



Global Business Compass - Global & Belgium Results

September 2020



Global Business Compass

The impact of COVID-19 on business

Today evidence-based decision making is more essential than ever. At Kantar we focus our attention on the impact on the business community with our new study, the Global Business Compass.

We invited our clients to collaborate in this to help us all to react and adapt to this crisis.

4,500

Clients surveyed

70

Countries

40

Global Clients

70

Clients in Belgium

2035

Retail & CPG

432

Finance

250

Telecoms

100

Energy

286

Health

222

Automotive

202

Leisure

317

Media

In Summary: Be Brave!

How businesses are impacted:

Worldwide, the vast majority of businesses have been impacted by the crisis, with a long recovery to come

Virtually all businesses are being affected, by Covid-19 irrespective of size, ownership or sector.

It is expected to be up to 16 months before business returns to 'normal' levels. Some industries will recover quicker, depending upon the longevity of lockdown conditions.

But even in industries badly effected such as Automotive, there is still hope as global focus more on state-based holidays & road-trips, meaning an increased importance on vehicle choice.

It is all about adapting to new consumer needs and creating resonance through your product and communication.

How businesses responded:

Businesses are responding to the situation through business changes but also significant spend decreases

Worldwide, businesses are responding by changing their business model & way of working.

Businesses need to adapt to these changes.

But in the face of cost cutting and a significantly constrained business environment, the ability to adapt is severely compromised.

While these constraints will lead to more reactive/ responsive ways of working, the pandemic has acted as an accelerant for key trends which businesses can no longer ignore:

- Brand Purpose
- Digital Transformation
- Organisational Performance

How businesses plan to recover:

Adapting and being brave are key to recovering quickly

No recession has ever been accompanied by consumer change of this magnitude.

Whether it is how they shop, their product needs, their customer service needs, we need to reset what we know about customer behaviour in the future.

History has taught us that businesses that are brave during these recessionary periods rebound stronger.

Understand your changing customer needs, invest and adapt your strategy to leverage the new needs the digital behaviours and service channels.

Talk about what you are doing to help customers and staff.

Brands who do this recover faster and stronger.

What's Inside

1. What impact is Covid-19 having on businesses?



2. How are businesses responding?



3. What should businesses do next?



1

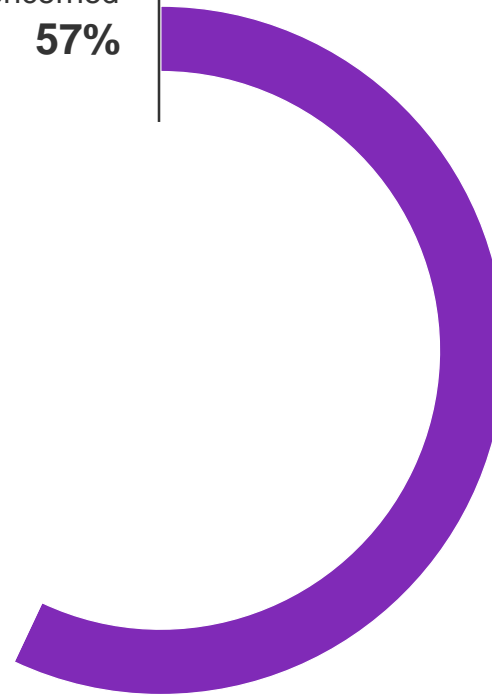
What impact is Covid-19 having on businesses?



6 out of 10 businesses are concerned about their 2020 overall performance...

Concern | Your business overall performance in 2020

Are extremely/ very/
concerned
57%



Q3. How concerned are you about your company's 2020 overall performance?
Results on extremely, very, and concerned

7 in 10 businesses are negatively impacted by the crisis and expect that this will continue



Negative Financial business impact

Q2 (April – June)

71

Among them:

- Global businesses: 71%
- Local businesses: 73%

H2 (July – December)

69

Among them:

- Global businesses: 69%
- Local businesses: 69%

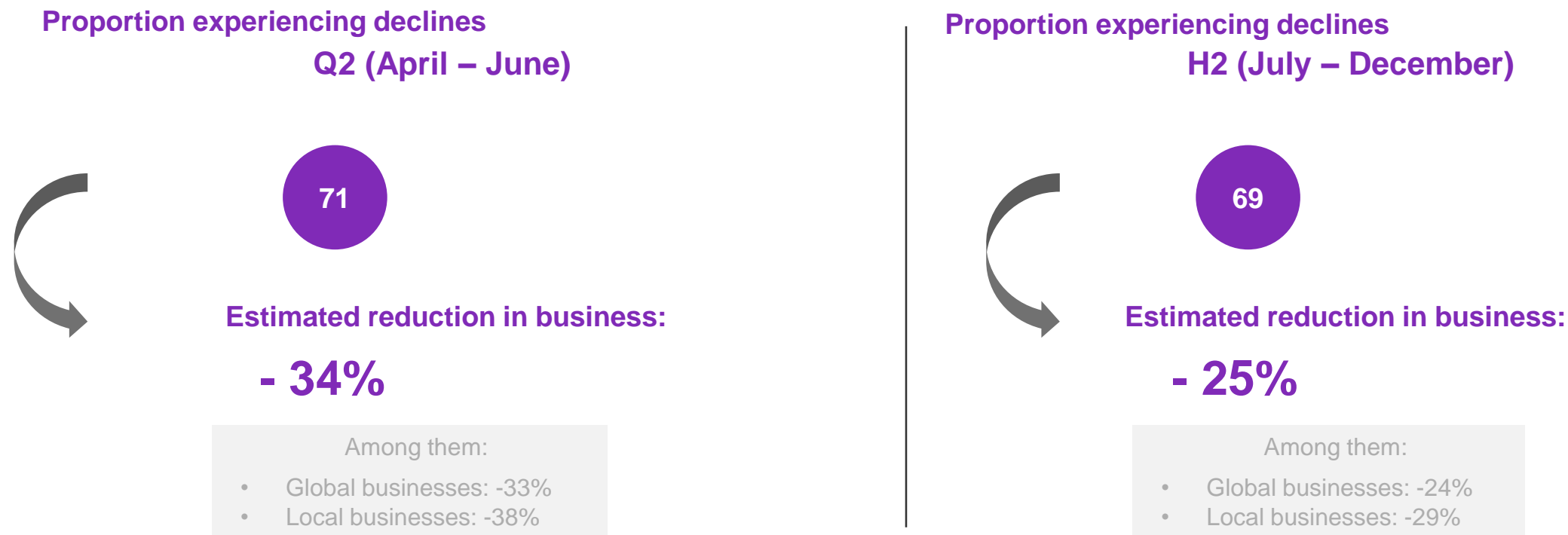
Q5. How would you gauge the general impact of the Coronavirus crisis on your business in Q2 (April - June) and H2 (July - December)?

Q6a. How much do you estimate business will decrease in Q2 (April - June) and H2 (July - December) by? Please put in a percentage

Businesses estimate a 34% decline in trading and more optimistic on second half of the year, still with significant losses



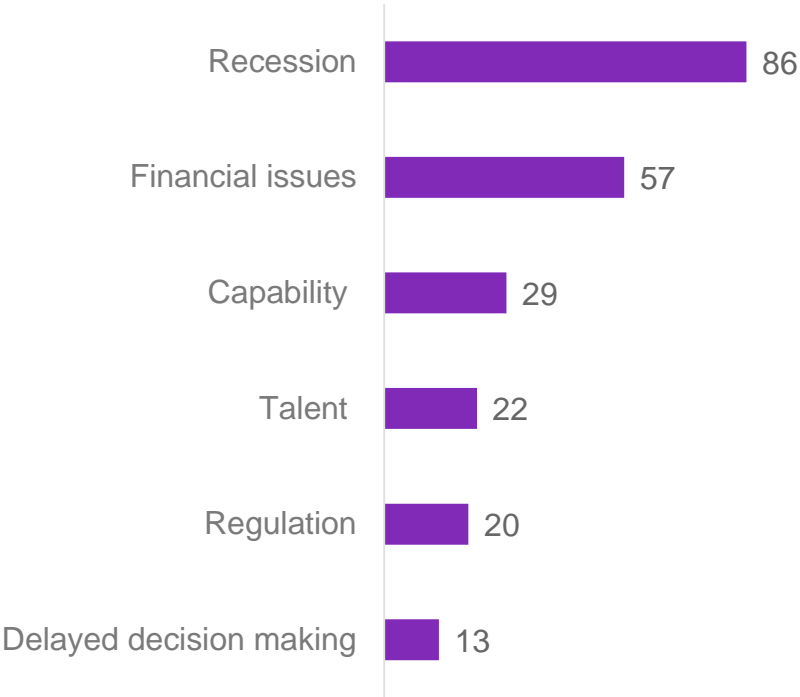
Estimated decrease



Q5. How would you gauge the general impact of the Coronavirus crisis on your business in Q2 (April - June) and H2 (July - December)?
Q6a. How much do you estimate business will decrease in Q2 (April - June) and H2 (July - December) by? Please put in a percentage

...especially on recession and reduced demand, while financial issues affect consumer confidence

Main concerns for your business | Split

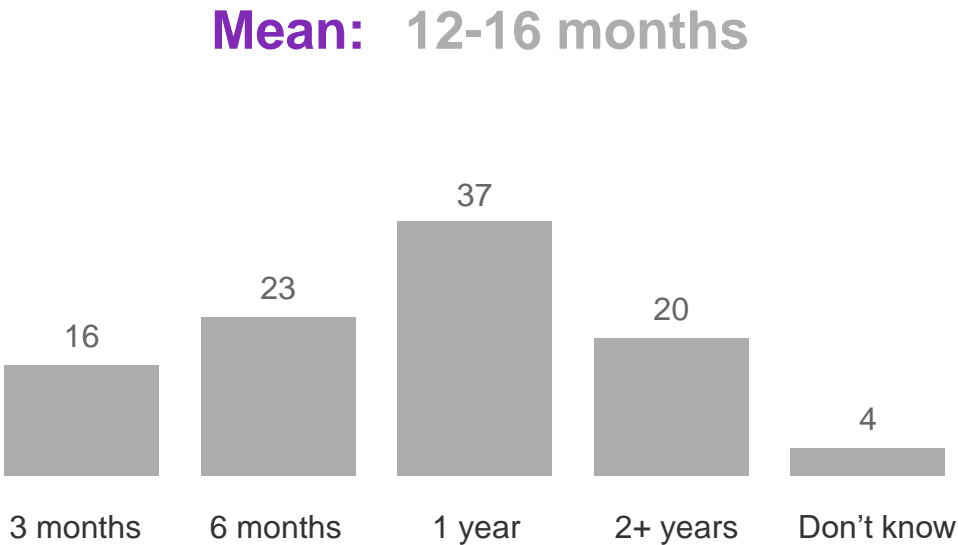


Recession86		Capability29	
Potential global recession	49	Distribution capability	8
Reduced demand	51	Supply chain capability	18
Consumer confidence	34	Production capability	9
Financial issues57		Talent22	
Financial hardship amongst my customers	40	Low employee morale, pay cuts, layoffs	19
Difficulties with funding, cashflow	20	Attracting and retaining talent	3
Investor confidence	8		

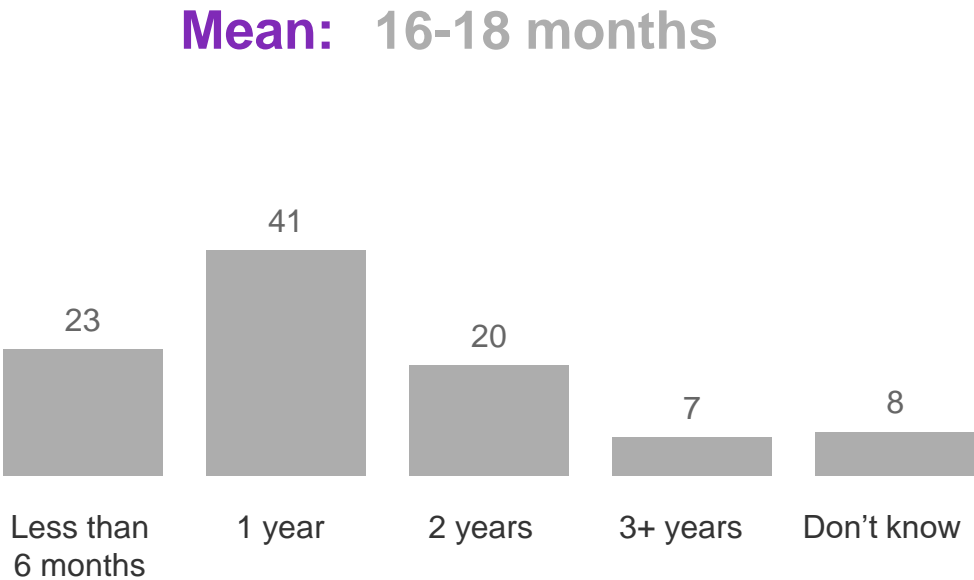
Q4. What are the three biggest concerns for your business in 2020 with respect to the Coronavirus? Select three

Long recovery across all sectors

Recovery | Country Estimation



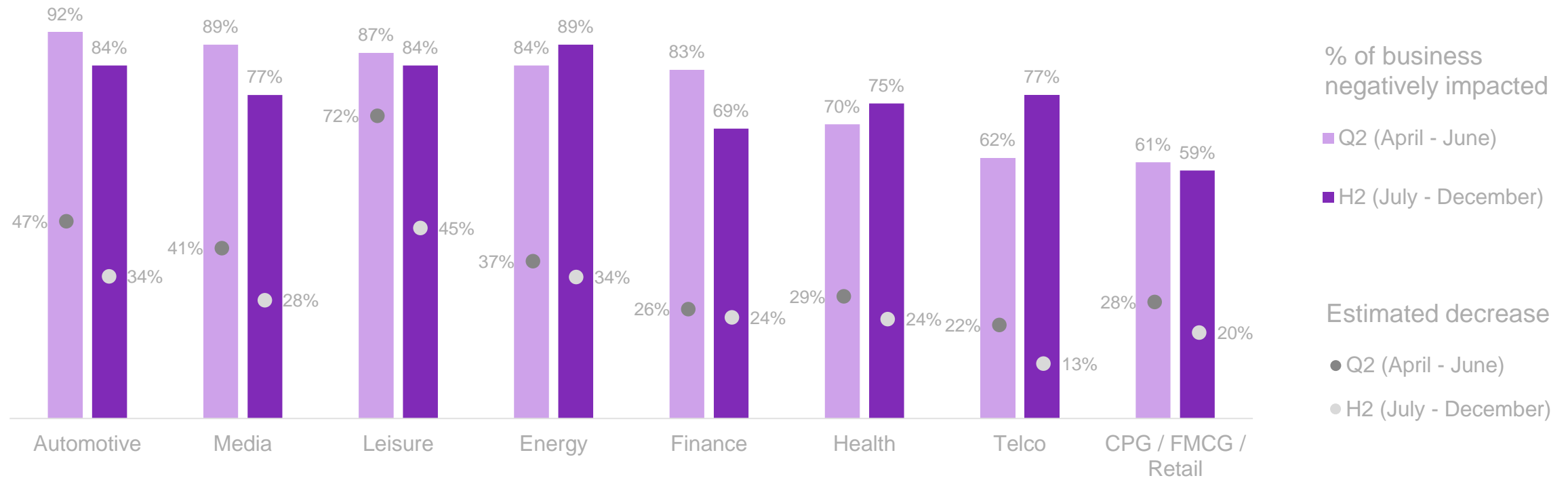
Recovery | Business Estimation



Q16. When do you think things will be back to normal in your country? E.g. Going out without restrictions, shops/restaurants/... re-open. Select only one
Q15. Once the Coronavirus crisis ends, how long do you estimate it will take to get your business back to pre-crisis performance?



Worldwide, automotive, media, leisure and energy are the sectors struggling the most, with a sustained impact over the long-term.



Q5. How would you gauge the general impact of the Coronavirus crisis on your business in Q2 (April - June) and H2 (July - December)?

Q6a. How much do you estimate business will decrease in Q2 (April - June) and H2 (July - December) by? Please put in a percentage

2

How are businesses
responding?



Overall, 8 out of 10 businesses have been impacted by the crisis



81%

Impacted their business

40% positively

80% negatively



Overall 2020 impact (H2 and Q2), impact can be negative, positive, or both (can change between Q2 and H2)

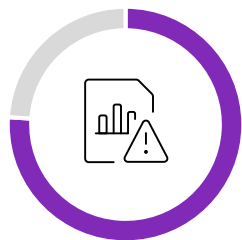
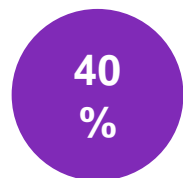
Q5. How would you gauge the general impact of the Coronavirus crisis on your business in Q2 (April - June) and H2 (July - December)?

Adapting business and investing in eCommerce, marketing & innovation are key levers to driving a positive outcome of the crisis



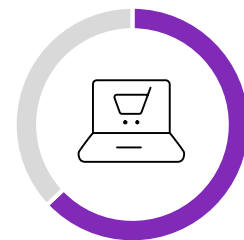
Positive Business: actions taken

Positive Impact



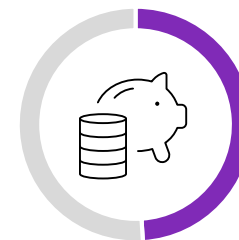
76%

Business changes
Pivot business to adapt
to new conditions



63%

eCommerce
Increase your eCommerce
focus/capabilities



49%

Investments
Investment in
marketing and
innovation

Q7a. Which actions, if any, have you put in place / are you considering due to the Coronavirus? Select all that apply

Businesses have taken multiple approaches to overcoming the crisis – mostly focused on overhead and discretionary spend cut back



Negative Business: actions taken

Negative impact



61%

Investments

Defer or cancel investments and marketing activity



62%

Staff

Hiring freeze
Temporary decrease of staff hours



58%

Business changes

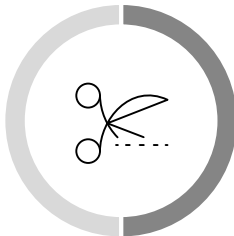
Operations to adapt to new conditions



52% 37%

eCommerce

Increase your eCommerce focus/capabilities



50% 64%

Cuts

Cut all discretionary spend

Global businesses	63%	63%	58%	54%	49%
Local businesses	54%	58%	61%	48%	53%

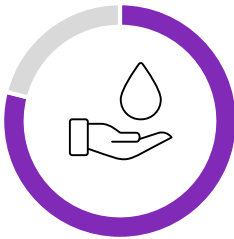
Q7c. Which actions, if any, have you put in place / are you considering due to the Coronavirus? Select all that apply.

To keep the economy going, businesses lead the way on increased health and safety measures for staff working onsite



Other actions taken

Average number of actions taken

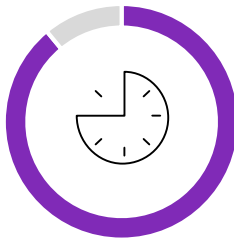


79% 91%



Hygiene

Hygienic measures & Enhance cleaning and sanitizing efforts across facilities



89% 99%



Staff

Home working, Introduce flexible working hours and minimize the number of people onsite, cancel travel

Q8. What other actions have you implemented or do you plan to implement? Select all that apply.
Which actions, if any, have you put in place / are you considering due to the Coronavirus? Select all that apply.

Worldwide, significant budget cuts even in sectors less impacted. Budgets now need to work harder than before!



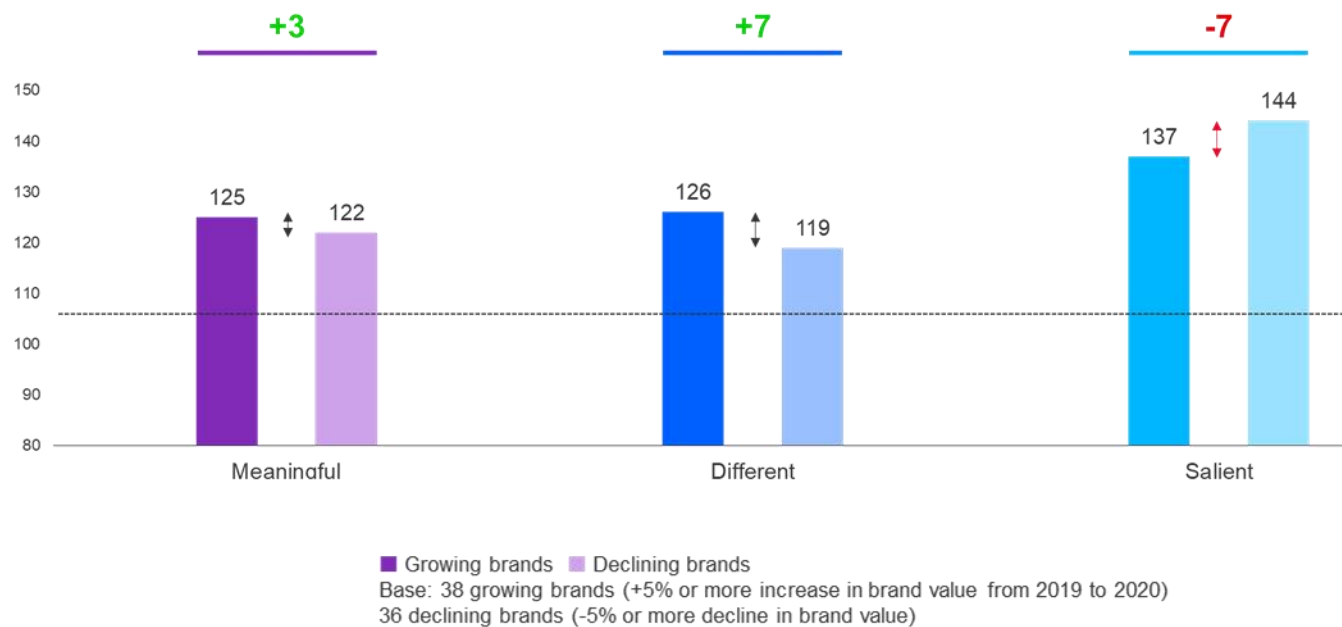
Marketing Spend | Decrease by Department



Q9 / Q10 / Q11 / Q12. How is your overall Marketing / Trade marketing / Communication & Media / Market research spend being affected in 2020?
Q9a / Q10a / Q11a / Q12a. How much do you expect to reduce spend by? Please put in a percentage.

The risk in cutting marketing budgets is that strong brands recover faster. Businesses that build & market a relevant, differentiated offer will be more likely to succeed

Advantage for growing brands:



Create a difference that has the potential to be meaningful

Competitive advantage can be found in design, route to customer, service, purpose, positioning or communications not just product innovation.

Innovation must differentiate the brand from competition and must address a functional and/or emotional need to be meaningful. Test the innovation's potential to appeal to a wider audience than the existing user base.



Continue to innovate or risk disruption

Stay true to the brand's meaningful difference and add real value for the brand's primary target audience. Stay alert for changes in consumer needs and context that create new opportunities or which might demand revitalisation. Ensure that all types of innovation add incremental sales: new users, new occasions, new value or new premium. Do not fragment the brand with meaningless variants and line extensions.

*Based on BrandZ top growth brands: Respondents from high growth companies (as measured by BrandZ) compared to the total sample

3

What should businesses
do next?



No recession has ever
been accompanied by
consumer change of this
magnitude





90%

86%

believe there will be a change in expected consumer behaviours in the future



Base: (4474)

Q20. Do you think consumer habits and behaviours will change after the crisis?

48%

plan to spend less on understanding how behaviour is changing

Q12. How will your Market Research spend being affected in 2020? % expecting to reduce spend

Given the changes in consumer behaviour, businesses believe success will also come from understanding the ‘new buyer’ and how to communicate with them

Recovery – What are the business questions for the “New Normal” | % Important (extremely/very)



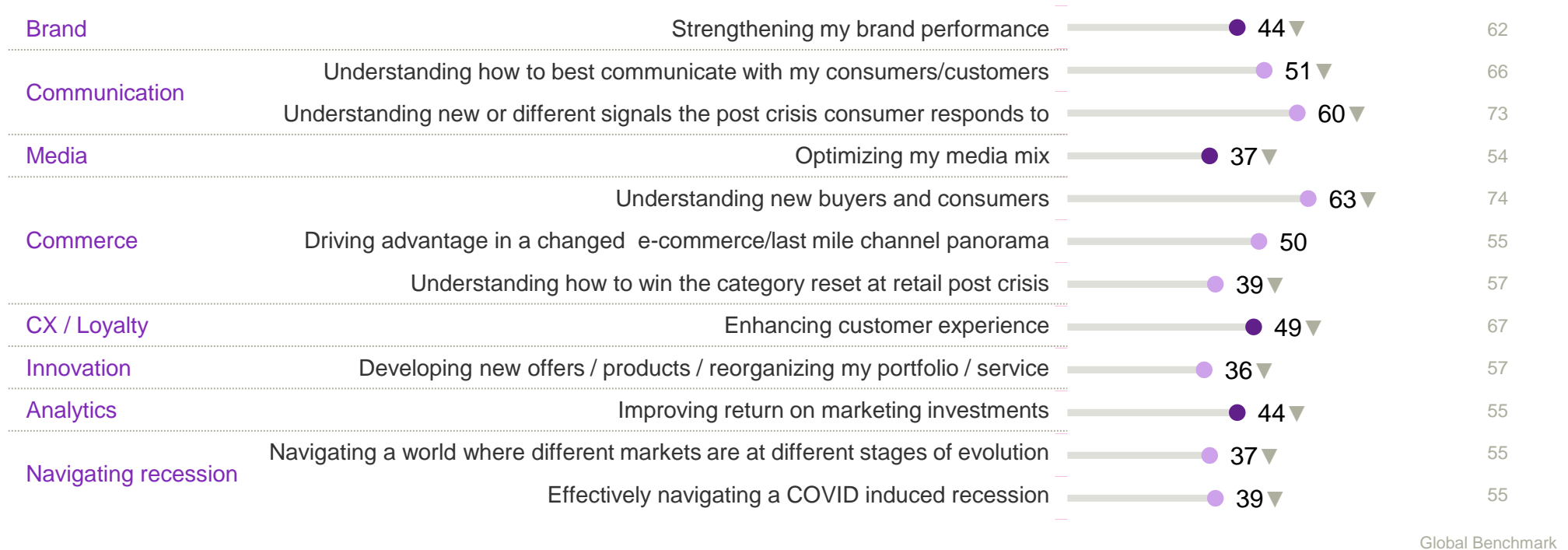
Base: (4475)

Q22. To support the recovery of your business, what role will Market Research (Insights, Data, Sales & Marketing consultancy) play in . . . ? Base market research cuts (48), budget maintained/increased (51)



Overall less need for insights and understanding of the new behaviours. Potentially businesses expect the return to the 'old normal'

Recovery – Market Research Role importance | % Important (extremely/very)



Base: (70)

Q22. To support the recovery of your business, what role will Market Research (Insights, Data, Sales & Marketing consultancy) play in . . . ?



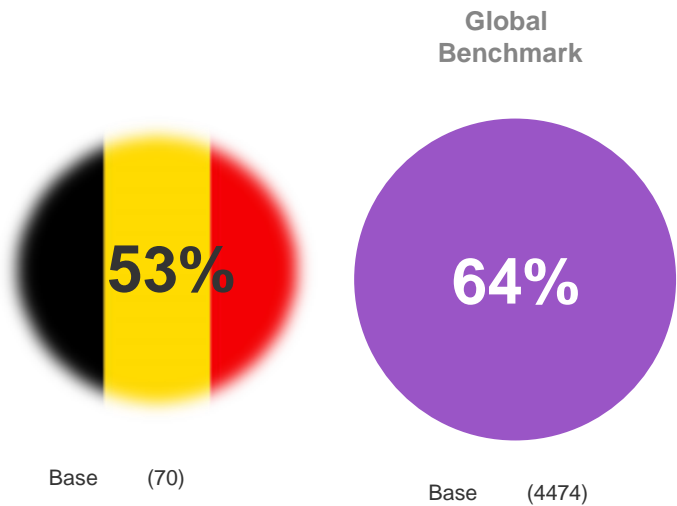
A. Organisational Performance

Purpose

Digital Transformation

Belgium businesses prioritise organisational structure and ways of work, while place less focus on strategy and e-commerce

Recovery | Business Strategic Plans change | % Yes



Recovery | Business actions needed

		Global Benchmark
Organization (new WoW, structure)	81	84
Strengthen e-commerce	54	70
Strategy (go to market, new business)	62	79
Reduce costs and overheads long term	38	39
Business changes (WoW with customers, suppliers, new partnerships)	60	66
Information (better access to data, faster market understanding)	57	56
No significant changes required		0

Q18. Looking ahead, do you believe your long term strategic priorities need to change as a result of the Coronavirus? Select only one

Q19. Over and above what was already planned, what changes does your business need to make to recover and grow sustainably as a result of the Coronavirus? Select all that apply.

Introducing new ways of working across teams and business units is an important condition of recovery



Recovery | Business actions needed

Organisation



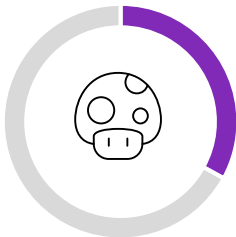
72%

New ways of working for staff (e.g. agile, flexibility)



32%

New organisational structure



33%

New Skills

Q19. Over and above what was already planned, what changes does your business need to make to recover and grow sustainably as a result of the Coronavirus? Select all that apply.

Organisational Performance

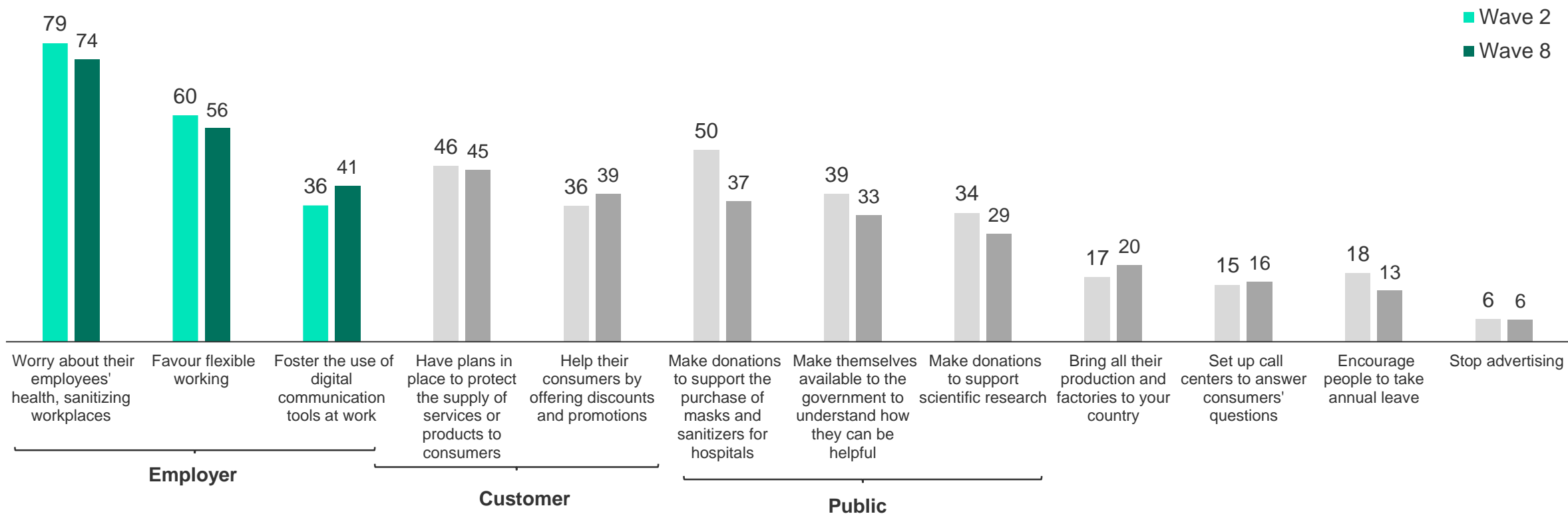


B. Purpose

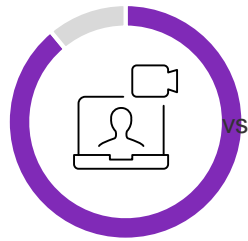
Digital Transformation

Since the pandemic started, companies are increasingly being first seen as employers.

What should companies do at the moment...



Belgian businesses are taking wellbeing and mental health very seriously but how can this be magnified and conveyed also externaly?



89%

99%



Staff

Facilitate remote working

Global businesses	82%
Local businesses	73%



60%

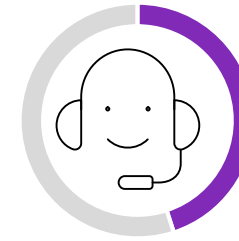
71%



Internal support

'How to' communication
and mental health support

Global businesses	64%
Local businesses	48%



45%

External support

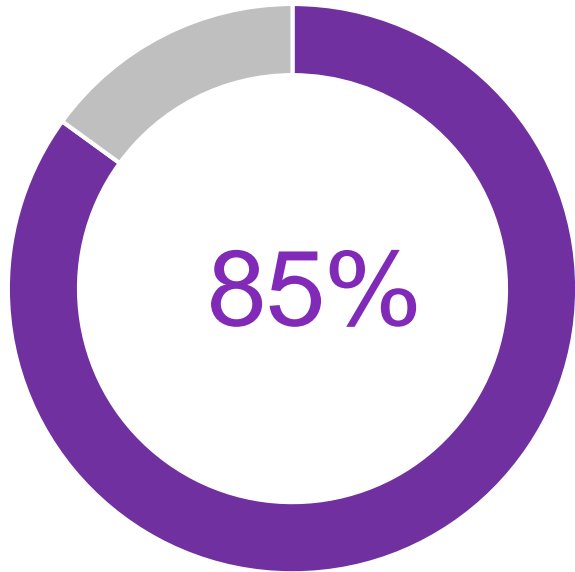
Play an increased role in supporting
society and / or government, Undertake
support to local communities

Global businesses	48%
Local businesses	36%

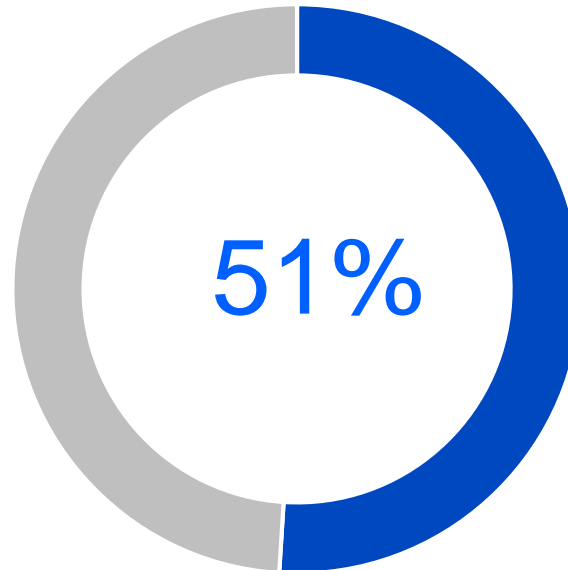
Q8. What other actions have you implemented or do you plan to implement? Select all that apply.
Which actions, if any, have you put in place / are you considering due to the Coronavirus? Select all that apply.

But people's expectations of brands go beyond that... Something that isn't being matched in business actions

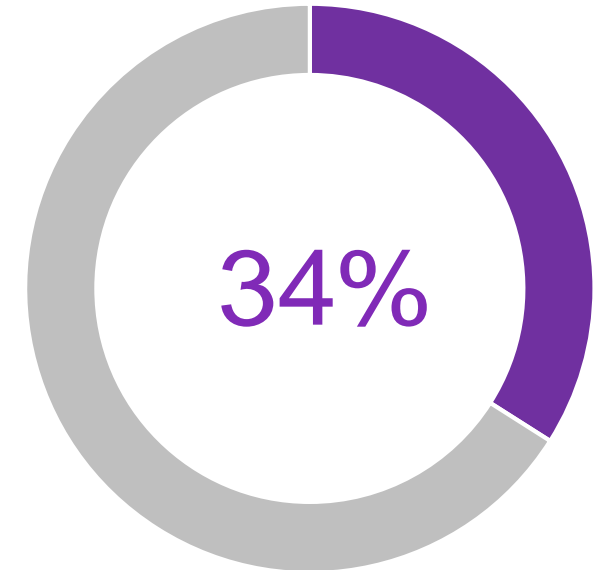
Consumers who think its important to buy products from companies that support causes they care about



Consumers want to see ads about how brands are helping the community



Companies plan to play an increased role in supporting society

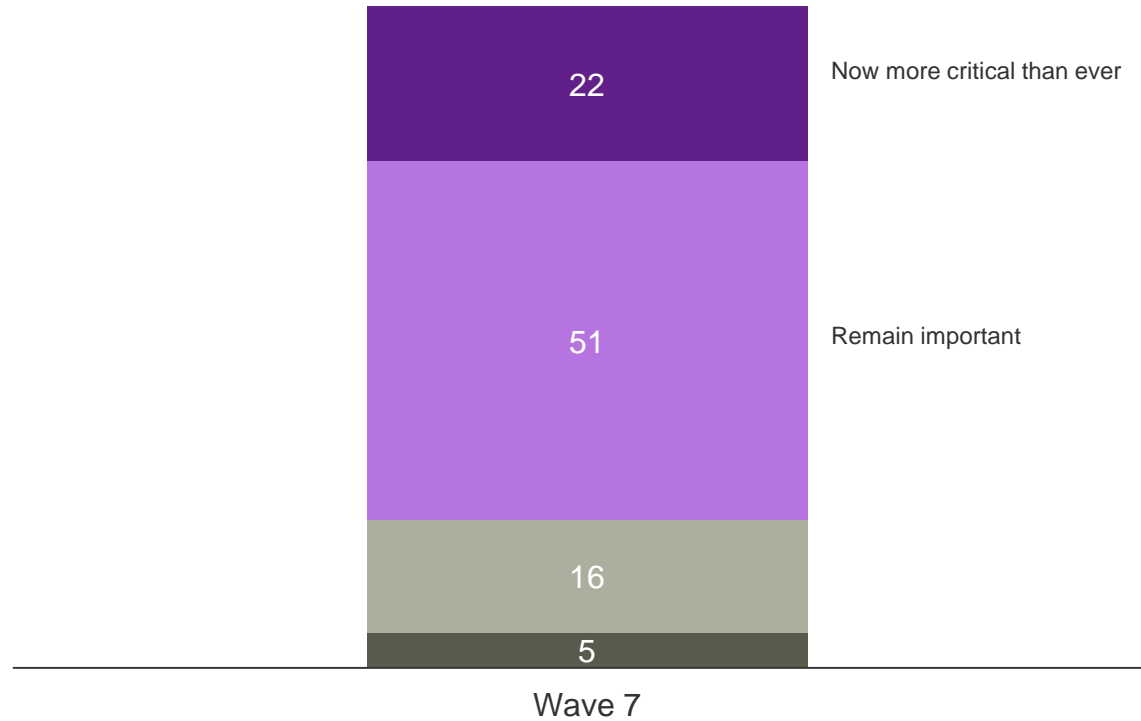


* Covid-19 Barometer

Q8. What other actions have you implemented or do you plan to implement?
Play an increased role in supporting society and/or government

And key issues, like the environment, haven't been deprioritized, with nearly $\frac{3}{4}$ of consumers believing it remains important for companies and brands

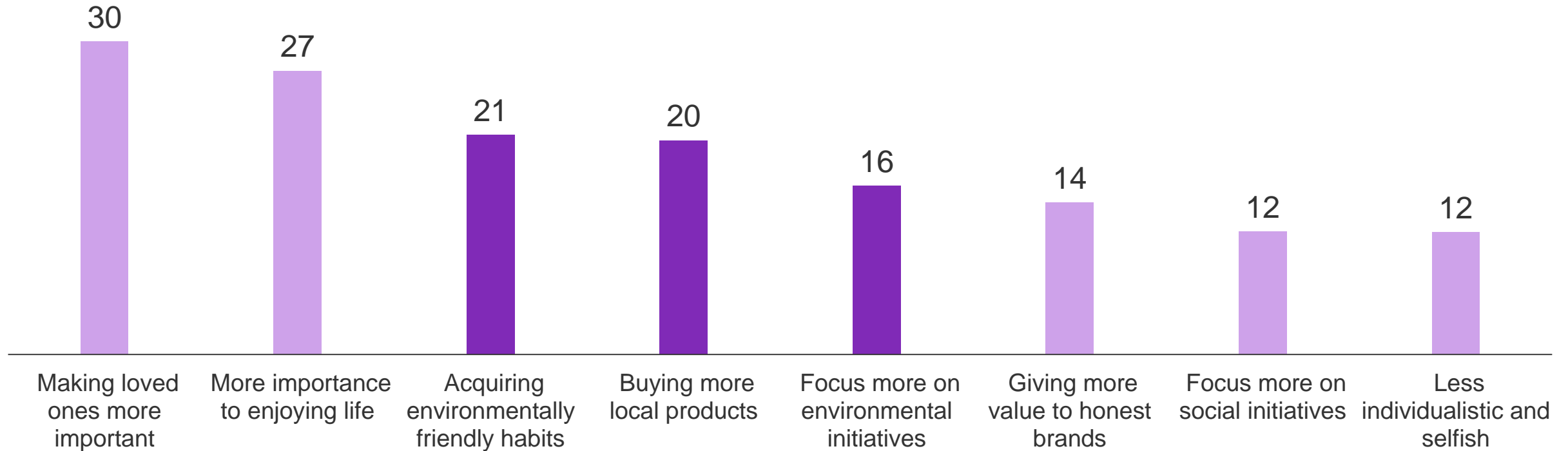
Importance of environmental issues



The pandemic is an opportunity for people to review their priorities

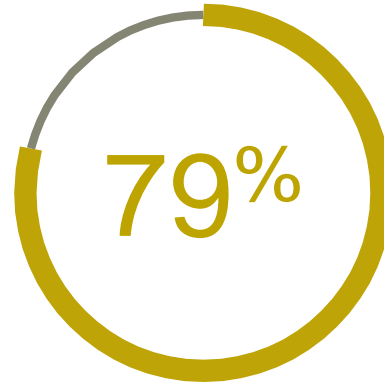
And environmental issues are prominent

Top 3 pandemic effect on how we think and behave (%)

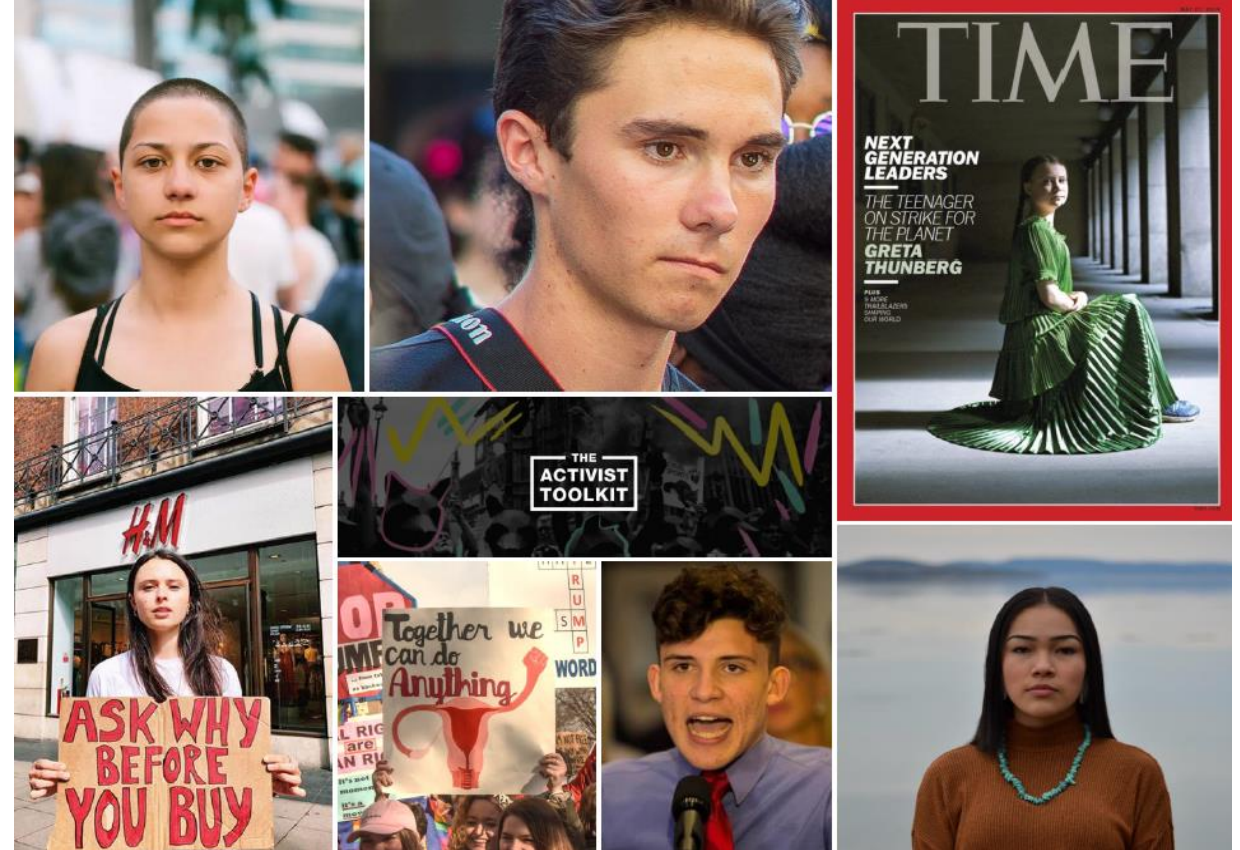
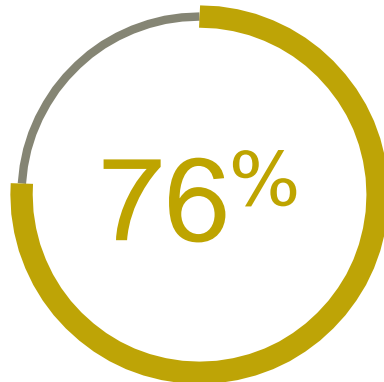


And for Gen Z, this influential and growing consumer base, purpose is even more fundamental to their own identity. And they expect brands to join in

Having a sense of purpose is important in maintaining health



It is extremely/very important to be seen as someone who stands up for what they believe in²



Organisational Performance

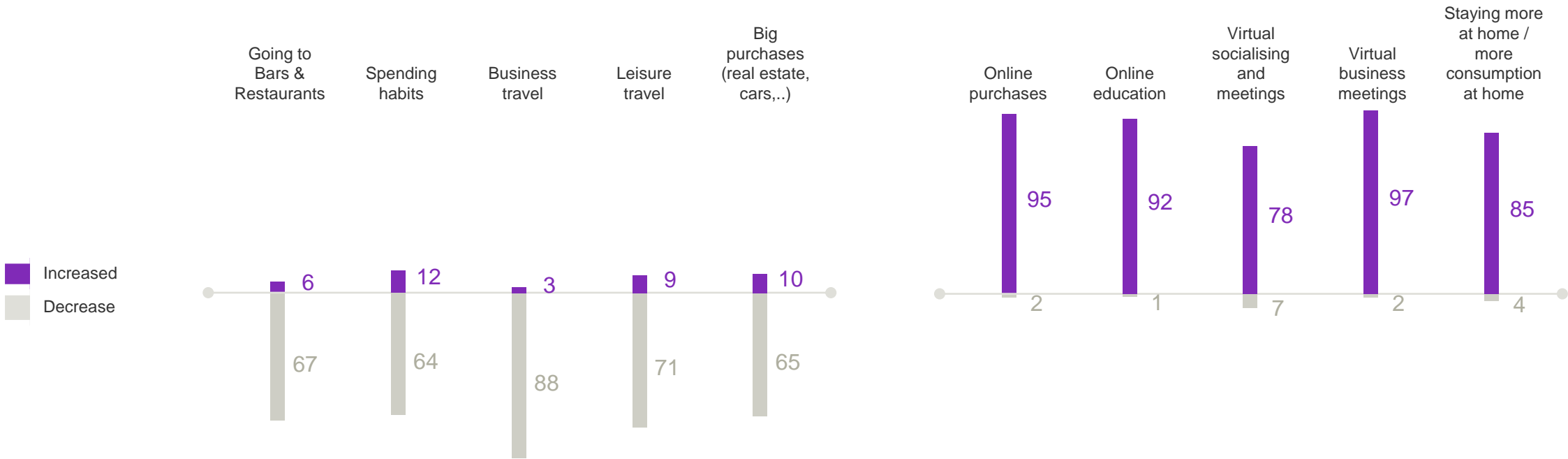
Purpose



C. Digital Transformation

Digital behaviours are expected to stay longer term

Recovery – Expected consumer change: Behaviours

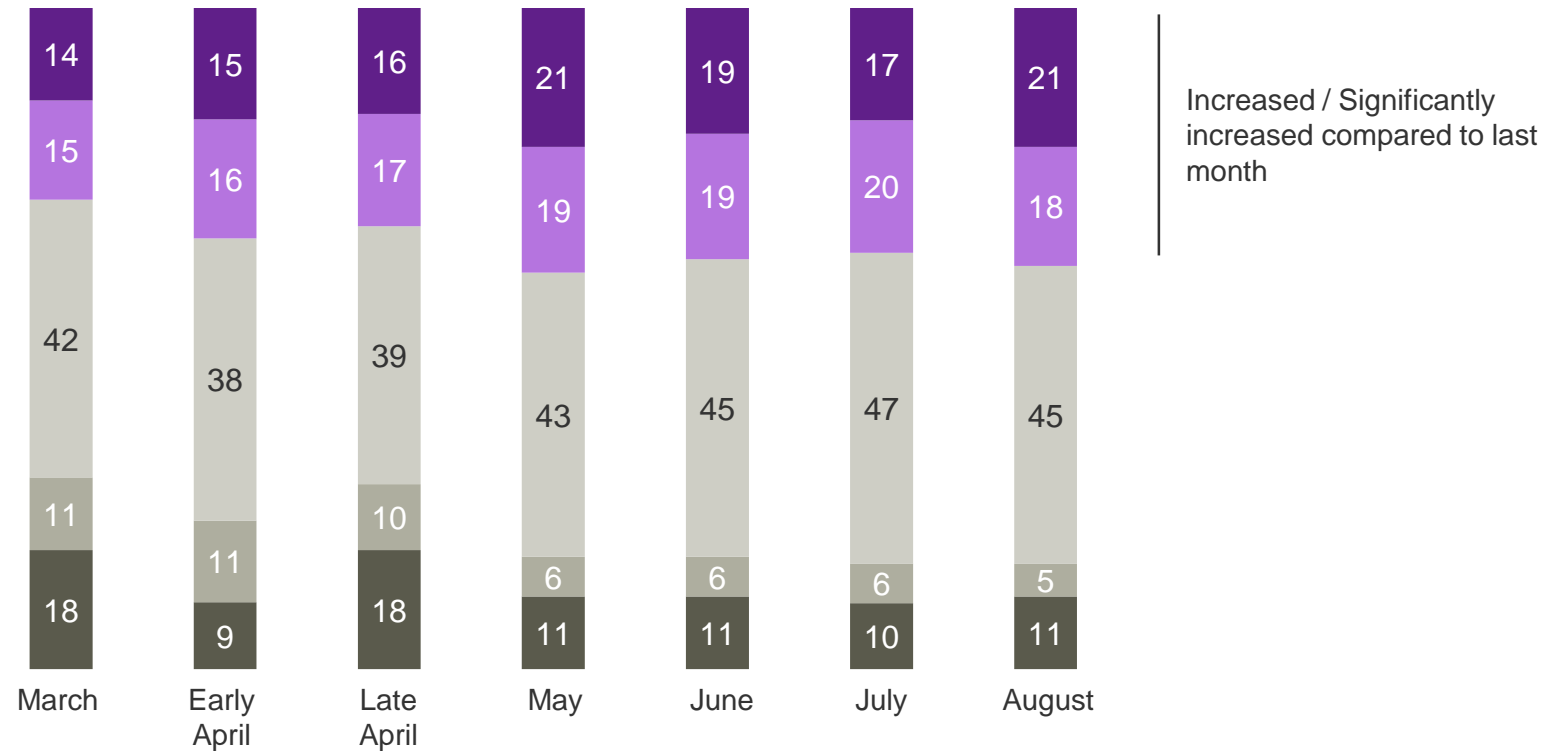


Base: (4014)
Q21. In general, how do you think the following habits and behaviours of people will change?

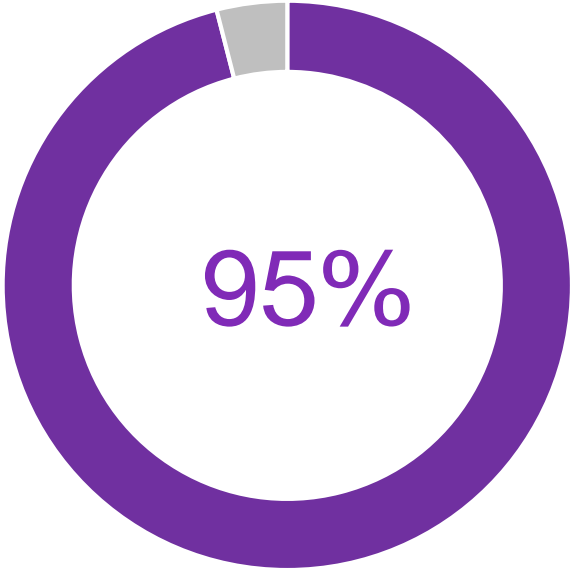
And consumer data proves this to be true... the pandemic accelerated people's use of eCommerce, and this continues to increase month after month



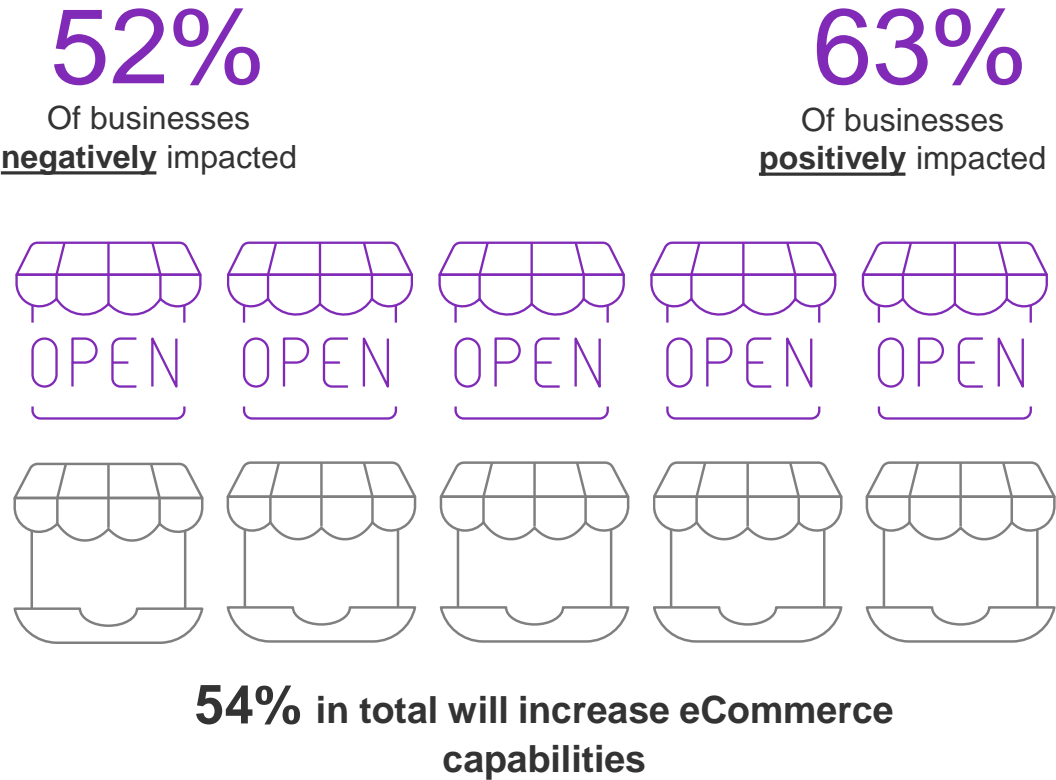
Shopping via eCommerce



Virtually all businesses agree that online spending will increase, however only half of them are increasing their eCommerce capabilities



Think online spending will increase



Q21. In general, how do you think the following habits and behaviours of people will change?

Q7 Which actions, if any, have you put in place / are you considering due to the Coronavirus?



DIGITAL
TRANSFORMATION

**And only 24% of customers
are impressed with their
grocery retailer's
omnichannel presence**

Organisational Performance

Purpose

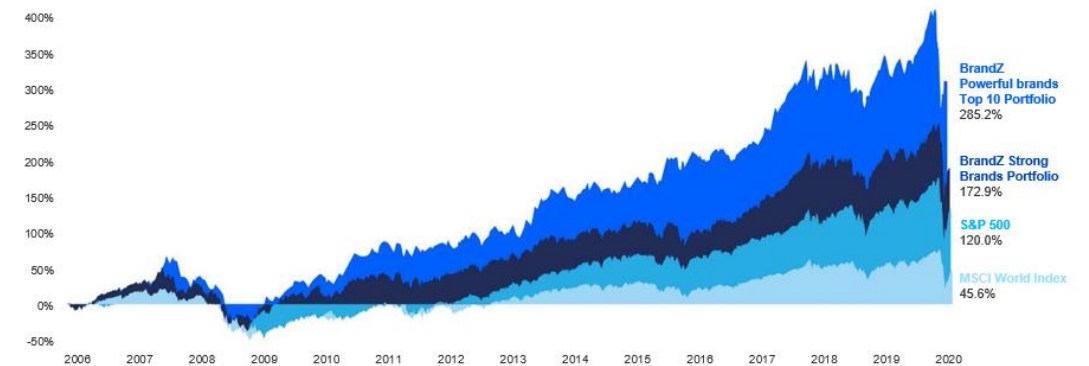
Digital Transformation

Comparing the brands that participated in this study with our BrandZ data, we see that the world's strongest and fastest growing brands already *behave differently ...*



BrandZ's strong brand portfolios continue to out-perform the market

BrandZ™ Portfolios vs S&P 500 vs MSCI World (April 2006 - April 2020)

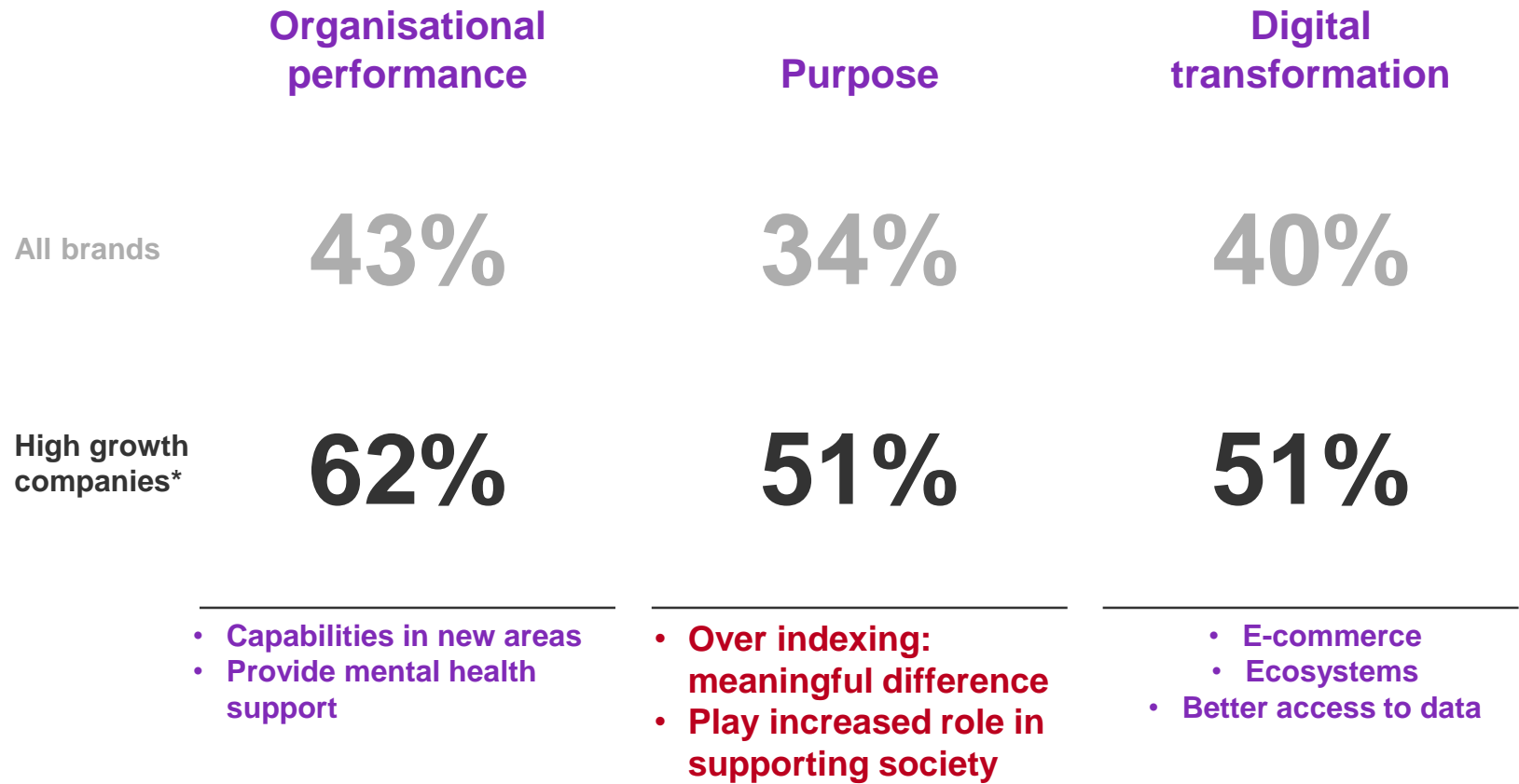


KANTAR | BRANDZ

8

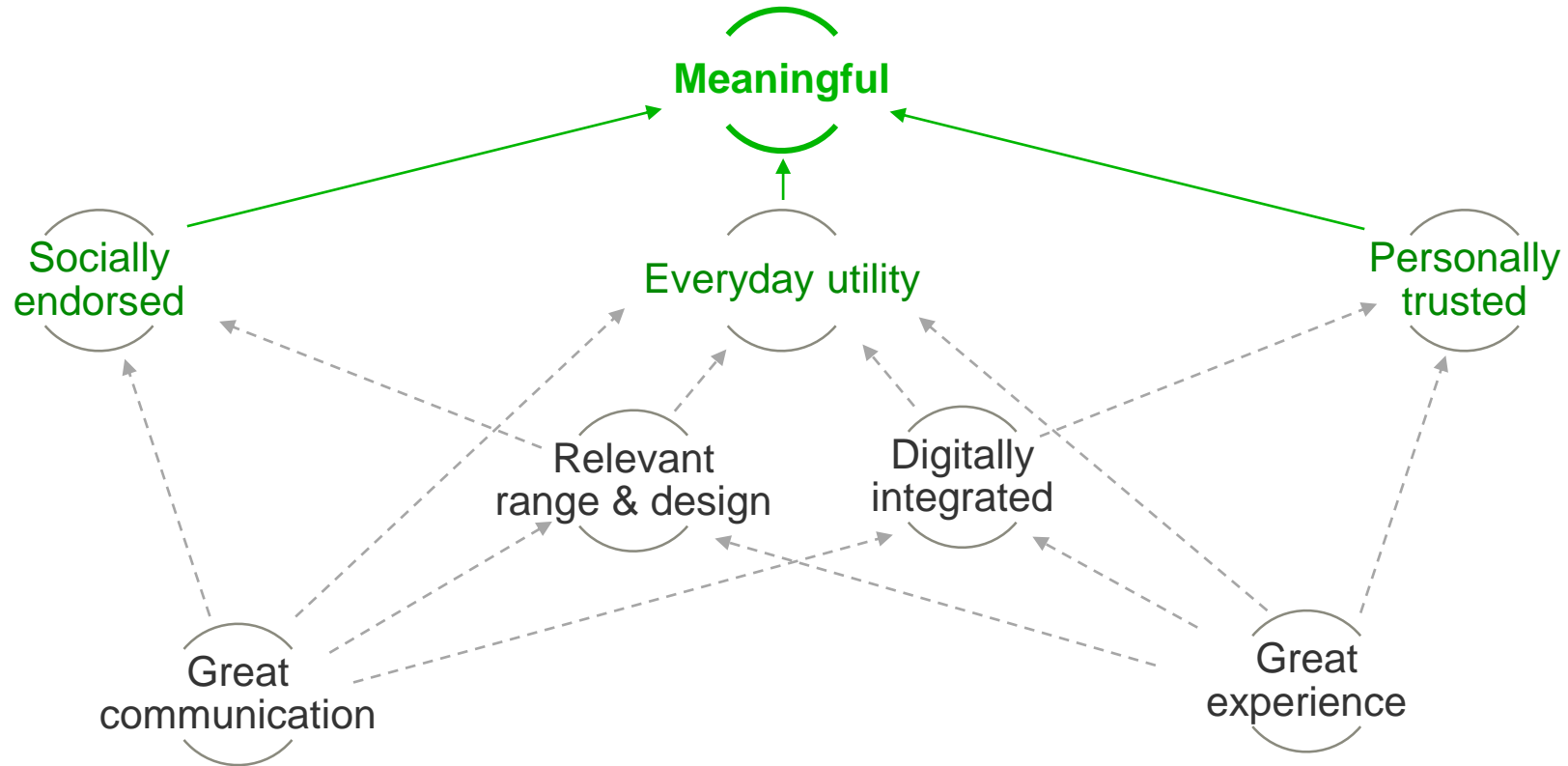


The areas of organisational performance, purpose and digital transformation are over indexing all other brands (global data)

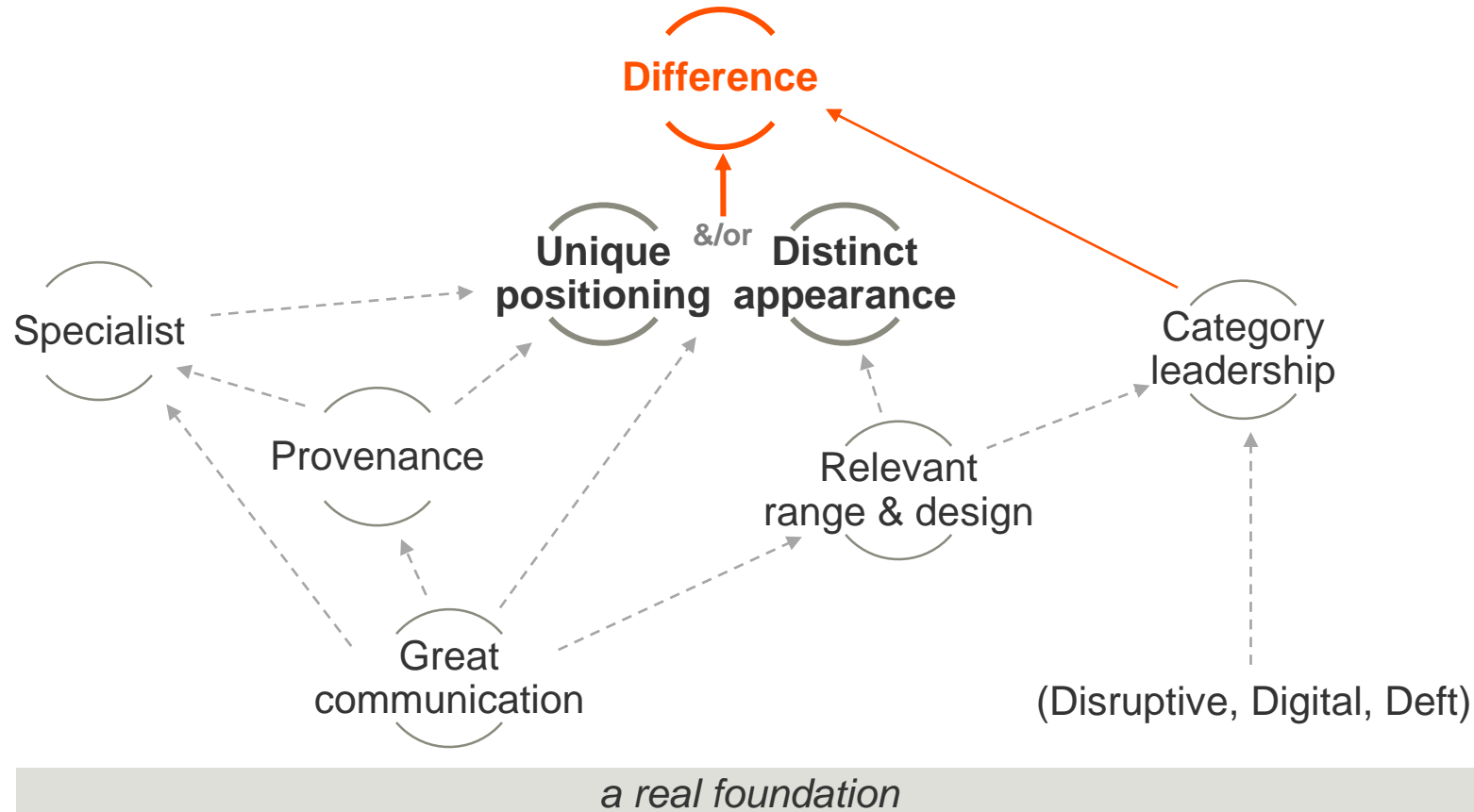


*Based on BrandZ top growth brands: Respondents from high growth companies (as measured by BrandZ) compared to the total sample

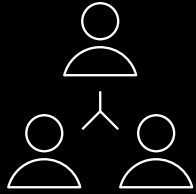
Driving *Meaning* for brands: Understand what gives meaning to your brand



Driving *Difference* for brands: Understand what makes your brand unique to build on



What Businesses should do next



ORGANISATIONAL PERFORMANCE

The majority of businesses are planning to rethink their strategy.

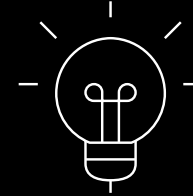
- Re-organisation
- Analytics & e-commerce capabilities
- Pivoting business to adapt: meaningful differentiations



PURPOSE

Brands need to have an impact in people's lives and on the world they live in.

Being a supportive employer in working flexibly and well being is now important globally.

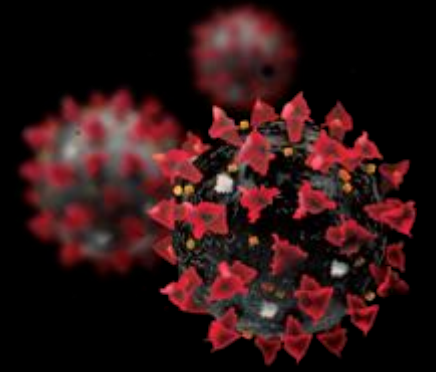


DIGITAL TRANSFORMATION

Opportunities in new consumer habits.

eCommerce and adapting to a more digitised consumer journey.

Better and faster access to data.



KANTAR

Thank you

Global Business Compass