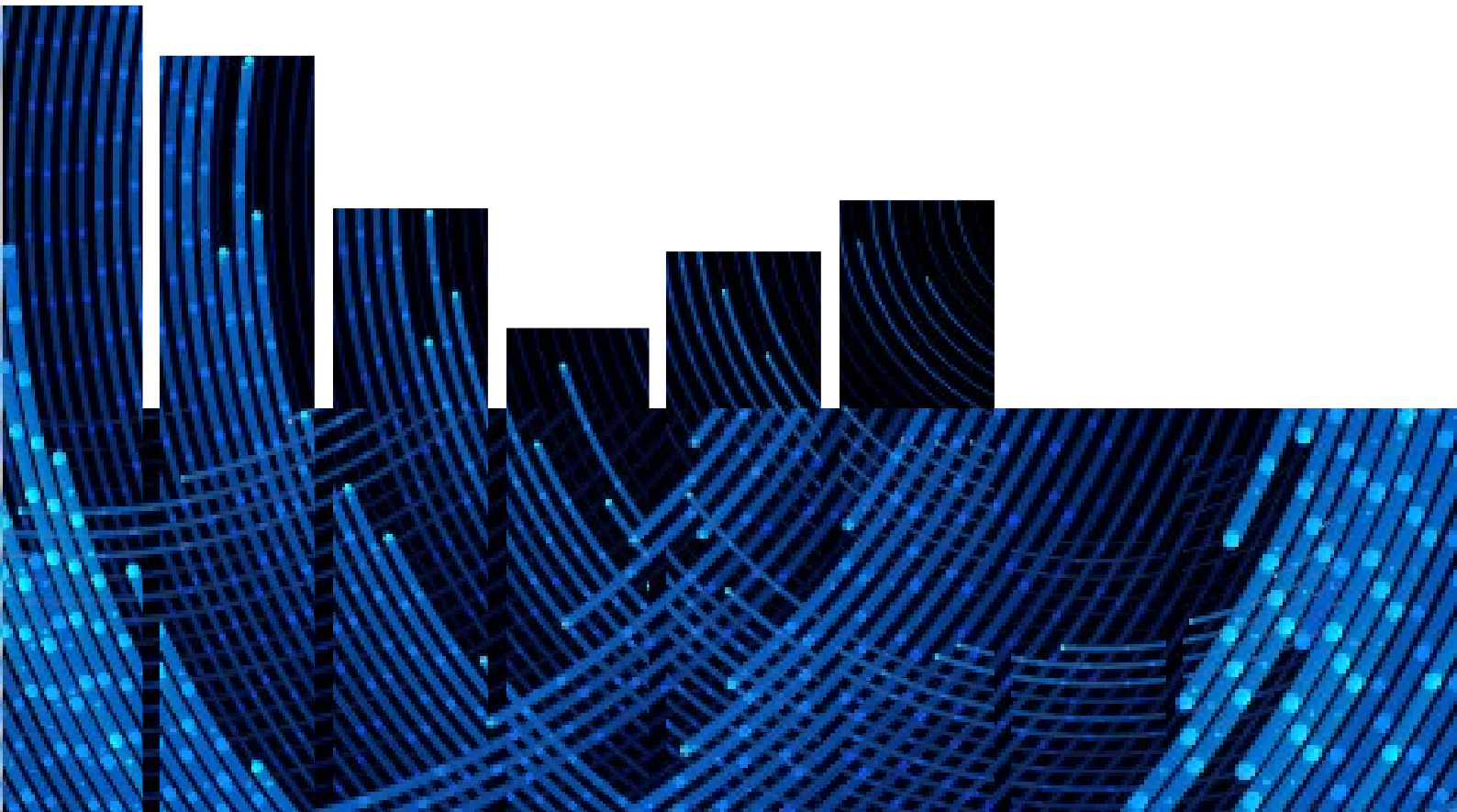
ESOMAR

Insights in times of COVID-19



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The current state of the industry

ESOMAR, as the global voice for the data, insights and market research industry, has been guiding the industry in the undeniable challenging times that the world has been going through for a number of weeks now. Some of the initiatives that have been established include a COVID-19 dedicated web page, a number of public statements of support and collaboration, an ongoing series of Community Support Circles where members can discuss common problems and find solutions from within the industry, and of course our series of @Home Virtual conferences. This report is another effort to better understand the extent of the impact the pandemic is having on the industry. Please, turn to ESOMAR's dedicated note for a general overview of the COVID-19 disease and some basic recommendations.

"The uncertainty of how long the situation will last. What will the return to supposed normality be like?"

The market generally is (understandably) suffering from a considerable degree of uncertainty; many sectors (such as Travel and Tourism) have been hit exceptionally hard, and therefore have stopped all investment and expenditure; others – such as eCommerce and Logistics – are experiencing unexpected growth, due to an increased demand for online products. The same pattern can be seen within our profession, with certain companies enjoying wholly unanticipated demand, whereas the majority are having to manage a considerably weaker revenue stream than forecasted.

In overall terms, our respondents see that the high levels of uncertainty the world lives in have translated into reduced investment, lower demand and a general disruption of the normal flow of the industry. Some brands have completely stopped marketing and advertising efforts, while others have taken the opportunity to revisit some previously held "mantras". FMCG brands have been quite resilient – although beauty & cosmetics have suffered – as people still need to eat, drink, clean and wash, and in some categories research on research reported to ESOMAR through our @Home Virtual conferences has shown that concept-testing has not been affected by pre and post COVID behaviour.

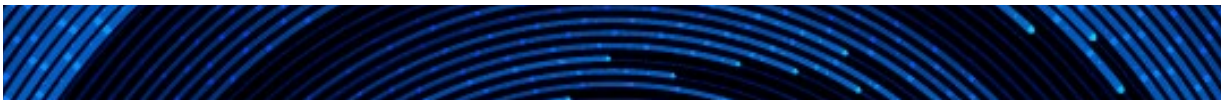
Prudence in spending is more apparent, as consumption patterns and brand expectations evolve during an enforced "lockdown", and as all companies need cash reserves to survive times of crisis, a reduced level of income implies that out-of-pocket spend will also be cut back. For many, this will mean commissioning less research, but for others it will mean alternative research – investing in their own resources to allow them to extract the insights they need from proprietary data or performing analyses on secondary data sources.

As research users/clients adapt their research efforts – by delaying, cancelling, not commissioning research or, in certain cases, dedicating less budget to (external) research, some agencies have found themselves struggling as a result. What if insights "spend" never returned to what was considered "normal" in pre-COVID-19 times? Many clients do not support this idea, but a concern persists amongst agencies that the profession may be relegated to second place while companies struggle to survive and re-allocate their research budgets to other, more pressing and immediate, issues. There is an added fear that there is a deep change of paradigm which some research suppliers may not be able to live up to. Current views within the profession differ between whether the focus and application of research will fundamentally change to a higher-level, more essential and spontaneous activity, or whether it is the mode and design that will need to evolve. Lastly, as social distancing measures remain in place and disrupt the entire face-to-face-side of the industry, some clients appear to believe that research, in a period of seclusion, simply cannot be done.

The developments in the client/user side of the market dictates the effects felt by the rest of research companies. Agencies fear the loss of clients, as demand shrinks and projects get delayed, frozen or cancelled. In turn, research companies will find it more difficult to stay afloat, with small and medium companies being particularly at risk, given their smaller shock absorption capabilities. Since in most countries they are an integral part of the economic network, that means that a vast amount of research may stop happening. Respondents to this survey are already seeing both sides of the financial constraints. Some remark upon the adjustment of payment terms which, in turn, directly impacts their cashflow, while others laud the efforts of their clients to pay on time - or even a little in advance - to support the smaller players in the industry. Freelancers, on the other hand, are more likely to have seen their services put on hold, as agencies adopt more conservative stands.

"Lack of business due to poor use of and adaptation to online mode of research and closing of main F2F mode of data collection. Possibility of laying off staff."

Many sources of information believe that the current situation will lead to a recession and, in consequence, impact jobs. Our respondents do show an acute aversion to proceed with adjustments to their workforce, although a compromised ability to pay employees may have to translate into layoffs or furloughs, in order to maintain cash reserves. A recession could also result in lower prices and incur in cost-reductions, leading to lower results and a reduced ability to re-invest or scale back up.



Companies who provide face-to-face facilities (meeting rooms, viewing/recording capabilities), find themselves carrying an investment cost which in most cases cannot be mitigated. Noting too, that outside of the top 20 markets globally, face-to-face methods are considerably more popular, it is clear that social lockdowns make it significantly more difficult to maintain these businesses. In addition, adaptation to digital is not always easy (infrastructure, methodology and learning), but also because in some cases it may come at a cost of trust and "tradition" by the purchasing client. Conversely, other companies are consciously taking the opportunity to try new ways to conduct research, such as using video communication applications to conduct focus groups. These are the players that will develop a competitive edge in the future, as their experimentation will inform them of what works, and what does not, as presented in ESOMAR's 2017 paper "Fail again, fail better".

Some research suppliers believe that survey respondents are so focused on the crisis that their responses may be biased and more negative, consequently complicating direct research. Others believe that maintaining a finger on the pulse of attitudinal and motivational change is critical. Agencies, thus, should remain vigilant and understand how to research and adjust for strong emotions.

While working from home has become a new way of life for many, and has prompted many discussions about the format of working going forward, it is interesting to note that some respondents miss the opportunity for innovation that happens during casual office discussions and which cannot take place under lockdown.

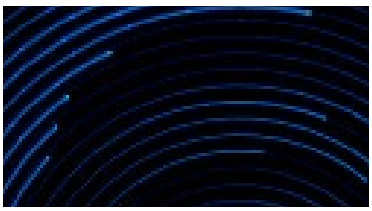
Interestingly, there has been a reported increase in consulting and advising – not always charging for those services –, of marketing, and of support content rather than purely research one. Predictions of the future are now more popular than descriptions of the present. There is a perception that the "past" can no longer describe the future, and researchers will have to work harder to anticipate emerging trends. Currently, work is more reactive than proactive, insights are more immediate given the uncertainty.

There is also an overload of information: online workshops, seminars, online training, everyone trying to provide materials and the essentials through online channels, to the point that the quality is jeopardised and the capacity to absorb it is limited as individuals get saturated. There is a noticeable increase in digital communication in the office, constant calls, daily meetings, etc. which is mostly for the better as they keep employees engaged, help check on their wellbeing, their emotional stability and their morale. Many of our survey respondents, though, wished this would happen more often, and wonder whether this humane monitoring will continue in the future.

"My greatest hope is that the world will change its paradigms regarding human orientation in business."

Employees find it difficult to balance their working hours with their private life. Many find themselves working more hours than required, as it is difficult to simply stop at a specific time. Having family members such as children in the household makes conciliation difficult, but there are also many reports of people living healthier lives, hoping to be able to work from home more often, doing more sports and generally improving their quality of life. The versatility of digital communications gives employees the chance to have much quicker discussions instead of lengthy meetings with limited value.

One group of respondents belonged to educational institutions and provided feedback based on their specific reality as a source of future professionals. Respondents in this category report a fear that students' results may be impacted by their absence from the classroom, and that the economic stability of the population may negatively impact further enrolment, therefore cutting some of the current students' education short. Disruption in the continuity of the studies, plus lower enrolment rates will effectively diminish the institutions' financial resources. On a last point, associations, on their side, face the risk to lose members and, with that, lose their financial streams as well as their representative power.

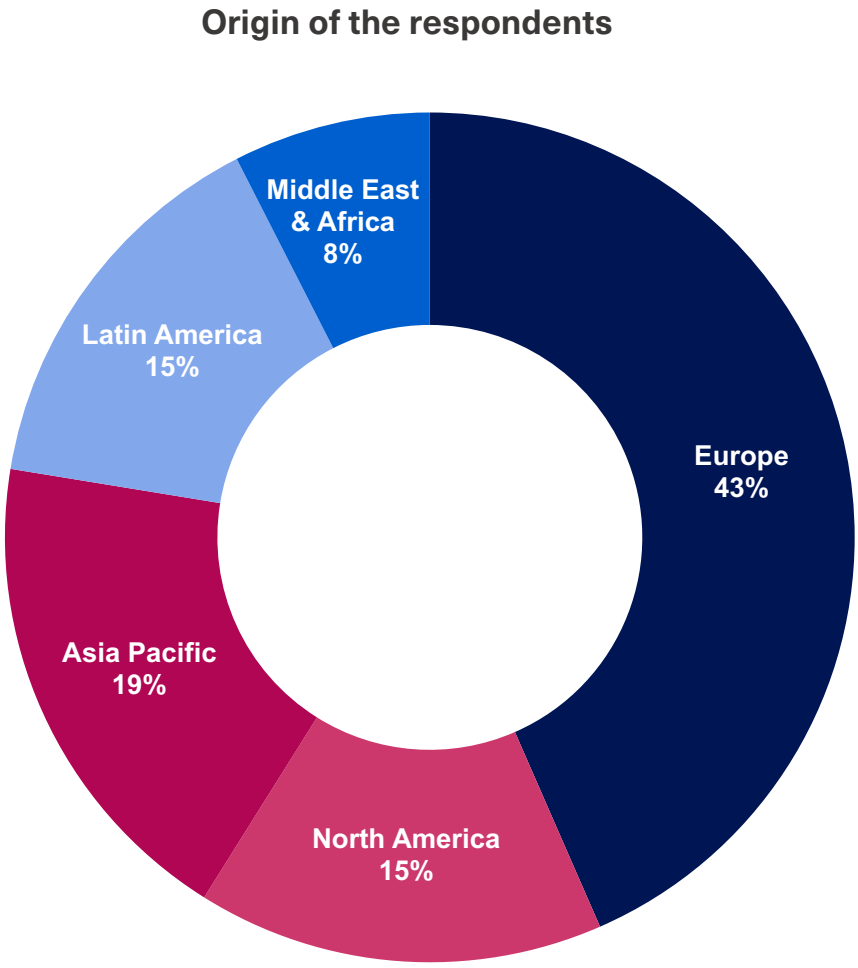


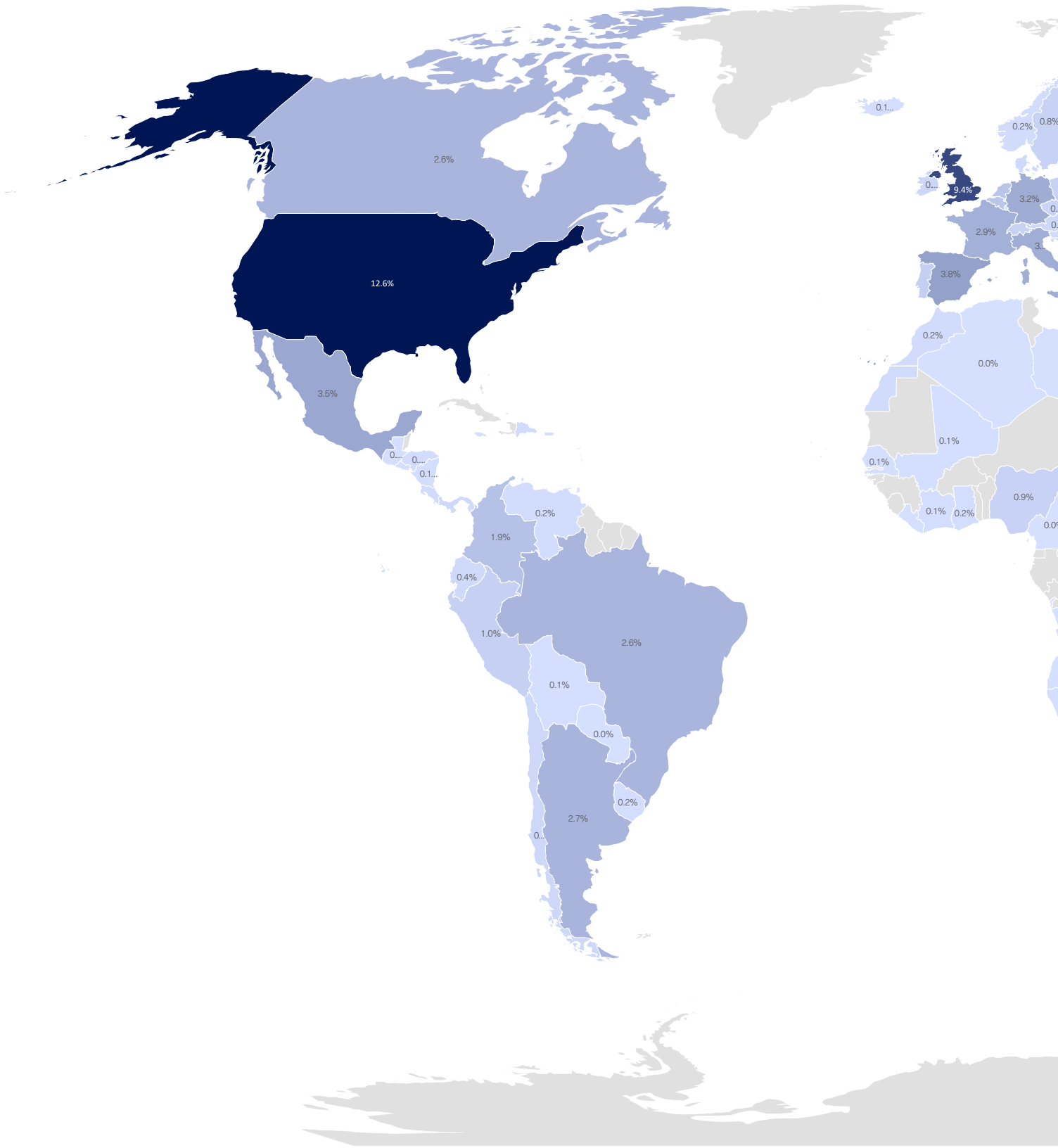
The study

Origin of the respondents

Question: In what country are you based?

The aim of this study is to understand the extent of the disruption caused by the current pandemic in the industry. For this purpose, a questionnaire was sent out to professionals worldwide during the first half of the month of April and was responded by a total of 2,889 individuals from 127 countries. The region with the largest representativity was Europe (43%), followed by APAC (19%), North America (15%), LATAM (15%) and the Middle East and Africa (8%).

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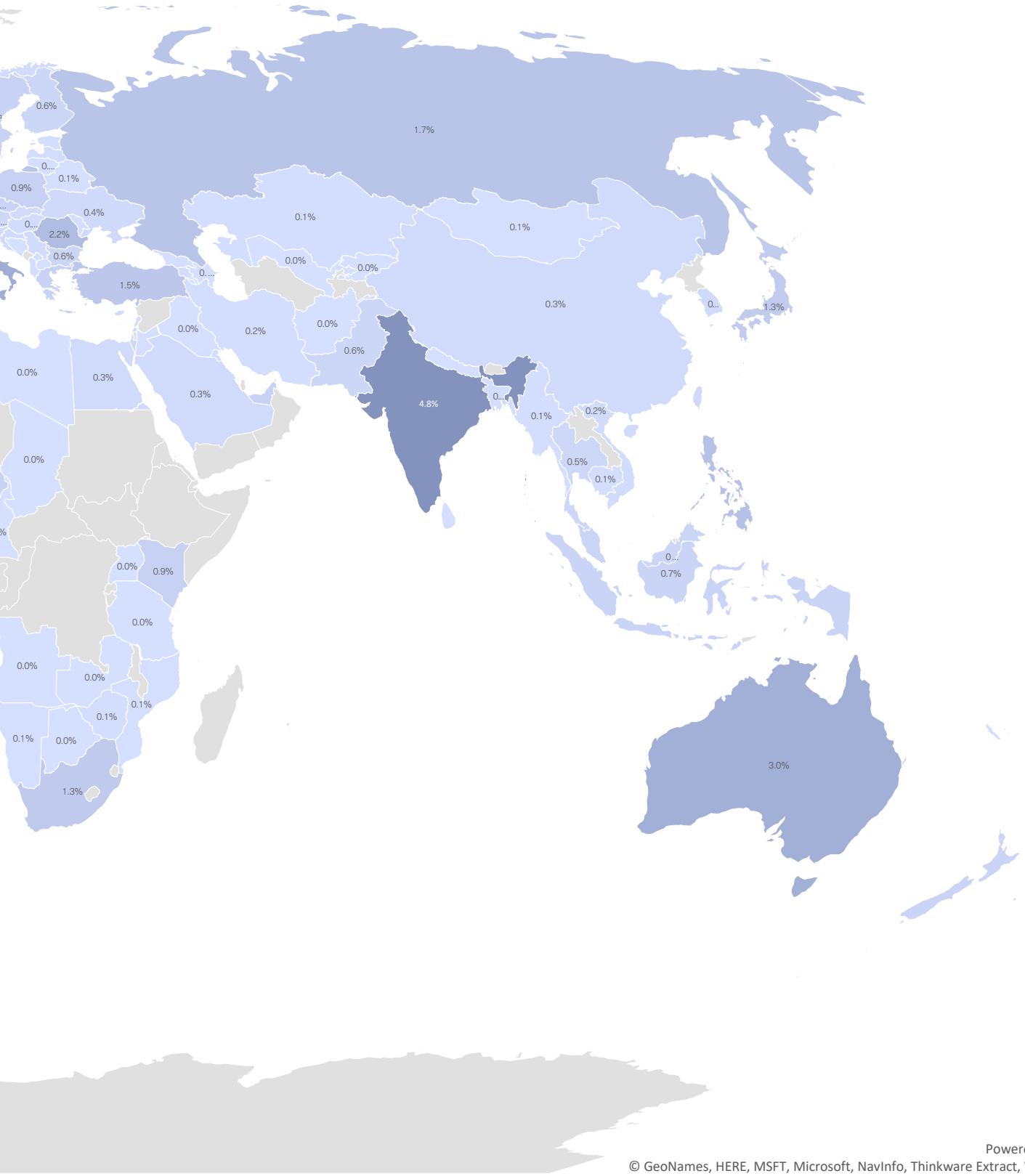

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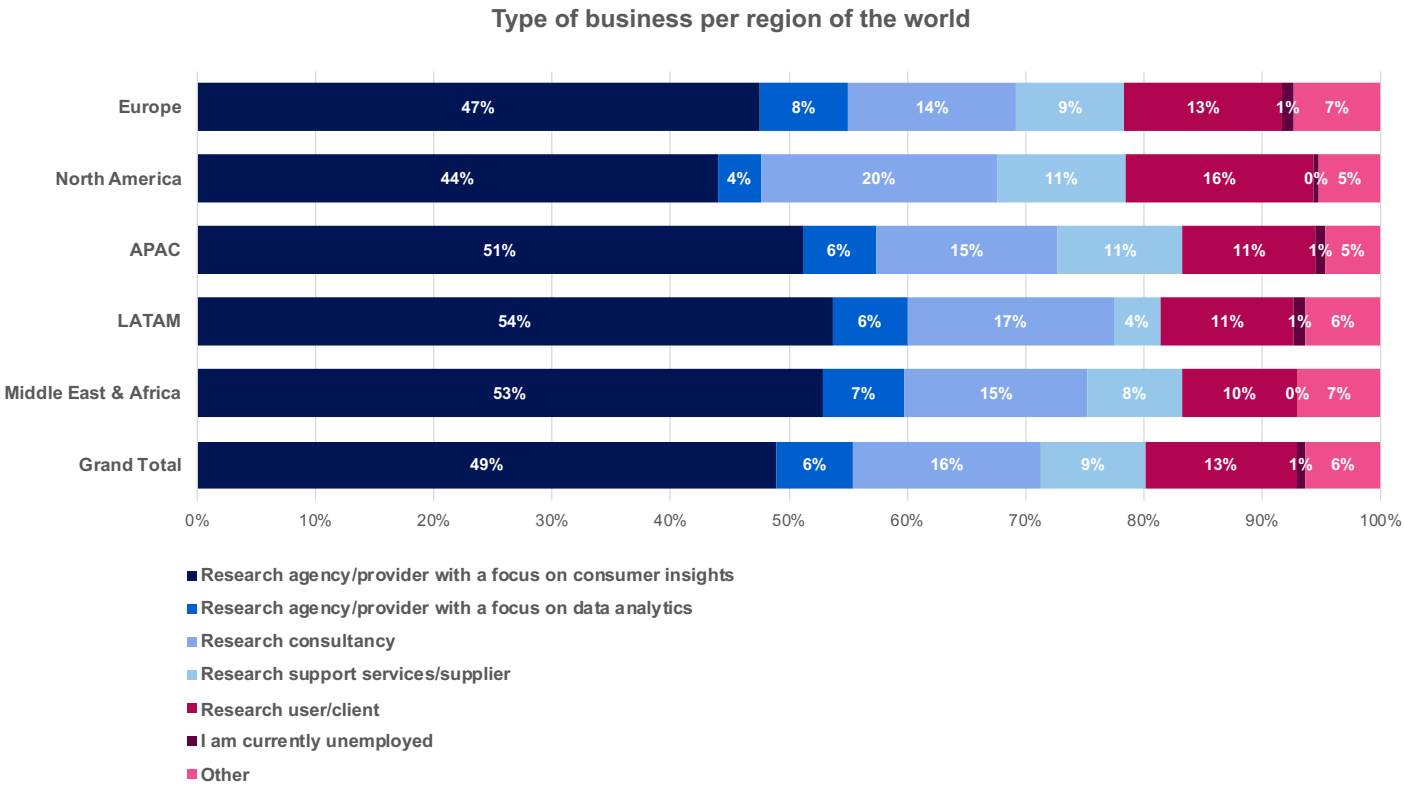
Type of business

Question: In what type of business do you work?

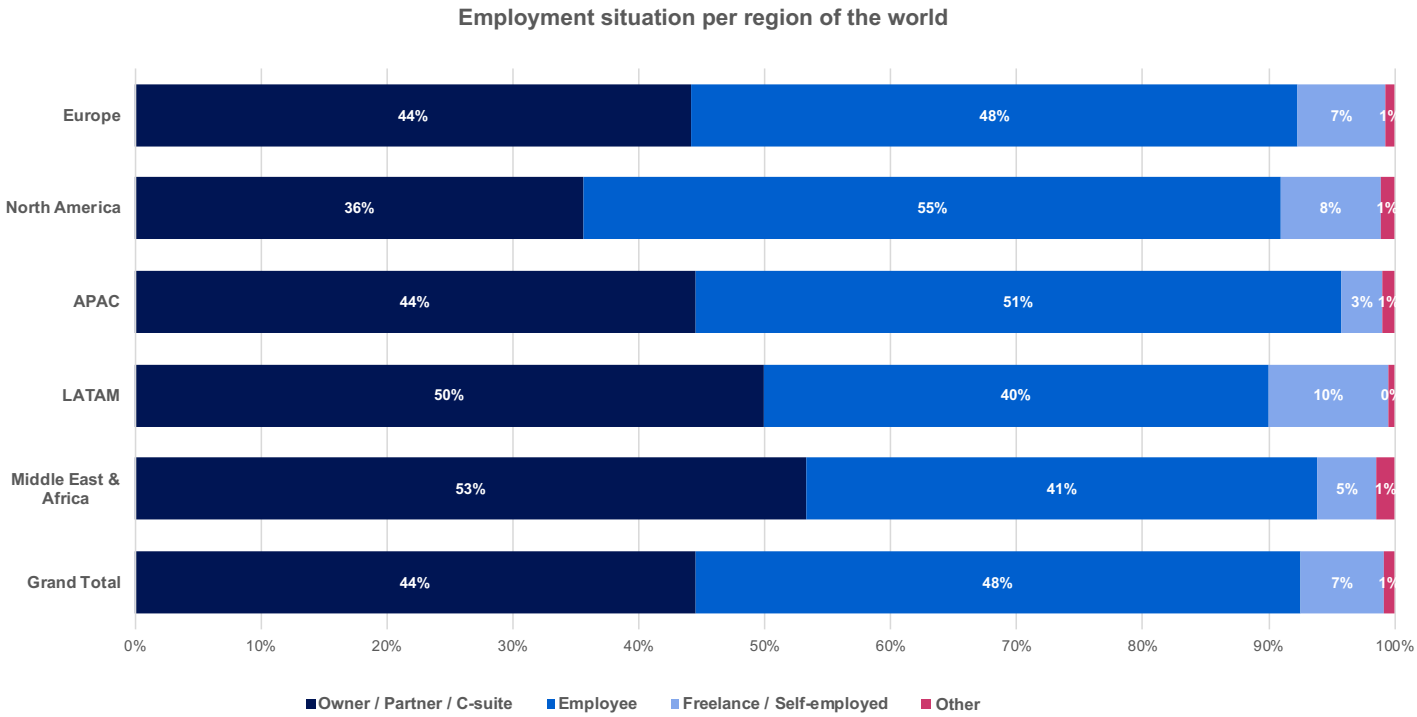
From these, 55% worked at dedicated agencies, 15% worked at research consultancies, 13% were research users/clients and 9% were research support services. The remainder of the respondents were unemployed or other. This classification remained relatively consistent for all the regions, showing only slight variations in business types – North America had a slightly higher number of consultancy respondents, and LATAM, the Middle East and Africa a slightly higher number of agencies with a focus on consumer insights.



Employment situation

Question: Which of the following best describes your employment situation?

The sample of respondents was fairly divided between Owners/Partners/C-suite (44%) and Employees (48%), followed by Consultants/Self-employed (7%) and Other (1%). This classification remained relatively consistent throughout the regions, showing only slight variations in their employment situation – North America had slightly fewer Owner/Partner/C-suite professionals whereas LATAM, the Middle East and Africa had fewer Employee respondents. This hints at the different types of businesses around the globe, and the relatively higher concentration of large businesses in North America as compared to the smaller size in LATAM, the Middle East and Africa.



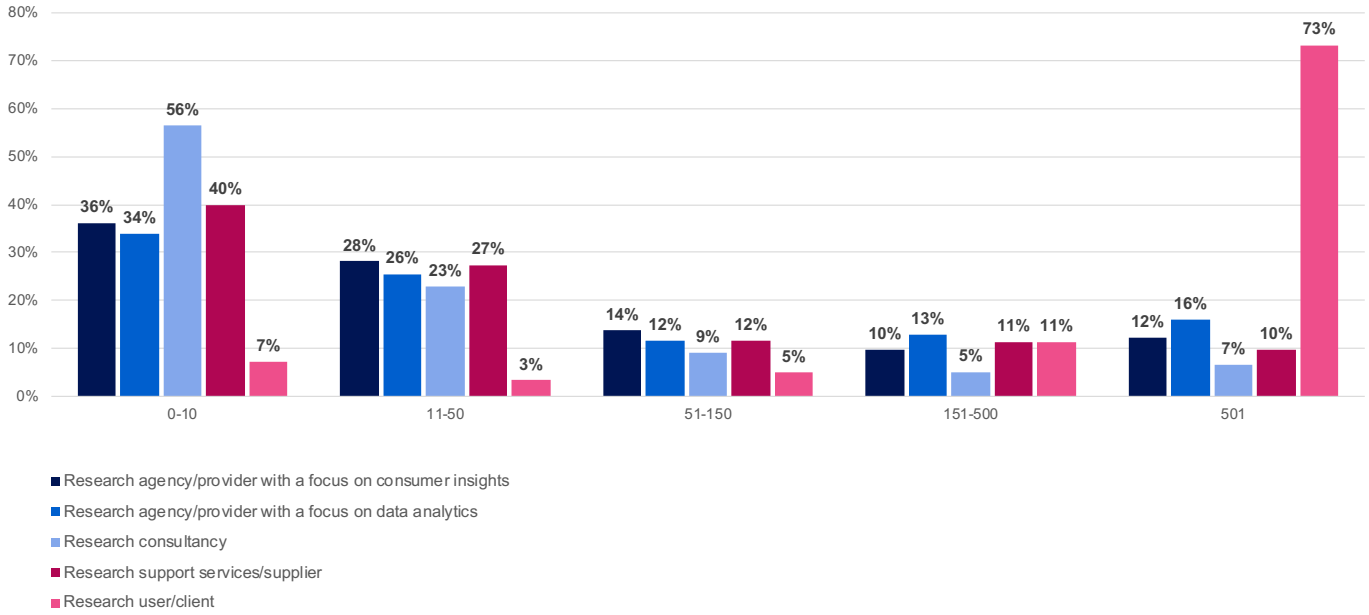
Business size

Number of full-time emplyees

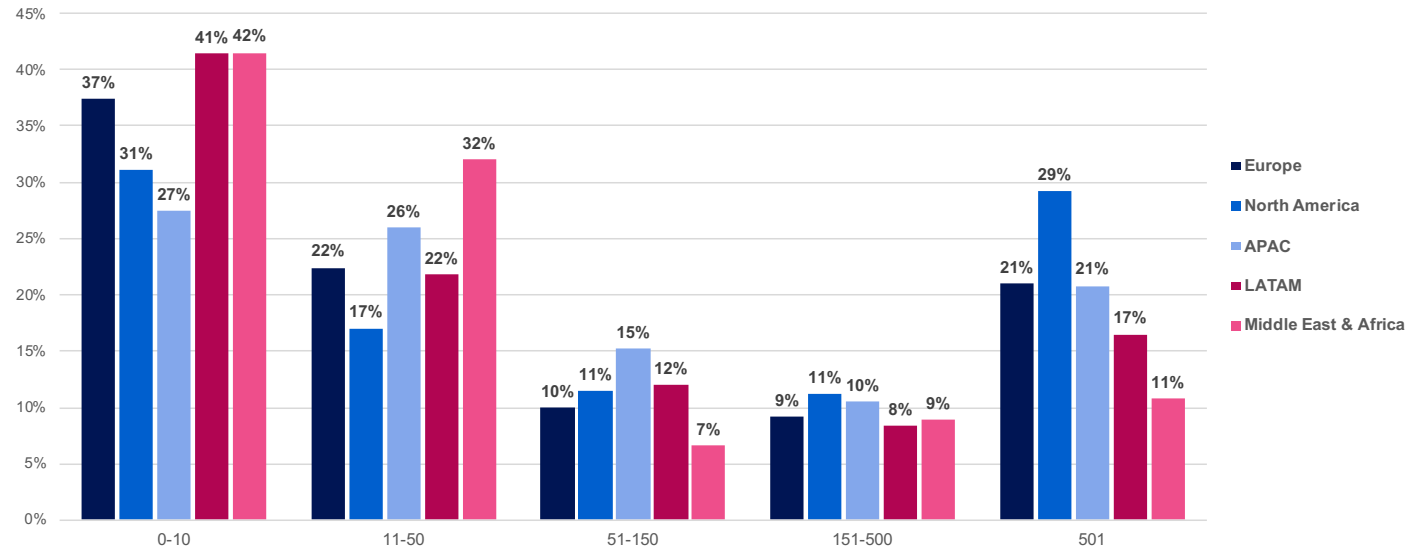
Question: How many full-time employees currently work for your company?

The responses show a clear distinction between agencies, consultancies and clients. Whereas consultancies are mostly very small enterprises (0-10 FTE), agencies may have the ability to grow larger (up to 50 FTE) but only a few grow past that level. Interestingly, there is not much difference between the 51-150 segment and the 151-500 one for this category. Research clients, however, tend to be very large corporations (more than 500 FTE). As hinted in the previous section, very large corporations are more abundant in North America, while micro ones are more prevalent in LATAM, the Middle East and Africa.

Number of full-time employees per type of business



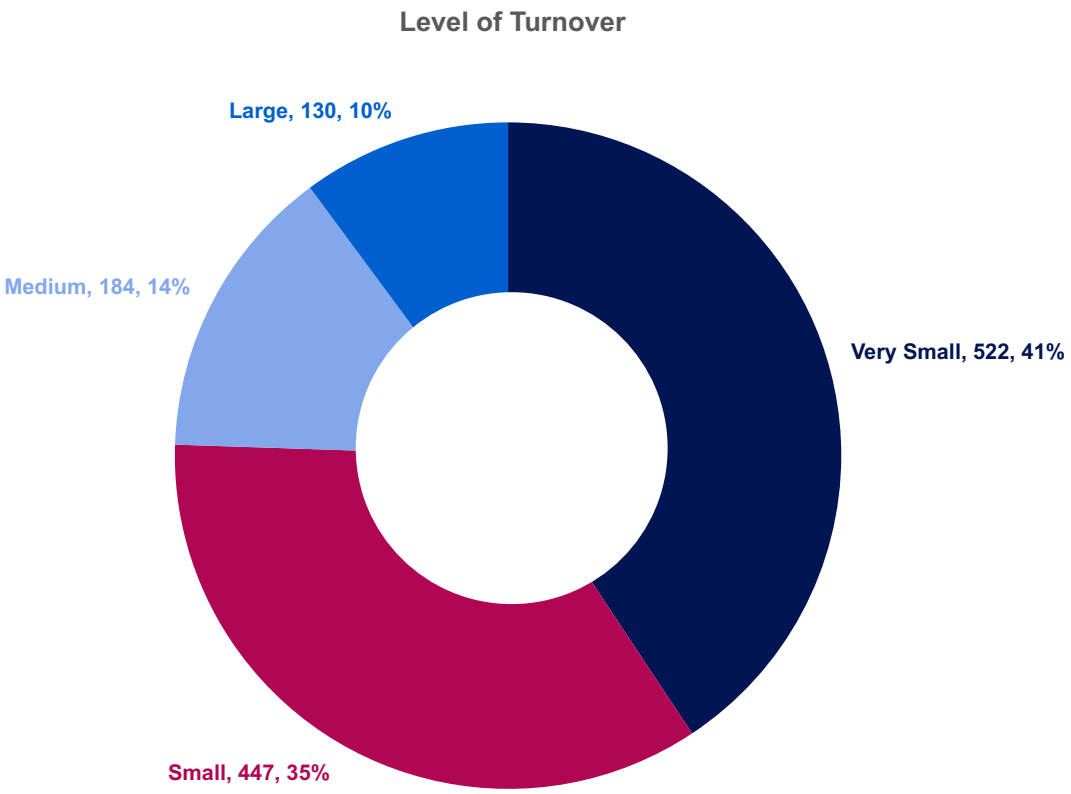
Number of full-time employees per region

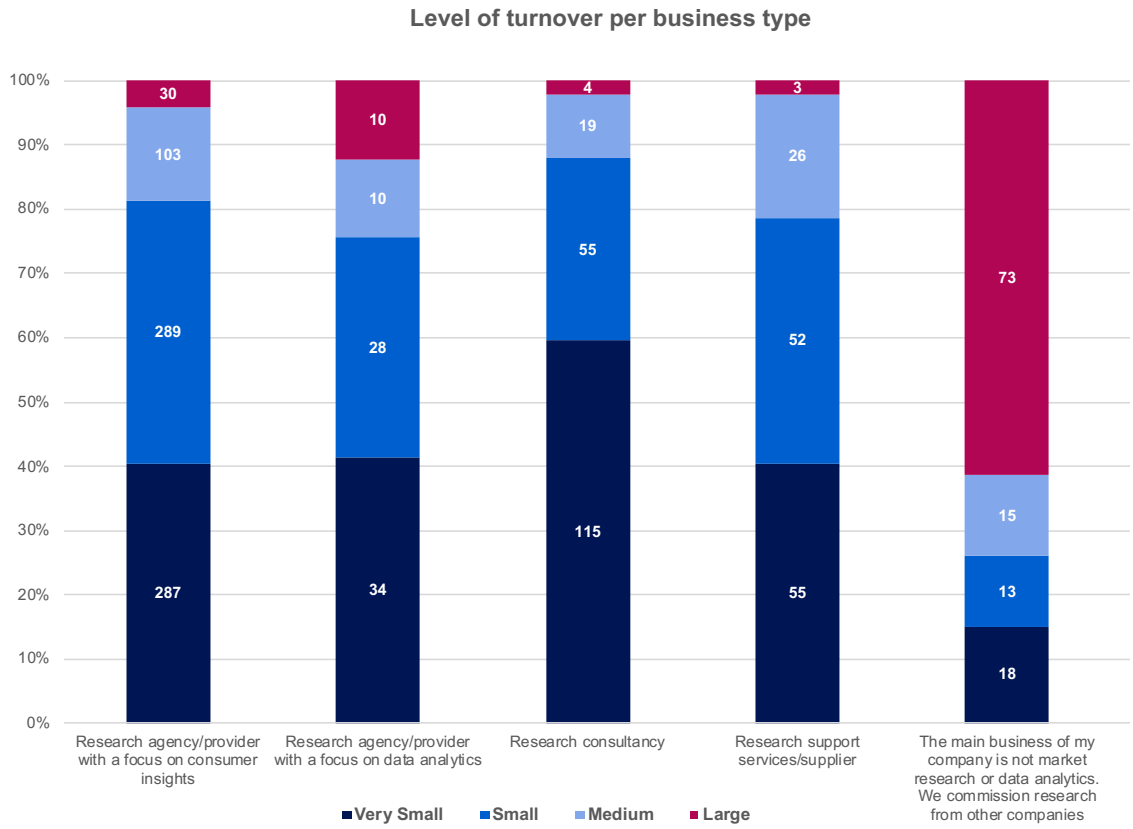


Turnover

Question: Can you tell me what was the approximate turnover (in US$) of your company during 2019?

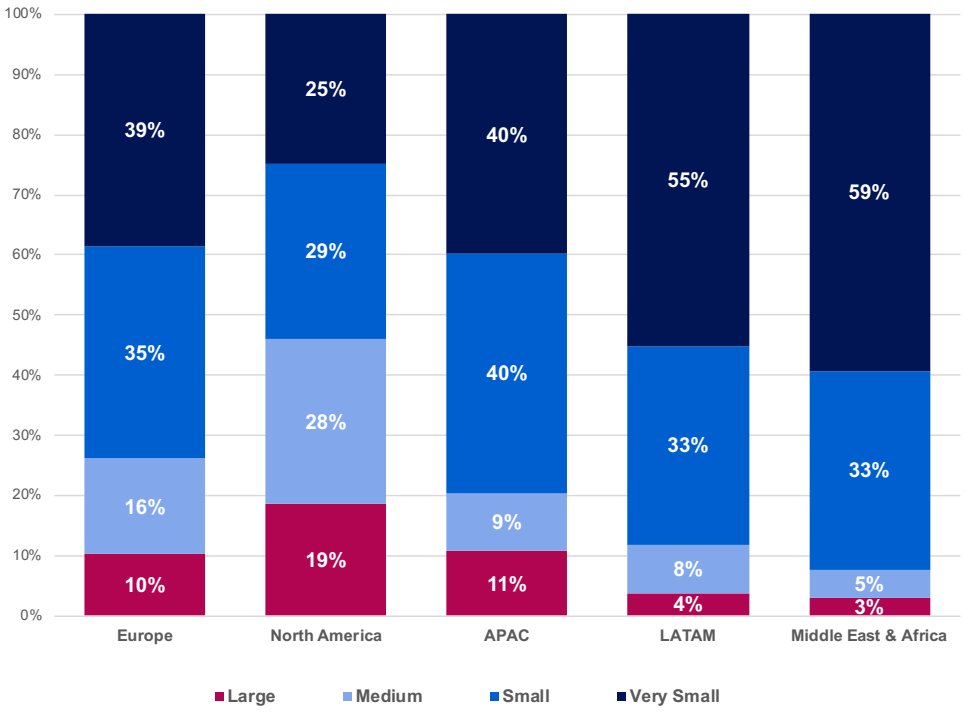
Respondents were furthermore asked to report the turnover of the company for 2019 in US$. Of all the responses received, 41% declared to work for company with a turnover of at least US$ 1 million, 35% work for one with a turnover between US$ 1 and 10 million, 15% for one with a turnover between US$ 10 and 100 million and 10% for a company above US$ 100 million. In general, research consultancies tend to be the smallest, followed by agencies with a focus on consumer insights, agencies with a focus on data analytics, research support services and research users/clients. It should be noted, though, that as responses were anonymous, the results may not correspond to individual companies, but rather show the individual employment situation of the respondents.



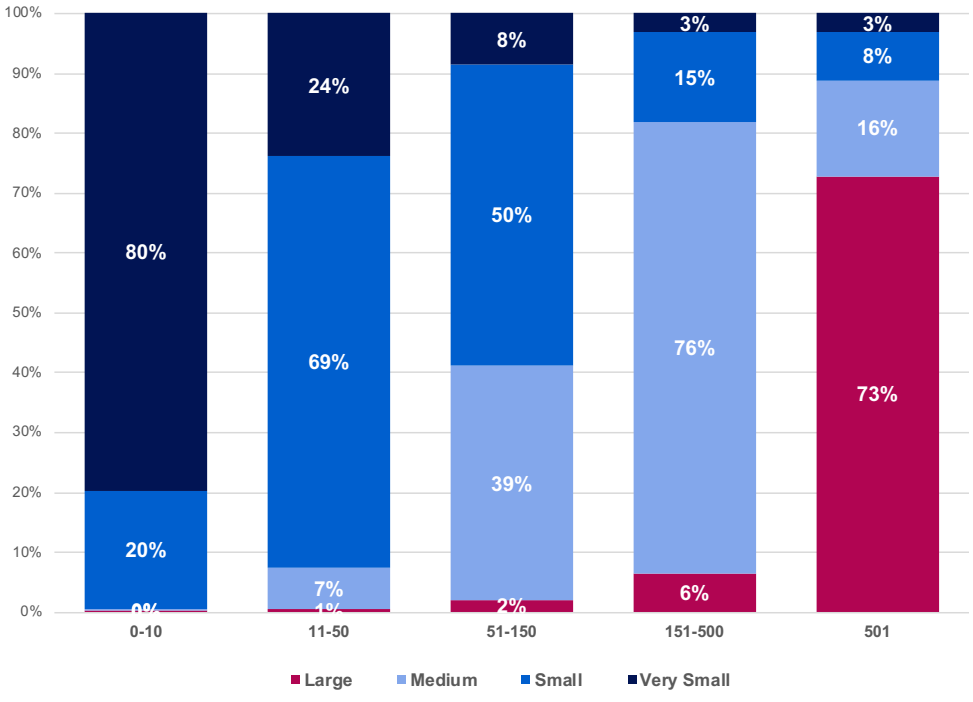


As presented throughout the previous sections, companies with the largest turnover tend to be located in North America, whereas those with the smallest ones are found in LATAM, the Middle East and Africa. It should be noted, though, that these turnovers have not been adjusted for the acquisition power of each country. However, given the logarithmic progression of the categorisation, it is unlikely that the insight had changed substantially. Lastly, and perhaps expectedly, the higher the turnover of a company, the more employees it is predicted to have.

Level of turnover per region



Level of turnover per full-time employee



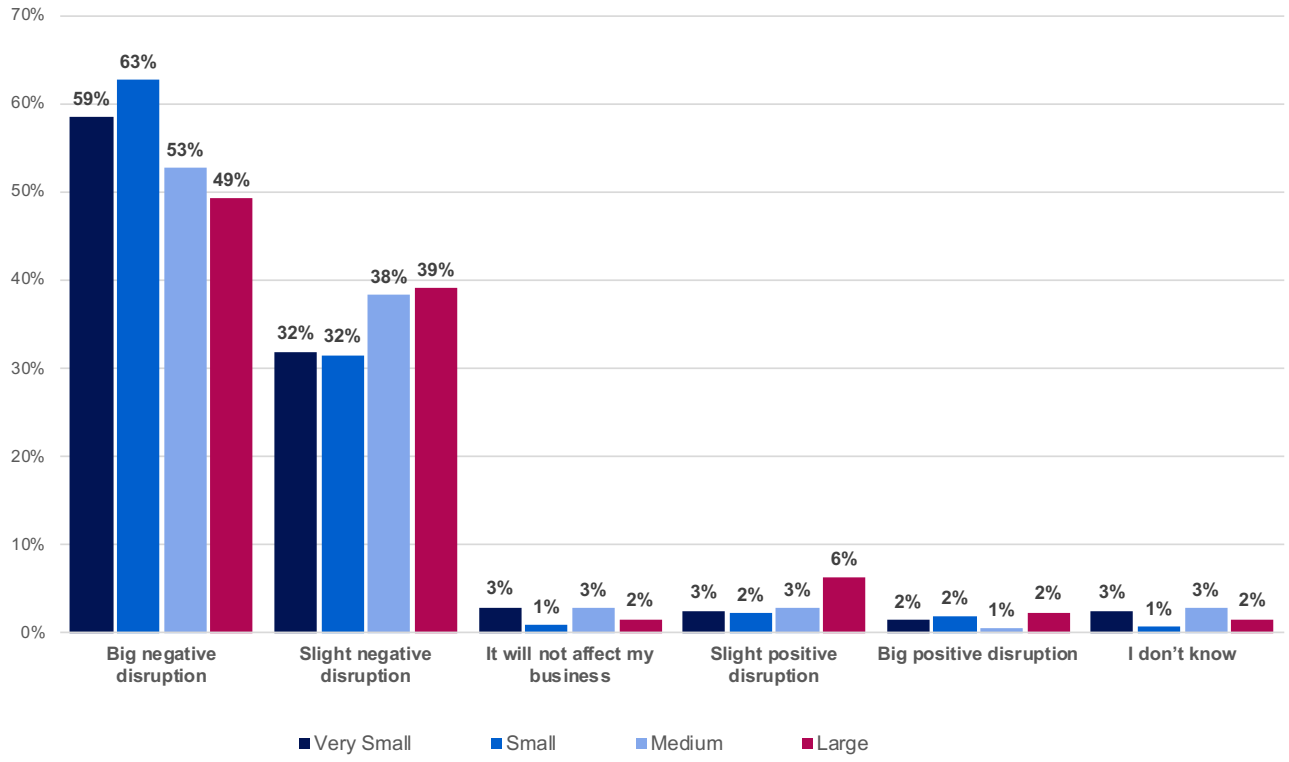
Expected disruption of the crisis in the business

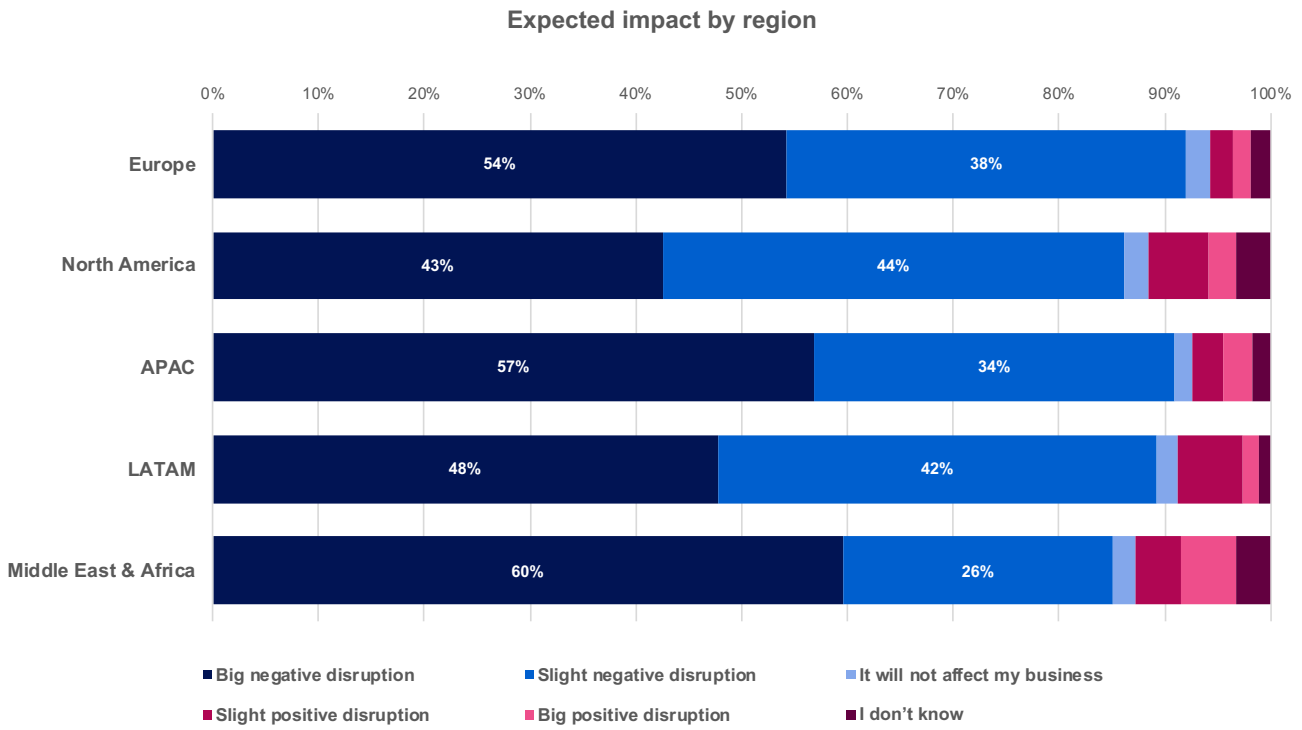
Question: In overall terms, what sort of impact do you think the virus outbreak will have on your business this year?

Respondents are, overall, fully aware of the impact the current pandemic is having on their business, and how the generalised global slowdown will only in very rare cases benefit them. All in all, up to 92% of all respondents claimed to expect an either slightly or big negative disruption, while the remaining 8% expect either no change, a slight positive one, a big positive one or simply do not know. It is clear that companies have to prepare for a downturn that, in many cases, is already here. A look at the responses shows how larger companies are expected to suffer a milder impact than the smaller ones. While it would be tempting to conclude that smaller companies are less resilient than larger ones – which seems to be true according to the respondents' opinion – it does not provide the full response, as small companies are more likely found in regions of the world with, generally speaking, less of a social safety net. In fact, the region with the highest expectation of a big negative impact is the Middle East and Africa, while that with the lowest expectation is North America. It should be noted, though, that the different time the pandemic arrived in the regions may have played a significant role in assessing its impact, explaining why at the time the study was carried out both the late-comer regions of North America and LATAM seemed to expect a somewhat lesser impact.

"People are working from home and finishing project they've started. They are not starting new projects right now. Revenues are down. [There is n]o money for research."

Expected impact by level of turnover

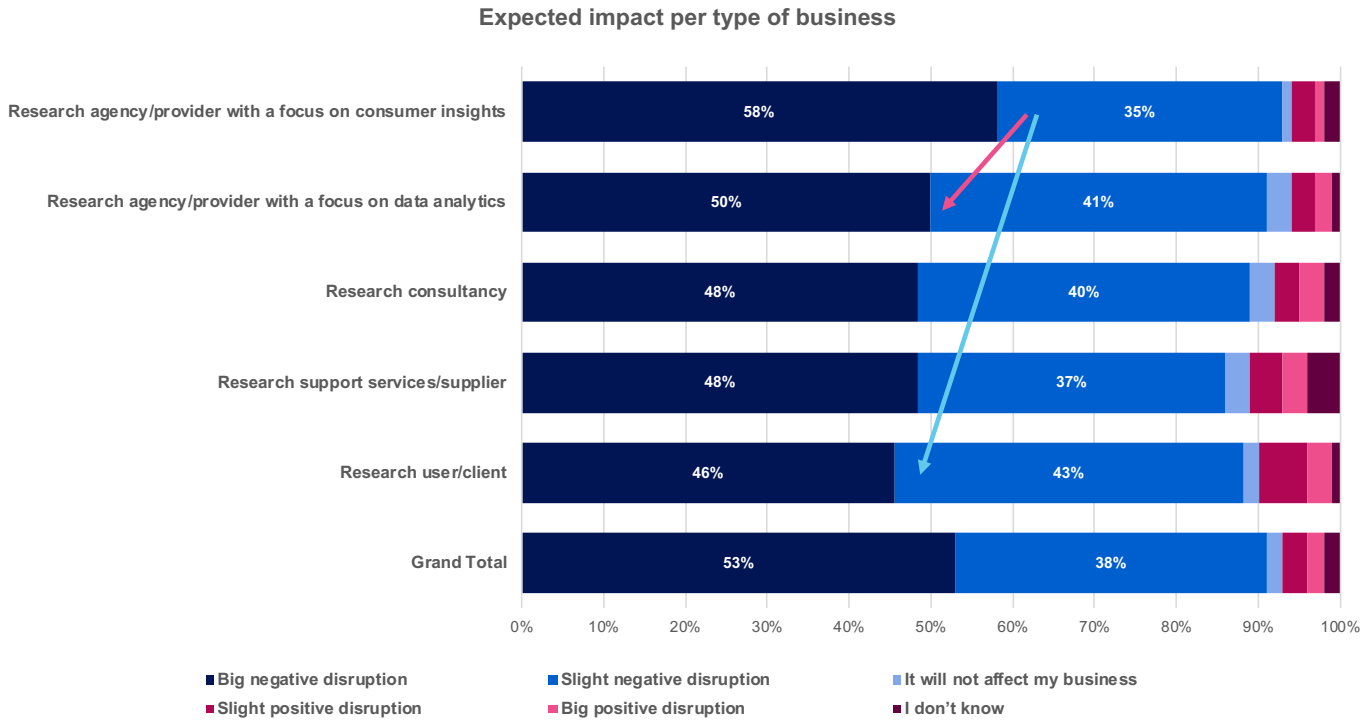




A look at the expected impact per type of business shows a concern that, we shall see, goes deeper into the raison d'etre of the profession: while research users/clients expect a severe downturn, it may not be as pronounced as that expected by research agencies; after all, the latter's service is less likely to be considered of first necessity when their clients find themselves in financial struggle.

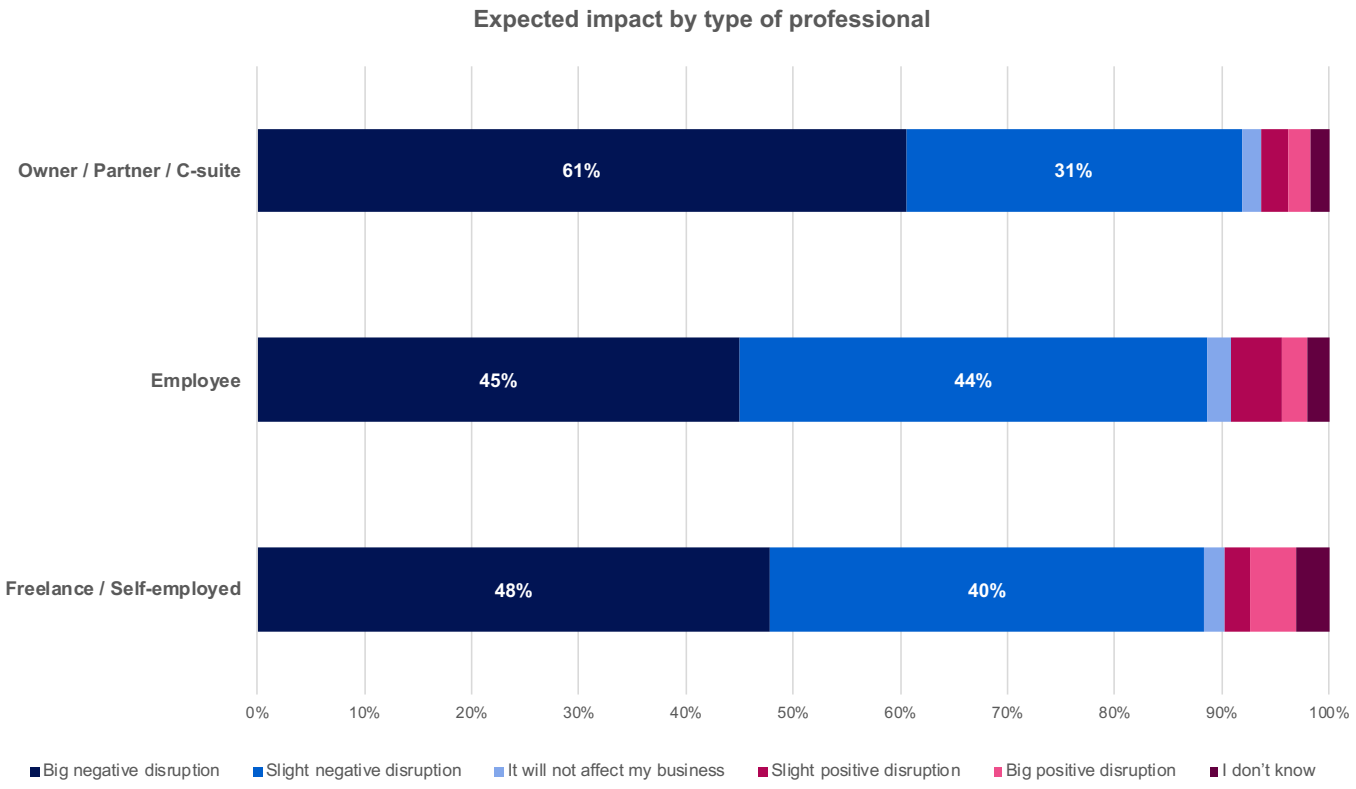
Furthermore, within the agencies, those focused more prominently on data analysis may be better suited than their consumer insights counterparts to wade the storm, in no small part because they are able to deliver insights in the absence of direct means of research such as, for instance, face-to-face methods, an idea reinforced later on in the report at hand.

"Impact on the financials will be significant as debt is likely to increase. Some positive impact as we have managed to mobilise working from home very quickly and have call centres now operating from home."



A look at the type of employment shows the, perhaps, higher degree of awareness – or worry – displayed by owners/partners/C-suite professionals as compared by employees. This could be due to two reasons: i) this professional group may have a better understanding than employees of the causal set of events currently affecting the world and how they may impact their business or ii) they may display higher sensitivity as to what shall be considered a "big" disruption. As extracted from the respondent's comments, owners/partners/C-suite find themselves juggling a much broader set of considerations, be them the cashflow affected by delayed payments, a drop in sales as projects are either postponed or cancelled altogether, the inability to keep employees under the current payroll, or the general economic uncertainty that makes it impossible to estimate the length of the crisis.

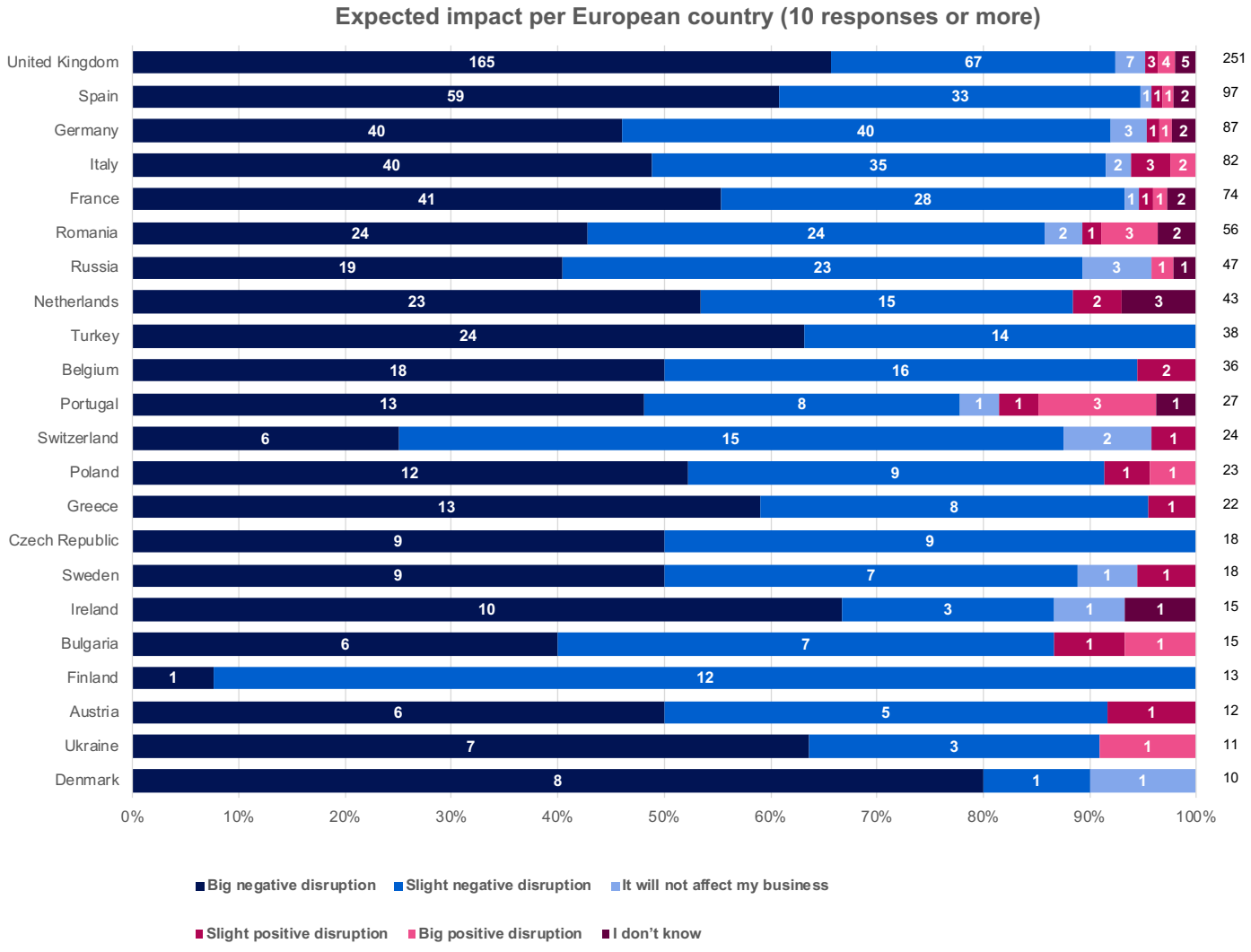
"Reduced client budgets to spend on research, delays in current projects, change of methodologies including types of data collected as a result of the limitation of methodologies now, loss of jobs."



Expected impact in Europe

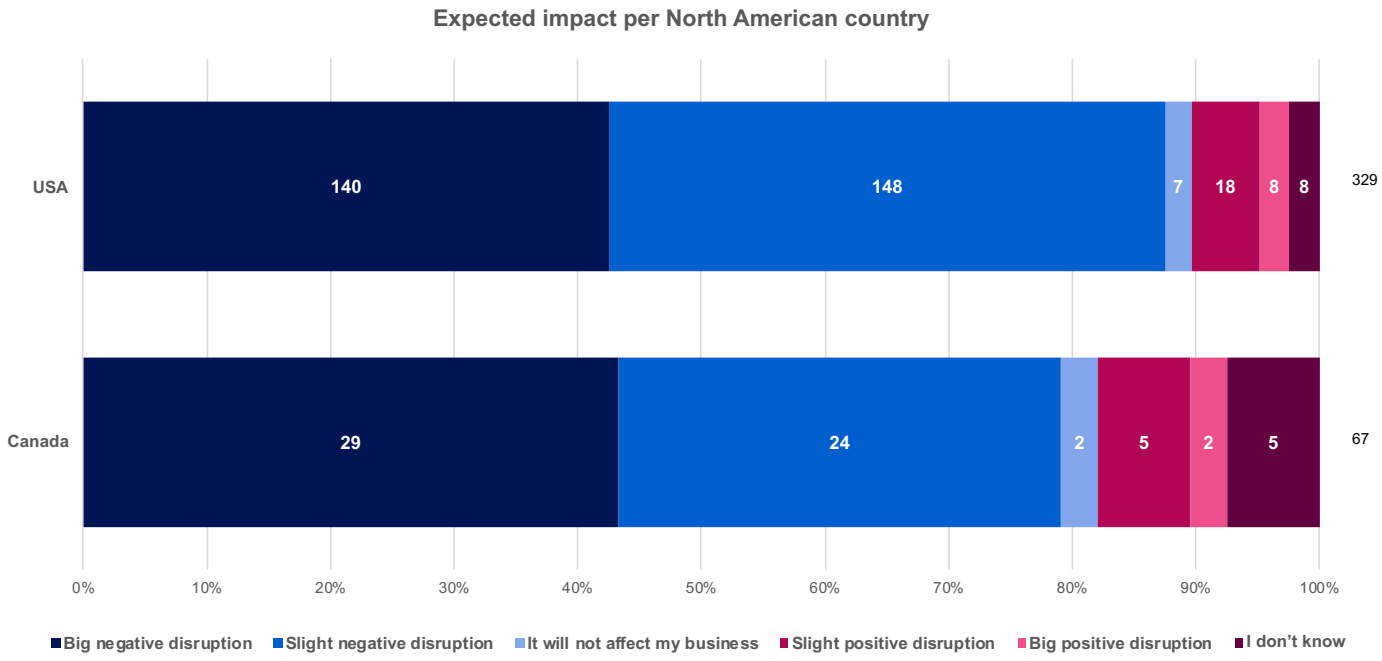
A look at Europe shows the varying levels of pessimism displayed by the different countries. As previously pointed, most countries expect the impact of the crisis to have an either slight or big negative disruption. It is interesting to see how these results are largely independent from the actual level of incidence of the COVID-19 disease within the territory – Italy, for instance, which is one of the hardest-hit countries, shows a similar expected impact than Germany.

"A huge fallback in turnover due to projects that are cancelled, postponed and a lack of briefings. On the longer term we expect an economic crisis, so we expect this to be a long(er) lasting situation."



Expected impact in North America

Even though Northern America has been hit relatively recently by the spread of the disease, the sentiment of the countries in this region is comparable to their European counterparts, and some respondents even expect to see a positive impact of the current situation.



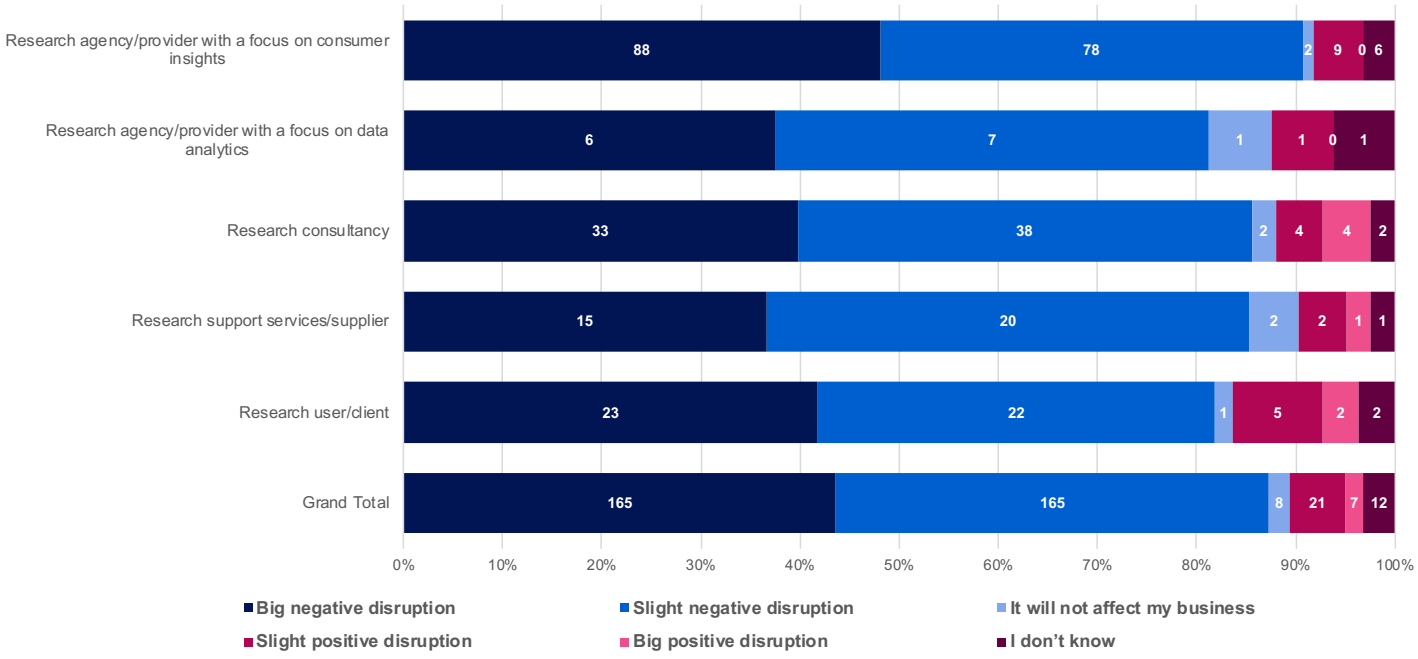
A look at the expected impact by business type supports the ideas presented in previous sections, where research agencies with a focus on consumer insights foresee a mostly negative impact of the crisis, as their clients cancel or delay projects, freeze the release of new products and thus relegate the gaining of insights to a secondary place in the business cycle.

Those focused on data analytics, however, may enjoy a shift to digital methods and therefore may benefit from the disruption while some consultancies could take advantage of their specialised knowledge to increase their services during this period of uncertainty.

Finally, while most research users/clients expect to be hit hard by the international health crisis, a handful of companies with purportedly an appropriate assortment of goods and services may see their business develop further as the new lifestyle imposed on citizens shifts their demand and modifies their basket of goods and services.

"Everyone is at a standstill, across all chains, because of so much worry with this thing, so research has been postponed, or just isn't materializing. Just an overall halt in research, similar to the halt in life."

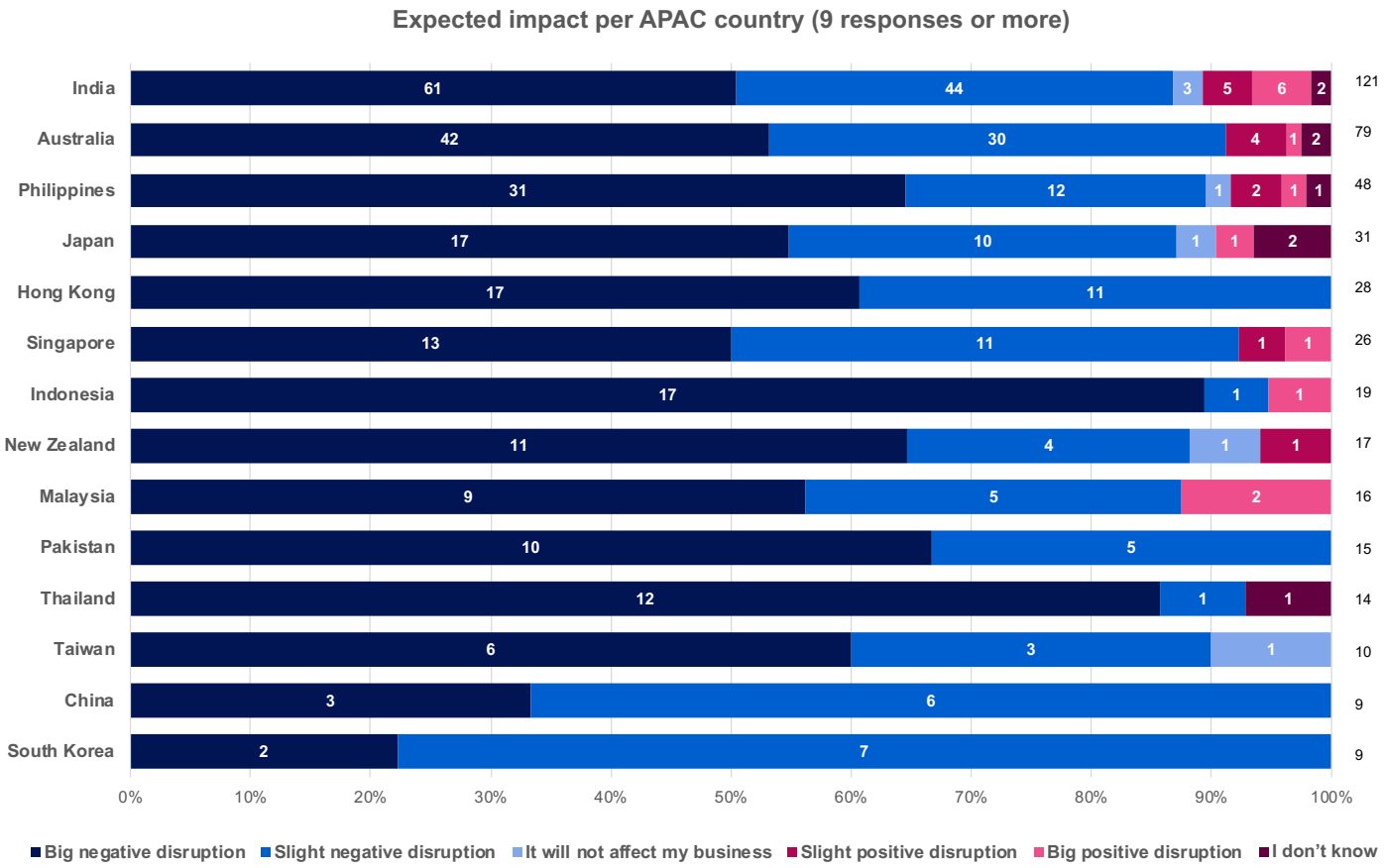
Expected impact per type of business in North America



Expected impact in APAC

APAC, being the region where the crisis begun, has had more time to assess the impact of the crisis unfolded by the coronavirus and, as a result, may have provided less speculative responses. Should that be the case, it could foreshadow the impact in the rest of the world, namely, a sizeable negative impact, but not a catastrophic one. Yet, expectations of a neutral or a slight or big positive impact are minimal, reinforcing the idea that the unfolding crisis is projected to have in the global industrial fabric.

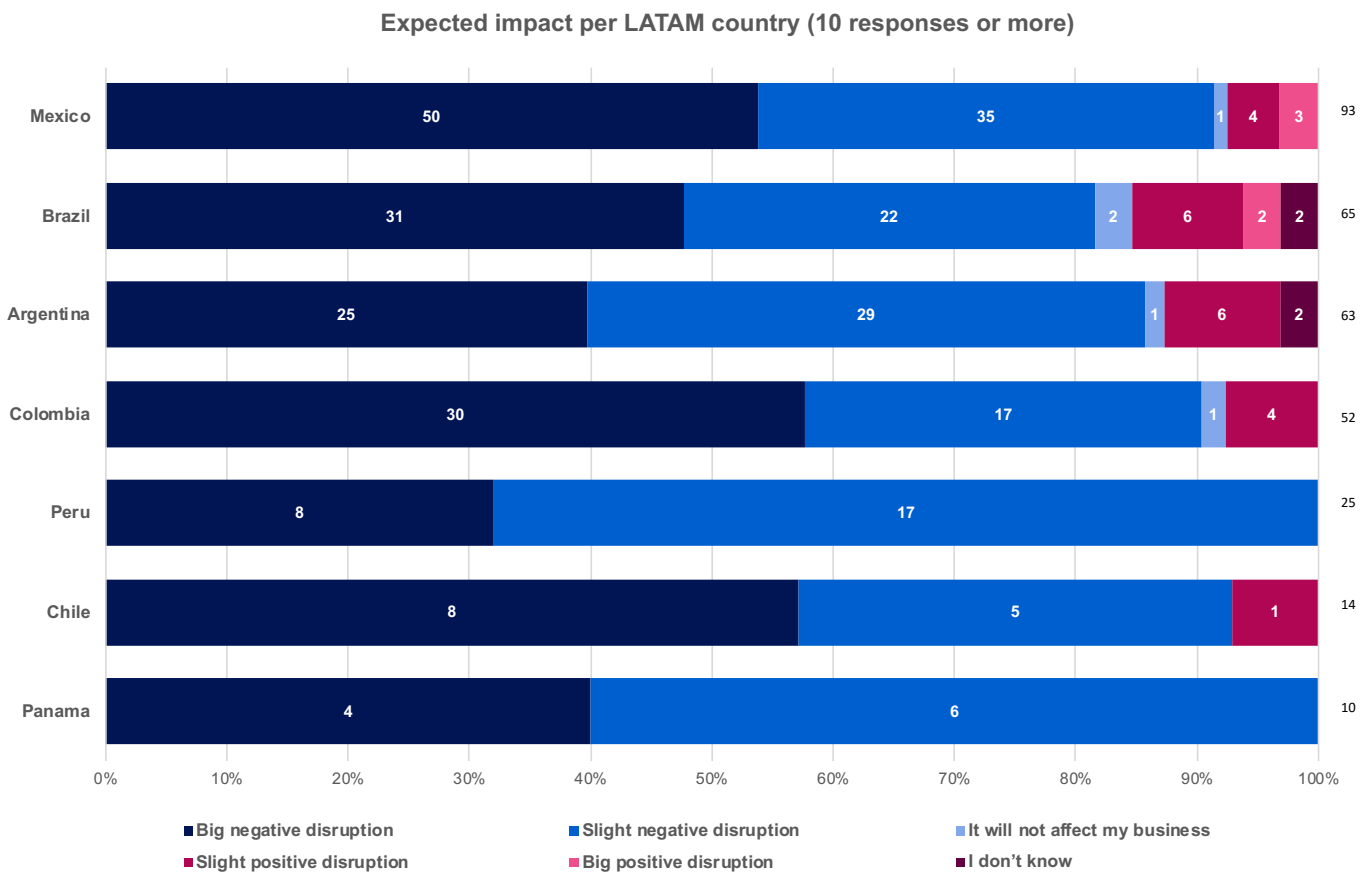
Our concerns are "a. Our inability to conduct data gathering due to community lockdown. b. The possibility that the lockdown will last longer than expected. c. The lingering effect of the public health concern on consumer mindset and purchasing behaviour."



Expected impact in LATAM

Countries in the LATAM region generally expect negative levels of disruption to their business, much in line with other countries in the world. Some respondents from certain countries such as Brazil or Argentina do appear to display cautious levels of optimism, as they expect to be positively disrupted from the crisis unfolded by the COVID-19 pandemic. All in all, however, expectations are mostly sombre, with most respondents foreseeing varying degrees of negative disruption.

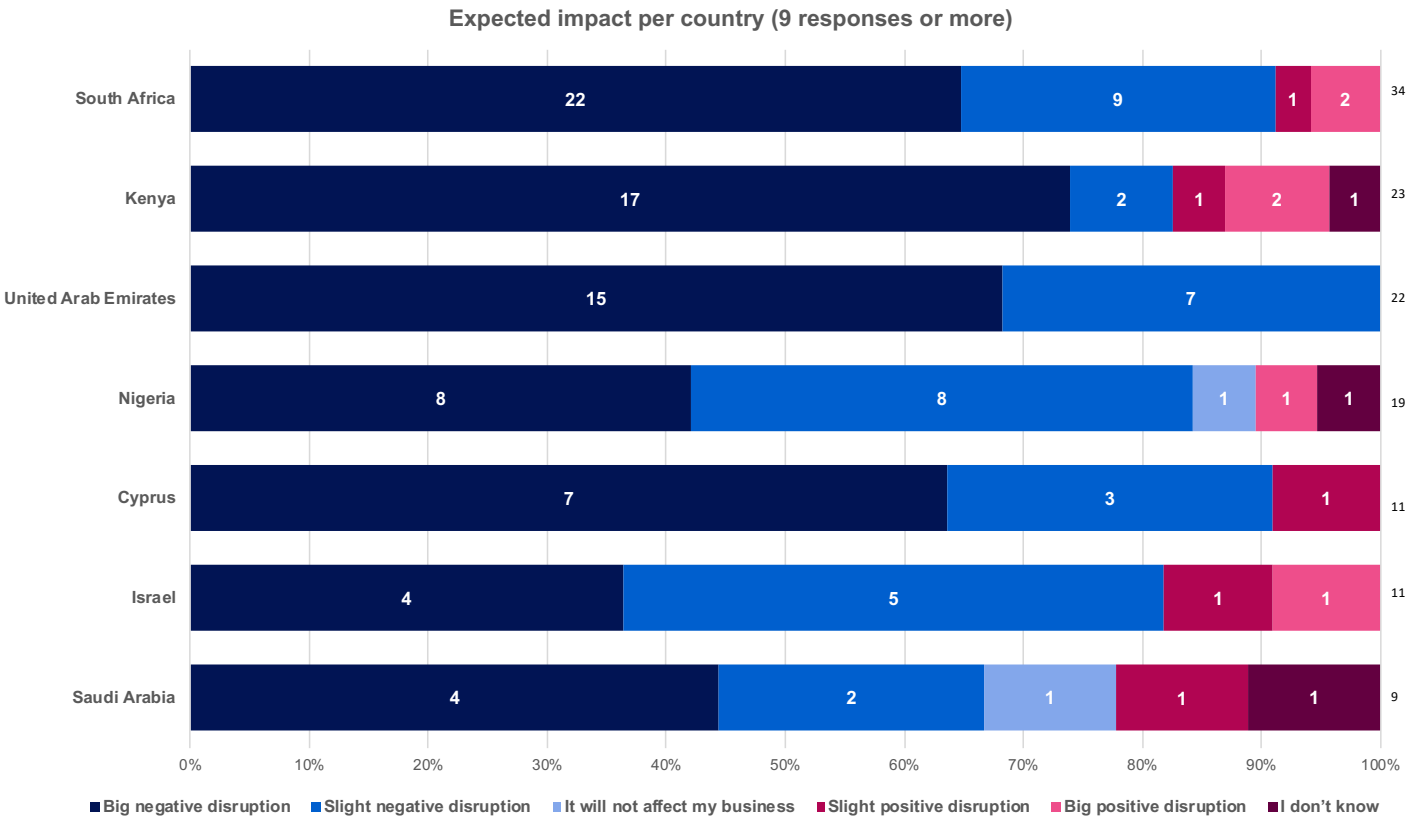
"The activities most affected are related to face-to-face interviews. There are clients cancelling or postponing studies, not only in preparation to save money, but because these are conducted in face to face settings: POS audits, shopper studies, product tests."



Expected impact in the Middle East and Africa

Respondents from the Middle East and Africa differ somewhat in the degree of the impact on their businesses, and while those from some of the moderately large economies such as South Africa and Kenya expect a bigger negative impact, the sentiment appears to vary somewhat among countries.

"Following the economic breakdown, it will be difficult for checking companies to project for future markets as the recent pandemic has chopped into their financial status. Many companies are in a perplex situation."

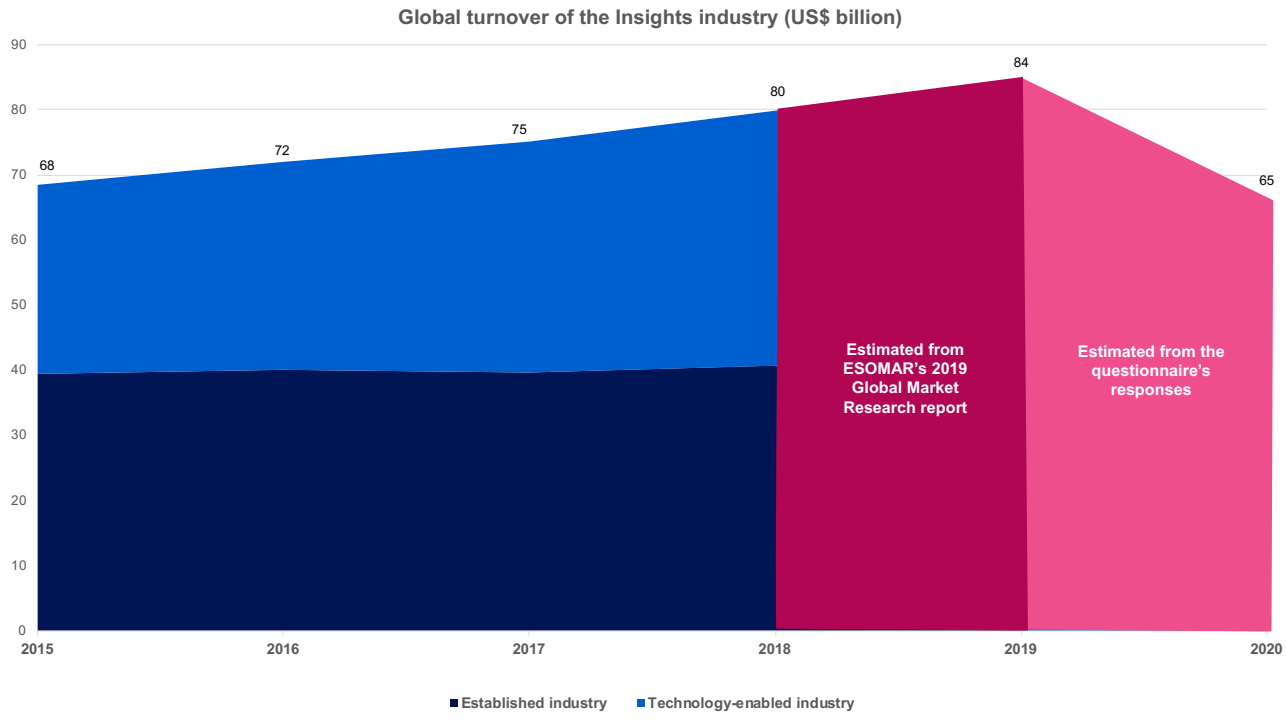


Global contraction in turnover of more than 20%

Question: Thinking firstly about turnover and, in comparison, with last year, how do you now think your company is likely to perform in 2020? [Asked only to Owners, Partners, C-suite professionals, consultants and self-employed people]

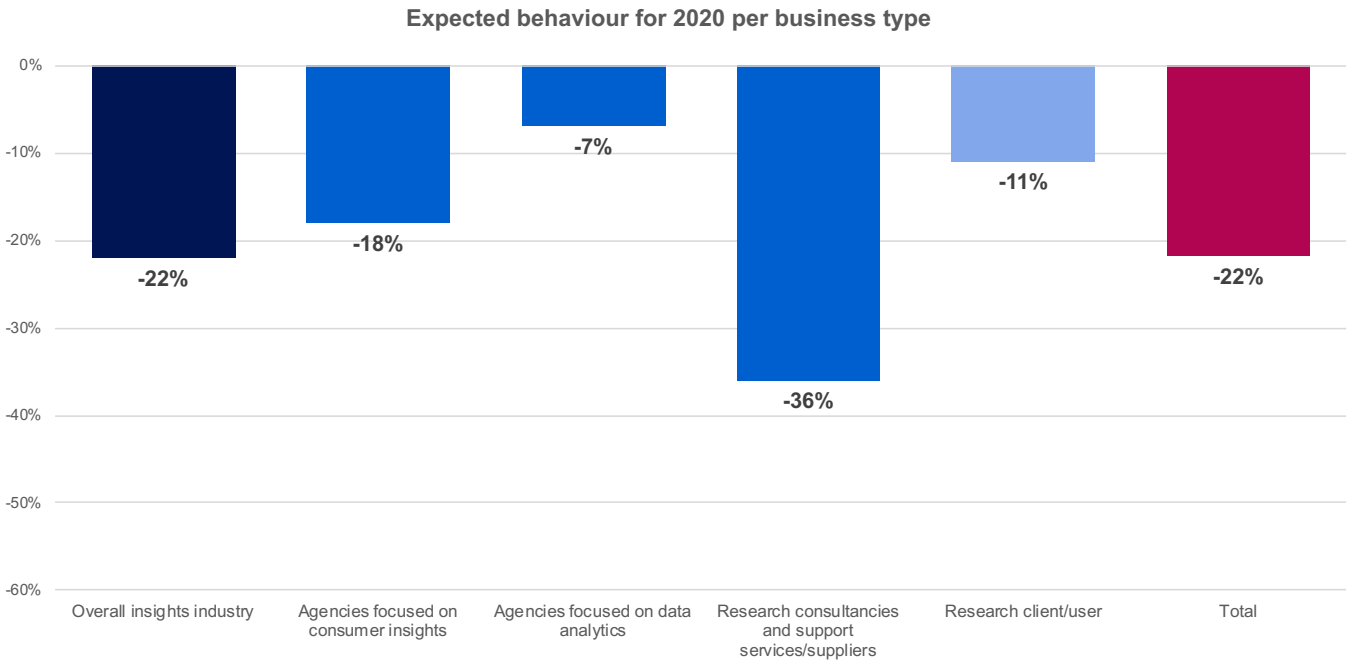
As presented in previous sections of this report, respondents expect the crisis brought about by the COVID-19 pandemic to have a negative impact in their business. But how does that translate into actual turnover figures? Respondents were asked to report their turnover for 2019 and, afterwards, their expected performance for 2020 in percentage points. That information was used to calculate the projected change of global output during 2020. At a global level, the sample of respondents together forecast a reduction in turnover of up to 22% for all research-related companies, and of 11% for research users/clients.

According to ESOMAR's 2019 Global Market Research report, the global size of the insights industry was found to be US$ 79.83 billion for 2018. The report shows, as well, the turnover related to the established industry, estimated at US$ 40.74 billion, from that of the technology-enabled one, estimated at US$ 39.09 billion. While the data for 2019 has not yet been published, the relative stability reported by the International Monetary Fund (IMF) during that year can serve as guideline to estimate a behaviour akin to 2018 – that is, a combined absolute growth of 6.2% for the insights industry. Should the aforementioned forecast of a 22% decrease prove to be accurate, we could see the industry of 2020 shredding US$ 18.7 billion of its value in just one year.



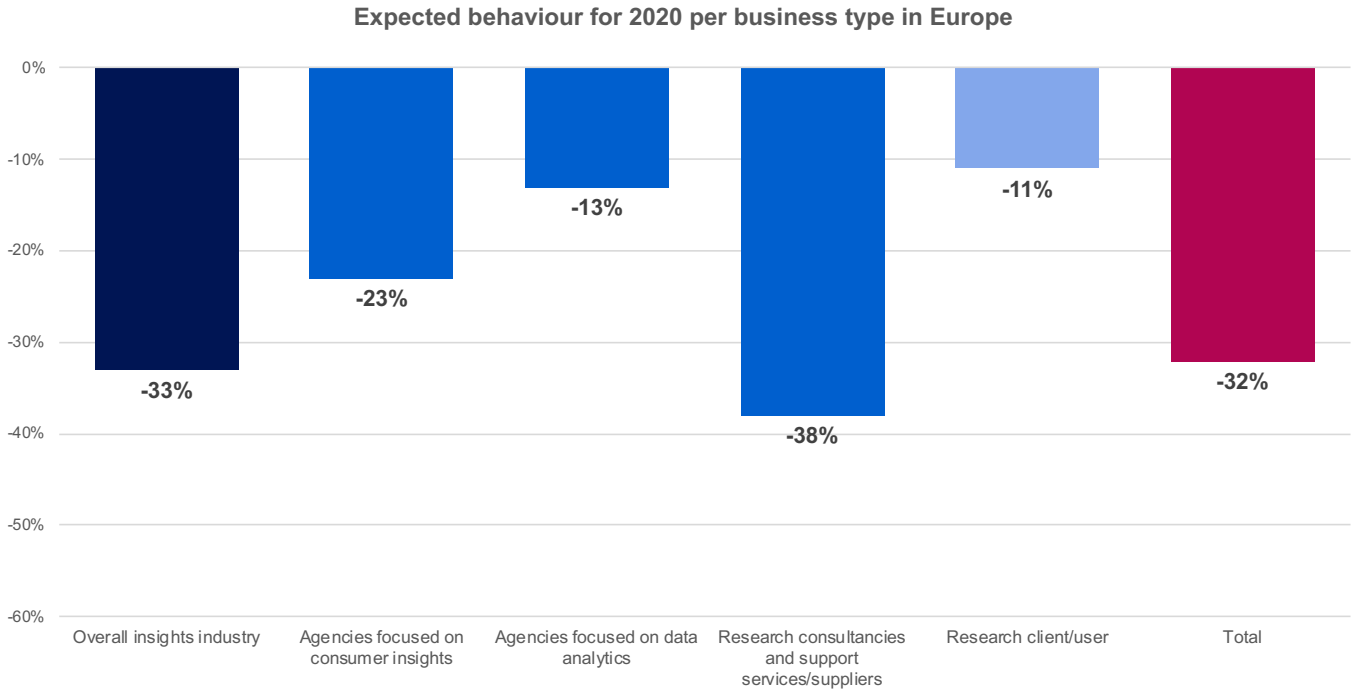
A corresponding partition of the responses shows a potential decrease of the established industry – labelled as research agencies with a focus on customer insights – of 18% globally and that of the technology-enabled one – labelled as research agencies with a focus on data analytics – of 7% globally. The remaining uncategorised research activities, such as consultancies, self-employed professionals or research support services, project a combined decrease of 36%. All these estimates, combined, add up to the mentioned 22% forecasted decline for the insights industry.

Lastly, the reported impact on research users/clients is expected to be of -11%, although it is not possible to estimate the impact for individual types of industries. Perhaps the most adequate indicator to understand the extent of this impact is to compare it to global output growth, estimated by the IMF at +2.9% for 2019 and -3% for 2020 – accounting for the impact of the COVID-19 pandemic. Time will tell if respondents may be overestimating the impact of the crisis by a factor of almost 4 and, if that is the case, whether the insights industry may witness a contraction of just 6.2% in 2020 instead of the feared 22%.



Europe's turnover to contract 32%

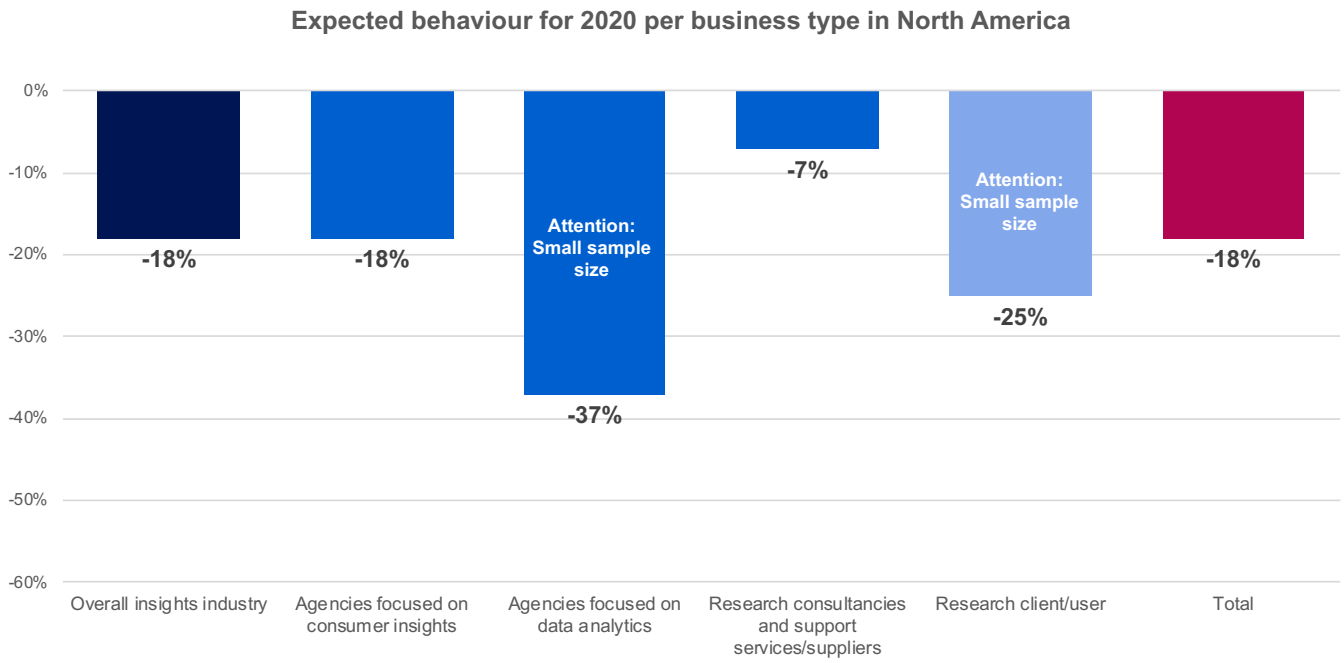
According to the respondents, the crisis is feared to end up reducing output in Europe by as much as 32%, and that of the insights industry by a full one third, although it varies substantially per countries. Aggregate responses point at Italy as the country where output is expected to suffer its most substantial drop, almost halving its size (-49%). Other countries with significant anticipated drops are Bulgaria (-39%), Slovakia (-34%) and Portugal (-34%). On the other hand, the countries with the smallest expected impact are Norway (0%), Belgium (-4%), Russia (-6%) and the Netherlands (-7%).



Country	Responses (3 or above)	Change
Europe	**332**	**-32%**
United Kingdom	77	-14%
Germany	31	-21%
Spain	30	-27%
Italy	27	-49%
Netherlands	19	-9%
France	14	-18%
Turkey	13	-27%
Belgium	11	-7%
Russia	11	-6%
Poland	10	-24%
Romania	9	-14%
Denmark	7	-21%
Portugal	7	-34%
Greece	6	-26%
Switzerland	5	-18%
Ukraine	5	-29%
Bulgaria	4	-39%
Czech Republic	4	-31%
Ireland	4	-21%
Slovakia	4	-34%
Sweden	4	-26%
Armenia	3	-23%
Austria	3	-30%
Hungary	3	-12%
Norway	3	0%

North America to contract by 18%

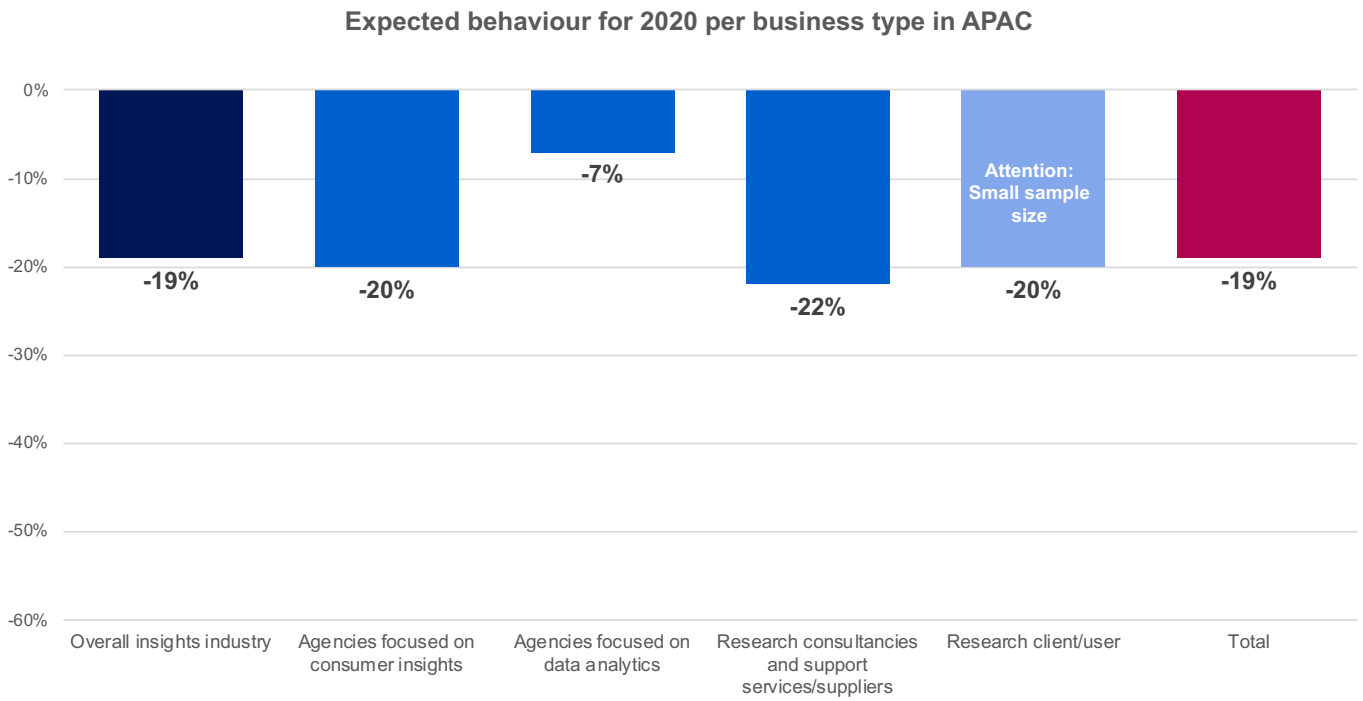
Respondents expected a drop of 18% in their aggregated turnover in the region, although most of that drop belongs to the lower expectations harboured by Americans (-18%) as compared to their Canadian neighbours (-6%). A look at the 2019 Global Market Research report shows how the crisis unfolded by the COVID-19 pandemic could slash output for the insights industry in the USA by as much as US$ 3.7 billion in 2020.



Country	Responses	Change
North America	**82**	**-18%**
Canada	14	-6%
USA	68	-18%

APAC to contract by 19%

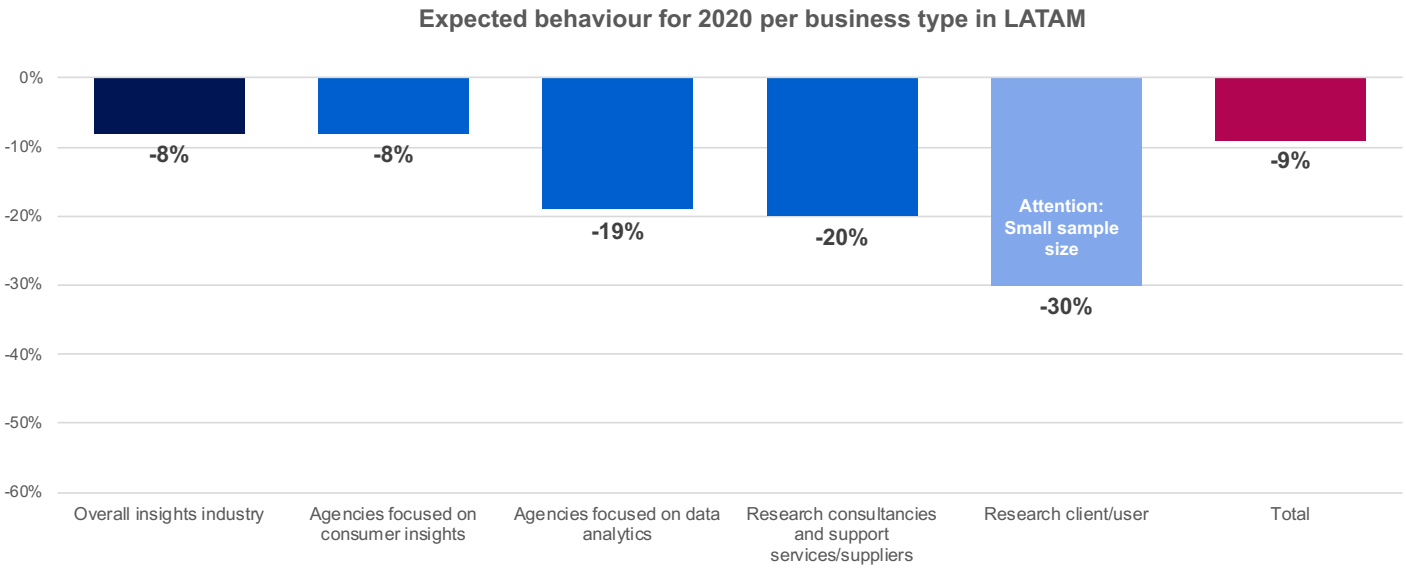
As presented in previous sections, agencies focused on data analytics seem to be better suited to wade the storm, mostly because their type of service, in many cases, does not require direct data collection. A look at the countries of the region, however, show a rather similar impact of the pandemic in businesses, with estimates varying from -19% in the case of Singapore to -35% in the case of Thailand. This sobering assessment may result from a diminished level of uncertainty as the impact of the crisis becomes more tangible over time. A remarkable estimation is that of South Korea which, albeit supported by just 5 respondents, expects an overall flat impact on its domestic business (0%), perhaps as respondents become aware of the excellent response to the pandemic by their government as compared to the rest of the world – an attractive, yet possibly insufficient explanation.



Country	Responses (3 or above)	Change
APAC	**107**	**-19%**
India	23	-22%
Australia	14	-20%
Hong Kong	10	-31%
Philippines	8	-23%
New Zealand	7	-21%
Thailand	7	-35%
Singapore	6	-19%
Indonesia	5	-21%
South Korea	5	0%
Japan	4	-26%
Malaysia	3	-33%
Pakistan	3	-28%

LATAM to contract by 9%

A look at the countries in the region shows a rather unified forecast of the economic impact of the COVID-19 crisis in the industry, with assessments ranging between -20% and -29% for most countries. Two notable exceptions are Brazil and Colombia, driven outside these limits by one unique outlier in each country (two legitimate responses in any case) without which forecasts for both would have been a reduction of 15% in output – and, consequently, would have resulted in an expected reduction in the region of 22%. It is interesting to observe the similarity between these expectations and those of APAC. The two regions have a relatively higher concentration of research agencies focused on consumer insights as compared to those focused on data analytics, and can be seen driving the expectations of the entire industry.

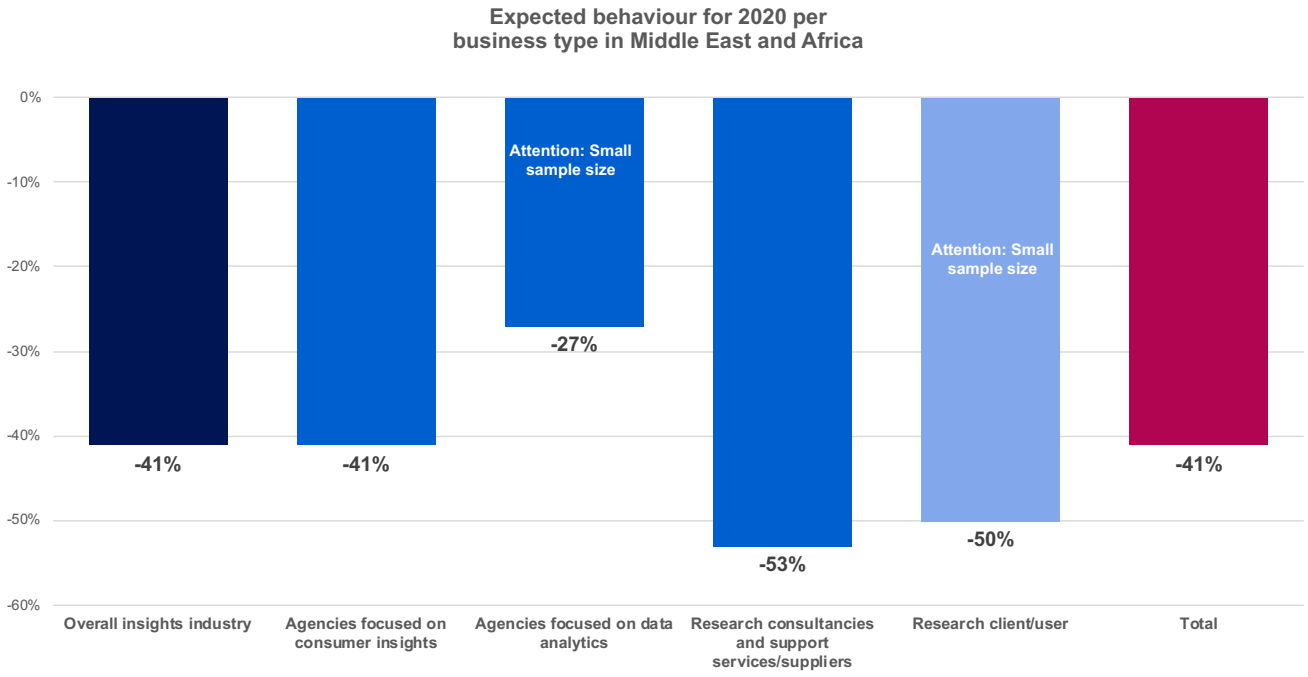


Country	Responses (3 or above)	Change
LATAM	**113**	**-9%**
Mexico	38	-25%
Brazil	18	-41%
Colombia	16	-5%
Argentina	13	-21%
Peru	7	-20%
Chile	3	-23%
Panama	3	-29%
Uruguay	3	-25%
Venezuela	3	-21%

Middle East and Africa to contract by 41%

According to the respondents, the Middle East and Africa are expected to be the hardest-hit regions by the crisis, with projected declines in industry output of, in certain cases, more than 50%. The traditionally volatile markets of these regions, the disruption of the direct means of research such as face-to-face – the main methodologies for many of these countries – paired with a strong sense of uncertainty, have eroded expectations to the lowest of all world's regions. This is particularly true for research consultancies and support services/suppliers which, expecting the recalibration of demand and a focus on their client's core businesses, predict a drop in the turnover of up to 53%.

"We usually work in emerging markets in the Middle East and Africa, and the common method in these regions is traditional face to face approach. Now that we cannot do it, the transition is taking time and effort."



Country	Responses (3 or above)	Change
Middle East & Africa	**50**	**-41%**
Kenya	8	-2%
South Africa	7	-37%
United Arab Emirates	6	-36%
Cyprus	4	-40%
Israel	4	-27%
Zimbabwe	4	-71%
Saudi Arabia	3	-30%

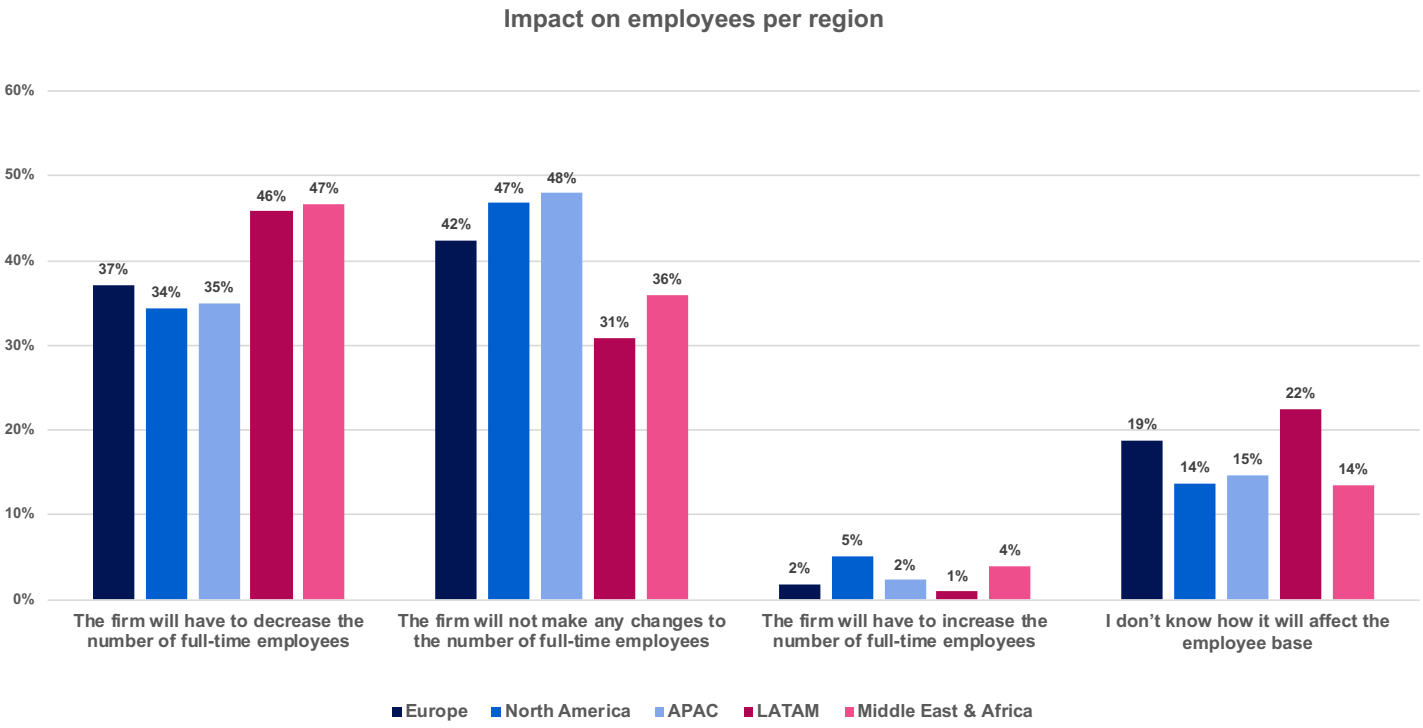
Reluctancy to proceed with layoffs

Question: Thinking of the number of full-time employees that are currently in your business, do you believe that the expected change in business performance that you identified above, will mean that: The firm will have to increase the number of full-time employees / The firm will not make any changes to the number of full-time employees / The firm will have to decrease the number of full-time employees / I don't know how it will affect the employee base?

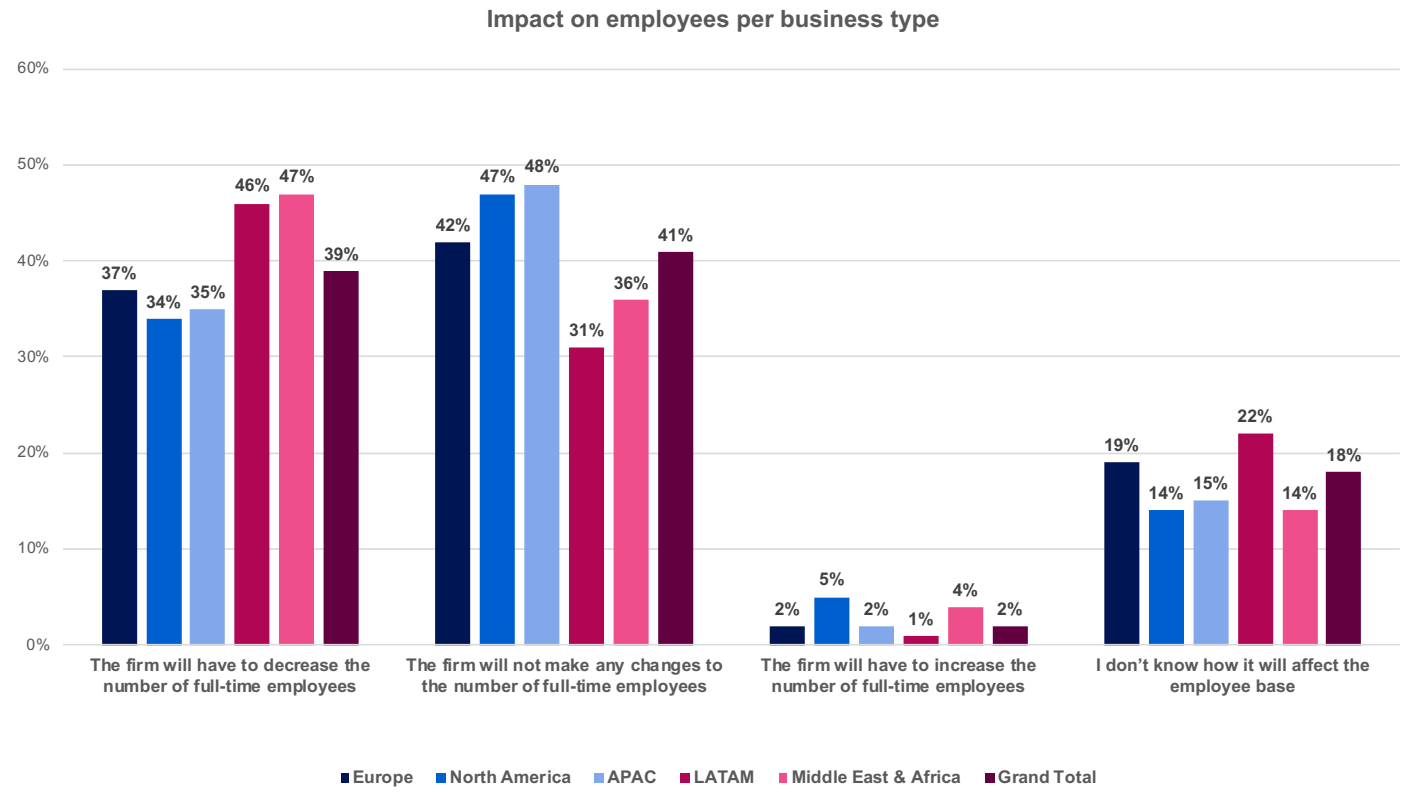
Given the bleak financial prospect that seems to await most firms, owners, partners and C-level professionals were asked on how they expect the impact of the crisis unfolded by the COVID-19 pandemic will affect the workforce at their firm. Given the assessment reported in previous segments, one could expect a high inclination to lay off employees as a measure to contain the impact of the downturn and, that way, guarantee the continuity of the business. However, respondents showed a very laudable sense of responsibility with their workforce, mentioning reduction of the employee base as one of the main concerns of the crisis. Not only does laying off employees cause a reduction of the pool of knowledge within the company, but decision-makers are fully aware of the implications such decisions would have at a personal level for the employees themselves.

"Labour force continuity. If I am forced to furlough or lay off people in response to a downturn, it harms the overall progress of the business and our ability to capture the rebound."

Still, many respondents do acknowledge that they will see no other option than reducing the employee base as a response to the economic downturn unfolded by the pandemic. The most sensitive regions in this sense appear to be LATAM, the Middle East and Africa, who recognise, to a higher extent than Europe, North America and APAC, that the reduction of the employee base will become a necessity to avoid defaulting. It is important to note, though, that the levels of incertitude for all regions are significant, particularly for LATAM, where more than 20% of the respondents admitted not knowing what the impact for employees will be.



A look at the type of business shows how larger companies, more likely to count with redundancies and non-essential positions within their ranks, admit more readily than the smaller ones the need for a reduction of the workforce as a measure to combat the crisis. As seen in previous sections, the largest companies are the research users/clients, followed by agencies with a focus on data analytics, those with a focus on customer insights, research support services/suppliers and consultancies. A look at the impact on employees by business type supports this idea, as it is the smaller-size companies the ones expecting to maintain their workforce untouched, protecting that way their know-how and subsequent competitive edge.

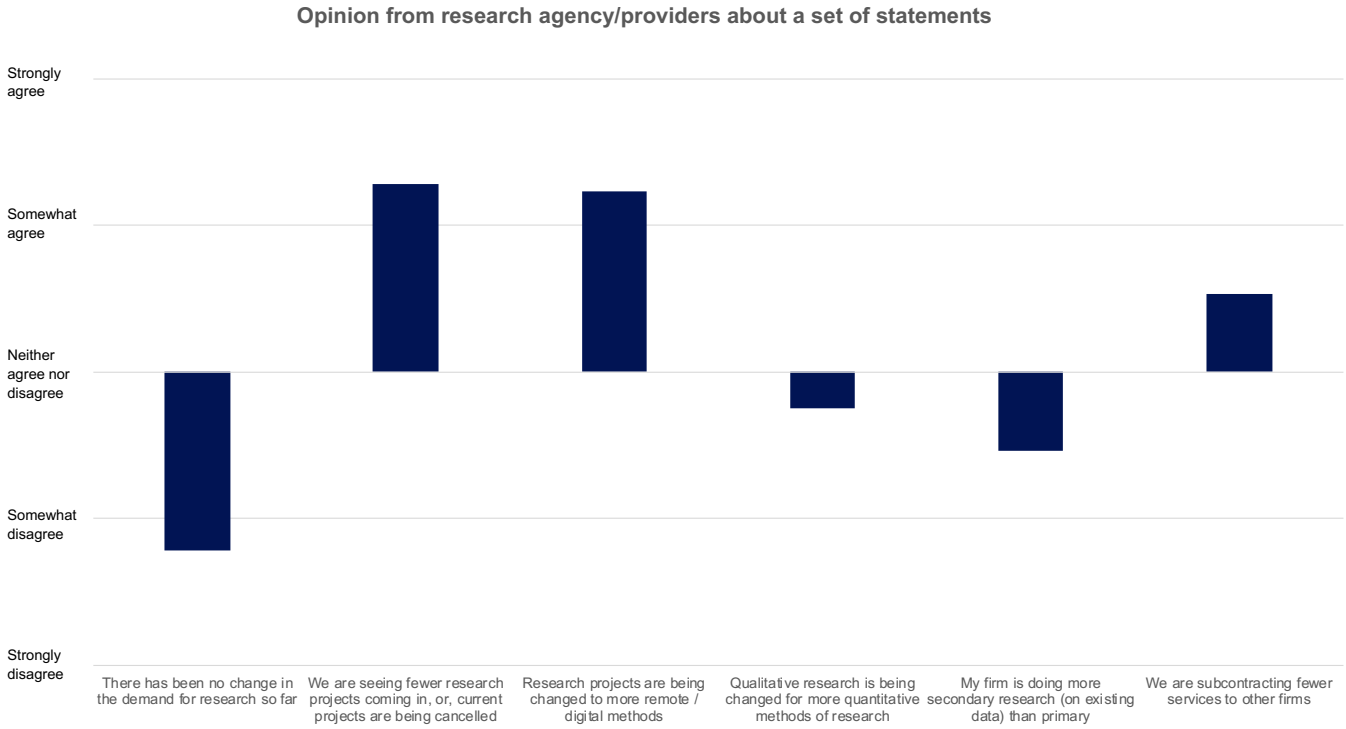


The disruption for agencies

Question: Thinking of how research is now being conducted, to what extent would you agree or disagree with the following statements? i) There has been no change in the demand for research so far, ii) We are seeing fewer research projects coming in, or, current projects are being cancelled iii) Research projects are being changed to more remote/digital methods (In-home telephone interviewing (CATI)/online questionnaires, social media communities and monitoring, online/web analytics, etc.) iv) Qualitative research is being changed for more quantitative methods of research v) My firm is doing much secondary research (on existing data) than primary vi) We are subcontracting fewer services to other firms

Agencies have, for the most part, already been disrupted by the crisis in a few notable ways, mainly in the postponement or cancellation of projects, and the shift to more remote, indirect methods of data gathering. Virtually all agencies have already experienced a change in the demand, with more than 80% disagreeing with the statement that there has been no change in the demand for research so far. Coupled with the equal agreement (more than 80%) on the statement that there are fewer projects coming in and that current ones are being cancelled, the direction of the disruption becomes clear, a perception corroborated by Ipsos in an article recently published in ESOMAR's Research World. Furthermore, distancing measures in many of the world's countries have put a fair amount of pressure on face-to-face methods of collection and is supported by the almost 80% agreement that projects are shifting to more remote/digital methods. The change in methodology is also affecting the collection of primary data. With face-to-face techniques now hindered, it could be tempting to think that research may be turning to more obvious, more indirect means. However, there does not seem to be ground to suggest that, at a global level, research is turning more "quantitative", nor to conclude that companies may have increased its use of secondary sources. Similarly, there seems to be ground to suggest that research agencies are subcontracting fewer services, a response to more protective measures as demand contracts. As new methods are added to the researcher "toolkit", it is important to maintain the perspective of how to maintain research up-to-date, reason why ESOMAR published its Answers to Contemporary Market Research Questions.

"Over two-thirds of our signed projects at the time COVID-19 shut everything down were qualitative with face-to-face components. Our clients don't want to take the research online and, in some cases, they aren't even sure they will do the work when the outbreak diminishes to a point where business can resume. So lost revenues is #1 concern. #2 is the potential that face-to-face qualitative research will no longer be considered, even when it is the best way to get at the true perceptions and/or behaviours of the markets being studied."

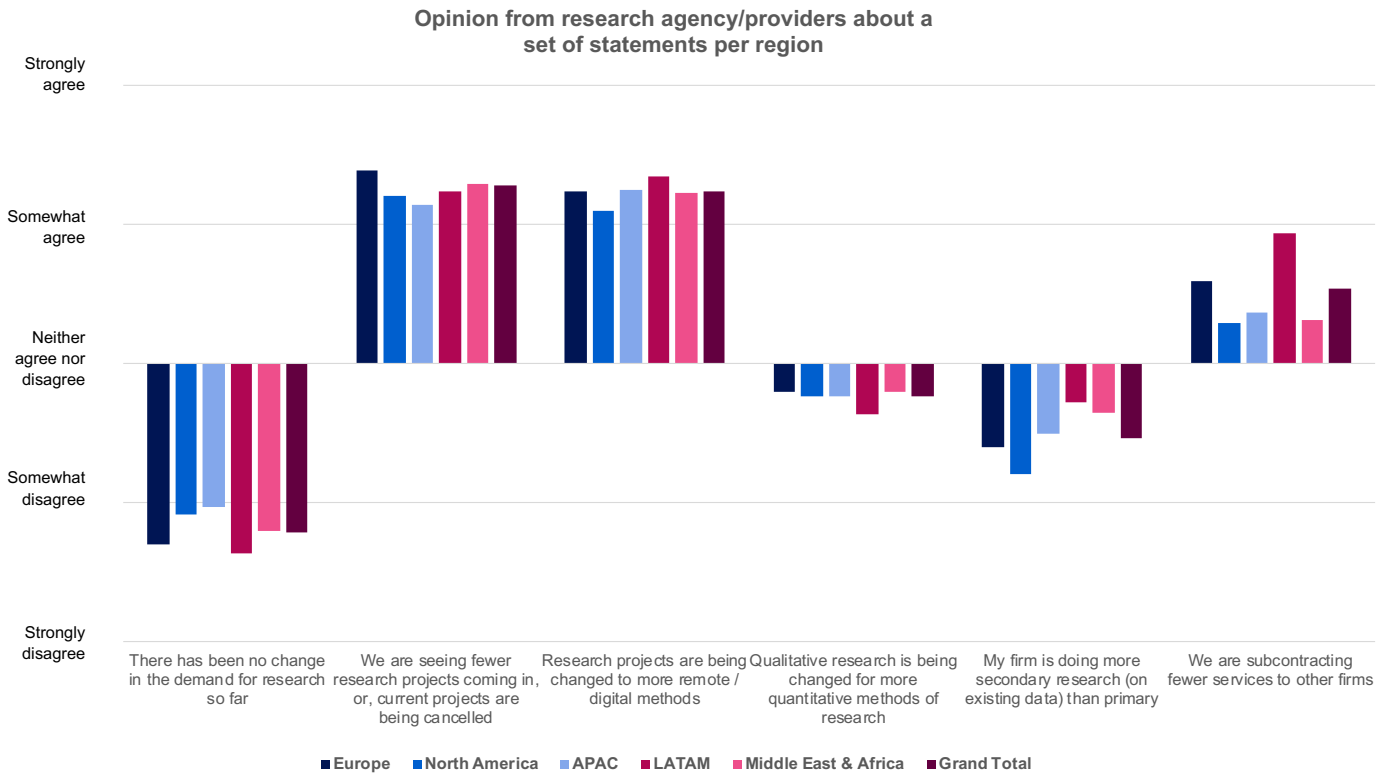


Impact per region

As mentioned earlier, the change in demand has been widespread globally, with around 80% of respondents admitting having felt any kind of disruption. The direction of the change, clearly downwards, does not appear to be more pronounced for any one region in particular, and more than 80% of respondents from every region agree with the statement that demand has dropped or that projects are being cancelled. The inability of carrying out face-to-face research as usual has disrupted the activity of agencies similarly in all regions and, as shall be seen, regardless of the size of the company. While there is certain variation pe region of the world, quantitative and qualitative methods of research belong to two different realms of the industry and, therefore, cannot be considered substitutes. Whereas demand may have seen a drop in recent months, it has not affected the type of methodology used to obtain insights. It is true, though, that within each category, agencies have had to turn to digital means to obtain information. That may include, for instance, online communities instead of focus groups for qualitative, or online surveys rather than face-to-face ones for quantitative. While it is not always easy to

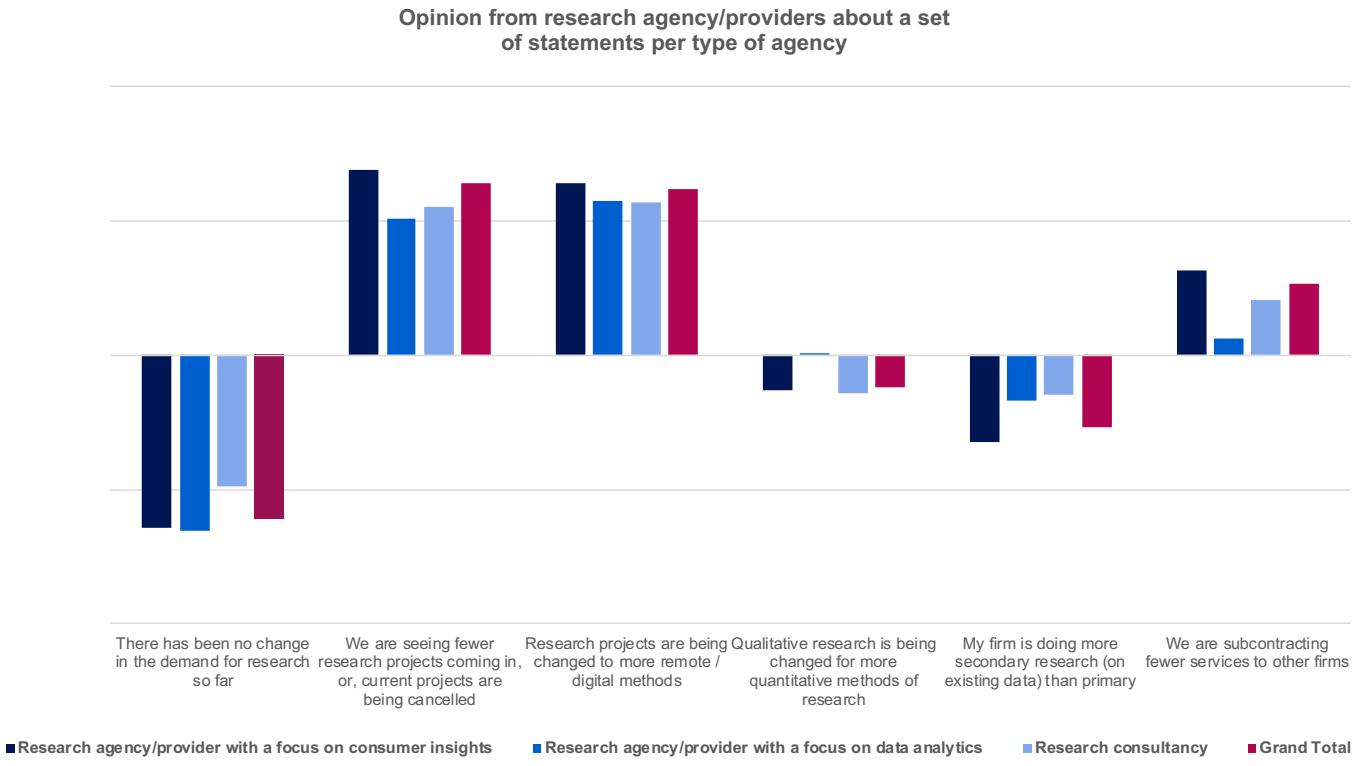
"My department is responsible for fielding focus groups around the world. With travel restrictions and group gathering restrictions, in-person research is out of the picture for the foreseeable future. We since shifted to online platforms and though it's had its challenges and we're on a tight learning curve, I believe the outcome of this will strengthen and enhance or client offerings."

effectively deploy online methods of research, Research World recently published the outcome of one of ESOMAR's Community Circles, on successfully switching to purely online research methodologies. Lastly, some companies have, as an adjustment to the current situation, decided to limit the level of subcontracted services to other firms, particularly in LATAM and Europe. More generally, however, respondents disagreed with the statement that, perhaps as a cost-saving measure, the extraction of insights may have come from a pool of already-gathered data, that is, secondary research.



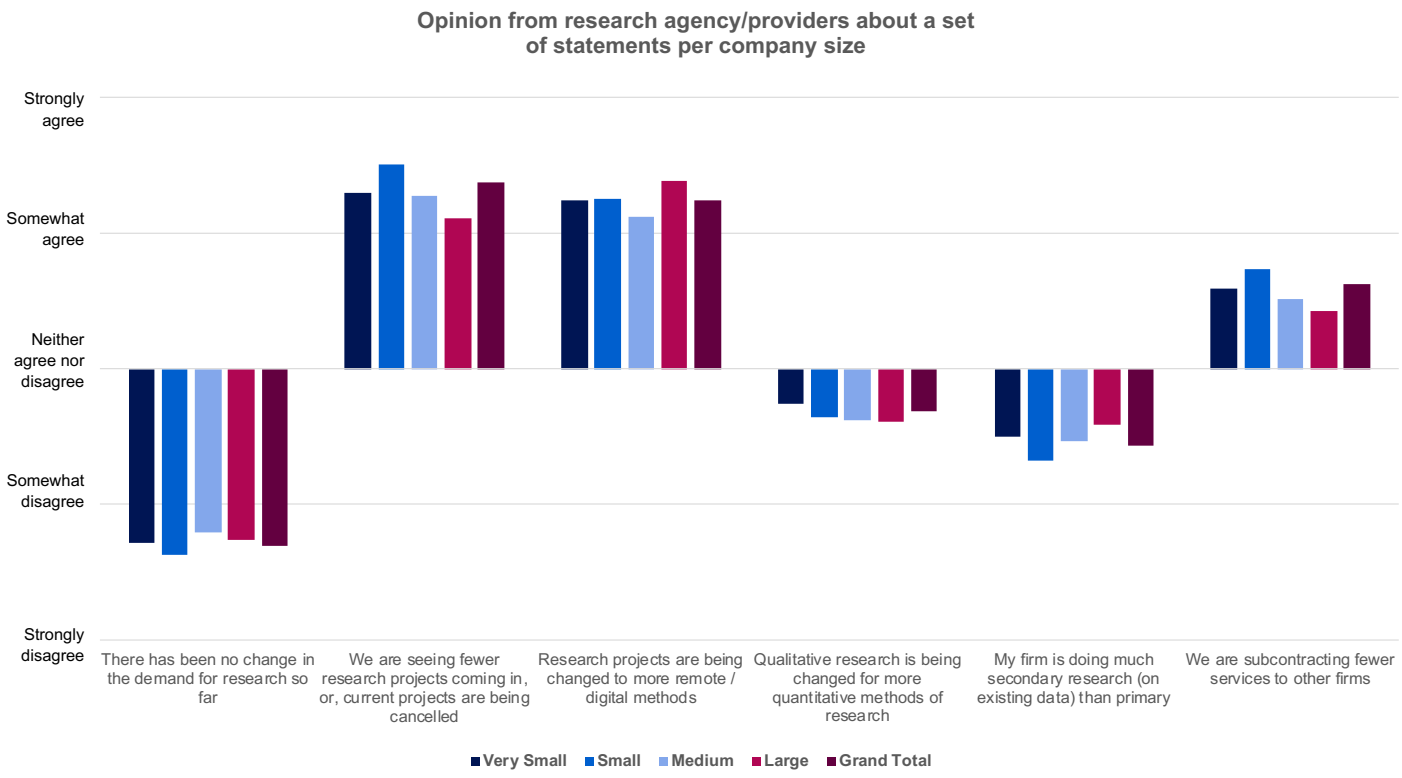
Impact per type of agency

While all agencies have noticed a change in demand, it is agencies with a focus on consumer insights that have seen a more noticeable drop. These types of firms, along with research consultancies, have reportedly decreased the amount of subcontracted services to other firms, allegedly as an effort to bring the entire cycle of research in-house and maintain their cashflow through cost-cutting techniques.



Impact per turnover

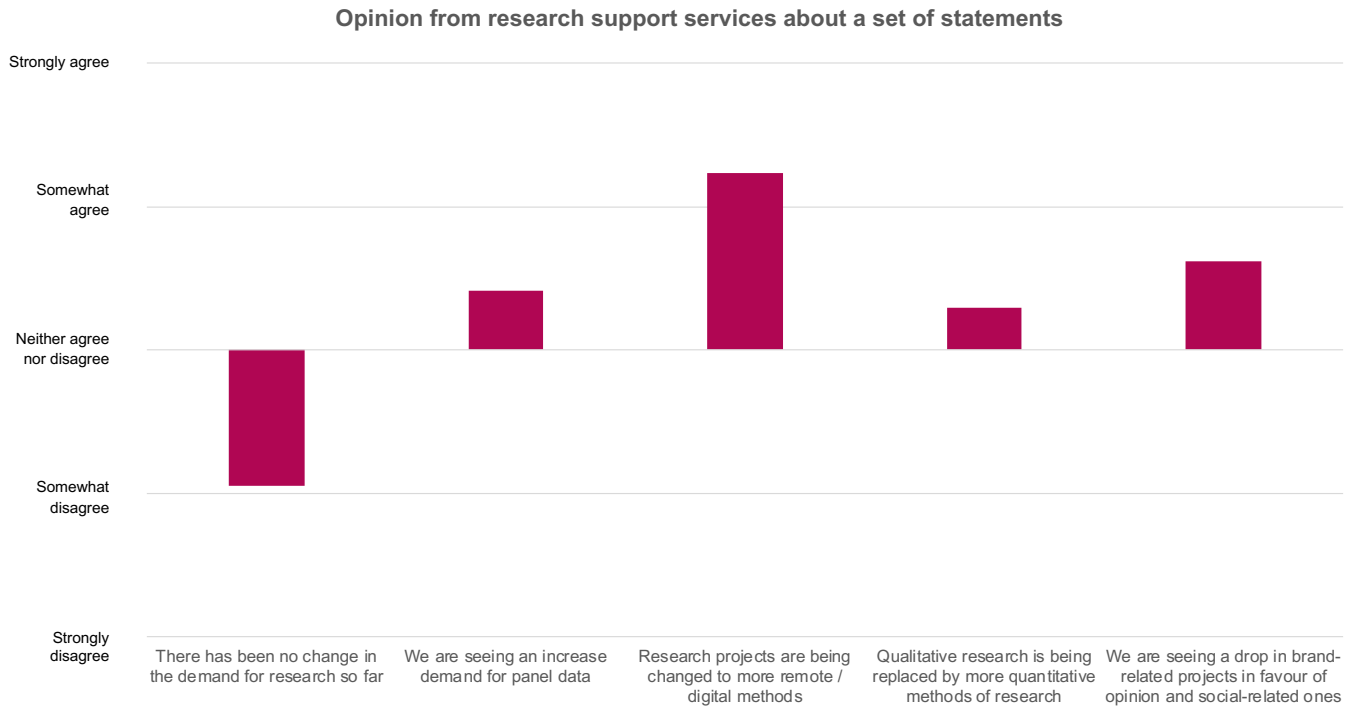
While responses are very similar to the previous sections, it seems as though the reckoning of a drop or postponement in demand is more prevalent the smaller the firm's level of income is. This may show the higher degree of fidelity displayed by clients towards large corporations or, alternatively, it may be explained by the fact that project cancellations or a lower demand becomes more obvious the smaller a company is. Very small agencies, oftentimes heavily specialised in specific topics, may not have been as disrupted, according to the respondents' opinion.



The disruption for research support services

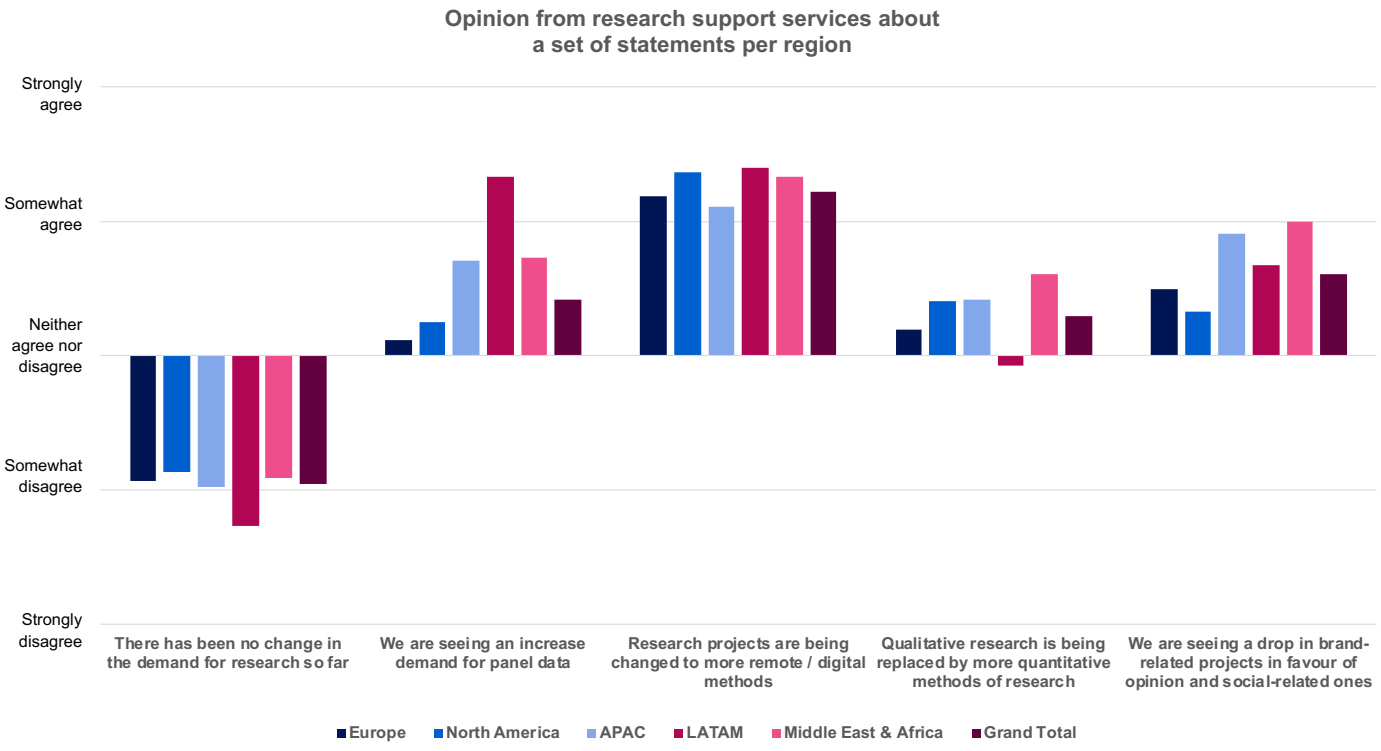
The generalised lower demand for research continues to trickle down the chain and affects research support service companies as well, subject not only to the postponement and cancellation of projects, but also to the reduction of subcontracted services. Their business model may have also shifted somewhat, as their clients increase their demand for panel data. Given that agencies did not declare a substantial increase in secondary analysis, this phenomenon strengthens the idea that data gathering has indeed moved from direct to more indirect means – reaffirmed by the clear increase in more remote/digital methods of research. Unlike agencies, though, research support service companies seem to have felt an increase in quantitative methods of research, perhaps showing how research agencies carry out projects: keeping qualitative research in-house to identify nuances in the data, while delegating quantitative to an array of support firms. Lastly, respondents identified a shift in the topics of interest for research, as there has been a significant increase in COVID-19-related research. However, research has been tainted by a noticeable "gloominess" in the population, according to the respondents, obviously explained by the extraordinary time the world finds itself in.

"We are a supplier to the industry. Although we have an innovative product that is valuable in the current situation, the combination of decreased budgets and the distraction factor will affect our business."



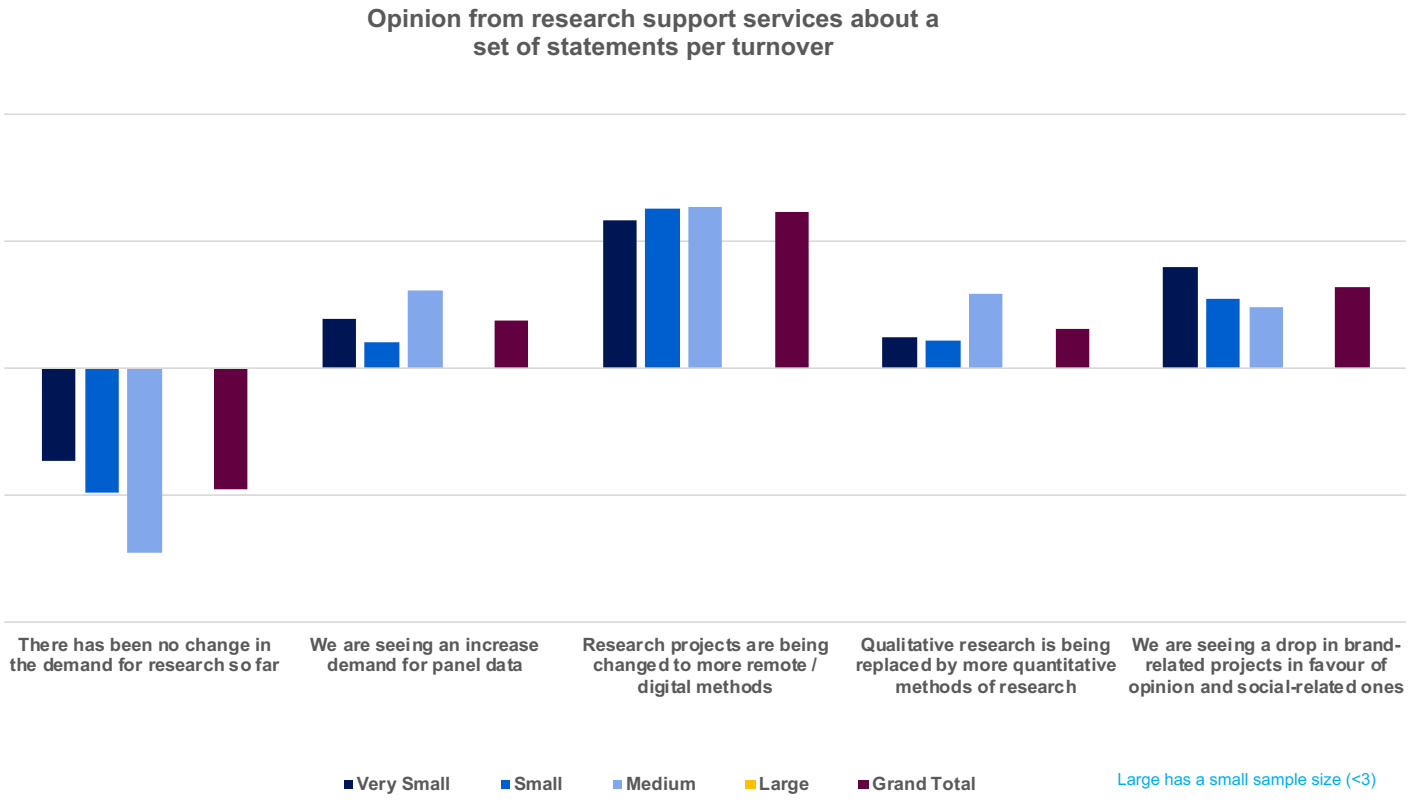
Impact per region

That all regions have been impacted by the crisis is undeniable. However, how the impact varies per region can shed light on the composition of the industry around the world. While support services firms in Europe and North America do not seem to have seen a noticeable increase in the demand for panel data, firms in LATAM report a substantial increase in this category. That may show the increased reliance of Europe and North America in panel data for their research, therefore not requiring a shift in their demand. It may also show a traditionally "manual" industry in LATAM, where insights were directly gathered through, mostly, face-to-face methods, and their necessary shift in demand after the implementation of social distancing measures. Respondents from LATAM also seem ambivalent with the statement that qualitative methods may have been replaced for more quantitative ones although, with just 17 respondents, no clear conclusion can be drawn from here.



Impact per turnover

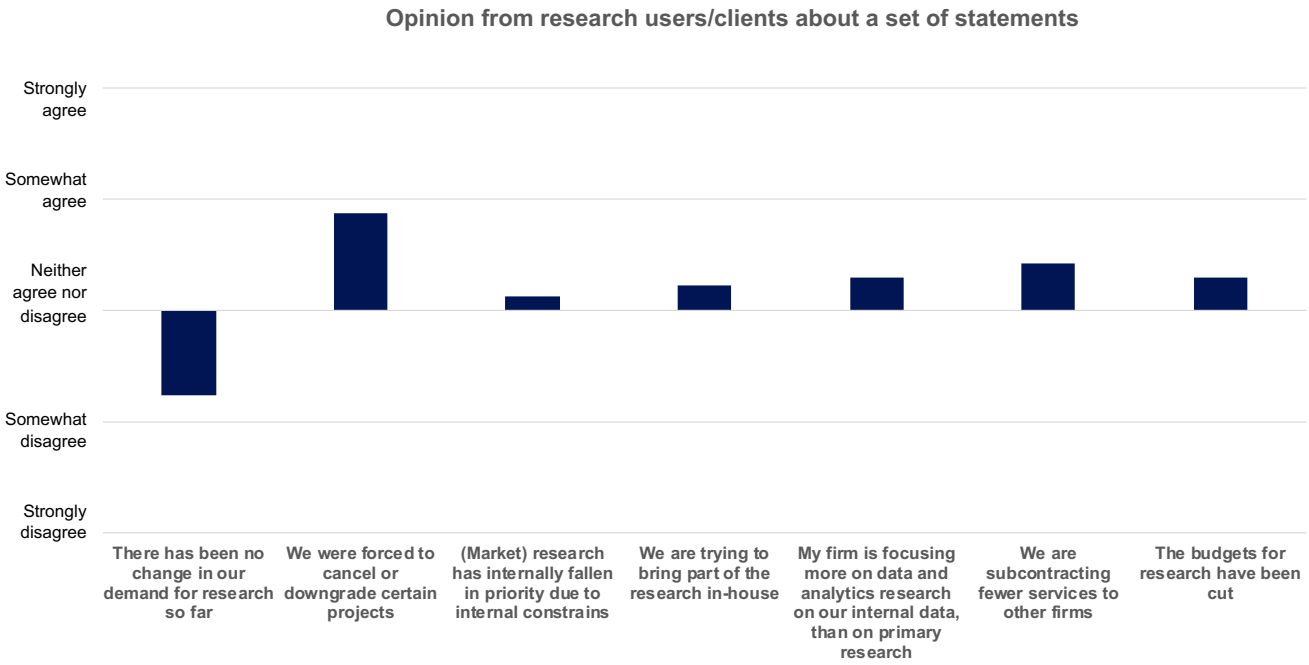
Companies at different turnover levels report noticeably varying levels of impact, with larger companies feeling the impact more strongly than smaller ones. Unfortunately, the sample for large firms – those with a turnover of more than US$ 100 million – was too small to report. The direction of that impact, however, is not immediately clear from this analysis, suggesting that a regional segmentation may be more appropriate to understand the shift in demand.



The disruption for research users/clients

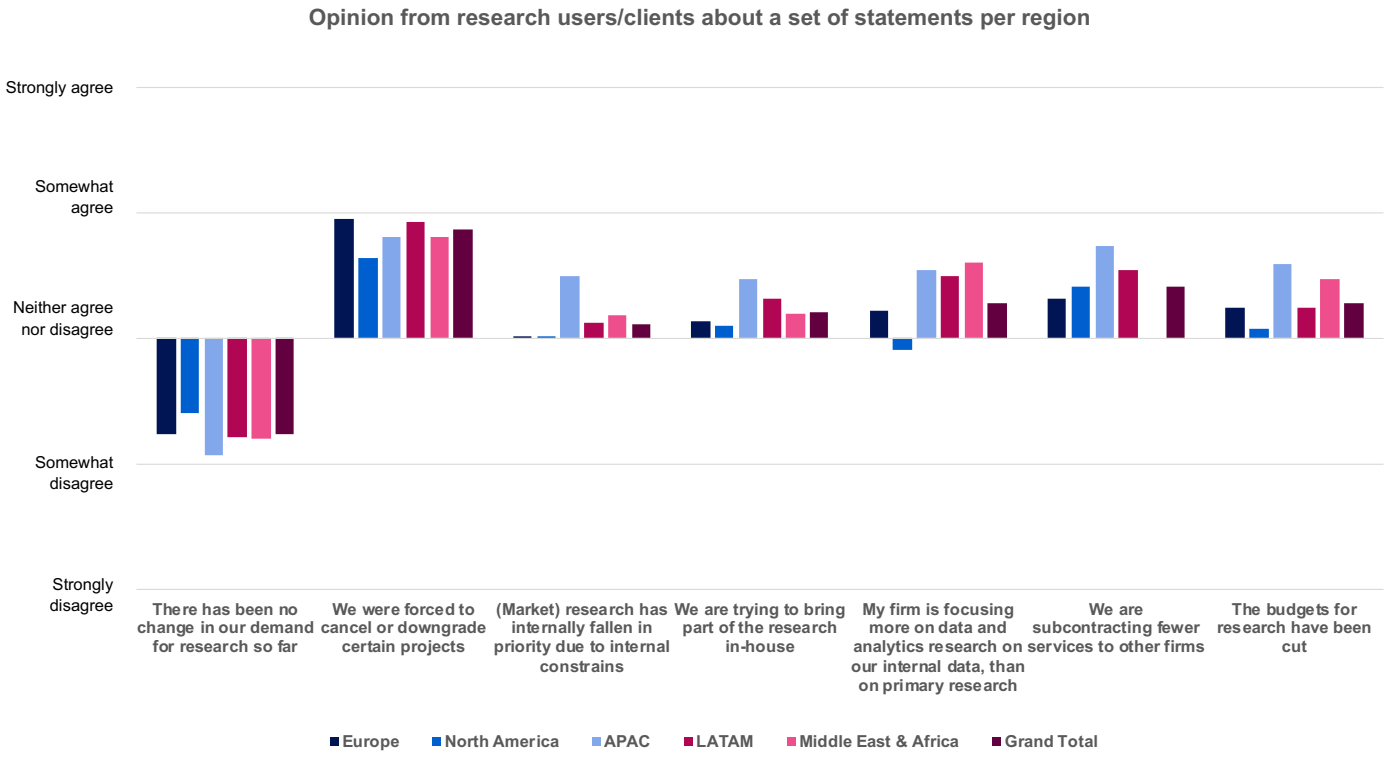
Research users/clients, the starting link in the long chain of market research, dictate the response and, therefore, the overall health of the insights industry. Their responses corroborate much of what has been expounded herein, that is, demand has already reacted to the crisis unfolded by the global pandemic by decreasing budgets or postponing projects, bringing in some cases research in-house rather than commissioning it externally and making use of their own internal data rather than carrying out research. These measures, however, do not seem to imply a drop in the regard for research, but merely a response to other factors, such as lack of new product launches to the market, according to the respondents. Agencies, however, should work on increasing the value they deliver to clients, particularly as they find themselves disoriented in the current landscape, as discussed in a recent article in ESOMAR's Research World.

"We offer premium price products, even though they are essentials, brand loyalty is under risk and people tend to switch to value brands. Also, the FX rate will impact supplies."



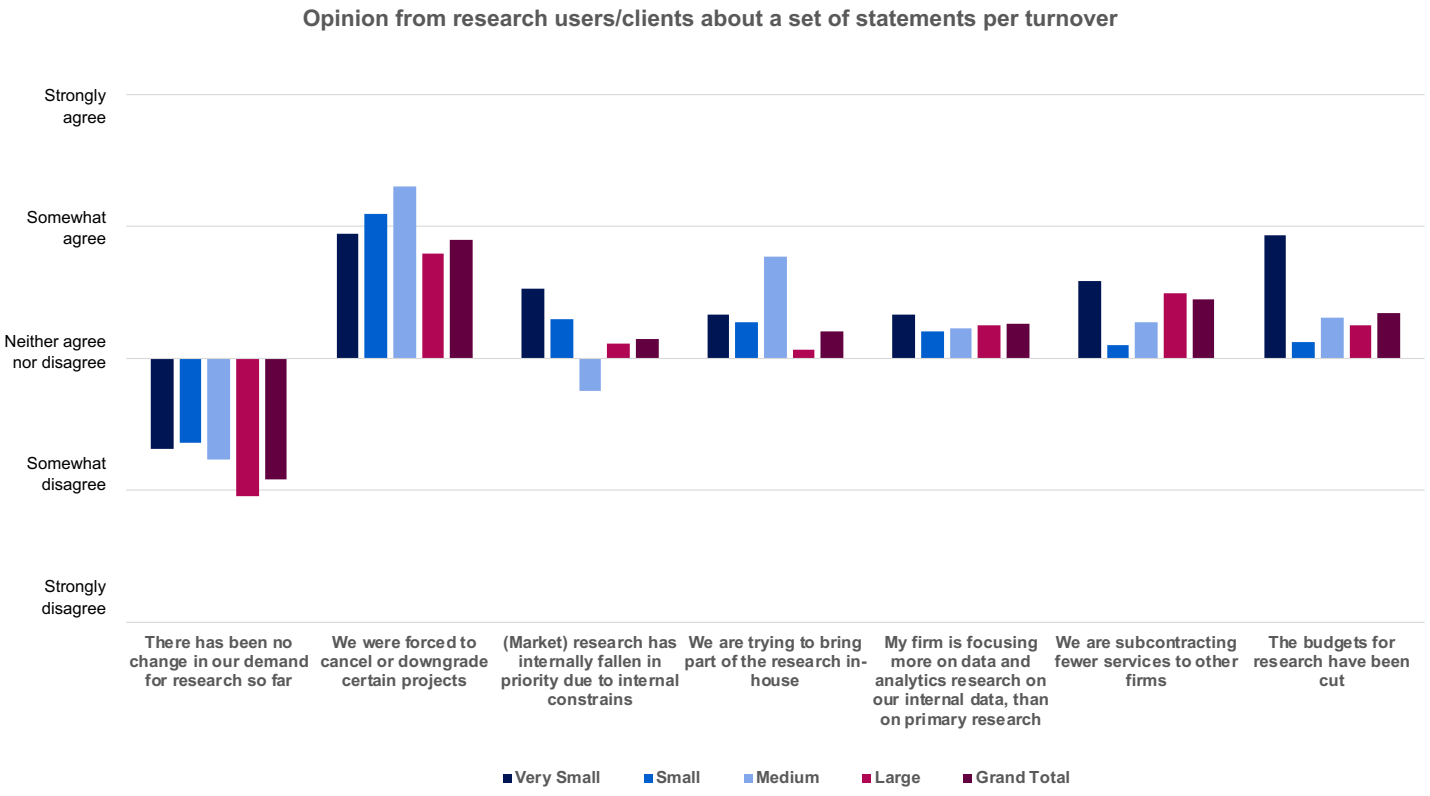
Impact per region

One region that stands out in agreement with the momentarily diminished role of market research within the company is APAC, perhaps in response to a deeper reckoning of the economic impact of the crisis. Companies in the APAC region seem to have reacted more dramatically than in other regions, cutting at times the budget for research, bringing it in-house in some cases, or even reducing slightly subcontracting to other companies. Given the very broad range of businesses grouped under the "client" umbrella, the effects of the crisis cannot be easily assessed to a high level of detail. When it comes to their relationship with research, however, this group mimics the behaviour of the rest of the industry, seen in previous sections.



Impact per turnover

It is remarkable to observe how corporations with a very small turnover (less than US$ 1 million) record bigger adjustments than larger counterparts, as they admit having reduced research budgets at times, and seem to recognise more readily a reduction in their subcontracting services than larger counterparts. Similarly, companies with a medium level of turnover (US$ 10 to 100 million) report an increased disposition to bring research in-house. Paired with a slight disagreement that research may have fallen in priority, this may imply an active effort not to limit research, but to continue the same levels of activity, but internally sourced. However, beyond some limited evidence, it is not immediately clear how turnover size could impact the response of different companies towards research.

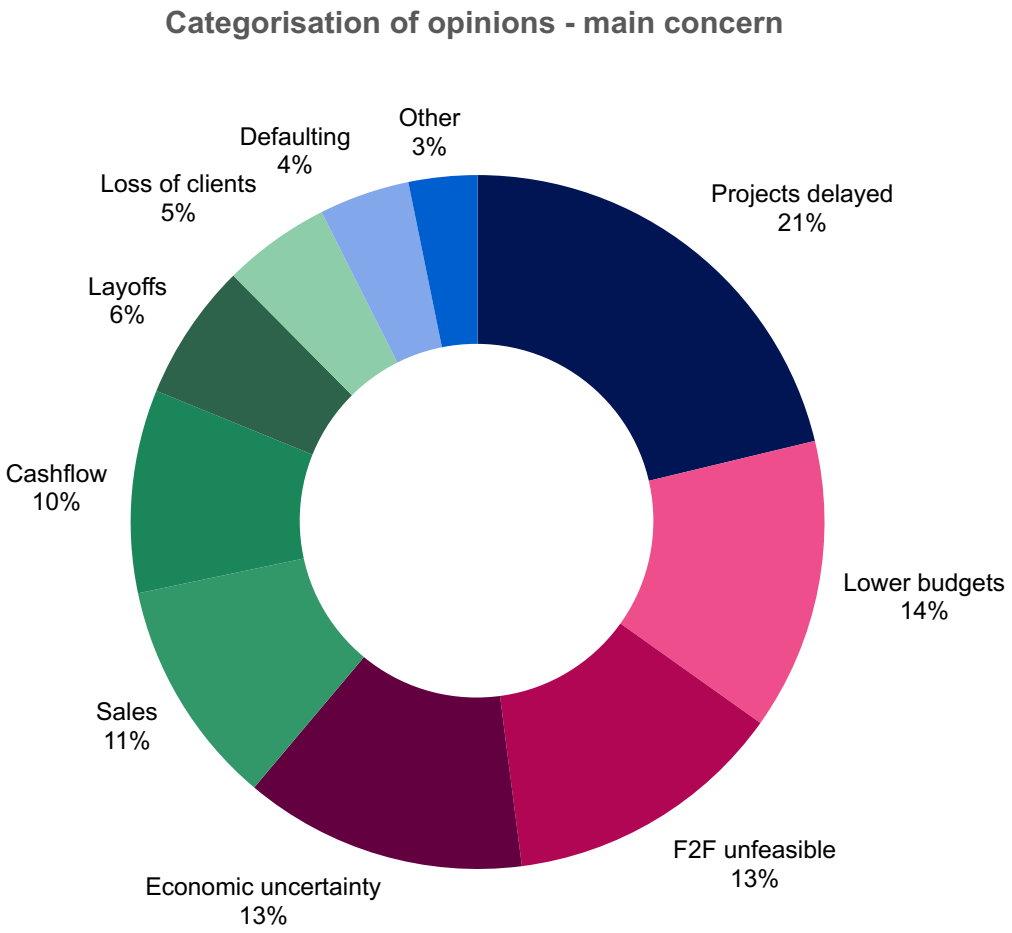


The insights story coming together

Single biggest concern

Question: From your point of view, what is currently your biggest concern in relation to the impact of the outbreak on your business?

How does all the information presented above combine into a unified, coherent story? ESOMAR's questionnaire asked respondents two open-ended questions on their personal experience and views on the current situation. Combined with all the insights presented in the sections above, it is possible to create a holistic image of the industry and their main concerns.



Respondents mentioned, quite clearly, a set of 9 main concerns related with the pandemic and their response to the crisis:

- Projects being delayed/cancelled/downsized: while this is, expectedly, the main concern for agencies, it is most prevalent among agencies with a focus on consumer insights and consultancies – and, to a lesser extent, to support service companies. This concern has also been shown to be an actual consequence to the crisis, as seen in previous sections. Agencies with a focus on data analytics do not have such a pronounced spike, being more concerned about the general economic uncertainty, while research users/clients mostly worry about the general economic uncertainty and the impact on sales. For agencies – particularly those with smaller turnover – many projects, where not cancelled, have been postponed to a later date. Many clients, disoriented by the current situation, unable to forecast when levels of economic activity will recover, seem to have frozen their activity, directly affecting their relationships with the agencies. The problem may worsen if clients end up cancelling projects altogether as a response to the prolonged impact of the pandemic. It is important in this times, as ESOMAR explained in its address to the community, to display financial responsibility.

"All projects funded by organizations will be put on hold until social distancing ends. Then many won't have funds after that to commission research."

- Lower budgets for research: an impact of the client's budgets is one of the main concerns for research agencies as well as consultancies and support service companies, following the fear that clients may repurpose the budget dedicated for research as their priorities change. A deeper concern is not the repurpose of budgets, but a drop in the relevance of the insights profession that, some fear, may not be reversible. This fear, as seen in previous sections, need not be true, as lower budgets seem to stem from cost-cutting needs rather than a reconsideration of the appropriate tools to make informed decisions. This may, however, be a crucial time to make sure this opinion does not change, by demonstrating the true value of insights.

"I believe that many companies will not have spare money to spend with market research, since most of them will be highly impacted by the pandemic."

- Face-to-face not being possible anymore: as presented in previous sections, the inherent limitations to social distancing measures and other policies adopted by many of the world's governments have made it difficult to conduct face-to-face research. This type of research, being the most prevalent in many countries, heavily disrupts their business and in some cases may have left firms immobile, unable to (or not knowing how to) adapt to more remote or digital methods of research. As seen in previous sections, remote or digital research is currently a necessity, rather than an option. The pertinence of the Guidelines for Online Research published by ESOMAR/GRBN

"Most of our survey were conducted by face to face, e.g. CLT, face to face interview. With this situation client cancel the projects."

has, therefore, never been more vivid for research companies. The added challenge not only comes from those agencies specialised in face-to-face methods, but also from clients who, used to these methods, regard digital approaches as being of lower quality. These clients need to be convinced, through data and research, that this is not the case, as exemplified by ESOMAR/GRBN's Guideline on Online Sample Quality.

- General economic uncertainty: this is the most prevalent concern for research users/clients – many of which have large turnovers – who, unable to forecast in the long-term, are hurt by the uncertainty of the economic downturn. A consequence of this is the change the crisis may inflict in consumers and the society at large, and how their priorities, habits and opinions may shift accordingly. These questions, though, are not new, as exposed already in ESOMAR's 1979 paper "What role should research play during an economic crisis?." However, in the overall, lack of clarity, conflicting information and volatility in the market is forcing all industries to shorten their reaction times and become more dynamic.

"New business reality (from macroeconomics up to consumers behaviour). This impacts mainly all the plans we had in place for 2020."

- Decrease in sales and subsequent impact: the second main concern for insights clients/users is the steep drop in sales resulting from the halt in the economy. Disruption in sales may also come about from the disarray of supply chains, which in many cases has difficulted the steady supply of goods. A drop in their sales and/or supply affects the firms' efforts of promotions and, as such, they may have to reduce ad budgets and the launch of new products. Sales becomes the main concern the higher the declared turnover of the firm.

"The longer period lockdown impacts production and consumption impacting FMCG clients to postpone or reduce the research expenditure."

- A hit on cashflow that may jeopardise the company: delayed or cancelled projects, delays in payments of services already provided, disruption in the global supply chain, a generalised drop in sales, an increased financial vulnerability of the clients, a global economic downturn... all these factors will surely have an effect on the cashflow of companies affecting their results and, in many cases, even the continuity of the firms themselves.

"Temporary shutdown by a lot of companies which will lead to cash flow problem eventually leading to marketing and market research budgets."

- Having to lay off employees, furloughs, or employment insecurity: a main concern for all groups, though more prominent the higher the turnover of the company, is not being able to fulfil the salary obligations with their employees and having to, somehow, reduce the financial burden attached to them. There is a generalised awareness that letting employees go implies the loss of expertise, know-how and competitive edge, not to mention the ethical dilemma disrupting the personal lives of entire families entail.

"Our main concern is the sustainability of retaining full staff numbers as length of time we're going to be impacted remains unknown."

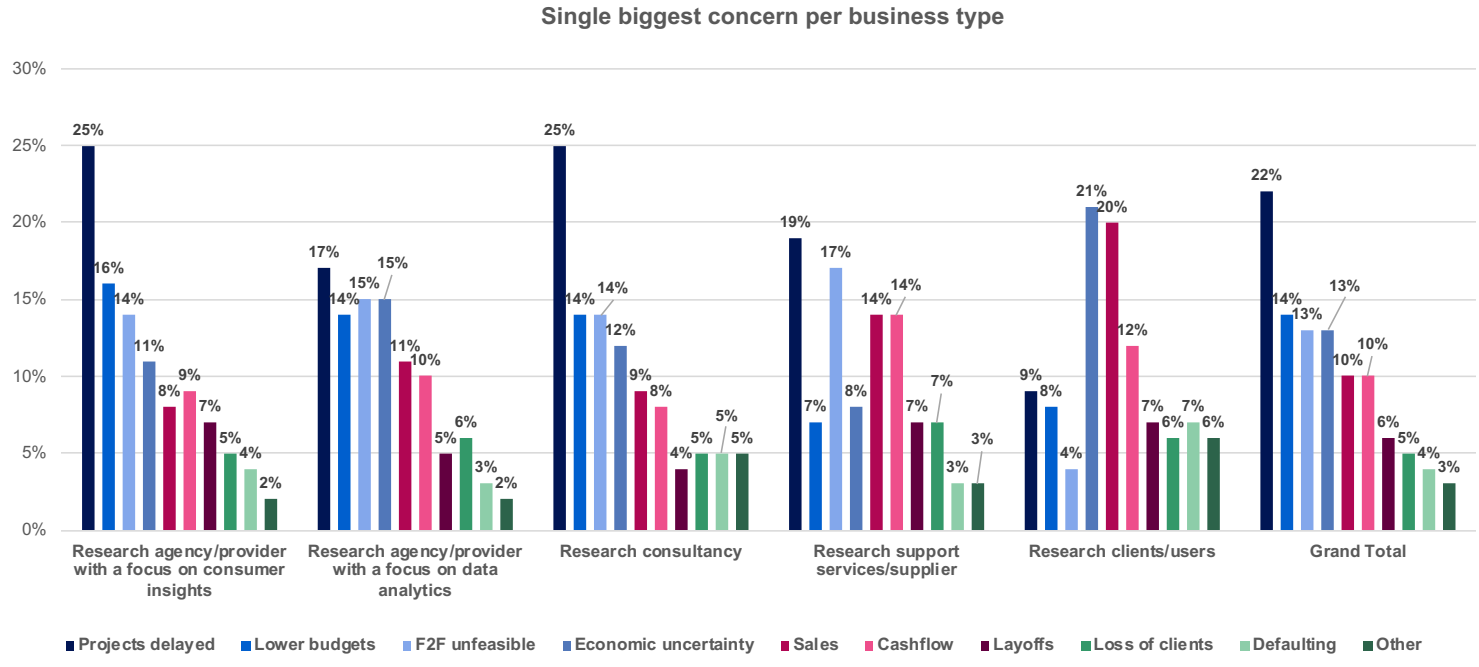
- Losing part of the portfolio of clients during the crisis: there is a concern that many research clients may suffer a permanent change in priorities, that way effectively decreasing the pool of clients the industry lives on. Coupled with this concern is the possibility that some clients may simply not be able to survive the economic crisis that will unfold.

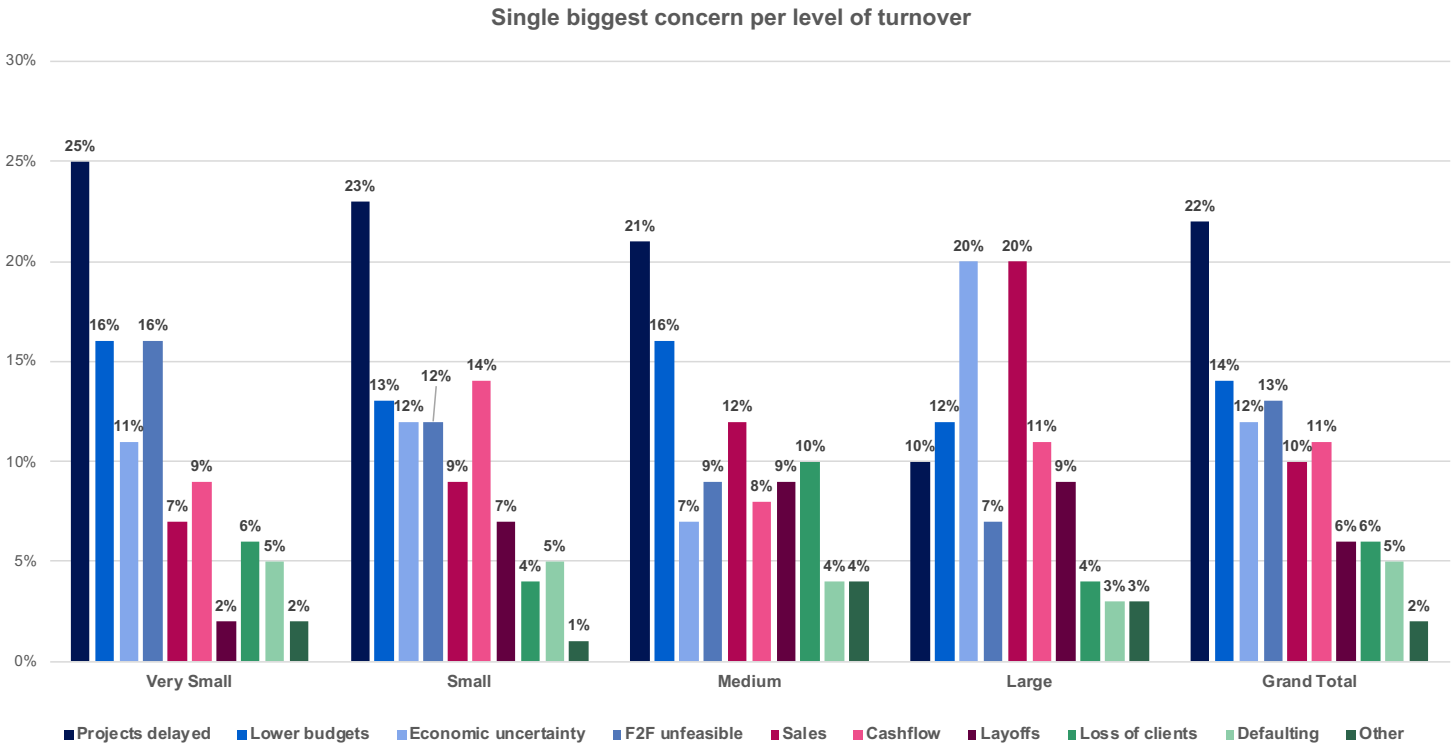
"The whole research ecosystem will be impacted - these guys are our clients. Lots will go under."

- Not being able to pull through the crisis, with a risk of defaulting: for some respondents, the main concern is, simply, not being able to reach the light at the end of the tunnel.

- Other: other concerns talk about the health of the employees, the lasting effects of isolation, keeping in touch with clients to maintain healthy relations, or the accuracy of the data extracted as respondents, given the new normal, are unsure how to answer questions.

"How to maintain the business sustainable during the crisis period and how to make it profitable again when the outbreak is over."





Other changes

Question: Did you notice any other changes in your daily activity you would like to comment on?

Respondents were asked what other changes they had noted since the COVID-19 disease was declared a pandemic. Their answers, while partially overlapping their main concern, talked in much more detail about their own secluded experience. The main changes to the respondents' lives was the fact that many are working from home and its ramifications, such as a noticeable increase in internal communication, a drop in workload (sometimes), issues with work/life balance, some people experiencing a drop in productivity, suffering from isolation and, significantly, feeling an overall positive impact of the current situation.

- Work from home: many companies have established work-from-home policies, and many employees are adapting to this new reality. This involves adjustments in how employees communicate amongst themselves, how they interact with clients, and how they recreate the dynamics and structure present at the office in their own living-place. It is not always considered a negative aspect, though, and many respondents seem to be adapting without much difficulty, some would like the flexibility to work remotely to continue after the crisis, and others are taking the time to educate themselves, read reports and catch up on other news.

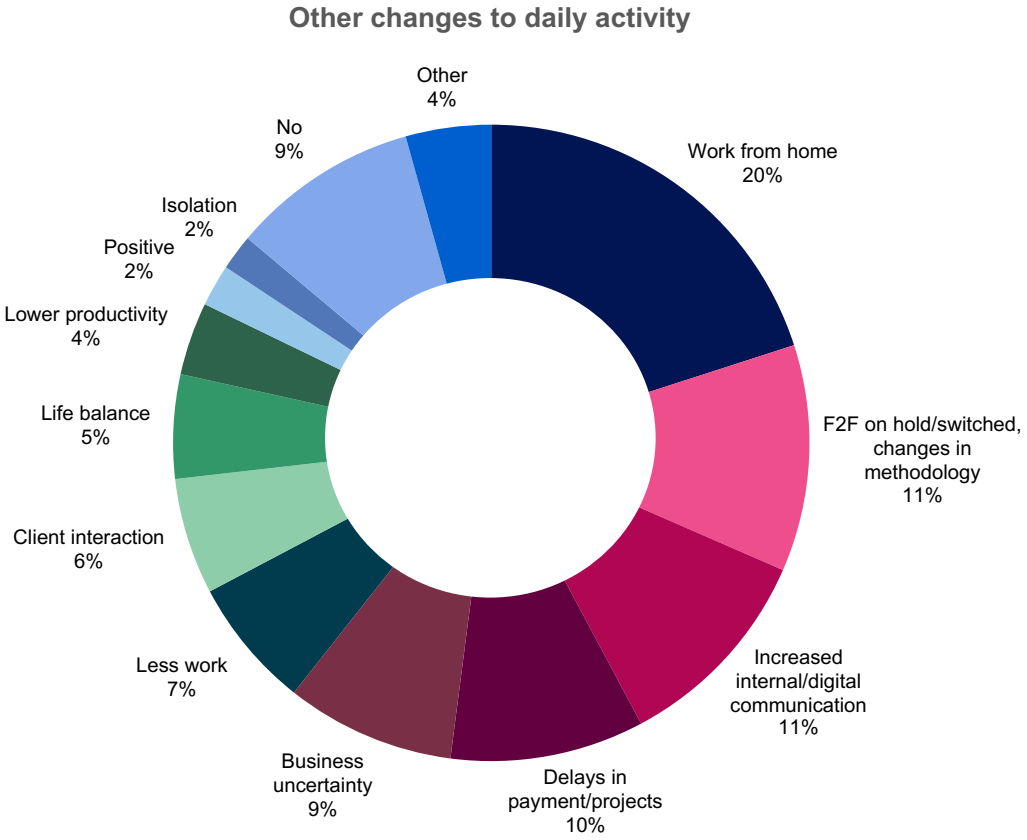
"Working from home is the primary change, other changes include a stronger focus on innovation and technology integration and a bigger focus on regularly checking in with other team members about their welfare."

- Face-to-face on hold or switched to other methodologies, and other general changes in overall approaches: while already covered in previous sections, some respondents note how research had to move away from face-to-face methodology and into more digital methods, and how there has been a noticeable increase in COVID-19-related research. In this line, clients are increasingly asking about changes in trends and to understand, as soon as possible, "the new normal". This has changed somewhat the focus of agencies who, instead of delivering an accurate description of the market and of opinions and habits of customers, are increasingly becoming "forecasters" of a future that is yet to establish itself.

"There is a wider need to understand the impacts of COVID19 on customers. This is how it is impacting financially and emotionally on customers and their reaction to it."

- A noticeable increase in internal digital communication: while some companies are using conference calls and other means of contact as a dubious attempt to monitor and control their employees, in general respondents have quickly embraced digital communication as the channel to hold discussions, reach a decision and catch up with one another. Many agencies have also turned to online webinars as a means to remain in touch with their clients – such as

"We are having a call every morning with my colleagues which I directly work with to make sure everyone knows what to do and clarify issues that aren't clear. This is necessary as we all work from home right now and we do not see each other during work. If some other questions or issues arise during the working day, we are all available to be called or written to. Other than that, work from home is the same way it has been in the office. Everyone has the same responsibilities. Business travel to conduct interviews, focus groups, etc. were cancelled. But most thing can also be done online from home."



ESOMAR itself though its Community Circles. In some firms, the direction has increased their communication with the employees, providing a much-welcome sense of closeness that, in some cases, was not there before and is hoped to remain over time.

- Delays in payments or on projects: Discussed in previous sections, some projects are now being requested for, at least, autumn, while others are being postponed or, otherwise, payments are being delayed. In some cases, projects are turning more immediate, more ad-hoc, rather than long-term, and require "quick insights" instead of trend analysis.

"A moral obligation to pay suppliers faster; especially smaller specialists e.g. viewing facilities whose business has gone to zero."

- Generalised business uncertainty: as presented in previous sections, the generalised uncertainty has impacted budget forecasting, has shifted priorities and, in many cases, is a clear disruption to people's lives, not only professionally, but also privately. It is important to understand that every employee is an individual with a specific personal situation, and that each person undoubtedly reacts differently to the current crisis. Likewise, ESOMAR encouraged all governments to draw on data and evidence to inform decision-making, "accelerate the termination of the crisis" and "avoid tunnel vision," in a dedicated press release.

"Everyone wants predictions on what's gonna happen. Seems like I need a crystal ball at the moment :) ."

- A drop on workload: a drop in the demand and a shift in methodology translates into a double reality. On the one hand, respondents have experienced a drop in their daily workload. On the other, respondents specialised in face-to-face approaches, are unable to practice their profession, being left idle. For the latter group, this may be a good time to delve into the practice of other, more remote approaches, since they will most likely increase in importance in the future.

"We are now all at home not really working but thinking of how we can create work."

- Changes in client interaction: there is a clear response to how agencies interact with clients in these times of social distancing, as they struggle to maintain some ties with, in many cases, drifting priorities, shifting commitments or anxious clients.

"Being remote, not meeting the clients in person, limits also discovery of new opportunities."

- Work-life balance: remaining at home for long periods of time is a challenge for many. It may be difficult to call it a day, resulting in an increase in the hours worked, some respondents increasing the time dedicated to watching television, some feeling grateful for the time saved in long commuting and hoping that remote working may continue in the future, or the increased disruption of having the family within the living space, making it more difficult to dedicate extended periods of time to any one specific activity.

"Many people are juggling work and childcare. In addition, I think everyone is just emotionally drained."

- Lower productivity: some respondents report lower levels of productivity, particularly stemming from disruptions in connectivity, the on-site nature of their job, or from companies not prepared to remote-working.

- Positive feeling from the current situation: some respondents enjoy remote working, find the time to carry out trainings, appreciate the increased availability of colleagues, or praise that, while the entire office is working from home, productivity has remained the same.

- A feeling of isolation: some respondents, though, miss human interaction, believe the gradual loss of innovation in the workplace that used to come about through casual encounters at the office, find it maddening to remain at home for such extended periods of time, or are suffering the added stress attached to a small living-space shared with children.

"Home-office!!! All the staff in the company is working from home now and the productivity is the same, so I hope our bosses accepts better this type of work (they always had issues with allowing us to do so)."

- No changes and Other: some respondents mentioned the increased efforts in marketing campaigns to maintain market share, the increased chance to read reports, an anecdotal increased response rate of

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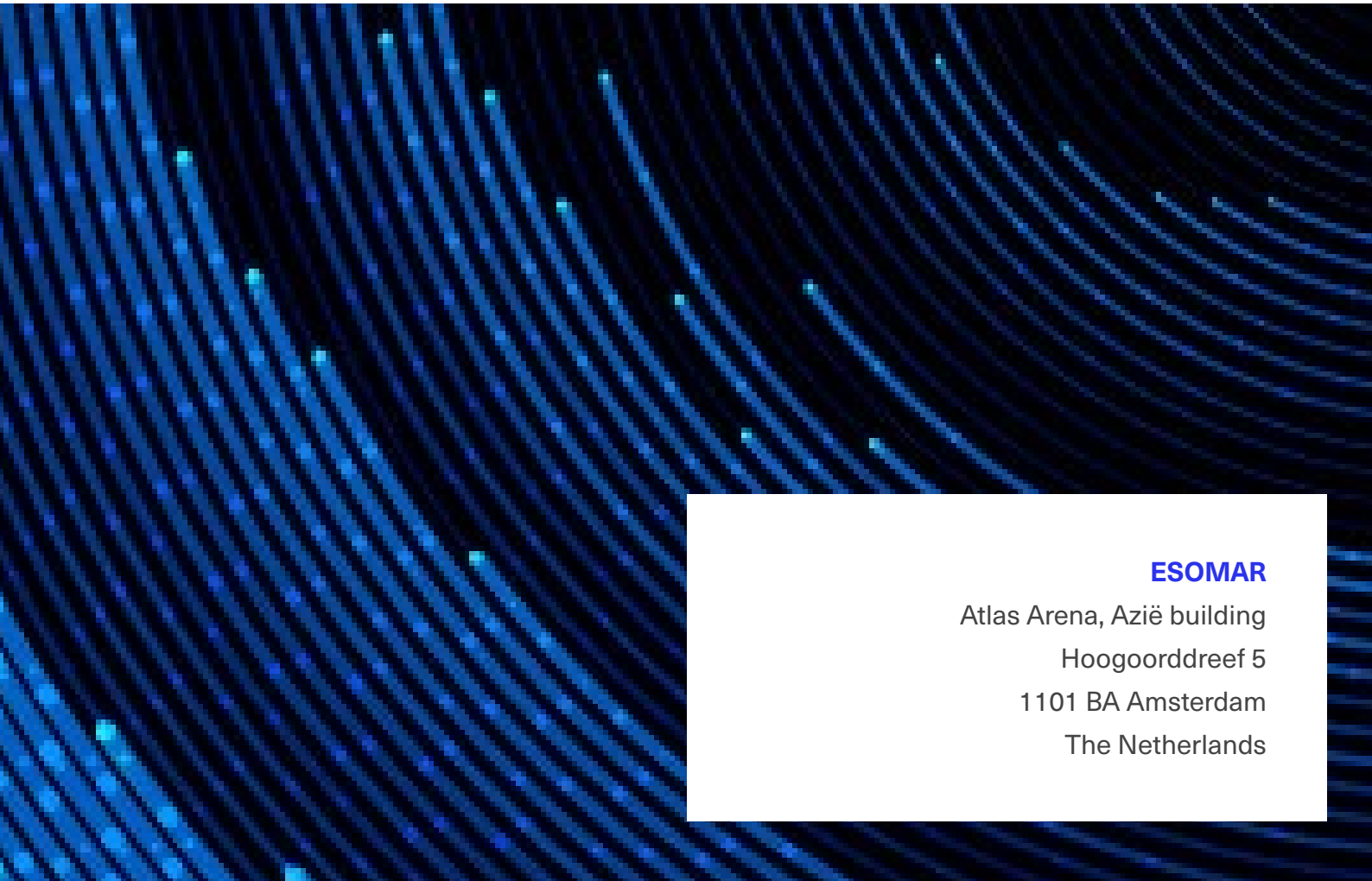

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