

A report on the future of marketing

Aims of the Study

This study was billed as an audit of the marketing profession. You may be asking what does that mean? Well, we wanted to find out how the profession thinks it is doing, where it is headed and how well equipped marketers believe they are for the future.

From this we aimed to identify some key themes for debate at the marketing forum and to provoke discussion of some issues that marketing teams should be grappling with.

Methodology

This builds on the study conducted by DIFFERENTIATE for the marketing forum in 1997. In this research we explored how the marketing function is viewed by the other functions in the business.

The 1998 study has a different emphasis and focuses on the views of marketing professionals but does go a little broader and has 4 components:

1. Data published by the EIU on the expectations of CEO's
2. A questionnaire sent to 550 marketing directors. 262 were received in reply
3. Academic research published on marketing department behaviour and the impact on market orientation
4. Think tanks, interviews and questionnaires conducted with 60 HR directors at the HR forum in May 1998

Executive Summary

The research reveals a self-confident profession with high self-esteem. This is striking, since it conflicts with concerns expressed by marketing directors in previous marketing forum research. In these studies marketers have said they are worried about the future of the profession and want to re examine where it is going.

Also both the HR study in May 1998 and the DIFFERENTIATE 1997 study suggests that some of this self confidence may be misplaced and that the concerns about the future direction of the profession may be valid. The views of the other functions are different from those held by marketing teams. It is clear marketing teams have some way to go to convince them that marketing is as effective as it could be.

% respondents from each function who rate their marketing team's effectiveness as



Source: DIFFERENTIATE 97 research 370 respondents

Why does this disparity exist between the high regard in which marketers hold themselves and the views of the other functions? A cynical explanation for this disparity would be that marketing people are arrogant and think that they are better than they are. However, if we examine the strengths of marketers as seen by themselves, we find they have it right. These are echoed by the views of peers in other functions. Perhaps marketing's failure is to not recognise the weaknesses.

Strengths	Weaknesses
Bright Ambitious Challenge the status quo Creative	Do not engage the entire business Weak measurement tools Weak people skills Short tenure in one company
Opportunities	Threats
Exploit strengths - Be bold and creative Champion the cause of the customer Sell themselves Talk to the other functions Develop new measurement tools	Failure to compete with potential Finance/Operations domination Failure to harness IT Ignore the trends Does not change

Once we understand these differences and the specific nature of the strengths and weaknesses then a different and more compelling explanation is apparent. It is not that we do a lousy job as marketing teams, on the contrary, we have excellent technical skills, but often do not act as a team with the rest of the

business. This is driven by a number of factors that seem to be endemic to marketing teams in all sectors.

1. Lacking breadth - marketing people are conspicuously more loyal to their own professional development rather than broadening their career within the company. As marketers we often think that only a marketing guy or "one of us" is good enough. As a result it is most common to recruit from outside the company. (40-60% of positions are filled in this way).
2. Highly creative and analytical - marketing staff are employed for their creative and analytical abilities. It is hardly surprising that with these strengths we may have weaker people and team skills. The alarming fact is not that this is true but that marketing people frequently fail to recognise this. The ramifications of this extend not just to the development of marketing teams but to the impact and influence of marketing throughout the business.

The HR respondents pointed this out and criticised marketing teams for failing to engage the business in what they do. Marketing teams rarely seem to acknowledge this and we seem to compound the problem by not receiving or seeking much training in this area.

3. Marketers have strong competition - operations, sales and finance compete well for the attention of the business, their careers are built on people skills, they are skilled in internal politics, use measurements and IT facilities to demonstrate the effectiveness of what they do.

When we look at marketers as individuals our studies indicate a marketing community which recognises the need to possess a wider skills set if they are to fully integrate into the overall business objectives. The degree to which this is successful is dependent on two critical factors – the environment / culture of their organisation and the ability of the individual to appreciate and develop a broader set of skills. A critical implication is that the organisation needs to identify the skills it requires from marketing people and ensure they have the opportunity to develop them.

The technical marketing skills appear adequately catered for and the focal point for formal training activities. The need to develop interpersonal and communication skills are recognised but given less priority. Marketing teams need to listen to the demands and needs of their own environment, more often it is the individual which will need to adapt and can only bring about change by working in partnership rather than challenging the norm.

Generally we are happy with the role marketing plays within an organisation and content with the challenges we face and influence we possess. An area of concern is that the rest of the organisation is less satisfied. Equally almost 50% of respondents felt that other departments were reluctant to help and as individuals and teams we should be asking ourselves how can we change this?

Implications for the Organisation

The wider business context

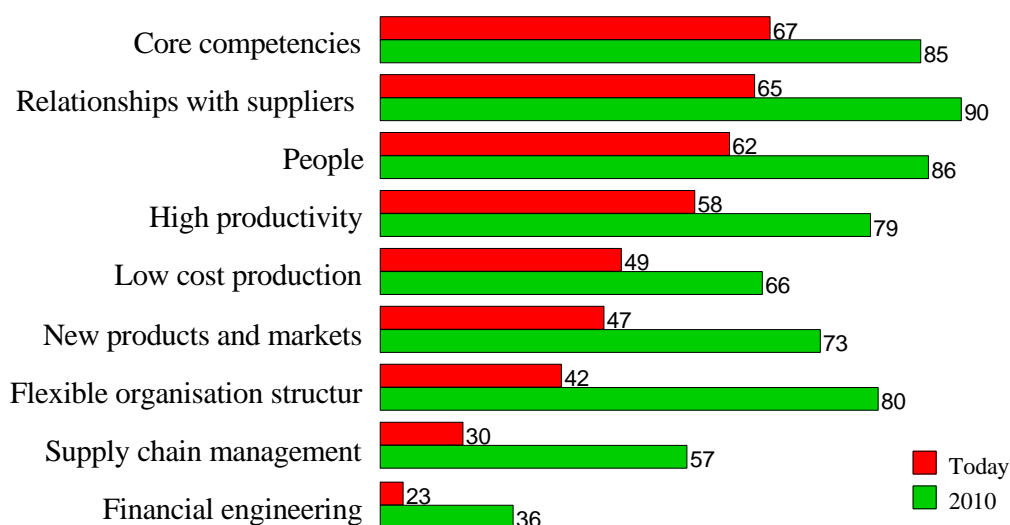
Prior to examining the results of the marketing and HR research studies it is useful to look at the wider business context. This brings into focus the need to develop people and relationship management skills alongside the technical expertise.

Recently the EIU published a report about how top business organisations would look by the year 2010. It is based on the views of 350 chief executives from across the globe. The CEO's identified how the impact of new global competition and the accelerating pace of change would demand that organisations be much more flexible than in the past and do things better than ever before. A key focus for management teams will be understanding and developing their core competencies. i.e. doing the things at which they can excel and doing them brilliantly.

The impact of this seems to be that businesses are moving away from the notion that to do it well we must do it all ourselves. Businesses recognise they must find out what they are good at and find other experts to help with the other stuff. As a result businesses will be more dependent on strategic alliances and outsourcing to deliver exceptional products and services (e.g. Virgin and Royal bank of Scotland for Virgin One bank account). We seem to be moving from a time in the past when to be excellent the organisation did it all in house and executives needed to be technically excellent to a period in the future where managers must know where to get the skills and how to manage the relationships.

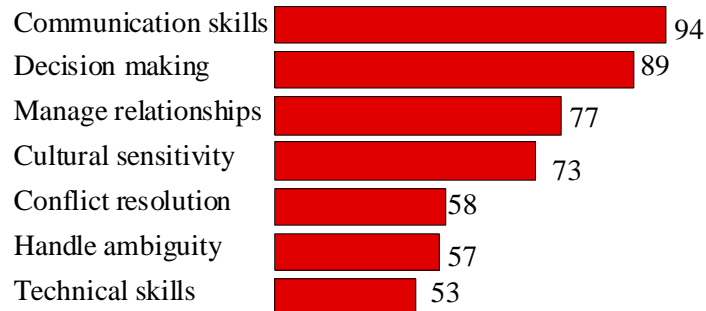
The CEO's stated that in this situation, the forces which drive competitive advantage will not be the traditional levers of product and service quality and reducing costs, but the ability to be excellent at something (core competencies), manage relationships and being flexible. The chart below highlights their view that this will accelerate in the future.

% CEO's who believe competitive advantage comes from



This has a significant impact on the skills sets demanded for successful executives. Communication, decision taking and managing relationships top the list. CEO's seem to be much less impressed with technical skills.

% who identify key management attributes in the year 2010



Source EIU

Judging by the findings of this survey, marketers are primarily focused on developing their technical expertise and have much to learn in the people arena. If we accept the views of these CEO's this seems like the wrong thing to be doing. It is likely to lessen marketing's influence and effectiveness over the next 10 years.

This would be an unfortunate outcome. As the champion of the customer throughout the business and with a strong external focus, the marketing function needs to be leading the way in the design and structure of the strategic alliances and external relationships. If we do not seek to influence these we will not be determining the way our businesses deliver the service or product. If we do not do this then surely the marketing function risks being confined to the marketing communications role and not fulfilling the real marketing task. i.e. To identify customer needs and help the organisation to satisfy these in a profitable manner.

The marketing survey

The remainder of the report is structured around the findings of the DIFFERENTIATE 1998 marketing directors survey. The additional sources have been used to provide commentary on each of the sections. The % figures are the % of respondents who marked the attribute 5, 6 or 7 on a scale from 1 to 7.

For example if the scale was 1 = poor, 4 =OK and 7 =very good, then the % represents the total of scores 5= quite good, 6= good and 7= excellent.

The marketing function – its role and performance

A small majority (57%) of marketers is satisfied with their role but only 41% of marketers are satisfied with the recognition they receive. This lack of recognition is clearly a source of frustration. We explore this in more detail throughout this report.

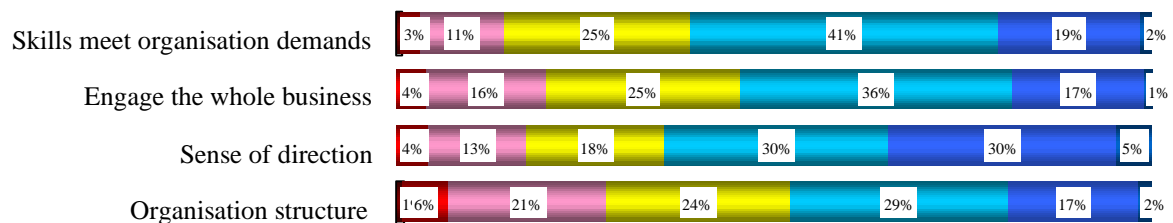
The HR directors feel that marketing teams could assert their role in a more effective manner and be clearer about what they are trying to achieve. Specifically they see the role of marketing as being to champion the cause of the

customer throughout the organisation and by doing that in an effective manner to help the business to find ways to satisfy those customer needs profitably.

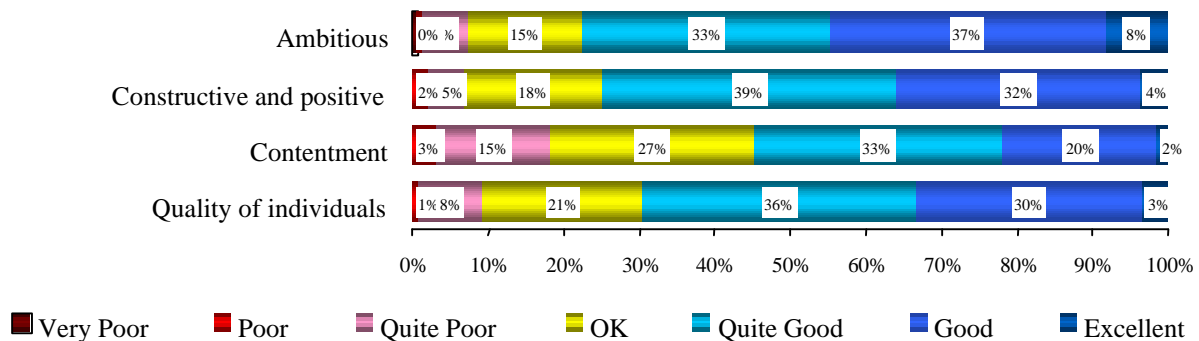
“Aligning the ground to meet customer needs” HR Think tank quote

When we examine marketing’s perception of its own performance as marketers, we are very self confident. 70% of the marketing teams see themselves as comprising high quality individuals but portrays themselves as frustrated with 45% expressing some lack of contentment. This frustration appears to revolve around the lack of enthusiasm of the rest of the business to marketing plans and proposals. This is partly attributed to organisation structure but is also down to communication skills. Only 48% of marketing teams feel their organisation structure is good at meeting the needs of the business and 54% of marketing teams feel that they are successful in engaging the business with their plans and ideas.

How satisfied are you with your team?



How satisfied are you with the individual



The HR function agreed with this assessment.

“They are the most intelligent and qualified in the business”

The HR directors raised the issue that there are really 2 different types of marketer. The first is the creative maverick who is always seeking to challenge the status quo and may ruffle a lot of feathers, the second is the business manager who seeks to influence and manage the business but seeks creativity from elsewhere in the team or from external agencies. It seems unlikely that both of these qualities would be found in one person. But it is clear that both attributes are needed for a marketing team to deliver an effective role in the business. The challenge for each marketing director is to figure out how to get the mix right.

Marketing managers are seen to be stronger at the creative and analytical stuff rather than the people and influencing skills. For example, HR were pleased with much of what marketing produces but pointed to a significant weakness in that

only 26% felt marketing teams do engage the rest of the business in their plans and many felt they could do this better.

“they sometimes make decisions in isolation, believing they know best about the brand”

“should be more communicative, less purist, more pragmatic and less egotistical”

The 1997 DIFFERENTIATE research also confirmed this. 78% of marketers rated themselves as good or excellent at working cross functionally whereas only 23% of their colleagues thought the same. The primary complaints were that marketing teams were not good enough at analysis and measurement (18%) and did not communicate with the rest of the business when developing or launching their plans (23%).

Marketing people see themselves as ambitious (78%), constructive (76%) and high quality (70%). When we asked the HR directors what the first words were that they thought of when thinking of marketing people they reinforced this image.

“bright..... creative ... arrogant ... young .. ambitious ... vibrant ... professional.”

So how do marketing teams seek, recruit and retain these bright sparks and get the balance right?

Recruitment and retention

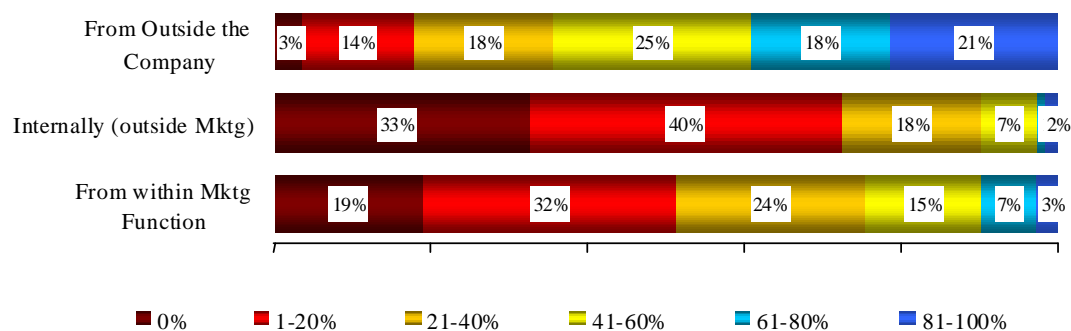
Marketers believe they are high quality individuals. It is the responsibility of line marketing managers and directors rather than HR (88% of respondents) to find these people. Again marketers are very self confident in this area and as a result 71% are happy to retain the responsibility. Once good people are in the team, respondents are confident they can retain their best marketing people (73%).

However finding them is not seen as easy. 79% of marketers and 62% of HR feel it is difficult to find and attract good marketers from outside the company

“Finding the right people is probably the most difficult thing”

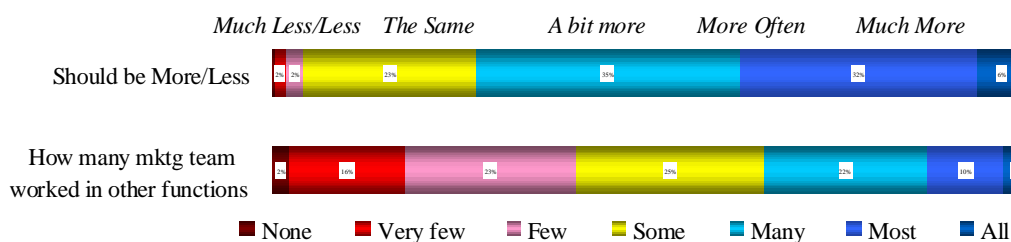
Marketing does not readily accept “incomers” from other functions. Movement between marketing and other functions is low 0 -10% of positions are filled in this way and only 35% of marketing teams practice this to any significant degree. As a result of not wanting to take people from outside the function into the marketing department, it seems people are forced to look outside the company to fill vacancies. This graph indicates 40-60% of positions are filled in this way.

% of recruits who come from



Also marketers do not often have experience in other functions. Nearly half the respondents said few members of their team had gained experience in sales, production, finance, HR etc. However as marketers we seem to have a nagging doubt that we should do more of this - 73% of marketers would like to do more of this.

How many have worked in other functions and should it be more/less ?



HR echoed this. 68% would like to see more cross-functional moves and recruitment from outside the function but within the company.

"A really desirable HR executive is one who has done a couple of years in a line role as well. Marketers should be the same. Very few marketers have done anything but marketing"

As a result marketers lack breadth. The perception of marketers as experts in their field but lacking business breadth is contributing to the view that marketing teams do not take account of the needs of the rest of the business when developing their plans.

"The only successful marketing teams are where people can look at the business as a whole"

The perception is that marketing people reinforce the benefits of retaining this narrow view of success by the way they judge themselves.

"That's what they judge themselves and each other on, how many product launches they have done or how many £5m or £10m campaigns or key contracts they have done and so on"

It seems clear that this lack of breadth may well be causing the perceptions identified in the DIFFERENTIATE research last year i.e. that marketers fail to justify their proposals and do not measure the results in an effective manner. Certainly the HR function strongly believes that marketers need to strengthen their credibility within the business and improve their communication skills.

However HR are relatively favourably disposed to marketing by comparison with finance. The HR comments are mild by comparison with those expressed by finance directors at the Finance Directors forum in July 1998. In the think tanks FD's were convinced that marketing people saw finance as the enemy. The lack of constructive relationship was most apparent in the FD's descriptions of marketing people. The words are self-explanatory

brash ... wide boys ... flash uncontrollable.... into freebies bored by numbers ... never in the office ..over enthusiastic

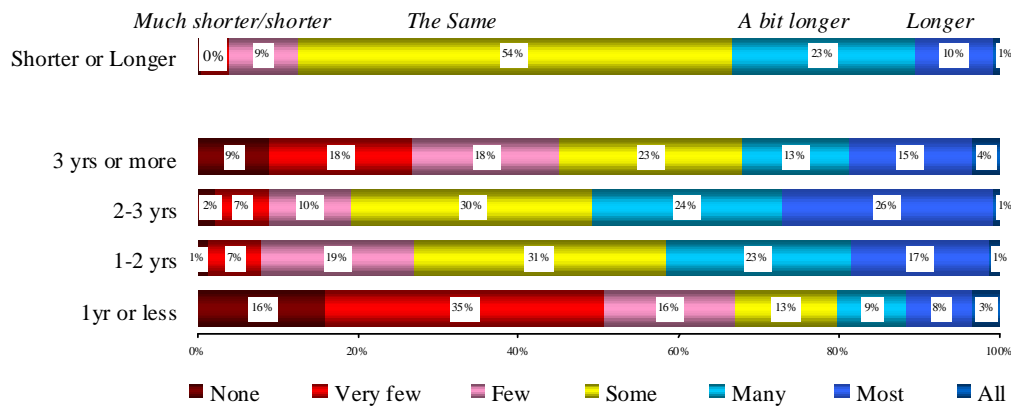
Despite all of this, finance directors strongly believe that marketing has an important role to play and that they would love to be seen as collaborators in the mission to develop the business rather than as the enemy or as policemen. This shows there is underlying good will and a desire to work as a team. Both HR and finance express this sentiment but there seems to be relatively little recognition amongst marketers.

If marketing teams can find a way to harness the good will that lies in the other functions and get them to believe that the marketing team does understand the issues the other functions face in implementing our plans then this will be much easier.

Whether marketing people do really understand the needs of the other functions is not clear from this work. However there is a perception that marketers are not interested. In order to correct this perception marketing people must be seen to demonstrate this understanding, this will require visible and bold initiatives. The simplest way must be to either take people from other functions into marketing or for us to gain experience elsewhere in the business.

Teams seem happy with staff turnover. The survey paints a picture of greater stability than is conjured up by the bar talk of staff changing jobs every 18 months. Marketers typically remain in a position for 2-3 years. There is some sentiment that it might be better if it were a bit longer but over half the sample felt that they have it about right.

Length of time Marketers spend in role & Is it right?



Both marketing and HR respondents feel some turnover is healthy both within the department and in and out of the company. This encourages fresh thinking but maintains some continuity of knowledge and experience. 61% felt they had it about right and 65% felt it was at a similar level to other functions. Staff turnover is usually less than 10%. Rarely are more than 20% of positions unfilled and usually it is less than 10%.

Where turnover exists the problems are the predictable ones. These primarily revolve around the cost of retraining, the pressure on others and the loss of market knowledge. However given that few people identified turnover as a problem, these issues do not seem to be particularly worrying. There is no mention of the much discussed hypothesis that marketing people are not in the role long enough to face the results of their programs and initiatives.

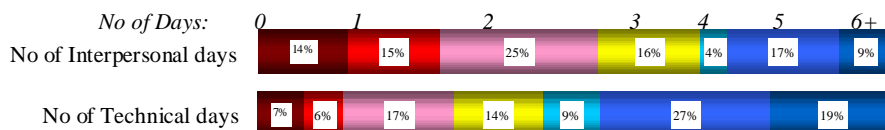
The concern appears to be not that marketing people are always trying to change things and moving on to the next job before the real impact is felt but that they do not understand or take account of the needs of the business. This weakens the credibility of their ideas and proposals.

Training and development

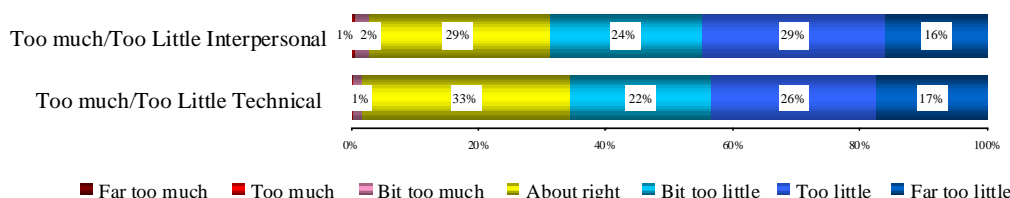
Given the need to focus on communicating with and engaging the attention of the rest of the business, the levels of training for marketing people seems to be worryingly low and targeted at the wrong place.

Levels of formal training seem very low especially in the area of interpersonal skills. Only 26% of respondents claim to have 5 days or more training in interpersonal skills and 69% of people think they receive too little in this area. Whereas 46% claim to receive 5 days or more technical skills training and 65% of respondents feel they do not get enough.

How much time is spent on training?



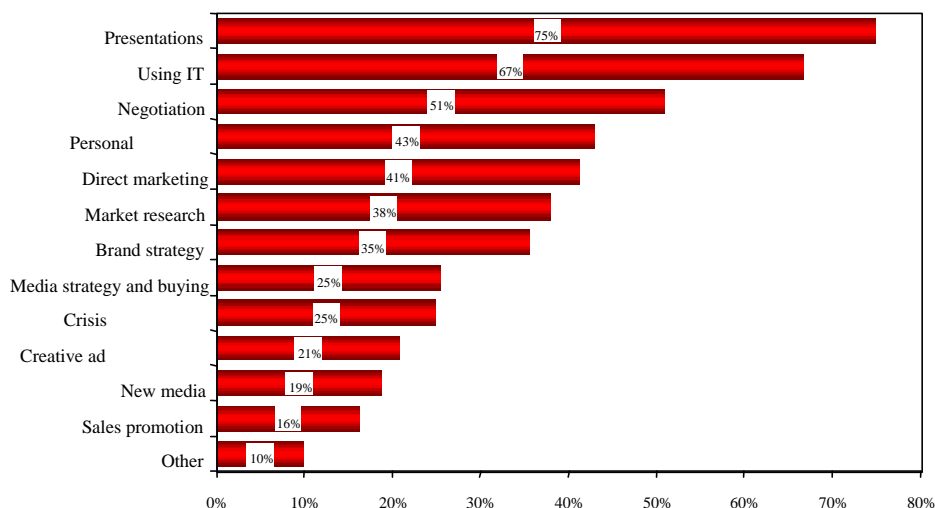
Is this enough time on training



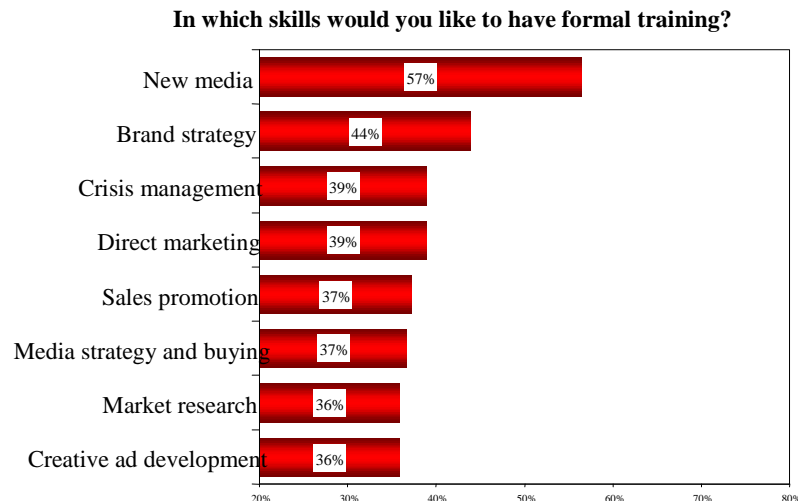
Surprisingly when we examined what sort of training marketers receive, there was most recall of interpersonal skills training. 75% of respondents reported interpersonal presentations, 54% negotiations and 47% personal influence as areas.

Technical skills' training is fragmented across a wide range of skills. Clearly different companies handle this in many different ways. The one common theme is that most people cover IT in some form but after that the mentions are much more diverse and cover a wide range of subjects. One of the most striking findings is that given the considerable sums of money spent on areas like advertising, direct marketing and promotion, there is little formal training in these skills.

Which Skills do you have Formal Training in?



When we asked about the training marketing teams would like, marketers are not asking for more formal training in either interpersonal skills or the big spend areas of media, advertising and promotion. However they would like to develop specific areas, particularly those in the "new" or "sexy" areas such as new media and brand strategy, while preferring to learn the core activities of advertising, direct marketing and promotion through on the job training.



That marketers want to develop more functional skills training is consistent with the observation that we are more focused on developing as a professional marketer rather than as a rounded businessperson. It is also linked to the fact that whilst as marketers we are frustrated at the lack of recognition, we only occasionally seem to recognise that this may be down to some communication failures on our part.

One of the issues that flows from this is how marketers can address the failure to engage the rest of the business if they do not seek new skills to do this. The HR function knows this is an issue and they want to increase the level of interpersonal skills training. 50% of HR directors wanted their marketing teams to do this.

“Our marketing people do not develop themselves. Yet we have identified as key competencies of senior management developing self and others”

“Marketing people are very activist and task orientated. They are not willing to spend time on personal development issues They recognise it intellectually but still do not find time to do it”

Communicating with non-marketing functions

Further to this theme of interdepartmental communications we have discovered another study done in the USA. This was operated to extremely exacting academic standards and there is not space to review the detail here. But we have profiled the findings since they seem to support the themes developed through this report

This study was done by Elliot Maltz of the University of Southern California and was conducted amongst 788 managers from manufacturing, R&D and finance functions in 265 high tech companies. It was designed to examine the relationship between the frequency and quality of contacts made by marketers with their non-marketing colleagues, the impact on the credibility of the marketing function and the subsequent market orientation of the business.

This study strongly suggests that marketers who interact with their non-marketing colleagues less than 10 times a week tend to have their work undervalued by other departments. The reason appears to be that with fewer

than 10 contacts per week the marketer has not been in communication enough to learn what information others need in the company nor how and when it should be presented.

But, it is possible to overdo it, the increased value associated with increased frequency of communications tends to tail off at 25 contacts per week. Maltz found cases where non-marketing managers often receive a flood of information, daily sales reports, weekly promotion plans, and so on. They can hardly be expected to review all the data much less think about it deeply or resolve inconsistencies.

They also found it is important to establish the right mix of formal (presentations and meetings and reports) and informal (e-mail, coffee machine chat etc.) communications. 50-50 seemed a good split.

Conclusions

The marketing profession is optimistic about its future. The rest of the business wants it to succeed. The role of marketing is to champion the cause of the customer throughout the business and ensure the business meets the needs of the customer in a profitable manner. In many ways marketers are well equipped to do this. They have the respect of the business for their creativity, intelligence, technical skills, energy and drive.

BUT

Marketing teams must develop new skills and operate in some different ways if they are to deliver this role in an effective manner. We still have some way to go to convince the business we are as effective as we might be. It is essential that marketing earns the respect of the business so that the whole business becomes market led. The key to this would seem to lie in new communication skills and having robust tools for identifying opportunities, analysis and measurement. Without this the creative brilliance and smart analysis will lose its impact.