

Gartner for Marketers

Marketing Organization Survey 2020

The Evolution to Centralized, Functional and Agile Continues



CMOs are evolving their teams through increased centralization, more functional alignment and continued exploration of agile marketing practices. These changes are helping build more scalable, flexible and resilient marketing organizations.



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Overview

Key Findings

- Our survey of over 400 marketing leaders found that functional marketing organization structures are the most common of all structural alignment types. Industry-, brand- and channel-specific structures are less frequently used, but still present in almost 20% of marketing organizations.
- Functional structures grew by 4% year over year from 2019, and industry-focused structures grew by just two percentage points. Brand, channel and geocentric models faded by as much as five percentage points.
- Two-thirds of marketers (66%) have centralized structures. Marketing leaders are seeking efficiencies of scale, improved responsiveness to internal needs and more concentrated skill levels in specific disciplines.
- Half of marketing organizations (49%) are using shared services or center of excellence (COE) structures. Consistent with the overall trend toward centralization, areas like marketing operations, content creation, analytics and other functions are operating with these models.
- Agile project management approaches were perceived to be as much as 25% more effective than traditional project management across multiple dimensions. Agile drove better responsiveness, prioritization, message adaptation, timeline delivery and execution performance than did traditional project management.

Recommendations

Marketing leaders focused on marketing organization and talent should:

- Evaluate functional structures — groups focused on a discipline such as operations, content or commerce — as an organizational alignment option. Functional structures work well in concert with agile, agency-style operations, which are becoming an increasingly common marketing operating model.
- Assess whether a centralized structure will allow your organization to better leverage capabilities across business units, regions or groups, or mitigate marketing governance and control risks. Consider the advantages as well as the difficulties responding quickly to regional or divisional needs that can also come from a more centralized approach.
- Experiment with shared services, COE, in-house agency or pod functional groups. Benchmark your use of those groups against these survey results, and consider experimentation or implementation of those structures in the appropriate areas.
- Challenge your organization's thinking about agile marketing. Educate your organization on core agile principles and fundamental agile practices and tools. If your organization is already utilizing agile practices in other groups, leverage the momentum that may exist from those efforts, but adapt agile work styles to the unique needs of your marketing organization.

Survey Objective

The purpose of this survey was to validate what is most impacting marketing organizational and operational effectiveness today.

Organizations too brittle to withstand change break and those without an effective structure and operating model fail to be effective.

Data Insights

Marketing organizations must adapt to our rapidly changing world. Marketing organizational design and operation is a complex, dynamic and ongoing challenge for marketing leaders as the marketplace shifts in an unpredictable business climate. Leadership changes, new business requirements, movement of responsibilities and budgets, crisis situations like the global pandemic, and myriad other factors can make structuring and operating a marketing organization a real quandary.

Organizations too brittle to withstand change break and those without an effective structure and operating model fail to be effective. Despite the challenges, marketing leaders are successfully navigating this complex landscape. This survey details how marketing leaders are approaching their current structures and operating models, and provides direction on how to build and run a more effective marketing organization.

Marketers Optimizing Current Structures and Functionally Oriented Alignments Dominate

CMOs frequently chase the elusive “ideal” marketing organizational structure, hoping that the right one will address their most critical marketing issues. This creates a pattern of ongoing disruptive change and creates organizations that perpetually lag the realities of the business. This year, survey respondents are more focused on optimizing current structures versus radical changes to organization design, and balancing the need for more responsive and effective organizations while also limiting internal disruption.

Functional structures, used by 27% of marketers, are still the dominant organizational model. The drive to functional structures is fueled in part by the evolution of marketing organizations to more agency-style structures and operating models. Marketers may be operating formalized in-house agencies or using agencylike engagement models for work with internal clients and stakeholders. Approximately 20% of marketing leaders are using either vertical-, brand- or channel-aligned structures, less prevalent than use of functional models, but still widely utilized. Geocentric models were the least popular alignment model among survey respondents.

Alignment options include (see Figure 1 on next page):

Functional: Aligned by functional groups such as operations, creative, commerce or analytics

Brand/product: Aligned by individual brands or products

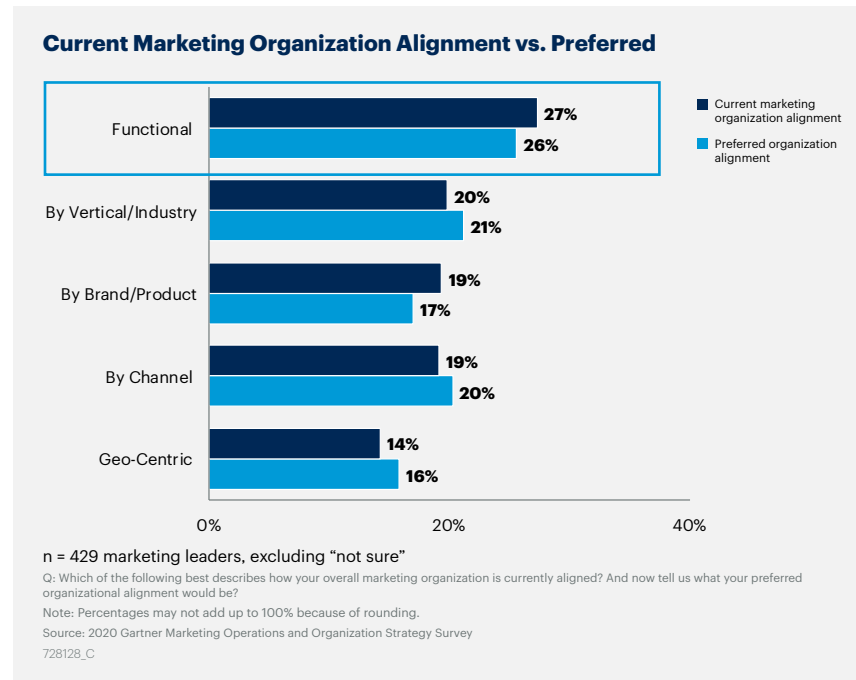
Vertical/industry: Aligned by vertical or industry such as healthcare, high tech or energy

Geocentric: Aligned by region or geographic territory such as North America, Europe or smaller regional categories

Channel: Aligned by go-to-market channels such as retail, wholesale, partners or e-commerce

Marketing leaders were notably happy with their existing organizational alignment strategy, indicating little difference between their current model and preferred model across all alignment types. Marketing leaders are more focused on immediate strategic and operational issues, and showing less interest in sweeping organizational change, which may be a result of current cultural and economic uncertainty. Marketers are also realizing that operating models transcend organizational structure. Agile, agency-style operating models can be implemented regardless of organizational structure, releasing the pressure for structure to solve operating issues.

Figure 1: Marketing Organizational Alignment Models

**Recommended actions:**

- Pursue improvements to operating model versus a specific organizational structure as a solution to what may be an underlying strategic or operational issue. Organizational structure can play a role in the ultimate effectiveness of an organization, but structural changes should be complemented with related operational improvements (see “Responsibilities of Marketing Operations”).
- Evaluate functional structures as a more adaptable, flexible organizational alignment option. Functional structures, emulating agency-style operating models, can make capacity and capability planning more intuitive.
- Optimize your existing organizational structure, regardless of the structure you may be using. All of the alignment models explored in the survey are viable options. Many organizations have mixed models, leveraging the best attributes of different structures where applicable (see “Marketing Organizational Structure Compendium”).

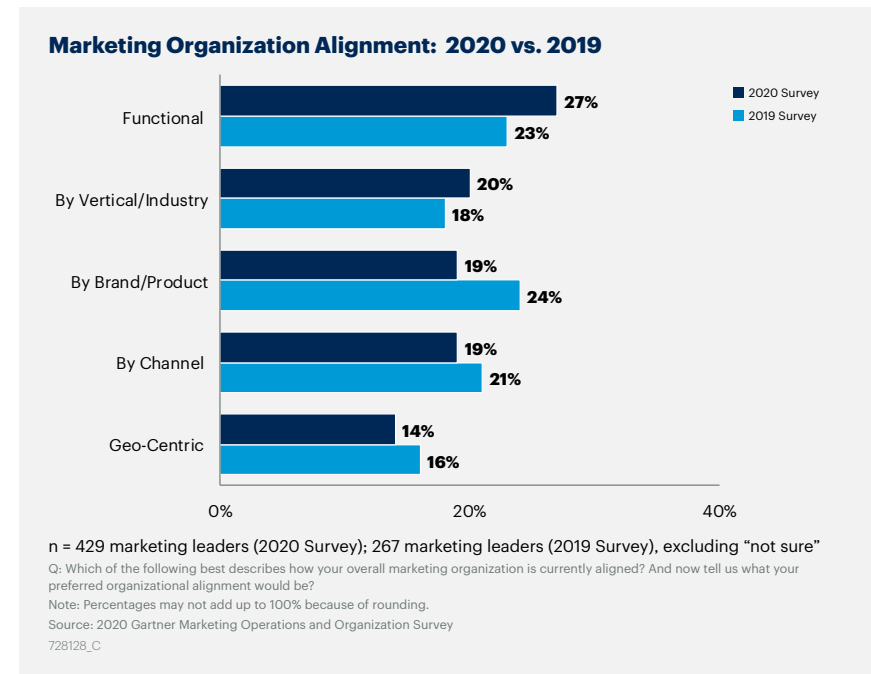
Functional and Industry-Focused Structures Begin to Emerge as Brand, Channel and Geocentric Models Fade

Functional structures are not only the most dominant organizational model, they're also the fastest growing, up four percentage points from 2019. Vertical/industry alignment models grew by just two percentage points from 2019. The brand/product model had the biggest drop year over year, down five percentage points, while channel and geocentric models both dropped two percentage points from 2019 (see Figure 2).

Agile marketing principles and practices are being actively explored and embraced in many marketing organizations. Although agile and agency-style operating models can be used in concert with any structural alignment, they are more organically aligned with a functional structure. The growth in the functional alignment is consistent with the movement to more agile and agency-style operating models.

The downward trend for brand-/product-aligned organizations is in part connected to the momentum toward centralization (described in more detail below). Many organizations are removing or centralizing resources, such as marketing operations, that may have previously been placed within brand or product teams into more scalable, shared services organizations. This reduction or reallocation of resources is contributing to the shift in organizational structures.

Figure 2: Marketing Organizational Alignment 2019-2020 Trend



Recommended actions:

- Identify how your marketing operating model corresponds to your organizational structure. Consider if the way your marketing team operates is enhanced or encumbered by the organizational construct.
- Determine if efforts toward centralization or consolidation of capabilities in the organization may impact shape and structure, and, if so, ascertain if those impacts are aligned with the future vision for the organization (see "Key Trends From Marketing Organizational Structure Analysis").

Two-Thirds of Marketers Have Centralized Structures

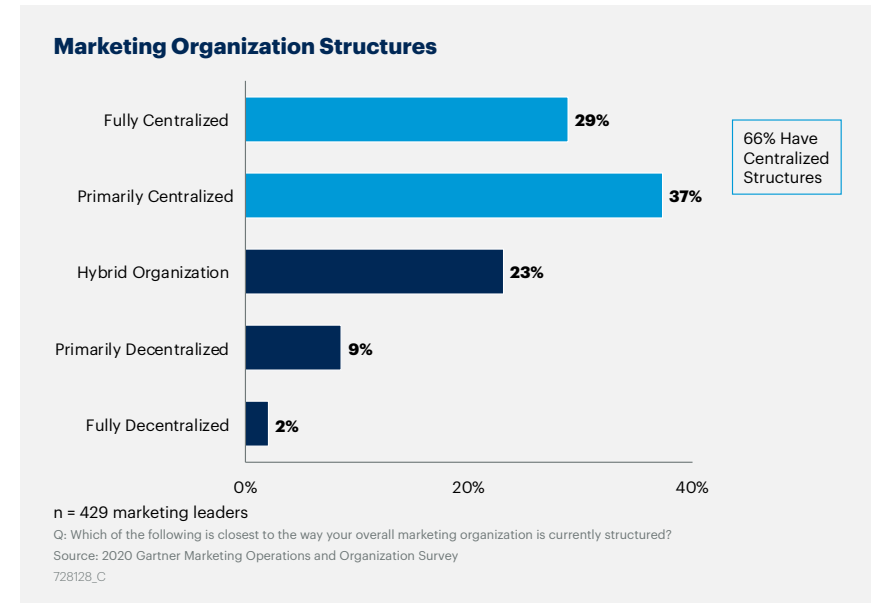
There's a common and ongoing tension within many marketing organizations around centralizing or decentralizing resources. This year's survey makes it clear that respondents prefer the centralized approach, with 66% of marketing leaders indicating fully or primarily centralized structures (see Figure 3). Twenty-nine percent of marketing organizations are fully centralized where all marketing staff operate as a centralized entity, and 37% are in primarily centralized models where most marketing staff are centralized with limited staff distributed to regions, business units or other groups.

Marketing leaders have long been exploring how to realize greater value and scale from their organizations, resulting in a trend toward insourcing many capabilities that then frequently function as centralized, shared services. Related to the pattern of resources being shifted from brand or product groups to functional teams, resources that may have been decentralized to regions or other organizational entities are being consolidated and centralized. This is consistent, with 79% of CMOs not looking to new products and services, but, rather, to existing markets to fuel future growth (see [“2020 CMO Spend Survey, Part 1: CMOs Gamble on Swift Recovery, but Strategic Priorities Reveal Hedging”](#)).

In addition to greater efficiency and effectiveness, many marketing leaders report natural improvements in marketing governance and control in centralized structures. The ability to more easily manage brand, messaging, customer touch

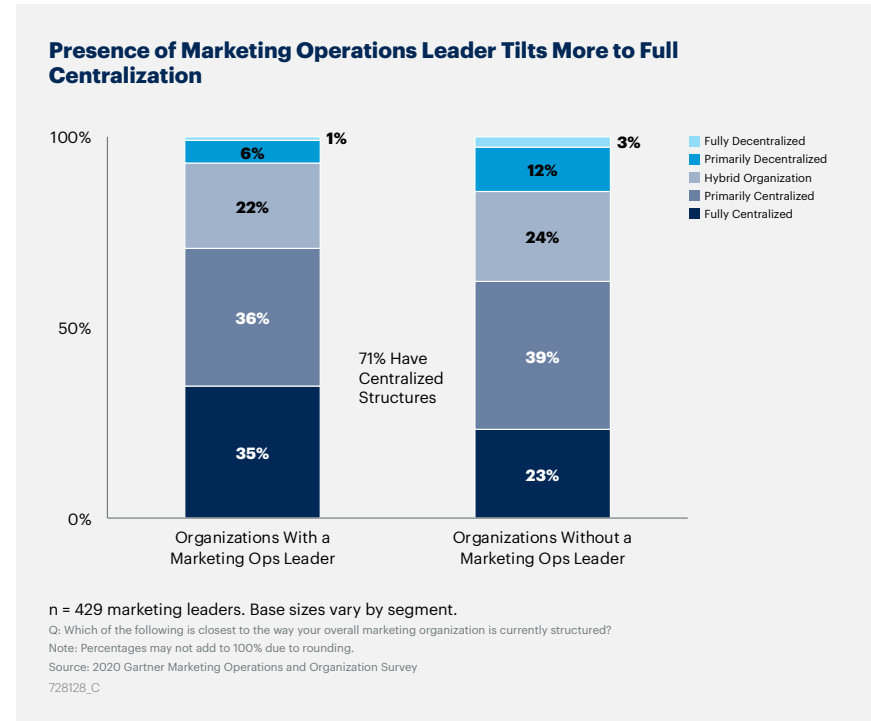
strategy and other crucial areas has become exceptionally important in the highly charged, polarized cultural marketing landscape. Most marketing organizations do have distributed, decentralized resources, but the proportions have become much smaller, and the level of autonomy granted to those resources is often much more limited than in the past.

Figure 3: Marketers Have Centralized Structures



Marketing organizations with a marketing operations leader are more likely to have a fully centralized structure (35%) versus those without a marketing operations leader (23%) (see Figure 4). On the other end of the continuum, marketing organizations without a marketing operations leader are more likely to have a primarily decentralized structure (12%) versus those with a marketing operations leader (6%). Marketing operations leaders and functions make a positive impact. The organizational commitment to placing a marketing operations leader indicates a meaningful investment in the marketing operations function. Marketing operations teams frequently operate in a shared services or COE model, creating a natural gravitational pull toward a more centralized organizational alignment.

Figure 4: Presence of Marketing Operations Leader Tilts More to Full Centralization



Recommended actions:

- Pursue the effectiveness and scale of a more centralized organization. Evaluate the current state of your organization and where you fall on a centralization continuum. If your organization is more decentralized, identify explicitly why a decentralized structure is justified and begin work to evaluate where there are opportunities for greater centralization.
- Explore current organizational evolution and resource patterns that may be organically driving centralization. This may include the creation of shared services or center of excellence teams that serve the organization more broadly. Leveraging existing organizational momentum toward centralization can ease the transition from a decentralized model (see “In-House Agencies Best Serve Internal Clients by Assembling the Right Technology and Partners”).
- Assess the marketing governance and control risks to your business based on your current model. More decentralized models where more entities and individuals have greater autonomy can create additional organizational risk.

Half of Marketing Organizations Are Using Shared Services or Center of Excellence Structures

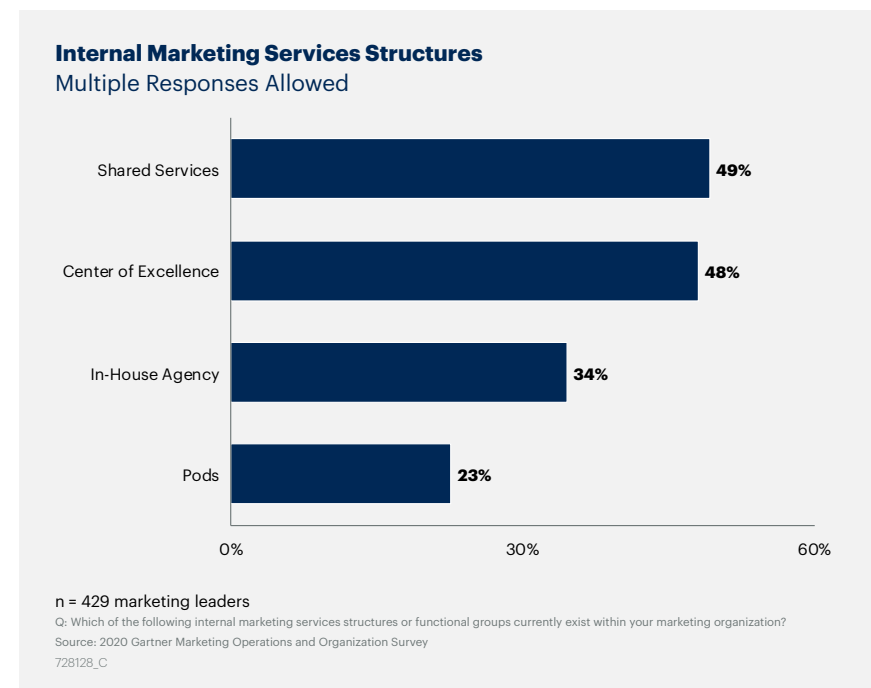
Marketing leaders are not only operating with more centralized organizations, they are also heavily using shared services, center of excellence and in-house agency models. Nearly half (49%) of marketing leaders are using shared services functional groups, and 48% are using center of excellence groups.

The use of these models is in part responsible for the overall momentum toward centralization (see Figure 5):

- The shared services model is a narrowly focused pool of resources providing support for a well-defined marketing discipline.
- A center of excellence is a discrete group focusing on a particular expertise, skill set or function leveraged by different groups within the marketing organization but also directed to educate and develop their capabilities in others. Shared services and center of excellence groups are frequently focused on functions such as marketing operations, content creation, media and analytics (see “Defining Centers of Excellence in Marketing, What They Do and When to Utilize Them”).
- In-house agencies, teams providing a wide range of services to internal clients, are much more than a passing fad, used by 34% of marketing leaders.

- Pods, an up-and-coming model, are used by 23% of marketing leaders. Pods are small, cross-functional teams, often dedicated to a product, business unit, region or other business entity. Pod structures are sometimes also directly linked to agile marketing practices with the small teams being well-versed on agile work styles and intensely focused on a more narrowly defined product or business.

Figure 5: Internal Marketing Services Structures



Recommended actions:

- Examine your organization's use of shared services, COE, in-house agency and pod functional groups. Benchmark your use of those functional groups against these survey results. If your organization is underutilizing these functional groups, consider more aggressive implementation of these models.
- Maximize the performance of any of these functional structures currently in use. Intimately understand the dynamics of each functional structure and how best to apply those capabilities to the unique needs of your organization. Develop a detailed understanding of the construct and how it interacts with the rest of the organization.
- Create detailed engagement plans for how any of these functional groups will engage and support the organization. The impact of any of these types of functional groups can be damaged if the group has an ineffective engagement and management model (see "How to Prioritize and Manage Marketing Project Requests and Optimize the Intake Process").
- Experiment with different functional groups. There is enormous flexibility in how functional groups can be created, and, if not working as desired, disbanded without significant organizational disruption. Pilot new group structures that may be of interest, and don't be afraid to shift direction if required.

Agile Is Buzzy, but Better — Agile Project Management Delivers Greater Effectiveness

Being “agile” has become a very buzzy term across the marketing landscape. Despite an often-vague understanding of agile practices, marketing leaders indicate that agile project management is significantly more effective than traditional project management.

This year’s survey highlights that marketing leaders rate agile project management as more effective across all the dimensions we explored (see Figure 6 on next page).

Agile project management was perceived as:

- 25% more effective than traditional project management at sensing and responding to changes in the business context as they happen
- 16% more effective at managing, prioritizing and aligning marketing projects
- 21% more effective at executing projects at or under the projected timeline
- 20% more effective at adjusting content and messaging to reflect shifts in customer sentiment
- 18% more effective at executing at or under their expected budget

An operating model like agile can have a much more profound impact on organizational performance than organizational structure. Organizational structure and operating models are inextricably intertwined, with organization structures adapting to better align to operating models and operating models layering over structures to compensate for structural issues. Modern marketing leaders recognize the need to address structure and operating models holistically. The power of a more expansive view of agile principles and practices is in the ability to layer on top of virtually any organizational model. Functional models tend to more innately align to agile approaches, but many marketers report success with agile practices in concert with other organizational structures. Agile can empower organizations to respond and adapt quickly and effectively without creating the disruption of a sweeping organizational overhaul. Done through a thoughtful approach to training and implementation, agile practices can be implemented in a more organic, evolutionary approach.

Figure 6: Marketing Task Effectiveness by Project Management Approach



Recommended actions:

- Customize your approach to agile. Very few marketing organizations use the same formal agile processes used in software and technology development. Most marketers apply agile principles and practices in a custom-made fashion based on the needs and preferences of their organization.
- Educate your organization on core agile principles and fundamental agile practices and tools. Marketing leaders must understand agile concepts and how they can be applied to how the organization operates. Members of the marketing team must also understand those concepts as well as the more hands-on elements of agile operation (see “4 Steps for Building Greater Agility in Your Marketing Organization”).
- Pilot agile principles and practices within the organization. Marketing teams who are new to agile can more safely learn how to apply agile methods by carving off a subset of marketing work as a test initiative. After experimentation and practice on this smaller set of initiatives, agile efforts can be more easily feathered into overall operations.

Methodology

Gartner 2020 Marketing Operations and Organization Survey: The purpose of this survey was to validate what is most impacting marketing organizational and operational effectiveness today. The research was conducted online from May 2020 through June 2020 among 429 respondents in the United States (41%), Canada (5%), France (12%), Germany (12%) and the United Kingdom (30%). Respondents were required to have involvement in decisions related to aligning marketing budget, resources and processes, and/or and marketing operations. Ninety-one percent of the respondents came from organizations with \$1 billion or more in annual revenue. The respondents came from a variety of industries: financial services (53 respondents), high tech (49 respondents), manufacturing (59 respondents), consumer products (51 respondents), media (48 respondents), retail (60 respondents), healthcare providers (46 respondents), IT and business services (22 respondents), and travel and hospitality (41 respondents).

The survey was developed collaboratively by a team of Gartner analysts who follow marketing and was reviewed, tested and administered by Gartner's Research Data and Analytics team.

Disclaimer: Results of this study do not represent global findings or the market as a whole but reflect sentiment of the respondents and companies surveyed.

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