



FORETHOUGHT

The Quarter of COVID-19

A 12 week review of
the USA Normality Index

Contents

- **03** The Quarter Of COVID-19
- **05** The Forethought USA Normality Index
- **09** What Is Driving A Return To Normality?
- **12** How Has Our Ability To Live 'Normally' Changed?
- **16** An Uncommon Experience Of COVID-19
 - 17 Fearless Be the Young
 - 21 The Divergent States Of America
 - 25 America Divided: It Is Undeniably Political
 - 30 Advertising In The Lead Up To The 2020 Election
- **31** The Anxiety Handbrake On U.S. Business
- **35** Navigating The Economic Rebound
- **37** Time For Authentic Brand Action
- **41** Time To Stop And Observe, Reorient And Rethink
- **48** Summary: 'So What?' for Brands

The Quarter Of COVID-19

The Quarter of COVID-19
A 12 week review of the
Forethought USA Normality Index

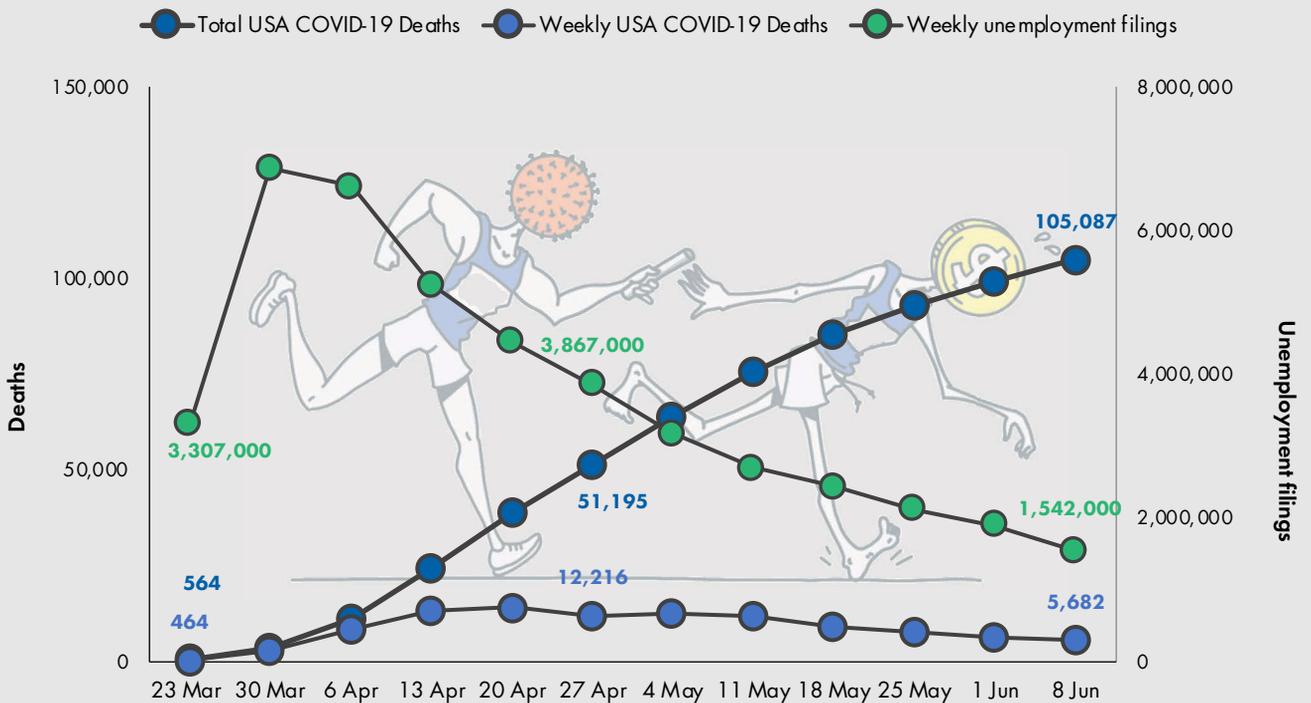
THE QUARTER OF COVID-19

Has there ever been a more tumultuous period in American history? Just 12 weeks ago, when Forethought introduced the Normality Index, 564 Americans had died of COVID-19. In just three-months, a staggering and tragic 104,523 more citizens had succumbed to the fearful COVID death. In places like New York and New Jersey, one in five people personally knew someone who had contracted the virus.

That week, 12 weeks ago, 282,000 citizens filed for unemployment. Since then, an incomprehensible 44 million more citizens have found themselves no longer gainfully employed. And yet, amidst all this heart-wrenching death and loss of livelihood, when George Floyd was killed by police incensed Americans dared to shout, "Black Lives Matter".

Against that backdrop, Forethought has attempted to find a path back to normality for businesses. This is our account of the past 12 weeks.

Figure 1: U.S. COVID-19 Deaths and Unemployment Filings



Sources: Unemployment Filings, USA Department of Labor.
Weekly & Total COVID-19 Deaths, The COVID-19 Tracking Project.

The Forethought USA Normality Index

The Quarter of COVID-19
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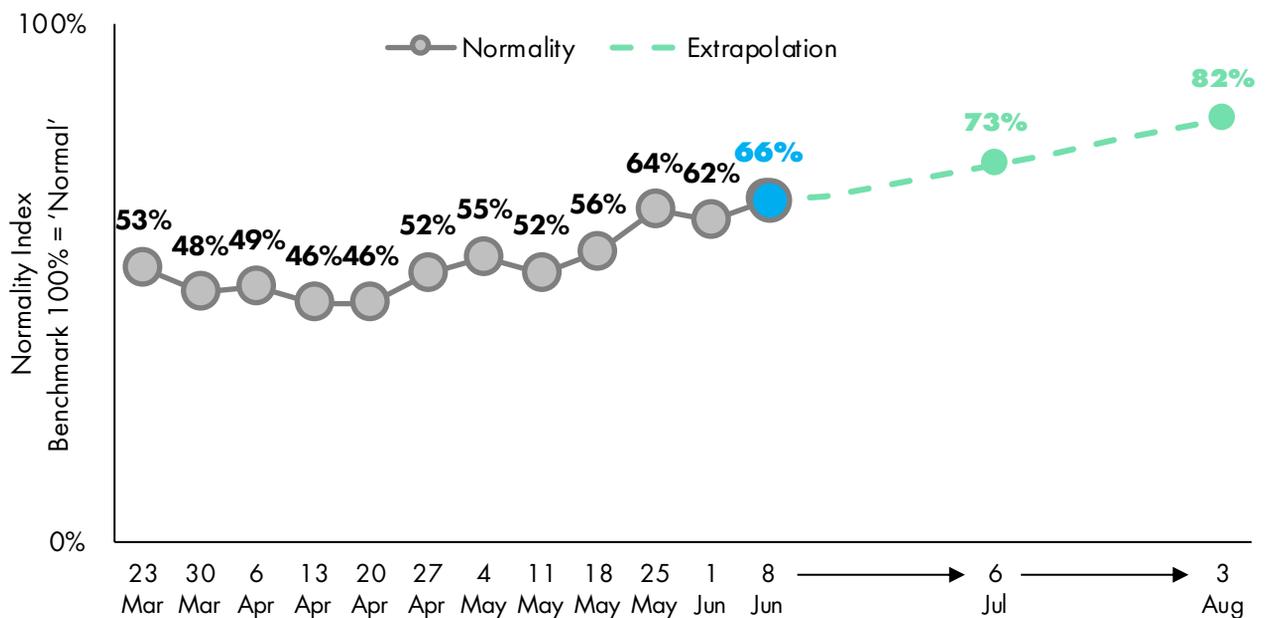


THE USA NORMALITY INDEX

Whilst the journey from then to now has been varied, an extrapolation of past weekly data suggests an overall positive trend will continue to take the Normality Index to new heights over the coming months.

This week, the USA Normality index reached 66%, a steady increase after civil unrest challenged the return to normal last week. Since March 23, the Normality Index has shown a 25% improvement from 53% to 66% by June 8. Whilst the journey from then to now has been varied, a simple linear extrapolation of past weekly data suggests an overall positive trend will continue to take Americans closer to normality over the next two months.

Figure 2: USA Normality Index: Two-month Extrapolation



Note: Extrapolation based on data from 6 April onwards and is indicative only as it extends far beyond the past data points available.

Source: Forethought USA Normality Index

THE USA NORMALITY INDEX

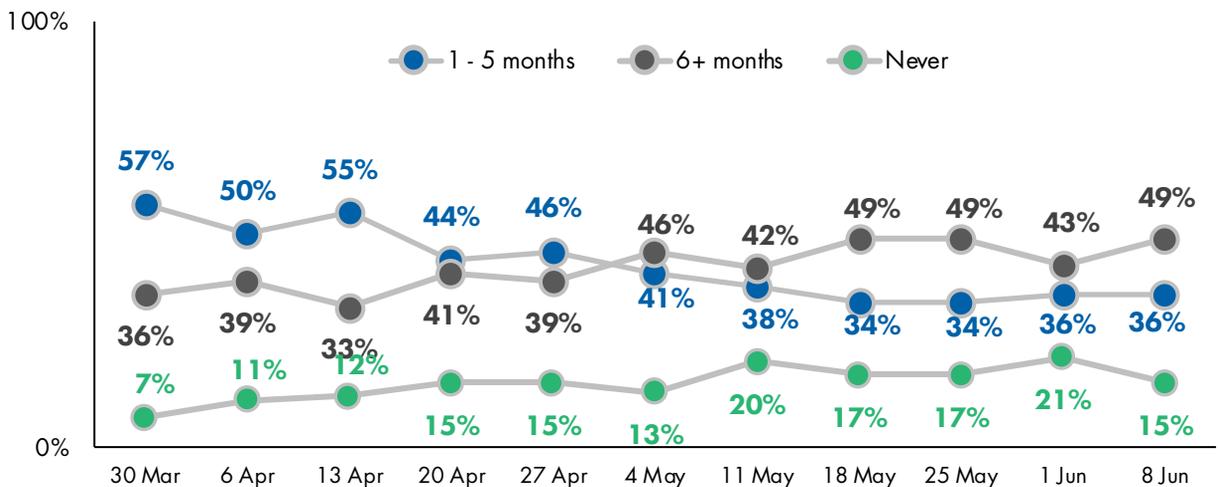
The current Normality Index demonstrates a new sense of hope amongst Americans, and as we consider the all-important question of 'when' will normality return, pessimism has shown early signs of waning.

With 12 weeks of data now in hand, the question of 'when' has been further dissected and examined across three time related categories: 1 - 5 months, 6+ months or Never.

As a result, this week, we saw the largest decline in the proportion of Americans who believed life will 'never' return to normal (28% decline). Also, whilst there were more Americans who believed normal was at least six months away, it is encouraging nonetheless to see more Americans' believing that returning to normal is a possibility - one day.

Figure 3: Return to Normality

When do you think life (including wider society) will return to normal?



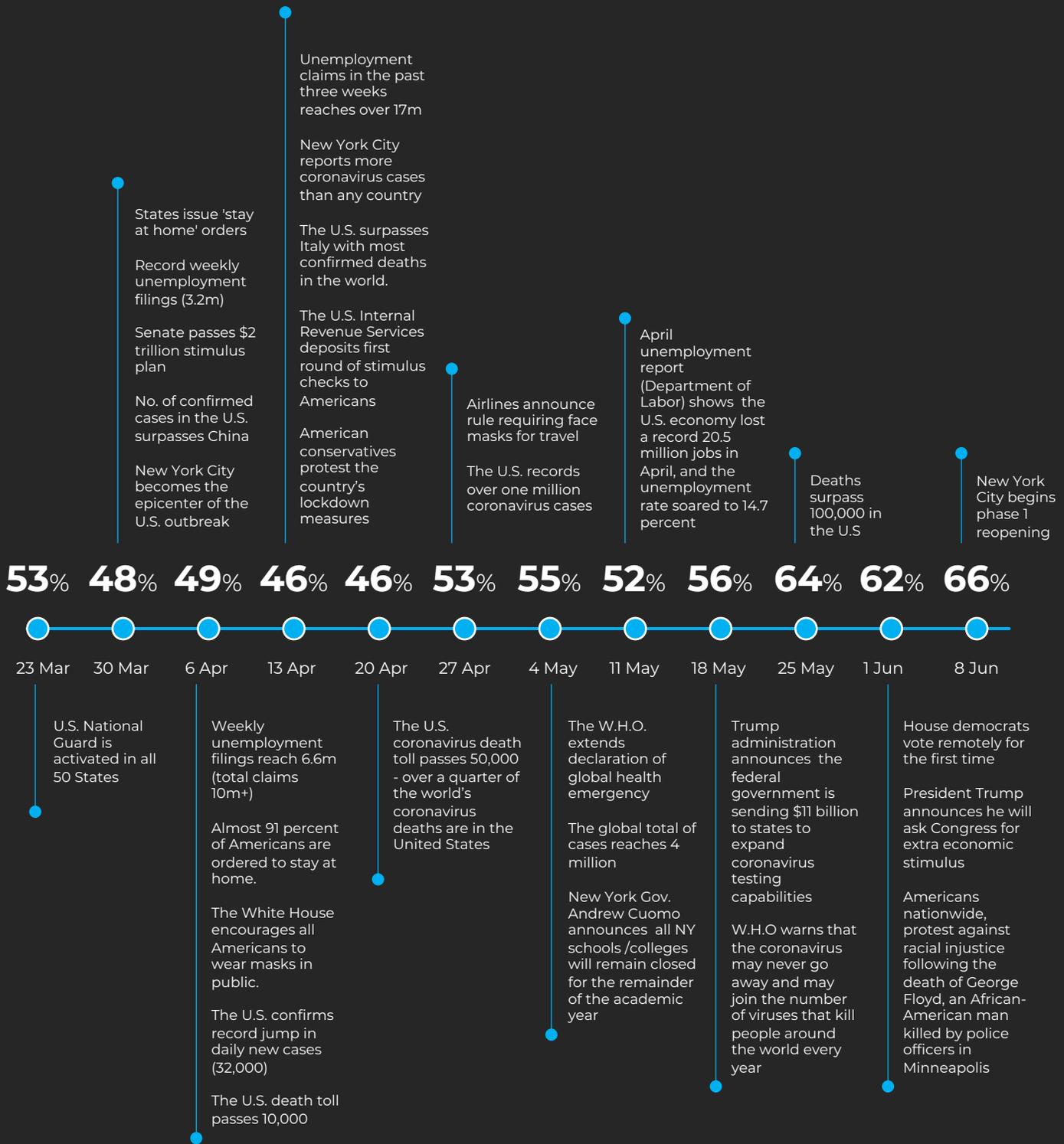
Note: Question added in Week 2, 30 March.
Source: Forethought USA Normality Index



'So What?' for Brands

Brands should seek to gain insights into the short and long-term changes in consumer behavior. Brands need to identify opportunities to meet the current consumer needs in the immediate term (snap-back behaviors). Simultaneously, brands must adapt for the longer term, to meet consumer needs resulting from enduring societal, lifestyle and mindset shifts..

CHRONOLOGY OF EVENTS: COVID-19 IN THE USA AND THE NORMALITY INDEX



What Is Driving A Return To Normality?: Then vs Now

The Quarter of COVID-19
A 12 week review of the
Forethought USA Normality Index

WHAT IS DRIVING A RETURN TO NORMALITY?: THEN VS NOW

As we look to the most recent model of a return to normality, we see Americans' focus shift towards social order and harmony.

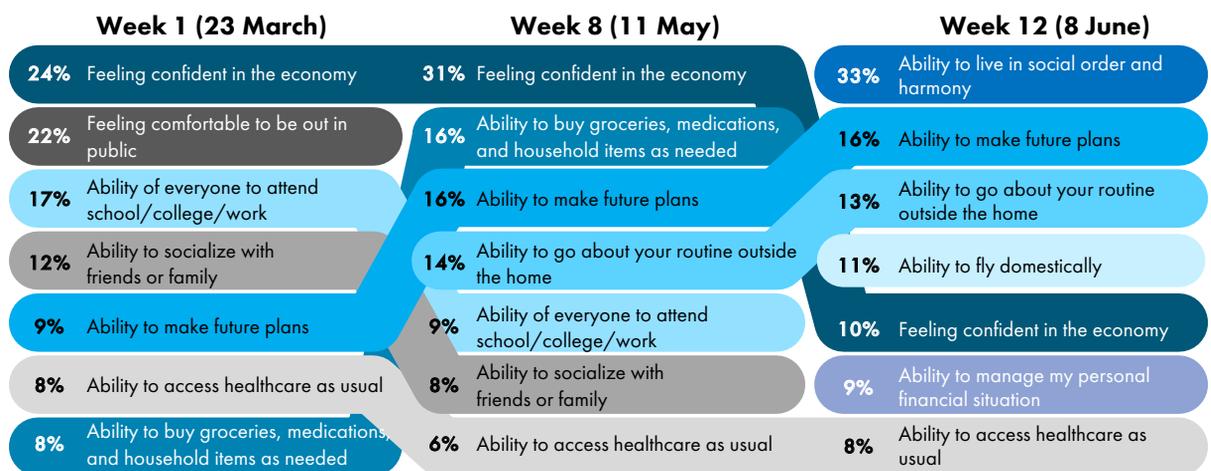
In the past 12 weeks, we have seen marked shifts in society reflected in the drivers of returning to normality. At the beginning of our tracking, it was found that certainty around the economy and the ability to engage in the day-to-day behaviors which framed 'normal life' were abandoned as Americans scrambled to understand and adapt to life in a state of flux. At this 'early' period in the COVID-19 experience, Americans were catapulted into a reality wherein the U.S. became the epicenter of the pandemic, specifically New York City. In an attempt to maintain economic stability in the chaos that followed, a \$2 trillion stimulus was distributed to individuals and businesses to help protect the economy from the effects of resulting rising unemployment.

As the impact of the pandemic climaxed, we saw the financial consequences of COVID-19 take effect. By 11 May, our second model of a return to normality showed that Americans' level of confidence in the economy had fallen markedly (53% to 46%), whilst the importance of that driver in the model (*feeling confident in the economy*) showed a 30% increase in weighting (from 24%, 23 March to 31%, 11 May). Considering also the shock of record unemployment (14.7%), the model was clearly reflective of the uncertainty and very real impacts to commerce in the US.

As we look to the most recent model of a return to normality (8 June), we see Americans' focus shift towards social order and harmony. In light of the current civil unrest and Black Lives Matter movement which has swept the nation, this week we see a newly included driver, the *Ability to live in social order and harmony*, emerge as the top weighted driver of a return to normality at 33%. This shift not only mirrors current affairs but in so doing, further validates that the model truly represents the American conscience.

Other key drivers in our most recent model allude to Americans' intent to 'get on with it' and press forward with life. *Ability to make future plans*, *Go about your routine outside of the home* and *Fly domestically*, are in the top four drivers in this model as attention now focuses on resuming the behaviors and mindset that resembled a pre-COVID-19 lifestyle. It is evident that Americans are seeking to rise above the current state of affairs. They are lifting their heads to the horizon and desperate to engage in future planning.

Figure 4: The Drivers of Returning to Normality – Then vs Now



Source: Forethought USA Normality Index



'So What?' for Brands

Is it time for brands to move away from lamenting the health and social impacts of the pandemic, and instead shift their tone towards enthusiasm for the future?

Remaining cognizant that consumer behavior has changed, brands should now start to focus on what new behavior might remain in this new age, and move to enabling consumers to look to the future with confidence.

Additionally, brands must be respectful of the despair that many grieving individuals and families are still facing.

How Has Our Ability To Live **'Normally'** Changed?

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HOW HAS OUR ABILITY TO LIVE 'NORMALLY' CHANGED?

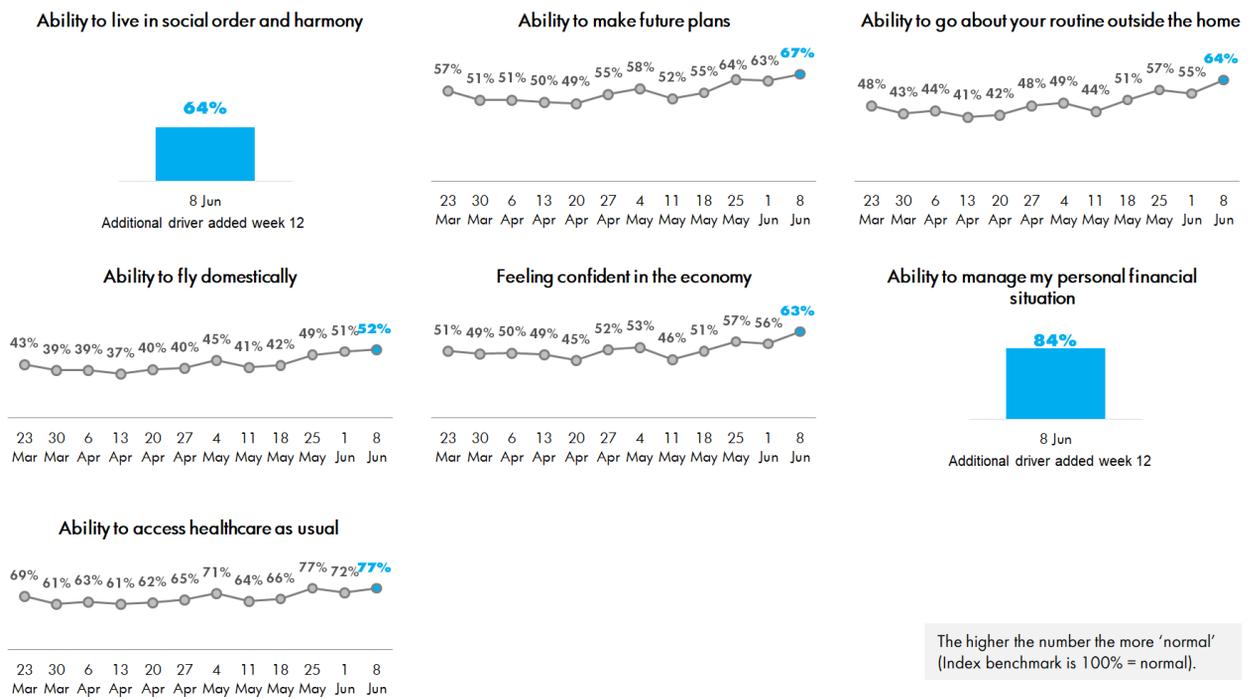
These results echo the sentiment that Americans are now reaching a level of adaptability to their current climate, and are beginning to stake claim to the everyday behaviors that comprised their pre-COVID-19 lifestyle.

This week, perceptions of all drivers' level of normality reached their highest points since tracking commenced. Following last week's momentary halt in the return to normality, the overall upwards trend in consumer sentiment was evident. Comparing ratings from the last 12 weeks, the drivers with the greatest increase in performance contributing to the Normality Index were:

- Ability to go about your routine outside of the home, 33% increase (from 48%, 23 March to 64%, 8 June);
- Feeling confident in the economy, 23% increase (from 51%, 23 March to 63%, 8 June) and
- Ability to fly domestically, 21% increase (from 43%, 23 March to 52%, 8 June).

Figure 5: The Drivers of Returning to Normality – What's Normal?

Thinking about life at present, how normal do you feel the following aspects are?



The higher the number the more 'normal' (Index benchmark is 100% = normal).

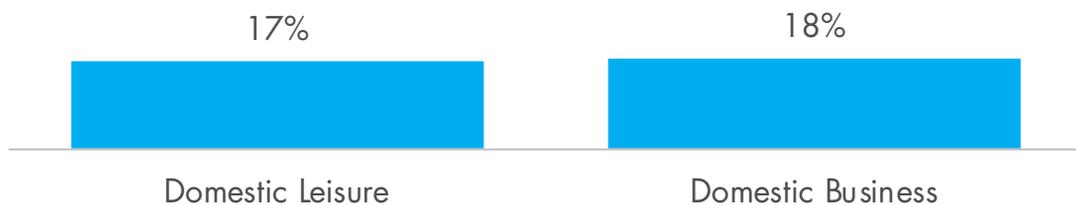
Source: Forethought USA Normality Index

These results echo the sentiment that Americans are now reaching a level of adaptability to their current climate and are beginning to reclaim the everyday behaviors that comprised a pre-COVID-19 lifestyle.

Intuitively, of all drivers of a return to normality, *Ability to fly domestically* remained the lowest scoring with a rating of 52%. Many airline carriers are still operating significantly reduced networks and flight schedules, and many Americans continue to harbor a general reluctance to travel. The experience of flying domestically has markedly changed and now includes an array of health and hygiene measures to ensure safe travel. Even amongst those Americans who typically fly every three months or more, only 17-18% are likely to fly in the next three months.

Figure 6: Likelihood to Take a Commercial Flight in the Next Three Months Amongst Those Who Fly Every Three Months or More

Likelihood to take a commercial flight in the next three months amongst those who fly every three months or more



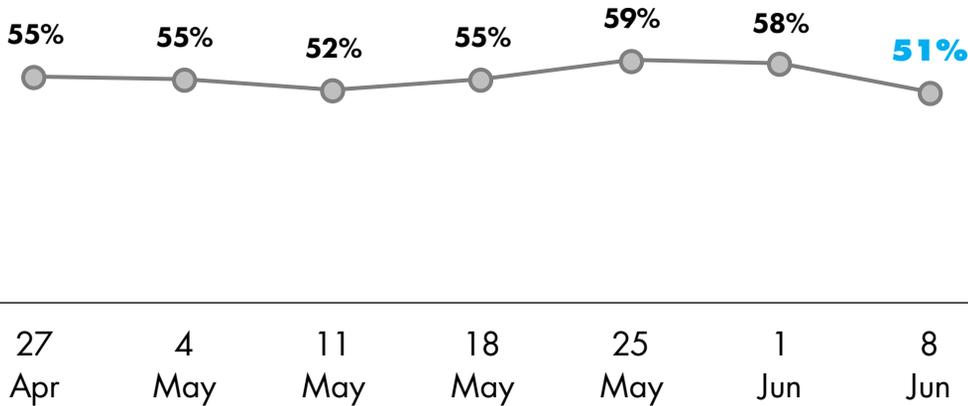
Note: Every three months or more includes: Daily, Several times a week, Weekly, Several times a month, Monthly and Every three months time periods. Results reflect scores of 8 to 10 on a 0 to 10 scale where 0 is 'Extremely Unlikely' and 10 is 'Extremely Likely'.

Source: Forethought USA Normality Index

Alternatively, *Ability to manage personal finances*, a newly introduced driver, was rated the highest in the Normality Index with a score of 84%. This finding coincided with a 12% reduction in Americans' likelihood to deposit money into a savings account in the next month (down to 51%). So whilst back in April, the personal savings rate hit an historic 33% (U.S. Bureau of Economic Analysis) reflecting Americans' fear and uncertainty in their financial wellbeing, based on our current findings, it is expected that this rate will begin to fall as Americans' confidence in the economy rises and they return to regular spending habits.

Figure 7: Likelihood to Deposit into Savings in the Next Month

How likely are you to deposit money into savings in the next month?



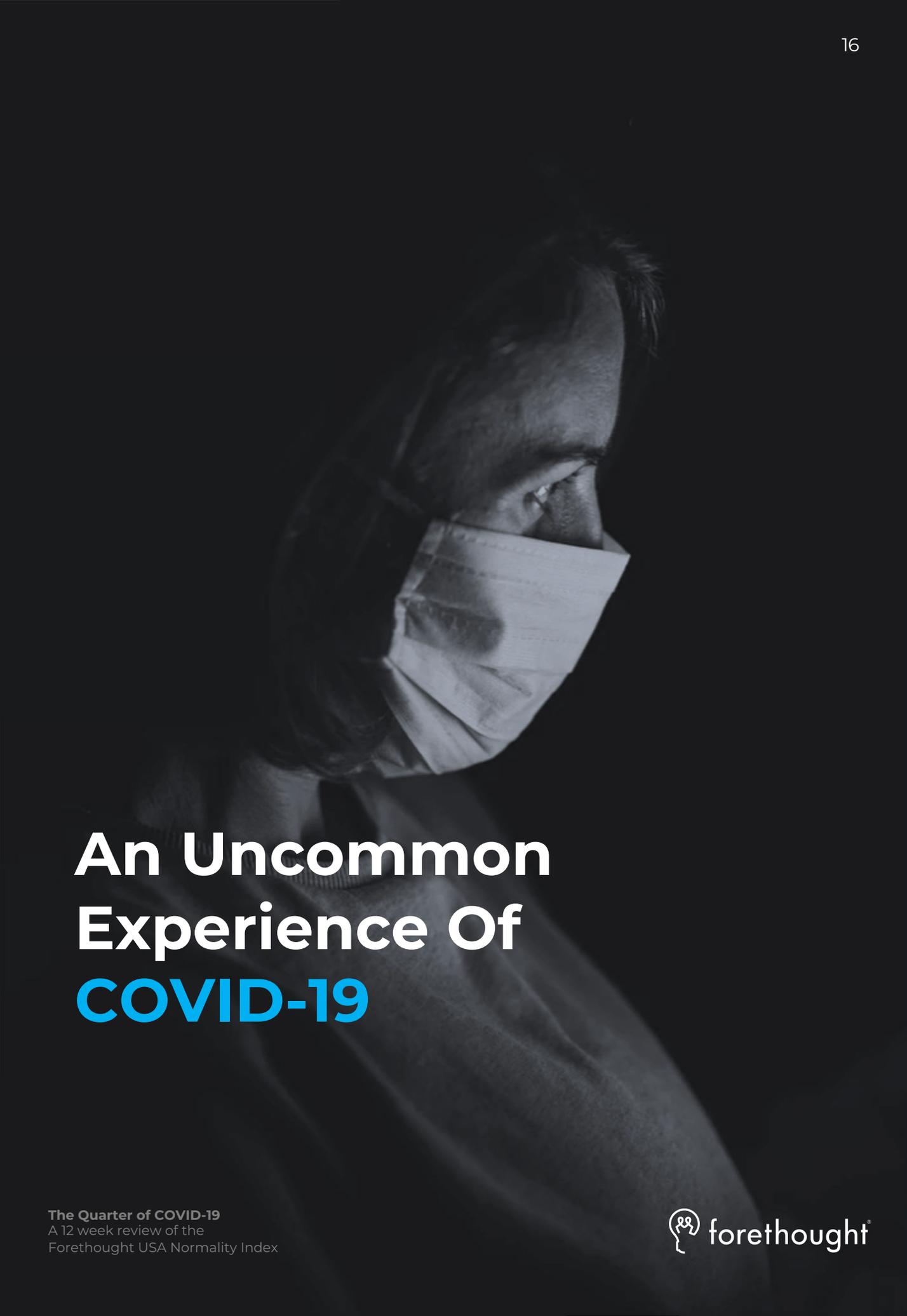
Note: Question added in Week 6, 27 April. Results reflect scores of 6 to 10 on a 0 to 10 scale where 0 is 'Extremely Unlikely' and 10 is 'Extremely Likely'.

Source: Forethought USA Normality Index



'So What?' for Brands

Brands must be proactive in their efforts to identify how the pandemic experience has caused shifts in consumer value and behaviors to truly understand how best to adapt their approach to service delivery, product design and communications in this new age market.



An Uncommon Experience Of COVID-19

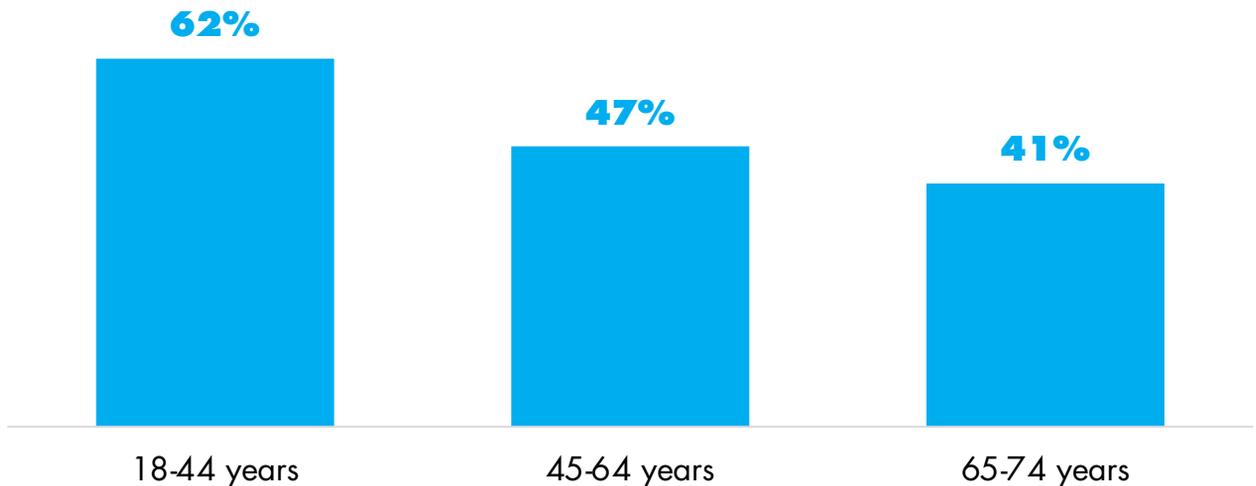
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FEARLESS BE THE YOUNG

Perhaps the more moderate reaction to COVID-19 amongst younger Americans is driven by the low risk factor if infected. As if some surety of recovery deems the whole COVID-19 experience less burdensome.

A comparison of ratings of normality across age groups shares insight into the varied experience of COVID-19, whereby the younger the individual, the higher the Normality Index, that is, the more normal they feel.

Figure 8: Normality Index by Age Group



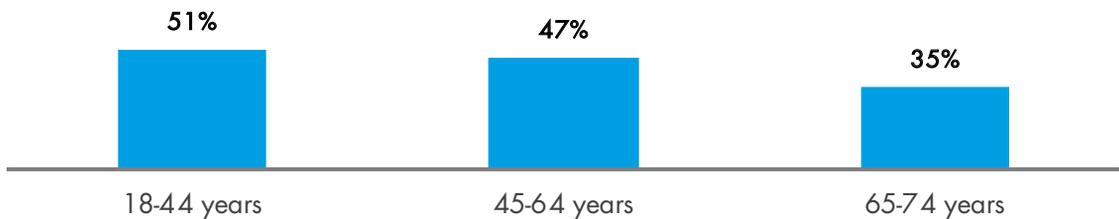
Note: Data represents rolled results from 11 May to 25 May (Week 8 to 10).
Source: Forethought USA Normality Index

The younger (18-44years) groups' rating of normality however, isn't to suggest they have not suffered during the pandemic. In fact, their experience of COVID-19 has been arguably worse. Comparing the current negative impact experienced by age groups across various facets of their life (finances, work life and personal life), the 18-44years age group have been most impacted financially and professionally relative to other ages. In contrast, personal life was more consistently affected across all age groups throughout the quarantine and lock-down.

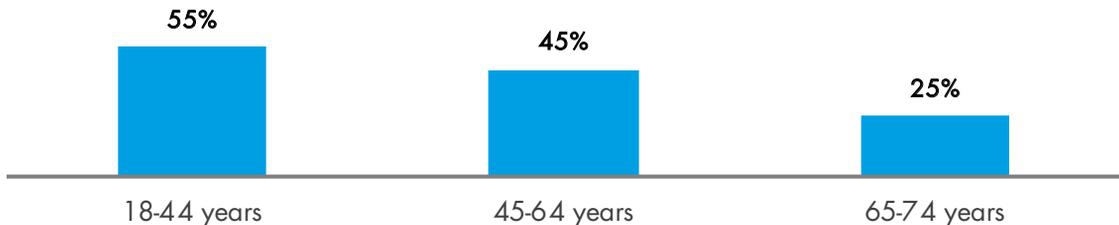
Figure 9: Current Negative Impact of COVID-19 by Age Group

Has the news of the spread of Coronavirus (COVID-19) had a negative impact on the following aspects of your day-to-day life?

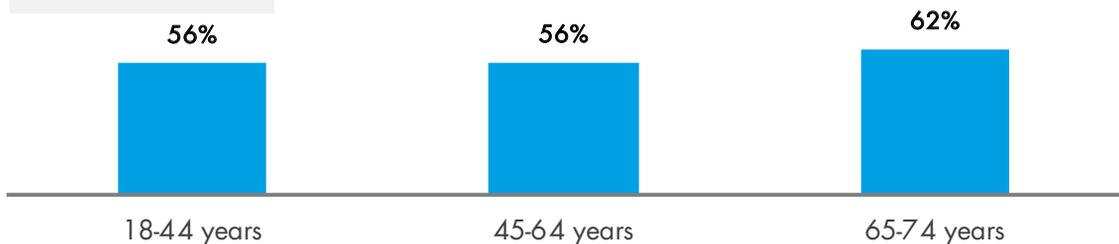
FINANCE



WORK LIFE



PERSONAL LIFE



Note: Results represent the percentage of 6 to 10 on a 0 to 10 scale where 0 is "Not At All Negative" and 10 is "Extremely Negative". Data represents rolled results from 11 May to 25 May (Week 8 to 10).

Source: Forethought USA Normality Index

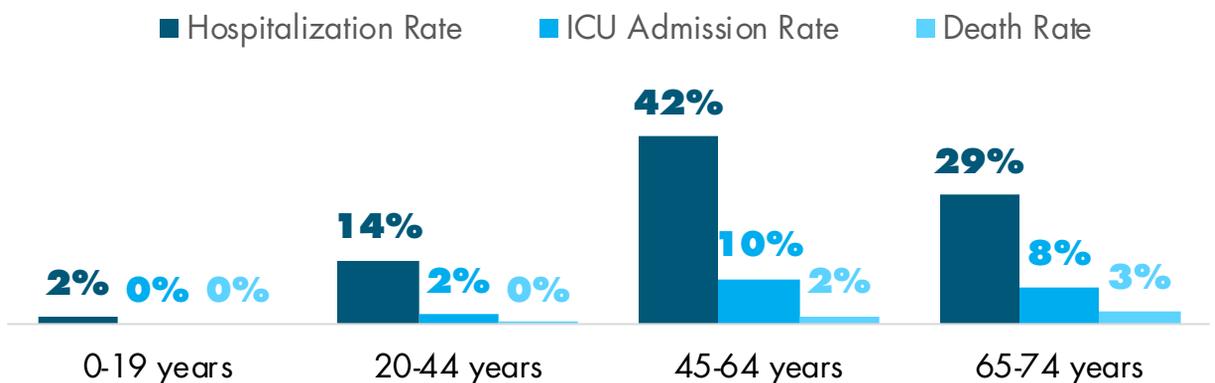
So What is Driving This Seemingly Stoic Sense of Normality Amongst Americans Aged 18-44years?

Looking across the possible outcomes of COVID-19, we find that the rates of hospitalization, ICU admissions and deaths are markedly lower amongst the younger age group. This difference in experience of COVID-19 outcomes may explain the younger group feeling more normal than most. This is supported by high, inverse correlations found to exist between younger Americans sense of normality (Normality Index) and COVID-19 outcomes.

- Rates of Hospitalization, - 0.92;
- ICU Admissions, - 0.88; and
- Death rate, - 0.82.

Perhaps then, the more moderate reaction to COVID-19 amongst younger Americans is driven by the low risk factor if infected. As if some surety of recovery deems the whole COVID-19 experience less burdensome.

Figure 10: How COVID-19 Affects Different U.S Age Groups



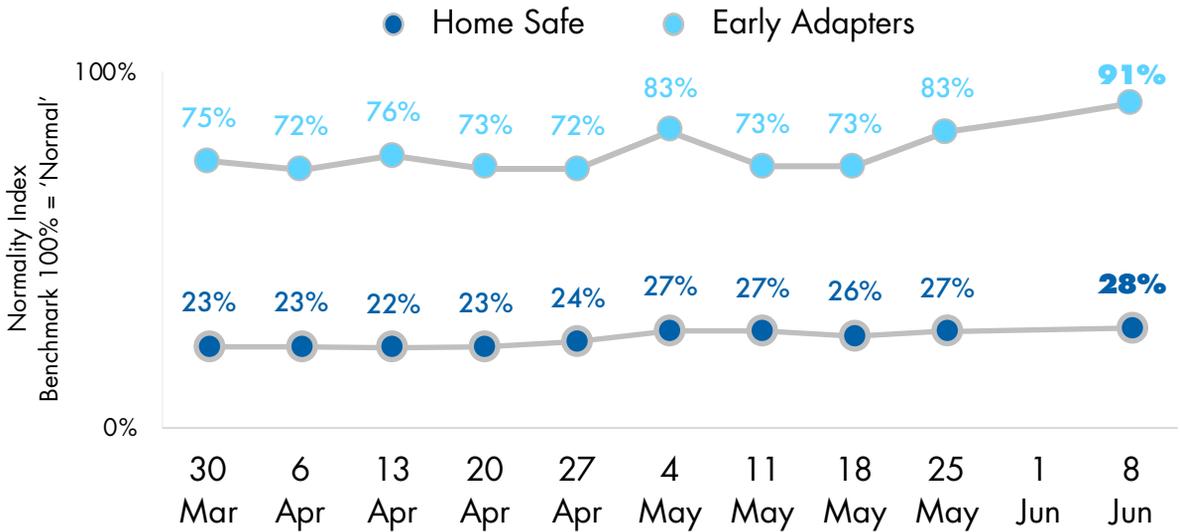
Source: Centers for Disease Control and Prevention

This finding aligns with the ongoing tracking of segments in the U.S population. Within the American population, there is a cohort of Early Adopters (most commonly aged 18-34 years) who may lead the return of consumption behavior - the green shoots of a return to normality. This group's Normality Index sits highest at 91%.

However, the optimism of the Early Adaptors lies in stark contrast to that of the Home Safe segment, which might be considered an anchor on the return to normality, with their current ratings in the Normality Index sitting at just 28%. This Home Safe group is older (50+), and perhaps their more pessimistic attitude is informed by reasons such as:

- Concerns they have greater COVID-19 health risks;
- Have seen their wealth more considerably impacted; and
- Life experience has made them more conservative.

Figure 11: Normality Index by Segment



Note: Cohort insights based on rolled data from March 23 to 13 April. Segment data represented as a two-week rolling average. Not asked in Week 11 (June 1).
Source: Forethought USA Normality Index



‘So What?’ for Brands

Forethought considers that the Early Adaptors will continue to lead the way to recovery, whilst the Home Safe cohort are anchors which marketers need to empathize with to help pull their return to normal consumption behavior forward.

To resonate with both ends of the spectrum, brands need to deliver a two-track program that:

- Facilitates the desires of the Early Adaptors to see their lives operating normally once again; and
- Sensitively addresses the fears and concerns of the Home Safe cohort, to help them be migrated along the consumption curve.



The Divergent States Of America

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THE DIVERGENT STATES OF AMERICA

The pandemic has erupted to varying levels of severity at the state level. While New Yorkers have endured in the global epicenter of the pandemic, other states have had a more relaxed experience.

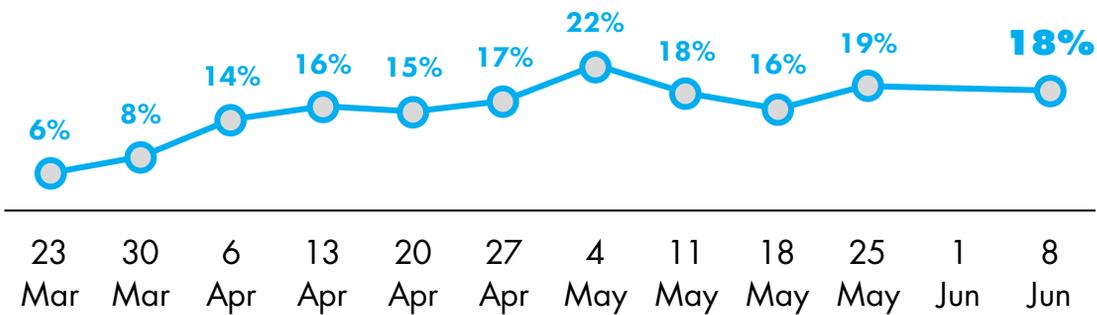
As at 8 June, 400,848 people have died globally due to COVID-19 (World Health Organization). One quarter of global deaths have been Americans, of which more than one third have been reported in New York and New Jersey – one of the highest concentrations of deaths in the world.

At an aggregate level, we see that 18% of Americans have personally / or know someone who has, contracted COVID-19. Splitting this regionally, we see the number is highest in the Northeast at 20%

Figure 12: COVID-19 Infections in the U.S and by Region

Have you, or anyone you personally know, tested positive for Coronavirus (COVID-19)?

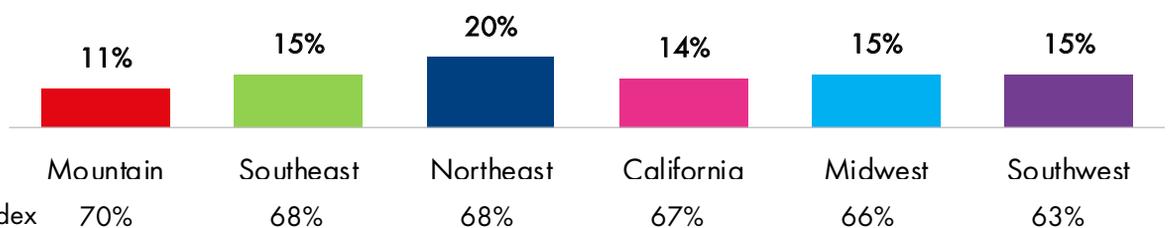
Yes



Note: Not asked at Week 11 (June 1).

Have you, or anyone you personally know, tested positive for Coronavirus (COVID-19)?

By Region, 8 June



Normality Index

70% 68% 68% 67% 66% 63%

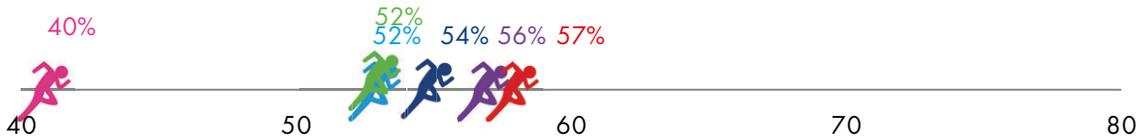
Source: Forethought USA Normality Index

Similarly, throughout the pandemic, the regions have had varying responses to the COVID-19 outbreak. States have taken an individualized approach to lockdowns, social restrictions and management of the pandemic. Notably, the response has often matched the severity of the COVID-19 infection rate locally - while New Yorkers have endured in the global epicenter of the pandemic, other states have had a more relaxed experience. In Figure 12, we see Mountain region residents were least likely to have personally / known someone who contracted COVID-19. Correspondingly, as at 8 June, the Mountain region leads the way back to normality with a Normality Index of 70%.

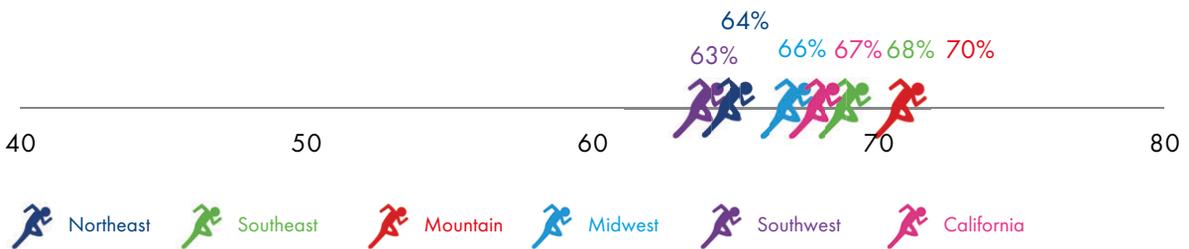
Comparing degrees of improvement across the regions, the Normality Index in California has improved by a staggering 66% since tracking commenced (from 40%, 23 March to 67%, 8 June), while Southwest trails the rest of the nation with the least improvement of only 13% (from 56%, 23 March, to 63%, 8 June).

Figure 13: Normality Index by Region

Normality Index: Week 1, 23 March



Normality Index: Week 12, 8 June



Source: Forethought USA Normality Index

Region	Change since Week 1, 23 March
California	+66%
Southeast	+31%
Midwest	+27%
Mountain	+23%
Northeast	+19%
Southwest	+13%



Evidently, Americans across the nation are having a vastly different experience as the pandemic continues and regions are pursuing state level approaches towards a return to normality with staged restrictions lifting to varying degrees.

 **'So What?' for Brands**

As brands continue to frame and roll-out their recovery strategies, it is essential to consider the regional nuances of each audience. Brands must consider that Americans may be at varying degrees of receptivity to brands communications, pending whether local governments have maintained or eased their ability to live without restrictions. In the short-term, regional tactics will be best placed to ensure strategies resonate and meet consumers needs where they are positioned in their journey back towards normality.



America Divided: It Is Undeniably Political

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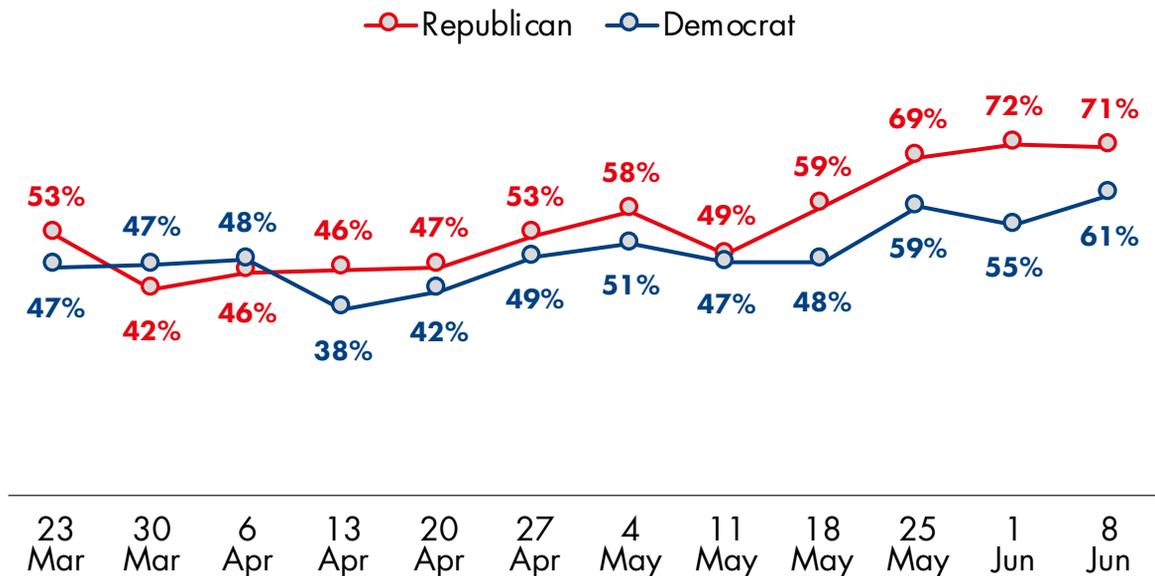
AMERICA DIVIDED: IT IS UNDENIABLY POLITICAL

After 12 weeks, Republicans are closer to normality, less fearful of the COVID-19 consequences and are more optimistic of the future than are Democrat voters.

As has been explored in previous weeks of the Normality Index and in earlier sections of this report, the experience of COVID-19 has not been universal. In Week 12, as the focus on COVID-19 has been surpassed by attention towards systemic racial inequality, police violence and the Black Lives Matter movement, it is important to explore the COVID-19 impact through the lens of political affiliation. With 12 weeks of data in hand, this is now possible.

At 8 June, Republicans have steadily moved closer to normality than Democrats. Republicans' Normality Index is 71%, 10% higher than Democrats (61%) and has been consistently leading the way since mid-April.

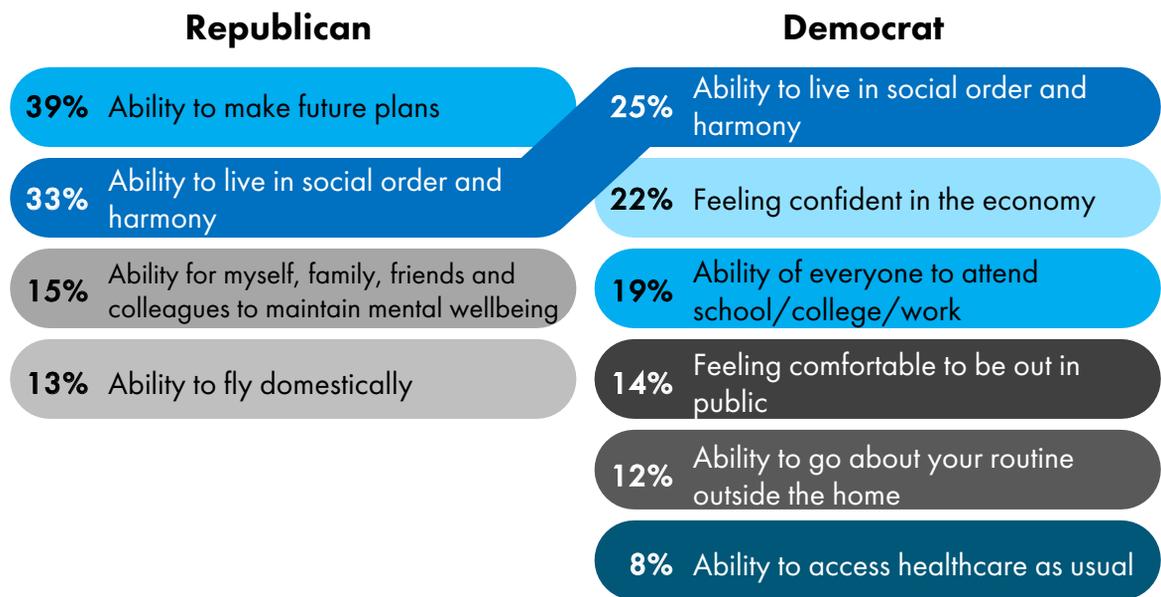
Figure 14: The Normality Index – Republican Versus Democrat



Source: Forethought USA Normality Index

Furthermore, the pathway to a return to normality also differs between Republicans and Democrats. Analysis conducted to understand the drivers of a return to normality found that Republicans' pathway comprised intent focus on only four drivers, whilst the Democrats focus was more widely spread across six drivers. Specifically, it was found that for Republicans, the focus centered on making future plans and living in social order and harmony, and whilst the Democrats shared the focus on social order and harmony, they were also acutely focused on the economy and ability to return to school/work.

Figure 15: The Drivers of Returning to Normality – Republican vs Democrat



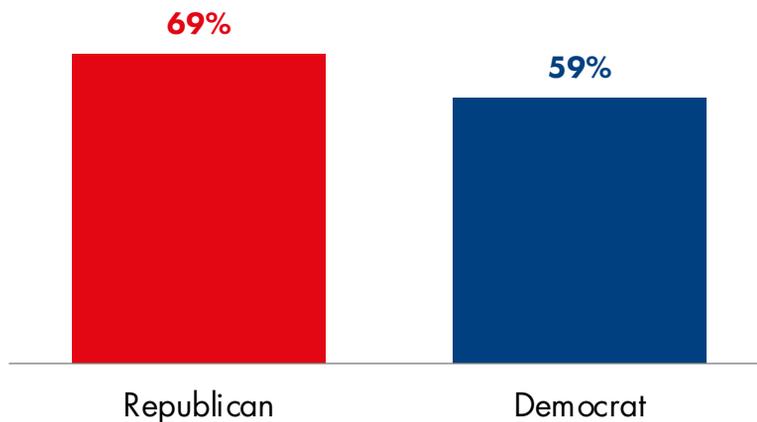
Source: Forethought USA Normality Index

Reviewing the differences in these models provides clear evidence that political affiliation is influencing Americans' outlook on current affairs. While there is agreement on the importance of the *Ability to live in social order and harmony* in returning to normality, the experience of it differs vastly between parties. Republicans consider social order and harmony to be closer to normal with a rating of 69% in the Normality Index, than do Democrats (59%). This difference is mirrored in other important drivers of a return to normality. Republicans rate the normality of their *ability to make future plans* 7% higher than do Democrats (70% versus 63%), and rate *confidence in the economy* 13% higher in the Normality Index than do Democrats (68% versus 55%).

Figure 16: Ability to Live in Social Order and Harmony – Republican vs Democrat

Thinking about life at present, how do you feel the following aspects are?

Ability to live in social order and harmony



Note: Benchmark 100% = "Normal"
Source: Forethought USA Normality Index

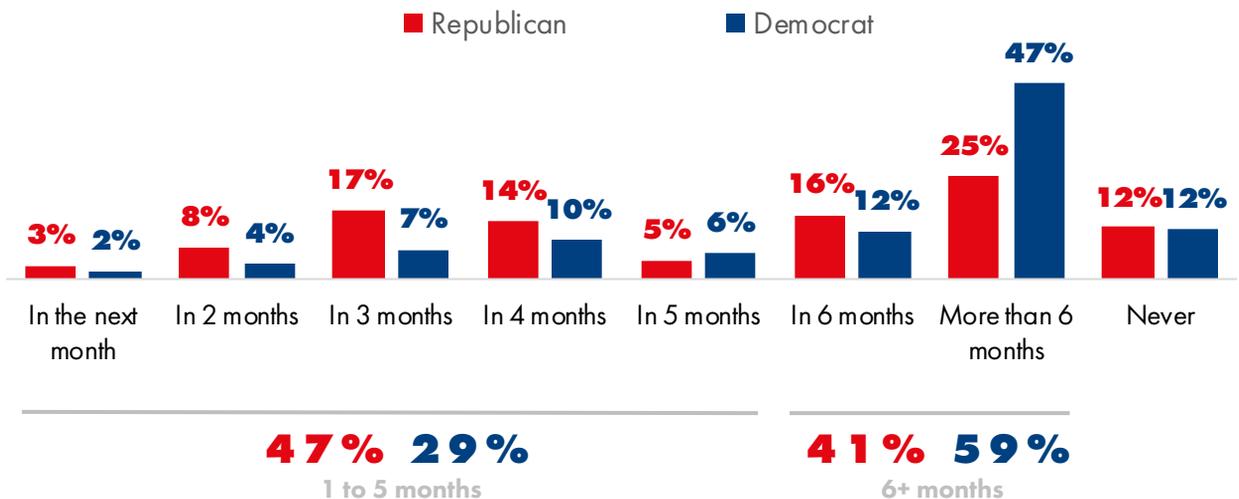
In addition to these differences in what it will take to return to normal, Americans outlook for the future is also divided along political lines. Despite having equal personal knowledge of someone testing positive for the virus (22% versus 21% respectively), Republicans and Democrats outlook to recovery is very different:

- Fewer Republicans are anxious about the health consequences of COVID-19 compared to Democrats (51% versus 69%);
- Fewer Republicans are fearful of the financial (33% versus 48%), professional (33% versus 42%) and lifestyle impact (37% versus 54%) of COVID-19, than Democrats;
- More Republicans are optimistic for the future business (43% versus 24%), professional (42% versus 26%) and economic conditions (44% versus 22%) than Democrats.

In light of the lower anxiety, fear and greater optimism, it is not surprising that Republicans are more hopeful of an earlier return to normality than Democrats. Almost half of Republicans (47%) anticipate the return to normal, everyday life will occur in less than 6 months. This optimism is shared by just 29% of Democrats, with their majority anticipating a return to normality is more than 6 months away (59%).

Figure 17: Perceived Timeline to Return to Normal – Republican Versus Democrat

When do you think life (including wider society) will return to normal?



Note: 1 to 5 months proportions reflect the sum of “In the next month” through to “In 5 months” proportions. 6+ months proportions reflect the sum of “In 6 months” and “More than 6 months” proportions.

Source: Forethought USA Normality Index



‘So What?’ for Brands

It is evident that the experience of COVID-19 and the pathway forward is divided politically. For brands, this further emphasizes the need for tailored strategies by audience, particularly more nuanced messaging to differentially communicate to Republicans versus Democrats. To account for political differences, it is viable to target consumers based on their political affiliation through their digital footprints (e.g. likes, site visits) and, more simply, by geography.

For brands, there exists an opportunity to simultaneously leverage Republican’s optimism in returning to normality, whilst delivering more conservative, anxiety-reducing messages and service design for Democratic consumers.

ADVERTISING IN THE LEAD UP TO THE 2020 ELECTION

The residue of negative emotion elicited by political advertising, is detrimental to the performance of brand advertising and is therefore wasted investment.

In addition to the challenges of tailoring COVID-19 recovery strategies by audience, the context of political advertising in the lead up to the 2020 election presents an additional nuance for brand leaders to navigate.

Just as the context of heightened negative emotion being increasingly felt by Americans due to COVID-19 can reduce marketing communications efficacy, so too can political advertising. Our research (available in our forthcoming whitepaper – Election 2020 – Time for Advertising Strategy Rethink) has found brands to be adversely impacted by proximity to political advertising.

All political advertising, irrespective of negative or positive messaging, or viewer's political affiliation, elicits negative emotions. The residue of negative emotion elicited by political ads preceding brand ads, significantly damages the performance of those brand ads, thereby rendering the advertising investment a waste.



'So What?' for Brands

As political advertising ramps up in the lead up to the November election, it is time for brands that are committed to effective advertising, to rethink their media strategy. The simple solution is to ensure advertising does not follow – nor is in proximity to – political advertising. Notably, this is an opportune time to review programmatic buying habits in favor of more intentional ad placement that avoids political advertising or news.



The Anxiety Handbrake On U.S. Business

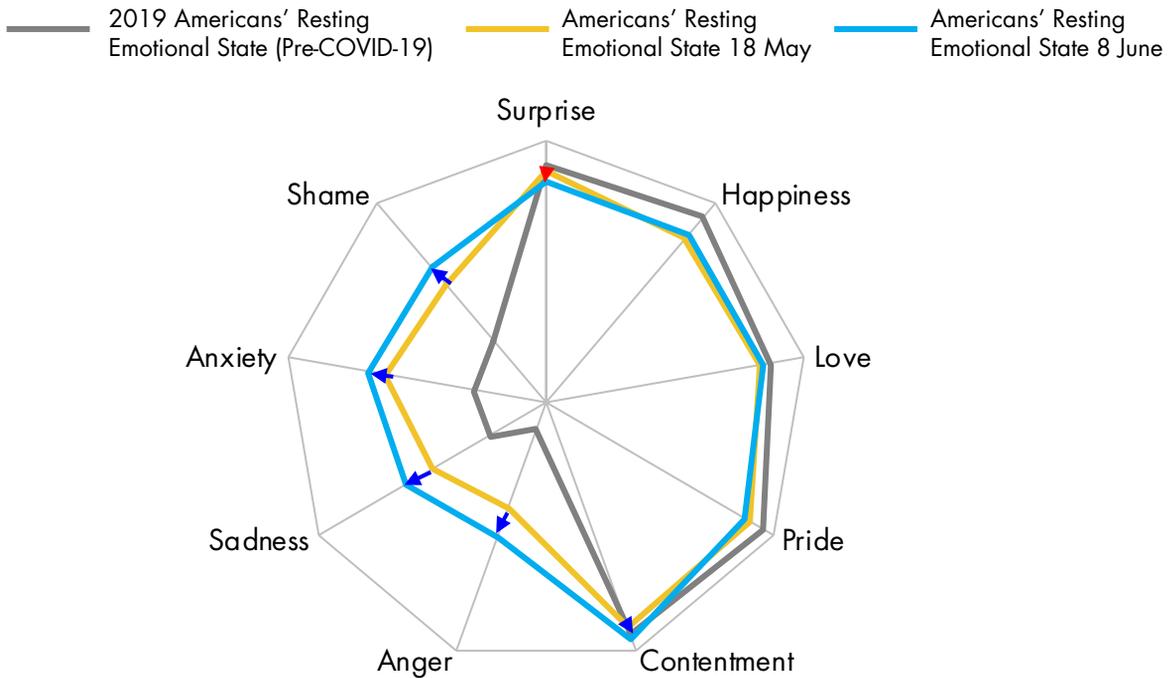
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THE ANXIETY HANDBRAKE ON U.S. BUSINESS

Whilst the Consumer Sentiment Index and the Normality Index may have stabilized and indeed, are trending to pre-COVID-19 levels, anxiety in the United States remains troublingly high.

Figure 18: Americans' Resting Emotional State¹



Note: Significance testing was conducted between May 18 and June 18 at the 5% level of significance. A blue arrow indicates the June 8 result was significantly higher than the May 18 result, a red arrow indicates it was significantly lower.

Source: Forethought USA Normality Index

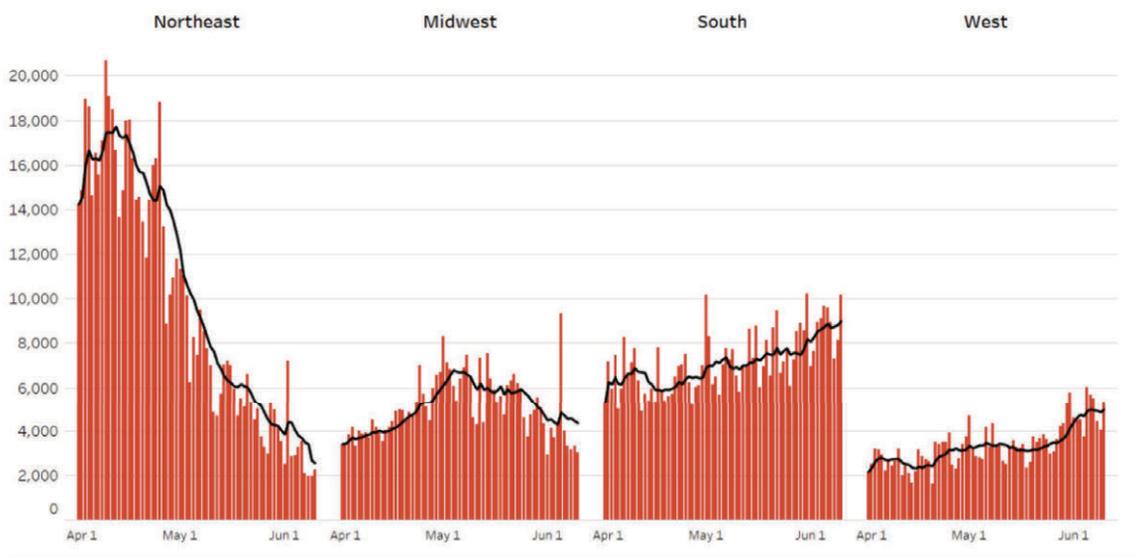
Consumers require an emotional detonator for making decisions, but what if the dominant primary emotion we are experiencing is negative? We know that when consumers are anxious, as Americans are, the apprehension leads to choosing low risk options which might result in not travelling, eating in, saving more and so on. The other key factor to be aware of is that with anxiety comes a heightened level of alertness which produces mental fatigue. As a consequence, anxious people are not necessarily physically tired, but likely to be mentally weary.

¹ Forethought measures discrete emotions implicitly applying a patented, non-verbal, metaphor-based, series of gamified avatars.

An important question to ask then, is what is continuing to make Americans' anxious? The ongoing economic and health consequences of the dual crisis, coupled with the Black Lives Matter movement has kept people on edge. Perhaps most unnerving is:

- As COVID-19 recedes from the initial US epicenters in New York and New Jersey, cases continue to grow in the Southern and Western United States. For the first time there are now more cases of COVID-19 in the South, West and Midwest than there are in the Northeast. Eleven states are yet to peak (Alaska, Arkansas, Arizona, California, Kentucky, Mississippi, Montana, North Carolina, South Carolina, Texas, and Utah). That is, states that were originally spared are now seeing record hospitalizations.

Figure 19: Daily New U.S. Positive Cases



Note: Black line represents the 7-day rolling average.
Source: The COVID Tracking Project

- As lock downs have been lifted, for those states where the curve has been flattened, there is a fear of a resurgence in infection's levels. Contingent on avoiding a second wave of infections are containment measures and the availability of a vaccine. The consumer knows that salvation through a universally available vaccine is a long shot. The average vaccine taken from the pre-clinical phase typically takes more than 10 years and has a mere 6% probability of successful market entry.
- Ending the longest economic expansion in USA history, gloomy forecasts for a deep and enduring recession are on high rotation in the media. Some are predicting that the COVID-19 pandemic will be the most economically destructive natural disaster in the history of the United States. The comparisons are being made to the severe 2007-09 recession and suggesting that unemployment will be beyond that peak.

The one indicator of a falling level of anxiety was the finding in Week 12 of the decrease in Americans' intention to save (see Figure 7: Likelihood to Deposit into Savings in the Next Month). Meanwhile, the savings ratio in the USA is presently at a record high. Higher levels of savings are directly attributable to high levels of anxiety. High anxiety has a severe dampening effect on the Federal Government's stimulus packages designed to reignite the economy. Most likely effected is the demand for discretionary goods.



'So What?' for Brands

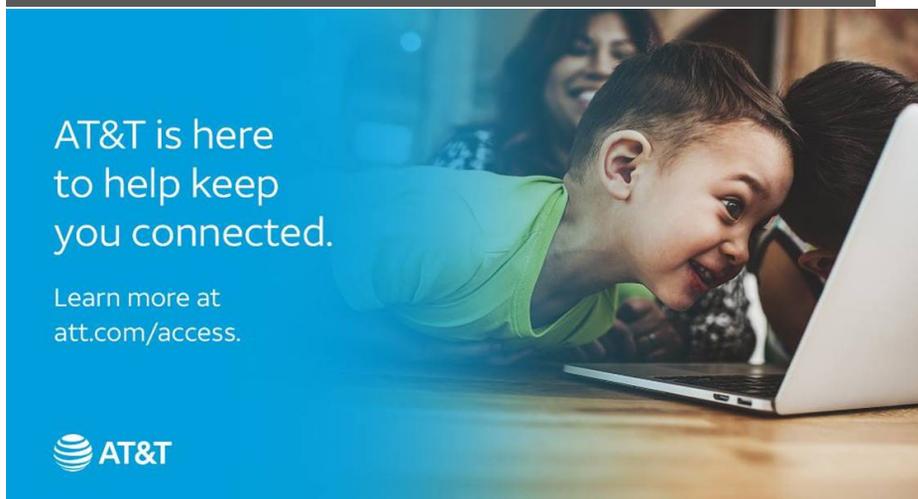
How a Negative Emotion Can Provide a Tailwind for a Brand

Forethought has proven that brand safety and advertising effectiveness is heavily dependent on the context in which the advertising is received. It has been shown that the effectiveness of an ad attempting to elicit a positive emotion, such as happiness, is markedly hampered if it follows a negative communication or context.

Questions have been raised recently about the current COVID-19 context and whether or not now is a good time to advertise. This study has found that whilst all of the positive emotions associated with consumption behavior have returned to pre-COVID-19 levels, the negative emotions, and in particular, anxiety, remain significantly heightened. What are the implications for advertising in this environment?

Brands need to be mindful that if they are seeking to elicit a positive emotion such as love, then ideally they will show how their product or service can assist in addressing the negative emotion of anxiety. For example, a consumer may wish to stay in contact with family and friends which, in so doing, enables them to both lower anxiety and raise love.

Figure 20: AT&T Campaign Lowers Anxiety and Raises Love





Navigating The Economic Rebound

The “Normality Index” Explanatory of Our Economic Plight

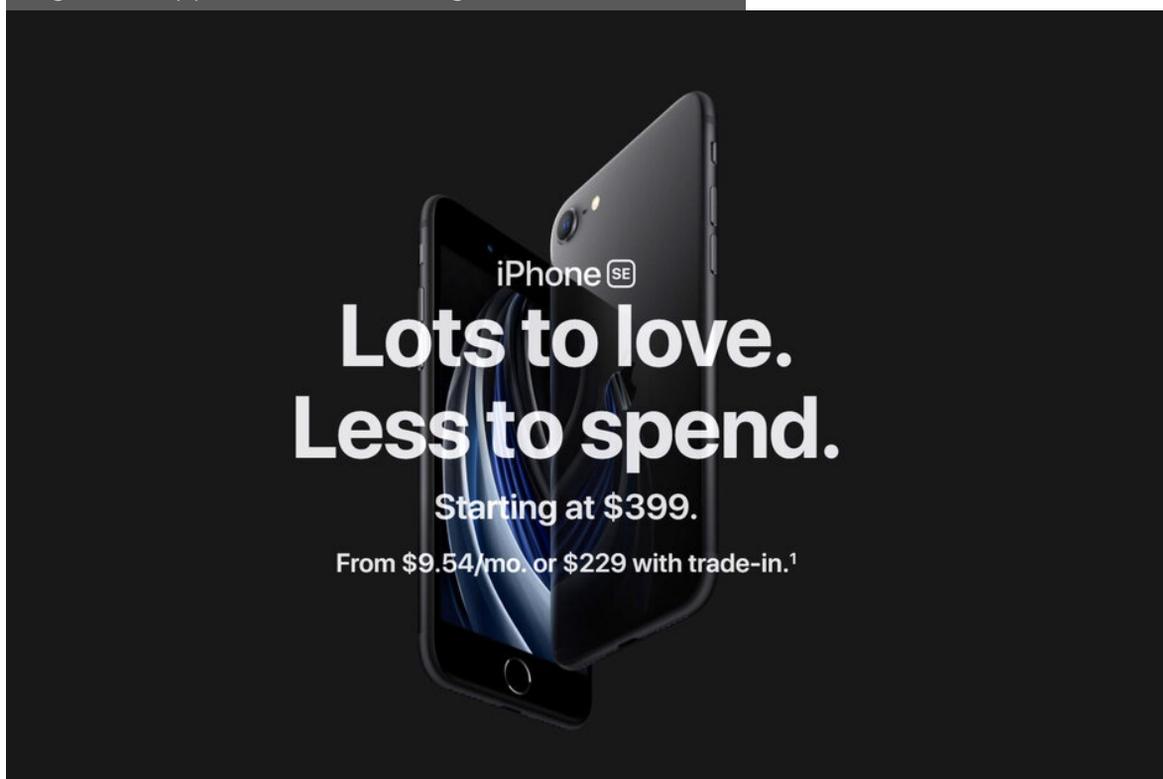
The purpose of the Forethought Normality Index has been to help brand owners navigate the best possible way through the multiple crises. At the macro level, the data is proving to be highly explanatory and indeed, providing important leading and lagging indicators. For example, as a leading indicator, the significant correlation between the Normality Index and TSA checkpoint throughput is 0.86.

Each week the cumulative data set has been available to be downloaded. Clients have reported that the Normality Index has been a leading indicator of their own revenue (one client has reported a leading indicator with a significant correlation of 0.78). In terms of a coincidental indicator, the Normality Index is an indicator of the S&P index with a significant correlation of 0.71.

Forethought has also been diligent in sourcing public data to undertake time series analysis. Secondary data appended to survey data has certainly enhanced the explanatory power of the models. In terms of improving normality, the survey data reveals that the performance of the economy is paramount. However, appending secondary data and applying time series analysis, we find that the health of the nation also factors into driving our sense of normality. For example, the higher the recovered cases from COVID-19, the higher the index, and the lower the deaths from COVID-19, the higher the Normality Index.

The survey data has also been important for providing directional insight into macroeconomic events. Anxiety remains high and so too does American's intention to save. The very good news arising out of the Week 12 data has been the first green shoots of both anxiety and savings' intentions falling. As this continues, spending on discretionary goods will free up. In the meantime, brands that are preparing for recessionary level spending will be launching stripped-back options to allow consumers to self-identify as needing to economize. For example, Apple releasing a bargain price iPhone.

Figure 21: Apple iPhone SE – Bargain Price Product



Source: Apple USA



Time For Authentic Brand Action

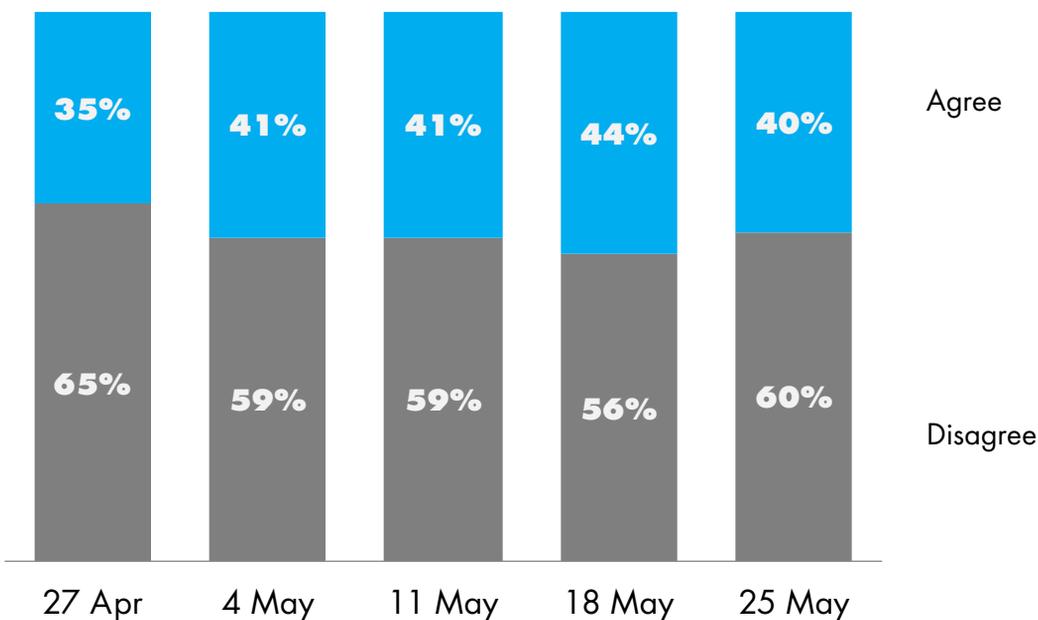
The Quarter of COVID-19
A 12 week review of the
Forethought USA Normality Index

TIME FOR AUTHENTIC BRAND ACTION

One prevalent response of brands during the COVID-19 affected period has been to communicate their support for customers during an unprecedented time. The Normality Index study has also tracked changes in consumer sentiment in response to such advertising. The results revealed two in five Americans believe that companies who are saying they are rallying behind the customer, are not actually taking action. This rising level of cynicism was found to be undermining the credibility of brands, who were not 'walking the talk'.

Figure 22: Consumer Cynicism of Brand Communications

Companies are saying they're rallying behind their customers, but aren't actually taking action



Note: Results represent scores of 6 to 10 on a 0 to 10 scale where 0 is "Strongly Disagree" and 10 is "Strongly agree".

Source: Forethought USA Normality Index



'So What?' for Brands

Brands need to reconsider their virtue wrapping claims of "being there" for Americans during these "unprecedented times", as it is wearing thin on how Americans feel about these brands as a result. To prevent reputational damage, brands are urged to either provide objective evidence of the authenticity of their claims, or cease making such claims.

That said, brands able to effectively communicate tangible efforts in support of consumers are reaping the benefits. For example, a brand responding in a meaningful and relevant way to avoid consumer cynicism is Optus (the second largest telecommunications service provider in Australia). Their call to action for customers provided an avenue to help those in need. Optus enabled customers to seamlessly donate mobile data to those living in disadvantage. In response, over 1 million customers shared over 9.6 million GB of data, providing internet access to those who need it most to learn, create and connect.

Figure 23: Optus Donate Your Data – Example of Authentic Action



Donate your data

To power the potential of young Australians in need, you can donate your data to help provide much needed access to those who need it most. To donate, simply go to My Optus app.

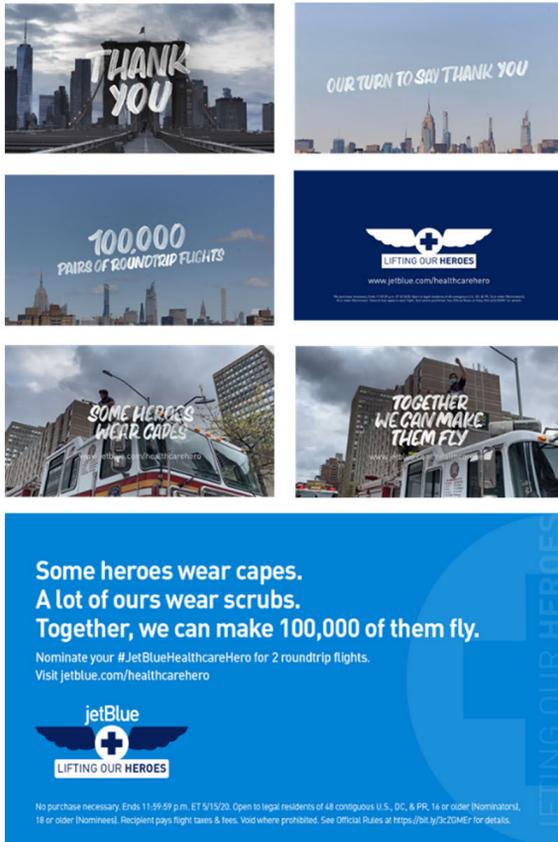


Eligible Optus mobile services only.
See optus.com.au/athome/DYD

Source: Optus Australia

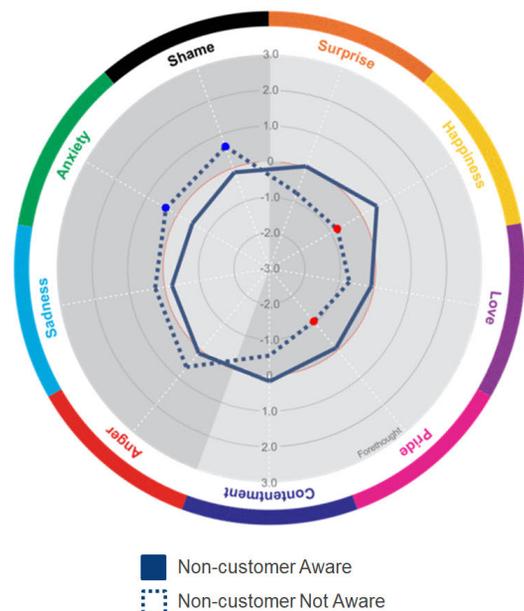
Closer to home, another brand whose actions during this time achieved authenticity is JetBlue, with its Healthcare Hero response to COVID-19. True to its founding mission to 'bring humanity back to air travel', JetBlue called on customers to thank the healthcare heroes in their life, by nominating them for a chance to receive one of 100,000 roundtrip flight certificates for two to use when the time is right.

Figure 24: JetBlue Healthcare Heroes Campaign and Non-customer Emotional Elicitation – Example of Authentic Action



JetBlue Non-customer Emotional Elicitation of Healthcare Heroes Campaign

Overall JetBlue Non-customers Aware vs. Not aware



Note: Significance testing was conducted between Aware and Not Aware at the 5% level of significance. A blue marker indicates the Not Aware result was significantly higher than the Aware result, and a red marker indicates it was significantly lower.

Sources: JetBlue Airways, JetBlue Healthcare Heroes Communications Testing Results (May 2020)

Having partnered with JetBlue on measuring the impact of this response, with permission, Forethought can report that the JetBlue response:

- Reduced anxiety,
- Raised positive emotion towards the brand, and
- Resulted in positive improvements in ratings on key value drivers and business outcomes for JetBlue.

This is in addition to providing its customers with an avenue to make a positive impact on individuals at the forefront of the COVID-19 response, by nominating them to win roundtrip flights.

Time To Stop And Observe, **Reorient** **And Rethink**

The Quarter of COVID-19
A 12 week review of the
Forethought USA Normality Index

TIME TO STOP AND OBSERVE, REORIENT AND RETHINK

Brands that invest in understanding their post COVID-19 consumer and reorient their products and services accordingly, will no doubt lead the recovery.

Ordinarily, in understanding consumer behavior, Forethought best-practice recommends brands review their choice drivers model at least every 18-24 months to match changes in consumer behavior. Behavior does not rapidly change unless there is some kind of catalyst, some kind of shock to the system.

COVID-19 is one of these 'shocks'. The pandemic has shocked Americans into immediate change and forced an altered lifestyle for the last three months. Moreover, the effects will be felt for, what Americans perceive to be, the long-term road to recovery. From a brand perspective, it has disrupted Americans out of regular patterns of consumption behavior, prevented access to favored brands, driven stockpiling, forced trial, forced switching and changed the competitive landscape in nearly every category.

In response to these changes, many brand leaders are asking: How has consumer behavior changed? Forethought challenges leaders to consider:

- What behavior change is short term and what is likely to remain in the aftermath?
- Are the assumptions that underly business decisions still valid? and
- Are the leading indicators capturing the right insight to drive the brand forward?



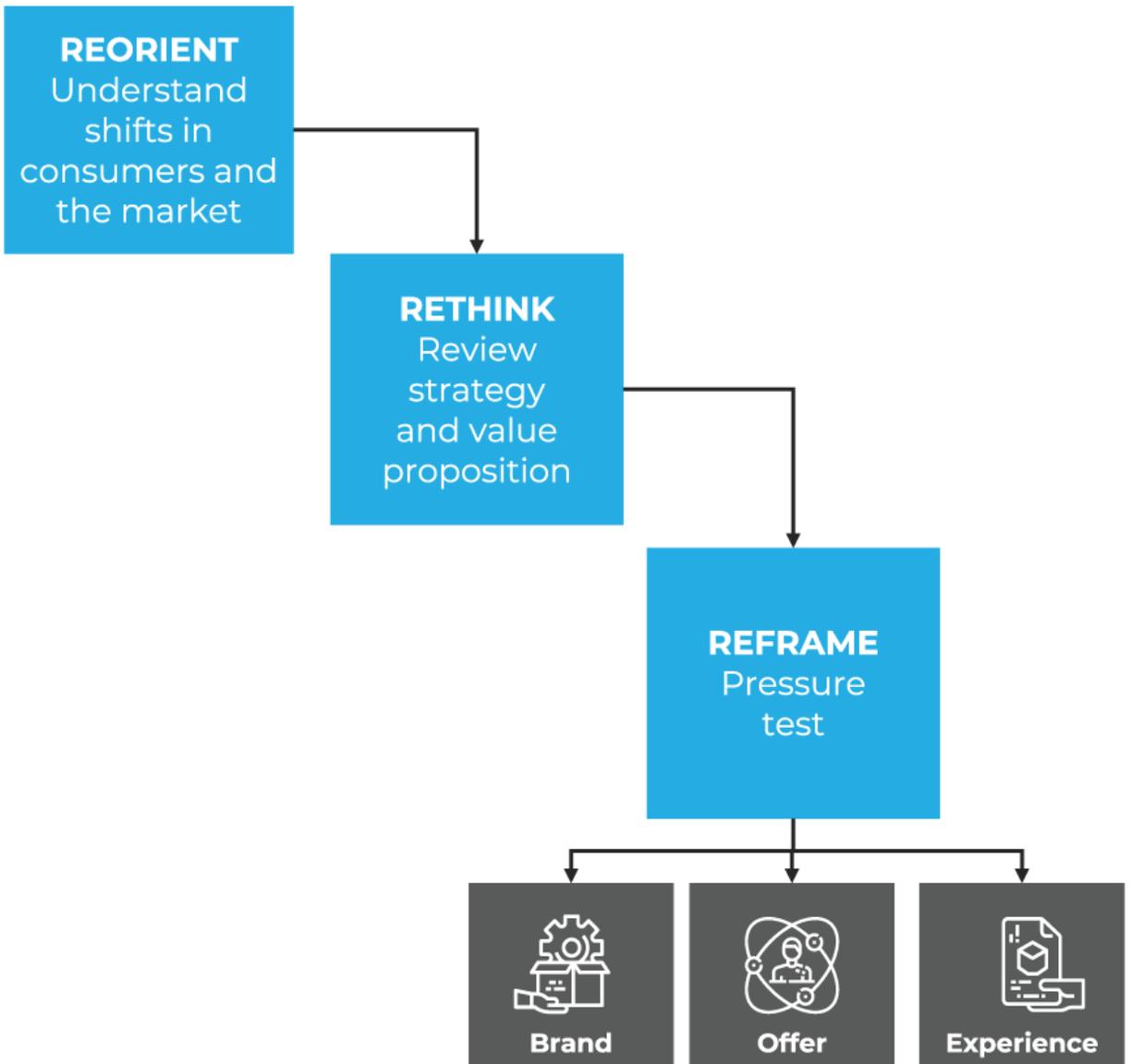
'So What?' for Brands

At this pivotal time, brands that invest in understanding their post COVID-19 consumer and reorient their products and services accordingly, will no doubt lead the recovery and will be the most likely to emerge ahead of the competition.

Reorient Framework: Leading A 'Customer-First' Rebound

As consumption will be vital in the economic rebuild, a 'customer-first' lens is critical. Leadership needs to revisit what they once understood about their customers' values and behaviors, as some of these are changing. With a contemporary understanding of the market, organizations will have the evidence to confidently reorient, rethink and reframe how they go to market in this new climate.

Figure 25: The Reorient Framework





'So What?' for Brands

Empowering brands in their COVID-19 recovery strategies, a selection of Forethought task force areas recommended include:

Understanding slippery and sticky changes in consumer behavior

Are there enduring changes in our customers' behavior that warrant reconsidering how we deliver our product / service?

In light of the COVID-19 response, change is occurring in all aspects of peoples' lives and therefore a holistic understanding of these changes in the 'everyday' is required. The behaviors that will stick post-pandemic are the ones strongly aligned to our personal and cultural values.

To stop and observe how consumer behavior has changed and what influences are likely to endure (i.e. which are sticky), Forethought leverages the science of anthropology. Applying anthropological techniques, Forethought has sought to understand how this period of change has impacted consumer values and how they relate to brands and consumption behavior.

If behaviors change as a result of a change in values – personal or cultural – there is a good chance that these new ways of life will stick. On the other hand, if behavior change is not grounded in value change then these behavioral changes, momentary new ways of doing things, will be transitory. Once barriers to old behaviors are removed (e.g. when lockdowns are lifted), prior behaviors are likely to 'Snap-Back'. This is because our values guide the attitudes that inform decision-making and action. They define what is desirable and are key determinants of our behavior (the Forethought Consumer Behavior Change Framework is outlined in more detail in the following section).

Upon qualitative identification of these changes, behaviors must then be quantified to understand the impact both in the market and on the brand's performance, to inform how to reorient and rethink strategy.

No doubt, the economic uncertainty and high unemployment has reshaped the value considerations of millions of Americans, and what they consider important in choosing a brand. Consequently, as consumption begins to return, Forethought recommends brand choice models should be revised, with these identified, sticky behaviors considered, to account for the new influences on consumer choice.

Keeping pulse on brand acquisition and defection

How is the competitive market changing and is our response resonating?

To understand how customers thoughts, feelings and behaviors are changing during the recovery, Forethought is keeping a pulse on brand for a major services provider (brand intentionally withheld for confidentiality considerations). This weekly study includes:

- monitoring customer defection and brand switching across the product range;
- monitoring brand trust and trust of competitors;
- measuring awareness of existing benefits that can assist during COVID-19;
- measuring awareness of brand and competitor responses to COVID-19; and
- mapping the new consumption landscape and adjusting the product range to address immediate needs.

This fact-based, regular insight is used by this client to inform short-term tactics to reorient during this time of change. For example, this brand has pivoted its communications channels and targeted strategies to drive relevant product upgrades. This is in addition to communicating authentically by supporting its customers with tangible benefits and avenues to support others during the crisis.

Redesigning engagement models

How can we still engage customers if not in-person?

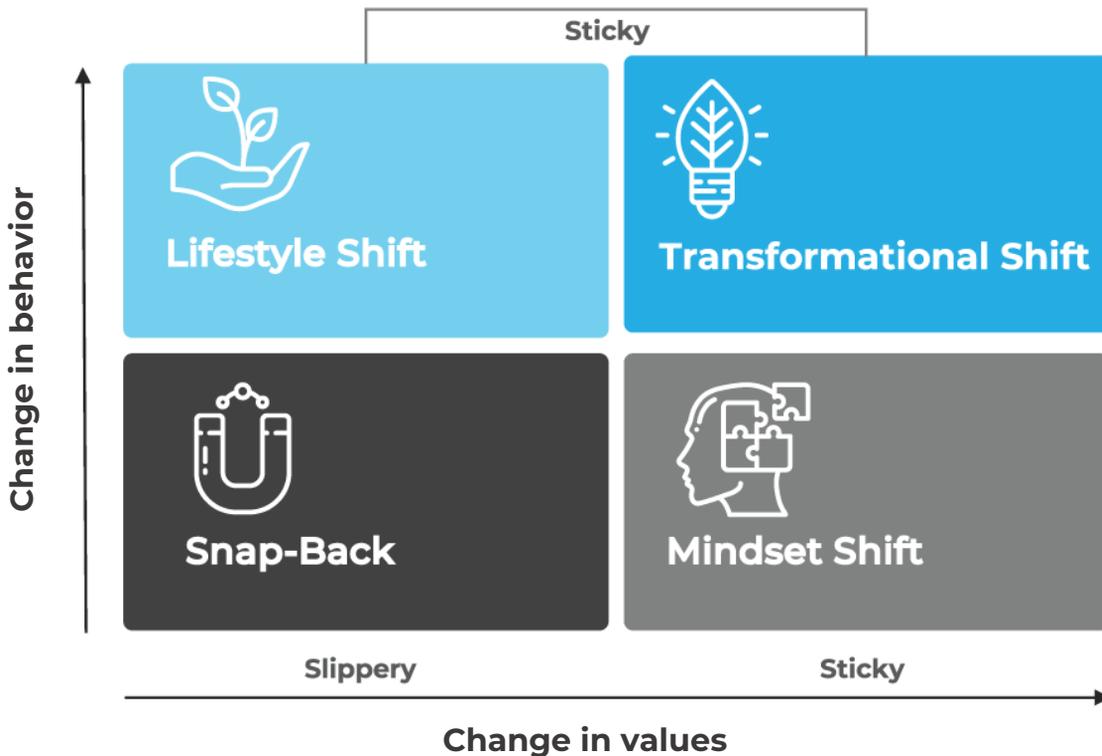
In categories previously reliant on in-person service, many brands are faced with significant barriers to reopening. To this end, Forethought has been engaged to reimagine the business engagement model for customer service in the period of remote operations.

Using a dual-sided qualitative research approach, Forethought is qualitatively exploring both B2B relationship managers and their client's expectations, values and preferences to collaboratively rethink what the work-from-home business engagement model will look like until confidence in in-person business interactions returns.

Consumer Behavior Change: A Framework For Observing And Understanding

The Forethought Consumer Behavior Change Framework outlines the four categories of behavioral shift we have observed. Our observations are based on both quantitative and qualitative methods.

Figure 26: Understanding Consumer Behavior Change



1. Transformational Shift occurs when there is a strong change in both values and behaviors. This situation is rare, but the outcomes are likely to be sticky.
2. Mindset Shift represents significant changes in our values with smaller behavioral impact. Again, these changes are likely to be sticky.
3. Lifestyle Shift is when our behaviors have changed but our values have not. These will also be sticky.
4. Snap-Back represents enforced adjustments to a situation. Here we can observe behavioral change but no change in values. Once the status quo is re-established, the old behavior will return.

What we have learned so far

Transformational Shift

Consumers have a greater focus on essentialism. This is a shift in their values and the resultant behavioral change may be different consumption choices. “I no longer need to use it. Why keep it?”

Is your value proposition strong and clear?

Mindset Shift

In ethnographic observations, we have witnessed an increasing need for self-direction and security. This is exemplified by young consumers (age 18-24) who show declining brand loyalty and trust in organizations.

Are you prepared for the opportunities and risks associated with increasing switching?

Lifestyle Shift

During the COVID-19 lockdown, consumers have been forced to trial new services, new delivery methods, and new brands. These are functional equivalents, and in many cases, consumers have liked what they are getting. This has been especially true in digital with consumers of all ages now embracing online services.

Is your digital experience up to market expectations?

Snap-Back

Some of the changes consumers have made since mid-March 2020 will be temporary, particularly those which have been forced upon them. These changes will disappear as fast as they arrived.

Are you effectively meeting constrained needs whilst ensuring that the offer is ‘back to normal’ as soon as possible?

SUMMARY

'So What?' for Brands

01

Brands should seek to gain insights into the short and long-term changes in consumer behavior. Brands need to identify opportunities to meet the current consumer needs in the immediate term, whilst simultaneously adapting in the longer term, to meet consumer needs resulting from enduring changes in society.

02

Is it time for brands to move away from lamenting the health and social impacts of the pandemic, and instead shift their tone towards enthusiasm for the future? Remaining cognizant that consumer behavior has changed, brands should now start to focus on what new behavior might remain in this new age and move to enabling consumers to look to the future with confidence.

03

Brands must be proactive in their efforts to identify how the pandemic experience has caused shifts in consumer value and behaviors to truly understand how best to adapt their approach to service delivery, product design and communications in this new age market.

04

Forethought considers that the Early Adapters will continue to lead the way to recovery, whilst the Home Safe cohort are anchors which marketers need to empathize with to help pull their return to normal consumption behavior forward. To resonate with both ends of the spectrum, brands need to deliver a two-track program that:

- Facilitates the desires of the Early Adapters to see their lives operating normally once again; and
- Sensitively addresses the fears and concerns of the Home Safe cohort, to help them be migrated along the consumption curve.

SUMMARY

'So What?' for Brands

05

As brands start to frame and roll-out their recovery strategies, it is essential to consider the regional nuances of each audience. Brands must consider that Americans may be at varying degrees of receptivity to brands communications, pending whether local governments have maintained or eased their ability to live without restrictions. In the short-term, regional tactics will be best placed to ensure strategies resonate and meet consumers needs where they are positioned in their journey towards normality.

06

It is evident that the experience of COVID-19 and the pathway forward is divided politically. For brands, this further emphasizes the need for tailored strategies by audience, particularly more nuanced messaging to differentially communicate to Republicans versus Democrats. To account for political differences, it is viable to target consumers based on their political affiliation through their digital footprints (e.g. likes, site visits) and, more simply, by geography.

07

For brands, there exists an opportunity to simultaneously leverage Republican's optimism in returning to normality whilst delivering more conservative, anxiety-reducing messages and service design for Democratic consumers.

08

As political advertising ramps up in the lead up to the November election, it is time for brands that are committed to effective advertising, to rethink their media strategy. The simple solution is to ensure advertising does not follow – or is not in proximity to – political advertising. Notably, this is an opportune time to review programmatic buying habits in favor of more intentional ad placement that avoids political advertising or news.

SUMMARY

'So What?' for Brands

09

Brands need to reconsider their virtue wrapping claims of “being there” for Americans during these “unprecedented times”, as it is wearing thin on how Americans feel about these brands as a result. To prevent reputational damage, brands are urged to either provide objective evidence of the authenticity of their claims, or cease making such claims.

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11

At this pivotal time, brands that invest in understanding their post COVID-19 consumer and reorient their products and services accordingly, will no doubt lead the recovery and will be the most likely to emerge ahead of the competition.

12

Understand slippery and sticky changes in consumer behavior - To stop and observe how consumer behavior has changed and what influences are likely to endure (i.e. which are sticky), brands should leverage the science of anthropology. Applying anthropological techniques, Forethought has sought to understand how this period of change has impacted consumer values and how they relate to brands and consumption behavior.

13

Keep a pulse on brand acquisition and defection – brands should use fact-based, regular insight to inform short-term tactics to reorient during the time of change.

14

Redesigning engagement models – in categories previously reliant on in-person service, many brands are faced with significant barriers to reopening. To this end, brands should reimagine the business engagement model for customer service in the period of remote operations.

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Forethought would like to thank all colleagues and partners who have contributed to the Forethought USA Normality Index.



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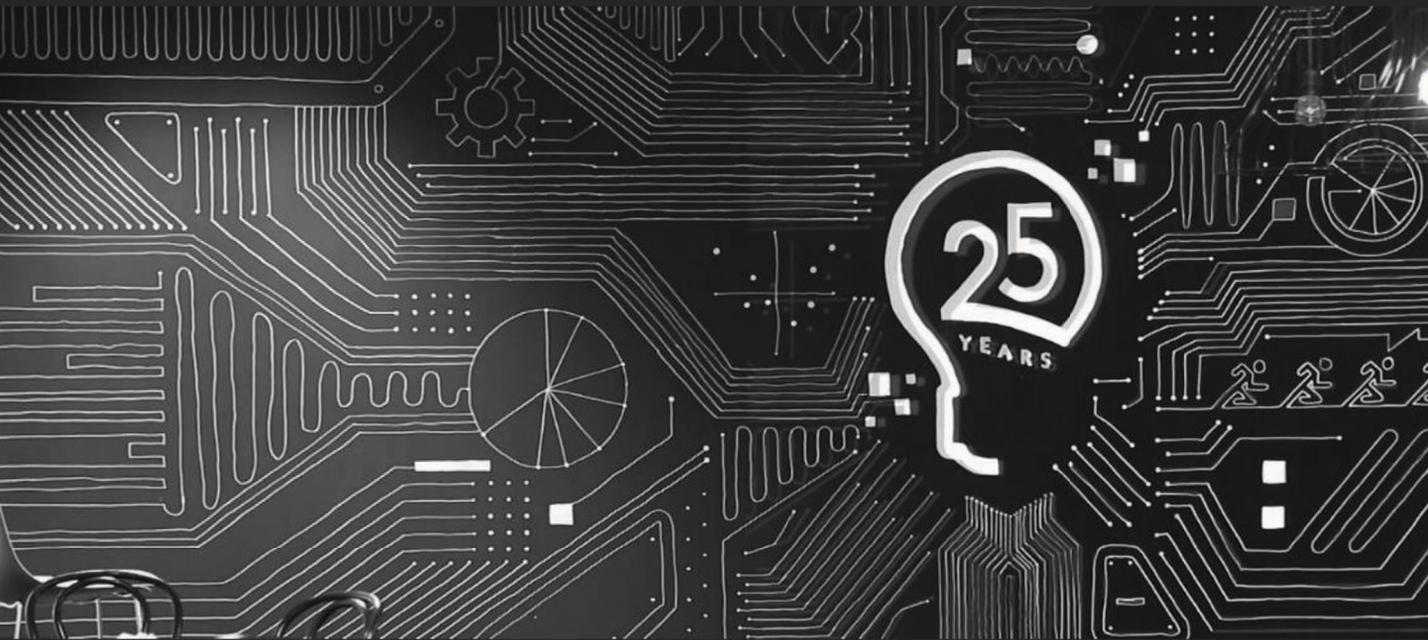
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