

Insights and trends from New Zealand's leading marketers

Qrious



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01. Introduction

Foreword

About This Report

Executive Summary



Foreword

The last year has seen unprecedented change in New Zealand marketing. The impact of technology has accelerated, and the resultant flood of data has revolutionised opportunities for the smart marketer. Conversely, it's introduced real risk for those unwilling or unable to adapt.

The first annual Mood Of Marketing report from Qrious tracks the impact of these changes. By surveying the full marketing spectrum this report allows us to see the impact of technology on New Zealand Chief Marketing Officers and their organisations. Harnessing and then unleashing new opportunities means changing the ways in which we work, and with 76% of our respondents expecting marketing to take a higher prominence at the leadership table of the next three to five years, it is pleasing to report that marketers are grasping this opportunity and taking the lead within their organisations.

It is important to note though, that change brings challenges. Not every organisation is fully empowering their marketing leaders. Resource restrictions are accentuated by the sheer pace of change. Most marketers expect the importance of their function to increase within their organisation, but that is countered by 80% reporting increased levels of market competition. So it is not all rosy in the garden.

Mood Of Marketing is unique in this country - not only does the report provide a total view of the state of marketing in New Zealand, it does so with

a determinedly local flavour. Surveying 74 of the country's leading CMOs and senior marketers meant we were able to provide a clear view of the local market and the everyday challenges faced by our peers. By covering all elements of marketing, from resource and structures through to organisational readiness, budgets, and technology challenges, the report gives an acutely accurate view of today's marketing environment.

We created this report with the intention of providing the widest possible view of the role of marketing in New Zealand today - I hope you enjoy reading this report as much as we did producing it.



Simon Conroy —
Qrious, GM Data Powered Marketing



About This Report

The Mood of Marketing 2017 surveyed 74 of New Zealand's leading marketers and CMOs. The report questions were supplied via an electronic survey. In launching the survey there were five key questions we wished to address:

- 01 What defines the role of CMO today, how is it changing, and how is this impacting organisational structures?
- 02 How are CMOs and their organisations measuring success and defining best in class?
- 03 In order to meet these definitions of success what are smart marketers focusing on? What defines the pathway from smart marketer to successful CMO?
- 04 What is the impact of data generated by digital adoption, and how will this shape the successful marketing teams of the future?
- 05 How can marketing become truly impactful right across the business? What are the barriers to this success?

Our questions led to answers in a variety of formats. While some were simple yes or no choices, others were multi-choice, or designed to identify sector-wide trends.

A Note On Our Respondents

Our respondents come from a variety of sectors, working in both B2C and B2B. The average size of their marketing team is 27, with around 40% working in organisations of between 100 and 1,000 full time employees (just over 30% are from organisations of two thousand or more).

Interestingly, perhaps reflecting the current pace of change, over 50% of our respondents have been with their organisation for two years or less. It's worth comparing this to the US CMO Survey* - in 2017 the average tenure in current role was closer to six years.

* The CMO Survey February 2017



Our Respondents Background

Organisational
revenue where
respondents work

29%

organisations with
revenue of \$100M or
less per annum

23%

organisations with
revenue between
\$101-\$500M

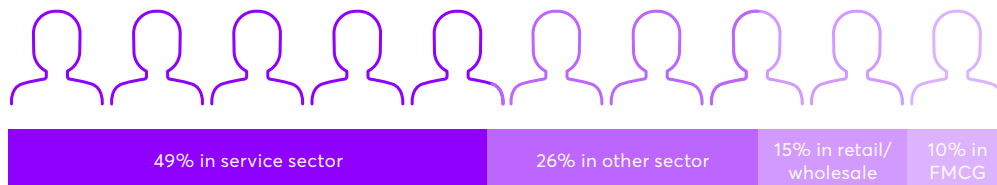
33%

organisations with
revenue over \$500M

15%

organisation's
revenue unknown

Our respondents
working sectors



The nature of
respondents business
transaction

33%

work in B2C business

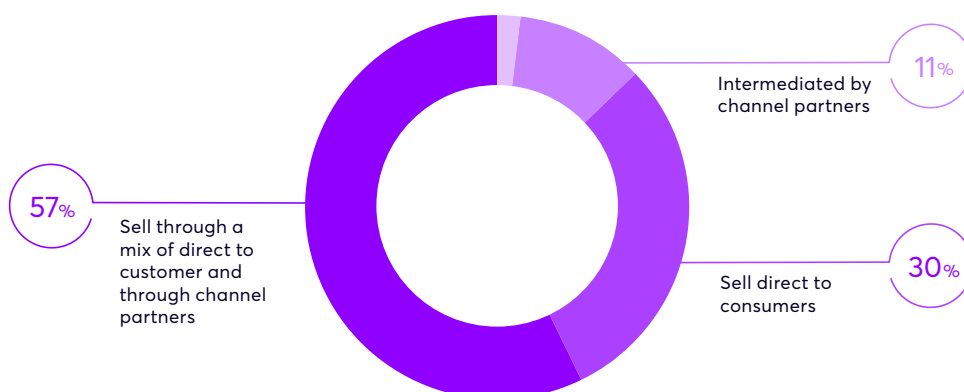
27%

work in B2B business

40%

work across a mix of both
B2C and B2B

Selling channels





Executive Summary

These are exciting times for marketers. The phony war of the last few years (when it seemed the promised dual impact of technology and data were always lurking just over the horizon) has given way to an exciting new reality.

In 2017 technology and data have moved front and centre, creating change and opportunity right across the marketing landscape.

Consider the following ideas and the way they have moved from a promise to a reality across the last five years:

- Personalisation has gone from a pipe dream to one of New Zealand's fastest growing marketing trends.
- The table stakes skills required by today's successful marketer have undergone a rapid evolution. Today's marketer is an equal blend of art and science, the result of enhancing classic marketing with tech.
- And outbound marketing, for so long the calling card of great marketing, is now declining in importance as inbound marketing provides a higher and more measurable ROI.

At the heart of this transformation is a proliferation of new technologies dedicated to "customer". In the 2017 Mood of Marketing report we paint the first comprehensive view of their impact in New Zealand, tracking how technology is enabling the rise of the customer, and highlighting the successes and challenges of an industry revolution.

Three ideas that have progressed over the last five years.



01. Personalisation

One of New Zealand's fastest growing marketing trends



02. Multi-skilled Marketers

Combination of art and science with ability to enhance classic marketing with tech



03. Inbound Marketing

Provides higher and more measurable ROI

"Our model is being disrupted externally... as marketers we need to ensure our team's voice is heard much more loudly internally by our key stakeholder"

— Marketing Manager

"The way we speak to our customers will be driven primarily through digital channels via the marketing team"

— Head of Marketing,
Financial Services

"An increasingly commoditised market means the brand and customer experience have more of a role to play than ever"

— Head of Brand,
Customer Service



The 2017 Mood Of Marketing report highlights three main drivers of change:



01. Disruption

Evolving way beyond the traditional risk of existing competitors innovating, digital is driving disruption in niches within your value chain, operating model, or traditional profit base. It's bringing international competitors into your digital backyard, vaulting the traditional barrier of distance to deliver global economies of scale, and delivering cutting edge secondary innovation in areas like logistics and shipping.



02. Connection

New technologies are being delivered at an exponential pace, finding willing and enthusiastic customers. This in turn is connecting more customers and generating more effective ways for data smart organisations to utilise the resulting tsunami of information. New avenues are opening for engaged marketers willing to embrace and harness the opportunity.



03. Commoditisation

The traditional business value drivers of product, price and distribution no longer function as differentiators. Customers still competing on this are becoming commoditised. The new frontiers are experience and brand, reinforcing the leading role marketers are assuming within organisations.

The impact of these changes create the two key focus areas underpinning the 2017 Mood Of Marketing report. Namely, who within organisations owns the customer, and who owns the data? More and more organisations are turning to these people to help them profit from change.

It is pleasing to report that increasingly these people are marketers. Taking the lead in a number of innovations across their businesses, ranging from data, digital innovations and smarts, through to the revived focus on brand and customer experience, marketers are thriving in a digitised and increasingly commoditised world.

The two key focus areas that underpin the 2017 Mood of Marketing report:

1. Who within an organisation owns the customers?
2. Who owns the data?



The report identified four key takeaways:

01.

Successful marketers create a clear and consistent brand story and vision

03.

Within their organisations they are stepping forward to own the customer and the customer experience

02.

They use data driven insights to create personalised customer experiences

04.

Data and analytics are at the heart of their work, improving decision making and the impact of their marketing



02. Our Discovery

The Rise Of The Marketers

It's All About The Data

Changing Definitions Of Success

Changing Technologies, Changing Skill Sets

So What Does Great Looks Like?



The Rise Of The Marketers

Key Challenges:



Speed / Pace Of Change

"The speed and pace of change in the marketplace means a lack of time for innovation, new IP and marketing technology"
— GM Marketing



New / More Aggressive Competitors

"One of our biggest issues is the rise in competition from local and overseas retailers and pure play retailers" — Marketing Manager, Retail



Reach Of Influence

"Marketing isn't currently touching all areas of the business. Decisions that have a customer impact aren't being looked at through the lens of a marketer, nor are they having the right scrutiny"

Key Opportunities:



Data & Digital Smarts

"We are unlocking personalisation with technology and getting much, much better using data and insights" — CMO, Retail



Leading Innovation

"The marketing role is becoming more all encompassing and much more strategic. Customer experience and digital are also being entwined" — CMO, Retail



Customer First

"The scope of marketing is changing dramatically... 'Customer' now plays a more important role (rightly so) in how we think and plan activity. End to end customer experience is now a key part of the marketing role"



Technology is creating unprecedented volumes of data, changing irrevocably the relationship between marketers, their organisations, and their customer. Challenged by the pace of change and potential market commoditisation, successful organisations are migrating the customer to the heart of their strategies. With most marketers predicting big data/Artificial Intelligence, Internet of Things, and mobile transactions as three trends most likely to impact the marketing environment in the next few years, this shift is predicted to accelerate.

With marketers and marketing departments assuming higher profiles within organisations, the opportunity for marketing leaders to prove ROI and shift the perception of their function

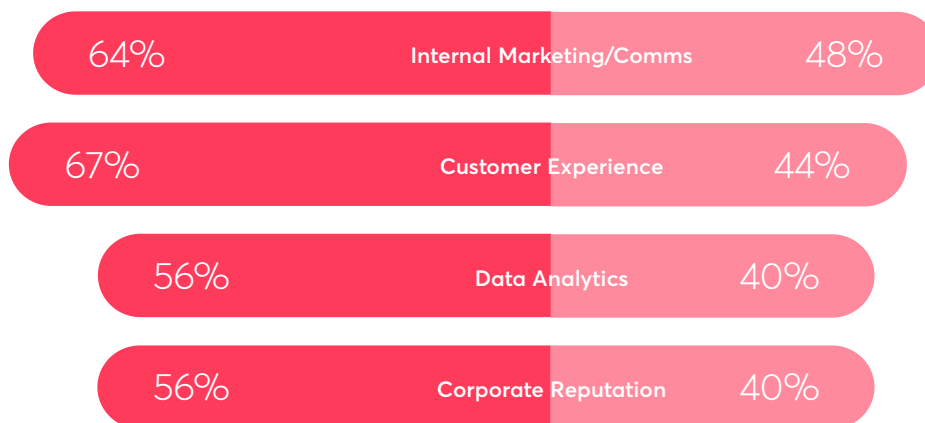
is increasing. Marketers expect increased responsibility across a number of business processes, almost all linked to increased ownership of both data and customer experience. Happily, it's in businesses experiencing growth that marketers report the highest levels of responsibility.

Marketers expect increased responsibility across ownership of both data and customer experience

In companies that are growing, marketers have wider responsibilities

Marketing responsibilities in organisations with growing market share

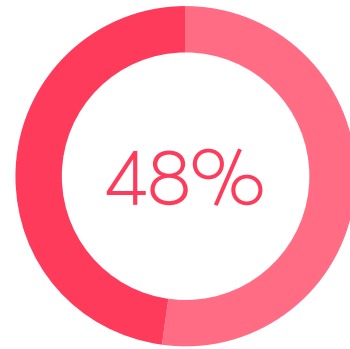
Marketing responsibilities in organisations with no growing market share





Marketers are also expecting better access to the purse strings. Almost half expect budgets to increase in the next year, with a shift in spend to non-traditional areas reflecting the general change in marketers' roles.

Martech, content, and data driven personalisation are the new costs most associated with budgetary increases - reflected by an overwhelming number of marketers who expect to grow their teams.



Almost half expect budgets to increase in the next year

Top 5 fastest growing marketing activities

Growth measure in comparison from 2016 data

76% Digital Marketing And Technology

67% Content Creation /Marketing

64% Data Driven Marketing And Personalisation

64% Social Media

62% Marketing Analytics



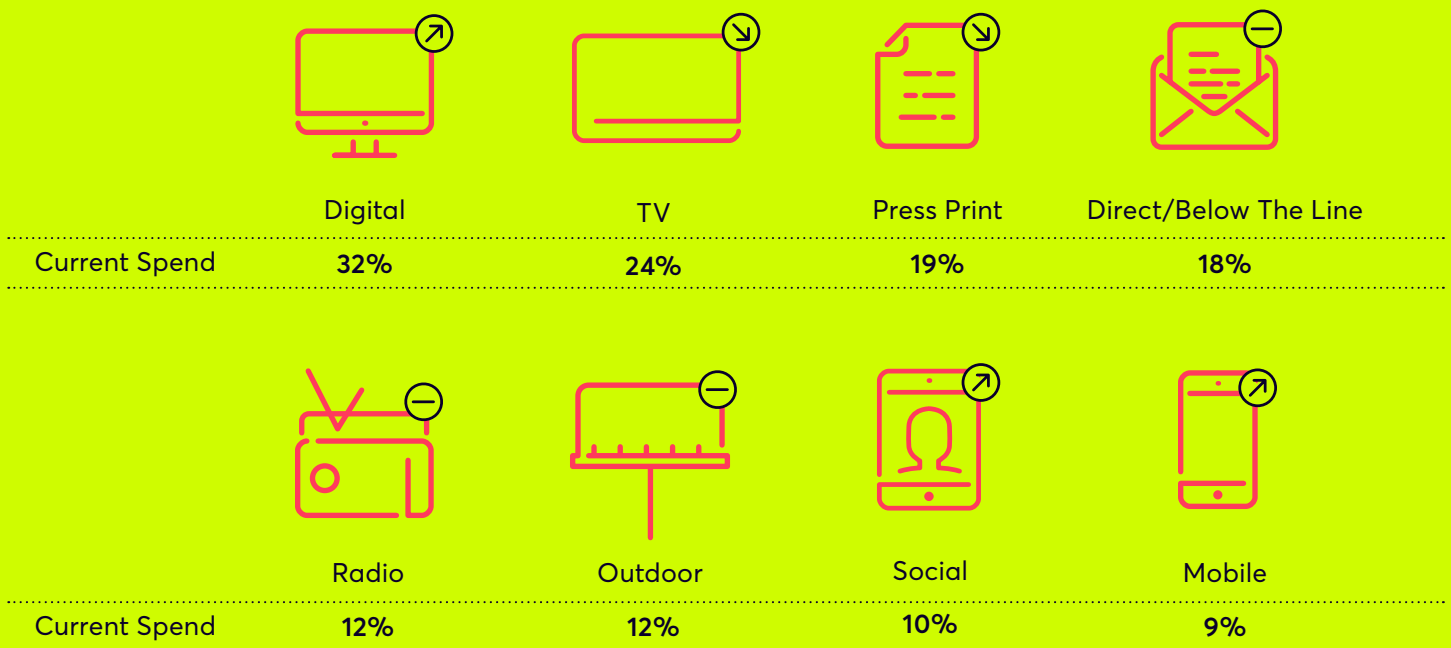
It's All About The Data

Marketers are reflecting the impact of data in all elements of their roles.

Increased budgets are being dedicated to analytics and data driven marketing, while marketers everywhere are looking for resource able to work in data centric ways. Perhaps the most stark impact is in media spend - overwhelmingly marketers expect TV and press/print spend to decline, while digital, social and mobile skyrocket.

Increased budgets are being dedicated to analytics and data driven marketing

There's a continued shift of spend from TV and Print to Digital, Social and Mobile



Expected change over the next 12 months



Increase



Unchange



Decrease



"(We are)... unlocking personalisation with technology and getting much, much better at using data insights"

— CMO, Retail

"(The opportunity lies in)... harnessing data and technology tools to deliver compelling, timely customer interactions"

"Understanding the customer through comprehensive data (allows us) to deliver personalisation, and relevance through a cohesive CX strategy"

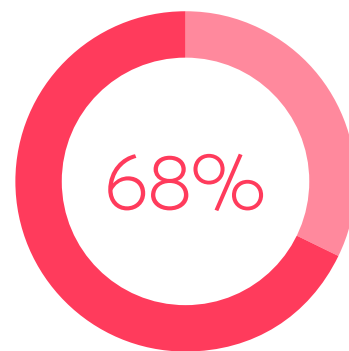
— CMO, Retail



Readily embracing the impact of data, most marketers understand the role it plays in enhancing and refining their work. Driving better business outcomes is invariably providing positive experiences for marketers within their organisations. Sixty eight percent of respondents see data as building better credibility, and it's again noticeable that in companies experiencing a growing market share, the use of data and analytics is common.

Data is overwhelmingly viewed as positive within marketing teams and the wider organisation, however there are storm clouds on the horizon. Capability is a common concern, with organisations expecting to more than double their spend on data. Three quarters of marketers are currently seeking digital talent, with marginally less actively pursuing data analysts and scientists.

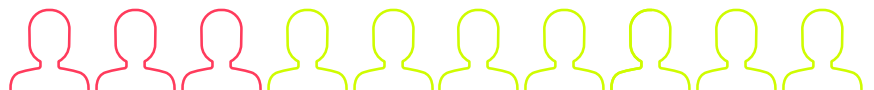
At a time when data is so key, it's concerning that around 30% of respondents still think their organisation doesn't fully understand how to get value from data.



of the respondents see data as building better credibility

30%

of respondents still think that their organisation doesn't fully understand how to get value from data



74%

of marketers are seeking digital talent



67%

are looking for data analytics modelling





Changing Definitions Of Success

If data is changing the role of the marketer, then it is also changing the way companies measure and define success.

Seventy one percent of respondents say their organisations now use data to help prove the positive impact of marketing actions. This is a real shift for the marketing function, moving away from its traditional role as a cost centre, and giving it the means to prove its worth as a revenue and profit generator.

Influence of data on marketing

Data enables me to prove and improve business outcomes driven by marketing



Data provides me with greater credibility at leadership level



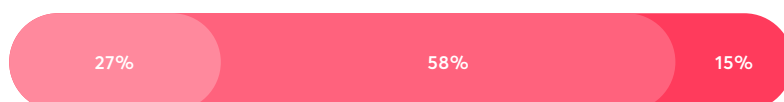
There is no shortage of data, just a shortage of people who can make sense of it



The effectiveness of marketing increasingly comes down to how well we can use our data



We understand how to get value from our data in this organisation



71% agree that they have used data to help prove positive business outcomes were driven by marketing

68% believe data provides marketers with greater credibility

85% of marketers feel they are not yet maximising the value from data within their organisation



two thirds feel there's a shortage of people who can make sense of data

Disagree Neutral Agree



Revenue and EBIT growth are the top measures for marketing effectiveness. However, in a reflection of data's ability to nurture closer and more measurable customer relationships, marketers are also focused on segment growth, increased loyalty, engagement, and lead generation. Measuring is of course one thing, however achieving is quite another — our respondents ranked growing market share and customer retention as the two leading areas in which they were showing no growth.

Marketers are also focused on segment growth, increased loyalty and engagement, and lead generation

How is your marketing impact measured?

67%

Revenue/EBIT Growth

65%

Brand Awareness And
Engagement/Equity

61%

Customer Loyalty/
Engagement

54%

Growth In Customer/
Segment Profitability

54%

Lead Generation/
Sales Pipeline

46%

Customer Churn

30%

Budget Efficiency/
Cost Reduction

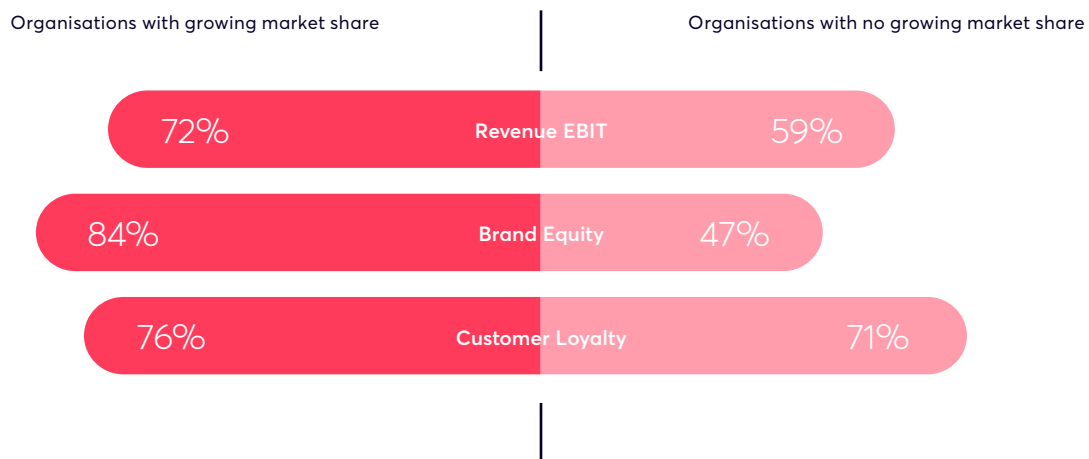
11%

Other



Of the organisations showing growth it is striking how many report a real focus on measurement. Across the three KPIs of revenue, loyalty, and brand equity, over 70% of growing organisations had a strong focus on their measurement.

Successful organisations are more focused on measuring marketing impact



Finally, the impact of analytics in helping companies succeed is clear. When looking at companies showing growth, 46% use it to make better and more informed decisions, 85% use it to show marketing ROI, and a whopping 96% use it to measure social effectiveness.

These numbers take a dive when looking at companies showing no growth - suggesting analytics has a clear role in organisational success today.

It is also instructive to note that successful companies are those where marketers have the widest reach.

46%

use data to make better and more informed decisions

85%

use data to show marketing ROI

96%

use data to measure social effectiveness



Changing Technologies, Changing Skill Sets

Given everything we've seen so far, it's tempting to believe we're living in a marketing golden age.

While that may be true for some of us, it's important to acknowledge real barriers and challenges still exist - our marketers were united in identifying resource as a real problem. With budgets dedicated to analytics, predicted to double in the next three years, the race to assemble teams capable of exploiting that sort of spend is well and truly on.

What skills are you looking to develop or grow within your marketing team?



01.

Digital Engagement
And Technology



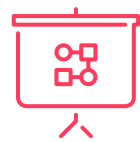
02.

Data Analytics, Modelling
And Data Mining



03.

Social Media
And Monitoring



04.

Strategy And
Planning



05.

Customer Experience
And Engagement



06.

Insights And Research



07.

User Experience And
Product Design



08.

Creative Design



09.

Advertising
And Branding



10.

Stakeholder And
Engagement



Almost three quarters of respondents acknowledge a need to recruit engagement and Martech specialists, with another 67% needing data scientists and analysts. Even as they chase data experts, 64% identified their absence as a core issue in delivering better results for their organisations.

Doubling down on this problem, only a fifth of respondents are outsourcing their data and analytics needs to external experts. This suggests a significant gap in capability exists in the market. This issue is likely to become more exaggerated as demand increases.

The resource businesses do have is also not getting the best out of the data. In such key areas as predictive analysis, pricing and product optimisation, NPS and loyalty modelling, and even in relatively deliverable areas like data visualisation, fewer than 50% of respondents are using marketing analytics. Clearly, some work remains to be done.



Nearly 75% of respondents acknowledge a need to recruit engagement and Martech specialists

67%

of respondents need data scientists and analysts

64%

identified the absence of data scientists as a core issue in delivering better results for their organisation

20%

of respondents are outsourcing their data and analytics needs to external experts

40%

of data and analytics is used as an input in marketing decisions



So What Does Great Look Like?

It is no surprise that our respondents have a clear view on what defines a successful brand.

Those with a clear and consistent brand vision and story rank high, as do those renowned for the strength of their customer experience.

New Zealand brands such as Air New Zealand and Spark are viewed as leading a revolution of world class personalised customer experiences across retail and services, while Z is seen as a clearly differentiated brand within energy.

Like ASB, each of these brands is also intelligently using customer data to provide a consistent experience across multiple channels, both on and offline. This ability to personalise and deliver consistency through data, whilst at the same time reinforcing the brand vision, is what separates the leading New Zealand brands from the rest.

Internationally John Lewis is seen as an exemplar of a clear brand story and vision. Their work in developing the online side of their business in the last few years is also seen as best in class.

...intelligently using customer data to provide a consistent experience across multiple channels, both on and offline



"Our role in understanding the customer is becoming fundamental to driving business outcomes"

— Marketing Director

"The marketing role is becoming more all-encompassing and much more strategic. Customer experience and digital are also being entwined"

— CMO, Retail

"Marketing is moving from demand generation to entire customer experience"

— Marketing Director,
Professional Service



03. Summary



Data Is At The Heart Of This Revolution

It's a truism that one person's problem is another's opportunity. Disruption may be wreaking havoc in a number of sectors across New Zealand, but in doing so it's creating a golden age of customer.

Savvy marketers are harnessing this opportunity, staking a claim for themselves in their organisations as the owner of data and customer experience, and helping their organisations differentiate their brands through clear and consistent brand visions.

The companies growing in this environment are those giving more responsibilities to marketers, transforming the marketing function from a traditional cost centre to a highly measurable and successful profit centre. Marketers are expecting and being given more budget and resource, and although traditional challenges around ROI and definitions of success linger, the increased use of data is providing a means to prove marketing's worth.

Digital adoption generates the data at the heart of this revolution. Just as companies showing growth are devolving more control to marketers, so they also report increased sophistication in their data driven decision making. The pace of this shift has been fast, and the risk for organisations and marketers unwilling, or unable, to harness and unleash this opportunity is clear.

What marketers are doing to prepare for this revolution:



01. Linking company strategy through to marketing strategy, execution and ROI



02. Maintain deep understanding of brand and emotional engagement



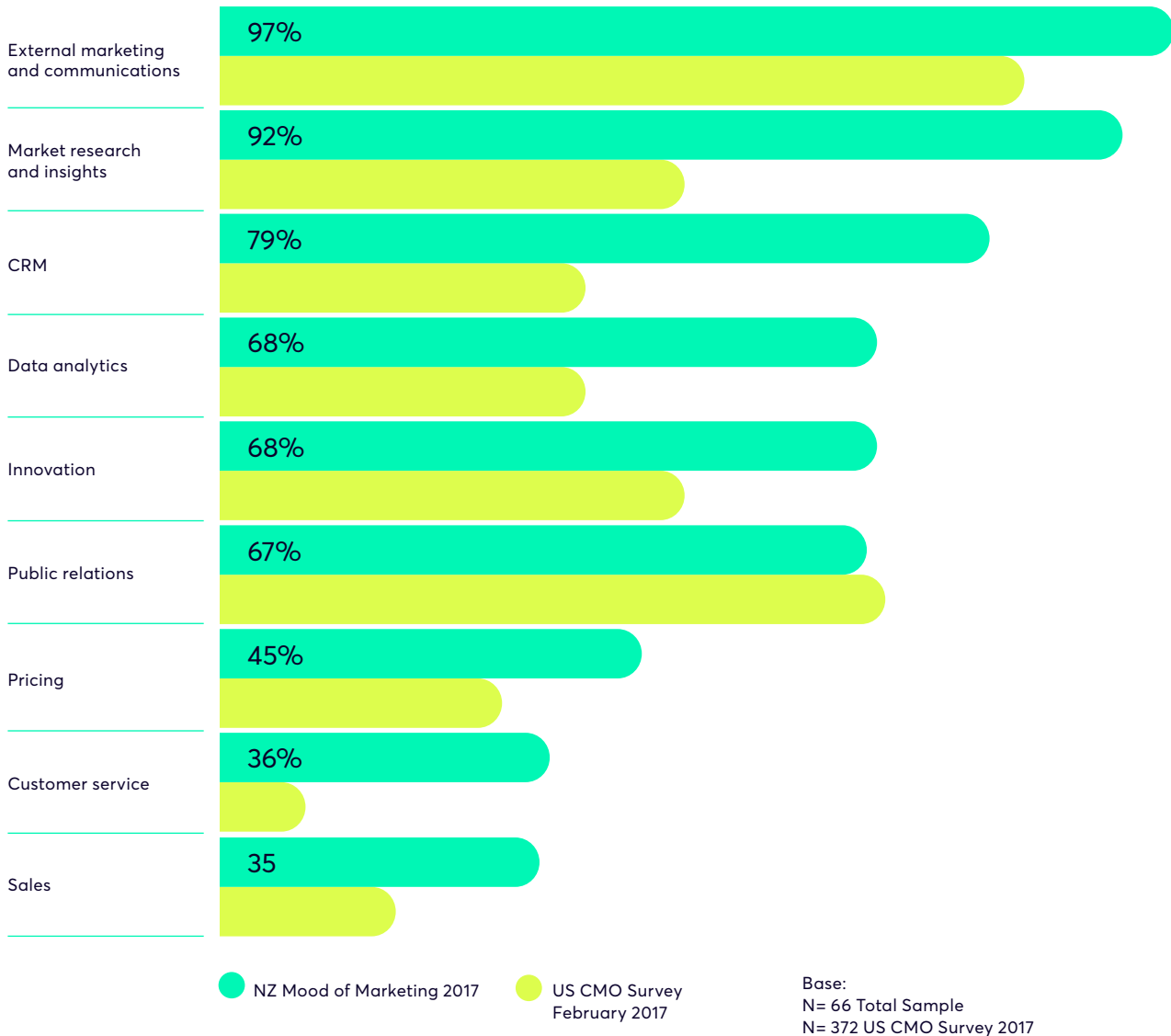
03. Think omni-channel not just physical, digital and mobile in isolation



04. Develop analytics literacy



Which areas do you believe marketing will be mainly responsible for within the next three years?



Finally, it's heartening to see New Zealand marketers are ahead of their international colleagues in expectations around the data opportunity. Too often we look overseas for our inspiration. The 2017 Mood of Marketing report shows our marketing leaders may be seeing the opportunity more clearly than their US counterparts, and crucially, expect it to deliver an increased marketing voice in their business.

To succeed in the era of the empowered customer you need to unleash the power of all your data sources to unlock insight and deliver personal and relevant customer experiences.

Qrious offers



Customer
data strategy



Marketing
automation software



Marketing
automation strategy



Customer
segmentation



Social media
analytics



Customer NPS

To find out more about how your business can use data driven insights to create personalised customer experiences with Qrious, visit www.qrious.co.nz/marketing and request a meeting.

Qrious