

Marketingheads®

CEO Future Trends Survey



2021



©Copyright Marketing Heads Australia Pty Ltd. Winner Excellence in Marketing 2017, Finalist Excellence in Business Ethics 2012 - 2016

Marketingheads® CEO Future Trends Survey 2021

Executive summary

This report follows the 10 year history of Marketingheads conducting annual CEO Future Trends surveys. We are pleased to provide this 10 year snapshot that identifies consistent messages re the success factors that matter and those where the most can be achieved if focused upon.

It's remarkable how quickly things can change and certainly 2020 has thrown everything it could at us. What's truly remarkable is how quickly many businesses have been able to meet their customers changing markets. This has resulted in some businesses achieving significant success. That's not to say there haven't been losers through 2020. The images on the report cover were taken recently on a visit into the Sydney CBD (There's just no one around).

Through 2020 we conducted 2 Pandemic surveys to identify and share with our network what was changing in real-time. In response to the pandemic, work culture as we knew it has changed as has the way some businesses relate to the needs of customers. The rapid adoption of online meeting platforms, acceptance by employers of work from home (by most), are massive workplace reforms that occurred in a matter of weeks. This is the new normal for us as we enter 2021. These reports are on our website.

Whilst business confidence is returning there is caution with many businesses unwilling to do a deep dive and to listen to customers (Chart eight). This should be seen as an opportunity for those wanting growth, that have close customer relationships and who do listen to customers as they can take market share as other take their eye off the ball. It's a good time for those willing to invest in market insights to accelerate their success.

At a more global level Australia has experienced the shortest ever technical recession, however we should remain concerned as in last year's survey we knew the economy was struggling. Has the massive government pandemic funding covered-up fundamental economic weakness?

The pandemic surveys whilst being very specific to that issue, did identify the success factors that result in business success (even in a pandemic), these to a large extent have been showcased through our ten years conducting the annual CEO Future Trends business leader surveys.

For 2021 finance and cost is less relevant than other years as the major constraint to the effectiveness of marketing. Now it's being willing to invest and innovate, people's proactivity and waiting for the market conditions to be right that's constraining business. One could conclude from this then that business has the money to invest in marketing effort but some are unwilling even though we report a higher level of market confidence. They aren't really that certain what works anymore or what to communicate!

Engagement with customers and building depth around your customer relationships is the success factor that matters most. Maintaining valued brand values, employee's attitude and motivation and marketing and communications are all unprompted importance factors supporting engagement with customers that affect business success.

Marketingheads® CEO Future Trends Survey 2021

Four year Business Forecast

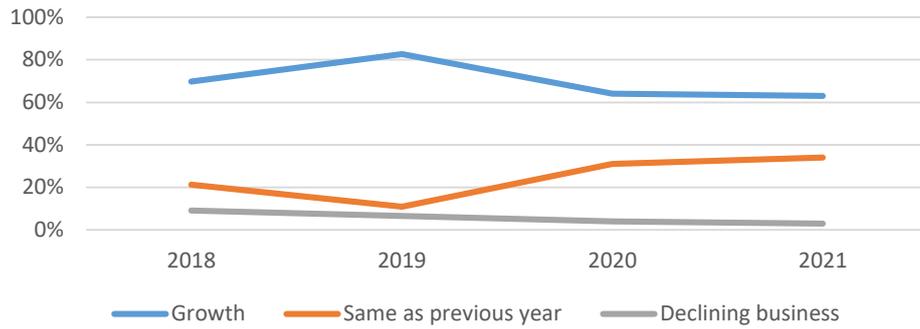


Chart one

A 20% drop in confidence re growth from 2019 is repeated again for 2021. What's interesting are those saying their business will decline, when we could have expected that to drop further. Those numbers are little changed from last year. I think it shows the resilience of business in Australia.

Industries Surveyed for 2021

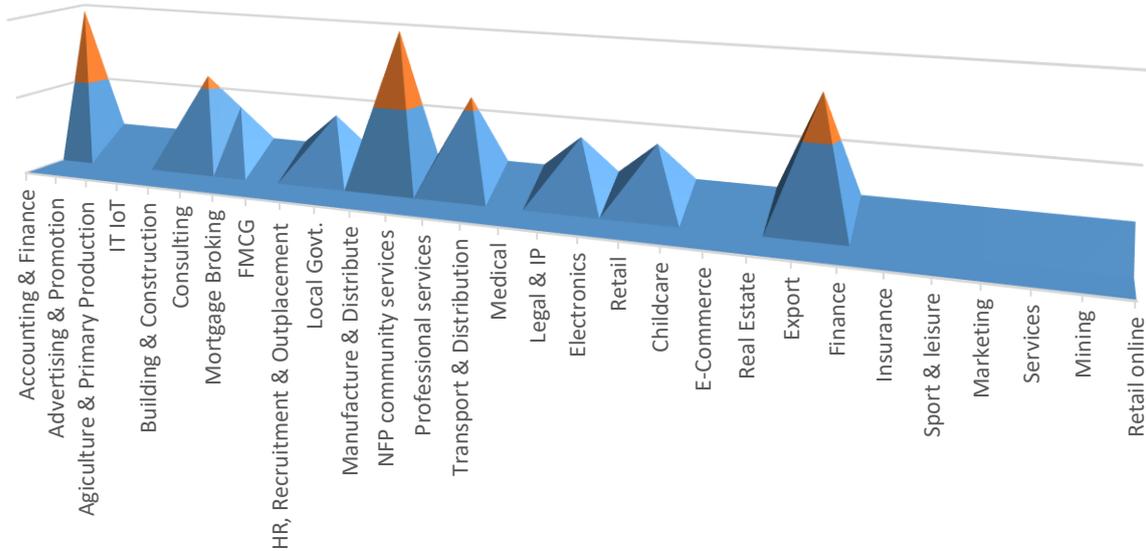


Chart two

It was gratifying to see significant depth and breadth of business leaders from a diverse range of industries responded again to complete the Annual CEO Future Trends survey for 2021.

Economic Factors That Affected Your Business over 10 Years

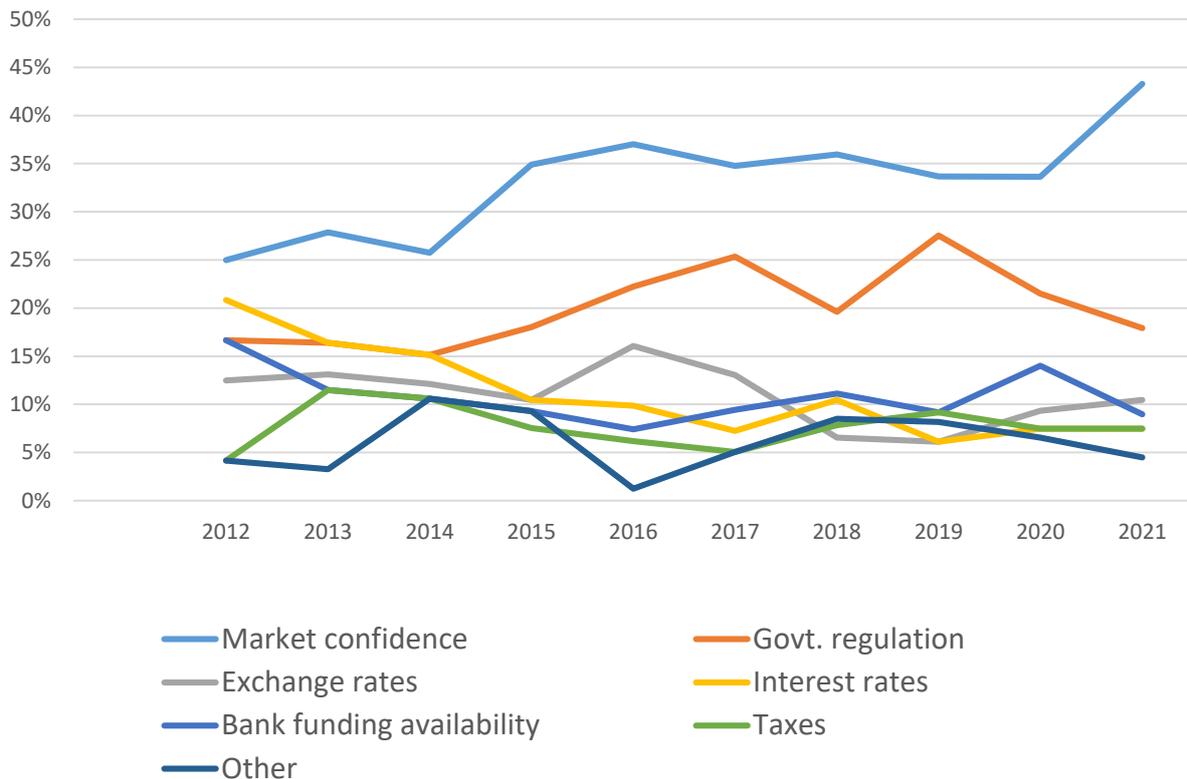


Chart three

Whilst we report a surge in market confidence (this behaviour could be a result of being out of the lockdowns and being more optimistic that the pandemic is under control, the reality is that a second pandemic wave could send confidence in reverse) there is reason to remain cautious whilst resetting your business for 2021 and looking for market gaps and opportunities. We've heard some terrific war stories from clients about their success from resetting of their business through the pandemic. Continuing to grow on that success is the real challenge.

We note government regulation continues to be less restrictive and note an increasing impact of exchange rates for manufacturers, importers and exporters.

Last year's annual CEO survey identified the largest ever fall in growth expectations reported in 10 years and that continues for 2021. It's certainly clear we are not out of the woods yet and there will be many more challenges. It will be a relief if 2021 is not as eventful and unpredictable, however we now have some global challenges with China refusing to import some products from us whilst shooting themselves in the foot by paying an escalating price for our iron ore and not being able to adequately provide coal generated electricity supply to their citizens, or is this a hiccup in their planning cycle? As one commentator recently suggested we have the "Adults in the Whitehouse" running the show so watch this space, for manufacturers and exporters the Aussie dollar is increasing in value against other currencies, bank lending practises are making it difficult to borrow money, the government pandemic incentives are being wound back. The positives are; the vaccine is coming, relations with China can only get better, the world will slowly recover from the pandemic, equity markets are booming.

Marketingheads® CEO Future Trends Survey 2021

The elephant in the room will be the reductions in JobSeeker and Jobkeeper payments ending. So what that does mean for the high unemployment rates with covid-19 still remaining active and generally impacting those employment areas already most impacted? Whilst we see some improvements in unemployment rates we have a long way to go to see a return to pre-pandemic employment levels.

Many retailers were big winners in 2020, especially those in the home improvement area. The challenge will be to build on record sales in 2020. Consumer overseas travel not available in 2020 and greatly reduced for 2021 is leading consumers to spend on local products and services. For many rural towns the pandemic has seen a boom in local tourism. We are also seeing a surge in the purchase of second hand cars and an accompanying price increase.

Wharfie strikes, go slows etc. to achieve a 24% wage increase through 2020 and ongoing is impacting markets as businesses struggle to receive and send products through ports.

It's interesting that there is a lessening of interest in "Knowing what your customers say about your business" when in a year as tumultuous as 2020 this is a critical success factor going forward!

UNPROMPTED - Major Issues Deemed to Affect Success

10 years(Weighted Score of Importance out of 3)

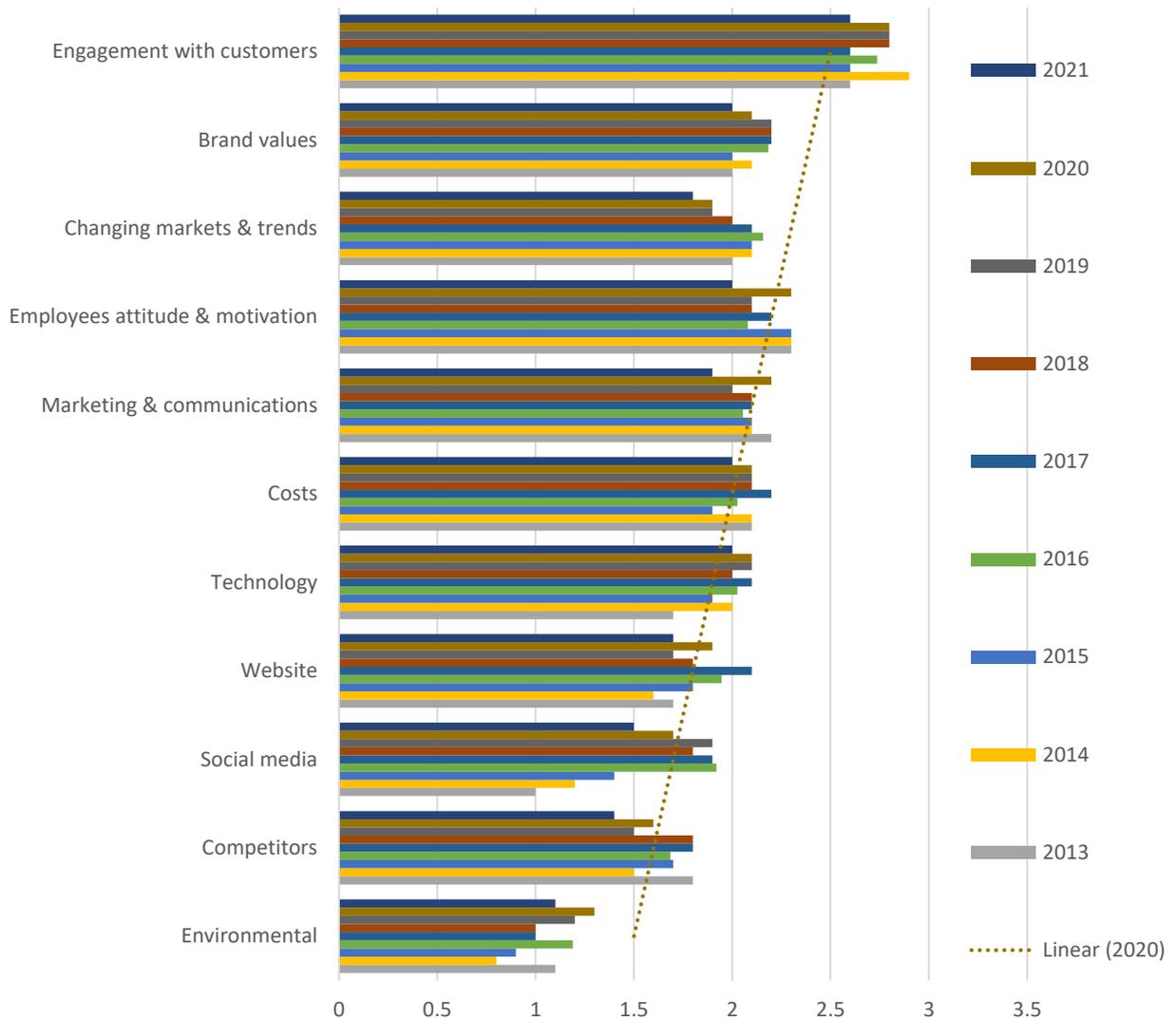


Chart four

As you can see over ten years, engagement with customers and building depth around your customer relationships is the success factor that matters most.

Maintaining valued brand values, employee’s attitude and motivation and marketing and communications are all unprompted importance factors supporting engagement with customers that affect business success. Certainly business culture affects employee attitude and motivation and a propensity to innovate through supporting investment in R&D are unprompted key success factors.

What can You Influence the Most to Achieve Business Success

10 Year data

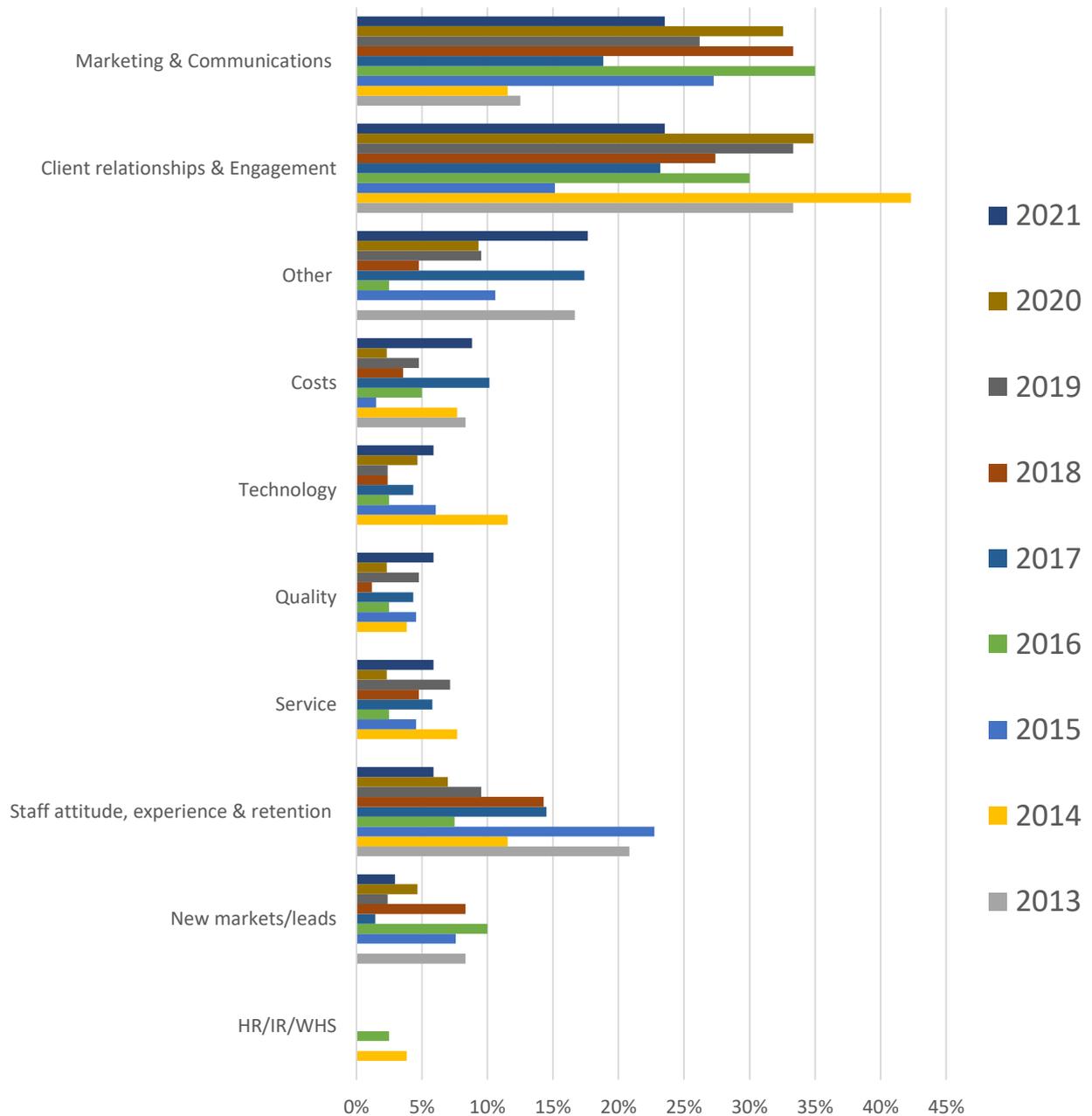


Chart five

What CEOs and business leaders are saying is that you must continue to develop engagement with customer's and building and strengthening relationships and to utilise your commercial points of contact including sales, marketing and communication.

What they consistently believe they can influence most is marketing and communications to achieve that result. This makes understanding what really matters most to customers and how you perform against those metrics critical success factors. This is about understanding how to build a depth of relationship with customers (what does this look like?) and engage in a relevant way (What's relevant today and in 2021?).

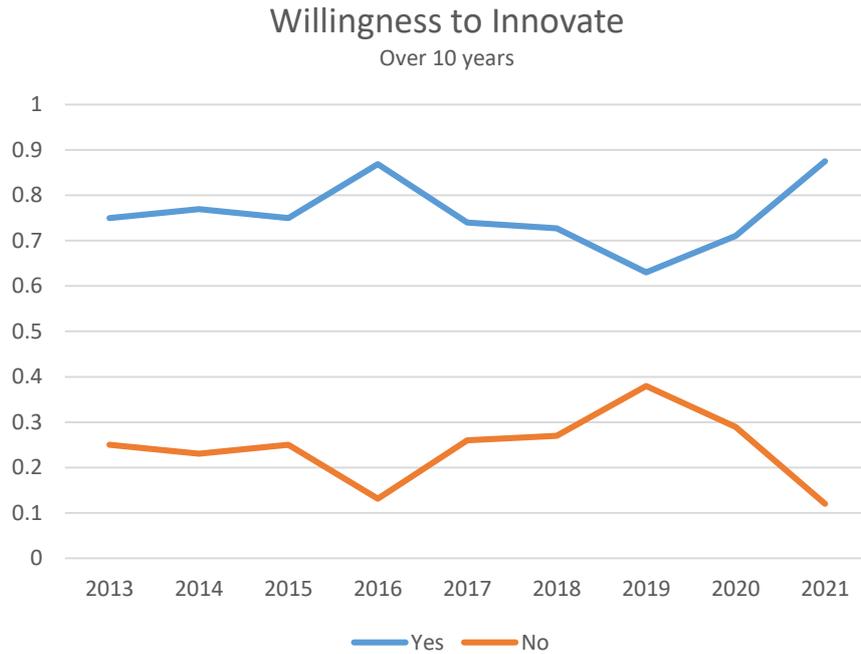


Chart six

For 2021 we see a significant rise that builds upon 2020 re a willingness for innovate. I know for some of our clients we have seen some amazing innovations that are transforming their businesses and differentiating them in some highly contestable markets. Remaining a differentiated business is clearly a significant success factor. This is how many great brands survive.

“Pierre Cardin, creator of space age and unisex looks, avid businessman, and early proponent of ready-to-wear, has died. He was 98. “I did it my way,” might have been the motto of this always forward-thinking polymath who broke with convention on every front. “What I am now never existed before,” the designer declared in Vogue in 1982.”

“He was a man of action, telling Vogue: “I’m most happy that I remained in creation, always remaining popular and always continuing to create.” Story by Laird Borrelli-Persson, December 29,

2020

The innovations mentioned are digitisation and automation of systems, online education and training, use of video, changes to product and delivery methods, digital document signing and IT changes to allow work from home.

So whilst this year we are seeing a willingness to innovate, shouldn’t innovation be driven by market need and market insights?

What Constrains the Effectiveness of Your Marketing?

10 Years

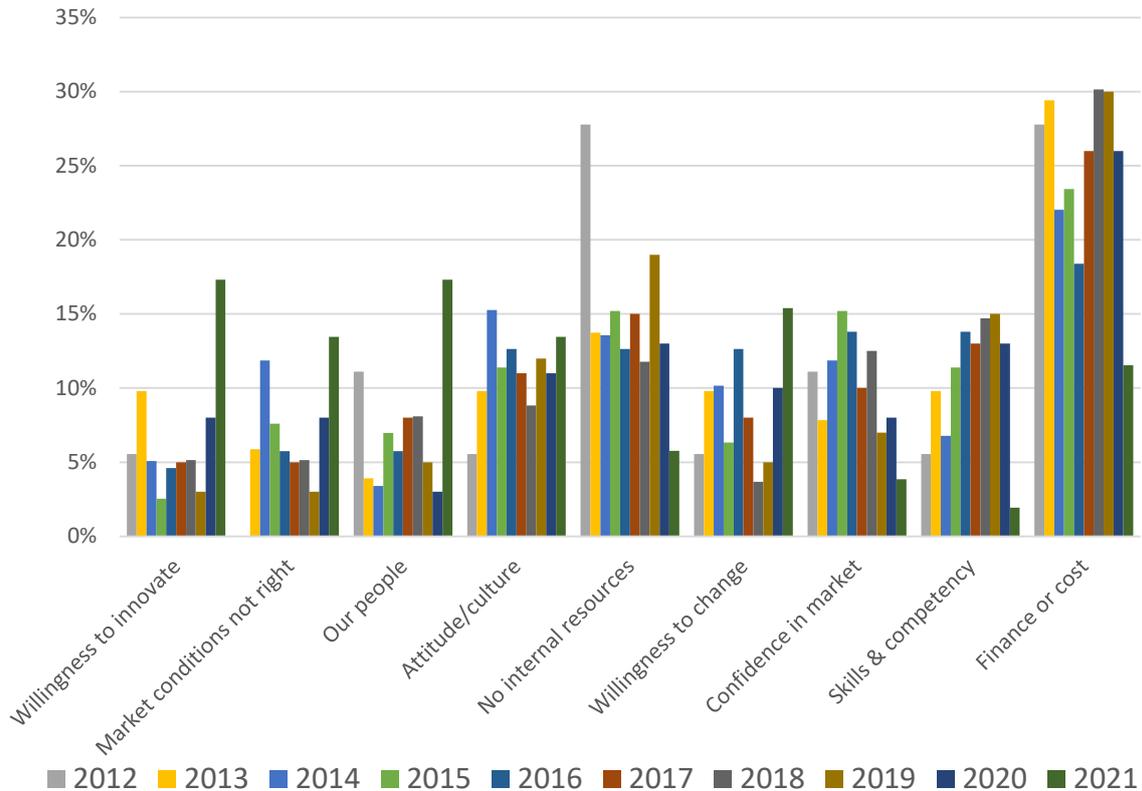


Chart seven

For 2021 finance and cost is less relevant than other years so the major constraints to effectiveness of your marketing are; being willing to invest and innovate, our people’s proactivity, waiting for the market conditions to be right.

One could conclude from this then that business has the money to invest in their marketing effort but they are unwilling, even though we report a higher level of market confidence they aren’t really that certain about what works anymore or what to communicate! For many years it’s essentially been about availability of funds to invest in the business future, we think that’s changed. This indecision is due to lack of market certainty or insight into changing markets and cautiousness about the future, so building a war chest for the future is seen as a positive! The problem with this is that this disposition allows competitors with the changing market insights to take market share.



Chart eight

Unfortunately markets don't stay the same for ever so taking a deep dive into understanding what's happening is critical to continuing business success. Competitors are active, the new normal is happening on all levels, innovation destroys old long held beliefs, products and services.

It's interesting that there is a lessening of interest in "Knowing what your customers say about your business" when in a year as tumultuous as 2020 this is a critical success factor identified going forward into 2021.

The challenge for us all is if we don't know what customers are saying and/or what's happening within markets, then what's the roadmap look like for 2021? So whilst this year we are seeing a willingness to innovate, shouldn't innovation be driven by market need and market insights?

Will Social Media be an Important Influence on Your Business?

What were the responses over 10 Years?

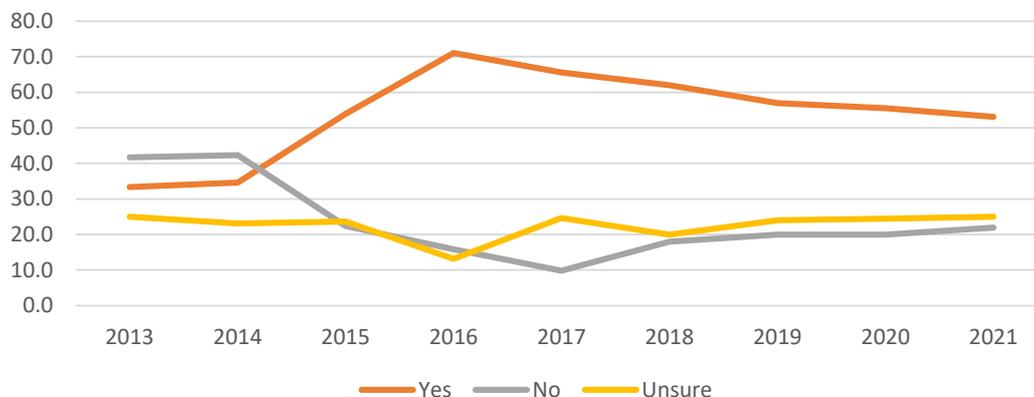


Chart nine

Throughout 2020 we saw some really clever digital options with click, pay and collect or home delivery versus traditional retail. We heard of some consultants going to online offerings.

Certainly there is a role for social, but the same rules apply as per all other marketing and communication. Understand who your target is and how to target them effectively, and importantly what to communicate to compel uptake of your products and services. We often hear that social media is about trial and error. Hmmm “that’s usually a copout” from people who trade as social media experts who are not marketers and don’t actually understand how to communicate or identify a target audience or what to communicate to create sales.

An example for Marketingheads was our pandemic surveys in 2020 were provided to respondents and our network. Being relevant generated a very positive enquiry rate for Marketingheads. Businesses wanted to understand what metrics customers valued, what’s changing and how they were performing against those success metrics. The reports were also referenced by a global IT organisations in their presentations.



John Wakeling

Being a market research business with senior researchers who are marketers with more than 23 years’ experience assures clients don’t just end up with a report but a road map as to how to address competitive challenges or to better sell/market their competitive advantage. This has clearly differentiated Marketingheads for over 23 years.

Marketingheads is a multi-awarded market research, marketing and strategy business that will celebrate its 22nd anniversary this year. Prior to Marketingheads John held senior sales and marketing positions in the pharmaceutical industry. John is an accomplished marketer and strategist who relishes the challenges faced by business. His methodology has identified game changing strategies and achieved exceptional results for many clients across a diverse range of industries and businesses.



For further information call the author: John Wakeling, Strategist & Director, Marketingheads Australia Pty Ltd. (+61) (02) 9869 3314. john.wakeling@marketingheads.com.au

© Copyright Marketingheads 2020. Marketingheads® is a registered ®trade mark of Marketing Heads Aust. Pty Ltd. Front cover images, Copyright: Marketingheads® 2021.