Strangers on a Train: Rise of the Uneasy, but Mutually Advantageous, Alliance between IT and Marketing

The soul of the Hitchcock masterpiece “Strangers on a Train” was its central plot twist: two strangers meet on a train and realize they can “solve a problem” for one another. In the film, each man has a relative they want to murder. If each man murders the other man's "problem", there would be two perfect crimes… and two problems solved.

Marketing and IT are like those eponymous strangers Guy Haines and Bruno Antony. Each finds itself today with a problem that the other can potentially solve. But can they trust one another enough to bring it off?

For IT, as for Bangladesh or the island nation of Vanuatu, the problem is **incipient loss of territory**. Like those unfortunate nations threatened by rising oceans in a warming earth, IT can now see clearly that its turf – the servers and storage and network equipment and desktops whose ownership has cemented its power over all the business units within the enterprise – is going to be swept away by the cloud. It won’t happen in 2015; it may not even happen by 2017; but it is clear to all that it will surely happen. As Winston Churchill said about another matter, “it is not the end, it is not even the beginning of the end, but it is the end of the beginning.”

Marketing has the complementary problem: not a loss of territory but rather **a new continent of opportunity which Marketing lacks the resources to exploit**. Brands have an unparalleled opportunity to use technology in pursuit of getting, keeping, and growing their customers. But using these new superpowers – if you will – requires skills that Marketing does not have: application development, management of technology infrastructure, data science, to name just a few. Marketing departments today backfill with consultants, agency digital staffs, and their own scattershot IT hires, but these are Band-Aids. Marketing needs to become the owner of a new IT resource.

How convenient. As in the Hitchcock movie, IT and Marketing could potentially solve one another's problems. If Marketing could just tap the pool of tech talent right next door to it in IT, a pool that may soon be twiddling its thumbs, it could bridge the skills gap. And if IT could rescue itself from inundation by managing the cloud assets of Marketing, it could maintain a "territory" which would afford it continuing impact.

Unfortunately, it's not so simple. At the most superficial level, a collaboration raises the question of **who will report to whom**. But, more deeply, the problem lies with skill sets and attitudes: the kinds of use cases that IT focused on marketing needs to support involve agility, iterative collaboration, rapid reconfiguration of experiments, and dynamic integration with outside applications, services, and data sources. These are hardly capabilities which modern marketing departments would associate with their in-house IT staffs. In order to work together, both sides will have to adapt.

Who Should Report to Whom?

Even if Laura McLellan of Gartner suggested, as early as February 2013, that the CMO's tech budget would exceed the CIO's by 2017, and even if the trade press has run articles throughout 2014 with titles like "The 10 Biggest CIO-CMO Relationship Hurdles", "CIO-CMO Marriage Strained, But Can be Saved", and so forth, few would suggest outright that the CIO should report to the CMO. But executives are deeply unsure about what the relationship should be, and who should own what.

One answer is a technology executive who embodies a dotted-line relationship between Marketing and IT. A Gartner survey from mid-year 2013 said that 87% of respondents would be hiring a "Chief Marketing Technologist" or CMT within 2 years. There is little doubt about where such an exec would report: 66% of respondents said that their CMTs would report to the CMO, not the CIO.

An Accenture survey from mid-2014 showed a confusion of opinions. On the one hand, only a minority of CIO/CMO respondents acknowledged a need for "alignment" between the two groups. The leading "pro-alignment" statement -- that "Marketing is more about digital now, which requires more technology" -- got agreement from 30% of CMOs and 31% of CIOs, up from 21% and 29% respectively in 2012, but still minority views.

The survey did not ask which department should take charge of marketing-oriented technology capabilities, but 52% of CMOs in the survey ranked "marketing IT" (by which, presumably, they mean their own IT resources) at or near the top of their priorities. It would seem that CIOs are more anxious for collaboration, since 68% of them "agree" or "strongly agree" that "IT is a strategic partner for Marketing" vs. 54% for CMOs.

Finally, Table 1 excerpts some comments from the survey which show vividly the specific ways in which the two functions do not trust one another. Comparisons with a 2012 survey (shown in parentheses), despite some movement, show a worsening picture.

	CMO	**CIO**

The technology development process is too slow and not aligned to the speed of digital marketing	43% (36%)	
Marketing requirements and priorities change too often for us to keep up		43% (40%)
I don't feel I have control of the technology choices made by my IT counterparts	42% (32%)	
My IT team does not understand the urgency with which I need to integrate new sources of data to address market conditions	40% (34%)	
I would prefer to buy technology as a service and not rely as much on my IT team	38% (32%)	
The complexity of handling channel-specific experiences precludes us from providing one platform to manage cross-channel experiences		45% (42%)

Table 1

The bottom line? Marketing changes their requirements too often. IT can't keep up.

Typical Marketing Technology Use Cases

Going into detail on a few key use cases for IT in marketing today may shed some light on the disconnect between the two functions.

Technology-enabled Audiences

Perhaps the most important technology-driven change in marketing is the **transition from media- and message-based marketing to audience- and conversation-based marketing**.

Marketing 20th century style revolved around researching which **messages** would get favorable responses from audiences through which **media**. Audiences were generally understood demographically (e.g., “18-24 year-old males”), but since these audiences were only reachable via a finite set of media – TV, print, outdoor, radio, etc. – the question of finding a particular audience boiled down to finding which media had sufficiently high concentrations of that demographic to be worth transmitting the message.

This traditional marketing therefore interposed two levels of indirection between the marketer and the audience: the demographic as a proxy for the “true” audience, and the media mix as a proxy for the demographic.

If the audience you are pursuing is “individuals who may buy a BMW in the next 180 days”, demographically-defined audiences inevitably involve **wastage**. It may well be that 12% of high-income male 25-45 year-olds could buy a luxury car in the next 180 days, but then advertising sent to this demographic is 88% wasted. And even if 70% of potential BMW buyers are male (an outlandish assumption in any case), marketing to this demographic misses the 30% who are female.

Media then introduces a further level of wastage, in the sense that no media audience is 100% one or another demographic.

21^{st}-century audiences are still found via traditional media, but what’s new is the availability of audiences in digital media (online, but also mobile and social). Two crucial aspects of digital media are **interactivity** and **measurability**. Both are important for audience development, but the ability to record the interactions of each member of the audience, on- and, increasingly, off-line, allows a new kind of audience to be defined, what we might call a **synthetic** audience.

A synthetic audience is defined partially by its demographics, but also by its digital history, its so-called “digital exhaust”. It’s possible today, by combining registration information, third-party data, and browsing/search history, to create a group of, say, “mobile phone owners who intend to buy a family van”. And the wastage of messaging to such an audience would warm the heart of any 20th-century marketer.

What is within sight for today’s marketing organization is **end-to-end automatic digital marketing to synthetic audiences**.

So-called "programmatic trading" in advertising impressions is already a reality. Within a 100-msec window, advertisers can bid on the right to deliver specific pages to audiences whose details can be assembled from third-party data into a pretty specific picture. Putting together that the ad recipient lives in an affluent zip code, has visited automobile websites repeatedly during the previous 10 days, and owns a luxury car which is more than three years old will increase the bid that an auto advertiser will place on the right to serve an ad to this consumer on the front page of a premium news site.

Attribution

Unfortunately, synthetic audiences are still quite small by mass-marketing standards, and therefore not amenable to existing media models or creative approaches. Creating new media models, or, more precisely, solving the problem of **attribution** for smaller synthetic audiences, is a second use case for marketing technology.

Attribution – analyzing which ads produce which results with prospects – is an area long dominated by statistical "media mix" models of questionable validity or accuracy. By running multiple regression tests over lots of campaigns over time, marketers have built up models which show what demographics responds to what media. Despite vocal and intelligent skeptics, these media-mix models rule the roost today in advertising.

But if the exact maneuvers that led to a sale can be recorded for each customer (along with the ones which did not) and the mass of this "digital exhaust" can be examined statistically, it may be possible, in principle, to solve the attribution problem on at least the various digital advertising media without models – using “Big Data”, interactivity, and the ability to track prospects across channels. And this solution, which is within reach for direct-response advertising, may well be jiggered to work for “brand” or “awareness” advertising as well.

Real-time Conversations

Once a synthetic audience is identified and marketers have made contact with them, engagement becomes central. New audiences are bombarded with widecast messages of all sorts, and have trained themselves to tune them out. Engagement beyond an initial impression requires **conversations** and **experiences**.

Conversations are labor-intensive, but technology has supported conversation at lower and lower transaction price points over time, and makes some kinds of conversational involvement possible even at micropayment scales.

One key here is simple **management of real-time media and conversations**. Demand-side platforms (DSPs) and trading desks from the likes of AppNexus or Vivaki allow marketers to juggle a large number of campaigns across a large number of media. Social media management technologies like BuddyMedia, Adapt.ly, or Rallyverse are equivalent management tools for social-media engagement. In both areas, these tools do little but roll up the low-level processes and present them in an application designed for larger-scale decision-making and reporting, but that is enough, in many cases, to amplify the work of an employee in Marketing and to de-skill the work as well.

What these simple management consoles are beginning to do is **divide the work of marketing online between human and machine**, making the human role increasingly one of selecting a stereotyped automatic response or a sequence of them (such as pushing an FAQ and a special email offer to a customer having a hard time getting started with a product) and then leaving the details of the execution to the software.

At the extreme end of this process is a future of total automation of interaction in large areas of the customer experience. Whether these interactions will pass the Turing test or -- like Interactive Voice Response queues today -- fail it miserably, is somewhat beside the point. Marketing will be able to tune the level of automation to an acceptable level of customer satisfaction.

IT Requirements for new Marketing applications

What all these use cases – and others – have in common is a need for **agility**, and that is the central question which Marketing has about IT, who has long prized **stability** over agility. For years, IT has functioned like “Dr. No” to requests from Marketing for tech enablement: “too risky”, “too hard to implement”, “not invented here”, “you want it when?” Marketing doesn’t think of in-house IT as a nimble ally who can stand up vital capabilities quickly. Marketing has looked, more and more, to third parties for its IT needs, starting as far back as salesforce.com.

IT, of course, has no great love for Marketing either. It looks on this group as a bunch of technical nincompoops who will only cause support headaches with any delicate tools they are given. Better to give Marketing only the rudest and most unbreakable of tools: hard to use, perhaps, but hard to destroy or misuse as well.

And also, IT asks itself: why become the quiet handmaiden of Marketing when one can make a bid to control the whole cloud infrastructure as one has controlled the physical one? Working along these lines, a respectable number of enterprise IT departments are attempting to build new turf via services architectures within the enterprise, with plans to extend them to the external cloud as those workloads develop. These efforts, the story goes, will enable IT to keep control of IaaS.

This misses the point, and the point goes far beyond Marketing and Marketing Technology. For every business function, the hallmark of tomorrow's enterprise IT will be "simple/simple/simple": simple to buy, simple to deploy, simple to operate. In-house IT departments – as well as classic consultant/systems- integrator services providers – do not understand simple/simple/simple, and often do not understand how to provide it. A new cloud infrastructure will only work for enterprises if the business users – including Marketing – build new applications on it. And this is a big "if": Marketing, in pursuit of simple/simple/simple, has inclined strongly toward third-party SaaS-ish applications rather than more-of-the-same from IT.

But the opportunity is there. And organizations that can develop a working alliance between Marketing and IT stand to reap unfair competitive advantage from their ability to do so.