

Psychological stress or growth will determine post-pandemic consumer behaviour

Win Ee Chun and Dr Gemma Calvert

Source: WARC Trends, July 2020

Downloaded from WARC

In the wake of COVID-19, research in the field of cognitive neuroscience may provide some helpful pointers on how consumer behaviour will evolve.

- Neuroscience and psychological science is pointing the way towards longer term changes in consumer behaviour.
- As the world continues to adapt to a post-pandemic environment, recent experiences and behavioural adaptations will continue to forge lasting changes on our brains.
- Brands that make it easy to create new routines and embed themselves into consumers' lives when habits and rituals are malleable, are likely to acquire competitive advantage.

Marketing in the COVID-19 crisis

This article is part of a special WARC Snapshot focused on enabling brand marketers to re-strategise amid the unprecedented disruption caused by the novel coronavirus outbreak.

[Read more](#)

Why it matters

The impact of COVID-19 has varied markedly, causing uneven shifts in cognitive and behavioural adaptations and creating smaller subsets of social realities. Brands will need to adopt a more localised and age-segmented approach to marketing rather than relying on homogenous, macro trends.

Takeaways

- Whether consumers have experienced psychological stress or growth may be an important factor in predicting which products or strategies are likely to succeed in different markets.
- Areas hit severely may suffer a collective post-traumatic stress effect which predisposes to a scarcity mindset – brands employing strategies that are time-limited, and decrease upfront costs are likely to perform better as they especially appeal to a scarcity mindset.
- For regions that managed to navigate COVID-19 relatively unscathed, aspirational products and brands that improve growth and well-being are likely to appeal.

The advent of COVID-19 has ushered in a flurry of changes that in mere months has left marked imprints, not only on our lives, but also on our brains. The sheer pace and volume of changes to adapt to, and information to absorb, has resulted in a worldwide state of cognitive overload – the psychological phenomenon that occurs when the brain's working memory system receives more information than it can comfortably handle.

Cognitive overload not only causes stress and the sense of feeling overwhelmed, but also negatively impacts our ability to plan and make decisions, increasing impulsivity and decreasing willingness to take risks. Coupled with the fact that the recent pandemic has left us all feeling a profound sense of uncertainty towards the future which causes well-established changes in the brain including heightened vigilance, anxiety and reduced appeal of rewards, how can and should brands navigate this new world (dis)order?

In the wake of COVID-19, clues as to our emerging behaviour may come from an unexpected source. Research in the field of cognitive neuroscience – which includes studies about how our brains respond in different scenarios and contexts – may provide some helpful pointers.

For example, the compounding effects of cognitive overload and uncertainty on the brain predicts that in the short term, mainstream consumers will be more predisposed to impulse purchasing while still exhibiting a strong adherence to familiar and trusted brands. Products that induce feelings of safety and security either through functionality or symbolism are likely to gain in desirability during the transition period. Indeed, sales of guns, hygiene and wellness products have experienced a disproportionate increase in consumption over the past few months.

As the world continues to adapt to a post-pandemic environment, recent experiences and behavioural adaptations will continue to forge lasting changes on our brains. Because the brain is hard-wired to reduce uncertainty and cognitive effort, brands that leverage the situation by making it easy to create new routines and embed themselves into consumers' lives during this “setting-in” period where habits and rituals are malleable, are likely to acquire competitive advantage, particularly in the digital environment.

In today's new normal, digital is the indisputable king – e-commerce, video-conferencing, digital payments and logistics services via “super-apps” are here to stay. In this article, we apply a neuroscientific lens to three areas of consumer life that can be informed by understanding how the brain works: social interactions, luxury consumption and changes in belief systems prompted by disparate cultural contingencies to the pandemic.

On social distancing and associated behavioural changes

The past has taught us that reduced frequency of social interactions and increasing perceived isolation affects people adversely across multiple domains. The most evident impact of social isolation is on emotional wellbeing, as it has been shown to predispose to symptoms of anxiety and depression, as well as a reduced capacity to manage stress. Social isolation can also lead to cognitive decline and less capacity to define goals or manage

tasks, the elderly being especially vulnerable. This is obviously of huge concern for governments worldwide, as the elderly are also less likely to exploit emerging digital tools that can augment reduced face-to-face social interactions. Even prior to social distancing measures, loneliness amongst the elderly has been aptly described as an “epidemic” by the mainstream media.

The continued and prolonged restrictions on social gatherings in communal areas will likely exacerbate this problem. Brands who are attuned to the changing needs of this demographic and can offer relevant support (even if not directly related to their existing product or service offerings) should benefit from reciprocity and increased brand advocacy. For example, providing high quality customer engagement via deployment, both in-store and online, of front-facing customer service staff with effective conversational skills is likely to curry favour with older customers. Similarly, brand-sponsored social events that congregate the elderly through webinars designed to promote online social interactions (e.g. virtual group tours and wine tasting with pre-distributed sample sachets; educational or informational group-based activities) is set to become an emerging trend.

The social needs of younger consumers are less of a concern, as aside from staples like social media, emerging technologies such as video-conferencing, virtual reality and even gaming over Massively Multiplayer Online (MMOs) games make up for the recently imposed restrictions on social contact. These virtual environments represent a relatively untapped opportunity for brands to market their products to an experience-hungry demographic. For example, the MMO super-game “Fortnite” alone has a player base of over 350 million players. In-game product placements, advertisements, brand related offers linked to game strategy and in-app purchases are all pertinent strategies that brands can deploy to connect with the growing segment on online gamers.

As digital technologies have served ably as a near-substitute for face to face interactions during the past few months, and our brains have learned to accommodate them, we can predict a massive and continuing shift towards online working, consuming and socialising due to habit formation. While this is an obvious general trend, we can also expect more nuanced changes due to further segregation of behaviours amongst different consumer segments – not just amongst individuals of different ages, but also from different geographical regions.

Across different countries and even provinces, the impact of COVID-19 has varied markedly due in part to disparities in internet penetration, government-imposed restriction measures and respective cultural adaptations. This has in turn caused uneven shifts in cognitive and behavioural adaptations. Digital milieus also differ depending on the type of platforms used and the subgroups that one subscribes to, consequently creating smaller subsets of social realities that cause further divergence in behavioural norms. If these divergent behaviours persist, brands more than ever will need to adopt a hyper-localised approach in terms of their communication strategy and satisfaction of consumer demands. Brands looking to understand these segments may tap on deep learning in the digital ecosystem to find new, undiscovered patterns of behaviour.

How can luxury brands adapt to new consumer behaviours?

With median incomes negatively impacted and traditional luxury stores forced to adapt from primarily physical presences, luxury goods will no doubt be affected. In China, luxury brands benefitted in the short term from “revenge buying” which resulted in a sales bounce soon after shops re-opened after lockdown. This is consistent with a neural model of reward that predicts excessive reward-seeking after periods of imposed abstinence to rebalance the circuits involved in reward and punishment. However, it also predicts such behaviour will be short-lived, particularly in view of net losses in income and job security.

Furthermore, because luxury products are high-touch goods where buying decisions are typically made at the place of purchase, laden with high-quality experiential factors such as service, elaborate layout designs and even buying rituals that are typically tied to brick-and-mortar retail stores, the recently enforced shift to online purchasing is likely to hit luxury brands hard unless they can recreate or supplant these sensorial features in the digital space.

Aside from exploiting novel audio-visual cues for luxury and increasing digital immersion, another opportunity that luxury brands could explore is to leverage social exclusivity by creating elite online communities of brand affiliates. A key psychological driver behind the ownership of luxury products is social comparison and referencing. High profile and select pre-launch online house parties with fellow luxury brand buyers, for example, will provide this aspirational reference group another (virtual) avenue by which to signal status in the social hierarchy.

As health consciousness takes on a new significance due to the crisis, the luxury category may also mutate in a different form heralding the rise of premium organic food products, exclusive health retreats, and other elite wellness-related consumption opportunities. The luxury health and wellness segment may well expect a boom in consumption and an expanding market as health-related products, services and activities appreciate in value.

Attitudinal changes

In addition to changes in our behaviour imposed by the pandemic, as the brain absorbs the impact of what's happened, we are likely to witness corresponding shifts in attitudes. When people experience trauma, they adapt to it differently depending on the amount of stress they experience. Individuals that experience high degrees of trauma may experience post-traumatic stress, while those that are exposed only to mild or moderate degrees of trauma experience psychological growth, which is the development of inner capacities that promote achievement and fulfilment.

This suggests we should expect localities that were not hit badly by the virus (i.e. intervened early by closing borders, had a low death rate and minimal disruptions), to re-evaluate life in a positive way. This may manifest in the form of greater productivity, well-being, satisfaction and increased consumption. In contrast, areas that were hit severely may suffer a collective post-traumatic stress effect which predisposes to a scarcity mindset, which is the feeling of not having enough to satisfy one's needs, that engenders due to deep-set and drastic changes in living conditions.

This set of predictions fit well with [economic data from the 1918 Spanish Flu pandemic](#), where areas that were hit hard did poorly economically as expected, but places that did well and intervened early actually experienced a *lift* in economic activity. Similar changes may be expected for this particular pandemic.

For brands, this insight leads to more locally-tailored strategies. For regions that were hit hard by the crisis, a scarcity mindset will predispose to poorer impulse control, a present-bias and high-calorie food intake due to the increased focus on survival. A scarcity mindset primes an individual to focus on decisions that impact immediate survival, which negatively impacts delayed gratification.

High calorie foods are typically high in fat and salt content, which are evolutionarily adaptive. In addition, such foods are usually cheap, which in turn increases their affordability. Hence, we should expect their consumption to rise in such areas. Fast food in particular, should be expected to do well. Brands employing strategies that are time-limited, and decrease upfront costs are likely to perform better as they especially appeal to a scarcity

mindset.

In contrast, for regions that managed to navigate COVID-19 relatively unscathed, aspirational products and brands that improve growth and well-being are likely to appeal to those groups who have experienced psychological growth. For example, categories in the domains of fitness, self-help and productivity are likely to flourish in such circumstances. Again, a more localised understanding about the impact of the pandemic on the consumer's psyches – whether they have experienced psychological stress or growth – may be an important factor in predicting which products or strategies are likely to succeed in different markets.

New horizons, new insights

The entailing shifts in the consumer landscape brought on by COVID-19 presents both uncertainty and opportunity for brands. While older age groups are likely to experience a need for security and trust, younger generations who were less badly affected by the virus may have become more complacent, throwing caution to the wind as the recent pandemic has taught them that life is unpredictable, and opportunities should be grabbed when they arise.

As the repercussions of the current pandemic look set to continue for the foreseeable future, neuroscience and psychological science is pointing the way towards longer term changes in consumer behaviour.

Here we have adopted a first-principles perspective to zoom into three shifts that we predict will matter to brands: segmental changes due to differential shifts in social interactions and domains, how luxury brands may fare in the new normal, and how differential transformation in belief structures brought on by contrasting effects of COVID-19 across regions may affect behaviours.

Across all three shifts, a common theme emerges: a need for brands to adopt a more localized and age-segmented approach to marketing rather than relying on homogenous, macro trends. Social domains are increasingly shaped by the digital milieu one is exposed to, as well as the extent of digital penetration in our lives.

These vary by geography and other demographic factors and can be integrated into a predictive behavioural model. For the luxury category, conflicting factors come into play – while we can anticipate further “revenge buying” in the short term, luxury brands will need to navigate the shift away from physical to digital retail where important elite sensory experiences are currently more restricted.

Lastly, depending on how different regions were affected, consumers may have experienced a corresponding lift or stress effect that prompts different communication strategies and responses for brands. In the proverbial new normal, one thing is clear – understanding consumers at a local, micro level is key to winning in this fresh theatre.

About the author

Win Ee Chun

Behavioural Change Scientist, Split Second Research, Singapore

Dr Gemma Calvert
Professor of Marketing, Nanyang Business School based in Singapore

© Copyright Ascential Events (Europe) Limited 2020

Ascential Events (Europe) Limited

Americas: 229 West 43rd Street, 7th Floor, New York, NY 10036, United States - Tel: +1 212 201 2800

APAC: OUE Downtown 1, #44-03, 6 Shenton Way, 068809, Singapore - Tel: +65 3157 6200

EMEA: 33 Kingsway, London, WC2B 6UF, United Kingdom - Tel: +44 (0)20 7467 8100

www.warc.com

All rights reserved including database rights. This electronic file is for the personal use of authorised users based at the subscribing company's office location. It may not be reproduced, posted on intranets, extranets or the internet, e-mailed, archived or shared electronically either within the purchaser's organisation or externally without express written permission from Warc.

WARC[^]
BY ASCENTIAL

