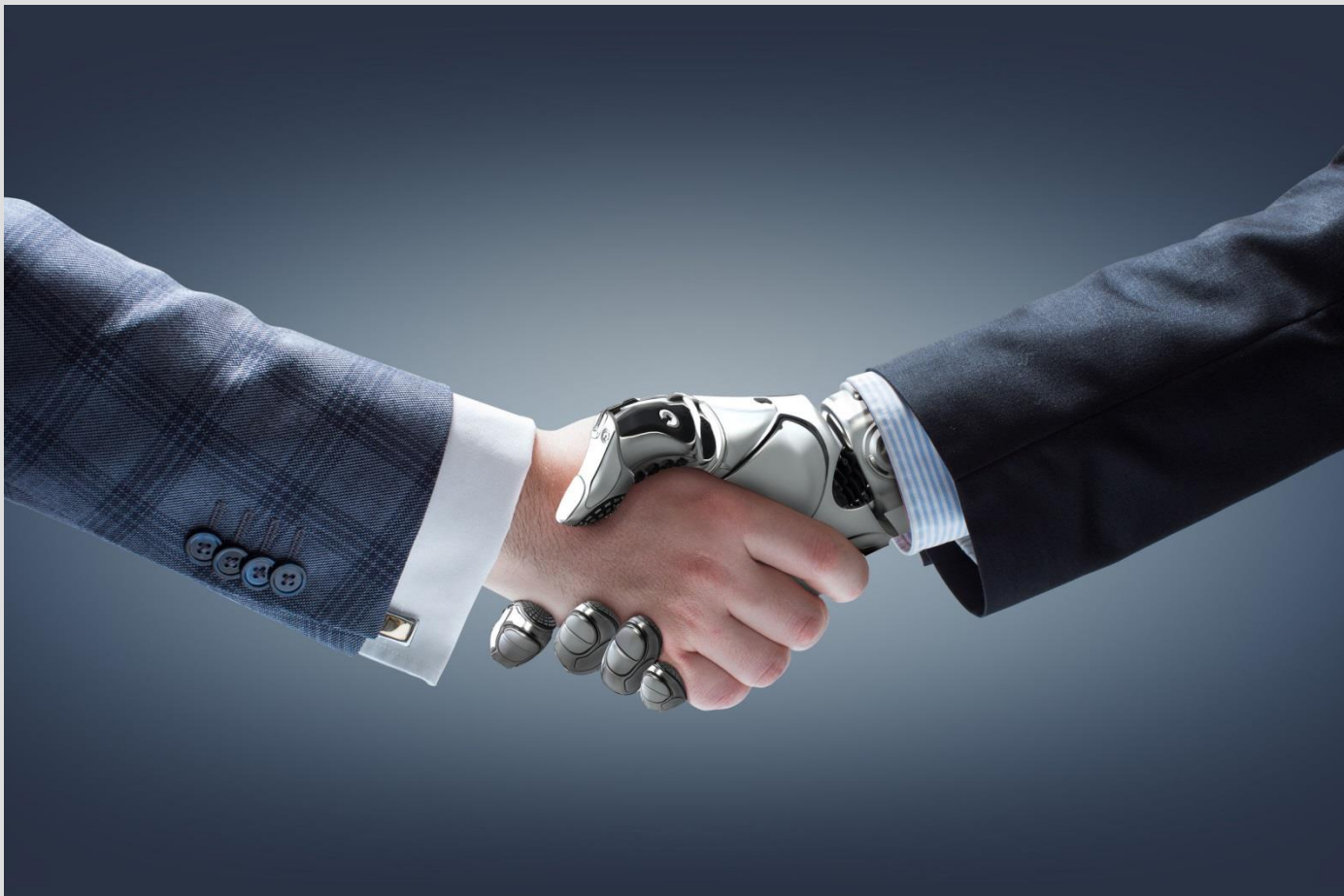


# Marketingheads™

## CEO Future Trends Survey



# 2018

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# Marketingheads™ CEO Future Trends Survey 2018

## Key Findings

91% of respondents are forecasting growth or expect to achieve the same results as 2017.

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

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

The importance of **marketing and communication** as a success factor again increased and corresponds with the increase in 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.

**Client relationships and engagement with customers is influenced by staff attitude, experience & retention.**

Although it declined as a metric CEOs believe they can influence this the most. It 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. Perhaps it's time as the business leader to inspire and challenge staff.

**Unprompted Key Success Factors** that affect business include:

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

Essentially it's about **people** (Customer engagement and staff attitude and motivation), then, perceptions about your brand value, products and services and keeping abreast of changing markets and trends. **Costs and technology** appear interrelated as businesses look to technology to reduce cost and achieve efficiency. **Websites** are ranked more highly than previously as a means to provide credibility and information.

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. It places a 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.

The **key economic success factor** again was **market confidence**. An added concern affecting confidence was that of geopolitical influences, government regulation & infrastructure, bank funding and interest rates. "Green shoots" include businesses showing a willingness to invest in the future and the Australian Government talking about personal tax cuts. The Australian Government's response to the USA reducing the corporate tax rate from 35 to 21% will be interesting as will their response to the energy crisis both of which seriously jeopardise competitiveness, particularly of manufacturers.

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 in this year's survey 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 2018 decreased again, whilst the number of people unsure about its role also increased. Perhaps returns on investment (ROI) expectations are not being met as it appears to be a common issue as there is no easy system to measure ROI and it's a much heavier investment than most realise to be effective. I'm reliably informed there is a huge gap for credible providers to fill and its costs are significant for social media programs as well.*

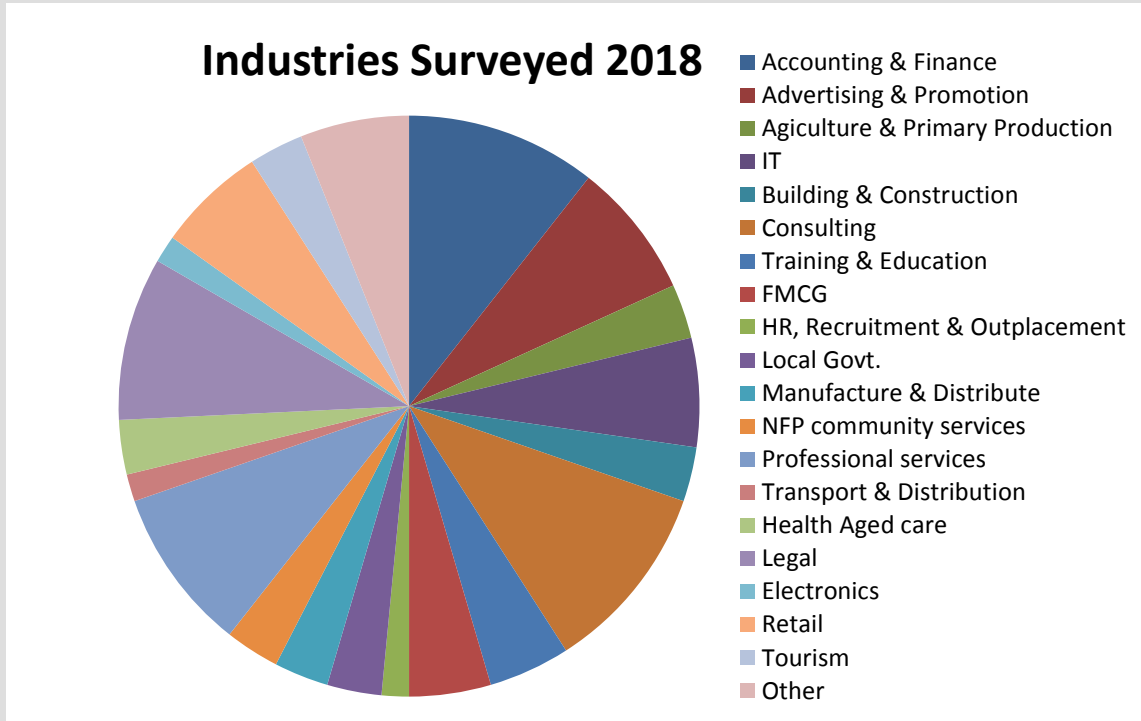
*More than 80% of respondents say they have a **propensity to innovate and have provided examples**. This is exciting news for the Australian economy. We look forward to learning more about success in this area.*

*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.***

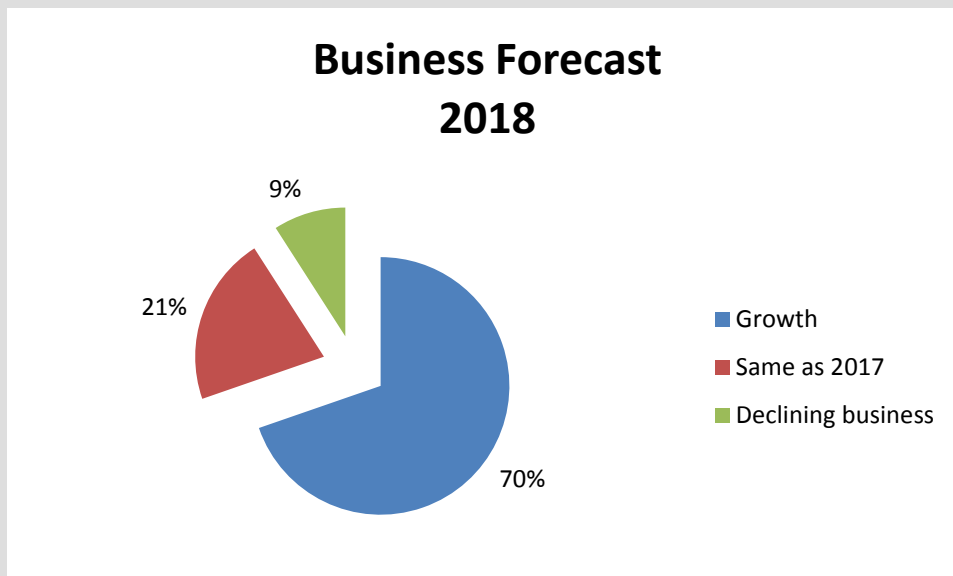
# Marketingheads™ CEO Future Trends Survey 2018

## 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 2017 to gauge perceptions and expectations for calendar year 2018 and was limited to 10 questions. Comparison data over several years is included thus providing a view re changes in attitude, perceptions and strategies employed, whilst some things remain fundamental success factors.

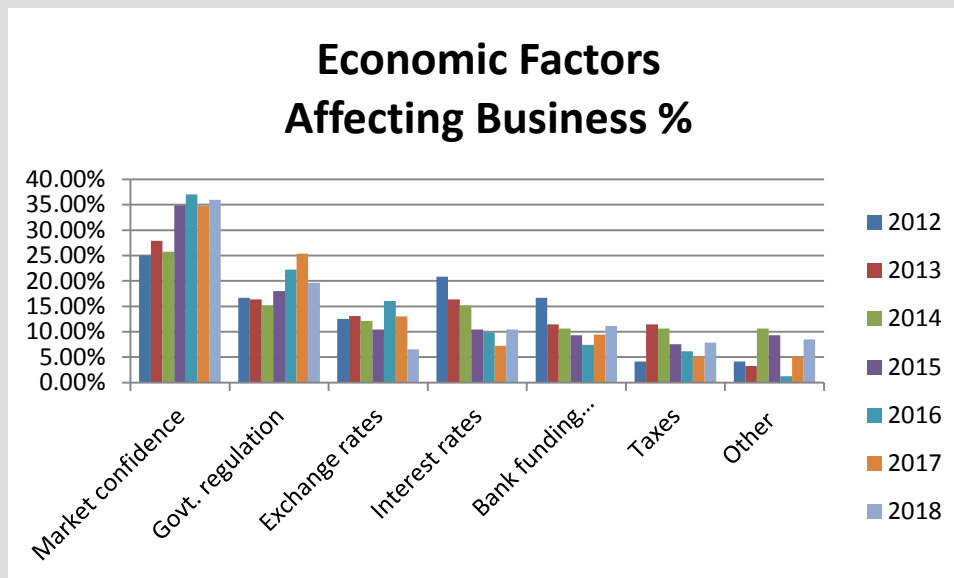


91% of respondents are forecasting growth or expect to achieve the same results as last year.



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

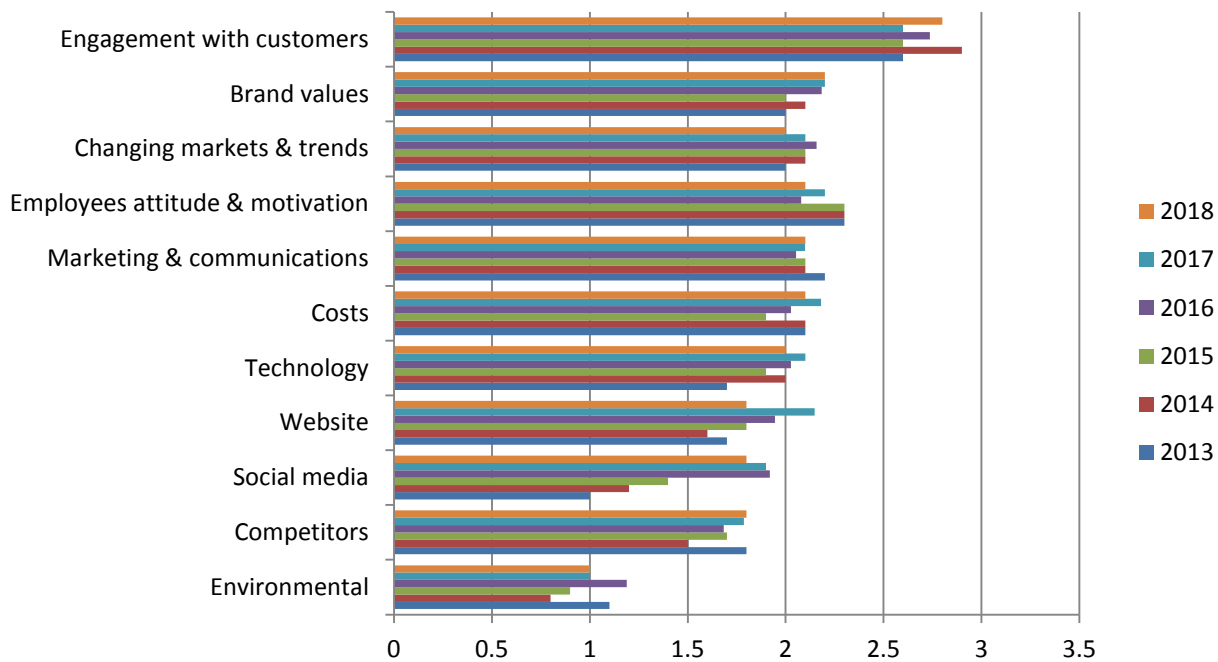
- Market confidence
- Government regulation & Exchange rates
- Interest rates, bank funding and taxes have increased.

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. Those with the knowledge, however, can confidently make decisions. An added concern affecting confidence was that of geopolitical influences, government regulation and infrastructure projects.

The key challenge then is how do you gain confidence in the decisions and strategy that you employ when your competitiveness is challenged through the energy crisis (100% cost increases) and slowness of government response to things like the reduction in corporate taxes from 35 to 21% in the USA.

## Sucess Factors Affecting Business

Weighted score of importance (out of 3)



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

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

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, marketing & communications, brand values and changing markets 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.

Marketing & communications are 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. 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. 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 are a key differentiator. This needs to be supported by a

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*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 increased in importance over the last year. Changing markets and trends continues to be an importance factor. This indicates that 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. It's also a wakeup call for those who do not stay tuned to changing markets. It places greater emphasis on the need for brand values communicated to be relevant. 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?*

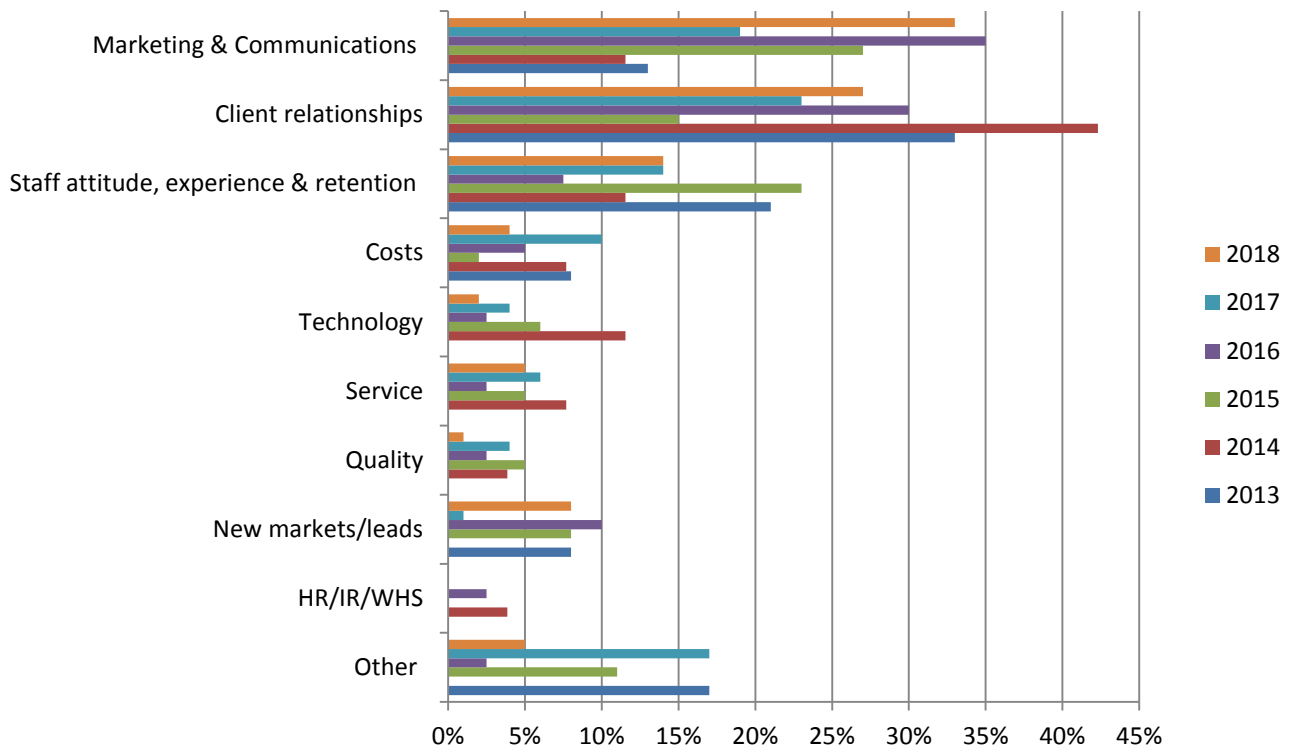
*Websites and technology have an increasing role for business engagement. Care must be taken to ensure adequate staff support is available to deepen and strengthen customer relationships. The caution here is that by depending upon digital media the value proposition can be lost and price becomes the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

*Unprompted success factors include unique intellectual property and cash flow.*

## Unprompted factors mentioned as influencers and/or distractors are:

- No time
- Marketing budget - ability to communicate
- Innovation & proximity to markets
- Early stage & venture capital access
- Willingness to consider outsourcing & funding external consultant
- Government infrastructure spending & projects
- Digital disruption
- Globalisation, lower cost imports, competitiveness
- Private infrastructure investment
- Manufacture closures – unemployment some states
- Climate change
- Energy costs
- Govt. Budget constraints
- “TRUMP effect” on markets and currencies.

## Unprompted Sucess factors CEOs believe they can most influence



Clearly the most important **unprompted** success factors CEOs say they can influence most are:

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

**Marketing and communications and client relationships** are the success factors CEOs believe are the most significant factors they can influence to achieve growth in 2018. These metrics are intrinsically linked as clever CEOs build depth of client relationships through more engaging marketing and communication and personal client relationships.

Staff attitude, experience & retention is the third most important success factor affecting business so remains very important and should not be overlooked. Statistics 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.

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.

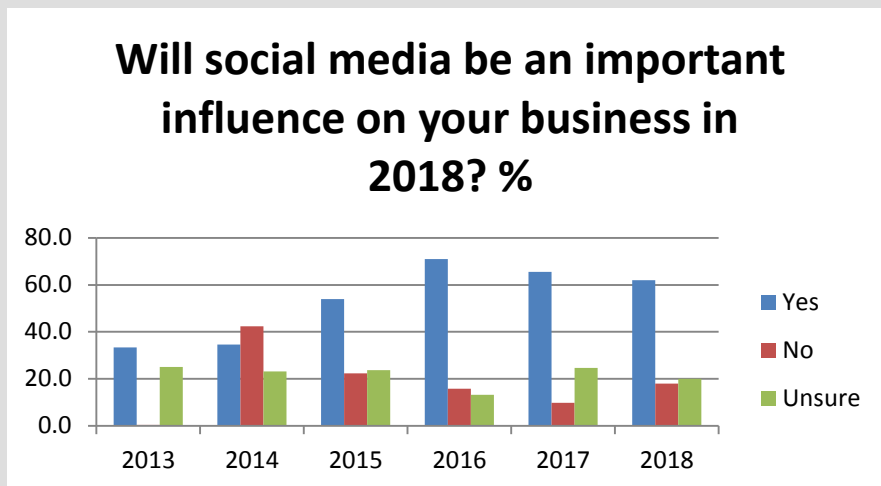
Seeking out new markets and generating new business leads is a very important importance factor. This goes hand in hand with a better understanding of market and customer needs and providing innovative and perhaps game changing disruptive solutions.

Costs are also an area CEOs believe they can influence.

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*Social media influence has again decreased as a tactical influencer for business in 2018, whilst those unsure or responded “No” about social media represented close to 40% (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 or there is no return on investment (ROI)? 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 other research projects that millennials are seeking personal contact post checking you out digitally, with your website and LinkedIn profile being important.*

*The fundamentals of establishing a clever marketing strategy (plan) and suitable budget for a communication platform will determine its success as will the other tactical activities combined with it. Like all other tactical mediums you need to ensure what is the best way to target customer communication (including narrative and tone) to your audience and to understand how to obtain a return on your investment.*

*Despite customer relationships 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.*

*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 website so they remain engaged and buy from you? Do you provide easy access to your staff that can help? What else do you do to build relationships with your target market?*

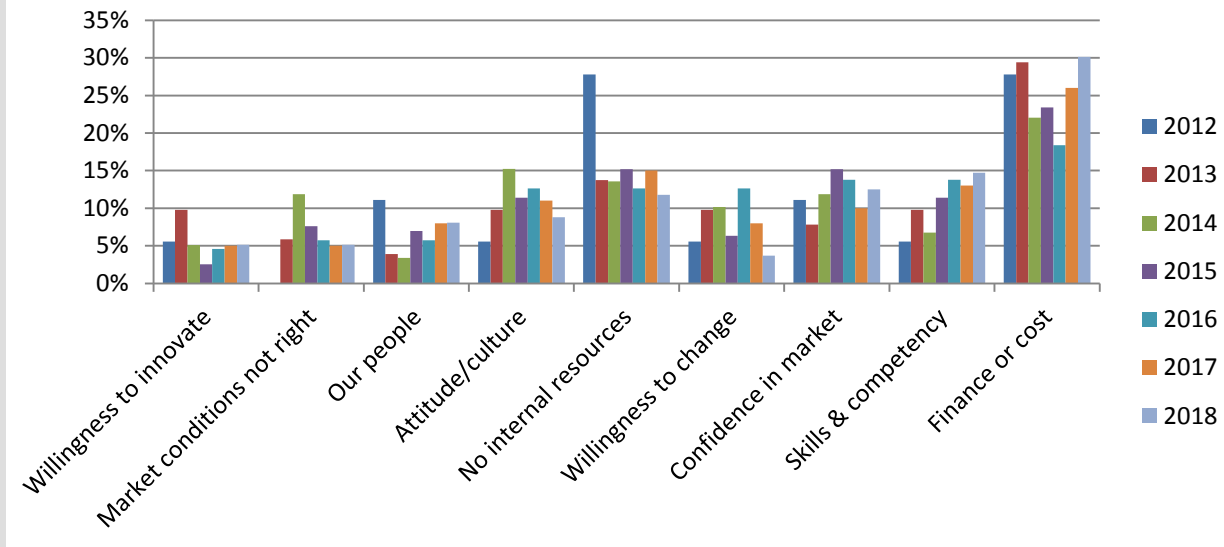
*Social media still needs to be put into the context of what the most important success factors are that CEOs identified.*

**Russel Howcroft CCO for PwC and Gruen panellist says:** *“You can get all the clicks, likes 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:

- ✓ Not a quick fix for other marketing and communication failures
- ✓ Plan and objectives, what else will you add to the mix?
- ✓ 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
- ✓ Is the content new and engaging
- ✓ Can social media demonstrate a return on investment
- ✓ Is there a robust ROI system to measure results
- ✓ Measure web traffic engagement, return visits, new visitors etc.
- ✓ Does it create a rich online experience and build relationships
- ✓ 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?

## What constrains the effectiveness of the marketing function?



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?

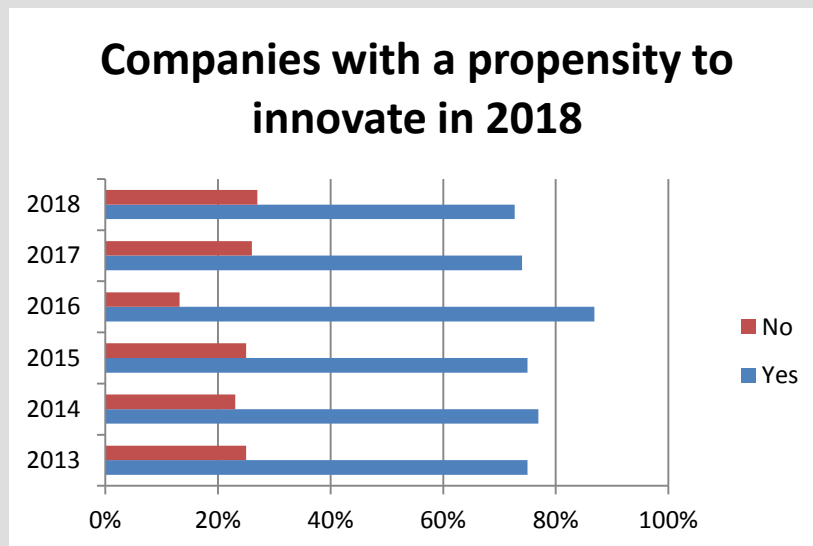
In this graph we compare respondent's responses and find that finance and cost continue to limit a company's ability to maximise the marketing function effectiveness and a lack of qualified/skilled/knowledgeable and professional internal resources contribute to this as does a willingness to innovate and change.

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. Understanding where in your organisation the road blocks reside and doing something about it will be important in 2018 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 for the dollars invested.**



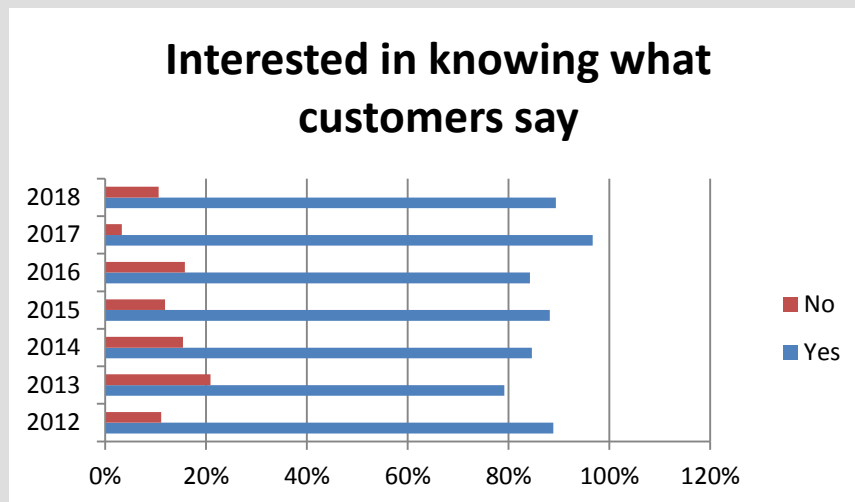
More than 70% of respondents continue to say they have a propensity to innovate. We wonder in reality if the new ideas, products and services etc. are capable of disrupting the status quo and are truly innovative. It's exciting that Australian companies are thinking about innovation and are working to 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 again more than 80% of CEOs 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 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.

# Marketingheads™ CEO Future Trends Survey 2018

## 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 6 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 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 20th 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

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