



# Impact of COVID-19 on Businesses and Way Ahead: Focusing on the New Normal

Dr. Arun Singh | Chief Economist, Dun & Bradstreet | April 17, 2020



# Agenda



Impact of COVID-19 on Businesses

Weathering the Storm

Way Ahead: Focusing on the New Normal

How Dun & Bradstreet Can Help You

# Impact of COVID-19 on Businesses

# Key questions that business leaders are asking

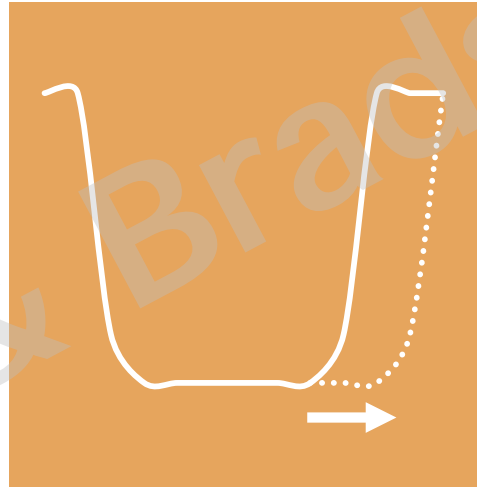
## Depth of Disruption

How deep are the demand reductions?



## Length of Disruption

How long could it last?

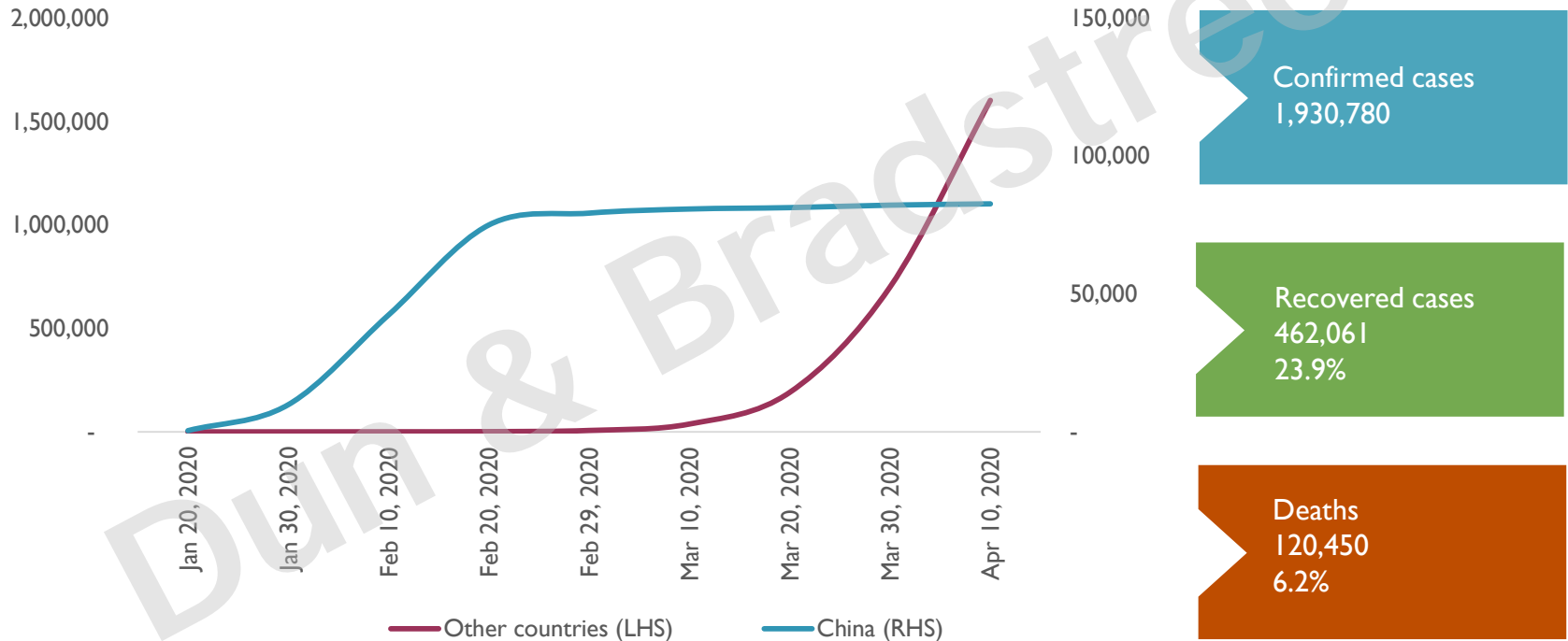


## Shape of Recovery

What shape could recovery take?



The outbreak of COVID-19 in China disrupted the global value chain. With more cases being reported outside China, the level of disruption has widened and deepened considerably

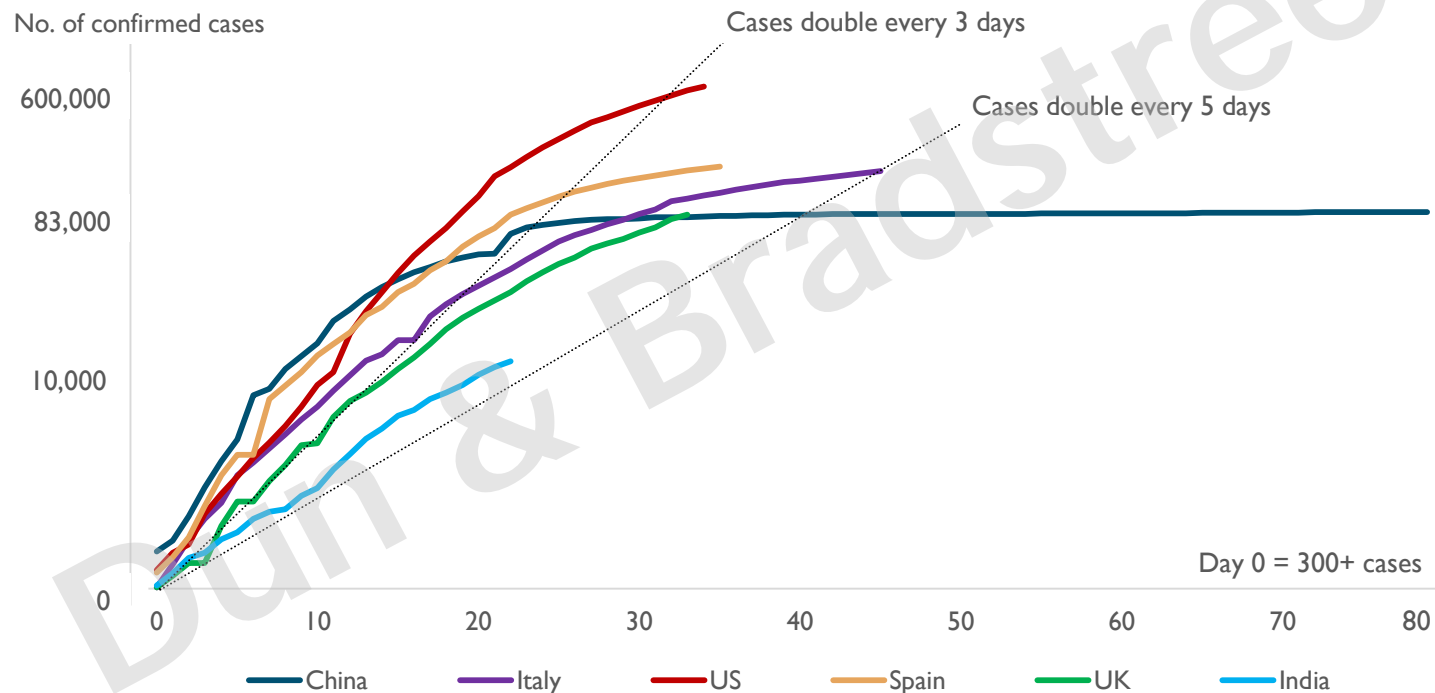


Note: Data as on April 14, 2020

Source: Johns Hopkins CSSE, WHO, CDC, ECDC, NHC and DXY

# Italy's and Spain's COVID-19 trajectory show signs of flattening

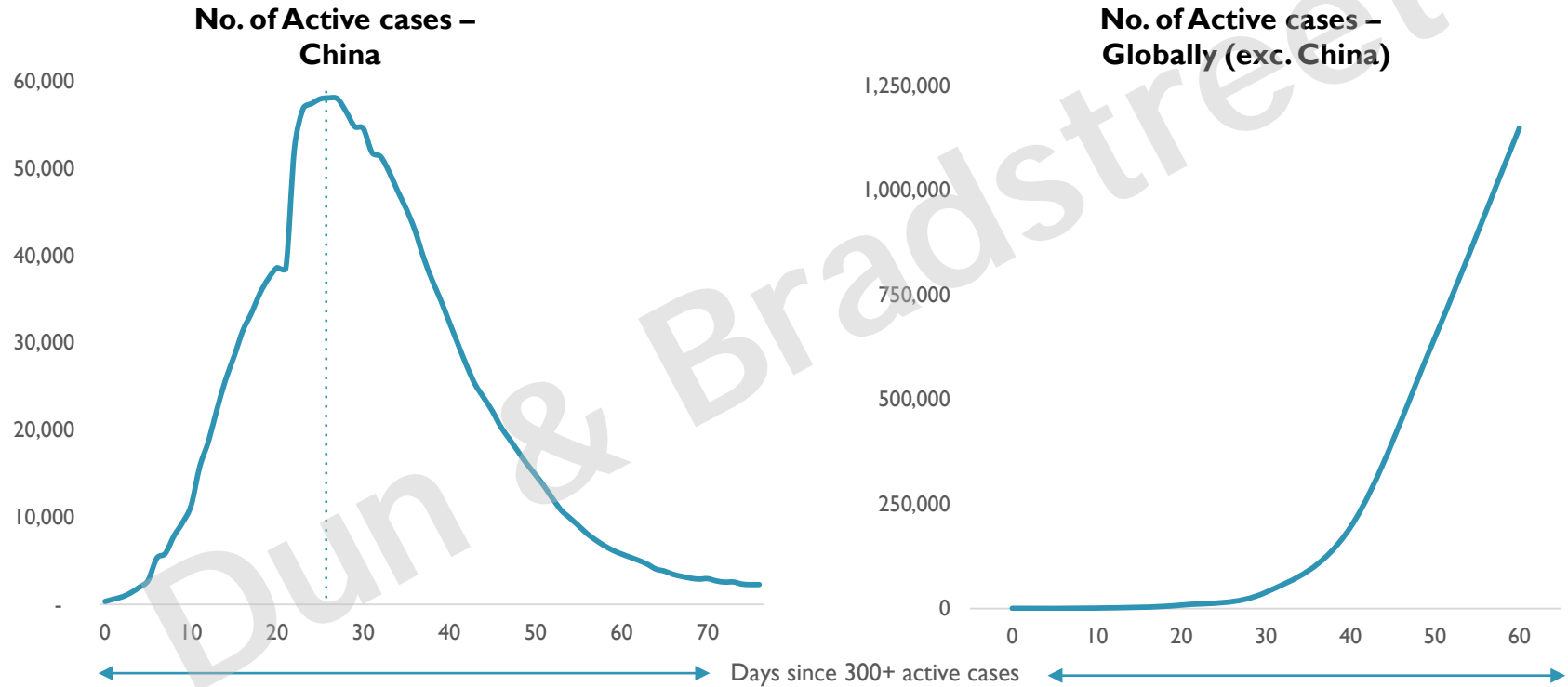
## Cumulative no. of confirmed COVID-19 cases



Note: Data as on April 14, 2020

Source: Johns Hopkins CSSE, WHO, CDC, ECDC, NHC and DXY

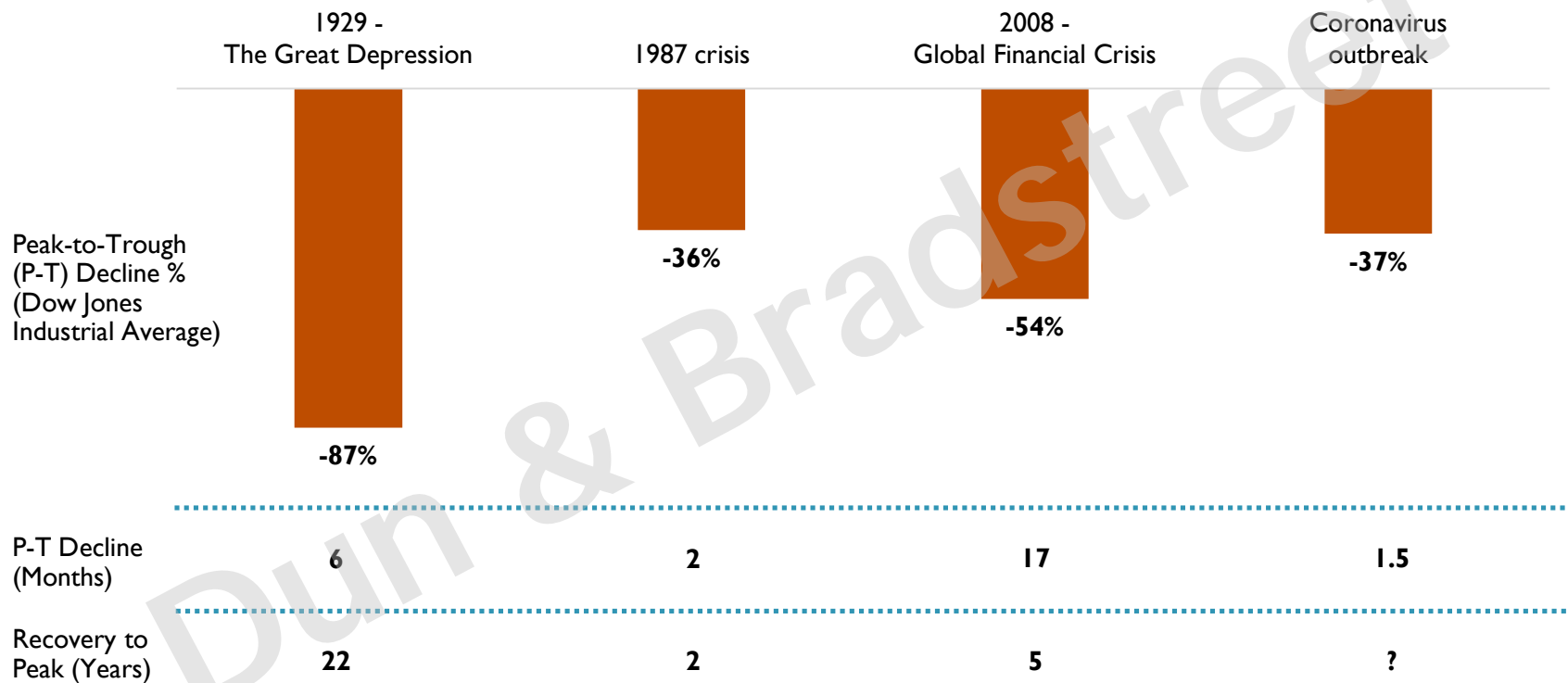
## While the no. of active cases in China has plateaued, it has not even reached the peak point globally



Note: Data as on April 14, 2020

Source: HGIS, Johns Hopkins CSSE, WHO, CDC, ECDC, NHC and DXY

# The pandemic has resulted in acute market volatility across the globe reflecting the unprecedented uncertainty of the situation

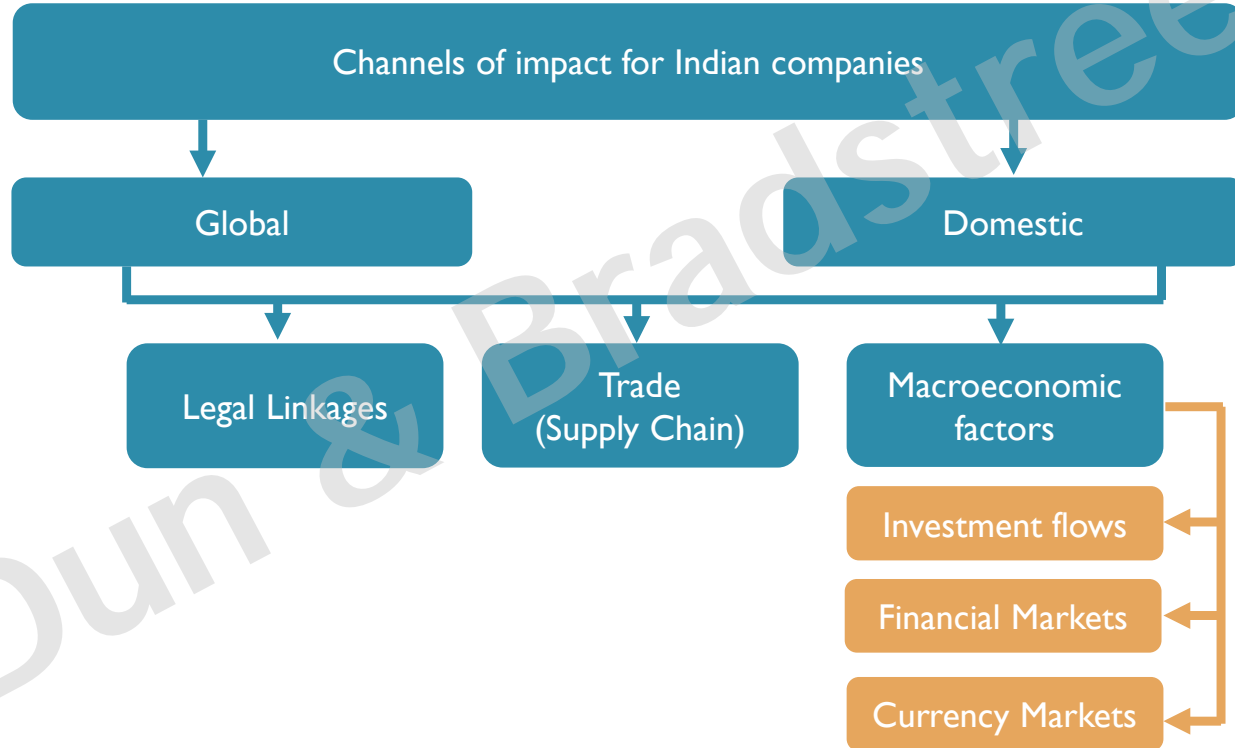


Note: Data as on March 23, 2020

Source: Dun & Bradstreet Analysis, WSJ, fedprimerate.com

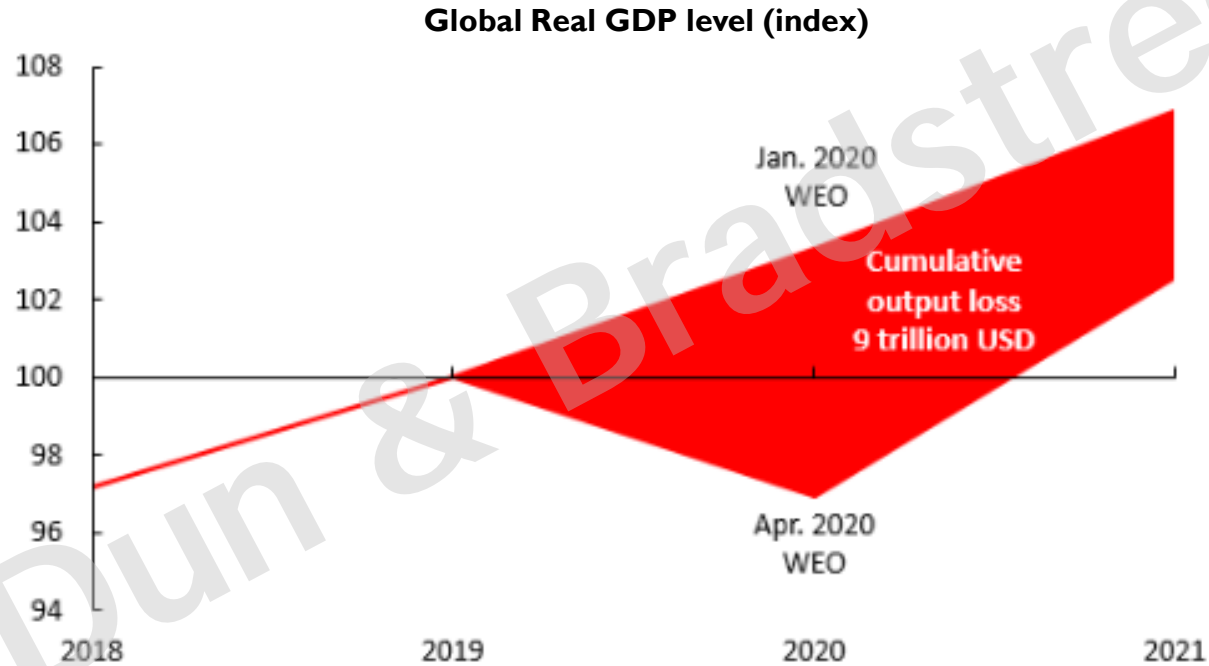


Indian companies face strong headwinds both from global and domestic factors. The three major channels of impact are legal linkages, supply chain and macroeconomic factors



Source: Dun & Bradstreet

The cumulative output loss over 2020 and 2021 from the pandemic crisis could be around **US\$ 9 tn**. The world economy will experience the worst recession since the **Great Depression of 1929**

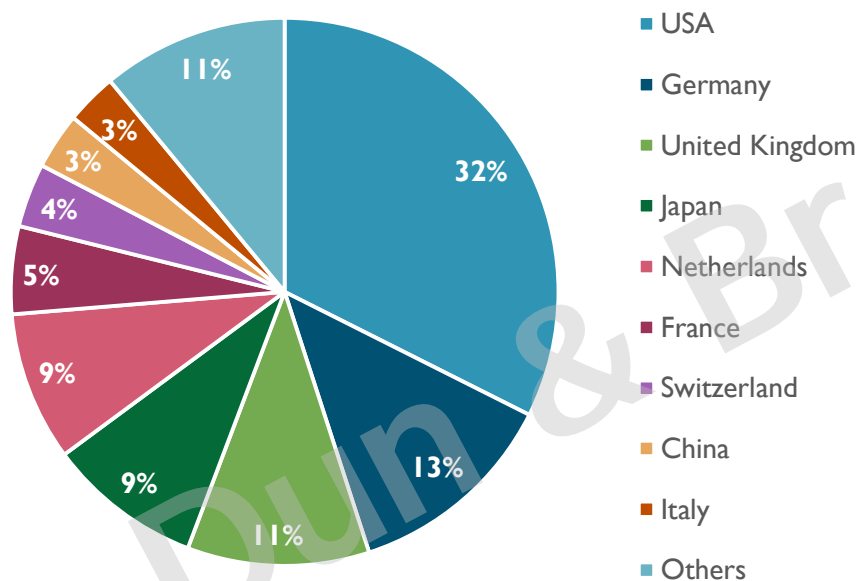


Note: Estimates as on April 14, 2020

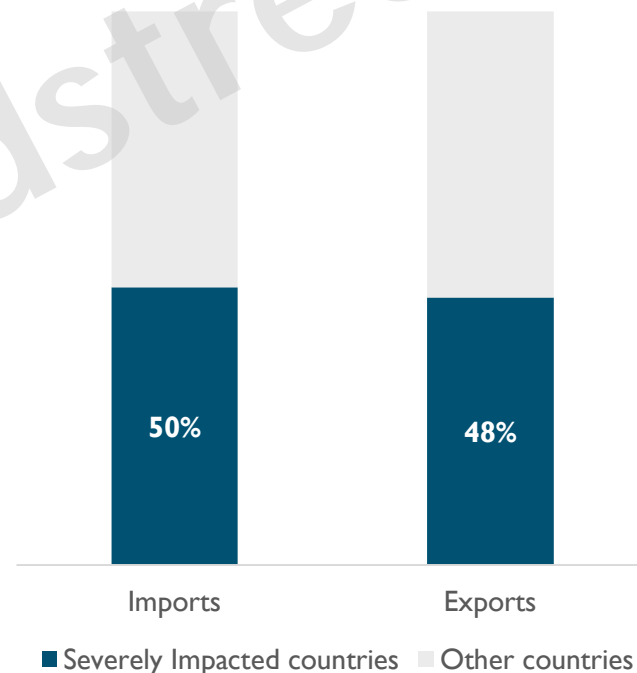
Source: IMF, World Economic Outlook; and IMF staff calculations

# Implications for Indian businesses via legal linkages and trade remain significant

% share of countries (most affected by COVID-19) in which Indian entities have legal linkages



% share of countries (most affected by COVID-19) in India's import and export basket

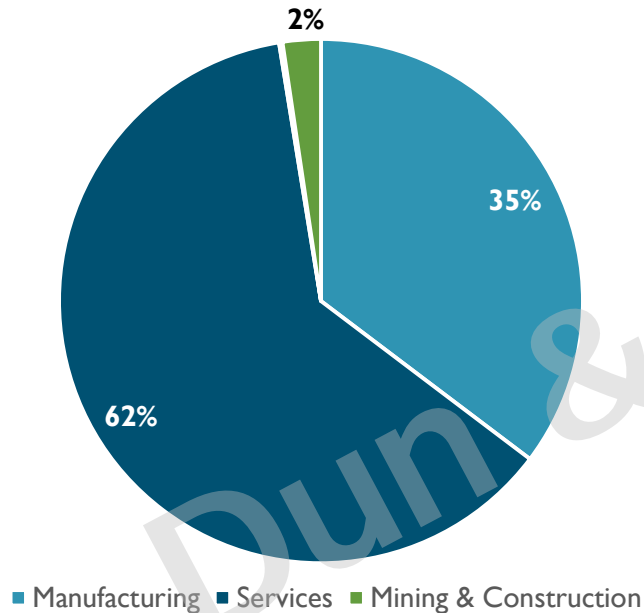


Note: Others include South Korea, Spain, Sweden, Canada, Belgium, Denmark, Austria, Norway, Malaysia and Iran

Source: Dun & Bradstreet, Ministry of Commerce & Industry

# Indian entities in the services sector have the highest exposure to countries most affected by COVID-19

**Sector-wise exposure of Indian entities (legal linkages)**



**Top Sub Sector-wise exposure of Indian entities (legal linkages)**

- Business services (23%)
- Depository institutions (12%)
- Engineering, accounting, research, management & related services (8%)
- Industrial and commercial machinery and computer equipment – Manufacturing (8%)
- Wholesale trade - durable goods (7%)
- Electronic and other electrical equipment and components - Manufacturing (5%)
- Chemicals and allied products - Manufacturing (5%)
- Transportation equipment - Manufacturing (4%)
- Fabricated metal products except machinery and transp. Equip. - Manufacturing (3%)
- Wholesale trade - non durable goods (3%)
- Transportation services (3%)
- Rubber and miscellaneous plastics products - Manufacturing (2%)
- Measuring analyzing controlling instruments - Manufacturing (2%)
- Primary metal products - Manufacturing (1%)
- Food and kindred products - Manufacturing (1%)
- Communications (1%)
- Stone clay glass and concrete products – Manufacturing (1%)
- Heavy construction other than building construction - contractors (1%)
- Security and commodity brokers, dealers, exchanges and services (1%)
- Petroleum refining and related industries - Manufacturing (1%)

Source: Dun & Bradstreet

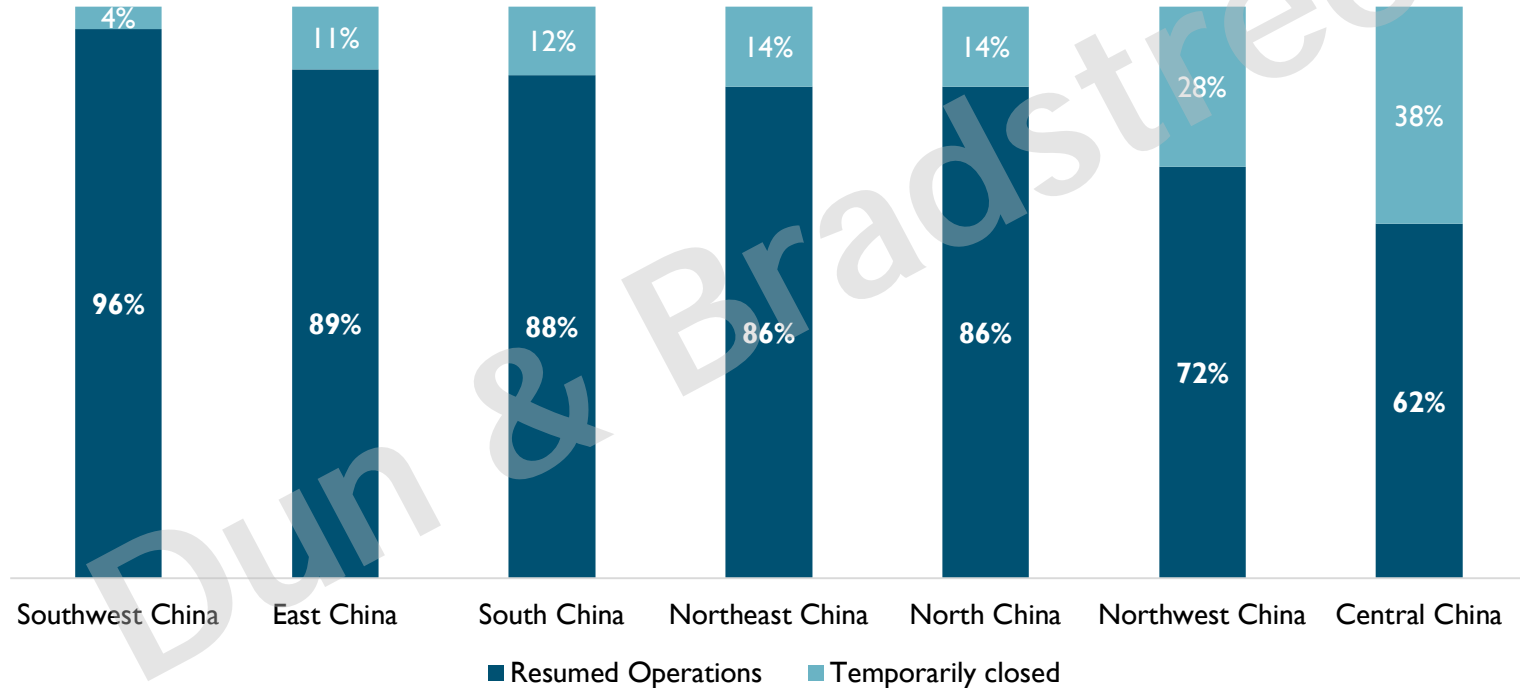
**COVID-19 outbreak poses several organisational risks – supply chain, operational, financial and market. The sheer size of the shock interconnects all these risks making companies vulnerable to knock-on effects**



Source: Dun & Bradstreet

## There are some positive signs - Companies across China are resuming operations

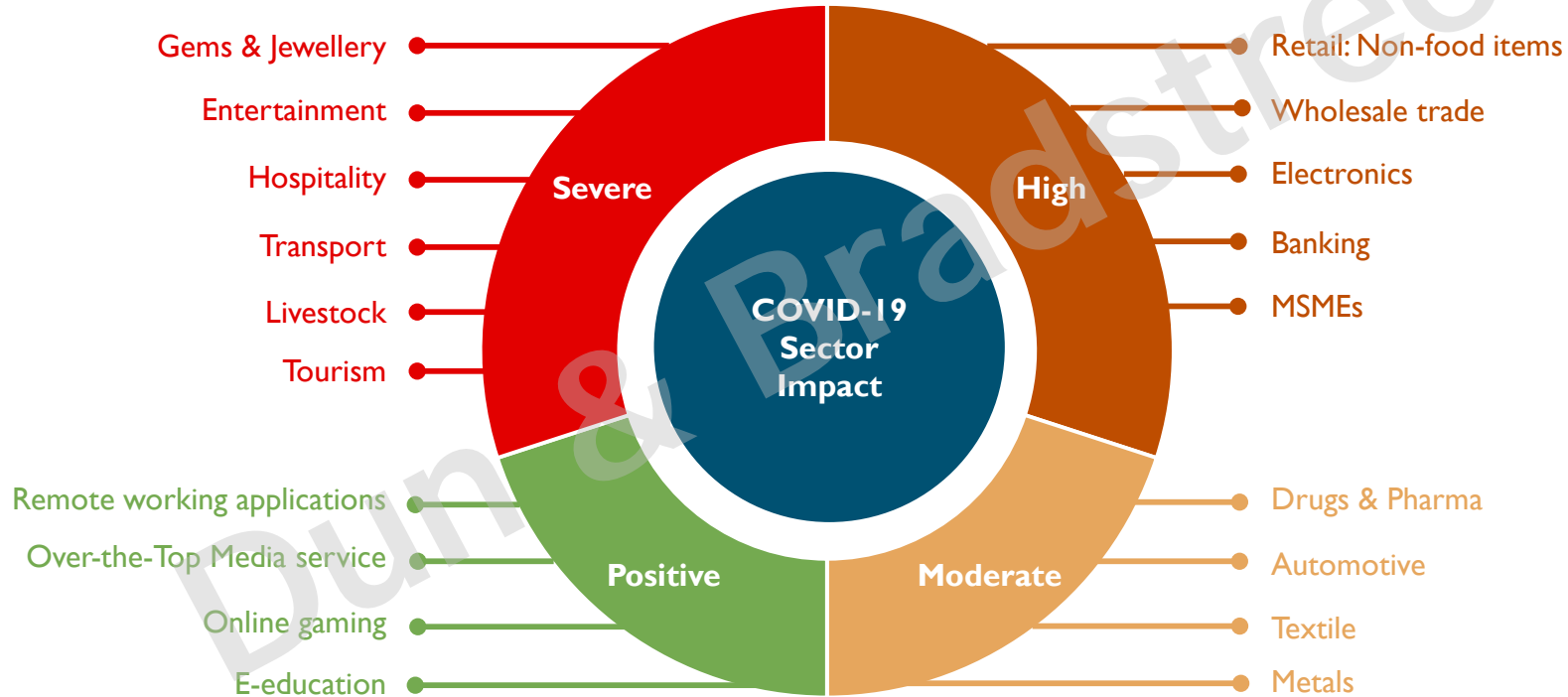
Comparison of companies resuming operations in different regions



Note: Estimates as on March 10, 2020

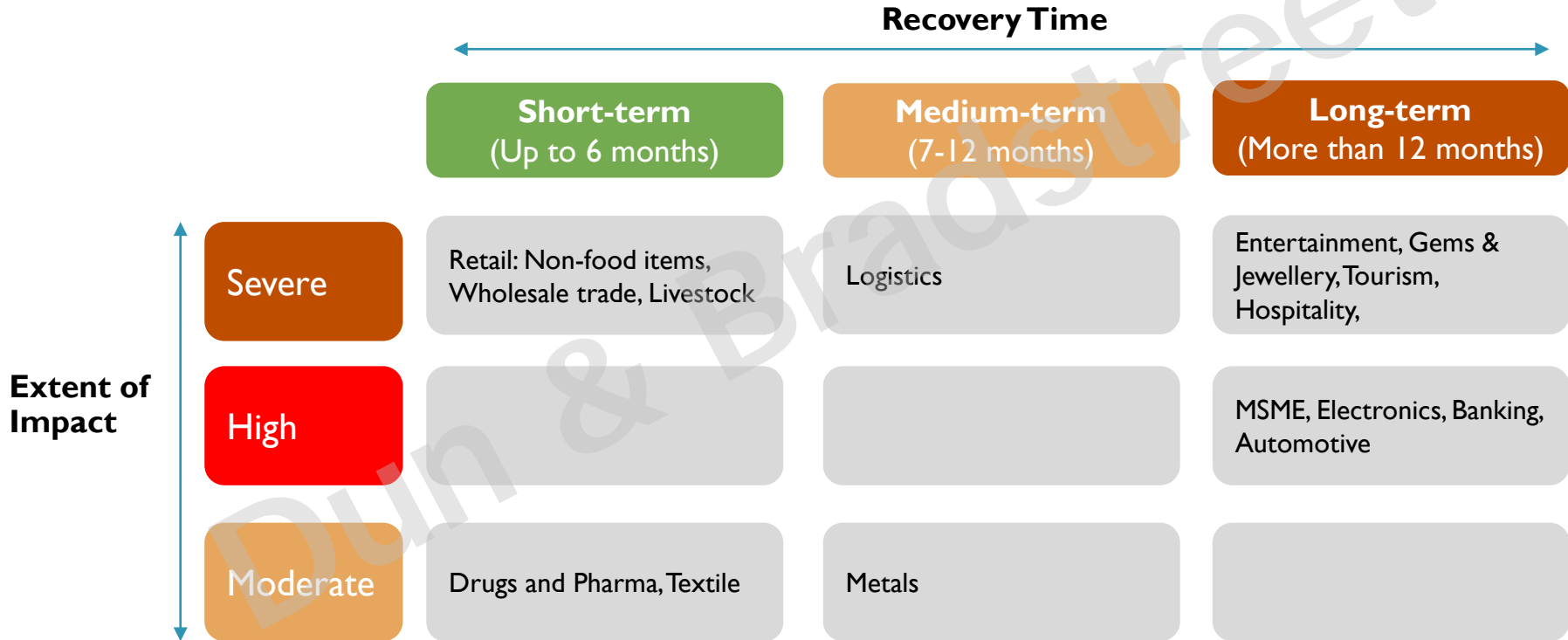
Source: Dun & Bradstreet

The impact of COVID-19 outbreak on the Indian companies will be disproportionate – while some sectors will be severely impacted, some will see a positive impact



Source: Dun & Bradstreet

The impact of **COVID-19** outbreak on the Indian companies will be disproportionate – while some sectors will recovery soon, some will take a much longer time



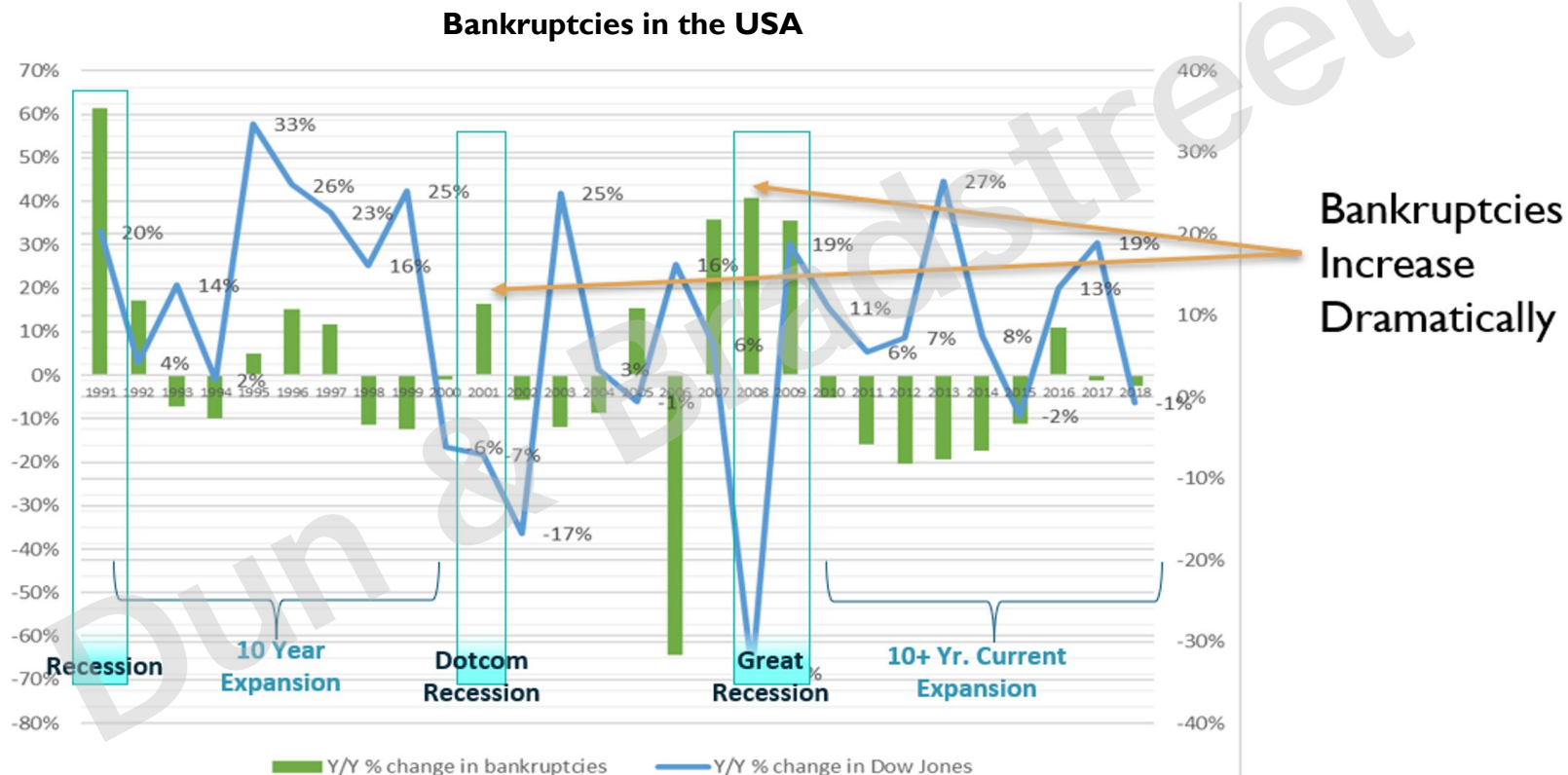
Source: Dun & Bradstreet



# Weathering the Storm

Dun & Bradstreet

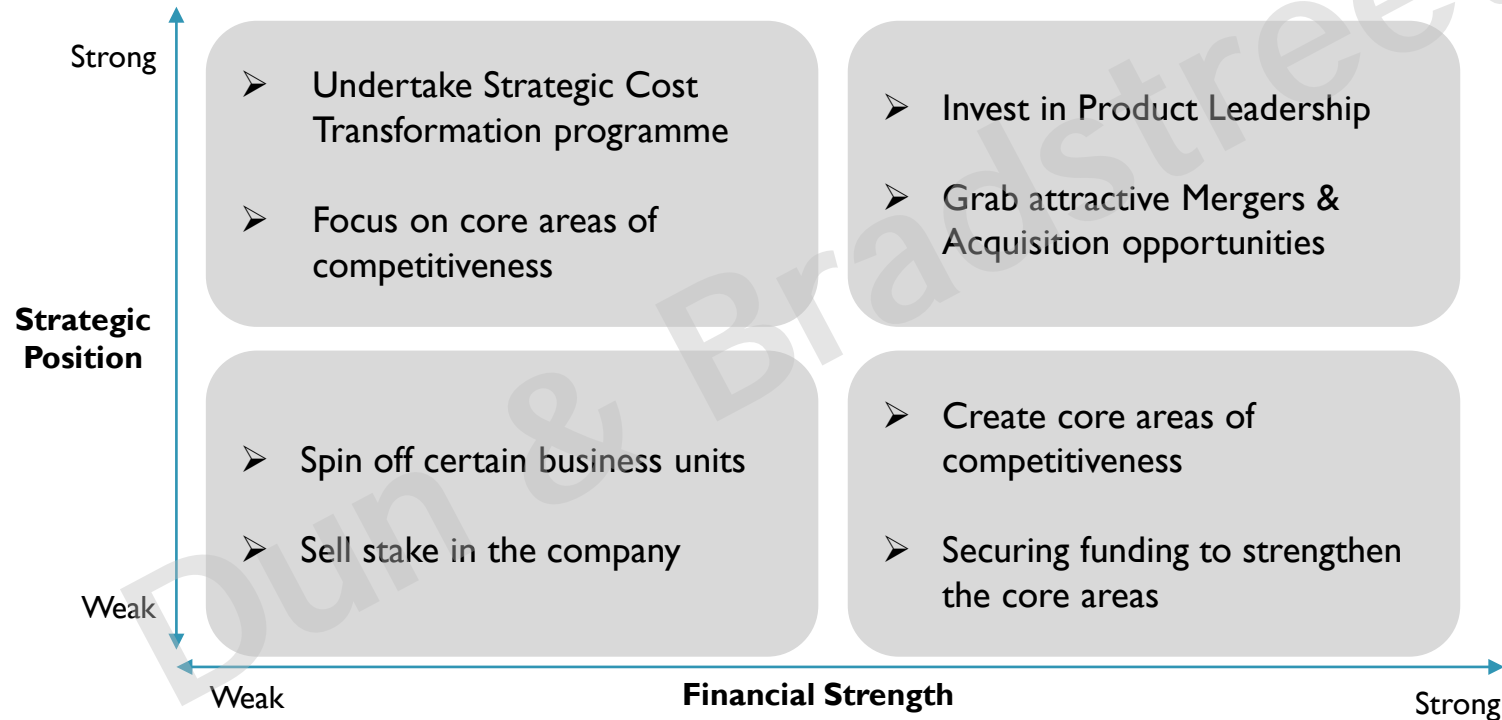
# D&B research shows that the past two recessions, in 2001 and 2008, have been accompanied by precipitous increases in bankruptcies



Source: Dun & Bradstreet

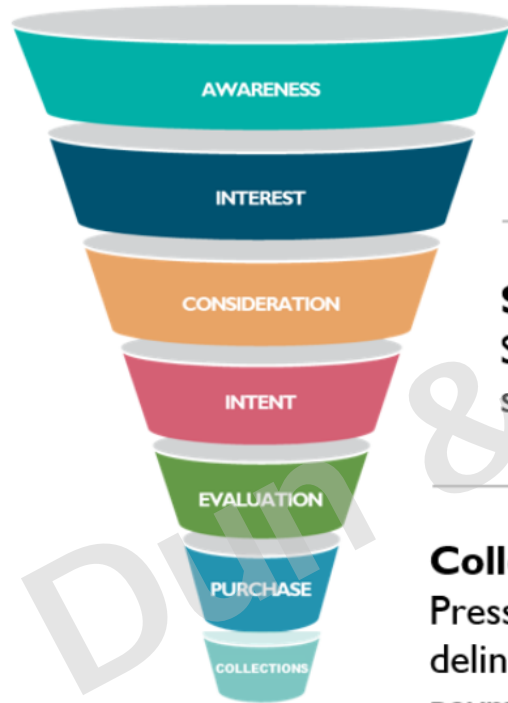
# Key considerations for your organisation

## Recession Recovery Decision Matrix



Source: Dun & Bradstreet, Various articles

# Organizations must overcome challenges with pipeline health and account profitability once the sale closes



## Marketing

Marketers expect reduced overall budgets, and are reallocating event spend to digital tactics

## Sales

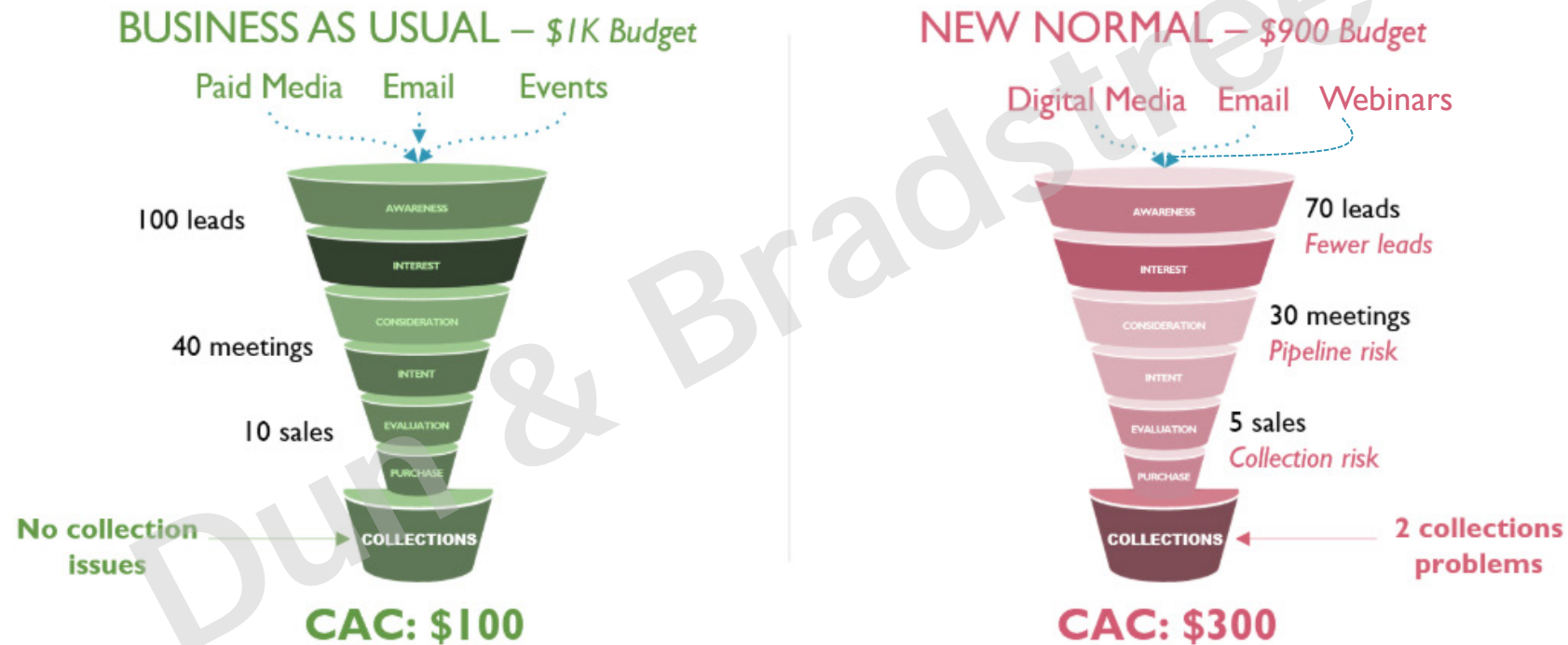
Sales pipelines are full of uncertainty, and strategies have shifted to virtual meetings

## Collections

Pressure will be put on collections with increased delinquency rates, forcing organizations to offer payment flexibility – impacting cash flow

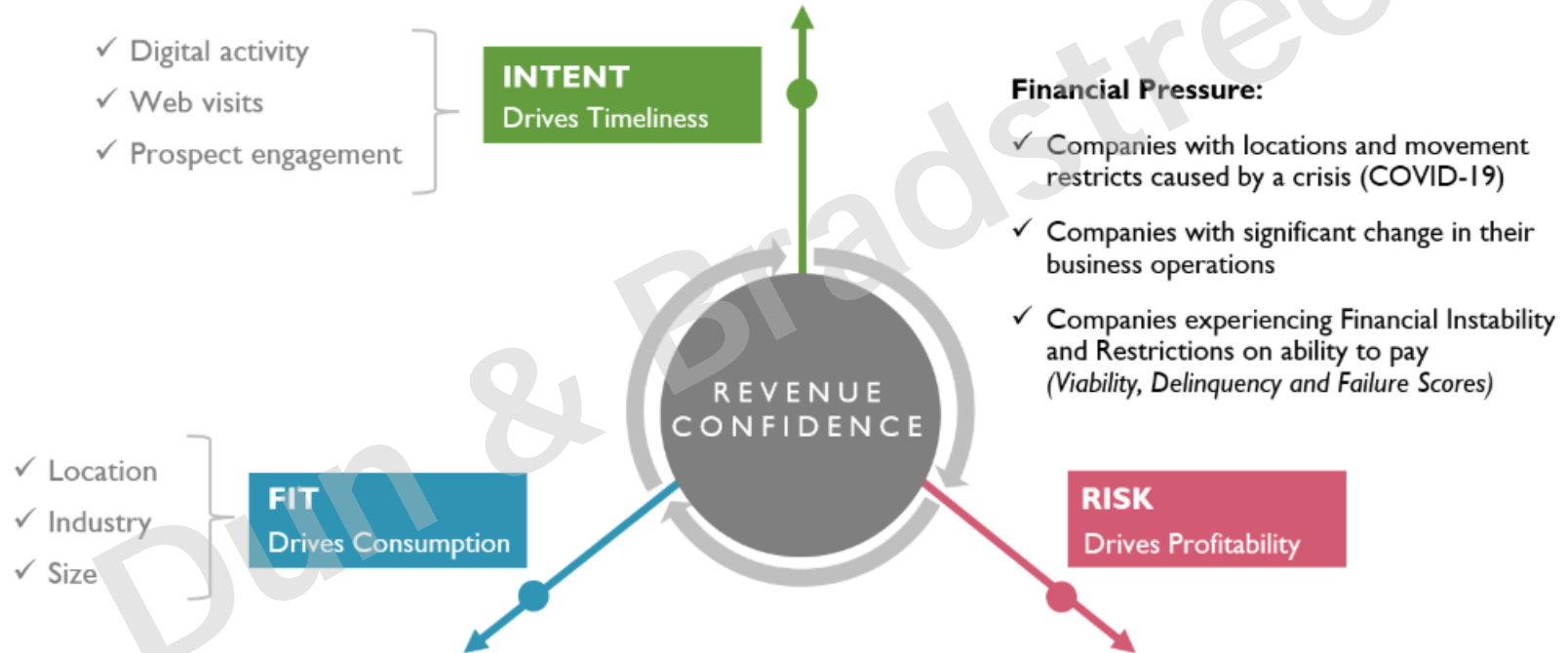
Source: Dun & Bradstreet

## Neglecting to select target accounts based on risk also has a direct impact on acquisition cost



Source: Dun & Bradstreet

By adding 'risk' as an additional dimension for account selection in addition to fit and intent, organizations can identify accounts that have the highest likelihood of facing financial strain and potentially going out of business



Source: Dun & Bradstreet

Way Ahead: Focusing on the New Normal

# Key strategies for your sales & marketing team

## The HEART Framework:

### H - Humanize your company

Let consumers know that you understand the dire social circumstances at play and care about more than simply reaping profit during this difficult time. For e.g., Sugarfish, a sushi restaurant chain in New York, told customers it would reassign its employees to make personalized deliveries, rather than outsourcing to delivery services.

### E - Educate consumers about the change

Tell them about all changes to your operations, including customer service availability, and ordering options, among others. Companies such as Lululemon and Apple reached out to their customer list to encourage online shopping, emphasizing their convenient return policies and responsive call services.

### A - Assure consumers the company's values will continue

Tell them how you will maintain your value propositions. For e.g., Yoga8, a yoga studio in Waco, Texas, that prides itself on detailed, hands-on instruction, announced the conversion of its courses to online interactive & recorded meetings.

### R - Revolutionize what consumers value about your business

Reach out to potential customers by offering new products or services that solve a new problem. For e.g., the hamburger chain Fuddruckers decided to address shortages of bread in grocery stores by baking and selling loaves directly to consumers.

### T - Tackle the future

Make it evident that you are well-positioned to maintain your revised business model until things return to normal. The temporary improvements that satisfy customers now may become permanent improvements to your company's business model in the future. This will inspire confidence.

*Source: Harvard Business Review*



# How to drive demand digitally #1

## Impact #1

In-person sales meetings are no longer a viable option for the foreseeable future.

## New Dynamic

Selling has moved to virtual meetings, phone calls, direct mail, and email.

## Key Success Factors

**Stay informed** - Tailor your value proposition within context of the current environment.

**Build rapport** - Use this as an opportunity to build a personal connection with your prospects – be genuine, empathetic, and a valuable resource.

**Use social selling** - Engage buyers where they are. Think digital!

**Re-diagnose the problem** - You need to hit reset; don't assume what your customers/ prospects needed in January is still what they need now.

## How to drive demand digitally #2

### Impact #2

Large trade shows and conferences have been cancelled, cutting a major source of leads.

New Dynamic Digital customer engagement strategies are moving to webinars and social.

### Key Success Factors

***Put it In Perspective*** - By shifting to webinars, you can lower your cost of lead acquisition with the ability to target accounts that match your Ideal Customer Profile

***Collaborate with knowledge partners*** - By cohosting a webinar you can streamline the processes, gain authority within your industry and expand your audience to capture more leads.

***Book dates on your calendar, now*** - With today's new dynamic, you must build in pipeline-generating webinars over a longer course of time.

***Use visual storytelling to stand out*** - What problems do you solve and how can you communicate that in a way beyond just text on PowerPoint?

Source: Dun & Bradstreet

## How to drive demand digitally #3

### Impact #3

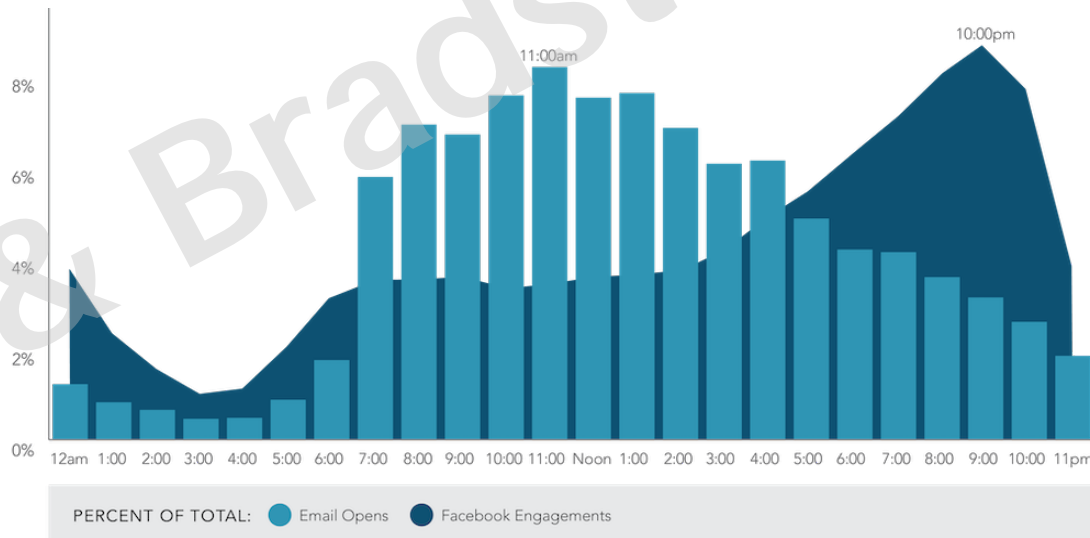
The traditional 9-5 office schedule is out the window.

### New Dynamic

Your customers may be starting their days earlier and extending their working hours to later in the day.

### Key Success Factors

**Be on-point, timely, & persistent** - You may have more luck engaging buyers much earlier or later in the day.



Source: Dun & Bradstreet

## How to drive demand digitally #4

### Impact #4

The traditional corporate board line numbers are out of reach.

### New Dynamic

Your prospects will have to be reached out directly on their mobiles.

### Key Success Factors

**Arm Your Sales Development Reps.** - It critical to consider sales acceleration/ prospecting tools to make your sales teams more effective and efficient in securing meetings.

**Remix your marketing mix** - Out-of-home (OOH) ad spending and events may need to be reallocated to digital channels due to social distancing.

**Carefully analyze web visitors** - Reverse IP lookups may yield false positives – treat results with more caution and leverage solutions that can classify and screen out ISPs and provide cookie and API matching to help get to the true audience.

## How to drive demand digitally #5

### Impact #5

Marketing and sales professionals are looking for new ways to drive demand.

### New Dynamic

Your prospects are actively searching for new solutions to their problems. They need your help, now.

### Key Success Factors

**Leverage keywords to find in-market buyers** - Use your search keywords to create highly personalized intent models that pinpoint in-market buyers. These intent models can help you target accounts that have an immediate need and are seeking solutions now.

Old keywords	New keywords
Small business banking	Emergency line of credit
Treasury Management	Quick cash for small businesses
Low interest commercial loans	Payment term flexibility

Source: Dun & Bradstreet

# How Dun & Bradstreet Can Help You

# Recommended next steps

1. Evaluate your exposure using D&B Overall Business Impact (OBI) Index
2. D&B Analytic Specialists are available for consultation
3. Work with D&B Analytics Team to review ongoing requirements

Continuous evolution of Industry classifications planned so we drive ongoing precision

COVID-19 is unique in it's impact on businesses in different industries. We are working to continually enhance OBI index with the following:

- Industry level unemployment data
- Digital data trends and patterns – company outgoing digital traffic
- Layoff data
- Outgoing inquiries data and other D&B internal updates and activities about businesses
- Foot Traffic data

Thank You!

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Dankjewel

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