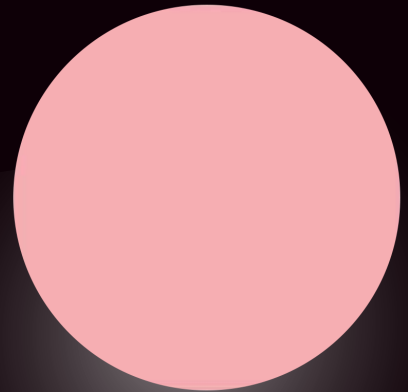


Savanta:

Strategy & marketing

Post Covid-19



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About the report

The findings in this report are based on a survey, conducted by Savanta, of 133 decision makers from Next 15 clients in strategy, finance, marketing and communications roles. These clients represent a wide array of industries across the globe, from the US, to Europe, to Asia Pacific. The survey was carried out in June and July 2020.

Next 15 is a family of purpose-driven businesses focused on delivering sustainable growth for our customers. Our services span product and service innovation, digital content and marketing, PR, market research, data analytics and creative technology.

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“Overall, despite the dramatic and lasting changes to business models, COVID-19 could be responsible for positively changing the way we all work.”

In a nod to Mark Twain, reports of marketing's death post-COVID are greatly exaggerated.

Every cloud offers a silver lining, and perhaps the upside of being forced to conduct business virtually is the reappraisal of marketing efficiencies and effectiveness. With nearly every one of Next 15's clients predicting lasting changes in how they bring products to market, it's hardly surprising to learn the biggest shift will be a hyper reliance on digital channels to reach and influence consumers and customers.

A survey of marketing executives across Next 15's diverse client portfolio revealed some happy surprises as a by-product of the expected upheaval in how people work. A quarter of respondents say that the pandemic has had a positive impact on business, with almost half of our clients in the technology and software sectors over-indexing on positivity.

Another positive sentiment is that the required shift to marketing digitally, with greater reliance on technology and automation, will elevate and not devalue marketing. A whopping 71% of respondents said that technology is a boon to the marketing function; 64% said it enhanced marketing strategy; 57% said it boosted creativity; and 62% said it made work more enjoyable.

In the words of one respondent, “Our sales and marketing team can cover more ground, present fluidly, lower costs, be more productive, and reduce our carbon footprint.”

Of course, the economic impact of COVID-19 has been profound, and with sales lagging in many sectors, certain marketing activities are predicted to take on added importance. Looking ahead to 2021, marketers expect that content marketing, social media marketing, virtual events, demand/lead generation campaigns, and thought leadership initiatives will take precedence. Ostensibly, these digital specialties will address client pressure to rebuild profiles and reputations, demonstrate expertise through content marketing, and keep marketing costs low as many companies climb back from pandemic-related losses.

Of note, a third of the companies that responded said they will consolidate or reduce their agency

partnerships, with the firms they retain demonstrating strong ROI and a strength in decision-making using data. We were not at all surprised to learn that in a post-COVID new world order, clients will turn to agencies for customer and market insights – since pre-COVID attitudes and behaviours will likely become obsolete. Of equal importance to our clients is an agency with diversity and inclusion expertise and representation.

One theme we heard often before the pandemic persists today for marketing stewards. Most believe their role as marketing leaders is to build their company's brand and brands yet feel their obligations still skew to driving short-term sales. No doubt this issue will feel magnified as companies double down to build revenue and profit, bring employees back from furloughs, and answer to their shareholders.

Overall, despite the dramatic and lasting changes to business models, COVID-19 could be responsible for positively changing the way we all work. The future will indeed be different. For marketers, it's time to become virtual virtuosos. For businesses, it's your moment to invest in brand building, not just sales. For agencies, the three D's matter most – more digital; more data; more diversity.

Recognizing the irony of quoting both Mark Twain and Charles Darwin in the same future-focused report, the businesses that thrive in the future will adjust and adapt quickly to the new environment.

I hope this report will be helpful to clients navigating change throughout the year ahead.



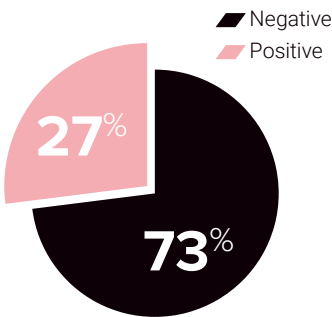
Tim Dyson

Chief Executive Officer | Next 15
September 2020

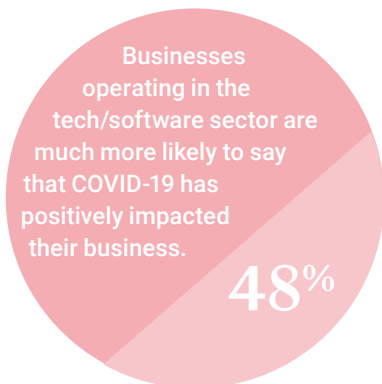


Nobody doubts that COVID-19 has had a massive impact on businesses.

From the enforced work-from-home trend, to sudden increases and drops in demand, to a new personnel challenge in furloughs – every department of every company everywhere has been forced into unprecedented territory. The outbreak’s reach has been ubiquitous, with every respondent reporting that the pandemic has had an impact, with a quarter saying the impact has been positive.



What impact has the Covid-19 outbreak had on your business in an overall level?



However, there may be the temptation to think that – while dramatic – these changes are only temporary and therefore surface level. An opinion many may hold is that things will be unrecognisable for a period but will eventually return to business as usual.

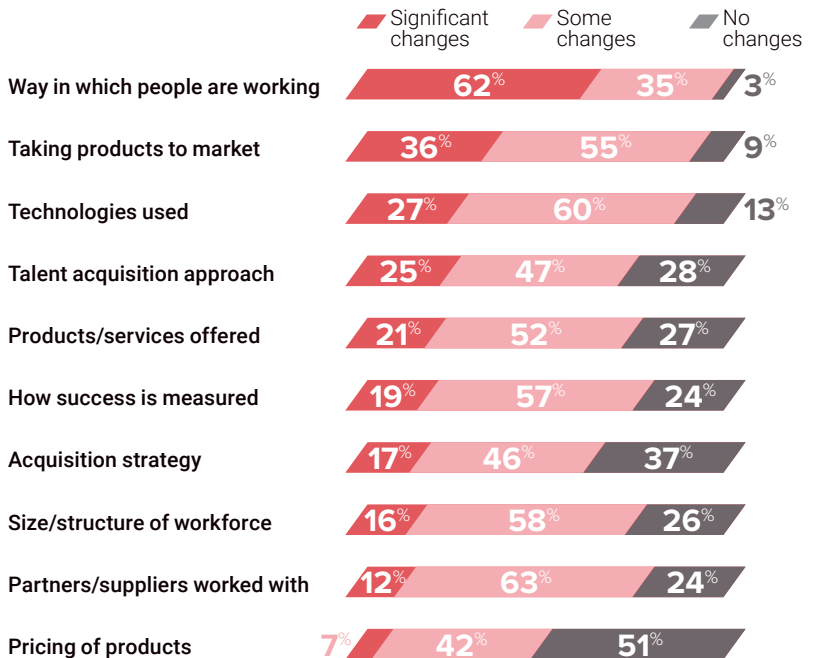
Our research suggests this is not the case. Only 15% of companies say that their business model will remain the same over the next year – with one in five (20%) saying it will change dramatically. COVID-19 isn’t just causing businesses to make minor adjustments - it is fundamentally changing how they operate.

But in exactly what ways are things set to change? We asked our clients about several aspects of their organisation to understand the extent to which they expected upheaval in each.

Unsurprisingly, the ways in which people work is the top area where businesses expect movement – with remote and flexible working set to become more commonplace. Almost every business (97%) expect changes here, with 62% predicting change would be significant.

Taking products to market was the next most impacted area, with 36% expecting significant changes and less than one in 10 believing there would be none. While only 21% expect significant changes to their actual offering, and only 7% say the same of their pricing – the way in which businesses reach customers is where COVID-19 is set to have the most impact in the coming year.

To what extent do you expect to evolve as a business in each of the following areas over the coming year?



By far the most common theme is that COVID-19 will act as a catalyst to digitisation. Respondents detailed plans to shift focus and spending online and to digital channels, with two topics rising to the top:

1. A digital sales team:

Businesses and marketing teams will be looking to adapt to new ways of demonstrating products and services remotely. While this was initially borne out of necessity, there is a sense that it will afford opportunities that make it a longer-term plan even once restrictions have been lifted.

2. Decline in physical events:

During lockdown, events and exhibitions have been postponed or cancelled across a range of industries. More than any other channel, this is the area that businesses are set to reduce their focus on. It will be interesting to see whether this is a short-term phenomenon or whether the rise of 'digital events' is sustained into 2021 and beyond – but currently, businesses seem to be expecting the latter.

91%

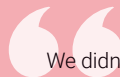
of marketers expect there to be changes in the way that they take their products to market.



We will need to stimulate initial interest and take customers through the sales stages in a more virtual world... **I believe this will provide huge new opportunities for us.**



Our sales team can cover more ground and present more fluidly using screen sharing. There will be some return to physical meetings and demonstrations, but we will push for more virtual events - **lower cost to host, sales team can be more productive and potentially reducing our carbon outputs.**



We didn't lean heavily into conferences and trade-shows, but they are obviously off the table now... **we expect the old ways in which we would engage physically with customers to possibly never return**



We were very heavy on physical events, but I expect us to be far more digital to be able to reach with more precision and be more measurable. **Covid-19 has accelerated this thought**

What is clear is that while changes were initially enforced by Covid-19, those in strategic and marketing roles see them as being more permanent – due to the opportunities of efficiency that they provide, or the beliefs that customer expectations will shift.

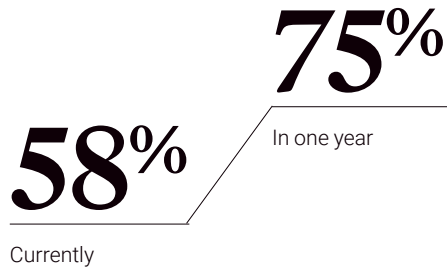
As we have already seen, businesses are looking at evolving or overhauling the ways in which they go-to-market. Digital growth is set to be the biggest change, and the rapidity of this change becomes apparent when we look at a quantified view of where marketers are focused.

Despite being a growing trend in marketing for three decades, when we asked what proportion of activity was currently conducted via digital channels – the median response was just 58%. Marketers predict that within 12 months, this figure will climb to 75% - meaning three quarters of marketing activity will be conducted digitally. This represents a significant shift to a digitally dominant marketing world.

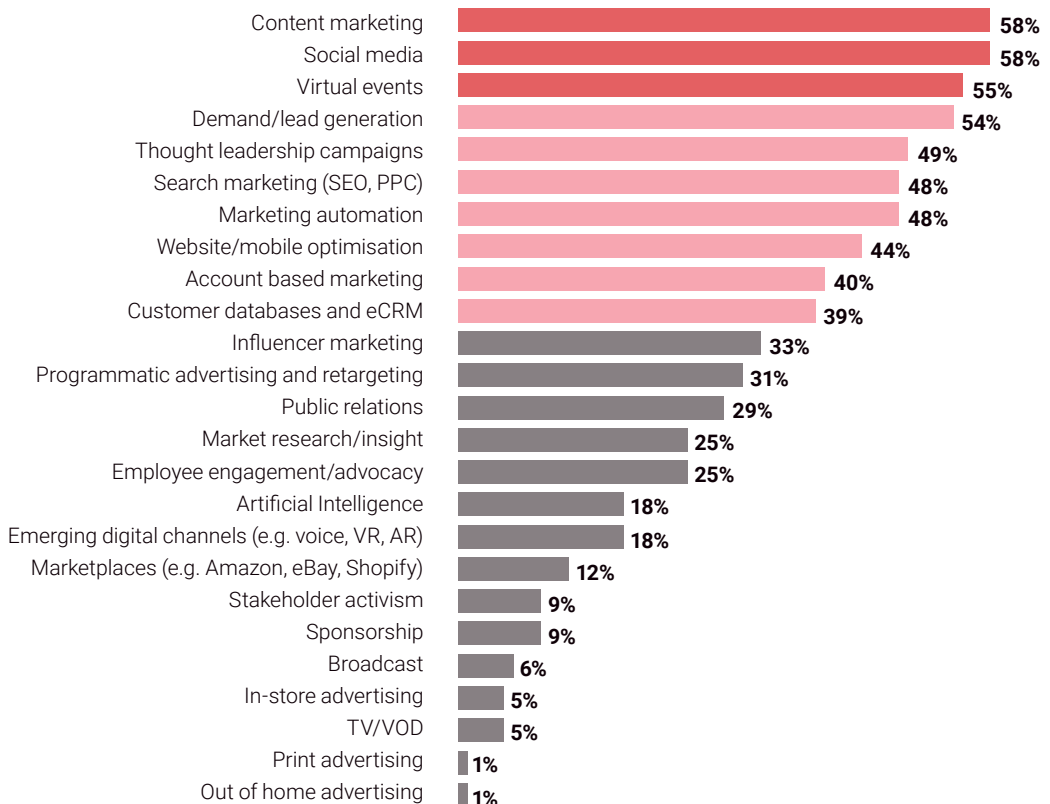
To understand in more detail, we asked which areas of sales and marketing will be prioritized and three rose to the top:



What proportion of activity is currently conducted via digital channels?



Which of the following sales and marketing areas do you expect to become more of a priority for your business over the coming year?



While virtual meetings are a direct consequence of remote work, content marketing and social media have been on the rise for many years.

Combining these “new” priorities with lead generation (4th) and thought leadership (5th) – a picture emerges, driven by the need to increase demand to reverse sales slumps, rebuild reputations, and demonstrate expertise through content. And of course, social media is a potentially lower-cost way of disseminating company information, which likely explains why it is set to rise in importance in 2021.

If you tell a marketer that digital is on the rise, social media is growing in importance, and businesses are more interested in content marketing than ever before – they may suggest your insight is a statement of the obvious. But the numbers demand attention. New marketing trends resulting from COVID-19 are not new at all, but indeed are an acceleration of patterns that marketers know well.

Top B2C Areas	
Social media	65%
Customer databases/eCRM	61%
Marketing automation	55%
Web/mobile optimisation	48%
Content marketing	45%

Top B2B Areas	
Virtual events	73%
Demand/lead generation	70%
Thought leadership	65%
Content marketing	63%
ABM	60%

There is some nuance when comparing B2B and B2C organisations. Social Media is important for B2B companies but more so for B2C. Content marketing is the reverse – rated high by B2C marketers, but not so high for B2B. Other high-ranking marketing functions align with B2B or B2C as outlined here.

Automation's workplace impact is widely felt, and in fact, tech entrepreneur Andrew Yang made waves during the 2020 Democratic primaries by shaping his plans to address this phenomenon.

Marketing automation is also having its moment, and the improved efficiency it offers is largely perceived favourably. Sixty two percent of respondents say that technology and automation make their work environment more enjoyable; only 9% say the opposite.

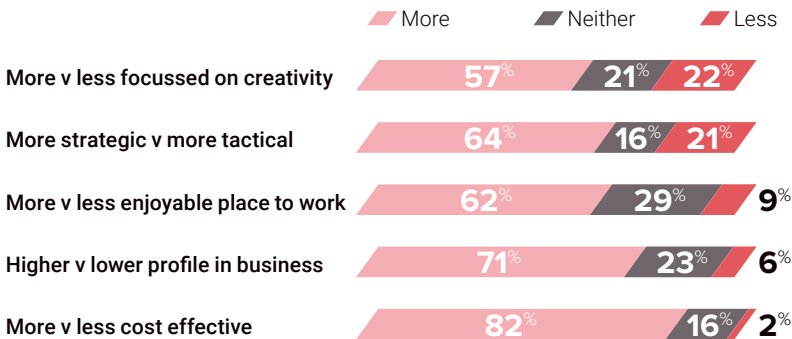
Rather than seeing technology as taking away from their role, marketers see it

as enabling them to be more efficient, automating the mundane, and allowing them to focus on where they can add more value. Ultimately, 57% say it makes them more creative.

Automation is also seen to increase the marketing department's prominence within the business. Sixty four percent say automation makes the marketing team more strategic and 71% say it raises their profile.

Far from fearing replacement, marketers are enjoying the benefits and changes that come with advancing technologies.

In your view, is the increasing use of powerful technologies and automation enabling or forcing your marketing/communications team to be...



62%

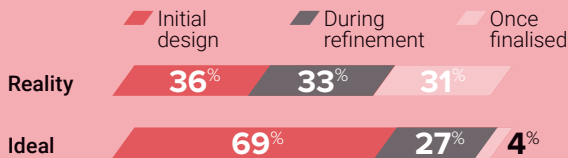
of marketers say increasingly powerful technologies and automation make their work environment more enjoyable

These two situations are likely a source of genuine frustration for marketers, who need to continue to fight for their seat at the strategic table to influence the role they play as brand builders.

What may be less positive is that marketers can't focus on areas they value. We saw this emerge in two distinct ways.

1. Not being involved early in product development

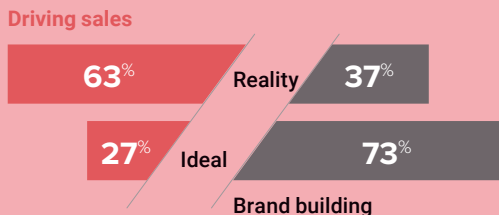
When it comes to product roll-outs, 69% of marketers think they should be involved at the initial design stage, and 96% say they should be involved during testing/refinement. The reality, however, is that just 36% say their team is involved at initial design, and 31% say they aren't included until a solution is final.



When rolling out a new product, at what point does the marketing/communications team typically become involved?

2. Not having the right focus

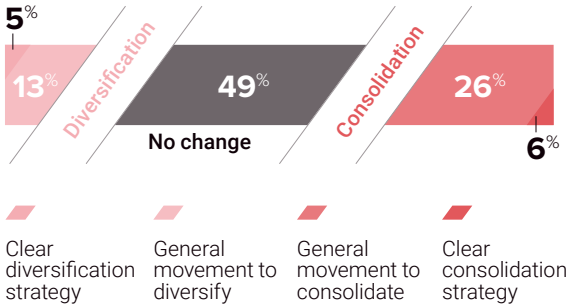
At a high level, there are two potential focus areas for a marketing department: driving sales and building a brand. Currently, three quarters say that they believe marketing should be primarily focussed on building the brand of the company. However, two thirds (63%) say that they are in fact focused on driving sales. When asked about the metrics they were measured on, sales came out higher than more traditional marketing metrics such as brand KPIs (e.g. awareness, consideration) or comms metrics (e.g. clicks, resonance etc.).



Which of the following is a great focus for the marketing/communications team within your organisation?

Another area COVID-19 has impacted is partner and supplier relationships. A quarter of our clients (24%) say they will make significant changes to these relationships in the coming year.

Generally, this is part of a move to reduce numbers – with a third (32%) expecting to consolidate, compared to the 19% looking to diversify.



Do you expect to diversify or consolidate your partner/supplier landscape in the coming year?

Given this trend, agencies will need to pay close attention to consolidation signals and add services to become a one-stop-shop.

Interestingly, the decision to part ways with suppliers is not always based on data. Over half of businesses say they only measure ROI for a few of their suppliers or partners, suggesting decisions may not be predicated on proven value.

When asked what would become more important in the coming year when working with suppliers/partners – **two of the most mentioned skills were:**

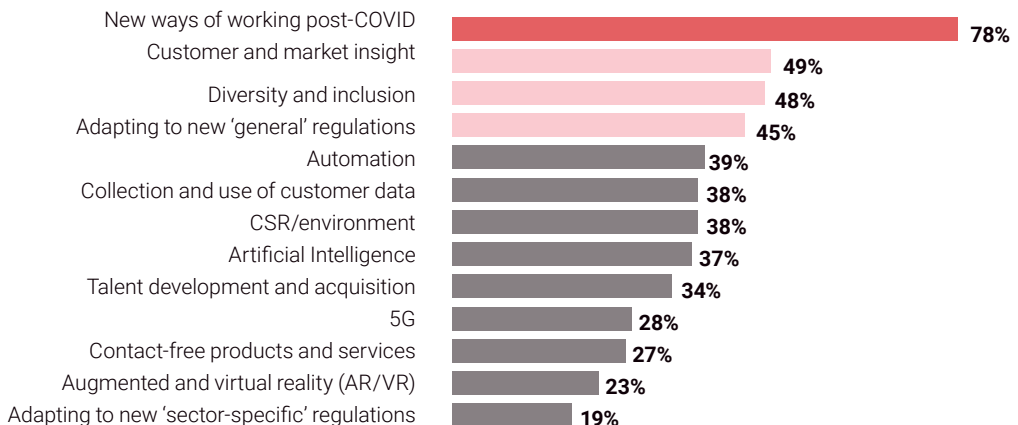


This suggests that businesses will increasingly look to suppliers and partners for support when it comes to evidence-driven decision making - both in terms of the supplier proving their own value and supporting the client business in their decision making.

This focus on evidence is echoed in another finding from the research - that customer and market insight is the top area of opportunity or challenge for businesses in the coming year other than new post-COVID ways of working.

It makes sense that in these uncertain times, businesses are increasingly looking to their partners for genuine insight, based on data and evidence. Agencies need to ensure they are ready to provide both.

Which of the following sales and marketing areas do you expect to become more of a priority for your business over the coming year?



COVID-19 will have a significant impact on the financial and human dimensions of every business.

The Savanta and Next 15 client survey reveals that planned changes will be deep and permanent, leading to genuine business transformation and a re-imagining of fundamental business models and processes. In particular, the sales and marketing function will be forever altered.

Most companies are actively rethinking the way they go to market with products and services, as marketing, communications, and sales activity shifts to the virtual world.

For B2C clients, this means more automation, increased use of eCRM systems, and a reliance on digital media, especially social media. For B2B clients, shifting from physical events and on the road sales teams to virtual forums and entirely digital buyer journeys will be accompanied by an increase in thought-leadership and content marketing.

And agencies need to be there to support the evolution. With a third of companies expecting to consolidate suppliers over the coming year, agencies will have to bolster their approach to ROI along with their data-based decision making. Companies and their agencies will need to align to meet change as partners.

Few can accurately predict the future during the best of times, let alone under current circumstances. We can be certain that companies that succeed will be those who adapt rapidly to digital demands, while fostering long-term brand health and driving sales.

We are pleased that one in four of our clients (27%) see benefits arising out of COVID-dictated changes; of course, most of the favourably disposed work in the technology and software sectors. While the road ahead will be challenging for many companies, we believe this evolution in how products and services are brought to market will create strong, sustainable brands for the future.

Next 15 is grateful to its clients for participating in this research and look forward to enduring partnerships through the dramatic changes ahead.



Savanta:



54 Bermondsey Street
London, SE1 3UD, UK

better.decisions@savanta.com
020 7632 3434