

Staying Virtual

CREATING NEXT

A POST COVID-19 REALITY





Predicting Post-Pandemic Behaviors

"We're living in unprecedented times." Consultants, our clients, and their customers hear this every day. It's certainly true – but what does this mean for what's next?

Together, we will navigate this present pandemic state and look ahead to what behavioral changes in consumers and businesses we'll see in a post COVID-19 world as we respond to, re-enter, and re-imagine the future.

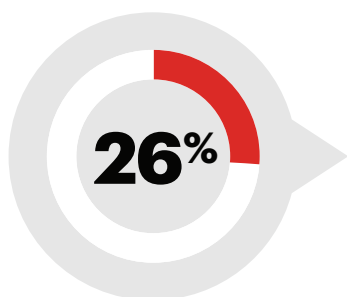
New Habits Are Here To Stay



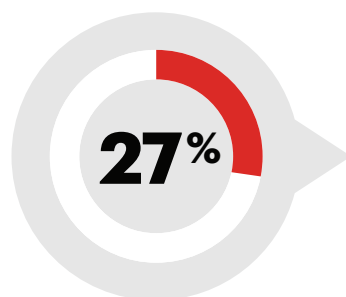
Microsoft Teams

An abrupt switch to virtual solutions for shopping, education, socializing, and healthcare is forcing an ongoing behavioral evolution that will persist into the future.

Ecommerce growth will continue to dramatically outpace that of physical commerce, making understanding how to seamlessly combine these two worlds critical to brand ecosystems and success. Video conferences, livestreams, virtual clubs, and virtual beauty consultations will persist, while telehealth and virtual visits become a healthcare expectation. It generally takes two months to create a new habit, and it will be at least that long before many of us return to any semblance of “normalcy.” As the world remains under lockdown, what was once a novelty – virtual alternatives to our daily activities – is now a necessity.



of consumers 45 or older **expect to buy food & beverage online MORE** than they did before the pandemic once stay-at-home orders are lifted



of consumers **plan to shop virtually MORE** than they did before the pandemic once stay-at-home orders are lifted

The essentials have accelerated their digitization in order to maintain business as usual.

Many online and mobile technologies have been trending slowly upward for years. But the stay-at-home orders have accelerated this mass migration to all things virtual, especially for the parts of our daily routine that have remained essential: grocery, work, education, and healthcare.

Grocery

Online grocery ordering had low adoption prior to the crisis, but BOPIS (buy online, pick up in-store) orders have spiked. According to the Adobe Economy Index, which analyzes trillions of online transactions across 100 million items spanning 18 product categories, grocery orders placed online for pickup during the period of February 24 to March 21 rose 62% over the same period last year. A rise in demand was not unexpected, of course, as state and local governments issued stay-at-home orders in an effort to contain the coronavirus.

Merchants who've stepped up to meet expectations around virtual grocery shopping include Amazon Fresh, delivery company Instacart, Walmart To-Go, Kroger, and more. However, the reality is that these experiences are not yet reliable. In addition to optimizing these programs, grocery will need to look ahead to how to take these services to the next level now that the adoption of these virtual behaviors has penetrated society significantly.

What's the biggest thing missing from a completely virtual journey?

Healthcare

The adoption of virtual healthcare, or telemedicine, has shifted into hyper-drive since the coronavirus outbreak, by physicians and patients alike. At its current pace, the number of virtual healthcare



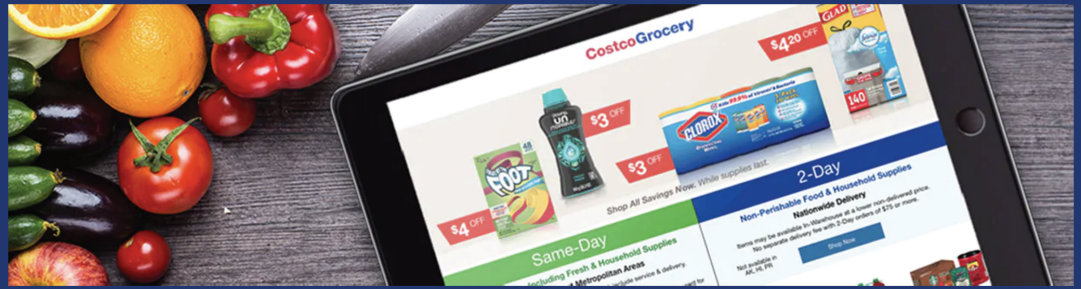
Kroger, Amazon Fresh, Walmart, Instacart



Amwell

interactions will top one billion by the end of 2020, according to analysts from Forrester Research – up sharply from the 36 million forecast before the pandemic. Issues that were previously barriers to adoption – cost, availability, and patients' preference to see their existing providers in-person – all but collapsed after the government declared a national state of emergency and urged the nation to avoid office visits.

In virtual mental healthcare, in particular, where the demand has long been higher than the supply of available sit-down appointments, companies have scrambled to handle the sudden uptick in demand – by introducing new services, accelerating launch timelines, and bringing more staff on board. Thomas Insel, the prominent psychiatrist who previously directed the National Institute of Mental Health and now advises the state of California, is expeditiously launching a new company called NEST health – short for Network to Engage, Support, and Thrive. It will be a membership-based online community in which people get coaching, information, and single-session psychotherapy visits with licensed providers.



What is CostcoGrocery?

Whether you're having a busy week or planning a party, CostcoGrocery – an online grocery delivery service – is a helpful way to stock up. Make a list and get essentials delivered straight to your door.

CostcoGrocery

Work

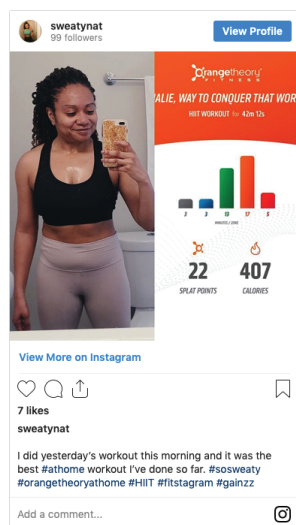
According to a survey by Workhuman, only one-third of people in the U.S. worked virtually from home before the pandemic. While the opportunity is a benefit that many employees value, of those whose job can be done remote, companies have lacked the technology infrastructure to offer the option without sacrificing what's been "business as usual." While tomorrow's workplace may look and function differently after the crisis of today, employees will still need to connect and deliver on their job expectations and one fringe benefit of the coronavirus is that businesses have fast-tracked digital adoption, and tech companies have rolled out tools to support them.

The pandemic has forced companies and workers to use technology in new ways, taking traditional face-to-face activities and moving them online. From recruiting techniques like virtual job fairs, to onboarding programs and video chats, companies and employees will continue to look for new ways to connect. LinkedIn's Bay Area office had to reimagine their onboarding process over three days to prepare for 42 new hires starting as stay-at-home orders were put in place. Office tours, team meals, swag bags, and meet-and-greets were replaced with a week-long virtual program complete with virtual 1:1's with managers and Zoom breakout groups.

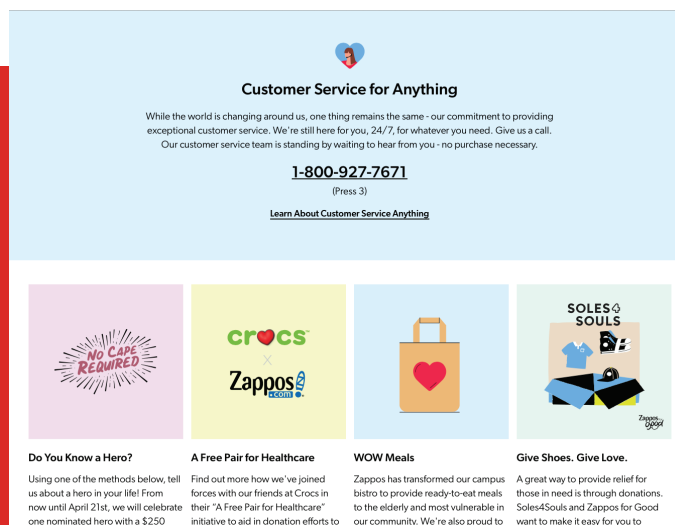
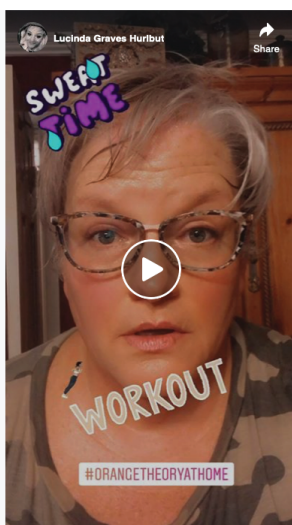
Given the pace of change in today's environment, it's hard to identify any consumer behaviors as "permanent", but there is certainly acceleration happening for behaviors

already on a trajectory toward "normal." It is these behaviors that will have a more lasting effect. For example, most people know someone who would have never thought to order groceries online but is now forced to do so exclusively. BOPIS, grocery delivery, remote working: for early adopters and fast followers, these behaviors were commonplace before COVID-19. Now, even the most reluctant consumers have accepted these behaviors as mainstream.

How will new habits merge online and in-person even more?



Orangetheory Fitness



Zappos

Non-essential businesses are clamoring to stay top-of-mind with virtual alternatives.

For non-essential businesses, mandated closures have had huge implications. Brands are emphasizing their digital channels more than ever, with things like online personal services and “public events”, in order to substitute lost in-store traffic and sales.

While its studios are closed, Orangetheory Fitness is offering free daily online workouts. Not only are members still able to do their daily workout with coaches, but the free service acts as a trial offer for potential new members to the club.

How will your brand bring people together while keeping them apart?

Launched in April, Zappos’ customer service team now offers to help customers with “anything” including which local restaurants offer delivery,

what’s in stock at the local grocer, and which apps can help with social isolation. Customers can also call just to chat – about anything from the weather to what they’re watching on Netflix – as a way to feel a little less lonely.

And in beauty, virtual consultations have also shot up in the wake of store closures. Luxury behemoth Chanel has rebooted its Atelier Beauté store in New York City by launching paid Chanel beauty chats with its expert “Master Artists” and “Beauty Guides”. Customers text to book an appointment, and a one-to-one makeup chat runs them just \$20.

All of these examples demonstrate what history has often shown us: new ideas and offerings emerge from extraordinary circumstances, even if the demand was not necessarily new. This crisis could be the springboard for even more new format strategies like small-footprint stores, which were already on the rise before COVID-19. Or experiences, services, and brand

partnerships that might have been formerly stalled but now would be especially meaningful. Of course, we still have to understand the threshold for retail’s “new normal”. As readily as consumers have adopted these virtual changes, there could be significant backlash to a completely virtual existence – especially as stay-at-home orders lift, and people are able to physically connect once again.



Is your brand ready to create what's next?



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