

# Evolving risks, evolving strategies

## Consumer and retail CEOs optimistic about growth, despite risks

Growth is paramount to success, especially in the consumer and retail industry where competition is only increasing and there is no certainty when it comes to customer loyalty. Despite such challenges, these industry executives remain optimistic.

According to KPMG's [2015 Global CEO Outlook](#), 42 percent of consumer and retail CEOs are somewhat more confident, and 14 percent are significantly more confident, about their company's growth prospects than they were last year for the next three years.

This does not mean that consumer and retail industry CEOs are unaware of the challenges they face. Fifty percent are somewhat concerned and 31 percent are extremely concerned about customer loyalty, 53 percent are somewhat concerned and 24 percent extremely concerned about keeping current with new technologies, and furthermore, 53 percent are somewhat concerned about new entrants disrupting their business model and 21 percent are extremely concerned. These numbers are not easily ignored, so it is not surprising that having a "stronger client focus" was the area CEOs most often identified as a top strategic priority for the next three years.



### Top 3 areas consumer and retail CEOs are extremely concerned about

Source: 2015 KPMG CEO Outlook, May 2015

"One tactic to achieve growth is to have a stronger focus on high-value customer segments," says Willy Kruh, KPMG's Global Chair for Consumer Markets.

"This may mean transforming the marketing and sales function. We're already starting to see this – almost half those surveyed in our CEO Outlook said they would be undergoing transformation in this area in the next three years."

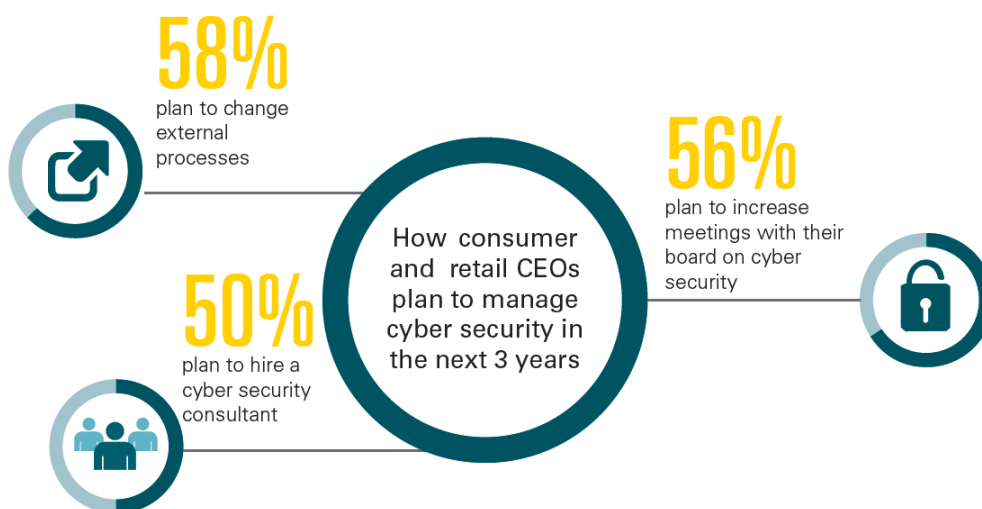
In the consumer and retail industry, the Chief Marketing Officer (CMO) role is also gaining importance. Fifty-five percent of CEOs said they expect the CMO to play an increasingly important role at their company, which likely indicates greater investments in marketing innovation than in the past.



Source: 2015 KPMG CEO Outlook, May 2015

With such a strong customer focus, it is surprising that consumer and retail CEOs are not more focused on the issue of cyber-security and data protection. In fact, despite recent high profile data breaches reported in the media, only 16 percent of CEOs say that information security is one of their top three risks. This lack of concern appears to be driven by CEO confidence, rather than ignorance. Forty-one percent of consumer and retail CEOs say they are fully prepared for a cyber-event, while 52 percent believe they are somewhat prepared.

Could this confidence be overrated? It may be, given the number of CEOs who identified pre-emptive actions they plan to implement over the next three years: 58 percent expect to change their external processes, 56 percent plan to convene multiple meetings with their board about cyber-security, and 50 percent plan to hire a cyber-security consultant.



Source: 2015 KPMG CEO Outlook, May 2015

“Technology and cyber risks are constantly evolving, and one breach can quickly erode the trust of a company’s customers,” says Mark Larson, Global Head of Retail at KPMG. “Complementary to these findings, KPMG’s [Global Consumer Executive Top of Mind Survey](#) revealed 73 percent of consumer companies saw reputational damage or loss of consumer trust as the most significant threat resulting from a data breach. Customers need to be able to trust you with their information. This is why cyber-security is so important. Furthermore, developing a cyber-security plan once isn’t enough. Cyber threats are dynamic, and a company’s plans and actions must continuously evolve to stay effective.”

Kruh adds, “The availability of new technologies to improve the customer experience is endless – but with that comes added risks. To achieve the growth consumer and retail companies are looking for, CEOs need to place more of a focus on integrating their IT function with the overall business strategy. Information security may not be the most exciting topic, but it can be the make or break issue when it comes to customer loyalty.”

To find out more about the key issues facing CEOs around the world, read KPMG’s [2015 Global CEO Outlook](#).

For an Australian perspective, read KPMG’s [Global CEO Outlook 2015: The outlook for Australia](#).

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