

How is it for you?

The Digital Media Industry
Sentiment Tracker
October 2020



bluestripe

New
Digital
Age

It has been a challenging year, to say the least. Economists have discussed different scenarios over which shape the recession would take – a quick “V” recovery, a longer “U”, a challenging “W” or a nightmare “L”.

Bluestripe and New Digital Age decided to take the pulse of the digital marketing and media industry to see what just over one hundred senior executives are predicting for the next twelve months. As the industry was preparing for the normally bumper final quarter of the year, we surveyed key decision makers and budget holders on what picture they were starting to see emerge.

What really stands out is the level of positivity, albeit signalled before September 9th’s renewed restrictions on social gatherings. Executives expressed understandable concern over the threat of recession and the prospect of a second wave of coronavirus infection.

However, despite these reasonable concerns, the industry is in an upbeat mood about the year ahead.

Executive Summary

Methodology

We conducted quantitative research through a survey of senior executives in the digital media and marketing industry on New Digital Age, a publication owned by Bluestripe Group, during July and August 2020.

For qualitative interpretation of the results we then conducted in-depth interviews with:



ALEXIS FAULKNER
Head of FAST,
Mindshare



JON MEW
Chief Executive,
IAB UK



PETE MARKEY
CMO,
TSB



JUSTIN TAYLOR
Managing Director,
Teads

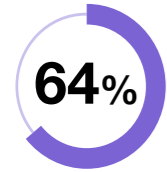


BEN WALMSLEY
Commercial Director, Publishing,
News UK



KATY HOWELL
CEO,
Immediate Future

Revenue Uptick

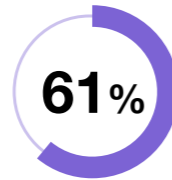


predict revenue will **increase** over the next 12 months

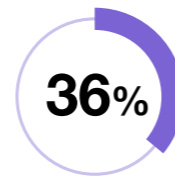


believe revenue will be up by **more than 50%**

Furloughing used sparingly

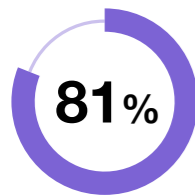


reveal they did **not furlough** any staff

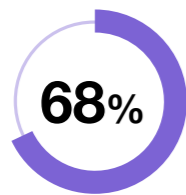


say they only furloughed up to a **quarter of employees**

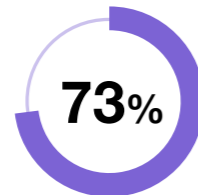
Saving jobs



who furloughed say all or most will **return**



expect **staff levels** to increase or remain the same

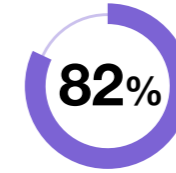


say **wages** will increase or remain the same

Key Findings

October 2020

New way of working

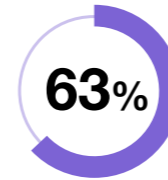


expect staff to be in the office **2 to 3 days per week**

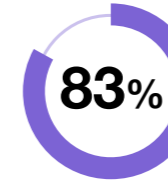
Clients and agencies now feel better engaged

Deadlines are tighter, fees are under pressure

Small events feel the love

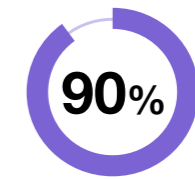


will be attending fewer conferences over the next year



will prioritise small events and roundtables

Cookies and a second wave



fear recession in the year ahead



fear **BOTH** a second wave and the death of the cookie

Safety and diversity are key

Workplace safety is the top issue for the return to work.

Ethnic diversity is the second biggest issue the industry says it must address



Positive on billings

Arguably the biggest take-out of the Bluestripe and NDA research is the positivity with which the digital advertising and media industry is approaching the year ahead, particularly when it comes to revenue.

While nobody would suggest 2020 has not been very challenging, nearly two in three respondents (64%) reveal they expect revenue to be up over the next twelve months.

In fact, nearly one in five (18%) expect revenue to be up 50% or more over the next twelve months.

The emerging picture is that while advertising was pulled quickly as the UK went into lockdown at the end of Q1, it is set for a comeback from Q4 onwards. The digital industry feels it has cause for optimism because it is where attention has been maintained pre- and post-lockdown and it is the most agile channel to switch back on.

It is a picture that concurs with what Alexis Faulkner is seeing at Mindshare, as Head of its FAST (Future Adaptive Specialist Team) division. She points out that it depends on the channel and the vertical but, for the most part, the remainder of the year

should start to see a return to growth after some undeniably challenging months.

"March and April were down and then May was terrible, but we saw things starting to improve over the summer," she says.

"We're expecting to see a slight uptick in digital in Q4 compared to the year before and we're expecting to see TV return to pre-lockdown levels in Q4. In terms of verticals, we're seeing travel struggling to come back but automotive is seeing an uptick and the big constant spenders this year have been the FMCGs



"We're seeing the biggest growth in video-on-demand advertising. There's so much happening at the moment that you can make a lot of impact for the price you can get."



Positive on staff

Compared to a national average of **more than 70%** of companies taking part in the furlough scheme, placing **a quarter of the country's work force** on furlough, the digital media and advertising industry made less use of the government-backed scheme.

The Bluestripe/NDA survey shows 61% of respondents have not furloughed any staff and 36% have furloughed up to a quarter.

They also expect staff to return faster than the rest

of the UK. Figures from the [Resolution Foundation](#) found that, on average, around a half of furloughed employees had returned to work in August 2020.

In digital marketing and media, however, of those who furloughed employees, nearly half (48%) expect all staff to return and a third expect the majority will return. Fewer than one in ten (9%) expect only a minority of their furloughed people will return.



Two or three days in the office

Executives across the industry have got used to working from home in Q2 and Q3, and that is how things will remain, in part, as combining office and home working becomes the norm.

More than four in five firms are expecting staff to return to the office two or three days per week. Only one in twenty 5% expect to see staff back in for four or five days per week.

This is what IAB UK's Chief Executive, Jon Mew, is seeing across the industry. While he is mindful many big companies, such as Google, are not expecting staff to return to offices in serious numbers until

next year, most companies appear to be starting to return this quarter.

"Most businesses are blending the office with working from home, it seems to be mainly the large companies that are keeping staff working from home," he says.



"We're mostly seeing people return for two to three days per week with companies deciding which teams should be in on particular days so they can get back to some form of working together face to face."



Closer relationships, faster turnaround

One of the positives to come from what may have felt like endless Zoom calls has been a closer working relationship. Just over 55% of respondents reported this greater sense of engagement as the main development under lockdown.

However, the same proportion also reported the other major development has been clients are now expecting work to be completed against tighter deadlines and reduced fees.

Peter Markey, CMO at TSB bank, believes this is largely down to brands having to be agile and rethink planning as lockdown began. The same applies now that restrictions are being lifted.

"I'm sure there are a lot of companies like us who due to Covid rephased their plans," he says.

"We had to do that really quickly, I think we only had two weeks from brief to execution for example on



"We were busy planning a campaign before lockdown started so we had to change tack. Our marketing communications suddenly became more about how we're working to help customers with products such as overdrafts and business bounce back loans."

one TV ad campaign. That's meant with planning further work we now still have that challenge of working faster and smarter."

Flexible, smarter, faster

That is certainly the experience at advertising platform, Teads, according to Managing Director, Justin Taylor. He believes this quicker way of working together is a natural extension of a deeper relationship.

"Clients have had to plan for different scenarios, so they've needed flexibility and adaptability when working with advertising partners and creatives," he says.

"Campaigns have to be planned, stopped and adapted at great speed. There's also a whole new shopping experience that is more functional. People are going online or in-store with a specific purchase to make, they're not going in browsing round shops, there's less serendipity with additional purchases. So, agencies are having to help clients navigate this new behaviour, it's a challenge that requires smart thinking and a lot of agility."



Cookies feared like second wave

It will come as no surprise that the digital marketing and media industry clearly signals that, for nine in ten respondents, the big issue in the year ahead that will drive change is economic recession.

It is predictable, then, that concerns over a potential second wave of coronavirus is the second biggest factor for the year ahead. However, what may surprise many is that, with 59% picking it out as a major driver of change over the next twelve months, it is joint second place alongside the death of the cookie.

With Google's Chrome expected to put tracking cookies to the sword within a year to eighteen months, following in the shoes of rival browsers, it is hardly surprising the inability to follow prospects around the internet is a major issue.

Many in the industry expect the biggest impact to be borne by digital publishers. However, Ben Walmsley, Commercial Director of News UK's publishing business, believes media sites that can master, and share, first-party data will thrive. Walmsley continues: "Publishers are actually in a pretty good place because they have a direct relationship with readers and so know a lot about them and their tastes. We're part of the Ozone



"Cookies were the glue that held together advertising on the internet and now that it's broken, we've got to all plan for the next decade or so for a world where third-party cookies no longer exist."

Project that is working with other publishers to collate first-party data so we can offer premium inventory at scale based on our own, shared data.

"The people who need to be worried most are those that don't add value and don't have a relationship with customers. Those people who just used tracking cookies to aggregate traffic and data brokers, it's people like them who'll need to pivot and offer value to the customer to build a sustainable future."



Events – small is beautiful

It will probably come as little surprise that nearly two in three, 63%, of senior executives in the digital media and advertising industry expect to attend fewer events in the near future. What may be a little more surprising is that a quarter didn't go to industry events anyway.

Another telling take-out is that the vast majority, 83%, expect to be attending small events and focussed round tables. Less than half expect to be heading off to the next Cannes Festival and only just over one in five expect to visit Dmexco.

Ben Walmsley of News UK sums up the collective mood with the observation, "right now, drinking Rose on a yacht doesn't quite feel like a good image for the industry."

IAB UK Chief Executive, Jon Mew, agrees but predicts

while large, physical events are less of a priority right now, they may well come back.

"We have had a lot of success with online training and events," he says.

"Registrations are up compared to pre-lockdown and so we're actually wondering if we should have been doing more online all along."



"We do realise, though, there is an element of Zoom fatigue and you just can't beat meeting people for real and having those chance encounters that lead to new business. You just don't get that online. So, the big physical events may suffer in the shorter-term, but I suspect they'll start to come back in future years."



Diversity second only to safety

As the country went into lockdown, if you were told "I can't breathe!" would form a clarion call for action, most would have thought this would be linked to the effects of COVID-19. Black Lives Matter has seen protest across the world and athletes routinely taking the knee to signal their support for the movement.

Hence, although workplace safety is understandably the prime concern for businesses as they reopen offices, they are also revealing ethnic diversity is not far behind in second place.

It is a subject Katy Howell, CEO of social agency immediate future, has spoken out about recently and is keen to see stay at the top of industry's agenda, rather than fade away as talk is not followed up by action.

"It's understandable everyone's top priority is the safety of staff and visiting clients," she says. "It's good to see ethnic and gender diversity as the other major issues for companies in the year ahead.

Part of me fears it's just talk which could die away, but I hope not."



"We put our gender and ethnic diversity statistics in all pitches and I'm hoping brands start to ask to see this disclosed when short-listing agencies."

"We need more accountability. We're very good at talking up an issue in this industry, we need action too."

On Katy Howell's point about longevity, the Bluestripe/NDA research further found that 57% believe the pandemic will make greater diversity harder to achieve because of increased difficulties in new talent entering the industry. Just over 40% also fear money will not now be available to finance diversity initiatives.



Optimistic for the future, not blind to the challenges

The industry is in a confident mood around revenue and staff numbers as it prepares for a period of working to short deadlines and tight budgets from both home and the office.

Balancing this, there is also a very clear fear of recession and a second wave revealed in the survey taken shortly before the Government announced on September 9th social gatherings would be restricted to six people.

It would be fair to say, then, that the industry is both optimistic while also not blind to the challenges that

could restrict growth in the year ahead.

Perhaps the most telling finding, then, is on executives' split feelings towards their own careers. Despite the optimism, senior decision makers are split down the middle between the 50% are now more concerned for their job than before the pandemic and the 43% who are as concerned as before. Only just under 7% of respondents or less concerned for their own job than before lockdown was called.

the
People's
Picture

Bluestripe Group is a diversified media business offering communications, content and media products for the media, advertising and technology industries. The company is disrupting the traditional communications model, bringing together the previously separate businesses of content, communications and media under one umbrella, leveraging the synergies inherent between those operations.

To find out more about how we can help your business, email
hello@bluestripegroup.co.uk



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