



**MMA MOSTT
Unplugged**

October 19, 2021

MMA MOSTT Research Study: How Marketing Organizations Can *Better* Drive Growth

Dr. Neil A. Morgan

PetSmart Distinguished Professor of Marketing Chair
Kelley School of Business
Indiana University

A Bit of Background....

A Bit of Background...Good News

- Research long shown marketing capabilities are valuable

Performance Impact of Marketing Capabilities

Marketing capabilities predict a firm's future performance:

- Customer Satisfaction
- Sales Growth
- Profit
- Stock Performance

Marketing capabilities are stronger drivers of firm performance than either R&D capabilities or Operations capabilities

Vorhies and Morgan (2005) Journal of Marketing, 69 (1), 80-94.

Morgan, Vorhies, and Mason (2009) Strategic Management Journal, 30(8), 909-920

Krasnikov and Jayachandran (2008), Journal of Marketing, 72 (4), 1-11.

Feng, Morgan, & Rego (2017), Journal of the Academy of Marketing Science, 45(1), 76-92

A Bit of Background...Good News

- Research long shown marketing capabilities are valuable
- And that strategy-organization predicts performance

A Bit of Background...Bad News

- “Overall” ways of capturing a firm’s marketing capabilities
- No practical way to assess fit capability-strategy fit
- Plus, marketing is very different than 10 or 15 years ago

A Bit of Background...New News

- So, MMA reached out to find a way to address this
- Assembled team of leading academic researchers and practitioners (MOSTT)
- MMA support + steering group of leading CMOs
- Embarked on a three-year + research project

And yes, growth strategies and marketing capabilities have changed a lot in last decade..



Our Nov-Dec 2020 Harvard Business Review article details the new marketing capability framework

Highlights of the MOSTT research to-date

- Identified ways modern marketing org contributes to growth

Modern Marketing Organizations Create Value In One or More of Six Areas



Highlights of the MOSTT research to-date

- Identified ways modern marketing org contributes to growth
- Uncovered the marketing capabilities connected with each of the different ways marketing drives growth

Modern Marketing Capabilities Linked With Growth Strategy

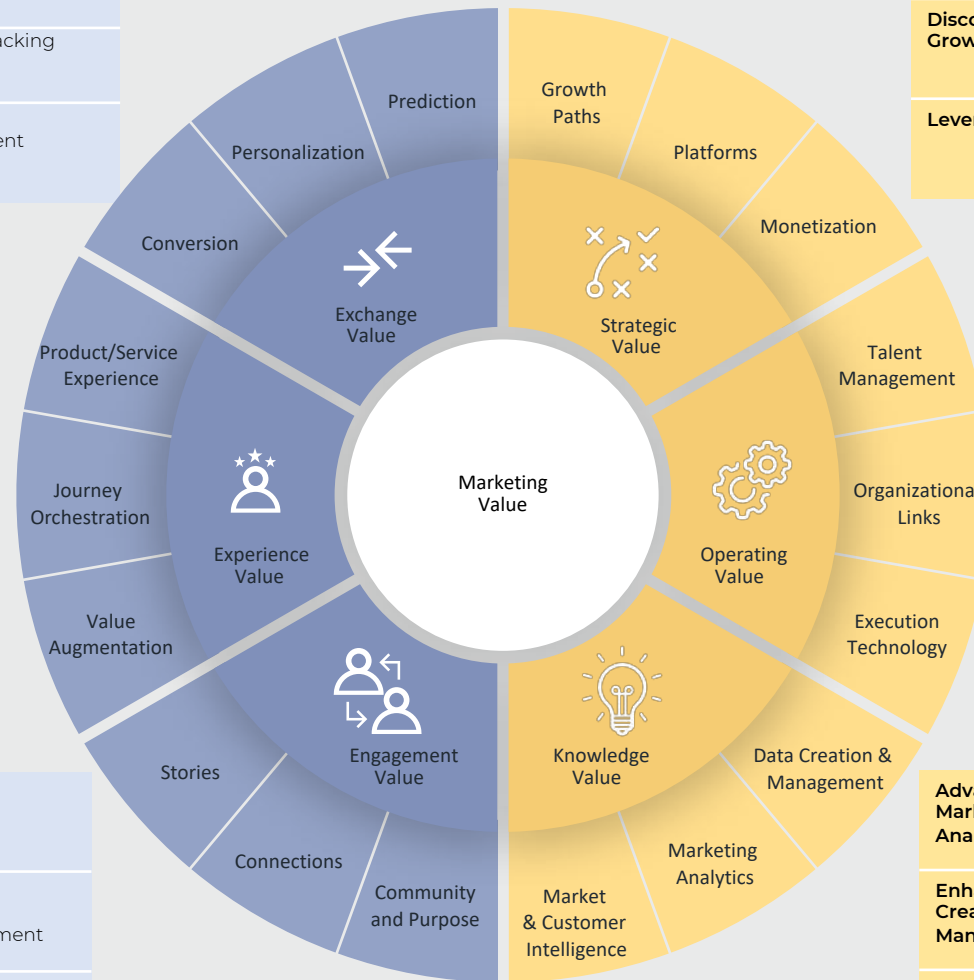


Modern Marketing Capabilities Linked With Growth Strategy

Boost Conversion	Marketing Automation Performance Marketing Pricing Management Product Marketing Sales/Account Management
Improve Prediction	Customer Location & Trajectory Tracking Need Spotting Trend Forecasting
Increase Personalization	Content Personalization Customer Relationship Management Loyalty Management Product Personalization

Build Platforms	Platform Management Portfolio Strategy & Innovation Risk Management Synergy Management
Discover Growth	Branding Management Growth Strategy Management Sustainability Strategy Management Value Proposition Design
Leverage Assets	Marketing Model and Method Innovation Marketing Monetization Marketing Venture Management Revenue Streaming

Augment Value	Customer Service Direct-To-Customer Services & Delivery Product Innovation Product/Service Augmentation
Enhance Offering Design	Branded Experience Management Customer Experience Design Product Distribution Management Product Performance Enhancement
Improve Journey Orchestration	Channel Orchestration Experience Strategy Journey Management Portfolio Management



Enhance Organizational Links	Agile Management & Design Thinking Interaction Model Management Key Behavioral Incentivizing Marketing Principles & Methods Definition
Improve Talent Management	Customer-Centric Culture Management Partnership Management Stakeholder Management Talent Enablement
Strengthen Execution Methods & Technology	Marketing Accounting Standards Marketing Execution Management Marketing Technology Workplace Technology

Build Purpose & Communities	Community Management Customer Involvement Influencer Management Social & Environmental Activism
Design Stories	Content Management Public Relations Social Media & Conversation Management Storytelling & Storymaking
Optimize Connections	Channel & Audience Management Engagement Ecosystem Management Programmatic Media Management Sponsorship Management

Advance Marketing Analytics	Customer & Brand Valuation Data Science and Analytics Data Visualization and Application Marketing Performance Evaluation
Enhance Data Creation & Management	Brand & Customer Equity Tracking Data Generation Data Quality, Privacy and Security Integrated Data Management
Leverage Market & Customer Intelligence	Buyer/User Insights Management Competitive & Market Intelligence Management Knowledge Strategy Knowledge Systems Management

Highlights of the MOSTT research to-date

- Identified ways modern marketing org contributes to growth
- Uncovered the marketing capabilities connected with each of the different ways marketing drives growth
- Delineated practices that make-up these capabilities

Highlights of the MOSTT research to-date

- Identified ways modern marketing org contributes to growth
- Uncovered the marketing capabilities connected with each of the different ways marketing drives growth
- Delineated the practices that make-up these capabilities
- Developed a practical way to assess marketing capabilities and fit with growth strategy

Capability Performance Assessed via Internal Audit of Practices Associated with Strong Performance

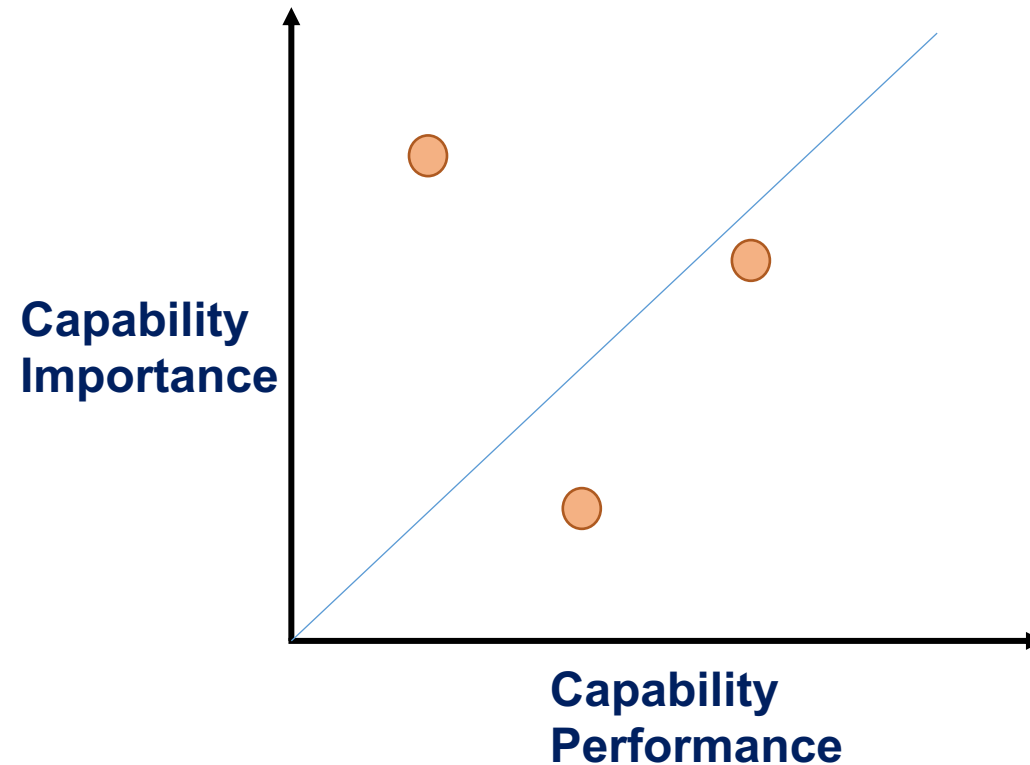
- ❑ 210+ practices audited across 72 capabilities
- ❑ Respondents select a max of 3 value areas to audit
- ❑ For each value area, respondents indicate if practice is present
- ❑ Performance Index is % reporting practice is present

2. Below is a list of statements about how a company manages promotions and performance marketing activities to drive short term sales. For each statement please indicate if it describes practices MOSTLY PRESENT in your COMPANY, or describes practices MOSTLY ABSENT in your COMPANY. Select 'N/A or Don't Know' if the activity does not apply or you are not sure. *

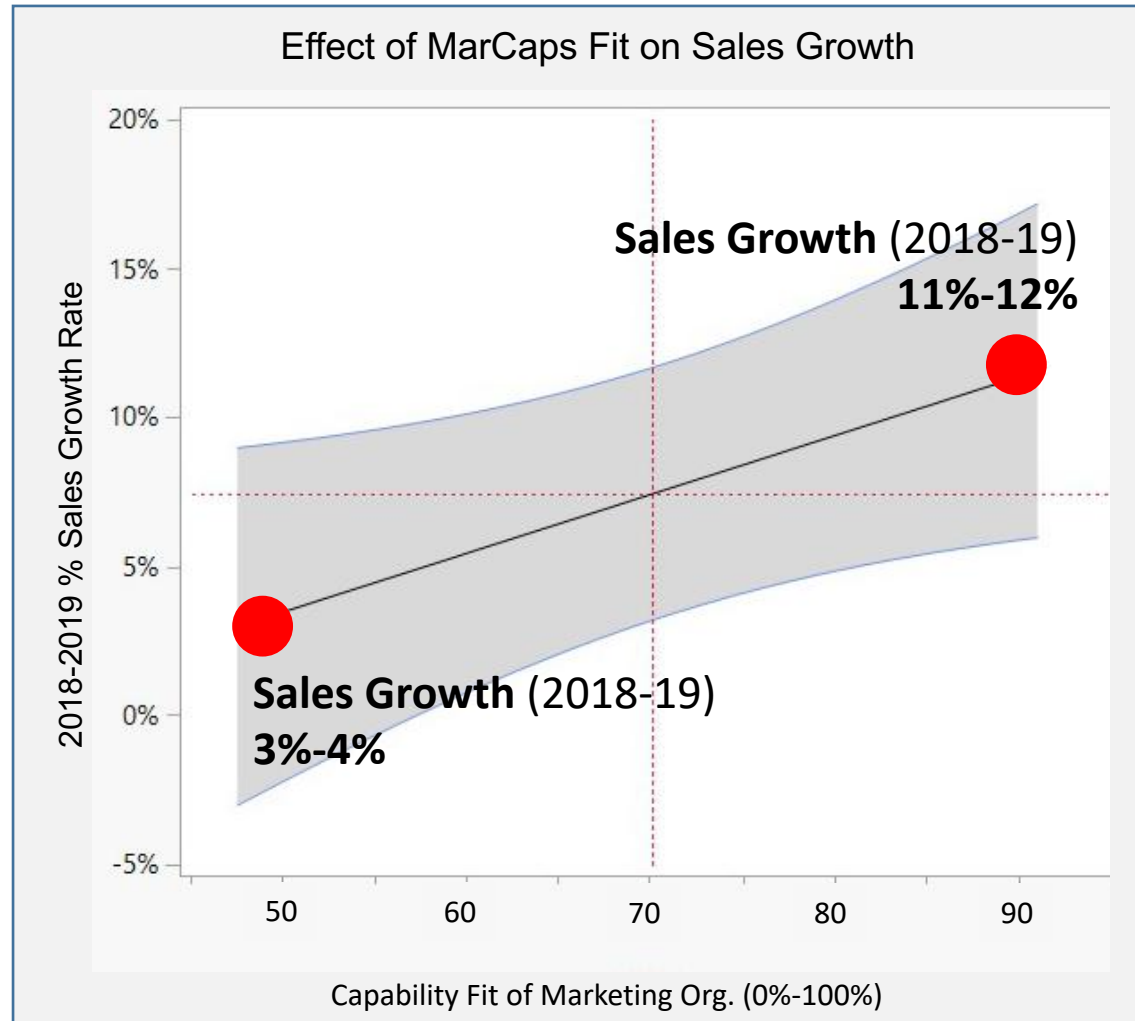
	MOSTLY PRESENT	MOSTLY ABSENT	N/A or Don't Know
We have systems in place to identify or predict customer needs when they come in contact with our product or service channels.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We have effective methods for generating and acting on new customer leads.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We generate leads and personalized offerings by connecting publicly available social media content by our customers with their purchase activity.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Market-Capability Fit: Distance Between Capabilities You Have and Those Needed for Growth

- Start with a complete list of growth-related capabilities
- Assess how important each is to your growth in the next 2-3 years
- Assess how well developed you are in each capability (performance)
- Measure the average difference between Importance and Performance



Market-Capability Fit Has a Strong Effect on Observed Top Line Growth Rates



2.5x

A 1% increase in fit leads to 2.5% increase in Sales Growth after accounting for size, age, R&D investments, Advertising investments and intensity of competition

Note: Financial data from publicly traded firms available in Compustat.

Very Cool....so how do I get there from here?

- Re-org?
- Hire New Talent?
- Create a Marketing Academy?
- Re-jig Ecosystem Partners?
- Outsource more to specialists?

Very Cool...so how do I get there from here?

~~• Re-org?~~

No, Never Start Here

~~• Hire New Talent?~~

No, Never Start Here

~~• Create a Marketing Academy?~~

No, Never Start Here

~~• Re-jig Ecosystem Partners?~~

No, Never Start Here

~~• Outsource more to specialists?~~

No, Never Start Here

Building Marketing Capabilities: What Commonly Goes Wrong?

- No data to inform decisions
- No direct link to firm's growth strategy
- Focus on “people” issues only
- Focus only on things that marketing “owns”
- Lack of capability building prioritization

Building Marketing Capabilities to Drive Growth: How to Get it Right

1. Identify/Crystalize your firm's growth strategy
2. ID capability importance to firm's growth strategy
3. Benchmark your firms' capabilities (where are you today?)
4. Use performance-importance fit to ID gaps
5. Prioritize most important capabilities and develop comprehensive capability building blueprints

Building Marketing Capabilities to Drive Growth: How to Get it Right

1. Identify/Crystalize your firm's growth strategy
2. ID capability importance to firm's growth strategy
3. Benchmark your firms' capabilities (where are you today?)
4. Use performance-importance fit to ID gaps
5. Prioritize most important capabilities and develop comprehensive capability building blueprints

Agree and Map Your Growth Strategy



Building Marketing Capabilities to Drive Growth: How to Get it Right

1. Identify/Crystalize your firm's growth strategy
2. ID capability importance to firm's growth strategy
3. Benchmark your firms' capabilities (where are you today?)
4. Use performance-importance fit to ID gaps
5. Prioritize most important capabilities and develop comprehensive capability building blueprints

Modern Marketing Capabilities Linked With Growth Strategy

Boost Conversion	Marketing Automation Performance Marketing Pricing Management Product Marketing Sales/Account Management
Improve Prediction	Customer Location & Trajectory Tracking Need Spotting Trend Forecasting
Increase Personalization	Content Personalization Customer Relationship Management Loyalty Management Product Personalization

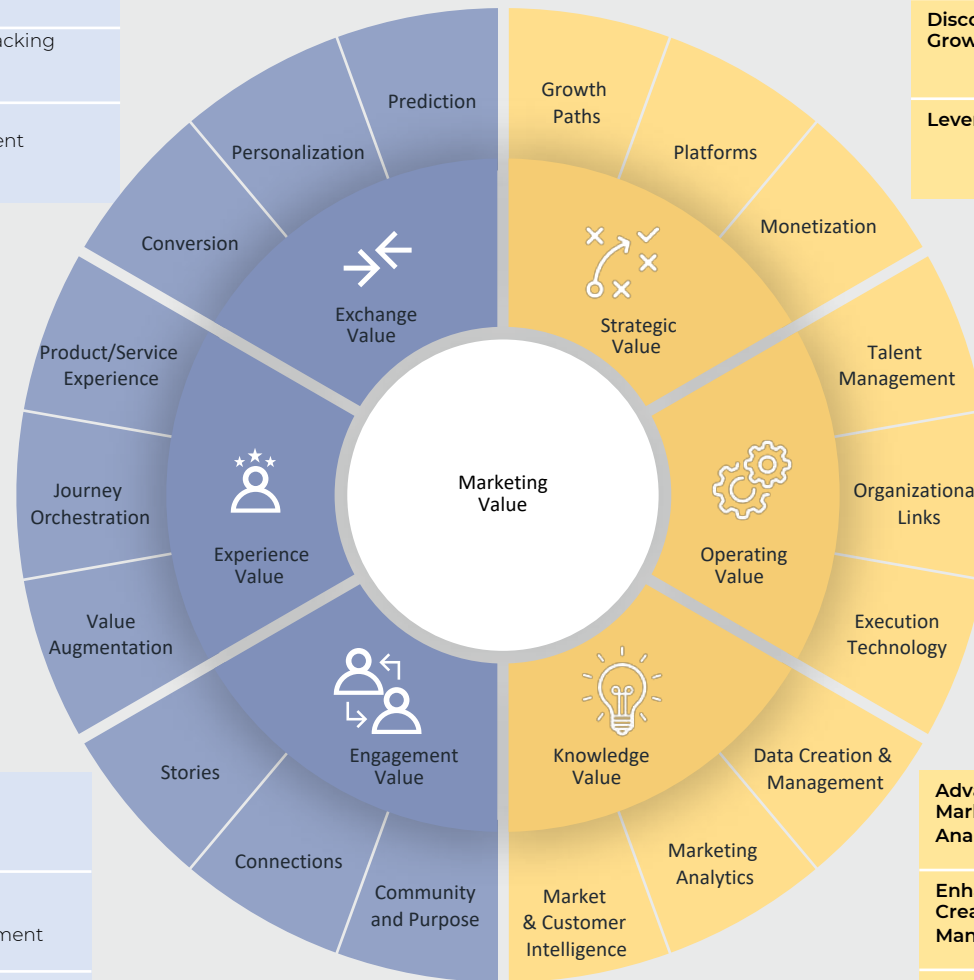
Build Platforms	Platform Management Portfolio Strategy & Innovation Risk Management Synergy Management
Discover Growth	Branding Management Growth Strategy Management Sustainability Strategy Management Value Proposition Design
Leverage Assets	Marketing Model and Method Innovation Marketing Monetization Marketing Venture Management Revenue Streaming

Augment Value	Customer Service Direct-To-Customer Services & Delivery Product Innovation Product/Service Augmentation
Enhance Offering Design	Branded Experience Management Customer Experience Design Product Distribution Management Product Performance Enhancement
Improve Journey Orchestration	Channel Orchestration Experience Strategy Journey Management Portfolio Management

Enhance Organizational Links	Agile Management & Design Thinking Interaction Model Management Key Behavioral Incentivizing Marketing Principles & Methods Definition
Improve Talent Management	Customer-Centric Culture Management Partnership Management Stakeholder Management Talent Enablement
Strengthen Execution Methods & Technology	Marketing Accounting Standards Marketing Execution Management Marketing Technology Workplace Technology

Build Purpose & Communities	Community Management Customer Involvement Influencer Management Social & Environmental Activism
Design Stories	Content Management Public Relations Social Media & Conversation Management Storytelling & Storymaking
Optimize Connections	Channel & Audience Management Engagement Ecosystem Management Programmatic Media Management Sponsorship Management

Advance Marketing Analytics	Customer & Brand Valuation Data Science and Analytics Data Visualization and Application Marketing Performance Evaluation
Enhance Data Creation & Management	Brand & Customer Equity Tracking Data Generation Data Quality, Privacy and Security Integrated Data Management
Leverage Market & Customer Intelligence	Buyer/User Insights Management Competitive & Market Intelligence Management Knowledge Strategy Knowledge Systems Management



Capability Importance Ratings From Survey of Marketing Leaders

- ❑ Respondents select value area of interest/expertise
- ❑ For selected value areas, specific capability importance is rated on a 7-point scale
- ❑ Importance index is % top 2 box responses
- ❑ 72 unique capabilities are measured

12. On a scale of 1-7, where 1 = Not at all Important, 4 = Neutral and 7 = Extremely Important, how important are each of the following activities to driving business results in your organization over the next 2-3 years?

*



Building Marketing Capabilities to Drive Growth: How to Get it Right

1. Identify/Crystalize your firm's growth strategy
2. ID capability importance to firm's growth strategy
3. Benchmark your firms' capabilities (where are you today?)
4. Use performance-importance fit to ID gaps
5. Prioritize most important capabilities and develop comprehensive capability building blueprints

Capability Performance Assessed via Internal Audit of Practices Associated with Strong Performance

- ❑ 210+ practices audited across 72 capabilities
- ❑ Respondents select a max of 3 value areas to audit
- ❑ For each value area, respondents indicate if practice is present
- ❑ Performance Index is % reporting practice is present

2. Below is a list of statements about how a company manages promotions and performance marketing activities to drive short term sales. For each statement please indicate if it describes practices MOSTLY PRESENT in your COMPANY, or describes practices MOSTLY ABSENT in your COMPANY. Select 'N/A or Don't Know' if the activity does not apply or you are not sure. *

	MOSTLY PRESENT	MOSTLY ABSENT	N/A or Don't Know
We have systems in place to identify or predict customer needs when they come in contact with our product or service channels.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We have effective methods for generating and acting on new customer leads.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We generate leads and personalized offerings by connecting publicly available social media content by our customers with their purchase activity.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Benchmark your organization at marcaps.com/research

Get a free benchmark report



Marketing Capability Benchmark

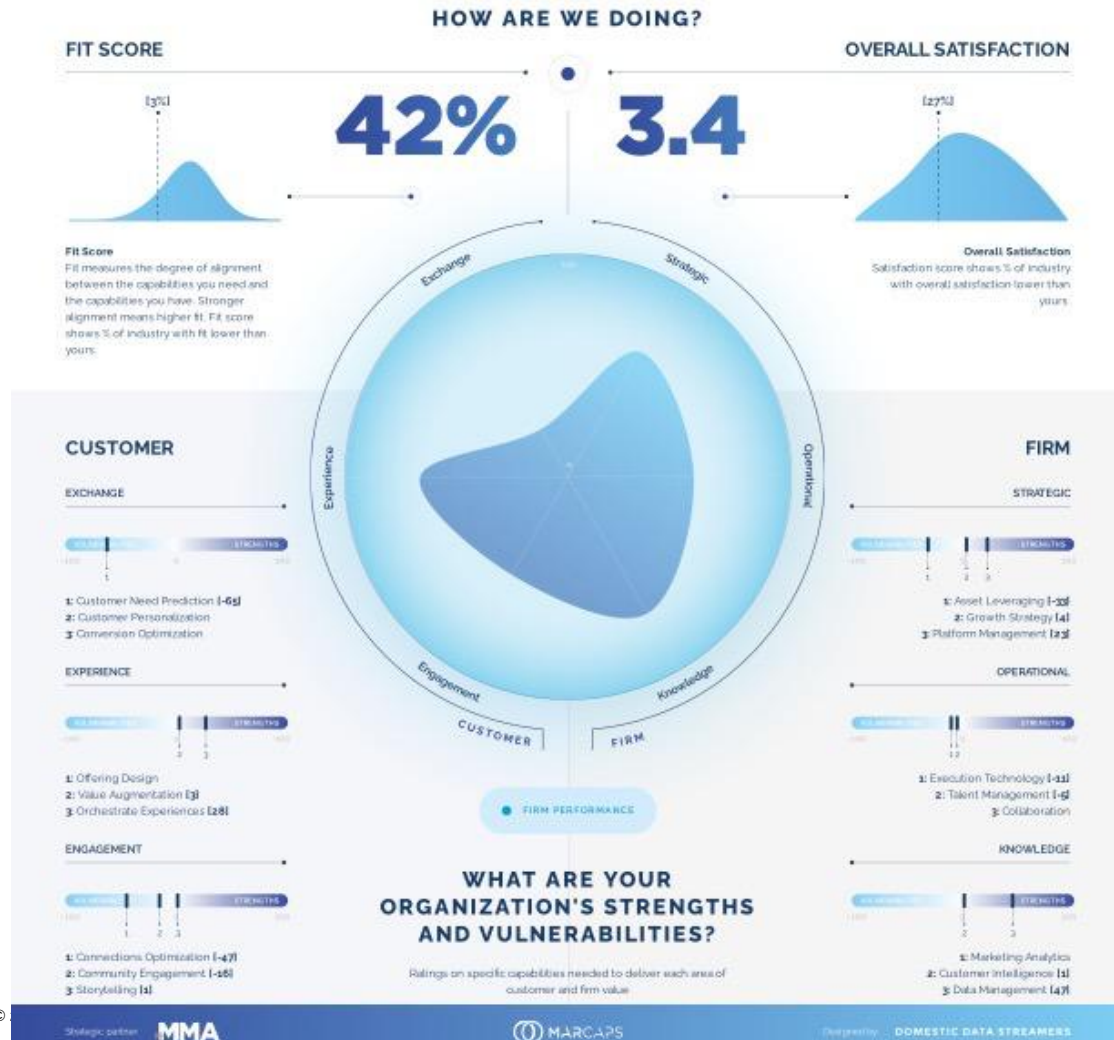
Modern marketing organizations leverage their capabilities to create new value for customers and the firm. They create customer value as:

1. The Exchange area by matching offerings to individuals
2. The Experience area by increasing convenience and enjoyment, and
3. The Engagement area by enhancing brand meaning.

Modern marketing organizations create firm value as:

1. The Strategic area by identifying opportunities for new growth
2. The Operational area by implementing processes, methods and technologies to elevate effectiveness of marketing, and
3. The Knowledge area by the creation, analysis, and utilization of data to generate unique insights, guide decisions, and optimize resources.

This report summarizes and benchmarks your assessment of marketing capabilities at your company. For more information, refer to the article "Is Your Marketing Organization Ready for What's Next?" in the Nov-Dec 2020 issue of Harvard Business Review or contact us at info@marcaps.com.

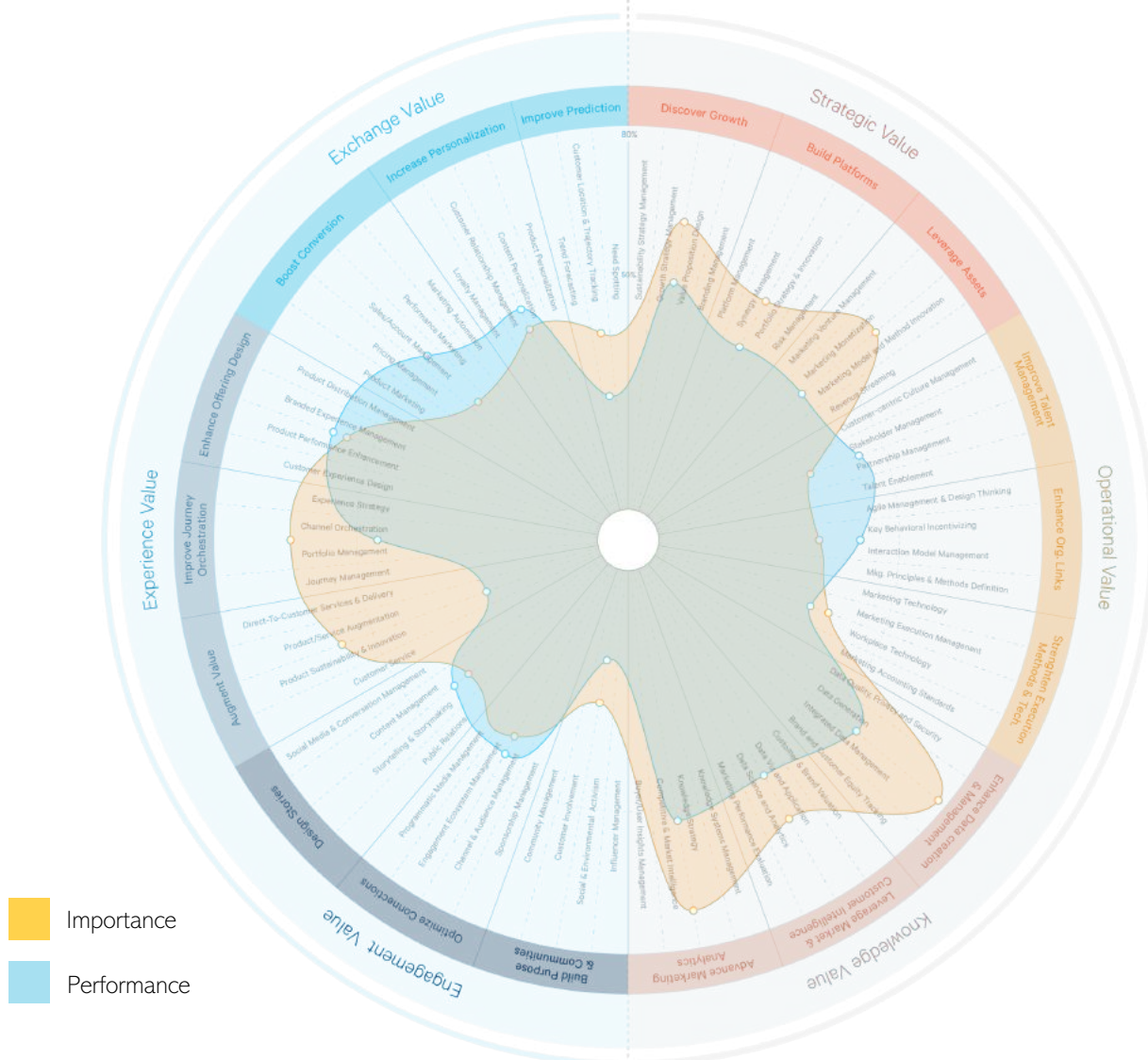


Building Marketing Capabilities to Drive Growth: How to Get it Right

1. Identify/Crystalize your firm's growth strategy
2. ID capability importance to firm's growth strategy
3. Benchmark your firms' capabilities (where are you today?)
4. Use performance-importance fit to ID gaps
5. Prioritize most important capabilities and develop comprehensive capability building blueprints

Capability Mapping by Growth Driving Area

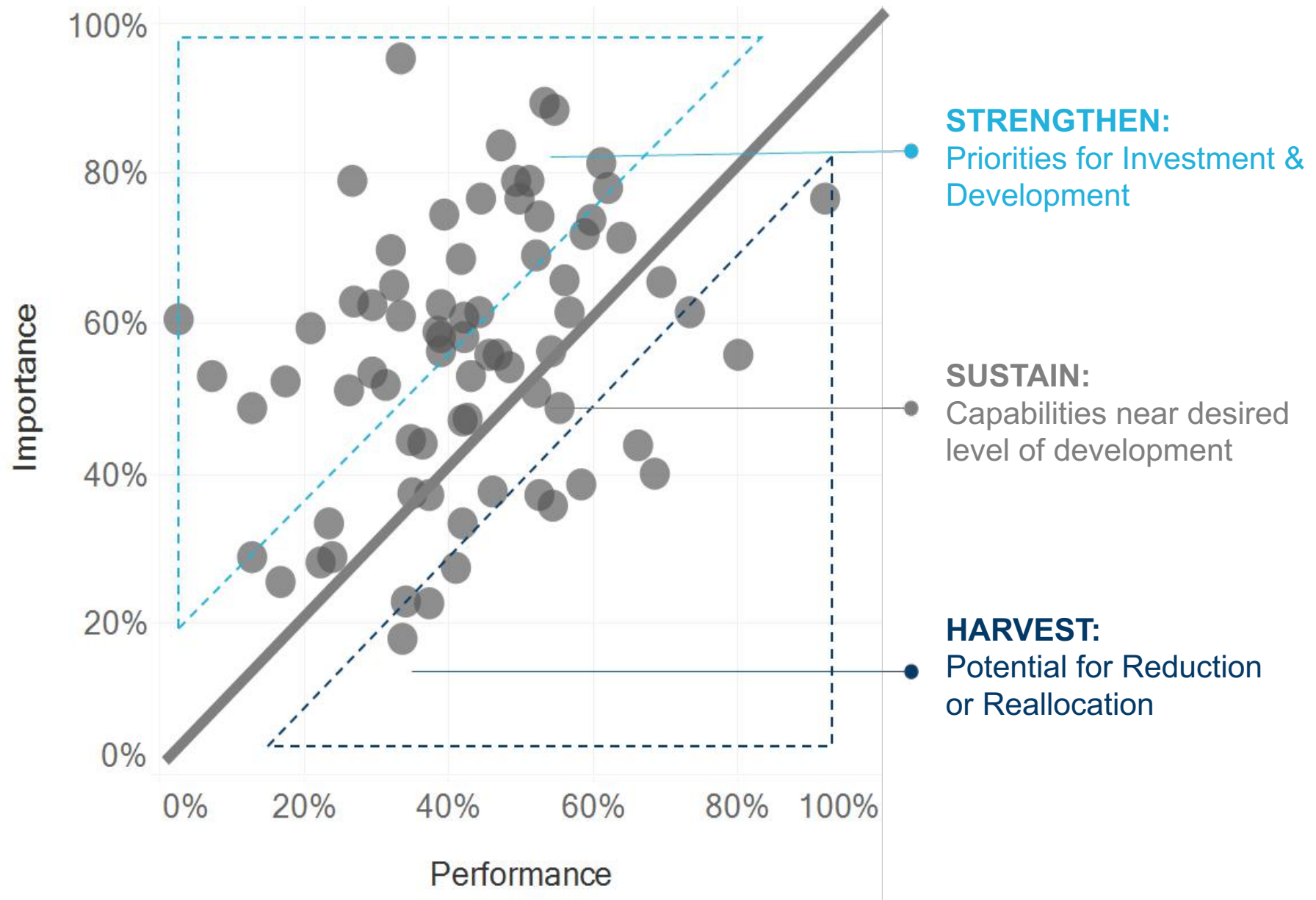
Illustrative Example:



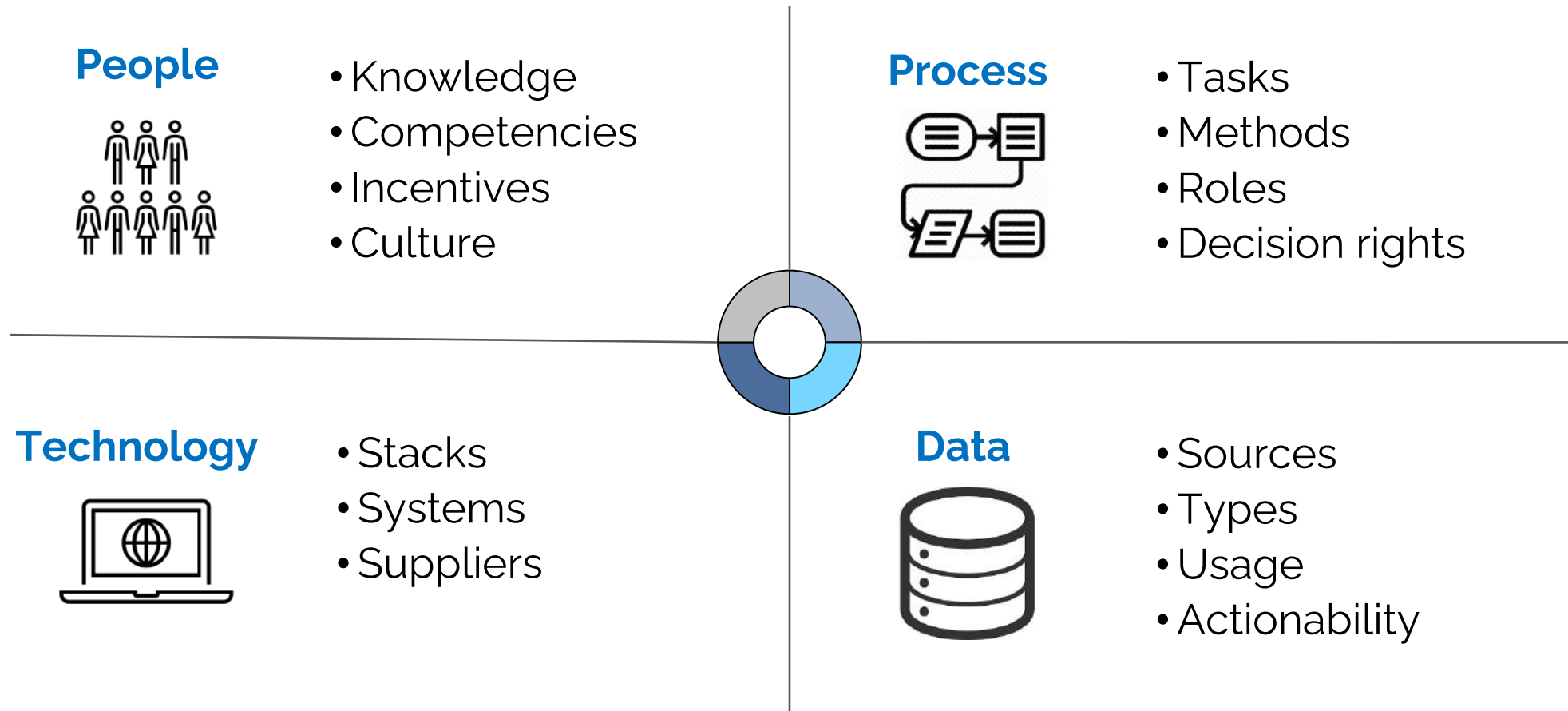
Building Marketing Capabilities to Drive Growth: How to Get it Right

1. Identify/Crystalize your firm's growth strategy
2. ID capability importance to firm's growth strategy
3. Benchmark your firms' capabilities (where are you today?)
4. Use performance-importance fit to ID gaps
5. Prioritize most important capabilities and develop comprehensive capability building blueprints

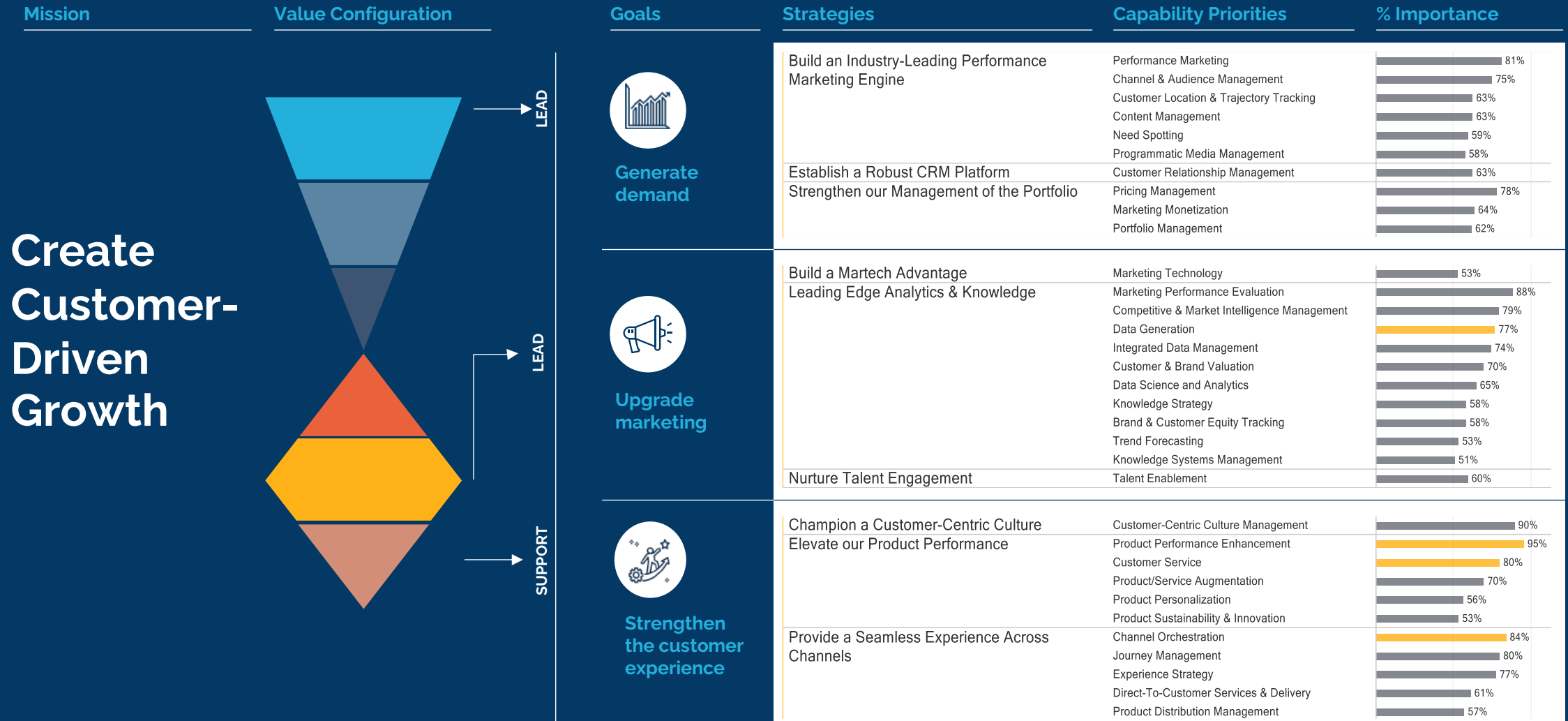
Illustrative Example:



Capability Blueprints: Based on the four building blocks



Created an aligned, comprehensive change agenda connected to the prioritized capability areas selected



How do I get started on this in my firm?

- Go look at the free benchmarking tool

Benchmark your organization at marcaps.com/research

Get a free benchmark report

Marketing Capability Benchmark

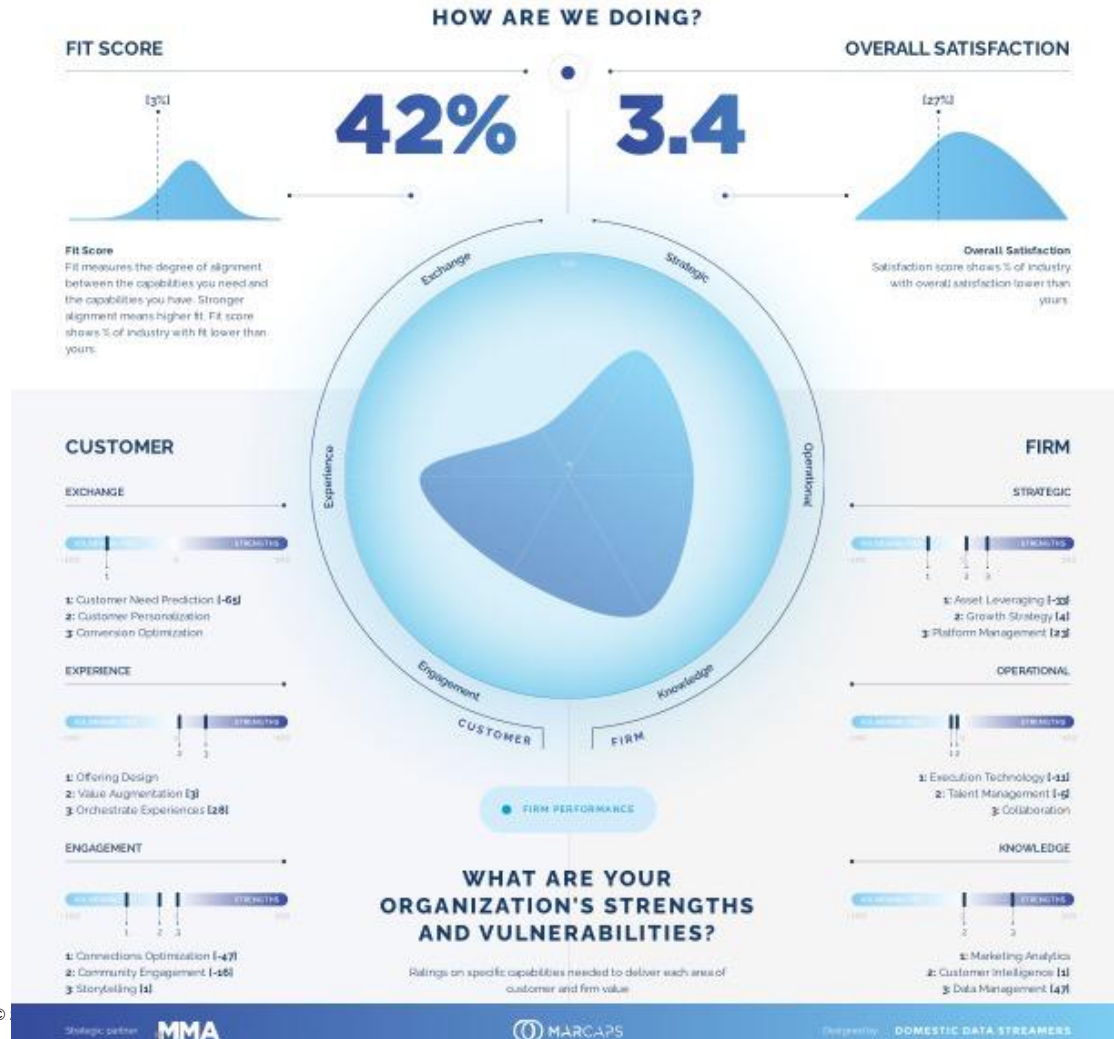
Modern marketing organizations leverage their capabilities to create new value for customers and the firm. They create customer value as:

1. The Exchange area by matching offerings to individuals
2. The Experience area by increasing convenience and enjoyment, and
3. The Engagement area by enhancing brand meaning.

Modern marketing organizations create firm value as:

1. The Strategic area by identifying opportunities for new growth
2. The Operational area by implementing processes, methods and technologies to elevate effectiveness of marketing, and
3. The Knowledge area by the creation, analysis, and utilization of data to generate unique insights, guide decisions, and optimize resources.

This report summarizes and benchmarks your assessment of marketing capabilities at your company. For more information, refer to the article "Is Your Marketing Organization Ready for What's Next?" in the Nov-Dec 2020 issue of Harvard Business Review or contact us at info@marcaps.com.

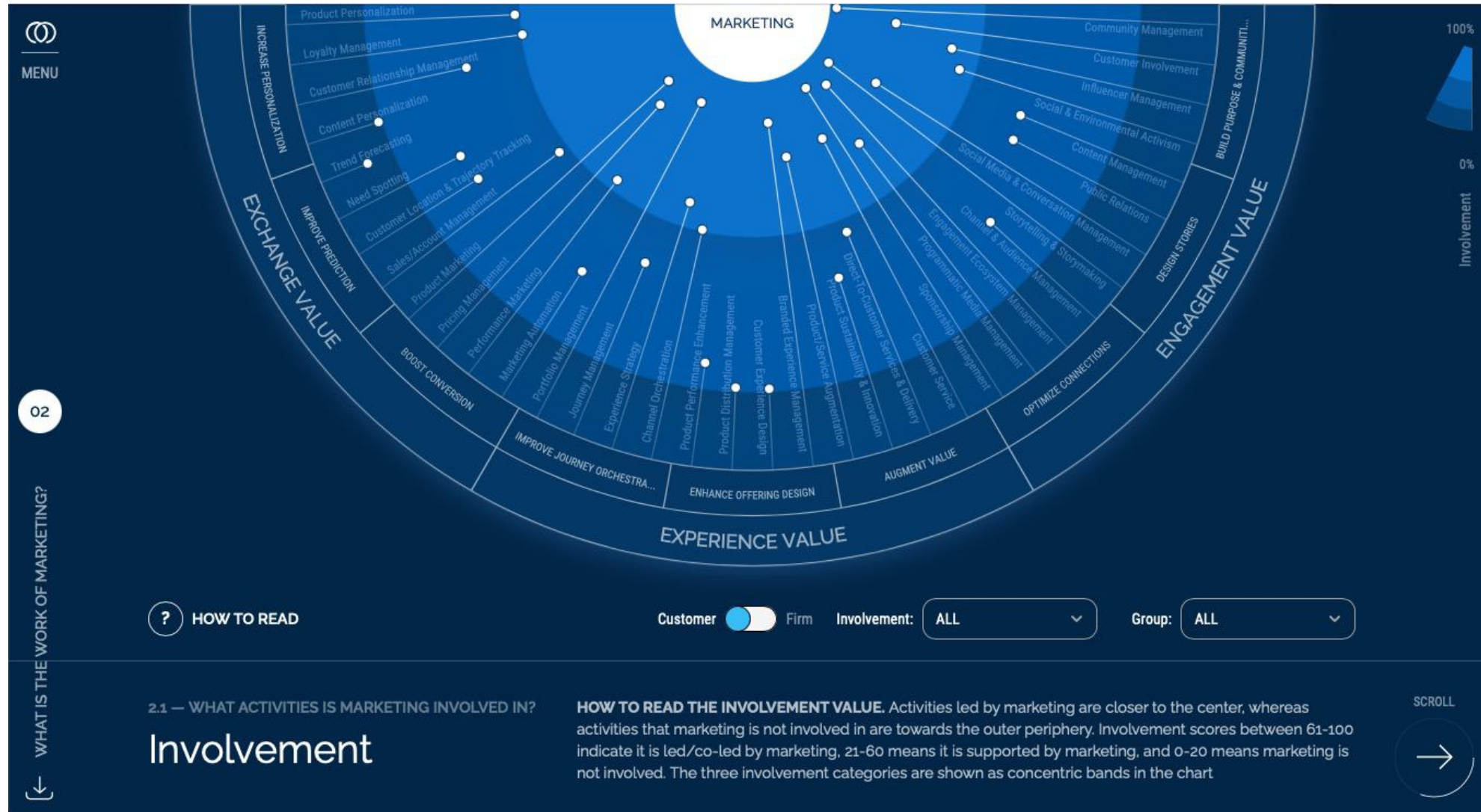


How do I get started on this in my firm?

- Go look at the free benchmarking tool
- Check out the MRA tool at [Marcaps.com](https://marcaps.com)

MarCaps Marketing Readiness Assessment (MRA)

A Granular Assessment Provides Clear Map of Growth Capabilities Managed By Marketing



And a Detailed Fit Calibration



MENU

3.3 - WHAT SHOULD BE CHANGED?

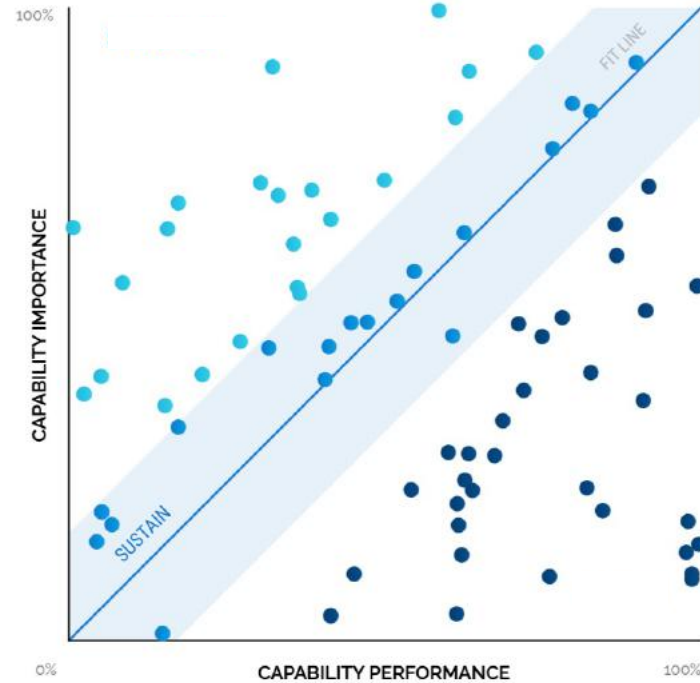
Importance vs Performance by capability

This scatterplot shows the distribution of the 72 marketing capabilities on performance and importance dimensions.

Capabilities needing investment/performance improvement are under **'Strengthen'**. Resources for those under **'Harvest'** could be redirected. **'Sustain'** capabilities demand no immediate change.

HOVER ON A CAPABILITY DATA POINT FOR MORE INFORMATION.

Fit Score
63%



SCROLL



Thank You... Questions?

Sundar Bharadwaj, PhD
Shubu Mitra
Neil Morgan, PhD
Omar Rodriguez Vila, PhD
Contact: Omar@marcaps.com

*Never doubt that a small group of thoughtful,
committed people can change the world.
Indeed, it is the only thing that ever has.*

-- Margaret Mead
Cultural anthropologist