

CMO'S BIGGEST CONCERNS IN THE DIGITAL ERA

Four out of five CMOs in the world are anticipating a highly complex marketing environment in the next five years, but only half feel ready to handle it, IBM's CMO Global Study found.



The digital revolution has forever changed the balance of power between individual consumers and brands. To find out how they are coping with it, IBM spoke with more than 1,700 chief marketing officers (CMOs) from 64 countries.

CMOs are well aware of the world they operate in is much more volatile and complex. Increasingly interconnected economies, businesses and communities have given rise to new opportunities. But it has also created unpredictable challenges.

So, what are the major concerns? Data explosion was on the top of the list, with 71% of surveyed CMOs saying they are underprepared in the area, followed by social media (68%), growth of channel and device choices (65%) and shifting consumer demographics (63%).

Data explosion

With the proliferation of digital platforms, CMOs are overwhelmed by the growing volume and variety of data.

These new digital sources can reflect how individual customers think and behave, but 82% of the surveyed CMOs are still relying on market research, which gives insight on a market basis instead of individuals. Less than half are leveraging sources to understand individuals such as consumer reviews, third-party rankings and blogs.

This means CMOs need to start drilling

down to the personal level with its customers, by reprioritising their investments to analyse digital channels such as social networks, peer reviews and other consumer-generated content.

Social media

The next step after understanding customers is to build a long-term relationship with them and foster customer loyalty. More than half of the CMOs think social media is a key channel for engaging with customers, but many do not understand what triggers customers to "like" their brand page.

Nearly 70% assume that customers interact with them via social networks to get information, express an opinion or feel connected to the brand. But the truth is the customers are looking for tangible value.

What CMOs need to do is to capitalise on new digital channels such as social media to stimulate conversations with existing and potential customers, create new types of relationships and ultimately engage with customers at every stage in the customer lifecycle, both online and offline.

Capture value, measure results

CMOs are well aware they will have to be much more financially accountable in the future. 63% said they believe marketing return on investment (ROI) will become the most important measure of success over the next three to five years, but only 44%

felt sufficiently prepared to manage the increasing importance of ROI.

If CMOs are to be held responsible for the marketing returns they deliver, they must also have significant influence over all four Ps of marketing: promotion, products, place and price. Surprisingly, this is often not the case. CMOs indicated they exert a strong influence over promotional activities but play a smaller role in shaping the other three Ps.

From stretched to strengthened

CMOs can carry on as before and continue to feel stretched. Or they can seize the opportunity to transform their marketing function by responding to these new realities. A few points to keep in mind as a start to building a marketing function with the sinews to succeed in the digital era:

- The empowered customer is now in control of the business relationship.
- Delivering customer value is paramount. An organisation's behaviour is as much a part of the value equation as the products and services it provides.
- The pressure to be accountable to the business is not just a symptom of hard times; it is a permanent shift that requires new approaches, tools and skills.

Information provided by IBM.