The COVID Effect

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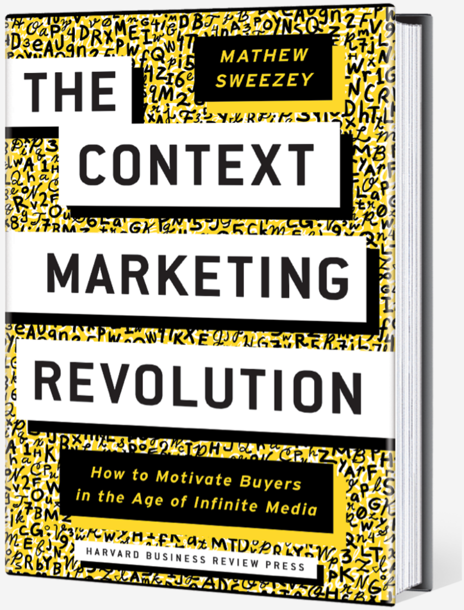

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Director of Market Strategy

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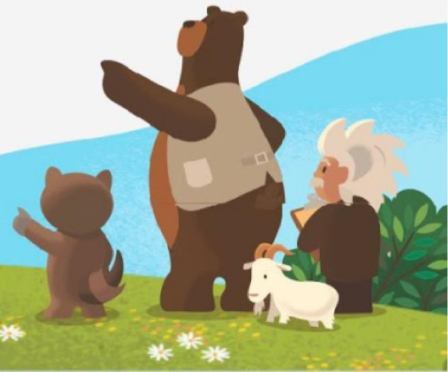
Author:

Marketing Automation for Dummies (Wiley 2013)

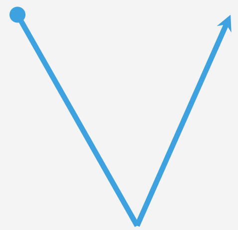
Context Marketing Revolution (HBR 2020)



There is enormous uncertainty in the future

Pace of economic recovery may span 18 months to 3 years, with several possible trajectories

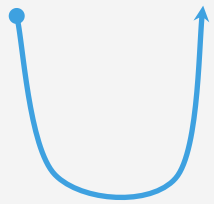
1 | ~~V-shaped~~



A V-shaped recovery with a possible short lived boom driven by huge stimulus needed for a hard stop to the pandemic

Would be a surprise scenario

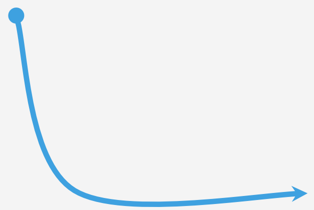
2 | U-shaped



A U-shaped recovery based on a longer crisis driven by a more modest response to the pandemic

Increasingly likely

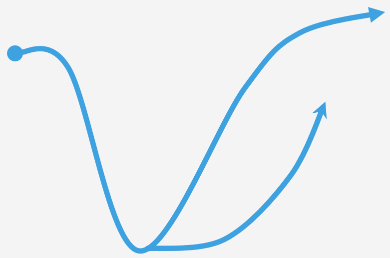
3 | L-shaped



An L-shaped non-recovery of a decay into depression driven by failed responses to the pandemic and economic crisis

Possible deep and long depression

4 | Y-shaped



A Y-shaped recovery is a combination of U & L-shaped recoveries–in this (likely) case, the economy divides into two tracks: slow and fast sectors

Both fast and slow recoveries

Retail Reimagined

COVID has changed the face of retail

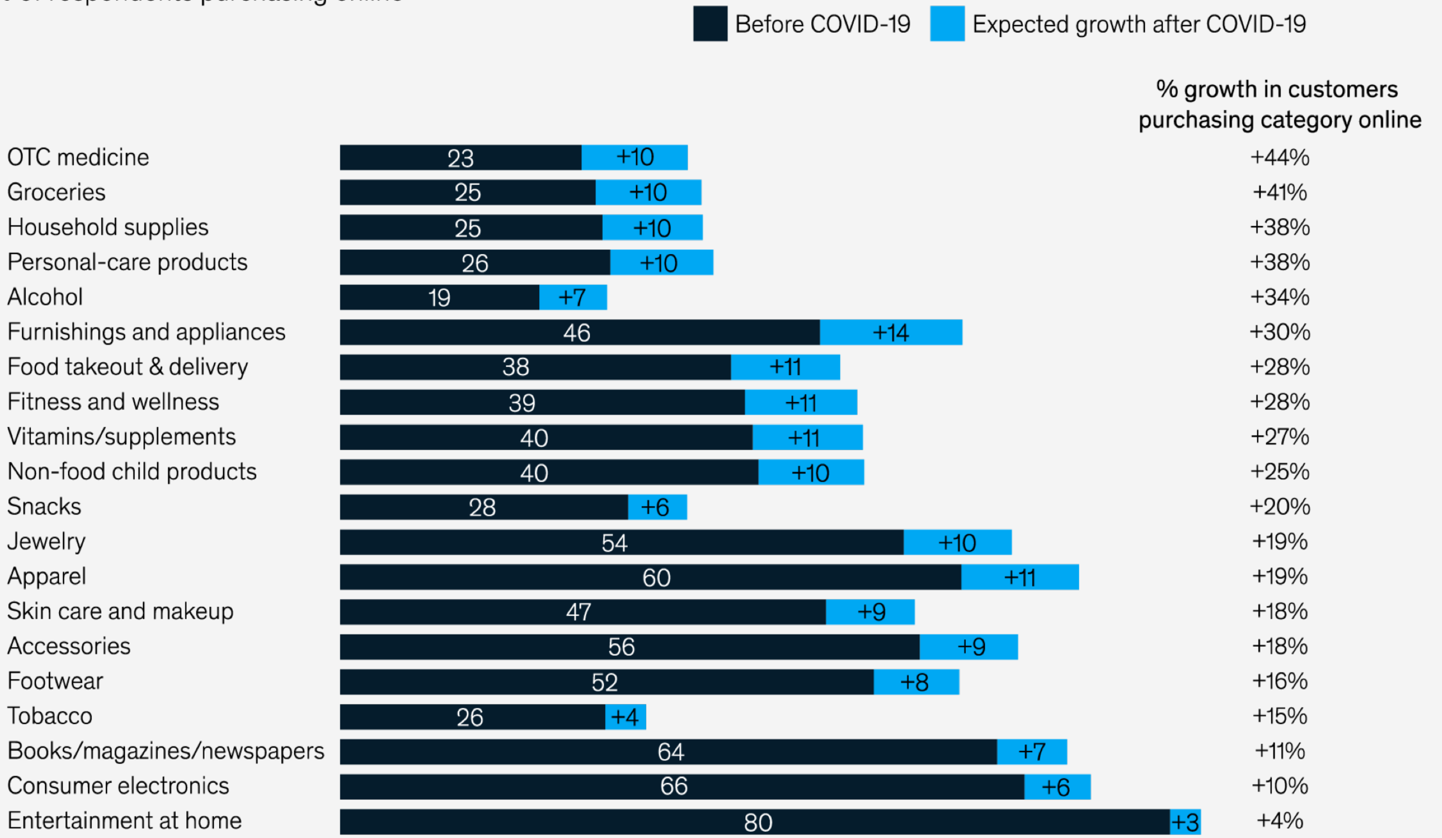
15-30% Increase in eCommerce

Across the board COVID has forced consumers online, and that behavior is very sticky.

- eCommerce is growing as high as 45% in places we did not expect like medicine, and grocery
- The trend is compounding. The more they shop via ecommerce the more likely they are to expect it in other areas of purchasing.
- **Pre-COVID we did not estimate these levels until 2025**

Consumers' use of online channels before and expected use after COVID-19[1,2]

% of respondents purchasing online[3]

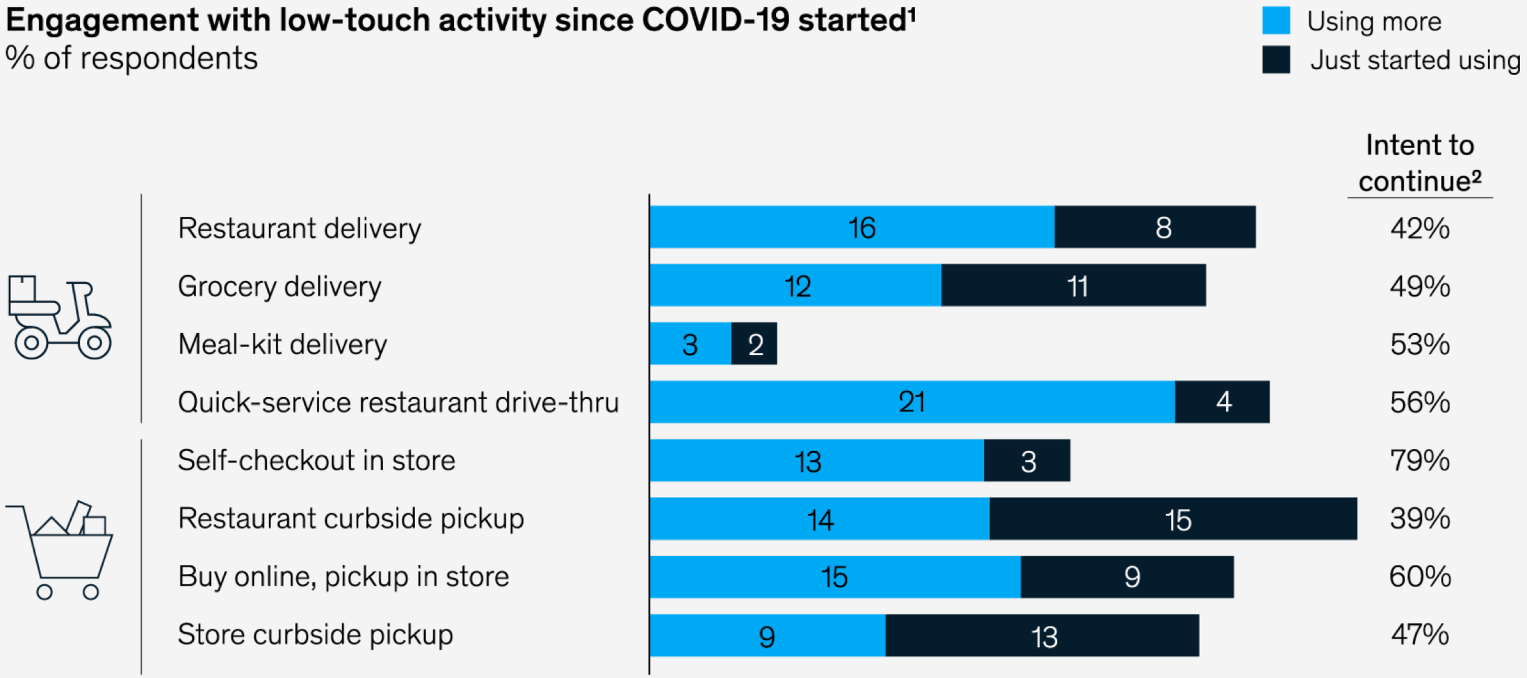


McKinsey & Company

[1]Q: *Before the coronavirus (COVID-19) situation started, what proportion of your purchases in this category were online vs from a physical store/in person?*
[2]Q: *Once the coronavirus (COVID-19) situation has subsided, tell us what proportion of your purchases in this category you think will be online vs from a physical store/in person?*
[3]Respondents who indicated that they have not bought the category online and do not intend to do so in the next 2 weeks are classified as not purchasing online.
Source: McKinsey & Company COVID-19 US Consumer Pulse Survey 6/15–6/21/2020, n = 2,006, sampled and weighted to match the US general population 18+ years

Americans have picked up low-touch activities, and some plan to continue them after the crisis.

Engagement with low-touch activity since COVID-19 started[1]
% of respondents



McKinsey & Company

[1]Q: *Have you used or done any of the following since the coronavirus or COVID-19 situation started? If yes, Q: Which best describes when you have done or used each of these items?* Possible answers: "just started using since COVID-19 started"; "using more since COVID-19 started"; "using about the same since COVID-19 started"; "using less since COVID-19 started."
[2]Q: *Compared to now, will you do or use the following more, less, or not at all once the coronavirus (COVID-19) situation has subsided?* Possible answers: "will stop this"; "will reduce this"; "will keep doing what I am doing now"; "will increase this." Intent to continue is % of respondents who chose "will keep doing what I am doing now" and "will increase this."
Source: McKinsey & Company COVID-19 US Consumer Pulse Survey 6/15–6/21/2020, n = 2,006, sampled and weighted to match the US general population 18+ years

50% plan to continue with New Experiences

- **Delivery** is going to be a key experience of the new normal.
- **BOPIS** will be a key experience for retailers. Data already shows those who offer BOPIS sold 80% more than those who did not.
- **Contactless Checkout** will continue and evolve to mobile devices very soon.

Retail Stores Become eFulfillment Centers

With more sales going online retail's investment into physical stores will have to change.

- Target seeing 4/5 of its online orders fulfilled by retail stores.
- **88% of online orders at Target are "Same day pickup"**
- Stores will become micro fulfillment centers as the cost of executing an order in store is **90% of a fulfillment center.**

Short Term:

Shopping Local Becomes Purpose Driven

- 66% of Shoppers Feel SMB's Are More Important Than Ever
- 67% also said they are committed to supporting small businesses more now than before.

When we asked SMB customers why they like to shop small they told us. Customers are looking for ways to support small businesses without compromising social-distancing requirements and within their current means, as household cash flows suffer during lean economic times.

1 in 10 consumers have tried a new brand because it was a local business.

A Healthier World

COVID brought us back to nature

A New Focus on Health

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"We're pretty confident that anything in the space of health and wellbeing is going to enjoy sustained strength."
—Alan Jope, CEO of Unilever

Physical Health

40% of respondents exercised at home for the first time. 37% of all survey participants indicated they would work out more after COVID-19, and over **50% of them said they are motivated to do so by a renewed appreciation for their health and well-being.**

Source: http://www.harrisonco.com/

Telehealth

There has been a 4X increase in the use of telehealth during COVID, and this is only the beginning. In 2019, only 11% of US consumers used telehealth, compared with 46% today.

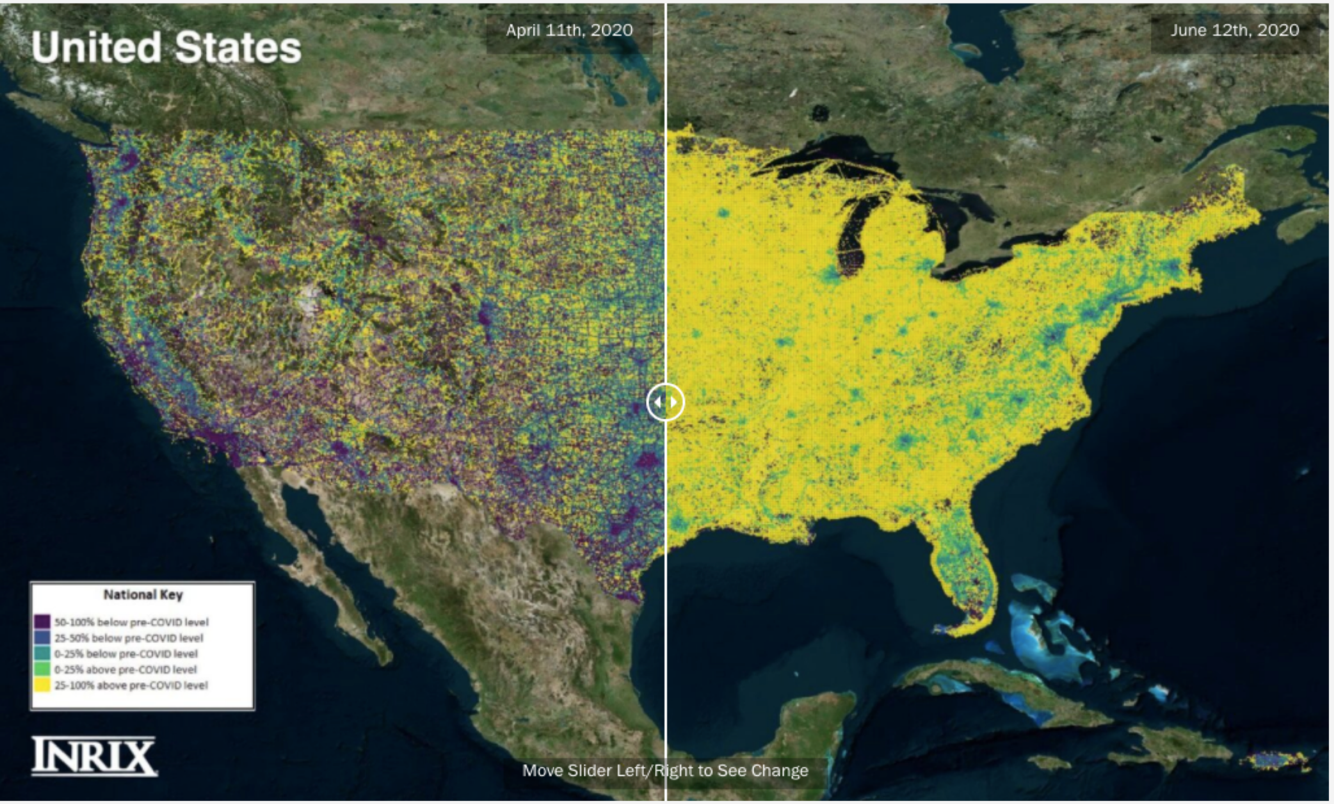
But more important is that, when asked, 76% expect to use it in the future.

Source McKinsey & Company

100% Increase In Well-Being Search Terms

- Online Therapy
- Yoga and Pilates Mats
- Air Purifiers
- Fabric Refreshers
- Balance Trainers
- Prayer Cards
- Exercise Bands
- Indoor Climbing Holds
- Light Therapy Lamps

Google Data, Rising Retail Categories, U.K., U.S., May 28, 2020.



Paris, residents can get up to 500 euros (about $554) in subsidies to buy an electric bike and a €50 reimbursement to repair an old bike,

A Return To Nature

There were dolphins in the Ganges river in India and there were Rhinos in the streets of Nepal!

- Travel to places of nature is up
- Airbnb with access to nature that are within 100 miles of urban centers are fully booked
- Entry-level bike sales jumped 677%
- Paris creates “corona cycleways”
- Over $500 million of new bike projects sparked in cities

New Ways of Being

The way we live has evolved

Barbados Wants You to Come Work Remotely By the Beach for Up a Year

Sun, sand, and WiFi.

BY ALISON FOX | JULY 10, 2020

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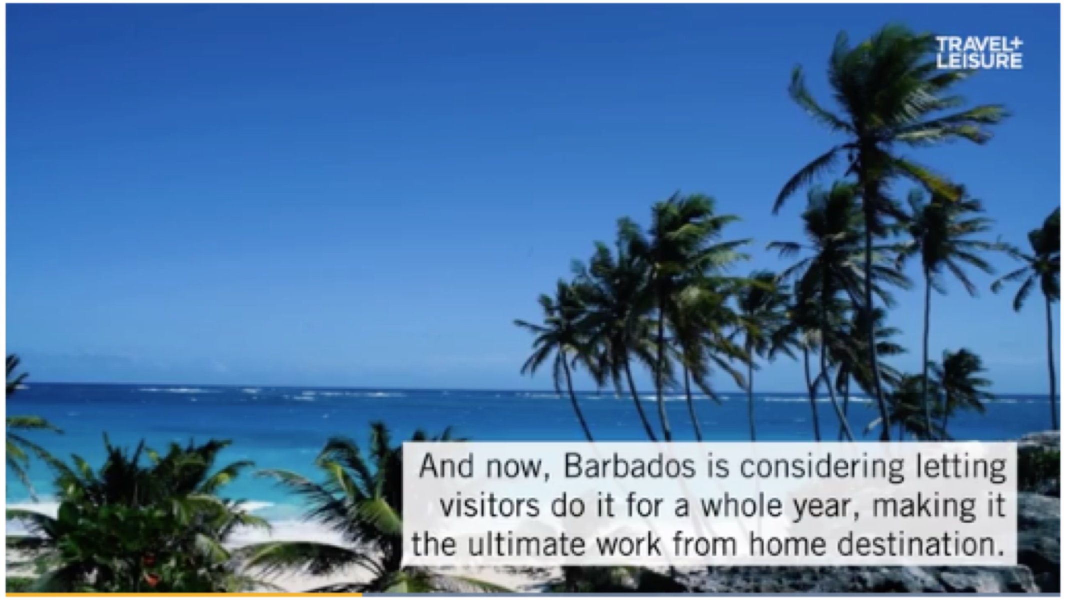
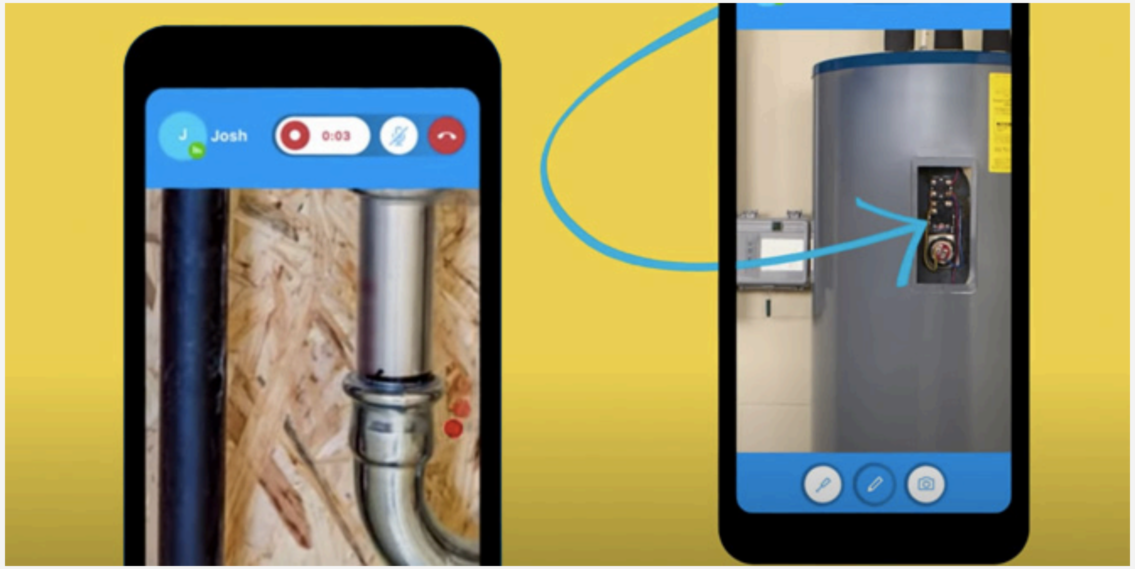


Work from Home Becomes #WFA

Countries like Barbados have already rolled out new programs to make WFA a reality.

Dubbed the “Barbados Welcome Stamp” and launching this week, the program will allow visitors to stay on the Caribbean island visa-free for up to one year. The aim is to attract remote workers, with a bill to be introduced in Parliament by the government that will remove the local income taxes that normally kick in after six months.



“Video is the new Voice”

Consumers are already being offered new experiences from companies like Lowes, which now allows you to “Zoom your plumber”

Telehealth: There has been a 4X increase in the use of telehealth during COVID. In total 46% o the US has used Telehealth now, and **76% of consumers expect to use telehealth in the future.**

Fun Fact*: Zoom saw a 20X increase in use. In 2020 if Zoom was a nation it would be 7th largest in the world by population.*

Conclusions

What’s the future look like?

Retail Is Reimagined

Obvious Effects

- eCommerce spikes
- Grocery is biggest impacted
- Trends spike, decline, then grow

Non Obvious Effects

- Shopping local becomes purposeful
- 50% possible stickiness
- Retail locations are reimagined into efullfilment centers

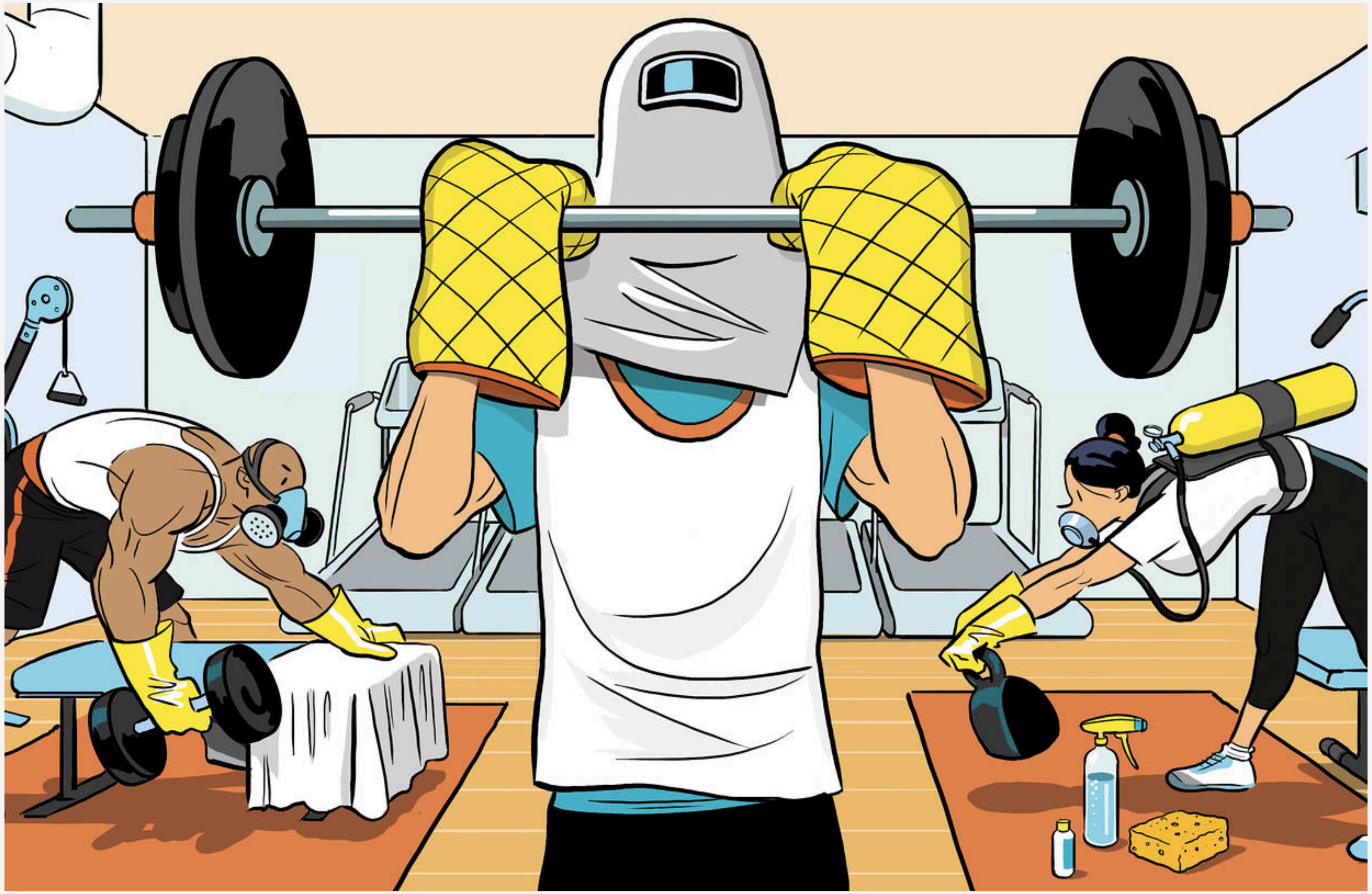
Heath Becomes A Focus

Obvious Effects

- 24 Hour Fitness, and Golds Gym go Bankrupt
- Home work out equipment spike
- Telehealth spikes

Non Obvious Effects

- Nature returned to cities
- Telehealth sustains
- “corona cycleways”



New Ways of Being

Obvious Effects

- WFH -> WFA
- Video is the new voice

Non Obvious Effects

- Tourist towns have a new income stream
- Consumer debt falls to lowest level since 2011
- ”Cottage-Core” is now a trend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you
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