This report follows telephone interviews and online surveys with over 100 practitioners. For Section 1 a further 30 online surveys were conducted to assess the impact of the unfolding Covid-19 epidemic on the operating environment. Where practitioners are directly quoted, permission has been sought.
The fieldwork for The 2020 State of the Industry report took place in October 2019 to January 2020. Interviews were completed just as the first wave of Coronavirus infections took hold across Asia Pacific.

As Asia locks down for a second wave of the Covid-19 pandemic, it is clear that this crisis is going to have a large, and potentially lasting, impact on business. This, in turn, is set to negatively impact the Communications and Corporate Affairs industries.

To reflect this, we commissioned a further short survey of senior practitioners to accompany the broader State of the Industry Report.

We surveyed 30 professionals and their assessment is that the growing pandemic not only threatens lives, but also jobs, investment and the future of some businesses in the region.

### 1.2: The Impact

When asked to score what impact Covid-19 would have on their business on a scale of 1 to 10, with 10 being extremely negative, the average assessment of its severity was recorded at 7.

Some 15% of those surveyed classed the impact as extremely negative, pointing to significant medium-term fears about the broader effects of Covid-19 on the operating environment in Asia Pacific.

In the short term, the need for effective communications strategies has grown, but the longer-term impact could be very negative for some aspects of the industry.

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<th>Table 1: The impact of Covid-19 on your business</th>
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<th>On a scale of 1 to 10 how negatively has the Covid-19 outbreak affected your business?</th>
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### 1.3: Career Impact

56% of respondents are more concerned about their job and career as a result of the Covid-19 crisis.

The fall-out from the Coronavirus crisis has led to heightened concern about practitioners’ jobs and career progression. Some 56% of those surveyed said they were now “more concerned” about their own job and future employment.

The highest level of concern is found in Australia, where all respondents who participated said they had more concern about their position now than they did before the pandemic broke out.
1.4: Broader Impact

To assess the wider fallout from the Covid-19 emergency, we asked practitioners about their assessment on the likelihood of a number of negative outcomes occurring as the crisis progresses (see table 2).

The responses suggest the pandemic is set to cast a long shadow over both the business and economic environment, and will impact professionals operating within the Communications and Corporate Affairs industry. Levels of pessimism are significant. On a scale of 1 to 10, a freeze on salary increases is viewed as being the most likely negative outcome (scoring 8.7 out of 10), with more than half scoring this at 10 - meaning “highly likely”.

Concern over a reduction in Communications and Corporate Affairs budgets is also running very high – at 8.3 out of 10 on the scale of likelihood.

In turn, many practitioners foresee a scaling back on spending with agencies and external consultancies (at 8.1).

The inevitability of reduced spending is raising concerns about the future of smaller agencies, whose operators may not have the reserves to fund themselves through a significant downturn. The survey reveals that some small agencies could be forced to close their doors as a result of financial difficulties (scoring 7.7). This will be a big worry for the industry, which is increasingly reliant on a number of boutique operators in key locations across Asia Pacific.

Fewer practitioners foresee larger agencies going to the wall. The likelihood of this happening still remains an issue of concern – scoring 5.7 out of 10 – although it is ranked as the lowest of all the possible negative Covid-19 consequences.

But the industry is bracing for job losses as a result of the Covid-19 pandemic. Practitioners assessed the likelihood of staff cuts at 7.5 out of 10, with nearly one in three classing this as “highly likely” given the severe impact of Coronavirus both regionally and globally.

A similar number predict there will be reduced investment in training and professional development, which will set alarm bells ringing among firms engaged in the potentially lucrative training and coaching area.

1.5: Direct Impact

We asked practitioners to outline what they believed the direct impact of Covid-19 would be on their firms. For the time being, some professionals saw a window of opportunity for their business. “The results are mixed. One half of the business is probably dead for the moment. The other half is likely to be booming as people scramble to sort out solutions in the medium/long term,” said one respondent.

Others believed that companies might take this as an opportunity for a deeper...
review in the way they operate. Said one professional, “The challenges represent an opportunity to embrace new ways of working that will shape the future of the company for the next few years.”

Despite short-term business opportunities, few believe there will be anything other than “major disruption to operations and profits” across both the agency and corporate world.

The CEO of one operator predicts lean times ahead, “I now have the difficult challenge of making a revised business plan for the rest of 2020, based on expected revenue losses and possible loss of some retainer clients as they go into cost cutting themselves.”

Another laments the rapid turnaround in the operating environment. “2020 was shaping up well in January but will now be a tough year,” he says.

Those who steered their businesses through SARS and the 2008 economic crash can see turbulence ahead, “Client budgets will be cut and some clients may default on payments. Planning will be difficult with cash flow issues.”

However, those with large reserves of capital sense there may also be a period of opportunity on the horizon. “We will likely be more cautious in our investments and taking on new projects,” says one respondent. “However, we also think this is the best of times to be on the “buy” side as valuations are coming down dramatically across both publicly listed and privately owned companies. Cash is truly king now.”

1.6: Crisis Management

Despite the general sense of pessimism among senior practitioners in the industry, the majority of those surveyed believe that their own companies have effectively communicated with key stakeholders during the Coronavirus crisis.

When asked how effectively their firms had engaged during the mounting crisis, practitioners ranked both internal and external communications at 7.7 out of 10. Those working in Agencies ranked their organisations slightly higher, highlighting the fact that they routinely advise clients on crisis management issues.

Faith in governments’ communications response to the crisis was lower, but still positive, with a regional score of 6.3 out of 10. Singapore emerged at the top of the league table, with professionals based in the city state giving an overall competence score of 8.9 to the government’s efforts and nearly four in 10 (37.5%) believing ministers and civil servants had managed communications surrounding the crisis “very competently”.

Those in Australia offered a lower assessment, ranking their government’s effort at 5 out of 10. The lowest overall assessment of government competence was recorded in Hong Kong, where practitioners awarded a score of just 4.7 out of 10 for the government’s efforts.

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4.7

On a scale of 1 to 10, Hong Kong ranks lowest on the assessment of government competence during the Covid-19 crisis scoring 4.7 out of 10

Kiri Sinclair, Founder and CEO of Sinclair:

“Covid-19 is a ‘before’ and ‘after’ moment in history. The ‘during’ Covid-19 experience is one that will stay with those who lived through it as both devastating and perspective-changing. A massive shift is happening across the world, as we refocus on health, sustainability, principles and purpose. Businesses are showing their true colours, and those that act ethically, morally and in service to their communities are the ones that will thrive in the ‘after’.

“Personally, I would like to look back on this period and be able to say that I did all I could to protect my team, support my communities and stand up for those that do not have the power to stand up for themselves. From the perspective of the PR and communications industry, this is our time to show the power and value of what we do.

“PR is based on authenticity, credibility and storytelling, and as PRs our ability to understand sentiment and connect with emotion to capture audience attention and change perceptions will be invaluable as we continue through this year. As this passes, and it will, PR will be on the forefront of recovery planning across industry, with the remit of gaining back the trust of customers and consumers.”
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For more information about how to engage with us contact Mark O’Brien by email markobrien@publicaffairsasia.com, or visit our website: www.publicaffairsasia.com

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