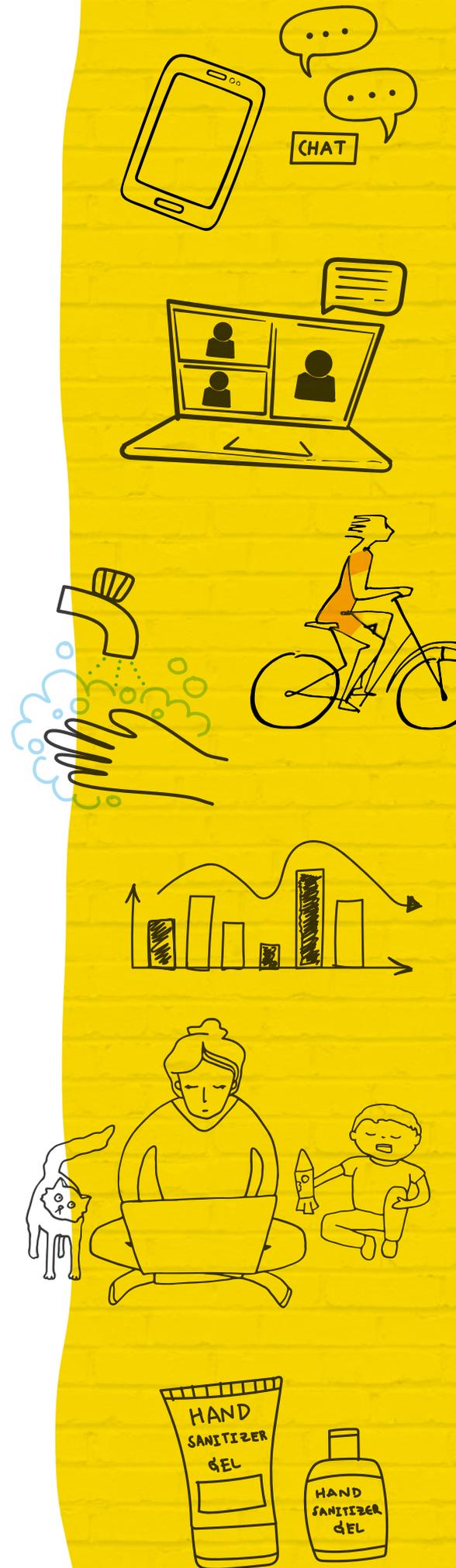


Impact of Covid-19 on UK Marketing

SURVEY REPORT JULY 2020



Lockdown has shaken UK Plc to the bone. This survey seeks to shed light on how marketing has been impacted now and what marketers at a wide range of companies perceive to be the mid-to long-term changes we will need to adopt in the new... you know what.

Approach

Senior marketers and CEOs from a representative sample of UK based organisations (private, public and 3rd sector) were kind enough to complete an online survey. The online respondents volunteered a wealth of comments and insights. We then invited marketing agencies to submit questions they would like us to ask people we selected for more in-depth telephone interviews.

It will come as no surprise that we found some sectors fared much better during lockdown than others. No single report could do justice to all of the insights we collected, so please keep an eye out for further reports, which will have a more specific focus.

Industry sectors surveyed



- FMCG **15%**
- Finance **13%**
- Healthcare & Pharma **12%**
- Construction & Engineering **10%**
- B2B & Professional Services **10%**
- Tech **8%**
- Home **8%**
- Retail **7%**
- Leisure **6%**
- OTHER **11%**

Job roles surveyed



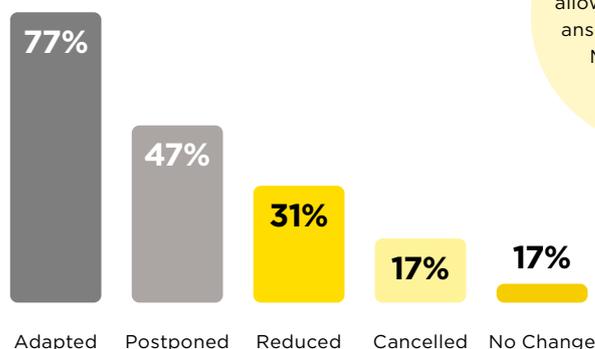
- Marketing **43%**
- Insight **14%**
- Brand **10%**
- Digital **10%**
- Comms / PR **8%**
- CEO **7%**
- OTHER **8%**



Top-line trends and observations

- Covid has dramatically accelerated the direction of travel towards digital – time and again we were told by our in-depth respondents that their company had leapt years in the space of weeks when it came to the adoption of technology across the business.
- Everyone that can has developed or fast tracked their capability to show, experience and sell online.
- People have adapted well and even embraced the enforced changes in working practices. Many of these changes are here to stay. Just 5% of people surveyed found no positives to life in lockdown and not a single person said they had not learned anything.
- Little evidence of panic. Perhaps an earlier survey would have revealed more knee jerk reactions, but everyone we spoke to was facing their challenges head on and working through them in a strategic and thoughtful way.
- There is pent up demand for marketing activity with 62% of people saying they had withheld marketing budgets in Q2 and intend to spend it as soon as possible.
- There are also opportunities for agencies looking to win new clients, with a quarter of those surveyed saying they were more likely to consider new agencies post-Covid.
- Location is less important so agencies might want to think about casting their net wider when it comes to new business.

How has Covid impacted marketing campaigns and budgets



Respondents were allowed to pick up to 3 answers that applied. Most picked 1-2



The overwhelming response from people we surveyed was that the Covid crisis has pushed them towards doing everything more digitally. In some cases this amounted to nothing short of a digital revolution, with people forced to adopt working practices they had previously shunned. In rather more cases it was described as having accelerated the evolutionary journey they were already on.

The word 'digital' loomed so large in our survey responses and interviews that it's useful to break down the 4 different ways in which digital was being discussed:

- Digitalisation of working practices to enable homeworking – e.g. video calls.
- Digitalisation of service and delivery traditionally delivered 'on site' (f2f) – e.g. ecommerce, virtual showrooms.
- Digitalisation of marketing activity traditionally delivered offline – e.g. events and experiential.
- Digital marketing – the pivot from offline campaigns to increased spend on 'traditional' digital marketing – e.g. SEO.

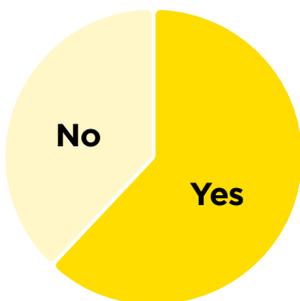
Most people who said they were changing something were going to be doing either more digital marketing or digitalising offline marketing. One example is a Pharma company that had invested in digital channels to deliver virtual congress and symposium.

A significant number of respondents suggested a major change for them had been the content and tone of their messaging as well as their choice of communication channel. Several people explained that the 'hard sell' was being dropped in favour of a more empathetic tone with variations of 'we are here for you'. This was driven by a genuine desire to help, but also a fear of being seen to be overly 'commercial' in a time of crisis. One Financial Services firm told us they had suspended all direct / email marketing to clients they knew to be healthcare workers.

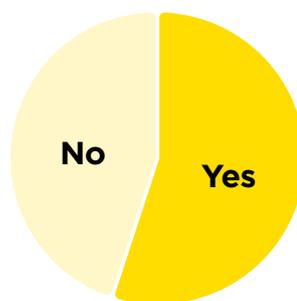
Values messaging was another theme we picked up on. The crisis has encouraged some companies to act altruistically. A fruit juice brand we spoke to told us they had been supplying free drinks to keyworkers and this had led to a re-evaluation of their company values and how these are communicated. Most of the people we spoke with felt their company had a role to play in educating and / or helping their customers / clients through the current crisis.

At a product level the messaging has switched from features like performance to features around safety and mitigation.

Impact of Covid on marketing budgets:



Have you withheld marketing budget you expect to spend once the current crisis has eased?



Do you expect your company will have to change its services / products in the longer term as a result of Covid-19?

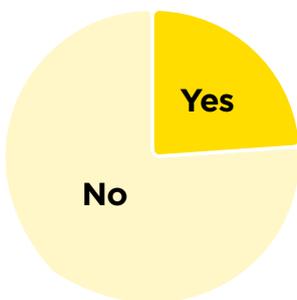


Encouragingly for marketing agencies, just under 2/3 of those surveyed said they had withheld budget in Q2 that they intend to spend towards the end of the year. Our interviews suggested that Out of Home campaigns and other offline activity that could not be digitalised were the most likely to have been suspended. In some instances that budget was reallocated to digital campaigns, for some it was banked and for others the budget was cut. Budget cuts were often described as part of a company-wide cost cutting exercise in response to Covid. More than one person we interviewed said they had achieved more with less budget by benefiting from reduced advertising rates.

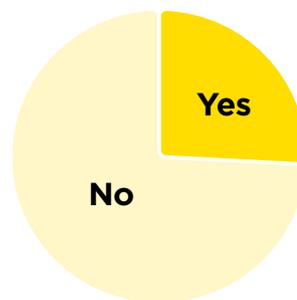
55% of respondents said they expected their company’s products or services to change as a result of Covid, which would represent a dramatic change in some of the UK’s best known brands. The in-depth interviews struck a slightly less revolutionary note - the way companies market, sell and deliver their products will change but, for most, the fundamental offering will not.

Examples include a shopping centre that has had to introduce so many mitigating measures that they are no longer able to deliver the exact same experience as before and a luxury travel company that is having to seriously market it’s portfolio of properties on the continent to Europeans for the first time because of travel restrictions from the USA.

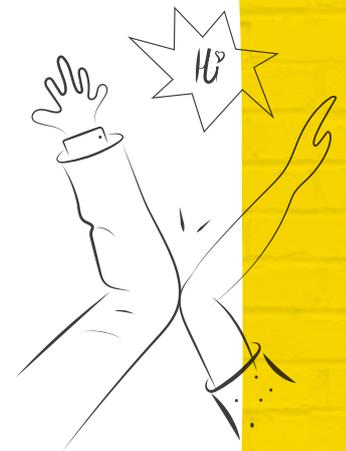
How has Covid impacted the client / marketing agency dynamic



More likely to consider alternative agencies due to Covid



More likely to outsource due to Covid



These questions addressed immediate intentions rather than longer term thinking. We were struck by how loyal people we spoke with were to their incumbent agencies. Quite a few people felt they had grown closer to their agencies during Covid. It seems that for many marketers their agencies have been at their side as they grappled with the challenges Covid has thrown up. We heard many examples of how an agency had helped to ‘re-imagine’ a campaign and take it digital. Regular video conferencing rather than a quick one-to-one phone call has also brought people closer to external suppliers.

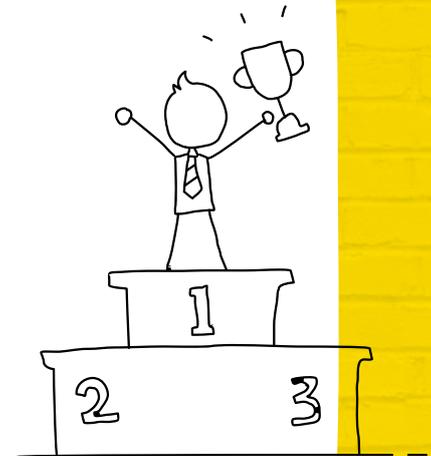
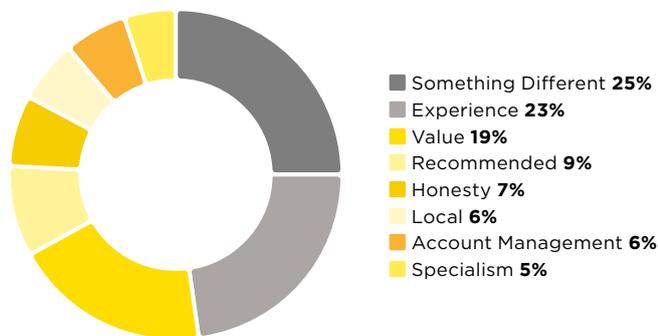
Several people referred to examples of an agency going above and beyond the call of duty. In some cases respondents told us they have asked their agencies to do more for less, but mostly the agencies have responded to the crisis by demonstrating flexibility in their approach. A trend that emerged from the interviews was that people wanted to support their incumbent agency. This was particularly true of people at companies that had been less impacted by Covid.

63% of people said that lockdown had allowed them more time to think strategically and 22% said it had provided an opportunity to appraise current suppliers which was further confirmed in the the interviews. In addition, several people expressed the concern that their incumbent agency may be overly exposed to clients badly hit by Covid, casting doubt on the agency's prospects for surviving the crisis. Overall this suggests that whilst Q2 was a time for 'sticking with what you know' there may be more opportunities for agencies later in the year.

Most of the 24% who said they would outsource more, also cited budget pressures due to Covid as being the driving force, with recruitment freezes and possible redundancies resulting in a less resourced in-house capability.

Opportunities exist for agencies that have the specific skills and experience required and are also prepared to offer something different.

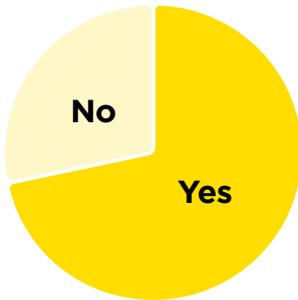
What do people look for in a new agency approaching them



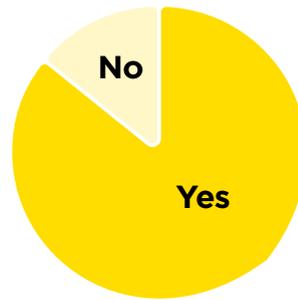
We asked people we spoke to what they considered the most important criteria a new agency should meet. A phrase that came up a lot was 'something different'. In particular people wanted an agency that had done their homework ahead of the first meeting, came with ideas and were prepared to challenge the client. As one person put it, "There's no point hiring an agency to do something we could have thought of or done ourselves; we want an agency that can do the stuff we can't."

Poor account management, in particular 'being passed from pillar to post' was cited as a problem by a minority. One person felt they were having to deal with "someone different every time I call them during lockdown" and speculated this may be a consequence of the agency furloughing staff.

Are recent digital working practices here to stay?



Have online platforms and video calls been a good way to meet new agencies during the Covid-19 pandemic?



Would you consider pitching via online platforms in the future?



The interviews revealed some interesting insights. Some people commented that video calls had crept into their working practices prior to Covid, so the recent period has accelerated an existing process. Others were emphatically against video calls and have been surprised / impressed by how they have adopted the technology.

Several people commented that, on balance, video calls have brought them closer to their agencies. In a similar vein people told us they had seen more of their top brass than they would under normal circumstances when they might not have expected to sit in physical meetings with Board Directors very often.

If there were no restrictions then a majority felt that initial screening of a potential new agency could be done via video call, but a F2F meeting would be beneficial at some stage.

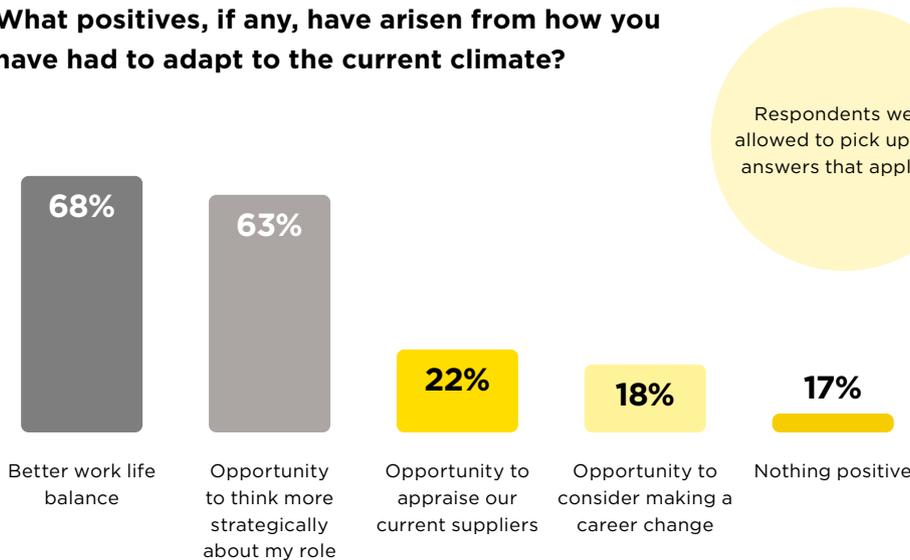
One person was very clear that they would “never normally hire a new agency without having met them”. Another person explained they have hired several agencies over the years without physically meeting them (she is responsible for global research agencies), so she would have no problem doing so in the UK even if she would previously have met UK agencies F2F. Another respondent said that “any job costing more than £50K” would require a F2F meeting in their book.

Agencies have won new clients through video meetings alone and there is no doubt video meetings are here to stay but we picked up a clear preference for F2F meetings ‘at some point in the process’ of agency screening, selection and briefing once circumstances allowed.

Most people volunteered the view that video calls with colleagues have saved lots of time and therefore increased productivity.

Have there been any positives of life in lockdown?

What positives, if any, have arisen from how you have had to adapt to the current climate?



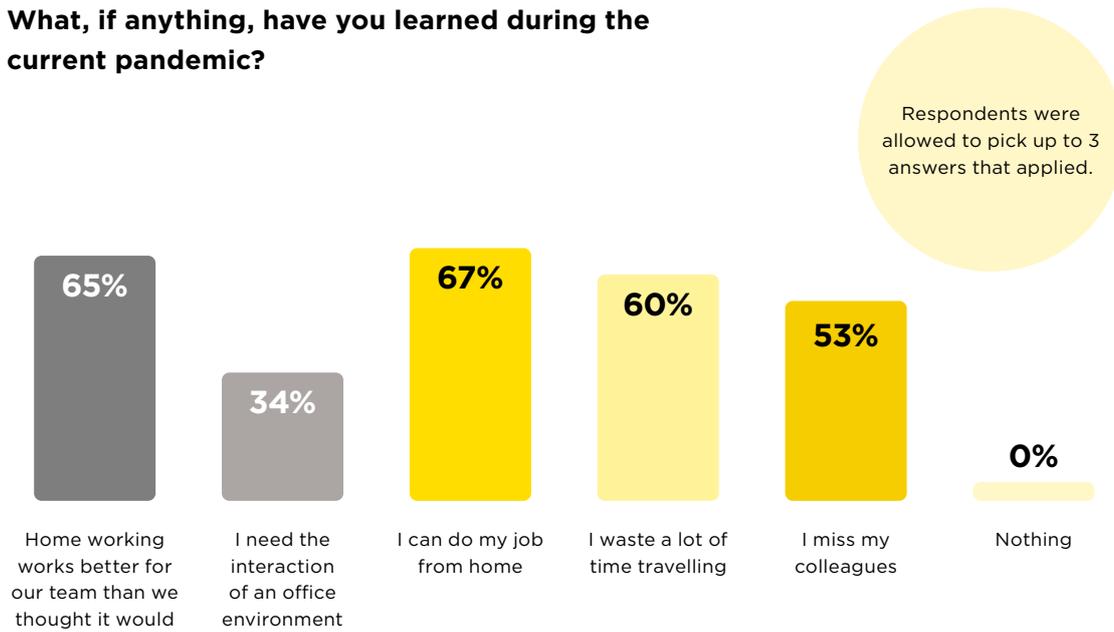
One person explained he disliked the word ‘balance’ as for him it implied a compromise and reduction in time spent working. He preferred the word ‘alignment’ as he was putting in more hours AND being more productive but was able to do so in a way that aligned better with his life in general.

No one we spoke to said they were working less hours and most felt they were working more. Several said they now worked the time they previously spent commuting so were able to get more done without it impacting on free time. Others found that they were sacrificing free time as they ‘found it hard to stop work without the normal cues’.

Everyone we spoke to said they would work from home more in a post-Covid world, even those that were keenest to get back to the office. This confirms what everyone already knows; there has been a revolution in how people perceive what constitutes ‘a day’s work’ with many people in office roles questioning why the precise geographical location of their desk should be so important.



What, if anything, have you learned during the current pandemic?



Not a single person felt they had learned nothing from Covid, proving it really has been ‘unprecedented’!

The interviews suggested unstructured F2F interaction was most missed. The lack of ‘water cooler moments’ impacted on a social level for many and on a work level for some, with people suggesting that historically some of the best ideas have come about by accident as a result of ‘chat’, which is hard to replicate without the close proximity of office working.

Conclusions

We conducted this survey on behalf of our marketing agency clients, so what conclusions should agencies draw?

Even if the last few months have been bleak for some agencies the future is full of opportunities IF your business can adapt to the challenges that lie ahead for clients.

Much has been made in this report about the growing importance of ‘digital’ and where Covid has restricted ‘real world’ activity digital has filled a gap, but this is not to say digital is the be all and end all.

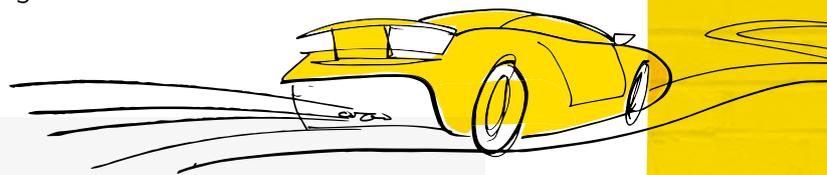
Digital solved a problem in lockdown, but the key part in this sentence is ‘solved a problem’ rather than ‘digital’. The interviews revealed example after example of how agencies had helped clients by coming up with something new or different. It was clear that people value an agency’s ability to blend an external perspective with a creative mindset to ‘repurpose’



and 'reimagine' campaigns. The experience agencies have also means that they will anticipate a problem before the client does because they have been there before with a different client. The people we spoke to valued this experience when combined with a willingness to challenge and be assertive.

62% of people have withheld marketing budget they intend to spend, so what should you do to put yourself in the frame for this windfall:

- **Be pro-active.** Get in front of people – video meetings make this easier and less expensive than F2F – and be bold in terms of ideas. Autumn is often a key time to focus on new business and more so this year than ever.
- **Be ambitious.** The location of your office is less important to prospects who are not expecting you to visit them regularly. Prospects are less likely to visit your office. You should cast your net wider and more ambitiously in terms of new business.
- **Adapt.** Particularly true for agencies looking to retain existing clients. Adaptability was cited as a highly desirable virtue.
- **Offer something different.** People may be more reluctant to change agencies when so much else in their life is new and uncertain, so agencies must try to demonstrate genuine points of difference. This equally applies to agencies looking to retain business who must prove they are not expendable.
- **Solve a problem.** We all know marketing is an early casualty in a recession and this stems from a misguided notion that marketing, particularly creative activity, is a luxury. The best campaigns and the best agencies have always solved problems and right now there are lots of problems to be solved!
- **Be competitive.** Value for money is considered essential for many now and you may need to be flexible in terms of pricing and deliverables. Normally there is a reluctance to 'go low' as it is difficult to climb the fees back up, but Covid is unique so factor in a gradual return to normal pricing into your planning.



And finally...

We asked everyone we spoke to the question that has started a thousand lockdown conversations, namely **“When do you think you’ll be going back to the office?”**

Some we interviewed had already returned on a partial basis, others said it would be towards the end of the year. None of the people we spoke to felt under pressure from their employer to go back before they were ready. Based on the conversations we had:

- Early September for a trial run.
- Likely to be blended with homeworking until the end of the year.
- Legacy of increased homeworking will survive beyond Covid.

Thank you

We'd like to say a big thank you to the hundreds of people that participated in the online survey and shared so many of their thoughts. We also want to thank the people that gave up their time to take part in the one-2-one telephone interviews, five of whom were specifically responsible for Insight at their companies but nevertheless answered our questions patiently...

Finally we would like to thank our clients who helped guide the questions we asked. Many of these questions were specific to an industry sector or marketing discipline so if you don't see your questions represented here please keep an eye out for subsequent reports over the summer.

Alchemis helps marketing agencies win new business. To find out more about how we have helped agencies secure new clients please get in touch with Dave or Jim at:

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