

THE WORLD AFTER CORONA - What changes and what remains?

A dynamic assessment for businesses, brands and their communication

Introduction

The corona crisis acts as an accelerator ("turbocharger") for numerous sectors. It is already clear that the changes caused by the pandemic will be substantial. We have analysed the key findings, refined them by means of a survey¹ developed specifically for this purpose, and consolidated these in an up-to-date summary.

The period after the Corona crisis can be divided into three areas:

«**From Here**» – The Resurrection of the Nations

«**From Home**» – Everything from home

«**From the Heart**» – Cordiality is key

FROM HERE - The Resurrection of the Nations

Driver «New Nationalism»

Most local governments have solved the pandemic problem with their own approaches. Heads of state have acted as **leaders** and gained the trust of the population at a pace never seen before. Important exceptions: USA, UK, Russia. **Strategic goods** were scarce and came from abroad with delays. In some cases deliveries were even blocked. In Switzerland, local companies such as Flawa or Lonza jumped in, helping to plug the gap by ramping up with their own local production. **International organisations** such as the G7 and the EU failed almost completely during the crisis. The **solidarity** among the national population was unexpectedly high.

Driver «A different Perception on the Globalisation and China»

Countries experienced how delicate **dependence** on strategic goods such as face masks or medicines can be in a crisis situation. Globalisation has been put under enormous strain and is turning into "glocalisation". Production is (at least partially) coming back "on site". **Confidence** in China has suffered serious damage with the current crisis. This is especially true as China is currently not taking responsibility. For Switzerland, this means with relatively high probability that the acquisition of strategic Swiss companies will be made more difficult.

Conclusions:

- The era of ever continuing **globalisation** is over. The production of various (strategic) goods is returning to nations, or at least into their vicinity.
- **Swissness**, local sourcing and production are becoming more important. Brands (and their communication) must be re-examined in this context. More than ever before, brands have to create identity and be localizable.
- **Origin** (provenance) is also reflected in a survey* conducted by Brand Affairs: for 70% of the population the **sustainability** of products has become more important.
- Products, but also companies (including minority shareholdings within companies) with the label "**Made in China**" must expect a significant loss of popularity in the not foreseeable future.

¹ Convenience Survey, n=506, german speaking Switzerland, 9-14 April 2020, details siehe appendix

FROM HOME - Everything from home

Driver «Homeoffice»

Within a few days, coronavirus has definitely established the **home as a workplace** for broad sections of the population. How we work (**flexibility**) and where we work (**location**) will also lead to structural rethinking among employers and employees after the relaxation measures have been implemented.

Driver «Online Everything»

Growth in the **online shopping** sector will increase considerably again in 2020. Upstream and downstream **services** (from promotion/acquisition to deliveries, collections, etc.) will be integrated into logistics chains and established as fixed components of value chains. **Conference Apps** will also be used considerably for private purposes after Corona.

Conclusions:

- The pressure on companies to improve their **online offering** and to take advantage of the opportunities offered by SEO, SEA and social media is again increasing massively. If this is not done, competitors will quickly gain market share.
- **Media consumption** and behaviour will become even more digitalised, as the time many customers spend on the way to work will be considerably reduced. Typical on-the-go media such as billboards, podcasts, commuter and free newspapers or even radio will (further) lose efficiency. Online communication channels gain (more) market share.
- Companies have to get into the **customers' homes**. This requires even better knowledge of the target group. The entire **customer journey** must be rethought at almost all touchpoints.
- During the crisis, customers have had considerable experience with online shopping and have become accustomed to it. The demands on **retailers** will be even higher than before. Central aspects for the offline purchase decision are a) competence and cordiality in consulting, b) combination offline/online in the store, c) experiences/events on site and d) a flawless after-sales service.

FROM THE HEART - Cordiality is key

Driver «Solidarity»

The pictures of the **applauding people** on the balconies of Italy will stay in our minds. But also our very own experiences during this time: we will remember how we were treated, how bosses behaved, our neighbours and our friends. Our **ties with many fellow human beings will have become stronger thanks to the crisis**, and we will part with some of them relatively quickly. More **uncompromising** than before the pandemic.

Driver «Meaningfulness»

The Corona crisis has shown us that it is possible to get into an extraordinarily difficult situation within a very short time and practically without warning. For months we lived without our friends and had to keep our distance. Our awareness and claim for the moment and for "**what really counts**" is sharpened. The Brand Affairs study confirms this: For 66% of the population the Corona crisis also has its good sides; in particular, **family, health and time** for oneself have become more important during the crisis.

Driver «Cordiality»

The demand for real **human/heart experiences** will continue to increase after Corona. This applies to our private contacts but especially to the customer service of companies.

Conclusions:

- Consumer behaviour has changed significantly after the crisis. **Cordiality** is becoming increasingly important in all areas of life. Companies have to go through the changed **customer journey** and check every touch point.
- **Nostalgic connectedness** can gain relevance in communication.
- People need **orientation and support** more than ever. Brands that provide orientation will be in even greater demand in the future than before the crisis.
- **Purpose** as a driving force acts from within towards employees and customers, increasing the bond with the company and thus also efficiency and productivity. Consequently, Purpose is becoming increasingly important economically.

Further, relevant conclusions for communication

- **After the war is before the war:** The lessons learned from the crisis should be implemented soon. Were the communication channels clear, was communication successful, what can be adopted by competitors or best practice examples for your own company and for future crises?
- **Leadership communication:** The Corona crisis was a great opportunity to show leadership, especially in internal communication. The aim was to ensure how this momentum could be maintained after the crisis.
- **Those who communicate now will be heard:** Most competitors are still busy with themselves. However, people and media are increasingly appreciative about Corona free, positive content.
- Strategic **positioning** takes on new significance due to the changed context: the crisis is polarising and driving a gap in the target groups. Better earning, stable customer segments are willing to continue buying premium brands (39%), weaker ones will clearly consume more cheaply (31%) - it's becoming increasingly tight in the middle.

Forecast for selected topics and industries

Assumption: After a transitional phase from 27 April and in May 2020, the psychological state of Swiss society and economy will improve significantly.

Possible reasons:

- **No more systemic emergency:** Apart from the lack of a vaccine, all support items such as masks and respirators are sufficiently available. Hospitals even have excess capacity and can carry out other important operations normally again.
- **Lower mortality:** One or more medications for use in seriously ill patients are officially approved.
- **No more stagnation:** The economy is back on track at a relatively low level.
- **The plan is working:** The "distance, masks, disinfection and GPS tracking of potentially infected people" system is working.

Subject	May – Sept. <i>Interim phase</i>	Q4/2020 <i>Vaccine*</i>	2021 <i>The year after</i>	LFR. Trend, Remarks
China / Investments in CH	0	/	//	New Nationalism => suspicion towards China big => possibilities to buy companies in the CH / EU are slowed down.
China / production site	0	/	//	Fear of dependency, production of strategic goods increased again in CH and Europe, partly also legally prescribed (e.g. drugs, masks, disinfectants)
Companies / Investments	0	+	+	Loans and short-time work ensure survival / Thanks to credit, companies also invest selectively in relevant areas.
Home Office	++	++	+	1-3 days home office becomes standard => Companies need less office space => Lower costs => pressure on office rents (since coworking is still booming at the same time)
Climate protection	0	+	++	The climate debate experiences its global breakthrough in 2021
Media / Profitability	0	+	+	In Q2, the number of readers was massively increased thanks to Corona, but advertising revenues were very low. From Q4, advertising revenues normalized and revenues are higher than in the previous year thanks to digital subscriptions. At the same time, the Login Alliance will be strengthened in autumn.
Travel / CH	/	++	+	«New Nationalism» + Outdoor Trend
Travel / Europe	/	+	++	2021 strong compensation. Seeing relatives and friends again, postponed trips from 2020.
Travel / World	//	0	+	It takes a little longer, 2021 increased compensation for postponed trips 2020. ²
Restaurant visits	//	++	+	Restaurants are actively supported by the population at an early stage. A "charm offensive" takes place.
Events	//	0	++	The event industry will enjoy enormous demand just a few months after a vaccination option is available.
Shopping / Cordiality	++	++	+	"Who smiles and offers his customers a surprising human added value wins more than ever."
Shopping / Editions	0	+	/	Households were able to save thanks to the lack of spending opportunities from March - May. Most of the wages were protected by KZA (short term work). That means there is enough money. In Q4, deferred investments will be made (security back), but in the long term we see a somewhat more modest use of funds in Switzerland (cf. 2021 to 2019).
Shopping / Local	+	+	+	The shopping hedonism remains for the most part: in the morning you bought the shirt on Zalando, in the afternoon the carrots at the farmer around the corner (and paid with a smile +30% vs. Migros).
Shopping / Online	++	+	+	Continued constant growth. 2020 will be a "threshold year" due to corona (considerable additional growth).

² Survey: 60 % of the population do not plan to go on holiday for the time being. 20% will be reluctant to book holidays again and 20% want to "travel now more than ever".

APPENDIX AND DISCLAIMER

To the corona survey

In the context of a convenience survey (Google) commissioned by Brand Affairs, n=506 people in German-speaking Switzerland were interviewed between 9 and 14 April 2020 on the subject of corona. The aim of the survey was to identify relevant trends in the population with a focus on consumer behaviour and communication at an early stage.

Further findings:

- 62% of respondents remain fundamentally optimistic about the economic future of Switzerland after the crisis.
- 42% of those surveyed spend their money more consciously than before the crisis. Issues such as sustainability and origin play a more central role.
- Most people associate corona with the following animals: snake, rat, tick and bat. In our culture these animals are associated with negative emotions (fear, disgust, danger). The snake and the bat have been identified in the media as possible causes of the crisis, which is why their naming is not surprising. What remains striking, however, is that all these animals are relatively small and hide in the ground or caves where they cannot be seen. If you avoid them, you are safe. But if you are surprised by them, it can be dangerous - just like with corona.

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