

MARKETING

## Global disruption is opportunity for innovative brands: Kantar

April 14, 2022



*Uncertainty does not have to be bad news for brands. Image credit: Kantar*

By SARAH RAMIREZ

While climbing inflation has become a global issue, established brands should approach the current climate as an opportunity to innovate.

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According to Kantar's "[Building Brand Value During Disruptions](#)" webinar on April 13, businesses and consumers are moving into a future of volatility after an extended period of stability. Disruptions are the "new normal," and consumers will flock to brands that are dynamic and reduce risks.

"This particular moment also grants big brands more permission than usual to innovate," said J. Walker Smith, chief knowledge officer for North America at [Kantar](#), Charleston.

"In general, we think that smaller startups have more permission from consumers to push boundaries," he said. "But during volatile periods, innovation from known brands is a safer form of risk taking for consumers."

### Decoding disruptions

The COVID-19 pandemic may have been the first global disruption of the decade, but it will not be the last.

Although not initially expected, the pandemic has had a positive wealth effect on many affluent and high-net-worth populations. With consumers having to cut back on experiential spending and seeing their wealth build, consumer demand for goods increased eventually contributing to rising prices and logistical issues.

The situation around the pandemic has vastly improved; however, continued lockdowns such as the current one in Shanghai will likely create more issues for the global supply chain ([see story](#)).

More than two years into the pandemic, the war in Ukraine and inflation have become major concerns for consumers.

"The war and inflation are tied together intimately," Mr. Smith said. "The key finding from our streetscape was anxiety about prices and food supply disruptions, but the number one concern in our barometer study was rising prices."

"So, Ukraine is another element framing the overall sense of risk exposure because of inflation," he said. "And the practical worry that consumers are taking away is about keeping personal finances free from risk and unexpected disruptions.

"Both the war and inflation are adding to the globe's already a sense of risk and uncertainty."

Inflation has become a worldwide issue, with 44 percent of advanced economies experiencing inflation greater than 5 percent as of February 2022. In March 2022, U.S. consumer prices were up 8.5 year-over-year the highest rate since 1981.

Prices are spiking at a time when consumer anxiety is already high.

"When we think about inflation, we have to think about it in this context of volatility, and that makes inflation more of a risk event for consumers than just a price event," Mr. Smith said. "But volatility is actually a powerful opportunity for brands willing to power up.

"Volatility creates a dynamic moment of possibilities, which in turn creates even more disruptions that keep the cycle turning," he said. "Consumers are forced to try things they would never have tried before and competitors appear from different categories, bringing new skill sets and solutions.

"Everything is unsettled, and that always means value building opportunities. Economic disruptions are the best time to build brand value."

Brands that welcome disruption are better equipped to respond to change by adapting their strategies and organizations. By leaving their comfort zone, these businesses can drive growth and profit.

While aspirational luxury consumers may appear to be cutting back on spending, Mr. Smith argues consumers are really prioritizing different categories so they can spend money elsewhere. Often, along with everyday necessities, the expenses that consumers deem critical are those that add lifestyle value.

Brands, including those in the luxury space, need to give consumers a reason why their goods and services should remain a priority as long as it is consistent with their existing ethos. Understanding a brand's equity is essential.

During disruptions and downturns, brands can position themselves for growth by highlighting meaningful and significant innovations. Tenets such as positivity, optimism and empathy can also add brand value.

Other disruptions ahead?

Beyond inflation and the war in Ukraine, there are other looming disruptions that are not yet understood or well known.

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"The fact is that there is an unprecedented number of things facing brands and consumers all of them ever more interrelated and compounding," Mr. Smith said.