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Marketing & Sales
The marketer strikes back

By David Edelman and Jason Heller

67%→75%
Jump in concern about the impact of threats from existing competitors who are more agile

20%
Increase in concern about the impact of the Internet of Things

17%
Increase over last year in marketers' belief that marketing drives above-market growth

46%
Marketers who make decisions based on data rather than on qualitative metrics

65%
Increase in networked organizations

10%
Marketers who believe they are very effective at using insights into customer behaviors

7%
Decline in command-and-control organizations

9%
Decline in matrixed structures

The marketer strikes back

Marketers are embracing a more muscular role: driving business growth. But that will require them to master new technologies, complex channels, and provide outstanding customer experiences.

For much of the past 10 years, business has resembled a game of "catch-up." Each new wave of technological innovation has triggered new customer behaviors and expectations, causing businesses to constantly scramble to figure out how to be relevant. This era of disruption has as often as not caught businesses in general and marketers in particular on the back foot. But it looks like marketers are stepping up to the challenge.

Marketers are beginning to embrace their primary role: driving business growth. This "pivot to growth" came through in the most recent ANA (Association of National Advertisers) survey exploring how marketers are responding to disruptions in the marketplace.[1] Last year's survey highlighted the "3 Cs of disruption" that are marketers' focus: content, complexity, and connected and empowered consumers. While those forces are still top of mind, there was a notable increase in focus on another "C" in 2015: competition.

Concern about the impact of threats from existing competitors who are more agile saw the biggest jump among disruptive factors from last year, from 67 percent to 75 percent.

And the focus of investment to counteract that competitive challenge over the next one to three years jumped from 51 percent last year to 66 percent. Coupled with this clearer concern about the competition was a significant increase in the role of technology as a disruptive force: concern about the impact of the Internet of Things jumped almost 20 percentage points from the year before.

1 This is an independent McKinsey & Company fact-based analysis of the ANA (Association of National Advertisers) survey "Marketing Disruption II" and incorporates insights from McKinsey's marketing & sales practice. The survey was conducted online between July–September, 2015. The 384 respondents were self-qualified in roles of marketing director, VP and CMO / marketing leadership. Respondents were drawn from the ANA Survey Community, the overall ANA membership, and supporting partners. Not all respondents provided answers to all questions in the survey; as such, the base varies from question to question, and subsets of the full respondent set are used in certain places in order to provide rankings and comparison.

While the general perception of marketing as being limited to “PR” or “advertising” was never entirely accurate, this more muscular view of marketing’s role is noteworthy for its focus on optimizing those capabilities that drive the business. Marketing’s belief, for example, that it owns CRM and loyalty jumped 24 percentage points from last year, while driving above-market growth increased 17 percentage points over the same period. Interestingly, this trend was more pronounced for B2B than B2C companies.

Many marketers are also breaking down some of the organizational barriers that have hampered performance in the past. There was a 65 percent increase in networked organizations, while command and control and matrixed structures declined seven and nine percentage points, respectively. Meanwhile 30 percent of marketers are meeting with business-unit leaders at least once a week—the kind of frequent collaboration necessary in a fast-changing environment.

Lessons from top performers

This more business-driven view of marketing’s role in the organization is borne out by the activities of top performers. Marketers who are generating more incremental revenue (> 11 percent) by upselling or cross-selling to customers are much more likely to be in a networked organization (51 percent versus 18 percent), and meet more frequently with other parts of the organization to create and deliver customer experience journeys. And they believe more strongly that marketing’s role is to deliver above-market growth (40 percent versus 29 percent).

They are also much more focused on the customer. Top performers understand the entire customer journey much better than their peers (20 percent versus 6 percent) and have much better processes for capturing insights about customers and feeding them back into their marketing programs to improve performance (30 percent versus 11 percent). In addition, they value automation as a critical capability to respond to disruption and deliver both consistent and personalized customer experiences (30 percent versus 11 percent).

Challenges ahead

To deliver on the promise of being drivers of business growth, marketers are looking to build up key capabilities. The survey, however, highlighted five potentially significant hurdles:

1. Customer experience limited by poor insights

Almost half (44 percent) of the companies surveyed focus their resources primarily on customer experience rather than on the product (the number was only slightly higher for B2C companies over B2B companies). That explains the almost 20-percentage-point surge in marketers who cite the delivery of personalized customer experiences as very important in responding to marketplace disruptions. However, only 13 percent of companies feel strongly that they have identified their customers' decision journeys and understand where to focus marketing, while nearly half cannot measure the critical stages of the consumer decision journey. Only 13 percent cited C-level and top leaders as being very effective in focusing on the key customer-journey metrics needed to drive the business. Without clarity about what matters to customers and the ability to articulate it as a strategy, businesses face significant challenges delivering growth.

2. Data-driven but not effective

Companies with a high Digital Quotient (DQ) use data to drive their decisions. The ability to make data-informed decisions was the top mover in terms of capabilities marketers deemed important, jumping nine percentage points from the previous year to 83 percent. But while 46 percent of survey respondents said they made marketing decisions based on data rather than on qualitative metrics, only 10 percent believed they were very effective at using insights into customer behaviors and feeding them back into the organization to improve performance.

3. Lack of focus

In our experience, trying out new ideas and creating test-and-learn programs are critical for companies to build needed capabilities. But the survey highlighted a potential issue in this effort. From building capabilities (97 percent) to finding new partners (90 percent), marketers are in danger of embracing a “let’s do it all” approach, which risks diffusing resources, creating coordination issues, and straining the organization. Having a clear focus on where the value is and how to address customer needs is the starting point for setting a clear investment agenda.

4. Overextended in the hunt for capabilities

The complexity of omnichannel customer experiences and the proliferation of technologies requires new capabilities, and marketers are on the hunt for them. The importance of building up current capabilities as well as the development of new processes saw the largest increases in responses over last year, recording jumps of twelve and nine percentage points, respectively.

But marketers are clearly looking outside for help. While actively investing in new technologies and hiring new talent are the leading strategies, actively investing in new partners or acquiring companies jumped 8 percent over the previous year as a way to bolster capabilities. Companies will also be increasingly relying on agencies to bear the load. B2C companies are increasing their reliance on agencies to help with marketing-effectiveness analytics, mobile, and content development and management, though the biggest change from the previous year is a reliance on agencies for brand strategy and go-to-market strategy. B2B companies are also looking to agencies for support, but in content development and management and, especially, with customer insights and data management. Marketers are already often overstretched in managing their current agencies, and the increased reliance on agencies is likely to create significant management complexity.

5. Slow pace

Speed is increasingly the coin of the business realm. Top-performing companies have flexible organizational models and agile ways of working to get things done quickly. Despite the move to more networked marketing organizations, almost 60 percent of initiatives take at least six months to make it to market. On average, it takes a little more than eight months for an idea to see the light of day. That slow pace makes it difficult for companies to test ideas and react quickly. That’s just too slow for today’s business environment.

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Marketers are clearly ready to make the leap to playing a greater role as drivers of business growth. Success, however, will depend on how well they can make the necessary operational and technology changes and work with other functions in the business.

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