

EFFECT OF COVID-19 ON BUSINESS AND MARKETING

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Abstract

The world as we know it is currently experiencing one of the greatest challenges since the Second World War. The COVID-19 crisis is affecting every aspect of our lives. We all feel compassion for those who are directly affected by the coronavirus. Society and the economy have largely been brought to a standstill, and almost every country is in the grip of a recession. We discuss the effects of COVID-19 on consumer behaviour and elaborate on the consequences of this disruption for marketing strategies and marketing policies. The crisis shows similarities with changes in consumer behaviour and the way marketing is carried out during economic downturns. However, it also displays characteristics which differ from downcycles, such as shifts in consumption between categories and the accelerated shift from offline to online behaviour. This is forced by the re-evaluation of life priorities by final consumers.

Keywords: COVID-19, Business, Marketing,

INTRODUCTION

Since the COVID-19 pandemic has attacked the world, it has become difficult for marketers to sail through. Many conferences, events, and product launches are hung in the mid due to the global crisis and lockdown. However, since marketing is the magic wand for many companies, it is showing its wonders through online platforms. By firmly relying on social media platforms and online portals, the marketers are developing campaigns for succeeding in their endeavors.

There are multiple reasons why marketers adopt new marketing trends. Such as:

- ❖ Communicate with the target audience
- ❖ Product and service awareness
- ❖ Brand promotion
- ❖ Web engagement
- ❖ Traffic and popularity
- ❖ Empathy over crisis
- ❖ Compete with other brands
- ❖ Customer satisfaction

TOP NEGATIVE IMPACTS OF COVID-19

By comparing business leaders' responses in 2020 to their answers over the last three years, some clear trends have emerged.

In advanced economies, the top negative economic impact of COVID-19 has been a decline in competition, followed by reduced collaboration between companies and a growing challenge in

finding and hiring skilled workers:

Rank	Factor	% Change (2020 vs. 3-Yr Avg)
1	Competition in network services	-2.9%
2	Collaboration between companies	-2.6%
3	Competition in professional services	-2.3%
4	Competition in retail services	-1.8%
5	Ease of finding skilled employees	-1.5%

WHAT'S DRIVING THIS REDUCED COMPETITION IN ADVANCED ECONOMIES?

One factor could be the increased use of online platforms. Ecommerce is heavily dominated by a select number of retailers. Because of this, bigger retailers like Amazon have seen massive boosts in their online sales, while many smaller brick-and-mortar businesses have been struggling.

While negative impacts on advanced economies are centered around market concentration and talent gaps, developing countries have faced different problems this year, like increased crime and governance issues:

Rank	Factor	% Change (2020 vs. 3-Yr Avg)
1	Business costs of crime and violence	-2.5%
2	Judicial independence	-2.4%
3	Organized crime	-1.2%
4	Extent of market dominance	-0.6%
5	Public trust of politicians	-0.4%

It's important to note that in the 2018 and 2019 surveys, organized crime and business costs related to crime and violence were trending downward. Because of this, the World Economic Forum suggests that we consider this year's increase in these areas as a temporary COVID-induced setback rather than a long-term issue.

TOP POSITIVE IMPACTS OF COVID-19

Despite the struggles brought on by COVID-19, the pandemic has also triggered positive change. In fact, business leaders perceived more positive developments this year than negative ones.

In advanced economies, the top positive impacts were government responsiveness to change, followed by internal collaboration within companies:

Rank	Factor	% Change (2020 vs. 3-Yr Avg)
1	Government's responsiveness to change	8.2%
2	Collaboration within a company	4.6%
3	Venture capital availability	4.4%
4	Social safety net protection	4.2%
5	Soundness of banks	4.0%

Interestingly, internal collaboration improved while external collaboration got worse. This is likely because companies had to adapt to changing work environments, while also learning how

to collaborate with one another through remote working.

Internal collaboration didn't just improve in advanced economies. In fact, developing economies experienced several of the top positive impacts that advanced economies saw as well:

Rank	Factor	% Change (2020 vs. 3-Yr Avg)
1	Collaboration within a company	-6.9%
2	Government's responsiveness to change	-6.8%
3	Efficiency of train transport services	-5.9%
4	Venture capital availability	-5.9%
5	Country capacity to attract talent	-5.8%

While perceptions on official responsiveness to change increased, public trust in politicians decreased slightly. This indicates that, while government responses to COVID-19 may have been received well in developing economies, overall feelings towards political leaders did not waiver.

HOW HAVE COUNTRIES STAYED STRONG DURING THE PANDEMIC?

While the impacts of COVID-19 varied between advanced and developing economies, business leaders across the board identified some common features that helped countries remain resilient:

Economic digitization and digital skills

Social distancing has been a key response to the pandemic. Because of this, countries that were set up for remote work have fared better than others. Netherlands, New Zealand, and Finland are a few examples.

Safety nets and financial soundness

Countries with established support systems for companies and citizens were in a better position to keep their economies afloat. Denmark and Norway provided much-needed support to their households, while Taiwan and the U.S. were able to aid businesses thanks to strong financial systems.

Governance and planning

Balancing health priorities with economic and fiscal policies was a delicate dance this year. Countries that provided relatively stable political frameworks were Singapore, Luxembourg, Austria, and the United Arab Emirates.

Healthcare system and R&D

A strong healthcare system meant widespread access to health services needed during the pandemic, as well as established public health protocols. Japan, Spain, and Taiwan were good examples of this.

Will these key features of competitiveness remain effective measures of a strong economy in 2021, or will our benchmarks for success evolve post-pandemic?

How To Connect Your Brand And Clients During The Coronavirus Outbreak?

These are the points that you must consider before attempting an action to save your brand and restore clients.

- What is the objective your firm works on?

- Which sector/ industry does your business belongs to?
- Is it a B2B or B2C?
- How is your core audience or market impacted by the outbreak of COVID-19?
- How is coronavirus impacting the decision of your customers and their behavior?
- How can you add more value to your clients through your product and services?
- Is this time an opportunity for your company or a hindrance?
- What is the present solution to retain the old clients and gain the prospects?
- Are you providing enough customer satisfaction?

COVID-19: IMPLICATIONS FOR BUSINESS

Problems were expected, but not these:

The pandemic has left businesses and governments to grapple with a perplexing collection of supply-chain and logistical disruptions. Over a year ago, we knew we were facing upheavals in health, education, and workplace systems. Ramifications such as the semiconductor shortage, however, were harder to predict. This week, McKinsey examined a variety of unexpected pandemic consequences and looked for ways to address them.

The global semiconductor shortage threatens economic recoveries and poses an urgent problem for carmakers, which have already announced production rollbacks—and billions of dollars in expected revenue losses—as a result. McKinsey experts examined the causes of the shortage, including a drop in consumer demand for vehicles at the onset of the pandemic, which prompted semiconductor suppliers to shift production to other products. Automakers and suppliers should consider significant strategic changes to head off a repeat (exhibit).

Grocery is another industry that has been turned upside down by the pandemic, not once but multiple times as consumers respond to the evolving situation. At Tesco, online sales doubled in the United Kingdom, where the company has a strong online business, and in Central Europe, where growth is coming off a low base, said Matthew Simister, Tesco's Central Europe CEO, in an interview. Growing e-grocery leads to the question of whether brick-and-mortar grocers will survive in Europe, and if so, which formats are best positioned for success? McKinsey identified amply stocked "soft discounters" and moderately sized, centrally located "hypermarkets light" as winning models. Leading players are participating in the automated warehouse revolution that is lowering labor costs and supporting e-grocery. Another crucial tactic: convincing shoppers that a grocer offers the best value by strategically discounting, improving private-label lines, and offering a large variety of cheap products.

The devastation in India is among the saddest unanticipated turns in the pandemic. After the first wave of the disease faded quickly in 2020, the current disaster took the lives of nearly 28,000 people in one week last month, amid 2.3 million new reported cases. The world should take action, write partner Pooja Kumar and senior partner Navjot Singh, with support for oxygen and vaccine production and distribution. Such help not only serves a humanitarian purpose but also lowers the risk that variants will threaten recoveries elsewhere. Some of the health repercussions of the pandemic are indirect, such as the side effect of fewer people seeking treatment for mental and behavioral health problems.

behavioral-health-services interactive tracks how many people are accessing care for problems including substance abuse and serious mental illness.

Other key findings from our sector research this week:

- Large companies create flows to households in OECD economies differently today compared with 25 years ago. The McKinsey Global Institute mapped the pathways through which a dollar of company revenue reaches households. Comparing two periods, 1994–96 and 2016–18, productivity gains amounted to 25 percent in real terms, though wages grew only 11 percent. Where did the gains from labor productivity go? Predominantly to capital income.
- Industrial companies can digitally transform with six building blocks, including upskilling and focusing on data management. There's good reason to try: a McKinsey analysis of 350 industrial companies found that those that made investments in
- automation, e-commerce, and other areas achieved higher revenues and total returns to shareholders than digital laggards.
- Refrigeration pioneer Dometic Group has spent the past 100 years innovating into areas including mobile homes, sports and outdoor tools, and home food and beverage equipment. On the *Inside the Strategy Room* podcast, Peter Kjellberg, chief marketing officer and head of global verticals at Dometic, explains his system to test whether a company will support a brand reinvention: look into the CEO's eyes, and if he or she does not display genuine enthusiasm, forget it.

HOW CAN WE PREPARE BETTER FOR NEXT TIME?

When a crisis turns into a recovery, or vice versa, leaders must toggle between managing for the present and the future. This week, McKinsey examined how sectors including health, air travel, consumer retail, and wealth management can plan for the long term even as they cope with the immediate disruptions of the pandemic. The bottom line: modeling, predicting, and planning are all important, but investing with courage is essential.

WINNING WITH LOCAL COVID-19 WAR

Local US leaders, such as mayors and governors, have an outsized role in the fight against COVID-19. We see six domains for engagement:

- *Foundational public health.* We assessed 23 public-health interventions and identified the most fundamental ones.
- *Societal compliance.* We monitored different approaches to ensure compliance and found a steeper decline in infections where communities enforced policies tightly (through arrests, for example) than in those that used only fines.
- *Health-system capacity.* To prevent demand for healthcare services from outstripping supply, we found that at least a doubling of critical-care capacity is probably possible and necessary, at least temporarily, across most parts of the United States.
- *Industry safeguards.* If the risk of contagion continues for 12 to 18 months, public- and private-sector leaders should promote the most effective adaptations and safeguards to economic activity, including physical barriers, face guards, physical distancing, health screenings before entry, and generous and flexible sick leave. Sectors will vary in how critical they are and their ability to safeguard.

- *Protection of the vulnerable.* COVID-19 is especially destabilizing for vulnerable populations, including people with chronic physical- or behavioral-health conditions, limited mobility, advanced age, and unmet health-related social needs, such as food and housing insecurity. Each will require targeted interventions.
- *Economic health.* Local leaders need to develop a fact base on their economies and then ensure that money from new and current programs gets into the hands of citizens quickly and easily.

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