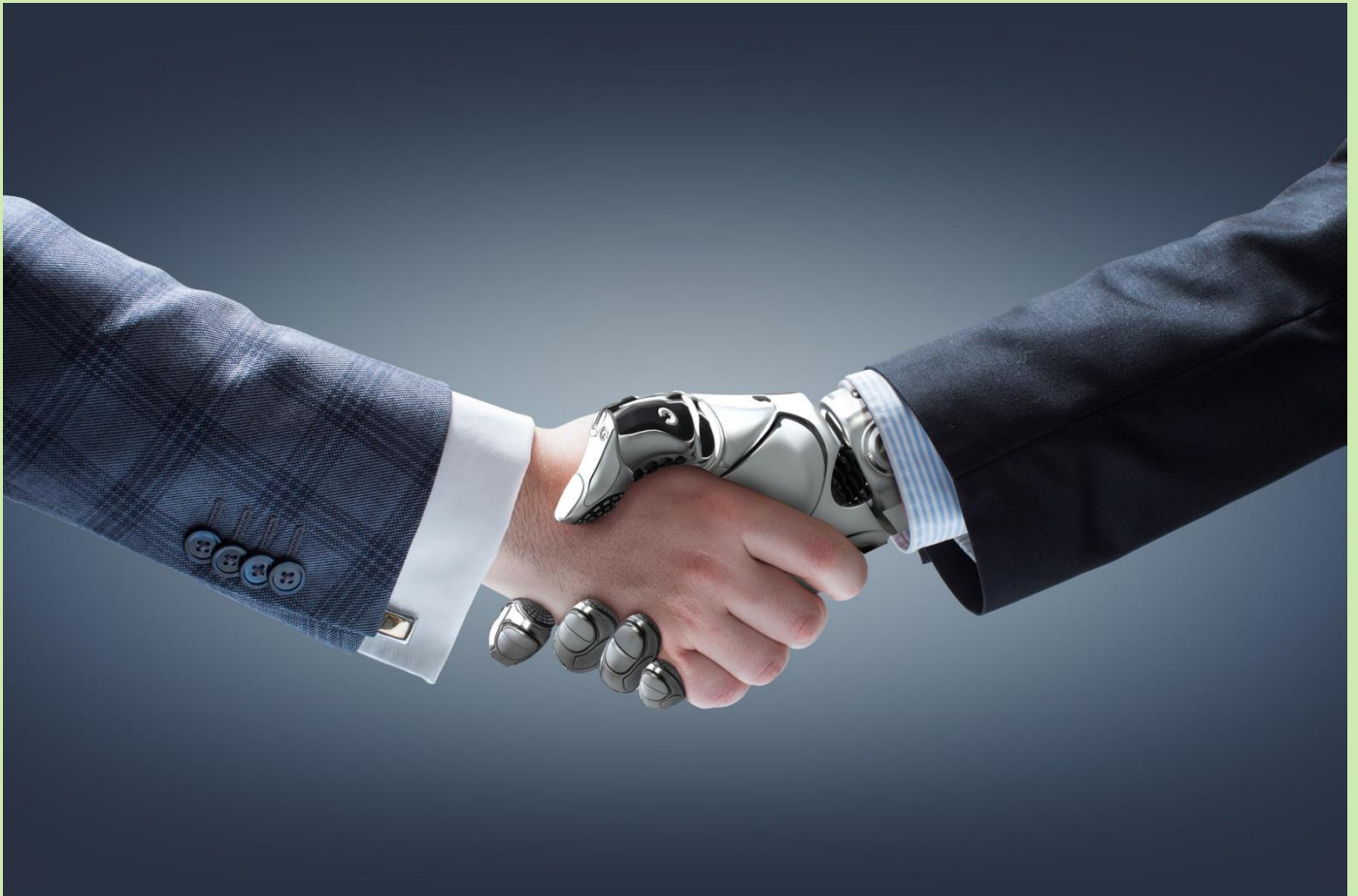


Marketingheads®

CEO Future Trends Survey



2019



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Key Findings

Business leaders continue to show optimism for the coming year with 94% of respondents forecasting growth or expect to achieve the same results as 2018.

Success factors CEO's believe they can **most influence** include:

- Client relationships and engagement with customers
- Marketing & Communications
- Staff attitude, experience & retention.

Client relationships and engagement with customers is influenced by staff attitude, experience & retention and remains one of the most important success factors affecting business so remains very important and should not be overlooked. Well trained and committed staff able to explain your products and services and able to build personal client relationships are fundamental success factors and key differentiators. An opportunity exists for **training and or recruitment** of people willing to innovate and accept changing markets.

The importance of **marketing and communication** as a success factor corresponds with the importance of client relationships and engagement with customers. There is a realisation that these metrics are intrinsically linked as client relationships and engagement are created through more engaging marketing and communication and personal contact. **The challenge** is to understand how to best enrich and enhance your client relationships and engagement.

Costs and technology appear interrelated as businesses look to technology to reduce cost and achieve efficiency. **Websites** are ranked as important to provide credibility, information and to create an online experience.

Unprompted Key Success Factors that affect business include:

- Engagement with customers
- Marketing & communications
- Brand values & changing markets & trends
- Employee attitude and motivation.

Essentially it's about **people** (Customer engagement and staff attitude and motivation), and then, perceptions about your brand value, products and services and keeping abreast of changing markets and trends.

It is essential to know what is changing in markets (insights) and what customer's value above price and expected service standards. Knowledge gives confidence to make game changing decisions about marketing and communication and how best to engage with customers and achieve exceptional results. Also not to be overlooked are quality and service as fundamental success factors providing differentiation.

Changing markets and trends as a key success factor indicates that competitor activity/price and market changes are factors affecting business and should be explored to understand what gaps and opportunities exist as markets change. As our markets get smaller and more competitive in the digital world It places greater emphasis on the need for brand values communicated to be relevant and for managers to be of a mindset to accept that change is inevitable and to proactively embrace change whilst assuring they communicate their unique value proposition.

The **key economic success factor** again was **market confidence**. An added concern affecting confidence was that of geopolitical influences, government regulation & slowdown in infrastructure projects, bank funding and interest rates. "Green shoots" include businesses showing a willingness to invest in the future and the Australian Government talking about personal and business tax cuts although this is not a bipartisan approach. Some headwinds include the Chinese government slowing their economy and if house prices drop by 20% what will that do to confidence.

This report also identifies what the **constraints** are to effective marketing and communication. Consideration must be given to address constraints to effectively maximise marketing and communication and thus business growth. Business constraints are **costs and finance, lack of qualified, skilled and competent people, attitude of internal people, company culture and a willingness to change and innovate**. Perhaps it's time to bring in external resources as unprompted responses also mentioned a lack of time.

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Importance of social media as an influencer for business in 2019 decreased again, whilst the number of people unsure about its role also increased. Success seems to be reliant upon relevant regular content that creates a desire to know more and or purchase. So what content will suffice and where will it be published? Choosing the right digital platform that effectively targets your audience is important. Do you have the internal resources to create content, check posts, answer questions? Can you respond within a few hours? People want instant answers or they buy elsewhere.

Concerns re return on investment (ROI) remain. There is an opportunity for credible providers who have a track record of success.

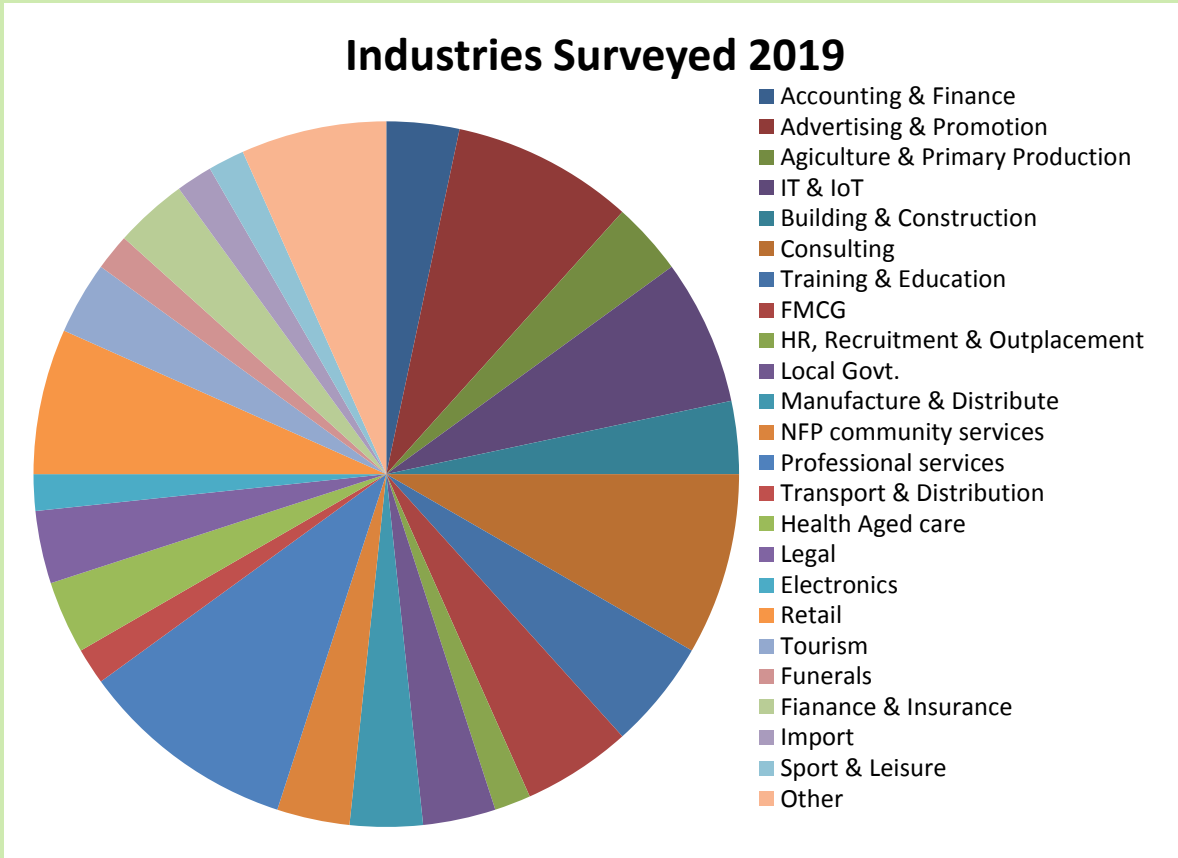
Respondents are bullish about their **propensity to innovate and have provided examples**. This is exciting news for the Australian economy. We look forward to learning more about success in this area.

From a qualitative perspective CEOs and business owners we meet are looking for game changing strategies and exceptional results and are interested in investing in building the market knowledge (insights) and developing relevant strategy to better resonate with customers through engaging communication to develop deeper customer relationships. **Unfortunately there are no magic bullets.**

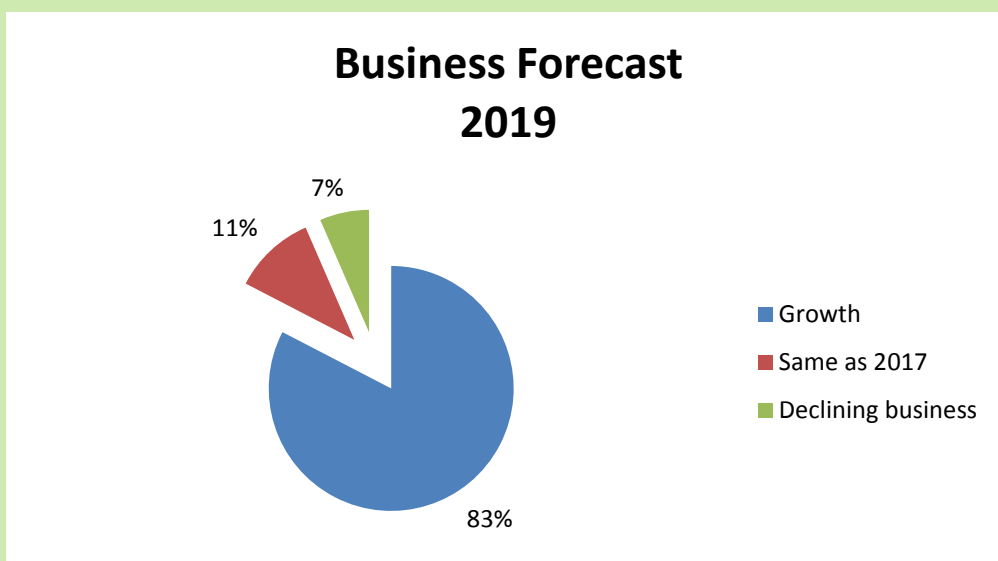
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Survey Report

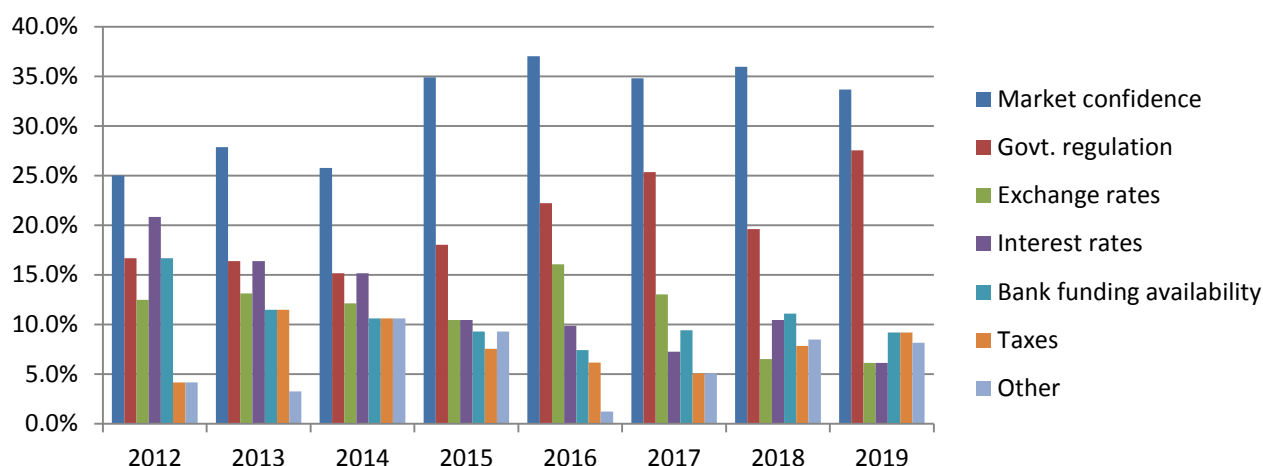
This survey represents a wide range of industries and includes responses from CEOs, business leaders and business owners. The survey was conducted online in December 2018 to gauge perceptions and expectations for calendar year 2019 and was limited to 10 questions. Comparison data over eight years is included thus providing a view re changes in attitude, perceptions and strategies employed, whilst some things remain fundamental success factors.



94% of respondents are forecasting growth or expect to achieve the same results as last year.



Economic Factors Affecting Business



CEOs continue to believe that the major economic factors influencing their business success are:

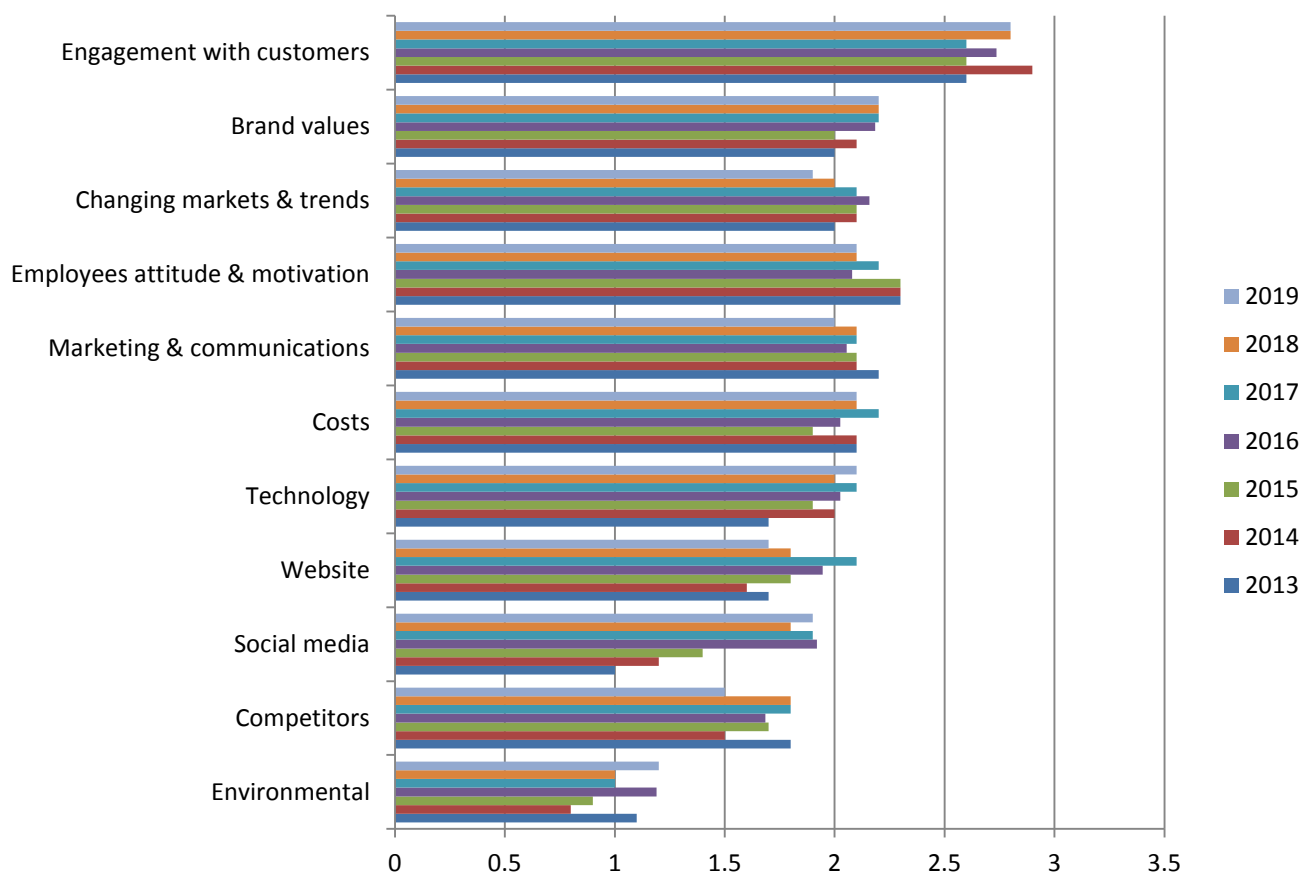
- Market confidence
- Government regulation
- Interest rates and exchange rates declined, whilst, bank funding and taxes remain important.

The **key economic success factor** again was confirmed as **market confidence**. Whilst this factor is not controllable, this says that uncertainty and a lack of timely knowledge of changing markets, trends and customers perceptions weighs heavily on confidence. Elections, trade wars, slowing economies (China), post infrastructure building cycle create uncertainty and affect market confidence. Superior knowledge of your market, however, means confident decision making. A continuing added concern affecting confidence was that of geopolitical influences, government regulation and infrastructure projects. The big elephant in the room will be Australia's ability to sustain confidence if housing prices dip 20% as some predict and the Chinese Govt. are successful in slowing their economy. Some respondents are concerned about the availability of bank funding for businesses.

The key challenge then is how you gain confidence in the decisions and strategy that you employ when your competitiveness is challenged through rising costs (energy +100% cost increases) and slowness of government response to things like the reduction in corporate taxes from 35% in Australia to 21% in the USA and closer to home lack of bipartisanship re a tax system that encourages business. A loss of faith in our main party politicians provides an opportunity for independents, whilst creating more uncertainty, or is this opportunity?

Sucess Factors Affecting Business

(Weighted Importance Score out of 3)



The key success factors that respondents indicated most affect their business success are:

- Engagement with customers
- Brand values
- Employee attitude and motivation
- Costs
- Technology
- Marketing & Communications
- Changing markets & trends.

Engagement with customers is the most talked about response throughout this survey for virtually all areas where respondents have an opportunity to comment and thus not surprisingly it is rated as one of the most important success factor affecting business.

Engagement with customers, brand values, employee attitude and motivation, cost and technology are believed to be the most important success factors business need to address. This makes it absolutely critical to have a handle on what's changing in markets and what customer's value above price and expected service standards. It really begs the question: What are the engagement metrics that are valued in your business and how would customers rate your performance? Knowing this allows you to better target key narratives and measure what's important to customers.

Technology increased as an importance factor and costs remained a constant. Technology that delivers efficiencies and cost savings and perhaps greater depth of differentiation without sacrificing engagement with customers is deemed to be a key success factor increasing in importance.

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Marketing & communications and changing markets remain important success factors as are perceived brand values and knowing what markets and competitors are doing. Funding more marketing tactical executions and collateral can be a waste of resources particularly if it is just irrelevant churn. Proper funding for well-directed insightful market research is a critical success factor not to be ignored. This will enable a strategic customer focus assuring your marketing strategies (and marketing collateral) resonate and are in tune with customers thus creating a positive more engaging response. With costs continuing to be mentioned as a success factor it's imperative that a return on investment is achieved from marketing and communication programs.

Russel Howcroft CCO for PwC and Gruen panellist says: "What matters most is whether your sales line is going up or not."

Having well trained and committed staff able to explain your products and services and to build personal relationships are fundamental success factors and personal relationships and engagement are a key differentiator. This needs to be supported by a quality website able to clearly define your values. It also needs to be a dynamic website able to provide new, relevant and interesting content so that you obtain repeat visits and engagement. Hence the importance placed upon your people strategy and management; specifically around employee attitude and motivation and retention of key relationship builders as "human capital" success factors.

Competitor factors declined in importance over the last year as did changing markets and trends however both continue to be importance factors. Competitor activity/price and market changes (disruption) are factors affecting business and should be investigated to understand what gaps and opportunities exist as markets change. There's nothing worse than being last to know that your market has changed. It places greater emphasis on the need for brand values communicated to be relevant and for this to be checked regularly. Do they still make sense and when did you last conduct a market perceptions study with customers? For example: What are customer's perceptions of your business and what do they value? Are you still perceived to deliver high levels of customer service or are your products and services a grudge purchase? What do opinion leaders and referrers in your market say about your business?

Websites and technology have an increasing role for business engagement. Care must be taken to ensure adequate staff support is available to deepen and strengthen customer relationships. The caution here is that by depending upon digital media solely the value proposition and depth of customer engagement can be lost and price becomes the only differentiator. It must be supported through a brand value and positioning that is inherent in your overall marketing strategy and then supported by delivery of quality products and services, exceptional customer service and personal relationships.

Unprompted factors mentioned as influencers and/or distractors are:

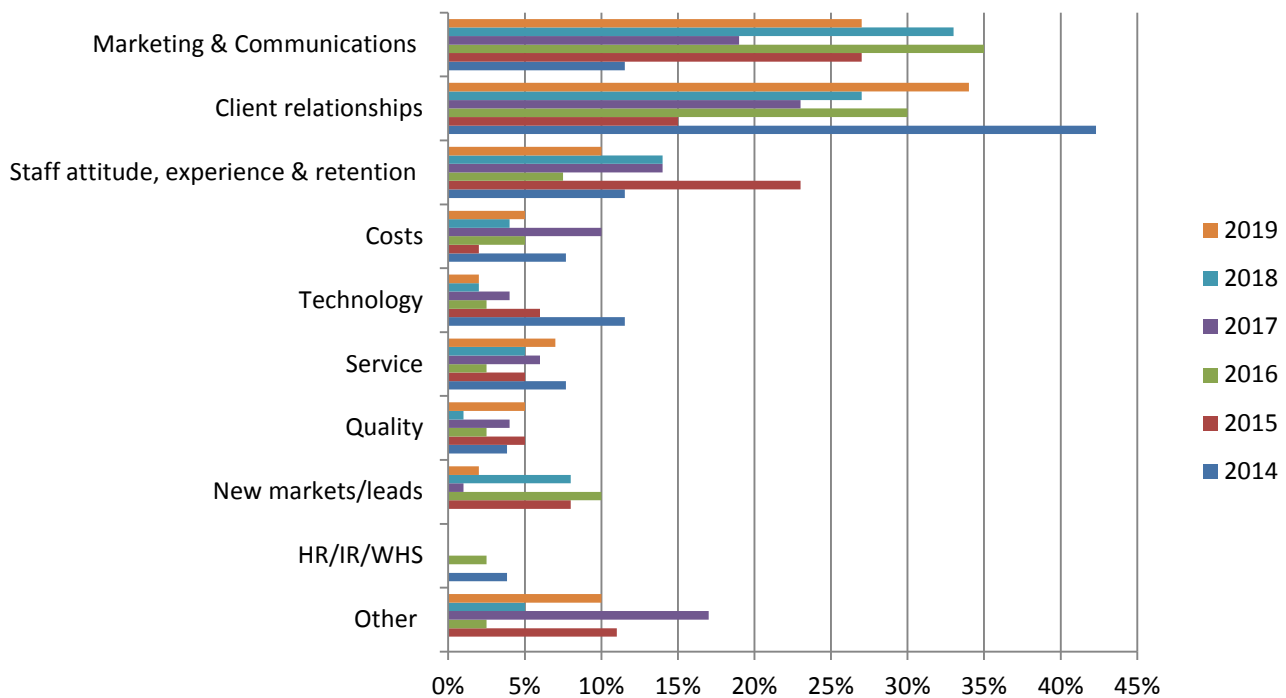
- No time
- Marketing budget - ability to communicate
- Lack of market insight in marketing executions
- People able to innovate
- Innovation & proximity to markets
- Early stage & venture capital access
- Willingness to consider outsourcing & funding external consultant
- Government infrastructure spending & projects cycle
- Digital disruption
- Globalisation, lower cost imports, competitiveness
- Private infrastructure investment
- Energy costs
- Govt. Budget constraints.

Targeted reach, Personal engagement, Brand experience:

We are seeing a trend in companies reliant on digital marketing establishing popup stores or real bricks and mortar stores e.g. Alibaba in China and Temple & Webster here in Australia, to enable purchasers to experience their products and services first hand. There's nothing worse than buying something online and when it arrives it does not match your expectations.

Will depth of engagement be a strategic advantage in 2019?

Unprompted Success factors CEOs believe they can most influence



This year we see a swap of the 2 most important factors that CEO's believe they can influence- that being marketing and communications and client relationships. There has also been a drop in staff attitude, experience and retention. Overall though these three factors remain the most important **unprompted** success factors CEOs say they can influence most are:

Client relationships and marketing and communications are the unprompted success factors CEOs believe are the most significant factors they can influence to achieve growth in 2019. These metrics are intrinsically linked as clever CEOs build depth of client relationships through more engaging marketing and communication and personal client relationships whilst delivering exceptional customer service.

Staff attitude, experience & retention is the third most important success factor affecting business so remains very important and should not be overlooked. Research recently pointed out that 50% of people employed are actively looking for work and that flexibility of work hours is a key thing they are looking for. Could this be something you use to retain valued staff?

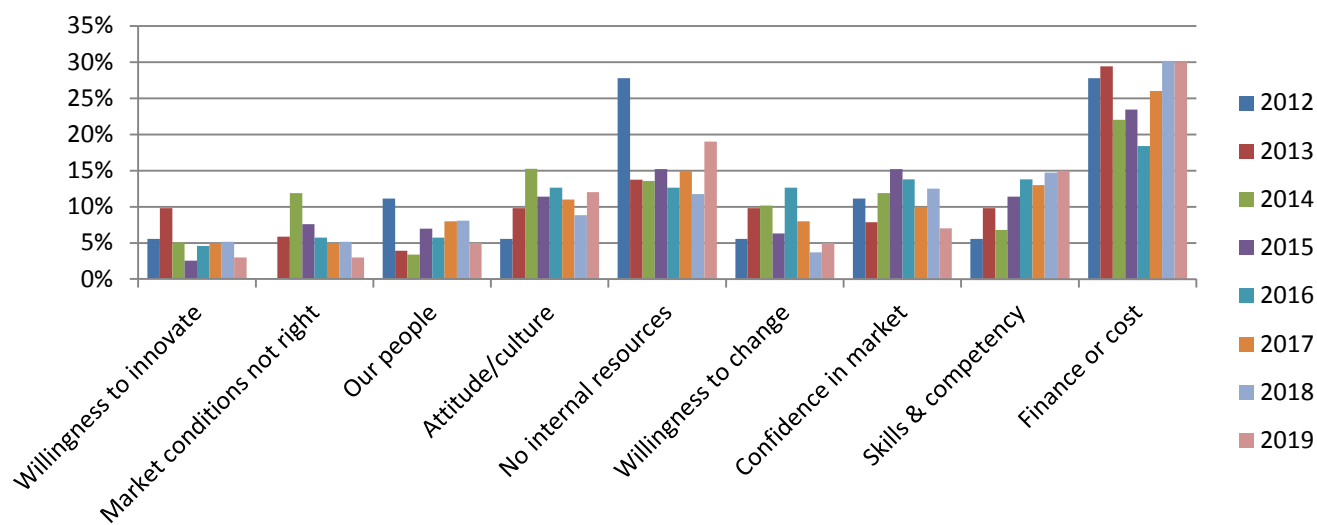
Personal contact from committed motivated staff able to explain your products and services and able to build relationships are an important success factor that we identify for many of our clients. So whilst digital media is used to check you out, decisions to buy often result from the experience customers have with your staff, products and services.

Also not to be overlooked are quality and service as these are fundamental success factors that provide differentiation and yet CEO's have not rated these highly as factors they can influence. Perhaps these are just simply expected to be delivered. Failure to deliver on either of these metrics is disastrous for a sustainable profitable business.

Seeking out new markets and generating new business leads is a very important importance factor and yet this year it has decreased in importance. A better understanding of market and customer needs and providing innovative and perhaps game changing disruptive solutions can create exceptional results.

Costs are also an area CEOs believe they can influence.

What constrains the effectiveness of the marketing function?



Market insights or lack of market insight is one of the most significant constraints on marketing effectiveness.

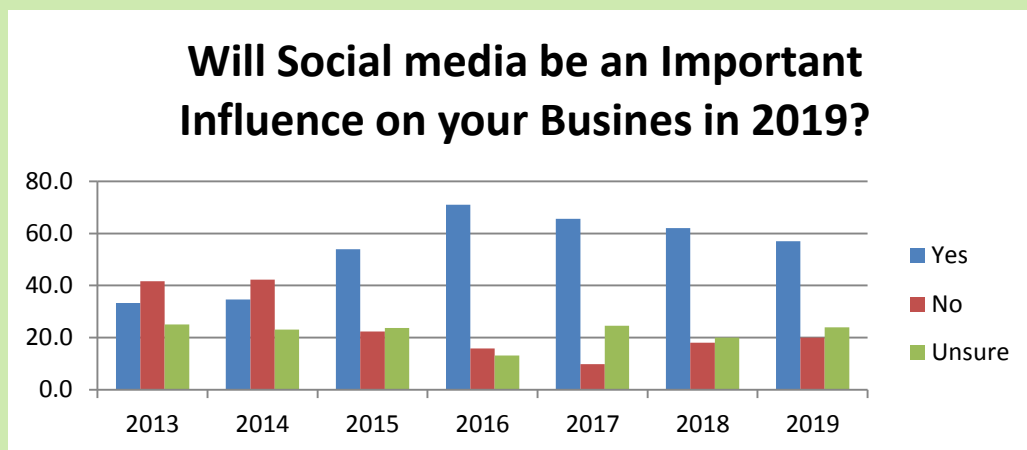
If marketing and communication is one of the most valued metrics managers believe they can influence then they need to consider how to effectively maximise their marketing function. Knowing what the constraints are is an excellent starting point. Unprompted responses include business leaders and managers not having enough time or resources and often a lack of funding to bring external skills and competency to the table. Isn't this an opportunity?

Finance and cost continue to limit a company's ability to maximise the marketing function effectiveness and a lack of qualified/skilled/knowledgeable and professional internal resources contribute to this as does a willingness to innovate and change. An unprompted comment from the research: "Empower marketing teams especially beyond marketing communications to contribute to real innovation and high level decision making."

To improve the success of the marketing function there needs to be a focus on attitude, culture, people and improving skills and competency (training) and employing staff with a willingness to accept new ideas and innovation and a willingness to take risks and fail. Management also needs to embrace innovation and make it a safe to fail. If you innovate and fail you still learn. Many don't innovate because of the company culture. Understanding where in your organisation the road blocks reside and doing something about it will be important in 2019 to achieve marketing and business success.

The challenge to achieve growth is perhaps to focus properly on the marketing and communication area to maximise the effectiveness of this role by engaging with trusted providers to provide relevant insights and strategy input to ensure the communications plan is capable of achieving return on investment and that it is not just deemed to be a cost any longer. It's only a cost when you're not obtaining results. The metrics above are areas for strategies to be developed that address these issues, however, without proper funding, resourcing and budgeting for the marketing function and activities, whether it's internal or outsourced, marketing and business success will remain constrained.

Consideration should be given to engaging qualified external professionals with a proven track record to bring fresh eyes and ideas to your business. This could deliver greater value over the medium term for the dollars invested.



Social media influence has again decreased as a tactical influencer for business in 2019, whilst those unsure or responded “No” about social media represented 44% (Combined unsure and “No” responses). Could this be because social media is now seen as only one part of an engagement strategy, it’s been unsuccessful for some or there is no relative return on investment (ROI)? What’s next, what do we do now? What about personal contact? What role does that play? We are seeing success from those willing to engage at a personal level. We also know from our research that millennials are seeking personal contact post checking you out digitally, your website and LinkedIn profile remain very important.

The fundamental approach of establishing a clever insightful marketing strategy through in-depth qualitative market insights for a communication platform will determine its success, not the function of doing it because everyone else is. You need a plan and suitable budget. No matter what tactical mediums you adopt you need to know the best way to target customer communication (including narrative and tone) to maximise a return on your investment. Your digital platforms are just one aspect of your overall marketing strategy. What about other relevant tactical elements?

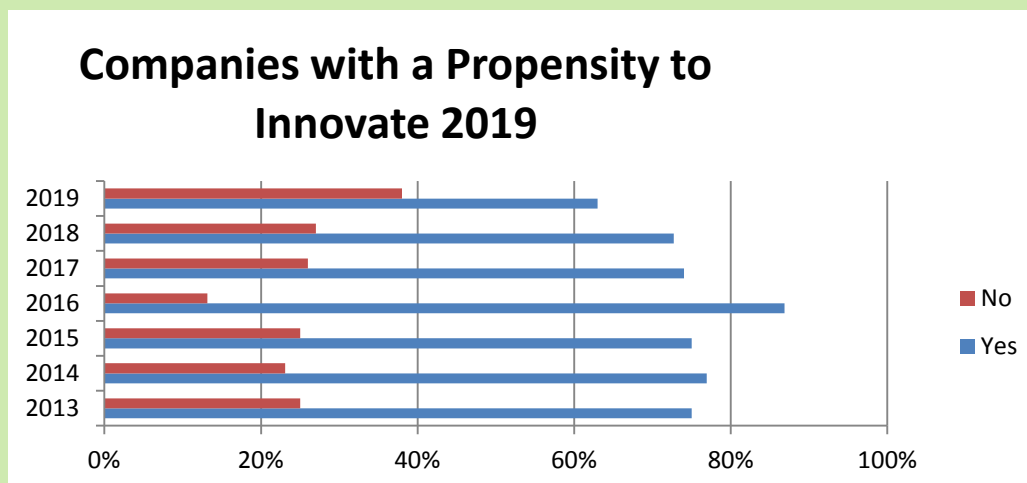
Despite customer relationships and engagement being a highly prized success factor I wonder what role social media is playing in building deeper and more meaningful customer relationships and revenues? Surely this is the purpose of all marketing activity, including personal selling. It can’t just be about creating awareness alone.

The big question is what do you need to communicate that will achieve better results and how do you improve the visitor experience for those visiting your digital platforms so they remain engaged and buy from you? Do you provide easy access to information and your staff that can help? What else do you do to build relationships with your target market? Is your digital presence well curated and populated with regular insightful information?

Thinking more broadly about social media it still needs to be put into the context of what the most important success factors are that CEOs identified and how these work together. **Russel Howcroft CCO for PwC and Gruen panellist has a simple approach and says:** “You can get all the clicks, likes, impressions and shares in the world, but has that led to sales and revenue? What matters most is whether your sales line is going up or not.”

Check list for digital media:

- ✓ Do you have the internal resources to create content, check posts, answer questions
- ✓ Can you respond within a few hours? People want instant answers or they buy elsewhere
- ✓ Do you have an approved crisis matrix (allows for a quick curated prepared response)
- ✓ Can social media demonstrate a return on investment or is it just about creating awareness?
- ✓ Not a quick fix for other marketing and communication failures
- ✓ Plan and objectives, what else will you add to the mix. What is the strategy?
- ✓ Funding to properly resource a digital campaign
- ✓ Does your target market engage in digital or social media, if so how & why
- ✓ Is your business communication on target and differentiated
- ✓ Is the content relevant and valued, new and engaging
- ✓ Is there a robust ROI system to measure results, what other strategies are delivering results?
- ✓ Measure web traffic engagement, return visits, new visitors etc.
- ✓ Does it create a rich online experience and build relationships and is this sustainable?
- ✓ Ease of access to staff to cultivate and build personal relationships
- ✓ Are you accessing content experts in your field to ensure user experience and communication is on target?



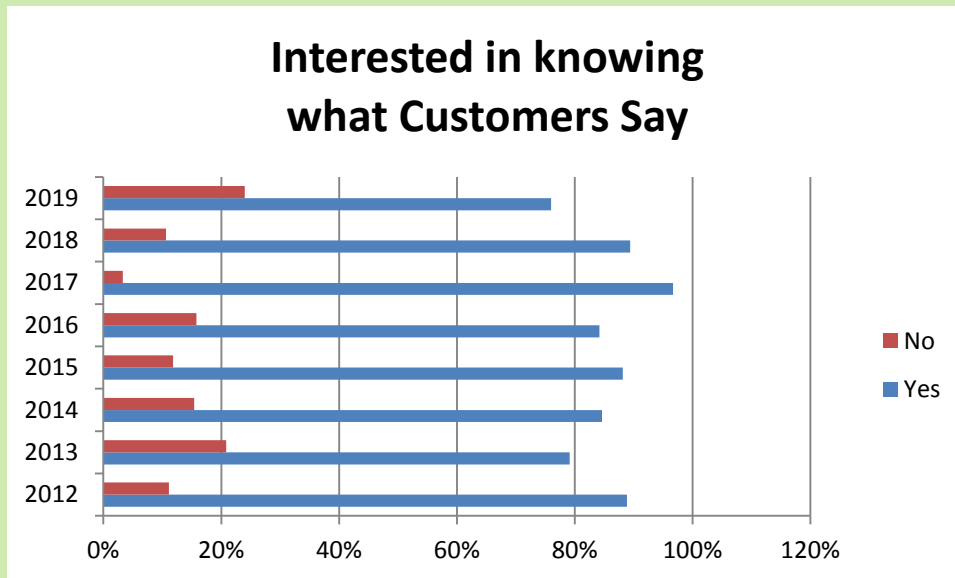
More than 70% of optimistic respondents continue to say they have a propensity to innovate. We wonder in reality if the new ideas, products and services etc. are capable of disrupting the status quo and are truly innovative. It's exciting that Australian companies are thinking about innovation and are working to be more innovative. The lists below provide an insight with some responses not having a lot to do with innovation.

This question re innovation raised the most number of unprompted respondent comments and includes:

- Be the curator of industry knowledge
- Need to improve social media engagement and website
- New ideas should be part of core business, not a separate "add-on"
- We have had to create new ways of client engagement and doing business. This required considerable innovation in systems and culture, new markets & new distribution channels
- Monitoring and assessing markets for opportunity
- Improving market knowledge, perceptions, increased market share
- New patents & IP. New "state of the art" technology
- Better identification of customer needs & new customer orientated programs
- Product & service offer beyond traditional scope & new methods to solve old problems
- New systems & processes - Cloud based, online billing & new mobile communications
- New products, customer training programs. Using new technology
- International subcontracting
- Developing new software & partnerships
- Innovative marketing channels.

For respondents who said "no, their business does not have a propensity to innovate" they thought they needed to:

- Allocate time to free fall innovative ideas
- Create a culture of acceptance of risk surrounding innovation and provide leadership to implement innovative systems and practices
- Understand latest trends and respond to changes in market better
- Allocate more time to develop relevant systems and processes
- Engage with technology more
- Globalize their knowledge and skill base, to leverage strengths from within the business to develop customer centric innovative solutions to problems and to think outside of the box
- Be less reactive and more proactive
- Seek new/different suppliers. Visit more trade shows
- Need to crank up the marketing but need to increase capacity first
- Appoint an innovation engineer & engage tech more
- Partner with innovative businesses
- Not much more that I can do.



CEOs are interested in knowing what their customers are saying and are interested in talking to an external strategic marketing organisation about this. So the question is what are you going to do about it?

Understanding market perceptions is fundamental to knowing what's valued from your business and what customers want from you, for example, what new product and services could be truly innovative. A customer perceptions study addresses how your specific business performance metrics compare to an ideal supplier versus your perceived actual. It also considers what challenges your customers face and what solutions are employed. This can form the basis for thinking more intelligently about innovation and developing more engaging marketing and communication. This knowledge can also provide the disruptive strategies to be more effective and the confidence to make game changing decisions. We often find the solutions to business woes are failures in systems and processes, people, customer service and quality, or that the marketing messages are off strategy and target.

If you are inspired and challenged to do more and would like to learn more we are happy to meet with you to discuss any aspect of this report.

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About the author and Marketingheads

Brands are one of the most valuable company assets. Without strong differentiated branding and valued differentiated products and services all that's left is for products and services to be compared on price. Being marketers we understand that marketing is not the "be all and end all" of business and that there are many other elements at play. For that reason 8 years ago we initiated the **Marketingheads annual CEO Future Trends Survey** to understand more broadly what CEOs think.

We wanted to explore:

- What strategies CEOs are thinking about for their business in the next 12 months
- The key success factors CEO's believe they can influence to achieve growth
- What are the barriers to achieving growth
- Perceptions re the latest in marketing including social media and digital.

With more than 50% of CEOs dissatisfied with their current marketing it is essential to understand what the key success factors are and what customers and peers are saying.



Marketingheads is a multi-awarded market research and strategy business that will celebrate its 21st 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](#)



John Wakeling

The Marketing Strategy Company recently interviewed us as the qualitative market research and marketing strategy experts. **Click and listen to podcast.** Click green arrow or paste it into your browser.

<https://themarketingstrategy.co/podcast/tmss-ep-38-market-research-for-results/>

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