



**MMA MOSTT
Unplugged**

October 19, 2021

MMA MOSTT Research Study:

Insights from MARCAPS Benchmarking Study on Distinguishing Winning Marketing from Lagging Marketing Organizations

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Is Your Marketing Organization Ready for What's Next?

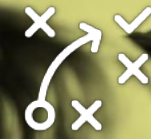
 PHOTOGRAPHER	SAMM ESCOBAR

strategies and capabilities

Drive growth by matching offerings to individual customer needs and context in ways that facilitate transactions.



Exchange Value
(Transaction)



Strategic Value
(Direction)

Guide the discovery of new growth via branded platforms, revenue streaming, and marketing model innovation.

Drive growth by increasing convenience and enjoyment across the customer journey.



Experience Value
(Journey)

Marketing Value Proposition

Operating Value
(Connection)

Facilitate Stronger and More Flexible Organizational Links to Nurture Speed, Synergies, and Drive.



Drive growth by deepening and expanding the meaning, community, and purpose around an offering.

Engagement Value
(Meaning)



Knowledge Value
(Intelligence)

Build and Leverage Information Loops to Increase Causal Understanding and Expand Resource Optimization





Exchange Value (Transaction)

Drive growth by matching offerings to individual customer needs and context in ways that facilitate transactions.



Experience Value (Journey)

Experience Value (Journey)

Drive growth by increasing convenience and enjoyment across the customer journey.



Engagement Value (Meaning)

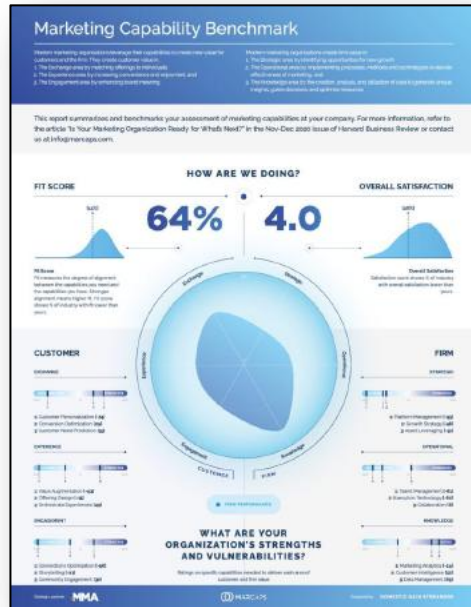
Engagement Value (Meaning)

Drive growth by deepening and expanding the meaning, community, and purpose around an offering.



A Study Into The Characteristics of Marketing Practices

MarCaps Benchmark Survey



Total n = 828
Valid n = 650

Performance Indicators

Survey
Financial Growth
Customer Growth

Third Party
Revenue Growth
Profit Growth
Share Value

Contrast Groups

Winning Marketing Organizations (WMOs) 11%

Lagging Marketing Organizations (LMOs) 21%

Insights On...

- Organization Structure
- Centralization vs. Decentralization
- Marketing Footprint (role/responsibility)
- Insource/Outsource
- Capabilities

Financial Growth:

Satisfaction with -

- Achieving revenue and profit goals
- Finding new ways to achieving growth
- Ability to measure the return and optimize marketing investments

Customer Growth:

Satisfaction with -

- Engaging consumers/customers and build brand equity
- Personalizing offerings to customer preferences, needs and situations
- Increasing convenience and enjoyment across the customer journey

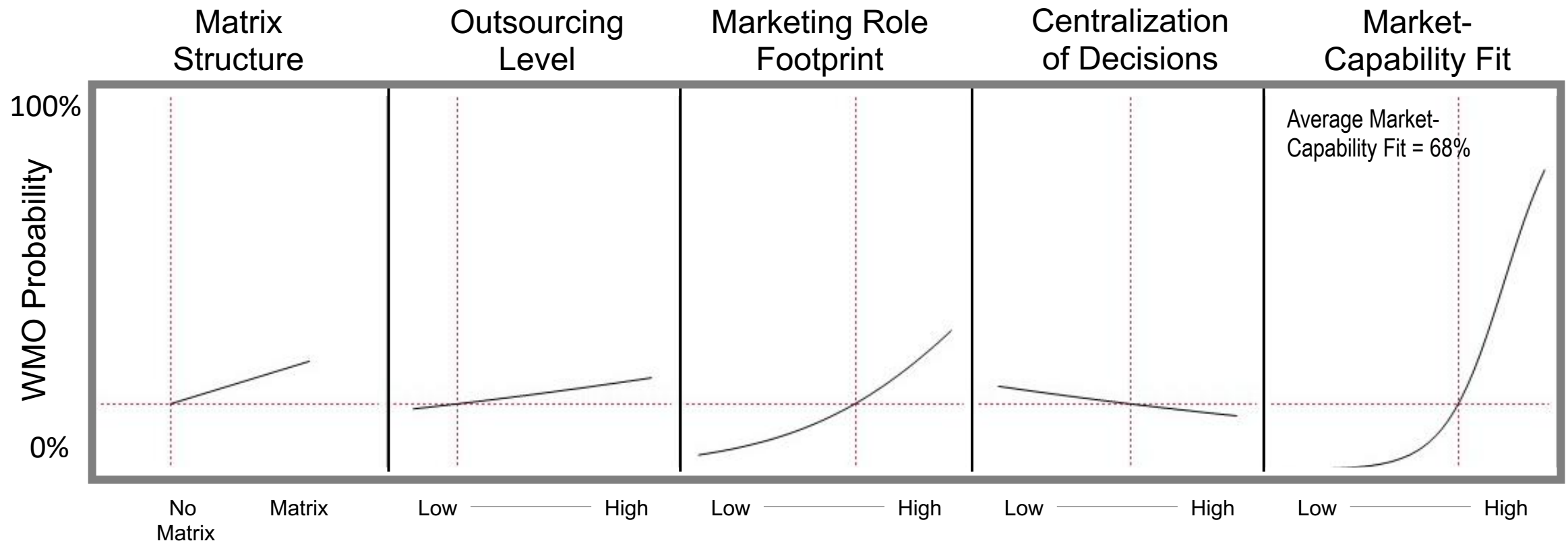
LMO

Score in the Bottom 3 Box
1, 2 or 3

WMO

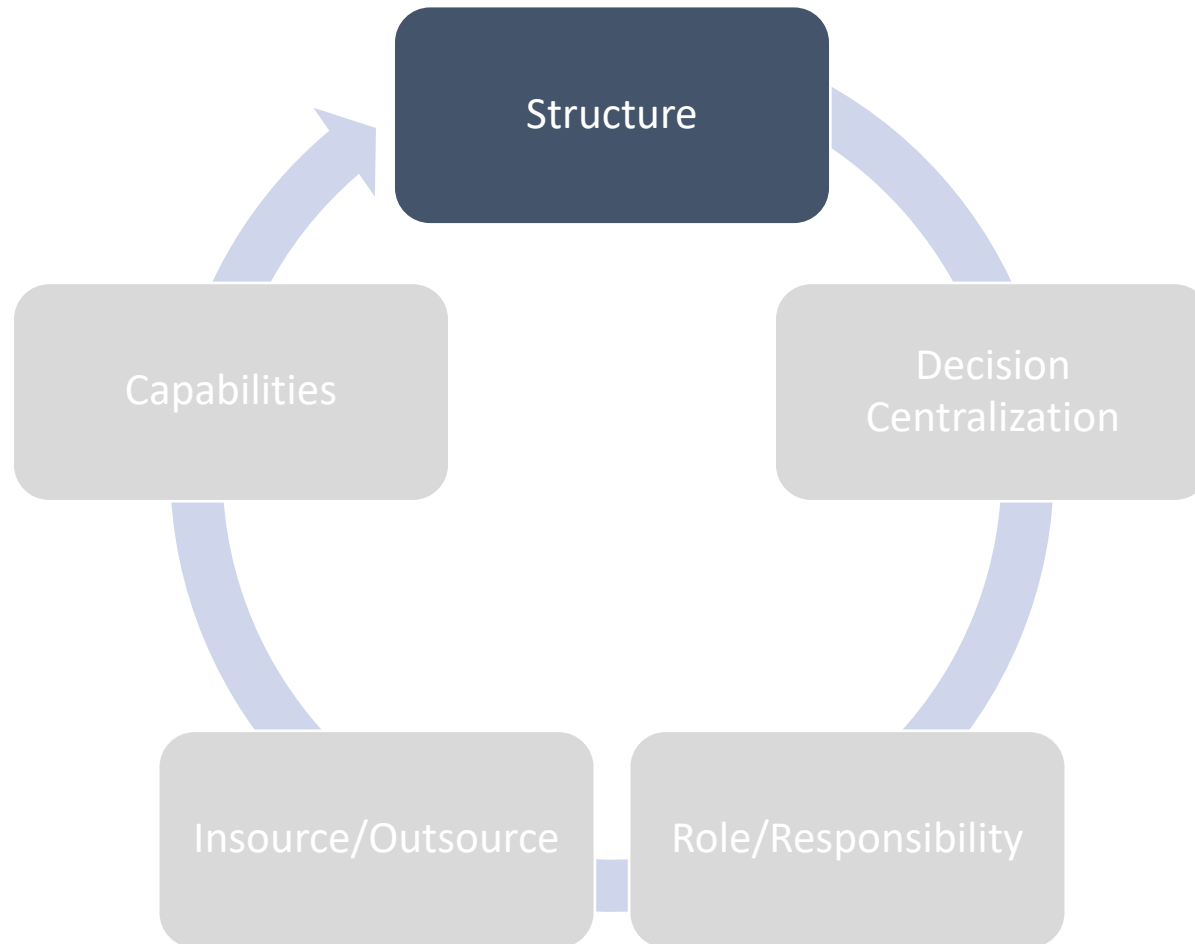
Score in the Top 2 Box
6 or 7

Market-Capability Fit and Marketing Footprint Are The Most Distinguishing Factors



Note: Results are consistent after controlling for firm size, firm type, firm age, and country.

Five Dimensions of Organization Design

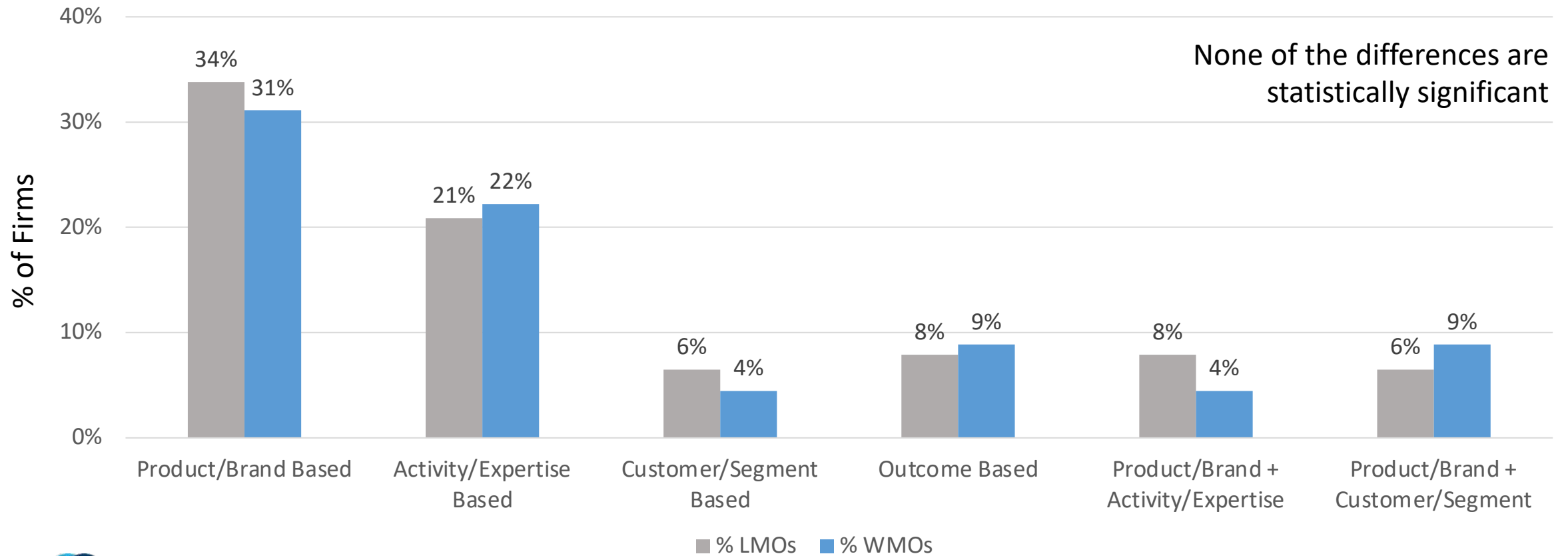


Six Types of Structures Capture the Majority of Combinations Used Across the Sample of Firms.

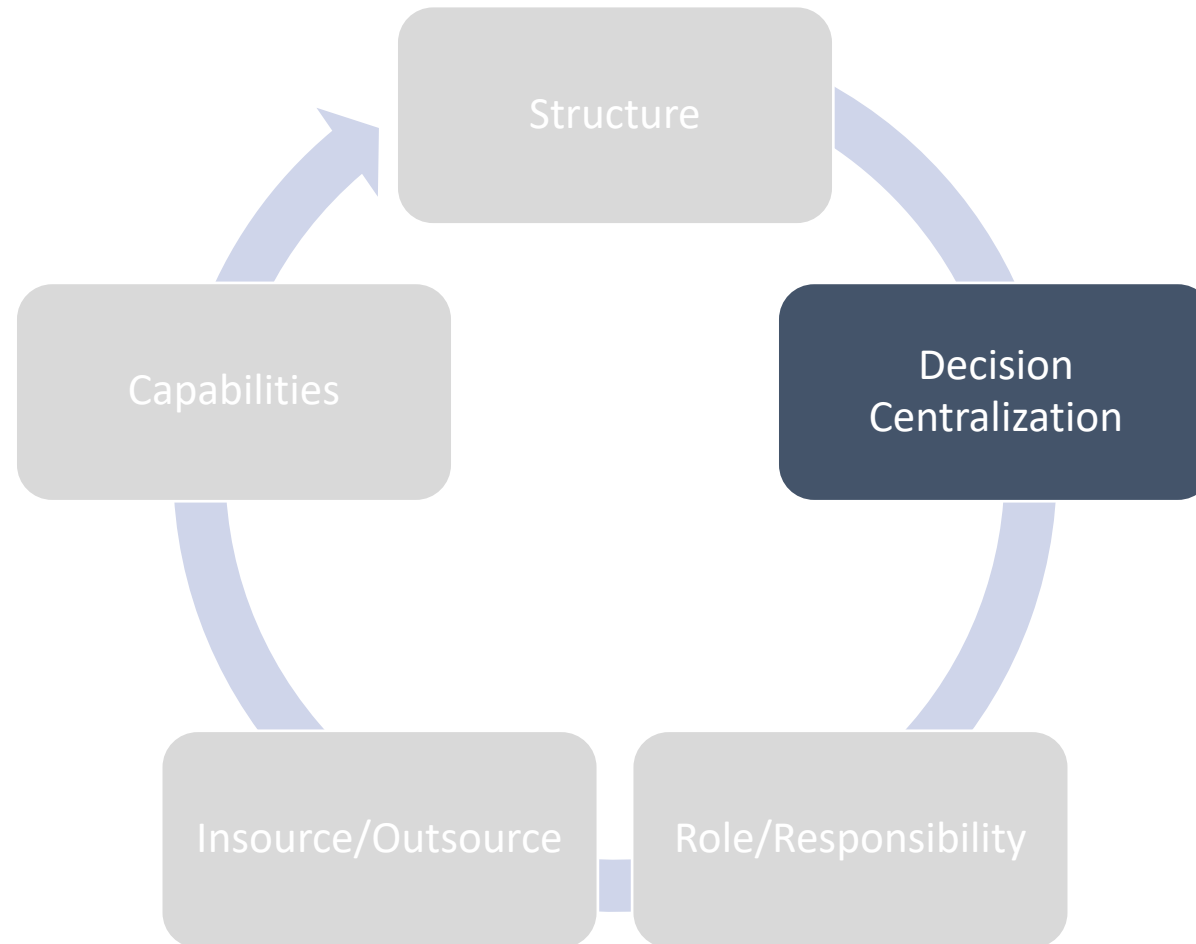
Structure Types	Market Incidence
• Product Based	35%
• Activity/Expertise Based	18%
• Customer/Segment Based	7%
• Customer Outcome Based	6%
• Product+ Activity/Expertise	9%
• Product + Customer/Segment	7%
Total Across Sample	82%

There Are No Significant Differences In the Type of Structure Used Between WMOs and LMOs.

% of WMO/LMO by Structure Type

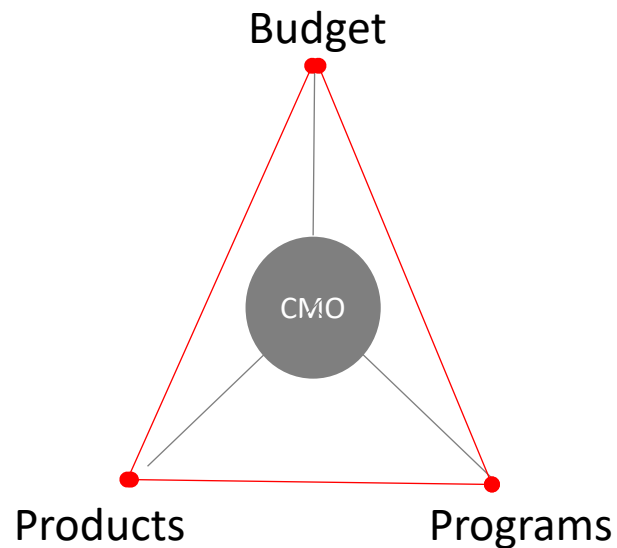


Dimensions of the Modern Marketing Organization

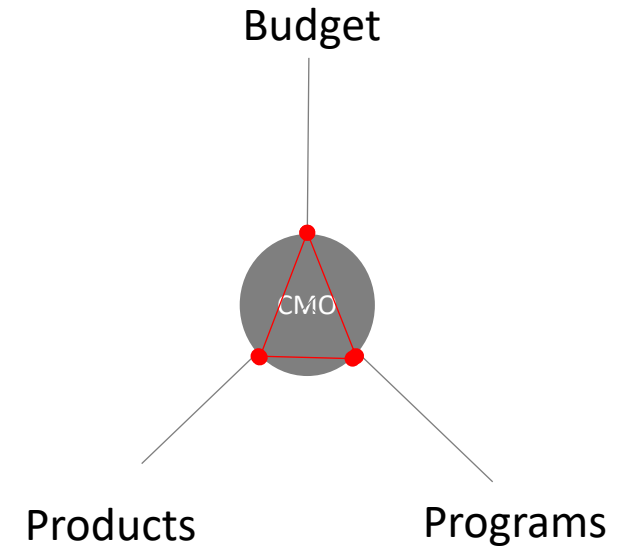


There is a Spectrum between Centralized and Distributed Decision-Making Available to CMOs

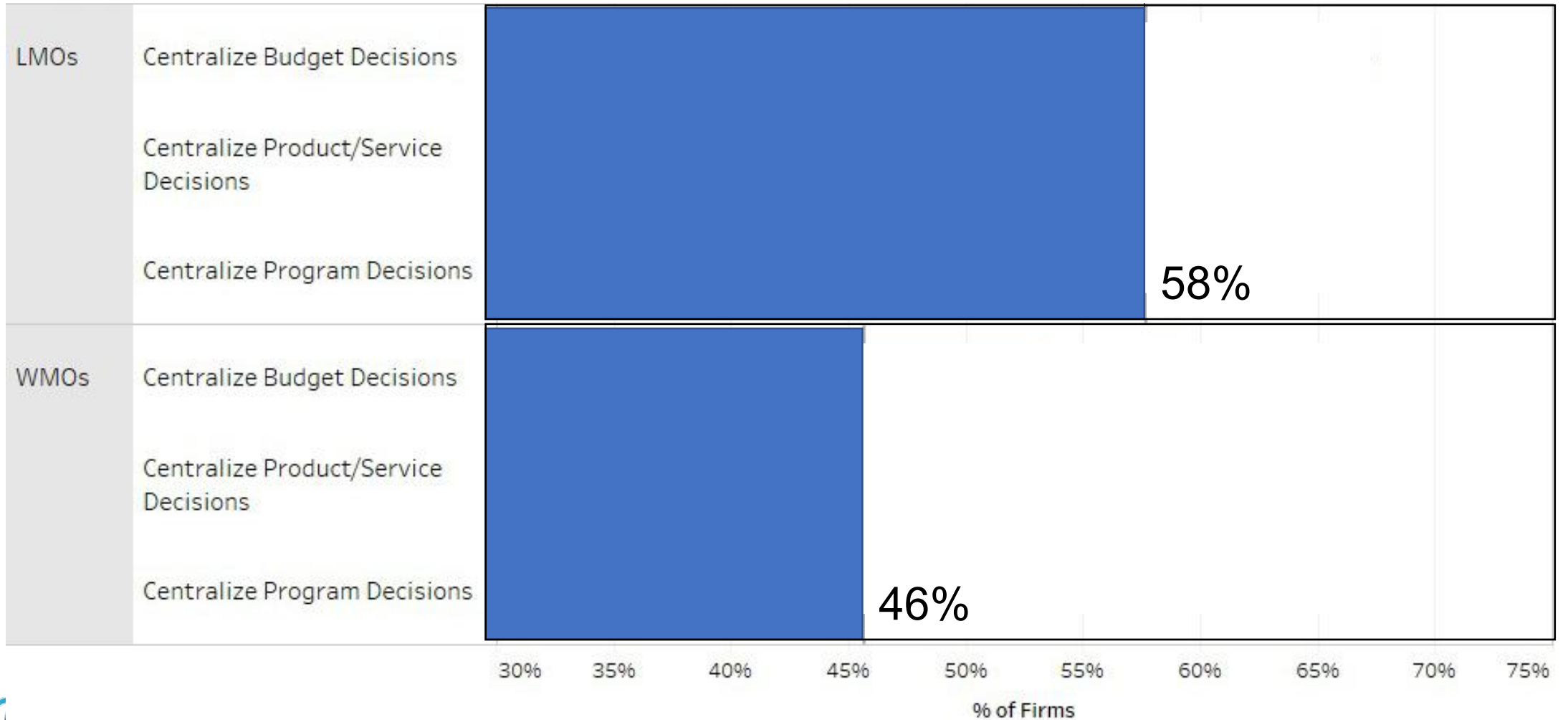
Decentralized Decision-Making



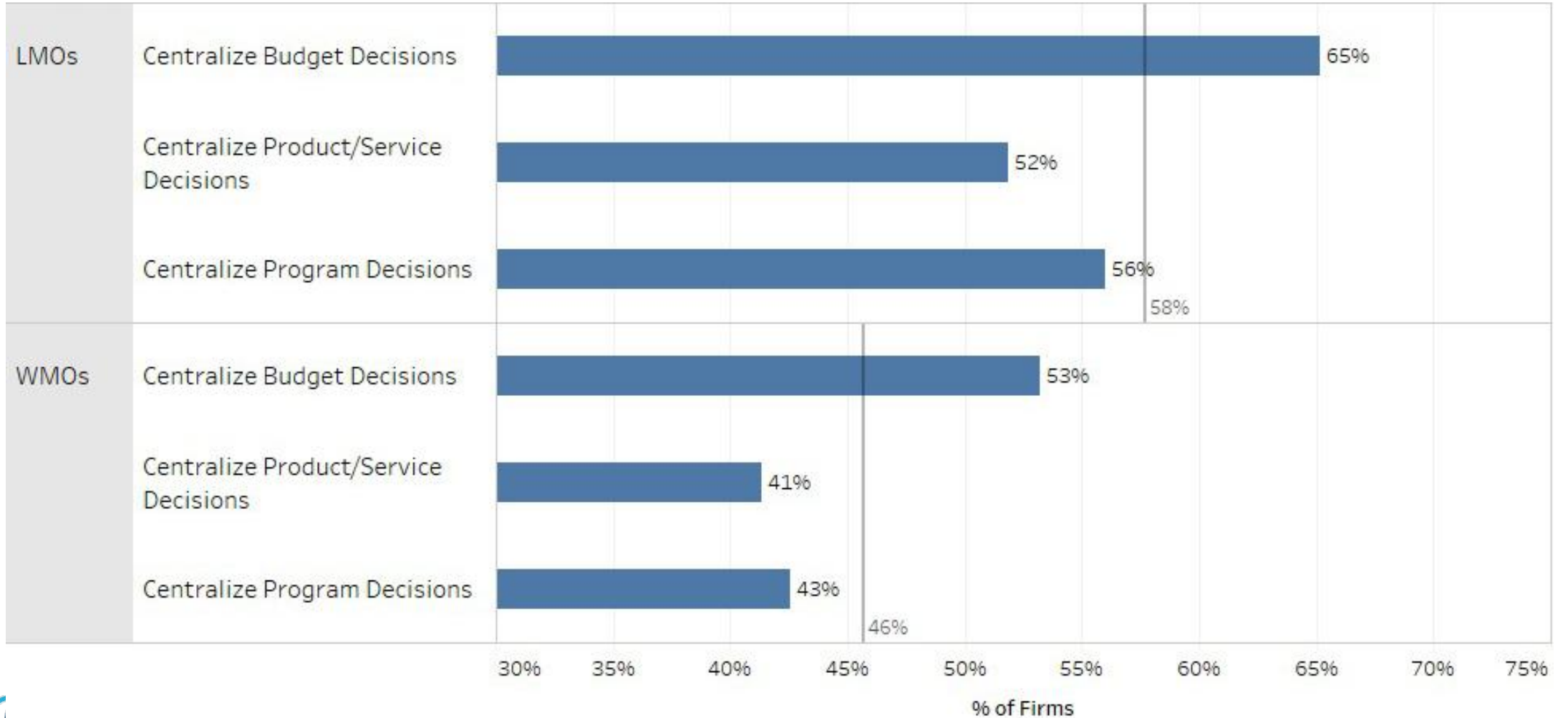
Centralized Decision-Making



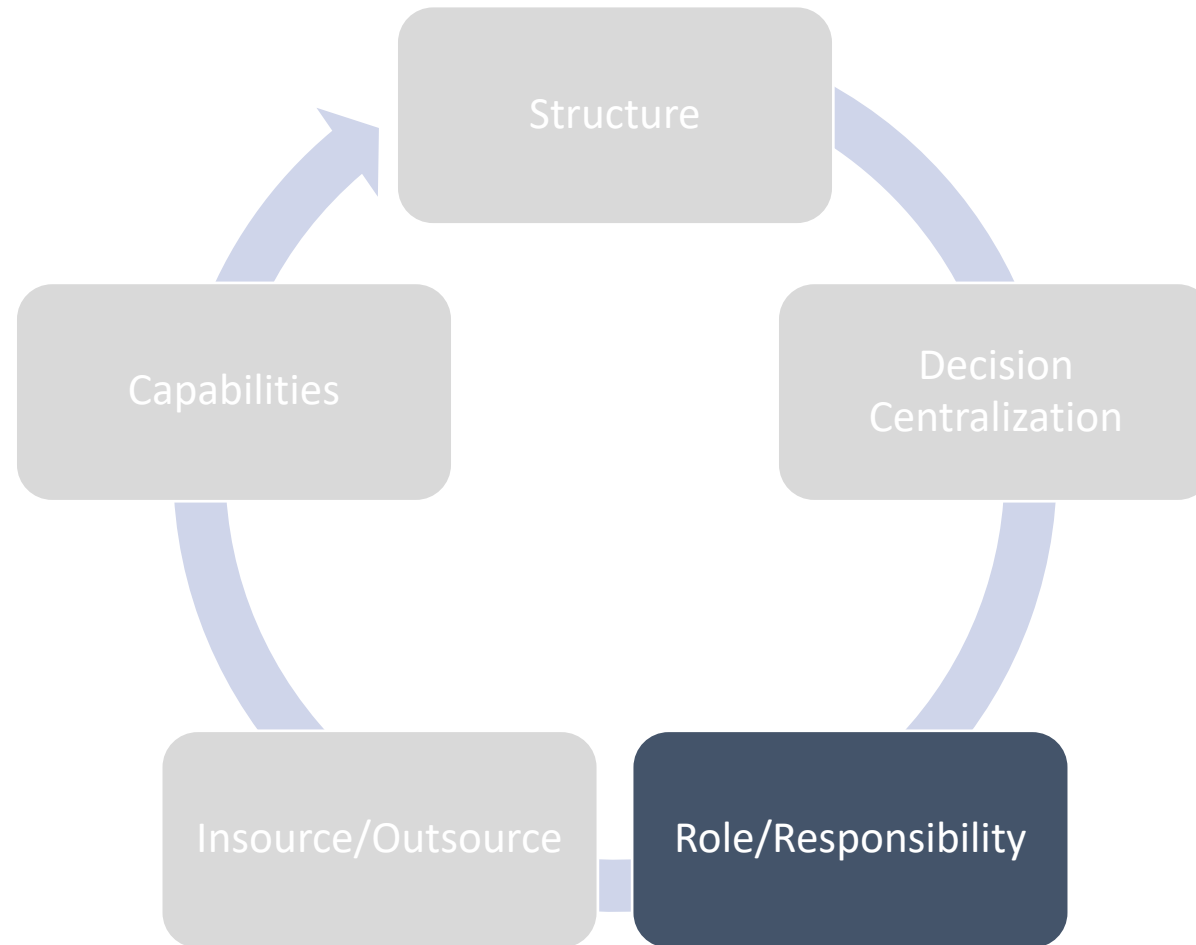
LMO Leaders Tend to Control and Centralize a Greater Share of Decisions.



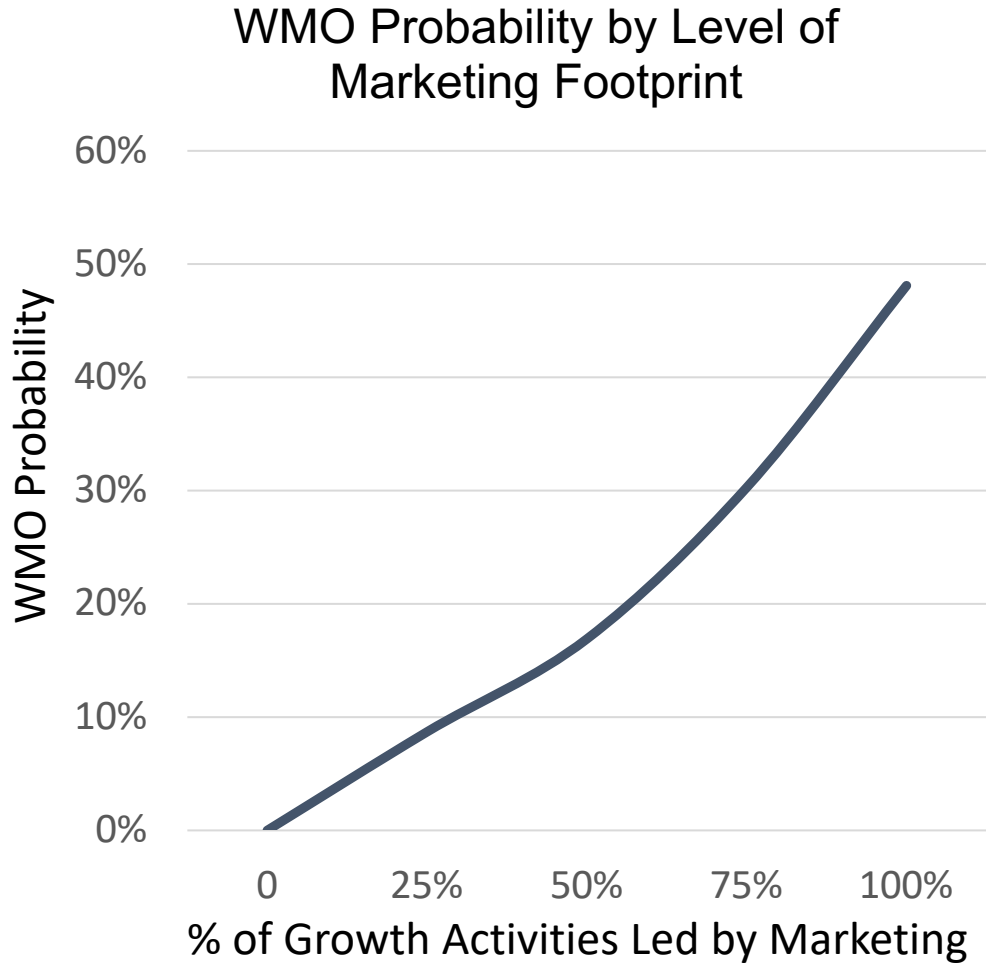
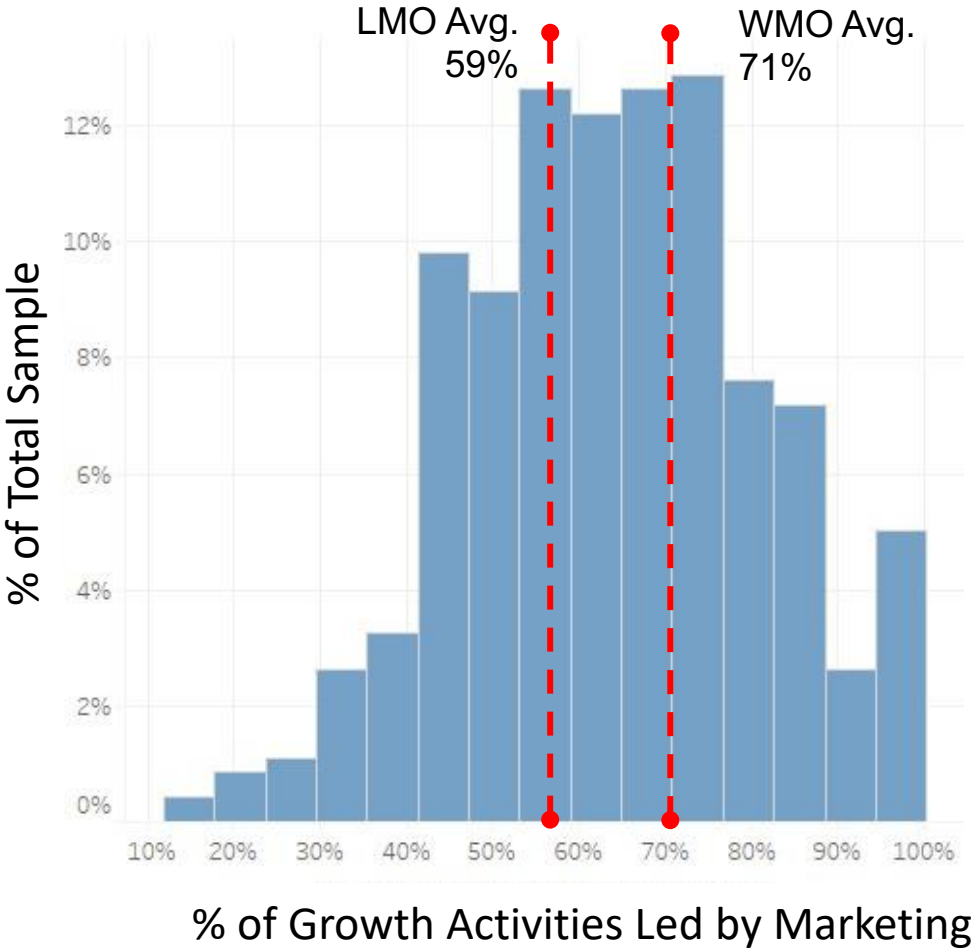
Centralization Focuses on Budget Decisions, While Product or Program Decisions Are More Likely to Be Distributed



Dimensions of the Modern Marketing Organization



The Scope of the Marketing Footprint Matters



On Average Marketing Organizations Center on Engagement and Exchange Activities.

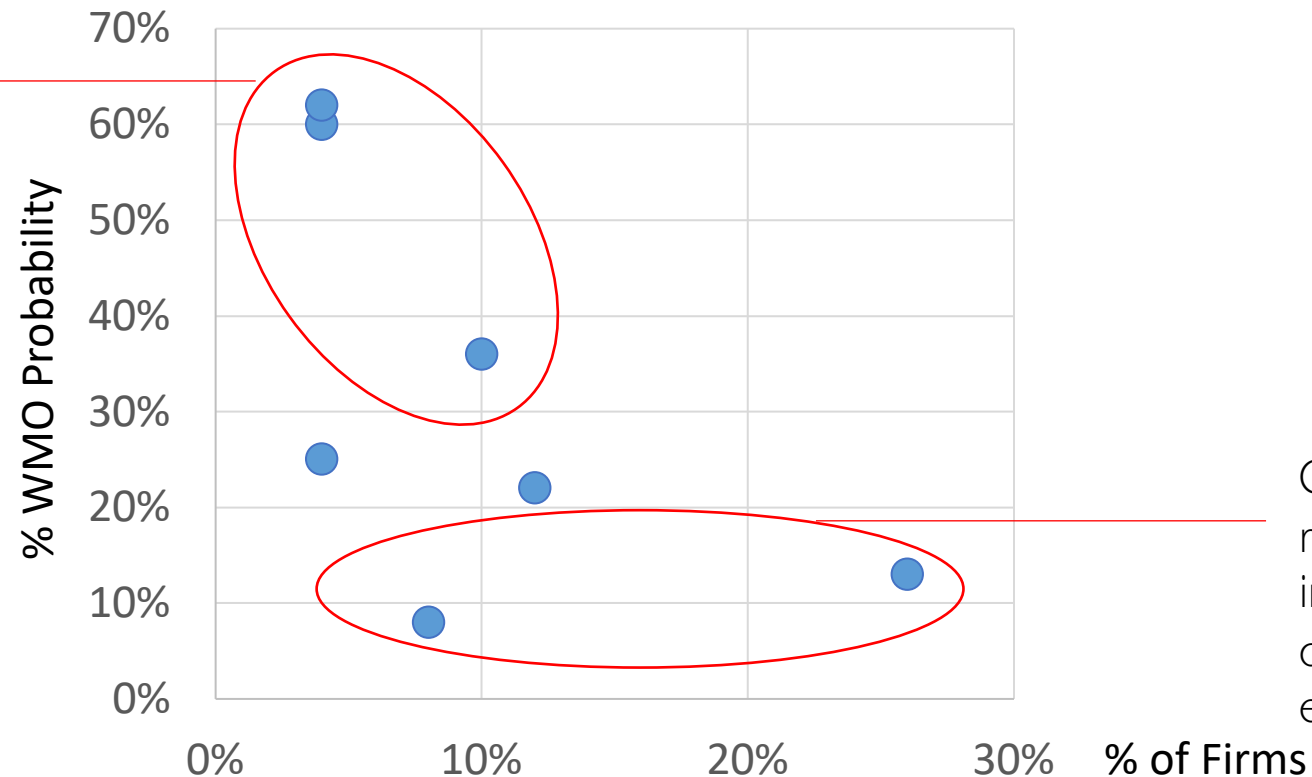
% of Firms Where Marketing Leads by Area

Engagement	Exchange	Experience
Storytelling Real-time Content Media User Community Social Purpose	Performance Mkt Personalization Product Mkt Pricing Sales	Customer Journey Product Innovation Availability Customer Service User Experience
75%	61%	54%

A Shared Characteristics Among WMOs is the Adoption of Footprints That Include Involvement in Customer Experience Tasks

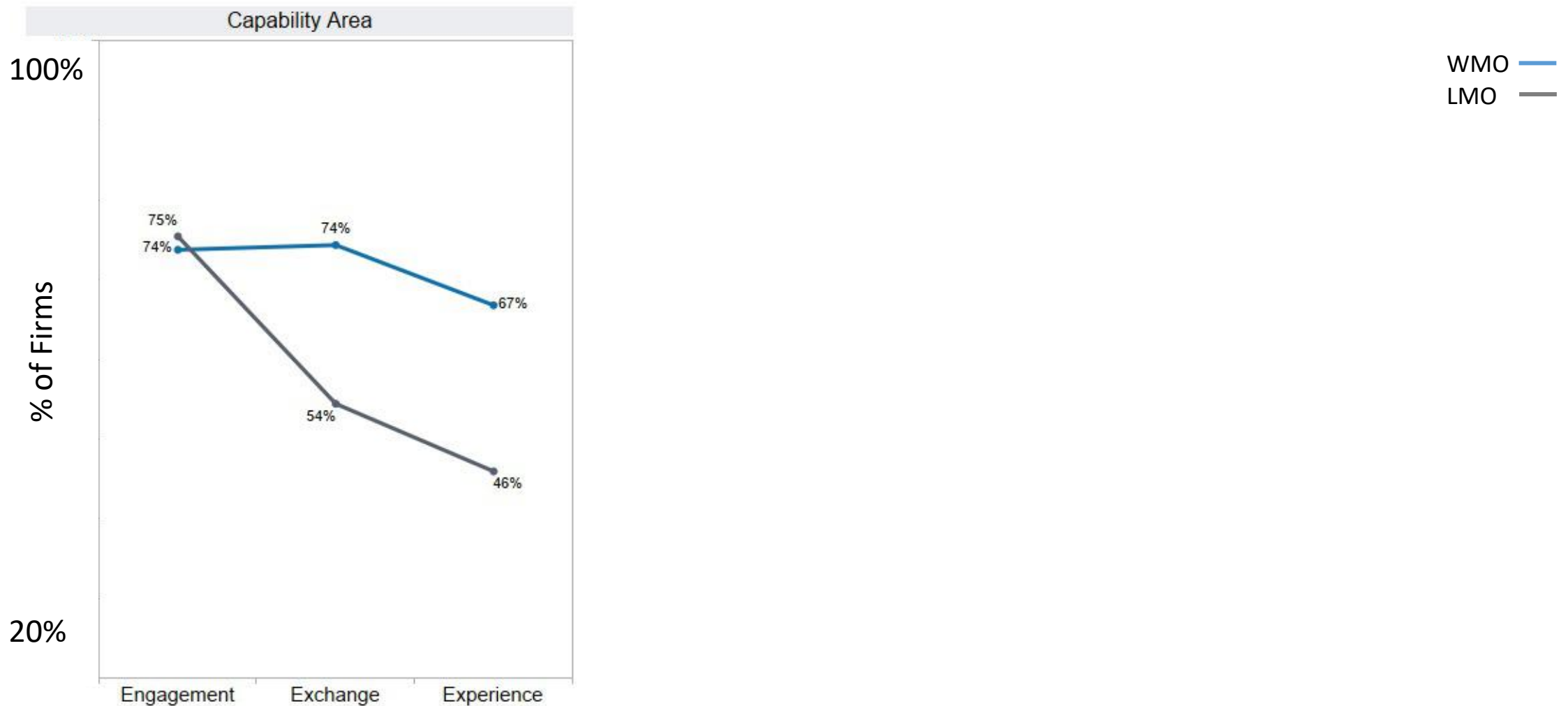
Three configurations where marketing is actively involved in managing the customer experience.

Incidence vs WMO Probability by Footprint Type

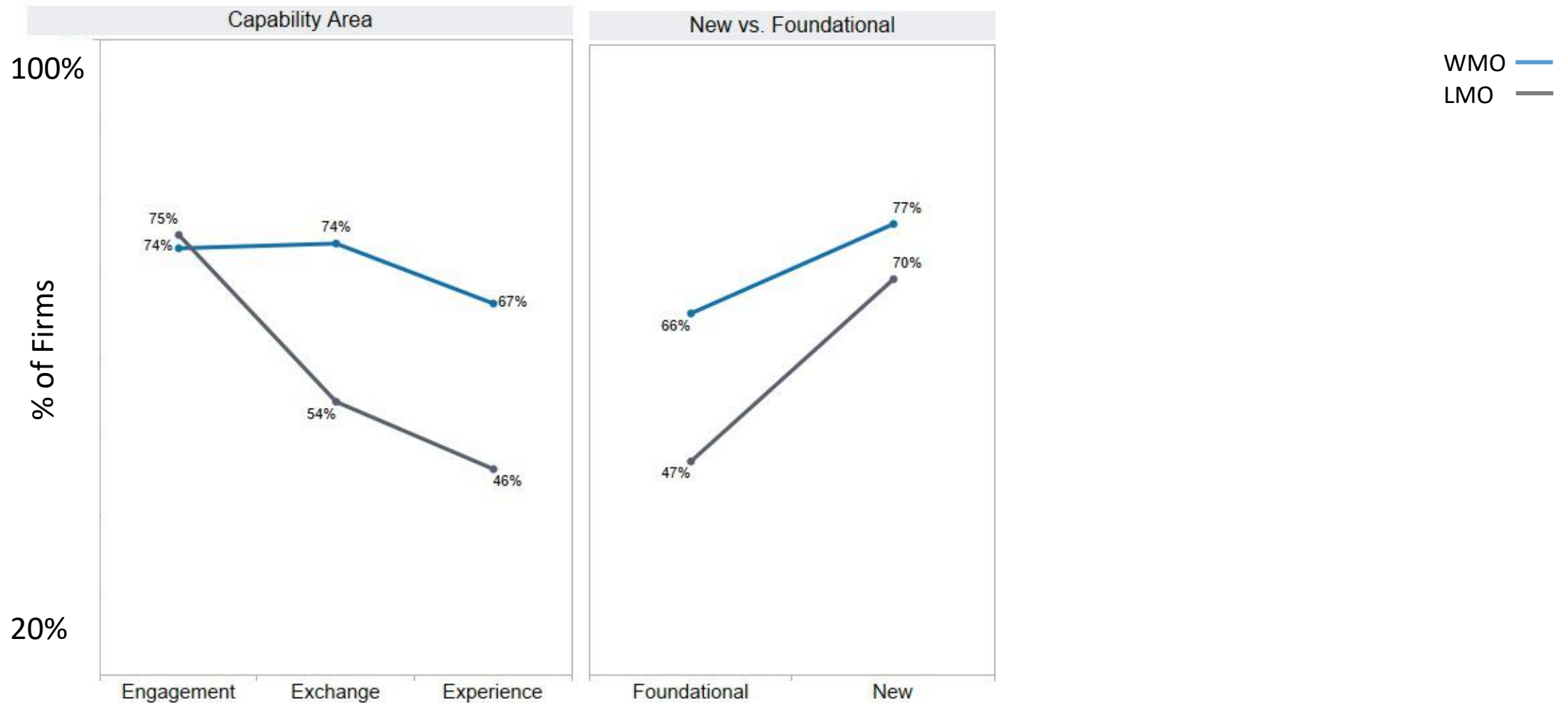


Configurations where marketing is actively involved in managing customer engagement.

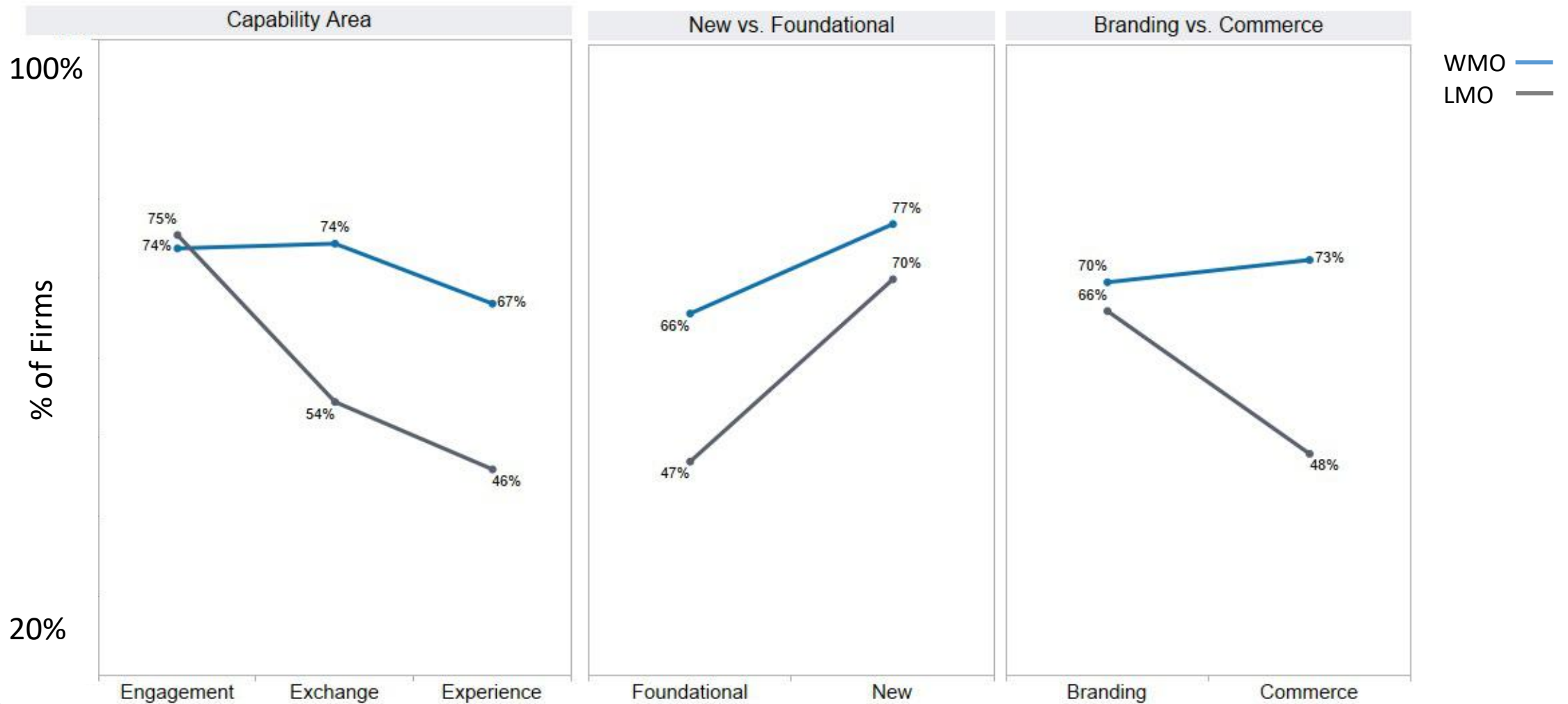
WMOs Have A More Balanced Footprint of Responsibilities Across Different Types of Activities



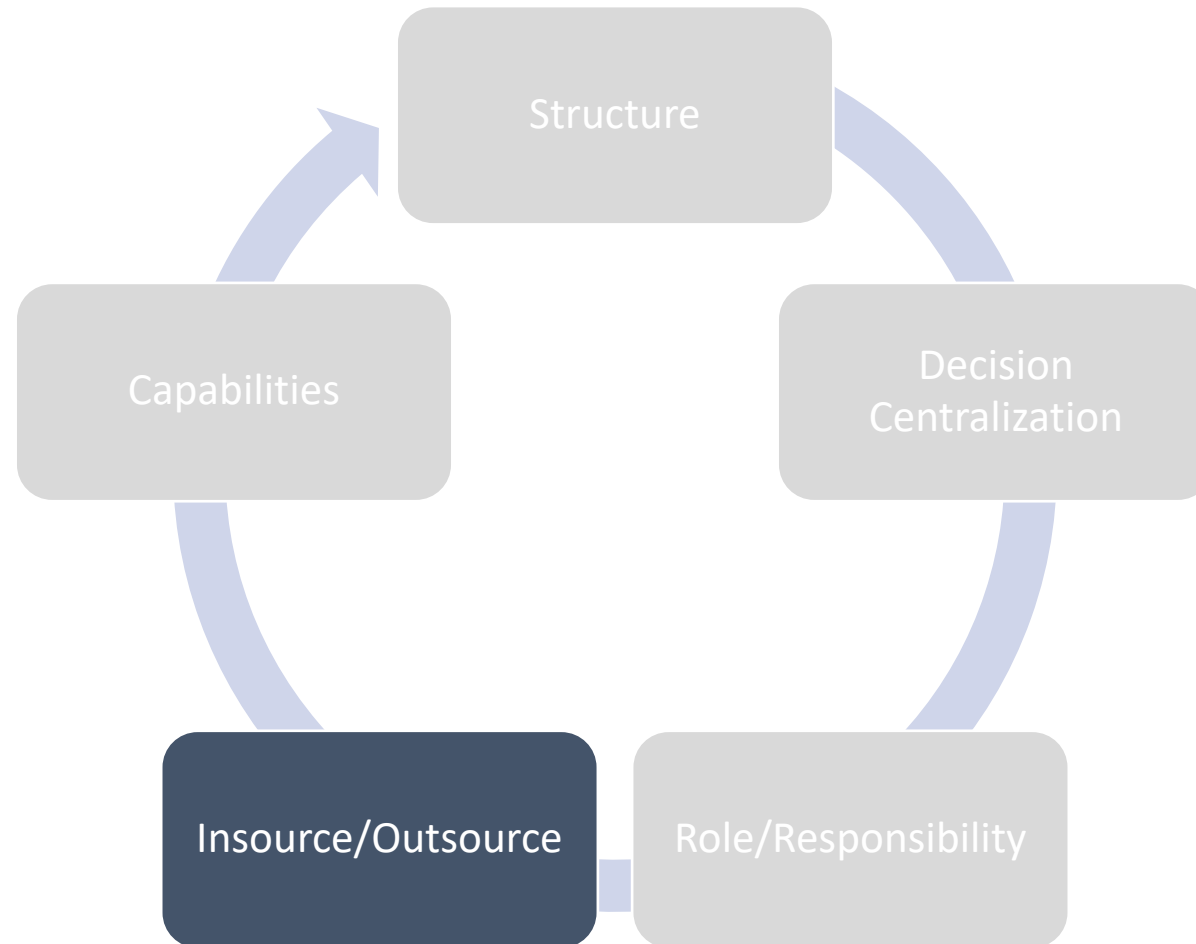
WMOs Have A More Balanced Footprint of Responsibilities Across Different Types of Activities



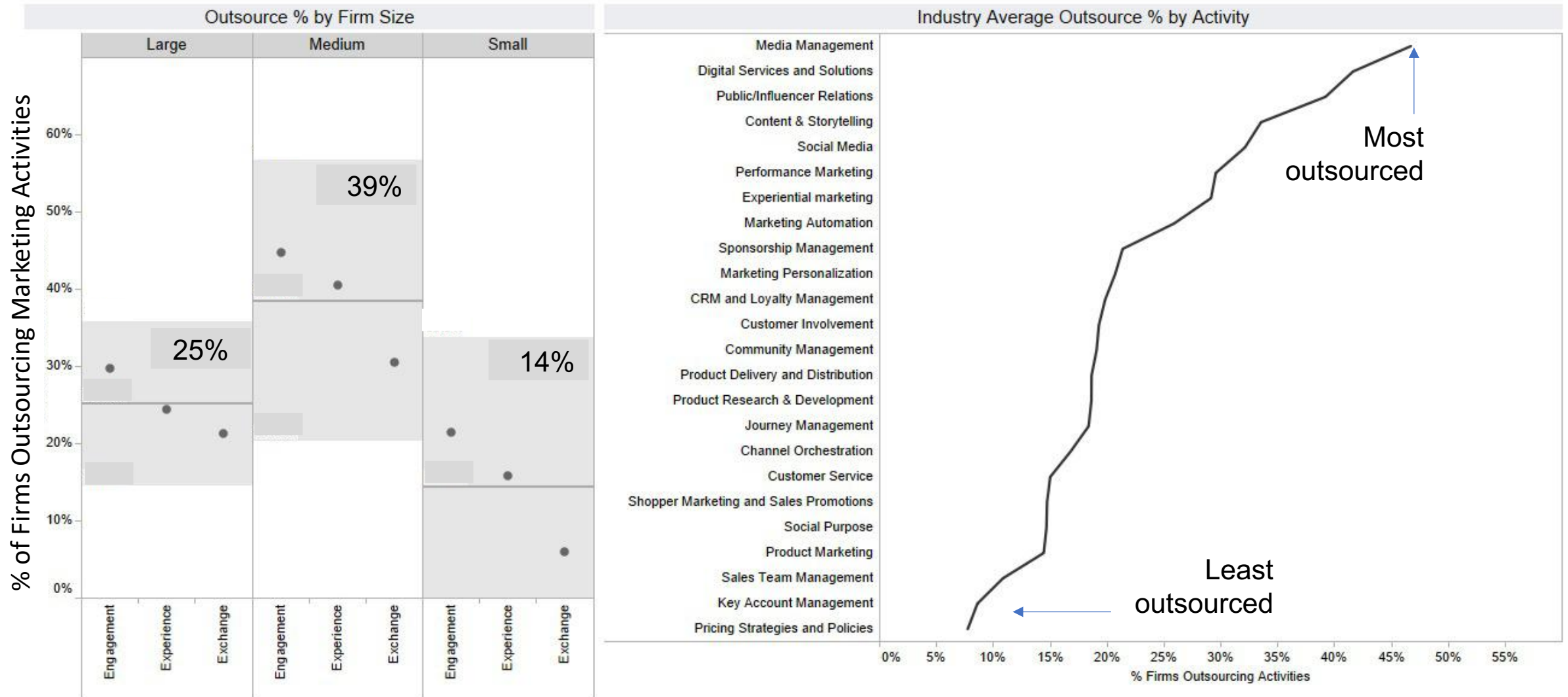
WMOs Have A Bigger Footprint in Commercial Activities



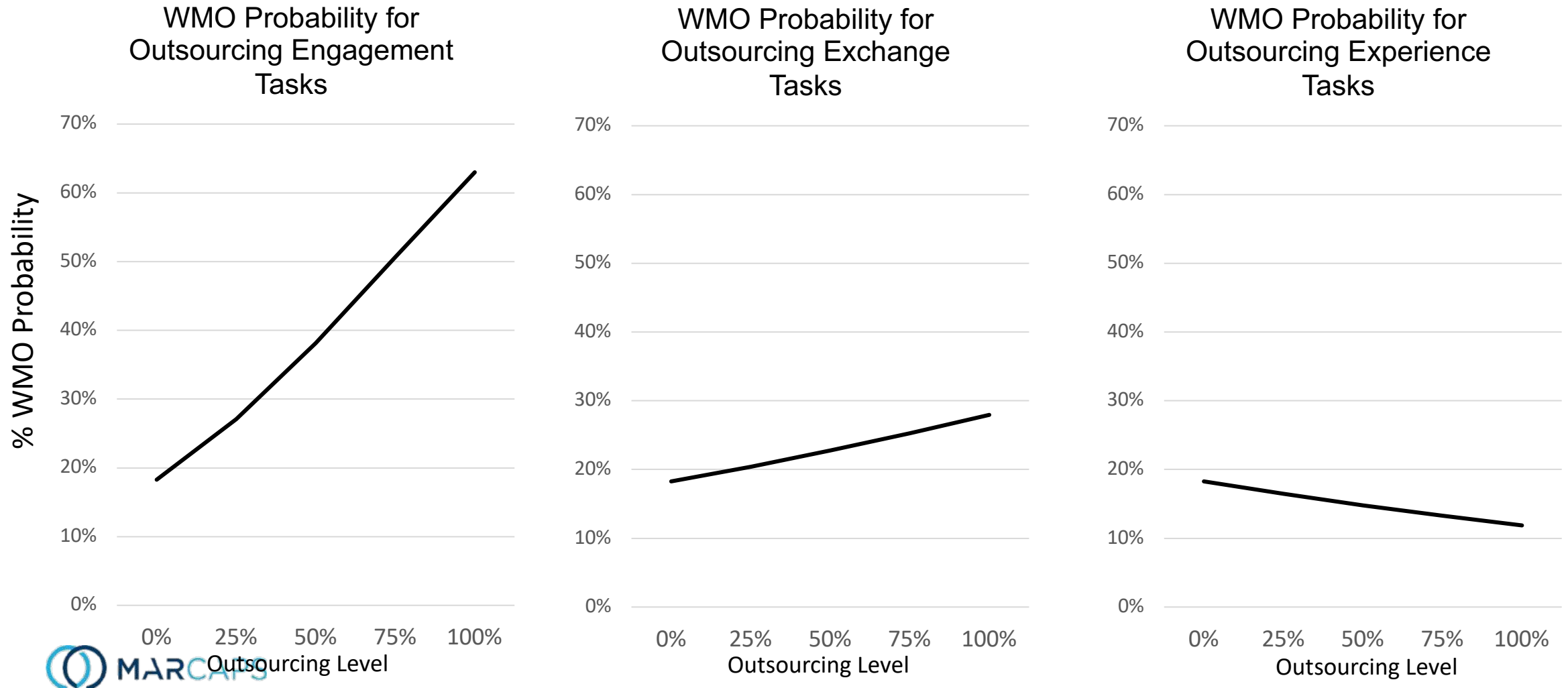
Dimensions of the Modern Marketing Organization



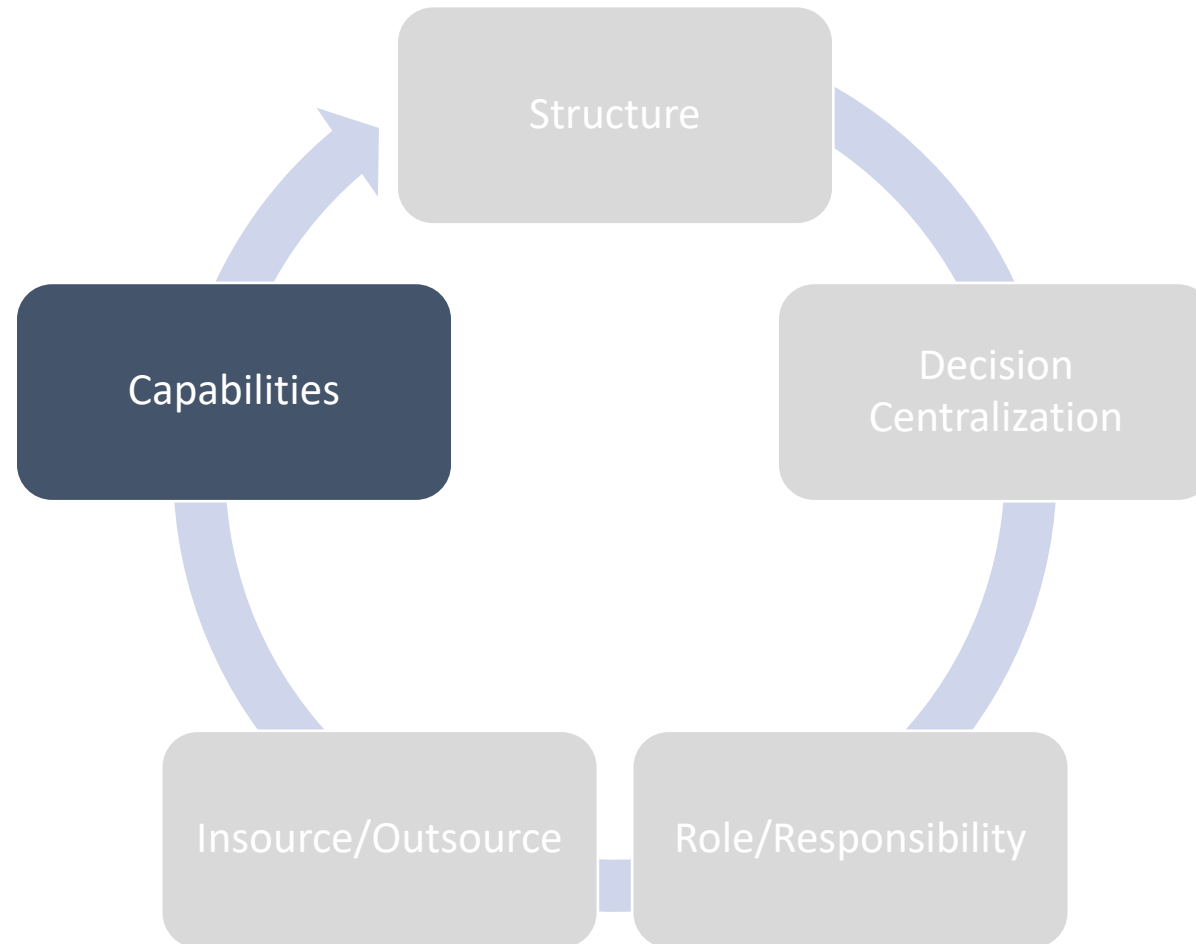
On Average Marketing Activities Are More Likely to be Insourced than Outsourced



WMOs Probability Increases With Greater Outsourcing of Engagement Activities.

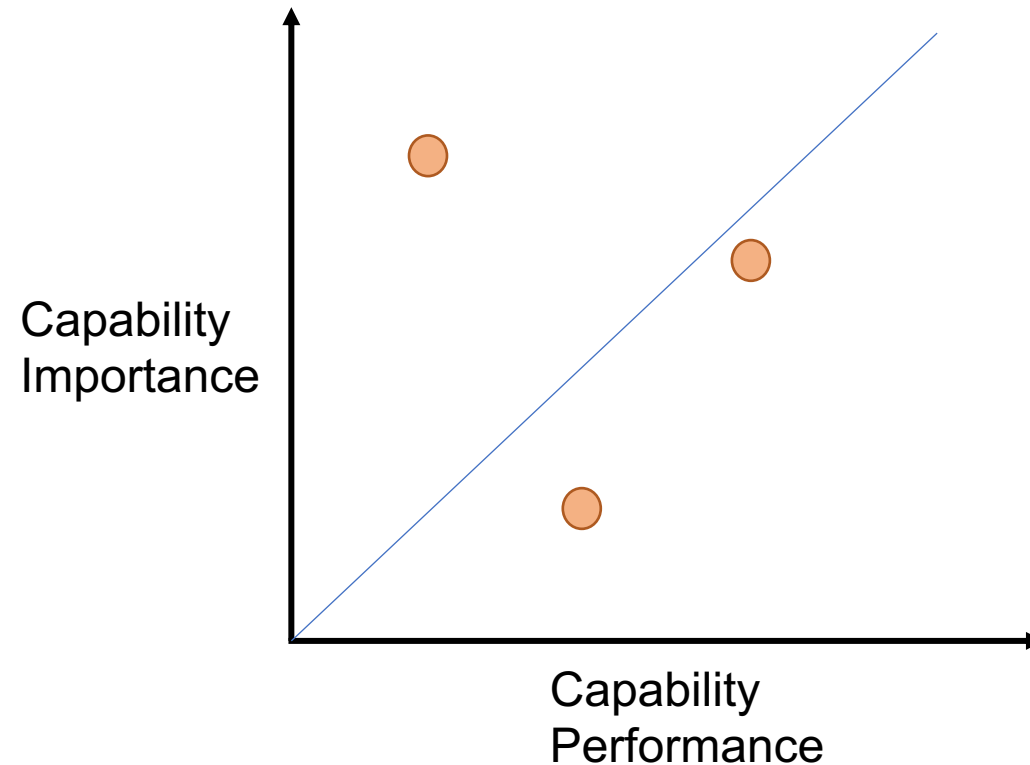


Dimensions of the Modern Marketing Organization

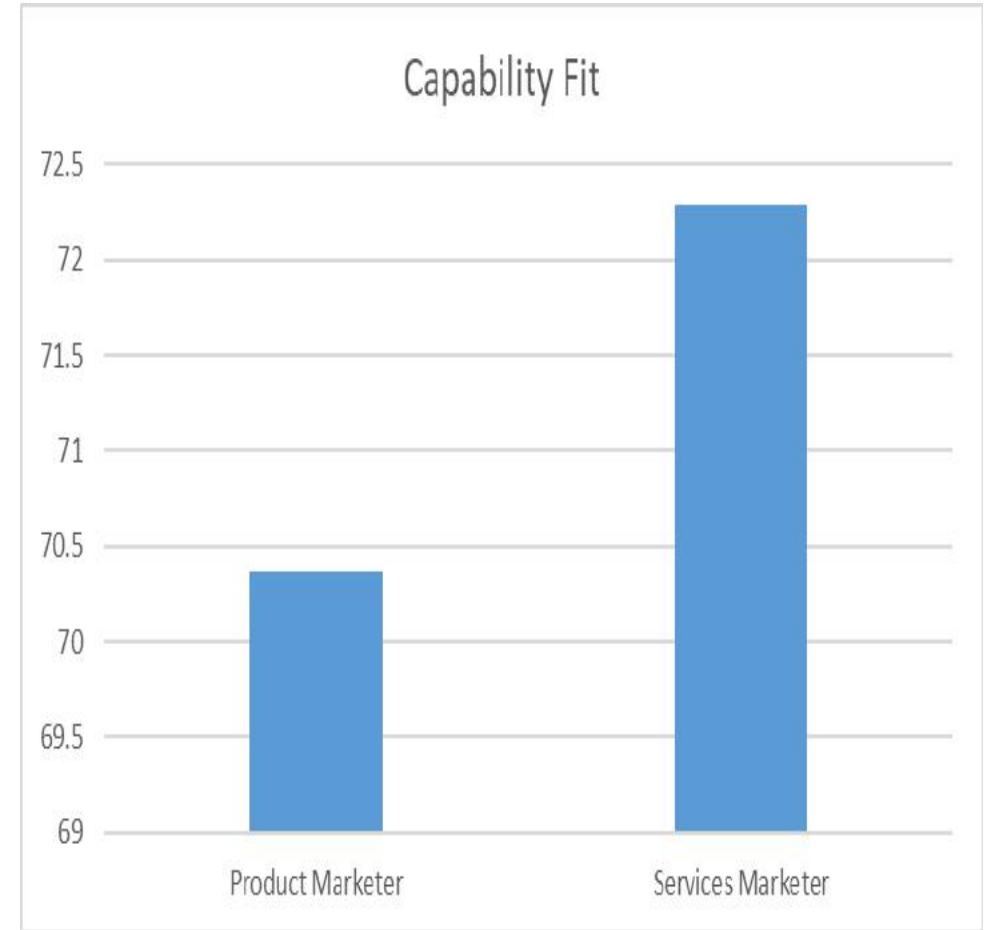


Market-Capability Fit: Distance Between The Capabilities You Have and Those Required for Growth

- Start with a complete list of growth-related capabilities.
- Assess how important each is to your growth in the next 2-3 years.
- Assess how well developed you are in each capability (performance).
- Measure the average difference between Importance and Performance.



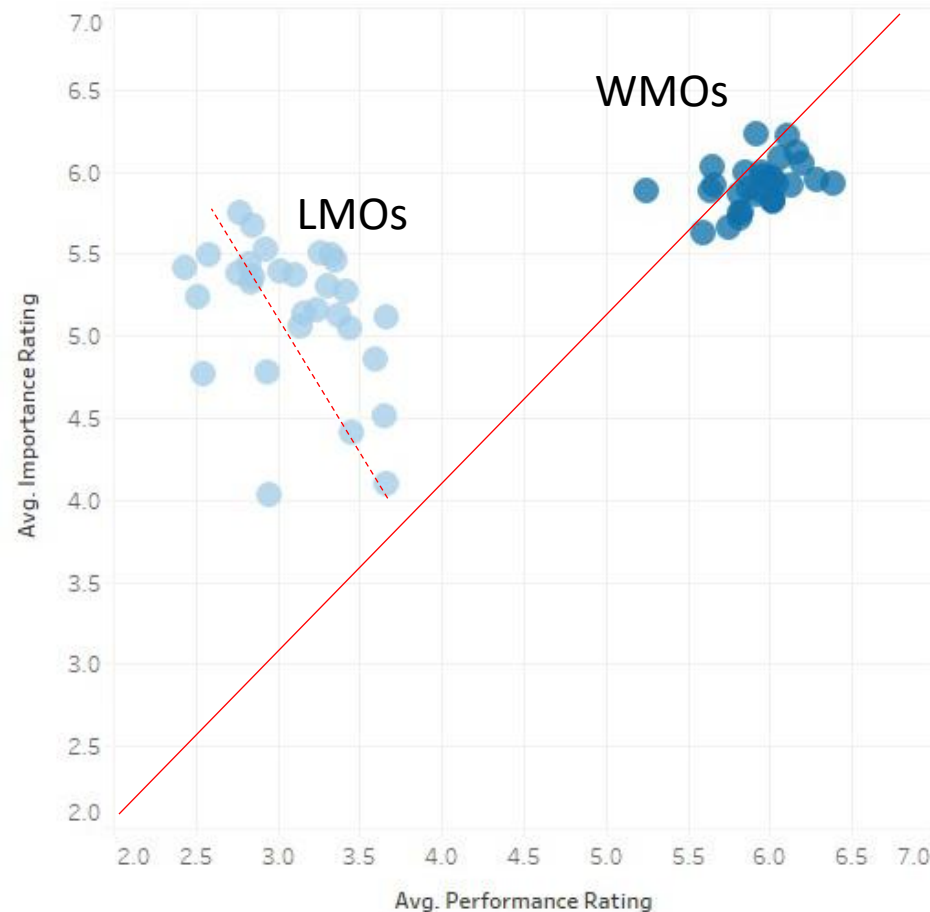
Capability Fit Varies Across Sectors



WMOs Have Significantly Greater Market-Capability Fit

LMO Market-Capability Fit Score:

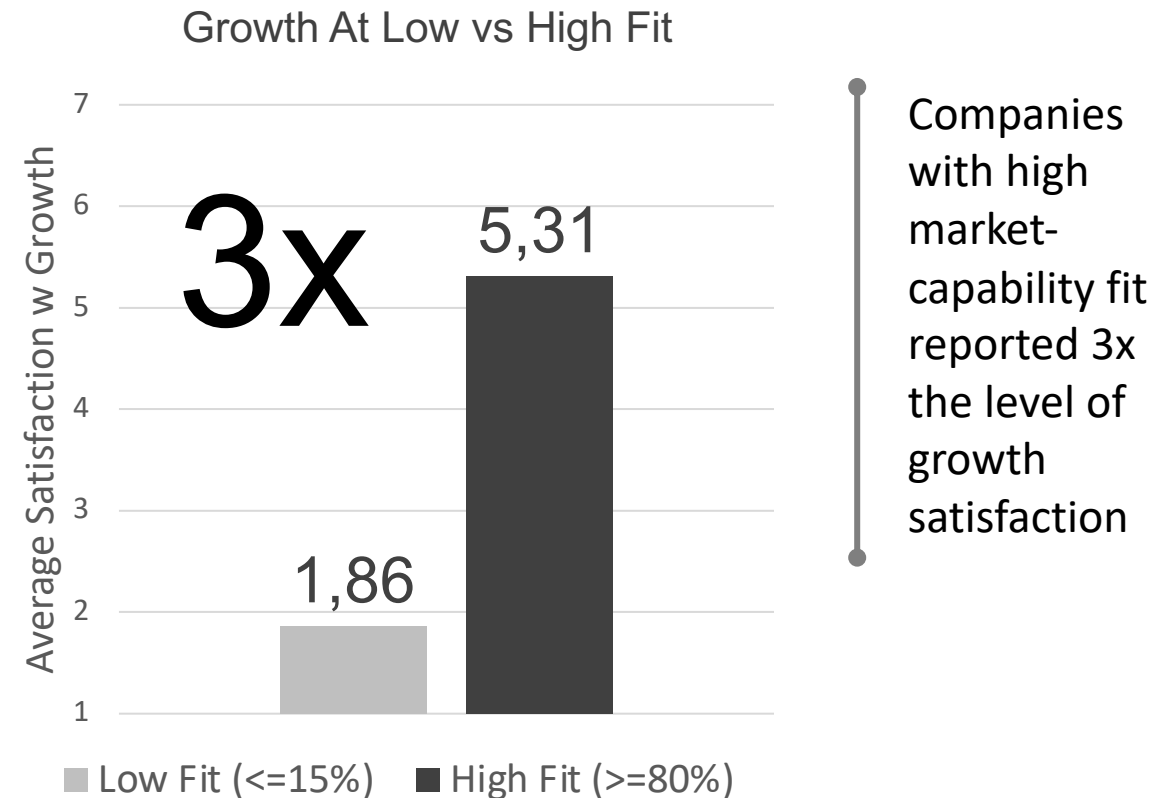
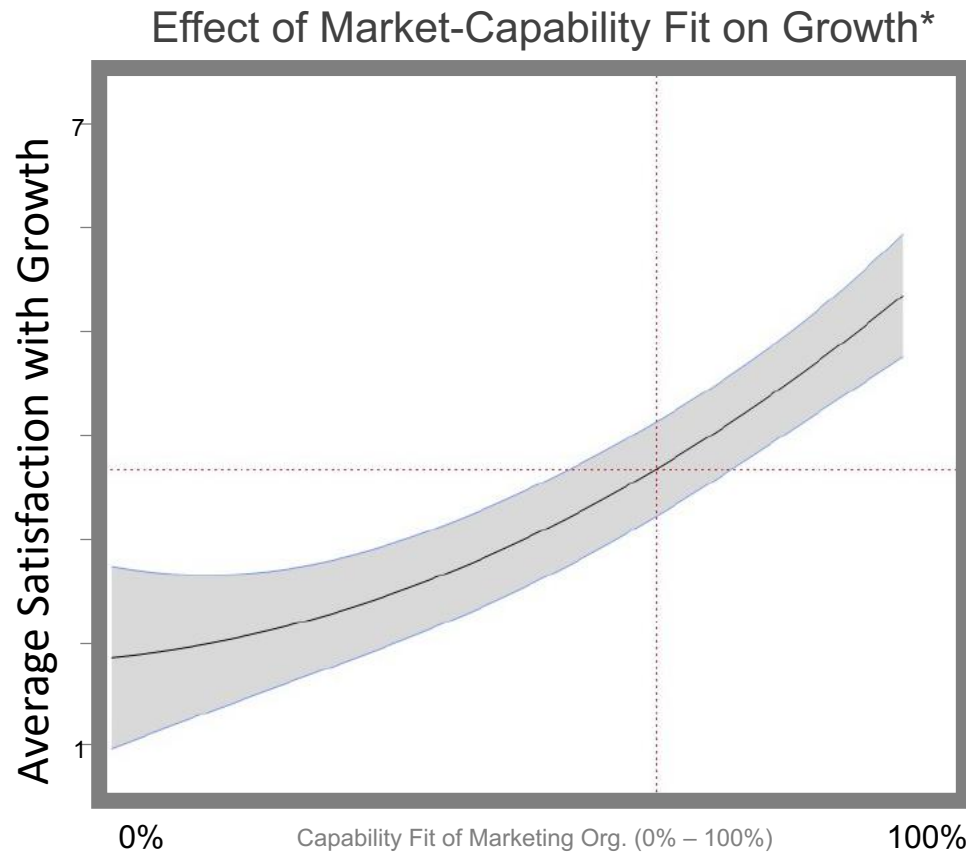
56%



WMO Market-Capability Fit Score:

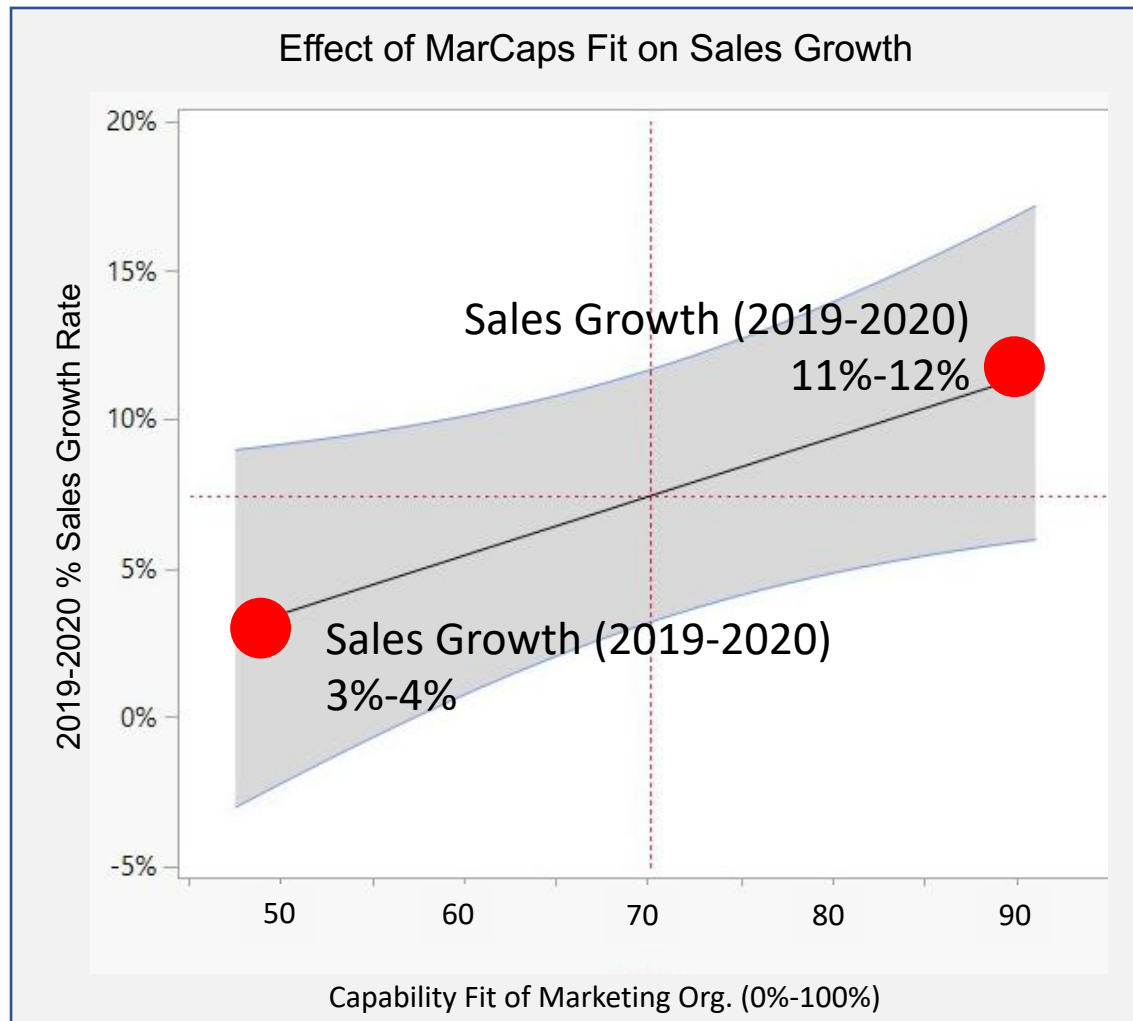
81%

Strong Empirical Evidence for the Importance of Market-Capability Fit on Firm Performance



*Growth is an aggregate of satisfaction (on a 1-7 scale) with company's ability to 1) Achieve revenue and profit goals, 2) Find new ways to achieving growth and 3) To measure the returns and optimize marketing investments. The graph is based on the results of a model controlling for firm size, age, industry type.

Market-Capability Fit Also Has a Strong Relation to Top Line Growth Rates



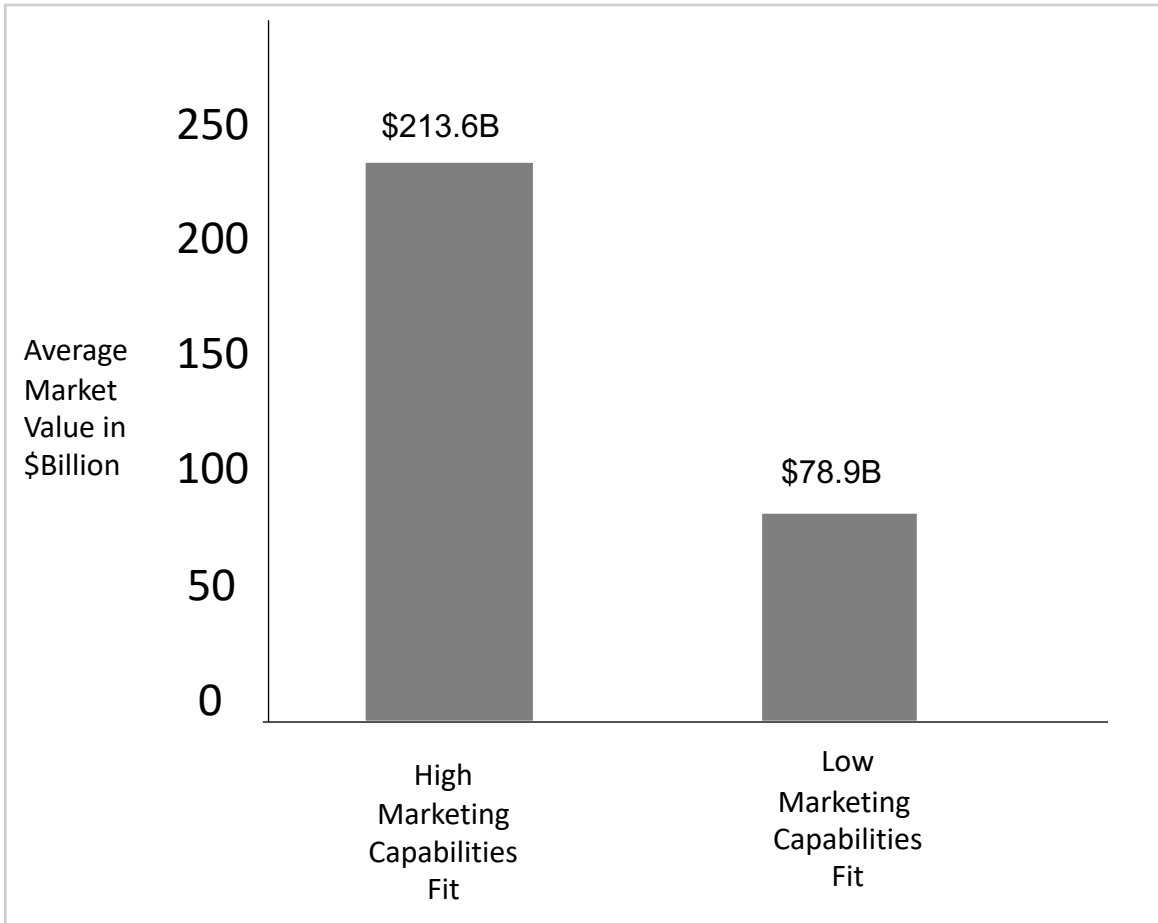
2.5x

A 1% increase in fit leads to 2.5% increase in Sales Growth after accounting for size, age, R&D investments, Advertising investments and intensity of competition.

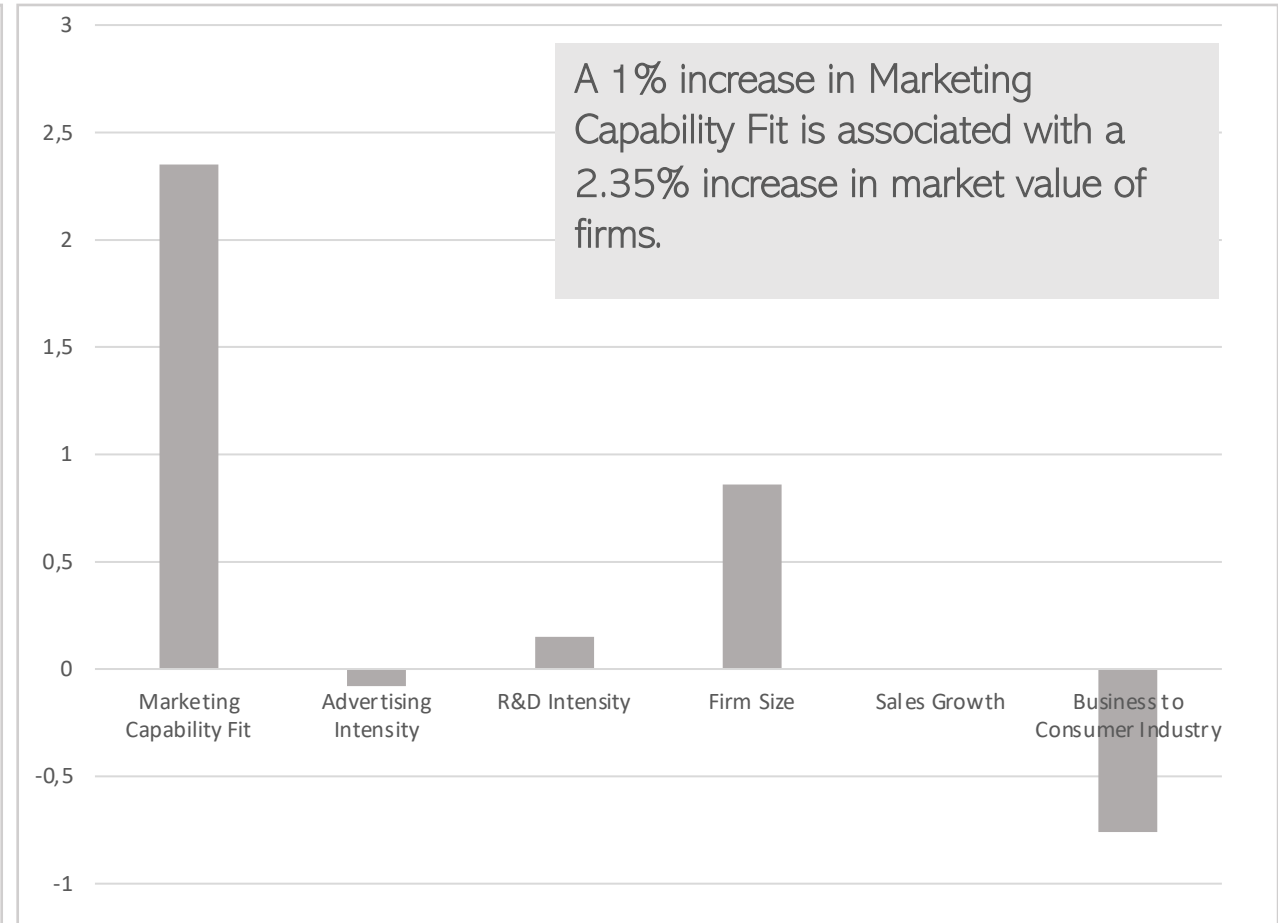
Note: Financial data from publicly traded firms available in Compustat.

And Market Valuation

Market Valuation by Level of MarCaps Fit

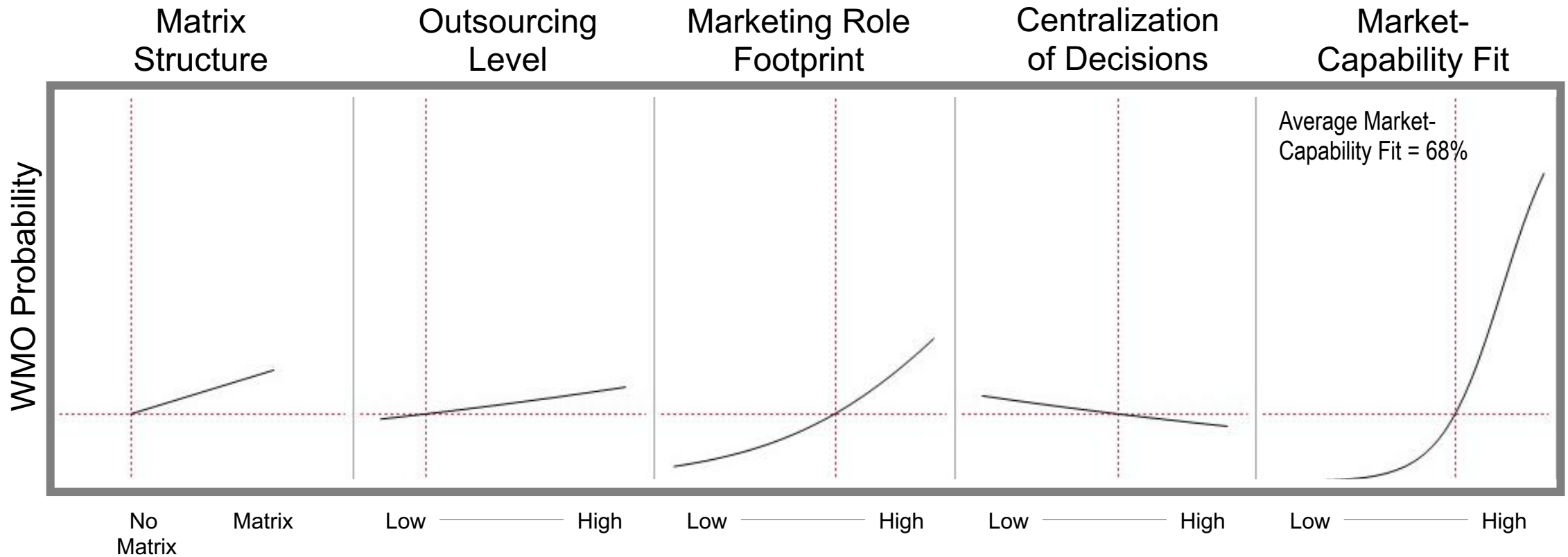


Elasticity of MarCaps Fit



Note: Financial data from publicly traded firms available in Compustat.

Market-Capability Fit and Marketing Footprint Are The Most Important Organization Design Factors



Benchmark your organization at marcaps.com/research

Get a free benchmark report

For a 5 Minute Video describing the Marketing Readiness Assessment (MRA)

<https://tinyurl.com/marcapsreport>



Marketing Capability Benchmark

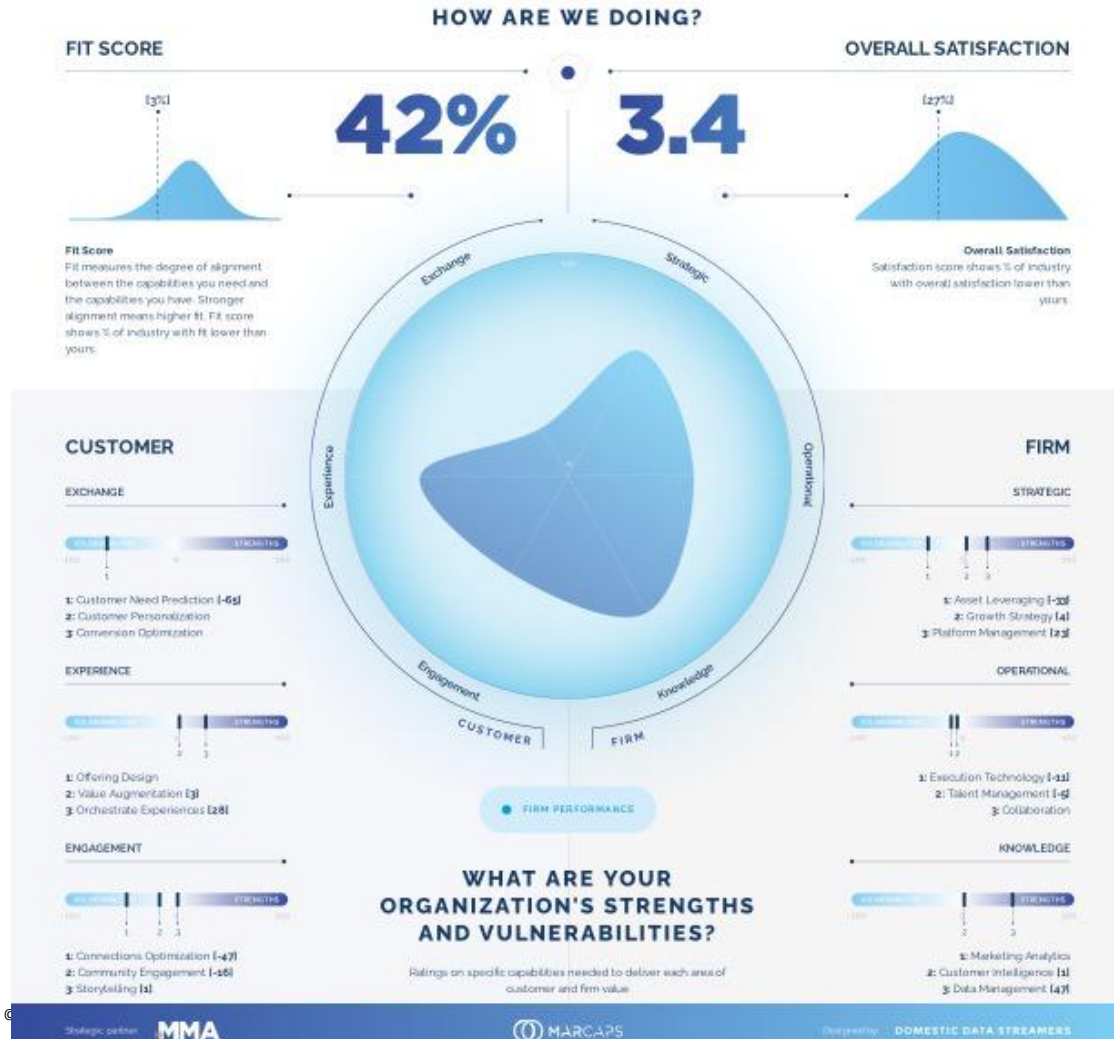
Modern marketing organizations leverage their capabilities to create new value for customers and the firm. They create customer value in:

1. The Exchange area by matching offerings to individuals
2. The Experience area by increasing convenience and enjoyment, and
3. The Engagement area by enhancing brand meaning.

Modern marketing organizations create firm value in:

1. The Strategic area by identifying opportunities for new growth
2. The Operational area by implementing processes, methods and technologies to elevate effectiveness of marketing, and
3. The Knowledge area by the creation, analysis, and utilization of data to generate unique insights, guide decisions, and optimize resources.

This report summarizes and benchmarks your assessment of marketing capabilities at your company. For more information, refer to the article "Is Your Marketing Organization Ready for What's Next?" in the Nov-Dec 2020 issue of Harvard Business Review or contact us at info@marcaps.com.





Learn and practice marketing capability management.

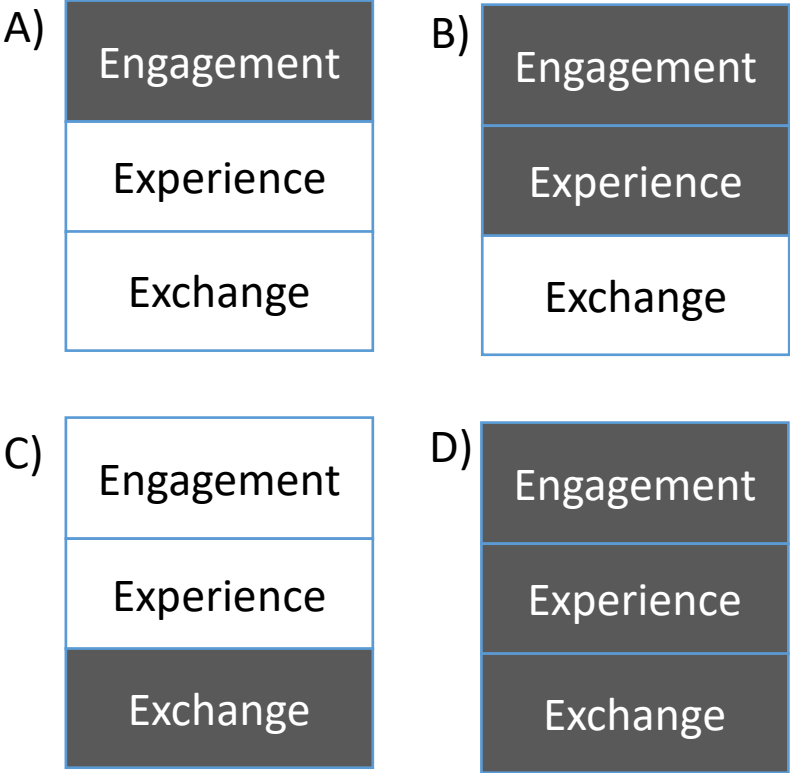
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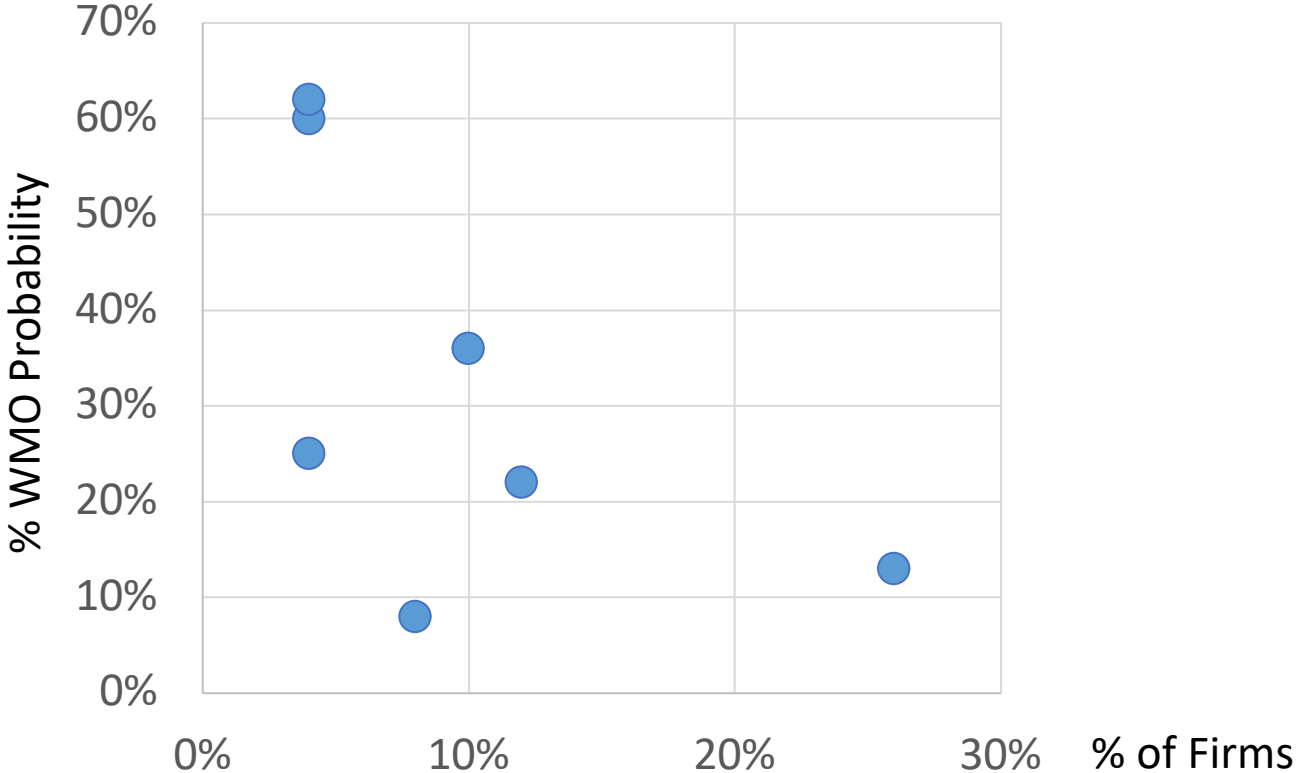
Thank you!

There Are Different Footprint Configurations Used Across Firms

Sample of Footprint Configurations



Incidence vs WMO Probability by Footprint Type



WMOs Balance Technology/Data/Demand with Customer Insights and Creativity.

