

An executive summary from The Economist Intelligence Unit

THE RISE OF THE MARKETER - WESTERN EUROPE

How European marketing executives view the future

Marketing executives expect their profession to undergo radical transformation in the coming years. A global study by The Economist Intelligence Unit, published in January 2015 and sponsored by Marketo, surveyed 600 high-level marketing executives to assess their views on the future.

The following report assesses the outlook of European marketers in particular. It examines survey responses from 256 marketing executives from Western Europe, including 72 from France, 74 from Germany and 64 from the United Kingdom. It identifies five key transformations that promise to redefine the nature of marketing throughout the region.

- European marketers understand the need to overhaul their organisational structure to meet changing business needs
- Customer retention, loyalty and advocacy will be among the main responsibilities of marketers in the next 3-5 years

- European marketers will have greater influence within their organisation in coming years as they are increasingly seen as revenue-drivers and are shaping company strategy

- Managing the shift to digital marketing and engagement will be among their biggest challenges

- European marketers are confident that they will excel at using data for insight and engagement, and they expect to gather unprecedented quantities of data to enhance the customer experience via mobile technology and the Internet of Things.

The report shows that European marketers are at the forefront of many of the trends that are beginning to define the global marketing landscape, as well as of several key areas in which they are forging their own path. For European marketing executives pondering their future, this report provides a valuable insight into what their peers are thinking.

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1 How marketers see the future

An overwhelming majority of European marketers—nearly nine out of ten—believe that their function has to change. We asked whether they agreed with the statement that they need to change the structure and design of

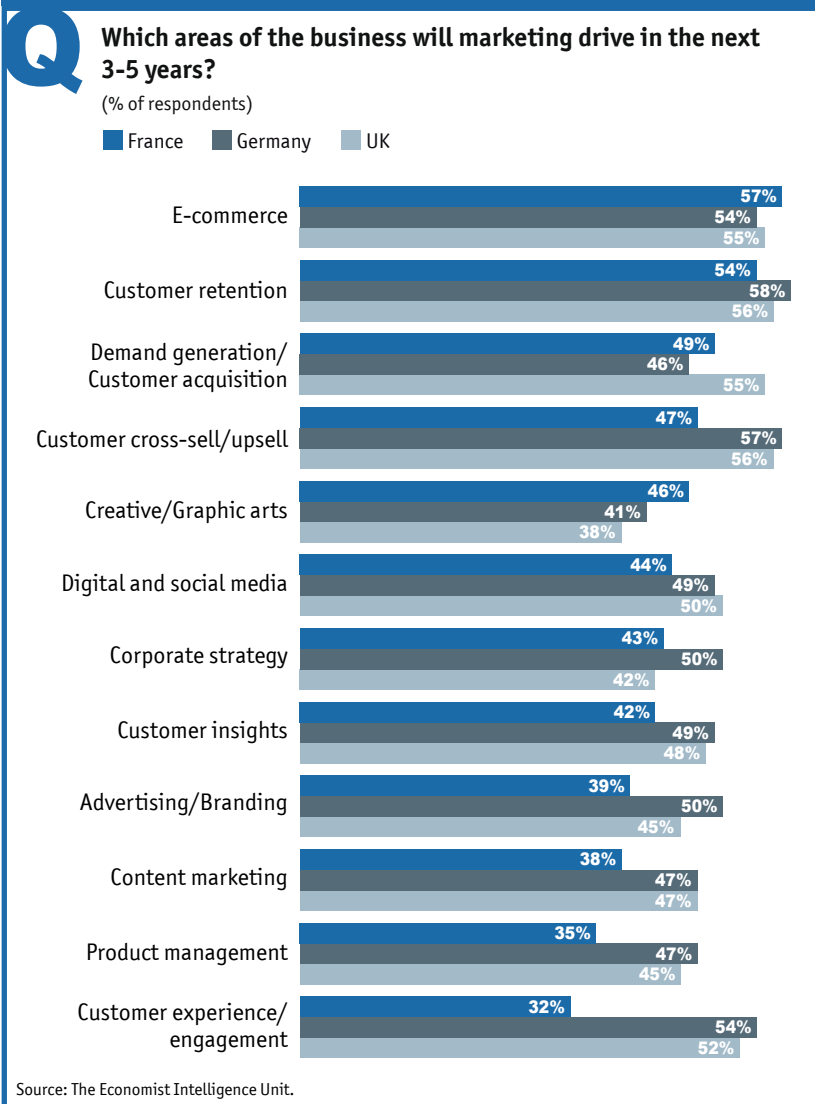
their marketing organisation to better meet the needs of the business within 3-5 years, on a scale from 1 (“disagree completely”) to 10 (“agree completely”). Not only did 87% of European marketers agree with the statement, rating it at least a six, but over half (51%) strongly agreed (rating it eight or above).

It is unsurprising, therefore, that the responsibilities of the marketing department are set to evolve. The business areas that most European marketing executives say their departments drive today are advertising and branding (75%), customer experience and engagement (59%), and digital and social media (58%). These figures align fairly closely with trends found in the rest of the world.

But when they are asked which areas of the business will be driven by marketing in 3-5 years, the landscape changes. Advertising and branding fall sharply, with only 45% of respondents listing it among their future responsibilities—a drop of 30% from today’s figure. Respondents expect e-commerce (55%), customer retention (54%) and customer cross-selling and upselling (52%) to be among their main responsibilities in future.

The picture varies slightly between the major European markets. German and UK respondents place much greater emphasis on areas such as customer experience and engagement, product management and content marketing than their French counterparts, the majority of whom believe that e-commerce and customer retention will be the areas of greatest importance (see chart).

Chart 1



2

Revenue, loyalty and experience

The marketing department’s contribution to the organisation is evolving. Over half of respondents (58%) agree that marketing is currently considered a “cost centre” within their organisation—rating their degree of agreement as at least seven out of a possible ten—and a similar proportion believe it will continue to be viewed as such in 3-5 years (55%). However, the number of respondents who think that business owners will treat marketing as a “revenue-driver” is positioned to jump sharply from 57% now to 73% in 3-5 years. Meanwhile, 70% of European marketing executives believe that the marketing function will play a significant role in shaping company strategy, compared with 53% who believe it does so today.

The biggest shifts relate to customer experience. Many European marketers (47%) already strongly believe that they are currently expected to build relationships, loyalty and advocacy, giving the

statement an eight or higher. But the proportion jumps to 61% in the next 3-5 years. This is reflected across marketers in France, Germany and the UK (see chart).

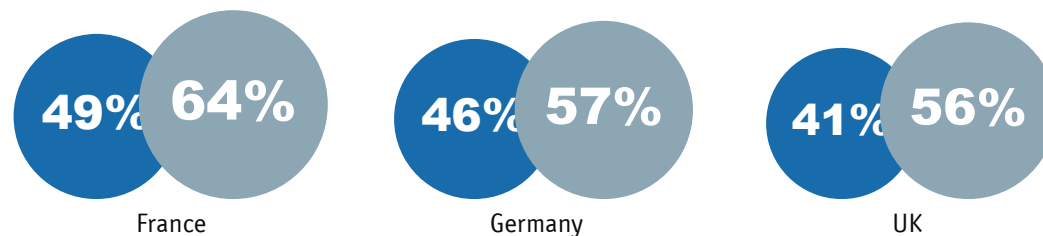
How can the marketing function build loyalty and advocacy? By accepting responsibility for the customer’s lifetime experience with the company, respondents say. About one-third of European marketers (31%) say the sales department is currently responsible for the customer experience, but only 14% believe that this will remain the case in 3-5 years. By contrast, roughly two-thirds (65%) agree that marketing is currently expected to manage the end-to-end customer experience, rating the statement six or better, and that figure jumps to 81% in the near future. In North America, by comparison, only half (51%) of marketers say their function handles the end-to-end customer experience today, and this figure only rises to 71% looking forward to the next 3-5 years.

Chart 2

Marketing is expected to build relationships, loyalty and advocacy among customers

(% of respondents)

● Now ● 3-5 years



Source: The Economist Intelligence Unit.

3 The challenge ahead

It should come as no surprise that the changing face of marketing presents serious challenges to European organisations. How they deal with these challenges will differentiate the new generation of marketing leaders from the rest of the pack.

The key challenges they face chime with those being felt across the globe. Approximately 38% highlight budgetary constraints, and one in three (33%) anticipate challenges managing the shift to digital marketing and engagement. One in four (25%) report difficulty measuring the return on investment (ROI) of their marketing initiatives.

But this percentage, though substantial, is actually somewhat lower than the 31% reported in the rest of the world, indicating that European firms might have a better grasp of how to tackle the hard-to-measure outputs of digital engagement.

The top concerns also vary by nation. French marketers worry most about building appropriate skills (31%), Germans are intensely focused on the shift to the digital realm (47%), and the majority of marketers from the UK (52%) are simply wondering how they are going to pay for it all (see chart).

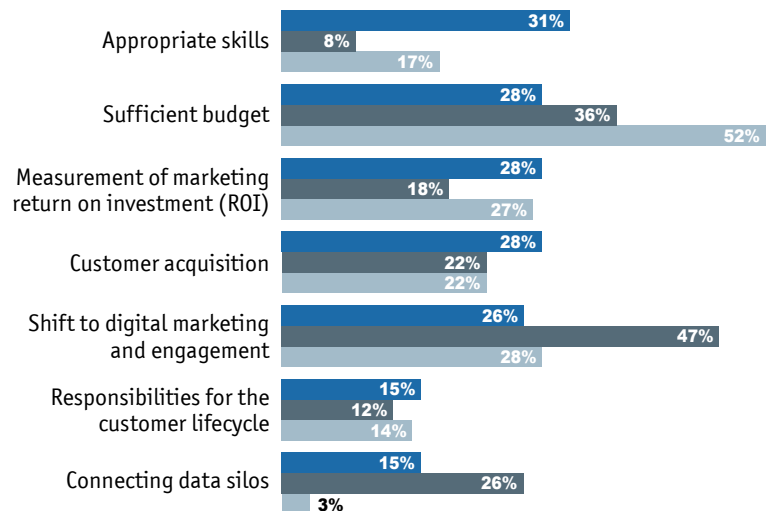
Chart 3



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

(% of respondents)

■ France ■ Germany ■ UK



Source: The Economist Intelligence Unit.

4

Technological upheaval

It stands to reason that as marketers take greater ownership of the customer experience, they begin to receive greater recognition as revenue-drivers. Unfortunately, this comes at a time when digital technology enables customers to be more discerning than ever. In the digital economy, companies no longer have a local advantage, and customers can switch to the competition at the click of a mouse. Customer engagement therefore becomes a constant and growing concern.

Marketing executives in Western Europe do not yet feel sufficiently well equipped to foster this engagement. When presented with the statement: “Our marketing team uses data effectively to gain insight and engage customers today”, only approximately one in four respondents (24%) express strong agreement, and 45% disagree to some extent. Respondents also report little confidence in their ability to build advocacy and trust among customers. Only 26% can confidently assert that they are “using technology to engage customers in an ongoing conversation to build advocacy and trust”, and 37% disagree.

But Europe is poised for a technological renaissance. When asked how matters will stand in 3-5 years, more than half of marketers (53%) strongly believe that they will be using data effectively for both insight and engagement. Even better, 58% are highly confident that they will be using technology to build advocacy and trust by then. These figures are slightly higher than in the rest of the world, where half (50%) display a comparable degree of confidence in their ability to build advocacy.

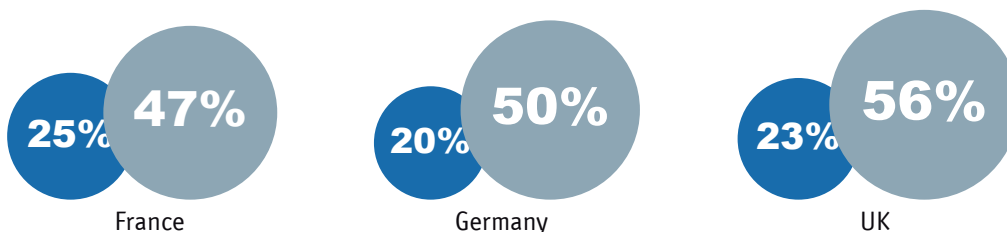
European marketers recognise the necessity of updating their skillsets to meet the changing needs of the business. About 45% agree that digital engagement represents a top area for skills improvement in their organisation—by far the most popular answer among European respondents, and notably higher than the 37% posted by the rest of the world. Taken together, all these results strengthen the overall finding that European marketers are especially eager to use digital technology to tackle the challenges ahead.

Chart 4

Our team uses data effectively to gain insight and engage customers

(% of respondents)

● Now ● 3-5 years



Source: The Economist Intelligence Unit.

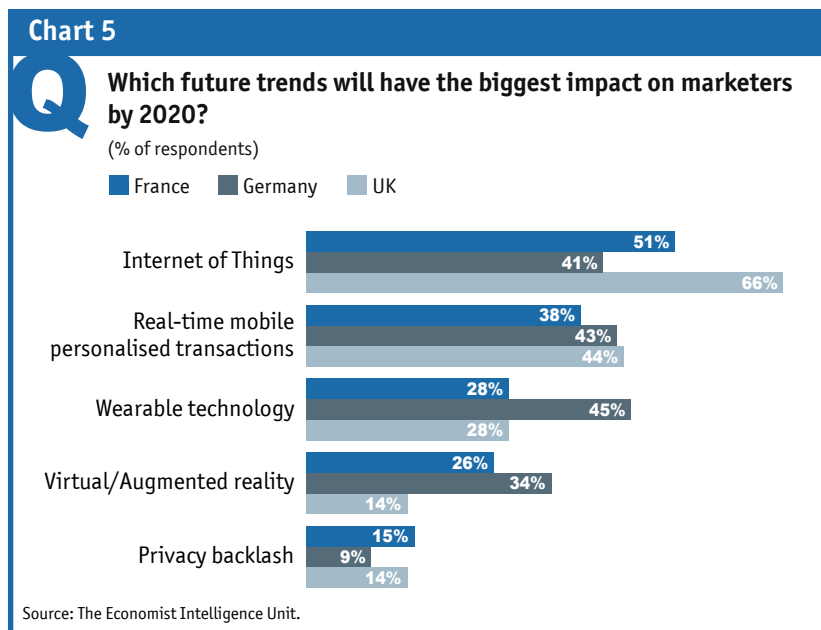
5 Mobile technology and the Internet of Things

Mobile and social media are the technologies in which European marketers are most likely to invest in the near future. Over a third say mobile marketing is the most likely recipient of increased investment in the next 3-5 years (35%), and a similar proportion nominate social marketing (34%). Just under a quarter believe that marketing analytics is most likely to receive increased investment in future (24%), which is a smaller proportion than among North American marketers (33%).

Looking to the future, the majority of European respondents (52%) believe that the Internet of Things (IoT) is the technological trend that will have the single biggest impact on their work by the year 2020. Real-time personalised mobile transactions follows with 43%. It is clear

that European marketers anticipate gathering unprecedented volumes of detailed customer data through the always-on connectivity of the modern world, and are making concrete plans to that effect.

Respondents from the United Kingdom are particularly bullish about the potential of the IoT, with two out of three respondents (66%) indicating it as the top trend. A majority of French respondents agree (51%), but German respondents are not quite as certain: while both the IoT (41%) and mobile transactions (43%) are strongly represented, the top trend as far as German marketers are concerned (45%) is wearable technology (see chart).



Conclusion

The marketing profession in Western Europe is at the cutting edge of a trend that is unfolding the world over. As the relationship that companies have with their customers is increasingly mediated through digital means, the marketing function—whose capabilities and mindset mean it is best placed to exploit those channels—will take greater responsibility for that relationship. This offers the marketing department the chance to be seen as a revenue-driver at last, and European marketers are leading the way with their aggressive adoption of digital engagement and innovative technologies.

With plans to grow investment in mobile and social media and a degree of confidence that their ability to exploit data will improve in future, European marketers are relatively optimistic about meeting the challenges ahead. Those challenges will by no means be easy. Marketers may be best placed to lead customer engagement, but they must nevertheless evolve their practices and processes if they are to live up to this opportunity.