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Impact of COVID-19 on Brands and Business: Ambika Sharma

There will be a sharp change and we will see innovation rise as trends become clearer and speculation changes to actual line of sight writes Ambika Sharma, Founder & Managing Director, Pulp Strategy.

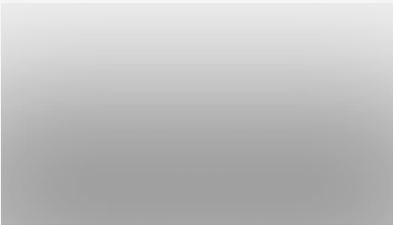


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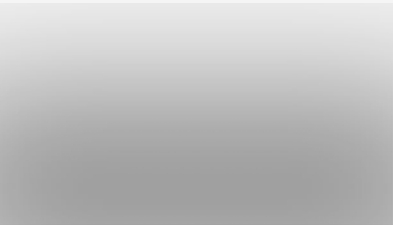
Making Of
Compassionate Brands



8 winning brand strategies
during a slowdown



In conversation: Ambika
Sharma, MD, Pulp
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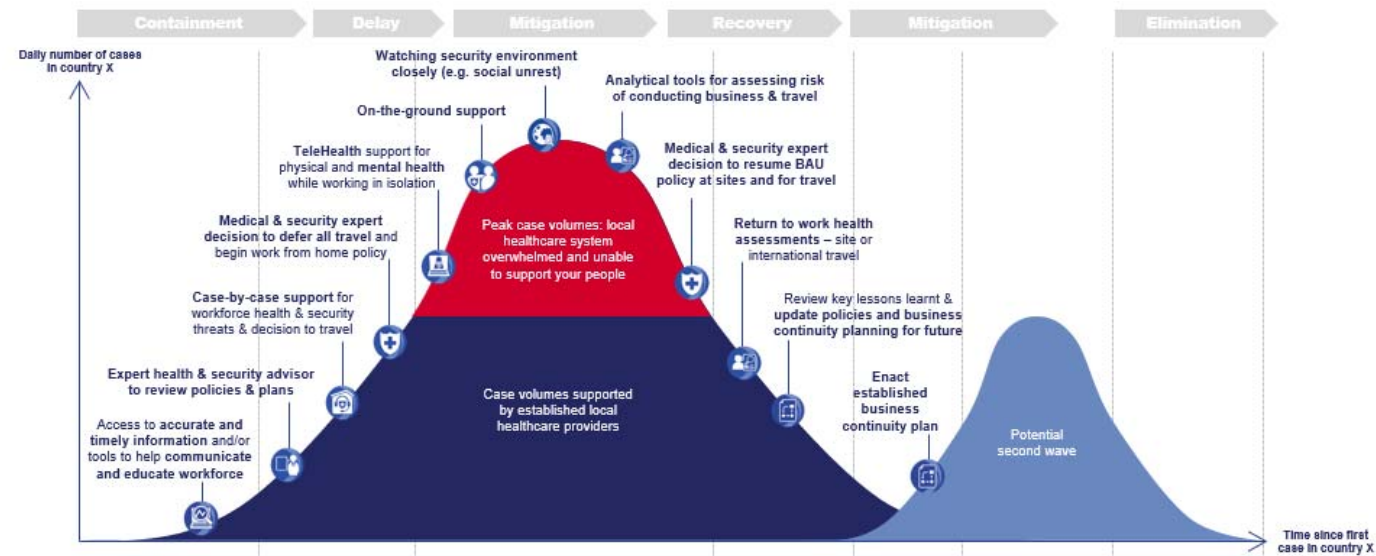
COVID-19 is a black swan event, a human tragedy with a long-term economic damage. Everything that we knew about the world conducted business 60 days ago has changed. In the next few quarters consumer behavior, changed media consumption, partial relaxation of restrictions, drop of discretionary spends and many other factors will define a new normal for more than just purchase patterns. In the next few quarters we will see freakonomics at its best.

A lot of it will depend on how the virus is contained and when we actually find the vaccine and the cure. However, countries are in different stages of the pandemic and the global economy is seeing a sharp decline and most likely sliding into recession. In the best-case outcomes India's economy, be impacted which combined with the internal economic disruption will see a significant and lingering downward slide. With some trends emerging and others based on predictive modeling no one can really say with complete confidence how brands and business will shape up however current trend lines give us cues into the short-term future.

Delayed gratification: It is safe to assume that with the damage to businesses and over individual income discretionary spends are going to see a cut, Indulgent purchases like technology upgrades, new devices, Auto, Luxury goods will see a

slower uptake.

Ad Spend Pressure: with less than optimal sales ad spend pressures will impact media, pressure will drive spends to more immediate ROI and this will impact the over all revenues in media. Over all media consumption has increased, the number of 1st time digital users has spiked. With digital and VOD capturing an enviable share, lack of content in OTT, disrupted distribution in print may see a longer recovery cycle despite increased media coverage overall. Factoring in that e-commerce which is expected to speed back to normalcy in distribution quickly will make digital media the go to medium of choice with the quickest spike as goods availability opens up post lockdown, a lot of this is expected to stick in the long term.



Technology uptake: Technology, data security, remote, working software, automation, increase in online buying of services will see an uptake. The fear of a 2nd lockdown, continued restriction (which will be necessary to protect lives), sharp spike in cyber-attacks, business continuity planning and increasing cost of business infrastructure will drive these choices in B2B. Insurance, online banking, e-medicine and similar services will see an improved adoption from consumers.

Increased importance on Hygiene: Its not just sanitizers and soaps consumers will expect hygiene in the supply chain and a transparency in hygiene benefits of most products. Brands which are able to build consumer confidence in this area with relevance will benefit. Business models will pivot and brands are expected to bring out new variants to fulfill this need. Products in the personal care space could also experience increased consumer interest as will air & water purifiers and other advanced “epidemic prevention products”. Consumers will be wary of visits to salons, parlors, dry cleaners and other shared services. Learning from china says personal care is least impacted and shows gain. Urban households devoid of house help during the lockdown may also look at appliances which lead to easy of daily home chores or improved home care. Trust in the brand will be a critical indicator of success.

Entertainment will be strained: Lack of content on OTT and television, low confidence in restaurants or outside food, events cancelled, travel at a standstill, and live sports cancelled for the rest of the year. The expectation of engagement and valuable content from brands will increase many folds. Online gaming is already a big winner. Virtual formats and rich content will increase as business see longer ROI cycle on media and more effort of consideration cycles.

There will be a sharp change and we will see innovation rise as trends become clearer, speculation changes to actual line of sight. Amidst the strained share of wallet Brands that innovate to not only ensure messaging for the changed times but also to build consumer confidence in supply chain, product value, new product variants better suited to current consumer sentiment, meaning full communication and empathetic approach will do better than others.

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