What’s Next in Marketing
All about outrunning the bear

David Smith, Chief Executive
Global Futures and Foresight

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What Next in Marketing

Contents

Where we stand today .................................................. 1
The coming revolution .................................................. 2
Marketing jobs of the future ............................................ 4
The Customer Experience ................................................. 5
Future data needs AI ...................................................... 7
The marketing challenge ................................................. 8
References ........................................................................ 10
About Global Futures and Foresight ..................................... 13
About the Financial Services Forum ..................................... 13

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About Global Futures and Foresight

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About the Financial Services Forum

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About David Smith

David is recognised as a leading strategic futurist who combines the experience gained from a 35 year IT and business career with strategic visioning to help organisations better prepare for the future. His career has spanned European and US corporations. He is a much sought after keynote speaker and is the author of many works on embracing change and the drivers of change.

Before establishing Global Futures and Foresight, an independent futures research firm, he created and ran the Unisys internal Think Tank, The Global Future Forum. Prior to this he was head of strategic marketing for their $2bn global financial services business.

David and his organisation has been engaged by some of the largest and most prestigious firms from around the world including: The European Commission, NATO, BBC and financial services firms including HSBC, Lloyds/TSB, Atom Bank, RBS, Lloyds, More Than, e sure, Travelers, Allianz, QBE and Lloyds syndicates along with many other prestigious firms including CSC, Unisys, Cisco, Microsoft, Siemens, Deloitte, Ernst & Young, PWC, Bausch & Lomb, Linpac, Kraft, Heinz, John Lewis, Roche, Philips etc. He is also a regular lecturer at business schools across Europe.

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About Marcela Lopez, Artist

Marcela Lopez, Colombian artist with European influences based in UK. Commissions and artwork for sale. My subject matter is landscape. Using my hands I choose plaster to capture the movement of water and trees on wooden boards. Through my artwork I intend to invite viewers to a peaceful moment of reflection. I see my artworks gently brightening up any space and being a source point of serenity and comfort.

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Where we stand today

The marketing ecosystem is being redefined and reconfigured by transformational digital developments. With it, the skillset needed to be an effective marketer is also changing. Tools and strategies that were cutting edge even five years ago are in flux as the complex mesh of human experience, data, content and new technologies coalesce in ever shorter periods. This dynamism of what is possible creates friction, especially when supplanted onto older marketing organisation structures that have often evolved at more incremental rates. Rapidly loosening constraints on what marketing can do and how it can do it combined with the shifting background environment together create a significant issue for leading marketers, who between them control more than $500 billion in advertising budgets.

A brief examination of the current state of marketing will help elucidate what trends will propel the function in the coming decade. CMO’s are faced with twin problems of convergence and divergence. On the one hand, traditional marketing methods are failing, and thus diverging from what is demonstrably effective. In the UK in 2015, research shows that some 89 percent of the £19.4bn spent on marketing communications was completely ignored. A similar percentage - 84 percent - of millennials reportedly don't trust traditional advertising.

Convergence should be of little surprise to most marketers, at least in the sense that 98 percent agree that traditional and digital forms of marketing are merging. However, few have consolidated their budgets and critically, the convergence of effective data science and marketing remains worryingly rare; only an estimated 5 percent of marketers have mastered the ability to 'adapt and predict the customer journey and what actions will derive maximum value.'

Marketers are also often being asked to do more with less. 61 percent of 288 CMOs surveyed in 2015 by Duke’s Fuqua School of Business reported feeling pressure from the CEO or the board to prove the value of marketing, often whilst simultaneously tasked with exploring new platforms and formats. Several key factors will help demonstrate this value as well as feature prominently in determining the success of future marketing organisations; the emergence of artificial intelligence (or machine learning), the creation of new marketing job typologies, new forms of data and the focus on customer experience. The ways in which larger organisational structures – often outside the CMO remit - must change will also have an impact on the future contours of what is possible.
The coming revolution

Machine learning and cognitive technologies – collectively if loosely grouped under artificial intelligence (AI) – stands to redraw the design and production of marketing within a short period of time. Indeed, some 80 percent of marketing leaders say that AI will transform marketing by 2020. In terms of case use, the most anticipated action lies with ‘providing better insights into accounts,’ at 60 percent. Whilst it is likely that AI analysis of large data sets will uncover trends and insights better able to prove hard ROI, the feasibility of a given campaign and a better visual breakdown of what exactly is resonating and where, largely undersells what AI is capable of doing within the marketing function.

Perhaps the relative conservatism of marketers in their desired use of AI implementation is reflected in a relative lack of understanding of what AI is, how it works and what it could do. In this, marketers are no more unprepared than most other professionals. Only 26 percent of marketers say they have a very confident understanding of it and only 10 percent cite current usage of AI systems, and the most common reason given for this lack of exploration was a concern over integrating AI into existing tech systems (at 60 percent).

It is unlikely that simply grafting AI onto unreformed technology systems would be an optimal use of the technology however. AI is likely to require changes in organisational structure and technological footprint for it to have the most widely applicable impact; think of how internal work silos can constrain the flow of information and data for example. There is also something of an AI fallacy evident in our thinking which supposes that the only way to generate AI success is to replicate the processes/outcomes of human specialists. In this flawed model, AI will only ever complement existing structures by doing what humans do but more efficiently.

In fact, AI will alter existing marketing structures – in part because it allows us to do different things. AI is already able to create highly-personalized experiences at scale in real-time. Context, gleaned from visual clues, web browsing habits and applied to a self-learning system of knowledge on a given person is beyond the reach of humans, at least at scale. In another example, marketing personas – although useful, are often time-consuming, expensive and vulnerable to rapid obsoletion. AI derived personas on the other hand, ‘...can be created in real time and at relatively low costs, (and)... be updated quickly as economic conditions and demographics continue to change.’
Even if we are not at the stage, yet, for artificial intelligence to replace our creative instincts, we should be aware of its potential to upend our current assumptions. M&C Saatchi has already demonstrated the ability of machine creativity, with the development of a campaign that evolves unique advertisements based on audience reaction.

Indeed, ‘...It’s entirely possible that marketing, branding and creative tasks may be done by supercomputers,’ says Bernd Schmitt at Columbia Business School. Deloitte believes that the function, being, ‘...highly quantitative, targeted and tied to business outcomes, will likely become highly automated by 2025.’ Digital marketing already supposes less human work than traditional marketing and AI will enhance this trend. Automation is both desirable and important within marketing simply and not just since marketing is being asked to do more, often with less or else flatlining resources. More broadly, there are too many complex variables and too much data involved for humans to be able to function adequately without AI.

What to do about it:
• For real-time response to be effective, AI systems may need to be embedded in some form of production system.
• There will likely be new processes and systems, and new roles to oversee them. In addition to these new roles, there will be substantial changes for human marketing employees as automation continues to advance.
• The overall number of marketers required for the level of marketing activity, particularly in digital marketing, has already been substantially reduced. This will continue under an automated marketing scenario.

Key questions:
• How do we design for interactions that are not meant to be noticed?
• Over two-thirds of people are not comfortable with smart phone and tablet apps using their personal data. How do we gain trust?
• Ad blocking forecast to cost $35 billion by 2020. How could this impact the data fed to, or gathered via, AI?
• Technological developments such as quantum computing could revolutionise privacy – how does this square with the idea of data ubiquity in building personalised offerings?
Marketing jobs of the future

AI will become more capable, and with it, new tasks are likely to emerge. Given the range of developments across the suite of AI technologies, it is increasingly likely that AI will eventually be better placed to handle many of these newly emerging tasks. As a result of AI evolution, it is likely that there will be a steady decline in the demand for marketers, at least within some current roles. That said, as AI shifts the skillsets needed to be a successful marketer, new roles will appear.

Chief Experience Officer: If customer experience – throughout the purchasing and use of product/service cycle – becomes a critical point of differentiation then it makes sense to organise for this. This could involve the spread of the new CExO, tasked to oversee the development and implementation of products, services, and communications.

Augmented Reality Producer: Alternative marketing and branding opportunities will arrive with the introduction of mixed, virtual and augmented technologies. Being able to provide specific, targeted messages will become possible with the successful use of this technology.

Lead Data Analyst: Data analysis is already an established field within many companies, but not necessarily within marketing itself. However, given the centrality of data to marketing, this may soon change.

Bot Developer: Bots could rapidly replace apps as the go-to medium for mobile communication. Clearly the technical skills required for this and the roles outlined above require a rethinking of the marketers’ abilities.

It should also be noted that in addition to these new jobs, several current jobs - such as Digital Media Buyer - could be decimated or else outright replaced by AI.

What to do about it:
- Examine where competitors and entities in adjacent industries and functions are using AI. Professions that on the surface are markedly different are united in the common challenges that they face. AI is both part of this challenge and the solution to other problems.
- Map out your organisations’ roles – ask where AI could be used to enhance processes and systems or do different things than what you are currently limited to.
- Assess your organisations’ ability to adapt to the latest technologies – are you constrained by legacy technology, legacy culture or legacy people?

Key questions:
- To what extent does organisational culture, especially within industries, represent a barrier to effective AI deployment.
- Does our structure - both organisational and technological, allow us to get the most of our people and our technologies? How can we optimise this?
- Might there be entirely new ways of organising work? How might marketing be reconfigured?
The Customer Experience

Customer experience has rapidly assumed a place of critical import – both as a key point of differentiation and as a process assumed by companies. However, few would seem adequately prepared organisationally for such a position. If indeed the Chief Experience Officer does become mainstream, marketers believe themselves well placed to adopt the position. Research from the Economist Intelligence Unit (EIU) shows that 86 percent of marketers believe they will own the end-to-end customer experience by 2020. To this end, marketers will need to become data chiefs, and more.

This elevation of marketing to that of a strategic lever is supported by other statistics. 87 percent of marketers believe ‘…their departments will exercise significant influence over business strategy by 2020,’ with 78 percent also expecting to have the same influence over company technology decisions. The latter is perhaps especially unsurprising given that more than 68 percent of corporate investment in IT is now made outside the IT department (from 47 percent in 2014). However, questions remain about whether marketing organisations and the wider ecosystem they inhabit are truly ready for the future demands assumed by CMO’s and CEO’s given the sheer pace of development.

The customer experience is increasingly autonomous and various technologies, not least the IoT could exacerbate this. IoT connected devices are projected to outnumber mobile phones by 2018, thus shifting the business model of many organisations and processes and methods of marketers. This change will be as sudden as it is profound. It is estimated, for example, that one million new devices could go online every hour by 2020. This represents a huge organisational challenge, since some 507.5 zettabytes of data is expected to be generated by 2019. Some 30 percent suggest their organisation is prepared for the security risks associated with the IoT, leaving a significant amount on the wrong side of this issue. In fact, despite significant IoT cybersecurity concerns, KPMG reports that 44 percent of IoT users admit to not having thought about third party risk. This would not appear to be a strong position from which to launch customer experience leadership and confirms the need to partner closely with the CIO and other stakeholders in strategic technological security.

Given its’ still emerging status within many industries, marketers have the opportunity to shape how the IoT influences customer relationships. Within this, the intertwined issues of trust, privacy and added value to the customer must also be confronted. Many consumer facing IoT products and services have the potential to cause a shift in the consumer experience as well as open new revenue streams.

Strategically minded marketers could not only help their companies think through the optimal user experience, but help engender a shift in thinking as to how companies treat and use their brand. Ultimately it must be remembered that we are moving toward a world less mediated by screens, which fundamentally requires different design.
What to do about it:
- Marketers seeking to place the customer at the heart of their organisation will need shift their focus from tools towards people in the organisation to get employees thinking like their customers.
- Clearly there is a key technological element to this, since digital engagement and AI imply both process and system optimisation and rebuilding. These are key enablers of agility and flexibility – two important facets of customer-centric business models.
- Marketers need to converse and plan with the CIO and head of HR to achieve a better customer angle. Engage IoT stakeholders to help ensure participation in projects, strategy and direction in setting consumer experience.

Key questions:
- Who owns IoT strategy; how much input does the CMO have?
- Do marketers have sufficient analytical capability and capacity to truly act as gatekeepers of customer experience?
- Do marketers possess the necessary soft skills to collaborate and influence the necessary cultural shift that needs to accompany deeper digital transformation?
Future data needs AI

The volume of data alone suggests the need for automated analytics, whilst the variety of data will supplement this need. Today’s prosaic wearables are rapidly acquiring reasonably advanced feature, Apple reportedly plans to incorporate the ability to measure electrodermal activity (EDA) into its wearables. The responses gathered – of emotional and sympathetic responses - are already commonly utilised as a part of what is known as polygraphic testing, or more commonly as lie detector tests. This biometric data could enable a whole new level of targeting if acted upon in real time; ‘…what if emotions like happiness, sadness, or anger could be part of the audience segmentation? ’ Emotional response could lead to a new paradigm for marketing, and demand a level of accuracy, speed and relevance only deliverable via highly automated systems. This new world may be years away but the general direction toward it would appear certain.

INSEAD notes that ‘…the last few years have produced a raft of rigorous scientific studies suggesting that brain imaging has far greater potential to predict a product or advertisement’s success than simply canvassing for consumer opinions. However, to maximise this predictive power, companies may have to stretch their neuromarketing portfolio.

Specifically, they should look at fMRI (functional magnetic resonance imaging). ’ Such advances will augment the belief that neuroscientific advances could be just as transformational for the industry as the wider AI revolution – the change comes not just on how we do things, but in our ability to do fundamentally different things.

What to do about it:
• Marketers need to become futurists, or at least enable organisational access to one. Spotting the latest technologies and assessing how, where and why you want to use them will help define those with a coherent strategy as opposed to a shotgun approach.
• Robust data infrastructures are vital, whether judged via overall capacity, ability to analyse, ability to infer insights or generate accurate personalised offerings.

Key questions:
• How can marketers accrue the necessary technical acumen in a short period of time?
• Does this new wave of technology and technical need demand a new wave of marketing worker? What does the marketing organisation of tomorrow look like with regards to staff?
The marketing challenge

Many of the wider changes in marketing – from assuming a more strategic role to owning the customer experience depend on a solid data analytics platform. What’s more, this platform must be organisational as opposed to departmental, since the correct interrogation and analysis of data should suppose a lack of silos. It is somewhat concerning then, that only 6 percent of organisations have created the position of Chief Digital Officer (CDO) or an equivalent. This paucity, forecasts Gartner, will reverse come 2019, by which date some 90 percent of businesses are expected to inaugurate this role.

In the interim, to get close to their customers, more marketers are building direct-to-customer (DTC) capabilities. The Economist Intelligence Unit notes that the percentage of manufacturers selling directly to consumers is expected to grow 71 percent over the next year to more than 40 percent of all manufacturers. ‘To execute DTC strategies, marketers need to reduce silos between marketing and other operating functions — especially sales and customer service — and become more integrated.’

There are other ways in which organisational structures will change. 86 percent of executives believe the pace of technological change will increase rapidly in their industry over the period to 2019, whilst a larger if less appreciated pressure comes from shifting consumer behaviours. The need to embark on organisational digital transformation is generally understood; some 60 percent of executives are undertaking efforts to do away with organisational silos or lessen their impact. The overwhelming majority of CEOs – 92 percent - acknowledge that their organisational structure must change, although a similar number (85 percent) say internal obstacles impede company growth, chiefly complexity and culture.

Whilst it could be argued that in the near future, marketing will be too important to left to marketers alone, clearly the wider business structure must evolve if marketing is to reach its potential. In the same sense, organisational change is too important to be solely a CEO concern. Soft skills, both internally and externally oriented are critical in engaging different skill sets, stakeholders are connections vital in ensuring that marketing is able to drive a new era of brand engagement, loyalty and consumer satisfaction.

The framework in which CMOs operate must also be conducive to broader change. Marketing functions that operate in silos are highly likely to fall behind those that integrate with wider business units and processes. Here, and elsewhere, CMOs are unlikely to be able to enact change with support from other executives. Given support by other stakeholders such as CIOs and HR executives, and by focussing on talent, analytics and customer experience, CMOs can begin to craft a more conducive framework to operate within. It should be acknowledged that cultural change is never easy to enact, and will require supportive measures that codify behaviour change – whether it be through different processes, incentives or new talent in key positions.
New models underpinned by new company wide collaboration must be built as traditional marketing, I.T and organisational models expire. Central to this must be the idea that data should be viewed as an enterprise asset rather than a departmental asset. This broader view of data and of the organisation can help the CMO and CIO develop and implement insights that deliver greater value to the business and form a key building block of the ‘Marketing 3.0,’ organisation.

**What to do about it:**
- Accept that the future of marketing does not exist in a bubble; without greater organisational change, marketing can never assume the mantle of change bestowed on it by itself and others.
- Recruit talent and thinking able to deliver the future you envision.
- Demonstrate win-win scenarios for other executives afraid that change will ultimately disenfranchise them.

**Key questions:**
- Can organisations change in time for the impending opportunities afforded by new technologies and marketing methodologies?
- Can marketing succeed given a wider stagnant or parent organisation? What opportunities could this afford independent teams?
- Do marketers have a vision in which the new elements of tomorrow’s marketing organisation strategically align?
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Notes:
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Contents

Where we stand today .............................................. 1
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