

HOW COVID-19 IS UPENDING CONSUMER BRANDS & HOW THEY'RE RESPONDING



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The Covid-19 pandemic has upended food systems globally and forced consumer brands, big and small, to engage with consumers in a different way and communicate their actions to other important constituents. Rapid industry shifts were already underway before the pandemic, from reusable packaging and meatless burgers, to vertical farming and meal kits. The global impact of the pandemic and nationwide lockdowns has exacerbated the changes and forced consumer companies to rethink how they go to market, as well as how they communicate and respond to consumer tastes and growing demands around product and packaging safety and improved corporate stewardship. Companies have learned to move quickly. The pandemic has coincided with more recent protests against racial injustice, and that has also put the spotlight on racism, inclusion, employee rights, and hiring practices, and prompted some consumer brands to pull or change packaging based on racial stereotypes. To navigate through the current climate, successful companies have focused on four key themes:

Direct-to-Consumer Strategy



Work from home has changed eating and drinking habits and shattered supply chains. Direct-to-consumer (DTC) strategies are emerging as a potential new channel for consumer brands that historically emphasized retail. Nomad Foods, a frozen food company, has seen its e-commerce grow from 5 percent to 7 percent of total revenues year-over-year. PepsiCo launched Snacks.com and PantryShop.com this spring to “quickly meet consumers’ evolving needs. To address the need to directly connect with consumers, companies are reallocating resources from retail stores to digital marketing. “Growing trends such as digital sales, e-commerce and online marketing are more relevant now than ever before and have rapidly accelerated in recent months,” said Carlos Brito, the CEO of brewer AB InBev, on its first quarter earnings call.

Product Safety



Companies with employees working side-by-side must communicate to consumers that their products are safe and that human contact remains minimal given the concern around COVID-19. An example is Plenty Inc., an indoor vertical farming company that grows and sells baby arugula, baby kale, and other leafy greens. The company plants and harvests its produce with technology that prevents contamination and eliminates the need for pesticides. “Our goal is for the person eating the food to be the first person who touched it,” Plenty CEO Matt Barnard told Bloomberg.

Workplace Safety



Factory workers, truck drivers, and field laborers are both essential and at risk in the pandemic. Companies that have announced enhanced pay and sick-leave policies and packages have earned support from their rank-and-file and avoided the kind of pushback other firms faced from employees. Nestlé said in March that it would pay full salaries for at least three months to employees affected by work stoppages. Campbell Soup announced this month that the company is extending through June its increased hourly and weekly pay for 11,000 front-line workers who make, sell and distribute products.

Corporate Stewardship



Recent protests against racial injustice and police brutality has put even more pressure on many companies to be part of the solution as it relates to addressing racism, hiring, inclusion and compensation practices. Companies are expected to communicate through action and take a genuine stand, explicitly spelling out their views. Ben & Jerry’s website features a front-page statement on dismantling white supremacy and four concrete measures to address the issue. The company’s website also features a post titled “Essential But Invisible: The Plight of the Undocumented Farmworkers During COVID-19.” Prompted by this backlash, companies that have used implicit or explicit racial stereotypes in their branding such as Aunt Jemima syrup, Uncle Ben’s rice and others are removing the images.

Communicating strategies and actions around these four areas, and making sure the messaging is followed by action, is of paramount importance at consumer companies.