Cranfield UNIVERSITY
School of Management

UK MARKETING NEEDS MORE AMBITION IN THESE DIFFICULT TIMES

INSIGHTS FROM THE CRANFIELD MARKETING DIRECTORS' SURVEY **2016**

Transforming knowledge into action

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This is the fifth year of surveying marketing leaders about their objectives, strategies and functional priorities. We are building a picture of the trends over time relevant to those concerned with marketing leadership.

Confused objectives and strategies

Consistently, British marketing leaders plan for growth in market share which is inherently an ambitious objective requiring the firm to outperform its competitors.

Question	Sub Question	UK 2012	2013	2014	2015	2016
Market Share Objective	Increase	83	83	87	92	91

Figure 1: % claiming the objective is to increase share

Growth or retrenchment?

And yet, it remains unclear as to the strategies for realising this share growth. Whilst the share growth ambition remains as high as ever in the UK, the percentage of respondents claiming that investment in growth is the priority, as opposed to cost reduction, is 10 points lower than in 2015: 73% versus 83% in the previous year. However, it is possible that 2015 was an ambitious year and the 73% result is more consistent with previous years.

Companies are focusing on current, rather than new markets (see figure 2). Indeed, more than ever, marketing leaders plan merely to maintain their position in current markets. The BRICs have clearly lost their lustre as, perhaps with the exception of India, they experience a slowing of growth or are even in recession. Worryingly, there is little appetite for investment in what are called "the Next Eleven[1]"; the rapidly emerging economies of countries such as Turkey and Mexico.

[1] Jim O'Neil, economist and investment analyst at Goldman Sachs, credited with the term BRIC, subsequently coined the Next Eleven or N11 as Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, the Philippines, Turkey, South Korea and Vietnam.

Question	Sub Question	UK 2012	2013	2014	2015	2016
Market Strategy for 2016	Enter new markets	38	43	40	42	40
	Retrench and focus	7	5	7	9	6
	Maintain position in current markets	40	40	40	38	41
	Expand in BRIC	16	12	9	7	9
	Expand in Next Eleven	NA	NA	4	4	4

Figure 2: Marketing Strategy for 2016

Are we focused on innovation?

Equally, there has been a slight dip in the commitment to breakthrough innovation with a large upswing in the numbers focusing on merely improving yield and finding efficiencies (see figure 3). The commitment to innovation varies across the years, and shows a possible correlation with the less ambitious "enhance the offer" response. However, there is a more consistent trend towards a focus on yield.

This contrasts with attitudes abroad. When we gathered global data two years ago, 47% Continental European marketing leaders claimed to be investing in breakthrough innovation and the figure was even higher for North America at 50%.

Question	Sub Question	UK 2012	2013	2014	2015	2016
Approach to Innovation	Invest in breakthrough new products / services	30	35	31	37	33
	Enhance current offer	32	35	37	27	27
	Focus on yield, distribution	37	31	32	35	40

Figure 3: Product / service innovation

A grab for competitors customers?

Last year we reported on a possible shift in customer strategy from acquisition to customer retention, but in this year's survey that trend was reversed (see figure 4). Almost three-quarters of marketing leaders are trying to win customers from competitors; the focus on new customers dominates any alternate strategy.

Question	Sub Question	UK 2012	2013	2014	2015	2016
Customer Management focus for 2016	Acquiring new customers	71	71	74	66	73
	Retention of current customers	39	46	46	51	38
	Increase share of spend of current customers	59	48	59	60	50
	Maintain share of spend of current customers	10	12	8	12	5

Figure 4: Customer management strategy [1]

Are companies funding their growth strategies more adequately?

On the plus side, there is an upturn in the numbers of marketing leaders who feel that they have the resources to meet all their objectives versus last year (see figure 5). This might have been an anomaly as the low score for 2015 seems an exception to the five-year trend. Over that time frame, the leaders' view of the sufficiency of resources to do the job has been consistent, but not consistently high. This points to a concern that growth is not adequately funded.

Question	Sub Question	UK 2012	2013	2014	2015	2016
Sufficient resources	For all objectives	12	16	14	9	16
	For most objectives	43	43	45	42	41
	Not enough for many	11	15	19	18	15
	Choices need to be made	33	25	21	32	27

Figure 5: Adequacy of resources versus objectives

[1] Multiple answers are allowed for this question hence the responses add to over 100

The Marketing Function

There has been little change in priorities over the years. Marketing leaders consistently see taking advantage of the opportunities afforded by new technologies as their top priority. In a swap from 2015, it returns to number one, while developing new competencies is downgraded to number three. Last year, we wrote that there was some evidence across the pattern of responses that marketing leaders were gearing up to play a greater leadership role within their firms; however, this year's data presents evidence of a return to a more traditional view of its role.

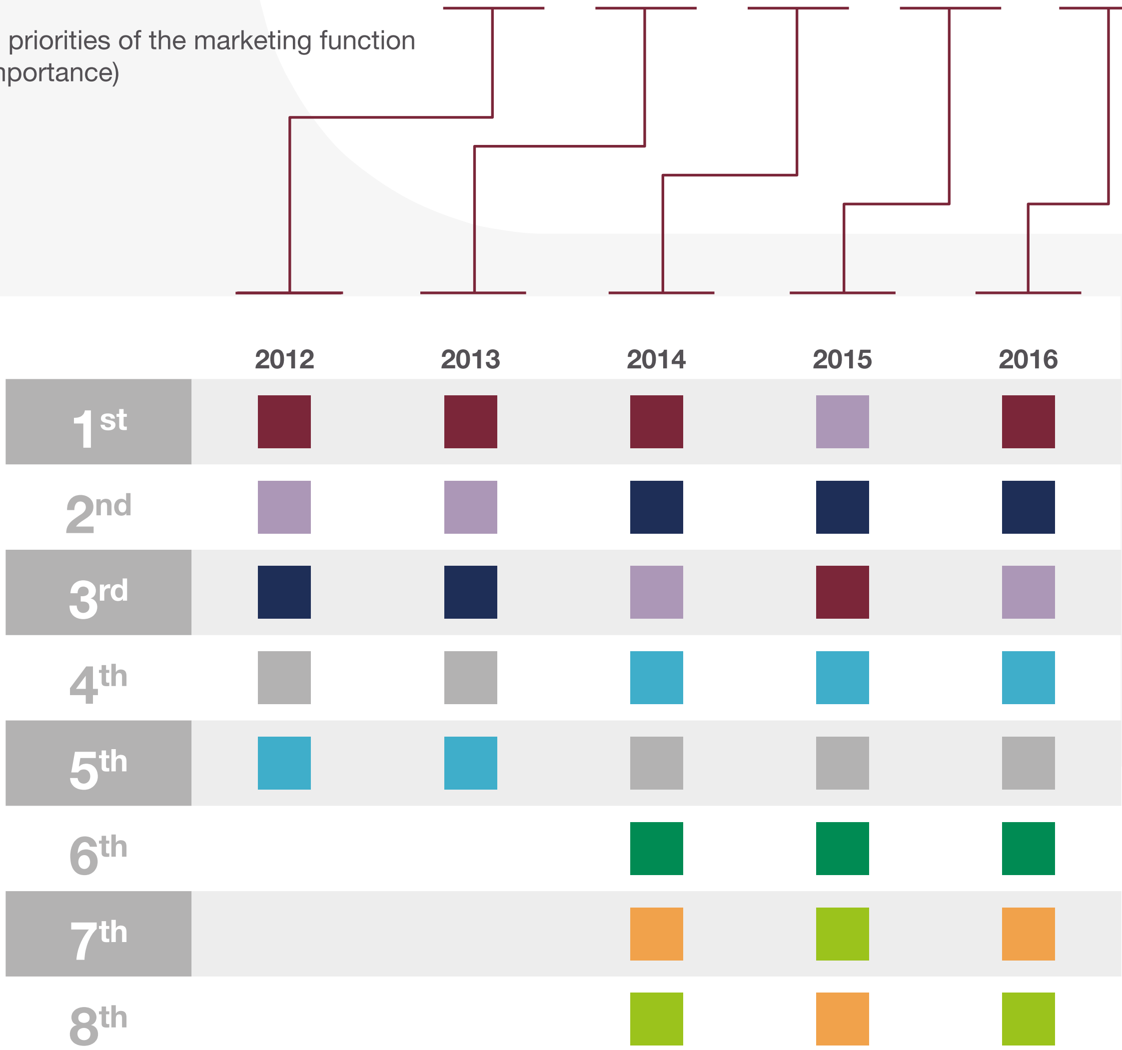
The priority around new technologies we believe is largely focused on social media (see figure 6). Such an interpretation is the most obvious way to rationalise the high priority on new technologies with the score for Big Data initiatives being the lowest across all priorities. We worry that there is too much emphasis purely on social media rather than on the potential transformative impact of the emerging data rich environment. Most of the new technologies affecting marketing practices are related to new forms of data and the artificial intelligence that binds them: e.g. the Internet of Things, marketing automation and predictive modelling. We believe that Big Data will impact marketing practices profoundly over the next five years and it is worrying that its distinct priority is so low. It is a business investment which will need strong marketing leadership in order for its potential benefits to be realised.

Is marketing providing leadership?

Disappointingly, that which we consider to be the marketing leadership agenda, is stuck in the middle of the list: namely, building influence with the top team, working collaboratively across functions and generating the leadership capabilities in middle marketing management. In a complex world, customer value is created through collaboration across functions and within entire supply chains or "eco systems". Marketing needs to assume a greater role in leading change across their organisations on behalf of customers.

	UK 2012	2013	2014	2015	2016
Taking advantage of the opportunities afforded by new technology	1	1	1	3	1
Improve measurement and accountability	3	3	2	2	2
Developing skills and competencies to meet new challenges	2	2	3	1	3
Building influence on the board	5	5	4	4	4
Cross functional collaboration	4	4	5	5	5
Developing marketing managers' leadership capabilities			6	6	6
Enhancing global marketing capabilities			7	8	7
Big Data initiatives			8	7	8

Figure 6: The priorities of the marketing function (ranking of importance)



Consistent with the above, there is no move to radically restructure / reskill the marketing function (see figure 7). About half the marketing leaders feel that they will develop and retrain people for the emerging roles and that has been broadly consistent for five years as has been the percentage looking to hire from outside and outsource. This result suggests that marketing leaders do not see any change in priority around skill development over the past years.

Question	Sub Question	UK 2012	2013	2014	2015	2016
Skill development	Develop - retrain	55	51	53	49	53
	Hire	23	26	22	30	24
	Outsource	22	23	25	22	23

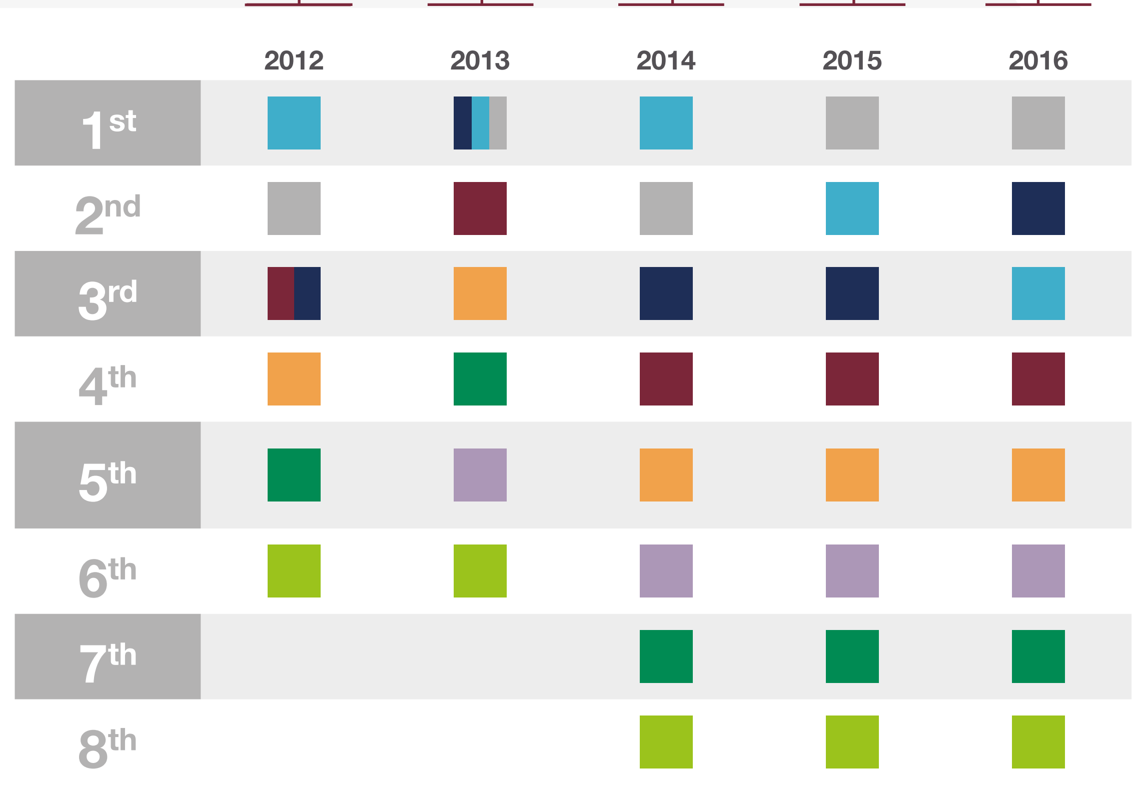
Figure 7: Strategy for skill development (allotted scores adding up to 100)

The Tactical Priorities of Marketing

Marketing's tactical programmes show a consistent pattern over the five years (see figure 8). Brand development and CRM traditionally swap between the number one and two positions. However, this year, Customer Experience beats CRM into number two. There is, we believe, a view amongst marketers that experience is the "bigger envelope" into which CRM systems fit. The CRM system provides the operational capability underpinning experience marketing strategies. Indeed, the absolute scores for CRM and Experience are very close. Value from social media and co-creating products and services with customers have swapped positions over the past five years. Channel integration remains consistent in the fifth place. We do not interpret this to mean however that channel integration is not a strong priority. Our work in this area suggests it is a foundation of most customer experience programmes and thus, we feel that marketing leaders see channel integration as part of their experience programme rather than distinct from it. This would explain the very high priority on experience coupled with a relatively low score of channel integration. Sustainability, despite all the talk of it, remains the lowest priority throughout the period and its score is considerably below the top priorities.

	UK 2012	2013	2014	2015	2016
Insight and analytics	3	4	4	4	4
Customer experience	3	1	3	3	2
Value from social media	7	7	6	6	6
CRM – customer relationship management	1	1	1	2	3
Brand development	2	1	2	1	1
Co-creating with customers	6	6	7	7	7
Channel integration	5	5	5	5	5
Sustainability	8	8	8	8	8

Figure 8: The tactical priorities of marketing (ranking of importance)



Summary

What emerges is a picture for 2016 of marketing leaders committing to growing their businesses by winning new customers thus increasing their share of market. However, the means by which these new customers are to be won is not clear. UK marketing leaders' commitment to breakthrough innovation is disappointing as is the rather unambitious priority for expansion to the most rapidly developing economies. In the absence of new markets, either geographically or via innovation, what remains are tactics and promotional activities designed to acquire new customers. Although such growth is expensive, there is some evidence that marketing leaders do not feel that their resources have increased over the years. Hence, we feel that most companies will be disappointed by their growth achievement in the coming year.

The other area worthy to note is Big Data, which we interpret broadly to refer to the rapidly emerging data rich environment, better tools for analysis and decision support and the artificial intelligence to automate decision making that will transform marketing practices. Add local (3D printing) manufacturing and the attendant impact on supply chains, and the case for Marketing to reskill and reorganise for the Big Data environment can be made. Yet, the apparent low level of priority for it suggests that Marketing may not lead this initiative. In the past, the leadership for IT-led-marketing-change was often taken by Information Systems by default. This did not deliver the promised benefits of the new technology; firms often required a second round of thinking and money to build the systems that customers appreciated in order to generate real benefits for firms.

Marketing may be the biggest investor in Big Data by function but it needs to ensure that Big Data integration with marketing practices has greater priority than indicated in our survey findings.

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About this research

This reports on 124 usable surveys from UK marketing leaders, 44% of respondents were at the C level of the organisation, mostly CMOs. Almost half the respondents worked for businesses that sell to other businesses exclusively, about 20% sell to businesses and consumers. The businesses tend to be large as one would expect from a survey of this type and consistent with previous years.
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	Attribute	2016
Job title	CEO	4
	CMO	34
	Development Director	4
	Commercial D	2
	Marketing Manager	27
	Marketing Exec	2
	Marketing Assistant	1
	Other	27
Report to Board	Yes	76
B2b or C	B2B	53
	B2C	17
	Both	20
	NGO	4
	Public	6
Turnover	£1M or less	9
	1-10	22
	11-50	23
	51-200	17
	201-1 B	13
	1 Billion plus	16

About the Authors

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Dr Maklan has senior level experience in industry, consulting and academe. He began his marketing career in Unilever where he worked for ten years ending up as the Marketing Director of its Swedish Toilettes business. He then worked in consulting for approximately ten years, most notably with large US systems integrators in CRM and finally entered academe at Cranfield as a member of the strategic marketing faculty since 2006. He researches in the area of IT and Marketing, covering CRM, customer experience, business case development and big data. He has recently co-authored a third edition of an internationally successful book: Customer Relationship Management: Concepts and Technologies.

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ABOUT THE CRANFIELD MARKETING DIRECTORS' PROGRAMME

The Marketing Directors Programme has been running under various names for 28 years and runs bi-annually. The three-day Programme is attended by Marketing leaders in their organisations; be they CMOs, CEOs, general commercial managers or senior marketing managers. There is a mix of B2B, B2C, manufacturing, service and not for profit. Delegates are mixed in terms of formal marketing experience and training, what they have in common is a desire to champion market and customer led change for their organisations. The course themes unfold over the three days as follows: Operating at Board Level, Leading Growth and Innovation and Building Power and Influence.

For more information visit **www.cranfield.ac.uk/som/mdp**

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