

The Changing Structure of Marketing Departments in the Age of Disruption

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The traditional *marketing department structure* is under siege from the impact of new technologies, but while marketers know their organisations need an overhaul, many are struggling to formulate the new world order. It's no wonder: digital marketing and social expertise, data analysis, new technology platforms and other aspects of marketing can no longer be contained in silos but must be disseminated throughout organisations.

Coupled with that, boards know they must ensure their organisations are focused on the customer and are looking for ways to bring that focus to the fore.

What's emerging is a range of new structures as businesses step through what appears to be a transitional phase in which the boundaries of marketing are permeable rather than permanent.

New influences on the marketing team structure are emerging. In some cases, marketing technologists are being appointed to bridge the gap between marketing and IT. In many instances, a chief digital officer is driving digital innovation and change. In others, the customer experience is paramount, with marketing reporting to a chief customer or customer experience officer. In still others, the chief marketing officer takes in all those roles.

In the long run, as companies incorporate better ways to engage the customer, the chief marketing officer should emerge with a permanently enlarged remit and greater demand for the new, broader range of skills the portfolio now requires.

Introduction

Marketing, perhaps more than any other business function, is being challenged by successive waves of disruption. Not only have traditional channels to market such as mass media been disrupted, advertising models have become less effective and social media has become a pervasive influence on customers.

Technology has sparked a tsunami of data from social and other digital channels and marketers are developing ways of analysing it and using it to engage customers in real time, and to market to them over the course of the customer life cycle.

Customer-focused marketing is taking over from traditional product-based marketing models, enabled by digital channels and rapidly developing marketing techniques. And the pace of change is speeding up, if anything, with the 'Internet of Things' era of connected devices looming quickly on the horizon as yet another disruptive challenge to be met.

In the midst of all this flux, companies are beginning to understand that the customer's experience of a brand is influenced by each interaction it has with that person or company.

And with that understanding, the remit of the marketing function is expanding. But the traditional marketing organisation structure – in which the marketing department was a discrete team, and digital marketing expertise was often held in a silo either within or alongside that team – are ill-suited to the new landscape and the era of the customer.





Defining the marketing department structure

The defining challenge for [marketing organisations in the 21st Century is structural](#), as Forbes puts it. Questions are not only being asked about how the marketing department should be structured, but about how the marketing function is woven throughout businesses.

Chief marketing officers understand that their organisations need a rethink, but most are still struggling to understand what the new marketing org chart should be, according to the Marketing2020 study conducted by the US Association of National Advertisers, the World Federation of Advertisers and research firm Millward Brown Vermeer.

["Marketers understand that their organisations need an overhaul](#), and many chief marketing officers are tearing up their org chart," a Harvard Business Review report on the study found.

"It's clear that marketing is no longer a discrete entity (and woe to the company whose marketing is still siloed) but now extends throughout the firm, tapping virtually every function."

But CMOs are struggling with how to draw the new marketing department organisational structure.

Three key trends redefining marketing

"There are a few trends at play here," says Tien Tzuo, former chief marketing officer of Salesforce.com and founder of US-based subscription service provider Zuora.

"The first is that as companies become more customer-centric versus product-centric, they need to start breaking down their functional silos to present a single view of the company to the customer.

Marketing is increasingly working with product and sales to develop a single customer view.

"As a result, there needs to be much more interaction between marketing and sales, between marketing and product, between marketing and customer service, and so on.

"In a business-to-business company, this sometimes means combining marketing and sales under one chief. In a business-to-consumer company, this sometimes means combining marketing and product (or technology) under one chief."

The second trend Tzuo names is that within the marketing domain, there is also a breaking down of silos.

"It used to be that public relations, brand, product marketing, demand generation and field marketing could all do their own thing," Tzuo says. "But now it all blurs — the content that public relations drives is used by demand generation, and the messages are created by product marketing, and it all needs to be unified under one brand and one corporate identity."

The third trend, according to Tzuo, is that marketing is now a "data-intensive and technology-enabled function", demanding new skills sets of the chief marketing officer.

All of which begs the question: how are companies planning for the changed expectations of customers, and where do marketing, new technologies and data sit within those plans?

Traditional marketing department structures

In big enterprises with a number of business units, marketing has traditionally been decentralised, or aligned to those business units. That means each business unit, usually organised around a company's product, has often had its own marketing team, with many of the core functions – brand, public relations, social – included.

"It's incredibly frustrating to see where marketing is decentralised to align it to these silos," Australian Marketing Institute president and founder of Asia Pacific marketing consultancy TrinityP3 Darren Woolley says.

"It's not customer-centric to see your organisation structured around your products and services and then have your marketing function decentralised so marketing is engaging with your customers solely on that basis."

But things are changing. "There is a lot more of a shift to organize around customer segments, and then the lifecycle of the customer," says Deloitte Australia partner and head of customer strategy and insight, Jenny Wilson.

"Marketing is becoming far more of a strategic influencer to the organisation. If you're a chief executive and you don't think it's necessary to have marketing at the executive table I would be saying, 'I need to transform my marketing,'" she says.

"It needs to become more of an 'intelligence agent' for the organisation – not just the production house."

"It's about how can the marketing organisation impart that to the broader group, being more of an influencer and being more connected with all parts of the organisation. There's also this sense of embedding marketing into the business."

Centralisation the key trend

The overwhelming trend in marketing is to centralise. In a traditional matrix structure, a centralised team performs brand marketing and traditional advertising functions, with digital and research, or data, servicing the various business units.

The CMO sits at the top of that central marketing department, with different silos, such as brand, retail, direct, public relations and paid media advertising – and their supporting agencies – reporting to him or her.

"This model is so pervasive it feels innate," says Marko Muellner, digital vice-president group director of Edelman Portland. "But, like all other organisational structures, it was engineered long ago based on quickly dissolving assumptions about customers and the marketplace."

Segment-driven marketing structures

Companies going down the segment-driven marketing road set up teams that are the custodians of defined customer segments, Deloitte's Jenny Wilson says.

"Rather than having a mentality of 'we market a product,' they are trying to start with an understanding of the customer, and how they then market an experience to that customer, and therefore what does it mean to market products to that customer," she says.

In a segment-driven model, marketing projects should be initiated by the consumer insights team, which should work closely with senior leadership to ensure marketing activity meets corporate objectives.

"Everything from new products to developing a Super Bowl campaign starts by asking, 'Who are we trying to engage?'," Muellner says.

In this model, teams are not grouped by marketing discipline and channel. Rather, they're organised according to their role in moving customers through the purchase funnel, from awareness and consideration to exploration and purchase.

The model has several benefits: all divisions are aligned by segment, objective, keywords, publications, and so on, because they are all working from the same insights and target audiences.

Agencies fit more seamlessly into this model, filling key roles where needed, such as providing media buying services or public relations as part of the 'Reach' team.

"New consumer insights or performance optimizations or real-time content opportunities can arise and the teams are fully equipped to handle them. The content team can make a funny tweet and the community managers and paid social teams are ready to go because they already know the key segments," Muellner says.

Management teams need to be both the voice of the customer and accountable for influencing customer behaviour, he adds.

Segment-driven marketing department models with the customer experience at their heart are better able to cope with consumers' increasing reliance on their network and social media for recommendations, and the ensuing need for brands to be able to market to them over their full life-cycle.

"Consumers will rely on their connected network 70 per cent more than on a brand," Wilson says. "Even if I don't know you, that only drops to 50 per cent."

"Marketing throughout the end-to-end lifecycle of a customer becomes much more important because they are relying more on word-of-mouth from a peer. Servicing existing customers becomes paramount."

The data-marketing divide

Where data and analytics need to sit in relation to the marketing department is often less clear.

Only two in five marketers (43 per cent) control their company's customer data, according to a recent study in Britain, although that figure has increased from one in three (34 per cent).

Almost all (92 per cent) say [integrating data across teams will improve the customer experience](#).

But there is a growing recognition that marketing team structures of the future will be more agile, with a test-and-learn mindset that begins with customer segmentation.

Analytics will be used to help determine the best customer experience, that experience will be designed from end to end, and implemented by a cross-functional marketing team, which will act on new learnings quickly.

"Agility is built into the model," Muelliner says. "New consumer insights or performance optimisations or real-time content opportunities can arise and the teams are fully equipped to handle them."

The rise of digital

When few outside the 'cool kids' understood marketing via digital channels, it was often a silo within the marketing organisational structure, within IT, or on its own.

Until fairly recently, many companies still had a centralised digital team that in some cases was separate from the rest of the marketing department.

But change has been rapid, according to Perceptor managing director and specialist digital marketing and sales recruiter Mark O'Connor.

More than 40 per cent of budgets are now spent on digital marketing – much more in some cases – and digital expertise is proliferating. Many more people throughout companies need an understanding of social, data and digital marketing techniques than just the marketing team.

Since 2014, there has been a maturing of the market as organisations have integrated digital marketing into their core marketing function, O'Connor says.

"Digital is no longer the 'nice to have' adjunct that it was – it is now either a key strategic channel within a business or it is being absorbed by the business as part of ongoing change or transformation.

"I'm not sure if digital is getting absorbed by marketing or it's taking over – probably the latter," O'Connor says. "All roles are going to have such a strong digital element that the exception will be the non-digital roles. You don't get any marketing brief that doesn't have a big digital component."

Hub and spoke

Structurally, the marketing pendulum has "swung from decentralised to centralised, and now hub and spoke", says Wilson. In this model, product marketing managers connect business units with a centralised marketing department housing all the core marketing services.

Marketing teams are centralising and adopting hub-and-spoke or multiple hub-and-spoke structures.

"The extent of what you mirror in the spoke from the hub comes down very much to the size and makeup of each organisation," Wilson says.

"As to what is in the hub, certainly the overall marketing and segmentation strategy, and the center of excellence in customer experience, customer analytics and insights and overall brand. Then if there are sub-brands sitting at a business function level, these can be supported in the spoke.

"Campaign management and execution is best driven as a shared service support, along with social and digital marketing. The spoke can mirror elements of this. What is key is that the hub drive the vision, strategy and overall capability development for marketing."

Formal collaboration processes and establishing a "collaboration ecosystem" become really important, she says, along with the right governance model.

Bridging the technology gap: New models emerge

"If marketing's not embracing technology, it's going to fall behind," says Accel Partners' Kobie Fuller.

More than four in five marketers (84 per cent) in a recent global study say [turning marketing and IT into strategic partners](#) is vital if they are to maximise the return on their marketing technology investments.

Kobie Fuller, a member of the investment team at US venture capital firm Accel Partners (whose investments include 99designs, Atlassian, Dropbox, Facebook and Spotify) and himself a former chief marketing officer of online clothing retailer Revolve, goes further.

"We have now emerged into a world where things are super-quantifiable, where when a dollar goes in, you can easily measure a dollar out, or your return on investment," Fuller says.

"What is defined as a CMO is starting to change. Having someone who can understand and can appropriately manage a marketing budget with a quantitative bent to it is where things are headed.

"A CMO has to be in charge of the marketing tech budget," Fuller adds. "That's a very troublesome dynamic if there are other key stakeholders influencing how they do their job.

"If marketing's not embracing technology, it's going to fall behind," he says. "It needs to have technology as one of the centerpieces of how it's working across an organization."

A number of different models are developing as companies come to grips with new technologies, and look for ways of enacting digital transformation, championing innovation and becoming a data-led marketing business.

The marketing technologist

A growing number of corporations have appointed a marketing technologist to help bridge the gap between marketing and IT, helping the organisation to gather and act on insights from the data it captures, and get the most out of the marketing technology stack it is building.

One example is former IAG senior manager, marketing and sales technology, Grant Pattison, who worked in the commercial, business-to-business arm of Insurance Australia Group.

"Those organisations that can leverage their data better than others are going to be the winners," Pattison says.

While marketing technologists may perform many of the same functions as a chief digital officer, they arguably have a closer understanding of what new technology platforms can achieve in marketing and business growth terms.

"My role came about because of the challenge the business has translating strategy into technology (and vice versa)," Pattison says. "Those organisations that can leverage their data better than other organisations are going to be the winners."

"Companies with data analysts who mine the data and come up with automated campaigns that can deliver tailored one-to-one propositions that are relevant and will add value to people's lives when their next buying decision is made are going to be the companies that are successful."

"I'd say we're in the early days," he says. "We just ticked past operational mastery. We've established capabilities for each channel. We've defined a road map. Marketing technology is an emerging function. There's a lot more work for us to do to show the value to our executives."

"That's the challenge – take the budget we're allocated and articulate the return on investment that you're getting through the various channels. Until we can do that, marketing is going to struggle to stand out from the other departments asking for additional money and attention."

The great data break-up

Retailer Myer announced the appointment of Mark Cripsey to the newly created role of chief digital and data officer. That combination of digital and data "reflects Myer's increasing emphasis on omnichannel retailing, and on the importance of customer data", according to the company.

In Myer's case, the executive management team now includes a chief transformation officer, a head of human resources, safety and risk, the chief financial officer, chief merchandise and customer officer, deputy CEO Daniel Bracken and Cripsey, heading up digital and data.

IT and retail technology, along with new mobile and connected devices such as beacons – that are in time expected to revolutionise retail marketing – are part of Cripsey's domain, along with the analytics supporting the Myer One loyalty program.

"They are separate (from marketing) but the two divisions obviously work pretty hand-in-hand," Myer says.

Consumer goods companies also often separate brand, innovation and digital from the research, or data, function, which is instead aligned with product categories.

Meantime brewer Lion split chief marketing officer Matt Tapper's role, following his promotion to chief executive of the international division. The company grouped brand and innovation together, encompassing digital, sponsorship and experiential. Planning (data) was grouped with product category.

"Consumer goods companies put digital in the communications area because they see it as a channel," TrinityP3's Darren Woolley says.

"But they put data with product because that's where they want to get customer insights."

"It's fairly common to break it up in some way but it's not very effective," Woolley says. "It's becoming less and less so because so much data is available to you on customer behaviour through things like your (programmatic digital media) trading desk."

CMO as CIO

According to Accenture, CMOs don't think much of their traditional CIO technology counterparts. Thirty-eight per cent of them think IT keeps them out of the loop, and 35 per cent think marketing concerns aren't a high enough priority, according to a report in Wired magazine.

"The disdain is mutual, with 31 per cent of CIOs saying their marketing peers are ill-informed about tech, and 36 per cent steamed because marketing routinely bypasses them for solutions."

New technology firms are more likely to give CMOs permission to set up their own marketing technology stack, according to Anthony Kennada, vice-president of marketing for US-headquartered customer success technology firm Gainsight.

Kennada says the 'chief marketing officer as the new chief information officer' trend is "driving change to how marketing teams are being structured".

"Digital firms may be the early adopters of the trend as they have a propensity to purchase licences of back office software-as-a-service without requiring IT approval," Kennada says.

"This shift leads to bigger budgets, and ultimately, more hiring in marketing to support the various

services that don't require the heavy infrastructure. This has brought a new level of data-oriented transparency into how marketing is influencing the customer experience throughout their journey."

Kennada says the Internet of Things has created a "data explosion" which puts companies that are thinking about customer success in a better position to prepare for this disruption than ever before. It's an area in which Gainsight, which helps companies measure the health of their customer relationships, specialises.

"Your customers are leaving a digital breadcrumb trail online about how they work and feel about your solutions," Kennada says. "Companies that are able to make sense of this data in aggregate have a leg up on understanding the context behind each customer and predicting future behaviours."

This has led to the rise of account based marketing, and one-to-many customer marketing, Kennada says.

"Marketing teams are benefiting greatly from predictive tools that are able to build target lists based on customer data and then score leads in order to prioritise follow-up," he says.

Resources that may have been spent on paid search advertising, for example, can be allocated to drive interest from a target list of customers with a high probability of conversion.

"By flipping the funnel and starting with the ideal customer profile first, teams are able to get a lot more precise about how they deploy spend and approach demand generation.

"One-to-many customer marketing ... will often roll up to customer success rather than marketing," Kennada says. "A lot of companies are hiring someone responsible for leveraging technology to drive product adoption behaviour at scale... This role can help ensure that users are getting value from the product or service, and are ultimately able to renew, buy more products, or advocate to their networks."

Content currency and social selling

Sales and marketing are now inextricably linked due to the ability of marketers to distribute their own content to customers over social media via content marketing.

According to US-based social selling evangelist Jill Rowley, the [new sales model uses social channels to build digital rapport](#), using content provided by marketing.

[Two-thirds of purchase decisions are completed](#) before people even talk to a sales person, according to the Corporate Executive Board. The changing nature of sales is influencing the shape of sales and marketing organisations.

"Content is the currency of the modern sales professional," Rowley says. "Social selling is using social networks to do research to be relevant to build relationships that drive revenue."

"It's a way to be relevant, to build relationships that drive revenue, customer lifetime value, and advocacy. It's not about fans and followers, likes and retweets, clicks and favourites and shares," she says. "It's about pipeline and revenue."

"You are using social media to gather information. Your objective is to learn about your buyers and their sphere of influence. You are listening, not talking. You need to listen at an industry level, a topic level, a company level and a personal level.

"You need to look through (your buyers') eyes to understand their agenda, to sync up with their priorities and then to watch for opportunities to be of service."

She says at first sales people may simply be sharing insights and their own content marketing. "But eventually, with buyers who can truly benefit from what you have to sell, you will spot an opportunity to point out exactly how they can benefit from your offerings."

Digital marketing team structures

Inbound marketing platform HubSpot recently collated a series of [marketing organisational charts](#) from a number of US firms, many of them digital, including software makers Atlassian and Zendesk, software building platform GitHub and online shopping service Rue La La.

It found each had a different marketing team structure, focused on elements such as:

- Elasticity, to allow for rapid growth;
- Top-of-funnel growth, in which content marketing was the biggest team;
- Inbound, with large demand-generation, persona-based, 'buzz' creation and content teams;
- Funnel, with separate public relations and field marketing/demand-generation teams, and in one case a strong focus on the end of the funnel, or customer retention;
- Culture, with a very flat structure, and;
- Creative, with a heavy emphasis on content, design and merchandising.

Technology firms tend to be very acquisition-focused," says TrinityP3's Darren Woolley. "But there is no one-size marketing structure to suit all. There are increasingly variations on a theme.

"If anything it is easier for these new companies to develop more flexible models than it is for traditional companies to change to a more flexible and responsive structure."

"It's all about the 'inbound' movement and about content," HubSpot senior director, global marketing Ryan Bonnici says. "As well as acquisition, if your product is digital you should also focus on customer retention, which you can service in a different way.

"CMOs have so much more power now because they can prove their value in the business. Your

CDOs have so much more power now because they can prove their value in the business, not just as a thought leadership piece. It's also a business driver.

"The marketer you're looking for is a three-way split between being data-oriented with a content background and then a growth mindset."

Chief digital officers: Ambassadors and transformers

Chief digital officers are becoming relatively common, particularly in industries such as traditional media, in which they are often expected to build digital expertise and revenues, promote the adoption of digital media channels and act as something of a digital transformation officer.

According to London-based research firm Econsultancy, there is a lot of change in Britain both within companies and across sectors, but the number of CDOs is estimated to have doubled during 2014 and is forecast to double again this year.

There are two types of CDO, according to Econsultancy founder Ashley Friedlein, who hypothesizes one type – the Ambassador CDO – has little P&L responsibility but is the digital evangelist in companies, inspiring, educating and informing on all things digital.

The other – the Transformer CDO – "has real power and is set on transforming the entire business on their journey to becoming CEO".

"The remit of a transformer CDO is typically broader than a CMO," Friedlein says. "The CDO has a more complete view of the customer experience across touchpoints beyond just marketing to include sales and service. The CDO often controls product as well as marketing. In fact the transformer CDO is almost synonymous with a chief customer officer."

Gartner has predicted one in four businesses will have a CDO by this year. "For now, CDOs are seen as the people who can step in to fill gaps and deficiencies regarding digital capabilities while also bridging the gap between the marketing and technology," Econsultancy senior researcher Sean Donnelly says. "We certainly think that the CDO role is something that marketers can take up."

Fostering innovation: To hub or not to hub?

Many of the world's biggest companies are establishing innovation labs in discrete physical hubs. But how involved should marketing be in driving change?

Almost four in ten of the world's 200 biggest companies are experimenting with housing technologically driven innovation in a discrete 'lab', often physically located in a global tech hub. Telstra is one of a number of big Australian firms partnering with third parties as one way of accelerating innovation. It has launched a technology accelerator, Muru-D, in several cities, as well as an innovation lab, Currowa, to help it develop and adapt to experimental new technologies.

IAG has launched IAG Labs, responsible for "driving digital and innovation across IAG and its brands", led by its chief digital officer Peter Harmer.

IAG Labs aims to bring together existing technology and project management teams with "a new customer insights capability, a centralized digital product and service development team and a venturing unit focused on new business opportunities and disruptive technology".

"This is an exciting opportunity for IAG to be more strategic, agile and innovative in how we deliver to our customers as we build this new division," Harmer says.

Consumer goods firm Mondelez – owner of the Cadbury, Kraft and Vegemite brands – has taken a slightly different strategy, keeping the experiments closer to home.

First it launched the Mobile Futures technology innovation program that saw it partner five of its brands with five tech startups as a way of accelerating innovation and fast-tracking the understanding of mobile technologies within the company.

It followed that with the Media Innovators program, which saw nine of Mondelez's digital brand teams compete for a share of a million-dollar advertising budget earmarked for digital innovations.

According to the Innovation Game report released by Altimeter Group and Capgemini Consulting, businesses are increasingly looking to physical innovation centres to leverage the advances led by startups, most commonly focusing on mobility and big data.

But the report found too many organisations were using these centres in isolation and not bringing the innovative thinking necessary to digital transformation into internal teams.

Ultimately, 80-90 per cent of the centres failed. "A more equal balance between external and internal thinking is required," the report found.

According to Andy Lark, former global chief marketing officer of Foxtel, Xero and CBA, marketers should be the agents of change within companies.

"One of the core functions of a modern marketer is managing change," he told a Marketo Marketing Nation event in Sydney. "You have to be the change agents."

He said marketers should "burn" their budget every few years and start again, reallocating funds to the new world. "It involves breaking up with agencies, breaking up with contractors, but as soon as you get in the habit of doing it every two years, you'll start to see the benefits of reallocating your budget to channels that work."

Accel Partners' Kobie Fuller sounds a note of caution to marketers thinking about embracing "experimental technologies" such as virtual reality, the Internet of Things and beacon technologies, however.

He says they should resist the temptation to do so until their traditional channels are saturated. Using marketing funds "to do science experiments" is a risky business, Fuller says.

Era of the customer

The concept of the customer experience is "strongly trending" — just as content marketing was before it, according to Econsultancy's Singapore-based Asia Pacific chief Jeffrey Gomez.

It's an emerging area of expertise: less than 900 people on LinkedIn identify themselves as chief customer officers, and less than 100 as chief customer experience officers.

And they are not always marketers. "People come from various departments, such as customer service ... and operations," Gomez says. "Managing all the digital touch points a customer has with a brand has become a big part of customer experience."

In fact, customer consultancy Bluewolf warns that if marketing departments cannot evolve to encompass the full customer experience, the reverse will happen. Four out of five respondents to an international Bluewolf survey conducted predicted customer engagement would overtake productivity gains as the chief driver of business growth.

"Consumers are using their voice to drive change in product development and also influencing other consumers and customers," then-Bluewolf APAC chief Arlene Wherrett said. "The CMO needs to be more customer-obsessed, thinking about how customers want to interact with products and services. The chief marketing officer needs to evolve to be the chief customer officer."

Home loan provider Aussie appointed former CommSec general manager, customer experience Richard Burns to the role of general manager of customer recently, with responsibility for digital, marketing and technology (*see interview, below*).

"As a member of the executive management team, Richard will be responsible for protecting and growing the Aussie brand while at the same time strengthening our digital effectiveness and presence with innovative technology," Aussie founder and executive chairman John Symond said at the time.

In Britain, retailer John Lewis has promoted marketing director Craig Inglis to customer director, putting him in charge of the end-to-end customer experience, as well as marketing and customer insight.

Taking a slightly different approach, British Airways has appointed Carolina Martinoli as director of customer experience, and brand. The airline has also established a customer experience department.

But telco Telstra is probably one of the early poster-children for a customer-led marketing transformation after famously ramping up its spending on its customer relationship management and one-to-one marketing some years ago.

Telcos have been among the first marketing organisations to use data to become more customer-centric.

The company underwent a transformation that saw it put the customer experience at its center, led by then-chief executive David Thodey. It has become a technology driven marketing organisation that can provide personalised, relevant messages to its customers based on Telstra's analysis of how they feel about the company.

In 2013 Telstra increased its data-driven marketing spend to 20 per cent of its budget, almost a seven-fold increase compared with two years earlier, and created a virtual marketing technology unit with IT staff to bridge the gap between marketing and technology.

Under then-director of one-to-one marketing Nick Adams, who now heads up 'marketing enablement', the company also launched a new type of loyalty program that, rather than give points, offers movie tickets and money-can't-buy experiences to customers.

The rise of agile marketing

Following closely on the heels of the rise of the customer is the era of agility. As marketing has come to depend more on technology, and marketing teams have come to work more closely with digital and technology teams within their own company, so have many of the organisational principles of Agile software development crossed over into general business practices and marketing.

While this is often manifested in the desire for greater 'agility' in marketing — read speed-to-market and adaptability — it has also spawned the advent of 'agile marketing'.

Agile marketing — in which teams work in short cycles to complete highly defined projects and measure their impact, with the aim of continuously improving results over time — is now common in technology companies and financial services marketing teams, and creeping into retail and other sectors of marketing.

With its emphasis on small, cross-functional teams, agile marketing is also having an impact on the structure of marketing teams, helping to give rise to titles such as 'growth marketer', which underline the importance of agile test-and-learn disciplines.

In some companies in which agile marketing has taken a firm hold, the entire structure of the marketing department changes. The original cross-functional team, or squad, in which the marketing work is done may be a part of a broader component 'tribe' under one manager or business sponsor — loyalty marketing, for instance. Broad principles such as brand guidelines may

Executive Sponsors. Regular marketing, for instance, based principles, such as brand guidelines, may be set by 'chapters', which are then applied by numerous tribes, and deep skill sets required in each squad may be nurtured in 'guilds'.

In committed agile marketing teams, it is not only the structure of marketing that changes; the entire cadence of a company's marketing activity may be condensed from quarterly to monthly or fortnightly — if the team is running fortnightly agile 'sprints', for example.

Case study: Customer reigns in an agile marketing team

During his time at mortgage broker Aussie, Richard Burns (now managing director at CommSec) elevated customer experience above marketing, technology and data and implemented agile marketing as Agile principles were implemented across the broader business.

It's a great challenge," said Burns, of his role as head of marketing and digital presence, IT, customer retention and data, and project management for the mortgage broker.

"It's a very different remit than just about any other role that I've seen."

While at Aussie, he renamed his department Customer Experience and Technology. "We created a unified customer experience and technology team to ensure a greater focus on the customer and also where the industry is going in terms of digital disruption," he said.

Meanwhile Aussie underwent an agile transformation across its entire business, including implementing agile marketing Scrum methodology. A primary aim of the agile transformation in marketing is to align all marketing work closely to the company's five business priorities: Sales Growth; Customer Passion; Aussie Made Easy; Product Competitiveness; and Risk, Culture and Capability.

"There was a lot of work going on but (the move to adopt agile work practices) was around focusing everybody on where we got the greatest value," Burns said.

"We did our recent brand relaunch using agile," he said. "That huge project was the catalyst for changing our day-to-day processes."

The project was run using virtual visual project management boards that were shared with Aussie's agencies.

Aussie staff underwent a comprehensive agile training program before taking the leap into Scrum for agile marketing to ensure both the executive team and staff understood the reasons for changing how they worked, as well as how to make agile successful.

"We've had 90 in our Sydney office go through agile training," said Burns. "Different teams were starting to work that way but as a whole organisation, it's very new."

In truly agile teams, a lot of decisions about how the team will work are often taken at the coalface; by the scrum master and by the product or marketing owner (who manages the backlog, or to-do list), rather than being led by the chief marketing officer, for example.

Typically, marketing teams must modify agile marketing Scrum methodology to suit their own situation in order for it to work. In Aussie's case the backlog for each scrum team is managed by Directly Responsible Persons, a role the marketing team had previously used that was well understood internally, according to Burns.

"We also have Executive Sponsors and Executive Co-Sponsors for each board to ensure the executive team is across the detail of each of our key focus areas and can provide strategic guidance where necessary," Burns said.

Sprints are kicked off with a sprint planning session, during which work on the backlog is discussed and prioritised, the capacity of the team to get through that work is estimated and the process is then managed via regular standups at which staff self-report their progress on tasks, and any obstacles holding them up.

At Aussie, marketing runs on a 2-week agile cycle. In a Scrum framework, at the end of a sprint there is a sprint review to assess the work that is completed, and a retrospective to assess how the process works.

"We let the different focus areas decide (on the sprint length)," Burns said.

All the marketing work at Aussie is managed using six scrum boards: one for each of Aussie's corporate areas of focus, such as sales growth or customer passion, and one to manage the supporting technology stack.

"It's all about cross-functional teams focused on work that is aligned to our strategic goals," Burns said.

The main benefits that Aussie initially experienced from switching to agile marketing related to culture, visibility and collaboration.

"Just getting visibility around all the different pieces of work that we do has been a benefit," Burns said. "The biggest benefit has been building a strong team and culture that's focused on the right priorities."

The subscription economy

Meanwhile, the customer era is already evolving into the age of the subscriber, where rather than buy products outright, people will buy outcomes and pay only for what they use, according to

Zuora.

Founder Tien Tzuo cites innovative examples such as GE selling air miles instead of jet engines, and tractor companies selling metric tonnes of earth moved instead of bulldozers.

The subscription economy: GE is selling air miles instead of jet engines, and tractor companies are selling metric tonnes of earth moved instead of bulldozers.

"The whole world is moving towards a subscription economy," says Tzuo. "Beer manufacturers are saying, 'Can I put a Wifi-connected keg in your house, and whenever the beer gets low I'll make sure I send a refill and I'll charge you by how many pints of beer you drink,'" Tzuo says.

"What if photocopier makers charge people for paper – not the photocopier. You wind up with more loyal customers and a better margin and people will pay extra margin for that flexibility," Tzuo says. "Maybe I'll sell you more office supplies while I'm reloading your paper because I know you're low on paper.

He says the subscription economy is also having an impact on the shape of marketing departments. "The key to success in the subscription economy is to wrap the entire company around the subscriber.

"In the old world, we created functional silos to create product. You designed the product, you made it, you sold it, you served it, and every department was relatively independent.

"But in the subscription economy, where it's about creating a subscription experience, all that changes. Marketing needs to take a stronger role in unifying the organization around the subscriber experience."

CMO v CXO

Ultimately, Deloitte's Jenny Wilson warns that while marketers have traditionally worked to sell products and services to customers, they must evolve to become customer advocates or risk being overlooked at the executive table.

"Look at the magnitude of change consumers are going to face – data is being collected about the consumer and we don't even know it's happening," Wilson says. "Someone has to be the customer advocate.

"Words like 'campaign' need to be 'conversation'. 'Advertising' changes to 'advocacy'. It's not 'product marketing' it's about 'experience marketing' If not, it'll be the customer experience officer sitting at the table with the CEO, not the chief marketing officer."

But Zuora's Tien Tzuo says chief digital and chief customer executive roles represent "a point in time". "If everything's digital why do you need a chief digital officer?" Tzuo says. "The next phase is why do I need a chief customer officer?"

"If anybody's the chief customer officer, it better be the CEO. Your software companies will come up with a customer success executive – and we have one – but everybody's got to be dedicated to customer success.

"It's a transitional phase. It's not a long-term thing. There's a craft of marketing, there's a craft of sales. The customer? I don't know what that craft is."

6 Steps to Restructuring your Marketing Department

Four in five marketers believe marketing teams must be restructured some time in the next five years, according to a survey from The Economist Intelligence Unit.

One in three believe the need for change is already urgent. But few are confident about tackling the process.

Following are six steps companies and marketers can take to restructure their marketing department:

1. Analyse the market

Understanding the bigger-picture dynamics of change in the market is crucial to developing a flexible, forward-looking structure. "Understand what is taking shape in the market and use this to inform a transformational aspiration," Deloitte's Jenny Wilson says.

2. Define the current process in detail

Your current marketing procedures should be mapped to a very granular level, according to Trinity P3's Darren Woolley. "Many company executives believe they know this and so overlook this step only to discover overlooked requirements in the middle of the transformation," he warns. This process should include interviews with key internal client stakeholders to ensure needs that aren't being met in the current process are accommodated, Wilson adds.

3. Assess the current process against the broader business strategy and marketing goals

Align the process so it delivers on the bigger corporate strategy as well as marketing objectives and pinpoint the areas in which it does not measure up. "Look for bottlenecks, duplication of processes, gaps and confused responsibilities," says Woolley.

4. Design models that align the new marketing structure to the business strategy

Select the model. Cultural fit and sensitivities of different parts of the business come into play when designing and selecting the new marketing team structure.

5. Map the transition process

Use the current process and future process to map the transition from one to the other. "The transformation journey should include an agile and iterative approach to change," Wilson says.

6. Communicate why the change is necessary and involve stakeholders

o. **Communicate why the change is necessary and inspire stakeholders to get on board**

The change from a capability perspective is daunting for many and not insignificant," Wilson adds. "The narrative for inspiring change and the disciplined communication for engaging is key both across stakeholders and for the team."

Conclusion

Marketing teams have evolved in most cases to absorb digital marketing capabilities and are moving inexorably towards incorporating new marketing and advertising technology platforms.

In some cases, companies employ a marketing technologist to form a bridge between marketing and technology. In others, digital innovation officers head up a separate unit. In still others, marketing, technology and data are united under a customer experience officer.

No one-size-fits-all structural model for the modern marketing department has emerged. In some sectors, agile marketing is upending traditional marketing team structures in favour of small, nimble, cross-functional teams and a data-driven, test-and-learn approach to marketing over long-term planning.

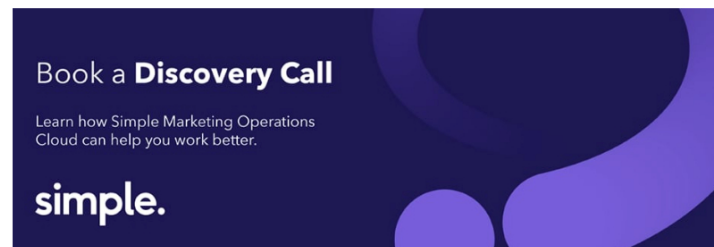
But it's clear marketers feel customer data and marketing technology should come under their remit and as the skill sets of chief marketing officers evolve to be include more analytical and technological skills, this is increasingly likely to be the case.

The rise of customer executives may be a transitional phase as businesses re-orient themselves to cope with a renewed emphasis on fostering customer engagement.

Similarly, the rise of separate innovation labs to develop new technologies looks set for a relatively short shelf life; businesses must also evolve internal structures to take better account of disruptive new digital technologies.

In an ideal world, the chief marketing officer will emerge with a more flexible marketing department structure, a permanently enlarged area of responsibility, greater demand for the new, broader range of skills the portfolio now requires – and one foot permanently in the developing technology space.

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