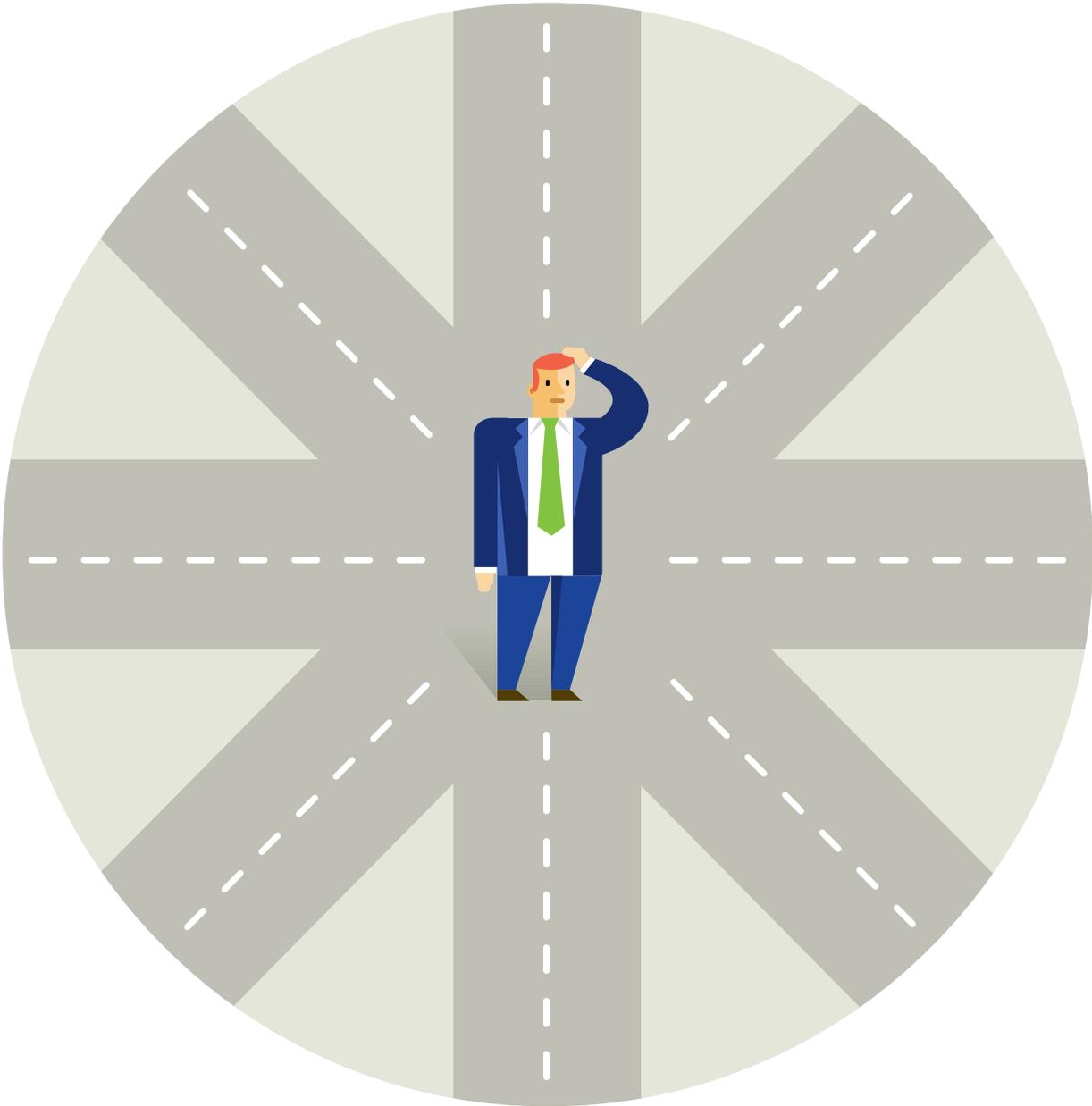


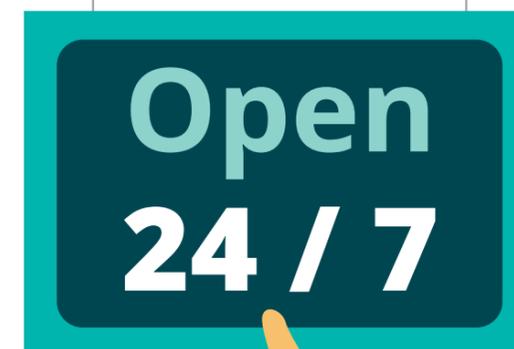
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The insight-driven CMO

As business evolves,
new challenges emerge

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Business continues to shift and evolve more rapidly than any of us could have imagined. Today B2C and B2B companies alike are more customer-centric than ever. Customers' behaviour and expectations are in never-ending flux, forcing companies to stay hyper-vigilant. Disruption is constant, driven by new market entrants, new business models and new innovations that can overturn conventional wisdom and traditional approaches near-instantaneously. Data has never been more abundant, or more critical. And advances in analytics are resetting how companies in all sectors understand their customers and markets, make decisions and develop strategy.

The Chief Marketing Officer is at the centre of this maelstrom of change. And as companies adapt to intense competitive pressures and move towards becoming insight-driven organizations, the CMO's own role is evolving rapidly. The traditional "master of promotion" CMO has been superseded by a new incarnation responsible for the end-to-end customer experience. These new CMOs—these "masters of experience"—are increasingly

at the forefront of companies' efforts to exploit analytics insights, and it's putting them in a position to influence business strategy like never before.

Yet as the CMO's role has evolved, so too have the knowledge and skills required to succeed in the role changed, growing broader and more diverse. The CMO must now combine a full suite of cross-discipline skills—marketing, analytics and creative—to deliver the customer insights that influence decision making and shape corporate strategy. These are profound shifts that raise important questions about how CMOs and their teams must change in order to stay relevant and deliver what the business needs. *The insight-driven CMO* explores the ongoing evolution of the CMO's role, and look at how CMOs can rise to the challenges they face.

"The CMO of today is a completely different animal from even five years ago. As a CMO you have to be way ahead of the curve and know what's out there in order to be able to guide your team."

**Chief Marketing Officer,
Publishing industry**

Changing roles, rising expectations

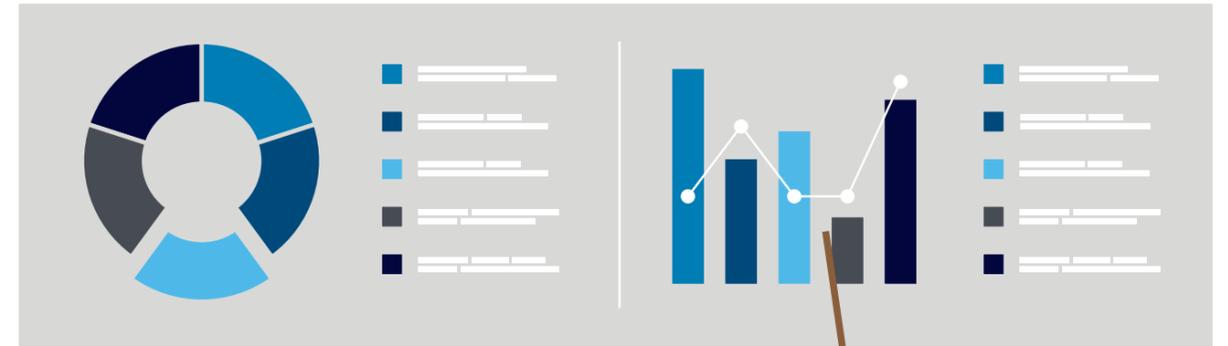
CMOs have long been responsible for understanding consumer needs, wants and behaviours and translating that knowledge into marketing strategy. The rise of omnichannel has provided CMOs with vastly more, and more detailed, data about consumers' patterns and expectations. And as CMOs have grown more skilful at gleaning key insights from analytics, they've gained a spot at the C-suite strategy table.

Now, the CMO's role and responsibilities are much larger and under a much brighter spotlight. The C-suite increasingly looks to the CMO to not only direct the marketing strategy, but to help shape the analytics vision as well. The masters of promotion must now also be the masters of customer experience—and it's making the role more complex than ever.

"The CMO's role at the strategic table has historically been weaker but has advanced significantly. I'm more involved in business priority setting than I ever was. It's not just about the marketing plans and how they support the priorities, it's now more about having a voice at the table around what are those priorities. Marketing is much further upstream now."

**Vice President and Head of Marketing
Financial services industry**

To fulfil this dual role, the CMO must live and breathe omnichannel, and develop an in-depth understanding of all the ways in which the company and its customers connect. Across each channel, the CMO must capitalize on all they've learned throughout their career to deliver compelling creative content that sparks an emotional connection. They must deploy ethnographic research to understand and exploit customers' irrational triggers along the path to purchase—and use analytics to gain insights into customers' rational triggers, identify vital decision points and discover the causes of behaviours that can influence marketing and business strategy going forward.



And they must exploit the wealth of customer data available to them, using analytics to sift through the mass of information to glean meaningful insights that can drive strategy and point the business where it needs to go. Digital technologies enable CMOs and their counterparts to understand their customers and their markets at a level of detail and immediacy never before possible. They can now monitor marketing campaigns and business performance in near real-time, measuring, tweaking and managing on the fly—in a way only dreamt of in years past.

This doesn't mean, however, that CMOs are becoming mere technocrats, basing decisions and marketing on data and analytical insights alone. Marketing—and the role of the CMO—will continue to blend

both art and science in the battle for customers' attention, loyalty and wallet. Brand experience still matters—especially in the B2C space—and CMOs' intuition and creativity will be essential as they map out ways to engage customers in new, vibrant, experiential ways. Yet at the same time, CMOs will make canny use of digital to develop a rich, nuanced understanding of each customer and deliver ever more finely focused online marketing. There is no one answer as to the best mix of online and offline marketing, or how best to marry marketing's "art" with its newest "science." This too will shift and morph, and each CMO will need to figure out what makes the most sense for their business.



"The traditional role of CMO is out the door. As I look into the future, the CMO is going to be replaced by the 'CMTO' – the Chief Marketing Technology Officer. And it will be more of a stacked CMO that will be really relevant, and that is the talent that we as marketers need to evolve to in order to be relevant in the changing landscape."

**Vice President, Marketing,
Food and beverage industry**

The CMO and the analytics function: Making it work

Analytics, in isolation, doesn't accomplish much for a business. For analytics to have purpose and generate value, it must be aligned to the business strategy and corporate objectives—and embedded into the decision-making and strategy development processes. This, in turn, requires organizations to have a clear understanding of how various activities generate business value.

As analytics takes on an increasingly central role in how organizations develop and execute business strategy and monitor progress, the *ownership* of analytics has become a pressing question. Some companies are creating entirely new roles to oversee and direct the analytics function; others are opting to incorporate analytics' ownership into existing roles—but which?

It's not an easy question to answer. Data is a commodity—a vital one—shared across the entire organization. Data ownership is hard to pin down because so many functions can lay a legitimate claim to it. CMOs, Chief Information Officers, Chief Data Officers, Chief Innovation Officers and Chief Financial Officers, for example, all require data in order to make the best decisions possible.

In the end, there is no one answer to the question of "who owns analytics." Each organization must decide for itself where analytics ownership resides, depending on such factors as business strategy, available resources and capabilities, and the desired degree of centralized control over the function. As key users of their organization's analytics insights, CMOs are important stakeholders who should be closely involved in driving the organization's overall analytics strategy—no matter where the function ultimately resides.

However the organization chooses to structure its analytics function, it will be vital for Marketing to leverage analytics insights to understand customers and champion their needs to the rest of the organization. Marketing understands how best to use these insights to keep customers engaged and buying—but delivering the outstanding experience customers demands requires the entire organization, not just marketing, to do its part. That's why it's essential that CMOs nurture close relationships with their executives counterparts across the business: they need to be able to get everyone on the same page, using data-driven insights to persuade others to take action.

Determining the analytics operating model

In addition to determine who "owns" the analytics function, organizations must determine the right operating model to be used. The scope and capabilities of the analytics function need to be determined based on the organization's existing—and potential future—needs. An organization's industry, size, corporate culture, competitive landscape are just some of the factors that play into the decision-making process.

CMOs can play an influential role in deciding which operating model best fits with the organization's needs. There is no "one-size-fits-all" solution for determining an ideal operating model—though one that can achieve synergies with existing enterprise programs, current operating models and investments is ideal.

Options include:

- **Centralized:** The analytics function is centralized at the organization's core, providing output to all business units.
- **Decentralized:** In a decentralized approach, analytics activities are distributed throughout the organization's business units.
- **Hybrid/Ecosystem:** An 'ecosystem' approach to analytics is a hybrid solution that combines centralized analytics and distributed activities in each business unit.

We have seen organizations use each of these approaches effectively, which serves underlining the fact that companies must select and analytics operating model that suits their unique situation.

An ecosystem model combining a sizeable central analytics capability and distributed activities within business units—or outsourced outside the organization—does offer some attractive benefits, however. As the organization's appetite for insight grows and matures, the flexibility and adaptability of the ecosystem model means the analytics function can expand and reconfigure to best suit current needs. At the same time, a central governing body can oversee all analytics efforts to ensure they align and contribute to the organization's overall objectives.

As the analytics function takes shape, CMOs should consider the roles they'll need to ensure Marketing makes the best use of its analytics insights. In general, CMOs should strive to keep or bring in-house those roles that are focused on strategy development and understanding the customer: for example, data scientists who can help make sense of the flood of customer data, and strategists who can use those insights to identify emerging opportunities and how to exploit them.

Production roles, where capacity can sometimes outstrip demand (e.g., graphic design, copywriters, event management) and roles focused on areas in constant flux (e.g., search engine optimization) are often good candidates for outsourcing. CMOs can access external talent, from individual freelancers to full-fledged agencies and even professional services firms, to rapidly scale up as needed.

“When we outsource to agencies or consultants, we look for dedicated resources. Dedicated meaning they act as business partners, not just statisticians or econometricians. To us, the analytics and mathematical modelling ability is a given. Having an understanding of our business is one of the biggest priorities, because the analytics output needs to advance our business in a meaningful and measurable way. It can't be “theoretical”.

**Vice President, Customer insights and Analytics
Retail industry**

The evolution of the marketing team

The evolving role of the CMO is driving an equally major—and equally important—transformation of the marketing team itself.

Today's customer-focused, experience-obsessed, insight-driven organizations make analytics a key part of the decision making process. Marketing effectively in such organizations requires more than traditional skillsets. It demands people who can identify what questions to ask in the first place. People who can model and interrogate data and glean meaningful insights from that data. And people who can present those insights in a clean, compelling way that influences decisions and shapes business strategy. Marketing today, in short, requires a marketing team that fuses technical, analytical, business and communication skills into one. It's a blend of skills, knowledge and expertise that's at once very new to the world of marketing, and absolutely critical to marketing's success in the years to come.

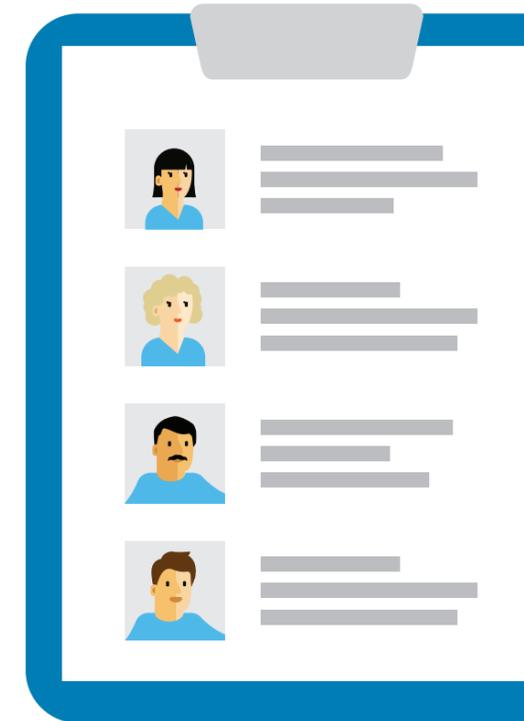
Ideally, CMOs would recruit individuals that already possess this crucial combination of technical, analytical, business and communication skills. However, such talented people are very hard to find and in very high demand. A more realistic strategy is to build a team of people who collectively bring together the suite of skills, knowledge and expertise needed in a modern marketing function.

“In most cases we're hiring people who can conduct the analysis, because it's a skill set we need on a daily basis. The number of data scientists I've met lately makes my head spin. The velocity, variety and volume of data we're grappling with today is throwing us into a place where we actually have to have that talent on board, because we tap into it daily.”

**Chief Marketing Officer
Publishing industry**

CMOs need to establish a team that includes individuals with “blue skills” (e.g., business acumen, communication skills, persuasion and negotiation) as well as those with “red skills” (e.g., data, analytics, information design, sophisticated analysis). The result is a “purple team” of talent from a range of disciplines, all of whom bring unique perspectives to bear on important business issues. Purple teams are flexible and adaptable, exploiting left-brain and right-brain thinking and delivering not only sober,

analytics-led insights—but the innovation, ingenuity and inspiration needed to *act* on those insights. Ultimately, however, a purple team is still focused on what has long been marketing's strengths: understanding and championing the customers' needs.



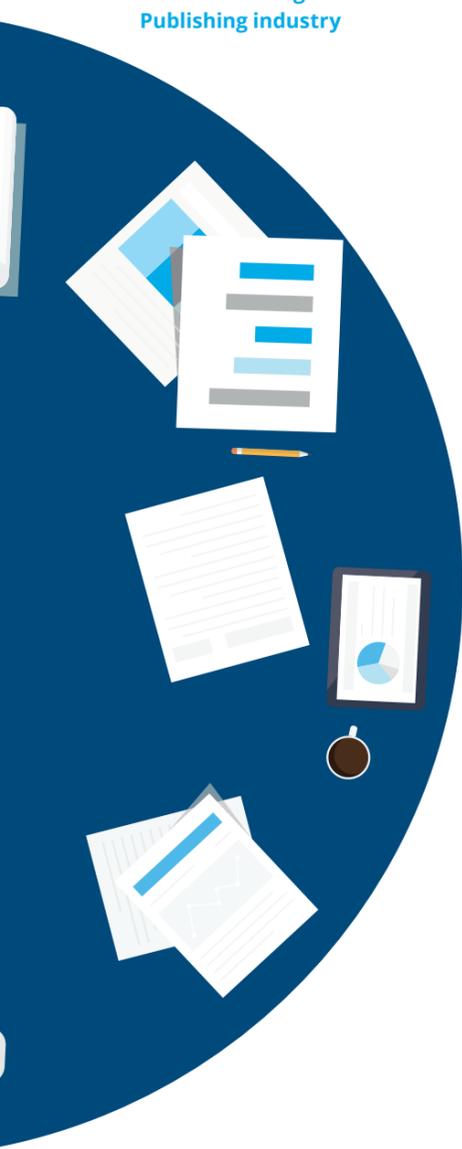
“It’s becoming less about specialization and more about hybridization. We’re finding a lot of hybrid talent out there. We’re finding people who are in UX, development and design who *also* understand what they’re looking at in terms of the data, so that when we’re building something, they’ve got a very different way of looking at what they’re designing. They’re making decisions based on data and measurement versus a gut instinct.”

Chief Marketing Officer
Publishing industry

In building a purple team, the CMO will find themselves searching for far different kinds of talent than they have in years past. In addition to the design thinkers, change managers, political operators and subject-matter experts in strategy, ethnographics, creative and other “blue skill” areas, CMOs will need to recruit data scientists, data architects, software developers, technology architects and information designers on the “red skill” side. These “red skill” people play a critical role in the new marketing team. Data scientists and others are those who will parse the data and develop vital new insights into customers’ behaviour. They’ll help marketing anticipate and respond to emerging needs and stay one step ahead of customers. And they’ll be able to provide definitive measurements of marketing effectiveness—to ensure that CMOs and their teams can deliver the optimal mix of digital and offline, experiential marketing that maximizes marketing ROI.

Not that CMOs will need to build their purple team from the ground up—or even build an entire purple team in-house. Some of these roles can be filled by existing team members, leaving CMOs to recruit to fill the gaps. Where recruiting proves difficult, or where resources are limited, CMOs may opt to hire for some roles, and look to external providers to fill any gaps.

Does this mean boom times for agencies? Not necessarily. Agencies will also see a shift in their engagement and be called upon to also be more analytically-driven in their approach. Where once agencies were called upon to provide full-service support to companies, now they’re being engaged for very specific... Where once agencies were called upon to provide full-service support to companies, now they’re being engaged for very specific projects and deliverables—and compelled to prove the ROI on their work.



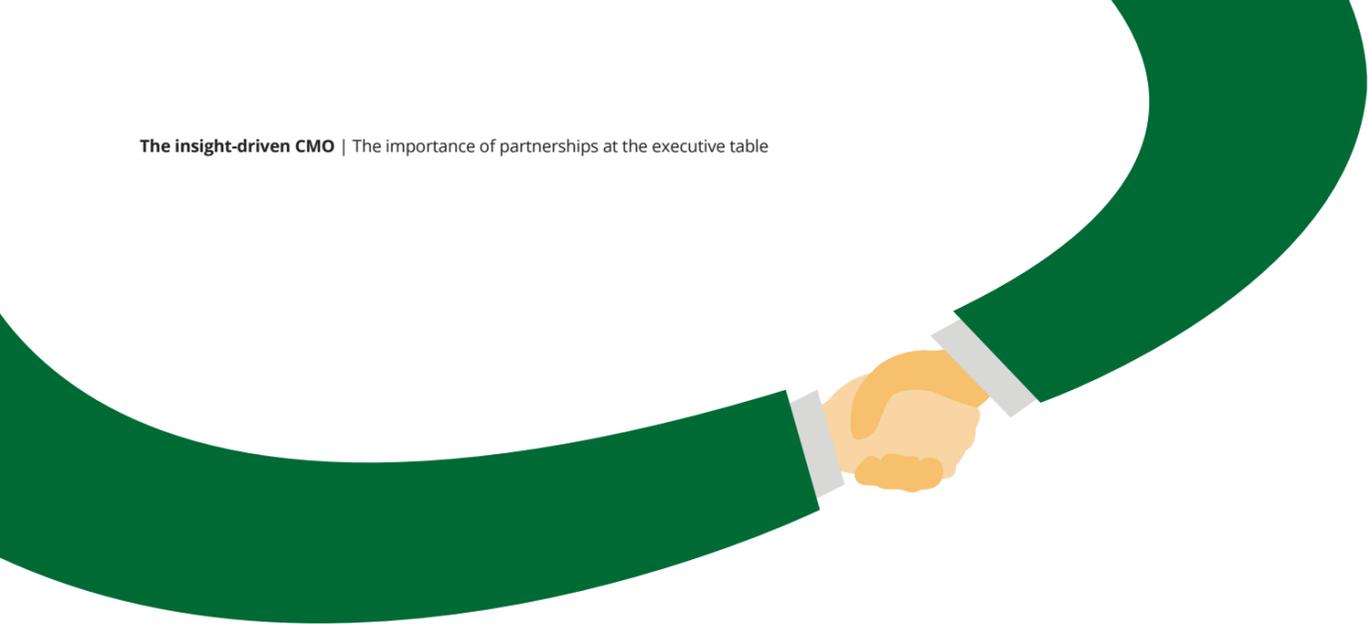
The importance of partnerships at the executive table

As CMOs come to terms with the rising expectations of their role and start changing the makeup and structure of their team in order to meet expectations, they will also need to drive an evolution in the relationship between Marketing and the rest of the business—and between themselves and their fellow executives. No function can exist in a silo if the company is to prosper, and CMOs can leverage analytics insights and data’s nature as a shared corporate asset to help build strong ties across the organization.

These insights will help CMOs build deeper working relationships with all members of the executive team, and lay the groundwork for Marketing to collaborate with the business to deliver engaging experiences to customers. The relationship between the CMO and the organization’s CFO is likely to undergo one of the most profound changes, however.

Traditionally, CFOs and CMOs operated in very distinct spheres. The CFO was charged with oversight of company’s financial activities, including strategic business growth, financial planning and reporting, budgets and cash flow. The CMO, on the other hand, was in the business of requesting and spending money. But analytics has changed this paradigm and put both roles on the same side of the business—driving revenue.





“Historically, it’s always been easy for other functions to see Marketing as a bit more ‘soft’ than ‘hard’ science. With enhanced and more sophisticated marketing data analytics, the CMO is able to put the true customer need—based on measured behaviour and reaction to stimuli—right up against the financials to drive better, business-building solutions.”

**Director, Global Business Strategy
Automotive industry**

The CFO still holds the CMO accountable for the marketing spend and ROI, of course. Yet analytics now enables the CMO to measure that ROI—and the effectiveness of marketing overall—with an accuracy and level of detail never before possible. This helps the CMO prove the value of marketing, and persuades the CFO that marketing can have a measurable, positive impact on revenues and profits. Moreover, the CMO can share Marketing’s analytics-driven customer insights with the CFO to influence decisions, drive strategy and help the CFO achieve their goal of increasing revenue and profitability.

“As a national retailer, our physical (store) environment is paramount to our business. Our analytics team helps the business focus on what should we improve on in the store environment to have the biggest return – simply put, how do we ensure that the customer will be happier, come back more often and buy more. These decisions result in massive investments because they are applied across a large national footprint. Our analytics capabilities enable us to model it out, predict the outcome and attach financial returns to the outcome.”

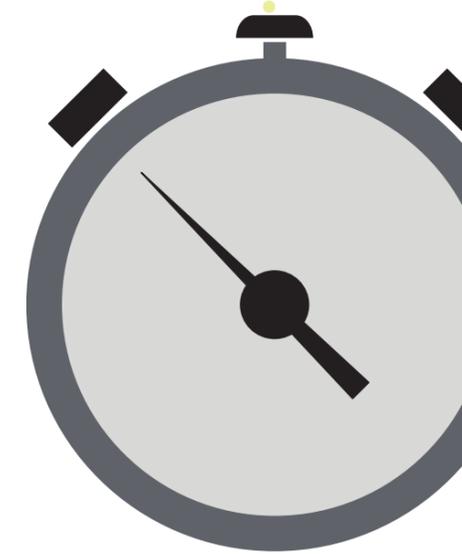
**Vice President, Customer Insights and Analytics
Retail industry**

The insight-driven CMO: Start the evolution now

In every industry, business is evolving incredibly rapidly, driven forward by the relentless pressure of customer expectations, digital technology and the ever-present threat of disruption. CMOs are at the forefront of understanding the customers’ needs, expectations and behaviours, and they must take action now to ensure they and their teams can use data-led insights to shape corporate strategy and drive growth.

Here’s where to start:

- **Champion the consumer experience at the C-suite table.** Help the rest of 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.
- **Build an analytics infrastructure.** 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.
- **Establish a vision for your “purple team” and start building it.** 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? What new roles are needed—and what new kinds of people do you need to hire to fill those roles?
- **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 CIO, CDO and others across the organization to identify the right opportunities.
- **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.



The evolution is underway — and unstoppable

The role of the CMO is changing fast. It's evolving, growing larger—and more critical to the business—than ever before. As the customer champion, CMOs will be asked to play a vital, influential role in organizations' analytics effort—and to capitalize on analytics insights to deliver effective marketing with measurable ROI. It's a significant shift that dramatically changes the talent required of the Marketing function. The CMO that's needed today—and especially tomorrow—must be a connector, bringing customer insights to the business to influence decisions

and determine strategies. They must be a skilled political navigator, able to negotiate and persuade others inside and outside the organization to ensure the entire company is focused on delivering an outstanding experience that drives loyalty—and profitable growth. They must be a diplomat and a leader, able to speak both "red" and "blue," and use that fluency in technology, analytics, business and creative languages to build effective "purple" teams and communicate effectively with their leadership peers. And they must begin to transform themselves, and their teams, now—because the evolution of Marketing and the CMO has begun. And it is unstoppable.

"The CMO of the future needs to deliver a deep understanding of consumer insights combined with solid business skills. The perspective isn't about a delivering a "wow campaign"—it's about building a profitable business."

**Vice President, Marketing
Retail industry**

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