

# CHAPTER FIVE

## MARKETING MACRO ENVIRONMENT DURING THE PANDEMIC COVID-19

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### 5.0 INTRODUCTION

Without a doubt, COVID-19 is indeed a disease caused by a recently discovered coronavirus strain, a form of a virus known to cause human respiratory infections. On January 24, 2020, the first case of Malaysia with COVID-19 was detected. In Malaysia, the World Health Organization (WHO) worked closely with the Ministry of Health to respond to this epidemic. Furthermore, according to the WHO report, as of November 15, 2020, a total of 47,417 COVID-19 confirmed cases have occurred in Malaysia. There have been 23 new deaths recorded in the past week. This brings to 309 the cumulative number of COVID-19 deaths since the epidemic started in Malaysia (WHO, 2020). At the same time, COVID-19 has a significant effect on businesses and the economy and catastrophic cases for people's health. There has never been a more urgent need for companies to reconsider and reconfigure their businesses for a changing environment as the COVID-19 pandemic continues to evolve. It is now time for organizations to concentrate on supporting critical areas of their companies that will help them stabilize and strategize for what is next in the new climate.

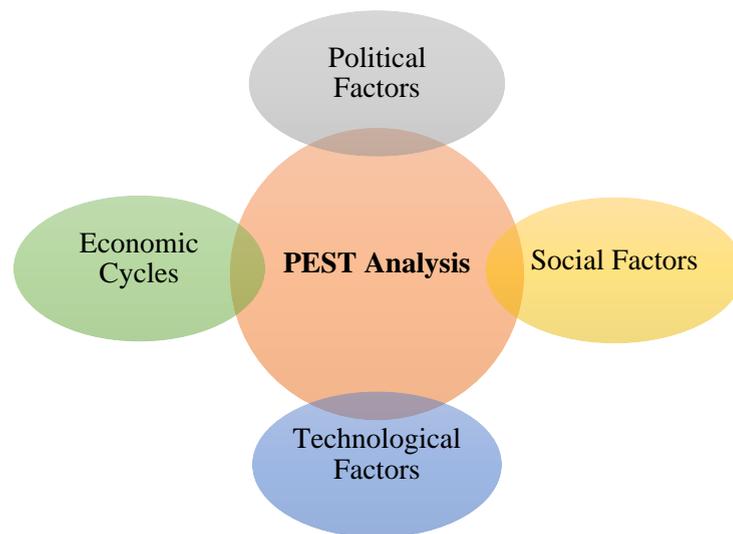
In particular, macro-environmental external variables have influenced corporate performance, strategy, and decision-making considerably. Companies cannot recognize these factors. The broader and broader range of economic issues is referred to as the macro environment (Farooq, 2020). In most cases, for the implementation of sound marketing strategies, marketers must analyze macro factors. There are several strategic analysis methods to determine these macro-environmental variables.

Therefore, this chapter aims to review and analyze the impact of Covid 19 on the marketing macro-environment by using the PEST Analysis.

## **5.2 SITUATION ASSESSMENT: MACRO ENVIRONMENT FACTORS (PEST ANALYSIS)**

The PEST analysis stands for 'Political, Economic, Social and Technological Analysis' and outlines the macro environmental variables employed in the strategic management environment scanning component. The PEST analysis approach is often used to identify corporate environments with opportunities and risks. Marketers may use opportunities and manage threats when the impacts are understood. In the external world, Government acts, legislation, and regulations are thus political variables. For a corporation to modify its political status may pose a highly delicate challenge. Uncontrollable are political issues impacting the sector, for example, political stability, current and impending laws. The only alternative is to do environmental analyses. It helps to assess the threats and possibilities and takes necessary preventive actions.

Organizations are thus susceptible to economic changes. The inflation rate, the exchange rate, etc., are economic variables while social change and cultural changes can influence businesses. Technological variables which depend on current, valuable, and technological advancements are taken into consideration. Finally, these variables might be technical goods and processes. Technology development patterns are evolving extremely quickly. If they have not adapted appropriately, this technological progress might have a detrimental or good influence on the company. This will enhance the competitiveness of companies in a favorable way, cut expenses and reduce manufacturing and distribution costs.



**Figure 5.1** PEST Analysis

### 5.2.1 Political Factors

In general, the Government of Malaysia has enforced a Movement Control Order to break the COVID-19 link from March 18, 2020. The #the stayhome hashtag is active in the media. Non-governmental groups, as well as jail prisoners, started manufacturing front liner personal protection equipment. Several groups have organized fundraising efforts to offer mostly critical services for hospitals. There has been a provisional hospital and cooperation with health services providers while other laboratories have been allocated to strengthen the capacity of the Ministry of Health (Shah et al., 2020).

The Government imposes standard operating procedures for health and safety standards during the COVID-19 disruption. The Ministry of Health has advised that businesses and manufacturers follow the necessary steps; i) To manage and take appropriate action, gain a clear understanding of COVID-19. ii) Effective steps should be taken by all stakeholders of every company to ensure total security for workers and businesses. In addition, the Malaysian Government has launched a stimulus plan to help stakeholders badly affected by the epidemic, notably tourist stakeholders shown in Table 5.1.

**Table 5.1** Economic stimulus package to boost Malaysian tourism (Ministry of Finance, 2020)

Incentives to businesses
<ul style="list-style-type: none"> <li>▪ Relaxation of existing guidelines by the Government limiting the use of hotels.</li> </ul>
<ul style="list-style-type: none"> <li>▪ A 15% discount on monthly electricity bills for the tourism-related industry.</li> </ul>
<ul style="list-style-type: none"> <li>▪ Hotels and travel-related companies will be exempted from making payments to the Human Resource Development Fund (HRDF).</li> </ul>
<ul style="list-style-type: none"> <li>▪ Double taxes deduction on expenses incurred on approved tourism-related training.</li> </ul>
<ul style="list-style-type: none"> <li>▪ Up to RM100 million on a matching grant basis to the HRDF to fund an additional 40,000 employees from the tourism and other affected sectors</li> </ul>
<ul style="list-style-type: none"> <li>▪ Hotels will be exempted from paying the 6% service tax between March and August 2020.</li> </ul>
<ul style="list-style-type: none"> <li>▪ Postponement of income tax monthly installments for income tax allowed for tourism-related companies</li> </ul>
<ul style="list-style-type: none"> <li>▪ Malaysia Airport Holdings Berhad (MAHB) will provide rebates on rental for premises at airports and for landing and parking charges for aircraft.</li> </ul>
<ul style="list-style-type: none"> <li>▪ All banks are required to provide financial relief in the form of an automatic moratorium, comprising the restructuring and rescheduling of loans for affected businesses for 6 months.</li> </ul>
<ul style="list-style-type: none"> <li>▪ Employers can defer, restructure and reschedule employer contributions to the EPF for up to 6 months.</li> </ul>
<ul style="list-style-type: none"> <li>▪ Wage subsidy programs were introduced to assist employers in retaining employees.</li> </ul>

### 5.2.2 Economic Cycles

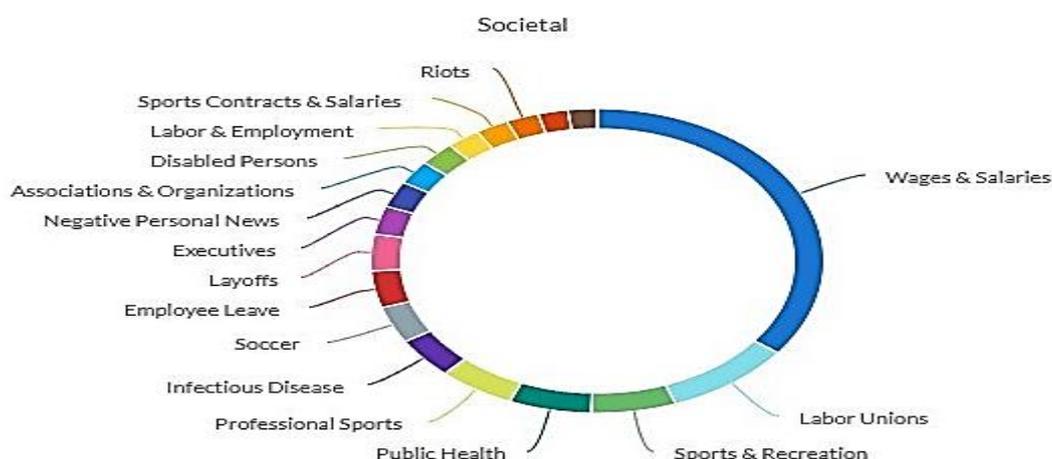
Importantly, this virus' wide-ranging and ongoing epidemic in Malaysia has become a significant issue with profound economic and fiscal implications. The stock system is likely to fall with the threat of a new global recession (Majid, 2020). The sudden adoption of the MCO by the Government is jeopardizing numerous economic sectors. As a result of the COVID-19 epidemic, GDP growth is predicted to decline to -1.7 percent by 2020, with a worldwide recovery after the pandemic in 2021, according to the updated IMF forecasts of April 14, 2020 (Santander Trade Markets, 2020). Moreover, construction firms strive to balance the welfare and productivity of workers. The construction industry is worried about the reduction in labor productivity (35 percent). At the same time, the food & beverage industry and manufacturing industry saw the possibility that chain shocks would be the most significant problem (SME Asia, 2020).

The market can no longer work for facemask-related firms, considering the surplus that is becoming increasingly visible to all and the cheaper rates and piles of boxes being sold everywhere (Position, 2020). Similarly, the rubber glove trend is fading. Still, vaccine-related companies seem to attract considerable investor interest now, even though it is a long, complicated and costly endeavor to produce a vaccine (Position, 2020). Yet another company, which benefits from the trend of dining at home with more people, still does well. In the second quarter ended June 30, Kawan Food Bhd, a frozen food company, saw net earnings increase by RM2.74 thousand to RM8.84 thousand. The business said it had fresh orders and new consumption not seen before Covid-19. It claimed its products might provide clients with a convenient option who like to dine more often at home (Position, 2020).

### 5.2.3 Social Factors

We should highlight that the COVID-19 epidemic affects all sectors of the population. In the most disadvantageous cases, it is particularly detrimental for individuals of the same socioeconomic groups, including those living in poverty, the elderly, the disabled, the young, and the indigenous. Early study shows that the health and economic repercussions of the virus are primarily caused by impoverished individuals. In this scenario, the unemployment of young people is disproportionate, while those in the informal or gigantic economy, in insecure contracts, or the financial service sector are likely to have severe consequences for the COVID-19.

Which societal risks are dominating in the media? 📊



**Figure 5.2** Which societal risks are dominating in the media? (COVID-19 PESTLE Risk Tracker, LexisNexis, 2020)

The coverage related to wages and salaries represents the unprecedented number of people currently laid off due to the closing of almost all public spaces, including restaurants and bars, non-essential stores, and a host of travel and entertainment venues, in addition to covering subjects such as hazard compensation for essential staff.

#### **5.2.4 Technological Factors**

This pandemic also offered Malaysian scientists chances to help Malaysians cope with the epidemic by developing several technologies. For example, COVID-19 quick test kits (Gomes, 2020), 3D printing invention, laser cutting and DIY construction (Tariq, 2020), and tunnel sanitation manufacturing incorporate these advances (Mohamad, 2020). All of these inventive approaches show that Malaysians work together in the battle against COVID-19.

After all, many jobs and companies will still need return-to-work strategies. Many team members and duties require web-based self-assessment questionnaires, body temperature monitoring, contact tracing, and much more. Examples of solutions include helping to identify possible infected people while enabling healthy staff, contract workers, and guests to access offices or premises to enhance control and track contacts using a single QR code. In addition, the system established combined QR codes and QR-code readers to ensure fluid movement at workplaces to minimize crowding, prevent reinfection of the surface and guarantee social distance.

Therefore, physical screening also plays a critical role in limiting coronavirus transmission using thermal scanners, cameras, and sensors to track symptomatic employees at the ports of entry and work. Companies and building owners may also use data analytics to statistically track data acquired by electronic formats, scanners, sensors, and cameras to limit employee meetings and determine probable diseases while ensuring rapid and effective touch monitoring (Ammeran, 2020). Moreover, MySejahtera has a connection to the MyTrace app from the Malaysia Department of Science, Technology, and Innovation (MOSTI), which detects people around an infected person using Bluetooth technology (Koh, 2020).

Conversely, COVID-19 is a game-changer for digital transformation. Although most firms require enhanced infrastructure (83% LLS) and 83% SMEs, internet networking and contacts with

customers and service providers are also challenging to achieve (Ernst & Young Global Limited, 2020). Companies update and ensure employees can communicate with their systems and technology. Better connection and financial help in the shift to technology-enabled processes and systems are the main requirements of enterprises.

#### **5.4 CONCLUSION**

In short, the characteristics of Covid 19 and its impact on the macro marketing environment have been strongly impacted by political considerations, economic cycles, social variables, and technical aspects. From March 18, 2020, the Malaysian Government has issued a Movement Control Order. The media circulates the #stayhome hashtag extensively. The Health Ministry has encouraged firms and manufacturers to take the necessary procedures. To assist the adversely affected stakeholders, the Government has launched its stimulus package. The Government's abrupt establishment of the MCO has endangered numerous economic sectors. The construction industry is particularly concerned about the decline in its production of workers (35 percent). The industrial and food & beverage industries were at risk of shock in the supply chain as their significant issues. However, another firm is good at also taking advantage of the trend of restaurants with more people at home.

The pandemic COVID-19 affects all sectors of the population. An initial study should be recalled that impoverished individuals are primarily responsible for the health and economic impacts of the infection. Young people are mainly unemployed when it comes to employment, and most of those work in a gigantic economy. This pandemic has also allowed Malaysian scientists to contribute their part in assisting Malaysians to cope with the epidemic through the development of numerous technologies. The advent of 3D printing, laser cutting or DIY design of facial shields, COVID-19 quick trial kits, and the development of tunnel hygiene examples belonged to these advancements.

Return-to-work plans are therefore always needed for many jobs and organizations. Many team members and activities encompass web-based self-assessment processes and devices, body temperature checking, touch tracking, etc. Physical screening also plays a vital part in limiting coronavirus transmission using thermal scanners, cambers, and sensors, which may detect symptomatic employees at the work entrance. Last but not least, organizations and building owners may also use data analytics

to track statistically the data collected by electronic documents. Examples are scans, sensors, and cameras to restrict employees' meetings to spot probable illnesses while guaranteeing rapid and precise touch monitoring. Companies upgrade their software and procedures and guarantee that they connect with their employees.

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