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How COVID-19 changes human behaviour and marketing decisionmaking

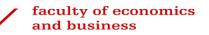
Connecting authentic brands with people in times of crisis

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Report RUGCIC-2020-03 ISBN 978-94-034-2914-4

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Management Summary



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The COVID-19 crisis affects every aspect of our lives

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- The world as we know it is currently experiencing one of the greatest challenges since the Second World War.
- Society and the economy have largely been brought to a standstill, and almost every country is in the grip of a recession.
- It is likely that the COVID-19 crisis will have substantial consequences for our way of living, working and shopping, and more specifically for consumer behaviour.

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Why is COVID-19 important for managers?

- > In order to be able to continue meeting consumers' basic needs, and to maintain employment levels, companies must limit the damage as a result of the COVID-19 crisis as much as possible. One of the tools available to achieve this is marketing.
- > We consider consequences of COVID-19 on consumer behaviour and how organisations may deal with it in their marketing decisions. Marketing managers need to investigate:
 - Economic consequences of COVID-19 and changes in consumer spending
 - Changes in consumer and shopper behaviour
 - Organizational goals and aims
 - Strategic decision-making in marketing
 - Investments in R&D, brands and communication
 - Channel choices
 - Pricing
 - Communication



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Recommendations for marketing managers (1/3)

- Observe the expected permanent changes in consumer behaviour and shopping behaviour: particularly from offline to online and the post-COVID-19 reallocation of budgets over product categories.
- > Redefine your organisational goals and more particularly the social responsibility of your organisation.
- > Be closer to your customers and provide "targeted" and more specific solutions.
- > Create relationships and try to learn from experiences and solutions from other companies.
- > Direct your marketing efforts at satisfying existing customers. It is more effective in this period of contraction than attracting new customers.
- > Investigate the possibilities to create omnichannels.
- > Try to cooperate with other companies to create new platforms. As an example: The Next Organization (TNXTO) and Consultive created such a platform where companies share their experiences during COVID-19.



Recommendations for marketing managers (2/3)

- > The time seems ripe for companies to start implementing the customer concept (Hoekstra et al., 1999).
- > The customer concept is a management orientation which maintains that:
 - firms establish relationships with selected individual target customers,
 - with whom superior customer values are designed, offered, redefined and realized,
 - in close cooperation with other partners in the marketing system such as suppliers and intermediaries,
 - in order to realize long-term profits through customer satisfaction, partnerand employee satisfaction.



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Recommendations for marketing managers (3/3)

Product

 Investigate existing product portfolios to account for changing market conditions during and after COVID-19. In periods of contraction, customers are more sensitive to new products/ innovations than in upcycles, hence keep investing in R&D to develop new solutions for customers. Private label share increases during down cycles. Hence invest in new authentic products and communication.

Pricing & Promotion

> Do not actively use price and price promotions.

Communication

- > Keep your advertising expenditures at least at the pre-COVID-19 period level and increase your share of voice in this way.
- > Keep in mind that advertising is usually more effective in down cycles.
- > Reconsider your choice of media (more online) and messages (more directed at individuals).