

HARD TIMES STRONG BRANDS

WHY THE NON-ESSENTIALS ARE MORE ESSENTIAL THAN EVER

COLLABORATIVE

Insight . Ideas . Inspiration

October 2022

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INTRODUCTION

FROM COVID

TO A COST OF LIVING CRISIS

**“BAD COMPANIES ARE
DESTROYED BY A CRISIS.**

**GOOD COMPANIES
SURVIVE A CRISIS.**

**GREAT COMPANIES
THRIVE AND ARE
DEFINED IN A CRISIS.**

ANDY GROVE, CEO INTEL

The country has long been grappling with low optimism since COVID struck, but now financial pressures, double-digit inflation rates and soaring interest rates, plus the lowest net trust in our government have brought optimism down to 9%¹, the lowest since January 2021.

While we can see the inflation projections are disarmingly high in the immediate future (Figure 1), we can also see that the definition of a 'crisis' seems corroborated in its acute nature.

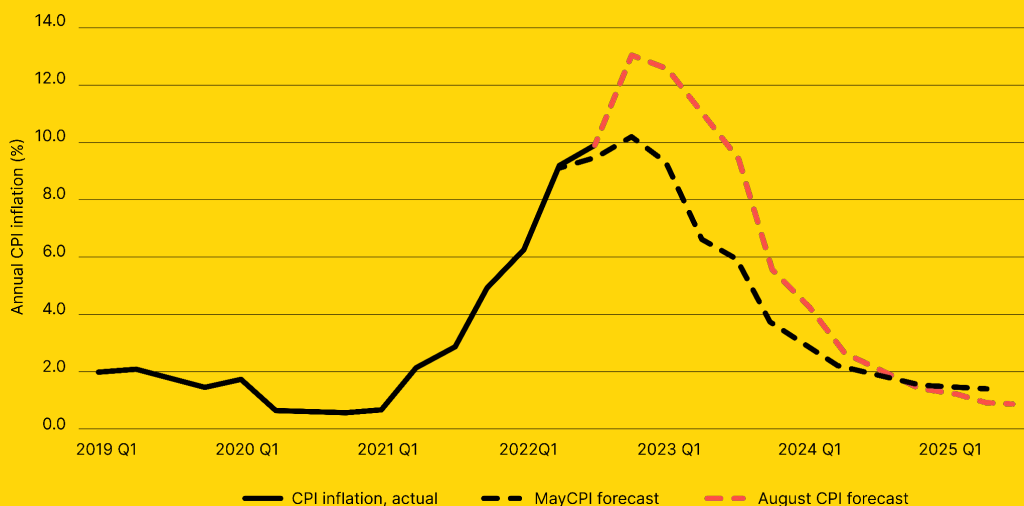


Figure 1: Inflation predicted to be astoundingly high in the coming years

Source: ONS and Bank of England, August 2022

While, undoubtedly, we will all be consolidating, budgeting and reassessing our choices as we enter the next great challenge, we must also remember the things that drive consumer behaviours and decisions in a bid to not only survive this acute period, but to thrive well beyond it.

What makes this report different?

This report aims to uncover the opportunities for brands in the UK during the cost of living crisis (COLC). Our research builds on the wealth of data in the public domain about how society and consumer behaviour is being affected by the economic and cultural backdrop.

We will tell the human stories behind the national headlines and, in doing so, will reveal the most powerful role of brands in supporting consumers through the cost of living crisis.

Note to readers: The insight included in this report is a result of a unique hybrid research approach using qualitative and quantitative data, stakeholder interviews and TGI analysis by the VCCP Collaborative. Contributors include The Smaller Boat, VCCP Hive, VCCP Stoke and VCCP Media.

1. Source: YouGov Mood of the Nation, September 2022

CHAPTER 1

THE FIVE LESSONS TO MARKETEERS

1

BE AN
ANTIDOTE



2

BE A
SURE  **THING**

3

BE
THERE 

4

BE
STRAIGHT  **UP**

5

BE
GOOD



LESSON 1

BE AN ANTIDOTE



**“BREAD FOR ALL,
AND ROSES TOO.”**

HELEN TODD, AMERICAN WOMEN’S SUFFRAGE ACTIVIST

Helen Todd’s famous words talk to the fundamental need of bread being food for the body, while roses are food for the mind. We learned that for the consumers most affected by the crisis, it is both the more elementary aspects of value (pounds and pence) as well as the perceived value in a greater sense of the word that provided them with the most satisfaction.

The consumers most affected by the crisis are working incredibly hard: not just in terms of their employment (working extra shifts to top up income) but in every aspect of their lives (teaching the kids to swim, cooking from scratch, doing car boot sales). Added to this hard work is a lot of uncertainty and anxiety, often a genuine fear of what might happen to them in the next few months.

With that in mind, it's perhaps not surprising that most people spoke about the importance of looking after their health and wellbeing - but, particularly their mental health.

This was very much the philosophy of one of our segments named 'Reduced Rewarders'. They are in the lower income bracket but they're optimistic about the future and aren't willing to let the crisis stop them from treating themselves now and again.

This attitude of making time for yourself and giving yourself a small treat for its psychological value, was shared by all groups.

Therefore, it would be short-sighted to assume that only the 'essentials' in their traditional meaning have a place for people. Arguably, the non-essentials are more essential

than ever, to get people through these tough times.

People are striving to protect the sanctity of Christmas, of collective moments of community, joy and belonging - sometimes more so than prioritising what you would consider 'essential' in its traditional sense.

In a world where price is not a distinctive asset in its own right (particularly true of category leaders) it is crucial not to dilute the things that make your brand bought, rather than sold.

While the need for 'bread' (the fundamentals of Maslow's hierarchy of needs - figure 2) is paramount, the roses are considered equally as important. The lesson is not to neglect the rose bed for too long before they fail to bloom again.

"We work hard but what are we doing it for if we can't have luxuries?"

Reduced Rewarders, Family

"I still go to the pub. It's the same people in there every week and it's good to socialise. You've got to look after your mental health."

Sensible Downscalers, Family

"I still spend money on sport and gym as these are important to me and for my wellbeing."

Just Hanging Ons, 21-24

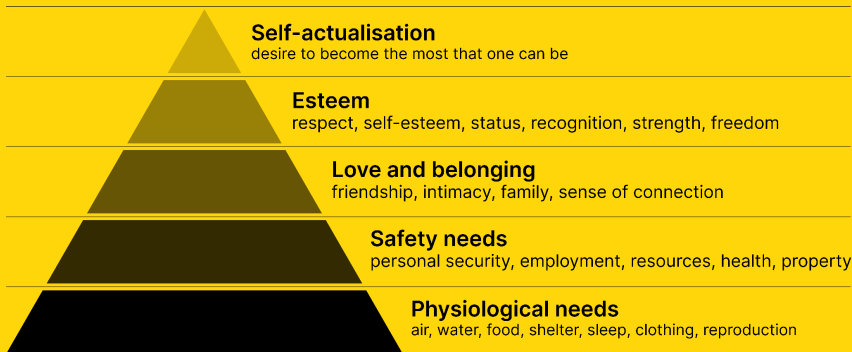


Figure 2: Maslow's Hierarchy of Needs

? SO WHAT?

- 1** Consider the psychological and emotional value of your brand as part of your value proposition
- 2** Define the role of your brand in delivering on people's need for emotional wellbeing
- 3** Consider the moments where your brand offers the most meaning

LESSON 2

BE A SURE THING

A consistent theme throughout the interviews was the reappraisal of brands. Has there been a time in history when so many people have been questioning the value they get from well-known brands?

With food inflation being the second highest contributor² to the price index behind fuel-related inflation, it's no surprise that grocery shopping is first to take the hit.

More than a quarter of Britons in the lowest income households have been forced to make spending cuts on staple foods, household essentials and toiletries. 16% say they have switched to a cheaper alternative for staple essential food items.

In what ways have Britons been forced to make cuts to their household spending?

You have said you were forced to make cutbacks in terms of household spending on the following since November 2021. In each case, please say what form those cutbacks have taken. Please select all that apply. All figures shown as a % of all Britons.

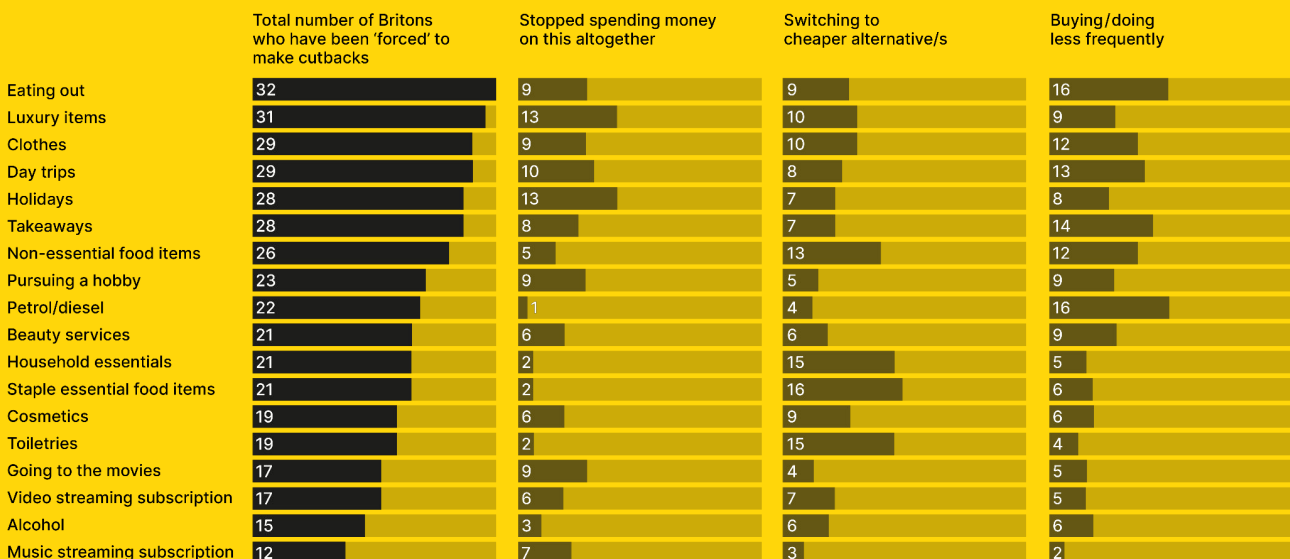


Figure 3: British household spending cutbacks

Source: YouGov, 13-16th September 2022

2. Source: ONS, August 2022

BE A

SURE THING

Having said that, we have seen an interesting subculture emerge which is one of uncompromised certainty driven by a quality perception.

Sometimes brands were being undermined: the Aldi experience of finding a perfectly good alternative (Norpak) was very common. However in all of the switching it was noted that brands were still the aspirational choice.

While much of the focus appears to be on the quality perception of food, this principle applies to all household 'essentials', where brands can use the value of their enduring quality to create certainty. And in such uncertain times there is a clear emotional need for certainty and reliability.

Uber is a brilliant example of this. It may seem, on face value, that Uber overcame the challenge that people liked their taxis to arrive quicker. But actually, the challenge was more one of uncertainty - people didn't know when their taxis would turn up, would they be in the right place, or whether they'd missed it. Uber created value in certainty. Rather than focus on technological improvements to the taxis themselves they instead focused on a more psychological value.

"It's thrown everything in the air. The kids will know if I give them beans that aren't Heinz. Same with tomato sauce. But you find things you can compromise on. Coleman's mustard, the Aldi one, was way better."

Sensible Downscalers, Family

"We buy Walkers. The Aldi ones are way too greasy. The Walkers taste better, there's no denying that. But for cost and the amount they eat, we have to buy Aldi."

Reduced Rewarders, Family

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SO WHAT?

- 1** Value is made up of quality, service and price – know where to play
- 2** Consider added-value service propositions providing purchasing justification for a non-price based choice
- 3** Leverage semiotic cues to your brand which elicit trust and quality

LESSON 3

BE THERE

The cost of living crisis has forced a lot of people to make choices about what they do with their time and money, and focus on the real moments that matter. This was particularly noticeable in the Just Hanging Ons interviews. And of course what really matters is the time you spend with your friends and loved ones.

In particular, the occasions when families and close friends come together were seen to be the most important thing to protect through the crisis.

People were keen to keep Christmas the same, as a result of the past COVID disruptions but also as a tentpole moment for joy given how much people have already cut out certain luxuries and treats.

These occasions that matter both big (the World Cup, Christmas) and small (Friday night pizza) will be crucial for brands to find their part in. Connecting with the things that matter most to your audience at the deepest possible level is crucial for brands to be able to frame propositions and messages in the most emotionally compelling way. While it might feel tempting to frame everything in explicit value terms, the emotional story is probably more motivating.

“Even though we’ve got the cost of living to think about it was her birthday, it’s about her. We had three celebrations! The cost of living is going up, it’s still her day.”

Reduced Rewarders, Family

“Some sort of celebration is important and maybe more so when times are tough.”

Just Hanging Ons, 55+

“You know the house on the street that’s covered in Christmas lights? That’s our house. It’s too expensive but I still want it to be the same. I want the house all lit up and really festive.”

Just Hanging Ons, Family

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SO WHAT?

- 1** Help people protect the moments that matter to them
- 2** Think about how your brand experience enables people to protect, enjoy and make the best of these precious moments
- 3** Consider new propositions, payment options and rewards that enable people to still make the most of moments that matter

LESSON 4

BE STRAIGHT UP

The economist Herbert Simon divided consumers into “satisfiers” who just need to feel satisfied that what they’re buying is good enough and “maximisers” who want to know they’re buying the very best deal for their money. The cost of living crisis has forced us into becoming a nation of maximisers.

Price inflation has created a lot of uncertainty and most people we met could describe a jaw-dropping moment: watching as the petrol pump goes up and up, doubling of prices from £1 to £2, or a tray of chicken breasts going over £10.

This jolting rise in prices has made shoppers very aware of what they are paying and what they are getting for their money; they will often quote the precise prices.

Consumers scrutinised price promotions with scepticism. Had Tesco raised their prices before cutting them for Clubcard holders? With the ASDA Price Lock, had ASDA locked their prices at a higher price and wouldn’t bring them down? Across all spending groups one thing stood out: the ultimate need for transparency.

The ASDA Essentials range, McDonalds saver menu and Boots own-brand range stood out for this reason. They offered clear value that wasn’t hidden within a complex price promotion.

There is a pressure on households to be savvier than ever before to help manage their way through the crisis. Household budgets are now being consciously reviewed and attempts to make savings has seen audiences do more of what they used to or try new things.

“I called him from the supermarket and said “sorry but I’m having a meltdown, have you seen the price of Lurpak?”

Just Hanging Ons, Family

“I never used to look at the price of things, my mum used to say it’s cheaper there and I’d think ‘how do you know the prices of things?’ Now I know the differences between supermarkets.”

Sensible Downscalers, Family

“I’m trying to economise looking for reduced items, bulk buying and batch cooking and freezing to try to make meals go further.”

Sensible Downscalers 55+

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SO WHAT?

- 1** Think about value more broadly than price or sales promotions
- 2** Create a ‘value promise’ out of existing value-driven propositions
- 3** Consider the role of broadcast as well as reinforcement with customers

LESSON 5



Just like the pandemic, there is a sense that these are times when ordinary people are muddling through a life that's completely separated from the elites running companies and governments.

The feedback on the purpose initiatives we showed in our qualitative research suggested that kindness goes a long way right now. The brand initiatives with touches of humanity and generosity worked particularly well. For example, Cadbury Fingers sign language initiative and Cadbury Secret Santa resonated with people's mindset and them protecting what matters - friends, family, community.

Initiatives such as McDonald's 'Happy Readers' that gives families access to free children's books were seen to be an important investment in children's futures, and therefore worthwhile.

At the other end of the spectrum, brands championing bigger issues such as Volvo's safety campaigns, or Starbuck's Transgender initiatives, were less personal and relatable, and didn't connect with what matters to people right now.

Generally, the opportunity is to adopt a tone that resonates with how ordinary people are feeling. In Britain, that doesn't necessarily mean being earnest and heartfelt. If anything we're more likely to respond to humour and laughing in the face of adversity. There can't be many more British things than Eric Idle singing "Always look on the bright side of life".

When it comes to purpose, brands should focus on relatable initiatives, with human qualities like generosity (Cadbury) or looking on the bright side of life (Walkers). Take the opportunity to engage with your audience in a particularly human way that matters to them. Being bought by consumers, rather than selling to consumers remains a deeper and more meaningful position to occupy.

"There's always going to be more important things. Cost of living is rubbish, it's rubbish for a lot of people. There's wider issues as well. I'm a big advocate for reading. A book will make them happy, bit of joy in a dark time."

Just Hanging Ons, Family

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SO WHAT?

- 1** Consider the most culturally relevant part of your brand's ESG strategy and how to communicate that.
- 2** An audience looking for shared values, particularly those that are more tangible and measurable.
- 3** Embody the British spirit, be optimistic with people, be the light in dark times.

FIVE LESSONS SUMMARY

“**IN A CRISIS YOU’RE SUDDENLY REMINDED OF SOME OF THE THINGS THAT ARE MOST ESSENTIAL. THEY’RE NOT THE THINGS THAT COME IN CARDBOARD BOXES TO OUR FRONT DOOR. WHAT’S ESSENTIAL IS THE RELATIONSHIPS WE HAVE WITH EACH OTHER. MOMENTS OF CONNECTION, A SENSE OF COMMUNITY, THE SPIRIT THAT JOY IS STILL POSSIBLE.**

BRIAN CHESKY, AIRBNB FOUNDER

Maslow’s hierarchy suggests that when times are tough, our functional needs become the priority. But this masks a much more complex picture.

Despite the fact we’re in an undoubtedly challenging landscape, there is a nationalistic sense of being ‘in it together’ emerging from all spending groups.

“It is a communal thing. Everything has gone up and you can’t do ‘owt. It’s just ridiculous, you have to laugh or you’ll cry.”

Just Hanging Ons, Family

While brands absolutely must deliver value in terms of money in consumers’ pockets, brands have an opportunity to stand out - even thrive - by standing out from a sea of price promotions.

Being transparent, finding ways to remind consumers of the value they’re able to offer and finding ways to reassure customers that they have made a smart choice is essential. But what’s more essential is to remember why people are consolidating; why people are budgeting. It is the difference between being alive and truly living. Finding a role for your brand or product in creating moments of joy, a sense of collective community and pride is where the opportunity for emotional - and crucially effective - storytelling lies.

The universal lesson for brands

While consumers will no longer accept notional value signals from brands, for brands to not only survive but thrive the next acute crisis and the longer tale of economic uncertainty, we must give them bread for the body, and roses for the soul.

CHAPTER 2

UNDERSTANDING AUDIENCES

**“WE ARE ALL EQUAL
IN THE FACT THAT
WE ARE ALL DIFFERENT.”**



While the pressures of the cost of living crisis are the same for everyone, and the big lessons apply to all, how they relate to different people's lives, circumstances and the choices they are having to make, can be vastly different.

The trade-offs are very personal, and some of the stories we heard in our research brought it home that brands need to understand their audiences now more than ever. This will help nail down the role of your brand, identify those 'emotional essentials' and find

the opportunity for connection with your audience through the crisis.

We segmented the UK population into four distinct groups (Fig. 4), primarily defined by their financial ability and attitude to the crisis. Our quantitative

and qualitative research explored the characteristics, attitudes, behaviours and intentions of each group, including differences by demographics. Get in touch for the full debrief, which includes an analysis of sector-specific attitudes and behaviours.



Figure 4: Cost of Living segmentation of the UK population
 Source: TGI, September 2022 showing +/-ve change in segment volumes since September 2021

57% of the population are feeling optimistic and carefree, with twice as many people in higher income brackets feeling carefree than cautious.

At the other end of the spectrum, people in the lower income segments are displaying a vastly polarised outlook. Half of them living for the moment, half feeling terrified about what's to come and reining it in.

As we'd expect, the struggling Just Hanging Ons segment has grown

significantly since the beginning of 2021 (Fig. 3). While the more recent growth in Reduced Rewarders coming out of Covid in Spring '22 with their carpe diem attitude are ready to unleash what's left of their disposable income on treating themselves after two years of holding back.

Meanwhile, Carefree Comfortables, the largest segment, are more likely to be 65+ and have finished mortgage repayments, so the impact of the crisis is far less acute.

“It’s not a cost of living crisis, it’s a cost of existing crisis now.”

Just Hanging Ons, 55+

“We still do date night every month. We definitely go to ‘Bring Your Own Bottle’ restaurants. I won’t get desserts. We use the Blue Light card from the NHS.”

Reduced Rewarders, Family

“It’s about balancing at this point, still trying to enjoy your life to the best you can whilst tightening the belt. Obviously as things progress and deteriorate, I think the treats and expendables will have to go.”

Carefree Comfortables, 55+

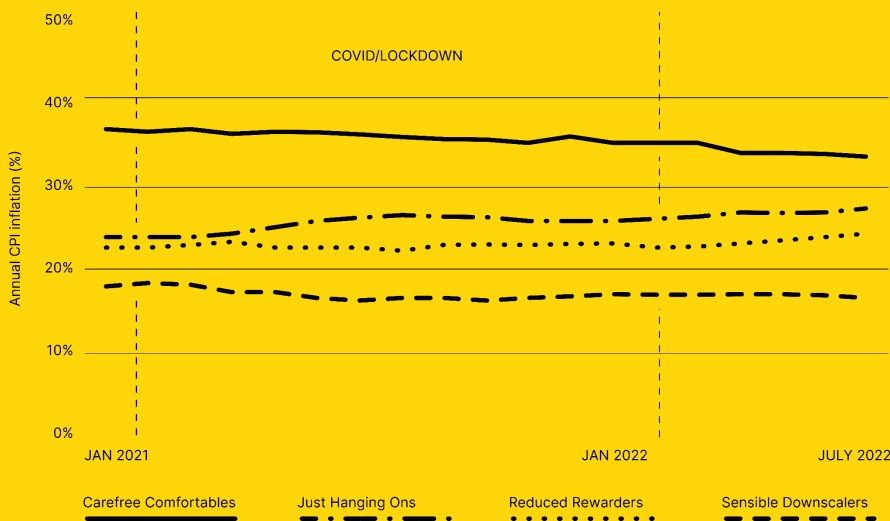


Figure 5: Change in Cost of Living Segments over 2021-22

TGI research in the field reflects a rolling 12 month view. From March survey (Feb 2020 - Jan 2021) to September (June 2021 to July 2022).



CAREFREE COMFORTABLES

Enjoying a comfortable life

33.0% OF THE UK POPULATION (-2.8% YOY VS. SEPT 2021)

They are aware of prices rising but it hasn't really changed their lives yet, they are just paying more across the board. They are feeling relatively relaxed and confident about life, and still enjoying themselves. They plan to continue living life, with less focus on saving.

"We've been pretty much unaffected. We turned the hot tub off, but that was mostly because Russ has dislocated his shoulder so he can't get in it."

Carefree Comfortables, Family

3 TAKEOUTS

- 1 Recognise what matters (e.g. quality food) to drive loyalty and prevent brand reappraisal.
- 2 Connect with meaningful life moments or life stage milestones to drive engagement and purchase.
- 3 Mental and physical wellbeing is an important motivator for behaviour change, and provides a positive role for your brand.



JUST HANGING ON

Strapped in to a financial rollercoaster

26.7% OF THE UK POPULATION (+1.0% VS. SEPTEMBER 2021)

Hardest hit by the crisis, and most impacted by gov's change in benefits, these people's lives have been significantly impacted. They are feeling out of control and overwhelmed, having to make big sacrifices, and they're just holding on.

"We're not in a position to go out and spend. We're stuck, you'd want to build towards the bigger things. We were planning on having children but that's an extra cost."

Just Hanging Ons, Pre-Family

3 TAKEOUTS

- 1 Value propositions that will help them through this tough time
- 2 Lift their spirits, provide moments of fun and escapism
- 3 Connect with their long term goals such as health and fitness, or investment in kids futures



REDUCED REWARDERS

Cutting back and treating themselves

23.9% OF THE UK POPULATION (+1.5% VS. SEPTEMBER 2021)

They're engaged with their finances and bills are the main concern. They are making changes but still spending on the things they want to buy. They feel concerned about the future, but they felt it was important to live for the present.

"I got the iphone on Friday. Was my old iphone still working? Yes, it was. Did I need it? No. I thought, 'Do you know what, I'm going to treat myself a little bit'."

Reduced Rewarders, Pre-Family

3 TAKEOUTS

- 1 Make indulgences memorable to build brand capital
- 2 Communicate added-value or enhance propositions to protect against brand reappraisal
- 3 Reward and recognise their long-term loyalty, accepting that frequency may reduce during crisis



SENSIBLE DOWNSCALERS

Being more cautious and making changes

16.5% of the UK population (+0.3% vs. September 2021)

They're very cautious and feeling anxious about the future. Financial stability is a key focus. They're comfortable, still doing what matters most to them, and can make expensive purchases but only if necessary. They're making changes in other areas to cut back on everyday costs.

"I'm just trying to be more careful about how I spend. I used to buy on impulse but now I plan everything. Maybe buy things on deal if I see something."

Sensible Downscalers, Pre-Family

3 TAKEOUTS

- 1 Offer support and services that help manage anxiety and budgets
- 2 Create escapism, help them enjoy little luxuries for the people and moments that matter
- 3 Enable them to make cut backs without compromising the loyalty they've built up

CHAPTER 3

A SPOTLIGHT ON CHRISTMAS



Christmas 2022 is a time that pretty much everyone has ring fenced as being an occasion they're not willing to compromise on. There might be some changes, for example, setting a lower budget for buying presents for each other, or buying things people really need. But, and this is a BIG but, it is vital that the overall occasion stays the same.

Having missed out on proper celebrations over the last few years, this Christmas is considered a tentpole moment for enjoyment. It's a time when people are less likely to cut out their favourite little luxuries and treats.

While certain groups remain anxious about the cost of Christmas, they are working hard to overcome that to maintain the same levels of celebration.

People are starting to buy gifts earlier, find other ways to fund the get together or being more innovative about what types of gifts they give.

“Christmas for me is quite a huge family orientated time of the year, I've started purchasing gifts to spread the cost but I will be buying for the same amount of people. Our christmas meal and christmas day celebrations will be as normal and plans aren't intended to change! Getting to see family altogether after the past few years of covid restrictions is so important!”

Sensible Downscalers, 21-24

“Christmas is always positive. We love Christmas it's a massive thing for us. I've started selling things I don't need anymore or want anymore to pay for it. Everyone saying no Christmas lights, you're not going to be able to put your lights up, it would be really sad if no-one had lights up.”

Sensible Downscalers, Family

“I have already started buying Christmas gifts so that I can spread the costs/buy things before they inevitably increase in price! I am also reusing some old baskets to make a couple of hampers for extended family to reduce the costs of purchasing individual gifts for each person. We want to have a more 'normal' Christmas after COVID so consider it worthwhile!”

Sensible Downscalers, 21-24

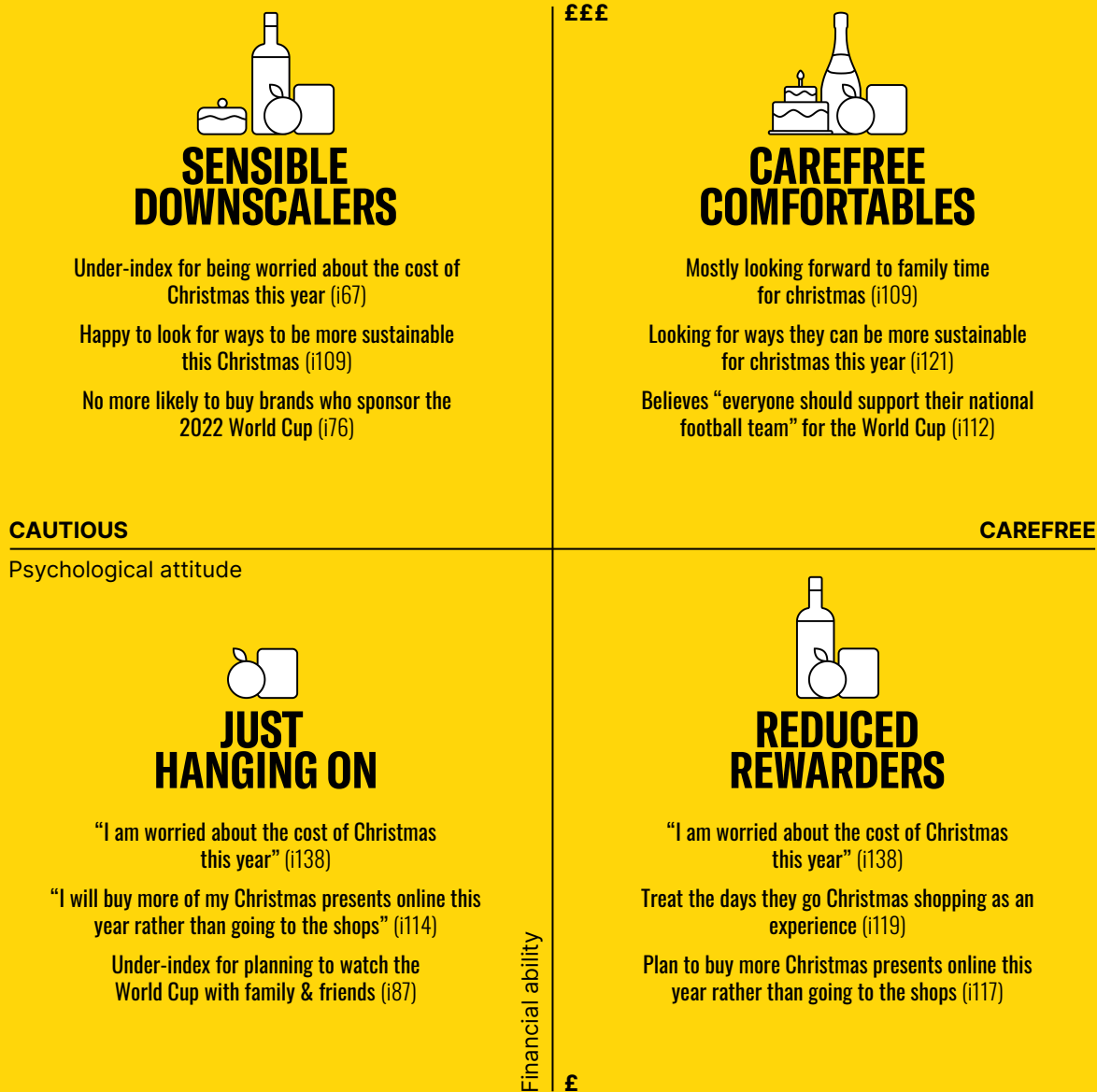


Figure 6: Attitudes to Christmas by segment

? SO WHAT?

In the spirit of brands showing humanity through the crisis, one of the big opportunities is to help people protect what they value about Christmas.

- Enhance the experience around your brand and find ways to make your brand part of the memories of the occasion.
- From a value perspective, help people through the season with innovative value propositions, rewards or points redemption or payment options.
- If your brand has a membership or loyalty scheme, allow people to unlock added value to help people and their families make the most of this occasion and keep them loyal to your brand.
- Reinforce the emotional value of your product or service, to protect against brand reappraisal that will naturally happen as bank accounts run low.

CHAPTER 4

A SPOTLIGHT ON SUSTAINABILITY



Some felt sustainability was a really important issue, while others were less engaged with it. Overall, the cost of living crisis doesn't seem to affect or change these attitudes.

It is partly because the two things are seen as very different issues: their focus in the crisis is about getting through the short term, while sustainability is a long term commitment.

There remains a gap however between belief and behaviour. VCCP's recent **Good Works** segmentation research showed that for over 80% of the population, their belief that climate change is an issue has no relation to their routine buying behaviours.

The crisis has necessitated sustainable behaviours such as driving less, using less energy and eating less meat to save money. So there needn't be a trade off. But for an ever increasingly cash strapped portion of society, if a more sustainable option (such as organic) involves them spending more, they will be unlikely to adopt it.

"I think about climate change. This summer was ridiculous. We've all got to do our bit regardless of the cost of living crisis."

Sensible Downscalers, Family

"Have tried to 'be green' for many years, walking & cycling to work & shops rather than taking the car. But I can't really afford to buy local/organic food with money tight."

Just Hanging Ons, 55+

"I've been trying to be as green as possible by recycling as much as I possibly can, reducing meat and buying loose produce but I'm finding that if you buy cheaper products or go to cheaper shops there's more plastic used, buying organic is out of my range pricewise so it can be pricey for example eco washing powder is another 50% on top of my normal washing powder. Sometimes it's a choice between being green or saving money."

Sensible Downscalers, 55+

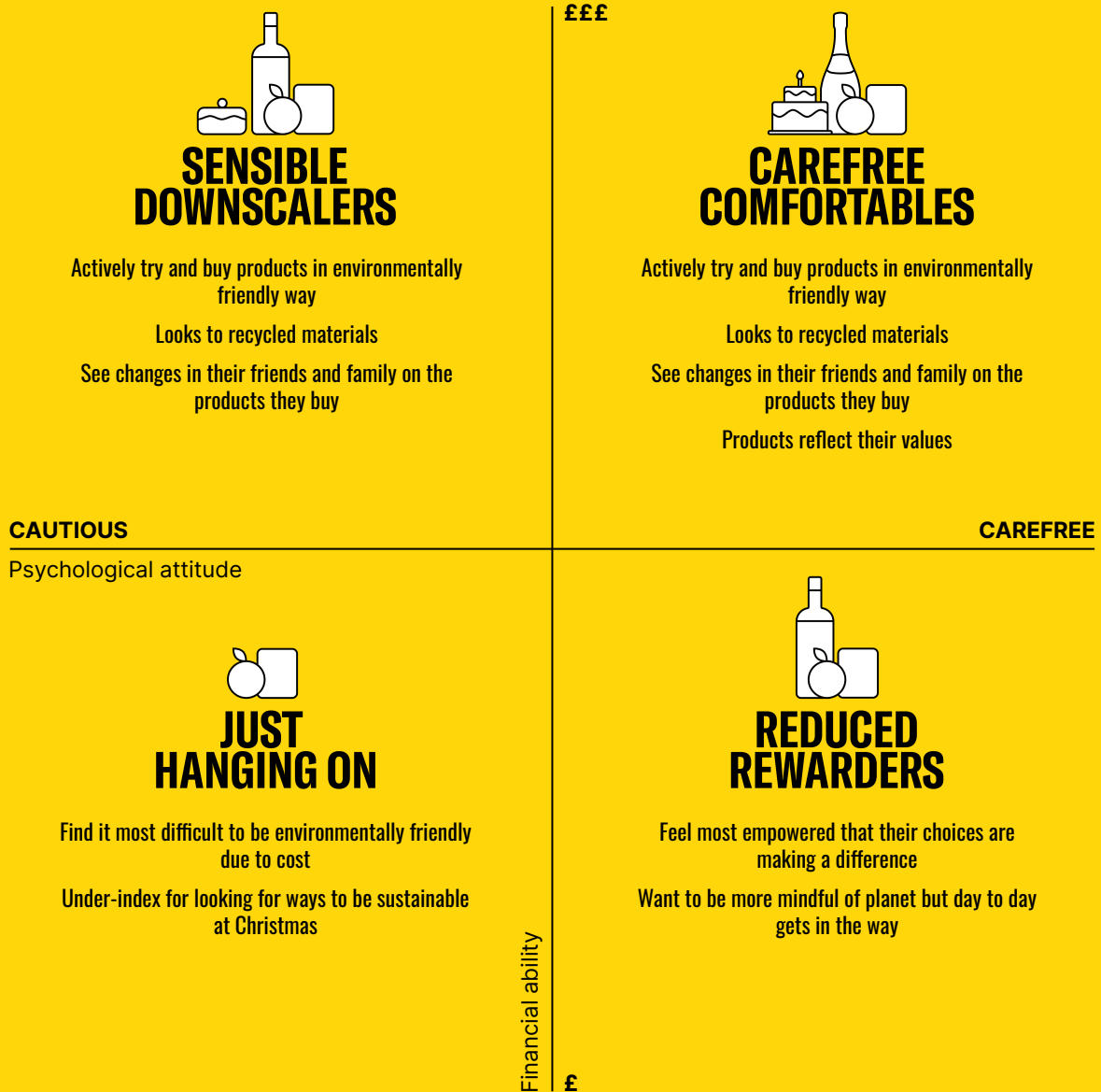


Figure 7: Segment attitudes to sustainability

? SO WHAT?

As concerns over finances will tend to ‘override’ many peoples beliefs, except for a small minority, brands should adopt a strategy of reassurance.

- Reassuring consumers that behaviours they are already doing, e.g buying into a brand that already does good, without them having to change their choices, will help consumers feel good, rather than guilt.
- If your brand has a strong ESG story to tell, consider targeting the less cautious segments, who will have more capacity to change their behaviour

To read more about consumer attitudes to people & planet, see our [Good Works Segmentation](#)

CHAPTER 5

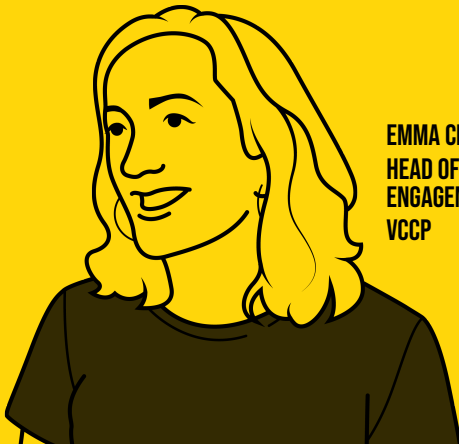
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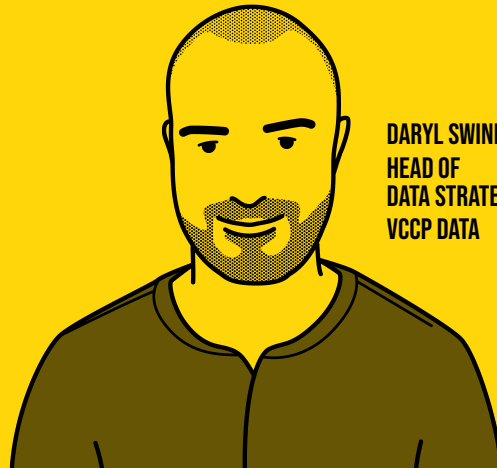
NICK LEWIS
HEAD OF SOCIAL &
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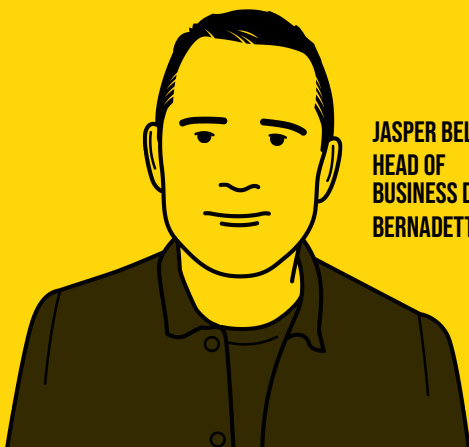
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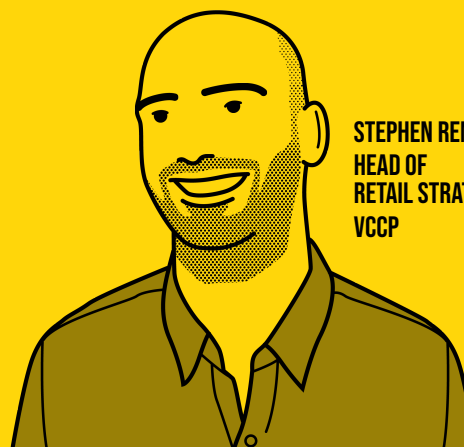
EMMA CLARK
HEAD OF CUSTOMER
ENGAGEMENT STRATEGY
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DARYL SWINDEN
HEAD OF
DATA STRATEGY
VCCP DATA



JASPER BELL
HEAD OF
BUSINESS DESIGN
BERNADETTE



STEPHEN RENOU
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RETAIL STRATEGY
VCCP

The findings of our research indicate that there are many different crises, depending on your sector, brand and audience. It's time to define your crisis. Choosing the role of your brand for your audience is the most important job to do in preparation for 2023.

IT ONLY WORKS IF IT ALL WORKS

At VCCP we don't just consider communications the answer to this question. We believe that **it only works if it all works**. We look at the whole brand ecosystem, considering everything from your retail estate to your membership programme as an opportunity to give your brand an essential role in people's lives.

In this chapter, we hear the opinions from our experts across VCCP Partnership on the role of their discipline in creating and supporting these opportunities.



We're seeing a big shift in the response to influencers and what we consider valuable in our feeds. No longer is it about pretty people doing pretty things, there's an onus on community and worthwhile experiences in response to COLC. People are coalescing around their passions and looking for more meaningful experiences.

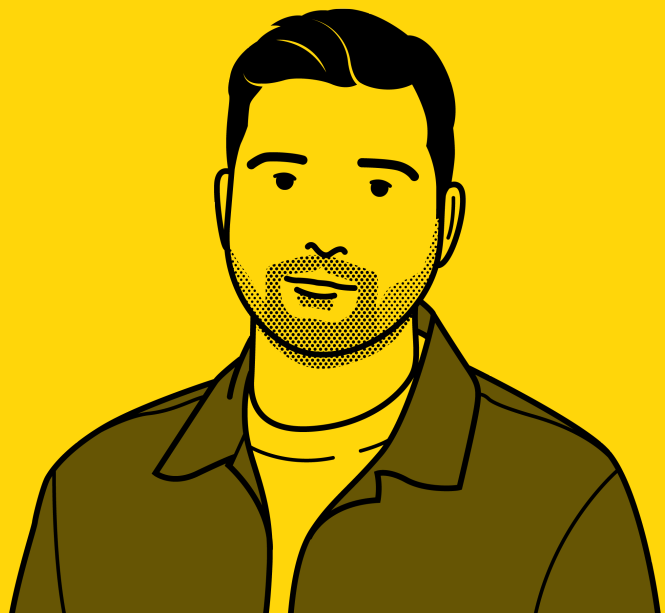
Talent and influencers are more cautious and considerate with the lifestyle they look to project. There has been a spate of violent crimes targeting influencers who have been wearing expensive watches and projecting affluent lifestyles as [documented by VICE](#).

Mallet London founder Tommy Mallet talked recently about [how the cost of living crisis has changed his behaviour](#) and how he empathises with others in this time of difficulty.

With this in mind, it's important for brands to support and work with communities who are adding real societal value and offering more than just an outlet for product messaging.

NICK LEWIS

HEAD OF SOCIAL & CONTENT STRATEGY, VCCP



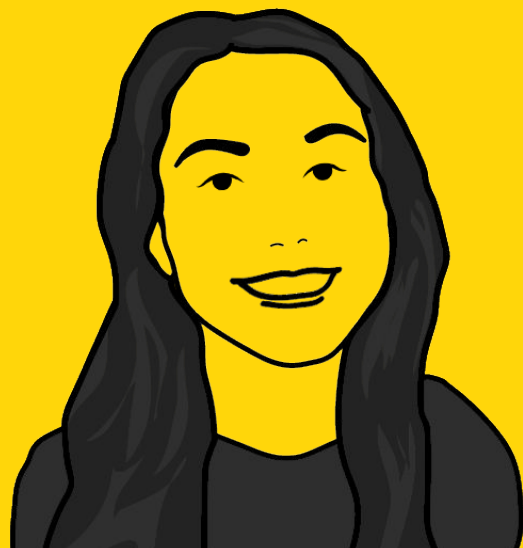
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So much has been written about the cost of living crisis, however, the human lived experience is something we feel has been missing. Where the compromises are, where they absolutely won't be. Something which surprised us all, is the continued British humour and resilience which remains strong.

To have the bespoke segmentation, quantified using TGI, we can identify how these segments evolve over time, and how the mindsets of Brits adjust on a monthly basis. Complemented with the interviews across the country, this really allows brands to gain a slice of insight into British homes.

Now with these segments we will be able to tailor for each client how their customers and categories are faring, and give them bespoke recommendations on priorities, messaging, media.

ANNABEL EVE
COMMUNICATIONS STRATEGIST,
VCCP MEDIA





Segmenting consumers based on their varying ability to afford to spend on non-essentials and their different approaches to spending is a no-brainer. We can better engage customers by tailoring messaging, content and comms to satisfy varying customer needs. For example, direct relief and immediate benefits related to everyday spend for the Just Hanging Ons segment.

Whilst value is important for all, 56% of consumers say 'brand charisma' loyalty drivers, such as being fun, entertaining and genuine, make them loyal to their favourite brand. It's why we need to push beyond the functional and financial drivers to create engaging and brand distinctive comms and initiatives.

A great example is the recent campaign for Asda's Rewards loyalty programme which is totally in tune with struggling families and is being straight up with an uncomplicated 'pounds not points' message. It deepens engagement and drives participation through gamification with playful in-app missions and hunts for Star Buys - a perfect antidote to all the doom and gloom.

Evidence from the DMA suggests customers still want to be loyal to the brands they love.

There's never been a better time to recognise your most loyal customers. To understand what really matters to them, to satisfy their emotional not just their functional needs, and to surprise and delight them. And even if they're not actively seeking it, they'll absolutely value being rewarded for choosing your brand in these challenging times."

EMMA CLARK
HEAD OF CUSTOMER
ENGAGEMENT STRATEGY, VCCP



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This research supports the need to “listen to” customers better in these tough times. The segments listed can provide a clear basis for approaches, however it’s important that brands monitor their own customer audiences, through explicit or implicit signals to be able to identify behaviours and therefore adapt to being relevant & sympathetic to the consumer.

Brands can expect purchase frequencies to reduce, so it’s vital that they are harmonised with the consumer and primed for when they are in-market.

There are lots of signals out there, are you listening to them?

DARYL SWINDEN
HEAD OF DATA STRATEGY,
VCCP DATA



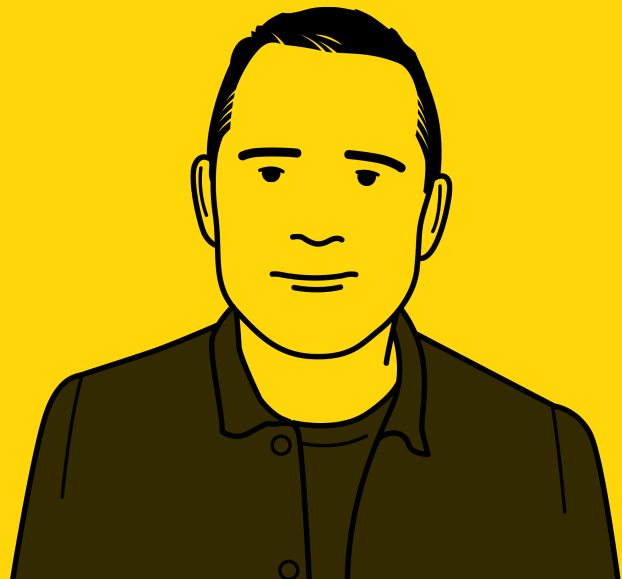
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At this time of uncertainty, families are frantically searching for ways to cut household costs without having to make big sacrifices.

This creates a real opportunity for everyday brands to shore up and get closer to their bases by experimenting with added-value digital services that make finding and tracking the best deals and rewards effortless, and create a basis for smarter customer profiling and first party data collection.

This is an opportune moment for brands in categories such as grocery, where price wars are already leading to a zero sum game, to side with the consumer, address the cost of living crisis head on and build lasting brand preference.

JASPER BELL
HEAD OF BUSINESS DESIGN,
BERNADETTE



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As was seen in the Great Recession in 2008 and again in 2020, when faced with economic uncertainty, shoppers tend to become more conscious of their brand choices and how and where they buy. Supermarkets like Aldi with their mantra, **'change your supermarket, not your lifestyle'** are primed to take advantage of the coming change in brand behaviour.

To compete, established (and new) brands need to be fully focused on understanding their buyer - where their product is being bought, how it is being used and for what occasions? What (other than price) is it about their brand that triggers purchase in the first place? What is important in the broader category that they compete in, and what isn't?

Traditionally “brand comms” and “buy comms” have been treated separately - with one focused on emotion and the other function (and price). But as the cost of living crisis deepens, communication needs to be more connected in an integrated brand ecosystem to provide the right messaging at the right times, both on-shelf and off-shelf. And when everything returns to normal, those brands who entrenched their brand equity across the path-to-purchase, instead of relying on price promotion, will continue to stay in consumers' minds and baskets.



STEPHEN RENOU
HEAD OF RETAIL STRATEGY,
VCCP

GET IN TOUCH

KEEP THE INSIGHT FLOWING

At VCCP, we believe in work that appeals to real people first. So we're constantly talking with them through our real time Hive consumer research panels. If you would like to throw your brand into the mix of these discussions, get in touch:

hive@vccp.com

KEEP THE CONVERSATION GOING

To get your hands on our segment deep dive and sector-specific research findings, or to discuss the research further, please drop us a line:

info@vccp.com

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