

ALPHA



White Paper

When every city has different rules every day

Midterm market research... why bother?

Does your company have an integrated, continuous market research strategy? Do you keep up to date with the local news and current affairs in all of your target markets? Or do you tend to do your market research only before launching a new product or service, and not update it?

While that approach might not have caused you too many problems in the past, right now it's a risky strategy. During the current global pandemic and associated economic crisis, every single country is taking a unique approach. This sometimes results in contradictory rules within regions, sometimes even within countries.

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It is often said that every crisis presents an opportunity. The current pandemic is a case in point. With unprecedented social and economic upheaval on a global scale, the value of in-country business intelligence has never been more critical. How – and even whether – you can work, trade, buy and sell your goods and services in different countries is changing day by day, even hour by hour.

This article explores how countries have responded to the Covid-19 crisis in different ways to highlight the variations in approach that have directly impacted businesses large and small. It argues that the value of focused market research and business intelligence produced by in-country experts is an essential rather than a luxury. From regulatory compliance, social impact to cultural implications, the stakes have never been higher.

Spotting an opportunity – fast

So what can you do? Your strategy needs to be built around constant, never-ending vigilance. You need to plan for every eventuality and have a strategy that can be adapted at a moment's notice. And there is only one way you can do that: research, research, research.

You need to have people on the ground in each of your target markets, who can tell you instantly if something has changed and how that will affect your business. It's important to understand whether there are new regulations or whether consumer habits are changing. And it's crucial to be able to figure out what your business can do to survive and thrive in increasingly volatile markets.

To illustrate the importance of ongoing market research, we take a look at the varying rules around quarantine, mask wearing and social distancing, correct as of the end of June 2020.

No doubt, by the time you read this some of these rules will have changed again – which only goes to prove the point: at the moment, markets are changing ceaselessly, sometimes overnight. You have to be ready to change with them if you want your business to be a success.

Open and shut borders

In the 21st century, one of the drivers of international business and travel has been open borders. Within the Shengen area of the EU, you do not even need to show a passport to travel from one country to another. Other parts of the globe had also seen the advantages to frictionless borders and were making plans; at the start of 2020, for example, talks were scheduled to implement the African Free Trade Area and thereby reduce border controls across the continent.

Around the world, crossing a border as part of the daily commute is normal for many people. Or rather it was.

Throughout March 2020, as the pandemic spread further, countries started closing down borders to all but essential goods. Some chose to close borders completely to non-nationals. Others only permitted “essential” travel to keyworkers: hauliers, healthcare professionals, farm workers, etc.

The EU agreed to close all external Schengen borders on 18 March for an initial 30-day period, which was then extended; a number of European countries closed their borders even to other EU citizens.

Then there were the quarantine measures for people entering countries, especially if they had come from regions severely hit by the virus. People were kept in isolation for periods ranging between 7 days and 14 days, sometimes in government-controlled and funded hotels and other times at private addresses which were registered on arrival.

However different the approaches might have been, the overall strategy was the same: shut the borders to keep Covid-19 at bay.

And around the world, as borders slammed shut, companies froze. Car manufacturing plants in Germany closed down; with no supplies coming from China, they were unable to keep building new vehicles. And even if they could – where would they go? Car dealerships were shut for business; demand for new vehicles had disappeared overnight.

Open borders in the north

Of course, borders were never going to be closed forever.

In June, the Baltic states created a “Baltic bubble”, with all travel restrictions lifted between Estonia, Latvia and Lithuania. Citizens were able to travel freely, so long as they had not travelled to any other part of Europe within two weeks.

Similarly, Norway, Iceland, Germany and Denmark opened borders to each other in mid-June. Yet neighbouring Sweden was excluded from the travel bubble – its government had taken a very different strategy. There was no lockdown, clubs and bars remained open and the infection rate was a lot higher than the rest of Scandinavia.

In itself, this situation is fascinating. Entire papers could be written about the ways in which EU member states closed borders to some other EU countries, while remaining open to others.

By late June, EU ambassadors were discussing whether to open external borders to non-EU countries. And, if so, which countries should be barred? Or rather, which criteria should countries have to meet before their residents were allowed access to the bloc as a whole?

An economic decision? Certainly. A number of EU countries have economies that are absolutely reliant on international tourism, not least Spain and Italy, which have both been heavily hit by Covid-19.

But it is also a political decision. Is it justifiable to refuse entry to anyone from a country which has barred your own citizens from entry because of fear of spreading the virus?

Closed to Europe

The US was one of several countries that closed its doors to anyone from a country it deemed "high risk". As of mid-June, this included China, Iran, the UK, Republic of Ireland, Brazil and the European Schengen Area.

But the US was not the only country to take such steps. Brazil, Canada, China, India and New Zealand are just a few of the countries to have closed their borders to non-nationals. While both Canada and New Zealand have relatively low infection rates (indeed New Zealand announced it was virus-free on 8 June), Brazil and India in particular are still some way from reaching the peak of infections, according to experts (as of 24 June 2020).

So is closing borders really going to successfully protect these countries from Covid-19?

While it will certainly prevent new infections coming into the country, it does nothing to stop the virus running rampant within the country itself. In fact, it is the first of several steps that have to be taken to protect the population at large from a highly dangerous disease.

But of course, it is also the step that arguably has the biggest economic impact, certainly at an international level.

Masks: to wear or not to wear?

A less dramatic way of potentially limiting the spread of infection is the mandatory wearing of masks when in close proximity to other people.

Pre-Covid, it was common in Asian countries to wear a mask if you were unwell. It was seen as courteous; a way of both protecting other people and preventing the potential spread of infection.

Since Covid-19 broke out, masks have become a political flash point. Initially the WHO announced that there was no evidence that they stopped the spread of the disease. Then scientists suggested that masks could have a role to play in preventing asymptomatic carriers from spreading the virus.

Now masks are widely worn around the world. But the legislation varies hugely from country to country – sometimes even within countries.

The UK and the US are key examples of this variation within a state. In England (one of the four countries that make up the UK), it was made a legal requirement to wear masks on public transport. However, in Scotland and Wales it remained “advisable”. This meant anyone travelling from Cardiff to Bristol on a train had to put on a mask once they’d crossed the River Severn.

In the US, the division of sovereignty between the states and the federal government has caused considerable tension. This has resulted in considerable variation in terms of lockdowns and mask-wearing across the country.

In states such as New York, masks are mandatory if you cannot maintain social distancing. Meanwhile in Arizona, there are no state recommendations at all, but some businesses require you to wear a mask before you can enter the premises.

But in some areas of the US, the situation becomes even more confusing, with certain counties and cities having different laws and recommendations in force to the rest of the state. For example, in Los Angeles, face coverings are required at all times when outside of your home, no matter what you’re doing. In San Francisco, despite being in the same state, on 29 May 2020 face masks became mandatory walking past someone on the sidewalk or entering a shop, but not required in parks if situated further than 6ft from someone not within your household.¹

Consequently, masks became a symbolic representation of political leaning and the argument between individual freedoms and the need to protect the community. And therefore yet another source of strife in a country already riven by divisions.

Social distancing: how far is far enough?

The third key area of differentiation between countries, and even within countries, is social distancing. While border closures have devastated international trade and tourism, social distancing has had a sudden and potentially more profound long-term impact on all sectors where it is not possible for people to work remotely.

¹<https://www.sfchronicle.com/bayarea/article/New-order-requires-San-Franciscans-to-wear-face-15301735.php>

From events companies to the hospitality sector, from manufacturing to pharmaceutical laboratories, not to mention retail, there are countless jobs which involve people being in close contact for extended periods of time.

Scientists widely agree that cutting down close contact between people is a highly effective way of preventing the virus from spreading. But different countries have very different opinions as to how far is far enough. And the correspondingly different approaches are having a varying impact on their economies. The WHO's advice is to maintain social distancing of at least 1 metre. China, France and Denmark have all applied this guidance within their countries. This means that restaurants might be open, but running at half the capacity.

Other countries are more conservative: in South Korea social distancing is 1.4 metres. Australia, Germany, Greece and Italy are holding themselves slightly more apart at 1.5 metres. As you can imagine, this means a drop in the number of people that can be allowed into shops, for example, at any given moment.

In the USA, 6 feet (or 1.8 metres) is the magic number. Canada and Spain are taking the most risk-averse approach, saying that people from different households should maintain 2 metres distance where possible. Meanwhile the UK, as usual, is trying to have it both ways. As of 4 July, the official guidance in England is to stay 2 m away from anyone in another household. But if that is not possible, the distance can be reduced to 1 m if mitigating measures such as plastic screens and masks are used.

Confused? You should be.

You might think that the science should be clear cut: if the WHO thought 1 m distance was safe, we would all be fine to stick with that. And the science is clear-cut; close contact with someone who is infected, even if they are asymptomatic at the time, increases your risk of catching the virus. Ergo, the further you stay from other people, the less likely you are to catch the virus. In fact, scientists reckon that every metre of distance you are from other people reduces your risk of catching the disease by half. So while 1 m might help stop the spread, with 2 m social distancing you are massively reducing the risk of people catching the disease.

So why the variation? Why aren't all countries going with 2 m plus? What is at play here is practicalities.

The WHO wants countries to take its recommendations on board. And they are much more likely to do that if they are feasible and cost-effective.

It is much easier to have shops open up if everyone only has to stay 1 m apart. You can fit more people in a theatre, bar or restaurant. With a 2 m distance between tables, some restaurants are having to open up at less than 30% capacity – which could be ruinous.

And what about factories? Production lines? Laboratories? Hairdressers? In all of these workplaces, it's not always possible to keep any kind of distance at all.

And while countries might be prepared to enact short-term lockdowns to prevent the virus from running rampant, effectively closing down entire sectors of the economy for up to two years is simply not possible for any countries.

Changing business

So how have these different measures impacted commerce?

Businesses have had to make massive changes in a very short space of time. There were companies that found that their supply chains had disintegrated, as factories in China closed their doors. Others found that warehouses full of stock had nowhere to go as high-street stores and non-essential shops battened down the hatches.

With travel limited to essentials only, the number of shutdowns intensified; without parts you cannot possibly manufacture a car. And even if you did – where would you take it with the showrooms and car dealerships shut?

As for the retail and hospitality sectors, they are having to completely restructure their physical spaces in order to accommodate as many people as possible while maintaining differing degrees of social distancing, sometimes within the same country.

Even the service industry has had to completely change the way it works, with employees widely working from home with flexible hours to allow for childcare in places where schools are still closed.

Keeping track

The most important thing that all businesses are finding is that they need to be ready to adapt to meet the changing guidelines and legislation in all the countries in which they operate. And at all levels of their supply and value chains.

And this means knowing exactly what is going on in every single country where you or your suppliers operate. Having people on the ground telling you what has changed, will change, or might change in the foreseeable future.

Do you know what the popular mood is in your markets? Whether people are embracing new technologies, new hobbies, or whether there's a great new trend that's just hit? If you had known in February that the world would be shutting its doors and painting rainbows come April, would it have made a difference?

The thing about market knowledge is that you often don't realize you need it until you understand that you should have done it six months ago.

This is where a language service provider with on-the-ground insights is a bonus. They can help you respond as and when things are happening.

Despite the 24-hour rolling news, you can't possibly keep track of everything that's going on everywhere in the world right now. In fact, information overload can be as detrimental as having no information at all. Effective market research is not only about gathering business intelligence, but also about filtering and presenting it in ways that provide insight and value.

And yes, we know, these are exceptional circumstances. The world doesn't fight a global pandemic every year. But right now you need to know what's going in your target markets on a daily basis.

You should understand the risks and challenges, but also see the opportunities. And if you can build that awareness and cultural understanding in these highly challenging circumstances, imagine what you can do with it in the future.

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