

Finding 2022's 'togetherness': How food and beverage brands can tackle the cost-of-living crunch

Rebecca Pinn

WARC

Source: WARC Exclusive, April 2022

Downloaded from WARC

Food and beverage brands are at the frontline of the cost-of-living crunch.

- But there are options to demonstrate value and care for consumers facing difficult times.
- With 94% of consumers saying they're more likely to remain loyal to a brand that offers transparency, instead of painting an 'always positive' picture, brands will let customers in and lift the lid on business decisions they've been forced to make and the reasons why.
- Brands should shift to acknowledge these price or product changes openly and upfront, rather than reactively when they get rumbled by the public.
- Communicating and, most importantly, proving any social, environmental or economic good the brand is doing in the world has never been more important.

Why it matters

With the cost-of-living emergency worsening, the pressure is on food and beverages brands to decide the appropriate way to respond.

Takeaways

- With rising costs and potential changes to products and pricing, brands will need to acknowledge these changes openly and upfront rather than reactively when confronted by their customers.
- With consumers becoming savvier about where their disposable income goes, it's never been more important to communicate the good your brand is doing in the world to give you the edge.
- Marketers should make the switch now from articulating a moral stand to showing how they are on the side of the consumer and demonstrating value.

With the cost-of-living emergency worsening, the pressure is on food and beverages brands to decide the

appropriate way to respond. Over the past two years of another crisis – the global pandemic – ‘togetherness’ and ‘community’ emerged as buzz words on every client brief in adland as brands sought to position themselves as empathetic.

What, then, should this year’s smart solutions demonstrating compassion look like?

As COVID-19 and imploding political agendas move further towards the back of our newspapers, the impending cost-of-living crisis is dominating the front pages. Just last week, inflation **hit a three-decade high that experts say could reach a four-decade high of 10% by the end of the year**. And the longer-term effect when combined with global conflicts and multiple national lockdowns will be squeezed wallets worldwide.

The challenge this poses brands is profound with many barely recovered from the pandemic and its impact on their strategic marketing plans while others are still figuring out both their stance and response. Clear to all, though, is we’re fast becoming conditioned to operating in a constant state of crisis. So how can and should brands respond or position themselves in an empathetic way?

To show empathy while also positioning themselves for success during the cost-of-living crisis, food and beverage brands should consider three things.

- 1. From virtue signalling to value signalling**

With price rises across the economy, words alone aren’t going to cut it. Brands will need to make the switch from articulating a moral stand to showing how they are on the side of the consumer.

- 2. Transparency is the new currency**

With rising costs and potential changes to products and pricing, brands will need to acknowledge these changes openly and upfront rather than reactively when confronted by their customers.

- 3. Making a difference will make all the difference**

With consumers becoming savvier about where their disposable income goes, it’s never been more important to communicate the good your brand is doing in the world to give you the edge.

From virtue signalling to value signalling

A quick scroll through most people’s social media of choice will reveal a friend or celebrity preaching the good they’re doing – switching to veganism, maybe, or doing a charity race. This is because our desire to tell the world we’re off making the planet better is clear. But have we reached our peak with virtue signalling?

Individuals aren’t the only virtue signallers – **brands do it too**. And times of crisis are when we see brands try to articulate their moral position to enhance their appeal, often without really proving their ‘virtue’.

This isn’t necessarily a bad thing. Brands depend on the positive perceptions of their customers, when an opportunity to align with a popular sentiment comes around, it’s in their best interest to go with it. With broad-based price rises across the economy, however, is this the best approach? Words alone aren’t going to cut it. So, with consumers becoming savvier about where their disposable income goes, it’s never been more important to communicate the good your brand is doing in the world to give you the edge.

Tesco Mobile’s latest campaign is a great example of value signalling. ‘The epic mission’ shows a down-on-its-luck nation and the different ways the network is on the customer’s side in an industry that, particularly at the moment, is not. With prices that stay fixed for the duration of a contract and the ability to earn points towards your food shop, this signals Tesco being on the consumer’s side. It highlights the added value you get with the

brand, even with this unavoidable monthly bill.

If Tesco's actions are anything to go by, and given that every single advertising stroke is a contributing factor for the long-term good of the brand, marketers should make the switch now from articulating a moral stand to showing how they are on the side of the consumer. Creating a stronger brand for if, and when, the nightmare of rising costs is over for consumers.

Transparency is the new currency

Increasingly, we will see more brand owners share more about their inner workings and justifications for changes to their brand's end product or pricing.

With 94% of consumers saying they're **more likely to remain loyal to a brand that offers transparency**, instead of painting an 'always positive' picture, brands will let customers in and lift the lid on business decisions they've been forced to make and the reasons why.

Cadbury has recently found itself in hot water cocoa over **'shrinkflation'** after eagle-eyed consumers noticed the size of Cadbury Dairy Milk sharing bars had been reduced by 10%, although it's still on sale for the same price. Cue Twitter uproar.

When put under pressure, parent firm Mondelez said it had been forced into the move as a result of the **widespread rise in costs being experienced by the business globally – exacerbated by the effects of the war in Ukraine and sanctions against Russia**. Given Cadbury is facing the same challenges that many other food brands have already reported, however, when it comes to increased costs – be that ingredients, energy or packaging – should they have been more transparent?

Ultimately, we can be confident that most brands are doing what they can to absorb costs (wherever possible) and continue to ensure the same great taste and quality. Had Cadbury chosen to keep the size of the bar the same and increase prices, it would have put it far out of reach of what is affordable for many households.

In the future brands must shift to acknowledge these changes openly and upfront, rather than reactively when they get rumbled by the public.

Making a difference will make all the difference

Another crisis won't stop consumers from consuming, as Will Humphrey mentions in his WARC article **'Pricing Thoughtfully'**. But where provisions like fuel, energy, telecoms and food are unavoidable, people will become savvier about where they put the disposable income that they *do* have.

Consumers – younger ones, especially – are still making purchase decisions based on tenets of **self, society and planet**. Furthermore, wellness and sustainability become even bigger priorities for consumers since the start of the pandemic, **according to research by Mintel**.

Purpose-driven brands like Ben & Jerry's which have a direct, positive impact on people and the environment are in a much better position than most to manage price increases – or at the very least maintain competitiveness in the market.

The product continues to win but being vocal about social issues is also ingrained in the brand. While many can adopt this approach, Ben & Jerry's is hugely successful at continuously following through, citing its involvement in rallies and political campaigns as well as their commitment to restoring degraded natural environments and improving ecosystems.

This strategy sets them apart from the rest and has stood the test of time – weathering the storm of many crises and gathering a following of millions of consumer loyalists and passionate community activists along the way.

While many households are being **forced to 'trade up whilst trading down' (for example foregoing fancy dinners out in favour of elevated evenings in)**, Ben & Jerry's has perfectly positioned themselves to offer a great tasting treat that is so much more than fudge chunks and caramel swirls, with each scoop making the world a little sweeter.

Communicating and, most importantly, proving any social, environmental or economic good your brand is doing in the world has never been more important. It may well give you the edge when it comes to where consumers choose to put their remaining pennies.

Conclusion

As the cost-of-living crisis deepens and we become accustomed to the pressures of operating in a constant state of crisis, it is crucial that food and beverage brands strive to remain empathetic in their approach. How they express this empathy can flex: from value signalling over virtue signalling, to being open and upfront about their shortfalls, as well as continuing to *prove* the good they are doing in the world.

It might be the difference between whether a consumer puts your product in their shopping basket or leaves it on the shelf.

About the author

Rebecca Pinn

Senior Planner at Wunderman Thompson

© Copyright Ascential Events (Europe) Limited 2022

Ascential Events (Europe) Limited

Americas: 229 West 43rd Street, 7th Floor, New York, NY 10036, United States - Tel: +1 212 201 2800

APAC: 5 Shenton Way, UIC Building #10-01, Singapore 068808 - Tel: +65 3157 6200

EMEA: 33 Kingsway, London, WC2B 6UF, United Kingdom - Tel: +44 (0)20 7467 8100

www.warc.com

All rights reserved including database rights. This electronic file is for the personal use of authorised users based at the subscribing company's office location. It may not be reproduced, posted on intranets, extranets or the internet, e-mailed, archived or shared electronically either within the purchaser's organisation or externally without express written permission from Warc.

WARC

