

RETAIL AND MARKETS

MARKETING FOREVER CHANGED

GETTING THE MOST OUT OF YOUR
MARKETING DURING AND AFTER COVID-19



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The COVID-19 crisis has led to a number of changes in the consumer and thus also in the marketplace, partly driven by the disease itself, partly by the ensuing economic changes as a result of it. These changes require almost every company to adapt in some way. Some of these changes are more transient than others in that they occur as a result of quick adaptations needed to be made immediately, whereas others are more persistent mid-term, and some changes will probably last long-term. In many ways, the COVID-19 crisis has only pushed forward developments that were essentially inevitable to happen in a few years, maybe most importantly the drive towards digitalization.

Keep the marketing budget

There is much to learn from prior research on how a company should act when moving into a recession. Overall it can be concluded that a company's marketing actions during recessions generally have a bigger impact on the company performance than in normal times. Since customers experience uncertainty and are more willing to question existing purchase behaviors and partnerships, every decision has a greater power to increase or decrease market share and profitability. Weaker firms tend to fail and stronger firms win market shares. Those that manage to perform well in recessions are also usually likely to keep their improved position even after the recession is over. On a general level, we also find that firms benefit from keeping or even increasing their advertising budget compared to before the recession hit. The question then becomes how this budget is best spent to make sure that we are one of the companies that not only manages to survive the crisis but even among those that increase their market shares. To better answer this question of effectively managing advertising budgets during a crisis, we need to dig deeper into customer psychology and understand the different ways the crisis has impacted their thoughts, emotions and behaviors.

Adapting to customers' emotions and reactions

In these times, the customer may experience stress, uncertainty and a lack of resources which can have direct implications for how companies should advertise their products and services. To service these new emotions, you may offer certainty by giving customers the opportunity to change their mind for an extended period after their purchase. Another way to address these emotions is by taking the expert role in order to help the customer with the decision by being more credible. Even though most customers will not suffer major decreases in their income, the possibility that this might happen nevertheless impacts how they will spend their money. Therefore, to address this you may offer products that are a reduced offering, not quite being as valuable as the original product, but significantly cheaper in return.

Not only is the psychology of the customer impacted, but their actual behaviors are also forced to change, for example by no longer being able, or required to work in their office. This, combined with the wish for being more frugal as noted above can lead to the fact that people start changing their routines. This means that the products that were previously routine purchases and thus required low engagement, are now reconsidered. The fact that customers reconsider their purchases offers marketers both an opportunity in that it increases the possibility to grab customers from competitors, and of course the risk of losing customers too. To seize this opportunity, it may be a good idea to try to specifically target potential brand switchers with offers of the company's products at a reduced price. On the other hand, to mitigate the aforementioned risk, companies can offer pauses in any subscriptions and to allow customers to restart them once things return to normal again. By offering a pause instead of just letting customers end their membership, this option reduces the likelihood of customers reflecting on other alternatives and grants the company, to a greater extent, the psychological right to contact the customer at a later point in time. When to notify the customer about resuming their subscription becomes a balancing act of either being perceived as too repetitive and intrusive, and being too

late and thus letting the customer stray. During the time the customer spends away from their normal routines and subscriptions, a great idea is to try to retain a relationship with them digitally, something that also becomes important for building a strong brand for the future.

Analyze and re-analyze the customer journey

The foundation for understanding the behavior of the customer is to re-evaluate the customer journey in this new context and thereafter continuously adapt the marketing department in alignment with this evolving environment because factors that have been stable over a very long period might change rapidly during this time. To do this, we need to identify the key aspects of consumer behavior and experiences that have been impacted the most. This exercise in prioritization becomes very important for the marketing department since it is very easy to get carried away and start acting on new possibilities. Since there is limited company attention and resources, there is a need to let the analysis of the customer journey be the deciding factor for what needs to be done. Companies might get inspired to act during crises in various ways and consultants might argue for different actions. Our recommendation is to always have the customer journey in focus and the possible positive impact activities can have on customers' choices and customer retention. When considering if a change is actually important or not in the eyes of the customer, companies must take into account how companies are subjectively perceived, not focusing on the objective truth. For example, even though a customer might be completely safe regarding economic stability and security, they might feel that there is a risk that this may not be the case and act accordingly.

The next step in digital adaption

Initially companies had to adapt to a digital world by adding that option as a complement to physical interaction with customers. As online behavior increased, companies have, with various speed, commitment and success, spent the last years optimizing their online presence

and sales channels. Today all companies, both B2C and B2B need to be prepared for a fully digital ecosystem for sales and branding communication. Being able to build and maintain a continuous relationship with the customer by using digital means has become more important than before and will remain an important ability even after this crisis has passed.

To do this, companies need to compare what is offered in their physical stores to that in their online setting. In identifying these differences, companies can see where they need to focus their efforts. There might be a need to better structure product information online, both for desktop and mobile platforms, and make chat services more approachable since right now it feels much easier and more familiar to interact with a salesperson in real life. This aspect is important since we know that even when customers have the opportunity to call or even chat with an employee, they still often chose not to due to the perceived psychological barrier.

Being able to interact with the product indirectly leads to a higher purchasing intention. Therefore, companies benefit from making sure that there are many informative images showing the product from all angles, and in the best of scenarios, also the possibility of interacting with the product through the use of 3D-models. Not only is the purchasing experience important, but also what types of delivery options are offered. Here, it becomes important not only that we are able to provide home deliveries, which in today's world is a given, but also the conditions under which deliveries are made. Therefore, aspects such as how long it takes from ordering the product to it arriving and how simple the product return process is, matter. As mentioned before, this does not have to do with the actual perceived time and effort, but rather the subjective experience. It makes less rational sense to make sure that the product can be delivered the same day but makes great emotional sense since the customer wants to experience their product as soon as possible. Again, all of these aspects become more important in these extraordinary times but will most likely remain important. Thus, investing

in these capabilities as a company does not only make sense, it is vital.

Don't waste a genuine crisis

By keeping their marketing budgets, companies can increase their market share and, in most cases, maintain it even after the recession is over. To make sure the marketing budget is used in the most effective way, it is beneficial to re-analyze the customer journey, taking into account the heightened feelings of stress and frugality while looking at customers' changed routines. The resources spent on building the means of maintaining customer relationships through digital options and improving the user and purchasing experience through online channels can be seen as long-term investments since these investments were bound to occur in the near future regardless. To summarize, the COVID-19 crisis constitutes a genuine risk for many companies but can, when handled right, be a true opportunity for strengthening a company's long-term competitiveness.

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