



CAN YOU DEMONSTRATE THE VALUE OF MARKETING?

Insights from Australian marketing leaders about meeting and measuring organisational goals.

TABLE OF CONTENTS

- 03 INTRODUCTION
- 06 EXECUTIVE SUMMARY
- 09 SHOW ME THE MONEY
- 12 ATTRIBUTING SUCCESS
- 15 PERCEPTIONS OF MARKETING
- 18 MARKETING TECHNOLOGY
- 23 PERSONAL GOALS
- 25 CONCLUSION

INTRODUCTION





Everything is changing. The business environment is assailed daily by new threats, as disruptive and digitally driven competitors emerge to threaten incumbency. Large global organisations from beyond the traditional competitor-set are testing the boundaries between industries in search of weakness and opportunity. And technologically adept consumers are taking more control than ever – demanding the very best experiences, in any context, become standard practice for brand interactions.

This is a world rich in both challenge and potential for CMOs and marketing departments. For starters, they are more accountable than ever. Digital technologies have ushered in an era of transparency and accountability. On the one hand, there is nowhere to hide when mistakes are made, but on the other, marketers have more opportunity than ever before to demonstrate the value they bring to their companies.

As customer experience emerges as a key driver of engagement – and, ultimately,

profitability – marketers are better placed than any of their peers in the executive suite to advocate for the customer. As a consequence, CMOs need to think more strategically.

Marketo surveyed 444 marketers – working in B2B, B2C, and B2B2C across Australia – to understand what organisational goals drive their thinking, how well they are delivering on these goals and their propensity to measure activity against revenue. The study also examined the accessibility of marketing technology within their organisations and where they expect their investments to go next year.

In addition, we took a deep-dive into the numbers with more than a dozen CMOs and other C-suite executives to understand how marketing is perceived at the leadership level inside companies – and how the work they do today frames, shapes, and drives the personal goals of marketing leaders in Australia.

INTRODUCTION



In a nutshell, many marketers are tasked with generating interest, not sales. In an offline environment, it's up to the sales people to close the sale, as opposed to an online environment, where there's a direct correlation between marketing and revenue. We need to empower marketers with revenue-related KPIs, to encourage them to think more commercially, and less about 'brand presence' and general noise.

- Raz Chorev, CMO, Orange Sky

EXECUTIVE SUMMARY





5 KEY TRENDS

STAND OUT IN THE RESEARCH

1. Asked to identify the **top organisational goals for the business**, companies expect their marketers to **grow revenues** (21%), **acquire new customers** (20%), and **improve the customer experience** (18%) as their top priorities.

To achieve this, marketing leaders say they are expected to improve operational efficiency, invest in new technology and commit to improving the capabilities of their people through education and training.

But while revenue emerges as the key benchmark in the study, broadly speaking, marketers rate themselves poorly when it comes to demonstrating their contribution – 63.9 per cent say they are only fair or poor on this measure and less than ten per cent rate themselves as excellent.

In fact, almost a third (31%) do not even measure their contribution to revenue, and only 14.8 per cent say they contribute to more than half of company revenues. When pushed on the matter, half admitted to guessing the number.

2. **Marketers are investing in programs to better demonstrate the value of their work.** However, these are often unsophisticated. Attribution models still tend to be immature.

Less than half of the marketers surveyed said they used a combination of multi-touch and first-touch models. In fact, it is still more common for marketers to rely on traditional campaign metrics like clicks, downloads, or customer satisfaction ratings such as net promoter scores than on the financial metrics that underpin what marketers themselves identify as key organisational goals.

More than ten per cent of marketers (12.6%) do not attempt to measure the success of their activities.

3. As such, **marketing is still poorly perceived by its non-marketing management peers.** Barely 15 per cent of respondents said their peers saw marketing as a primary business driver and revenue generator.



Marketers can't quite shake off the image of what Liz Miller at the CMO Council in the US famously derided as the "colouring-in department". In fact, marketers say they are still largely considered to be brand managers and event organisers.

On the upside, almost a third of marketers said their companies recognised the supporting role they provided to the sales department and therefore revenue goals.

CMOs we interviewed as part of our deep-dive into the numbers said that, while their management peers had a better sense of what they contributed now compared to five years ago (largely because of the accountability provided by digital marketing), the current leadership groups of many organisations still see marketing as anchored in the world that digital marketing has largely displaced over the last 20 years.

4. **Marketing technology has made huge strides improving** the lot of CMOs over the previous decade, and most companies have made investments across a range of disciplines.

The top five functions identified by marketers in the survey were CRM, Social Media Engagement, Email Marketing Platforms, Marketing Automation, and Data Management. Meanwhile, in the **coming year, Marketing Automation tops the wish list.**

And while it is still early days for technologies like Artificial Intelligence – the number of companies making investments in this space remains in the single digits – expect a big spike in investment next year.

5. As to their personal goals, **marketers want to build a bigger personal profile** (interestingly, in the deep-dive this was partly motivated by wanting to demonstrate the value of thought leadership to their peers). **Marketers also aspire to taking a larger role in business strategy** and see gaining additional skills and capabilities as key to this.

SHOW ME THE MONEY





Revenue growth, customer acquisition, and customer experience are identified as the key organisational goals by marketers in both the survey and the deep-dive conversations.

Asked to identify the top organisational priority for the business, marketers say their companies expect them to grow revenues (21%), acquire new customers (20%) and improve the customer experience (18%).

However, CMOs see revenue growth as the natural consequence of where they put most of their efforts — understanding and fulfilling customer needs, then developing the strategies to meet those needs.

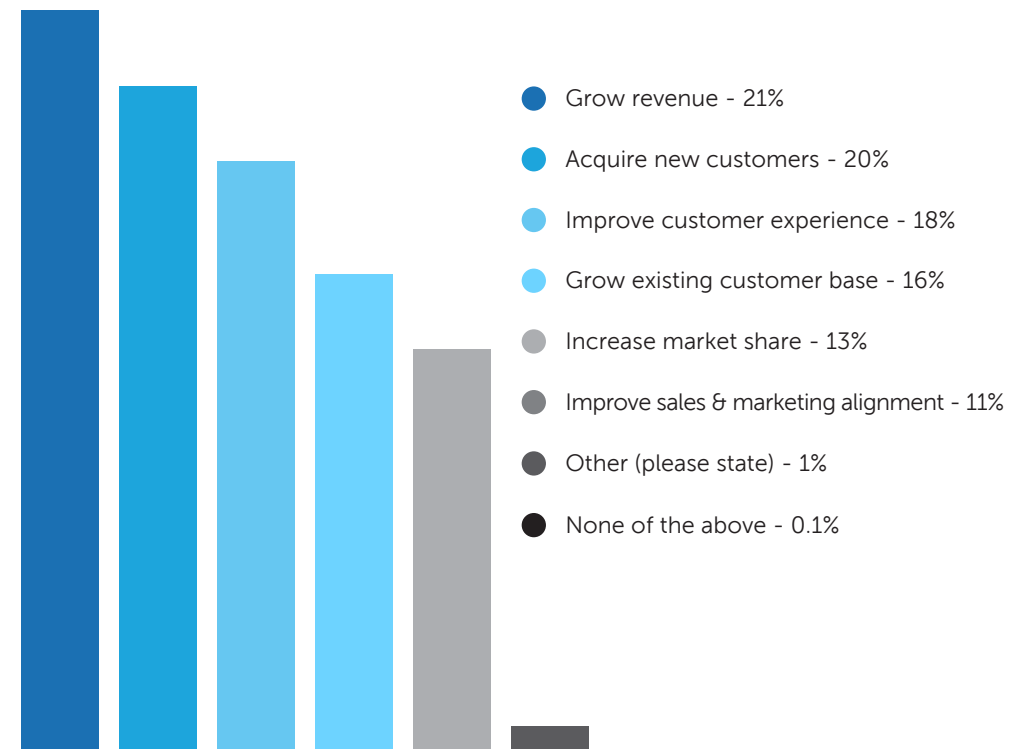
Marketing leaders also told us they see their roles increasingly as customer advocates who feed directly into product development and especially advocate on behalf of the customer. CMOs also argue internally for the need to tie together disparate systems and internal agendas. Too often, companies allow internal structures to create division between marketing's approach to brand and direct response. Companies need to understand that in the mind of the customer it is the same thing. Customers don't think of different channels as different brands, and they are right. It is beholden on companies to make sure the end-to-end experience ties together.

That puts culture and cultural change at the very top of the agenda for many marketing leaders. Campaign activity — which gets much of the external focus when it comes to the role — is simply a consequence of

the core work of understanding what needs the company fulfils for a customer and then building the right type of products and experiences to meet those needs.

The most senior marketers we spoke to are comfortable with being judged on the revenue performance of the business. However, they acknowledge difficulties.

WHAT ARE YOUR ORGANISATIONAL GOALS FOR THE YEARS AHEAD?





This is borne out in the survey as well. Marketers say are they struggling to demonstrate their contribution to revenue — 61 per cent of marketers say they are only fair or poor on this measure. Only nine per cent rate themselves as excellent.

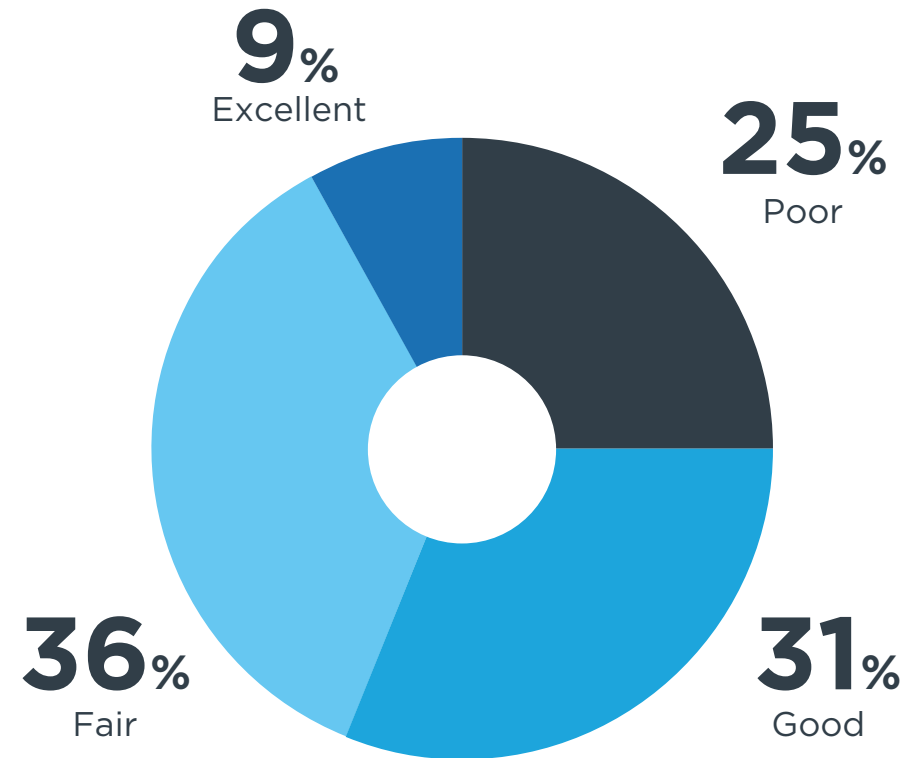
In our national survey of marketers, almost a third (31%) admitted that they do not even measure their contribution to revenue. Less than 15 percent say they contribute to more than half of company revenues.

In fact, when pushed on the matter, half of them admitted to guessing the number.

Perhaps that is why they are believers in the power of marketing technology. The data analytics their systems deliver are critical to ensuring that campaign budgets (which most of their peers equate with the entire marketing function) are invested most effectively and, importantly, allow them to demonstrate their results to other managers in a language those peers understand.

It is a complex time for marketers. Those we spoke to say more has changed in the last five years than the previous 20. It is critical for marketing teams looking to stay relevant to have both the capability and capacity to overcome this complexity and play a key role in the leadership of the business.

RATE YOUR ORGANISATION'S ABILITY TO DEMONSTRATE MARKETING'S IMPACT ON REVENUE



ATTRIBUTING SUCCESS





The mantra for modern marketers is 'if you can't measure it, then it isn't real'. That's a fine sentiment, until you realise that marketers struggle to attribute the contribution of their department to the company goals around revenue, customer acquisition, and customer experiences.

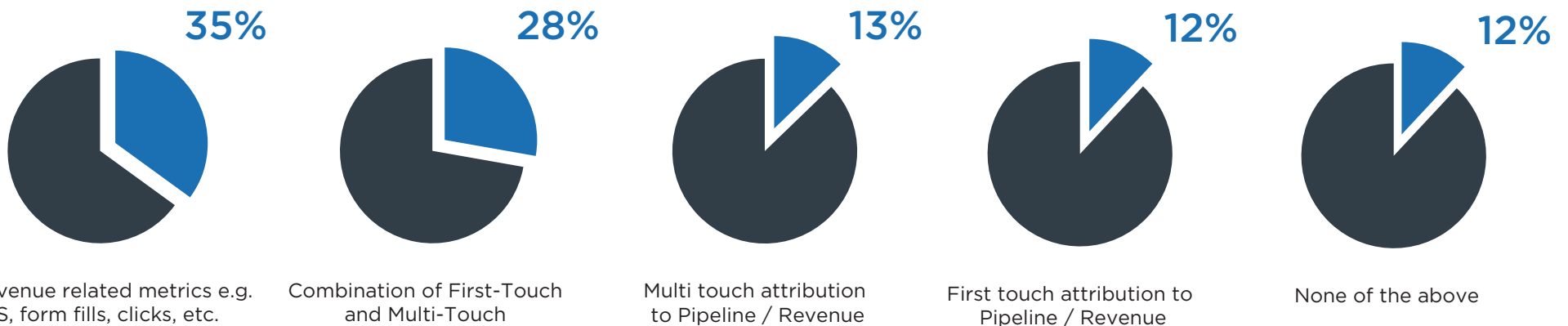
One in ten marketers surveyed said they made no attempt to measure the impact of what they did on the company's revenue goals. Many of those who do are still using simple first-click and last-click attribution models, although it is clear that marketers understand the need to attribute value to the touchpoints they have with customers and prospects.

More-sophisticated marketers have instead turned their attention to allocating the right weight to every step in the funnel, and then using this insight to better inform their budget allocations.

This link is seen as very tight when the focus is on activity that drives consideration and conversion. However, marketing leaders acknowledge that, for marketing activity that drives awareness and brand perception, the link is weaker.

So while there is an increasing ability to apply scientific methods to marketing via approaches such as A/B testing and optimisation, they say there is still a place for intuitive marketers who can understand the 'art' of marketing.

HOW ARE YOU MEASURING THE SUCCESS OF YOUR MARKETING ACTIVITIES?





CMOs are also aware that they often rely on data held by other departments to demonstrate their effectiveness. Even where there is a willingness to share that data by marketer's management peers, siloed technology infrastructure makes it difficult to get the information in a timely manner. This also affects the speed at which they can analyse and respond to changes in consumer behaviour or market performance.

There is another problem marketers face: sometimes the data tells stories that managers don't want to hear.

It is important to instill a more fact-based decision-making culture, according to many CMOs. It is beholden upon marketers to know what they measure, how they measure it, and what they can learn from the data. And they need to be willing to push back against the ingrained

beliefs and sacred cows beloved by all companies when the data does not bear out the incumbent thinking.

The CMOs we interviewed told us this was a difficult concept for many business leaders to get their mind around. Too many still want to rely on gut feeling, or avoid the risk of trying new things.

As one Financial Services CMO told us, *"When it comes down to taking data and actually interpreting the data, and then using the data to the benefit of the organisation, it is a far more difficult project than merely measuring the data."*

Of course marketers should clearly articulate how their activity directly or indirectly contributes to revenue. If you don't then it's difficult to justify increasing marketing investment year-on-year. Marketers need to demonstrate that their marketing activity is focused on growing current and new markets, building loyalty and increasing customer value, positioning the brand so it supports the sales and business strategy as well as aligning the brand, the customer and the organisational team culture. When all these activities are aligned and creating value for the customer it becomes more clear how the marketing activity drives revenue.

*- Alex Gibbs, Senior Executive and Board Director,
Wine Communicators of Australia*

PERCEPTIONS OF MARKETING





Revenue may top the list of organisational goals – this was true for both the marketing and non-marketing roles we surveyed – but marketers have yet to seal the deal when it comes to validating their own role in this.

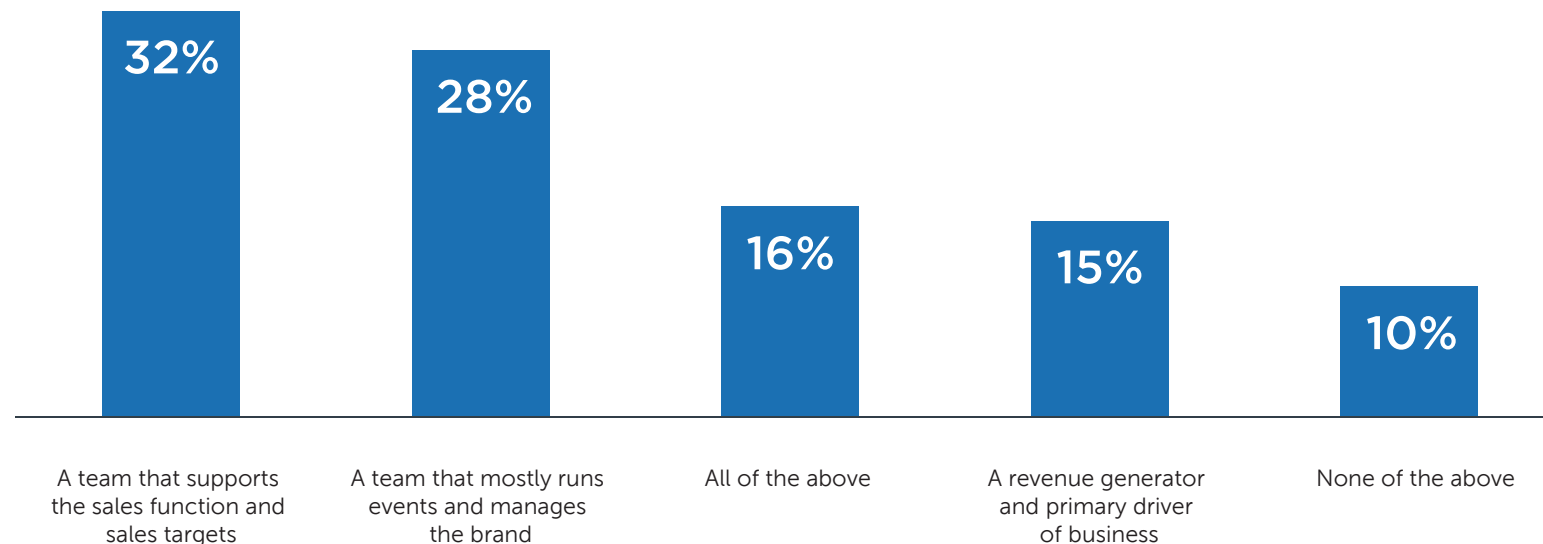
Marketers themselves say there is little recognition of their contribution to revenue (which is hardly surprising as most can't even quantify it).

Our survey found that only about 15 per cent of marketers said their department was seen as a primary business driver and revenue generator

– although a slightly larger number nominated revenue as a function of marketing. However, many people still perceive the role of marketing to be a brand manager or even, in some cases, an events organiser.

Perhaps, because a significant proportion of the survey respondents worked for both B2B and B2C businesses, there was at least a recognition of the support marketing provides to the sales department and – as a consequence – to achieving the company's revenue goals.

HOW DO YOU THINK YOUR MARKETING TEAM IS PERCEIVED IN THE ORGANISATION?





Marketing leaders know they have more work to do to improve the perception of their departments inside their companies. To a large extent, marketers are still battling legacy views of the work they do from a time when there was far less accountability of marketing.

However, the ability to engage with management peers, executives in the C-suite, and even the Board is recognised as critical to marketing success.

This is especially so for organisations that place the customer experience at the top of their goals. To build seamless end-to-end experiences for consumers and customers, organisations need to ensure the leadership team is aligned around the revenue outcome – and is willing and able to share the data and the processes that underpin customer experience.

The reality is that marketers often lack the fiscal reputation to drive this kind of change – which is why so many we spoke to stressed the need for CIO engagement.

CMOs and other marketing leaders say leadership by the CEO – especially around the culture change question – is imperative to their success.

A senior marketer with one of the country's leading retailers said she was impressed, when she joined her new company, by how well their department was regarded. The reason: they have invested in executive relationships.

They make sure they have the executive on board, she said. As a result, they have successfully contributed to creating a culture with an appetite for bravery. *"They were clever about spreading the risk and getting executive buy-in. That's incredibly important"*.

Marketers are also keenly aware of the often poor regard with which CMOs were held by the CEO and the leadership group in the past.

A senior executive we spoke to, who has held both roles and worked in both the education and finance sectors, said it wasn't until he was thrown into a marketing role that he understood the complexity of the problems faced. Marketers, he said, tended to focus on engaging with customers, and failed to spend enough time engaging internally.

"The goal might be more revenue, but you don't get revenue from revenue. You get it from acquiring new customers or by having more engaged customers and getting them to use the product more, or buy more product," he said.

This is the kind of conversation marketers need to have with their peers.

The non-marketing executives we spoke to also reinforced the idea that marketers can best serve the company and themselves by helping peers better understand the needs and the behaviours of customers.

And they also recognise that the nature of marketing is changing – as are the tools marketers need to meet the goals of the business.

MARKETING TECHNOLOGY





The CMOs, and other C-suite executives we interviewed as part of our deep-dive were passionate advocates for the role technology plays in marketing. The emergence of sophisticated marketing technology parallels the rise of digital technologies such as cloud computing, analytics, and social media, and underpins dramatic changes in the role of marketing and the nature of the job marketers are required to do.

Technology is seen as both a cost of doing business and also a source of significant competitive advantage. Good technology, well implemented, will help evolve digital relationships from merely transactional interactions to valuable and engaging ways to reinforce the promise of the brand, according to our interviewees.

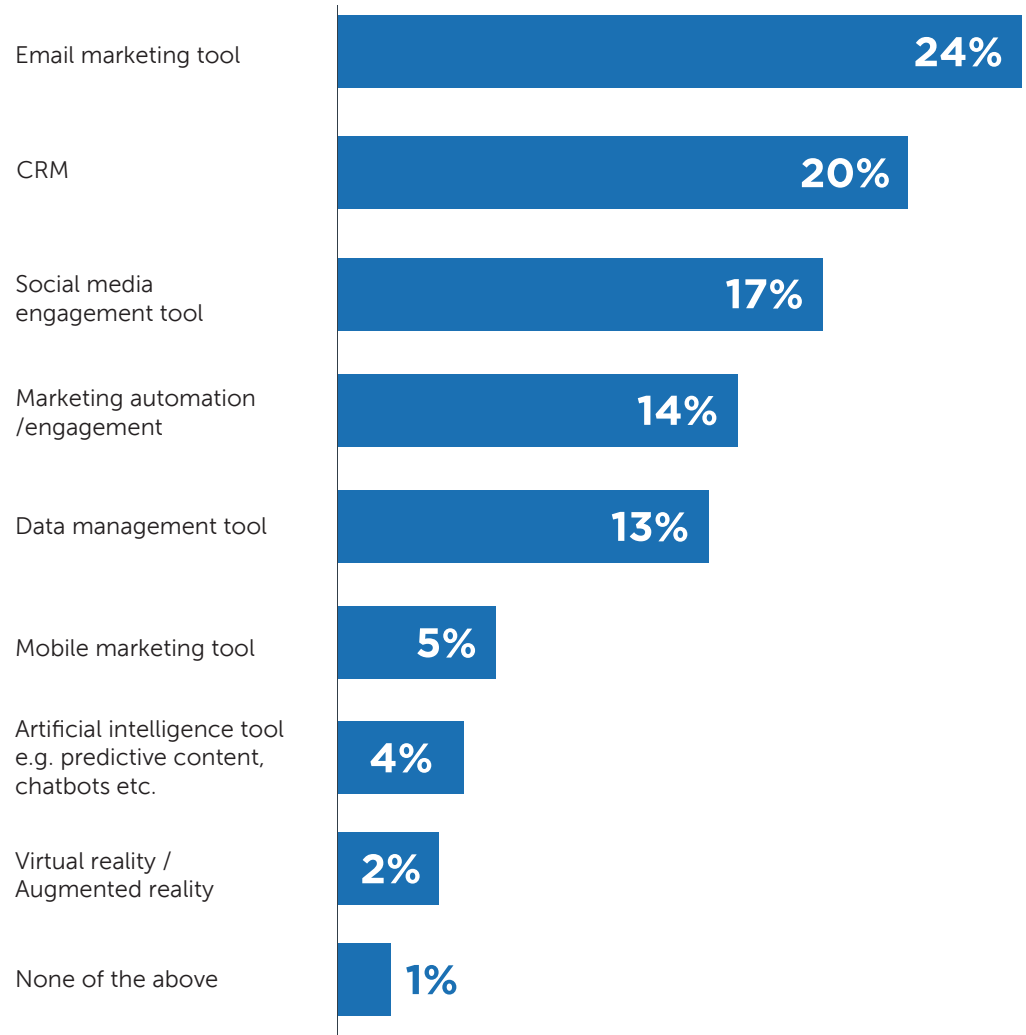
In the survey, we asked marketers what technology they used most commonly in their marketing technology stack and also what they planned to implement over the next 12 months.

The top five current marketing technologies identified by marketers in the survey were CRM, Social Media Engagement, Email Marketing Platforms, Marketing Automation, and Data Management.

For the year ahead, marketers said they would invest more in Marketing Automation (which supports the organisational goal of operating more efficiently) and Data Management tools.

But the big mover is Artificial Intelligence. The number of marketers who say they currently have AI in the stack is a mere four per cent, but it registers on the wish lists of 17 per cent of marketers.

WHAT IS CURRENTLY IN YOUR MARKETING TECHNOLOGY STACK?

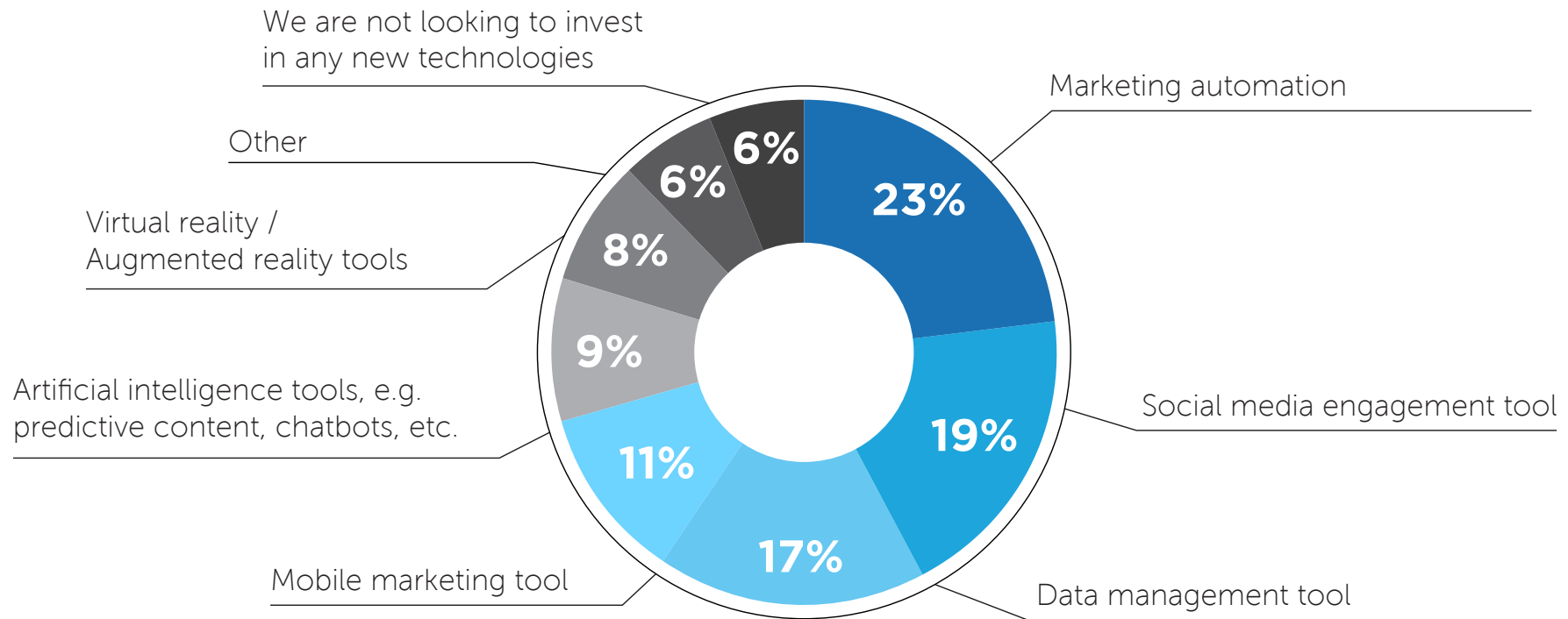




Marketers in the survey were clearly divided over how well-equipped they were with their current marketing resources, although a clear majority were satisfied for the time being.

Nearly 40 per cent of marketers said their current stack was simply not sufficient to do the job required of them, or that it only allowed them to “barely scrape by”. That contrasts with the 57 per cent who said it was enough to do their job effectively.

WHAT NEW MARKETING TECHNOLOGIES DO YOU EXPECT TO INVEST IN NEXT YEAR?





Marketing leaders said there were still clear gaps in the technology stack and that these would hinder creating a truly harmonious customer experience until the gaps are filled.

For instance, many struggled with the obvious problem of identifying a visitor to a web site to ensure they were served the most appropriate content for their needs — or at the very least not retargeted with products they had already purchased.

The gap between online and offline also needs to be addressed, although on this front there is progress.

A senior marketer from the grocery sector described the problem this way: *“It’s fine to say that we’re going to use online behaviour as a leading indicator of consumer behaviour and prediction, but it is still a very broad extrapolation. And it doesn’t take into account there’s still massive blind spots in the attribution landscape at the moment.”*



I think where the technology providers can help more is be more consultative and give more resources to organisations to help them break through all of the barriers, because there is just so much complexity to it.

- APAC digital marketing leader for a global hardware brand



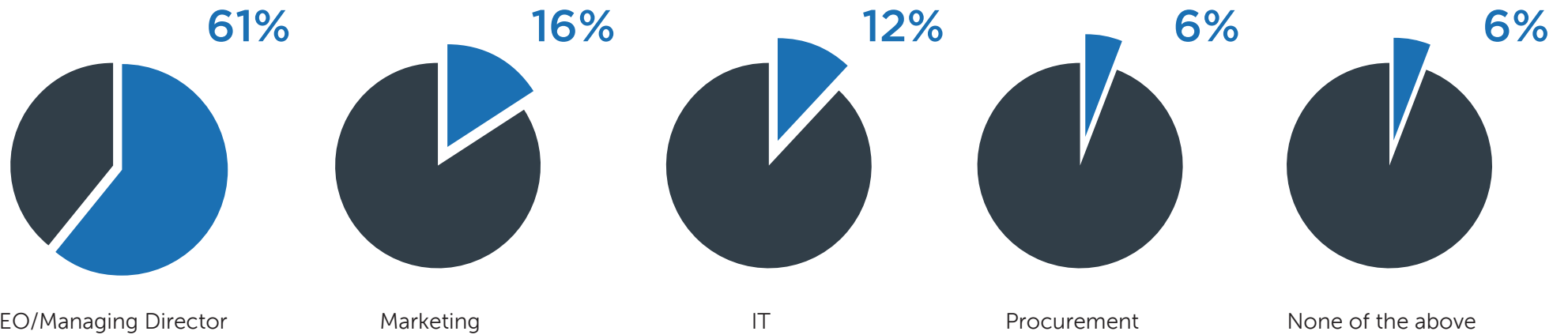
CMOs flagged the fact that the advertising technology that serves their display and search advertising remains anonymised, whereas the great virtue of their marketing technology is that it is able to identify a customer. This is what marketers refer to as the gap between probabilistic identification and deterministic identification. Or, put more simply, the difference between *‘it’s probably you’* and *‘it’s definitely you’*.

And marketers claim they are still struggling with analytics. The problem is not the technology but the sheer volume of data available and the lack of capabilities in the talent market to draw the insights.

One final note on marketing technology: overwhelmingly, the person who signs off on marketing technology is not the CMO, or even the CIO — it’s their boss.



WHO HAS FINAL SIGN OFF ON MARKETING TECHNOLOGY PURCHASES?



In 60.6 per cent of cases, the CEO or Managing Director is the final arbiter for marketing technology spending. The CMO is a long way back in second, at 16 per cent, with IT third at 11.5 per cent.

In fact of all the questions we asked, this was the most surprising finding.

PERSONAL GOALS





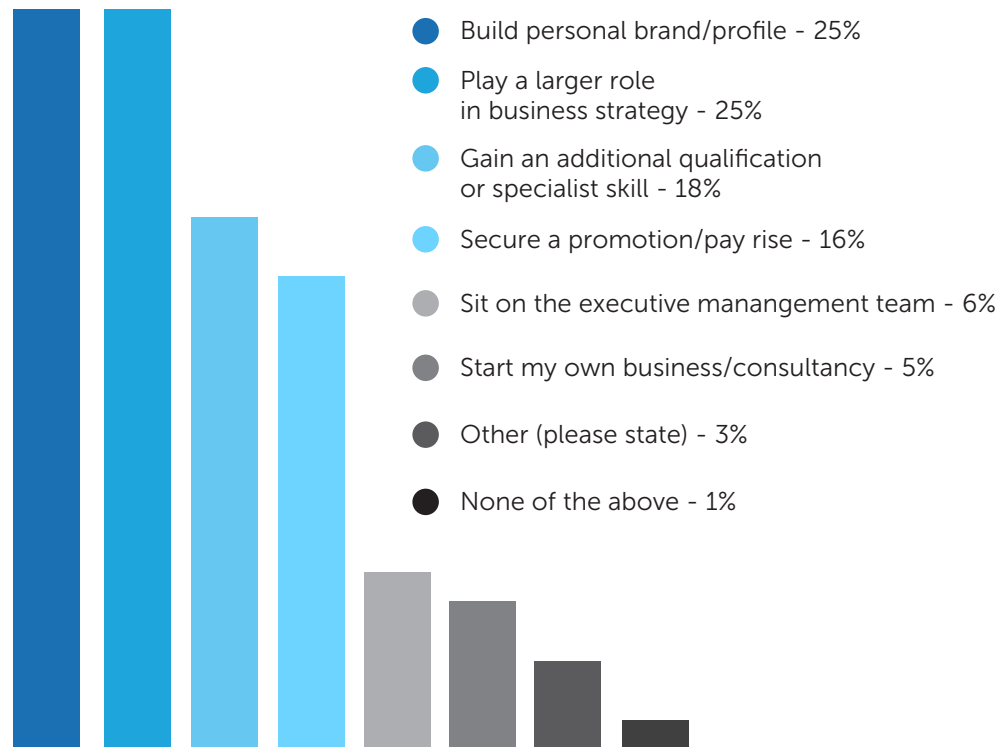
In the final part of the survey, we asked marketers to identify their personal goals – and we also asked the CMOs who participated in our deep-dive the same questions.

Across the full sample group, including non-marketing executives, building a personal brand rated as the highest goal. However, that was bumped into second place when only marketers were asked. Instead, marketers said their personal goal is to play a much larger

role in business strategy. Increasing their capabilities and skills through education came third.

In our deep-dive with the CMOs and other C-suite executives on this topic, it was clear that many saw the expertise they had developed around technology in recent years as providing a path to additional senior executive roles. Marketers nominated chief digital officer and chief technology officer positions as roles they aspire to, along with chief customer officer.

PERSONAL GOALS



None nominated the CEO role, although several expressed a desire to build and run their own businesses based on the expertise they had developed in their roles.

In other cases, marketing leaders said leading culture change programs – where they wanted to imbue a startup mindset into their organisations – encouraged them to consider roles with insurgent businesses.

Finding and developing talent was both an important motivator and a source of satisfaction.

Another common theme was the enjoyment marketers derived from their role as the voice of the customer. Marketers see great value in understanding the customer mindset better than their peers in the leadership group and believe they can parlay this insight into other fields such as product development, customer experience management, and sales management.

CONCLUSION



CONCLUSION



Marketers understand the power and the incontestability of change, because they have lived it in their own careers over the last decade.

To succeed now they need to be diplomats, change managers, technologists, analysts, strategists, and advocates.

Our survey of 444 marketing and related roles demonstrates there is an understanding of business objectives and metrics like revenue, but a reticence to own these metrics as marketing goals. There's a long way to go to replace the marketing metrics of old.

As such it is no surprise that many marketers still struggle to demonstrate their impact on business metrics and therefore the value they bring to their organisation. A sizeable minority still lack the technology and insight into their contribution to revenue and profit and as a result are failing to educate their management peers that marketing is no longer a cost centre.

Planned increases in technology investment will begin to provide more transparency over these numbers and create an important opportunity to embed marketing at the very top of the organisation as an advocate for customers, a source of revenue, and a driver of growth.

However, marketers must realise that this will increase accountability.

Australian marketers are driven and highly engaged with their mission to have a greater impact on business strategy in the years ahead. We expect this personal driver will see marketing teams have a greater focus on business metrics and attribution throughout the coming years.

ABOUT MARKETO



Marketto, Inc., offers the leading Engagement Platform that empowers marketers to create lasting relationships and grow revenue. Consistently recognised as the industry's innovation pioneer, Marketto is the trusted platform for thousands of CMOs thanks to its scalability, reliability, and openness. Marketto is headquartered in San Mateo, CA, with offices around the world, and serves as a strategic partner to large enterprise and fast-growing organisations across a wide variety of industries. To learn more about the Marketto Engagement Platform, LaunchPoint® partner ecosystem, and the vast community that is the Marketing Nation®, visit au.marketto.com.



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