

OGILVY CONSULTING

The CMO and the Opportunity of an Era

*Surviving and Thriving in the
Age of Marketing Transformation*

Ogilvy

CONTENTS

Introduction	2
Transformation in the History of Marketing	7
Marketing Transformation In 2019 and Beyond	15
Challenges CMOs Face: The Undeniable ‘Why’	19
The CMO Opportunity: Defining the ‘What’	27
Avoiding the False Choices: Common Dilemmas of ‘How’	35
Getting started: Approach and Maturity Model	43
About Marketing Transformation at Ogilvy Consulting	57
Colophon	59

Introduction

If you're a marketer, chances are you and your organisation are in transformation. This may be a big long-term platform for change, or a shift to doing more transformational things on a smaller scale. It may be about rethinking the role technology plays in your daily life, or culture, or capabilities. Whatever the nature and whatever the degree, you're probably in some kind of Marketing Transformation, and if you're not, you're most likely thinking about it.

THE BIGGEST QUESTIONS OUR CLIENTS FACE AROUND MARKETING TRANSFORMATION

	What exactly does Marketing Transformation mean to my organisation?	How do I move from Campaigns to Content and Experiences?	
How do I assess our current state and readiness for change?	How do I improve the Customer Experience?	Once the technology is in place, how do I define the operating model that will make it work?	
How should we redesign the tech stack?	What are the change management implications?		

		<p>What should I expect in terms of ROI and other benefits?</p>	<p>How can I align key stakeholders around a transformation vision?</p>
	<p>How do I convince my board to invest in transformation?</p>		<p>What is the roadmap? How do I prioritise it? Where do I get started?</p>
	<p>How do I make the idea of transformation less intimidating, both for my stakeholders and myself?</p>	<p>Do I opt for a single integrated solution from one provider or select best-in-class components?</p>	<p>How do I integrate with Sales and Service?</p>
	<p>What activities should I do in-house versus with partners?</p>	<p>How do I protect my brand from risk and uncertainty?</p>	

This much is normal and precedented. For much of the last 70 years, marketing has been about change, and the marketing function has always had to show a degree of agility in addressing changing audiences in an evolving landscape.

But these changes in marketing and the marketing organisation have been evolutionary, incremental and driven mostly by an expanding channel ecosystem.

What's less normal, however, is the rate of acceleration over the last 15 years in the evolution of the CMO's world. It's increasingly about more than the addition of new channels that can be treated in the same way as the old ones.

A Fortune 500 client leader said, "Advertising has spent 50 years, entertaining the eyeballs of babyboomers. This is no longer relevant to the next generations of consumers who prefer ease and experiences over entertainment."

Advances in technology have converged with a tectonic shift in customer expectations and the very nature of how brands engage. Much of the impetus for change is coming from a fundamental question about the future of the business and the brand. Car companies are becoming Mobility companies, Oil & Gas becoming Energy companies, Telcos becoming Content companies. As disruptive start-ups have shown with the effectiveness of relentless customer-centricity – powered by technologies that make them highly responsive and increasingly personalised – traditional marketers find themselves well behind the curve.

"Yet, while it's now possible to tailor the marketing function to each company's unique DNA, most marketing organisations use models that were developed before the fax machine was invented," says Chris Halsall, Global Principal at Ogilvy Consulting.

Traditional CMOs are finding themselves facing entirely new decisions as they adapt to changing competition, evolving customers and increased accountability from the business. Combine this with the persistently short average tenure of today's CMO (44 months¹), and the challenge can seem formidable indeed.

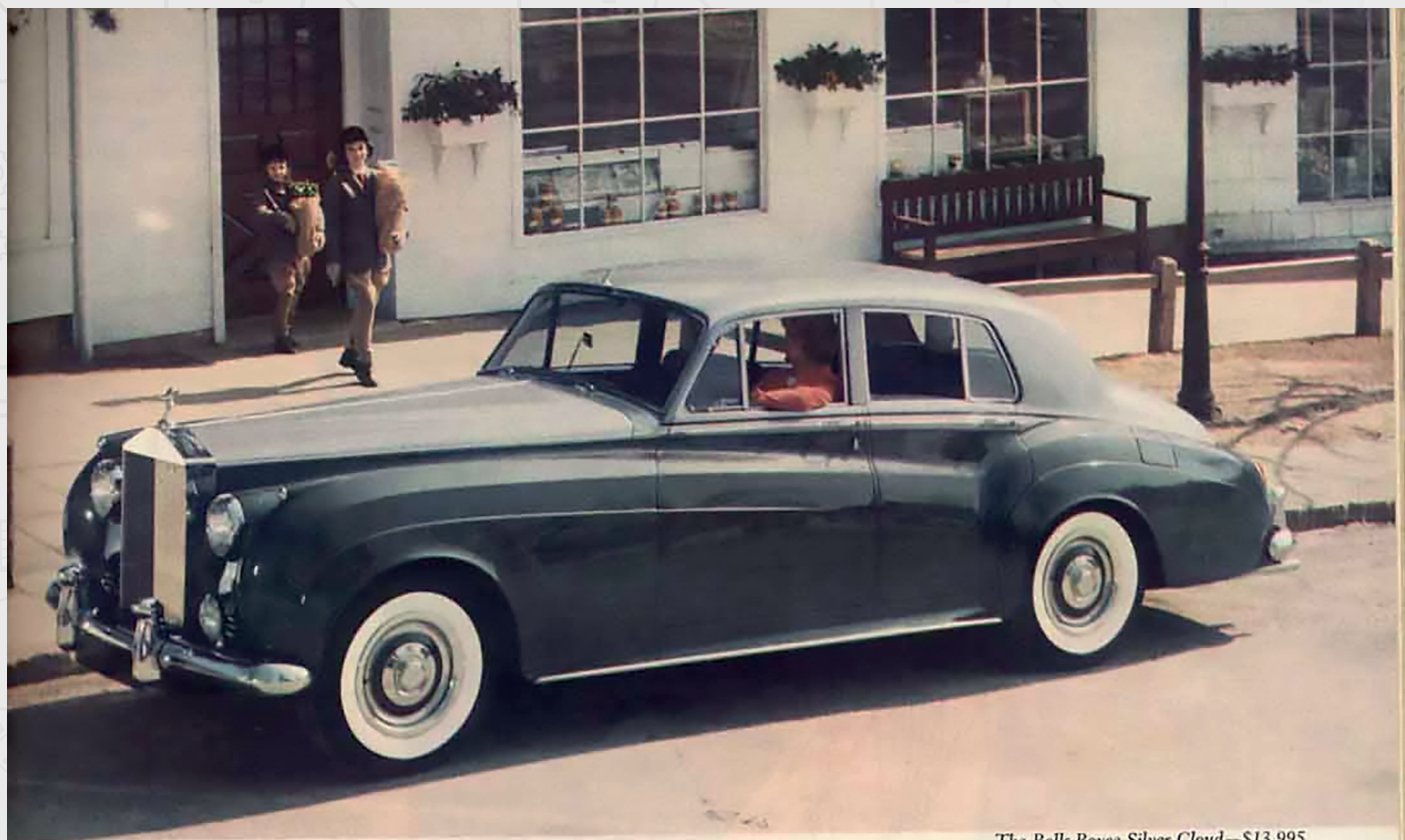
Traditional CMOs understand that urgent action is needed. In our experience, most marketers, when asked, will say that they are – in some way – currently transforming the marketing function in their organisation. The more challenging question is about how they are approaching transformation – and what they are trying to achieve.

The bottom line is that marketers are increasingly nervous about the future – not only of their organisations, but of their careers, too – as the complexity of the marketing function seems to escalate on a regular basis. They point to short tenures and a growing number of once-mighty brands that are suffering, or in extreme cases, dying.

Yet, as with many significant market shifts, where there are losers, there also are winners. There is a growing body of CMOs who are attuned to where business and marketing are going, and are taking the necessary steps to ensure that they and their companies can transform and thrive in the age of rampant disruption.

In our work with leading global brands across geographies and categories, Ogilvy Consulting has unique insight into the challenges CMOs face today. In this paper, we will identify some of the biggest challenges and how brands – and the CMOs who lead them – are addressing them.

TRANSFORMATION IN THE HISTORY OF MARKETING



The Rolls-Royce Silver Cloud—\$13,995

“At 60 miles an hour the loudest noise in this new Rolls-Royce comes from the electric clock”

What makes Rolls-Royce the best car in the world? “There is really no magic about it—it is merely patient attention to detail,” says an eminent Rolls-Royce engineer.

1. “At 60 miles an hour the loudest noise comes from the electric clock,” reports the Technical Editor of *THE MOTOR*. Three mufflers tune out sound frequencies—acoustically.
2. Every Rolls-Royce engine is run for seven hours at full throttle before installation, and each car is test-driven for hundreds of miles over varying road surfaces.
3. The Rolls-Royce is designed as an *owner-driven* car. It is eighteen inches shorter than the largest domestic cars.
4. The car has power steering, power brakes and automatic gear-shift. It is very easy to drive and to park. No chauffeur required.
5. The finished car spends a week in the final test-shop, being fine-tuned. Here it is subjected to 98 separate ordeals. For example, the engineers use a *stethoscope* to listen for axle-whine.
6. The Rolls-Royce is guaranteed for *three*

years. With a new network of dealers and parts-depots from Coast to Coast, service is no problem.

7. The Rolls-Royce radiator has never changed, except that when Sir Henry Royce died in 1933 the monogram RR was changed from red to black.
8. The coachwork is given five coats of primer paint, and hand rubbed between each coat, before *nine* coats of finishing paint go on.
9. By moving a switch on the steering column, you can adjust the shock-absorbers to suit road conditions.
10. A picnic table, veneered in French walnut, slides out from under the dash. Two more swing out behind the front seats.
11. You can get such optional extras as an Espresso coffee-making machine, a dictating machine, a bed, hot and cold water for washing, an electric razor or a telephone.

12. There are three separate systems of power brakes, two hydraulic and one mechanical. Damage to one system will not affect the others. The Rolls-Royce is a very *safe* car—and also a very *lively* car. It cruises serenely at eighty-five. Top speed is in excess of 100 m.p.h.

13. The Bentley is made by Rolls-Royce. Except for the radiators, they are identical motor cars, manufactured by the same engineers in the same works. People who feel diffident about driving a Rolls-Royce can buy a Bentley.

PRICE. The Rolls-Royce illustrated in this advertisement—f.o.b. principal ports of entry—costs **\$13,995.**

If you would like the rewarding experience of driving a Rolls-Royce or Bentley, write or telephone to one of the dealers listed on the opposite page.

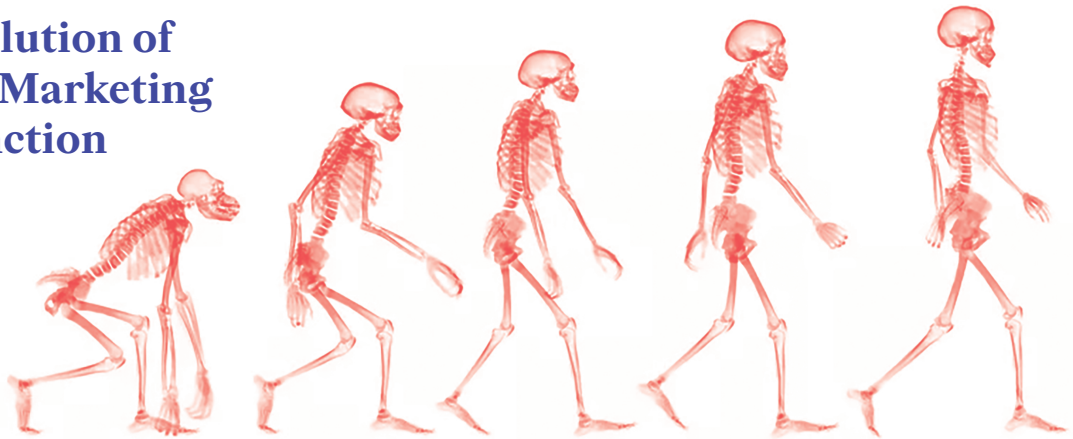
Rolls-Royce Inc., 10 Rockefeller Plaza, New York 20, N. Y., Circle 5-1144.

Transformation In The History Of Marketing

The history of marketing is a story of evolution. When Ogilvy first began building brands in 1948, Point of Sale, Print and Mail Order were essential for businesses to gain competitive advantage. Branding was about awareness and guaranteeing quality, marketing was about selling.

A convergence of prosperity in developed markets, globalisation of trade, and technological evolution led to a spiralling proliferation of consumer goods that began in the 1950s and kicked off a series of evolutionary shifts over the next 70 years.

Evolution of the Marketing Function



	ANALOGUE ERA	DIGITAL ERA	CONNECTED ERA	INTELLIGENT ERA
Timeline	1975-1990s	1990s-2007	2007-2018	2019-
Role of marketing	Awareness and guarantor of quality	Differentiator as products commoditise and brands seek extension	Provision of service layers on top of commodity goods and digital product and service models	Move to deepest customer insights to date and the ability to action them
Brand role	Product Differentiation by features	Awareness and context in proliferating digital channels; ecommerce	Moving beyond products to brand stretch into associated services seeking segmented and cultural relevance	Seeking highly personal and highly relevant roles in individuals' lives
Tools	The 4 Ps	AdTech	MarTech	AI + IoT + 5G
	Product-centric	Brand-centric	Consumer-centric	Individual-centric

Figure 1: Adapted from 'Brands That Do'²

While the marketing mix – Print, TV, Radio, Cinema, Direct Mail, Out of Home – remained fairly stable until the 1990s, that decade brought forth the internet and with it, the genesis of a rapid evolutionary cycle for consumer technologies which gave rise to new marketing channels (see figure 1).

The introduction of 3G connectivity in 2002, and then the iPhone in 2007, sent this evolutionary cycle into overdrive. Currently, smartphone penetration sits at 66% across 52 countries, and up to 59% of all digital advertising spending is expected to be mobile in 2019⁵. Meanwhile 5G connectivity (which is currently in the process of commercialisation) will bring step changes in high-speed connectivity, low latency and device density; essentially making it possible for every object in the world to be an internet-connected device, capable of delivering services, experiences and marketing messages.

There's an illustrative scene in the TV series *'Mad Men'* where the character Harry Crane, an employee of large advertising agency Sterling Cooper, fights to open the agency's Television Department. When he does, he has plenty of time to develop the agency's TV model as the channel matures.

But today's CMO is dealing with new channels popping up every week. Aside from worrying about the traditional marketing mix (which now includes Programmatic, Search, Social and Mobile), and having just gotten a grip on Snapchat, WeChat and Alexa Skills, the CMO has to worry about whatever the latest accelerated 0-50 million user channel might be (see figure 2).

At the same time, smartphone adoption, the Cloud, geolocation, edge computing, advanced analytics and Big Data have given rise to a slew of companies – such as Amazon, Airbnb, Netflix, Uber – who are so relentlessly customer-focused that they are setting new expectations for user experience among *all* brands.

Marketing has always been about having a finger on the pulse of the audience, and best guessing where that audience is, what they want and how they will respond. Whether it's been adapting Radio in the 40s, TV in the 60s, Direct Mail in the 70s, the Web in the 90s, or Mobile in the 00s, the evolution of marketing has always been sequential and slow enough to allow CMOs the time to adapt, more or less.

In the 2010s and 20s, instead of a single channel or technology nudging another incremental evolution, the CMO now has to deal all at once with AI, IoT, 5G, Big Data, voice, wearables, hyper-personalisation, digital disruption, and the list goes on. More important than the technologies or trends themselves is that audiences are not only moving targets, but they have gone beyond traditional marketing and are selecting brands that deliver the best experiences.

For the CMO, it would seem that the days of slow evolution of the craft of messaging are over and have been replaced by an era of perpetual transformation in search of the superior customer experience.

As a result, the question is not about if or when to transform, but how?

How long to reach 50 million users?

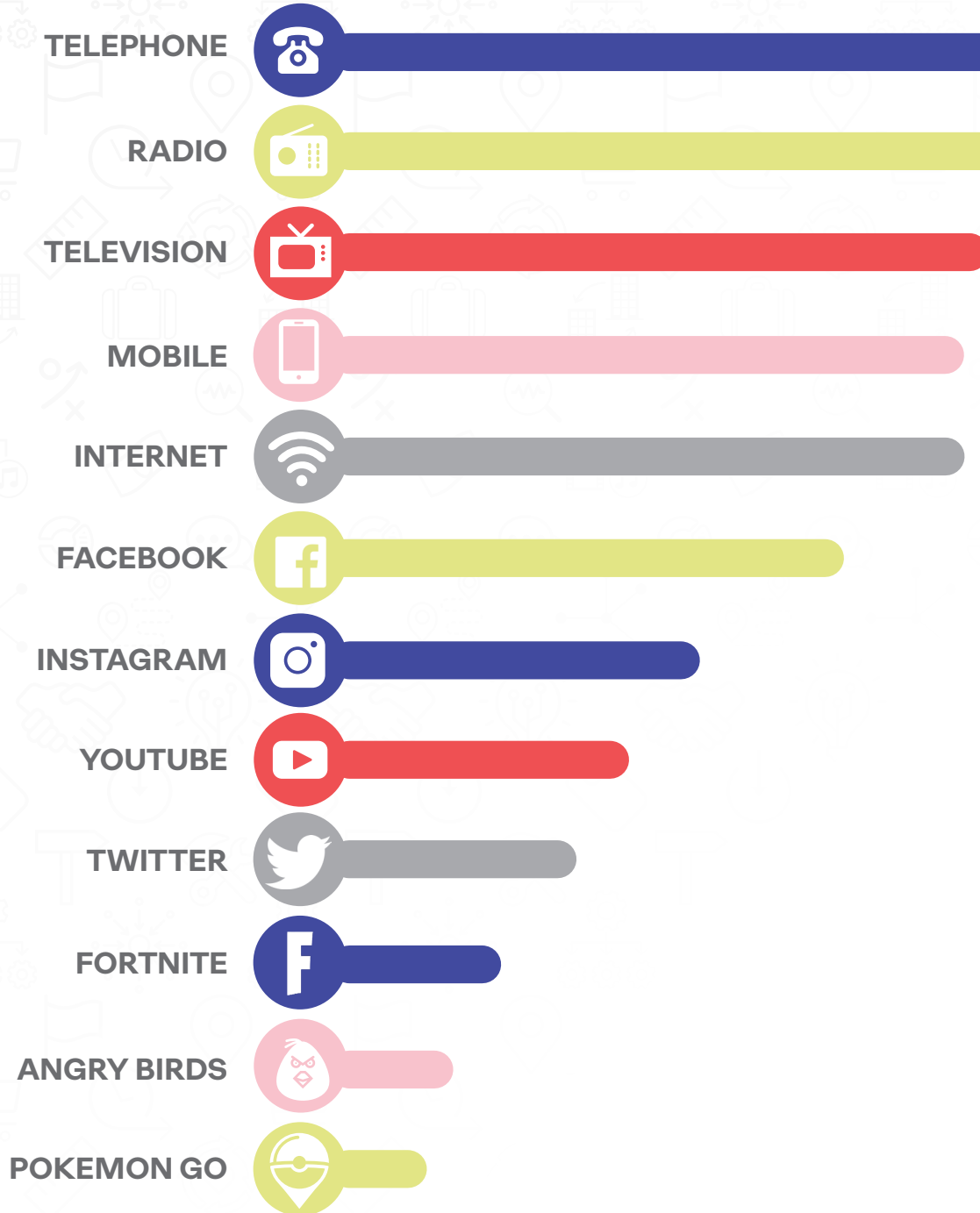




Figure 2. Time to reach 50 million users

MARKETING TRANSFORMATION IN 2019 AND BEYOND

Marketing Transformation In 2019 and Beyond

As with many business topics popular with the trade press and industry analysts, the term Marketing Transformation has earned a place in the business lexicon and has various interpretations. What's certain is that Marketing Transformation isn't going away, either as a buzzword or as a serious agenda item for today's CMO.

As David Wheldon, CMO at RBS, said: "Don't be the dog that barks at every passing car". Marketing Transformation is about more than adapting to a cool new channel, delivering more data-driven communications, launching an edgy influencer campaign, or integrating a new technology into the MarTech stack. It's not as broad as Digital Transformation, which generally deals with broader enterprise-wide initiatives that transcend Marketing. While speed and agility are the watchwords of today's CMO, there is no fast or simple solution to transforming marketing.

Many CMOs are struggling to connect increased investment in digital advertising to business growth. Executive engagement initiatives – such as silicon valley tours – are also limiting. To be on a successful transformation journey, CMOs must obtain a holistic view across all aspects of the business.

Retail



Marketing taking more accountability for sales, shifting from physical to digital selling, orchestrating end-to-end, omni-channel customer journeys.

Consumer Goods



'SKU management' in a new go-to-market context (e.g. discovery, traffic, conversion, reputation management) and defining new ecommerce and other Direct-to-Consumer models and consumer value propositions.

B2B



Data-driven, personalised and strategic ABM and Content Marketing, in close collaboration with Sales and recognising the networked Decision-Making Unit.

Ultimately, marketing's purpose is still to drive profitable growth for the business. In today's unpredictable macro-economic context, this often starts from a point of efficiency; taking costs out of marketing to improve 'working media' spend, for example. For others, it's the imperative to reinvent and future proof for long-term growth, while not losing a single sale in the short term. Balancing short-term and long-term needs is a challenge, as are risks associated with data privacy and the changing regulatory environment. All are feeling the pressure to act, but many worry they have already fallen behind – 'the white rabbit syndrome'.

Among the brands we have worked with, below are examples of what CMOs aspire to in terms of Marketing Transformation. There are many shared aspirations and themes across industry verticals that are relevant not just for decades-old, established brands, but for recent disruptors too:

Across all categories, the aspiration for Marketing Transformation is to accelerate evolution of customer and brand experience in order to drive profitable business growth.

Travel & Hospitality



Immersive, innovative and emotionally engaging personal experiences across the customer journey - from acquisition through to the actual product experience and referrals and advocacy.

Telecommunications



Delivering personalised content at scale to prospects and customers, fuelled by first, second and third party data; powered by AI and machine learning and the upcoming 5G tsunami.

FinTech



Articulating a north star brand purpose and narrative to galvanise Performance Marketing and customer experience activities, building trust and visibility. Across all categories, the aspiration for Marketing Transformation is about the accelerated evolution of customer and brand experience to drive profitable business growth.

CHALLENGES CMOs FACE: THE UNDENIABLE 'WHY'

Challenges CMOs Face: The Undeniable ‘Why’

Let’s face it: today many marketing and communications strategies are still modelled on structures developed in the era of fax machines and telephone switchboards. Over the years, new channels have been added and old models applied to them (for example, print for digital banners or traditional direct mail for email). It is still relatively rare that marketing strategies and platforms fully integrate modern consumer insights (gleaned from advanced data and analytics), modern channels (Mobile, Social, Commerce) and modern business tools (AdTech and MarTech) consistently and at scale.

With the writing on the wall for marketers who fail to act, most CMOs generally say they are in some kind of Marketing Transformation. Smaller numbers can be specific about the precise nature of their Marketing Transformation activities.

This is understandable; CMOs today are under dire pressure to drive business results – frequently with reduced budget and resources – and are expected to evolve their organisations while managing ever more complex ‘business as usual’ scenarios.

Across Ogilvy clients, we find a diversity of challenges. Paradoxically, we also find that many of the challenges that are impetus for change are also the sources of the biggest barriers to progress. Among the most common are:

1. CMO Accountability for Business Performance Rises...

The most common challenge cited by our clients is the increased expectation of the CMO to lead transformation across the business.

And this is a problem: One recent report⁴ surveyed over 800 CMOs and found that most struggle to quantify and communicate the value marketing creates to their leadership, peers and partners.

This new accountability frequently leads to unfamiliar territory. Instead of being held to traditional marketing metrics alone, CMOs increasingly need to be part sales driver, part technology officer and part customer experience advocate. With heightened board-level expectations also comes expanded responsibility; in particular, to deliver a superior customer experience across all touchpoints, and no longer exclusively marketing channels.

Speaking of a global consumer goods brand, one client said: “Our consumers are the ones driving the need for transformation across all touchpoints. They expect seamless, tailored engagements at every level and on every channel, not just marketing.”

As the CMO role is being redefined dramatically beyond its traditional scope, new responsibilities also include acquiring new customers through improved sales enablement and improving customer loyalty and satisfaction. In some companies, the title CMO has been replaced with titles like ‘Chief Experience Officer’ or ‘Chief Customer Officer’.

Whatever the title, those responsible for the marketing function are finding that success increasingly depends on one of the core principles of Marketing Transformation – the requirement for the CMO to think – and act – beyond the boundaries of the marketing function. Successful Marketing Transformation will require active buy-in and collaboration across an ecosystem of functions to Sales, Service, Product and IT. CMOs who once had tenuous relationships with their counterparts in the C-Suite are now finding important partners there.

2. ...While Marketing Budgets are Being Cut or Frozen

After three consecutive years of increases, marketing budget growth stalled in 2018; dropping from its peak by 6%⁵. So even while being held to a higher level of accountability for driving business results, many marketers are finding that they need to do a lot more with significantly fewer resources.

Marketers find themselves in the uncomfortable position of being expected to drive business growth while at the same time becoming more cost efficient (see figure 3). In this context, it's not surprising that the promise of technology and more streamlined approaches are coming into sharper focus. These pressures lead CMOs down the path to transformation, sometimes equipped only with the belief that drastic change is required to achieve new remits.

A leader of a global consumer goods brand observed: "Efficiency and cost saving is a top priority, and the implementation of technology and data will turn this into a reality... Data will provide information that enables the production of fewer assets that are more creative and relevant, and have higher media impact."

CMOs are burdened with consistently flat or even reduced budgets, all while needing to demonstrate increased profitability, impact, and growth. For many, the idea that Marketing Transformation can significantly reduce operational costs is attractive.

Destination of Choice for Organisations

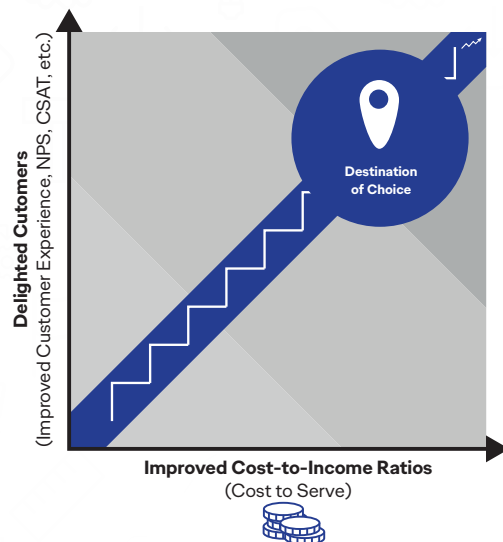


Figure 3. The Destination of Choice is not an either/or

3. Keeping Up with the Speed of Technology Evolution

Whether it's for business growth, enhanced customer experience or cost reduction, CMOs are turning in greater numbers to marketing technology solutions. Digital Transformation has rapidly expanded the number of tools available to them; in 2018, the number of marketing technologies⁶ totalled 6,829 (up 27% from 2017).

Knowing where to start or how to make the right decision can be paralyzing, but regardless, many continue to add tools to their tech stacks at a healthy pace. This is reflected in budget allocations, too; in our experience, approximately 30-40% of the CMO's budget has moved from communications to 'MarTech' and 'AdTech'.

The learning curve is intense and presents many challenges. According to a report from a research firm⁷, only 9% of companies have a complete, fully utilised tech stack. Non-integrated solutions will force teams to rely on manual processes, to the detriment of efficiency and effectiveness (the reasons for seeking a solution in the first place).

"Organisational silos prevent technology transformation," said one marketing leader. "It's not possible to get a single view of the customer without a fluid or analytical approach," said another.

As well as AdTech and MarTech, marketers also need to be in tune with the complex world of Consumer Tech. As Forrester said in a recent report: "Customers have been growing and refining their own technology stacks – the collection of devices, apps and virtual assistants that best serves their needs and allows them to engage with brands on their own terms."⁸

4. The Role of 'Change Agent' is Largely New to CMOs...

... but has become mission-critical for their brands and businesses. The complexity of defining and executing a Marketing Transformation programme can be daunting. The identification and selection of a new MarTech stack in itself is a major undertaking. Combined with capability reviews, vision setting, roadmapping and ongoing stakeholder alignment – including a multi-tiered change management platform – it's no wonder that some organisations can be paralysed by the number of choices and decisions to make.

One client said: "Customer behaviours are changing at an unprecedented speed, and organisations have to adapt quickly enough to deal with the disruption... Traditional approaches to Change Management are no longer effective to set up the agile change needed."

"The challenge is that the CMOs' ascent to their lofty technology role has been swift, and the learning curve has been intense," one client said. "Customer behaviours are changing at an unprecedented speed, and organisations have to adapt quickly enough to deal with the disruption... Traditional approaches to change management are no longer effective to set up the agile change needed."⁹

5. Capability, Talent and Culture

More than a third of CMOs see having the right talent as the most important factor in driving future organic business growth, according to the latest The CMO Survey from World Market Watch¹⁰.

Having the right capabilities needed to execute a Marketing Transformation (and sustain the benefits) ultimately means the difference between success and a short-term effort with results that fade rapidly. Simply put, focus is too often on the finish line – not the people power needed to get there.

Discussing workforce transformation, one marketer said:
“We’re evaluating our capabilities and rethinking them from the outside-in. This involves training talent through a digital capability programme, and hiring new people who have hybrid skills.”
Questions like whether to use specialists or generalists, and building capabilities in-house or via external partners are challenging.”

Digital natives are entering the workforce en masse, but the best talent may not be willing to commit to an organisation on a full-time basis. Continuous learning through capability programmes can give organisations a competitive advantage and create a high-performance culture to ensure talent does not become obsolete or irrelevant.

THE CMO OPPORTUNITY: DEFINING THE 'WHAT'

The CMO Opportunity: Defining The 'What'

The need for transformation is irrefutable and the challenge is immense. Particularly for the CMO, their influence has often been squeezed within the organisation as:

- The CTO impacts core marketing decisions such as the composition of the MarTech stack
- The CFO demands more performance accountability for emerging and disparate digital activities that lack standardised measurement methodologies
- Lines of business seek innovation and consumer-centric products and propositions
- The Sales team needs direct-to-consumer models and customer insight
- Service becomes inseparable from marketing with the adoption of digital and omni-channel experiences
- HR recognises the benefit of having engaged employees advocating for the brand on multiple channels

But as these responsibilities have evolved over the last several years, we see an emerging opportunity for the CMO to be a transformation agent across the business.

In the BrandZ™ Top 100 Most Valuable Global Brands report¹¹, the three most meaningful characteristics of the Top 20 Risers (the brands that increased most rapidly in value) are:

- Meaningfully Different (relevant and distinctive)
- Disruptive (shaking things up)
- Brand Experience (customer journey)

This points to three areas squarely in the remit of the CMO: brand, innovation and customer, and means marketing can become the glue that connects the broader organisational and technological transformation (see figure 4).

Transformation of Brand and Customer Priorities

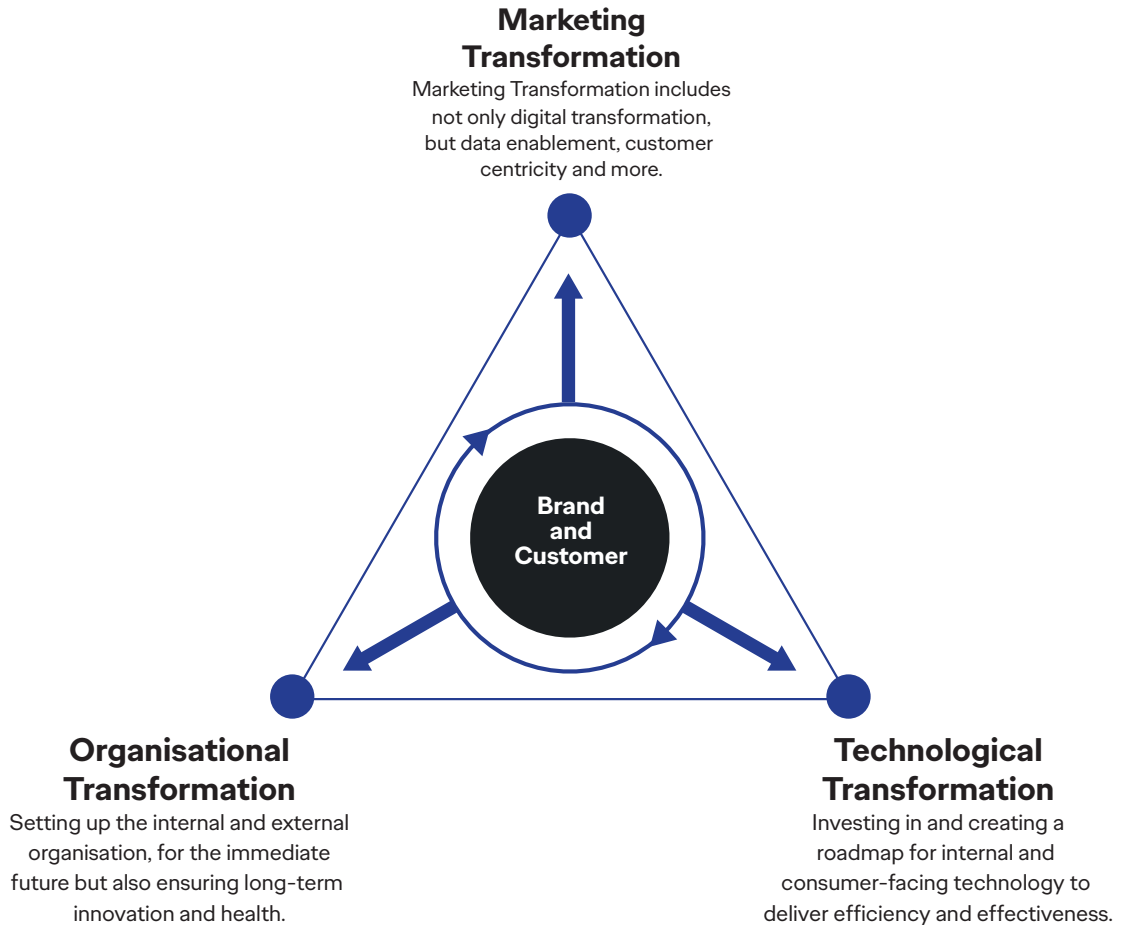


Figure 4. Transformation of Brand and Customer Priorities

A KEY CMO OPPORTUNITY LIES IN CHAMPIONING THE KIND OF ENTERPRISE-WIDE TRANSFORMATION THAT HAS THE BRAND AND THE CUSTOMER AT ITS HEART

Those CMOs on the road to transformation will become galvanising forces for meaningful change. This 'super CMO' will put the customer and brand at the heart of the organisation; and ultimately become the glue that connects enterprise-wide transformation.

Forrester recently predicted that 'brand promise will spark enterprise-wide transformations'¹². In a world of disruption and change, the stable core of the brand's purpose and promise has the potential to be the galvanising force for transformation across the business – from the HR function (energising employees to deliver on the brand experience), right through to the IT function (enabling the best customer experiences of the brand through the right technologies. The brand core will also ensure a creatively driven and differentiated customer experience.

A successful transformation will be multifaceted, coordinated and continuous. No two businesses will be the same and it will be important to understand the context of external forces (e.g. market, competitive, technological, and sociopolitical) and internal forces (e.g. organisational, cultural, and brand maturity) before embarking on a roadmap.

Once the business context has been assessed, most (if not all) organisations will structure a marketing transformation roadmap around seven key areas. This starts with the target brand and customer experience and then considers the role of vision and strategy, proposition, culture and behaviours, organisation, systems and data and finally communications (see figure 5).

THE COMPONENTS OF A MARKETING TRANSFORMATION

Brands and businesses are at different stages of maturity and market forces will influence the priority areas of transformation. But overall, the following areas are important:

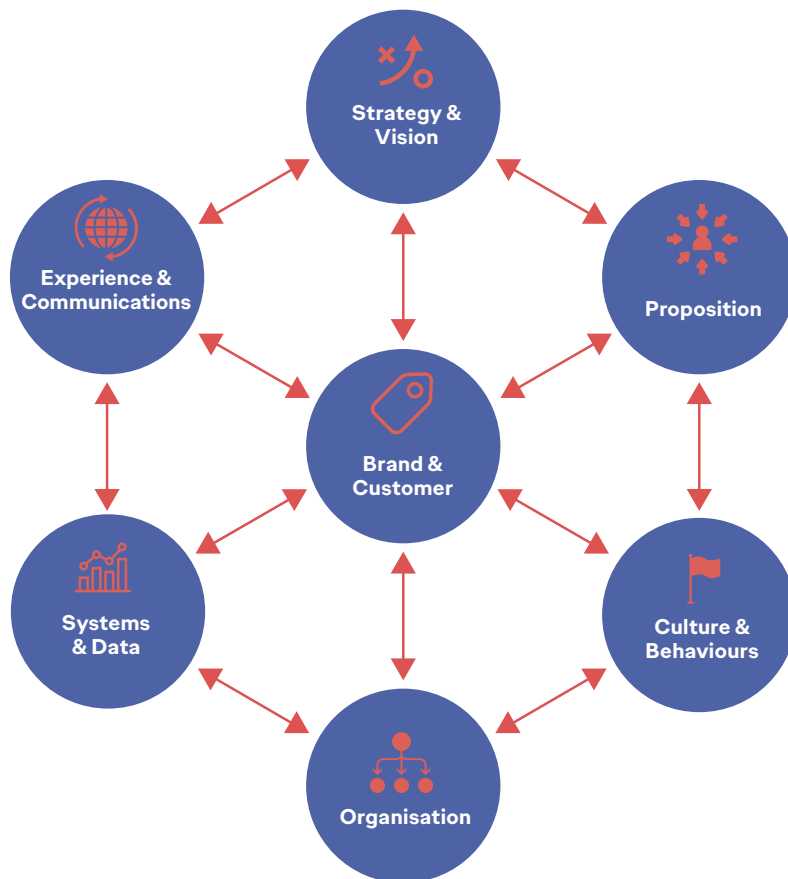


Figure 5: The Components of a Marketing Transformation

THE COMPONENTS OF A MARKETING TRANSFORMATION

Brands and businesses are at different stages of maturity and market forces will influence the priority areas of transformation. But overall, the following areas are important:



Brand & Customer

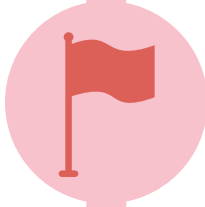
Grounding your Marketing Transformation in customer centricity and aligning to the organisation's brand purpose and promise.

Strategy & Vision

Buying into a common transformational purpose and alignment of stakeholders to deliver against Prioritised plans.

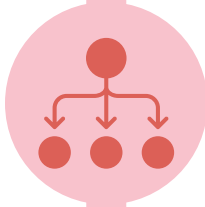
Proposition

Creating a differentiated brand and customer experience that is customer-centric and architected for future growth.



Culture & Behaviours

Identifying Marketing Transformation as a priority and all levels of the business embody a collaborative mind-set and take shared responsibility to drive change across the organisation.



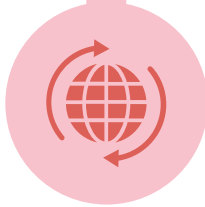
Organisation

Building a marketing organisation (People & Process) that is optimised to meet brand and customer expectations, and is driven by a coordinated Marketing Transformation strategy.



Systems & Data

Constructing a data driven and technology enabled business model with common brand and customer performance metrics.



Experience & Communications

Designing an integrated omni-channel ecosystem that supports customer personalisation at scale, drives meaningful customer engagement, and utilises optimised technology stacks.

AVOIDING THE FALSE CHOICES: COMMON DILEMMAS OF 'HOW'

Avoiding The False Choices: Common Dilemmas Of 'How'

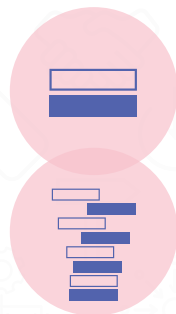
In initiating a Marketing Transformation programme, many questions will arise. And because every organisation is different, there is no cookie-cutter approach.

As CMOs embark on the transformation journey, they face choices at almost every step. Questions about “build vs. buy,” or “train vs. hire,” start to emerge as specific objectives are identified.

“When we started down this path, I thought that with the right counsel, that developing a vision, strategy and roadmap would be pretty straightforward,” said one client lead. “One of the first things you understand is that there are many false choices, and it’s almost never a simple question of ‘either/or.’”

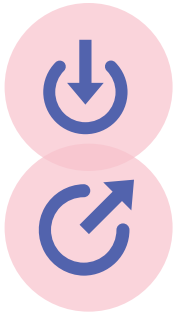
Marketers are increasingly finding that Marketing Transformation is not a question of either/or, but both/and.

FALSE CHOICES:



Silo or Integration?

Functional silos have long been the bane of innovation and progression inside companies. Transformation calls for the breaking of silos – Marketing, Sales, Technology – or at least reaching across them, to achieve success. At the same time, never before has such deep specialism been required by CMOs to realise their ambitions – for example; CRM, Digital, Change Management, Brand, Data, Communications. So, while the question of a more generalist approach to transformation is required at one level, deeper specialisations are required on the other.



In-house or Outsourced Capability?

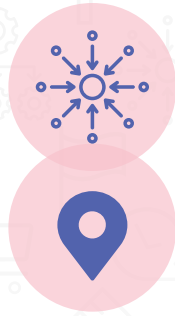
One of the first elements of a Marketing Transformation maturity diagnostic is a survey of existing marketing capabilities across the function. More often than not, capability does not correspond to what's required in the future state Target Operating Model.

Clients are focused on faster, better, cheaper and this typically translates into a need to both transform the role of their agency partners, as well as build internal capability that they would have previously relied on partners to deliver. At the same time, due to the time it takes to upskill an entire function, or the difficulty of hiring for specific functions in market, there is a short-term requirement for third-party assistance.

For example, we've accompanied several clients who have found that as technology platforms are rolled out globally, significant gaps in the capability to operate them emerge, leaving them underutilised in some markets.

We have also seen clients build out significant content, UX and design capability in order to have full value chain control over a direct-to-consumer proposition.

Indeed, even the complex world of media offers opportunity to shift operating models as programmatic becomes more intelligent.



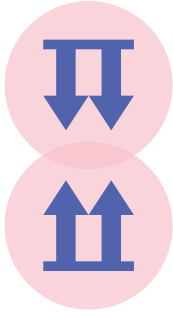
Centralise or Localise?

In traditional marketing communications, there are three main governance models that a CMO can employ, regardless of the company's size – centralised, hub-and-spoke and local. There may have been variations on specific models. Today, however, Marketing Transformation requires a completely new evaluation of operational governance models.

A CMO may decide to implement and enable a global MarTech stack for economic reasons, but then decide that certain elements are left to individual markets for regulatory (GDPR) or legacy/capability requirements.

In Target Operating Models, where the global CMO is driving Marketing Transformation from the centre, HQ may be responsible for strategy and a core team of experts, perhaps even providing budget for local implementation. But there is little doubt that on-the-ground resources will be needed to affect the transformation at a market level.

Cookie-cutter models for platforms and Target Operating Models don't address the complexity of today's transformation programmes, and a degree of both increased centralisation and localisation will likely be required.



Top Down or Bottom Up?

The idea of ‘transformation’ frequently strikes fear, or at least a good degree of nervousness, into the hearts of businesses. Change is seldom outwardly welcome, as people fear a change in how they do their jobs, or worse, becoming redundant in new models. It is not always obvious to the organisation that Marketing Transformation is as much about opportunity for professional development as it is for business growth.

There have been debates about where Marketing Transformation best sits in an organisation to drive success. Some believe the board- and exec-level leadership is required, with high-level visions cascading through the organisation. Others have tried to build pockets of transformation in various areas the organisation, expecting initiatives to catch on and fan out.

Our clients have at times tried both and eventually realised that neither work on their own. ‘Trickle-down transformation’ is no more effective on its own than ‘grass-roots transformation’. In the most successful initiatives, vision and continuous support come from the C-suite, while empowerment permeates the organisation at the behest of nominated transformation champions with boots on the ground. Coordination between these two, and an ongoing communication platform, will help ensure that the vision is understood and embraced top-down, while those looking after the day-to-day requirements for transformation are firmly embedded in the rank and file.



Build or Buy or Partner?

One of the key advantages newer companies have over those that are well-established is that they can build their businesses on modern technology platforms – cloud-based, open-architected, modular, scalable, interoperable and customisable. Meanwhile, many of our Fortune 500 clients host technology stacks that have been built over a period of years – or even decades – and find serious challenges in making them fit for modern purposes. Most companies considering a Marketing Transformation were not built in the Cloud, and do not have the luxury of a fresh start where technology is concerned.

Consider that the basic replacement of a Point of Sale system, enabling it to integrate loyalty and purchase data or to operate on tablets rather than tills, can cost upwards of \$50 million or more for just one market..

Many CMOs face a stark reality early in the journey; where current systems are not fit for purpose, but there is no option but to spend tens or hundreds of millions replacing legacy systems. Meanwhile, current IT capabilities are more often directed to “mission-critical” business requirements, leaving the CMO largely unsupported. At the same time, the business is still trying to extract value from a new CRM or ERP system that was bought some years ago on multi-year contract but which still hasn’t quite delivered on its initial promise.

Without budget to completely refresh the stack, and without the capability available to build everything that’s needed, increasingly CMOs are getting creative about what’s required to make transformation work. A combination of business-case driven requests for new technology can be combined with the continued support of internal IT to build what’s required for the short term. Meanwhile, the growing ecosystem of MarTech partners can be employed for spot solutions that plug temporary holes in tech capability.



In Summary:

The primary drivers of Marketing Transformation are operational efficiencies, enhanced customer experience and revenue growth. But it's important to keep in mind that these choices, like many on the Marketing Transformation journey, are not mutually exclusive 'either/or' propositions.

In fact, brands in advanced stages of transformation typically achieve a 20% increase in revenues along with a 30% decrease in cost and demonstrably outperform their category competitors and their stocks¹³.

But the opportunities presented by Marketing Transformation will depend on several factors, and specific opportunities will vary widely by company, brand, category and market. Even where visions exist around future-proofed technology stacks, advanced customer experience and organisational change; there are many pathways a company might take as it embarks on the Marketing Transformation journey.

In the experience of our clients, the question of whether Marketing Transformation is a good idea is not up for consideration. Few (if any) of them will say transformation is not important. The question most frequently posed to us is, "what shall we prioritise and how shall we start?"

GETTING STARTED: APPROACH AND MATURITY MODEL

Getting Started: Approach and Maturity Model

Among our clients, we've found that lack of traction on Marketing Transformation initiatives is seldom due to inactivity, but rather too much activity, or activities that appear disconnected and lacking an overarching strategy.

As the client lead for a global consumer goods brand said: "Marketing Transformation feels tactical and cost-driven, for example a key strategy is to drive collection of first-party consumer data. There is little thinking around 'why' and 'what' to do with it."

Thus, many companies that are frustrated with Marketing Transformation find they reach a point where they need to step back and take another look at the strategy guiding the transformation.

Reevaluating strategies – or indeed setting them for the first time – allows companies to add their competitive position into their perspective. Perhaps more importantly, it also allows them to reevaluate where their brand currently stands in the eyes of its customers, and where it can reasonably stretch as enhanced customer experience and new paths to growth come into focus.

Approach: The key components of a successful Marketing Transformation

1. Understanding Marketing Transformation Maturity



Before any strategy or end vision is established, it's essential that companies take stock of where they are. With reference to the Components of Marketing Transformation (page. 31)' this evaluation traditionally begins with prioritising desired experience and growth opportunities and working backwards from there.

Transformation will then typically start with ensuring a shared vision and strategy, creating a culture that embraces change and undertaking a full review of marketing operations (People, Process, Platform and Partners).

Once the foundational elements are in place, optimising against key marketing levers such as data, technology and measurement becomes relevant.

For this exercise, the Ogilvy Consulting Marketing Transformation Maturity Model has served as a powerful tool for companies that are just starting their journeys, as well as those that find themselves requiring course correction.

The Marketing Transformation Maturity Model is discussed in depth in the next section. It is a critical tool not only to understanding where the company currently stands, but also to give guidance on where it needs to ultimately go with its transformation efforts. Finally, it helps clarify where the company can go as the very next step.

- Maturity Assessment
- Benchmarking

2. Setting a Future State Vision



The Marketing Transformation Maturity Diagnostic phase will deliver a clear benchmark of where the company currently is on the Marketing Transformation Maturity Model (Page 52–53) and logical next steps. The vision exercise is about creating a best-possible-outcome view of transformation efforts. It is not constrained by current state capabilities or even timelines. It represents the collective view of where the company will be eventually, once all Marketing Transformation efforts and phases have been successful.

The articulation of the future state will be used as a measuring stick against which to judge the success or failure of individual initiatives. It will also serve as the basis for functional and technical requirements for the selection of new marketing technology platforms.

At this stage, it is vital to keep both the Customer (does it create a more meaningful, relevant and sticky customer experience?) and Brand (does it enrich brand experience, and does it make the boat go faster?) in mind.

- Maturity Diagnostics
- Vision Setting
- Brand Strategy
- Customer Experience Strategy

3. The Critical Narrative



The Marketing Transformation narrative is essential to inform the business of the initiative's vision, goals and plans. Without it, alignment will falter and momentum will stall.

In essence, the Marketing Transformation narrative provides a clear articulation of the vision and ambition, and what it means for the business and key stakeholder groups. It is used as the basis for telling the transformation story from the beginning, and expands and develops as the initiative launches and evolves.

The CMO must create a communications platform on which the narrative lives, forming the basis of internal communications as well as external communication to the wider group, press and the trade.

- Communications Strategy
- Change Management

4. Prioritising Initiatives and Roadmaps



With an understanding of where the Marketing Transformation initiative is going and what it wants to achieve, CMOs turn to the critical question of what to do and where to start. The due diligence, strategy and vision stages will have unearthed dozens, maybe hundreds of activities that will be required.

“CMOs quickly find they can’t do everything at once”, says a client lead for a global technology brand. “I think the main lesson would be that they should have set out with a progressive roadmap, rather than going for massive change all at once. They are now struggling to answer basic questions about whether/why things are working.”

Having a framework is a critical point of reference here; for example, there is no point in rapidly building a data capability if the organisation has yet to be taken on a journey of how this new function should support current planning processes.

The roadmap will depend on several factors: Beginning maturity state, future state vision, and the purpose of the transformation. Those Companies that succeed ensure a progressive roadmap that consists of achievable activities that deliver business impact. In the beginning, these quick wins form a critical part of the Transformation Narrative, and will be important to communicating success of the initiative, driving momentum and keeping stakeholders on board.

- Target Operating Model
- Roadmap Development
- Change Management

5. Business Cases



The requirement for business cases for investment is not new to the corporate world. Traditionally, many CMOs have gotten a pass on matching marketing spend against measurable ROI; however, with marketing budgets more pressured than ever, being able to present a case for ROI and direct attribution is now a given.

Marketing Transformation initiatives don't always resemble traditional investments, and sometimes require leaps of faith and tolerance for failure due to their novelty to the organisation and their frequently innovative natures.

At the same time, while well-funded Silicon Valley start-ups love to talk about 'failing fast' in a culture of experimentation and discovery, today's CMOs have much less leeway for failure from corporate boards who are interested in hitting quarterly sales targets.

Traditional business cases may not always be fit for purpose in Marketing Transformation. CMOs will have to lead compromise between those deep business cases that drive IT and other investments, and those for initiatives where the outcomes cannot yet be predicted.

- Business Case Development
- Investment Models
- Technology Selection

6. Implementation



The implementation phase executes the activities required – such as adapting existing processes or the deployment of new capabilities – for a fast and practical enablement of Marketing Transformation.

There is no single implementation process for any Marketing Transformation, rather the actual implementation activities and tactics will depend on the organisation's goals and objectives.

This might be a series of Ogilvy Consulting sprints – ranging from one day to one year – that puts the prioritised initiatives and roadmap into action with one business unit or one initiative. Or it might be a small-scale pilot program launched in one market that provides a platform for the organisation to test, prove value, and optimise before rolling out the large-scale transformational plan.

- Change Management
- Technology Deployment

7. Measure & Optimise



As Peter Drucker said: “If you can't measure it, you can't improve it.”

It is vital within any transformation that the right suite of KPIs are selected and that data sources enable meaningful analysis against business goals (sales growth, customer value, brand strength, NPS, market share, cost efficiency, etc.).

While any number of results may be expected, or hoped for, it's critical that CMOs identify and outline what they expect to achieve with Marketing Transformation. Creating a measurement dashboard early in the process is essential in order to track results and further optimise the programme.

- Measurement Dashboards
- Capability Enhancement

MATURITY MODEL

We understand that setting out on a Marketing Transformation journey can be a complex undertaking that involves multiple areas of the organisation, the evolution of business processes, adoption of new technology, and openness to a culture of change.

In such an environment, time and time again, we have seen the power of a shared and motivating vision where initiatives are kicked off in a coordinated fashion – with the right level of executive sponsorship.

To support this, Ogilvy Consulting has developed a Marketing Transformation Maturity Model (see figure 6 on the next page) that is being used to great effect by CMOs. It enables them to assess readiness and gaps across all areas of marketing and develop a roadmap towards a desired future state.

The Maturity Model places brand and customer at the heart of the transformation. Moving from a disparate and unconnected strategy and experience through to a highly connected and orchestrated one. Seven areas have been identified as central to a holistic Marketing Transformation. Brand & Customer, Strategy & Vision, Culture & Behaviours, Organisation, Proposition, Systems & Data and finally, Communications. Each of these areas have sub-categories that can be benchmarked through quantitative and qualitative evaluation.

Though broadly applicable, the Maturity Model is not global and benefits from customisation for each CMO, marketing department and organisation. What does not change however, is the inextricable link between the alignment of brand and customer strategy to business value development.

Brand and Customer Value

COMPLEXITY

Marketing Transformation not recognised as a business priority leading to fragmented and incoherent initiatives, without a mandate and single ownership. Technology seen as an 'IT matter' instead of an enabler, and customer data yet to inform business decisions. Brand relevance and perception typically low in category.

Marketing Transformation identified as a priority with a defined vision and future state. CMO typically trying to influence distributed transformation stakeholder group without direct ownership. Recognition that brand and customer experience is a source of business growth with technology and data identified as enablers. Business typically still product-led.

LAGGARD

NASCENT

Maturity

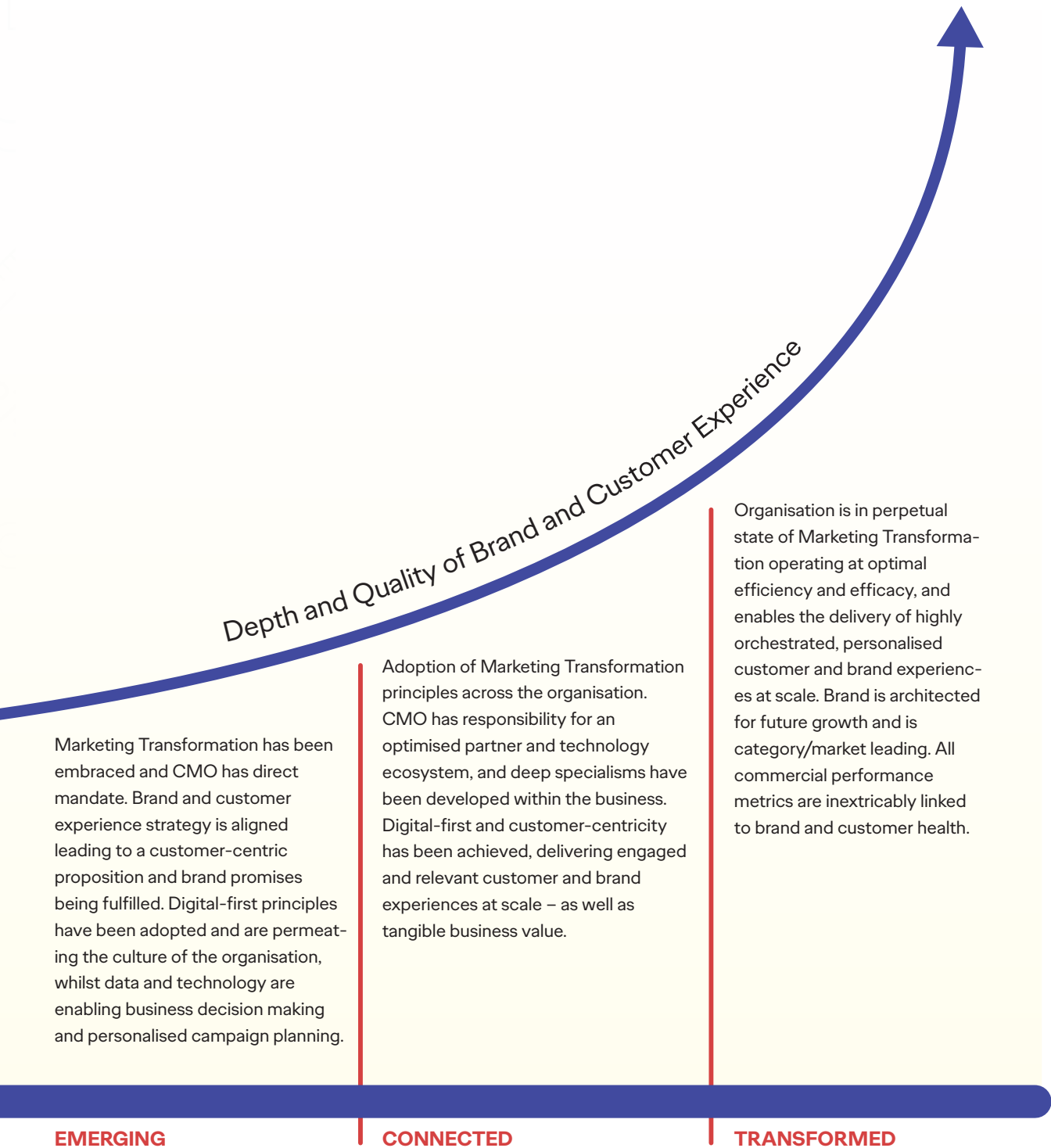


Figure 6. Marketing Transformation Maturity Model

ABOUT MARKETING TRANSFORMATION AT OGILVY CONSULTING

About Marketing Transformation At Ogilvy Consulting

Ogilvy Consulting is a strategy and innovation consulting group that brings the deep analytical rigour and business focus of the management consultancies together with the brand, customer and creative focus of a world-leading creative agency.

Our end-to-end approach makes brands matter across every interaction, and brings everything together into one world view. We bridge strategy and execution, and are as at home in articulating future state visions as we are with developing new business models, product and service innovation, and tech stack selection and deployment.

We've accompanied many clients across sectors and categories on their Marketing Transformation journeys, and we offer a suite of services, including:

- Maturity Assessment
- Benchmarking
- Maturity Diagnostics
- Vision Setting
- Brand Strategy
- Customer Experience Strategy
- Communications Strategy
- Change Management
- Target Operating Model
- Roadmap Development
- Change Management
- Business Case Development
- Investment Models
- Technology Selection
- Change Management
- Technology Deployment
- Measurement Dashboards
- Capability Enhancement

If you're interested in learning more about our activities, or simply sharing your Marketing Transformation experiences with us in an informal discussion, please get in touch.

Carla Hendra, Chief Executive

carla.hendra@ogilvy.com

Colophon

AUTHORS

PAUL ENGLISH
ANN HIGGINS
LAURIE CLOSE
IAIN MCCROSSAN

EDITORS

CARLA HENDRA
PAUL O'DONNELL

CONTRIBUTORS

BEN EVANS
CHRIS HALSALL
CLARE LAWSON
CRAIG BURLEIGH
CRAIG PATTON
FIONA GORDON
PIERRE KREMER
HEATHER MACPHERSON
JERRY SMITH
JO BACON

JOANNA SEDDON
KATIE HALLING
MICHAEL FROHLICH
NADJA BELLAN-WHITE
NIKHIL GHAREKHAN
SAM WILLIAMS-THOMAS
BEN RICHARDS
SPENCER SCHRAGE
RUNE SOELVSTEEN
STEPHEN FRASER

DESIGN

ERIC LIPPINCOTT
LES WATTS

Sources

- ¹ CMO Tenure Study, 2017; Spencer Stuart
- ² Brands That Do: Building Behaviour Brands, 2015; Susan Machiger and Jaime Prieto
- ³ Mobile Advertising Forecasts, 2017; Zenith
- ⁴ The Accountability Imperative Report, 2017; Forbes
- ⁵ CMO Spend Survey, 2018; Gartner
- ⁶ Marketing Technology Landscape Audit, 2018; Scott Brinker
- ⁷ Marketing Technology Strategy Report, Ascend2
- ⁸ CMO 2019 Predictions, 2018; Forrester
- ⁹ CMO Spend Survey, 2018; Gartner
- ¹⁰ The CMO Survey, 2018; American Marketing Association, Deloitte, Duke Fuqua
- ¹¹ BrandZ™ Top 100 Most Valuable Global Brands report, 2018; WPP
- ¹² CMO 2019 Predictions, 2018; Forrester
- ¹³ CIO Digital Disruption Survey, 2015; MIT CISR

January 2019

This paper is published by Ogilvy Consulting.
No article may be reproduced or transmitted in any form
without the written permission of the publisher.

Copyright
Ogilvy Consulting

Ogilvy Consulting