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learns the latest via Twitter

female, 29



passionate about architecture



loves cycling on weekends

# BRIDGING THE DIGITAL DIVIDE

HOW CMOS CAN RISE TO MEET 5 EXPANDING EXPECTATIONS

**Deloitte.**

salesforce

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marketing cloud

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## CMOs: Are You Ready for the Challenge?

### Role Transformation

CMOs are going through a rapid transformation. Increasingly, CMOs are asked to be more than proficient marketers, but also to act as the stewards of the customer within their organizations, building bridges across functions to enable customer engagement. It's the CMO's job to lead the dismantling of silos that separate web, call centers, mobile, and in-store channels to create the consistent, personalized experience that today's technology-empowered customers demand.

A spearhead for actionable customer insights via analytics, the CMO is at the center of proving marketing ROI, innovating digital interactions, and launching new technologies that create enterprise-wide customer transparency.

This report outlines five expectations that today's CMOs should meet as they build customer-centric organizations. These findings reveal clues that you can consider to chart your own path toward building an organization that cultivates profitable, lasting customer relationships.

Good luck on your journey!



A handwritten signature in black ink, appearing to read 'Suzanne Kounkel'.

**Suzanne Kounkel**  
Principal, Deloitte Consulting LLP  
Leader of Customer and CMO Services



A handwritten signature in black ink, appearing to read 'Michael Lazerow'.

**Michael Lazerow**  
Chief Marketing Officer  
Salesforce ExactTarget Marketing Cloud

### Innovation and Acceleration

The CMO's responsibilities vary wildly across companies and industries. But regardless of how an organization wants its CMO to direct business strategy, as I've seen in both my work and this research, the role requires absolute visibility to the front line. Many organizations are behind the curve, with few reporting investments in marketing automation, web personalization, and other customer data-centric tools needed to gain full visibility into the results of marketing efforts. (For example, in the survey that this report was based on, just 16% of CMOs claimed to use web personalization frequently today.)

CMOs know they must adjust quickly—and redefine their own roles independently, because expectations continue to climb and no CMO role is the same. If technology inherently disrupts, then that's exponentially true in digital marketing. CMOs must innovate and accelerate, providing answers to changing consumer demands, increased technology needs, and marketing talent challenges.

I wish you the best as you rise to meet the challenge.

## ▶ EXPECTATION 1

# Take On Topline Growth

Fifty-three percent of surveyed CMOs felt an increased pressure to enable revenue growth—making this the biggest change to their teams' responsibilities over the past few years (see “CMO Profile and Methodology” for more on how the survey was conducted). While the expectation for the CMO to drive revenue is pronounced, many CMOs are faced with a conversion path they don't entirely own. Marketing may be signing up for big numbers, but the customer purchase journey is splintered across product, sales, and service. That's why CMOs who agree to a revenue target should verify a clear path to conversion with the rest of the C-suite.



Twenty-seven percent of surveyed CMOs affirmed that they have increased ownership to align internal functions (like product and sales) to deliver customer impact. However, CMOs haven't traditionally been asked for their full input into product marketing and execution. According to Gartner, “Currently, only 45% of companies surveyed report that product marketing and sales and operations

planning (S&OP) groups work together to provide tactical new product introduction plans that could improve the success of a new product launch.”<sup>1</sup> CMOs must be the champions of topline revenue growth through full ownership of the customer experience, from initial brand awareness through customer service (see Expectation 2).

Advances in real-time customer feedback have given CMOs unprecedented ability to listen to dialogues around product design. For example, one major channel where customers express opinions on product is social media—a channel largely owned by marketing. Defragmented customer journeys and personalized experiences are likely to be the result of CMOs having more input into product strategy and execution.

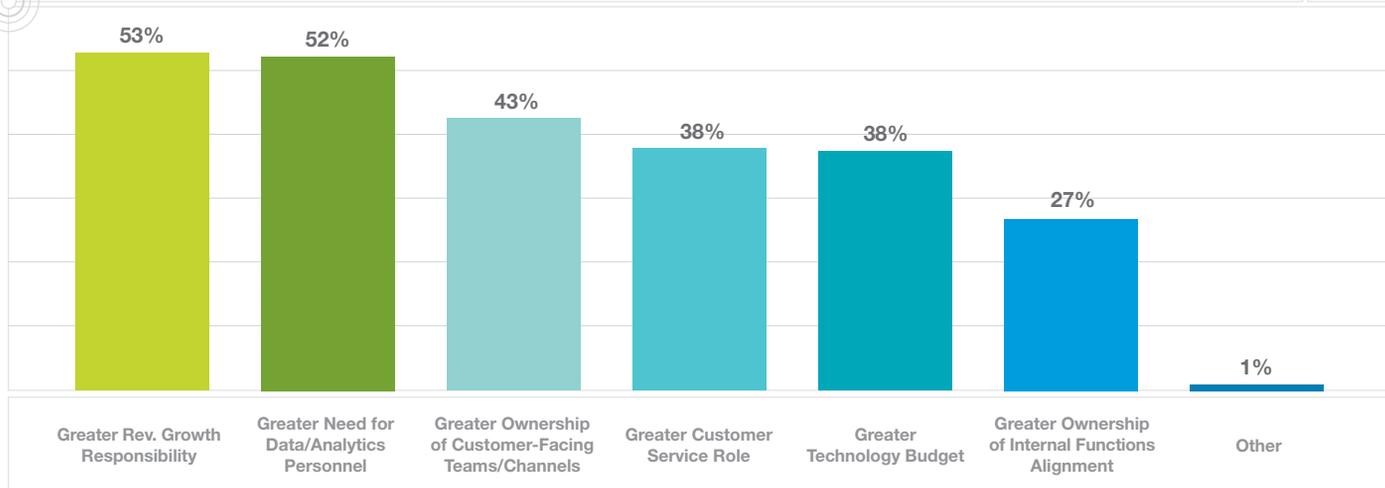


The collaboration of internal departments, where marketing helps to drive sales and product improvement, ultimately cultivates topline growth.

According to Deloitte's Marketing Cloud Lead, Mark Lush, “New digital capabilities—including social, multi-channel marketing, mobile, and predictive analytics—play an essential role in defining the holistic customer experience that leads to true customer loyalty, profitable growth, and increased shareholder value.”

### How Has Digital Marketing's Growth Changed Your Team's Responsibilities? (N = 208)

FIGURE 1



Respondents were permitted to select multiple answers. Thus, percentages don't equal 100%.

## ▶ EXPECTATION 2

# Own the Customer Experience

Social media, email, mobile messaging, and web channels host a number of customer-brand interactions, from social media advertising to customer service. Since ownership of these digital channels has increasingly fallen to marketing, customer service and the entire customer experience have begun to move to marketing as well. As indicated in Figure 1, 38% of CMOs report an increased role in customer service (via social media, call center, or a similar function). Nearly a quarter, however, feel underprepared to manage these major customer service touchpoints (see Figure 2), necessitating a greater push from CMOs to fully assume control of the customer experience and increase revenue as a result. According to Forrester, the revenue impact from a modest improvement in customer experience can range from \$177 million to \$311 million<sup>2</sup>, and the impact from a 10-percentage-point improvement in customer experience score can yield more than \$1 billion<sup>3</sup>.

CMOs now own the largest share of the customer journey—and customer service is now merging into marketers' digital strategies.



Fast, personable customer service is a key element of the digital customer experience, and it's progressively merging into marketers' online strategies. Jay Baer, author of *Youutility*, puts it simply: "Helping is the new selling." Real-time social media responses, how-to YouTube videos and Vines, and helpful content marketing all usher in an era where service is the new sales. Now that CMOs own



the largest share of the customer journey, from brand awareness to service, they must partner with traditional product and service teams to offer an optimal experience in the desired channels and timeframes.

Inadequate customer service impedes both revenue growth and marketing effectiveness. Sixty-six percent of B2B and 52% of B2C customers stopped buying after a bad customer service interaction<sup>4</sup>, further proving the argument that CMOs who understand, streamline, and automate customer service control one of the most important profitability levers. Unfavorable customer service also hinders digital marketing efforts, as a bad experience can unravel into a quickly circulating Twitter post or negative online review in the blink of an eye.

Today's CMO is expected to do more than blanket customers with brand awareness and messaging. The CMO's responsibilities now follow through helping and serving, with a focus on collaborating with other departments to place the customer experience first.

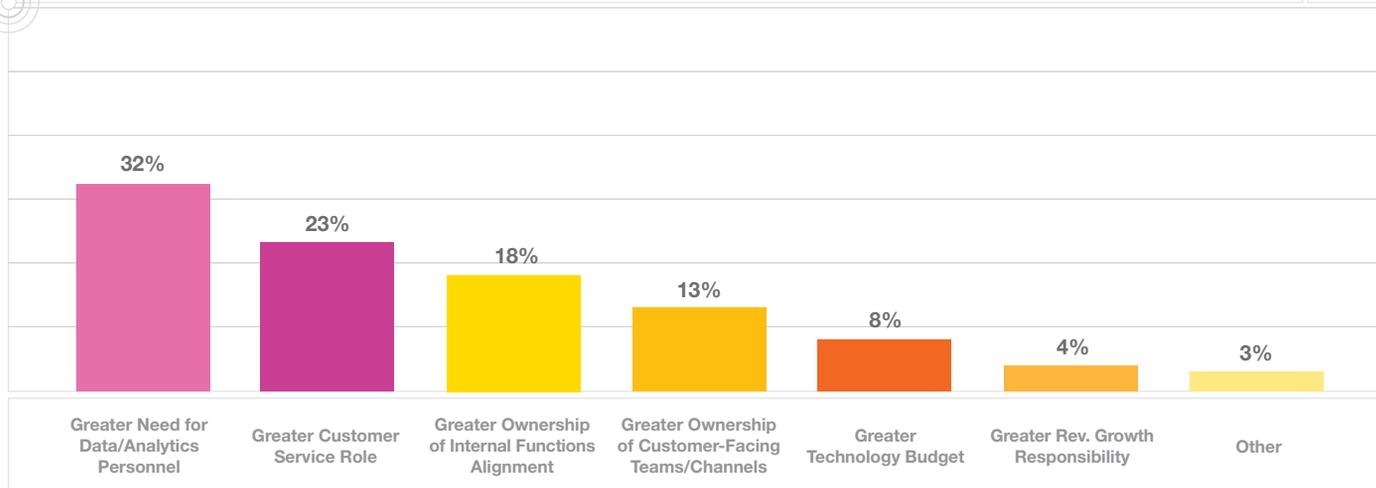
<sup>2</sup> *Customer Experience Boosts Revenue*, Forrester, 2010

<sup>3</sup> *Navigate The Future of Customer Service In 2014*, Forrester, 2014

<sup>4</sup> *Customer Service and Business Results: A Survey of Customer Service from Mid-Size Companies*, Dimensional Research, 2013

Aspect of Your Responsibilities You Feel Least Prepared For (N = 215)

FIGURE 2



Due to rounding, the total percentage doesn't equal 100%.

## ▶ EXPECTATION 3

# Dig Into Data-Based Insights

Figures 3 and 4 depict CMOs' top three internal priorities (i.e., focuses for improving internal teams and processes) and external priorities (customer-facing areas for improvement), as selected from a list of these responses. As noted in Figure 1, 52% of surveyed CMOs indicated a greater need for personnel with data and analytics expertise. It's not surprising, then, that CMOs hope to get more data to boost their capabilities even further and improve optimization of their marketing efforts (see Figure 3). That data isn't just used to optimize and test; our respondents hope to use it to drive demand and personalize experiences (see Figure 4).



Finding and attracting talent with data and analytics knowledge is the number-one area where CMOs feel least prepared (see Figure 2). As Deloitte's *Business Trends 2013* noted, it's an all-out talent war:

"A remarkable democratization of talent and data is unfolding; as demonstrated by the data scientist being called the sexiest job of the 21st century, the battle for talent is on."<sup>5</sup>

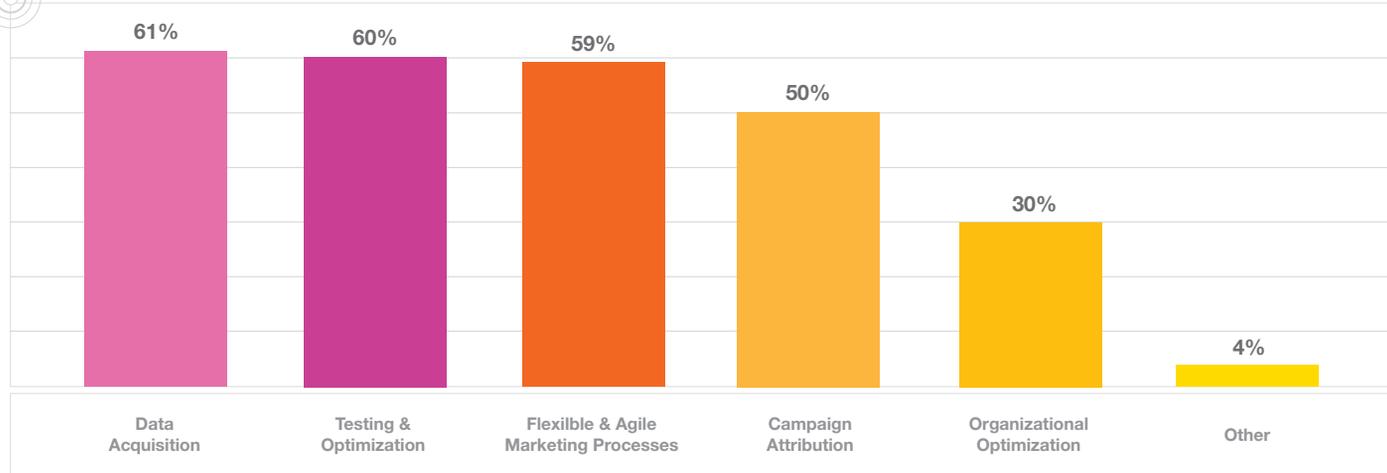


"We must move from numbers keeping score to numbers that drive better actions."  
- David Walmsley

After top-notch analytics talent is hired, the real work can begin on turning that *data-having* into *data-doing*. As Marks & Spencer Director of Multi-Channel Development David Walmsley explains, "We must move from numbers keeping score to numbers that drive better actions." CMOs must invest in tools that support efforts to better personalize and optimize over time, built on a solid data foundation, and this is increasingly the case: web personalization and marketing automation were the top two digital marketing areas where CMOs planned to focus more efforts in 2014, as explained further in Expectation 5.

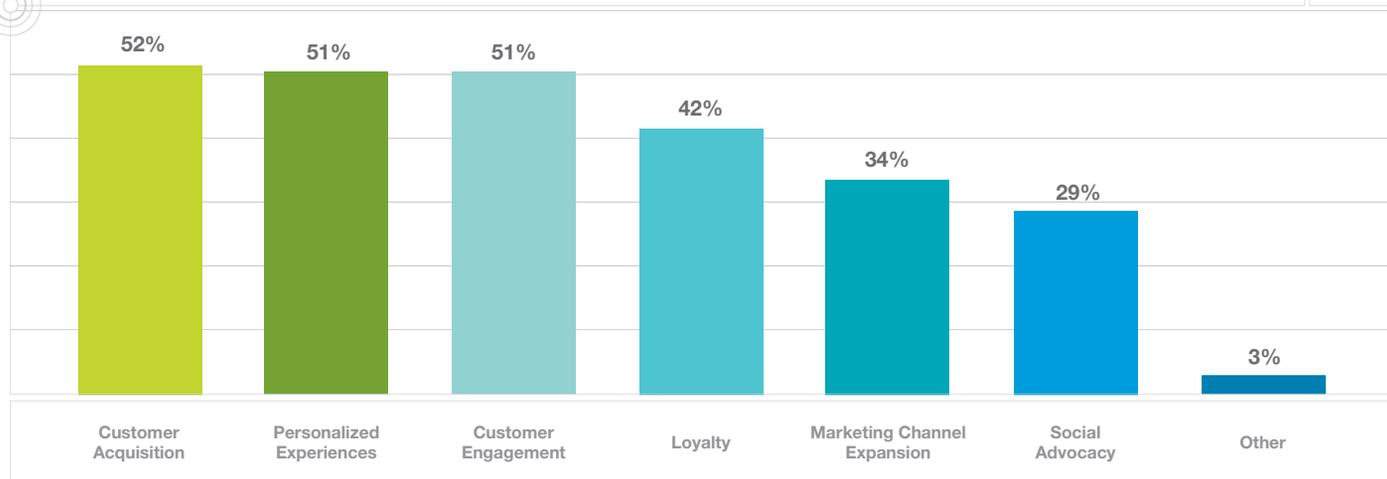
**Top 3 Internal Marketing Priorities for 2014** (N = 208)

FIGURE 3



**Top 3 External Marketing Priorities for 2014** (N = 208)

FIGURE 4



## ▶ EXPECTATION 4

# Operate in Real Time

To get the most from their data and analytics experts, CMOs should make additional investments in the tools that support their real-time customer-facing efforts—namely, web personalization and marketing automation. Not surprisingly, these were the top two areas where CMOs planned to focus more efforts organizationally in 2014 (see Figure 5).

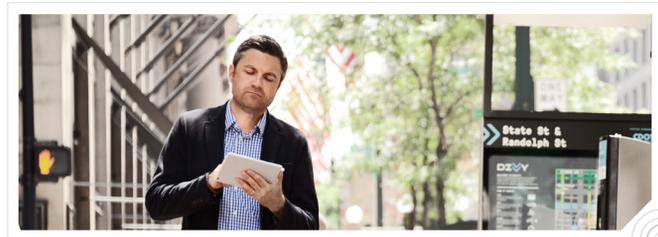
Real-time digital marketing techniques that sense customer behavior and respond (like instant geotargeted alerts via push message, or automated and personalized emails based on website or social activity) are becoming the standard in 1:1 communication, shortening the lag time between a customer action and a perfectly timed and targeted brand response. Real-time efforts have replaced segment-centric batch-and-blast marketing, giving customers exactly what they want, when and where they want it, all the while respecting their preferences as a unique person—not a persona.

Real-time marketing gives customers what they want when they want it, but CMOs must be aware of when *not* to automate.



This type of marketing requires continual optimization and real-time attention from content and campaign teams. Unfortunately, many teams are still operating under traditional annual and quarterly campaign calendars. CMOs must facilitate and foster close working relationships between data and analytics experts and campaign teams to get the most from both teams.

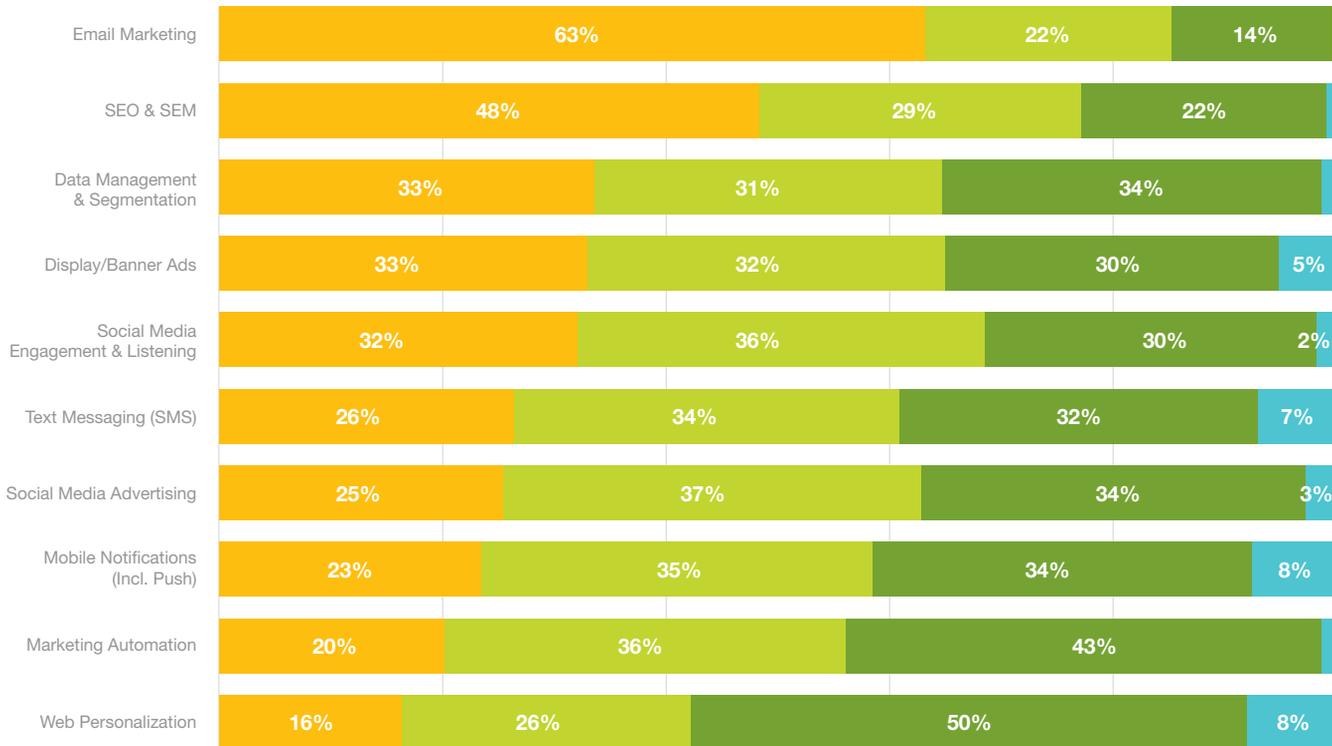
Marketing leaders must be careful not to become overly reliant on their automated efforts, however. ExactTarget Marketing Cloud Vice President of Marketing Automation Matt Fleckenstein explains, “While there are clear benefits to marketing automation, some activities shouldn’t be automated. CMOs and their teams must appreciate that they can only rely on automation when the customer’s intentions are extremely clear, such as automating an abandoned shopping cart response, or automating an offer to a loyal customer. And, as always, real human eyes should monitor all communication channels.”



When entering the world of real-time digital marketing, CMOs can be effective by automating two or three of their most important and common customer touchpoints that align with available data. The customer journey possibilities are infinite, and it’s easy to feel daunted by the hundreds or thousands of touchpoints that could hypothetically be automated. But from this small scale of two or three experiences, CMOs and marketing teams can learn and grow their scaled automation efforts from there.

## Areas of Organizational Focus (N = 209)

FIGURE 5



● Use frequently today    
 ● Use infrequently today    
 ● Plan to use    
 ● Don't plan to use

## ▶ EXPECTATION 5

# Master the Metrics that Matter

To prove that the changes and investments they're making are driving revenue, CMOs know that they need to be focused on metrics that matter to the business. At the top of that list, 53% of surveyed CMOs said ROI was that metric. CMOs understand that they're increasingly expected to do more than plant and water the seeds of feel-good brand awareness, and many feel that ROI is the most important measure of their labors.



However, if marketers haven't worked with their sales and business partners to agree on what the right return is, ROI can remain an internal metric that matters only within marketing. For example, if marketers are focused on marketing-qualified leads (as more than one-third of surveyed CMOs are) to an excessive degree, and they haven't reconciled whether or how those leads become sales-qualified leads, there may be disagreement internally about how valid the ROI metric really is.



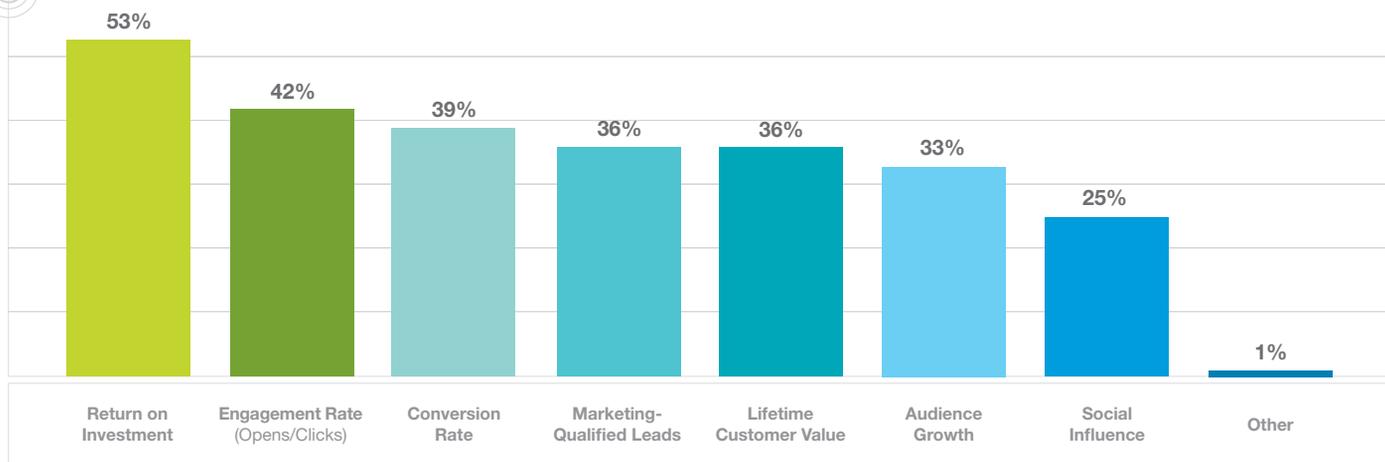
The C-suite needs to agree on KPIs that yield credible, measurable marketing ROI.

Because CEOs and CFOs can be skeptical about the ROI numbers generated and reported by marketing, CMOs and CFOs need to agree on which key performance indicators (KPIs) will yield marketing ROI that's robust and credible, showing measurable links between action and results.<sup>6</sup>

Meanwhile, CMOs can feel free to experiment with metrics that may, perhaps, matter only internally to marketing—for example, a unique metric about how many customers complimented the new website after a major redesign. A metric like this won't show ROI, but generating it and sharing it with the team can boost interest in aligning to metrics.

### 3 Most Important Metrics You Use to Measure Success (N = 208)

FIGURE 6



## Conclusion

As a CMO, you may relate to feelings of both pressure and opportunity that come with your role in the new digital era, perceiving many gaps to bridge: managing revenue growth while improving the customer experience; balancing serving vs. selling; moving from data aggregation to action and insight; navigating real-time automation; and feeling confident in measuring ROI.

Because there's ultimately no singularity to the CMO's role, it's increasingly important for individuals to chart a self-tailored course.



Today's CMO must constantly assess and adjust to a host of factors, including consumer changes, channels, devices, competitors, brand, and market share, and at the same time, get their own teams educated and ready to lead the charge on tools and tactics.

## CMO Profile and Methodology

In this study, the CMO Club and Salesforce ExactTarget Marketing Cloud partnered to conduct an online survey of 228 global marketing leaders. Survey respondents were limited to CMO or Head of Marketing positions reporting to a CEO, president, or country/line of business head. Forty-two percent of respondents belonged to a

For some CMOs, these increased expectations lead to *where do I begin?* In others, they lead to swelled reliance on what's known, like over-investment in traditional media.

Consider these questions as you itemize the increased expectations that might fall to your brand alone:

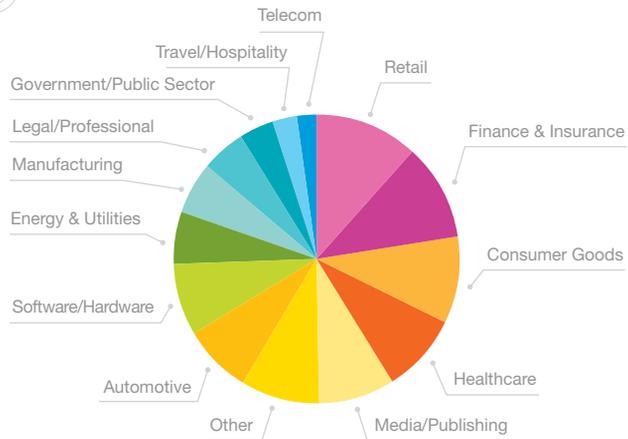
- What's your definition of your own role, and of marketing's responsibilities?
- Are you collaborating with technology, product, and other organizations that own pieces of the customer journey?
- How are you evolving your brand and your teams' skill sets?

Whether it's agreeing on an organization-specific formula for ROI or starting from scratch on a better customer journey, the bridges built between the role's growing gaps can be as innovative as the CMO who built them.

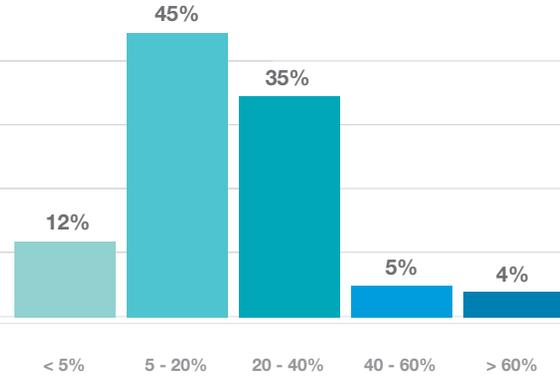
company with more than \$1 billion in revenue, with 24% between \$500 million and \$1 billion. The survey was conducted from October to December 2013.

The following four charts offer more detail about the CMOs surveyed.

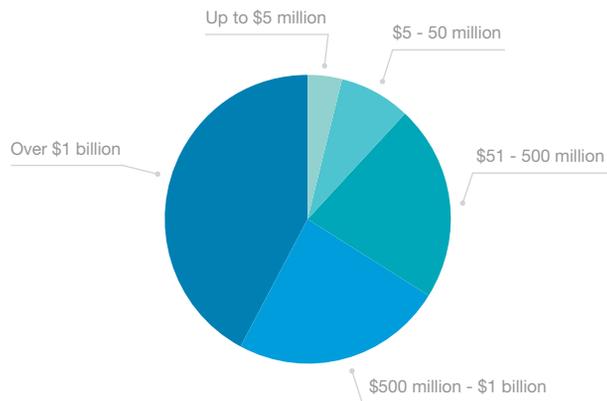
### Industry (N = 228)



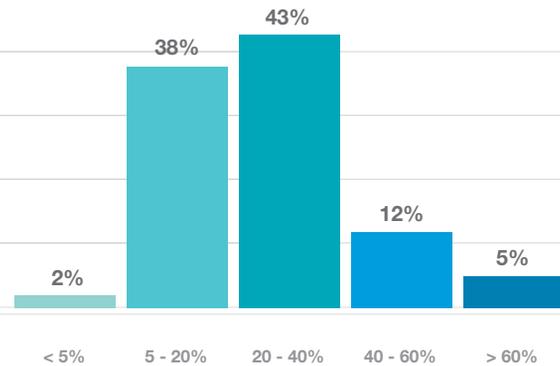
### 2013 Digital Marketing Budget Spend (N = 207)



### Annual Revenue (N = 228)



### 2014 Digital Marketing Budget Spend (N = 206)



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