



Coronavirus Impact

POV groupM Romania

20 March 2020

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1. Coronavirus in short

COVID-19 is a novel virus, not well understood scientifically. Has been declared global pandemic by WHO. Appeared in China and the rest of the world was not severely affected. Then spread to the rest of the world. As of middle March Europe is declared as new epicenter of the disease. Italy is especially hit, but also other European countries. And it is explosively growing in the U.S. Africa, India and South America still low levels.

Expected at least another 8 weeks, likely more, of high level crisis (e.g. travel shutdown, stay at home, high anxiety). Followed by another period of lower level epidemic.

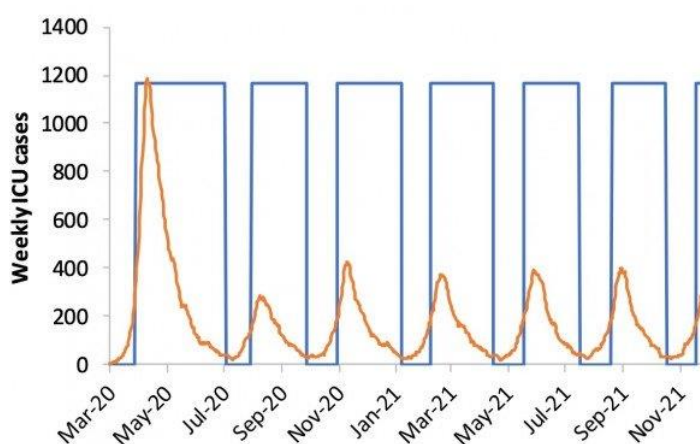
Mortality is much higher than influenza (4-1%). But lower than SARS and MERS (other epidemic coronaviruses). Expected 5% of cases to be critical. High risk health-wise is for health system to be overwhelmed and thus lead to deaths of people that could have been saved. A comparison between S. Korea and Italy shows S. Korea prevented overwhelm and thus had much lower mortality (1%) than Italy (over 6%).

Indications the virus might be concentrated in a band between 30-50 degrees north latitude, meaning that like the common cold and flu, it prefers cold weather. This means as weather warms, it will make Romania less hospitable to it. However it will also mean spread to northern climates. Economically it could mean an increase in impact in Germany and other northern European countries in the near future.

Future outlook? The estimations vary. Most revolve around another 8-10 weeks of high alert, followed by decrease in daily cases and relaxation of restrictions. Based on density of cases per 1M people, Romania has at least another 2000 cases until daily cases decrease. Any prediction has very low certainty, as it depends on government measures and individual behavior, not to mention only partial understanding of the virus.

Worse case scenario? Coronavirus does not go away

Researchers at Imperial College in U.K. have mapped a scenario where no vaccine or treatment is developed in next 18 months. As the world tries to flatten the curve of infection, it creates a scenario of repeat stop of the epidemic followed by repeat re-starts. As long as one person has coronavirus it can start all over again. And as an epidemic is quelled, restrictions loosen, and in short time another epidemic starts (also of the same coronavirus). This will lead to repeat bout of high restrictions and high volume of cases followed by pauses.



Such a scenario is possible. It would likely not stop the world economy. Rather it would create permanent social distancing behavior. Some sectors would be severely affected: anything that involves crowds of people and face to face contact, such as restaurants, cafes, bars, nightclubs, gyms, hotels, theaters, cinemas, art

galleries, shopping malls, craft fairs, museums, musicians and other performers, sporting venues (and sports teams), conference venues (and conference producers), cruise lines, airlines, public transportation, private schools, day-care centers. It will also pave the way for online alternatives for these activities, and new ventures filling the new unmet needs.

2. Business effects

Global GDP growth rate will be the lowest in 30 years at around 2% (Goldman Sachs estimation).

Expected decrease in business of 18-20% in Romania (PwC research)

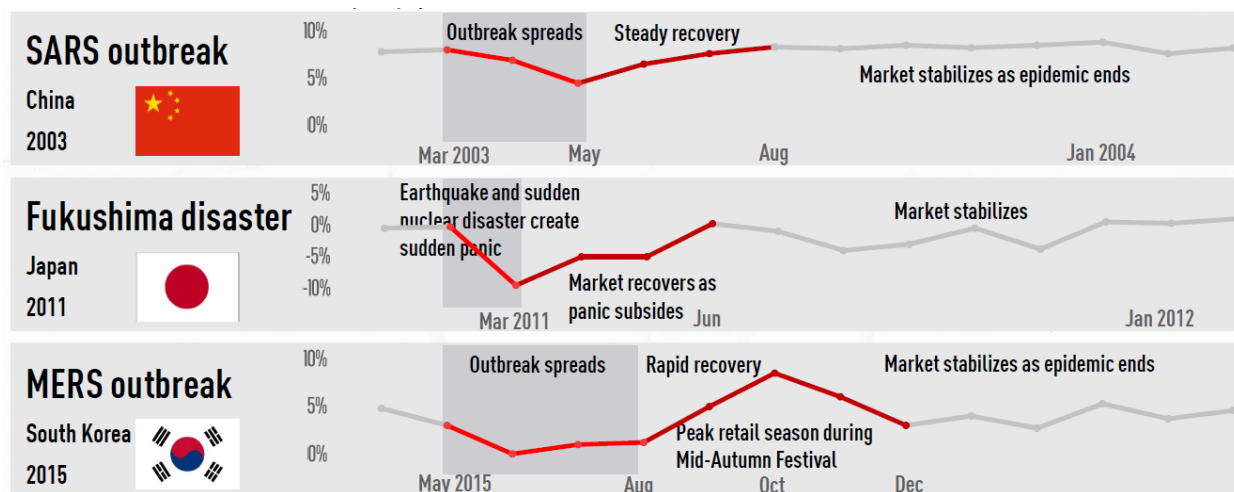
Hardest hit will be small businesses (95% of all businesses in Romania) as they have little capital and no plans to deal with the business stop caused by the crisis. Many will likely let go of employees.

In China Almost all small- and medium-sized businesses (96.4%) have suffered losses as a result according to Alibaba-backed Ali Research Institute and the China Household Finance Survey and Research Center.

In Italy the forecast is of significant losses in 2020:



However past similar crisis in other parts of the world show there is a rather swift recovery after the crisis



Impact of the crisis on business depend on the actions of the big businesses. If you halt your activities, stop payments to suppliers, stop advertising, then the money stops flowing and the economy will grind to a halt. This will lead to a cascade of negative effects which will reverberate back to your own business.

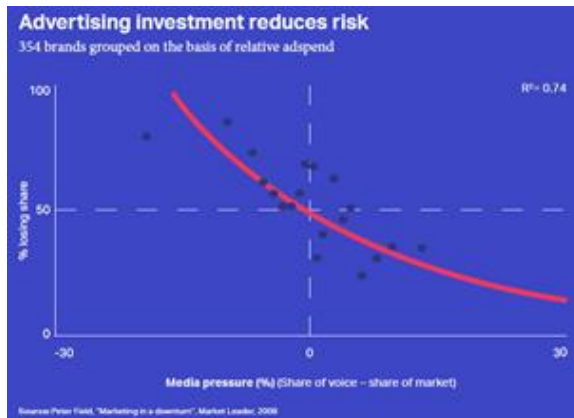
Keeping money flowing, and especially continuing to advertise to encourage commerce will be critical in mitigating the severity of the economical impact of the crisis in Romania for everybody.

It is also useful to invest money with Romanian companies when possible, as long as it does not harm the results, as it fuels the economy and improves the outlook for the whole country.

WARC and Kantar have independently mapped out possible scenarios in terms of advertising and economic outlooks. Only one out of 3 WARC scenarios and one out of 4 Kantar scenarios estimate a significant decrease of spending for overall 2020. Most scenarios see postponement to second half, or more likely redirection of advertising to crisis-relevant messages, products and initiatives.

From an individual perspective, WARC research shows that stopping advertising has severe long-term effects on brand image and market share.

Reducing a brand's share of voice (its proportion of ad spend within its category) often results in an attendant decline in its overall market share. As such, if a brand cuts its advertising budget relative to its competitors, it is at higher risk of losing market share.⁵



And once market share decline sets in, it is more difficult (and expensive) to reverse

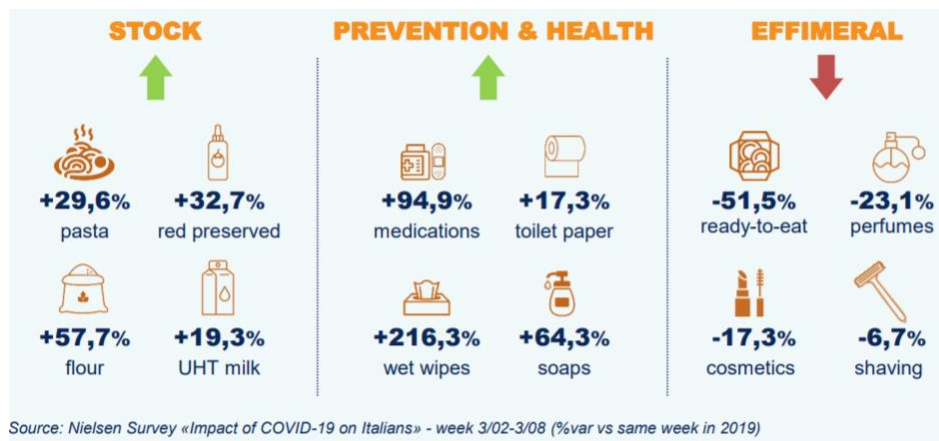


Differences in impact per categories

Looking at Italy we can see the immediate effects:

- **Automotive** -15% new cars registered
- **Tourism** -22 million tourists in next 3 months
- **Luxury** - 78bn projected loss in sector
- **Technology** -8.4% sales drop in wk 1
- **Food/Beverage** +65% Pasta sales. However HoReCa will decrease as on 18th March all establishments were closed by State order.
- **Pharma** +158% purchases

When looking at the shopping cart in Italy we see they are stocking on long term food items, coronavirus prevention tools, long term essentials, and reducing purchase of items not needed during the epidemic.



The effects will ramify to other industries. An estimation of long-term impact across industries:

CHALLENGES > OPPORTUNITIES						OPPORTUNITIES > CHALLENGES									
<div><div></div><div>Out-of-home dining</div></div> <div><div></div><div>luxury</div></div> <div><div></div><div>Mom and pop store</div></div> <div><div></div><div>Automobile</div></div> <div><div></div><div>Furniture</div></div>						<div><div></div><div>Hyper market/super market</div></div> <div><div></div><div>Home appliance</div></div> <div><div></div><div>Social commerce</div></div> <div><div></div><div>Comprehensive eCommerce/20 service</div></div> <div><div></div><div>Nutritional supplement</div></div> <div><div></div><div>Livestreaming</div></div> <div><div></div><div>Online education</div></div> <div><div></div><div>Healthcare</div></div>									
CHALLENGE						★★★★★									
OPPORTUNITY						★★★★★									
<div><div></div><div>Travel</div></div> <div><div></div><div>Department store</div></div> <div><div></div><div>Liquor</div></div> <div><div></div><div>Entertainment</div></div> <div><div></div><div>Personal care & beauty</div></div>						<div><div></div><div>Sports</div></div> <div><div></div><div>Food & beverage</div></div> <div><div></div><div>Convenient store</div></div> <div><div></div><div>Cross-border eCommerce</div></div> <div><div></div><div>Gaming</div></div> <div><div></div><div>Unstaffed store/vending machine</div></div> <div><div></div><div>Online video</div></div> <div><div></div><div>Working from home</div></div> <div><div></div><div>Household cleaning</div></div>									
CHALLENGE						★★★★★									
OPPORTUNITY						★★★★★									

In Italy Food, Pharma and Food delivery increased, while Clothing, Tourism, Auto, Tech, Non-food Retail and Small Businesses decreased.

At the same time, during recovery there will be an explosion in consumption for some categories.

In China:



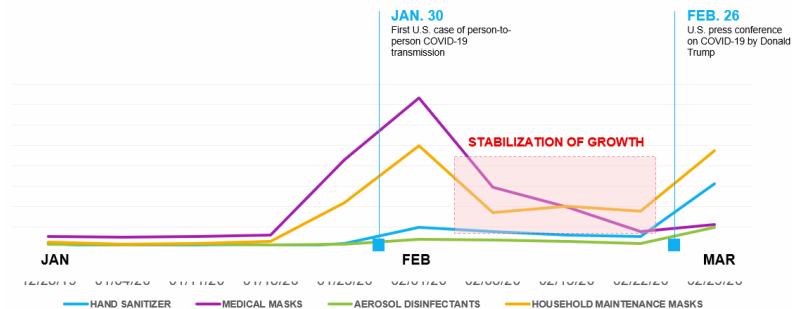
Kantar perspective based on China evolution with a split of during the crisis and after the crisis shows a broadly similar evolution:



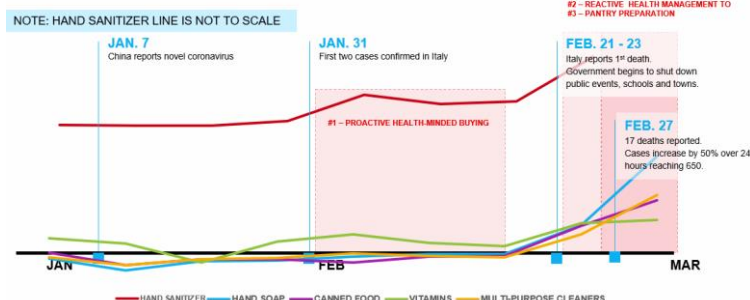
How it might evolve in time

Nielsen Retail data from the U.S. and Italy gives an indication. People will likely increase purchase of coronavirus-relevant items when there is a new emergency/ crisis or news of impending increased severity.

U.S. Weekly Sales Growth Trend Vs. Year-ago



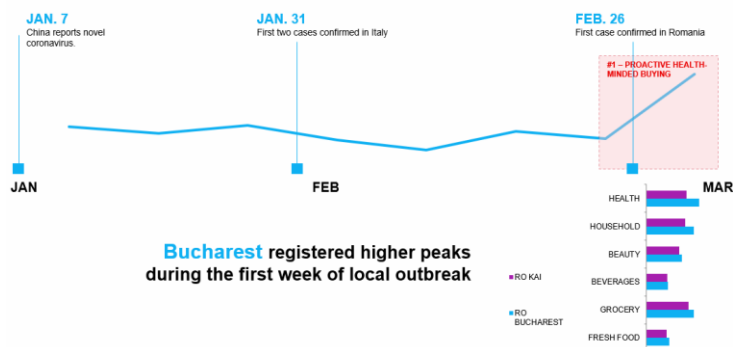
Italy Weekly Sales Growth Trend vs. Year-ago



How to act: this leads to high pressure on the supply and distribution side as demand will increase literally from one day to the next, and then taper off. It's useful to ensure stocks. If they don't sell as expected, be patient. Considering the inevitable growth in Romania, the high uncertainty of the future, and the future increased restrictions, another development to spur consumption and the acquisition of those stocks is likely.

Romania initial data shows we will likely follow a similar path. With the specific of higher increases in Bucharest. Which is logical as Bucharest has about a third of the cases so far

Romania Weekly Sales Growth Trend vs. Year-ago



Another insight for Romania is that in first week of March Discounters and Cash&Carry grew double vs hypermarkets (38% vs 18% compared to previous year). This indicates small retailers are getting ready by building stocks.

How companies in challenged categories adapt to the crisis

Restaurants, pubs, bars

In Romania on 18th March the government shut down all restaurants, pubs, bars. Does this doom these categories or can they compensate? In many other countries the same problem appeared and we can learn from how they adapted:

Takeaway and delivery

McDonald's launched delivery in Romania. As it did in other countries. In Europe: iconic London Indian brand Dishoom launched their menu on delivery platforms, Helsinki Michelin starred chef Sasu Laukkonen has switched his intimate twenty seat restaurant, Ora, into a sushi production facility for takeaway, Lupin Restaurant founders have set-up and branded their own delivery service called 'Women on Wheels', Danish brand Sticks'n'Sushi are offering a 'Unity' menu, with their best priced family meal for pick-up, 25Hours Hotels, a hotel chain mostly based in German speaking countries, has opened the majority of their restaurants for take-away, NYC two-site restaurant group Mala Project have released a 'Quarantine Food' offer, to 'spice up New Yorkers' pantries.', Brewdog were fast to react and introduced the Brewdog drive-thru, offering food and beer, ordered through the app and brought to your car on arrival at the bar.

Gift vouchers and merchandise

One of the first reactions of many faced with closure was to encourage guests to buy gift vouchers – it has spread rapidly. While some great stories of generous guests buying big vouchers have appeared and in the US this seems to be working, in Europe the majority we spoke to have had limited success with this, as not to excite you too quickly - presumably as guests tighten their own spending and worry about the future of these businesses. For example: London's Harts Group, who own Quo Vadis, El Pastor, Casa Pastor and Barrafinna distributed a newsletter to its database offering guests a £1,000 voucher that will be worth £1250

Supporting hospitality teams

Initiatives from organization to support employees and businesses in hospitality during these tough times.

Hospitality supporting healthcare workers

Initiatives to help healthcare workers as they suffer the brunt of the effort of this crisis. For example: McDonalds are offering all health, emergency and council workers free hot & cold drinks in much of the world. Kane in Bucharest is transforming itself from restaurant to community kitchen serving hospitality workers and those whose jobs don't allow them to be at home during this time, while giving chefs from other restaurants an opportunity to support. Indian street food brand, Mowgli is feeding NHS workers for free ahead of its temporary closure, in the UK. Dominos are hosting Free Pizza Friday this week for all NHS staff in the UK.

Airlines

Free refund/ rescheduling

Many airlines are offering free refund or rescheduling. They are also attempting to transform this into vouchers for future travel. It is unclear how the airlines business will fare in the long-term as the crisis lengthens.

3. Should you cancel or postpone advertising?

Most importantly, in most cases it is much more detrimental to business to reduce or cancel comms than it is to continue advertising.

On the contrary, **communicating a relevant message during coronavirus will bring great benefits**. If the brand shows support to people in this time of need.

Research in China shows this:



And consumers are still spending. The changes are on the affected industries (as detailed above) rather than overall spend. In China at height of crisis:



4. People changes in behavior

90% of consumers in Asia Pacific and US and UK have changed their behaviour due to coronavirus.

There will be 3 stages of change:

1. Crisis: immediate – during the pandemic high alert
2. Recovery: the recovery after the pandemic
3. New normal: how behaviour will re-settle in a new 'normal' behaviour

It is not clear at this time how behaviour will be in each stage. Rather our observations refer to changes now within the crisis and extrapolations how this will affect the future.

However people will not stop purchasing. Some categories will see increases in purchases (as seen above). In China, a Wavemaker survey, conducted last month, found that 68% of Chinese consumers have not cut back on their spending in light of COVID-19, while 83% still pay for the essentials as they did before.

E-comm supercharged

Amazon is hiring 100,000 people to meet with demand of orders due to coronavirus. Staying at home and social distancing will move consumers from occasional online shoppers to daily, from rejecters to adopters. In Romania where e-comm is relatively limited, lots of delivery and tech infrastructure needs to be created quickly to meet demand. Companies that are able to scale and provide it will be the big winners from this crisis

This is although there are significant disruption in the delivery chain. Orders take much longer to process: on 19th March Farmacia Tei, largest pharmacy chain, states 14 working days for order processing and a max of 20 items per buyer, several supermarkets are not actually allowing online orders. This is similar to what happened in Italy.

How to act: If you have e-comm, ensure it works during the crisis. Many retailers have shut it down for now. But there is a big need, and you will win big if you can keep it functioning. If you do not have e-comm, partner with delivery companies to provide it. Slow and complicated is still better than not available. As the crisis lengthens and stores remain empty, the negative impact of lacking e-commerce will prove untenable for many businesses.

Safety and long-term prevention

People will likely be more concerned about safety and prevention of problems in the long term. This will mean an interest in saving, in insurance. But also in investing in their wellbeing and health.

Some of those with few children at home will use the crisis to try new health habits. There are multiple big directions for this:

Sport and fitness at home

Being forced to stay in home, people feel physically affected and it forces them to inactivity. This will lead many of them to try fitness at home. China observation underscores this thread.

And people don't only want to do sports, they also miss the social aspect of it. So they want to share their activity and participate in online challenges.

China also shows increases in online orders for sports equipment as people think forward to crisis ending and doing sports outside the home.

How to act: if you are a sports business, then it is the moment to create content about doing it at home. And to create sports challenges. Also if your brand has credibility around fitness or health, it is also an opportunity to create such content.

Health and wellbeing habits

During, and after, the fear and anxiety caused by coronavirus, many people will reevaluate their health and wellbeing habits with the purpose of protecting themselves in the future. This will mean different things for different people. Some will take up, or intensify, fitness habits. Others will pay more attention to their nutrition, leading to changes in food consumption. Others will adopt new health supplements, such as vitamins, omega-3, honey products, etc. To improve immunity. Others will look at sleep (detailed below).

Also there will likely be an increased interest in mental health. Romanians are strong believers in the negative health effects of stress. Thus mental health habits which minimize stress will increase. These might include meditation, mindfulness, yoga.

There will possibly be an increase in nature activities, especially after a prolonged home confinement period.

How to act: depending on your brand and products, try to educate, facilitate and support people's adoption of these wellbeing habits.

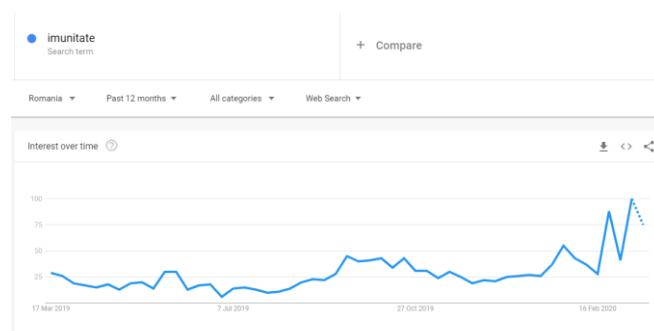
Sleep training

The coronavirus outbreak is energising a consumer need for products and lifestyle changes that can boost personal resistance to infection and disease – all the more necessary in the absence of a COVID-19 vaccine (which may not become available until 2021).

Alongside uptake of externally applied products such as hand sanitisers and masks, consumers will also focus on improving their *internal* wellbeing and their immune systems – a key line of defence against the disease. **Google Trends** data reveals growing search activity for the term “immune system” since the arrival of COVID-19 as people look for information related to personal resilience-building and inner health.

Good sleep is considered to be a vital building block of a healthy immune system, and several health professionals have recommended that people consider sleep (alongside regular handwashing and hydration) as a key bulwark against COVID-19. Of course, many consumers will struggle to sleep soundly in the current stressful climate, while pre-existing factors will continue to frustrate a good night's sleep. According to renown physician 30% of Romanians did not sleep enough before the crisis.

How to act: **Communicate that your brand is a companion to – rather than an enemy of – healthy sleep.** Consider offerings that create restful sleep environments in people's homes – or even in third spaces including cars and the workplace. Meanwhile, respect consumers' wishes for a good night's sleep by, for instance, alerting them to when it is bedtime and inviting them to switch off – even if it means switching your brand off – and head to bed

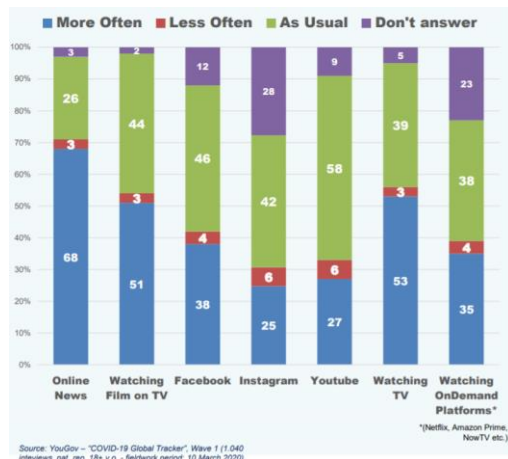


Media over-consumption

Cinema and OOH decrease, but all other media increase significantly, e.g. TV +16% in week 9-15 March 2020 in Romania.

Events cancels which will lead to an influx of unspent sponsorship budgets. These might be reallocated in online projects, especially during the pandemic. Also could go towards projects to help with the epidemic.

Italy shows us increase in all at-home media, including a +49min per day on TV:



The highest increase will be in news as people consume content on the crisis: news site increased 100% in week 9-15 March (from 18-20 mil. views /day to 35-37 mil. views /day). But also in social media as people search for the socializing they are missing. And in all other entertainment.

China example shows us there will also be an especially high increase in video: in Kantar research in China more than 40% of the respondents said that they spent significantly more time on short format video and video websites after the start of epidemic.

There will also be an increase in gaming as a way to combat boredom.



Influencers also rise as human contact becomes more important. In first weeks of March our colleagues in Netherlands are seeing reach and engagement rise almost 25% for influencers.

Longer term: will increase penetration of SVOD platform due to increased trial during this period. In turn this might lead to a decrease in TV consumption. This is only after the crisis, we see increase in TV during the pandemic.

How to act: invest to take advantage of this overconsumption. Coupled with specific messages this creates the opportunity to create new, deeper relationships with consumers.

Also could be an opportunity to try gaming-related advertising.

Older people fear

Undoubtedly, many older consumers will be concerned about their apparent vulnerability to the new disease, and some – in the short term, at least – will look to retreat from leisure and travel activities (Singapore has suspended all government-supported activities for seniors). However Post-coronavirus, expect interest in *healthy* ageing to become more widespread; memories of COVID-19 will become another reason to prioritise wellbeing and maintain active, healthy lifestyles into older age.

How to act: **Show solidarity with older (and more vulnerable) consumers during a time of heightened stress and concern.** In which ways could your brand achieve this? Consider giving older consumers who are unfamiliar with online services such as e-grocery shopping assistance in the form of tutorials and one-to-one walkthroughs (and acquire new customers in the process). Also think about partnering with charities and other organisations that are offering emotional and practical support to seniors in self-isolation at home.

Castaway at home

People's rhythm of life has been disrupted and they are refugees in their own homes. Singles deal with increased loneliness as the days alone at home add on. Families deal with the overburden of schooling children 24/7 and increased work load from responding to work emergencies related to the crisis with unfamiliar tools (remote work). All deal with a disruption of their habits and their lifestyle.

How to act: This is an opportunity to support people in the challenges of this new temporary way of life. From creating belonging and social connection through digital channels, to content to keep children occupied in a productive manner, to course for adults on how to deal with the new situation, to anxiety-soothing techniques, and strategies for optimizing home life.

Boredom

People get bored being forced to stay indoor with the same people for long periods of time. They search for ways to occupy their time, entertain themselves.

Top searches in Italy were for health prevention but also for entertainment products:

	PREVENTION & HEALTH	OTHERS	GAMES
	FITNESS		
	Thermometer	Earphones	Puzzle
	Masks	Pasta	Play Station
	Hand sanitizer	Printer	Table games
	Disposable Gloves	Toilet paper	
	Gas Mask	Webcam	
	Disinfectant		

Source: Amazon top 200 keyword search (8-14 Mar 2020)

How to act: entertain people, help them enjoy their time during restrictions.

Remote life

As millions are either quarantined or ordered to self-isolate – and as live events and social gatherings are forced to be cancelled or postponed – expect demand for remote commerce, working and leisure to grow. Providers of video-conferencing and collaboration tools have responded to the crisis by offering free access to the premium, paid versions of their services. **Google**, for example, has unlocked the premium features of its **Hangouts Meet** service (until July 1) so that users can host meetings with up to 250 participants, and stream to up to 100,000 viewers, as well as record meetings and save them to **Google**

Drive. Microsoft has announced it will offer a free 6-month trial of its **Teams** service, and video-conferencing company **Zoom** announced it would lift the 40-minute limit on video calls for its free version inside China.

How to act: **Eliminate presence pain points and consider presence-free options.** Target processes and interactions across the customer journey that still require physical presence. Could convenient and efficient alternatives extricate the customer from a real-world interaction, visit or experience?

Chef-ing

In China it is a joke that the crisis has made everybody a chef. But there is big kernel of truth. Kantar research shows 28% people cooking/baking at home (female significantly higher than male). This is a big opportunity for Food brands and brand selling kitchen-related items.

How to act: Facilitate people's newfound interest in cooking. Focus on pandemic relevant types of recipes: recipes with limited foods that people stock up on, recipes that boost immunity.

Commitment issues

An uncertain outlook – nobody can say for certain how long COVID-19-related disruption will last – is likely to make consumers wary of making commitments to long-term contracts and big purchases. In this context, expect brands to come under pressure to provide more freedom and flexibility in how consumers access their products and services. The momentum will be with those brands that can reassure customers that, should plans go awry or personal financial circumstances take a turn for the worse, then customers will be able to downsize or cancel their relationship *without* additional cost or administrative complexity.

Highest impact in long-term services like Banking, Telecomm, but also in high value purchases like Real Estate, Automotive, and long-term planning like tourism, airlines.

How to act: **Emphasize flexibility and the freedom to walk away – without penalty.** To encourage customers to commit in uncertain times, consider new models that offer shallower forms of commitment. Examples: British Airways has announced that, "to allow greater flexibility" for passengers, it would remove the change fee on all bookings made in early March. Qatar Airways, Delta are offering free change or refund for flights in crisis period to high risk areas.

4. GroupM RO POV on how clients should handle advertising in the COVID crisis

How advertising should be adapted to coronavirus crisis:

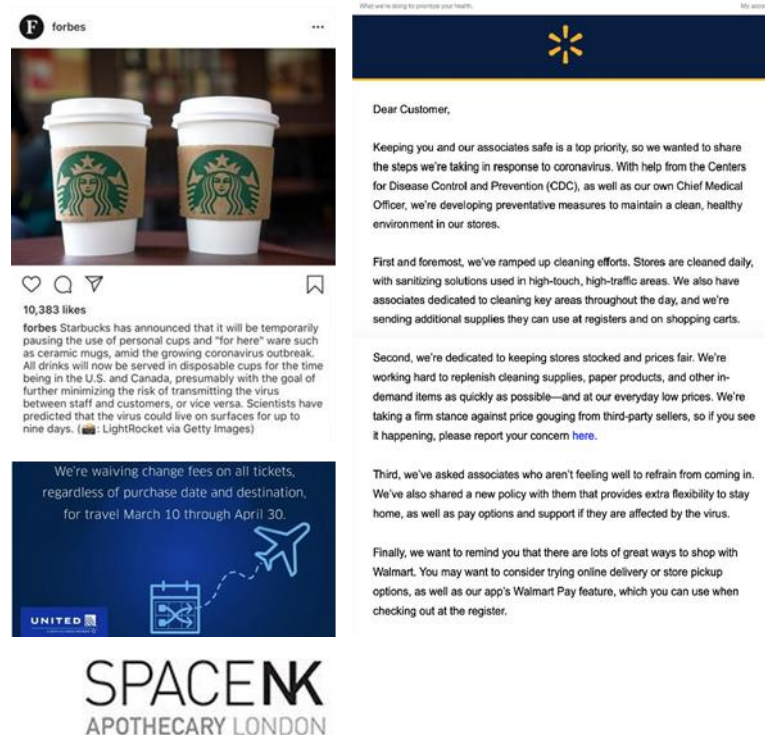
Short-term: focus on most in-demand products to support short term sales

For some industries this will be easier, for some it will be harder. Care not to be pushy in sales messages in this period, to avoid being perceived as taking advantage.

Re-allocate media-mix to the changes in this period

Decrease OOH and cinema, over-invest in gaming, social, influencer and relevant content. Keep or increase TV and online.

Business not as usual Show how your business adapted to provide safety for consumers. E.g. hygiene processes, disinfection methods, social distancing. So that people have trust to buy from you without risking infection. FoodPanda for example communicated how they ensure hygiene for delivery people and food, and how they enable consumers to instruct delivery people to leave food rather than give it in person. Especially relevant for Food sector.



SpaceNK has implemented a 'no touch' policy in its stores

Promote health guidelines Promote the guidelines that make everybody safer from coronavirus, such as staying home, social distancing, hand washing, disinfecting, etc. Brand needs to have a positioning that lends it a credible point of view in this regard.

This is especially relevant in Romania. Citizens here do not respect the rules. As of 16th March 94% of infections were due to people coming from Italy. Many of them came despite lockdown or because they knew they would be put in lockdown. There are also as of today 120 people who have been fined for breaking State-imposed quarantine and 40 criminal cases for people who have impeded the efforts to stave off the pandemic (e.g. intentionally taking actions that lead to the spread of coronavirus). Including one patient with serious case of coronavirus who spit on his doctors to try to infect them because he was angry he had to stay in the hospital.

In this context educating on health guidelines and the importance of following them is especially important.

In Romania: LIDL promotes life at home as enjoyable rather than something to be suffered

<https://youtu.be/8sDQp6hHGdM>



Instill community spirit to protect those at risk

Romanians have very low trust in each other and in institutions. This is the cause for the rule breaking and selfish behavior. There is a significant part of them who are treating coronavirus lightly, as something not to worry about, comparing it to a common cold or a flu. These are people in low risk groups, e.g. healthy young or middle aged.

There is a pressing need to educate this segment on the impact their behavior has on their parents and grandparents. To explain that their risk taking, and their infection, leads to higher chance of infection for older people, who are at risk from the disease.

A specific aspect of this is educating people to stay at home. There is one Romanian DOOH provider, Phoenix Media, which has monitoring of traffic in front of its assets. On March 17th there was only a 20% decrease in traffic compared to same day two weeks before. This shows many more Romanians are outside the home than government health guidelines. Looking into detail, we see the biggest decreases are in center of Bucharest (possibly because of close of restaurants and cafes, and remote work) while periphery and

residential areas show only around 10% decrease. So many Romanians are going out, likely to meet friends despite the high risk of virus infection.

How to act: use OOH to motivate these people to stay at home

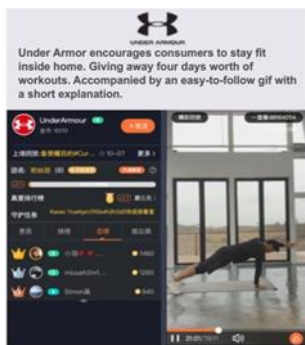
Support people in getting through the crisis Provide whatever relevant support so that people can get through this period. Any help in this time of need will translate into invaluable loyalty in the future. Supporting them to get through the crisis healthy.

This means first of all support in terms of health. But also in terms of the **psychological implications** of the coronavirus pandemic: anxiety and loneliness.

Example: Kober – promote paint that kills viruses

<https://youtu.be/q-ShFI4490s>

Help people endure the crisis Provide entertainment and ways to spend time during this difficult period to make it more enjoyable. Especially relevant for media and entertainment companies. Also relevant for event organizers to move the events online. This is basically combating boredom.



Invest in general crisis efforts Donate or provide resources for state or organizations directly fighting the crisis. Example: Mastercard donating to Daruieste Viata NGO which is buying equipment for coronavirus treatment. Providing support relevant to brand expertise would be most effective. Or using production facilities to produce coronavirus fighting assets. For example alcohol producers making alcohol sanitizer in the U.S., tech companies in China repurposing production chain to make masks.

Online community building. The coronavirus may keep people at home, but this can be an opportunity for online engagement. Focus on fostering your online communities and producing engaging content, such as blog posts and videos, to entertain consumers who are stuck at home. Which companies: all.

Support your most affected consumers

Not everybody is affected by coronavirus the same way. People who are older or have relevant comorbidities are more at risk. Other people are just more anxious. Others are worse affected indirectly, e.g. laid off because employer loses revenue. And others still might struggle with the crisis restrictions, e.g. family is in another city and they cannot go to them.

Identifying who are your most at risk consumers, what are their specific pain points with the pandemic and addressing them is a surefire way to create long-lasting loyalty.

Demonstrate your support for healthcare workers. Those on the frontline are working tirelessly to treat patients and have the highest risk of contracting the virus. As such, they deserve our kudos for their dedication to the cause. Consider showing your appreciation via marketing campaigns – for instance, Singapore agency **72andSunny** has designed and produced badges and stickers with messages like “Nurses are the Nicest”.



Ride-sharing company gojek in Singapore launched Go Heroes, offering free ride vouchers for frontline healthcare workers

Support businesses at risk

To diminish economical impact, especially as each business that falls has an impact on the whole economy.

ALIBABA UNVEILS MEASURES TO SUPPORT BUSINESSES DURING CORONAVIRUS OUTBREAK

DOROTHY SO | FEBRUARY 10, 2020

Put people ahead of profit

Businesses that show they value more the wellbeing of people, be it their employees or other people, than the profit margin stand to gain tremendously in the long-term.

From a **logistics and distribution** point of view, digital transformation becomes an urgent issue. Being behind in digital access can prove significantly detrimental as consumers spend time at home and stop visiting stores. Companies which have robust e-comm systems or that find quick solution will thrive. An example of a company without e-comm that responded well is Tsingtao beer. They launched a new “Be a Distributor” sales platform in China that was centered around WeChat, the mobile-messaging app. And the brand quickly secured thousands of new, independent distributors, who received a cash commission for securing orders from their friends. A customer’s purchase was then delivered to their home within half an hour.

What to **NOT** do in advertising during coronavirus crisis

Do NOT appear to be profiting from the pandemic

For example, if you sell masks, the message should not be an explicit ask to buy masks. People will feel you are taking advantage of the crisis and penalize you in the long term

Do NOT continue business as usual

It would be seen as insensitive, uncaring and oblivious to consumers' needs. This does not mean to stop the business. It means to adjust the advertising messages for the situation. And show support and care.

Do NOT have advertising messages that go against health recommendations

5. Specific industries recommendations

Retail

Adapt your offering for those under quarantine. Expect the coronavirus to change how consumers shop. Many are already turning to e-commerce and home delivery over visiting brick-and-mortar stores

Repurpose logistics networks and inventories for healthcare purposes. Retailers have an opportunity to refocus their infrastructure towards assisting the fight against COVID-19. In China, retail giants **Alibaba** and **JD** have repurposed their logistics networks for the soliciting and transportation of medical supplies

Ensure you have ample stocks of necessities. With supply chains disrupted and panicked consumers seeking to stockpile necessities, there is a risk of certain products becoming unavailable. Ensure your retail spaces have adequate stocks of items that consumers will need to get through the crisis, even if it means reducing the range of products available. Several British grocery retailers, including **Tesco**, **Sainsbury's** and **ASDA**, are drawing up "feed the nation" plans in the case of a sustained outbreak.

Expect changes to consumers' shopping habits. A sustained outbreak will see some consumers adopting new shopping habits. Less digitally savvy consumers such as the elderly (who are likely to be encouraged to avoid public spaces given their relative susceptibility to the disease) may experiment with e-commerce, while other shoppers may broaden the range of products they purchase online. Functioning e-commerce is essential for this.

Overall it is a time of threat and opportunity for retail stores. In China retailers who successfully adapted to minimize coronavirus risk (through automated cash-desks, delivery, e-comm) have seen big increases in brand reputation and public favor. At the same time retailers who fail to do this and are seen as a place of infection risk, can see decreases in consumer perception.

Health

Capitalise on rising interest in immunity-boosting products. Consumers are looking for ways to strengthen their immunity and reduce their risk of contracting the virus. This includes eating foods with anti-viral properties such as garlic, as well as popping vitamins and supplements. Can your brand innovate in this space?

Position your brand as a reliable source of health information. With so much misinformation spreading online, consumers are looking to governing bodies and established health brands for guidance. There is an opportunity for brands to step in and offer consumers trusted information about the coronavirus, as well as offer tips on how to stay safe.

Tech

Repurpose production lines to fight the virus. Manufacturing has taken a hit because of slowing production in affected countries like China and Italy. However, this is an opportunity for brands to demonstrate their CSR efforts. In February, **Foxconn**, which manufactures **iPhones** in China, announced that it was using its dormant Shenzhen facility to manufacture face masks. Would your brand have permission to do something similar?

Promote device hygiene. Smartphones are some of the dirtiest objects that consumers carry – and can potentially contribute to disease transmission. Frequent handwashing is recommended by all health professionals, but also offer tips on how consumers can keep their devices safe and clean. For example, **Apple** broke with previous policy and updated its support pages to tell users that "using a 70% isopropyl alcohol wipe or clorox disinfecting wipes, you may gently wipe the hard, non-porous surfaces of your Apple product".

Educate consumers about recycled devices. In the long run, the decline in manufacturing and disruption to tech supply chains may boost the market for second-hand devices – both refurbished and recycled models. Consumers used to regular device upgrades may be wary of these options, considering them to be of lower quality. Consider highlighting the ecological benefits of such devices – and recycling behaviour in general – to make them more attractive.

A special subcategory refers to **COVID-relevant home appliances**, such as air purifiers or water purifiers which will see explosive growth. In China: many health-related and sterilized appliance offerings saw an increase of over 200% in sales on Jingdong platform, the sales of **air purifiers** on Jingdong increased by over 300% and **water purifiers** by over 100% as of the fourth day of the first lunar month.

Beauty and Personal Care

Redirect efforts to online marketing and brand-building. Shiseido reported that its cosmetics sales fell 55% during Chinese New Year this year as compared with 2019 – a decline attributed to the coronavirus outbreak. With physical retail sales plummeting, beauty brands can seize the opportunity to concentrate on online brand-building instead.

Capitalise on livestreaming to offer entertainment and drive sales. For consumers voluntarily or forcibly quarantined, opportunities for entertainment will be highly welcomed. Use livestreaming to demonstrate new products, answer customer questions and share beauty tutorials to attract this captive audience. In particular, beauty looks that incorporate face masks are popular in China: in February, **Alibaba** reported that a tutorial series on its **Taobao Live** platform attracted over 8 million viewers and drove a 150% month-over-month increase in sales of eyeshadow palettes during the same week.

Promote personal care products. Hygiene concerns related to the coronavirus will drive sales of certain personal care items like hand sanitisers, so consider targeting consumers with ads for such products. Moisturiser will also be in demand as a result of the drying impact of additional handwashing. However, take care to be seen as encouraging *responsible* consumer behaviour that does not lead to stockpiling, which can prevent goods getting to vulnerable customers who need them most.

If you do not have e-commerce, build it ASAP

Banking

Offer financial assistance to affected customers. Italian banks have paused mortgage payments and introduced other debt relief measures in the wake of the nation's lockdown.

Support contact-free banking. Encourage customers to use digital banking channels rather than make IRL branch visits to limit the spread of infection. Support customers who may be less familiar with your digital banking capabilities by sending proactive support emails, running webinars or allowing more digitally savvy relatives to access their account. This could reshape banking interactions in the future as more consumers become comfortable with new technologies. A whole new meaning to *contactless* banking will emerge. A Kantar research in China found that 13% of respondents tried online banking for the first time during the coronavirus crisis.

Offer favourable terms on short-term loans. Support the self-employed, freelancers and entrepreneurs by offering short-term loans at favourable interest rates. This will help with liquidity issues and tide small businesses over until consumer spending rebounds. It may even engender longer term loyalty, as consumers will remember the support your brand provided during the crisis.

Food

Reassure customers about the hygiene standards of your operations. As the outbreak has been traced to a wet market in Wuhan, some consumers are likely to be concerned about the provenance of produce – especially food with links to China. As such, demonstrate your brand's quality control and hygiene practices – for example, by sharing behind-the-scenes footage of farms and factories.

Bolster your immunity-boosting offerings. The outbreak is driving demand for immunity-boosting foods and supplements. If this is within your brand's repertoire, consider boosting stocks and creating tactical campaigns to drive awareness of your offerings.

Share store-cupboard recipe inspiration. Those under quarantine are limited in what they can buy, and have more time than usual to prepare meals. Share recipes and hacks for creating delicious food from scratch using the essentials (and scraps that would typically go to waste). This will help consumers find fun ways to spend time at home, keep their repertoire fresh and ensure their rations last as long as possible. This can also appeal to those who might be experiencing shortages of certain products in their area. Consider sharing video or livestreamed tutorials that home cooks can follow step-by-step – with additional hygiene tips woven in as necessary.

Alcohol

Educate consumers on how to – and how not to – make their own hand sanitisers with spirits. As hand sanitisers are out of stock in many stores, consumers are improvising with home-made versions. But most spirits are 80 proof/40% ABV and do not meet the 60% alcohol threshold necessary for sanitary purposes. Warn consumers against using your spirits this way. Or, if you manufacture spirits above 120 proof, advertise that these products are suitable for sterilisation.

Consider distilling high-proof spirits for use as sanitisers. In times of crisis, American brewing company **Anheuser-Busch** shifts production from beer to water; it has delivered 79 million cans of water to victims of natural disasters over the last three decades. Antibacterial gels and hand sanitisers are out of stock in many places

Automotive

Virus-proof your vehicles. Auto brands are seeking to mitigate the health impacts of driving. Some of these innovations, such as air purifying systems designed to tackle pollution, can be repurposed to lower consumer risk of infection. Although the effectiveness of the most commonly used HEPA air filters against the coronavirus is unclear, UVC light is able to sterilise spaces, with emitters already used in ambulances. In early 2019, **Jaguar Land Rover** announced plans to integrate UVC emitters in hidden ducts and vents on the car's dashboard to sterilise air.

Position the car as a safe(r) place. The coronavirus outbreak can be an opportunity to highlight the advantages of personal cars over public transit. Drivers are able to isolate themselves from other consumers, reducing the risk of catching or spreading the virus. Already, a drive-through coronavirus testing site has been set up in the city of Goyang, South Korea, enabling drivers to get tested while limiting their exposure to healthcare workers and the general public. Chinese energy company **Sinopec** has also launched a service that enables drivers to order groceries from its **Easy Joy** convenience stores directly to their vehicle boots while they refuel at its petrol stations, meaning human-to-human contact is limited.

Telecomm

Ensure network resilience. Online connectivity will be of utmost importance for consumers voluntarily or forcibly quarantined, as it offers them a crucial link to the outside world. Make sure that your networks are resilient and reliable throughout the coronavirus crisis.

Consider adding flexibility to your plans. Ensure consumers are able to stay connected, even if the coronavirus disrupts income streams or other areas of their lives. Give them greater flexibility to go over their usual data allowances or defer payments

Expect the rollout of new technologies to be disrupted. The coronavirus has already caused the annual **MWC Barcelona** trade show to be cancelled, with vendors pulling out in February. This was in part driven by a strong Chinese presence in the telecommunications industry. China's significance in the telecommunications sector, both as a manufacturing hub and as the home of innovative brands like **Huawei**, means that the rollout of new technology and services like 5G – both locally and across the globe – will likely be impacted.

Focus on supporting people instead of talking about new technologies

Home and DIY

Help consumers nest. As consumers confront the realities of spending more time at home, they will likely look to make their home space as comfortable and functional as possible. More DIY projects will be undertaken and room layouts will be adjusted. For some, the desire to nest and make home improvements will be sustained long after the threat of the virus has waned, driving spend on decor, in-home tech and cooking equipment.

Offer quarantined consumers entertainment options. Consumers under voluntary or enforced quarantine will be in need of in-home leisure options to keep them entertained. Provide inspiration for in-home fun – be it for multigenerational households or millennial flatshares.

Support home workers. Ensure that consumers who are working from home – whether out of choice or necessity – are equipped with everything they need to be productive. For instance, consumers may seek more comfortable chairs or faster home WiFi connections, all of which will remain useful even after the crisis has passed.

6. A few case studies of brands doing it well

In Romania:

LIDL –promote life at home as enjoyable rather than something to be suffered

<https://youtu.be/8sDQp6hHGdM>

Kaufland – safety in stores and support for personnel

https://youtu.be/WsL5qedD_nM

Ceptura – promote health guidelines

<https://youtu.be/kPzjsC5CsH8>

Kober – promote paint that kills viruses

<https://youtu.be/q-ShFI4490s>

Tuborg: re-posted videos about plastic protection that increases hygiene of their beer cans

<https://www.youtube.com/watch?v=a3gZNYHbe6I> , <https://www.youtube.com/watch?v=jOOqYiMIQHE>

Worldwide:

Sports

Nike campaign shifting to home-sports and inspiring positivity, that the crisis will pass and to be ready&optimistic for the future.

4F has started production of specialized medical aprons, already donated 300 googles to hospitals, and will also donate 20% of e commerce financial turnover.

E-commerce

In March 2020, online retailer **HKTV Mall** announced it had achieved its highest ever monthly turnover in the wake of the coronavirus outbreak. Sales reached US\$62 million in February 2020, compared to US\$23 million in the same month last year. Initially, HKTV Mall struggled to meet the increased demand for e-commerce sales, with waiting times growing for delivery and self pick-up. In response to this, the retailer expanded its click-and-collect locations through partnerships with other stores, and it increased its use of mobile pick-up trucks across the city. This allowed it to keep up with the growing demand without a drop in service or convenience

Szopi.pl online retailer will provide a free online shopping delivery for all aged 60+ y.o.

Edutainment

In February 2020, the **Vietnamese Ministry of Health** released a song from singers **Erik** and **Min** designed to raise awareness of coronavirus and how best to wash your hands to slow its spread. The song, *Ghen* (meaning jealous in English), was accompanied by an animated video and the **#ghencovychallenge** hashtag.

The popularity of the song prompted a viral **TikTok** challenge, with social media users posting videos of them performing dance moves which incorporated handwashing. At the time of writing, videos related to the challenge had received over 2 million views on the app.

To keep Italians at home during the coronavirus quarantine, Pornhub gives them a free premium access to the website. Meanwhile, a portion of the proceeds from Modelhub, Pornhub's creators hub, will be donated to local hospitals.

Retail

In South-East Asia IKEA encouraged shopping with its IKEA Place app that allow customers to shop remotely for products they can visualise in the context of their own homes, lessening the need for them to travel to its vast network of self-service, out-of-town stores.

Iceland & Lidl (UK), Woolworths (Australia), Dollar General (US) are among the grocery stores to amend their opening hours to include a morning period exclusively for elderly and high-risk shoppers.

Telecomm

Orange in Poland unblocked additional 40 channels in its cable TV and 50 in satellite TV. Moreover, the company offered extra 10 GB mobile transfer for free for its customers to stay connected while at home.

Energy and gas

PKN Orlen has reduced fuel prices at its own petrol stations to support all who decided to resign from public transportation and to lower operational cost of public services.

Events

Brand known for their Absolut Nights events, launched a one off live-stream event through Chinese video sharing app Douyin (the Chinese equivalent of TikTok). Similarly, Chinese nightclubs hold “cloud raves” on TikTok (online parties). In a livestream that gained 71,000 views, Shanghai club TAXX earned \$US104,000 in tips from online viewers paying through the app.

Sources

Academic research, WPP, groupM Romania and worldwide, Kantar, Nielsen, MIT, Goldman Sachs, Foresight Factory, public data, PwC, WARC, YouGov, Frames, Bain, ZECTR, Wavemaker, WPP THINK Hospitality Group, Ali Research Institute, the China Household Finance Survey and Research Center, Phoenix Media, Confcommercio, Confindustria.