

## **Introduction**

Covid 19 has had adverse effects on most global economies. It posed a real challenge to most countries while testing their resilience and ability to adjust to the new ways of operation. This has been a moment of deep thinking as most countries try to re-strategize in a bid to come up with new ways of surviving these unprecedented times. The effects of covid on both the economy of Italy and the United States of America have been one of the most impacted countries from Covid but differ from one another. Comparatively, both countries have faced the wrath of this pandemic with Italy being the most affected country in Europe and outside Asia. At some point, the United States was leading in the number of deaths in the world due to covid 19. North Italy was most affected but with the time the virus became widespread throughout the country leading to national lockdown. This brought the economy of this country to a standstill and the government finances significantly deteriorated due to lock down.

The overall economy of this country experienced adverse effects with the GDP falling by 5.4% in the first quarter followed by 12.4% in the second quarter. This was attributed to both the slump in domestic investment and a decrease in the domestic demand of goods and services. Additionally, the national industrial production fell to an all-time new low following a 17.5% decrease. Almost all sectors of the economy experienced the adverse effects of covid 19 with the retail sector experiencing a drop in sales due to a decrease in demand. The United States of America has not been spared either. On the economic outlook, the virus has caused financial, demand, and supply shock in the country. To put this into perspective, the second quarter of 2020 experienced a 9.1% decrease on the economy. This is one of the highest decreases that the country has experienced for a very long time in history since the economy had never experienced

a quarterly drop of more than 3%. It is in this light therefore, that this paper will compare the effects of covid both in the U.S and Italy.

## **Body**

### **Impact of covid on actual businesses**

Covid 19 has posed both negative and positive effects on various sectors of economy throughout the world. In both Italy and the United States of America the resilience of businesses has been tested and their adaptability to the new normal challenged. This section of the paper will analyze both negative and positive effects of covid 19 on businesses in both countries. With this being said, although this pandemic has created a horrible impact in many businesses, most companies have actually gotten more profit now than before.

(add more talk about US and Italy)

### ***Negative effects on the business***

Covid 19 has had adverse effects on global businesses. This has been attributed to major losses in jobs and therefore, most people have had to change their consumer behavior. Some sectors of the economy in most countries have experienced a total shut down due to loss of market as people change their consumer behavior. Wholesalers, retailers, and many brands all over the world have faced various challenges ranging from marketing of products, sales, cash flow, health and safety of workers, consumer demand, and the supply chain (Donthu, & Gustafsson, 2020). In the United States of America for instance, the pandemic has posed a real challenge to millions of businesses. This has mainly been caused by a drop in demand for commodities and decreased consumer power as most people decrease their spending in the wake of this unprecedented time.

The pandemic has caused a major economic shock in both the U.S and Italy with some sectors of the economy experiencing a total shutdown due to the introduction of lockdown measures in a bid to contain the spread of the virus. With the introduction of lockdown in both countries, tourism, hospitality, and hotel businesses suffered the worst as customers stayed at home due to a ban on both interaction and travel. In the United States for instance, 80% of the restaurants and hotels that offered accommodation remained closed due to lack of customers. Italy's tourism sector which represents 13% of the total GDP has been the worst hit experiencing a 58% decrease in international tourists and 31% in domestic tourists. This has led to a total loss of 24.6 billion Euro in their economy. With lockdown, airlines were rendered functionless (Donthu, & Gustafsson, 2020).

The decrease in demand for the services offered by these industries has led to a major job loss as companies sack their workers as they can longer maintain them with the U.S experiencing 90% joblessness in the wake of the pandemic. Major events such as sports, expos, conferences, galleries, museums, and cultural celebrations in both countries have been called off contributing to another major job loss. As most people confine themselves in their homes to avoid the spread of the virus, the taxi industry, gym trainers, consultants, and hairdressers have experienced joblessness due to a major decrease in customer base. Most people do not require these services as they mostly stay at home in adherence to government directive. Some major businesses that have contributed to the economy of both countries such as electronic, vehicle, and truck trading have been hit hard due to lockdown of these countries. Startup businesses and companies have been forced to freeze the hiring of workers while sacking the existing ones in order to cut on the expenses.

(Talk about unemployment of Italy and US)

## ***Positive effect on business***

Despite the fact that Covid 19 has caused immense damage to business operations in these two countries, some sectors of the economy such as online shopping, online entertainment, and online communication have experienced immense growth at the wake of Covid (Donthu, & Gustafsson, 2020). This has been occasioned by an increase in demand for products and services offered by these selected companies. In both Italy and the United States of America, demand for online communication, online entertainment, and online shopping has really gone up in the wake of this pandemic resulting in a major growth in these industries. Due to the introduction of lockdown in both countries, people can no longer go to do their shopping in major malls and supermarkets. Additionally, most people do not go to the hotels to take their meals but instead order online for delivery. The overall effect has been an increase in demand in the supply jobs. As the number of covid cases surged, schools were closed in both countries and therefore, physical learning came to a halt. The demand for online learning rose as students learn from home. Most companies are seeking solutions remotely from their employees at the comfort of their homes. Italy and the U.S had some of the highest numbers of covid cases. The demand for medical attention was high, hence the growth in the medical field as the government and well-wishers prioritized healthcare in a bid to save the lives of their citizens. Consequently, the beer industry has grown as most people take beer from home to fight stress. Companies that manufacture cleaning products and sanitizers have experienced major growth as the government in both countries has emphasized the need to observe cleanliness.

**Talk about the brands**

**Effects of covid 19 on consumer behavior**

The outbreak of Covid 19 has greatly disrupted the normal lives of people both in Italy and the United States of America. The phenomenon is not a preserve for the two countries only but the whole world at large where the consumer behavior has largely changed due covid 19 outbreak. Due to implementation of countrywide lockdown in Italy for instance, consumers would no longer access the shopping centers, grocery stores, and the markets. Consumer products would be delivered to their homes upon ordering in what is referred to as “stores come home”. The old habits of physically attending mortar and brick centers were replaced with streaming services such as Amazon prime, Netflix, and Disney. As the Italian people tried to cut expenses due covid 19 outbreak, there was a new trend where people majorly bought the basic goods such as water, meat, sugar, bread flour, milk, and personal hygiene products. The demand for non-essential products such as perfume and make up drastically went down as people chose to spend on essential goods due to unprecedented times. The situation is the same even in the United States of America. In both countries, the pandemic has necessitated people to observe cleanliness so as to avoid contraction (Donthu, & Gustafsson, 2020).

There is therefore a drastic rise in the demand for products such as sanitizers, detergents, and soap. It is clear that the consumer purchasing behavior, attitude, and habits have changed in both countries since the outbreak of covid 19. Consumers have become more sensitive and therefore prefer to spend only on the basic needs as there is shortage of money to spend due to high rates of unemployment occasioned by covid 19 outbreak. In both countries, people are shopping consciously and cautiously with most preferring local products and embracing the use of digital marketing platforms as most people remain in lockdown and observing social distance.

Lockdown and restriction of movement has forced people to work from home and therefore, in both countries there is an increase in demand for virtual workforce. Since there is observance of

social distance in both countries, there is a high demand for internet and social media as people interact via social media. The leading priority for the people in the United States of America is basically the personal health and food followed by financial security.

Is there a difference in consumer behavior across regions?

### **Impact of covid 19 on advertising and marketing.**

The outbreak of covid 19 has greatly altered the lives of many people including people living in Italy. This change in life has come with change in consumer behavior as most people remain indoors in observance of lockdown measures and social distance rules implemented by the government. The lockdown measures also affected the United States of America with most stores closed and only the essential goods would be bought in supermarkets. Most people in both countries have therefore, resulted into online shopping. Businesses have been forced to reinvent new ways of advertising, media promotion, and marketing in both countries as most people are shopping non-essential goods from online platforms. The move is aimed at re-strategize so as to maintain profitability in the wake of covid outbreak. In both societies, people are no longer doing physical shopping since both countries are implementing containment measures so as to control the spread of covid 19. As people are urged to stay at home and observe social distancing, consumers have resorted to online, cable, and broadcast media for information on the best products (Balis, 2020). The covid 19 pandemic has increased the demand for online shopping as most people prefer to source goods such grocery from online stores in observation of government directives in both Italy and the United States of America. In order to reach many customers who heavily rely on internet and online marketing, companies are devising new mechanisms of advertising. In both countries there is a rise in companies that are using transparency and

empathy as a way of marketing. Covid 19 has greatly exposed both communities and therefore, most companies in both countries are taking that chance to show acts of kindness to the already vulnerable people in the society. Banks for instance are waiving fees for their customers during this time of hardship (Balis, 2020). One company that has been changing their labelling products is Lysol, they have rebranded and added SARs in their label. Since Lysol's marketing has shifted specifically to Covid, consumers are buying more of their products rather than other brands.

In both countries, companies are advertising themselves by associating their products and services with good deeds to create a positive image to the society in these hard times. While during the pandemic, consumers all around the world were judging how each company will give back to the consumers or other companies; corporations really had to strategize their marketing to keep their consumers. Most companies are marketing their products by donating to people in order to sustain them during this hard time. Another way of marketing products is by offering free products to the front line workers in the fight against covid 19. In order to promote a positive image to society, companies in both countries are marketing themselves by paying their workers even in these hard economic times for their businesses.

All the above measures are aimed at creating a positive image in the society in a bid to attract more customers to the business. Generally, most companies in both countries are trying to maintain their online presence since most people have migrated to online shopping at the wake of covid 19.

(Does italy have something similar to lysol? Did they do something similar like lysol?)

Has advertising changed again with different cultures, differently?

## **Impact of covid 19 on taxes**

Due to Covid break out, most companies and business premises have been experiencing tough economic times resulting from low or no sale (Hira, Issaias, INdokhomi, Shah, & Field, 2020). In both countries, the pandemic has posed a serious threat in regard to compliance with the various legal obligations by the businesses such as tax. Some measures have therefore been implemented in both countries during these hard-economic times. For example, Italy has implemented a move to suspend taxpayers who undertake businesses that have a revenue that is less than 2 million Euros operating within its boundaries. Italy has also given provisions in regard to corporate liquidity in the event of a company sale. There has been suspension of fees charged on the maritime companies during transportation of goods. Italian government has suspended the withholding tax for companies with less than 400,000 Euros in revenue. The United States of America on the other hand has signed a coronavirus Aid act which aims at refunding the corporate alternative minimum tax credits. The Italian government has given a relief period for payment of taxes to the employees in the country. The government of the U.S also passed a bill which aims at cushioning businesses known as “Health and Economic Recovery Omnibus Emergency Solutions Act”. Additionally, the government of the U.S implemented a waiver on excise tax in regard to distilled spirit. It also provided a tax holiday in regard to aviation excise taxes. All these steps were aimed at cushioning businesses and the economy of both countries to recover with the outbreak of covid 19 pandemic.

**(If you can make this flow or add more please do)**

## ADD CONCLUSION

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