

POV: Marketing Impacts Due to COVID-19

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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?

The immediate **future is uncertain**. We've said and heard that phrase often the past four months. The irony is, this assumes the opposite was ever true.

While the impacts of COVID-19 will continue to be felt for many months or maybe even years, this will be our last weekly summary of pandemic news. Though our regular POV deliveries are ending, we are still here to help you find impactful solutions to move your brand and company forward.

We will also continue to publish COVID-19-related content on our [blog](#) – specifically, how this pandemic impacts the home and building category and customers our industry serves.

We would be honored to help you determine what's next for your brand. If you'd like a free consultation, please reach out to Kent Panther at kpanther@wrayward.com.

MARKET TRENDS OVERVIEW

Total U.S. COVID-19 cases continue to climb, as all 50 states have now been in some stage of reopening their retail and service economies for at least the past week. **The insured unemployment rate through the week ending June 13 fell slightly** to 13.4%, an improvement of .5% from the previous week.

In May, **existing home sales fell for the third straight month, while new home sales jumped**. The latter gain is consistent with the National Association of Home Builders' prediction that housing will be a leading sector in an emerging economic recovery. Meanwhile, **construction activity may be approaching pre-pandemic levels**, with recent numbers comparable (or even higher in some areas) than those on March 1.

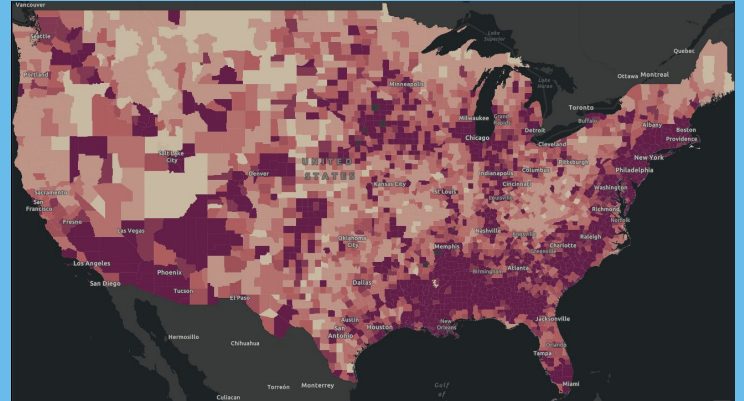
Though many Americans have felt at least some financial impact from the coronavirus, **73% of homeowners are still planning to renovate their homes in 2020. As for the kitchen and bath market, business is down but not out**, with homeowners expecting to move forward with 70% of postponed projects this year.

U.S. COVID-19 CASES TOP 2.4M

Confirmed cases of COVID-19 in the United States topped 2.4M this week. Total deaths related to COVID-19 in the U.S. topped 124K, with 490K deaths reported globally.

According to the [CDC](#), 31.3M tests have been conducted in the U.S., with 2.95M positive results.

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

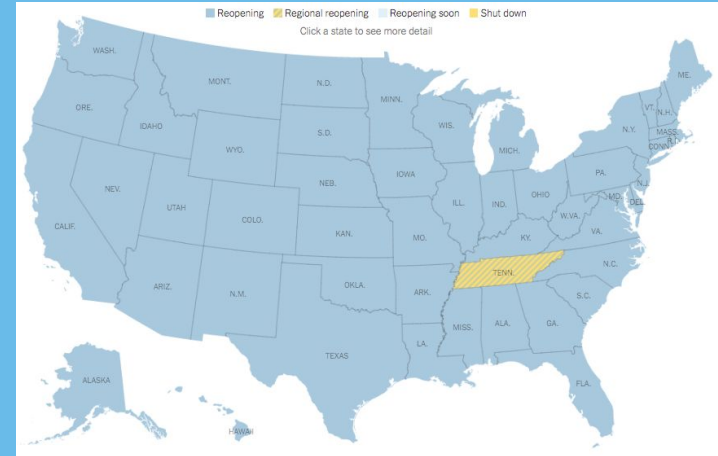


ALL STATES IN SOME STAGE OF REOPENING

All 50 states have begun to reopen, with varied approaches. Social distancing measures remain in place in most areas. However, some states reopened without meeting recommended guidelines. That leniency, coupled with recent widespread protests, may be contributing to the latest spike in cases.

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 25

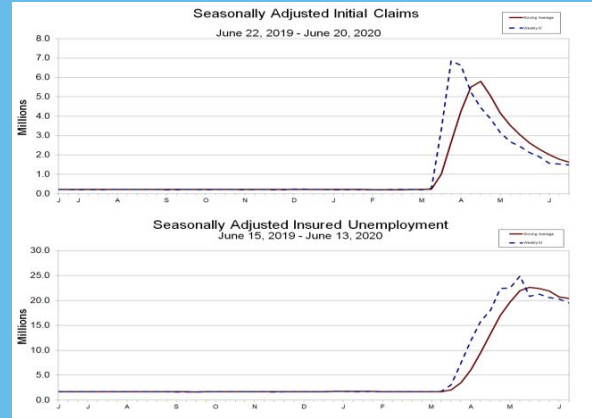


TOTAL UNEMPLOYMENT DOWN SLIGHTLY TO 14.1%

In the week ending June 13, the latest data available, the advance figure for seasonally adjusted initial jobless claims was 1,480,000, a decrease of 60,000 from the previous week's revised level.

Shedding light on the true number of people out of work, the insured unemployment rate was 13.4% for the week ending June 13, a decrease of .5% from the previous week's revised rate. **The advance number for seasonally adjusted insured unemployment was 19,522,000, a decrease of 767,000 from the previous week's revised level.**

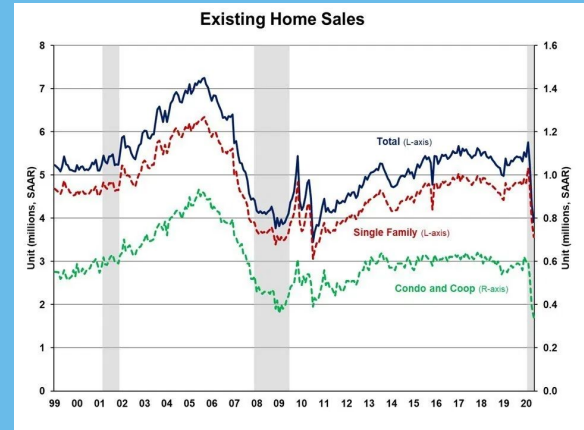
- Department of Labor, [Unemployment Insurance Weekly Claims](#), June 25



EXISTING HOME SALES DROP FOR A THIRD MONTH

Existing home sales fell for the third straight month in May, as the coronavirus pandemic shut down much of the country's economic activity and hit the labor market. However, **because existing sales are a reflection of closed contracts, sales likely reached a recession low point in the May data.**

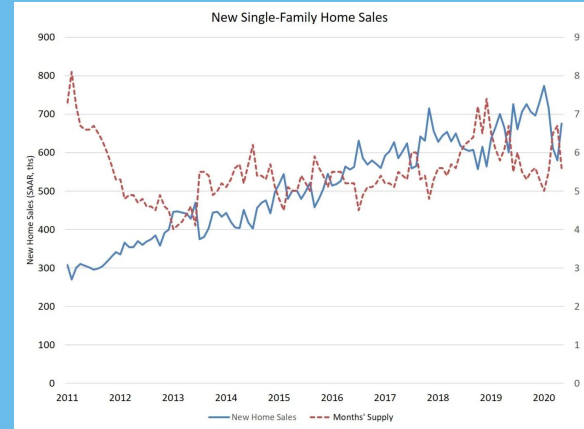
- National Association of Home Builders, [Existing Home Sales Drops for a Third Month](#), June 22



NEW HOME SALES JUMPED IN MAY

New home sales jumped in May, as housing demand was supported by low interest rates, a renewed household focus on housing and rising demand in lower-density markets. Census and HUD estimated **new home sales in May at a 676,000 seasonally adjusted annual pace, a 17% gain over April.**

The gains for new home sales are consistent with **the National Association of Home Builders (NAHB) forecast that housing will be a leading sector in an emerging economic recovery.**



- NAHB, [New Home Sales Jump in May](#), June 23

CONSTRUCTION APPROACHES PRE-PANDEMIC LEVELS

Statistics indicate construction work may be approaching pre-coronavirus numbers, according to data collected by Procore and the Associated General Contractors of America (AGC).

Using worker hours to measure construction activity during the pandemic and related government shutdown orders, Procore found that **recent numbers are comparable, or in some cases higher, than those on March 1, the last week before shutdowns began.**

The majority of states and cities are seeing this change, which could be attributed to warmer weather increasing the seasonal demand of construction work.

- Construction Dive, [Construction Productivity Stats Approach Precoronavirus Levels](#), June 19

HOME IMPROVEMENT APPETITE UNAFFECTED

Despite widespread disruptions to the U.S. economy from the coronavirus, **73% of homeowners are planning to renovate their homes in 2020**, according to a May 2020 LightStream home improvement survey. That percentage is only slightly below the 77% of homeowners reporting home improvement plans for 2020 in a January LightStream survey.

As a result of COVID-19, **homeowners are reportedly placing a higher value on privacy in their homes**. More than a third of surveyed homeowners feel they do not have a personal space in their house; the percentage is higher among parents.

Of homeowners cutting back or canceling 2020 projects, the majority are doing so because of a reprioritization of discretionary spending.

- Remodeling, [Survey: Home Improvement Appetite Unaffected by COVID-19 Pandemic](#), June 19

UPDATING THE 2020 OUTLOOK: \$130B FOR K&B MARKET

The National Kitchen & Bath Association's (NKBA) annual research on business projections has been revised to account for the effects of the COVID-19 pandemic and while business is down, it's not out.

Unsurprisingly, **the revised research predicted a slowdown in kitchen and bath spending to \$130.8 billion, an 11.7% drop from \$148.1 billion spent in 2019.** This will be driven by an **8.7% falloff in new construction** and a **15.2% decline in remodeling.**

As of mid-April, **81% of kitchen and bath remodeling projects had been postponed or canceled, but homeowners plan to reschedule 70% of those projects in 2020.**

For projects that continued through the pandemic, designers were less likely to be used, at a rate of 25% compared to 38% pre-COVID-19.

MEDIA TRENDS OVERVIEW

Our team attended Newfronts (originally slated for NYC but rescheduled to virtual programming) to get a first look at media opportunities publishers are selling in the year ahead. Among five big themes we saw? **Diversity and accountability**, with Vice starring in the week's most jaw-dropping moment when it called out a large corporation. **Interactivity** will be big as well, with more of it coming to Connected TV and elsewhere.





























Meanwhile, **#StopHateForProfit gained momentum, meaning every advertiser who spends on Facebook needs a strategy for July**. Also noteworthy? According to a new eMarketer report, **Google ad revenue may decline for the first time ... ever**.

In another first, Meredith is now prioritizing programmatic and specifically their private marketplaces over direct buys. What will this shift mean for the future of publisher-brand relationships?

DIGITAL 2020 NEWFRONTS A VIRTUAL FIRST

Originally scheduled April 27th - May 6th in NYC, the Newfronts were rescheduled to virtual programming this week. Newfronts are the digital world's answer to TV Upfronts, and while they reflect different media, the goal of both are the same: showcase the exciting media opportunities publishers are selling in the year ahead.

For our team, attending the Newfronts was a great way to gain visibility into core themes from the big players that will shape the next 12 months ahead.

MON JUN 22 THE STREAMING REVOLUTION!						
TUE JUN 23 LIFESTYLE CONTENT: SHIFTING CONSUMER BEHAVIORS						 
WED JUN 24 THE POWER OF NEWS AND AUDIO						 
THU JUN 25 AUDIENCES & COMMUNITY						 
FRI JUN 26 THE MARKETER'S GUIDE TO GAMING... NOW!						

5 THEMES EMERGED DURING NEWFRONTS

Diversity and Accountability

Vice had the most jaw-dropping moment of the week, when they called out a “large corporation” that made a public statement in support of BLM only to then send Vice a keyword block list that included “Black Lives Matter” and “Black People.” Newfronts host IAB called on the entire audience to “step in and step up.”

Authenticity

Crackle+, Barstool Sports and Vice prided themselves on being unapologetically real in their content. Snapchat touted the genuine and raw format of their unscripted Discover originals. Whistle’s research on Gen Z revealed they want role models who are open about their flaws as opposed to seemingly perfect.

Agility

It’s the new buzzword for spend flexibility. “Flexibility” is sooo pre-COVID.

5 THEMES EMERGED DURING NEWFRONTS cont.

Interactivity

More of it is coming to Connected TV. Roku can detect when your ad is on the TV screen and serve you a complimentary add on your phone. Hulu has more interactive formats to give viewers control over which ads they watch, along with different VO options. Hulu's new GatewayGo unit will let advertisers use second-screen tech like QR Codes and push notifications to encourage immediate action. YouTube is also rolling out shoppable video ads.

Podcast Hosts as the Newest Influencers

Podcast hosts are more than just audio voices. Their branding expands into events, video, partnerships, merch and more. And, the personal nature of most podcasts results in listeners developing a meaningful bond with the hosts.

#STOPHATEFORPROFIT GAINS MOMENTUM

Stop Hate for Profit is “asking all businesses to stand in solidarity with our most deeply held American values of freedom, equality and justice and not advertise on Facebook's services in July.”

Boycott objectives:

- Demand Facebook stop generating ad revenue from hateful content
- Provide more support to people who are targets of racism and hate
- Increase safety for private groups on the platform, among other measures.

This movement will continue to develop as the list of boycotters grows each day (Patagonia, North Face and Verizon are a few of the best-known brands that have signed on). **Every advertiser who utilizes the Facebook platform needs a strategy for July** and, should they decide to pull their campaigns, a plan for their Facebook ad dollars.

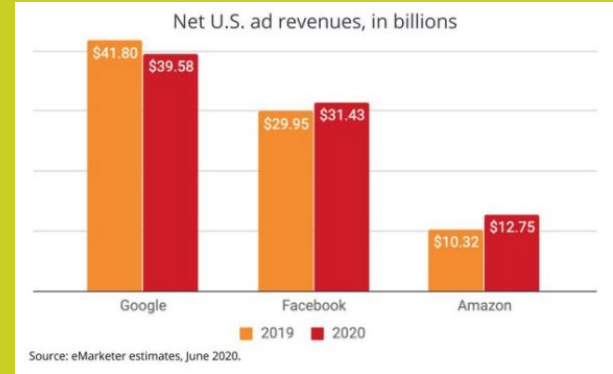
- [Stop Hate for Profit](#), June

GOOGLE AD REVENUE TO DROP FOR FIRST TIME EVER?

For the first time since it has been tracked, **Google's U.S. ad revenues will decline this year, according to revised projections released by eMarketer.** Google's net U.S. ad revenues will decline in 2020 primarily because of a sharp pullback in travel advertiser spending.

The other two of digital's Big 3, Facebook and Amazon, will increase their ad revenues as well as their share of digital ad spending in the U.S. – especially Amazon, which has benefited from a surge in e-commerce that was also triggered by the pandemic.

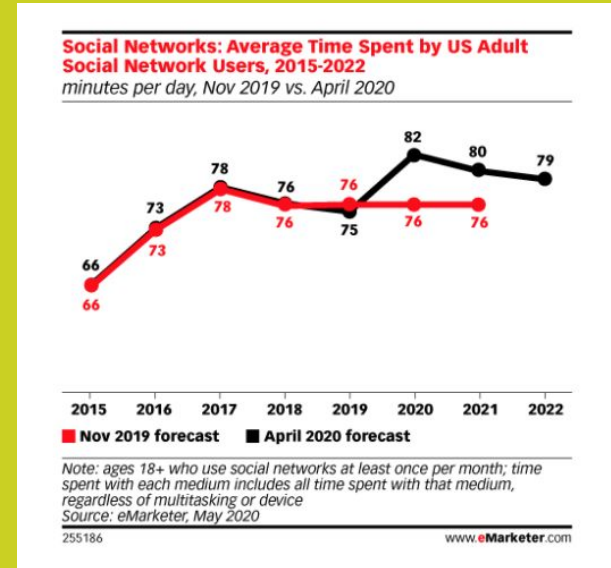
- MediaPost, [For The First Time Ever, Google Ad Revenues Are Poised To Decline — Digital Ad Market Share, Too](#), June 22



SOCIAL MEDIA USAGE TO NORMALIZE POST-PANDEMIC

Up to 51% of U.S. adults are using social media at higher rates during the pandemic. However, researchers believe that when consumers eventually get back to their normal routines of school, work and social activities, the trends will moderate. eMarketer predicts this will start to happen later in 2020, with a more visible downward trend evident in 2021 and beyond.

- eMarketer, [Uptick in US Adults' Social Media Usage Will Likely Normalize Post-Pandemic](#), June 22

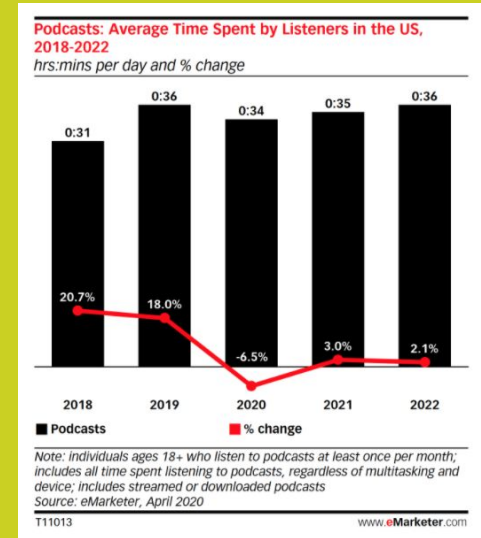


TIME SPENT WITH PODCASTS TO REBOUND BY 2022

U.S. adult listeners will spend an average of about 34 minutes a day on podcasts in 2020, a two-minute decline from last year. The decline is due to the pandemic's impact on listening behavior, but eMarketer predicts time listening to podcasts will return to pre-contraction levels by 2022.

In the weeks following shelter-in-place orders, the dip in listening was most severe, though listens and downloads have rebounded a bit since then. **The retraction in 2020 will be the first since tracking of U.S. podcast listener time began in 2015.**

- eMarketer, Time Spent with Podcasts Will Dip Amid the Pandemic, but It Should Rebound by 2022, June 23



MEREDITH PROGRAMMATIC PRICES REBOUND

Meredith has seen programmatic ad prices rebound to higher than pre-COVID-19 levels.

Meredith's CPMs in June are up 60% from April and up 20% from early March. The publisher's big move? They placed programmatic, and its private marketplaces in particular, above direct sold advertising.

From a pricing standpoint, there are certain things that Meredith said they will have to revert back to. But there are other lessons coming out of this that they expect will stick around, such as how to differentiate a brand building ad unit from a performance ad unit.

- Digiday, [Bright Spot: Meredith Sees Programmatic Ad Prices Rebound to Higher than Pre-coronavirus Levels](#), June 24

BRAND TRENDS OVERVIEW

Take me out to the ballgame? Maybe, depending on where the game is being played. **Major League Baseball teams will return to the field in late July** for a shortened season, with or without fans in the stands. It's a small measure of the country's partial return to normalcy.

How are businesses surviving the effects of the pandemic? **Minority business owners — especially Blacks — were the hardest hit** among small business owners this spring. Meanwhile, will malls survive? Only time will tell, but today, **just 35% of U.S. adults say they would be comfortable going to a mall.**

Finally, do you know your pandemic persona? **Marketing data and analytics firm AnalyticsIQ coined four groups based on attitudes and actions taken regarding the pandemic.** Whether you're a careful optimist or remiss pessimist, COVID-19 will undoubtedly alter the landscape for us all.

MLB REPORTS TO CAMP JULY 1; SEASON BEGINS JULY 23

Take me out to the ballgame? Maybe, maybe not – depending on state regulations.

With or without fans in the stands, Major League Baseball will hold Opening Day either July 23 or 24, and players will head to training camps on July 1 after the league and the player's union agreed on health and safety protocols that will govern the sport as it attempts to return to the field during the pandemic.

Nearly three months of frustrating and failed economic negotiations ended with the league implementing a 60-game season that will run through Sept. 27, featuring a number of new elements and the same 10-team playoff structure it has used for almost a decade.

- ESPN, [MLBPA, Owners Clear Final Hurdles; Players Set To Report To Camps July 1](#), June 23

SMALL BUSINESS OWNERS OF COLOR HARDEST HIT

From February to April, the U.S. saw the **number of Black, Latinx and Asian small-business owners decline 41%, 32% and 26%**, respectively, according to a recent report from the National Bureau of Economic Research citing U.S. Census Bureau data.

Over the same period, the decline in the number of immigrant small-business owners was double that of U.S.-born small-business owners (down 36% and 18%). Additionally, female-owned small businesses dropped 25%, which was greater than the decline for males.

- eMarketer, [Small Business Owners of Color Are the Hardest Hit amid the Pandemic](#), June 22

Decreases in US Small-Business Owners due to the Coronavirus Pandemic, by Demographic, Feb-April 2020 *number of business owners and % change in each group*

	Feb 2020	April 2020	Actual losses	% change
Gender				
Female	5,389,399	4,048,205	-1,341,194	-25%
Male	9,623,293	7,662,156	-1,961,137	-20%
Ethnicity/race				
Asian	888,528	657,896	-230,632	-26%
Black	1,079,116	637,769	-441,347	-41%
Latino	2,070,896	1,412,925	-657,971	-32%
White	10,553,415	8,761,531	-1,791,884	-17%
Citizenship				
Immigrant	3,120,275	2,009,597	-1,110,677	-36%
US-born	11,892,417	9,700,763	-2,191,654	-18%
Total	15,012,692	11,710,360	-3,302,331	-22%

Source: US Census Bureau Current Population Data (CPS) report as cited in "The Impact Of COVID-19 On Small Business Owners" by the National Bureau of Economic Research, June 8, 2020

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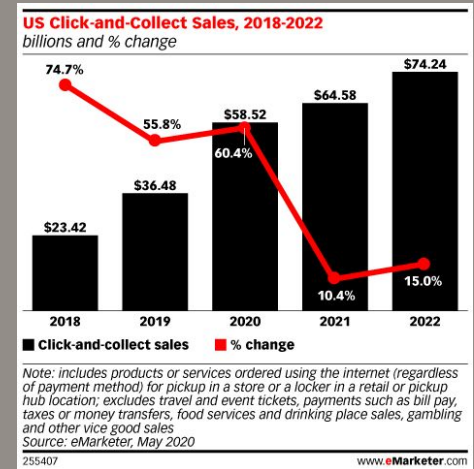
www.eMarketer.com

ONLY 35% COMFORTABLE RETURNING TO THE MALL

A Morning Consult survey conducted from June 9 to 11 found that **just 35% of U.S. adults would be comfortable going to a mall**. Although that's double the percent of respondents who were comfortable at the end of April, it's a long way from normal.

The **rush to e-commerce has also forced retailers to improve distribution and pickup options**. Along with delivery, many retailers honed their curbside and click-and-collect services. As a result of these changes, **click-and-collect sales in the U.S. are expected to increase 60.4% in 2020**, a massive \$22.04 billion gain over 2019.

- eMarketer, [Mobile Shopping Gains Are Likely to Stick in the Future](#), June 21



WHAT'S YOUR PANDEMIC PERSONA?

AnalyticsIQ, a marketing data and analytics firm, identified four “pandemic personas” based on attitudes and actions taken regarding the pandemic.

- **Careful Optimists** are mostly women over 45 who **share a positive outlook while being proactive** by wearing masks, social distancing and limiting public outings.
- **On-Guard Cynics** are mostly women 25-64 who **take these same proactive approaches but have more doubt about the future.**
- **Lax Dreamers** are mostly men over 45 who **have made few changes to their day-to-day activities since the pandemic began** and aren't as likely to take precautionary measures.
- **Remiss Pessimists** are also largely male and **tend to be frustrated by pandemic restrictions**, although they have a negative outlook. **They tend to be high earners and might adjust budgets moderately.**

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 would be honored to help you determine what's next for your brand. If you'd like to schedule a free consultation, please reach out to Kent Panther at kpanther@wrayward.com.

EXTERNAL SOURCES CITED

- Johns Hopkins
- The New York Times
- Department of Labor
- National Association of Home Builders
- Construction Dive
- Remodeling
- National Kitchen & Bath Association
- Stop Hate for Profit
- MediaPost
- eMarketer
- Digiday
- ESPN
- Business Journal

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