

A white car is driving on a paved road that curves to the right. The car's side mirror is visible in the foreground, reflecting part of the car's body. The road is flanked by a green field and a line of trees. In the distance, another car is visible on the road. The sky is blue with some white clouds.

McKinsey&Company

Marketing disruption: Five blind spots on the road to marketing's potential

David Edelman and Jason Heller

13%

Marketers who are taking action to address disruptions and achieving measurable impact

81%

Marketers who say that need for content and new customer experiences is top disruption

84%

Marketers who do not have a formal content strategy or underlying production and distribution processes

96%

Marketers who say the ability to make data-informed decisions is the most important capability to respond to disruptions

24%

Companies that are not using data to make decisions

89%

Marketers who say training and skills development play an important role in the response to disruptions

35%

Marketers who are investing in new models for employee/worker management



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Defining the disruption:
Any profound change in
the business landscape
that forces marketing
organizations to
undergo significant
transformations,
as opposed to
incremental changes.

"Disruption" has become a blanket term to encapsulate the massive changes affecting businesses. But the term's overuse and broadness have obscured what really matters to marketing. Often missing in the debate is a clear-eyed look at the causes of disruption to help marketers make better decisions regarding what to do about them.

The quest to provide more clarity into disruptions was the catalyst for a new ANA (Association of National Advertisers) survey "Marketing's Moment: Leading the Disruption" of 374 client-side marketers.¹ What came through loud and clear is that marketing leaders are deeply concerned with the "three C's of disruption": content (cited by 81% of respondents as a disruption), complexity (80%), and connected and empowered consumers (74%). Underlying those concerns is the pace of technology (77%).

In response, marketers are already on the move. Some 77% agree that within the next three years they need to have clearly defined customer journeys to understand where they need to focus their marketing programs, although only 50% have these capabilities today. And while two-thirds understand the marketing disruptions they are dealing with and are, at the very least, building that understanding into their strategy, only 13% have reached a point where they're taking action and achieving measurable impact.

The underlying issue is that most marketers continue to labor within frameworks that inhibit true transformation. In our experience, systems, processes, budgets, and metrics are still designed largely around mass campaigns and promotions, the decidedly old-school methods of broadcasting to customers. More broadly, the functions outside marketing's control, from finance to the contact center, are similarly locked into models built to manage and measure products and services, not to align with current customer dynamics. As a result, marketers' aspirations far outstrip their operations.

Addressing this deeper challenge requires a new disruption, to the marketing organization itself. The solution isn't sexy. Real change requires digging into the more mundane but fundamental necessities of operations, processes, and organization.

¹ This is an independent McKinsey & Company fact-based analysis of the ANA (Association of National Advertisers) survey "Marketing's Moment: Leading the Disruption" and incorporates insights from McKinsey's marketing & sales practice. The survey was conducted online between August–September, 2014. The 374 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. Surveys were completed using IPSOS OTX's online survey tool. 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 comparisons.

While the path is clear to many marketers, barriers remain. The survey uncovered five blind spots that threaten to derail marketing's transformation.

1. A fractured customer experience

Continuously evolving customer expectations are a major disruptive force, but marketing is still limited in its ability to shape the entire experience. Marketers are most active in collecting insights that provide competitive advantage (86%) and helping to shape business strategy (82%). But their role continues to lag in critical areas: CRM and loyalty (66%), customer support (66%), and managing the entire customer decision journey (67%). This lack of responsibility—and accountability—for the entire customer journey will continue to inhibit marketers' efforts to develop seamless and consistent experiences across all touchpoints. Even within marketing, silos inhibit coordination, resulting in less-than-ideal customer experiences.

2. Content primacy without strategy and operations

Brands are confronting a seemingly insatiable demand for fresh “content”—everything a customer sees when interacting with a brand across every channel. Gone are the days of relying primarily on advertising as the method of engaging consumers. Content has its own complexity.

There's a mad scramble for content talent. The percentage of companies with formal content-strategy roles has risen from 35% in 2013 to 71% this year and will increase to 84% by next year.

What's astonishing, however, is that 84% of marketers do not have a formal content strategy or underlying production and distribution processes. While marketers have been increasing investment in content creation and distribution, the lack of true “content supply-chain management”—involving the agencies, production houses, functions, and media companies that create and distribute a brand's content across all channels—will undermine efforts to positively shape the customer experience.

3. Disconnects between leadership and the front lines

While marketers overwhelmingly agree on the importance of test-and-learn methods as a response to disruptive forces, they aren't putting in place the agile processes to make experimentation a core competency. Despite the rapidly changing landscape, 43% of marketing leaders believe they are not empowered or encouraged to experiment and innovate. Even worse is the significant disconnect between senior management and the front lines: While 70% of CMOs say they employ agile marketing processes to analyze and iterate marketing plans and tactics as frequently as needed, just 45% of marketing VPs and directors and 50% of managers agree.

For one survey respondent, marketing has faltered by “not making ‘disruptive’ a conscious part of our integrated planning process.” That needs to change.

4. Hiring talent – but not managing it

Bringing on new talent is one of the most important strategies for dealing with disruptions (91%), essentially as important as investing in new technology. Marketers continue to add new roles for digital transformation (77% plan to do so by next year, up from 43% last year), customer

experience (67% from 41%), marketing operations (74% from 56%), and, as noted earlier, content management.

Nearly nine in 10 respondents (89%) say training and skills development play an important role in the response to disruptions, underscoring the need to upgrade the skills of existing marketers while ensuring that newly hired talent continues to develop as the disruptions continue.

But are companies doing enough to nurture and accommodate dramatically changing skill sets, not just within marketing but across the entire organization? Just 61% said executive education programs were important for responding to disruptions, well behind those who cited investments in new technology (94%), new marketing models (93%), and several other priorities.² And only 35% are investing in new models for employee/worker management. Nearly half (48%), however, plan to invest in new management models over the next three years, an encouraging sign.

5. Decisions without data

There's a gap between those who acknowledge the disruptions caused by the complexity and fragmentation of marketing (80%) and those who are increasing investment in response to this disruption (67%). Most marketers acknowledge that data and analytics are the key to addressing a more complex landscape; 96% said the ability to make data-informed decisions is their most-needed capability to respond effectively to disruptions. However, about a quarter of companies are not using data to make decisions, and almost half say they still don't have the right analytics in place to measure the effectiveness of marketing investments. These companies risk falling behind as their more data-driven competitors improve the pace and quality of decision-making.

How marketing can get ahead of the disruptions

We're no longer on the cusp of massive change; we're right in the middle of it. While just 16% of the marketing leaders in our survey said their organizations currently have networked models (cross-functional teams that collaborate more closely), almost 63% aspire to be networked within the next three years. That's a staggering 280% increase and a reflection of the scale of change that is happening. The leaders of the new marketing organization must become masters of operations, challenging themselves to unlock the blockages that impede them from aligning around customer journeys instead of products. Marketing has the best view of customer engagement to drive the enterprise forward, orchestrating resources, defining processes and governance, and building the needed analytics and content supply-chain capabilities. It is not a small task, but it is the "all-in" mobilization that will enable marketers to ride the wave of disruption rather than be swept away by it.

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² Hiring new talent, developing new processes, building current capabilities, evolving the culture, finding new partners, and reorganizing marketing also ranked ahead of executive education.

