HOW CAN BRANDS RESPOND TO THE CORONAVIRUS CRISIS

Threats & Opportunities for your Business

Jannet Wang, Executive Director MSU China

Jane Lattimore, APAC Leader MSU

Steven Naert, Global Solutions Leader Brand & Portfolio MSU

March 2020

GAME CHANGERS

Ipsos



- As COVID 19 is spreading across the globe, we can expect it to impact consumer behavior in the months to come.
- Brands are hesitating to respond because they do not want to be seen as opportunistic.
- How can brands respond to the this new reality?

AT THIS POINT PEOPLE SEEM UNSURE HOW TO REACT. IT IS LIKELY THAT IN A FEW MONTHS TIME MUCH OF LIFE AS WE KNOW IT WILL CONTINUE

Panic spreads faster than pandemics

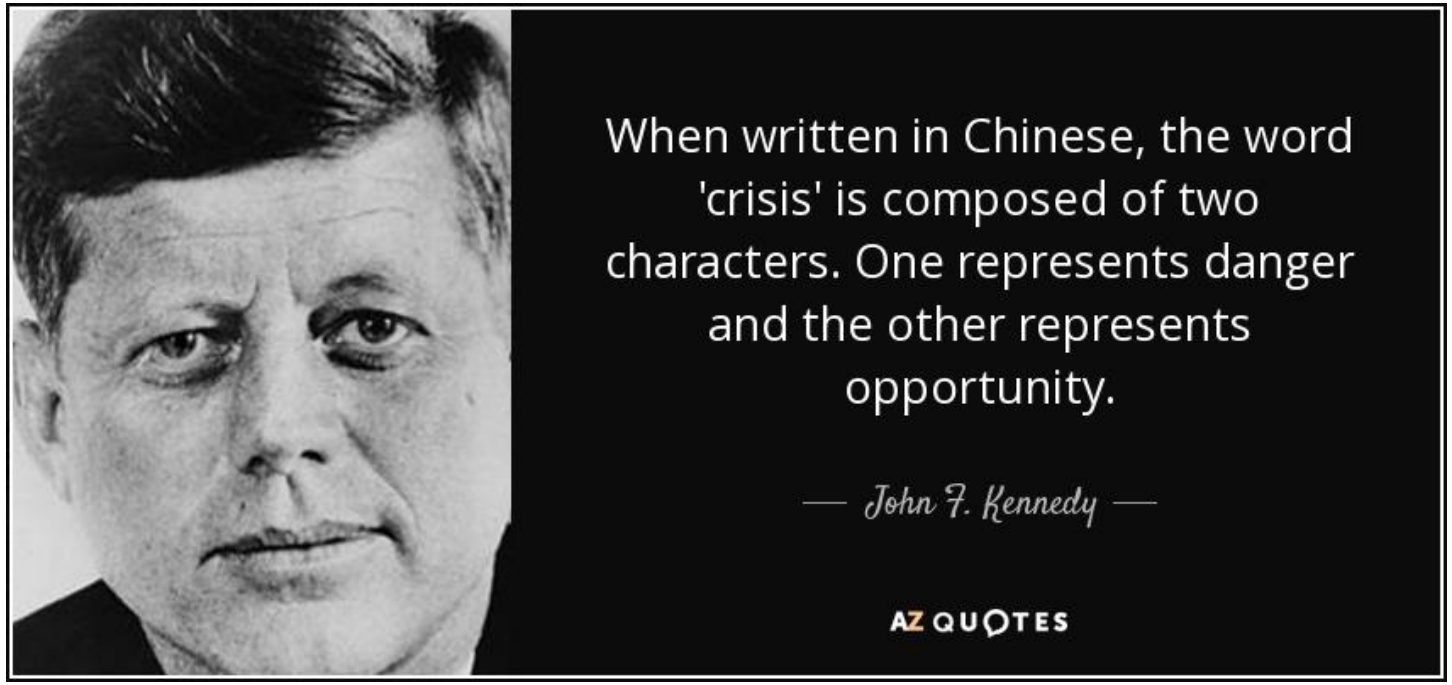


But in absolute terms mortality rates are not extremely different to regular season's flu

AGE	DEATH RATE confirmed cases	DEATH RATE all cases
80+ years old	21.9%	14.8%
70-79 years old		8.0%
60-69 years old		3.6%
50-59 years old		1.3%
40-49 years old		0.4%
30-39 years old		0.2%
20-29 years old		0.2%
10-19 years old		0.2%
0-9 years old		no fatalities

Source: WHO, CCDC

A CHANGE IN CONTEXT ALSO MEANS THAT PEOPLE'S NEEDS AND BEHAVIOR WILL BE IMPACTED. HOW CAN BRANDS CONNECT WITH CONSUMERS DURING THESE UNCERTAIN TIMES?



危 **DANGER**

机 **OPPORTUNITY**

HOW ARE CONSUMERS CHANGING THEIR BEHAVIOUR?

IN THIS PHASE OF THE CRISIS, GOVERNMENTS ARE TRYING TO CONTAIN THE VIRUS, MAINLY TO SLOW DOWN THE OUTBREAK



THIS WILL INEVITABLY LEAD TO SOCIAL DISTANCING

EVEN IN COUNTRIES THAT HAVE NOT BEEN HIT YET, PEOPLE HAVE ALREADY STARTED AVOIDING SOCIAL CONTACT

	AUS	CAN	FRA	DEU	ITA	JPN	RUS	UK	US
Washing hands more often	49%	61%	45%	49%	48%	69%	62%	48%	57%
Avoiding all air travel	33%	32%	29%	27%	21%	17%	31%	22%	36%
Using more disinfectants	29%	31%	22%	25%	28%	32%	30%	25%	38%
Avoid large gatherings of people	28%	26%	27%	31%	23%	68%	45%	21%	31%
Avoiding any other kind of travel	19%	20%	6%	14%	13%	33%	19%	10%	20%
Avoiding shaking hands with others	17%	23%	15%	17%	9%	26%	17%	16%	28%
Wearing a face mask	11%	7%	11%	5%	9%	62%	24%	6%	13%
None of the above	30%	27%	32%	31%	29%	7%	20%	34%	24%

Which of the following actions are you taking today to protect yourself from the Coronavirus?

Source: Ipsos Corona Virus Wave 2 (February 2020)

AS A RESULT PEOPLE WILL BE SPENDING A LOT MORE TIME ON THEIR OWN OR WITH THEIR CLOSE FAMILY

This leads to both welcomed & unwelcomed consequences

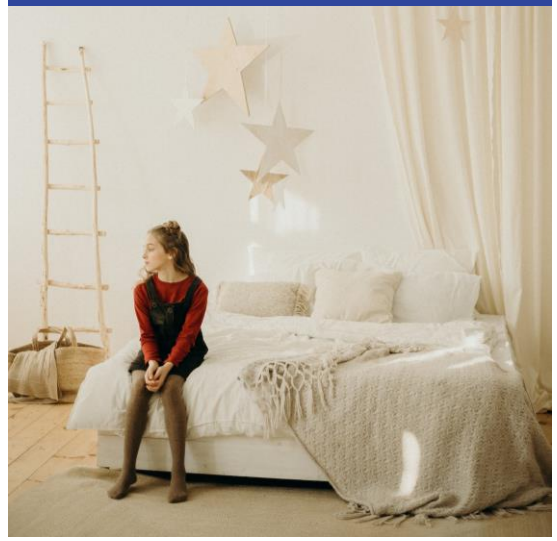
More time with the family



More time for yourself



But also stress, anxiety and a sense of isolation



WE EXPECT THIS TO HAVE A DIRECT IMPACT ON CONSUMER BEHAVIOUR, WITH MANY CATEGORIES SUFFERING

- Physical Retail
- Alcoholic Beverages
- Leisure outlets
- Travel & tourism
- Big ticket items (cars, luxury goods)
- Consumer Technology

CHINESE CONSUMERS PURCHASED MORE MEDICAL CARE, F&B, ONLINE SERVICES DURING CNY; WHILE LESS APPARELS AND BEAUTY PRODUCTS

Staying at home has become most people's normal lifestyle…

76%

of consumers are going out less

Category purchase change% (purchase more% - purchase less%)

Purchase more

(Health care/Epidemic prevention products) **Medical**	38
(Rice, Flour, Grain, Oil, Seasoning /Fresh/Convenience Food) **Food**	36
(Online Education/Entertainment/Medical) **Online services**	19
(Dairy/Packaged drinks/Wine) **Dairy/Beverage**	13

Purchase less

-3	Maternal and Infant/Pet supplies
-4	Personal care products (Beauty makeup/Personal cleaning and care products)
-6	Tourism Products
-7	Mobile Phone Digital/Car/Real estate /Luxury/Financial products
-9	Beauty products and services
-10	Offline activities
-17	Sports/clothing

Source: China Consumer Survey of COVID 19
N=1104

PEOPLE MAKE MORE USE OF HOME DELIVERY



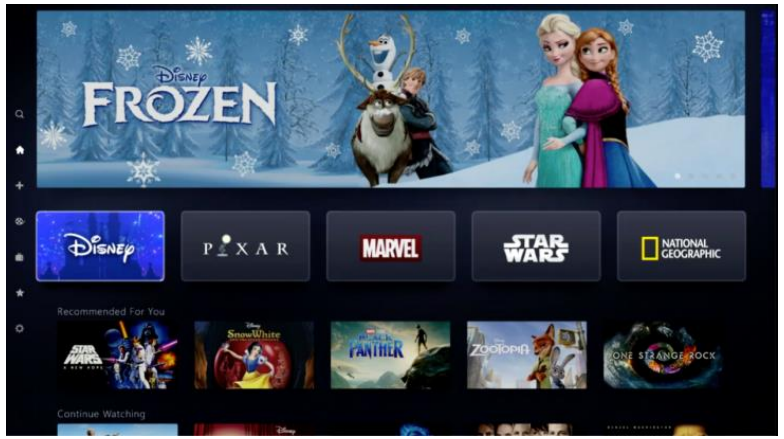
Meituan, one of the biggest food delivery companies in China, it is receiving four times the number of orders it got during the same period last year. And while food delivery in China is generally used by people who eat alone, the company noted a big increase in orders meant for more than one person.*

Source: *Business Insider

MEDIA STREAMING OFFERS A GREAT WAY TO PASS SOME TIME

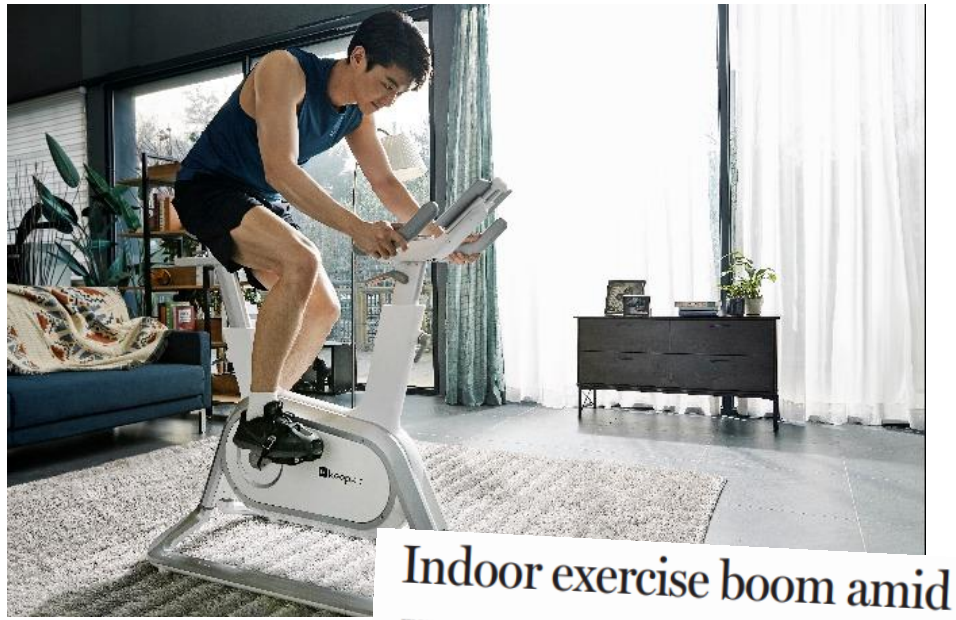
Netflix and other stay at home streaming services can be expected to benefit







PHYSICAL EXCERCISE AT HOME





Indoor exercise boom amid efforts to curb novel coronavirus outbreak

JINAN — Fan Dongquan, a fitness coach with Jinan Hot Blood Fitness Studio in East China's Shandong province, conducted a free 90-minute fitness course online late last month.

The outbreak of the novel coronavirus has kept millions of Chinese like Fan from partaking in outdoor activities since late January, so indoor exercise has become an important way to keep healthy.

The Chinese sports community, from individuals like Fan to the sports authorities at all levels, have been actively promoting indoor exercise to fight against the epidemic.

China's General Administration of Sport has called upon sports departments at all levels to promote simple and scientific exercises at home and further fitness knowledge, and advocate a healthy lifestyle via various media during the epidemic.

"I believe that regular physical exercise can protect against illness, especially in a time such as this," says Fan.

The fitness coach adds that the number of participants viewing his courses have increased to more than 300.

In fact, sports departments around the country have already released a series of indoor exercise programs with accompanying texts, pictures and videos.

For example, the Beijing Municipal Sports Bureau released a complete set of at-home workouts, including stretching and strength training, on Jan 29.

> "I believe that regular physical exercise can protect against illness, especially in a time such as this."
>
> **Fan Dongquan,** a fitness coach in Jinan, Shandong province, who conducts a free fitness course online

Rizhao Municipal Sports Bureau of Shandong province has also released instructions for tai chi and yoga. Meanwhile, they invited local social sports instructors to demonstrate the methods on video, so that citizens can follow the experts to learn how to work out at home.

Sports bureaus in Qingdao and Yantai of Shandong province also released the health-promoting ancient Chinese exercise, *baduanjin*, with detailed instructions on their WeChat platforms.

Baduanjin, literally meaning "eight-section brocade", is one of the most common forms of Chinese *qigong* exercise.

Beijing Sport University recently issued a video of *baduanjin* via their WeChat account and had more than 100,000 comments.

The Chinese Health Qigong Association released a combination of Chinese exercises on WeChat. *Qigong*, a Chinese system of prescribed physical exercises or movements performed in a meditative state, is free of restrictions such as venue and equipment.

The State Council, China's cabinet, issued a new Healthy China guideline in July 2019, which promised support for fitness programs with Chinese characteristics, including tai chi and *qigong*, which channels the body's inner energy to achieve physical and mental harmony.

Cui Yongsheng, a staff member at the Health Qigong Management Center of the General Administration of Sport, notes that practicing *qigong* will play a positive role in the fight against the epidemic.

"In the future, we will make more efforts to promote *qigong*, so that more people can benefit from it," says Cui.

XINHUA

PEOPLE ARE SPENDING MORE TIME CLEANING THEIR HOME

People’s homes have never looked cleaner, as people use the extra time at home to make sure everything looks tidy & neat



THE EXTRA TIME AT HOME IS USED FOR COOKING & BAKING



STAY AT HOME CLUB NIGHTS TIK TOK DEEJAY SETS







HUMOR AS COPING MECHANISM

The Corona virus has inspired a lot of social media jokes











Most used emoji in Italy



AN EXTRA STIMULUS TO PURCHASE A CAR

IMPACT OF CORONA-VIRUS TO NEW CAR PURCHASE IN CHINA

NEW CAR PURCHASE INTENTION IS INCREASING AMONG CONSUMERS WHO CURRENTLY DO NOT HAVE A CAR, DUE TO LACK OF TRUST OF PUBLIC TRANSPORTATION

CHINESE CONSUMERS WHO CURRENTLY DO NOT HAVE A CAR (n=601)

72% (Strongly) enhanced purchase intention

© Ipsos | Impact of Coronavirus to New Car Purchase



INCREASED INTEREST IN MAKING SUSTAINABLE CHOICES



In China we see an evolution in people's attitude towards sustainability. They expect to look for more organic products, show an increased concern about pollution, and want to protect nature

HOW SHOULD BRANDS RESPOND?

*"Brands are **nervous about appearing to profit** from this crisis. The conversation is being had in many client and agency organizations, but they have to **be absolutely sure** they are helping people not just making money from it, or being seen to make money from it."*

Owen Lee, chief creative officer of FCB Inferno (The Drum)

WHAT CAN BRANDS DO?

- Avoid being seen as opportunistic
- Give comfort
- Go virtual
- Acts of kindness
- Help people pass time
- Get through the crisis in style
- Laughter is the best medicine

AVOID BEING SEEN AS OPPORTUNISTIC



Dutch consumer electronics webshop Coolblue has stopped all marketing and has increased prices as they are expecting supply problems

GIVE COMFORT

Every paused journey will eventually restart. Louis Vuitton hopes you and your beloved ones stay safe and healthy

按下暂停键的旅行，
终将再次启程。

路易威登祝愿您与您所爱之人
平安健康

LOUIS VUITTON



ACTS OF KINDNESS



Lush is inviting everybody to come into the store and wash their hands. The increased footfall is of course a nice side-effect.

Many airlines, including Virgin Atlantic, British Airways and KLM-Air France, are waving costs to rebook flights in the next few months.





Amazon makes sure nobody is profiteering from Corona virus after suppliers have raised prices for masks and sanitizers by up to 2000%

GET THROUGH THE CRISIS IN STYLE





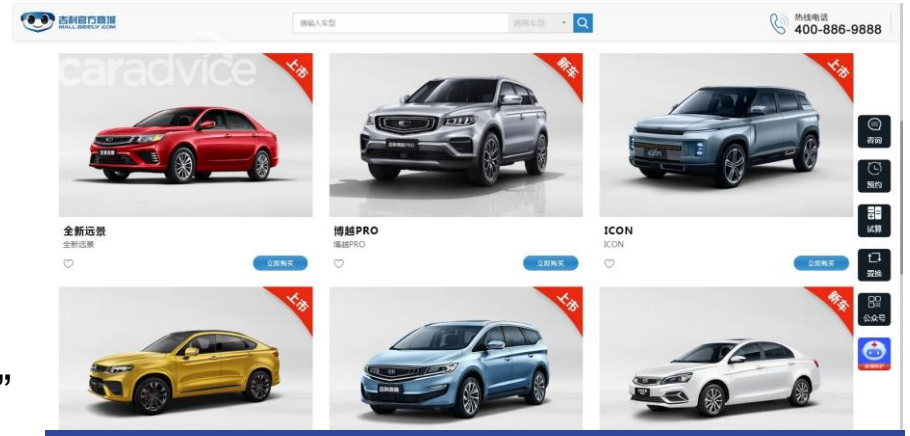


THINK VIRTUAL FIRST

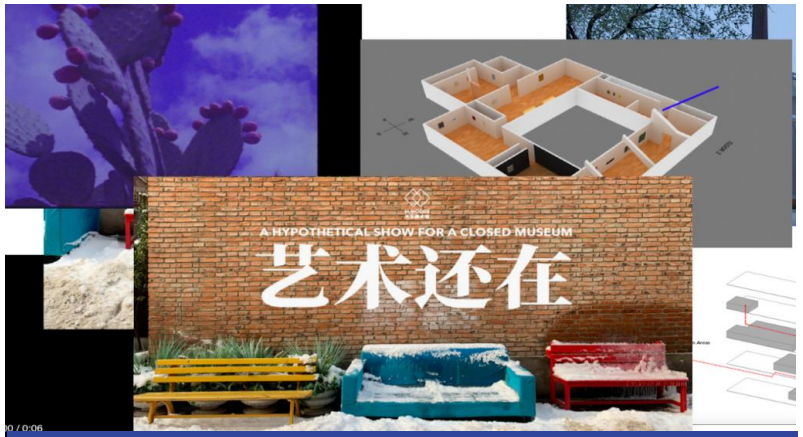


Google has cancelled the physical part of Cloud Next ’20, it’s largest annual conference with C. 30k attendees. It will now be hosted as on online event.

”



More automakers are selling cars online in China as worried consumers stay away from showrooms to stop the spread of the coronavirus.



Many museums and art galleries are creating intercave exhibitions, so people can enjoy art without having to leave their homes.

INSPIRE PEOPLE ON HOW TO SPEND THEIR TIME

TV channel stimulates people to avoid the virus by staying at home and binge watch their content



TRANSLATION **Safety First** ;). Stay at home and binge **Married at First Site** so you don't have to go see **The Good Doctor**



Alibaba is organizing "no-meeting concerts," where singers and bands can livestream their practice sessions.



Home fitness equipment & services like Peloton are seeing an uptake in membership as people are looking for different, more exciting ways to exercise at home.

LAUGHTER IS THE BEST MEDICINE. BUT HOW FAR CAN BRANDS GO?



Fortunately we are in the most beautiful country in the world. 55 Unesco sites (like China!)



Buy 2 Corona's, get one Mort Subite (Instant Death) for free

It's ok when consumers do this, but of course brands need to be careful not to offend.

CONTINUE TO INVEST: BRANDS CAN GROW IN DISTRESSING TIMES

EXAMPLES FROM THE GREAT RECESSION (2008)









KEY TAKEAWAYS



The Corona virus is impacting both short and long term behavior

Brands should empathize & provide solutions to help cope with this situation

Ipsos can help our clients navigate through these challenging times

BE SURE. ACT SMARTER.

GAME CHANGERS

Ipsos