European Marketing Agenda 2021

"Eat-Sleep-Data… Data Ready?"

European Marketing Agenda 2021: The Path to Data-Driven Marketing

Digitalisation faces marketing organisations and decision-makers with challenges whose impact is rarely restricted to individual corporate units and generally felt throughout corporate strategy, corporate culture, organisational structure and operational processes. On the one hand, it is therefore unsurprising that digital projects originally seen as stand-alone initiatives can quickly lead to the realisation that there is a need for overarching changes involving all corporate units, with operational restructuring required in many cases. On the other, any attempt to achieve digital transformation without surrendering the status quo is almost certain to fail. We are therefore confronted with a conflicting situation in which the dogma of *"Digital is the new normal"* and a legion of start-ups just waiting to cannibalise conventional business models are juxtaposed against the many painful, cost-intensive experiences (and personal wounds) of the marketing/sales and IT projects of the past, for example in the field of CRM. By way of contrast, digital innovations such as *WhatsApp* and *Netflix* have long since become part of the daily lives of customers and consumers and are adapted at an astounding pace.

And then Corona took over...

There is a certain irony to the current situation, as the COVID-19 pandemic that has had the world in its grip since early 2020 is turbocharging the digitalisation of businesses in general and marketing in particular. Whether because or in spite of the pandemic, companies are not only refocusing their existing projects and activities in the digital sector, but also launching new initiatives designed to enhance digitalisation and revitalise corporate structures. Whereas some branches of industry are in the midst of a significant slump, it is not unusual for software firms and providers of marketing tech services to complain that they are swamped with business. This trend is amplified by an increased level of willingness to implement internal projects, even at companies where trench warfare and political intrigue have been lovingly preserved elements of the corporate furniture for many years. For better or worse, it would appear that the COVID-19 pandemic is having a number of curative effects on corporate politics.

The COVID-19 pandemic might have forced us to cancel the 2020 editions of our well-established Marketing Days in a variety of European countries, but we are delighted that many of our colleagues from around Europe have been keen to stress just how important these annual highlights in the industry calendar are to both them and their employees. As in previous years, we aim to use specially selected content and formats to fulfill **8 fundamental criteria** in 2021:

1. The presentation and discussion of topical, forward-looking concepts;
2. Emphasis on tangible, real-world experience (rather than theoretical strategies);
3. The provision of platforms for interaction, discussion, high-quality knowledge transfer and networking (rather than unidirectional PowerPoint presentations);
4. The delivery of reports on real-world experience and lessons learned by those responsible for decision-making and implementation (rather than a string of arbitrary success stories and yet another list of potential trends and opportunities);
5. Emphasis on conceptually valuable contributions from companies that have already gained in-depth experience of the strategies and processes presented (i.e. not a schedule full of superficial sales pitches);
6. The presentation of narrative threads that run all the way from strategy to implementation;
7. Contributions from companies of all sizes and from all industrial segments; and
8. Emphasis on cross-functionality at interfaces with offline activities, IT/digital business, product development & management, pricing, innovation management, channel management, organisational structure and leadership.

The **European Marketing Agenda 2021** forecasts trends and outlines a common thread for the coming year. It was once again drawn up on the basis of an annual survey of nearly 4,800 European marketing and sales executives conducted in cooperation with the members of the European Marketing Confederation (EMC). As always, we are indebted to all our colleagues for not only their suggestions and inspiration, but also the commitment, effort and brain power they put into them. We thank each and every one of you! Special thanks are due to Kantar's Jonas Kütt and Andreas Pohle for their support during the analysis of the data gathered.

We hope that the *European Marketing Agenda 2021* once again provides you with a wealth of ideas and items for discussion, and relish the prospect of using a variety of formats to explore this year's top priorities and challenges with you in depth over the next twelve months. It would be our great pleasure to see you again – hopefully in person – at some point in 2021!

Yours,

Andreas Balazs (Switzerland)

Chris Daly (United Kingdom)

Jonathan Deacon (United Kingdom)

Martin Huisman (Netherlands)

David Field (Ireland)

Tanja Kavran (Slovenia)

Tatiana Komissarova (Moscow)

Alvydé Palaimaitè (Lithuania)

Ralf Strauss (Germany)

Georg Wiedenhofer (Austria)

Marketing Against the Backdrop of the COVID-19 Pandemic

The **European Marketing Agenda 2021** is the latest in a series of trend studies. It was initiated by the Board of the European Marketing Confederation (EMC) in late 2020 with the aim of providing detailed insights into the challenges faced and strategies adopted by European CMOs and, in turn, identifying the trends to be expected in 2021. The primary objective of the study was to determine the most important issues, challenges and barriers from a marketing and sales perspective in 2021. A total of nearly 4,800 European marketing and sales executives were surveyed, with 635 full responses received.

For better or worse, European marketing executives tend to see the global COVID-19 pandemic as a driver for further digitalisation in the field of marketing. To give an example, they report that COVID-19 has already either caused or forced them to (also see figure 1):

- place greater focus on the KPI-driven optimisation of budgets and ROMI;
- prioritise digital customer interaction channels and the consolidation of data across a variety of sources and touchpoints;
- (following on from the previous item) make the establishment of marketing tech platforms and scalable customer experience ecosystems their top priority; and
- rethink their marketing organisation in terms of structures, cross-functional collaboration and essential expertise.[1]

[1] Gartner: Gartner Marketing Predictions for 2021 and Beyond: Marketing Hits Reset, 2020.

Figure 1: Effects of the COVID-19 pandemic on marketing operations in Europe (each respondent was asked to pick their top 5 challenges/barriers, multiple responses permitted, n=635)

Companies in different countries are attempting to cope with the impact of the pandemic in different ways: Whereas businesses in Austria, Switzerland, the Netherlands and the UK favour budgetary reductions and the restructuring of their existing business model, German marketing executives are shifting increasing attention to the further digitalisation of their marketing operations and the implementation of the platforms and systems required in that regard (see figure 2).

Rank	Austria	Germany	Lithuania	Netherlands	Slovenia	Switzerland	UK
1	Budget reduction (in general)	Increased focus on digitalisation and the implementation of marketing tech	Budget reduction (in general)	Reallocation of spending	Reallocation of spending	Budget reduction (in general)	Budget reduction (in general)
2	Increased focus on digitalisation and the implementation of marketing tech	Main focus of attention on marketing operations (execution), e.g., with the aid of enhanced websites, e-commerce, CRM systems, data analysis, etc.	Reallocation of spending	Development of new sales channels	Increased focus on digitalisation and the implementation of marketing tech	Restructuring of existing business models	Restructuring of existing business models
3	Restructuring of existing business models	Greater need for KPIs and measurable values (marketing spend optimisation)	Reorganisation of marketing processes	Increased focus on digitalisation and the implementation of marketing tech	Development of new sales channels	Increased focus on digitalisation and the implementation of marketing tech	Increased focus on digitalisation and the implementation of marketing tech

Figure 2: The top 3 effects of the COVID-19 pandemic on European marketing operations (each respondent was asked to pick their top 5 issues, multiple responses permitted, n=635)

There are also clear statistical differences between European countries in terms of their response to the pandemic:

- companies in countries such as Slovenia and Germany have generally responded by focusing on the implementation of marketing tech, marketing spend optimisation and the execution of marketing operations;
- whereas their counterparts in other countries such as Lithuania and Austria have looked to reduce their marketing budgets.

The trend towards the further digitalisation of marketing operations is also driven by the fact that many marketing tech providers have dropped their prices. As early as the start of March 2020, market research firm *Gartner* reported that a number of providers had temporarily reduced their prices and paused invoicing. To give an example, *Adobe* offered a “three months free” deal for its *Magento Commerce* and *Marketo Engage* products as well as announcing a “Launch Package” for SMEs, while *Salesforce* gave customers and non-customers alike 90 days of free access to its *Salesforce Care* services and accompanying support solutions. In all the noise of the publicity created by such initiatives, it went almost unnoticed that they encouraged a large number of companies to dramatically ramp up their focus on the strengths and weaknesses of their existing marketing tech platforms in terms of customer experience, marketing automation, data consolidation and reporting.

"Concessions that are made with the genuine intent to help customers will be appreciated and repaid with increased loyalty and customer advocacy on the other side of this crisis. First of all, some of these products can really help people through their current circumstances, such as tools for remote work and video conferences. Second, even for martech products that don't directly relate to current circumstances, offering benefits such as more free features or discounted pricing helps win or keep prospects and customers who have been forced to tighten their belts given economic uncertainty. With so many marketing operations and martech professionals stuck at home and working remotely, it may be a good time for them to experiment with new products ... especially if it doesn't cost anything." [2]

As such, the COVID-19 pandemic is giving rise to a variety of both amplifying and hindering effects where the further digitalisation of marketing operations and the further expansion of marketing tech are concerned (see figure 3).

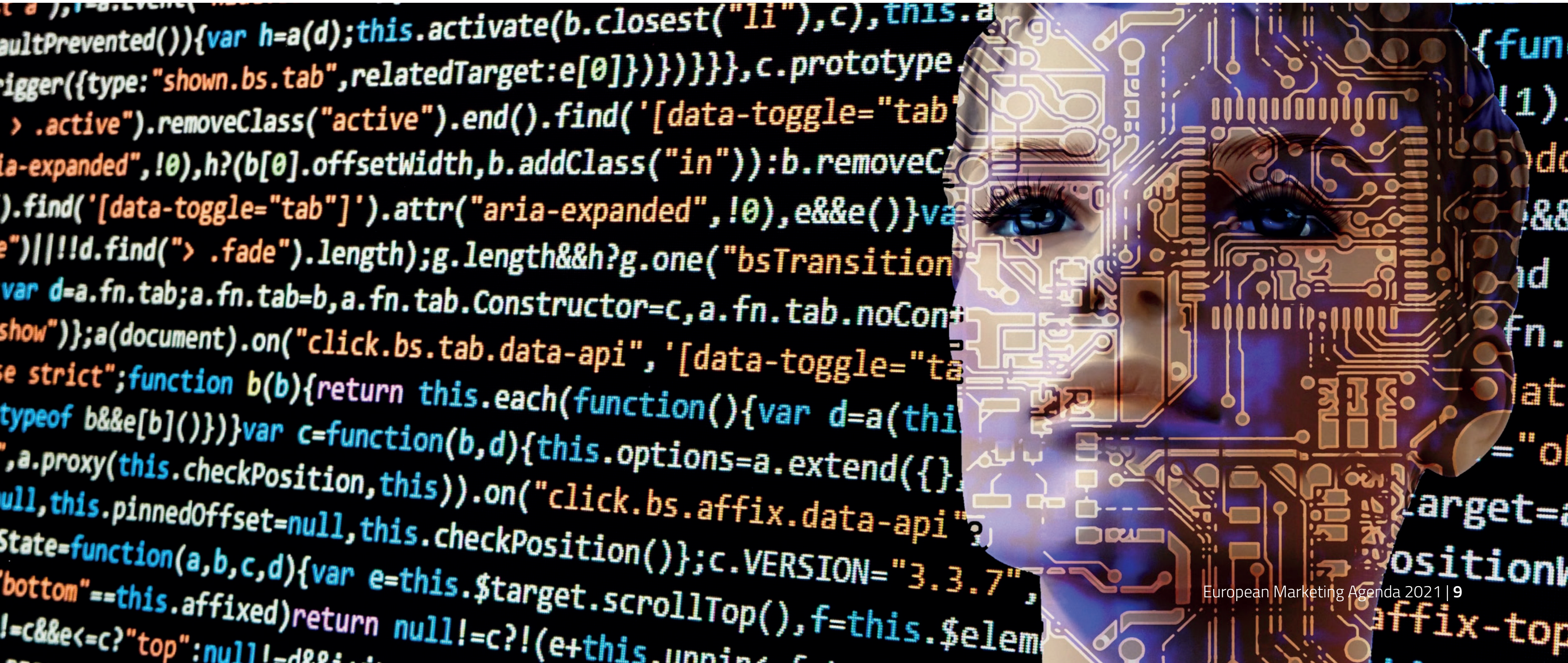
Amplifying effects	**Hindering effects**
General shift towards digital business (e.g., collaborative models, video conferencing, etc.) and digital customer interaction channels (e.g., social networks)	Budget cuts due to forthcoming/forecast recession
(Temporary) reductions in license prices offered by many providers	Marketing operations already running at full capacity as a result of crisis programs
Strong focus on cross-channel marketing spend optimisation (measured using KPIs, ROMI, etc.) and steering	Increased risk of insolvency among smaller providers and start-ups in the marketing tech segment as a result of a fall in investment from venture capitalists
Recession as a driver for (sales) performance marketing and associated tools	Limited employee availability in many sectors due to short-time work
Renewed examination of cross-functional cooperation, organisational structures and expertise	Investment models outdated, new ramp-up models for black swan events required, dependable forecasts impossible
Longer lead times and project durations essentially render marketing tech projects immune to fluctuation (at least in the short-term)	Deprioritisation of basic processes and "putting in the hard yards", stronger focus on tactical initiatives designed to optimise sales operations
Lower-priced applications tend to support the establishment of new platforms (ecosystems)	IT infrastructure running at full capacity due to home officing, IT procurement issues (e.g., shortage of PCs, tablets, etc.)
Higher level of employee willingness to play an active role in transformation processes	
State funding for digitalisation initiatives	

Figure 3: The COVID-19 pandemic as an amplifying and hindering factor in terms of the digitalisation of marketing operations and the adoption of marketing tech

[2] Strauß, R.; Clessienne, K.: Marketing Tech Monitor 2020, Hamburg/Frankfurt 2020; Gesenhues, A.: Martech platforms reduce costs as CMOs face budget cuts, in: MarketingLand, March 31, 2020.

European Marketing Agenda 2021:
The Path to Data-Driven Marketing… Key Issues

As in previous years, the responses received from European marketing executives when asked about the most important issues facing them in 2021 and beyond demonstrate a clear tendency towards a number of key topics ranging from digital marketing and CRM to marketing spend optimisation (see figure 4).



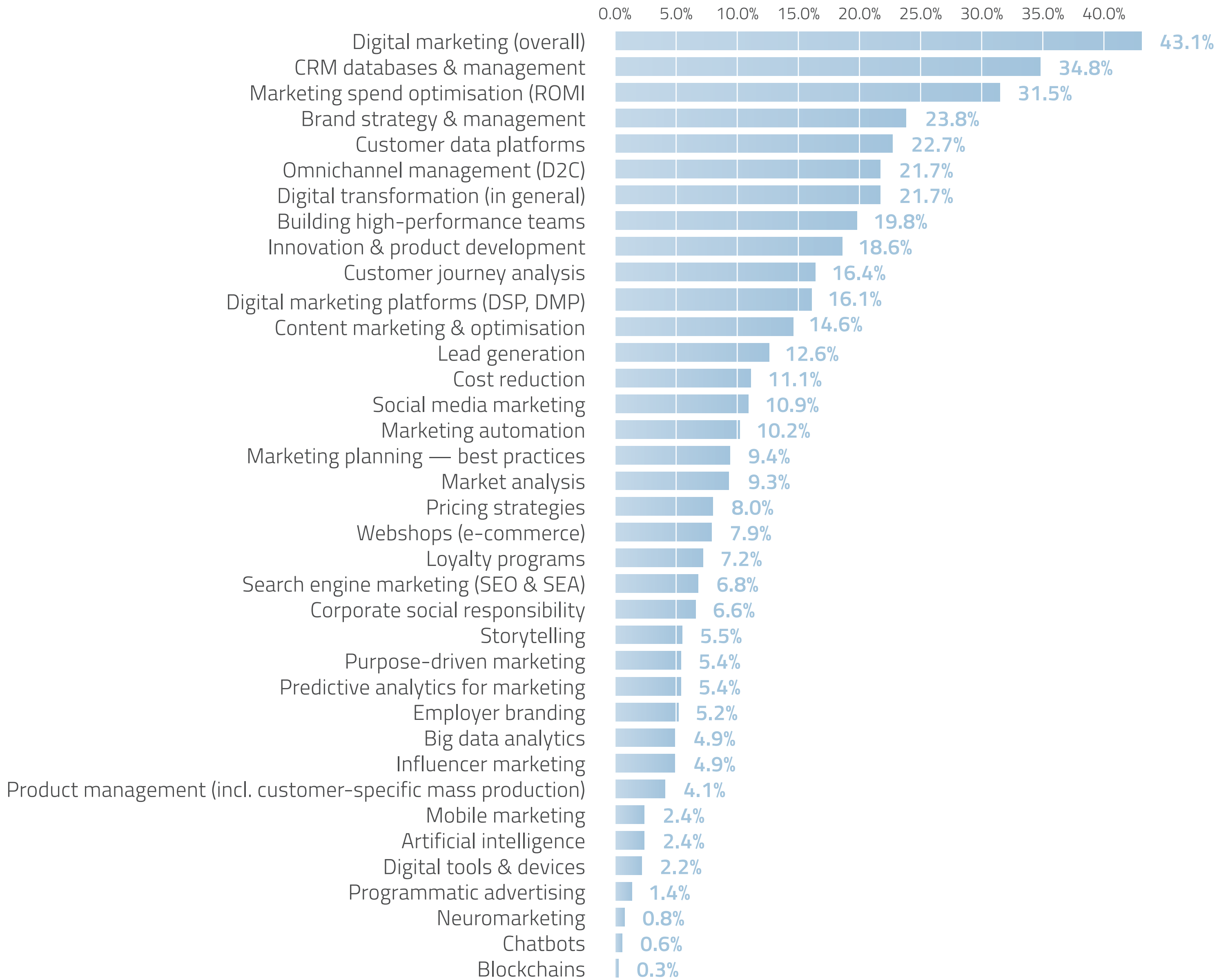


Figure 4: The most important marketing issues in Europe in 2021 (each respondent was asked to pick their top 5 issues, multiple responses permitted, figures are percentages, n=635)

Although an adequate understanding and at least partial implementation of individual digital marketing tools is already in evidence, the results of this year's interviews combine with almost 30 years of project experience to illustrate that it is neither technology nor individual tools that are required, but the orchestration of **cross-functional teams** and "mass individualised" communication in accordance with the principle of **data-driven programmatic advertising**. **Digital data platforms** such as DMPs and data lakes form the foundation for not only analytics, but also the control of customer contacts in operational scenarios (as part of comprehensive **marketing tech**). Access to user data is one of the critical factors in the effective targeting of "gravitational content", and plays an especially important role in **customer journey** analysis. The analysis of a plethora of online and offline points of contact with both product and company all the way through to the purchase decision enables the identification of further opportunities to streamline the use of resources. The customer journey sees the customer navigate through the various stages of the purchase decision process, each of which should ideally be accompanied by corresponding marketing operations. From a marketing perspective, it is vital that touchpoints between the customer and the product and/or company are analysed with a view to determining and optimising the channels, advertising media, content and propositions that guide the customer towards making a purchase (attribution). Initial questions in this regard include:

- What touchpoints occurred between the user's initial contact with the product and their purchase decision?
- What contact in what channel made what contribution to the final purchase decision?

CRM has been a hot topic for over 25 years, yet nearly 35% of European marketing executives complain that their company still lacks a suitable CRM tool. Around another 50% have a suitable CRM tool at their disposal but are of the opinion that it cannot be used to make a sensible contribution towards the achievement of their corporate goals. Classical CRM application scenarios have been a widely established feature of sales operations (e.g., pipeline opportunity management, mobile workplaces for salespeople, etc.) and customer service (e.g., interaction centres, case management, etc.) since the 1990s, yet marketing-oriented applications remain the area with the largest backlog of unsolved CRM issues and untapped market growth. This trend is also driven by the shift from on-premises software to software-as-a-service, which marketing executives generally attribute to implementation gremlins and a lack of experience in the integration of CRM into marketing operations. There is clearly significant room for improvement here, with a renaissance in CRM therefore predicted in 2021 and beyond (see figure 5).

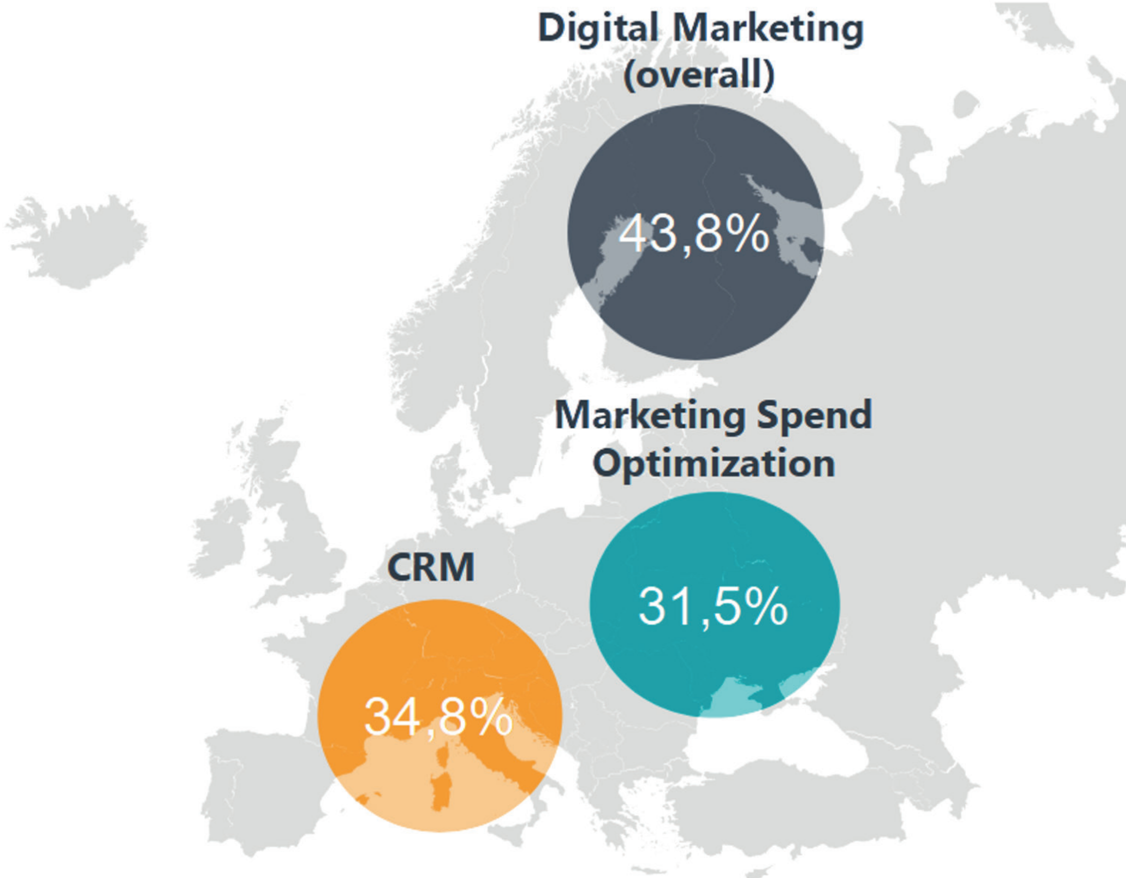


Figure 5: The top 3 marketing issues in Europe in 2021 (figures are percentages, multiple responses permitted, n=635)

Comparative analysis of statements made by European marketing and sales managers prior to the COVID-19 pandemic (source: survey conducted in late 2019 as part of the *European Marketing Agenda 2020*) and the key issues forecast in 2021 and beyond (source: survey conducted in late 2020, i.e. during/after the COVID-19 pandemic) points to a **significant shift in focus** (see figure 6).

Ranking	Decrease in focus (compared with the *European Marketing Agenda 2020*)	Increase in focus (compared with the *European Marketing Agenda 2020*)
1	Marketing automation	CRM databases & management
2	Big data analytics	Customer data platforms
3	Storytelling	Marketing spend optimisation (ROMI)
4	Content marketing & optimisation	Omnichannel management (D2C)
5	Artificial intelligence	Digital marketing (in general)

Figure 6: Comparison between the most important marketing issues forecasted in Europe in the following year based on responses received (i) prior to the COVID-19 pandemic (source: survey conducted in late 2019 as part of the *European Marketing Agenda 2020*) and (ii) during/after the COVID-19 pandemic (source: survey conducted in late 2020) (each respondent was asked to pick either their top 3 or 5 issues, different-sized cohorts)

Comparative analysis of the top 3 issues forecasted for 2020 and 2021 respectively yields a number of **insights** (see figure 7):

- On the one hand, the implementation of digital, data-driven marketing remains the top priority in 2021 but with a far higher level of focus than in 2020.
- On the other, focus on more conventional issues such as "*Brand strategy & management*" and *"Content marketing & optimisation"* was generally higher in 2020 than in 2021.
- The establishment and development of "*Digital marketing (in general)*" always goes hand-in-hand with *"Customer journey analysis"* (attribution modelling) and, in higher-value application scenarios, with comprehensive marketing mix modelling (*"Marketing spend optimisation (ROMI)"*).

Rank	*European Marketing Agenda 2020* (prior to the COVID-19 pandemic)	*European Marketing Agenda 2021* (during/after the COVID-19 pandemic)
1	Digital marketing (in general) – 29%	Digital marketing (in general) – 43.1%
2	Brand strategy & management – 28%	CRM databases & management– 34.8%
3	Content marketing & optimisation – 21%	Marketing spend optimisation (ROMI) – 31.5%

Figure 7: Comparison between the top 3 most important marketing issues forecasted in Europe in the following year based on responses received (i) prior to the COVID-19 pandemic (source: survey conducted in late 2019 as part of the *European Marketing Agenda 2020*) and (ii) during/after the COVID-19 pandemic (source: survey conducted in late 2020) (each respondent was asked to pick either their top 3 or 5 issues, different-sized cohorts)

Having generally ranked among the middle of the pack in 2020, issues such as CRM and the establishment of in-house customer data platforms has since witnessed a dramatic year-on-year increase in importance of up to 30%. At the same time, a certain rose-tinted swooning over marketing automation and big data appears to have given way to the realisation that their acknowledged benefits can only be brought to bear once the necessary foundations have been put in place in the form of effective platforms and aggregated databases (see figure 8).

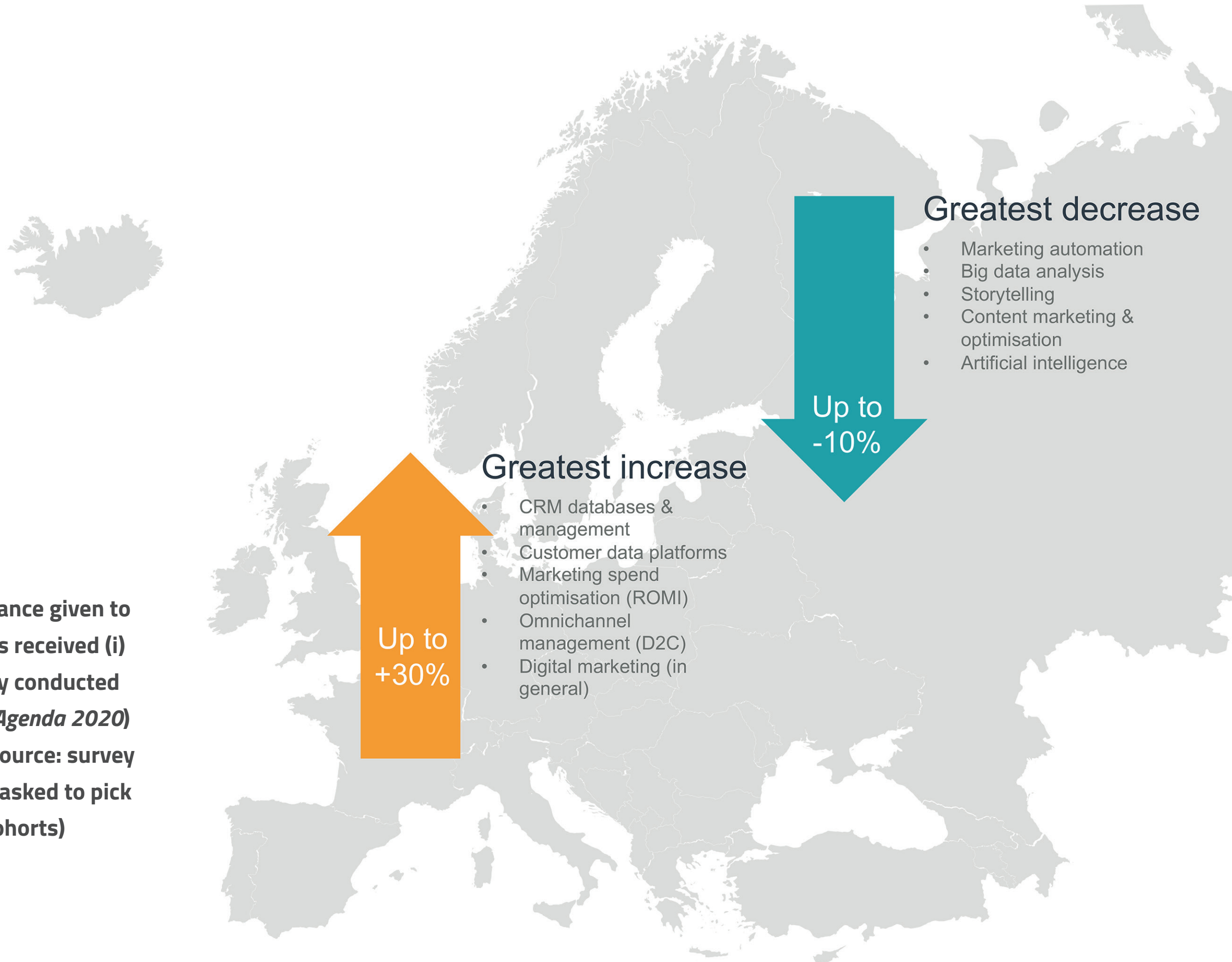


Figure 8: Overview of fluctuation in the importance given to marketing issues in Europe based on responses received (i) prior to the COVID-19 pandemic (source: survey conducted in late 2019 as part of the *European Marketing Agenda 2020*) and (ii) during/after the COVID-19 pandemic (source: survey conducted in late 2020) (each respondent was asked to pick either their top 3 or 5 issues, different-sized cohorts)

All of this is to be seen against the backdrop of the fact that "GAFA is here to stay" – or, in other words, that data platforms such as *Google*, *Amazon* and *Facebook* are set to continue to dominate the world of digital marketing. In the end, the goal is to use content and specially designed community concepts as a means of collecting **first party data** and gradually enriching it until it is ready for use in personalised CRM application scenarios. This needs to be done with as many customers as possible – even if the relationship with them is indirect – as it is the only way to escape the grasp of auction mechanisms in a platform-dominated world. Discussion of the enhancement of mass customer campaigns tends to focus on the use of customer centricity concepts. Even consumer goods manufacturers – who have traditionally adopted an indirect sales approach based on conventional commercial structures such as those typical to the food retail sector – must now prepare for a future in which the gathering, processing and targeted use of end customer data and touchpoints will be an indispensable part of their business operations.

> *"In our experience, every company – from FMCGs to normal brands or manufacturers – should attempt to significantly boost the proportion of transactions or business they do in direct contact with the customer. At the very least, they must be able to use community and content-based strategies to create a bond with customers who buy from them via third-party channels."* Dr Florian Heinemann, Project-A Ventures

The objective here is to gain direct consumer insights and implement sustainable direct-to-consumer business models that function outside of established oligopolistic retail structures and GAFA.

There are some significant differences between European countries in terms of their priorities in 2021 (see figure 9): In **Lithuania**, for example, the dominant topics are *"Digital marketing"* (43%), *"Brand strategy & management"* (32.2%), *"Marketing planning – best practices"* (19.8%), *"Innovation & product development"* and *"Social media marketing"* (tied on 20.7%). Lithuanian marketing executives place less focus on topics such as *"Big data"* and *"Digital transformation"* than their peers in other countries.

Rank	Austria	Germany	Lithuania	Netherlands	Slovenia	Switzerland	UK
1	Digital marketing (in general)	CRM databases & management	Digital marketing (in general)	Digital transformation (in general)	Digital marketing (in general)	Digital marketing (in general)	Lead generation
2	Digital transformation (in general)	Marketing spend optimisation (ROMI)	Brand strategy & management	Digital marketing (in general)	Content marketing & optimisation	Digital transformation (in general)	Digital marketing (in general)
3	Customer journey analysis	Digital marketing (in general)	Innovation & product development	Lead generation	Building high-performance teams	Brand strategy & management	Content marketing & optimisation

Figure 9: The top 3 marketing issues in a selection of European countries in 2021 (each respondent was asked to pick their top 5 issues, multiple responses permitted, n=635)

The main area of focus in **Austria** is *"Digital marketing"* (28.8%), closely followed by *"Digital transformation"* (25.4%) and *"Customer journey analysis"* (20.3%) and some distance ahead of *"Innovation & product development"* (16.9%). Attention to *"Big data"* and *"Predictive analytics"* is relatively low when compared with other countries. As in Lithuania, innovation management and the development of new products are towards the top of the agenda in 2021, with the relative significance of topics such as classical brand management decreasing in favour of greater focus on digitalisation.

Marketing managers in **Switzerland** adopt a similar stance to their Alpine neighbours: *"Digital marketing"* (39.4%) is deemed to be the most pressing issue, closely followed by *"Digital transformation"* (25.8%) and *"Brand strategy & management"* (24.2%). The main item on the Swiss marketing agenda in 2021 will therefore be the further digitalisation of marketing operations, with relatively strong emphasis on issues associated with brand management also retained. *"Content marketing & optimisation"* dominated last year's agenda but is now regarded as much less significant, falling from 23% in 2020 to just 15.2% in 2021. In the short term at least, both the (long-term) shift from push marketing to pull marketing predicted in previous years and brand promotion appear to have given way to a pandemic-induced focus on the further digitalisation of marketing operations. At the same time, Switzerland is statistically the European country in which reductions in general marketing costs will be of the greatest comparative significance in 2021.

It is an entirely different situation in the **Netherlands**: In 2021 the marketing landscape will be dominated by *"Digital transformation"* and *"Digital marketing"* (tied on 46.2%) followed by *"Customer journey analysis"* and *"Lead generation"* (tied on 38.5%). Issues such as *"Brand strategy"* (down from 47% to 30.8%) will enjoy significantly less focus in 2021 than in the previous year. As a result of the prioritisation of lead generation in the lower funnel, issues such as *"Marketing automation"* (up from 6% to 23.1%) are now seen as more important than ever before. Dutch marketing executives had projects in the field of *"Big data analytics"* at the top of their to-do list when surveyed in late 2019, but appear to have now put them on the back burner (down from 22% to 7.7%). This seems to be attributable to a realisation that such projects are dependent on the establishment of a more sophisticated marketing plan (*"Marketing planning – best practices"*, 30.8%). The importance placed on *"Building high-performance teams"*, on the other hand, has fallen dramatically from 15% in 2020 to 0% in 2021.

As in previous years, respondents from **Germany** paint a different picture to their European counterparts: They see the dominant issues to be *"CRM databases & management"* (56.1%) and *"Marketing spend optimisation (ROMI)"* (51.1%) followed by *"Digital marketing (in general)"* (49.3%) and *"Customer data platforms"* (45.7%). As in other countries, this is driven by the need to implement *"Omnichannel management (D2C)"* (41.7%). In 2021 marketing operations will once again be characterised by the establishment of suitable *"Digital marketing Platforms (DSP, DMP)"* (31.4%) and organisational structures (*"Building high-performance teams"*, 25.7%) as part of ongoing efforts to implement effective digitalisation processes. This year's survey found Germany to have a higher affinity with omnichannel management than any other European country.

Lithuania is often regarded as a shining example of digitalisation. The country is a recognised leader in not only the development of cloud technologies and e-government systems, but also areas such as e-medicine, e-banking, e-business and smart cities. The dominant issues therefore include *"Digital marketing (in general)"* (43%), *"Brand strategy & management"* (32.2%) and *"Innovation & product development"* (20.7%). The latter is tied with *"Social media marketing"* (also 20.7%) and seen to be slightly more important than *"Marketing planning – best practices"* (19.8%). As illustrated by other analyses, an advanced state of digitalisation results in a relatively even spread of other issues right across the four Ps of marketing. The *European Marketing Agenda 2021* therefore shows Lithuanian priorities to be not only consistent with those observed in previous years, but also conflicting to a statistically significant extent. On the one hand, there is a considerable level of focus on long-term issues such as employer branding and brand strategy. On the other, there is a strong desire to continue along a path of digitalisation. This is juxtaposed against limited focus on the implementation of data analytics, which appears to be attributable to the fact that this has already occurred and can, to a certain extent at least, be crossed off the Lithuanian to-do list.

Things look different in **Slovenia**: *"Digital marketing (in general)"* (37.7%) leads the way, while brand management and placement objectives are driving a shift from conventional push mechanisms to targeted pull mechanisms as part of *"Content marketing & optimisation"* (31.1%). Efforts in this area are supported by *"Building high-performance teams"* (31.1%). *"Digital transformation (in general)"* (29.5%), *"Brand strategy & management"* (27.9%), the *"Optimisation of ROMI"* and *"CRM databases & management"* (both 24.6%) come a close fourth and joint fifth respectively.

In the case of the **United Kingdom**, the recently concluded Brexit trade agreement with the EU goes hand-in-hand with strong focus on *"Lead generation"* as a means of generating direct sales in the lower funnel (37.9%), *"Digital marketing (in general)"* (31.0%) and *"Content marketing & optimisation"*, which are closely followed by *"Brand strategy & management"* and *"Innovation & product development"* (tied on 27.6%). A number of the main areas of emphasis observed in other European countries – for example *"Cost reductions"*, *"Webshops (e-commerce)"*, *"Customer data platforms"*, *"Employer branding"*, *"Mobile marketing"*, *"Artificial intelligence"*, *"Programmatic advertising"* and *"Blockchains"* – are completely absent from the Anglo-Saxon hit parade of key marketing issues in 2021.

European Marketing Agenda 2021: Data Ready? The Challenges and Barriers

Aggregation of the most significant challenges facing European marketing executives in 2021 puts *"Knowledge and experience in the dovetailing of marketing, IT and digital applications/scenarios"* at the top of the agenda (39.2%) followed by *"Selection and implementation of suitable data analysis processes and tools (big data)"* (36.2%) and all issues linked to the *"Consolidation of distributed customer data in order to gain a 360-degree view of the customer"* (37%). With this in mind, the greatest challenges faced in 2021 require action in the following areas (also see figure 10):

- the consolidation of all existing and newly generated **data sets**, for instance as part of data management (e.g., ETL processes);
- the recruitment of suitably experienced **data analysts** and data scientists;
- the establishment of a **consistent customer experience** across all touchpoints;
- the use of **change management** to remould the existing organisation in terms of both working methods and the use of IT applications; and
- the simultaneous establishment of a shared understanding of the importance of not only **data-driven marketing** as a concept, but also the fundamentals and platforms it requires.

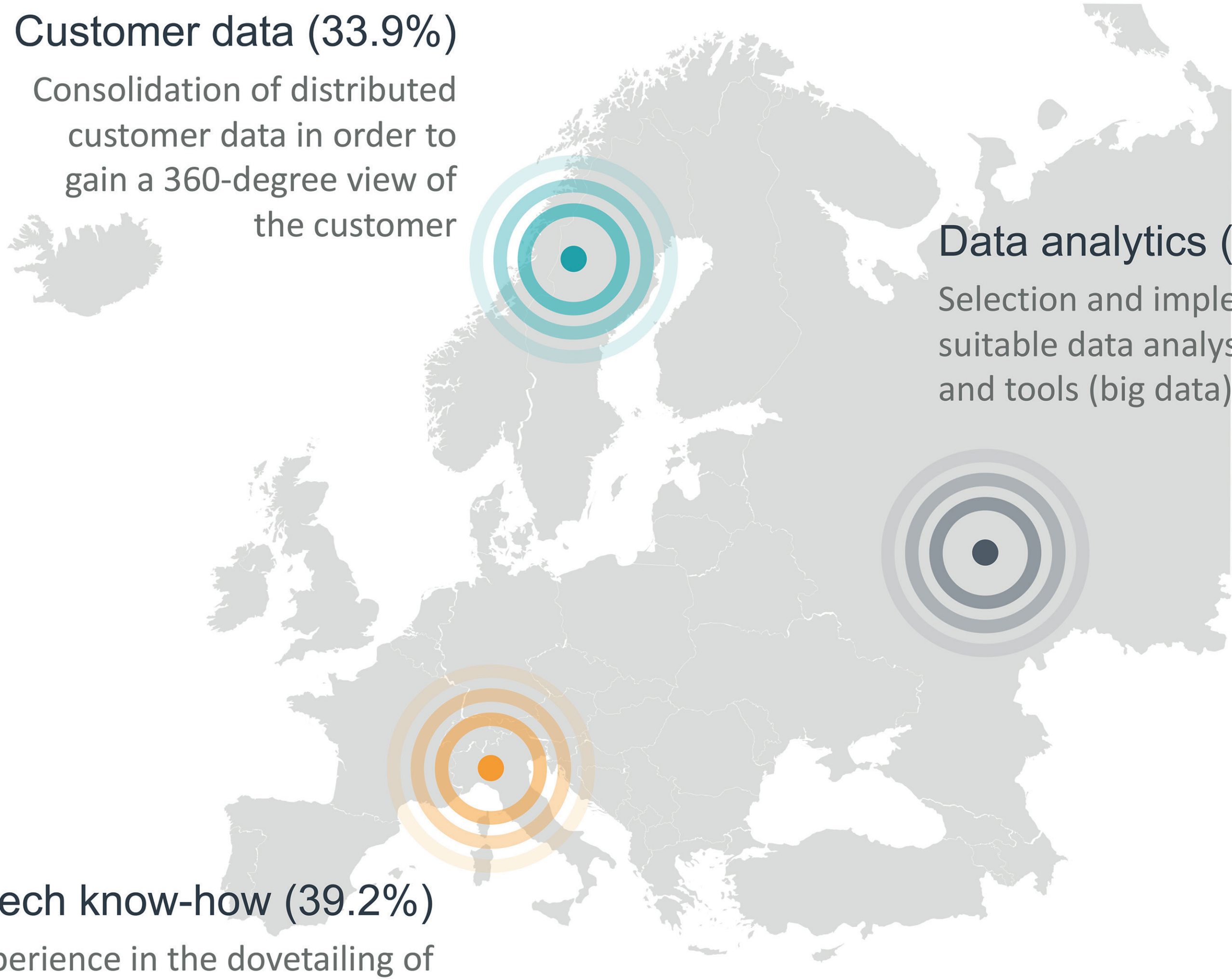


Figure 10: The top 3 challenges/barriers facing European marketing executives in 2021 (each respondent was asked to pick their top 5 challenges/ barriers, multiple responses permitted, n=635)

On the whole, the importance of issues such as

- gaining the requisite level of digitalisation **experience** (which also needs to include the successful marriage of specialist and IT-specific know-how);
- the **recruitment** of employees with relevant know-how; and
- the establishment of modern working structures under the banner of **new work** (which is to include elements such as self-determination, democratic leadership structures, creative workspaces, rapid/agile decision-making processes and flexible working models)

has increased when compared with 2019 and 2020. The probable reason is that increasing experience of implementation in the field of tension between IT and the respective specialist discipline amplifies both the importance of know-how and the urgency with which it is required. At the same time, the pandemic-induced switch to home officing at the majority of European companies has brought the programmatic discussions that preceded the spread of COVID-19 to an abrupt halt. According to European marketing executives, the next evolutionary step forward in the field of **(big) data analytics** and **predictive analytics** needs to include

- the process-related and technological consolidation of all data sources, for example with the aid of data stewards; and
- the use of artificial intelligence to analyse and evaluate data according to the principle of deep learning.

If this is ensured, the resultant data lakes can be used to generate usable consumer insights ready for practical implementation within the context of marketing spend optimisation.[3] Many corporate decision-makers are aware that the integration of **artificial intelligence** into the value chain offers considerable potential, with around 80% of companies already investing in artificial intelligence in the hope that it will lead to benefits such as higher turnover and competitive advantages. As a basic principle, the challenge is to identify practical use cases that will also yield tangible benefits in the short term. Applications include intelligent recommendation engines designed to exploit opportunities for cross and up-selling, customer churn forecasting, sentiment analysis (as part of social media monitoring), automated service scenarios (e.g., chatbots), recruiting automation and automated A/B testing within the context of email marketing initiatives. Such applications nevertheless tend to be bought “oven-ready” from software firms. **Blockchains** are regarded as a key technology and transaction protocol that enables the networking of market participants, and rank alongside artificial intelligence as an even firmer fixture on the watch list for the next few years. From a marketing and sales perspective, blockchains have the potential to revolutionise existing market structures in areas such as product development, product liability, supply chain transparency (from raw material to end product), the security of consumer and marketing data and enhanced online advertising.

[3] Mayer-Schönberger, V.; Cukier, K.: Big Data, London 2013.

Many companies admit to being in a state of "helpless desperation" and constantly "losing the thread" as they attempt to tackle a multitude of issues thrown up by what are in some cases huge **challenges** (see figure 11). They give a number of reasons for this:

- The wave of new technologies and concepts is set against what remains a somewhat traditional, reach-focused marketing organisation.
- Firmly established, documented processes generally only exist to a limited extent, with everyday practice instead dominated by experience-based knowledge and routines. This is attributed to the fact that the documentation of (implicit) process knowledge makes employees (feel) replaceable, is rarely taken seriously or accepted (i.e. it is regarded as a "bureaucratic overhead") and tends to lose its way in overcritical discussions.
- Well-oiled cooperation between specialist departments and IT with the aim of further digitalisation either does not exist at all or is characterised by bad experiences in connection with past projects.
- As a consequence, many implementation projects involving digital/IT elements carried out in the intervening period have either failed to achieve their original objectives, only achieved them in part, been "refocused" or thrown on the scrapheap, often at a considerable financial loss.
- Cost factors and/or a lack of specialist expertise (e.g., as a result of the absence of a marketing technology specialist or digital integration manager) have already led to the outsourcing of all digital processes and projects to external agencies, thus leading to not only the loss of all know-how accumulated to date, but also uncertainty regarding both access to and the future prospects for digital operations.
- The success actually achieved has fallen well short of what were initially euphoric expectations.
- There are still a variety of hurdles to overcome, for example insufficient in-house expertise, spiralling implementation costs and security issues (e.g., data security, GDPR, etc.).
- Uncertainty regarding the fair assessment of the prospects of future success makes it difficult – or even impossible – to (fully) eliminate all of the risks associated with investment in digitalisation.

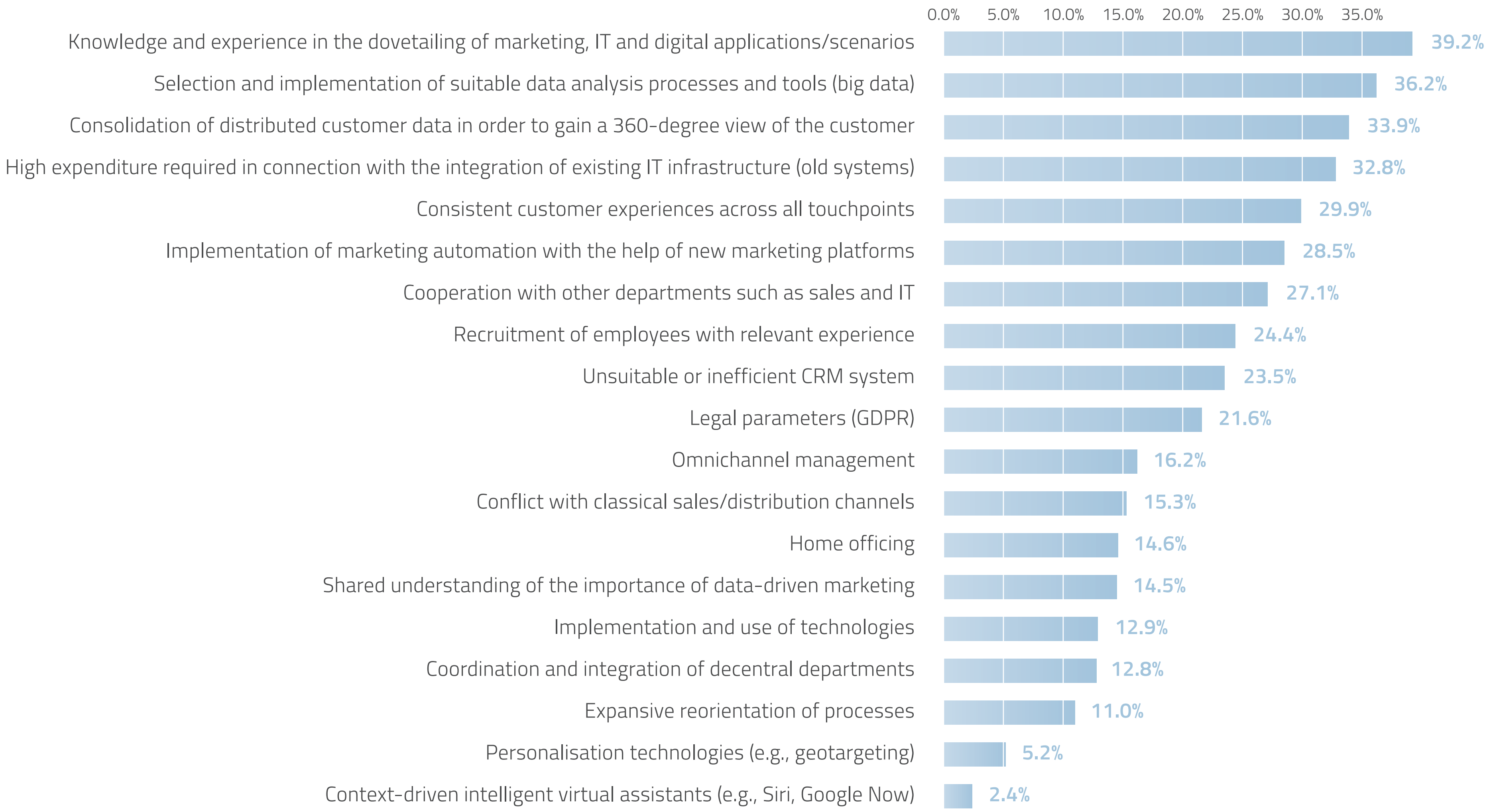


Figure 11: The top challenges/barriers facing European marketing executives in 2021 (each respondent was asked to pick their top 5 challenges/ barriers, figures are percentages, multiple responses permitted, n=635)

As such, 2021 is once again likely to feature a variety of challenges and barriers, with a *"Shared understanding of the importance of data-driven marketing"* the only perceived barrier to have decreased in importance from 2020 (19%) to 2021 (14.5%). The importance given to all other challenges has either remained stable or increased (see figure 12). Regardless of the topics involved, it is clearly no longer a question of "either X or Y", but of "both X and Y" in terms of

- the issues and areas of activity that need to be addressed;
- the barriers encountered;
- the expertise that needs to be acquired within the organisation; and
- the expertise that needs to be acquired at a personal level.

This is (automatically) associated with additional organisational challenges. Although growing experience in the implementation of data-driven marketing leads to an awareness of a greater number of obstacles, the insights gained when overcoming those obstacles (ideally) enable the organisation to arrive at a more realistic assessment of its capacity for digital implementation.

As such, the greater user centricity referred to by all respondents as both a noble, overarching strategic objective and an impediment/barrier

- applies not only to (external) customers according to the principle of total customer experience management and experience design, but also to the (internal) corporate organisation;
- is often side-lined by operational issues or lost sight of in the daily grind of marketing operations (whether in connection with issues of expertise, processes or systems);
- is unable to take root due to the insufficient anchoring of guiding principles and brand values within the organisation (failure of corporate culture); and
- cannot be worked towards with sufficient urgency due to the fact that autocracy and a strong tendency towards rigid, hierarchical bureaucratic structures (e.g., over-dependency on superiors) prevent a higher degree of self-organisation and organisational learning according to the principle of "fail faster".

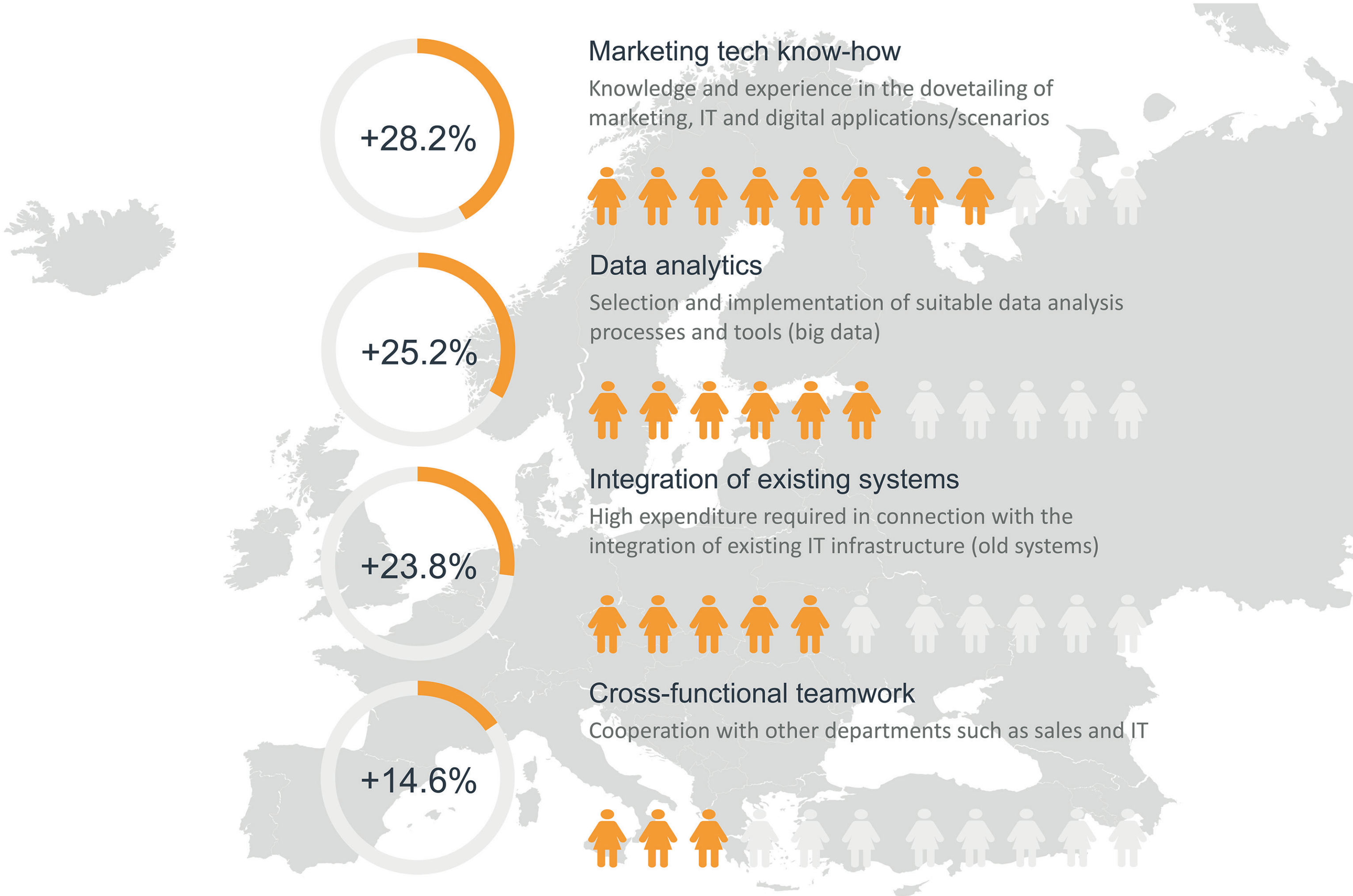


Figure 12: The biggest changes (in terms of growth in significance) to the challenges facing European marketing executives based on forecasts made (i) prior to the COVID-19 pandemic (source: survey conducted in late 2019 as part of the *European Marketing Agenda 2020*) and (ii) during/after the COVID-19 pandemic (source: survey conducted in late 2020) (each respondent was asked to pick either their top 3 or 5 issues, different-sized cohorts)

There continue to be considerable differences between European countries in this regard (see figure 13): In **Lithuania** it is challenges such as *"Consistent customer experiences across all touchpoints"* (33.9%), *"Cooperation with other departments such as sales and IT"* (26.4%) and *"Consolidation of distributed customer data in order to gain a 360-degree view of the customer"* (24.8%) that dominate. As such, and given the relatively high degree of digitalisation already achieved in Lithuania, it is mainly challenges associated with processes and data management that stand in the way of the implementation of innovation marketing and sales concepts in the Baltic state. Only a year has passed since the last survey, but the key challenges faced in 2020 – for example *"Lack of awareness of ROI of investments in marketing"* and *"Change management within the existing organisation"* – now pale beside those forecast for 2021.

Rank	Austria	Germany	Lithuania	Netherlands	Slovenia	Switzerland	UK
1	Recruitment of employees with relevant experience	Knowledge and experience in the dovetailing of marketing, IT and digital applications/scenarios	Consistent customer experiences across all touchpoints	Consolidation of distributed customer data in order to gain a 360-degree view of the customer	Consistent customer experiences across all touchpoints	Selection and implementation of suitable data analysis processes and tools (big data)	Consistent customer experiences across all touchpoints
2	Omnichannel management	Selection and implementation of suitable data analysis processes and tools (big data)	Cooperation with other departments such as sales and IT	Consistent customer experiences across all touchpoints	Cooperation with other departments such as sales and IT	Recruitment of employees with relevant experience	Cooperation with other departments such as sales and IT
3	Implementation of marketing automation with the help of new marketing platforms	High expenditure required in connection with the integration of existing IT infrastructure (old systems)	Consolidation of distributed customer data in order to gain a 360-degree view of the customer	Recruitment of employees with relevant experience	Consolidation of distributed customer data in order to gain a 360-degree view of the customer	Unsuitable or inefficient CRM system	Unsuitable or inefficient CRM system

Figure 13: The top 3 challenges/barriers facing European marketing executives in 2021 (each respondent was asked to pick their top 5 challenges/ barriers, multiple responses permitted, n=635)

Senior marketing executives in the **Netherlands** tell a similar story: *"Consolidation of distributed customer data in order to gain a 360-degree view of the customer"* (53.8%), *"Consistent customer experiences across all touchpoints"* and *"Recruitment of employees with relevant experience"* (tied on 46.2%) take the podium places. Here again, comparison with the results of the 2020 survey (when the top 3 areas of focus were *"Clarity of marketing strategy"*, *"Lack of awareness of ROI of investments in marketing"* and *"Change management within the existing organisation"*) shows the main obstacle to implementation to be existing organisational structures, processes and systems rather than the functionality of individual IT tools.

Comparison between the marketing agendas for 2020 and 2021 shows **Germany** to have stuck to its guns: The biggest challenges faced in the field of marketing operations again include *"Knowledge and experience in the dovetailing of marketing, IT and digital applications/scenarios"* (61.1%), *"High expenditure required in connection with the integration of existing IT infrastructure (old systems)"* (54.6%) and the *"Selection and implementation of suitable data analysis processes and tools (big data)"* (57.9%). The availability of knowledge, experience and expertise in the interplay between marketing, IT and other disciplines in digital application scenarios continues to overshadow other challenges, the main areas of focus being the aggregation of customer data and the implementation of holistic CRM application scenarios. Marketing tech platforms and the implementation/integration thereof therefore continue to be among the top priorities. By way of comparison, the importance of the establishment of a *"Shared understanding of the importance of data-driven marketing"* has fallen since 2020 (to just 12.1% in 2021).

The picture is similar slightly further south in **Switzerland**: Respondents see the *"Selection and implementation of suitable data analysis processes and tools (big data)"* (30.3%), the *"Recruitment of employees with relevant experience"*, an *"Unsuitable or inefficient CRM system"* and the establishment of *"Consistent customer experiences across all touchpoints"* (all three tied on 28.8%) as the greatest challenges faced in 2021. The key issue in 2020 – the *"Consolidation of distributed customer data in order to gain a 360-degree view of the customer"* – has become much less significant in relation to other challenges (down from 30% in 2020 to 19.7% in 2021). Swiss marketing executives echo their Austrian counterparts in their balanced view of the challenges ahead, which are spread across a significantly larger number of areas and form relatively small clusters when compared the challenges forecast in other countries.

Austria remains true to the motto of "Tu felix austria nube!" The top priority in the eastern Alps is the *"Recruitment of employees with relevant experience"* (27.1%), which is a clear winner ahead of *"Omnichannel management"* and the *"Implementation of marketing automation with the help of new marketing platforms"* (tied on 22%). The lack of clarity exhibited by marketing and communication strategies was seen as the key challenge in 2020, but appears to have now been superseded by barriers to operational implementation and organisational restructuring. This explains the relatively high priority given to the issues of *"Unsuitable or inefficient CRM system"* and *"Consistent customer experiences across all touchpoints"* (tied on 20.3%).

Slightly further south, in **Slovenia**, marketing executives appear to be fully committed to the concept of customer centricity: The runaway winner is *"Consistent customer experiences across all touchpoints"* (52.5%) followed by *"Cooperation with other departments such as sales and IT"* (42.6%) and *"Consolidation of distributed customer data in order to gain a 360-degree view of the customer"* (37.7%). Efforts to augment the total customer experience essentially act as a catalyst for rising customer demands and vice versa, with the growing use of digital platforms to enhance communication and interaction with – and above all between – customers increasingly requiring the implementation of integrated, highly standardised yet personalised customer management across all customer interfaces. Among other factors, this is dependent on the *"Recruitment of employees with relevant experience"* (36.1%).

Slovenian marketing executives and their counterparts in the **United Kingdom** appear to be kindred spirits: Here again, *"Consistent customer experiences across all touchpoints"* (44.8%) is top of the pops, followed by *"Cooperation with other departments such as sales and IT"* (37.9%) and *"Consolidation of distributed customer data in order to gain a 360-degree view of the customer"* (31.0%). There is a common thread throughout Europe: Wide-ranging discussions on the subject of customer orientation are juxtaposed against the fact that the systematic gathering, processing and targeted use of customer data as a basis for holistic customer experience management continues to languish at a rudimentary level at many companies. Loud cries for excellent data quality across all corporate units, touchpoints and systems nevertheless tend to fall on deaf ears. This goes hand-in-hand with the problem of an *"Unsuitable or inefficient CRM system"* (31%) and is further amplified by the need for *"Omnichannel management"* (20.7%).

European Marketing Agenda 2021: Trends in Marketing & Technologies

The sober realisations that have followed an initial "digital intoxication" and the migration of employees from traditional companies to start-up cultures alike are both attracting increasing attention towards the concept of organisational performance as a "permanent digital building site". Now more than ever, marketing departments must adapt or die if they are to avoid marginalisation.

"We need to redefine what it means to be a marketeer – if not now, when?" (Tim Alexander, CMO, Deutsche Bank)

Yet there is no silver bullet solution. The challenge is instead to develop an organisational model that is oriented on the specificities of the company, its products, the market situation and future opportunities when seen through the lens of a shifting landscape of trends and technologies (see figure 14). The results of the research behind the *European Marketing Agenda 2021* confirm something we regularly observe in our everyday work: Marketing organisations are in the midst of fundamental change. The greatest challenges facing them include existing organisational silos, which continue to impede the collaboration that is urgently needed at the points where marketing, sales, category management (products) and IT meet. This is amplified by not only a lack of talents who are both tech and data-savvy, but also the fact that many HR departments freeze when confronted with the challenge of recruiting them. The topics of "*Future of learning*" and "*New work*" go hand-in-hand with the challenge of recruiting digital natives and largely self-managing senior professionals who fail – or are entirely unable – to comply with standard recruitment criteria and processes because

- such formal processes tend to favour the repeated recruitment of the same type of **(stereo)typical "clones"** with similar educational and social backgrounds;
- **employer branding** continues to face large and medium-sized companies alike with the challenge of using their company's "sex appeal" to attract young talent. Whereas previous generations sought job security and a handsome salary above all else, younger generations place a different set of demands on their employer, for example flexible working hours, opportunities for learning and personal development and the implementation of the latest findings in the field of occupational psychology; and

- having only played a minor role in previous years, trends such as inclusive leadership, diversity and sustainability are now fully fledged recruitment issues.

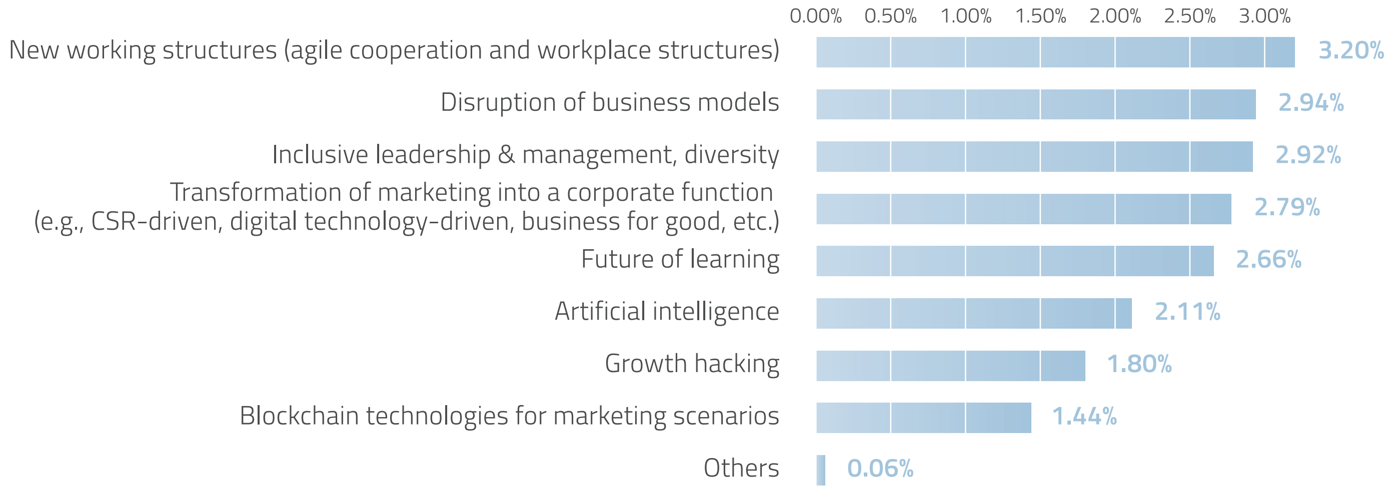


Figure 14: The most important trends and technologies in the field of marketing in Europe in 2021 (each respondent was asked to pick their top five trends and technologies, figures reflect the average level of priority (1 = of little importance, 5 = very important), n=635)

The dominant issues in Slovenia are *"New work"*, the *"Transformation of marketing into a corporate function"* and *"Artificial intelligence"*, whereas Swiss marketing executives exhibit a higher affinity with *"Blockchain technologies for marketing scenarios"* than their counterparts in other European countries.

European Marketing Agenda 2021: The 10 Key Areas of Action

Despite the general differences between the feedback received from each individual European country, the multitude of issues, challenges and barriers mentioned in responses to this year's survey can be distilled down to the following 10 key areas of action in 2021. As already stated, it is no longer a question of "either X or Y", but of "both X and Y":

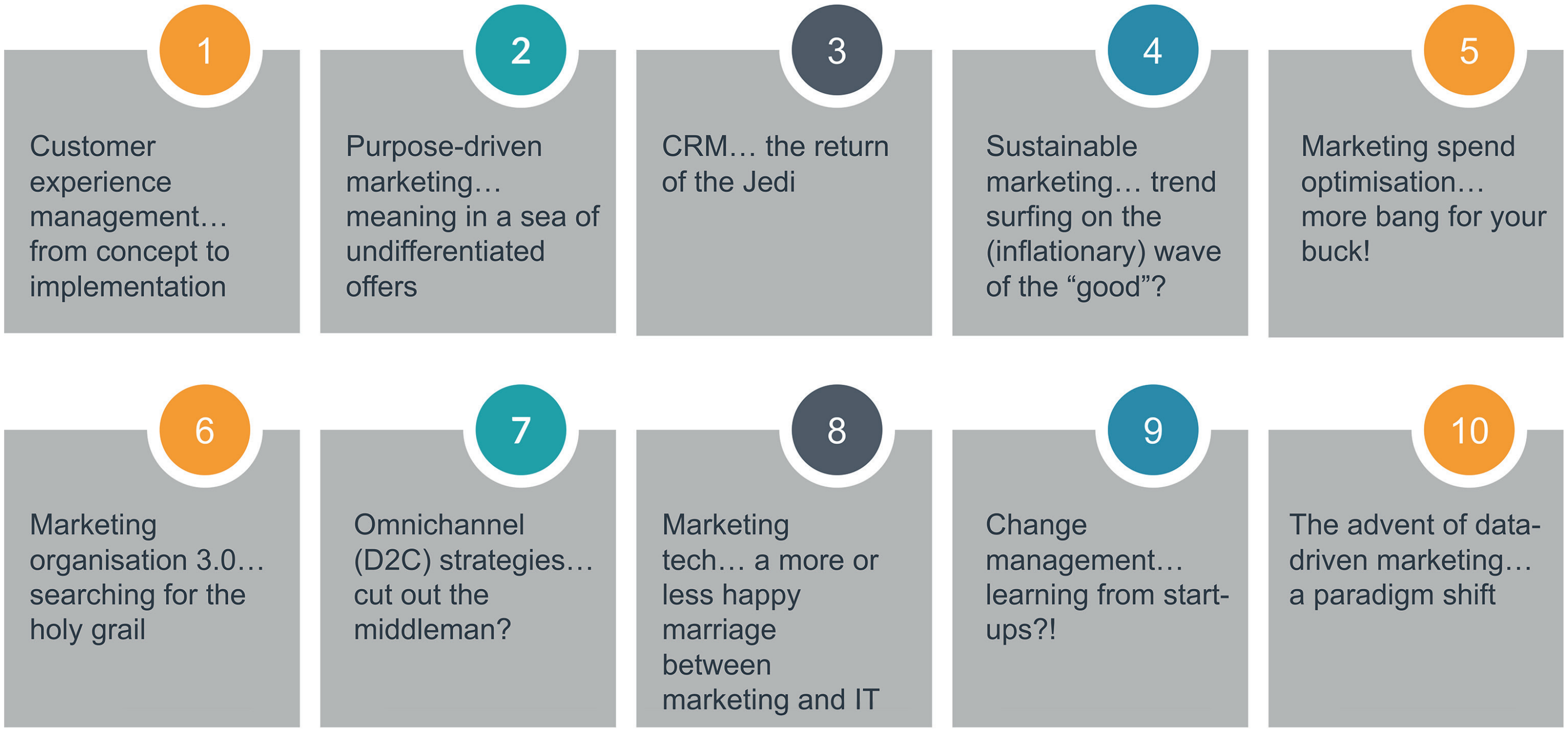


Figure 15: Summary of the most important areas of action in the field of marketing in Europe in 2021

Area of action 1: Customer experience management… from concept to implementation

The rise of social media is accompanied by a growing need to orchestrate customer interactions with consistency and across all touchpoints, which is subsumed under the term *"total customer experience management"*. Also referred to as *"experience design"*, total customer experience management focuses on ensuring nothing but high-quality, consistent interaction with the customer across all touchpoints and throughout the entire life cycle of the customer relationship and/or product. As such, the life cycle of a customer experience includes all customer interaction on all levels – from pre-purchase brand awareness to the purchase of a replacement or the disposal of products and solutions.[4] The key to customer loyalty, whether online or offline, is to always give the customer the best possible experiences or "moments of truth". In particular, the customer's personal assessment of the provider's ability to perform is known to be shaped by "critical moments" in which outstanding performance or disappointing non-performance is perceived with particular clarity. The customer experience is decisively influenced by both perceived quality and the "experience flow" – i.e. the extent to which the perceived attributes of products and services are seen to be of high quality, appropriately tailored to the needs of the user and presented in a smooth, natural sequence. The main objective is to create diverse yet consistent, high-quality opportunities for dialogue between the customer and the company – or, in other words, to achieve both optimum customer satisfaction and maximum share of wallet. The mobile customer has already been on the radar of the CMO Council for a number of years: *"Mobile relationship marketing […] is the new call to action for companies looking to ensure continuous customer touch and interaction, sustained support and service, closer and more dependent connectivity, as well as greater insight and intimacy across all channels"* (CMO Council, 2012).

As in previous years, the vast majority of European senior marketing executives identify customer experience management as a key element of their work in 2021. Efforts to augment the total customer experience essentially act as a catalyst for rising customer demands and vice versa, with the growing use of digital platforms to enhance communication and interaction with – and above all between – customers increasingly requiring the implementation of integrated, highly standardised yet personalised customer management across all customer interfaces.

[4] Jaffe, J.: Flip the Funnel. How to Use Existing Customers to Gain New Ones, Chichester 2010; Webb, N. J.: The Digital Innovation Playbook: Creating a Transformative Customer Experience, Chichester 2011.

The challenges involved in the adoption of a holistic approach to the customer experience are highly complex, but can generally be distilled down to five factors (see figure 16):

- the participation of multiple organisational units (i.e. customer experience design is an interdisciplinary task that is well beyond the specific remit of each of the corporate units involved);
- change management;
- insufficient (direct) measurability;
- insufficiently integrated processes and systems; and
- insufficient data quality and/or aggregation.

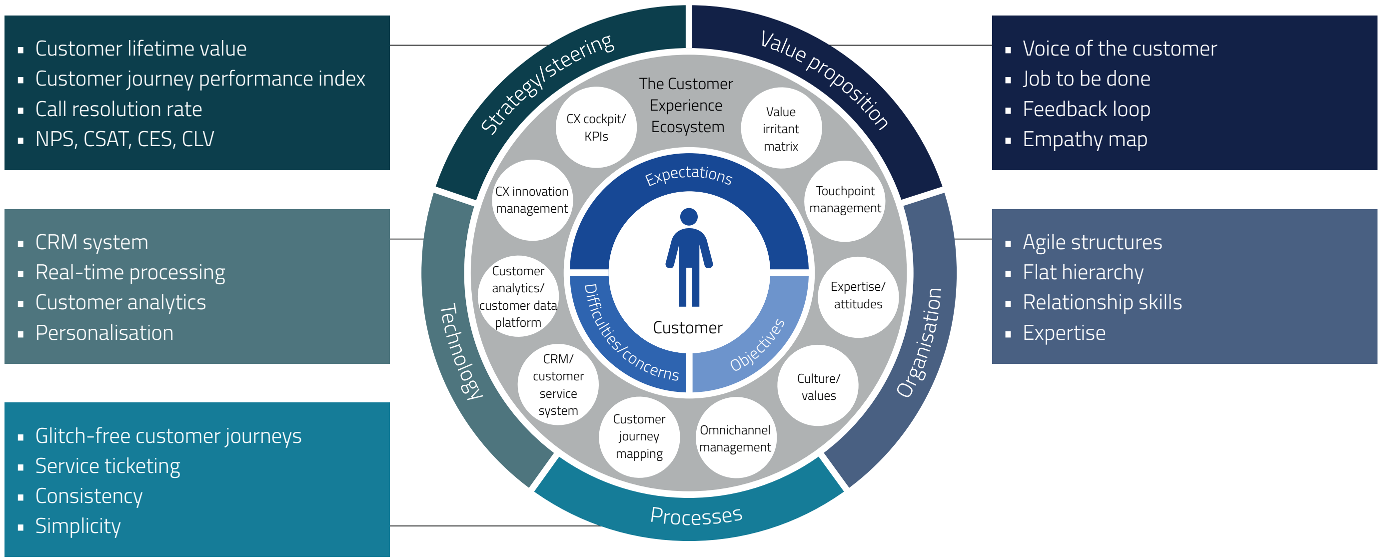


Figure 16: Overview of the customer experience ecosystem[5]

[5] Adapted from Marketing Resultant.

Key questions in 2021:

- How should an organisation go about implementing customer experience management? What elements are required?
- What are the greatest challenges associated with total customer experience management? Are the greatest challenges more an issue of change management or of processes and systems?
- What examples of best practice are already available in connection with total customer experience management?

Area of action 2: Purpose-driven marketing… meaning in a sea of undifferentiated offers

Brand confidence has taken hit after hit: Consumer studies such as *Meaningful Brands* (Havas Group) show that consumers couldn't care less if 74% of all brands simply disappeared.[6] At an international level, consumers rate over three quarters of brands as "dispensable". In the case of millennials in particular, brand loyalty now plays hardly any role whatsoever. The significance of "cult brands" continues to diminish in that generation, with the days when playground battle lines were drawn between the *Nike* and *Adidas* factions now essentially consigned to the past. The current generation still values quality brands, but tends to be less discerning when it comes to choosing a brand from within a certain bracket. Millennials base their purchase decisions on functionality, convenience, flexibility, and, above all else, the best deal. As such, they tend to focus on functional product characteristics rather than the brand itself.

With this in mind, companies must ask themselves what they stand for and which stance, attitude or identity they wish to convey with their product and associated communication. Studies show that brands which succeed in being perceived as "meaningful" enjoy greater commercial success, outstripping the stock market by up to 206% over a period of ten years. Brand managers therefore place greater emphasis on aspects such as sustainability and social and ecological responsibility than they did a few years ago. Having previously seen themselves as the "standard-bearers for significance and meaning in the lives of their customers," brand manufacturers now regard **"purpose-driven marketing"** as a potential route to greener pastures. The aim is to use shared values and needs to create a sustainable connection with a target group.[7] Initiatives in this area are founded on a higher value that is generally accepted to be a good cause, one example being the *Dove* "Real Beauty" campaign (*"helping women reconsider and refine what beauty is"*). The challenge: Although it is possible to achieve brand differentiation using the abstract notion of "giving something back" (as opposed to simply selling the product), that notion

[6] Havas Group: Meaningful Brands, taken from: https://www.meaningful-brands.com/en, retrieved on 24.12.2018.

[7] Kotler, P.; Hessekiel, D.: Good Works!: Marketing and Corporate Initiatives that Build a Better World...and the Bottom Line, New York 2012.

requires constant reinterpretation and communication if it is to avoid being drowned out and becoming just another commodity. Any decision to hang a brand's hat on a particular attitude or moral stance needs to be a long-term commitment that is not only communicated to consumers, but also reflected within the organisation itself. Any inconsistency of message – whether internal or external – will quickly see the meaning-based value proposition exposed as a purely opportunistic sales tool.

Key questions in 2021:

- Is purpose-driven marketing a sensible and effective means of countering the loss of confidence in established brands?
- What forms can purpose-driven marketing take, and what experience has already been gained in the implementation thereof?
- What results did previous purpose-driven campaigns achieve?

Area of action 3: CRM… the return of the Jedi

CRM was originally discussed as a (technology-neutral) marketing and sales concept in the mid-90s and plays a fundamental role in customer experience management. The widespread practice of reducing CRM to initiatives at the direct customer interface – for example email marketing, call centre integration, sales training and the development of innovative websites – nevertheless fails to grasp the full potential it has to offer. In essence, the goal of CRM is to increase customer loyalty and simplify the acquisition of new customers while simultaneously improving customer profitability. It is founded on traditional approaches taken from the fields of sales and marketing, which are supplemented by technologies such as data analytics and sales force automation tools.

Despite another 25 years of discussions on the topic of CRM, many European senior marketing executives still complain that their organisation either lacks a suitable CRM tool or possesses such a tool but only makes limited use of it, thus restricting its ability to make a sensible contribution to the achievement of their corporate goals. The reason for this is that the keenness of many companies to optimise their marketing, sales and business processes, enhance communication between employees and strengthen customer relationships is juxtaposed against a reluctance to put the measures required into practice and a lack of experience in CRM implementation. Indeed, many companies have either yet to discover CRM or underestimate its significance to both them and their customers.

The importance of CRM has nevertheless continued to grow in recent years:

- Increasing digitalisation and the trend towards a consistent omnichannel approach necessitate the creation of a connection between the online and offline worlds. The goal here is to successfully marry traditional business models to digital media.

- The growing homogeneity of the products and services on offer combines with increasing market transparency to make the need to stand out from the competition even greater than before. In particular, increasingly small differences in quality result in increasingly interchangeable products and services, thus making differentiation from competitors more difficult. In addition to the use of legal constraints as a means of customer retention (e.g., contractual terms that prevent customers from switching to other providers), it is vital that an emotional bond between the customer and the product is created and customer loyalty secured. With this in mind, unique customer experiences represent an important opportunity to sustainably differentiate a company or brand from its competitors.
- As society becomes more and more experience-oriented, it is increasingly important to associate functional product characteristics with experiential, emotionally charged elements. Semantic shifts in consumer needs and values are another reason for increasing focus on the fulfilment of individual needs and expectations.

The reasons for either a lack of CRM or dissatisfaction with it in its current form are often linked to the huge spectrum of potential CRM application scenarios (see figure 17):

- processes lack clarity and (adequate) documentation;
- an in-depth understanding of processes is either completely lacking or restricted to individual employees;
- specifications and requirements are therefore poorly defined;
- thus, resulting in a tidal wave of requirements at the start of each CRM project;
- which is exacerbated by a lack of support from top management;
- CRM projects are characterised by complexity and interdisciplinarity;
- the organisation lacks experienced project managers; and
- CRM necessitates complex digital integration processes in areas such as materials management (e.g., verification of article availability, e-commerce, billing, etc.).

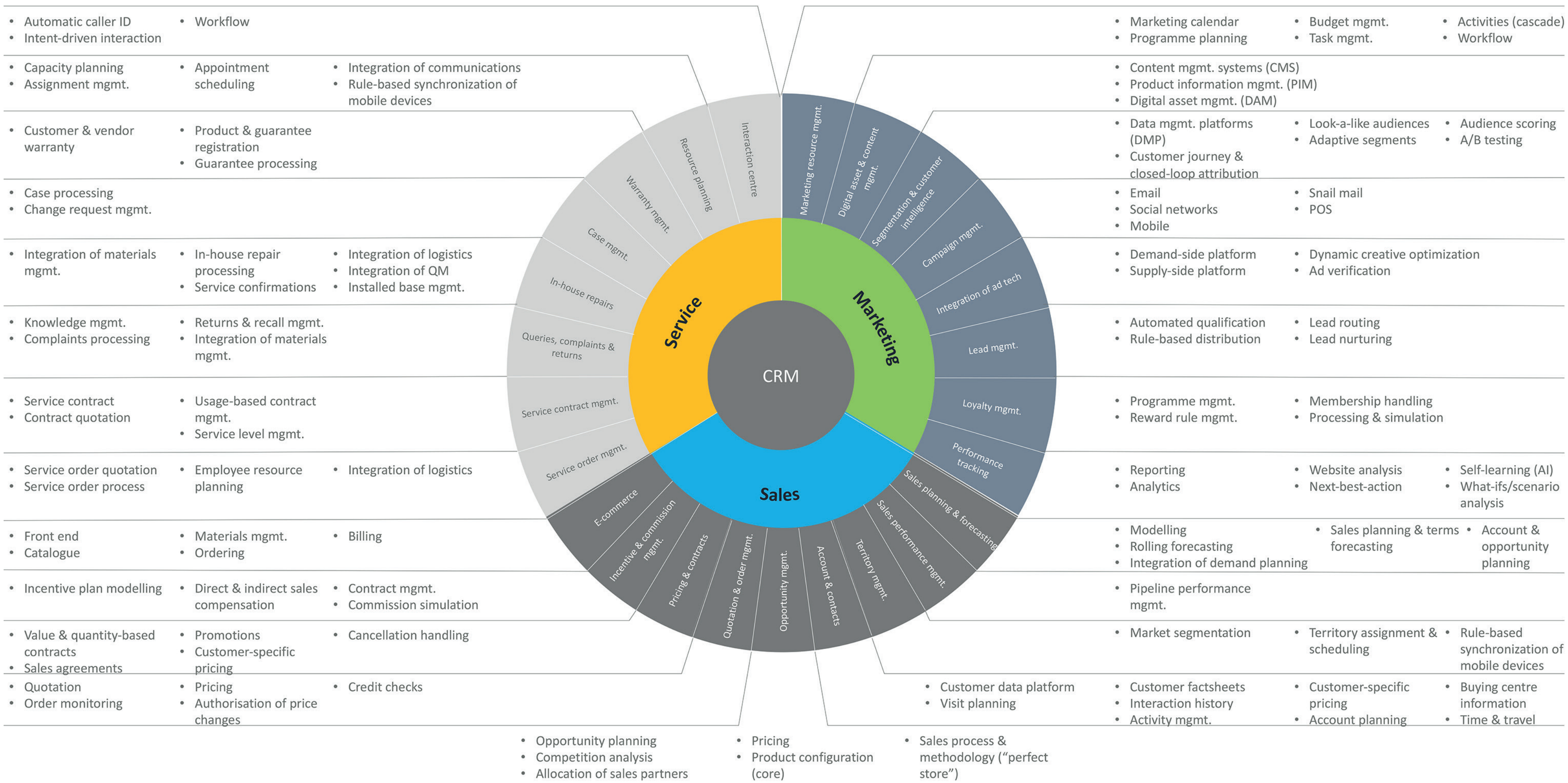


Figure 17: Overview of CRM application scenarios[8]

[8] Strauß, R.; Digitale Transformation, Stuttgart 2019.

Key questions in 2021:

- What characteristics do successful CRM implementation projects have in common? What are the lessons learned?
- How should a CRM project be launched? How should the first application scenario be selected?
- What is the better option: A best-of-breed approach or a more comprehensive CRM platform?

Area of action 4: Sustainable marketing ... Trend surfing on the (inflationary) wave of the "good"?

Sustainable marketing is founded on the planning and implementation of social or ecological initiatives. This differentiates it from so-called "greenwashing", which simply feigns sustainability. Unlike greenwashing, sustainable marketing is always based on initiatives of a social or ecological nature that have actually been implemented (or at least already planned) and for which the company is either wholly responsible or at least plays a supporting role. It is only then that such initiatives can be used to enhance their corporate image and, in turn, their sales figures. Companies who choose the comfortable (and much cheaper) greenwashing option will generally find this to be counterproductive, as it often results in a car crash of self-defamation in the medium term at the latest.

Key questions in 2021:

- What is the primary goal of sustainability marketing – is it more of a (short-term) business necessity or a (long-term) commitment to corporate social responsibility?
- What are the keys to the success of sustainable marketing?
- What examples of success and failure signpost the path ahead?

Area of action 5: Marketing spend optimisation... more bang for your buck!

Having long since established itself as a conventional string in the business management bow, marketing is now weighed down by an increasingly heavy burden of proof demanding the comparison of its budgets and expenditure against objectively measurable and verifiable results. Failure to systematically plan and record properly defined variables puts marketing executives firmly in the "lack of evidence" trap. From an internal perspective, inadequacies in this area make it almost impossible to prove the added value actually generated by marketing expenditure (*"Return on marketing investment" (ROMI)*). From an external perspective, they make it extremely difficult to demonstrate the likely efficiency of future marketing initiatives. Criticism of a lack of budgetary transparency is by no means new: Marketing spends were viewed with a critical eye as far back as 1980 – and a lasting, systematic, universal solution has yet to be found at the time of writing. *Doyle* refers to the *"marginalisation of marketing professionals"* in this context as early as the year 2000.[9]

The practical procedural model presented in figure 18 begins with the gathering and consolidation of all available data from a variety of online and offline sources (phase 1). As a result of the diversity of the resultant data pool in terms of syntax and semantics, data consolidation is associated with considerable effort and leads to substantial data loss and incompatibilities even at this early stage in the overall process. The consolidated data is subsequently used as a basis for initial insights into the contribution made by the various elements of the marketing mix (phase 2). At the outset at least, the majority of companies nevertheless lack the data infrastructure to tackle this task, as the sheer volume of data involved necessitates the availability of big data infrastructure and analytical tools that are far removed from the more UI-oriented operational marketing interfaces used in media buying contexts. There is therefore a field of tension between the desire for simple, intuitive user interfaces on the one hand and the need for robust, heavy-duty data infrastructures in the "machine room" on the other. Data consolidation will in future increasingly be carried out by advertisers themselves. The goal here is to facilitate rapid decisions, build up an in-house knowledge base and pave the way for agile reactions to changes in markets and customers. Digital lead times will one day be a thing of the past – because everything will occur in (at least) near time.

[9] Doyle, P.: Value-Based Marketing, in: Journal of Strategic Marketing, Vol. 8, 2000, p. 299 - 311.

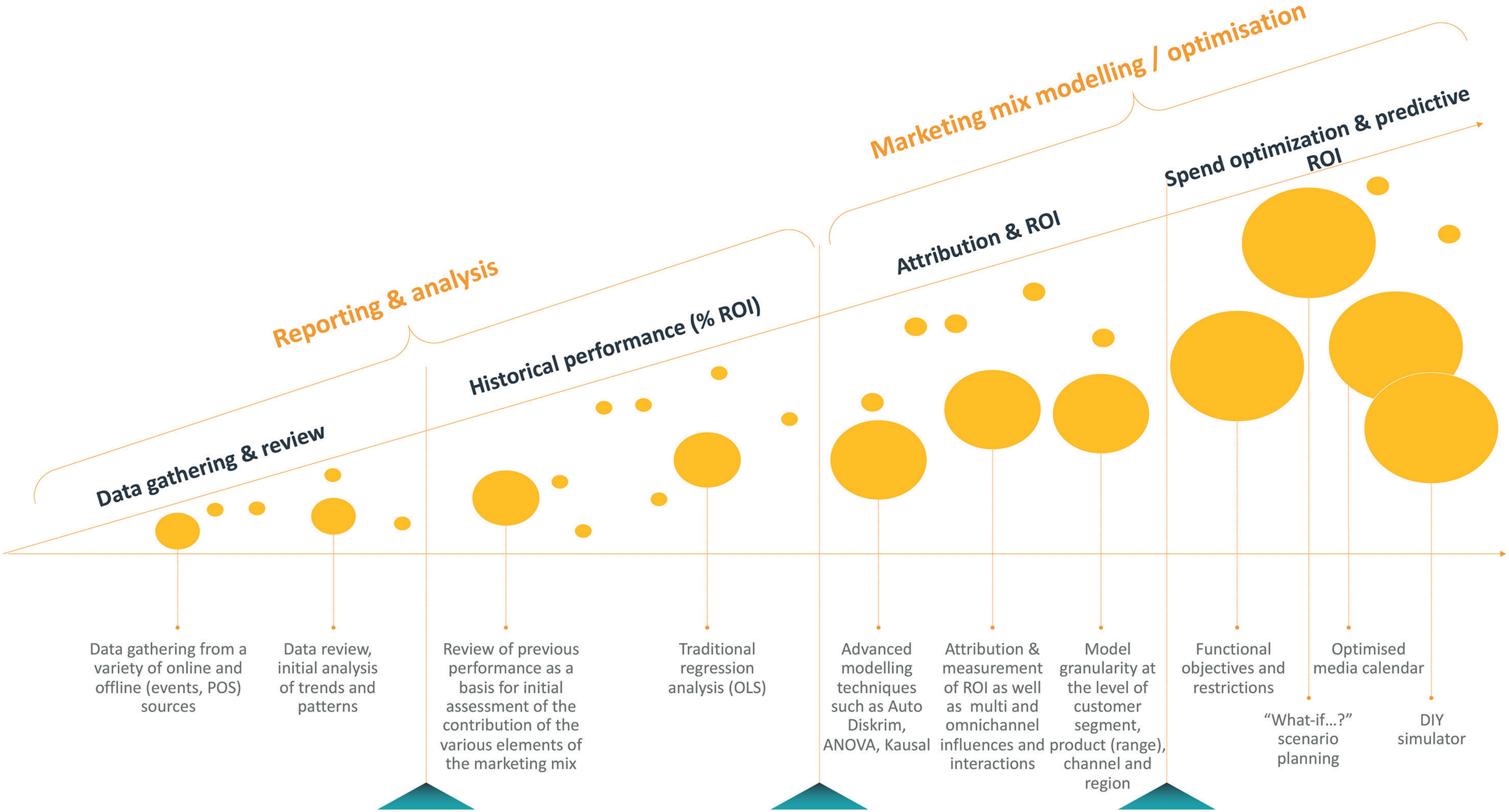


Figure 18: The various phases of data-driven marketing and marketing mix modelling[10]

[10] Strauß, R.; Clessienne, K.: Marketing Tech Monitor 2020, Hamburg/Frankfurt 2020.

Analysis of historic performance and ROMI tends to conclude that the measured variables and KPIs used need to be reassessed – or perhaps even completely redefined. The convenience of KPIs must not be allowed to obscure the fact that the initial selection of a suitable set of KPIs is associated with a considerable amount of effort – especially when it comes to the definition of the right KPI for the measurement of each individual goal (*"metrics that matter"*). Over the course of each learning cycle, success and failure need to be systematically monitored, assessed, made transparent and fed into a feedback loop, thus ensuring that they are factored into future activities and planning processes. Any additional data gathered during the customer journey can be used in combination with advanced multi-variant modelling techniques to not only measure and attribute multi and omnichannel effects (phase 3), but also feed subsequent cross-channel optimisation as part of integrated marketing mix modelling, which includes what-if scenarios, optimisation of the media calendar and DIY simulation tools that can be used by stakeholders such as brand managers (phase 4). The results of this year's survey and interviews with European marketing executives indicate that the future will be characterised by a higher degree of **automation** as well as the use of artificial intelligence and (econometric) predictive models within the context of marketing spend optimisation.

Key questions in 2021:

- What examples of best practice are available where marketing spend optimisation is concerned?
- What individual steps should the process include – from planning and execution to the recording of measured variables?
- What are the most suitable methods and procedures for those steps?
- What experience has already been gained in the implementation of a stringent system of planning, measurement and continuous optimisation?

Area of action 6: Marketing organisation 3.0… searching for the holy grail

Modern organisations were forged and refined by military strategy and industrialisation. Their twin goals: To reduce the influence of humans in all their volatility, emotionality, subjectivity and unreliability and give the organisation stability, rationality, responsibility and efficiency. The extent to which this continues to apply in what has become a highly dynamic, complex, networked and individual world is nevertheless questionable. There are therefore two fundamentally different hypotheses regarding the organisational structures of the future: One foresees the use of an increasingly complex system of regulations and surveillance to "keep the machine running", with major restructuring processes used to adapt organisations to new sets of circumstances. The other scenario is based on pre- and post-industrial organisational forms that rely on the self-responsibility and self-motivation of employees. Organisations of this type see themselves as agile entities that are in a position to rapidly adapt to changes and thus forego large, costly restructuring projects.[11]

Marketing departments hold responsibility for a **specific function within their organisation**. The idea behind this is that the clustering of experts in a particular field leads to the establishment of a pool of specialist knowledge. The price of this approach is the creation of silos. Marketing departments have their own objectives and budget responsibilities, develop their own perspective on the overall organisation and uncouple themselves from other departments. This can become something of a stumbling block when it comes to the restructuring of business models, the rapid exploitation of new business opportunities or the enhancement of the customer experience across all channels and touchpoints. Cross-functional challenges and issues cannot be dealt with in isolation in the marketing silo and therefore require a different approach.

Many marketing departments have reacted to the recent explosion in the number of digital channels by dividing themselves into **channel-specific units** responsible for online marketing, social media, mobile strategies and brand communication. Each unit has its own budget and specific objectives. The employees allocated to each unit develop specialist expertise, have their finger on the pulse of trends in their respective discipline and hold authority over a specific area of activity. The trade-off is that this complicates not only cooperation and cohesion within the overall department, but also the coordination of the measures planned by each individual unit. It also makes it more difficult to realise creative ideas that overstep the remit of the respective unit or require the participation of other departments (e.g., within the context of customer experience design). What was originally intended as a way of establishing new pools of specialist knowledge and expertise can therefore gradually morph into a stifling corset that brings everything to a standstill. The current trend is for marketing departments to splinter into smaller and smaller silos.

The fact that marketing departments are also open to entirely different approaches is reflected in the recent emergence of the **chief digital officer**. The holder of this plenipotentiary role reports directly to the board of management and has a considerable level of budgetary and HR autonomy. Their digital remit is often diametrically opposed to their previous responsibilities and tasks, and may even lie outside of the existing organisational structure. CDOs and their departments do not sit easily with traditional business units such as sales, marketing, IT and HR, and often initiate processes that result in an open or covert struggle for authority.

Whereas conventional structures tend to use the status quo as a basis for reorientation and optimisation, **new organisational forms** seek to make change and adaptability a structural cornerstone and create an environment in which innovative potential can be fully

[11] Strauß, R.; Schmidhuber, K.: Marketingorganisation 3.0, Hamburg/Düsseldorf 2020.

exploited. Companies in which this is achieved are generally organised on a decentralised basis, thus enabling those with the greatest level of specialist expertise to make rapid, effective decisions. This requires faith in not only the intrinsic motivation of their employees, but also self-organisation, autonomy, a value-oriented approach, small steps and rapid action. Early adopters of this type of structure are led by visionary or highly value-driven owners or come from highly specialised, knowledge-intensive sectors such as professional services, technology or the gaming industry. They operate in disruptive markets characterised by a high level of uncertainty, substantial investment, short profit generation windows and intense competition for talent.

An uncertain, complex and dynamic world makes reality a moving feast that can render plans and planning processes obsolete at the drop of a hat. The aim of **agile work** is to accept such uncertainty and remain flexible. This type of "thinking in small steps" – which generally involves continuous cycles of learning and adaptation as well as the organisation of the workforce into small interdisciplinary teams – has already hit the mainstream in the software development industry. This calls the steering function of middle management into question, as agile workers are expected to not only act more quickly, successfully, pertinently and autonomously, but also invest less time in planning, steering and monitoring. It is therefore necessary to establish organisational structures and high-performance **teams** that ensure effective internal cooperation and coordination throughout web-based value creation processes and foster capacity for innovation. Speaking in reference to this issue, a number of the marketing executives interviewed stated that *"getting/empowering talented people to do our job!"* needs to be given top priority in this regard. The achievement of this outcome is increasingly dependent on a leadership style characterised by inspiration, reputation and a high level of cooperation which, at its zenith, can result in a *"leaderless organisation"* or *"holacracy"*. As such, the principles of management are now shifting towards **digital leadership**. Managers who are open to the use of modern tools demonstrate that they themselves are able to use them and wish to remain agile, enhance their internal network within the company and strengthen teamwork, for example by prioritising the following factors:[12]

- psychological safety;
- dependability;
- structure & clarity (team members take responsibility for implementation and goal achievement, for example in combination with OKRs);
- meaning (the key to intrinsic motivation); and
- impact (success as the "by-product" of an overarching framework).

[12] Van Dick, R.; Helfritz, K. H.; Holz, F.; Stickling, E.: Digital Leadership - Die Zukunft der Führung in Unternehmen, Frankfurt 2016.

The current trend towards **insourcing** was first observed around two years ago and sees specialist knowledge and expertise clustered and developed in dedicated departments. The fact that this approach necessitates continuous research and learning is offset by a reduction in dependency on external service providers. The background to this trend is the gradual transformation of many issues such as data analytics and marketing tech into core competencies that need to be kept in house.

Key questions in 2021:

- What will the marketing organisation of the future look like?
- If a clear and as broad as possible framework has been defined and responsibility for decisions and results delegated to an in-house team, where are the limits of that team's capacity for self-organisation?
- Insourcing or outsourcing?
- Is it possible to attract the best talents without forcing them to assimilate the existing culture? If so, how?
- Have attempts already been made to create the "ideal marketing organisation of the future"? What experiences were gained and lessons learned?

Area of action 7: Omnichannel (D2C) strategies… cut out the middleman?

Established sales channels structures in general – and retail in particular – continue to find themselves in a state of upheaval. Now more than ever, it is ultimately the customer who decides which direction that upheaval will take. The days in which it was possible to claim that "volume generates sales" are gone, a price war is in full swing and growth in the online sector is set to continue to soar. Retailers who wish to keep up must therefore adhere strictly to a fundamental yardstick: The needs of the customer. In the majority of cases, this requires a change of perspective and the courage to view one's own actions through the eyes of the customer. In the USA, a lack of customer orientation and a reluctance to change has already led to a **"retail apocalypse"** characterised by the closure of innumerable retail outlets, not least in the shopping malls that had previously been heaped with hype and regarded as a format with a secure future.[13] Set against this backdrop, market research firm *Gartner* predicts that the trend towards omnichannel consumer behaviour will lead to 60% of all brands adopting a functional rather than channel-oriented organisational structure by the year 2025.

[13] Heller, L.: Don't Forget About The Retail Apocalypse, in: Forbes, November 30, 2017, retrieved from: https://www.forbes.com/sites/lauraheller/2017/11/30/dont-forget-about-the-retail-apocalypse/#6e7d1aa8557f.

Even today, many brand manufacturers still lack a direct point of contact with their end customers and therefore have no access to the type of **first-party data** that is essential to the generation of vital consumer insights. It is for this reason that all established brand manufacturers are initiating projects under the banner of "omnichannel" or "direct-to-consumer" (D2C) marketing in the hope of at least diminishing the role of retail as the sole sales channel and point of access to end customers. The success of D2C brands is dependent on the availability and strategic use of first-party data.

The **advantages of a D2C approach**:

- From a **sales** perspective (lower funnel) D2C cuts out the middleman, thus enabling brand manufacturers to set the prices paid by end consumers. This paves the way for higher profit margins and, potentially, lower prices for end consumers. It also makes brands less dependent on retailers where product presentation and customer service are concerned. The minimisation of the risk of losing shelf space to a retailer's own brands is another benefit.
- In terms of **marketing** (upper funnel) a D2C strategy enables brand manufacturers to engage in direct interaction with end consumers and gather first-party data. This facilitates not only the in-house generation of consumer insights, but also the removal of intermediaries such as media agencies from the media mix.

Key questions in 2021:

- What examples of best practice are available where the implementation of D2C strategies is concerned?
- How can conflicts with existing sales partners be resolved?
- Are platform providers set to dominate the market with their economies of scale and positive networking effects, or will the benefits of platforms wilt in the face of highly configurable e-commerce applications such as *Shopify*?
- How can the shift to an omnichannel/D2C strategy be planned in a way that enables step-by-step implementation without the process snowballing into a major project?

Area of action 8: Marketing tech… a more or less happy marriage between marketing and IT

European marketing executives are unanimous in lamenting that their companies still lack the integrated IT applications and digital marketing platforms that would enable them to raise efficiency and boost both customer numbers and sales. Whereas marketing automation tools initially focused on functions required within the context of email marketing, they now also offer a range of other functions such as the creation and management of landing pages, campaign management, content marketing, lead generation, CRM integration, social marketing and analytics. IT applications and digital marketing platforms should ideally feature a variety of functional blocks, for example (also see figure 19).[14]

- **Data and analytics**: Import and export of data from CRM/CMS/analytics via open API interfaces, export of raw data for processing and analysis in external programs (e.g., CRM, BI, etc.), reports on digital marketing KPIs, connections to all standard media platforms;
- **Segmentation and orchestration**: Simple creation of (i) target groups based on all existing data as a foundation for digital marketing, (ii) custom audiences based on a variety of data points (including highly granular website behaviour and anonymous traffic), (iii) look-a-like audiences (e.g., statistical twins) for the optimisation of advertising performance and (iv) third-party audiences (audiences curated by external platforms);
- **Programmatic marketing**: Target group-specific communication with existing customers in real time using customer data (from CRM) in combination with behavioural targeting and *Facebook Audience* campaigns based on online user behaviour data, optimisation of media buying with the aid of KPIs and consumer insights;
- **Multichannel campaigns**: This may involve the use of display advertising and Google Adwords, mobile advertising, video advertising, app marketing (e.g., push notifications, in-app messaging and social media operations such as listening to, engaging with, analysing and planning paid social media using custom audiences for *Facebook* and *Twitter*) or dynamic website content created via an interface with Dynamic Creative or other programmatic advertising systems.

[14] Strauß, R.; Clessienne, K.: Marketing Tech Monitor 2020, Hamburg/Frankfurt 2020.

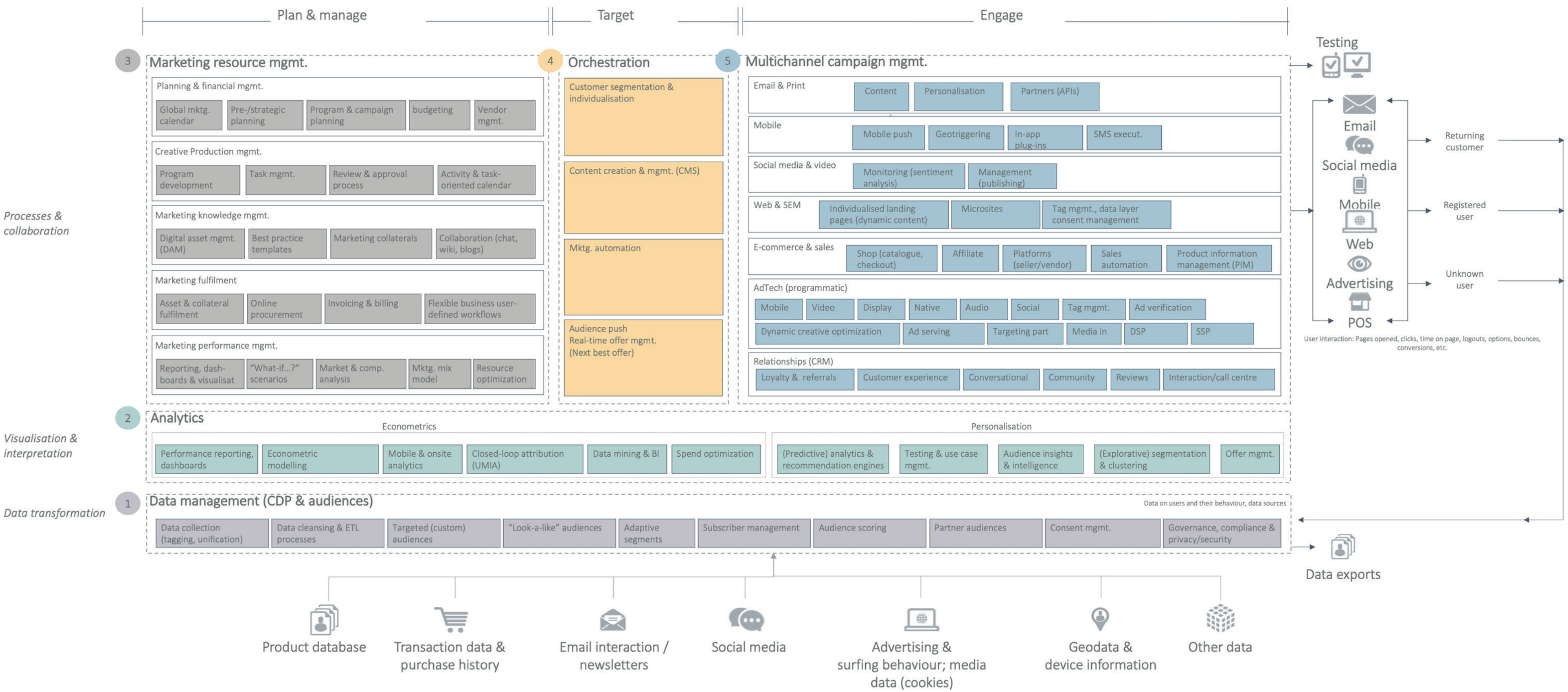


Figure 19: Systematisation of marketing tech[15]

[15] Strauß, R.; Clessienne, K.: Marketing Tech Monitor 2020, Hamburg/Frankfurt 2020.

Key questions in 2021:

- What steps need to be taken in order to gradually establish an in-house marketing tech landscape that is tailored to the specific needs and circumstances of the organisation?
- Does the organisation have any experience in the establishment of a marketing tech stack? What best practices have been identified and lessons learned?
- Insourcing or agency?
- What expertise needs to be built up in house?

Area of action 9: Change management… learning from start-ups?!

The majority of European marketing executives state that the need for comprehensive change management is one of the main challenges faced in 2020. The **resistance** encountered within the context of organisational reorientation is generally attributable to a number of complex reasons. At the **level of individual employees** they may include phenomena such as

- (comfortable) ingrained habits;
- a selective perception of information that does not fit their normal frame of reference;
- a high level of dependency on the values, attitudes and convictions of key role models;
- uncertainty and regression, for example a fear of being made redundant or demoted; and
- a sociopsychological fear of the looming but as yet unspecified "new".

Studies show that a lack of (adequate) change management is one of the main reasons for the failure of transformation projects.[16]

Resistance is especially strong in people who use their own experience as their primary point of reference, are unidirectional in their outlook or exhibit a distinctly low appetite for risk. Resistance in groups, on the other hand, tends to be greater if a group's member is characterised by a strong sense of shared identity and superiority.[17]

[16] Hofert, S.; Thonet, C.: Der agile Kulturwandel: 33 Lösungen für Veränderungen in Organisationen, Wiesbaden 2019.

[17] Cameron, E.; Green, M.: Making sense of change management, 3rd edition, London 2012.

Resistance at the level of the overall **organisation** may be attributable to

- the non-conformity of existing organisational norms and traditions;
- interdependencies between subsystems that are almost impossible to grasp or define; or
- privileges, taboos and resistance to external ideas (*"not invented here"*).

Digital euphoria and the migration of employees from traditional companies to start-up cultures are both factors in the continued presence of organisational performance at the top of the marketing agenda. Start-ups tend to be regarded as having the ability to develop agile, flexible, customer-centric cultures and business models that are more responsive to customers and better positioned to adapt concepts, processes and organisational structures to their needs – thus offering end consumers real added value.

Key questions in 2021:

- What experience has already been gained in the use of change management within the context of marketing transformation?
- What needs to happen in order for what are often expansive change programs to make the jump from a PowerPoint slide to practical scenarios?
- What are the differences between established companies and start-ups, and what can established companies adopt or learn from start-ups in terms of adaptability and change management?
- What lessons have already been learned, and are they universally applicable?

Area of action 10: The advent of data-driven marketing… a paradigm shift

The focus of **marketing DNA** is shifting away from a longstanding campaign-based approach (emphasis on economies of scale) and towards mass customer interaction according to the principle of data-driven marketing (emphasis on economies of scope; see figure 20).

Marketing DNA – the status quo	The future – in the eyes of the market/customers/competitors
Sales and distribution model focusing on brick-and-mortar retail	Omnichannel approach to all customer interactions and touchpoints
Focus on classical sales communication and customer activation (“inside-out”, ATL media)	Content marketing = content presented in customer-relevant contexts and channels (“outside-in”, cross-channel, shift from push to pull)
Manual reporting in some areas and processes (paper, Excel)	Focus on real-time (“consumable”) figures throughout all areas and processes (reporting and analytics, interactive dashboards)
Minimal use of modern IT applications as part of marketing operations	Use of IT throughout all processes, joint (agile) projects between specialist discipline and IT, continuous development (marketing tech)
Focus on volume and economies of scale	Focus on differentiation, thus leading to smaller packages of work and shorter processes (economies of scope)
Departmental projects & strategic initiatives on top of routine marketing operations	Senior project managers required in specialist discipline and IT (pairing) in order to ensure efficient implementation at the point where their responsibilities meet (focus on minimum viable products)
Market positioning defined by price/quality, perception, product range, etc.	Supplemented by data and marketing tech as drivers for the rapid iteration and harvesting of insights (e.g. real-time analytics, targeting, etc.)

Figure 20: Changes in marketing DNA using the example of the retail sector

The use of modern information and communication technology to exploit the wealth of available data is not an end in itself, but an enabler that ads options to the organisational playbook. The greatest challenges are generally (a) the effective integration of modern technologies into long-term transformation processes and (b) the systemic and organisational complexity of the projects involved. The majority of digitalisation concepts still focus on the operational implementation of individual tools that offer unique benefits but are rarely properly integrated. As such, there is still a considerable need for fundamental strategic analysis of the paradigm shift in customer interaction brought about by digital transformation in the field of marketing. The future is expected to bring an increase in subscription-based models that will exist hand-in-hand with platform-based business models.

Key questions in 2021:

- What experience has already been gained in connection with the switch to data-driven marketing?
- What expertise is required? Does it need to be kept in house, or can it be outsourced?
- What (unavoidable) impact does a data-driven marketing strategy have on organisational structure, processes and the applications used (marketing tech)?

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