



Virtual Roundtable: Insights into the US market

3.00 pm BST, 9 September 2020



Introductions

To open the event, Paul Duncanson (PD) welcomed all of the attendees and introduced the ground rules for this virtual roundtable. The tenth in the series, this roundtable is the second virtual event.

To start the discussion, Paul introduced the invited experts - **Allyson Stewart-Allen** (AS), Chief Executive at International Marketing Partners and Executive Director at the Chartered Institute of Marketing, **Scott Thurm** (ST), Business Editor at WIRED, **Jamie Gordon** (JG), Chief Disruption Officer at The Mighty Shed, **Ana Gonzalez-Barrera** (AG), senior researcher at Pew Research Center, **Simon Bradley** (SB), founder of Simon Bradley Marketing, a marketing consultancy, and **Bill Trovinger** (BT), Senior Customer Insights Manager at Amazon, and invited them to introduce themselves and to brief the roundtable on their areas of expertise and views on the American market.





General Discussion Points

Politics and Economics

AS gave a high-level view of where American corporate and non-corporate leaders are at this moment in time. The Covid-19 pandemic has accelerated consumer migration to online retailers and virtual shopping, therefore abandoning shopping centres. This change has given B2C companies an opportunity to rethink how they do business and analyse data, especially with the use of artificial intelligence (AI), as well as to improve their tech infrastructure to focus more on customer centricity.

In B2B sectors, Software as a Service (SAAS) is expected to expand in the next year as there is a greater need for it, as highlighted by the popularity of companies like Zoom during the pandemic. While the world is hoping to have a vaccine by early 2021, remote working is expected to last, and there is still some uncertainty around when demand will come back and when travel restrictions will be lifted.

Media and publishing landscape

ST gave an overview of the media landscape over the last few decades, explaining that big tech companies like Amazon or Facebook have had a significant impact in changing the way people live and consume media, and this keeps evolving. Covid-19 has accelerated the demise of some media outlets as local newspapers are not coming back, and only major ones, like The New York Times, have truly benefited from a shift to digital subscriptions. That being said, a selection of media outlets are now focusing on new technologies, and WIRED for example has now two full time reporters focusing on artificial intelligence, and on a software that gives people ethics advice about how to use AI responsibly.

The American culture(s)

JG gave an overview of the consumer culture in America and described the US as an adolescent nation that is very economically fragmented, as some struggle to survive, and made of 11 different cultural nations. Americans, as teenagers, are in a period of identity formation where they feel invincible and cannot comprehend the long term consequences of their actions, whether related to technological advances, climate change or Covid-19, thus creating a fight or flight situation.

The increase of social media use and popularity is a source of anxiety, as 85% of American consumers over the age of 21 expressed that they feel overwhelmed with the stream of news available to them.

At the same time, American consumers are looking for safety from violence, as the country is going through record gun sales, particularly in African Americans populations; but also self-care, wellness, simplicity and comfort products, in order to combat anxiety. Consumers also look for social engagement and new ways to interact with humans, like virtual online social events.





However, they are not fooled by inspirational messages shared by brands on social media or performative actions: on the contrary, they are looking for authenticity and aspects that are already part of a brand's DNA. Consumer activism goes towards buycotting (intentionally supporting a brand because consumers believe in their values and want to promote them) versus boycotting (not buying this product as consumers don't like what they stand for).

Brands looking to target consumers in Middle America should be aware that their predominant values are autonomy and independence, and the freedom for people to live their lives according to their values. This group of consumers is also identified by its strong family and community values. That being said, more and more, they tend to be increasingly interested in what's happening in the rest of the world as opposed to just their local community, due to a wider access to the news and the development of new technologies. This has changed their awareness of the rest of the world, and BLM protests have started to happen in typically Middle American States, like Wisconsin. As for the rest of the country, it is suggested that to truly understand consumers, advertisers should understand the small nuances in their behaviours and values rather than try to focus on a geographic area.

Demographics and the Hispanic population

AG focused on the demographics of the US, on diversity and on the Hispanic community in particular. While 60% of the American population is currently identified as white, this is expected to change dramatically in the next 30 to 40 years and drop to less than 50% by 2060. In the meantime, Hispanics have been the largest minority group in the US since the early 2000s (vs. 12% African American and 6% Asian), and their number will reach 25% of the population by 2060 (against 18% today). While the Hispanic community tends to be perceived as a monolithic group, this is far from being the case as they come from very different countries, ranging from Mexico, Puerto Rico, Cuba and various Central American nations. A majority of Hispanics are US born, and while two thirds of them speak Spanish, a third doesn't speak it at all. The way they identify themselves changes with generations, as second or third generation Hispanics only identify as Americans. The term Latin X to identify the Hispanic population in the US is often used on social media and newspapers but it is not actually recognized by the minority itself, who mostly like to identify as Hispanic (60%) or Latino (30%).

Climate change

In the US, companies are under pressure to use less plastic and to be more environmentally-friendly with packaged goods. Some products cannot be sold at Walmart unless they meet sustainability criteria. Despite Trump's personal beliefs on the matter, most companies still want to "do the right thing".





As an example, while auto-emission regulations have been tightened and then loosened between the Obama and Trump administration, some car makers, such as Toyota, have decided to stick to tighter rules. Amazon is also currently developing the use of electric delivery vans, and it bought the naming rights to the new Seattle hockey arena and named it the Climate Pledge Arena to raise awareness.

However, as States tend to have different laws and labeling requirements, brands have been lobbying for unified federal regulations. The same issue happens with consumer privacy policies, as every State has its own. California, which often tends to be ahead of the curve, launched its CCPA (California Consumer Privacy Act) in July 2020. To date, no federal law has been implemented yet, so there is currently no equivalent to GDPR at a national level.

An Ipsos survey from April 2020 states that 57% of Americans (roughly the same proportion as Germans and British citizens) think that economic recovery following Covid-19 should prioritise climate change and positive actions.

Black Lives Matter and its impact on advertising

While the hashtag has been around since 2013, it has reached record numbers of traffic this year and has made companies more aware of diversity issues.

Brands that manage to advertise successfully in this context are the ones which empower their customers instead of simply trying to promote their products and services. A good example of this is PopSockets, which has launched its Poptivism initiative, where people can customise their own pop socket with a message and 50% of their profit is given to charities, many of which were directed to minorities and the BLM movement.

Marketing brands in the US from an outsider perspective

SB gave advice on how international brands should adapt their marketing strategies when entering the US market. Global (and particularly British) brands tend to have an oversimplified view of the country, and should ensure their strategies are relevant to a very diverse US audience. For UK brands, implementing surface level adaptation is not enough, as brands need to root it in US insight and really understand what US consumers want. Virgin Atlantic is a good example of a brand whose positioning was perceived as classy in the UK, but frivolous in the US as consumers did not see the point of offering so many services on a plane.

There are a myriad of niche and micro markets due to all the ethnic minorities in the country, which are actually very big in proportion and can be very profitable for global brands.





Impact of Covid-19 and current trends

BT delved into brands' current focus, which in light of Covid-19, is to try and solve immediate problems for consumers as opposed to planning months ahead as they normally would. In a non-Covid-19 world, American brands would be developing their strategies for Thanksgiving and 2021 already, but in the current context they have shifted to a weekly/ monthly focus. Companies like Microsoft have also tried to understand how much of their business was dependent on human interaction on a day to day basis. The added value for brands right now is to meet the needs of the customer and to know how to help them solve every sort of short term issues.

Furthermore, according to recent data, 20% of the US population considers itself to be better off as a result of Covid-19, and 30% believes they have been unaffected by it, so brands shouldn't necessarily think of the pandemic as a universal disaster.

Brands in the US are also now expected to demonstrate a level of generosity, humanity, empathy in their messaging and policies, which wasn't so explicitly the case before. Rather than solely focusing on profit, they should know how to treat their customers respectfully. Airlines have removed penalties to change tickets to give more flexibility to customers due to Covid-19 and to get customers back when business resumes. Brands should now focus on building trust and acting like a human brand. This should be demonstrated through actions rather than words, but also be based on your brand values and your customers'.

While Covid-19 hasn't yet initiated new trends, it has accelerated the process for some of them, which otherwise would have taken longer, such as digitalisation, the expectations around brand purpose or concerns about hygiene. Even after a vaccine is found, some consumer behaviours revolving around convenience and self-care enhancing, such as online buying and wellbeing, are expected to stay. The development of the CBD industry, originally driven by Middle America mums looking for alternatives to the traditional pharmaceutical medicines and their after-effects, is a good example of that trend.

Remote working and long-term viability

While remote working has its challenges, it is expected to have positive effects. One of its main outcomes is that people will be enticed to move to suburban areas and spread further away from main cities, which will make the workforce more diverse and inclusive.

It will also have leadership implications, such as the fact that managers will have to rethink how they monitor performance, evaluate their talents, and retain employees, in a world where they might not see each other for weeks at a time.





Tips for brands

Mélanie Chevalier concluded the meeting by asking roundtable experts to share some do's and don'ts when it comes to operating and communicating in the US.

Do:

- Your homework and understand what motivates American customers/ consumers in order to localise successfully
- Treat people as adults
- Get to the point: British marketing usually offers more room for nuances, Americans tend to be more straightforward
- Focus on behavioural trends: as age and geography are starting to blend, behaviours really provide the insights needed to understand American consumers
- Recognise the ethnic diversity of the country and adapt your communications accordingly
- Be a friend and make consumers' life easier, more convenient and enjoyable, from a product, service and engagement standpoint

Don't:

- Talk down to people
- Assume too much knowledge about Americans: international brands need to build their customer base and brand awareness in the US
- Only focus on demographic segmentation
- Think the Hispanics population is monolithic
- Be a cheerleader who wants to solve everything, as it is not what American consumers expect brands to do

The virtual roundtable concluded at 4.30pm.

