The Impact of COVID-19 on Marketing Budgets 2020 in Finland

08.04.2020
Who we surveyed

• **N= 190**, focus on CMO’s and other marketing decision makers.
• The survey was conducted between **April 3rd and 7th 2020**, by IAB, ASML ands Avaus
• In some questions we have used as a reference The CMO 2020 Survey, conducted in 10/2019 by IAB Finland and Avaus (76 respondents)

### ROLE

<table>
<thead>
<tr>
<th>Role</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing Director / Manager</td>
<td>34 %</td>
</tr>
<tr>
<td>Sales Director / Manager</td>
<td>19 %</td>
</tr>
<tr>
<td>CEO</td>
<td>7 %</td>
</tr>
<tr>
<td>Head of Communications</td>
<td>4 %</td>
</tr>
<tr>
<td>CIO (Chief Information Officer)</td>
<td>2 %</td>
</tr>
<tr>
<td>CDO (Chief Digital Officer)</td>
<td>11 %</td>
</tr>
<tr>
<td>CCO (Chief Content Officer)</td>
<td>2 %</td>
</tr>
<tr>
<td>Other</td>
<td>30 %</td>
</tr>
</tbody>
</table>

### E-COMMERCE

<table>
<thead>
<tr>
<th>If Yes</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>25 %</td>
</tr>
<tr>
<td>Yes</td>
<td>75 %</td>
</tr>
</tbody>
</table>

**Average share of revenue 27 %**

### CUSTOMER TARGETGROUP

<table>
<thead>
<tr>
<th>Target Group</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>B2C</td>
<td>42 %</td>
</tr>
<tr>
<td>B2B</td>
<td>16 %</td>
</tr>
<tr>
<td>B2C and B2B - sekä kuluttajat että yritykset</td>
<td>41 %</td>
</tr>
<tr>
<td>DtoC</td>
<td>2 %</td>
</tr>
<tr>
<td>B2C and B2B - sekä kuluttajat että yritykset</td>
<td>41 %</td>
</tr>
</tbody>
</table>

### COMPANY’S NET REVENUE 2019

<table>
<thead>
<tr>
<th>Revenue Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 2 M€</td>
<td>1 %</td>
</tr>
<tr>
<td>2-9 M€</td>
<td>13 %</td>
</tr>
<tr>
<td>10-49 M€</td>
<td>16 %</td>
</tr>
<tr>
<td>50-99 M€</td>
<td>4 %</td>
</tr>
<tr>
<td>100-499 M€</td>
<td>24 %</td>
</tr>
<tr>
<td>500-999 M€</td>
<td>7 %</td>
</tr>
<tr>
<td>+ 500 M€</td>
<td>35 %</td>
</tr>
</tbody>
</table>
Breakdown of Respondents

<table>
<thead>
<tr>
<th>RESPONDENTS BY ADVERTISING CATEGORY</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Media &amp; Entertainment</td>
<td>21%</td>
</tr>
<tr>
<td>Retail</td>
<td>19%</td>
</tr>
<tr>
<td>Finance</td>
<td>16%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>4%</td>
</tr>
<tr>
<td>Public services</td>
<td>1%</td>
</tr>
<tr>
<td>Telecommunication</td>
<td>8%</td>
</tr>
<tr>
<td>Business Services</td>
<td>2%</td>
</tr>
<tr>
<td>Construction / Real Estate</td>
<td>3%</td>
</tr>
<tr>
<td>Travel &amp; Tourism</td>
<td>5%</td>
</tr>
<tr>
<td>Logistics</td>
<td>4%</td>
</tr>
<tr>
<td>Health / Healthcare</td>
<td>4%</td>
</tr>
<tr>
<td>Marketing / Advertising</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>14%</td>
</tr>
</tbody>
</table>

*Keep in mind that research findings does not represent all Finnish companies!*

<table>
<thead>
<tr>
<th>OTHER CATEGORIES INCLUDE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Associations</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
</tr>
<tr>
<td>Energy</td>
<td></td>
</tr>
<tr>
<td>Gaming</td>
<td></td>
</tr>
<tr>
<td>Restaurants</td>
<td></td>
</tr>
<tr>
<td>Politics, Organizations or Public services</td>
<td></td>
</tr>
</tbody>
</table>
Company’s TOP3 priorities during COVID19-crisis

- Taking care of employees: 76%
- Helping customers in their daily life: 62%
- Securing revenue: 58%
- Securing jobs: 31%
- Corporate social responsibility: 24%
- Managing costs: 23%
- Communicating Covid-19 policies: 16%
- Other: 6%

No big surprises – employees, helping customers and revenue securing are TOP priorities at the moment.
TOP3 priorities for marketing during COVID19-crisis

Securing revenue: 62%
Customer loyalty: 59%
Brand strengthening: 45%
Corporate social responsibility: 37%
Customer experience (CX): 29%
Marketing ROI: 21%
Gain new customers: 13%
Improve customer profitability: 10%
Improve competitiveness: 9%

Marketing focuses on securing revenues and keeping current customers.

CSR, CX and brand strengthening also important.
**Marketing Budgets**
- against original 2020 plan

**The Media Advertising Expenditure in Finland 2019**
1 259 M€ (+ 1.2% vs PY)

*Research results forecast about 10-15% decline to 2020 Media Advertising Expenditure (?)*

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- **Increase >**
  - 10%
  - 4%
- **Decrease >**
  - 30%
  - 17%
- **Decrease 21-30%**
  - 13%
- **Decrease 11-20%**
  - 22%
- **Decrease <**
  - 10%
  - 14%
- **Stays the same**
  - 30%
Marketing Budgets - against original 2020 plan

The Media Advertising Expenditure in Finland 2019
1 259 M€ (+ 1.2 % vs PY)

Research results forecast about 10-15 % decline to 2020 Media Advertising Expenditure (?)
Marketing Budgets
- against original 2020 plan

Financial Services seems to survive with smallest budget cuts.

Tough times especially for Travel Manufacturing and Retail.
Ad Spend Impact by Channel due to COVID19

Own medias, social media, search and content marketing might be relative winners, but it’s too early to forecast revenue growth even to these channels.
Few companies are still planning to increase marketing headcount, hire-freezes are the norm.
Executive summary

• The COVID-19 has hit the economy and marketeers by full force by early April 2020 leading to downsizing and restructuring on budgets.

• The key takeaways from our COVID-19 CMO Survey:
  • Almost two third of all companies are slashing budgets. The average savings are 15-30%
  • Verticals are affected unevenly. Financial services have relatively small savings pressures, manufacturing and travel have major.
  • Retention and ensuring loyalty of existing customers have become the paramount objective for marketers, aggressive customer acquisition activities are put on hold.
  • Ecommerce ramp up and support is the main area of activity as other channels are unavailable.
  • Customer data leverage follows suite and tactical activities are executed in addressable own channels with email and telesales, supported by search, social and content.
IAB Sverige

STUDY WITH CMOs AT BRANDS

HOW COVID-19 PANDEMIC IMPACT ON THEIR MARKETING PLANS

April 2020

Sample of the companies that participated

GANT, VW, SAMSUNG, MASTERCARD, MEDS, NORDNET, IF, CANON, BLUESTEP, ACTIC, BARNCANCERFONDEN, SVEDEA, TRE, KLARNA, RESEGUIDEN, APOTEKET, ASUS, DESINIO OSV..
What are the three most important marketing objectives of your company during the ongoing Covid-19 crisis? Maximum three options

- Insure turnover: 68%
- Help our customers in their everyday: 59%
- Prevent customer loss: 35%
- Sustainability and corporate social: 29%
- Efficiency and savings: 26%
- Communicate Covid-19 actions to our: 18%
- Take care of your own staff: 15%
- New forms of cooperation: 9%
- Provide financial support: 6%
- Provide other support: 3%

(Other: Increase brand awareness)

Realitidsstudie genomförd av IAB Sverige april 2020
Has your digital media budget been affected by COVID-19?
max one answer

- We have not been significantly affected: 41%
- We are currently moving advertising investment to other channels: 30%
- All advertising has largely stopped right now with uncertain future: 22%
- We have not yet decided on our advertising investments: 5%
- We are currently pausing to increase later: 2%

Realtidsstudie genomförd av IAB Sverige april 2020
How will the marketing budget be affected by the Covid-19 pandemic during the rest of 2020?

- Decreases by no more than 10%: 16%
- Decreases 11-20%: 16%
- Decreases 21-30%: 5%
- Decreases > 30%: 24%
- The budget is not affected: 34%

Realtidsstudie genomförd av IAB Sverige april 2020
HOW OFTEN DO YOU CURRENTLY REVIEW YOUR STRATEGY WITH YOUR TEAM OR AGENCY FOR MAJOR CHANGES? (NOT THE USUAL OPTIMIZATIONS)

- Several times every day: 8%
- Daily: 32%
- Weekly: 29%
- Under new conditions: 26%
- No difference: 5%
HOW ARE INVESTMENTS IMPACTED BY THE COVID-19 PANDEMIC?

- **Audio / Podcast**: 5% Minskar, 8% Oförändrat, 34% Ökar betydligt, 24% Vet ej, 0% N/A
- **Direct Advertising (ODR / ADR)**: 11% Minskar, 5% Oförändrat, 24% Ökar betydligt, 5% Oförändrat, 5% Oförändrat
- **Telemarketing**: 16% Minskar, 8% Oförändrat, 16% Ökar betydligt, 5% Oförändrat, 5% Oförändrat
- **In-store advertising**: 21% Minskar, 5% Oförändrat, 18% Ökar betydligt, 5% Oförändrat, 5% Oförändrat
- **Email advertising**: 16% Minskar, 5% Oförändrat, 29% Ökar betydligt, 5% Oförändrat, 5% Oförändrat
- **Own events**: N/A
- **Own eCommerce**: 14% Minskar, 8% Oförändrat, 19% Ökar betydligt, 5% Oförändrat, 5% Oförändrat
- **Content Advertising**: 24% Minskar, 11% Oförändrat, 39% Ökar betydligt, 5% Oförändrat, 5% Oförändrat
- **Outdoor advertising & DOOH**: 37% Minskar, 13% Oförändrat, 16% Ökar betydligt, 5% Oförändrat, 5% Oförändrat
- **Newspapers and magazines**: 18% Minskar, 8% Oförändrat, 37% Ökar betydligt, 5% Oförändrat, 5% Oförändrat
- **TV, radio**: 24% Minskar, 8% Oförändrat, 37% Ökar betydligt, 5% Oförändrat, 5% Oförändrat
- **Other display and video**: 24% Minskar, 24% Oförändrat, 26% Ökar betydligt, 5% Oförändrat, 5% Oförändrat
- **Programmatic display adv. & video**: 37% Minskar, 37% Oförändrat, 11% Ökar betydligt, 5% Oförändrat, 5% Oförändrat
- **Social media**: 21% Minskar, 18% Oförändrat, 26% Ökar betydligt, 5% Oförändrat, 5% Oförändrat
- **Search (SEO / SEM)**: 13% Minskar, 11% Oförändrat, 34% Ökar betydligt, 32% Oförändrat, 5% Oförändrat

Real-tidsstudie genomförd av IAB Sverige april 2020
HOW WILL THE COVID-19 PANDEMIC AFFECT YOUR INVESTMENTS IN 2020 IN THE FOLLOWING AREAS?

- **Analysis and customer insight**
  - Decreases significantly: 8%
  - Minskar: 16%
  - Oförändrat: 37%
  - Ökar: 26%
  - Ökar betydligt: 3%
  - Vet ej: 5%
  - N/A: 5%

- **Marketing technology**
  - Decreases significantly: 8%
  - Minskar: 26%
  - Oförändrat: 42%
  - Ökar: 18%
  - Ökar betydligt: 0%
  - Vet ej: 3%
  - N/A: 3%

- **Customer data and data management**
  - Decreases significantly: 5%
  - Minskar: 45%
  - Oförändrat: 26%
  - Ökar: 3%
  - Ökar betydligt: 33%

- **The development of sales leads**
  - Decreases significantly: 13%
  - Minskar: 16%
  - Oförändrat: 34%
  - Ökar: 26%
  - Ökar betydligt: 3%
  - Vet ej: 5%
  - N/A: 5%

- **Omni channel experience**
  - Decreases significantly: 21%
  - Minskar: 26%
  - Oförändrat: 26%
  - Ökar: 8%
  - Ökar betydligt: 5%
  - Vet ej: 5%
  - N/A: 21%

- **Corporate social responsibility and sustainability**
  - Decreases significantly: 5%
  - Minskar: 16%
  - Oförändrat: 24%
  - Ökar: 39%
  - Ökar betydligt: 8%
  - Vet ej: 0%
  - N/A: 8%

Realtidsstudie genomförd av IAB Sverige april 2020
HOW DO YOU THINK YOUR WORKFORCE IN MARKETING AND ADVERTISING WILL DEVELOP IN 2020?

- Decreases significantly: 3%
- Reduces: 27%
- No change: 46%
- Increases: 16%
- Increases significantly: 3%
- Don't know: 5%

Realtidsstudie genomförd av IAB Sverige april 2020
What are the top three marketing and advertising tasks currently in your business?

- Increase the number of customers: 11%
- Improve the quality and quantity of our...: 13%
- Improve customer profitability: 11%
- Improve competitiveness: 5%
- Conversion / direct sales: 34%
- Marketing cost effectiveness / MROI: 18%
- Improve the customer experience: 24%
- Strengthen customer loyalty: 29%
- Increase and defend the brand: 58%
- Growth, prevent a decline in sales: 47%
CHARLOTTE THÜR, CEO IAB SVERIGE
Mail: charlotte.thur@iabsverige.se Mob: +46 705-10 11 10
Take care!
In these exceptional times, we want to create a clearer picture of what is happening in the industry right now. Therefore, we have sent out a survey to improve understanding and help marketers, management groups and boards and able make decisions. We want the study to offer orientation and support for decision-making in our industry.

We have only asked brands about Covid-19 pandemic's impact on advertising investment right now.
IN WHICH INDUSTRY IS YOUR COMPANY OPERATING?

- Travel and hospitality: 11%
- Professional services: 5%
- Telecommunication: 11%
- Banking, financing and...: 24%
- Grocery and retail: 5%
- Media, entertainment...: 3%

Realtidsstudie genomförd av IAB Sverige april 2020
WHO HAS ANSWERED

- **B2C consumers** 39%
- **B2B companies** 11%
- **B2C, B2B - both consumers and companies** 47%

DtoC - Direct sales to consumers - DtoC (eg e-...
Company turnover in 2019??

- SEK 20 million: 11%
- SEK 21-99 million: 3%
- SEK 500-999 million: 11%
- SEK 500-9999 million kr: 3%
- 100-499 million kr: 11%
- 1000-4999 million: 19%
- Over SEK 5,000 million: 30%
- Do not know: 24%

Realtidsstudie genomförd av IAB Sverige april 2020
Yes, an average of 52% of sales is via e-commerce.