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**Global Challenges and Prospects of the Modern Economic
Development**
**COVID IMPACT ON MARKETING AND SUSTAINABLE
DEVELOPMENT**

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Abstract

During the crisis caused by the spread of COVID-19, companies had to revise their business models in real-time, change established approaches to their work with consumers, restructure internal and external communications. Many contradictions have become acute. In recent years, the concept of sustainable business development has gained recognition in various areas. However, its public adoption has not always led to real actions aimed at achieving a balance of economic, social, and environmental results. The unprecedented increase in the level of uncertainty, which characterizes the economic situation in both global and local markets, calls into question the feasibility of the concept under the current conditions. The article investigates trends in consumer behavior and business reactions in terms of using marketing and sustainable development means. The data are systematized and presented according to the structure of the triune concept of sustainable development. Most successful business cases in the context of the COVID-19 pandemic are collected. The research results demonstrate that conscious consumer behavior becomes one of the trends; economic aspects appear to be more important than environmental ones. Nevertheless, the concept of sustainable development does not lose its significance; moreover, corporate social responsibility programs become particularly relevant and contribute to the strengthening of the reputation. The global turmoil also requires the involvement of the government and international communities in addressing the identified problems. Depending on the nature of support, economic actors will choose marketing and sustainable development tools in the face of both one-off and recurring crises.

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1. Introduction

The world is facing an unprecedented global crisis caused by the spread of the COVID-19. It is still unknown for how long the threat to human life and health, to business, and society in general, will last. Numerous scientists are analyzing the prerequisites of the crisis, pointing to the reasons behind the inability to quickly adapting to these new circumstances. Market research has been carried out promptly, and reports on the changes in demand and consumer behavior, as well as on the most significant consequences for business, have been published. Those that can be assessed today. Günther et al. (2020) examine the financial strength of companies during the crisis. Liu et al. (2020) analyze the implications for business and the economy from an Asian perspective, focusing on their specificities in China, South Korea, and Singapore. Gao and Ren (2020) identifies the challenges and opportunities brought about by the crisis for global value chains and suggest new approaches to achieving sustainability through the dynamic balancing of value chains. Indeed, the crisis has affected all sectors of the economy. Not only the pace has changed, but also development trends. Jones, Comfort underlines that a continuous commitment to sustainable development is vital for the recovery of the service sector that was significantly affected during the COVID crisis (Jones & Comfort, 2020). The service sector requires building new relationships with natural and social capital, along with cultural and historical heritage. Sustainable development has also been identified as a priority for the IT sphere, where digital surveillance, addressing the infodemic, and orchestrating data ecosystems became the most important aspects of the service sector (Pan & Zhang, 2020). The problem of sustainable consumption is becoming more and more topical (Cohen, 2020). The findings of the research are fairly extensive, yet controversial in many ways. It is too early to report on qualitative changes, as they are related to underlying processes and often affect the change of life and business priorities, as well as rethinking of their target guidelines. Undoubtedly, representatives of business understand that it is impossible to avoid changing strategies of companies in such circumstances. However, the big question is how to change it in the conditions of uncertainty. Many companies were able to come up with new solutions and products, adapting marketing system to the current environment. Nevertheless, this is not sufficient. The crisis has impacted human existential problems, and in business - basic and essential conceptions. In this regard, those aspects that were previously mentioned more frequently, but for various reasons were reluctantly adopted and not introduced into practice, have become a stumbling block, requiring decisive actions. They require real inclusion in global challenge issues to re-assess future development prospects.

2. Problem Statement

Sustainable business development and modern marketing concepts are determined by a responsible attitude towards consumers, society, and future generations. The COVID-19 pandemic has exacerbated these problems and demanded from companies to act decisively and make innovations in this area. It is too early for summing up the global pandemic. However, it is necessary to identify the most essential trends in changing both business and consumer behavior. This will allow reducing uncertainty, summarizing positive and negative experiences for optimal management tools selection. A significant number of studies were conducted following the first wave of the pandemic. An important task is to systematize the research results and correlate them with successful business cases.

3. Research Questions

The research questions for the article were: Will the pandemic affect the concept of sustainable business development? Will the concept preserve its meaning in general? How is consumer behavior changing under the impact of the pandemic? Is it possible to talk about the formation of new consumer habits in the post-Pandemic period? What are consumers and businesses willing to compromise on? How will change the marketing policy of companies towards society? Will the "green" trend in the economy remain?

4. Purpose of the Study

The purpose of the study is to identify trends underlying changes in consumer behavior influenced by the COVID-19 pandemic. The assessment of the impact of these changes on sustainable business development policies is of particular interest. The crisis caused by the pandemic has had an impact on behavioral factors. In this regard, it is necessary to understand whether the consumer attitude towards corporate social responsibility will change during the crisis. Since the concept of sustainable development implies engagement in several areas, the study covers the analysis of changes in economic, social, and environmental areas. On the one hand, this research is focused on identifying patterns in consumer behavior that can reduce the level of uncertainty for businesses. On the other hand, companies are changing their corporate policies, including marketing, using the situation to attract public attention or support their own image.

5. Research Methods

The study is based on the analysis and synthesis of open data before and during the COVID-19 pandemic in 2020. The empirical data includes information about the activities of public companies and analytical reports of research agencies: PWC (2019), Ipsos (2020), Kantar (2020), Young Group Social and Fields4e PR (2020). Another source is the corporate social responsibility research on large, medium, and small businesses (Agafonova & Yakhneeva, 2020; Yakhneeva et al., 2019). The basis for comparison is the estimates from 2019. Findings and conclusions take into account changes in 2020 compared to 2019. The study is conducted in the context of sustainable development aspects: economic, social, and environmental. The object of the comparative analysis is the change in consumer behavior and business marketing activity trends.

6. Findings

Sustainable business development implies the implementation of the socially oriented marketing concept and is viewed in three directions: economic, social, and environmental. The worldwide spread of the virus and the compelled response of the governments of different countries, as well as the contradictory information about the nature of the virus's impact and fighting against it, became the reasons for the high level of uncertainty in the behavior of people and companies. Businesses at different levels faced the challenge of assessing impacts and formulating possible scenarios. First of all, any business is concerned

about how consumer behavior and demand will change. A comparison of the features of consumer behavior in the pre-COVID period and during the pandemic indicates that, first of all, consumers are affected by changes in the economic landscape. Due to uncertainty associated with future employment and income, consumer behavior is becoming more conscious (Table 1). Although they are less inclined to plan, preferring to be driven by current needs, they also postpone purchases and reduce their expenses. Maintaining sustainable growth in certain categories of goods and services will be based on the habits established during the pandemic. This includes medical services and equipment, as well as hygiene and sport-related goods. There is a high likelihood that a steady demand for various services (purchase of products, online training, online exercise) will develop.

Table 1. Comparison of consumer behavior before and during the pandemic

Factors	Before	After
Economical	High pace of online shopping growth Demand for digital and physical shopping experience	Conscious consumption and avoidance of impulse purchases Delayed purchases, expenses reduction Steady growth in consumption of certain services products New contact points and customer attraction ways
Social	Sharp shift towards digital communication channels	Restriction of physical contacts Social Distance The effect of collective social anxiety in consumer groups Social-oriented consumption and product/brand selection Development of spontaneous social (including consumer) groups in digital environment
Ecological	Increasing focus on environmental issues Willingness to opt for environmentally friendly products	Not willing to take individual initiative Economic aspects are more important than environmental ones. Increase in the volume of garbage due to increased demand for delivery services and use of disposable items

Source: authors.

The environmental aspect is assessed ambiguously. The results of individual studies demonstrate that consumers opt for the economy. However, a number of experts believe that the green economy trend will continue to strengthen, and the Coronavirus pandemic could accelerate understanding of the importance of environmental issues in Russia (Kantar, 2020). In terms of business, Garel and Petit-Romec (2020) analyzed how the stock prices of companies with different environmental ratings changed against the background of coronavirus impact. The analysis revealed that the shares of 20% of companies with the highest environmental rating demonstrated higher profitability during the coronavirus shock (from February 20 to March 20) than those with lower rankings. Thus, coronavirus could not distract investors'

attention from environmental issues. On the contrary, investors encouraged companies' efforts aimed at solving environmental problems.

Restrictions imposed at the state level forced businesses to search for ways of adapting their activities to the changed conditions, on the one hand, and to use the pandemic to strengthen their reputation, on the other hand (Table 2). The study we conducted before the pandemic showed that the marketing of Russian IT companies had a weak social focus (Agafonova & Yakhneeva, 2020). At least, even with any social and philanthropic programs, this business sector did not demonstrate its commitment to social responsibility proactively. However, during the restrictive regime in Russia, IT companies became more active. Thus, Yandex launched a social project "Help Nearby", under which it organized a program of free coronavirus testing and free transportation for medical and social workers (Help is Nearby, 2020). Mail.Ru Group developed a program focused on small business support and allocated 1 billion rubles (\$12.5 mln) for this purpose (Vedomosti, 2020).

Table 2. Business Trends

Factors	Trends	Cases
Economical	Use of manufacturing capacities for medical products manufacturing Change of operating models (contactless delivery, remote employees) Acceleration of digital transformation	Development of products for people and medical institutions based on own manufacturing facilities (Mercedes, Tesla, Louis Vuitton) Contactless delivery (Yandex Food, Yandex Lavka, Sbermarket)
Social	Providing support to state, medical and public organizations Launch of social programs aimed at supporting certain groups of the population Ensuring consumer safety as part of corporate social responsibility Ensuring staff safety	Appeals for staying home (Lamoda, S7 Airlines bonuses) Free resources for medical institutions and non-profit organizations (Dove, Henkel Russia, Amway) Free delivery and meals for doctors (Domino's Pizza, Electrolux) Raising funds for physicians (Gogol Center) Sterilization of medical devices (Rosatom) Free masks and disinfectants
Ecological	The choice between ecology and economics Increase of medical waste volume	Refusing to minimize disposable plastics

Source: authors.

During the crisis, corporate communications became a key business function. As the crisis has been overcome, the significance of both external and internal communications has become increasingly recognized. For external communications, the phenomenon of "responsible communications" was formed when the contribution to fighting the virus, protecting society, and public values became the main reputational component of companies (Young Group Social & Fields4e, 2020). One of the challenges for business during the pandemic was the urgent relocation of employees to remote work and the transformation of the internal communications system. It was required to promptly solve the task of providing employees with individual protection means, informing them about current changes, and observance of security measures. Government and international community support are of great importance

for both consumers and companies. Depending on its level and the nature of the virus spread, a selection matrix for marketing and sustainable development tools can be applied (Table 3).

Table 3. Tool Selection Matrix

Support to the state and international communities/ Wave	Integrated support	Fragmented support
Single Wave	Social programs providing aid to medical and public organizations	Changing the expenditure structure on communication tools Onetime social-oriented actions
Recurrent Waves	System modification of CSR programs Service processes adaptation according to new contact points	Joint creative activities with consumers Change of internal and external communications system Customer and employee experience management

Source: authors.

Thus, in the current environment, attention to sustainable business development is manifested through the prism of social responsibility, the importance of which has increased during the ongoing crisis.

7. Conclusion

Consumer behavior is becoming more conscious, costs are decreasing, while consumption of medical goods and services is steadily growing, the significance of digital communications is growing, and environmental aspects are becoming inferior to economic ones. Businesses: the importance of corporate social responsibility programs is increasing. The main reason for this is the desire to demonstrate social contribution and promote corporate reputation. The research is based primarily on secondary data presented in analytical reports. The comparison with the pre-pandemic period covers the months of 2020, during which the impact of the restrictions, which have not been removed to date, has been observed. In some countries, the complex of restrictions is more severe than it was in the spring. Therefore, it is not yet possible to make comparisons of pre-pandemic and post-pandemic periods. In the future, it is essential to evaluate the changes taking into account the return of consumers and businesses to the pre-pandemic operating conditions. Future studies might be dedicated to a more detailed examination of behavioral changes of both companies and consumers under crisis conditions, including the changes caused by the spread of COVID-19; as well as to the identification of the critical state of markets indicators and determining the most significant factors of sustainable development of companies.

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