ML:Next

September 8, 2020

Understanding today's consumers to solve the business problems of tomorrow

Staying ahead of the curve has never been more challenging—or more important.

COVID-19. Racial injustice. Political upheaval and spiraling unemployment. To say 2020 has brought unimaginable changes to consumers' lives is, perhaps, the understatement of our time. And yet, even as these crises continue to unfold, it is apparent that new behaviors and emotions are forming rapidly as people navigate, adapt, and heal.

ML:Next is MullenLowe's new proprietary research that arms brands with the insights they need to plan for the weeks and months ahead. The consumer study delves into the macro- and micro-shifts that occur every day by leveraging robust data analysis and modeling to understand how they will shape future actions.

ML:Next asks Americans (aged 18+, U.S. Census matched) critical questions about their well-being and overall life satisfaction. In addition, we ask behavioral questions regarding daily activities, brand interactions, shopping habits, media preferences, and more. Understanding how consumers are feeling, what they are doing, and why, keeps us ahead of what's next, even when everything goes sideways.

Overall Quality of Life, Eight Dimensions of Well-Being

Wave 1 (W1): June 16-22, 2020 | Wave 2 (W2): July 31–August 10, 2020

1 Outward stability masks inward volatility.

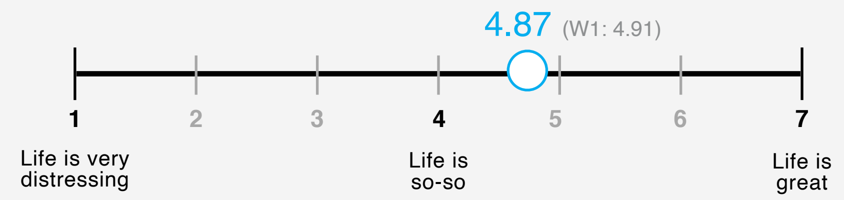
ML: Next utilizes the Kemp Quality of Life Scale to keep a pulse on the changing consumer mindset. **On a seven-point scale, Quality of Life averaged 4.87, holding steady from the last wave (4.91).** Consumers rated their lives a bit better than so-so. The lack of movement in Quality of Life suggests a sense of apathy about life conditions.

When asked about their feelings, respondents reported an increase in uncertainty (+6ppt, W2: 29%), fear (+3pp, W2: 9%), and greater concern over the pandemic (+6pp, W2: 51%), with infections and deaths from COVID-19 doubling wave-over-wave. Related digital behaviors shifted, with Google searches increasing and sentiment of social conversations becoming more negative (Source: Google Trends, Brandwatch). While one might expect Quality of Life and emotions to follow the same trend, Quality of Life is an external, objective measure, while feelings are more internal and subjective.

When planning how best to engage, brands need to consider multiple dimensions of the consumer mindset, even if seemingly contradictory. Based on this wave's findings, brands should integrate positivity and reassurance as strategic communication pillars, not just downstream add-ons. Brands need to create deeper, ongoing engagements with consumers that go beyond superficial messaging. Brands should demonstrate how their specific product or service can support consumers' lives in the near-term, in a tangible way. Leading brands don't just follow a "do no harm" approach, rather they actively combat consumer doubts and fears. This can only be done effectively with a holistic view of the consumer, not relying on one measure to understand their state-of-mind.

QUALITY OF LIFE SCORE

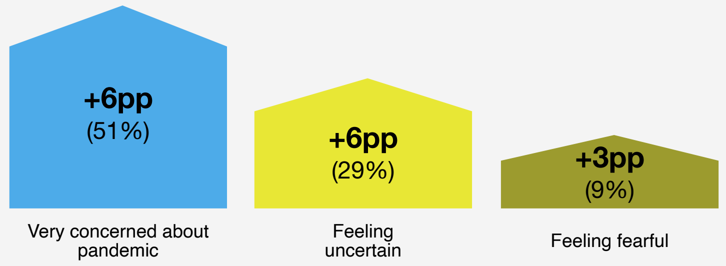
Q: "Taking all aspects of your life into account, please rate your overall quality of life on the following scale."



SHIFTING CONSUMER EMOTIONS

Q: "At this point in time, please rate the extent to which you are concerned about the impact of COVID-19 on your life." Scale 1 (Not at all concerned)—4 (Very concerned)

Q: "From the list below, what are the top phrases that best describe how you are feeling right now? Select up to three."



2 Life stage is a key influencer of current consumer outlook.

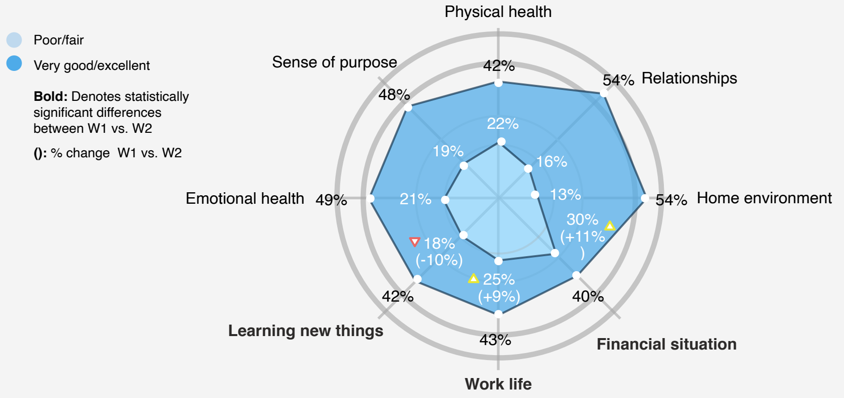
To further interrogate people's Quality of Life rating, we utilized the well-established Eight Dimensions of Wellness framework to evaluate the intricate aspects of one's well-being. **Compared to the last wave, respondents are feeling worse about their work life and financial situation, with more respondents rating these dimensions poor/fair (+9% and +11%, respectively)**. In contrast, they're feeling better about learning new things, reporting improved ratings of poor or fair (-10%).

When diving deeper, **those aged 50-64 are feeling the worst of all, having the highest dissatisfaction with their current financial situation (34%) and the lowest rating for work life (2.93)**. These challenges go beyond work and finances. **Those aged 50-64 report the lowest emotional health score (3.24) and sense of purpose (40%)**. This age group has a lot on the line. With retirement in the near future, they're building their nest egg. They closely monitor their savings and 401(k) accounts and are in great fear of losing their job at this point in their career.

Brands must understand a consumer's life stage and the nuances of how it impacts them at a human level. **Our findings show that age is a key factor in determining how current events impact different cohorts in unique ways. With data and tech enabling an unprecedented level of personalization, brands are empowered (and increasingly expected) to customize messaging and meet consumers where they are.** There is no "one size fits all" approach to communication - knowledge and personalization is key to creating content that resonates and builds a connection with consumers.

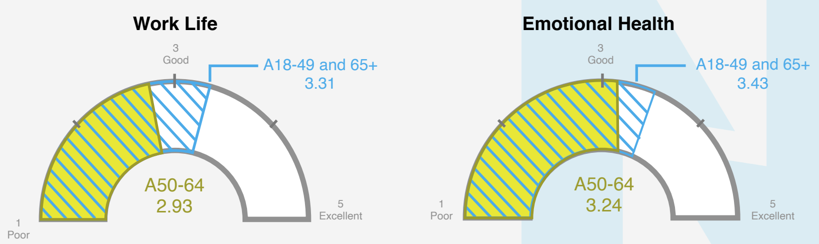
EIGHT DIMENSIONS OF WELL-BEING

Q: "At this current time, how would you rate your…?" Scale: 1 (poor)–5 (excellent)



LOWEST RATED DIMENSIONS

Q: "At this current time, how would you rate your…?" Scale: 1 (poor)–5 (excellent)



Wave 2 survey conducted July 31–August 10, 2020, fielded to a nationally representative sample, U.S. Census Bureau balanced on gender, age, income, race, and ethnicity.
N= 600 individuals aged 18+ from across the United States.

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Spotlights: Seniors' High Quality of Life, Brands' Role in Social Change

Seniors show resilience in the face of COVID-19.

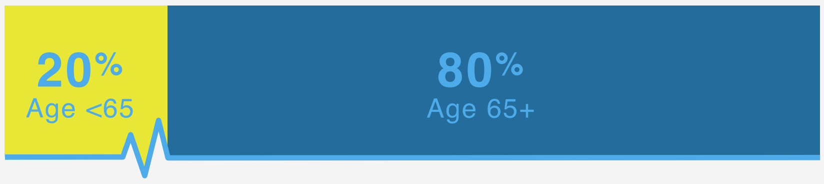
Those aged 65+ are paying the heaviest price during COVID-19, suffering 80% of COVID-19 deaths and the highest rates of hospitalization (Source: CDC, KFF). While these jarring statistics might seem to suggest that seniors are suffering the most in terms of well-being and quality of life, that's not the case.

When asked about their overall quality of life, significantly more respondents aged 65+ are feeling better than "so-so" (score 5-7), higher than most younger age groups. **Those aged 65+ report the highest levels of "cautious optimism" (40%) and lower levels of anxiety (14%)**. Their generally positive outlook extends to their view of what they've done in life, with **76% somewhat or very satisfied with their life achievements**, significantly more than those under 65. By this age, retirement accounts have been moved to lower risk investments, providing more insulation against economic shocks. A lower risk financial position is one factor that may be contributing to feelings of positivity and low anxiety.

Lived experience is key to these older adults' resilience in the face of immense challenges. They've faced great struggles before: many were children during the polio epidemic in the early '50s - a situation strikingly similar to the current pandemic. **For brands catering to seniors (e.g. insurance, healthcare, etc.), this is a unique moment in time to celebrate older adults, particularly as they have been painted as just victims in this pandemic**. Let's recognize their proven ability to weather almost any storm. While this will take different forms for each business, this is the right time in our history to send this important message.

SHARE OF COVID-19 DEATHS

Source: KFF



SENIORS' CURRENT MINDSET

Q: "From the list below, what are the top phrases that best describe how you are feeling right now? Select up to three."

Q: "Overall how satisfied are you with the following?" Scale 1 (Very dissatisfied) —5 (Very satisfied)

Cautious Optimism
40%

Anxiety
14%

Life Achievements
76%*

*Top 2 Box: Somewhat satisfied or very satisfied

Brand involvement in social issues — what's really at risk?

With the immense crisis putting the spotlight on pervasive social issues, the importance of corporate social responsibility (CSR) has never been greater. **Respondents report access to education (55%), environmental causes (54%), and medical research (54%) as having the greatest impact on brand favorability**. The Stop Hate For Profit campaign had less of a role, with only one-third of respondents reporting an impact on favorability. Consumers are less optimistic about the overall impact of the Stop Hate for Profit campaign. The majority of respondents (64%) think the brand boycott of Facebook will have a little to moderate role in driving change.

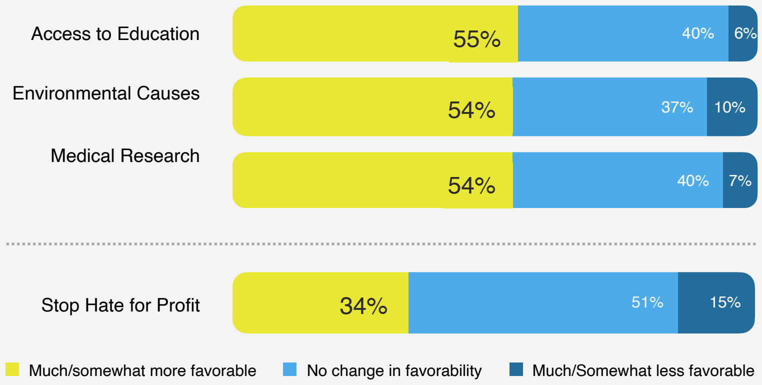
While CSR generally evokes positive feelings towards a brand, consumers view certain initiatives more positively based on their perceived importance. **Research shows support of primary (life-saving) needs, such as medical research, prompt higher levels of identification to the brand**. Strong identification allows consumers to imagine the cause more easily (Vanhamme et al., 2012), making it seem concrete.

The array of issues in the national conversation right now is vast and brands need to thoughtfully consider which cause(s) to support. Brands should always consider strategic alignment with brand purpose and where they can be the greatest force for good. **These findings suggest initiatives supporting critical (primary) issues with long-term action will build brand favorability most**.

The encouraging news for brands is that speaking up has more upside than downside. The worst-case scenario may be no impact on favorability one way or the other. While many brands understandably ask, "what are the potential risks of getting involved?," they should also be asking "what do we risk by NOT getting involved?"

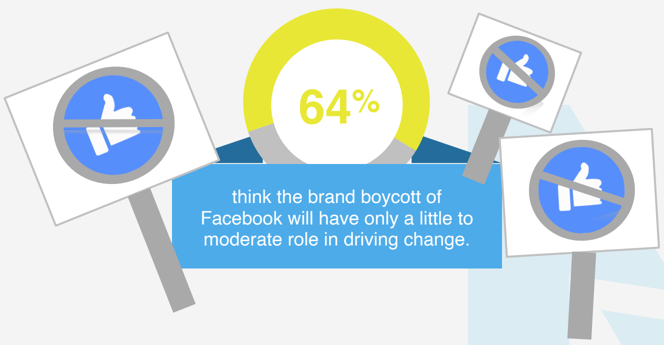
FAVORABILITY TOWARDS BRANDS' SUPPORT OF CAUSES

Q: "If you found out a brand you purchased from supported the following causes, how would this change your perception of that brand?"



IMPACT ON DRIVING CHANGE

Q: "Please rate how much of an impact you believe the advertising boycott on Facebook will have on making Facebook significantly changing or overhauling their policies on hate speech on their platform."Scale: 1 (No impact at all)—4 (A huge impact)



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Spotlights: Headed “Back to School” Amidst COVID-19

Parents feel the weight of uncertainty when it comes to the 2020 school year.

The return to school during a global pandemic has left parents with multiple options that each create concern and uncertainty. Regardless of whether their students are virtually learning, or heading out to school, parents are overwhelmingly worried for their children. And perhaps most importantly, their lack of a “good choice” when it comes to what to do this year for school, is weighing heavily on each parent.

The idea of virtual learning provides some hope - with 67% of parents with school age children reporting feeling “ok with keeping their children home from school.” However, this is offset with worry about their child’s social well-being, as 74% of parents report being either “somewhat” to “very concerned” in their child's ability to socialize with peers while out of school.

In contrast, when considering the possibility of their child leaving the home for school, concerns of COVID-19 transmission are top of mind for parents. **70% fear their child *getting* COVID-19 at school and likewise, 70% fear their child *giving* COVID-19 to another student**. All the while, parents of school-aged children feel a sense of uncertainty that any school situation could change with little notice. **70% of these parents report being concerned that even if schools do open this fall, they will close before Jan 2021**.

The prospect of a vaccine provides marginal hope, with 65% saying “yes,” they will get their children vaccinated as soon as it becomes available. 21% say “no,” they will not be willing to put their children in the first round of vaccinations and 14% are not sure.

This all leads to an incredibly heavy mental and emotional load to bear, with 85% of parents saying they are “somewhat” or “very concerned” about the effect of COVID-19 on their lives.

MULTIPLE SCENARIOS DRIVE CONCERN

Q: “Please rate the extent to which you are concerned or unconcerned about the following:” Scale: 1 (Very concerned)—4 (Not at all concerned)

Q: “When a vaccine for Coronavirus/COVID-19 becomes available, will you get your children vaccinated?”

74% of parents are somewhat or very concerned about their kids socialization

70% fear their kids will **give** COVID

70% fear their kids will **get** COVID

65% Say yes, they will get their child vaccinated as soon as possible

The 2020 school year provides a moment for brands to add even more value.

On top of being concerned about how to best prepare for school, parents are maxed out in the home and finding new ways to cope. This is where brands have the opportunity to step in and provide some very practical and empathetic relief. Brands should facilitate the new coping mechanisms parents are utilizing, but also look to bring value to consumers by providing more support in a time when many parents are desperate for a partner in parenting. A simple acknowledgement or confidence boost will go far with the parental cohort. Lastly, initiatives such as new products, promotion, or activation will leave a lasting impression in the minds of millions of parents.

The last, and possibly most economically disruptive parental trend, is **their genuine fear that they cannot remain in the workforce. Over 30% of all parents report that they may have to quit their jobs to carry the extra load** they now face at home. This is even **more dire among female parents** - with only **55% of them stating that they are certain they can keep their jobs** while meeting the demands of home and school. If not addressed, parents could leave the workforce in droves, driving years of economic and financial turmoil (for families and the economy).

So rather than approach the fall with traditional marketing calendars, brands should look to answer the “what if’s” for parents. What if schools close? What if schools are fully remote? What if students attend on staggered starts and end times disrupting family routines like mealtimes and evening activities? What if lunch is no longer served at school? What if students have little social interaction? What if parents stop working?

There is huge opportunity for brands to step in and ease the minds, wallets, and burdens of parents in a COVID-19 influenced school year. And remember that this year’s “Back to School” is anything BUT “business as usual”, and marketing should reflect this.

TOP 5 WAYS PARENTS ARE COPING DURING COVID-19

Q: “What are you doing to cope with parenting during Coronavirus/COVID-19?” Select all that apply.

1. Allowing for more screen time
2. Making easier meals (frozen or less complicated)
3. Ordering groceries online
4. Asking kids to help out more
5. Finding time for self care

PARENTS AND JOB + FINANCIAL STABILITY

30% of total parents feel they may have to quit their jobs due to needs with home, school, and family life

40% feel their finances are healthy with a little room to spend on items

55% of female parents were certain they could keep their job as it currently exists if school doesn’t open in the fall

68% of male parents feel certain they can keep their job

Coming up Next

The U.S. Presidential Election
Politics and the People

For more information, please contact Rebecca.Sullivan@mullenlowe.com

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