

BusinessConnect and SolutionsConnect
It's time to make bold moves.

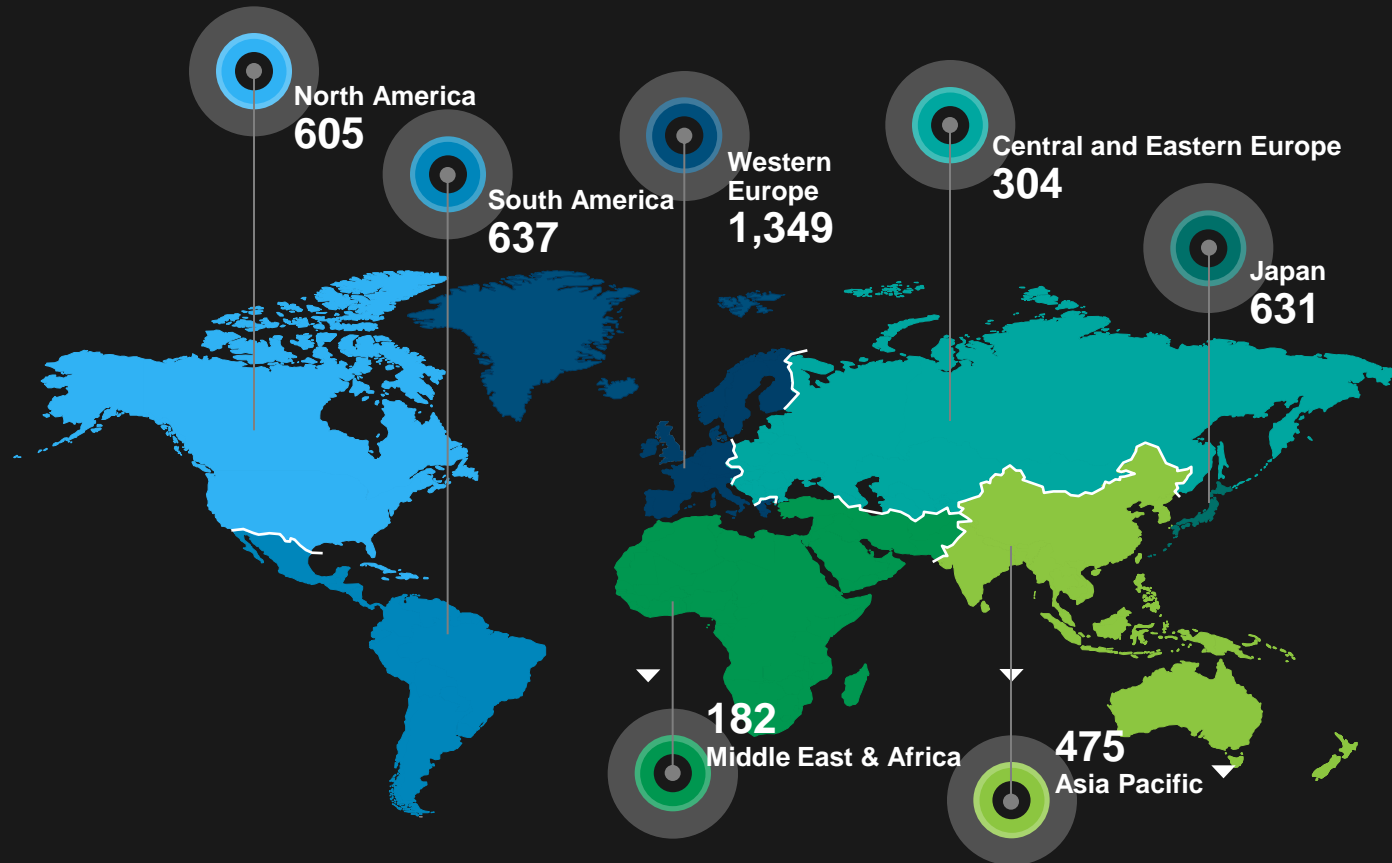
Stepping up to the challenge:

Insights from IBM's Global CMO Study

27th May, 2014



Our latest study involved 4,183 face-to-face conversations with CxOs in 70 countries, 97 of which were conducted here in Australia



Much has changed since the first study: digitisation has given customers far more clout and greatly transformed their expectations

2004



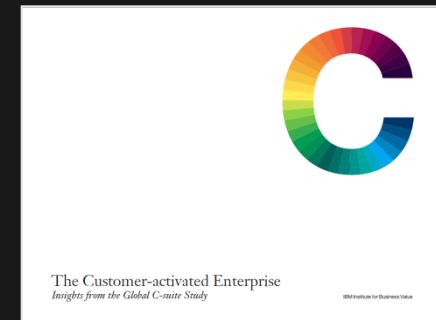
Focus on cost reduction to deal with increasingly global competition

2008



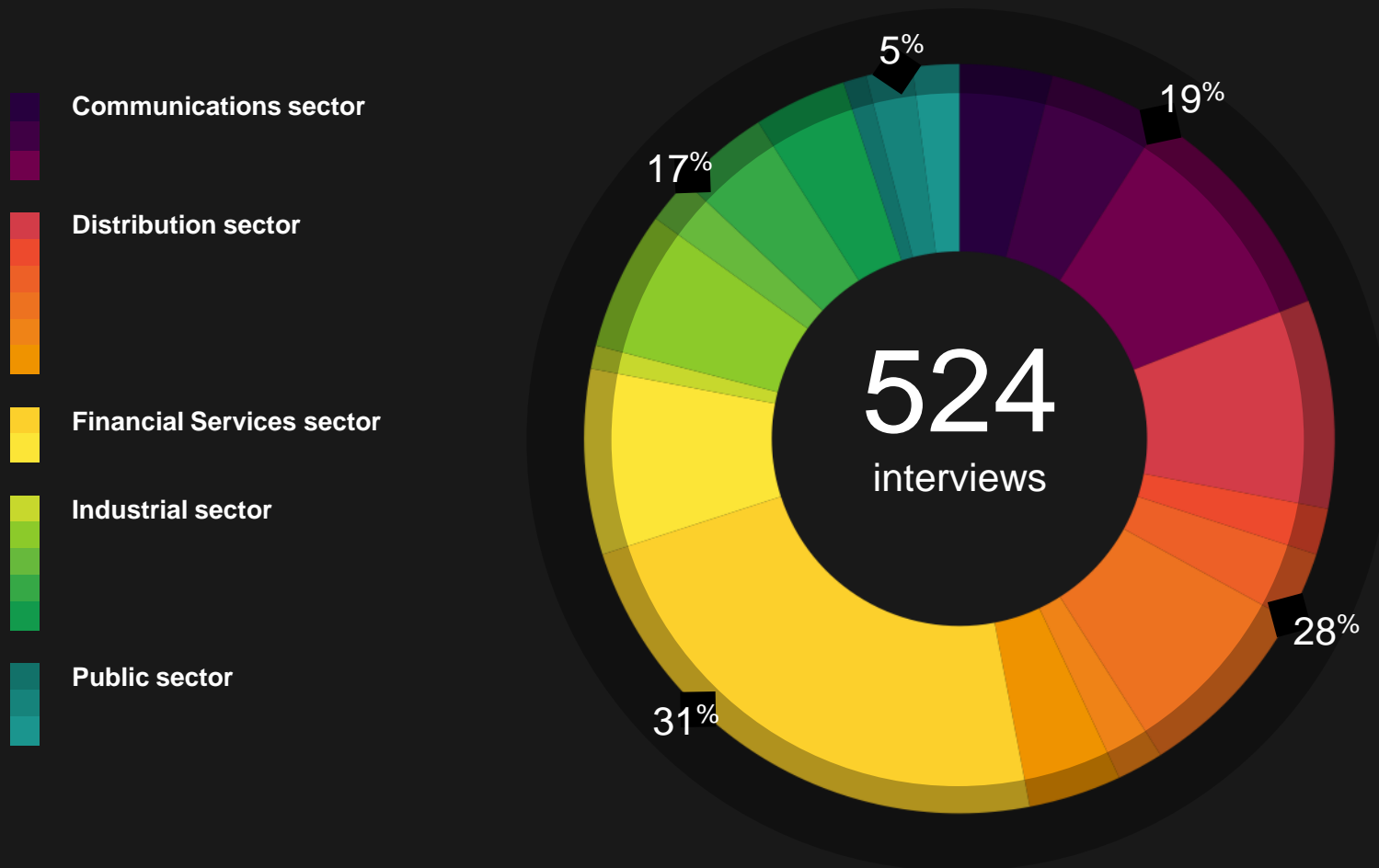
Business models evolve to enable external partnerships and collaboration

2014

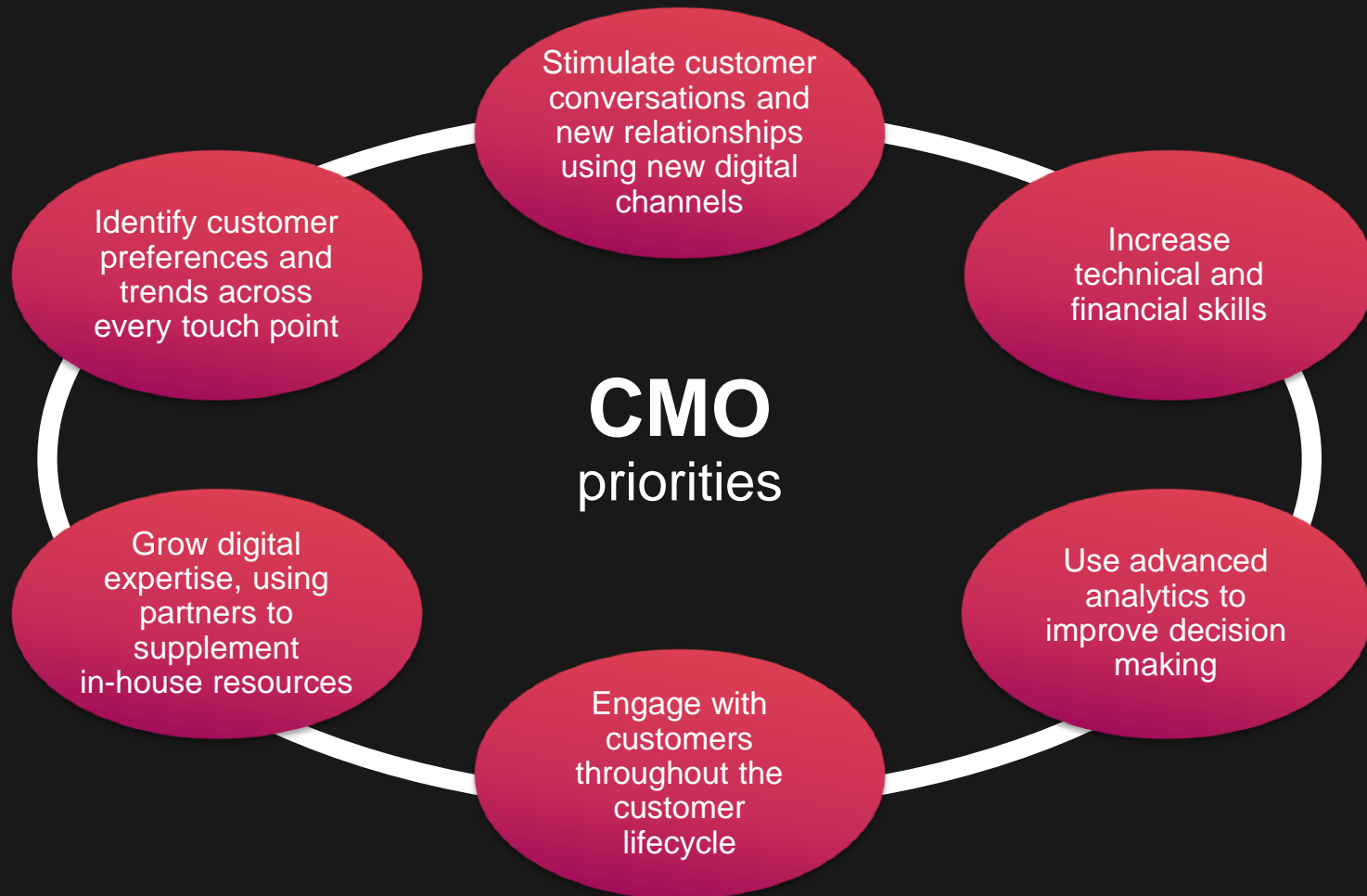


The *digitally-activated* customer moves to the top of the C-suite agenda

Our CMO respondents represent a wide range of public and private sector organisations, covering more than 19 industries

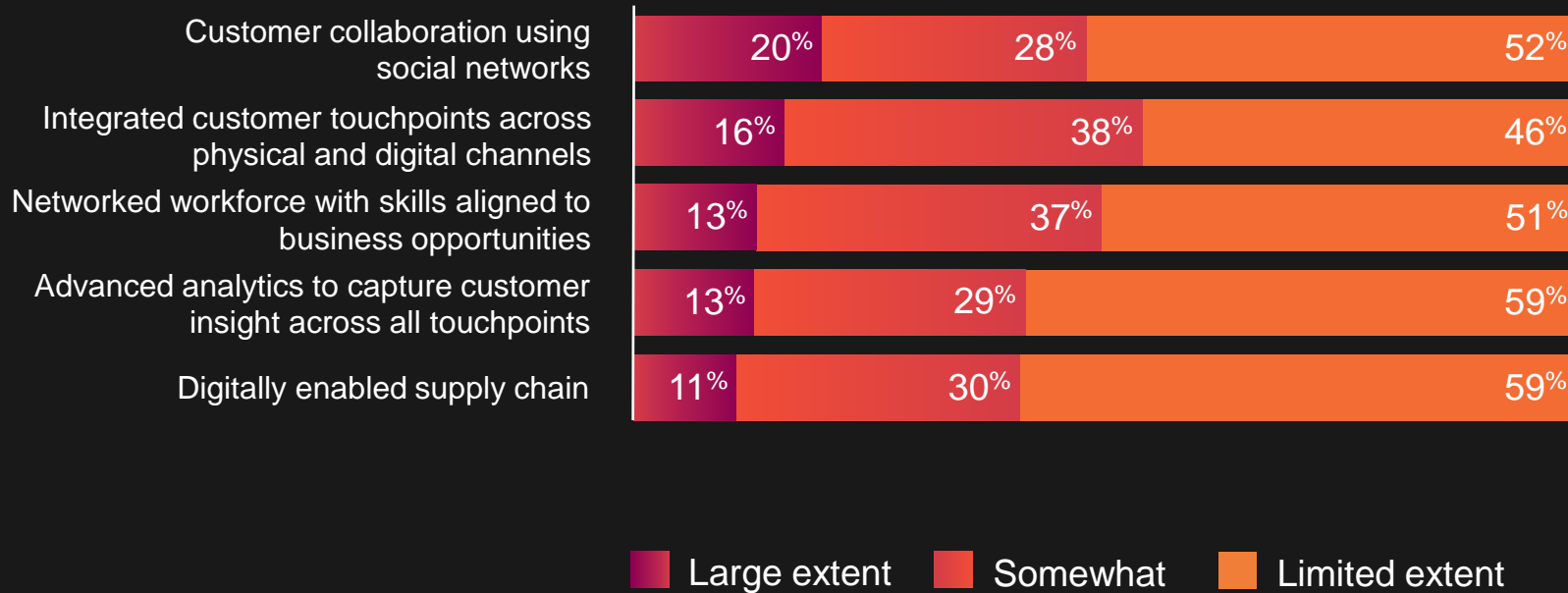


In 2011, we identified several CMO priorities for transforming the marketing function in response to the emerging digital economy



In the past three years, CMOs have made surprisingly little progress towards implementing key digital marketing strategy components

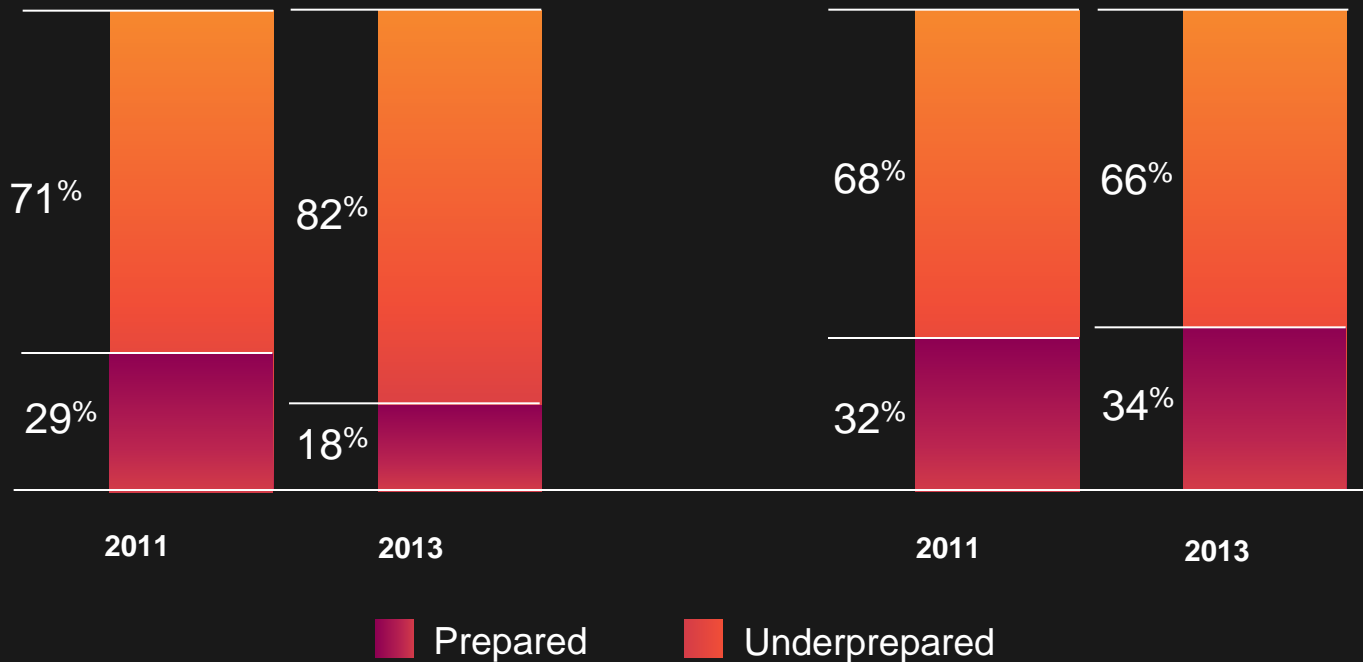
Activation of digital strategy components



CMOs feel as underprepared for two of the biggest technology shifts as before; the rate of change seems faster than many can cope with

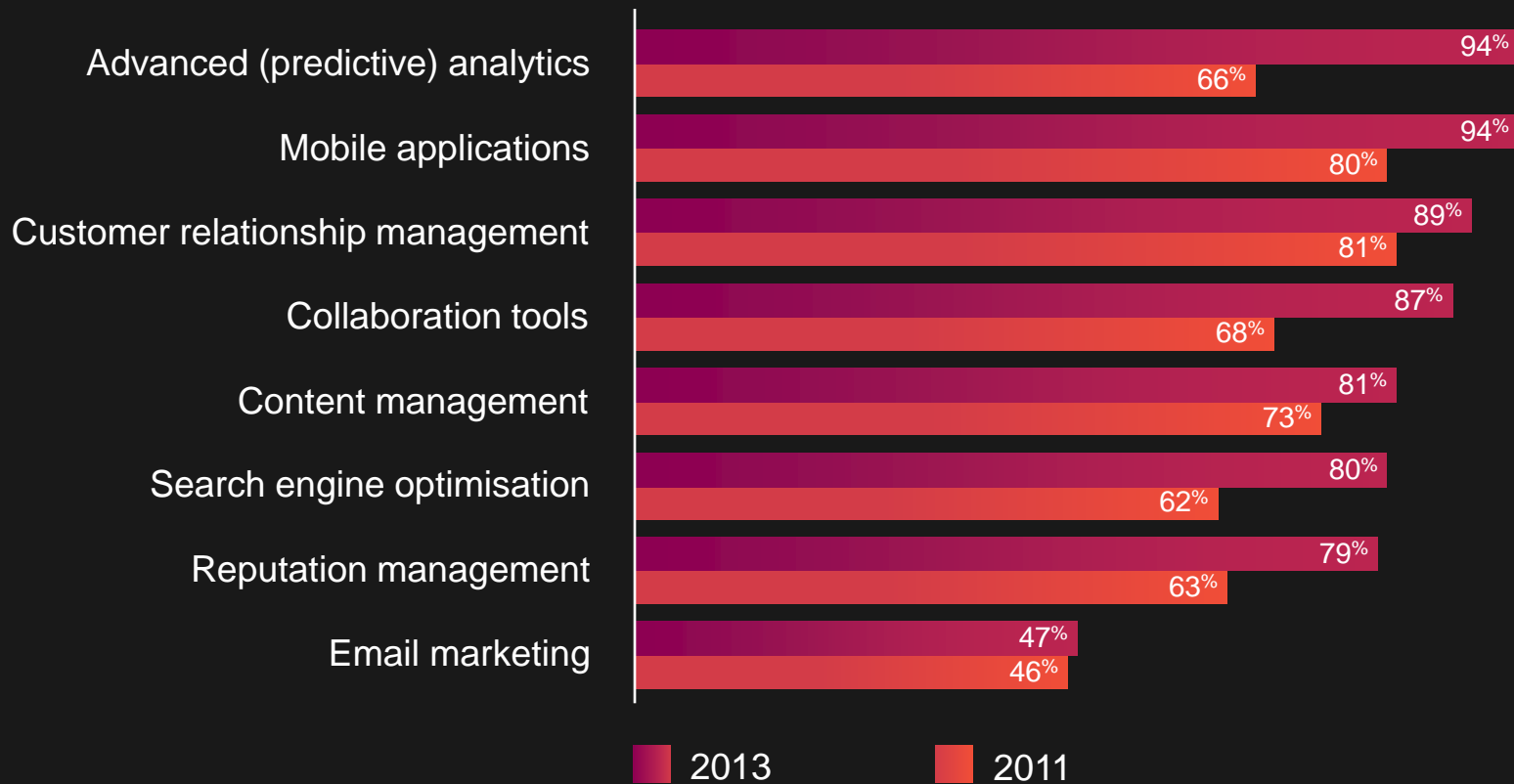
Preparedness for the data explosion

Preparedness for social media



That said, CMOs expect to accelerate the introduction of digital marketing technologies over the next three to five years

Intended use of digital technologies (3 to 5 years)



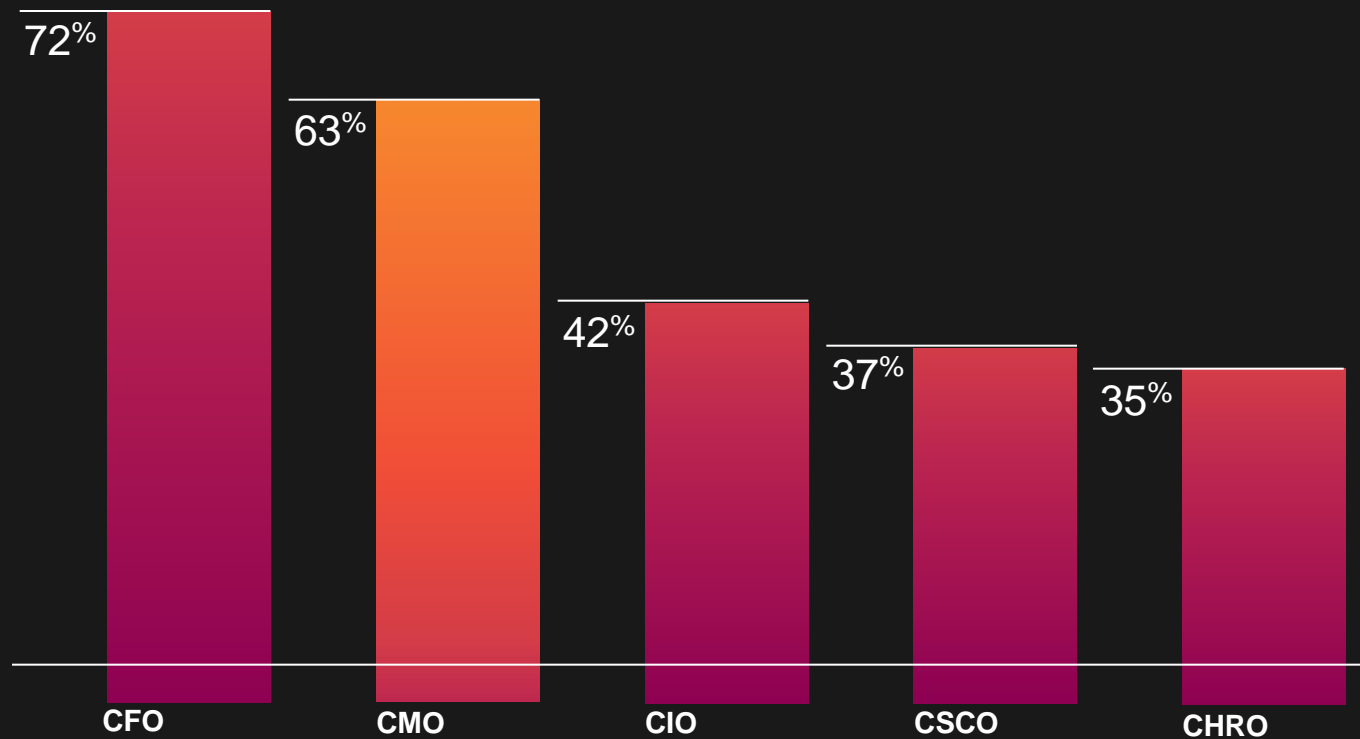


*To succeed in the digital era,
you have to be totally in sync with the
behavior and preferences of your
customers in a fast-changing landscape.
You have to be quick and adaptable.*

CMO
Retail, United States

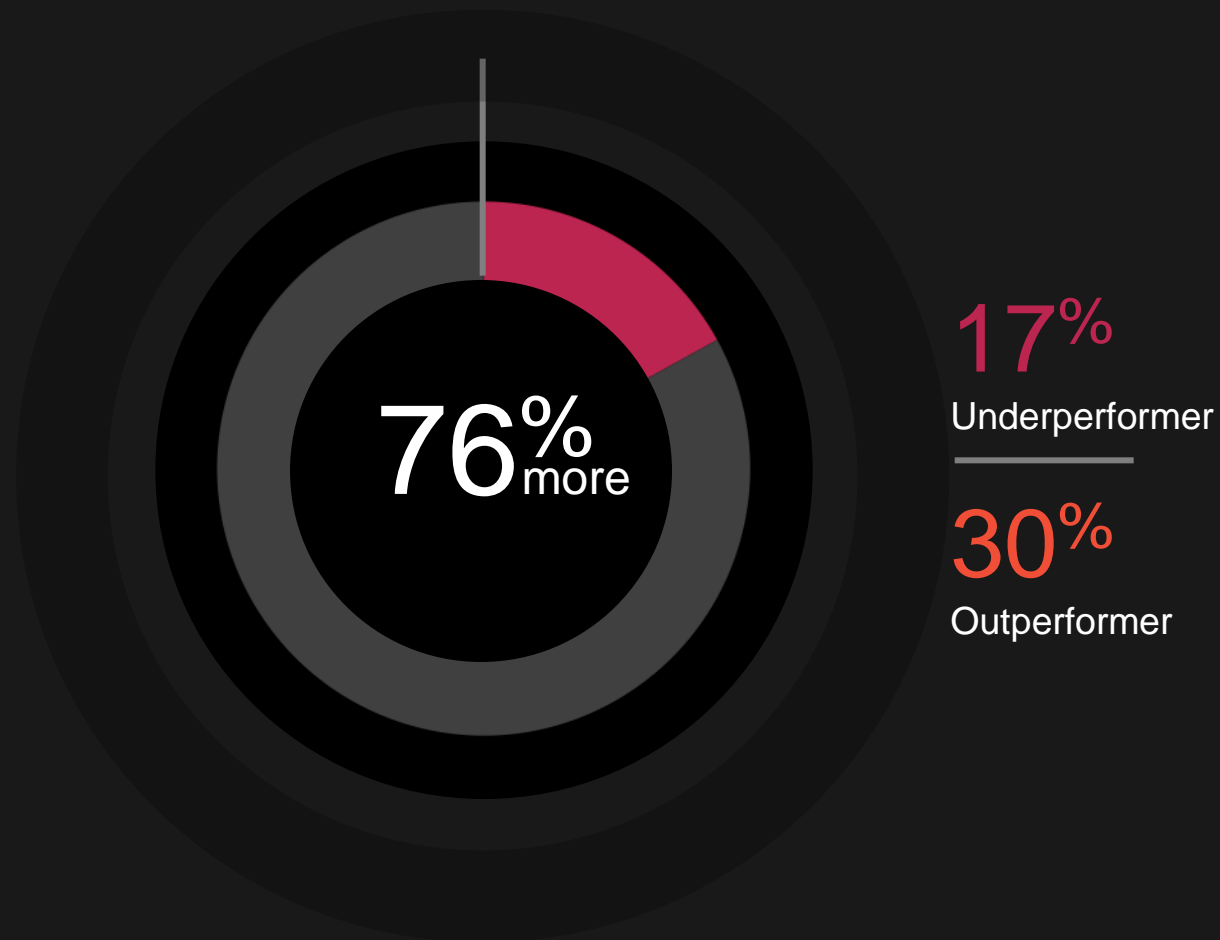
CEOs are looking to the CMO as well as the CFO for strategic input at the enterprise level

CxO involvement in business strategy development

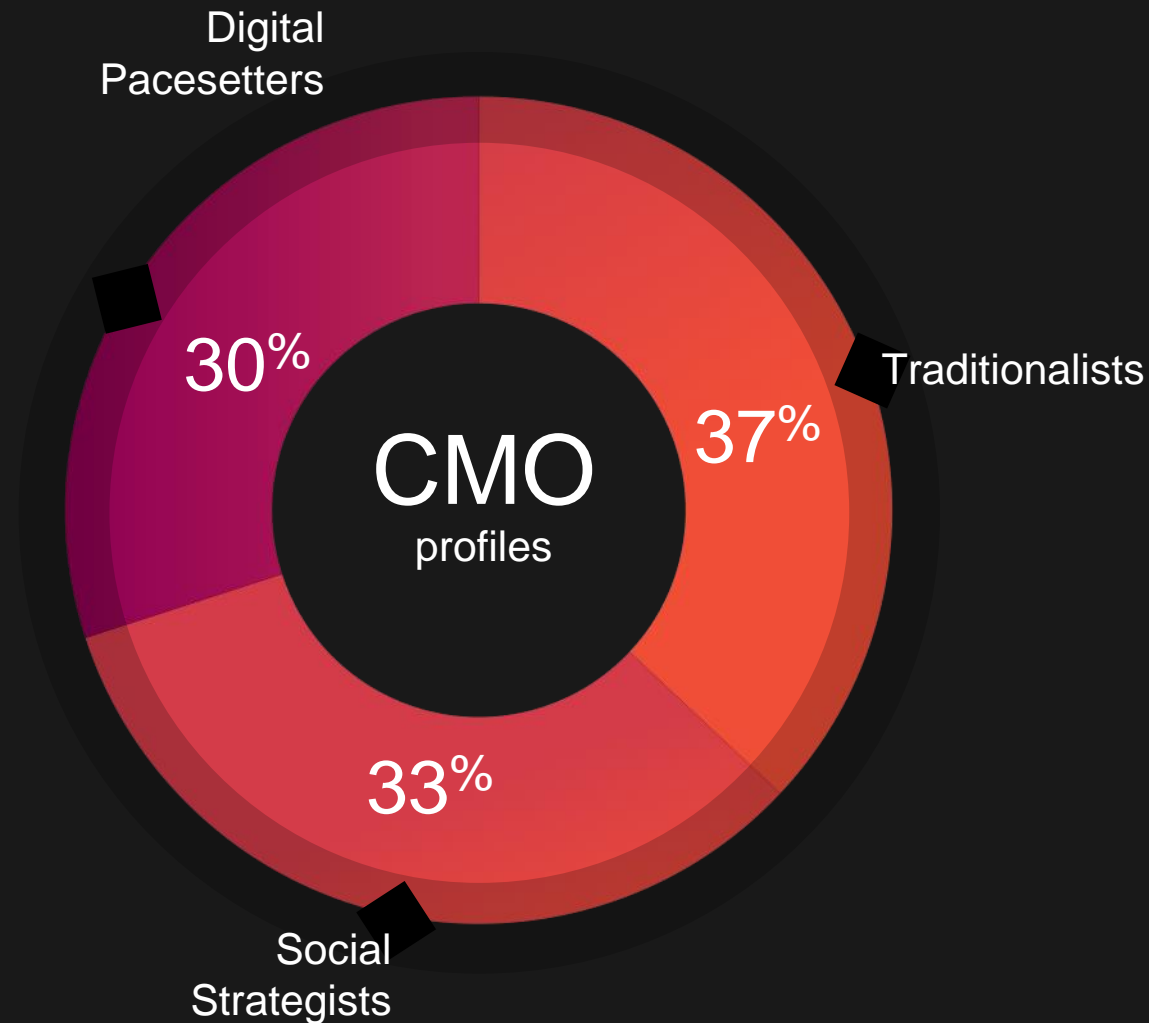


Where the CMO has a close working relationship with the CIO, the enterprise is more likely to perform better overall

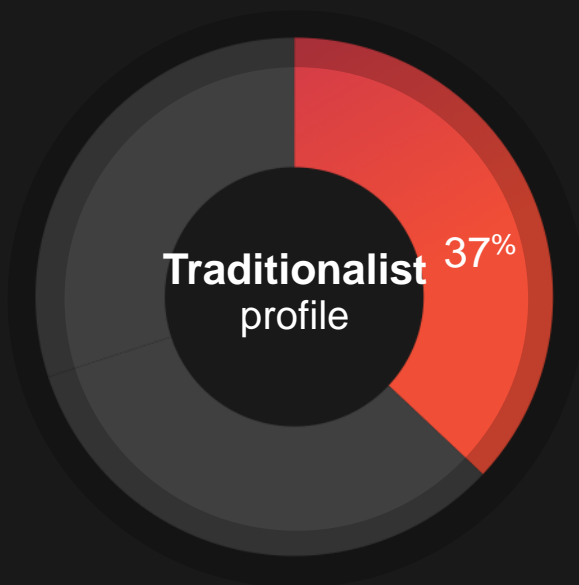
Close CMO-CIO relationship



Three distinct profiles emerged from our analysis, with one making significantly more progress in preparing for a digital marketing future



Traditionalists are just setting out on their quest to build capabilities around social, mobile and digital marketing



Challenged by the data explosion, growth in social media, and the plethora of new channels and devices

Yet to integrate their physical and digital sales and service channels

Seldom engage with customers via social networks

Rarely use advanced analytics to extract insights from customer data

Social Strategists put “social” at the front and centre of their sales, marketing and customer service strategy



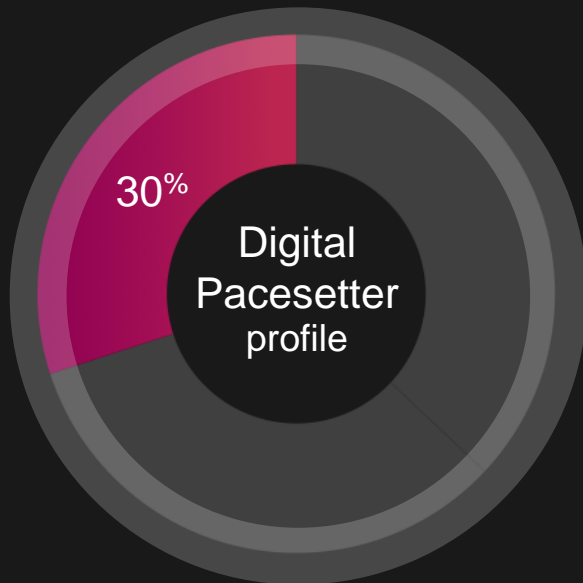
Focusing on social media as their primary means of engaging customers

Actively integrating their physical and digital sales and service channels

Making some progress towards building the infrastructure required for mobile

Rarely use advanced analytics to extract insights from customer data

Digital Pacesetters are making good progress toward building end-to-end connections between the customer and their organisation



Reasonably prepared for the data explosion

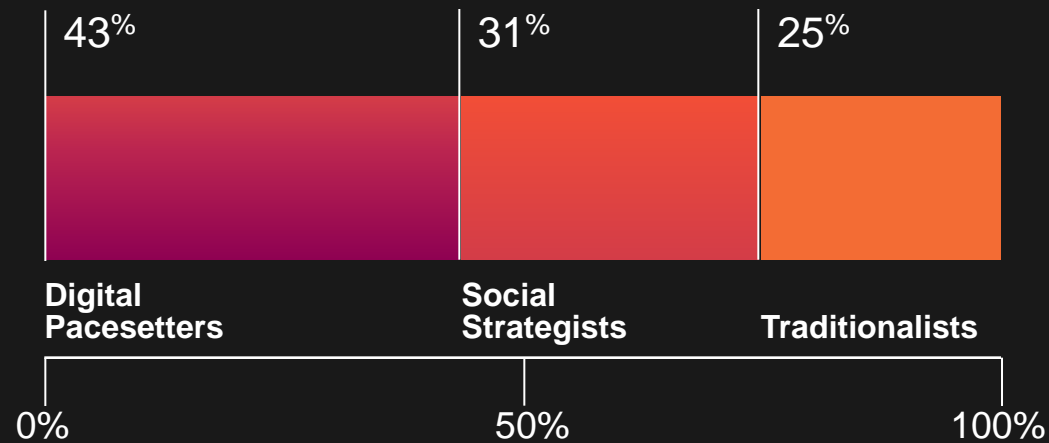
Well set for the growth in social and mobile channels, and the proliferation of devices

Actively integrating their physical and digital sales and service channels

Regularly use advanced analytics to extract insights from customer data

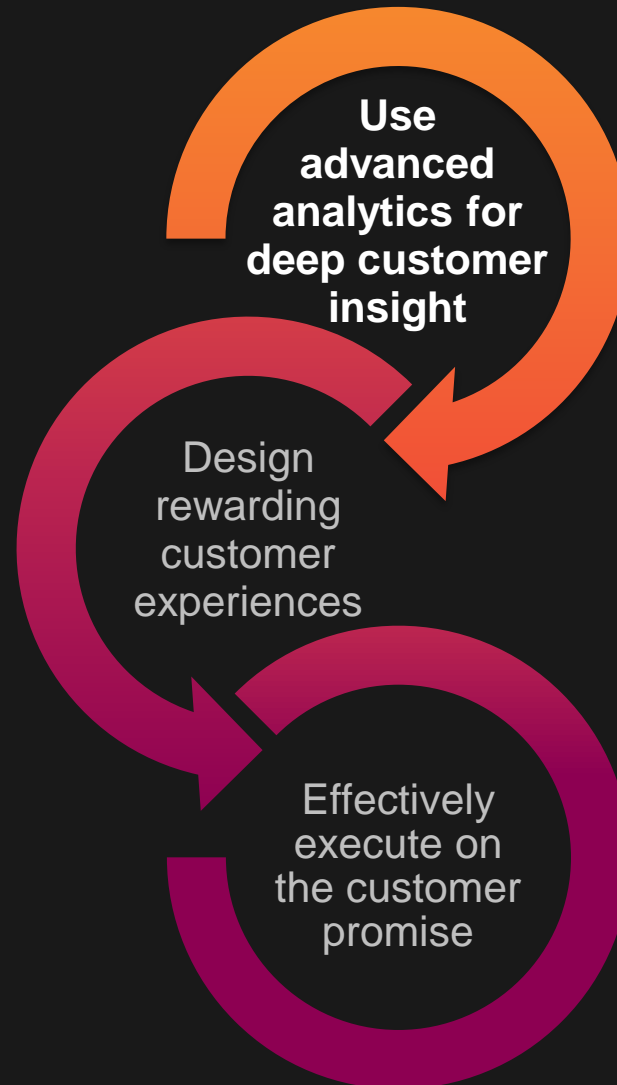
Organisations with CMOs who are Digital Pacesetters are more likely to be financial outperformers*

Distribution of outperformers



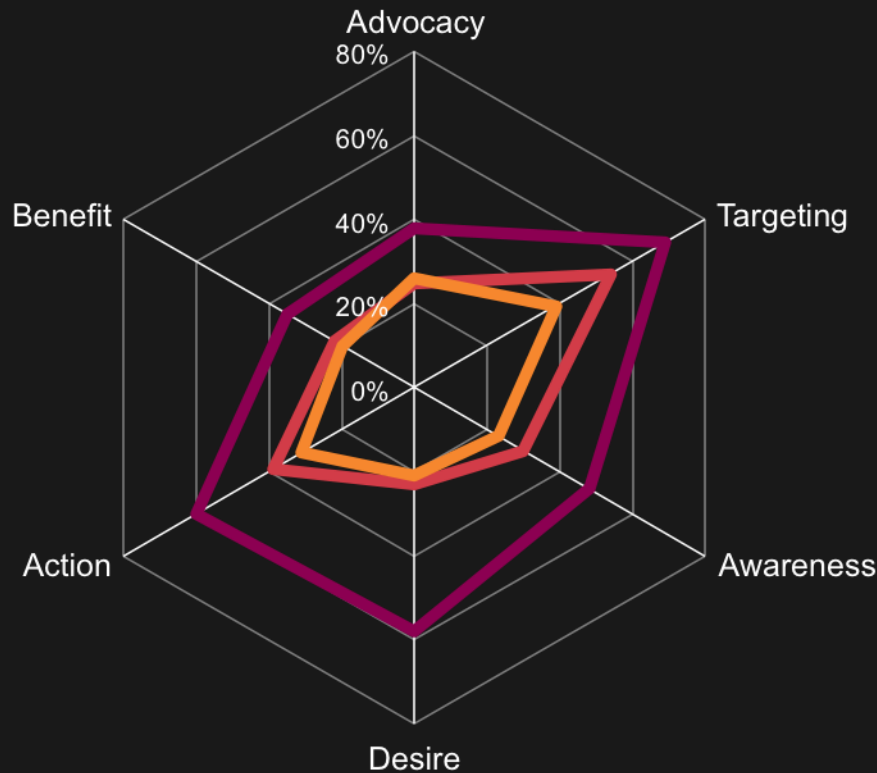
* Performance is determined by self-assessment of the organisation's revenue growth and profitability relative to industry peers

CMOs identified three key factors for tackling their priorities, each of which relies on the effective use of emerging digital technologies



Digital Pacesetters invest significantly more in analytics than Social Strategists or Traditionalists across the entire customer lifecycle

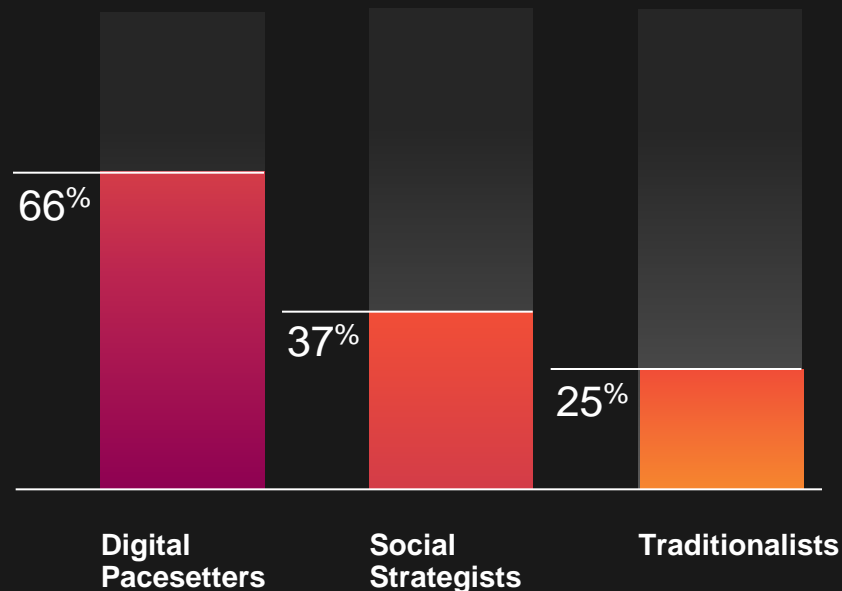
Analytics investment (to a large extent)



■ Digital Pacesetters
 ■ Social Strategists
 ■ Traditionalists

Digital Pacesetters are also doing much more to extract useful insights from the wealth of data available to them

Integration of internal and external data for deep insights



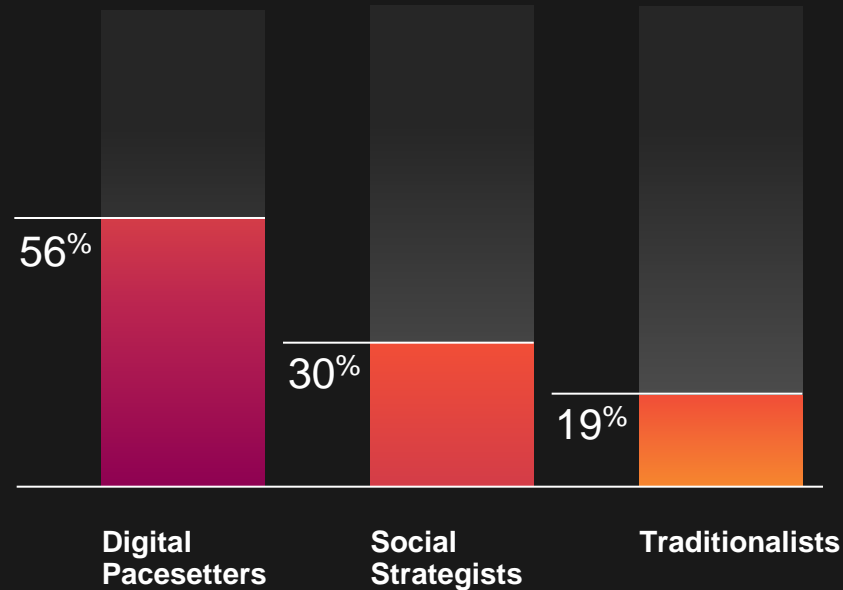


Marketing is a data-driven science. People often see it as a 'nice-to-have' because they don't think it drives the future of the company. But marketing is actually about using data to target audiences and create value. It's about monetising things.

CMO
Chemicals & Petroleum, Germany

As a result, Digital Pacesetters tend to develop a much deeper understanding of their customers

Level of customer understanding





Taking action: use advanced analytics for deep customer insight

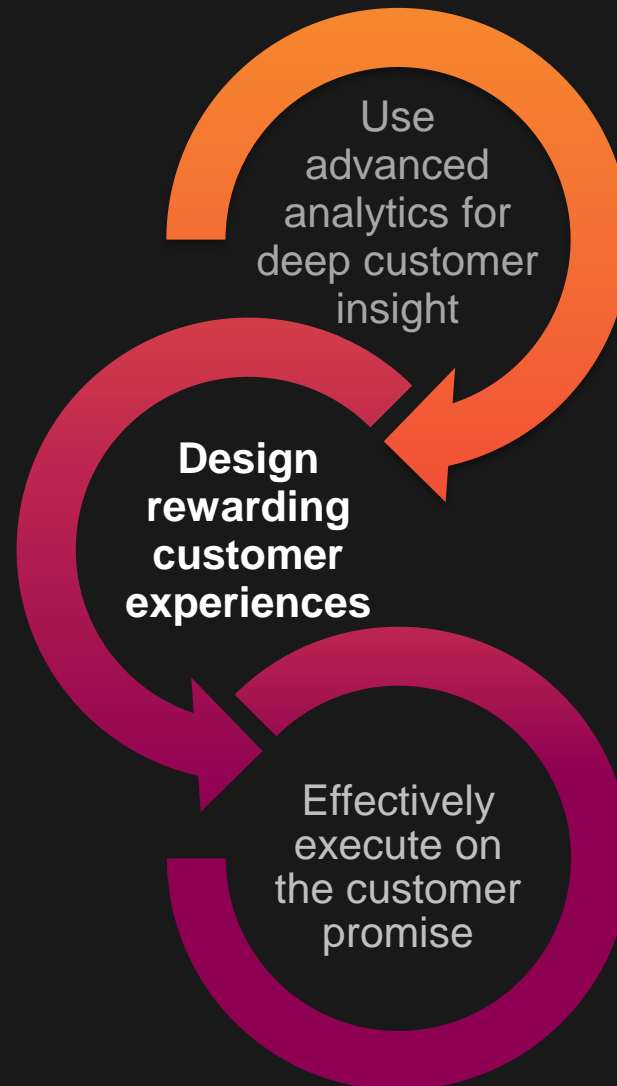
Get the CIO on your side.

Work with the CIO to build a secure and scalable cognitive analytics capability within your organisation.

Fuse for clues.

Integrate obvious sources of information (point-of-sale data, loyalty programs, etc.) with intelligence from other sources, such as real-time conversations on social networks that mention your brand, products or service.

Having created a platform to extract insight from information, CMOs focus on the customer journey





We're increasing the emphasis on the customer: building a better understanding of digital, mobile and social media, drawing insights from knowledge and data analytics, and collaborating with technology partners to enhance the customer experience.

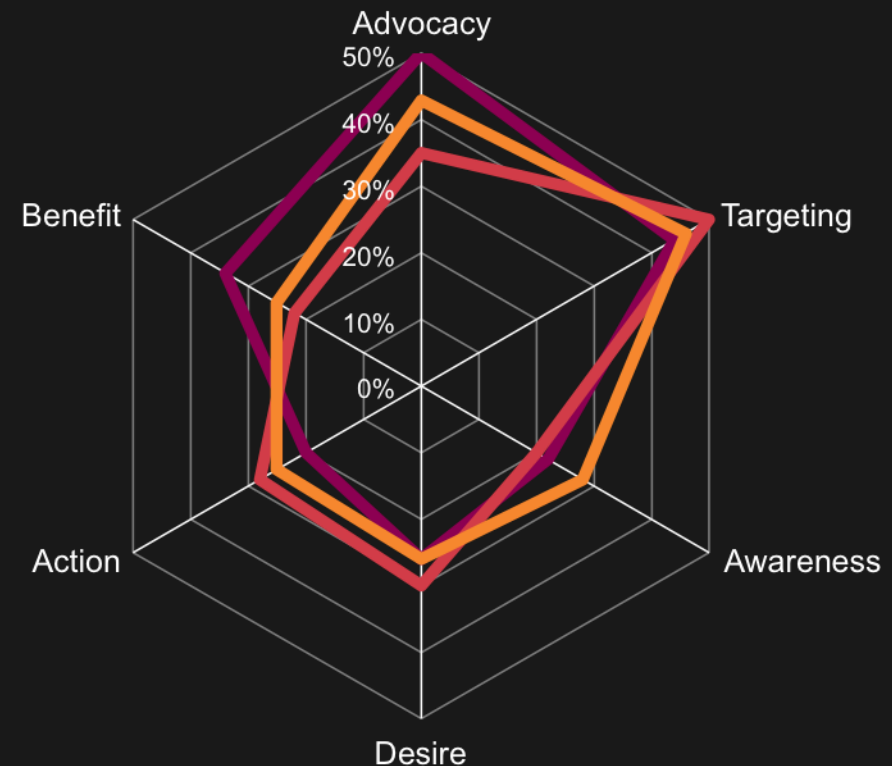
CMO
Banking & Finance, Canada

Looking ahead, Pacesetters are more focused on the latter stages of the customer lifecycle: strengthening *existing* customer relationships

Traditionalists are particularly concerned with creating initial awareness and educating their customers

Social Strategists are very focused on click-throughs and order-taking

Digital Pacesetters are all about turning customers into advocates and enhancing the overall experience





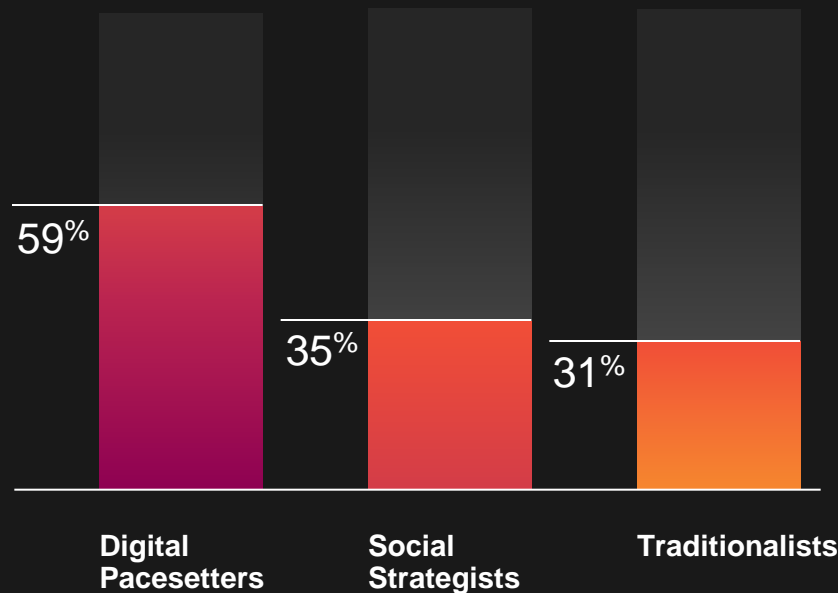
We want to orchestrate our interactions with every consumer at an individual level, which means we need to know what messages to deliver, when to deliver them and which channels to use. We also want to position our company in emotional terms, which is quite challenging.

CMO

Consumer Products, France

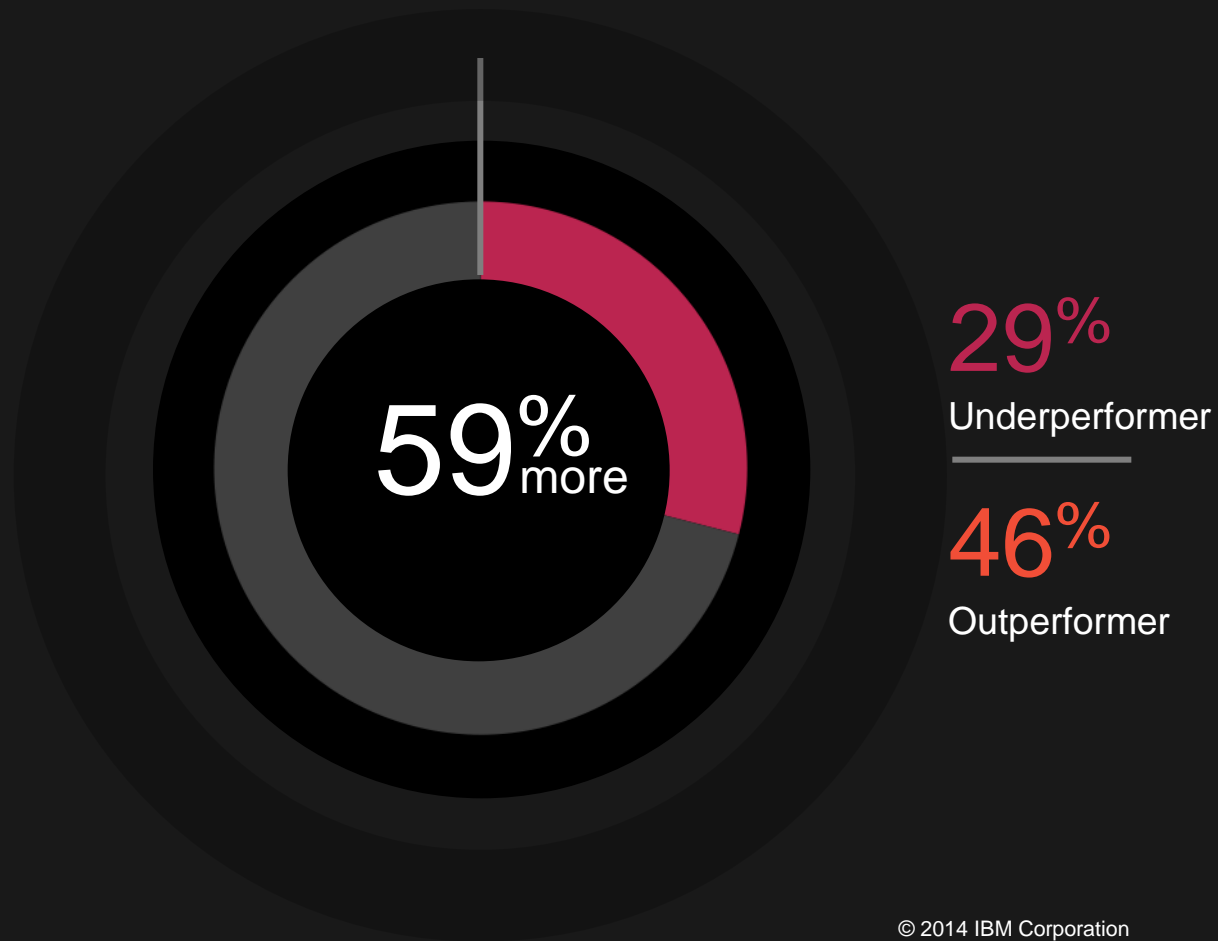
Digital Pacesetters understand best that creating rewarding customer experiences involves working with customers, not marketing to them

Strength of customer collaboration



Those enterprises with CMOs who collaborate closely with customers are more likely to be outperformers

Strong collaboration with customers (today)





Taking action: define rewarding customer experiences

Start with the big picture.

Have a clear vision, strategy and plan for what you're trying to achieve.

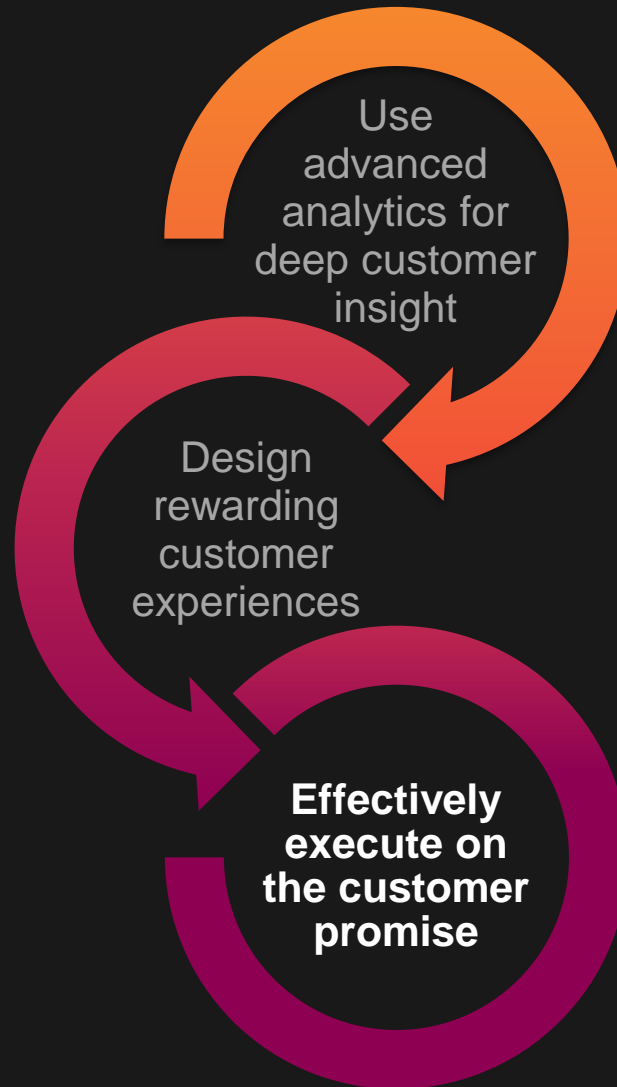
Put value first.

Think about how the customer lifecycle is changing and how to create value for your customers at every step of the customer journey.

Convert customers into colleagues.

Make collaborating with customers, as distinct from marketing to them, the cornerstone of your marketing strategy.

The final criterion for success involves turning strategy into action by leveraging new technologies to deliver great customer experiences



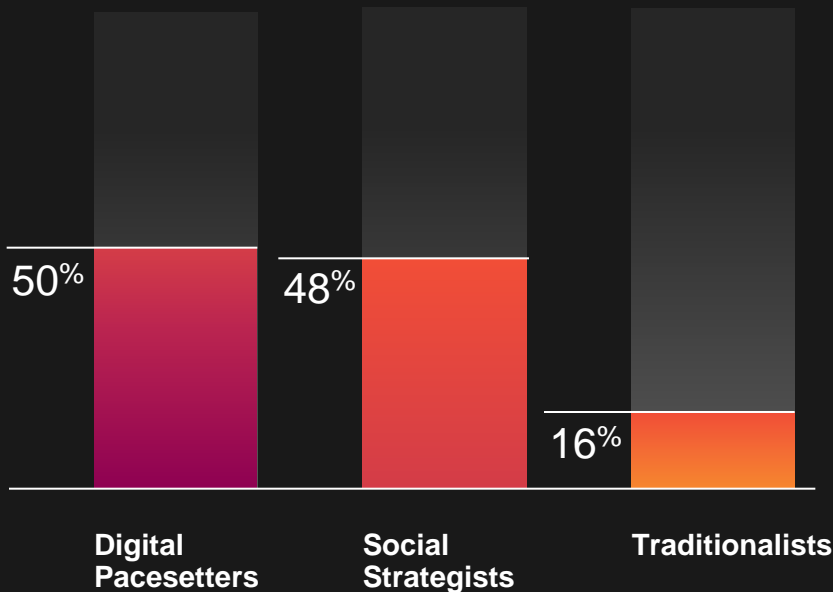
While their top priorities for managing change are the same, CMOs seem to have given up trying to tame the beast that is social media

Studies 2011 and 2013

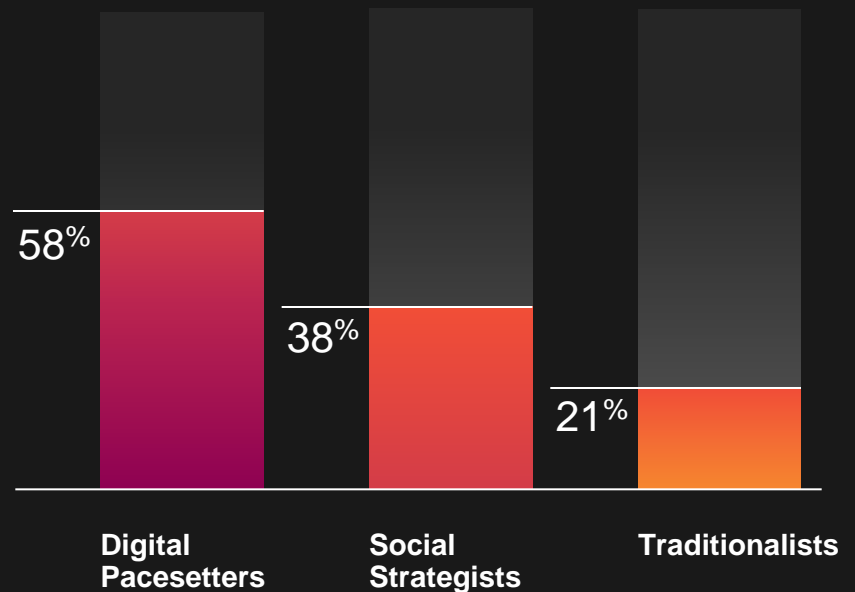


Digital Pacesetters are leading the way in developing an integrated physical-digital strategy

United front: Fully integrated physical-digital strategy



Mobile lead: Ability to conduct business regardless of location or device



CMOs perceive different sets of implementation challenges, depending on their current position on the digital journey

Top three challenges





Taking action: effectively execute on the customer promise

Prioritise mobility.

Put serious time and effort into ensuring the mobile experiences you offer are as fulfilling, compelling and sticky as the online and physical experiences you provide.

Move to the future, fast.

Accelerate the path to change.

Connect the dots.

Invest in integrated software to manage your relationships with actual and prospective customers and ensure you interact consistently with them, regardless of the channels they use.

Leading CMOs are taking up the challenge presented to them by their CEO and turning aspiration into action



What do **you** need to change to become a leading CMO?

“ ”

Other C-level executives don't have a deep knowledge of marketing, so they don't understand marketing as a strategic role.

CMO, Professional and Computer Services, Brazil

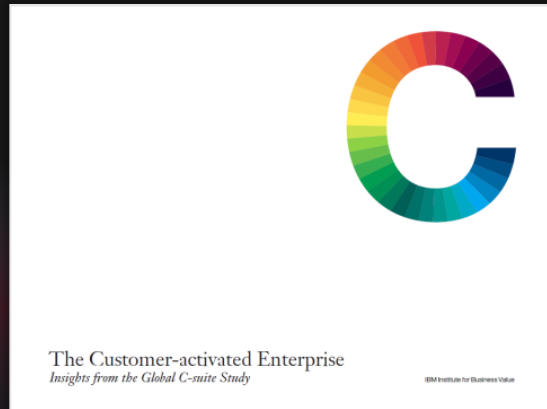
“ ”

The marketing team has the most interaction with the customer, providing the customer's insight to enable R&D to focus on optimal target areas. Marketing is leveraging the customer to define our product development strategy.

CMO, Life Sciences, United Kingdom

We invite you to continue the conversation

Connect with us



For more information about this study and to get the full version of this report, see www.ibm.com/csuitestudy



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