

Winter is Coming

How brands can sustain growth
in an economic downturn

A special report by We Are Pi



How recessions change our societies

Recession. A scary term that scares consumers and marketers alike. This time it's different - not stemming from one root cause, but several economic challenges playing out across the world.

We are still recovering from the pandemic, while at the same time having to deal with new crises - from inflation in the US to the war in Ukraine, affecting the worldwide energy and food supply. Add to that the supply chain issues in East Asia, and you get economies slowing down worldwide.

The impact of these factors on societies is yet to be determined but previous economic downturns from 2008, 2020 and others give us an indication on how societies shift and thrive amidst the economical changes.

In this report, we will focus on key spaces that these economical factors will impact across our markets.

- 01 Social Status
- 02 Leisure Time
- 03 Shopping Habits
- 04 Brand Meaning



01 The shift in social status

Social status is the social value we possess, usually signalled by everything from our clothes to the places we have travelled. In a recession, status is one of the first things that takes a hit. Clothing, restaurants, flights and even vegetables become less affordable.

But while access to resources drops, social status in societies take new shapes. With such a broad realm of economical impact, everyone is affected. As a result, societies try to find new ways to naturally signal their status.

As we lose financial means, we might become more risk averse and more worried. At the same time, we also become more emotionally intelligent, more empathetic and more creative*. All of these attitudinal changes have an impact on how we choose to represent ourselves in our societies.



01 The shift in social status



Provide Human Connection at a Time Of Status Loss

Status is inherently social: it is about how societies perceive 'me'. At a time of financial loss, people want to feel their social connections remain intact, making in order to make sure that they feel appreciated and acknowledged as part of the group. Airbnb's 'Made Possible By Hosts' celebrates hosts who provide their guests with great experiences within their home - while making money in the process.

YOU
LOOK
GOOD.

Explain the New Meaning of Beauty

The infamous Lipstick Effect* - phenomenon where lipstick sales go up during recessions - is a prime example of how consumers focus on beauty as a way of coping with economic loss. However, understanding the new meaning of beauty is key - diverse, non-threatening, confidence-boosting (rather than playing on insecurities). Brands like Glossier are a prime example of cracking that formula with their 'you look good' platform.

01 The shift in social status



Enable Their Creativity

Status can come from the ability to make use of different services, but in times of recession, we don't always have the financial power to do so. From cheap gourmet recipes to DIY services, brands are guiding people to have the trips, meals, homes and clothes they desire without spending too much. Lowe's social media platforms — especially their TikTok — is a prime example.



Redefine “values” vs. “value”

As the bills get higher, it becomes harder to stick to values while making purchase - for example, research shows 23% has switched to less sustainable brands to save on groceries.

Knorr's Cannes winning Rooftop Farms was a campaign that pushed urban farming as a way of not only being more sustainable, but also allowing people to grow their own food to save money. Try to reframe accessible actions to make values more accessible.

02 The shift in leisure

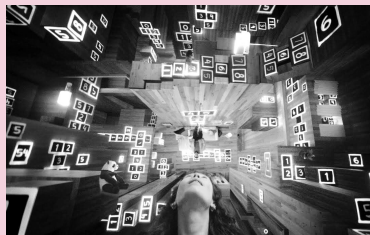
Leisure is an innate human value. We all want to enjoy ourselves, have fun, hang out with friends, watch a movie, and so on. However, when things are tighter, leisure time can be framed as non-essential, and the first thing to go out the door.

But as people increasingly avoid going to traditionally costly social gathering, and streaming subscriptions go out the window, people might actually have more time on their hand. Therefore leisure doesn't get canceled, yet it changes, adapts and sometimes becomes even more fun.

So while we might go to restaurants less, we perhaps buy ourselves nicer wine at home. Less bars, but more picnics.*



02 The shift in leisure



Provide New Fun Opportunities

As what the consumer used to do for fun becomes limited by financial constraints, brands can help them find new opportunities to enjoy themselves. Like how IKEA's Let Play Unwind Your Mind campaign unlocks opportunities for fun within the home.



Entertain your Audience

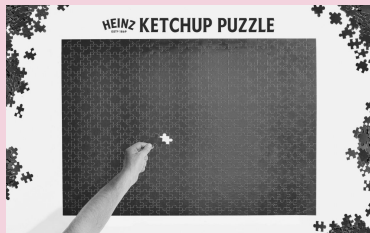
With more time on their hands,, people are more open to entertainment from brands. Anything from a series to a live stream, you can get people's attention (as long as what you are giving them is worth it). Take for example, Tinder's Swipe Night Series, turning its swipes into a 'choose your own adventure date' story.

02 The shift in leisure



Show that Leisure is Easy to Achieve

In tight times consumers have to get creative with how they socialize on a budget. For many city dwellers, the joy of great outdoors is closer to home than they think. OUTO is a new brand and foundation helping connect Black and minority people to the outdoors.



Remind People to Have Some Fun

As we spend time at home, we have more appetite to play games. During the 2008 recession, Lego grew to unprecedented heights. And if you think it's just for game brands, the Heinz's Ketchup Puzzle was all over the news during the Covid-19 lockdown. So ask yourself: how can your brand help people play and get their game on?

03 The shift in shopping habits

With consumer confidence reaching at an all-time low since 2014*, inflation in the US increasing 8.5% March in 2022*, and shipping costs multiplying by a factor of 10 of the last 2 years*, daily price shifts are changing purchasing habits on a consistent basis.

Understanding how to navigate these turbulent times is key. It is a period where a lot of new habits and behaviors are being shaped, which can vary from an increase in using premium chocolates at home, to a decrease in how much we decide to spend on our mobile plans*.



03 The shift in shopping habits



Help Customers Understand Their Money Better

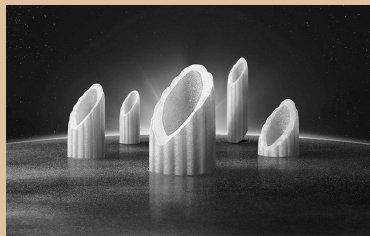
Ever since Covid, financial literacy has become a hot topic. Brands that enable users to understand how to spend money better, get their attention. Bank of America's platform 'Better Money Habits' is an example of how a brand/company can help people to understand how to get the most out of their money.



Differentiate At A Time Of Promotion

Many brands move into discounts & promos in recession, at a time where margins are being hit with rising production costs. Brand differentiation, however, becomes highly important to justify increasing spend. Dove's Self-Esteem Project is a prime example of how to continue building on your brand story at a time of recession—building on their brand story of reinforcing young girl's confidence in their beauty.

03 The shift in shopping habits



Show How Home Is The New Center For Luxury

In terms of product trends, sales for everything from frozen meals to premium chocolates go up. Barilla's new Al Bronzo pasta launch and campaign positions a highly commoditized product as a premium dinner experience you can have at home.

#Inflation

Ease the Conversation About the Money

At a time of a macro-economic decline, everyone feels the shift. Even in societies that are more conservative about money, people become more comfortable talking about their financials. For example, #inflation on TikTok has already got 2.2B views by Aug 2022. Don't be afraid to join in the conversation.

04 The shift in brand meaning

Brand meaning is sometimes deemed as a luxury for brands, especially at a time of recession. A times where people are less worried about changing the world, and more worried about not breaking the bank.

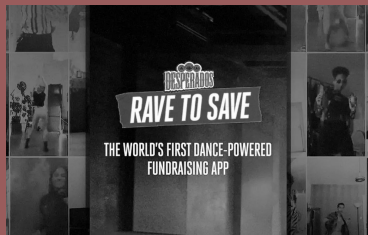
However, at a time of recession, meaning doesn't get eroded - it evolves. It can even provide an opportunity for the consumers to directly feel how the brand is making their life better at a stressful time.

04 The shift in brand meaning



Remind Them Of The Good Times

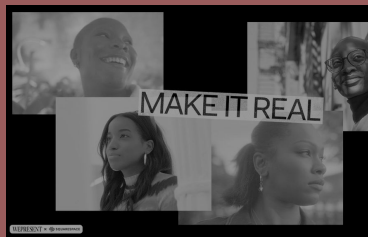
At a time of worry, people want to remember “the good times”. Translating their purpose of delivering a better future through for people love, Domino’s looked to the past to provide meaning. Using nostalgia, Domino’s created a mind-ordering app that takes you back to the 1980s magical world of Stranger Things, where you can “order with you mind”.



Support The Community

Things can get harder for consumers and small businesses alike in times like these. Desperados’s Rave to Save took action when clubs everywhere went under lockdown. The brand used its presence within the party scene to create an app that converts dance steps at home to money to fund clubs

04 The shift in brand meaning



Reveal New Opportunities

People want to be hopeful and see the opportunities in tough times. A great example of that is Squarespace Make It Real platform, which revealed that Black Women are the fastest growing group of entrepreneurs in the West and gave tips on how to forge your own path against adversity.



Help Them Feel Seen

We live in a creator economy where people are constantly trying to create value for themselves and others. To help its creative Gen Z audience, Desperados beer brand created a Design Collective that turned a poster campaign into a mentorship program for designers and illustrators around the world to learn from an icon and be noticed.

Hello

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