

POV: Media Impacts Due to COVID-19

March 20, 2020

PURPOSE

Provide information, trends and advice on examining and managing **ongoing multichannel marketing communication** campaigns in consideration of recent events and the **impact of the COVID-19 pandemic.**

WHY IS THIS IMPORTANT?

The immediate **future is uncertain**. If our initial conversations this week are any indication, **you may hear words such as cut, postpone or pullback**. And this may be the right plan for some brands and some channels over the next 1-3 months, **it's not the only answer**. Advertising rates have begun to drop in some places, so for awareness and consideration tactics, this may be an opportunity to take advantage of low rates. **There is also a captive audience currently sitting at home spending more time with all types of media**. We are seeing numerous home clients experience increasing content engagement and online sales during the past few weeks. And, with many of our clients' products having long purchase journeys, there is no marketing-driven reason to immediately cancel or push back campaigns. Remember that historically, **companies that continue their investments during challenging times rebound more quickly than the competition and win in the long-term**. Companies that wait until the economy is in full recovery to ramp up will be at the mercy of better-prepared competitors.

EVERY BRAND IS FACING UNIQUE CHALLENGES

As we look at the U.S., most of the country's work and leisure activities only began changing as of March 11 or 12. At the end of this week, we'll have our first true week of data and insights.

We are seeing COVID-19 impact brands in different ways. Brands with longer purchase cycles may want to consider maintaining their presence across media to improve brand awareness, interest and perception. Meanwhile, brands with shorter purchase cycles may want to consider pausing paid media and campaigns if government-mandated shutdowns or manufacturing issues are disrupting their supply chain or restricting customers from purchasing their product.

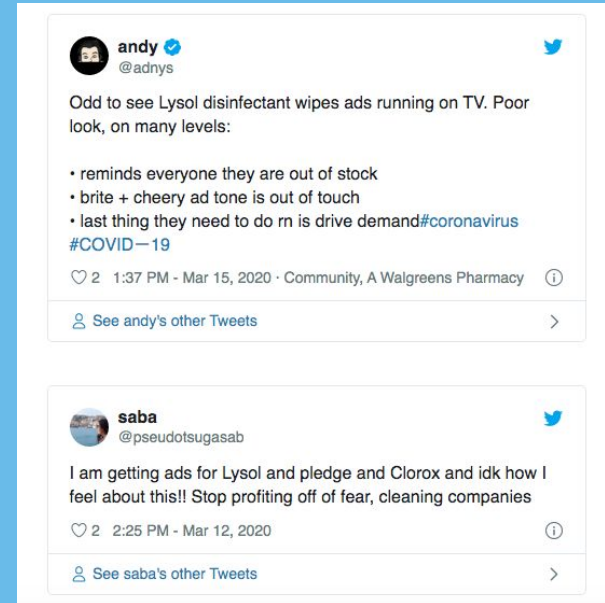
STAY FLEXIBLE

We encourage everyone to reconsider goals and KPIs for 2020 campaigns as priorities shift. Based on your brand and category, you may want to put less emphasis on driving immediate actions and purchases, and instead put more emphasis on building brand equity and consideration.

It will be interesting to watch the impact of the potential nationwide bailouts (checks to every U.S. citizen) and interest rate drops. Each could dramatically impact your customers' ability to invest in home improvement projects.

BE AWARE OF SUPPLY CHAIN CAPACITY

If your product is facing supply chain challenges or is sold out, advertising — including social media posts — related to that product should be paused, as your brand could come under fire for advertising. Lysol and Clorox are being seen as insensitive for advertising right now and are getting slammed on Twitter.



SPENDING WILL RETURN

As quarantines relax in China, luxury shoppers in China, Hong Kong, Taiwan and Singapore are starting to spend again. **Analysts have coined the term revenge spending**, driven by pent-up demand following a period of chaos, where consumers have pockets flush with cash. “China seems to have turned the corner and bigger cities are showing cautious optimism. We see a slow, but definite bounce back.”

- Agility Research

80% of U.S. consumers say that even if the outbreak gets worse, they still plan to spend as normal.

- Matt Shay, National Retail Federation CEO/President

GLOBAL ECONOMIC OUTLOOK IS STRONG

There is NO systemic risk. No one is even talking about that. Governments are intervening in the markets to stabilize them, and the private banking sector is very well capitalized. **It feels more like 9/11 than 2008.**

- Goldman Sachs, Private Coronavirus Meeting on March 16

MEDIA CONSUMPTION TRENDS

With social distancing and sheltering-in-place, we're seeing general media consumption, TV viewership, internet usage and online shopping all rising, with out-of-home and experiential taking a big hit.

PEOPLE AT HOME = RISING MEDIA USAGE

During crisis events, be it snowstorms, hurricanes or a global pandemic, media users ramp up their media consumption to stay informed, kill time, find solace and stay in touch with others (Nielsen).

While consumers are spending more time in their homes, **we will see more internet usage across both phones and desktop/laptops as well as a surge in video consumption for entertainment.**

6 STAGES OF CONSUMER BEHAVIOR

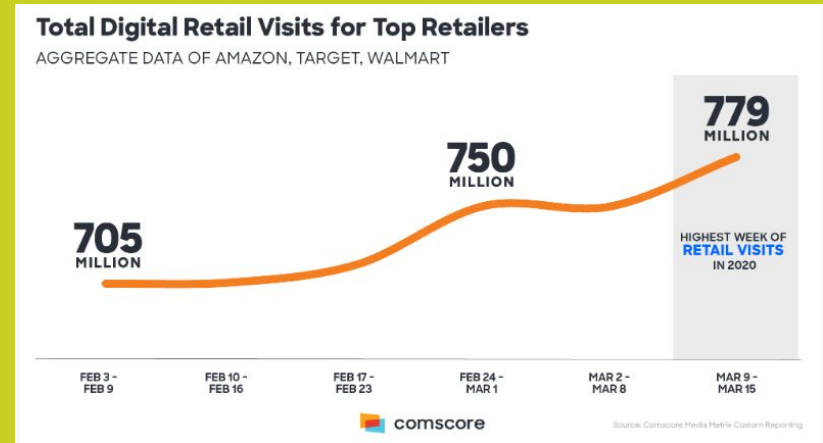
Nielsen released 6 key stages of consumer behavior based on patterns recognized since the start of the virus.

1. Proactive health-minded buying: interest rises in products that support overall health
2. Reactive health management: prioritize essentials (face masks, sanitizers)
3. Pantry prep: stockpiling of food and growing basket sizes
4. Quarantined living preparation: increased online shopping, rising out-of-stock items
5. Restricted living: severely restricted trips, online fulfillment limited
6. Living the new normal: return to daily routines in a cautious manner, with permanent shifts in supply chain and use of e-commerce and personal hygiene practices

ONLINE SHOPPING INCREASING

More consumers are shopping online and should expect shipment delays. Meal planning services are seeing a rise in orders. Amazon told suppliers they won't accept shipments of nonessential items until April 5. They will still deliver items that are in stock.

Delivery services like Instacart saw a sales increase of 10x in March compared to January and February.



TV VIEWERSHIP IS RISING FAST

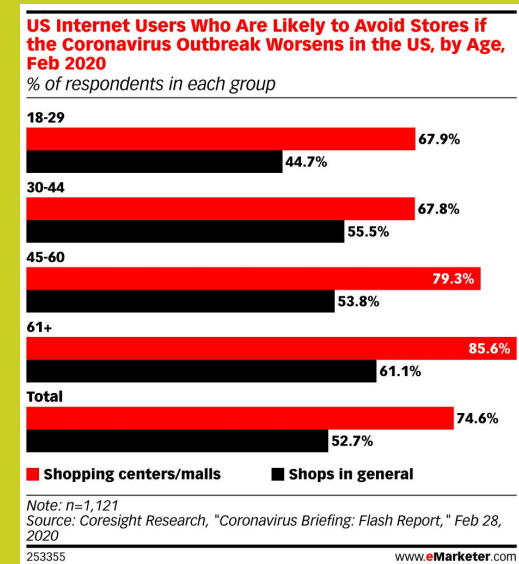
TV viewership is anticipated to increase 60% (Nielsen, 3/16).

Local news viewership is spiking. While co-viewing is increasing due to kids being home, Netflix and iTunes are also reporting spikes in viewing for pandemic-related movies: Outbreak, Pandemic, Contagion.

NBCU broke the theatrical release window on March 16, releasing movies straight to on-demand understanding that consumers want fresh content to stream during this time.

OOH AND EXPERIENTIAL COMPROMISED

75% of U.S. internet users said they will stay away from shopping centers all together if coronavirus worsens.



RADIO USAGE STAYING CONSISTENT

Beyond viewing, **remote workers also lean into listening.** The reach of radio for remote workers compared to non-remote associates is nearly identical — both at just over 95%.
(Nielsen)

CHANNEL CONSIDERATIONS

Home category publishers have not seen significant spending pullback as they stay the course on design projects and longer-term initiatives. Publishers are shifting some online content to relevant topics like: how to set up an impromptu office and how to clean and care for countertops.

Social media is experiencing the most significant channel impact right now. Brands need to carefully consider the tone and content of each post, as users are on edge and quick to pounce on brands that appear to be out of touch. There is opportunity in social in the near future depending on the news of the day.

HOME PUBLISHERS HOLD STRONG

Some publishing categories, like travel, have taken significant hits in the past two weeks, with brands aggressively pulling back spending. **Home publishers haven't seen aggressive pullback**, with many brands choosing to stay the course and some brands re-allocating a percentage of their current quarter spend to later in the year.

Publishers targeting designers are seeing their readers check in on new trends, take online courses and stay up to date on ever-changing policies surrounding the virus. **Hearst reported their sites are pacing +22% growth year-over-year and growing 5% week-over-week (WoW), while Conde Nast notes +20% more site traffic WoW. Architectural Digest reported +237% video watch time.**

SOCIAL MEDIA PRESENTS CHALLENGES

Every brand needs to make platform-by-platform decisions about social media posts, adjusting both content and post frequency as necessary. You should review every post with the knowledge that it will likely be surrounded by COVID-19 news and discussions.

Twitter is overwhelmed with coronavirus chatter, and Facebook has significant content focused on the virus, while Instagram remains more positive. LinkedIn continues to be business-focused with some tie-ins to work-from-home and social distancing. According to some, **Snapchat is the most reliable news source** among social media properties during this crisis, because the platform allows less opportunity for sharing false information.

OPPORTUNITY IN PAID SEARCH

Brands should maintain or increase paid search as an always-on tactic to capitalize on increased internet usage and consumers searching for your brand or product category. Competitors and aggregators have been known to buy branded keywords and terms in order to gain long-term market share.

Our team recommends and is planning for ongoing optimizations and spend adjustments over the next three months. This is not the time to set campaigns and let them run. We'll be adjusting and moving tactics more than ever as the data comes in and circumstances evolve.

PUBLIC RELATIONS IS CRITICAL

In addition to a consistent internal communications cadence, **every company should have a communication plan in place** if their customers will be impacted by business changes due to COVID-19. Brands also need to ensure that internal and external messaging are in alignment.

Significant news announcements could get lost in the clutter of mainstream news. However, **trade publications are still including regular coverage on their properties**. Content distribution tools such as eblasts and newsletters can provide a resource for non-COVID-19 news feeds for customers seeking normalcy.

OWNED AUDIENCE TARGETING

Brands have an opportunity to reach opt-in audiences with more direct messaging and offers than may be appropriate through other channels. In the home category, anecdotal research and observation is showing us that building and remodeling is maintaining momentum through much of the country, and **consumers isolated at home are considering or taking on projects** they had been delaying.

Remember to be helpful to your audiences, but **everything doesn't have to be related to COVID-19**. Through social listening and a non-scientific office poll, we're seeing significant audience fatigue of brands sharing coronavirus-related messages via email.

WHAT'S NEXT?

Wray Ward is dedicated to helping you navigate the business and marketing impacts from this global pandemic. Our teams are here to help you think strategically and activate swiftly, while finding creative solutions to the challenges that may be changing by the hour. We have immense tools at our disposal that help us understand audience behavior and deliver communications that perform. While the future is uncertain, many of the fundamentals haven't changed. Our promise to you is that your team at Wray Ward will do everything we can to stay in front of changing market conditions, provide the best counsel possible and keep you informed. We will continue to provide updates on audience behavior and media trends as this crisis unfolds.

EXTERNAL SOURCES CONSULTED

- eMarketer
- Google
- Nielsen
- Sandow
- Hearst
- Conde Nast
- IPSOS
- Goldman Sachs

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INSPIRED MARKETING COMMUNICATIONS