



RESHAPING

GLOBAL ENGAGEMENT OPERATIONS

Optimizing the Resonance and Relevance
of Localized Marketing Initiatives

REPORT | JUNE 2019



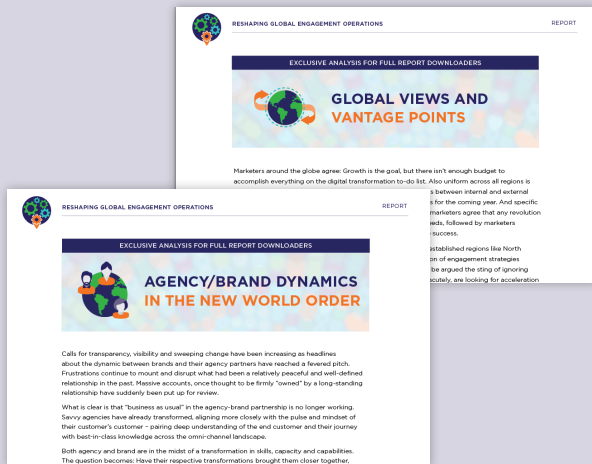
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FULL REPORT SNAPSHOT

EXCLUSIVE ANALYSIS OF AGENCY DYNAMICS AND INTENTIONS



EXCLUSIVE REGIONAL ANALYSIS SHOWCASING GLOBAL INSIGHTS AND VIEWS

Thank you for downloading the Executive Summary for “Reshaping Global Engagement Operations.” If you are interested in further exploring the findings of the research, as well as in-depth perspectives from brand leaders, the full report detailing all of the data collected in the study is available for purchase (\$199).

15 CHARTS AND GRAPHS



4 DEEP-DIVE EXECUTIVE INTERVIEWS



60 TOTAL REPORT PAGES



INTRODUCTION

Centralized. Decentralized. Hyper-local. Micro-personalized. Agile. MarOps.¹

According to a recent Gartner study, 89 percent of marketing leaders surveyed said they intended to adopt some form of “agile marketing approach” in the coming year... which translates into picking and choosing which tools, processes and organizational design will be implemented with the intent of making marketing programs more relevant, adaptive and efficient.

The call for transformation and evolution of marketing strategies has been deafening in recent years. From the advance of the customer experience to the new mandates and requirements for growth, efficiency and measurable effectiveness, the call to shift mindsets and management has reached the breaking point where marketing leaders have concluded that marketing has reached that point of disrupt or be disrupted.

There is good reason for this call to new action: Chief Marketers are just not convinced that their strategies are able to take hold thanks to key issues, gaps and deficiencies across the marketing organization. According to a recent CMO Council poll of leading brand marketers, improving processes and capabilities, access to intelligence and identifying new routes to revenue were top of mind to advance the leadership agenda. In fact, 40 percent of senior leaders surveyed indicated that improving the go-to-market process was the top upgrade on deck for the year ahead.

This should not come as a big surprise when you consider that marketers have long been frustrated with their (in)ability to truly execute global, omnichannel campaigns, struggling to roll out global initiatives without significant cost and time delays. **Almost two-thirds of marketers surveyed by the CMO Council gave themselves below satisfactory grades specific to their capacity to adapt global brand marketing content across the markets and channels they serve.** This has led to equally uninspiring marks in timeliness as only 30 percent of marketers rate their teams as either “advanced” or “doing well” in their timeliness and capacity to simultaneously support global and local execution.

The struggle is manifesting in a sense that despite active investment into new talent and technologies, strategies are missing the mark and leaving opportunity on the table. **The vast majority of leaders – 77 percent – believe they are not reaching the full revenue potential of today’s connected customer.**

Just as marketers ease into the new-normal that growth is the primary mandate of the marketing machine, this reality of ineffective actions and overarching inefficiencies has forced marketers to look at the foundations upon which their strategies are built: The data and intelligence that power the move from strategy to action, the talent that brings the strategy to life and the operational structures that enable strategy to become profitable reality.

¹For the uninitiated, this is marketing through the cultural mind shift of DevOps. Honest... it is a thing.



This leads to a new quandary: Perhaps the issue isn't with the strategy... perhaps the issue is with the structure. As marketers have elevated and innovated engagement strategies and initiatives, many believe it is time to turn a critical eye to organizational structure and matrix to ask where and how can efficiency and effectiveness be coupled with the experience demands and expectations of the critical audience of one. This hyper-focus on the customer demands that experiences step beyond the basic principles of personalization and apply deep context with the intention of hyper-relevance in the form of localization.

This shift led the CMO Council, in partnership with Worldwide Partners, a global network of independent advertising and marketing services agencies, to investigate just where and how marketing leaders were embarking on this operational reassessment and transformation. More to the point... we wanted to ask why was transformation necessary to begin with and where would the responsibility lie to make real change last? What new thinking around organizational structures were resulting in newly paved pathways to team empowerment that could actually meet the needs of the local customer? How were leading brands reshaping their agency partnerships in light of this the new global matrix? Where and how were insights into the needs, challenges and opportunities of reshaping the operations of global engagement and experience?

To start, the CMO Council interviewed select brand leaders, representing brands as diverse as Allegiant Airlines to Cirque du Soleil. An online survey of over 350 global marketing leaders showcased the different needs and requirements of global marketing operations, identifying variations and differences between global and regional teams, as well as the benefits and drawbacks of centralized or decentralized operational structures.

What emerged was a picture of a marketing in the middle – a call to shift away from the extremes of fully centralized or fully decentralized models. There is also a sense of executive responsibility as marketers begin a journey of self-reflection to better communicate business needs under their new mantel of growth driver, forever shifting the needs, requirements and responsibilities of the modern marketer to agency partner dynamic. **In whole, this study is not a rebuke of operational or agency models, but rather a blueprint for an improved dynamic that better focuses brand and agency alike around growth, around business mandates and, perhaps most importantly, around how to effectively and efficiently develop more relevant and profitable relationships with the customer.**



KEY FINDINGS

Marketing organizations the world over are in the midst of a transformation that will impact every system and staffing demand for years to come. While the focus for many has been on the transformation happening to digital technology infrastructure and engagement channels, the more pressing transformation is how our very organizational structures will reshape to best reach, understand and embrace the modern connected customer. Only problem is, the transformation doesn't seem to be advancing and could actually be stalled.

In previous research, the CMO Council had already learned that this connection and proximity to the customer is a far more difficult journey than many organizations had anticipated.

Serious questions about structure and resource alignment were called into question as marketers shared that rather than an aligned network of connected in-house and agency resources, 76 percent faced a disconnected and scattered collection of multiple creative teams, partners and contractors whose responsiveness and capabilities were in need of improvement (according to 32 percent of senior leaders), more often failing to meet the needs of both global and local marketing execution.

Marketers had formed a conclusion: despite efforts to the contrary, structure was failing strategy, and it was time to rebuild.

What we learned from this online assessment of the state of structure is that the conversation over total centralization or decentralization should be moot as structures of extremes results in outcomes of extremes: organizations are either highly efficient or they are highly connected to the customer.

What senior marketing decision makers admit is that marketing operational structures need to meet the connected customer of today and the hyper-connected customer of tomorrow. The growth marketing organization needs a disruptive model that blends the best of all practices: yields highly efficient processes, empowers global and local teams and resources to actively and openly collaborate and connect across functions and regions, while tapping into the most critical asset every company needs in order to develop profitable relationships: relevant, contextual, actionable intelligence about their customers.

This shift is not just intended for the organization but must extend to the network and collection of external resources and agency partners. Marketers have a clear message: **Transformation in operational structure without a re-examination of agency dynamics will only lead to more misalignment and missed opportunity.**

Perhaps the best starting point to understand this evolution of the marketing operational structure is to understand where and how senior marketing leaders are being tasked.








SECURING THE GROWTH DRIVER TITLE

CMOs are continuing on the path to driving growth across the organization. The plan is to do this by optimizing customer experience and engagement strategies and improving go-to-market capabilities. In fact, more than half of the 350+ marketers surveyed indicated that driving growth was the top strategic area of focus for the coming year.

- 51 percent say driving growth is primary strategic focus.
- 47 percent say optimizing customer experience strategies and execution is top of mind.
- 92 percent have some level of confidence that organizational capabilities will help reach 2019 goals.

But look a bit closer and you will see doubt intertwining with bravado as marketers admit their current capabilities – both internal and external to the organization – may not be enough to get strategies across the finish line. Only 10 percent of marketers are exceedingly confident in their current capabilities while 39 percent admit that they are still hedging their bets... confident in their teams, but willing to admit there is plenty of room for things to go horribly wrong.

HOW CONFIDENT ARE YOU THAT YOU WILL REACH YOUR STRATEGIC GOALS FOR 2019 WITH YOUR ORGANIZATION'S CURRENT CAPABILITIES?

10%		Exceedingly confident
43%		Fairly confident
39%		Confident, but hedging any bets
6%		Slightly unconfident, but not counting us out
1%		Fairly unconfident



THE BUDGET BETWEEN MARKETERS AND SUCCESS

Budget – or more specifically budget limitations making investments into new strategies and initiatives impossible – remains the primary thorn in marketing’s side when asked what might stand between strategy and success. But CMOs are also keenly aware that culture and mindset are also part of the problem as organizations struggle to focus on a true north and ensure that teams, regardless of location, have the right skills and tools in place.

- 59 percent say budget limitations are the top issue impacting the organization’s ability to meet the strategic goal of growth.
- But culture (senior leadership shifting priorities and goals – 30 percent, slow moving culture adverse to change – 25 percent, inconsistent alignment and collaboration across teams – 29 percent) and skills (upskilling teams – 24 percent, keeping pace with digital evolution – 20 percent) are playing major roles in slowing down if not halting progress.

TOP 5 FORCES HOLDING THE ORGANIZATION BACK

59%		Budget limitations
30%		Senior leadership shifting priorities and goals
29%		Inconsistent alignment and collaboration across teams
25%		Slow moving culture adverse to change
24%		Upskilling teams and talent



Today's modern connected customer is hyper-aware of issues like data privacy and security. This is hardly surprising considering the past year's focus on everything from GDPR to massive breaches in data-trust across brands like Facebook, T-Mobile and Cathay Pacific Airways. But customers also crave experiences and engagements that are personalized and full of relevance and context. This isn't just relevance at a superficial level either... this is rich, contextual relevance that reflects the individual customer's language and location with regionally specific nods to culture and behavior.

- The top three customer demands are: data security, privacy and accountability (57 percent); always on service (52 percent); and relevant experiences based on regional or local language and mindfulness of local culture (46 percent).
- Only 20 percent say their organization is prepared to meet these needs of the customer.
- 73 percent believe they will win some... but also lose some.

Yet when you look at this approach, it is clear that thanks to the complexity and sheer scale of the global marketing machine, organizations have taken half measures and 'almost there' as a replacement for greatness. It is clear that, according to our respondents, organizations seem perfectly content to let some errors slip past when it comes to what they acknowledge are issues sitting at the top of the list of customer demands. Most feel their organizations are only partially set up to meet customer demands... expecting that there will be some wins and some losses along the way.

The question becomes... can we really afford to lose customer trust and engagement in the name of efficiency and effectiveness?

CAN YOU MEET THE NEEDS OF THE MODERN CUSTOMER?		
20%	✓	Yes
73%	—	Only partially, with some wins and some losses expected
1%	?	Do not know
6%	✗	No



MISSING THE FUEL TO SPARK THE LOCALIZATION FIRE

Despite understanding the importance of localized experiences to the customer, especially those experiences that reflect a customer's local culture, language and preferences, marketers admit that they are in need of far more fire power to bring localization to life. More specifically, marketers are in need of serious intelligence. Most have been able to loosely gather insight from across the organization, but in order to truly personalize by localizing, they have launched an active search for more.

- 82 percent say their intelligence on local market behaviors, trends, needs and preferences hovers between good and okay.
- 10 percent admit that their intelligence access is actually not good to horrible.
- **57 percent believe that the lack of localized intelligence has had a negative impact on their ability to drive more profitable relationships and execute more successful campaigns.**
- 38 percent believe that while they feel they are missing out on opportunities, there may be other issues at play that go beyond localization intelligence.

The quest for localization intelligence has become more urgent as marketing leaders fully recognize the lost opportunities, and the stark reality that it is far more likely that their competitors ARE leveraging intelligence. **The disruption is not the idea of localization and the delivery of relevant customer experiences. The disruption is missing opportunities and being the brand that has lost global ground.**

HAS THE LACK OF LOCALIZATION INTELLIGENCE IMPACTED ENGAGEMENT?

12%	Yes, we have already seen a negative impact
45%	Yes, but I do not have specific examples... we just know we are missing out
38%	Possibly, there are more factors at play but there is a sense we are missing out
5%	No, our ability (or inability) to access localization intelligence has had little to no impact



STRUCTURES IN THE EXTREMES YIELDS EXTREMES

Organizations have struggled with how to manage large, complex teams distributed across regional and global geographies. Total centralization has developed global capabilities and a center of excellence that can apply brand-wide best practices, centralize spend and focus teams on a true north. Total decentralization has developed rich local strategies and market engagement, allowing global organizations to tap into local talent and local market presence. But interestingly, marketers admit that to select one has led to deficiencies and challenges that the opposing structure seemingly has avoided or diminished.

27% of survey participants work within a fully centralized marketing operational model with all strategy and execution occurring through a centralized marketing org

30% are totally localized with all strategy and execution handled by regional or local marketing teams with general oversight and topline vision from a global marketing leader

41% Of these marketers feel that the top benefit to this model is the ability to work in an agile manner, shifting and responding as needed.

36% Believe this strategy has eliminated the drama of corporate politics

38% Believe this model delivers efficiencies, streamlining decision-making

Most important is that these highly localized units are able to take advantage of exceptional local skills and talent thanks to local execution mandates.

34% Say it is also free from complex structure

48% Believe in exchange for proximity and intimacy with the customer has been a lack of clear vision

42% Admit that centralization means that strategies and campaigns are often out of touch with the local customer

42% Find struggles with global data and intelligence drawn from across the organization

37% Say customer insights are weakened by a lack of local understanding within the team

39% Have broken lines of communication

While operations are highly efficient and decision making is no longer a roadblock to growth, the **customer has been left behind.**

Those working within a wholly localized model admit that efficiency, scalability and agility are among the weakest benefits to their operational model, effectively **exchanging customer proximity for efficiency.**



BEYOND BEST PRACTICES: Mapping a New Model to Meet the Modern Customer Efficiently

To truly operate in today's connected customer marketplace, it will take more than simply centralizing or localizing marketing operations. With a more complex customer comes more complex demands on the organization. Organizations that are looking to drive growth AND profitability through optimized efficiencies and improved customer engagements are identifying new processes and empowering technologies that help to centralize strategy while empowering internal resources to operate locally... especially in an effort to leverage more local talent and resources to get closer to the local customer.

In reality, this hybrid model is bringing brands closer to their customers thanks to local resources, understanding and intelligence. Moreover, the hybrid model is encouraging taking the leading queues from operations at the extremes, adopting practices from centralized teams that foster efficiency and effectiveness, while adopting mindsets and processes from localized structures to best leverage and activate localization resources and intelligence.





30% of respondents have established a marketing operational structure that allows for centrally developed and orchestrated strategies and locally executed campaigns and initiatives.

42%	Indicate that the top asset to their current operational model is heightened understanding of the local customer.
41%	Believe their greatest asset is the crystal-clear vision of goals and strategies for empowerment.
37%	Believe they have been able to heighten efficiency and impact of spend and allocation
36%	Are confident in their ability to rapidly scale and meet new opportunities.
59%	Say that their greatest challenge is slow decision-making and reaction time
46%	Admit that this split in responsibility has hardened silo walls and fostered a culture that digs in and is resistant to change (likely in the name of "regional relevance").

However, through the lens of the goal to drive growth and opportunity through BOTH efficient operations AND optimized (localized) customer experiences, the **hybrid model** seemingly allows for both to rise to the top.



There is a word of caution that was issued by organizations that have fully brought local market engagement into a centralized operational structure... the efficiency of centralization pulls the organization further away from the customer. In an age when profitability will come to those who consistently deliver relevance, context and personalization as core foundations of the customer experience strategy, brands must better align and empower teams to understand, reach and engage the customer.

	 FULLY DECENTRALIZED	 HYBRID	 FULLY CENTRALIZED
UPSIDE	Eliminates corporate politics over execution	Heightened understanding of the customer Optimized and efficient spend	Efficiency of spend and allocation
DOWNSIDE	Lacks clear vision of engagement strategy	Slow decision making	Lack local market understanding and proximity to the customer



EXPERT COMMENTARY



JOHN HARRIS

President & Chief Executive Officer
Worldwide Partners, Inc.



A Global Platform of Potential

In today's global marketplace, a product or service is more likely to succeed when customized to the unique audience dynamics, media landscape and cultural context within each local market in which it is sold. Standardization without localization can lead to unrealized revenue opportunities, wasted marketing spend and negative brand perceptions, all of which adversely impact your company's bottom line.

Yet despite the fact that the modern connected customer expects personalization that includes an accurate, relevant and appropriate reflection of, and respect for, local culture and behaviors, 65 percent of CMOs rate their organizations below satisfactory in their capacity to adapt global brand marketing content across the local markets and channels they serve.

Transformational vs. Transactional Alignment

One of the global CMO's greatest challenges is navigating the tension that exists between the control and efficiencies of a global brand marketing strategy and the customer's demand for personalization based upon local cultures, channels and preferences. In fact, only 17 percent of CMOs believe their operating model is fully aligned with the business.

The problem at the top (i.e. global) is significantly easier to solve than the problem at the bottom (i.e. local), as the increase in stakeholder involvement increases the probability of indecision and ambiguity. As history has shown, ambiguity is the greatest enemy of alignment.

Data can eliminate ambiguity, and as the data in this report illustrates, customers expect personalized and contextualized brand experiences. As a result, today's most successful CMOs are eschewing the traditional approach of building internal alignment around short-term, transactional success, in favor of *transformational* alignment that places *the needs of the customer* at the center of every decision to positively impact the long-term viability of their businesses.



The Right Model For You

One of the goals of the global brand marketer is to define – and consistently refine – the operational framework of the marketing function to maximize both the efficacy and efficiency of marketing spend. As this report has demonstrated, there are pros and cons to a centralized model with one global agency, a decentralized model with multiple local agencies and a hybrid model that combines the two approaches.

In the evaluation of a global/local marketing operational model, the following are 10 questions every global brand marketer must ask themselves:

1. Do the target audiences for your product or service vary by market?
2. Do consumption and/or usage behaviors of your product or service vary by market?
3. Are there unique cultural dynamics impacting your product or service by market?
4. Do the distribution channels and transactional environments vary by market?
5. Is your organization challenged to understand any of the aforementioned variances?
6. Is your product or service category more sensitive to local market competitors?
7. Are there specific local markets where your product or service over-indexes vs. your category where protecting market share is critical to your company's success?
8. Are there specific local markets where your product or service under-indexes vs. your category where growing market share represents significant upside?
9. Are you currently operating within a 100 percent centralized marketing model?
10. Does your organization embrace the piloting new go-to-market strategies?

If you answered yes to even one of these questions, there is only one question left for you to answer...

What marketing operation and agency model allows your organization to effectively and efficiently deliver personalized, contextualized and culturally relevant marketing communications to your customers on a market-level basis?

Answering this question requires global brand marketers to thoroughly understand the local market dynamics that shape your customers' perceptions of your category and your brand, and to provide a critical assessment of your organization's ability to deliver on the brand experience they desire.

The World Is Yours

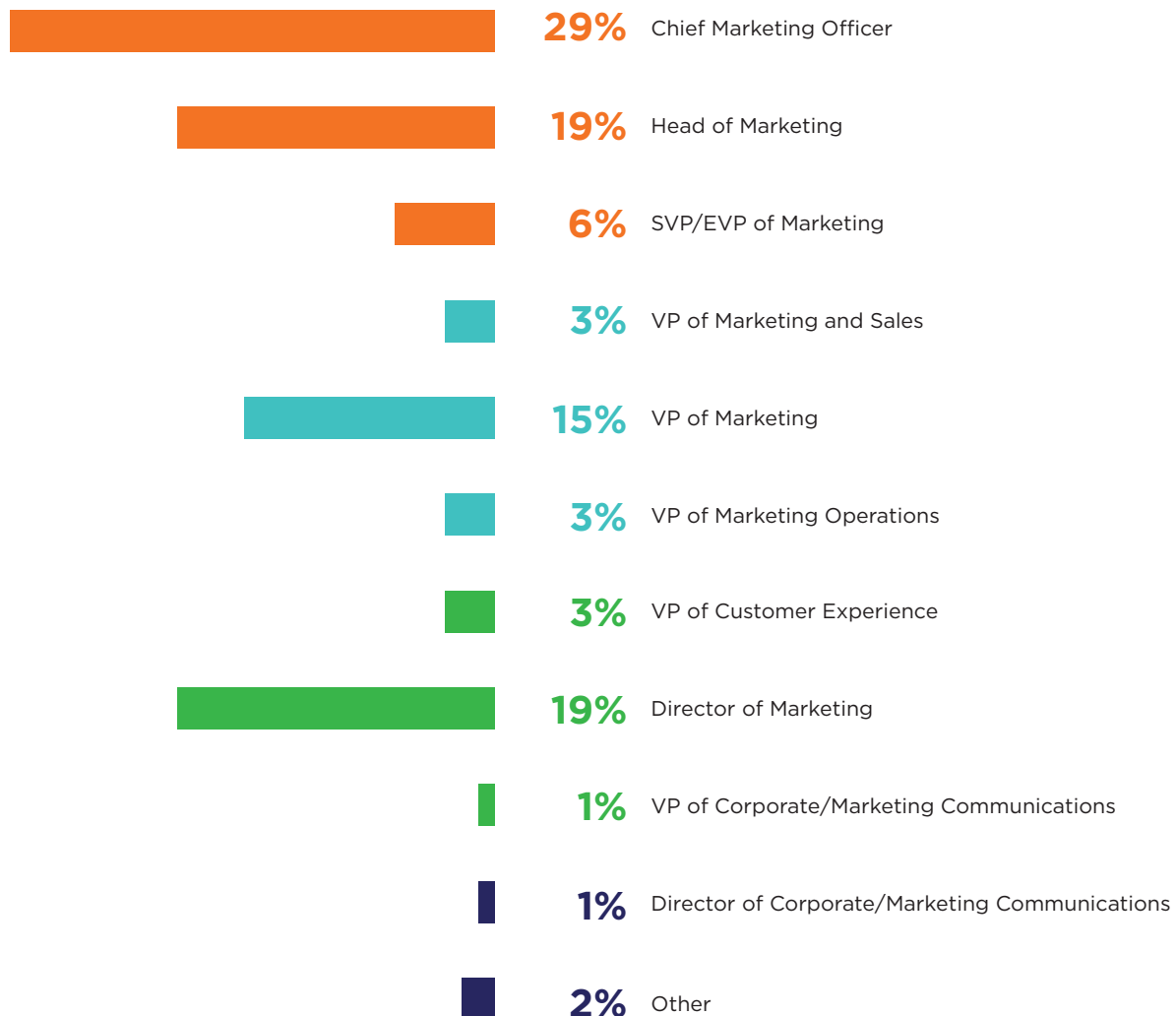
For over 80 years, Worldwide Partners has served many of the world's most heralded brands across 90 industry verticals, serving as a hub that harnesses the creativity, local expertise and resources of more than 70 agencies within our network to solve problems for clients on a local, regional and global basis.

Unlike traditional holding company agencies, the independent agencies within our network are managed by invested, local market business owners, not territory managers. As such, our ability to consistently uncover and leverage local market insights and relationships to enhance global marketing intelligence has resulted in marketing campaigns that consistently deliver the desired resonance and response with our clients' customers within each geography of emphasis.



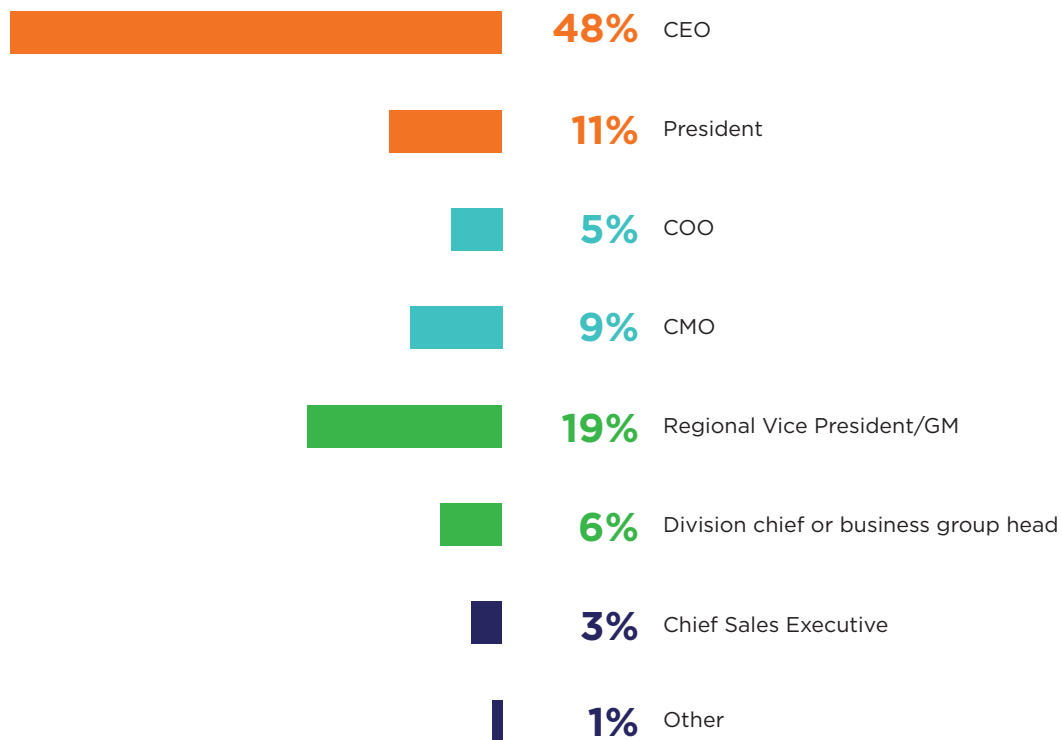
DEMOGRAPHICS

Q1 | What is your title?



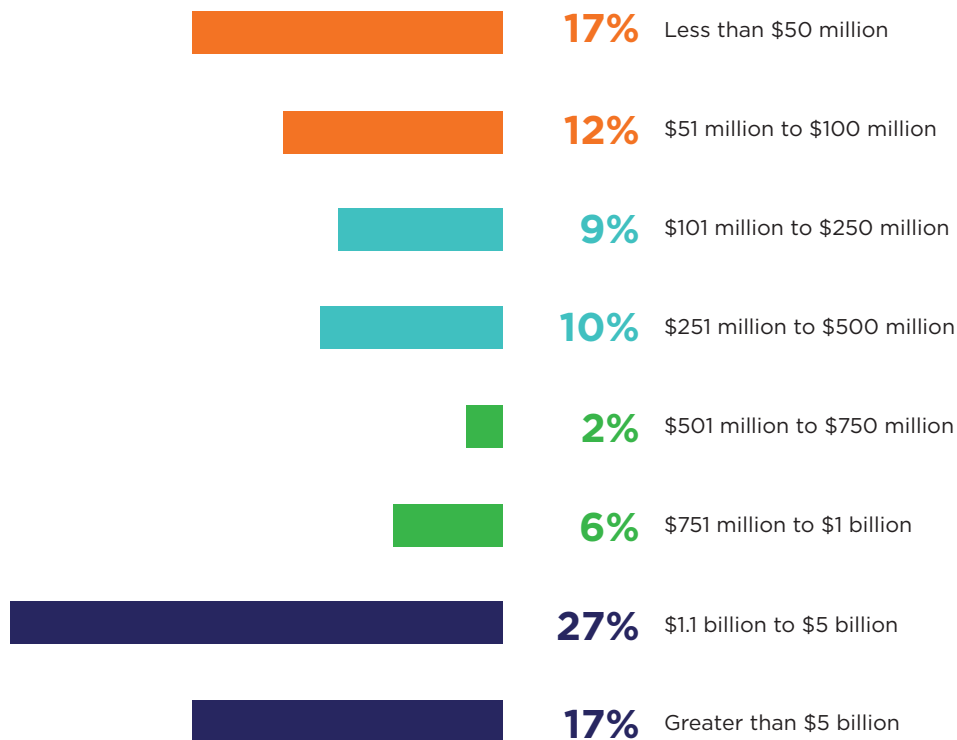


Q2 | To whom do you report?



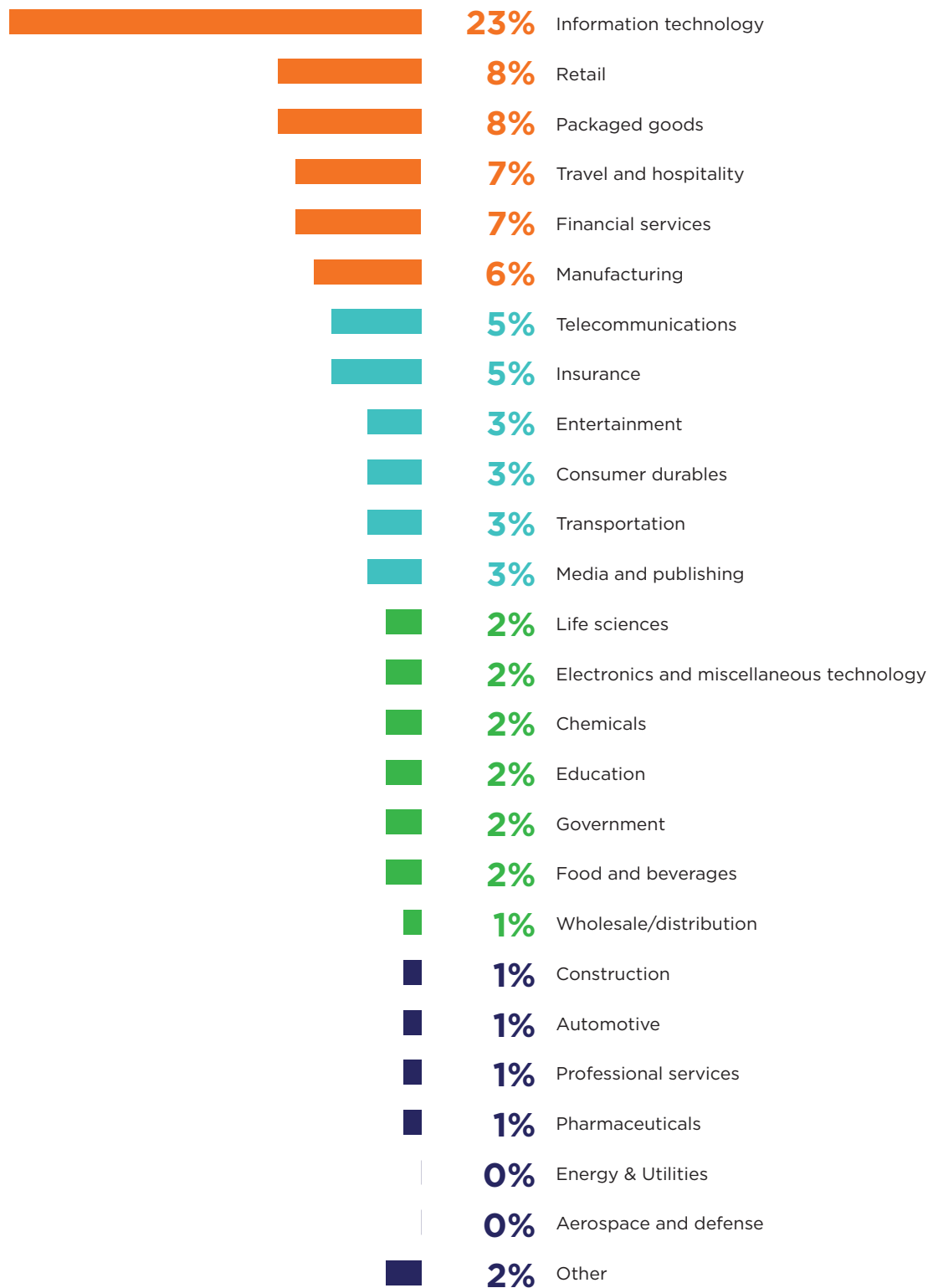


Q3 | How large is your company in USD Revenue?





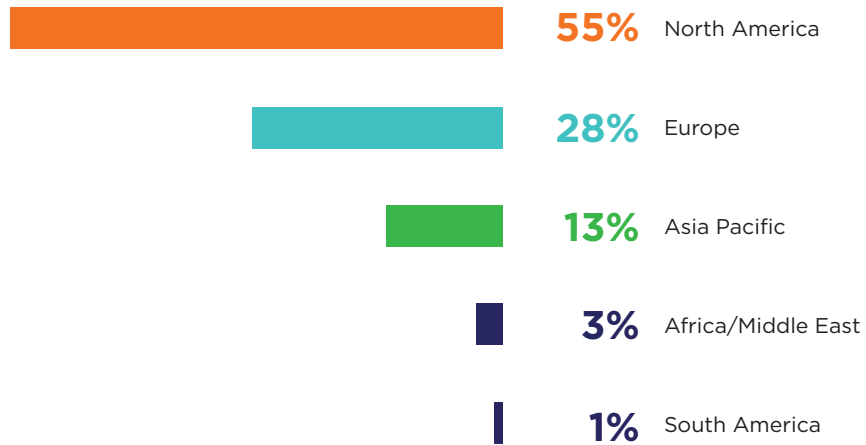
Q4 | What best describes your company's industry sector?

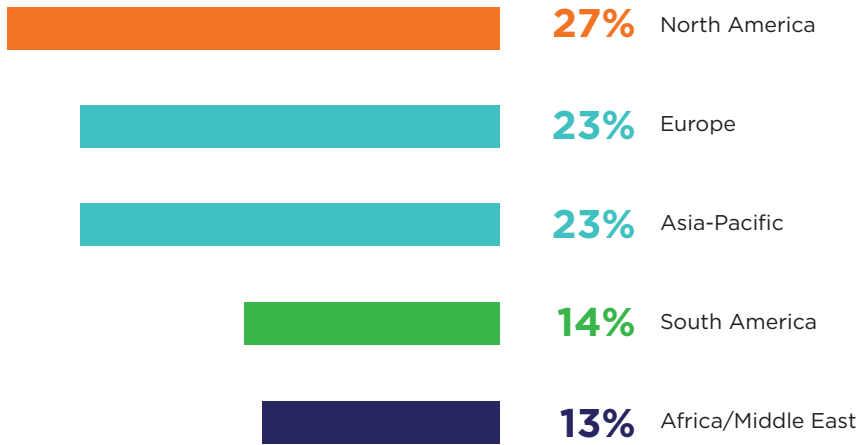


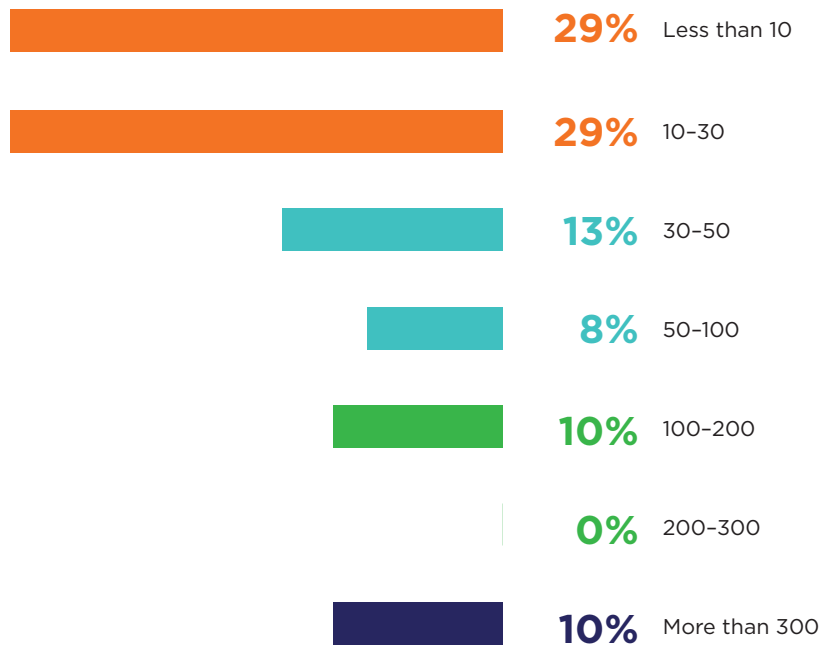


Q5 | How would you describe your company's market focus?



**Q6 |** In which region is your company headquartered?

**Q7 |** In which region are you (and your team) located?

**Q8 |** How large is your staff/team?



ABOUT THE CMO COUNCIL

The Chief Marketing Officer (CMO) Council is dedicated to high-level knowledge exchange, thought leadership and personal relationship building among senior corporate marketing leaders and brand decision-makers across a wide-range of global industries. The CMO Council's 15,000+ members control more than \$500 billion in aggregated annual marketing expenditures and run complex, distributed marketing and sales operations worldwide. In total, the CMO Council and its strategic interest communities include over 65,000 global marketing and sales executives in over 110 countries covering multiple industries, segments and markets. Regional chapters and advisory boards are active in the Americas, Europe, Asia Pacific, Middle East and Africa. The Council's strategic interest groups include the Customer Experience Board, Digital Marketing Performance Center, Brand Inspiration Center, Marketing Supply Chain Institute, GeoBranding Center, and the Coalition to Leverage and Optimize Sales Effectiveness (CLOSE).



ABOUT WORLDWIDE PARTNERS

Worldwide Partners, Inc. (WPI) is one of the largest and fastest-growing networks of independent advertising and marketing communications agencies in the world, comprised of over 70 independent agencies located in 40 countries across Asia, Africa, Europe, Latin America, the Middle East and North America. WPI offers brand marketers a customized, multinational service platform built to ensure the effective implementation of global marketing principles within a local market context to optimize marketing efficiency and to maximize business return. Whether you operate within a centralized or decentralized business model, WPI provides brand marketers with an operational framework engineered for seamless collaboration without the friction that occurs within consolidated, agency holding company environments. WPI's partner agencies manage over \$5 billion in worldwide advertising expenditures. For more information about Worldwide Partners visit <http://worldwidepartners.com> or contact John Harris, President and CEO at john@worldwidepartners.com.



PARTNERS & AFFILIATES



QUALTRICS

Qualtrics is a leading global provider of enterprise data collection and analysis products for market research, voice of customer, employee performance, and academic research. Through an intuitive, easy-to-use interface and award-winning services and support, Qualtrics products enable both professional and DIY researchers to conduct quantitative research at a lower cost and in less time than competing alternatives. Founded in 2002, Qualtrics has more than 5,000 clients worldwide, including half of the Fortune 100, more than 1,300 colleges and universities, and 95 of the top 100 business schools. For more information and a free trial, visit www.qualtrics.com.



ADESTRA

Adestra is a trusted provider of First-Person Marketing solutions for global and growing brands. The company's industry-leading email platform provides a powerful infrastructure for one-to-one, contextual messaging and marketing automation, helping marketers communicate more effectively with their customers and subscribers. Robust reporting features allow marketers to efficiently evaluate and optimize their campaign results. The flexible structure and open integration architecture allow businesses to connect disparate technology platforms to create a seamless customer journey. Along with a best-of-breed platform that drives customer engagement and boosts ROI, Adestra was founded on the principle that marketing success takes more than technology, which is why customer service is at the heart of its business. For more information visit www.adestra.com.



NETLINE

NetLine is the world leader in business content syndication aimed at driving buyer engagement, customer lead acquisition and sales pipeline performance. Its Precision Targeting Engine™ and global multi-channel network of more than 15,000 website properties enable BtoB marketers to reach a diverse audience of more than 75 million business professionals across 350-plus industry sectors. NetLine's multi-channel content delivery model allows for brand customization, content adaptation and flexible market access through publisher websites, expert blogs, email, search engines, social media networks, e-newsletters and mobile. Founded in 1994, NetLine Corporation is privately held and headquartered in Los Gatos, California, with operations across the globe. For more information, visit **www.netline.com**.