The world is not facing a potential pandemic for the first time. It must have learnt a lot of lessons from SARS and H1N1.

Most countries have successfully controlled a pandemic though they were far less prepared at the time. Corona virus (Covid-19) poses another such threat to the world. Let us look at its impact and how prepared we are to face it head-on.

To gauge the threat perception and readiness, we looked at available data since SARS. We also spoke to a few people from various walks of life (home makers, business decision makers and small business owners). A lot of interesting views came forward from an economic and social perspective. Let us look at the impacts first.
Social impact is immediate and clearly visible

The survival instincts of people kick in unknowingly and the safety and security of their family takes centre stage. A demarcation between family, friends, neighbours, colleagues, commuters, passer-by etc. start appearing. Though this emotion is not that of suspicion, there is a definite sense of anxiety in the air, be it while traveling, or while being away from home (at office, school, college, malls, restaurants or food courts). People have become far more conscious, showing a heightened sense of the surroundings they are in.

As Mahatma Gandhi said, the real enemy is fear. In the case of Covid-19, the fear is about the unknown. It is thus natural that some people start hoarding whatever they can, from food to toiletries. There is a rush to lay hands on cough medicines, fever medicines, sanitizers - all driven by this fear of the unknown. Will we be out of stock? Does my family have enough in the repository till the situation subsides? Do I keep a stockpile of masks? Which ones are better? These are just some of the questions that arise due to that fear.

People are most susceptible in such situations. They are looking for answers. If they do not get their answers from trusted sources, they rely on social media. That’s a default mode in the digital age. As human behaviour research shows us, we prefer information that suits our own personal biases (be it the food we eat, the ingredients we use, or the natural ways to fight this virus). We become ardent ambassadors of these messages, without fact checks or scientific basis.

Our emotions take precedence, and the ‘rational us’ takes a back seat. Places that seemed safe a few months ago such as schools, colleges, hostels, food courts, or even our own work environment are not trustworthy anymore. While being cautious and careful is the best thing, it is easy to become prejudiced as our personal biases creep in. Anxiety thrives in this emotionally charged environment.

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Absenteeism and extended holidays in China have taken a toll on almost every aspect of its economy. With many parts of China being at a standstill, the highest impact shows in the sectors of manufacturing and supply-chain. In other parts of Asia, business continuity plans (BCP) have kicked in, but the real test lies in that of supply chain restructuring. Large manufacturers can re-align production capacities in other markets, but small organisations delivering spares, or raw materials cannot be replaced overnight. Based on early estimates, globally 20% to 30% of supply chain across major industries will be impacted if China does not go live by April (which looks almost impossible now).

Chinese tourists with their new money, are the most sought after especially in Asia. Covid-19 has hit the travel and tourism industry the most and the first six months of this sector is bound to miss its revenue targets. Employees are less likely to travel internationally and will delay their plans. Large scale events, conferences and meetings are all bound to be delayed, impacting event organisers. Along with travel, high-end retail goods (luxury goods) have been impacted in Asia. Sales of designer bags, watches, cosmetics and luxury items in Asia are already showing a decline and this is expected to continue for another quarter. Sales of consumer electronics including mobile phones are softening, although to a lesser extent.
Ports, maritime and logistics businesses are also being impacted in a big way. With lesser calls from China for the first two months, supply chain to Europe and North America is already taking a hit. Lower production, backlogs in delivery of orders will soon hit many parts of the global supply chain. Prices are bound to rise, further softening the demand for some categories. Governments around the world are focusing their attention on healthcare and supporting the sectors with highest impact. Prioritisation of certain sectors over the rest would mean certain long-term projects (infrastructure, education etc.) would be put on the back burner.

We have seen during SARS, that when the healthcare industry has its sole attention on fighting a pandemic, research and development and resources on other non-pandemic areas get deprioritised. A few pharmaceutical companies have stopped all clinical trials in China. These are long-term losses that would be hard to quantify. Thousands of patients waiting for an organ replacement, or treatment, will have to wait, as much of the healthcare resources (if not all) is being diverted to Covid-19.

Market sentiments have softened. They do impact tertiary businesses such as banking and financial services. Real estate is another business that is driven by market sentiment, which may soften in the short-term. History has showed us that new innovations and business ideas do come out of such difficult situations. Few of these ideas that exploit the current situation may live short-term, but many interesting and creative solutions will be geared for long-term success.

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Innovations and business ideas on the horizon

Leading edge data visualisation will drive effective communications that is fact based, transparent and more importantly real-time. This is a big step forward in reducing anxiety among the general population, travellers and the front-line staff that have the highest exposure. Many of the large NGOs, global health, and news agencies are already a step ahead on this front and things are only expected to go northwards. Trust is one of the key aspects during these times, and simple, easy to understand information will be critical.

Information systems and solutions that empower decentralised team structures and expedite decision making process will make organisations agile and adaptive going forward. IoT, and blockchain technologies should help supply chains be more elastic. This would also help integrate small suppliers into the ecosystem that has been missing historically. The same advancements should help in developing solutions that rely on speedy response (emergency services, healthcare services or security solutions).

Growing penetration of virtual workstations and dispersed human capital resources will trigger a need for stronger security systems. A cyber-attack in this situation will cripple organisations completely. Mapping vulnerabilities from a cyber security perspective will now be an integral part of business continuity plans.
Businesses will be forced to look at distributed demand clusters and multiple revenue streams. A good mix of value and volume customers will be critical to the survival and growth of travel and tourism businesses. In situations when volume is impacted, value offerings need to step in. Losing a large chunk of international tourists (first time Chinese travellers) must be compensated with regional travellers. Creating offers that resonate across a wider audience is critical. Experiences that are sticky among domestic audiences will help compensate for these international travellers. Domestic travellers will be willing to try new experiences that are closer to home than venturing out.

Using technology and robotics to reduce front-line staff will be effective. Kiosks, self-help stations, robots at hotels, restaurants and theme parks are all possible interventions. Human involvement to gain trust will remain critical, but a reduced exposure to front-line staff can be a big step forward. We may see this even at hospitals and healthcare facilities.

Initiatives driving long-term personal and public behaviours such as better hygiene will step up. FMCG companies in the personal care, hygiene, home care and cleaning categories are expected to lead innovations. The penetration and growth of liquid handwash increased during SARS even among the developing markets. Touch-free handwash dispensers may penetrate markets even faster. Touch-free technologies relying on gestures and sensors are areas to watch out for.

Parking, residential and commercial lifts/escalators, food and retail outlets that rely on human touch are other areas where touch-free technologies can be very effective.

This situation demands top brands to step in and calm customer nerves. Messages that educate customers and help identify fake products, will go long way in brand building. Nurturing community networks, supporting community initiatives and being seen on the ground will help leading brands stand out. Rather than finding a purpose where it does not exist, such situations are ripe for brands to stand up and lead the way.