

# 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 recent events and the **impact of the COVID-19 pandemic.**

# WHY IS THIS IMPORTANT?

**This week brought some good news** from the oft-cited IHME COVID-19 models. IHME models have shifted U.S. death projections from 250K early last week to 85K on April 3 to 60K on April 8. The IHME models show the curve flattening across the country, the hospital strain reducing significantly in late April and early May, and **an end to the first wave of this pandemic by early June**. The end of this tunnel is starting to come into view.

As our society continues to shelter-in-place, new data is coming at us from every direction, yet almost all of that data is limited in scope and telling us what already happened. Every community and company is facing unique challenges while trying to project what will happen next. The best we can do is review as many different sources of information as possible, lean in to experts and make the best imperfect decisions we can.

What do we know? **We have to move forward, and we have to keep communicating.**

# MARKET TRENDS

For the first time in weeks, **COVID-19 projections have started to turn more positive** and are beginning to show the end of this pandemic. While no one knows the plan or timing for reopening society, models indicate we're passing the peak now or in the next few days across most of the country.

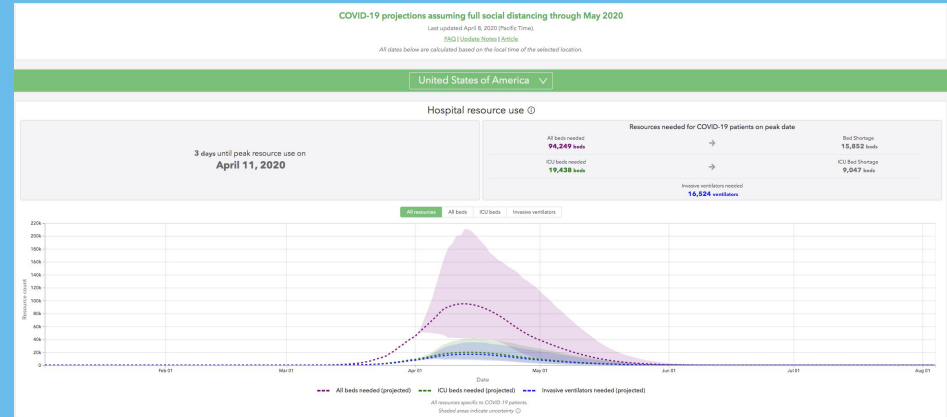
The record-setting pace of **jobless claims continued last week**, rising to more than 16 million during the past three weeks. Unemployment benefits searches peaked on April 3, hopefully signaling that the worst is behind us. The Federal Reserve of St. Louis projected an unemployment rate of 32% in Q2 but is also **forecasting a quick recovery**.

Online sales continue to rise, and a new survey from eMarketer shows that **less than 10 percent are delaying home appliance, luxury and technology purchases**.

# CORONAVIRUS MODELS BEGIN TO TURN

Assuming full social distancing through the end of May, updated nationwide IHME models now show the peak demand of hospital resources on April 11 and an end to the first wave of this pandemic by early June. This is a positive shift compared to last week's models.

The IHME model is designed to specifically address the planning needs of hospital administrators and local governments.



# FEDERAL RESERVE BANK PREDICTS 47M LAYOFFS; QUICK RECOVERY EXPECTED

The Federal Reserve Bank of St. Louis has formulated a model calling for:

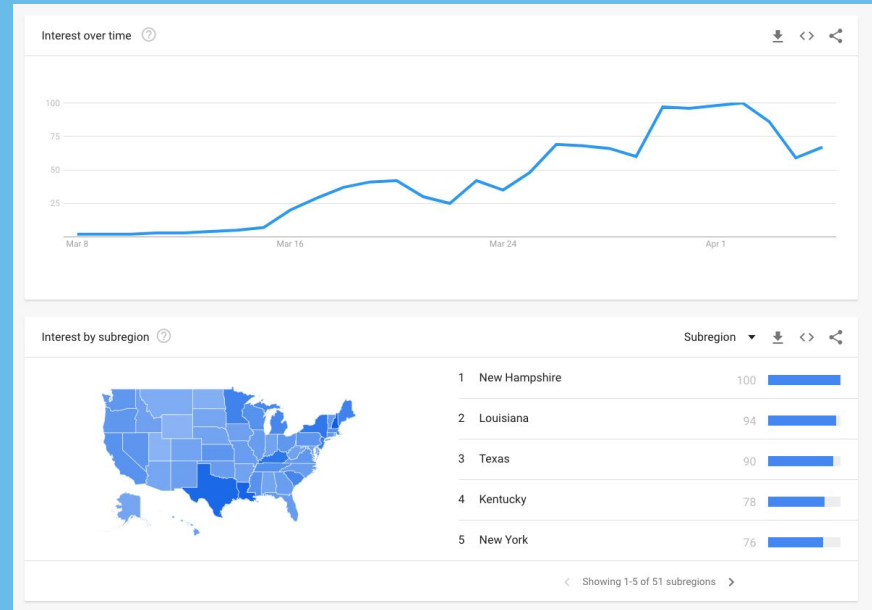
- Estimated layoffs in second quarter 2020 = 47.05 million
- Unemployment rate in second quarter 2020 = 32.1%

St. Louis Federal Reserve President James Bullard commented: **“This is a special quarter, and once the virus goes away and if we play our cards right and keep everything intact, then everyone will go back to work.** The object is to keep everybody whole during the period when you’re asking people to not go to their jobs and not go to the shops and basically not participate in the economy.”

# “UNEMPLOYMENT BENEFITS” SEARCHES PEAK APRIL 6

According to Google Trends, during the past 30 days, the single highest day of searches for “unemployment benefits” as a percentage of total searches was April 6.

New Hampshire, Louisiana, Texas, Kentucky and New York led the country with the most “unemployment benefits” searches as a fraction of total searches during this time period.



# MULTIFAMILY CONSTRUCTION EXPERIENCING DELAYS

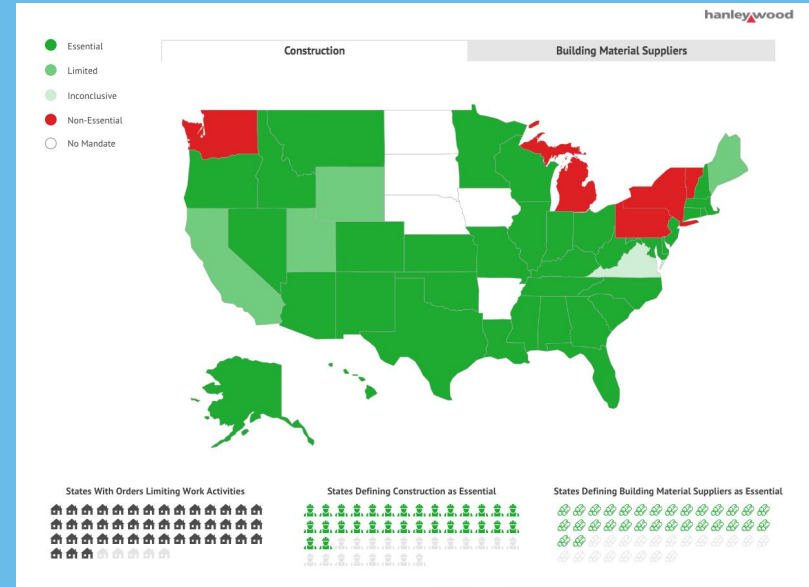
The National Multifamily Housing Council's survey of multifamily construction firms found that **55% of respondents said they are experiencing construction delays.**

An analysis this week found that the U.S. real estate and construction industry is facing a new challenge created by the coronavirus crisis: a potential shutdown of the commercial lending and investment markets. While prior loan commitments are being honored, new loans are effectively unavailable to all but a few preferred customers, according to RCLCO Real Estate Advisors.



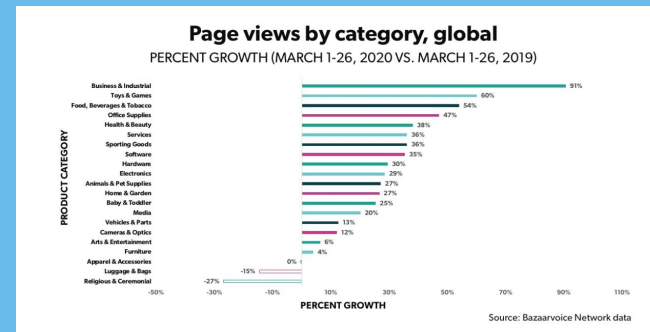
# CORONAVIRUS CONSTRUCTION LIMITS: STATE-BY-STATE

Hanley Wood has created a [map](#) that tracks how states with a stay-at-home mandate classify Construction and Building Material Suppliers. They are updating this map as the situation changes. This map was updated on April 7.



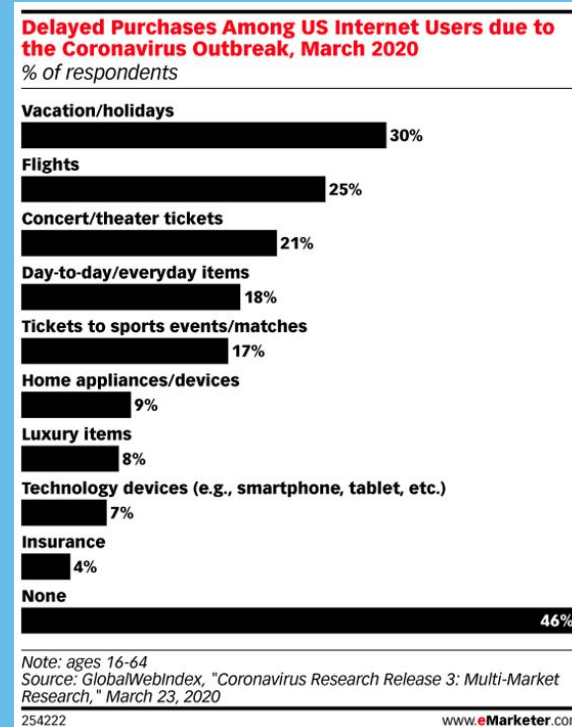
# BAZAARVOICE SHOWING ONLINE SALES INCREASES

With a network of over 6,200 brand and retailer sites as their client base, Bazaarvoice has significant visibility into online shopping activity. They are reporting **year-over-year increases in almost all product categories** both in page views and number of orders.



# LESS THAN 10% DELAY APPLIANCE, LUXURY PURCHASES

eMarketer reported this week that **less than 10% of internet users are delaying home appliance, luxury item and technology purchases** due to the coronavirus outbreak.



# MEDIA TRENDS

While brands continue to test and learn the most appropriate ways to communicate with customers during a pandemic, Google and Twitter both announced changing ad policies this week, with Google now allowing political ads that mention the coronavirus crisis due to pressure from politicians in an election year and Twitter allowing “managed clients” to mention the virus in helpful communications.

One of the great debates in advertising and media buying circles is the impact of content adjacent to ads as it relates to ad performance. eMarketer released a survey this week saying about 50% or less of U.S. marketers think ads from different categories should appear next to coronavirus coverage.

This week brought us a new streaming service. Quibi delivers movie-quality, short (less than 10 minutes), episodic content that is designed to be viewed on your phone. Three-month free trials are available now. We’re keeping an eye on how advertisers utilize the platform.

# CORONAVIRUS AD ADJACENCY CONSIDERATIONS

eMarketer asked U.S. marketers, "What types of brands do you believe shouldn't be near coronavirus content?" and "What types of brands do you \*want\* to see near coronavirus content?"

These results are good to keep in mind as you manage your programmatic ad campaigns against increased inventory due to coronavirus content.

## Ad Content Types US Marketers Believe Should vs. Should Not Appear Near Coronavirus Content, March 2020

% of respondents

Should appear		Should not appear	
Health & pharmaceutical	55%	Travel	54%
Government	47%	Food & beverage	37%
Not-for-profit	35%	Banking/finance/insurance	34%
Tech/telecom	29%	Automotive	32%
		Retail	31%

Source: Integral Ad Science (IAS), "Coronavirus Ad Adjacency Considerations: A Marketer Study," March 26, 2020

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www.eMarketer.com

# COVID-19 ADS ARE ABOUT TO GET POLITICAL

Google reported this week that the company **will soon allow political ads that mention the coronavirus**, reversing a policy that's been in place since January. The change comes following complaints from some U.S. politicians that the policy was negatively impacting their campaigns. The date on this policy change is undetermined, but we expect an update in the next few days.

# TWITTER REMOVES BAN ON ADS MENTIONING COVID-19

**Twitter removed its blanket ban on ads that mention the coronavirus and is now allowing some marketers to include their pandemic responses in paid tweets.**

Only “managed clients” can mention coronavirus, which means only brands with a direct relationship with the company's ads team can run these types of promoted tweets. Those advertisers can mention coronavirus in two manners: to promote how business practices have changed to adapt to coronavirus or to show support for employees and customers.

# PODCAST LISTENS DOWN; MUSIC STREAMING UP

AdAge reported that **podcast downloads are declining** as fewer listeners commute to work (77% of the U.S. workforce drove to work each day before the shelter-in-place regulations).

In contrast, Pandora is reporting that **42% of their listeners are spending more time listening to streaming music** as a result of spending more time at home.

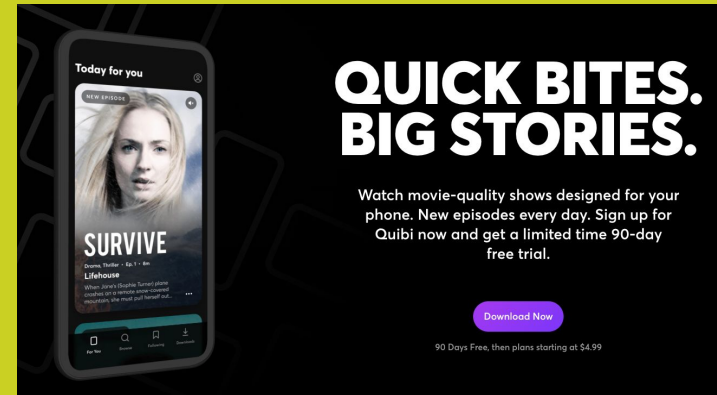


# QUIBI LAUNCHES WITH SELECT AD PARTNERS

Quibi, that newest streaming video service, launched on April 6 with select ad partners. If you're not already aware of and binging Quibi's short-form serial videos, this new platform delivers brief (less than 10 minute) movie-quality episodes designed for your phone.

Advertisers on the platform are keeping ads non-COVID-19 related, aside from mentions that they're here to help.

Early reports say **300,000 users downloaded Quibi on Apple and Android devices on launch day.** Quibi is currently running free 90-day trials.



The image shows a promotional graphic for the Quibi app. On the left, a smartphone displays the app's interface. The screen shows a 'Today for you' section with a 'NEW EPISODE' badge and a video thumbnail for 'SURVIVE' featuring a woman's face. Below the thumbnail, it says 'LIFELINE' and 'Drama Series • Ep. 1 • 8m'. A synopsis follows: 'When Jack's daughter, Sarah, turns phone records off, she hides what's really going on. Her dad just found out.' At the bottom of the phone screen are icons for Home, Search, Browse, and Downloads. To the right of the phone, the text reads 'QUICK BITES. BIG STORIES.' in large white letters. Below this, it says 'Watch movie-quality shows designed for your phone. New episodes every day. Sign up for Quibi now and get a limited time 90-day free trial.' A purple 'Download Now' button is positioned below the text. At the bottom right, in smaller white text, it says '90 Days Free, then plans starting at \$4.99'.

# BRAND TRENDS

We're seeing some inspiring stories of how brands are communicating during this crisis. Adweek published an article online with 18 advertising tips during the coronavirus. While the tips were good, the creative examples of brands quickly shifting their messaging and creative were even better.

Walmart released an emotional ad showcasing its workers singing Lean on Me, which carried even more weight with the recent passing of singer Bill Withers.

eMarketer reported this week that brands are continuing significant pullback of ad spending in Q2, with only 11% planning significant cuts in Q4.

# VISA PIVOTS AWAY FROM OLYMPICS PLAN

“Visa had 80% of its Olympics creative ready to go before the games were postponed earlier this month. So **the longtime sponsor went back to its roster of Team Visa athletes to film new spots — this time at home, using their phones, showing off their superhuman feats but then, just like all of us, washing their hands and sanitizing.** The Olympics will be back in 2021, but Visa is keeping its spirit of perseverance and shared humanity top of mind.”

- Adweek, [18 Tips on Advertising During the Coronavirus Crisis](#)

# WALMART HIGHLIGHTS EMPLOYEES IN NEW ADS

Walmart released a new emotional ad this week that highlights its employees from around the country singing Lean on Me, the classic hit from singer Bill Withers.

**The ad showcases employee created videos and photos from communities across the U.S. both in-store and out.**

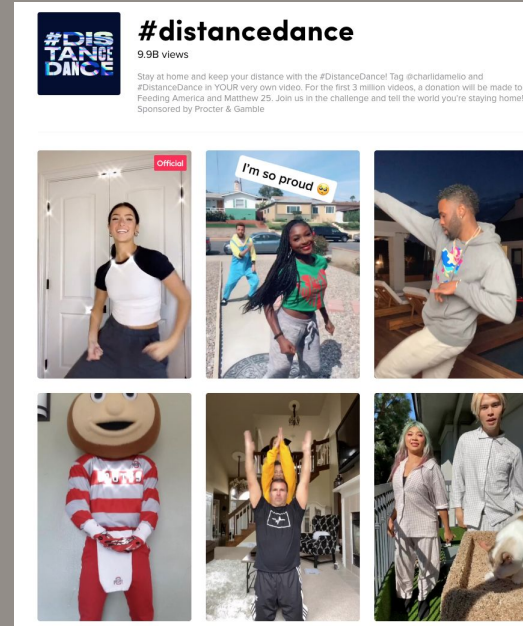
The ad begins with the simple line, “To America, from our associates,” and ends with a link to [Walmart.com/hereforyou](https://www.walmart.com/hereforyou), a simple landing page that shows how Walmart is taking care of customers and associates.

To America, from our associates.

# P&G PARTNERS WITH TIKTOK INFLUENCER

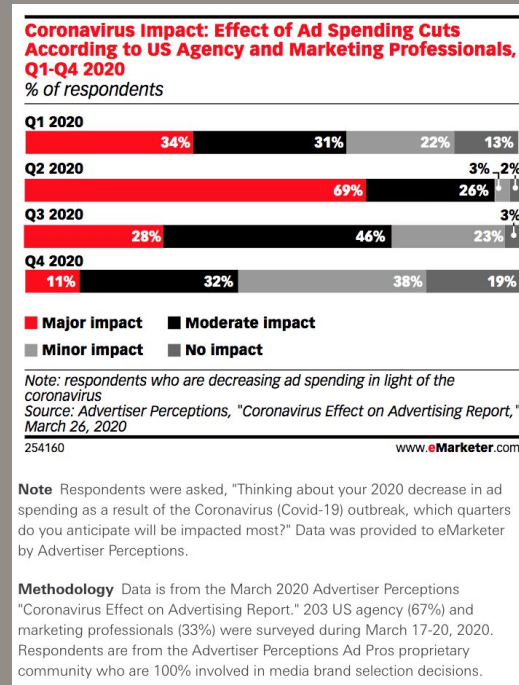
P&G partnered with TikTok Gen Z star Charli D'Amelio (46 million followers) to create the #distancedance viral trend.

The **#distancedance** is already approaching **10 billion views**. Procter & Gamble pledged a donation to Feeding American and Matthew 25 for the first 3 million videos created.



# SIGNIFICANT Q2 AD SPEND REDUCTIONS REPORTED

eMarketer released a survey this week that showed “**the pandemic's worst effects on ad budgets to be concentrated in Q2**, with the Q3 impact still somewhat bigger than in Q1. **By Q4, these media buyers expect to be in territory more normal** than we’ve experienced over the past couple months.”



# LOWE'S TO CLOSE ON EASTER TO THANK ASSOCIATES

Lowe's Home Improvement announced this week that they will **close all stores in the United States and Canada on Easter Sunday** as a thank you to their 300,000 associates.

Target, Sam's Club, Costco and Trader Joe's also announced store closures on Easter.



# 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

- Institute for Health Metrics and Evaluation (IHME)
- U.S. Department of Labor
- Federal Reserve Bank of St. Louis
- Google Trends
- National Multifamily Housing Council
- Hanley Wood
- BazaarVoice
- eMarketer
- Google
- Twitter
- Pandora
- Quibi
- AdWeek
- Walmart
- TikTok
- Lowe's Home Improvement

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