

# Locking down consumer habits

How understanding the fundamentals of consumer behaviour can help your business in the post COVID world



In the past few months, there has been immense conjecture on what the world would look like post the COVID crisis.

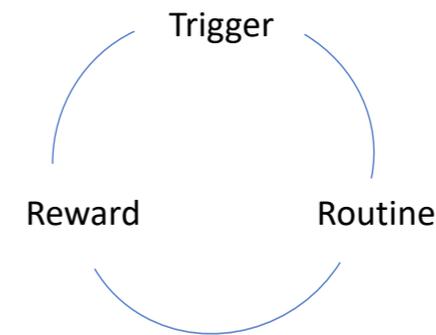
The world will be different. The consumer will be different. Consumers will lean to new behaviours. We will operate in a “new normal”. Some predictions, fairly reasonable, with a greater likelihood to come true and some heavily skewed by consumer surveys that are a reflection of the existing consumer sentiment.

Frankly, nobody knows what the future holds. In such situations of uncertainty, it's always favourable to fall back on principles and fundamentals to help you filter the common threads across developments that can help you discover nuanced consumer insights.

So first things first, there are obvious changes in consumer behavior ever since the lockdown. But why have these emerged and what has led to these changes?

## THE HABIT LOOP

Before we move forward, it's important to understand why and how habits form. The “Habit loop”, a concept introduced by Charles Duhigg, consists of three elements.



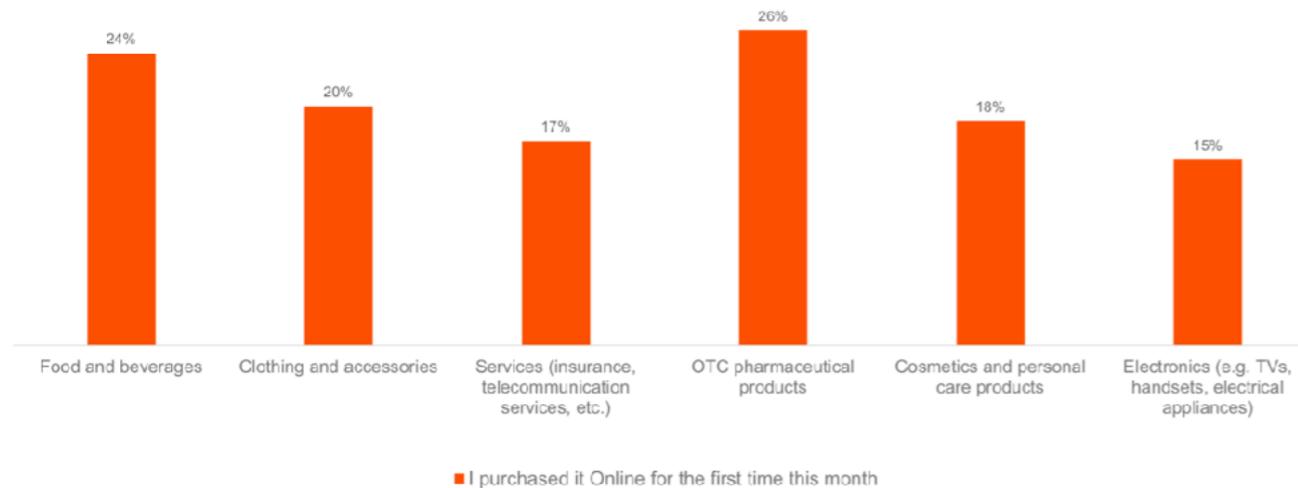
1. Trigger : This is what initiates a behaviour
2. Routine : The behavior itself done repetitively
3. Reward: The incentive that continues the habit loop

This loop explains the reasons for continuation of habits. However, these are often fairly complex. Triggers and rewards mean differently to different people and hence, interpretations of these behaviors often get difficult.

## CONSUMER BEHAVIOUR DURING THE LOCKDOWN

The single biggest reason is “DISRUPTION”. A disruption not only of our daily routines but also of our habits, our mental state and thoughts & beliefs. The crisis has challenged our entire system and usually disruptions of this magnitude tend to form new habit loops. We’ve seen such things happen in the past as well with SARS, the 2008-09 recession or the great depression.

Amidst the many emerging behaviours, let's look at **5 macro consumer behaviours** emerged in India.



Source: Kantar

### 2. Pantry stocking of essential items making consumers shift to larger SKUs

Companies and retailers said demand for bulk packs shot up in general trade, which constitutes some 90% of FMCG sales, for the past week. Packaged basmati rice producer **Kohinoor** NSE -4.57 % Foods' joint managing director Gurnam Arora said, "We are seeing a rapidly changing buying pattern over the past week. Consumers who usually bought 1-2 kg rice, have switched to 5-kg packs."

Source: [economictimes.com](http://economictimes.com)

**1. Digital consumption**, especially first timers, significantly high across categories.

### 3. Working from home as companies encourage remote work

Due to the Coronavirus situation, almost 4-5 million Indian employees have been working from home since mid-March. Companies have also not reported any losses that have been specifically linked to remote working.

**Post-COVID, 75% of 4.5 lakh TCS employees to permanently work from home by '25; from 20%**

Source: [moneycontrol.com](http://moneycontrol.com), [business today](http://business today)

## 4. Hygiene & general health becoming more prevalent in Indian households



Source: Kantar world panel division

## 5. OTT and online gaming gaining traction as entertainment choices

In the period between March 1 and 21, gaming witnessed a 41 per cent increase in time spent while entertainment and OTT have registered a 34 per cent increase.

Source: economictimes.com

## From the lens of the 'Habit loop' concept

All these trends have surfaced ever since the crisis hit us and naturally most triggers and rewards are highly connected to this situation.

Some industries such as e-grocers ( Grofers, Big Basket), food deliveries (Swiggy, Zomato) and FMCG giants like Dabur, RB have benefitted. The habit loops mentioned are just a few out of many, but will these gain more traction post the crisis is a big question that is yet to be answered.

	Behaviour	Trigger	Routine	Rewards
	Digital consumption	Social distancing	Regular orders of essential items	Convenience and reduced exposure
	Pantry stocking	Supply disruptions	Purchase higher SKUs in every order	Regular food supply
	Work from home	Social distancing	Daily work routines	Personal safety and lower risk of contraction
	Hygiene & general health	The COVID virus	washing of hands, purchase of OTC and hygiene products	Reduced risk of infection
	OTT consumption	Stay at home	viewing increased no. of movies, shows etc	Killing time at home made easy

## DECODING THE LOOP

While there are some companies who have benefitted from this situation, there are also a few who are hurting especially the ones in hospitality, travel, jewelry etc. And maybe, there is merit in understanding these neurological loops to gain more insight into “why consumers do what they really do?”. Getting down to basics helps you look beyond the layers and interpret the core reasons for change.

The companies who are benefitting need to find ways of these to continue while the one's hurting may find opportunities to revive some of the old habits or maybe create new ones. In the context of this situation, here are a few perspectives:

### 1. **Understand the triggers and rewards to continue the loops**

Habits currently have surfaced due to triggers and rewards directly linked to this crisis. However, post the lockdown, the influence of factors like time, competitive responses, irrelevance of the existing reward or even the discovery of a preventive vaccine and cure for COVID can bring disruptions to these habit loops. New triggers and rewards will emerge. Companies riding on success due to these behaviors will have to appreciate this system. Understand what's working in your favour; is it the trigger or the reward? Deep dive to explore the possibilities of change in the loop. Similarly, for the one's hurting, new disruptions will bring new opportunities and taking advantage of this will help you identify ways of reconnecting with your consumers.

### 2. **Identify the rewards that are independent of the crisis.**

The ones with rewards independent of the crisis may turn into long term trends. There have been a few that we've adopted because we've been pushed to the wall to do so like “Remote work”. Companies are beginning to realize that work can function, especially for certain departments, as efficiently as earlier encouraging them to value the larger benefits like cutting costs related to travel, work spaces etc. Similarly, all of us have realized that the human civilization will continue to be hit by different viruses and diseases periodically leading us to appreciate regular healthcare checkups, doctors consultations etc. Especially in the Indian society, where most are used to self medication, we are beginning to see increased willingness for regular healthcare investigations even if its a minor flu or cold. All these rewards such as company cost savings, work life balance, better health & safety are likely to go beyond the crisis and hold true if the world resumed to normal and was COVID free.

In your business, if there are rewards that you identify independent of the crisis, there may be potential for those loops to convert to long term behaviour.

**3. Not all is lost. Consumers are edging to rebound** Let's face it. We are reminiscing some of our past habits and are craving experiences that can't happen currently. Going back into a restaurant, shopping in a supermarket, outdoor sport activity or even just sitting by the bar for a drink. Everybody wants to resume a few of their past habits but with caution.

The good news for industries who are heavily dependent on human interaction or social gatherings is that the consumer is still craving for these experiences. There is an opportunity that exists. However, in the new normal, it will depend on how you regain the trust of these people and make them feel confident to step back into a currently risky environment. Restricting number of people at a point of time, increasing hygiene requirements, placing tables at a 6ft distance are a few initiatives that can help regain that trust.

**4. The perfect time to experiment & innovate** Consumers are vulnerable at this point. Things have shifted for consumers mentally, physically and also attitudinally. They are more open to trying out new products, services and experiences (senior citizens adopting video

conferencing is a perfect example) that may not have happened earlier. This is the perfect time to experiment and innovate. The more number of innovations, chances are, a few might stick.

**5. Brand messaging needs to be tailored as per the reward** . These loops are going to change gradually. Using this to your advantage might help you strike the right chord with the consumer. A few years ago, P&G rescued their brand “Febreze” from dying too soon. Their initial message was centered around the functional benefits of cleaning. While sanitization and killing bacteria are true rewards that consumers look for, it wasn't the core reward they were seeking. The company discovered that it was actually ‘odor’ and changing their message to highlight just this, did the magic. Today, the brand has a complete product portfolio of fresheners and cleaners that continue to promote this messaging.

In today's crisis, one sees these rewards linked to COVID. Many have adopted cleaners and sanitizers for improved hygiene. However, this reward will change. If brands discover the true rewards and adopt messaging accordingly, the loop could continue. Else chances are, consumers might reduce consumption once the virus scare is off.

## 6. Encouraging “feel good” behaviour to create relationships

There are some positives that have come out of this lockdown. People are spending more time with families. Many have taken to board games, “Tambola” over WhatsApp, routines with grandparents, and art & craft with kids. Some have reinitiated old hobbies like

painting and cooking. We’ve also gone back to consuming some old goodies and snacks that were forgotten in the past.

While many of these will be forgotten once again after we resume our past routines, companies can remind consumers about these “feel good” moments to create brand relationships.

To learn more, reach out to us at [contactus@aprioriconsultants.com](mailto:contactus@aprioriconsultants.com)

A Strategy+Marketing consulting firm that helps clients accelerate business growth through strategic initiatives. We bring together an unmatched network of expertise across different industries, business issues and brands.



**Atishi Pradhan**  
25 years+ experience in Advertising as Global Planning Director, JWT. Worked across multiple industries. Faculty at IIM Ahmedabad. MBA from IIM Ahmedabad



**Devapriya Khanna**  
20 years+ experience Senior leadership experience in CPG as Director Marketing, Carlsberg and Head of Marketing at Oriflame. MBA from IMI with specialisation in MarCom



**Raja Balasubramanian**  
20 years+ experience in Marketing. Last role as VP Marketing, MasterCard, South Asia. Experience in Media, Banking, Tech, consumer industries MBA from IIM Ahmedabad



**Niloy Mukherjee**  
25 years+ experience in Sales & Marketing. Previously, VP Sales & Marketing, Dell. Led Pricing Line for McKinsey Asia. MBA from IIM Ahmedabad



**Shubhajit Sen**  
25 years+ experience. Previously, MD Grohe India, CMO, Micromax; VP & Global Leader at GSK Consumer. MBA from IIM Ahmedabad



**Srinivas Murthy**  
20 years+ experience. Previously, VP Marketing Snapdeal and Marketing Director, Coca Cola, India. MBA from IIM Calcutta



**Samrat Das Gupta**  
19 years+ experience in Marketing services. Former head of Experiential Marketing, Cheil India



**Aditi Gupta**  
16 years+ experience in Product Marketing in CPG. International experience. Graphic Design experience & education.



**Apoorva Mathur**  
7 years+ experience in FMCG and dev sector. Previous role at TGB. MBA from Hong Kong University.



**Sahil Aggarwal**  
3 years+ experience in major e-commerce player. Engineer from TIE