

POV: Marketing Impacts Due to COVID-19

Issue #13 | June 12, 2020

WRAY | WARD

INSPIRED MARKETING COMMUNICATIONS

PURPOSE

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

WHY IS THIS IMPORTANT?

Through 13 weeks of monitoring and navigating the impacts of COVID-19 in the United States, one thing remains clear: Predicting what will happen next isn't for the meek.

We continue to follow all of the news and trends that matter most to our clients in order to help inform the important decisions that will lead to successful navigation of this crisis.

This week, our POV on the marketing impacts of the pandemic covers everything from **an increase in new COVID-19 cases popping up around the country, to ongoing protests, to stock market rallies and volatility, to new U.S. migration patterns and consumer media consumption habits and the challenges of bringing your teams back to work.**

Our teams are here to help you navigate this challenging situation.

MARKET TRENDS OVERVIEW

This week, volatility continues to be the lead market storyline.

New cases of COVID-19 are beginning to trend up in some states across the country, just as **all 50 states finally have reopened at some level**. Total **unemployment, while elevated, is slowly improving despite continued million-plus weekly jobless claims**.

The Nasdaq reached an all-time record high this week, only to fall by more than 5% on Thursday. Meanwhile, the DJIA and S&P 500 experienced losses, and the **Consumer Price Index fell for the third straight month**.

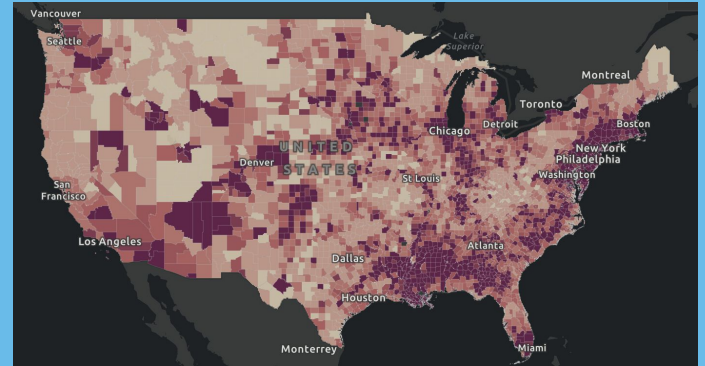
In the home and building industry, **we're seeing signs of life**. **Home purchasing posted gains for the eighth straight week, luxury buyers are returning to the market, and post-COVID migration patterns are emerging**.

U.S. COVID-19 CASES TOP 2M

Confirmed cases of COVID-19 in the United States topped 2M this week. Total deaths related to COVID-19 in the U.S. topped 114K, with 423K deaths reported globally.

According to the [CDC](#), 22M tests have been conducted in the U.S., with 2.39M positive results.

- Johns Hopkins, [Coronavirus Resource Center](#)



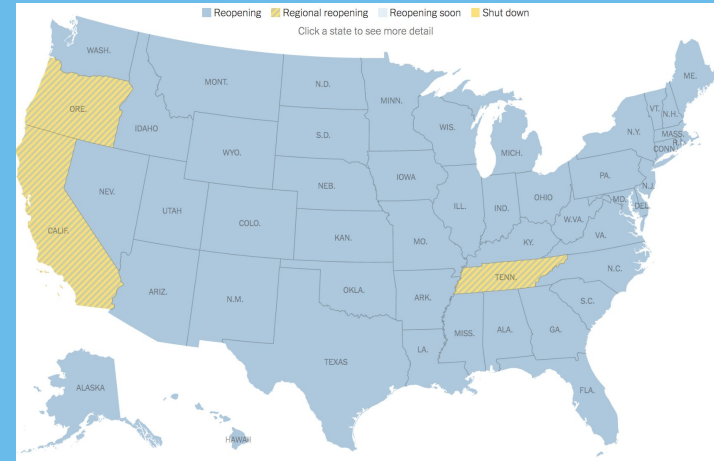
All 50 STATES NOW IN SOME STAGE OF REOPENING

All 50 states are now in some phase of reopening.

Social distancing measures remain in effect in most locales, while seven-day average trends of new cases are rising in some states.

A state is categorized as “reopening” once its stay-at-home order lifts, or once reopening is permitted in at least one major sector (restaurants, retail stores, personal care businesses), or once reopening is permitted in a combination of smaller sectors.

- The New York Times, [See How All 50 States Are Reopening](#), June 11



PROTESTS AND THE PANDEMIC: WILL COVID RESURGE?

The mathematical models used to predict the next stages of the pandemic may factor in the expected Memorial Day celebrations and phased reopenings. But they couldn't have foreseen the events of the past two and a half weeks. How can people in close proximity for extended periods of time, moving and outdoors but singing, shouting and crying (even if masked) affect transmissibility of the coronavirus? That seems like too many variables to model, but some recent technical articles might provide some insight.

What damage could the close proximity of protesters bring? Consider the situation in Chinese cities earlier this year: Waiting a week to resume social distancing after the first inkling of a return of COVID-19 could add 17 days to what's needed to once more flatten the curve of spread.

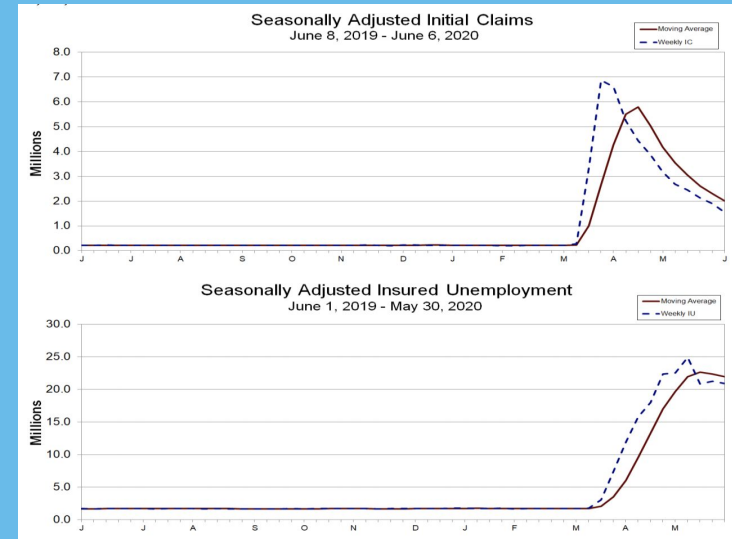
DNA Science, [Protests and the Pandemic: Will COVID-19 Resurge?](#), June 11

TOTAL UNEMPLOYMENT RATE INCHES DOWN TO 14.4%

In the week ending June 6, the advance figure for seasonally adjusted initial jobless claims was 1,542,000, a decrease of 355,000 from the previous week's revised level.

Setting a clearer picture of how many people are out of work, the insured unemployment rate was 14.4%, a .2% decrease from the previous week's revised rate. **The advance number for seasonally adjusted insured unemployment was 20,929,000, a decrease of 339,000 from the previous week's revised level.**

- Department of Labor, [Unemployment Insurance Weekly Claims](#), June 11



NASDAQ HITS 10,000 FOR FIRST TIME, THEN FALLS BACK

The Nasdaq Composite, which hit all-time highs on the first three days of the week, closed 5.3% lower on the fourth day. The index recorded three all-time highs in a row at the start of the week and finished above 10,000 points for the first time in history Wednesday, but on Thursday, it fell back to a level not seen since late May.

The Dow (INDU) closed 1,862 points, or 6.9%, lower.

-CNN, [Stocks Post Their Worst Day Since March](#), June 10

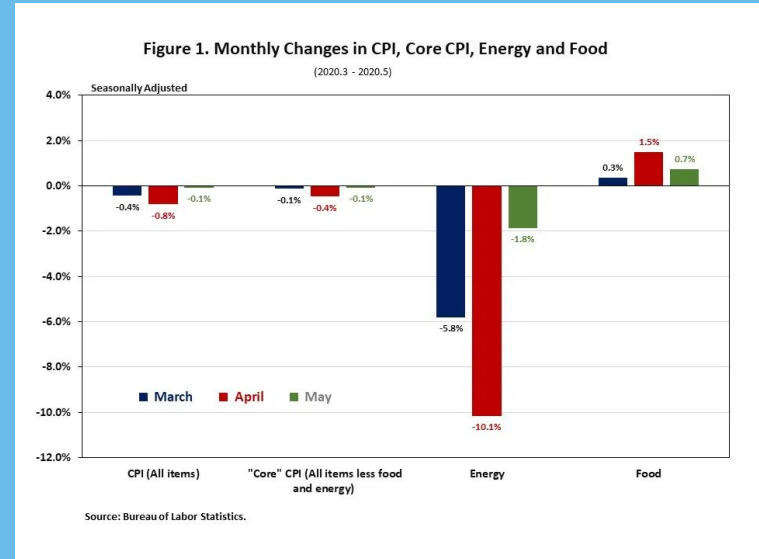


CONSUMER PRICE INDEX FELL FOR 3RD STRAIGHT MONTH

In May, **the consumer price index (CPI) and “core” CPI fell for the third straight month amid the current recession caused by the COVID-19 pandemic.**

The numbers remind us that deflation is at greater risk during an economic downturn. As the economy rebounds, those deflationary pressures will ease.

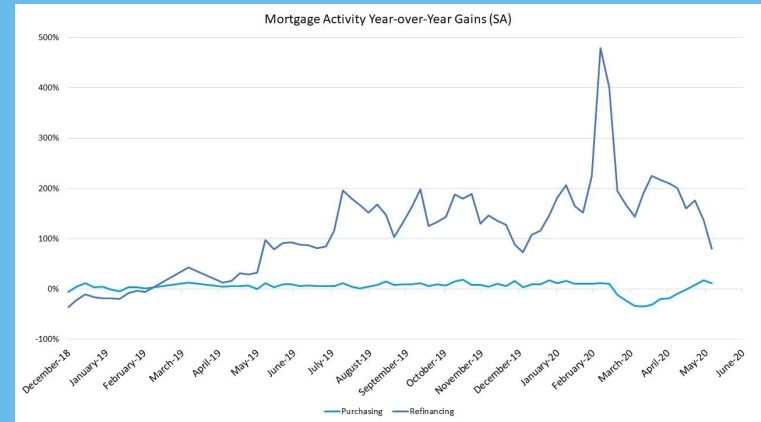
- [National Association of Home Builders, Consumer Prices Drop for a Third Month, June 10](#)



HOME PURCHASING CLIMBS FOR 8TH STRAIGHT WEEK

Home purchasing continued its climb, posting gains for the eighth straight week for the week ending June 5, increasing from the previous week by 5.3%. This activity marked the highest level since January. Refinancing activity, which had been showing week-to-week declines since the second week of April, showed a sharp turnaround this week, posting an 11.4% gain compared to the previous week's activity.

- National Association of Home Builders, [Home Purchasing Climbs for 8th Straight Week, June 10](#)



VARYING IMPACT AMONG CONSTRUCTION INDUSTRY

The third monthly tracking study conducted during COVID-19 among construction tradespeople, including Hispanics, reported mixed results. Respondents, both Hispanic and non-Hispanic, report a **decreased number of rescheduled, delayed or slowed projects** (now under 50% for both) due to COVID-19.

However, both segments report an **increase in the impact of COVID-19 on their ability to get permits and inspections done** (nearly 15% report the problem).

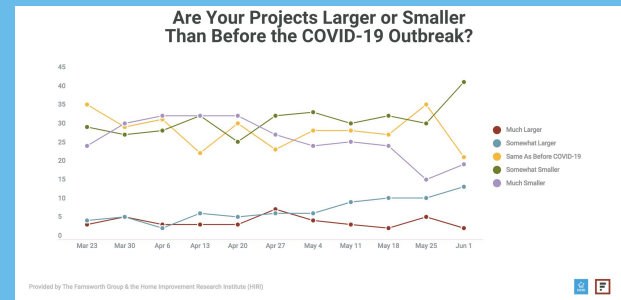
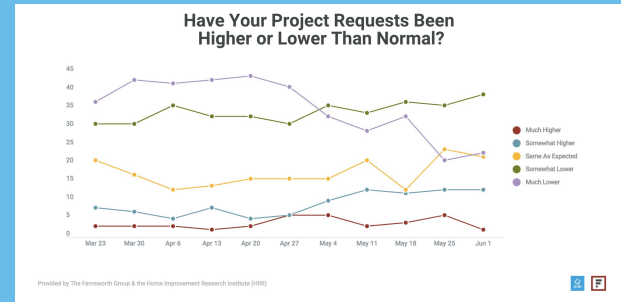
Nearly 1 in 4 non-Hispanics and 1 in 5 Hispanics report that they **shopped at a different supplier/retailer with safer methods** to buy materials. An equal number (41%) say they **shopped online more** as a result of COVID-19.

- Silver Lake Media Group (Publisher of Pro Construction Guide and Constrú-Guía),
May 2020 Bilingual Survey

CONTRACTOR PROJECTS SEEING SMALL REBOUND

The Farnsworth Group reports contractor project requests and closure rates have seen a very small rebound in recent weeks. **While project requests are still down, research suggests the quality of requests is strong with homeowners intent on doing the work, resulting in slightly better than normal closure rates.**

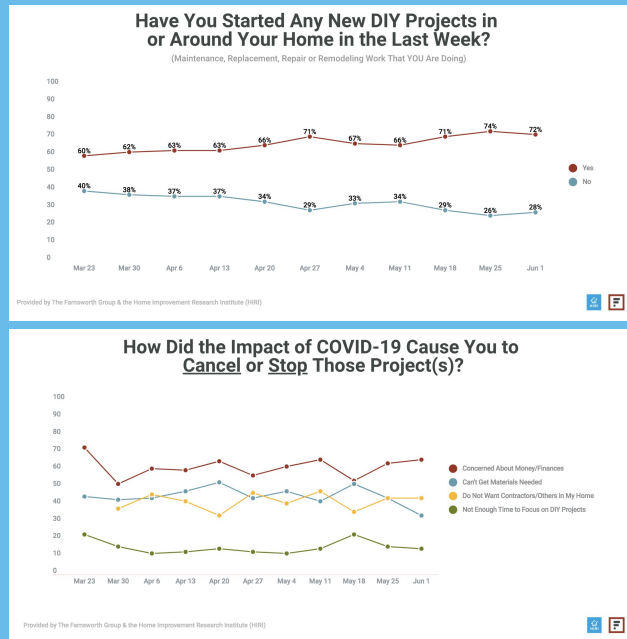
- The Farnsworth Group, [Weekly COVID Impact Tracker \(Pro\)](#)



DIY PROJECT GROWTH CONTINUES

The Farnsworth Group reports a **continued elevated level of the percentage of DIYers doing projects versus a pre-pandemic time period.** This week's report also shows **a significant drop in the number of DIYers reporting their projects are impacted because they "can't get materials needed" to do the work.**

- The Farnsworth Group, [Weekly COVID Impact Tracker \(DIY\)](#)



TOWN CENTERS POTENTIAL COMMERCIAL BRIGHT SPOT

The rise of town centers is one prominent trend that looks to gain momentum in the post-COVID environment. These properties are mostly outdoor and walkable, which gives them a great deal of flexibility to accommodate social distancing. Many also include residential, office and entertainment spaces, and some are adjacent to mass transit. **Not only do we see town center formats flourishing, but we also see many traditional enclosed shopping malls transitioning toward this format. Another trend that seems poised to gain momentum is the move by e-commerce companies to open brick-and-mortar locations in highly trafficked areas.** These locations, with showrooms that allow customers to test new products, allow firms to build their brands and deepen customer relationships.

- Wells Fargo, [Commercial Real Estate Chartbook](#), June 5

RISINGER BUILD SEEING A RISING TIDE

“A few short weeks ago we were all on lockdown and uncertain about the future, but today it’s more like a 60/40 split and you don’t know which side people fall on their current response to the crisis. I live in tech-heavy Austin and all of the prospects I had in my pipeline have moved forward except one. **I often see a big spike in potential new project interviews in January/February post-holidays, but I’ve seen that same spike the last few weeks.**”

I also run a media production company called Build Productions, which produces The Build Show on YouTube and on BuildShowNetwork.com, and manufacturers we work with have been in overdrive wanting to produce web content. **Brands see that trade shows and in-person events will be on hold for a while and they want to move a chunk of their budgets to online content.**”

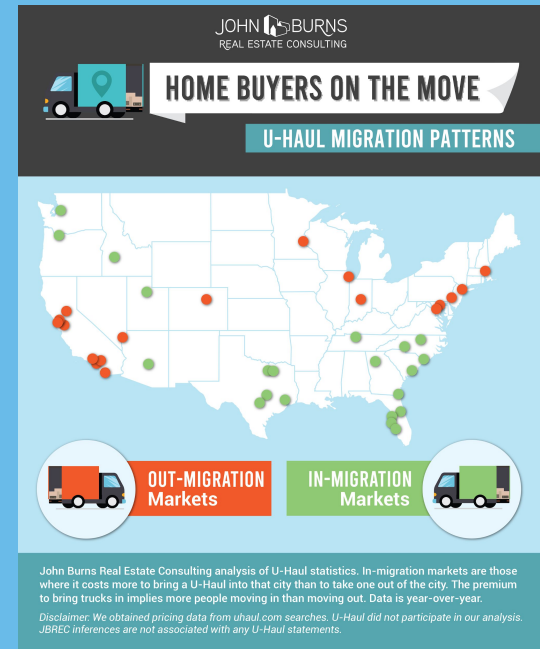
- Matt Risinger, CEO and Chief Builder, Risinger Build

HOMEBUYERS ARE ON THE MOVE

As the world reopens, the Great American Move that John Burns Real Estate Consulting projected has begun.

The housing industry is benefiting from the movement as buyers migrate to more affordable locales in the West and Southeast. Meanwhile, luxury buyers have returned and are willing to pay more for inventory homes so they can move immediately.

- John Burns Real Estate Consulting, [The Light: Home Buyers on the Move](#), June 5



MEDIA TRENDS OVERVIEW

This week, the news media is keeping one eye on racial protests and the other eye on COVID-19 new case counts. **As new coronavirus cases begin to rise again, more and more U.S. adults are becoming okay with the idea of sharing personal information via their smartphone to help stop the spread.**

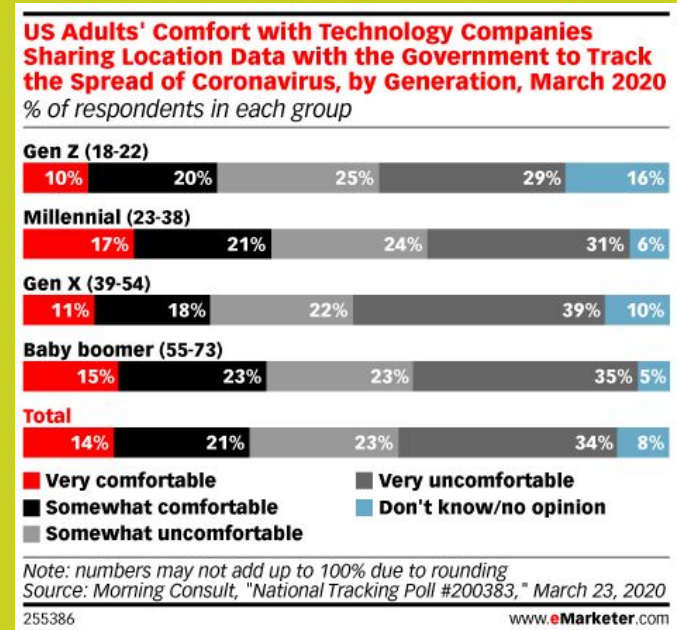
More and more marketing industry organizations are creating plans to combat racial injustice. For example, the Association of National Advertisers (ANAs) diversity arm issued a call to action seeking pledges to take steps to become more diverse and inclusive.

Publishers are seeing revenue return to video ad units the past few weeks as the ANA pushes for changes to the upfront schedule. And, Disney is offering new integrations with Hulu during this year's upfront marketplace.

CONSUMER PRIVACY IN THE AGE OF COVID-19

eMarketer released a report called Consumer Privacy in the Age of COVID-19 that showed **many U.S. adults are willing to share personal info to help stop the spread of the virus.** One interesting takeaway? Generational mindsets on privacy related to COVID-19 appear to generally align from parents to their children.

- eMarketer, [Consumer Privacy in the Age of COVID-19](#), June 5



ANA WANTS TO IMPROVE LIMITED DIVERSITY PROGRESS

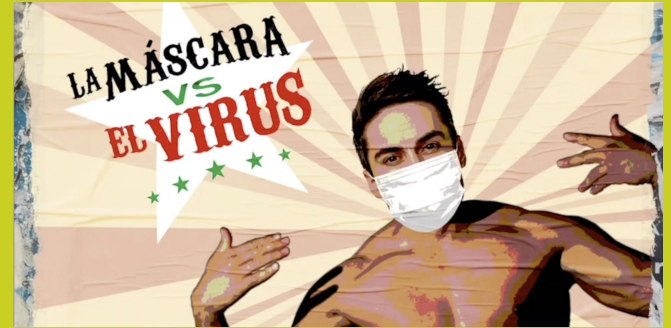
The Association of National Advertisers (ANAs) diversity arm, the Alliance for Inclusive & Multicultural Marketing, issued a call to action that included a letter to member companies asking them to pledge to become more diverse and inclusive. **The ANA recommends marketers take steps including implementing annual diversity reports, establishing systems to end systemic racism within the ad industry, spending more on multicultural marketing, improving measurement to confirm the accuracy of multicultural and inclusive data, and making the creative supply chain more equitable.**

- AdAge, [ANA Admits 'Limited Progress' On Diversity And Inclusion Initiatives, Calls For Action](#), June 9

LATINO PSA DELIVERS HELPFUL COVID-19 INFO

D exposito & Partners created a spanish-language PSA that's now running on Univision, Telemundo and CNN en Espanol. **The “Lucha vs. El Virus” campaign videos feature luchadores, masked wrestlers that perform in Mexican professional wrestling (lucha libre).** The message: Don't take your mask off; stay in the fight. Latinos have as much as four times greater COVID-19 rates than expected across the U.S.

- Adweek, Latino PSA Features Luchadores to Deliver Helpful COVID Info to Spanish Speakers, June 8



PUBLISHERS SEE VIDEO AD REVENUE RETURN

Publishers have seen their video ad revenue across Facebook, YouTube and Snapchat recover since hitting bottom in early April. The uptick is driven by increased video production, higher viewership and the resurgence of advertisers looking to reach a large audience. **Facebook ad CPMs bottomed out around \$4.83 the week of April 5, still the lowest mark of 2020. The week of May 25m, Facebook ad CPMs reached \$8.22, which is the highest mark of the year.** While those numbers apply to Facebook's entire ad product portfolio, the initial CPM drop stemmed largely from advertisers cutting back on brand advertising campaigns, which often concentrate on video placements.

- Digiday, [‘We’ve Seen the Tide Turn’: Publishers Benefit from Revenue Upticks from Facebook, Youtube and Snapchat Video](#), June 9

ANA CALLS FOR CHANGES TO UPFRONT

The Association of National Advertisers is calling on the TV industry to shift its annual upfront to a calendar basis. The move is part of an effort by the organization to increase productivity and transparency in media investments.

The organization is not looking to change the year-round negotiation process that currently exists, or the fundamentals of marketplace transactions, where each company makes its own independent determination of when and what advertising time it will purchase. Instead, they are calling for a choice, more flexibility and a “better-timed” upfront.

The desire for these changes are being driven by the challenges posed by the current climate of uncertainty that started with the COVID-19 pandemic, according to the organization.

- Ad Age, [ANA Calls for Changes to Upfront](#), June 10

DISNEY ADDS HULU TO UPFRONT DEALS

A year after taking full control over Hulu, Disney will sell the streaming service's inventory alongside the media company's own linear TV and digital inventory in this year's upfront marketplace.

Disney has created a new advertising program called Disney Hulu XP for advertisers to buy ads across Hulu and Disney's digital video inventory, including streams of its TV shows and live sports, as part of a single deal. Advertisers will be able to buy Disney Hulu XP as a standalone option or within a broader deal with Disney.

- Digiday, Disney Adds Hulu To Upfront Deals To Bolster Streaming Pitch To Advertisers, June 5

SPOTIFY SEES MUSIC BRINGING PEOPLE TOGETHER

Spotify released new research called "Together at Home," exploring how listening trends have changed due to COVID-19.

Highlights from the report include:

- 47% of Spotify listeners are listening in groups
- 69% say music brings their family together
- On average, four people listen together for an average of five hours per day
- 30% of Americans are listening to more music since COVID-19, and 74% intend to keep up the increased music consumption

- Spotify, [Together at Home](#), May 2020

BRAND TRENDS OVERVIEW

Brands are continuing to face challenges across the enterprise, from production and distribution to sales and workforce protection.

A report from Harvard this week highlights the disparity faced by minorities when returning to work, as these populations have a higher propensity to work **in a job that requires them to be close to other people, which could increase their risk of catching COVID-19.**

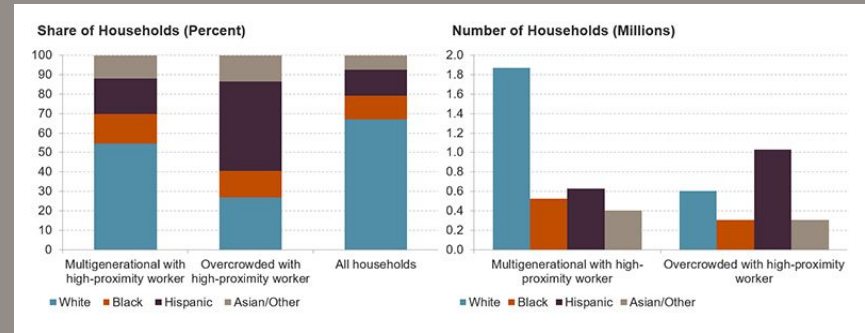
eMarketer predicts that **it may take up to five years for U.S. retail to recover, with total retail sales predicted to drop by 10.5% in 2020.**

IPSOS hosted an interesting webinar this week that covered how **pandemic lifestyles are changing our orientation to brands.**

MINORITIES FACING MORE RISK WITH JOB RE-OPENINGS

In about a third of all households, and in at least 40% of Black and Hispanic households, at least one person works in a job that requires them to be close to other people, which could increase their risk of catching COVID-19. These include about 5.4 million households that are especially vulnerable because they are multigenerational and/or living in overcrowded conditions.

- Harvard's Joint Center for Housing Studies, [High-Proximity Jobs And Household Vulnerabilities](#), June 8

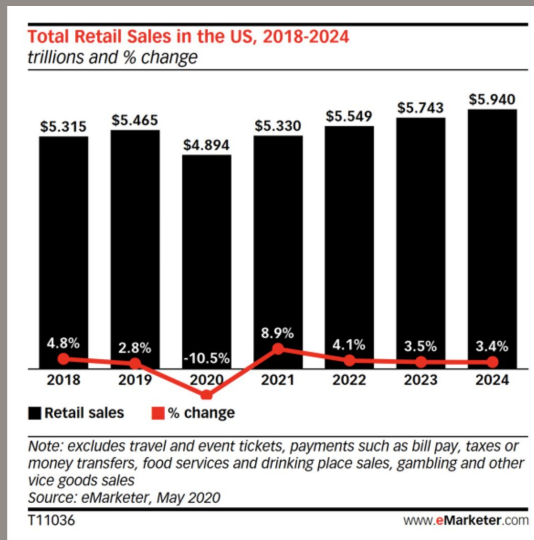


RETAIL SECTOR COULD TAKE YEARS TO RECOVER

The U.S. retail sector could take years to recover from the impact of the coronavirus, and the hit could be worse than that of the Great Recession. According to eMarketer's latest forecast on **U.S. retail sales (which includes auto and fuel), total retail sales will drop by 10.5% this year, steeper than the 8.2% drop in 2009.**

E-commerce is the only bright spot, jumping 18.0% this year, as Americans rely on Amazon and other online retailers for necessities. **Brick-and-mortar retail sales will fall 14.0%** to \$4.184 trillion in 2020.

- eMarketer, [US Retail Sales to Drop More than 10% in 2020](#), June 7



SOCIAL INSIGHTS PREPARING BRANDS FOR SUMMER

As we navigate the ever-changing landscape, social intelligence helps keep us agile and better able to uncover how consumers are evolving. This week, **IPSOS** hosted a webinar that covered how pandemic lifestyles are changing our orientation to brands and how, in the “new abnormal,” online word-of-mouth is the only word of mouth.

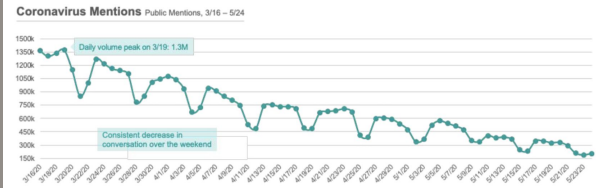
- [IPSOS, How Social Insights are Preparing Brands for an Unconventional Summer](#)

The Experience Through this Continuum Continues to Come to Life via Social, Particularly When Looking at Memes



We Can Also See That People are Tired, Indicated by a Steady Decline in Social Conversation on COVID

COVID-19 was mentioned more than 2M times over the past week, with a consistent decline in conversation citing COVID outright due to Americans having acclimated to the situation and no longer making direct references to the virus. While conversation overall declined week over week, we are starting to see the decline leveling off.



EPA ORDERS AMAZON TO REMOVE UNSAFE PRODUCTS

The U.S. Environmental Protection Agency (EPA) ordered Amazon and eBay to stop selling a wide range of pesticide products on their platforms, including those that are falsely marketed as being effective against the novel coronavirus.

The EPA said the products on its list are unregistered, misbranded or restricted-use pesticides, and pesticide devices that pose a significant health risk to consumers, children, pets and others exposed to them.

Amazon said they have developed specific tools for COVID-19 that scan product detail pages for any inaccurate claims that the company's initial filters may have missed. They are removing the products in question and are taking action against the bad actors who listed them.

- Reuters, [U.S. EPA Orders Amazon, Ebay to Remove Unsafe Products that Cash-In on Pandemic Fears](#), June 11

WHAT'S NEXT?

Wray Ward is dedicated to helping you navigate the business and marketing impacts from this 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 provide ongoing updates on market, media and brand trends as this crisis unfolds.

EXTERNAL SOURCES CITED

- Johns Hopkins
- The New York Times
- DNA Science
- Department of Labor
- Business Insider
- National Association of Home Builders
- Silver Lake Media Group
- The Farnsworth Group
- Wells Fargo
- Risinger Build
- John Burns Real Estate Consulting
- eMarketer
- AdAge
- Digiday
- Spotify
- Adweek
- Joint Center for Housing Studies
- IPSOS
- Reuters

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