

STANTON CHASE




2017 Global Consumer Products and Services Survey

Gaining a Competitive Edge Through Innovation and Diversity

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STANTON CHASE

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- A woman with blonde hair, wearing a blue button-down shirt, is smiling and looking at a laptop. She is holding a credit card in her right hand. A smartphone is on the desk next to the laptop. The background is dark and out of focus.
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I. Introduction



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Over the past decade, the steep rise of e-commerce and the ubiquity of the connected mobile device have compelled the Consumer Products and Services industry to rapidly evolve their business practices to accommodate a new and growing demographic: the middle-class online shopper.

As e-commerce grew from a supplementary feature to a necessity, there was undoubtedly a transitional time when consumers and companies were both struggling to understand this new channel. Consumers formed expectations regarding their user experience, product quality, and delivery methods, while companies worked to identify their audience, define their offering, and solidify the technology required to meet consumer demand.

However, in 2017, the industry has caught its breath and is in a stable, optimistic place. Thanks to advances in internet connectivity and data analysis, organizations can accurately assess their customers' habits and predict their future behaviors. The focus has moved from establishing functional capabilities to implementing new, creative ways to service customers through e-commerce.

In our survey of over 600 international Consumer Products and Services executives, we found that companies see e-commerce as the single most impactful factor within the industry. With their technological capabilities and product development pipelines largely well-established, organizations are highly focused on identifying innovative, diverse talent to strongly establish their place in an increasing competitive landscape.

Please read on to see our findings in detail. We sincerely appreciate the participation of all survey respondents. We found your responses to be enlightening and insightful and hope that sharing the results is mutually 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.

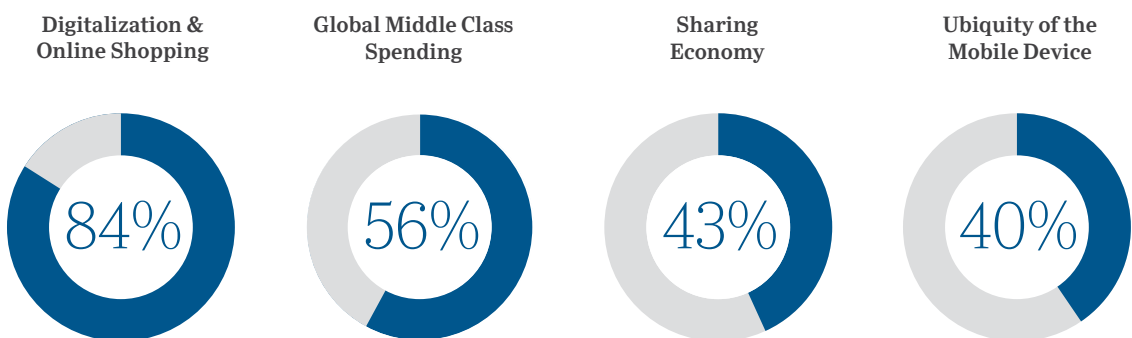
II. Findings and Analysis

Overall, the Consumer Products and Services industry is in a positive place, with an impressive 83% of respondents feeling optimistic and expecting growth worldwide in the coming year, most noticeably through increased online spending by the global middle class.

The State of the Industry

Without question, the most impactful factor within the industry is the continuing increase in digitalization and online shopping, with 84% of respondents citing it as the primary factor for affecting change within the next few years. Other top issues identified by executives all fall under the umbrella of e-commerce: the increase in middle-class spending globally, the rise of the sharing economy, and the ubiquity of the connected mobile device.

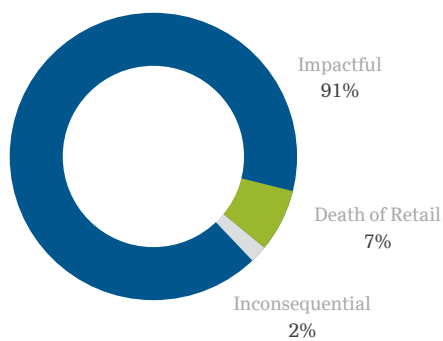
Most Impactful Factors Facing the Industry in the Next Three Years



Executives overwhelmingly see online shopping as an opportunity, not a threat. Very few hail it as the death of retail, with an overwhelming 91% seeing it as impacting significant changes. A small number of respondents see online shopping as inconsequential to the industry.

II. Findings and Analysis

Anticipated Impact of E-commerce Over the Next Three Years

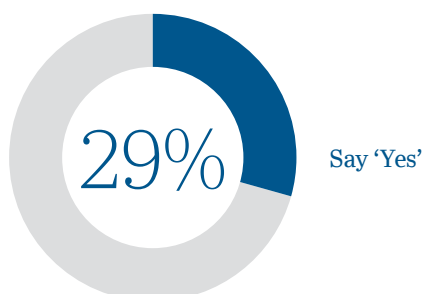


When asked what challenges are impeding their corporate growth, respondents did not express concern about their technological capabilities or their product development pipelines. These tools and procedures are firmly in place, with less than one-third of respondents citing them as problematic.

Rather, companies are highly focused on innovation in their e-commerce efforts to find their foothold in an increasingly competitive landscape. In fact, strong competition is identified by far as the primary challenge to impeding corporate growth, with 74% of respondents voicing their concern.

To carve out their niche in the marketplace, organizations need an innovative offering to differentiate themselves from their numerous competitors. However, only 29% of respondents are satisfied with the level of innovation at their companies, with the remaining 71% feeling either neutral or dissatisfied.

Are You Satisfied With Your Company's Level of Innovation?

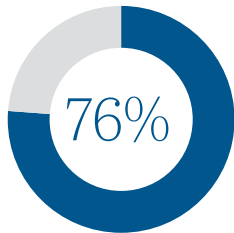


II. Findings and Analysis

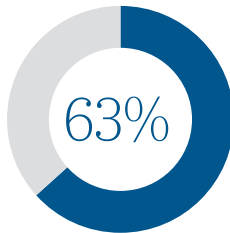
Innovation efforts are focused largely on initiatives that will give companies a competitive marketing edge, capitalizing on the increased spending of the global middle class and securing their organization's place in the sharing economy: new product development, solid brand development, and improved customer service.

Primary Innovation Efforts

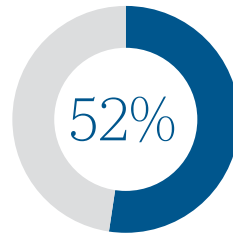
New Product
Development



Brand
Development



Customer
Service

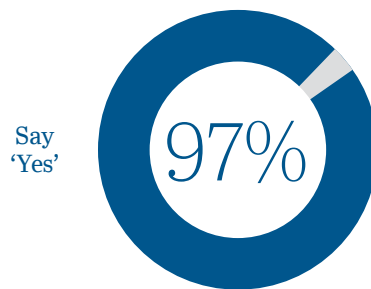


II. Findings and Analysis

The Evolution of Leadership

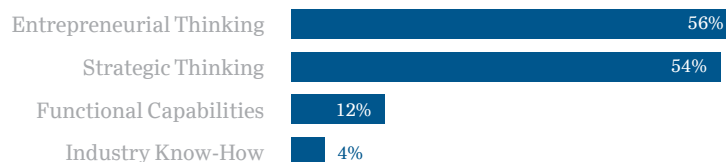
These innovation efforts will require fresh, original thinking throughout the organization. A staggering 97% of respondents anticipate the increase in e-commerce opportunities to impact the key competencies needed in future leadership across all functions.

Will Digitalization Affect the Key Competencies Needed in Future Leadership?



Organizations do not perceive an overall talent shortage, but rather are struggling to find the right talent to fuel innovation. They find their current leadership to be most lacking in entrepreneurship and strategic thinking, and prioritize those characteristics when assessing future leadership. Alternatively, functional capabilities and industry know-how are low on the list of desired attributes, with a minor number of respondents requiring functional or industry experience. This suggests creative thinking and a willingness to “hire-outside-the-box” to find innovative leaders. Rather than hire reactively to solve a short-term need, companies are looking to hire proactively: Envisioning where they want to be five or ten years from now and then seeking out leadership that possesses the vision and creativity required to get there.

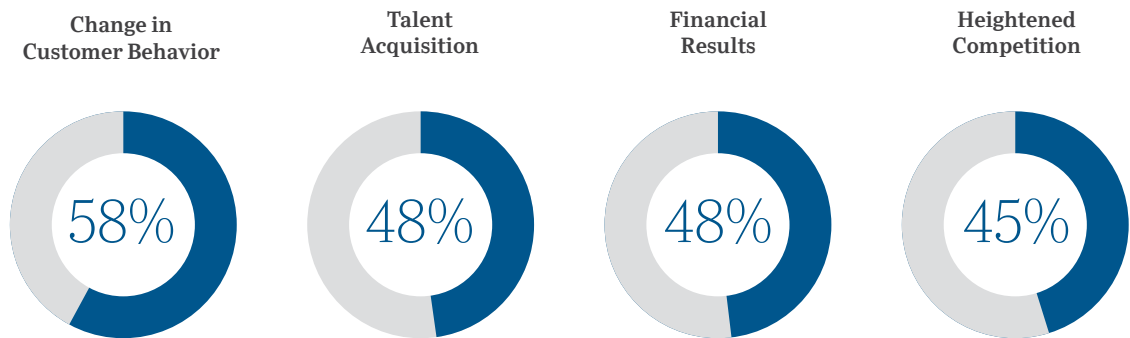
Most and Least Important Attributes in Future Leadership



II. Findings and Analysis

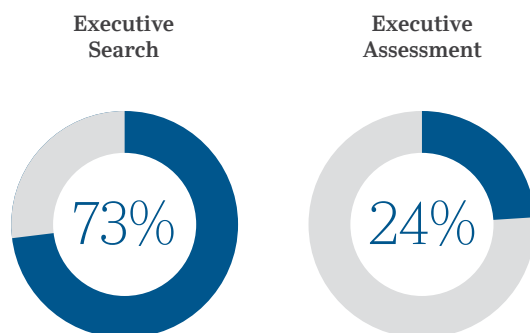
However, a willingness to hire and the ability to hire are two different things. Identifying and acquiring these leaders is proving to be a real challenge for organizations, with nearly half of executives surveyed citing a shortage of leadership talent as a primary issue keeping them awake at night, along with the change in customer behavior, stringent financial results, and heightened competition.

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



Less than a quarter of respondents will regularly utilize assessment methodologies to evaluate their current executive team. However, a solid 73% of respondents plan to use executive search within the coming year. This juxtaposition suggests that companies are looking externally for new leaders that possess the creative skillset they feel their current leadership lacks.

What Measures Will You Institute to Help Your Leadership Team Evolve?



II. Findings and Analysis

Echoing their expressed need for increased innovation in their organizations, executives identify the greatest talent shortage to be within the function of Sales and Marketing, followed by General Management and Research and Development. Human Resources is also feeling the pinch, with over a third of respondents sharing that their HR departments are struggling to find the innovative talent they need.

Functional Talent Shortages

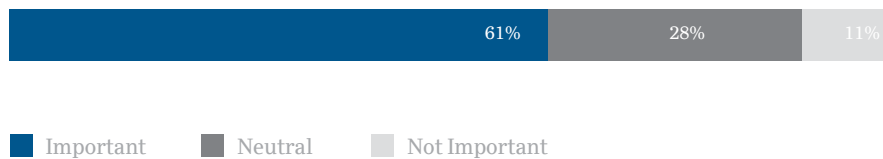


II. Findings and Analysis

Diversity: Fundamental for Growth

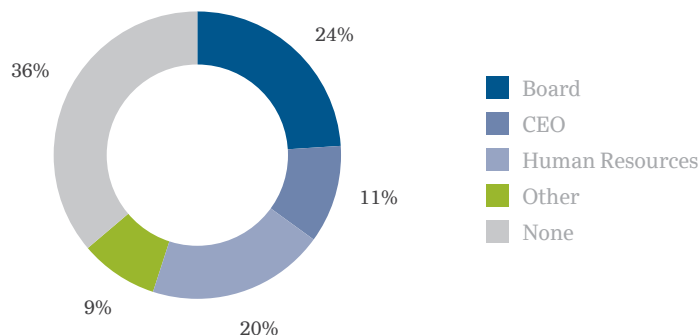
Diversity in all its forms is important within the industry as companies struggle to beat out intense competition. The majority identify increased diversity in their company as crucial to achieving their business goals. About a quarter feel neutral, while only a small number of respondents feel that diversity will not be important to their business success within the next 12 months.

How Important to Your Business Success Do You Consider Diversity?



A staggering 90% of respondents feel there is some room for improvement in the level of diversity in their leadership teams. To motivate this change, 64% of respondents have included increasing their leadership team's diversity as part of their objectives, with responsibility for these efforts most often falling to the Board and to Human Resources.

Which Areas of Your Company Have Leadership Diversity as a Business Objective?



II. Findings and Analysis

Recruiting talent is a priority, with nearly half of respondents citing it as their primary initiative for increasing diversity within their organization. Other key initiatives include improving HR processes, initiating more valuable conversations through internal communication, and stressing a high importance on diversity when integrating new hires. Nearly a quarter of respondents will institute awareness workshops for current middle and executive management.

Primary Diversity Initiatives

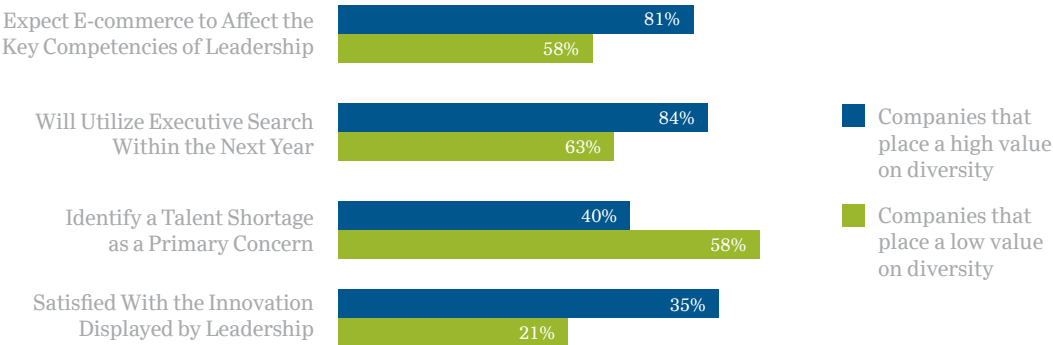


There are noticeable differences between the mentalities of organizations that place a high value on diversity in their leadership team versus those that do not. Companies that value diversity and make it a priority display a higher willingness to evolve their processes along with the industry, rather than stand fast using tried-and-true methods that were successful in the past.

Companies that place a high importance on diversity understand more keenly that e-commerce will have a significant effect on the key competencies required in future leadership. They are less affected by the overall talent shortage because they are more likely to engage the services of an executive search firm to acquire diverse talent. These companies also report a higher level of satisfaction with the level of innovation displayed by their leadership team.

II. Findings and Analysis

Companies That Place a High Value on Diversity Versus Those That Do Not



III. Recommendations

Based on our 25 years' worth of experience in 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:

Innovate... and Be Prepared for Competitors to Do the Same

84% of executives recognize e-commerce as the most impactful factor in the industry and 91% acknowledge that it will create significant change. However, only 29% are satisfied with the current level of innovation at their company. This deficit combined with the overwhelming optimism expressed by respondents indicates that seismic shifts will be taking place in the next few years as organizations initiate massive innovation efforts. Be prepared to use agility and creative thinking to develop new products, increase your brand development, and find new ways to build customer loyalty.

Maximize Your Current Team

97% of respondents recognize that e-commerce will alter the key competencies required of leadership, with a strong forward focus on entrepreneurship and strategic thinking. However, these are the same two qualities identified as most lacking in current leadership, with nearly two-thirds of respondents replying as such. How can you revitalize your current team and encourage them to think creatively in order to secure your organization's place in the increasingly competitive marketplace?

Prioritize Diversity

Nearly two-thirds of respondents consider a diverse leadership team crucial to their organization's success and a staggering 90% acknowledge that there is room for improvement in the diversity of their organization. However, only 64% include increasing diversity as part of their leadership teams' objectives and only 18% offer bonus compensation for meeting these diversity goals. Before looking externally, examine your internal efforts. Are you doing everything you can to foster a mindset of diversity in your organization? Self-audit your company's diversity, implement workshops for executive management, and consider tying monetary rewards to meeting diversity KPIs.

III. Recommendations

Focus on Sales and Marketing

The leadership talent shortage is felt most strongly in exactly the area that companies are depending on most to further innovation, brand development, and customer loyalty: Sales and Marketing. 59% of respondents identify Sales and Marketing as having the greatest talent shortage. Sales and Marketing executives feel the frustration as well, citing higher than average concerns about intense competition and facing more challenges with people development. Invest energy in fostering a meaningful conversation between Sales and Marketing and Human Resources. Make sure the communication is clear about what kind of talent Sales and Marketing needs to accomplish the innovation your organization requires.

Mirror the Marketplace

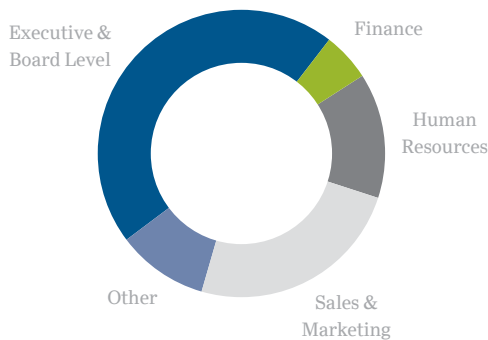
With the growth in online spending by the global middle class and the ubiquity of the connective device, the customer base is increasingly fragmented and diverse, from who is shopping to how they are shopping to when they are shopping. Consumer behavior is constantly evolving and will continue to do so. In order to remain competitive, your leadership team must evolve, as well. Fresh ideas and fresh talent must be added to compliment current company leadership and methods. Think untraditionally: Consider hiring from outside the industry or across functions. Value creativity over experience.



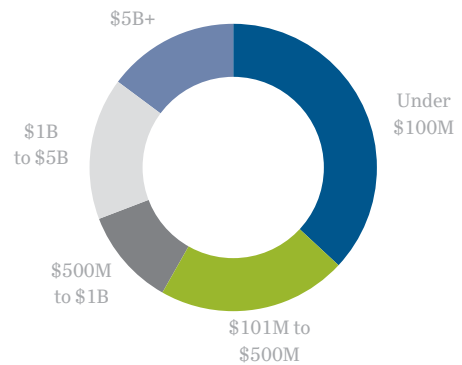
IV. Demographics

Over 600 participants completed the survey worldwide. Almost half 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, both privately owned and publicly traded across half a dozen Consumer Products and Services sectors.

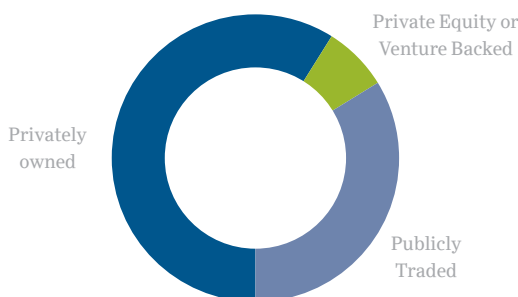
Functional Role



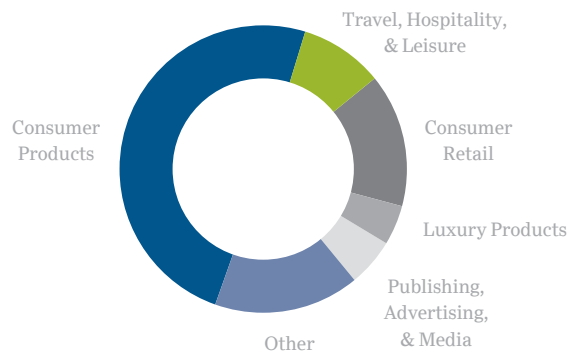
Annual Company Revenues



Company Ownership



Industry Segments



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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