

The Brand Recovery Series

CARAT

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Part 1

What to do in times of
social distancing?



Dear clients and partners,

Needless to say, we are going through difficult times. We suffer as humans, as a society and as companies. None of us has ever faced such a huge and impactful crisis. And we will only know in a few months' time if we made the right decisions today.

At the moment, we are all doing the same thing, which is to search for data and insights that answer our questions and help us decide. In a matter of days, a lot has been produced and it can be a daunting task to decide what information is valuable or not.

This is why Dentsu Aegis Network Belgium is launching the Brand Recovery Series, summarising and curating the most useful and relevant content so that you don't have to. As our own source of guidance in this time of crisis, the Brand Recovery Series will cover both the media and the creative sides of marketing communications.

In this first report, we set the scene of how we see things unfold between now and a full recovery. We also consider what brands should focus on as we are in the middle of the crisis.

Hopefully, this facilitates your decision-making process and the Dentsu Aegis Network Belgium team remains at your disposal.

Stay safe and all the best,

**Arjan Pomper,
CEO**

The challenges resulting from COVID-19 trigger many questions and a high level of uncertainty. Surely, we all understand that the impact will be substantial, but it is virtually impossible for both consumers and marketers to form a clear view on how long the crisis will last, how sharp the economic consequences will be and when the recovery will start.

All this uncertainty is affecting **consumer confidence** to a very large extent and its impact on **purchasing power** for both the short and the long term remains unclear.

As a result, marketers are considering:

- How long is this crisis going to last?
- In what ways will it impact consumers?
- What measures can we take today to safeguard our brand and business?

These are the questions we will take you through in this part one of our **Brand Recovery Series**. And before deep diving into these points, we will first take you through the framework that we have defined to help contextualise our recommendations. From this report and for the weeks to come, this framework will serve as the map to guide you through our recommendations.



COMMUNICATION IN TIMES OF COVID-19

BELGIAN HOUSEHOLDS GO THROUGH FOUR PHASES IN TIMES OF CRISIS

Given the unprecedented nature of this crisis, it is difficult to make comparisons with past ones. This said, even without knowing how deep this will cut and for how long, we believe that Belgian households will go through **4 phases** as both their **consumer confidence** and **purchasing power** will take a hit due to the lockdown, temporary unemployment, etc. The duration of the general downward trend will be impacted by a series of external factors and evolutions. Throughout these series we will discuss how brands need to address these 4 phases:

PHASE 1: CRISIS TIME

What to do in times
of social distancing?

PHASE 2: BACK TO BUSINESS

How to anticipate
the moment brands
can resume its
activities?

PHASE 3: BACK TO NORMAL

How to stimulate
business growth
through marketing
and go back to a
normal flow of
activity?

PHASE 4: BEYOND

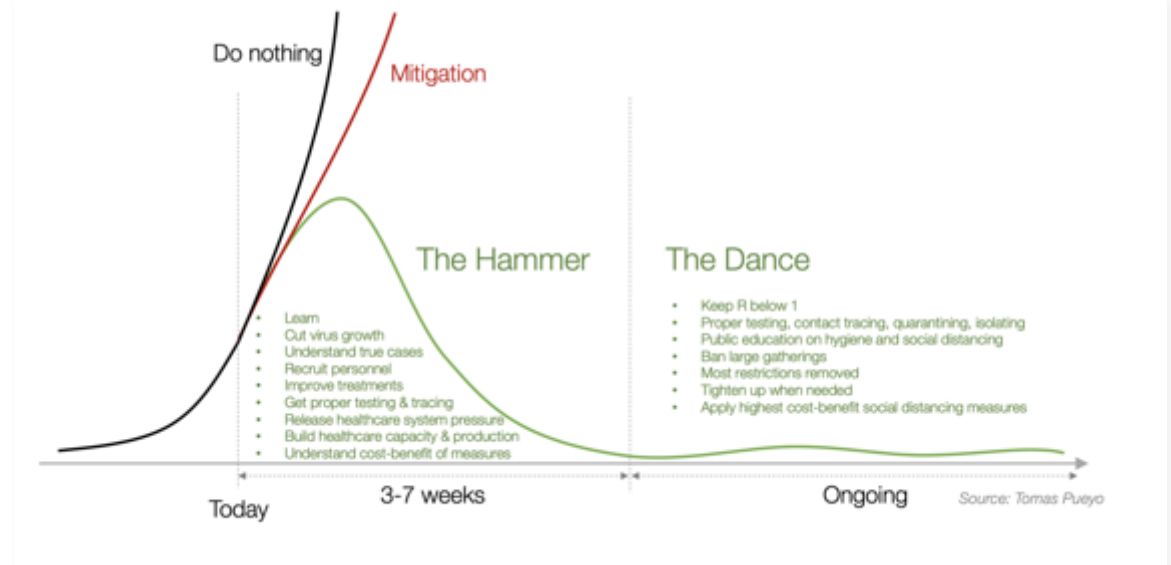
What will brands
have learnt from this
following a full
recovery?

THE START AND THE DURATION OF THE FOUR PHASES ARE IMPOSSIBLE TO PREDICT

The current policy of suppression is effective in delaying the spread of the virus in the short term but slows down the build-up of herd immunity. If vaccination is not available soon, the population will remain vulnerable to new outbreaks in the **medium term**.

New outbreaks are likely. In order to prevent a subsequent outbreak from having the same effect as this one, we will have to maintain a number of restrictions, tighten them if necessary and detect outbreaks from the start by means of proper testing.

For marketers, this means that how to plan for the next phase is not fully clear. Flexibility in decision making and close alignment with consumer sentiments will be essential.



COVID-19



Looking at the National Bank's figures for consumer confidence following the 2008 financial crisis, we can see that it took almost three years to get back to normal following a steep drop.

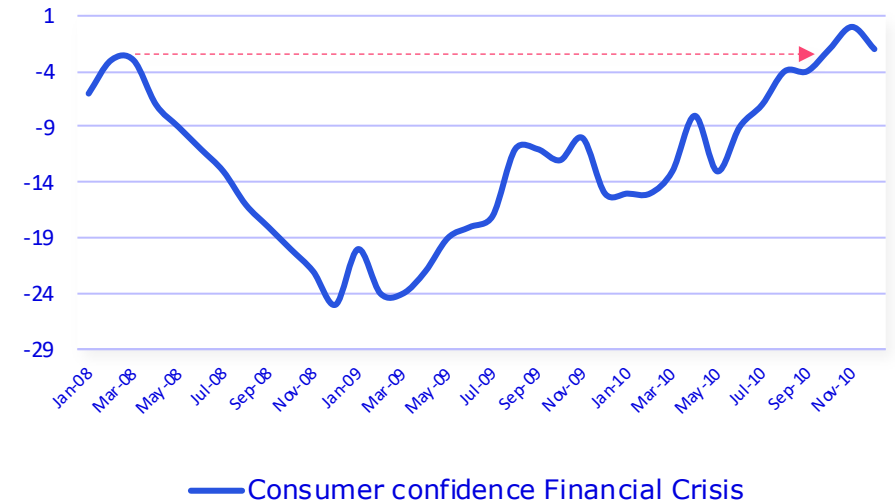
However, we do notice on the graph at the bottom right that the negative impact on purchasing power only manifested itself in 2010.

If we take the 2008 financial crisis as a base for today's COVID-19 challenges, we believe that we should expect a similar impact on consumer confidence. We foresee the impact on purchasing power to be much more significant though, considering that measures on employment have already been enforced and in a widespread manner.

Sources: Belgian National Bank, De Tijd

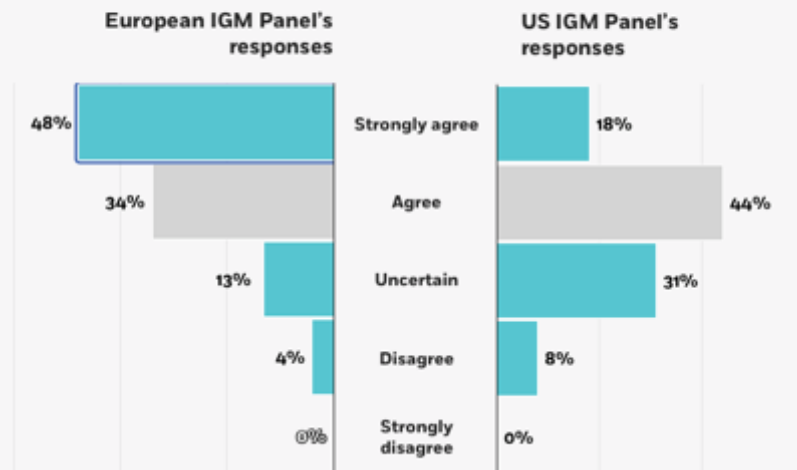
VS.

THE 2008 FINANCIAL CRISIS



Statement A: Even if the mortality of COVID-19 proves to be limited (similar to the number of flu deaths in a regular season), it is likely to cause a major recession.

Responses weighted by each panelist's confidence



Source: VOX CEPR Policy Portal

EVERYBODY AGREES A RECESSION IS COMING

82% of European economists (strongly) agree that we will be hit by a recession due to COVID-19.

This will typically create a new bump in an already lowered consumer confidence and have a negative impact on consumer spending.

This will also have an impact on the start and duration of the next phases of recovery. A possible new outbreak might have a looping effect and make things even worse by preventing marketers from planning the different scenarios based on the four phases of recovery.



AND WE ARE IN IT FOR AT LEAST SIX MONTHS BEFORE WE GET BACK TO WHERE WE WERE

After a drawdown of more than 20% (on March 12th), we should expect to wait at least six months before getting back to pre-crisis level.

Source: Bloomberg

S&P500 drawdowns over 20% since 1957

(Dec 2018 was less but included)

Date of bottom	Drawdown	How long to get to bottom	Days back to previous high
1957-10-22	-20.3%	70 days (3 months)	227 days (10 months)
1962-06-26	-27.9%	136 days (6 months)	310 days (14 months)
1966-10-07	-22.2%	168 days (7 months)	142 days (6.5 months)
1970-05-26	-36.1%	370 days (17 months)	450 days (20 months)
1974-10-03	-48.2%	437 days (20 months)	1461 days (66 months)
1982-08-12	-27.1%	431 Days (20 months)	55 days (2.5 months)
1987-10-19	-33.2%	39 days (2.5months)	446 days (20 months)
2002-10-09	-49.1%	638 days (29 months)	1165 days (53 months)
2009-03-09	-56.8%	355 days (16 months)	1021 days (46.5 months)
2018-12-24	-19.8%	66 days (3months)	80 days (3.5 months)
Close Mar 12th	-26.9%	17 days!	?

MARKETING IN TIMES OF CRISIS

In the following pages, we focus on the first phase of our framework: marketing in times of crisis. We believe that advertisers will need to choose their focus by first assessing if, subject to the outbreak, they are able to keep doing business or not.

ABLE TO SELL

- Advertisers who are still able to do business ought to take advantage of the situation to maximize the opportunity by focusing on short-term sales.
- They also need to pay special attention to their customer experience and identify and address the weaknesses in their distribution (e.g. short delivery delays in e-commerce).

NOT ABLE TO SELL

- Advertisers who are in a more difficult position to sell will have to strengthen their license to operate and keep their mental availability at high levels to be top of mind when business resumes.
- They might also take advantage of the situation to start innovation projects in order to maximize opportunities in subsequent phases. Even though this is also relevant during the crisis, this action point will be further discussed in a later edition.



PHASE 1

CRISIS TIME

A TIME OF MEASURES AND UNCERTAINTY

With the COVID-19 outbreak, the Belgian government took measures that pushed consumers right out of the comfort zones of their daily lives:

- A lockdown and confining people to their homes, cutting out some forms of physical social contact between loved ones.
- Stricter rules in grocery stores leading to people stashing up supplies.
- Closing of non-essential stores leading to home becoming the main gateway to fashion, beauty and entertainment.
- Prioritizing access to direct healthcare to those in highest need.
- Businesses asking employees to go in economic unemployment, cutting into their monthly salaries.

As a marketer, what do you do in front of (wo)man deprived from physical social contacts and losing partial access to leisure activities and your products?

First, we believe marketers should consider the following points:

1. "Can I still sell my products and services?" If so, either through physical POS, online channels or both, concentrating advertising on **maximizing short-term sales** is a sensible investment.
1. Analyzing the situation in China, we learnt that showing empathy and warmth to your consumers can turn into a powerful driver once the crisis is overcome. **Securing mental availability** to stay top of mind is a valid strategy.

Furthermore, we do not believe that all industries will be affected by the COVID-19 crisis in similar ways. For example, the retail industry is showing strong sales results while the travelling industry is suffering considerably.

The following pages will take you from consumer anxieties to the impact their changes in behaviour has on the way you should communicate.

A CHANGING MINDSET

Daily life changes

Confinement and
Social Distancing

Closing stores for
non-essential goods

Employment
measures

Information
overload

Anxiety and fears

- How can I take care of my loved ones?
- How to fight boredom?

- How can I access what I want?
- Will there be enough?

- Will I keep my job and be able to provide for my family?

- Is everything they are saying accurate?

Changing behaviours and needs

- Home-based and active
- Rise of community resilience
- Search for new styles of at-home entertainment

- Reduced spending
- Homebound economy
- Consumer stockpiling

- Reduced spending in luxury etc.

- Looking for trusted information sources
- Responding well to positive messaging from brands that offer support

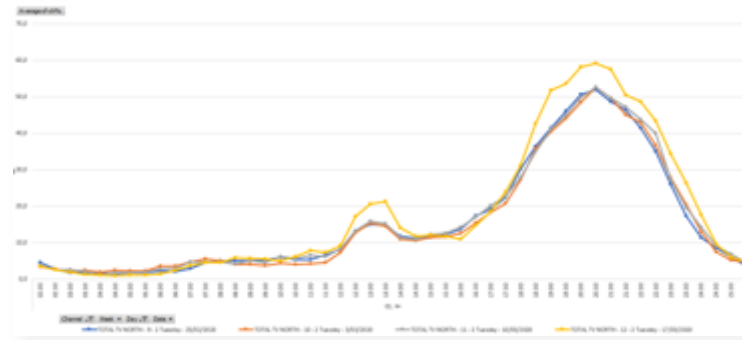


Need for reassurance

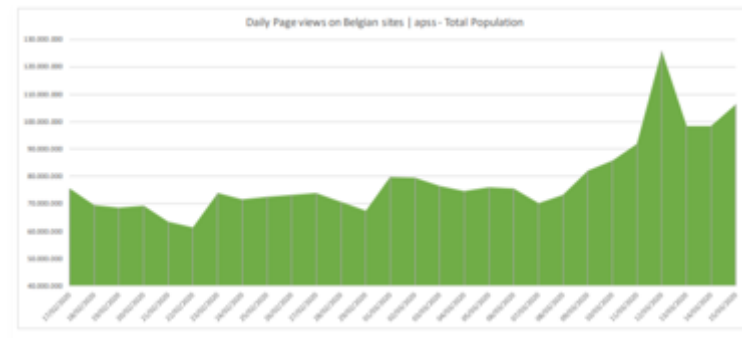
CHANGING BEHAVIOURS IMPACT MEDIA CONSUMPTION

While consumers are clearly showing changes in behaviours, COVID-19 dominates the news across all media touchpoints. All of this impacts the way people consume media but also opens new opportunities for brands to be present in the market:

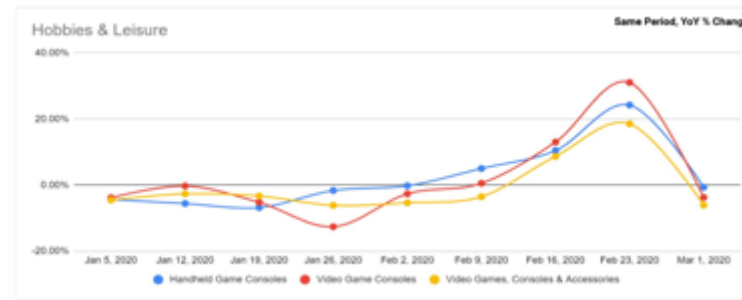
- **TV channels** and **local news titles** are observing a surge in their audience being considered as a **trusted source of information**. **Digital media** also see an increase in their consumption thanks to their **entertainment** possibilities and the opportunity that they offer to remain connected with peers.
- Because of **confinement measures**, **OOH** and **cinema** are having a hard time. **Radio** and **free sheets**, relying heavily on promotions but also on commuters, are also experiencing difficulties.
- Another consequence of these measures is that consumers are much more present **online** since they turn themselves heavily towards **online shopping**, both for **basic needs** and **entertainment goods**. This offers an opportunity for brands to reach their audience digitally. However, for non-basic needs, growth will be limited since consumers think that the current crisis will have **an impact on their personal finances** and spending habits as 1 out of 4 Belgian workers are put on temporary unemployment as of March 25th (source: VRT).



Quarantine positively affects TV audiences. Since the day it has been announced, usual peaks of average reach are getting even more distinct, attaining almost **60%** of reach in the North and in the South on the evening news (Source: CIM)



The percentage of Belgian web surfers increased substantially last week: **+45%** in the South, **+60%** in the North (source: CIM). Globally, over 50% of consumers are watching more streaming services and **70%** say they are spending more time on their smartphone (Source: GWI).



Online sales for nonfood goods have multiplied by **two to three** in the last weeks. Entertainment products show the highest increase in terms of online sales (Source: Google)

THE ABILITY TO SELL DEFINES THE PATH TO TAKE

The ability to drive sales in times of crisis, is defined by your ability to use (or not) your physical or digital channels:

Digital presence x Physical presence:

Products are still available both through brick & mortar as well as online sales channels – e.g. ABI, Ferrero, ING, Unilever,...

Digital presence x Physical absence:

Products are no longer available in physical POS but still purchasable online – e.g. ELC, C&A, Deliveroo, Nintendo, Polestar, Decathlon,...

Digital absence x Physical presence:

Products not digitally available, but available for purchase in physical POS – e.g. LG, Electrolux, Pink Lady,...

Digital absence x Physical absence:

Products no longer available for consumers – e.g. JLR, Walibi, Basic-Fit, Volvo,...

Needless to say, a different approach is required on depending what category you belong to.

DIGITAL PRESENCE

Business in Corona-times

- Food retailers
- Pharma
- Drinks off-trade
- Banking brick & mortar banks
- Non-profit

Reorientation to D2C

- Beauty
- Clothing w/ e-shop
- Food delivery services
- Drinks on-trade
- Entertainment w/ e-shop: media, toys,...
- Telco
- Consumer electronics w/ e-shop

PHYSICAL PRESENCE

Maintain brand presence or partner up with e-commerce enabled services

- Food on-trade
- Consumer electronics w/o own e-shop
- e-shop
- Entertainment w/o own e-shop

PHYSICAL ABSENCE

Heavily impacted call for repurpose

- Telcos
- Automotive
- Leisure (travel, parks,...)
- Transport

DIGITAL ABSENCE

AND REVEALS THE JOB TO BE DONE

CONTEXT	BRAND	CONSUMER	MEDIA
DIGITAL PRESENCE & PHYSICAL PRESENCE	<ul style="list-style-type: none"> • Opportunity to capture a large share of voice within your category and beyond • Transform SOV into market share increases 		<ul style="list-style-type: none"> • Media channels that are considered as a trusted source of information offer you a large reach • TV and local online news titles should be strongly considered for their increased reach • Social Media is the perfect way to empower your consumers
DIGITAL PRESENCE & PHYSICAL ABSENCE	<ul style="list-style-type: none"> • Be easy to buy – refocus and engage with your current customers through CRM • Get noticed – boost your comms efforts and reach new customers based on the increase in e-commerce services 	<ul style="list-style-type: none"> • Empower consumers with information and advice that help them face service interruption or shortages • Consumers expect support and empathy from brands • Adapt all your messages to avoid being too commercial and try to focus on infotainment content • Use an honest and genuine tone of voice • People will remember the brands that made the effort of communicating and showing their purpose rather than just superficially talking about it 	<ul style="list-style-type: none"> • Reach consumers as close as possible to your point of sale • (e-commerce platform) • Increase your visibility (OLV) • Empower consumers with actionable information about your products or services (Social media)
DIGITAL ABSENCE & PHYSICAL PRESENCE	<ul style="list-style-type: none"> • Reinforce or build your brand's memory structures brand through distinctive communications assets 		<ul style="list-style-type: none"> • Invest in touchpoints granting a high memorisation and reach (e.g. TV) • Social media can help you to keep a human and direct relationship with your consumers
DIGITAL ABSENCE & PHYSICAL ABSENCE	<p>Focus on the long term and find a way to stay relevant:</p> <ol style="list-style-type: none"> 1. How you can entertain and comfort consumers during the home confinement 2. How your capabilities can help fight COVID-19 		<ul style="list-style-type: none"> • Fight quarantine boredom by tapping into the power of social media and its ability to share entertaining content • PR activations that show your brand involvement in helping to fight the crisis

EVEN IF YOU ARE NOT OPEN FOR BUSINESS, YOU NEED TO MAINTAIN YOUR MENTAL AVAILABILITY

Going dark, stop all advertising, might seem like a good idea in an economical downturn, but it isn't.

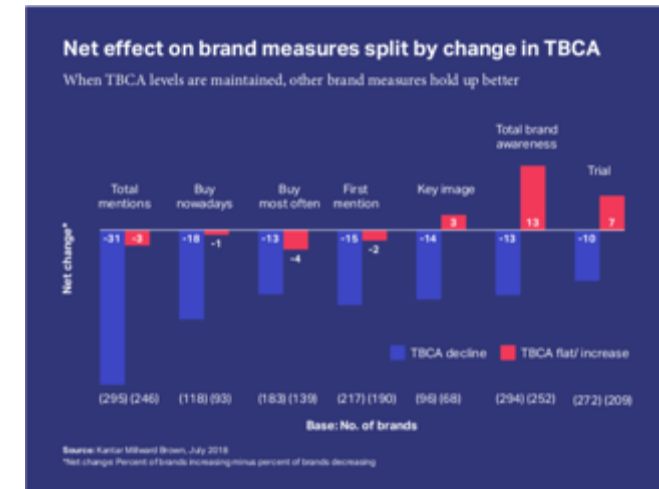
Evidence suggests that going dark has little impact on brand or business metrics in the short run. However, longer periods of silence will likely damage brand health and sales.

But how do you maintain your mental availability if you have nothing more to sell? Your consumers already answered that question as recently as last week. **They want brands to help the government tackle the crisis.** Doing so is not only safeguarding your mental availability, but also reinforcing your social license to operate (SLO). A strong SLO has become increasingly important.

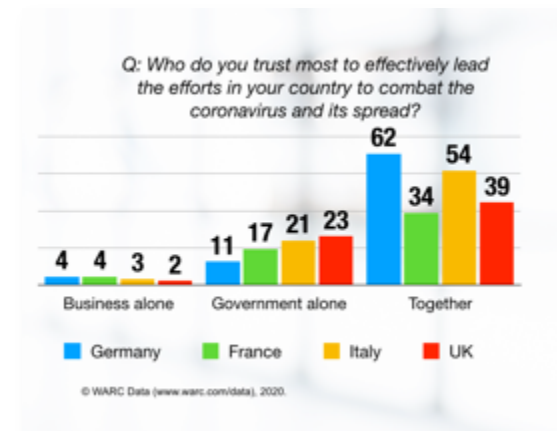
So what can you do to help tackle this crisis? How can you align your efforts with your mission and purpose statements? And how quickly can you implement it?

More on this in Part 2 of the Brand Recovery Series that will be published early next week.

Source: Warc



TBCA: total brand communication awareness



CRISIS TIME

CONCLUSION

This is not only a health crisis, this is also an economical crisis situation very likely to turn into a recession.

Consumers will typically go through four phases from crisis to recovery. The duration of each phase is impossible to predict due to the unknown outcomes of the suppression strategy and expected new outbreaks later this year.

The economic impact is so significant that it is very difficult to predict when things will go back to normal.

For marketers, this means that the period of uncertainty will last longer than initially expected and that flexibility and multiple pivots should be high on the agenda.

For brands that can still do business, the recommendations are:

- Use this momentum to **capture a large SOV** and transform it to stimulate **market share growth** through those media channels that are considered trusted sources of information.
- Additionally, **strengthen memory structures** by choosing those touchpoints granting high memorisation and reach and instigate a direct relationship with your consumers.

In addition and for brands that can't operate at the moment, the opportunity is there to **help the government tackle the crisis**. Doing so will not only safeguard your mental availability, but also reinforce your social license to operate.



WHAT IS NEXT IN THE BRAND RECOVERY SERIES?

The Brand Recovery Series Report

Part 2
Preparing for Back to Business

Part 3
Preparing for Back to Normal

Part 4
Preparing for Beyond

The Brand Recovery Series Blog

Summarising and curating the most useful and relevant recovery content so that you don't have to.

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