

# CONSUMER MINDSETS IN THE WORLD POST COVID

CPG & RETAIL EDITION |  
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fractal

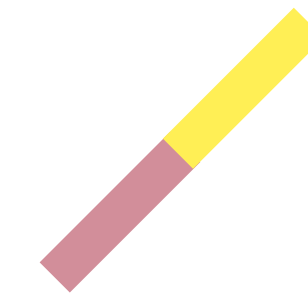


# PRIMER

The notion of survival has changed dramatically since the early days of humankind. Humans have evolved to live **beyond a constant state of fight or flight**. We have developed meaningful mechanisms that help us process as well as respond effectively to sensory and physical threats.

However, in this uncertain and unprecedented world that we find ourselves in today, our '**emotional radars**' are highly aroused and under-prepared.

The pandemic has created a pervasive and lasting threat, leaving us feeling vulnerable and cognitively drained. The emotions, behaviors and coping mechanisms that best support us through times of heightened distress are therefore brought to the forefront. It is no surprise that this context has triggered a fundamentally **self-preservative** version of us.



# SURVIVAL MODE KICKING IN



# A PERSPECTIVE DOCUMENT:

## Behavioral Science & Design led approach

It is impossible to make predictions about what's to come. Thus, this report aims to **build preparedness for businesses** in the Covid-affected world by highlighting the possible-durable consumer mindsets and relatedly the industry-focused implications of these mindsets.

Written by the Behavioral Sciences & Design team at Fractal, this report takes a **consumer lens** on rapidly shifting trends; these shifts and needs highlight the **physical and psychological experiences** of individuals during and soon after Covid-19.

The way to build preparedness is to leverage the shifting behaviors and design to address **emerging needs for the new normal**.

Threat  
Context

*The nature of the current threat of COVID-19 can be characterized by the following factors*

Looming uncertainty;  
existing & anticipated

+

Strained resources

Diffused, passive,  
external

+

Precautions don't  
assure protection

Lasting, non-episodic

+

Unfamiliar, abstract,  
unpredictable

Emerging  
Consumer Mindsets

*To breakdown consumer decision-making in this context, it becomes essential to understand the combination of mindsets:*

Tunneling:  
Present &  
Future

Reduced resources  
drive a shift from  
abundance to  
scarcity as a mindset.

FATIGUED  
VULNERABLE  
OVERWHELMED

Defaulting  
to Distrust

Separation  
increases, driving  
divisiveness.  
Personal safety is at  
risk in all social  
contexts.

VIGILANT  
ISOLATED  
SKEPTICAL

Engineering  
Adaptability

New states of  
equilibrium are  
inevitable, as humans  
cannot live in  
heightened states of  
stress over time.

APPRECIATIVE  
INSECURE  
ACCEPTANCE





“ There is a certain amount of anxiety and fear that suddenly creeps through your body and your heart races just thinking of what the future is going to be ”

# 1 Tunneling : Present & Future

Scarcity is the feeling of something missing, of resources being less than optimal. The brain focuses attention and primes actions towards optimizing these scarce resource - an effect known as tunneling. When in the 'tunnel', individuals face an inability to process peripheral information even if relevant to them, as it might be irrelevant to the tunnel.

# 1 : Tunneling

## Present & Future



*How are individuals feeling?*

## FATIGUED

Individual goals get rewired to focus on more immediate and outcome oriented decisions

They reduce focus on tasks and activities that don't feel purposeful

They blur out stimulus that feels 'distracting' in an attempt to minimize effort and conserve energy; they are in the pursuit of optimizing all resources



# 1 : Tunneling

## Present & Future



*How are individuals feeling?*

## VULNERABLE

Individuals cannot process a way out of the 'tunnel' and default more to products and services that meet them in the tunnel

Their isolation drives investment / purchase of products that provide a sense of near term safety

Once safety is established, they seek avenues to provide a clear sense of progress



# 1 : Tunneling

## Present & Future



*How are individuals feeling?*

## OVERWHELMED

The current context is highly cognitively taxing. Hence, individuals over-allocate resources on tasks that could be relatively unimportant in the bigger picture

They start to set lower expectations for themselves

They seek interactions to mitigate disappointment, and if not this disappointed over time is not managed they could end up with a sustained lower standard for self

“ It's an interesting setting to understand how designated or accepted authority can be wrong. Governments, WHO - all failing in predicting the state of our society. Everything will have a layer of caution from now on. ”



## 2 Defaulting to Distrust

Physical distance drives psychological distance too. As physical interaction is hindered and conflicting opinions prevail, trust-inducing cues will become less available. It becomes harder for consumers to assume positive intent around them and the risk perceived is higher, making them default to distrust across levels of interaction: *person-person, person-state, person-corporate.*

## 2 : Defaulting to Distrust



*How are individuals feeling?*

# VIGILANT

There is a need for self-initiated information seeking, as despite heightened precautions, uncertainty prevails

Individuals combine information from multiple sources before taking actions in an attempt to gain a sense of control and semblance of predictability

Individuals make efforts to validate personal beliefs and justify their own decision-making



## 2 : Defaulting to Distrust

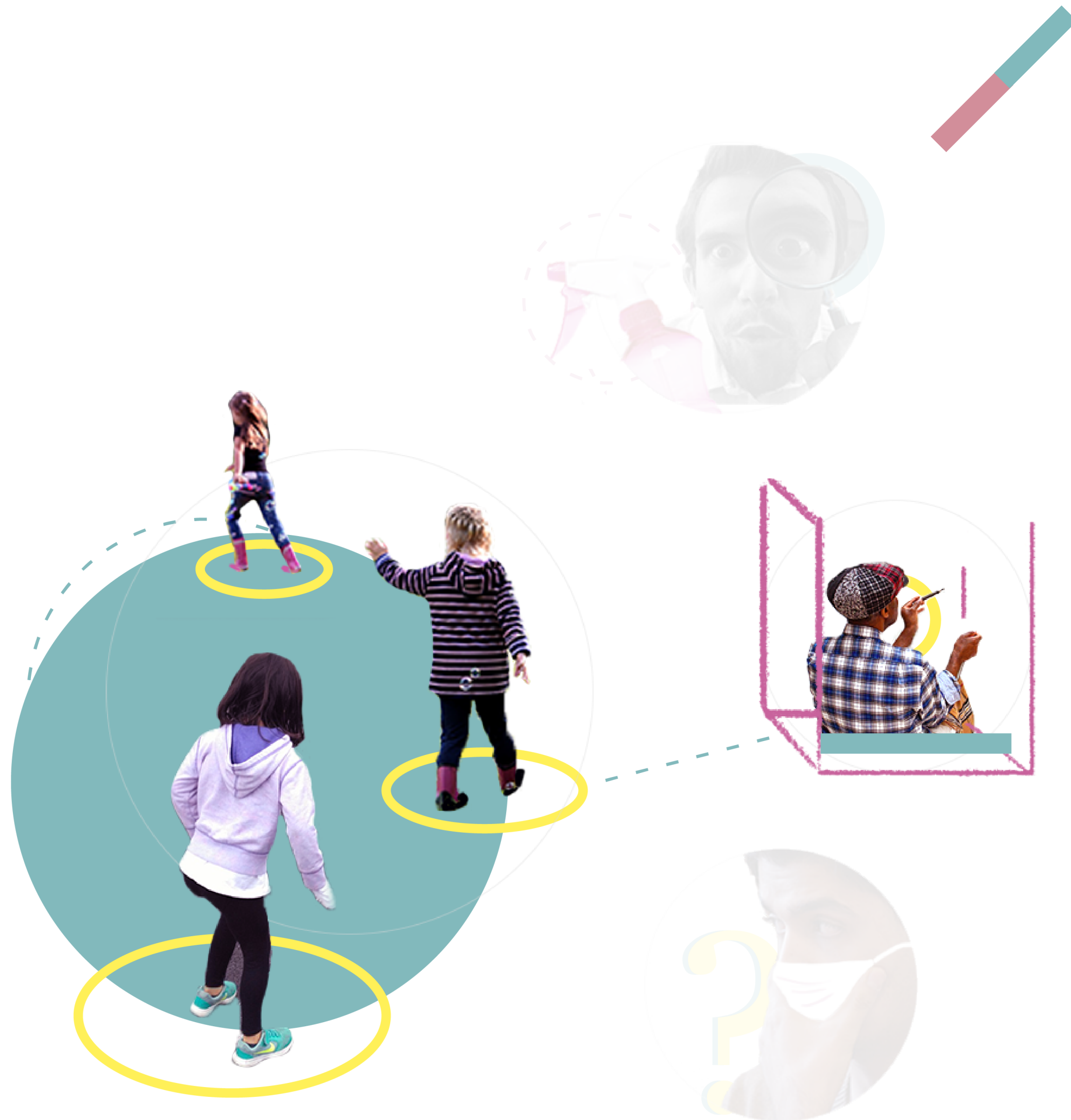
*How are individuals feeling?*

# ISOLATED

Loneliness becomes more commonplace, as separation from products, people and places one relied on continues

With no real way to assure protection, individuals are forced to apply new heuristics and cues to evaluate safety

Decision-fatigue stems from constant caution. This will eventually reduce precautions in spaces perceived as 'safe' by the individual (when in reality the threat could still be prevalent)



## 2 : Defaulting to Distrust

*How are individuals feeling?*

# SKEPTICAL

Individuals grow more conscious of their surroundings, the existing boundaries between self and other grow more defined, and “othering” becomes more common

With lowered visibility into the intent of other’s actions, individuals face an underlying need to attribute blame for the circumstances they find themselves in

New-in groups form, especially based on physical or psychological proximity; social validation from these groups significantly impacts individual decision-making



“I am using digital means to socialize. Looks like this crisis is going to change the way we live life and we should instead ensure that we don't get into same rut. This is an opportunity to reinvent, restructure, and relieve oneself external pressures of their expectations.”

## 3 Engineering Adaptability

In the face of dramatic change, consumers are forced to make choices based on access, not preference. The criteria of 'essential' comes into question, and people perceive decisions more from the lens of needs, not wants. The changing world forces adaptation - to new products, services and mediums.



### 3 : Engineering Adaptability



*How are individuals feeling?*

## APPRECIATIVE

Individuals experience a deep empathy and appreciation for the mundane that was invisible or went unnoticed thus far

Individuals start to develop an affinity for what was previously unused / considered sub-par due to mere exposure and repeated usage

New dependencies emerge; there is a higher attachment towards products and services that help the individual 'sail' through these tough times, as emotional and economic utility is felt

### 3 : Engineering Adaptability



*How are individuals feeling?*

## INSECURE

As individuals continue to long for what was accessible earlier, the limited available options are reframed as 'choices' to aid coping with the new reality

Individuals build positive rationales for what they are forced to use

Their choices are disproportionately influenced by social proof from their in-groups due to the lack of cues that would normally influence their decision making



### 3 : Engineering Adaptability



*How are individuals feeling?*

## ACCEPTANCE

Individuals have a lower capacity and willingness towards discretionary spending; consumers opt for products and services that are positioned as 'life choices' instead of 'lifestyle choices'

Premium in products shift from being luxury-focused to being health-focused

Individuals experience an openness to altering their identity, as they move from discomfort -> resignation -> acceptance. Over time they seek deeper meaning in everyday choices



# CPG & Retail

With disruption in supply chains, access drives preference for consumers. Consumers also experience an urgency for their spending to have immediate, gratifying and yet, more lasting benefits.



FATIGUED	VIGILANT	APPRECIATIVE
VULNERABLE	ISOLATED	INSECURE
OVERWHELMED	SKEPTICAL	ACCEPTANCE

# 1 Diversify & collaborate to survive

Opportunity

Small businesses need to build new moats

Larger brands with deeper pockets grow stronger during downturns. Smaller businesses that are agile enough to find new partnerships to deliver value and to ensure distribution reaches consumers where they are (physically, economically and technologically), are more likely to maintain market share and survive the competitive playground. For smaller local players, informal contracts result in new forms of aggregation and distribution. Digital shopping experiences become inevitable for all.

Provocation

Indie mattress manufacturers who had been struggling to divorce themselves from showrooms go virtual by end of 2020. Who wants to try a mattress that's been touched, sat upon, and slept on, anyway? Online evaluations aided by easy filters of hardness, support, comfort are just the first step. With affordability checks completed, the clincher is a set of 3 freshly sanitised certified mattresses to 'try and buy' right at your doorstep.



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# 1 Diversify & collaborate to survive

Provocation

Opportunity

## Adapt to prioritize health

Brands whose core proposition is becoming less relevant in the Covid context must quickly repurpose their products and services towards immediate user needs (eg. sanitation, immunity-boosting, safety, social connectedness). Consumers look to purchase what's convenient, familiar and available with premium-spends on health not luxury.

*The new version of cases for devices all come with a self- sanitizing feature. These come in large in-home sizes (for multiple devices charging and cleansing at once) and also for on-the-go sanitization to avoid even a moment of risk. For a premium, they can also alert you if your fingers are contaminated.*

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# 2 Be big, be small, most of all - be adaptive

Provocation

Opportunity

Acknowledge that one size doesn't fit all

There is an opportunity for brands as individuals are in the process of finding new defaults. The size, amount and frequency of goods purchased are now increasingly influenced by cultural and political factors. Products and packaging need to be sensitive and adaptive to these micro-levels. Ensuring that packaging accounts for both bulk purchase and individual consumption is essential. Products that showcase longer shelf-life and durability gain preference.

*The local store's "fresh & lasting" aisle always seems to be the most crowded. Consumers examine boxes carefully to find which products will stay nutritious for a while, in different weather and storage conditions - damage and spoil free. They also balance this with purchasing in optimal quantities and sizes to avoid being 'that' person that gets stares in the store. For bulk buys, online orders are certainly easier and come with less stares.*

FATIGUED	VIGILANT	APPRECIATIVE
VULNERABLE	ISOLATED	INSECURE
OVERWHELMED	SKEPTICAL	ACCEPTANCE

# 3 Be embedded where consumers are immersed

Opportunity

## Make digital the primary

Digital isn't a niche channel engagement, marketing and sales for companies anymore. It's no longer about chasing the hottest trend, trend-setter or social media channel but instead about the shift to being as digitally native and digitally present as the world of users they're trying to reach.

Provocation

*Gamers have started to see dynamic ads in-games. The billboards in the game light up with the latest in-app snack options for the player's avatar, that get delivered on a daily rotation. Buying these unlock loot boxes in the game and vice versa.*



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*"Foresight is not about predicting the future, it's about minimizing surprise"*

fractal●●●

*For more insights visit,*

<https://fractal.ai/covid19-insights/>

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## Other sectors

*Similar to this document of mindsets & implications for CPG & Retail, watch this space for industry specific reports for the following:*

- **TECHNOLOGY** - Published
- **FINANCIAL SERVICES** - Coming soon
- **MEDIA AND TELECOM** - Coming soon
- **HEALTHCARE** - Coming soon