

Whole Brain Marketing

Data, creativity and the leadership challenge



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EXECUTIVE SUMMARY

- » Marketing leaders are increasingly data-driven, analytic and fact-based, with marketing practices focused on the judicious acquisition and use of data. Talent acquisition and development is geared more and more towards deepening those skills. This is especially true for companies working primarily online.
- » Digital technology should extend the efficiency of marketing, with relevant communication reaching the customer. Prudent use of digital application and sensitive messages that give a sense of personal customer care are essential in one-to-one marketing, in order to avoid overwhelming the customer with unwanted information and advice.
- » The supplier is no longer the most important source of information. Marketers are using the same channels available to anyone. Social media and various online user groups, consumer advocates and opinion influencers have enormous influence over how a brand is perceived. The state of play is that companies have less control of their branding and marketing than they used to but, with strategic use of technology, they can track where they are, address issues and test ideas in order to gain greater influence, if not control.
- » In some ways, the marketing function is becoming more divergent, with “brand marketers” distinct from “performance marketers”. However, success for many companies will depend upon how chief marketing officers steer the changing marketing culture in-house, mobilising as much cross-communication and cooperation as possible between those with different skillsets.
- » The CMO who can drive the integration of data analytics across functions and into the business strategy will enhance his/her credibility, since companies rely increasingly upon digital activities for growth. Cross-functional collaboration is the key to achieving competitive advantage.

INTRODUCTION

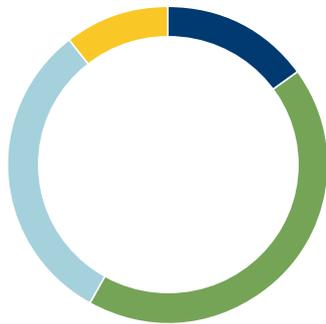
Accelerating technology, advancements in tools for data acquisition and analysis, as well as capabilities in customisation of products and services, all aim to serve the longstanding fundamental of marketing: to understand customers, meet their needs and establish relationships to secure their loyalty. In a survey of 200 companies, we asked marketing leaders what they consider to be the primary benefits of building a more powerful data-driven marketing culture. Eighty per cent told us that it was to provide better customer insight.

Of the companies we surveyed, more than half have annual global turnover in excess of €1 billion. They range across sectors from consumer goods and services, technology, media and telecommunications to industry, healthcare, life sciences and professional services. While they vary in the extent of their digital processes and capabilities, all are escalating their digital marketing capacity to be more relevant and accessible to their customers, and to better understand them.

‘We have the power to understand what our customers like... but we have to think in a more analytical way’

KERRIS BRIGHT
CMO, VIRGIN MEDIA

How would you describe your organisation’s digital marketing capability



- 15% ● Highly sophisticated and continually evolving
- 43% ● Has potential and is starting to produce results
- 31% ● We are still acquiring the necessary skills
- 11% ● Still in its infancy

As consumers and businesses alike become more technologically savvy, engaging with content across a variety of networks and systems, marketing professionals are working hard to improve their proficiency in data systems and digital design. Almost 60 per cent of those we surveyed told us that their organisation’s digital capabilities are either beginning to produce results or have advanced to high levels of sophistication.

Among other things, data-driven marketing helps to target audiences, shape offers, and predict future purchases based on past transactions. It improves search engine optimisation, allows for rapid real-time adjustments to marketing campaigns and automates insights. However, it also requires changes in how marketers think and how marketing teams work together.

Kerris Bright, chief marketing officer of Virgin Media, whose 120-strong marketing brand and analytics team includes many analysts and model builders, remarks, “We have the power to understand what our customers like to watch so we can personalise communications and offer to help them enjoy more of the stuff they love. The opportunity to turn data into insight is great for business and our customers, but it requires marketers to think in a much more analytical way.”

Source: Spencer Stuart Whole Brain Marketer Survey, 2017

A RISING EMPHASIS ON DIGITAL CAPABILITIES

The debate over the changing craft of marketing — how to incorporate digital capabilities into a discipline based traditionally on creativity, and how to integrate data experts with those who have marketing flair — is preoccupying marketing leaders globally.

Predictive analytics, algorithmic marketing strategy, hypothesis generation and machine learning form a growing part of today's marketing mix. CMOs need a strong grasp of the capabilities of big data, what is needed for their teams to harness its power and a willingness to assign resources that support the organisation's strategic goals.

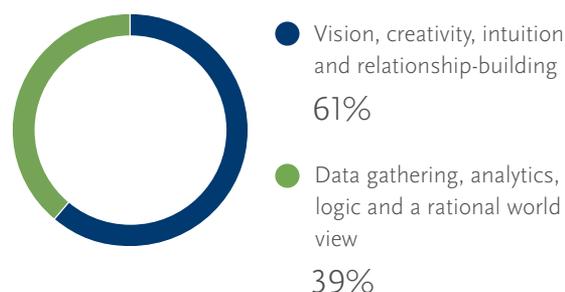
When we asked marketing leaders how they would allocate resources if they wished to strengthen the marketing capabilities of their teams right now, three-quarters chose digital and analytics over creative activities. While the traditional marketer's creative flair is still valued, digital capabilities are taking top priority. Bas Verheijen, chief marketing officer of online supermarket Picnic, makes it clear: "The marketer of the future will need to bring a different package of skills and knowledge. Affinity with data and analysis is now an unconditional requirement."

Of those we surveyed, 51 per cent expected that marketing leaders of the future would have digital marketing skills, with nearly 38 per cent expecting skillsets to include data management and analytics. "Data has acquired a level of importance that simply wasn't there a few years ago," says Nina Bibby, chief marketing officer of O2. "We've always had scientists; we've always had propensity models; we have a huge base and use a lot of CRM ... but the area has just exploded." For Bibby, there is absolutely still a place for classically trained marketers, but she is keen to complement this with digital natives who are versed in all things data. The CMO of the future is likely to have experience of both.

'The marketer of the future will need different skills. Affinity with data and analysis is an unconditional requirement'

BAS VERHEIJEN
CMO, PICNIC

Which of the following best describes the main strengths of your marketing function?



Which of the following skillsets must be present in marketing leaders of the future?

(top 10, listed by popularity)

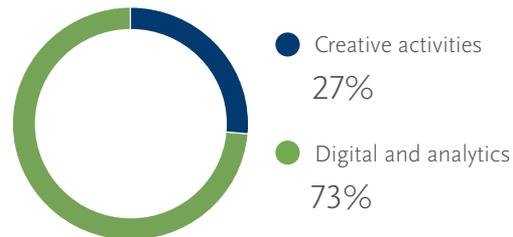
- 1 Digital marketing
- 2 Customer insight
- 3 Innovation
- 4 Data management & analytics
- 5 Cross-functional collaboration
- 6 Creativity
- 7 Branding
- 8 CRM
- 9 Social media
- 10 Technology

‘Data has acquired a level of importance that simply wasn’t there a few years ago’

NINA BIBBY
CMO TELEFONICA O2

Marco Sansavini, chief commercial officer at Iberia, states the order of importance at Iberia clearly. “The role has significantly evolved in recent years. While marketing skills related to the capability to define and market customer propositions appealing to target consumer segments remains of paramount importance, analytical capabilities, and in particular big data skills, are becoming increasingly important, as personalisation is amongst the most relevant areas of value creation in future.”

If you could strengthen the capabilities of your marketing team, where would you allocate the most investment?



WHAT'S AT STAKE?

With so many different digital portals and devices being used by consumers, there are more ways than ever before in which people can experience a company's brand or products. By digitally tracking customer touchpoints and interactions, companies can get an accurate picture of consumer behaviour and buying practices.

'We are moving away from brand positioning to marketing that generates sales through the purchasing funnel'

**ISIDORO MARTÍNEZ DE
LA ESCALERA ÁLVAREZ**
CMO, NH HOTELS GROUP

The rise of consumer reviews, market reviews by clients, and social media influencers, means that companies can easily lose control of how their brands are viewed in the marketplace. Companies are increasingly participating in social media, analysing social conversations and evaluating ways to influence and increase brand perception.

Employee incentives at NH Hotels foster a company-wide respect for the power of digital influence, with a substantial part of a hotel general manager's bonus linked to his or her hotel's internal surveys' score and TripAdvisor ratings, for example. Isidoro Martínez de la Escalera Álvarez, chief marketing officer of NH Hotels Group, explains that TripAdvisor reviews "can now be subject to a detailed semantic analysis of up to 120 different categories, very rich in insights, and looking at trends in details".

Martínez de la Escalera Álvarez says, "We have new tools to read the return on investment almost immediately and we are moving away from marketing that is focused more on image and brand positioning to marketing that has as its key objective generating sales through the purchasing funnel. Strategic vision continues to be important, but the knowledge of digital is even more important for new CMOs in some sectors."

A New Whole Brain Customer Experience

Sid McGrath, Chief Strategy Officer, Karmarama

A CONSEQUENCE EXPERIENCE

The customer experience for brands is driven by consequence: when customers have a good experience they continue to engage with the brand; if the experience is bad they disengage, often telling others about their disappointment and spreading a message of general discontent.

This makes for some pretty precarious brand relationships. However, the issue that so far no-one seems to be addressing is that the very notion of the customer experience is fundamentally flawed.

A DISCONNECTED, TRANSACTIONAL EXPERIENCE

Marketing leaders see customer experience as their number one priority, but they are rarely in control of all of it, or even enough of it to make a difference. Recent focus on using digital technology to influence customer purchasing decisions is causing some companies to concentrate too narrowly on the customer's interaction with a brand at the moment of sale. These 'experiences' can be relentlessly sales-focused and annoyingly interruptive. Organisations calling themselves customer experience experts encourage companies to increase the number of transactional messages, but is this really leading to better, worthwhile and relevant experiences for the customer? The fact is that global use of adblockers is rising while trust in brands is rapidly declining.

Reducing a person's relationship to a brand solely to that of a 'customer' demonstrates a lack of understanding about the role that brands actually play in our lives. A transactional focus also shows a brand's hand: their audience is perceived as a wallet ready to be picked or a purse ready to be opened, rather than a person to be understood, respected and served.

A HUMAN EXPERIENCE

What then is the answer? To start with, people must be respected as human beings with fairly low thresholds for unwanted buying messaging. This doesn't mean no messaging; it means messaging that is empathetic to the individual and to the context. With this in mind the customer experience can then be reimaged as the human experience, from CX to HX, where a brand's pathway into people's lives is fully understood and delivered with relevance rather than persistence.

The transactional experience previously locked into consumption and category gives way to one that connects with culture and allows for meaningful, useful and relevant communication, with the selling left to the right place and the right time.

A FULLY-CONNECTED EXPERIENCE

If the human experience is the answer, how do we get there? Again, it's about understanding how humans, and more specifically, how our brains, work.

The brain is an astonishingly connected piece of hardware. As much as we may try and separate it into left and right hemisphere, or occipital and frontal lobes, or neocortex and limbic system, every part of the human brain is connected to another part to improve its understanding and response towards any situation. This connection ensures an integrated response, a mix of logical and emotional consideration, instinct and intelligence.

The interconnectedness of the brain serves as a model for understanding how to create better, balanced and truly human experiences for brands. Approaching any experience with a whole-brain mentality means finding a way to connect everything with everything, from consumption to category to culture. This is how humans see their world — fully connected — so it stands to reason that it's also how they should engage with their brands and how brands should engage with them.

Now consider once again the classic customer experience — an experience that ushers customers through the consumption and category phases of their relationship with a brand, but stops short of connecting to the culture of the wider life they lead.

Without the insight and intelligence required to understand the implications — the consequences — of the brand experience, the experience itself breaks or, worse, is biased towards buying rather than being. This is the fundamental reason why customer experiences are disconnected.

A MEANINGFUL EXPERIENCE

Once a brand is able to connect to a person's wider life, understand and respect them as a human rather than a data point or part of an algorithm, and can connect that back to the category and consumption phase of the relationship, there emerges a new type of powerful, meaningful, connected human experience — one that people will actually want rather than one that will frustrate them.

So, paradoxically, we don't live in the age of the customer; they are not "king", "queen" or "the answer". We need to move to the age of human, to human-centricity where what the human wants and needs can be fully, relevantly connected to the relationship that brands want to have.

THE ADVANTAGES OF TRADITION

Not every sector is using digital marketing to the same extent. In the past 10 years, companies in the technology, media and telecommunications, professional services and financial services sectors have generally undergone greater digital transformation than consumer goods and industrial companies. Our survey indicates that within the consumer goods sector, 65 per cent of companies spent less than a quarter of their marketing budget on digital. By contrast, 45 per cent of respondents in professional services firms said that digital takes over half of their marketing budget.

‘Brands should proceed carefully. No one is more gullible than marketers who feel they’re missing out on a trend’

FRANÇOIS BAZINI
 SVP GLOBAL MARKETING
 EXCELLENCE & INTERNATIONAL
 MARKETING, BEAM SUNTORY

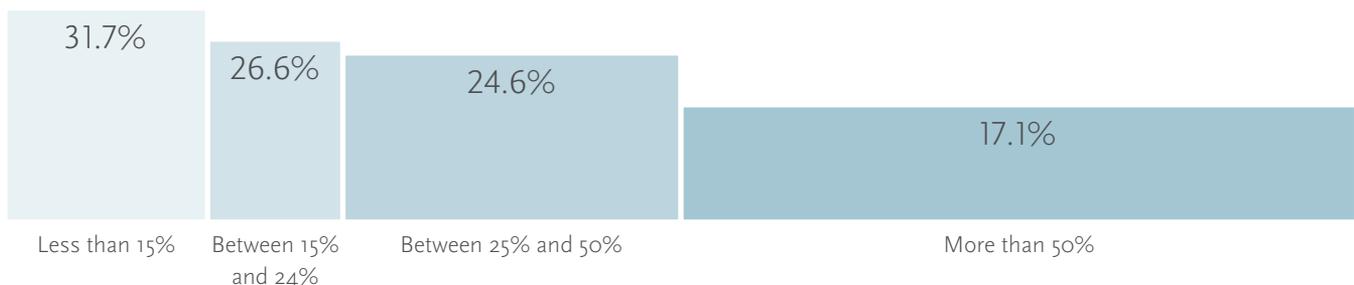
While all the marketing leaders we spoke with agreed that digital will significantly shape the future of marketing, many saw traditional marketing as still vital, and urged caution in being too technology-focused. “The objective of marketers should be to delight consumers and make them dream,” says François Bazini, SVP global marketing excellence & international marketing at spirits manufacturer Beam Suntory.

“In my view, people have neither the time nor the desire for deep relationships with brands and, as a result, most social media marketing programmes are failures. Digital marketing is another story, but there too we have seen a lot of companies wasting money in ineffective banner/display campaigns. This is due to ad blocking, fraud, unclear metrics, and/or poor creative. The good news is that even the big guys (e.g. P&G, Unilever) are waking up and we now know that brands should proceed carefully. But no one is more gullible than marketers who feel like they’re missing out on a trend.”

As much as Verheijen values data analysts, he respects that traditional marketers are “masters in telling stories and bringing to life the brand strategy in all contacts with a customer.” The diverse skills required by the whole of the marketing team, skills that at first glance are at odds with each other, require “connecting and collaborating, with the brand always coming first,” he explains.

It is just as well that traditional marketing still plays an important role, as some companies struggle to gain enough information to fully utilise digital’s potential. It is difficult for a company to accrue data on customers they do not sell to directly. Unless the company forms partnerships with retail chains and similar channels, the data remains with the intermediary.

What proportion of your total marketing budget goes to digital?



THE TWO SIDES OF MARKETING

While we know the brain is an integrated single system that works cohesively, there is a popular notion that divides people into “left-brain thinkers”, with a propensity for analytics, logic and a rational view of the world, and “right-brain thinkers”, predisposed towards vision, creativity, intuition and relationship-building. Applied to marketing, these terms are somewhat useful in describing what feels like a division of intellect in the marketing function.

Left-brain thinkers are seen as fact-based, data-oriented, rational, logical, workhorses. They gave CMOs what was called “decision support” in the Seventies, “executive support” in the Eighties, “business intelligence” in the Nineties, and finally “analytics” and “big data” today. Right-brain thinkers carry the creative drive: the ability to connect with the consumer, to communicate the essence of a brand through a great campaign, to “think outside the box” and bring moments of inspiration that lead to breakthroughs.

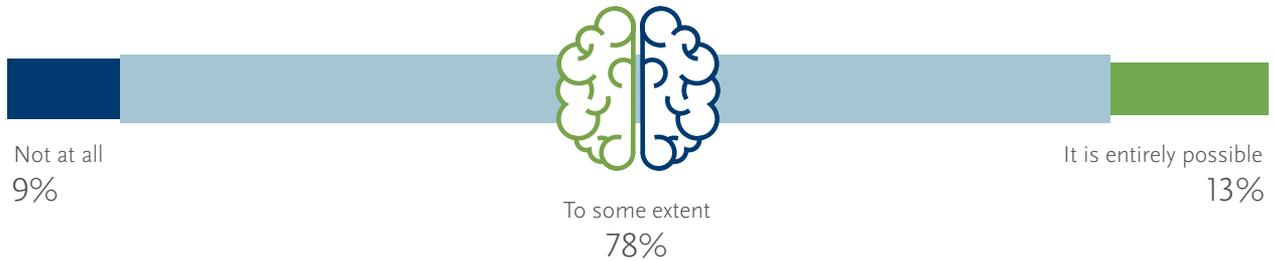
The two different types of marketers — right- versus left-brained — don’t easily find common ground.

Right-brain creative marketers may find it daunting to make use of the great proliferation of data, the disciplines of zero-based budgeting, and the need to demonstrate ROI. Equally, those who have never attempted to reason without all information present, those who have never engaged in storytelling or who flinch at the word “innovation” unless it is preceded by the word “technology”, may find such processes formidable. Three-quarters of marketing leaders in our survey felt that left-brain thinkers with their analytic, linear logic could be trained “to some extent” to be fully functioning “right-brain” creative thinkers. Atilla Cansun, chief marketing officer of Merck Consumer Health, falls into this camp: “Our experience shows that all marketers are very much trainable in the creative and innovative area, no matter how analytical their background.”

What are the primary benefits of building a more powerful data-driven marketing culture?

- 1 Better customer insight
- 2 Better allocation of marketing resources
- 3 Building the evidence base for further investment in marketing
- 4 Creating stronger cooperation between other functions, such as IT, R&D, product development and sales
- 5 Increased internal credibility for the marketing function

To what extent do you believe that people who are “left-brain thinkers” can be trained to become fully functioning “right-brain thinkers” and vice versa?



In a perfect world, marketers would possess all the necessary qualities that today’s marketing demands. They would offer the full armoury of creative and analytical skills; be shrewd, agile and culturally sophisticated commercial operators who are calculating and rational, yet visionary and intuitive. Such people are rare and extremely valuable. “The few marketers in my organisation that outperform the rest combine both creative and analytical,” says François Bazini at Beam Suntory. “They are very interested in marketing science and are avid readers of marketing books.”

Rarely do marketers possess all these qualities. A digital native with extensive training in data analytics may not yet have the experience to provide marketing wisdom and depth of insight. Experienced traditional marketers may feel displaced by the amount of value placed on data analytics. Leaders must sensitively combine hiring new talent with team development and offer “legacy marketers” opportunities to increase their digital skills. Employers should be reasonable in their expectations, and remember that they, too, are being evaluated by the next generation of marketers who look carefully at “employer brands” when deciding where they want to invest their talent.

‘All marketers are trainable in the creative area, no matter how analytical their background’

ATILLA CANSUN
CMO, MERCK
CONSUMER HEALTH

MANAGING TALENT

To create an optimal mix of skills in the marketing function, leaders need the self-knowledge to understand where their own natural bias lies — towards logic or magic, so to speak — and be willing to cultivate new skills and understanding within the organisation, as well as to look externally for talent.

Only six per cent of marketing leaders in our survey felt equipped to develop from within their own organisation a sufficient balance of digital acumen (or “logic”) and creative marketing sense (“magic”). Nearly 80 per cent of respondents said that they would need to combine developing their existing team with hiring expertise from outside sources. In the past 12 months, 51 per cent of CMOs have set up digital marketing training for their teams and 30 per cent have hired an internal data/ analytics expert to join the marketing function.

It is not always easy to hire and retain the talent required. Peter Duffy, chief commercial officer of easyJet, explains: “Our challenge is the talent pipeline, which is tough and getting tougher. Our best people are aggressively headhunted. We hire young Europeans with strong academic credentials who understand brand proposition. Increasingly, we are also looking for highly specialised skills in the area of artificial intelligence (AI) and advanced analytics.”

A study by the CMO Council found that 80 per cent of marketers and 88 per cent of IT professionals believe that working together is critical to ensure customer-centricity. At easyJet, says Duffy, “the traditional silo approach is untenable in the new world of big data. The contact centre needs to understand CRM; CRM needs to understand the brand; the brand needs to be

informed by the data coming out of CRM. The boundaries have broken down and the marketing director’s role is to be the orchestrator.”

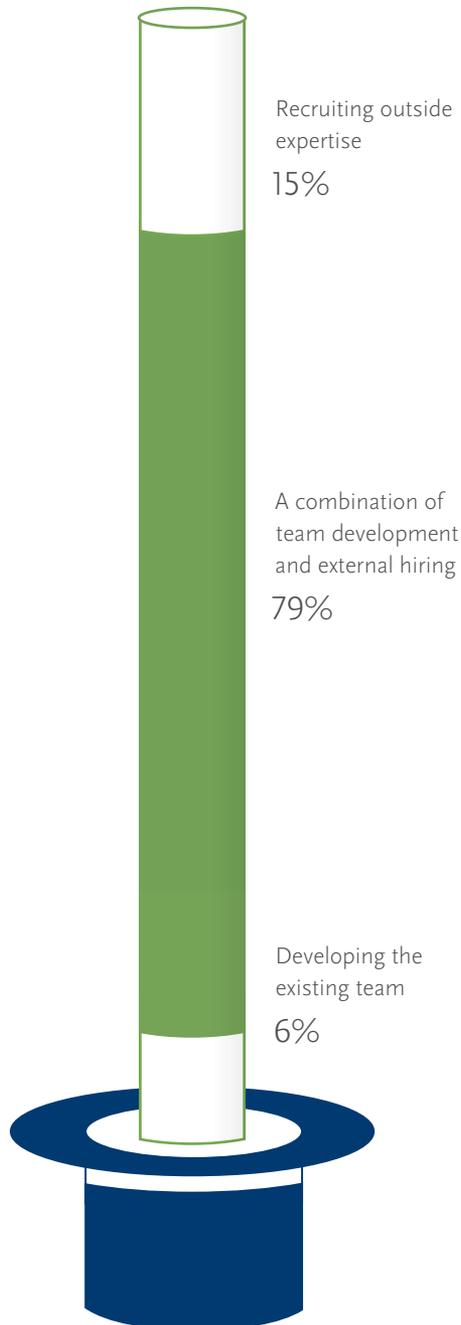
Micha Medendorp, chief marketing officer of Rituals, concurs. “As business becomes more digital and therefore marketing becomes more digital, organisations become more connected. Silos won’t do anymore; they hinder agility and holistic solutions.”

‘Our challenge is the talent pipeline.
Our best people are aggressively
headhunted’

PETER DUFFY
CCO, EASYJET

Some companies help to foster understanding within their groups by as much cross-exposure as possible. Speaking at the Spencer Stuart CMO Summit on “Tomorrow’s CMO: Chief Magic or Logic Officer?”, Lisa Bacus, EVP and global chief marketing officer of US health services company Cigna, described how they use rotational assignments to help mix talent among their newer marketing team members, and develop training programmes to develop additional skills. Cigna does a lot of test-and-learn around ideas, big and small, as well as sending out problem statements to the entire organisation and inviting responses from their 35,000 people. “It’s amazing where these ideas come from,” says Bacus, who acknowledges that there are those who prefer one habit of thought to another, but feels that by focusing on overall strategy, “you can apply both the creative and the analytical”.

Do you think you can achieve the right balance between “magic” and “logic” in your marketing function by developing existing team members or recruiting outside expertise?



This same flexibility is expressed by Massimiliano Benedetti, chief marketing officer of online fashion retailer Yoox. He too finds that internal job rotation fosters the development of both analytic and creative approaches to marketing decisions. Indeed, Benedetti has experienced first-hand the benefits of learning to think in ways far outside his initial training, as his own background was as an engineer. His initiation into the fashion industry, attending shows and getting to know designers and entrepreneurs, required significant adjustment.

The persistent challenge for increasing the use of big data tools and techniques is their complexity and “black box” nature. This can make it difficult to trust and understand the output of big data approaches and to convince others of the value and accuracy of the insights the tools produce. Marketers can reduce the mystery around big data — and increase buy-in — in a number of important ways. First, by building capabilities that are intrinsically reinforcing and relatively easy to use. Second, by providing a number of smaller applications for using advanced analytics data that demonstrate its value and invites buy-in across functions. Finally, by collaborating with other functional leaders on which questions the organisation should be trying to answer with data, and creating transparency around the process.

‘Focusing on overall strategy lets you apply both the creative and the analytical’

LISA BACUS
GLOBAL CMO, CIGNA

A BALANCED APPROACH

Because digital technology can expand radically the scope and power of marketing, it is easy to imagine any digital initiative as an improvement. However, data is only as valuable as the intelligence applied to it. By working together, people with a range of marketing skills can take advantage of the opportunities that data can provide, determine what is important, what requires testing, and what actions can be taken upon analysis of the results.

While personalised marketing gives the customer the sense that there is something specific for them to buy today, it requires companies to diversify their content and offers, and to constantly update their approach based on recent customer activity. Creative use of digital marketing may require an equally creative use of traditional marketing and product development in order to deliver a diversity of offers, products, and services.

As artificial intelligence becomes a larger component of digital, it is expected to deliver greater returns on investment with much less effort. Among other things, AI can analyse buying patterns, provide customer recommendations, prevent fraud, create dynamic pricing optimisation, track inventory and engage in social media. Part of AI's application in marketing is about improving the consumer experience by creating what feels to be a highly targeted, personalised interaction. Algorithms produce everything at speed, creating massive efficiency gains. However, if they go wrong, they can amplify error and quickly erode brand reputation.

CONCLUSION

While it is true that marketing has been profoundly transformed by the escalating scope and power of big data and analytics, its fundamentals remain the same. Digital innovation has expanded marketing thinking, improving judgement with better facts and insights, but it hasn't replaced any of its functions. There is no technology as yet that can approximate the imagination of a human being. We can create machines that can teach themselves, but it remains to be seen to what extent machines will acquire the defining features of the human mind that allow us to think inventively, even ingeniously, and to take control of the world around us.

For now, marketers need the power of the imagination, the magic of the magic, even as the range and applications of the digital world grow. The marketing leaders we interviewed are seeking to expand their digital capabilities while remaining grounded, fostering a positive environment that allows their teams to cooperate. As Verheijen sums up, "The CMO's role is to create an environment in which both groups flourish and work together effectively."

ACKNOWLEDGEMENTS

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- » Isidoro Martínez de la Escalera Álvarez, Chief Marketing Officer, NH Hotels Group
- » François Bazini, SVP Global Marketing Excellence & International Marketing, Beam Suntory
- » Massimiliano Benedetti, Chief Marketing Officer, Yoox
- » Nina Bibby, Chief Marketing Officer, O2
- » Kerris Bright, Chief Marketing Officer, Virgin Media
- » Atilla Cansun, Chief Marketing Officer, Merck Consumer Health
- » Peter Duffy, Chief Commercial Officer, easyJet
- » Micha Medendorp, Chief Marketing Officer, Rituals
- » Marco Sansavini, Chief Commercial Officer, Iberia
- » Bas Verheijen, Chief Marketing Officer, Picnic

SPENCER STUART CONTRIBUTORS

- » Gianluca Bianchi (Milan)
- » Jacomien Bolier (Amsterdam)
- » Ana D'Anglade (Madrid)
- » Grant Duncan (London)

ABOUT OUR RESEARCH

We conducted in-depth interviews with 10 chief marketing officers and one chief commercial officer, supplementing these interviews with an online survey. We invited senior marketing executives in Europe to participate and received 199 responses to our survey. 64% of respondents reported to the CEO and 52% of respondents were chief marketing officers with global responsibility. 52% of respondents worked for companies with revenues over €5 billion.

ABOUT SPENCER STUART

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