

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

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

ML:Next is MullenLowe's new proprietary research that arms brands with the insights they need to plan for the times 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, shopping behaviors, 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.

Tracking Consumer Attitudes

Wave 3 (W3): September 17–25, 2020 | Wave 4 (W4): November 6–17, 2020

1 Levels of anxiety and COVID-19 cases peak

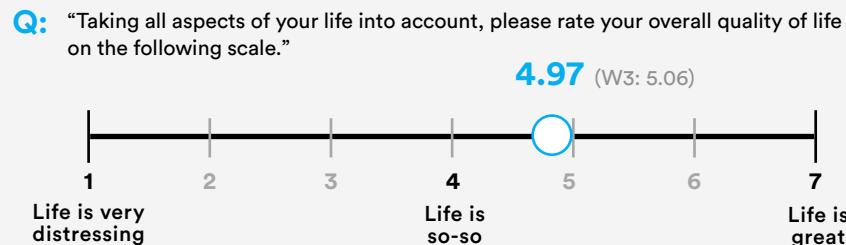
ML:Next utilizes the Kemp Quality of Life Scale to keep a pulse on consumers' shifting mindsets. Quality of Life (QOL) averaged 4.97 on a seven-point scale, a small dip from the last wave's score of 5.06.

While QOL remained largely stable, feelings of anxiety have increased. Twenty-eight percent of people cited anxiety as a top feeling, up from 21% in wave one. Increased anxiety may be tied to a significant worsening of the pandemic. In the first half of November, the U.S. added 1.5 million new COVID-19 cases per The COVID Tracking Project. The number of Google searches related to COVID-19 doubled during the same time period. It's clear, as the nation headed into the fall and the much-feared next wave began to take shape, that COVID-19 was increasingly top-of-mind for consumers.

Tensions were also running high due to the presidential election. While the race had been called for Joe Biden, President Trump had not conceded and votes were still being counted. People on both sides of the aisle held their breath, with Democrats and Republicans citing anxiety as a top feeling. Interestingly, however, Democrats reported a 12-point jump (35% to 47%) in hopefulness between waves three and four while Republicans reported a seven-point decline (46% to 39%). It appears that general sentiment around the election flipped over the last few months—Republicans' early hopes waned while Democrats' confidence surged late.

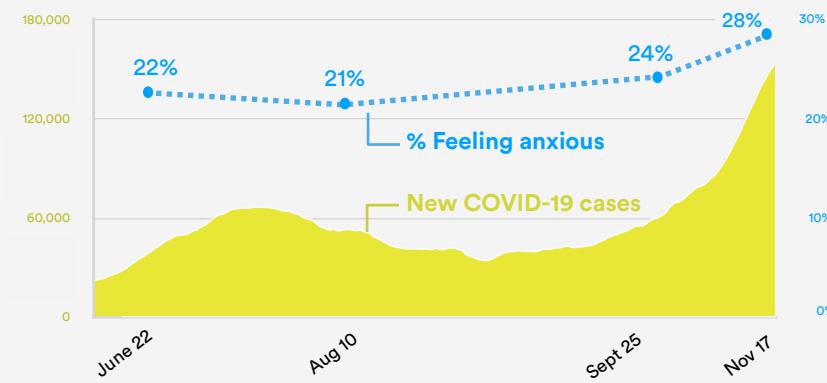
What's clear is that consumers are grappling with a complex (and variable) slate of emotions in 2020. The most effective way to engage with consumers is to acknowledge the full emotional spectrum that they are experiencing. Skewing too far in one direction may miss the mark in fostering engagement. Instead, a more holistic and dynamic approach that accounts for the changing ups and downs may be more effective in establishing a deeper, more meaningful connection with the consumer.

QUALITY OF LIFE SCORE



ANXIETY FOLLOWS RISE OF NEW COVID-19 CASES

Q: "What are the phrases that best describe how you are feeling right now?"



2 Significant negative shift in consumer well-being

The Eight Dimensions of Wellness framework is used to understand different facets of a person's well-being. In this wave, we saw declines in positive ratings and increases in negative ratings across all dimensions. This change reflects a meaningful downward shift in well-being that is not as clear in the Quality of Life rating.

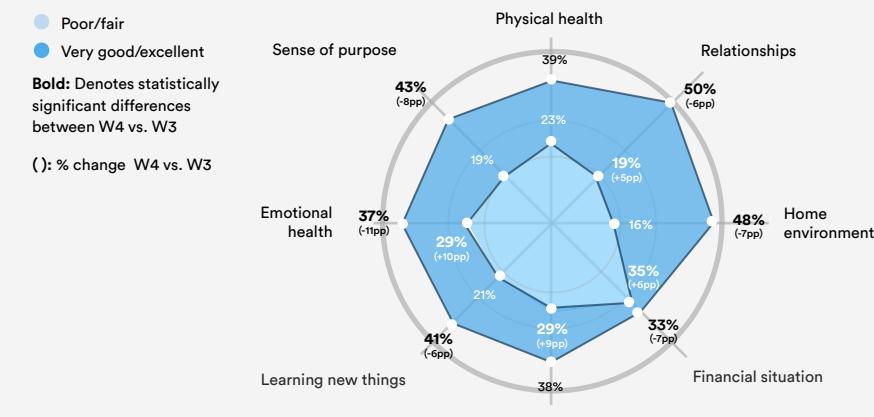
People's emotional health dropped by 10 percentage points to its lowest rating since tracking began in July. These changes come immediately after a contentious presidential election and a significant uptick in COVID-19 cases across the country. Notably, the presidential election has been a significant source of stress for over two-thirds of U.S. adults, according to the APA (American Psychological Association). Over one-third of people indicated that COVID-19 has had a negative impact on their mental stability—a big component of people's emotional health.

Research has highlighted the great impact of one's financial situation on mental health, per the Money and Mental Health Policy Institute. This wave saw the most negative ratings for financial well-being (35% poor/fair) of all dimensions and since tracking began. Given the high level of unemployment and the continued suffering of small businesses, the holiday season may be exacerbating people's financial stress. Consumers are faced with additional financial pressure due to gift giving and holiday travel. One-third of respondents state there is not a lot left at the end of the month after taking care of the basics—with another third just barely making ends meet, or worse. With a tighter wallet, overall holiday spending was down 14% from 2019 in the five days from Thanksgiving to Cyber Monday, according to NRF.

Brands must keep in mind that while there are many joys that come with the holidays, it can also be a significant financial and emotional burden for Americans, especially given the difficult path of 2020 and no stimulus bill in sight. Knowing this, brands should develop low-cost, low-risk activities for their consumers as they look to gather, connect, and socialize safely this holiday season.

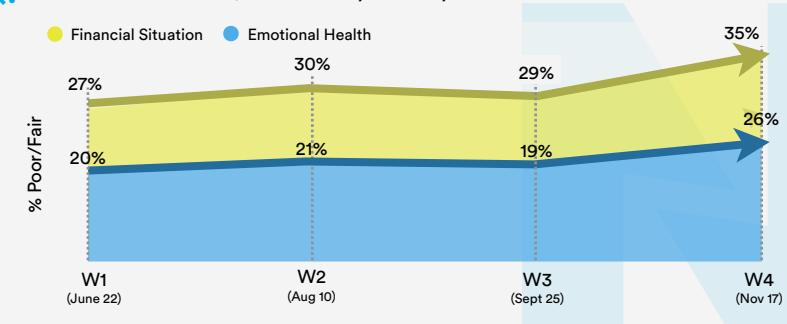
EIGHT DIMENSIONS OF WELL-BEING

Q: "At this current time, how would you rate your...?"



NEGATIVE FINANCIAL AND EMOTIONAL HEALTH RATINGS

Q: "At this current time, how would you rate your..."



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Holiday Spotlights

This Unique Holiday Season Brings New Behaviors and Traditions

Traditions form the bedrock of the holiday season. They shape so many of our behaviors—who we spend them with, where and how we celebrate, and the gifts we give. However, this year the holidays are different, and so may be the traditions that go with them. While some consumers report feelings of sadness and disappointment that they'll be unable to celebrate as normal, others are embracing the disruption and trying to make the most of it. Forty-two percent of consumers are actively trying to make this holiday season more memorable because of the pandemic. Over a third expressed real excitement at the prospect of doing something different. Consumers are planning on having smaller, more special gatherings (30%), giving homemade gifts (27%), and starting new traditions (19%).

Given the economic upheaval and subsequent strains on personal finances, gift giving (and receiving) is top-of-mind for many. People are spending less and plan on reallocating their gifting dollars. Forty-two percent are spending less on non-family members, and 41% are spending less on extended family members. The types of gifts are also changing, with consumers spending more on physical gifts (56%) than experiential gifts (44%). People give physical things because of the immediate gratification they provide. However, when it comes to receiving gifts, people prefer experiences (53%) over physical things (47%). This is especially true this year, with people craving experiences that have been absent in their daily lives. This disconnect between what we give and what we want to receive may result in an unfulfilling season for gift givers and gift receivers alike.

Much like they have throughout 2020, brands need to reorient their approach to account for the unique dynamics of the holidays this year. Simply repeating or refreshing strategies from previous years will likely fall flat. Instead, brands should treat this season as a first, innovating how and where to communicate with consumers based on their new behaviors this season—which may actually end up becoming new traditions in the years ahead.

COVID-19 Forces a Rethink in Holiday Travel This Year

Following a summer where over a quarter of working Americans took less vacation than previous years, according to Robert Half, there is a similar trend this holiday season. Over half of respondents are not taking time off during the holidays or are still unsure if they will. Having to work over the holidays (23%) and concern about contracting COVID-19 (19%) are top reasons some aren't taking time off, while others feel it is unnecessary to take "official" time off because work-from-home requirements make it so they can work from anywhere.

With structural changes in how and where people work, it's clear that holiday travel won't look the same as in years past. About one-third of those celebrating the holidays plan on traveling this season, down 25% from last year—115.6 million travelers last year to 86.8 million this year. Only 7% are traveling on a vacation that doesn't include visiting friends or family. While one might think travelers would stay longer at their destination due to in-state quarantine requirements, that isn't the case. Nearly two-thirds of travelers are staying the usual length of time or less—one week, on average. The limited travel and time spent at home has adversely impacted consumers' satisfaction with their social life. Average social satisfaction is significantly lower now than in wave one (3.40 vs. 3.56).

With more people staying home this season and stay-at-home orders that are likely to extend further into winter, there is an opportunity for brands to champion the "staycation." Brands can share ideas and activities to take advantage of time at home to relax, entertain, and connect with immediate family. Those with a value proposition centered on gathering and entertaining can bring their signature experiences into people's homes. DoubleTree by Hilton brought its check-in welcoming treat to customers by sharing the recipes for their famous chocolate-chip cookies, keeping the brand top-of-mind and growing affinity in the process.

CONSUMERS EMBRACE THE DISRUPTION

Q: "How strongly do you agree or disagree with the following statements?"

Trying to make this **holiday season more memorable** because of the pandemic

42%

Excited to experience **something different** this holiday season

36%

Any Agree Neither Agree nor Disagree Any Disagree

DISCONNECT BETWEEN GIFT GIVING AND RECEIVING

Q: "When thinking about this upcoming Holiday season, which of the following applies most?"

44%



EXPERIENCES

53%

56%



PHYSICAL GIFTS

47%

What people are giving most

What people wish to receive

115.6M

Holiday Travelers in 2019*

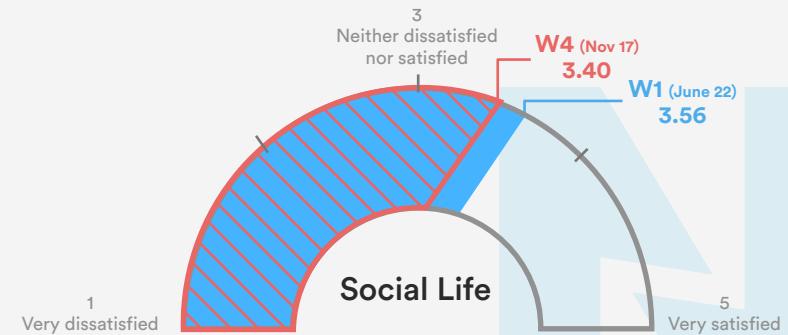
86.8M

Holiday Travelers Expected in 2020

*Source: AAA

DECLINE IN SATISFACTION WITH SOCIAL LIFE

Q: "How satisfied are you with the following?"



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There's Limited Space for Brands to Speak About New Year's Resolutions

The New Year can be a time to reflect, reset, and, for some, commit to new resolutions. About 74 million Americans (29%) made a resolution coming into 2020, with a similar number planning to do so in 2021 (31%). Among those setting resolutions last year, the most prevalent were exercising more (50%), saving money (49%), eating healthier (43%), and losing weight (37%)—historically the top resolutions, per YouGov.

This year, however, 54% of those celebrating the holidays say making New Year's resolutions isn't a priority for them. Nearly a third are less excited about 2021 than they were coming into 2020. When asked how they feel about the New Year, there are lots of mixed emotions—some expressing hope but others unsure if things will get better.

People are ambivalent when it comes to brands' New Year's campaigns. While only 23% felt that brands talking about New Year's resolutions is insensitive, nearly the same percentage (24%) actually like it when brands talk about them. The potential upside of integrating resolutions into this New Year's messaging is virtually the same as the possible downside.

Given this consumer sentiment, does it make sense for brands to talk about New Year's resolutions at all? It depends. If a brand is in the health/wellness, financial, or personal development space, there is still an opportunity to connect with consumers by empowering them to set and keep their resolutions. However, messaging focused on resolutions may resonate less than in years past, particularly when it feels forced and inauthentic. With many brands facing tighter marketing budgets, brands may find a better ROI on dollars invested elsewhere.

CAUTIOUS OPTIMISM FOR 2021

Q: "If someone were to ask you how you are feeling about the new year, what would you say?"

I am so excited to finish 2020, this year has been a torture.

Hopeful with the New President he will address pandemic and economic issues.

I would say I feel a bit skeptical but I am hopeful as well.

Can hardly wait for 2020 to be over but it may get worse in 2021.

It has got to be better than 2020.

Glad 2020 is over.

Slightly optimistic that things will slowly get back to normal if a proven vaccine is created and then distributed.

FEW WANT BRANDS TALKING RESOLUTIONS

Q: "How strongly do you agree or disagree with the following...I like when brands talk about New Year's resolutions?"

