

The rise of the marketer

Driving engagement, experience and revenue





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About this report

The rise of the marketer: Driving engagement, experience and revenue is an Economist Intelligence Unit report, sponsored by Marketo. The Economist Intelligence Unit bears sole responsibility for the content of this report. The findings do not necessarily reflect the views of the sponsor.

The report draws on two main sources for its research and findings:

- A survey that included responses from 478 CMOs and senior marketing executives worldwide. More than 50% of respondents hold the CMO title or top marketing position. Respondents are located in North America (33%), Europe (30%), Asia-Pacific (29%) and Rest of World—which encompasses Africa and Latin America (9%). More than 50% of survey respondents (52%) hail from companies with more than US\$500m in revenue; 20% have revenue of over US\$5bn.
- A series of in-depth interviews with senior executives.

Interviewees

John Dragoon, Executive Vice-president and Chief Marketing Officer, Houghton Mifflin Harcourt

Chris Clark, Group Head of Marketing, HSBC

Mayur Gupta, Global Head, Marketing Technology & Innovation, Kimberly-Clark

Raja Rajamannar, Chief Marketing Officer, MasterCard

Luanne Calvert, Chief Marketing Officer, Virgin America

Jamie Moldafsky, Chief Marketing Officer, Wells Fargo

Brian Harrington, Executive Vice-president and Chief Marketing Officer, Zipcar

We would like to thank all interviewees and survey respondents for their time and insights. The report was written by Dan Armstrong and edited by Gilda Stahl.



Executive summary

More than 80% of marketing executives surveyed say they need to restructure marketing to better support the business—29% believe the need for change is urgent.

Marketers have seen their jobs transformed over the past ten years. The transformation is happening again—but faster this time. According to the Economist Intelligence Unit's survey of 478 high-level marketing executives worldwide, more than 80% say they need to restructure marketing to better support the business. And 29% believe the need for change is urgent.

Marketers believe that change will occur in six areas:

- 1. Marketing will increasingly be seen less as a cost and more as a source of revenue.** The proportion of companies where marketing is viewed as a cost centre will dwindle and the number where it is seen as a driver of revenue will grow. In three to five years, survey respondents say, approximately four of five companies will classify the marketing function as a revenue driver. (Whether marketing has a formal P&L is another matter.)
- 2. Marketing will take the lead in the customer experience.** The customer experience is increasingly seen as a key to competitive advantage in every industry. Slightly more than one-third of marketers polled say they are responsible for managing the customer experience today. However, over the next three to five years, 75% of marketers say they will be responsible for the end-to-end experience over the customer's lifetime.
- 3. Engagement is becoming paramount.** A marketer's greatest achievement is an engaged customer. And because an engaged customer keeps coming back, engagement is defined most often in terms of sales and repeat sales. More than six out of ten (63%) marketers polled say that engagement is manifested in customer renewals, retention and repeat purchases. Adding in the 15% who see engagement in terms of impact on revenue, a full 78% of marketers see it as occurring in the middle or later stages of the classic funnel.¹ A minority (22%) view engagement in terms of love for a brand—still important, but part of marketing's legacy skill set.
- 4. The new marketer combines operational and data skills with a grasp of the big picture (and possibly working within a different organisational structure as well).** Marketers are aggressively seeking new skills—especially those who believe that change is urgent. Nearly four of ten marketers (39%) want new blood in the two areas of digital engagement and marketing operations and technology. A close third, and not significantly different, is skills in the area of strategy and planning (38%). Meanwhile, marketers are tinkering with organisational structures to foster agility,

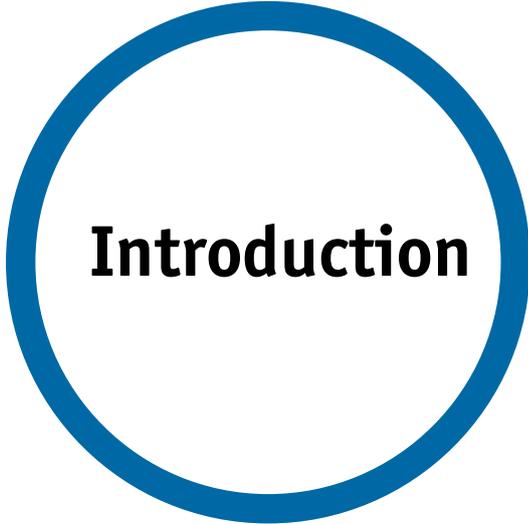
¹ The marketing, purchase or conversion funnel refers to the customer's journey from awareness (when the customer first learns about a product or service) to interest, desire and purchase. Often a fifth stage, advocacy, is added.

increase cross-functional co-operation and help the organisation to scale.

5. Digital and data dominate investment.

Technology investment plans by marketers illustrate both the dominance and fragmentation of digital channels. Three of the four most widely cited investments are aimed at reaching customers through different channels: via social networks, on mobile devices and on the old standby of e-mail. The fourth, analytics, is needed to knit together data from multiple channels into a coherent and actionable portrait of the consumer.

6. Two trends to watch: real-time personalised mobile and the Internet of Things. Just over half of marketers expect the Internet of Things—where ubiquitous, embedded devices with unique IP addresses constantly convey real-time data—to revolutionise marketing by 2020. Almost the same proportion cites the power of real-time personalised mobile communications as the trend with the biggest impact. ■



Introduction

If you think marketing has changed in the past five years, just wait and see what's to come—or, more to the point, act. When a tidal wave appears on the horizon, you can wait to be swallowed, find high ground or run to get your surfboard. Over the last ten years, CMOs have had a lot of practice coping with tidal waves. Those who have adapted now have their surfboards well within reach.

Chief marketing officers are surviving in their jobs longer than in the past—45 months as of a year ago, almost double the tenure in 2006.² But the average large-company CMO still lasts only about half as long as a chief executive. Every marketer can tell a painful story about the reasons why: higher expectations from business owners, greater complexity, the need for entirely new skill sets, the need for new partners and a higher level of accountability. The business owners must deliver numbers. The CMO who can't help is soon gone.

"It's very intense right now," says Raja Rajamannar, CMO of MasterCard. "Marketing has become a significant item on the P&L, so it is being challenged like never before. It's a great opportunity."

Marketers know they need to change to better support the business. They see the rise of disruptive competitors and new technologies. All around them are the bodies of counterparts who failed to adapt. And while they can't see the precise

shape that the future will take, they know it won't look like the present.

"Marketing, sales, service, communications and other customer-oriented functions are evolving and commingling, and we don't know what they're going to look like in five years," says Jamie Moldafsky, CMO at Wells Fargo. "The traditional sales function isn't going away. But I think the ways people come to us and enter a relationship won't look anything like it does now."

According to our research, marketers see four trends:

- 1. A broader view of customer experience.** A positive customer experience across all touchpoints is increasingly seen as a company's most valuable asset. And, more than any other function, marketing is responsible for managing it—across the customer life cycle and across channels, from initial awareness through loyalty and advocacy.
- 2. Metrics for revenue and engagement.** Effectiveness trumps efficiency, especially in a time of rapid change. Metrics will become broader and more comprehensive, focusing on top-line revenue and overall engagement more than efficiency and brand awareness.
- 3. The talent hunt.** Yes, there is a need for tech-savvy marketers. But it's not enough by itself. CMOs want people with the ability to grasp

² Suzanne Vranica, "Average CMO Tenure: 45 Months (But That's an Improvement)," *Wall Street Journal*, March 23, 2014, <http://on.wsj.com/17dfskp>

and manage the details (in data, technology and marketing operations) combined with a view of the strategic big picture. Creative is still important (especially in B2C), but it is a legacy skill and no longer a focus of demand.

4. The ecosystem in the future. Marketing technology is proliferating through the cloud to the point where almost all companies—even the smallest ones—use multiple systems operating within an overall marketing operating system. Despite expectations of consolidation around a few dominant enterprise suppliers, marketers believe that the number of systems in their companies will grow. ■

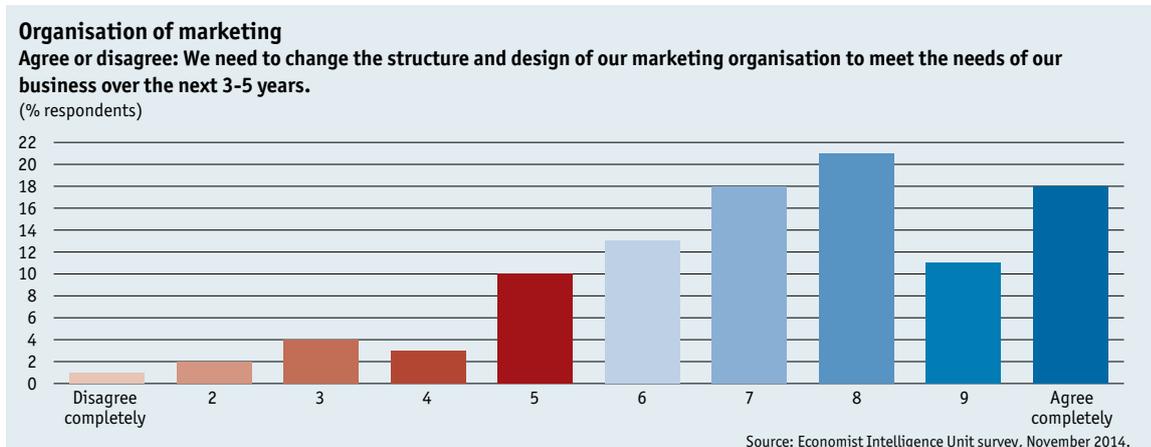
1 How marketers see the future

A large majority of marketers—more than four-fifths of survey respondents—believe that now is the time to embark on rapid change in the way they run the marketing function. They agree with Mayur Gupta, global head of marketing technology and innovation at Kimberly-Clark, when he says, “You can look at future disruption as a multiple of what happened in the past. Disruption in the last five years might show you what will happen in the next three. Disruption accelerates exponentially.”

We asked marketers whether they agreed with the statement that they need to change their approach over the next three to five years to better support the business. The answers were scored on a scale from one to ten, with one signifying “disagree strongly” (no need to change anything about marketing) and ten “agree strongly” (an urgent

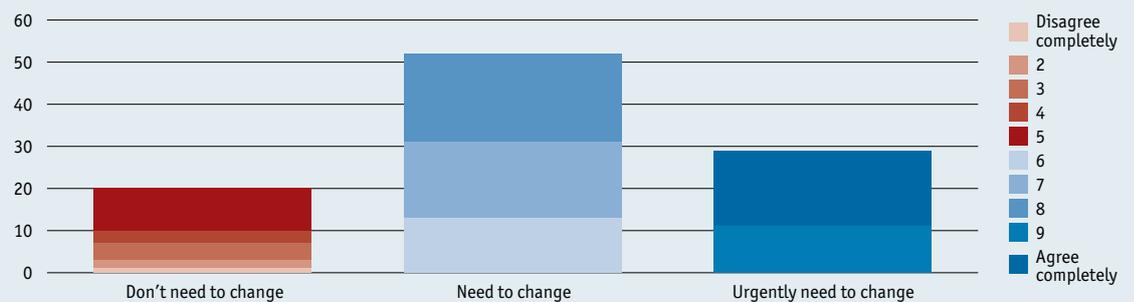
need to change the approach to marketing). The results show a strong vote in favour of dramatic and urgent change.

- More than four out of five (81%) agree with the statement: “We need to change the structure and design of our marketing organisation to meet the needs of our business over the next three to five years.”
- The sentiment cuts across all groups: B2B and B2C, large companies and small ones, CMOs and lower-level executives.
- At almost 90%, Europeans are most inclined to agree; at 72%, North Americans are least inclined to agree.



Agree or disagree: We need to change the structure and design of our marketing organisation to meet the needs of our business over the next 3-5 years.

(% respondents)



Source: Economist Intelligence Unit survey, November 2014.

Three views on the need to change

We simplified the responses to this question by dividing them into three categories: those who believe there's little need to change, those who believe change is needed but there's little urgency and those with a burning desire for change.

- The smallest group of marketers—19%, or about one in five—sees no need to change. They tend to believe that the way they're operating now is the way they will need to operate in the future. It could be that they're complacent because they've mastered the new technology of marketing. But because that technology is changing all the time, and even the most sophisticated marketers have a hard time keeping up, it is more likely that they simply accept a legacy role.
- The largest group of marketers—just over half, or 52%—agrees on the need to change, but doesn't feel strongly about it. These marketers could be called "the evolutionaries": they favour incremental change at a measured pace.

- A third group of marketers—29%—strongly believes that marketing must change its approach to better support the business. They give the statement a nine (11%) or ten out of ten (18%). They are change agents—"corporate revolutionaries". Perhaps marketing in their organisations is seen as a purely creative function and these respondents want to keep up with their more technology- and data-savvy competitors. Perhaps they have already made big strides in this area and are thirsty to capitalise on the momentum. Whatever their situation, they see vast potential that is not being realised—and they want to move quickly to capture it.

What makes the revolutionaries different? The survey reveals that, in greater numbers than their more conservative counterparts, they are more likely to be seen as a cost centre and aspire to drive revenue, to be accountable for managing the end-to-end customer experience and engagement, to move aggressively to acquire talent and to actively leverage data and technology. ■

How to evolve a marketing function: the culture of small bets

In the movie *Groundhog Day*, as Bill Murray lives the same day over and over, the small experiments he tries ultimately enable him to chart a course to success and happiness. It's not just the experiments that succeed that are valuable; those that fail turn out to be just as necessary and worthwhile.

That's one of the lessons cited by Brian Harrington, EVP and CMO of the US-based car-sharing service Zipcar, in his efforts to foster a company-wide philosophy of "small bets", ie, rapid-fire piloting of small marketing programmes that can be scaled up, tweaked or shut down depending on the outcomes. The programmes span everything from the types of marketing partnerships pursued to the acquisition channels used to the member engagement programmes offered.

"I encourage folks to take risks day to day and month to month," says Mr Harrington. "We talk a lot about what small bets mean to the organisation and how to carry them out. That means that we celebrate failure as well as success—and that's OK."

Shared processes ensure that the corporate office and the field use the same methodology to evaluate outcomes and share results. "We define success metrics for the particular programme and test whether it met them. We also evaluate whether it has the ability to scale, because we're rapidly becoming a large business with a global footprint, so we need to be thinking about small bets that can turn into scalable opportunities," says Mr Harrington.

And it's not just Zipcar. "You can't ask the customers what they want," says Chris Clark, group head of marketing at HSBC, "because they don't know. You know the story about Henry Ford saying, 'If I asked people what they wanted they'd have

said a faster horse.' I'm with Steve [Jobs] and Henry on that one. When we ask our customers what they want, they say a lower rate on their loan. But beyond that, we just need to come up with ideas based on what we know about our customers or can imagine about what might make their lives easier and see what works. And if I'm rigorous about measuring the experiments, I know exactly what doesn't work and what does and needs to be expanded."

The need to accept potential failure as the price of success sounds obvious and to many marketers it is. Google runs more than 1,000 experiments a month, and only about 10% lead to changes in the business—thus 100 business improvements carry a price of 900 failed experiments. Dan McKinley at the online crafts marketplace Etsy wrote that "nearly everything fails" and "it's been humbling to realise how rare it is for [features] to succeed on the first attempt".¹

But that's not the way many marketers think. In a widely publicised survey conducted two years ago by the Corporate Executive Board, 21% of *Fortune* 1,000 marketers don't agree with the statement, "My team accepts that some experiments must fail in order for us to learn from them."² Even in small-scale experiments, failure is still toxic in many organisations.

A single experiment has only a small effect. But the results of many small bets shared across an organisation can, bit by bit, create a road map that leads to big changes in the future. ■

1 Ron Kohavi, Alex Deng, Brian Frasca, Toby Walker, Ya Xu and Nils Pohlmann, "Online Controlled Experiments at Large Scale," Microsoft, <http://www.exp-platform.com/Pages/ControlledExperimentsAtLargeScale.aspx>

2 Corporate Executive Board Marketing Leadership Council, <http://www.executiveboard.com/exbd/marketing-communications/marketing/index.page>

2 Marketing as a revenue driver

Management guru Peter Drucker once said that the job of marketing was to make sales obsolete. The conventional wisdom is that this is starting to happen: Marketers are going deeper into the funnel, into what used to be the territory of sales. They are taking on e-commerce responsibilities and even getting their own P&Ls. But many marketers don't see the cost-revenue split in such stark and binary terms, although they do see their accountability for revenue growing.

When marketers are asked how they are viewed by the business owners, they say that they are

viewed both as revenue drivers (69% agree, 19% strongly) and cost centres (68% agree, 26% strongly). At most companies, the business owners know that marketing drives revenue, but the view that marketing is a cost is just as widespread (especially in Europe).

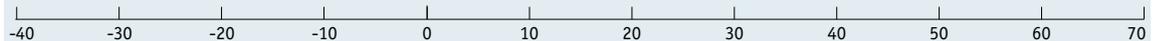
In three to five years, however, the view of marketing will change. It will less frequently (down by 3%) be seen as a cost centre and more often as a driver of revenue. The marketing function is slowly migrating from the cost side of the ledger to the revenue side.

Perception of marketing as a cost centre

Marketing is viewed as a cost centre now.



Marketing will be viewed as a cost centre in 3-5 years.



Source: Economist Intelligence Unit survey, November 2014.

Perception of marketing as a revenue driver

The business owners treat marketing as a revenue driver today.



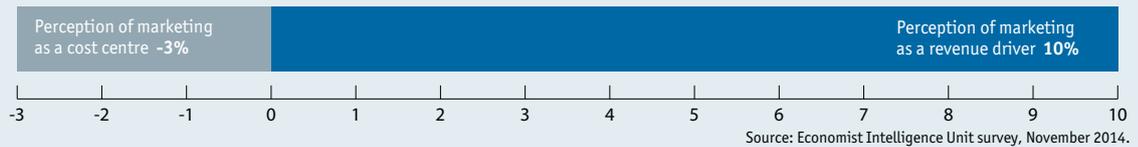
The business owners will treat marketing as a revenue driver in the next 3-5 years.



Source: Economist Intelligence Unit survey, November 2014.

How marketers expect views to change in the next 3-5 years

(% respondents)



How will that change take place? A lot has to do with how marketing presents itself within the organisation. Says John Dragoon, CMO of Houghton Mifflin Harcourt (HMH): “You reap what you sow. If you don’t accept accountability for being measured in terms of your contributions and outputs, then you are viewed as a cost centre. If you aggressively pursue an agenda of accountability and transparency, then you’ll be viewed as a trusted partner and adviser. Even if you don’t have a formal P&L, you’re seen as a revenue owner.”

Moreover, revenue owners tend to have different reporting arrangements. When marketing reports to finance or sales, it is often viewed as a cost centre or at the very least as an unequal partner. “In my case, I report to the CEO, which says a lot about how our CEO and HMH as a whole view marketing,” says Mr Dragoon.

Importantly, revenue owners are able to show how they drive revenue—perhaps not at the point where the transaction occurs, but they can show influence. Even public relations (PR) activities can be shown to have a revenue impact. “We did a campaign where we used social media and PR to help Virgin America secure two gates at Love Field [a Dallas airport],” says Luanne Calvert, CMO of airline Virgin America. “We were able to get our guests to sign a petition on Change.org and persuade local officials in Dallas to give their okay to us getting two gates at Love Field that our competitor did not want us to have.” Possessing gates at older urban airports, close to downtown Washington, DC, like Reagan or New York’s LaGuardia airports, can have a significant effect on revenue. In this case, marketing had a big indirect impact.

A more obvious example of driving revenue is lead generation: following the classic funnel and religiously tracking opportunities as they move

from unqualified to marketing-qualified to sales-qualified to a close. “About a quarter of our demand initiates through marketing outreach and marketing activities,” says Mr Dragoon. “We do two things: identify demand ourselves, make sure it’s properly qualified, goes into the right channel; and, for demand that has already been identified, we help our salesforce accelerate cycle times and win rates.”

But even lead generation is getting more complex. “In the past, marketing brought the consumer to the brand, and the sales team inspired the consumer to make the purchase,” says Kimberly-Clark’s Mr Gupta. “But now the CMO has to drive an experience that can win that consumer at any point of the funnel, because there really is no funnel anymore. The consumer is at the centre. Marketing has to be able to inspire the consumer’s behaviour everywhere in the consumer’s world.”

Who gets credit for revenue? Ultimately, marketers are part of a team, and claiming credit for revenue often isn’t the best way to build teamwork. “It [the cost versus revenue divide] is not a useful distinction,” says HSBC’s Chris Clark. “Seeing any part of the organisation in that binary way is an old-fashioned mindset. We play a team sport. You can’t win a football game with an entire team of running backs.”

Adds Mr Dragoon: “We need to recognise that a multitude of touchpoints and activities ultimately result in a customer acquiring your products. I’m less interested in having marketing teams take personal credit for what they do and more interested in creating an environment where we achieve the top line together. When there’s a win, we do a look-back over the previous 12 months to find correlations with events they attended, e-mails they opened and samples they downloaded. That’s not the same as claiming credit.” ■

“If you don’t accept accountability for being measured in terms of your contributions and outputs, then you are viewed as a cost centre.”

John Dragoon,
EVP and CMO, Houghton
Mifflin Harcourt

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Experience leading to engagement

“There is more of a need for the articulation of an integrated, holistic approach than before, because there are myriad channels and contact points.”

Jamie Moldafsky, CMO, Wells Fargo

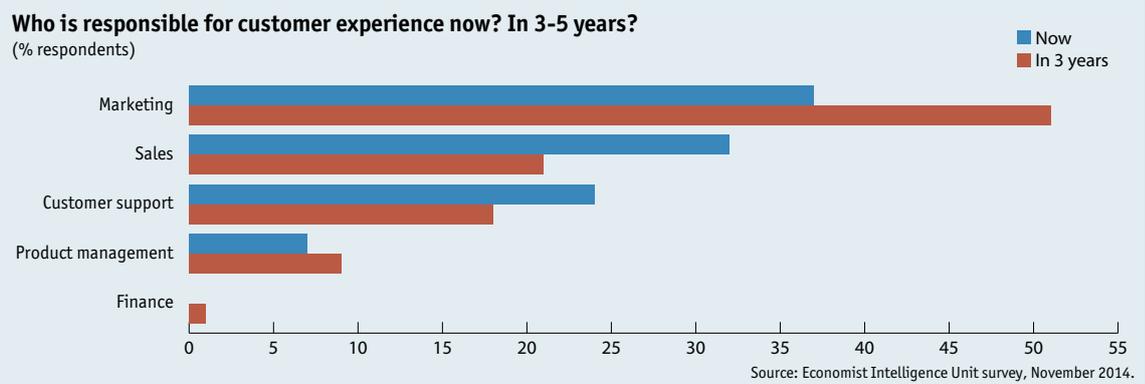
Customer experience—the sum of experiences a customer has over the life of the relationship—is increasingly seen as a key to competitive advantage. By delivering a personal, memorable experience, companies can create a distinct offering that engages customers and creates advocacy and loyalty. Because almost everyone in a company has a role in some touchpoint—from financing terms to inventory management to packaging, support and random person-to-person interactions—there has been little oversight of the total customer experience.

That is changing. Slightly more than one-third of marketers polled say they are responsible for managing the customer experience today. However, over the next three to five years, 75% of marketers say they will be responsible for the end-to-end experience over the customer’s lifetime. Moreover, as responsibility for the customer experience shifts to marketing, it is

moving away from customer support and sales. The distinction between sales and marketing—in which sales owns relationships and marketing owns messaging—has become less distinct. As consumers gain power and become less reliant on sales, the marketing function is increasingly orchestrating relationships.

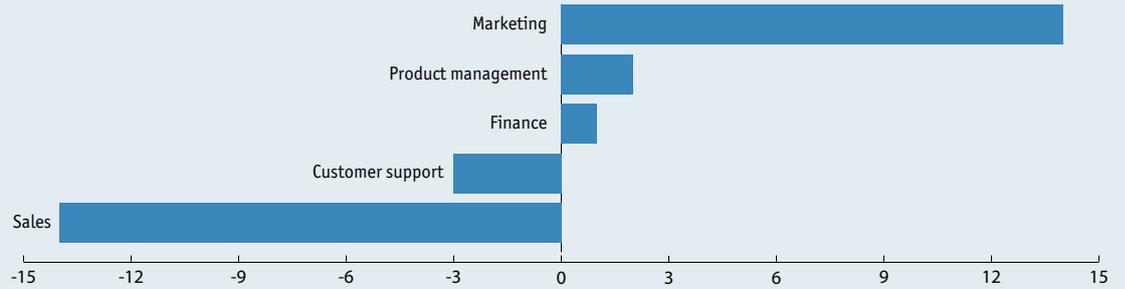
As recently as five years ago, centralising management of the customer experience was less necessary. Says Wells Fargo’s Ms Moldafsky: “There is more of a need for the articulation of an integrated, holistic approach than before, simply because there are myriad channels and contact points.”

Also driving the need for oversight of the customer experience is the need to turn complex services into offerings that customers find easy to understand and use. “Businesses like ours require a cross-channel, cross-product, cross-business perspective,” says Ms Moldafsky. “Somebody has to



Expected change over the next 3-5 years in responsibility for customer experience

(% respondents)



Source: Economist Intelligence Unit survey, November 2014.

integrate across channels and across businesses from the customer's point of view. Somebody has to shape and articulate truly customer-centric strategies."

It's an idea that brings to mind the original Macintosh computer, which pioneered an intuitive interface in a command-line world. Internal complexity translated into external simplicity, a theme highlighted by Zipcar's EVP and CMO, Brian Harrington: "If you look at what we do from the outside, it looks simple. Cars by the hour, gas and insurance included. But on the inside, it's complicated. Try maintaining 10,000-plus cars parked in lots of different places around the world and giving members access on a 24/7 basis. Self-service is tough to do and we do it very well."

But if almost everyone in the company has a role in customer experience, how can marketing gain the kind of control needed to oversee the myriad interactions that drive engagement? In the EIU's *Conversations with six marketing visionaries*, Seth Godin argued that control is illusory and influence more important: "Nobody's in charge of everyone, even the CEO. Influence is way more important than authority. Marketers gain influence as they give up more credit and take on more responsibility."

Echoing that point is Houghton Mifflin Harcourt or HMM's Mr Dragoon, who argues that "the notion of a single point of accountability may be intellectually appealing. But customer experience is too important to be left to just the marketers, because it involves how you develop, market, sell, service and support products across the whole life

cycle."

Mr Dragoon sees marketing's role as one of advocacy on behalf of the customer rather than direct control. "Even if marketing doesn't have sole accountability, it is first among equals in making sure everyone understands their role in creating touchpoints that are differentiated, consistent and outstanding. Customer experience is a matrix with marketing taking a central role, even if it's not the lead role."

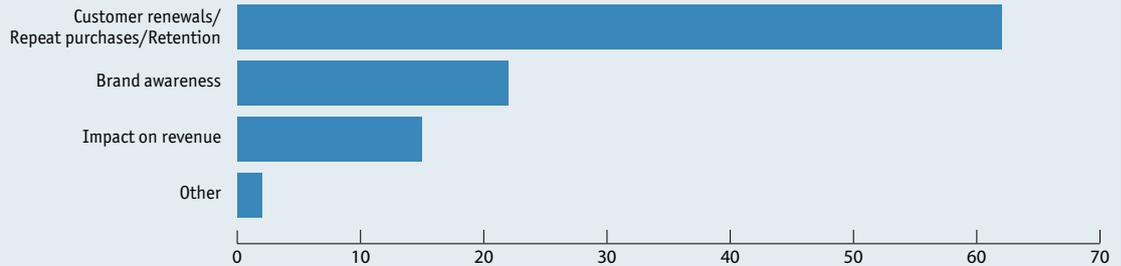
And since no one can manage everything, the first step is identifying the key drivers of engagement and setting priorities around those drivers. "In some places you need to be consistent. In others, guidelines or independent actions are OK," says Ms Moldafsky of Wells Fargo. "We're a complex company, with lots of different points of contact and interfaces for customers, so we try to answer the question, 'What capabilities do we need to support consistency in key experiences across the organisation?' And then we prioritise, integrate and make sure we have the right guidelines and guideposts around the customer experience."

From experience to engagement. The reason marketers strive to create those differentiated, consistent and outstanding touchpoints is to build engagement. And engagement, which used to be seen as more about branding and awareness, is increasingly perceived as key to the loyalty and advocacy stages of the customer life cycle. An engaged customer is one who sticks around.

More than six of ten (63%) marketers polled agree that engagement is best reflected in customer

Which definition best captures what “engagement” means to you?

(% respondents)



Source: Economist Intelligence Unit survey, November 2014.

“It’s hard to attribute revenue at the top of the funnel. As you get into consideration and purchase and loyalty and advocacy, it’s easier to see how engagement results in revenue.”

”

Luanne Calvert,
CMO, Virgin America

renewals, retention and repeat purchases. Adding in the 15% who define engagement in terms of impact on revenue, a full 78% of marketers see it as occurring in the middle or later stages of the classic funnel. And the 22% of marketers who do view engagement as heightened brand awareness are significantly less likely to think that marketing needs to change—or, at best, they have little sense of urgency around the need for change. These are the “traditionalists”, who see their main job as creating an engaging brand story. It’s a role that remains important, but is increasingly seen as only one part of a much bigger job.

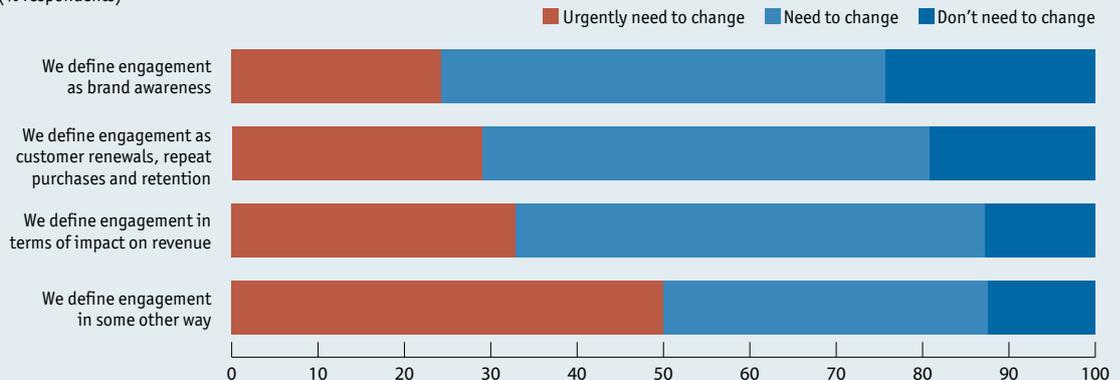
Defining engagement in more transactional terms also has the advantage of being easier to measure. “It’s hard to attribute revenue at the top of the funnel,” says Virgin America’s Ms Calvert. “You can, but it’s a light metric, like what would we have had to pay if we had bought earned media. As

you get into consideration and purchase and loyalty and advocacy, it’s easier to see how engagement results in revenue. We’re trying to develop campaigns that go through every part of the funnel so we can bridge engagement to a hard-revenue number.”

Perhaps the easiest way to see how experience leads to engagement and a long-term relationship is through a story. “I was a member of Zipcar before I joined Zipcar,” says Mr Harrington. “I had gone to Miami with my family on a vacation and I forgot my card. I called member services. The member services person said, ‘No problem’, opened the car remotely while I was standing there with my family and directed me to the trunk where we stash a couple of spare cards. I read the number on the card aloud. It became my new card. As I was driving off with my family I was thinking, ‘OK, that’s where I want to work.’” ■

Those who define engagement as brand awareness are less likely to think marketing needs to change

(% respondents)

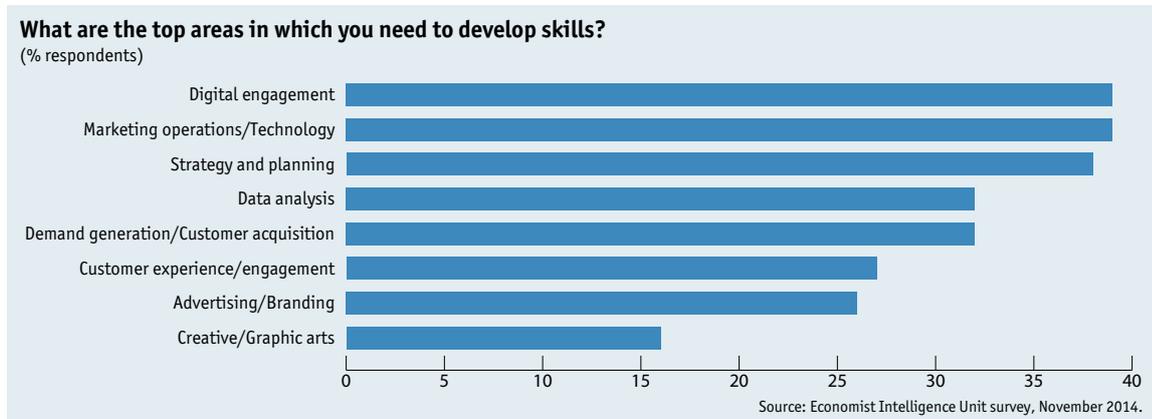


Source: Economist Intelligence Unit survey, November 2014.

4 The skills hunt

The gap between what marketers used to do and what they need to do has never been greater. That sentiment is reflected in the survey question: “What are the top three areas in which you need to develop skills in your marketing operation?” In general, those who believe that marketing needs to change its approach to better support the business are more likely to be aggressively seeking new skills. Nevertheless, certain skills stand out among all marketers.

- **Marketing operations/Technology and digital engagement** are first and second (39% each).
- A close third, and not significantly different, is **strategy and planning** (38% overall, and 44% among those who see urgency around restructuring their marketing efforts).
- Thirty-two percent say they need skills in the areas of **demand generation** and **data analysis** (though 47% of those saying they already use data effectively want to hire more data specialists, suggesting that they’re seeing a return on data investments.)
- About 27% seek skills in the area of **customer experience and engagement**, though there is more demand (35%) among organisations with strength in marketing technology. This may be a “feed the beast” phenomenon: Investment in demand and lead generation systems drives the need for engaging content and well-designed touchpoints.
- Bringing up the rear are the traditional marketing skills of **creative and graphics** (16%) and **advertising and branding** (26%). Note,



“
Once you make the initial investment in skills and infrastructure, you can then scale without ratcheting up that investment.”

”

John Dragoon,
Houghton Mifflin Harcourt

however, that there’s a schism in demand for advertising and branding skills across the B2B-B2C divide: only 17% among B2B companies and 32% in the B2C realm.

The hunt for skills illustrates two emerging truths about the future direction of marketing:

- In the battle between art and science, science has won. Digital, technology and operations are on top and creative is at the bottom. It’s not that creative doesn’t matter, but in most of the world and for most types of businesses it’s a legacy skill and no longer a focus of demand.
- What marketers need now is a different combination: the ability to combine the technical orientation of a project manager and data scientist with the big-picture view of a business strategist. The top three skills cover digital, technology/operations and strategy. The marketer of the future will need to manage the details in the service of big business objectives.

Marketers are confident in their ability to shape strategy, less so about their capability to deliver in data and technology and optimistic about all three.

This isn’t to say that non-technical marketing skills are obsolete. A central idea of marketing is the outside-in perspective, the ability to take the customer’s point of view and become the customer’s advocate within the organisation. But because customers are immersed in social media and personal technology, taking that viewpoint requires mastery of the customer’s tools. “We need to understand how human beings are using the tools at their disposal to run their lives,” says HSBC’s Mr Clark.

Many of the new skills offer CMOs the ability to scale without a commensurate increase in salaries. Marketing used to be a labour-intensive discipline; now it is becoming more capital-intensive. “Once you make the initial investment in skills and infrastructure, you can then scale without ratcheting up that investment,” says HMM’s Mr Dragoon. “We’re shifting money away from things like conferences, physical samples or building high-profile face-to-face exhibits and instead investing in marketing automation infrastructure, data and content. And when we hire, we look for people with digital capabilities, who can do things like run a marketing automation platform, a data analytics function, or execute and listen to multiple social media properties.” ■

5 The marketing technology ecosystem

Marketers' technology investment plans illustrate both the dominance and fragmentation of digital channels. Three of the four most widely cited investments are aimed at reaching customers through different channels: via social networks, on mobile devices and on the old standby of e-mail.

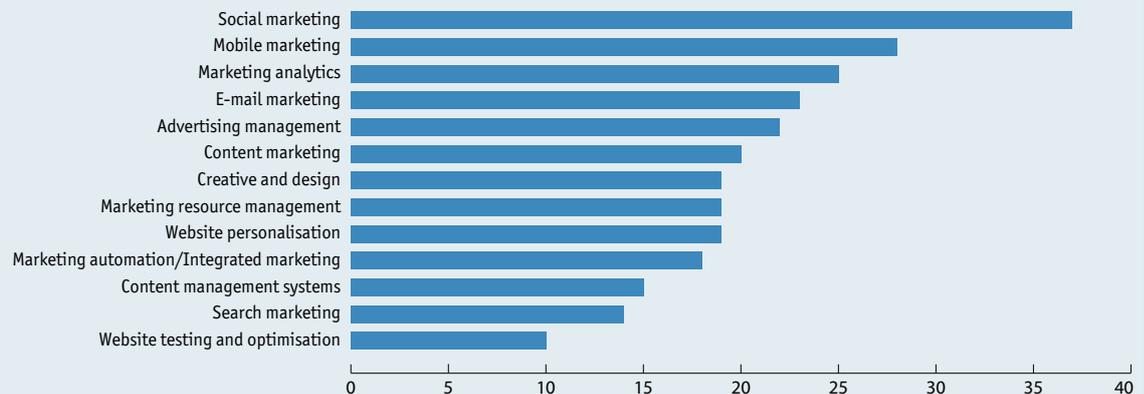
Because so much interaction occurs through these channels, they are a rich source of customer data. Today, barely half of marketers use data to gain insights and engage customers. In three to five years, however, 81% say they will use data to better connect with customers. Similarly, over the next three to five years, more than 80% of marketers will rely on technology to engage customers in

conversations and build advocacy and trust.

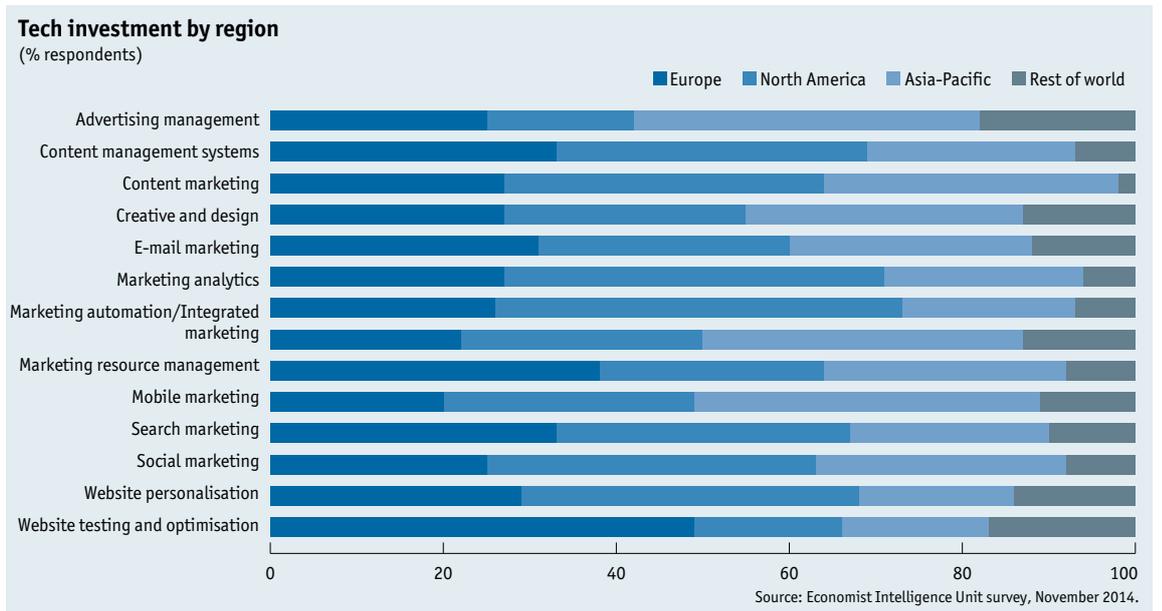
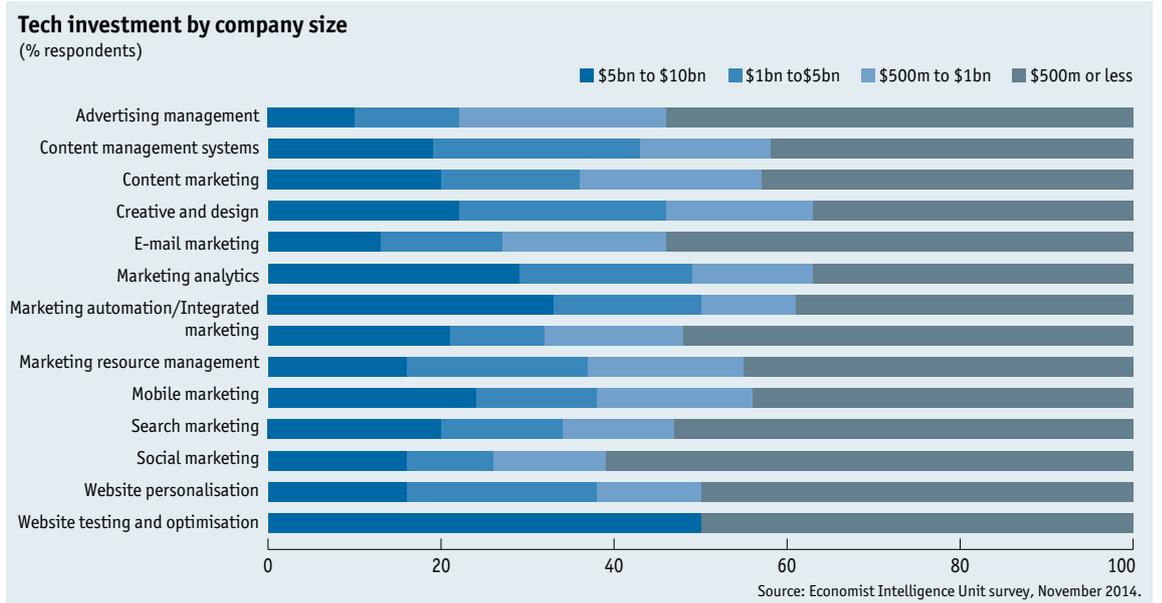
Companies of different sizes have different marketing priorities, however. Among the top four investments listed in the first chart on the following page, social marketing has a disproportionate share of sub-US\$500m companies, while marketing analytics claim a high share of companies with revenue over US\$5bn. The biggest share of large companies' investments is in automation, analytics, creative/design and content. The biggest share of small companies' investments—those with revenue under US\$500m—is in website personalisation, social, e-mail marketing and marketing resource management.

How will you direct your technology investments over the next 3-5 years?

(% respondents)



Source: Economist Intelligence Unit survey, November 2014.



The biggest share of North American companies' investment is in automation, analytics, and website optimisation and personalisation. The biggest share for European companies is in mobile, social content, marketing resource management and e-mail.

But outside the top category of social marketing, few sizeable differences are evident in priorities among the most-cited investment categories. It seems that everyone wants to invest in everything. "I feel like a kid in a candy store," says MasterCard's Mr Rajamannar. ■

Conclusion

“There is no such thing as prime time anymore. Every minute is prime time because customers are always looking at their phones and texting with their friends, even when they are watching TV.”

Raja Rajamannar,
CMO, MasterCard

The “omni” in omni-channel also appears in the term “omniscient”—all-seeing—and that’s exactly what marketers need today: the ability to observe and interact with customers 24/7 to understand their needs and deliver what they want at the time they want it.

Theoretically, this is not far-fetched. The foundations of the Internet of Things and real-time personalised mobile messaging—the two trends survey respondents highlighted as having the biggest impact on marketing by 2020—have already been laid. But practice, as always, is more difficult. Customers no longer come in solely through the front door. They engage at different stages, wandering in and out of a store with no walls.

“Did you know that there is no such thing as prime time anymore?” asks MasterCard’s Mr Raja Rajamannar. “Every minute is prime time because customers are always looking at their phones and texting with their friends, even when they are

watching TV.”

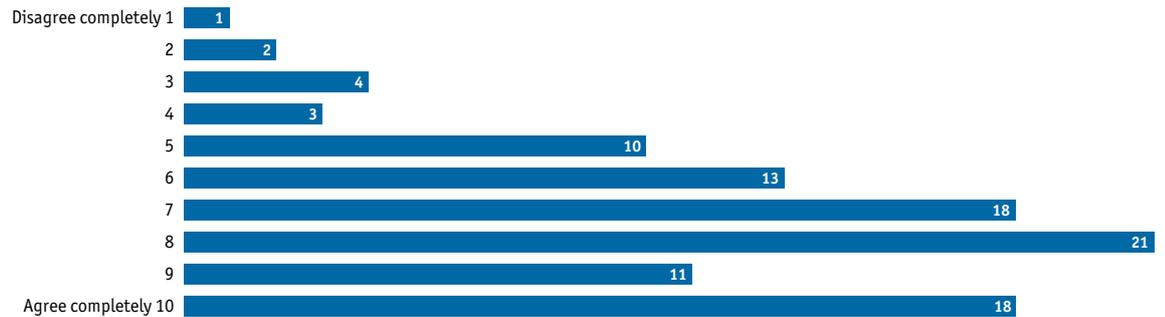
Marketers have the tools, from call reports and e-mail blasts to embedded devices like wearables and beacons. But capturing it all, extracting the essence, turning it into intelligence you can act on and attributing the sale to some discrete interaction? That’s the dream—and there’s the rub.

The survey shows that marketers are struggling to catch up while expectations and capabilities race ahead. It’s a nice problem to have. As capabilities multiply, all marketers will benefit. The progress of modern marketing is like a voyage of discovery: from the first sighting of land to observing the outline of continents to the making of maps of the interior, each explorer quickly builds on the knowledge that came before. Sir Isaac Newton attributed his success to standing upon the shoulders of giants. There are a lot of giants around. If marketers don’t climb on their shoulders, they have only themselves to blame. ■

Appendix: survey results

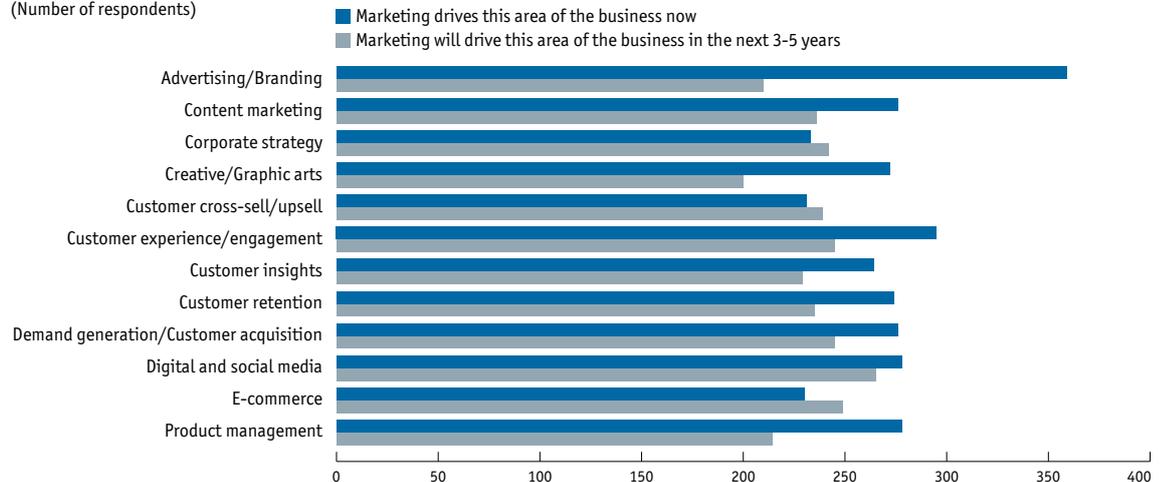
Percentages may not add to 100% owing to rounding or the ability of respondents to choose multiple responses.

**Do you agree or disagree with the following statement?
“We need to change the structure and design of our marketing organisation to meet the needs of our business over the next 3-5 years.”**
(% respondents)



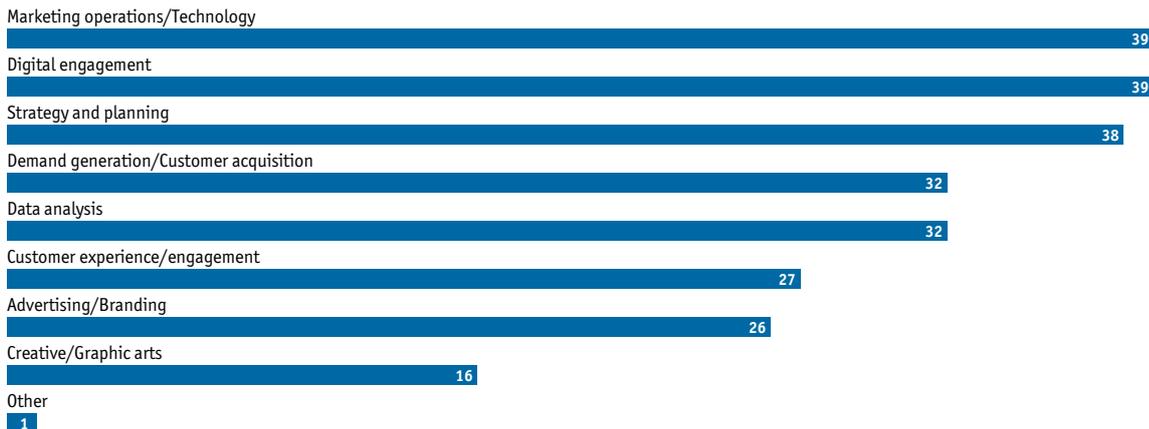
Which areas of the business does marketing drive now, and which will it drive in the next 3-5 years?

Please select all that apply in each column.
(Number of respondents)



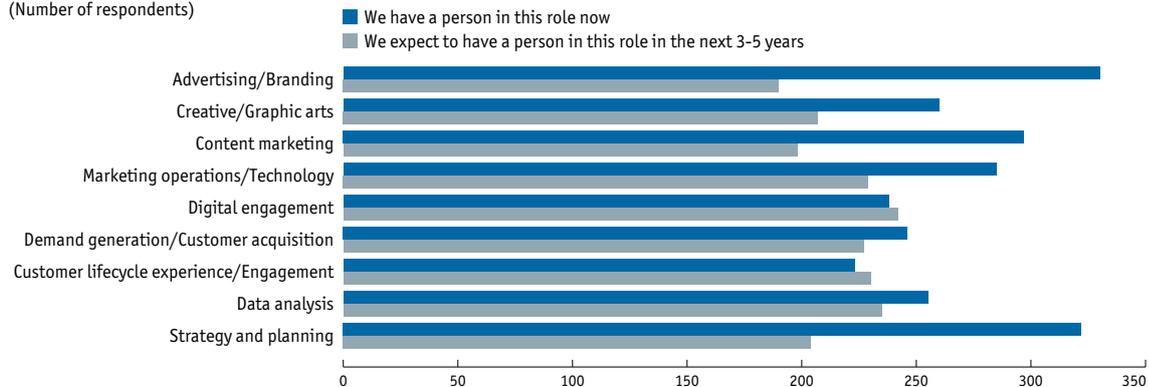
What are the top areas in which you need to develop skills in your marketing organisation?

Please select up to three.
(% respondents)



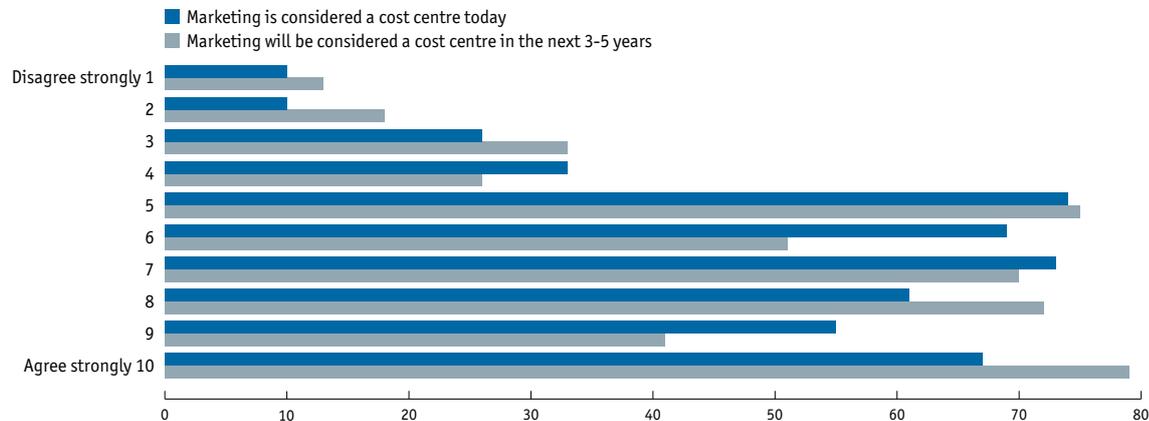
In which areas is a member of your marketing staff currently responsible? In which areas will you have a dedicated member of the marketing staff in this role in the next 3-5 years?

Please select all that apply in each column.
(Number of respondents)



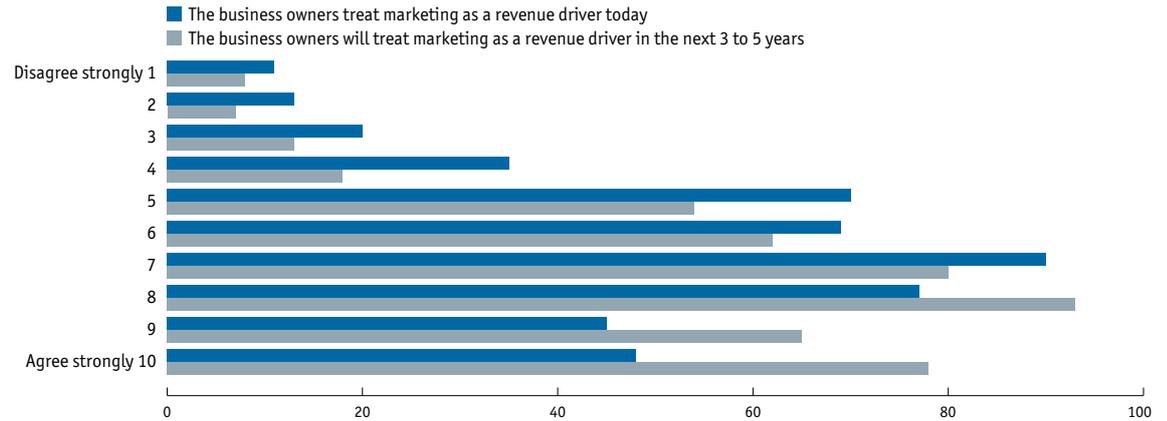
Do you agree or disagree with the following statements?

(Number of respondents)



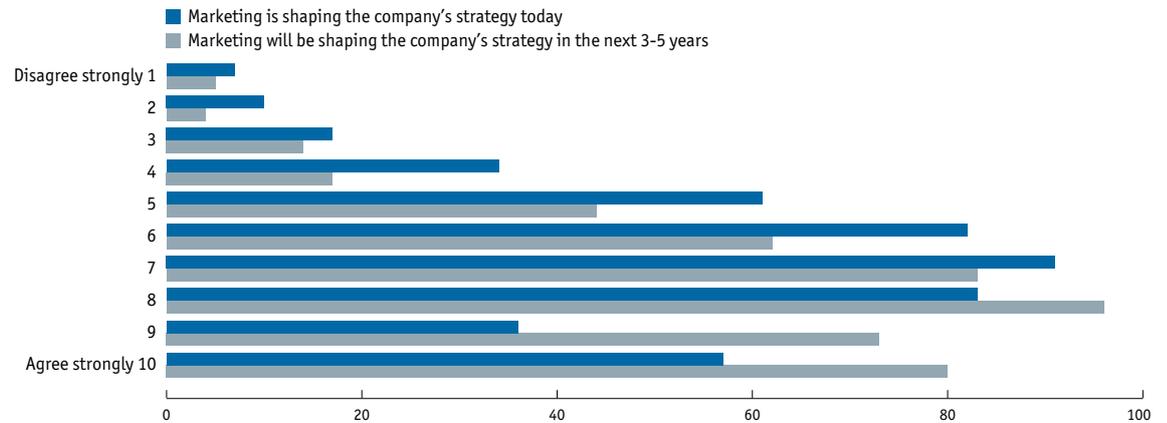
Do you agree or disagree with the following statements?

(Number of respondents)



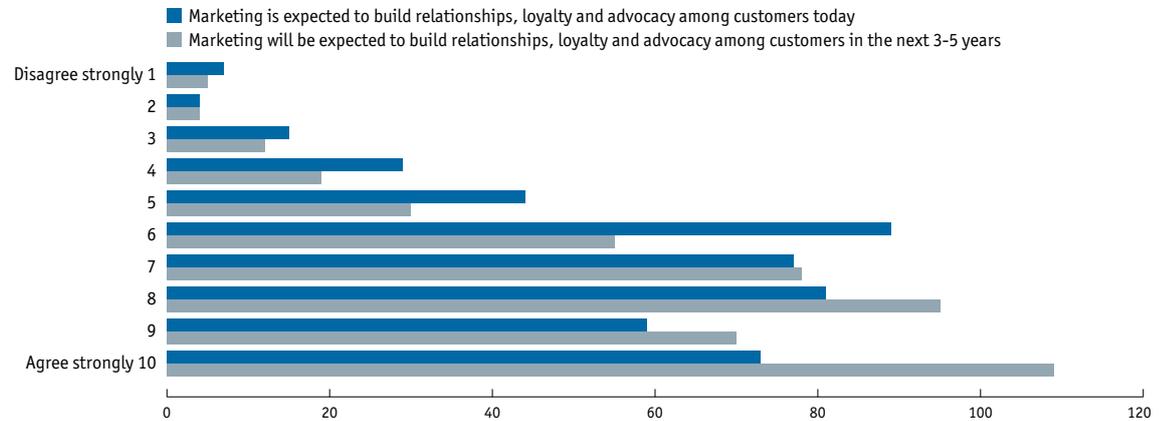
Do you agree or disagree with the following statements?

(Number of respondents)



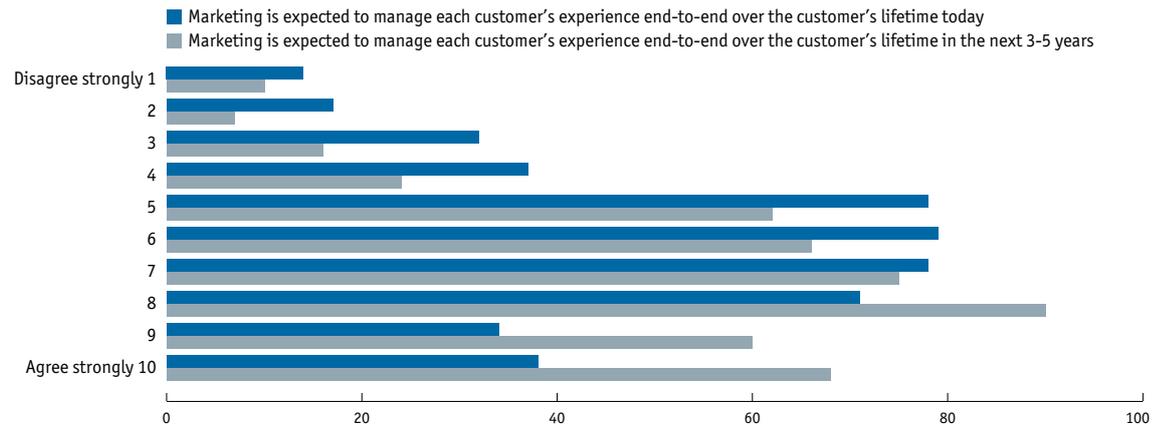
Do you agree or disagree with the following statements?

(Number of respondents)



Do you agree or disagree with the following statements?

(Number of respondents)



Which definition best approximates what "engagement" means to you?

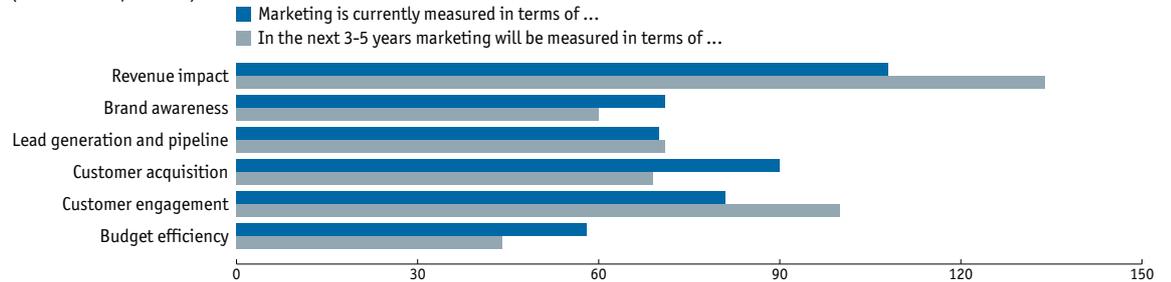
(% respondents)



How is marketing measured primarily at your organisation? How will it be measured in the next 3-5 years?

Please select one from each column.

(Number of respondents)



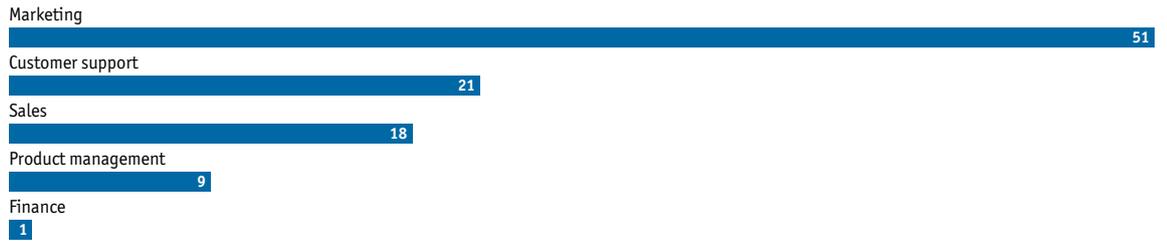
Which function in your organisation is responsible for the customer experience today?

(% respondents)



Which function in your organisation will be responsible for the customer experience in 3-5 years?

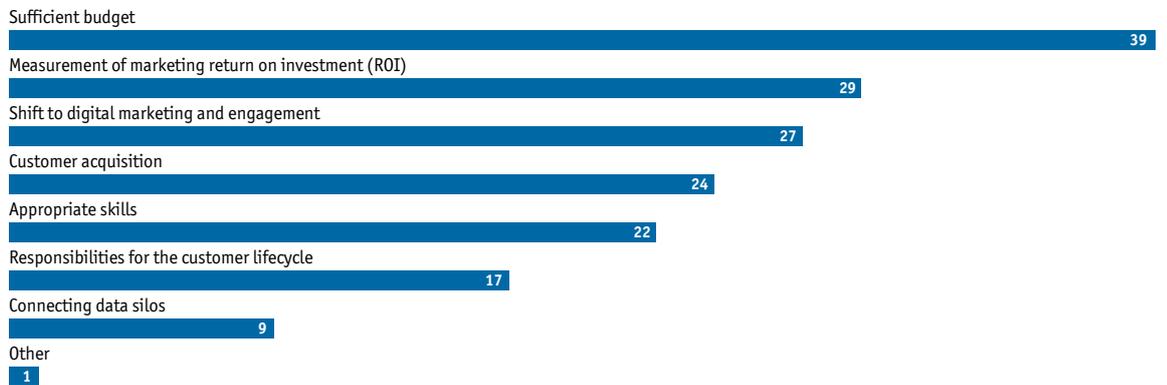
(% respondents)



What will be your biggest challenges over the next 12 months?

Please select two.

(% respondents)



What will be your top areas of investment over the next 12 months?

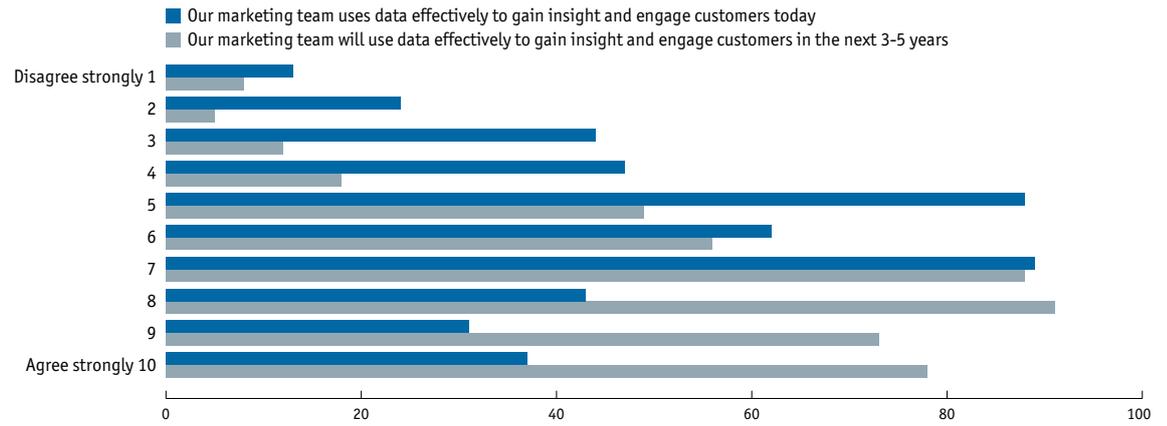
Please select two.

(% respondents)



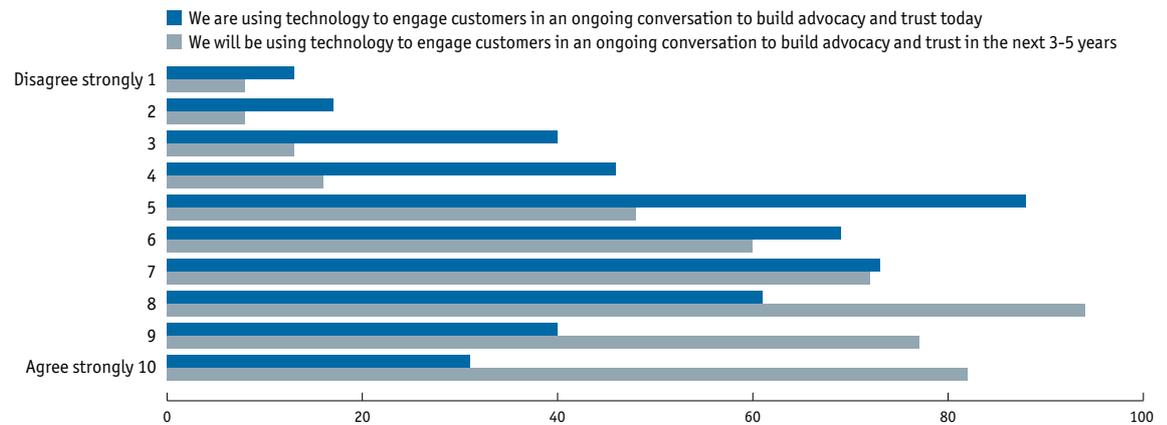
Do you agree or disagree with the following statements?

(Number of respondents)



Do you agree or disagree with the following statements?

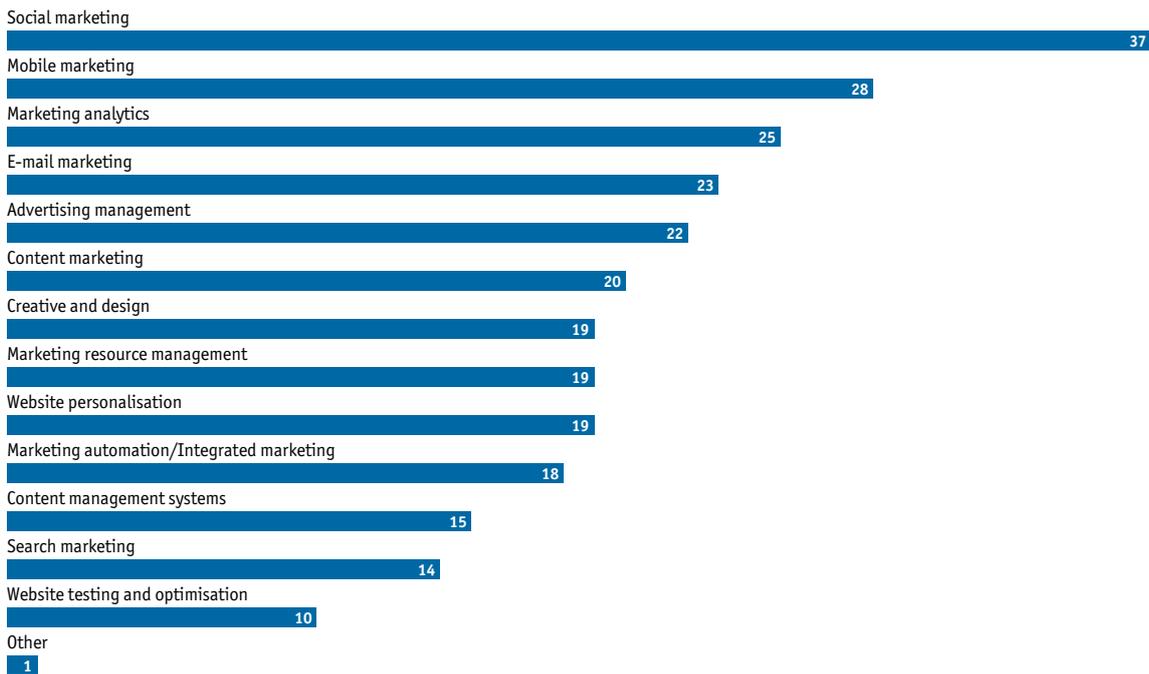
(Number of respondents)



Where do you think your marketing organisation is most likely to increase its investment in technology over the next 3-5 years?

Please select three.

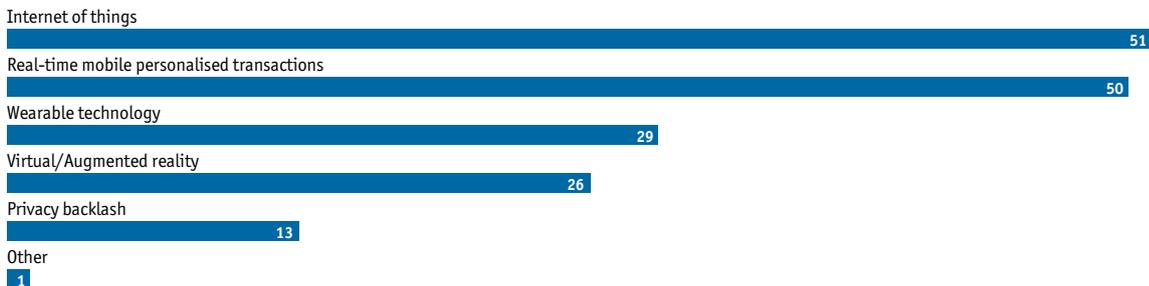
(% respondents)



Which future trends will have the biggest impact on marketers by 2020?

Please select two.

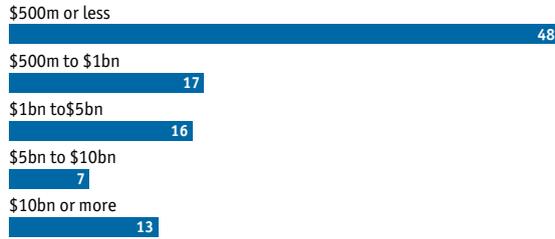
(% respondents)



What function of your organisation do you work in?
(% respondents)



What are your organisation's global annual revenues in US dollars?
(% respondents)



Which of the following best describes your title?
(% respondents)



Which of the following are your primary customers?
(% respondents)



Region

(Number of respondents)



Whilst every effort has been taken to verify the accuracy of this information, neither The Economist Intelligence Unit Ltd. nor the sponsor of this report can accept any responsibility or liability for reliance by any person on this white paper or any of the information, opinions or conclusions set out in the white paper.

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