

Marketingheads.[®] CEO Future Trends Survey

2022



Marketingheads® CEO Future Trends Survey 2022

Executive summary

This report follows the 11 year history of Marketingheads conducting the annual CEO Future Trends survey. We are pleased to provide this 11th 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 2021 has thrown everything it could at us although probably less so than 2020 as we had the advantage of the vaccine roll out and a more certain future despite being locked down. What's truly remarkable is how quickly many businesses have been able to meet their customers changing needs whilst adopting various hybrid work options. This has resulted in some businesses achieving significant success. That's not to say there haven't been losers through 2021.

The image on the report cover may be what your board room looks like in 2022. Whilst people are returning to the office it's gradual and unlikely to return to the way it was pre-pandemic.

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 now the new normal and is expected as part of employees work conditions.

Whilst business confidence is returning and many respondents are forecasting growth for 2022 we note there is caution with many businesses unwilling to invest and do a deep dive and to listen to customers despite what they say. For those wanting growth, this is an opportunity as some businesses take their eye off the ball. It's a good time for those willing to invest in market insights to accelerate their success.

Australia has experienced the shortest ever technical recession, however we should remain concerned as in past surveys we identified the economy was struggling. Has the massive government pandemic funding covered-up fundamental economic weakness?

Our pandemic survey did identify the success factors that result in business success (even in a pandemic). These to a large extent have been showcased through our eleven years conducting this annual Future Trends business leader survey.

For 2022 finance and cost is less relevant than other years as the major constraint to the effectiveness of marketing. Now it's the will 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 innovation and marketing but some are unwilling, even though we report a higher level of market confidence. It's evident that some aren't certain what works anymore or what to communicate!

Being relevant whilst engaging with customers and building depth around your customer relationships are the key success factors 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.

In summary the main issues are: Ability to connect with customers, ability and willingness to travel, fear of lockdown, change of Govt. global supply chain, skills, people shortage and staff retention!
Working from home and hybrid work now the norm and expected.

Marketingheads® Delivering Marketing Solutions Since 1998

(+61) (02) 9869 3314. john.wakeling@marketingheads.com.au

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

Five year Business Forecast

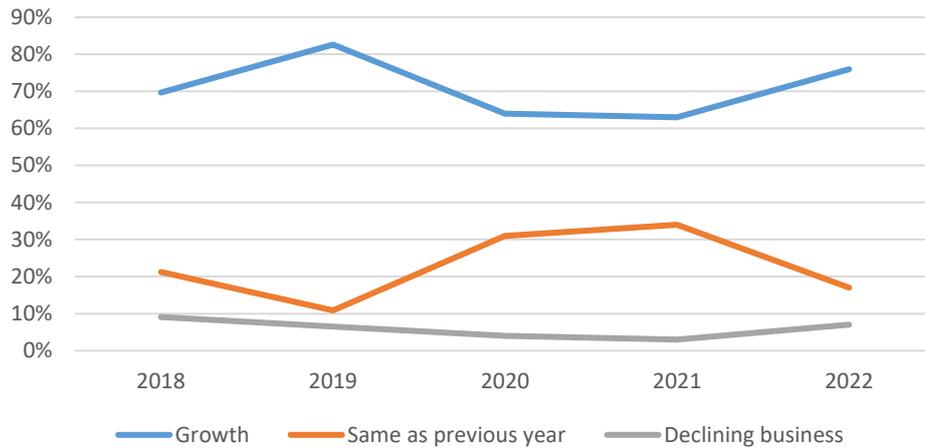


Chart one

Whilst the majority of respondents are optimistically forecasting growth which shows resilience for business in Australia for some there are real challenges including supply chain issues and the emergence of inflation driven by rising costs. So we see a 26% increase in businesses forecasting growth and a 133% increase in those forecasting declining business, although off a low base.

It's hard to surmise what would have been without the various government business and wage support packages through Covid 1 and 2. What we do know is that prior to Covid 1 the economy was showing a slowdown. The challenge now is will a general business slowdown become apparent once the euphoria of coming out of lockdown subsides. The reality is we may face other Covid strains and border closures although this time round most of the population are vaccinated.

The requirement for constant change and pivoting, Covid lockdowns, supply chain management issues, rising costs and skilled people shortages we see as fatigue factors for business and their managers and owners. For many services businesses the ramp up to doing business again is not a matter of turning the business lights back on, it's going to take time to ramp back up.

We also note that future looking and medium to long term strategy execution has for some been overtaken by short term survival tactics.

Further on in this report we note a 36% increase in business leaders wanting to know what customers are saying about their business. We've been providing those insights to business leaders for 23 years.

Marketingheads® CEO Future Trends Survey 2022

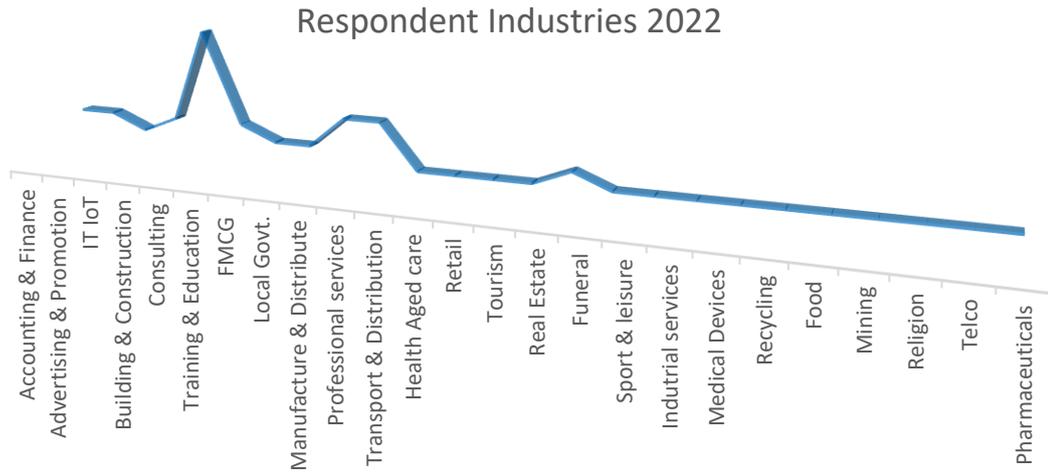


Chart two

A significant depth and breadth of business leaders from a diverse range of industries responded again to complete the Annual CEO Future Trends survey for 2022. This year we saw a rapid response rate to the survey and a significant increase in responses from business leaders, indicating to us a need to know what others are feeling and forecasting in their business.

Economic Factors That Affected Your Business Over 11 Years

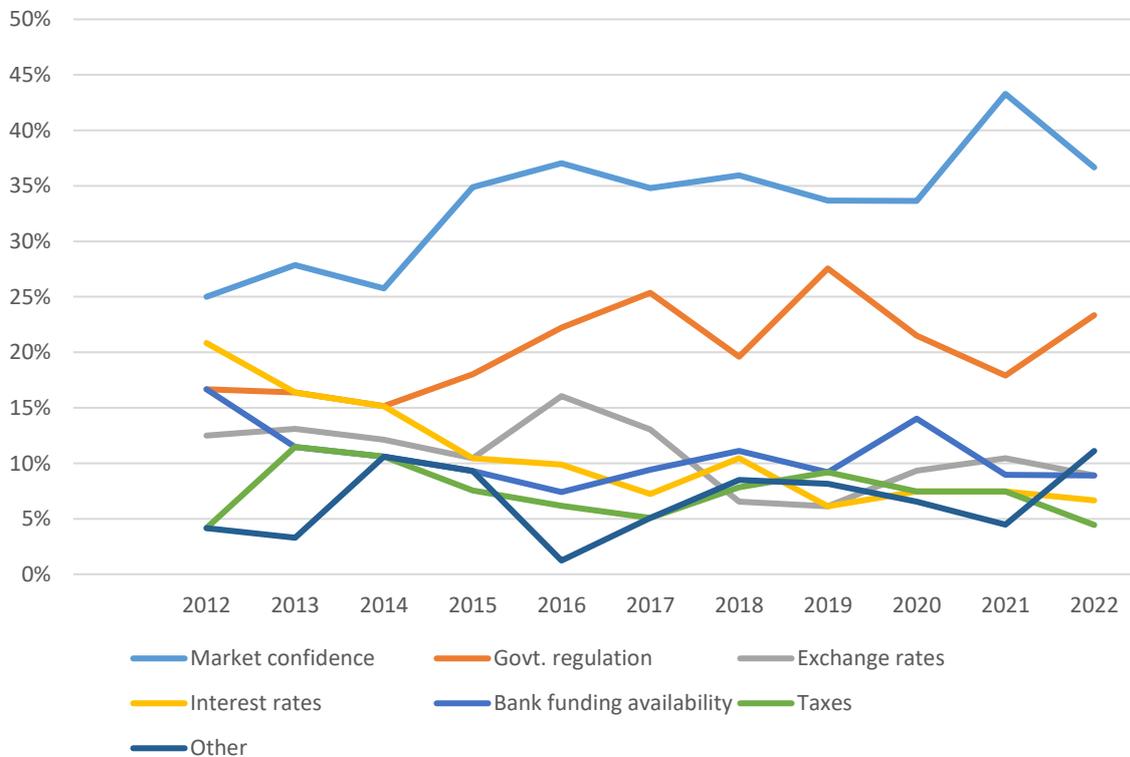


Chart three

Marketingheads® Delivering Marketing Solutions Since 1998

(+61) (02) 9869 3314. john.wakeling@marketingheads.com.au

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

Marketingheads® CEO Future Trends Survey 2022

Last year we heard some terrific war stories from clients about their success from resetting and pivoting their business through the pandemic and now, due to supply chain issues and another lockdown businesses are now facing significant challenges. The flip side is that there are businesses that are booming however skills and people shortages are an issue.

Market confidence the most important factor, is viewed to a lesser degree of importance than last year. As you will see from the chart Govt. red tape and regulation, bank funds availability are all rising as factors that affect your business success. Banks have been punishing businesses that were recipients of Govt. support packages through Covid 1 by increasing borrowing costs as they are seen as a higher risk or locking these business out altogether of funding. One report suggests a significant increase in second tier lending activity.

It's time for governments to recalibrate risk tolerances in alignment with their deregulation agenda to encourage trusted partners. Move from a "No, you can't unless I say so," mindset to a "Yes you can, subject to..." assumption. In a recent application to tender for state government projects we had to agree to their terms and conditions including price and an automatic discount of 7% before the application was approved.

Many factors affect success and there is reason to remain cautious whilst resetting your business for 2022 and looking for market gaps and opportunities. Continuing to grow on success is the real challenge. The big elephant in the room are rising costs, inflation and availability of people.

You can expect that the coming year will be eventful and unpredictable, however we still have global challenges with China refusing to import some products from Australia and the USA replacing our banned product and exporting to China. Chinese property developers are going broke, they are not able to adequately provide electricity supply to their citizens and businesses. How will this affect Australia? More material shortages?

The positives; the vaccine is here and most people are double vaccinated.

The world is slowly recovering from the pandemic but with new variants causing concern, with yet more infection waves occurring and the booming equity markets looking overdone, coupled with the JobSeeker, Jobkeeper, Business grants and JobSaver payments ended, does this create more uncertainty? Will the skills and people shortage mean we will see a rapid return to pre-pandemic employment levels?

Many retailers were big winners in 2020 and 2021, especially those in the home improvement area. The challenge will be to build on record sales in 2022. Consumer overseas travel is now becoming available in 2022 so we may not see the consumer spend on local products and services that we did through Covid 1 & 2. 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 price increases as new car supply is slowed by lack of microprocessors. A world shortage of containers and raw materials impact supply chains.

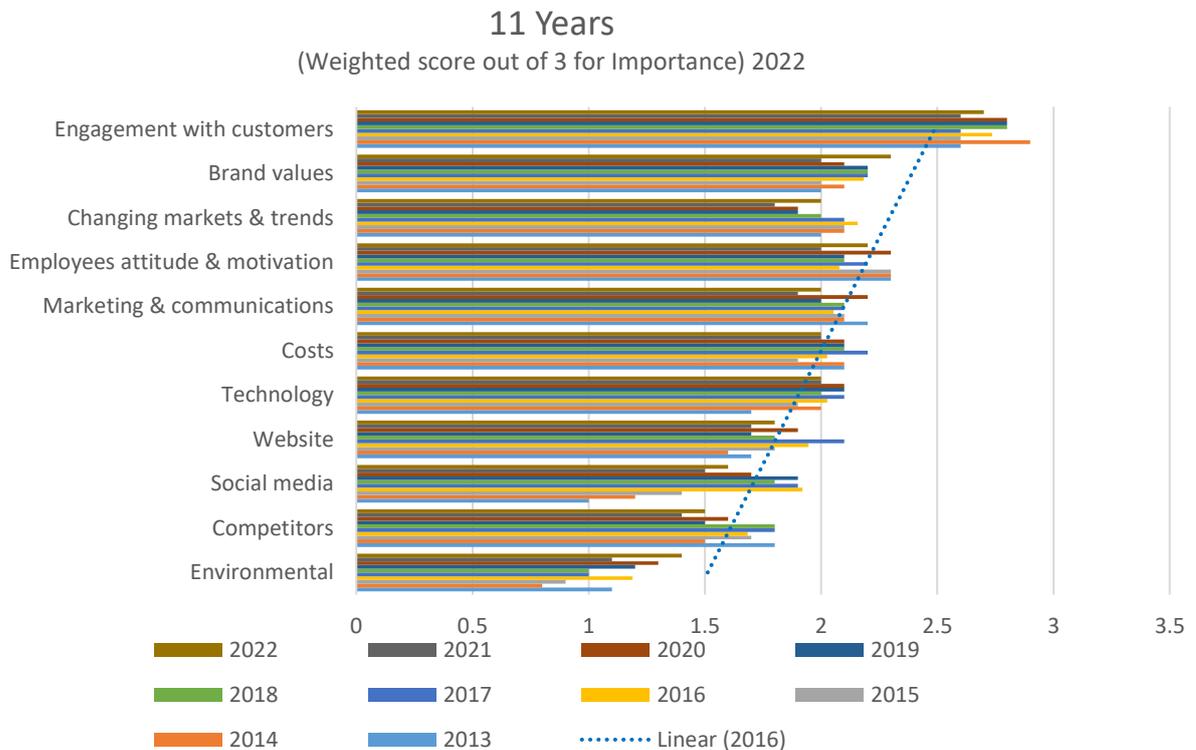
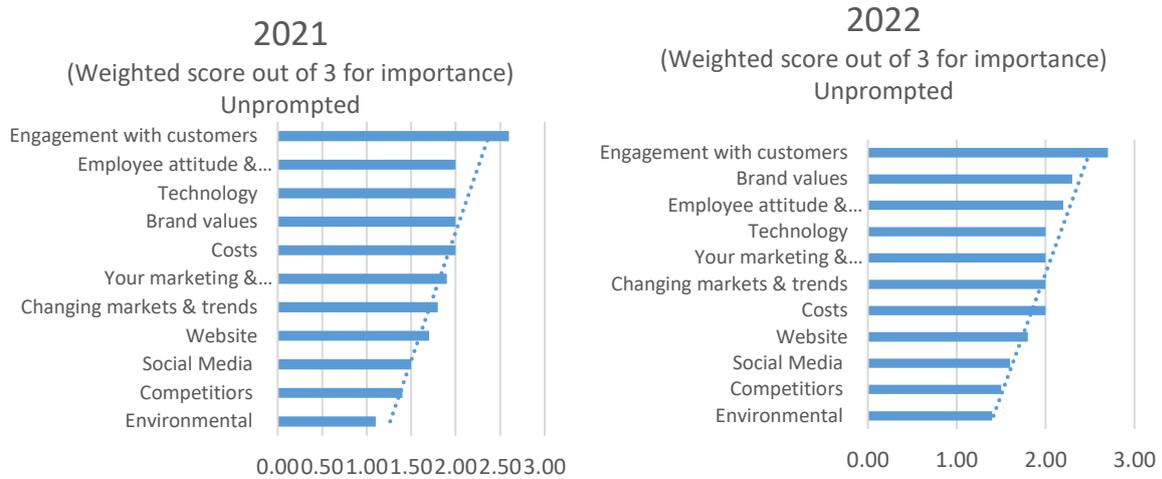
Negotiations with stevedoring companies following wharf strikes and go slows etc. to achieve a 24% wage increase through 2020 have to a large extent been completed bar for Patricks. One could expect that union activities should not impact import and export of product through ports in 2022. So knowing what your customers say about your business and the market" in 2022 remains a critical success factor.

Marketingheads® Delivering Marketing Solutions Since 1998

(+61) (02) 9869 3314. john.wakeling@marketingheads.com.au

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

Major Issues Deemed to Affect Success Un-Prompted



Charts four

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

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

What can you influence the most to achieve success in 2022?

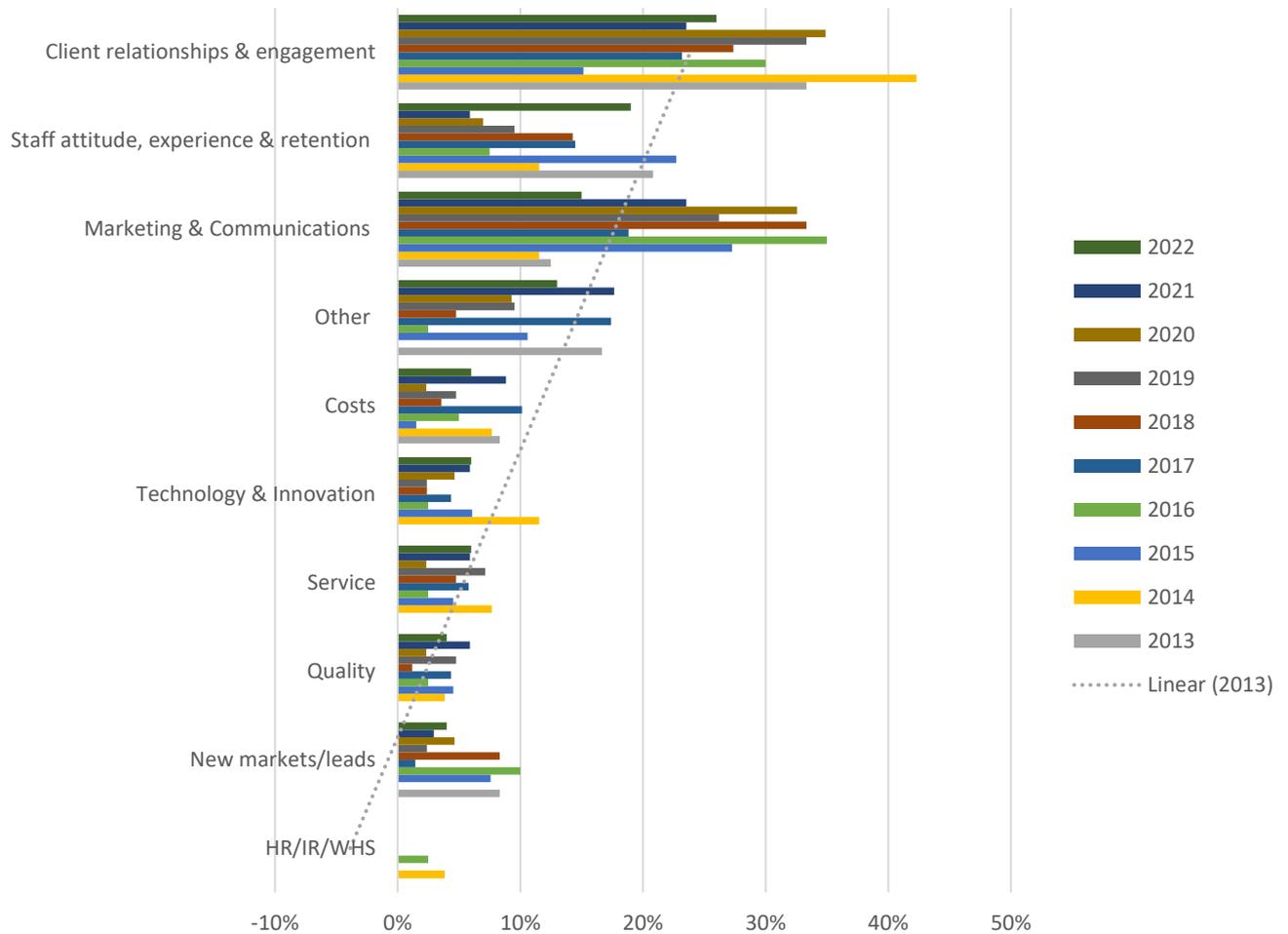


Chart five

Engagement with customer’s, building and strengthening relationships and creating positive points of contact including sales, marketing, communication and customer service are all important. Clever tactical solutions to connect and stay connected have been successful for some through training, webinars, various meeting platforms and just checking in with people.

What respondents consistently believe they can influence most is marketing and communications to achieve results. 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 2022? We didn’t get a sense that respondents had considered their relevance as something that they can influence, maybe it’s a given).

Interestingly staff retention, experience and attitude jump out as key influencers as does service and technology and innovation to achieve success.

Other includes: Govt. regulation, debt recovery, confidence, retention of customers and growth from existing customers.

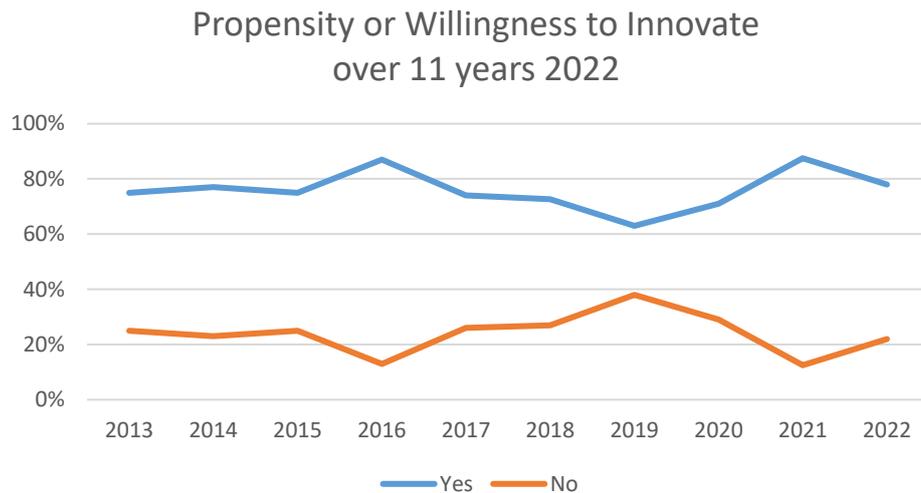


Chart six

In 2021 we saw a significant rise that built upon 2020 re a willingness to innovate with a decline for many respondents in 2022. 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. It is a little troubling to see a decline in propensity to innovate for 2022. It's likely that this is a symptom of business reducing their capex to maintain a war chest to protect from the unpredictable ever changing economic conditions.

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 decline in willingness to innovate, shouldn't innovation be driven by market need and market insights and product differentiation or a better mouse trap? Is it time to consider the product life cycle and where your products fit and how innovation can meet future customer need and expectation.

Innovation re employee work from home has been thrust upon most businesses via lockdowns and easy access to virtual meeting platforms and is now a given for employees despite some employers wanting a return to the office. Competition for skilled labour now requires a working from home or hybrid work option. Benefits mentioned are reduced travel time and costs, more efficient use of staff time through use of virtual meeting platforms and extension of geographic footprint.

What Constrains the Effectiveness of Your Marketing? 11 Years data

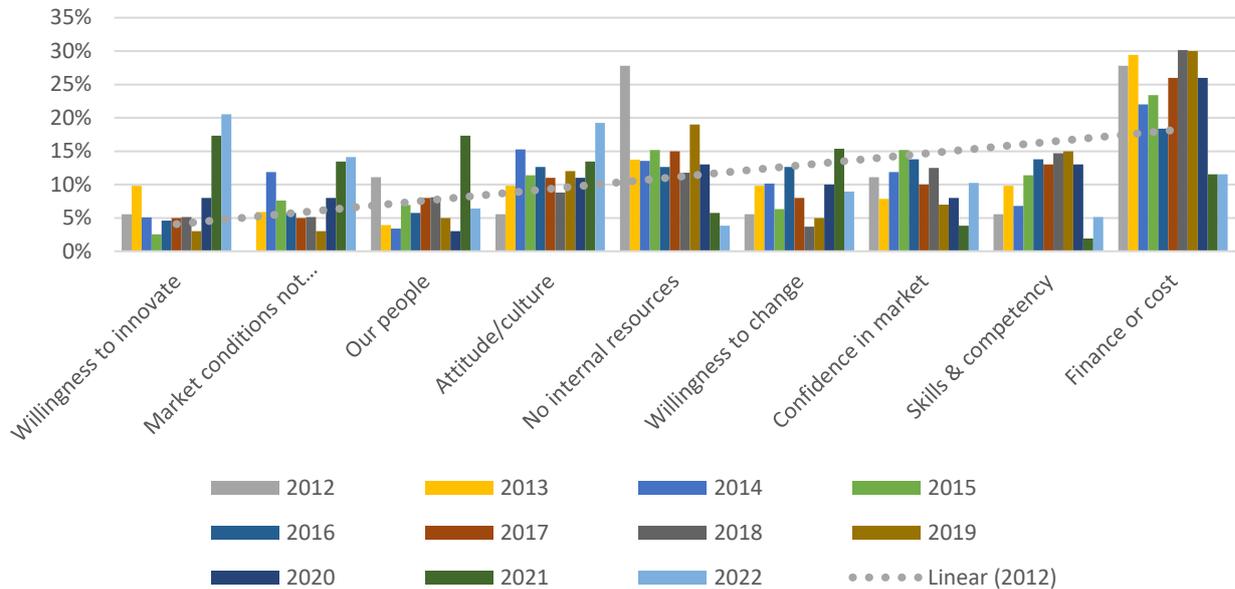
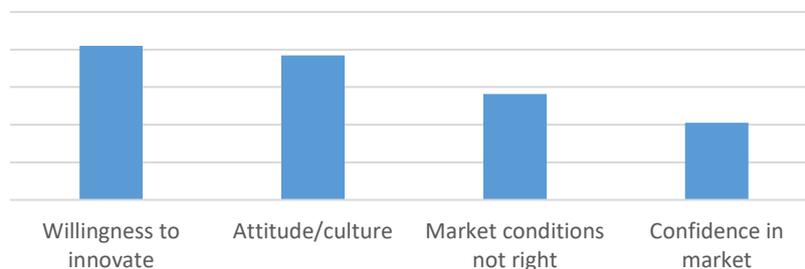


Chart seven

Breaking out the Key Constraints to the Effectiveness of your Marketing 2022



The major constraints to effectiveness of your marketing are; willing to invest and innovate, our people’s proactivity, attitude & motivation and waiting for the market conditions to be right.

One could conclude from this that business has the money to invest in their marketing effort but are unwilling, even though we report a higher level of market confidence and that there are an increasing number of respondents forecasting growth. Is it that they aren’t really 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 prudent! The problem with this is that this disposition allows competitors with better market insights to take market share.



Chart eight

It's not unexpected that interest in "Knowing what your customers say about your business" is a critical success factor identified going forward into 2022.

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 factors. Competitors are active, the new normal is happening on all levels, innovation destroys old long held beliefs and products and services.

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 2022? So whilst this year we are seeing a willingness to innovate, shouldn't innovation be driven by market need and market insight and clearly differentiated offerings?

Will Social Media be an Important Influence in your Business?

11 years data

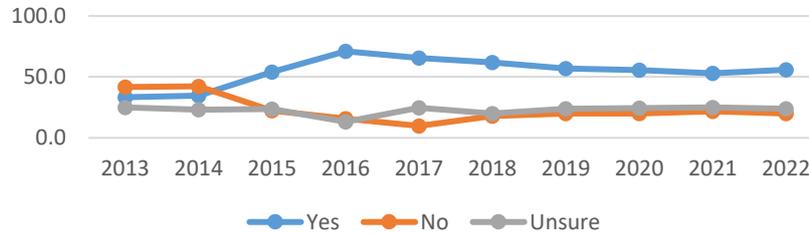


Chart nine

Throughout the pandemic Covid 1 & 2 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. Your marketing needs to create a return on investment. We recently did a social media activity with a member organisation where we turned 20% of their Facebook members into paying members.

Another example for Marketingheads was our pandemic surveys in 2020 which we 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 digital presentations.



John Wakeling

Being a market research business with senior researchers who are marketers with more than 24 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 24 years.

Marketingheads is a multi-awarded market research, marketing and strategy business that will celebrate its 23rd 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 2022. Marketingheads® is a registered ®trade mark of Marketing Heads Aust. Pty Ltd. Front cover images, Copyright: Marketingheads® 2022.