

**American Marketing Association – Toronto Chapter
Roundtable, April 25, 2001
“Is the Marketing Department still in charge of the customer?”**

Introduction:

On April 25, 2001, the AMA assembled a cross-section of industry leaders (see last page) to discuss the changing role of the marketing department in the new economy.

Using a roundtable discussion format, participants covered a wide range of topics, most of which are summarized in this document. The content of this discussion has been distilled into the following key categories:

1. How to promote integration and greater accountability for marketing departments;
2. How to develop a more strategic conception of brand in a world of clutter.

Each category states a general issue/problem. A set of standardized subheadings explores each problem/issue in greater depth. The subheadings ask why solving the problem is important, what overall themes emerged, what key insights within each theme emerged, and finally what further discussion/debate is linked to these insights.

1. How to promote integration and greater accountability for marketing departments.

In the minds of many, marketing departments have consistently failed to justify their expenditures and have not been as successful at lobbying for funds within the company as, for example, their IT counterparts. At present, many marketing departments are not well integrated within companies or well acquainted with the disciplines of accountability.

Why solving this problem is important

In the new economy, upper management is under more and more pressure to reduce costs and simultaneously grow the business. To remain relevant, marketing departments need to adapt to the rigors of accountability and cost-effectiveness. To that end, many companies want to devise a system for measuring ROI on marketing efforts.

Overall themes that emerged

1. To stay in step with current trends, marketing departments need to align their business goals to the overall goals of the organization.



Key Insights:

- The Chief Marketing Officer (CMO) has to play a key role in integration and in transforming the strategic philosophy of the marketing department.
- Integration tools such as CRM greatly advance this effort.
- Marketing departments should look to other departments such as Distribution and IT for ideas, success stories and experience concerning integration.
- An annual report for marketing departments is a good tool for building proof points and legitimacy.

2. Marketing departments need to take inspired risks and open themselves up to innovation.

Key Insights:

- In the past, marketing departments have operated in isolation.
- A lack of communication and alignment with other departments has led to risk aversion and has stifled innovation.
- Innovation and risk have to be shared. Marketing departments have to sell their vision to the rest of the company first.
- Marketers need to know more about what is going on in the company—this requires coordination and solid methods of communication.

3. Marketing departments have yet to take full advantage of the data now available on customers.

Key Insights:

- Companies have to be designed so that customer information is integrated and organized in a useful way.
- Customer data is still a largely untapped resource.
- Using data, marketing departments have to learn new ways for tracing patterns in customer behaviour and fuse this knowledge into a business model.
- If the responsibility for the customer is truly shared, the integration of customer data is crucial to an organization's success.

What further discussion is linked to these insights?

Greater accountability and some measure of marketing ROI demand a number of fundamental shifts in the strategic and operational philosophy that reach well beyond the current confines of the marketing department. Accountability and ROI can only be based on a system that is integrated and disciplined.

Since the main impetus behind integration is to serve the customer better, customer data will obviously play an important role in integration. Integration of customer data and a sense of



shared responsibility will improve the way departments interact with each other. Data structures will emerge that will help marketers zero-in on what customers want and how customers act.

Mastering customer data and using it to establish close links with individual customers and smaller peer groups of customers is the direction marketing is moving. As the primary voice of the company and conduit for customer feedback and insight, the marketing department will play a key role in bringing the customer and the company closer together. Whereas before marketing was simply a part of the loop where it performed its function and handed off its work to the next department, marketing should now be strategically positioned to facilitate the whole loop. In a sense, the marketing department may eclipse human resources as the main vehicle for internal communications. Marketing will handle the communications loop.

2. How to develop a more strategic conception of brand in a world of clutter.

The traditional thinking around branding was to endow a commodity with unique characteristics through the creative use of name, packaging and advertising. However, in a world where there is a muddle of images and messages, it is increasingly difficult for a brand to rise above the noise and be heard. Marketing departments have come to realize that a more sophisticated and strategic conception of brand is needed.

Why solving this problem is important

The proliferation of media (specialty channels, the Internet) has seriously diluted the effectiveness of traditional forms of marketing. Add to this the increasing interest in understanding brand equity and what sort of development (marketing, quality improvements) augments equity, and it becomes clear that marketers need to develop more sophisticated tools for measuring how specific marketing activities inform customer impressions of the brand and add value to the brand.

Overall themes that emerged

1. Companies need to organize more accountability around the brand.

Key Insights:

- More accountability around the brand reinforces the importance of the marketing department.
- In such a model, the marketing department controls the two-way flow of information around the brand.

2. The role of the CMO is to oversee the articulation of the brand and to make sure the brand's articulation aligns with the rest of the company.

Key Insights:

- The CMO has to make sure the marketing department is not isolated from the rest of the company.



- The CMO has to sell the marketing department's vision to the rest of the company and help build consensus and understanding on the brand at all levels.

3. The brand manager does not own the brand.

- Key Insights:*
- The brand belongs to everyone in a sense: all departments have to take ownership and develop a deep understanding of the brand.

4. A brand has to stand for something.

- Key Insights:*
- A brand has to move beyond simple labels and shallow characteristics. It has to evoke powerful associations and emotions in the minds of customers.
 - Since media is more diffuse than ever, brands have to have some depth to appear on the customer's radar. The brand needs less of an image and more of an ethos. This ethos has to emanate from the brand and all customer points of contact.
 - A brand has to stand for an experience of some kind. The job of marketing is to set the expectation of that experience. If the brand satisfies expectations, the customer is more likely to establish a loyalty.
 - The message of what the brand stands for has to be clear: if the customer can articulate what the brand stands for, the company has won the marketing game.

What further discussion is linked to these insights?

More sophisticated forms of marketing are obviously needed to break through to customers. Methods for analyzing customer behaviours have to improve and widen in scope. Market research performed by third parties will not provide the whole picture; marketers will need to devise segmentation and customer grouping strategies based on their own data.

The marketing department has to promote a bold vision. It has to see itself as a risk manager to the rest of the organization. The marketing department also has to promote a common vision. A common language for talking about the brand has to be developed so that sales, manufacturing, IT, and operations are all on the same page.

Any good marketing strategy has to start out as an internal sales proposition. Customer data and market research have to be integrated and widely distributed throughout the organization. The brand and all points of contact have to be customer-friendly.

Customers should come away feeling they are in control of the experience and feeling an emotional attachment to the company's brand positioning. This will not happen without integration and a consistent message from all levels.



Our thanks go to our panellists (and the audience) for the contributions.

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