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Modern marketing: What it is, what it isn't, and how to do it

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By Sarah Armstrong, Dianne Esber, Jason Heller, and [Björn Timelin](#)

To drive growth in the digital age, marketing needs to modernize a specific set of capabilities and mindsets.

What does “modern marketing” mean to you? We can all probably think of a clever digital campaign, an innovative app, or some inspired creative work shared across multiple channels.

While these examples contain some of the hallmarks of modern marketing, in our view it is much bigger than that. Modern marketing is the ability to harness the full capabilities of the business to provide the best experience for the customer and thereby drive growth. In a [recent McKinsey survey](#), 83 percent of global CEOs said they look to marketing to be a major driver for most or all of a company's growth agenda.

Delivering on this promise requires a whole new way of operating. Marketing departments need to be rewired for speed, collaboration, and customer focus. It's less about changing *what* marketing does and more about transforming *how* the work is done. Based on successful cases we've seen, we estimate that making this change can unlock 5 to 15 percent of additional growth and trim 10 to 30 percent of marketing costs.

Where to start

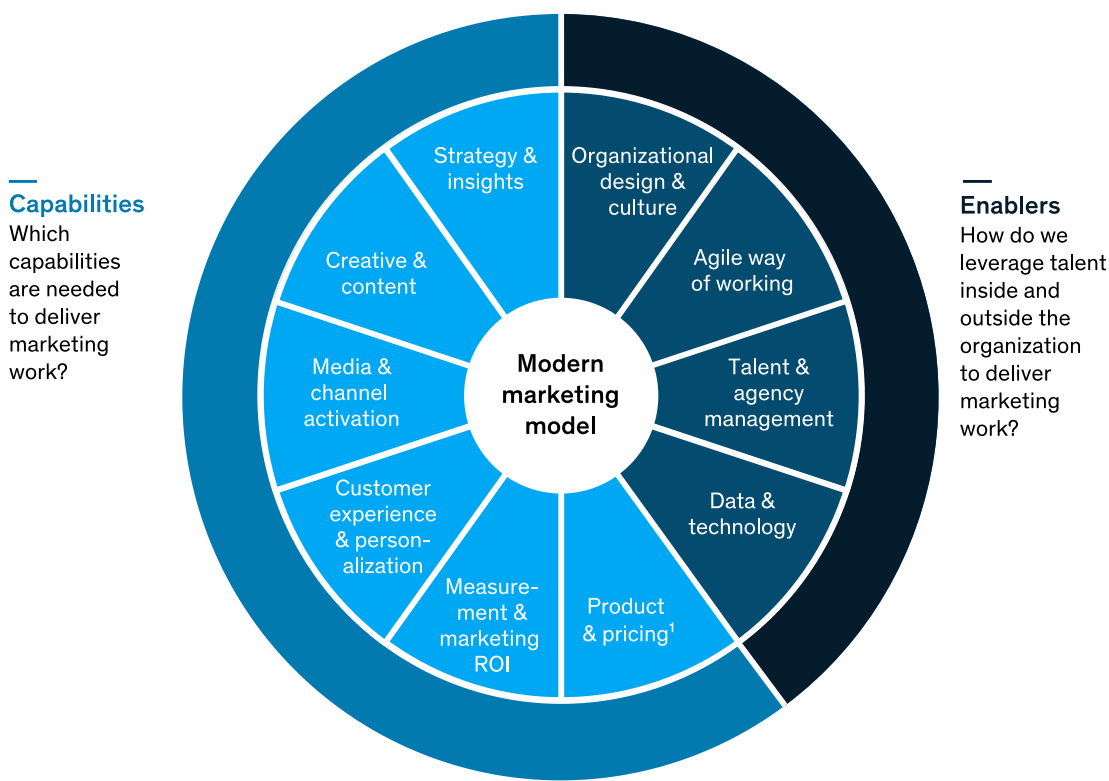
In our experience, most senior leaders understand that marketing has to modernize, but they are less sure what specifically that means. Too often, they focus on a handful of initiatives or capabilities and then grow frustrated when the promised value doesn't

appear.

For this reason, it's crucial to have a clear view of what constitutes a model for modern marketing (Exhibit 1). While each of these components is familiar, we have found that the clarity of seeing them organized into a cohesive model gives leaders a better sense of how to track all the elements and how they should work together.

Exhibit 1

To deliver on growth, modern marketing requires updated capabilities and enablers.



¹ Capability may not fall directly under marketing organization, depending on organizational structure.
 Note: Variations to the modern marketing model may exist for consumer-packaged-goods and B2B sectors.



That clarity is crucial as leaders develop plans and programs to modernize each of the capabilities and enablers (Exhibit 2). The traditional way to create content, for instance, is to roll out periodic, one-size-fits-all campaigns that can be modified only to a limited extent. On the other hand, a modern marketing organization has systems that allow for large volumes of messages and content to be constantly created, monitored by

performance analytics, and then adjusted as needed. Take personalization. It used to mean broad offerings and experiences across large consumer segments. Today, the goal is to leverage data from all consumer interactions to creatively deliver as much relevant one-to-one marketing as possible.

Exhibit 2

Modern marketing requires revamped capabilities to meet marketing’s new rhythms and demands.

■ Capabilities ■ Enablers

Key elements	From	To
Strategy & insights	Limited insights and lagging indicators	Brand vision and strategy informed by real-time insights that are integrated into operations and the front lines
Creative & content	Periodic and intuition-driven campaigns	Always-on content driven by analytics and data, dynamically curated, and augmented by AI tools
Media & channel activation	Channel-activation plans managed in silos and optimized episodically	Rapidly iterated activity utilizing unique attributes of each channel, tied to a 360-degree view of the customer journey
Customer experience & personalization	Several broad offerings across large customer segments	Customer experience that is data driven and personalized, leveraging unified customer data across all interactions to allow for purposeful communications
Measurement & marketing ROI	Limited ability to measure impact	Holistic, customer-level ability to measure all or most components of marketing investments
Product & pricing	Marketing disconnected from product	Working hand-in-hand with product to activate consumers by building a cohesive experience and using analytically driven pricing
Organizational design & culture	Business- and product-centric	Organization designed around customer-centricity and expanded breadth of marketing’s role in driving growth; advanced operations in place to execute
Agile way of working	Annual planning and multiple handoffs	Highly empowered, cross-functional agile teams focused on rapid test and learn
Talent & agency management	Overreliance on agencies and organic talent development	Strategy to attract, retain, train, and upskill talent, and to manage an interconnected agency ecosystem with best-in-class expertise
Data & technology	Sparse data, and technology and marketing managed separately	360-degree customer data at the absolute core of a seamless customer journey, across which an integrated marketing-technology stack connects “signalized” data

While most CMOs we know have made progress toward developing modern marketing organizations, many are discouraged by a lack of progress. We have found that the core issues are the absence of a commitment to the full suite of changes necessary and a lack of clarity about dependencies. Without that understanding, we find that teams tend to naturally gravitate to working on things they know best or are most excited about, ignoring other elements. This creates blind spots in the transformation process that lead to delays, frustration, and, ultimately, a loss of value. Modernizing marketing capabilities, for example, requires an upgrade of four key operational enablers. But a successful transformation won't succeed without three mindset shifts that provide a foundation for change.

Mindsets: Thinking like a modern marketer

Before embarking on a modern marketing transformation, there are three mindset shifts that are necessary to enable change. (For more on mindsets from the former CMO of Uber and Beam Suntory, see sidebar “Modern marketer: Rebecca Messina.”)

1. Unifier mindset

To drive growth, marketing leaders must work collaboratively with diverse areas of the company, from sales and product innovation to finance, technology, and HR. In fact, our research has shown that CMOs (or those in a similar role, such as chief growth officer or chief customer officer) who function as “unifiers,” leaders who work with C-suite peers as an equal partner, drive greater growth than those who don't. Unifier CMOs adopt the language and mindset of other C-suite executives, articulate how marketing can help meet their needs, and ensure that they understand marketing's clearly defined role. Moreover, this creation of productive, collaborative relationships doesn't end at the C-suite. Marketing leaders should role model—and set expectations for—how each member of the marketing team should collaborate seamlessly with colleagues in other functions.

2. Customer-centric mindset

Putting customers first is not a new idea, of course. What's different today is that marketers have unequivocal evidence that meeting customers' needs creates value and delivers competitive advantage. Modern marketers must also be aware of the challenges of complexity and scale they must meet to achieve customer-centricity. They involve commitments to several elements: a design-thinking approach to solving customer pain points and unmet needs; a centralized data platform with a unified view of customers, culled from every possible touchpoint; the continuous generation of insights from customer-journey analytics; the measurement of everything consumers see and engage with; and the hiring and development of talented people who know how to translate insights about customers into experiences that resonate with customers.

The first step is to realize that customer segmentation goes deeper than you think. The best marketers are developing capabilities for efficient engagement across numerous microsegments. By doing this, marketing organizations can better understand the motivations and behaviors of their most valuable customers. They can also organize their efforts around acquiring more of them and creating greater loyalty.

3. Return on investment (ROI) mindset

Digital channels and improvements in analytics and data science now make it both possible and necessary for marketers to be accountable for delivering value across all channels. To operate with an ROI mindset, everyone needs to operate as if the money they are spending is their own. This means closely monitoring investments, putting in place standards to identify those not generating value, and creating a culture of accountability in which underperforming investments are scrapped. Such financial rigor will not only help marketing fulfill its mandate as a growth driver; it will also build credibility with the CFO, unlock additional investment, and demonstrate marketing's value to the entire company. One streaming company, for example, has built into the core of its culture continuous A/B testing of hundreds of variants of its website and apps and measuring their impact on viewing hours and retention. To support this, each product team has its own embedded analytics talent.

Enablers: Operating like a modern marketer

To modernize marketing's capabilities, marketing organizations need to upgrade four key underlying operational enablers. (For more on questions that could help your organization understand how far it has to go, see sidebar "Where are you on your journey to modern marketing?")

1. Organizational design and culture: Turning mindsets into behavior

To support modern marketing behavior, companies can take a number of practical actions, including the following:

- **Incentivize group success.** Since delivering value to the company is a cross-functional team sport, marketing organizations need a culture focused not just on individual achievement but on shared goals, team performance, and accountability. This means changing how marketing organizations reward, acknowledge, and evaluate talent, such as the inclusion of cross-functional team key performance indicators (KPIs) tied to individual compensation. Top talent should also feel a sense of purpose and motivation, derived from an environment that delivers energy and enthusiasm. None of this happens by chance.
- **Elevate consumer insights and analytics.** Because customer-centricity and ROI mindsets are critical for modern marketers, customer insights and analytics can't be support functions within marketing. In a modern marketing organization, they will have a prominent and visible role and a leader who reports directly to the CMO. This serves as a reminder that the voice and behavior of the customer must be at the center of everything and that no marketing activities should be executed without the backing of relevant insights and the ability to measure performance.
- **Turbocharge marketing operations.** Marketing operations is a backbone function, essential for a modern marketing organization to move with speed and flexibility. To make sure that marketing spending, technology, and processes are all managed to deliver maximum impact and efficiency, the best companies have installed a marketing operations lead, also reporting to the CMO. In some cases, marketing operations will exist as a shared service or central function across marketing. In other cases, it will be distributed across numerous operating units to provide autonomous execution capabilities. We've seen marketing operations provide a 15 to 25 percent improvement in marketing effectiveness, as measured by return on

investment and customer-engagement metrics. One global financial-services company, for example, figured out that by accelerating the delivery of IT-dependent functions to marketing, it was able to generate an extra 25 percent of revenue. That was worth \$100 million per year.

2. Agile marketing at scale: Getting serious about moving beyond pilots

By far the biggest change to marketing's organizational design is the shift to agile.

As a decentralized, cross-functional model, agile is critical for operating with speed. Even the most digitally savvy marketing organizations have experienced revenue uplift of 20 to 40 percent by shifting to agile marketing. Small teams of people, called squads, work in the same place and have decision-making authority to execute highly focused tasks. Organizing squads around specific customer objectives ensures that everyone on the team is connected to the customer. Giving squads clear KPIs, such as a volume of new customers or specific revenue goals, ensures that everything is measured and evaluated. Marketing organizations that adopt agile have moved anywhere between 50 and 70 percent of their work to this more streamlined and accountable approach, quickly cutting loose anything that isn't creating value.

Scaling agile marketing, however, entails more than flattening out an organization chart or establishing cross-functional collaboration. Squads need to have supportive participation from departments such as legal, IT, finance, and often agency partners as well. Without this broader organizational support, agile teams are confined to small pilots with limited impact. At one bank, for instance, the legal department and controller's office were resistant to providing staff to agile marketing teams because of competing priorities. Marketing leadership knew their agile approach wouldn't work without the other functions, so they invested sufficient time with each function's leader to articulate how the agile team would work, what value would be generated, and how it would support the business's overall goals. This effort gave functional leaders enough confidence in the process that they agreed to provide people to the agile squads.

3. Talent and agency management: A constant balancing act

Given the complexity of marketing today and the range of capabilities needed, marketers need a new talent strategy built around three elements:

- **Insource mission-critical roles.** While there is no single model for the functions a marketing organization should handle itself, insourcing usually makes sense when there is a desire for ownership of data and technology; when companies seek strong capabilities in a certain area; or when insourcing will greatly accelerate the speed to market and allow for the constant creation, testing, and revision of campaigns.
- **Hire “whole-brained” talent.** Today’s in-house roles require a broader skill set, with a balanced mix of left- and right-brain skills. This means, for instance, content producers and experience designers who are comfortable using data, and data-driven marketers who are willing to think outside the box and move closer to consumers. [McKinsey research](#) shows that companies able to successfully integrate data and creativity grow their revenues at twice the average rate of S&P 500 companies. Most importantly, modern marketing organizations don’t need managers to manage people; they need people to manage output and track performance.
- **Foster an ROI-focused management style.** In an environment where autonomous teams are given the ball and asked to run with it, managers need to be comfortable setting KPIs, overseeing output, and tracking the performance of agile teams.

4. Data and technology: An obsession for looking ahead

Marketing metrics have traditionally looked backward to unearth insights about past behavior and measure the effectiveness of current campaigns. Modern marketing organizations use data analytics to look ahead. They anticipate unmet consumer needs, identify opportunities they didn’t know existed, and reveal subtle and addressable customer pain points. Data analytics can also predict the next best actions to take, including the right mix of commercial messages (for cross-selling, upselling, or retention) and engagement actions (content, education, or relationship deepening).

To do this, data must be centralized and easily accessible so that activity in one channel can immediately support real time, or near-real-time, engagement in another. Instead of the traditional approach, where IT takes the lead in data management, marketing leaders should work with IT leaders to develop a shared vision for how data will be accessed and used. This starts with the CMO and CTO/CIO collaborating closely on a business case and road map and then rallying the needed support from across the organization.

Because the pace of change in the marketplace continues to accelerate, becoming a modern marketing organization must be a “now” priority. Leaders unsure about the need to move aggressively toward this new model might bear in mind a character in Ernest Hemingway’s novel *The Sun Also Rises*, who is asked how he went bankrupt. “Two ways,” he answers. “Gradually, then suddenly.”

About the author(s)

Sarah Armstrong is an alumna of McKinsey’s Atlanta office, **Dianne Esber** is a partner in the San Francisco office, **Jason Heller** is an alumnus of the New York office, and **Björn Timelin** is a senior partner in the London office.