



# CMO COUNCIL THE 2011 STATE OF MARKETING

Outlook, Intentions and Investments



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# Introduction

More than ever before, marketers are implementing transformational programs to revitalize marketing operations, accelerate customer acquisition and revenue, and predict how to better shape and influence market demand. All this, as the complexity of mapping and modeling the marketing mix continues to multiply and new digital channels present opportunities for more targeted, timely and relevant interactions with customers. Transformation of the processes, strategies and platforms that enable marketing performance is top of mind for senior marketers as they look for more efficient and measurable ways to engage audiences and leverage digital media channels.

Three critical areas of attention top the “to do” list of marketers in 2011:

**Multipling Marketing Performance:** According to the CMO Council’s Marketing Outlook 2011 study, the key management mandate to marketers is to drive top-line growth and market share while better defining the brand and value proposition. Marketers must move to optimize the marketing process in order to maximize business performance. Through new automated campaign and lead management tools, marketers can engage in highly interactive (and highly relevant) dialogues across multiple channels, reaching across social, digital, and traditional media channels. Connecting the measurements of these multiple channels is one of the key challenges marketers will seek to address in 2011.

**Redefining Customer Experience:** Marketing must redefine the customer experience, developing Web experiences that are highly engaging, personalized and differentiated. This new “experience mix” must include social platforms, but must also integrate the messaging and engagements through traditional channels. Ecommerce capabilities and channels of fulfillment must also be integrated to create a unified, seamless multi-channel journey for the customer. This experience must now bridge the gap between the art of marketing and the science of analytics, measurement and process. Marketers need to better understand the impact marketing and technology integration can have in making customer experiences more gratifying and satisfying, thereby improving loyalty, retention and repeat purchase.

**Using Insight to Grow Brand Affinity:** Marketing admits they lack high-levels of competency in extracting valuable insight and predictive analytics from the mass of customer data that continues to multiply inside and outside their enterprises. Yet, as we continue to engage with customers in instant, online social channels, gathering data from every impression, every search, every transaction, status update, or tweet can develop a more complete profile of the customer and must be integrated with offline data sources. Marketing has the opportunity to leverage this rich data repository to more fully understand, target, and serve customers in ways that improve response, drive repeat purchase, up-sell and cross-sell products, and inspire loyalty and attachment. Marketers must respond to the paradigm shift from BtoC to CtoB with reviews and reassessments of their marketing mix and allocation of spend. This includes greater use of

localized marketing tools, adaptive merchandising systems, interactive self-serve technologies, mass-personalized messaging solutions, social media channels, mobile relationship marketing platforms, and corporate social responsibility programs (e.g., sustainability).

To further empower and equip global marketers, the CMO Council has identified a number of strategic areas for further discovery, discussion and deliberation in 2011. These authority leadership platforms and advocacy agendas offer opportunities for members to contribute, sponsors to engage, and experts to share. The goal is to advance the state of marketing in 2011 and beyond.

### **Transform to Better Perform**

The CMO Council's new Transform to Better Perform initiative, started in the first half of 2011, has been engaging marketers in the process of assessing marketing automation needs, prioritizing investments, deploying and activating modules and solutions, as well as tracking productivity and performance gains. Roundtable discussions have been held with nearly 200 marketing leaders in Los Angeles, San Francisco, Atlanta, Dallas, Toronto, Dubai, Johannesburg and Singapore. More are slated in 2011.

We've found chief marketers typically overwhelmed with the day-to-day demands associated with strategic planning, branding, meeting, campaigning, and peer-level politicking. They are distracted by greater pressure, complexities, and tactical execution challenges in the go-to-market process. In many cases, they are diverted with organizational transformation, operational restructuring and talent sourcing needs. And they face pressure to better map and model the marketing mix, as well as substantiate and validate marketing spend.

Most participants say they are challenged by, or struggling to deal with:

- Limited access to siloed customer data; internal competition over data sovereignty
- Making sense of vast volumes of data; extracting and applying insight and intelligence
- Lack of vision, direction and planning around marketing automation strategies and priorities
- Ineffective collaboration and integration with IT groups that have other agendas
- Legacy technology issues that make real-time data access and utilization difficult
- A crop of hosted, SaaS solutions that are easy and inexpensive to deploy without IT help
- A point solution orientation -- CRM, e-mail marketing, Web analytics, campaign management

- Lack of talent and resources in digital marketing, particularly in the use of social media
- Internal marketing governance and compliance; ensuring safe, secure use of social media
- Provisioning of quality leads that can be effectively acted on by sales and channel groups
- Supporting distributed field organizations and diverse channel partners
- Measuring and validating campaign effectiveness and business value
- Protecting and safeguarding their brands online

When it comes to marketing deficiencies, many question their ability to:

- Achieve a 360-degree view of the customer through data consolidation
- Segment, target and tailor messaging to customer audiences (precision marketing)
- Fully integrate online and offline campaigns and marketing supply chains
- Effectively manage and maximize loyalty and rewards programs
- Exploit mobile marketing channels and platforms for personalized engagement
- Deal with the explosion in unstructured data and content
- Convert lead flow into long-term customer relationships
- Extract value and insight from multiplying customer touch points
- Localize content and campaigns for varying markets and audiences
- Enforce brand guidelines and consistent use of brand assets
- Extract greater performance and value from their Web interfaces
- Understand and fully exploit organic and paid search marketing practices

#### **Selecting and Connecting with the Right Customers**

Today's complex, multi-channel, multi-level marketing engine needs continuous tuning and performance improvement to drive greater front line and bottom line value. This requires "selecting and connecting" with the right prospects, as well as examining every facet and phase of campaign design, staging, implementation and delivery to extract greater efficiency, yield and impact.

Effective demand generation campaigns have to be massively database-driven, highly automated, more personalized and targeted, as well as diligently tracked, measured and multiplied with continuous contact and cultivation. ROI metrics are no longer just about reach, frequency, brand recognition and CPM rates. They are much more about relevancy, response, recurring relationships and business return. This necessitates disciplined and clinical approaches to improving information and list access, opt-in/opt-out practices, contact governance, database maintenance,

market segmentation, customer profiling, audience value, content relevance, email deliverability, search optimization, Web site performance, traffic quality, channel strategy, alternative media usage, and closed loop measurement and recalibration.

Connecting with the right audiences, at the right time, with the right message in the right place is the mantra of digital marketing. Leveraging new channels of engagement, initiating conversations, and acquiring deeper customer knowledge and insight have become fundamental to campaign success, market mobilization and customer conversion. Activating and amplifying advocacy through trusted business networks and social media channels are also becoming vital extensions of campaign initiatives to maximize spend and word-of-mouth.

Platforms and point solutions for campaign design, management and measurement are bringing greater levels of accountability, yield and productivity to the marketing process, but few companies are doing the necessary forensics around “Campaign Economics™” to determine where and how they can cut costs, increase efficiencies, forecast results and improve outcomes. For example, it is estimated that some 80 percent of sales leads are not acted upon in a timely manner, and are lost or become obsolete. Simple re-qualification of languishing leads could produce measurable revenue gains and improve campaign economics without further marketing spend. Separately, outdated, inaccurate and incomplete records contribute much to marketing waste and resource burn as companies struggle to acquire and maintain currency of contact information.

### **Lost, Languishing and Unloved Leads**

Lead leveraging through integrated marketing and sales execution represents an essential but under-managed discipline in today’s commercial enterprise. Top executives, as well as sales and marketing professionals, are dissatisfied with the effectiveness with which they acquire new customers, as measured by either close rates or return on investment across the selling cycle. While they consider new customer acquisition to be essential to the growth of their companies, few have implemented formal processes or standards to optimize results, return and compliance. One might surmise that the lack of formal processes is based less on a desire to improve business performance and more on a lack of understanding about how to formalize, measure and improve those processes.

It is also clear that companies do not manage business leads in a way that optimizes their quality or value. After spending large sums on their initial acquisition through costly media campaigns and multi-channel content marketing programs, only a small percentage of companies effectively act on, nurture, convert, close, recover, or re-qualify leads over time. In other words, many new business leads that could result in sales are discarded or become obsolete without any effort to refresh them. Companies must focus greater management attention on the issue of performance improvement in sales lead optimization and yield management.

Watch for a new program from the CMO Council entitled, “Improving Sales Yield in the Lead Marketing Field.” This is aimed at establishing new standards and best practices for harvesting prospects, as well as cultivating and converting contacts from multi-channel campaigns.

### Getting a Fix on Marketing Analytics

Many global marketing organizations lack, or are hindered in, the ability to integrate, analyze and extract insight from multiple internal and external databases and real-time data streams. Siloed information, unreliable data, limited IT resources and the difficulty of finding and financing resources with quantitative marketing analytics skills are challenging CMOs to better detect, predict and react to market opportunities and shifts.

Making smarter, more penetrating and substantiated marketing decisions is driven by effective use of data analytics and real-time market intelligence gathering. Marketing's credibility and influence with management is directly related to its ability to track, measure, quantify and represent the value of marketing and its impact on the acquisition, retention and recovery of business.

Predictive modeling, forecasting/simulation and campaign measurement and management have become critical elements in strategic market and business planning. This authority leadership program will explore the level of adoption and use of marketing analytics applications in segmentation, sizing, customer lifetime valuation, prospect identification and qualification, cross-sell/up-sell, churn and retention tracking, brand equity measurement, marketing mix modeling, spend and offer optimization, to name a few.

### Improving the Return on Insight (ROI)

Chief marketing executives today are challenged to bring order, alignment and unification to sprawling market research activities across their organization. With global companies spending nearly \$20 billion a year generating customer, market, and competitor intelligence, there is a critical need to assess the value, effectiveness and relevance of research spend.

With this mandate, to what degree are insights and innovation groups within global companies impacting the rate and levels of new product success; market adoption; customer experience and retention; usability and satisfaction; as well as more targeted, relevant and efficient messaging? How are they responding to the digital transformation and globalization in the market research field? And what are they doing to leverage new customer pulsing and feedback channels, as well as improve listening, analytics and response through online and mobile research platforms, social media networks, customer communities, blogs, forums and behavioral data repositories.

Becoming an ALERT (market-centered) company with the proficiency to Acquire, Listen, Extract, React, and Track has become essential to global competitiveness in a fast-paced, ever-changing and increasingly complex, cross-cultural business environment. Acquiring the right market knowledge, listening more effectively to customers, extracting meaningful insights, reacting nimbly to opportunities and threats, as well as tracking marketing effectiveness, are essential business performance ingredients.

Currently, too many research projects are siloed, duplicated and left to languish in different product, business, marketing, customer support or field sales areas, rather than readily accessible, usable and available across the organization. Few companies have created Unified Market Intelligence (UMI) systems that aggregate, analyze, extrapolate and push vital knowledge and findings to key stakeholders inside and outside the enterprise.

Centralized, integrated market intelligence platforms with wide, easy and secure browser-based access are essential to helping globally distributed enterprise decision makers. This interface should be a single point of access to all research content, enable comparative analytics, provide ready extraction of cumulative data points, and be searchable relevant to topics, audiences and timeframes.

#### **Race to Project a Global Face**

With more than \$1.5 trillion spent on marketing and communications worldwide, there are significant incentives for marketers to evaluate the optimal structures, approaches, strategies, tools, platforms and processes for globalization and multi-market localization. Given the complexity, cost and sensitivity of doing business in foreign markets, marketers are finding systems automation is increasingly the answer to assuring brand protection, digital asset management, content delivery, and partner support requirements.

Adaptive product configuration, formulation, pricing, distribution, and marketing are essential to business success, brand acceptance and market penetration in countries where socioeconomic, religious, ethnic, infrastructure and regulatory diversity require companies to modify and customize their products, programs and services. Global brand logistics and localization also involve packaging, labeling, multi-site content provisioning, product documentation, marketing and sales literature, online and offline advertising, merchandising, Internet marketing, trade shows, presentations, speeches, public relations, corporate social responsibility, public affairs, crisis or issue containment, employee communications, and employee relations.

“Multi-Local Marketing Challenges Facing Multi-National Brands” will be a CMO Council authority leadership program in 2011 to assess cross-border synergies and business effectiveness in new market entry, expansion and brand extension globally. Multi-local marketing mandates are multiplying worldwide as:

- Cross-border business barriers come down, accelerating market entry and expansion
- Merger and acquisition activity increasingly consolidates and integrates geographically distributed and insulated businesses and operations
- Buying power and demand for goods and services increases in developing countries, making these markets more attractive and profitable
- Adaptive manufacturing and supply chain improvements enhance the globalization and accelerated delivery of products and support services

- Product derivation and adaptation enables pricing and positioning across all socio-economic groups and market segments.

### **Advent of Mobile Relationship Marketing (MRM)**

The mobile phone represents the most pervasive channel of communications and targeted engagement on the planet, with more than 5 billion users globally. As smart phones already account for more than 30 percent of the market, users are rapidly migrating to smarter devices and increasingly utilizing their phones for social media engagement. There will be some 800 million users of mobile social networking worldwide by 2012, according to eMarketer.

The mobile channel is an unprecedented opportunity to reach consumers in developed markets in new and intrusive ways, and to access the previously untapped, unreachable, and unbanked mass of humanity in emerging economies. An estimated 2.5 billion adults (more than half of the world's adult population) do not use any form of formal financial services, yet about 70 percent of all people on the planet use a cell phone.

The immediacy, convenience, pervasiveness and personal attachment to mobile phones make the device an ideal means of expanding marketing messages and enhancing engagement with a global customer base. The fact is, mobile social networking is a better way to engage and gratify your customers.

Customer insight, intimacy and engagement are essential to sustaining successful brands. Yet for many companies, especially those who sell through indirect channels or to cash-only customers, connecting with and influencing the customer is a serious struggle. Consumer marketers around the world are now trying to overcome these traditional obstacles by leveraging the power of the Web and mobile social networking to create more direct relationships with customers.

Mobile Relationship Marketing (MRM) is the new mantra for companies across multiple industries to ensure continuous customer touch and interaction, sustained support and service, closer and more dependent connectivity, as well as greater insight and intimacy. MRM has vast potential to create business value, improve process efficiency, trigger product consumption and use, further loyalty and repeat purchase, and increase customer feedback, assistance, affinity and advocacy.

An effective MRM strategy integrates social interaction; customer insight gathering and listening; consumer engagement and loyalty; market listening; purchase incentive or inducement; as well as lifetime revenue optimization, all through optimized use of the mobile channel.

### Advertising Effectiveness Center

The CMO Council will build on its authority leadership in the Marketing Performance Measurement (MPM) and Precision Marketing areas with a new focus on emerging platforms, tools, technologies, systems and services that help evaluate the effectiveness of advertising. This ongoing initiative will evaluate innovative approaches to improving ad reaction, retention, response and relevance, as well as brand compatibility with audience, message, media channel, programming, content and format of delivery.

Some of the initial areas of exploration by the AEC will include:

- Scoring of television advertising creative across all market categories to determine a TV commercial's level of persuasion, viewer engagement, competitive preference and lifecycle value.
- Advancing ad response and consumer interaction by embedding simple, fast and efficient mobile text message and voice activated response into traditional ad mediums, including print, television, radio and out-of-home display advertising.
- Determining how brands can glean richer psychographic, lifestyle and personal interest information from social network profiles and behaviors so they can be matched with the most appropriate, receptive and predisposed online consumer targets...thus increasing the actionability, value, cost-effectiveness and conversion rates of online ad and promotional messaging.
- Tracking of television advertising efficiency, influence and ROI relative to driving sales by reaching the most relevant and predisposed audiences with the right message, at the right time, in the right environment.
- Using the incidence of "ad keeping" as a new methodology to go beyond the measurement of online ads by impressions and clicks. Aimed at furthering readership, referral and response rates, it will help digital marketers assess effectiveness of messaging and creative executions, as well as channels of ad delivery.
- Benchmarking of client - agency performance utilizing proven tools, methodologies and constructs; advancing of best practices, remedial programs, and new approaches to advertising excellence and ROI.

### More Gain, Less Strain

A wide range of forces and factors are testing traditional agency-client relationships, multiplying marketing procurement needs, complicating purchasing cycles worldwide, as well as reshaping and diversifying the marketing mix. In addition, evolving agency models and alternative marketing service providers and channels are demanding new evaluation and assessment practices, closer linkage of measurement criteria to business value, and better ways to quantify and justify global marketing spend and agency investments.

Harmonizing, synchronizing and unifying distributed agency assets and global marketing resources across both demand and supply chains, necessitates the deployment of database and process-driven operational marketing models and performance platforms that further accountability, output, productivity, efficiency and effectiveness. Closer alignment and linkage with procurement and purchasing professionals within global enterprises are also enabling marketers to bring greater rigor, structure and discipline to the agency consideration, evaluation, selection and review process.

#### **And Finally, Renovate to Innovate**

Chief marketing executives are challenged like never before to reshape, restructure and re-skill their organizations. Driven by new forces and factors in the marketplace, marketing organizations, functions and processes are going through fundamental realignments.

No longer just tactics-driven brand management, marketing groups must now fill the pipeline with predisposed prospects, optimize customer value, and be accountable for demand generation and market differentiation through integrated, multi-channel campaign management. This requires new competencies and knowledge in business analytics, database management, strategic planning, digital marketing, field sales, channel operations, and financial modeling.

Delivering tangible financial return, clear marketing ROI, predictive performance models, improved spend allocation, and pre-emptive strategies (based on competitive intelligence) are new requirements and imperatives for today's senior marketers. Much of this has to be driven by better operational visibility, business activity monitoring, customer touch point and experience insights, supply and demand side data feeds, as well as proprietary knowledge gathering and real-time market analytics.

Most importantly, chief marketing executives have to revitalize marketing group cultures and mindsets. Narrowly focused, risk-averse managers in isolated silos of tactical execution (research, PR, advertising, events, marketing services, Web) must be integrated into cohesive, cross-functional campaign teams. They have to be strategically aligned with corporate goals and business objectives and be held accountable for specific deliverables and deadlines.

Benchmarking and turnover of staff will become a reality of every marketing organization as CMOs seek to optimize the yield and accountability of their teams worldwide. Reporting structures will be revamped and automated processes and disciplines introduced using hosted and in-house solutions and services. Credibility and respect for marketing has to be gained from other areas of business including the executive suite, sales, channel, product development, finance and IT groups. Understanding the needs and requirements to create performance-driven marketing organizations are the best places to start.

Some leading-edge companies have started to crack this new marketing code, implementing new processes, technologies and measurement systems to optimize their marketing output. But others are struggling to seize such success. The new corporate mandates clash with the traditional mindsets—and in many instances—skill-sets of today’s marketing executives and their staffs, many of whom have been weaned on the creation of broad branding campaigns that generate little measurable, tangible results, top-line yield and bottom-line savings.

# The 2011 State of Marketing

In its fifth year, the CMO Council's annual Marketing Outlook study and State of Marketing report has become an authoritative resource for marketing leaders across all industries. Covering trends in process and performance, as well as plans and best practices from influential organizations, this report provides a comprehensive snapshot of how marketing has progressed since last year and where it is likely to grow in the year ahead. In addition to general insights and ambitions, State of Marketing includes valuable data on how budgets, resources and headcounts will change moving into 2012.

As CMO's capabilities grow with the emergence of digital media and advanced marketing analytics, so too does this report more thoroughly survey and analyze our global audience of marketing executives. In this report, we investigate:

- Major accomplishments from last year and primary CMO mandates for 2011
- Marketing organization transformation, including strategic priorities and requirements to improve marketing performance
- Challenges and potential roadblocks to achieving better marketing efficiency and effectiveness
- Areas of expenditure and the evolving distribution of marketing resources and talent
- The changing role of the CMO and new requirements for effective marketing leadership

The 2011 audit was composed of 41 questions and was taken by over 750 senior marketing executives from around the world. Survey respondents hailed from every continent and represented almost every vertical industry sector and company size. Some 63 percent said they report directly to the CEO, president or COO, and another 14 percent report to a regional vice president, general manager or division or business head.

## EXECUTIVE SUMMARY

It's been a long, tough road for marketing since the onset of global financial upheaval in 2008. However, the state of marketing in 2011 is much more a byproduct of an even longer path of transformation, as the role, mandate and function of marketing has shifted, and the actual role of chief marketing officers has changed, ushering in a new era for the function and office.

Key among the themes that will prove to be the hallmarks of the year: integration, alignment and visibility. Marketers are looking to bind the individual tactical execution elements that have come to represent a host of randomly selected activities into a fully integrated multi-channel strategy around business goals that drive business forward.

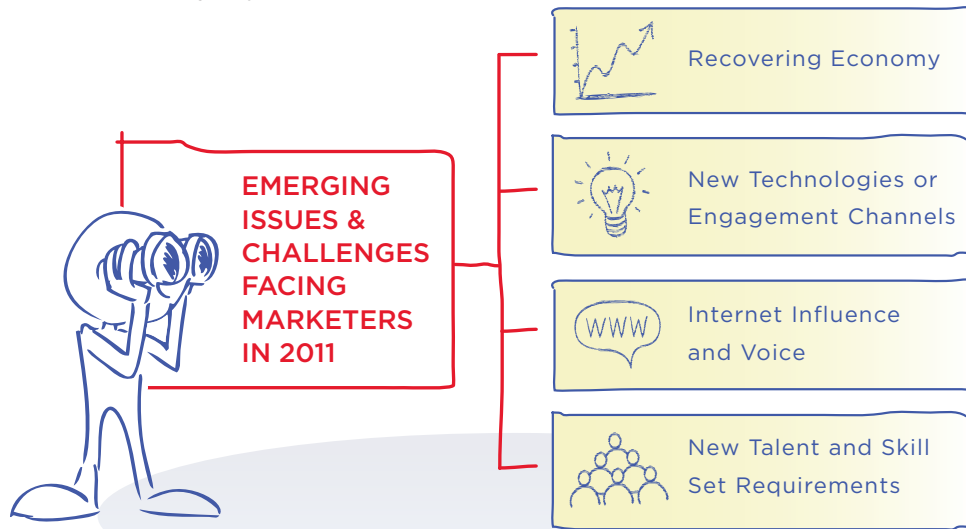
While phrases like “campaign integration,” “multi-channel” or even “converged channel” are more readily seeping into marketing conversations, through tough times, marketers slipped backwards into an age of disconnected programs and pilots, creating an uneven patchwork of executable tasks. Random Acts of Marketing emerged as the fast-moving digital landscape forced many marketing teams to deploy programs from fan pages to apps, only to realize that few, if any, of those these points of engagement were connected.

However, despite the regression into too often launching uncalculated, unrewarding campaigns, marketing is set to rebound and move forward. With the beginning of this new decade, marketing leaders claim renewed commitment to strategic, integrated thinking, and a newfound interest in analytical, metric-based campaigns. Though challenges certainly lay ahead, the industry-wide focus on driving business forward by positively impacting the bottom line suggest marketing’s propensity towards Random Acts of Marketing may be a thing of the past.

**Mission and Mandate for the year ahead**

Before examining marketers’ major goals for the upcoming year, it is important to consider their top accomplishments from 2010. While Random Acts of Marketing may characterize many faulty campaigns of recent years, marketers still left 2010 on a high note, feeling accomplished in having restructured and realigned marketing departments to better support key business drivers, especially sales. Additionally, survey respondents counted digital marketing improvements and enhanced online engagement capabilities as other key accomplishments.

For the first time in five years, however, marketers were less enamored with their improvements to brand image, as only 16 percent of survey respondents indicated overhauls to visual identity, Web properties and corresponding collateral were key top achievements.



Moving into 2011, several business and market forces are influencing marketing budgets more than other factors. While 37 percent of respondents still feel the sting of flat or tight budgets of years past, a growing number (24 percent) see a need to improve digital media and online marketing effectiveness, likely in response to increased spend and operational allocations made in that direction over the past few years. Another high response on the list of budget influencers is the slower, more complex selling cycle, which is increasing the need to better provision the sales pipeline and to reach a more fragmented, difficult to reach market.

Interestingly, marketers seem far less concerned by customer churn (4 percent) when allocating their budget. This could either be because it is the last of many factors impacting budgets or because marketers continue their focus on more costly customer acquisition strategies in place of customer retention initiatives.

After supporting too many Random Acts of Marketing in past years that did not effectively drive business forward, senior management's most frequent mandate among survey respondents was to drive top-line growth and expand (or at least retain) market share. Rounding out the top mandates from executive management are improved operational efficiency and advancing the go-to-market process.

Management's interest in maintaining market share highlights the confusing lack of "stress" among marketers over customer retention. In fact, of the top five senior management mandates, two highlight the demand for marketers to develop solid customer retention strategies to retain market share and minimize churn. Perhaps more marketers should elevate retention on their priority lists.



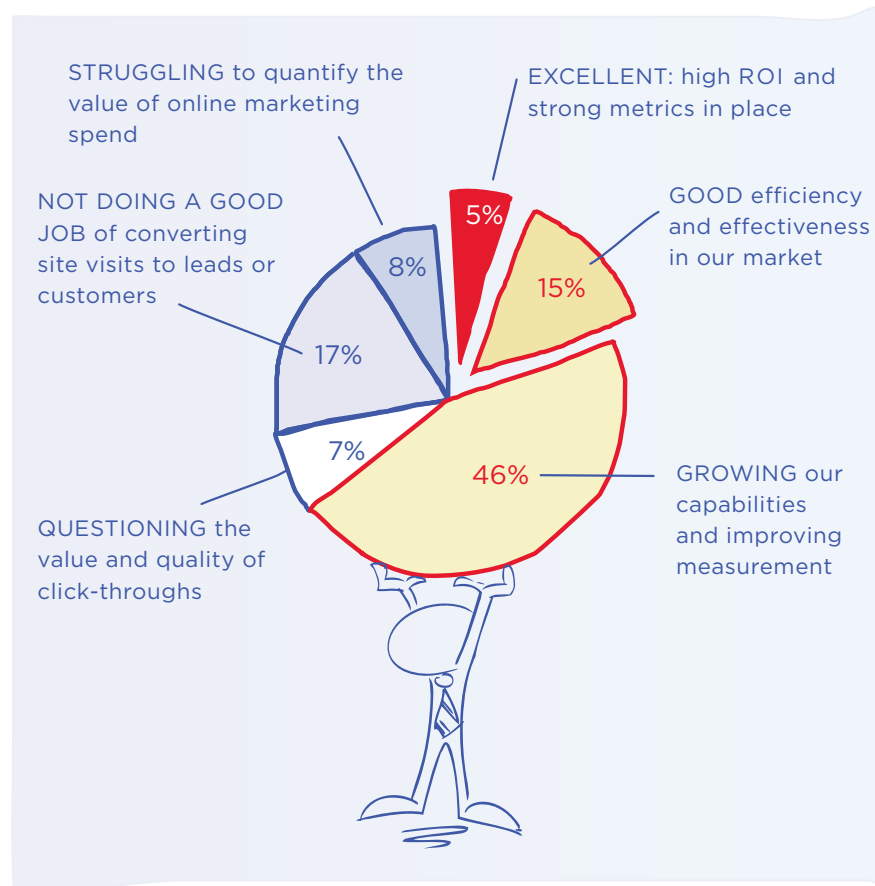
To fulfill those major directives, marketers singled out several key operational and organizational changes they plan to undertake in 2011. With digital media's emergence, marketing is working to better manage, develop and measure the new medium, demonstrated by 37 percent of respondents' plans to bring on new digital and interactive marketing talent this year. More closely tied to a critical senior mandate is marketers' continued effort to improve alignment and integration with sales. This has consistently been a top goal for several years in this study. However, this year, respondents also intend to expand field marketing operations and further develop the sales support role.

Regarding budget allocation, marketers intend to put their money behind those mandates: 50 percent will increase investments in new product and program launches (likely to spark new sales opportunities), 44 percent will invest in lead generation and qualification initiatives, and 31 percent will invest in regional development. And while only four percent of respondents were explicitly influenced by churn or defection rates, 39 percent intend to invest in retention and monetization strategies directed at existing customer groups.

**Issues and Challenges: What has the potential to derail marketing's transformational intentions?**

Despite marketing's renewed focus on building strategic, integrated campaigns, several major challenges could impact marketers' ability to fulfill their mandates. New technologies are keeping marketing on its toes as processes and engagement cycles have sped up, making maintaining technological proficiency a key priority.

**MARKETERS RATE THEIR ONLINE MARKETING PERFORMANCE CAPABILITY**



The influence of the Internet is also emerging as a key challenge for marketers. Driven by a more savvy and demanding customer, the Internet demands new talent to develop strategy, execute, monitor and measure, and not all marketing organizations are currently equipped with that personnel.

Finally, though the recovering economy reigns supreme as the top challenge for survey respondents through 2011, digital dominates three of the top five concerns, highlighting the ongoing stress of new technology within marketing.

### **Resource Allocation and Budgeting**

As a positive indicator that marketing is starting down the road of budget revival and recovery, new product launches will require additional resources and funding. In fact, an astounding 57 percent of marketers intend to add to their spend in 2011. Most will stick to a budget that represents between two and four percent of their revenue. And while the new marketing mindset is firmly rooted in optimizing digital marketing transformation and performance, less than ten percent of budgets will fund these platforms.

Other major resource allocations will go towards building more sophisticated analytical abilities into marketing teams. According to survey respondents, many marketers are looking to develop teams with the one-two punch of enhanced data analytic capabilities along with the ability to leverage those insights through more comprehensive strategies that look to acquire, retain and activate loyal customers.

Though focused on those internal capacities, marketers are not just looking at team effectiveness and efficiencies in the march to operational transformation—agencies are under fire as well. Similar to their evolving interest in decision-making supported by hard data and metrics, marketing organizations will increasingly demand agencies to demonstrate tangible, new measurements to prove value added contributions. In fact, among those CMOs who made agency changes in 2010, 35 percent point to the lack of value added thinking as the primary reason for the break. Another 33 percent say there was a lack of innovation, while 28 percent believed results did not meet expectations.

### **Transformation**

Throughout 2011, marketers will focus on operational transformation in an effort to fulfill move away from Random Acts of Marketing and realize the more accountable, productive models that senior management demands. In doing so, they will pay special attention to improving operational visibility and accountability. According to the survey, 60 percent of marketers intend to set clear goals and track deliverables to better monitor and control spend while maximizing effectiveness.

However, though operations are top of mind for marketers, workflow management and the application of process and workflow management is still a distant goal. Only 16 percent of respondents intend to invest in collaboration models as a way to improve performance.

To maximize the impact and value of marketing in 2011, survey respondents will focus heavily on data, customer insights and improved segmentation. As the main strategy, 64 percent of marketers will look to improve targeting in their marketing outreach and campaign rollouts. Meanwhile 43 percent will turn to digital demand generation and online relationship building to increase the effectiveness of campaigns.

TOP AREAS OF TRANSFORMATION IN 2011



Yet while marketers strive for improved efficiencies, they are not implementing closed loop systems to monitor acquisition effectiveness. Additionally, only 18 percent are gathering and better utilizing Web metrics and performance measures. If marketers are indeed dedicated to building more accountable, efficient organizations, these are two steps that would seem deserving of more attention.

Interestingly, and perhaps in the spirit of increased product launches as mentioned earlier, survey respondents plan on conducting less testing on new campaigns even though they expect more frequent product launches. Specifically, only 25 percent are looking to pilot new campaigns.

In the effort to achieve organizational transformation, survey respondents showed a strong preference for several specific projects, including a strong “welcome back” to MPM. While in vogue before the economic crash, marketing performance measurement dashboards that reach across both online and offline measurements are back on the list of transformational projects. And as marketers continue to search for ways to perfect their digital marketing makeovers, 37 percent will look to fully synthesize social media channels into their integrated approaches.

Since making digital and online marketing were such a big priority last year, it's interesting to consider how much progress marketers have made in this area. Marketing is getting closer when it comes to online marketing performance, but given the heavy investments in budget and talent, marketing does not have much more time to leap from good to great.

Similarly, marketing automation solutions are still under the lens of scrutiny. Though e-mail marketing automation still ranks as the number one deployment among survey respondents, social media monitoring, community integration and development will likely overtake e-mail automation in the near future, significantly closing the gap in consideration.

**The Changing Role of the CMO**

The sheer breadth of domain required by marketing leaders is staggering, as it spans from pricing and purchasing to branding and business development. However, for those naysayers who still flaunt the 18-month-tenure headlines, it may be time to retire the banner. Almost three-fourths (70 percent) of respondents do not feel that their jobs are at risk, so it looks as though CMOs are finally looking to put down some roots and stay awhile.

While the position is changing, quickly evolving into a role where the customer – from data to experience – is owned by the marketer, it is not surprising that 39 percent of marketers are reaching out to customers to advance insights as a top professional goal. However, marketing executives are also looking to better manage pace (26 percent), upgrade their titles and areas of responsibility (20 percent), and set aside more time for family and friends (18 percent).

**CONTINUING EDUCATION:  
WHERE CMOS LOOK TO ADD SKILLS OR COMPETENCIES**



With more explicit mandates from senior management for marketing organizations to drive top-line growth and expand market share, CMOs can no longer focus solely on brand communication. As the expectations evolve, marketing must fill the pipeline with better prospects, optimize customer value and assume accountability for demand generation and market differentiation.

Consequently, marketers' success will be increasingly judged on their ability to deliver tangible financial return, clear marketing ROI, predictive performance models and improved spend allocation and strategy.

These expanded expectations require new competencies from marketing leaders in business analytics, database management, digital marketing and strategic planning. Though many marketing departments may fall short in these areas today, adding marketers with strong management experience and digital skills can begin to fill that talent gap. Therefore, finding candidates with more business and digitally oriented backgrounds should be emphasized and sought after.

Though survey results clearly demonstrate that at this point, professional development revolves around customer knowledge and intimacy, many CMOs are looking to get smarter about some of the emerging technologies and tools dominating headlines, such as social media and mobile. With so many responsibilities and expectations falling under the umbrella of marketing leadership, the most successful CMOs may perhaps be the executives with the biggest breadth of expertise, as they will be best equipped to manage the full spectrum marketing challenges.

# Contributed Commentary

## 2011 MARKETING OUTLOOK

### **Hindsight, Insight and Foresight**

**Emerging ways to view customer data and create enterprise value**

By **Christine Cutten** and **Jennifer MacMillan**, Deloitte Consulting LLP

As digital technology transforms the ways companies reach out to customers and build their brands, it is also creating a wealth of data. New bits of information are created when someone clicks a pop-up ad, downloads a PDF, places an item in an online shopping cart, or posts on a message board. Mining this information to learn more about a company's marketplace has become common: 75 percent of the executives responding to the 2011 CMO Council survey indicated that they use page views, click-throughs and registrations to track the effectiveness of their online marketing and advertising. Thirty-four percent responded that they intend to automate social media monitoring and data mining in 2011, while 23 percent plan to invest more in web analytics. By examining their market data, companies can learn when, where, why, how and what customers are buying.

### **The Forward-Looking Marketing Organization**

Innovative companies and agencies are using customer data for far more than marketing decisions. Business analytics has emerged as a leading practice that leverages market data to drive business strategy and improve performance. When business analytics is coupled with the use of digital engagement channels, marketing groups can become the beacons of the organization and establish a critical competitive advantage.

Today's technology allows analytics to expand beyond the realm of market research firms and statisticians. Analytics should overlay and inform marketing programs from planning through execution, including testing creative and selecting media channels, zeroing in on promising markets, redirecting budget dollars, and leveraging digital channels. Analytics can help companies manage processes and deliver new insights between and across functional areas throughout the enterprise. As a result, analytics can be used to support the CMO survey respondents' top organizational goal, which is to improve the alignment of marketing, sales and channels to deliver on top-line growth.

As insight from analytics is applied, marketing planning shifts from intuition and creative hunches to fact-based decision making. Marketing organizations can leverage this information to become better equipped to make decisions about evaluating viable products, pinpointing markets and media channels, and allocating marketing resources. Companies gain rapid feedback on whether or not a campaign is working, so adjustments in strategy or delivery can be made quickly to achieve the desired results. Vision can be shaped and formed as new predictive analytics offer foresight into coming trends and expectations.

Consequently, marketing organizations can lower costs, leverage resources, improve campaign effectiveness, and realize a higher return on their marketing investment. For example, 59 percent of respondents to the CMO Council expect to significantly increase efficiency and campaign effectiveness as a result of implementing various automated marketing solutions. Survey participants also expect improvement in organizational yield and accountability, the volume and quality of opportunities and prospects, and overall operational visibility and output.

Today, companies and agencies have an opportunity to build a marketing organization based on a coordinated platform that unites people, processes and technology. Integrated, analytics-based solutions can be applied across a range of capabilities, including financial planning and budgeting, financial management and reconciliation, campaign and activity planning, creative development and production, asset management and distribution, campaign management, and effectiveness reporting.

Achieving this new marketing organization requires transformation to deal with the increasing complexity of the marketplace. Companies recognizing this shift are responding by building up their marketing and customer analytics capabilities. In fact, 37 percent of CMO Council survey respondents indicate that developing these capabilities are talent priorities for 2011.

#### **Create More Value with a Comprehensive View**

While creative positioning and customer insights will always be at the heart of marketing, integrated business analytics, coupled with emerging digital engagement methods, can strengthen strategy, execution and analysis. Analytics can provide insights at specific steps in the process to help marketing organizations prioritize opportunities and address potential gaps. Agencies and marketing organizations that adopt this holistic approach by leveraging an integrated end-to-end platform should be well-positioned to benefit from hindsight gained from historical marketing information; insight gleaned from customer, market, campaign, competitive, finance and accounting data; and foresight into innovative ways to connect with internal and external customers— all with the goal of creating value for the enterprise.

## About the Author

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**Christine Cutten** is a leader within Deloitte's Customer Transformation practice focusing on the Marketing and Brand Effectiveness service line. She provides consulting services to support companies in their efforts to more effectively manage their customers, markets and channels — and within an ever-changing digital landscape. Christine has helped many chief marketing officers in her 15-year tenure at Deloitte to rethink their marketing strategies and operations in marketing intelligence, customer segmentation, digital and social marketing, marketing resource management, innovation marketing, marketing measurements, and return on investment. She works across many industries with a special focus on technology, manufacturing, retail and consumer business.

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## Deloitte

The August 2010 edition of CRM Magazine identified Deloitte as CRM Market Leader for the third year in a row. According to the magazine, "Deloitte's crisp CRM capabilities garnered the firm a 4.5 rating for ability to execute - the highest in the category by half a point." One of the reasons cited was that Deloitte's "consultants are recognized as dedicated, collaborative, and easy to work with."

Seasoned executives say they're facing the strongest competitive pressures of their careers. Time-honored growth strategies grounded in low prices or product innovations aren't providing the returns they used to generate. And the days when big advertising, marketing and customer service budgets could escape financial scrutiny are long gone. How do companies grow when the old strategies don't work anymore? The answer is easier said than done: Sustainable, long-term growth comes from building profitable customer relationships.

The Deloitte Customer Transformation Offering helps clients effectively initiate, grow and sustain profitable relationships with customers. Through our global network, we help companies produce significant and enduring performance improvements which link strategy formulation to technology, people and process considerations.

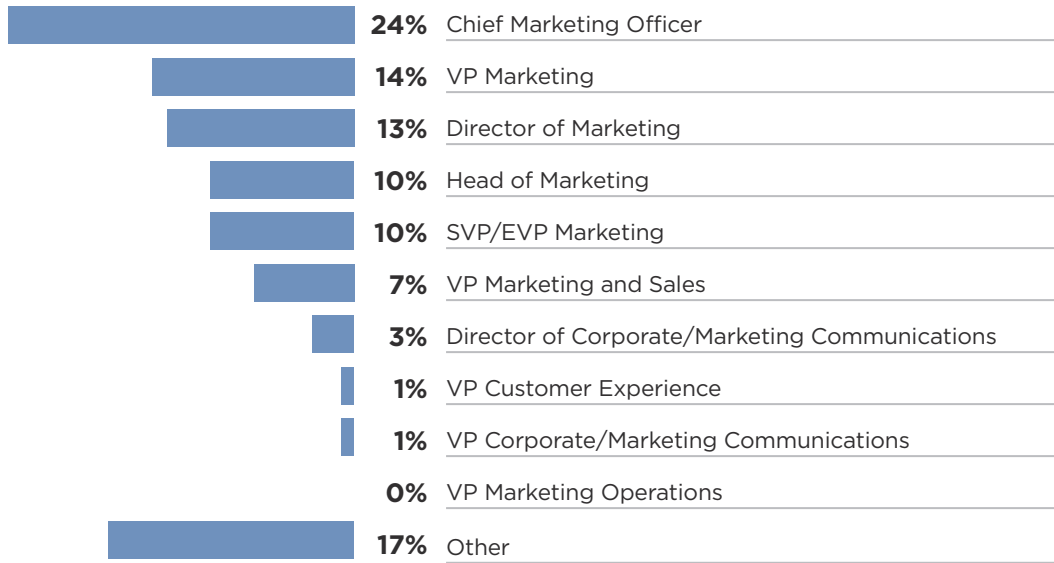
Our customer transformation services are designed to help clients achieve profitable growth in areas such as:

- **Marketing transformation.** Improving the return on marketing investments.
- **Sales transformation.** Advancing sales ability from strategy through execution.
- **Customer experience.** Creating consistent, positive customer interactions that improve profitability and loyalty across channels.
- **Customer insights and analytics.** Recognizing patterns in customer, marketing, sales and service behavior.
- **Customer service transformation.** Progressing end-to-end enterprise service processes.

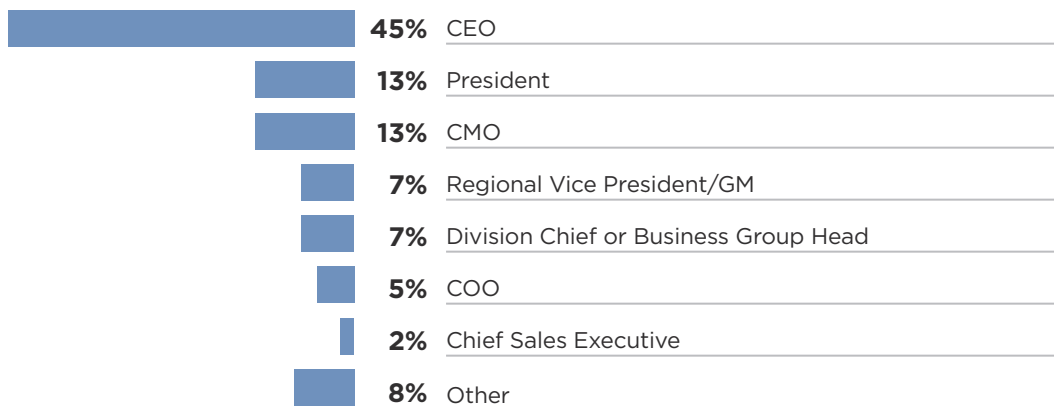
Visit us online at [www.deloitte.com/us/ct](http://www.deloitte.com/us/ct) for more information about Deloitte's marketing, sales and customer transformation services.

## Demographics

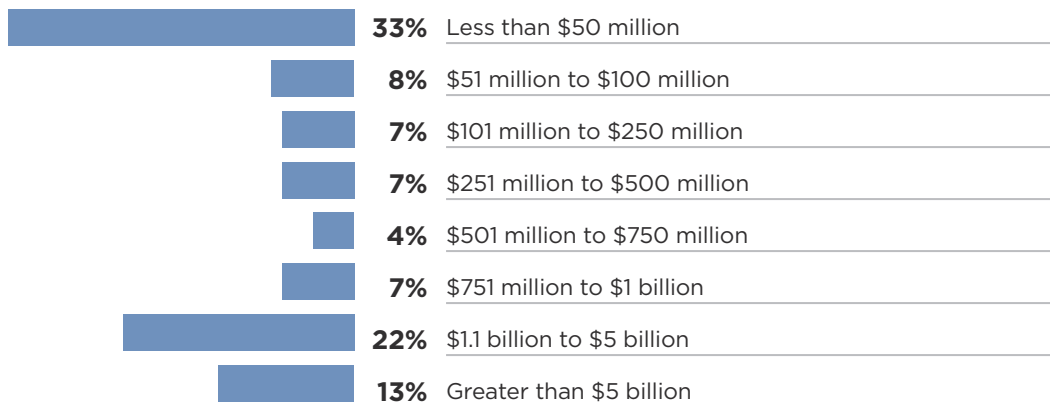
### Q1 / What is your title?



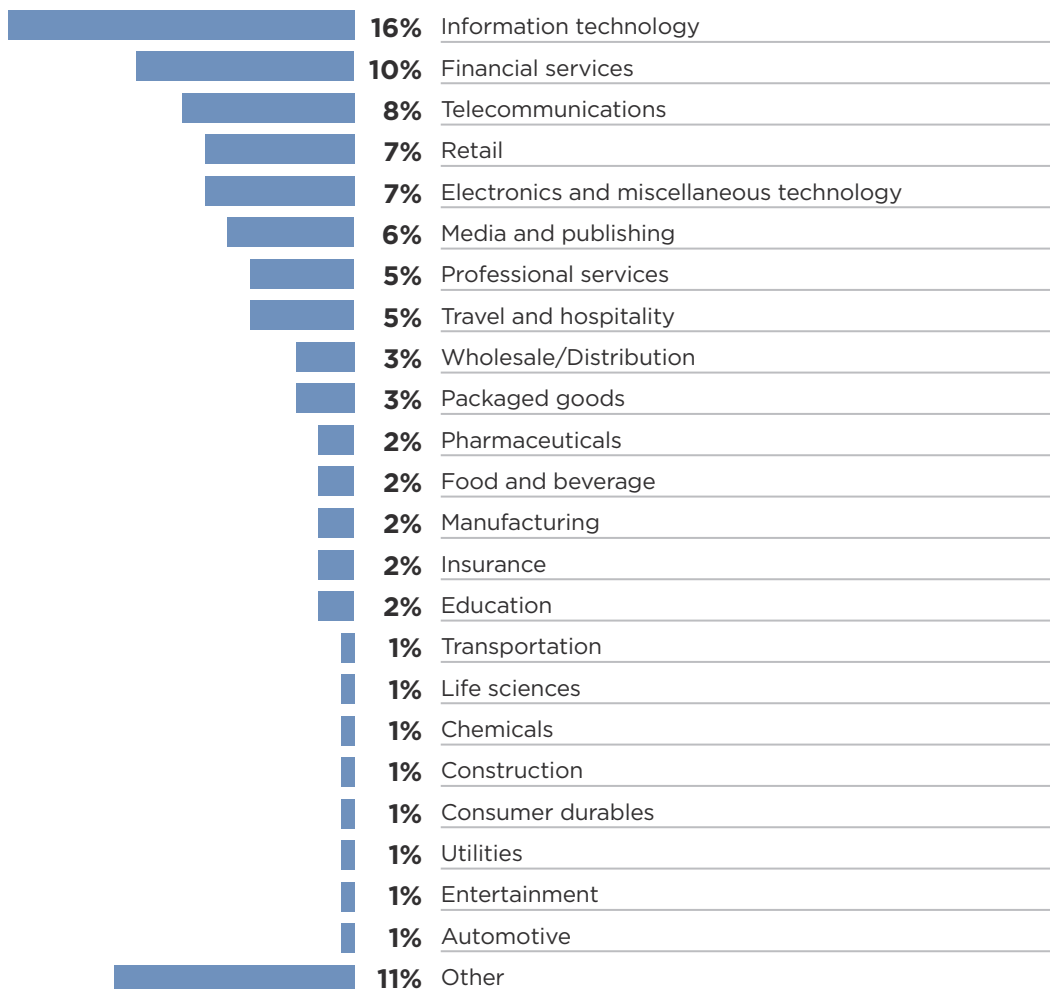
### Q2 / To whom do you report?



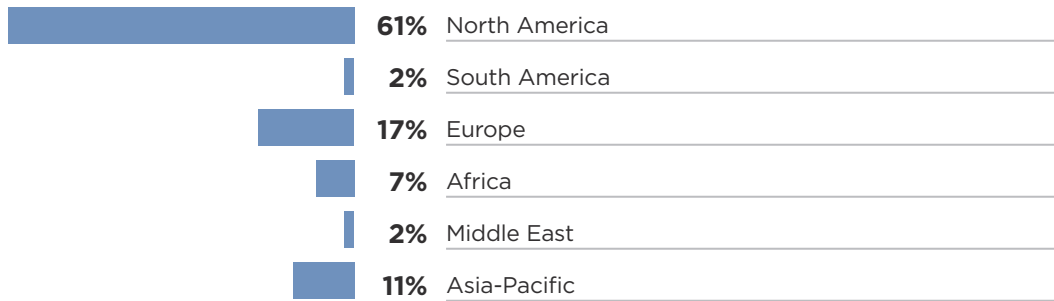
**Q3 / How large is your company?**



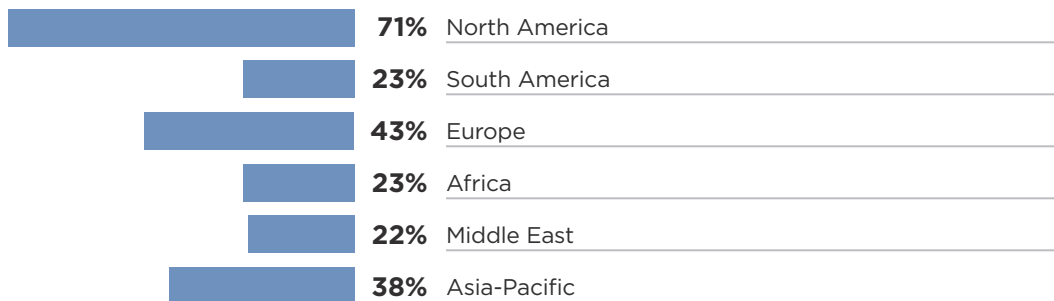
**Q4 / What best describes your company's industry sector?**



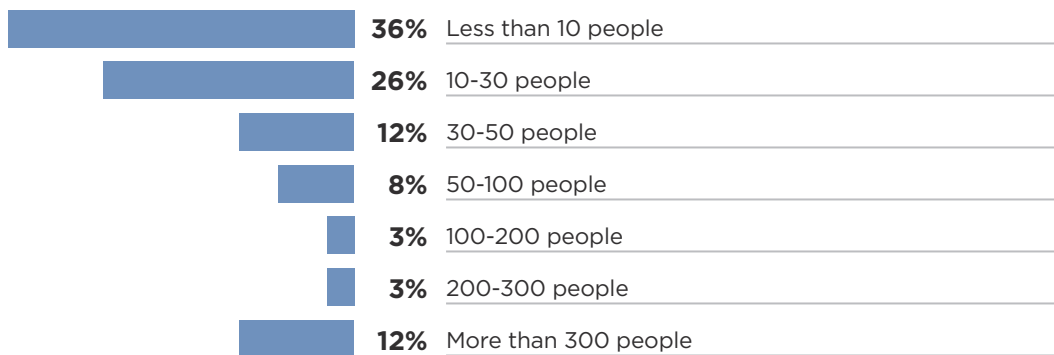
**Q5 / In which region is your company headquartered?**



**Q6 / In which regions does your company operate?**



**Q7 / How large is your staff/team?**



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### About Deloitte Consulting LLP

Deloitte's Sales and Marketing Effectiveness practice combines strategic and operational capabilities to develop executable strategies that produce sustainable performance improvements across the breadth of customer-facing activities. The Sales and Marketing Effectiveness practice has successfully assisted numerous clients in improving the effectiveness of their Marketing function and providing advisory services in the areas of Sales and Marketing Alignment, Sales Compensation, Channel Management, Customer Experience, Strategy and Segmentation, Marketing ROI and Resource Allocation, Trade Promotion Management, Emerging Marketing Models, Spend Effectiveness and Compliance, and Customer Data Integration.

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### About the CMO Council

The Chief Marketing Officer (CMO) Council is dedicated to high-level knowledge exchange, thought leadership and personal relationship building among senior corporate marketing leaders and brand decision-makers across a wide-range of global industries. The CMO Council's 6,000 members control more than \$200 billion in aggregated annual marketing expenditures and run complex, distributed marketing and sales operations worldwide. In total, the CMO Council and its strategic interest communities include more than 20,000 global executives in nearly 100 countries covering multiple industries, segments and markets. Regional chapters and advisory boards are active in the Americas, Europe, Asia-Pacific, Middle East and Africa. The Council's strategic interest groups include the Coalition to Leverage and Optimize Sales Effectiveness (CLOSE), LoyaltyLeaders.org, Marketing Supply Chain Institute, Customer Experience Board, Market Sense-Ability Center, Digital Marketing Performance Institute, GeoBranding Center, the Forum to Advance the Mobile Experience (FAME), and the cause-directed research initiative, Pause to Support a Cause. More information on the CMO Council is available at [www.cmocouncil.org](http://www.cmocouncil.org)