



Brand power in times of COVID-19

Why are consumers returning to name brands?

Traditional brands have been losing ground to private label and niche brands over the past decade, leading the consumer products industry to grapple with a big question: “Are brands dead?”

Deloitte’s longitudinal survey [Global State of the Consumer Tracker](#), however, indicates that brand trust is very much alive and palpable in the wake of current, troubled times. In fact, on top of the growth in private labels, today we are seeing a notable resurgence of incumbent consumer product (CP) brands, as consumers closely link their well-being with brand trust.

Our analysis of 1,000 responses across each of the 18 countries surveyed highlights the collective anxiety that consumers are living through during this unprecedented event in history. Despite signs of improvement in recent weeks, many consumers still do not feel safe engaging in activities once taken for granted. Our most recent results indicate that only 49 percent of consumers feel safe

going to the store. And globally, 53 percent of the consumers plan to buy brand names they trust in the next four weeks, though this intent is considerably higher for countries in North America and parts of Asia-Pacific.

The interplay between brand trust and well-being

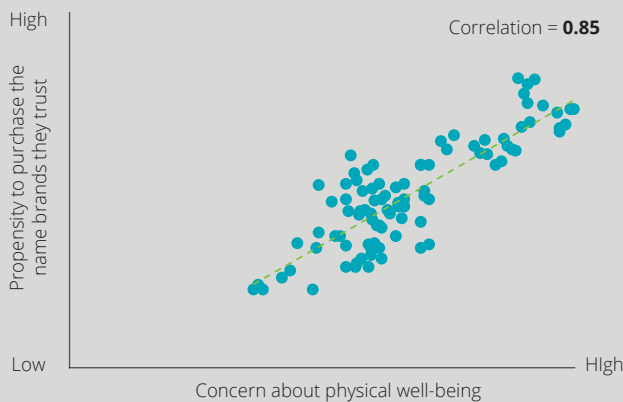
Our data suggests a high level of correlation between consumers’ safety concerns and brand trust (see figure). Here, safety concerns include personal safety, as well as safety of close family and friends. These results suggest that consumers are not merely buying a name brand, but are in fact seeking an assurance about the safety of the product. Consumer comfort and familiarity with iconic brands seem to outweigh the novelty of niche brands or the low prices of private labels.

“At a high level, it’s just brand distinction, brand familiarity. Consumers go to our brand. Definitely during a pandemic, during the stock-up periods, consumers just had so many things going on in their lives, and there’s a flock to the familiar. We launched some new brands. We were not seeing as good or as strong traction as we would have hoped because consumers are flocking to the familiars.”

VP, US beverage manufacturer

Figure. Linking brand trust to . . .

Physical well-being vs. brand trust



Financial well-being vs. brand trust



Source: Deloitte Global State of the Consumer Tracker

Further, our analysis of “financial well-being” concerns—defined in the study as consumers’ ability to make payments and likelihood of deferring large purchases—revealed that many consumers have cut down their less discretionary spend.¹ Much of this portion is diverted toward improving savings in these uncertain economic conditions. Yet, consumers aren’t compromising on the brands they choose (see figure). Overall, a strong positive correlation here indicates that consumers’ desire to purchase brand names they can rely on outweighs the apprehension about their financial position.

Interestingly, while the data supports the resurgence of traditional brands during the pandemic, the question remains whether this trend will continue when consumers begin to feel more physically secure. As consumers contend with the current recession, private label offerings could affect consumers’ propensity to buy name brands, heating up the competition further.



Before that happens, our analysis offers some clues as to how name brands can maintain their reclaimed popularity as we return to normalcy.

Winning the heart and mind of the consumer

Consumers’ product purchases are driven by desire to connect with something deeper—a brand association that, apart from the visual imprints, includes an emotional bond with brands. Going forward, companies can build these connections by addressing physical well-being in their communications while being sensitive to consumers’ financial concerns. An overall tone of empathy and compassion can lead to brands making deeper emotional connections with consumers, resulting in increased brand loyalty.

Consumer products companies that go beyond the acknowledgment of financial concerns and address them are likely to be rewarded by consumers. Companies could adopt several strategies, such as developing lower-cost products, offering strategic price discounts, coupons, loyalty programs, or offering free shipping to demonstrate their concerns through their actions. These strategies could also help protect name brands from ceding ground to private labels from trusted retail stores.

Demonstrating empathy in both their words and in their actions can differentiate a brand during these troubled times, forging a special connection in consumers’ hearts.

“In a time of so much uncertainty, when daily decisions about personal safety and financial well-being are made, most consumers are reaching for brands they trust. It may provide comfort to reach for something familiar, and it’s one less decision to make.”

Stephen Rogers, managing director,
Consumer Industry Center

Author

Shweta Joshi

Assistant Manager, Industry Insights
shwjoshi@deloitte.com
+1 678 299 9089

Contact us

Stephen Rogers

Managing Director, Consumer Industry Center
stephenrogers@deloitte.com
+1 475 277 9018

Barb Renner

Vice Chairman and US Consumer Products Leader
brenner@deloitte.com
+1 612 397 4705

1. Less discretionary categories: household goods, groceries, utilities, medicines, Internet/mobile phone, health care, and housing. More discretionary categories: alcohol, books, cable TV, clothing/apparel/footwear, electronics, entertainment, vehicle fuel/oil, furnishings, restaurants/takeout, and travel.



This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional adviser.

Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the "Deloitte" name in the United States, and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.