

CMOs AND THE SPARK TO DRIVE GROWTH

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How Do Marketing Leaders Intend
to Drive the Growth Agenda?

INTRODUCTION

Marketers are growth leaders. According to 68 percent of the marketing leaders surveyed by the CMO Council and Deloitte in 2016, this statement is fact. The marketers surveyed also revealed that senior management and the board held them accountable for growth, believing it was their chief or primary mandate. Yet while there was a desire to drive growth, far too many marketers seemed trapped in a functional rut, focused on campaigns and moments in time.

Rather than driving strategic initiatives, many of the senior marketers surveyed were spending time in meetings and approving campaign budgets. Many CMOs spent their time reshaping aspects of the customer experience, convinced that it was the path to corporate differentiation. Some 44 percent believed that their brands had already been differentiated, thanks to the experiences being crafted, while 37 percent said that experience only somewhat created differentiation.

Interestingly, fewer than one in four respondents believed that their role as the CMO was tied to serving as champion of the experience for the entire organization. Rather than directly overseeing the experience, many marketers were managing from afar, choosing to focus on how customers would

initiate their journeys and progress from search to discovery and consideration.

The actions outlined in this initial 2016 investigation into growth were focused on taking the first steps in marketing's new shoes as the growth driver. Engagements and focus were on the short-term activities that could amplify sales and spark immediate revenue gains. Strategy, however, was often more focused on the long term as marketers looked to shift corporate culture from a product-centric and sales-driven approach to one wrapped more directly in customer experience.

Gains were typically incremental, driven by a campaign mindset that looked to drive customers into the top of the funnel. But the larger moves—from mergers and acquisitions, monetization strategies, partner development and activation to mapping global expansion, and customer lifetime value improvements—were often left to other teams.

In the wake of this 2016 research, new questions emerged:

- How would the path to growth evolve? Were CMOs ready to evolve instead?

- Where and how were CMOs impacting growth, and were those points of impact in line with how the business defined success?
- Could marketers rise to the occasion? Would the creature comforts of campaigns and branding interfere with the evolution storytelling and engagement in this new data-driven digital world? Could brand remain a key driver of business and the cornerstone to the connected customer experience?

The report that follows outlines the findings of a Q1 and Q2 2018 online survey completed by 191 marketing leaders. From this, we can see that many marketers have entrenched themselves in driving growth by focusing on actions that drive sales. There is a drive to measure success in terms of revenue, and CMOs are often aligning with the teams and line-of-business leaders that will help secure this growth legacy.

But is this push for sales going to sustain business growth in the long run, or will CMOs need to break from their comfortable role of sales enabler and truly embrace the role of customer and revenue officer without hesitation?

KEY FINDINGS

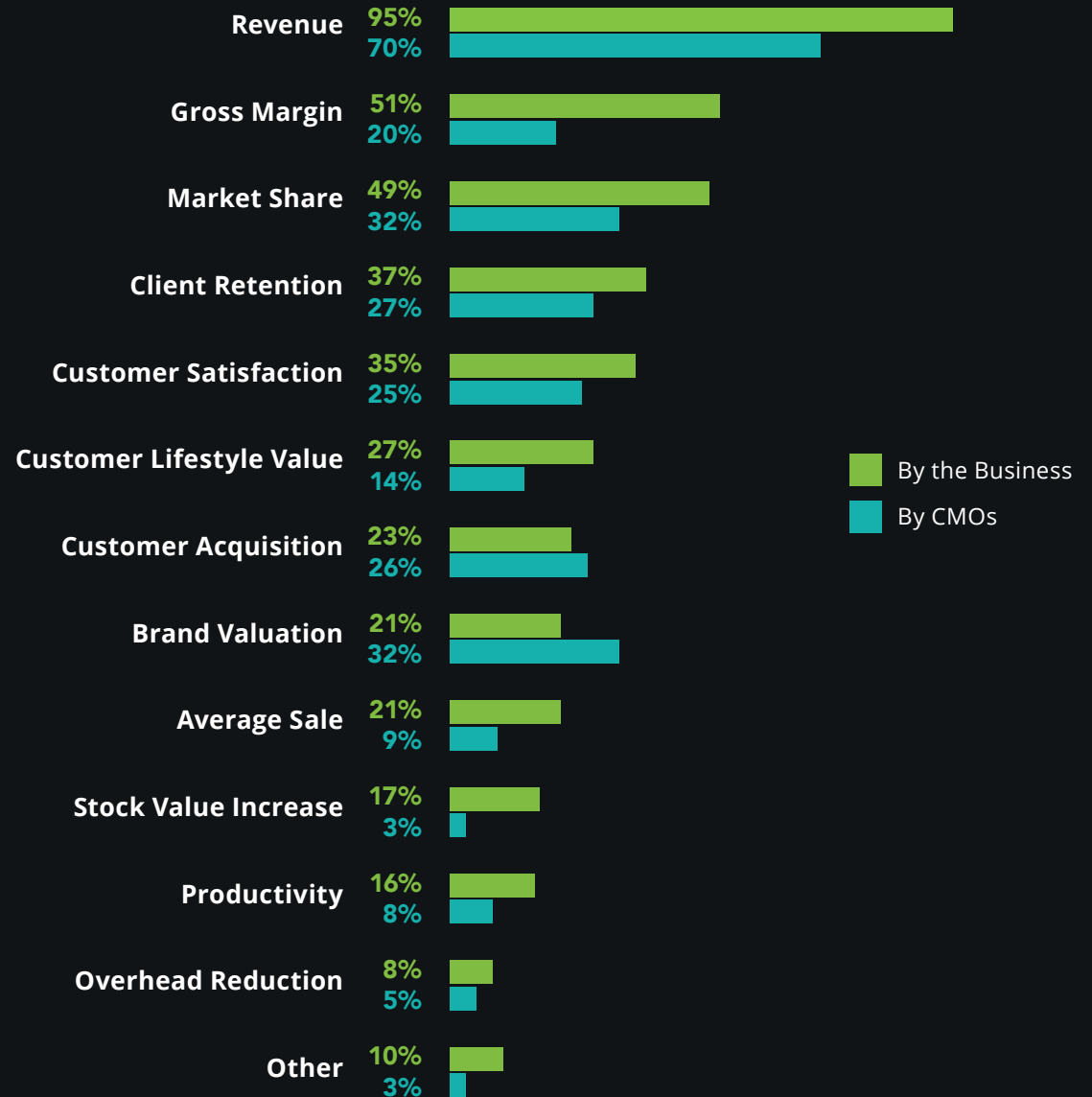
Growth is not an enigma. Marketing's impact on growth is.

Chief marketing officers are getting down to business. According to the 191 marketers who participated in this research, growth is most definitively defined as revenue gains. Of the top measures used by the organization to define and measure growth, 95 percent of the marketers surveyed identify revenue as the top measure, followed by gross margin (51 percent) and market share (49 percent).

The customer experience metric of a satisfaction or advocacy form—most commonly gathered through the Net Promoter Score—was selected by 35 percent of marketers as a leading metric. Thirty-seven (37) percent pointed to metrics around client retention as a factor in how the business defined growth. While other points of impact, including customer lifetime value and the cost of customer acquisition, were also factored in, the business did not leverage brand valuation as a growth metric.

This point is a sign of a split between what the business and marketing believe is critical for growth, and it is perhaps a signal that while growth has evolved, marketing's drive toward it has not

Figure 1 How does the organization define growth, and which areas do you as a marketer feel most prepared to impact?



advanced beyond facilitating and boosting individual transactions and customer acquisition.

As noted in Figure 1, marketers feel personally prepared to impact revenue gains in the coming year. However, when it comes to realizing improvements in other business-critical points of growth (like gross margin and even market share), marketers' confidence plummets.

Many marketers have also lost sight of the long-term impact that customers can make on the business as retention and customer lifetime value fall lower on the impact list.

Storytelling Reigns as CMOs Take a Back Seat in Expansion and Experience

The marketers surveyed believe that their role in driving growth is to serve as the chief storyteller, navigating the path to bridge the brand with the business. While some see themselves as the leader of digital transformation (19 percent), aligning the brand with the business is where 35 percent of marketers feel they thrive.

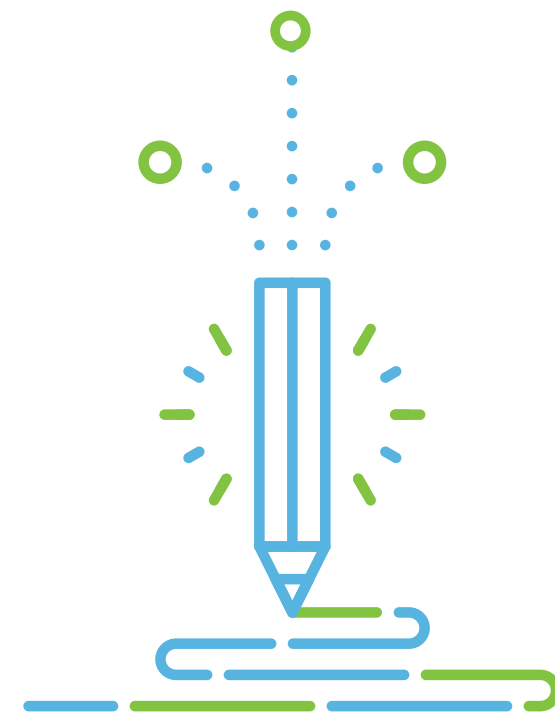
This further plays out in where and to what extent marketers are involved in core growth-driving aspects of the business. Marketers indicate that they are the primary driver of functions like brand development and storytelling (82 percent), customer engagement and communications (75 percent), and media mix modeling (65 percent). While customer

experience does make its way onto the top-five list (50 percent) of areas of leadership, it is preceded by lead management and optimization and establishing product go-to-market strategies.

Marketers own the brand and how it melds into engagement and communications, but they can also be influencers and stakeholders across a vast list of critical business-driving functions. While CMOs indicate that they may not own the experience, they are certainly influencing it, serving as key stakeholders in service and support delivery (60 percent) and friction identification and resolution (59 percent). Many marketers are also key stakeholders in technology stack innovation, which ties to the stake they hold in talent development, as many marketers are looking to bolster teams with data-savvy storytellers and analytical creative leaders.

While all of these areas of responsibility and influence sync with the CMO's role as growth driver—specifically the CMO's role in developing and maintaining sustainable and profitable engagements with customers and enabling sales—there is a next stage for marketers to try to tackle if growth is likely to extend beyond an individual transaction.

The next evolution of the CMO will likely be to shift from brand-builder and experience-orchestrator into an executive who directs and drives long-term, sustainable growth by introducing new points of distribution and identifying opportunities for



expansion and acquisition. Few marketers surveyed in this study have currently made this shift, but there are indications that leaders are looking to these areas for rapid growth and revenue gains.




**Champions Are Aligned for Growth...
Next Up: Alignment for Expansion**

Sales drive growth, and the CMOs we surveyed have aligned with C-suite partners accordingly. When asked to identify their greatest allies and champions, executives who are tied to sales topped the list, starting with the president/CEO (71 percent) and head of sales (55 percent). But there is a steep drop in alignment after the two roles that are most tightly tethered to sales.

While many CMOs say they are aligned with line-of-business leadership (37 percent) and the chief financial officer (34 percent), surprisingly few are connecting with heads of service and support (14 percent), despite the earlier belief that CMOs were key influencers and stakeholders in the delivery of service and support. Another surprising response is how few CMOs pointed to the chief information officer (CIO) as a key ally and champion (only 23 percent)...again considering previous indicators that marketing was taking a key role in tech stack innovation.

The alignments that marketing has made are holding firm as only 3 percent of respondents say they have

Figure 2 What is your level of involvement in the following areas?

THE BRAND GROWTH LEADER **THE SALES AND EXPERIENCE ORCHESTRATOR** **THE GLOBAL GROWTH LEADER**

STAGE 1: Tying the Brand to the Business	STAGE 2: Orchestrating a Seamless Experience	STAGE 3: Identifying Robust Routes to Revenue
Brand development and storytelling (82% leading)	Service and support delivery (60% influencing)	In-store operations (67% not involved/8% leading)
Customer engagement and communications (75% leading)	Friction identification and resolution (59% influencing)	Supply chain optimization (57% not involved/7% leading)
Media mix modeling (65% leading)	Tech stack innovation (55% influencing)	Mergers and acquisitions (52% not involved/11% leading)
Product go-to-market (62% leading)	Talent development (53% influencing)	Mapping global expansion (40% not involved/21% leading)
Customer experience strategy (50% leading)	Product specification (52% influencing)	Advancing distribution channels (32% not involved/25% leading)

good alignment that falls apart at the point of execution. In fact, 40 percent say that the allies and champions they have gathered are supportive, albeit not actively involved in strategy deployment, while an additional 31 percent say that they are in lock step with their allies, with champions being totally aligned and in full support of their activities.

Moreover, these tight alignments have empowered many marketers to further focus on a sales-centric definition of growth. As CMOs aim to evolve their view—looking to the experience and global expansion as drivers of long-term growth—new expertise in data and having the right tools and tech to enable new insights will likely top the list of items that will help ensure success. Currently, many marketers feel that a talented team that is ready to develop, execute and improve implementation can be the most important factor in successfully reaching their growth goals. And while that may be true of current goals to impact and improve transaction-based growth and sales enablement, CMOs will likely also need to turn their attention to lesser-selected factors, including data and intelligence to power strategy execution (17 percent) and having the time to cultivate and nurture revenue-generating opportunities outside of the sales pipeline (7 percent).

As marketers progress through the stages of growth evolution, leaders who are looking to shift from immediate sales to long-term global growth will likely need to broaden their influence and ally

circles. First and foremost could be a requirement to more intensely embrace the chief operating officer (only 29 percent consider the COO to be an ally today) and head of product (also an ally for only 28 percent of respondents). For CMOs committing to shifting cultures, the head of HR should also become a key champion and partner, despite being aligned with only 13 percent of respondents today.

Beyond alignment, these connections can further solidify the CMO as the champion of sales growth. When asked to outline where CMOs expected to initiate or optimize growth, 68 percent of respondents agreed that new customer acquisition is the top growth factor, followed by improving customer targeting (45 percent) and optimizing upsell and cross-sell strategies (44 percent).

Marketing’s intention to focus on immediate sales emerges as CMOs also point to leveraging product introductions (34 percent) and honing personalized experiences and recommendations (28 percent) to drive growth. Yet again, marketers seem less inclined to look beyond the immediate customer transaction as only 13 percent plan to identify new opportunities by focusing on underdeveloped or overlooked markets, and only one in four plans to look to global market expansion as a route to revenue.

Figure 3 How aware and aligned are organizational allies to your growth strategies and goals?

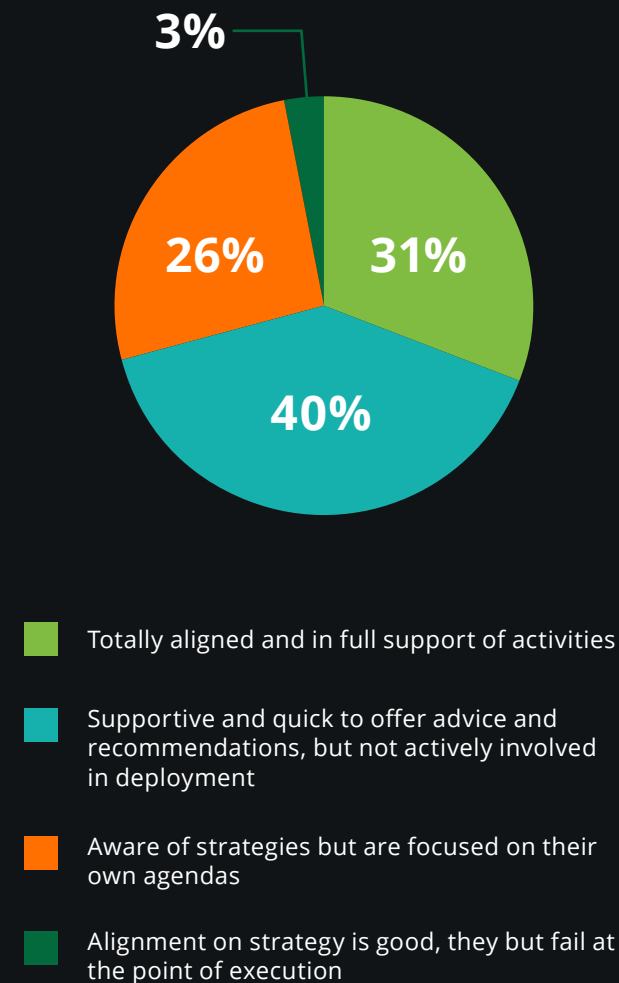


Figure 4 What skills have helped you to shape and evolve the growth agenda?



Mandatory Skills for Today's Growth Leader
Data and intelligence (56%)
Market insights and knowledge (50%)
Holistic view of the customer journey (49%)
Brand building and development (47%)
Storytelling in a digital world (44%)



Critical Skills for Tomorrow's Growth Driver
Real-time view of the customer (11%)
Understanding of entire product portfolio (18%)
Customer experience strategy ownership (19%)
Finance-based view of engagement strategy (21%)
Field sales knowledge and experience (24%)

Embracing Innovation and Adopting New Skills to Foster a New Growth Trajectory

As CMOs attempt to accelerate and evolve the growth agenda, they should hold their legacy of storytelling and brand closely, but they will likely also need to branch out to secure new tools and more business-focused skills to take growth from increases in revenue to transformations in success.

Currently, many marketers believe that innovation and transformation are dependent upon how content strategies must evolve to meet the growing and intense digital expectations of their customers. According to 66 percent of respondents, this advancement tops the list of intended next steps for future growth, followed by nearly half (50 percent) of brand leaders looking to serve as the voice of the customer in corporate decision-making discussions.

Marketers are also looking to innovate by introducing new engagement technologies (47 percent) while leveraging data to identify those markets where growth is waiting (39 percent). However, it may be some of the less-charted innovations that will truly lead marketers to drive transformation. Take, as an example, streamlining operations to eliminate redundancy, an initiative selected by only 15 percent of marketing respondents.

As mentioned in earlier findings, many marketers were embracing their role as a friction eliminator,

actively working to streamline and smooth the customer's path to purchase. However, for leaders looking to make lasting changes to their operations, removing redundant touchpoints that run the risk of confusing the customer or ruining an experience often tie directly back to the CMO's opportunity to impact customer lifetime value.

This shift can require new skills to be added to the CMO toolkit. When asked which skills had most helped to shape and evolve the growth agenda, 56 percent of marketers pointed to knowledge around data and intelligence analysis, which is often considered to be the lifeblood of the modern marketing campaign. Half (50 percent) also pointed to their knowledge and insights into the market, as well as their holistic view of the customer journey (49 percent).

What is so captivating is that these data and intelligence skills top the list. Marketing's reliance on intelligence even pushed skills around storytelling in brand-building and development (47 percent) and a digital world (44 percent) lower down the must-have-skills list. Combined with well-honed skills in brand and content, intelligence is creating the foundation for marketers' growth plans, but in order to evolve and accelerate, marketers should add to this list, taking the opportunity to add new skills to enhance the growth agenda.

What should top the new skills activation list? For

marketers looking to optimize sales opportunities, following the path of 24 percent of marketing leaders by gaining knowledge and experience in field sales could prove to be invaluable. There is also a potential need to deeply understand the customer experience strategy (currently identified by 19 percent of respondents as a critical skill) and product portfolio (identified by 18 percent of respondents).

Silos, Culture and Out-of-Date Mindsets Threaten Marketing's Confidence

Among the marketers surveyed, there is little doubt that their organizations will succeed. In fact, only 3 percent of respondents felt that without some form of transformation or radical change, success was unlikely, and only 3 percent felt they were losing ground. Most (46 percent) actually feel they are fairly well positioned to succeed.

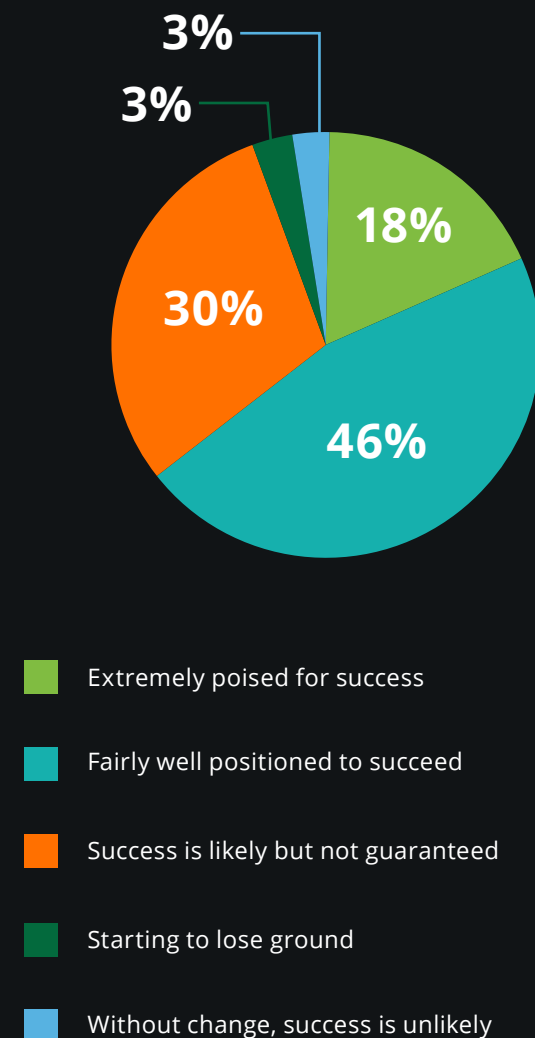
Despite this growth-focused confidence, there are roadblocks that many marketers admit could derail their best-laid plans, with the top challenges being rooted in culture. Chief among the issues that could derail growth is the ever-present issue of functional silos that keep data and touchpoints segmented and separated. Marketers are also aware that mindsets that hamper growth—including product-centric and sales-centric thinking that puts the customer at the end of the conversation (35 percent) and risk-averse cultures that refuse to change (31 percent)—

often translate into corporate cultures that do not place the customer at the center of all decisions.

Interestingly, many of the issues not selected could actually be perpetuating the existence of issues at the top of the list. Consider that only 6 percent of marketers believe that continuing to report marketing's impact in the terms of campaign metrics and not in terms of revenue-driving measures is a roadblock to success, while in parallel path, 23 percent of respondents feel they may be facing unrealistic expectations for immediate return on investments. Without metrics that speak to the business and outline revenue impact, how will marketers establish realistic expectations?

Marketers are also concerned about obtaining the right talent to execute on experience and growth strategies (31 percent), but they are far less focused on resolving issues around powering old processes that have already proven to be ineffective with new and potentially costly technologies (8 percent).

Figure 5 How Poised Are You to Reach Intended Growth Goals?



CONCLUSION

Many CMOs have made the transition from mastering the art of the brand to securing success in the sale, but this can't be the end of the growth evolution. Marketers should continue on their path to drive growth for the organization, charting a course for the customer and the organization alike. What is revealed by the marketers participating in this research is that the comfort zone of campaigns and communications continues to be a welcoming home base for many. However, the leaders who have embraced their role as a growth driver and orchestrator of the customer experience can set a new course for lasting profitability and opportunity.

Marketers should do more than simply align with the primary stakeholders in transactional success. They should align their very vision of success with both the customer's vision of need and value and the business' definition of growth and success. It will likely demand more than just a deep understanding of storytelling and the brand and can even transcend having an understanding of the business and the touchpoints spread across it. It will likely demand that marketers become cultural change agents, sparking innovation in how teams, technologies and touchpoints converge.

Continuing the Conversation and Peer-Powered Education

To extend this path toward growth evolution, the CMO Council and Deloitte have interviewed marketing leaders within growth organizations, ranging from fast-growing companies to those that have already realized lasting, sustainable growth. These leading practices will be combined in a summary of executive knowledge exchange to showcase how marketing peers have adopted new mindsets, shaken cultural norms and worked across silos to create a new foundation of connectedness and collaboration that benefits the bottom line and the customer.

The data presented in this paper will also be more deeply dissected, specifically delving into how the minority (i.e., marketing respondents who are supremely confident in future success, those stepping beyond sales enablement and those breaking cultural norms) can help guide the CMO community into a new territory of success. These combined leading practices and insights will be compiled into a "Growth Driver Playbook," which will also be released as part of the alignment between the CMO Council and Deloitte.

ABOUT 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 15,000+ members control more than \$500 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 over 65,000 global marketing and sales executives in over 110 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 Customer Experience Board, Digital Marketing Performance Center, Brand Inspiration Center, Marketing Supply Chain Institute, GeoBranding Center, and the Coalition to Leverage and Optimize Sales Effectiveness (CLOSE).

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