

# Research on the Impact of the Epidemic on Marketing

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## ABSTRACT

The covid-19 pandemic has led to different changes in the market due to changes in consumer behavior. The changes in consumer consumption behavior bring changes in business marketing strategies. The study was to examine how the current situation of the epidemic has affected the marketing sector of the economy. The study used the descriptive research method to conduct the data analysis. The study sampled four sectors in the economy to provide data for the study. The sectors include information technology, apparel, financial, and real estate sector. The data used in the study were sourced from yahoofinance.com.

The study found out that the covid-19 pandemic has brought major changes in the marketing sector. There has been an increase in expenditure towards online marketing. The consumer had a change in their consumption behavior and this led to more expenditure being channeled to studying about the consumer consumption behavior.

**Keywords:** Epidemic, marketing, advertising, covid-19, expenditure, uncertainty

## 1. INTRODUCTION

Many marketing and advertising agencies have had a tough time when hit by the covid-19 pandemic. Companies had to come up with new ways of marketing their products. This called for creativity and innovation in marketing to ensure that they remain relevant in the market. The covid-19 pandemic has changed consumer consumption behavior [1]. Restrictions imposed to limit movement have changed the way consumers access goods, and led to limited brick and mortar purchases. Many companies had to opt to focus on online marketing which is considered less expensive when compared to offline marketing.

The covid-19 pandemic affected businesses differently. There are some businesses that increased their expenditure on marketing to ensure that it seizes the opportunity in the market. Some businesses decided to reduce their expenses on marketing to reduce the operating expenses due to the reduced revenue due to few sales made[2]. Many businesses with brand must be creative in marketing strategies to adapt to the market changes brought about by the new norm.

The brands were exposed to new and increasingly intense competition given the changes in consumer consumption behavior and new social lifestyle. The uncertainty in the market led to the evaluation of operational options and strategic planning to meet

consumer needs and expectations. The new strategies have forced the companies to channel most of their energies to online marketing which has proved to be a big deal in the marketing strategies [3]. Most companies that had low investment or underdeveloped information technology experienced a rapid increase in marketing expenses. Those companies that had a well developed online marketing enjoyed the opportunity as the remaining businesses were still adapting due to the low customer base on their sites.

Many businesses opted to close due to the pandemic. This led to the worldwide reduction in marketing expenditure. However, after the economy was reopened, many businesses changed their marketing strategies. Businesses had to refocus their spending to adapt purpose driven marketing. Some companies shifted to mission based marketing to satisfy the increased demand of online consumption which allows them to work at home. For example, when we look at the number of online consumers who prefer online food delivery, we come to realize that the trend has risen dramatically. The consumers on video streaming and social media have increased by approximately 26% since the onset of the pandemic[4]. Therefore, the analysis of the impact of the covid-19 pandemic on the marketing abroad area affects each business differently.

This paper examines how the marketing sector has adjusted due to the changing environment due to the covid-19 pandemic.

## 2. METHODOLOGY

### 2.1. Introduction to Methodology

This part will help in the collection of data that will help to describe the impact of the covid-19 pandemic on marketing. Data concerning global marketing expenses is difficult to obtain. Due to this, this study will use case study data. The United States economy is the appropriate case to study as the data is easy to obtain. Most of their companies are internationally recognized which makes it easy to find and collect.

The study will use data from different sectors. The data will be obtained from yahoo.finance.com. The data will be marketing and advertising expenditure. The data will be analyzed using descriptive statistics. Graphs will be drawn to ease the process of analysis. The annual reports of the companies will also be used to state and

explain the enterprise's adjustments to the way it operates in response to changes in the market. To obtain data that can be used to generalize the whole population, the author will sample four sectors and each sector will produce three firms that are highly affected by changes in marketing. Information and data related to the information technology, apparel and sportswear sector, real estate sector, and financial sectors were used in the analysis.

### 2.2. Data Processing

The data will be sourced from yahoo.finance.com [5]. Companies that only have all the marketing and advertising expenses will be used to avoid missing data in the process. The data will be collected for the past four years to allow for trends in the expenses. Analysis of data will be done by use of excel software. The data collected will all assume that their fiscal year ends in July. The company with missing value for 2021 will use the estimated amount given on the website.

## 3. RESULTS AND ANALYSIS

**Table 1:** marketing expenditure in four major sectors in United States since 2018 to 2021 (amount in \$ ,000)

<b>Information technology sector</b>				
<b>Company</b>	<b>Jul-21</b>	<b>Jul-20</b>	<b>Jul-19</b>	<b>Jul-18</b>
Microsoft inc	20117000	19598000	18213000	17469000
Cisco system	9259000	9169000	9571000	9242000
Amazon	26566000	22008000	18878000	13814000
<b>Apparel and sportswear sector</b>				
<b>Company</b>	<b>Jul-21</b>	<b>Jul-20</b>	<b>Jul-19</b>	<b>Jul-18</b>
Nike	3114000	3592000	3753000	3577000
VF corporation	4240058	4547008	5345339	1229046
TJX companies	7020917	7454988	6923564	6375071
<b>Real estate sector</b>				
<b>Company</b>	<b>Jul-21</b>	<b>Jul-20</b>	<b>Jul-19</b>	<b>Jul-18</b>
Brookfield Asset management	101000	98000	104000	95000
Equity residential	48305	52757	53813	52224
STORE capital corporation	69767	49685	54274	45725
<b>Financial sector</b>				
<b>Company</b>	<b>Jul-21</b>	<b>Jul-20</b>	<b>Jul-19</b>	<b>Jul-18</b>
JP Morgan	2572000	2476000	3579000	3290000
TD bank	740000	769000	803000	726000
Wells & Fargo	504000	600000	1076000	941000

This paper discussed the findings based on the expenses that were recorded. The level of the expense

will explain how the company has shifted its strategies concerning marketing.

**Table 2:** Information Technology Sector Marketing Expenses.

Information technology sector				
Company	Jul-21	Jul-20	Jul-19	Jul-18
Microsoft inc	20117000	19598000	18213000	17469000
Cisco system	9259000	9169000	9571000	9242000
Amazon inc.	26566000	22008000	18878000	13814000

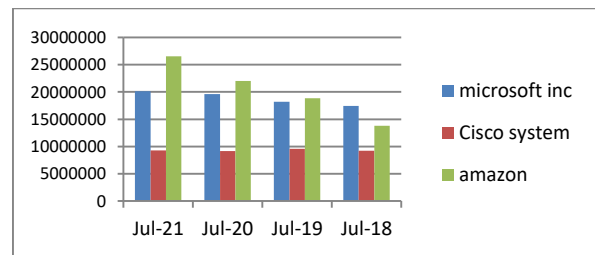
**3.1. Impact of the Epidemic on the Information Technology industry.**

The information technology sector has been very active during the pandemic. This industry has been the most active as it has recorded the highest increase in the number of consumers. The covid-19 pandemic affected the global economy more so on the marketing strategies of many businesses[6]. The restrictions and measures that were put into place deemed the previous marketing strategies less effective. This led to a reduction in sales by many companies. The information technology sector was the one to respond to the changes in the marketing strategies. This sector used the advantage that most of its transactions do not involve brick and mortar stores. Due to this, the sector was able to witness a high number of members.

The sector had already been using social media and analytics ads to market its services to its consumers. The eruption of the covid-19 pandemic led to the sector to increase its expenditure on marketing as it witnessed many consumers. Many people lost their jobs and they spend most of their time in their homes. This led many people visiting sites to find something that can keep them busy. Due to the increased pressure, the industry has had to change its marketing strategies and re-evaluate its thinking.

Companies in the sector had to become more creative to seize the open opportunity. To add to this, other sectors wanted services from this information technology sector to market their products so that they can maintain a constant flow of income. The study sampled Microsoft corporation, Cisco system inc. And Amazon inc. to provide data for the study. Based on the analysis, it is observed that all three companies have experienced an increase in marketing expenditure since 2018. However, except for Cisco system inc., these companies began to feel the effects of the pandemic in 2020, showing rapid expenditure growth in both 2020 and 2021. This was a period when the economy was hit hard, as governments adopted corresponding lockdown measures to contain the spread of the virus, which directly and indirectly affected the economy. At this time, many businesses had no

option but to focus on online marketing as offline marketing was restricted due to the restricted movement by the government. The information technology sector was at the heart of all this and it had to improve on its service provision. This led to an increase in the marketing expenses to cover as many consumers as possible. The companies in the sector had to design software that will ensure customers are able to obtain and be aware of the existing services.



**Figure 1:** Information Technology Sector

**3.2. Impact of the Epidemic on the Sports and Clothing Industry**

The apparel and sportswear sector was adversely affected by the covid-19 pandemic. It is known that that industry mainly uses open stores to market their products through shows. The sector had invested in online marketing but the strategy was not well developed. The pandemic led to the sector pumping more money into online strategies. The closure of the brick-and-mortar stores was forced the businesses to rely on online marketing. The sector invested a lot of money in social media such as Facebook to promote their products by investing a lot of money on social media, like Facebook. In the process, they had to re-evaluate their marketing strategies and convert them into consumer-based marketing. The sector would provide the marketing based on the needs of the consumers. The sector faced tough competition as there were companies that had already developed in online marketing and it required a high level of creativity to lure customers. The sector also includes companies that have brands. The companies made sure that their brands remain relevant in the market. They shifted to using brand ambassadors which is quite expensive. The companies in the sector recorded an

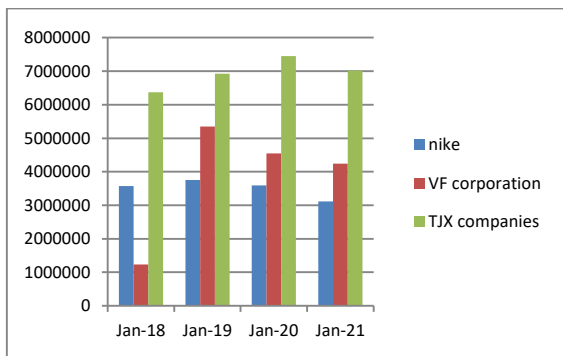
increase in marketing expenditure in 2019 [7]. However, in 2020, when the epidemic prevention and control measures were strictly enforced, the actual marketing expenditure decreased with the reduction of offline

marketing expenses. As most of the companies in the sector were already using online marketing as a strategy to sell their brand before the pandemic, their sales strategy shift has not resulted in an increase in spending.

**Table 3:** Apparel and sportswear sector

**Apparel and sportswear sector**

Company	Jul-21	Jul-20	Jul-19	Jul-18
Nike	3114000	3592000	3753000	3577000
VF corporation	4240058	4547008	5345339	1229046
TJX companies	7020917	7454988	6923564	6375071



**Figure 2:** Apparel and Sportswear Sector

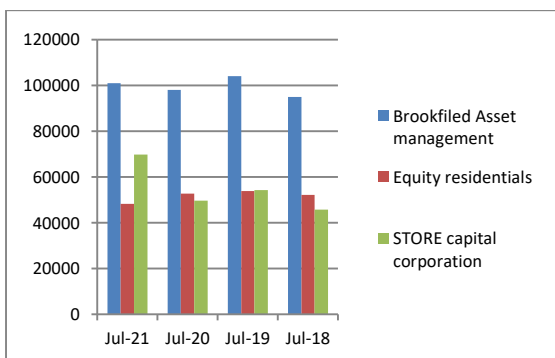
**3.3. Impact of the Epidemic on the Real Estate Businesses**

The covid-19 pandemic had a different impact on the real estate businesses. During the pandemic, it became hard for homeowners to list their residential facilities in fear of health. The order to stay at home reduced the

number of buyers as the movement was limited and it was difficult to visit homes for assessment. The sellers were afraid to allow strangers to visit their properties as the government had imposed restrictions to contain the virus. This limited the number of buyers in the market. Since the movements were limited, the sector reduced its expenditure on marketing as sales were not being made. The reduction of expenses on marketing was to ensure that they reduce their production cost to not run into a bad loss. We can observe that there was an increase in marketing costs from the year 2018 to 2019. The increase was due to the need to expand the market. However, when the covid-19 pandemic impact started to hit the business with restrictions put into place, the sector reduced the marketing expenses in 2020. This was to reduce the operating expenses as the buyers were not allowed to move due to the lockdown. When the economy was reopened in 2021, the sector increased its marketing cost to ensure that it remains relevant in the economy.

**Table 4:** Real estate sector

Real estate sector Company	Jul-21	Jul-20	Jul-19	Jul-18
Brookfield Asset management	101000	98000	104000	95000
Equity residential	48305	52757	53813	52224
STORE capital corporation	69767	49685	54274	45725



**Figure 3:** Real Estate Sector

**3.4. Impact of the Epidemic on the Financial sector**

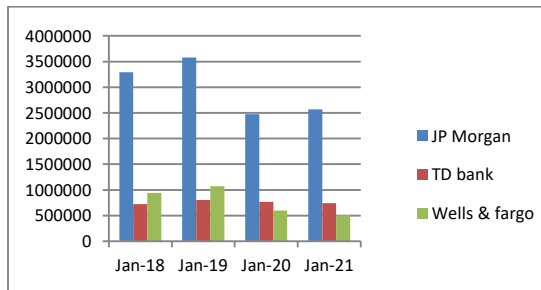
The financial sector is very important in ensuring that the investors are able to obtain funds for investment. Before the pandemic the economy was stable and the financial sector was well-positioned. Businesses were able to operate mostly on their own. The facilities taken from the financial sector by the businesses were well paid. That is why in 2018 and 2019, the sector had an

average expense on marketing. However, in 2020 the economy was hit hard by the pandemic. The businesses were not able to operate on their own as the production level had reduced hence low sales. There was a need for additional investment from the financial sector. The sector introduced new facilities that will ensure that the businesses are able to survive during a hard time. The

sector increased the marketing expenses to ensure that the public became much aware of the new credit facilities that have been introduced. This also helps the businesses to be aware of the changes in the interest rates. The sector also shifted its marketing strategies to ensure that the target group is able to be reached.

**Table 5:** Financial sector

Company	Jul-21	Jul-20	Jul-19	Jul-18
JP Morgan	2572000	2476000	3579000	3290000
TD bank	740000	769000	803000	726000
Wells & Fargo	504000	600000	1076000	941000



**Figure 4:** Financial sector

#### 4. ANALYSIS OF MARKETING STRATEGIES DURING THE PANDEMIC

The covid-19 pandemic has changed how many businesses conduct their operations. The economy has invested much in digital marketing by making new discoveries in the digital world. Many businesses were able to come up with new ways of marketing their products that have proved to be more productive as compared to the previous ways. The pandemic has also accelerated the speed at which the economy is going digital and has given more power to online industries.

During the pandemic, many businesses have come to realize that customers prioritize trusted relationships with the business. Customers are now focusing on the trust of the company more than the lower price. The consumer's consumption behavior has shifted drastically. Consumers are now concerned with having businesses that can be able to offer them good services. That assurance makes the customers stick to such businesses[8]. That is why the businesses have been able to learn their consumer behaviors and produce based on their needs [9]. The firms have learned to be always ahead of their consumers and market based on what the consumers are expected to like. This kind of market is not random but focuses on the targeted group of consumers. The success to meet the consumer's demand improves the trust between the consumer and the firm.

Many businesses have now shifted to social media to improve the name of their brands [10]. Social has the advantage in that it reaches a large target of consumers over a very short period. The firms are able to use brand ambassadors who boast of a large following of people. The brand ambassador is able to maintain the company's brand and acquire new customers to the business. The use of online marketing has also helped the companies to reduce the headcount which has worked well in reducing the operating cost while achieving the same goals as before.

The businesses also invest heavily in rewarding their loyal customers as a way of appreciating their loyalty. This mode of marketing is productive as the rewarded customers have become ambassadors to the companies and are able to bring in new customers to the businesses.

#### 5. CONCLUSION

This paper focuses on investigating how the current situation of the epidemic affected the marketing sector. Based on the findings, it can be concluded that the covid-19 epidemic has led to changes in the marketing sector. Businesses have shifted much of their attention to online marketing strategies. Many businesses have become innovative and being able to study consumer behavior so that they can produce what the consumer needs.

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