



 **Market Strategy
Group, LLC**

Business Expectations for 2023

November 2022

Executives Have Modest Revenue Expectations for 2023

Executives expecting **single-digit revenue, spending and profit growth** in 2023...

- On average, executives planning for **8% revenue growth and 6% profit growth**
- Executives expecting **headcount to be largest area of cost increases**, at 7%, and office space smallest, at 1%
- Optimism low across industries – **no industry expecting double-digit revenue or profit growth**

...While they focus their energy on **ESG** and **technology efforts**

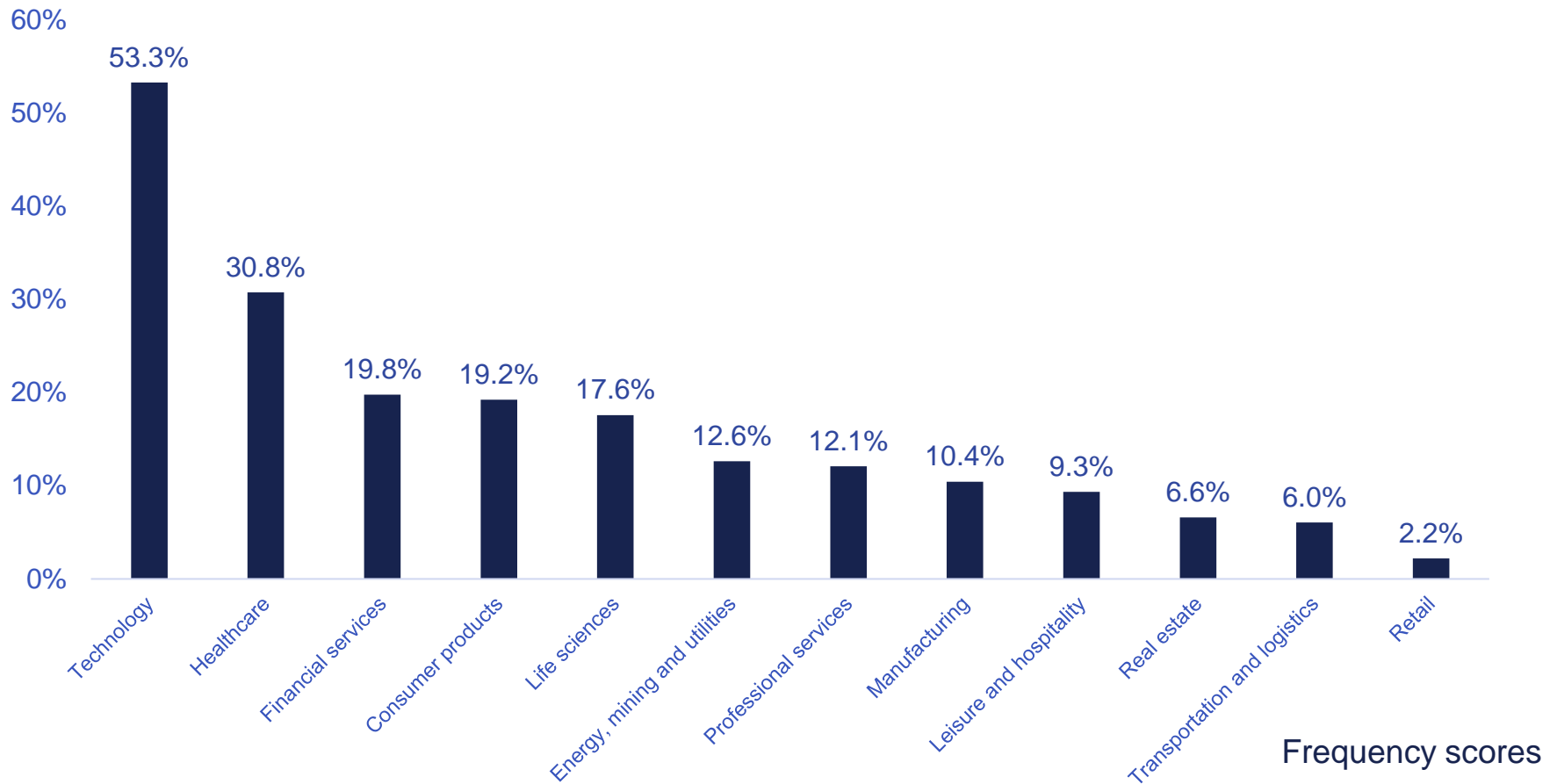
- Key ESG initiatives are **circular economy** and **DE&I**
- Key areas of technology spending are **data security/privacy, high-performance computing** and **managing AI & predictive analytics**

...Additional findings in **supply chain, staffing** and **remote work**

- **Supply chain disruptions** will continue well into 2023 and many indicate it impacts sales
- **Staffing shortages** are impacting sales for some and **finding qualified managers/staff candidates** is the biggest challenge
- The **current split of work-in-office vs. remote work** is not expected to change much compared to end-of-year 2023 expectations

Technology Industry Expected to Grow Fastest in 2023

Which industries do you expect to grow most quickly in 2023? (Select two)

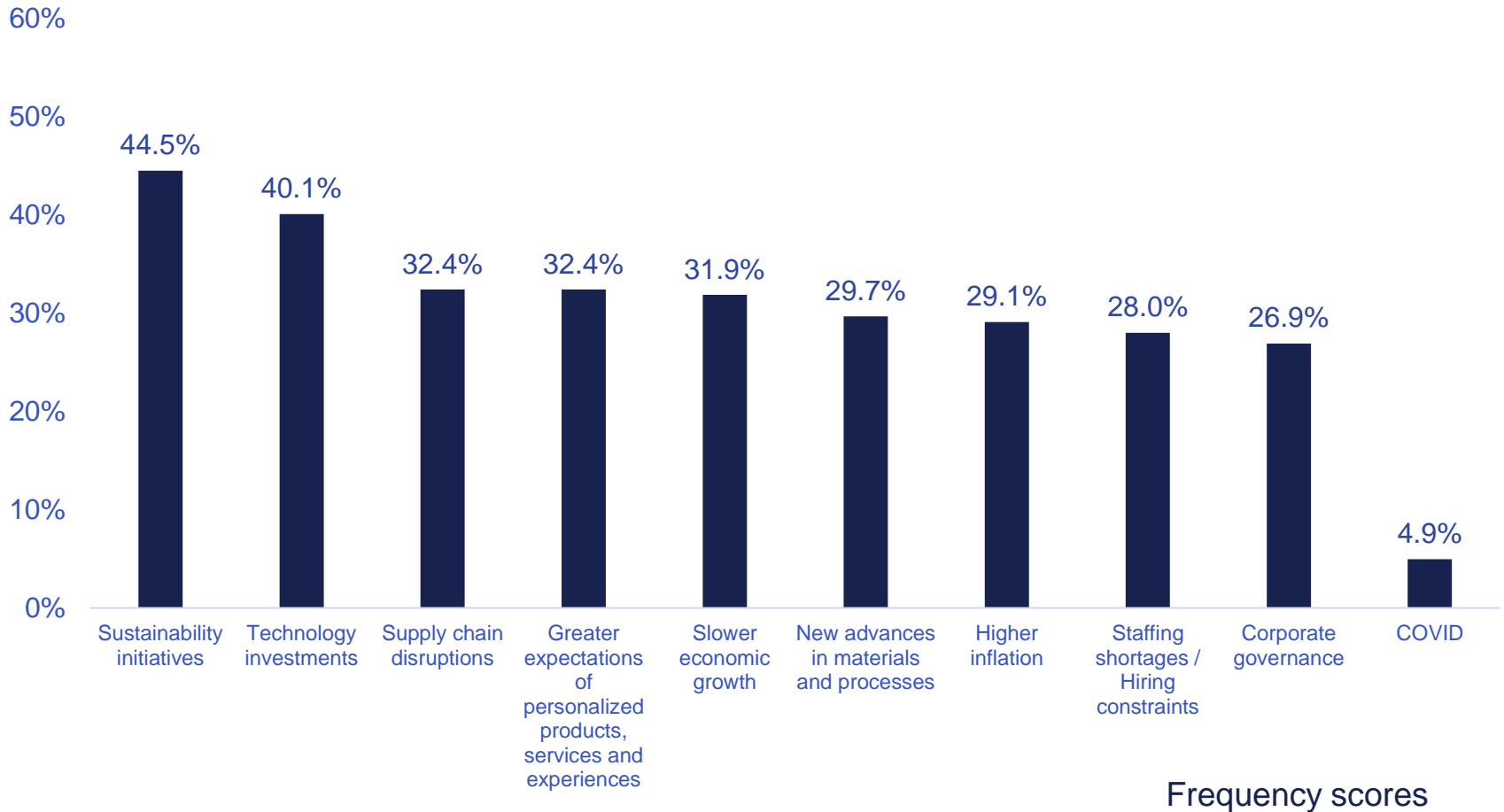


Source: MSG online survey of 182 executives, Nov. 2022

Q1

Sustainability Initiatives & Tech Investments Expected to Impact Company Performance Most

What do you think are the most important issues that will impact your company's performance in 2023? (Select three)

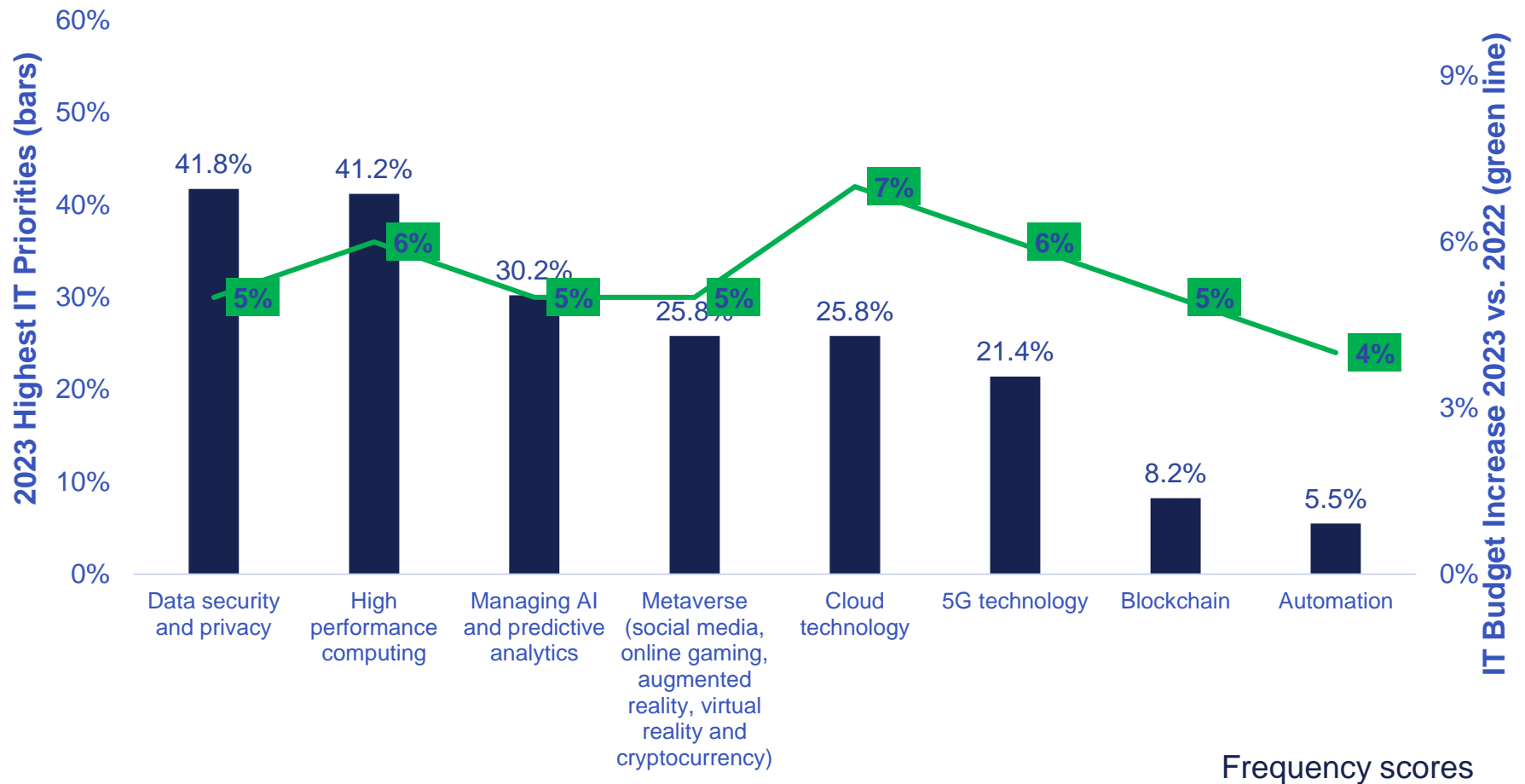


Source: MSG online survey of 182 executives, Nov. 2022

Q2

Data Security and High-Performance Computing Are Top Tech Priorities; Cloud Leads for 2023 IT Budget Increase

2023 Highest Tech Priorities and Budget Increases vs. 2022 (Choose your two greatest IT priorities)

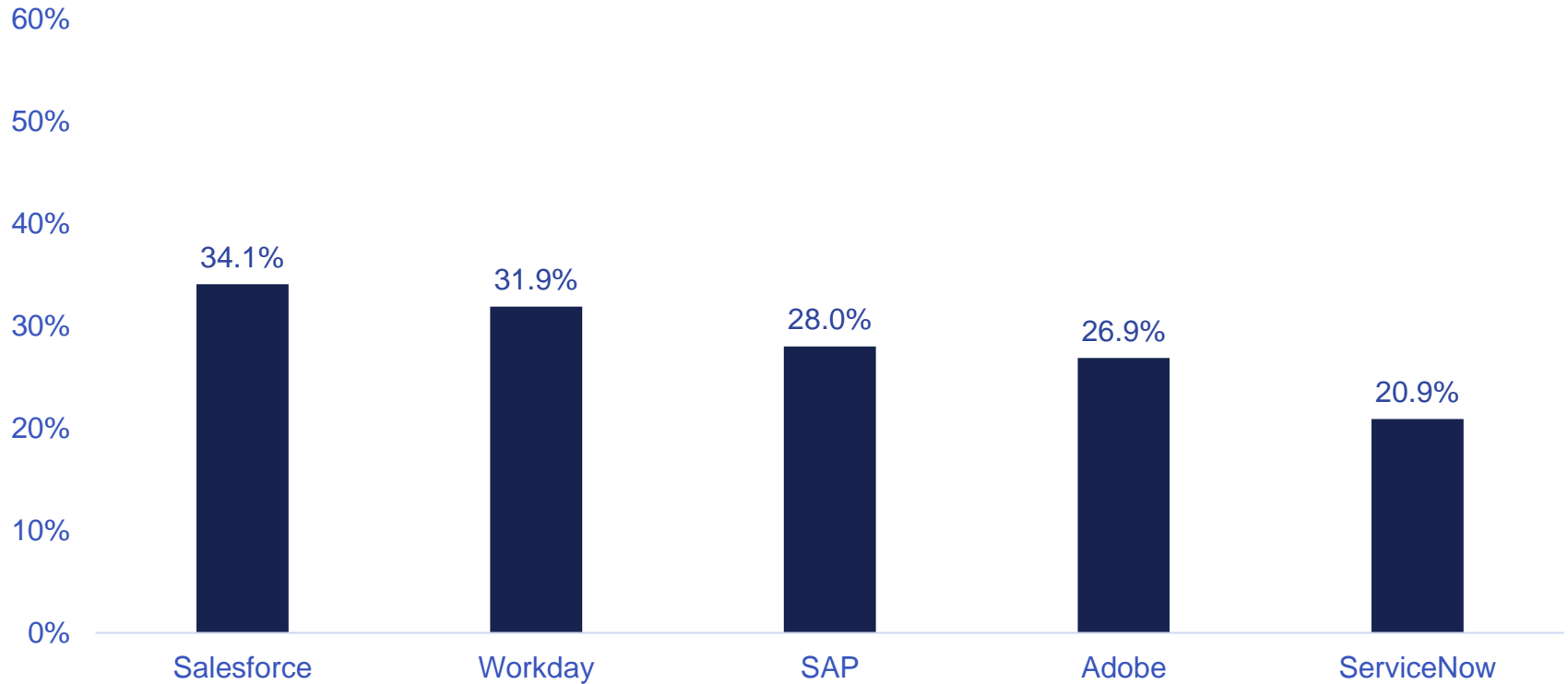


Source: MSG online survey of 182 executives, Nov. 2022

Q3, Q4

Salesforce and Workday Are The Most Invested-In Technologies Of Listed Choices

What specific cloud-enabled technologies are you actively investing in? (Select all that apply)



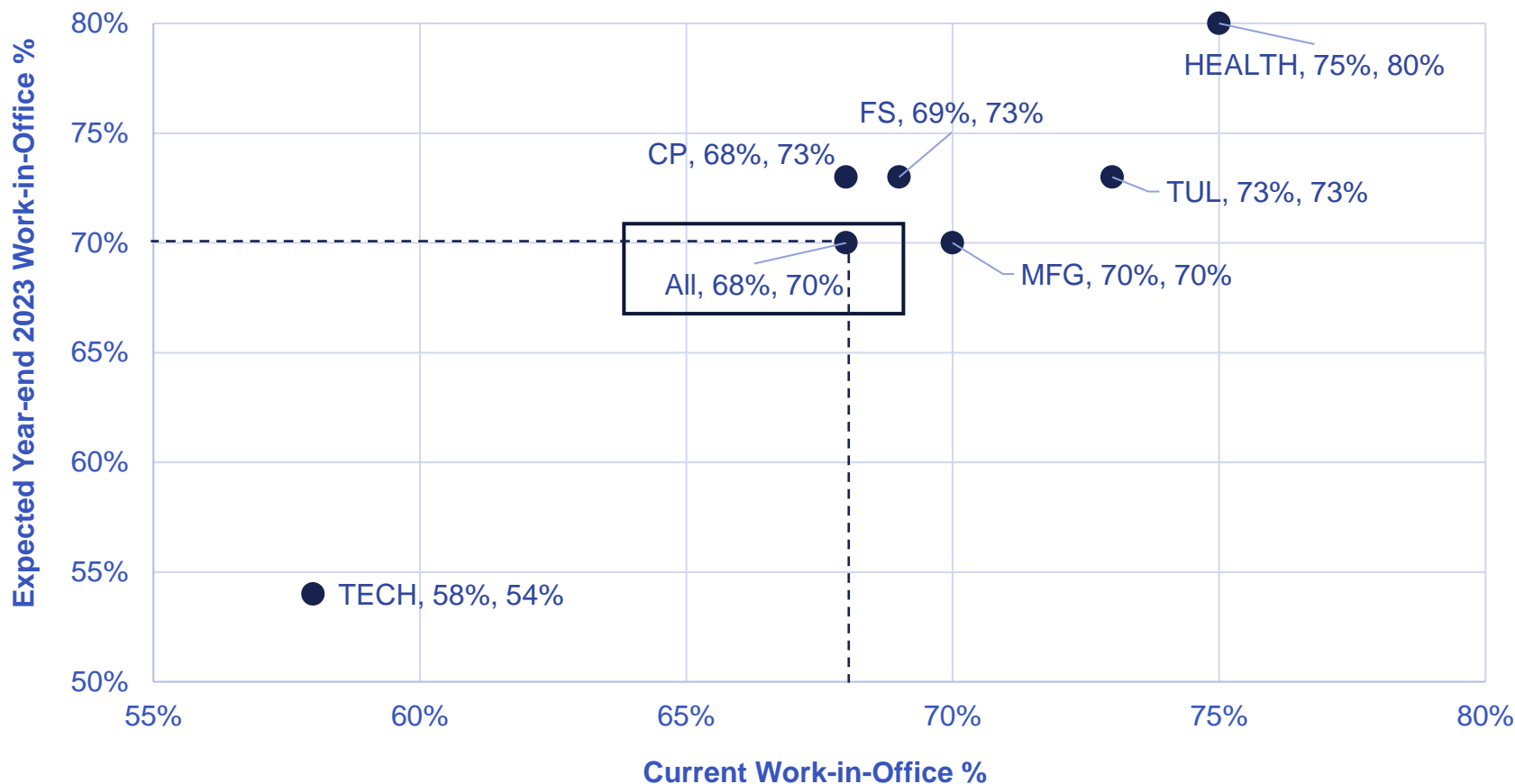
Frequency scores

Source: MSG online survey of 182 executives, Nov. 2022

Q5

Only Slight Incremental Positive Changes Are Expected from % Work-in-office Nov. 2022 to Year-end 2023. Note Tech Score Difference vs. Other Industries.

% of Employees Working in Office (Current, Year-End 2023)



Select Industry Definitions: FS (Financial Services), CP (Consumer Products), TUL (Transportation, Utilities, Logistics)

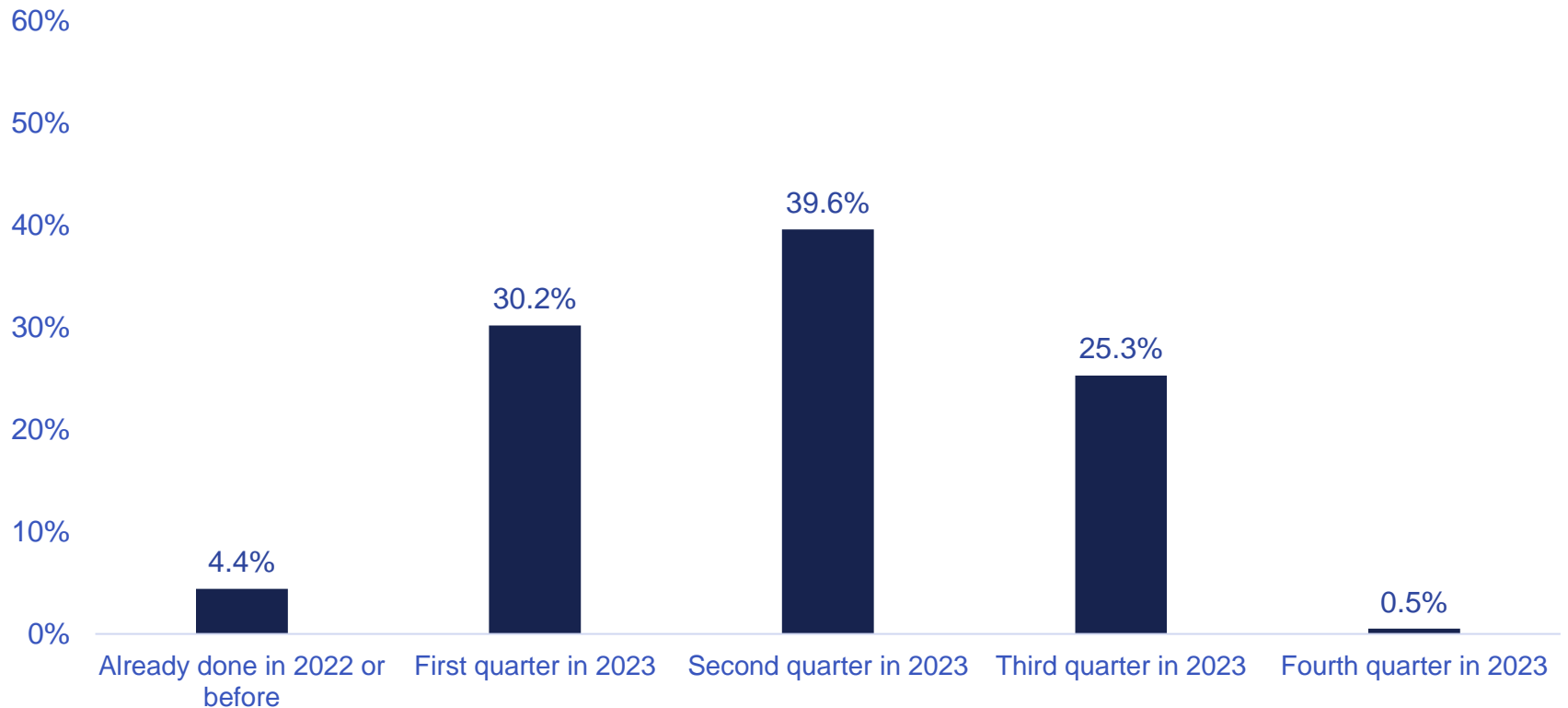
Mean scores using mid-point of % range

Source: MSG online survey of 182 executives, Nov. 2022

Q6, Q7

Executives Plan to Return to In-Person Events in Early 2023

When does your company plan to return to in-person events and conferences? (Select one)



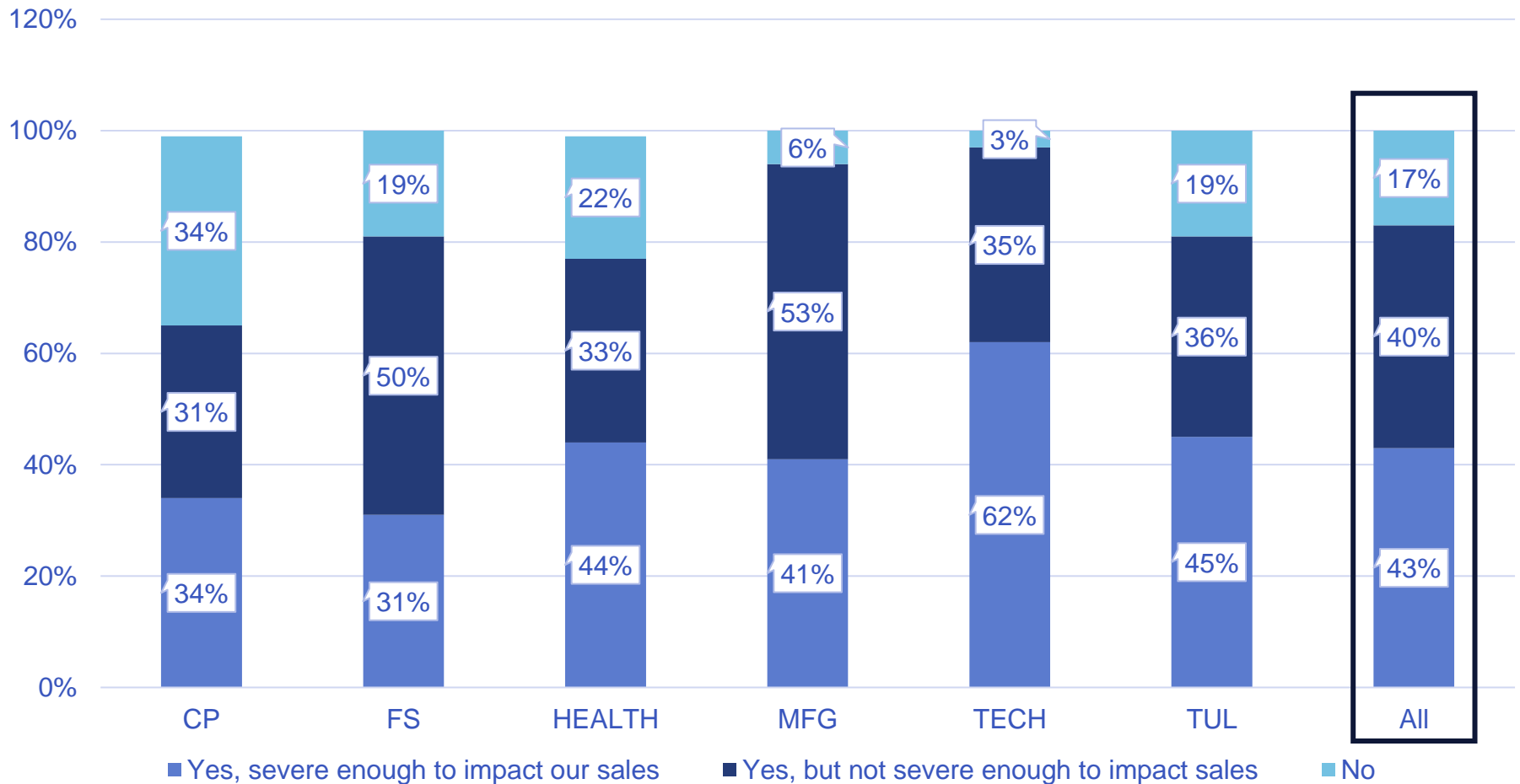
Frequency scores

Source: MSG online survey of 182 executives, Nov. 2022

Q8

More Than a Third of Executives Identify Supply Chain Disruptions as Impacting Their Sales

Is your company currently experiencing supply chain disruptions? (By industry)

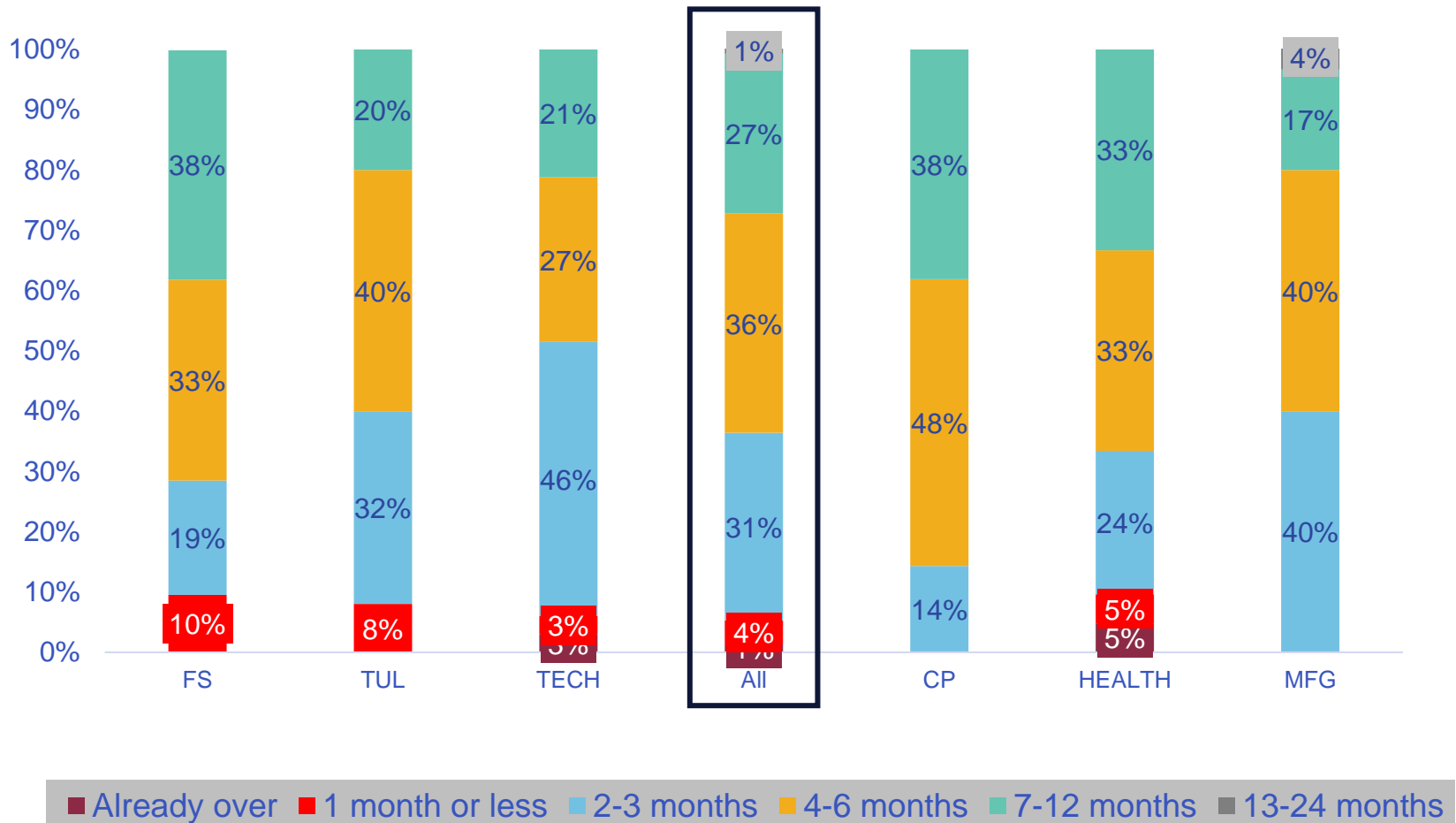


Source: MSG online survey of 182 executives, Nov. 2022

Frequency scores Q9

For Most, Supply Chain Disruptions Expected to Last Another 4-6 Months or Longer

Expected Additional Duration of Supply Chain Disruptions (By industry)

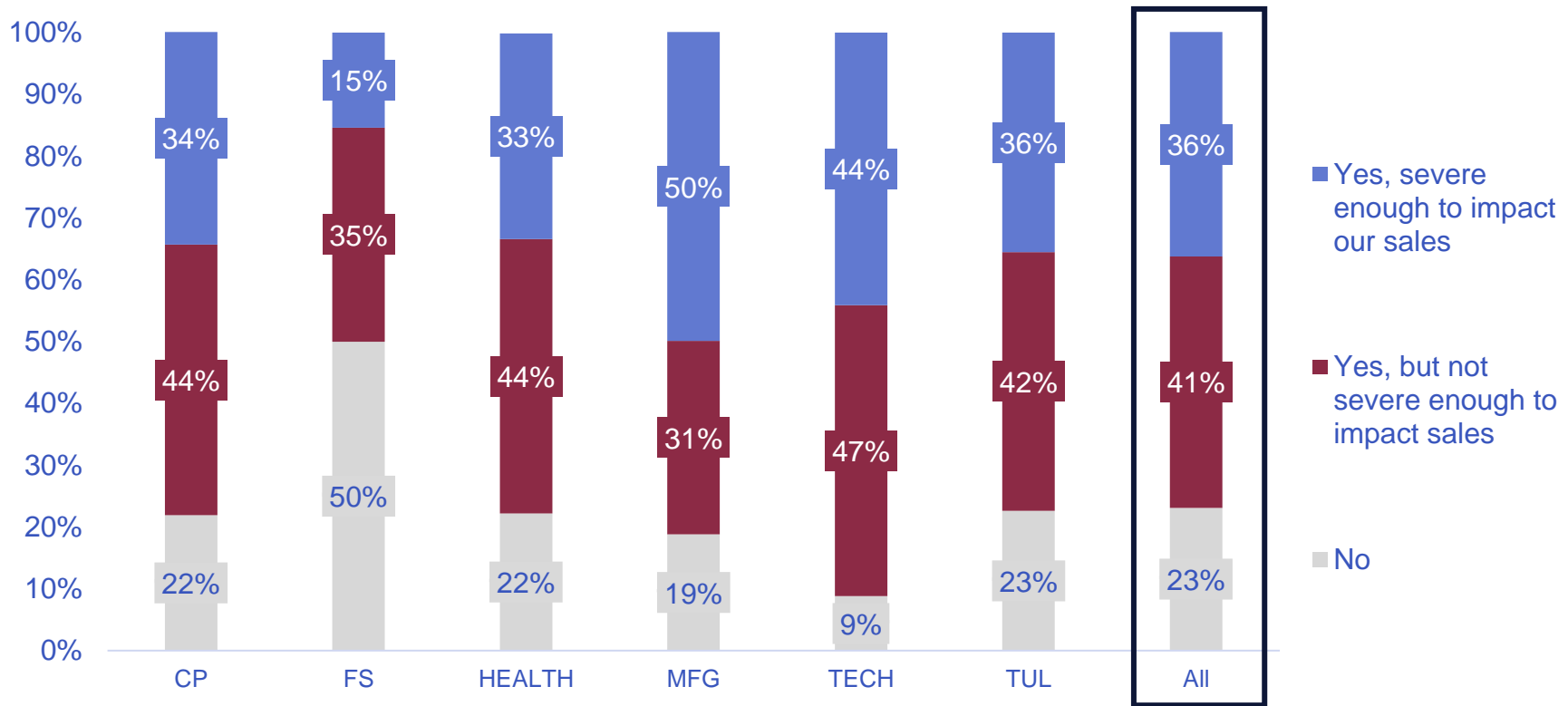


Source: MSG online survey of 182 executives, Nov. 2022

Frequency scores Q10

Staffing Shortages Impact Sales Differently Across Industries

Is your company currently experiencing staffing shortages? (By industry)



Source: MSG online survey of 182 executives, Nov. 2022

Frequency scores

Q11

Information Systems/Cybersecurity Roles Are The Most Difficult Roles to Hire

What job titles or roles are the most difficult to fill currently at your company? (Select top three positions, by industry)

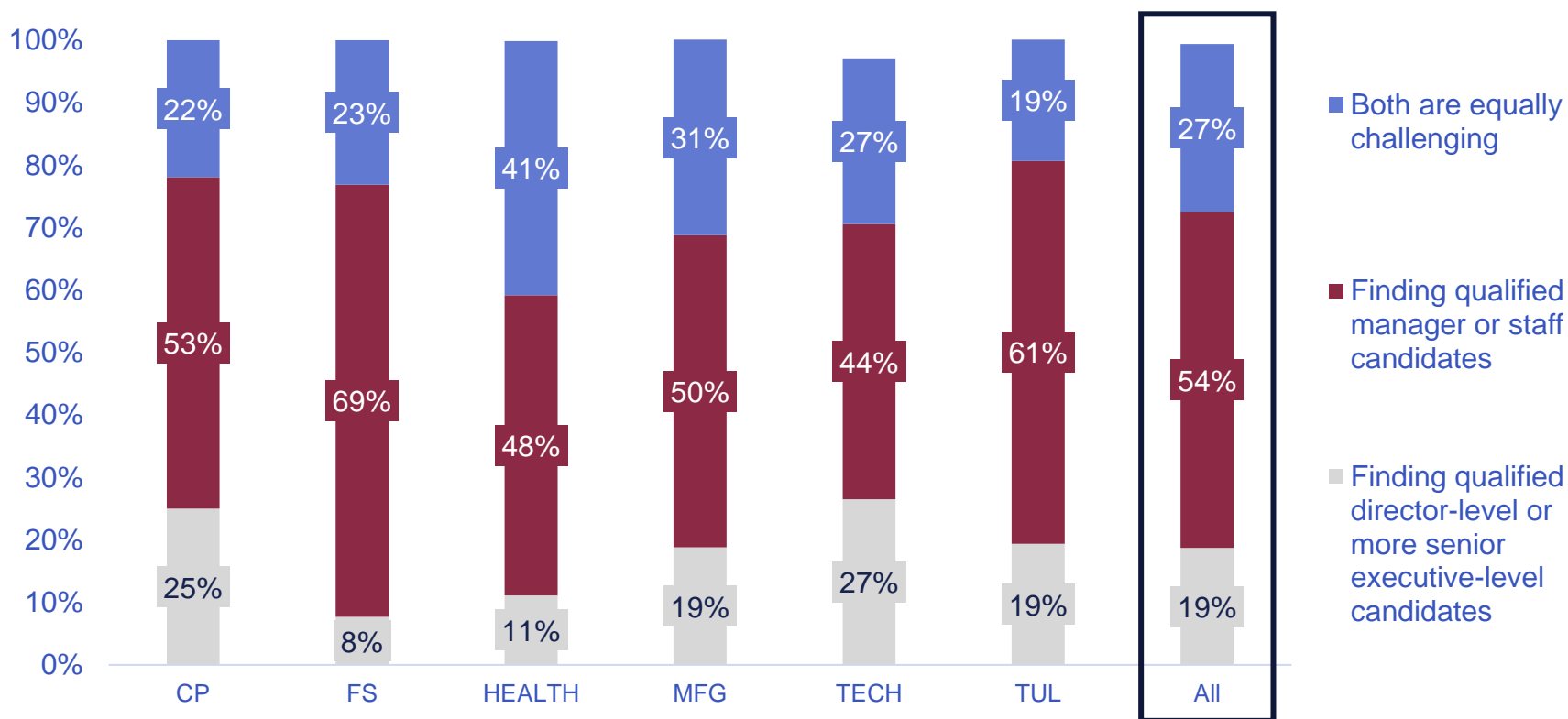
#	Overall	Consumer Products (CP)	HEALTH	Financial Services (FS)	MFG	TECH	Transportation, Utilities, Logistics (TUL)
1	Information systems security/cybersecurity (42.3%)	Information systems security/cybersecurity (50%)	Information systems security/cybersecurity (51.9%)	Information systems security/cybersecurity (69.2%)	Software engineer/architect (46.9%)	Software engineer/architect (44.1%)	Logistics and distribution (58.1%)
2	Operations and production (35.2%)	Operations and production (50%)	Marketing and communications (48.1%)	Customer experience (42.3%)	Predictive analytics (37.5%)	Information systems security/cybersecurity (41.2%)	Operations and production (54.8%)
3	Marketing and communications (33.5%)	Marketing and communications (40.6%)	Operations and production (33.3%)	User experience (34.6%)	Operations and production (37.5%)	Marketing and communications (35.3%)	Marketing and communications (32.3%)
4	Customer experience (29.1%)	Logistics and distribution (34.4%)	Software engineer/architect (33.3%)	Marketing and communications (26.9%)	Customer experience (34.4%)	Predictive analytics (32.4%)	Customer experience (32.3%)

Source: MSG online survey of 182 executives, Nov. 2022

Frequency scores Q12

Biggest Hiring Issues Are With Mgr./Staff Candidates

In general, what job titles are more difficult to fill now? (Staff/Mgr. vs. Dir./VP/SVP candidates; by industry)



Source: MSG online survey of 182 executives, Nov. 2022

Frequency scores

Q13

Spending on Capex, Headcount, and Marketing Expected to Increase Modestly Across Industries

Vertical	Average 2023 budgeted spending vs. 2022						Average
	Headcount	Marketing	Capex	Outside services	Travel, training, other	Office space	
Consumer Products	9%	7%	8%	2%	2%	1%	5%
Financial Services	10%	8%	8%	1%	0%	-1%	4%
Technology	4%	4%	4%	4%	4%	3%	4%
Manufacturing	4%	5%	4%	3%	3%	3%	4%
Healthcare	9%	5%	5%	1%	0%	-1%	3%
Transport & Utilities	5%	4%	3%	2%	1%	1%	3%
All	7%	6%	5%	2%	2%	1%	4%

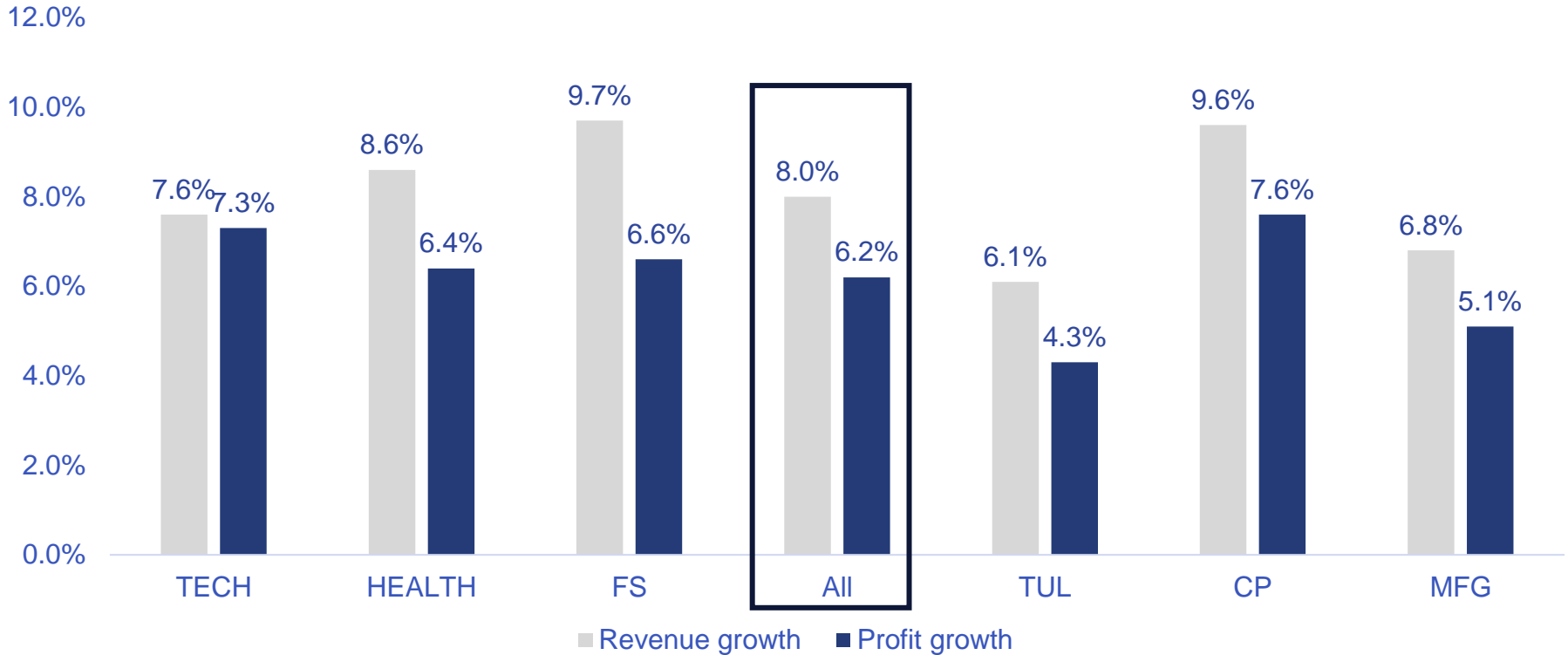
Average (mean) scores using mid-point of attribute category

Source: MSG online survey of 182 executives, Nov. 2022

Q13a

Nearly Even Spread Between Planned Revenue and Profit Growth in 2023

Planned revenue and profit growth in 2023 (vs. 2022), by Industry



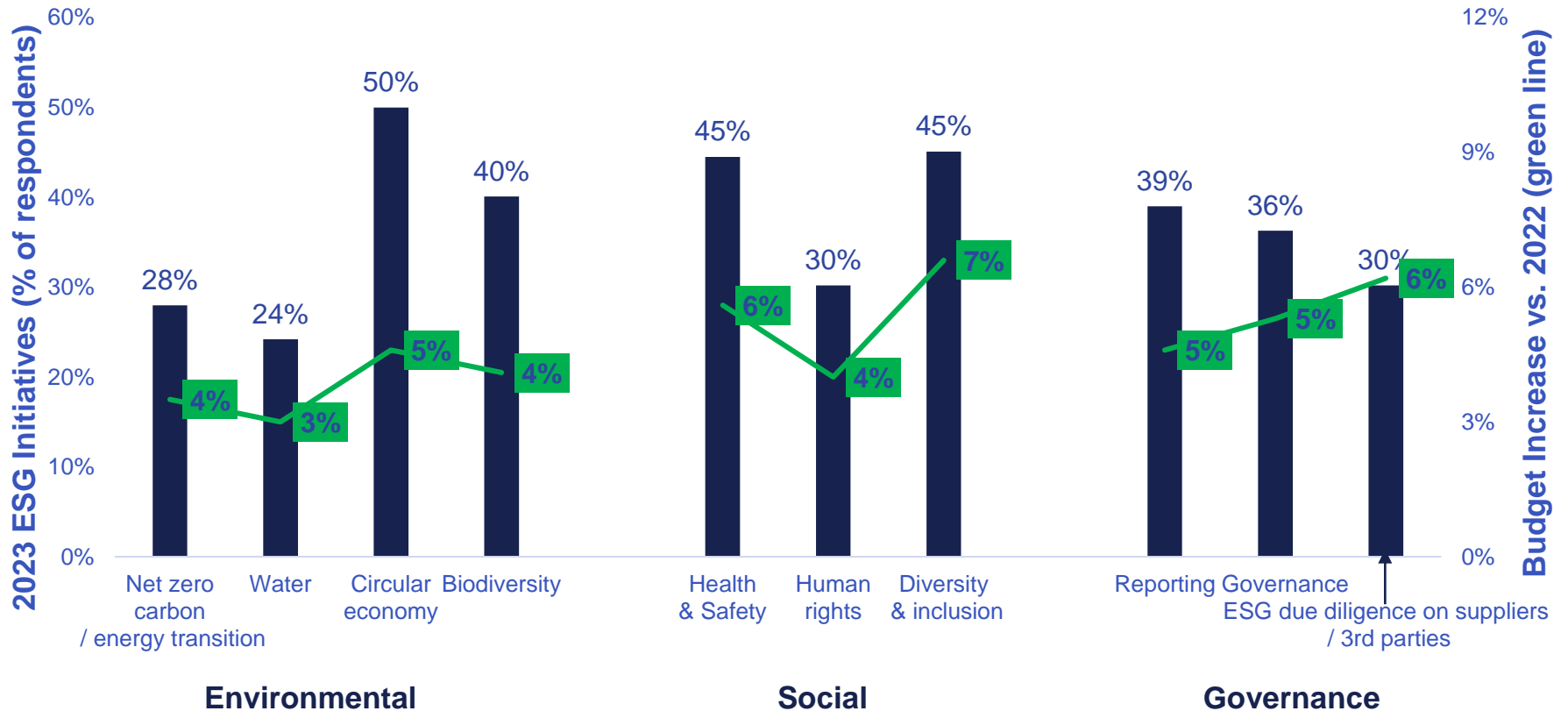
Mean scores using mid-point of attribute category

Source: MSG online survey of 182 executives, Nov. 2022

Q14, Q15

Companies Are Broadly Investing Most in Circular Economy, Diversity & Inclusion and Health & Safety

ESG Initiatives for 2023 and Budget Increases vs. 2022 (Select all that apply)

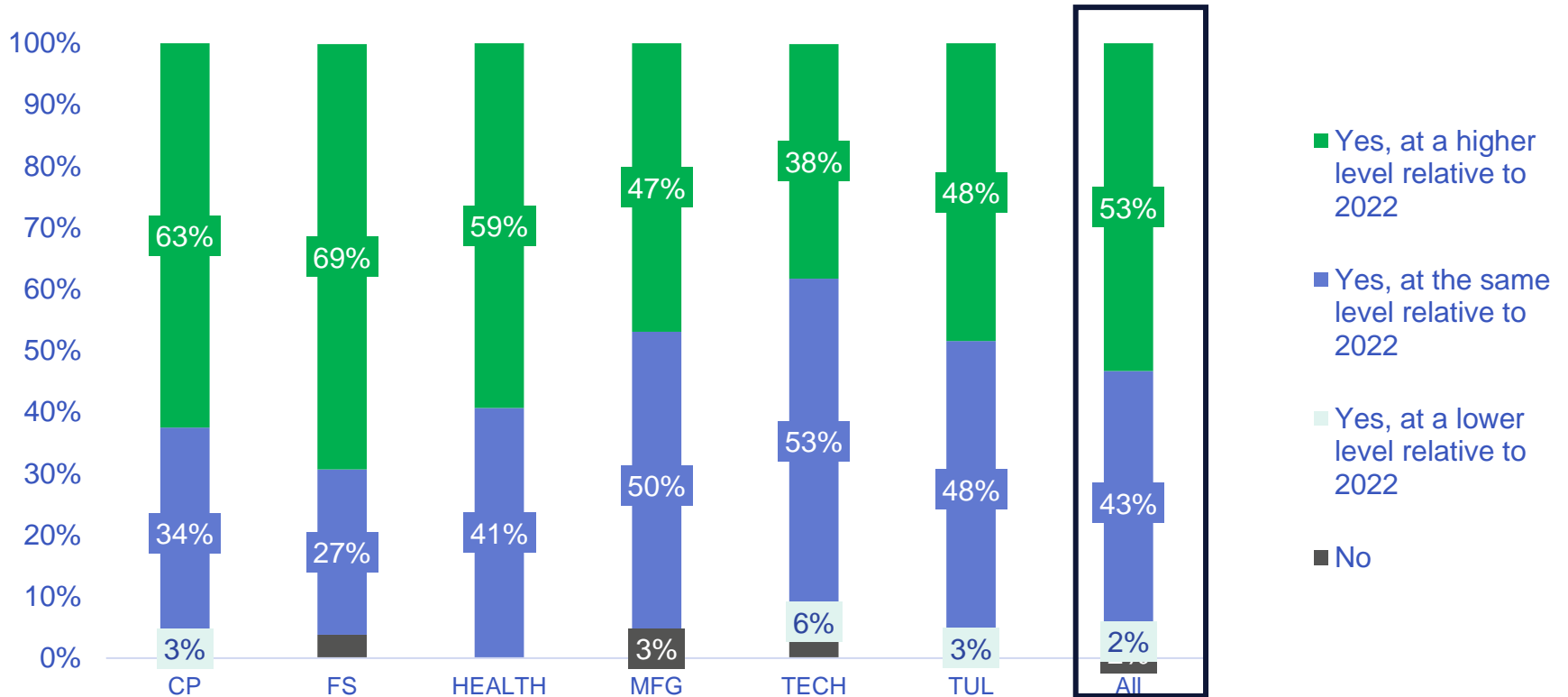


Source: MSG online survey of 182 executives, Nov. 2022

Frequency scores
Budget % increase calculated using mid-point of each attribute category Q17, Q18

Half of Industries Will Link Executive Compensation to ESG Outcomes at a Higher Rate in 2023 Than in 2022

Will executive compensation at your company be tied to performance on ESG metrics and outcomes in 2023? (By industry)



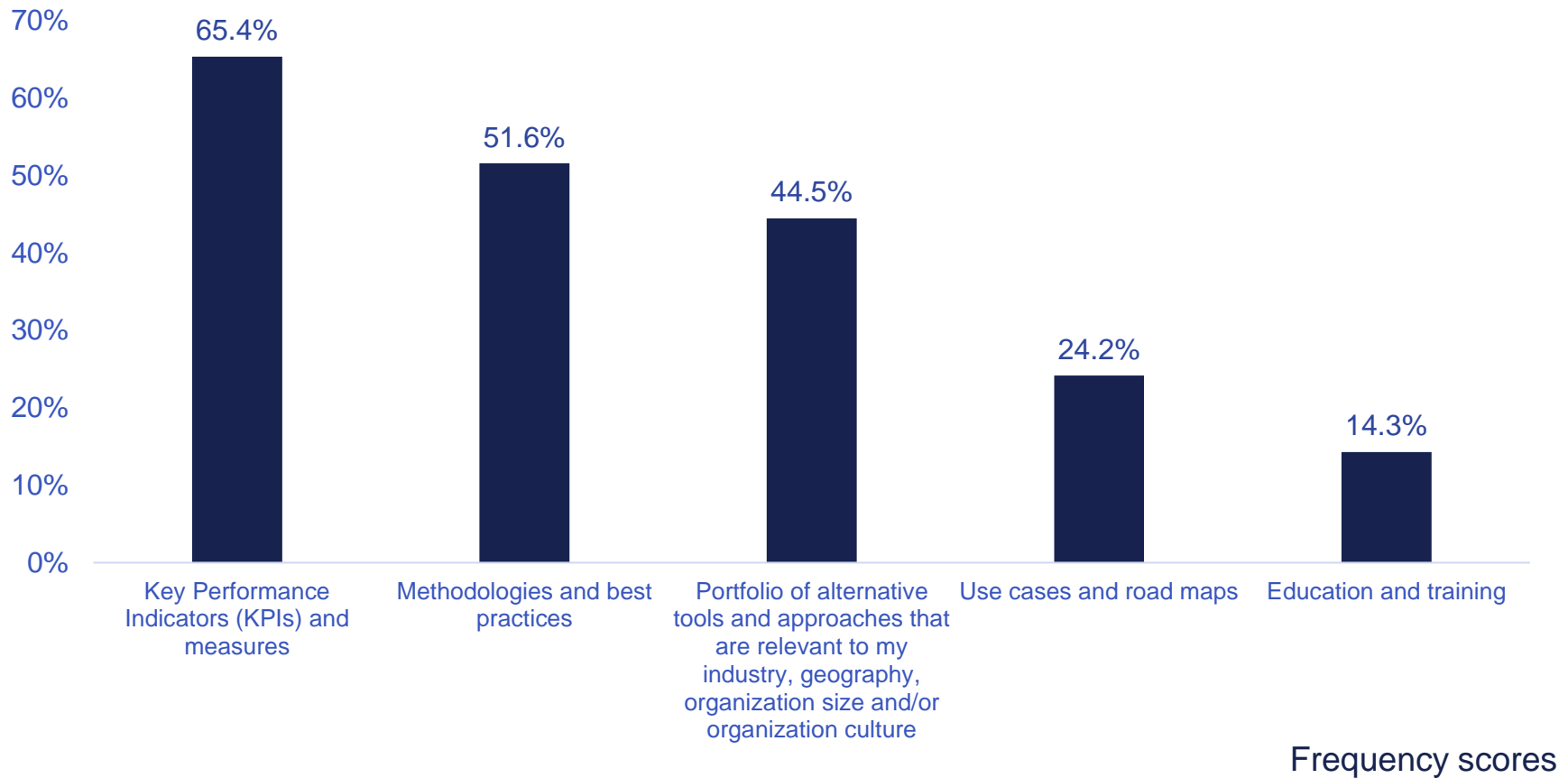
Frequency scores

Source: MSG online survey of 182 executives, Nov. 2022

Q19

Companies Need KPIs and Metrics to Track ESG Progress

For ESG, what do you need most to improve your 2023 investments? (Select two)

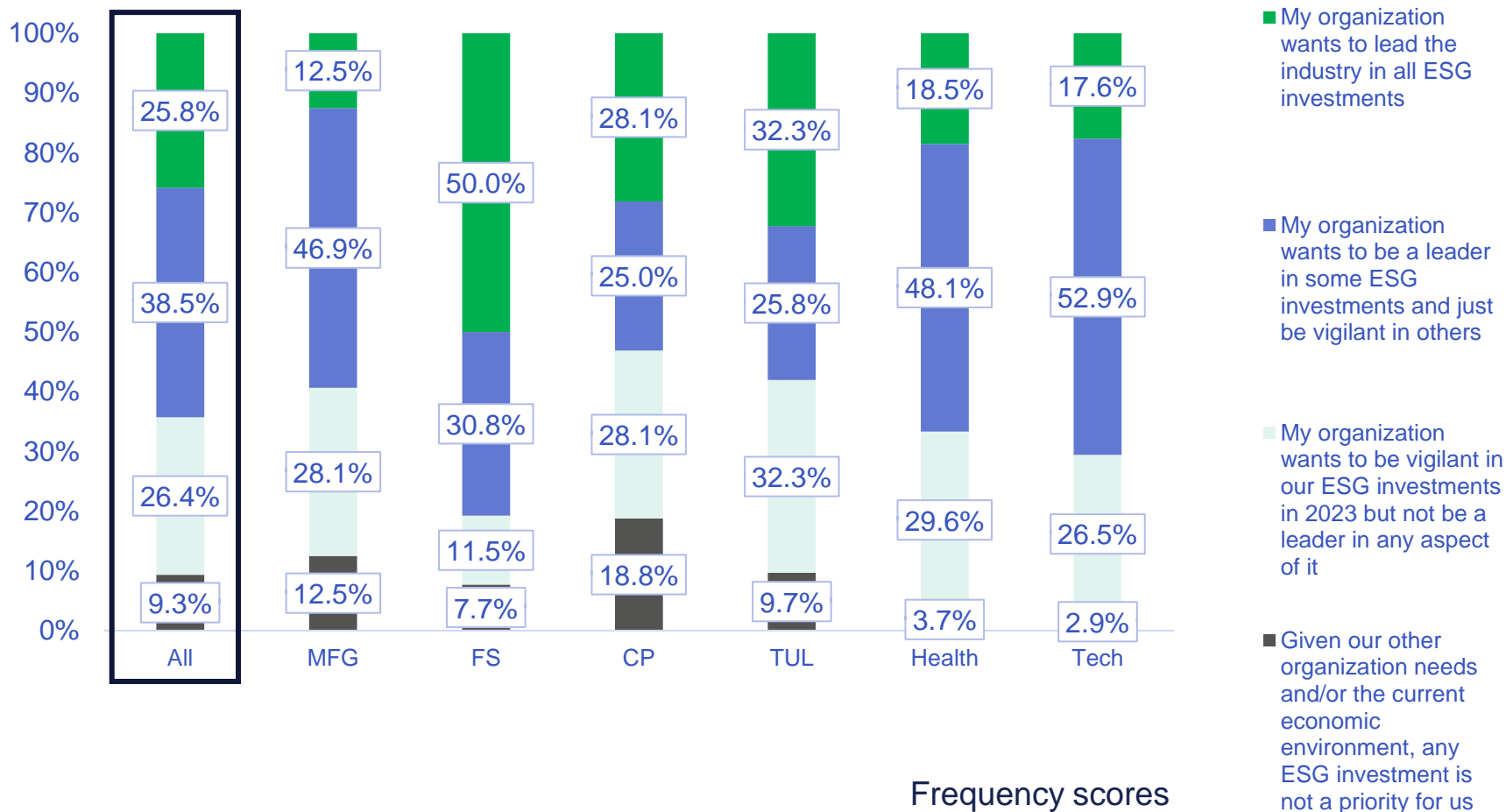


Source: MSG online survey of 182 executives, Nov. 2022

Q20

Most Companies Want To Lead in Some ESG Categories But Differences Exist Across Industries

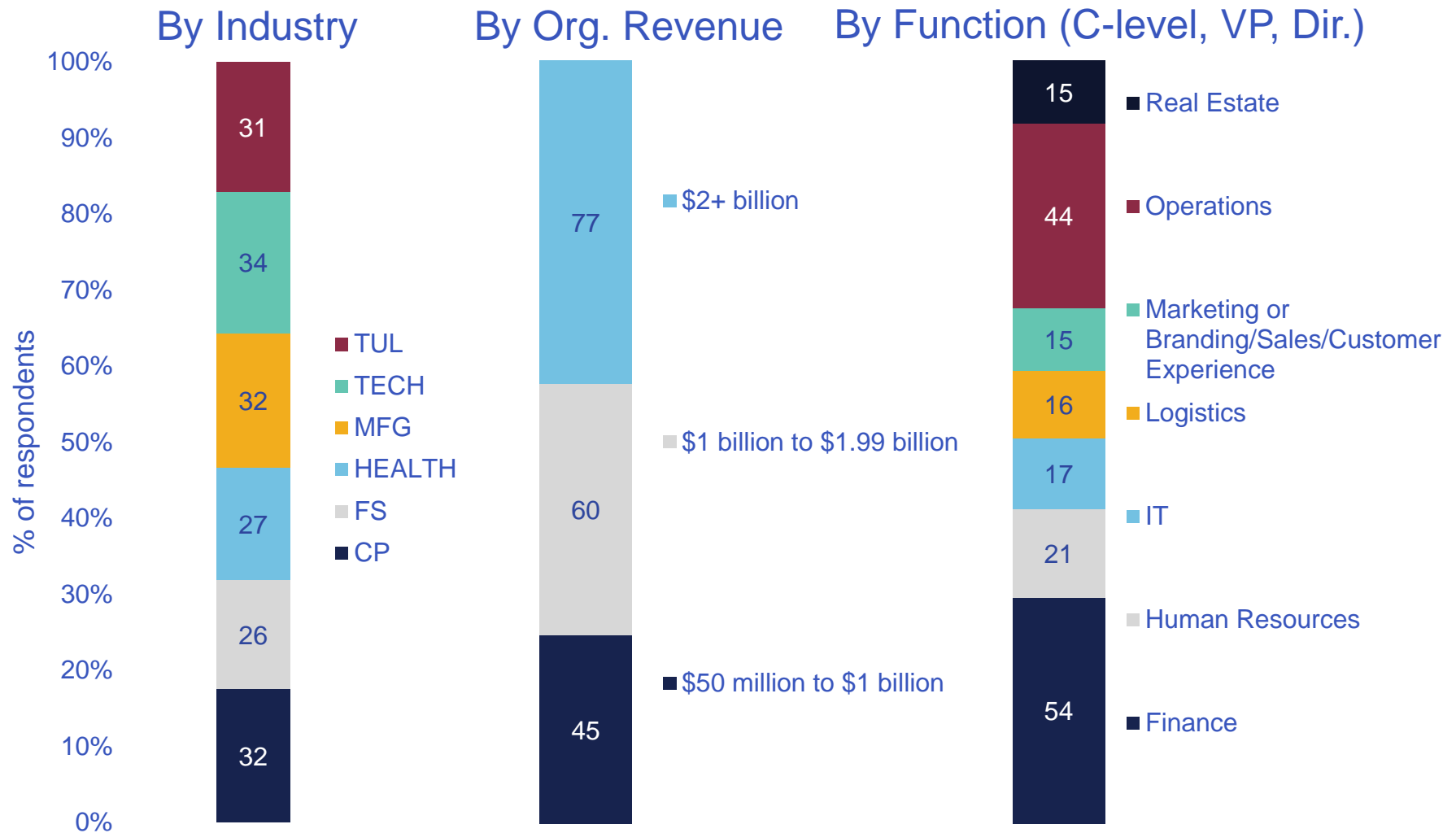
What best summarizes your view of ESG investments in 2023? (By industry)



Source: MSG online survey of 182 executives, Nov. 2022

Q21

Online Survey Respondents, n=182 US Bus Executives



Source: MSG online survey of 182 executives, Nov. 2022