

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Business Administration



Bachelor Thesis

**Implicit Effects of Coronavirus Pandemic on Marketing
Strategies and Consumers' Preferences**

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

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Implicit Effects of Coronavirus Pandemic on Marketing Strategies and Consumers' Preferences

Objectives of thesis

The main objective of the thesis is to find an existing relationship between the recent shift in marketing strategies worldwide and the outbreak of the Coronavirus pandemic. In addition, the author wants to assess whether the emergence of new strategies and approaches is influenced by a drastic change in consumer preferences and whether the consumer behavior has somehow changed being the subject of the recent global pandemic.

Methodology

In order to accomplish the goals and objectives of this work, the author will use a case study covering a marketing strategy of an international company based in Prague, as well as a relatively small survey involving 100 ordinary consumers from the same economic domain as the company from the study. Based on all observations, a particular evaluation of whether there was a shift or not will be provided along with a depiction of the phenomenon.

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Declaration

I declare that I have worked on my bachelor thesis titled " Implicit Effects of Coronavirus Pandemic on Marketing Strategies and Consumers' Preferences " by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 15.03.2024

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Implicit Effects of Coronavirus Pandemic on Marketing Strategies and Consumers' Preferences

Abstract

With the unexpected outbreak of the Covid-19 pandemic, whole world experienced significant changes in their lives. Everybody around globe effected from the pandemic physically, psychologically, socially, and economically. Fear of health, combined with limited financial resources caused some serious changes in customer behaviour. Consumers started hoarding essential household supplies, avoided purchasing luxury products, gave up their entertainments such as outside dinner, concerts, or movies. With changing customer behaviour, businesses also experienced difficulties. Regardless from the industry, all businesses took a hit from the pandemic and economical results were staggering for the whole world. In the times of crisis, firms had to took actions with different business operations and marketing strategies to maintain their businesses. They found new channels to reach their customers, revised their prices, and used new advertisements. Automotive industry was one of the most effected businesses from the pandemic. As consumers avoided luxury products, vehicle sales dropped significantly. This study provides a literature review on the economic impact of Covid-19 around the world, examples of successful marketing strategies, as well as the social and health impact of the pandemic. The impact of Covid-19 outbreak on the automotive sector are provided with examples and business operations, sales, and marketing strategies of several brands, and more specifically Skoda Auto, a Czech based car manufacturer. To evaluate the strategies, a survey in Czech Republic also conducted on the marketing strategies of Skoda and results are discussed to come to a conclusion.

Keywords: Marketing, pandemic, marketing strategy, operational management, consequence, consumer, preferences.

Implicitní dopady koronavirové pandemie na marketingové strategie a preference spotřebitelů

Abstrakt

Po nečekaném vypuknutí pandemie Covid-19 se život celého světa výrazně změnil. Všichni na celém světě byli pandemií postiženi fyzicky, psychicky, sociálně i ekonomicky. Strach o zdraví v kombinaci s omezenými finančními zdroji způsobil některé závažné změny v chování zákazníků. Spotřebitelé začali hromadit základní zásoby pro domácnost, vyhýbali se nákupu luxusních výrobků, vzdali se zábavy, jako jsou večere venku, koncerty nebo filmy. Se změnou chování zákazníků se potýkaly i podniky. Bez ohledu na odvětví byly pandemií zasaženy všechny podniky a ekonomické výsledky byly pro celý svět ohromující. V době krize musely firmy přijmout opatření s různými obchodními operacemi a marketingovými strategiemi, aby udržely své podnikání. Našly nové kanály, jak oslovit své zákazníky, upravily ceny a použily nové reklamy. Automobilový průmysl byl jedním z nejvíce postižených podniků pandemií. Vzhledem k tomu, že se spotřebitelé vyhýbali luxusním výrobkům, prodej vozidel výrazně poklesl. Tato studie poskytuje přehled literatury o ekonomickém dopadu Covid-19 ve světě, příklady úspěšných marketingových strategií a také sociální a zdravotní dopady pandemie. Dopad epidemie Covid-19 na automobilový průmysl je uveden na příkladech a obchodních operacích, prodejních a marketingových strategiích několika značek, konkrétně Škoda Auto, českého výrobce automobilů. Pro vyhodnocení strategií je rovněž proveden průzkum marketingových strategií společnosti Škoda v České republice a výsledky jsou diskutovány, aby bylo možné dojít k závěru.

Klíčová slova: Marketing, pandemie, marketingová strategie, operativní řízení, důsledky, spotřebitel, preference.

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LIST OF ABBREVIATIONS

| | |
|-----------------|--------------------------------|
| WHO | World Health Organization |
| GDP | Gross Domestic Product |
| GNP | Gross National Product |
| IP | Industrial Production |
| CPI | Consumer Price Index |
| SES | Socioeconomic Status |
| R&D | Research & Development |
| CEE | Central and Eastern Europe |
| CO ₂ | Carbon Dioxide |
| RFID | Radio Frequency Identification |
| LTE | Long Term Evaluation |

Introduction

On March 11, 2020, THE WHO declared Covid-19 as an infectious disease with a global pandemic outbreak (World Health Organization). With this emerging crisis, governments took immediate precautions that brings certain restrictions to people's lives; social distance, remote work, closed businesses and schools. As a result, this pandemic affected the world not only with health issues, but also altered the social and economic order of the society. Laato et. Al. (2020) stated that similar outbreaks throughout the years, such as Ebola, Spanish flu, MERS affected the human behaviour in two concepts: consumer behaviour and health risk mitigation behaviour (Laato, S., Najmul Islam, A. K. M., Farooq, A., & Dhir, A. 2020). It is obvious that COVID-19 brought similar changes to our lives just as the previous outbreaks. While we experienced some positive effects from the perspective of environment, such as decrement in air and water pollution, one may say that this outbreak left permanent changes in society behaviour. Grashuis et. Al. (2020) stated that Covid-19 changed the household consumption dramatically, with the costs of travel, public transportation and grocery delivery system (Grashuis, J., Skevas, T., & Segovia, M. S. 2020). As the most basic example, in March 2020, unusual hoarding of toilet paper and food was reported all over the globe, demonstrating that people experienced the fear of disruption of supply chain. The change in the customers' buying habits continued with the restrictions, and an increment of home deliveries, online shopping and cashless payments were observed around the globe (Pantano, E., Pizzi, G., Scarpi, D. and Dennis, C. 2020). This outbreak had similarities with economic crisis times, where people lost their jobs due to the recession. As a result of businesses shutting down, many people similarly lost their jobs during COVID-19 and even the ones who were still employed was not certain that they would have their jobs with current salary. With an emerging concern of income, buying habits of the customers changed inevitably (Calvo-Porrall, C., Stanton, J.L. and Levy-Mangin, J.-P. 2016). While such events around the globe may be a crisis to some firms, it can also be an opportunity to others, depending on how such firms change their business model to adapt new market conditions. At such times, the only goal of a company shouldn't be to survive the crisis, but to develop new strategies to adapt the evolving market and take advantage of it (Mohammad, I., Behzad, F., Morteza, G. 2021). This study provides a literature review of how Covid-19 pandemic affected businesses and how firms reacted to this crisis. A further examination is provided

with specific examples of Skoda company by providing their annual sales and marketing strategies, and customer response to the firm's strategies are also provided with a survey.

1. Objectives and Methodology

2.1. Objectives

The main objective of the thesis is to find an existing relationship between the recent shift in marketing strategies worldwide and the outbreak of the Coronavirus pandemic. In addition, the author wants to assess whether the emergence of new strategies and approaches is influenced by a drastic change in consumer preferences and whether the consumer behavior has somehow changed being the subject of the recent global pandemic.

2.2. Methodology

In order to accomplish the goals and objectives of this work, the author will use a case study covering a marketing strategy of an international company based in Prague, as well as a relatively small survey involving 100 ordinary consumers from the same economic domain as the company from the study. Based on all observations, a particular evaluation of whether there was a shift or not will be provided along with a depiction of the phenomenon.

3. Literature Review

3.1. Covid-19 Outbreak

COVID-19 is an infectious disease sourcing from the SARS-CoV-2 virus, which causes severe acute respiratory syndrome. By the declaration of the World Health Organization, COVID-19 was declared as a global pandemic on March 11, 2020 (World Health Organization). People who are infected with this virus experienced severe symptoms such as loss of taste and smell, fever, cough or muscle aches and as the whole world experienced, it was highly infectious which also caused high death rates around the globe. WHO stated that by 31 December 2020, 1.8 million deaths were reported caused by COVID-19. With the unofficial deaths, this number is estimated to be around 3.4 million (World Health Organization). Figure 1. below also demonstrates the death tolls of other pandemics since the Antonine Plague, with the estimations of John Hopkins University. As can be seen from the Figure, Covid-19 has one of the most death tolls among other pandemics, with 2.2 million (Thapa, S. 2021).

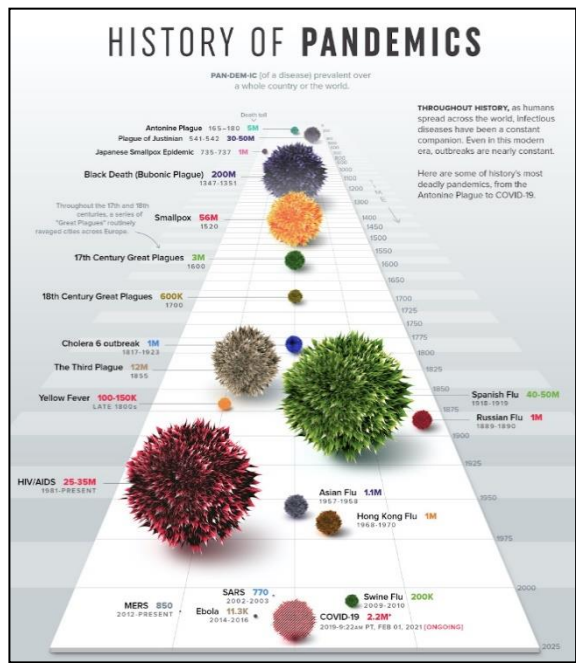


Figure 1. History of Pandemics (Visual Capitalist) (Thapa, S. 2021)

It is no surprise that with this many deaths and health concerns, governments started to take some precautions to prevent and eventually stop this pandemic such as shutting down certain businesses and social distancing (World Health Organization).

With these precautions, social, emotional, psychological and economical changes started to occur around the globe. Ledbetter states that pandemic caused an 6.9% increase in the unemployment rates of USA, in 2020 and the predicted loss of GDP is 2.5 trillion USD (Ledbetter, K. 2020). Governments has spent \$4 trillion as pay check protection programs, loans or grants to provide an economical relief to struggling businesses (Peter Whoriskey, D. M. M. 2020).

Consequent to these struggles, a fear environment was felt instantly, both for business and customers. With the changing market and conditions, businesses had to change their marketing and sales strategies, and customers demonstrated different buying behaviours in the time of crisis. Following subjects of this study takes a closer look to the economical impacts of Covid-19 pandemic, to understand how customer behaviour and firm strategies have changed.

3.2. Economic Impacts of Covid-19

With the increasing unemployment rate and businesses shutting down, a fear of losing their job and income surfaced and customers reduced their luxury spendings. From this perspective, this outbreak had similarities with recessions (Mohammad, I., Behzad, F., Morteza, G. 2021).

To understand the similarities, an issue reported in 2020 by the Federal Reserve Bank of St. Louis, comparing Covid-19 and the Great Depression can be examined. Covid-19 is reported to be the deepest economic contraction since 1947. It is stated that the GDP fell 5 percent in the first quarter and 32.9 percent in the second quarter of 2020. From Figure 2., GNP plots for the Depression and the real GDP from the 4th quarter of 2019 to 1st and 2nd quarters of 2020 can be examined (David C. Wheelock. 2020).

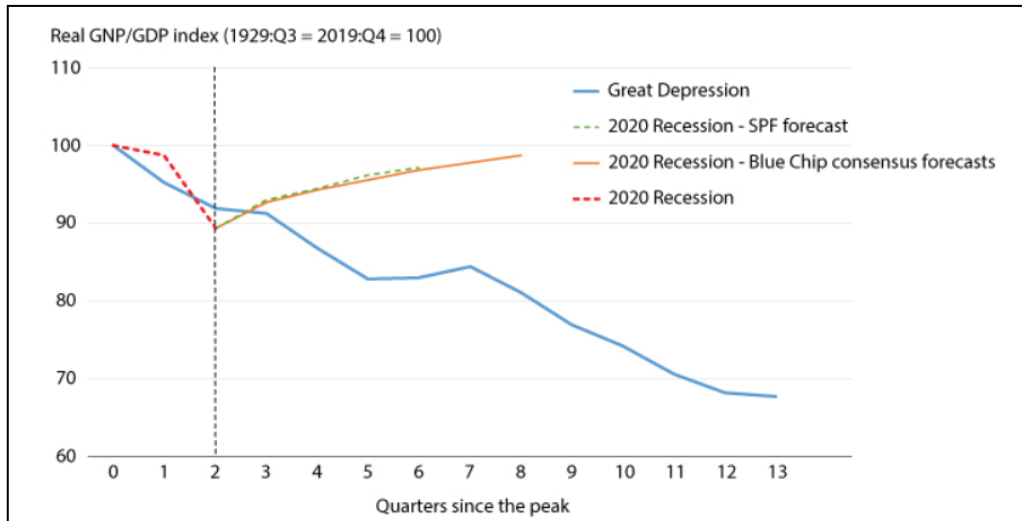


Figure 2. Real GNP/GDP Index (David C. Wheelock. 2020)

It can be seen that the overall economic downturn experienced in the initial two quarters of the 2020 recession surpassed the decline in GNP observed during the corresponding period of the Great Depression. Also, the drop in Gross Domestic Product in the second quarter of 2020 exceeded the most substantial one-quarter contraction in real GNP recorded during the Depression. However, it is noteworthy that the Depression’s contraction persisted over three years. In the first quarter of 1933, real GNP reached only 68% of its peak in 1929 (David C. Wheelock. 2020).

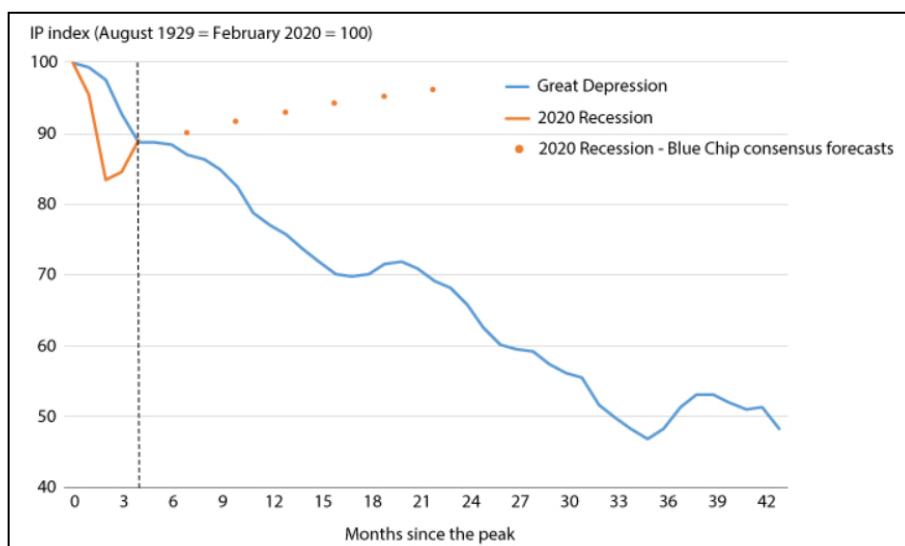


Figure 3. Industrial Production Index (David C. Wheelock. 2020)

Based on the IP index in Figure 3., a more consistent but narrower indicator of economic activity can also be observed. The indicator demonstrates a significant drop in the initial two months of the 2020 recession, but subsequently starts to recover. The index has declines in April, to 83% of its February level. The decrease in Industrial Production from February to April marked the most substantial two-month decline in the entire history of the index, dating back to 1919. The cumulative declines in IP during the first four months of both the Depression and the 2020 recession were comparable. While Industrial Production continued to decline for multiple quarters during the Depression, current projections suggest an upcoming increase in IP in the months ahead (David C. Wheelock. 2020).

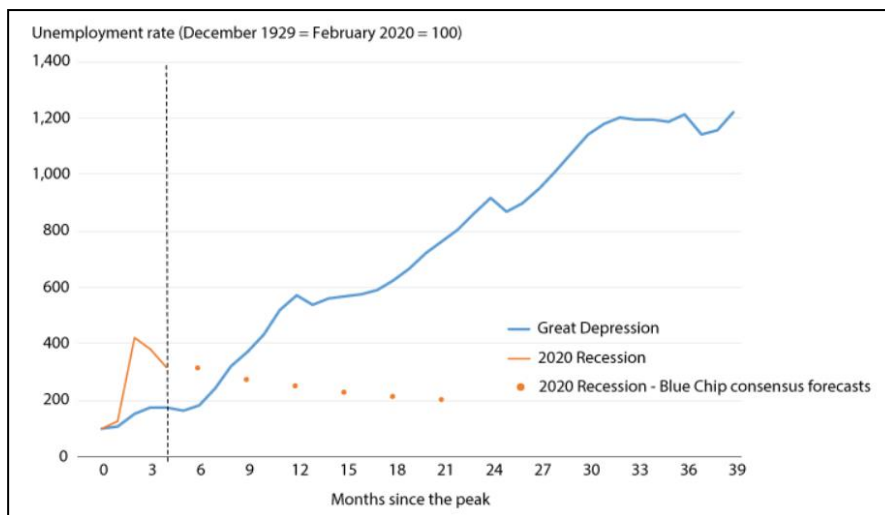


Figure 4. Unemployment Rates (David C. Wheelock. 2020)

Figure 4. shows that the unemployment rate experienced a notable surge during the 2020 recession, rising from 3.5 percent in February to almost 15 percent in April, then decreasing to 11.1 percent in June. In contrast to the rapid increase at the onset of the 2020 recession, the unemployment rate in the Great Depression rose gradually in the initial months, starting from approximately 2 percent in late 1929 to just under 4 percent in June 1930. Nevertheless, the unemployment rate continued to escalate, reaching 25 percent in 1933 and persisting above 10 percent throughout the 1930s (David C. Wheelock. 2020).

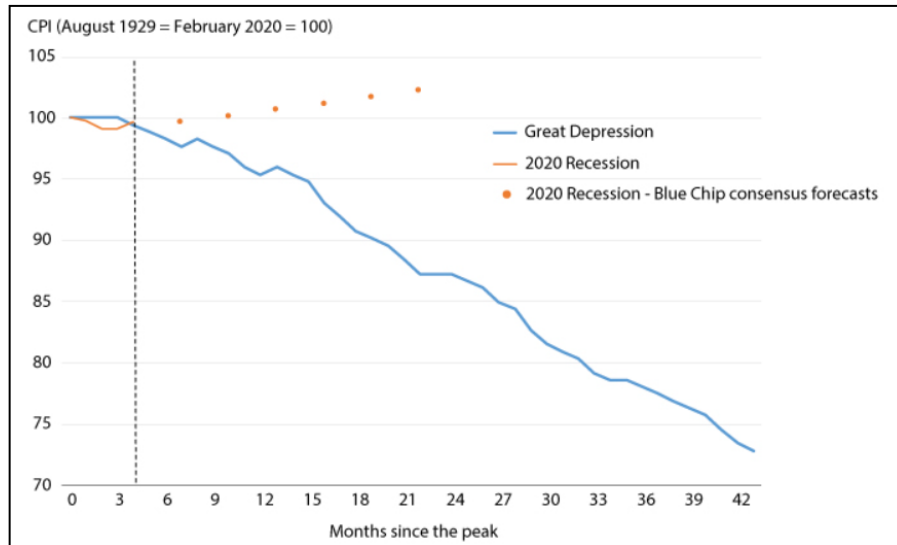


Figure 5. Consumer Price Index (David C. Wheelock. 2020)

From Figure 5., it is observed that by the business cycle trough in March 1933, the consumer price index (CPI) had declined by 27 percent compared to its level in August 1929. While the CPI experienced a decrease in the initial two months of the 2020 recession, it has since rebounded and is currently close to its pre-recession level, with forecasts indicating a gradual increase in the future (David C. Wheelock. 2020).

An article in *The Economist*, issued in Jan 9th, 2021, also states that the world economy decreased by 4.3% in 2020, based on the calculations of the *Global Economic Prospects* published by the World Bank, which is a decrement only seen in the Depression and two world wars (*The Economist*, 2021).

The economic consequences of the pandemic had a particularly harsh impact on emerging economies, exacerbating preexisting economic vulnerabilities. The severity of income losses revealed that many households and businesses were ill-equipped to withstand the significant and prolonged shock. Studies based on pre-pandemic data indicated that over 50 percent of households in both emerging and advanced economies lacked the ability to sustain basic consumption for more than three months in the face of income losses. Similarly, the average business could cover fewer than 55 days of expenses with existing cash reserves. Prior to the crisis, numerous households and businesses in emerging economies already struggled with unsustainable debt levels, which became even more challenging to manage as the pandemic led to a sharp decline in income and business revenue (*The World Bank, World Development Report*, 2022).

The global impact of the crisis was substantial, leading to the first increase in global poverty in a generation. Disproportionate income losses, particularly among disadvantaged populations, contributed to a notable rise in inequality both within and between countries. Survey data from 2020 revealed higher temporary unemployment rates in 70 percent of all countries for workers with only primary education. Income losses were more significant among youth, women, the self-employed, and casual workers with lower formal education levels. Women, in particular, faced pronounced challenges due to their higher representation in sectors most affected by lockdowns and social distancing measures (The World Bank, World Development Report, 2022).

The business sector experienced similar disparities. Smaller firms, informal businesses, and those with limited access to formal credit were disproportionately affected by income losses resulting from the pandemic. Larger firms, entering the crisis with greater financial resilience, could cover expenses for up to 65 days, compared to 59 days for medium-size firms and 53 and 50 days for small and microenterprises, respectively. Furthermore, micro-small, and medium-sized enterprises were disproportionately present in sectors most severely impacted by the crisis, such as accommodation and food services, retail, and personal services (The World Bank, World Development Report, 2022).

While the primary impact of income losses from the pandemic is felt directly by households and businesses, the ensuing financial risks have far-reaching consequences for the broader economy. These consequences result from interconnected channels, which is demonstrated in Figure 5., that link the financial well-being of households, firms, financial institutions, and governments. The interdependence is such that heightened financial risk in one sector can have a cascading effect, leading to instability in the entire economy. For instance, if households and businesses face financial difficulties, the financial sector becomes more vulnerable to loan defaults and is less capable of providing credit. Similarly, if the financial health of the public sector deteriorates, due to factors like increased government debt and reduced tax revenue, the ability of the public sector to support the overall economy is compromised (The World Bank, World Development Report, 2022).

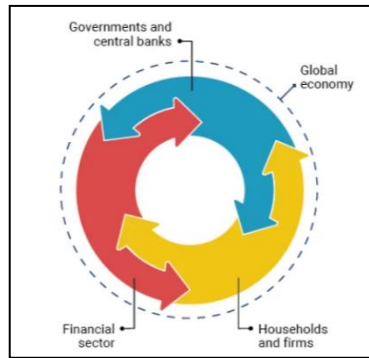


Figure 6. *Interconnected Balance Sheet Risks* (The World Bank, *World Development Report*, 2022)

Governments, central banks, and regulatory bodies employed diverse policy instruments to support financial institutions and mitigate the potential transfer of risks from the financial sector to other segments of the economy. Central banks implemented measures such as reducing interest rates and relaxing liquidity conditions, facilitating the refinancing of commercial banks and nonbank financial entities, including microfinance lenders. This intervention aimed to enable these institutions to sustain their operations and maintain the provision of credit to both households and businesses (The World Bank, *World Development Report*, 2022).

With the economic contraction that matches the Great Depression and world wars, customers behaviour and buying habits of course changed respectively.

3.3. Customer Behaviour

During the pandemic, customers demonstrated unanticipated changes in their buying habits. In the early times of the Covid-19 outbreak, people started to hoard cleaning supplies and essential household goods. With the supply shortage, customers faced the fear of their most essential needs could not be supplied. Actually, Huck et. Al. states that it is rational to make irrational decisions in the times of financial crisis (Huck, N., Mavoori, H., Mesly, O. 2019). With the lockdowns, customers reconsidered their needs, buying habits, home deliveries are increased, and the usage of cash was decreased. People were under mental stress, fear of infection with the changes in lifestyle, eating habits, also social and economical routines. It is no surprise that these factors were resulted with higher spending on groceries, health and hygiene products. But the main difference lies in socio-economic background, awareness of health and lifestyle adjustments. First of all, consumers changed their consumption patterns,

with higher purchasing of health and hygiene products, hoarding of essential goods instead of spending money on luxury products. Because with the fear of losing jobs and lower incomes, even people who still have their jobs was not certain about being able to keep their jobs with their current salary. This fear has surely drove people away from buying luxury and arbitrary products. Panic buying obviously increased because people were afraid in the disruptions of supply chains (Das, D., Sarkar, A., Debroy, A. 2022).

With the disruptions of supply chains, society faced scarcity in a manner. Toilet papers, hand sanitizers and disinfectant wipers disappeared from store shelves. Non-essential businesses were closed. Closing of hotels, restaurants and stores led to unemployment of numerous workers (Hamilton, R. 2020). Usually, scarcity seems like an opportunity to marketers, for increasing desire to a certain product. However, Hamilton et. Al. stated that consumers response to scarcity may be to consume products more thoughtfully (Hamilton, Rebecca W. et al. 2019). As seen during the pandemic, consumers reviewed their habits and routines, also their loyalties to brands, services and products. The effects of pandemic also showed differentiations based on the social economic status of the consumers. Low-SES consumers could not afford to hoard products while high-SES consumers solved the problem with online shopping and stocking. Markus and Conner stated that individuals with high socioeconomic status (SES) often perceive agency as a means of exercising control over the environment, while individuals with low SES view agency as actively adjusting to the environment and aligning themselves with external forces (Markus, H. R. and Conner, A. 2013). For instance, interviews with individuals who survived Hurricane Katrina in 2005 and evacuated before the storm, typically having higher socioeconomic status, highlighted the extent to which they demonstrated independence and control through the choice to leave. Conversely, those who remained in New Orleans during the hurricane, often with lower SES, emphasized displaying resilience in the face of adversity and not yielding (Stephens, Nicole M. et al. 2009). Thompson et. Al. also stated that individuals with a lower childhood socioeconomic status tend to display increased patience when unable to obtain what they desire, while those with a higher childhood SES are inclined to regain control by opting for an alternative (Thompson, Debora V. 2020).

A survey by the Edelman Trust Barometer demonstrated that more than 44% of the attended 12000 customers started to use a new brand because of the compassionate way that brand responded to the outbreak. Also, 40% of the customers convinced other people to stop using

brands which did not take appropriate actions concerning the Covid outbreak (Edelman, 2020).

PwC Survey also arrived at the results demonstrated in Figure 7., with a survey of 1600+ adult consumers.

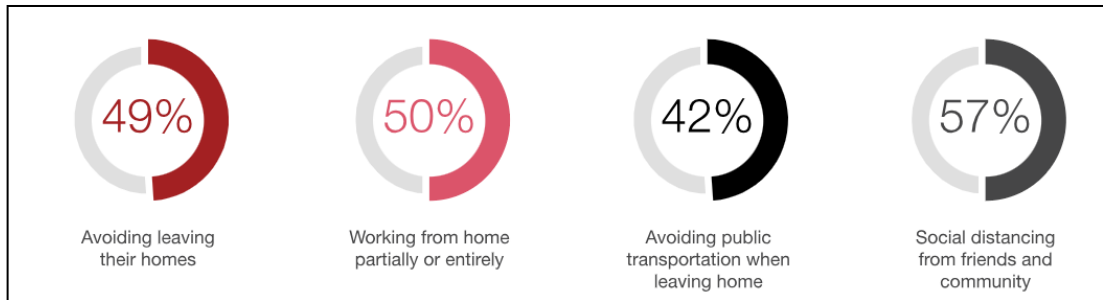


Figure 7. Consumer Behaviour Survey by PwC (PWC)

Figure 7. shows that roughly 50% change was observed in human-life habits involving social life, transportation and work.

In Figure 8., same survey shows us that consumers bought more essential products during the outbreak.

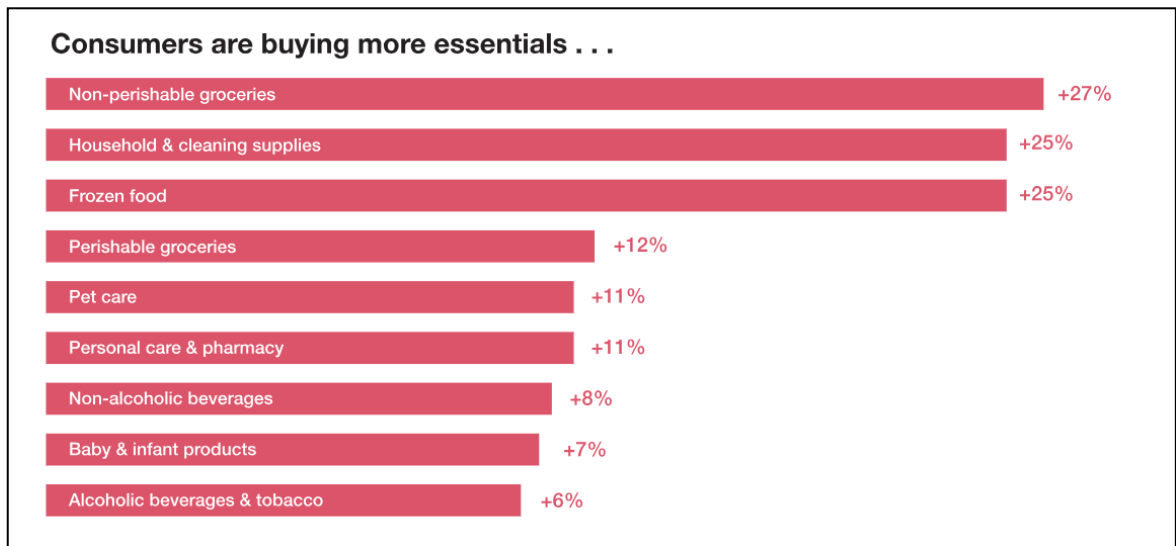


Figure 8. Increase in Essential Goods During Pandemic (PWC)

The graph (Figure 8.) demonstrates that non-perishable groceries consumption had the most increase among other goods, with 27%. PwC also stated that people started to spend more

time on entertainment, such as movies and games, reading news and hobbies, cooking, shopping online and physical fitness. 50% of the attendees tried new products and brands during the pandemic and 48% acquired new health habits (PWC).

McKinsey & Company approached the changes in human life in 8 areas: Work, shopping and consumption, learning, life at home, communications and information, play and entertainment, travel and mobility and lastly, health and wellbeing. Bond Capital stated there was 20 times increase in Zoom participants daily. People reduced their shopping frequencies by buying more products with larger baskets, more rarely. People started to care for their education; it is reported that 35% of the Netflix subscribers used the platform for educational content. 80% decrease in travel and tourist spending were also reported. With these changes, accelerations in many trends also experienced. McKinsey states that online delivery accelerated 10 years in only 8 weeks. 250 million students went online in 2 weeks in China. Online entertainment accelerated 7 years in 5 months with Disney+ reached the number subscriber numbers in 2 months that Netflix took 7 years (Kohli, S. et al).

This acceleration has affected the consumer journey in all business types. For example, despite the reopening of stores, consumers are less at ease with conventional methods of product testing, like sampling makeup colours or trying on clothing. In response, numerous brands are incorporating virtual technology to allow customers to "experience" products while adhering to social distancing guidelines. Additionally, brands are harnessing advanced artificial intelligence technologies and algorithms to offer more precise recommendations based on consumers' browsing patterns, simplifying the process of finding desired products (H. Margarita. 2021).

Gravy Analytics CEO Jeff White approached the changes in consumer behaviour in different ways. First one was about the wholesales. He is saying that the consumer profile that experienced the most significant change from 2019 to 2021 was the wholesale club shoppers, showing a remarkable increase of 268% compared to two years ago. This surge strongly suggests that consumers continue to prioritize value shopping, a trend that originated during the COVID-19 lockdowns in early 2020. Considering this, adapting to customer preferences may involve finding ways to provide them with the most value for their money. Second subject is on people interested in improving their houses. There is a consistent upward trend in the consumer persona of home improvers since Q2 2019. The data reveals a 113% increase in the number of individuals within this consumer persona, suggesting that people are persistently interested in tackling home projects they had postponed or enhancing their living

spaces during the lockdown. White also states that there are consumers that can be found outdoors. He states that consumers have been seeking outdoor activities as a safe means to spend time with friends and family. As a result, golf has gained significant popularity, with the percentage of consumers falling into the golf enthusiast’s category increasing to 26.7% in 2021, a notable rise from 10.8% in 2019. The number of camping enthusiasts, particularly in regions like Oregon, has also seen an increase, while the count of cruise travellers has declined by 77% compared to 2019. Speaking of outdoor activities, he also gives some numbers on indoor activities. The data indicates notable declines in consumer personas such as comedy enthusiasts (-44%), political activists (-45%), spa visitors (-47%), and live music/concert goers (-64%). However, these declines were anticipated, given that many of these activities were cancelled and unavailable to consumers across the U.S. (White, J, 2021).

Another proof of the consumer behaviour changes is demonstrated on Figure 9.

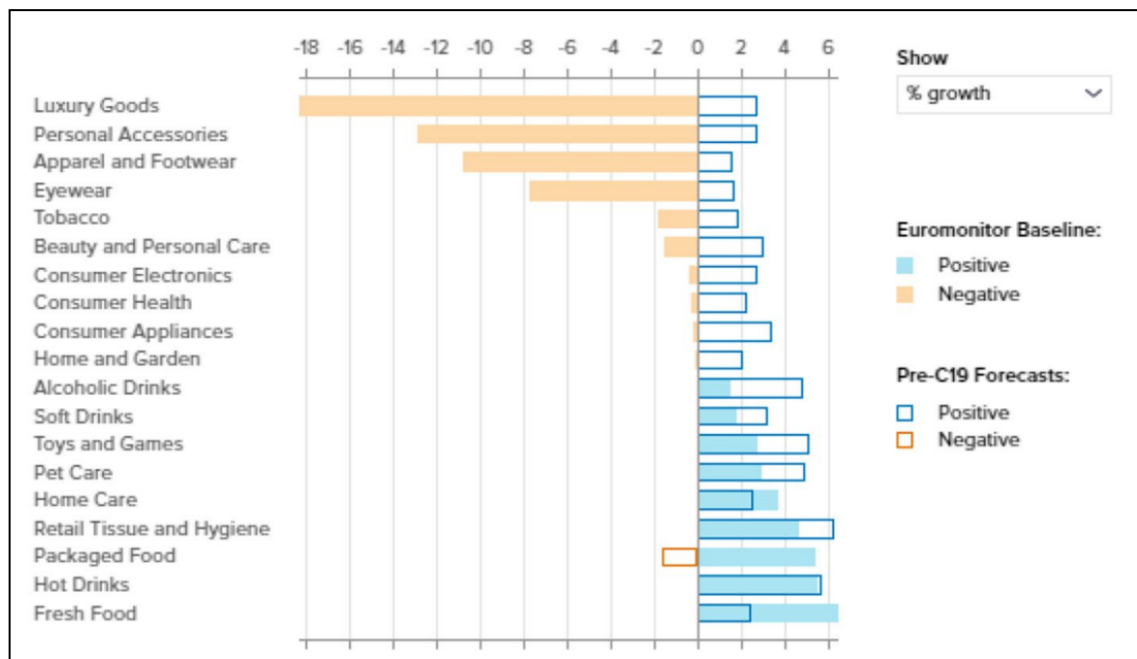


Figure 9. The Impact of Covid-19 on Retail Sales (Hoekstra, J.C., Leeftang, P.S.H. 2020)

It is clear that luxury goods, accessories, beauty products and electronics faced a negative affect in sales, while the sales foods, beverages, pet and home care products increased.

With these life-changing effects on consumers and their changes in habits and buying preferences, firms had to take in different approaches on their marketing strategies to maintain their businesses.

3.4. Marketing Strategies

With the economic impacts of the pandemic, companies faced the danger of not being able to meet their consumers' needs, maintain employment levels and continue their businesses. To keep the damage in minimum, they had to take actions and precautions, with new marketing strategies being the most essential one. Different businesses experienced different impacts. For instance, Netflix gained approximately 16 million new subscribers from April to June. There is also a growing popularity in games, puzzles, and similar recreational activities; for instance, the board game *Trekking the World* generated \$100,000 in revenue in just one week. Other thriving sectors include hygiene products, wellness items, digital products, gardening materials, do-it-yourself products with a 25% increase, streaming services, furniture with an 8% rise, and consumer electronics with 16%. A 40–50% reduction in car sales observed compared to the same period last year, a 45% drop in shoe sales, and a substantial 60% decrease in clothing sales, affecting even robust brands like Nike, which experienced significantly lower sales (Hoekstra, J.C., Leeflang, P.S.H. 2020).

In the previous topic, it was stated that consumers changed their loyalties to brands and started to use new brands and products that approached to pandemic in more considerate ways. People also started to pay attention to the moral and ethical values of the firms. They observed to be increasingly interacting with products and services, placing higher importance on connections with dependable and often prominent brands like IKEA, Knorr, Maggi, and Disney. There was also a noticeable trend of consumers seeking reliable information about COVID-19 and its implications, evident in their increased attention to non-commercial websites and television broadcasting, for instance (Hoekstra, J.C., Leeflang, P.S.H. 2020).

Every firm had to calibrate their purposes, channels, products and target customers. Some firms took actions to show their sensibility in the pandemic. Jack Ma, the co-founder of Alibaba, contributed coronavirus test kits and additional medical supplies to numerous countries worldwide through the Jack Ma Foundation and Alibaba Foundation (He, H., Harris, L. 2020). Deliveroo asked their customers to purchase food for doctors and nurses

and made 500,000 masks available to health workers in UK. Kleenex gave 100,000 free 3-month subscription to Calm app (a meditation app) to their customers, indicating the importance of emotional wellbeing (Barnett, D.) . Toyota in Netherlands used their network to distribute chemical supplies. And some firms simply donated money: Coca-Cola with 120 million USD or Facebook with 100 million USD (Hoekstra, J.C., Leeflang, P.S.H. 2020).

These were the examples of corporate social responsibility, also referred as the purpose marketing. In a meta-analysis conducted by Fan et al. (2020), it was discovered that the impact of cause-related marketing is more significant when undertaken by a well-known brand associated with a practical product, when a relatively substantial sum of money is donated, and when the cause is less widely known. Furthermore, the effectiveness of such initiatives is closely tied to the authenticity of the brands involved. If authenticity is evident, these companies not only contribute positively but also enhance consumers' attachment to the brand, leading to increased word-of-mouth communication (Hoekstra, J.C., Leeflang, P.S.H. 2020).

Another aspect for the firms was their products. There were radical changes in the product of some firms, such as Heineken, an alcoholic beverage company, producing hand sanitizers or Deliveroo, which delivered foods and started to deliver products from Marks and Spencer. Research indicates that investing in Research and Development and innovation of products and services during economic contractions is a prudent strategy. This investment extends beyond just product development, encompassing the creation of new and potentially complementary services and processes. Consumers are generally more open to adopting new products and services during economic contractions compared to periods of expansion. Moreover, during contractions, R&D departments often could explore new products with increased flexibility and creativity, particularly for companies less reliant on R&D for addressing production issues. Effectively communicating these investments and the outcomes of R&D efforts also enhances the company's reputation among investors (Hoekstra, J.C., Leeflang, P.S.H. 2020).

The most crucial problem during the pandemic was the channel; how to deliver the products to the customer? Studies indicate that companies adopting a multichannel strategy, integrating both offline and online channels, exhibit improved performance in terms of share of wallet and revenue generation. These businesses demonstrated greater resilience during the pandemic as they were already equipped to offer products and services online, allowing them to be more adaptable to shifts in the customer journey. Simultaneously, the surge in

product demand necessitates innovative solutions. For instance, HEMA utilizes approximately twenty stores as distribution centres to mitigate prolonged waiting times at the central distribution facility and experienced 3 times increase in their sales (Hoekstra, J.C., Leeflang, P.S.H. 2020).

Firms changed their approach to 7P's: Product, place, price, promotion, people process and physical evidence (N. Carlin, A. Jeffrey, B. Somak. 2020).

Many firms changed their products to increase their sales, mostly in the food industry. Michelin rated restaurants started to serve burgers and meatballs. Hotels included the options of early check-in, late check-out and other perks like free breakfast and room service. The method of providing the service also changed. For example, after bars and clubs shot down, JD.com started to live stream DJ shows. Online concerts and theatre plays were also seen all around the globe. Online delivery of alcoholic beverages started which increased the sales of liquor 800% in a year (N. Carlin, A. Jeffrey, B. Somak. 2020).

Another aspect that firm had to revise was their price. Accenture stated that amid the pandemic crisis, 64% of consumers expressed concerns about their financial situations, and 88% were worried about the economic repercussions of the COVID-19 pandemic. Consequently, there has been a decrease in the demand for non-essential products. Despite the apparent attractiveness of discounts and coupons, their use may have detrimental effects on the brand's long-term standing. Experts advise against implementing price discounts in response to reduced demands (Accenture, 2020). As a result, firms also changed their prices for their products and services. Cheesecake factory, for instance, started to serve dinner for 20 USD. ODO, while it was charging 250 USD before the crisis started to sell sushi boxes for 18 USD (N. Carlin, A. Jeffrey, B. Somak. 2020).

To instil a sense of security, food delivery services introduced contactless delivery options, restaurants increased investment in tamper-proof packaging, and retailers provided wipes while maintaining frequent surface cleaning. Demonstrating empathy, banks waived account fees, and retailers adjusted their return policies. In the evolving marketing landscape, companies need to retrain and equip their employees to deliver outstanding customer service while ensuring the safety of patrons. Employees played an enforcement role, reminding customers to adhere to safety measures like wearing masks, practicing social distancing, and adhering to capacity limits. For instance, employees had to wear more personal protective equipment than customers, including face shields and gloves, in addition to the face masks worn by customers, even when not explicitly mandated by regulations. They started to use

frictionless payment systems with mobile phone systems (N. Carlin, A. Jeffrey, B. Somak. 2020).

AmTrust Financial listed the conditions for businesses to reopen safely, which are listed in Figure 10.



Figure 10. Conditions for Businesses to Reopen (AmTrust Financial)

Centres for Disease Control and Prevention also shared the numbers for public health measures to slow the spread of Covid-19 in Figure 11.

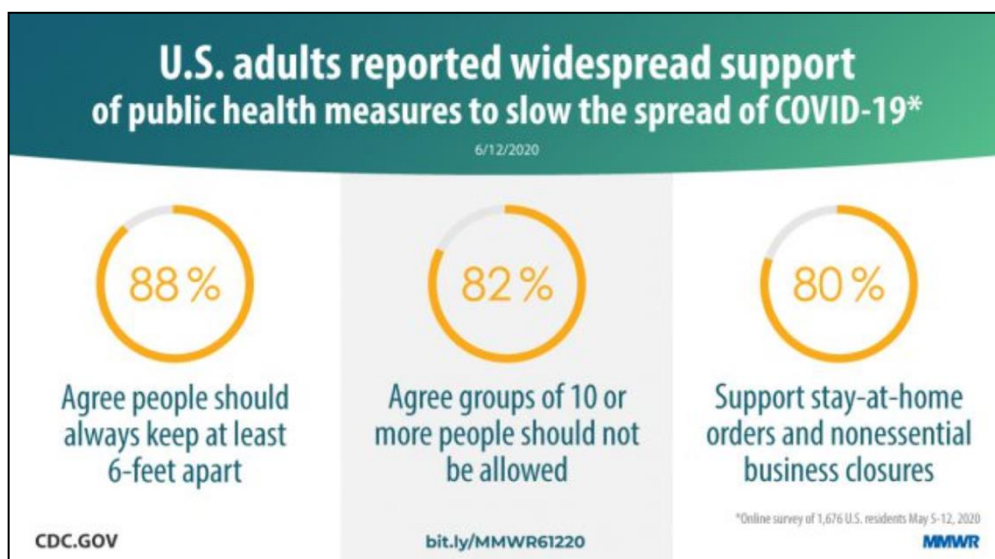


Figure 11. Public Health Measures (Centers for Disease Control and Prevention, 2020)

In this study, 80% of the 1676 attendees supported to closures of non-essential businesses, 82% was against gatherings as groups and 88% agreed to the social distancing measurements.

Another major problem was with the car industry. In the automotive sector, dealerships usually aim to entice customers with online deals, encouraging them to visit the physical stores for direct interactions with salespeople and to finalize transactions. However, this approach had to be adjusted when people faced restrictions or were hesitant to visit dealerships. Dealerships in Pennsylvania, such as David Dodge, began consolidating their online lead generation systems and integrating remote selling methods, utilizing video chat, texting, emailing, and phone communication to sell cars from a distance (Centers for Disease Control and Prevention, 2020).

Restaurants of course are one of the most effected businesses from restrictions too. For example, Egyptian style interior design of Cheesecake Factory is attractive to customers. However, with indoor dining prohibited, his design differentiation has lost its' appeal. Companies utilized online communication channels to interact with customers and showcase their service capabilities. For example, restaurants employed live platforms such as Instagram, YouTube, and Facebook to share recipes, offer tutorials, and host live cooking shows (Accenture, 2020).

Regardless of the most suitable strategic approach, the post-Covid-19 marketplace is fundamentally altered, with a crucial aspect being the significant and irreversible shift towards online communications and transformation. Global supply chains came to a halt, international campaigns faced setbacks, and global initiatives experienced uncertainty, hesitated, and eventually came to a standstill. Consumers, who were previously enthusiastic about globally recognized brands, were now limited to local markets, outlets, and products (He, H., Harris, L. 2020).

But the main goal of a company shouldn't be just to get over this crisis, a good management must find a way to take advantage of this kind of crisis and use it as a chance of growth. The following sections investigates the automotive sector and Skoda, specifically, to see how they affected from the pandemic and which marketing methods they used to get over this crisis.

3.5. The Impact of Covid-19 on Automotive Industry

In the previous topics, it was repeatedly stated that people avoided luxury purchases during the Covid-19 pandemic. As cars and vehicles being one of the most luxury item for every-day life, it is convenient that automotive industry took great hits from the pandemic. In 2020, the automotive sector encountered multiple challenges as numerous countries worldwide imposed restrictions on transportation in response to the COVID-19 pandemic. This led to an extended decrease in demand due to national lockdowns and a disruption in supplies caused by temporary closures of manufacturing plants. The impact initially surfaced in China, where car sales sharply declined in February 2020. Subsequently, by April of the same year, the United States and Europe also witnessed a significant drop in sales, with month-over-month passenger car sales in Europe plummeting by more than 65 percent between March and April 2020 (Statista).

People also changed their perspectives on their car needs. According to a survey conducted in 2020, 67 percent of Chinese participants indicated that they were reevaluating the necessity of the number of vehicles in their households due to the pandemic. In comparison, this percentage was lower in the United States at 41 percent and even lower in Germany at 25 percent (Statista). The coronavirus outbreak led to a production loss of almost 250 thousand cars in Central and Eastern Europe. By March 30, 2020, the COVID-19 crisis had impacted nearly 136 thousand employees working in automotive factories across the CEE region (Statista, 2020). The number of employees affected from the pandemic in the automotive industry can be seen in Figure 12.

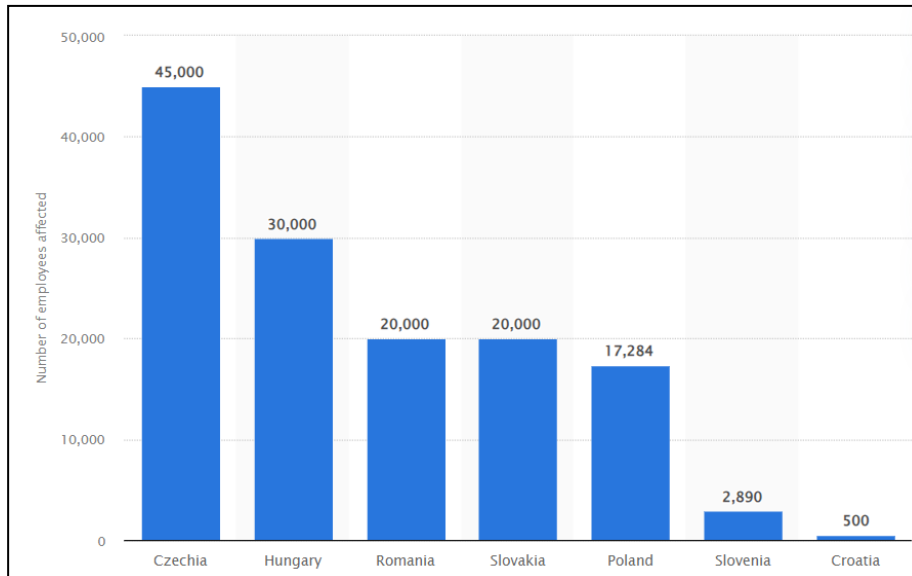


Figure 12. Effect in Car Industry for Countries by the Number of Employees (Statista, 2020)

As can be seen, Czechia has the highest number of employees in the automotive industry that was affected by the pandemic.

To investigate this subject any further, market changes in different countries can also be examined. The stability of the automotive industry in the United States remains precarious. In 2020, vehicle sales experienced a nearly 20% year-on-year decline, amounting to 1.33 million units. Cumulative sales from January to August 2020 was approximately 8.8 million units, reflecting a 23% decrease. In China, shipments for the period from January to August 2020 registered a 10% year-on-year decline. For Europe, In August 2020, vehicle sales surpassed 1.2 million, experiencing a 16% year-on-year decrease. Despite the decline, this performance was commendable, especially when considering that August 2019 witnessed elevated sales as automakers hurried to promote their uncertified vehicles ahead of the September 1, 2019, deadline for the Worldwide Harmonised Light Vehicles Test Procedure (WLTP) testing. In August 2020, sales of vehicles exceeded 326,000 units, showing a 16% year-on-year decrease in Japan. In South Korea, Sales of new vehicles from the top five automakers in the country (Hyundai, Kia, SsangYong, Renault, and GM) experienced a nearly 6% decline, totalling approximately 112,000 units. The extension of the 30% reduction in consumption tax on passenger cars by the government until December 2020 had a positive impact on sales in June 2020 (Counterpoint, 2020).

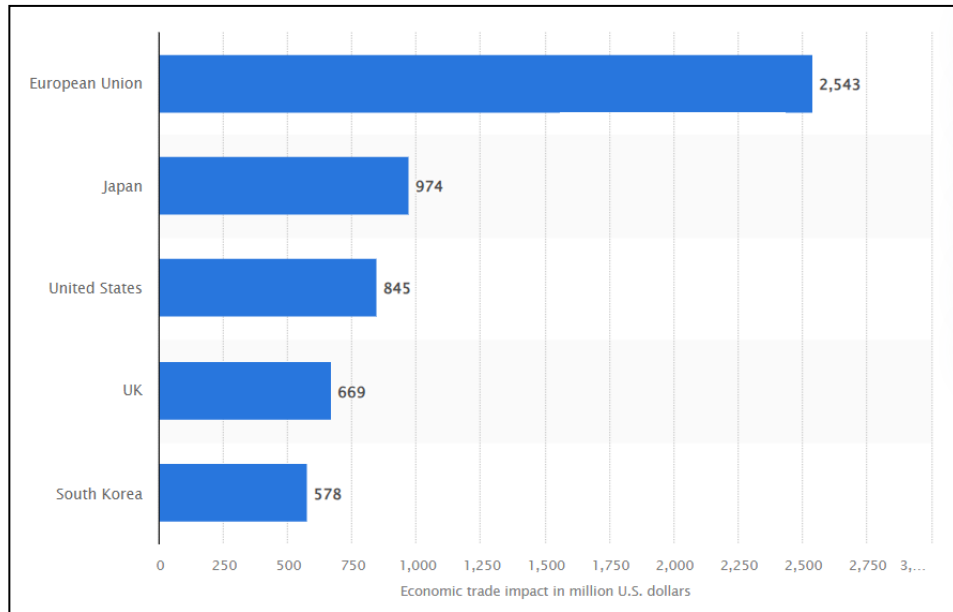


Figure 13. Estimated Trade Impact of Covid-19 on the Automotive Industry (Statista, 2020)

Figure 13. demonstrates the economic impact of Covid-19 to car industry, in million USD. EU seems to be affected nearly 2.6 times than other countries. And even with the reduction of tax in South Korea, 578 million USD impact still couldn't avoid.

Based on the data provided by The Economic Times in 2020, Table 1. provides the changes in the sales of certain vehicle brands in a year basis.

Table 1. Sale Numbers in Vehicle Companies in a Year (The Economic Times, 2020)

| COMPANY | MARH 2019 | MARCH 2020 | CHANGE (%) |
|--------------------------------|-----------|------------|------------|
| Maruti Suzuki | 145,031 | 76,240 | -47.4 |
| Hyundai Motor India | 44,350 | 26,300 | -40.7 |
| Mahindra & Mahindra | 27,646 | 3,384 | -88 |
| Toyota Kirloskar Motor | 12,818 | 7,023 | -45 |

Even at the minimum changes with Toyota, a 45% decrease in sales can be seen.

As a result of the steep decrements in the sales, different firms took different approaches to overcome the difficulties of Covid-19. Ford introduced a fresh advertising initiative titled "Built for America," emphasizing the company's dedication to American manufacturing and its contributions to communities amid the pandemic. The campaign encompassed television commercials, print advertisements, and social media posts. They advertised that they created 500,000 jobs across America and generated revenue more than brands such as Nike, Coca-Cola or Starbucks with only their F-Series. In their TV advertisement, they specifically stated that they were building an unbreakable connection between Ford and America (Ford Corporate).

General Motors initiated a new advertising campaign named "We're Here to Help," underscoring the company's dedication to assisting its customers amid the pandemic. They remarked that they were using enhanced cleaning measures in their dealerships, including the cleaning of vehicles after purchase and services. They introduced special discounts to healthcare workers in Canada. By advertising on different channels such as television, radio or social media, they created a brand awareness which drew attention to their vehicles (GMC Canada).

Toyota committed to aiding those in need by supplying essential items, offering emergency relief, and providing ongoing support to numerous local organizations and non-profits under the campaign of "We're Here for You". This support involved financial contributions, donations of necessary items, and the utilization of several of the company's facilities in North America to produce face shields. Additionally, Toyota collaborated with medical device companies to expedite the production of ventilators, respirators, and other critical devices for hospitals (P. Olivia, 2020).

Honda initiated a new advertising campaign titled "The Power of Something Greater," focusing on the company's endeavours to assist communities amid the pandemic. With their ads, they sympathized that the way we'll get through this outbreak is "by remembering to care for each other" (AdAge, 2020).

There are some statistics showing the consumers approach to vehicles during the pandemic. Cars.com stated that 93% of attendees in China saying that they are using their personal vehicles more after the Covid-19 outbreak. Moreover, most attendees in China who don't own a car indicated in surveys that they plan to buy a vehicle primarily for health and safety considerations. Google Trends states that Prospective car buyers are seeking information on whether the current period is opportune for a vehicle purchase and, if so, whether favourable

deals are available. The search interest for the query "is it a good time to buy a car" witnessed a significant increase, growing more than 9 times between January and February 2020 and March and April 2020. In this context, informed car shoppers are increasingly relying on digital platforms to compare different models and prices, with a heightened emphasis on securing advantageous deals (K. Kyle, Z. Thomais, 2020).

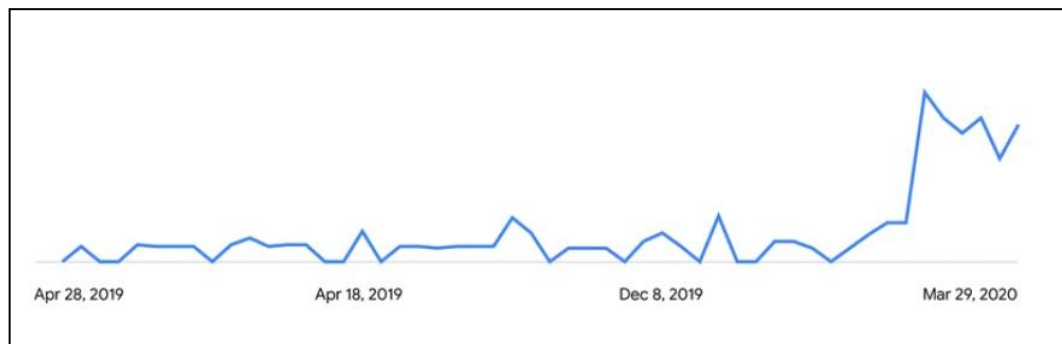


Figure 14. U.S. Based Search Interest for "Is it a good time to buy a car" (K. Kyle, Z. Thomais, 2020)

Google consumer trends also stated that potential customers are looking for at-home dealer experiences and want to buy a car online at home delivery. Among 9019 respondents, 18% stated that they would buy a vehicle sooner if there was an online purchase option. They also listed at-home test drive, VR test drive, digital showroom and review videos as good alternatives to dealer visits. Statistics also indicated that people were attending digital events. For example, Hyundai introduced its 2021 Elantra in early March using a live stream. Utilizing video content to vividly showcase its features, Hyundai engaged viewers who were safely watching from home. The introductory teaser video, live stream, and walk-around clip collectively accumulated almost 800,000 views (K. Kyle, Z. Thomais, 2020).

The following study is on the marketing strategies of Skoda and understand how customers reacted to these strategies based on a survey. Before introducing the results and comments, marketing strategies of Skoda during Covid-19 must be investigated.

3.6. Marketing Strategies of Skoda

In this section, the annual sales and marketing strategies of Skoda will be investigated between 2019 and 2021, to understand the effects of the Covid-19 outbreak on the company.

3.6.1. Annual Sales and Strategies of Skoda in 2019

Skoda embraced a 2025+ strategy for their business operations. The ŠKODA Strategy 2025+ is a long-term conceptual plan that is flexible and adaptable, implemented through specific strategic projects. The goal is to decrease the external impacts linked to production such as CO₂ emissions, energy consumption, water usage, waste generation, and volatile organic compounds by 52.5% per vehicle in comparison to the levels in 2010 by 2025. Škoda Auto's environmental strategy primarily revolves around the responsible and sustainable manufacturing of energy-efficient automobiles. The company closely monitors advancements in the automotive industry and worldwide, considers the potential future effects of artificial intelligence and autonomous driving on the population, and adjusts its strategic plans to dynamic developments as necessary (Skoda Storyboard, 2019).

It is reported that Skoda delivered 1,242,767 cars in total in 2019. Compared to 2018, there was a 0.9% decrease in the sales, which largely caused from the Chinese market. It is reported that the sales were increased by 5.3% in other markets. The change in sales on a year-basis is given in the Figure 15. (Skoda Storyboard, 2019).

| CUSTOMER DELIVERIES LARGEST MARKETS | VEHICLES 2019 | VEHICLES 2018 | CHANGE (%) 2019/2018 |
|--|--------------------------|--------------------------|---------------------------------|
| CHINA | 282,038 | 341,000 | (17.3%) |
| GERMANY | 191,213 | 176,638 | 8.3% |
| CZECH REPUBLIC | 94,152 | 93,586 | 0.6% |
| RUSSIA | 88,609 | 81,459 | 8.8% |
| UNITED KINGDOM | 75,159 | 74,512 | 0.9% |
| POLAND | 70,748 | 71,057 | (0.4%) |
| FRANCE | 37,239 | 32,035 | 16.2% |
| SPAIN* | 27,830 | 27,017 | 3.0% |
| AUSTRIA | 27,355 | 24,939 | 9.7% |
| ITALY | 26,928 | 26,401 | 2.0% |
| SLOVAKIA | 22,632 | 21,894 | 3.4% |
| SWITZERLAND | 22,605 | 17,724 | 27.5% |
| BELGIUM | 20,934 | 20,032 | 4.5% |
| ISRAEL | 19,526 | 20,949 | (6.8%) |
| NETHERLANDS | 19,156 | 16,985 | 12.8% |
| ŠKODA BRAND TOTAL | 1,242,767 | 1,253,741 | (0.9%) |

* excluding the Canary Islands

Figure 15. Customer Deliveries of Skoda in 2019 (Skoda Storyboard, 2019)

| CUSTOMER DELIVERIES BY REGION | VEHICLES 2019 | VEHICLES 2018 | CHANGE (%) 2019/2018 | MARKET SHARE (%) 2019** | MARKET SHARE (%) 2018** |
|--|--------------------------|--------------------------|---------------------------------|------------------------------------|------------------------------------|
| CENTRAL EUROPE* | 215,784 | 212,928 | 1.3% | 18.0% | 18.3% |
| EASTERN EUROPE | 138,791 | 127,533 | 8.8% | 5.9% | 5.8% |
| WESTERN EUROPE | 520,475 | 486,356 | 7.0% | 3.6% | 3.4% |
| OVERSEAS/ASIA | 367,717 | 426,924 | (13.9%) | 0.6% | 0.7% |
| ŠKODA BRAND TOTAL | 1,242,767 | 1,253,741 | (0.9%) | 1.6% | 1.5% |

* including the Czech Republic
** shares on passenger cars, total markets

Figure 16. Customer Deliveries of Skoda by Region in 2019 (Skoda Storyboard, 2019)

In Central Europe, the company handed over a combined total of 215,784 vehicles to its customers, representing a slight increase of 1.3% compared to the previous year. In the Czech Republic, they provided 94,152 cars to customers, marking a year-on-year growth of 0.6%. The company also managed to boost its market share to 37.7%, the highest figure in the past decade. The Czech Republic maintained its position as the third-largest market for the company. In Eastern Europe, they increased their sales by 8.9%, excluding Russia. In Russia, they rose their sales by 8.8%. In Western Europe, they had an improvement by 7%. Their sales in Germany, which is the second largest market of the firm, rose by 8.3%. In Overseas and Asia, they had a decrement in China and Turkey. Deliveries to customers in China decreased by 17.3% and a decrement of 27.5% was reported in Turkey, due to the unstable political and economic situation, based on their reports (Skoda Storyboard, 2019).

From the sale reports, despite the Covid outbreak, Skoda has increased their sales worldwide in 2019. The marketing strategy for the brand revolves around understanding our customers and creatively adapting to them, reflecting the distinctive and imaginative approach characteristic of the brand. The global communication strategy of the company has been refined and more precisely targeted within the framework of Strategy 2025+. They are claiming that in the face of evolving customer needs and the digitalization and electrification trends in the automotive industry, Skoda adjusted and provided compelling solutions. They indicated that as a result of inventive thinking, they provide exceptional products and services, which distinguishes them from their competitors. They advertise that their customers always come first, and they have campaigns that emotionalising the brand. They specifically stated that just like women and sportsmen, they are seeking perfection, which is the motivation that drives them forward (Skoda Storyboard, 2019).

By conducting market research, Skoda identified that 90% of car purchasers in France relied on YouTube reviews to inform their decisions. Armed with this knowledge, Skoda devised a strategy to capitalize on the impact of automotive content creators in the country. So, rather than opting for traditional advertising, Skoda partnered with well-known YouTube influencers, modifying videos from competitors' car reviews and strategically incorporating attention-grabbing Skoda Fabia banners. The edited videos were subsequently shared by the content creators, reaching a broad and engaged audience. This inventive marketing strategy highlighted Skoda's capacity to seize opportunities as they arose (S. Sai, 2023).

3.6.2. Annual Sales and Strategies of Skoda in 2020

| CUSTOMER DELIVERIES LARGEST MARKETS | VEHICLES 2020 | VEHICLES 2019 | CHANGE (%) 2020/2019 |
|--|--------------------------|--------------------------|---------------------------------|
| CHINA | 173,000 | 282,038 | (38.7%) |
| GERMANY | 161,775 | 191,213 | (15.4%) |
| RUSSIA | 94,632 | 88,609 | 6.8% |
| CZECH REPUBLIC | 83,249 | 94,152 | (11.6%) |
| GREAT BRITAIN | 58,431 | 75,159 | (22.3%) |
| POLAND | 56,152 | 70,748 | (20.6%) |
| FRANCE | 30,587 | 37,239 | (17.9%) |
| ITALY | 25,085 | 26,928 | (6.8%) |
| TURKEY | 24,175 | 15,464 | 56.3% |
| AUSTRIA | 23,708 | 27,355 | (13.3%) |
| SPAIN* | 21,058 | 27,830 | (24.3%) |
| BELGIUM | 20,075 | 20,934 | (4.1%) |
| ISRAEL | 18,758 | 19,526 | (3.9%) |
| SLOVAKIA | 18,453 | 22,632 | (18.5%) |
| SWITZERLAND | 17,560 | 22,605 | (22.3%) |
| ŠKODA BRAND TOTAL | 1,004,816 | 1,242,767 | (19.1%) |

* excluding the Canary Islands

| CUSTOMER DELIVERIES BY REGION | VEHICLES 2020 | VEHICLES 2019 | CHANGE (%) 2020/2019 | MARKET SHARE (%) 2020** | MARKET SHARE (%) 2019** |
|--|--------------------------|--------------------------|---------------------------------|------------------------------------|------------------------------------|
| CENTRAL EUROPE* | 181,937 | 215,784 | (15.7%) | 19.7% | 17.9% |
| EASTERN EUROPE | 134,393 | 138,791 | (3.2%) | 6.3% | 5.9% |
| WESTERN EUROPE | 434,461 | 520,475 | (16.5%) | 4.0% | 3.6% |
| OVERSEAS/ASIA | 254,025 | 367,717 | (30.9%) | 0.5% | 0.6% |
| ŠKODA BRAND TOTAL | 1,004,816 | 1,242,767 | (19.1%) | 1.5% | 1.6% |

* including the Czech Republic
** shares on passenger cars, total markets

Figure 17. Customer Deliveries of Skoda in 2010 (Skoda Storyboard, 2020)

In 2020, the company handed over a total of 1,004,816 cars to customers, marking the seventh consecutive year the company surpassed the one-million-car milestone. However, there was a 19.1% decline in deliveries to customers. The primary causes for this included the closure of Czech production plants for 39 days, temporary disruptions in sales channels during the second quarter, and a decline in sales in the Chinese market. Consequently, the company implemented programs to assist its business partners, customized to the specific conditions of each market, aiming to compensate for the temporary interruption in international sales channels. The improvement in deliveries to customers in the second half

of the year affirmed the effectiveness of the implemented measures (Skoda Storyboard, 2020).

In Central Europe, Skoda experienced a 15.75 decrease in total deliveries. However, the company rose its' market share by 1.7%. In Czech market, their market share rose by 3.3% despite the decrement in sales by 11.65%. In Eastern Europe, sales fell by 20.8% overall, excluding Russia. Total deliveries increased by 6.8% in Russia. For Western Europe, deliveries fell by 15.4% in Germany and the company experienced a 16.5% decrement overall. They also had a decrement of 38.7% in overseas and Asia. However, they increased their deliveries by 56.3% in Turkey and 52.8% in Egypt (Skoda Storyboard, 2020).

They advertised that by being a frontrunner in personnel mobility, the company promptly extended assistance by offering pool vehicles to support organizations. This initiative reached its pinnacle with the donation of 100 brand-new Octavia cars to health and social services providers. Škoda further provided financial support to its key partner cities in implementing essential safety measures and contributed by aiding in the design and 3D printing of effective respirators (Skoda Auto).

In India, they published an announcement that their showrooms and workshops won't be operational due to the increasing cases of Covid-19 and shared their helpline numbers for vehicle break-down, roadside assistance, service and for any other assistances. They also specifically advised their customers to stay safe at their homes, and drive only if it is really necessary (Skoda Auto India).

In Simpsons Dealership, UK, they made announcements prioritising their customers safety and convenience. They stated the cleaning and hygiene protocols such as cleaning the vehicles after service, frequent cleaning of public areas in showrooms, and increment in the number of hand sanitisers for customers and colleagues. They also offered additional services such as video presentation of cars, arranging test drives from home and video of technicians performing safety checks on vehicles (S. Neil).

| COMPANY WORKFORCE* | HEADCOUNT 31 DECEMBER 2020 | HEADCOUNT 31 DECEMBER 2019 | CHANGE (%) 2020/2019 |
|---|---------------------------------------|---------------------------------------|---------------------------------|
| ŠKODA AUTO – PERMANENT EMPLOYEES | 34,514 | 33,881 | 1.9% |
| OF WHICH: | | | |
| — MLADÁ BOLESLAV PLANT | 26,800 | 26,044 | 2.9% |
| — VRCHLABÍ PLANT | 824 | 845 | (2.5%) |
| — KVASINY PLANT | 6,890 | 6,992 | (1.5%) |
| ŠKODA AUTO – APPRENTICES | 923 | 948 | (2.6%) |
| ŠKODA AUTO TOTAL** | 35,437 | 34,829 | 1.7% |
| ŠKODA AUTO – TEMPORARY STAFF | 3,262 | 3,232 | 0.9% |

* Company workforce in ŠKODA AUTO a.s. in the Czech Republic only.
** The actual number of employees at the end of the year, including apprentices, excluding temporary staff, excluding subsidiaries.

Figure 18. Skoda Workforce Change for 2020/2019 (Skoda Storyboard, 2020)

Also, from Figure 18., it can be seen that with massive dismissals around the globe in various firms, Skoda increased their employment numbers by 1.7% in total in 2020.

3.6.3. Annual Sales and Strategies of Skoda in 2021

In 2021, the company introduced a new business model named Skoda Strategy 2030. The new vision is articulated as "We will help the world live smarter," while the new mission emphasizes "Modern accessible mobility with everything you need and surprises you love." They stated that their new target is to be the leading European brand in India, Russia and North Africa and launched new projects specified for these markets. With the new digital showrooms being in fashion due to Covid-19, they also stated that their target is to sell every fifth car online in 2025. They specifically indicated that the company would prioritize their customers' demands while designing their products. By 2030, the company aims to achieve a 50% reduction in fleet emissions compared to 2020 and transition all its Czech and Indian plants to carbon-neutral production. This commitment aligns with the ambitious goals set by the Green Deal for Europe. (Skoda Storyboard, 2021).

| CUSTOMER DELIVERIES LARGEST MARKETS | VEHICLES 2021 | VEHICLES 2020 | CHANGE (%) 2021/2020 |
|--|--------------------------|--------------------------|---------------------------------|
| GERMANY | 136,781 | 161,775 | (15.4%) |
| RUSSIA | 90,443 | 94,632 | (4.4%) |
| CZECH REPUBLIC | 79,928 | 83,249 | (4.0%) |
| CHINA | 71,200 | 173,000 | (58.8%) |
| GREAT BRITAIN | 55,839 | 58,431 | (4.4%) |
| POLAND | 47,069 | 56,152 | (16.2%) |
| FRANCE | 31,057 | 30,587 | 1.5% |
| ITALY | 25,242 | 25,085 | 0.6% |
| TURKEY | 25,228 | 24,175 | 4.4% |
| SPAIN* | 24,642 | 21,058 | 17.0% |
| INDIA | 22,779 | 10,902 | 108.9% |
| AUSTRIA | 21,786 | 23,708 | (8.1%) |
| ISRAEL | 19,423 | 18,758 | 3.5% |
| NETHERLANDS | 19,336 | 16,242 | 19.0% |
| SWITZERLAND | 17,392 | 17,560 | (1.0%) |
| ŠKODA BRAND TOTAL | 878,202 | 1,004,816 | (12.6%) |

* Excluding the Canary Islands.

| CUSTOMER DELIVERIES BY REGION | VEHICLES 2021 | VEHICLES 2020 | CHANGE (%) 2021/2020 | MARKET SHARE (%) 2021** | MARKET SHARE (%) 2020** |
|--|--------------------------|--------------------------|---------------------------------|------------------------------------|------------------------------------|
| CENTRAL EUROPE* | 164,050 | 181,937 | (9.8%) | 17.24% | 19.64% |
| EASTERN EUROPE | 126,253 | 134,050 | (5.8%) | 6.47% | 7.10% |
| WESTERN EUROPE | 408,970 | 434,461 | (5.9%) | 3.82% | 3.98% |
| OVERSEAS/ASIA | 178,929 | 254,368 | (29.7%) | 0.31% | 0.47% |
| ŠKODA BRAND TOTAL | 878,202 | 1,004,816 | (12.6%) | 1.24% | 1.48% |

* Including the Czech Republic.
** Shares on passenger car market shares, total markets.

Figure 19. Customer Deliveries of Skoda in 2021 (Skoda Storyboard, 2021)

From Figure 19., a 12.6% decrement in overall deliveries are observed. They stated that the fell in their deliveries are due to Covid-19 and the lack of semiconductors. They also stated that they are seeing the number of deliveries, 878,202 cars, as a success under those conditions. After 2 years of Covid-19, they stated the changes in their marketing and communication strategy to draw a new vision and mission to the company. They declared that by adjusting to the evolving industrial landscape, the company strives to meet the demands of its customers and transform into a customer-centric brand that delivers authentic value to end-users. They also drew attention to their motorsport's victories including Rally Bohemia and Le Mans in the past 120 years (Skoda Storyboard, 2021).

They shared the precautions for Covid-19 by an effort of relieving the customers. The company stated that 29,000 of their employees I the Prague were tested for Covid-19 with the resources of the brand, and only 0.66% resulted positive. They declared to spend 1 billion USD for precautions to ensure their employees' health. They also supplied free vaccines for

their employees, which more than 8,000 employees used in two weeks, as the reports says (Skoda Mobil).

They drew attention to difficulties caused by Covid-19 in India. CEO of the firm Thomas Schafer stated that they were in contact with their employees in the region to understand their needs and provide the necessary aids. Brand's purchasing and logistics departments worked to supply oxygen tanks and other medical equipment to the region (Skoda Auto, 2021).

The company also launched a new model KUSHAQ, a model designed specifically for Indian market and achieved a 108.9% increase in overall deliveries. They also launched a new model ENYAQ iV in May 2021. They stated that in devising the communication strategy, the marketing team prioritized incorporating formats that enable customers to explore the ENYAQ iV from the convenience and safety of their homes. This initiative gave rise to the Innovation Agenda Framework, introducing novel formats for customers to experience the new electric car through artificial and virtual reality on prominent online channels, spanning various stages of the purchasing process. In this concept, the Web AR visualizer facilitated augmented reality representations of select ENYAQ iV configurations through a mobile phone camera, eliminating the requirement for downloading an application. On Facebook, interested individuals could employ a 3D Instant Experience configurator to explore various car versions and witness their ideal configuration in a 3D video. ŠKODA AUTO also achieved the milestone of being the inaugural automotive company in Europe to launch a virtual showroom on Amazon Fire TV. It is also reported that 55 ENYAQ iV cars were used for delegates of EU presidency. The company also launched an online magazine as a way of building strong relationships with customers alongside social networks. Magazine reported visitors of 200,000 per month (Skoda Auto, 2021).

For electric cars, the company introduced three variants of the wall box designed for home charging. The fundamental iV Charger is primarily intended for household use. The iV Charger Connect is equipped to connect to a LAN or Wi-Fi network and features an RFID reader. The advanced iV Charger Connect+ combines these functionalities with connectivity to LTE mobile networks (Skoda Auto, 2021).



Figure 20. Skoda iV Charges for Households (PressePortal, 2020)

Skoda also advertised their awards for the company's first electric car ENYAQ iV, including Best Cars 2021 readers' award, Red Dot Award, best technology and best design awards in AUTO Straßenverkehr and Best Price to Utility Value Ratio.

| COMPANY WORKFORCE* | HEADCOUNT 31 DECEMBER 2021 | HEADCOUNT 31 DECEMBER 2020 | CHANGE (%) 2021/2020 |
|---|-------------------------------|-------------------------------|-------------------------|
| ŠKODA AUTO - PERMANENT EMPLOYEES | 35,153 | 34,514 | 1.9% |
| OF WHICH: | | | |
| — MLADÁ BOESLAV PLANT | 27,567 | 26,800 | 2.9% |
| — VRCHLABÍ PLANT | 850 | 824 | 3.2% |
| — KVASINY PLANT | 6,736 | 6,890 | (2.2%) |
| ŠKODA AUTO - APPRENTICES | 879 | 923 | (4.8%) |
| ŠKODA AUTO TOTAL** | 36,032 | 35,437 | 1.7% |
| ŠKODA AUTO - TEMPORARY STAFF | 2,120 | 3,262 | (35.0%) |

* Company workforce in ŠKODA AUTO a.s. in the Czech Republic only.
 ** The actual number of employees at the end of the year, including apprentices, excluding temporary staff, excluding subsidiaries.

Figure 21. Skoda Workforce Change for 2021/2020 (Skoda Auto, 2021)

Figure 21. demonstrates that Skoda also continued to increase their employment levels again by 1.7% in 2021.

After observing the annual sales and marketing strategies of the firm, the following topics explore the customer response to these marketing strategies.

4. Practical Part

In the literature review, the annual sales and marketing strategies of Skoda Auto was provided, besides from the effects of the Covid-19 outbreak on the automotive industry. This section provides a consumer survey to understand the response of consumers to the strategies of Skoda, for the effort of understanding how effective the strategies of the company was.

4.1. Consumer Survey

The survey consisted of 12 questions, each question designed to understand certain aspects of the company's strategies such as awareness, channels, innovation, or relevance. The aspects and questions are as follows:

- 1- **Awareness:** Were you aware of Skoda's marketing strategies during the Covid-19 pandemic? (Yes or No)
- 2- **Channels:** Through which channels did you come across Skoda's marketing efforts during the pandemic? (TV, Radio, Social Media, Website, E-mail, Other)
- 3- **Clarity of Message:** On a scale from 1 to 5, how clear were Skoda's marketing messages regarding their products/services during the pandemic? (5 being the highest and 1 being the lowest)
- 4- **Impact on Perception:** Did Skoda's marketing efforts during the pandemic positively or negatively influence your perception of the brand?
- 5- **Relevance:** Did you find Skoda's marketing strategies relevant to the challenges posed by the pandemic? (Yes, No or Maybe)
- 6- **Engagement:** Did Skoda's marketing efforts encourage you to engage with the brand, such as visiting their website, following them on social media, or considering their products? (Yes, No or Maybe)
- 7- **Innovation:** Did you perceive Skoda as innovative in their marketing strategies during the pandemic? (Yes, No or Maybe)
- 8- **Safety Measures:** To what extent did Skoda communicate safety measures and precautions in their marketing during the pandemic? (Contactless Services, Hygiene Practices, Digital Showroom, VR Test Drive, Other)

- 9- **Customer Support:** On a scale from 1 to 5, how satisfied were you with Skoda's customer support and communication during the pandemic? (5 being the highest and 1 being the lowest)
- 10- **Purchase Consideration:** Did Skoda's marketing efforts during the pandemic influence your consideration to purchase their products? (Yes, No or Maybe)
- 11- **Competitor Comparison:** In comparison to other automotive brands, how would you rate Skoda's marketing strategies during the pandemic? (5 being the highest and 1 being the lowest)
- 12- **Overall Satisfaction:** On a scale of 1 to 5, how satisfied are you with Skoda's marketing strategies during the Covid-19 pandemic? (5 being the highest and 1 being the lowest)

As a result, essential parameters are determined from this survey to measure the consumer satisfaction of Skoda's strategies. The results are provided and discussed in the following section.

5. Results and Discussion

5.1. Results

The results of each question are provided below. Some results can also be found in Appendix in graphs, for a better visualization.

- 1- **Awareness:** Were you aware of Skoda's marketing strategies during the Covid-19 pandemic?

73% of the participants said yes, remaining 27% said no.

- 2- **Channels:** Through which channels did you come across Skoda's marketing efforts during the pandemic? (Social media, TV, radio, email, website, etc.)

68% of the applicants chose social media, 19% chose other (such as billboards or friends), 8% chose TV and 5% chose website. None of the participants chose radio.

- 3- **Clarity of Message:** How clear were Skoda's marketing messages regarding their products/services during the pandemic?

Based on a scale between 1-5, a 74% satisfaction is obtained on the clarity of message.

- 4- **Impact on Perception:** Did Skoda's marketing efforts during the pandemic positively or negatively influence your perception of the brand?

91.5% positive feedback is recorded.

- 5- **Relevance:** Did you find Skoda's marketing strategies relevant to the challenges posed by the pandemic?

63% of the attendees said yes, 8% said no and the remaining 29% said maybe.

- 6- **Engagement:** Did Skoda's marketing efforts encourage you to engage with the brand, such as visiting their website, following them on social media, or considering their products?

66% of the attendees said yes, 7% said no and the remaining 27% said maybe.

- 7- **Innovation:** Did you perceive Skoda as innovative in their marketing strategies during the pandemic?

74% of the attendees said yes, 2% said no and the remaining 24% said maybe.

8- **Safety Measures:** To what extent did Skoda communicate safety measures and precautions in their marketing during the pandemic? (Contactless Services, Hygiene Practices, Digital Showroom, VR Test Drive, Other)

44% of the attendees preferred contactless services and 36% preferred digital showrooms. Remaining 13% chose hygiene practices and 5% chose VR test drive. A small portion of attendees, by 2% stated they did not prefer any of these options.

9- **Customer Support:** On a scale from 1 to 5, how satisfied were you with Skoda's customer support and communication during the pandemic? (5 being the highest and 1 being the lowest)

Based on a scale between 1-5, a 78% satisfaction is obtained on the customer support.

10- **Purchase Consideration:** Did Skoda's marketing efforts during the pandemic influence your consideration to purchase their products? (Yes, No or Maybe)

64% of the attendees stated that their opinions changed by the companies marketing efforts. 11% said no and the remaining 25% was uncertain.

11- **Competitor Comparison:** In comparison to other automotive brands, how would you rate Skoda's marketing strategies during the pandemic? (5 being the highest and 1 being the lowest)

Based on a scale between 1-5, a 76% positive response is obtained in comparison of Skoda by competitor brands.

12- **Overall Satisfaction:** On a scale of 1 to 5, how satisfied are you with Skoda's marketing strategies during the Covid-19 pandemic? (5 being the highest and 1 being the lowest)

Based on a scale between 1-5, a 80% positive response is obtained for the overall satisfaction of Skoda Auto's marketing strategies during the Covid-19 pandemic.

5.2. Discussion

With the unexpected outbreak of the Covid-19 pandemic, whole world experienced radical changes in their professional and personal lives. This crisis changed the routines, behaviours, physical and psychological wellbeing of everyone around the globe, as well as created serious difficulties for businesses and world economy. Numerous research stated that household consumptions changed dramatically, due to fear and economical instability of consumers. Unemployment rates increased; governments had to spend money on pay-check protection programs or to relieve struggling businesses. It was also reported that Covid-19 had similar economic effects as the Great Depression, and it was the greatest economic contraction since 1947.

Naturally, this contraction changed customer behaviours and buying habits. It was observed that consumers reduced their luxury purchases and began to hoard essential products like groceries and cleaning supplies such as toilet paper. Those initial reactions were followed by perhaps permanent changes in customer behaviour. Under mental stress, fear and changes in lifestyle and habits, it is actually not easy to foresee how customers would react to this crisis. It is important to acknowledge that making irrational decisions in the times of crisis is rational. Consumers demonstrated irrational behaviour due to severe changes in their lives, which led to stress and fear. The unemployment rate and supply chain disruptions were two of the most essential factors behind the irrational behaviour. With the people lost their jobs, or the ones afraid of losing their jobs, they were not certain about being able to pay even for their most essential needs, like rent or food. Thus, they reduced their luxury purchases and arbitrary products. Economical struggles caused from unemployment was so intense in some countries that even suicide cases were reported due to the financial problems of citizens. With the setbacks in supply chains and short stocks, most consumers couldn't find basic groceries or hygiene products in their local stores. This led to panic buying and hoarding of every essential household product. Also, with the health concerns, people obviously gave up going for dinner outside, going to see a movie or a concert. Of course, those events were restricted with the government regulations at the early stages of the pandemic but even after the restrictions were lifted, we observed that people were reluctant to going crowded public places.

With the decrement in the luxury goods sales, most businesses had to change their business operations and marketing strategies in the effort of coming through this crisis with minimum damage. However, it is notable that successful businesses did not just “tried” to get over this

crisis, they changed the situation in their advantage. Especially digital businesses, contactless services, media services significantly benefited from this crisis. Conventional businesses had to take effective measurements to survive. Most firms made donations or helps to the ones in need during the pandemic for purpose marketing. It was reported that customers revised their brand royalties in the pandemic, and majority of them decided to use companies that were sensitive to the pandemic. 2 factors were thought essential for business operations: ethical practise and innovation. Humanitarian aids and donations were the way of businesses showing their corporate social responsibility. In other words, a demonstration of they care about people, not only money and margins. Even tough companies spent millions of dollars for corporate reputation, without the expectation of a profit, this was a successful marketing strategy. As customers changed their buying habits, it was seen that they cared about trust. In the early stages of the pandemic, people experienced some severe pricing in essential goods. For example, some firms started to sell medical masks or hand sanitizers 2-3 times more expensive than their regular prices. This was a perfect example of unethical business practices. Thus, customers avoided this profiteer behaviour and approached other firms which they trusted. Studies demonstrated that 44% of the customers changed their brand loyalties due to the companies' approach to the pandemic. Losing customers in a time of crisis can be deadly for businesses. 44% change in customers' brand preferences shows that firms couldn't reached their customers the way they need to. People are mostly loyal to the brands. Everyone has a favourite brand for a car, a mobile phone, clothes, or even smaller items like a pen or tissue. Once they start to use a product of a company that they love, they usually don't tend to change it. Same is valid for the services. Consumers also have a favourite restaurants, pubs, or grocery stores. Nobody would change their habits easily, unless you notice something you don't like. For example, if your favourite clothing store would start to sell medical face masks much more expensive than the market, or if you find out that their masks are fake, does not provide protection, you may feel hesitant before shopping from that store again for any other product. Thus, it was important for businesses to remain ethical during this financial crisis.

Innovation part was not just as easy as giving money or supplies as donation. Firms had to find out new strategies, new channels, and perhaps new products to reach their customers and maintain their operations. Even tough it seems hard at first, to spend money and time on innovation, or research and development studies in the economic contraction times,

countless studies reveal that businesses should spend capital on R&D in the times of crisis, which would help their businesses to reach next levels after the crisis.

New strategies were different for different types of businesses. R&D studies were not restricted only by product development, but to come up with new strategies.

Restaurants, even the luxury ones, started to take home delivery orders or revised their prices to attract customers from every economical class. Organization companies started online shows and concerts. Industrial businesses used new marketing strategies, new distribution channels to increase their sales. Banks revised their loans or return rates. Luxury product suppliers revised their prices to be more affordable. As stated before, people were reluctant to go to public places. This situation involved shopping on-site and try sample products, especially for clothing and make-up. Brands came up with digital, or contactless, service methods. However, even with safety measurements and new business operations, people were not fond of to spend any money besides their basic needs. MMWR stated that 80% of the people supported staying at home during the pandemic and closure of non-essential businesses. Financial problems combined with fear of health, was a stunning obstacle for businesses to draw customers. At this point it is important to remind again that good management must find a way to take advantage of such crisis, use it as a chance of growing. Media services such as Netflix or Disney easily changed this crisis into a benefit with increasing subscribers. Suppliers and manufacturers of at-home activities like board games and puzzles also benefited from increased sales. This study investigates a much more challenging sector: Automotive Industry. Which is one of the most luxury product a regular consumer can buy.

To explain the struggles in automotive industry, some numbers can be demonstrated. For example, 67% people in China reevaluated the need of vehicle in their household during the pandemic. Production decreased by 250,000 cars in Central and Eastern Europe while 136,000 employees in the automotive industry impacted, with Czechia being the most affected one by 45,000 employees. Stating the situation of automotive industry in Czechia, this study conducted a survey investigating the marketing strategies of a Czech car company Skoda Auto, to understand how the company handled the difficulties of pandemic and whether the applied strategies were successful or not.

Before investigating the strategies of Skoda, it is useful to remember the impact of Covid-19 on other car companies. Checking the Table 3.1. in literature review one can see that known brands such as Toyota, Suzuki or Hyundai went through ranging decrements between

40% to 47% in sales. While decrement in sales showed alterations in different regions, roughly 20% decrements were observed from U.S. to Central Europe. The biggest hit was on the European Union, with 2542 million USD impact in the automotive industry. Most firms such as Ford, General Motors or Honda initiated different advertisements and strategies to overcome this crisis. While the positive and negative results of these marketing efforts are disputable, this study focuses specifically on the marketing strategies of Skoda Auto.

By checking the annual reports of Skoda Auto's, one can see that in 2019, the company embraced a long-term strategy to become more environmentally friendly. They targeted to decrease their negative impact on the environment by roughly 50% by 2025, compared to 2010. They also stated that they consider the artificial intelligence and autonomous driving is the future of the automotive industry. It is clear that Skoda does not make short term plans, they define their targets for the future in the long term. However, in 2019, the company experienced a 0.9% decrease in overall sales. It is important to mention that this decrement was due to the decrease in the Chinese market. The sales in other markets were increased by 5.3%. In literature review, it was reported that people were considering the number of vehicles they need in China. While there is not a direct link to the cause of decreasing sales in China, considering it is also the starting point of Covid-19, one can propose that the effects of pandemic impacted the global sales of Skoda Auto especially in China. Moreover, by investigating the marketing strategies of the company in 2019, we see that they only advertised their future targets on vehicles and production methods. There is no marketing strategy targeting the Covid-19 crisis. Considering that Covid-19 broke out in the first quarter of 2019, this situation suggests that Skoda did not respond to the situation quickly, did not make sudden decisions or precautions but they stick to their long-term plans. Even though the sales experienced a slight decrease; it is also observed that the market share of Skoda Auto's increased by 0.1% in 2019. Looking to the overall numbers, it can be said that while 2019 was not a definite success for Skoda, it was also not a failure.

In 2020, Skoda experienced even lower sales, with 19.1% decrement. While this number suggests an unsuccessful business plan, the major obstacles due to the pandemic relieved the decreased sales up to a point. The closure of Czech production plants longer than a month, combined with the disruption of the sales channels in Chinese markets puts the company in much more difficulties compared to 2019. It is observed that the biggest losses were in Chinese, Czech and Turkish markets. It is convenient that with the closed plants and

channels, the sales of Chinese and Czech markets experienced a loss. The company also states that the unstable economical and political conditions in Turkey were the reasons of their decreased sales. The market share also observed to be decreased by 0.1%, back to its value in 2018, suggesting that 2020 was not a bright year for Skoda. Company states that they customized their strategies specifically for each market, to overcome the temporary interruptions in sales channels. They also reported that these improvements had positive effects in customer deliveries in the second half of the year. After 2019, we see that they embraced more Covid-19 centred marketing strategies. The first initiative was to donate 100 new Octavia model vehicles to health and social service providers. This strategy was also employed by other brands were offering special discounts for healthcare professionals. Skoda's initiative was a clever and effective move to demonstrate corporate social responsibility and to get their vehicles on public eye. It is known that public figures, like celebrities and politicians use luxury cars such as Mercedes or Audi, which creates a desire for other people to use the same vehicles. Who wouldn't want to use the same car as George Clooney, per say. A public figure using your product, definitely increases the value of the brand. During to pandemic, healthcare professionals were the most famous public figures. Everyone was expressing their gratitude to them and advertising them as heroes. Think about seeing a doctor, that is working to save your life, driving a Skoda, you would grow sympathy to the brand subconsciously. Donating the vehicles allowed the community to see those health service providers use Skoda Auto's vehicles and increased the recognition of the brand, to my opinion. They also make financial contributions to provide necessary health measurements in their dealerships and provide their customers necessary help during these challenging times. They constantly expressed that their priorities are their customers. The company made financial contributions for effective respirators and implementing safety measures. They advertised using intense cleaning measurements in their showrooms and vehicles. They also offered video presentations for their cars and safety checks, with the option of arranging test drives from home. Besides from advising their customers to stay at home and not to drive unless it is necessary, they also provided a helpline number for road assistance. Lastly, even with sales channels and production plants shutting down, Skoda increased their employment number by 1.7% in 2020. Considering the decrement in sales and unemployment rates all over the globe, increment on the employment rates indicates the social responsibility of the company.

By looking at the overall strategies of 2020, Skoda seems to take necessary precautions to overcome the pandemic, but still sticking to their 2025 plans. Even though their sales and market share were decreased, they showed that they are caring for their customers by advising them to stay at home, investing in aids and health measurements, donations, and increased employment rates. However, there is still lack of an overall campaign on the brand. They have taken precautions locally in their dealerships, but unlike Toyota's "We're Here for You" campaign, or Honda's "The Power of Something Greater" campaign, Skoda did not initiate a global campaign for advertising their brand in Covid-19, only initiated local precautions.

In 2021, it was seen that their 2025 targets were changed with 2030 targets. They embraced a new mission to help the world live smarter. They initiated special projects for India, Russia and North Africa, with the effort of being the leading European brand in the regions. They stated to aim selling every fifth car online by 2025, with the digital showrooms being in fashion. Digital showrooms were in fashion due to the pandemic, but with Skoda's plan to use them more often in 2025, demonstrates that they did not saw Covid-19 as a temporary phase, but took actions to continue their business with the new market conditions, by relying more on digital channels. The company experienced further decrease in sales in 2021 by 12.6%, which they linked this decrement to Covid-19 and the lack of semiconductors and stated that their sales numbers were a success under those conditions. After 2 years with pandemic, they changed their marketing strategy to be closer to their customers. They specifically stated to prioritize their customers' needs and adjust to evolving industry, transform to a customer-centric brand. Still without a global campaign, they shared the numbers concerning Covid-19, that their 29,000 employees tested for Covid with 0.66% being positive and spending 1 billion USD to ensure their employees' health, including free vaccine.

Rather than working on a global marketing strategy, the company focused on regions individually. They noticed the difficulties in India due to the pandemic and supplied oxygen tanks and medical equipment to the region. They advertised to be in contact with their employees in India to provide their needs. They also launched a new model KUSHAQ, specifically designed for Indian market and achieved 108.9% increase in deliveries.

In May 2021, they launched another new model named ENYAQ iV, with marketing team prioritized to enable customers to explore this vehicle from their homes. They designed augmented reality representation of the vehicle that allowed customers to access by their

phones. They launched digital showrooms on Amazon and 3D experiences on Facebook, besides launching an online magazine to increase the strength of their relationship with their customers. They donated 55 ENYAQ models to EU presidencies, which again increased the brand reputation after the donation of 100 Octavia donations. Lastly, after embracing that customers are getting used to staying at their homes, they launched chargers for household use for their electrical vehicles, which can be used with Wi-Fi networks or RFID readers. It is obvious that Skoda took some precautions concerning Covid-19 directly in 2022, also provided digital channels with Amazon and Facebook, which are effective channels to reach customers. However, considering that Covid-19 started at the first quarter of 2019, launching these channels in 2022 can be considered a little overdue. Decreasing sales year after year also demonstrates that they did not take required actions fast enough to overcome the challenges of the pandemic. However, we see that they plan to use digital showrooms more often by 2030. This suggests that they are not seeing these channels as precautions for the pandemic, but a permanent strategy for the company's future. It is clear that the firm took their time, did not take actions in a rush but planned long-term strategies to profit in the future. By 2022, it was understood that the pandemic changed the rules of the business world. Most firms initiated hybrid working models even after the safety measures were lifted. People continued online shopping even when they can go to the stores. Thus, it is convenient that with the option of digital showrooms and VR test drives, people would not be eager to go to the car dealerships for buying vehicles. The strategy of Skoda of embracing digitalization in the long term is a smart one in this perspective.

They also showed that as a strong global firm, they did not back down from their decreasing sales. As stated in the literature review, various studies indicate that firms should invest in R&D studies in times of crisis. Skoda launched 2 new models despite the difficulties of the pandemic, one designed specifically for the Indian market, and one as an electrical vehicle which aligned with their promises of a greener production. They also seem to have learned from their mistakes. After each year with decreased sales, they embraced new strategies. By launching new channels, new models, aids, and donations, they showed that they are listening to their customers, trying to solve their problems. As a result, in my opinion, even though they did not experience any increase in their sales, I believe the strategies they employed in the pandemic will increase the brand value in the long term.

After discussing the strategies of the firm based on their global sales, a survey was conducted to investigate the firm's success more locally, in the Czech Republic, which is also where the

company is based. The survey is consisted of 12 questions to evaluate the firm's strategies from different perspectives such as awareness, relevance, or engagement.

The high awareness level, with 73% of participants being aware of Skoda's marketing efforts, indicates a commendable reach and visibility achieved during challenging times. This suggests that Skoda was successful in navigating the crowded digital landscape, ensuring that its marketing messages resonated with a significant portion of its target demographic. A notable aspect of the survey is the preference for social media as the primary channel through which participants encountered Skoda's marketing efforts, chosen by 68% of respondents. This underscores the importance of a strong digital presence and the ability to effectively utilize social media platforms. Skoda's success in this area indicates a strategic understanding of where its audience is most active and receptive. By their annual reports, it was also reported that their digital magazine had 200,00 monthly visitors. Using Amazon and Facebook as digital channels also seem to give satisfactory results based on the survey results. Moving forward, the brand should continue to optimize and leverage social media channels to maintain and potentially expand its reach, which they plan to do so in the future, based on their statements.

The clarity of Skoda's marketing messages, as reflected in the 74% satisfaction rate, is a key strength. They expressed their intentions to improve their relationship with customers, to use digital channels more often, to decrease the emissions of their plants clearly. Clear and easily understood communication is essential in conveying brand values, products, and services. Skoda's ability to effectively communicate its messaging during a period of uncertainty showcases a brand that understands the importance of transparency and straightforward communication. A highly positive outcome from the survey is the 91.5% of participants reporting a positive influence on their perception of the Skoda brand due to its marketing efforts. This is a significant achievement, as it indicates not only visibility but a favourable impact on the audience's perception. By donating vehicles to EU presidencies and healthcare professionals, by emphasizing the needs of the customers and R&D studies on specific markets, the company raised a perfect corporate image during the pandemic and survey results shows that these strategies found their target. Skoda should capitalize on this positive sentiment in future campaigns, reinforcing and building upon the aspects that resonated well with consumers. The relevance of Skoda's marketing strategies to the challenges posed by the pandemic, as acknowledged by 63% of respondents, indicates an alignment with

consumer needs and concerns. This adaptability is crucial in maintaining brand relevance during times of uncertainty. Considering they launched 2 new models, 1 for Indian market and 1 electrical vehicle, it is possible that remaining 37% may found these products not for themselves. Considering that 29% of the attendees were not certain whether the strategies were relevant or not, it can be said that Skoda should have employed more specific strategies. We also observed that they did not took specific actions towards the pandemic until 2022, which justifies this result. Skoda should continue to monitor and respond to evolving challenges, perhaps by providing more general strategies around the globe. The survey also highlights that Skoda's marketing efforts were successful in encouraging engagement, with 66% of participants indicating interaction with the brand, such as visiting the website or following on social media. This engagement is a key indicator of consumer interest and should be further cultivated to deepen the brand-consumer relationship. 74% of the attendees stated that they found Skoda's strategies as innovative. Considering the firm has launched 2 new models during the pandemic, this result is highly convenient.

Even though the company advertised their safety measures in dealerships constantly, only 13% of the attendees said they noticed the hygiene practices of the company. 44% of the attendees said they prefer contactless services and 36% prefers digital showrooms. Thus, even after the risk of Covid decreased, these results suggest that people don't want to go to the dealerships, they are intrigued by the digital channels. Based on the company's strategies in 2022, it seems like Skoda is aware of that. They intend to use digital channels more often by 2030, which is a wise strategy considering the survey results. 78% of the attendees were happy with the customers support of the firms. This result shows that the customer support call-lines of the firm reached their target in the pandemic. 64% of the customers stated that they would consider purchasing a vehicle from Skoda, 25% was not certain and only 115 said no. To my opinion, it is not fair to evaluate the marketing success of the brand by the purchasing decisions of customers during the pandemic. There is no doubt that a successful business must be able to sell its product during crisis, however, with cars being a luxury product, it had much more difficulties in maintaining high sale numbers. In literature review, it was stated that consumers re-evaluated their needs and avoided luxury products. With economical concerns, it is not wise for most customers to buy a new car during pandemic. Also, considering the decrement of other car brands in sales, by 40% to 47%, Skoda's overall decrement in sales of roughly 10%-20% can be seen as a success during the pandemic. It is also important to note that the survey was for Czech customers and Skoda did not initiate

any specific marketing effort to increase their sales for Czech. Also, they took the biggest hit in the Czech market with their production plants being shut down. Still, the results demonstrated a 76% positive response of marketing strategies comparing Skoda to their competitors, and overall 80% satisfaction of the firm. Customer-centred strategies with new products seem to increase the brand value in customers' eye.

In conclusion, the survey results paint a positive picture of Skoda's marketing strategies during the pandemic. The brand has effectively reached its audience, communicated clear messages, positively influenced perceptions, and demonstrated adaptability and innovation. Moving forward, it is imperative for Skoda to leverage these strengths while addressing any identified areas of improvement to ensure sustained success in its marketing endeavours.

5.3. SWOT Analysis

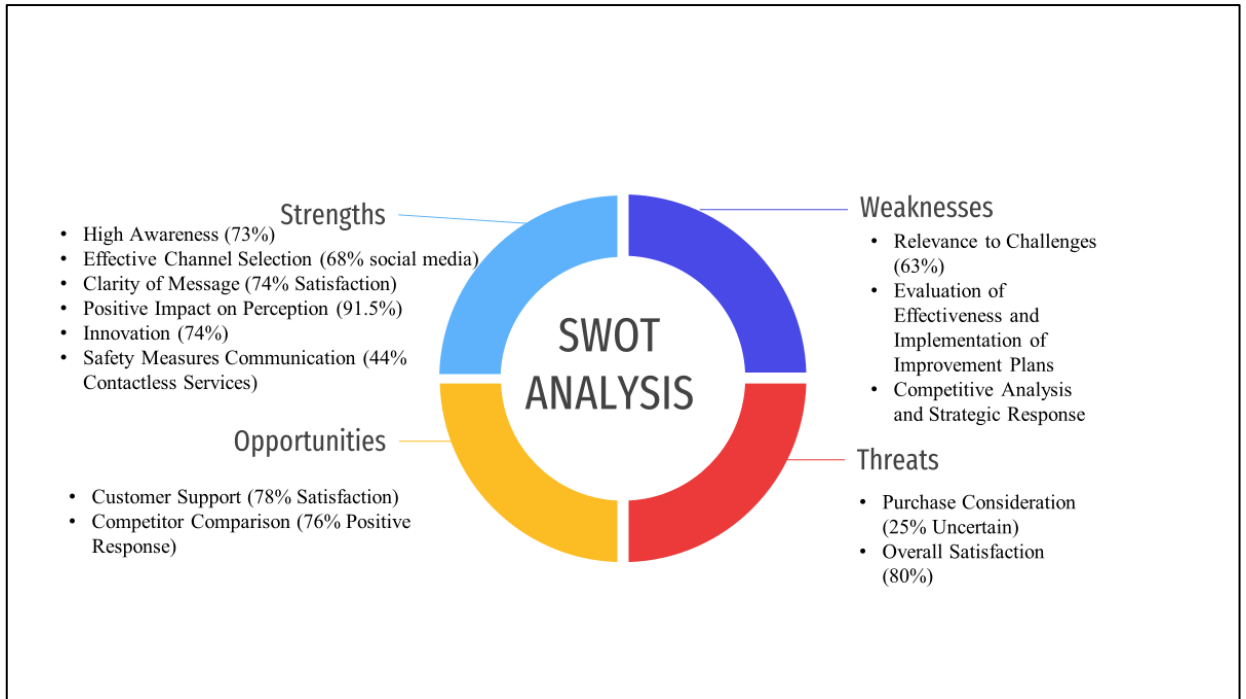


Figure 22. SWOT Analysis Diagram (Source: Own Diagram)

Strengths

- High Awareness (73%): Skoda's marketing strategies were successful in creating a high level of awareness, indicating effective reach and visibility.
- Effective Channel Selection (68% social media): Social media emerged as the most popular channel, showcasing Skoda's adeptness in leveraging digital platforms to engage with the audience.
- Clarity of Message (74% Satisfaction): Most participants expressed satisfaction with the clarity of Skoda's marketing messages, indicating effective communication of brand values and offerings.
- Positive Impact on Perception (91.5%): Skoda's marketing efforts overwhelmingly had a positive influence on participants' perceptions, reflecting a strong brand image and reputation.
- Innovation (74%): A significant percentage recognized Skoda as innovative in their marketing strategies, suggesting a differentiation from competitors and an ability to capture audience attention.

- **Safety Measures Communication (44% Contactless Services):** Skoda's emphasis on contactless services aligns with evolving consumer preferences during the pandemic, demonstrating responsiveness to safety concerns.

Weaknesses

- **Relevance to Challenges (63%):** While a majority found Skoda's marketing relevant, the 29% who were unsure or found it irrelevant suggest there is room for improvement in aligning strategies more closely with pandemic challenges.
- **Evaluation of Effectiveness and Implementation of Improvement Plans:** Skoda should prioritize assessing the effectiveness of its marketing strategies regularly and devising improvement plans based on customer feedback. This proactive approach will enable Skoda to refine its marketing efforts, ensuring they are more targeted and aligned with customer expectations, thereby enhancing overall customer satisfaction, and driving higher sales.
- **Competitive Analysis and Strategic Response:** Skoda must conduct thorough and ongoing analyses of competitors' strategies and market positioning. By understanding competitors' strengths and weaknesses, Skoda can identify areas for differentiation and improvement. This strategic insight will allow Skoda to respond effectively to market dynamics, maintain a competitive edge, and capture a larger share of the market while fostering greater customer loyalty.

Opportunities

- **Customer Support (78% Satisfaction):** The high satisfaction with customer support presents an opportunity for Skoda to leverage this positive aspect for continued customer engagement and loyalty.
- **Competitor Comparison (76% Positive Response):** Positive ratings in comparison to other automotive brands indicate an opportunity for Skoda to capitalize on its perceived strengths and differentiate itself further in the market.

Threats

- **Purchase Consideration (25% Uncertain):** The uncertainty in purchase consideration (25% unsure) suggests potential threats in converting interest into actual purchases. Skoda needs to address factors influencing purchase decisions.
- **Overall Satisfaction (80%):** The high overall satisfaction rating is a significant strength and opportunity for Skoda to build on its success, but it should be cautious of potential threats in the areas of purchase consideration and competition.

In summary, Skoda has several strengths and opportunities to leverage from the survey results, but there are areas of improvement in channel diversity and further aligning marketing strategies with perceived relevance to pandemic challenges. Addressing these weaknesses and capitalizing on strengths and opportunities will help Skoda maintain and enhance its position in the market. The automotive industry is highly competitive, and Skoda needs to continuously monitor and adapt its marketing strategies to stay ahead in the dynamic market landscape.

6. Conclusion

Skoda, a prominent figure in the automotive sector, grappled with the challenge of adjusting to the new normal induced by the pandemic. While the initial response may have been gradual, Skoda showcased resilience and agility in implementing measures to meet the evolving needs of consumers. Through the adoption of ethical practices, innovation, and customer-centric strategies, Skoda not only navigated through the difficulties but also emerged as a symbol of success in the face of adversity.

The company's proactive stance, encompassing actions such as donations, adherence to health protocols, and the introduction of new products tailored to market demands, illustrates a dedication to customer satisfaction and the enhancement of brand value. Skoda's strategic shift towards digital channels and initiatives for long-term growth reflects a forward-thinking mindset aimed at maintaining a competitive edge in a rapidly changing market environment.

The overwhelmingly positive response to Skoda's marketing strategies during the pandemic indicates a strong resonance with consumers and a high level of satisfaction. This achievement underscores Skoda's ability to heed its customers' feedback, adapt to dynamic circumstances, and introduce innovative solutions when confronted with challenges. By giving precedence to customer support, innovation, and ethical practices, Skoda not only successfully navigated the crisis but also established a robust foundation for future growth and success.

Skoda's marketing strategies during the Covid-19 pandemic exhibit several notable advantages. The high awareness level (73%) reflects a successful outreach, fostering increased brand visibility and recognition. The effective use of social media (68%) demonstrates adaptability to modern communication trends, engaging a wide audience and enhancing the brand's digital presence. Additionally, the clarity of Skoda's marketing messages (74% satisfaction) contributes to consumer understanding and trust, while the overwhelmingly positive impact on perception (91.5%) positions Skoda as a brand that resonates well with its audience. Innovativeness (74%) distinguishes Skoda from competitors, capturing consumer attention. Addressing safety concerns through communication about contactless services (44%) underscores the brand's responsiveness to changing consumer needs. High customer support satisfaction (78%) and positive competitor

comparisons (76%) further enhance Skoda's market position. However, potential disadvantages include uncertainties in purchase consideration (25% unsure) and remaining vigilant in the competitive landscape are areas for improvement to sustain and build upon Skoda's success.

In summary, Skoda's experience during the Covid-19 pandemic stands as a compelling example of resilience, adaptability, and a customer-centric approach in the face of unprecedented challenges. As the company continues its journey towards digitalization and long-term sustainability, the positive reception of its strategies signals a promising future marked by opportunities for growth, innovation, and sustained success in the fiercely competitive automotive market. In the future, the company should focus on making more global campaigns to attract more customers. I believe that they are sufficient on innovation, R&D and have successful strategies in their production operations. Still, they should increase their marketing efforts. Their long-term plans for more efficient and green production are on-point for evolving in the automotive industry, however, rather than industrial decisions alone, they should come up with innovative marketing strategies to reach out to more people.

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8. Appendix

SURVEY QUESTIONS

- 1- **Awareness:** Were you aware of Skoda's marketing strategies during the Covid-19 pandemic? (Yes or No)
- 2- **Channels:** Through which channels did you come across Skoda's marketing efforts during the pandemic? (TV, Radio, Social Media, Website, E-mail, Other)
- 3- **Clarity of Message:** On a scale from 1 to 5, how clear were Skoda's marketing messages regarding their products/services during the pandemic? (5 being the highest and 1 being the lowest)
- 4- **Impact on Perception:** Did Skoda's marketing efforts during the pandemic positively or negatively influence your perception of the brand?
- 5- **Relevance:** Did you find Skoda's marketing strategies relevant to the challenges posed by the pandemic? (Yes, No or Maybe)
- 6- **Engagement:** Did Skoda's marketing efforts encourage you to engage with the brand, such as visiting their website, following them on social media, or considering their products? (Yes, No or Maybe)
- 7- **Innovation:** Did you perceive Skoda as innovative in their marketing strategies during the pandemic? (Yes, No or Maybe)
- 8- **Safety Measures:** To what extent did Skoda communicate safety measures and precautions in their marketing during the pandemic? (Contactless Services, Hygiene Practices, Digital Showroom, VR Test Drive, Other)
- 9- **Customer Support:** On a scale from 1 to 5, how satisfied were you with Skoda's customer support and communication during the pandemic? (5 being the highest and 1 being the lowest)
- 10- **Purchase Consideration:** Did Skoda's marketing efforts during the pandemic influence your consideration to purchase their products? (Yes, No or Maybe)
- 11- **Competitor Comparison:** In comparison to other automotive brands, how would you rate Skoda's marketing strategies during the pandemic? (5 being the highest and 1 being the lowest)
- 12- **Overall Satisfaction:** On a scale of 1 to 5, how satisfied are you with Skoda's marketing strategies during the Covid-19 pandemic? (5 being the highest and 1 being the lowest)

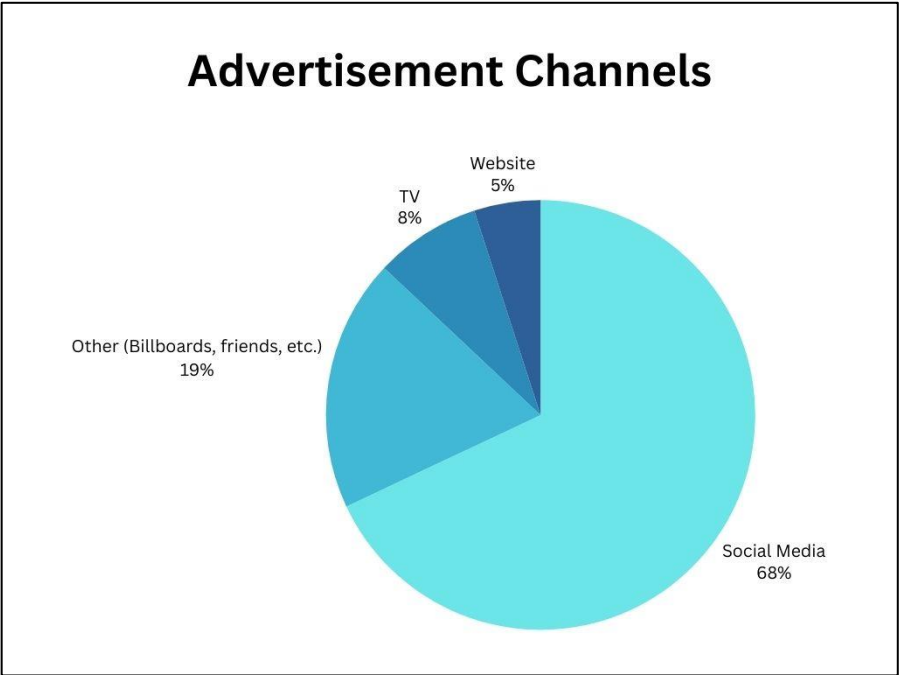


Figure 23. Consumer Preferences for Advertisement Channels of Skoda Auto (Source: Own Survey)

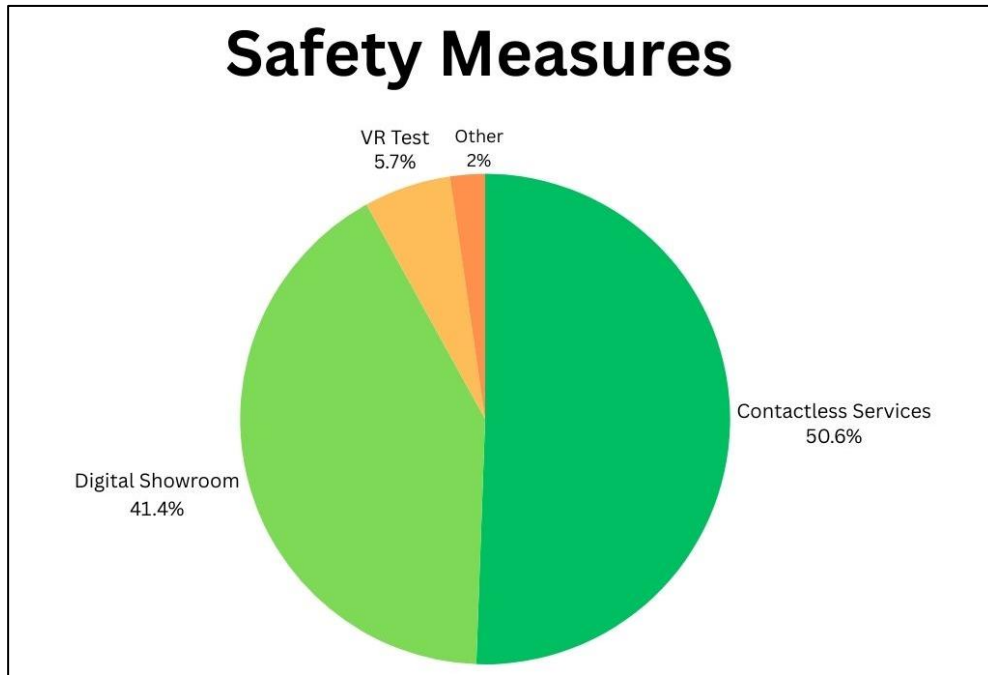


Figure 24. Consumer Preferences for Safety Measures of Skoda Auto (Source: Own Survey)

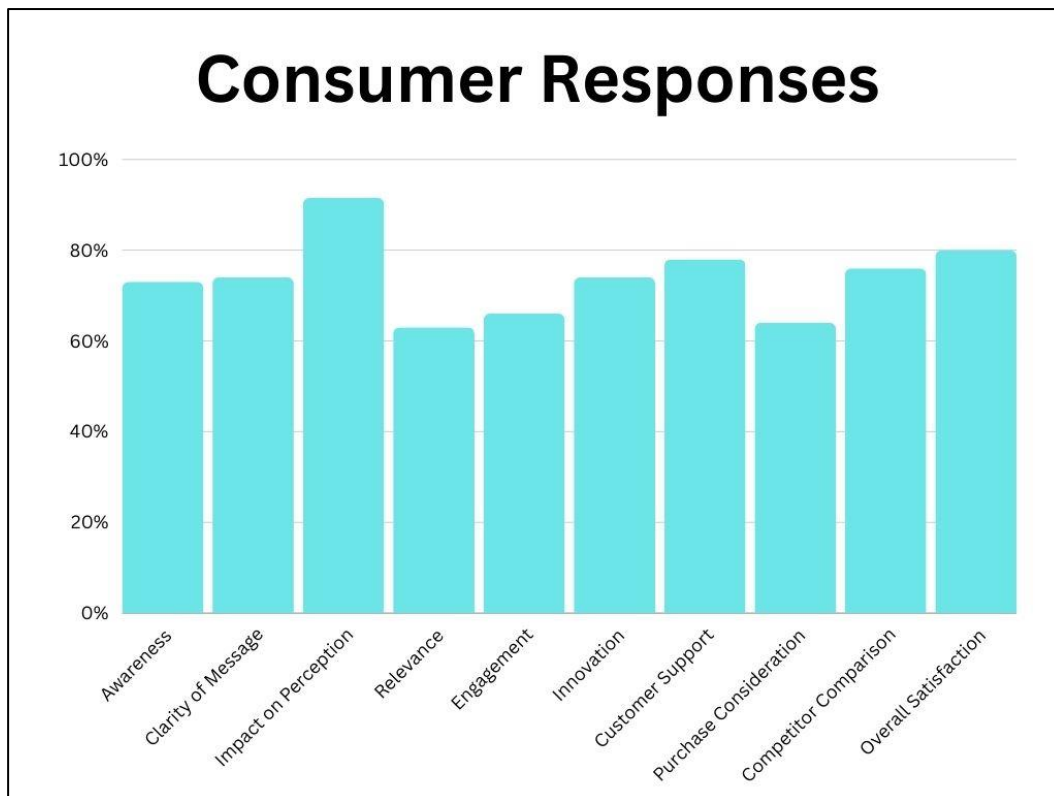


Figure 25. Consumer Responses to Marketing Strategies of Skoda Auto (Source: Own Survey)