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CMO 2.0 takes charge

How chief marketing
officers will succeed in
the omnichannel era





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From Henry Ford’s “black cars only” approach to our hyper-connected era, consumers’ power and influence has grown exponentially.

Today, business is more consumer-centric than it has ever been. Companies have made enormous investments in omnichannel offerings, technology and data analytics to meet consumers’ demands and gain insight into their behaviours and wishes. Business models have been reshaped. And today, brand experience has surfaced as the key battleground for consumers’ attention, loyalty and wallet. As competition increases and new and non-traditional players emerge, chief marketing officers (CMOs) find themselves with far bigger roles – and far greater expectations – than ever before.

CMOs who can quickly acquire the capabilities, knowledge and talent they need to meet today’s expectations will thrive in their increasingly critical role. They’ll enable their organizations to become more resilient, agile and successful in an omnichannel world. They’ll prove that the marketing function is a strategic contributor to the bottom line – not simply a cost centre. And they’ll secure their seat at the leadership table.

But what does the new role of the CMO look like? What are the new expectations? What skills and knowledge do CMOs need to thrive in today’s customer-centric, data-driven world? Though the challenge is complex, the opportunity is simple.

A radically different and demanding world

Marketers have always focused on the consumer. But today's consumer is different. They have gained enormous power and influence, and their behaviours and expectations increasingly shape how businesses operate. Companies from financial services to retail and beyond have invested in developing omnichannel capabilities to serve consumers when, where and how they'd like. They've invested heavily in the tools needed to gather and analyze the wealth of data that omnichannel provides. They've begun to refocus – or at least think about refocusing – their entire business around the consumer.

As businesses become more and more consumer-centric, the role of the marketer as the connection between consumers and the business is even more crucial. Our research shows that there's a lack of clarity around who owns omnichannel – but in today's environment, it's imperative that the CMO takes the lead. Recent Deloitte research shows that 89% of CMOs believe marketing has changed radically over the past five years.¹ The next five years could prove even more transformational.

Today, CMOs are no longer responsible for brand, advertising and traditional marketing alone. They're at the forefront of the company's effort to engage with consumers and deliver an outstanding experience at every opportunity. It's not enough to simply build brand awareness now: CMOs must use their deep, data-led understanding of the consumer to ensure the entire business is contributing to a superior experience. They must ensure marketing is driving growth, revenue – and delivering a measurable return on investment. (Figure 1, on the following page, illustrates the many facets of the modern CMO's role.)

The expanding scope of their role has CMOs feeling highly valued: three-quarters of CMOs we surveyed feel they're becoming more important to the business. However, 80% are also feeling the pressure of increased expectations.²

It's not surprising. The CMO's expanded role and responsibilities demand a new, different and much wider skill set. They must understand technology and analytics as well as how to translate data into insights and insights into action.

They must be a diplomat, adept at building bridges across the organization to make change and influence strategy. And they must be the consummate businessperson, able to communicate marketing's impact in real, hard numbers. Little wonder, then, that 82% of CMOs we surveyed think the challenge to transform and acquire new skills is rising.³

It may seem a daunting prospect, but CMOs should remember that they don't shoulder the responsibility for their company's success alone. The consumer-driven omnichannel revolution is forcing organizations to tear down silos and other barriers to effective cross-functional teamwork. While CMOs will increasingly lead their company's efforts to deliver great experiences and achieve profitable growth, they'll do so by working closely with others – especially the COO, CIO and CFO. There's also the highly encouraging fact that CMOs' average tenure is rising once more, perhaps in recognition of the scale of the task they face: According to executive search firm Spencer Stuart in 2014, CMOs remained in their position for an average of 45 months, well above the 23.2 months reported in 2006.



Traditional CMO

Brand
Advertising
Marketing
Mass marketing
Targeted strategies

Talent

Privacy

Finance

Cyber security

Business growth

Performance metrics

Quality management

Analytics

Change management

Today's CMO

Revenue growth

CMOs need to show that marketing is not just a cost centre but a business enabler

Strategic agility

Today's market is changing rapidly. CMOs need to be able to adapt to that change and make real-time decisions

Operations management

CMOs need to understand the market, build and manage complex teams, influence the executive table and run a business within a business

Mad men, make way: The makeup of CMO 2.0

“Traditional” CMOs – those trained in business schools and who learned their craft during their rise through marketing departments and agencies – will soon find themselves joined by marketing leaders with very different backgrounds. These new marketers will combine creativity with business savvy, able to work with art directors and CFOs with equal ease. They’ll be highly adept at divining consumer insights from reams of data, and using those insights to achieve measurable improvements to the consumer experience and the bottom line.

Many of these new CMOs will come from decidedly unexpected backgrounds. They’ll be engineers, data scientists, mathematicians – and they’ll bring experience and a fresh perspective to solving business problems. While traditional marketing capabilities remain imperative, no matter their background, CMOs will need to demonstrate an ability to drive growth, be strategically agile and navigate complex operational issues.

Driving growth

It’s no longer enough for CMOs and their teams to drive traffic. CMOs must be able to show that, done right, marketing is a business enabler, not a cost centre. Demonstrating marketing’s positive impact on the bottom line is essential for justifying existing marketing budgets – and making a persuasive case for increased budgets in future.

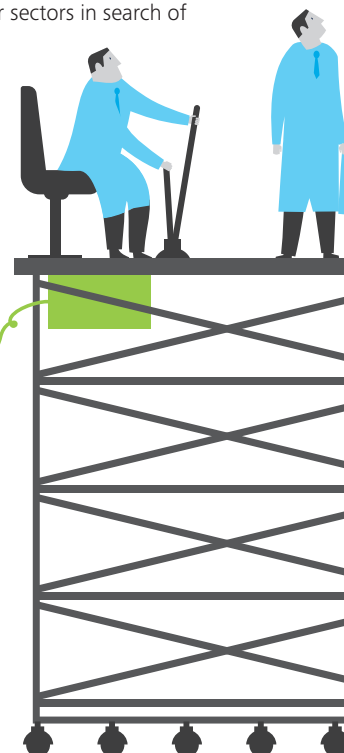
Today’s CMOs have an advantage over their predecessors in this regard. Data analytics allow CMOs to identify connections between marketing activity, customer behavior and sales with more clarity and accuracy than ever before. Harnessing and understanding customer data will enable CMOs not only to evaluate the impact of existing campaigns but also confidently predict the impact of upcoming campaigns on the business and brand value. In the not too distant future, we will see CMOs demonstrate how marketing efforts impact sales down to the individual store – even, potentially, down to specific SKUs.

In fact, CMOs’ access to consumer data and insights will enable them to take the lead in driving new revenue growth. By harnessing data to uncover shifts in consumer preferences and behaviours, CMOs can identify opportunities to change existing products or services – or develop new ones – in order to capture profitable new revenue.

Strategic agility matters

The world changes fast, and a company’s competitive landscape can be thrown into upheaval in the virtual blink of an eye. Industries are changing rapidly, and sometimes it can be difficult to tell where your biggest competitive threat is coming from, as non-traditional players from around the globe move into other sectors in search of growth opportunities.

The CMO needs to be able to adapt to such changes quickly and make real-time decisions in response. In many cases, s/he will reach out to external advisors for help. Forty percent of CMOs plan to rely more heavily on external support for analytics and other needs in coming years.⁴ But are those advisors up to the challenge?





The new CMO must be adept at building and managing complex teams, influencing the executive table, and running marketing as a business within a business.

It's a pertinent question, because our research suggests that the CMO's usual go-to agencies aren't delivering what's needed today. While 66% of CMOs think agencies can help them address skills and resource shortages, they report that agencies are failing to meet expectations in key areas, from innovation to data analytics to delivering effective marketing programs. It appears that new CMOs will need to be more reliant on themselves, their internal teams or alternative resources to be able to quickly make sense of new data and change direction on the fly.

Operations management

The new CMO must be adept at building and managing complex teams, influencing the executive table and running marketing as a business within a business. This is especially true in the omnichannel age, where delivering a consistent, engaging brand experience across all channels has operational impacts throughout the business.

The CMO needs to be able to translate brand experience objectives into operational terms, and then work across the organization to deliver it. Ultimately, this means that the CMO needs to own the responsibility and accountability for omnichannel overall. Because what many businesses fail to realize is that something as innocuous as a late delivery is now a potential reputational issue, not simply a blip in the supply chain.

Of course, operations-spanning, omnichannel programs don't come cheap. However, CMOs that can demonstrate marketing's ROI will be positioned to better influence executive leadership and make the case for omnichannel investment and oversight.

Three keys to success: Talent, analytics, consumer experience

CMOs are under increasing expectations to deliver marketing campaigns that work the first time, create brand experiences that build loyalty and drive sales, and achieve measurable ROI on their efforts. Meeting those expectations ultimately depends on the CMOs' ability to effectively manage talent, analytics and strategy.

Solving the talent equation



It's not enough for CMOs to be creatively minded, business-savvy professionals who can make sense of data and turn it into outstanding omnichannel marketing campaigns with measurable ROI. They need to build teams, from the back-office to the front-line, with the skills and knowledge to help them achieve their goals.

It's not easy. With little slack in the economy and relatively low unemployment, the competition for the data analysts, data scientists and unconventional thinkers CMOs need will be intense. Some of this top talent may have no interest in signing on with a company, preferring instead to stay independent and hire out their expertise for a year, a month or even a project.

CMOs will need to think about how to attract, retain and engage top talent – especially as they compete for them against leading technology platform owners. Not only that, they'll also need to consider how to overcome the cultural challenge of integrating these new highly analytical thinkers with the intuitive “creatives” already in place. Moreover, CMOs will need to establish a network of trusted external service providers and independent players that can, together, provide the skills and knowledge needed when required.

Mastering the science of analytics



It's essential that CMOs themselves have the skills and knowledge needed to ensure they are gathering the right data, then interpreting that data and using those insights to influence the direction of marketing – and in some instances, the business itself.

It's incredibly important that CMOs understand how to use data analytics to determine marketing's impact on sales and revenue, as well as to identify new growth opportunities as they arise. Only then can the CMO prove the real, measurable value and impact of marketing and, in turn, justify growing budgets which now include large investments in technology.

Analytics will also help the CMO execute the omnichannel strategy by providing a means to translate customer insights into terms other business units can understand and work with. Left standing, organizational silos can quickly confound even the most well-planned omnichannel strategy. However, the skillful, diplomatic CMO can use data to overcome barriers and persuade leaders elsewhere in the organization to make investments that will deliver a superior brand experience.

Ensuring a positive consumer experience



New CMOs will need to stay focused and deliver on expectations to ensure they secure and retain a seat at the strategy table, given the increasing importance of the consumer experience to a company's competitiveness.

Traditionally, CMOs have developed marketing strategies that support corporate strategy. Now, CMOs, with their deep understanding of the customer, are in a position to influence and *shape* that corporate strategy to ensure a positive and elevated consumer experience. And in an omnichannel world, this makes a lot of sense: Decisions elsewhere in the organization, from distribution to accounts receivable, can have a significant impact on customer perceptions and an organization's brand. Inevitably, the CMO will take the brunt of any reputational hit that results.

Becoming CMO 2.0: Where to begin

The role of the CMO is changing fast as responsibilities expand and expectations rise. What steps should CMOs take to ensure they and their companies are ready to win over consumers?

- **Find the right advisors.** Identify and engage outside firms or individuals that can round out your existing skill set. If you're not up to speed on data analytics, team up with someone who can help you get there.
- **Drive innovation.** Whether you're focusing on products, services, rewards or loyalty and beyond, ensure innovation is embedded in everything you do. Consumers are always looking forward to new, fresh and exciting concepts. And remember, you're not in this alone – collaboration is key. Work with your chief innovation officer to identify the right opportunities.
- **Create a "Marketing 2.0" organization.** Consider the emerging accountabilities and expectations of the CMO and, by extension, the overall marketing team. How should the organizational structure change to meet these new challenges? It's important to have input into this – because if you don't, others will decide.
- **Build an analytics infrastructure.** Big data isn't going anywhere. It's vital that you establish a data analytics infrastructure to help you form valuable insights, identify growth opportunities, determine marketing ROI and justify both existing and future budgets.
- **Champion the consumer experience at the C-suite table.** Help the leadership team understand how consumer experience is affected by all areas of the business, not just marketing. Share consumer insights and use them as the springboard for collaboration across the organization. Highlight opportunities for growth – and always bring attention to marketing's positive impact on revenue and the bottom line. Proving marketing's strategic importance is key to earning and retaining a seat at the leadership table.

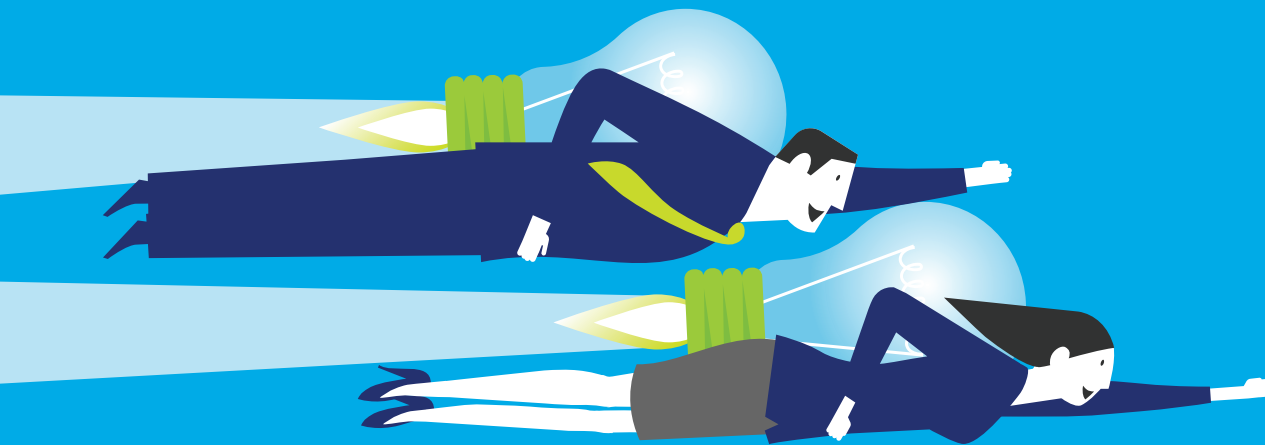
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CMO 2.0: A marketing leader for a new era

Traditional CMOs are making way for a new breed of marketing leader, one that combines creative intuition, business acumen and data-driven logic to turn what was once an art into an art, a business *and* a science. Organizations will increasingly demand that their CMOs bring to their role analytics and technology skills and a keen understanding of business and finance. Those who can quickly bring these qualities to bear will be well positioned to thrive in this ever more crucial role. And in doing so, they'll help ensure their companies remain resilient, competitive and successful in the omnichannel world.





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