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The Corona virus will hit us badly

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This week's electric insight of mixed hope and doom comes to you from the Shire as I prepare for a business trip to the USA, which has already banned anyone who's been to China recently because of the Corona virus.

It has me thinking about the powerful impact of natural disasters and difficulties on business.

As I type storm Ciara is wreaking havoc across the UK, causing power outages, deaths and transport chaos.

And who fancies being the brand manager for Corona Beer at this point?

Between January 18 and 26 Google searches for 'Corona beer virus' jumped 2,300 per cent. Sales of the premium beer are being hit for no reason other than the accident of a common name.

I'm not sure I'd invest in the brand just now. Are you?

This is not an unknown phenomenon. Ayds (pronounced aids) was a popular 50-year-old appetite-suppressant when public awareness about the Aids virus grew in the mid-80s.

Sales of Ayds declined, eventually causing them to go out of business.

It was the phonetic similarity of the names and the fact that the disease caused immense weight loss in patients. While sales were not affected to start with, by 1988 the company was seeking a new name because sales had dropped as much as 50 per cent due to the publicity about the disease.

While the product's name was changed to Aydslim, it was eventually withdrawn from the market.

The Corona virus is going to hit us badly. It is already. We already know the restart post Chinese New Year has been delayed by several weeks, which could easily turn into months. It will be at least the end of February before production restarts.

That means a month of lost production and empty streets in China after the usual two-week stop. A six-week gap already.

Companies here are going to be short of stock, and to make it worse, panic buying by the public might soon follow.

According to the Bank of England, in 2003, the SARS epidemic is believed to have slowed China's growth by two per cent at a time when the FT was suggesting China to be about four per cent of the world economy. Today this number is believed to be 17 per cent.

The loss of just one month's production and trade would be about eight per cent of China's GDP, which would put China into recession.

Photo by Getty Images

This initial impact doesn't take into account all the other wave of impacts such as the cessation in Chinese tourism, which is relevant to us as they are the 10th largest spenders in the UK. British Airways has already cancelled all flights to and from Beijing until April 1.

Then there is the general reduction in travel that is bound to happen as people worry about catching the virus on planes. What will this mean for airlines, travel companies, and resort businesses?

At the same time, sales and prices of masks have sky-rocketed.

This Corona impact lands at a time of economic weakness. We are just post Brexit, and the Trump-led trade war has increased tariffs, so world growth is slowing.

This is most obvious in the EU, now grappling with problems with the Italian banks and changes in the automotive sector...

As an entrepreneur, you can't help seeing opportunities and they arise so often in disruptive storms. In the Art of War, required reading for any entrepreneur, Sun Tzu reminds us of this: "In the midst of chaos there is opportunity".