

Covid-19

Effects on advertising
and shift in strategy





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COVID-19: Learning from US Data

COVID-19 (Coronavirus) is now a pandemic in Canada and creating declarations of emergency across the nation. Globally, COVID-19 has become a worldwide health crisis which has impacted and disrupted the daily routine and way of life of all Canadians.

To curb the impact of the virus, the Canadian Government has created a set of recommendations for “social distancing” including avoiding large gatherings. As a result, many businesses have begun to implement work from home policies and consumers are preparing for the coming weeks by stocking up on supplies.

Using our exclusive partnership with InMarket, in Canada, and compiling published data from other third party sites and analyst data; we are pleased to share with you these ad industry and consumer behaviour insights. In this report we will share what InMarket has observed with consumer patterns in the US and what other third party data is reporting on the impact of the outbreak. Learn about purchase patterns, changes in trips and get analyzed insight into purchase behavior seen through credit card/debit card transactions and sales data. In addition, explore the effect that media and news has on consumer spending.

Because of the timing of the pandemic in Canada and the United states, we are confident that this data, although largely US based, validates significant increases in week over week purchasing across key categories such as groceries, alcohol, tobacco, canned and frozen food, disinfectants and more.

Note: The category trends data in this report consists largely from our exclusive partnership with InMarket and their permission-based, anonymized credit card/debit card transactions collected from a panel of 1,000 randomly selected consumers and sales data collected from a permission-based panel of 60,000 app users.



Macro category trends: Purchasing activity

Using consumer-permissioned transactions collected from credit card/debit card data, surges in activity around key announcements and events related to the spread of COVID-19 were seen.

Notably, the first major increase in credit card spending--registering a 25.6% increase over the same day the prior week--occurs on February 27, 2020, as the U.S. confirmed its first case of unknown transmission.

Increases in category spending across grocery stores specifically occurred, registering an increase of (129.96%) in spending week over week for the same day. Inferring to the beginning of Americans starting to stockpile for a potential crisis in the U.S.

Date	Dine-in	Delivery Services	Gas Stations	Grocery	Big Box	Retail	Online Shops	Disc. Retail	Pharma	Total Spend
Feb 27	84.91%	-35.54%	28.91%	129.96%	237.50%	-25.53%	42.61%	-13.76%	-3.62%	25.56%

After national states of emergency were declared in the US on March 13, 2020; a 3 day sustained surge in purchase activity compared to the same day(s) the week prior. When looking at category credit card/debit card activity, increases in key categories including the usual suspects such as groceries, online shopping, and discount retailers were seen.

Most notably the sharp increases in delivery services as consumers made their way home and increasingly stayed inside. The migration home follows nationwide school and university closings and changes in business policies. This includes instituting work from home policies, curtailing travel, and eliminating group gatherings in an effort to support the “social distancing” recommendations from the CDC.

Date	Dine-in	Delivery Services	Gas Stations	Grocery	Big Box	Retail	Online Shops	Disc. Retail	Pharma	Total Spend
Mar 15	25.28%	1185.71%	-7.84%	62.32%	8.22%	309.09%	279.31%	-27.27%	84.62%	58.99%
Mar 14	175.02%	146.63%	52.38%	240.91%	30.21%	450.00%	196.41%	296.50%	122.22%	235.10%
Mar13	57.37%	229.55%	19.16%	139.72%	196.49%	14.04%	-3.36%	205.56%	441.31%	82.98%



The month of March 2020: Canadian Breakdown

March 4 - March 16

- Prime Minister Justin Trudeau creates a new cabinet committee to deal with the novel coronavirus outbreak as the number of confirmed Canadian cases reaches 33
- Canada's chief public health officer advises Canadians to avoid cruises and to self-monitor for symptoms for 14 days after arriving home from travel.
- Canada records its first COVID-19 death
- Ottawa gets its patient zero, a man in his 40s who recently returned from Austria
- Ottawa gets its second confirmed case, a woman in her 40s who returned from a trip to Italy.
- Ottawa's first COVID-19 assessment centre opens at Brewer arena
- Two new cases are confirmed in Ottawa
- The number of confirmed cases in Ottawa doubles to 10
- Ontario tally of confirmed cases reaches 145, of 323 across the country.
- Trudeau announces that Canada will close its borders to those who are not Canadian citizens or permanent residents, with the exception of U.S. citizens
- Premier Doug Ford announces that Ontario will introduce legislation to protect workers' jobs

As individual provinces continue to declare states of emergency across Canada, and social distancing and working from home recommendations accelerate, consumers have already begun purchasing more preserved foods and liquids to tide them over while staying in.

The timeline above, similar to the timeline in the United States, can help us to forecast better for future events similar to the COVID-19 pandemic in relation to consumer habits and media announcements.



Consumer evolution: During COVID-19

According to Nielsen, six key consumer behaviour levels that tie directly to COVID-19 have been identified globally. The six levels, based on early indicators across markets, are detailed below. Each level correlates with different levels of consumption, but there are some common timing elements that are driven by breaking news.

#1 Proactive Health-Minded Buying	#2 Reactive Health Management	#3 Pantry Preparation
Consumer Behavior Shift	Consumer Behavior Shift	Consumer Behavior Shift
Rise in interest for health and wellness products	Purchase of virus containment products: masks, sanitizer	Pantry stockpiling, food; increase in store visits.
COVID-19 event marker	COVID-19 event marker	COVID-19 event marker
Minimal local cases of COVID-19, linked to an arrival from another country	First COVID-19 related death/s	Multiple cases of transmission, multiple deaths
#4 Quarantined Living Prep	#5 Restricted Living	#6 Living a new normal
Consumer Behavior Shift	Consumer Behavior Shift	Consumer Behavior Shift
Increased online shopping, decline in-store visits	Restricted shopping, price rising, no travel, stock impacts prices	Returning to daily living, operating with new cautiousness about health. Larger use of e-commerce and hygiene products
COVID-19 event marker	COVID-19 event marker	COVID-19 event marker
Diagnosed people increases	Communities ordered to lockdown	Quarantine lifted. Life returning to normal



Consumer evolution: During COVID-19 (cont)

Canada is largely past the first stage of proactive health-minded buying that drove only minor changes to sales patterns. However, as Canadians progressed through the stages there are many industries that have been affected by this pandemic such as travel, tourism, hospitality, auto and entertainment.

According to a published Nielsen study of the U.S. market, consumers can digest and process new outbreak information and then make spending decisions tied to that news. Nielsen data enables Canadians to learn and understand early indicators of consumer actions, which can help companies manage their supply chain in response to news cycles. In addition, a “breathing room” period of about two weeks after major news events tied to COVID-19 can be seen.

Learning from the purchase habits in countries where consumers have progressed through the six levels may help Canadian brands better prepare to manage in the regions that have been most hit with COVID-19, particularly as governments appear to be enacting more aggressive protocols as they learn more about the virus and its spread, such as social isolation.

These public efforts also appear to shorten the time it takes for some countries to move through each threshold.

As it stands, China is the only country with large levels of its population impacted to reach level 6 and begin returning to normal ways of living. After extended periods of isolation, many workers have returned to offices and factories, with the exception of areas hardest hit.



Consumer habit shifts: COVID-19

Traveling bookings are down on all accommodation types

Hotel Chains:
26%

Boutique Hotels:
30%

Home rentals:
30%

Rideshare app and tax usage down among riders from all incomes

<\$50k:
-44%

\$50k-\$100k:
-31%

>\$100k:
-33%



Consumer habit shifts: COVID-19 (cont)

The pandemic has hit many industries, but most notably the travel, tourism and hospitality industries first showed real impact as travelers stopped traveling or returned back to their home nations. Other industries such as QSR, retail, and e-commerce have also seen consumer habit shifts.



Factors that would entice consumer travel to resume

65%

Need the CDC to declare the virus under control

63%

Need a vaccine ready and attainable



28.3%

Shop in stores less often



10.5%

Shop online more often



Work
From
Home

<\$50k:
+4%

\$50k-\$100k:
+2%

>\$100k:
+11%

Millennials have slowed their usage of dine-in and take-out more than any other age group



35%

Less often eating
at QSR



34%

Less often eating
at restaurant



18%

Less often using
Mobile order-ahead



22%

Less often ordering
Using aggregators



Media consumption during COVID-19

Recent announcements by the Canadian Government have led consumers to make significant changes to the way they interact with content and advertising across various platforms. As Canadians adjust to the new reality of life during this pandemic, the result seems to be that the rest of globe has shifted into a mobile first state of mind.

Government:

According to COMSCORE total digital visits (mobile and desktop) and mobile web-only visits to the CDC, NIH and WHO sites – saw incredible growth. Total digital visits were up 425% March 9-15 vs. Jan. 6-12, and the week of March 9-15 was up 79% over the week prior. For mobile web, visits were up 671% March 9-15 vs. Jan. 6-12, and March 9-15 was up 112% over the week prior.

Retail:

According to COMSCORE, 779 million digital retail visits took place during the week of March 9-15 – the highest number of visits of any week so far in 2020.

A 3.8% growth versus the previous week (and the second highest week-over-week growth of the year with the highest being 4.7% growth the week of Feb. 24 to March 1).

Starting at the beginning of February, Retail total visits began a steady upward climb. The highest individual days for Retail visits so far in March were March 10, March 13 and March 14, respectively.

Travel:

COMSCORE reviewed travel sites for airlines, aggregators, hospitality and others; finding that travel visits declined 7.3% the week of Feb. 24 to March 1 and declined again 4.8% the week of March 2-8. However, travel spiked the week of March 9-15, increasing 9.5%. This could be due to a large number of trip cancellations occurring this week requiring visits to the travel sites to rebook or cancel plans. In addition, many major airlines and travel companies began offering inexpensive flights and deals during this time which may have driven some increased demand.



Mobile app market: Keeping people busy

Recent events have changed the way we live our lives and have created a larger need for people to find distraction from real world events.

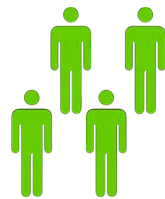
People are looking for ways to calm down in the comfort of their own home, and people are increasingly turning to video games to pass the time and interact with friends and family they may not see in person for the foreseeable future. The answer for many during the COVID-19 pandemic has been turning to mobile, specifically gaming.

EA's "Apex Legends," which is also free-to-play, saw 2 million downloads during its first day of availability in February 2019. With so many people playing, and likely many downloading new games, industry stocks, though hurt by the recent market crash, are still performing better than others by as much as 10%.

Canadians love to game:
with so many schools and businesses encouraging everyone to stay home from coast to coast closing, millions of kids and adults are staying home. Resulting in gaming networks are seeing a crush of players hitting their services.

87%

Of time spent on mobile by Canadians is in-app



4/5

Canadians spending more than 8 hours online

48%



using a smartphone, tablet or other mobile device to access the internet

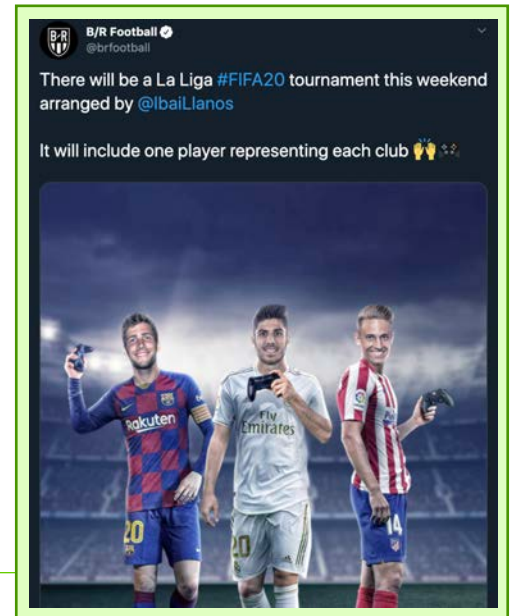
23M

Over 23 million Canadians are "gamers"



Mobile app market: Live sports go on

In addition, with sports leagues suspended, the need for live sports could see increased participation in virtual sports, such as FIFA (EA), NHL 2020 (EA). As the coronavirus outbreak continues to spread and citizens have been encouraged to "self-isolate," many are turning to gaming as a distraction from the pandemic.



Mobile gaming: The opportunity

Brands like EA sports & Rovio in Canada, promising:

- Brand safety
- 100% visibility
- Access to premium titles
- Non-invasive advertising



7.5M

EA players in Canada

46%

Canadians playing video games on a mobile

21%

Of Canadians play EA titles

860,00

Canadians playing Rovio titles

#1

downloaded app of all time: Angry Birds by Rovio



ANGRY BIRDS 2



ANGRY BIRDS BLAST!



ANGRY BIRDS POP!



AB MATCH



AB EVOLUTION



BATTLE BAY



AB STAR WARS 2



AB STAR WARS



ANGRY BIRDS GO!



AB TRANSFORMERS



ANGRY BIRDS EPIC



AB FRIENDS



ANGRY BIRDS CLASSIC



AB SEASONS



BAD PIGGIES



ANGRY BIRDS RIO



AB SPACE



NIBBLERS



The dawn of global tech adoption

With millions globally working from home and digital connectivity demand growing exponentially, consumers will have a greater need and demand for barrier free solutions that are driven by technology to assist with everyday tasks like shopping.

Brands that leverage modern tech, can prepare themselves now to meet the oncoming online demand that will enable seamless interaction through direct to consumer solutions and enhanced customer experience. The driver behind this is in the palm of everyone's hand: the smart phone or tablet.

The demand for self isolation and social distancing during the COVID-19 pandemic are likely to accelerate the use of existing and new tech. Tangible experiences like buying groceries, trying clothing, and visiting physical locations can be driven by A/VR.



Declined store visits propel online shopping:

Globally, online shopping adoption has gained traction thanks to improvements in infrastructure (speed and cost), participation, transparency and trust. COVID-19 may be a part of driving faster change.

Direct to consumer solutions:

Interruption to supply chains during this pandemic will have consumers looking for alternative online sources to find the products they need. Automated subscription services will provide ease, convenience, customized rewards, preferential pricing and remove the hassle of remembering to top up.

The need to replicate reality:

Artificial and virtual reality technology has the potential to bring the in-store experience into the home of every consumer. In some markets, this is already reality as smartphone apps leverage augmented reality to show how products will look in a consumers home or on them. According to Nielsen, more than 51% of global consumers are willing to try A/VR to assess products and services.



The technology enabled future

Previous technology obstacles and barriers for adoption may no longer be an issue for many Canadian and North American brands looking to communicate to consumers, as technology becomes some of the only accessible or viable alternatives.

While not all Canadian markets may be as technologically advanced in the retailing areas as in other parts of the globe, many retail and manufacturing businesses around the world can benefit from a more proactive e-commerce strategy, as technology enabled solutions become favorable by consumers.

Steps to a tech enabled future:

- Start with the basic functionality offered by smartphones such as product discovery and mobile payments
- Move into the creation of auto-subscriptions
- Use of personalized location alerts will change the way consumers buy and speed up the adoption trajectory of more sophisticated tools like A/VR
- 5G driven technology will be a power driver to deliver the next step to a tech enabled future



designed by freepik



Changing ad gears during COVID-19

Many Canadian brands realized their normal marketing plans would no longer cut it as the coronavirus pandemic overtakes almost every business sector in Canada. Additionally, with so many live events and large number gatherings being cancelled – the use of geofencing tactics and placement of ads during televised events has forced brands to re-think how to market to consumers.

In an effort to keep communication open to consumers many brands are not pausing their ad spend but are pausing existing campaigns and shifting ad spend to public service announcements during what can only be described as a hard and sensitive time for the world. Tactics behind this change and advertising also involves building audiences using demographic data and not just location.

Examples of ad shift can vary from informing consumers on what brands are doing to assure its consumers that they are still open for business and communicate any changes such as hours, staffing, locations and contact information. Many other brands are using this opportunity to communicate philanthropic efforts such as donations, relief efforts, and giving campaigns.

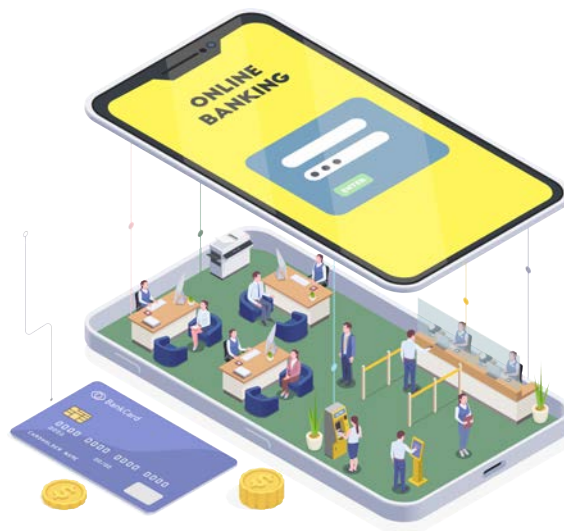
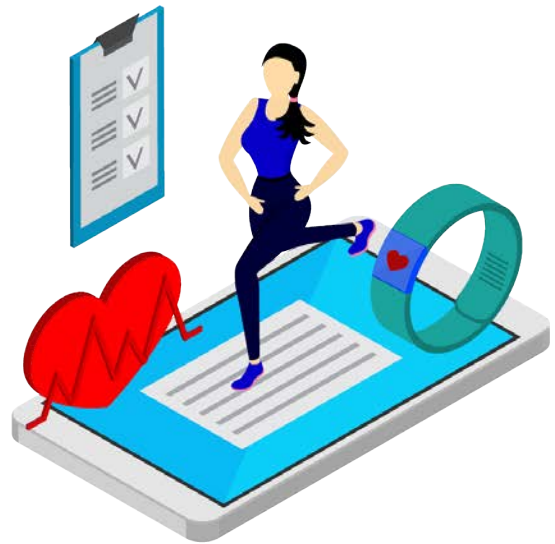
These shifts in ad spending are effective and help many brands to tap into the emotions that many across the globe are going through.



Post COVID-19 advertising

Many Canadian brands are preparing for the long haul and gearing up to being prepared for the challenges ahead. At APEX, continuous communication with our partners and clients has enabled us to discover that brands are working hard to retain their existing customer base. Shifting ad spend from normal sales tactics and conversion to a more PSA (Public service announcement) type of approach is helping brands to continuously stay in touch with customers in an effort to minimize churn.

Insight into increased e-commerce globally has brands continuing to create brand awareness in an effort to continue visibility efforts. Specifically, social distancing and the increase use of time on mobile can help brands to get found by potential consumers when they are in search of items they can no longer physically go and purchase. In-app advertising on social apps, gaming apps, fitness, delivery, telecommuting apps and education apps during and after the current COVID-19 pandemic can better place brands in front of consumers at every stage of the purchase lifecycle.



Conclusion: APEX is here to help

Although we are continuously learning from Canadian data as it becomes available; the Canadian market can use the U.S. data found in this report as an actionable form of insight to become pre-emptive about how to adapt to this rapid change in consumer behaviour.

Together with our partners, our team at APEX will continue to monitor changes in shopping habits, app usage, media consumption and audience demographics in Canada and pass that information in a transparent manner to our clients and the public. Our main priority as the leader of in-app mobile advertising in Canada is to continuously provide superior service and insight to all Canadians. In addition, we will continue to work tirelessly to be available to clients during the COVID-19 pandemic and provide full service in an effort to create and publish sensitive and informative advertising.

To learn more about what you and your brand can do to continue effectively communicating with your consumers, speak to an APEX representative. For personalized insight and strategies related to promoting contactless services for your business and brand please visit

www.apexmobilemedia.com/contact





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