



channel mastery

128: Kristin Carpenter, Consumer Psychology Through the Coronavirus Crisis and Beyond

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Please note the transcript is not an exact replica of the live broadcast.*

I've had the honor of doing a lot of webinars in the past month for the outdoor, bike, snow industries, focusing on how to communicate through this crisis and the importance of NOT going dark in your communications.

I'm also talking with so many of our clients regularly – and people in my network – about the crisis and its effect on our lives, our businesses.

Many of you are asking me about how the coronavirus will change us as people and change our behavior – let's be honest – no one really knows. At the same time, all of us can feel that we're changing – every day. For example, you're engaging with more content, shopping online and also, doing a lot of video conferencing – we all are.

When we start to have a choice again on being face-to-face, our decision framework will be different. We'll take more time considering if it's worth going back to how we used to do things, or if more virtual is just fine. It's the nature of how our brains work.

The reptilian, or primal part of the brain, keeps us alive – and habits are its way of ensuring we are burning the least amount of energy and calories possible as we go through our days. We are building new habits right now in this crisis, and it's going on for long enough that our behaviors and habits will change. Preferences will follow.

For our loyal listeners, you already know that Channel Mastery is a show about hacking the sales and marketing channels that our target shoppers prefer.

And we often talk about how big retail and marketplaces train our consumers – we do this so we know how to serve them as specialty brands. What we're watching – and personally

experiencing today is a very strong new ‘training’ of consumer behavior. And it most certainly has to do with channels.

You’re very connected to your browser and devices right now – that is for sure. Those channels are preferred already, and will continue to be as long as we’re in self-isolation.

At the same time, we have no “comparable” or “comp” as to how we will emerge from this pandemic. So I’ve done some research for us, Channel Masters. I believe what I’m about to share gives us a usable foundation. It’s based on hard-wired human tendencies and also, what happened after the 2008 recession.

First up, the hard-wired tendencies or behaviors. One of my favorite authors, speakers and content creators is Scott Galloway, He wrote the incredible book “The Four: The Hidden DNA of Amazon, Apple, Facebook and Google” and he’s a professor at NYU.

He has also started nine businesses, some of them have failed. I like that he’s an academic but with real-world business experience – face plants and all.

I’m referencing Scott Galloway because he just launched a new podcast called the Prof G show. Please know, his humor can be off color, to put it mildly, but I find it entertaining, and his content is A-plus great.

The most recent episode is titled “A Post-Corona World” and in it, he interviews another NYU professor, Jonathan Haidt.

Prof. Haidt is a social psychologist, and studies morality, politics and takes what he calls an evolutionary view. The bulk of his interview is about the three “major psychological” systems he sees humans using in how they deal with crisis.

He offers three ‘toolboxes’ that we access as humans when the “you know what” hits the fan in our lives. I think, will shed some light on how we, as humans, will go through this pandemic.

The first one is a toolbox that helps us collaborate – if another group attacks us, **we come together quickly.**

That’s the toolbox we used for 9/11. That gives us a sense of the psychological wiring we share as humans, and how we respond collectively when we are attacked. It was clear all around us – people banded together to get through 9/11.

The second one: is the pathogen avoidance toolbox. Professor Haidt goes on to say that pathogens killed a lot more of our ancestors than did foreign attacks or murder or violence. Did you know that we, as humans, have an elaborate system of disgust at contagion sensitivity? Well, neither did I.

Apparently, We have this immune system in our body that fights off viruses and bacteria, our brains make us engage in behaviors that minimize the risk of contagion, and this pulls us apart. So, when we face something like a contagious virus with no cure that's causing a pandemic, we have a tendency to kick in our contagion sensitivity. Makes perfect sense to me. Again, survival mechanism.

The third system: is the starvation system. We evolved to live in times of feast and famine. And when there's a shortage, we get pretty selfish, at least where we see others as competitors.

So 9/11 was the first toolbox. Coronavirus is the second two: The pathogen and the starvation threat. When you consider this, it makes our reality sound pretty ugly, doesn't it? Oddly enough, Prof. Haidt explains that despite our hard-wiring, we are also coming together thankfully in a cooperative way right now.

Last week's Channel Mastery episode talked about this – we discussed the news cycle, and our response to it, as people. I went over how all of us were kind of hiding in the basement at first, then we slowly started to peek out of our bunkers, and figure out how we could help – or cooperate. That response is a clear sign of our need for community, especially in the time of isolation. Consider all of this interesting info as you plan and manage your external and internal communications in your business during the pandemic.

This is a hard-wired human tendency, a longstanding evolutionary selection force, that shaped us into cooperators. It's again part of how we survive.

He points out that this is an incredibly interesting time because this ancient thread of the pandemic is hitting us at a time that we had new technological tools and social arrangements that have never been tried before.

This is also the first time in history that a pandemic has been global, and we've all known it. He says that there's a strong thread of people seeing a "Team Humanity" fighting the virus crisis.

The rest of this episode of the Prof G show goes on into some pretty crazy territory, but for our purposes, I think what was shared by Prof. Haidt is super helpful as we establish a framework of understanding where our consumers are evolving to now, and going forward.

There is no crystal ball, but we need to start to evaluate – it's a key part of recovery.

Understanding how we are wired as people and that gives us a glimpse into how we are going to adapt behaviorally to this pandemic. As I said in last week's show, we are all in it, mid class V rapid, of having our 'normal' worlds completely shaken up. This is a time of forced reckoning. A time of deep thinking. This is a good thing. Should you choose to take it on.

Last week, I ended the show asking you to take the Red Pill, like Nemo did in the Matrix. I also said that honestly, we are not really being offered the Blue Pill (going back to safety).

It's Red Pill time everyone, which is where we left it after last week's podcast.

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Every single day at Verde for the past month, I've been on the phone with our clients and with friends in my network of working in these spaces for almost three decades – one as a journalist, and two as a communications agency owner.

Every single day, I hear from our clients that they are just not sure how to communicate. They are not sure what's appropriate – they are not sure if they should even say anything at all. I can assure you, you must NOT go dark. You need to think about banding together with your community and **serv**ing them – remember, we are wired for cooperation in times of complete crisis. It's how we've survived.

I'm feeling pretty sure as we've been analyzing our human traits, that the path to communication to our audiences is clear – we must embed with them, be willing to mess up, be willing to share and support, and really, COOPERATE with them. Service over harvest right now – super important.

I hope that this is giving you inner confidence in how you approach your communities right now, across all of your platforms. Before I end this episode, I wanted to take a page out of the playbook of recovery from 2008-09.

I'm going to put the link to the Prof G show in the show notes, and a link to the Harvard Business Review article from April 2009, titled: *How to Market in a Downturn*.

Because I think we ALL know that we are facing a double whammy with our target shoppers – we are in pandemic. And we're now also in recession. And this recession has NO comps whatsoever because of the pandemic.

Despite that, I'm pulling the one comp we have – the 2008 recession...

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Here are some choice excerpts from: *How to Market in a Downturn*, regarding the evolution of consumers after the GREAT Recession....

NOTE: I'm not citing some of what I'm about to because my company, Verde, and the fact that our livelihood is tied to communications for brands. I'm sharing this article because to me, it was fascinating the parallels that can be made from how consumers weathered 2008, and taking that into consideration in what we're all living through right now in this pandemic.

Again, this is from an article published in April 2009....

- While it's wise to contain costs, it's important to not just slash and burn your marketing and communications investment
- Failing to support brands or examine core customers' changing needs can jeopardize performance over the long term
- Companies that put customer needs under a microscope, take a scalpel rather than a cleaver to the marketing budget, and nimbly adjust strategies, tactics and product offerings in response to shifting demand are more likely than others to flourish both during and after a recession.

So, let's look at this together. This was written in a time when we were not spending 5.5 hours a day on our devices – that is for the average AMERICAN ADULT, not teen.

What is recession psychology going to look like when paired with a pandemic in the age of Google, Facebook, Apple and Amazon – Galloway's Four. That's what we're about to find out -

At that time, a 'wave of bad economic news eroded confidence and buying power. It drove customers to adjust their behavior in fundamental and perhaps permanent ways.

The Great Recession came from EU and USA's irresponsible consumerism. It created "a quicksand of debt, dwindling savings and home equity"

Marketers abetted consumers in defining the good life in material terms and urged them to live beyond their means.

It resulted in a meltdown, where consumers faced piles of bills, stagnant or falling incomes, and shrinking nest eggs. Consumer skepticism and distrust escalated from corporate scandals and failures in financial, housing and insurance sectors. The article sites that The Conference Board's U.S. Consumer Confidence Index was at its lowest level since tracking began in 1967.

So here's the framework from the Harvard Business Review in terms of how a brand / business can assess, and then be nimble and adjust to consumer recession mindset.

FIRST: Assess your consumer's 'psychological segmentation' instead of demographic segmentation.

They defined consumers in this way, in **four groups**:

- Slam on the Brakes – the most hardest hit financially
- Pained but Patient – resilient and optimistic about long term, but less confident about recovery in the near term – as the recession goes on, Pained but Patient evolves to Slam on the Brakes.
- Comfortably Well Off - these consumers are confident they can ride out bumps in the economy. They're more selective about what they buy, but they're still buying.
- Lastly, is the Live for Today segment – they extend their time table on major purchases, but otherwise, carry on.

SECOND: Consider purchases or consumption in four categories as well:

1. Essentials – survival
2. Treats – indulgences that are immediate and justified
3. Postponables – needed / desired items that are put off
4. Expendables – unnecessary or unjustifiable

Okay – that's a framework that is still applicable today. Meaning, you can use that to start to examine your own business and the behaviors of your target shoppers or brand fans and adjust your content and how you're serving them, accordingly – nerdy? Yes. But also – supremely useful, IMO.

But listen to THIS absolute GEM from April 2009.... *“During recessions, it's more important than EVER to remember that loyal customers are the primary, enduring source of both cash flow and organic growth.”*

Marketing is not optional here – it’s a “good cost” that’s essential to bringing in revenues from these key customers and others.” And in our world, Channel Masters – marketing is not radio, billboard and TV.

It’s the content-driven experiences that you’re posting on your target shoppers’ preferred channels RIGHT NOW.

Fast forward 11 years from this article, their “loyal customers” are the loyal brand fans of today.. ..

It’s my hope that you can clearly see that it is not OPTIONAL to not serve your communities, your audiences, your brand fans right now. I’m not saying to sell to them, or to try to harvest from them.

I’m advocating that you serve them. Temper that with what they’re used to receiving from you, and adjust to offer them what they’re receptive to. I covered how to read your audience in last week’s show, but know that your email service provider and ALL of the social media platforms offer built-in analytics for you, in real time.

Your loyalists are your “enduring source of both cash flow and organic growth.” That will be truer than EVER when things come back on line, when we all start transacting again.

I’m also going to make this show available to SNEWS, BRAIN and SIA, as well as NBDA.

I know that was a lot of info, but it’s very usable for how we are working to prepare to get through what we’re navigating today with the COVID – 19 crisis.

Thank you for spending this time with me this week, Channel Masters – I am here to serve you, and would like to invite you to send any ideas for shows and research, or just questions to: Channel Mastery@Verdepr.com.