

INNOVATING IN CHALLENGING TIMES

Research during COVID-19

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GAME CHANGERS





The COVID-19 pandemic is an unprecedented event that has led clients to ask Ipsos for advice about if they should start, stop or continue their research programs. The ultimate decision to be taken will depend on many factors including the product category, market considered, timing of research and intended action (e.g. launch of new product).

The world we are now in is an extremely complex and fluid situation and requires us to consider the nuances of each case. The views included in this document are meant as a starting point to determine a course of action.

This document is organized into four sections:

1. Executing innovation research projects
2. A data-driven perspective on how a crisis may impact project findings
3. Considerations specific to product categories
4. Adaptation of research to understand the impact of COVID-19

EXECUTING INNOVATION RESEARCH PROJECTS

Doing research during a crisis can help understand what actions need to be taken to adapt to new business realities. There is of course in some cases a very real question of when and how you should execute your research.

As we do not know when the pandemic will recede and a recovery begin, the Ipsos perspective is that if you intend to launch a product or service in **the next 12-24 months, you need to be sure that you are considering the context your new or existing product will be launched/ relaunched in.**

If you have tested a high priority initiative before the crisis, you may want to consider updating the research in the current context. For example, if you tested a concept prior to the crisis, the way the message is received may now be different. In cases where consumers' responses to the innovation may have changed, Ipsos will work with you to design the right approach and scope.

We know that consumers are shopping online more. This means that exposure to existing and new products are more likely to happen online.

The eCommerce environment presents different challenges and opportunities. As an example, a pack that stands out on the shelf may not stand out as well in an eCommerce environment. In eCommerce more information can be provided compared to in-store shelves, which may be important for some products (e.g., nutritional products).

Understanding how innovations can be launched in an eCommerce environment is more critical than ever before.

Some of the changes in attitudes and behaviors triggered by this crisis will become permanent, so doing research during this period can help with planning for the future.

During the last recession, people switched to private labels and lower cost brands. Many consumers found they were satisfied with these brands and decided to keep buying them even after the recession. Clients who did research during the last recession were better able to predict what would happen afterwards and prepare for what to do next. This is an important point. Not doing research during a crisis can mean missing the opportunity to learn something that can help better prepare for the future.

Changes in attitudes or behaviors caused by the crisis may be leveraged by conducting research to explore and understand reactions to early product ideas that may perform stronger in these new circumstances. Learnings from the crisis can shape what innovation/ideas/claims to move forward with. Rapid agile idea and claim testing can be used to assess what resonates with consumers now and into the future.

The shift to buying online during the crisis may become a permanent behavior. It is important to consider the role of eCommerce in new product launches and develop a greater understanding of the dynamics of launching a new product online.

“Clients who did research during the last recession were better able to predict what would happen afterwards and prepare for what to do next.”

A DATA-DRIVEN PERSPECTIVE ON HOW A CRISIS MAY IMPACT PROJECT FINDINGS

We used the Ipsos concept testing database of 45,000 concepts across 93 countries to get a better understanding of how a crisis may impact survey results. Specifically, we looked at the last financial crisis that started around 2008 and compared it to the more recent years from 2016-2019.

While we realize that the current COVID-19 crisis is quite different, there is still a severe financial impact in addition to the health crisis, so we believe the results provide valuable learning.

WHAT WE FOUND

During a crisis, consumers are still open to new product ideas.

Despite the economic hardship during the financial crisis, the level of concepts that tested positively was very similar to when times were better. If anything, the percent of concepts with a high trial potential increased during the 2008-2009 financial crisis.

FIGURE 1: Percent of Concepts with a High Level of Trial Potential

Financial Crisis (2008-2009)	39%
Recent years (2016-2019)	34%

Ratings of current products were lower during the last financial crisis.

At Ipsos, we evaluate the potential of a new product relative to the product consumers are currently using most often. The reason: *for a new product to win consumers over, it must be perceived as better than the consumers current choice.* Our measurement process examines Relevance as one of the key metrics. During the financial crisis, consumers rated

their current product lower on Relevance compared to recent years – indicating less satisfaction with their current product during the financial crisis. This data shows that consumers may be more open to new ideas during a crisis since their usual habits have been interrupted.

FIGURE 2: Rating of Current Product (Recent year scores are indexed to the scores during the financial crisis period)

	Relevance
Financial Crisis (2008-2009)	100
Recent years (2016-2019)	106

A similar trend was observed when looking at data from the Ipsos product testing database.

During a crisis, some innovations will do better because they reflect the sentiments of that time.

Concepts perceived to be of good value were more likely to achieve a high trial potential during the last recession compared to concepts perceived to be premium. This pattern of results was reversed during recent years.

FIGURE 3: Among Concepts with a High Level of Trial Potential

	Value	Premium
Financial Crisis (2008-2009)	27%	11%
Recent years (2016-2019)	17%	35%

The finding that people respond to innovations differently during and after a crisis does not mean the results are not accurate or useful. They are accurate in that they reflect what is happening and can guide actions to take during the crisis.

“Some changes triggered by this crisis will become permanent.”

CONSIDERATIONS SPECIFIC TO PRODUCT CATEGORIES

As consumers' mindset, behavior and priorities shift during this pandemic, we anticipate people will respond differently to new product ideas based on the category.

Consumer healthcare, cleaning, cooking at home

innovations may get heightened interest during this time, as health and hygiene concerns grow, and people are more confined to their homes.

Durables could be impacted as well. We may see lower interest in large home appliances. These are generally bought under duress (current one breaks) or for an upgrade. Necessary replacement will likely be with lower priced models as people become more careful with spending and discretionary purchase will decline. Smaller smart devices such as smart speakers might see some boost as people try to keep families engaged and spend more time indoors.

Digital services may also get increased interest. Forced usage during this time will help people overcome barriers to adoption of digital services (e.g., online banking over branches). Higher adoption rates during this time will lead to a larger base of users, many of whom will continue to use the innovations beyond the current situation.

New business models will thrive as people look to subscription models for product delivery, memberships

for content etc. Technology usage in general will increase, leading people to realize the need to upgrade/buy technology items (e.g., PC's for home schooling, tablets and printers), and may drive more positive results for new products related to technology.

When to launch digital services and new business models is key. Moving fast will allow companies to connect with consumers in their time of need and linking the benefits of the new services directly to the current situation can help strengthen emotional resonance.

ADAPTATION OF RESEARCH TO UNDERSTAND THE IMPACT OF COVID-19

To obtain insights as to whether the current crisis has impacted results, we can incorporate questions in our surveys that measure the intensity of the affect COVID-19 is having on consumers (e.g., "To what extent has the coronavirus outbreak affected you personally"). Study results can then be filtered by the response. For example, we could examine whether people who are highly affected by the crisis respond more positively/negatively to a new product idea versus those who were less affected by it. These questions allow us to determine the impact of existing conditions and can provide insights as to whether the results are generalizable beyond the current period.

“Data shows that consumers may be more open to new ideas during a crisis since their usual habits have been interrupted.”

SUMMARY

We recognize that the COVID-19 pandemic is impacting consumers and citizens' behaviors and attitudes, and clients are looking for direction on whether they should start, stop or continue their research programs. We have shared a data-driven perspective on key factors that need to be considered to make that decision.

While there may be data shifts in some categories or industries, the data captured is a snapshot of the present truth and reflects consumers' reality. The usefulness of these results will depend on the time frame of your intended marketing action and on the extent to which the results are generalizable beyond the crisis.

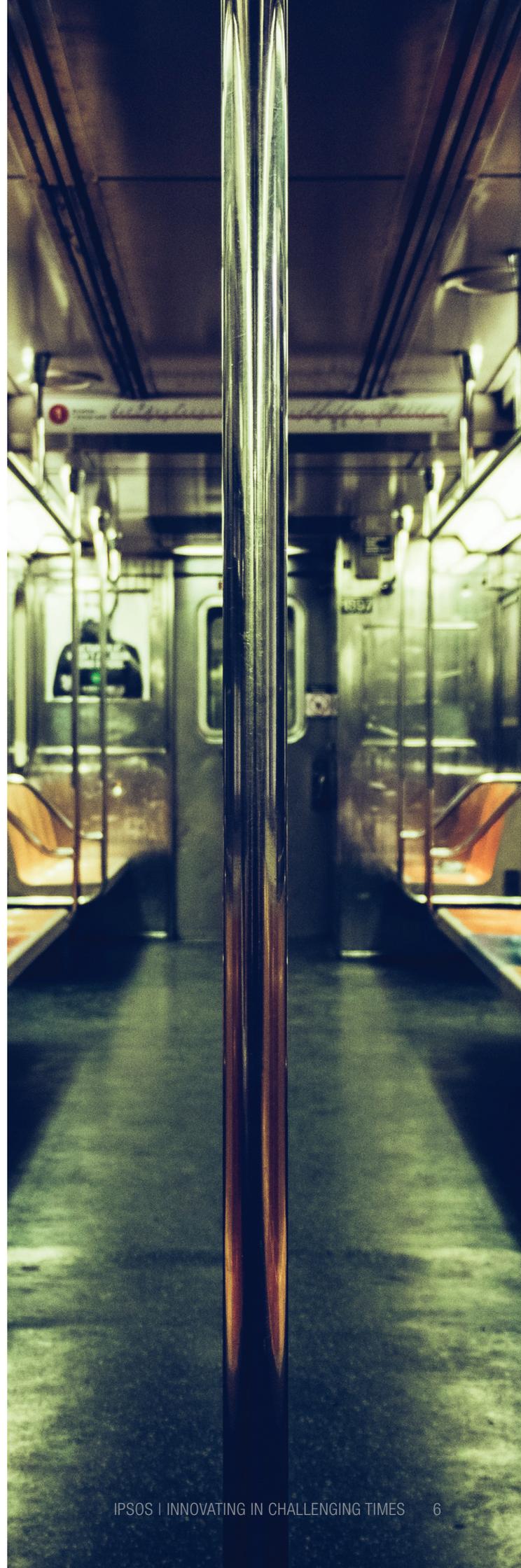
KEY TAKEAWAYS

While every situation is unique and there will be cases where it will be good to postpone or stop research, there are also important learnings that can be gathered.

Research during a crisis can help understand what actions need to be taken now and in the future as some of the changes in attitudes and behaviors will become permanent.

Understanding how innovations can be launched in an eCommerce environment and utilization of digital solutions is more critical now than ever before.

Data shows that consumers may be more open to new ideas during a crisis since their usual habits have been interrupted. Understanding what resonates with consumers is key.



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