

THE SUPER SURGE OF NEW BRAND TRIAL DURING COVID-19

AND WHAT TO DO ABOUT IT





UNCONVENTIONAL THINKING LEADS TO OPPORTUNITY

If you're anything like most households across the U.S. these last few weeks, your shopping list has probably consisted of several cases of bottled water, multiple loaves of bread, plenty of medication, shelf-stable and frozen goods and perhaps an embarrassing, yet essential supply of toilet paper.

There's no doubt that COVID-19's posture came in like a tidal wave, seemingly unharmed from a distance but wide-eyed and frightening up close. While the pandemic has introduced entirely new ways of coping, it has also unlocked the prospect of silver linings for brand marketers.

UNCOVERING THE GIFT OF SUPER SURGE TRIAL AT RETAIL

Despite the early assault by shoppers on store shelves, retailers quickly mobilized to ensure every last drop of inventory was extracted from stock rooms.

maintain healthy replenishment levels and meet shopper demand. This brings us to a unique set of circumstances throughout the last few weeks.

While pockets of outages may remain and more kinks are seeking to be unraveled, manufacturers' jolted supply chains are priming every opportunity for conversion, mainly supported by a production swap to their core SKUs — a strategy to

Did shoppers purchase the brands they've grown to adore, the same products on their lists in prior weeks? Their favorite, routine purchases that hadn't taken much head space when they were last in the store?



Tens of thousands, even millions of new shoppers just purchased an entirely new brand for the very first time.

The answer, in short — No. Shoppers gravitated to products that seemed practical, brands that would solve a problem or bridge a gap. If your brand was simply not present on shelf, then households all across the country found a fast substitute.

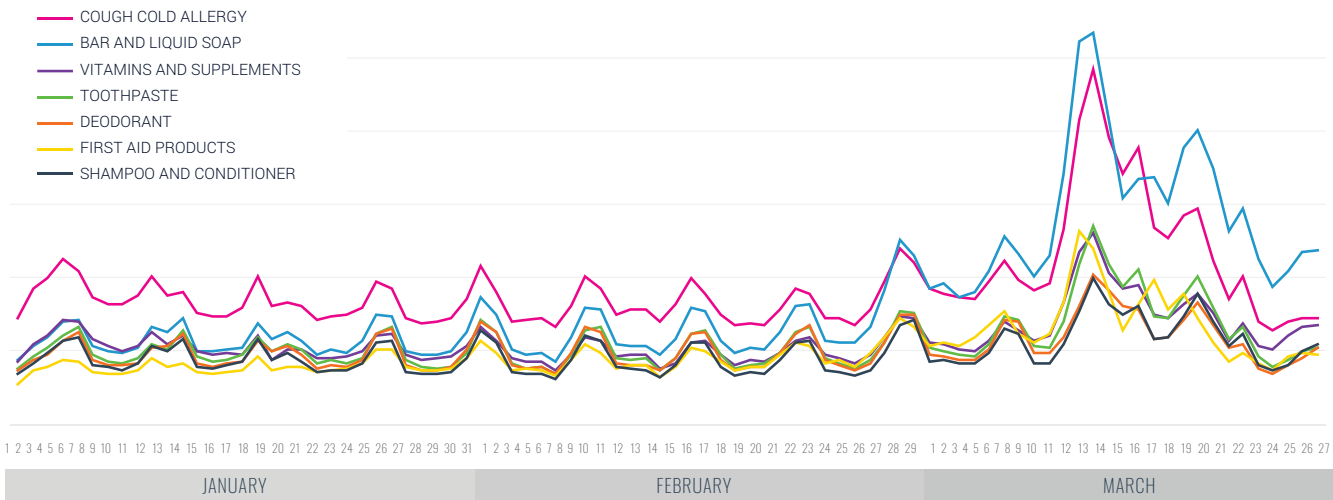
Tens of thousands, even millions of new shoppers just purchased their product for the very first time. In result, this extreme sampling event or trial experience, is a significant gift for many brands. Similarly, retailers experienced an influx of shoppers purchasing new categories or making completely new trips to their doors altogether.

This shift in shopping behavior has provided many brands and categories across food, drug and mass an opportunity to get in front of new customers.

Sure, it wasn't exactly due to an existing brand promise or even that high-reaching influencer your agency told you to partner with – but, they're here and, by all accounts, bought a lot of your stuff.

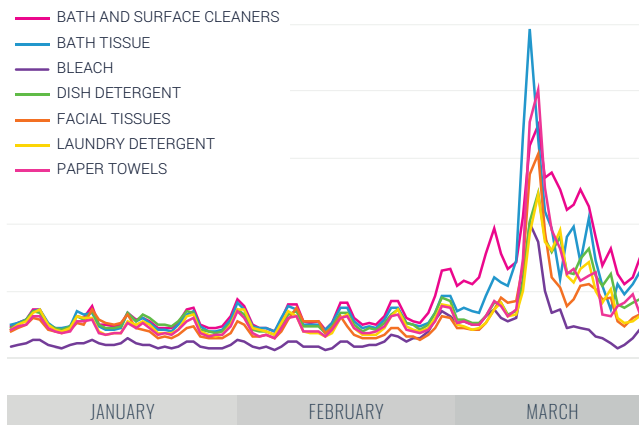
This all sounds relatively promising and with a fresh lens very probable, but is this hypothesis full of hype or do we have evidence that suggests this this is an opportunity worth pursuing? In our initial investigation, we're seeing strong evidence that new shoppers are buying entirely new brands and categories for the very first time.

2020 NEW HOUSEHOLD BUYERS BY DAY HEALTH & BEAUTY CARE



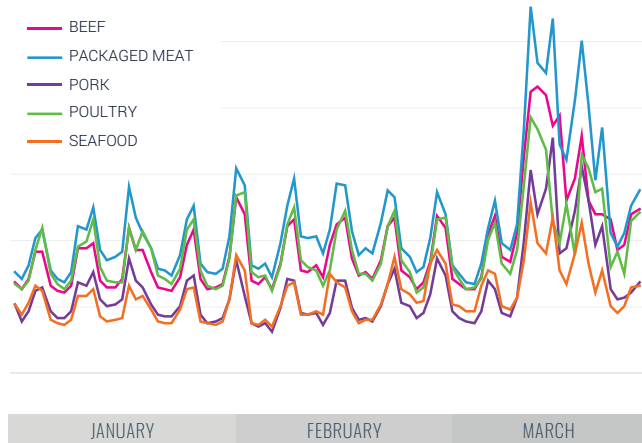
+99% Total Health & Beauty Care reached new heights with +99% increase in new households in March 2020 compared to the combined two-month average prior (Jan / Feb 2020)

CONSUMABLES



+194% Total Consumables reached new heights with +194% increase in new households in March 2020 compared to the combined two-month average prior (Jan / Feb 2020)

FRESH MEAT



+152% Total Fresh Meat reached new heights with +152% increase in new households in March 2020 compared to the combined two-month average prior (Jan / Feb 2020)



MEET YOUR NEW TARGET AUDIENCE — C19 SUPER SAMPLERS

So with all of this new household conversion...

How will marketers invite them to stay?

CPG marketers must quickly recognize their household buying group may have fundamentally shifted in these last few weeks and how this may change the way they interact with their shoppers, old and new.

Many loyalists are suddenly trying new brands (out of necessity), consuming and rating their experiences throughout this time of change. Will these shoppers be around when you reactivate your marketing activities in June? Will they be more difficult to convert or regain their previous rate of repeat trips or dollars spent by household within your portfolio?

What about the new shoppers of your brand? Never had them, so nothing to lose, right? Wrong. This kind of new buyer surge doesn't happen every day, not even for the best of product launches. Think of this as an extreme rate of sampling or trial that you didn't have to pay for.

Perhaps the week you gained new shoppers you had a sharp price point in a flyer. Was it an influencer? Probably, not. When markets are commoditized and there's difficulty in seeing differentiation or value add, price comes more sharply into focus. But product availability, inventory and the lack of surplus vanished most shoppers' sensitivities to ensuring they got a great deal on powdered milk or hand sanitizer. If it was available, it was purchased.

CPG marketers now have to contend with households trying one, two or even three different brands in the same sub-category throughout this everchanging retail landscape. For some families, their flavor profiles are subject to change, their expectations of brands delivering quality will be tested and they're very likely to abandon brands and products they may have been using prior to the pandemic for an alternative that has proven better.

What makes this situation so important is it can cost brands six to seven times more to convert a new shopper than keep an old one and, on average, loyal customers are worth up to 10 times as much as their first purchase, boasting strong long-term value to a brand's health over time.



Throughout our initial research, we uncovered – on average, across all categories, shoppers who purchased an item on March 15th for the first time, 46% repeated purchase of that same item since their initial conversion. When we look to measure the long-tail of repeat trips later this year among these segments, the long-term value of these shoppers will surprise and delight most CPG marketers.

*On average, across all categories – shoppers who purchased on 3/15 (peak new buyer conversion)

HOW TO CONNECT WITH YOUR NEW SHOPPER SEGMENT

So, where does this leave us as marketers? What do we do from here?
 Cancel all activity? Put a halt on media and marketing spend until further notice?
 Reduce or shift spending from physical to digital?

WE BELIEVE YOU MUST START BUILDING A BOND TODAY.

As speculation about what will happen in June continues to swirl, why wait so long? People are buying your brand now as it continues to become available. So, what actions can you be taking today to sustain engagement, repeat purchase and unlock newfound loyalty in your brand?

Here are a couple of thought-starters to help organize some actions that you can be taking now (that will help you later):

START BUILDING A LASTING BOND

Start with hello.

Find an interesting, relevant and, most importantly, authentic angle that will allow you to build a bond on an emotional basis. What is it about your brand, story or product that can be entertaining, serve as a distraction or will allow consumers to investigate and learn more about what you stand for?

Build an online community to bring people together or invite consumers to join one that already exists. Some consumers want to rekindle relationships or strengthen the ones we have in place. And when consumers are on the other side — they'll be craving things they trust, authority, facts and better ways to live their lives more fully.

Turbo-charge your social capability. Say, do or share something that is relevant. Get a conversation going. Find out more about your target shoppers. Create meaningful connections. Isn't this all about connected commerce? Give it an entirely new meaning. Invite them to explore, taste or create.

Simply, invite shoppers to interact, sign up for more savings or offer places where they can find fun or relief.

ACTION YOU CAN TAKE BY 5 P.M. TODAY



SEND A SOCIAL INVITATION

Leverage retailer purchase data to **serve a "Social Invitation" ad on social platforms** like Facebook and Instagram to those who are first-time purchasers and bring them to a destination where they can engage more with the brand.

Turbo-charge your social capability. Say, do or share something that is relevant.



BLITZ YOUR LOYALTY PROGRAM

Don't have one? Start one.

Don't let the dark cloud or noise of data privacy and cookies across the industry steer you away from turning this into an opportunity to build tangible, first-party data sets.

Start learning more about who these new-to-brand shoppers are. How are they the same or different than past purchasers? Perhaps they have entirely new triggers, needs or wants. Gather data for future targeting, connection and engagement.

Many brands have a CRM database, probably filled with their previous base — these shoppers need to know you still exist and care about them if they've loaded up on a competitor's product. Invite new shoppers to learn more about your brand and be sure to give a little something for new sign-ups (incentives, special content, access, product, etc.).

For retailers with frequent shopper card databases available for targeting use, start building robust incentive strategies for these buyer groups. They won't be labeled as C19 Super Samplers in the database, but they'll definitely be found under "new to." Consider determining the optimal incentive strategy and offers for now and later.

Remember, surprise and delight are always welcome... Send a little something you know people need now.

Remember, surprise and delight are always welcome. Dust off your travel and trial samples, unlocking your coveted sampling surplus today. Send a little something you know people need now. Sure, someone will post the "disappointment" with a few ounces of bodywash, but most will find it to be a welcome treat.

ACTION YOU CAN TAKE BY 5 P.M. TODAY



EMPLOY A WELCOME MECHANISM

If you have a CRM system in place, identify new site visitors and **employ a welcome mechanism (site interstitial, quiz, recipe book invitation) to enroll them in your email program.** Some shoppers will have new brand intrigue, resulting in visits to a brand site for more information; take advantage of that.



CAPTURE DATA FOR RETARGETING

Among those who visit your site (or app) for the first time, leverage your data management platform or an agency's DMP to **capture data for future retargeting and re-messaging to remain top-of-mind** and part of their future consideration.

CAPTURE THE GIVE-BACK WAVE WITH CHARITY

Establish shared values with the start of a charity.

Across the country, store associates in grocery, drug, mass merchandisers, club, convenience and other stores have been considered by most states to be essential or critical employees. Some have even recognized their front-line efforts to be heroes in getting our critical supply chains flowing throughout the COVID-19 crisis.

Consumers are excellent at providing donations and giving, wanting to support causes that matter. Determine how you can help feed the interest of support by creating a charity your audience cares about that will help shape their post-purchase experience, inspiring ways to espouse loyalty and ways to share it.



Perhaps it's a store associate give-back relief fund, buying \$X give \$y or support to healthcare providers, which could be a natural tie-in for brands in HBC categories.

The data profiles you collect today by creating the charity can be personalized later to maintain continuity and strengthen your relationship with these buyer groups overtime.

ACTION YOU CAN TAKE BY 5 P.M. TODAY



LEVERAGE CHARITABLE EFFORTS

Discuss potential "good faith" charitable opportunities for decreased rates (while not always guaranteed, it's worth a conversation) with media outlets seeking to spread positive news. Advertise less about the brand and more about the ways to **support those in need through your company's charitable efforts.**



CREATE FRICTIONLESS DONATION TOOLS

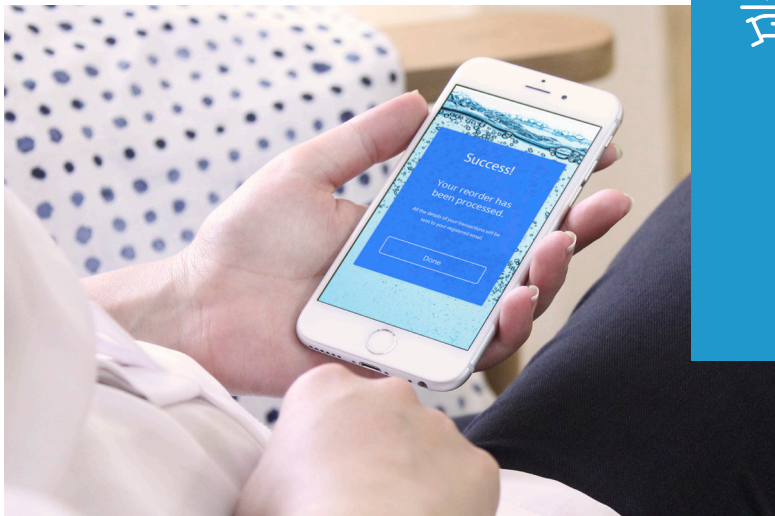
Create a digital mechanism for people to easily donate to the cause you're supporting. "For every dollar purchased of online products in these key regions, we will donate \$1 and provide a tracking on our Brand.com — [click here to learn more.](#)" And then show how the company is tracking the contributions in real time on the brand site, extend the message on social as well.

PROVIDE CONTACTLESS PAYMENT & AUTO-REPLENISHMENT NOW

Make it easy. Super easy.

As store shelves continue to be restocked, brand switching will likely continue to reach all-time highs. Reminding shoppers of easy ways to replenish their weekly shop will lead to increased basket conversion and repeat trips.

Nearly a third of shoppers are projected to replace in-store trips with online shopping. Steer them to channels with less friction, such as your ecommerce pipeline or the optimal destination to convert.



ACTION YOU CAN TAKE BY 5 P.M. TODAY



BUILD SIMPLE REMINDERS

Deploy a call-to-action to remind shoppers to **sign-up for subscription-based services or auto-replenishment solutions.**



PROVIDE SEAMLESS EXPERIENCES

Consider including digital mechanisms like "add-to-basket" in online advertisements integrating in-stock and out-of-stock data for your media spends. This will help **provide more seamless experiences whether shoppers are going in-store, receiving curbside pickup or delivery to their door.** Certainly, mitigate serving ads where your product is likely to be out of stock.



ORGANIZE YOUR TASK LIST FOR TODAY & TOMORROW

Outline “now’s and “later’s.”

Solve today’s 5 p.m. problem first, while simultaneously outlining a path for solutions to solve challenges that you’re forecasting to encounter in five months.

Use an organizing principle, such as the “Power of 3.” What will you do with these new shoppers in the next 3 days, 3 weeks, 3 months and 3 years? Who will you connect with and how? Does everyone receive the same message? What data will you use to make these connections? Say something that matters.

To-do lists aren’t effective when they go up to 100. There’s simply too much to do right now. Break it down — assign responsibility and task the right resources to build an efficient and effective dialogue with your new base.



ACTION YOU CAN TAKE BY 5 P.M. TODAY



UNDERSTAND YOUR DATA

Understand what data your organization is sitting on (new site visitors, app users, social media followers) and what data you can leverage with outside parties (sales data, new purchasers, etc.) to create a simple data strategy to stay in front of these new users.



DIVIDE AND CONQUER

Assign internal team members to **divide and conquer**, such as a) focus on retailer-specific ecommerce initiatives, b) media retargeting and email contact, c) charitable causes, d) social media engagement, etc.



OUR CLOSING PERSPECTIVE

As consumers continue to shift their channel buying mix from physical to digital, the groundwork built today will ensure you’re positioned for success later. Whether it’s recognizing how to genuinely connect with post-crisis context, reframing your messages to establish a real bond or tactically assembling a plan to recontact your newest acquisition households via loyalty platform, ensure you craft personalized messages that continue to build community and relationship to pave a path for future growth.

There is no way to predict when the pandemic will come to an end. However, history is loaded with evidence that it will, and our optimism continues to run wild about how this will unfold and where we go next.

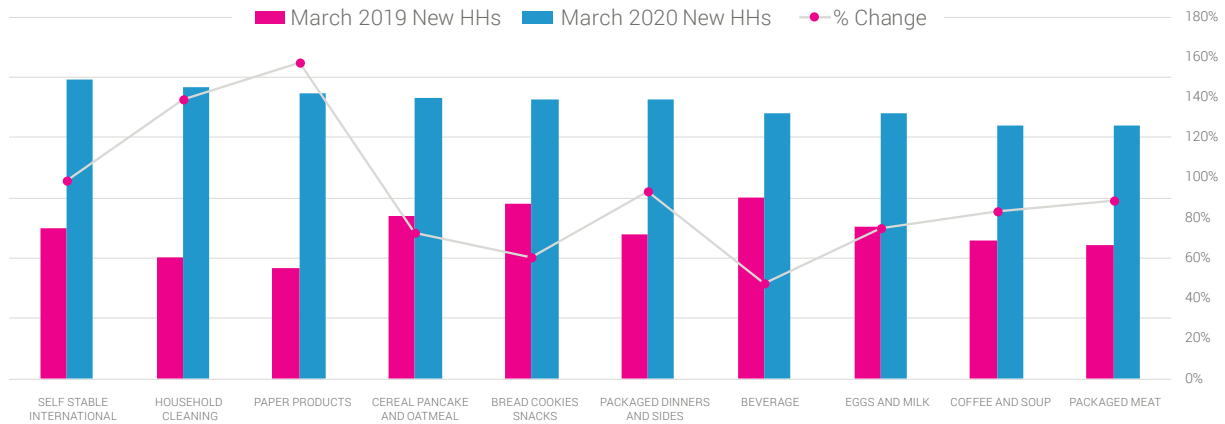
Which reminds us, in the 17th century, the Great Plague sent Isaac Newton, then in his 20s, back home from Trinity College in Cambridge to the family estate. While there for over a year, he did some of his best work in mathematics and his study of gravity. While the natural tendency of many may be to “just survive,” the innovators will thrive.

OUR ADVICE IS,

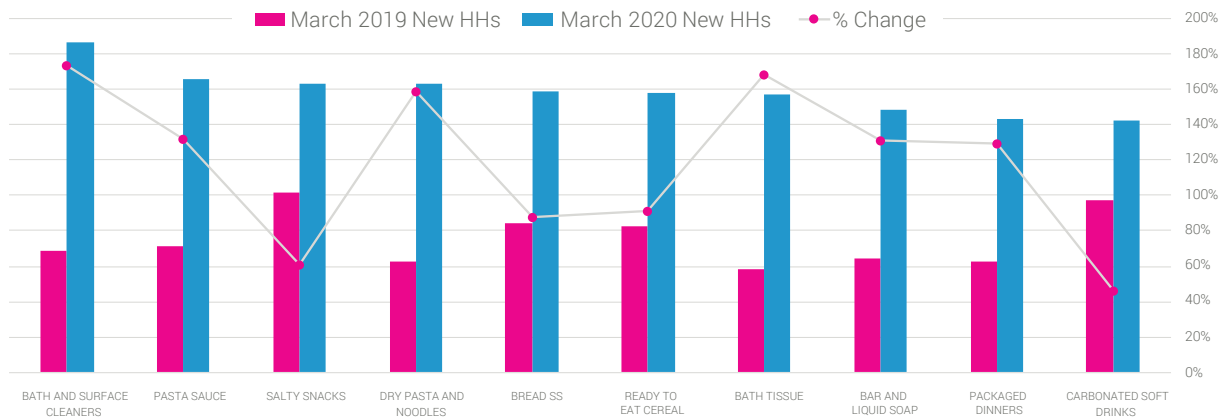
DO NOT SQUANDER THIS UNIQUE OPPORTUNITY

AND SEND AN INVITATION TO YOUR NEWEST SHOPPER SEGMENT
TO STICK AROUND SOONER RATHER THAN LATER.

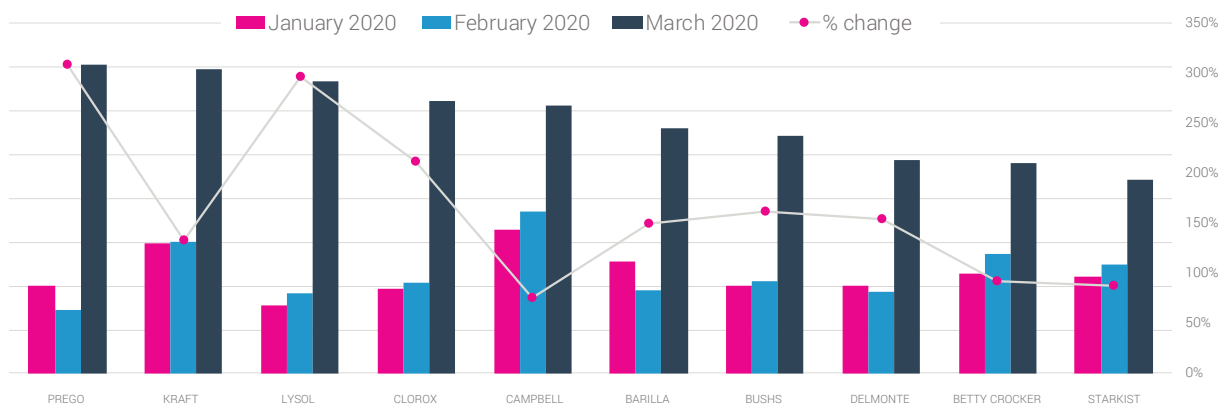
FIRST TIME PURCHASES / NEW BUYER CONVERSION TOP 10 CATEGORIES



TOP 10 SUB-CATEGORIES



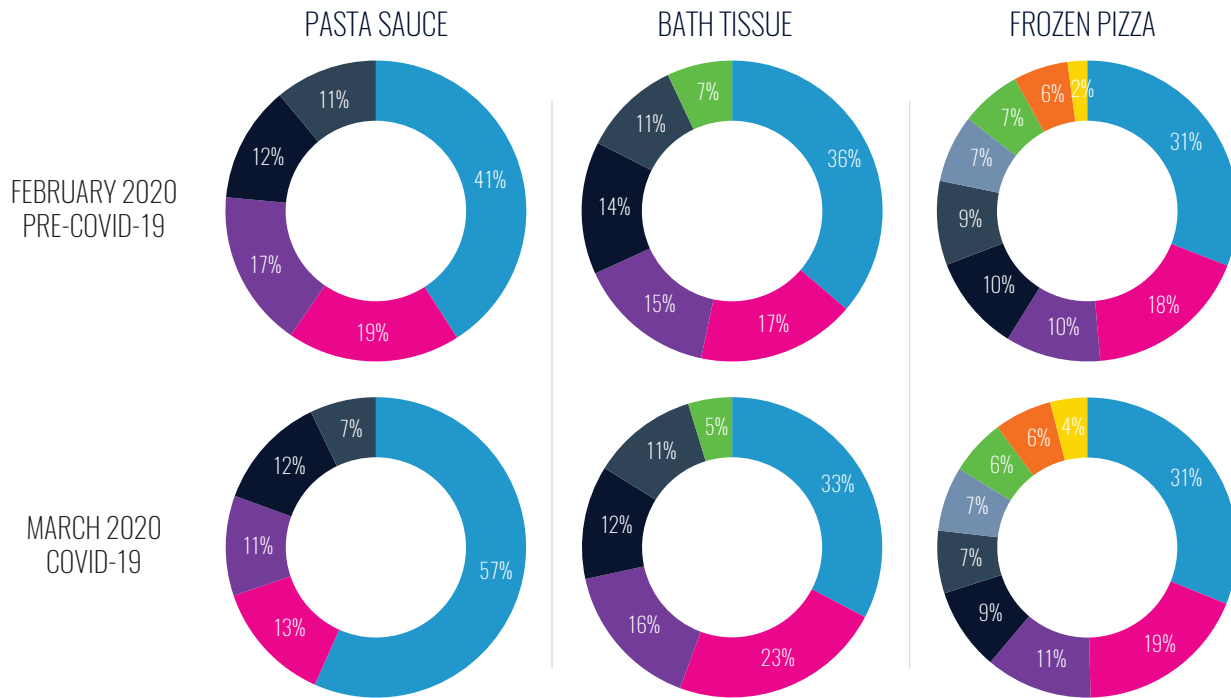
TOP 10 BRANDS



+153% VS. PRIOR PERIOD (ABOVE)
On average, the top 10 brands saw an increase of 153% of new buyer conversion in March 2020 compared to the combined two-month avg prior (Jan/Feb)

+139% VS. LAST YEAR
When compared to same time last year, the top 10 brands saw an average increase of 139% of new buyer conversion in March 2020

BRAND SHARE SHIFTS NEW BUYER CONVERSION



*Each color represents a different brand, same color in FEB / MAR represents the same brand

NEW BUYER CONVERSION CATEGORY RANKING | YOY % CHANGE

CONSUMABLES	% CHG	GROCERY	% CHG	HEALTH & BEAUTY CARE	% CHG
Bleach	182%	Confection	170%	Bar & Liquid Soap	131%
Bath & Surface Cleaners	173%	Canned Beans	165%	Internal Analgesic	84%
Bath Tissue	168%	Canned Pasta	160%	Vitamins & Supplements	52%
Paper Towels	152%	Dry Pasta & Noodles	159%	Feminine Protection	49%
Facial Tissue	122%	Condensed Soup	156%	Self-Care Accessories	47%
Dish Detergent	121%	Dry Potato Mix	150%	First Aid Products	47%
Paper Napkin	120%	Canned Vegetables	146%	Cough Cold Allergy	46%
Laundry Detergent	88%	Canned & Powdered Milk	137%	Toothpaste	37%
Seasonal Pets	83%	Pasta Sauce	132%	Diabetes Care	37%
Water & Air Filtration	82%	Packaged Dinners	130%	Cotton	36%
Waste Bags	78%	Canned Meat	126%	Oral Rinse & Antiseptic	33%
Food Storage	59%	Flour	117%	Shampoo & Conditioner	30%