Maximising the impact of your innovation programme

The role of **marketing** in influencing innovation.

Your Tomorrow, **Today**

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Methodology

The results presented in this report are based on a mobile-only, 23-question global survey conducted through November 2018.

This survey targeted 5,488 Manager, Director, Vice President or C-Level executives, across 24 markets globally, with influence in the decision-making process of cloud solutions, platforms, and infrastructure or department-specific software. Respondents worked within organisations generating revenues between less than £1 million to more than £500 million, with 100 to 50,000 employees.

Organisations are stuck on their digital journeys. Battling to get to scale and caught in a digital deadlock, **the majority of innovation projects do not see the light of day**.

Lack of focus, process and collaboration mean that innovation is not fully embedded or effectively integrated into the organisation. The typical innovation pattern includes ideation, incubation and scale. Marketing tends to drive the generation of ideas, but are much less involved in scaling. That may be why, across the global findings, marketing is not perceived as owning innovation when compared to other lines of business.

Measuring both new and traditional KPIs, technology has clearly had an impact on marketing teams; in line with technology now transforming this line of business as a whole. Although the CMO's influence varies widely between organisations, they are now expected to measure and prove their impact on revenue and growth.

This means that innovation extends to ideas around data quality. This is an important KPI in both the global and marketing-specific findings. As data quality is recognised as a KPI critical to driving performance analytics overall, marketing teams need to appreciate that data needs to be more secure and better managed through their collaboration with IT teams. After all, it is only with data quality that meaningful insights can be extracted and delivered.

This will only prove to be more challenging as the customer journey becomes more complicated to map. It is no longer linear, **customers are in control**, their expectations will keep on rising, and **customer experience is the key business differentiator** in all industries.

And yet marketing teams are challenged to map both online and offline journeys end to end. Feeding into the rise of permission or 'consent' marketing is the increasingly rigorous legislation (such as GDPR in the EU) which is challenging marketers to again prove their relevance to their target audience.

These teams therefore place more value than ever in data quality and customer intelligence and marketing technology; all of which are needed to track in realtime what customers want, and deliver actions based on that insight.

This is what will drive their loyalty and satisfaction over the long term.

Research and analysis

Innovation landscape
- Incremental tech innovation
- Culture-enabling innovation
- Disruptive innovation
- Role of innovation

Building the agile organisation
- Who is owning innovation?
- Leadership and cultural behaviours

Measuring the value
- Innovation metrics
- Barriers to innovation

The agenda for innovation
- Aspiration vs actual action

Innovation culture
- Importance of processes for idea generation
- Employee incentives and rewards
- Innovation projects making it to market
- Barriers to reaching market

Next steps

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In the next three years **Poland** and **Malaysia** expect incremental technology to play a more significant role (+7%), while countries like **Brazil** and **Saudi Arabia** look to lessen the significance of this type of tech.

Incremental tech innovation

Base: Global population, 24 markets, nr. 5,488

	% change in importance in next 3 years	*% significant role of incremental tech in next 3 years*
Korea	+2.0	22.8
Spain	+4.4	22.8
Germany	+4.4	23.2
UK	-3.6	23.2
Japan	+0.4	26.0
Netherlands	+0.8	26.4
Russia	+5.6	27.6
UAE	+3.5	29.4
New Zealand	-1.8	29.8
Singapore	+2.1	30.6
USA	+1.2	32.0
Australia	+0.8	33.2
Poland	+7.6	33.6
Malaysia	+6.5	33.8
Saudi Arabia	-6.8	34.0
Canada	+2.8	34.4
France	-0.4	36.4
South Africa	+2.2	36.7
Italy	+2.4	40.0
China	+5.6	47.6
Turkey	+2.4	49.6
India	+0.4	54.0
Thailand	-1.6	54.0
Brazil	-8.4	55.6

Europe

Africa

North, Central and South America

Asia, Japan and Pacific

Looking at culture-enabling innovation, again **Brazil** represents the country where the innovation **plays the most significant role (52%)**, **followed by India and China** – however, on average countries report plans to invest more aggressively in culture-enabling innovation in the next three years than with incremental tech: most notably the **UK (+11%)**, **Saudi Arabia (+8%)**, and **Russia (+8%)**.

Culture-enabling innovation

Base: Global population, 24 markets, nr. 5,488

	% change in importance in next 3 years	*% significant role of culture-enabling tech in next 3 years*
Germany	+1.2	16.0
Netherlands	+1.2	20.8
Spain	+4.4	22.0
Korea	+3.6	23.6
Japan	+1.6	24.0
Singapore	+1.7	24.7
UAE	+7.0	25.9
Canada	+2.8	26.0
Russia	+7.6	26.0
UK	+11.2	26.0
France	-0.8	28.0
New Zealand	-5.2	28.1
Italy	+1.6	28.8
Malaysia	0.0	31.2
USA	+4.4	31.6
Australia	+2.0	32.4
South Africa	+2.7	33.2
Saudi Arabia	+8.4	33.6
Turkey	-5.2	37.2
Poland	+7.2	38.0
China	-1.6	41.2
India	-1.6	46.8
Thailand	-0.4	47.6
Brazil	-3.6	51.6

Europe

Africa

North, Central and South America

Asia, Japan and Pacific

Disruptive tech is the most polarising innovation of those discussed – half of the countries surveyed report plans to decrease their organisation's investment in the innovation, with **Saudi Arabia** and **Poland** leading the charge (~-8%). Meanwhile the other half (particularly **New Zealand** and **Russia**) plan to further invest in disruptive innovation.

Disruptive innovation

Base: Global population, 24 markets, nr. 5,488

	% change in importance in next 3 years	*% significant role of disruptive tech in next 3 years*
UK	+2.0	19.2
Germany	+1.2	20.0
Spain	-3.2	20.4
Netherlands	-0.4	21.2
Korea	+4.8	24.0
Japan	-1.2	25.2
Australia	+0.8	26.4
USA	-2.4	27.2
Italy	-2.0	27.6
Singapore	+1.7	29.8
France	-4.4	30.0
UAE	+2.8	30.1
Canada	+4.8	30.4
South Africa	+0.9	31.4
Malaysia	+2.6	32.5
Saudi Arabia	-9.6	32.8
Poland	-5.6	33.2
New Zealand	+7.0	33.3
Russia	+6.4	34.4
China	+2.4	40.4
Turkey	-4.0	44.8
India	+2.0	47.2
Thailand	+4.4	52.0
Brazil	-2.0	54.0

Europe

Africa

North, Central and South America

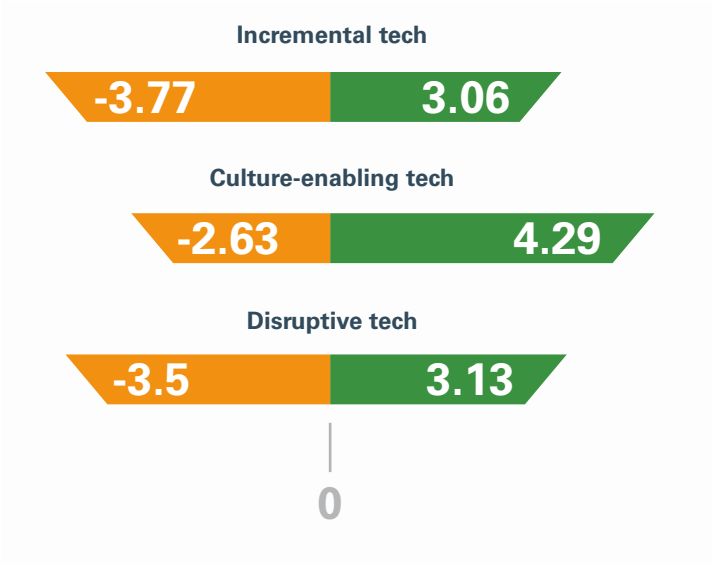
Asia, Japan and Pacific

Though more countries report plans to increase the role of incremental tech in their organisation in the next three years over culture-enabling innovation, **culture-enabling innovation has a higher average % increase** – proving individuals plan to invest more aggressively in this innovation than with incremental tech.

Number of countries changing significant role of innovation in organisations in next three years

Nr. of countries	Incremental	Culture-enabling	Disruptive
Increase role	18	16	14
Decrease role	6	7	10
No change		1	

% average change in importance in next three years globally, by innovation

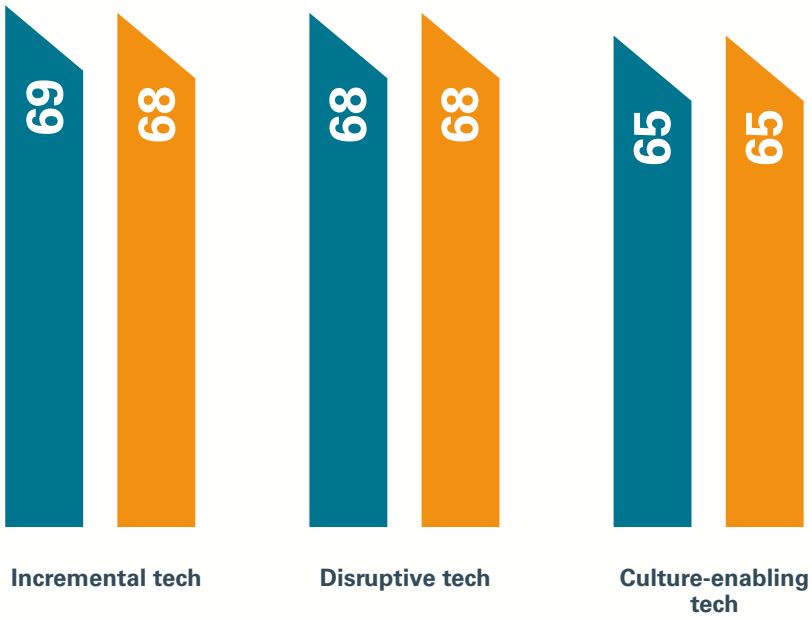


Base: Global population, 24 markets, nr. 5,488

Globally, across all audiences, investment in incremental tech is more significant than investment in culture-enabling or disruptive tech. This is consistent across marketing teams as well (pictured below).

This focus on incremental tech is not surprising given the lower inherent barriers to the implementation process. Unlike all other lines of business who predict a decrease in investment, marketing teams are maintaining their investment in innovation over the next three years.

How large a role do you think the following types of innovation will play within your organisation in the next 3 years?

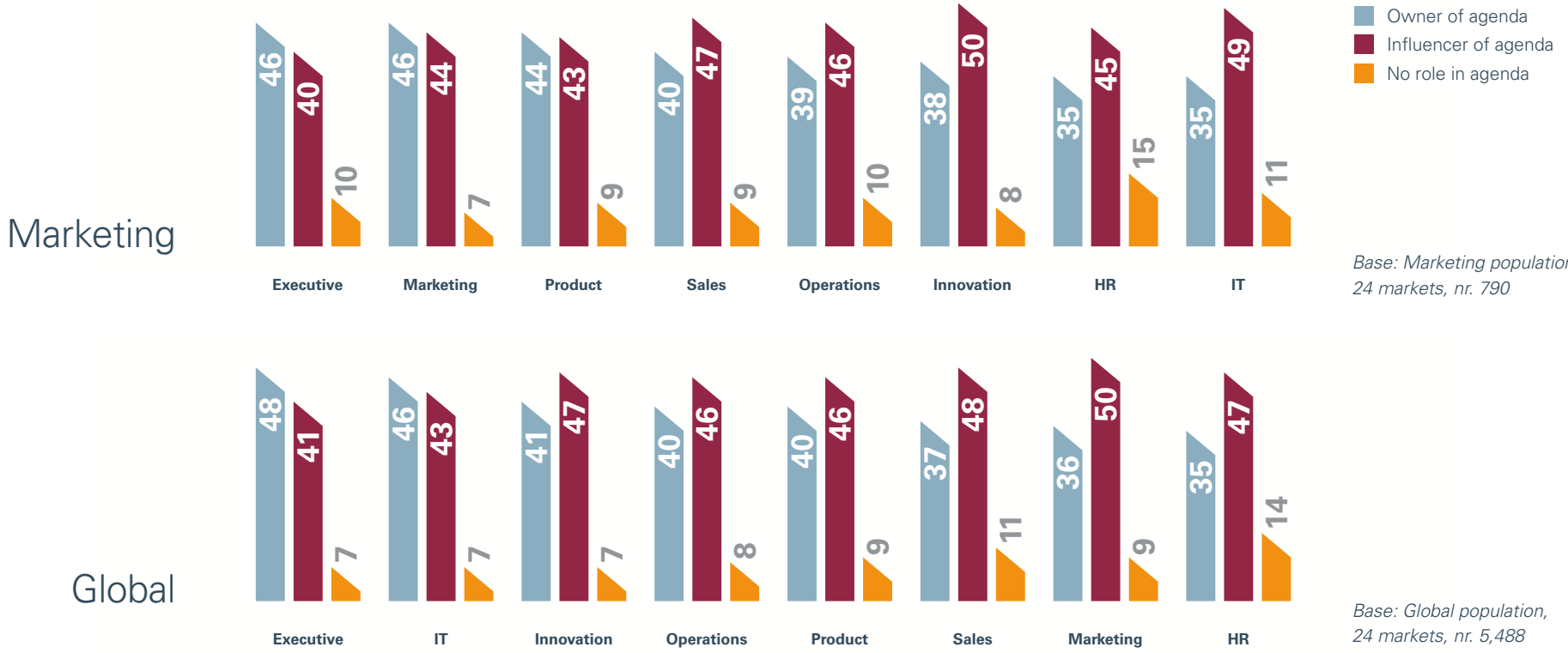


Base: Marketing population, 24 markets, nr. 790

Globally, executive teams were perceived to own innovation, followed closely by IT, while marketing reported one of the lowest levels of ownership.

However, when the same question was posed to marketing teams, 46% claimed to be owners of the innovation agenda – placing themselves second only to executive teams. This perceived difference in innovation ownership is consistent amongst respondents across all lines of business, with each team giving their respective departments stronger ownership. Trust between lines of business appears to be missing, and yet, it is extremely important; there should not be a separation between the implementation of the idea, the customer experience and journey, and where the data is that drives the experience.

What role do the following teams or departments play in the innovation agenda within your organisation?

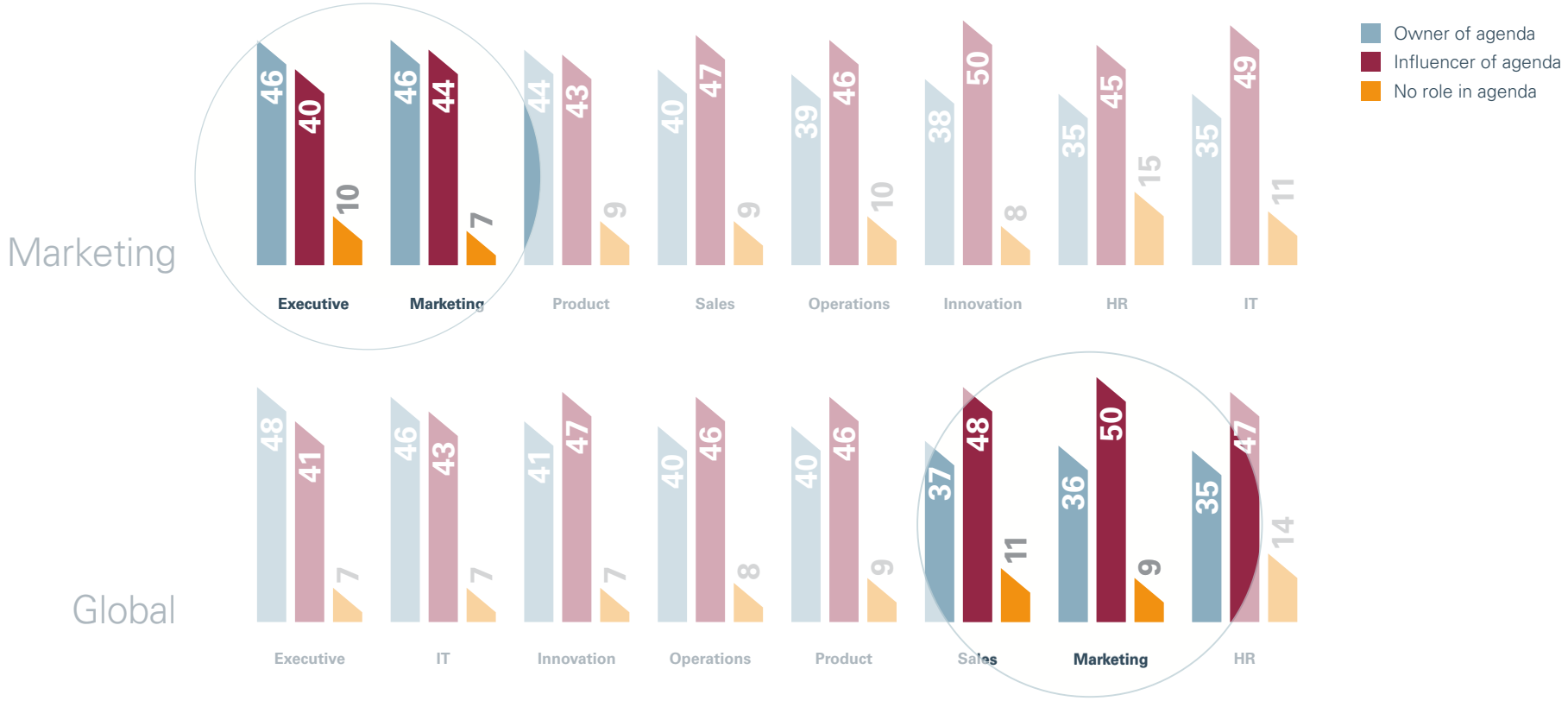


While executive teams need to own and influence the agenda, a more collaborative approach is clearly needed.

This collaboration will allow marketing teams to better understand their role alongside that of their peers. Critically, given that marketing teams typically handle the most amount of data of any department across the largest number of tools, they must be given the opportunity to play a recognised role in developing innovation culture and aligning needs to the long-term requirements of the organisation.

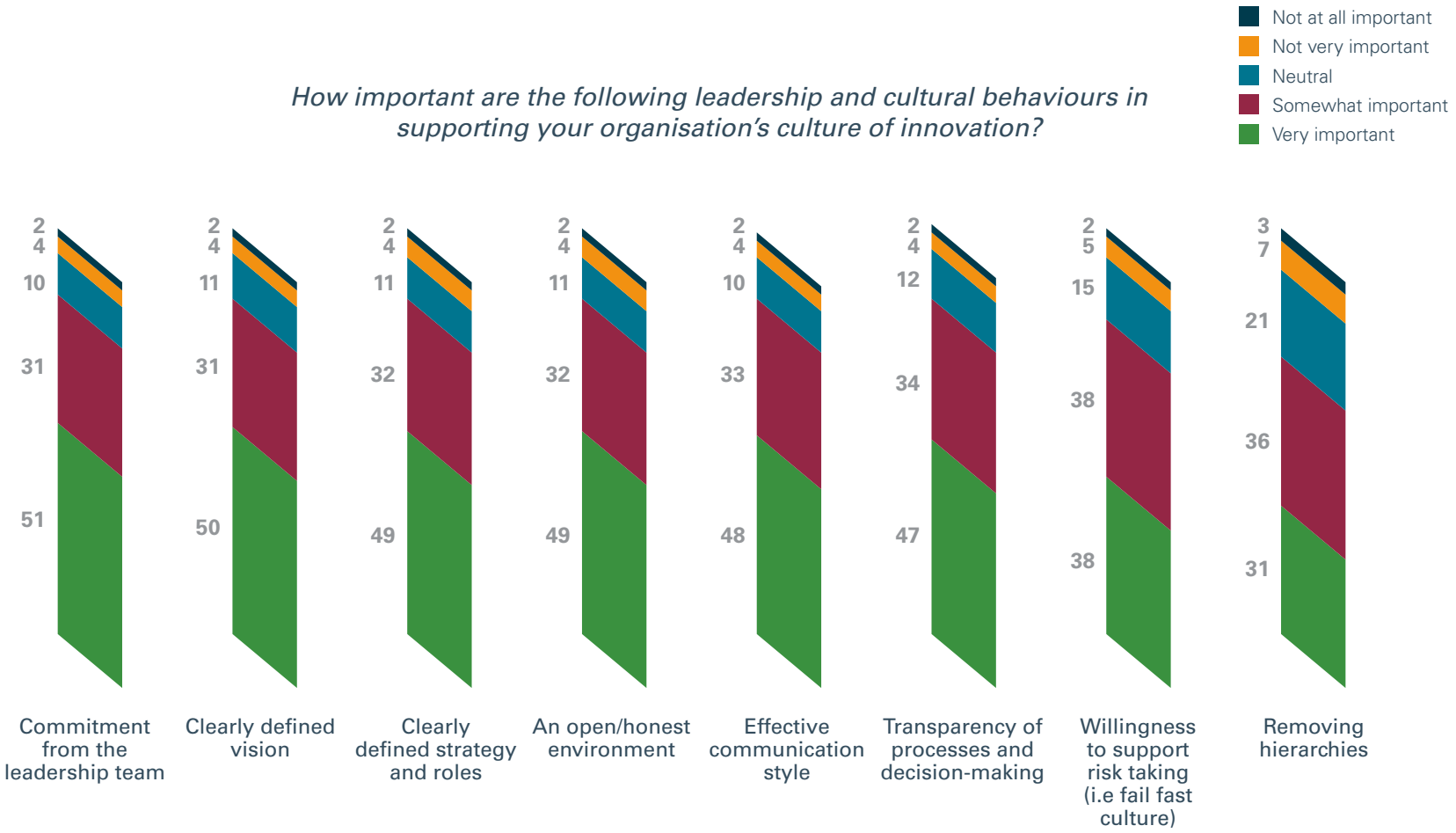
This lack of trust is also highlighted by CMOs apparently undervaluing the role of the IT department – ranking it bottom alongside the HR team in owning innovation. Marketing teams need to build bridges with IT teams so that the IT department can provide frameworks and guidance on how to deploy and scale new technologies with greater ease.

What role do the following teams or departments play in the innovation agenda within your organisation?



In terms of behaviours that support innovation, as global data pictured below **most find that an organisation with a committed leadership team and a clear vision is best positioned for innovative success** – willingness to support risk and removing hierarchies are less of a focus.

How important are the following leadership and cultural behaviours in supporting your organisation's culture of innovation?

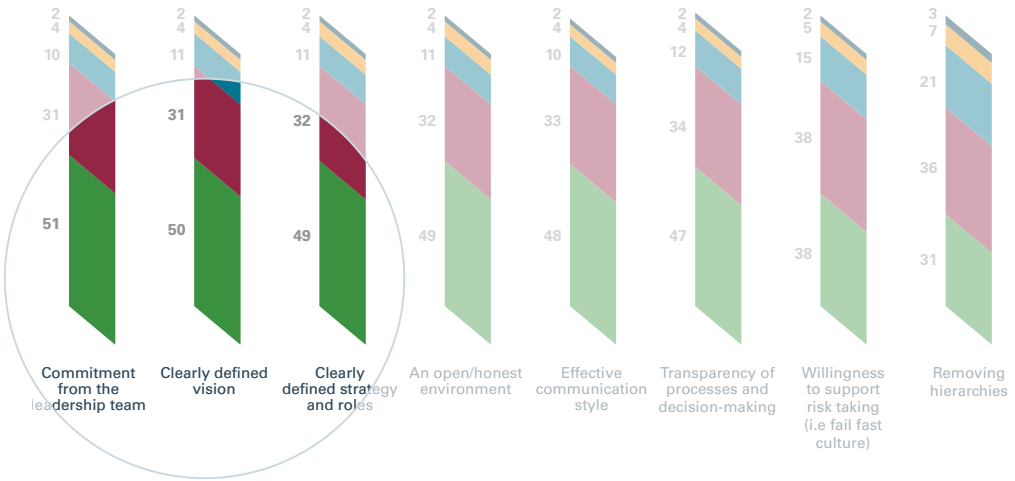


Base: Global population, 24 markets, nr. 5,488

Globally, committed leadership, strategy, vision and clarity of roles top what is needed to make innovation successful.

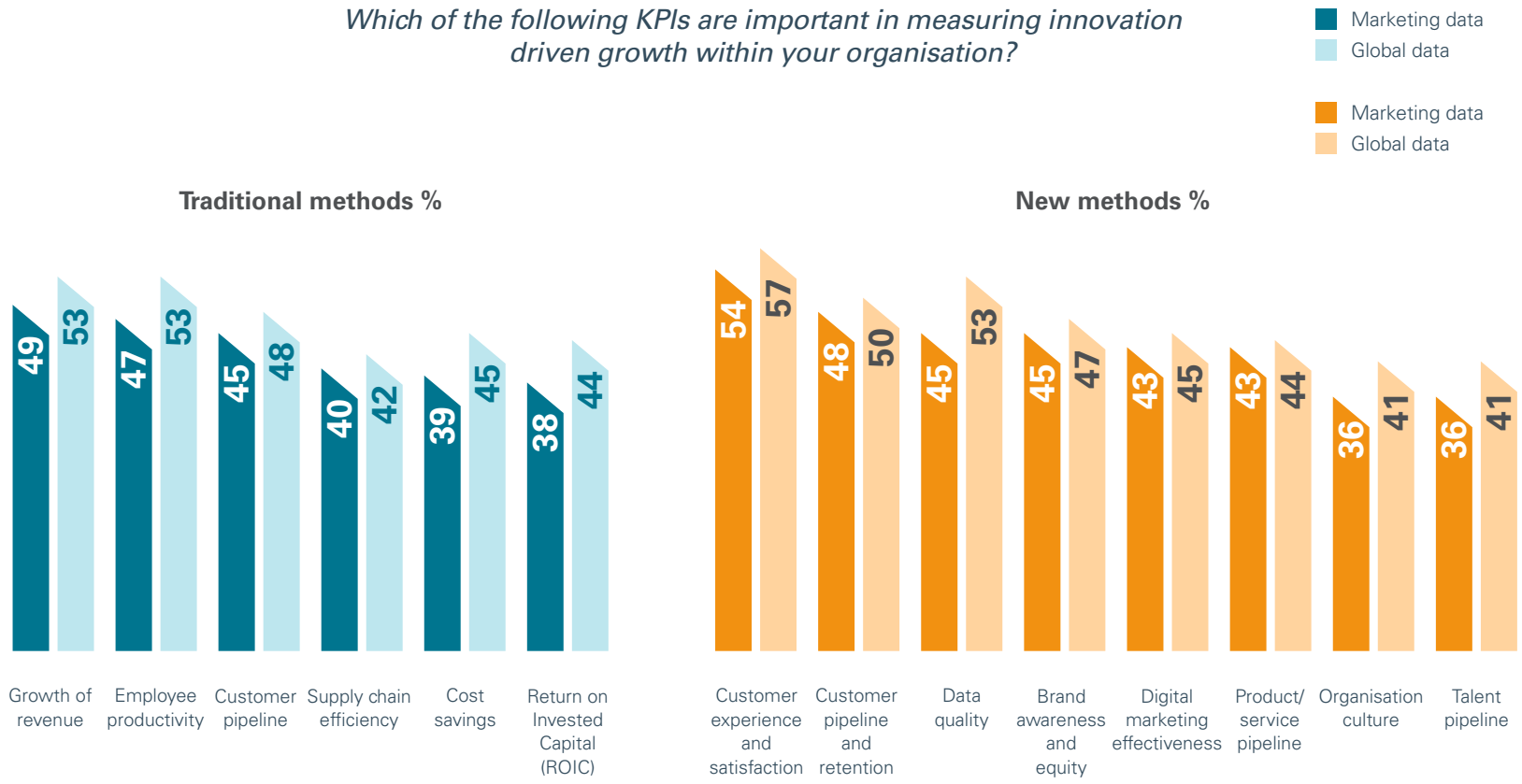
Marketing teams are consistent in their need for clarity of vision from their leadership team. However, it is interesting to note that marketing teams place more value on innovating within an open and honest environment and on effective communication style.

These issues represent essential marketing priorities and reinforce the need for marketing to step up and champion the cultural agenda.



Globally and across marketing teams, **organisations value KPIs such as employee productivity and customer experience**. It is not surprising that data quality nears the top of the new KPI list for marketing teams, given the role it plays in driving personalised and realtime customer experiences.

Which of the following KPIs are important in measuring innovation driven growth within your organisation?



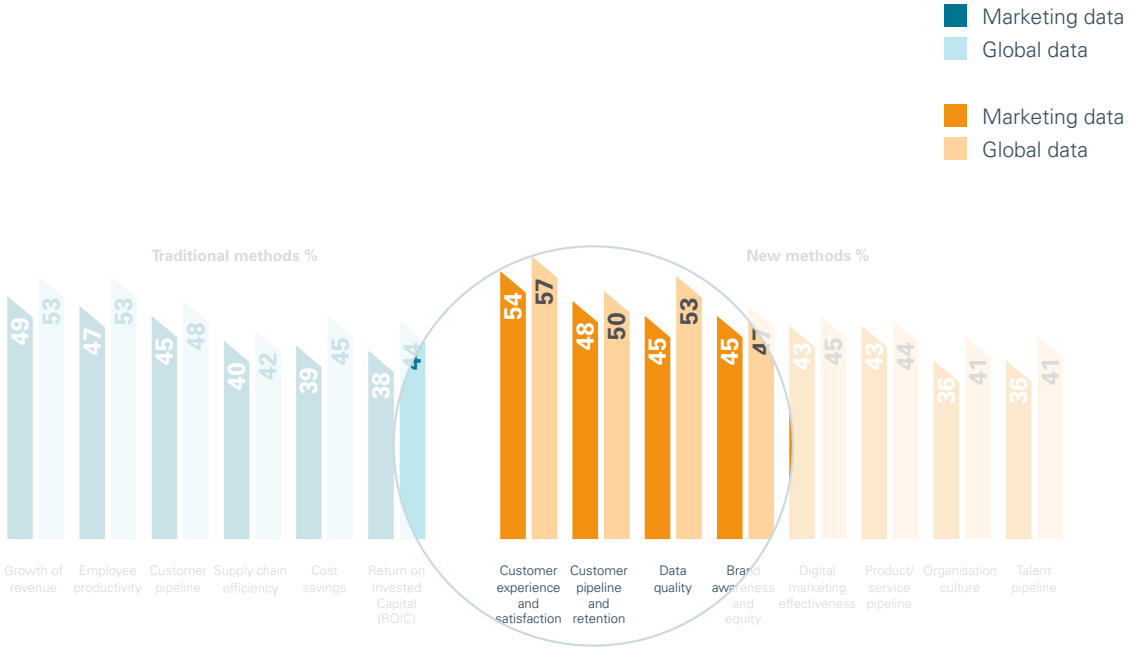
Base: Marketing population, 24 markets, nr. 790
Base: Global population, 24 markets, nr. 5,488

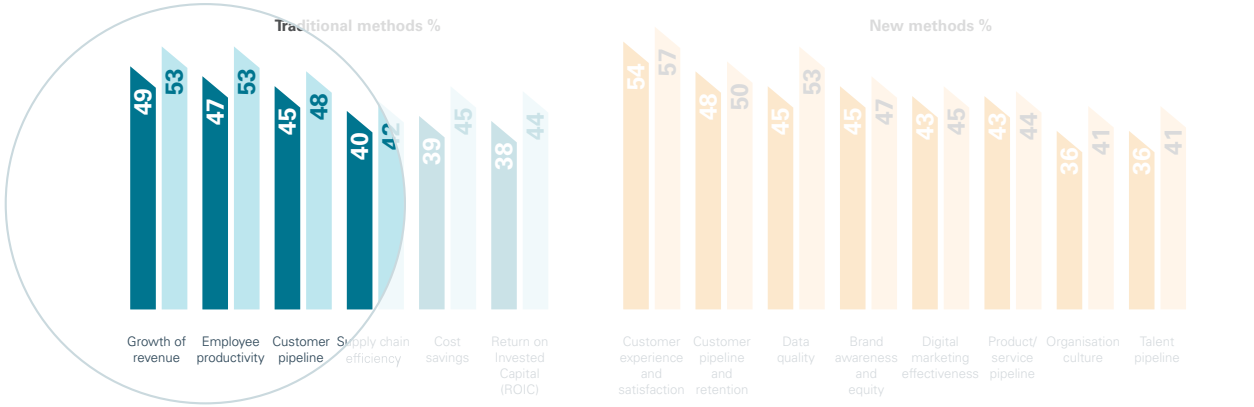
The new role of the CMO is to drive revenue and growth. Cost savings has been overtaken by customer loyalty and the customer pipeline.

Value placed on non-traditional KPIs, such as customer satisfaction and data quality, demonstrate an appreciation of the power of new metrics, with the expectation of value felt through more traditional metrics of productivity and growth.

It is positive to see the value that marketing teams place on data quality, given the fact that they are challenged to analyse data in realtime to understand what drives their customers.

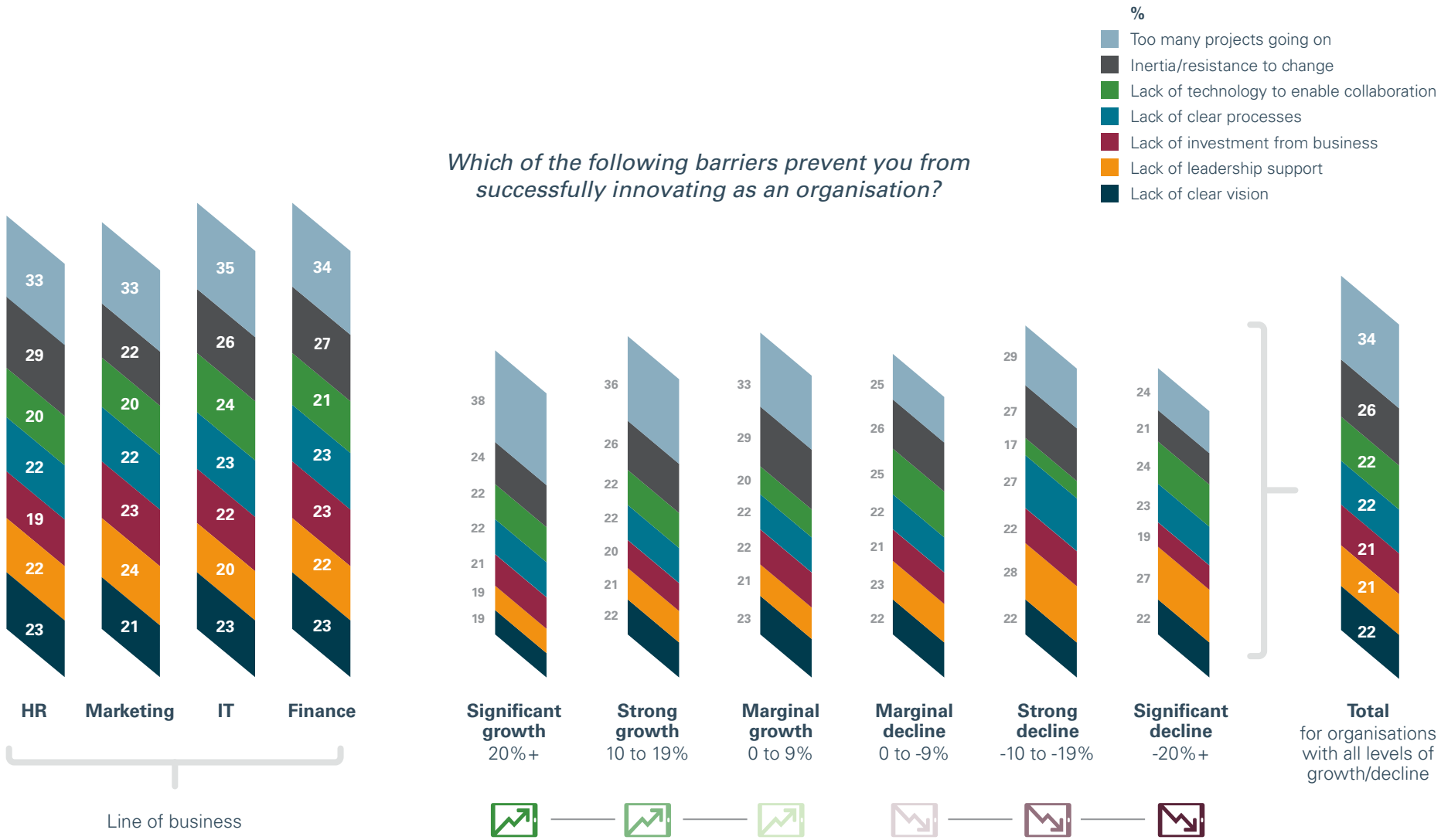
It is not surprising that marketing teams place value on customer experience and data quality, however they should not overlook the importance of organisational culture and talent pipelines; if you look after your culture and your employer brand, the positive impact will be felt through higher overall productivity, and employee advocacy externally.





Globally, and across all lines of business, **project quantity is the primary barrier to innovation**. For marketing, this barrier is followed by lack of leadership support and lack of investment from the business.

Which of the following barriers prevent you from successfully innovating as an organisation?



Base 24 markets: HR population, nr. 710; Marketing population, nr. 790; IT population, nr. 2,629; Finance population, nr. 845

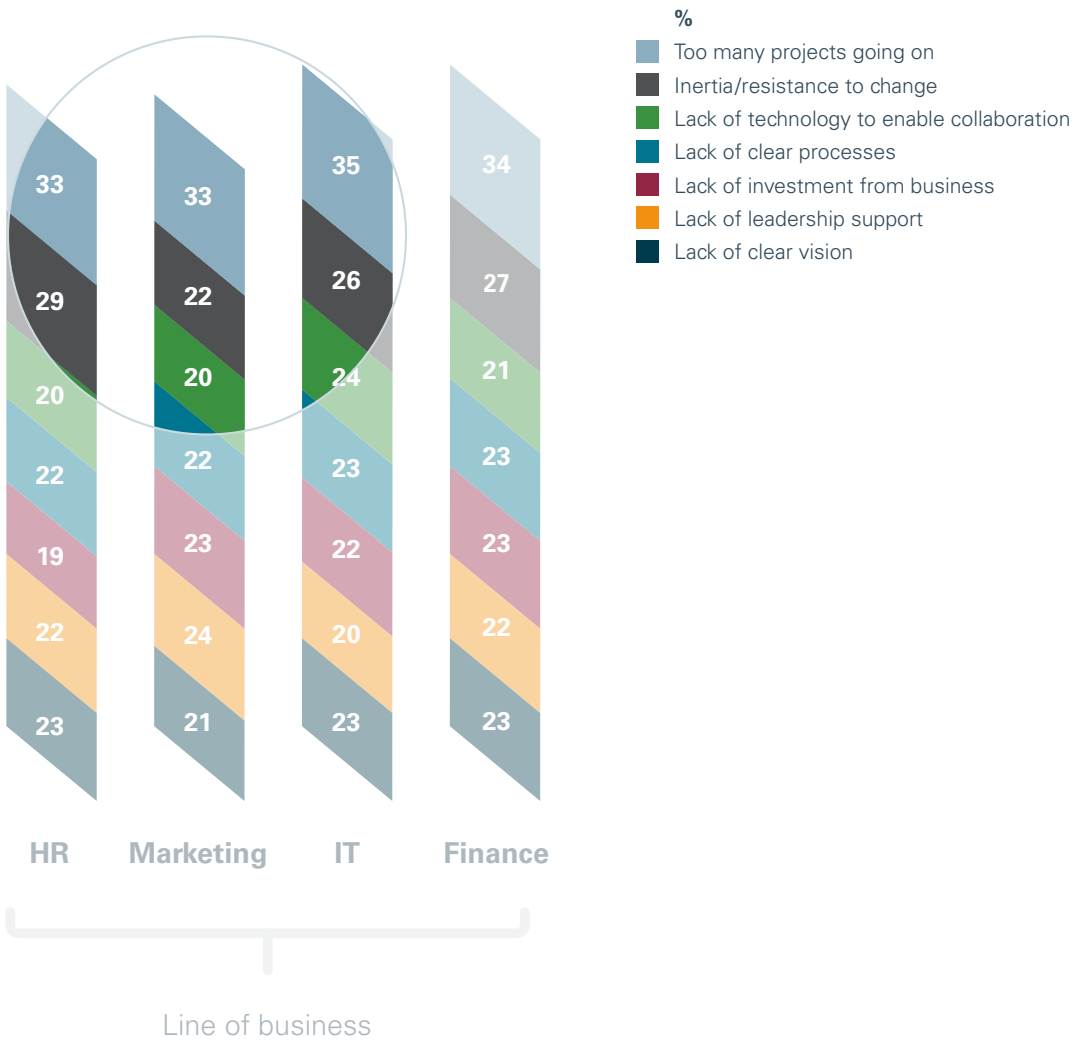
Global population, 24 markets, nr. 5,488

What are the main barriers to innovation for CMOs? Consistent with global findings, marketing teams are hindered by too many initiatives, too many ideas, and too many distractions.

As a result, they are the most likely to list investment and leadership support as additional barriers. For organisations with low growth, we see additional challenges occurring around leadership and vision alongside a lack of process.

Such issues which can be overcome if executive teams find a greater sense of collaboration and clarity of roles. Marketing teams need to prioritise and proactively ensure investments are made in areas that will have the biggest impact.

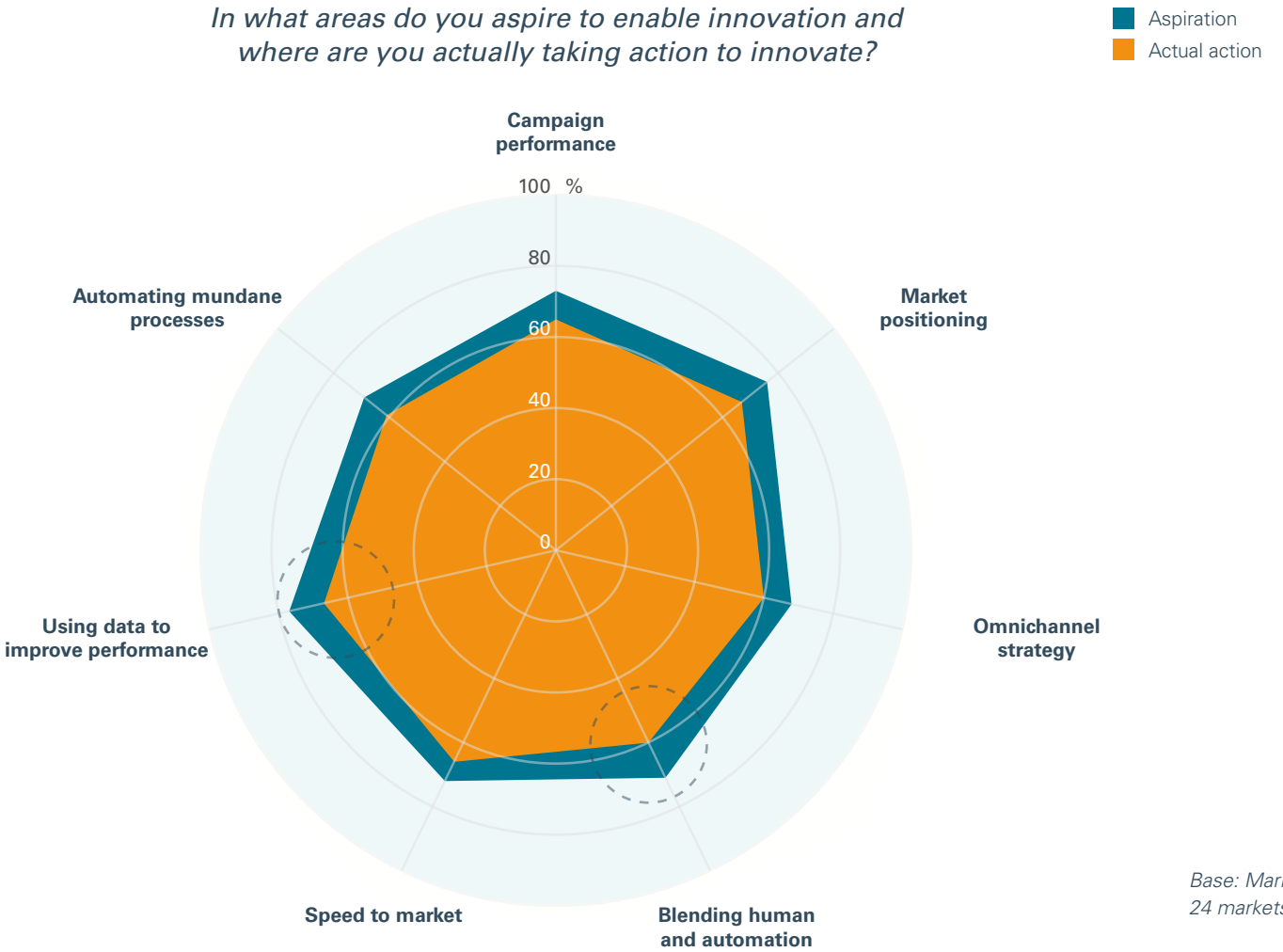
Given that challenges in scaling digital transformation strategy are people-related, marketing really needs to step up to help the business better manage these challenges. Marketing can play a role on two fronts; making sure that the organisation is ready to change with agility; and capturing quality data to chart the customer journey.



The agenda for innovation – Aspiration vs actual action

Across all departments, the difference between aspiration and action is most concerning. Across core areas of marketing responsibilities, a significant gap exists with blending human and automation. **More concerning is the gap relating to the use of data to improve performance** – an aspect which could be considered a functional requirement.

In what areas do you aspire to enable innovation and where are you actually taking action to innovate?

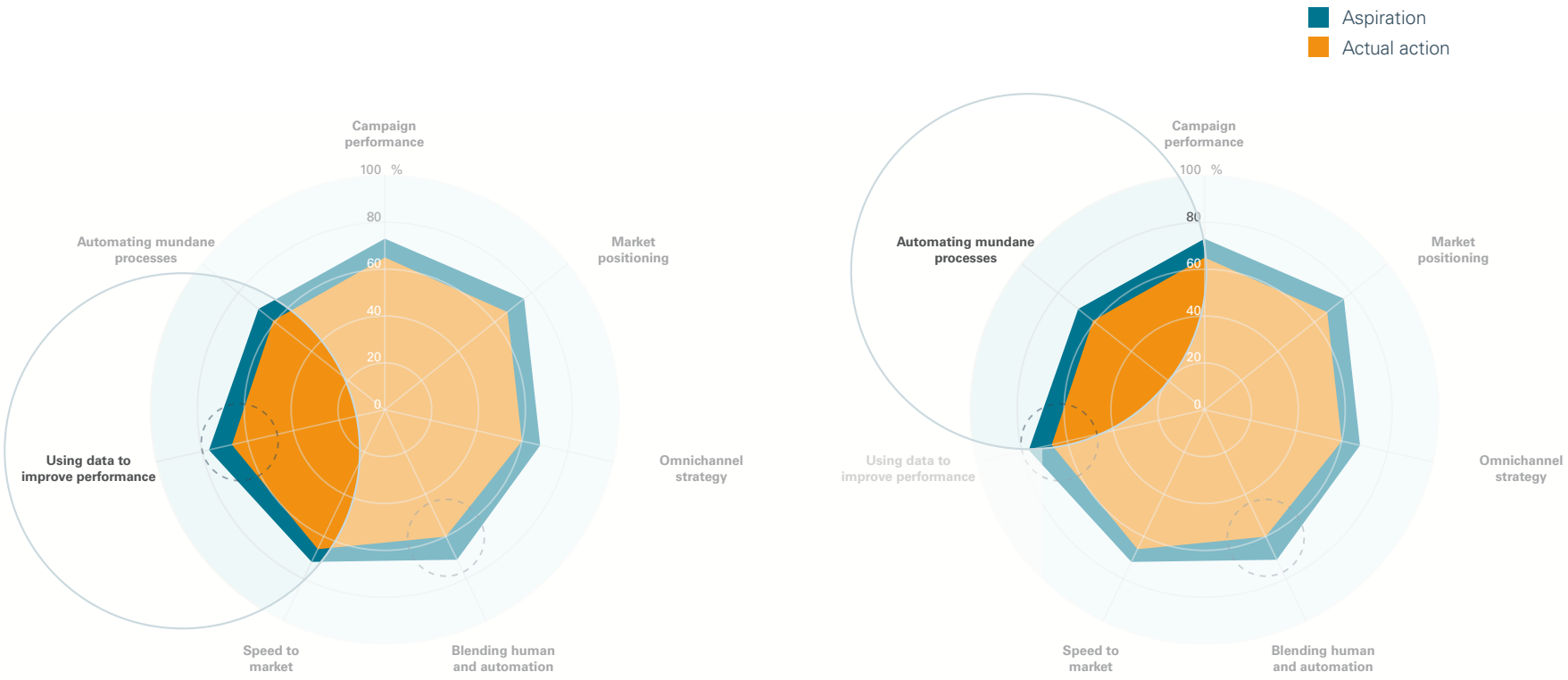


Base: Marketing population, 24 markets, nr. 790

The agenda for innovation – Aspiration vs actual action (cont.)

Feeding into the rise of permission or 'consent' marketing is the increasingly rigorous legislation (such as GDPR in the EU) which is challenging marketers to make themselves relevant to their target audience in order to rebuild their contact lists; this challenge may be reflected in the data/performance gap.

Because marketing has the most data and the greatest challenge in using it, they may also be more highly aware of how manual the process is. This may be why they rate the importance of using data highly, but there is a gap in how they are using it. Overall, these findings show that marketing teams have the ambition to innovate but are falling short in their ability to do so.



Innovation culture

Every department is dependent on having skills for the future. Which skills are peaking up in the innovation game? Agile methodologies, data science or data innovation, and transforming large data sets into actionable insights are among them. But also design skills – to design an experience, an organisation, and a business model – all are critical to future agile organisations.

While these needs are consistent, as the following pages demonstrate, no singular process or incentive model has been identified as 'the' way forward. However, all organisations agree that the right culture is needed to allow talent to flourish. As such, processes, hierarchies and incentives will be increasingly critical to success.

Organisations need to maximise ideas from their people, and ensure the right ones are successfully executed. Marketing is not necessarily always driving it, but marketing teams need to support this approach. When people feel they have a purpose, they tend to perform better. And when you bring in diversity, cool ideas are generated.

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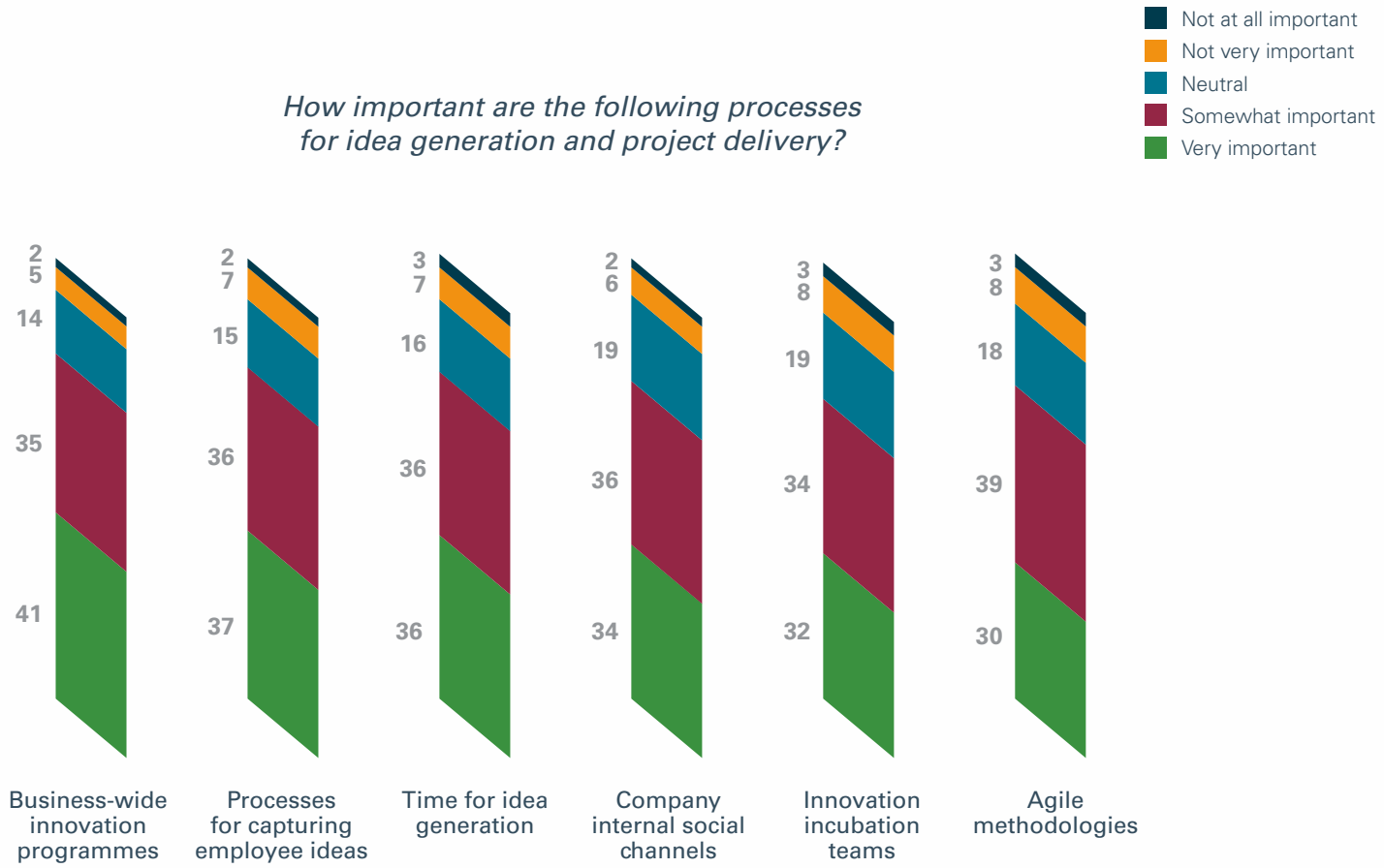
Globally, there is no one outstanding process that stands out. Likewise, among marketing respondents, the findings below did not highlight a singular best practice, but instead revealed an experimentation approach to ideation. As with all other departments, business-wide innovation programmes, dedicated processes and time for idea generation are slightly prioritised.

How important are the following processes for idea generation and project delivery?

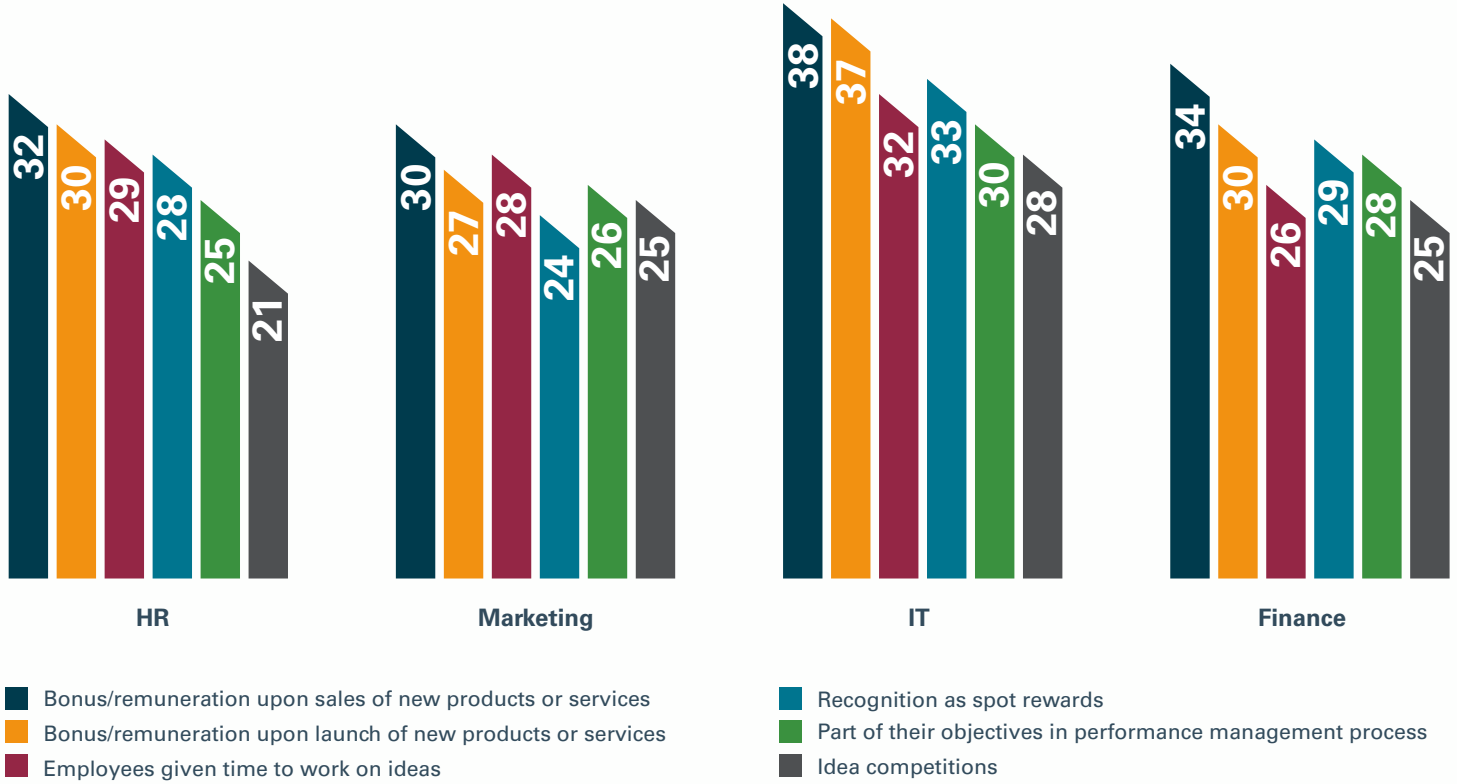


Base: Marketing population, 24 markets, nr. 790

Demonstrating their financial commitment to innovation, **the majority of organisations provide incentives to employees to actively encourage the generation of innovative ideas.** Bonuses upon sales and launch of new products or services are among the top incentives for idea generation across departments.

Consistent with global findings, no one programme stands out as a singularly successful incentive programme; different tactics work for different businesses. It is worth noting that, except in the case of idea generation, marketing teams are noticeably less likely than all other lines of business to offer incentives for innovation.

How do you incentivise and reward employees for generating ideas for product or service innovations?

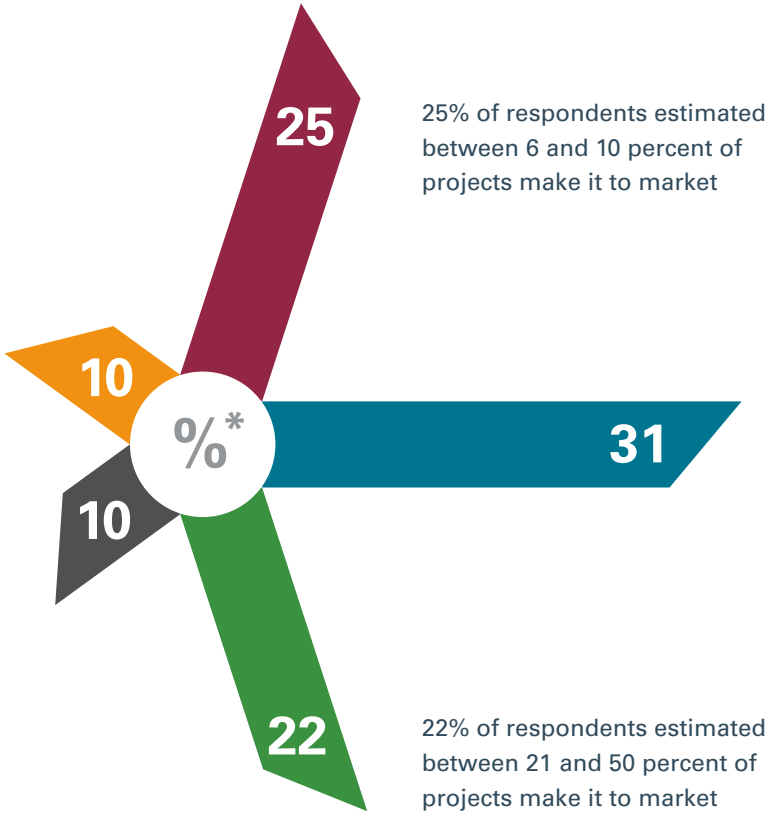


Base: Marketing population, 24 markets, nr. 790

Despite the processes and incentives in place to support innovation, 90% of respondents within marketing teams, and in fact across all teams globally, report that **less than half of their innovation ideas make it to market**.

These findings demonstrate a long-held challenge among marketing teams; they are very good at coming up with ideas given their proximity to the customer experience, however lack of process is halting their successful implementation.

*Based on your best estimate, what percentage of innovation projects make it into market?**



25% of respondents estimated between 6 and 10 percent of projects make it to market

10% of respondents estimated between 1 and 5 percent of projects make it to market

31% of respondents estimated between 11 and 20 percent of projects make it to market

10% of respondents estimated more than 50 percent of projects make it to market

22% of respondents estimated between 21 and 50 percent of projects make it to market

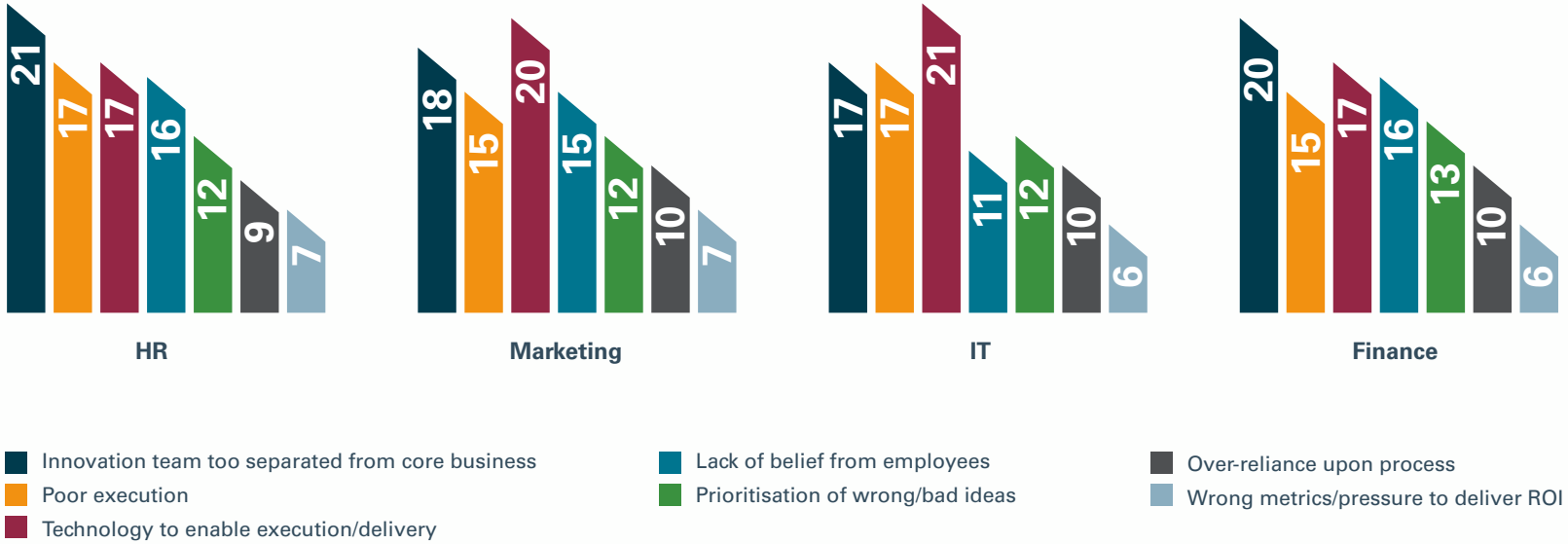
** Figures have been rounded to the nearest whole percentage*

Base: Global population, 24 markets, nr. 5,488

Across departments, **ROI pressure is the least likely barrier to stop new projects from reaching the market** – while marketing teams feel **most limited by technology and by the innovation team being too separate from their organisation's core business** which will slow down internal buy-in and roll out.

It is worth noting that when bringing new products, services and customer experiences to market, globally, the (lack of) technology to enable execution or delivery was listed as the main barrier. However, amongst marketing teams, ring-fenced innovation teams come a close second. This again supports the notion that greater collaboration of innovation is essential.

What is the main barrier that stops new products, services, and customer experiences from reaching the market?



Base 24 markets: HR population, nr. 710; Marketing population, nr. 790; IT population, nr. 2,629; Finance population, nr. 845

We can draw a strong conclusion from these findings: **Marketing needs to be a key driver for transformation.**

Marketing needs to drive the agenda for innovation.

This means preparing for and using technologies like machine-learning, artificial intelligence and autonomous databases. It means applying quality data and automating the customer experience to reduce workload and increase efficiencies; resulting in greater clarity and focus.

Today's CMO needs to be a digital leader, and passionately so.

They need to be a collaborative part of the *digital dream team* to cut across finance, IT, HR and the broader business. They need to embed innovation in the business units. They need to both act as a firestarter and a rainmaker, where the objective is to manage and drive the share of wallet amongst existing and new customers.

This collaboration goes both ways.

Across the organisation, CMOs need to demand support to help with transformation, growth and customer loyalty. CX leaders who are separate from CMOs can also drive growth. In either capacity, it is important to have a good relationship with the CFO and other lines of business in order to push CX up the agenda.

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