

RESTART 2020

GETTING BACK ON TRACK IN THE WORLD'S LARGEST CONSUMER MARKET

March 2020

agency
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Outbreak Challenges

COVID-19 has dislocated lifestyles, retail and supply chains.

1

Lifestyles, Disrupted.

- China's provinces, cities, districts and apartment complexes have initiated an array of 'soft' and 'strict' quarantine measures.
- These measures have delayed return to work and school:
 - Approximately 250 million white-collar professionals are working remotely.
 - Five provinces have started the academic year online, eight provinces commence schooling on March 15 and eighteen provinces are yet to set a start date.

2

Retail, Disrupted.

- Online and offline channel checks show consumer spend lags a few weeks behind economic restart.
- Except for supermarkets, footfall in brick-and-mortar retail is low.
- Company earnings reveal double-digit declines in passenger cars, smartphones, hotel occupancy and take-away coffee consumption.
- Read-throughs from 3.8 "Queens Day" e-commerce data show some signs of consumption returning in personal care categories.

3

Supply Chains, Disrupted.

- Wuhan, the epidemic's epicentre, is a major manufacturing hub for information technology and automotive industries.
- Factory activity has restarted in fits-and-bursts, with different guidance in each province.
- High-touch manufacturing difficult to restart without jeopardizing gains made in contagion cycle.
- Delays in factory restarts mean potential product export shortages from China to the Rest-Of-The-World.

Questions We're Being Asked

Businesses are working through the outbreak's impact on consumer and category.

Table 1: Common Questions From January to March 2020

| TOPIC | KEY CLIENT ISSUES |
|-----------------------|---|
| Shopper Behaviour | <ul style="list-style-type: none">• What impact has the outbreak had on shopper behaviour in my product category?• Will the outbreak affect country-of-origin perceptions?• How are consumers engaging with social media and video content? |
| Go-To-Market Strategy | <ul style="list-style-type: none">• What impact has the outbreak had on physical retail and how long is the impact expected to last?• Which cities and geographies have returned to normal?• Do I need to go 'all-in' to e-commerce? |
| Macro Dynamics | <ul style="list-style-type: none">• Will e-commerce platforms run more promotions and festivals to spur consumption?• What policies have been introduced to support business?• What consolidation has taken place in our category since the outbreak? |

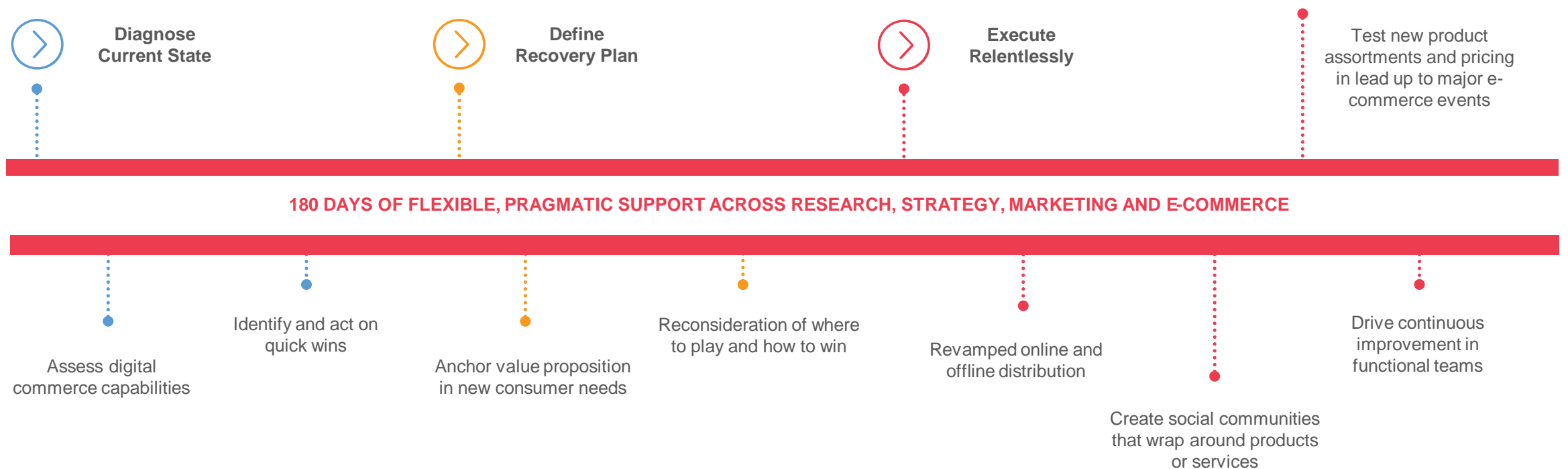
Source: Compilation of questions AgencyChina received via e-mail from 23 January to 8 March 2020.

180 Days of Flexible Support

To meet partners' requests for more hands-on support during this time, we're proposing new ways of working.

Figure 1:

Example of How AgencyChina Might Work With You Over 180 Days



Working Closely With You

We're delighted to design and deliver against support that's right for you.

1

Joint Objectives

- A keen understanding of your business, your product category and your priorities in China.
- Solid-as-a-rock governance that aligns:
 - Objectives
 - Ways of Working
 - Roles and Responsibilities

2

Part of Your Team

- Work on-site with you when you need us to and off-site when you don't.
- Use our full suite of services across strategy, marketing and e-commerce or pick and choose what you like.
- Use our network and 'flexible friends' model to bring in and build on assets from our partners in consumer research, advertising, retail, media and e-commerce.

3

Invested In Your Success

- Aligned incentives that mean we have 'skin the game'.
- Performance milestones and measures that make sense for your business.
- Service fee options that protect cash flow during times of uncertainty.

10+ Years Partnering For Results in China

By partnering with us during this challenging period, you get the benefit of our experience with companies of all shapes and sizes.



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So What's Next?

If you're looking to restart 2020, let's talk.

- Market Research
- Go-To-Market Strategy
- Social Media
- Content Management
- Marketing Automation
- E-commerce Setup & Operations
- Loyalty Programs

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