

CMOs need to stop worrying about data and start using it to their advantage, writes **Mark Sherrington**. In the new normal, everything is about data and marketers need to think of themselves as the ultimate data scientists

# Marketing is broken – can data fix it?

**H**AVING JUST RETURNED from a ten-year safari, I am concerned to discover that marketing is facing extinction. There is data to support this.

It has been reported that 80% of CEOs have lost confidence in marketing (Fournaise Report 2012). There is a 50% churn rate among CMOs with 62% replaced by people outside the company (Russell Reynolds Report 2016). That report also offered a diagnosis: “CEOs [are] making scapegoats out of CMOs to buy more time to deal with digital.”

This is puzzling because 100% of management consultancy reports (my estimate) say that organic growth is at the top of the CEO’s agenda. At the very time that CEOs are looking for ways to grow the top line, they are questioning the people best positioned to do just that because, one presumes, they think data, not marketing, has the answer.

It’s puzzling because I always thought the purpose of marketing was to produce growth using data. What’s gone wrong while I’ve been away? I’ve been asking around among some of the most experienced people in marketing, including past presidents of the Marketing Society – Martin Glenn, Keith Weed and David Wheldon – you can’t get better data than that. My safari has not been wasted because I’ve spent most of the time working with digital/data/technology people. They have offered me a fresh perspective on data and marketing.

Here are my findings:

- People think data is just numbers. Data = any credible information.
- People need reminding that creativity + data = ideas.
- And it’s ideas that grow brands – meaning data needs to inspire, not just measure.
- Marketing must reclaim what it uniquely does: use ideas to generate growth.
- In the ‘new normal’, there’s a lot more

data, so the old marketing operating systems (‘The Marketing Ways’) are no longer fit for purpose.

■ Marketing needs IT to connect data to ideas to ROI (from internal effort to external execution).

■ Marketing needs to learn IT to use technology to spend more time doing marketing.

The relentless onslaught of technology, social media, empowered consumers, peer-group reviews, ecommerce, the gig economy etc. has smashed down the barriers to entry and all the left-field challenger brands are marching through. Big brands used to look bulletproof with their massive economies of scale, marketing playbooks, media procurement power and distribution clout. But complexity favours the nimble, agile upstarts with no preconceptions, low fixed costs and no cumbersome legacy distribution channels who, with just a few ‘likes’, can garner the kind of awareness and trust that used to take decades to build. (And let’s not even get onto the next disrupters such as virtual reality, Internet of Things or artificial intelligence.)

What even is a marketing department? What capabilities do we need to develop; who do we need to hire; how do you configure a marketing team; is there even a role for a ‘brand manager’?

In this new normal, it’s all about the data – Big Data, real-time data, shopper data, transactional data, proximity data, data stacks and lakes, multi-relational databases and so on. Even worse, it turns out that all the ‘new/social’ media owners who take ever larger chunks of your budget, and even these new ecommerce players, are all accumulating more data with which to beat you about the head.

It is complex and challenging, but data is neither a threat to marketing nor to big brands. It can be an opportunity, if you turn complexity into a source of competitive advantage. Here’s how.

## UNDERSTAND DATA AND IT

Information comes in many forms – numeric, visual, experiential, small scale, large scale – but the numbers are seductive. We used to know with absolute certainty that half of all marketing was wasted but we did not know which half (ha-ha, great line – sadly, one the finance team never found very funny). With digital media, there’s bad news and good news. The bad news is that 95% of your money is wasted (‘Skip Ad’, anyone?); the good news is that you know precisely and immediately which 95%. And, of course, with learning algorithms, we can improve on the 5%.

With technology advances, media has evolved over the years but it is still essentially a value exchange. You want ‘content’ and you pay for it with attention, or engagement, through ads. Print, radio and TV have been joined by search, social and gaming. With every previous media revolution the advertising had to evolve creatively to fit the medium. It is evolving again as brands find their higher purpose to earn a place in online social discourse, or adapt their content to go native and get linked and liked. The only difference is that we can get better data and lots of it, much quicker – a good thing, you’d think.

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Marketing has always had to deal with a lot of information – research, sales, distribution, quality scores, trends, media consumption and much more. The explosion of data just means more information – which is exciting, but only if you understand the information technology necessary to integrate and process it into something useful. You have to learn the new language of IT but, according to Martin Glenn, CEO of The FA, marketing always had to be multilingual: “Marketing has always had to talk different languages and understand different cultures – sales, production, finance, research, creative, social sciences and, these days, IT.”

It’s fair to say IT people do not speak marketing or understand what we do (I asked a senior IT strategist the other day and his answer was effectively ‘spend the media money and do promotions’). But it’s equally fair to say that marketers have not got their minds around the language and concepts of IT. Algorithms, APIs, data stacks and lakes might sound offputting but they can be grasped just like other languages or cultures have been grasped, not well enough to do the job of IT but well enough to understand what they can offer. An algorithm is a kind of recipe, an API (application programming

interface) is like a plug that allows you to access and apply data. Data stacks and lakes are like a well-indexed library, but one so big and varied it needs data analytics and visual analytics. Marketing has always used data analytics and visual analytics (e.g. significance scores and graphs), but we never used raw data.

Marketers must be curious multiculturalists and embrace IT. As Alan McWalter, former marketing director, Marks & Spencer, puts it: “Marketing was always the one function in a business able to work horizontally across all the other functions to join the dots.”

In fact, I’d go further: marketers are the ultimate data scientists if you understand data to mean any information, and science itself to be imaginative. Einstein used all the data at his disposal but could not prove  $E = mc^2$ . He believed in imagination. Higgs waited decades before data from the Large Hadron Collider proved the existence of a boson he had imagined based on data.

### **IDEAS GROW BRANDS**

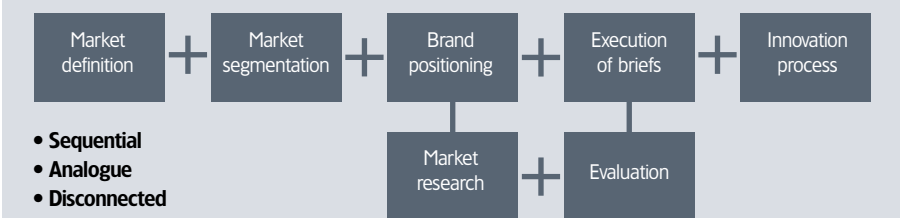
The new breed of behavioural scientists are very taken with data and claim to know ‘how brands grow’. Well, maybe. I know how babies are made, but what I struggle with is why

people fall in love and want to have them. What grows brands? I prefer RBS CMO David Wheldon’s, explanation: “I’ll tell you both why and how brands grow... ideas grow brands based on new connections and that plus great execution is what grows brands.”

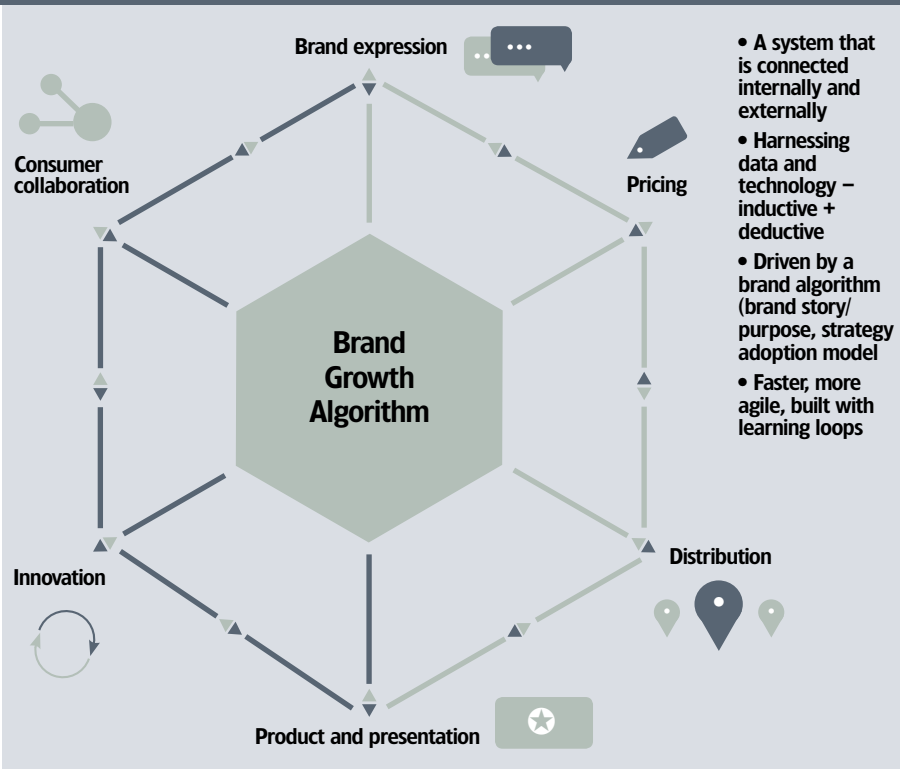
Data, deductive analysis and behavioural science etc. are great for improving execution and for increasing ROI to a degree, but they are pretty useless without an idea. And only great ideas really shift the demand curve. That’s not to say that data is not enormously powerful nor that creative people hate data. This is from Justin Tindall, executive creative director at M&C Saatchi: “Data is not just about measuring; its real value is to inspire.”

Marketing works where data meets creativity. Marketers are no Einsteins but the smart ones have always used their imagination stimulated by a wide variety of data/information from different sources, in different formats and on different timescales. We’re paid to create growth through great ideas and great execution and, apart from the CEO, we are the only ones who are. We work horizontally and holistically; we’re the only ones who can (the CEO is too busy). But to do this today, we need to

**FIGURE 1: TRADITIONAL MARKETING OPERATING SYSTEM (THE MARKETING WAY)**



**A NEW MARKETING SYSTEM**



**FIGURE 2: MARKETING TIME ALLOCATION**

	Average	Vice president	Director	Manager
Planning (prep and meetings)	25%	33%	23%	19%
Admin and HR	28%	28%	28%	28%
Documents and reports	8%	5%	10%	8%
Executorial briefings (prep and meetings)	17%	17%	16%	18%
Market visits	5%	7%	5%	4%
Campaign development and projects	17%	10%	18%	23%

Source: 2014 study of international multibrand FMCG (company name withheld)

embrace technology. Farmers no longer give their cows names to identify them, they use electronic tags. They use data and technology, a different system, to increase productivity.

**A 'SYSTEM', NOT A 'MARKETING WAY'**

Unilever has moved away from its much-loved 'ABC of Marketing', its legacy marketing operating system. Its CMO, Keith Weed, told me: "If you want to reboot marketing, you have to reboot the marketing system." As someone widely acknowledged to have done more than most to embrace more/better data and technology to reboot marketing, he should know.

Better (and faster) data harvesting and data analytics using a wide variety of sources (and remember, that can be numeric, visual, experiential) requires new systems – and I mean a technology-based system. The old 'Marketing Ways' will not serve you well because they are analogue and disconnected and slow. They are in fact no system but pockets of best practice – how to define and segment the market, how to position a brand, how to brief an agency, how to do innovation, how to do research etc. – and a lot of it is outdated. Yes, good old brand/marketing strategy still matters a lot, and strategy, like science, is a creative endeavour, but 'market research' is old school, ditto 'brand comms'.

Take a simple financial system – P&L, cash flow and balance sheet. Three separate things, each with a different purpose in the finances of a business but all of them connected. Change something in any one and it has a built-in connection to the other two.

Now think of three things in a traditional 'Marketing Way' – segmentation, brand positioning and a brief. All important, but all largely unconnected. Segmenting a market does not trigger a brand positioning, and changing a brand positioning does not naturally connect to a brief. Marketing needs to be systemic in the sense of being interconnected and symbiotic. For this to happen, a brand cannot be captured in just a positioning, it needs to be captured in an algorithm.

The pure definition of an algorithm is 'if this, then that', and hard as it might be, marketers need to start thinking in terms of algorithms and APIs within a different, more connected system of marketing (Figure 1).

The algorithm will vary from brand to brand but will essentially combine three things:

- 1 Strategic objectives.
- 2 Brand story (elements from a positioning).
- 3 Theory of brand adoption.



Some of this may start qualitatively and will need to be made numeric, some of it will not be optimised. In other words, the theory and objectives and how to measure them will be wrong. The theory of brand adoption – where to invest to grow – will never be right because we do not 100% understand how the brain or society works. But algorithms can learn. In the early days of Google, if you searched for ‘Apple’ you were as likely to get a greengrocer as a PC, but not now because data can improve the ‘recipe’. Brands need some kind of an algorithm to link to an API to take advantage of the breadth, speed, scale, and diversity of data, to be able to harness it and use it to inspire. For the IT people out there, you will know that the algorithm is not the challenge, it is the design of the user experience. And for the change-management people charged with transforming marketing, you will know that the quickest way to change behaviours is to change the KPIs and the system.

### **EMPOWERING MARKETING TO DO MORE MARKETING**

Let’s break down how a marketer spends their time. The only hard data I found on this came from a confidential study conducted in 2014. (I have seen the raw data but the client is not prepared to be named.) The headings used are not ideal but are nevertheless revealing (Figure 2). More than 50% of the time was spent on planning and admin, 17% on execution, preparation and meetings, and a remaining 22% was spent on market visits, projects, campaign development.

It would be comforting to think all the 22% was focused on brand growth but the likelihood is (a) it was less than this and (b) it was not as productive as it could have been if maximum use had been made of all available data, integrated and presented in the right way at the right time. Based on the breakdown of these figures by pay grade, you can also infer that the more senior you are, the more time you spend on meetings and admin and the less time you spend on ideas and growing brands. That can’t be right.

Brands need to be planned, budgets must be set, performance has to be monitored and execution needs to be briefed in to the business. There will always be a need for meetings and admin. But how do you reduce this to create more time for genuine growth-oriented, brand-building work, especially for the more experienced senior marketers?

Answer: technology, systems and better information. Marketing needs to embrace IT to spend more time doing what no amount of IT can do – to harvest and process data and have ideas. And maybe more time to

ensure faultless execution and learning how to have better ideas. What is the ideal use of marketers’ time? Probably the ‘Law of Thirds’:

**1/3** Monitoring/managing/planning/reporting

**1/3** Harvesting and applying all/best data to inspire ideas

**1/3** Briefing and implementation

### **MARKETING IS A GERUND**

Has it ever troubled you that marketing is a gerund? Think about it. All your colleagues in other departments report to a functional head who is a noun – finance, production, sales, or maybe a qualified noun like human resources, or even a new noun such as ecommerce. If you’re in marketing, you work for a gerund, a verb that works as a noun. My point? Marketing is not like other functions: it works across all the functions, all the data. In fact, marketers need to be a lot of things – curious, enthusiastic, optimistic, deductive and inductive, numerate and imaginative, generalist multiculturalists who embrace data and creativity. They have to be the organisation’s best data scientists. It’s not easy and it’s not for everyone but someone has to do this to create growth rather than just optimise costs. It’s much easier to be a noun – it’s hard to be a gerund but it is the most exciting.

Steve Jobs is my marketing hero, the ultimate oddball gerund. When confronted by Steve Wozniak about what he actually did, Jobs replied: “I play the whole orchestra.”

My diagnosis might be simple to summarise but it is not simple to do and, far from being complacent, I believe marketing has to work very hard to up its game, get on top of technology and change the very system of marketing. But never forget that, in the words of a colleague of mine, Mark Luce: “Data is the input, ideas are the output and growth is the outcome.”

Fine words but where do you start?

**Marketing is not like other functions: it works across all the functions, all the data. In fact, marketers need to be a lot of things**

### **SIX THINGS THE CMO CAN DO TO MAKE DATA THE SOLUTION, NOT THE PROBLEM**

**1** Reboot the meaning of ‘data’ to mean any and every aspect of information and stop using lazy terminology such as ‘digital’ (too broad) and ‘Big Data’ (too vague).

**2** Force all marketers to understand and get confident with the language of IT – consider physically merging the IT and marketing team. (If anyone wants to know a secret of my old firm, Added Value, it is that I insisted all the brand marketers sat among all the insight team so they learned each other’s language.)

**3** Audit marketers’ time – where is it spent, what do they do and upon what data analytics and visual analytics do they rely? Use this to see where time allocation and data processing can be improved and set targets for how you want that to change. This won’t just reduce unproductive time, it will actually save money and it will show up where technology is needed.

**4** Change your marketing operating system from best-practice manuals to a system that integrates with technology and data. Ditch positionings and write a brand algorithm – just the process of doing this will change attitudes and it will also set you up to optimise your use of technology and data to change behaviours.

**5** Be brave enough to set out your theory of what makes brands grow – the adoption model. It won’t be right but without a null hypothesis there can be no learning.

**6** Reassert ideas as the output of marketing and growth as the outcome. The only way to have good ideas is to have lots of ideas – make that a KPI for marketing. Change the focus, up the output and you are more likely to deliver the outcome.

Marketing is not broken but better use of more data as part of a fully integrated system can improve it to inspire better ideas. A final word from Albert Einstein: “Imagination is more important than knowledge, because knowledge is limited to what we now know, while imagination embraces the entire world and all there will ever be to know and understand.”

The entire world? That’s a lot of data and a very large orchestra. Who wants the baton?

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