

How The Coronavirus Pandemic Impacts Marketing Strategy

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Along with the rest of the world, marketing teams continue to cover new ground and confront unprecedented challenges triggered by the coronavirus pandemic.

I recently asked Kathy Bachmann, GM of Americas with the consultancy Analytic Partners Inc., to share her perspective on some of the strategic issues marketers suddenly find themselves addressing.

Paul Talbot: There is an assumption, and in some cases for some products, a reality borne out by data, that online sales are spiking while offline sales are sagging. How should we put this scenario in proper perspective?

Kathy Bachmann: A clear shift to e-commerce has impacts across the organization, from supply chain to resourcing to marketing. The health crisis seems to be driving larger basket sizes for offline retailers as households stock up and would further push the trend that many of our clients are already seeing with consumers switching to online purchases.

Talbot: Marketing mix modeling... is it reasonable to expect that some current mixes will be under review and potentially significant changes made?

Bachmann: We've already been working with clients on modeling scenarios for marketing investments considering the spread of Coronavirus through our LIVE Model framework that allows for 'real-time' insights as data is made available.

The Coronavirus is impacting consumer mobility, shifts in media consumption habits, supply chains, such as shortages of and concerns over goods manufactured in China and economic volatility.

With this dynamic situation, companies need to plan their next marketing moves wisely to either mitigate downside risk or capture all the upside that's possible.

Some advertisers should hold dry powder while others should double-down on marketing investments to seize opportunities. It's crucial for organizations to pay attention to how this situation is altering the landscape and plan scenarios accordingly, rather than wait and hope that no changes are necessary.

Here are some examples of the types of shifts we're seeing and expect to see in marketing approaches and investments:

- Directing investments toward marketing tactics that drive online sales.
- Reducing marketing investments on campaigns to drive short-term sales or business outcomes, while keeping brand-building campaigns live – essentially saving dry powder.
- Shifting budgets to promoting at-home and delivery-based options (i.e., at-home fitness solutions/equipment/apps, grocery delivery, restaurant delivery, etc.)
- Shifting focus from promoting premium products to entry-point or everyday items.
- With sporting events being cancelled or played without fans, many advertisers are formulating new plans for those budgets – often holding the investments for later use – or scenario planning for how to redeploy their dollars if a large advertising event such as the Olympics is cancelled or postponed.
- Fine-tuning media allocations by tactic as we experience demand-driven price fluctuations in various media channels. Changes in media supply and demand will impact costs, so we anticipate marketers will need to closely manage certain spending areas, such as digital, with refreshed ROIs on new cost levels.
- Tracking data in local geographies that experienced varying levels of impacts.

- Using trends social sentiment and google query volume on relevant key words as indicators to inform marketing actions.
- Building in quick response learnings to optimize marketing budgets and transfer learnings across markets.
- Measurement of custom creative addressing the viruses.

Talbot: The disciplined marketer who is determined not to overreact, but recognizes the need to make adjustments to respond to shifts in consumer behavior driven by the coronavirus outbreak... what questions should this marketer be asking and what data should be considered?

Bachmann: In a crisis, it is necessary to ask: What advertising messaging is appropriate and how do you most effectively engage with customers during the outbreak? How can you leverage analytics to understand and meet their needs?

Data surrounding consumer behavior, spending trends and channel effectiveness should all be considered, as well as crisis-specific information.

Talbot: How should the strategic marketer make the distinction between a short-term sales spike and a longer-term sales trend?

Bachmann: While organizations are working to adjust their output against short-term consumer demand, many marketers are working to adjust their plans for longer-term projections.

Some expect that consumers may not return exactly to their prior habits when the outbreak has passed. When faced with disruption and uncertainty, we recommend leveraging advanced analytics to support decisioning and reduce risk that can be run against a number of possible scenarios.

We leverage our decisioning tools and through scenario planning and optimization, so our clients can weigh short and long-term implications and better meet their customers' needs, given a range of outcomes.



Paul Talbot

Minus strategy marketing staggers. I am a somewhat reformed ex-media business executive, with tours of duty at AOL, CBS Radio, and Nationwide Communications. I'm a fan...

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