COVID-19

Crisis Management:
a Marketing Perspective

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Crisis Management: *a Marketing Perspective from Buymedia*

With Covid-19 changing the world by the hour - economically, socially and environmentally - it has become extremely difficult for businesses to know how to respond to the crisis.

As economic and social restraints persist, consumers tend to set stricter priorities on their spending habits. Many businesses cut costs and reduce their prices in response with marketing expenditure typically hit harshly.

However, this indiscriminate type of cost cutting to advertising can be detrimental to a businesses future success.

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Historical Insights

"Although it's wise to contain costs, failing to support brands or examine core customers' changing needs can jeopardise performance over the long term.

Companies that put customer needs under the microscope, take a **scalpel** rather than a **cleaver** to the marketing budget, and nimbly adjust strategies, tactics, and product offerings in response to shifting demand are more likely than others to flourish **both during and after a recession**

- *Harvard Business Review, post-2008 downturn.*

Kantar: Covid-19 Has Not Changed Consumers Attitudes to Advertising

Kantar recently conducted a study as to how Covid-19 is affecting consumer behaviour, attitudes and expectations which found:

Only 8% *of 5,000 global consumers surveyed feel brands should stop advertising altogether*

Those that say it's appropriate for brands to be advertising say that life and the economy go on, there is still demand for products and services, so brands need to advertise. And many say that in a constant news cycle about coronavirus, advertising provides a sense of normality, or even distraction and escape.

Over 50% *believe brands should communicate as they always have*

Over 50% *feel companies should talk about their own brand in a carefree and light way*

Kantar: Marketing Over the Longer Term

The study also found that postponing advertising campaigns or reducing budget could be to the long-term detriment of brands.

Data from BrandZ, (a Kantar company) , also shows that after the 2008/09 financial crash, **stronger brands recovered up to nine times faster in terms of stock market value than others**.

“Brand health becomes vulnerable when companies stop advertising”, says Kantar Insights global head of media, Jane Ostler. “If they do this for longer than six months it destroys both short- and long-term health.”

A Closer Look...

"*In past downturns, consumer goods companies that were able to increase share of voice by maintaining or increasing their advertising spending captured market share from weaker rivals. On average,* ***increases in marketing spending during a recession have boosted financial performance throughout the year following the recession***" (Harvard Business Review, 2009).

Case Study: Great Depression

In the 1920's, Post was the category leader in the ready-to-eat cereal category.

During the Great Depression, Post cut back significantly its advertising budget and rival Kellogg's doubled its advertising spend, investing heavily in radio and introducing a new cereal called Rice Krispies, featuring "Snap," "Crackle" and "Pop."

Kellogg's profits grew by 30% and the company became the category leader, a position it has maintained for decades.

Case Study: 1990/1991 Recession

In the 1990-91 recession, Pizza Hut and Taco Bell took advantage of McDonald's decision to drop its advertising and promotion budget.

As a result, **Pizza Hut increased sales by 61%**, **Taco Bell sales grew by 40%** and **McDonald's sales declined by 28%**.

Case Study: Covid-19

Rather than choosing to 'go dark' as the Covid-19 pandemic escalates, Birds Eye decided to show its support for shoppers by staying on TV screens and offering them the comfort of a familiar brand.

Turned around in just 18 days, the TV advert was created and approved by Birds Eye marketers across Europe working completely remotely.

"Going dark did not feel like the right thing to do. At times of uncertainty consumers really appreciate having a consistent message and having brands they know and trust out there talking to them" - Sarah Koppens, Uk & Ireland Marketing Director, Birdseye

Conclusion

Adaption As Opposed to Reduction

A businesses' marketing focus needs to be on **adapting to the current climate** and consumers needs as opposed to a total reduction in marketing spend.

Going dark is not an option for any business in this current climate.