

Insights and Research

Industry Round-up

June 2020

#NewMR

Ray Poynter

The Recession Comes Next

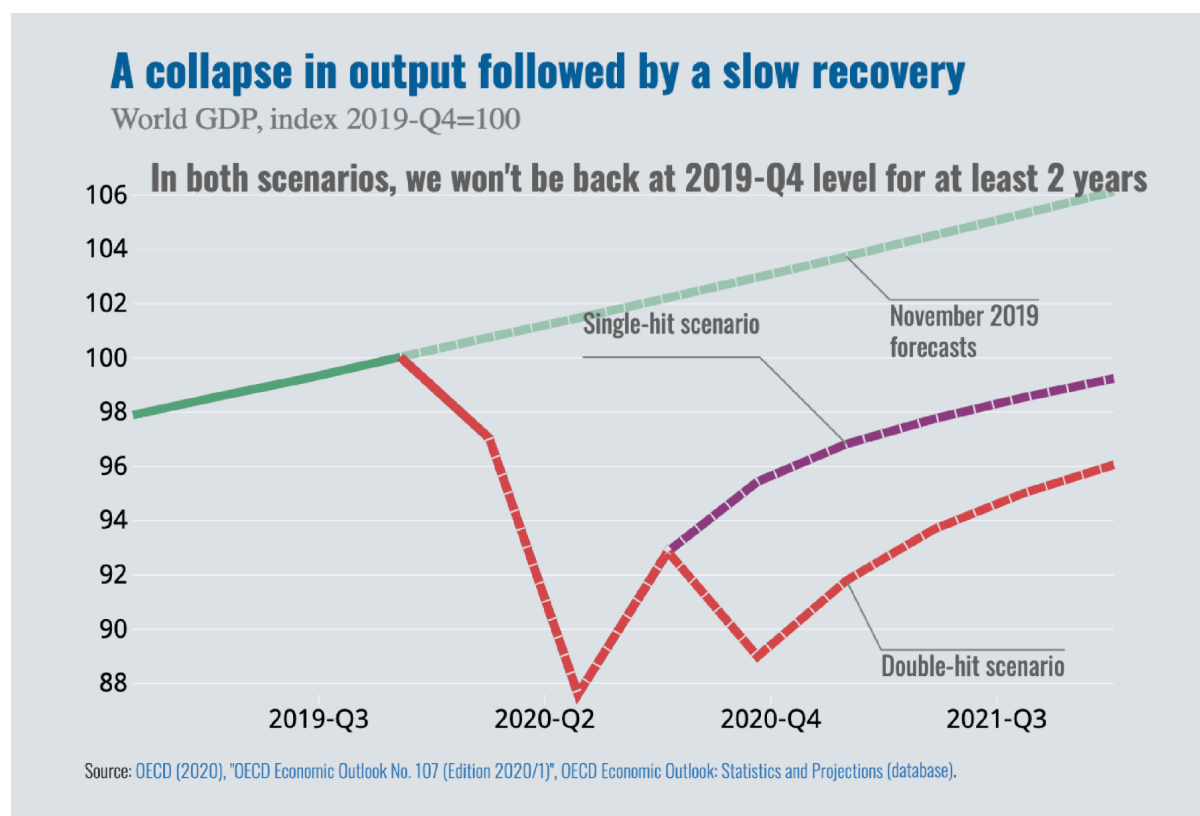
In many countries the lockdowns are being relaxed and business is edging back to normal, so the focus is on how quickly will the economy recover? The general consensus is this will be a deeper recession than 2008, but there is no consensus about whether it will be a shorter or longer recession.

Here are three elements of the picture:

The Economy

The OECD (Organisation for Economic Co-operation and Development) has published its June summary and it has two forecasts, Bad and Worse. The Bad scenario is based on a single hit from COVID-19 and Worse scenario is based on a second wave arriving (accompanied by more lockdowns) before the end of 2020.

This report (<http://www.oecd.org/economic-outlook/june-2020/>) is full of data relating to GDP, output, unemployment, and Government debt. For example:



Marketing and Advertising

A study by WARC predicts that global ad spend will fall by 8% this year (a drop of US\$50 Billion). This is compared with the increase of 7% it predicted in February (a swing of 15 percentage points). See <https://www.warc.com/newsandopinion/news/brands-cut-50bn-from-global-adspend-in-wake-of-covid-19/43659>

Studies with marketers suggest that at least half expect to be cutting marketing expenditure, for example

- CMO <https://www.cmocouncil.org/media-center/press-releases/cmo-council-anticipates-wide-ranging-changes-to-marketing-spend-and-agency-relationships>
- YouGov in UK <https://yougov.co.uk/topics/finance/articles-reports/2020/06/08/half-marketing-decision-makers-spending-less-money>

Market Research

ESOMAR have produced a global study looking at how the pandemic crisis is impacting market research organisations (<https://pages.esomar.org/insights-in-times-of-covid-19>). The key finding in the ESOMAR report is that the global reduction in turnover for market research in 2020 will be around 20%, with this rising to over 30% in Europe and over 40% in the Middle East & Africa.

NewMR conducted a global study (<https://newmr.org/blog/insighthealth-wave2/>) with insight professionals that showed that 50% had suffered a reduction in income.

In total, the world is heading into a recession, most brands are going to reduce their marketing (not just their advertising spend, but much wider than that), and less money will be spent on market research in 2020 than in 2019.

The insights world is still operating

Despite the dire forecasts for the economy, for advertisers and marketers, and for the insight and research industry in aggregate, there are clear signs that many companies are finding ways to operate in the current, unpredictable, and challenging context. It is important to remember that a bad picture in total does not mean a bad picture for every organisation.

New briefs are being issued

This part of the briefing is anecdotal, based on what I am hearing in conversations. I am hearing about new briefs for ad hoc research being issued and new projects being undertaken for mainstream work (i.e. non-COVID). I also know of some major, long-term contracts that have been placed in the last couple of weeks. Business may be less than in February, but there is some business happening, and it is certainly more than was happening in April.

I am also seeing a lot of pivoting going on from suppliers. A lot of companies had plans for 2020 that were based around good ideas that would be productised and marketed. However, many of those plans are now a bad fit with what the market wants and consequently the wiser suppliers have pivoted. The majority of the pivots seem to be either

a) chasing the short-term needs that clients have (in an agile way), or b) turning existing relevant solutions into packages (ideally giving the client what they want, in a way that is faster and cheaper than was previously the case).

Mergers and acquisitions are ramping up

The following are some of the items reported in the last three weeks from

<http://mrweb.com/>

- Full-service marketing agency Target Data is to merge with content and user experience services provider Aisle Rocket, to form a data-driven agency operating under the Aisle Rocket brand name. <https://www.mrweb.com/drno/news29815.htm>
- Online consumer research and rewards platform Prodege has acquired college education-savings rewards business Upromise, to expand Prodege's research panels. <https://www.mrweb.com/drno/news29789.htm>
- Full-service data-driven marketing agency Cheil Worldwide has acquired Chinese social media big data analyst ColourData. <https://www.mrweb.com/drno/news29787.htm>
- Retail behaviour and product data specialist Bluecore has raised \$50m in a Series D round of funding, which it will use to launch a new AI application through which to learn and predict which product is most likely to drive a purchase by a specific individual. <https://www.mrweb.com/drno/news29767.htm>
- Martin Sorrell's S4Capital has acquired Latin American data and analytics consultancy Digodat and merged it with its programmatic media practice MightyHive. <https://www.mrweb.com/drno/news29756.htm>
- Accenture has acquired Ahmedabad, India-based Byte Prophecy, described as an automated insights and big data analytics company. The buy adds nearly 50 data science and data engineering staff to its Applied Intelligence division. <https://www.mrweb.com/drno/news29722.htm>

I expect this pattern to increase, irrespective of how hard the recession bites. At one end of the scale will be distress sales, at the other end of the scale will be companies who can see a route to offering what will be needed in a downturn (e.g. automation, scale, AI, programmatic and single source solutions).

Locations are opening up

And, for those of you who have discovered which research projects really do need face-to-face qual, the good news is that many facilities are beginning to re-open. For example, the Schlesinger Group (which has recently bought Market Cube and 20|20 Research) has announced that 21 of its facilities are open (across US and Europe) and more are re-opening this month.

Here is a video from L&E, talking to potential participants about their procedures for safe in-person research <https://youtu.be/qzKpYc05LVA> - one of the phrases I have heard several times this week is 'no touch fieldwork'.

Virtual events R Us

Nobody is sure when F2F events will be possible again. Possible in terms of laws, logistics, economics and in terms of when people will want to travel and attend crowded sessions, so the shift to virtual events is in full swing. ESOMAR, Insights Association, MRS, GreenBook, Merlien, the Australian Research Society and many more are providing virtual events to replace the cancelled in-person events. It is too early to say what will work, but expect to see lots of experimentation in terms of free versus charged, in terms of number of days, and in terms of how many hours during the day. The two big challenges for event organisers at the moment seem to be a) how to deliver sufficient value to the sponsors (without whom most events are impossible) and b) how to replace the social / networking side of face-to-face events with something that is enjoyable and / or useful to attendees.

It is noticeable that many of the platform vendors seem to have increased the number of webinars that they are holding, perhaps in response to not being able to use the traditional route of sponsoring events and having booths?

Workshops on Scenario Thinking

I am running workshops for both the UK's MRS and the Australian Research Society on the topic of how to use Scenario Planning.

Masterclass 2020 - Scenario Thinking – A Tool for Uncertain Times

The Australian Research Society are providing an online training course in Scenario Thinking, spread over three sessions (29 June, 6 & 13 July). Members of any APRC association can sign-up at the Research Society member rate. The course will be led by Ray Poynter. <https://researchsociety.com.au/events/event/MC20-Scen-think>

Understanding and Using Scenario Thinking

The UK's MRS are providing a half-day online training course, with Ray Poynter, on 21 July. The course is open to members and non-members. <https://www.mrs.org.uk/event/training-courses/understanding-and-using-scenario-thinking>

If you'd like to read more about the application of scenario thinking to insights, here is a recent blog on the topic 'Eight Tips for Dealing with the Unpredictable'
<https://newmr.org/blog/8-tips-for-unpredictability/>