

Marketingheads CEO Future Trends Survey



2015 TELSTRA
BUSINESS AWARDS
NOMINEE



Excellence in Business Ethics 2012, 2013, 2014, 2015

Marketingheads CEO Future Trends Survey 2016

Key Findings

95% of respondents are **forecasting growth** or expect to achieve the same results as last year.

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

- *Marketing & Communications*
- *Client relationships and engagement with customers*
- *New markets and leads.*

The importance of **marketing and communication** as a success factor again increased significantly and corresponds with the increase in importance of client relationships and engagement with customers. There appears to be a realisation that these metrics are intrinsically linked as client relationships and engagement are created through more engaging marketing and communication.

Engaging customers is influenced by staff attitude, experience & retention although it declined as a metric CEOs believe they can influence most, it remains the third most important success factor 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. Hence greater importance needs to be placed on employee attitude and motivation. An opportunity exists for **training and or recruitment** of people willing to innovate and accept changing markets.

Key success factors identified that affect business are:

- *Engagement with customers*
- *Brand values, and*
- *Changing markets and trends.*

It is absolutely essential to know what is changing in markets 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.

The **key economic success factor** was **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.

A wakeup call for those who do not tune in to changing markets is that **competitor factors** increased for the 2015/2016 period. With **changing markets and trends** being the third ranked key success factor this could indicate 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.

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.

Digital, including social media, increased significantly again as an influencer for business in 2016. The fundamentals of a marketing strategy (plan) and suitable budget for this communication platform will determine its success as will employing those who can demonstrate return on investment and superior or rich website visitor experience.

More than 80% of respondents say they have a **propensity to innovate**. 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 and developing relevant strategy to better resonate with customers through engaging communication to develop deeper customer relationships.

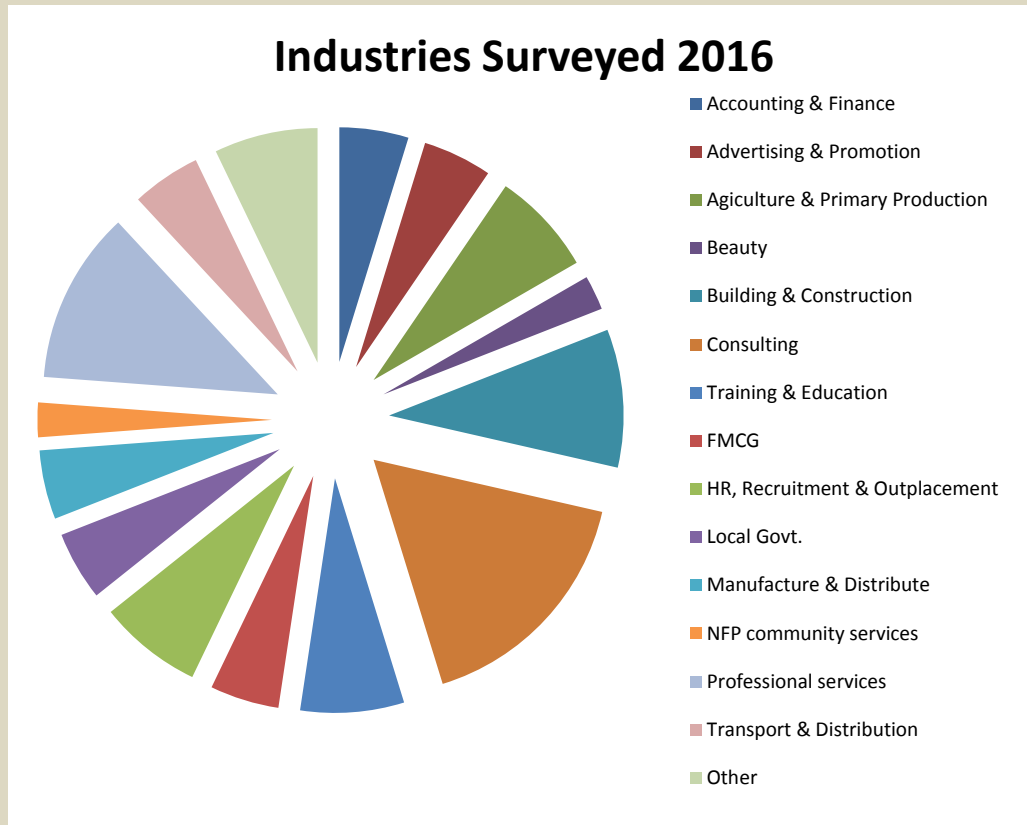
Strategy, Planning, Research, Creative, Communication, Tactical Implementation

Marketing Heads Australia Pty. Ltd. ABN 35 083 592 376 PO Box 819 Epping NSW 1710 Ph: (02) 9869 3314 Fax: (02) 9869 1673 www.marketingheads.com.au

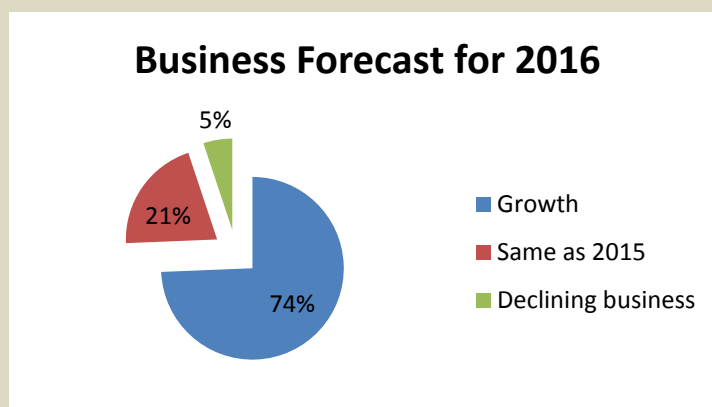
Marketingheads CEO Future Trends Survey 2016

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 2015 to gauge perceptions and expectations for calendar year 2016 and was limited to 10 questions. Comparison data over several years is also included thus providing a view re changes in attitude, perceptions and strategies employed.



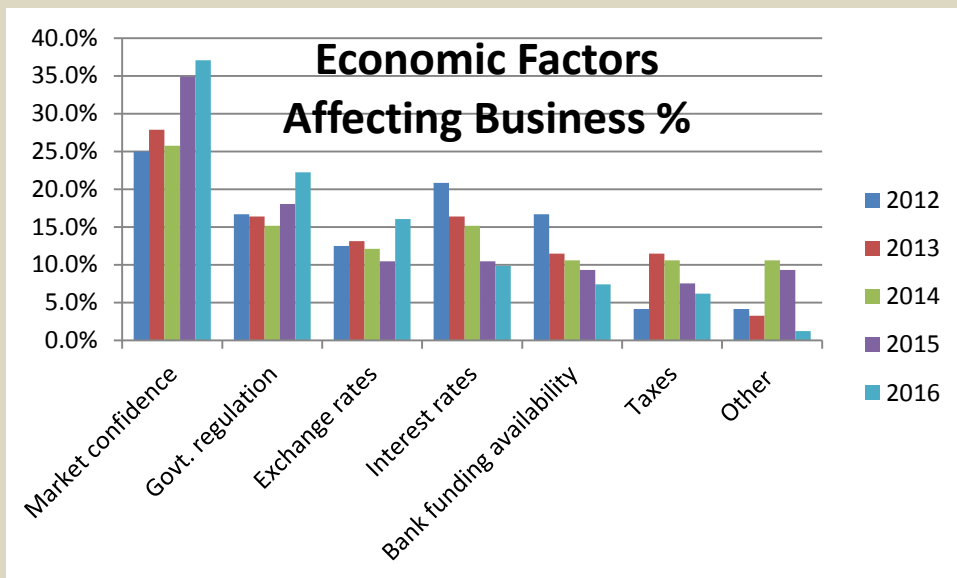
95% of respondents are forecasting growth or expect to achieve the same results as last year. In 2014, no one expected their business to decline, in 2015, 7% considered that their business would decline and in 2016, 5%.



Strategy, Planning, Research, Creative, Communication, Tactical Implementation

Marketing Heads Australia Pty. Ltd. ABN 35 083 592 376 PO Box 819 Epping NSW 1710 Ph: (02) 9869 3314 Fax: (02) 9869 1673 www.marketingheads.com.au

Marketingheads CEO Future Trends Survey 2016



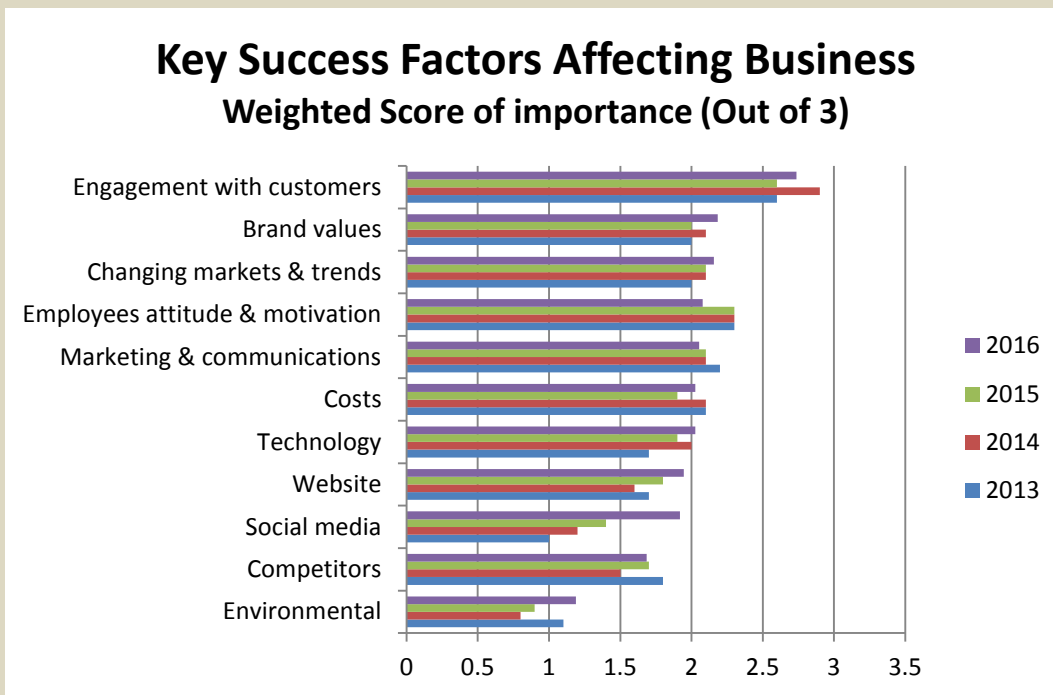
CEOs continue to believe that the major economic factors influencing their business success are:

- *Market confidence*
- *Government regulation & Exchange rates*
- *Other economic metrics, whilst important, have declined over previous years.*

The key challenge then is how you gain confidence in the decisions and strategy that you employ.

Unprompted factors mentioned as influencers and/or distractors are:

- *Marketing budget*
- *Engagement with customers*
- *Perceptions of market, Western Sydney & Parramatta*
- *Corporate restructure*
- *Corporate policy*
- *Infrastructure investment*
- *Housing shortage*
- *Willingness to consider outsourcing*
- *Changing markets*
- *Unemployment*
- *Lower cost imports*
- *Government grants & policy*
- *Government spending infrastructure projects*
- *Climate change*
- *Govt. Budget constraints.*



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

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

It's very interesting that 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 the most important success factor affecting business in 2016.

Engagement with customers, 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? Having well trained and committed staff able to explain your products and services and to build personal relationships are fundamental success factors as we know that personal relationships are a key differentiator. Hence the importance placed upon employee attitude and motivation.

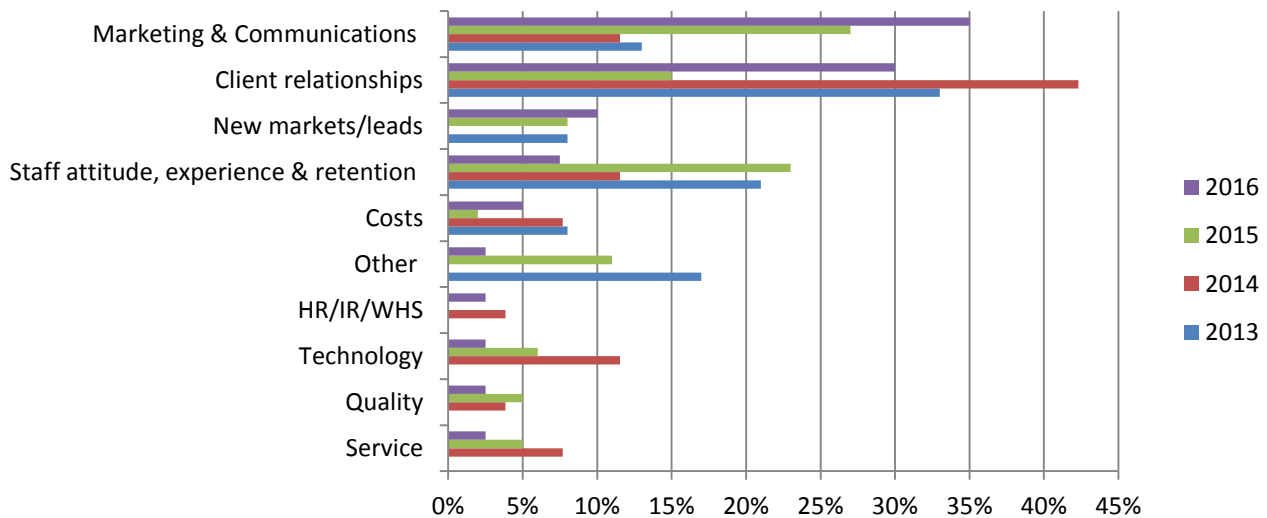
Marketing & communications are important success factors as are perceived brand values and knowing what markets and competitors are doing. Proper funding for well-directed marketing and communication is a critical success factor.

Competitor factors increased in importance over the last two years. Changing markets and trends increased marginally as 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 any longer and when did you last ask customers? What are customer's perceptions of your business and what do they value? Am I still perceived to deliver high levels of customer service or are my products and services a grudge purchase?

The significant changes reported are for digital media (websites and social media) and the environment having an increasing role for business engagement. To a lesser degree costs and technology have increased.

Unprompted success factors include unique intellectual property and employee retention.

Success Factors CEO's Believe they can most Influence



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

- Marketing & Communications
- Client relationships and engagement with customers
- New markets and leads.

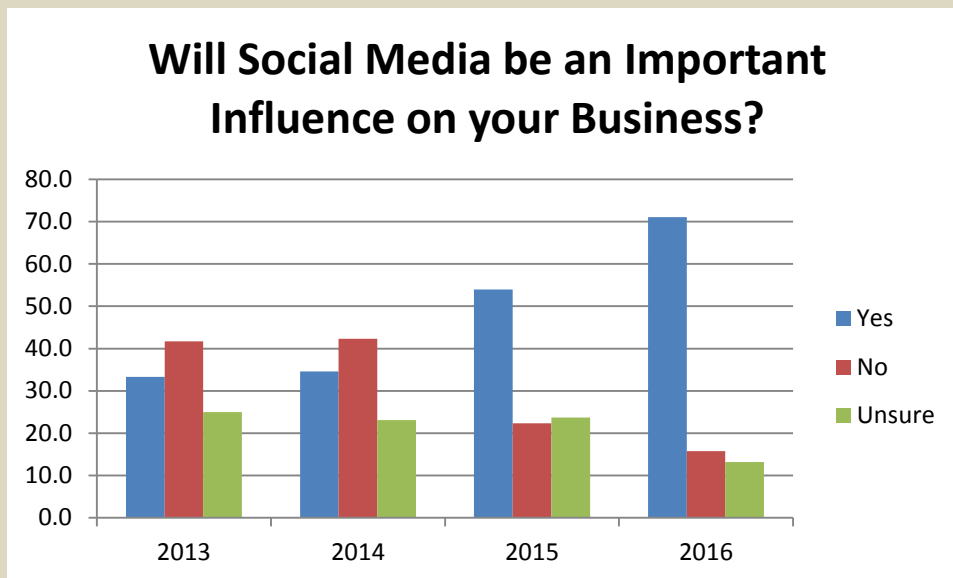
The importance of marketing and communication as an area CEOs believe they can influence increased dramatically again and corresponds with the significant increase in client relationships and engagement. These metrics are intrinsically linked as client relationships are created through more engaging marketing and communication.

Previous research reported 56% of CEO's dissatisfied with their marketing. Could it be that CEOs wish to improve this area in 2016 and have implemented strategies to change this?

Staff attitude, experience & retention has declined as a metric CEOs believe they can influence most although it remains the third most important success factor affecting business so remains very important and should not be overlooked. Personal contact from committed motivated staff able to explain your products and services is 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.

Very importantly, seeking out new markets and generating new business leads increased as an importance factor. This goes hand in hand with a better understanding of market and customer needs and providing innovative and perhaps disruptive solutions.



Social media increased significantly again as an important influencer for business in 2016.

The fundamentals of a marketing strategy (plan) and suitable budget for this communication platform will determine its success. Like all other tactical mediums you need to ensure what is the best way to target customer communication to your audience and to understand how to obtain a return on your investment.

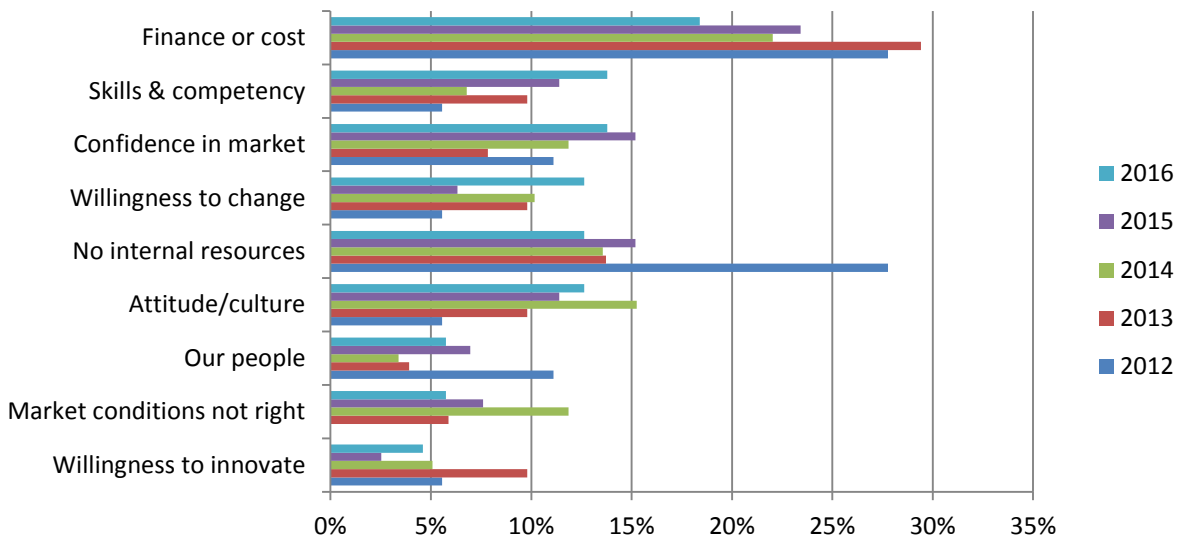
The big question is what do you need to communicate that will achieve better results and how do you improve the visitor experience for those visiting your website so they remain engaged and buy from you. Do you provide easy access to people who can help?

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

Check list for digital media:

- ✓ *Plan and objectives*
- ✓ *Funding to properly resource a digital campaign*
- ✓ *Does your target market engage in digital or social media, if so how*
- ✓ *Not a quick fix for other marketing and communication failures*
- ✓ *Is your business communication on target and differentiated*
- ✓ *Is the communication relevant and valued*
- ✓ *Can those you employ demonstrate a return on investment*
- ✓ *Measure web traffic engagement*
- ✓ *Does it create a rich online experience and relationships*
- ✓ *Ease of access to staff to build personal relationships*
- ✓ *Are you accessing experts in these fields to ensure user experience and communication is on target?*

What Constrains Effectiveness of Marketing Function



If marketing and communication is 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.

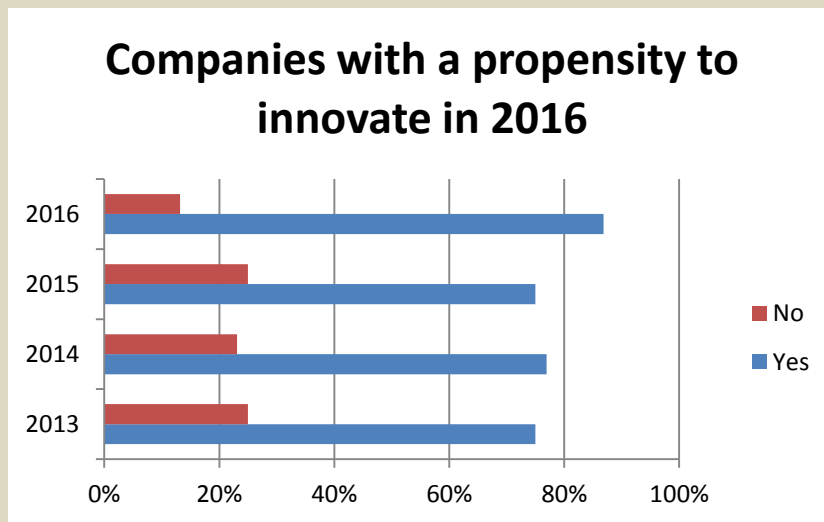
In this graph we compare respondent's responses and find that finance and cost continue to limit a company's ability to maximise the marketing function effectiveness and a lack of qualified/ skilled/ knowledgeable and professional internal resources contribute to this as does a willingness to innovate 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 will be important in 2016 to achieve marketing 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 insights/research/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.

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 success will remain constrained.

Marketingheads CEO Future Trends Survey 2016



The exciting thing is that Australian companies are thinking about innovation and are working to be more innovative. More than 80% of respondents said 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.

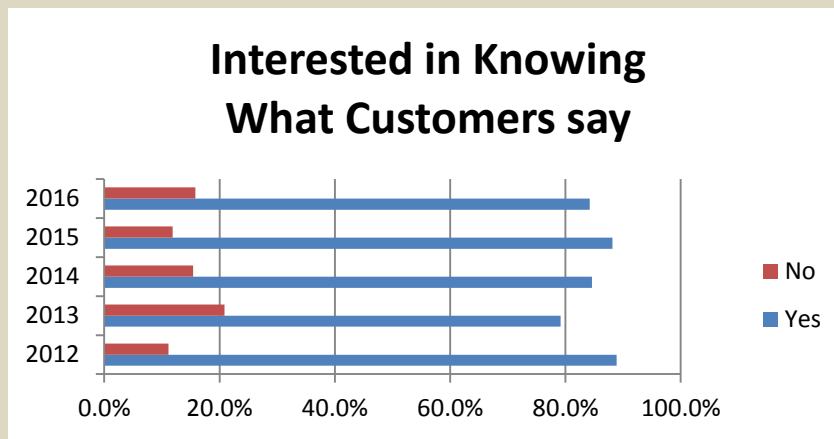
This question re innovation raised the most number of unprompted respondent comments and includes:

- *New markets & new distribution channels*
- *Improve market knowledge, perceptions and 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*
- *Interaction via social media and websites*
- *New methods to solve old problems*
- *New systems & processes - Cloud based, online billing*
- *New mobile communications*
- *Using new technology*
- *New products, customer training programs*
- *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:

- *understand 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.*

Marketingheads CEO Future Trends Survey 2016



Again CEOs are interested in knowing what their customers are saying and in past years 70% of CEOs were interested in talking to an external strategic marketing organisation about this.

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.

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 target.

Now that you have considered these insights what can you do in your business to influence growth in 2016.

For further information call the author: John Wakeling, Strategist & Director, Marketing Heads Australia Pty Ltd. (+61) (02) 9869 3314.

Marketingheads is a multi-awarded marketing business that specialises in market research. We uncover what customers will not tell you so that we can produce Marketing and Branding that is Insightful, Relevant and Tangible. It's the strategic insights that create the right foundations for exceptional marketing & branding.

Marketingheads focus is about questions and answers (Giving clients the power of insight) and strategic solutions (The tangible solutions that have resonance with customers to produce exceptional results). We provide confidence and certainty for business decision makers. Our clients do not accept the status quo (hindsight). They have a willingness to understand market insights and to adopt game changing strategies and expect exceptional results.

Marketingheads celebrates 18 years in business in 2016. In 2012, 2013, 2014 & 2015 Marketingheads were "Finalist - Excellence in Business Ethics".



Copyright Marketingheads 2016

Strategy, Planning, Research, Creative, Communication, Tactical Implementation

Marketing Heads Australia Pty. Ltd. ABN 35 083 592 376 PO Box 819 Epping NSW 1710 Ph: (02) 9869 3314 Fax: (02) 9869 1673 www.marketingheads.com.au