

## **Thought Leadership Boosts Business Performance and Drives Spending**

In the race to become smarter, faster, and more effective, thought leadership gives executives the inside track. In fact, senior executives in every industry we surveyed see thought leadership as a strategic lever they can pull to improve business performance.

Across the board, four out of five (80%) say that consuming thought leadership created quantitative value for their business. That value comes in many shapes and sizes. Here are five ways executives say thought leadership benefits their business:

- **Greater revenue growth and profitability:** Our analysis reveals that 46% of C-suite executives globally – and 39% in the United States – strongly believe that consuming thought leadership helps drive higher levels of revenue growth than would otherwise be possible. And more than half (57%) say the application of thought leadership insights significantly impacts the financial performance of their organization. We also found that businesses with the fastest rates of revenue growth were the most active in engaging with thought leadership. Looking

to the bottom line, the benefits of thought leadership are even more noteworthy. Roughly three out of five (59%) global business leaders strongly believe that thought leadership helps drive higher levels of profitability for their business.

- **Sharper competitive edge:** Almost all (96%) business leaders globally say they make better business decisions as a result of consuming thought leadership. Roughly four out of five C-suite executives in the United States say their organizations are competitively better off as a direct result of applying lessons learned from thought leadership. For executives in other geographies, the impacts are even greater: 93% say thought leadership gives them a competitive advantage. Why? Because it provides insights into emerging trends, risks, and opportunities *before* disruption forces them to react.
- **Improved innovation and business agility:** Thought leadership gives organizations the upper hand in innovation. Expert analysis helps executives identify cutting-edge growth opportunities and offers the “how to” insights needed to respond quickly to new opportunities. More than half of global business leaders say innovation (58%) and business agility (52%) have been significantly improved as a result of thought leadership insights. This could be one reason 60% of executives encourage their teams to use thought leadership regularly.
- **More satisfied employees:** Business intelligence that’s both trustworthy and thought-provoking can inspire teams to raise the bar – and offer a playbook

to help them reach new heights. Perhaps that's why 41% of C-suite leaders see thought leadership as an effective tool for employee engagement. Beyond bolstering their skills and expertise, 46% believe consuming thought leadership boosts worker satisfaction.

- **Fewer knowledge gaps:** Executives turn to thought leadership for information they can't access elsewhere. Almost 9 in 10 (88%) executives globally – and 74% in the United States – say they use thought leadership to compensate for inadequate data and analysis within their organization. Even more (93%) say they turn to trusted thought leadership content to gain a deeper understanding of the business trends affecting their industry and markets. More than four out of five (84%) use it to identify technology trends and approaches that may directly impact the success of their organization.

## **Thought Leadership Paves the Executive Career Path**

It's not just good for business; thought leadership also influences personal success. Four out of five executives globally – 81% in the United States – report that the deeper knowledge and insight they gain from consuming thought leadership has been, and continues to be, important in helping advance their career progression. They're also sharing what they learn. Almost all (99%) executives say they share thought leadership with their business networks at least once per month; 86% say they share thought leadership with their social networks every month.

## How Thought Leadership Influences What Executives Buy

One of the trickiest areas to research has been: How does thought leadership impact ROI for organizations that produce it?

To answer that question, we first looked at whether executives use thought leadership to inform their purchasing decisions. The results were clear: producing high-quality thought leadership increases the likelihood that executives will buy products or services from an organization.

For starters, 82% of executives say they're more likely to want to meet with an organization that produces thought leadership. Three out of four say thought leadership makes them more likely to buy products and services from that organization.

Among C-suite executives in the United States, 58% say they are likely or extremely likely to make purchase decisions as a direct consequence of consuming thought leadership content. As many as 70% of leaders in other geographies say they are either likely or extremely likely to translate thought leadership analysis and insight into direct purchasing decisions.

When we asked executives to indicate whether they *had* made a purchase decision in the previous 12 months as a direct result of thought leadership, 100% of respondents – across the United States and globally – said yes. That's not a mistake. Every single executive we surveyed said they *had already* made a purchase decision based on thought leadership – even those who said they were unlikely to do so.

We also found that most executives are influenced by thought leadership on a regular basis. Globally, 85% of

C-suite leaders (87% in the United States) said they made a purchase decision as a direct consequence of consuming thought leadership within the previous quarter. Of those executives, 37% in the United States and 29% globally said they had done so in the last month.

As executives grow immune to many traditional marketing tactics, thought leadership serves as an open invitation to connect. It demonstrates expertise and offers reliable solutions to real-world problems. Rather than pushing readers through a conversion funnel, it pulls them into a more meaningful relationship based on trust.

Our research has proven that this approach influences purchases – but at what level? How much money is on the table – and what are organizations buying? To see the full picture, we had to layer the results of our survey atop the real-world business landscape. The image that emerged is astounding.

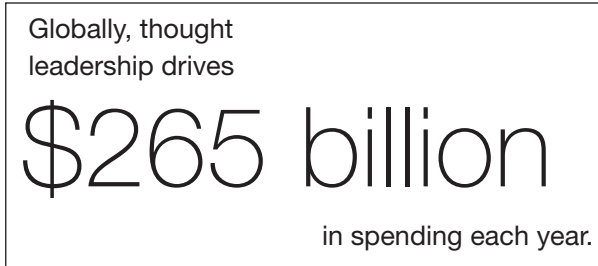
## **Thought Leadership Drives \$265 Billion in Spending Each Year Globally**

The size of the thought leadership opportunity should capture every marketer's attention. Our research has revealed that billions of dollars are in play—\$265 billion *a year* to be exact.

How did we calculate this number? We started by asking executives to report their organizations' revenue, as well as the percentage they spend each year as a direct result of consuming thought leadership. When we average that spending across industry, geography, and organization size, a typical business spends 0.56% of its total annual revenue as a result of executives consuming thought leadership.

If we aggregate annual corporate revenue across the Forbes Global 2000 – a total of \$47.6 trillion in 2022 – and multiply that figure by the average portion of revenue spent as a result of thought leadership (0.56%), we get a global opportunity of \$265 billion each year. This is more than the annual GDP of New Zealand.

**Figure 1.1** Global thought leadership opportunity.



We can also break this number down by industry and sector. Across the United States, businesses spend \$102 billion based on consumption of thought leadership each year. And in the IT industry, organizations spend \$99 billion.

This is just the spending that business leaders attribute directly to the thought leadership they consume. In fact, when we calculate purchases that are indirectly influenced by thought leadership, the impact grows even larger.

### ***Thought Leadership-Influenced Spending Around the World Is an Additional \$106 Billion***

How much does thought leadership influence organizational spending decisions indirectly? Influence is difficult to measure – but not impossible. To get a clearer picture of the impact, we focused on IT budgets, where we have more exact data to analyze.

The global organizations we surveyed report average revenue of \$14 billion, and executives say they spend roughly 4.7% of these revenues on IT. That means the average organization has an IT budget of \$669 million. Global executives also say 35% of purchasing decisions are influenced by thought leadership – translating to a \$234 million opportunity in IT in the average global business.

If you apply the same parameters to the average revenue of the Forbes Global 2000, the total thought leadership impact is eye-popping. Assuming thought leadership can influence 35% of \$2.2 trillion in cumulative IT budgets (4.7% of \$47.6 trillion) – we find that thought leadership influences roughly \$783 billion worth of purchases each year.

And that’s just in IT! Now we can use these numbers to calculate the size of the overall influenced opportunity. We know that the average global organization spends \$78 million as a direct result of thought leadership – and that 37% of that spend is related to IT. If we assume the influenced spend has a similar split, then \$783 billion is just 37% of the total. That means the full opportunity comes to \$2.1 trillion.

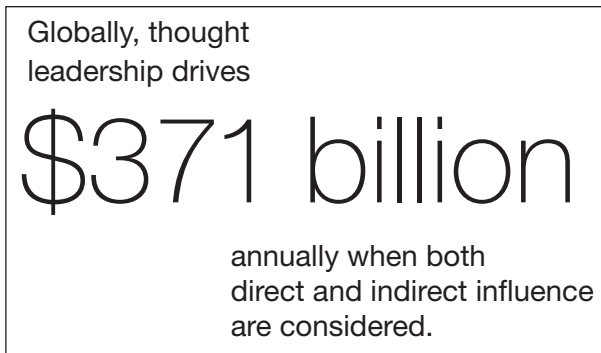
Of course, thought leadership is just one of many external factors that influence executive decision making. So we wanted to go a step further and pin a hard number on the value of the contribution thought leadership delivers. Just as athletes are given credit for an “assist” – a pass that leads to a goal – we can quantify what portion of that \$2.1 trillion spend can be attributed to thought leadership.

Most organizations have developed their own secret sauce for measuring these assists: proprietary models that calculate attribution, or how large a role specific marketing

efforts play in a sale. Based on several decades of experience and conversations with our colleagues over time, we apply an assist factor of 5% to the total influenced spend. When we apply this factor to the \$2.1 trillion in influenced spend discussed above, we can anticipate another \$106 billion in thought leadership–inspired purchases.

That means the total global opportunity, based on purchase decisions made as a *direct* result of thought leadership (\$265 billion) AND *influenced* by thought leadership (\$106 billion), is a whopping \$371 billion per year. For marketing leaders and thought leadership producers with a global footprint, there’s arguably no better investment than distinctive, high-quality thought leadership.

**Figure 1.2** Thought leadership influences billions in corporate spending.

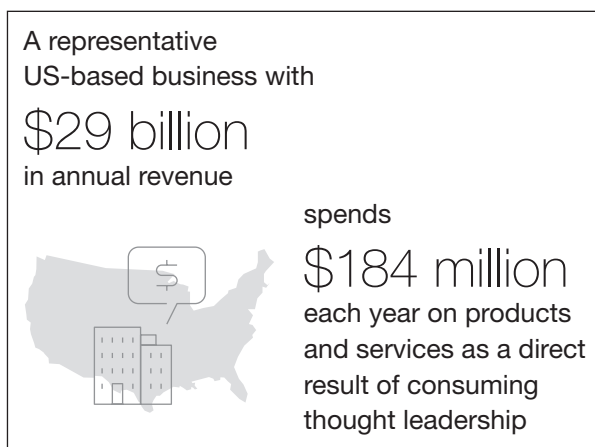


## **A Case in Point: Thought Leadership Spending in the United States**

It’s difficult to think of numbers these large in the abstract. Out of context, they lose their meaning.

To crystalize the business case for thought leadership, let's break down what the thought leadership-related spend would look like for a representative organization in the United States. Based on our survey's results, this organization's annual revenue is \$29 billion – and it spends \$184 million as a direct result of thought leadership each year. Of that \$184 million, 46% – \$85 million – is spent on IT software, infrastructure, or services.

**Figure 1.3** Spend in one organization as a direct result of thought leadership.



In addition to the \$184 million spent as a *direct* result of thought leadership, 30% (vs. 35% globally) of purchases made by our representative US business were *influenced* by thought leadership. How does this add to the equation? Let's start with IT spend.

US executives told us they spend an average of 5% of their overall annual enterprise revenue on technology (compared to 4.7% globally). So, for our \$29 billion average US business, the IT budget is about \$1.45 billion.

Because thought leadership influences 30% of this spend, that equates to a \$435 million opportunity. (That's in addition to the \$85 million in IT spend that's driven directly.)

*Thought leadership drives \$85 million in IT spending – and influences an additional \$435 million – in the average US business each year.*

Since the executives we surveyed told us that 46% of the spend directly influenced by thought leadership is related to IT, we can assume a similar distribution for the influenced spend. That allows us to calculate that an additional \$511 million in spend is influenced in other parts of the business – for a total of \$946 million. This nearly billion-dollar spend, for a typical \$29-billion organization, represents the products and services purchased by our representative business because a leader was *influenced* by consuming thought leadership.

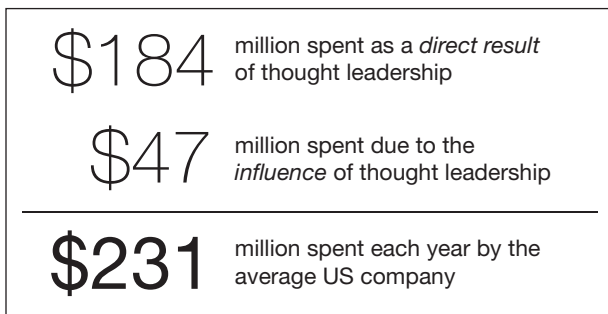
Applying our 5% assist factor to this \$946 million figure, about \$47 million is spent due to the influence of thought leadership. We already know that \$184 million is spent directly as a result of thought leadership, so when we add the influenced spend, that means, overall, the average US organization spends \$231 million each year because its executives consume thought leadership.

If we look at the US market overall (\$16.1 trillion in 2022), the opportunity is massive. If US Fortune 500 companies spend 0.63% of revenue as a direct result of thought leadership – the average reported by the executives we surveyed – we see that there is a \$102 billion opportunity for thought leadership producers every year.

Applying the same logic outlined above, we find that thought leadership also influences \$526 billion annually. Using our 5% realization factor, we can expect an additional \$26 billion to be spent due to the influence of thought leadership – increasing the size of the annual US opportunity to \$128 billion.

What does all this mean for a thought leadership-producing organization? More on that in the next chapter, when we calculate the average ROI that comes from creating thought leadership. But first, we’re going to dig one level deeper in our analysis of thought leadership impacted spending, by parsing the data according to business size, industry, and geography.

**Figure 1.4** Direct and influenced spend in one organization as a result of thought leadership.



## Three Factors Influence How Much a Business Spends

Though math might beg to differ, no organization is “average.” Every organization is unique, and the spending that results from consuming thought leadership will inevitably vary.

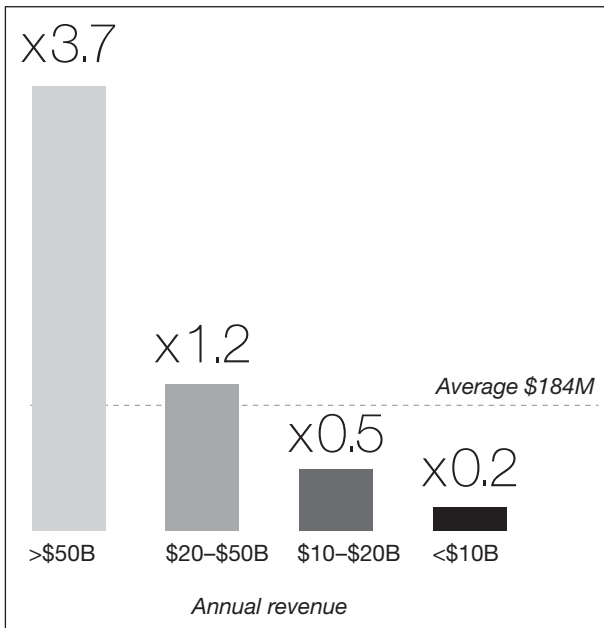
Our research identified three characteristics that can substantially impact how much an organization spends as a consequence of its executives consuming thought leadership:

1. Business size.
2. Primary industry.
3. Operating region.

### **Business Size**

It's not surprising that larger organizations spend more, in absolute terms. What is surprising is *how much* more they spend.

**Figure 1.5** Larger US businesses spend more as a result of thought leadership.



As you'll recall, an average US organization with \$29 billion in annual revenue spends \$184 million each year as a direct result of consuming thought leadership each year. But organizations with more than \$50 billion in average revenue spend almost four times more than the average \$29 billion business – an average of \$681 million (see Figure 1.5).

Smaller organizations spend a lot less. When we look at US organizations that earn less than \$10 billion in annual revenue, spending resulting from thought leadership drops to \$37 million – only 20% of the \$184 million average.

### ***Primary Industry***

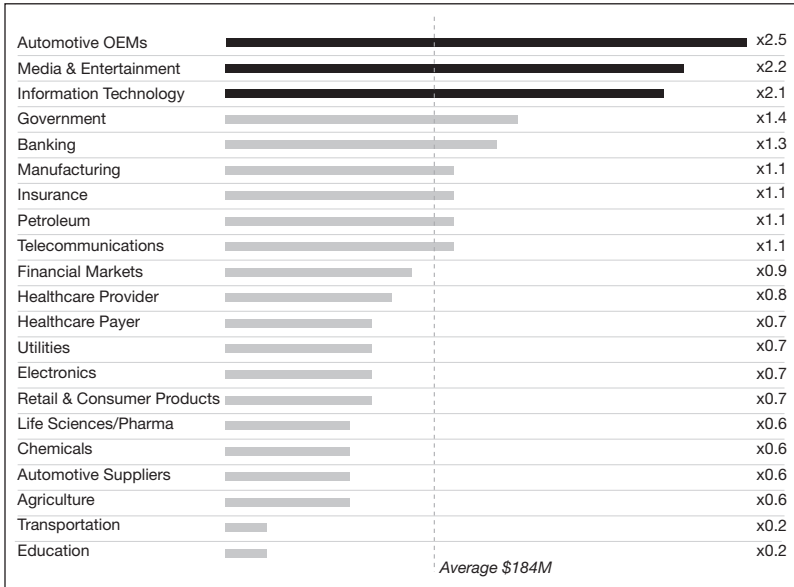
Executives in some industries are more enthusiastic about acting on thought leadership than others. To isolate for industry, we drilled into sector data specifically in the United States. We found that organizations in the top three industries spend more than twice the average of \$184 million each year (see Figure 1.6).

Executives who work for original equipment manufacturers (OEMs), such as Ford or General Motors, in the US automotive industry spend the most on products and services as a result of consuming thought leadership. They spend about 2.5 times the \$184 million average, or \$460 million each year. In contrast, automotive suppliers – the organizations that provide OEMs with parts – spend only \$110 million.

Media and entertainment and IT executives also spend more than twice the US average – or roughly \$405 million – as a result of consuming thought leadership. Financial

markets executives spend \$166 million, while executives in traditional banking spend \$239 million. Transportation executives spend only 20% of the average (\$37 million).

**Figure 1.6** Automotive, media, and IT companies spend more than other US industries due to thought leadership.



## Geographic Location

Absolute spend only tells part of the story when comparing organizations from different countries. To level the scales, we also looked at how much companies spend as a percentage of average revenues (see Figure 1.7).

The average US business in our survey reports \$29 billion in annual revenue and spends \$184 million as a direct result of thought leadership – more than companies in any other country. They spend, on average, 0.63% of their revenue.

**Figure 1.7** Organizations in India, the United States, and Germany spend the most on thought leadership as a percentage of revenue.

*Dollars refers to average direct spend for each country resulting from thought leadership in a specific country. Percentage refers to direct spend as a proportion of average annual revenue of organizations in the sample for that specific country.*



Organizations in India spend an average of only \$36 million each year as a result of thought leadership, which reflects 0.68% of their average revenues. This demonstrates a high degree of interest and willingness to act among Indian executives. In comparison, companies in South Korea spend an average of \$103 million each year, which reflects only 0.44% of their average revenues, demonstrating perhaps less interest in thought leadership.

It's important to note that, even if the market in a specific country is smaller, the budget available in any single organization can still be substantial. For example, companies across South Africa are spending an average of \$18 million each year as a result of thought leadership. That presents a sizable opportunity for organizations producing thought leadership in that region. The same holds true in other geographies.

## **Thought Leadership Serves as the Red Carpet Into Organizations**

Investing in a strong thought leadership foundation has often required a leap of faith – or a marketing leader who previously worked with a big strategy consultancy. But through this research, we have been able to isolate and quantify how thought leadership motivates – directly and indirectly – product and service purchase decisions.

“Thought leadership serves as a red carpet into the C-suite. Thought leadership opens doors, builds credibility, and establishes brand authority, generating a return on investment of 156%, massively higher than any other marketing campaigns I’ve seen in my career.”

Peter J. Korsten.

Partner and Vice President,  
IBM Institute for Business Value

The evidence is clear for marketers. How business leaders feel about the thought leadership they consume strongly influences the way they feel about the organizations that produce it. When the thought leadership is credible, trusted, and seen as independent from commercial activities of an organization, the opportunity is massive for thought leadership producers. The only missing piece is a credible calculation of the return that can be expected from thought leadership investments. And that’s what you’ll find in the next chapter.

## **How Executives Prefer to Consume Their Thought Leadership**

In our original study, we found that a typical business leader spent two hours each week consuming thought leadership. In later surveys, we saw this increase to just under three hours – a nearly 50% increase in just 18 months. They commit this substantial amount of time because they want

to stay up to date with business and technology trends and learn how to operate and transform their business to drive revenue growth, profitability, innovation, and agility. Our data shows that global business leaders almost uniformly believe that they make better business decisions because of the thought leadership they consume.

Despite some commentators criticizing and dismissing the relevance of long-form text, our research reveals that a majority of business leaders – 61% in the United States and 68% in other geographies – continue to consume thought leadership in the form of traditional research reports.

Digital media, such as blogs and social content, also rank highly in executives' preferences. But they are rarely consumed at the expense of traditional white papers and research reports. Perhaps surprising to some, thought leadership communicated through PowerPoint presentations ranks as the most preferred content form. As many as 62% of C-suite leaders in the United States and 72% in other countries reported that PowerPoint is the most compelling way to convey thought leadership.

Executives see a triumvirate of secret ingredients as essential to believable, compelling, and actionable thought leadership: original proprietary data, expert insight, and quantitative analysis. And when they trust the content they consume, business leaders are more than willing to share thought leadership content and insights with their personal social and business networks. This, in turn, creates a virtuous cycle – expanding the reach of thought leadership while helping those that consume it make better, more successful business decisions.