

# Five Golden Rules for Competent Brand Management During the Corona Crisis

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## Key Experience

During the Corona crisis I received an email from a hotel in Austria where I had spent a summer holiday many years ago. It was vaguely mentioned that “a spring season break will start earlier than planned”, and that the “legal circumstances” should be kept in mind amidst the joyful anticipation of the upcoming summer season. This is a particularly poor example of how brands should not communicate during the Corona crisis. In this case, the crisis that causes growing concern among consumers every day, is simply not being acknowledged. Instead of providing clear statements that offer orientation, the brand’s **reference** to the summer season that is **far from reality** conjures the consumers’ impression that this communication is pure “**advertising blabber.**”

**Crisis communication** reveals **competent brand management**. There can be no “carry on as usual!” Well-advised brands know when it makes sense to pause and to concentrate their brand management on what is essential to consumers. One key to this is **transparency** in all of the brand’s actions. Only when consumers understand that the brand’s actions are consistent at all touchpoints, will they retain **confidence in the brand**. This may also include avoiding touchpoints quite literally. Starbucks, for example, is completely switching to “takeout services” only,” in order to reduce the risk of infection in their coffee shops.

Only competent brand management can help navigate brands safely through rough waters. **Promising rules for brand management in times of crisis** can be derived from empirical findings on success factors in brand management: what are the requirements for brand management, when major social changes occur and the resulting crises are not only of a short-term nature? There is only one thing that can be relied on: the – admittedly demanding – basics for creating brand value from the consumers’ point of view do not change, even in a crisis. Thus five golden rules for strategic brand management can be derived in COVID-19 times:

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## Rule 1: Leadership und Authenticity

This rule is especially true in a crisis: consumers judge a brand based on whether it communicates in an honest fashion. Perceived dishonesty or ambiguity result in the communication being devalued by the consumer as inappropriate marketing tactics (Darke & Ritchie, 2007; Friestad & Wright, 1994).

An abhorrent example are advertising statements made by several tourism providers in South Tyrol, who deliberately downplayed the risks even after the first Corona cases had been brought to their attention. South Tyrol apparently received the first warning from Iceland as early as March 5, 2020, but the skiing season was not terminated until March 15, 2020. Lack of openness, coupled with lack of determined action, might backfire on the area in upcoming winter seasons – who wants to spend their holidays where risks were deliberately swept under the carpet way too long?

Only brands that communicate honestly can be leaders – and that is exactly what consumers expect: **clear, honest statements instead of empty speech bubbles**. If consumers are fearful, the underlying issue may well be addressed. Panic buying originates in fear – so this connection must be addressed openly and understanding for these fears be expressed before the arguments as to why these particular worries are unfounded are presented.

Authentic communication also means **openly addressing what you know and what you do not know**. In times of fake news, strong brands are anchors of trust, and they can afford to honestly admit if future developments are still uncertain. These days, it would be negligent if brands named a date when everything will be back to the way it was before the crisis.

## Rule 2: Be Relevant or Remain Silent

Well-managed brands have communication plans that are guided by current trends and topics in the media and in the consumers' minds. Especially during times of crises, trend radars are particularly finely tuned to reception. Those who simply continue blurting out brand messages will quickly be tagged with a "Silence Brand!"-meme in social media. Strong brands understand what really matters to consumers at the time. They have up-to-date **customer insights** – and the abilities to act in the market in a way to successfully implement these insights (Smith, Wilson, & Clark, 2006).

Currently a good example of brand relevance in times of crisis are the German supermarket chains Lidl and Kaufland. They respond to the consumers' burning question about supply security: "We supply Germany! In our approximately 4,000 stores throughout Germany we work day and night to ensure security of supply for you...**we are there for you!**" This clearly shows: for Lidl and Kaufland it is a valuable customer insight, that for consumers the question

of supply with essential goods is more important than many other things (#klopapier). Lidl and Kaufland do indeed have the **required abilities (“market capabilities”)** (Day, 1994) to ensure supply security by means of adequate and appropriate processes. This, combined with the fact that shelves are indeed restocked on Mondays following panic buying weekends, makes this brand communication credible: Only talk the talk if you can walk the walk!

This clearly shows that competent brand management is much more than just brand communication. Processes and capabilities that, for example, ensure supply security of products and services are a separate strategic asset. Only brands that actually possess such assets and capabilities even in challenging times should issue such far-reaching statements. Wisely managed brands therefore conduct **regular stress tests** and develop scenarios, not only for probable but also for unlikely - but nevertheless possible - extreme crises.

And how should brands act that **do not have relevant messages** concerning the crisis? **Remain silent!** Nobody will hold this against them at a time when consumers are concerned with other things. These brands just need to be prepared to regain share of voice when the crisis subsides.

### **Rule 3: Take Employee Orientation Seriously in Rhetoric and Actions**

Reading job advertisements these days, it seems that the statement “the employees are the focus of our attention“ has almost become commonplace. A crisis such as the Corona crisis is the ideal time to actually “live” this **employee orientation**. Consumers expect from strong brands that the companies especially look after their employees. If this appears credible, consumers are prepared to accept restrictions in service.

A well-known household appliance brand from Germany (specialized in direct sales) recently made a poor impression in this respect. In a directive to the sales force, meanwhile most likely withdrawn, this company had offered an extra bonus of 50 Euros per appliance if they continued selling to end customers by visiting them in their private homes (Anon., 2020). This lack of employee orientation appears particularly cynical considering the advanced age group of this company’s typical customers, putting them in the Corona high risk group.

Wisely managed brands will not allow the crisis mood to settle like mildew on the minds of their employees. For example, they set up virtual town hall meetings to provide a community experience during home office times. They make sure that successes are visible and can be experienced as collective successes. It is now that brands can strengthen the customer-oriented mindset of their employees when all activities demonstrate: everybody is pulling together (in particular members of management), it is clear why we do this, I can accomplish

what needs to be accomplished and the company supports me in this – and the right actions lead to visible success.

#### **Rule 4: Consistent Consumer Involvement – Co-creation in Brand Management**

Brands need to keep in touch with consumers if they want to know which aspects of brand meaning are particularly relevant to consumers during the crisis. Brand meaning refers to the complete network of brand associations that are created through any kind of interaction of the consumer with the brand. In addition to the functional characteristics of the brand, these include identity-forming, symbolic aspects of the brand (e.g. brand personality, group identities, traditions) (Batra, 2019; Keller, 2003).

Ford in the USA has become aware of this and in March 2020 replaced all commercials with a campaign offering Ford customers delayed payment plans (“payment relief”). Even more important: consumers are included in the campaign by being asked to jointly recollect how Ford and the consumers together overcame crises in the past.

Not all brands have an ear directly to the customers, for example via their own social media platforms and forums. This is where the **micro-influencers** come in: well-managed brands have a network of people that have built up a position of expertise and trust among the various target groups. They are the first to sense what is expected of the brand and how the brand’s actions are being perceived. Competent brands have also secured methodological expertise for the evaluation of such unstructured data (Balducci & Marinova, 2018), which is considered the „new frontier“ in marketing. Valuable insights can only be gained from co-creation with consumers if the structures and levels of relevance of communication with the brand can be decoded, for example in social media.

#### **Rule 5: Take Responsibility as a Brand and Act Generously – But with Honesty and a Sense of Proportion!**

The Berlin Philharmonic Orchestra granted free access to the Digital Concert Hall so classical music lovers have a chance to enjoy music as long as the Philharmonic Concert Hall is closed. Google and Microsoft grant free access to Enterprise Conferencing Tools, in order to support companies in their efforts to provide home office solutions. Both offers have in common that a valuable product is provided free of charge for plausible reasons. The brand realizes a responsibility in making a **generous offer** to consumers. By doing so they also serve the **brand purpose**, that is the higher purpose, the greater good, that the brand is supposed to serve (Collins & Porras, 1996).

But beware: “Corona offers” will strike back mercilessly if consumers feel that these are simple marketing tactics that shamelessly exploit a dangerous crisis. It is therefore important to find out, preferably in co-creation with the consumers (rule 4!), which of the brand’s **responsible actions** above and beyond the normal level are experienced as adequate and positive.

### **Outlook – and a Silver Lining on the Horizon:**

Whatever course this crisis will take: it will change society. The “back to normal” may mean an entirely new “normal” for all of us. Therefore, all brands will have to ask themselves how they can remain relevant to consumers in the face of changing value priorities, changing consumption patterns and memories of borderline experiences. In the days before the crisis, it was often said that brands need a “purpose,” i.e. they have to pursue a higher purpose aside from generating financial profit. What higher purposes will be significant after the crisis? One thing is clear: brands that have shown during the crisis that they are important to consumers through **solidarity and empathy** will find it easier than others to become important in the lives of consumers beyond merely offering products and services.

Perhaps there is one good thing about the Corona crisis with respect to the recession into which the global economy is sliding: the reason behind this recession is not complex and therefore not as unclear as it was in many previous downturns; it can be clearly identified and defined. This might provide the decisive motivational kick driving us to work ourselves out of the recession and to reconquer terrain from the enemy Corona.

### **To put it in a nutshell:**

1. In a crisis **five golden rules** for communication and competent brand management help to navigate brands.
2. Communication must be **authentic and relevant**.
3. Brands must **remain silent when there is nothing to say**.
4. **Employee orientation** has to be “**lived**” especially in times of a crisis.
5. **Consumers** must be **involved** in communication and marketing.
6. Crises **uncover** advertising blabber.

### **Literature**

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