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THE NEW MARKETING OPERATING MODEL:

ESTABLISHING A NEW STANDARD OF CONSUMER AND EMPLOYEE EXPERIENCES



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EXECUTIVE SUMMARY

The focus of marketing has historically been on creating the best product and designing promotion through impactful content to engage target consumers. The marketer of 20 years ago would say the right product with the right packaging and the right TV ad would be a huge success. This is no longer the case. As we travel further into our current technological age, the old Marketing Operating Model fails to create a meaningful connection with the right customers. Today's marketer would tell you that you still need the right product – and the right content delivered at the right time to the right consumer for the right consumer experience. These creative decisions are based on data-driven insights. Marketing departments can no longer rely on a creative idea and trust their instincts to design a campaign. Marketing is now digital at its core and as a result, the marketing organization

itself has to evolve.

In the new Marketing Operating Model, marketing departments need to gather insights and concrete data to support the decision-making process. Organizations need to reinvent their structure, while also developing new capabilities and transforming their culture to stay agile. In our ever-changing world, today's operating model may not be the best one 12 months from now. If your organization can't keep up with changes in the market, your business is likely not going in the right direction.

This whitepaper will explore the need, structure, and impact of a new Marketing Operating Model: the necessary building blocks for organizations to combine the people, process, and technology of tomorrow.





A NEED FOR CHANGE

Our evolving world demands change in business organizational structures. This urgency to adapt is based on shifting patterns in the consumer landscape and markets disrupted by unprecedented events like the COVID-19 pandemic.

EVOLVING WITH THE LANDSCAPE

An agile business structure allows your organization to stay relevant in today's landscape. Consumers' changing demands and the rapid development of technology can be strengths when you embrace new ways of working and flexibility.

This can be done by future-proofing your organization to adapt to change, instead of reacting to the aftermath. We will need to rethink the way organizations are structured and how they function by incorporating responsive

and agile Marketing Operating Models.

A responsive and agile approach requires a shift from linear ways of working to a highly collaborative model. The model helps employees to break free from silos by integrating their ways of working at the beginning of the planning process instead of towards the end. An integrated and collaborative approach equips organizations to evolve with the fast-changing landscape and provide a more connected customer experience.

NEW MARKETING OPERATING GOALS

Organizations must reinvent and transform their Marketing Operating Model to deliver on strategy and growth. Product and customer experience take center stage in the new model, with data and insights informing every decision.

The organization should define its desired customer experiences before campaign planning begins. This will enable constant evolution and adaptation to fast-changing trends and

create a more connected customer experience. Collaboration makes this possible. Start by bringing together the relevant skills from product development to content creation to social and consumer education to deliver on a truly cross-disciplinary campaign. Organizations with all these attributes will transform into a highly efficient team that can achieve the business goals and ambitions the company needs to succeed.

UNDERSTANDING THE NEW MARKETING OPERATING MODEL

There are three primary areas that have evolved in the Marketing Operating Model: cross-disciplinary teams and collaboration, emerging capabilities to develop, and new topics to embrace.

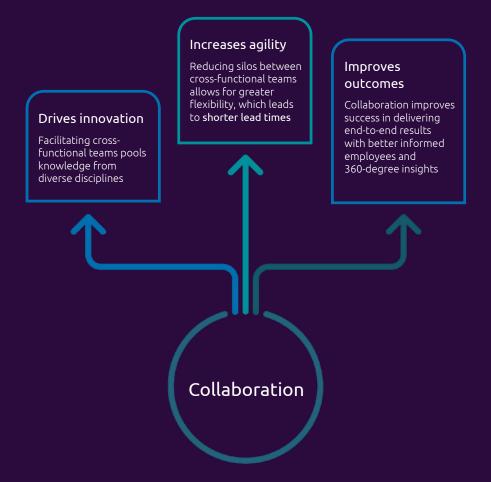


THE SIGNIFICANCE OF COLLABORATION

Collaboration allows teams to deliver cross-disciplinary marketing campaigns. It's a vital skill for an organization, allowing employees to be more informed about their role and decisions within their teams. Full 360-degree insights, based on quantitative and qualitative research and data gathered from all consumer touch points, are essential to a successful marketing campaign. The New Marketing Model aims to drive cross-disciplinary experience and leverage data and insights to inform every marketing decision, refocus on both product and customer collaboration, and empower employees with relevant skills to work together. The new model is designed to deliver results. Collaboration is the foundation of the new Marketing Operating Model. Teams should know what customer experience they want to deliver before planning and work begins.

Transparency and shared accountability throughout the organization enables teams to collectively deliver a fully integrated approach. This new model also helps the organization move away from old-school hierarchical marketing structures of the past and towards an agile model that ensures digital transformations are not an afterthought. The implementation of agile, cross-functional teams determines the success of an organization's marketing initiatives. Combine the right mix of people and processes across your organization to deliver results across all touchpoints, from product development to content creation. When we take down old siloes, the new marketing organization can thrive with shorter lead times for marketing campaigns, more room for emerging capabilities, and wider collaboration that drives innovation.

THREE BENEFITS OF COLLABORATION



NEW MUST-HAVE CAPABILITIES

Most innovations have emerged out of necessity. The combination of data and insights to create analytics and automation is a great example. The growing volume of customer data from digitization and online sales provides organizations with a wealth of insights – if they can effectively formulate a data collection structure and make data accessible by connecting internal data silos. Today, only 44 percent of marketers say they have adequate skills in areas such as AI and machine learning, or data analytics and data science, according to our CMO survey March—April 2021, led by the Capgemini Research Institute.

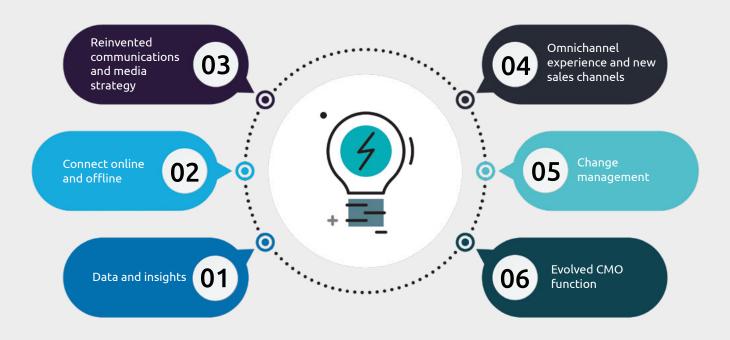
Data and insights allow organizations to reinvent their online and offline content creation and foster a true omnichannel experience that integrates all touchpoints under one team. Digital sales channels like D2C (direct to consumer) and social commerce have developed new touchpoints for businesses and can provide additional data to build

customer profiles for targeted communications. A brand communications reinvention will require purposefully building an advocacy system made up of loyal influencers and customers, supported by loyalty management functions on your teams.

A transformation capability will facilitate continuous improvement throughout the organization and guide teams through updating the marketing operating model. The marketing organization of tomorrow evolves alongside the landscape. To support this on-going transformation, the broader organization needs to invest in change management.

The CMO is the conductor of this diverse and complex team of cross-functional talents. They should be able to take on a data-driven and agile approach and be obsessed with elevating customer experience and loyalty.

SIX EMERGING CAPABILITIES



EMBRACING NEW TOPICS

Emerging trends have inspired marketing teams to tackle new topics such as sustainability, brand purpose, optimized time to market, and content explosion. Each topic can be broken down into different categories such as economic, social, and environmental sustainability. Frameworks such as donut economics – the concept of contributing to a world that meets the needs of all people within the means of the planet – can be incorporated into business models. Sustainability has become an increasingly popular brand value because of the climate and social challenges our planet is facing. Brand values can be broader than just sustainability efforts. They represent what we call the brand purpose: the reason for an organization's existence. A clear brand purpose is critical as consumers are four times more likely to purchase from, trust, and champion a company that has a strong purpose, according to the 2020 Zeno Strength of Purpose Study.

Another topic that requires attention is content explosion: the demand for captivating and personalized content across channels, in various formats, delivered at the right time. This need can be addressed through creating a personalized omnichannel customer experience that involves tailoring content to the customer experience and managing the advocacy system of loyal influencers and customers. If organizations effectively facilitate their content explosion, their knowledge of consumer trends will lead to a reduction in time to market, creating value for both the organization and the customer base.

HOW WE HELP YOU REINVENT YOUR MARKETING OPERATING MODEL

frog has developed an approach to help companies achieve their ambition by leveraging new technological possibilities and meeting their customers where they are. The New Marketing Operating Model design consists of three phases:

1. The pre-design phase

During this first phase, an organization needs to ensure that the team is aligned on a clear strategy and the corresponding detailed objectives. We help leadership to refine strategy and express it in concrete terms for the team. You'll be able to answer questions from your team like: what does this new strategy mean to your company, to your marketing department, and to your employees?

2. The design phase

The design phase starts with taking the strategic framework refined in the pre-design phase and translating it into design principles that will guide the new operating model design. Throughout this phase, we work hand-in-hand with the organization to support an agile redesign of three key elements: the organizational structure, roles and responsibilities, and ways of working.

The new organizational structure will prioritize consumer experience and digital excellence, bringing to life a new vision of marketing. We will also help you build a flatter structure with less micro-management and more empowerment at every level, which allows quicker decision-making processes and reduces time to market.

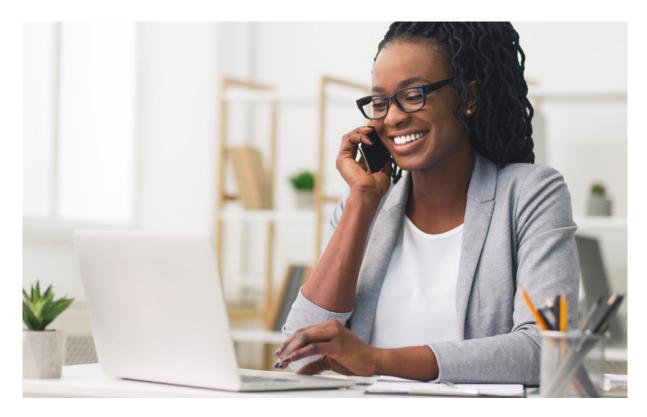
Most importantly, together we will break the siloes that inhibit collaboration by bringing together cross-functional talents in new 360-facing teams.

New roles will be created and existing roles will be reinvented to tackle the topics of tomorrow and embrace new strategic areas, like owning the brand purpose effort and managing the content explosion. The new roles will bring a clearer split of responsibilities to empower talent at each level of the organization.

The change in ways of working consists of an overall shift from traditional to flexible working structures based on agile methodologies, with cross-functional collaboration at the core of the strategy.

3. The pilot phase

In this last phase, we support the organization's implementation of the new Marketing Operating Model as well as the future refinement and assessment of the model. Start by leveraging best-in-class agile principles in the pilot phase to continuously test and learn from the operating model. These learnings will clarify what should be modified to further the model's efficiency.



HOW TO MITIGATE THE CHALLENGES OF THE NEW MODEL

There are many challenges that can threaten the establishment of a new Marketing Operating Model. If organizations face a high resistance to change or fail to leverage data efficiently, the new Marketing Operating Model will fail regardless of how well it is structured.

Organizations need to effectively leverage the massive amount of data they have collected to implement a consumer-centric strategy. An organization's ability to leverage this data for a personalized customer experience can be inhibited due to unclear ways of working and split of responsibilities between marketing and IT departments. While IT organizations used to be custodians of data, it is now essential for customer data platforms to sit within the marketing function. This is the best way to enable the marketing department to work with the data without establishing service agreements with IT. The partnership allows organizations to leverage a wider range of data and insights to build, test, and improve their marketing campaigns. The potential benefits say it all: 93 percent of data-driven marketers are highly satisfied with their real-time marketing initiatives, and 54 percent say the benefits even exceed their expectations (according to our

CMO survey March-April 2021, led by the Capgemini Research Institute).

The biggest challenge facing the new Marketing Operating Model is an organization's resistance to change. New ways of working can threaten established roles. Employees throughout the organization might fear change. Whether it is a change of organizational structure, a change of scope of existing roles, or new personal KPIs, change can be scary. To achieve a successful transition, the organization needs to have substantial change-management capabilities in place to provide reassurance to employees. We'll help you show your staff that designing the future state of the organization will not compromise their place and will help them achieve their goals.

Successful change management only works when leadership includes the entire organization on the journey. It requires a top-down and bottom-up approach, with buy-in from leadership and employee feedback. Change management leaders are also accountable for fostering a culture of open communication while setting the vision for the organization. The organization's goals and results are influenced by everyone in the company.

OUR KEY SUCCESS FACTORS

There are three primary key success factors in the new Marketing Operating Model: cocreation, the test and learn approach, and effective change management.

Co-creation involves incorporating feedback from key stakeholders such as customers and employees through conducting interviews, holding weekly design workshops with a core team of employees, and moderating focus groups with all teams. Organizations can structure a model that is collectively tailored to their strategic objectives, their needs as an organization, and their pain points as employees.

The test and learn approach is instrumental to the successful implementation of the new model. The organization needs to employ an agile way of working and rapidly test and continuously optimize the model. A strong transformation capability is the continuous improvement muscle for the organization.

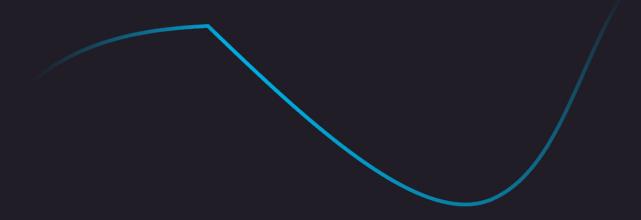
Finally, the organization needs effective change

management efforts and strong communication throughout the process. Efficient and transparent communication and change champions makes it easier to maximize adoption during the transition to a new Marketing Operating Model. Remember that change is a journey, and your model will not work without your employees on board.

Change can quickly render an operating model obsolete, as we've learned from living through the COVID-19 pandemic. If your operating model takes too much time to design and implement, it will very likely be obsolete once it is live. Your key strength should be agility. Finding the "perfect" operating model is ideal, but strengthening the muscle of continuous improvement is a more valuable asset. Connecting your people and their skills, processes, and technology under the new Marketing Operating Model will empower your organization to make insight-based decisions at a speed that addresses the needs of your consumers.



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