

CHAPTER EIGHT

COVID-19 AND MARKETING STRATEGIES

*Nur Izzati Hasrul
Umi Kartini Rashid
Amran Harun*

Faculty of Technology Management and Business, Universiti Tun Hussein Onn Malaysia,
UTHM, Parit Raja, Batu Pahat 86400, Johor, Malaysia

8.0 INTRODUCTION

COVID-19 is the disease caused by a new coronavirus, SARS-CoV-2. It was named a coronavirus because the virus represents crown-like spikes on the outer surface of the virus (WHO, 2020). According to the World Health Organization (WHO, 2020), the first case reported was on December 31, 2019. The first case reported was a 'viral pneumonia' cluster at a Seafood Wholesale Market in Wuhan, China. On March 11, 2020, WHO declared the COVID-19 outbreak as a global pandemic. This disease was characterized as a pandemic because of its rapid spread, affecting many people and occurring worldwide. Common symptoms of this disease are high fever, dry cough, and fatigue. Other symptoms can be loss of taste and smell, headache, muscle pain, etc.

As this virus disease is an unpredictable global health crisis, it affects every aspect of daily life. Without question, it is also having a dramatic impact on business industries. He and Harris (2020) stated that the pandemic has led to an unprecedented economic and public health concern, which will transform business operations on sustaining and growing the brand. Marketing is one of the crucial parts of the business. Thus COVID-19 has impacted marketing, and most marketing departments will be challenged in marketing strategies that will navigate the business through this new situation. This report will focus on COVID-19 and its impact on marketing strategies.

8.1 PANDEMIC COVID-19 OUTBREAK IN MALAYSIA

In Malaysia, until December 5, 2020, statistics by the Ministry of Health (MOH) show that 71,359 cases were reported with 380 deaths. Malaysia has entered the beginning of the third wave of COVID-19.

This virus can spread between people when an infected person is in close contact, especially when they cough and sneeze. It can also be spread when people touch objects that are already contaminated with the virus.

MOH and the authorities continue to control and carry out prevention programs and activities to prevent the spread of this virus. To prevent the virus from spreading, the government imposed the Movement Control Order (MCO, especially in the red zone area. As we are in the middle of a pandemic outbreak, it is tough to estimate its long-term effects.

Donthu and Gustafsson (2020) stated that we are entirely unprepared for large-scale outbreaks on a societal level. Due to sudden pandemic outbreaks, most people are surviving to adapt to the new norm lifestyle. For example, behavioral changes related to pandemic outbreaks seem to be connected with personal protection, like using face masks in daily life in public and practicing physical distancing when going out.

8.1.1 Impact of COVID-19 in Business

COVID-19 outbreak has negative impacts on the global economy, industries, corporations, and small and medium enterprises (Che Omar, Ishak & Jusoh, 2020). Since March 2020, governments have ordered MCO, RMCO, CMCO and provided Standard Operation Procedure (SOP) to follow during this pandemic to prevent the spread of this virus.

During MCO, only essential services were allowed to operate as usual, while others were forced to close. "Essential services" means the services as specified in the Schedule and includes any activity and process in the supply chain of such essential services (MCO Phase 3: List of essential services expanded to 15, 2020). The food industry, healthcare, medical, banking and finance, and logistics are listed as essential services. Essential services that are allowed to operate as usual must follow workplace SOP provided, for example, body temperature screening before entering the premises, wearing a face mask, sanitizing the workplace, and practicing physical distancing.

However, businesses that are not allowed to operate have switched to Work-From-Home (WFH) to sustain their business during this crisis. WFH order is something new to most companies. Not only employees but leaders are also having problems adapting to this new norm of working life. In the early times of the outbreak, many companies shut down their operation because they had difficulty facing the crisis. Fanelli (2020) stated that this outbreak would likely cause bankruptcy for many industries as consumers stay at home and economies are shut down. For example, the travel industry is one of the businesses deeply affected because of the restriction for international traveling from the government.

8.1.2 Marketing Strategies in Business

Growing a business is never easy because of many challenges in the business industry. According to American Marketing Association (AMA) 2017, marketing is defined as the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. The most critical mix element of marketing often called the 4 Ps, is product, price, place, and promotion. A marketing strategy refers to a processor to its outcomes. It is a business's overall strategy to reach prospective customers of the companies' product or services (Adams, 2017). In addition, marketing strategy is specifying to "Who" the company will serve, "What" needs that the company will meet, "When" the company will serve, "Where" the geographic market of the company, "Why" the company do the business and "How" the company will serve the needs of the customers.

8.1.3 COVID-19 and Impact on Marketing Strategy

The marketing department in most businesses is facing a high challenge due to the sudden pandemic outbreak. As the virus spread rapidly, Eugene Lee, the Regional Director of Marketing at McDonald's (2020), said it is essential to focus on the current crisis. Having a long-term mindset to realize what the "new world" is in the future is more important than rebuilding our businesses for the long term. The biggest challenge for the marketing team is finding the right and relevant content for the business. The marketing team is called a marketer in this report. DiResta *et al.* (2020) suggested that it is vital to re-evaluate the plans, recenter thinking, and always focus as a marketer.

Consumer spending is reducing due to many factors associated with the outbreak. One is the most notable reason due to the financial problem. Most people are trying hard to survive; meanwhile, some people lost their jobs, facing salary reduction and many more problems. Without question, the pandemic has caused many impacts on marketing strategy.

8.1.3.1 Changing or Adjusting Current Strategy

The first impact on marketing strategy is changing or adjusting the current strategy by following the pandemic. Before the pandemic, the marketing strategy concept specifically involved focusing on customer needs and wants, integrating the organization's activities, including production and promotion of products to satisfy the customer's needs, and achieving long-term goals for the organization by satisfying the customer. However, following the pandemic situation, there are some changes in customers' needs and wants. According to Massoussi (2020), during a crisis, humans tend to move towards the basic needs of food, security, and safety. This problem has had an impact on companies that do not provide essential products. As a marketer, it is essential to plan strategically to overcome this problem.

This situation makes customer behavior change; thus, marketers need to listen to customers and act rapidly. For example, let the customer talk personally about their opinions and problems. By understanding their emotions, marketers can use their emotional intelligence to think about what action needs to be taken quickly. The other way can be by providing online surveys to customers. The survey can include a question on customer experience and how to improve during this situation.

Customers will feel touched because the companies care and want to help their hard times. Consumers are asking brands to focus on value, authenticity, social awareness and be proactive about social issues to generate greater loyalty and help to lower the negative impact (Massoussi, 2020). By listening to the customer and having a thoughtful initiative, the marketer can use the findings as ideas for the new marketing strategy. Sudden change in marketing strategy might affect the effectiveness of the strategy. However, in these challenges, it is better to apply changes according to the needs and improve whenever it is needed.

8.1.3.2 Impact on Promotional Activities

Secondly, COVID-19 also has an impact on marketing strategy, primarily focusing on promotional activities. One of the most common promotional activities is advertising the product. Advertising can be on television, radio, newspaper, signage, and online. In this pandemic situation, signage advertising is not practical because of the stay-at-home order. Online, television, and radios are getting high demand for advertising slots due to the increase in time spent online by people since the MCO started. In this situation, the marketer can reduce costs as online advertising costs are lower than other types of advertising. "Viral marketing" is a type of promotion that relies on audiences to promote the services or product. It is considered "viral" when it reaches the point where many people are sharing it. Usually, marketers use this method by creating video content that will attract people's interest by putting good information or the latest issue. While COVID-19 has caused a decrease in sales, a marketer can apply this method for their promotional purpose to increase their sales. They must ensure that the content is valuable, detailed, and reliable as viral marketing can badly affect the business if the content is inappropriate.

Before the pandemic outbreak, the marketing team offered and provided promotion through any business events like expos and exhibitions. However, due to the government restriction, this type of promotion has stopped as events usually involve many crowds. Marketers should design some changes following the rules and orders from the government. For example, live streaming businesses on Facebook, Instagram, or Shopee have become trends from sellers selling their products while interacting with customers. By using live streaming, they can still communicate with their customers, and customers can ask questions and give feedback on the comment section. This method is getting high interest from customers as they feel it is easier to buy and see the product "live."

A marketer cannot meet their prospective customer directly during the pandemic outbreak to sell their product, which causes some problems in getting trust from customers. Customers are in doubt when they want to buy an online product from an unfamiliar person or brand due to increased fraud scams. In these cases, marketers can change the strategy to use Influencers to promote their product as influencers have many followers on social media. It is vital for marketers first to study the guidelines of using influencers to avoid any future problems. Influencers should also know deeply and have extensive knowledge of the product before promoting it to followers.

8.1.3.3 Marketing Impact on Company Operational Problem

Next, another notable impact in marketing strategies due to the pandemic is marketers are having problems in supplying a product according to the demands due to the shortage of consumer goods due to disruption in the supply chain. Jalal (2020) stated that the imports and exports had caused delays in shipping due to government restrictions. The majority of companies depend on products or materials from China and this situation causes companies to have problems in providing the end product or services for customers. In addition, some companies have to increase the prices because of the difficulty of getting the materials or products.

However, some companies take the initiative to support the local economy and industries by leveraging their resources from international sources and reducing various resources' outsourcing. In Malaysia, we can see that customers started to support local businesses affected mainly by the pandemic outbreak during MCO. To overcome this problem, marketers can promote the local product to sustain the business and buy materials from the local company. The price might be slightly pricey than from China, but this is some way to help other local companies survive. When customers know that they can help other people during these hard times, they will fully support and buy the products. This proves that it is crucial to building the relationship between marketers and customers. Fryer (2020) stated that studies have proven that consumers want to buy products and support businesses that give back to the community.

Another operational impact is the disruption of the operation hours, especially during MCO. The government limits time in the workplace, which causes companies to have problems maintaining product stocks. In addition, there is also a limitation in the number of employees that can come to work, which is only 50 percent of employees. This situation led to an insufficient workforce and thus decreased the stock. When the stock is insufficient, a marketer can't promote the product as this will reduce the marketer's quality if the customer has to wait to purchase until the product is available.

8.1.3.4 Impact on Physical Marketing

Besides, the restriction from MCO has created an obstacle in marketing strategies that involve dealing directly with customers by meeting, appointment, or organizing any events. Expos, conferences, events, and other large gatherings are strictly not allowed to prevent the spread of the virus. For example, almost all event organizers, food festivals, and cultural events are the most affected by this pandemic outbreak. Some necessary SOPs provided by MOH are physical distance, avoiding crowded places, always wearing face masks in public areas, and maintaining hygiene by washing hands frequently. These SOPs are like "new normal" in people's lives. Marketers have to think strategically about how to overcome this problem. As for these problems, marketers have acted in changing the marketing strategy tools, which is converting physical sales to online sales. Studies by Che Omar, Ishak, and Jusoh (2020) show that some companies unfamiliar with online sales are slowly learning and adapting to electronic and social media marketing. Their new strategy is to market their product through an online platform like Shopee and Lazada.

Most customers are afraid to go out shopping or buy products at the physical stores due to the outbreak and they mostly prefer to shop online, which is safer and saves time. Food industries are also affected by this outbreak. Due to the restriction, a customer can't dine at the restaurant, and only takeaway or food delivery is allowed. Some restaurants reported that their sales decline as people tend to make home-cooked food as they entirely spend their time at home. However, people working from home have more time spent on laptops or mobile phones doing work.

Marketers can play roles in focusing on online delivery services and this is one way for marketers to communicate with customers. Some products that already exist are not suitable for online sales. Marketers should discuss with the production team to produce a product that specifically can suit online sales. Besides, marketers can also study which platform that customers mostly prefer and can help facilitate both sides. FoodPanda and Grabfood are examples of famous food delivery services in Malaysia. High demand from customers for food delivery and any other online shopping platforms indicates that marketers should focus on increasing their quality and maintaining their good reputation even by just providing online services. They should ensure they provide an excellent platform for their customer and guide how to use the platform. Some platforms provide contactless delivery to avoid any risk of infection to customers. Usually, by contactless delivery, the customer will pay online and provide

time and place to send their products. Marketers must study the effectiveness of online services and analyze how their competitors provide their products or services. By analyzing, marketers can strategize their strategy effectively, which can help increase the profitability of the sales.

However, there was a sudden increase in online sellers due to the economic crisis during this pandemic. The news showed that some people lost their jobs and were unemployed, starting their own businesses during this pandemic. This situation has had huge impacts on the price, quality of products, and services provided. As a marketer, it is essential to have an effective strategy to overcome this issue. Some sellers are playing with the price to attract customers to buy their products. Marketers should be different from their competitors in attracting the customer, ensuring good quality of product and highest services they could provide. They should ensure the customer trust them because online fraud is also increasing during this pandemic outbreak. In addition, marketers can find innovative ideas to ensure their services reach customers by building lasting relationships.

8.1.3.5 Impact on Working Practices of Marketers

Another impact of COVID-19 in marketing strategies is focusing on marketing teams from the companies that have to work from home to discuss and revise their strategy. Working from home is never easy as people are still shocked by this current situation and unable to balance work and privacy. Some employees get stressed and depressed by working at home. News from News Straits Times on October 17, 2020, showed an employee suicide case due to being over-stressed from a heavy workload and missing his family during this pandemic. It is vital for the marketing team to support, help, and care about each other to produce a successful marketing team even in times of challenge. Communication skills are essential to help break down all communication barriers from working apart from one another. Some employees might have big problems balancing responsibilities between work and home, no access to the internet, or even no digital tools to access the online meeting or doing work from home. The leaders and marketing teams must discuss how to solve this problem by helping, motivating, and encouraging the employee not to give up. As the solution might take time, everyone has to understand the situation and settle it quickly to benefit everyone and build a more robust and efficient team.

8.2 CONCLUSION

This report is mainly focused on the COVID-19 pandemic outbreak and its impact on marketing strategies. No one can predict when this pandemic outbreak will end. This pandemic has brought fast-moving and unexpected variables, and everyone is unprepared to face this challenge. The pandemic outbreaks have a significant impact on most business companies in the world. Marketing strategy is one of the most affected parts of the business. Businesses cannot survive if the marketing team does not plan to manage the strategy following the pandemic outbreak situation. Marketing can be said as the most prominent and crucial part of the business. It is essential to take and plan immediate action in marketing strategy following the pandemic situation. The marketing team must focus on the customer demands and behaviors to plan marketing strategies following the outbreak. They need to take thoughtful action and accept the challenge seriously in marketing strategy to sustain their business. To succeed, they must know their market segment in business to focus on a strategy based on the segmentation before doing the marketing guidelines content for the COVID-19 outbreak.

While this virus still does not have any medicine to cure anyone infected, and all vaccines are still in a clinical trial phase, it is essential to follow all government rules and SOP provided to reduce the spread of COVID-19. A company can proceed with its business while following the workplace SOP provided by the Department of Occupational Safety and Health, Ministry of Human Resources Malaysia. For a business that operates online, work-from-home communication and engagement are crucial between the marketing team and the customer. Lastly, while adapting to the new norm lifestyle, it is important to stay positive and maintain a healthy lifestyle to ensure we can live our lives happily and stay focused on our working life.

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