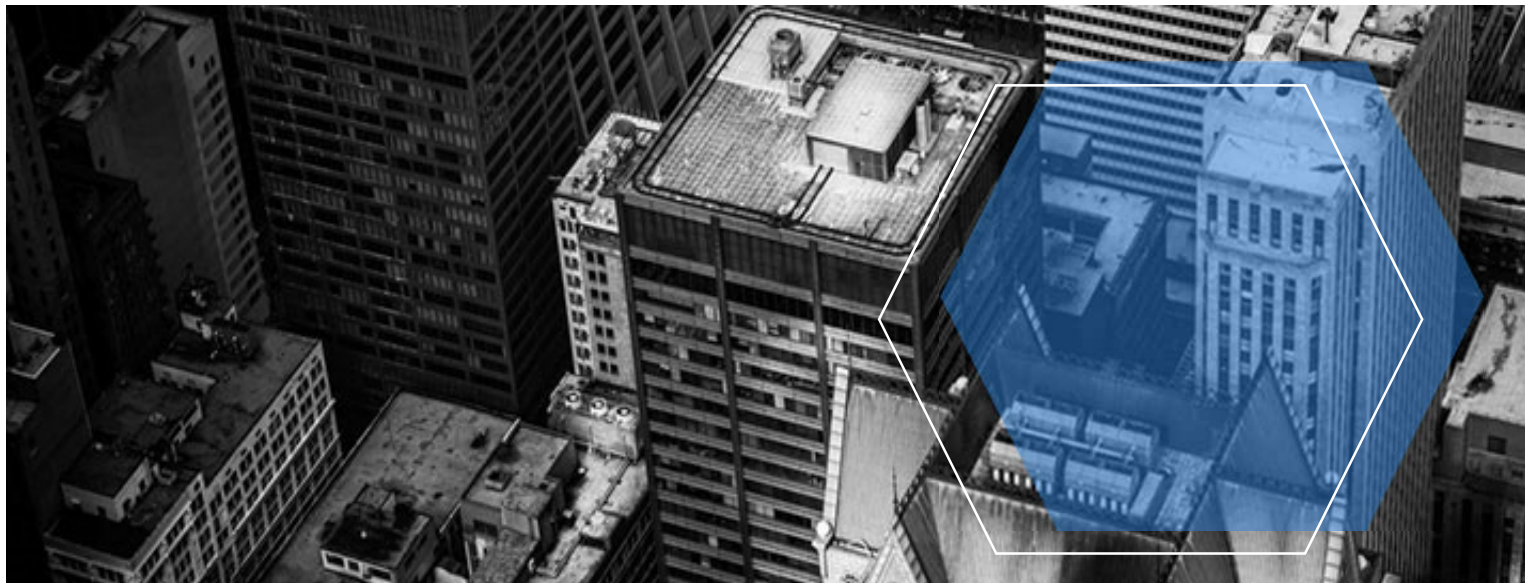
Home has been a venue of accommodation, and it was a private space. Excluding sleeping time, the average consumer did not spend much time at home. The dominant territory in urban life has been the office ecosystem. Amid the Covid-19 crisis, working from home has become run of the mill for many. The jobs best suited to going remote are white-collar occupations in big cities, while those in industries like agriculture and hospitality are much harder to switch. Since the COVID pandemic, the work from home rate in the UK increased from 4.7% (2019) to 46.6% (April 2020). As we adapt to the much-cited 'new normal', some experts are predicting that remote work might be here to stay.

HOME IS A HYBRID TERRITORY

Home became a hybrid territory, and millions of consumers now spend most of their time there. Next to being an accommodation, home is increasingly an office and a point of purchase & delivery. Technology will come up with innovative solutions to support consumers in their shuffling of different aspects of life in a single venue such as VR gadgets or electric delivery pots. Brands will win if they can adjust to the needs of this hybrid life. Home becomes the new brand-building territory.

RISE OF HOME ECOSYSTEM

Parallel to the fall of the office ecosystem, we observe the rise of the home ecosystem. The home ecosystem starts with work from home and includes shopping, entertainment, education, and healthcare venues within reach of 15 minutes on foot or by bike. Instead of long commutes, millions of consumers will make short daily journeys to their local bakeries, coffee shops, book stores, micro-office pods, community centres, bicycle repair shops, etc. The home ecosystem becomes the new brand-building territory. Consumers' needs and habits are different in this new ecosystem. Distribution channels and brand communication should be restructured parallel to the rise of the home ecosystem.



WHAT BRANDS SHOULD DO?

- Supermarkets and shopping malls are social territories. Purchase in these venues is social interaction. However, this social territory is shrinking because home becomes the point of purchase. Brands which can expand consumers' social experience will win. An area of opportunity is how brands can work with deliverymen. Companies measure the success of deliverymen by their number of deliveries per hour. In the world of online shopping, deliverymen are the only face-to-face contact with online buyers. Brands should encourage deliverymen to spend more time with consumers at the doorstep and turn it into a pleasant moment. Deliverymen are the new frontline brand builders while social territories shrink. Another area of opportunity is online chats. Today, online chats are faceless. Consumers cannot see the face of the brand representative they interact with online. In the world of shrinking social interaction, the online brand representatives should appear with their faces on the screen to emulate real face-to-face interaction, especially for the 40+ demographic segment.
- Another shrinking social territory is the office ecosystem. Consumers will not be experiencing face-to-face interactions as they used to in this primary social territory. Consumers will miss this social aspect of the office ecosystem. Hobbies, subcultures, and cultural territories and communities will be more precious because they will bring social interaction to the home ecosystem. Brands which can empower cultural territories/communities and enrich local life experience will win.
- Millions of consumers are not city commuters anymore. The commuting venues such as train and tube (metro) stations and bus stops will not reach the high numbers of footfall we experienced before the pandemic. Consumers will not be exposed to brand communication at these venues. Instead, they will make small daily journeys in the vicinity of their homes. Brand communication should target these new routes.
- Home becomes a hybrid territory of accommodation, work, and purchase & delivery. Consumers might prefer to do some of these activities such as baking, yoga, and office video calls in other venues (studios, bakeries, micro-office capsules) within the home ecosystem. In other words, the home ecosystem will be a fertile ground for cultural territories and communities. Brands which will enable consumers to carry these activities away from home but within the home ecosystem will win.
- Product and service providers had concentrated around the office ecosystem in the central districts of big cities. Consumers are moving away from the city centres but they still expect to see those services and products in their locality. The benefits of the city

centres should become more diffuse, with consumers spread further into the rest of the country. Product and service experience should be conveniently available at the doorstep or within a 15-minute ride from home. Brands which can carry the products and services from the office ecosystem to the home ecosystem will win.

- The city centre is still an attraction for consumers because it is the only source of serendipity and randomness. Daily commuting to the city has never been a choice of convenience. It was rather a necessity. Now a journey to the urban centre will be increasingly an experience. Consumers will commute to socialise once a week, eat out restaurants, and experience face-to-face contact with friends or colleagues, who also live in another suburb or town. The city centre will become a territory of reunion, serendipity, and randomness. Brands should develop communication around these themes.

CONTACT US

We place cultural groups at the heart of brand building and consumer engagement. We offer trainings and marketing solutions to clients in FMCG, Pharmaceutical, as well as to brands in dark markets. Our trainings and innovative marketing solutions are based on research in psychology, social psychology, cultural anthropology, and sociology.

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