The Marketing Department '23

Organisation | Roles & Responsibilities | Priorities

kapero

Sveriges Annonsörer

Content

About the study

Background & Purpose

Marketing, communication and branding have become more important and are now business-critical for most companies and organisations.

Marketing communications is essential to creating a competitive advantage in a world of connected consumers and global competition with generic products and services. And with e-commerce, physical distribution and the competitive advantages it provides are also disappearing.

Over the past 15 years, marketing communication has changed an enormous amount. We have added more channels, systems, data, specialists, and e-commerce activity. Combined with changed consumer behaviours, this has created complexity that can be difficult to grasp.

With AI and continued technology development, there are no signs that it will decrease. But at the same time, the business impact of marketing communication has decreased over the same period*.

Since new technologies and channels have made it possible for everyone to communicate, marketing communication is created in many different places inside a company. This makes the role of the marketing department unclear, and there are even those who have claimed that the marketing department's time is over. It is undoubtedly a challenging role to be a marketing manager today.

The purpose of this study is to find out what the role and situation of the marketing department is today in larger Swedish companies and to identify challenges and possible measures for the future.

The goal is for this report to serve as a basis for helping companies sharpen their marketing department for the future.

* Les Binet och Peter Field, IPA Data bank

Executive summary

- Marketing communication is seen as important by management. The mandate is there, but business shortcomings and confusing processes reduce trust.
- The marketing department is very operational and is drowning in production and tactical management. Operations are fragmented and inefficient.
- The marketing department’s role needs clarifying: Should the focus be on operations/production or strategy/business? If both are necessary, keep them apart in two separate functions.
- It is essential to closely interact with business areas and sales, primarily regarding goals, prioritisation and anchoring.
- The right balance and interaction between generalists and specialist roles need to be found, as well as what should be done internally and externally.
- Cooperation with agencies needs to work better, mainly regarding briefs, strategies, and objectives. Creativity is more important than ever.
- It is essential to have strategic planning and prioritisation that ensures business connection and sufficient resources for the right activities.
- Simple and straightforward processes must be set for different types of activities/assignments to avoid too many involved.
- Define a few relevant KPIs linked to the company's business goals and a functioning follow-up process that ensures learning.
- Taking responsibility for data and insight work is an excellent opportunity for many marketing departments, but it requires a shift in skills.
- There are great opportunities for streamlining and increasing effectiveness. It's not about running faster or automating production. It’s about better planning, prioritisation, goal setting, briefs, and fewer people involved in anchoring and decision-making.

We who conducted the study

kapero

Kapero are management consultants with an engineering background specialising in marketing, communication and media.

We help marketing departments and media companies optimise planning, processes and organisation to become more efficient and have more impact.

The projects are carried out in close cooperation with our clients, their employees and stakeholders. It is about simplifying and clarifying things such as prioritisation, collaboration, roles, responsibilities, key figures and decisions – all to increase value creation, streamline processes and ensure the connection to business goals.

Our method is based on a solid analysis of data and interviews that then form the basis for our solutions.

We are practically oriented, and since we specialise in the field, we also support our customers with implementation.

Kapero was founded in 2002, and we have carried out more than 300 projects for almost 100 clients since the start. Customers are found in most industries. Many are internationally active and focused on both B2B and B2C. We also work with several of Europe's largest media houses.

Our clients include Ikea, H&M, Scania, Atlas Copco, Electrolux, Marshall, Volvo, Oatly, Arla, Oriflame, Bonnier News, Aller Media, Neue Zürcher Zeitung and Bauer Media.

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Sveriges Annonsörer

The Swedish Federation of Advertisers (Sveriges Annonsörer) is an independent interest organisation that has existed since 1924. We represent the common interests of Sweden's marketers. We care about responsible marketing and that companies and businesses get the best possible effect from their marketing investments. We lead the way in an increasingly fast-changing and complex world.

We are needed – now more than ever. Digitalisation has given us marketers many new opportunities but also many new challenges. Globalisation and green transition are profoundly affecting the marketing landscape. We do more and more activities in more and more channels, we have lots of data but lack essential insights, and we have a challenge in creating a whole that creates the effect. For every krona we invest, we get a worse value, the effects fall, and the imbalance between short-term and long-term impact threatens competitiveness and sustainable growth. The challenges are impossible to handle independently and require collaboration and industry-wide solutions.

We run several key industry initiatives in impact, transparency, responsibility and sustainability to support and guide our members. Together with our members and other industry players, we create the conditions for marketing that contribute to successful and credible businesses. We are building an ecosystem for marketing adapted to the present and the future – a stable foundation that rests on collaboration, responsibility and transparency.

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Methodology

The study is based on an online survey aimed at marketing managers, sales/business area managers, CEOs from the largest advertising buying companies in Sweden, and project managers from the largest advertising and media agencies. The online survey was conducted during the winter of 2022/23 with the help of Norstat.

The selection criterion for the companies was a turnover of more than SEK 500 million. The Swedish Advertisers' member companies were also invited to participate in the survey.

The survey includes both B2B and B2C companies in various industries. Overall, there are minor differences between B2B and B2C, but where there are significant ones, this is highlighted separately.

Great emphasis has been placed on achieving a representative sample of respondents. In order to cover a broad perspective and nuance differences, the report presents the views of the different respondent groups on various issues.

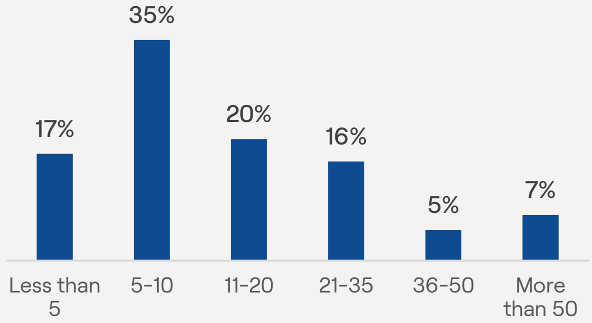
The work was initiated with several in-depth interviews with CEOs, marketing managers and sales/business area managers from large companies to determine a relevant question base in the survey.

Finally, the report contextualises the survey results by highlighting them based on Kapero's overall consulting experience.

Survey respondents

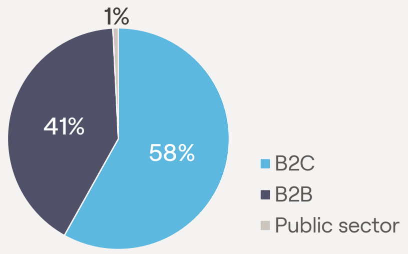
Base	Job roles	Number of respondents
Marketing	Marketing directors, CMOs	82
CEO	CEOs & Vice Presidents	31
Sales/BA	Sales Directors & Business Area Directors	16
Ad Agencies	Project Managers in Advertising Agencies	42
Media Agencies	Project Managers in Media Agencies	36
Total		**207**

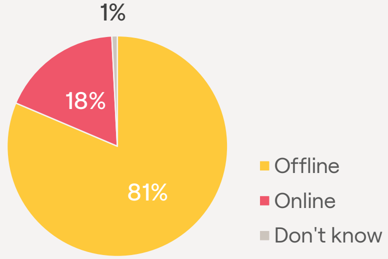
How many employees does your marketing department have?



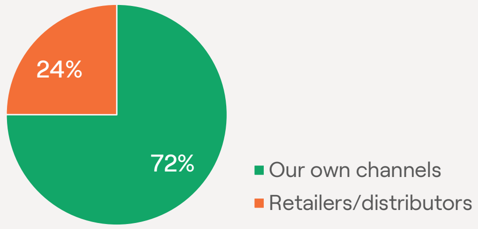
Base: Marketing

Where do most of your sales come from?





Which is your main sales channel?



Base: Marketing, CEO & Sales/BA

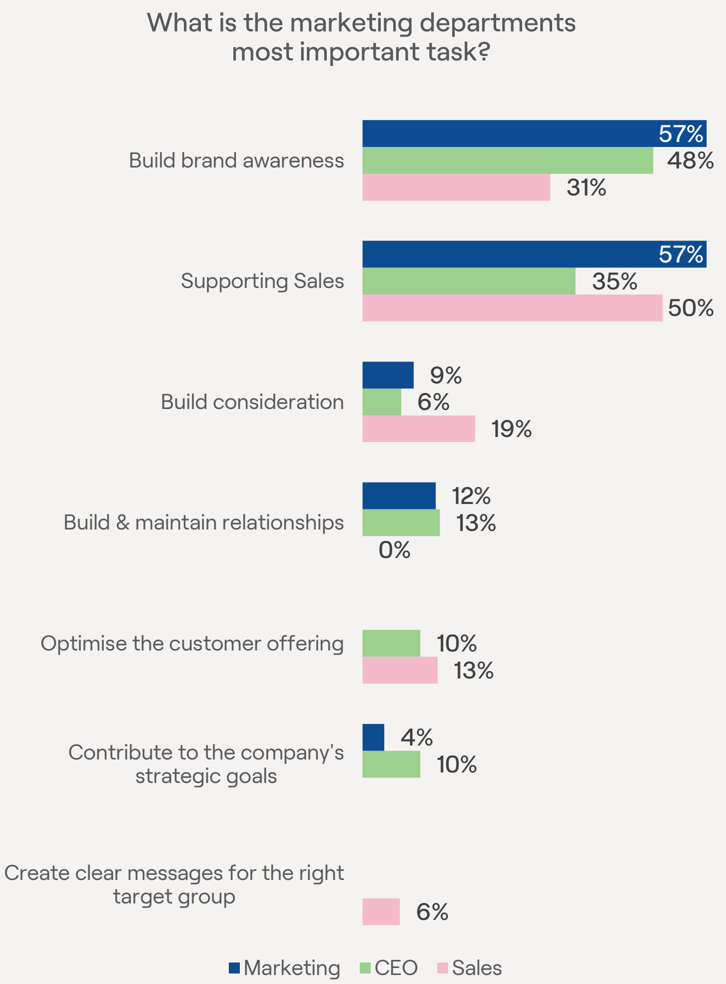
The role of the marketing department

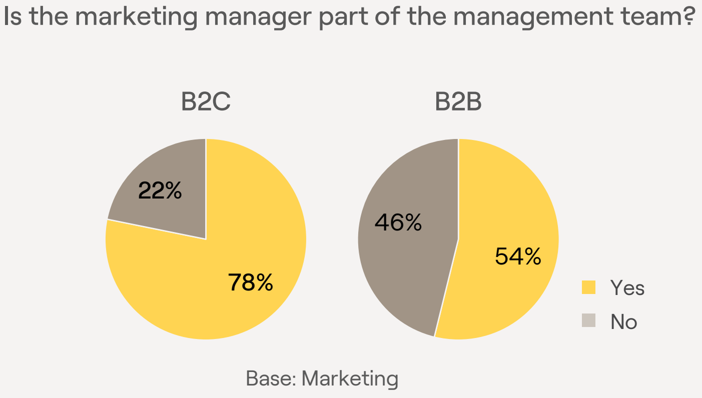
The expectations and demands on the marketing department to support the business goals are increasing. At the same time, it is becoming increasingly difficult to make an impact in communication and to build a brand.

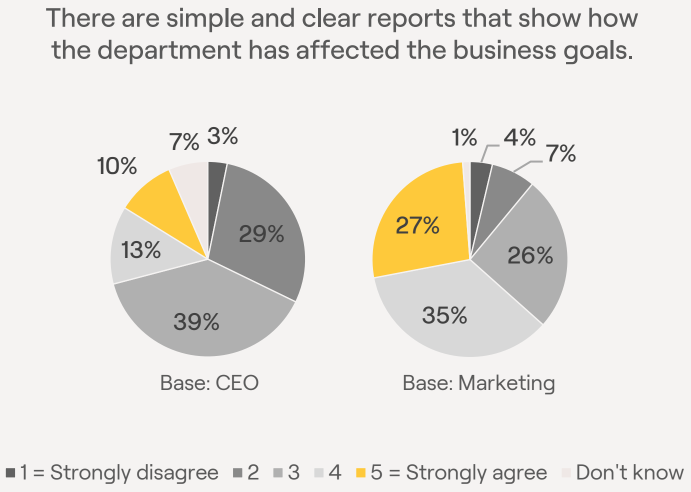
The many requirements and complexity of how the work should be carried out make it more difficult for today's marketing department to know how to prioritise different initiatives and how the budget should be distributed.

Clarifying the marketing department’s mission and anchoring its priorities among internal stakeholders are essential success factors. So how do CMOs view their priorities today? What are their primary tasks, and how do they plan to allocate their budget?

Important role but difficult to prove value







Marketing managers, CEOs and sales managers all agree that the marketing department's most important task is building a brand and supporting sales. CEOs place more emphasis on brand building, while sales managers prioritise the sales-supporting role.

The majority of marketing managers are currently part of the company's management, especially in B2C companies. In cases where they are not part of the management team, they usually report to a commercial manager (CCO), who has a place on the management team.

Not being part of the management team doesn't necessarily have to be wrong. Marketing departments that are part of the commercial side get a natural commercial focus, become integrated into the business strategy and can, in practice, get a larger mandate than if they sit on the sidelines. However, the risk is that there may be too much focus on short-term sales at the expense of brand building. Regardless of how well-organised the operation is, close and trusting cooperation with the business is crucial.

At the same time, CEOs are still determining how the marketing department's work supports business goals and are not satisfied with the reports they receive.

Despite measuring more than ever, there is a missing piece – not connecting to business goals. Demonstrating tangible business impact with what marketing does is the key to trust and mandate for every marketing manager.

The budget allocation is changing

In which areas have you increased/reduced or are you planning to increase/reduce the budget?

What do you consider to be the most important for growth?

Base: Marketing

A large part of the marketing budget is spent on targeted digital channels (mainly B2C) and owned channels (especially B2B), which often happens at the expense of traditional mass media. Looking three years ahead, this focus is strengthened, with particular emphasis on owned channels, especially in B2B, but also B2C.

B2C companies focus more on new customers, while B2B companies prioritise existing customers. The differences between B2B and B2C are explained by different views on what drives growth and a significant difference in the size of the target groups.

There is a risk of considering your own channels as “free”, but the fact is that they require more significant investment in systems and consulting services than many first think. It is also easy to overestimate the effect of your own channels. Reach is generally very low, and the overall contribution needs careful evaluation.

To achieve a higher conversion rate, the target group is narrowed down in targeted channels, but the risk is that you reach too few of your potential buyers to be able to grow the brand.

Dropping focus on broad-reach channels can be risky for the brand and the opportunity to increase its penetration among potential customers. This is also true for B2B companies.

Research shows that it is difficult to drive growth with investments focused on only existing customers. To drive growth and build a brand, it is crucial to target your entire potential market to cover both existing and potential customers.

Organisation & Responsibilities

Today, it is difficult for the marketing department to manage the complex communication landscape and navigate the demands of other departments.

What responsibilities are reasonable, and what is required to be able to deliver on the goals? How many specialists are needed? What is done internally, and what is purchased? And in what areas do marketing departments need to improve their skills?

Content

- Responsibilities of the marketing department
- How today's marketing department is organised
- The growth of specialist roles
- In-house – advantages and disadvantages
- The importance of well-functioning agency collaborations
- The most valued types of external partners

Broad responsibility with unclear boundaries

Rate the level of responsibility that the marketing department has in the following areas. (Scale 1–5)

	Area	Market	CEO	Sales/BA
Main responsibilities	Media strategy	5	4.7	4.3
	Branding	4.8	4.6	4
	Campaign concept	4.8	4.3	4.4
	Visual identity	4.8	4.2	3.8
	Campaign measurement	4.7	4.3	4
	Communication strategy	4.6	4.6	4
	Social Media	4.6	4.4	4.5
	Target group analysis	4.4	4	4
	SEM (Keyword Marketing)	4.4	4	4.1
	Google Analytics or similar	4.2	3.8	4.1
	SEO (Search Engine Optimisation)	4.2	3.8	4.1
	Sponsorship	4.1	3.9	4.1
	Web	4	4.2	4
Sometimes main responsibilities	PR	3.9	3.9	4
	CRM (email/text messages, etc.)	3.8	4.2	3.5
	Store concept/design	3.2	3.6	3.1
	Packaging	3.1	3.8	3
	E-commerce	3.1	3.3	2.6
	Sustainability	3.1	2.9	2.6
Co-responsible	Customer satisfaction	2.8	3.4	3
	Internal communication	2.7	2.6	2
	Sales	2.6	3.3	2.1
	Product/range in general	2.5	2.9	2.4
	Pricing in general	2.1	2.4	2.3

Today's marketing department has a broad range of tasks and is involved in many different areas. Marketing managers, CEOs and sales directors seem to view the marketing department's responsibilities similarly.

The primary main responsibility is communication in purchased and own channels, brand, campaign, visual identity, target groups and analysis.

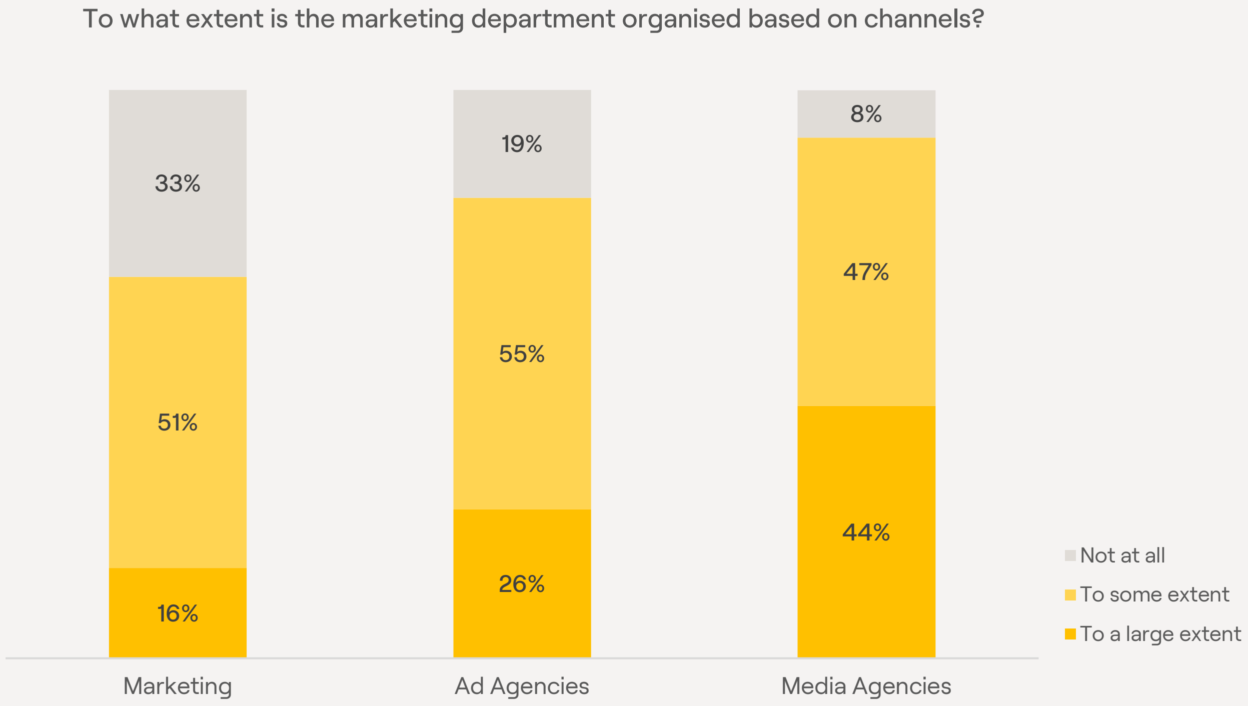
Then several areas lie on the borderline between market, communication, sales and product and where it differs from company to company. Typical areas include PR, CRM, E-commerce and packaging.

In some respondents, these responsibilities lie with the marketing department, in others not.

Finally, there are some areas that the marketing department is rarely primarily responsible for. These are the first three of Kotler's four P's according to his definition of the marketing mix, i.e. Price, Product and Place.

Only the last P (Promotion) is generally included in the marketing department's primary remit.

Organisation by channels



The operational work within the marketing department is often organised by channel. Therefore, the majority of marketing departments today are organised in "silos" based on those channels.

The increased number of specialists connected to the channels, and the fact that budget allocation often takes place per channel, reinforce the silo structure. This creates several risks: Each silo becomes focused on its channel, its channel-specific suppliers and/or the systems used for the channel in question with a loss of focus on the big picture.

A silo often has its own agencies that run strategies and its own KPIs. This creates challenges when the overall marketing strategies and goals meet detailed channel KPIs. These KPIs are often created initially to expand and secure the agencies' business rather than the customer's.

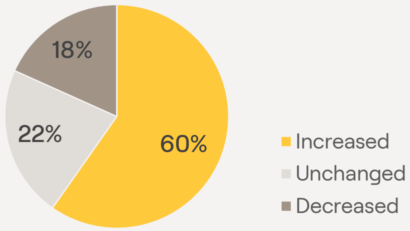
The link between a channel silo and the rest of the organisation outside the marketing department becomes unclear, making it difficult for internal clients to know whom to contact and collaborate with.

Several channels can end up trying to solve overall needs, such as brand communication, in parallel, with the consequence that communication becomes fragmented.

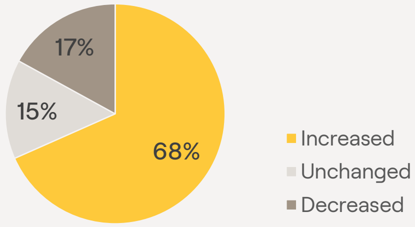
The challenge is to optimise a business with more or less autonomous channel silos when effective marketing work is based on coordination and collaboration.

Bigger team – more specialists

How has the number of employees changed in the last 3-5 years?

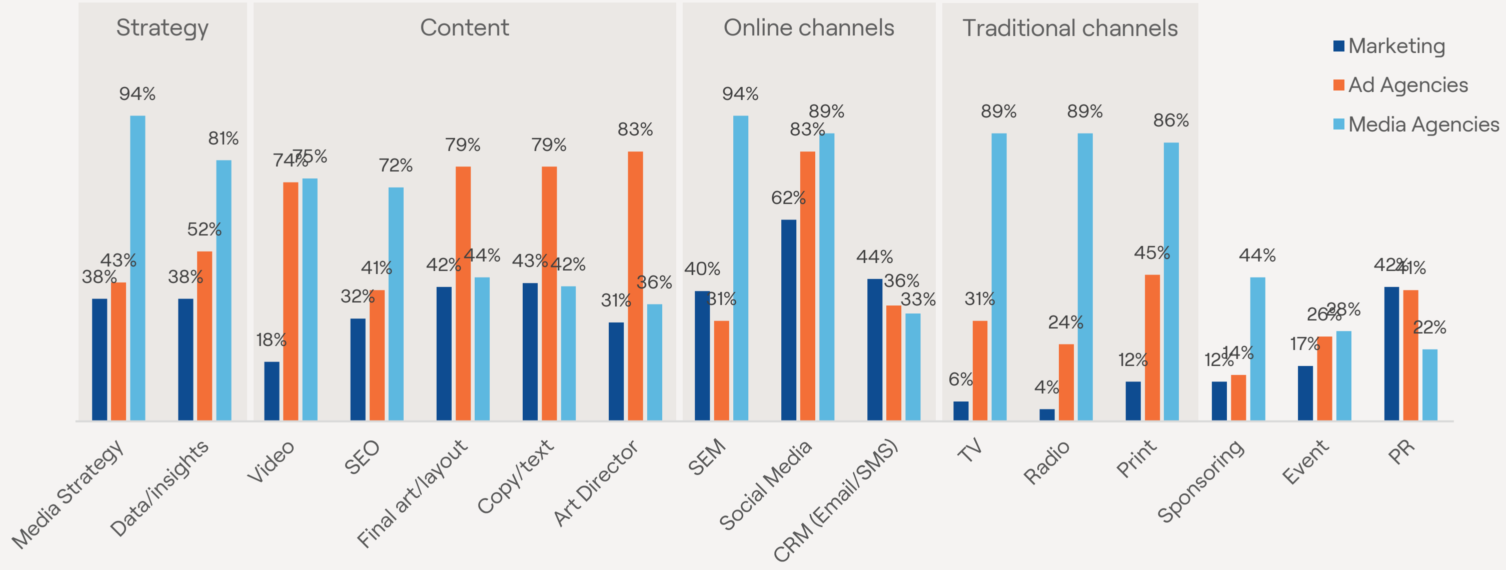


How has the number of specialist roles changed in the last 3-5 years?



Base: Marketing

In which areas do you have specialist roles?



The number of employees in the marketing department has increased in recent years with more specialists being hired in particular. Social media, media strategy, SEM, SEO, CRM and content production roles are now common. The need for these roles is often linked to own channels, and it is, therefore, logical that the roles should be created.

But it is also true that marketing departments and agencies are duplicating the same specialist roles in most areas. The exception is traditional media, where in principle, only media agencies have specialist roles.

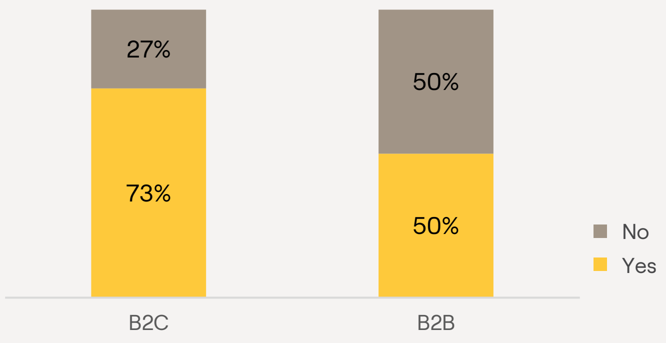
In the past, agencies supplemented the marketing department with specialist expertise – today they double up. This creates challenges in the working relationship and has led to the growth of working groups at the agencies as well as in the marketing departments. This results in more people, unclear responsibilities and ambiguities in the processes.

More specialists also place greater demands on leadership. Specialists may find their particular area the most important and are often tied to a specific channel with specific KPIs. This can lead to conflicts and different views on what the objective is. The marketing activity and purpose need to be controlled as a whole.

Specialist skills are also developing rapidly. Many companies find it challenging to attract the right skills and need help to assess them. The question is when it is best to hire or outsource.

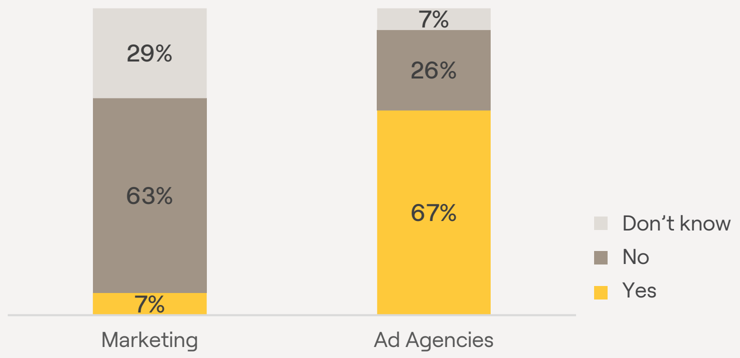
The rise of in-house departments

Do you have an in-house department?



Base: Marketing

Do you think the in-house department performs tasks that your agency would be better suited for?



What is the main reason why you do content production in-house?

Area	%
Speed/shorter lead time	**41 %**
Cost-effective	**23 %**
We are closer to the business	12 %
Better control/consistent result/ right feeling & tonality	6 %
Ensuring quality	6 %
Knowledge/we know our business best	6 %
Close to the brand/keep the brand together	5 %

Base: Marketing

The marketing department is growing due to increasing numbers of specialist roles and channels, but also because most of the production is done in-house. The main reasons for producing "in-house" are speed, cost-effectiveness and, to some extent, proximity.

Many in-house departments aspire to not only "produce" but also to "create" communication solutions that have previously been purchased from external agencies. This puts a different pressure on the in-house team and presents a talent and skill challenge.

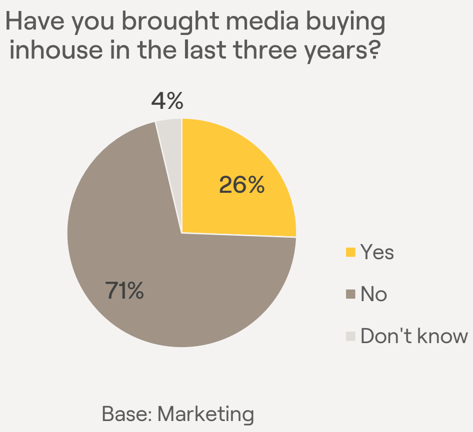
At the same time, the agencies believe that the marketing department is trying to perform tasks for which they would be better suited. This competitive situation creates challenges for efficient and seamless cooperation between external agencies and the in-house department.

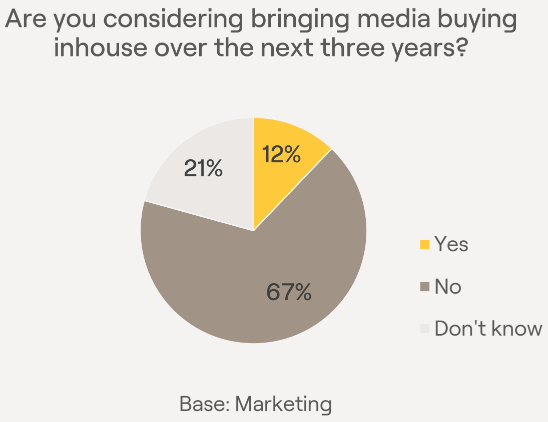
The proximity between the client and its in-house, and the fact that in-house is often "free", also creates weak prioritisation and a risk of overproduction of assets.

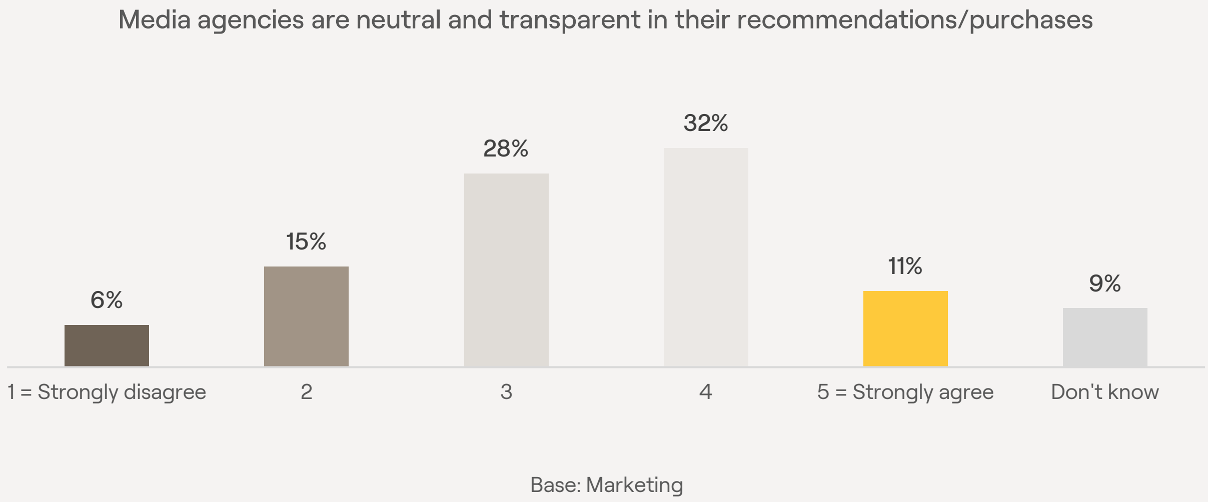
The risk is that, despite lower hourly costs, the in-house solution, in practice, will be more expensive than buying the service externally.

A critical need is to specify what should be produced internally and what should be bought from outside.

Media buying lifted into the department







Media purchases – especially digital ones – have also moved into the department. Many marketing managers believe agencies are not wholly independent and transparent in their recommendations and purchases. This is, of course, a significant challenge for media agencies.

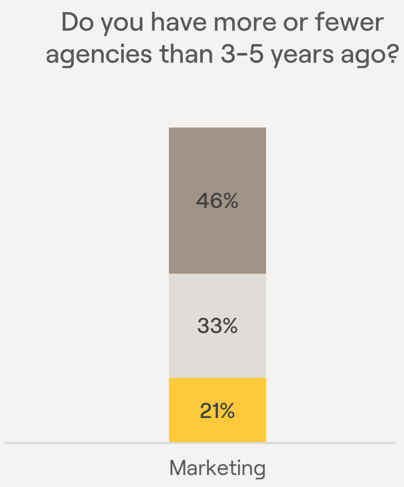
Managing media purchases internally increases control over factors such as ad fraud, ad visibility and placement in the proper context. The ability to link media purchases to owned customer data drives the desire to own the process internally. However, it requires time and the right skills – skills that are often difficult to recruit and secure.

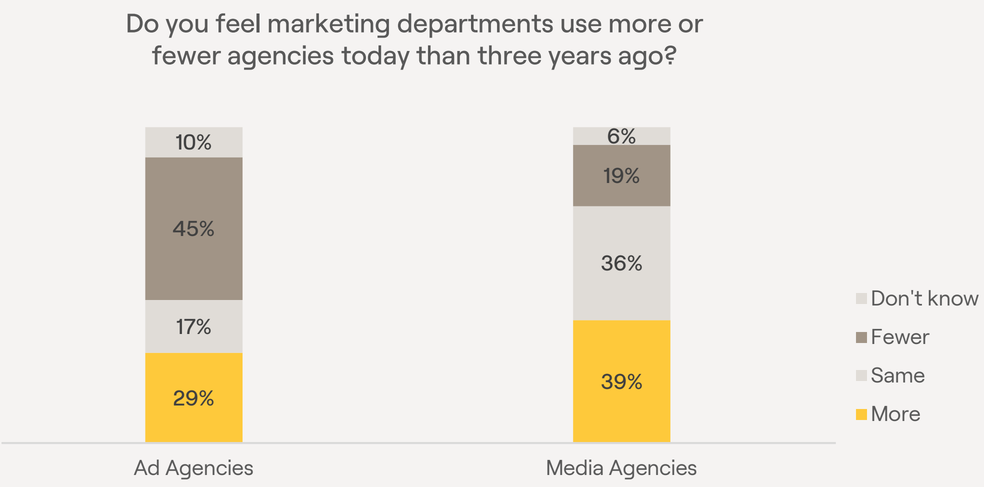
With the proper controls, purchasing the service externally can still be very effective. It is, therefore, vital to make the right demands on media agencies, follow up on their work, and ensure that verified platforms are used.

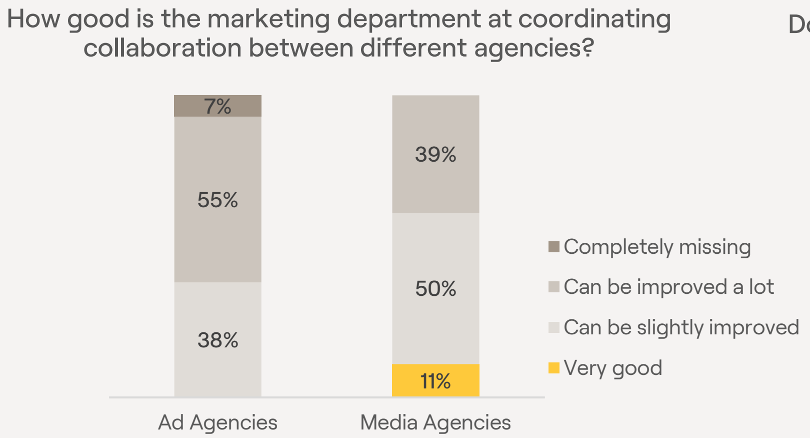
Reasons not to bring in media purchases internally:
- Digital channels are complicated
- An external partner is more efficient
- You feel safe with the agency's knowledge and relationships
- Agencies get volume discounts and better prices

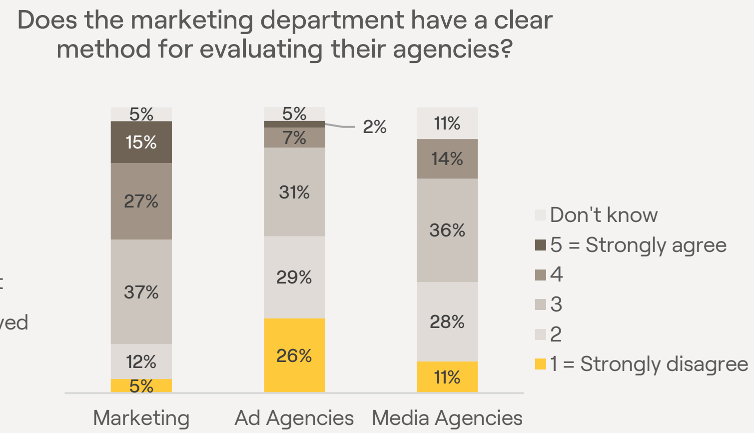
Reasons to bring in media buying internally:
- Desire to own the entire digital process and optimise it
- Reduce costs when agencies don't add enough value
- Agency costs may not be transparent
- Lack of creativity and innovation from the media agency

Agency collaboration needs to be improved









In recent years, the number of specialist agencies has increased. This partly stems from the increased need for specialist skills for specific channels and disciplines. At the same time, more and more work is being moved from external agencies to the in-house department.

Today, it is common with silo organisations, based on different channels, to hire separate specialist agencies. The traditional mandate of a "lead agency" rarely exists anymore. It is not unusual that, for example, the content agency is the agency that invoices the most, but does this make it the 'lead'?

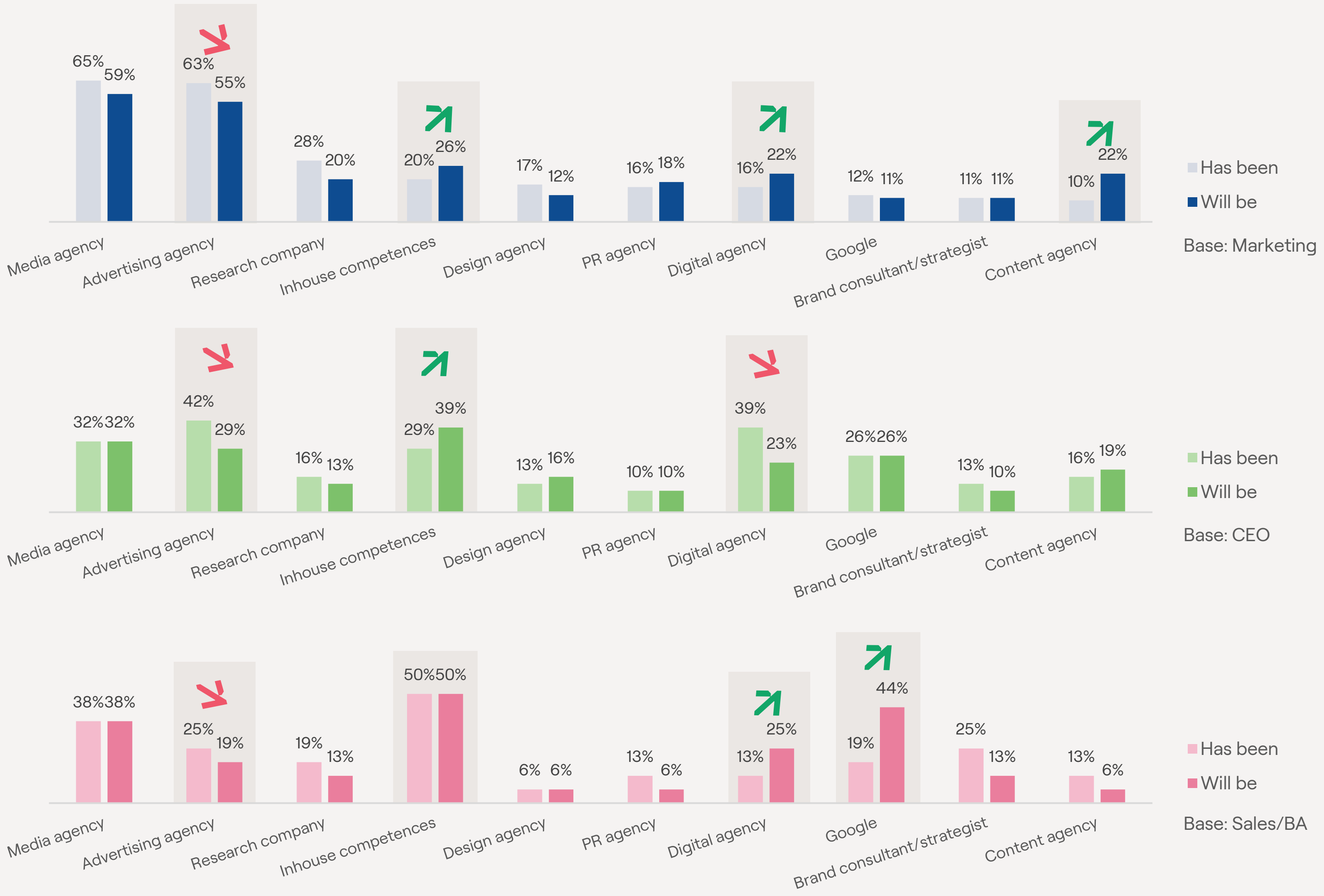
The large number of agencies creates a governance challenge, especially if different parts of the organisation hire them. Every specialist firm tries to broaden its remit and jostles for primacy.

As a result, agencies often create separate "channel strategies" that aim to solve all communication challenges; Brand, tactical, conversion and loyalty. These plans often overlap and contradict each other.

A big challenge in working with agencies is that they often need a more transparent approach to setting and evaluating goals. This applies to both external agencies and in-house agencies. This problem is most evident to the agencies themselves.

Different views on the need for partners

Who has been/will be the company's three most important partners in communication and marketing over the last/next three years?



The traditional role of the lead agency, especially for advertising agencies, is disappearing. This is partly due to the increased number of channels with associated specialist agencies and an increased focus on owned channels internally.

As the need for content in owned and earned channels such as web, CRM, internal communication, social media, and others increases, content agencies and in-house agencies are becoming increasingly important suppliers.

In an e-commerce context, it is also tricky today to draw the line between what is marketing and sales. In physical commerce, the division has traditionally been apparent. Costs for "ending up on the shelf" have been seen as selling costs, while costs for "creating traffic" have been seen as marketing costs.

The fact that sales managers see Google as one of their most important partners can be interpreted as highlighting similarities between physical commerce and online commerce. For example, costs for keyword advertising should be seen as a cost of sales and not a marketing cost.

The fact that CEOs see the digital agency as a less critical partner for the future is likely since the focus on "digital transformation" is waning.

Organisation & Responsibilities

Insights

- Today, the marketing department has an extensive area of responsibility.
- Most marketing departments are organised by channels, making it challenging to drive towards overall goals. This requires roles and functions with the skills, mandate and power to control budgets, processes and KPIs across channels.
- The marketing department continues to grow in size. Growth is in specialist areas previously bought from suppliers, but there are uncertainties about what should best be done internally.
- The marketing department's agencies are often many, and the competition between them is significant. In addition, there is competition with in-house. The marketing department needs to become better at managing and coordinating the agencies.
- Traditional advertising agencies continue to lose ground to in-house and content agencies.
- From management, business and agencies, there is a clear desire for the marketing department to become more business-oriented.
- Marketing departments consider getting better at applying data and creating insights more critical.

Actions

- Channel silos create challenges in governance and priorities. A more vital link between business and marketing is needed. A good starting point is the business strategy, breaking it down into applicable marketing goals that govern the organisation.
- The objectives should contain guidelines for what should be done, how and by whom. It creates a sound basis for how resources should be organised and optimised. That allows working together towards common goals based on defined needs. With such a foundation, data analysis and insight work are also facilitated.
- If the marketing department has become too large and complex, outsourcing some of the work may be worth it. A smaller internal team is faster, more flexible and more efficient. Internal and external resources can be balanced to manage workload variations more efficiently and ensure the best skills for the moment. Monitoring efficiency well can often reduce costs.
- Having clear collaboration objectives with agencies is essential to avoid misunderstandings and help the agency prioritise correctly. With common goals, the motivation for agencies and the internal team to work together is increased. The role of the in-house agency needs to be clarified to increase efficiency.

Channels & Content

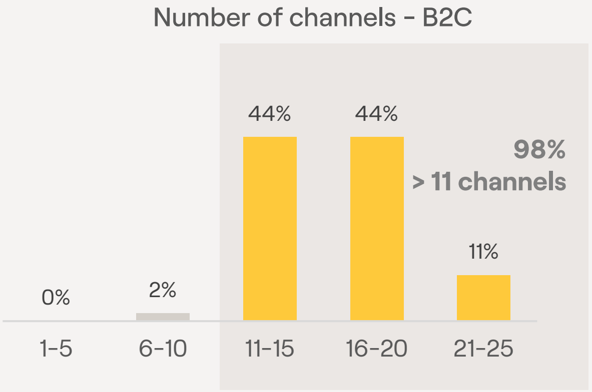
The marketing department must handle many activities, each requiring resources and a budget. But when forced to prioritise, difficulties arise. What looks like an innovative, targeted and cost-effective solution can easily consume a disproportionate amount of the budget without achieving the intended effect.

So how to make decisions? The choices are greater than ever, and far more data is available, but the risk of making the wrong decisions is also higher. How do today's marketing departments think about investments in channels and media, system solutions and insight work?

Content

- The consequences of channel growth
- Activities and content production in perspective
- Data management and the value of insights
- Marketing Tech – an investment that draws resources
- Dominance in the advertising market

A wide range of channels



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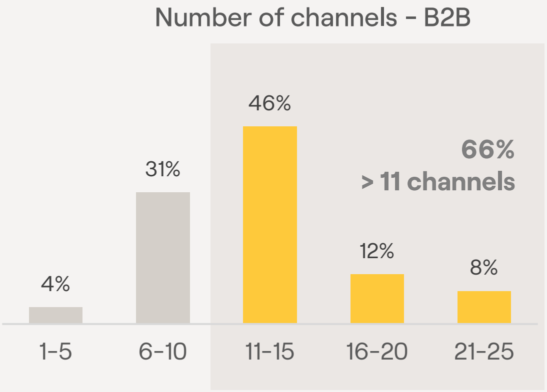
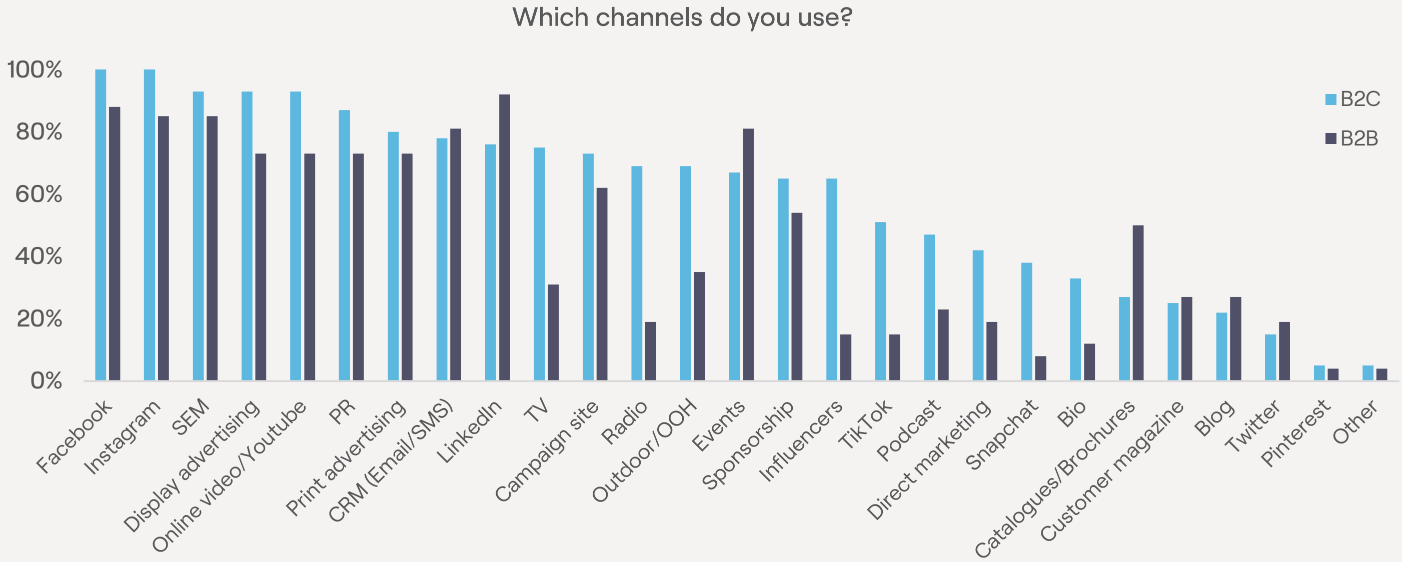


Base: Marketing



Ninety-eight per cent of B2C companies communicate in more than 11 channels, and 55 per cent in more than 16 channels. With so many channels, believing you are reaching a broad audience is easy. Increasing the number is tempting as several new channels are considered "free of charge". There's also often a fear of missing out on the 'next big thing' in the marketing department. Therefore, new channels have been continuously added, but others have rarely been removed.

It is more challenging than ever to achieve organic reach, and in practice, you must spend to get visibility in your target audience. Splitting the communication into many channels also results in more expensive media purchases, limiting the reach.

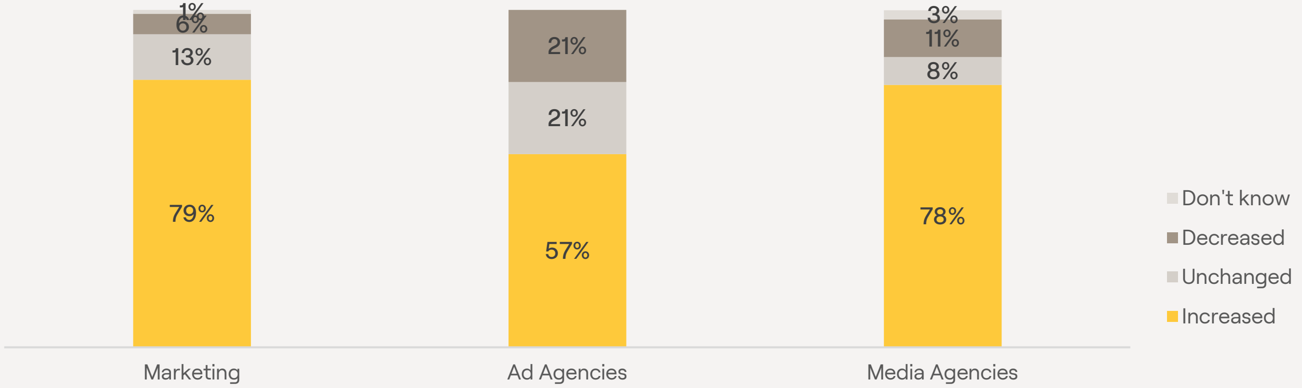
All channels, even those that may seem free of charge, require content production, which is much more costly than most people think. The split also gives less creative power per channel. Many of the new channels also have very low attention.

The increase in new channels is driven by access to data, a belief that narrow target group adaptation increases the effect and that the new channels are close to purchases (which we have previously noted has been given an increased priority).

Having a presence in multiple channels is still essential, but you have to choose the proper channels and ensure not to have too many.

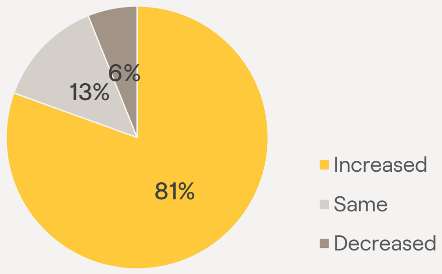
More activities – more content

Has the number of activities/assignments increased or decreased in the last 3-5 years?



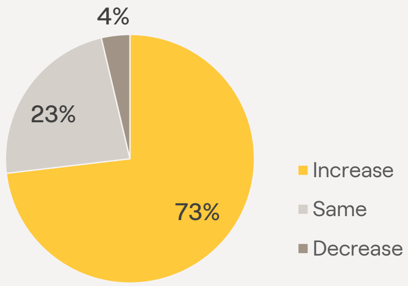
Has the marketing department increased or decreased the amount of content?
Are you planning to increase or decrease the amount of content?

Last 3 years



Base: Marketing

Next 3 years



Base: Marketing

In recent years, there has been a dramatic increase in the number of activities carried out by the marketing department. Unique activities for each channel are added to take advantage of all the opportunities and fill the new channels. In parallel with this, there has also been a shift towards more short-term, sales-driving activities.

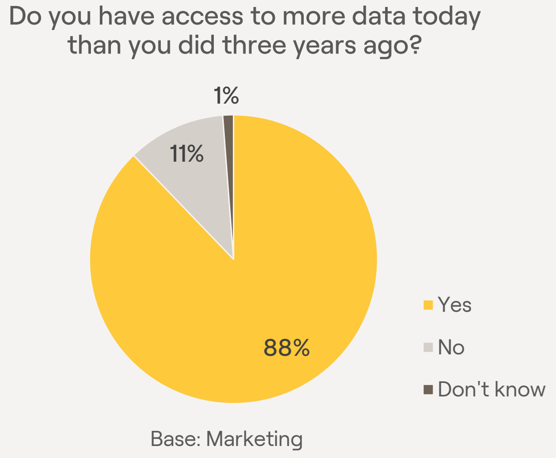
At the same time, the new channels present new ways of communicating – often aimed at smaller target groups. To maximise the impact of communication, content tailored to every activity, channel, and target audience is created with even more for every step of the customer journey. This leads to vast amounts of content being produced. Channels also require different formats, which further increases the number of variants.

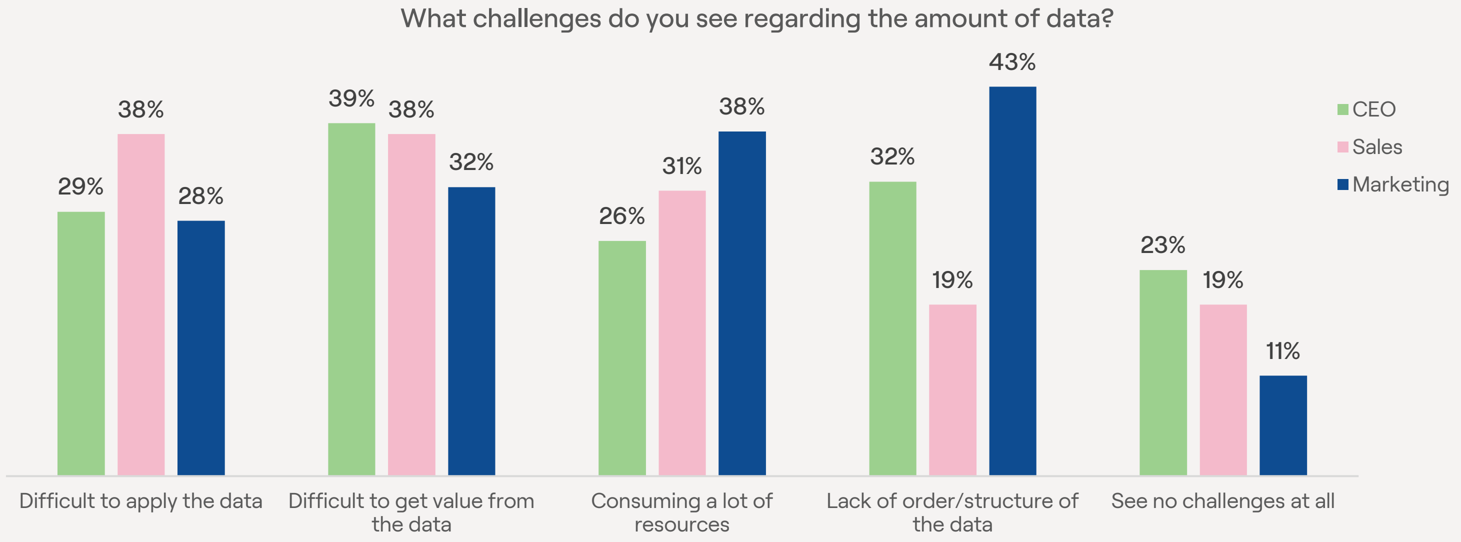
It is not uncommon for marketing departments today to spend more money and resources on creating content than on media to reach out. Many see AI as a solution to quickly and cheaply create more content. But the problem is not too little content, but rather too much. And of too low quality.

In addition, many seem to have forgotten that it takes a long time to establish a message in the target audience's memory and that every content unit requires media money to reach the right audience.

We are seeing a massive explosion of activities and content, while there are no signs that budgets are increasing significantly. This means that the budget is divided into more and more small activities that are optimised individually. The whole suffers, and marketing becomes fragmented – you lose effect and create too little value.

More data, but less value creation





Many are striving to become more data-driven. The access to data provides valuable input for insight development and makes it possible to create more relevant, tailored marketing communication.

With the increase in the amount of data also comes challenges. Many companies need more order in the data, which makes it challenging to use effectively. It is also difficult to apply data to get a value. A lot of analysis work ends up in the drawer.

Combining different sources from different departments is often necessary to get the most out of the data. Data can be found in many areas, such as customer and sales, channel, web, and finance. It quickly becomes complex.

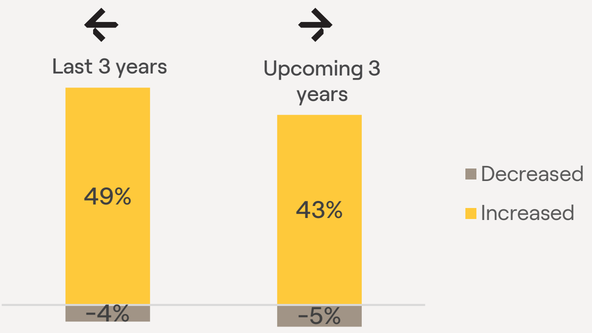
Data management often entails significant hidden costs that may not be visible in the marketing budget, for example, internal time from different departments or IT costs. Spending many resources on something with limited effect is a considerable risk.

It is also essential to distinguish between data and insights. Data is raw, and it's up to us to use it properly to get real insights.

It's essential to strike a balance between enough data to make informed decisions and not drowning in too much. The data should be used comprehensively to identify patterns, trends and for an overall picture. Unfortunately, many go too far in their ambition to be precise and thus miss important insights. It is better to be approximately right than precisely wrong.

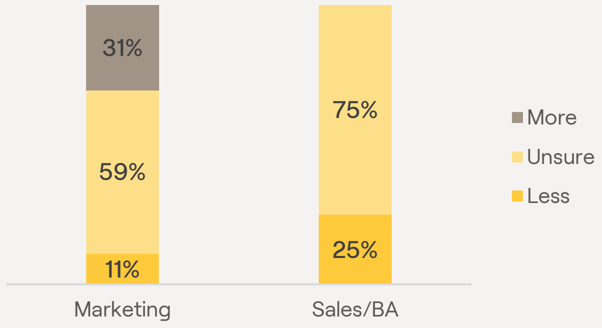
More MarTech, but with no clear effect

Investments in MarTech systems

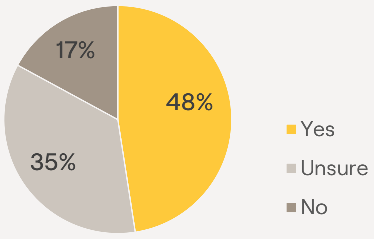


Base: Marketing

Have the MarTech investments yielded more or less results than expected?

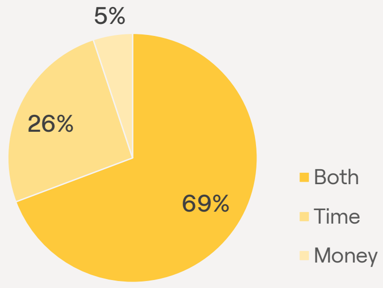


Does the MarTech consume more resources than expected?



Base: Marketing

In terms of money, time or both?



Base: Marketing

In recent years, investments in technical systems for marketing, MarTech, have increased significantly, and most companies plan to continue to increase their investment.

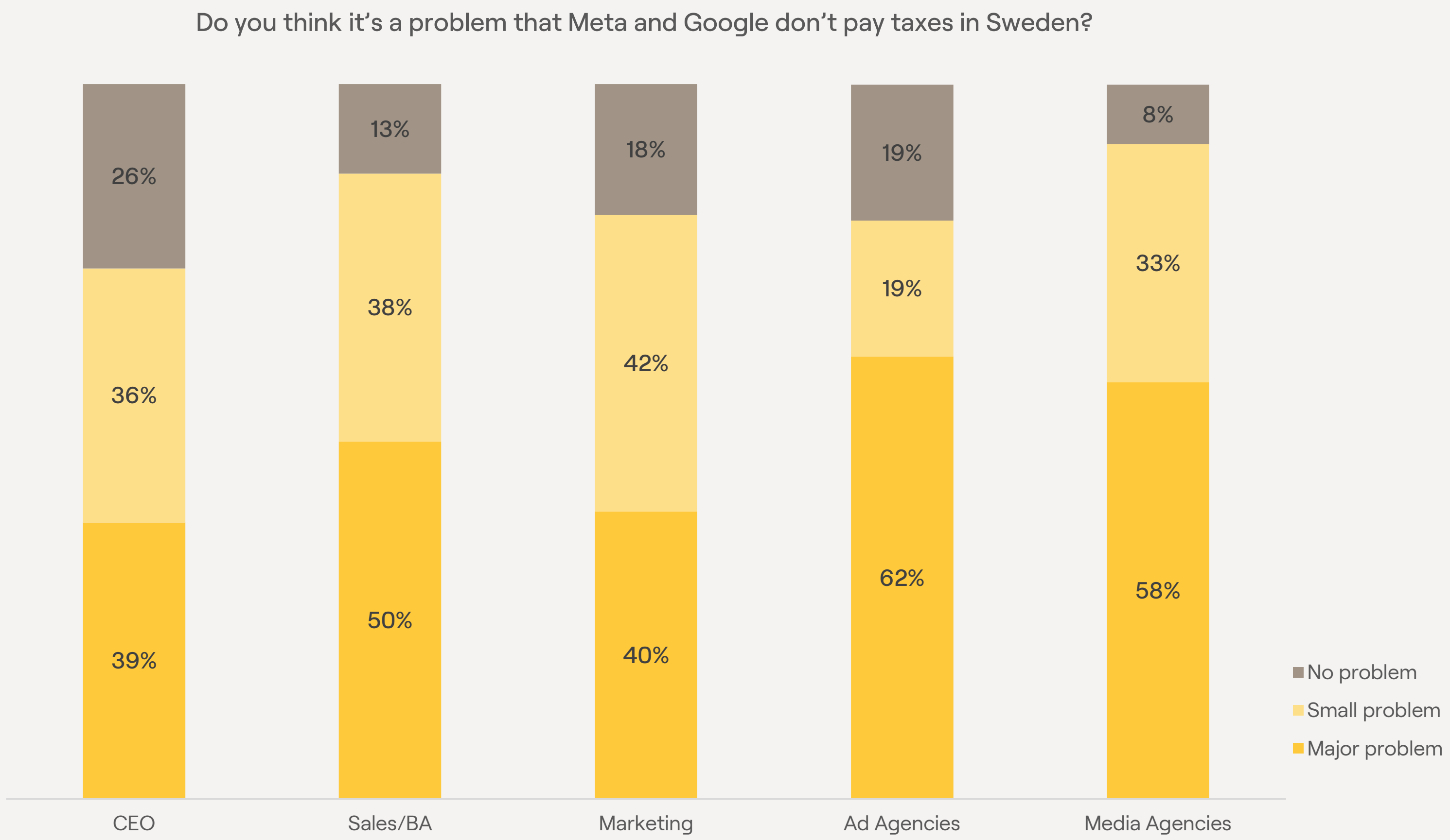
As with digital channels, many seem keen to be at the forefront and not miss out on opportunities. At the same time, it is uncertain whether the investments have yielded the desired results. MarTech also consumes more resources than expected, both in terms of money and time.

There are over 11,000 different MarTech systems and solutions on the market today, so be clear about the desired benefit – efficiency or improved effect. Unfortunately, many companies have not done their homework and clarified their needs before investing in new systems.

Often the possibilities on offer from each system result in companies losing sight of the original objective. This often leads to overly complex and far-reaching ambitions and solutions that can stand in the way of solving the actual problem. As a result, companies use only a fraction of the MarTech system's features.

Due to complex development and integration, MarTech projects in large advanced systems often take a long time to implement. Once you get the system in place, there is a risk that it is already outdated and needs to be updated.

Meta and Google in duopoly



Today, companies spend about 50 per cent of their marketing budget on Google and Meta, which means that these two players, in practice, have a duopoly position.

In practice, this means that Swedish marketing budgets, having previously largely gone to financing Swedish media, now go abroad. This has created debate, not only in Sweden, since viable national media are a prerequisite for democracy.

In addition, audits have shown that these actors do not pay Swedish tax, despite the media space being purchased in Sweden. The survey results show that both advertisers and agencies agree with the criticism.

Google forwards traffic rather than creates it and often accounts for the absolute majority of web traffic. This means that many companies are in the hands of Google. As Google is mainly about harvesting an established need, the Google investment is comparable with the sales cost needed to get "on the shelf" in the physical store.

Search advertising is seen in most companies as an advertising cost and is usually taken from the media budget. This means that, in practice, the volume of money for brand building and other advertising has been reduced. Perhaps search advertising should be considered a sales rather than a marketing cost.

Channels & Content

Insights

- In recent years, most marketing departments have increased the number of channels and activities and expanded content production. At the same time, no more funding has been allocated, which means that the budget is split into more and more small activities, and the effect is low.
- Data is increasing but presents many challenges. It’s hard to apply data in a meaningful way and to get proper value. Many businesses need to get better at using data on an overall level.
- Investments in MarTech systems continue to increase, but the majority are unsure of what it contributes or the value it provides.

Actions

- Review the strategy and initiate prioritisation work. There must be clarity in what is being done and why. Produce guidelines for which areas are the priority and which assignments should and should not be handled. It must be clear to the entire department.
- Evaluate the work of the department. For example, finding out how much of what is produced is actually used is an eye-opener for many.
- By choosing fewer channels and putting more focus and resources on each channel, the reach can be increased to a larger and more engaged audience with greater effect in each contact.
- Before investing in a specific MarTech solution, it is vital to make a business case to ensure its value. There is also a need to regularly evaluate the value of existing systems to ensure that they remain relevant.
- It becomes easier and more powerful to work with data cross-functionally and appoint someone responsible for the whole.
- Evaluate how to consider the cost of keyword advertising. Is it a sales cost that should be financed outside the marketing budget?

Processes & Collaboration

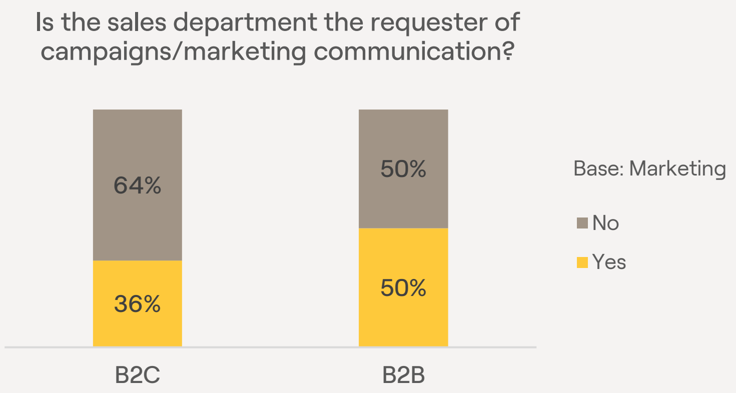
The marketing department needs efficient processes to ensure the result of its efforts. No matter how well organised, there is still a dependency on internal requirements and external agencies.

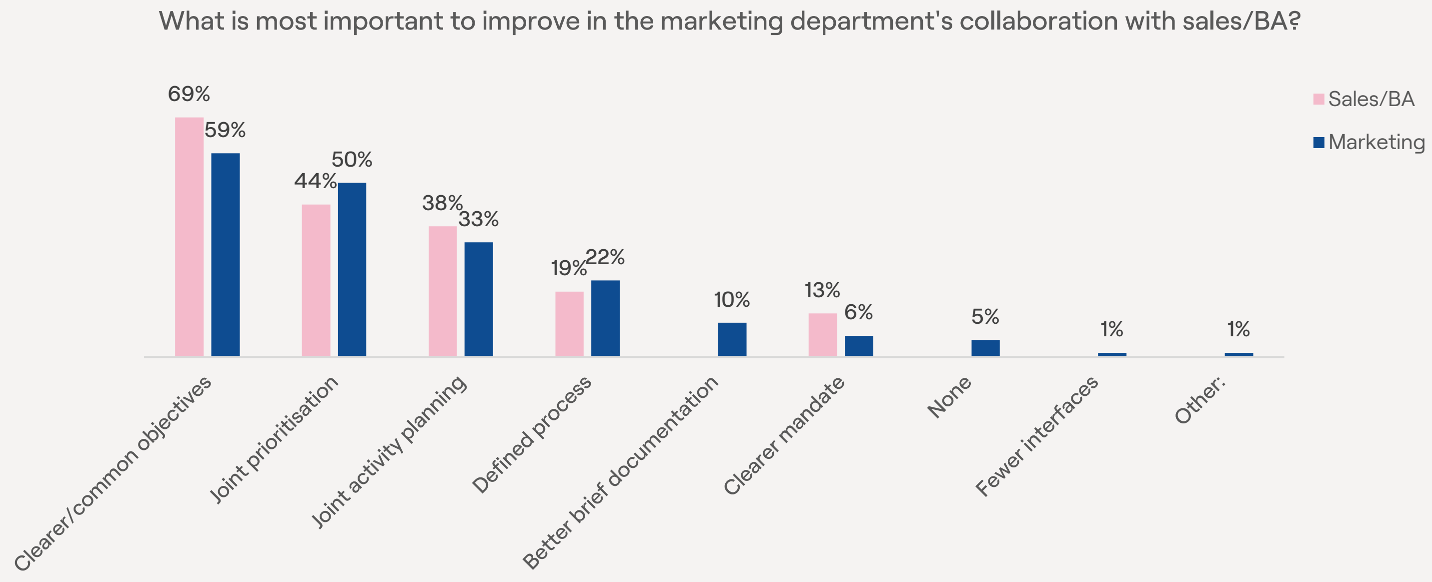
The agencies, in turn, depend on the client's well-functioning governance. What happens when the process fails? How are anchoring and approvals affected by the structure on the client side? What measures are in focus when the marketing department needs to streamline and wants a more significant effect from its work?

Content

- Cooperation between marketing and sales
- The strategic direction of the work
- Quality of briefs and anchoring process
- The efficiency of the marketing department
- Priority actions for increased efficiency and impact

Friction between sales and marketing





In many companies, the sales organisation, or business areas, are the client of marketing communication, especially in B2B companies. The collaboration between these departments and the marketing department is of the utmost importance for the communication to have the intended business effect.

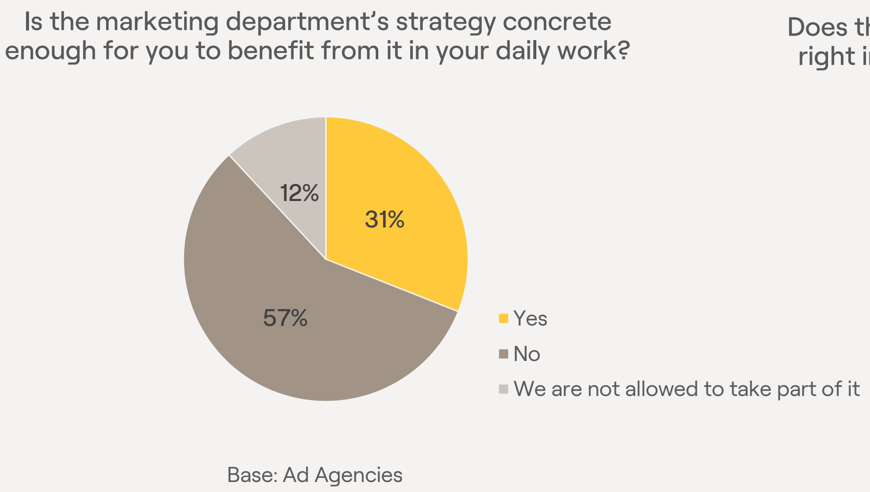
It is, therefore, crucial to establish good cooperation. However, this relationship often has major ambiguities and much friction. The good news is that marketing and sales agree on what needs improvement.

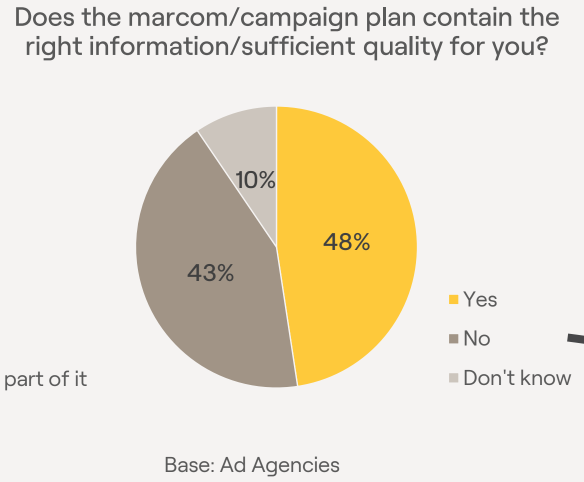
Goals, prioritisation and planning are crucial strategic areas to achieve maximum effect from marketing efforts. Paradoxically, these are the areas that need the most improvement.

It is also recognised that the processes and mandates for cooperation need to be developed. When the sales department is the client, it often drives a clear direction of marketing efforts toward business impact. But there is also a risk of too much focus on short-term sales-driven activity at the expense of long-term brand building – a problem that has become common in recent years.

Therefore, a pure "client-supplier" relationship is not the key to well-functioning cooperation between the sales organisation, business areas and marketing department. A completely free marketing department is not either. The solution lies in a shared, anchored strategy and well-synchronised priorities, goals and plans between departments.

Fluffy strategies that are not anchored





If No – What kind of information are you missing?

#	Area	%
1.	KPIs/Objectives	18%
2.	Clear purpose/strategy/link to business goals	13%
3.	Substantiated analyses/studies	3%
4.	Information about the target group	3%
5.	Clear priorities	1%

Base: Ad Agencies

A solid marketing communication strategy and straightforward plans are crucial to creating communication that does the right job.

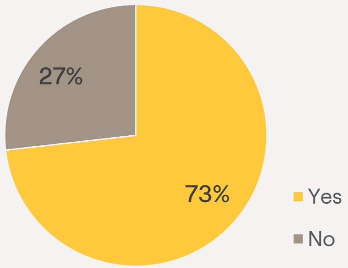
Advertising agencies depend on a concrete marketing communication strategy, but many companies lack one today. Where it exists, it needs to be clearly linked to business strategies and goals. Advertising agencies often feel that the marketing department's strategy needs to be more concrete for them to use it in practice.

In operational work, plans are an essential tool for directing the work. These, too, are too poor for advertising agencies to support them in their work.

What needs to be included in the plans are clear goals and metrics, but also clear purpose, strategy and connection to business goals.

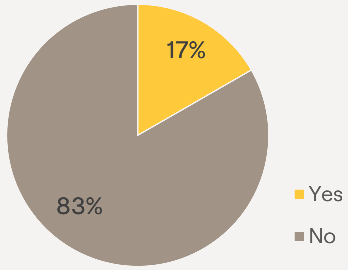
The briefs have fundamental flaws

Do you think that your briefs to the agencies are of sufficient quality?



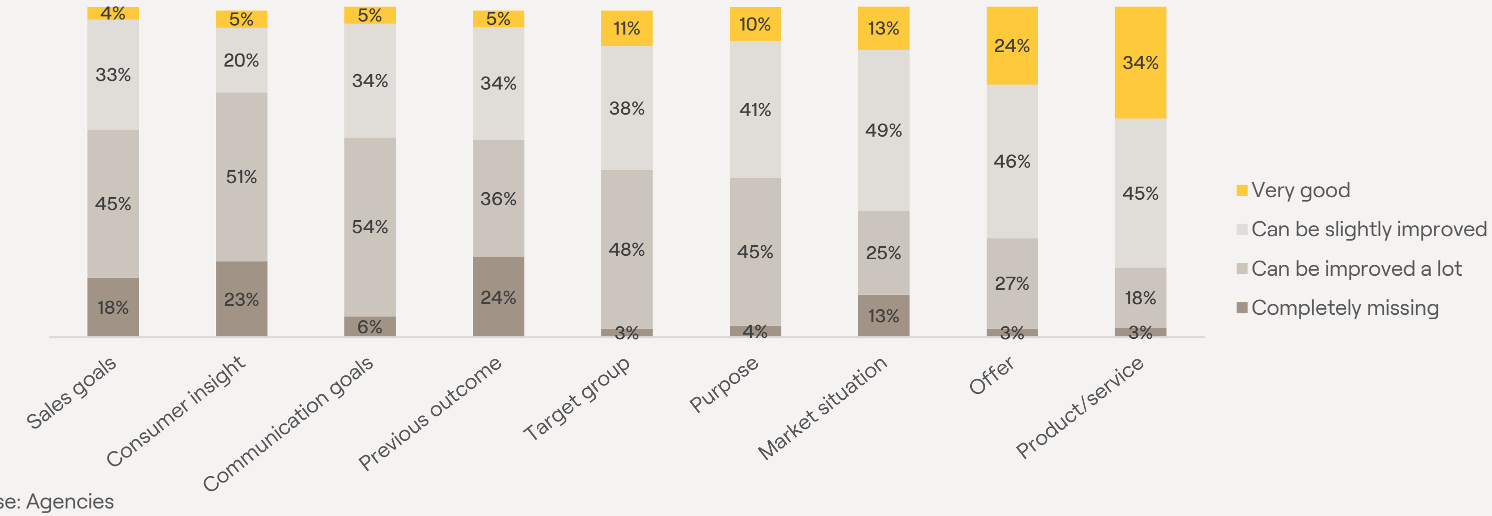
Base: Marketing

Do you think the briefs you receive from your clients are of sufficient quality?



Base: Agencies

Grade the extent to which the briefs have sufficient information/quality in the following areas:



Base: Agencies

Marketing departments and agencies profoundly disagree on the quality of briefs. While the marketing department thinks the briefs are good, a clear majority of agencies feel the opposite and that they need more content.

This may not be entirely surprising, but when the agencies specify the shortcomings, it becomes clear how serious the problem is.

The most significant omission is in fundamental strategic issues such as goals, purpose and insights. The shortcomings are perceived as minor in tactical areas such as offering and product.

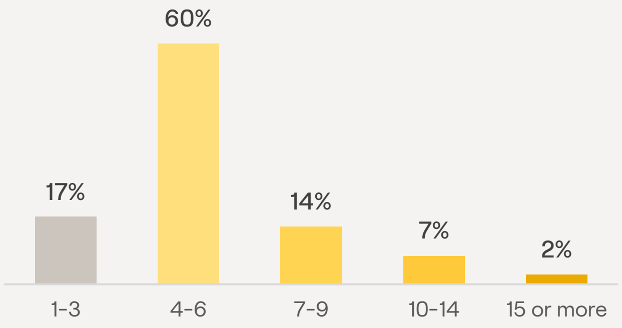
Missing strategic elements are worrying because it is through the briefs that consensus on goals, ambitions and priorities is created. With unclear goals, there is a great risk of long sign-off and versioning steps and a poor outcome. The briefing process is at the very core of the operational part of the marketing department's task.

CMOs don't seem to be aware of how weak their organisations are at creating briefs and need to embrace this to collaborate more effectively and drive quality.

In practice, many marketing departments try to improve briefing through a new brief template. A good briefing is a process – not a document. A process that extends from contact with other departments internally, via the agency, to approval, feedback and follow-up.

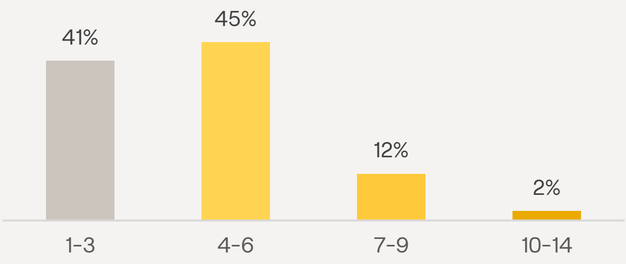
Tricky journey to an approved campaign

In general, how many proofing rounds do you usually have with your clients?



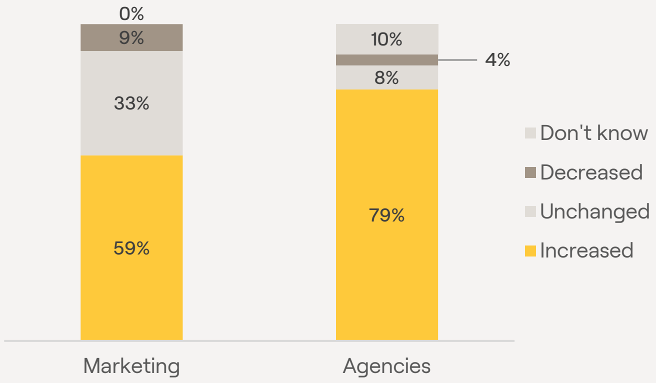
Base: Ad Agencies

How many from the client side are generally involved in approving campaigns/activities?

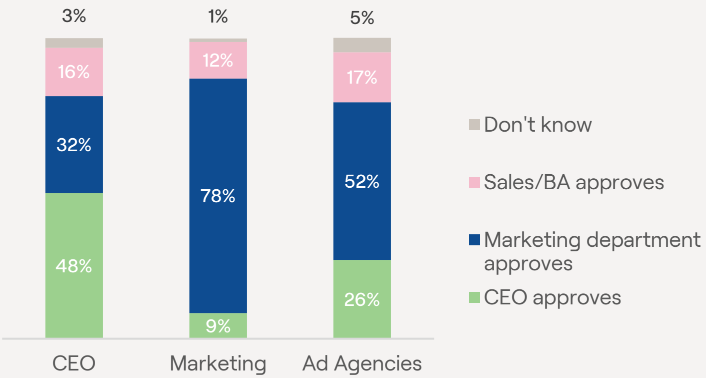


Base: Ad Agencies

How has the number of people involved in the marketing department's processes changed in the last 3-5 years?



Who is it that ultimately approves campaigns?



In efficient processes, few are involved, and lead times, unnecessary work and time spent on things that do not contribute to the effect are minimised.

Problems can often manifest in long processes, consuming many resources, and many late and arbitrary changes that create friction, stress and dissatisfaction among clients, marketing departments and agency partners.

Some critical structural parameters that affect the efficiency of processes are how good the brief and planning are and how clear the responsibilities and mandates are.

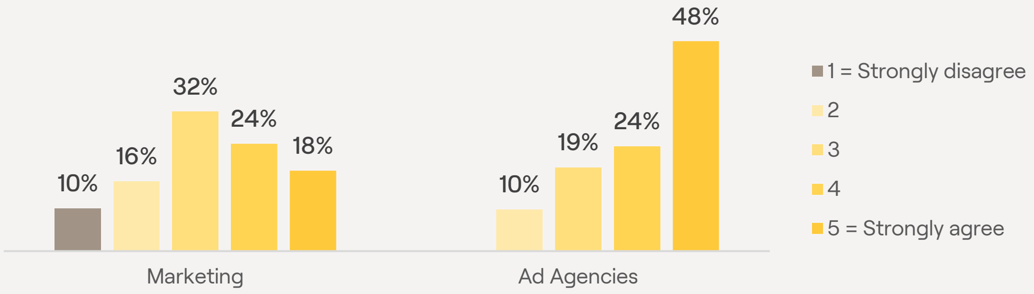
The number of people involved in the creative process has increased in recent years. The more people involved, the more people to inform and align with, and the more opinions that entail changes.

In 83 per cent of companies, more than four proofing rounds are expected. This means that the development of campaigns takes a long time and costs unnecessary resources.

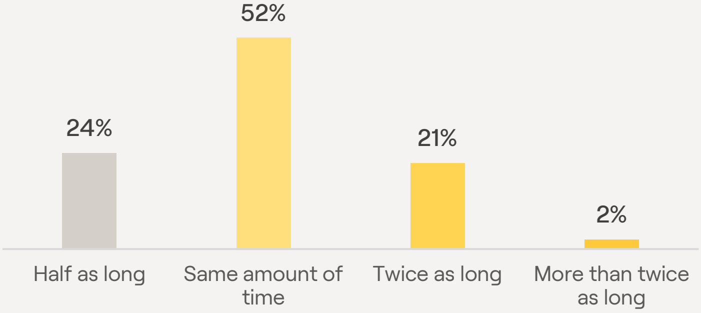
Unclear mandates are also a major cause of inefficiency. In three out of five companies, more than four people are involved in the approval of campaigns. The CEO considers themself the one who ultimately approves campaigns in half of the companies. The marketing department does not agree. There is an obvious source of friction here.

Too much time on anchoring

The marketing department has too many stakeholders that need to be anchored throughout the work process

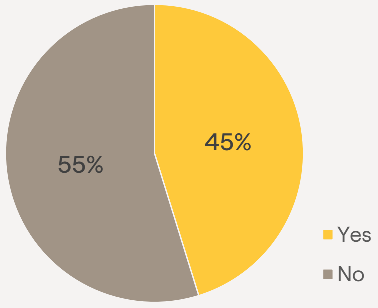


How long does it take to anchor and get a campaign approved compared to designing it?



Base: Ad Agencies

Do you believe that marketing departments typically have a high level of trust and mandate within their companies?



Base: Ad Agencies

As we saw earlier, most marketing managers are part of the management team. Despite this, however, marketing appears to have a weak mandate internally. More than half of advertising agencies feel that the marketing department lacks trust within their companies. This manifests itself, among other things, through unclear anchoring processes.

Marketing departments have too many stakeholders to anchor with during campaign development. The marketing department experiences this and, even more strongly, their agencies.

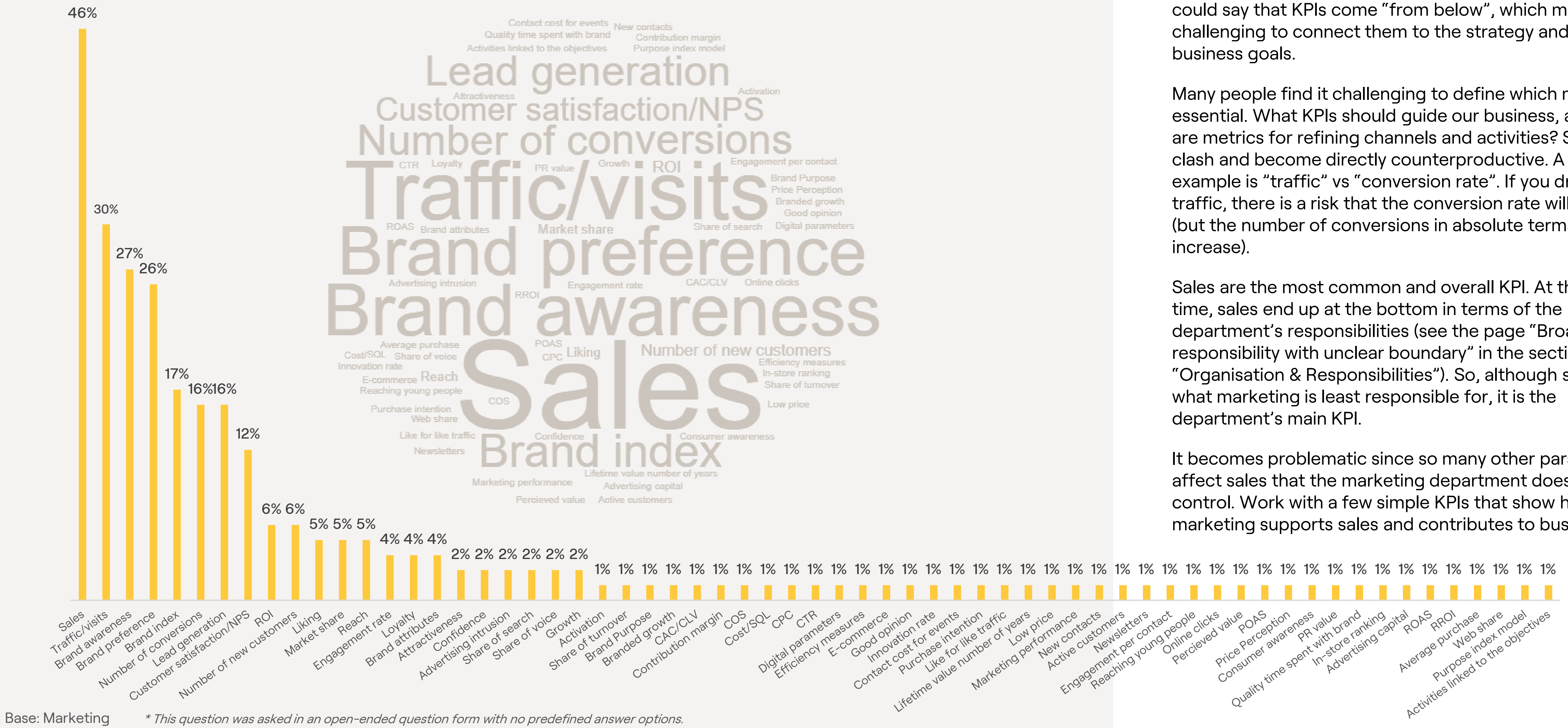
Because of this and poor briefs, advertising agencies need to spend as much time, or more, anchoring campaigns, as on creating them in the first place.

In practice, 50–67 per cent of the agency's time is devoted to non-creative work. Does this represent real value for money?

Too often, the discussion in anchoring focuses on superficial issues such as colour, form and copy instead of what is to be achieved. Very little in the anchoring process improves the quality and effectiveness of the campaign.

Too many KPIs – which ones are important?

Which are the three most important KPIs you use today?*



Base: Marketing

** This question was asked in an open-ended question form with no predefined answer options.*

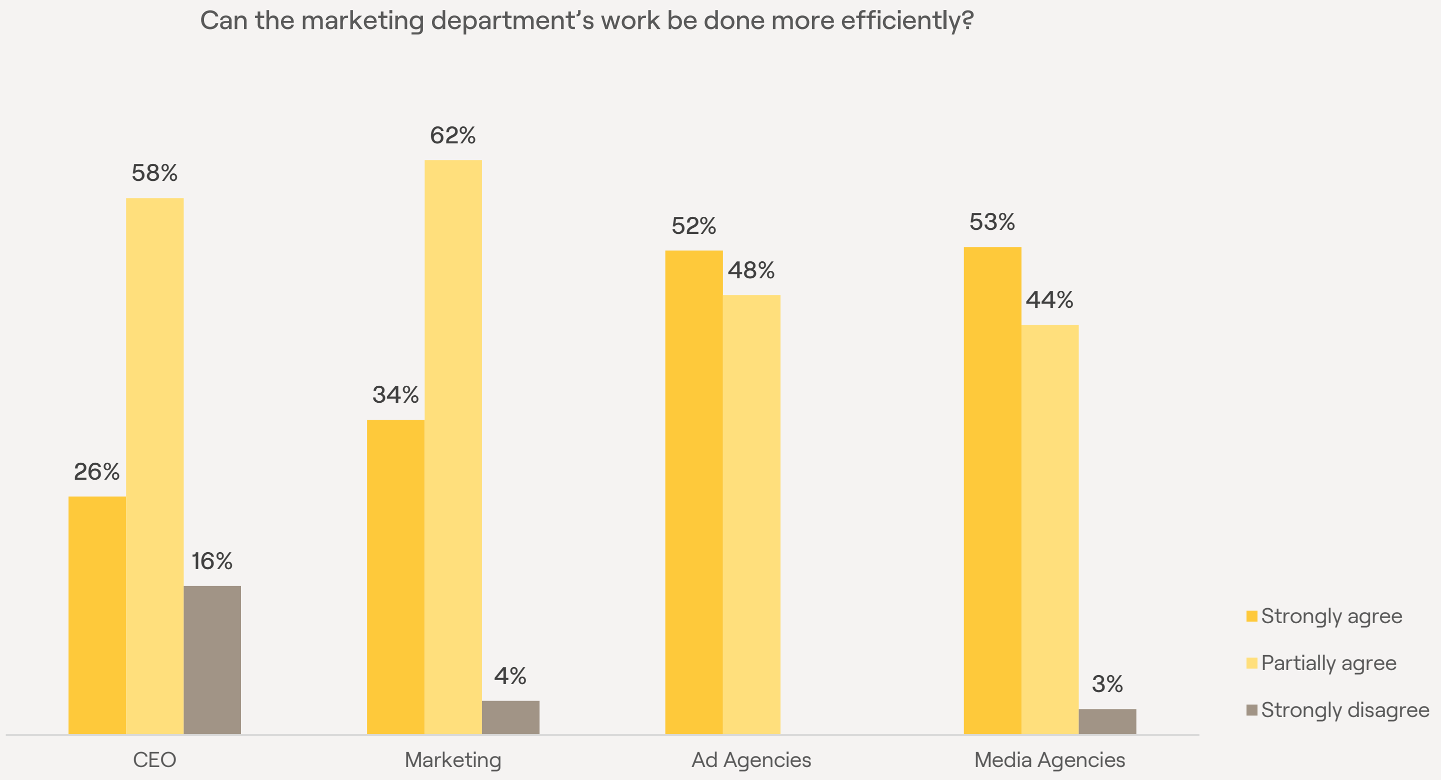
There are dozens of KPIs in marketing departments today. The KPIs often originate from different channels and/or systems that make it possible to measure lots of things. You could say that KPIs come “from below”, which makes it challenging to connect them to the strategy and overall business goals.

Many people find it challenging to define which metrics are essential. What KPIs should guide our business, and what are metrics for refining channels and activities? Some KPIs clash and become directly counterproductive. A practical example is “traffic” vs “conversion rate”. If you drive a lot of traffic, there is a risk that the conversion rate will go down (but the number of conversions in absolute terms will increase).

Sales are the most common and overall KPI. At the same time, sales end up at the bottom in terms of the marketing department’s responsibilities (see the page “Broad responsibility with unclear boundary” in the section “Organisation & Responsibilities”). So, although sales are what marketing is least responsible for, it is the department’s main KPI.

It becomes problematic since so many other parameters affect sales that the marketing department does not control. Work with a few simple KPIs that show how marketing supports sales and contributes to business goals.

Great potential for increased efficiency



The consequence of what is illustrated on the previous pages can be seen in how effective the marketing department is perceived. Eighty-four per cent of CEOs and almost all agencies believe the marketing department could be more efficient. And the marketing managers agree.

The agencies have the clearest view. They are also the ones who suffer from the inefficiency of the marketing department day to day.

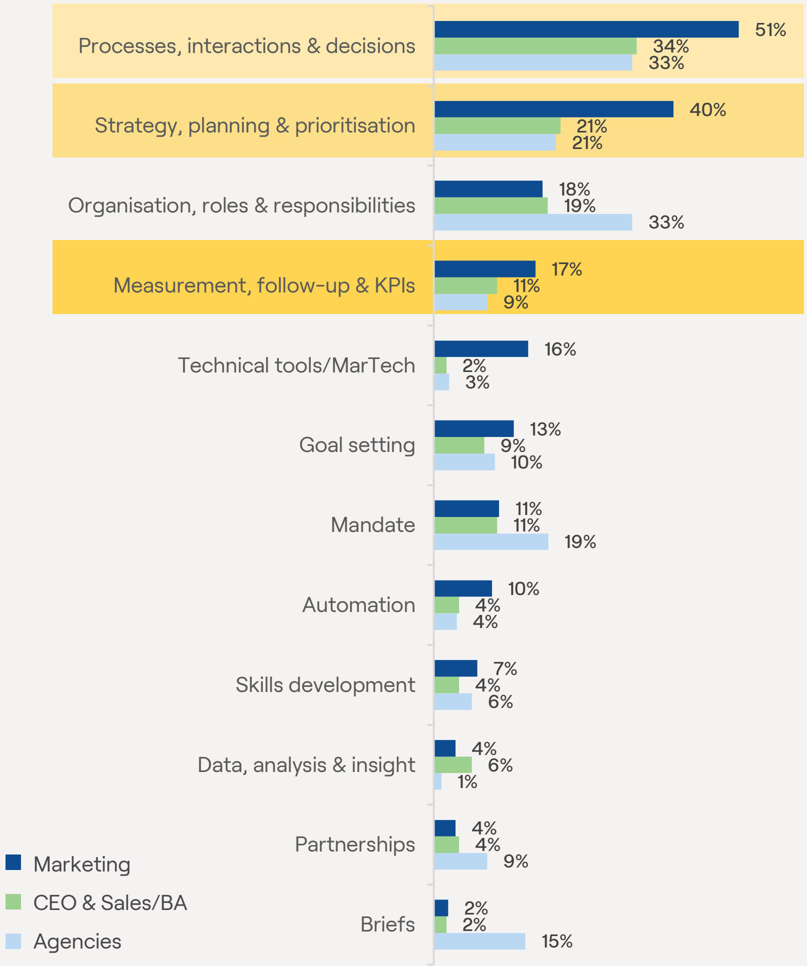
Inefficiencies in today's marketing departments are mainly due to the complexity that has arisen in recent years in the form of more employees, more specialists doing more activities in more channels, and more agencies. But also shortcomings in objectives and briefing, as well as working in (channel) silos.

Coordinating all this requires much administration, creating a feeling of bureaucracy. Efforts to improve coordination need to be made at the planning stage. Much of what is done is unnecessary, and much time is spent adjusting and re-doing.

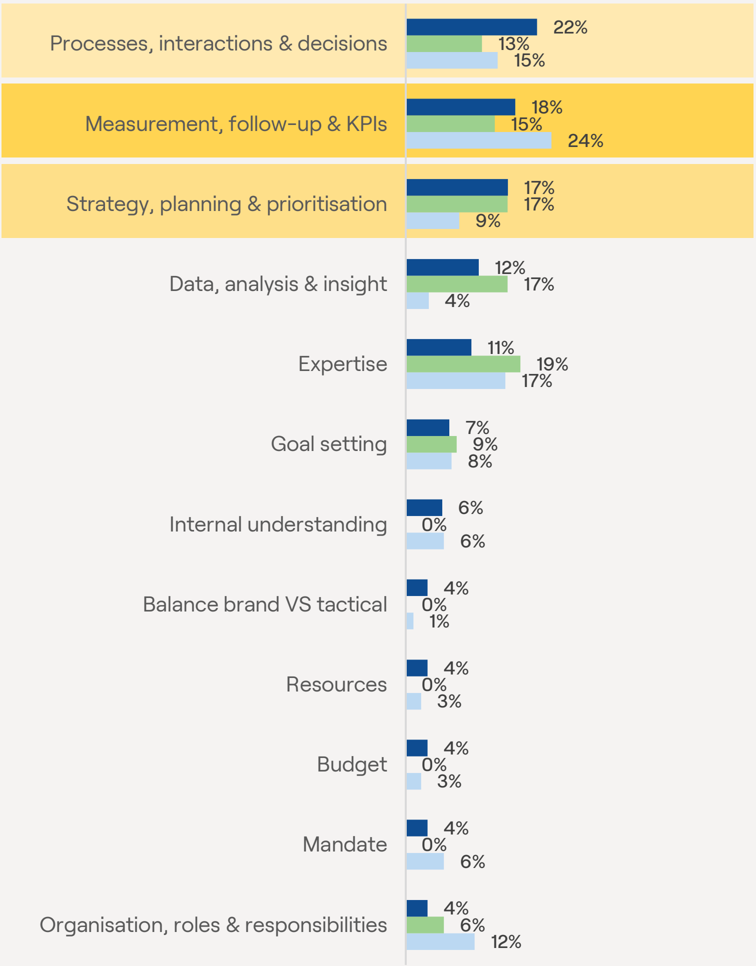
As we've seen earlier in this chapter, efficiency isn't about running faster or automating production. It is about planning, prioritisation, clear goals, briefs, fewer people involved and better anchoring and decision-making.

Efficiency & Effectiveness – hand in hand

What are the three most important actions to streamline the work of the marketing department?*



What are the three most important actions to enhance the effectiveness of the marketing department's work?*



These questions were asked in an open-ended question form with no predefined answer options. Responses have been grouped and low-frequency responses have not been included in the charts.

Efficiency and effectiveness are often seen as opposites that stand in each other's way. But the survey shows that the most important measures to streamline the marketing department's work are those that also increase communication effectiveness.

It draws an important conclusion: effectiveness and efficiency go hand in hand and are not opposites. If you focus on improving the most important factors for one, there is a high probability that you will enhance the other.

Through good "Processes, interaction & decisions", you can spend fewer resources on administrative tasks and more on value-creating activities. A strategy with clear priorities is a prerequisite for efficiently using resources and achieving the right results.

Hand in hand with strategy go KPIs and measurement. The right KPIs are the tools to steer towards strategic goals. Measurement can create a foundation for these goals and support optimising and developing the right activities.

"Organisation, roles and responsibilities" are seen as important for better efficiency but less critical for increased effectiveness. However, small, tight teams with clear mandates are often good from both an impact and efficiency perspective.

Processes & Collaboration

Insights

- Significant strategic shortcomings exist in the work of the marketing department. The CEO, sales department and agencies agree.
- Confidence in the marketing department within the organisation is weak.
- Cooperation with the sales department is lacking in strategic areas such as goal setting, prioritisation and planning, and activity planning is lacking in strategy and goal setting.
- The briefs lack quality in most areas, especially strategic ones. Marketing managers do not realise this.
- The number of people involved in the creative process has increased recently, and many proofs are made before achieving the desired result.
- Anchoring involves too many people and requires most of the time agencies spend on campaign development.
- Many are involved in sign-off. The CEO often decides in the end. However, the marketing manager disagrees.
- The marketing department primarily wants to improve data analysis and measurement. The CEO and sales department agree but believe they must also improve collaboration and processes.
- The marketing department uses many different KPIs today. KPIs around sales are most common even though most marketing departments do not have the primary responsibility for sales.

Actions

- Focus on understanding the needs of the business. Connect marketing strategy, planning, and goals to business strategy and goals. Show the ambition to support business results.
- Define, follow and present KPIs that drive towards market goals and the big picture. You can measure as much as you want, but not everything is essential for the big goals.
- Ensure good briefs with defined strategic needs and clear activity goals related to marketing strategy and goals.
- If you think it is expensive to collaborate with your advertising agencies, there is every reason to review your processes and interaction with your stakeholders.
- Responsibilities and mandates are best defined through clear processes with established decision points, fewer participants and clear responsibilities to reduce stress and friction: Who sets goals, offer and message? Who approves creation and when? Establish good communication with stakeholders.
- Put much effort into prioritising, planning and setting goals collaboratively with business managers – both in the short and long term. "Anchor at the forefront". If business needs and considerations are secured early in the process, creation and production will be less exposed to "opinion", and fewer people need to be involved in anchoring and approval at the end of the process.
- Dare to make tough priorities. Not everything that can be done needs to be done. You are happy to introduce new but rarely remove. The best way to streamline is to do less. Daring to do fewer things is required to achieve high impact.
- Prioritisation is a fundamental part of the strategy. Prioritisation guidelines are important for defining where the effort should be focused and saying 'no' when needed.

The marketing department of the future

The survey shows that marketing departments need to improve their operations. It is partly about the marketing department's role in the organisation, how collaboration with other departments and stakeholders should look, and partly about what skills are needed to equip the department for the future.

There is a need for a shift from focusing on production to becoming part of the realisation of the business strategy. This means making marketing as important as sales or product development by aligning – strategically and from a planning perspective – with these areas and being part of the whole.

Content

Future skill needs

The opinion differs between the marketing department and its stakeholders on what is most important to improve in marketing.

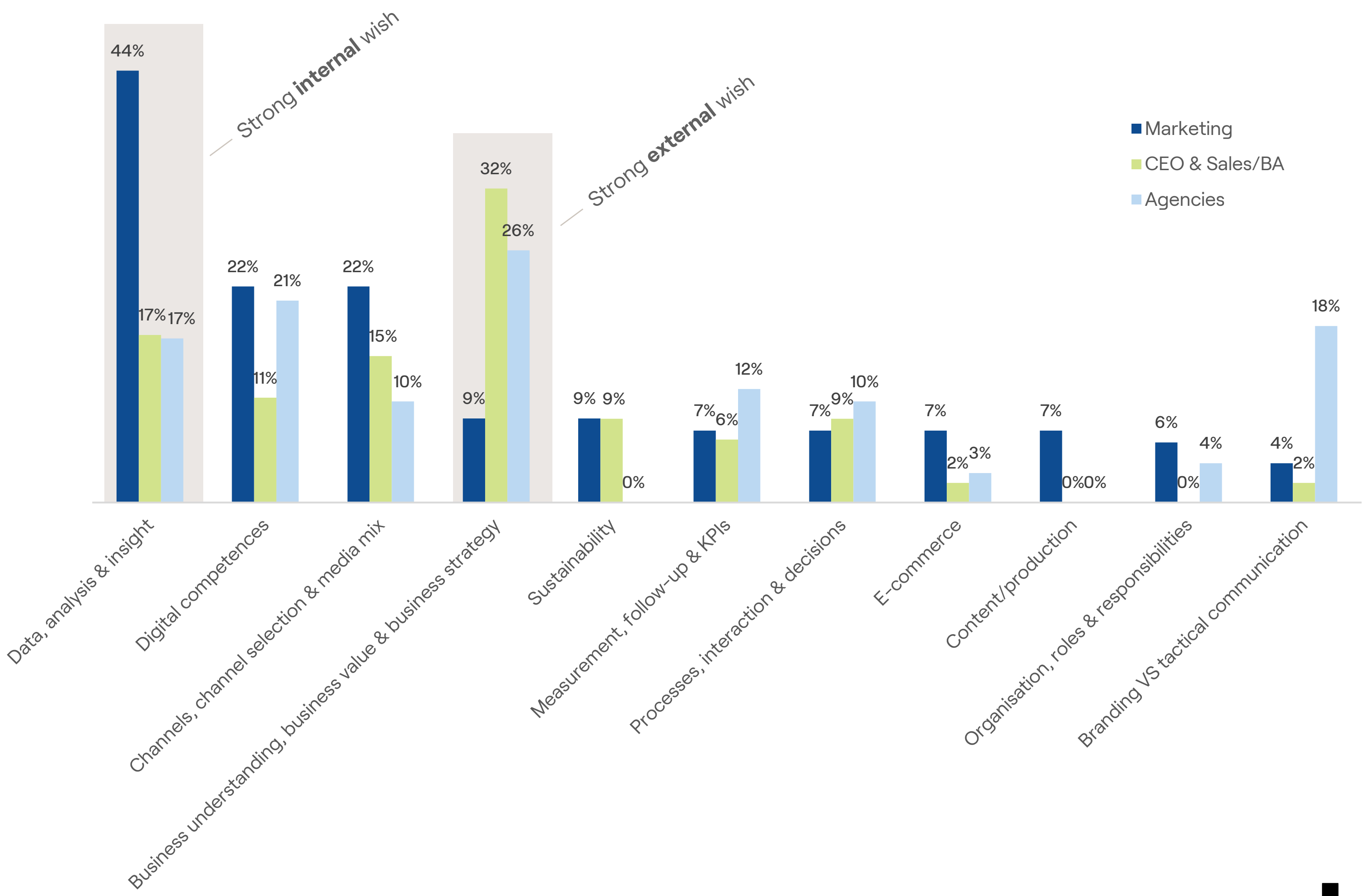
From the outside, there is a clear desire for the marketing department to become more business-oriented. For many companies, the link between the marketing strategy and activity and business strategy needs to be stronger. To address this, business goals need to be broken down and linked to measurable goals for marketing efforts.

Internally in the marketing department, there is a perception that the way forward is getting better at applying data and creating clear insights.

Many marketing departments are struggling with an ever-growing amount of data. Much analytical work today originates from each channel/silo. It is often too detailed or overwhelming to be relevant outside the silo. Companies are generally poor at providing an analysis that supports marketing by giving it direction and optimisation from a holistic perspective. Many insights also need to come from a deeper understanding of consumer- and user behaviour.

A shift is required from being data-driven to insight-led with the support of data linked to business-related goals. It also requires leadership with the competence and power to ensure that analysis and insights prioritise and support marketing activity aligned to delivering the business strategy.

In which three areas does the marketing department need to improve its competencies?



** This question was asked in an open-ended question form with no predefined answer options. Responses have been grouped and low-frequency responses have not been included in the chart.*

Time for a new focus

The marketing department is production-oriented

There are some clear tendencies in the efforts of marketing departments. The common denominator is that they show the marketing department's shift towards production and operational issues. The big trend towards in-house and own channels reinforces this.

"We will become a media house"

"We're going to get creative"

"We will automate content"

"We will become data-driven"

CEOs, businesses and agencies need a strategic partner

At the same time, there are strong desires from the marketing department's stakeholders and partners to understand the business better, create clearer strategies and goals, and become better at processes, prioritising and planning. In short, become a stronger strategic partner.

"Understand the business better"

"Develop strategies and goals"

"Improve processes"

"Prioritise and plan"

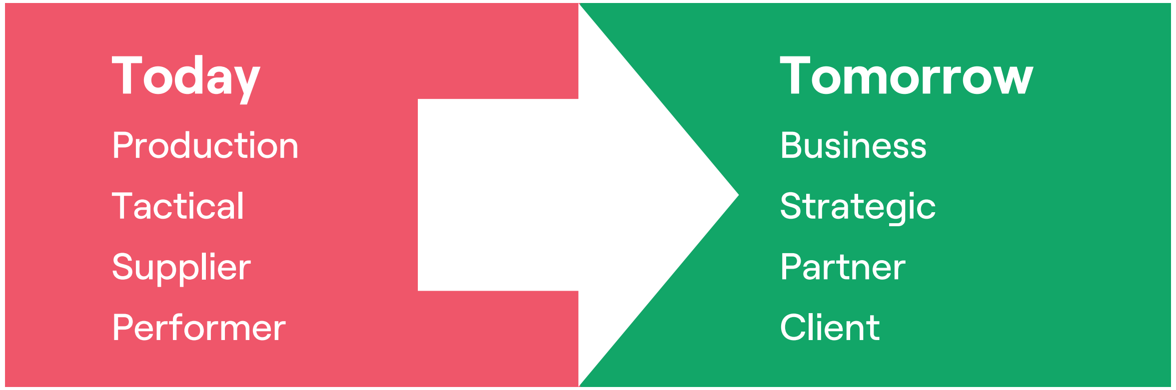
The marketing department of the future

Marketing communication is more important today than ever and will continue undergoing substantial change. At the same time, the core purpose of marketing remains the same.

So how should a marketing department be shaped for the future? What characterises a robust and future-ready marketing organisation that can communicate successfully?

Given the challenges and insights in this report, we have tried to draw a picture – in principle – of what such a market function looks like:

- The department of the future has a **strategic and business-critical role** with a good balance between brand building/supporting long-term sales growth and short-term sales activation and "harvesting" communications. It knows what job each activity, channel, and message does, how they support each other, and how they contribute to the goals.
- The marketing department must have a genuine interest in **customers** and understand the importance of **insights** into customer behaviour and how they affect the company's business goals.
- It must closely **interact with business areas and sales**, primarily regarding goals, prioritisation and business value. It is, in practice, the only way to "gather" the four Ps (Price, Place, Product, Promotion).
- The department emphasises strategic **planning and prioritisation** to ensure suitable activities have sufficient resources and impact. Less is more.
- It drives data and insight work across the company's departments and integrates it into their processes. Marketing will combine data sources of various kinds with **driving and implementing insights**.
- The marketing department will have clarified its role as either an internal **production** supplier or a **strategic** partner who supports the business. If needing to do both – keep them separate.
- Finally, the department is a **professional buyer** of services. With ever-faster technological development, it is easier to replace a supplier than to build up / close down a department. Be clear on what is done internally and why and avoid competition with the agency.
- Have a competent organisation with the right balance and interaction of **generalists and specialists**. The generalists drive the process, and the specialists support it.
- Organises the marketing department based on **simple and straightforward processes** for different activities and purposes, with few involved and clear mandates for approvals.
- **Collaborate professionally with agencies**, primarily concerning briefing, strategies and goals, and internal anchoring: clear frameworks, guidelines and creative freedom.
- Uses the right technology for the proper purpose. Have a clear picture of needs and goals with different technical tools and can set investments and personnel costs in relation to the planned **increase of efficiency or effect**.
- Works with a **few relevant KPIs linked to the company's business goals and a functioning follow-up process ensuring** learning.
- Creates a clear **link between business goals and marketing communication**. Provide management with simple and relevant reports on how the department's work has affected business goals.



How can you take this further?

What are your most critical challenges, and how can you optimise and future-proof your marketing function? Here's a suggested path:

1. Familiarise yourself with the **tendencies** and **challenges** that marketing departments generally face. Feel free to take advantage of our in-depth inspirational seminar.
2. Take the **self-test** to see what challenges exist within your organisation (see form on the next page).
3. Have an internal discussion about your challenges and the **choices** you want to make. If necessary, please make use of our workshop to facilitate the session.
4. Take stock of the current situation, number of activities and existing processes and then design a **vision** for your marketing function with quantified potential.
5. Develop an **action plan** and start to step by step shape a world-class marketing department. Remember to involve employees and stakeholders.

Seminar: Inspiration and insight

We come to you and take a deep dive into the survey, spiced with real-life examples. We conclude with an interactive reflection on the situation in your own business.

The purpose is to reflect your market function against changes in the industry and how others work and start a discussion about your opportunities.

Scope: about 2 hours + discussion.

Workshop: The Marketing Department of the Future

We conduct a workshop based on the insights you gained through the report and self-test. You send us your self-test before the workshop, and the content is tailored to your needs.

The purpose is to design an overall goal for your marketing department based on needs.

Scope: Half a day + Possible follow-up meeting with the marketing manager.

For more information, please contact Kapero.

Self-test – Are you at risk?

A lot has happened in marketing over the past 5–10 years. As we have seen in this report, the changes have led to a complexity that creates challenges for many. At the same time, there is great potential for improving structures and working methods. Here you can test if you are ready for the future or not.

Organisation and responsibilities

- ☐ Our marketing department today has a very broad area of responsibility.
- ☐ The marketing department has become more operational and lost strategic focus.
- ☐ The marketing department is organised based on channels (silos).
- ☐ The marketing department has grown in size.
- ☐ The distinction between sales and marketing is unclear.
- ☐ We have gained more specialist roles in the marketing department.

Partners and Suppliers

- ☐ Our briefs to agencies have unclear goals or are weakly linked to business strategy.
- ☐ The MARCOM plan and strategy could be made clearer for agencies.
- ☐ It is unclear which job is best done internally and what should be outsourced.
- ☐ There is competition between our external agencies.
- ☐ There is competition between external agencies and in-house.
- ☐ We have more suppliers (e.g. agencies, systems).

Channels and activities

- ☐ We add channels and activities but rarely remove any.
- ☐ We devote a large proportion of our resources to owned channels.
- ☐ We communicate across a large number of channels with more activities/content.
- ☐ We communicate many different messages.
- ☐ We produce many images, texts, ads, etc., but what is used is unclear.
- ☐ We've got more tools to plan, create, publish, and analyse.
- ☐ Our communication is often driven by channels' opportunities or external events

Assignment and processes

- ☐ We are weak at planning and prioritising internal work.
- ☐ Many stakeholders need to be anchored during the development.
- ☐ There are too many who have their say; there are many versions or late changes.
- ☐ There are too many people involved in the processes.
- ☐ We have many meetings and/or have too many participants in meetings.
- ☐ We plan a lot in the short term but are weaker at planning long-term.
- ☐ Our processes are often not followed, unclear or missing.
- ☐ We have too many people involved in anchoring and final approval.

Client, needs and strategies

- ☐ Strategy, prioritisation, and goals are missing or difficult to apply.
- ☐ Marketing department employees could become more business-oriented.
- ☐ It is unclear who can order, or we find it difficult to decline assignments.
- ☐ We have lots of policies and strategies. But they are used too little.
- ☐ Our brand is weaker than expected.
- ☐ We receive vague orders or late delivery of documentation from clients.

Monitoring and measurement

- ☐ We have lots of data and metrics but have difficulty prioritising which ones are important and creating insights. We need to be better at showing how we contribute to the business.
- ☐ KPIs and metrics lack a clear connection to business goals.
- ☐ We have unstructured or no follow-up of activities and creative work.
- ☐ It is unclear who follows up on what and when?
- ☐ It is unclear how follow-up should be reported or with what tools.

Further reading

Books

- How brands grow 1 & 2 Byron Sharp & Jenni Romaniuk
- The Attention Economy and How Media Works - Karen Nelson-Field
- Good strategy Bad Strategy – Richard Rumelt
- Playing to win – How strategy really works – Roger Martin
- Building Distinctive Brand Assets – Jenni Romaniuk
- Better Brand Health – Jenni Romaniuk
- Marketing – Byron Sharp
- Eat Your Greens – Wiemer Snijders (editor)
- Converted – Neil Hoyne
- Future Demand - James Hurman
- Can't Sell, Wont Sell – Steve Harrison
- Viral Marketing – Karen Nelson-Field
- How not to plan - Les Binet & Sarah Carter

Reports

- Anatomy of effectiveness, Dyson, Binet, Field, Romaniuk et al – WARC
- Rethinking brand, Hurman, Tiltman, Romaiuk, Mudit, Miller – WARC
- Effectiveness in Context, Les Binet & Peter Field – IPA
- How B2B Brands Grow – Romaniuk, Sharp, Dawes and Faghidno, Ehrenberg-Bass Institute & The B2B Institute
- Effectiveness in Context, Les Binet & Peter Field – IPA
- Media in Focus, Les Binet & Peter Field – IPA
- The B2B Effectiveness Code, James Hurman - WARC & The B2B Institute
- The Challenge of Attention, Vinter, Follett, White, Liu – Ebiquity, Lumen, Tvision
- The Objectivity trap - Rory Sutherland - The B2B Institute
- 2030 B2B Trends, Peter Weinberg & Jon Lombardo –The B2B Institute
- Profit Ability, Challier, Chappell, Pugh - Ebiquity, Gain Theory, Thinkbox

Thank you!

We want to sincerely thank the following people who have contributed in various ways to this report.

Mats Rönne, Offpist Management AB

Martin Gustafsson, Stockholmsmässan

Neda Kanni, Ica

Linus Almqvist, ANR+1

Tobias Clewemar, Storytel

Rune Pedersen, Tre

Jim Carlberg, Tre

Annika Bagge, Riksbyggen

Johan Bryngelsson, Swedbank

Anna Ekström, Svenska Spel

Henrik Strömqvist, Orkla Foods

Anna Berlin, Electrolux

Stina Liljekvist, Skandia

Mark Robinson, Lantmännen

Anders Rynnel, Apoteket

Eva Ernfors, Dustin

Caroline Berg, Norstat

Lena Regeheim, Sveriges Mediebyråer

Linda Nilsson, Sveriges kommunikationsbyråer

Josephine Frigge, Sveriges kommunikationsbyråer

Sveriges
Annonsörer

v. 1-23-0530-EN