

AN AUSTRALIAN STUDY

# DIGITAL & MARKETING IN FOCUS

2023



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# INTRODUCTION

Welcome to our 2023 Digital & Marketing in Focus study. Formerly known as the Marketing State of Play study, the report is now in its third year, creating a very rich data set to compare and contrast how the industry is changing and evolving over time.

Each year we evolve and expand the study to shine a light on the important issues and opportunities facing the industry and this year is no different. We are pleased to announce that this year's report has been expanded to cover eCommerce. With eCommerce growth rapidly rising and anticipated to reach one in three retail sales by 2033, (according to the Inside Australian Online Shopping report), brands are grappling with a host of challenges to build maturity and reinforce the value and importance of eCommerce and omni-channel to their business.

This year will be a very defining year on many fronts. In 2023, we are likely to see some definitive decisions for changes to the Privacy Act as we get to the pointy end of a 3+ year review process. It may be the last full year we are able to leverage 3rd party cookies (if Google doesn't decide to move the date again) and for brands operating in industries that rely on discretionary income, the uncertain economic outlook will make operating a lot more challenging. Budgets will be tested, demonstrating return will be more important than ever before and innovation to unlock growth will be vital. But too many are still ill prepared for what is ahead, driven in part by needing to focus on pressing issues of today.

With a more uncertain economic outlook, this year's report points to leaders placing a heightened importance on driving the growth agenda. But doing so is not going to be easy as teams are increasingly challenged by resource and investment constraints.

With the skills and talent shortage continuing to plague the industry, we also took the opportunity this year to delve deeper into learning and development – and the findings have revealed some very concerning results. Nearly half of all teams don't have a dedicated training and development budget to develop their people, demonstrating that whilst the battle for talent rages there is still a lack of willingness by some brands to invest in our most important asset: our people. We also unpacked what is holding teams back when it comes to training and development and nearly one in two leaders told us that it's not prioritised enough by their teams. In an environment where so much is changing and teams are trying to tackle new and different problems, we must accelerate our teams learning and development and heighten the importance of developing our teams. Brands that do will ultimately win the war on talent.

We see in this year's study, that the industry continues to invest in marTech but where they are investing is changing. Year on year we have seen demonstrable growth in the number of brands investing in CDPs, with it featuring highly as a key priority and investment area for the year ahead. It is little wonder why, as brands grapple with an array of data challenges and are prioritising build and utilisation of their customer data.

We look forward to the report continuing to evolve over the years and want to thank everyone who participated – your insights and perspectives are invaluable.

We hope you enjoy this year's report.



**Teresa Sperti**

*Director and Founder  
Arctic Fox*



**Jo Krause**

*Manager, Marketing,  
Digital & eCommerce  
Six Degrees Executive*



# WHAT YOU CAN EXPECT FROM THIS REPORT

The 2023 Digital & Marketing In Focus study interviewed 230 marketing, digital and eCommerce leaders across Australia.

*This year's study explores:*

- The priorities and challenges facing marketing, digital and eCommerce teams
- Digital transformation and what is hindering progress
- The growing skills gap within teams across Australia
- Brands are training their teams and what are holding teams back
- A closer look at the preparedness of teams to adapt to privacy changes
- The rising demand of CDPs and the challenges that this presents for teams
- A spotlight on eCommerce – a special feature delving into an array of insights on eCommerce and much more

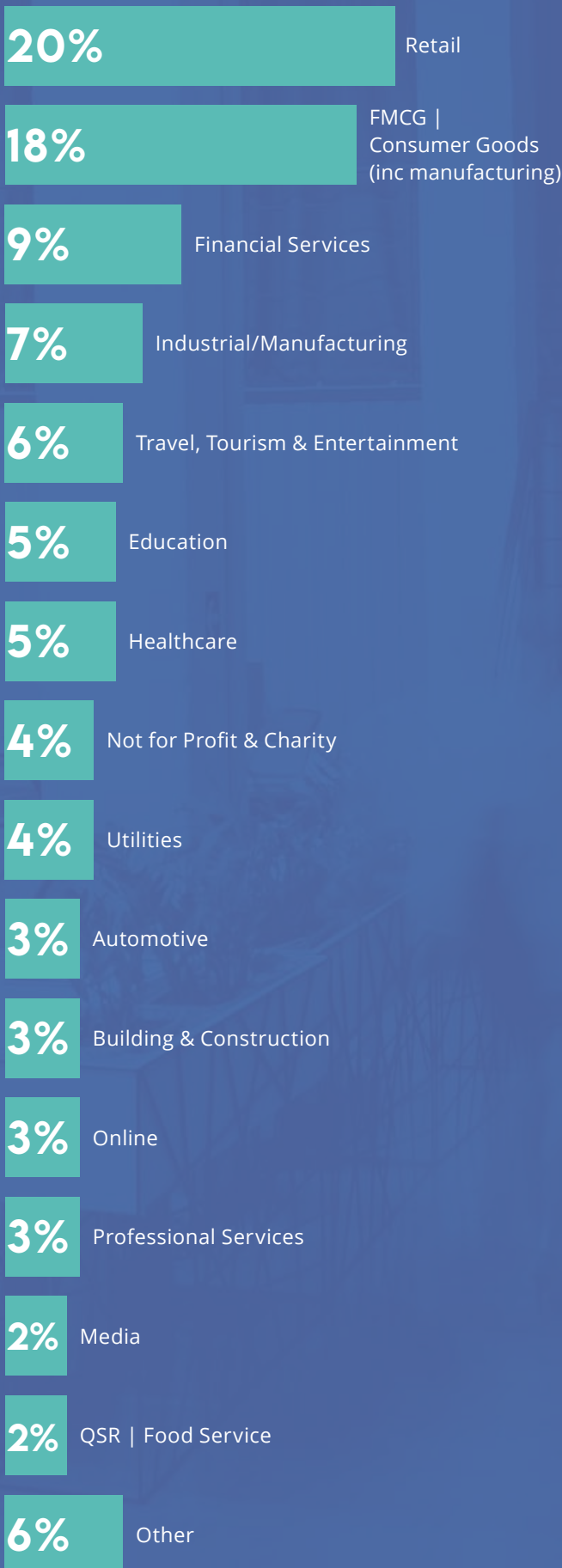
## Methodology

The data within this report was sourced via an online questionnaire containing 55 questions. Responses were collected from the 1st November 2022 to the 28th of February 2023. We also undertook a series of interviews to better understand the issues facing brands and leaders.

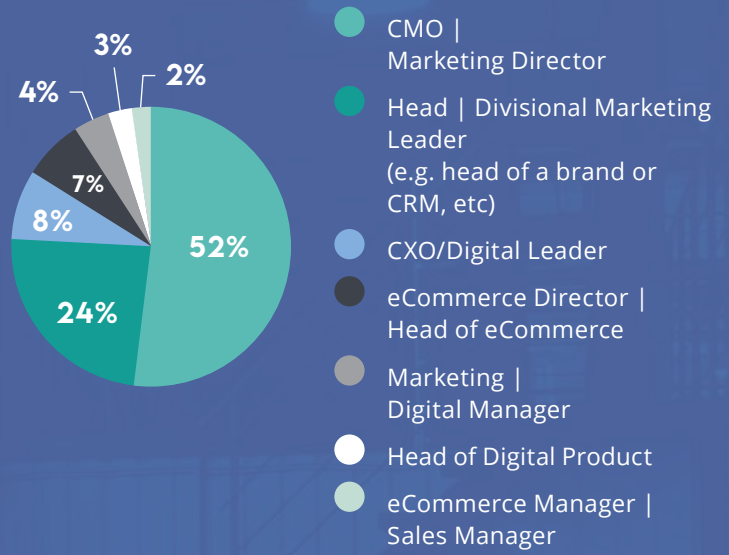


# RESPONDENT PROFILE

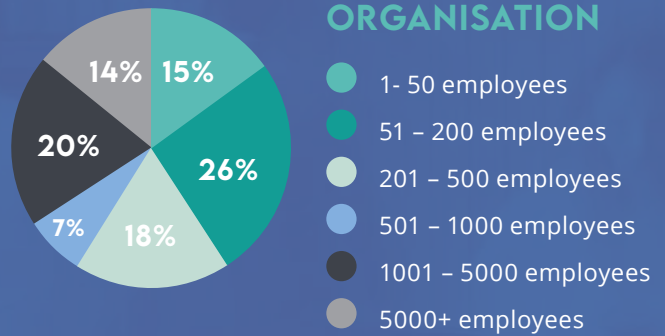
## INDUSTRY



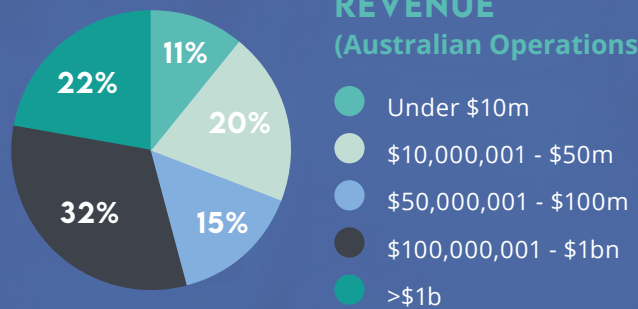
## POSITION TITLE



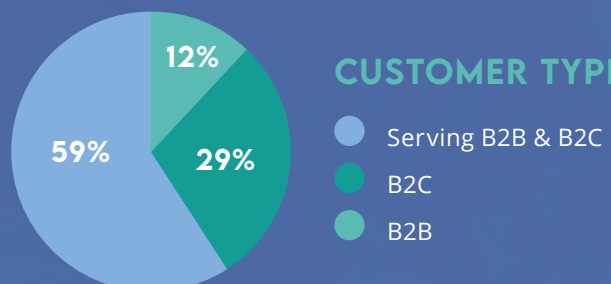
## SIZE OF ORGANISATION



## REVENUE (Australian Operations)



## CUSTOMER TYPE





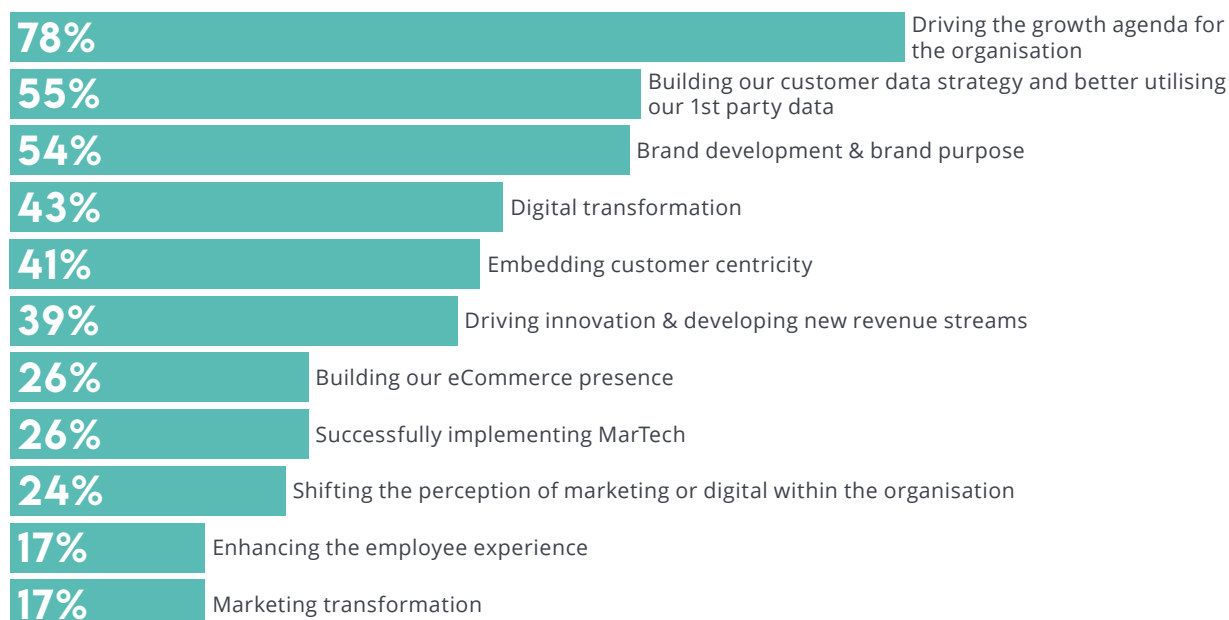
## PRIORITIES & CHALLENGES

### GROWTH IS ON EVERYONE'S MIND, BUT AT WHAT COST?

With the local and global slowdown and inflationary pressures we are experiencing, driving the growth agenda has surged to the top of the priority list for leaders in the year ahead. Nearly eight in ten leaders suggested that driving the growth agenda was one of their key priorities over the next 12 months, followed by building their customer data strategy and better utilisation of 1st party data. With 3rd party cookie deprecation now slated for 2024, brands are attuned to the need to further develop their 1st party data assets and utilisation of those assets even if they are yet to fully develop and devise their plan to transition away from 3rd party cookies. Brand development & purpose has dropped down the list of priorities but still remains a core focus, moving from top position in 2022 to third spot in 2023.

Once again digital transformation featured prominently within the top 5 priorities for leaders, with 43% of leaders suggesting it is a key focus for the year ahead. Driving innovation and developing new revenue streams to enable delivery of the growth agenda also featured prominently. With growth and innovation comes increased focus on the customer, and this year we see an increased focus on embedding customer-centricity by leaders (moving from the sixth highest priority in 2022 to the fourth in 2023).

### WHAT ARE THE KEY STRATEGIC PRIORITIES THAT YOU AND YOUR MARKETING AND/OR DIGITAL TEAM ARE FOCUSED ON TACKLING OVER THE NEXT 12 MONTHS? (SELECT UP TO 5)



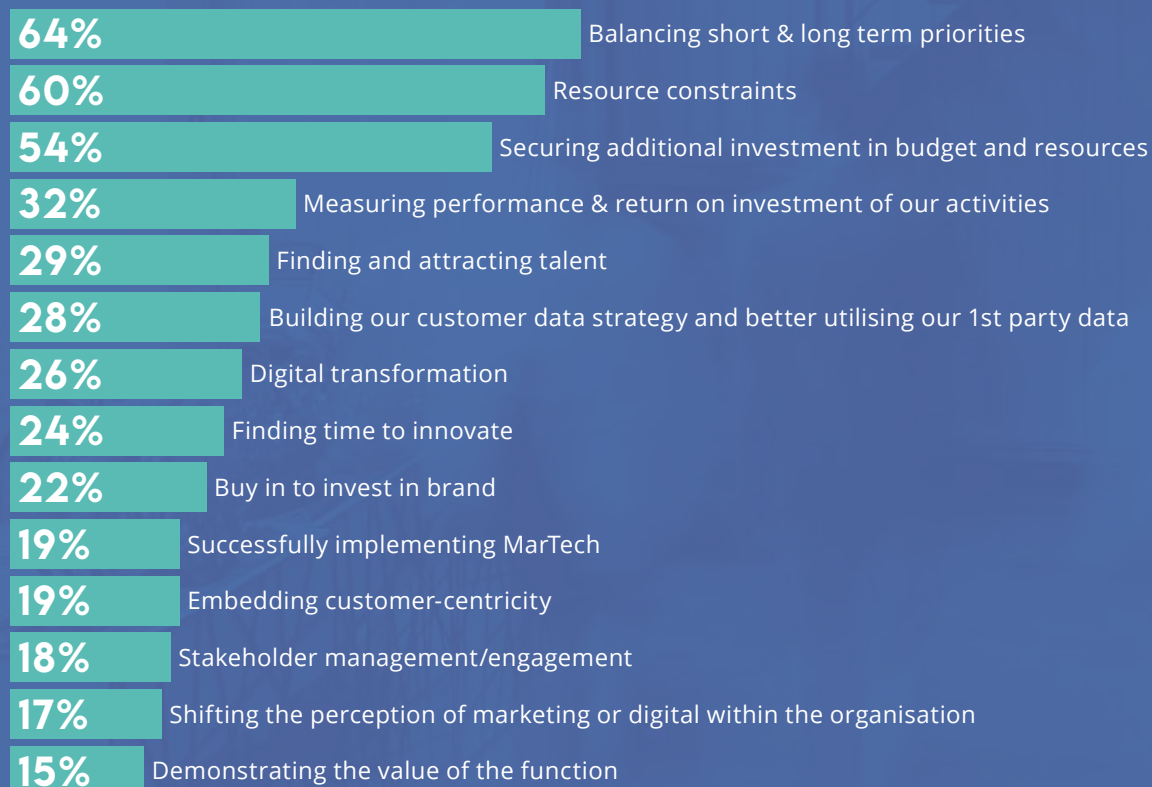


For leaders operating within organisations with a turnover in excess of \$100m, the importance of digital transformation and customer-centricity is heightened, with 55% stating digital transformation is one of their top priorities for the year ahead and 47% stating customer centricity is one of their top priorities.

With some very seismic shifts occurring within the industry and consumers reigning in spending we continue to see marketing and digital teams stretched beyond their capacity. Balancing short and long-term priorities, along with challenges around resource and investment constraints continue to hamper marketing and digital functions' ability to deliver on the growth agenda for the organisation.

Finding and attracting talent has also become increasingly difficult for brands in more recent times, with the study finding this is now one of the top 5 challenges leaders are facing (rising from 8th position in 2022). Despite the difficulties faced, there is a level of complacency in the market when it comes to developing talent. Whilst some brands are placing significant emphasis on it, many lack the programs, focus and budget to nurture talent, exacerbating the skills gap in the market.

## WHAT ARE THE BIGGEST CHALLENGES YOU AND YOUR MARKETING AND/OR DIGITAL TEAM ARE FACING? (SELECT UP TO 5)





When I joined Powershop I was really impressed that, company-wide, there was a passion for the customer and a hunger to grow like I had never experienced before. The grit and determination to deliver incremental year-on-year growth was infectious and helped to build a highly loyal and engaged team. Over the past twelve months our planning and goal setting conversations have now materially changed, from linear growth and optimisation to a deeper and tougher conversation about unlocking exponential growth and what it will take to realistically achieve it over the medium term. It's a tough conversation because it involves changing the mindset in which we align our goals and measures of success. It also involves stopping much loved tactics and programs of work.

This then naturally leads to rearticulating the skills and capabilities we need in the business to win and reach our significant growth goals. Sponsoring and enabling the team to upskill, along with onboarding new people and capabilities, has been by far my main strategic priority and focus area. I think it doesn't matter how sophisticated or advanced your organisation is, marketing and digital leaders can have the biggest impact when they prioritise time and effort into building customer and digital ambition, whilst aligning stakeholders and resources for teams to go on to execute well and confidently.



**NATHAN M<sup>c</sup>EWAN**

Chief Customer Officer, Powershop







Building brand salience is more important than ever in the university sector that is seeing significant changes and challenges. At VU, building brand is a strategic priority and this is underpinned by an organisational-wide data strategy. Of significant focus for us is ensuring we can optimise the data strategy through our marTech stack. For marketers, ensuring that they have the right technology to support the data strategy and have the internal capability to fully utilise it is critical in the development and successful execution of their marketing strategy. Getting the right balance between short term performance and longer-term brand building needs to be informed through data and econometrics modelling and establishing this framework is a key element of the technology and data strategy.



**DAVID LLEWELLYN**

Chief Marketing Officer, Victoria University





## KNOWLEDGE AND CAPABILITY AT ALL LEVELS OF THE ORGANISATION CONTINUE TO HAMPER DIGITAL TRANSFORMATION EFFORTS

When we delve into the aspects leaders are finding most difficult to navigate when it comes to digital transformation, it is clear and apparent that knowledge and capability are presenting some of the biggest challenges. This year the lack of knowledge at the executive leadership table topped the list of difficulties marketing & digital leaders are facing when it comes to digital transformation. Whilst 39% of all respondents cited executive leadership knowledge and support as a challenge they are finding difficult to navigate, this rose to 45% of leaders operating in organisations larger than \$100m. This should serve as a wake up call for executive leaders across the country. Digital transformation requires investment, focus and alignment at an executive level and the need for organisations to play the long game, all of which do not happen if executive leaders lack knowledge and understanding of what it takes to digitally transform.

Without the knowledge and understanding of the executive team, it is harder to garner support and investment for key programs, and efforts to re-skill and re-tool teams are hampered as leadership is not signalling and reinforcing its importance. Nearly one in four leaders pointed to a willingness to adapt as a team and organisation as a key barrier to navigate. In transformation environments, often it is behaviours and mindsets that need to be overcome in order to progress the transformation agenda.

### Which aspects of digital transformation are you finding most difficult? (Select up to 3)

A lack of knowledge and support at the executive leadership table	39%
Our team lacks the capability and skills to drive the change and implement the strategy	33%
Securing investment to support the transformation	33%
There is a lack of alignment internally	29%
A lack of willingness to adapt within the team and across the organisation	21%
We have no clear direction or strategy	11%
We are not sure where to start and how to sequence the change	10%



Our past approach to digital has been siloed in structures and disconnected to overall organisational strategy. It has meant that strategies and campaigns have been designed vertically and there hasn't been a cohesive understanding of how to evolve and integrate in this fast-paced landscape which is demanding a better experience for stakeholders.

I know we are not alone in agreeing to the sentiment that digital capability and executive know-how has been lacking in this space.

Fast-forward 12 months and we are approaching digital transformation with full executive support and input. It's taken 6 months to imagine, design and collaborate across all levels of the organisation to form a three-year road map and a new organisational structure which centralises digital and focuses on driving connection and experience for stakeholders.

It's taken time, but a complete reformation of thinking with plenty of discovery along the way, has meant we know where to prioritise and most importantly what digital transformation means for us.

For-purpose organisations are challenged by the costs of digital transformation, but a carefully considered strategy which takes a longer-term view while considering capability build, smarter investment and sequenced organisational adoption gives confidence to an executive team who is still building their digital muscle. Our executive team has a new understanding of how digital will help drive growth and build stronger, more personalised connections with stakeholders. It's an exciting time.



**SUSIE HOWARD,**  
General Manager  
Marketing & Communications,  
Leukaemia Foundation



# TECHNICAL & SOFT SKILL GAPS

**WE AS AN INDUSTRY ARE NOT MAKING MATERIAL GAINS IN CLOSING THE SKILLS GAP**

**What are the biggest technical skill gaps in your team? (select up to 5)**

Data & analytics	47%
Marketing technology (MarTech) strategy & implementation	38%
Commercial acumen	34%
Measuring performance & outcomes	32%
Personalisation & targeting	31%
Test, learn & optimisation	27%
CX design	26%
SEO	24%
Strategic planning	22%
Brand strategy & management	21%
Digital channel management	15%
eCommerce	13%
Product development & management (inc digital)	13%
Content development	12%
Digital design & development	10%
Integrated through the line marketing	9%

**What are the biggest soft skill gaps that exist within your team? (Select up to 5)**

Managing up & across the organisation	48%
Critical thinking & problem solving	42%
Influencing & negotiation	40%
Time management & prioritisation	34%
Planning & project management	30%
Resilience	20%
Adaptability & flexibility	16%
Planning & project management collaboration & teamwork	15%
Communication	15%
Emotional intelligence	12%



# 45% BELIEVE DIGITAL LITERACY IS STRONG WITHIN THEIR DEPARTMENT

# 35% BELIEVE DATA LITERACY IS STRONG WITHIN THEIR DEPARTMENT

Over the last 3 years we have tracked the key perceived gaps within marketing and digital teams across the country and year on year similar themes continue to emerge. Data and analytics have once again topped the list of technical skill gaps within departments, with nearly half of all teams suggesting these areas are some of the biggest skill gaps within their team. A further one in three also suggest measuring performance and outcomes is a gap. When put together, the data shows that many marketing and digital teams are still ill-equipped to effectively leverage data, derive insight and measure performance and outcomes. For brands looking to build and develop their customer data strategy this would be of key concern, as the ability to utilise and operationalise the strategy will only be possible with a skilled team to drive the agenda.

Commercial acumen also continues to feature within the top skill gaps prevalent within teams. For marketing and digital teams to drive the growth agenda, they need to be able to connect ideas and performance to commercial needs and outcomes and this is where commercial acumen becomes paramount. What the study has also shown year on year is that there is still a way to go to build digital and data literacy within the industry, and these literacy gaps are likely to be hampering progress of strategic initiatives like digital transformation, data strategy, CX and others.

When it comes to soft skills, once again, we see the key skill gaps are those that are most important to deliver strategic projects and drive the transformation and the growth agenda. Managing up and across the organisation once again topped the list for soft skill gaps, followed by critical thinking and problem solving, and influencing and negotiation. Whilst we as an industry have some critical skill gaps to close from a technical point of view, it is important that up-and-coming talent in the industry understand the importance of developing and honing their soft skills if they are to be an effective marketer or digital professional.

*"Still today we see far too many marketing functions segregated into digital and traditional functions. We live in the digital age, digital is pervasive and to effectively engage with our end customer or consumer we all have a role to play - which means all team members need to build skills in these vital areas. When a separate digital function exists, it sends a message that understanding digital is not my job or responsibility and stifles a teams' ability to build capability and develop skills."*



## TERESA SPERTI

Director and Founder, Arctic Fox



## TRAINING & DEVELOPMENT

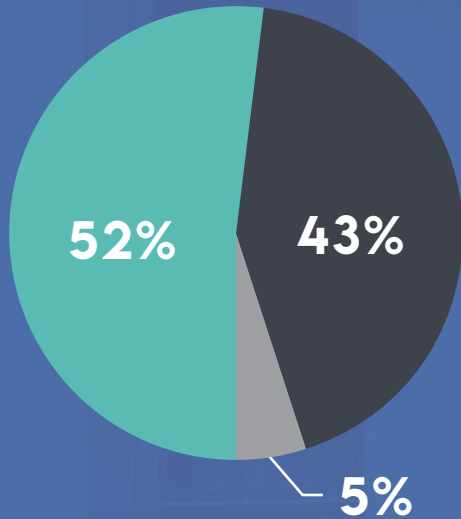
### THOSE THAT INVEST ARE LIKELY TO WIN THE TALENT WAR AND OUTPERFORM THEIR PEERS IN MARKET

Year on year we can see that the skills gap is not being bridged, so for this year's study we decided to unpack what is holding teams back when it comes to up-skilling and development.

This year's study has found that 43% of all marketing and digital leaders do not have a dedicated training budget in place, which in part demonstrates the emphasis leaders and brands are placing on developing their teams. Nearly a third of leaders stated it is one of the main factors holding them back from up-skilling and developing their teams.

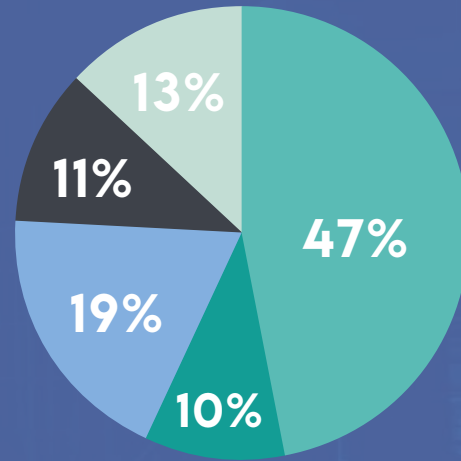
By far, however, the biggest barrier that is holding teams back from developing is in fact themselves. 47% of leaders suggested that upskilling and development is not prioritised by teams, leading to an inability to address skill gaps within key functions. When we look closer at the data, we see that teams from larger brands (\$100m+) are as likely to not be prioritising training & development as teams within smaller brands, but they are slightly less likely to cite budget constraints as a key challenge holding them back, with one in four leaders from brands with a turnover over \$100m+ citing budget as a challenge vs 32% of leaders from brands with a turnover under \$100m.

This data presents a real opportunity for brands who are seeking to recruit and retain the best talent in market. Leaders and brands that prioritise the development agenda are also more likely to succeed in their endeavours to tackle new and different challenges as their teams are better equipped with the knowledge and skills to face into the problems and opportunities in front of them.



**DOES YOUR TEAM HAVE A DEDICATED TRAINING & DEVELOPMENT BUDGET?**

- Yes
- No
- Unsure



**HOW MUCH IS INVESTED IN TRAINING & DEVELOPMENT PER STAFF MEMBER?**

- We don't have a set amount per staff member
- 0 - \$500
- \$501 - \$1000
- \$1001 - \$1500
- \$1500+

**WHAT IS HOLDING YOU AND YOUR TEAM BACK WHEN IT COMES TO APPROPRIATELY UPSKILLING & DEVELOPING THE TEAM? (SELECT YOUR TOP 2)**





**Whilst on-the-job training is vital to build and embed skills, team members often don't know what they don't know. We have heard from many leaders that their teams don't know what is possible and what good looks like in digital, which is why on the job learning must be augmented with more formalised methods of learning in order to accelerate skills development.**



**TERESA**

Director and Founder, Arctic Fox







## PRIVACY

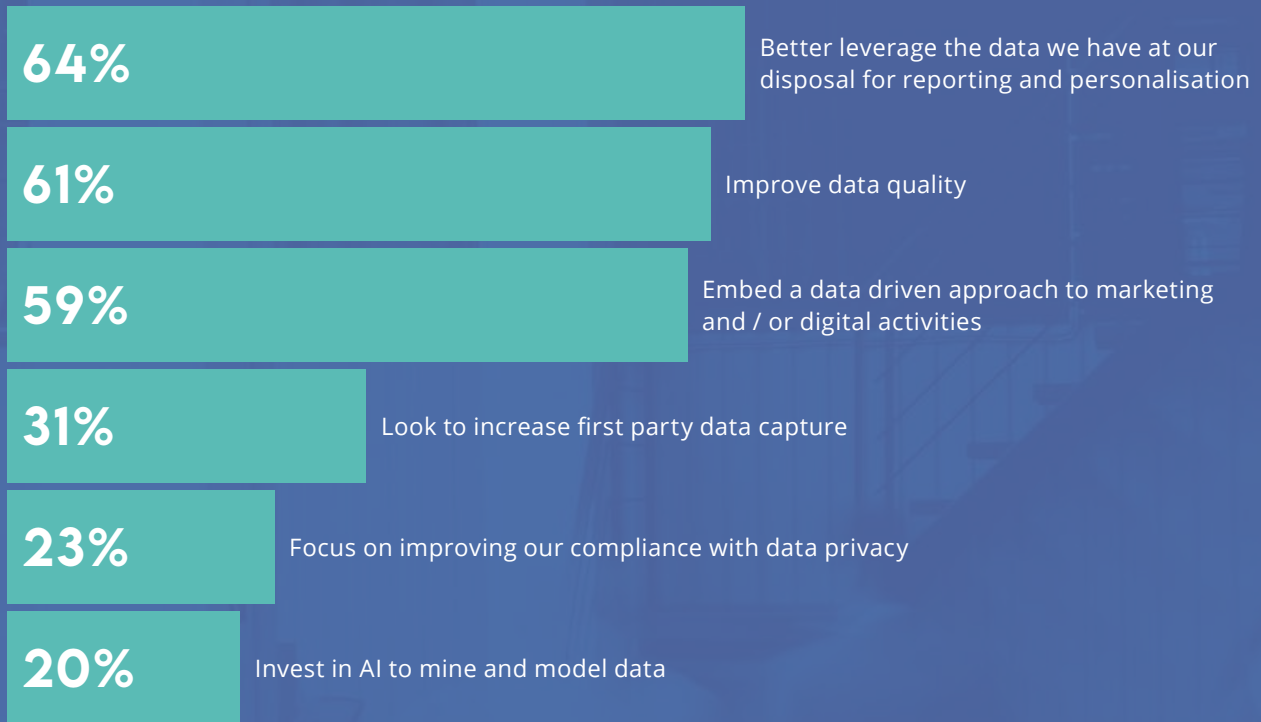
### A WAVE OF PRIVACY LEGISLATIVE CHANGE IS UPON US — BUT AS AN INDUSTRY WE ARE NOWHERE NEAR READY

In 2022 we experienced a swag of major privacy breaches, but whilst the Attorney General is sounding the alarm and the latest recommendation report signals sweeping change, most leaders and brands are grossly ill-prepared for the change that is coming. Insights from the data gathered suggest that it's just not high enough on the agenda for many leaders and their teams.

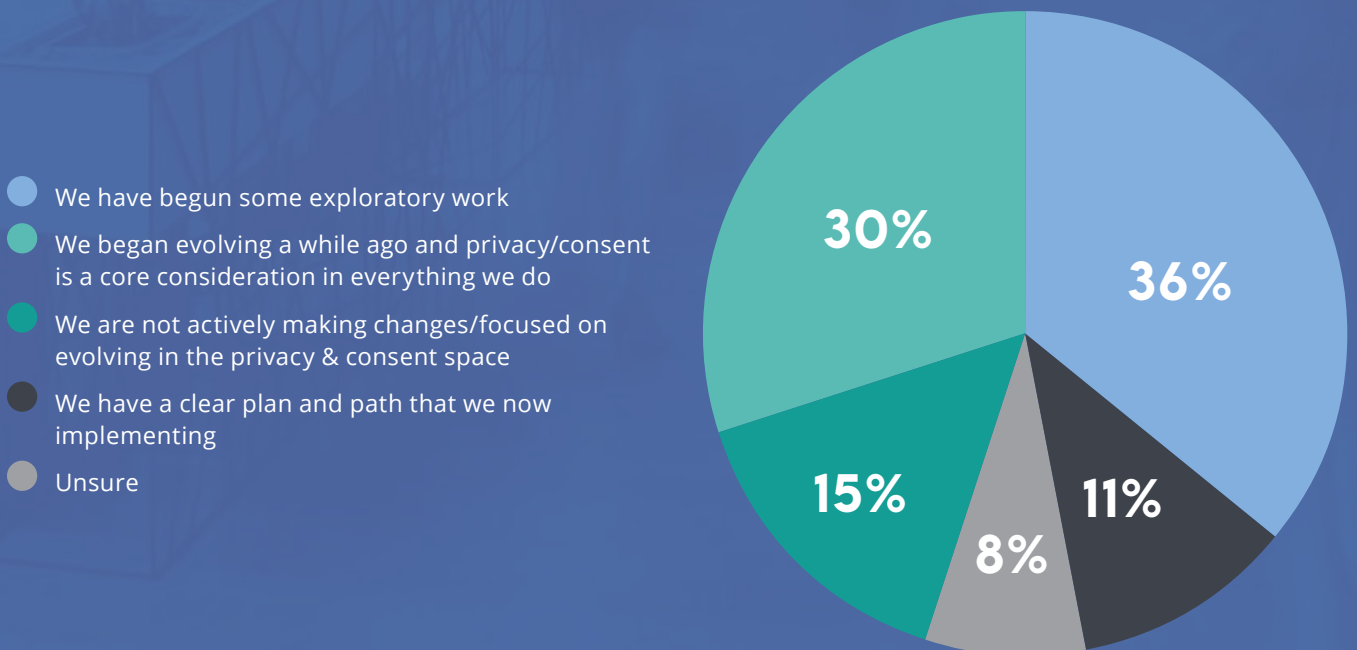
When asked about the key priorities leaders have in the data & analytics space across the next 12 - 18 months, less than one in four leaders suggested that a focus on improving our compliance with data privacy was a priority. This is an area we would have expected to see rank more highly on the radar of leaders, suggesting there is a lack of awareness and understanding of the full impact that changes will bring about and the need to start preparing now.

41% of brands suggest that they have their house in order when it comes to privacy and consent (a clear path they are implementing & began evolving a while ago) which suggests that many brands may be caught off-guard by the magnitude of change that will bear down on the industry.

## WHAT ARE YOUR KEY PRIORITIES IN THE DATA AND ANALYTICS SPACE IN THE NEXT 12-18 MONTHS? (SELECT UP TO 3)



## HOW MUCH ATTENTION AND FOCUS IS YOUR ORGANISATION / TEAM GIVING TO EVOLVING AND ADAPTING TO CHANGES IN PRIVACY AND CONSENT?



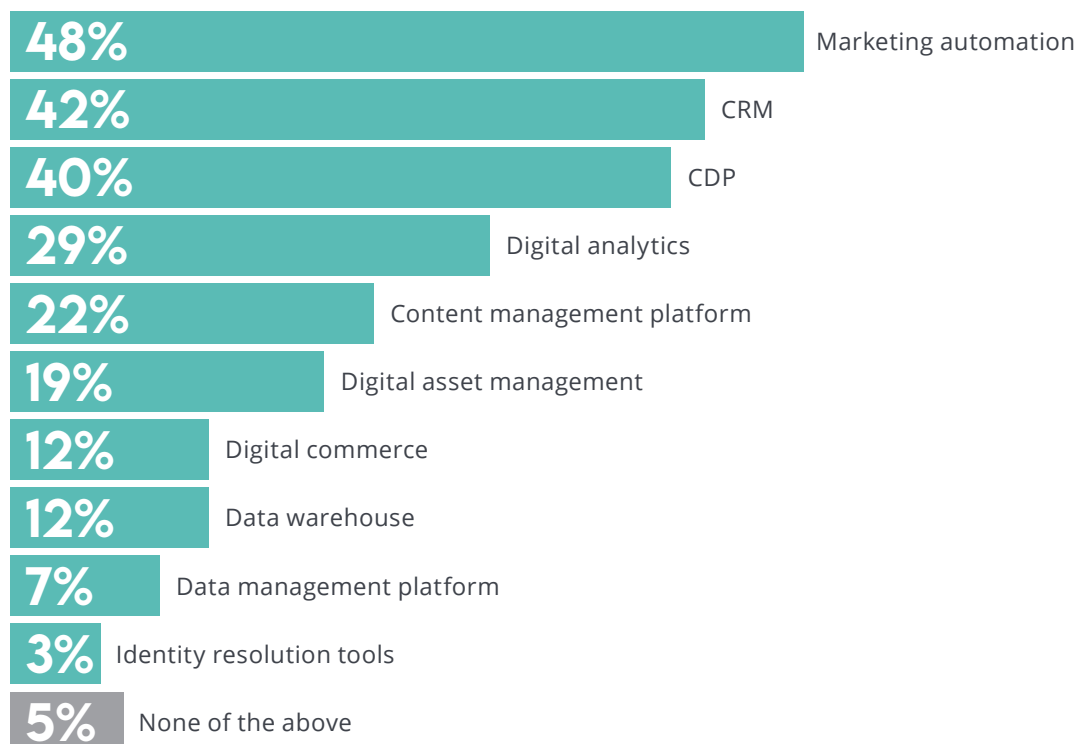


# INVESTMENT & FOCUS ON MARTECH

## CDP DEMAND SURGING BUT BRANDS ARE FINDING IT HARDER TO SECURE INVESTMENT IN MARTECH

Whilst marketing automation continues to be a key priority for marketing and digital teams to invest in over the next 12 – 18 months, the big shift in this year's report is the rise in demand for CDPs. In our Marketing State of Play report in 2022, 21% of leaders suggested that CDP investment was an area of focus, and in 2023 we have seen that almost double to 40%. According to a study by Salesforce in 2019, the average marketing organisation had 14 disparate sources of data to contend with and that number was anticipated to grow by 20% year on year to 2025. As brands wrestle with the challenge of bringing together an increasing number of disparate data sources to activate data and effectively report on performance, the demand and need for CDPs has risen. With the rise of data sources comes the challenges of integration. Integrations topped the list of challenges leaders and teams are facing when it comes to marTech (35% of all respondents).

### WHEN IT COMES TO MARTECH, WHICH PLATFORMS ARE YOUR PRIORITIES FOR INVESTMENT IN THE NEXT 12–18 MONTHS? (SELECT UP TO 3)





Some valuable insights - specifically for the Australian market on key MarTech and data challenges that many organisations are currently facing. Any decisions around new MarTech investments requires significant assessment for all teams undertaking these large-scale projects, both from the technology platform perspective and ensuring you have the right processes embedded across business units. It is also so important to find the right talent that has the skills to be able to utilise these platforms to their full capacity, which can be a make or break when it comes to marTech implementations. Transferring knowledge to internal teams from external providers is an important consideration in order to ensure you can build that IP and capability in-house. At Visit Victoria we have undertaken these projects as part of our transformation activities and are always open to any insights on best practices and how the market is evolving in order to support ongoing decision-making.



**CHRIS RUNDLE**

Chief Digital Officer, Visit Victoria





When it comes to the biggest challenges brands are facing, we have also seen a demonstrable rise in the number of leaders suggesting that securing investment and buy-in is their biggest challenge. Three in ten leaders suggested this was one of their biggest challenges and when we compare this to 2022, this has risen by 11 percentage points. As we have seen earlier within the report, measuring performance and commercial acumen are key skill gaps, which often makes it harder for brands to build compelling business cases and demonstrate return from investment. This could in part be impacting leaders and teams' ability to secure funding and buy-in for key marTech projects. What's more, with growth slowing, greater scrutiny is being placed on both capital and operational expenditure, making it harder to secure funds to invest. Year on year we are seeing leaders suggest that investment in marTech will be more modest – with only 11% suggesting they will significantly increase marTech expenditure in the year ahead, down from 21% the year prior.

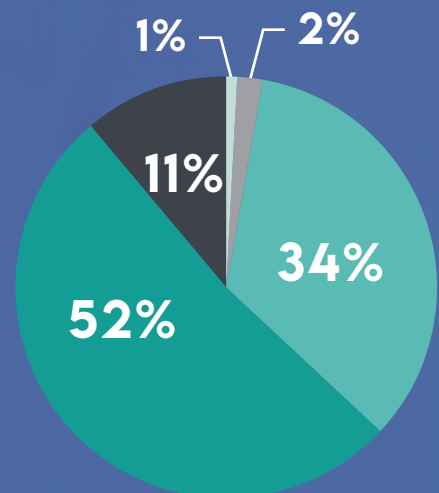
Whilst the challenges are many and varied, we cannot underestimate the impact of people in the equation. MarTech strategy and implementation has been identified as the second biggest skill gap within teams in 2023, and this is often one of the underlying causes of the challenges that we see facing teams. Embedding and scaling platforms, gaining buy-in, collaboration with IT and others are heavily impacted by the level of knowledge and capability held within the organisation.

### WHAT ARE THE BIGGEST CHALLENGES YOU FACE WITH MARTECH? (SELECT UP TO 3)



### HOW WILL YOUR MARTECH BUDGET CHANGE IN THE NEXT 12 MONTHS?

- Significantly increase
- Slightly increase
- Maintain as is
- Decrease slightly
- Decrease substantially





Alignment between IT and marketing is critical to success when it comes to MarTech. As marketers and digital professionals need to connect the MarTech ecosystem to back-end platforms and ensure connectivity between platforms to derive benefit from their MarTech stack, the relationship between the two teams is vital. Leaders that are able to build an effective partnership model with IT and align teams around common outcomes are most likely to realise their MarTech ambitions and effectively embed and integrate platforms.



**TERESA**

Director and Founder, Arctic Fox



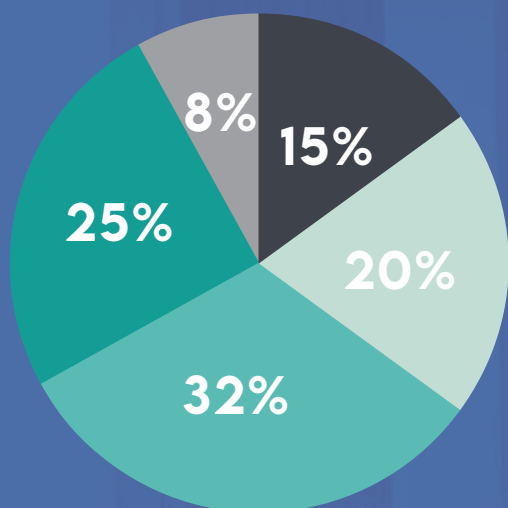


## BUDGETS, PERFORMANCE & EFFICIENCY

### BUDGETS AND PERFORMANCE UNDER SCRUTINY HEIGHTEN THE NEED FOR OPERATIONAL EFFECTIVENESS

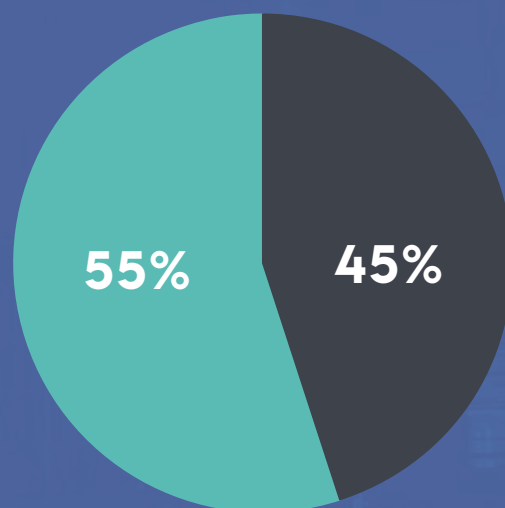
Just over a third of leaders stated that their budget had been cut over the past 12 months but we believe this data is a sign of things to come. With the tightening economy, it is anticipated that those industries and categories that compete for discretionary spend (as well as providers that support those industries) are most likely to see a reduction in spend as the year progresses. Faced with the challenge of doing more with less, and the need to improve performance and drive efficiency, the study has found leaders will continue to double down on their efforts to deliver better measurement to improve performance and focus on automation of manual tasks and processes. As brands seek to drive growth, build their data strategy and innovate, test and learn is also a key focus to deliver the desired outcomes.

Appetite to in-house services also remains strong and consistent year on year across organisations of all sizes with 45% of leaders suggesting they intend to in-house services in the year ahead. Year on year in-housing of CX & UX capabilities has increased in importance, whilst content remains the number one focus area to in-house for brands.



### HOW HAS YOUR BUDGET CHANGED OVER THE PAST 12 MONTHS?

- Reduced by less than 20%
- Reduced by more than 20%
- Remained the same
- Increased by less than 20%
- Increased more than 20%



### DO YOU INTEND TO IN-HOUSE SERVICES OVER THE COMING 12 MONTHS?

- Yes
- No

### WHAT STRATEGIES (IF ANY) ARE YOU ADOPTING TO IMPROVE PERFORMANCE AND DRIVE EFFICIENCY? (SELECT UP TO 3)

Better measurement to identify opportunities to improve performance	53%
Greater focus on test, learn and optimisation	52%
Automation of processes and manual tasks	41%
Cutting programs that don't add value/provide a good return	31%
Auditing media effectiveness	30%
In-housing resources	29%
Consolidating agencies	13%
Re-tendering agency retainers/ negotiating retainers	13%

### WHICH SERVICES DO YOU INTEND TO BRING IN-HOUSE? (SELECT UP TO 3)

Content	29%
CX & UX	27%
Creative	21%
Development (Web or MarTech)	21%
Social media	20%
Data & analytics	19%
Media Planning & Buying	14%
MarTech	13%



# DATA, ANALYTICS & THIRD PARTY COOKIE DEPRECATION

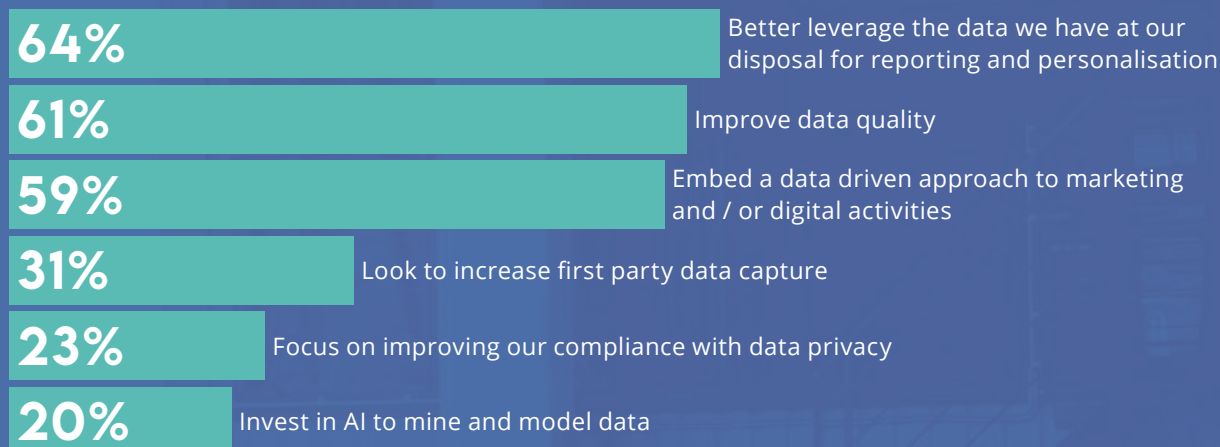
## MANY OF THE SAME CHALLENGES STILL PERSIST ON THE DATA FRONT

Over the past three years we have tracked the key priorities for teams in data and analytics as well as the challenges. Over the past two years, embedding a data driven approach to marketing and / or digital activities has been the top priority for teams. Whilst it still features as a top 3 priority, data quality and the need to better leverage the data brands have at their disposal have become the top 2 priorities for brands. We believe this is a direct result of the need to build a more robust 1st party data strategy, as well as greater awareness and understanding (year on year) of the need to evolve to combat 3rd party cookie deprecation.

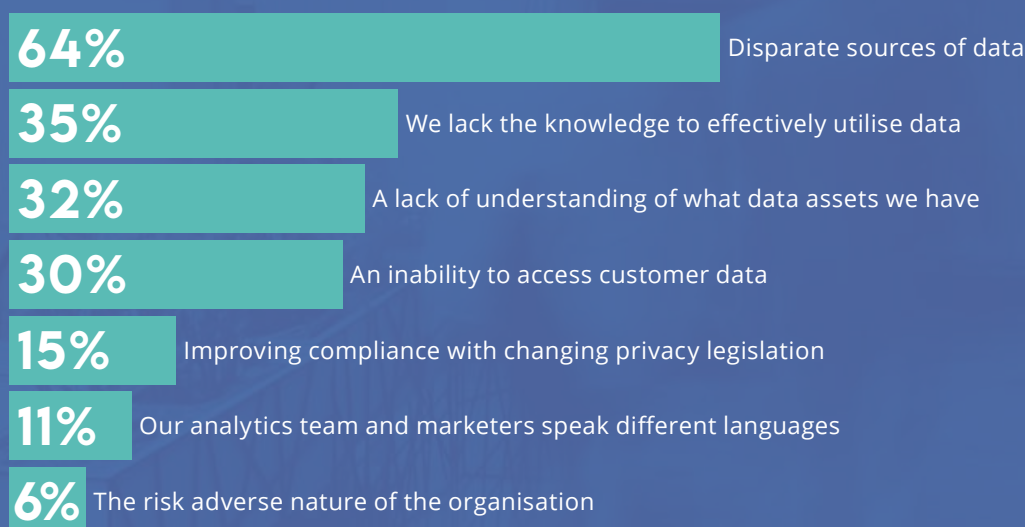
Year on year we have seen some improvement in the readiness of teams to deal with 3rd party cookie deprecation. In 2023 there is a greater portion of leaders that stated that they have either begun planning for 3rd party cookie deprecation or have a clear path that is being implemented (rising from 55% in 2022 to 63% in 2023). Despite the increase, however, too few brands still have a clear plan that is being implemented. Globally and locally brands that have begun to adapt are already seeing better outcomes from their media and marketing activities, which creates an added incentive for brands to transition sooner than later.



## WHAT ARE YOUR KEY PRIORITIES IN THE DATA AND ANALYTICS SPACE IN THE NEXT 12–18 MONTHS? (SELECT UP TO 3)

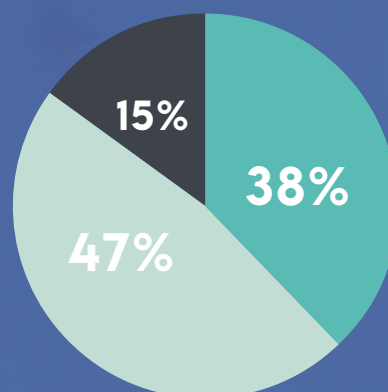


## WHAT ARE THE BIGGEST CHALLENGES YOUR TEAM FACES IN THE DATA AND ANALYTICS SPACE? (SELECT UP TO 3)



## HAS YOUR ORGANISATION/DEPARTMENT BEGUN TO PLAN FOR THE DEPRECATION OF 3RD PARTY COOKIES?

- Yes, we have a clear plan and path that we now implementing
- Yes, but we are in the early stages of planning
- No, we are yet to start





At Retail Food Group, we recognise our consumers' expectations and behaviours have changed permanently as a direct result of the pandemic. With the rise of third-party delivery platforms and a savvier consumer who values convenience and experience, we are more focussed than ever on building and deepening connections with our customers through build out of our data and marTech strategy. In the last 12 months, we have been laser focussed on growing and strengthening our first party data asset in order to better serve our customers to underpin our engagement approach.

With the backdrop of changes to privacy legislation however, it is becoming harder for all brands to convince consumers to share their information. I believe brands will need to increasingly educate consumers on the "why" of data capture, that is why a brand needs specific information in order to deliver a better experience as consumers become increasingly concerned about disclosing personal and sensitive information.



**KATE M<sup>C</sup>GRATH**

Head of Marketing, Retail Food Group





# RECRUITMENT & HIRING

## Snapshot of 2022

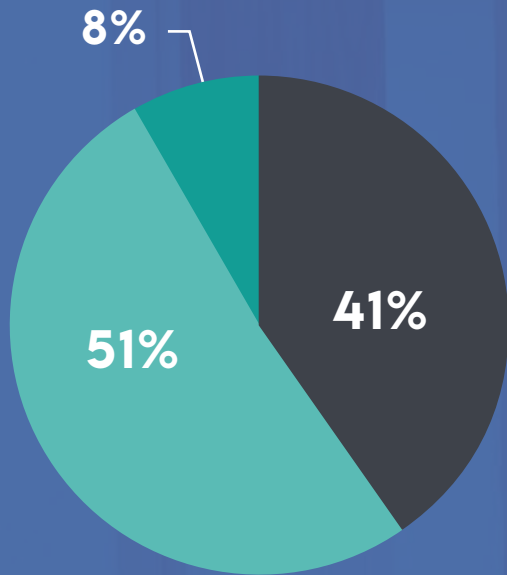
Wow, what a whirlwind the last 12 months have been. With unemployment rates at an all-time low and the demand for marketing, digital and eCommerce talent at all-time highs. Throughout 2022 we saw many organisations adding additional head count, restructuring teams and recruiting specialist skills, particularly in marTech and data & analytics to support ambitious growth targets.

## The outlook for recruitment and talent

Edging closer to the end of the financial year, we are just starting to feel the market slow down across a few areas. This was predicted, as the market recalibrates and comes back to more normalised conditions prior to the boom of such high volume of roles and demand for talent. The overall job market at the onset of 2023 can best be described as “tight but steady” and Australia’s unemployment rate has held firm at 3.5% as of February 2023.

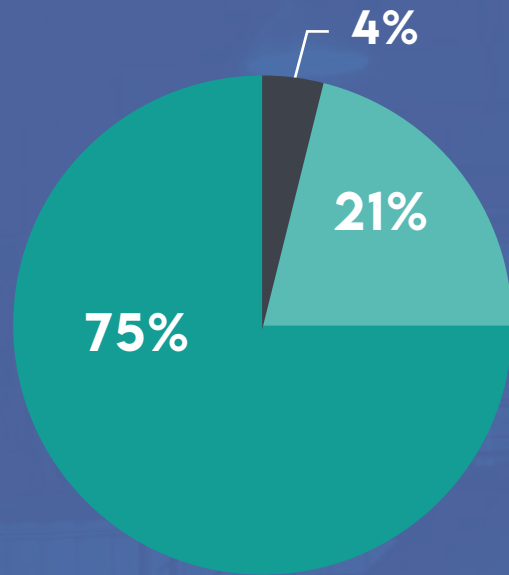
In last year’s study the intention to add additional head count was sitting at 56%. We believe this was a little lower than the reality of the hiring that took place last year. In 2023, the intention is at 40% which reflects the slight steadying of the market. Given current economic conditions, we do wonder whether this recorded intention rate is a little ambitious, and we would not be surprised if the actual hiring rate is slightly lower as we head further into the year.

What is interesting about the data from this year’s study is only 8% of organisations plan to reduce headcount inline with business needs. However, we have started to see several organisations and industries go through restructures and redundancies in the first quarter of the year which has seen a slight rise in the active candidate pool. This coupled with lower job vacancies should help stabilise salaries throughout 2023 and give organisations a little more choice when it comes to talent. This is, of course, a positive trend for potential employers that intend to add additional headcount throughout 2023. However, they are seeking to do so at a more normalised ‘fair value’ salary level than the inflationary levels the market saw throughout 2022.



**WHAT ARE YOUR INTENTIONS IN THE NEXT 12 MONTHS, IN RELATION TO TEAM SIZE/RESOURCING?**

- Reduce headcount in line with business needs
- Maintain current headcount levels
- Increase headcount to meet the changing needs of the business



**WHAT TYPE OF HIRES WILL YOU REQUIRE IN 2023?**

- Permanent
- Fixed term contract
- Temp / interim

When it comes to the types of hires anticipated to be made in 2023, the results were also quite interesting. Typically, what we see when there is a reduction in headcount in businesses and more candidates available, an increase in temp / contractor hires occurs, however the study findings suggest no change from 2022 data, with a 4% intention for 2023 – which is surprising. We suspect that this is likely to trend upward throughout the year, given employers will have more choice to hire temp / contractors rather than permanent hires and early read is that the demand for temp contractors is already higher than what it was this time last year.



Attracting talent in 2022 proved to be one of the toughest challenges based on market conditions I have experienced at any other time in my 17 years in recruitment. Headhunting became a mandate for every role at all levels, and active candidates and those generally open to opportunities had more choice than ever before. Candidates were presenting themselves armed with a long list of 'must have' criteria that a potential employer had to satisfy before they would consider making a move.

Although the number of roles in market has slowed a little, the outlook is still positive - and the war for talent, especially in digital marketing remains very heated. Organisations will still have to work very hard to engage top talent based on a set of new and evolving post-pandemic 'needs' and must sell their employee value proposition clearly and genuinely. Candidates are demanding flexibility, seeking strong value and purpose alignment, career opportunities and investment in training and development which this study suggests is not currently being prioritised by many businesses. It remains exceptionally important to candidates to be able to continue to upskill and broaden their knowledge and expertise.



**JO KRAUSE**

Manager – Marketing, Digital & ECommerce





# ECOMMERCE IN THE SPOTLIGHT

With the growth and focus on eCommerce, this year's study sought to put the spotlight on the state of eCommerce in the Australian market.

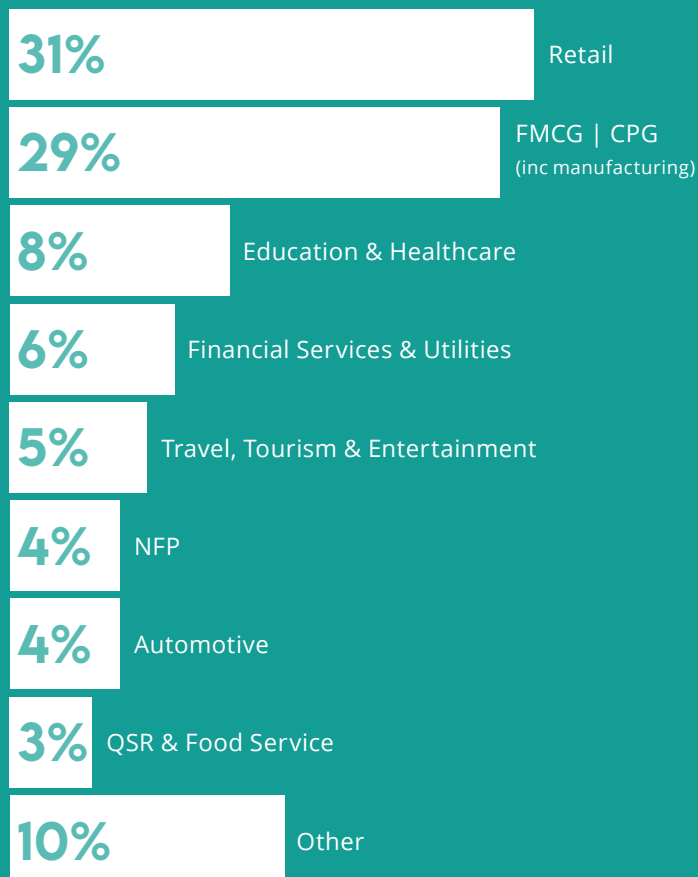
132 respondents who were either directly responsible for eCommerce or had eCommerce as part of their broader remit took part in this portion of the study.



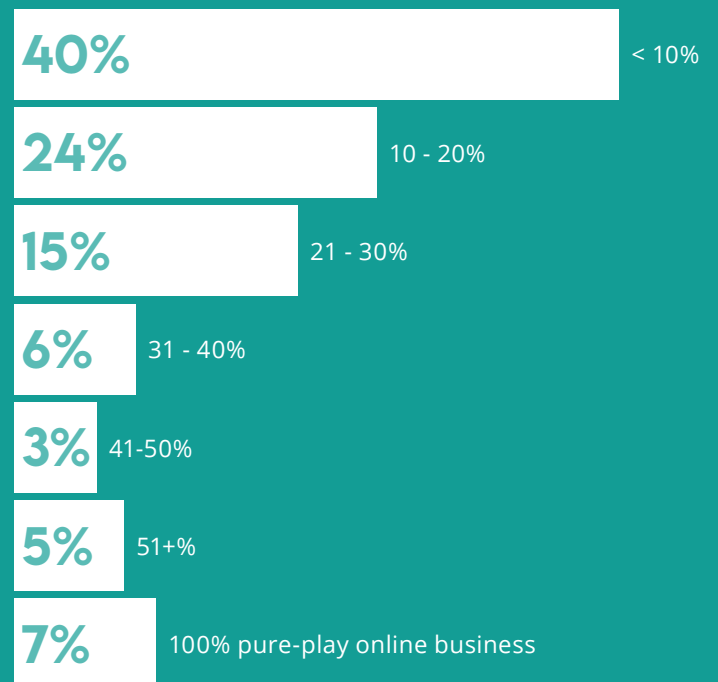
## Profile | Breakdown of eCommerce Respondents

Whilst the overall study had a more balanced level of response from an array of industries, we saw a large skew towards retail and FMCG / Consumer goods brands for the eCommerce component of the study and therefore within this section of the report we will take a closer look at how retail and FMCG / Consumer goods differ alongside of the macro findings.

### INDUSTRY



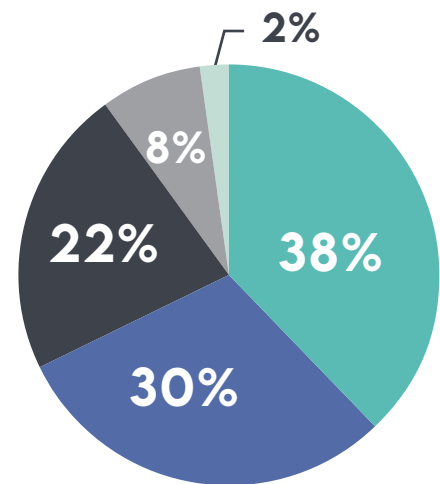
### WHAT PORTION OF REVENUE DOES ECOMMERCE MAKE UP OF YOUR OVERALL BUSINESS?



# ECOMMERCE IS HIGH ON THE AGENDA FOR SOME BUT FOR MANY THERE IS A LOT OF WORK TO BE DONE

## HOW IS ECOMMERCE PERCEIVED WITHIN YOUR ORGANISATION?

- An integral channel for our organisation to engage customers and distribute our product or service
- An increasingly important channel for the organisation and one which is gaining greater focus and attention
- An emerging channel which we need to place greater emphasis on
- It is not perceived as a channel of importance
- None of the above



As part of the study, we sought to unpack the importance of eCommerce within organisations across Australia to get a sense of how central it is becoming to their business' strategy. On the basis of the data provided, it is fair to say for many organisations building awareness of the role and importance of eCommerce is still very much a work in progress. Only 38% of leaders believe that eCommerce is perceived as an integral channel to distribute products or services, meaning 62% (or nearly two thirds) feel it's not an integral channel as yet. As executives and leadership functions are often operating with lower levels of eCommerce knowledge and understanding (outside of pure-play environments), eCommerce and sales leaders need to focus their time and energy influencing up and across the organisation to educate and inform on both the importance and the opportunity.

Unfortunately, today many brands in Australia still think about eCommerce as a stand-alone channel and the role and influence of eCommerce on other channels is less understood. The persistent belief or idea of a digital consumer and a traditional consumer is outdated, and organisations need to start to mature their thinking around the role of eCommerce as vital to serve the modern consumer. A study from Accenture in 2021 has gone some way to quantify the impact of digital and eCommerce on total sales in key industries like CPG (Consumer Product Goods). They found that 62% of all CPG purchases were now influenced in one way, shape, or form by digital - which demonstrates the impact that digital and eCommerce has more broadly on business performance and sales outcomes.

When we look at the data at an industry level stronger patterns emerge. For both traditional and online pure-play retailers, 55% of leaders believe eCommerce is viewed as an integral channel for their organisation to engage customers and distribute products, whilst that figure stood at just 8% for FMCG / CPG brands. This should be a wake-up call for all brands, but particularly for FMCG and CPG brands whose distribution is through retailer networks. The level of importance retailers place on eCommerce leads to higher levels of investment in eCommerce to meet customer needs. Traditional FMCG and CPG brands who fail to embrace the shift in how customers are discovering and buying products are likely to be trumped by more-nimble, upstart brands who know how to retail online and maximise discovery on the digital shelf. What all of this data demonstrates is that FMCG and CPG brands have their work cut out for them.



I was surprised to see that only 8% of FMCG businesses view eCommerce as a critical channel to engage customers and distribute products. The breadth and role of online has dramatically changed and the customer journey is more fragmented than it has ever been, so a diversified strategy to reach the modern consumer is essential. Funding and resource will continue to be a challenge until the influence of digital on in store sales is fully understood. It's as much of a brand building channel as it is conversion driving, so encouraging people to focus on their digital real estate in the same way as they do their physical, requires a big shift in mindset. Embedding a culture of ownership across the business is key to unlocking this organisational change.

Furthermore, as FMCG marketers realise the impacts of changing data privacy laws and explore more effective ways to deliver a seamless and personalised CX, many businesses are reviewing their brand and retail marketing investment strategies and ways of working with strategic agency partners.



### **BRIDIE COWELL**

Innovation & eCommerce Director,  
Bega Dairy & Drinks





It's intriguing and also alarming that so many businesses are not coming to terms with the reality that eCommerce is no longer a separate channel, that online and offline have merged. The outdated view that eCommerce is to be treated as an additional channel still lingers amongst some leaders, and they are in danger of ignoring that business survival is dependent on providing a superior, deeper and increasingly expected online customer experience.

To help make this leap, let's change the term 'eCommerce' to 'digitally driven commerce', and understand that our customers are all online and that how they interact with us in this space extends way beyond the transaction and online sales numbers. eCommerce has evolved to NeXt Commerce. Where no single channel is favoured over another and where customers are served no matter where they are.

To grow and succeed it's important to recognise that the world will move on without you, that consumer behaviour has radically changed, and competitors are ready to eat you, and it's those you never saw coming as you looked in the rear view mirror.

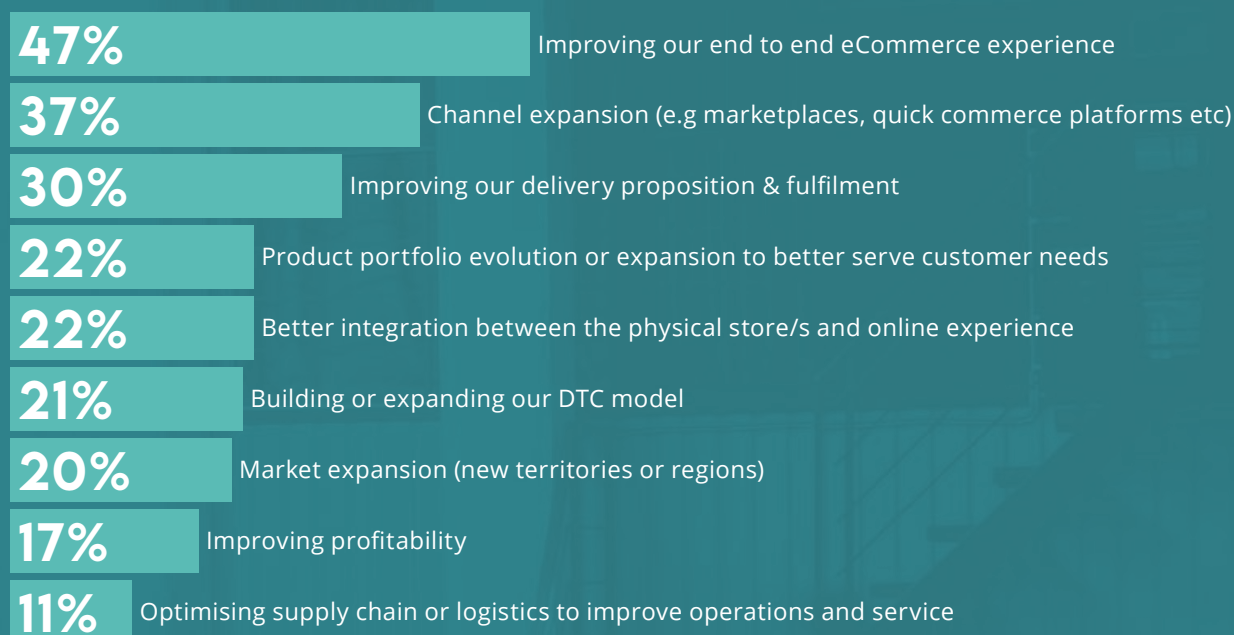


**RYAN GRACIE**

Chief Marketing Officer, MyDeal

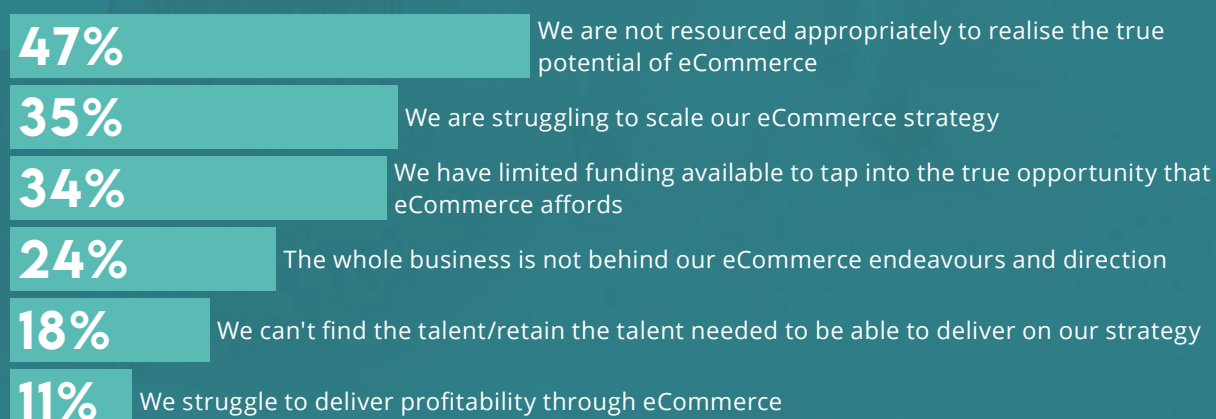


## TOP PRIORITIES WHEN IT COMES TO ECOMMERCE OVER THE NEXT 12 MONTHS? (SELECT UP TO 3)



When it comes to eCommerce priorities for the year ahead, nearly half of all respondents stated that improving end-to-end eCommerce is high on their agenda. As experience is a key differentiator for many brands, this comes as no surprise that it is a central theme from the findings. With the rise in demand for “products I need now” driving demand for quick commerce services, there is also a strong focus, by brands delivering physical goods, to improve delivery propositions and fulfilment. 34% of retail brands suggest this is a key priority area for the year ahead, second only to improving the end-to-end eCommerce experience. 29% of retailers also suggested that driving better integration between the physical stores and online experience was high on the agenda of priorities. When we look at FMCG and CPG brands, channel expansion topped the list of key eCommerce priorities with nearly half (49%) suggesting this is one of their top priorities, followed by improving the end-to-end eCommerce experience (33%) and building or expanding their DTC model (33%). FMCG and CPGs who are ahead of the curve, understand that a diversified strategy is key as consumers are buying products across an array of platforms from marketplaces, to social and via quick commerce platforms in certain verticals.

## WHAT ARE SOME OF THE KEY CHALLENGES YOU FACE WHEN IT COMES TO ECOMMERCE WITHIN YOUR BUSINESS? (SELECT UP TO 3)





## WHAT ARE THE BIGGEST BARRIERS TO GROWTH IN ECOMMERCE WITHIN YOUR ORGANISATION? (SELECT UP TO 3)

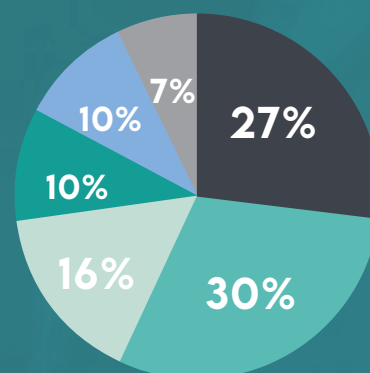
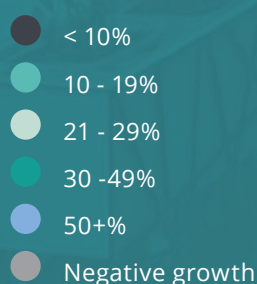


When we look at the key challenges brands are facing in the eCommerce space and the biggest inhibitors to growth, some interesting insights emerge. Whilst technology topped the list of barriers to growth, it's clear that agility to move at the pace required, and investment levels are stifling organisations' ability to grow.

Nearly one in three leaders believe one of the biggest barriers to growth is that their organisation is focussed on maintaining and protecting the core, which leaves organisations exposed as the market gradually shifts overtime. For CPGs and FMCG brands this is the number one barrier identified through the study (50%).

For legacy brands, it is vital to understand that building maturity in the eCommerce space cannot be achieved over a short period of time. It has to be a long-term approach with consistent and sustained effort and investment. Those that are the most successful are the brands that place emphasis and energy on building robust foundations in areas of people, process, technology and data. To do so effectively, leaders need to be honest with themselves, about their current state of maturity and where they sit on the maturity curve. They need to educate themselves on what best of breed looks like in order to understand the gap between where they are today and where they need to be, in order to maintain relevancy and share in a rapidly changing market.

## WHAT LEVEL OF GROWTH HAVE YOU SEEN IN ECOMMERCE OVER THE PAST 12 MONTHS?



Whilst COVID drove demonstrable shifts in consumers buying online and much of the media has pointed to softening, most leaders suggested their brands have continued to drive growth in eCommerce over the past 12 months. Those brands that indicated they experienced negative growth were predominately pure-play online brands that may be impacted / inhibited by a lack of physical presence limiting opportunities to provide services like "click and collect" which is seeing strong growth both locally and globally. Brands that are in the earlier stages of eCommerce strategy implementation are also most likely to find it easier to drive growth than brands that are higher up the maturity curve. When we correlate this data with the profile data, we see that for 40% of brands, eCommerce still represents less than 10% of total sales, reflecting many brands are still in earlier stages of their eCommerce journey.

*NB: It is important to note insights gleaned for retailers and FMCG / CPG brands are derived from smaller sample sizes but still demonstrate and reflect maturity in the market based on our observations and discussions with leaders.*



It is not uncommon to see brands struggle to free up funds to invest into new growth areas like eCommerce. Entrenched forecasting and budgeting approaches, a lack of understanding of the importance of the eCommerce channel by the executive and a lack of appetite to invest appropriately to build capability and important foundations sees teams operating without the appropriate resources and tools to deliver on the full potential of eCommerce.



**TERESA**  
Director and Founder, Arctic Fox





**Many businesses say they're all about digital transformation. But are they truly embracing digital?**

Over the past few years, we all got a free kick of growth to our eCommerce businesses due to the pandemic and changes in shopping behaviour. In the global context, that has helped our industry catch up.

But, because of how (seemingly) easily that growth came, we are at risk of becoming complacent about the future.

I believe the real growth opportunity still lies ahead. Those leaders that lean into digital transformation as an all-of-business opportunity will grow fastest.

"Transformation" is often interpreted as implementing new technologies. But in my view, it's how we "do things differently" in our core business practices, that will unlock value.

As leaders, we have a unique opportunity and requirement to educate ourselves, look globally for what great looks like, and ask ourselves; hand on heart, have we truly embraced digital? And if not, where are we on the journey, and how do we get there faster?



**MARTINA STEINMANN**  
Head of eCommerce, Officeworks





Six Degrees Executive is Australia's leading specialist and executive search agency. Founded in 2004, it remains proudly Australian-owned and operated with nationwide capability and candidate reach, including offices in Melbourne, Sydney, and Brisbane. Our candidates, clients and industry partners choose us for our knowledge and expertise in our areas of specialisation, the depth of our networks, our personalised approach, and our dedication to delivering high quality outcomes.

As specialists, our consultants are experts in the disciplines and industries they recruit within. We have a deep understanding of the dynamics of these industries and the candidates operating in these markets, allowing us to not only consult but provide industry-specific **market and talent insights** to our customers to help them in their search for the right talent or the right job. **Our specialist disciplines** include digital, marketing, eCommerce, sales, retail and technology, to name a few.

We pride ourselves on being a highly customer-centric and relationship-driven agency. Our consultants have a genuine desire to positively shape the futures of individuals we engage with and maintain a focus on helping our clients build successful, sustainable businesses via the recruitment of exceptional talent that is aligned to the unique cultures of our clients.



**ARKTIC FOX**

Arctic Fox is a transformation advisory and training organisation that partners with leaders to help them navigate the changing marketing and digital landscape.

Arctic Fox specialises in digital transformation, eCommerce, organisational design, marTech and customer data. We partner with some of Australia's best known brands in retail, FMCG, tourism, and the services space to drive and embed sustainable change. We also provide specialist courses and programs to help leaders and their teams build desired skills and expertise.

Our independence and hands on experience leading and driving change within organisations enables us to provide relevant solutions and advice based on our clients' business maturity and capability.

For more information, please visit [arcticfox.io](http://arcticfox.io) or follow [@ArcticFox](https://twitter.com/ArcticFox)



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