

It's November 2022.

Do you know what your
customers' new normal is?



Prior to the global pandemic, most consumers engaged with brands according to their wants and needs, which were tied to predictable factors such as life stage, income, and interests. Then, the pandemic hit and caused a seismic shift in consumer behaviour.

Suddenly, wants were deprioritized and everyone's needs were the same. Customer-to-brand engagement life cycles were leveled, and many sectors struggled to adjust. Now as we emerge from the pandemic's wake, brands are trying to understand which consumer behaviours will remain, and which will revert to their pre-pandemic state.

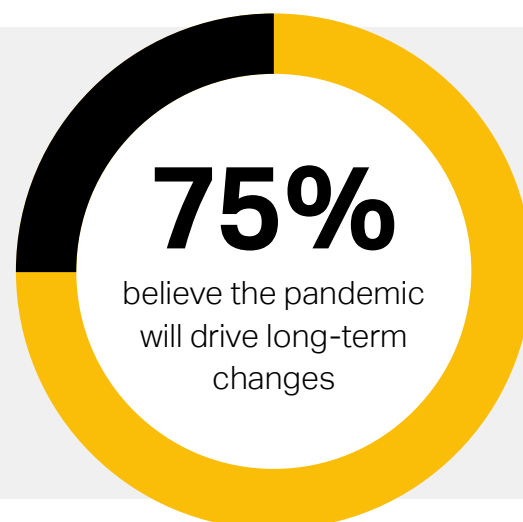
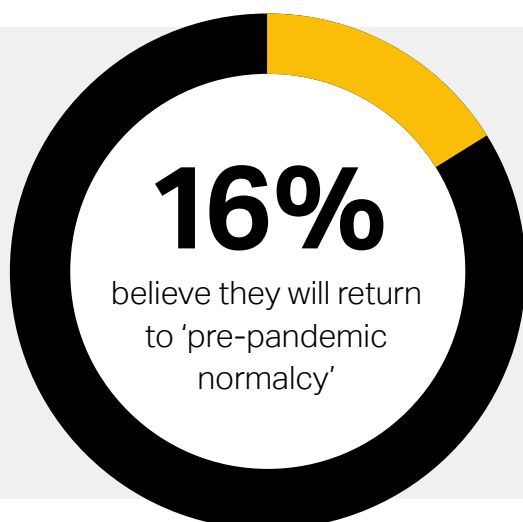
A recent Forrester research suggests that constant consumer change is a defining element of the "new normal."

Forrester Research's Consumer Energy Index Survey, US Consumers, November 2020 suggested only 16% of US online adults believed they would revert to a pre-pandemic sense of normalcy when COVID-19 cases

subside, while 75% thought that the pandemic and related events would drive long-term changes in their behaviours and preferences.

Forrester suggests that marketing leaders should focus on three core categories of change:

1. **Ongoing:** Changes in consumer attitudes and behaviours that increasingly influenced businesses before the pandemic and accelerated during it.
2. **Morphing:** Changes in consumer attitudes and behaviours that were mounting before the pandemic are shifting.
3. **Nascent:** Certain attitudes and behaviours emerging from the pandemic that have reset consumers' expectations of brands.



Now, in November of 2022, these predictions can be seen in customer behaviours.

We're seeing evidence of these changes in our client's program data. Each of the examples of customer behaviour change that follow are pre- and post-pandemic snapshots from Kognitiv Smart Journey® strategy and consulting engagement clients.

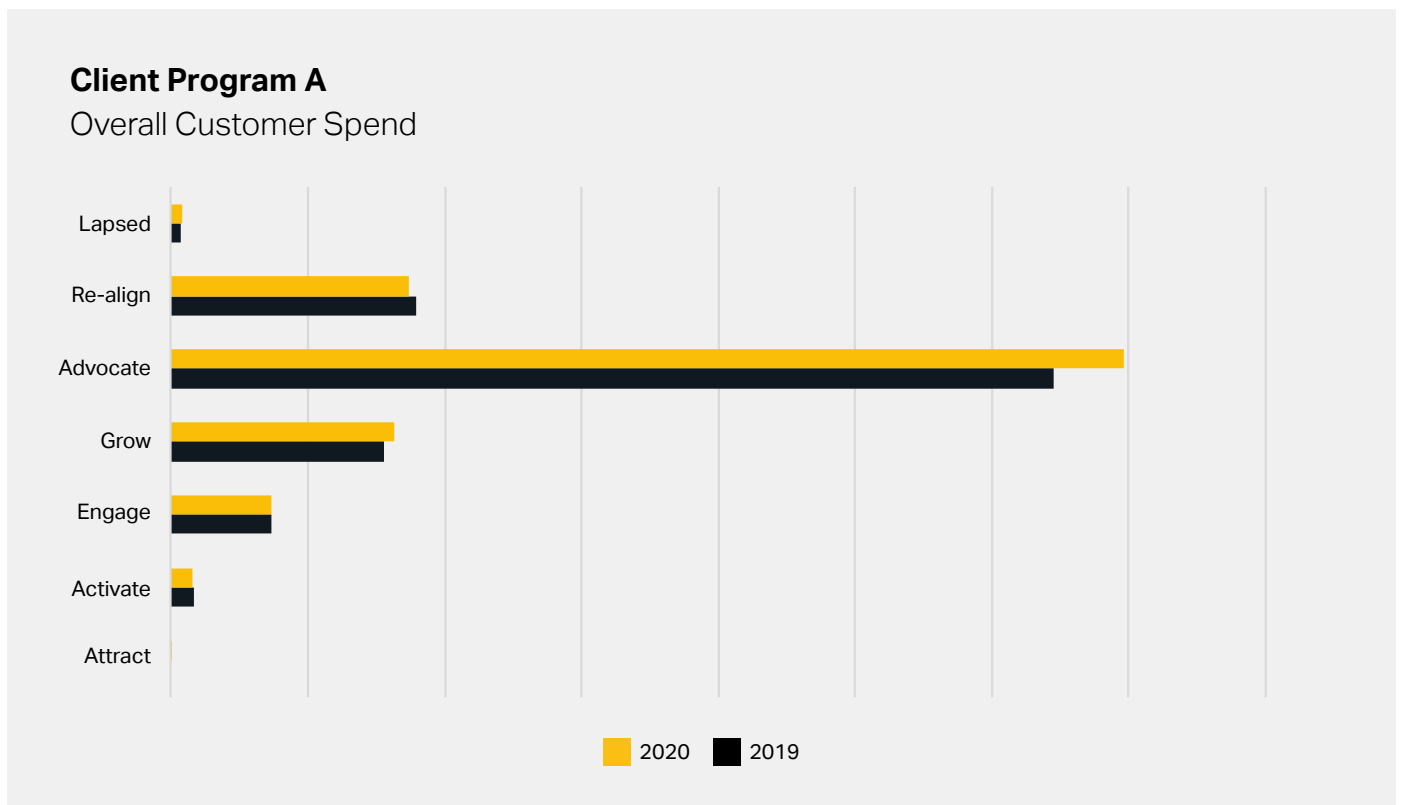
While consumer needs were consistent across the board during the pandemic, their effects resonated very differently depending on the industry the client operates in.

Client Program A

The pandemic had a significantly negative impact on a B2C commodity client, whose business relies heavily on a high purchase frequency. When the pandemic hit, demand for their products dropped dramatically. The average consumer simply didn't have a need for it during the height of the pandemic and their lapsed consumer base increased by 12% over the previous year.

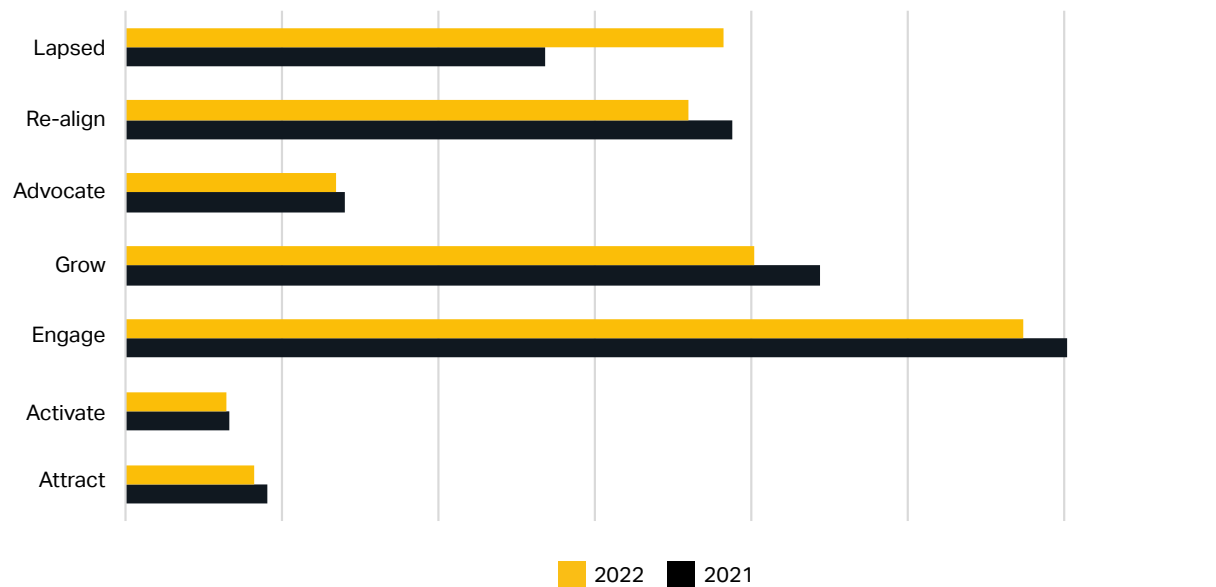
However, the portion of their customers that still needed their product, used that product more – increasing their overall spend by 5%.

This is a great example of *nascent behaviour* as these customers maintained their spend levels and frequency coming out of the pandemic.



Client Program B

Overall Customer Spend



Client Program B

Conversely, the pandemic delivered massive growth to a B2B client whose business provides supplies to critical care businesses. When the pandemic hit, demand for their products skyrocketed. Amplified by supply chain shortages, their customers found themselves in a 'need state' and thankful for the supply certainty Client B was able to provide, resulting in a win/win situation.

However, coming out the pandemic with greater supply chain stability, and concerns about an oncoming recession, their customers appear to be shifting back to a 'want state'. They're showing signs of becoming more conservative in their spend levels, beginning to show signs of price sensitivity and decreased brand engagement.

Overall, year over year, new customers are 26% more likely to get stuck while onboarding and are 38% more likely to stop spending altogether - long enough to lapse completely.

These customers are an example of *morphing change in behaviour*.

Prior to the pandemic, the client was aware that engagement levels were dropping, and more customers were lapsing in their program but weren't sure why, as their internal data was insufficient to reveal this trend.

Now, they have a much clearer view of where they need to adjust their customer experience to course correct and improve program and revenue performance.



Client Program C

Finally, for another high purchase frequency B2C client, this time in the specialty retail sector, the pandemic resulted in exponential growth.

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Millions of new consumers started shopping the brand due to new pandemic lifestyle trends.

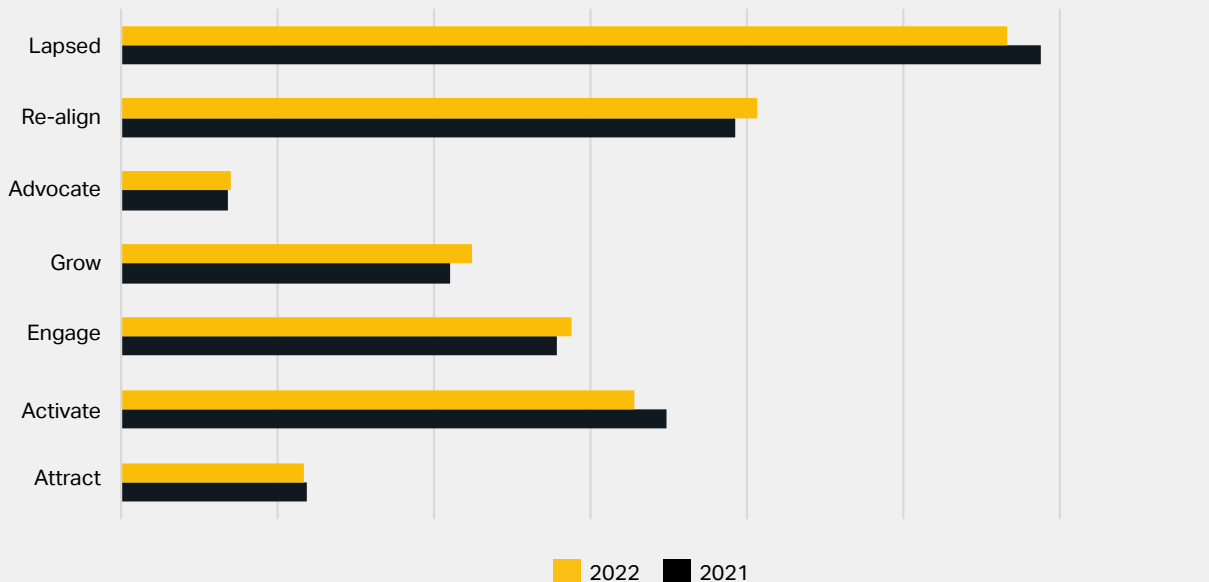
Unlike the previous clients, who suffered a loss of demand during the pandemic or a loss of engagement

and decrease in spend coming out of it, this client experienced a high degree of growth and emerged from the pandemic stronger than they entered it. While customers aren't entering the program at the same rate, their members are growing within the program, spending 8% more year over year, and lapsing less.

These customers are a perfect example of nascent change in behaviour. The customers acted on a desire they had considered but not actioned until the pandemic arrived and chose to make a long-term change in their behaviour, resulting in a very happy 'new normal' for all parties.

Client Program C

Overall Customer Spend



So, what can brands take away from this?

1. Customer behaviour is always changing, it's just a question of how quickly and in what ways.

With so many moving parts to monitor in a marketing strategy, it's tempting to treat loyalty programs like a crock-pot. Brands can simply choose to 'set it and let it simmer' for long periods of time but eventually most brands approach a point of rapidly diminishing returns.

Setting regular review periods for program performance ensures that brands stay in step with the needs and wants of their customers and don't get caught behind or surprised by shifts they didn't see coming.

2. Market conditions have the power to accelerate behavioural changes and drive new ones.

It's tempting to think of the pandemic as a one-off event, where effects won't repeat in the same way in the future. But doing so exposes the health of the brand and the business to significant risk. Recessions have a powerful effect on consumer spending patterns. While they don't affect all customers equally, as with the pandemic, they can significantly shift behaviours and drive entirely new ones for audience subsets. Brands that don't assume the status quo will

carry them through will be best positioned to convert challenges into opportunities for new growth.

3. Brands that do best measure customer behaviour as closely as they do transactions.

Tracking transactional data is a powerful practice that can help brands effectively manage inventory levels, see purchasing trends and help predict future purchase patterns. However, understanding why customers are buying something is just as important as the product purchase itself.

Transactional data is inherently historical in nature, only offering insights on past patterns and unable to reveal attractive engagement opportunities unless combined with a firm understanding of that customer's behaviour. Offering a brand advocate a discount for a product they see the value in paying full price for doesn't just leave money on the table, it also diminishes the brand equity that has been built in the eyes of that customer. Knowing what individual customers value and which experiences to offer them based on that value is the key to driving peak program performance.

Know where your customers stand and where they're going next.

All client program intelligence applied in the article above was obtained through Kognitiv's industry leading SmartJourney® methodology.

SmartJourney® is a powerful, platform-agnostic blend of Kognitiv's strategy and analytics capabilities, that

provides a lens and a framework to assess a program's efforts, track ongoing success, and ensure brands can clearly see where to evolve strategies for growth, ensuring loyalty programs deliver ongoing maximum value to the business.

Contact [Brendan Shaw @ Kognitiv](#) to gain the intelligence needed to create meaningful connections with customers and deliver the experiences they want, where and when they want them.

About Kognitiv

Founded in 2008, Kognitiv is challenging global brands to redefine how they engage with their customers and deliver meaningful experiences that earn their lifetime loyalty.

In June 2020, Kognitiv and Aimia's Loyalty Solutions came together to create a data and technology-led business, employing over 500 people across 20 countries worldwide.

With 200+ clients and partners in more than 50 markets globally, Kognitiv is removing the complexity of cultivating loyalty, data, and partnerships, so brands can deliver enhanced value, personalization, and experiences to today's consumers, right where they are.