

Executive summary

THE RISE OF THE MARKETER

How Australian & New Zealand marketing executives view the future

Introduction

Marketing executives in Australia and New Zealand (ANZ) believe that the structure and design of their function will need to change to meet the future needs of their enterprises. But they appear to feel less strongly about the subject than their counterparts elsewhere. That was one of the major findings of a global study by The Economist Intelligence Unit sponsored by Marketo, based on a survey of 660 high-level marketing executives asked to consider the future of their professions.

The following report, which is based on a survey conducted in July 2015, assesses the outlook of 92 marketing executives from ANZ—62 from Australia and 30 from New Zealand—and identifies several key changes that promise to redefine the nature of marketing throughout the region. Among the main findings:

- ANZ marketers are aware of the need to overhaul their organisation but feel it less acutely than marketers in many other regions
- The marketing function's role as a revenue driver will grow substantially as it assumes responsibility for the customer experience
- Customer acquisition will present a major challenge for ANZ organisations but they are investing heavily in marketing initiatives and as a result are confident they will rise to meet the challenge
- ANZ marketers believe that real-time mobile personalised transactions will shape the future of the marketing function

The survey results suggest that ANZ marketers have more in common with their counterparts in North America and Europe than with their neighbours in Asia-Pacific in terms of expectations, priorities and fears. In several ways, however, the region is unique.

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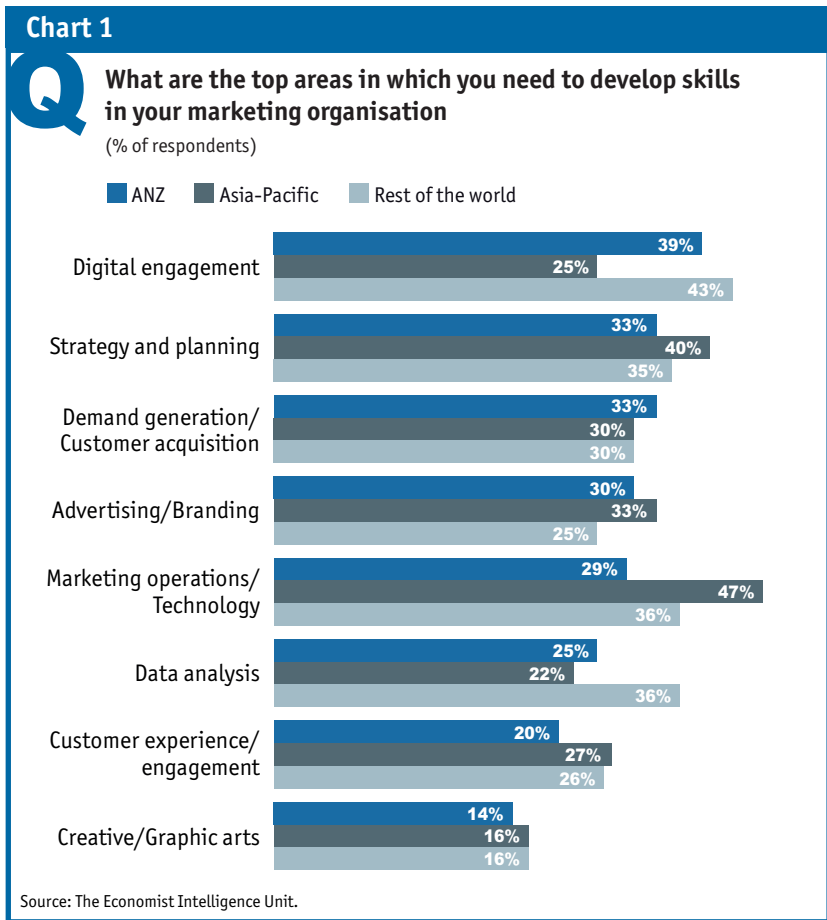
1 The future of marketing in ANZ

A large majority of ANZ marketers—about three in four—believe that the structure and design of the marketing function will need to change to meet the future needs of their companies. But they feel less strongly about the subject than their counterparts elsewhere: only three in 10 (30%) of ANZ respondents strongly agree with a statement to that effect compared to almost six

in 10 in the rest of Asia-Pacific and 50% in the rest of the world. The reasons for this disparity are investigated below.

Respondents from ANZ report that advertising and branding (62%) are the primary functions of marketing, followed by customer experience and engagement (52%) and customer retention (52%). But marketing’s responsibilities are positioned to change. Those polled say marketers will still be predominantly involved in customer experience and engagement (51%) and customer retention (47%) in three to five years, but their role in advertising and branding will diminish dramatically (35%). Meanwhile, the ongoing commitment to engagement and retention more closely resembles trends found in Europe and North America than in the rest of Asia-Pacific, where those areas are considered to be among the least important considerations of the marketing function. (Chart 1)

ANZ respondents believe most strongly that they need to develop their marketing organisation’s digital engagement skills (39%), followed by demand generation/customer acquisition (33%) and strategy and planning (33%). It is worth noting that while ANZ is largely in step with global trends regarding skill-building priorities, marketing operations and technology are of significantly less concern in the region (29%) than in the rest of the world (36%). By contrast, in Asia-Pacific, it is the number-one priority (47%).



2 Marketing as a revenue driver

Only 25% of ANZ respondents strongly agree that the marketing function is a cost centre (rating it at least 8 out of 10) compared to 43% of respondents in Asia-Pacific and 38% in the rest of the world as a whole. Tomorrow’s marketplace, however, is likely to present a different picture. About 29% of ANZ respondents strongly believe that marketing will be a cost centre in the next three to five years while their counterparts in the rest of the world tend to believe there will be no significant change. And marketing’s role as a revenue driver is poised to spike: the number of ANZ respondents reporting the marketing function as a revenue driver jumps from 26% today to 41% in the near future. ANZ respondents also predict marketing’s role in shaping company strategy will increase (from 22% expressing strong agreement to 37%) as will its role in building relationships, loyalty and advocacy among customers (from 30% to 40%).

ANZ respondents are fairly evenly split over which function is presently responsible for the customer experience with 33% pointing to marketing while nearly 30% each point to sales and customer support. But this balance of responsibilities is about to shift. Nearly half (47%) believe that



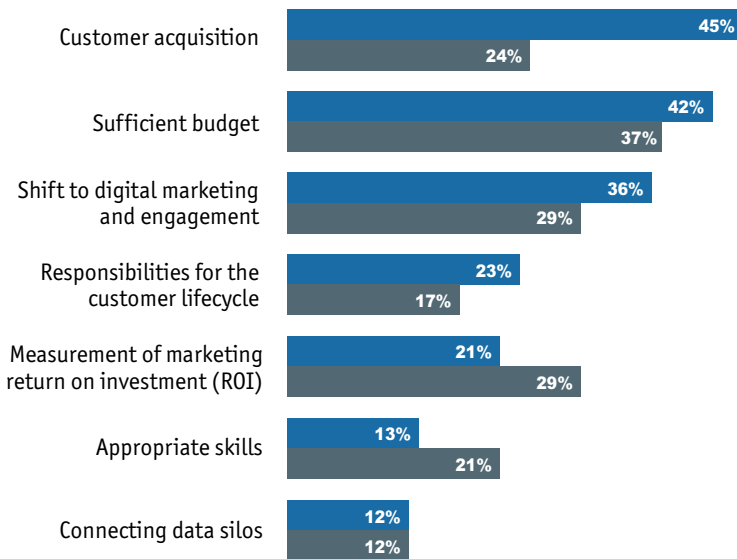
marketing will take control of the customer experience in the next five years, largely taking over from sales (21%) and customer support (21%). Similar transfers are likely to take place in Europe and North America, while Asia-Pacific is excluded from the trend because marketing already appears in control of the customer experience in that region. (Chart 2)

3 The challenges to come

Chart 3

Q What will be your biggest challenges over the next 12 months
(% of respondents)

■ ANZ ■ Rest of the world



Source: The Economist Intelligence Unit.

Respondents in ANZ believe that customer engagement and retention will be the marketing function’s biggest challenge, with close to half (45%)—the largest group of respondents from any region—citing customer acquisition as the single biggest challenge in the next 12 months. By comparison, less than one-quarter (24%) of respondents from the rest of the world agree that customer acquisition will present an important hurdle. (Chart 3)

Those polled in ANZ also voice stronger concerns than counterparts in other regions about having sufficient budgets (42%) and managing the shift to digital marketing and engagement (36%). Again, ANZ has little in common with the rest of Asia-Pacific, where respondents are relatively unconcerned about the need for customer acquisition (28%) and the digital shift (21%) but are more deeply concerned about finding and fostering appropriate skills (30% compared to 13% in ANZ).

4

Digital engagement on the horizon

As more organisations look to marketing to drive revenue by acquiring and engaging with customers, it's reasonable to expect increased levels of investment in those areas. The ANZ region is meeting these expectations. About 41% of respondents say that customer acquisition programmes will be their top area of investment in the next year (far higher than the 27% found in the rest of the world), closely followed by the shift to digital engagement (40%) and the measurement of marketing ROI (32%). It should come as no surprise that investment priorities elsewhere in Asia-Pacific are substantially different, with skills acquisition taking the top spot (32% compared to only 20% in ANZ). (Chart 4)

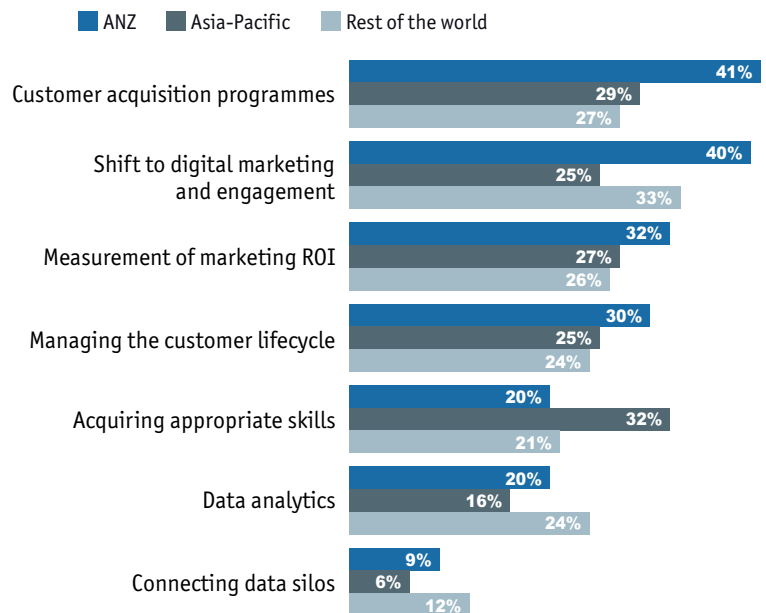
While ANZ marketing executives do not yet feel confident in their ability to engage customers, they believe they will master that skill with time. Only about 15% of respondents strongly agree with a statement affirming that the marketing team currently uses data effectively to gain insight and engage with customers. But that number jumps to 39% when the same statement is applied to three to five years from now, and more than three-quarters (77%) express at least some agreement (rating the statement a six or higher). Similarly, only about one-in-five (22%) of ANZ respondents strongly agrees

that marketing is currently using technology to engage customers in an ongoing conversation to build advocacy and trust—but 50% say that will be the case in three to five years. Clearly, ANZ marketers anticipate that their organisations' investments into customer engagement are going to pay off.

Chart 4



What will be your top areas of investment over the next 12 months
(% of respondents)



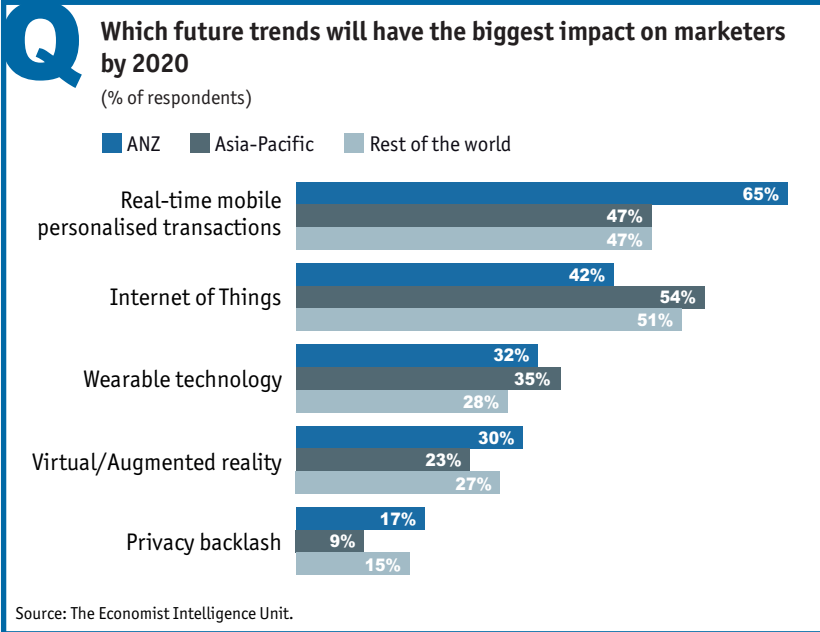
Source: The Economist Intelligence Unit.

5 The new shape of mobile marketing

Respondents in ANZ report that social marketing is the technology most likely to attract investment in the near future (38%) but they do not express a great deal of certainty about other

technologies. At least 20% of ANZ respondents named seven of 13 technologies included in the survey as being likely areas of investment, indicating a lack of clear direction regarding the specific technologies that their organisations believe will shape the future of the function.

Chart 5



Regarding broader technological trends, however, ANZ respondents find themselves on firmer ground. Nearly two-thirds (65%) say that real-time mobile personalised transactions will have the biggest impact on marketers by 2020. This is the largest single group by percentage for any response in any region. A relatively modest 47% of respondents from the rest of the world agree that mobile transactions will have a major impact on marketers. The Internet of Things is at a relatively distant second place for ANZ respondents at 42% (compared to about half of respondents in the rest of the world) while wearable technology (32%) and virtual & augmented reality (30%) are in line with global trends. (Chart 5)

Conclusion

While marketing functions in Australia and New Zealand have relatively few present responsibilities compared to their counterparts in the rest of Asia-Pacific, that situation looks likely to change in the near future. While they feel less strongly than their counterparts in some other regions regarding the need to overhaul their organisation, there will nevertheless be a hard shift away from advertising and branding as marketing responsibilities. Direct customer acquisition, engagement and retention will gain ascendancy as marketers' primary concerns as they increasingly assume responsibility for the end-to-end customer experience from the sales and customer service functions.

ANZ marketers believe that they will be called upon to carry a heavier load as more and more organisations look to them as a revenue driver, and that customer acquisition is going to present a significant and ongoing challenge. They believe that social marketing, mobile transactions and the Internet of Things will be the technologies most central to shaping the future of the function. And they believe that they can look forward to substantial investment in the tools they will need to meet—and surpass—those heightened expectations.