



Business

How Covid-driven digital
change is helping the UK's
medium businesses grow

Strength and resilience: how to make the most of digital change

Higher employee engagement. More productive organisations. A better customer experience.

Medium-sized businesses (those with 50-249 employees) have seized the digital opportunity presented by Covid, making themselves more flexible and customer-centric and better prepared to take on future challenges.

And now decision-makers have the chance to make those changes permanent.

We partnered with the Centre for Economics and Business Research (Cebr) to understand the scale of digital change and its impact across the UK.

Our research found that the pandemic has accelerated digital progress in medium businesses by more than three years, leading to:

- 4.5% higher customer satisfaction
- 3.5% higher employee satisfaction
- 3.5% higher employee productivity

Through continued digital transformation, medium-sized businesses are set to use this to their advantage, empowering their workforce, increasing their competitiveness and ultimately creating more resilient businesses.

Business leaders must now keep up the pace of innovation to continue seizing the benefits already experienced by so many UK businesses.

But what do these changes and opportunities mean for you and your organisation?

We've created this medium business-focused report to answer that question.

[Read on to find out more.](#)



The pandemic accelerated digital progress in medium businesses (50-249 employees) by more than three years.

Medium-sized businesses accelerated their technology adoption by 3.6 years – faster than the UK-wide average of 3 years across both private and public sectors.



Areas of adoption

- **59%** made changes to hybrid working
- **54%** made changes to digital delivery of services
- **34%** made changes to use of big data and analytics



Top five digital investments 2020/2021 percentage increase vs. 2018/2019

1. Collaboration tools e.g. video meeting platforms, etc. – **16.1%**
2. Cloud services – **13.3%**
3. IT equipment – **12.2%**
4. Automation – **10.6%**
5. Analytics and insight – **10.5%**



Positive outcomes of digital change vs. 2019

- **4.5%** increase in customer satisfaction
- **3.5%** increase in employee satisfaction
- **3.5%** increase in employee productivity as employees gained more control over their work day

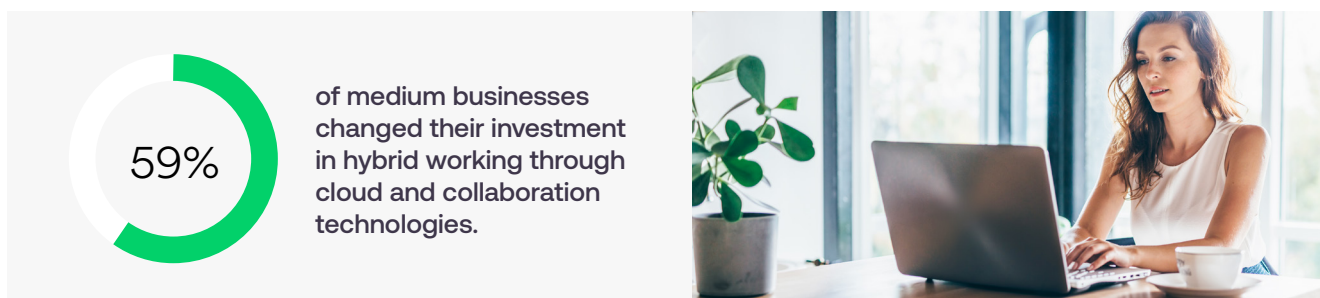


Decision-makers are confident about the impact of digital transformation

- **64%** of organisations said the technological transformation brought on by Covid will have a positive impact

How and why have medium businesses adopted digital technology during Covid-19?

Happier employees and more productive businesses through hybrid working



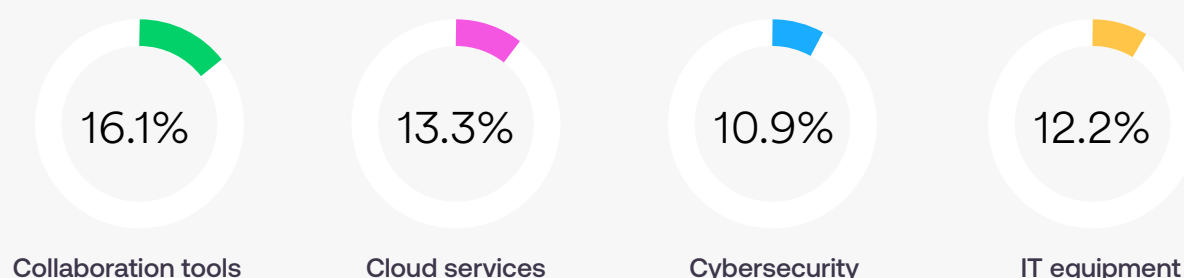
Before the pandemic, many organisations lacked the infrastructure to support productive and secure home working. There was no immediate need to invest.

Half the UK's workforce had never worked remotely before 2020, according to our research.

But with the onset of lockdown, remote working became the only way to do business for most companies. They had to adapt to make sure teams could be as productive from home as they'd been in the office.

It may come as little surprise, then, that the top area for tech investment in medium businesses during the pandemic has been collaboration tools.

Spend increase on hybrid working technologies in medium businesses:



So what was the impact of all this digital investment?

Employees weren't only as productive as pre-pandemic. They were actually more productive – 3.5% more in medium businesses. They were also happier, with an increase in satisfaction of 3.5%. And happier, more productive employees lead to business growth.

Through increased remote working, many employees have been able to enjoy a better work/life balance as they've been less restricted by typical working hours or the necessity to commute. It's no wonder that decision-makers are now rethinking their future digital investments to make the benefits of hybrid working permanent.

Top reasons business leaders are making changes in hybrid working permanent, according to research:

1. Meeting employee desire for an improved work/life balance
2. Organisation decision making
3. Lower total fixed costs, e.g. offices/ site rent



This investment in collaboration tools and more secure networks means organisations can look further afield for their talent, no longer limited by geography. Hybrid working has unlocked a larger talent pool for businesses, often with a better and more diverse set of skills.

And our research backs this up. We found that hybrid working had the potential to open up jobs to 3.7 million more people in the UK.

A commitment to hybrid working also allows medium businesses to compete with larger companies for more skilled talent, as many employees favour remote opportunities.

In the long-term, hybrid working will allow medium businesses to optimise their investment in physical office and retail sites as physical spaces are used in tandem with digital spaces. This creates savings that can be reinvested elsewhere.

Ed Hartshone, Managing Director of real-estate company, Blenkin & Co explains how their early adoption helped them react to the pandemic smoothly, seeing very early returns on their investment.

“By the beginning of last year, we were transformed from the old, cumbersome working methods. Instead, we had become very light on our feet. When we realised we had to close the office and start working from home [at the start of the pandemic], we were all up and running effectively within 20 minutes of taking that step.”

“By undertaking that transformation, it made us so much more time and cost-effective – we made back everything we spent on our digital upgrade within months.”

Clear financial and operational benefits coupled with improved employee satisfaction mean decision-makers are developing their hybrid working strategies for the long-term to continue reaping the rewards.



And with continued commitment to digital change and a focus on hybrid working, businesses will be left better prepared to meet challenges of the future head on, armed with technology to navigate a crisis.

A positive outlook on hybrid working

- 69% of decision-makers believe changes in working policies will be made permanent in their organisation, including a 50% increase in hybrid working
- Post-pandemic, decision-makers expect employees to work remotely about half the week (2.3 days)
- 47% of employees who could feasibly do their job remotely think that they can get some or a lot more done when doing so

Elevating the customer experience through digital services

54% of medium businesses changed how they deliver their services, allowing them to reach a broader range of customers.

'Business as usual' was the default setting for many medium organisations before Covid-19. And largely it worked.

But the pandemic highlighted opportunities to work smarter, connect better with customers and reach wider audiences.

Many retailers invested in their online customer experience and automated services, making it easier for people to pay in ways that reduced or eliminated the need for contact altogether.

Spend increase on digital delivery of services in medium businesses:



Customer experience:
10%



Automation:
10.6%



Digital and contactless payments:
10.3%

Alongside the transition to ecommerce came efforts to improve the user experience on websites, and many medium businesses launched new apps to better serve customers over the course of the pandemic.

And with better websites, more intuitive interactions and better service through things like chatbots, customers are getting an elevated experience – and it shows.

Covid-accelerated change has increased customer satisfaction by 4.5%.

And positive sentiment around brands or specific services is vital for short term profits and long-term growth, as businesses cultivate more loyal, returning customers.

As Giles Moody, Business Manager of the retail company The Mighty Small explains:

“It was genuinely only because of Covid and feedback from [our customers] that we realised there was a need to help get them online and available in one place. We hit fast forward.

We took the leap into being a shop window for these brands. Now 60 companies sell through us, with around 400 products to choose from.

It was born out of Covid, but it will be a long-term initiative. It’s got legs. We’re learning and adapting to what our customers want. Those brands will benefit from being on a new platform.”

In the retail sector, shopping experiences exploded. Through digital change like ecommerce initiatives, retailers now expect to reach almost 50% more international customers and more regional and national businesses.

Decision-makers in medium business are looking to solidify the benefits they’ve seen from digital change and continue to invest in technologies to support the digital delivery of services.

Top reasons business leaders are making changes in digital delivery of services permanent, according to research:

1. Improved service quality service and experience e.g. digitalising, ecommerce, contact centre, new markets
2. Organisation decision making
3. More sustainable proposition (aligned to UK’s environmental agenda)

With continued digital change, web and user experiences become seamless – leading to better experiences for customers and higher profits for businesses. Customers can access services more widely, organisations can work towards macro issues like sustainability and businesses can learn more about what customers are looking for next.

And all this puts medium businesses in a better position than ever to take on their larger counterparts, gain a competitive advantage, and encourage long-term organisational growth.



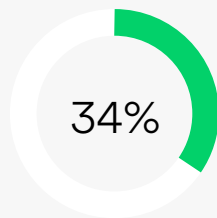


“(Over the last year) the public were at home and wanted gardening more than ever before. We were knocking on an open door. We went from zero online sales to almost £250,000 a week in barely a month.

We want to be the most cutting-edge in the whole gardening scene now. We’re working on creating a new virtual garden centre, more ambitious than anything we’ve ever done before, and we’re investing in building a dispatch centre at our nursery to get plants to homes in optimal condition.”

Chris Francis,
Retail Director, garden centre company Hillier Nurseries

Building more profitable, resilient businesses through richer data and analytics



34% of medium businesses changed their use of data and analytics as a result of the pandemic.



Companies couldn't predict the pandemic. But it highlighted to businesses everywhere how important it is to be agile in the face of future change. Medium-sized businesses invested heavily in cloud services – and for good reason.

Cloud-based applications offer scalable services, meaning businesses can be reactive to market changes. As companies grow or downsize, they can adjust their needs accordingly, be it with storage or computer power to meet organisational requirements or unexpected changes.

Spend increase on data technologies and data management across medium businesses:

Machine learning: 8.4%

Cloud services: 13.3%

Analytics and insight 10.5%

Online marketing: 10.3%

Cybersecurity: 10.9%

Improved data and analytics can enhance customer experiences, from logistics planning for shorter delivery times to using Customer Relationship Management (CRM) systems to gain a better understanding of customer interactions across various touchpoints.

Better use of data also allows decision-makers to identify emerging trends among their own customers and the wider market. This can help in managing stock and inventory levels or making decisions on when to upsell or cross-sell to boost purchases – all in real time.



Ed Hartshone, Managing Director of Blenkin & Co, shares just how far their data journey took them, from optimising services to solving much-needed security issues:

“Before [Covid] if I was at home on a Saturday morning and needed to check an invoice urgently it would literally mean an hour’s round trip into York to start rummaging in a filing cabinet. And all that sensitive data was only as secure as the locks on the front door.”

In 2019 Blenkin & Co embarked on an ambitious digital transformation project. All data became cloud-based, meaning no more round trips to York for Ed and his team.

They created an integrated phone and email system, with decades’ worth of paper files finally consigned to history, helping make their business more agile and secure.

With this increased use of data comes the need for security. Cybersecurity was a vital area of investment for medium-sized businesses. Data breaches not only expose sensitive personal data but can be devastating for brand image and consumer trust.

Continued investment in cybersecurity offers organisations peace of mind and makes them more

resilient, protecting them from data breaches and from wider outages through disaster recovery.

Whether it’s better decision-making, improved insight or growing customer demands, decision-makers have seen the benefits outlined above and are now seeking to make these changes permanent within their organisations.

Top reasons business leaders are making changes in the use of data and analytics permanent, according to research:

1. Organisation decision making
2. Realtime data intelligence and insight
3. Customer demand e.g. next-day delivery, real-time interactions

Further investment in the cybersecurity space could mean organisations can identify issues in equipment or across a supply chain before they create downtime – preparing businesses for the unexpected.

And this preparation has already had positive impacts on customer and employee satisfaction, likely as a result of less down-time positively affecting customer experience and greater confidence from employees in their systems.

Preventing problems before they arise, or accurately projecting sales figures or areas of demand, will pay dividends to medium businesses looking to solidify their position and grow within a crowded marketplace.

By adopting our innovative digital strategies we provide a way of centralising every aspect of care provision, from meeting nutrition and hydration needs to making sure staff are in the right place at the right time with the right kit.

We use systems and apps that are completely intuitive so that anyone who has used an iPhone or a tablet will be able to use them immediately, and it's so much more dependable to have a holistic system that manages and delivers care plans so that every patient's needs are built in than relying on staff remembering to administer a medicine or check hydration.

Tony Thiru,
Founder of private care provider Fulcrum Care



The positive outcomes of digital change don't end here. There are many more opportunities ahead.

Digital adoption has:

- Empowered employees, leading to a boost in productivity and satisfaction
- Led to a rise in customer satisfaction
- Created a private sector that is ready to thrive in the wake of the pandemic

As a medium business, you can now use data more effectively, creating more personal customer experiences by understanding what is driving or blocking purchases.

You can automate time-intensive tasks to free up employees' time to focus on interacting with customers and colleagues, providing greater value to your business.

And you can integrate datasets to tell richer stories and drive better business decisions.

But changes need to happen at an organisational level, from hybrid working policies to internal upskilling, to ensure the benefits of digital change can be felt across the whole of your business.

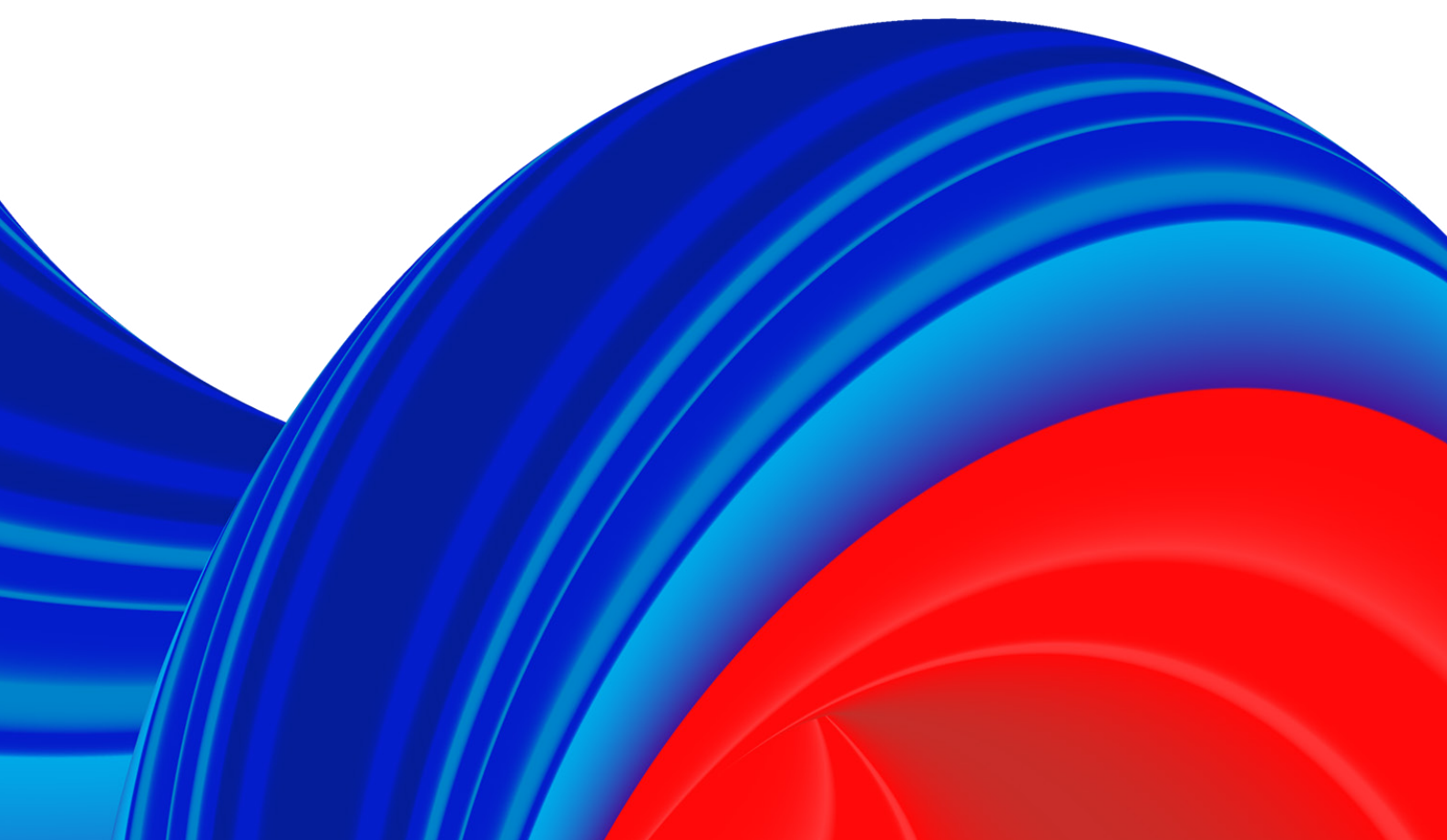
Now there is an opportunity ahead to:

- Create better workplaces for employees
- Improve business resilience and agility to make organisations stronger
- Enhance customer satisfaction further by creating better, more streamlined experiences

Digital investment, along with organisational change, will make medium-sized businesses more productive, more resilient and more competitive, leaving you more prepared than ever for whatever the future holds.

Want to know how we can help you make the most of these opportunities?

Let's have a conversation.





Business

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