



RESHAPING

GLOBAL ENGAGEMENT OPERATIONS

Optimising the Resonance and Relevance
of Localised Marketing Initiatives

REPORT | JUNE 2019



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INTRODUCTION

Centralised. Decentralised. Hyper-local. Micro-personalised. Agile. MarOps¹.

According to a recent Gartner study, 89 percent of marketing leaders surveyed said they intended to adopt some form of “agile marketing approach” in the coming year... which translates into picking and choosing which tools, processes and organisational design will be implemented with the intent of making marketing programs more relevant, adaptive and efficient.

The call for transformation and evolution of marketing strategies has been deafening in recent years. From the advance of the customer experience to the new mandates and requirements for growth, efficiency and measurable effectiveness, the call to shift mindsets and management has reached the breaking point where marketing leaders have concluded that marketing has reached that point of disrupt or be disrupted.

There is good reason for this call to new action: Chief Marketers are just not convinced that their strategies are able to take hold thanks to key issues, gaps and deficiencies across the marketing organisation. According to a recent CMO Council poll of leading brand marketers, improving processes and capabilities, access to intelligence and identifying new routes to revenue were top of mind to advance the leadership agenda. In fact, 40 percent of senior leaders surveyed indicated that improving the go-to-market process was the top upgrade on deck for the year ahead.

This should not come as a big surprise when you consider that marketers have long been frustrated with their (in)ability to truly execute global, omnichannel campaigns, struggling to roll out global initiatives without significant cost and time delays. **Almost two-thirds of marketers surveyed by the CMO Council gave themselves below satisfactory grades specific to their capacity to adapt global brand marketing content across the markets and channels they serve.** This has led to equally uninspiring marks in timeliness as only 30 percent of marketers rate their teams as either “advanced” or “doing well” in their timeliness and capacity to simultaneously support global and local execution.

The struggle is manifesting in a sense that despite active investment into new talent and technologies, strategies are missing the mark and leaving opportunity on the table. **The vast majority of leaders - 77 percent - believe they are not reaching the full revenue potential of today’s connected customer.**

Just as marketers ease into the new-normal that growth is the primary mandate of the marketing machine, this reality of ineffective actions and overarching inefficiencies has forced marketers to look at the foundations upon which their strategies are build: The data and intelligence that power the move from strategy to action, the talent that brings the strategy to life and the operational structures that enable strategy to become profitable reality.

¹For the uninitiated, this is marketing through the cultural mind shift of DevOps. Honest... it is a thing.



This leads to a new quandary: Perhaps the issue isn't with the strategy... perhaps the issue is with the structure. As marketers have elevated and innovated engagement strategies and initiatives, many believe it is time to turn a critical eye to organisational structure and matrix to ask where and how can efficiency and effectiveness be coupled with the experience demands and expectations of the critical audience of one. This hyper-focus on the customer demands that experiences step beyond the basic principles of personalisation and apply deep context with the intention of hyper-relevance in the form of localisation.

This shift led the CMO Council, in partnership with Worldwide Partners, a global network of independent advertising and marketing services agencies, to investigate just where and how marketing leaders were embarking on this operational reassessment and transformation. More to the point... we wanted to ask why was transformation necessary to begin with and where would the responsibility lie to make real change last? What new thinking around organisational structures were resulting in newly paved pathways to team empowerment that could actually meet the needs of the local customer? How were leading brands reshaping their agency partnerships in light of this the new global matrix? Where and how were insights into the needs, challenges and opportunities of reshaping the operations of global engagement and experience?

To start, the CMO Council interviewed select brand leaders, representing brands as diverse as Allegiant Airlines to Cirque du Soleil. An online survey of over 350 global marketing leaders showcased the different needs and requirements of global marketing operations, identifying variations and differences between global and regional teams, as well as the benefits and drawbacks of centralised or decentralised operational structures.

What emerged was a picture of a marketing in the middle – a call to shift away from the extremes of fully centralised or fully decentralised models. There is also a sense of executive responsibility as marketers begin a journey of self-reflection to better communicate business needs under their new mantle of growth driver, forever shifting the needs, requirements and responsibilities of the modern marketer to agency partner dynamic. **In whole, this study is not a rebuke of operational or agency models, but rather a blueprint for an improved dynamic that better focuses brand and agency alike around growth, around business mandates and, perhaps most importantly, around how to effectively and efficiently develop more relevant and profitable relationships with the customer.**



KEY FINDINGS

Marketing organisations the world over are in the midst of a transformation that will impact every system and staffing demand for years to come. While the focus for many has been on the transformation happening to digital technology infrastructure and engagement channels, the more pressing transformation is how our very organisational structures will reshape to best reach, understand and embrace the modern connected customer. Only problem is, the transformation doesn't seem to be advancing and could actually be stalled.

In previous research, the CMO Council had already learned that this connection and proximity to the customer is a far more difficult journey than many organisations had anticipated.

Serious questions about structure and resource alignment were called into question as marketers shared that rather than an aligned network of connected in-house and agency resources, 76 percent faced a disconnected and scattered collection of multiple creative teams, partners and contractors whose responsiveness and capabilities were in need of improvement (according to 32 percent of senior leaders), more often failing to meet the needs of both global and local marketing execution.

Marketers had formed a conclusion: despite efforts to the contrary, structure was failing strategy, and it was time to rebuild.

What we learned from this online assessment of the state of structure is that the conversation over total centralisation or decentralisation should be moot as structures of extremes results in outcomes of extremes: organisations are either highly efficient or they are highly connected to the customer.

What senior marketing decision makers admit is that marketing operational structures need to meet the connected customer of today and the hyper-connected customer of tomorrow. The growth marketing organisation needs a disruptive model that blends the best of all practices: yields highly efficient processes, empowers global and local teams and resources to actively and openly collaborate and connect across functions and regions, while tapping into the most critical asset every company needs in order to develop profitable relationships: relevant, contextual, actionable intelligence about their customers.

This shift is not just intended for the organisation but must extend to the network and collection of external resources and agency partners. Marketers have a clear message: **Transformation in operational structure without a re-examination of agency dynamics will only lead to more misalignment and missed opportunity.**

Perhaps the best starting point to understand this evolution of the marketing operational structure is to understand where and how senior marketing leaders are being tasked.



CMOs are continuing on the path to driving growth across the organisation. The plan is to do this by optimising customer experience and engagement strategies and improving go-to-market capabilities. In fact, more than half of the 350+ marketers surveyed indicated that driving growth was the top strategic area of focus for the coming year.

- 51 percent say driving growth is primary strategic focus.
- 47 percent say optimising customer experience strategies and execution is top of mind.
- 92 percent have some level of confidence that organisational capabilities will help reach 2019 goals.

But look a bit closer and you will see doubt intertwining with bravado as marketers admit their current capabilities – both internal and external to the organisation – may not be enough to get strategies across the finish line. Only 10 percent of marketers are exceedingly confident in their current capabilities while 39 percent admit that they are still hedging their bets... confident in their teams, but willing to admit there is plenty of room for things to go horribly wrong.

HOW CONFIDENT ARE YOU THAT YOU WILL REACH YOUR STRATEGIC GOALS FOR 2019 WITH YOUR ORGANISATION'S CURRENT CAPABILITIES?		
10%		Exceedingly confident
43%		Fairly confident
39%		Confident, but hedging any bets
6%		Slightly unconfident, but not counting us out
1%		Fairly unconfident



THE BUDGET BETWEEN MARKETERS AND SUCCESS

Budget – or more specifically budget limitations making investments into new strategies and initiatives impossible – remains the primary thorn in marketing’s side when asked what might stand between strategy and success. But CMOs are also keenly aware that culture and mindset are also part of the problem as organisations struggle to focus on a true north and ensure that teams, regardless of location, have the right skills and tools in place.

- 59 percent say budget limitations are the top issue impacting the organisation’s ability to meet the strategic goal of growth.
- But culture (senior leadership shifting priorities and goals – 30 percent, slow moving culture adverse to change – 25 percent, inconsistent alignment and collaboration across teams – 29 percent) and skills (upskilling teams – 24 percent, keeping pace with digital evolution – 20 percent) are playing major roles in slowing down if not halting progress.

TOP 5 FORCES HOLDING THE ORGANISATION BACK

59%		Budget limitations
30%		Senior leadership shifting priorities and goals
29%		Inconsistent alignment and collaboration across teams
25%		Slow moving culture adverse to change
24%		Upskilling teams and talent



Today's modern connected customer is hyper-aware of issues like data privacy and security. This is hardly surprising considering the past year's focus on everything from GDPR to massive breaches in data-trust across brands like Facebook, T-Mobile and Cathay Pacific Airways. But customers also crave experiences and engagements that are personalised and full of relevance and context. This isn't just relevance at a superficial level either... this is rich, contextual relevance that reflects the individual customer's language and location with regionally specific nods to culture and behaviour.

- The top three customer demands are: data security, privacy and accountability (57 percent); always on service (52 percent); and relevant experiences based on regional or local language and mindfulness of local culture (46 percent).
- Only 20 percent say their organisation is prepared to meet these needs of the customer.
- 73 percent believe they will win some... but also lose some.

Yet when you look at this approach, it is clear that thanks to the complexity and sheer scale of the global marketing machine, organisations have taken half measures and 'almost there' as a replacement for greatness. It is clear that, according to our respondents, organisations seem perfectly content to let some errors slip past when it comes to what they acknowledge are issues sitting at the top of the list of customer demands. Most feel their organisations are only partially set up to meet customer demands... expecting that there will be some wins and some losses along the way.

The question becomes... can we really afford to lose customer trust and engagement in the name of efficiency and effectiveness?

CAN YOU MEET THE NEEDS OF THE MODERN CUSTOMER?		
20%	✓	Yes
73%	—	Only partially, with some wins and some losses expected
1%	?	Do not know
6%	✗	No



MISSING THE FUEL TO SPARK THE LOCALISATION FIRE

Despite understanding the importance of localised experiences to the customer, especially those experiences that reflect a customer's local culture, language and preferences, marketers admit that they are in need of far more fire power to bring localisation to life. More specifically, marketers are in need of serious intelligence. Most have been able to loosely gather insight from across the organisation, but in order to truly personalise by localising, they have launched an active search for more.

- 82 percent say their intelligence on local market behaviours, trends, needs and preferences hovers between good and okay.
- 10 percent admit that their intelligence access is actually not good to horrible.
- **57 percent believe that the lack of localised intelligence has had a negative impact on their ability to drive more profitable relationships and execute more successful campaigns.**
- 38 percent believe that while they feel they are missing out on opportunities, there may be other issues at play that go beyond localisation intelligence.

The quest for localisation intelligence has become more urgent as marketing leaders fully recognise the lost opportunities, and the stark reality that it is far more likely that their competitors ARE leveraging intelligence. **The disruption is not the idea of localisation and the delivery of relevant customer experiences. The disruption is missing opportunities and being the brand that has lost global ground.**

HAS THE LACK OF LOCALISATION INTELLIGENCE IMPACTED ENGAGEMENT?

12%	Yes, we have already seen a negative impact
45%	Yes, but I do not have specific examples... we just know we are missing out
38%	Possibly, there are more factors at play but there is a sense we are missing out
5%	No, our ability (or inability) to access localisation intelligence has had little to no impact




STRUCTURES IN THE EXTREMES YIELDS EXTREMES

Organisations have struggled with how to manage large, complex teams distributed across regional and global geographies. Total centralisation has developed global capabilities and a centre of excellence that can apply brand-wide best practices, centralise spend and focus teams on a true north. Total decentralisation has developed rich local strategies and market engagement, allowing global organisations to tap into local talent and local market presence. But interestingly, marketers admit that to select one has led to deficiencies and challenges that the opposing structure seemingly has avoided or diminished.

<p>27% of survey participants work within a fully centralised marketing operational model with all strategy and execution occurring through a centralised marketing org</p>	<p>30% are totally localised with all strategy and execution handled by regional or local marketing teams with general oversight and topline vision from a global marketing leader</p>
<p>41% Feel that the top benefit to this model is the ability to work in an agile manner, shifting and responding as needed.</p>	<p>36% Believe this strategy has eliminated the drama of corporate politics</p>
<p>38% Believe this model delivers efficiencies, streamlining decision-making</p>	<p>Most important is that these highly localised units are able to take advantage of exceptional local skills and talent thanks to local execution mandates.</p>
<p>34% Say it is also free from complex structure</p>	<p>48% Believe in exchange for proximity and intimacy with the customer has been a lack of clear vision</p>
<p>42% Admit that centralisation means that strategies and campaigns are often out of touch with the local customer</p>	<p>42% Find struggles with global data and intelligence drawn from across the organisation</p>
<p>37% Say customer insights are weakened by a lack of local understanding within the team</p>	<p>39% Have broken lines of communication</p>
<p>While operations are highly efficient and decision making is no longer a roadblock to growth, the customer has been left behind.</p>	<p>Those working within a wholly localised model admit that efficiency, scalability and agility are among the weakest benefits to their operational model, effectively exchanging customer proximity for efficiency.</p>




BEYOND BEST PRACTICES: Mapping a New Model to Meet the Modern Customer Efficiently

To truly operate in today's connected customer marketplace, it will take more than simply centralising or localising marketing operations. With a more complex customer comes more complex demands on the organisation. Organisations that are looking to drive growth AND profitability through optimised efficiencies and improved customer engagements are identifying new processes and empowering technologies that help to centralise strategy while empowering internal resources to operate locally... especially in an effort to leverage more local talent and resources to get closer to the local customer.

In reality, this hybrid model is bringing brands closer to their customers thanks to local resources, understanding and intelligence. Moreover, the hybrid model is encouraging taking the leading queues from operations at the extremes, adopting practices from centralised teams that foster efficiency and effectiveness, while adopting mindsets and processes from localised structures to best leverage and activate localisation resources and intelligence.





30% of respondents have established a marketing operational structure that allows for centrally developed and orchestrated strategies and locally executed campaigns and initiatives.

42%	Indicate that the top asset to their current operational model is heightened understanding of the local customer.
41%	Believe their greatest asset is the crystal-clear vision of goals and strategies for empowerment.
37%	Believe they have been able to heighten efficiency and impact of spend and allocation
36%	Are confident in their ability to rapidly scale and meet new opportunities.
59%	Say that their greatest challenge is slow decision-making and reaction time
46%	Admit that this split in responsibility has hardened silo walls and fostered a culture that digs in and is resistant to change (likely in the name of "regional relevance").

However, through the lens of the goal to drive growth and opportunity through BOTH efficient operations AND optimised (localised) customer experiences, the **hybrid model** seemingly allows for both to rise to the top.



There is a word of caution that was issued by organisations that have fully brought local market engagement into a centralised operational structure... the efficiency of centralisation pulls the organisation further away from the customer. In an age when profitability will come to those who consistently deliver relevance, context and personalisation as core foundations of the customer experience strategy, brands must better align and empower teams to understand, reach and engage the customer.

	 FULLY DECENTRALISED	 HYBRID	 FULLY CENTRALISED
UPSIDE	Eliminates corporate politics over execution	Heightened understanding of the customer Optimised and efficient spend	Efficiency of spend and allocation
DOWNSIDE	Lacks clear vision of engagement strategy	Slow decision making	Lack local market understanding and proximity to the customer



EXCLUSIVE ANALYSIS FOR FULL REPORT DOWNLOADERS



Calls for transparency, visibility and sweeping change have been increasing as headlines about the dynamic between brands and their agency partners have reached a fevered pitch. Frustrations continue to mount and disrupt what had been a relatively peaceful and well-defined relationship in the past. Massive accounts, once thought to be firmly “owned” by a long-standing relationship have suddenly been put up for review.

What is clear is that “business as usual” in the agency-brand partnership is no longer working. Savvy agencies have already transformed, aligning more closely with the pulse and mindset of their customer’s customer – pairing deep understanding of the end customer and their journey with best-in-class knowledge across the omni-channel landscape.

Both agency and brand are in the midst of a transformation in skills, capacity and capabilities. The question becomes: Have their respective transformations brought them closer together, aligning in order to reach that end goal of opportunity? Or, are cracks beginning to show?

Marketers are concerned that the flaw in alignment may lie in how agencies are incorporated into the overarching marketing operational structure. In fact, few marketers fully believe that there is total alignment between their organisation’s operational model and their agency engagement model.

Moving forward, marketers indicate they will look for agencies to be able to scale quickly, be in closer alignment to business goals and be the ultimate skills resource globally.

- Only 17 percent believe they are in lockstep with their agency partners across structure, strategy and execution, while 20 percent believe that the relationship and models are totally out of sync.
- 63 percent of marketers believe that while some aspects of the operational model and the agency model align, some agencies struggle to keep pace with the needs and the direction of the business.
- In order to evolve, 45 percent of marketers believe that agencies must improve collaboration across their partner landscape in lieu of pockets and silos of execution... everyone, including all the agencies involved, must find new ways to work together
- 43 percent believe agencies must be at the ready to scale and move quickly as the business evolves, while 40 percent will look to agency partners as a source of easy access to a more diverse range of skills and capabilities... all areas of need that fall in line with organisations ready to grow and scale.



In return, marketers believe they too need to evolve by being better communicators, better partners and doing more to hold both organisations accountable and responsible for behaviour, transparency and results.

- 65 percent of marketing respondents intend to take on the responsibility of more clear communication and expectations around need, especially when it comes to definitions around success and clear statements of need.
- 63 percent plan to establish more clear measures of success and ties back to business metrics to aid in the evolution of the relationship, while 44 percent believe it will be critical for the marketer to take a more active role in holding both organisations accountable for transparency in an age where ethics and corporate responsibility are important to an ever-watchful consumer.

The majority of marketers do not foresee major shifts across their partner networks in the coming year, but those that are looking to make changes are very specific in where they will shift and why, looking to bring core aspects of storytelling and intelligence in-house while tapping into external resources to bolster PR, advertising, buying and experiential skills.

- 64 percent of marketers do not anticipate shifting the current mix of internal and external resources over the next 12 to 18 months.
- Of the 21 percent that do foresee shifting to more external sources, changes will primarily happen to bring on additional resources in PR (21 percent), creative content development for advertising (24 percent), media buying (21 percent), live event and experiential engagement (26 percent) and web development (23 percent).
- Of the 15 percent that plan to shift projects to internal resources, content marketing is the top shift with 28 percent indicating this will move to internal teams with customer intelligence also making its way in-house (26 percent). Also on the list to bring in: demand generation (21 percent) and localisation and market engagement (20 percent).



EXCLUSIVE ANALYSIS FOR FULL REPORT DOWNLOADERS



GLOBAL VIEWS AND VANTAGE POINTS

Marketers around the globe agree: Growth is the goal, but there isn't enough budget to accomplish everything on the digital transformation to-do list. Also uniform across all regions is a sense that now is not the time to make task or capability shifts between internal and external resources as the majority have no shifts or changes in the works for the coming year. And specific to evolving the relationship between agency and brand, senior marketers agree that any revolution will start with clear communication around expectations and needs, followed by marketers focusing on establishing clear business-based metrics to define success.

But subtle differences beyond the top line do emerge as more established regions like North America and Europe are taking a far more intense re-examination of engagement strategies and capacity to localise while emerging regions, where it could be argued the sting of ignoring localisation needs and demands of the customer are felt most acutely, are looking for acceleration of digital transformation to move beyond introductions and investigations to activation and action.

- While 51 percent of all global marketers intend to drive growth through digital transformation, how they intend to reach this goal shifts based on how much they must fight legacy cultures and infrastructures.
 - Regions like North America and Europe, rife with legacy systems, processes and cultures, intend to re-evaluate and improve go-to-market capabilities, optimise customer experience strategies and address the organisation's ability to access actionable intelligence that impacts deal flow
 - Emerging and fast-moving regions (Asia-Pacific, Middle East-Africa and Latin America), often unencumbered by lumbering legacy systems and mindsets, are looking to accelerate transformation by taking a more active path to mapping new growth strategies, all while upskilling and upgrading skills and competencies.
- Budget is a common thread as 59 percent of global marketers say it is the top roadblock to success. However, similar to the battle between moving fast and pushing past legacy roadblocks, once again established regions like North America and Europe are finding that their primary battle may be against a corporate culture not set up to face rapid change and evolution at the speed of the customer.
 - North America (32 percent) and Europe (25 percent) feel that they must overcome slow-moving corporate cultures adverse to change



- The fast-movers (APAC, Lat-am, Middle East and Africa) are more focused on upskilling teams (25 percent) in order to meet their strategic goals. Another 32 percent admit that inconsistent alignment and collaboration across cross-functional teams is a significant factor holding the organisation back.
- The connected customer – and the ability to meet the critical demands of that customer – remain inline no matter where marketing respondents are located, with two key exceptions. While all marketers believe today’s customer is focused on data (57 percent), always on service and support (51 percent) and relevant experiences based on regional or local language and culture (46 percent):
 - Marketing leaders in Europe believe that data security and privacy is far more top of mind for their customer (73 percent). This is likely in response to a year of GDPR headlines and mandates that have driven customer demand and organisational burn out on the topic.
 - Marketers in North America have convinced themselves that localisation, while important, is not as critical of a demand for their customers, as only 38 percent believe it is a critical need compared to the global average of 46 percent. This is perhaps more linked to a belief that personalisation is a replacement for localisation, which is a dangerous assumption to make in a market where over 350 languages are spoken and 88 percent of the United States’ population growth was attributed to Hispanic, African American, and Asian consumers.



EXPERT COMMENTARY



JOHN HARRIS

President & Chief Executive Officer
Worldwide Partners, Inc.



A Global Platform of Potential

In today's global marketplace, a product or service is more likely to succeed when customised to the unique audience dynamics, media landscape and cultural context within each local market in which it is sold. Standardisation without localisation can lead to unrealised revenue opportunities, wasted marketing spend and negative brand perceptions, all of which adversely impact your company's bottom line.

Yet despite the fact that the modern connected customer expects personalisation that includes an accurate, relevant and appropriate reflection of and respect for local culture and behaviours, 65 percent of CMOs rate their organisations below satisfactory in their capacity to adapt global brand marketing content across the local markets and channels they serve.

Transformational vs. Transactional Alignment

One of the global CMO's greatest challenges is navigating the tension that exists between the control and efficiencies of a global brand marketing strategy and the customer's demand for personalisation based upon local cultures, channels and preferences. In fact, only a quarter of CMOs believe their operating model is fully aligned with the needs of business.

The problem at the top (i.e. global) is significantly easier to solve than the problem at the bottom (i.e. local), as the increase in stakeholder involvement increases the probability of indecision and ambiguity. As history has shown, ambiguity is the greatest enemy of alignment.

Data can eliminate ambiguity, and as the data in this report illustrates, customers expect personalised and contextualised brand experiences. As a result, today's most successful CMOs are eschewing the traditional approach of building internal alignment around short-term, transactional success, in favour of *transformational* alignment that places *the needs of the customer* at the centre of every decision to positively impact the long-term viability of their businesses.



The Right Model For You

One of the goals of the global brand marketer is to define - and consistently refine - the operational framework of the marketing function to maximise both the efficacy and efficiency of marketing spend. As this report has demonstrated, there are pros and cons to a centralised model with one global agency, a decentralised model with multiple local agencies, and a hybrid model that combines the two approaches.

In the evaluation of a global/local marketing operational model, the following are 10 questions every global brand marketer must ask themselves:

1. Do the target audiences for your product or service vary by market?
2. Do consumption and/or usage behaviours of your product or service vary by market?
3. Are there unique cultural dynamics impacting your product or service by market?
4. Do the distribution channels and transactional environments vary by market?
5. Is your organisation challenged to understand any of the aforementioned variances?
6. Is your product or service category more sensitive to local market competitors?
7. Are there specific local markets where your product or service over-indexes vs. your category where protecting market share is critical to your company's success?
8. Are there specific local markets where your product or service under-indexes vs. your category where growing market share represents significant upside?
9. Are you currently operating within a 100% centralised marketing model?
10. Does your organisation embrace the piloting new go-to-market strategies?

If you answered yes to even one of these questions, there is only one question left for you to answer...

What marketing operation and agency model allows your organisation to effectively and efficiently deliver personalised, contextualised and culturally relevant marketing communications to your customers on a market-level basis?

Answering this question requires global brand marketers to thoroughly understand the local market dynamics that shape your customers' perceptions of your category and your brand, and to provide a critical assessment of your organisation's ability to deliver on the brand experience they desire.

The World Is Yours

For over 80 years, Worldwide Partners has served many of the world's most heralded brands across 90 industry verticals, serving as a hub that harnesses the creativity, local expertise and resources of more than 70 agencies within our network to solve problems for clients on a local, regional and global basis.

Unlike traditional holding company agencies, the independent agencies within our network are managed by invested, local market business owners, not territory managers. As such, our ability to consistently uncover and leverage local market insights and relationships to enhance global marketing intelligence has resulted in marketing campaigns that consistently deliver the desired resonance and response with our clients' customers within each geography of emphasis.



BEST-PRACTICE LEADERSHIP

The CMO Council approached marketing leaders to take a deep-dive into the evolution of their marketing operational structures in the new age of customer engagement and connectivity. These four senior marketers have each been asked to take a hard look at their customer, their resources and their opportunities to reshape and, in some cases, restructure how the brand operates and actions on strategies. For each, the journey has brought them closer to the customer, and in turn, closer to their business goals.

Each executive sat for a one-on-one interview with the CMO Council editorial team for a frank discussion to share their experience and expertise. These brands were selected to represent four very different industry sectors, each operating globally and across a broad customer base.



SCOTT DEANGELO

Chief Marketing Officer

Allegiant



KEVIN SELLERS

Global Chief Marketing
Officer

Avnet

CIRQUE DU SOLEIL.



PATRICK CORNEAU

Vice President of Sales and
Marketing, Touring Show
Division

Cirque du Soleil



MATT BRUHN

Chief Marketing Officer,
General Manager

Pabst Brewing Company



EXECUTIVE INTERVIEWS



SCOTT DEANGELO

Chief Marketing Officer
Allegiant



Allegiant airline is focused on linking travelers in small cities to world-class leisure destinations. Allegiant's low-cost, high-efficiency, all-jet passenger airline offers air travel both on a standalone basis and bundled with travel products such as hotels and car rentals. All can be purchased only through the company website, Allegiant.com. Beginning with one aircraft and one route in 1999, the company has grown to more than 84 aircraft and 400 routes across the country, with base airfares less than half the cost of the average domestic roundtrip ticket. Scott DeAngelo, Chief Marketing Officer at Allegiant, says his key mandate when he was brought on as CMO a year ago was to evolve the digital experience for customers in a way that creates the ability to cross-pollinate and cross-sell all different types of leisure entertainment offerings.

He says revolutionary brands like Uber, Netflix and Amazon have evolved user experience in a way that has completely shifted the landscape of what today's customer expects. "Uber was revolutionary in making payments frictionless as a key part of their user experience, Netflix introduced the notion of subscription billing that now goes across every category, and Amazon introduced single, quick buys that have completely altered the digital shopping experience," he says.

In the same way, while Allegiant is an airline at its core, he says they seek to become the 'Amazon' of travel by offering bundles and packages that customers are looking for all in one place. "To expand our footprint and offer our customers all the leisure activities they could want through a single interface, we are constantly evolving our ecosystem of offerings," he says. "We now offer hotels and rental cars, we're building our own resorts, we have opened our first of what will be many family entertainment centers, and we own a golf course management software company that serves 500 golf courses."

He says Allegiant has a centralised marketing operations model, with internal teams across branding, advertising, sponsorship, public relations, product, loyalty and eCommerce. They also have an in-house group that helps sell third-party hotels and rental cars. Finally, there is a customer engagement group, which includes co-branded credit cards as well as Allegiant's non-credit card-based loyalty program, which will be launched at the end of this year.



At the same time, he says Allegiant leverages local agencies for public relations, events and sponsorship activations. “It is a very important balance between internal capabilities and external support,” he says. “We regularly analyse the right makeup within each individual market in terms of how we can best strategically grow our own capabilities and what agency partner support is needed to supplement that.”

He notes that while traditional airlines may have headquarters plus one or two hubs where they house planes, Allegiant has 18 bases from which it operates. “We don’t have hubs because we only have non-stop flights,” he says. “We pride ourselves in being a ‘hometown airline’ for all of our markets. Therefore, those 18 markets where we operate bases are not just places we fly to and from, but where our employees actually live and where we are fully engaged in the local communities. Our physical presence in those communities gives our customers the feeling that they can just jump on the plane to get where they want.”

It is important to undertake tactics to understand the needs of local customers as well as more universal trends that should be applied across the board. Therefore, every so often, Allegiant conducts primary market research at the quantitative and qualitative level, which enables them to slice through regional and generational differences in terms of everything from how customers research, plan and ultimately buy their leisure travel experience, as well as why they travel and what travel looks like in terms of their ideal experience.

At the same time, Allegiant regularly sends out brief surveys that touch on more practical questions such as what apps customers are using to pay for things. This way, they are able to ensure they are current from a user-experience perspective, as well as being relevant to all the different markets and customers they serve.

He says it is interesting to understand what themes are truly ‘human’ themes that are seen across the board, versus localised preferences that vary for each of the geographies where Allegiant is present. “Depending on where you are in the country, there are very different attitudes among those flying to a Florida beach or theme park versus those flying west to Las Vegas, Los Angeles and the Bay Area,” he says. “We make sure through our research that we are keeping current on over-arching trends that are true for customer experience overall, but that at a local level we are being very mindful of our messaging and local engagement to be relevant to the individuals in those markets.”

Allegiant makes a point of avoiding inside-out thinking, and instead taps into the interests of local consumers to drive decisions. “Everything on our roadmap of new offerings are things our customers have either shown us they are interested in through their purchasing behaviors or that they have actually told us that they want us from the questionnaires we share with them,” he says. “Nothing beats being able to ask those direct questions to determine what our customers actually want.”

He says one of the most impactful engagement tactics has been through partnerships with local events and teams. For example, in Las Vegas, Allegiant sponsors the Golden Knights and in Indianapolis it sponsors the Colts. “Events are a great way to identify with customers because



they are extremely important to a community, whether it is a hometown sports team, hometown music festival or any other event,” he says. “We are always asking ourselves how much more we could be doing if we had more community connection points in each market.”

One of Allegiant’s most all-encompassing partnerships is with Minor League Baseball, which has enabled them to reach almost every market they serve. “We now serve more than 120 cities and virtually all of them have a minor league team. Our footprints across the country almost perfectly overlap, which makes sense in terms of the fact that we serve markets that are largely unserved or underserved by major carriers. In the same way, many of Minor League Baseball’s clubs are not located in the major metro areas where other professional sports teams are located.”

He says that there is a high level of collaboration between internal local teams and local agency partners when it comes to executing on local strategy. “While the centralised organisation will ultimately make decisions about how to execute engagement strategies, we are very decentralised in terms of execution or activation,” he says. “We have a virtuous circle in which we listen to agencies that have intrinsic knowledge about a market, make the decisions, and then hand it back to them to drive execution.”

He says because of how Allegiant is structured, strong relationships at a local level are imperative and, unlike with larger brands, marketing cannot rely on building brand recognition alone. “Our brand is predicated on the notion that we serve unserved or underserved markets, orphaned by larger carriers who would rather span the globe in major metro areas,” he says. “Additionally, unlike many airlines that sell through a multitude of different channels, we sell only direct to consumers through our website. This places even further emphasis on the importance of dialogue with our local audiences, so customers understand not only who we are as a brand, but how to buy from us and what additional services we provide. This requires a level of intimacy that larger, brand-leveraging distribution channels don’t necessarily need to work on.”

As an airline with extended services in many different areas, marketing operations requires agility in both technology and service offerings. He explains that the biggest challenge comes from keeping up with best practices in internet retailing and media services. “It takes time to develop a digital UX where all users’ information and preferences are stored so booking a flight or hotel is as simple as a click,” he says. “But we know customers are anxious to buy all these things in one place with a streamlined experience, so we place a heavy emphasis on evolving our eCommerce capabilities and investing in training our marketers in digital skills.”

In the digital realm, he says Allegiant has great tools in place to determine how customers are interacting with the Allegiant app or website, where there might be kinks in the funnel that need to be streamlined and where there are areas of opportunity to exploit based on where cursors are hovering and where thumbs are clicking. However, being able to understand the insights gained thanks to that technology requires a human touch.



“For every single insight, multiple new questions or opportunities arise for us to explore,” he says. “To execute from a personalisation standpoint, technology enables us to scale, but it is actual human intelligence that is asking the questions, setting the parameters, driving execution or making strategic decisions. The more great tools we have to deliver these types of insights, the more great humans we need to help translate that data into insights we can use as part of our user interface and overall user experience.”

In the same vein, he says some of the biggest breakthroughs in strategy come from the bottom up, from those very people that are analysing the data. “While our decisions may be enabled by technology that helps us more easily manipulate data and glean insights, they always come from the people that are able to take those insights and translate them into an activity that will create value for the company, whether that’s a marketing campaign, a new product offering or even an overall shift in brand positioning,” he says.

He says one thing that is always true of marketing, product development or even digital evolution is that things that in retrospect seem revolutionary are actually almost always evolutionary. “If you talk to anyone behind those examples of Uber or Amazon, they would describe a journey that looks very different from a snap of their fingers,” he says. “It is important to keep this in mind when driving marketing initiatives because we are all anxious to get to that end point- that big reveal. But if we’ve learned anything from those flagship stories, technologies or iconic marketing campaigns, it is that they have had many evolutionary cycles that the rest of us simply weren’t aware of until we experienced it as a ‘revolutionary’ change.”

However, this localised agency approach was not always in place. “Up until October of 2017, we had a fully centralised design agency in-house model,” he says. “In January of 2018, I changed it to be an outsourced in-state model in order to ensure the brands are as connected to local culture as possible.”



KEVIN SELLERS

Global Chief Marketing Officer
Avnet



Avnet is a leading global technology solutions provider, with expertise in areas such as embedded solutions, supply chain services, design chain services, electronic components and IoT. Founded in 1921, today Avnet's global community comprises of 15,000 employees in 125 countries and serves customers in over 100 countries across North America, Europe and Asia. Kevin Sellers, Global Chief Marketing Officer, says his mandate is to carefully balance the art and science of marketing to create storytelling experiences that move audiences to action.

In his role, he is responsible for all aspects of marketing and communications globally for Avnet's \$18B business. In the three years since he has taken on this role, he has led Avnet through a historic re-branding, and is now focused on driving new tools and capabilities to advance customer acquisition and customer experience.

He says that when he arrived at Avnet in 2015, marketing operations were highly decentralised. "All marketing happened in-region without coordination across regions or a centralised strategy," he says. "We lacked a central brand architecture and consistency in terms of look and feel as well as messaging. Most activities happened within a local context, and that worked for how our business was structured."

Since then, however, Avnet has gone through a significant transformation in response to shifting market needs. As the organisation looked to create a new set of offerings and solutions at a global scale, he says more consistency in the market approach was required. Thus, the marketing team revamped its operational model to a hybrid approach that best leverages local expertise while aligning all teams around a cohesive strategy.

"We have transformed to create a centralised marketing organisation that drives overall global strategy, messaging and brand architecture, as well as strategy behind demand generation tactics, tools and processes," he says. "At the same time, we allow for enough local flexibility for the in-region marketing teams to execute campaigns because every culture, region and customer base is different enough to where you cannot dictate everything out of a central organisation."

Avnet organizes two basic types of campaigns: direct campaigns that focus on product and service offerings and partner campaigns. Both require a hybrid local/global approach.



“Purely direct global campaigns are driven from the centralised organisation and through our global channels,” he says. “Not all direct campaigns are global, however, so we provide regional teams with the ability to execute campaigns on an individual basis, based on coordination with the centralised organisation in terms of priorities and market segment needs.”

Partner campaigns used to be conducted exclusively on a regional level, but that has increasingly shifted towards global campaign executions. Those campaigns, however, are still modified for relevance across regions. “We now offer our partners the ability to execute campaigns globally, and since some of our partners operate globally it is a big value-add for them,” he says.

Still, he says Avnet’s core partner marketing engine is local. “We make sure to provide a lot of flexibility for local teams to drive partner campaigns,” he says. “We provide templates, guidelines and directions to ensure consistency and brand compliance, but local teams have the ability to place specific partner campaigns based on customer and market needs.”

A key benefit Sellers has noticed upon centralising marketing operations is improved collaboration and sharing of key learnings amongst teams. “By being more connected globally, we are able to share assets, strategies, results and key learnings,” he says. “Now, we have a significantly better understanding across the entire organisation of what has worked historically and what has not.”

As with any major operational shift, he says the move from a highly-regionalised approach to a hybrid model created a bit of a stir amongst regional teams who were comfortable with the traditional model. He knows, however, that people will change their perspective if they can see the clear value of the change. Therefore, he knew the burden was upon him to demonstrate the value of a hybrid model.

“Rather than try to muscle a corporate mandate, I focused on communicating the value of how these modifications would help regional teams do their job better,” he says. “With this understanding, I was able to achieve buy-in from those regional teams, which helped the overall transition to be much smoother.”

This evolution has also been supported by more sophisticated and robust metrics. “We are in the process of moving away from traditional digital metrics of impressions, likes and engagements and moving towards the ability to actually tie campaigns to customers,” he says. “Our Nirvana objective is to be able to be so nimble that we can actually make adjustments mid-campaign to media, content, message or creative execution, based on performance metrics we are gathering in real time. That’s what we’re working towards.”

He says in a world where the CMO is increasingly expected to drive revenue growth, the accountability of marketing teams is greater than ever before. “If you spin the clock back ten years, marketers would get awards for creative executions and improvements in brand recognition,” he says. “Nowadays, CEOs are looking deeply into how the money marketing is spending is delivering new customers and new revenue. That is the reality of a CMO’s job today.”

He goes further: “If you’re not intimately familiar with the customer base, tightly integrated with



sales teams and their goals and objectives, and measuring how marketing campaigns deliver against those objectives, you are failing as a marketer today. We can no longer rest on nice brand work. We need to deliver customers and revenue that are unquestionably tied to the activities we are driving. Marketers today need to be more than a creative person and smart messenger. They need to be able to deliver results that drive measurable growth.”

Avnet believes nimble marketing operations that drive global marketing needs through personalised, unique experiences is instrumental to success in today’s marketing world. To properly transform marketing operations, he says it comes down to having the right combination of tools and culture.

“Tools are great but are, in and of themselves, servants, not masters,” he says. “Tools give us the opportunity to glean insights by providing us with data that allows us to make adjustments to our activities based on performance metrics. But for tools to have any impact, you have to wrap the right processes, metrics, goals and objectives around them.”

Therefore, there must be a heavy emphasis cross-functional alignment, paired with the ability to upgrade and upskill capabilities as processes evolve over time. In particular, he says the relationship between sales and marketing needs to ebb and flow in a way where both are adapting and evolving skills to more meaningfully action on insights gathered through platforms.

“In the past, our sales model focused on gathering, but we are now moving into a world where we are hunting,” he says. “Marketing now has evolved our skill set to aggressively seek, identify, nurture and qualify new customers. But that means we are also delivering a different type of lead over to sales that will require new skills on their end. It is an interrelated set of up-leveling capabilities to create real business impact.”

He says the most important skill set to invest in are digital skills, and highlights that they are in short supply. “The number of channels we use as marketers has exploded,” he says. “As a brand, we need to think about how to leverage the power of digital and still stand out in a crowded digital landscape through proper storytelling and engagement.”

He says the shift towards digital has also shifted the way marketers operate. “Twenty years ago, marketing was a lot of art with a little bit of science,” he says. “Now I come to work, and I have 25 messages in my inbox about some new tool that will save marketing. We have swung the pendulum almost entirely to the science side. But we have to do both: we have to understand how customers are reached and how we can leverage our digital tools and the data available to optimise your message. At the same time, a great message and a great story still wins. Marketing’s mantra is all about ROI. If we are delivering ROI, I think we have found that optimal balance between a great art and great science.”

The global/local nature of business today, combined with an ever-expanding digital landscape makes a hybrid marketing model necessary to be able to scale with agility and properly reach each individual



market segment. Even with large companies that may have more robust in-house capabilities that allow them to move quickly, there is always a certain point where outside support is necessary.

“Even the largest companies need to have skilled outside eyes that can bring to the table things that you might not see or know about: things other brands may be doing, channels you’re not thinking of, different types of engagement, or what have you,” he says. “Over the years, I have noticed that having that set of outside eyes keeps me really honest and ensures I’m not drinking my own Kool-Aid, because it is easy for the blinders to go up.”

He adds that it is important to be flexible enough to move resources around as needed. “If you have scale, it keeps your agency partners honest and hungry to continue to win the business, and it does the same for internal folks,” he says. “Everyone understands that if they don’t deliver the best results, we can shift course. It creates a good tension that always allows the best work product to come forth. At the end of the day, it comes down to an efficiency metric, as well as a success metric.”



PATRICK CORNEAU

Vice President of Sales and Marketing, Touring Show Division
Cirque du Soleil

CIRQUE DU SOLEIL®

Originally composed of 20 street performers in 1984, Cirque du Soleil completely reinvented circus arts and went on to become a world leader in live entertainment. On top of producing world-renowned shows, it produces a large variety of entertainment forms such as multimedia productions, immersive experiences, theme parks and special events. Cirque du Soleil aims to make a positive impact on people, communities and the planet with its most important tools: creativity and art. Patrick Corneau, Vice President of Sales and Marketing for the Cirque du Soleil Touring Show Division is responsible for building the global marketing plan for the touring shows. He leads the annual strategic plan and contributes to Cirque du Soleil's marketing vision and brand positioning.

His team, whose overall responsibility is to commercialise, market and sell tickets for the touring shows, is divided into five divisions: Sales and Marketing; Hospitality and Experiential; Business Planning and Ticketing Operations; Distribution Network; and Public Relations and Social Media. "When I came on, I built the teams into those five functional areas because those were the big buckets where I saw opportunities to improve," he says.

The Sales and Marketing division is the conductor, responsible for building the strategy for any given market around the world. "They set the tone for the other divisions," he says. "They also manage the local arm of any given external team, whether that be with an agency or with promoters."

The Hospitality and Experiential division is responsible for corporate sales and customer experience on site, while the Business Planning and Ticketing Operations team is responsible for budgeting, forecasting and marketing intelligence analysis. They also work to upsell and cross-sell, and strategically optimise revenue as it relates to pricing strategy.

In the meantime, the Distribution Network focuses on expanding outside of traditional channels, by working with partners like the Entertainment Benefit Group, which provides special employee discounts for companies that get involved. They also work with affinity programs for AARP, AAA, military groups and others.

The newest team is the Public Relations and Social Media team. "On each and every show, along with a marketing manager, there is a person responsible for public relations and social media," he says. "They are generating the content that allows us to collaborate with our consumers to see how they're feeling when they see our show, what they like and what we can provide for a superior experience."



The team is dispersed around the globe in order to form deeply embedded relationships in the markets they serve, but they are highly collaborative and communicate regularly. He says there is nothing better than face-to-face conversations, but technologies like video conferencing help dispersed teams stay in touch on a regular basis. That said, all team members visit the headquarters in Montreal regularly to discuss strategies and establish priorities.

While each team has its own mandate, they form part of a larger whole. “Each team complements the others in terms of the overall market scheme,” he says. “They interact on everything from running a promotion, to determining where they occur, to how promotions through networks distribution compare to regular channel promotion and on the choices we make on pricing, revenue and ticket volumes,” he says.

Each show has its own identity, which is created by the brand team. The brand team then creates a toolbox for his team to commercialise the show. When he came on, he modified the model so that each individual show also has its own marketing manager, who follows the show across markets.

“Everyone has their own baby they have to manage, which is an evolution from when I joined six years ago,” he says. “The team used to be structured by region, so if a show started in Montreal and then went to Miami, the marketing manager in Montreal would need to transfer all the knowledge to the manager in Miami, simply because that person was supposed to be the specialist of the region. I changed that because we lost a lot of efficiency, and also lost a lot of learnings from the show, since each new marketing manager needed to learn about the show all over again, making for very heavy lifting.”

He says this shift has allowed for more continuity in the investment and management of shows. It also helps the marketing manager to build experience and expertise internationally. This is especially important because some markets are much tougher than others, so previously, the workload was very unevenly distributed. Now, everyone has a blend of both easy and challenging markets.

That said, he recognises the significance of local market expertise, so in order not to lose that, his team hires a local expert to work alongside the marketing manager for each show. “We direct the overall strategy, but we rely on those local experts to advise us on the particulars of each market,” he says. “We have a mix of a push-and-pull approach between local expertise and our core marketing team.”

For the Big Top shows, of which there are only a handful each year, he says they work with Live Nation, which acts as the local marketing arm and hires local staff that act as the market experts. For the arena shows, which appear in 40 or more markets each year, they work with local agencies. “Agencies help to give the marketing managers the proper support to execute our strategies in each market, as they have the local relationships that we need to be successful,” he says.

He says the model lends well to the objective of balancing local knowledge and with brand expertise. The risk, however, is disengaging from building an in-house local network. “Delegation is good, but we also need to make sure we’re building relationships with each local market in which



we work,” he says. “When we’re able to speak directly to people on the ground, we get incredible value, especially because our brand is well-known and loved around the world. Third parties help us to get the door open, but we need to be careful not to rely solely on them either.”

He says one of his biggest pet peeves as a marketer is when a company goes into a market, takes the money and runs. “I am pushing my team to connect with the local community,” he says. “When you are walking around the city and going into local places, you establish connections that go beyond commercialisation. That relationship is key to be able to succeed at a greater level.”

Operating in multiple markets provides the organisation with the opportunity to learn from different realities and grow. “Some consumer behaviours are very similar from one market to another, and that allows us to feed off of our learnings in one market to do a better job in others,” he says. “Still, we can’t take a one-size-fits-all approach. Rather, we need to continue to capitalise on the power of our brand as well as the relevance for our different consumers.”

He says customer insights are vital to improve each division of his team, but that previously they were not capitalising on leveraging data from transactions. Cirque du Soleil has close ties with its ticketing system, which allows them to capture all the data on consumers in terms of when they buy, how far in advance they buy, how many tickets they buy per transaction, where they come from, their household income, and other important data points. Today, they are putting a lot more emphasis on analysing those data points to better understand their customers.

“Analytics from purchasing behaviours helps us to know more about our consumers and what they want,” he says. “When I joined here, there was an unbalance between the organic expertise that existed and the structure that addresses a market based on data-driven insights.”

Thus, he spent his first four years at Cirque du Soleil deconstructing the business to rebuild it on data. “Building a solid base of data helped to evolve our decision-making process, which previously would have merged organic expertise and experience of folks that had long-standing relationships with individual markets,” he says. “We now have a better balance between data analytics and personal experience, whether that comes from our own internal resources or from the local market insights from our agency partners.”

During the re-organisational process, he says he shifted certain resources both inside and outside the organisation. “I want to make sure that for effectiveness and efficiency our internal team is focused on the right things,” he says. “Therefore, we have pushed certain activities outside the organisation, while pulling others in.”

Today, they outsource everything as it relates to production, which he says is better managed externally through individuals that have local expertise. While Cirque du Soleil creates messaging, he says the activation of those messages across channels can better be managed through external actors that can activate the right media buys based on local context.



At the same time, he has built in-house capabilities in everything relating to corporate hospitality and relationships with corporate customers, because it is much more engaging to interact between two brands rather than with a third party. When it comes to content management, it is split between internal resources and external local market experts. This way, strategies are executed with alignment between core brand messaging and relevancy for each market they serve.

He has driven significant transformation of marketing operations, but still sees room for improvement and growth. “The process of deconstructing the business helped to identify opportunities that were previously hidden,” he says. “Before, everything was in one big bucket, but now, we can track every single channel. That allows us to go in and actively work to fix problematic areas.”

He says the ability to measure not only allows them to feed off learning, but also to accelerate the penetration in markets where Cirque du Soleil is underrepresented. “Every market is different, but there are correlative behaviours across markets,” he says. “We’ve also noticed that some markets actually have very similar behaviours, even if they are in very different regions. Those correlative behaviours allow us to take key learnings from one region and apply it to another.”

Now, the next step is to leverage all the strength that has been built over the last several years to create cohesive strategies around marketing operations. Indeed, he sees a huge opportunity to cross-promote and leverage the strength of each functional group. Ongoing transformations will be aided by automation, which he says frees up the time of people who were previously doing manual work to now have the freedom to drive more innovative ways of doing things.

He says marketing itself is evolving, so the skill sets too must evolve. Firstly, marketers must be trained in sales. “I combine the marketing and sales functions because it requires marketers to step up and ‘walk the talk’ of marketing to see whether what they propose is performing,” he says. “It also provides better ownership over marketing initiatives. My team needs to answer to their plans, rather than just set up a campaign and sit back with the ability to point fingers elsewhere.”

He says equally important for marketers is to understand that the relationship a brand has with its consumers existed before you and will exist after you. “When I travel around the world and people recognise my Cirque du Soleil hoodie and want to talk to me, it makes me realise how powerful our brand is,” he says. “That brand, therefore, needs to be a part of everything that we do. It’s not so much whether you know how digital works, but how you leverage it in a way that builds the brand and simultaneously delivers on brand expectations. If you do that, your marketing skills will shine.”



MATT BRUHN

Chief Marketing Officer, General Manager
Pabst Brewing Company



Founded in 1844, Pabst's portfolio includes iconic brands with deep ties to America's heritage, such as its flagship Pabst Blue Ribbon and others such as Lone Star, Rainier, Schlitz, Old Style, National Bohemian, Stag, Stroh's and Old Milwaukee. Matt Bruhn, General Manager and Chief Marketing Officer of the classic American brand says that the company stands out through a culture in which each brand is known by its strong connection to local communities.

More than a mantra, Pabst is committed to ensuring each brand identity is inextricably tied to its local community. As such, its marketing model is highly decentralised; each brand has its own brand marketing team, agency partner and brand advocates that drive local community engagement.

"When it comes to creative services, design and storytelling, we go as local as possible," he says. "This includes establishing brand managers in each market, leveraging local agency groups and working closely with brand advocates that help foster deeper local community engagement."

At the same time, sharing core centralised marketing services provides local teams with the resources and platforms needed to be agile in creating and executing individual campaigns.

"While each brand operates its campaigns based on its own judgement and individual market needs, we do share central operational services, including a commercial strategy and trade marketing group that provides best-practice support for individual brand teams," he says. "We also share a marketing technology group, creative services, cultural understanding services and planned marketing operations services."

On the agency side, each brand has its own relationships with hyper-local agency groups. "This may be at a regional, state or city level, depending on the brand," he says. "For example, Rainstar has a Pacific Northwest Agency, Lonestar has a Texan agency and Stroh's has a Detroit agency. That said, we do have some central support from a digital strategy and media buying group through a centralised agency in Los Angeles."

However, this localised agency approach was not always in place. "Up until October of 2017, we had a fully centralised design agency in-house model," he says. "In January of 2018, I changed it to be an outsourced in-state model in order to ensure the brands are as connected to local culture as possible."



He says that by establishing brand managers in each market and moving to a localised agency approach, Pabst has seen a positive impact in each brand's ability to establish even stronger local connections and ensuring the brands truly align with the communities they serve. To propel that local engagement even further, each brand team has created its own brand advocate network.

"We undertake quantitative analysis around demographics and trends in individual markets, and we will continue to invest in tools that provide us with increased data insights, but the best localised insights we gain are qualitative," he says. "Therefore, we have established a system in which each brand group forms an advocate network of 20-50 individuals in that city that have been identified as cultural contributors. This includes designers, restaurateurs, bartenders and fashionistas. The brands then build direct relationships with those influencers that can help them understand the shifting nature of the market.

He says deep relationships with those brand advocates not only provides insights into the local community, but also brings local engagement to the next level. "In one of our markets, we actually use a local artist as the designer for our local ad campaigns," he says. "The relationships we cultivate with these local community influencers has a profound impact on our ability to enrich our engagement with local communities overall."

He explains that the decentralised model works so well for the company because, apart from Pabst Blue Ribbon (PBR), all the other brands operate out of a single geography. "I ran Smirnoff globally in 127 countries, which was an example of one brand looking to create global consistency in terms of design and storytelling," he says. "What we have here is the complete opposite. We have brands that sell only in certain defined geographies. Therefore, there is no downside of a decentralised model."

Indeed, he explains the biggest fear brands have of moving to a decentralised model is the loss of creative consistency, but since that is not a concern for Pabst, the only real challenge was in identifying agencies in the respective brand cities that were truly connected to the emergent population base.

"In each city, we needed to find an agency that represents, physically and virtually, the future of that city," he says. "Therefore, it was a challenge to find the right agencies, especially in the smaller cities, that weren't just outposts of bigger agencies. We really wanted to target localised agencies that were hyper-connected to the city and culture."

Pabst is blessed to own brands that are up to 175 years old and have been a part of local communities since they were born. Still, he admits that over the ebbs and flows of American life, some of the brands either left their communities or became distant from them. "Our goal is to tap back into that sense of home, because being local is a cornerstone to our local brands. While PBR's brand focuses on unifying national identity, each individual sub-brand's identity is inextricably linked to its geographic location."



To ensure teams are keeping up with market trends, he says internal training initiatives stress understanding local trends and tying them to overall brand strategies and activities.

“Our marketing method is to build culturally relevant brands, and that is a rigorous, multi-day, multi-module training program that every one of our marketers goes through,” he says. “It starts with understanding the macro-culture, including the consumer, category and shopper. Then it moves into brand dynamics, all the way to execution activities.”

He says marketing operations is about challenging brand teams to see what they may not be aware of simply because they are stuck in their own silo and daily tasks. “Going back 15 years ago to the turn of the digital revolution, many brands brought in large-scale digital teams, which took responsibilities away from brand teams,” he explains. “That can be a necessary step when you want to get up to speed quickly. However, I have learned over the years that it is important to drive brand teams to evolve and develop at the speed of the changes in the market. This way, brand teams are challenged by marketing operations to drive that growth.”

He says while formal training is important, the secret to upskilling brand teams is through on-the-job training and strong mentorship. “The reality is that 70 percent of what marketers learn is from on-the-job training, 20 percent is through mentorship or feedback and only 10 percent is accomplished through formal training,” he says. “So, while we do a fair amount of formal training, we place heavy emphasis on ensuring brand leaders are properly mentoring their teams, and we are constantly working to stretch people in their daily jobs to take on tasks that take them beyond rote routines.”

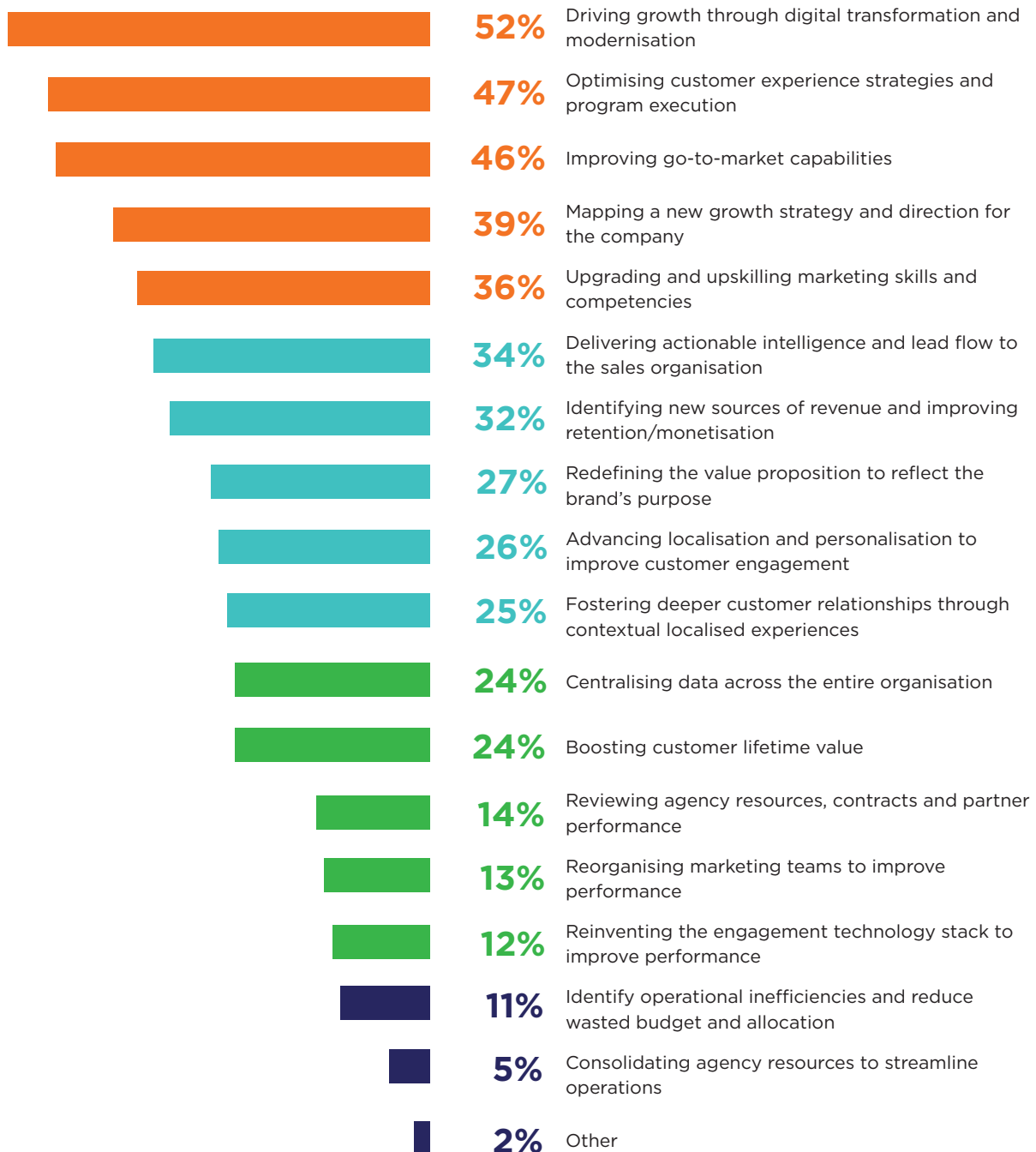
Still, he knows that no matter how much training is undertaken, there are certain activities that need to be brought out of house. He explains that decisions around agency partnership versus the development of in-house capabilities are based on core competencies.

“We sell beer, not t-shirts, and yet we want people to buy our t-shirts,” he explains. “That’s a non-core competency, noncritical to business performance and so by outsourcing, we reduce risk and pass to someone with inherent competency in that area. On the other hand, there are areas like digital storytelling, which needs to be developed and fostered internally as a core competency so we can be sure we’re telling stories about our brand to engage our potential advocates and community influencers. By driving resource decisions this way, we ensure we have the right balance and that we are focusing our skills training in areas that are fundamental to our brand success, while outsourcing those competencies that can better be accomplished externally.”



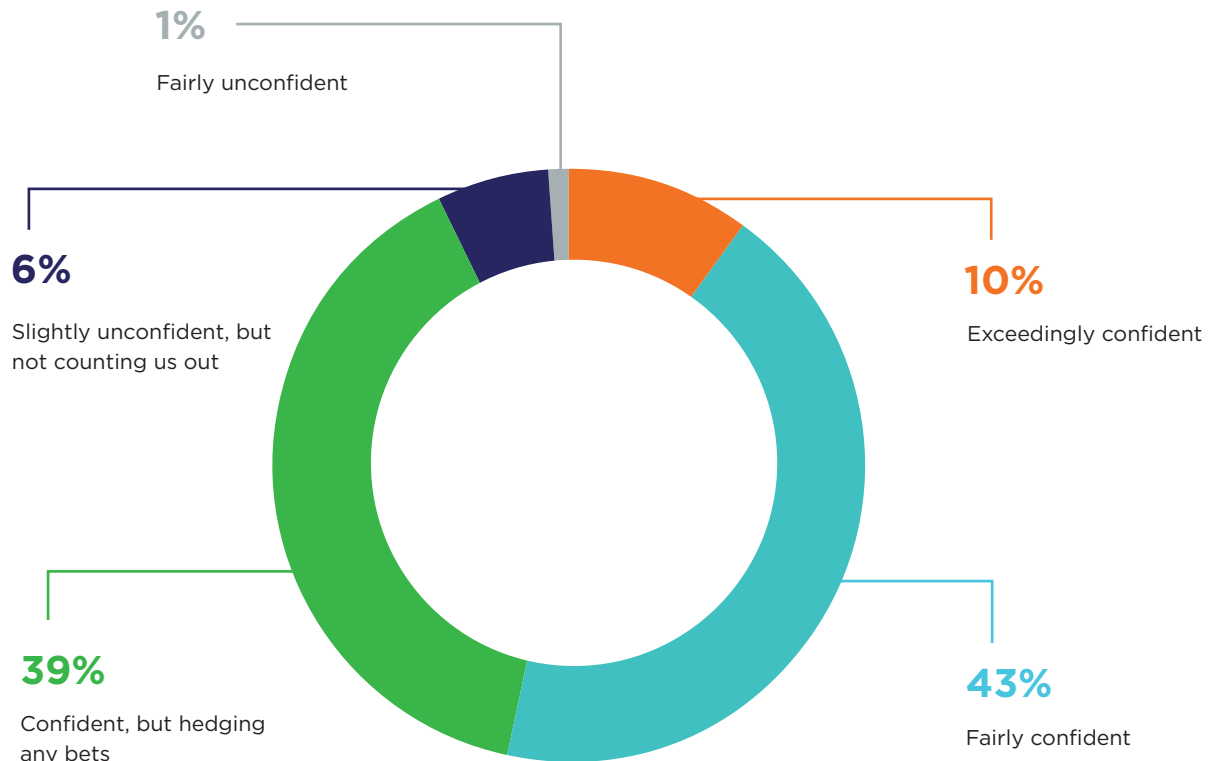
DETAILED FINDINGS

Q1 | Thinking of the year ahead, what are your top areas of strategic focus? (Select top five)



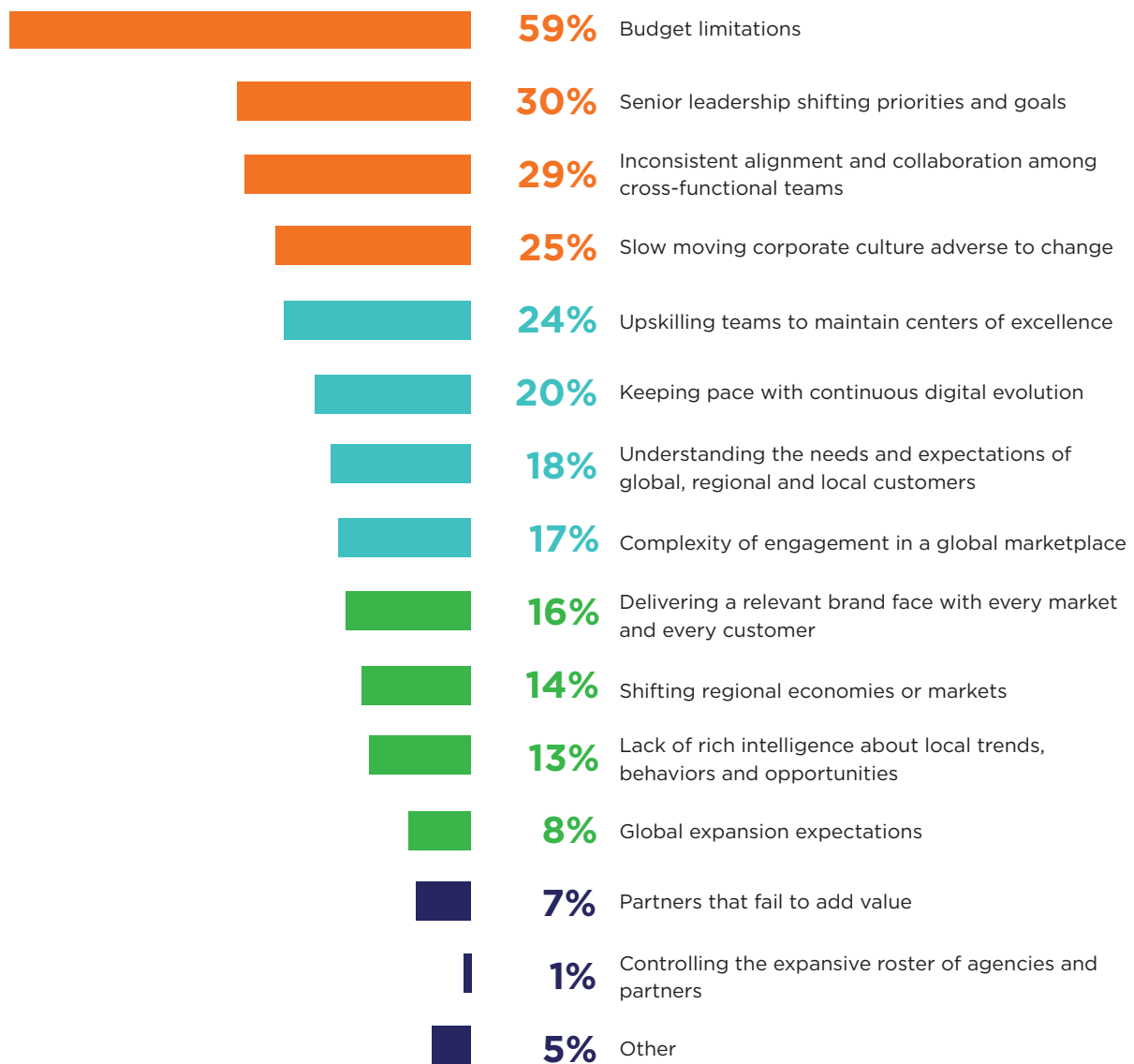


Q2 | Given your current organisational capabilities, including the skills and capabilities of agency partners, how confident are you that you will reach your strategic goals for 2019?



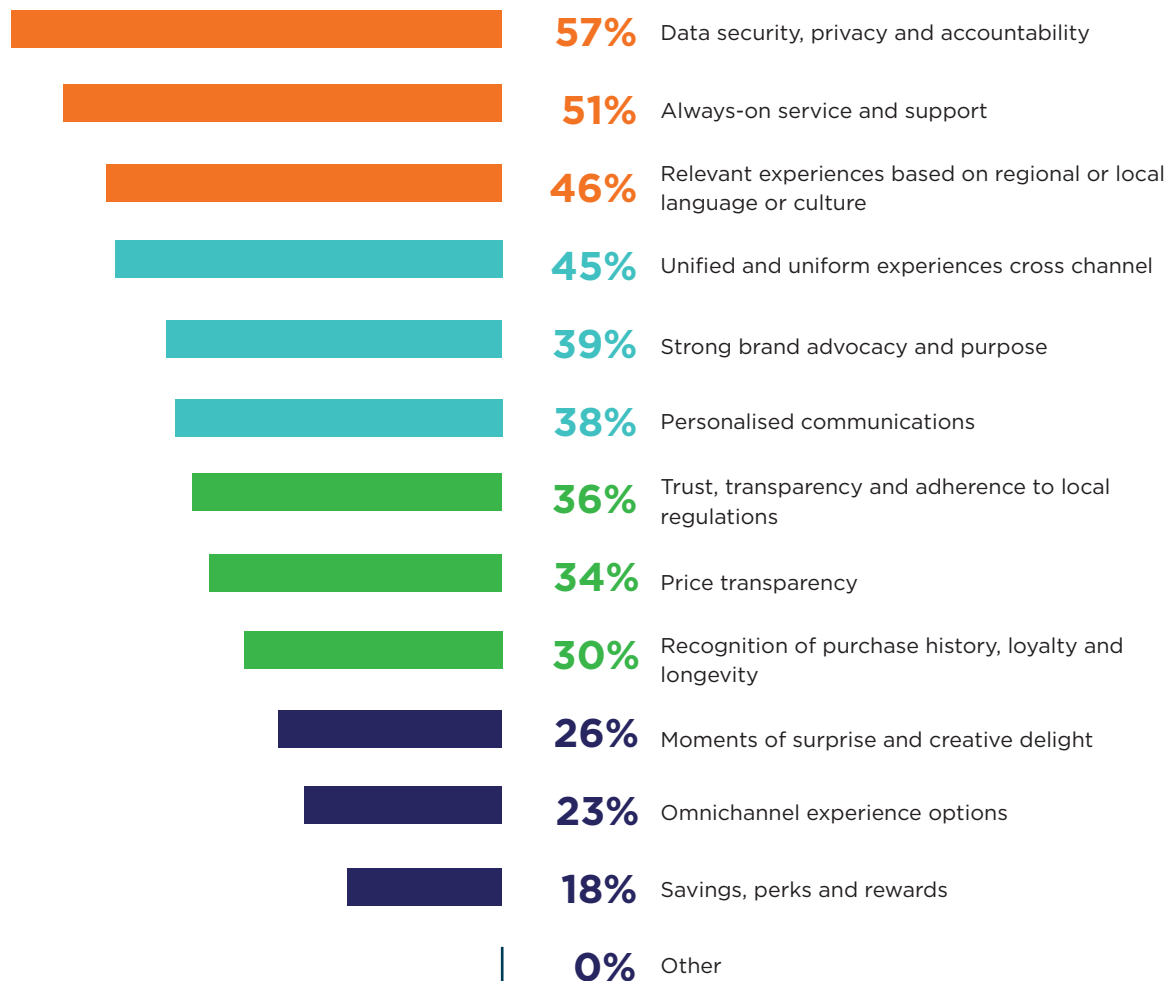


Q3 | What forces and factors could most impact your organisation's ability to meet your strategic goals? (Select top three)



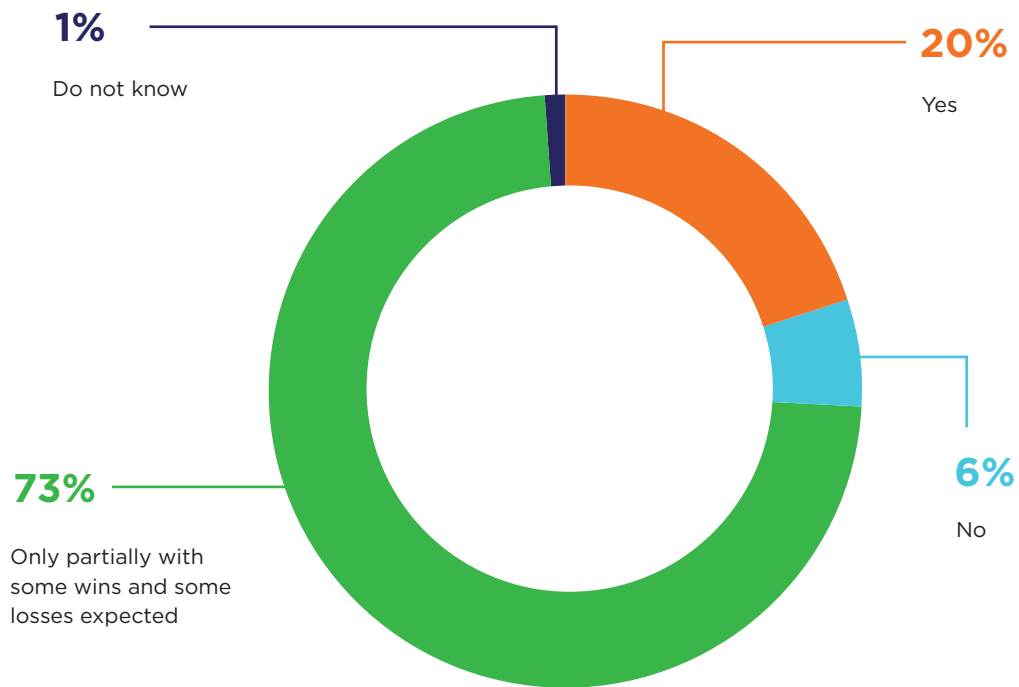


Q4 | What are the most critical demands of the modern connected customer? (Select top five)



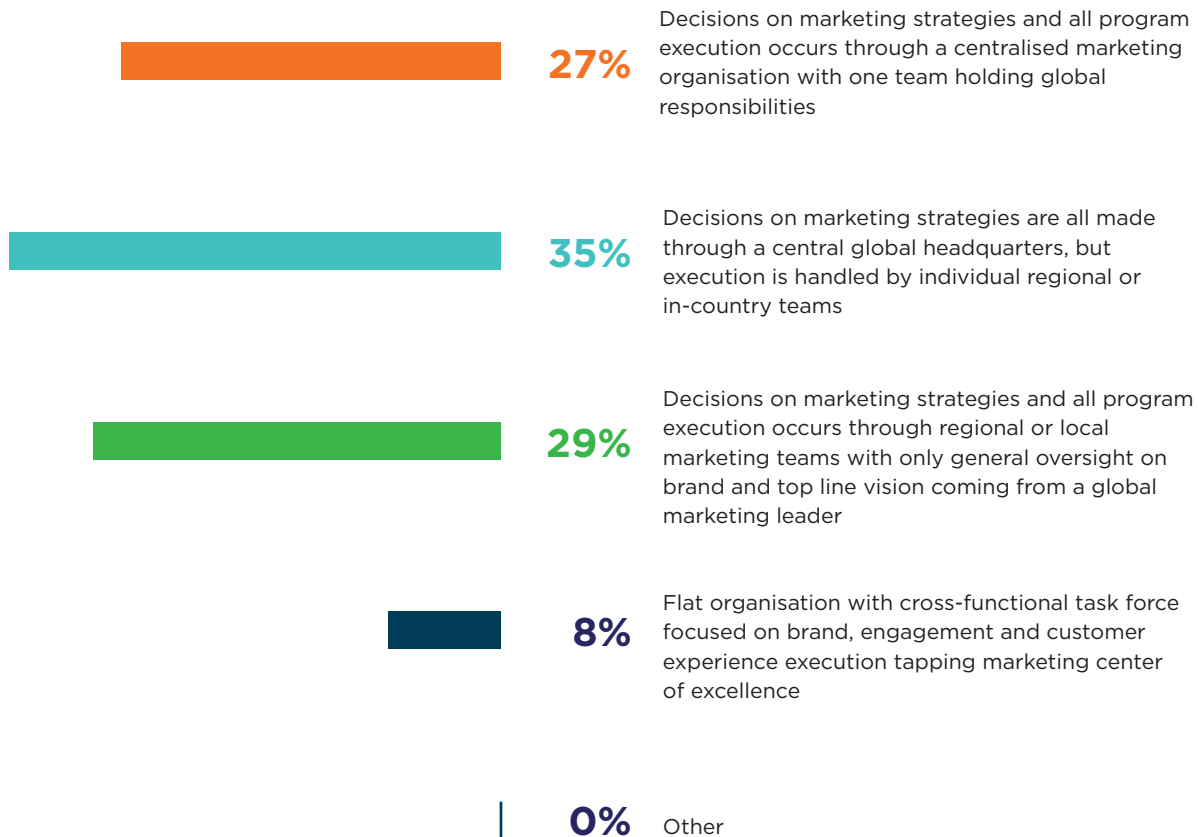


Q5 | Is the organisation prepared to take on the demands of the modern customer?



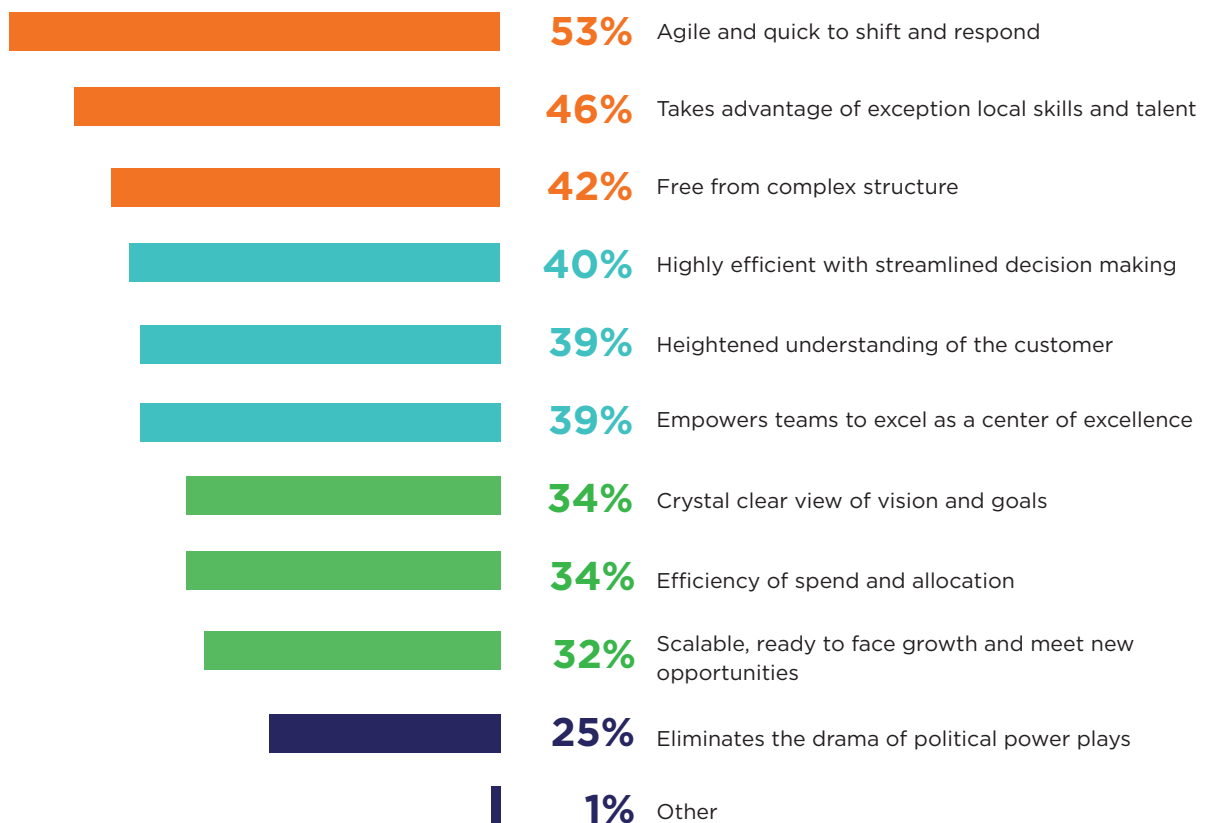


Q6 | Thinking of how marketing strategies are developed and executed, what statement best describes your organisation?



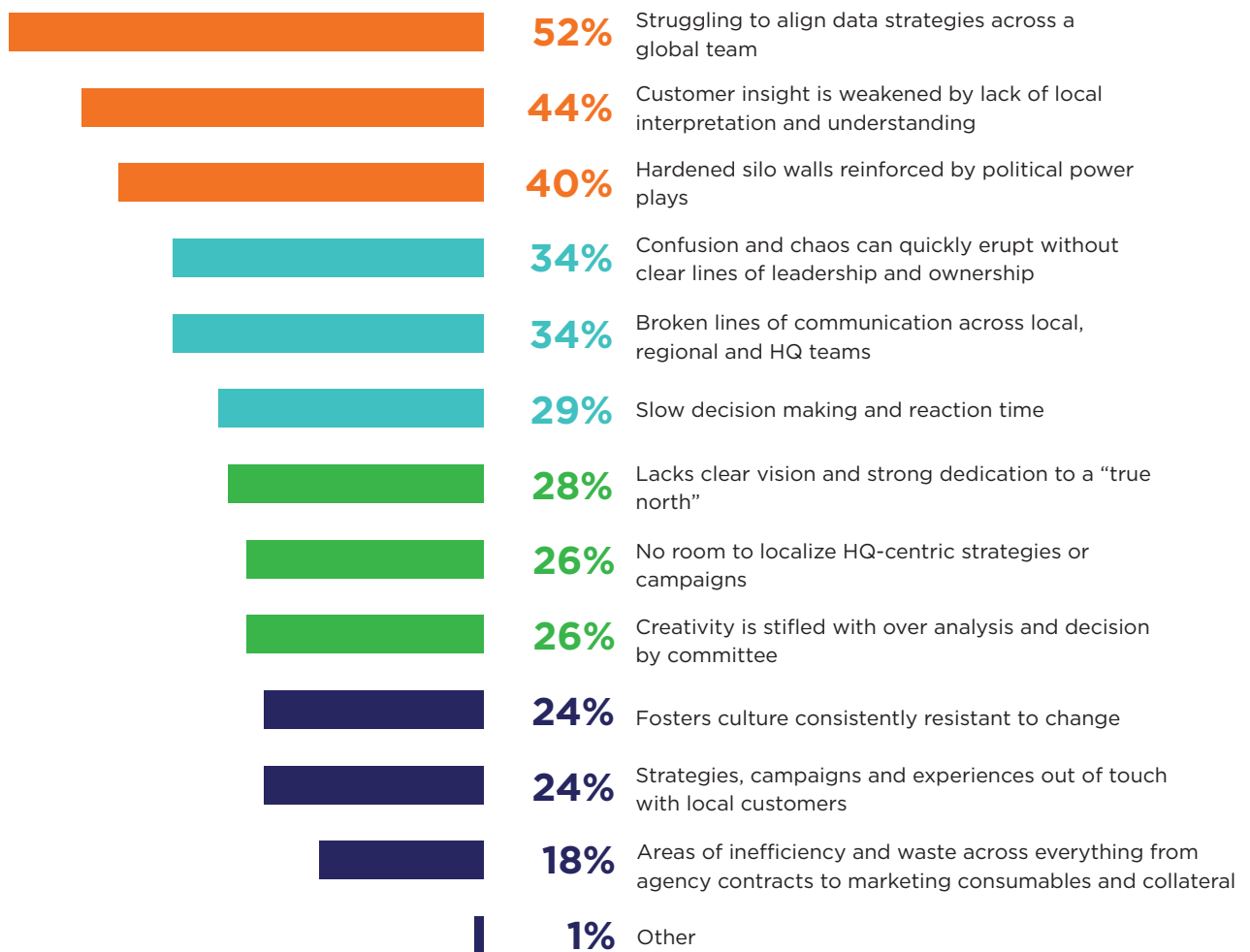


Q7 | What are the advantages of your current marketing operational model? (Select top five)



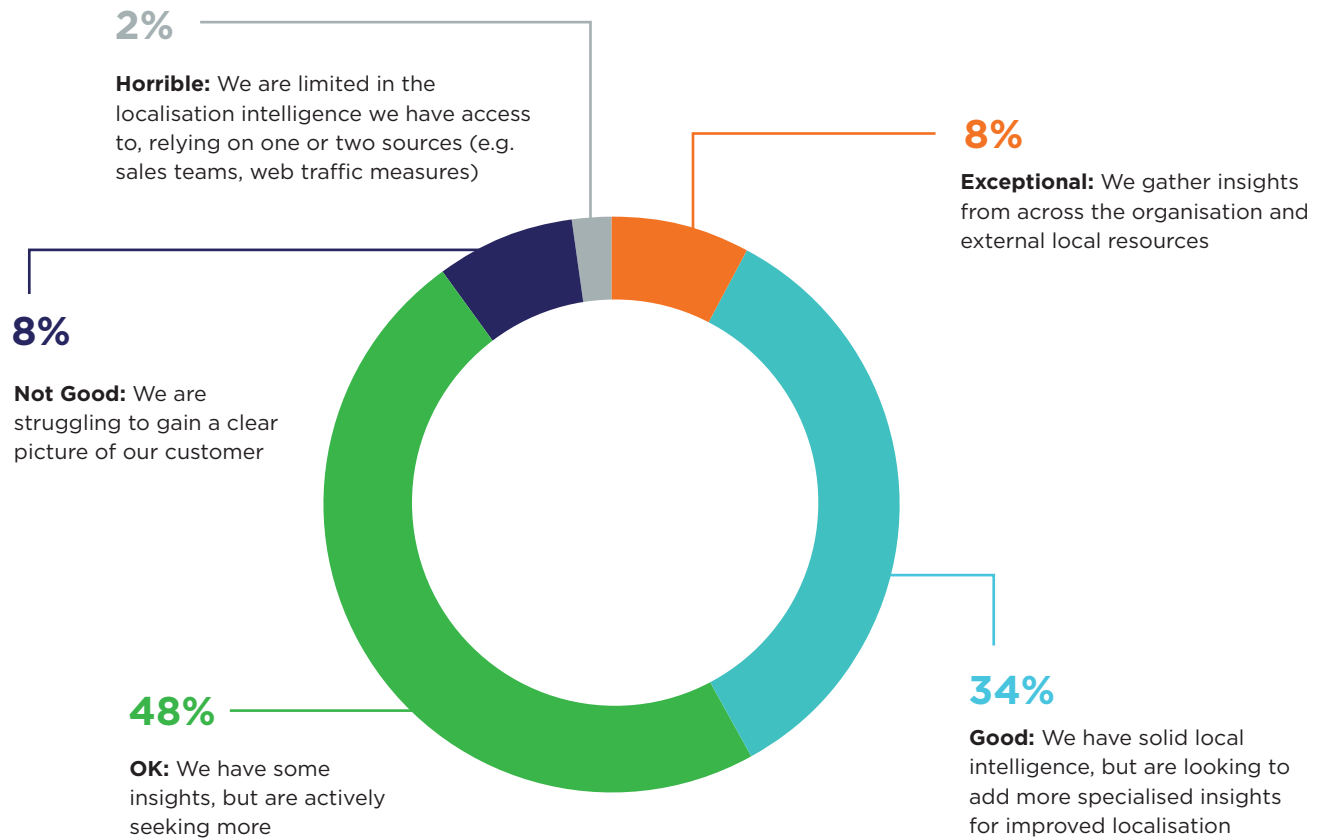


Q8 | What are the drawbacks of your current marketing operational model? (Select top five)



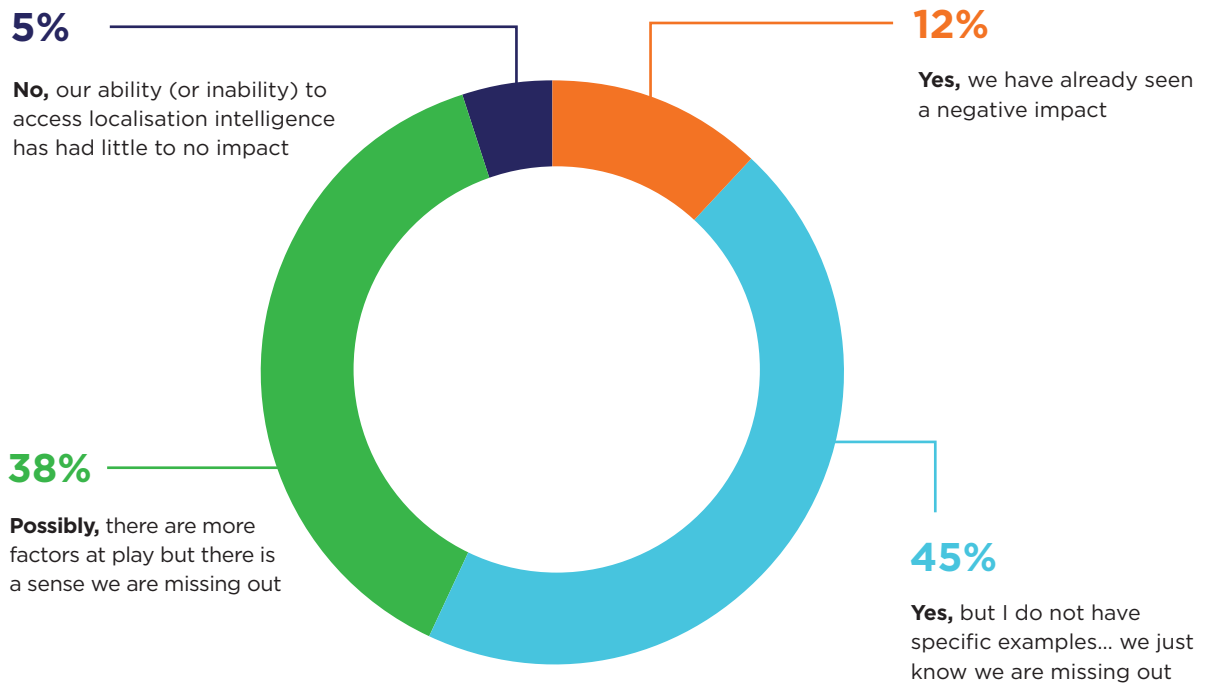


Q9 | Please rate the quality and depth of intelligence the organisation has about local market behaviors, trends, needs and preferences.



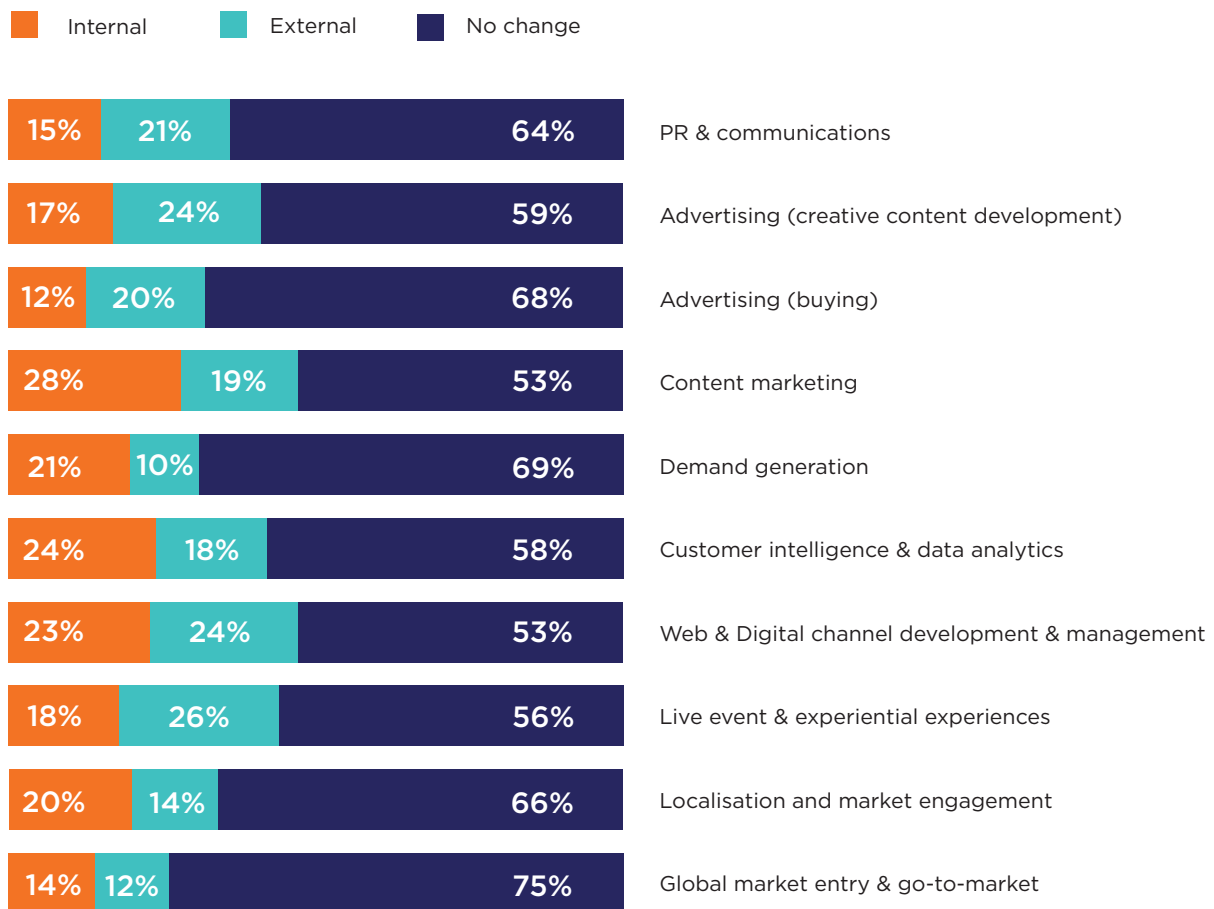


Q10 | Do you believe that the lack of localisation intelligence has impacted your ability to drive more profitable relationships and successful campaigns with customers?



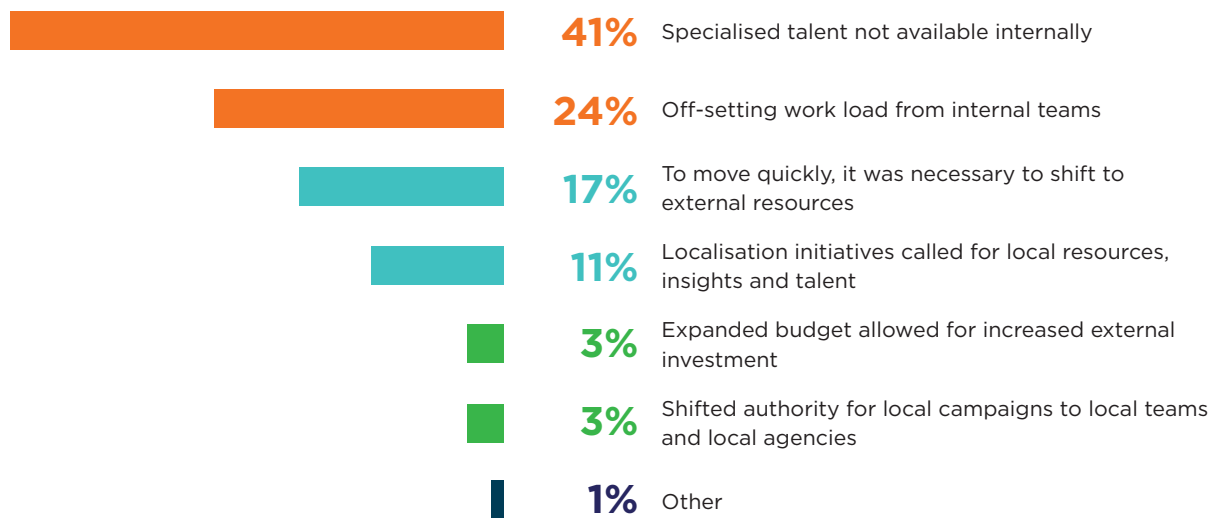


Q11 | Thinking about shifts in where certain functions, tasks and capabilities will sit in your marketing operational model, will any of the areas below shift between internal or external resources over the next 12 - 18 months?



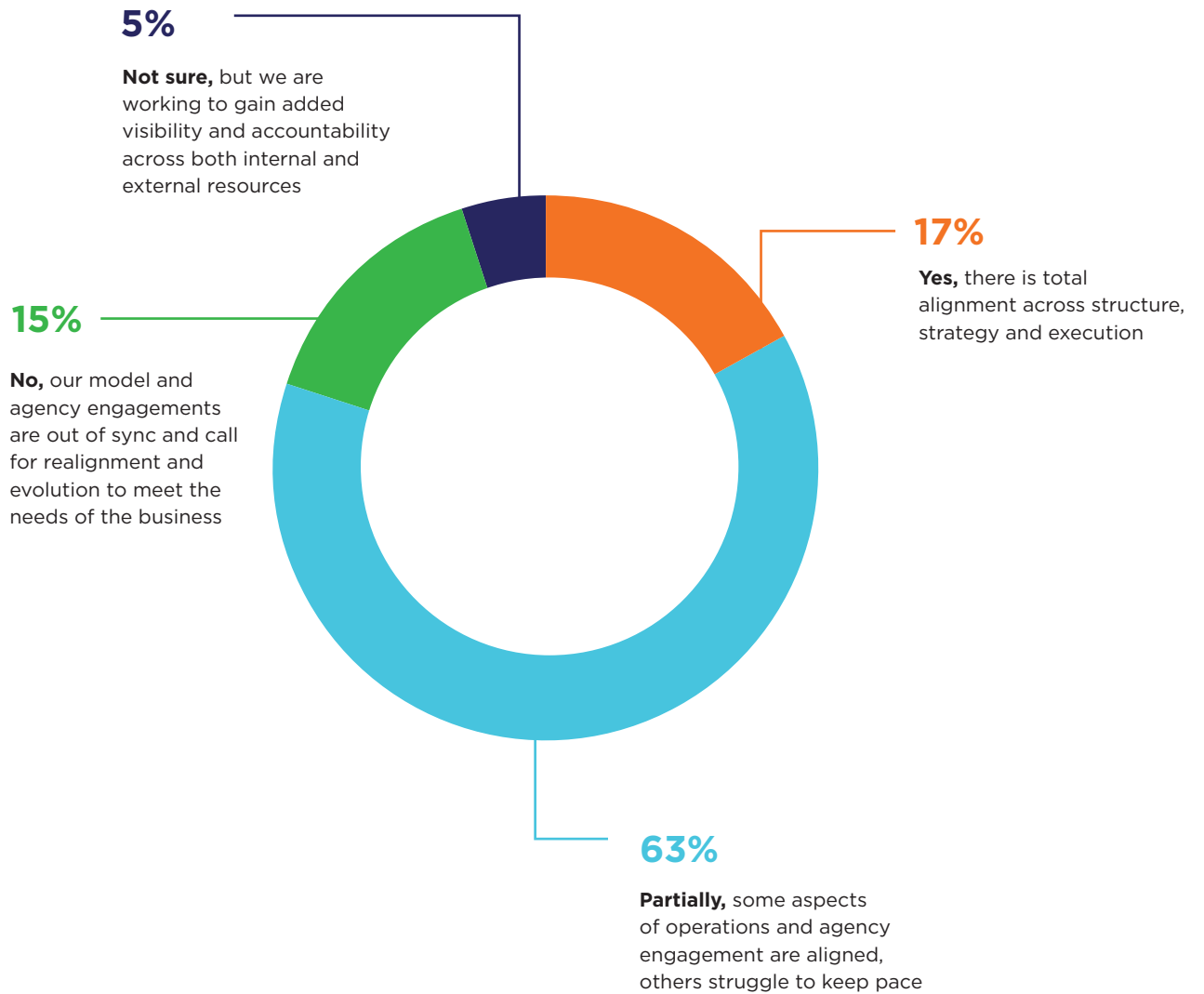


Q12 | For those that are shifting resources externally, what has driven this shift to utilise more external resources?





Q13 | Do you believe that your operational model and agency engagement models are aligned and in sync with the needs of the business?





Q14 | What is needed to evolve to ensure that agency engagements are aligned with and better supportive of marketing operational goals? (Select top three)





Q15 | What is the senior marketer’s responsibility to evolve, reinvent or revolutionise the relationship between brand and agency partner? (Select top three)





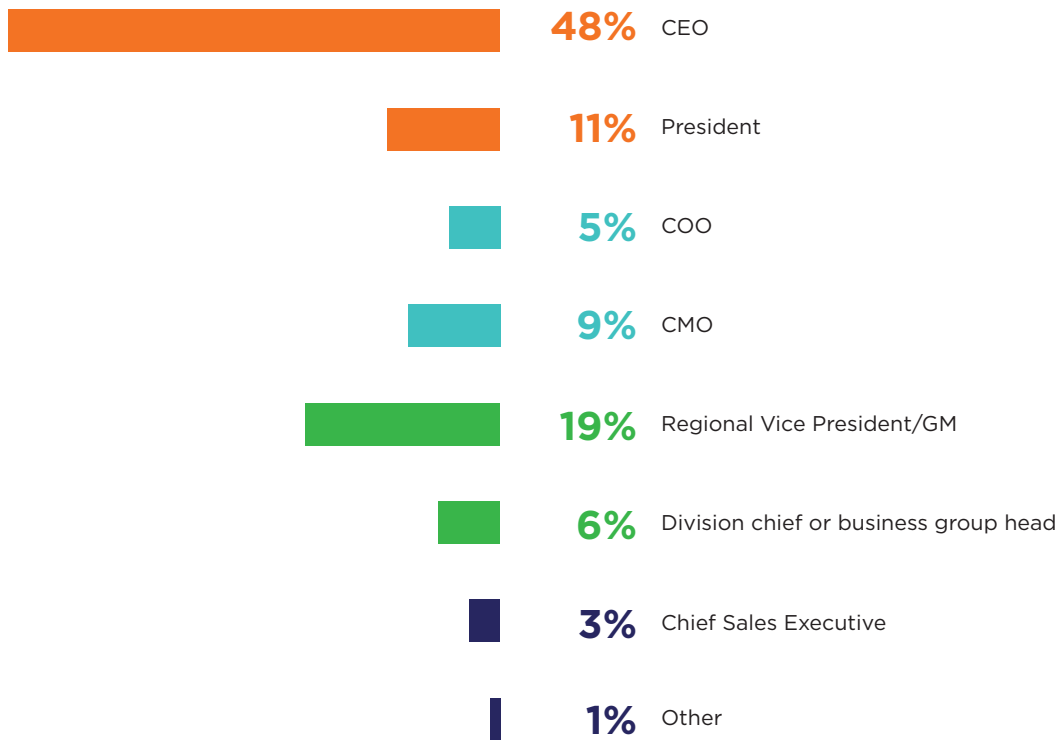
DEMOGRAPHICS

Q1 | What is your title?



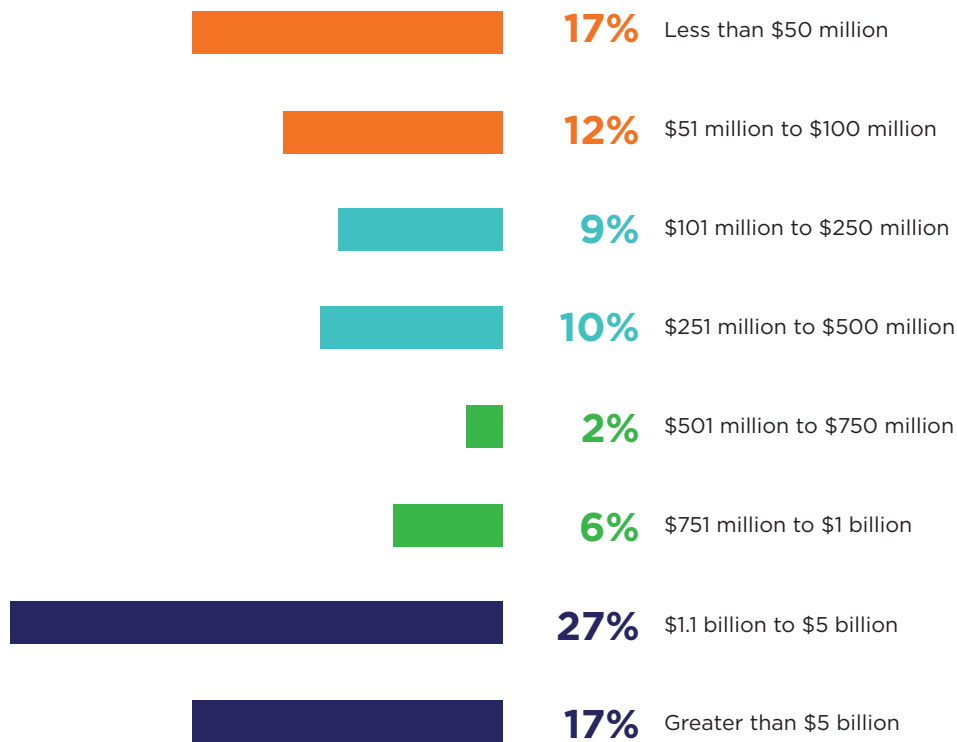


Q2 | To whom do you report?



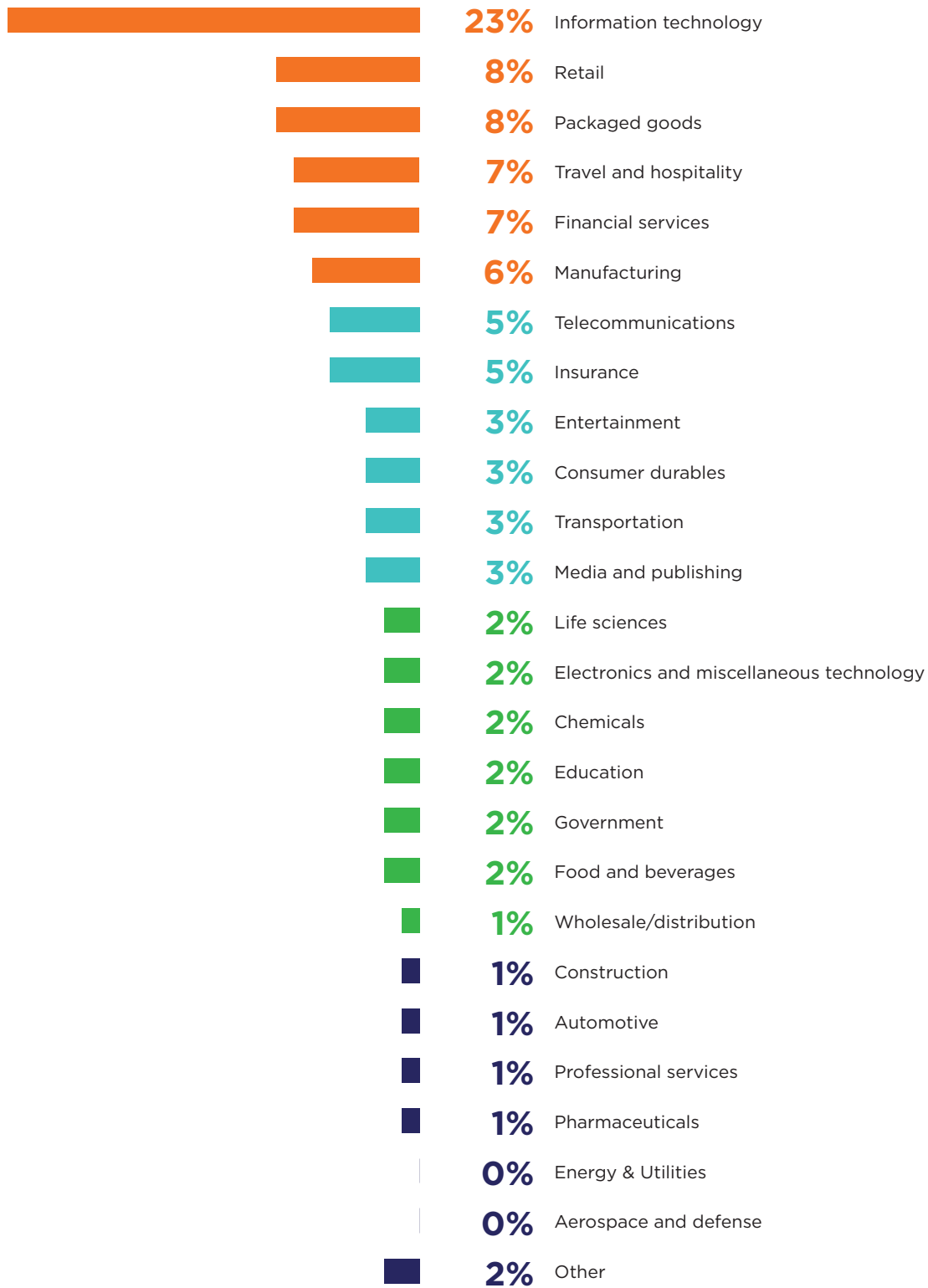


Q3 | How large is your company in USD Revenue?





Q4 | What best describes your company's industry sector?



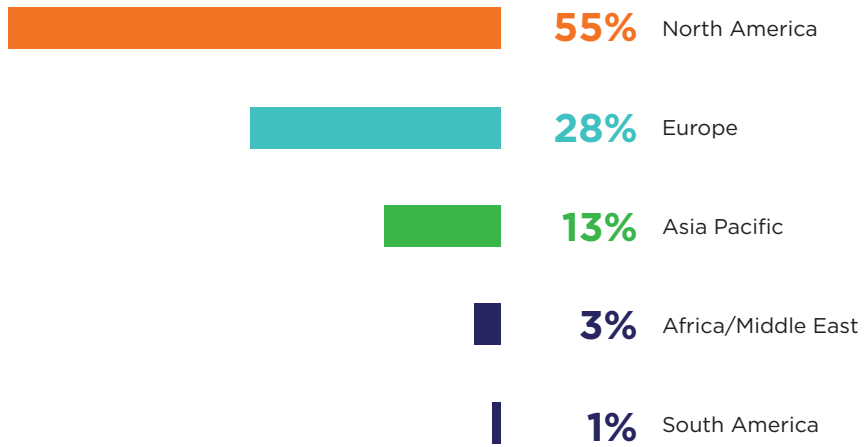


Q5 | How would you describe your company's market focus?



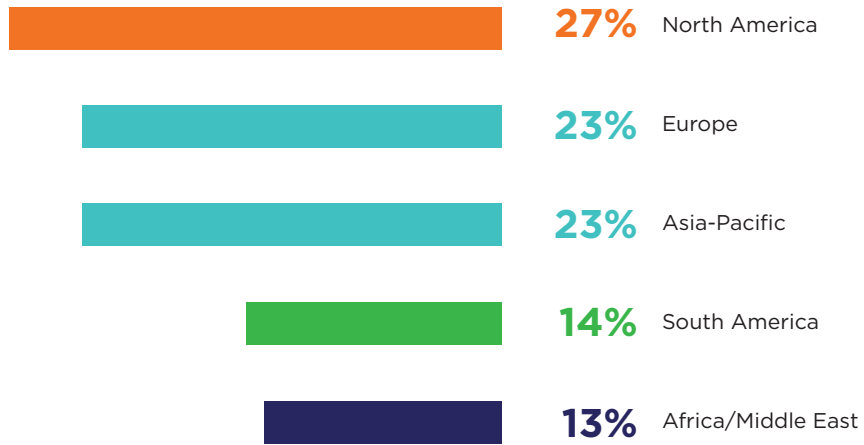


Q6 | In which region is your company headquartered?



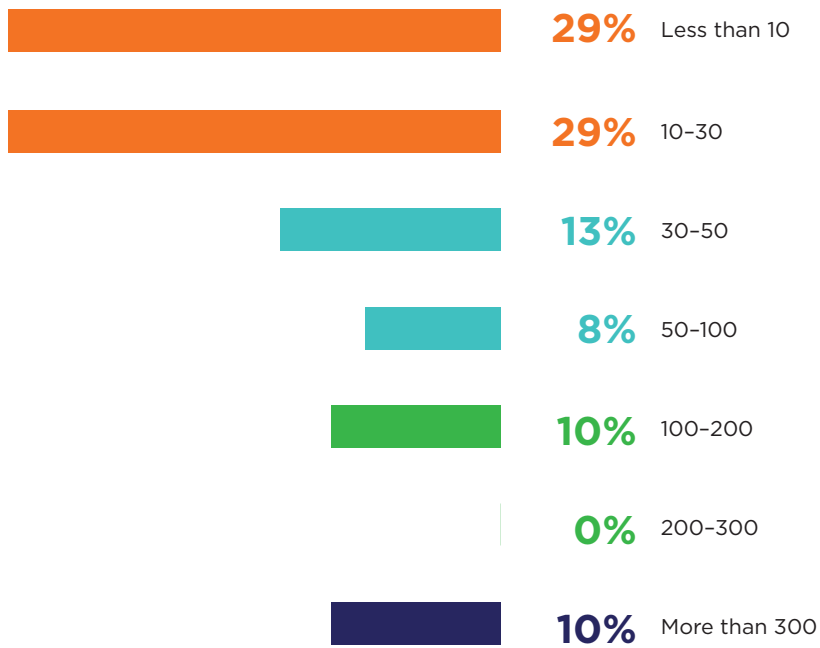


Q7 | In which region are you (and your team) located?





Q8 | How large is your staff/team?





ABOUT THE CMO COUNCIL

The Chief Marketing Officer (CMO) Council is dedicated to high-level knowledge exchange, thought leadership and personal relationship building among senior corporate marketing leaders and brand decision-makers across a wide-range of global industries. The CMO Council's 15,000+ members control more than \$500 billion in aggregated annual marketing expenditures and run complex, distributed marketing and sales operations worldwide. In total, the CMO Council and its strategic interest communities include over 65,000 global marketing and sales executives in over 110 countries covering multiple industries, segments and markets. Regional chapters and advisory boards are active in the Americas, Europe, Asia Pacific, Middle East and Africa. The Council's strategic interest groups include the Customer Experience Board, Digital Marketing Performance Center, Brand Inspiration Center, Marketing Supply Chain Institute, GeoBranding Center, and the Coalition to Leverage and Optimise Sales Effectiveness (CLOSE).



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ADESTRA

Adestra is a trusted provider of First-Person Marketing solutions for global and growing brands. The company's industry-leading email platform provides a powerful infrastructure for one-to-one, contextual messaging and marketing automation, helping marketers communicate more effectively with their customers and subscribers. Robust reporting features allow marketers to efficiently evaluate and optimize their campaign results. The flexible structure and open integration architecture allow businesses to connect disparate technology platforms to create a seamless customer journey. Along with a best-of-breed platform that drives customer engagement and boosts ROI, Adestra was founded on the principle that marketing success takes more than technology, which is why customer service is at the heart of its business. For more information visit www.adestra.com.



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NetLine is the world leader in business content syndication aimed at driving buyer engagement, customer lead acquisition and sales pipeline performance. Its Precision Targeting Engine™ and global multi-channel network of more than 15,000 website properties enable BtoB marketers to reach a diverse audience of more than 75 million business professionals across 350-plus industry sectors. NetLine's multi-channel content delivery model allows for brand customisation, content adaptation and flexible market access through publisher websites, expert blogs, email, search engines, social media networks, e-newsletters and mobile. Founded in 1994, NetLine Corporation is privately held and headquartered in Los Gatos, California, with operations across the globe. For more information, visit www.netline.com.