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NEXT LEVEL

How the role of marketing is changing completely

CMO

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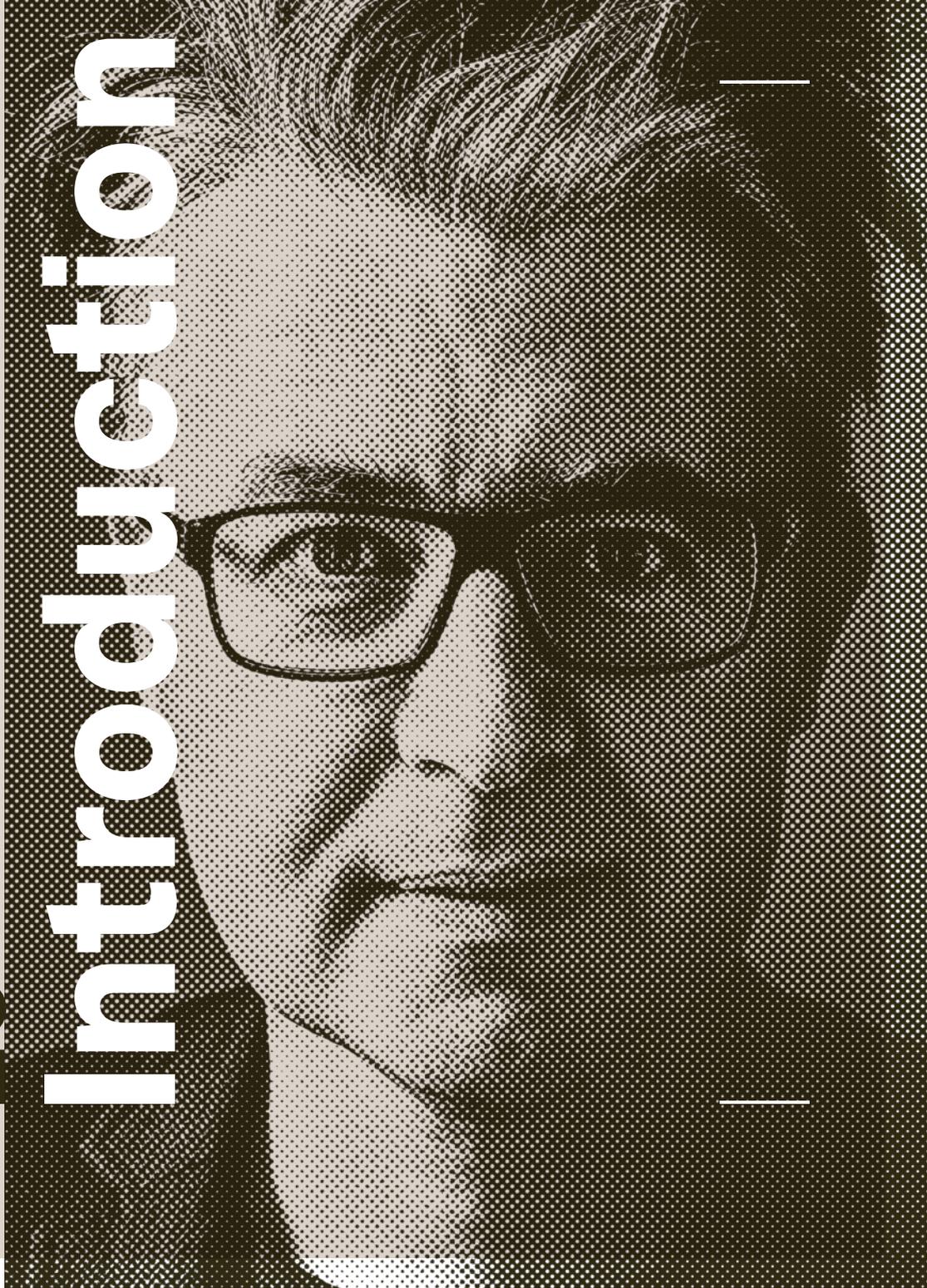
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Ready Player One — By Matthias Schrader

Introduction



Ready Player One

By Matthias Schrader

Performance marketing: a marketing strategy that is focused on measurable results (→ conversion rate, → key performance indicators), using data for decision-making

Sales funnel: the steps a potential customer has to take from the first contact with a brand or company to becoming a customer; often divided into → upper funnel, → mid funnel and → lower funnel (→ customer journey)

The world of marketing is changing dramatically. Over the past thirty years, marketing departments have fanned out along customer touchpoints. For their specific needs, corporate marketing has developed corresponding competencies: TV and print creative, content, design, direct, event, media, PR and, of course, digital.

At the same time, the internet has folded these channels into a few inches of screen size. As a universal simulation machine, the smartphone absorbs all traditional channels and continuously gives birth to emerging media such as games, social media, messenger and the metaverse. The explosion of channels and the implosion of touchpoints are grinding down the walls between marketing departments.

In addition, the boundaries between marketing and sales are blurring. Every digital touchpoint is becoming a point of sale and businesses are transforming into direct-to-consumer brands. The new trilogy of branding, performance marketing and commerce is reshuffling the distinctive teams in the marketing organisation. The sales funnel has had its day as a

Agile: an iterative approach to software development, used to respond to change; also used in other contexts, like marketing

mental model and is evolving into a continuous stream of customer touchpoints constantly being analysed and optimised.

Any increase in optimising the experience and achieving relevance in brand, product and targeting generates excessive success in a media world that regulates customer access via an auction mechanism. Only those who master the continuum of the new marketing/commerce circle will grow.

Marketing, commerce and product innovation are a tech play. Many companies are faced with the challenge of often losing their software development expertise because they have become accustomed to buying engineering services as a standardised offshore product at the lowest possible price. In the eyes of the customer, however, standard means commodity. And commodity brands are now drowning in the sea of mediocrity.

Relevance to the customer can only be achieved through innovation and differentiation – in tech terms: a high level of customised software is imperative. Most CIO offices and procurement departments have forgotten this. Instead, custom development in software engineering is still too often confused with agile methods.

As a result, many firms are trapped in dysfunctional process monsters from hell. Ironically, software engineering capabilities often come through the back door via marketing and progressive business units. More and more

enterprises are emancipating themselves from the sweet drug of standard software.

The demand for a cross-channel view – and thus infrastructure – of all data and the global roll-out of marketing and commerce solutions place high demands on the CMO and their organisation. However, another factor is much more important: speed.

The pandemic has radically changed customer behaviour. During the pandemic, e-commerce volume has grown as much as it did from 1995 to 2015. We also see tectonic shifts in qualitative terms. The market share of small and niche brands has exploded from under 20% in the physical world to over 60% in digital channels. Another data point: within two years, Shein has overtaken Zara and H&M as a pure player from China – without even running its own business in China.

The world is currently changing at a breathtaking pace. Digitisation, the Covid-19 pandemic, the Ukraine war and inflation – to list just the major exogenous shocks of recent times – are changing people’s behaviour faster than ever.

In the next level of marketing, it is no longer enough to optimise the continuum of communication, commerce and product; the brand must be made relevant to the everyday reality of customers.

A new breed of CMOs, raised on digital marketing, is taking up the challenge. For this book, we interviewed marketeers

[1] — Welch, Gregory W. et al. (2022). CMO Tenure Study: Women outnumber men for the first time in the CMO role. Spencer Stuart.

[2] — Huawei and Oxford Economics (2017). Digital spillover. Measuring the True Impact of the Digital Economy.

about how they see marketing and the profile of a next-level CMO. In these 22 interviews, a multilayered yet consistent picture emerged.

Today’s world calls for brands. But today’s brands are different because they start with the customer, the experience, and reach into the entire reality of people’s lives. This is the step from customer-centricity to life-centricity.

Marketing is a top priority again. It’s no coincidence that three of the marketeers we interviewed were appointed either CEO or managing director during the writing of this book.

It’s also no coincidence that the median tenure of CMOs is 28 months, just slightly above the lowest level on record. **[1]** The role of the CMO is under pressure. But it is a pressure to grow. Next-level CMOs are at the forefront of the digitally savvy customer, which forces the transformation. This makes perfect sense given that the digital economy is growing 2.5 times faster than the overall GDP. **[2]**

This opportunity comes with enormous changes and complexity. The biggest challenge is our human nature, which is confronted with changes that can often be uncomfortable – and resists them. Therefore, marketeers must be change-ready, thorough generalists with empathy.

There is no single model, no secret recipe. We can only reach the next level of marketing if we create a consistent system

from all these building blocks. These systems vary depending on the industry, the business and its level of digital maturity. They change over time to ensure their continuity, as is usual for systems.

The experiences of 22 marketers from different industries with diverse backgrounds, distinguished careers and distinct perspectives, offer great insights into the exciting world of marketing today.

I learned a lot from them. Welcome to the next level.

—

Matthias Schrader leads Accenture Song in Germany, Austria and Switzerland. In 1996, he founded the agency SinnerSchrader – Accenture acquired it in 2017 – and in 2006, the renowned digital conference NEXT.

Laura Eschricht — Global Marketing Director, Zalando

**“Marketeers need to be more informed
and agile than ever before.”**



Laura Eschricht

Global Marketing Director, Zalando

- Born in Hamburg and raised in Düsseldorf
 - Adventurous and fond of travelling
- Started publishing a neighbourhood magazine on a 386 PC when she was 12
 - She always knew she wanted to go into marketing or advertising

Agile: an iterative approach to software development, used to respond to change; also used in other contexts, like marketing

Laura Eschricht thinks the role of a marketer has never changed faster than in the past 15 years. It's hard these days to imagine that when she started her career, companies routinely blocked internet access on staff computers. Or that being the website manager was considered a dead-end career. Everything we take for granted today was uncharted territory back then: social media didn't exist, e-commerce was still new, and online marketing was just getting started.

The playbook of a marketer used to be much simpler. There was print advertising, TV commercials, out-of-home, radio, and maybe cinema advertising, and the media still had an information monopoly. Communication was mostly one-sided: a brand spoke to the consumer and there was hardly any feedback. Now, the consumer is more informed and involved than ever. Social media has given everyone a platform and people are looking to engage in two-way communication and dialogue not just with brands, but also with content creators and people of influence.

“Marketers need to be more informed and agile than ever before,” says Laura. And the stream of innovations doesn't stop there. For example, brands can now have a presence in the metaverse, a half-virtual, half-real space. TikTok grew rapidly during the pandemic as a new social media platform and managed to get over 10 million users in Germany alone, many of whom are exclusively on TikTok and don't use any other social platforms. “I ask myself, at what other time were there such fundamental changes in the marketing sector? Probably never before.”

And there are many examples like it. Consider the return of QR codes. Everyone thought they were dead. When they were first introduced as an amazing way to provide more information or link to another site, nobody outside of Asia wanted to take the time to scan them. Now the pandemic has thrust QR codes into daily life, and suddenly they have become part of our normal routine. For marketing, this means that if we now add a QR code somewhere, people are much more likely to scan it because the pandemic has helped us integrate this medium into our lives. “As a marketer, you have to act fast. But the nice thing is that many things can simply follow a test-and-learn approach.”

This is what happened in spring 2021, when Clubhouse came seemingly out of nowhere and enjoyed several weeks of hype. Everyone was wondering: should our brand be on Clubhouse? “And then you can just try it. You can host something, and if it doesn’t work, and personally I am under the impression that Clubhouse has decreased massively, then you can just let it go.” Nevertheless, Laura notes, compared to 15 years ago, marketing has to be much more analytical and fact-driven. “This stereotypical marketing which is just beautiful pictures no longer exists because you have to use all available data and insights to make an informed decision.”

At the same time, marketing is a key cross-functional department and one has to be able to speak the same language as other departments like finance. “So if I have to talk to the CFO about whether my budget could be cut or not, I can’t say, ‘But everybody liked the TV spot.’

Key performance indicator (KPI): a measurable indicator for the desired goal

Fast-moving consumer goods (FMCG): products for daily consumption, also known as consumer packaged goods (CPG)

Performance marketing: a marketing strategy that is focused on measurable results (→ conversion rate, → key performance indicators), using data for decision-making

That's not going to be enough. I have to use data and **KPIs** to prove in the organisation that my department isn't just a cost centre, but really an important value driver."

Laura spent most of her career in the beauty industry. What makes her such a fan of this industry is not only that beauty companies are marketing-driven organisations but also that brand and brand building are at the heart of each company. She worked in New York for nearly a decade before moving to Berlin to join Zalando, where she most recently built up a marketing team for the off-price business.

Zalando had fascinated her from afar for a long time. She saw them as one of the first digital companies to prove not only that Germany has a strong entrepreneurial spirit, and that German start-ups can be competitive on a European and global stage, but also how you can revolutionise a fairly traditional industry and even change consumer behaviour by taking a data- and technology-driven approach. So she was keen to work in such a tech company and take on the challenge of marketing for the biggest region at Zalando.

Our world is becoming more and more data-driven. In Laura's view, that is a challenge for marketing, but also an opportunity. Marketing can use data to finally show its real value add and to be seen as a true growth driver even outside of classic brand-driven industries such as **FMCG** and beauty.

"I think companies have finally understood the value of brand marketing because **performance marketing** campaigns are finite. At the end of the day, it's all about

human emotions. And these cannot be comprehensively measured. That's what I think distinguishes a good CMO from a less successful CMO. You have this so-called informed intuition: data gets you 85 per cent of the way, but for the last 15 per cent you have to rely on your gut instinct."

She believes that marketers need customer-centric thinking, strong analytical skills, and the ability to constantly absorb and evaluate new information and adjust their decisions accordingly. This does not mean changing the vision or the strategy all the time. "The North Star is fixed, but to get there, marketing needs to be able to make tactical changes when the situation calls for it."

Today's CMOs should be 65 per cent data-driven and 35 per cent creativity-driven. "If you are purely data-driven, you have a hard time in the end, because you simply don't see the spark that you need to have your campaign evoke emotions from the audience or make a connection. At the same time, I see CMOs again and again who have difficulties justifying their marketing spend because they're more old school, or the classic 'ad men'. It is very important to be able to sit down at the table and convince key stakeholders in their words because there will always be a discussion around investments. If the company figures are not good, the easiest thing to do is to take the red pen and cut the marketing budget. And it's a matter of using data and numbers to show why that's actually not a good idea."

Since persuasive data is seldom available beforehand, CMOs need the board's trust. "We are going to sail through the dark

“Personally, I think a role model is a CEO who drives the business forward with his marketing skills. Because for me, marketing is always at the heart of the business.”

Sales funnel: the steps a potential customer has to take from the first contact with a brand or company to becoming a customer; often divided into
→ upper funnel,
→ mid funnel and
→ lower funnel
(→ customer journey)

night for a long time and I need your vote of confidence that it will work out in the end,” as Laura puts it. That’s why she thinks it’s also critical that CMOs oversee the entire marketing funnel. That way, they can make investment decisions themselves: When is it better to act tactically in the short term and when does it make more sense to invest in brand awareness in the long term?

Laura notes that even at big US companies, CMOs have long had no seat at all at the board table. Marketing people were capped at being executive vice presidents, and there was no formal C-level title. For her, the fact that now there are more and more actual CMOs shows quite clearly that people have understood the importance of marketing as a value driver and not just as a cost centre.

“Personally, I think a role model is a CEO who drives the business forward with his marketing skills. Because for me, marketing is always at the heart of the business. Take Richard Branson, or Walt Disney before him: these are examples of CEOs who have clearly understood that marketing is going to be the tiebreaker and win them the game if they manage to build a love brand. These types of CEOs are my role models, because I believe so strongly that one can’t do it without brand marketing. And marketing has to matter to the boss.”

The most important priority she sees for marketing is to always put oneself in the customer’s shoes. What do they need? What do they want? What is the vision for them? “I often hear this argument, usually attributed to Henry Ford:

‘If I had asked people what they wanted, they would have said a faster horse.’ Customer-centric thinking doesn’t mean that I do one-for-one exactly what people tell me, without question. I think a good way is how product teams in tech companies approach problem-solving, to look at what the underlying challenge is instead of just the problem at hand, and then to solve it from that perspective.”

The second priority is building true brand love. The emotional connection is ultimately what makes consumers continuously choose, for example, Nivea products over the white-label equivalent from dm’s Balea, although Balea by now is pretty much a brand itself. Brand love is why consumers are ready time and time again to pay a premium for a brand whose added value from a pure product perspective is not clearly attributable.

“The third thing is always introducing a measurable framework and then truly adding value to the company. So not shying away from it or insisting that brand marketing can’t be measured. Sure, you can’t measure everything one-for-one, but you can always build bridges and create proxies that help you make informed decisions. That is the task of marketing. And you can’t do without it, because otherwise, you won’t be able to convince the other board members when it comes to investments. That’s always the common thread for me to say yes, let’s measure it; yes, let’s think about using social listening tools, for example, so we can even build our own metrics if needed. What can we do to support our decision-making and at the same time make our investments and their impact measurable?”

Upper funnel: the part of marketing – often advertising – intended to build awareness of a brand or product, aimed at new audiences

Mid funnel: the part of the → sales funnel where marketing meets sales and general awareness of a brand turns into consideration as a possible solution

For Laura, the separation of offline and online marketing, or even digital and social media, is outdated because all marketing today starts with digital and social. That’s why it makes sense to organise a modern marketing team according to the marketing funnel and to put everything under the same roof. She often sees in digital-first or tech companies that performance marketing and brand marketing are separated. There is a CMO and now even a chief brand officer. But in her opinion, it really only works if teams have complete ownership of the entire funnel.

“That’s the only way to effectively lead potential customers through the different funnel stages. For me, it’s like a relay race: you have to hand over the baton smoothly. As a marketer, you always notice when the different funnel stages are owned by different teams, and often there is too big of a disconnect between what happens in the **upper funnel**, in TV or out-of-home, **mid-funnel** on digital and what the bottom-funnel retargeting ads look like.”

With regards to the role of agencies in marketing, she urges: “Never outsource your strategy, because nobody knows you as well as you know yourself.” On the other hand, it makes sense to add an outside perspective.

“Because what you want to avoid is going around in circles and talking to yourself. That’s exactly why I think those who create the strategy themselves should get support at certain points to get new perspectives and insights. And then, once the strategy is in place, look for partners with whom you can execute and collaborate for the long term.”

Twenty years ago, it was a given that a client-agency relationship would last for five to ten years, sometimes even longer. At some point, this flipped to the other extreme, where every campaign was done by a different agency.

“You should think very carefully about who you choose as your agency partner, but then also give them a vote of confidence. They don’t have to get you from day one. But we have to build a relationship so that the agency can be an additional brain, eyes and ears, and even think and feel the same way as consumers, and give new ideas. The perfect agency would call you and say: ‘We have this amazing idea which is perfect for you, do you want to do it?’ But you don’t get that from one day to the next.”

Laura believes that brand marketing is more important today than ever. Many companies are now even introducing the role of a chief brand officer. Outside of FMCG, for years, the CMO title would be given to someone who only did performance marketing and could hit the right notes in that register. “These companies have now understood that to get to the next level, they need a chief brand officer, someone who understands how to increase awareness, build up consideration and establish an emotional connection with consumers in the long term. As I always say, the investments in your brand bank will continue to pay dividends long after your performance campaigns are no longer efficient.”

Takeaways

- ① Marketing ought to be more informed and adaptable than ever before.
 - ② Through data, marketing can prove its real value add and be seen as a growth driver, not just a cost centre.
 - ③ CMOs need complete ownership of the marketing funnel.
 - ④ Never outsource your strategy. Nobody knows you as well as you know yourself.
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About the authors — Martin Recke, Adam Tinworth

About the authors



About the authors

Martin Recke is the corporate editor at Accenture Song. He has published books such as *Transformational Products* (by Matthias Schrader), *Parallelwelten* (in English) and *The Great Redesign* (2020) and writes regularly for the NEXT Insights blog.

In 2006 he co-founded the renowned NEXT Conference. Martin worked in marketing and communications at SinnerSchrader between 2001 and 2021. He is a political scientist and blogger with a background in journalism.

A business journalist by background, **Adam Tinworth** has been writing about the digitalisation of commerce since the dot-com boom in the 1990s. He has written for NEXT Insights for over a decade and his own blog, *One Man & His Blog*, for nearly 20 years.

Outside of his writing, he consults with digital businesses on their online content strategies and lectures in audience engagement skills and strategy at City, University of London.

A

A/B testing: an experiment with two or more versions of an ad, a text or other marketing asset to determine which one performs best

Agile: an iterative approach to software development, used to respond to change; also used in other contexts, like marketing

C

Conversion rate: the share of all visitors, or people interacting with an ad, that completes a certain goal (a conversion), like signing up for a newsletter or buying a product

Customer insights: the understanding of customer data, behaviour and feedback

Customer journey: the whole story of interaction between a customer and a company

Customer journey mapping: the process of mapping the → customer journey

Customer lifetime value: the total revenue companies can reasonably expect from a customer

Customer relationship management (CRM):

managing the relationship between customers and companies, often with the help of technologies such as CRM systems

D

Direct-to-consumer (D2C): selling directly to consumers, without the need for wholesalers or retailers

E

Earned media: promotion (→ four Ps) that is neither advertising (→ paid media) nor branding (→ owned media)

EBIT: earnings before interest and taxes, an indicator of a company's profitability

Economisation: the spread of the market or its principles of order and priorities to areas in which economic considerations played a subordinate role in the past or which were organised privately or on the basis of solidarity

F

Fast-moving consumer goods (FMCG): products for daily consumption, also known as consumer packaged goods (CPG)

First-party data: data a company collects directly from its customers, as opposed to third-party data that comes from outside sources

Four Ps: the key factors of marketing in the classic marketing mix: product, price, place and promotion

Funnel → sales funnel

I

Inbound marketing: attracting customers by creating content and experiences for them (→ earned and → owned media)

K

Key performance indicator (KPI): a measurable indicator for the desired goal

L

Lower funnel: potential customers who are already known or have had some level of interaction with a brand before

M

Media journey: the part of the → customer journey or → sales funnel that is shaped by → paid, → earned or → owned media

Mid funnel: the part of the → sales funnel where marketing meets sales and general awareness of a brand turns into consideration as a possible solution

Multi-touch attribution: a method of marketing measurement that assesses all touchpoints of the → customer journey for their impact on conversion (→ conversion rate)

O

Objectives and key results (OKRs): a framework for measurable goal-setting and alignment in teams and organisations

Omnichannel: a multichannel approach to sales that integrates all channels into a seamless experience

Owned media: marketing channels owned and controlled by a brand, as opposed to → earned media and → paid media

P

Paid media: marketing, foremost promotion, that involves paid advertising; if there's no payment, it's either → earned media or → owned media

Performance marketing: a marketing strategy that is focused on measurable results (→ conversion rate, → key performance indicators), using data for decision-making

Purpose: a reason for the existence of a company, that is used as a basis for marketing; now commonly used to mean a defining part of the company's branding, and incorporating issues like sustainability and corporate social responsibility

R

Relationship Net Promoter Score (RNPS): aims to measure customer loyalty using a relationship metric, as opposed to a transactional NPS

S

Sales funnel: the steps a potential customer has to take from the first contact with a brand or company to becoming a customer; often divided into → upper funnel, → mid funnel and → lower funnel (→ customer journey)

Scrum: an → agile framework for the development of software and other products

Spotify squads: cross-functional, self-organised teams focused on a specific product or feature (set)

T

Tech stack: a combination of technologies stacked one on top of the other to build a product

U

Upper funnel: the part of marketing – often advertising – intended to build awareness of a brand or product, aimed at new audiences

NEXT LEVEL CMO

How the role of marketing is changing completely

In the 21st century, marketing is in the midst of dramatic change – and the CMO role is changing with it. The marketing of the 20th century was defined by mass production and mass communication. It required an inside-out logic that began with the product and ended with the consumer. Today's marketing operates the other way around: it starts with people and their experiences and works its way backwards to products, technologies and processes.

Marketing is about to hit the next level, and thus the chief marketing officer role needs to grow to match. This book profiles marketeers and CMOs from leading brands such as Banana Republic, Bayer, Generali, Gucci, Jägermeister, Katjes, Oatly, smart, Tony's Chocolonely, Unilever, Zalando and many more. What are their views, how do they perceive today's marketing and their role in it, and what skills will every CMO need to meet the challenges of marketing in the future?

Schläger / Justina Rokita / Jenny Flei
orsi / John Schoolcraft / Lena Jüngs
Björn Schick / Beate Rosenthal / Thor
/ babymarkt / Banana Republic / Barmer /
A / Jägermeister / Johnson & Johnson /
ck / smart / Sony / Stada / Tchibo / Telekom,