



RESEARCH ARTICLE

IMPACT OF COVID-19 ON MARKETING STRATEGY AND EXPENDITURE

Prachi Sharma

Manuscript Info

Manuscript History

Received: 26 July 2020

Final Accepted: 31 August 2020

Published: September 2020

Key words:-

Marketing, Strategy, Covid-19,
Coronavirus, Expenditure, Pandemic

Abstract

This paper seeks to analyse the Coronavirus Pandemic (2019) on Marketing Strategy and Expenditure. The virus is currently a global issue and has affected marketing, expenditure, and various marketing strategies worldwide. This virus has impacted different companies, organizations, firms, international and regional markets through their marketing and expenditure operations. Therefore, the effects of COVID-19 on digital marketing, social media marketing, email marketing, 4Ps of marketing, advertisements, and search engines (SEO) are also discussed and examined. The coronavirus pandemic has affected branding, supply chain, advertising and marketing, and retail and marketing. Additionally, the text explores how businesses shifted their marketing strategies to take various directions while cutting down their marketing expenditure. Moreover, it also examines how industries, like travel and hospitality, have been significantly affected. On the other hand, multiple businesses, such as streaming and other online services, experienced varied effects. Generally, several marketing actions have been influenced by the spread of COVID-19, such as corporate social responsibility (CSR), consumption pattern, advertising, marketing communication program, and supply chain.

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Introduction:-

The coronavirus pandemic is a current tragedy to everyday human life, affecting billions of people worldwide while infecting millions. The virus has resulted in adverse effects on the global economy, industries, and organizations, thus involving the marketing strategy and expenditure. Several countries Implemented the complete national lockdown, which impacted multiple areas of their economy, especially small businesses enterprises and corporates. Due to the total federal lockdown, digital marketing is essential since traditional marketing strategies are not successful. Governments have been enforcing different formulations to minimize the effect of COVID-19 on public health through lockdown procedures, restrictions on the movement of individuals, and social distancing practices. These actions have affected most of the businesses as consumers' purchase behaviours changed drastically, which caused significant implications on profitability and the effectiveness of marketing practices. Corporate social responsibility (CSR) is one of the main pillars for shaping the brand image and determining business success. The pandemic of Covid-19 provided organizations with ample opportunities for active engagement with their strategies concerning CSR and programs. Businesses across the globe have to implement marketing strategies based on the government's rules to mitigate the spread of the disease. Therefore modifications on the marketing strategies are essential to industries, companies, and organizations across the world. The coronavirus pandemic has also impacted advertisements, search engines (SEO), email marketing, social media marketing, and 4Ps of marketing. The

pandemic presents a hard challenge almost to every business with either a supply shock, a demand shock, or both.

Marketing strategy:

Marketing strategy involves various tools that include digital marketing, design, and public relations. The coronavirus pandemic has led to the age of social distancing, making digital marketing paramount. Therefore, brands are telling their story digital and online platforms, creating an emotional connection through well-worded design and content. Social media marketing is becoming one of the best ways to connect with customers since traditional marketing strategies are unsuccessful. As a company's or an organization try to strategize during the Covid-19 pandemic period, marketing's most important job is to identify, engage with, and convert customers into valuable assets that create long-term cash streams. This central role has been upended during COVID-19. Marketers and entrepreneurs have had to rethink their strategies in an era of homebound customers, social distancing, and an unpredictable environment that has forced many companies into crisis management. The famous concept of the 4ps of marketing summarizes the fundamental pillars of any marketing strategy. The 4ps of marketing include the product, price, place, and promotion. Under the product, Covid-19 has affected brand, packaging, and services, while on price, the virus has affected discount, offer price, and credit policy. Moreover, the pandemic has affected the market channel, distribution, advertising, publicity, and sales promotion. The main marketing strategies influenced by the situation include digital marketing, social media marketing, search engines (SEO), 4Ps of marketing, and advertising (Ansari, Ganjoo, 2020).

Digital Marketing strategy:

The use of a digital marketing strategy has increased over the years, and the expenditures on the plan have also increased. This marketing strategy is dominating the Covid-19 economic crisis due to various reasons. First, most events like flea markets, conferences, fairs, trade shows, and workshops scheduled in the second quarter of the year 2020 were cancelled or were conducted virtually. Furthermore, in the remaining quarter of the year, the planned events are likely to be affected by the pandemic. Therefore marketers are looking at various ways to spend their marketing capital across the globe. They have to continue building their brand and generate the required leads and sales during the pandemic period. These make the digital marketing strategy a vital way for marketers to spend their marketing capital (Hamilton, 2020).

Moreover, consumers of the products are staying indoors in fear of contracting the virus. Therefore marketers have to use digital ways to reach them. Consumers prefer online shopping for goods that they traditionally bought in store. This, in return, provide online retailers better returns on their online ads, boosting digital marketing expenditure. A digital marketing strategy's main aim is to channel traffic to an organization or company social media and website pages, engage the target audience, and convert them to lead and sale. Digital marketing is offering channels that are immune to Covid-19 and social distancing consequences. Customers, in turn, leave digital data that enables tracking, storing, and monetizing marketing campaigns. There are various digital channels under the digital marketing strategy, and they include Organic search (SEO), Social media, and Email (Hamilton, 2020).

Social media marketing:

One of the most popular and effective marketing strategies is social media marketing. More than 2.8 billion people worldwide use social media, making it a powerful platform to market brands and products. This marketing strategy is guaranteed to improve brand awareness and the level of engagement. During this period of the Covid-19 pandemic, people worked from home, buying less, and a good number doing home-schooling. However, with these challenges, marketing during the Covid-19 period is vital to promote and advertise various brands worldwide. Therefore the current most powerful tool that marketers are using is data and social media engagements (He, Harris, 2020).

The pandemic has affected the engagement rates on social media sites like Facebook, Twitter, and Instagram. The quality has been on its lowest in 2020 on all three social media sites. This downward trend has been slow since March 2020. For instance, in the United States frequency of posting was on peak in February 2020 but eventually dropped with a high margin when the coronavirus case piked in mid-March. However, the posting rates are currently rebounding, and the engagement rates may soon rise. Embracing social media marketing strategy is going to be vital going onwards. This is as a result of the increased time people spend online

during the pandemic. In turn, these will create opportunities for the brand to expand its reach and engagement across the globe. When various countries worldwide enforced the complete national lockdowns, people were working from home and buying less. Brands experienced losses due to this effect. However, people had more free time online, and many brands used social media marketing strategies to engage with potential customers (He, Harris, 2020).

SEO(Search Engine Optimization) Marketing strategy:

The SEO marketing strategy involves planning, outlining, and implementing steps to improve its or organizations' search engine rankings. Internet use has increased mainly during the Covid-19 period due to the increased free time during lockdowns. Internet use is highest, thus increasing online search volume of health, news, and other relevant industries. This has resulted in a decline in traffic to non-essential business websites, especially for small businesses. Therefore SEO looks different by the industry one is refereeing to. The relevant and essential enterprises and companies during the time of the pandemic have benefited from the SEO. They can stand out and get chosen over competitors in search results. However, for the non-essential and closed small businesses, SEO seems pointless(Marr, 2020).

Email Marketing strategy:

Email marketing strategy is one of the digital marketing channels used by brands to reach potential customers. Email marketing strategy has been affected by the coronavirus pandemic. It can be seen on the data of email open, click, and conversion rate of emails sent from the marketing automation platform. The epidemic significantly impacts consumer email behaviour and online retail and purchase experience(Hamilton, 2020).

Email marketing is the traffic generated by outbound email campaigns and interactions. For instance, a person clicks on a link embedded in the email, and it takes him directly to the company's website. This is considered email traffic. During the coronavirus period, people are highly likely to spend more time indoors, thus likely to read most of their emails. When correctly done, email traffic is the least costly and significant. Email open rates have increased throughout the Covid-19 pandemic. However, the email click rates during the same period had decreased significantly, especially in April 2020, when the disease cases were picked. The email conversion rate increased during the pandemic; thus, email marketing continued to be a revenue driver(Hamilton, 2020).

4Ps of Marketing and strategy:

The 4ps of marketing include the product, price, place, and promotion. Covid-19 has negatively impacted the 4ps of marketing and turned it into 4Cs (Confusion, Calamity, Chaos, and Complexity). The pandemic has made many businesses grapple with adjusting their strategy while others exemplify effective and decisive action. The most pressing challenge of product decision is balancing the short term, and long term needs to be compelled by the virus's disruptions economically. The product changes should, therefore, not impact the customers and communities negatively. The place where buyers engage in buying products has also been affected. Brands have to adjust employee and customer interactions and guarantee their safety from the coronavirus. The price of various commodities has been affected, and pricing adjustments have to be made in terms of offers and buying names. In the case of promotions, organizations need to assess the tactics, mediums they use to engage, the context of messages transmitting via various channels, and deploy their marketing strategy(Hamilton, 2020).

Effects of Covid-19 on Marketing Expenditure:

Amid the Coronavirus pandemic outbreak, the marketing budgets have declined for the first time this budget has recorded the fastest declining pace for more than 20 years. All the areas of marketing have been affected. For example, the United Kingdom's marketing budgets recorded the highest declining levels. (Vizard, 2020).

An appalling decline in business revenues was recorded due to nationwide lockdowns around the world where most people were laid off their jobs to stay at home. That forced businesses to reduce their expenses as a way of survival. Indeed, when the situation turned quite challenging, many companies reacted by reducing their marketing expenditures. For example, some businesses pulled back on their paid searches spend especially those supplying goods and services deemed non-essential during the pandemic. On the other hand, those businesses providing goods and services considered essential, such as hand sanitizer, maximized their

marketing expenditures (LeRoy, 2020). These present a clear indication that although the pandemic had adversely hurt some businesses like in the transportation sector, other businesses like delivery services and grocery stores are still thriving amid the crisis.

The businesses' net balance cutting their marketing expenditures in the first quarter of the year 2020 due to the Covid-19 pandemic was 6.1 percent while it deteriorated in the second quarter up to 50.7 percent. This outcome was even worse than the last recession at 41.7 percent in 2008. It is only about 15% of the businesses that recorded an increase in their marketing expenditures. (Vizard, 2020). Most companies are looking forward to government aids and furlough schemes to revive their position once more. The offline media is currently making the enormous hit and almost 57 percent of the marketers cutting their budget on this kind of marketing. Moreover, 41 percent maintained, while 3 percent increased their funding. As most people remain at home due to the imposed restrictions, digital media was not affected that much only about 32 percent of the businesses were cutting their expenditures, 44 percent maintained. At the same time, 24 percent increased their spending (Vizard, 2020).

Marketing Expenses and Consumer Behaviour:

Advertising, as part of marketing changes with a change in consumers' behaviour, shifted by Covid-19. Advertisers and marketers cannot operate on media with no audience. As a result of governments' confinement measures, print advertising such as newspapers and magazines declined (Taylor, 2020). In response, print media marketing expenditure declined. Conversely, in-home media such as television viewership increased sharply. Streaming services and social platform usage also increased. This shows how social media marketing could be much effective during this time of the Covid-19 pandemic. Most of the marketers utilized this as an alternative opportunity, which increased social media marketing expenditure (Taylor, 2020).

Conclusion:-

The current Covid-19 pandemic a distinctive situation that presents almost every business with either a supply shock, a demand shock, or both. It caused a certain level of bankruptcy for many companies. The default affected virtually all the sections of businesses, including marketing strategies and expenditure. Businesses shifted their marketing strategies to take various directions while cutting down their marketing expenditure. Some industries, like travel and hospitality, have been significantly affected. On the other hand, multiple businesses, such as streaming and other online services, experienced varied effects. This pandemic caused many markers to be up on the challenge of shifting and thinking through innovative and creative marketing practices and strategies. Additionally, some businesses have refocused their expenses on mission-based, cause-related, and purpose-driven marketing to satisfy their customers' digital media consumption, increasing sharply. Lastly, in such an occurrence, the chosen marketing strategy should be based on the actual incremental value and execution of the possible strategy to optimize and maximize that value. This strategy may have a significant positive impact on the business, and this might be the key to survival.

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