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COVID-19 Observations, implications and possible actions

by Dentsu Aegis Network Estonia AS

In this challenging time that is the Covid-19 pandemic we as businesses and fellow citizens have a responsibility to **adapt and showcase strong solidarity to help minimize and mitigate the detrimental effects** of this pandemic on society, businesses and the lives of humans all over.

Acting wrong could have devastating effects on your brand, whereas acting right and in the best interest of society can **help you build a stronger brand for the future.**

For you to **better navigate the challenges ahead**, help minimize spread and make it easier for people to live their lives we have combined our **group findings and learnings** from China together with overview of **Estonian insights and possible implications** on how you as a brand can act from a marketing-, media- and comms perspective.



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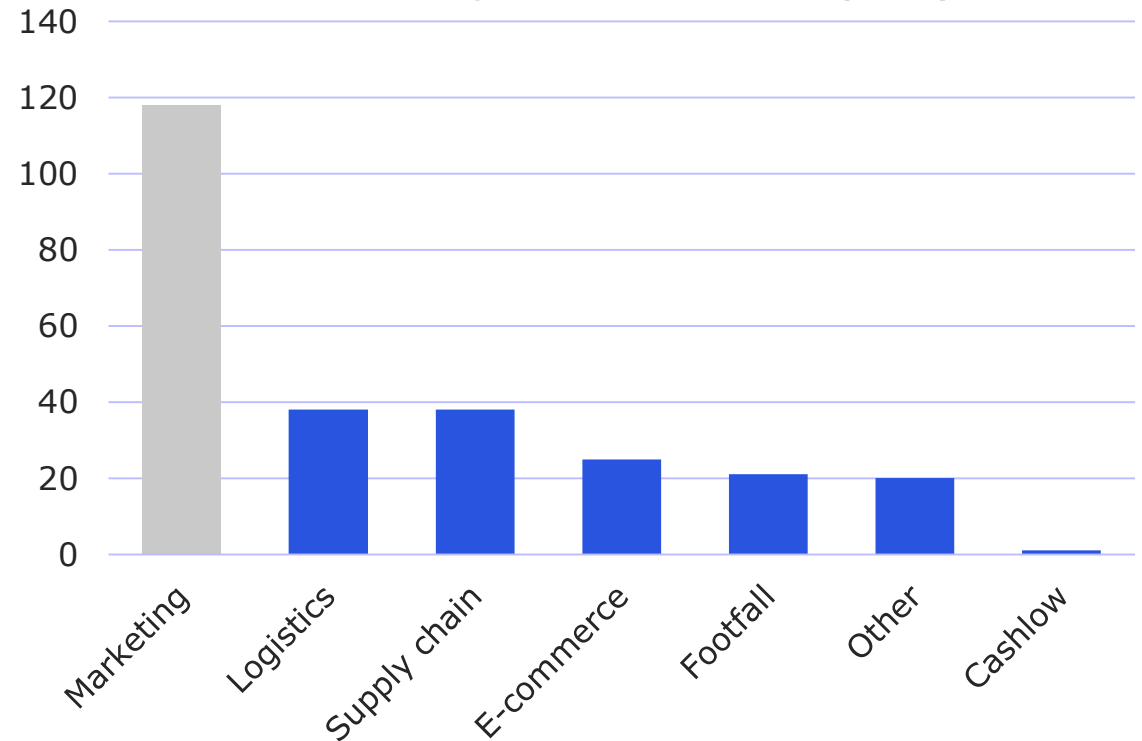
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What challenges are you facing as a business due to the immediate impact of COVID-19?



- Dentsu surveyed 155 senior marketers and client leads in China (Period 28 February to the 03 March), to have a deeper look at how they **are responding to epidemic**, the **impact it's having on their business plans** and their responses to such an unprecedented situation.
- As well as the obvious **marketing challenges** faced by brands during the epidemic, 28% of our respondents were now highly concerned by **logistics** and 10% by **rising supply chain issues**
- Just 1% cite cashflow as a main issue, largely due to a strong and immediate response from the China Banking Insurance Regulatory Commission and continued liquidity.

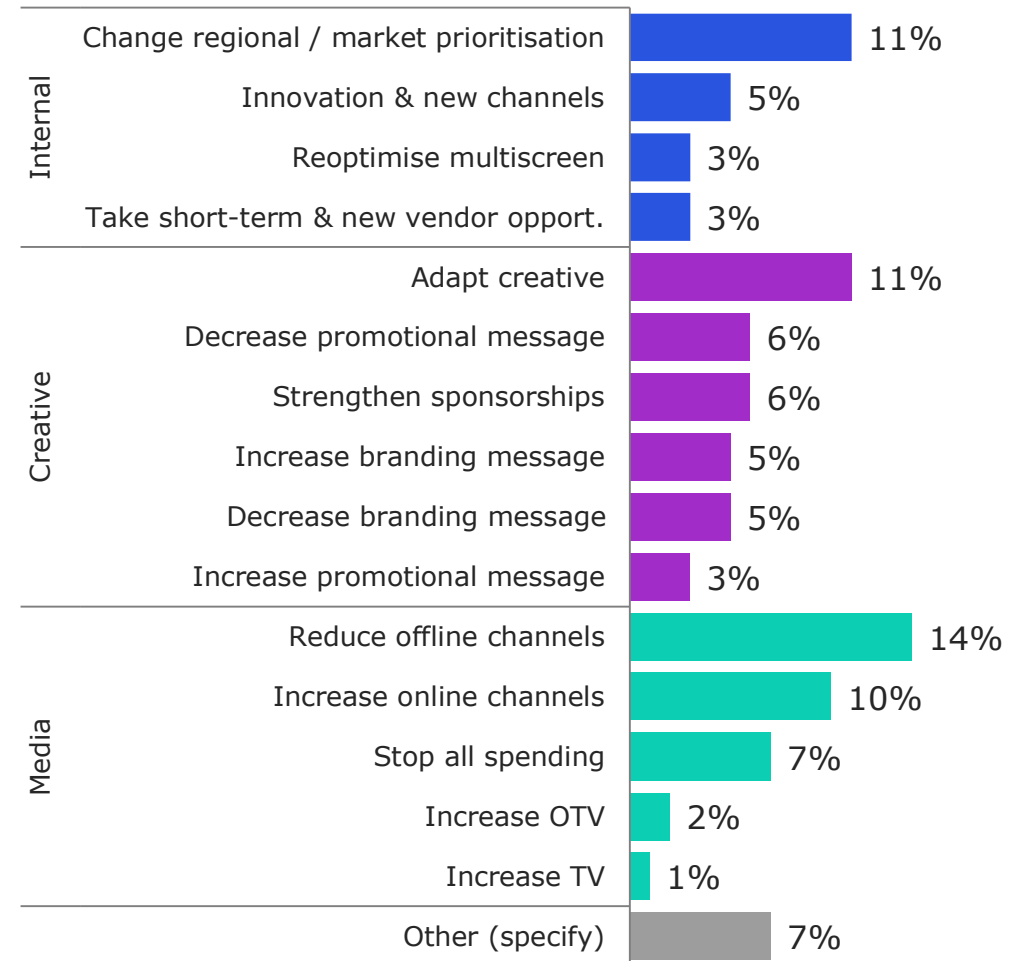
Challenges within company



Advertising budgets are moving out of offline channels as creative and market selections are being adapted



- Based on this survey we can see that marketers are taking proactive steps to manage how they respond to the situation
- We see a **shift in message and targeting**, as **creative** and regions are being changed by 22% of our respondents
- Budgets are moving out **from offline channels and into online channels**; 14% of respondents were moving budget out of offline media
- Only 7% of respondents were **stopping spending altogether**
- Response is largely equal between marketers who are **focusing on branding messages** now vs. those who are pushing campaigns with a **promotional focus**



Key changes in consumer behaviour since the outbreak of COVID-19



In affected areas we see consumer behaviour change in multiple ways:

1. Excessive **news consumption**.
2. Increased **focus on family** (and educating elders).
3. More **rational and pragmatical** approach to life.
4. Isolation brings with it an **increased digital life and time spent with TV**
5. Media becomes a way **of enriching day to day life**.



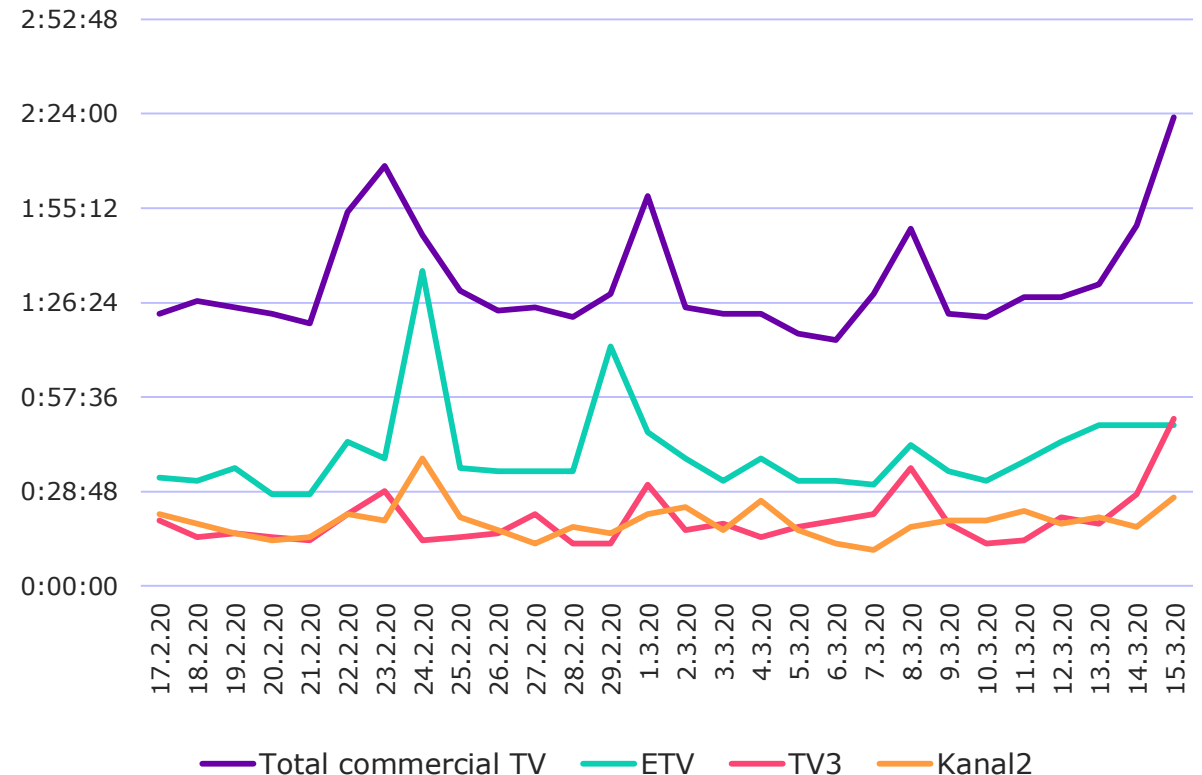
Media Landscape in Estonia



In a similar way media consumption is changing:

- 1. We consume more media** and we consume it during **the whole day**, not only during prime time.
- Time spent with **commercial TV Channels** has **increased** positive trend expected to continue in following weeks/months
- Increase in **number of visitors of local digital news portals**
- Subscription VOD and Gaming** (including streaming) is increasing.
- Media consumed **outdoors and in public is decreasing/losing effect**; especially OOH, Cinema.

Average daily TV minutes consumed by 18-59 y.o



Global digital trends

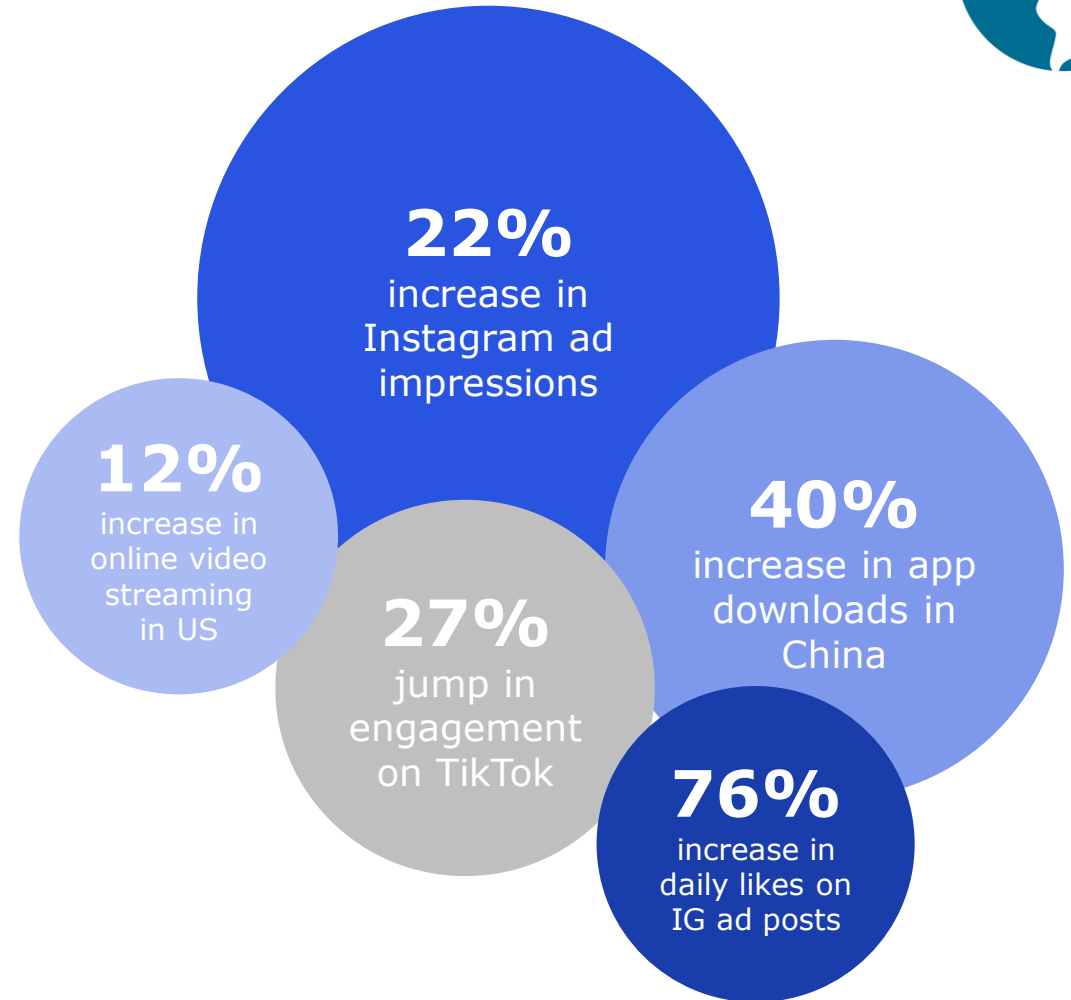
GENERAL TRENDS:



Web traffic has increased worldwide by **8-30%** creating an opportunity for online marketers to be more visible in digital channels

PEOPLE USE MORE OF WHAT IS FAMILIAR:

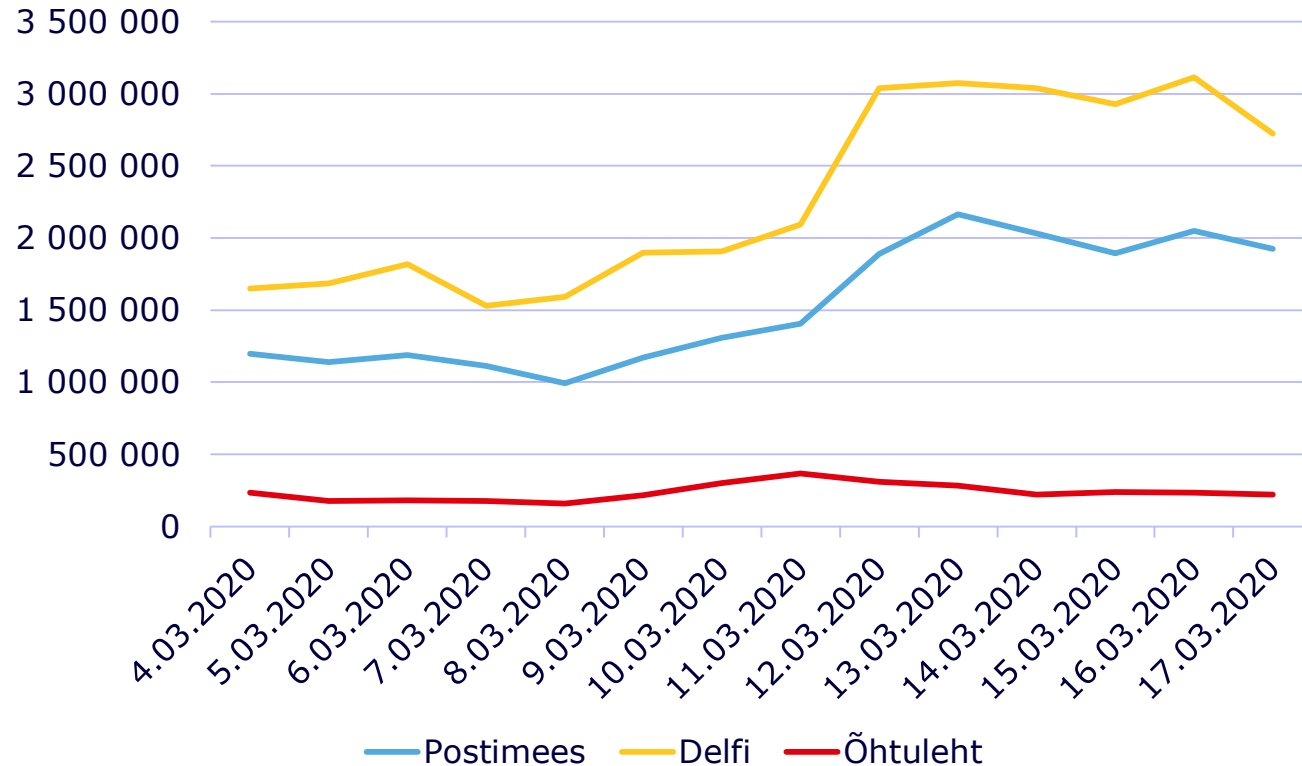
People now spend more time on all those platforms they were **already addicted to** – mainly local news sites, blogs, video streaming and social media channels.



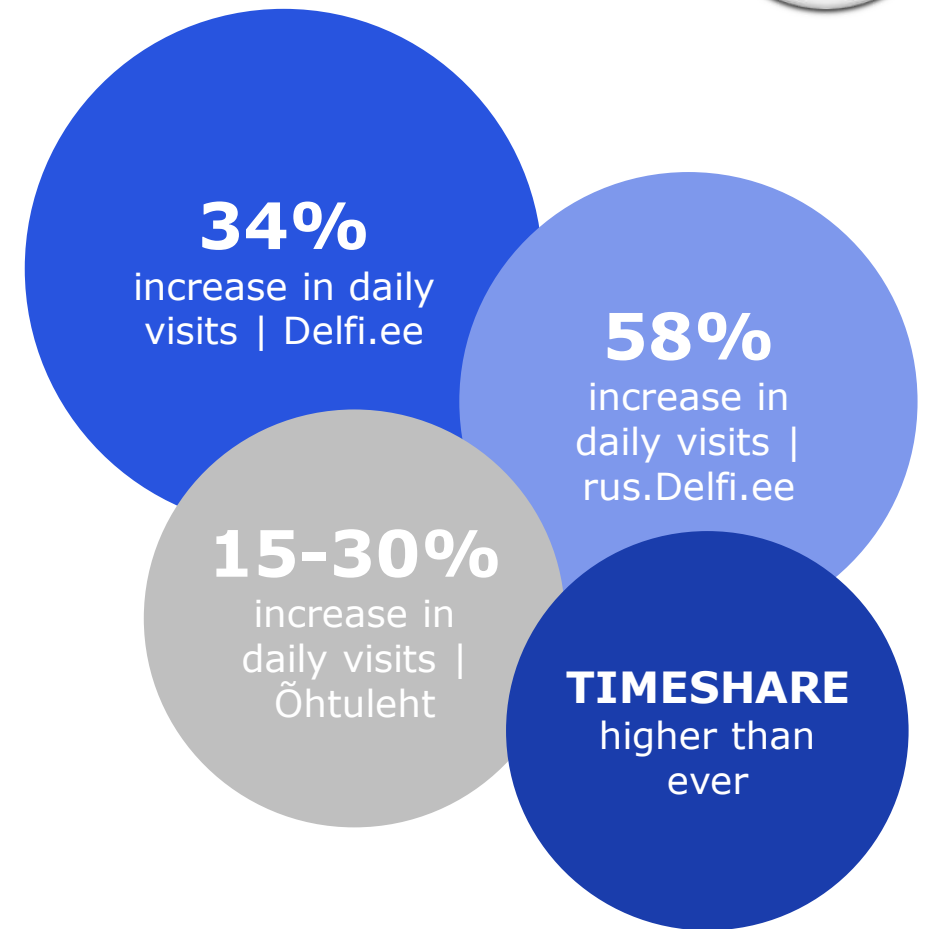
Local digital trends in Estonia



CHANGE IN DAILY NUMBER OF SESSIONS:



GENERAL TRENDS:

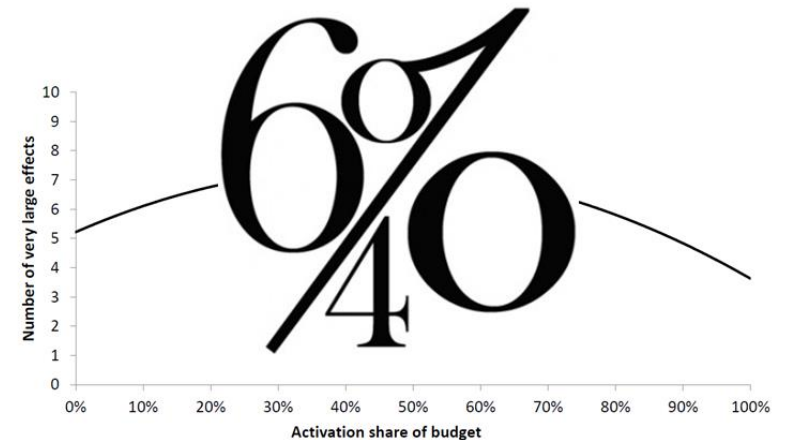


Marketing Actions



During these times of insecurity, consider:

1. During the outbreak, **maintaining brand credibility** with public interest ads should be prioritised over any sales promotions, product-driven communications and awareness-building efforts.
2. Maintaining long term brand activities to **avoid future costs of rebuilding brand** as well as maintaining margins (increasingly important when volume sales decrease)
- 3. Decreasing or pausing short term sales activities** as these risk to drive badwill (especially if you have an offline heavy business)
4. Shifting short term investments to **product-, site-, e-com-, content-, martech- and SEO development** to make it easier for people to buy from home; making your brand more digitally available today as well as building a strong foundation post Covid-19.



Marketing Actions



During these times of insecurity, consider:

4. Developing (& communicating) **added values** that **help consumers** and **society** as well as differentiates you from competition; i.e. home delivery, longer time period for returns and rebookable tickets.
5. Offering **cost reductions for subscriptions** people cant use or watch due to the pandemic. I.e. gym memberships and sports streaming services.
6. **Avoiding tactical campaigns** that capitalizes on the situation. This will damage your brand.

**IN OR OUT
JUST WORKOUT!
NETFIT
ONLINE TREENINGUD**



OLEME TERVED!

Media Actions in Estonia

Looking at the changes in media consumption, consider:

1. Increasing **digital presence** to reflect consumer behaviour
2. **Maintaining video** (including TV) investments to maintain brand
3. **Decreasing OOH**, choose locations close to groceries, pharmacies and places where people do their outdoor activities
4. Use **Cinema budget** for other entertaining channels (video formats in TV and online)
5. **Consider radio investments** more during weekends when more people might travel by car to the nature
6. Media Channels are **flexible in pricing**, TV Channels can help with productions (free of charge for easier productions)
7. Different **content projects** are being developed by channels (gardening, renovating, training, food etc)



DELFI

Postimees

Õhtuleht



Comms Actions



Looking at the possibility of negative customer reactions to advertising, consider:

1. Ensuring **empathy** with current consumer situation.
2. **Avoiding messaging** that encourages activities that are **opposite of government recommendations**; i.e. going out.
3. **Celebrating and rewarding** positive behaviour.
4. **Communicating products and services** that **boosts activities** in line with what is **best for society**. I.e. running shoes rather than visiting the gym.
5. Communicating the things you as a brand do **to decrease the spread** and **keep customers safe**. I.e. delivering outside door without physical contact.



Bracing for the 'R' word

How should brands respond if we move into a recession



Predictions for how China and the world will respond to a pandemic situation push us into our very worst-case scenario mapping.

Recession on a global scale would have a significant impact on consumer confidence. Consumers would be less likely to buy, to consume new services and they will want to pay less. Reducing business revenue and further compounding a deflationary period.

In this scenario we'd see ad spending impacted as well as pressure on performance. Advertising and media would need to step up to be more efficient and measurable. Faced with these pressures we can learn from previous recessions and there are multiple studies that help us to model impact of cutting spending.

Consistent research backed by bodies such as WARC and the IPA has shown that cutting advertising spend to increase short-term profits doesn't work.

Bad times call for good deals:

- Content and ads should reflect the changing times and consumer sentiment
- Short-term price incentives should be used to attract consumers who are seeking a good deal.
- For bigger ticket items interest-free loans have proved to boost sales and market share.

Be worth it:

- When discounting isn't a viable option, messages should shift to being expensive but worth it – emphasize tangible and intangible values

Shout Louder:

- You can be aggressive in how you use communications to capture share of voice for your category
- Winning share of voice during a recession can have a disproportionate effect on winning share of market
- IPA 2008: 1.5x lift in spending creates a x2 share of market gain vs competitors who spend the same or less.

In summary

Short and long term actions to consider



	Media	Consumer	Brand
Short term actions and behaviours	<p>Maintain mental availability</p> <ul style="list-style-type: none"> • Evaluate / Minimize: OOH, Indoor, Cinema • Increase: Digital and official media Platform (short video, social, news, info) • Maintain: OTT, Online video (news and drama) 	<p>Respond to extraordinary needs</p> <ul style="list-style-type: none"> • Boredom caused by home quarantine • Skin problems caused by wearing Masks and constant washing hands • Functional demand for disinfectant/ bacteriostatic cosmetic 	<p>Deliver love and understanding</p> <ul style="list-style-type: none"> • Use live-streaming, short video, virtual enhancement to deliver offline experiences online • Consider all communications in context of a nation fighting together against a common enemy
Long term actions and behaviours	<p>Understand consumption shifts to Digital</p> <ul style="list-style-type: none"> • Live-streaming is gaining popularity, may become an essential touchpoint in more category decision journeys • Short video, O2O and social will likely maintain increased consumption 	<p>Play a part in rejuvenation</p> <ul style="list-style-type: none"> • A bigger bounce-back of consumption will very likely come after the outbreak is eased • Prepare for major shopping festivals in the 2nd quarter • Understand behaviour shifts after the shut-in is lifted – urge for exploration and reunions 	<p>Celebrate and reward</p> <ul style="list-style-type: none"> • Find a way to recognise the self sacrifice of your consumers and celebrate with them • Manage CRM and private traffic, communicating with returning and new customers to reward and capture positivity

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How can we help?

Please feel free to contact us to discuss actions and scenario planning.



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