

Pandemic Impacts and Australian Business Recovery Survey Report July 2020

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Executive Summary

This report details what respondents have told us about their experiences with the pandemic. Respondents represent businesses across diverse markets including online software, large retail, manufacturing, professional & financial services, recruitment & HR, mining, real-estate, hardware, telecommunications, childcare, food distribution, training, local government and transport.

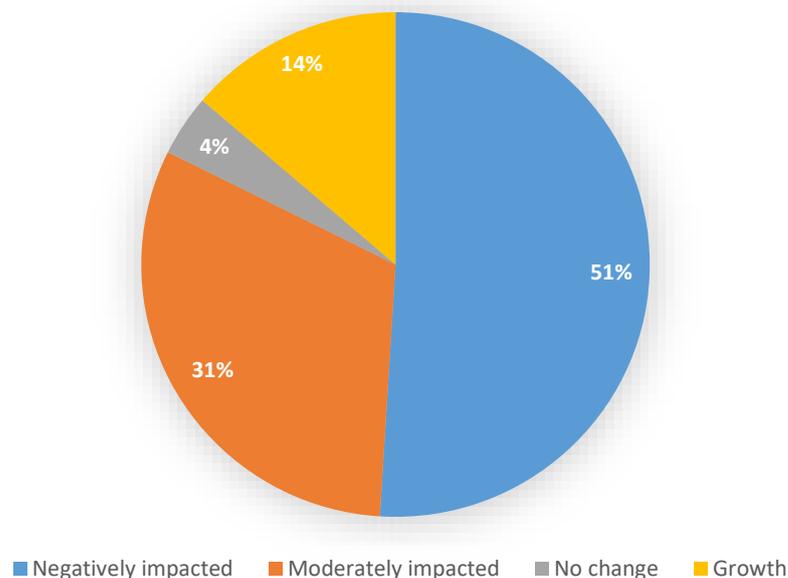
- Virtually all businesses in Australia reported being impacted negatively by the pandemic. 14% are experiencing growth. Click and collect and home delivery are on the rise
- Pandemic has put a large dent in market confidence and negatively affected cash flow and sales revenue
- Technology platforms enable forums and presentations from mid-sized events of 1,000 people to large events of 10,000+. This week one respondent will do a TEAMS meeting with 25,000 people. Replaces 10,000 attendee convention
- Online technology platforms enable staff to work from home, conduct inter office communications including training and to engage with customers:
 - Greater acceptance of work from home by employers, but not for all
 - More virtual interaction as opposed to face to face, digital signing of documents
 - More online, leaner and more agile, less or smaller office space needed. Reduced travel to office, interstate and overseas. "More efficient use of time, customers will operate differently, therefore we will have to adapt."
- Decreased business cost basis employed by a wide range of businesses
- Utilisation of government assistance, particularly Jobkeeper to retain staff
- Business challenged re how to reconnect with a constructive relevant customer orientated perspective. Understanding what's changed for customers is fundamental
- Customer engagement and business culture are the most important success factors business leaders believe they can influence. This is supported by:
 - Understanding changing markets and trends
 - Employee attitude and motivation
 - Retention of staff.
- Impact on overseas manufacturers to supply Australian customer's product elevates Australian suppliers to be more important.

Business Recovery

Remain faithful to core values as the pandemic challenge continues. "A constant will be that we will still build the best products available and support them with the best service, we expect far more on-line focus and one to one relationships."

- Everyone is searching for relevant effective ways to connect, some have developed new online products
- The first port of call for strategic advice will be Internal (Employees/Staff/Members) followed by trusted business groups and advisors
- 'Surveying customers', says Macquarie Wealth's Division Director Martin Lakos, 'is a fundamental differentiator for organisations wanting stay ahead of the game.'
- Being fast, flexible and responsive to meet changing markets (insights) a key success factor.
- Promises of "we know best, we can help you recover" are seen as unhelpful.

Impact of the pandemic on business in 2020 %



Virtually all businesses in Australia have been impacted negatively by the pandemic.

14% are showing growth - typically these are retail selling DIY, online sales organisations or business that have been able to quickly reposition to online sales. Some manufacturing clients report excellent sales because they can supply from Australia and home delivery businesses are doing well.

What strategies have you employed to achieve success to-date?

Strategies to decrease the cost base are being employed by a wide range of businesses. These cost cutting measures are around decreasing staff hours, including pay rates and decreasing staff numbers. Redundancies are being talked about by some as are reductions of expenses such as rent, downsizing operations and control of expenses. Programs such as Jobkeeper and government assistance packages, where it is pertinent, is also mentioned as a tool used to keep employees.

Employing technology so that staff can work from home includes products such as Zoom and Microsoft Teams to enable inter office communications including training options.

Ensuring that the work place is a Covid safe environment to give reassurance to staff and customers.

Increased click and collect/delivery options are mentioned.

Technology is also used to ensure there is constant and close contact with current customers and clients through to 'just staying in touch with the market so we can respond to needs when the situation changes' through to direct selling calls via telephone and face to face meeting platforms.

Strategies that have assisted to achieve positive outcomes for some companies include changing the product offer, for example, bundling of product and service offer e.g. finance and leasing/rental options for customers through to offering new products. Focus on Australian made product

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claim. Also looking at the company's growth strategies that have been in place and accelerating those strategies. For example, accelerating moves into to new geographic areas through to looking at reorganisation of the supply chain.

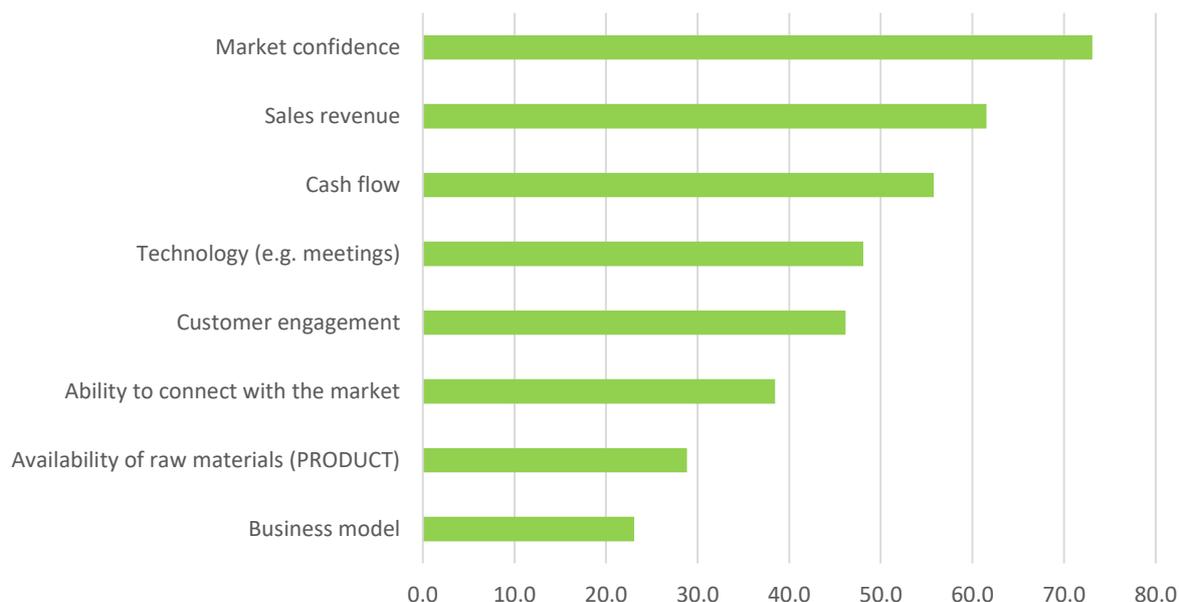
Promotional avenues have also been explored including increased use of social media and online advertising by some.

Rather than communicating how good we are, demonstrating our core values: Being agile and flexible to meet changing customer needs, delivering best in class quality products and services, backed by superior customer service and satisfaction is achieving success.

'Pandemic highlighted elements of the business that are marginal. We will be focussing on sales/margin efficiency with our customers taking account of all relevant elements of cost to service.'

One strategy we have avoided is to tell customers we can help their business to recover. The reality is we don't know what that looks like yet nor do we know the timeframe.

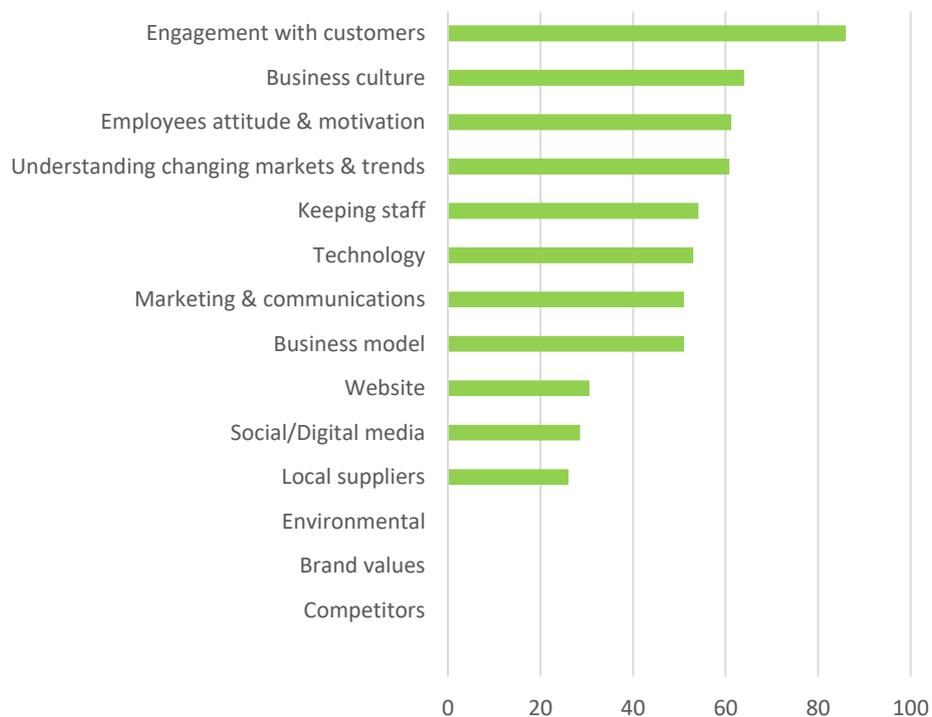
Which of these in your view has been most affected by the pandemic? %



The pandemic has put a large dent in market confidence and negatively affected cash flow and sales revenue. Customer engagement and connection to markets are also noted as being most affected by the pandemic and no doubt acerbated by the lockdown. So the challenge now is how to reconnect with a constructive customer orientated perspective. Understanding what's changed for customers will be fundamental.

'The transformation to virtual online meeting platforms was estimated to take at least 2 years. It was completed in 2 months.'

What can you influence the most? Importance success factors



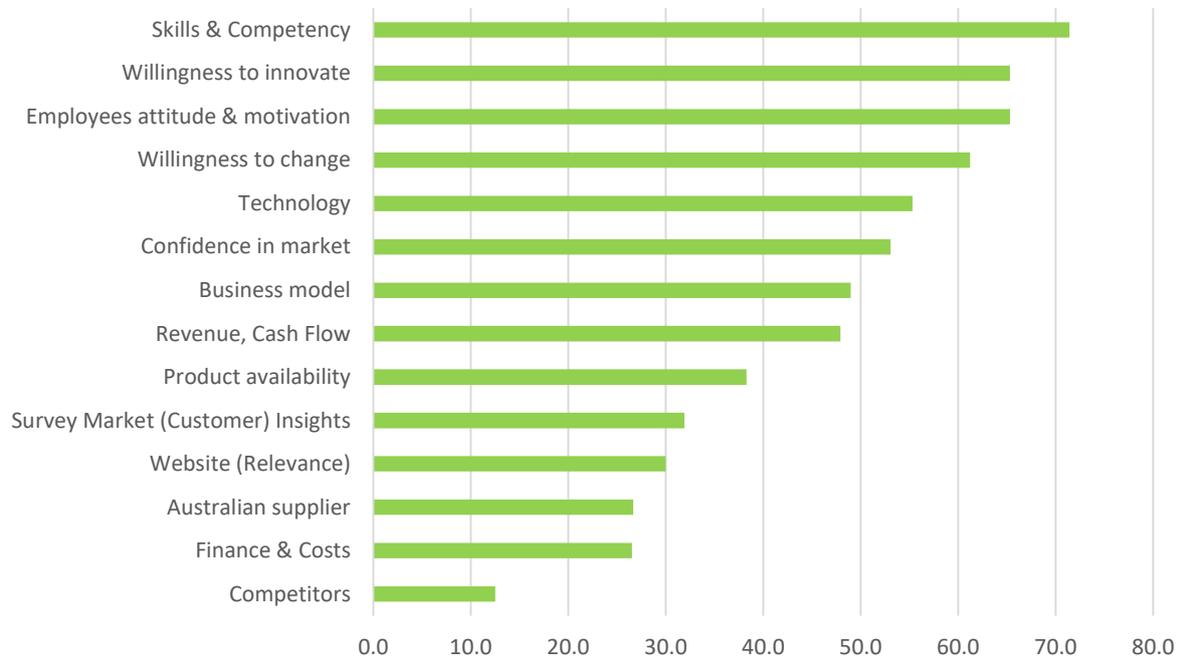
Refreshingly customer engagement is seen as one of the most important success factors business leaders believe they can influence followed by business culture. This is supported by understanding changing markets and trends and employee attitude and motivation and, importantly, retention of staff.

Rising use of technology to connect is also a key influencer to achieve success as is effective marketing and communications. Business leaders recognise the value of key staff and their role in educating and influencing customers. The old fashioned customer relationship is not dead.

Online meeting adoption has been fast tracked by using existing technology that few of us knew about a few months ago. Today meetings online are commonplace, thus providing a safe means to re-establish communication with staff and customers alike.

Optimise Effectiveness of your Sales & Marketing

%



Having the people with the skills and competency and a willingness to innovate and the cash flows and revenues all optimise the effectiveness of your sales and marketing. Skills and competency does need to be connected to knowing what the customer's insights are, (the foundations for selling and marketing); what's changed, how do you reconnect and continue to be valued by customers?

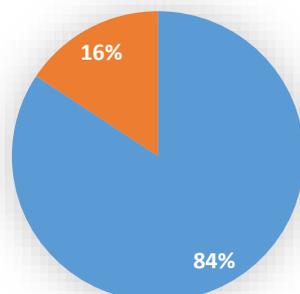
Australian manufacturers are part of the 14% of respondents realising growth at present.

The pandemic's impact on overseas manufacturers to supply Australian customer's product elevates Australian suppliers to be all important. If you do have stock then your sales effort is optimised. The issue is how long will this last and are you able to create a sustainable value proposition to retain that business long term? Will the fickle procurement managers remember those Australian manufacturers long term?

We are seeing calls for our dependence on overseas supply to reduce. The real impact for Australia is that we don't really manufacture and when the world goes back to whatever normal is, will being an Australian manufacturer be valued? Maybe government could lead by buying Australian products and services.

Looking to the future will your business operate differently?

%



■ Yes ■ No

Work from home acceptance is fast becoming normal. It offers more efficient use of time. More flexibility in working arrangements with a mix of home and in the office work.

Use of technology, less need for travel to office, interstate and overseas.

Less or smaller office space needed.

More virtual interaction as opposed to face to face. More online, leaner and more agile.

“More efficient use of time, customers will operate differently, therefore we will have to adapt.”

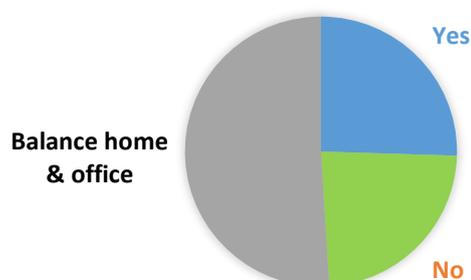
“Supply chain, broader range of communication models, will be focussing on sales/margin efficiency with our customers taking account of all relevant elements of cost to service.”

“A constant will be that we will still build the best products available and support them with the best service, far more on-line focus and one to one relationships.”

Everyone is searching for improved ways to connect outside face to face networking. Working more remotely from home office. Wider portfolio of clients, processes for engagement, likely to be smaller in scale, apart from Covid safe, greater work flexibility.

WILL YOUR STAFF BE ENCOURAGED TO WORK MORE FROM HOME?

%



Significant shift in thinking re work from home as an ongoing option.

Many business people already worked from home or various options re home and office, so for them this is not a big deal. What is a challenge is the freedom to meet face to face with social distancing in a safe location. Remaining connected to your network particularly for referral business advisors is essential and there needs to be a new way to do this so what could this new paradigm be? Does this present an opportunity for a new business idea?

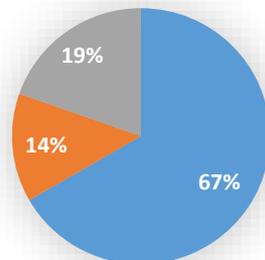
Some teams believe the office environment and interactions have a positive impact on staff particularly for socialisation, testing ideas with colleagues and mentoring of junior staff. A lack of body language in online meetings can create uncertainty. Having an agenda, etiquette and or rules for online meetings can be useful as can individual one on one meetings via phone or video conference.

There are reports that businesses are achieving increased productivity from staff working from home.

One benefit of online meetings is that they can be shorter and there isn't the side table discussion distraction that can side track a meeting.

Will online activities play a larger role in your business?

%



■ Yes ■ No ■ Unsure

Companies need to stay connected with staff and customers and are now employing technology through online meeting platforms to engage staff through, for example, daily work in progress meetings to ensure staff engagement and to also brief customers and conduct presentations.

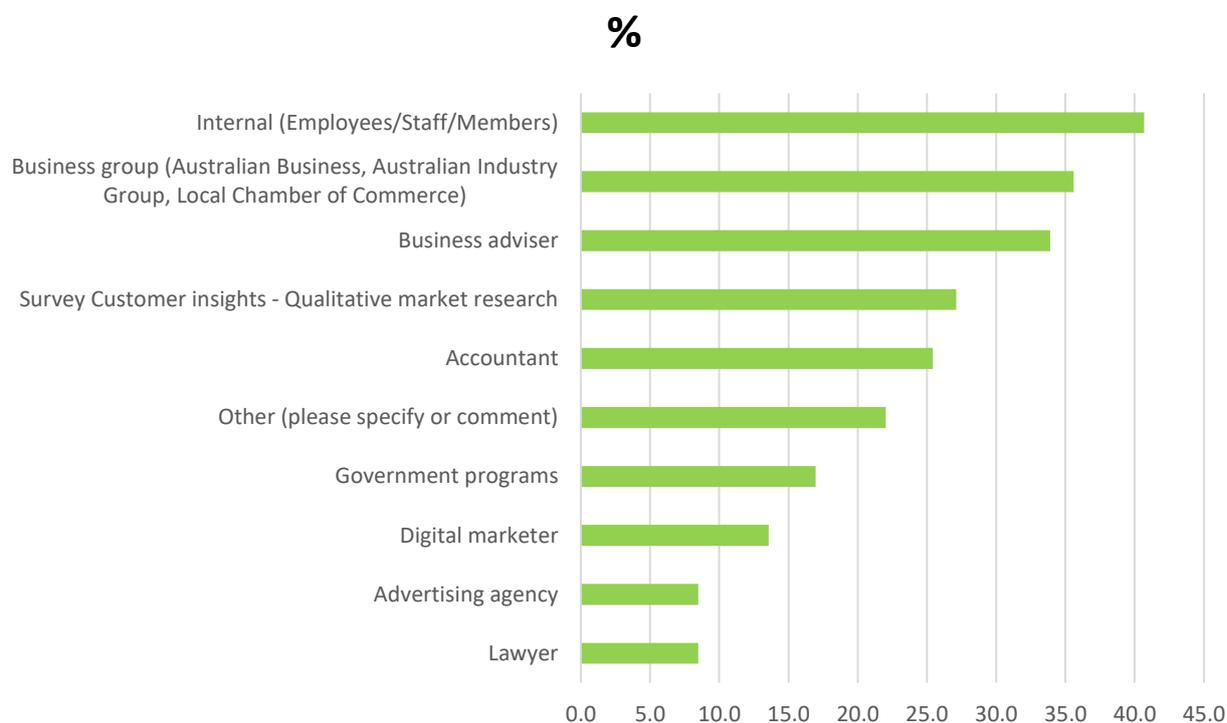
Most respondents now use technology platforms to facilitate client meetings, staff meetings, including sharing of screens through discussion and transfer of data securely. Through the online technology platforms available they enable the ability to have small meetings through to forums and presentations from mid-sized events of 1,000 people to large events of 10,000+.

Overall the comment is that now companies have been forced to adopt this technology it is easier and faster to do now that they are practised, and that it will be an ongoing tool. The online meeting platforms include mentions of Microsoft Teams, Zoom and WebEx.

This technology is in the short term replacing the need for face to face meetings and travel.

Concerns noted are around the need for increased bandwidth and quality of the products from various service providers.

Who or what will be your primary source for strategic input?



Business owners/principals themselves and their staff are deemed to be the primary source for strategic input. The main preferences for strategic advice then includes business groups, business advisors, market researchers, and accountants.

‘Customer insights (surveying customers)’ says Macquarie Wealth's Division Director Martin Lakos, ‘is a fundamental differentiator for those organisations wanting stay ahead of the game.’ He says that if you don’t know your customers perspectives (market insights) then how can you connect and strengthen relationships in a fast changing challenging world. Being fast, flexible and responsive will build your business by being more relevant earlier. (JW version of what Martin recently presented at a Western Sydney Business Connect event.)

Quality of information from trusted sources is a prerequisite for selection of who you go to for future strategic advice. We noted some very good presentations on Jobkeeper and Jobseeker and the various government programs from some fast and flexible mid-tier advice businesses. Presentations were very professional with relevant timely facts. Importantly they beat some larger organisations to the market and “owned the voice” as the first source for reliable information. One accountant recently noted to me that being ahead of the game (with rich content for free) will result in their business winning new clients.

Postscript

Generally we all know what's been happening through the very challenging pandemic and we are pleased through this survey to be able to consolidate your thoughts and provide to an extent authority and confidence through what you are all saying and doing.

This report captures what respondents have told us about their experiences with the pandemic so far and some of the strategies being employed to connect and recover. It's very much early days and businesses do need to understand what's changed, test new strategies and be flexible and fast to market with new products and services that matter.

We would like to thank everyone for the large volume of feedback supplied via this survey. We look forward to the future together.

Marketingheads and the author:



Marketingheads is a multi-awarded market research 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. [Marketingheads](#)



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