Navigating COVID-19
An essential guide for marketers

Dentsu Aegis Network Singapore
March 2020
The COVID-19 disease outbreak continues to escalate. Businesses have engaged in continuity planning; travel restrictions still hold firm, and global sentiment remains uneasy.

Whilst the vigilance to stop the spread of the disease has been commendable; in 2020 **we will almost certainly face socioeconomic impact** that could be far greater than what was witnessed in the SARS outbreak of 2003.

It is therefore imperative that marketers **equip themselves with agile strategies** that can help navigate the potential obstacles and barriers to revenue & success; and it is key that they address **how to best deliver for their customers** in this challenging climate.

**Brands should understand the facts, gain insight from the developments and begin to implement strategies for a speedy recovery.**

The following is an essential guide developed by DAN Singapore that provides insight, counsel and guidance for every marketer; and will hopefully give them ideas for how they can stay vigilant, relevant and successful.

We hope you find it helpful.
A brief history of COVID-19
The World Health Organisation states that COVID-19 is an infectious disease caused by the coronavirus.
How did COVID-19 unfold in Singapore?

- **Dec 31, 2019**: WHO received alert notification
- **Dec 1, 2019**: First confirmed case in China
- **Jan 7, 2020**: 2019-nCoV named by WHO
- **Jan 9, 2020**: First death case in China
- **Jan 23, 2020**: First confirmed case in Singapore
- **Feb 1, 2020**: Visitors with recent travel history to China barred from entering Singapore
- **Feb 4, 2020**: First local transmission cases
- **Feb 8, 2020**: Number of deaths exceeded SARS
- **Feb 23, 2020**: MOH extends health advisory to cover Daegu & Cheongdo in South Korea
- **Mar 3, 2020**: Ban on visitors arriving from South Korea, Iran & northern Italy
- **Mar 6, 2020**: Surge in number of new cases in Singapore
- **Feb 1, 2020**: Biotech company Veredus launch 2hr in-vitro test kit with 99% accuracy
- **Feb 7, 2020**: DORSCON level raised from yellow to orange
- **Feb 28, 2020**: Surges in number of new cases in Singapore
The global impact of COVID-19 has been extensive and is still growing, but China has felt the biggest hit.

<table>
<thead>
<tr>
<th>WHO March 11th 2020</th>
<th>China</th>
<th>ROW</th>
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<tbody>
<tr>
<td><strong>Cases</strong></td>
<td>80,924</td>
<td>32,927</td>
</tr>
<tr>
<td><strong>Deaths</strong></td>
<td>3,140</td>
<td>875</td>
</tr>
<tr>
<td><strong>Fatality rate</strong></td>
<td>3.88%</td>
<td>2.65%</td>
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In APAC excluding China; South Korea & Japan are the highest in terms of confirmed cases & deaths:

- **Korea**
  - 7,513 cases & 54 deaths
- **Japan**
  - 514 cases & 9 deaths

In APAC (excluding South Korea & Japan), the impact is not as widespread but has grown vastly.

Singapore has the most cases in South-East Asia, but 0 deaths as of March 11th 2020.

Globally; we do not know how many unreported cases there are, or how many undiagnosed or quarantined that could still carry & transmit the virus.
In Singapore, the outbreak grew through early February and March has seen a surge in growth.

There have been rapid & responsible measures implemented by the Singapore government, but the outbreak continues to grow.

The outbreak seems to have plateaued in China; where in the Hubei province 30,358 are currently infected with 33,762 having recovered.

Europe and other parts of the world however are still facing high growth in numbers of cases.

Impact on economy & industries in Singapore
Singapore has seen continued growth in the number of cases, and how this will play out remains an unknown.
In spite of world class preventative measures; there will still be an impact on economy & industries in Singapore.
Singapore’s 2020 GDP growth forecast has been revised down from 0.7% to between -0.5% and 1.5%

Manufacturing & wholesale trade
Affected by supply chain disruptions (closures, labour shortages) in several of Singapore’s key final demand markets

Travel & tourism
Hotels, airlines & holiday agents all hit by sharp fall in tourist arrivals to Singapore

Domestic consumption
Cut backs in shopping and dining out will adversely affect segments such as Retail and F&B

COVID-19 continuation
If the outbreak becomes more severe and widespread, this will further exacerbate the impacts felt to date

A declining Chinese economy is not good news for Singapore

Largest export market

Leading source of tourism

Weaker Chinese import demand coupled with reduced demand in transport & logistics will impact Singapore

Whilst tourism is only 4% of Singapore’s GDP, the reduction in travel & hospitality spending will still affect the local economy

And other Asian markets are also adversely affected

- **Hong Kong’s GDP expected to contract in 2020 as per 2019 (−1.2%)**
  - It is believed the virus will extend many of the economic effects seen during the height of 2019 demonstrations.

- **China’s GDP growth stood at 6% in Q4 2019**
  - This is now forecast at 5.4% for 2020 (down from 5.9%); and could decline further unless the virus is brought under control within Q2.

- **Thailand’s GDP growth forecast for 2020 reduces from 2.4% to 2%**
  - Thailand’s tourism sector accounts for around 20% of GDP, and could spell the weakest performance since 2014.

If the economy & industries are affected, how can you tell which brands are at risk or could benefit?
DAN have created a matrix to help contextualise the extent of impact to certain industries & verticals

### Relevance
Understanding the connotative correlation between a product, service or solution and large scale disease outbreaks or pandemics

### Demand
Products, solutions or services that are either more fixed or consistent (necessities); or that are seasonal and subjective to other consumer priorities or restrictions

#### High relevance
- Products that can be quickly relatable & commoditised in relation to illness
- A core brand offering that is a direct response to a mass health crisis

#### Low relevance
- Products & services that facilitate ‘mass-clusters’ or are nice-to-haves
- Solutions with latent success, despite no predefined correlation

#### Flexible demand

#### Rigid demand
If you understand where a brand sits in the matrix, you can start to build a strategy for readiness & effectiveness.

- **Growth**: Bolster
- **Explosion**: Fulfil
- **Emergence**: Capitalise
- **Stagnation**: Remedy

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**Growth**
- Medical & insurance
- Wellbeing
- Financial services

**Explosion**
- Masks
- Sanitation supplies
- Personal hygiene

**Emergence**
- eCommerce
- Online delivery
- Home care

**Stagnation**
- Travel & tourism
- Dining
- Retail

**Low relevance**
- Flexible demand

**High relevance**
- Rigid demand
The effect on marketing
How are consumers responding, and what should marketers do?
**SITUATION**

**Consumers spending more time indoors**

- Footfall in shopping malls shrunk by an average of 63%, with greatest impact on malls in central regions.
- Entertainment is also shifting - with “out-home” entertainment in decline, and rise of “in-home” entertainment (Mediacorp’s ‘meWATCH’ saw 15% rise in unique video viewers).
- FTA TV consumption rose by 8%, especially amongst news programmes – CNA surging by 23% in viewership.

**RECOMMENDATION**

**Assess:** Redeploy focus according to behavioural shifts - identify new ‘in-home’ consumer touchpoints to reduce reliance on offline and physical resources while maximising digital channels to reach your audience.

Consumer preferences shifting from ‘wants’ to ‘needs’, with increasing online purchases

- Over 40% of APAC consumers are buying more of essential necessities, and over 20% buying less of non-essential or luxury items
- E-commerce purchases within the region have also risen with 32% increase in online shopping

Leverage:
Grow eCommerce presence and familiarity, and pivot product CVPs & RTBs to become needs-based in order to meet new customer behaviour.

SITUATION

Financial worries outweigh health concerns

- There are greater concerns about financial security than health risks within APAC
- Turbulence in confidence will likely translate to tighter spending habits in near-future

Anticipate:
Greater discernment in consumer expenditure means you must retain customers by demonstrating strong value-benefit; to alleviate concerns around spends & costs.

High degree of confidence in Singapore

- Trust in the local government is highest in the region (78% vs 9% in Japan), with footfalls of malls already witnessing a general reversal

- Around a third of those aged 15–29 claimed that they would stay indoors more, with two-thirds of Singaporeans unworried about the impact of COVID-19 to their daily lives

Prepare: Consumer cautiousness could rebound faster than expected; so be prepared to capitalise on the reversal by developing a fast-deployment recovery plans involving all stakeholders and departments.

How can brands react & recover in Singapore?
SITUATION

Traditional media spends decline; and digital media slowly grows

• Media budgets tightened to a 7-year low, with the spend decline exacerbated in Feb, especially for on-the-go media like Radio and OOH
• Brands expected to deploy recovery strategies
• Soon

RECOMMENDATION

Invest:
Continue to focus on digital as a media, sales, CX and customer support channel.

Instead of physical activations, focus on the virtual to keep momentum in customer contact

Source: Asia Marketing Budgets Index, WARC, 2020
SITUATION

Price discounts emerge as a common response to defend top line

• Brands and categories that are most impacted are quick to offer price discounts and promotional offers to attract customers in times of lowered footfall

RECOMMENDATION

Offer:
‘Value UP’ rather than ‘Discount DOWN’.

Optimise:
To maximise efficiency, focus on performance tactics in a time of uncertainty.

Source: Brand advertising in Singapore (Liho Tea, Oscars), Facebook, 2020
SITUATION

Reassurance becomes hygiene

• Brands, especially those with physical or experiential offerings like hospitality tourism and F&B, are communicating additional precautionary measures like increased sanitation to build brand confidence.

• ‘Contactless’ services a proposition of value.

RECOMMENDATION

Mandate:
Take all necessary action without compromise.

Communicate:
Proactively, reassuringly & with empathy. Link reassurance back to your brand.

Source: Brand advertising in Singapore (McDonalds, Changi Airport) as published on Facebook, Feb 2020
SITUATION

Brands finding/creating greater relevance

• Disrupted lifestyles yield opportunities for brands to reinforce or re-position their relevance – e-commerce, health and wellness, communication technology

• Some brands are agile and adapt, exploring new ideas and consumer offerings

RECOMMENDATION

Leverage:
What about your products, people, and brand are of value in times of COVID-19?

Create:
What products or solutions can you create that can be of value during and after COVID-19?

Source: Brand advertising in Singapore (Lark, Brand’s, Lifebuoy) as published on Facebook, Feb 2020. Notification on Grab App, Feb 2020
SITUATION

Short-term recovery vs Long-Term Equity

- Despite the immediate challenges, some brands are investing in their brand equity and build community support
- These increased business costs can reap positive returns in future

RECOMMENDATION

Build:
Investing in building brand consideration & preference can yield returns in H2 and beyond, giving your brand a head-start when recovery kicks in.

Source: Brand advertising in Singapore (Grab, Old Chang Kee, 88 Tuition) as published on Facebook, Feb 2020
How will these changes shape marketing throughout the rest of 2020?
### H1: Understanding & navigation.

- Marketers will strive for short term tactical goals but also could be more restrained and aim for awareness & affinity vs hard-to-drive acquisition
- eCommerce will rise as channel of choice, affecting basket choices – consumers may conserve, experiment or even indulge more (in-home feel good)
- Shift away from events, OOH and towards digital, in-home channels and long format/lean-back formats
- Relevant, reassuring, empathetic communication with rational & utility-oriented messaging may find favour

### H2: Rebuilding & recovery.

- Re-distribution of spends either from big brand campaigns pushed back or aggressive deployment of performance budgets to drive recovery in revenue
- eCommerce stands to gain in the festive season from having inducted new users in more categories in H1
- Economic impact will likely dampen consumer confidence and discretionary expenditure through 2020
- Supply chain repercussions on demand, a ‘demand shock’ may extend suppressed consumer spending
Frameworks for tackling COVID-19
This is how DAN recommends marketers can approach consumer uncertainty in the developing situation

<table>
<thead>
<tr>
<th>Composure</th>
<th>Sensitivity</th>
<th>Efficiency</th>
<th>Positivity</th>
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<tbody>
<tr>
<td>Consumers will be altering their behaviour and spending habits, and many brands cannot change that overnight; so now is the time to act with higher levels of equanimity</td>
<td>This is a grave global matter; and brands should as such avoid flippancy or the temptation to drive quick engagement with an ill thought out topical execution</td>
<td>When new customer acquisition could be challenging, brands should look closer to home to cross &amp; up sell to drive maximum value from existing customers</td>
<td>Brands should look to reinforce and celebrate positivity where it is relevant and respectful; as consumers will be grateful to find that ‘feel good’ factor in these difficult times</td>
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If your focus has shifted from campaigns, BAU & media spend; then there is no better time to:

Take stock
Gain understanding
Build recovery strategies
A holistic perspective to help drive business outcomes
Ensuring that marketers feel, think and do; to drive best possible efficacy

Capabilities

- Digital trainings, workshops & strategy planning to enable marketing teams and to drive collective alignment & success
- Business planning & workshops
- Digital marketing training
- MarTech & eCommerce advisory
Being ‘data-informed’ is a powerful marketing asset in times of uncertainty

- Data strategy & design
- MMM & Attribution
- Customer journey mapping

Outlining how best to collect, organise, visualise, utilise & activate with data; focusing on both existing customer data and new prospects
Hygiene & best practice auditing is often left behind in the whirlwind of BAU activity

Delving deep and understanding the gaps, opportunities and recommendations to bolster & future proof our marketing

Performance

- Media & creative audits
- Dynamic creative readiness
- Website speed & navigation
An investment in knowledge pays the best interest; and good insight puts us on that path to success

- Granular market & consumer reports
- AI-driven creative insights

By understanding our customers, competitors, performance & creative better; we can drive incremental effectiveness.

Insights
If you would like to discuss how Dentsu Aegis Network Singapore can help you, please reach out:

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