



**The impact of the Covid-19 crisis on the research industry –
One Minute Survey wave 3 findings (October 2020)**

In this report...



The report summarises the findings of the third of a series of **One Minute Surveys** conducted by **Prevision Research**

The first two waves of the survey were conducted in May 2020, during the initial UK lockdown

The current (third) wave was conducted 5-19 October

Our findings have been put in the context of the wider business environment through the inclusion of desk research on the impact of Covid-19 pandemic on UK businesses in general

That desk research and the analysis and reporting of the One Minute Survey has been conducted by Prevision's sister company, research consultancy **Purple Market Research**



HOW IS THE MARKET RESEARCH SECTOR FARING?

Findings of the One Minute Survey in a nutshell



THERE IS SOME OPTIMISM IN THE LONGER TERM

- As of October 2020, researchers are starting to become more positive compared with the concern recorded in May
- 23% of researchers claim that demand for their services has already recovered to pre-pandemic levels, and 44% expect demand to return to pre-pandemic levels next year, although it may not be until 2021 Q2 or later

BUT MARKET RESEARCH REMAINS A CHALLENGING SECTOR

- Market researchers continue to express uncertainty about the future of their own business and the market research industry in general
- In terms of turnover, forecasts for the next year are mixed, with 43% expecting turnover to increase, but 34% expecting it to decrease
- In terms of employees, again the 30% expecting staff numbers to increase in the next year are cancelled out by the 29% expecting a decrease
- In terms of methodologies, around half of researchers expect to conduct more online research in the next year (quant and qual)
- There is still considerable uncertainty about the future of the market research industry in general, with only 29% of researchers optimistic about the market research industry in the next five years, and that number has not changed since May
- The majority of researchers are either negative about the future of the industry (18% giving less than 5 out of 10) or uncertain (53% giving 5-7 out of 10)

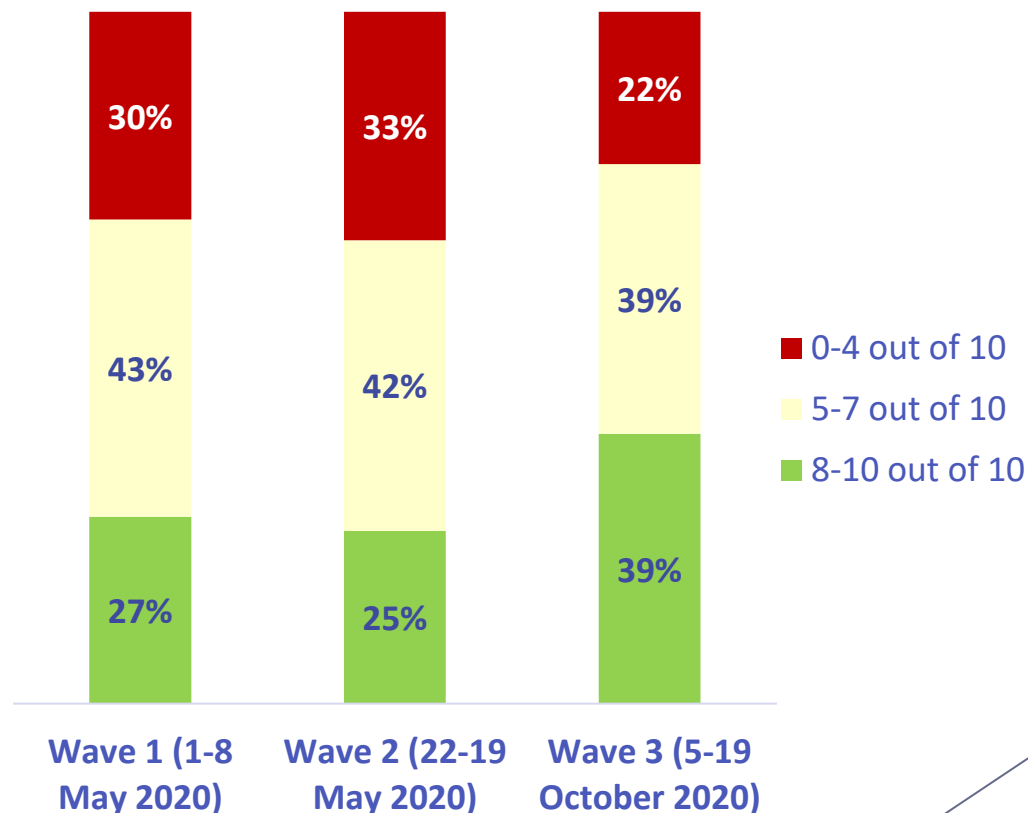
UK market researchers are have become more optimistic about their own company's future, although there is still considerable uncertainty

How positive are researchers about their own companies future in the next year (from 0 for very negative to 10 for very positive)?

As of October 2020, researchers are starting to become more positive

In the latest wave of research, 39% are more optimistic about their own company's future compared with the concern recorded in May

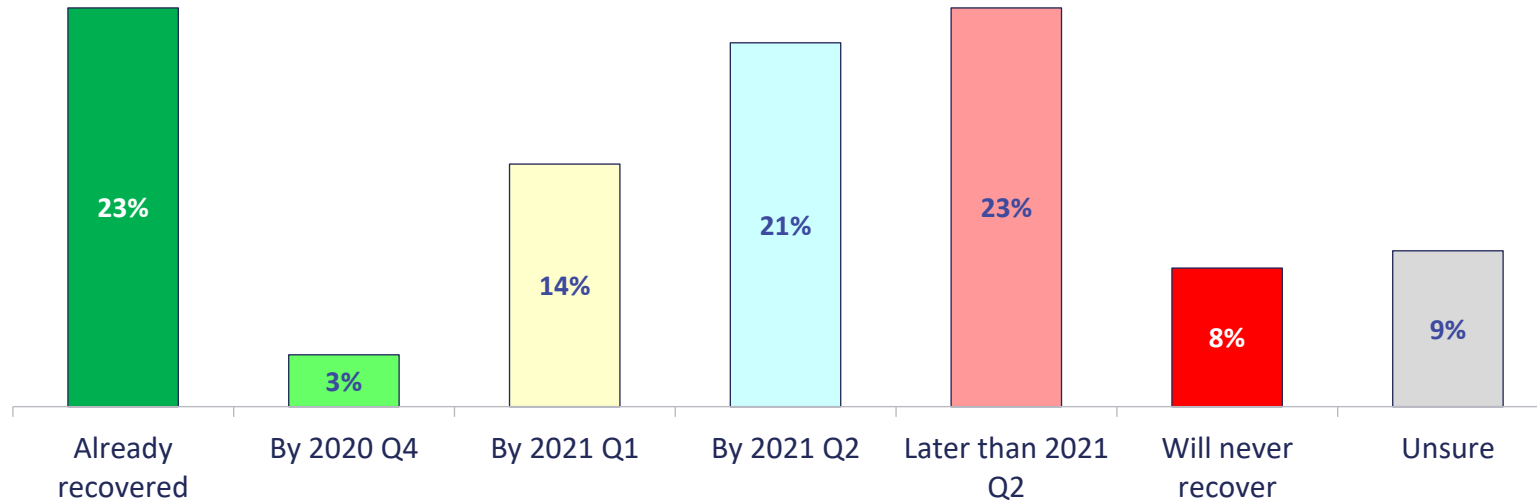
Nevertheless a majority remains either pessimistic or uncertain (giving a score of 7 or less out of 10)



Source: Prevision One Minute Survey among researchers – wave 1 comprised 108 interviews / wave 2 comprised 67 interviews / wave 3 comprised 127 interviews

Most researchers believe that trading will eventually recover, but it may take time

When do researchers expect trading to return to the same level as it was before the Covid-19 crisis?



23% of researchers claim that demand for their services has already recovered to pre-pandemic levels

Only a further 3% expect that to happen this calendar year

44% of researchers do not expect demand to return to pre-pandemic levels until 2021 Q2 at the earliest

That is consistent with research in the general business market, indicating that half of businesses are not expecting recovery until at least 2021 Q2

Source: Prevision One Minute Survey among researchers wave 3 (n = 127 interviews)

Changes expected in the next year

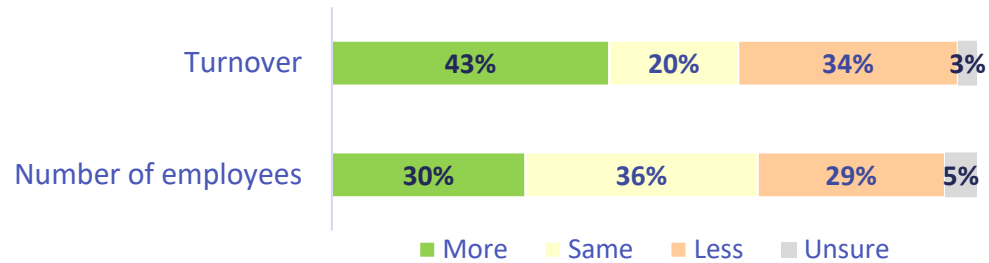
In terms of turnover and employees, the picture over the next year is mixed:

- 43% expect turnover to increase, but 34% expect it to decrease
- 30% expect the number of employees to increase, but 29% expect a decrease

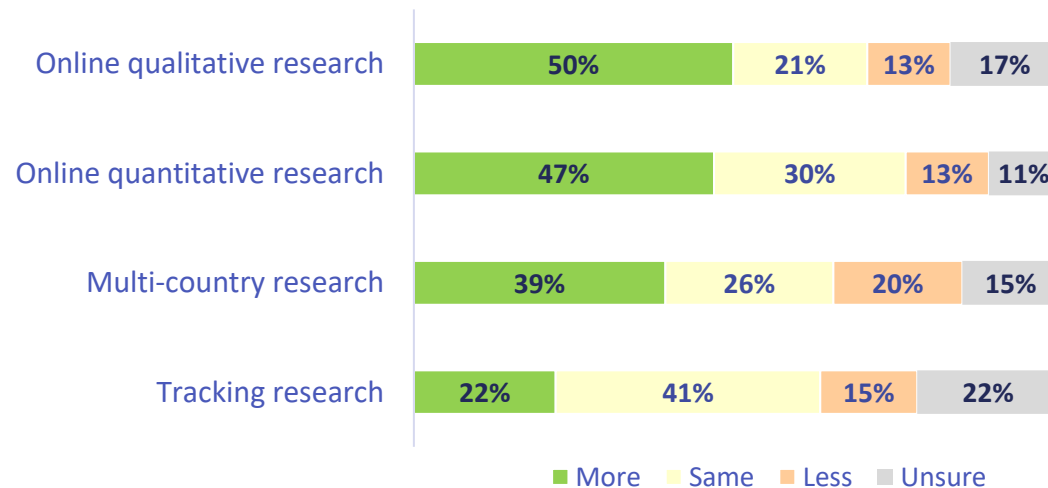
In terms of methodologies, around half of researchers expect to conduct more online research in the next year (quant and qual)

There is also likely to be a slight increase in multi-country research conducted (which is presumably easier and more cost effectively done online)

What changes in your organisation do you expect in the next year (company performance)?



What changes in your organisation do you expect in the next year (research methods)?



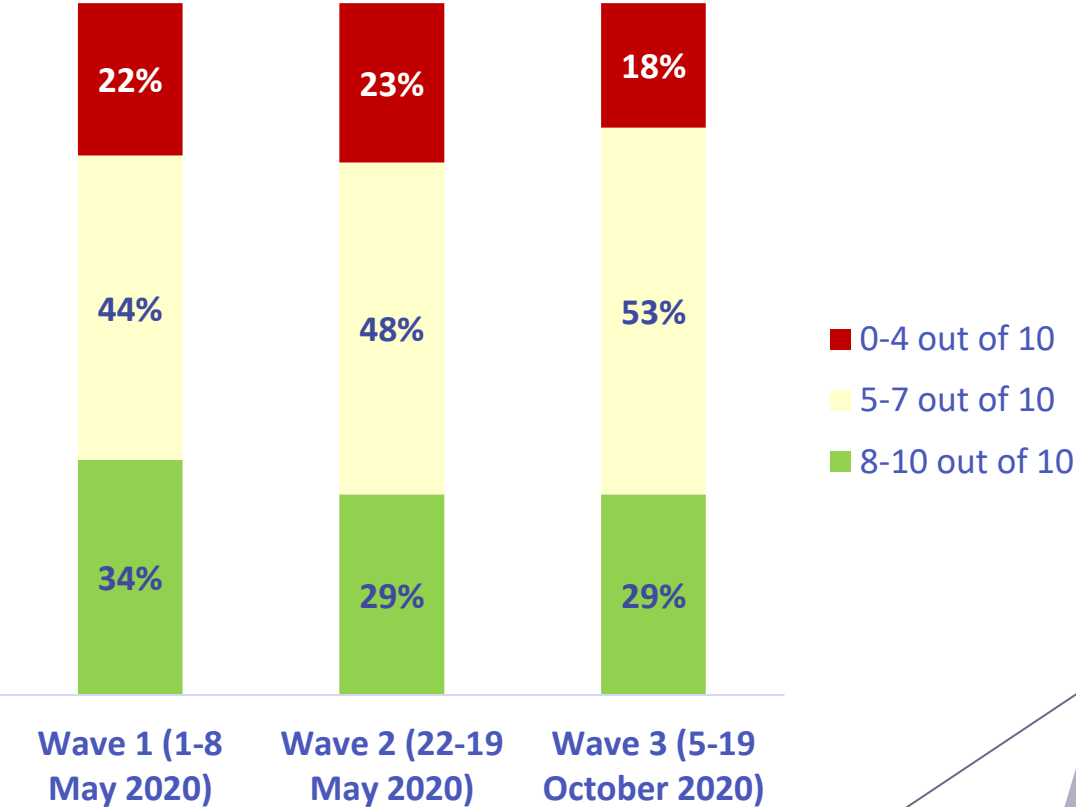
The market research industry in general: there are still concerns about the future of the industry

How positive are researchers about the future of the research industry in the next five years (from 0 for very negative to 10 for very positive)?

There is still considerable uncertainty about the future of the market research industry in general

29% of researchers are optimistic about the market research industry in the next five years, but that number has not changed since May

The majority of researchers are either negative (18% giving less than 5 out of 10) or uncertain (53% giving 5-7 out of 10)



Source: Prevision One Minute Survey among researchers – wave 1 comprised 108 interviews / wave 2 comprised 67 interviews / wave 3 comprised 127 interviews



WHAT IS HAPPENING IN THE BUSINESS ENVIRONMENT IN GENERAL?

The business environment in general: a V-shaped recovery or an M-shaped one?



RECOVERY

- Due to the Covid-19 crisis and the measures taken by the government, UK business activity slumped to record lows in March and April.
- Government support, through a combination of the furlough scheme, loans and grants, has offered a lifeline to many businesses.
- Since the end of the initial lockdown in July there have been signs of recovery in the UK economy and in business confidence and activity.

BUT WHAT KIND OF RECOVERY?

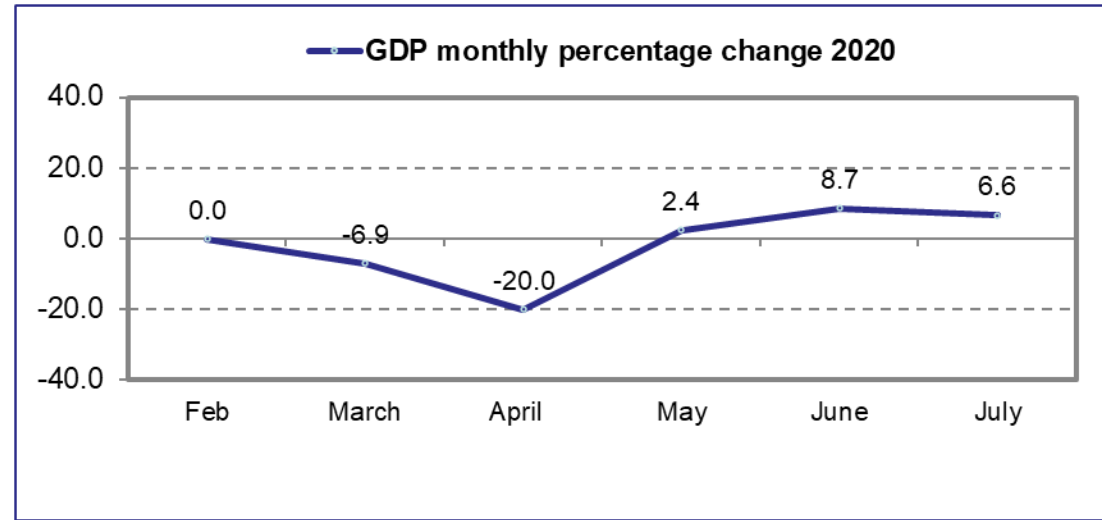
- Government and business were hoping for a V-shaped recovery
- However, there is still considerable uncertainty about the future and there are signs that the recovery is stalling
- Business leaders estimate that recovery to pre-pandemic levels may take a year
- **Recovery may therefore be saucer- or M-shaped rather than V-shaped**

The UK economy has recovered but only partially

ONS reports that UK GDP for April contracted by 20% - the greatest monthly contraction on record (and three times that recorded during the 2008/9 downturn)

June and July saw some recovery, with GDP growing by 8.7% in June and flattening slightly to growth of 6.6% in July

Despite recent growth, the level of output has not fully recovered from the falls seen in March and April 2020 and in July was still 11.7% below the levels seen in February 2020, before the full impact of the Covid-19 pandemic



GDP fell in March and April, with the April decline the greatest on record

There was monthly growth in GDP May, June and July

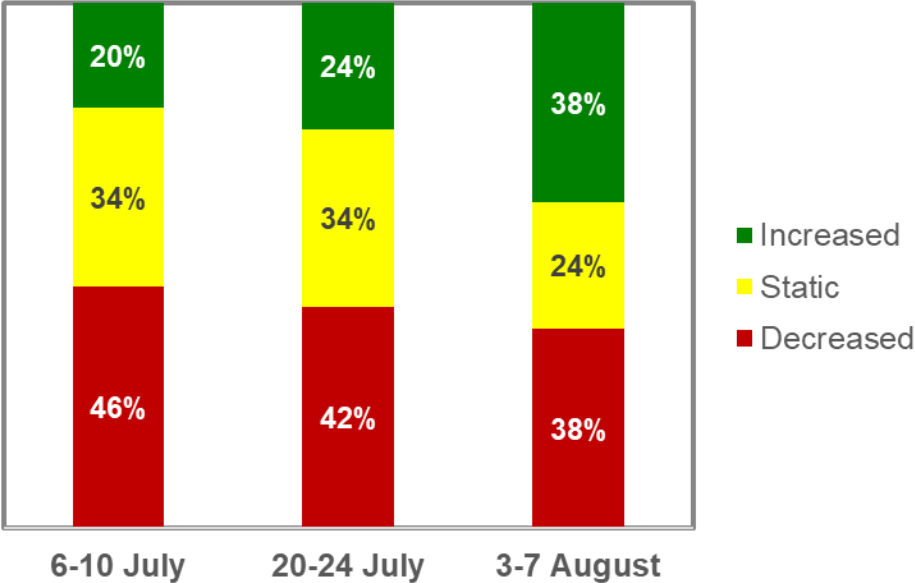
Growth continued but slowed slightly in July

The UK economy lost some of its bounce in September, as the initial rebound from Covid-19 lockdowns showed signs of fading

Chris Williamson, Chief Business Economist at IHS Markit

Businesses report that UK sales are increasing, although the British Chambers of Commerce offers only cautious optimism

Change in revenue from UK customers in the last month



The British Chambers of Commerce reports that sales have increased month on month

However the BCC expresses caution and recommends further support for businesses due to considerable future uncertainty in the business market

In July and August, the BCC reports businesses as operating at about half their pre-Covid 19 capacity

While some firms are seeing improvements in trading conditions, we are still very much in the eye of the storm, with further turbulence ahead. As the government's emergency measures begin to wind down over the coming weeks, and with the prospect of further local lockdowns still very real, businesses across the UK are going to need further support to weather uncertainty over the coming months.

BCC Director General Adam Marshall

Sources: The British Chambers of Commerce Business Impacts Tracker - based on 600 interviews per wave with businesses - mainly SMEs in the service sector (<https://www.britishchambers.org.uk/page/bcc-coronavirus-business-impact-tracker>)

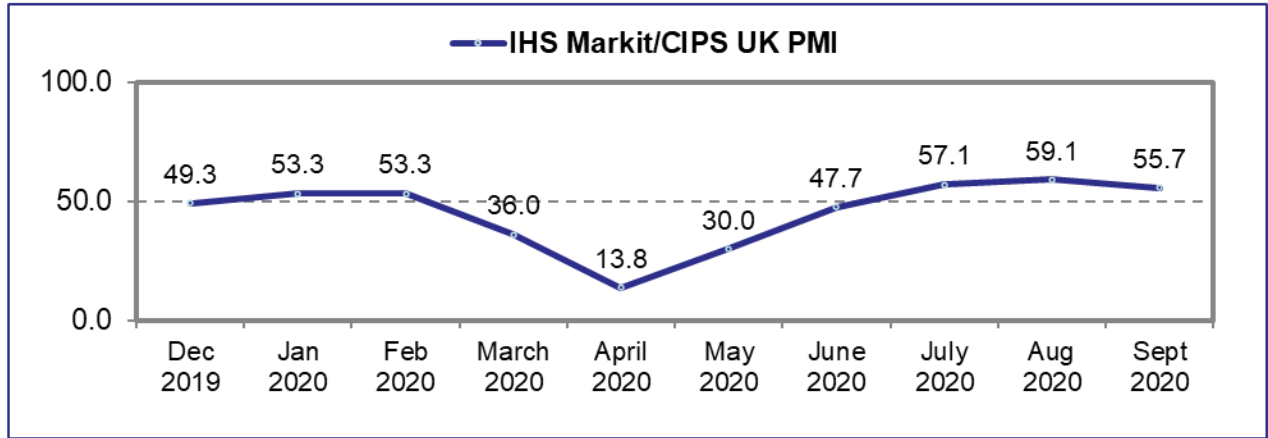
UK business activity has recovered in Q3 of 2020, although there are indications that the recovery is faltering

The Purchasing Managers Index is indicative of the health of the UK economy

An index above 50 indicates business growth and an index below 50 indicates contraction compared to the previous month

The PMI has recovered from the lows of March - May, although the trend is starting to look like an M rather than the V hoped for by UK government and business

Purchasing Managers believe that the recovery could take a year



The PMI recovered from pre-Brexit uncertainty to reach 53.3 in January and February

March and April saw an unprecedented downturn - April's index of 13.8 is the lowest recorded since the index was launched in 1996

July - September saw monthly growth, although growth started to slow in September

Positive signals for the recovery of course need to be considered in the context of UK GDP shrinking by around one fifth during the second quarter of the year. Survey respondents often noted that it could take more than a year to return output to pre-pandemic levels and there were widespread concerns that the honeymoon period for growth may begin to fade through the autumn months

Tim Moore, economics director at IHS Markit

Source: HIS Markit / CIPS - survey of 400 UK purchasing managers in manufacturing and service industries (<https://ihsmarkit.com/research-analysis/uk-economic-growth-surge-loses-momentum-at-end-of-third-quarter-Sep20.html>)



MORE ABOUT US

Prevision Research in a nutshell



We specialise in data collection in B2B and other difficult to reach markets

At Prevision, we work with our clients to design their projects to collect data by the most appropriate, cost-effective method.



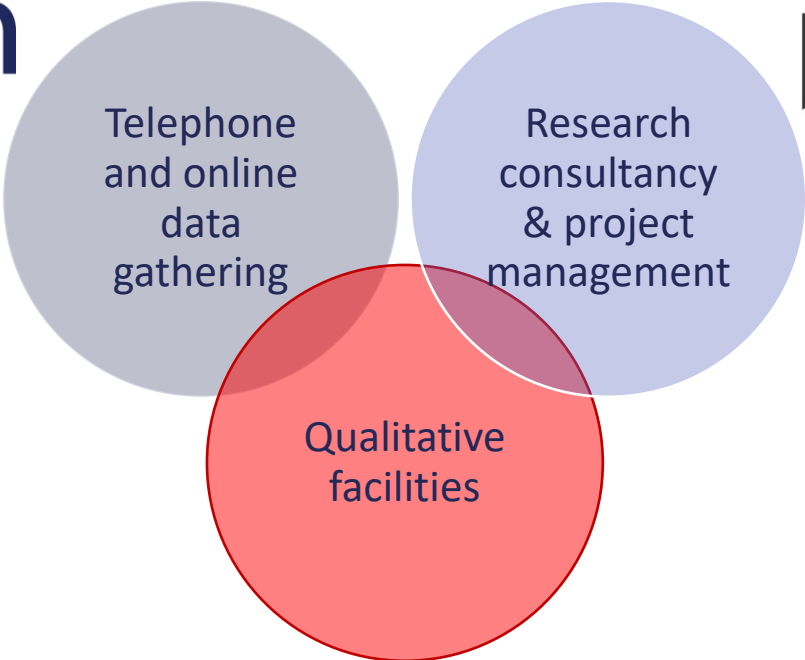
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