



# NBCUniversal

Tech Category Insights

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# Tech in Times of Crisis

A Look Back at Relevant Times

## 2008 Recession

### Past Consumer Behavior

When the economy dipped in 2008, consumers proved that they still craved entertainment, new technology, and advanced business solutions. They simply gravitated to more affordable options and purchase models.

### Successful Brand Response

When most companies suffered significant losses and regression, Amazon sales rose 28%. As competitors scaled back on production and advertising, Amazon launched new, more affordable products and increased ad spend to promote them. By launching innovative yet cost-efficient products (most notably the Kindle), Amazon transformed their brand from an online book retailer to an innovative technology company.

Like all industries, B2B software saw reduced growth rates in 2008, yet some nascent companies grew and even thrived. Over 80% of software-as-a-service companies saw growth during this time, thanks to a cost structure that spread out expenditures evenly over time vs. an annual licensing fee which could be cut. Not only has this new model flourished since 2008, it sets up well to absorb another economic downturn.

### Learnings

The world still craves new and improved technology during weaker economies. Tech companies that offered more affordable products, services, and cost-structures have proven growth is attainable.

# Tech in Times of Crisis

What We are Seeing Currently

## 1. Supply Chains Threatened

- Significant impact to production and supply chains since outbreak in China

## 2. Retail Closures and Non-Essential Spending Will Impact Revenue

- Major retailers across the US, including Apple, shut down stores or reduced hours in response to the coronavirus pandemic

## 3. Working from Home Creates Demand for Hardware and Software

- Employees are buying up hardware as they adjust to at-home work
- Downloads of business apps have increased 5x since start of 2020

## 4. Streaming and Gaming Skyrocket

- US video game usage during peak hours has gone up 75% since the quarantine started last week; video streaming has increased by 12%

## 5. An E-Commerce Boom

- With most of US avoiding brick and mortar stores, ecomm is booming

## 6. As Families Social Distance/Quarantine, Tech Connects and Entertains Us

- Under quarantine, people lean on the internet to connect with one another, share info, and solve urgent problems

# Frequently Asked Questions

**What are best practices around spending in a downturn in my category?**

Acknowledge that consumers and businesses need your technology now more than ever. Amazon, Netflix, Groupon, and SaaS/Cloud providers are a few of many examples that price-conscious consumers will explore and purchase new technology during shrinking economies, especially when offered at discounts or in new, affordable purchase models.

**Are Tech brands requesting cuts/shifts? Are competitive brands looking to increase their presence?**

Broadly speaking, Tech brands are maintaining spends in 2Q.

And yes, some Tech brands are exploring incremental spends, especially corporate/B2B products and services due to large portions of the population working from home.

**How is NBCU partnering with clients in my category to manage through this time?**

Creating strategies focused on ways to maintain, secure, and thrive on an ongoing basis.

# Navigating the COVID-19 Crisis

Supporting Society When We Need it Most

## Serving the Greater Good

- Air creative or produce branded content that celebrates your employee heroes who are putting themselves at risk to help the world get through this crisis
- Showcase how your products and services are supporting the individuals and industries on the front lines battling the crisis
- Air PSAs or consider offering paid media to not-for-profit orgs and public-service initiatives

## Keeping the World Entertained

- Promote your affordable products and services whose broader usage is up
- Lean into targeted media to more efficiently reach strategic audiences (i.e. cord cutters, gamers, streamers, etc.)
- Explore digital and mobile- first ad solutions that deliver more immediate downloads of software/apps
- Leverage spikes in primetime co-viewing to promote products that entertain families

## Keeping the World Connected

- Increase exposure of consumer products that keep people socially connected
  - Social media, gaming, video chat apps, smart phones/TVs, voice assts, etc.)
- If you sell hardware or software used by Corporate America, your products and services are in high demand.
  - Leverage spikes in consumption of News/Finance content
  - Increase exposure to BDMs, TDMs, and the broader workforce
  - Consider increasing spends to maintain/gain market share

# We're Here to Help

In these challenging times

Beyond your Sales contacts, we have people in Insights & Measurement, Strategy and Marketing to help you with solutions and data.



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