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BUILDING THE MARKETING ORGANIZATION OF THE FUTURE

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01 Key Findings

WHERE ARE WE ON THE ROAD TO THE FUTURE?

Never have so many talked so much about a topic so little quantified as the marketing organization of the future. There are many airy proclamations of big, vague changes lying ahead as marketing organizations evolve to deal with developing trends such as the increase of programmatic buying, the growth of native advertising, and the rise of consumer adoption of mobile devices and content. As one senior marketing executive we talked to noted, “If you look at what a CMO was doing four or five years ago, you look at what they’re doing today, and you think about what they need to be doing in the future, it’s pretty obvious that their roles are evolving to a greater degree than anywhere else in the enterprise.”

But to date, few actual details have emerged of how (or even if, for that matter) brands are actually evolving the focus and structure of their marketing organizations in the face of these trends. Until now. Building the Marketing Organization of the Future surveyed over 240 brands in the U.S. about the current structure and focus of their respective marketing organizations, as well as their sense of what the future holds. Here's what they told us:

What We Discovered



01

The majority of marketing organizations we surveyed seem well placed to adapt to the evolving demands put on them by the enterprise.



02

Overall, these findings seem to indicate that the vast majority of marketing organizations are well balanced between deeply knowledgeable, well-tenured managers and eager-to-learn tacticians.



03

Nearly half (42%) of marketers work for an organization “in flux,” presenting a classic glass half-full or half-empty dilemma: Although it is encouraging that such a large percentage of organizations are trying to evolve their focus to be more effective, it is less encouraging that so many organizations are still in the midst of this process.



04

Only 25% of marketers surveyed claim to have a role in driving the overall strategic direction of their company.



05

Creating successful cross-functional teams is widely viewed by marketers as the best organizational paradigm for today's brands, but this paradigm is difficult to implement effectively.



06

By a wide majority, our respondents viewed consumer (85%) and data centrality (66%) and “digital first” (57%) as the defining characteristics of a great marketing organization.



07

As brands evolve their own internal capabilities, how they work with agencies and other vendors is set to evolve as well.

02

Methodology

SURVEY SAYS...

To help expose a detailed picture of this complex target audience, we conducted an extensive online survey for three weeks in February and March of 2016. A diverse group of 246 digital marketers at Fortune 500 brands completed the survey, which was supplemented by several in-depth, one-on-one conversations to help give color to the broad-based trends we saw in our quantitative data.

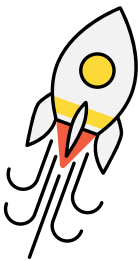
Overall, our survey base represented a diverse set of industries, from retail and food and beverages to real estate and utilities, with the goal of soliciting responses from the widest range of marketing organizations across a diverse set of product types.

The sample has significant representation among both tactical practitioners and senior executives (as grouped based on job title). Of those 246, 56 were senior (VP level or above); 190 were tactical (director, manager, or other). This characteristic is important to a major line of questioning in the survey.



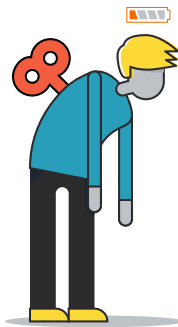
By the Numbers (If Marketers Were People):

01



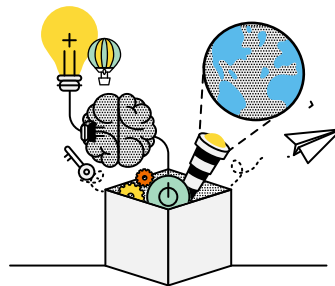
1 IN 4
HAVE A ROLE IN
DRIVING THE OVERALL
STRATEGIC DIRECTION

02



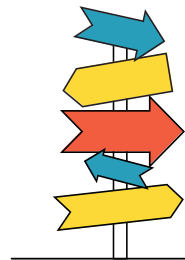
1 IN 10
WORK FOR STODGY
ORGANIZATIONS

03



1 IN 10
WORK FOR INNOVATIVE
ORGANIZATIONS

04



4 IN 10
WORK FOR IN FLUX
ORGANIZATIONS

05



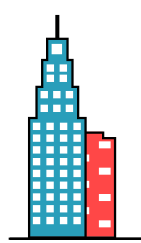
8 IN 10
SEE THEIR DIGITAL
BUDGET INCREASING IN
2017

06



4 IN 10
HAVE INCREASED THEIR
STAFFING LEVELS OVER
THE PAST TWO YEARS

07



2 IN 10
HAVE DECREASED THEIR
STAFFING LEVELS OVER
THE PAST TWO YEARS

03

Current State

THUNDERCATS ARE GO!



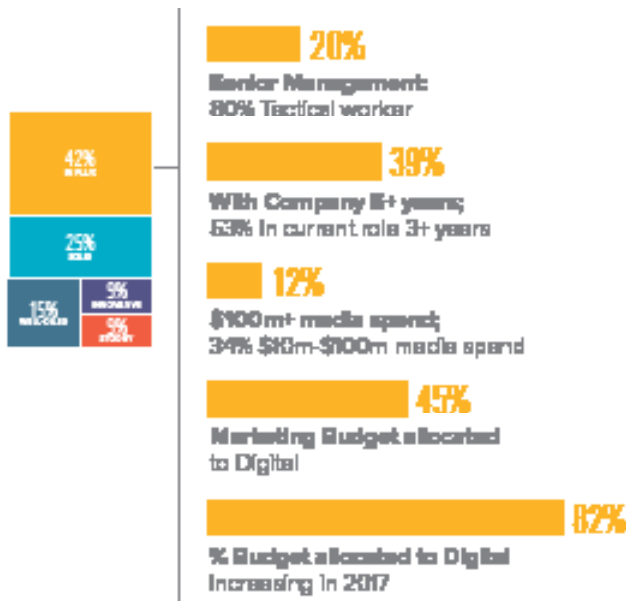
Our first question asked respondents to characterize their organization as a whole. In general, the response we got from our participants was encouraging, especially in terms of the key factors of spend and staffing.

The Five Organizational Archetypes: Innovators Need Apply.



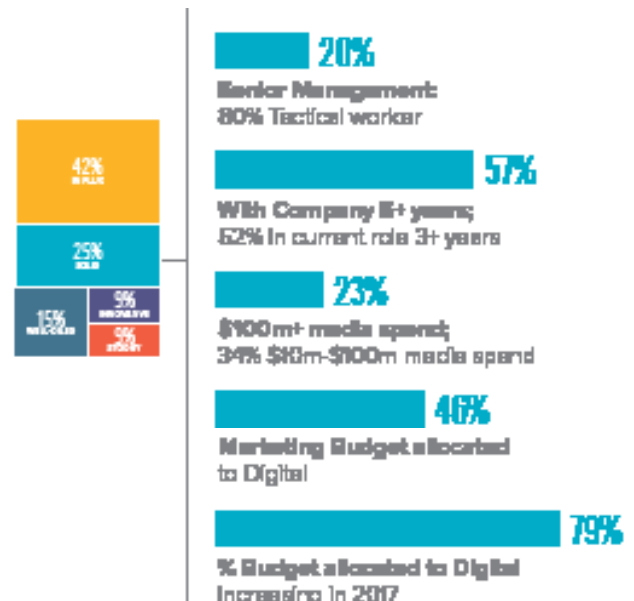
42% In Flux

We're in the process of shifting our focus in a more effective manner. A whopping 42% of all respondents fell into this category.



25% Solid

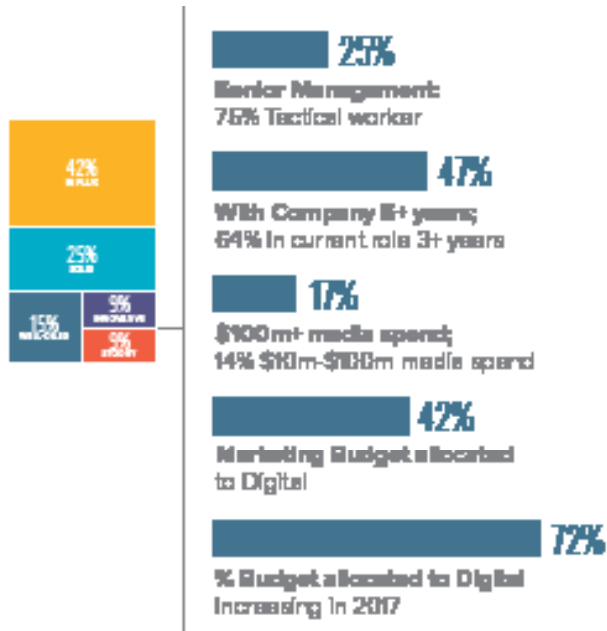
We're not the most innovative organization out there, but we're on or slightly above par with our key competitors; 25% of all respondents fell into this category.





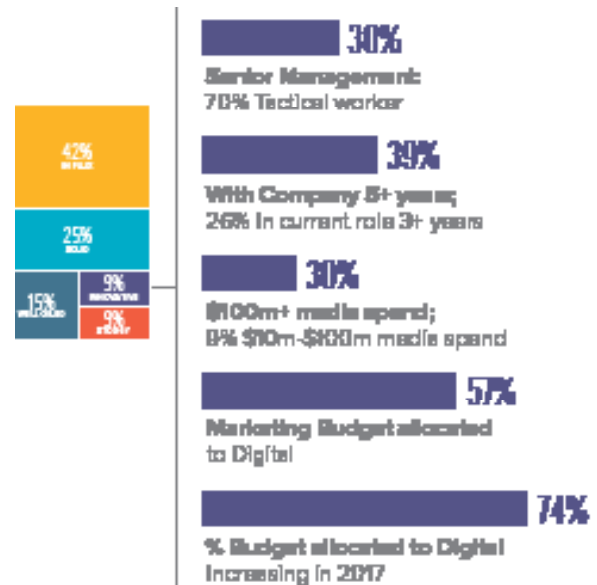
15% Well-Oiled

We're a very results-based, campaign-driven organization that excels at digital—15% of all respondents fell into this category.



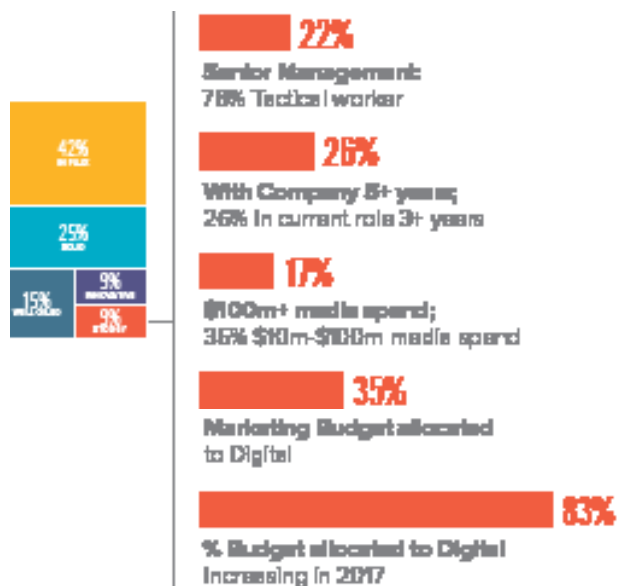
9% Innovative

We live on the bleeding edge and are consistently evolving to incorporate the best tools and structures for our organization to drive success. Only 9% of all respondents fell into this category.



9% Stodgy

We're a very traditional marketing organization that is still not as savvy at digital as we should be—9% of all respondents fell into this category.



That so many marketers work for an In Flux organization (42%) is a classic glass half-full or half-empty scenario:

It is encouraging that such a large percentage of organizations is trying to evolve their focus to be more effective, but it is less encouraging that so many organizations are still at some point in the process. A significant chunk of the market (25%) claims to be doing a solid, if not spectacular, job. Most alarming, especially relative to the topic of building the marketing organization of the future, is the small percentage of respondents (9%) who marked themselves as innovative. Time will tell whether this number will be filled out by In Flux organizations that can find their footing or by the fat middle of solid performers who reach a bit further, but an aggressively innovative approach to marketing is viewed as crucial to evolving marketing organizations effectively.

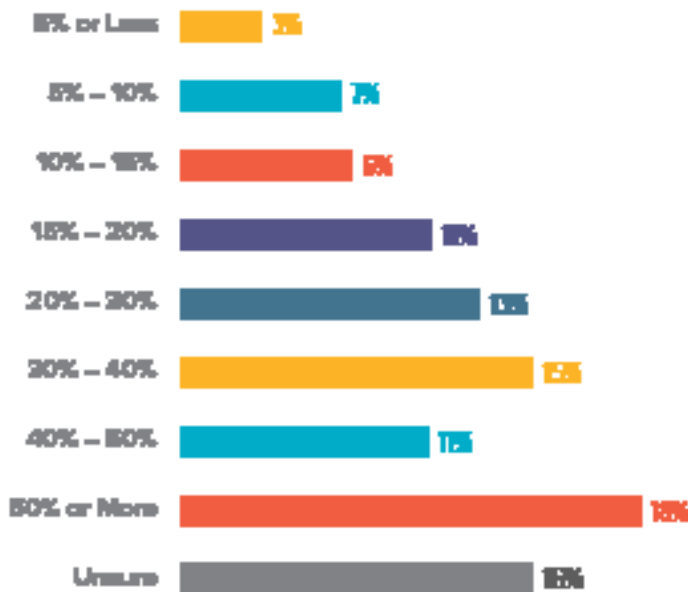


04

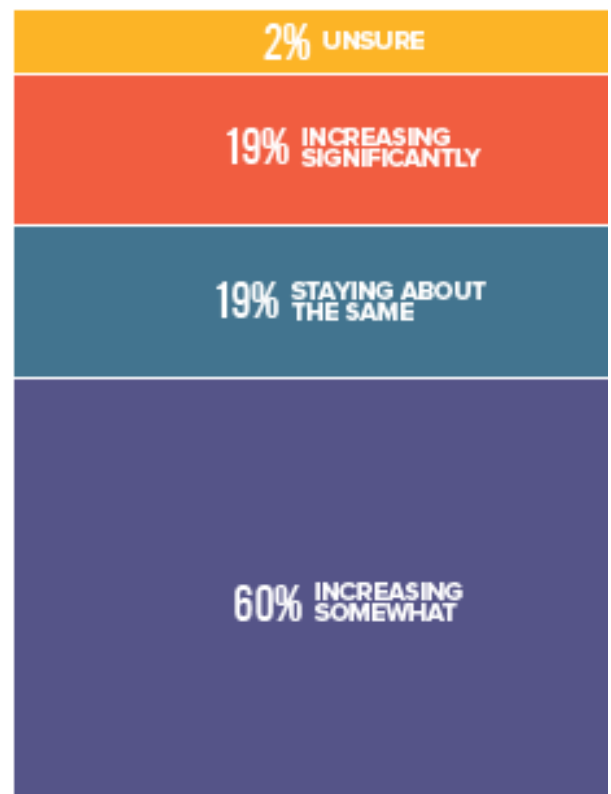
Investment

PUTTING OUR MONEY WHERE OUR MOUTH IS

We wanted to see how committed our respondents were to digital advertising, the preeminent force driving changes in the role and structure of marketing organizations today. Viewing this commitment to digital as a proxy of receptivity toward building forward-looking organizations, here is what we found:



Overall, 44% of brands surveyed allocate at least 30% of their budget to digital; 18% allocate over 50%.



A whopping 79% see their digital budget increasing in 2017; one in five expects that increase to be significant.

Laurent Faracci



"Gone are the days in which you had marketing taking care of the upper funnel and sales taking care of the lower funnel of the consumer pathways."

– Laurent Faracci, Senior Vice President - Global Marketing and Digital Excellence RB



05

Change Doesn't Happen By Chance

INTERVIEW WITH LAURENT FARACCI, SENIOR VICE PRESIDENT OF GLOBAL MARKETING AND DIGITAL EXCELLENCE AT RB

Innovation Builds Purpose for Lead Brands

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The way you innovate is a huge part of building your brand, and exemplifies why your brand exists in the world. Brand building is not just about communication and doing brand campaigns to explain who you are—it's in the acts and in the innovative solutions you deliver every day to your consumers that you define who you are, what your purpose is, and how focused on that you actually are. How innovative you are in the way you engage with consumers is also becoming a key building block to your innovation strategy. At RB we strive to deliver innovative solutions for healthier lives and happier homes. This is who we are, this is what we do, this is why we do what we do.

Consumers Drive Change

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Clearly, consumers in their daily life have often moved much faster than the industry in terms of adopting technologies, especially digital and mobile technology. In fact, in many ways, consumers are far more advanced in their usage of technology and mobile devices than we are as professionals. But, as marketers, we are making great strides in catching up! We've expanded our purview and are now looking at a very diverse set of activities across touch points to generate a much more holistic and sophisticated way of engaging with consumers. That most accurately reflects the way consumers have evolved in the way they engage with brands.

CLEARLY, CONSUMERS IN THEIR DAILY LIFE HAVE OFTEN MOVED MUCH FASTER THAN THE INDUSTRY IN TERMS OF ADOPTING TECHNOLOGIES, ESPECIALLY DIGITAL AND MOBILE TECHNOLOGY.

Big Data and Omnichannel Drive Change, Too:

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To achieve outperformance, some of the biggest changes we see are related to two factors: the rise of big data and analytics and the growth of Omnichannel as a way to deliver the business. Obviously, Omnichannel is linked to the digital transformation of our business overall. Essentially, we are transforming from a marketing department that was squarely related to branding, innovation, and communication to a marketing department that actually plays on a number of more direct levels of value creation and revenue generation but still keeping the consumer at the core.

The Rise of Content:

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Content generation has always been part of marketing's remit. Now, if you're looking at content from a . . . broadcast and traditional media standpoint, your role is to actually craft a few pieces of content that will be so perfect, so crafted, so impactful, that a lot of the work is going to be about crafting those very distinct pieces of content. When you're into a publishing strategy, when you're into working with online commerce areas and you need to issue 300 pieces of content per year or more, the craft and the approach are very, very different. You need to think about how you do that. It also changes budget management and resource allocation—obviously, if you have to do 300 pieces of content, they cannot be at the same unit cost as the one or the five that you had to do before, so then what does it change? Do you compromise on quality or go for native content? How do you get there by changing the paradigm?

Blurring Organizational Lines:

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Obviously, these changes in consumer behavior have impacted organizational structures as well. Just as a simple example, is e-commerce a domain of sales or is it a domain of marketing? Neither or both, but, clearly, if you don't have the right search strategy, if you don't have the right content strategy, or if you don't have the right acquisition and conversion and basket-building strategy and retention strategy, you cannot do a good job at e-commerce. Gone are the days in which you had marketing taking care of the upper funnel and sales taking care of the lower funnel of the consumer pathways. Consumer pathways have changed. There's not a sales funnel anymore, and marketing needs to look at end-to-end from a digital standpoint to a greater degree than anywhere else in the enterprise. That changes the capabilities as well as the role of marketing in the enterprise significantly.

THERE'S NOT A SALES FUNNEL ANYMORE, AND MARKETING NEEDS TO LOOK AT END-TO-END FROM A DIGITAL STANDPOINT TO A GREATER DEGREE THAN ANYWHERE ELSE IN THE ENTERPRISE.

Collaboration Is the New Normal:

Most large CPG companies have been a global and matrixed organization for years and have found this model to be effective. Today, collaboration is the new normal. Silo elimination is the holy grail. You absolutely must get multifunctional teams working together in a nonhierarchical manner but with a very clear view of tasks at hands and responsibilities. Again, if you want to sell online, you have to understand that, obviously, it's not only about marketing and sales, but about cost of acquisition, cost of conversion, and those notions, those KPIs are much more multifunctional and multi-departmental. Is it sales when you do a search on Amazon? Is it marketing when you do traffic building for your direct-to-consumer website? At the end of the day, it should just be about a team working together toward a set of clear objectives while people understand who leads, who contributes, and who will actually implement and execute.

Staffing:

All the trends we are talking about add up to new responsibilities with new capabilities being required in the organizations. Because the marketing teams are doing so much more these days, the immediate reaction is to increase staffing levels. While understandable, this is an overly simplistic approach. In many ways, the new remits of marketing are less about "I need a new body to do x" than about redefining priorities, finding new systems and tools to foster productivity, eliminate admin tasks, but above all growing your teams' core competencies. This is an exciting journey and the most rewarding task for a leader today to be an agent of change, to develop your team to the next practices, foster their creativity, and set them up for success. The big idea is to create the conditions for them to dare to think big, to try new, fail fast often to win bigger and learn more in the long run.



06

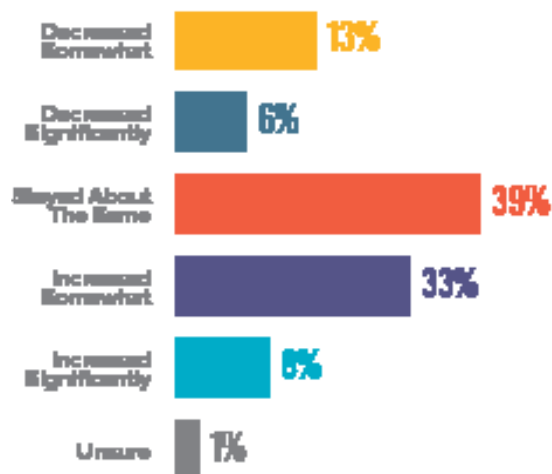
All About the Head Count

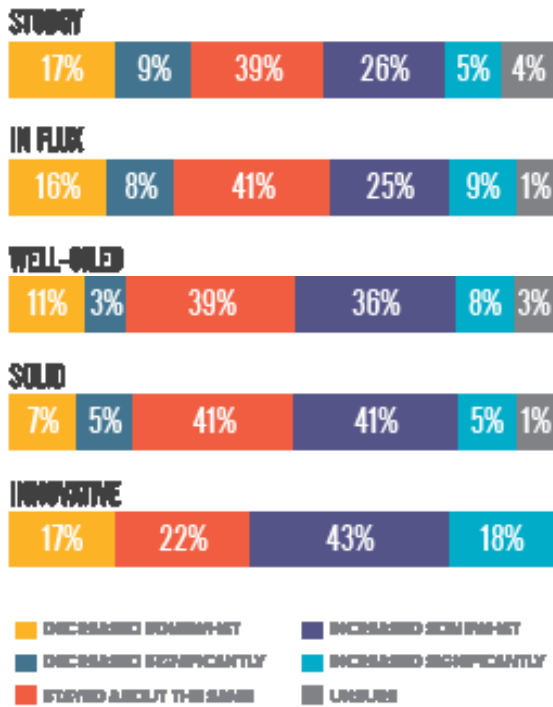
AS MARKETING ORGANIZATIONS GROW.



Many marketers have bemoaned the fact that as marketing's mission has grown, staffing has lagged behind more than a bit. However, our research seems to indicate that most marketing organizations have managed to keep abreast of increasing remits in terms of their staff:

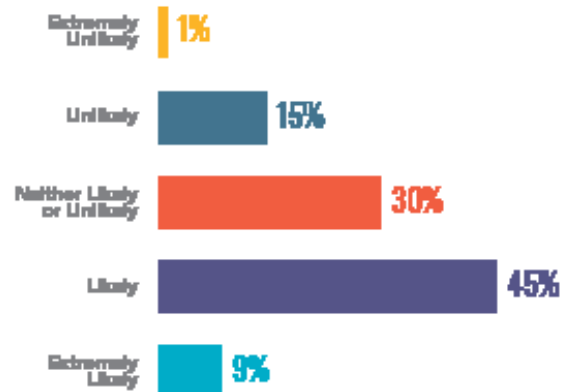
Overall, 41% of respondents have increased their staffing levels over the past two years, whereas only 19% have decreased.



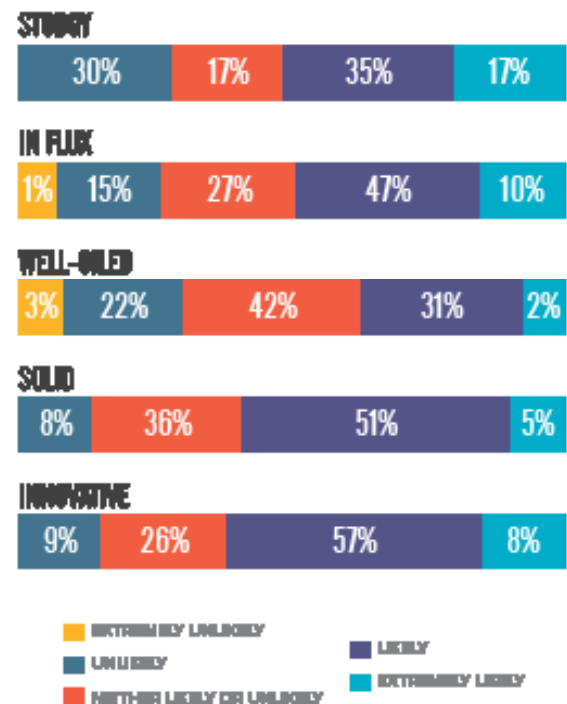


Not surprisingly, different types of organizations show different tendencies in staffing: Innovators have increased staffing at an accelerated pace over the past 24 months, with 61% reporting additions during that time period. In Flux or Stodgy organizations, in contrast, are much more likely to have decreased or stayed the same with regard to staffing levels.

Overall, 54% of respondents said they are at least likely to change current staffing levels over the next two years, with only one in seven viewing this as being extremely unlikely.



The Well-Oiled group is more likely to stay at current staffing levels in the near future than any other group, which is not surprising in light of its moniker.



07

The Balance Between Strategy and Tactics

DISPELLING SOME MYTHS

Many organizations share a concern that there may be significant gaps in knowledge and priorities between the most senior echelons of the enterprise and its more tactical practitioners. To better understand this potential gap, we asked our respondents a series of questions about their tenure in the industry and their own experience with digital marketing. Interestingly, what emerged was a fairly consistent division between tactical practitioners and senior executives:

Senior executives outpace their tactical brethren by a wide margin in the key measures of tenure with their current employer as well as time in their current role. Over half (58%) of senior managers have been with their current employer for five or more years, with a full 30% having over a decade of work under their belts. This compares with 66% of tactical practitioners having four years or less of time working for their current employers.



When looking at time in their current role, a similar split was revealed: Over 50% of respondents overall have been in their role for one to four years; for senior management, 37% have been in their role for five or more years.

YEARS IN CURRENT ROLE: OVERALL



YEARS IN CURRENT ROLE: SENIOR MANAGEMENT

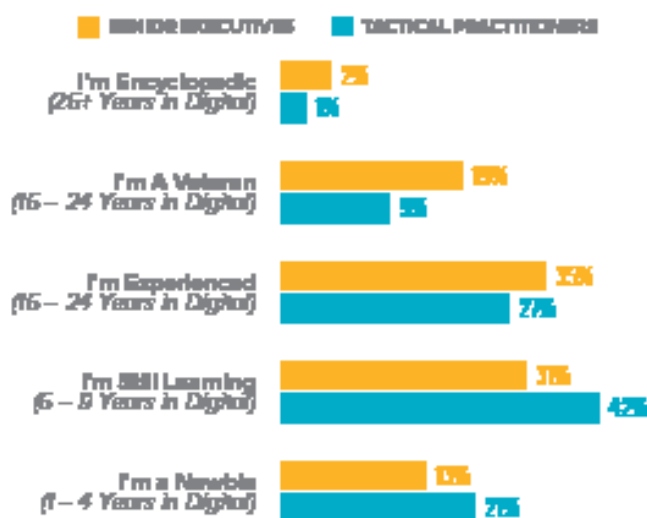


YEARS IN CURRENT ROLE: TACTICAL



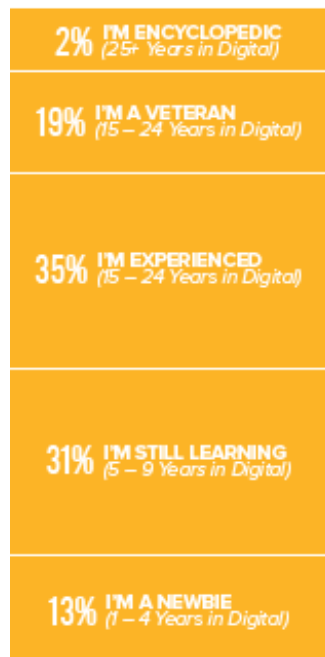
Overall Digital Experience.

In addition to company-based tenure we also wanted to look at overall experience with digital advertising. Overall, when asked to rank their own experience with digital marketing, we saw a major split between those with 10-plus years in digital (40%) and those “still learning.”

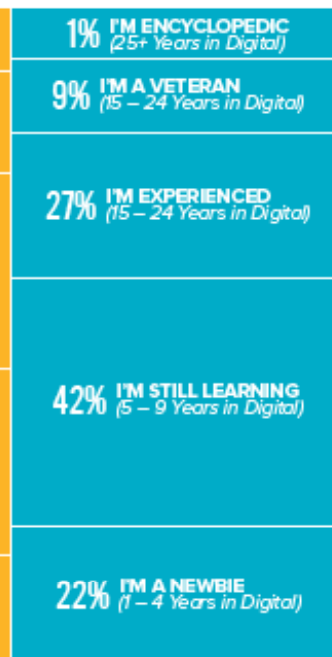


Most revealing, 56% of senior managers feel they are at least experienced in digital advertising, whereas 64% of tactical workers feel they are new or still learning.

SENIOR



TACTICAL



As one SVP of Marketing at a major CPG noted, “These days, you actually have a whole generation of folks coming to the CMO role who grew up in digital. Their experience is vast, and they are extremely well versed in the practices of digital advertising.”

Overall, these findings seem to dispel several common concerns about staffing of the marketing organization, and specifically the notion that senior executives in marketing organizations are somewhat transient and that “those in the trenches” know more than “those in management.” In fact, the vast majority of marketing organizations are well balanced between deeply knowledgeable, well-tenured managers and tacticians who are eager to learn.

“THESE DAYS, YOU ACTUALLY HAVE A WHOLE GENERATION OF FOLKS COMING TO THE CMO ROLE WHO GREW UP IN DIGITAL. THEIR EXPERIENCE IS VAST, AND THEY ARE EXTREMELY WELL VERSED IN THE PRACTICES OF DIGITAL ADVERTISING.”

08 The Value of Marketing

GUESS WHO HAS A SEAT AT THE TABLE?

Although spending, resources, and expertise position most marketers well to embrace new remits as they arrive, there are several factors that could stand in the way of such progress:

The enterprise view and value of their organization is as important as marketers' own perceptions of their organizations. When asked a series of questions to ascertain the perceived value and role of marketing across a range of options, we found that only one in four of marketers surveyed could claim to have a role in driving the overall strategic direction of the company. The vast majority (62%) reported what can best be described as a more tactical focus, self-identifying as tactical practitioners (21%), the glue (14%), or jack-of-all-trades (23%).

26% STRATEGIC ADVISORS
We help drive the overall strategic direction of the company

21% TACTICAL PRACTITIONERS
We are focused on the day-to-day aspects of marketing

14% THE GLUE
We connect disparate initiatives across different departments

23% JACK-OF-ALL-TRADES
We have a fast-paced, wide, and evolving remit

16% EVOLVING
In the process of evaluating what role makes most sense

“UNFORTUNATELY, MANY COMPANIES TAKE AN IF IT AIN'T BROKE, DON'T FIX IT APPROACH TO MARKETING,” ONE CMO TOLD US. “IF MARKETING IS HITTING KPIS, AND REVENUE TARGETS ARE BEING MADE, MOST CEOs ARE DISINCLINED TO CONSIDER FUNDAMENTALLY CHANGING THE ROLE MARKETING HAS IN THEIR ORGANIZATION.”

Lizzie Francis



“I see more and more CMO’s having a place at the strategic table and I think a lot of that has to do with their access to consumer data.”

– Lizzie Francis, Founding Partner at Brilliant Ventures and Former CMO of Gilt Group

09 Storytelling's Next Chapter

INTERVIEW WITH LIZZIE FRANCIS, CURRENT FOUNDING PARTNER AT BRILLIANT VENTURES AND FORMER CMO OF GILT GROUPE

On the Changing Role of the CMO and the Marketing Organization:

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Our role as CMOs, whether you're a B-to-C- or B-to-B-facing organization, is to both tell great stories and to help paint the picture, both internally and externally. I don't think that critical facet of our role has changed at all in recent times. What has changed is controlling the content around the story and managing it tactically, functionally, and strategically. Certainly, this need for content control and generation has changed substantially over the last five years; the ubiquity of content and information driven by the internet and smartphone usage has driven this trend.

On Marketing's Role in the Overall Strategy of the Business:

.....

Increasingly, I see more and more CMOs having a place at the strategic table, versus several years ago when they were typically more tactically focused and operational. Now you see marketers driving strategy and growth for companies in ways they never did before. I think a lot of that has to do with access to data. Marketers have all this data at their fingertips, and it doesn't matter whether you're consumer-facing or not, or if you're business-facing,

or in sales, or product: Solid data increasingly drives decisions across the enterprise at some level, and, typically, marketers have access to the widest range of such data. My thesis on marketing for most of

MY THESIS ON MARKETING FOR MOST OF MY CAREER HAS BEEN THAT MARKETING CAN ACCELERATE GROWTH FOR AN ORGANIZATION, NO MATTER WHAT STAGE THEY ARE AT.

my career has been that marketing can accelerate growth for an organization, no matter what stage they are at. That thesis has been validated in the last five-plus years in terms of perception in the marketplace for companies who no longer think of marketing as just an internal, tactical, and functional area, but understand that it can be a catalyst for change within an organization and can make that step change happen quickly. That, I think, is the big difference.

Marketing Helps Connect:

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Marketing often more than not touches every group in an organization and can accelerate strategic programs.

It's a beautiful thing when you intersect with many different departments and can quantify, qualitatively and quantitatively, how you've improved upon a project collectively. Marketing has evolved to be the "connective tissue" in many organizations today. What's the story and the vision we're driving toward? How do we do that collaboratively, fluidly, efficiently, creatively, and excitingly?

MARKETING HAS EVOLVED TO BE THE "CONNECTIVE TISSUE" IN MANY ORGANIZATIONS

Marketing's Role with Regard to Technology:

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Marketing's role is going to vary widely based on the enterprise it is supporting, what stage the company is at, how it has scaled, and so on. I don't think you could be a marketer today and not be fluent, to some degree, in advertising technology, understanding . . . the technology backbone for [your] organization, how does that fit into the ecosystem, and so forth. That said, I don't believe the line is blurring between CTO and CMO, as some people assert. Unless you're a very small start-up and don't have the resources, there are people with true functional expertise in both areas, which means that there will be a line there. I do see CIOs' and CMOs' roles blurring, or at the very least, evolving to be highly collaborative roles together. At the ten-thousand-foot view, I don't think you can be a marketer and not think about the functional areas of the company and what makes sense regarding skills and technology for an organization to grow and achieve its vision—whether that's everything from your IT infrastructure to how you are utilizing great technology in the marketplace today,

or whether that's serving ads or how you're managing social media content or analyzing consumer sentiment. Marketers are doing themselves a disservice if they don't have some sort of education in all of those things.

Collaboration:

I would say a culture of collaboration is foundational to any organization today; particularly in marketing. Fostering collaboration within and throughout is part of the marketing organization's job. At the heart of all great marketers is consensus building, adaptability, storytelling, and a love for communication—skills that allow marketers to collaborate well. All this said, I think some people (figuratively) vomit at the idea of collaboration because they think it slows progress. My grandfather always said, "Measure twice, cut once." (He was a carpenter so it was particularly germane to what he did). And [in my experience] the end product has always been better for supporting collaboration (cut once) if you've taken the time (measure twice) to collaborate, ideate, and align on final output for strategic, cross-functional initiatives. And you need to be encouraging your teams to think differently to accomplish this. For example, "Hey, if you want to go sit with a different team for four weeks to get this project done to maximum potential, that's great. Go do it and work on that." And the end product has always been better for supporting collaboration.

Working with Agencies:

From my perspective, agencies will always provide an invaluable service of being able to come in with a fresh perspective. Whether it's creative, or research or access to a new tool, the perspective and resources that they bring to the table can be incredibly helpful for a marketing organization.

To stay creative and nimble it's important to tap into the talent you can find at agencies. Regarding technology and marketing tools and intelligence—because there are so many options now, marketers are looking for simple solutions and streamlined solutions more than ever. What they don't want to do is hire 16 agencies who bring 15 different tools to their team and then realize seven months later, when they hire a new copywriter or art director, that they're going to have to change everything. What marketers need to know is that the tools they're using are adaptable, frictionless, easy to use, and easily quantifiable in their worth to an organization. To stay creative and nimble it's important to tap into the talent you can find at agencies.

TO STAY CREATIVE AND NIMBLE IT'S IMPORTANT TO TAP INTO THE TALENT YOU CAN FIND AT AGENCIES.

Using Data:

I'm a huge believer that data-driven insights and technology are keys to marketing success. There is, of course, a little bit of danger in that we can become over-reliant on data at the expense of expertise, creativity, and intuition. Data helps most when used to prioritize time and projects and with data-driven insights can meaningfully help tell your story and connect with your consumer. It's a bit of a balance, but it's pretty exciting to see that there is a new generation of marketers who think that way and have had that as part of their educational foundation.

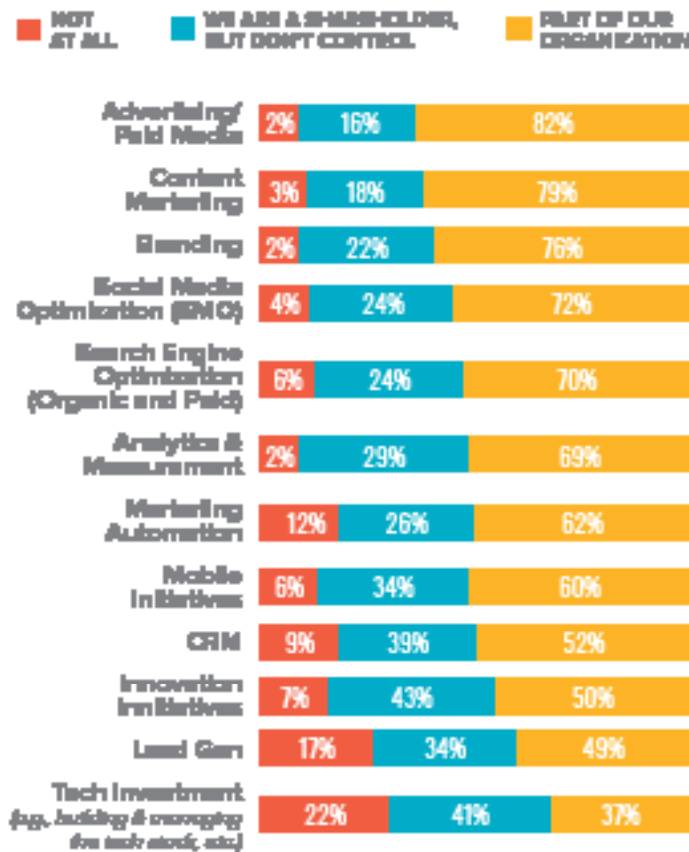
10

Organizational Influence

WHAT MARKETING DOES OR DOES NOT CONTROL



WHAT WE CONTROL OR INFLUENCE



The functions marketing does or does not actually control are as important as its perceived focus and role in the enterprise. All marketers we talked to agreed that over the past several years, the extent to which marketing is involved with a wider range of functions has grown, but in many cases this involvement stops far short of controlling such functions. The vast majority of marketing organizations exert full control over such critical marketing functions as paid media, branding, social media, SEO, and analytics and measurement, which are all fully integrated parts of their organizations. However, when it comes to innovation or technology, marketing is more likely to “have a say” but cede ultimate control to other parts of the enterprises.

Many marketers we talked to highlighted the fact that something does not have to be owned by marketing to be influenced by it: 62% of marketers we talked to, for example, claimed that they were helping drive technology decisions throughout the enterprise. Notably, this POV is most prevalent among Innovative (91%) organizations and least so in Stodgy (33%) ones.

MANY MARKETERS WE TALKED TO HIGHLIGHTED THE FACT THAT SOMETHING DOES NOT HAVE TO BE OWNED BY MARKETING TO BE INFLUENCED BY IT.

We Are Increasingly A Consumer-centric Organization



Cross-functional Teams Best Meet the Marketing Needs of Today's Brands



We Are Driving Technology Decisions That Impact Parts of the Company Beyond Marketing



We Are Several Years Away From Being Able To Create a Truly Optimal Marketing Organization



11 Change Agents STAFFING CHALLENGES

Lastly, we asked participants to give us some indication of their organization's dynamics around staffing and organizational structure.

To better understand what factors drive organizational changes for marketing organizations, we asked participants to rank the impact of a wide range of factors. What we discovered was that participants view changes in consumer behavior (84%), marketing tactics (76%), and digital technology (76%) as having the most impact in terms of driving organizational changes, significantly more so than either competitive dynamics (62%) or strategic direction from the C-Suite (58%).

Changes in Usage of Digital Channels by Consumers



Changes in Digital Tactics Used by Marketers



Changes in Digital Technologies Used by Marketers



Competitive Dynamics



Strategic Direction From C-Suite



To best identify challenges, we asked respondents to indicate the degree of difficulty encountered in various areas related to staffing in their organization.

Of these potential challenges, creating cross-functional teams was considered the most difficult challenge to staffing today, with over half (54%) of respondents ranking this as difficult or very difficult, followed by finding or hiring talent (42% ranked this difficult or very difficult).

Finding/Hiring Talent



Retention of Existing Staff



Compensation



Training



Creating Cross-Function Teams That Actually Work



Regardless of its perceived challenges, the creation of successful cross-functional teams is widely viewed as the best organizational paradigm for today's brands by 68% of all respondents, with Well-Oiled (78%) and Innovative (78%) companies leading and Stodgy (52%) companies lagging.

By and large, marketers feel that they have the right tools to keep existing staff well placed. Less than a third of respondents ranked retention of existing staff (30%), compensation (31%), or training (35%) as difficult or very difficult.

Finding/Hiring Talent



Retention of Existing Staff



Compensation



Training



Creating Cross-function Teams That Actually Work



We Are Increasingly A Consumer-centric Organization (Agree to Strongly Agree)



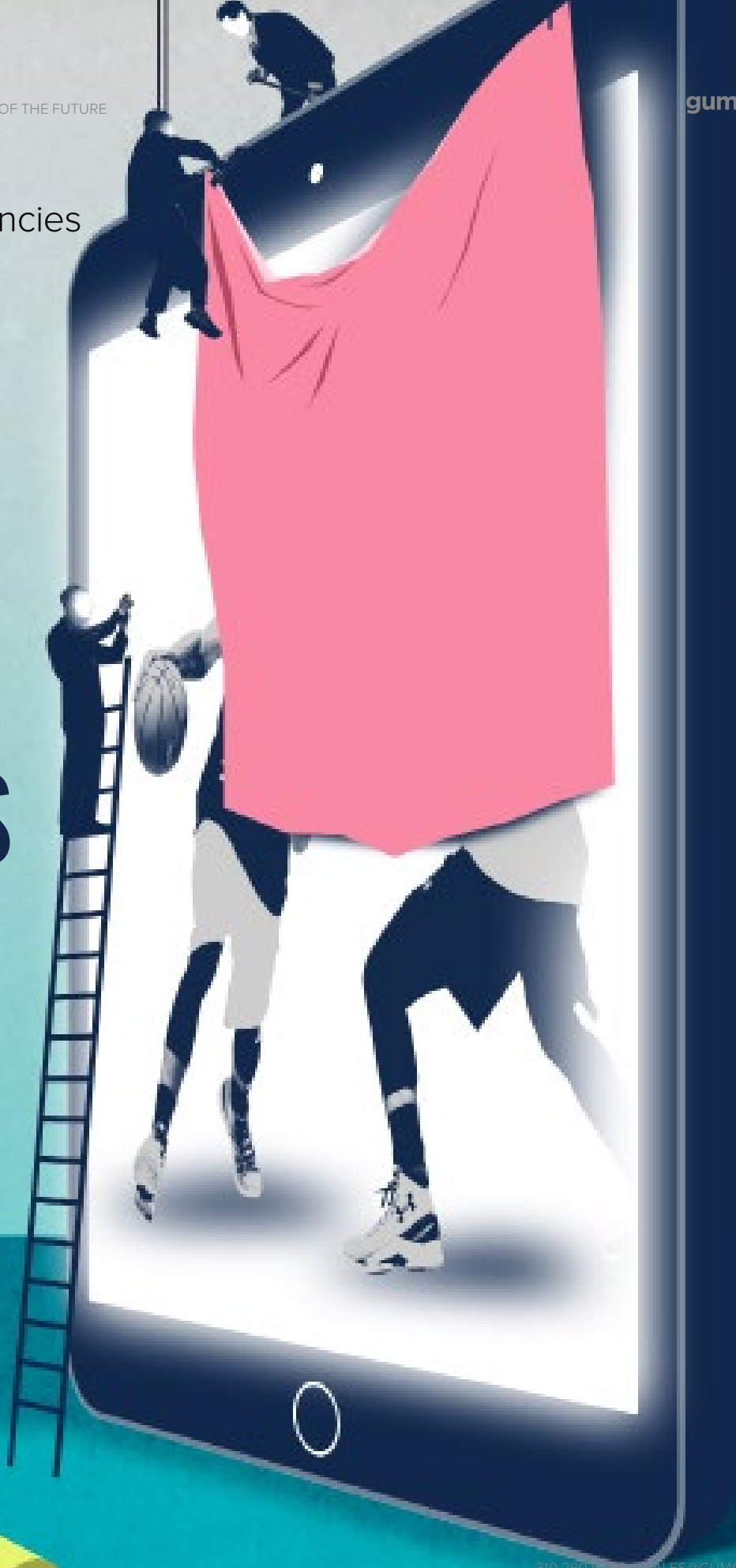
Creating Cross-function Teams That Actually Work (Agree to Strongly Agree)



12

The Future of Agencies

WITH A LITTLE HELP FROM OUR FRIENDS



As brands evolve their own internal capabilities, the ways they work with agencies and other vendors are set to evolve as well.

We See No Real Changes to the Way We Should Work with Such Partners



We See A Diminished Role for Agencies and Vendors Over Time



We See An Expanded Role for Agencies and Vendors Over Time



We See Less and Less Reliance on Third Parties Overall As We Bring More and More Capabilities In-House



We Are Currently Re-evaluating How We Do and Do Not Work With Agencies and Other Vendors



One in five respondents predicts there will be little to no change in the ways brands work with such vendors.

Thirty-three percent of respondents see an expanded role for agencies and vendors over time. It is worth noting that support for an expanded role for agencies and vendors runs particularly high among stodgy organizations (43%).

Thirty-one percent expect a diminished or less reliant role on outside vendors.

Only 15% predict a diminished role for agencies in particular over time.

About one in three of all respondents is, at the very least, currently in the process of evaluating how he or she should (or should not) work with such partners.

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“Obviously, we are always evaluating what we should take in-house and what we should outsource to trusted partners,” noted a VP at a well-known sports brand, “and over the years this has evolved a lot. At a topline, I think it’s safe to say that as a general trend, we are much more likely today to take on functions in-house than outsource, especially if they are tactical, bread and butter stuff like content generation or SEM.”

Stodgy organizations in particular are the most dependent on external partners, with 43% predicting an expanded role for agencies and vendors. They are also the group most actively evaluating how best to work with these vendors in the future.

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MARKETING INTELLIGENCE

One Word:

[illegible]

Previously, we asked our respondents what issues were currently affecting staffing and organizational decisions. When asked to rank the impact of potential future issues, a very clear hierarchy emerged: Innovation initiatives (68%), analytics and measurement (65%), mobile initiatives (64%), and content marketing (64%) were viewed as having the greatest effect. Technology issues such as infrastructure investments (55%) and marketing automation (54%) formed a second tier of effect, whereas key marketing practices such as branding, paid media, and social media optimization were all predicted to have a more or less equal effect.

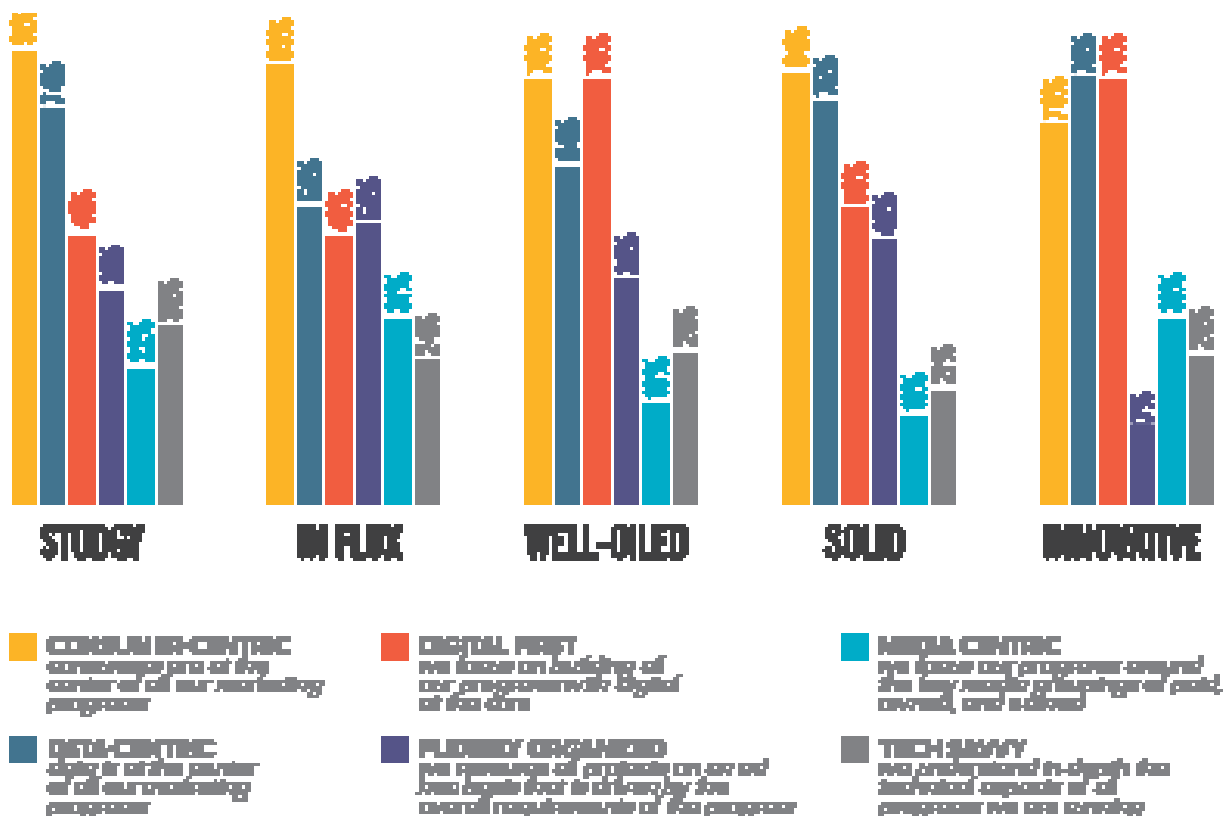


What Makes a Great Marketing Organization:

We asked respondents to identify key attributes of a great marketing organization. By a wide majority, our respondents viewed consumer (85%) and data centrality (66%) and “digital first” (57%) as the defining characteristics of a great organization. It is interesting to note that although organizational flexibility also ranked relatively high as a potential attribute to greatness (43%), both tech savviness and media focus scored equally low. Clearly, the rise in importance of consumer-centric marketing coupled with a more fluid organizational approach to marketing is pushing marketers further and further away from the “traditional” focus on paid, owned, and earned media groupings. Additionally, the relatively low ranking of tech savviness seems to indicate that although some technology knowledge is obviously a baseline requirement for marketing organizations today, it appears that many marketers do not see their organizations as driving and owning technology decision-making.

As one CMO we talked to noted, “It would be a shame if a creative person today didn’t understand the ins and outs of technology or even digital advertising or even how companies are thinking about technology as part of their organization, and whether or not that’s a key for scale.” Solid and Innovative companies lean slightly more toward data than a consumer focus in their ranking of these characteristics. Innovative and Well-Oiled companies are much more likely to place “digital first” toward the top of their list.

AS ONE CMO WE TALKED TO NOTED, “IT WOULD BE A SHAME IF A CREATIVE PERSON TODAY DIDN’T UNDERSTAND THE INS AND OUTS OF TECHNOLOGY.”





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WHAT'S THE HOLDUP?

Optimism in The Face of Change:

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15

It's All in the Timing

HOW FAR AWAY IS THE FUTURE?

Despite some great foundational work, it appears that, overall, marketers believe that we have a ways to go in creating the ideal marketing organization of the future: One in two agrees or strongly agrees with the notion that we are several years away from creating a truly optimal marketing organization. Interestingly, this view is more likely to be held by either Stodgy (83%) or In Flux (64%) organizations than by Well-Oiled (31%), Solid (44%), or Innovative (35%) ones.

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Networked Innovation:

The trend of networked innovation—in which marketers connect with other marketers (or thought leaders) for inspiration—is a relatively new practice that has been getting a lot of attention lately. We asked our participants how they are dealing with this emerging trend. Here is what they had to say:

We Strongly Believe That Surfacing Best Practices Is To Everyone's Benefit



We Are Still Trying to Determine Pros and Cons of Being More Open About Our Successes And Failures With Our Colleagues In Industry



Not An Issue Of Any Priority For Us Currently



We Are A Very Savvy, Intelligent Organization, and Don't Believe In Sharing Key Ingredients Of Our Success



STODGY



IN FLUX



WELL-OILED



SOLID



INNOVATIVE



One in four seems to bust the hype balloon, identifying this as not an issue of any current priority. Stodgy (39%) and Solid (33%) organizations lead the pack in this group.

However, one in three strongly believes that surfacing best practices is to everyone's benefit; more of these respondents are from Well-Oiled (44%), Innovative (39%), and Solid (34%) organizations than from Stodgy and In Flux ones.

One in three can be best described as fence-sitters: They are still trying to determine the pros and cons of being more open about successes and failures with industry peers. Stodgy (39%) and In Flux organization respondents (34%) comprise the bulk of this bucket.

Many of the respondents (one in 10) view themselves as the head of a very savvy, intelligent organization, and they want folks to “stay off their land.” They don't believe in sharing key ingredients of their success with competitors. Innovative and Well-Oiled organizations are more likely to feel this way than their colleagues in the industry.

About **GUMGUM**

GumGum is a leading computer vision company with a mission to unlock the value of every online image for marketers. Its patented image-recognition technology delivers highly visible advertising campaigns to more than 400 million users as they view pictures and content across more than 2,000 premium publishers.

Founded in 2007, GumGum invented the in-image advertising category and is used by the majority of Fortune 100 companies. GumGum ads consistently achieve an 81% viewability rate and deliver 10 times better engagement than traditional display options, while still prioritizing high-quality inventory, brand safety, and user experience. The company also offers GumGum Social, a real-time visual listening platform that helps brands identify and activate online pictures relevant to them, as well as engage their top influencers on social media.

GumGum is based in Santa Monica, California, with eight additional offices in the US, the UK and Australia. Pioneers in image science, GumGum is backed by leading investors including Morgan Stanley, NEA, Upfront Ventures, First Round Capital and Crosscut Ventures.

About **BRAND INNOVATORS**

Founded in 2011, Brand Innovators is the largest professional organization of brand marketers, with a community of over 7,000 marketing professionals from Fortune 500 and other leading brands, throughout the United States and the UK. The Brand Innovators Advisory Board includes some of the most innovative brand marketers and “change agents” in the marketing and media industries.

The company will produce more than 100 events in 2015 in Atlanta, Austin, Bentonville, Boston, Cannes, Chicago, Cincinnati, Columbus, Dallas, Denver, Detroit, Irvine, Las Vegas, London, Los Angeles, Miami, New York, Norwalk, Minneapolis, Portland, San Francisco, Seattle and Washington D.C., providing brand marketers with continuing digital education and intimate peer-to-peer networking opportunities. Events are underwritten by more than 100 “best-of-breed” growth stage and established digital media and advertising technology companies, from Bitly and Outbrain to AOL and Google. For more information, visit www.brand-innovators.com.

About THE AUTHORS



OPHIR TANZ, CEO

Ophir Tanz, entrepreneur and technologist whose business acumen and keen sense of design have already led to multiple successful ventures. As the CEO and founder of GumGum, he has revolutionized the advertising industry with the creation of the first and largest in-image advertising platform.

Ophir was recently named one of Adweek's "Young Influentials" and has been featured on the cover of Entrepreneur magazine. He has also been recognized for the success of GumGum's in-image monetization solution with the Siemer Summit's Innovation in Advertising Award. Outside of GumGum, Ophir is an active member of the Los Angeles start-ups and advertising community, serving as a mentor and advisor to other start-ups around Silicon Beach.

Prior to launching GumGum in 2007, Ophir was the CEO and co-founder of Mojungle.com, a mobile media-sharing platform that was sold to Shozu.com in 2007. Before this, Ophir co-founded and sold Fluidesign, an award-winning interactive and branding agency.

Ophir holds a B.S. and a M.S. from Carnegie Mellon University and currently lives in Los Angeles, CA.



BEN PLOMION, CMO

Ben is the Chief Marketing Officer at GumGum and brings more than 15 years of experience in marketing, communications and also business development.

Prior to GumGum, Ben was responsible for Chango's brand, integrated marketing and demand generation. His team created one of the most robust thought leadership platforms in the industry and has won multiple marketing and design awards.

Prior to joining Chango, Ben worked with GE Capital for four years to establish and lead the digital media practice.

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