The Coronavirus crisis is exposing just how unprepared the marketing industry is to withstand so called ‘black swan events’

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The Coronavirus and subsequent population lockdown and business turmoil has shone a light on the general unpreparedness of the marketing industry.

Over the last decade, the current generation of marketers, media and creative agency staffers has been practising its craft in a comfortable bubble of normality. From today’s viewpoint, the column inches, workshops and presentation time spent on GDPR, the crisis of creativity, and ‘the death of TV’ look like rearranging the deck chairs on the Titanic.

Some (but not enough) of us weathered the credit crunch; even fewer were around when the dotcom bubble burst. But the scale of today’s economic upheaval combined with unparalleled changes in consumer behaviour would present a huge challenge to all but the most hardened marketing strategist.

Most client-agency conversations of the last few years have revolved around the world of ‘year on year’. Briefs have been written from the starting point of what was done last year, and how it needs to evolve. Reports have been created and pored over, agonising over a 2% drop vs prior year performance.

All of a sudden this looks rather foolish, as stores are closed, staff are laid off or furloughed, and the report shows a -60% YOY cliff edge. At the same time, consumer habits have shifted enormously, and the old faithful tactics no longer work. Shopping habits have completely turned upside down, as new purchase journeys are formed. Media consumption has cartwheeled with TV viewing up 30% and Outdoor views down 80%. And brand reputations are enhanced and lost overnight, from LVMH’s unshowy hand sanitiser to Virgin Atlantic’s tone-deaf bailout plea. For many, brand survival is now the only question that matters.

And yet, in a time of greatest need, strategic thinking is thin on the ground. Agency planning departments have been hollowed out as clients descoped strategy, and procurement squeezed all but core delivery.

When the marketing machine is working, strategy is seen as an unnecessary expense. Optimisation of the current model has been the focus, and machine learning has replaced institutional knowledge. With agencies neither paid for strategy, nor being challenged on it, management have moved resources into other areas that are revenue generating.
Media agencies became investment specialists, moving media budgets around to maximise their own income. Meanwhile the proliferation of channels, the growth of data, and technological advances have led to a boom in specialisation to the detriment of valuable ‘generalists’ who can see the bigger picture.

Clients mirrored agencies and built up their own specialisms, with teams capable of going toe to toe with agencies on social, search or programmatic strategies, but without the internal marketing strategists to challenge the wisdom of the overall approach. The warning signs were there, with the IPA’s effectiveness superstars Binet & Field warning of a systemic decline in marketing effectiveness, but short-termism has ruled in the boardrooms both client side and agency side for some time now.

With planners descoped, and pressure from clients through the rise of in-housing, agencies responded with the elevation of the Business Director: commercial managers, running client ‘P&Ls’ with targets to drive business development and profit from clients through the cross-selling of increasingly productised agency services. Useful skills for the agency no doubt, but useless to the client in the face of a black swan event such as the Coronavirus.

Client side marketers are now realising they need marketing expertise more than ever before. Most agencies are doing their best to advise clients, even in the face of plummeting revenues, but are for the most part woefully underequipped for the genuine ‘what should we do next’ conversations. The planners that still exist within agencies are spread thinly across the client base, and with most of their time historically taken up with pitching, they are not close enough to their clients’ businesses or categories to offer more than generic guidance.

This should be a wake-up call to all sides of our industry. Let’s value strategy again, and put it back in scope. Let’s lift our heads up and look longer term, and see the bigger picture, rather than getting lost in the minutiae. We need audience experts again who can quickly decode the new consumer mindset in a Covid-19 world. We need to pay more than lip service to creativity, lateral thinking and agility which are the very skillsets that will get us through this. And clients must take charge of their own strategic marketing direction again, or create the conditions for their agencies to provide that essential, and unbiased, business advice.

True to the definition of ‘black swan events’, with hindsight we can see that we were unprepared. We now have a responsibility to correct that, and it should start today.