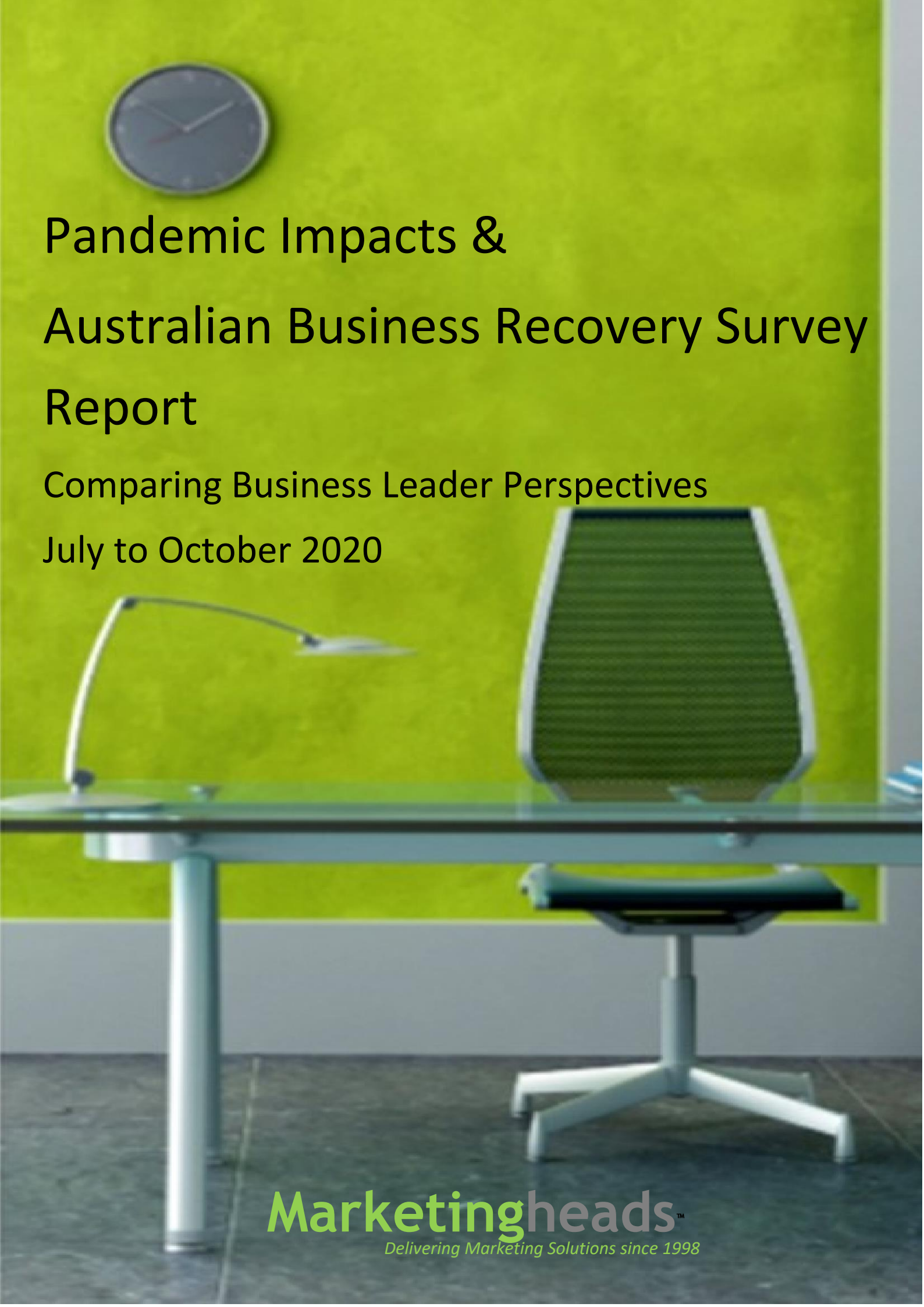


Pandemic Impacts & Australian Business Recovery Survey Report

Comparing Business Leader Perspectives

July to October 2020

Marketingheads™

Delivering Marketing Solutions since 1998

Executive Summary

This report details what respondents have told us about their experiences during the 2020 pandemic and represents businesses across diverse markets including IT, large retail manufacturing, professional & financial services, recruitment & HR, mining, real estate hardware, telecommunications, childcare, food distribution, training, local Govt. and transport.

Overall in July there was a sense that business was responding as best they could with the landscape presented; now there is a sense that they are more comfortable in that landscape and there is a more positive outlook overall in the businesses responding. Certainly there are challenges, particularly around effective customer engagement, and this is shown by the desire to gain insight from staff and now more specific customer perceptions where a second set of eyes can assist.

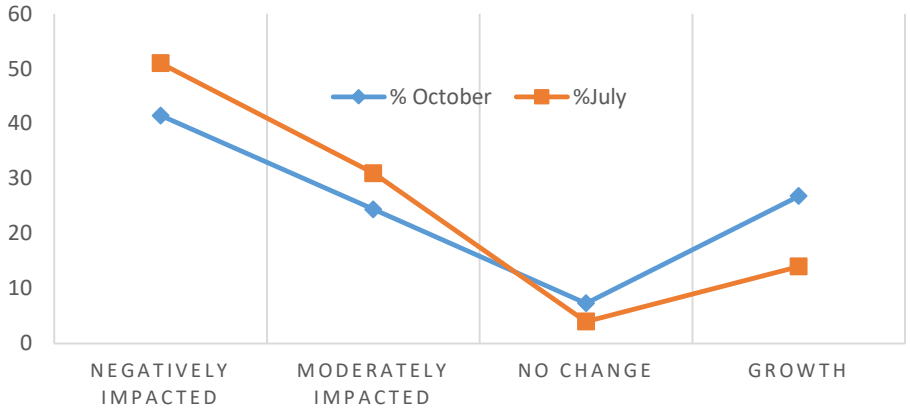
The looming, or current recession, has not impacted the business responses overall, but it is noted that there is general comment that redundancies are starting to occur in some sectors. Of interest will be how quickly dislocated workers on JobSeeker transition back into work and what happens as JobKeeper is wound back.

Enjoy the read, and if you would like more information give us a call.

- Many respondents completed the survey in July and again in October so we are able to gauge what has changed for them as we progressed through the pandemic and into a recession.
- Unsurprisingly all businesses were affected by the pandemic. More recently we have seen those experiencing growth grow from 14% to 27% of respondents and a corresponding decline of 10% in the number of businesses that say they are now negatively impacted.
- Largest loss of jobs are in people under 35 years, represented primarily by hospitality.
- Redundancies are becoming a reality as the recession takes hold.
- JobKeeper enabled business to remain connected to valued staff members.
- Meeting technology platforms now well entrenched as normal business practise.
- MS Teams infrastructure capable of communicating with more than 120,000 people.
- Metric most affected by the pandemic is market confidence and includes: Ability to connect with the market, marketing and communications effectiveness and lack of bank funding. Customer engagement has improved significantly.
- Sourcing (products) raw materials is now being impacted by wharf union's negotiations for significant pay rises, featuring go slows and stoppages. Containers being held ransom.
- Some manufacturers with the foresight to source raw materials from overseas and locally early have achieved multimillion dollar windfalls as the only secure suppler.
- Engagement with customers, employee attitude and motivation, and marketing and communication all are deemed to be factors that can be influenced most to achieve success.
- In July 84% of businesses said they would need to operate differently in the future, now its 68%.
- Air travel for some will be redundant now that digital meeting platforms are established and accepted.
- Balance of home & office work more acceptable, some saying productivity has increased.
- Greater webinar activity utilised as social distancing is being upheld.

- Listening to staff remains a primary source for strategic input whilst surveying customers has increased as an importance factor to reconnect, engage and understand what the new normal is from customer insights.
- Australian manufacturers providing security of supply throughout the pandemic created a relevant differentiated positioning.
- Click and collect and online shopping promotions hugely successful.
- A key message from the research that has assured success is that business leaders have remained focused upon customers and remaining connected.

Findings



IMPACT OF PANDEMIC ON BUSINESS 2020

Interestingly 14% of businesses that were recording growth in July has now grown to 27%. Whilst there's a small decline in businesses that were negatively impacted it still represents a large number. According to the Reserve Bank, Australian Bureau of Statistics (Feb to Aug 2020) the largest loss of jobs are in people under the age of 35 represented by Hospitality: 160,000, Manufacturing: 50,000, Transport: 40,000, Professional: 40,000, Arts & Creative: 35,000 and Construction: 20,000. We are also now seeing redundancies as the recession becomes a reality.

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

The pandemic has meant that businesses have had to focus strategies on what are deemed to be the importance factors that matter. It's good to read the unprompted comments and to see the leadership capability of Australian business leaders in action in a year when we have all been blindsided. Not only are our business leaders capable, so are their staff who implemented the day to day executions. I was also struck by the innovation and foresight of some business leaders who have created positive legacies with customers that will assure a depth of relationship that is valued thus creating even more loyalty.

We saw the emergence of the importance of "security of supply" demonstrated by some Australian manufacturers when product sourced from overseas was simply not available.

Whilst some cut costs and made staff redundant, we also saw JobKeeper kick in and save many valuable staff from going onto the JobSeeker program and maintain their connection with the

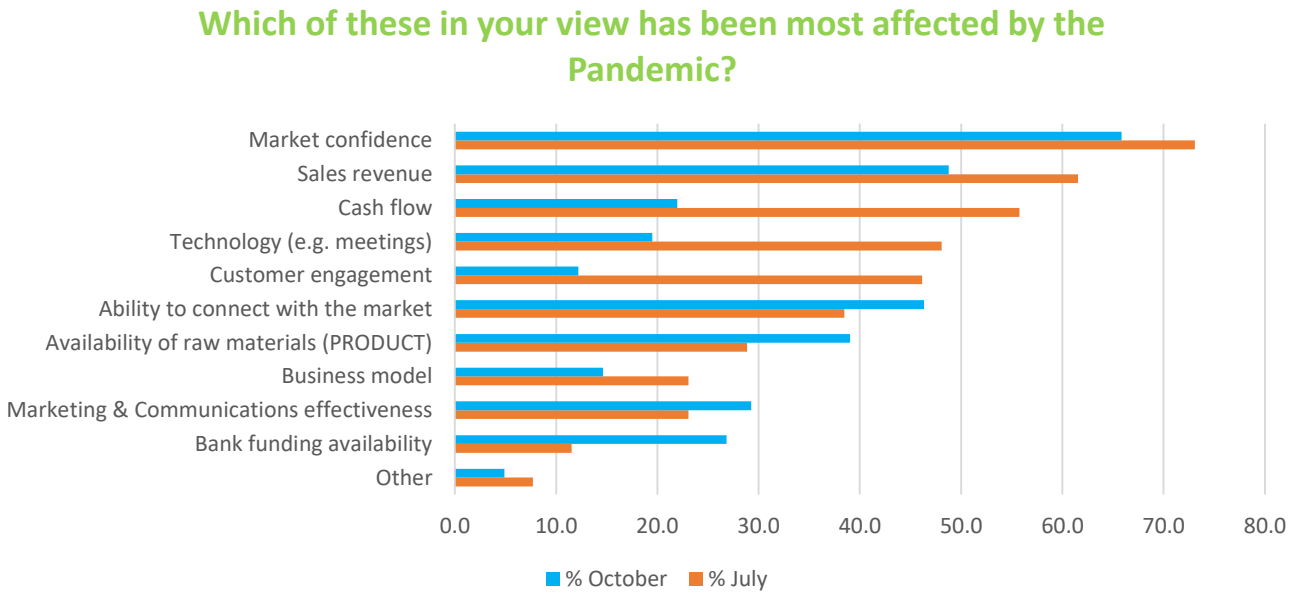
business and clients. The rapid acceptance and utilisation of digital meeting platforms enabled staff and customer training and the ability for remote working. A key area for business was to utilise tools that enabled communication and connection with customers. With digital and conferencing platforms now well established can this change the way business target specific customer messages and build relationships?

Positivity and resilience were mentioned as key team leadership characteristics that were valued.

Some talked about new products and creating passive income streams through new online offers. With the launch of click and collect strategies and the promotion of the availability of postal and courier delivery services to entice those at home to shop on line.

What you said:

- ***Customers*** *– positive engagement and communication, upped our marketing, advertising and client interaction, increased EDM's, conducted free webinars to attract new customers, increased prospecting and networking to actively engage,*
- ***Supply chain*** *- secured source for raw materials, carried more inventory, demonstrated to non-customers the importance of Australian made,*
- ***Leadership*** *- increased staff and customer training (up skilling), mentored and coached team how to handle Covid, initiated daily engagement with remote workers, assured positivity and resilience from leadership team, communicated sense of purpose, established digital meeting platforms and video conferencing technology, initiated strict health controls managed in a very disciplined way, protected staff incomes,*
- ***New products*** *- launched click and collect to take advantage of online sales, promoted Australia Post delivery availability to increase online sales, closely monitored charges (income), expenses, debtors and well-being of staff.*



Market confidence remains the number one concern for business despite all the government support packages. Perhaps this is due to an uncertain future where a second COVID wave as experienced by Victoria and many other countries could lead to further lockdowns.

Ability to connect with the market, marketing and communications effectiveness and bank funding are all taking on a greater importance as factors most affected by the pandemic. Customer engagement has improved significantly. It also appears meeting technology (Teams, Zoom, Webex etc.) are now just part of doing business in the new normal.

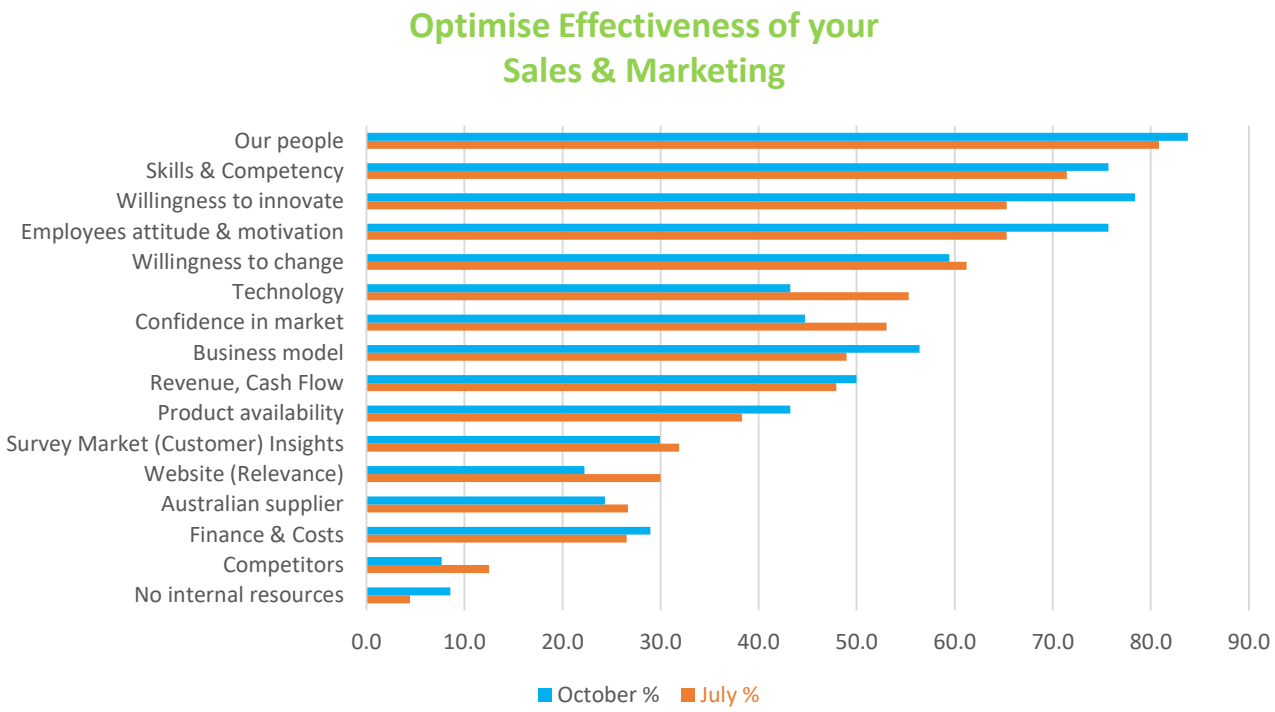
Of interest is the ability to source raw materials (product) as a rising issue. This is a two edged sword as some manufacturers were very well prepared having predicted the shortages and stocked up as the pandemic took hold whilst others were blindsided by not being able to source product from countries where the early pandemic took hold. For some with foresight this resulted in multimillion dollar windfalls.

Sourcing raw materials is now being impacted by wharf union negotiations for significant pay rises, go slows and stoppages. Australian manufacturers able to provide security of supply throughout the pandemic has created a relevant differentiated positioning.

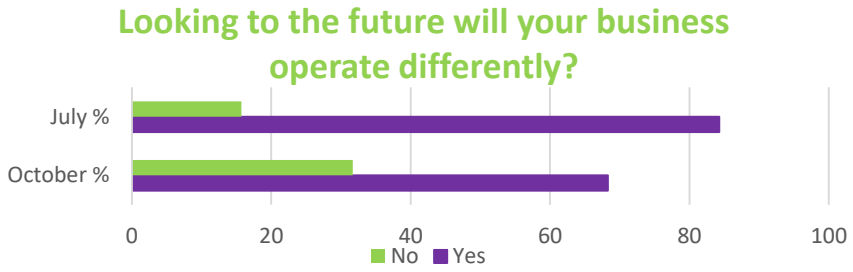
What you said:

- *Off-shore supply chains less reliable created changes in procurement strategies*
- *Training for field staff increased. Hiring of staff postponed*
- *Productivity has increased*
- *Client budgets for professional services increased*
- *The effectiveness of our sales and marketing has been positively affected.*

Engagement with customers, employee attitude and motivation, and marketing and communication all are deemed to be factors that can be influenced most to achieve success.



Optimising the effectiveness of your sales and marketing will be achieved through staff with the right attitude and motivation and the skills and competencies and that are willing to innovate.



In July 84% of businesses said they would need to operate differently in the future, now its 68% and the “no we will not operate differently” have doubled.

This will be interesting to watch as it seems there’s a trend for some to go back to operating the way the business did before the pandemic. Perhaps it’s too early to make that statement. The reality is that for some businesses they do need staff on site to perform particular duties or legislative requirements. There is a move to digital documentation acceptance in the legal system.

Certainly online meeting platforms are the new normal. Adoption has been rapid and successful due to necessity of isolation and the continuing need to communicate. Some are saying meeting productivity has improved.

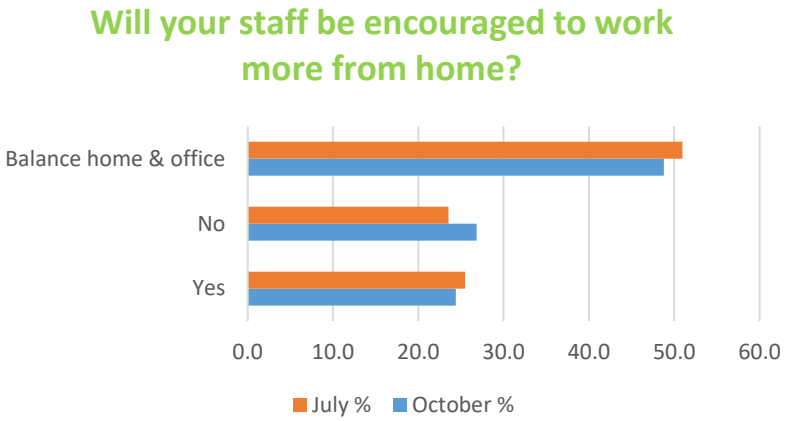
Air travel for some will be redundant now that the digital meeting platforms are established. Overseas travel will continue to be difficult whilst ever there are more waves of infection and compulsory isolation continues to be the new normal post travel.

The general education of the population in relation to disease control procedures has been very effective thus even in workplaces that are operating as normal there is a culture of social distancing

and precautions, although we are seeing some relaxation of this as less new infections are detected. Effective infection tracing will allow more businesses to return to a level of normality.

What you said:

- *Training and employment will be different*
- *Greater ease in arranging client meetings, Sales still work better face to face*
- *Opened another office to better engage with customers*
- *We're now targeting an international audience, no longer constrained to Australia*
- *Greater degree of e-Commerce. Multiple delivery and pickup options*
- *Realign costs and marketing*
- *Recent policy announcements to support manufacturing is key and we are devising a plan to optimise*
- *Induction process and rapid up-skilling of junior staff facilitated through digital platforms*
- *Greater flexibility, broader range of communication tools.*



We know that many people had this option to work from home before the pandemic. So is this becoming the norm now for many others? The balance of home & office work appears to becoming acceptable with some saying productivity has increased. Productivity gains appear to be related to the role of the meeting platform to focus the participants on the meeting purpose or agenda.

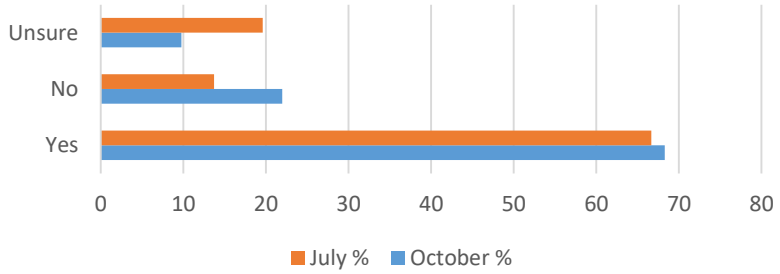
So has the coffee culture shifted to in-home or suburban venues? Certainly the hospitality industry in many city CBD's has been killed off with hospitality workers representing the largest area of job loss.

There seems to be some capitulation re yes or no re encouraging staff to work from home for some employers. Office leasing companies are suggesting that they will not lose business as half the staff attending work will now require more space for proper social distancing to occur.

What you said:

- *We have been told we can work from home (WFH) permanently*
- *Less travel, Smaller office space*
- *More flexible work arrangements, happy staff, fundamentals are not altered for us*
- *WFH still a work in progress*
- *Business model was always intended for remote working anyway.*

Will online activities play a larger role in your business?



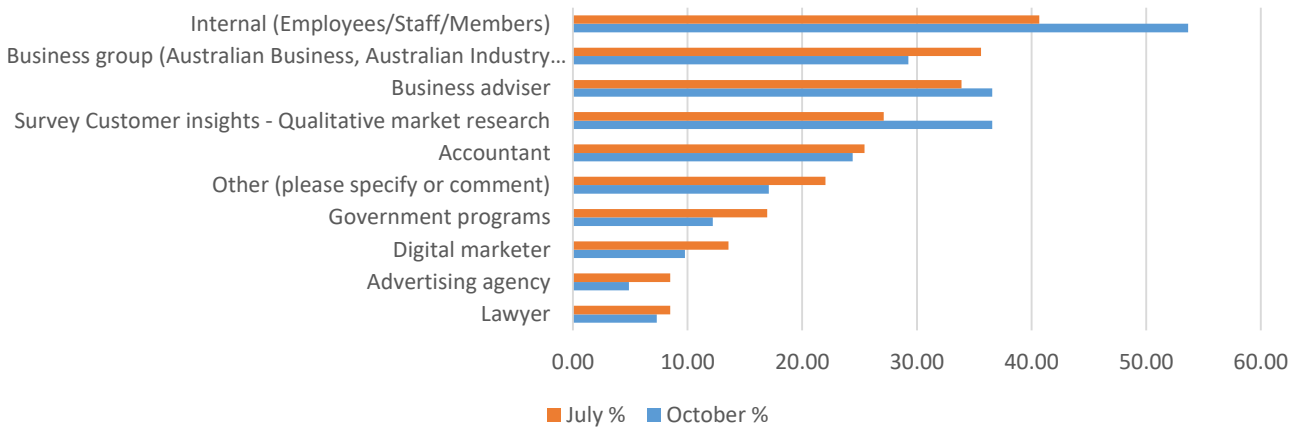
There's virtually no change for online activity playing a larger role in businesses. What's changed are those unsure in July are now saying online activities will not change.

Clearly the role for online meeting platforms is now well cemented in most businesses daily activities. Microsoft have now conducted meetings with in excess of 120,000 people in a given 24 hour period in Europe. Online meeting platforms are a game changer for mass targeted communication. Is this a more effective tool then than other mass social/digital communication? We are seeing a lot more webinar activity being utilised as social distancing is being upheld.

What you said:

- *Virtual meetings replace face to face sales calls*
- *Teams and Zoom meetings and webinars now the norm. All meeting rooms digitally enabled now. Remote working now more achievable*
- *Client/staff training and electronic documents (Secure portals)*
- *Secure digital conferencing platforms now for large groups and larger geographies*
- *90% of our delivery will be online*
- *Marketing and social media stronger presence, online training and meetings*
- *Online courses - Wider reach passive income. Webinars, podcasts, virtual expos*
- *Automated ordering (website) and integrated fulfilment strategies. Online auctions if needed.*

Who or what will be your primary source of strategic advice? Please select all that apply.



Listening to internal staff remains one of the primary sources for strategic input, customer insight research is now increasing as an importance factor as a second set of eyes on the business is sort. This appears be a deliberate approach to engage more deeply with customer's insights. There appears to be a real focus to reconnect, engage and understand what the new normal is from customer perspectives.

Business groups and some business advisors are also important advisors.

With JobKeeper and JobSeeker established some professional advisors are playing a lesser advice role. There seems to be a shift to a more specific strategic perspective, we are finding that our enquiries are increasing for specific customer sounding qualitative market research.

Postscript

This report compares two surveys conducted by Marketingheads in July and October 2020 to identify what has changed for business in Australia through the pandemic and now as we enter a recession. We have taken the opportunity to discuss with several respondents their thoughts to consolidate our thinking and provide to an extent authority and confidence through what you are all saying and doing, given that the business landscape can best be described as dynamic.

Interestingly we now accommodate different ways of operating using technology and we are finding this to be a very useful and effective targeted means for communication. Whilst we all hope we are through the worst of it and are beginning to see glimpses of light there is no certainty as to what the future will throw at us and what a recession will mean for business.

We would like to thank everyone that has contributed to this project for the large volume of feedback and also a big thank you to those who encouraged us to do this project. It's good to know that businesses in Australia are interested in what's happening and the insights of other business leaders.

Marketingheads and the author:

John Wakeling

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

For further information call John Wakeling Strategist & Director, Marketingheads Australia

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