



BIRTHRIGHT ISRAEL  
FOUNDATION  
of CANADA 

# Life After COVID-19

Birthright Israel Foundation of Canada

May 2020

# Agenda

1. Introduction
2. Reopening
  - a) Gradual Changes
  - b) New Constraints
3. Consumer Behaviors and Preferences
4. The Challenge for Digital Companies
5. The Challenge for Charities and Philanthropic Activity
6. Conclusion

# 1. Introduction

# After 2 and half months of economic lockdown

- ▶ The pandemic curve appears to have flattened. Hospitals and the healthcare system have the capacity to manage the problem
- ▶ The problem is that the cost to achieve this has been enormous
  - ▶ A federal deficit projected to be upwards of \$200 billion in 2021 and similar levels of indebtedness at other levels of government
  - ▶ Unemployment rising towards 20%
  - ▶ Unclear path forward (even though our ability to manage the virus has improved)
- ▶ There is a need to re-open the economy and put people back to work, children back to school and students back to learning

# 2. Reopening

# Reopening

- ▶ This is anything but flipping a light switch back to on...



# Why?

- ▶ The reopening in every jurisdiction in the world needs to be done gradually
  - ▶ To protect the general public
  - ▶ To protect employees
- ▶ As long as the number of cases continues to increase, planning needs to take the following factors into account
  - ▶ Social distancing and frequent hand washing remain important in almost every context
  - ▶ The wearing of PPEs and even disposable gloves may become common and/or compulsory in many contexts
  - ▶ Cleaning and disinfecting surfaces and objects that people touch or come into contact with has become essential
  - ▶ The need to reduce/eliminate the presence of contagious/infectious individuals from places where people meet has become very important

# Implications

- ▶ When you ask a business to adopt new procedures and practices, it takes time
  - ▶ To develop the procedures
  - ▶ To implement the procedures
- ▶ Businesses that open “early” will be businesses that are deemed important to get us going again
  - ▶ Restaurants (take out, delivery)
  - ▶ Clothing stores
- ▶ Businesses that open “early” are those that need less major changes to accommodate the new reality
  - ▶ Golf courses, gardening centres and parks



# Some businesses have reacted very quickly



The screenshot shows a web browser window displaying the Air Canada website. The browser's address bar shows the URL: <https://www.aircanada.com/ca/en/aco/home/book/travel-news-and-updates/2020/cleancareplus.html>. The website header includes the Air Canada logo, navigation links for 'Book', 'Plan', 'Fly', 'Altitude', 'Customer Support', 'Special Offers', and 'Sign in'. Below the header, a breadcrumb trail reads 'Home | Book | Travel News and Updates'. The main content area features a large banner image of two Air Canada staff members in yellow safety vests and blue gloves working on an aircraft. A black box with the text 'CLEANCARE+' and a red checkmark is overlaid on the image. Below the banner, the heading 'Introducing Air Canada CleanCare+' is followed by a paragraph: 'To ensure you can fly with confidence, we are introducing an industry-leading program committed to end-to-end health and safety protocols. Using new biosecurity standards and enhancing preventive measures, we are elevating the steps we're taking to keep you safe throughout your travel with us, because we believe in putting **safety first, always**.' Below this text are four icons with labels: 'Check-in', 'Boarding', 'On board', and 'FAQ'. A 'Site Feedback' button is visible on the right side of the page.

Early May

# Others not so much

- ▶ At the universities, we still do not know if we will be able to hold traditional classes
- ▶ Will classrooms need be reconfigured?
- ▶ How will residences be managed?
- ▶ How will food service be provided?
  - ▶ Buffet service (prevalent in educational settings) may be impossible
- ▶ Will incoming students accept a curriculum that is entirely delivered online?
- ▶ Will a first year engineering student that learns entirely online have achieved the same degree of mastery over the material?
  - ▶ Laboratory work
  - ▶ Field work
  - ▶ Group work

# In any event, as businesses come back online the change will be gradual..

- ▶ The reason is that customers are humans and humans develop behavior patterns
- ▶ Behavior patterns have inertia

# 3. Behaviors and Preferences

# It is really difficult to get people to change their ways..

Walkie talkie from the early 1970s



Early wireless phone



# It is really difficult to get people to change their ways..

Early wireless phone



Early mobile phone



Mobile phones don't need an antenna.

# In any event, as businesses come back to life, the change will be gradual..

- ▶ Some pre-Covid behaviors will reappear but others will not.
- ▶ If a company wants people to return to old behaviors, the company may need to help the consumer feel comfortable making the change

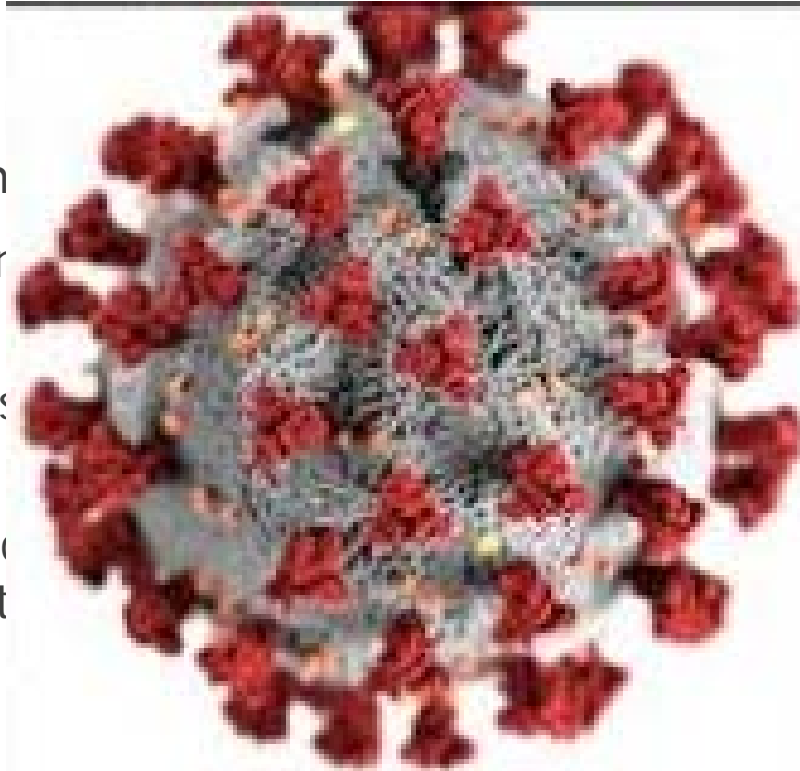
# Trends that have been on-going for years

1. People especially young adults are eating more and more of their meals outside of the house at restaurants, take out, etc...
2. People are taking more holidays than ever, usually by flying to places that are far away
3. More and More shopping is taking place online and traditional retailers are suffering
4. Streaming services are increasing in popularity and the only remaining domains of dominance for traditional TV are news and sports
5. More and more learning and training is taking place online.



# Trends that have been on-going for years

1. People especially outside of the home
2. People are taking trips far away
3. More and More people are suffering
4. Streaming services dominance for TV
5. More and more people are



more of their meals  
flying to places that are  
additional retailers are  
nly remaining domains of  
online.

# Trends that have been on-going for years

1. Eating Out: this trend will slow down and may even reverse
  - a) People may want to eat more at home.
  - b) Millennials are learning how to cook and some even enjoy it
2. Fly away on vacation: this trend will slow down, may even reverse
  - a) If you cannot fly, the return of the family vacation by car/camping may start to grow.



- b) People may be significantly more reluctant to fly, take cruises.

# Trends that have been on-going for years

3. Online retailing: this trend will accelerate
  - a) Ordering groceries online is OK, it is do-able.
  - b) Things I used to buy from Canadian Tire are now ordered
4. Online streaming: this trend will accelerate
  - a) The quality of shows on Netflix, Amazon Prime is outstanding.
  - b) Without pro-sports, the only channels we need are news and weather
5. Online learning: this trend will accelerate
  - a) Try it, you like it

# Implications for businesses

- ▶ Depending on the business you operate you need to recognize these changes and adapt
  - ▶ If people are less willing to go to restaurants and happier to eat at home, you need give them a reason to come
    - ▶ Are you a choice that truly recognizes the fears that people have as a result of the pandemic?
    - ▶ Have you made significant changes to your operations that are visible?
    - ▶ Were you the first company to make such changes?
      - ▶ If you go first, you learn first.....



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Business

## See McDonald's new European restaurant for the coronavirus era



New features include hand-washing at the entrance and cart service for sit-down customers

Thomson Reuters · Posted: May 04, 2020 5:01 PM ET | Last Updated: May 4

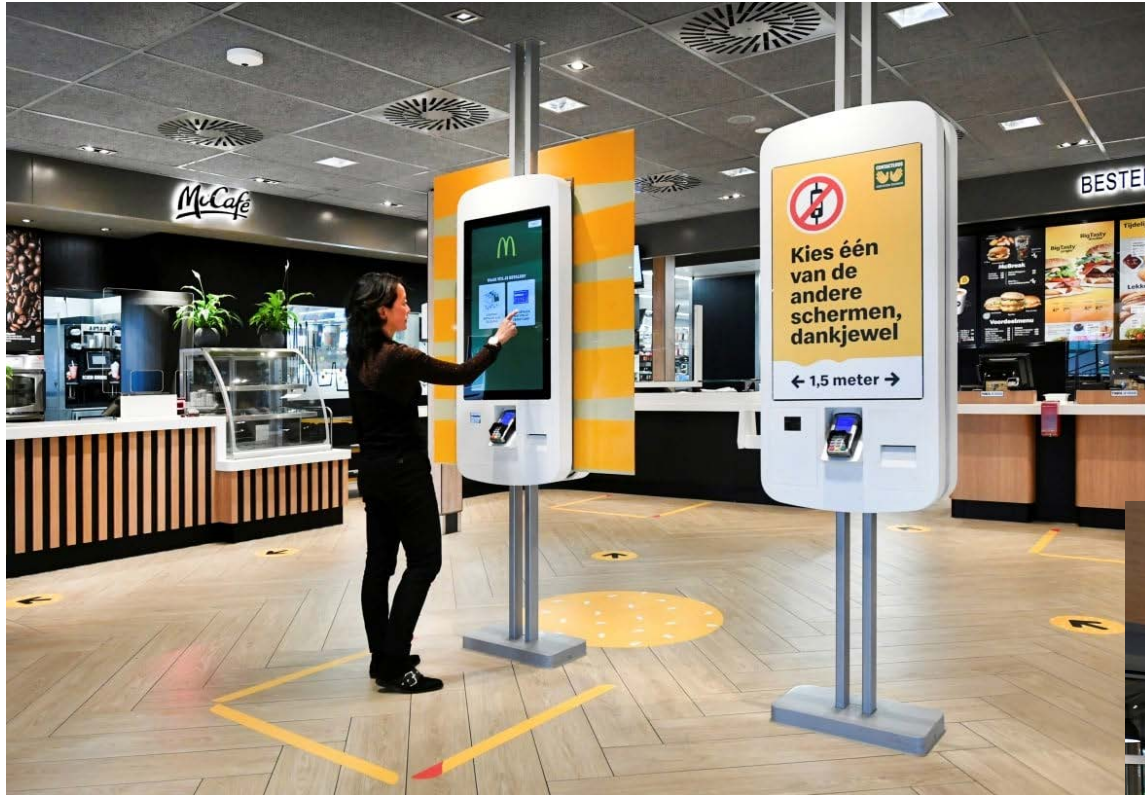


## Handwashing before and after ordering using Ordering a kiosk

D. Soberman, Rotman School







Cart delivery to avoid queues and people touch their own meals





Plastic screens between every table



# The biggest challenge will be for events that require large gatherings of people

- ▶ Professional sports, theatre, concerts, religious services
  - ▶ Even when regulations are lifted will people go?
  - ▶ Capacities may have to be reduced so that social distancing can be implemented
  - ▶ Prices will be higher and it is unclear whether the post-COVID selection will be anything like what we had in 2019
- ▶ Travel
  - ▶ Airlines are likely to be permanently affected
    - ▶ Higher cost of doing business (cleaning, equipment, pre-screening)
    - ▶ Less passengers per plane means higher prices and less flights
  - ▶ Even trains and buses
    - ▶ Any form of common transport will be impacted

# 4. The Challenge for Digital Companies

# Many Digital Companies have weathered the storm well..

- ▶ Will the economic downturn affect these large companies and will the return present another set of challenges?
  - ▶ Facebook, Google and Amazon
    - ▶ People are spending more and more time with these behemoths
    - ▶ These business models are all about network size and stickiness
    - ▶ I don't think we will be needing collections to help our friends at Facebook
    - ▶ Advertising from traditional retailers and companies may decline but overall these companies are well positioned for both the downturn and the reopening.

# The biggest challenge for many companies will be integration and coordination

- ▶ When you are a major retailer that has shifted a lot of business to online ordering and delivery, how will you integrate these businesses when stores reopen
  - ▶ Walmart
  - ▶ Carrefour (in France, other than the grocery section, the entire store has been closed)
  - ▶ Canadian Tire
- ▶ Warehousing, responsibilities of store staff for online orders, centralization of online services versus decentralized management of traditional retailers
- ▶ Coordination of pricing across channels
  - ▶ Fairness and real cost to serve across channels

# 5. The Challenge for Charities and Philanthropic Activity

# Fund raising was never easy...

- ▶ Many events have been curtailed and cancelled
  - ▶ The question is how do we make the best of a bad situation.
- ▶ An economic recession is always going to be a challenge for charities because people have less money to give, even rich people.

# Two prescriptions

- ▶ Charities need to target carefully now more than ever
  - ▶ It is important to target people with pitches for donation who themselves are NOT suffering (loss of employment for example)
    - ▶ Every message you send costs you money, make sure your messages are sent to the right people
    - ▶ If you target someone at the wrong time, the problem is not that you won't have a friend, it is that you might create an enemy
- ▶ Second, charities need to reinvent themselves and come up with an online version of events to raise money
  - ▶ There is no substitute for creativity

# Example

- ▶ I have been a regular rider in the Ride to Conquer Cancer in Quebec having lost my wife 5 years ago to lung cancer.



- ▶ This event has been cancelled.
- ▶ It seems to me that simply cancelling and waiting until next year is not the right option.



# Idea to Keep the Event Active

- ▶ For 2020, introduce the “Personal Challenge to Conquer Cancer” .
- ▶ Instead of all riding together, people could register to commit to do two long bike rides on two successive days with someone who they live with.
  - ▶ A way to continue the event in a Corona-Virus era.
- ▶ If (even) half the people register for a modified version of the event and if the fundraising amount is lowered from \$2500 per rider to say \$1250 per rider
  - ▶ perhaps 25% -50% of the funds could still be raised. It is a decline but it is better than cancelling the event all together.
  - ▶ The event stays top of mind in for riders and donors as the number one event to contribute to the Battle against Cancer

# 5. Conclusion

# The Post COVID era

- ▶ The reopening of the economy will happen gradually and the effects of this will be felt for a long time
- ▶ For some businesses, this has been a boon: Zoom, Amazon, Netflix, UberEats
- ▶ For most of the economy, this has been a disaster. Why? Because regular people have stopped buying.

# The Post COVID era

- ▶ To restart your business, you need to think carefully about 3 things
  1. Has a home-based alternative to your offer developed and it will it continue to thrive even after we are in a post COVID world?
  2. How easy is it for your business to reduce the fears that people now have (justified or not) to return and start consuming whatever it is that you offer?
  3. What are the measures that you need to take to provide world class safety for your employees and your customers?
    - ▶ If your cost structure changes, prices and potentially capacity changes need to be considered

*"That's all, Folks!"*

