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I. Introduction

Serving customers is a 24/7, around-the-clock job. Constant connectivity is here, and with the interconnected, global community, there is truly no second of down time for those serving consumers. Furthermore, customers not only expect immediate service, but they expect it to be a seamless, straightforward transaction personalized for their unique needs.

Nearly 100% of Consumer Products and Services businesses are integrating this trend of constant connectivity into their marketing strategies and business decisions. Digitalization is key to the survival and success of every company in the Consumer sector.

However, despite this recognition of the fundamental importance of digitalization in business survival, only half of top executives feel their companies are investing sufficiently in technological advancements. Where is the disconnect? Why is there so much inconsistency with what executives say they need versus the actions they are taking with investment?

According to our 2019 Stanton Chase Consumer Products and Services survey of executives around the globe, a majority believe it is a lack of knowledge and understanding at the highest levels of leadership. It is imperative, therefore, to build a diverse and tech savvy management team to begin solving the dilemma of inadequate investments in technology. Our survey results indicate that Private Equity firms are currently leading the pack with aggressive tactics to spur innovation through financial investment.

Digitalization is key to the survival and success of every company in the Consumer sector.



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In this survey of nearly 400 international Consumer Products and Services executives, we dug deeper into the omnipresence of e-commerce in the industry, examining three crucial trends: the constant connectivity of today's consumer, the translation of online sales to offline interactions, and the increasing ubiquity of the Internet of Things. We found that companies are poised for growth through developing new products, implementing new technologies, and securing talent that can manage cross-functional teams capable of actualizing omni-channel sales and marketing processes.

Please read on to see our findings in detail. We sincerely appreciate the participation of all survey respondents. We found your feedback to be enlightening and insightful and hope that sharing the results is beneficial for all involved. If you would like to learn more, we encourage you to visit www.stantonchase.com or contact your local Stanton Chase office.



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II. Findings and Analysis

Growth Through Products, People, and Technology

Last year, over 80% of survey respondents felt optimistic about the overall state of the Consumer Products and Services (CPS) industry and expected significant growth worldwide in the immediate future. This year, we took a closer look at what initiatives organizations are implementing to achieve those goals. We found that the industry is aggressively investing in organic growth measures, deploying significant capital into new products, new technologies, and top-notch talent.

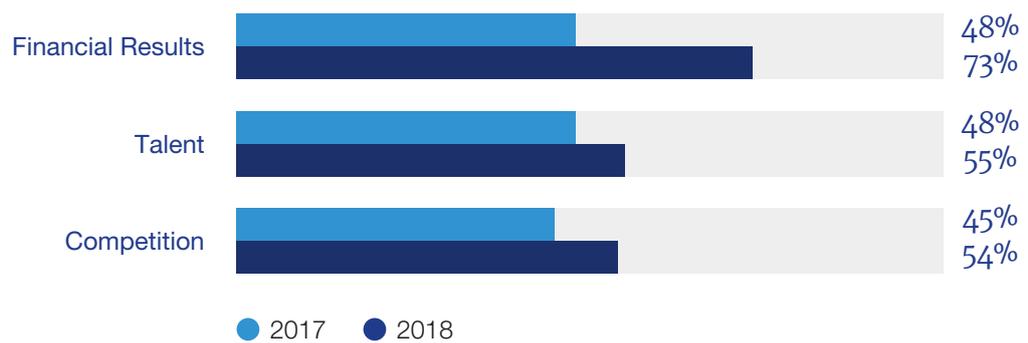
What are the Top 3 Areas for Capital Deployment as Your Company Invests for Growth?



Technological advancements are both a blessing and a curse to executives within the industry. Digitalization empowers organizations to achieve potentially phenomenal corporate success, but as the industry is swept into a period of growth, executives are feeling increasingly pressured to stay ahead of the competition by acquiring key talent that can help them deliver strong financial results.

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With Regards to Business, What Issues Keep Executives Awake at Night?



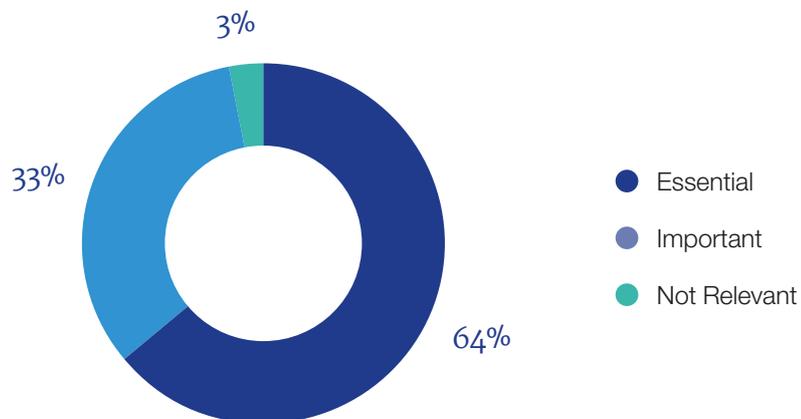
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Constant Connectivity is the New State of Being

In the past, there were only a few channels to communicate with customers. Today, companies can provide customers with all of the information they need about their products and services through a sophisticated multichannel approach. The new generation of constantly connected consumers is transforming how they market and sell products. Changes in behavior and technology are influencing how they build brand awareness and sell products and services. A strong digital footprint is important. Speed and relevance are essential.

Acknowledging this fundamental change in consumerism is imperative. In fact, consumers having constant connectivity to purchasing power via the internet is one of the most crucial trends in the industry, with 97% of respondents ranking it as important or essential to the future of their business.

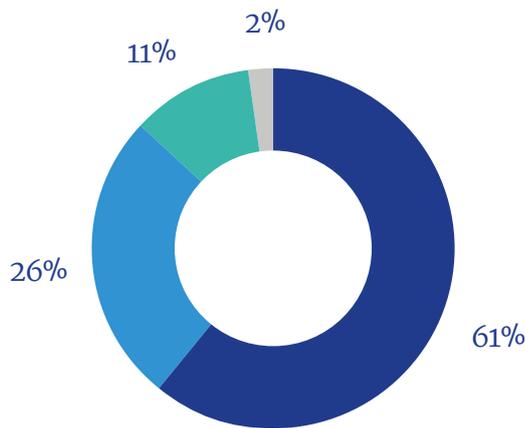
How Important is Constant Connectivity?



Constant connectivity is so central to CPS that 98% of the industry is integrating this trend into their marketing strategies and business discussions, but only two-thirds express satisfaction with the steps their companies are taking.

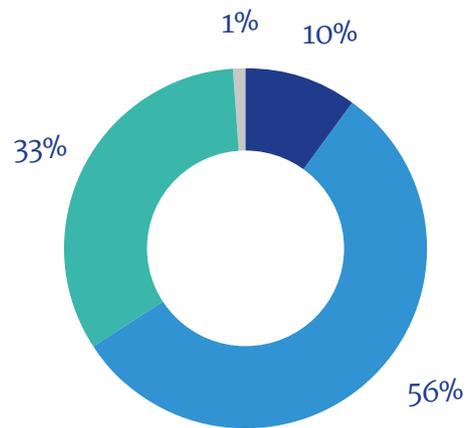
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Implementation of Constant Connectivity



- Actively Analyzing and Implementing
- Watching and Planning Implementation
- Observing But Not Acting
- Not Considering the Trend

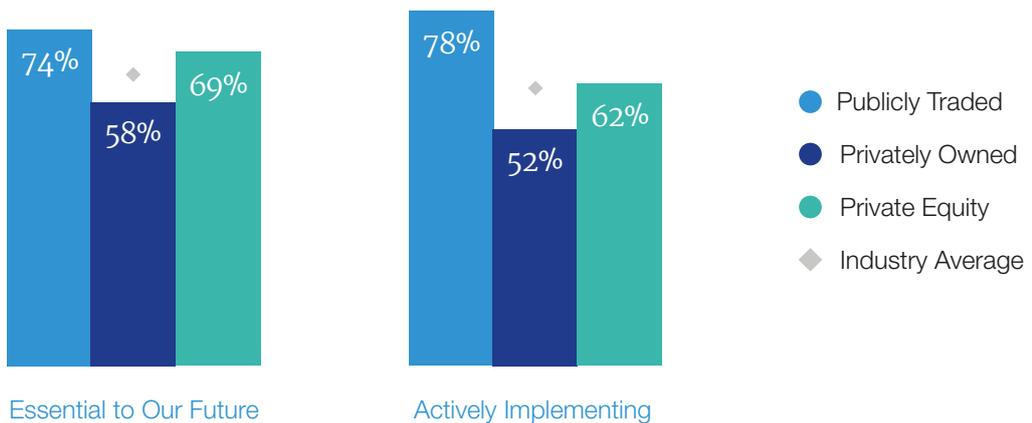
Satisfaction with Phase of Implementation



- Extremely Satisfied
- Satisfied but Room for Improvement
- Not Satisfied
- Extremely Unsatisfied

Publicly traded organizations consider the constant connectivity of consumers to be of higher importance than their privately owned and private equity counterparts. They are also the most engaged in actively implementing constant connectivity and consequently express the highest level of satisfaction with the steps their companies are making to incorporate this trend into their business plans.

Prioritization of Constant Connectivity



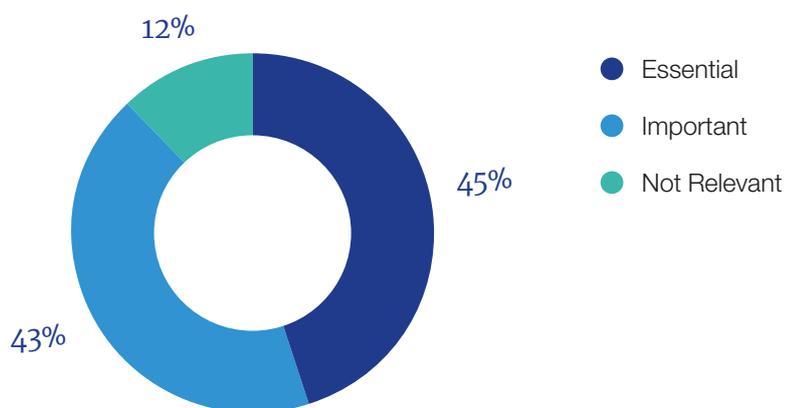
- Publicly Traded
- Privately Owned
- Private Equity
- ◆ Industry Average

Online-to-Offline

Brick-and-mortar retail is not dead: approximately 80% of all products are still sold through stores. In fact, brick-and-mortar sales are growing steadily. Retailers must develop creative and innovative concepts that attract e-commerce customers into their stores and create a seamless digital experience before, during, and after the store visit. Increased focus on omni-channel marketing and a uniform shopping and brand experience are crucial.

Translating consumers' omnipresence on the internet into brick-and-mortar sales is another key trend within the CPS industry, with 88% of respondents considering it important or essential.

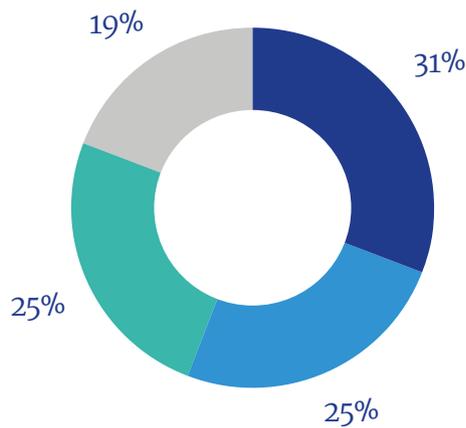
How Important is Online-to-Offline?



Of those surveyed, 81% are in some phase of implementing online-to-offline initiatives as part of their sales and marketing strategy, but only 60% are satisfied with their organization's level of innovation in this area.

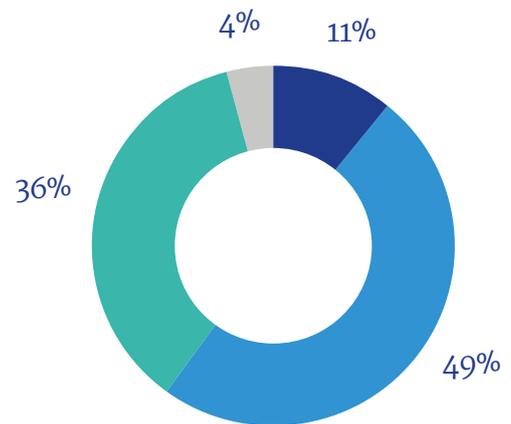
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Implementation of Online-to-Offline



- Actively Analyzing and Implementing
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Satisfaction with Phase of Implementation



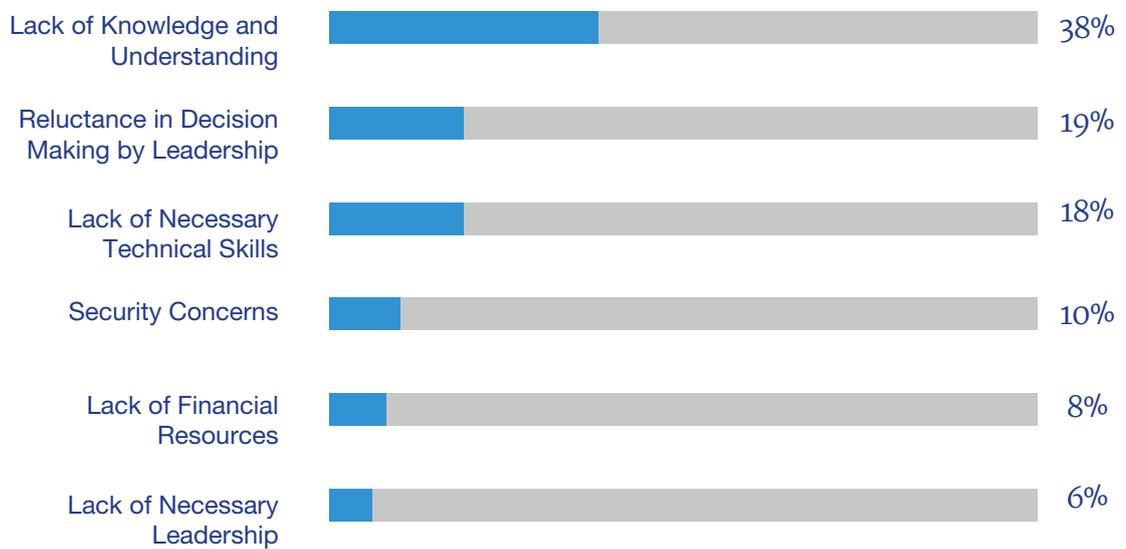
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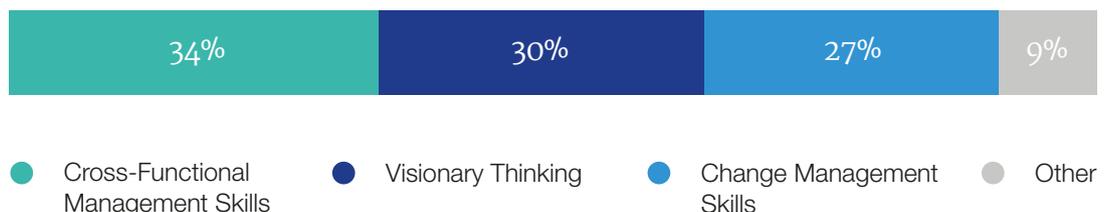
It is not budgetary restraints, security concerns, or a lack of technical skills that fuels respondents' dissatisfaction with their organizations' online-to-offline initiatives, but rather their leadership team's general lack of knowledge and understanding of online-to-offline marketing. We will see this issue addressed further in the final section of our Key Findings, "The Importance of Human Capital".

Biggest Challenges in Online-to-Offline Implementation



In last year's survey, a staggering 96% of respondents anticipated that the increasing scope of e-commerce would impact the key competencies needed in future leadership. In regards to the online-to-offline component of the sales and marketing process, respondents expressed a significant need for leaders that demonstrate cross-functional management skills and possess the visionary thinking necessary to implement omni-channel initiatives.

Most Important Leadership Skills for Implementing Online-to-Offline

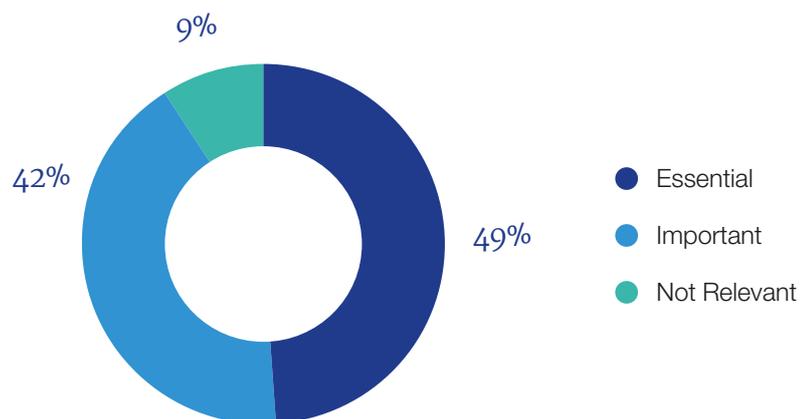


The Internet of Things

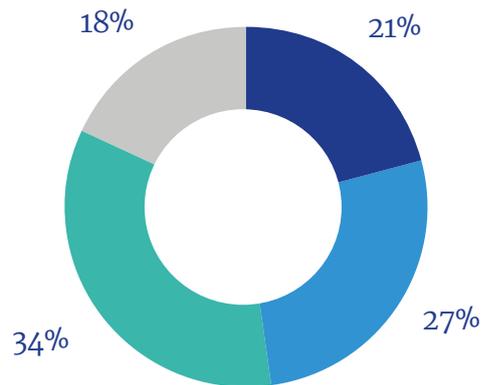
The “internet” officially evolved into the “Internet of Things” once there were more devices connected to the internet than there were people. It is estimated that there will be 29 billion connected devices by 2022. Currently, most consumers have a minimum of two pathways to the internet – their personal computer and their smartphone. But beyond those, there are many other devices gaining a foothold in the IoT landscape: tablets, wearables (such as smartwatches and fitness trackers), cars, household items – the list goes on.

This opens up multiple opportunities for a better understanding of consumers and their habits. It will give retailers and brand owners an enormous volume of data that can be used to optimize production, improve logistics, and tailor products and services. Not surprisingly, the ubiquity of the Internet of Things is a key factor in the industry, with 91% of respondents considering it important or essential to their future and 82% paying close attention to this trend, with nearly half already implementing IoT strategies.

How Important is the Internet of Things?

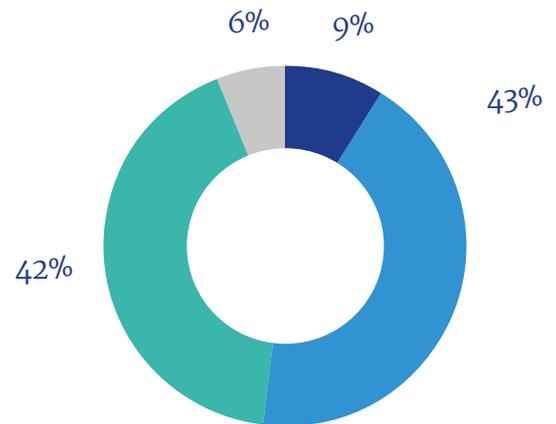


Implementation of the Internet of Things



- Actively Analyzing and Implementing
- Watching and Planning Implementation
- Observing But Not Acting
- Not Considering the Trend

Satisfaction with Phase of Implementation



- Extremely Satisfied
- Satisfied but Room for Improvement
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However, almost half of all respondents are underwhelmed by the steps their companies are taking to implement IoT and two-thirds feel they are following behind the trend. This echoes the concern voiced by executives that heightened competition is a significant stressor within their professional lives.

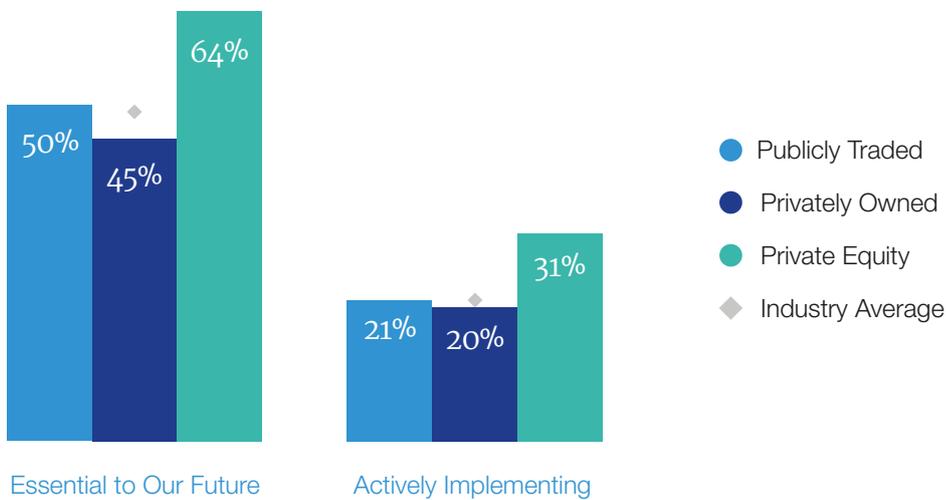
Your Organization's Competitive Stance in Implementing the Internet of Things



- Industry Leaders
- Fast Movers
- Fast Followers
- Far Behind

Private equity firms place a higher emphasis on the importance of the Internet of Things than other company types and are more aggressive in their implementation of IoT strategies.

Prioritization of the Internet of Things

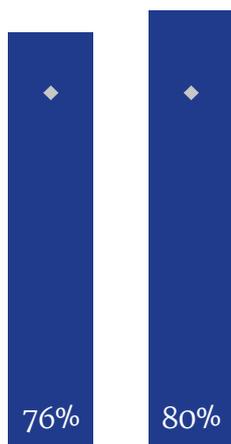


Technology Mindset

Constant connectivity, online-to-offline, and the Internet of Things are not passing fads. These factors are key trends that are changing the Consumer Products and Services industry permanently.

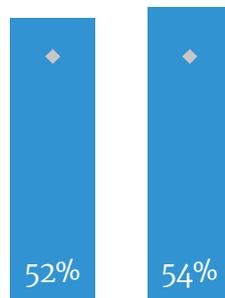
Not only does an overwhelming majority of the industry consider these trends as important or essential to the way they do business, but those that recognize the importance of one trend acknowledge the importance of all three. In order to remain competitive, CPS organizations must assume a mindset of technology being a defining force of the industry.

Importance of Other Technology Trends to Respondents that Value Constant Connectivity



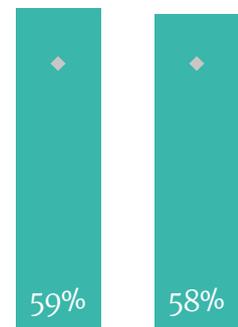
Online-to-Offline Internet of Things

Importance of Other Technology Trends to Respondents that Value Online-to-Offline



Constant Connectivity Internet of Things

Importance of Other Technology Trends to Respondents that Value the Internet of Things



Constant Connectivity Online-to-Offline

● Respondents that Value Constant Connectivity

● Respondents that Value Internet of Things

● Respondents that Value Online-to-offline

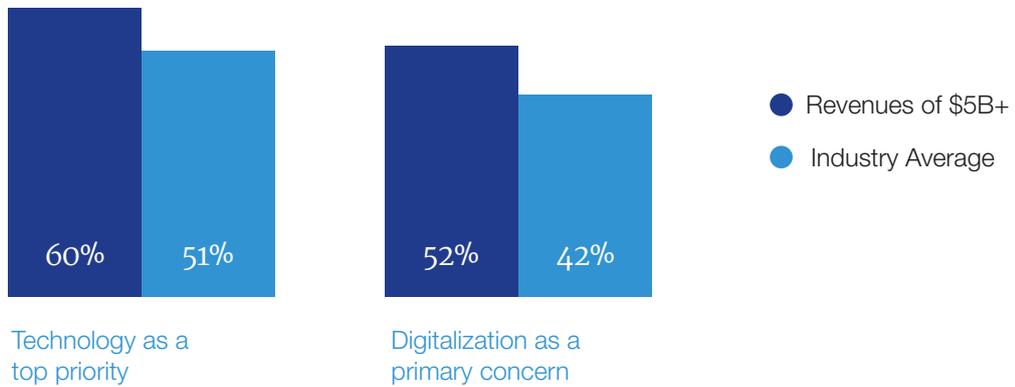
◆ Industry Average

Those that recognize constant connectivity, online-to-offline, and IoT as essential to the future of the industry are backing their instincts with action: Companies that value all three trends report higher implementation rates across the board.

Larger Companies Prioritize Technology

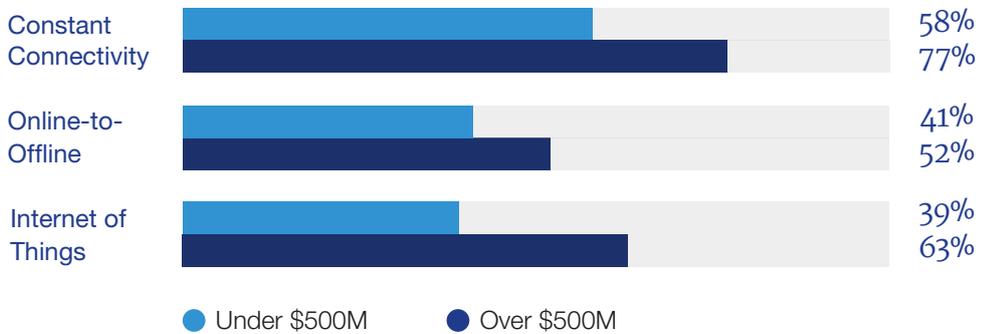
Large Consumer Products and Services companies place a higher emphasis on and are more aggressive in their technology endeavors than small and mid-sized organizations. Their size allows for more flexibility with the key components of technology initiatives: greater financial resources and a larger pool of in-house talent.

Large Companies Prioritize Technology



The importance and focus placed on technology initiatives by companies with higher revenue is true overall and specifically for all three key trends: constant connectivity, online-to-offline marketing, and IoT strategies.

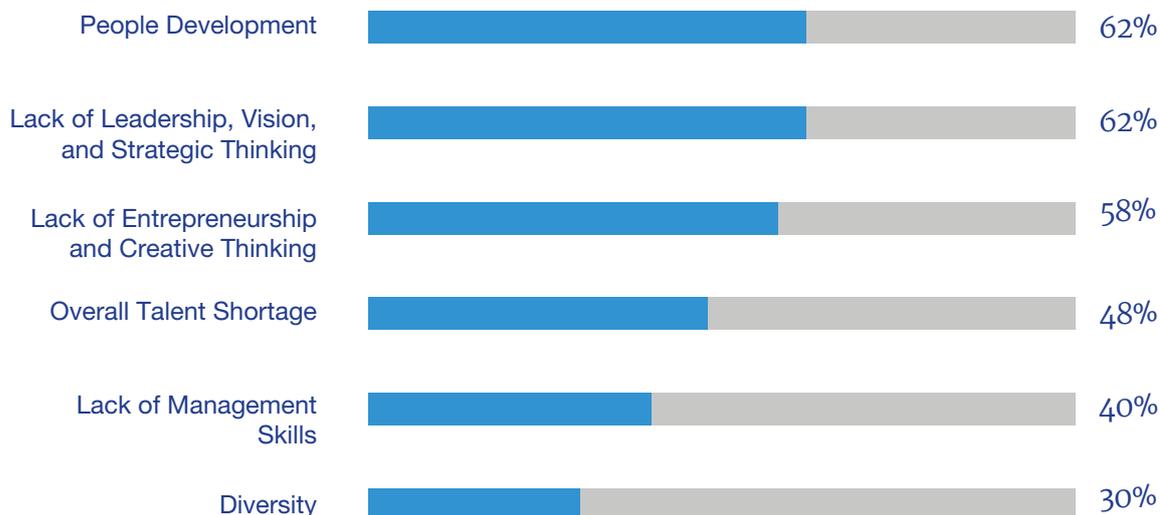
Technology Trends Essential to Our Future



The Importance of Human Capital

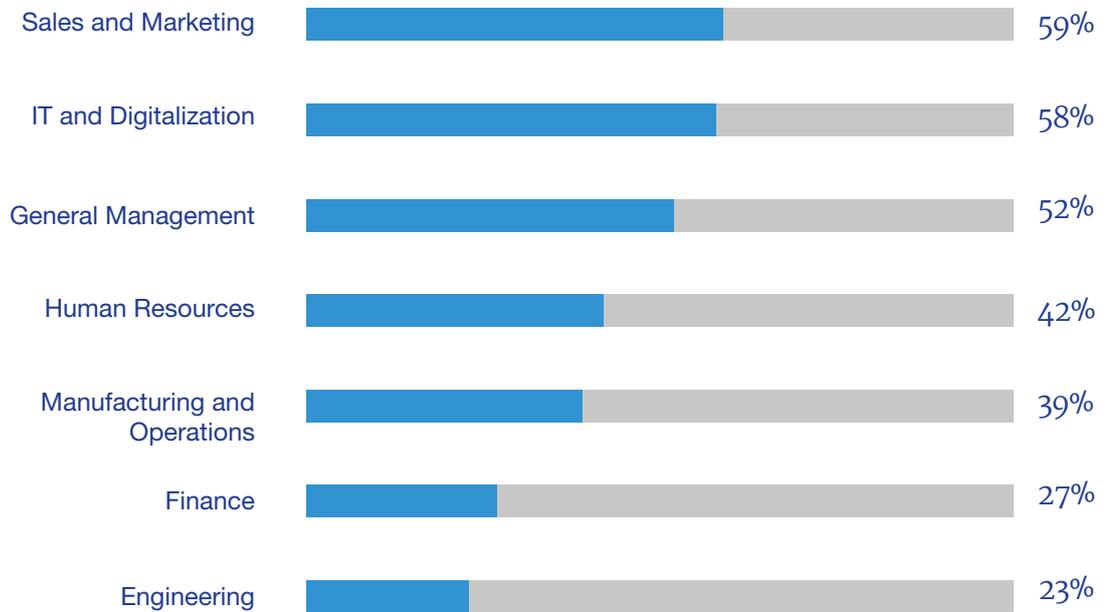
Overall, Consumer Products and Services organizations recognize the trio of constant connectivity, online-to-offline, and IoT as crucial to their success but are dissatisfied with their companies' aggressiveness in putting such measures into effect. Survey respondents lament ineffectual people development and the lack of vision, strategic thinking, and creativity in their human capital that is necessary to actualize these trends.

Primary Human Capital Challenges



Talent shortages are most pronounced in those functions that innovate and implement digital initiatives: Sales and Marketing, IT and Digitalization, and General Management. The ability to fully execute and consistently deliver on these initiatives is the most sought after attribute in future leaders.

Functional Talent Shortages



Talent shortages are most pronounced in those functions that innovate and implement digital initiatives: Sales and Marketing, IT and Digitalization, and General Management.

III. Recommendations

Based on our 29 years of experience advising executives worldwide as well as the data accumulated via this global survey of the Consumer Products and Services industry, we offer the following recommendations:

Build a Diverse and Tech Savvy Board and Management Team

Board of Directors and C-level executives need to understand not only how technology is already impacting their business, but how it could potentially impact their business in the future. They must leverage big data and analytics to gain a deeper understanding of their customers and their industry. Consumer behavior is changing as new generations of customers with a digital lifestyle are gaining more and more buying power. Executives must be able to draw insights from all of this data and take changing consumer demographics into account as they develop products, services, and sales and marketing strategies.

Invest in Innovation

In all three key technology trends within the industry – constant connectivity, online-to-offline, and IoT – there is a significant discrepancy between the high value executives put on these initiatives and the mediocre level of satisfaction they express regarding their companies' implementation. New products and technology are two of the highest spends as companies invest for growth. Make sure your company is aggressively deploying its capital to fund initiatives that will keep you competitive.

Maximize Technology and Utilize Data

The internet, the smartphone, the Internet of Things – factors that were once auxiliary are now fundamental. They affect every function across every company within every industry. They make it critical for every business to become a data-driven business, and nowhere is that truer than in Consumer Products and Services. No longer is it necessary to guess at consumer behavior. Utilize all of the information you have from the many touchpoints you share with your customers to paint a vivid picture of how they interact with your brand. Then improve upon it.

Focus on Sales and Marketing

Today's consumer operates completely differently than the consumer of just a few years ago. Can you say the same about your Sales and Marketing team? For the second consecutive year, respondents report the most pronounced leadership talent shortage in exactly the area that companies are depending on to sharpen their competitive edge: Sales and Marketing. Acquiring talent is a primary concern troubling executives – it is also a top area for capital deployment -- as companies invest for growth. Focus that intensity on your Sales and Marketing team. Look for individuals that understand the broader customer experience, that can think creatively and strategically about how to improve upon that experience, and that can work effectively across functions to implement those strategies.

Abandon Silo Thinking

Potential customers have dozens of different touchpoints for interacting with your brand. Make sure your customers are receiving not just a consistent message, but an integrated one. Moving from your website to your mobile site to your call center to your storefront and back again should be a seamless experience. Don't think of each channel as a straight line that takes your customer from initial contact to an actualized sale; think of each channel as one of many overlapping paths that your customer will use – switching back and forth from one to the other – as they move through the sales process.

IV. Demographics

Nearly 400 participants completed the survey worldwide. More than one-third of the respondents were executive and board level, with the remaining respondents being distributed amongst every major functional role. Participating firms varied in size from under \$100M to exceeding \$5B in annual revenues. Company ownership included publicly traded, privately owned, and private equity backed organizations across 44 countries.

This survey was conducted during December 2018.

V. About Stanton Chase

Founded in 1990, Stanton Chase is your global leadership partner, recognized for exceptional results around the world. Stanton Chase is unique in the executive search industry, offering clients the expertise and global reach of one of the world's ten largest executive search firms complemented by the service, industry expertise and personal relationships usually reserved for small, boutique practices.

Stanton Chase is proud to offer our clients a complete suite of executive search and consultancy services.



Executive Search

Our worldwide network of offices and partners gives us the ability to access top talent not just across borders but across the globe.



Candidate Assessment

Using the latest methodology for the identification, motivation, and assessment of competencies and personality profiles.



Leadership Consulting for Boards and C-Suite

Recognizing the unique challenges of CEOs, Boards, and the C-Suite and counseling our client partners on a breadth of corporate, governance, and strategic imperatives.



Diversity Search

Committed to and embracing the global reality of diversity and inclusion.

For further information about Stanton Chase, please visit www.stantonchase.com.

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