

'England/London is now a third-rung concern': Brexit reaction from the US so far



The polls didn't get it right and the electorate has spoken in the United Kingdom: out with the EU. Reactions from the result are understandably all over the place, with each camp digging in to say that it was the right/wrong decision.

It's early days, to be sure, and Michael Roth, chairman and CEO of IPG told his leadership, in an email from Cannes that: "Yesterday's decision will undoubtedly lead to market volatility in the short term, both in Europe, as well as globally. It's important to remember that what does not change is the fact that the U.K. is a vital cog in the world's economy, and that together with our clients, we'll find footing in a post-Brexit world. In the months and years ahead, we will be prepared to comply with new regulations as we serve our multinational clients, which may require changes to our legal entity structure. Throughout this process, our priority will be to take care of our people. While short-term volatility is certain, we expect markets to normalize as the news is digested. At our company, the long-term is the time-horizon we focus on, and our people and clients should rest assured that we will not be making any changes to the structure of our network based on immediate concerns."

The Drum asked others here in the US and abroad about the decision and their reaction to the historic vote of discontent.

Ken Pearl, CEO, Advertiser Perceptions

"This only accelerates the freight train of change bearing down on the advertising business. It adds a hard layer to the complexity that the entire business is struggling to overcome. And it exacerbates the missing transparency in advertising – the too-often hidden and misaligned motivations of marketers and media – that magnifies uncertainty and leads to chaos. In the UK, Brexit raises the threat level for traditional media. We found marketers' optimism running lowest for print, radio, TV and outdoor when we surveyed 250 advertisers in February. Overall, Brexit raises the premium on insight and foresight on the business, not just on consumers. It's never been more important to have a line in to what marketers are actually thinking."

Mark Read, Global CEO, Wunderman

"We can see the immediate effect of the vote in the drop in share prices around the world, which reflects the impact that Brexit and the uncertainty it creates will have on global growth. That's not good for our clients or for us. Still, we can only deal with what we can control so we will continue to build Wunderman into a strong organization that seeks diversity in our talent and thinking and works collaboratively across borders. Above all it is a terrible shame, particularly for the many people in our London team who come from outside the UK and contribute so much to our business."

Matt Bijarchi, CEO and founder, Blend

"On the West Coast we've just woken up to the news of the vote. We're overwhelmed, like everyone else. I think for the short to medium term it obviously puts UK owned business at a significant disadvantage. More broadly, though, it throws into question many of the tenants upon which vertically integrated e commerce brands have been built. Whether you are a legacy, disrupter or start up brand ,the modern business model is completely dependent on fluid, 'borderless' world trade. If it becomes more difficult, time consuming or expensive to buy or sell goods and services to the UK, or anywhere else, then businesses and consumers will look elsewhere."

Julia Beardwood, founding partner, Beardwood & Co.

"Britain is dominant in the world of creativity and Brexit won't change that. Brits are already plentiful in the American branding and design world and, if anything, I expect we'll see even more of them in the US as opportunities in their own country stall or decline. From a branding perspective, global brands are already recognizing the need for more localization. Less ubiquitous campaigns and more country and regional pride is another trend we will see more of. Now all eyes are turning to the US amid growing fear that democracy could put us all in a fine old mess."

David DeMuth, president and CEO, Doner

"When I woke up this morning I was pretty shocked. Yesterday's significant uptick in the North American financial markets seemed to suggest there would be no Brexit. I guess you can't underestimate the will of the people, which is just as important in marketing as it is in politics. Overall, this would seem to interject added uncertainty into the global economy, which usually results in less risk-taking and stagnation. Of course, there's always opportunity amid uncertainty, especially as we continue to grow our global footprint and European client base via our London office, so we'll be working with our clients to help them understand where the opportunity lies and to seize it."

Karin Drakenberg, co-founder, StrawberryFrog

"The exit of the U.K. from the EU will mean an immediate change of mood among European brands about working with London based agencies. I'm from Sweden — though I live and work in NYC at StrawberryFrog — but I can tell you that the folks I've spoken with think that it will be difficult to work with UK agencies if you are a European client. The other issue is that uncertainty will immediately create a state of fear and that means less money for new ideas and innovations. Quite frankly, people will stop investing in new things until there is clarity about this massive change."

Huw Griffith, CEO, partner, M&C Saatchi LA

"I suspect it was simply a vote of no confidence in politicians. Slightly odd, as the younger voters usually more disfranchised with politics wanted to remain and older voters who voted to exit in large numbers are generally more conservative. This sort of vote against the status quo has been seen in many countries around the world. And I wonder whether it might be replicated here on November 8."

Sloan Gaon, CEO, PulsePoint

"The operative word about the impact of Brexit on the US advertising industry is 'unknown' at this time. What is clear is that the landscape around data exchange, legal structures and tax implications will change forever for US companies doing business in the UK and EU."

Joe Parrish, partner and chief creative officer, The Variable

"Brexit is concerning for it is confirmation that, globally, political decorum is dead. An argument that had no economic merits was muck-raked into xenophobia to create a stir. The rancor of global political discourse is creating calluses that will be hard to puncture. Will advertising follow suit? Will ad campaigns choose shock over substance? I imagine we will see the pendulum start to swing. There seems to be a global land grab against decency. And that is property that, once taken, is hard to take back. I have huge concerns for what the Brexit vote could foretell for the US in November...yuge."

Blaine Lifton, CEO, founder, Hyperbolous

"The instant media and investor hysteria over the decision by Britain's voters to leave the European Union has shined a spotlight on two international issues. First, it has exposed the true depth of voter dissatisfaction in western democratic nations. We may see a direct effect on American politics in the upcoming election as US citizens head to voting booths to express frustration with their own government and solidarity with British isolationists. Second, it has exposed the fragility of global economic interdependence well after the 'recovery' from the downturn that began in 2008. It's hard to say what the true impact will be on the US economy, although I suspect the bounce back will be rather quick as American investors decide to kick the can down the road until Brexit becomes official two years from now. As such, I think (I'm hoping) the impact on American businesses in general and the advertising industry in particular will be minimal.:

Scott O'Neill, global senior vice president, North America, MPP

"In the immediate term, US advertisers can take advantage of the currency changes to purchase more space in UK publications, which are attracting a significant increase in impressions given the referendum result. This will have even more impact with those publications that are available outside of the UK, as those foreign readers will have the purchasing power that the UK ones won't have until the markets recover. In the longer term, once the UK is no longer bound by EU laws, North American companies with operations in the UK might be affected with trying to attract or retain talent from the European Union. The lack of certainty is naturally causing consternation across the market, however it should be noted that after every major event there is a recovery period. Businesses should be confident that there will be opportunities created as a result of the UK's exit from the EU."

Ted Wright, CEO, Fizz

"Look at the spread between the betting odds (most heavily influenced by media - both 'advertising' and PR) and the actual vote (most heavily influenced by person to person communication aka 'word of mouth marketing'). Everything that relied on broadcast marketing, in all its forms, was utterly wrong. Turnout was higher than predicted and the final vote was off by almost a 3m vote swing out of 17.4m votes cast. In my estimation, broadcast utterly failed because it's just not broadly trusted any more. All of the Pew research in to the subject shows an ongoing decline in the trust of messages consumed via broadcast and a corollary increase in the trust of messages received from friends. As for who's zoomin' whom in the UK advertising agency world, who the fuck cares any more? Instead of the gateway to Europe, England/London is now a third-rung concern about at the same level in the global mind as Brazil or South Korea. An interesting question will be what city emerges as the next London? I'm hoping for Copenhagen or Barcelona."

Adam Owett, president and Kyle Sherwin, SVP strategy, Arcade Creative Group

"The Brexit vote will energize collaboration between the US and UK, change the way we advertise, and refocus us on opportunities in our hemisphere. The UK and US media communities will move even closer to each other, as Europe moves away. With it becoming no easier for a Brit to move to Paris, than to San Francisco, more UK talent will move west. Our common language, and dominance in advertising and media, combined with the new logistics, make this a no-brainer. But more interesting to us, is what this says about advertising. To us, it says less about conventional advertising, and more about the recipients of our advertising, and what persuades them. When it comes to advertising in the UK, US, or anywhere, perceived hyper-transparency wins the day. Whether Brexit or Trump, it's not the mode of advertising, but the tone and authenticity that's shocking the system. There's a deep lesson here for all of us."

Patrick Collins, CEO, Grace Blue Acquisition

"It seems to me that as jarring as this event is in the short term, it will do little to diminish the appetite and need for new talent and capabilities to better meet clients needs — especially in the digital and marketing tech space. On the contrary, it may up the pressure on agencies to show growth, as the ripple effects of this decision works its way through the global economy, making acquiring a new capability to sell all the more important. That said, market uncertainties and currency fluctuations, especially in the UK, may slow down the M&A process. Buyers and sellers may have different views on identifying and agreeing to fair valuations for deals. And, from a perception point of view at least, the #Brexit could cause holding companies to rethink any "shared services" models between the UK and the Continent, and beef up assets in one market of the other as a result. Obviously, the long-term impact of this decision is nearly impossible to

predict. But one near-term implication might be an increased openness among the big agencies or networks to explore partnerships and strategic alliances, as opposed to full-on acquisition as a way to get access to much needed talent and capabilities."

Jason Cobbold, managing director, Redscout London

"It goes without saying that for many companies innovation is a key driver of future business growth. Innovation programs require a calculated leap of faith, a weighing up of potential risk and reward. The undoubted uncertainty following the decision of the UK electorate to leave the EU is clearly going to have an impact. This fragility will likely disrupt these finely balanced decisions to invest. Innovation will not stop, but the level of scrutiny is likely to increase. A side effect of this is that we may see marketing and innovation programs changing as businesses favor, in the short term, incremental over transformational change. It will be incumbent on agencies to partner with clients and brands to help them navigate the months and years ahead, and to use this moment as a catalyst, rather than an inhibitor, of innovation."