Insights from the
Global Chief Marketing
Officer Study

From Stretched to Strengthened

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CMO
C-suite
Studies

The 2011 Global CMO Study is part of our C-suite Study series encompassing interviews with more than 15,000 C-suite executives
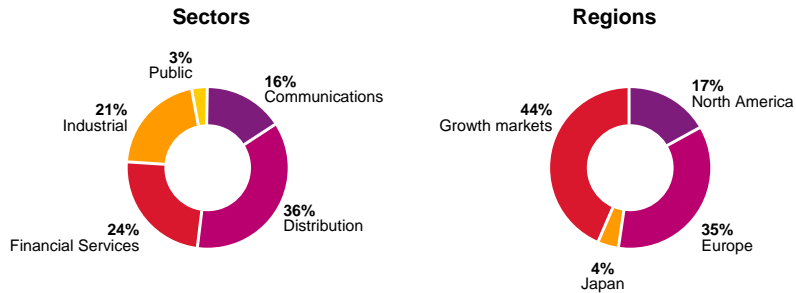
In this largest sample of face-to-face CMO interviews, we spoke with more than 1,700 CMOs

**The study represents organizations in
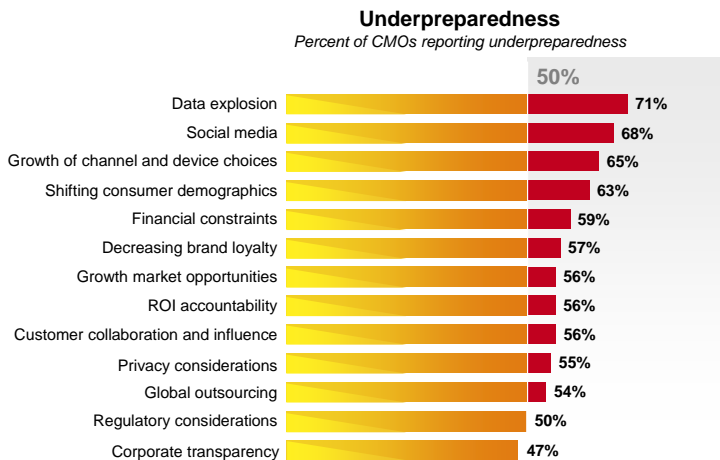64 countries and 19 industries**

Sectors

- 3% Public
- 16% Communications
- 21% Industrial
- 36% Distribution
- 24% Financial Services

Regions

- 44% Growth markets
- 17% North America
- 35% Europe
- 4% Japan

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The vast majority of CMOs are underprepared to manage the impact of key changes in the marketing arena

Underpreparedness
Percent of CMOs reporting underpreparedness

50%

Factor	Percent
Data explosion	71%
Social media	68%
Growth of channel and device choices	65%
Shifting consumer demographics	63%
Financial constraints	59%
Decreasing brand loyalty	57%
Growth market opportunities	56%
ROI accountability	56%
Customer collaboration and influence	56%
Privacy considerations	55%
Global outsourcing	54%
Regulatory considerations	50%
Corporate transparency	47%

Source: Q8 How prepared are you to manage the impact of the top 5 market factors that will have the most impact on your marketing organization over the next 3 to 5 years?
n=149 to 1141 (n = number of respondents who selected the factor as important)

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Swimming, treading water or drowning?

Deliver value to empowered customers
– Move from market analysis to understanding individuals
– Take charge of growing volume, velocity and variety of data

Foster lasting connections
– Focus on the relationship, not just the transaction
– Invest in building your corporate character

Capture value, measure results
– Demonstrate accountability through ROI
– Recognize shift towards new skills and capabilities

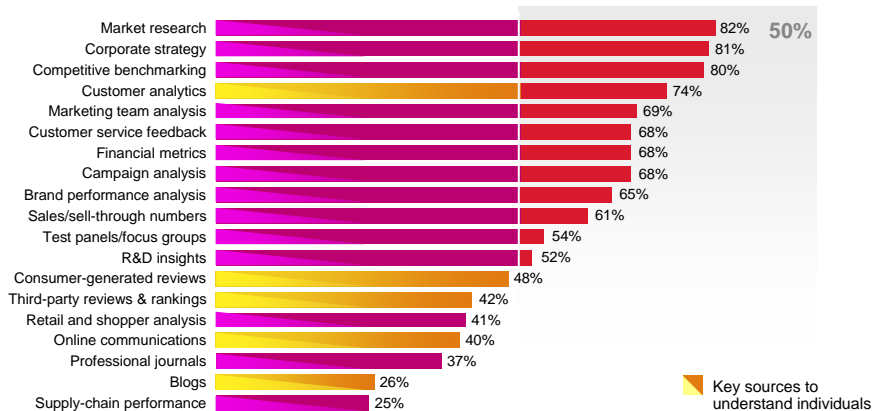The CMO Agenda – Get fit for the future

"The perfect solution is to serve each consumer individually. The problem? There are 7 billion of them."
Consumer products CMO, Singapore

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Most CMOs are still focusing on understanding *markets* versus understanding *individuals* to shape their strategy

Sources used to influence strategy decisions
Percent of CMOs selecting all sources that apply

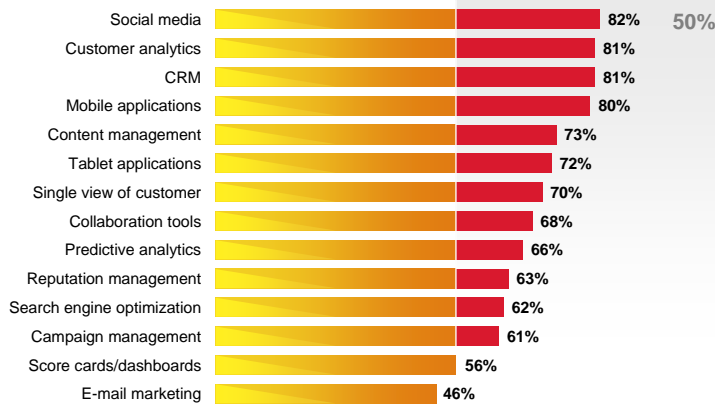| Source	Percent
Market research	82%
Corporate strategy	81%
Competitive benchmarking	80%
Customer analytics	74%
Marketing team analysis	69%
Customer service feedback	68%
Financial metrics	68%
Campaign analysis	68%
Brand performance analysis	65%
Sales/sell-through numbers	61%
Test panels/focus groups	54%
R&D insights	52%
Consumer-generated reviews	48%
Third-party reviews & rankings	42%
Retail and shopper analysis	41%
Online communications	40%
Professional journals	37%
Blogs	26%
Supply-chain performance	25%

50%

Key sources to understand individuals

Source: Q15 What sources of information influence your marketing strategy decisions? n=1733

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Majority of CMOs are eager to deploy tools and technologies to grapple with growing volume, velocity and variety of data

Plans to increase the use of technology
Percent of CMOs selecting technologies

Technology	Percent
Social media	82%
Customer analytics	81%
CRM	81%
Mobile applications	80%
Content management	73%
Tablet applications	72%
Single view of customer	70%
Collaboration tools	68%
Predictive analytics	66%
Reputation management	63%
Search engine optimization	62%
Campaign management	61%
Score cards/dashboards	56%
E-mail marketing	46%

50%

Mahou-San Miguel: Customer engagement is key to success

The Challenge
When Grupo Mahou-San Miguel, S.A. developed a new brand of beer, "Mixta," to appeal to younger drinking-age consumers, the Spanish brewer needed capture a loyal following in an already crowded market.

The Solution
Capitalizing on the passion young people have for all things digital, Mahou-San Miguel bypassed traditional media and launched the product via social media exclusively, exploiting the power of viral networking and developing more than 30 "Mixta" commercials for YouTube and internet outlets.

The Results
The Mixta campaign, with more than 10 million hits, is battling for second place among all YouTube brands in Spain, by number of views. And the engagement of consumers with the Mixta brand is further evidenced by the emergence of user-generated imitations of Mixta ads and a social media "club" of Mixta fans.

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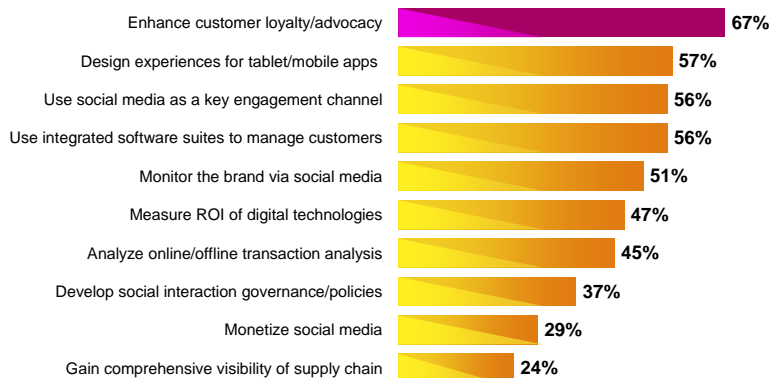
Capture value, measure results
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– Recognize shift towards new skills and capabilities

The CMO Agenda – Get fit for the future

"Marketing performance tracking is driven by customer loyalty. End-to-end lifecycle management is key."
Telecommunications CMO, Belgium

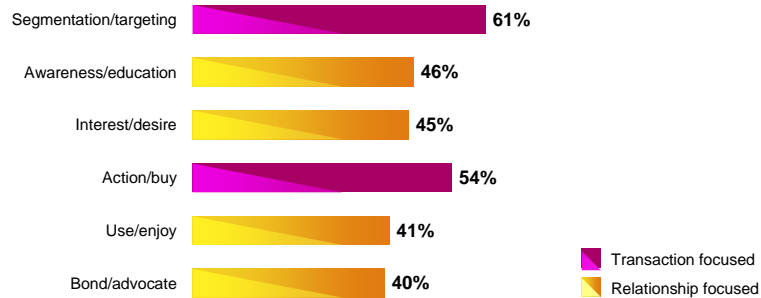## Confronted with the shift toward emerging digital technologies, CMOs see enhancing customer loyalty as the top priority

Priorities for managing the shift toward digital technologies

Priority	%
Enhance customer loyalty/advocacy	67%
Design experiences for tablet/mobile apps	57%
Use social media as a key engagement channel	56%
Use integrated software suites to manage customers	56%
Monitor the brand via social media	51%
Measure ROI of digital technologies	47%
Analyze online/offline transaction analysis	45%
Develop social interaction governance/policies	37%
Monetize social media	29%
Gain comprehensive visibility of supply chain	24%

Source: Q12 What are your priorities for managing the shift toward emerging digital technologies? (Select top five.) n=1733

However, most CMOs are using data to manage transactions, not relationships

Extensive use of customer data
Percent of CMOs using data captured within customer lifecycle phases

Phase	Value
Segmentation/targeting	61%
Awareness/education	46%
Interest/desire	45%
Action/buy	54%
Use/enjoy	41%
Bond/advocate	40%

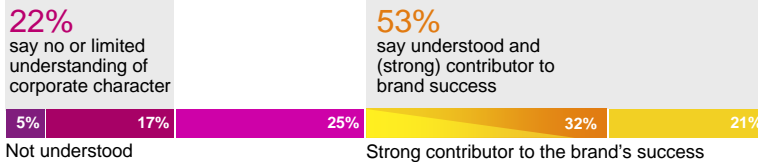Transaction focused
Relationship focused

Source: Q21 To what extent does your marketing organization capture, analyze and act on customer data generated during the following customer lifecycle phases? n=1626 to 1653
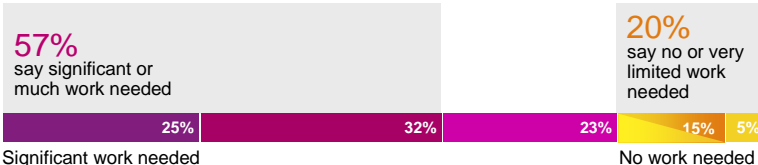
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Customers have clear expectations based on the corporate character, yet employees are not fully on board

Is your corporate character understood in the marketplace?

22%
say no or limited understanding of corporate character

53%
say understood and (strong) contributor to brand success

| 5% | 17% | 25% | 32% | 21% |

Not understood — Strong contributor to the brand's success

Is much more work needed to get employees on board?

57%
say significant or much work needed

20%
say no or very limited work needed

| 25% | 32% | 23% | 15% | 5% |

Significant work needed — No work needed

Source: Q10 Is your corporate character understood in the marketplace? n=1702; Q11 How much work is needed to have employees embrace and live the corporate character? n=1703

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Kraft Foods: Customer engagement delivers "slam dunk" for Oreos

The Challenge
Kraft Foods' Oreo cookie was first introduced in China in the 1990s, but it was too sweet for local palates and the package too big for small Chinese families.

The Solution
Kraft reintroducing a reformulated Oreo in 2006 with NBA basketball star Yao Ming as a brand ambassador. Online games encouraged younger consumers to "compete" with the celebrity in Oreo "Twist, Lick and Dunk" contests, while mothers were encouraged to share their "Oreo Moments" in an online diary on China's popular QZone social network.

The Results
Sales have increased 80 percent, making the Oreo the best-selling cookie in China; the gaming site has generated more than 1.2 billion clicks, with nearly 5 million page views and 1.5 million unique visitors; the QZone network attracted 38 million uniques and more than 40 million user-generated "Oreo Moments" in the first six months.

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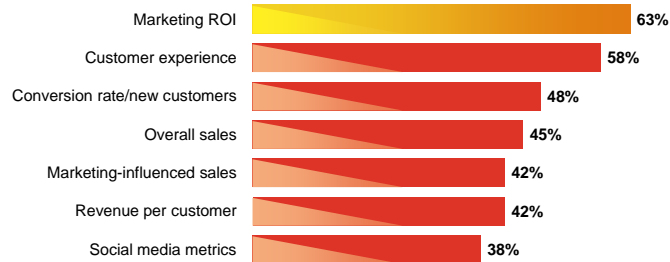
The CMO Agenda – Get fit for the future

"The success of my role is far more about analytics and technology than it is about hanging out with my ad agency, coming up with great creative campaigns. We must increase campaign ROI."
Airlines executive manager/marketing, Australia

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CMOs believe ROI on marketing spend will be the number one method for determining success by 2015

Seven most important measures to gauge marketing success
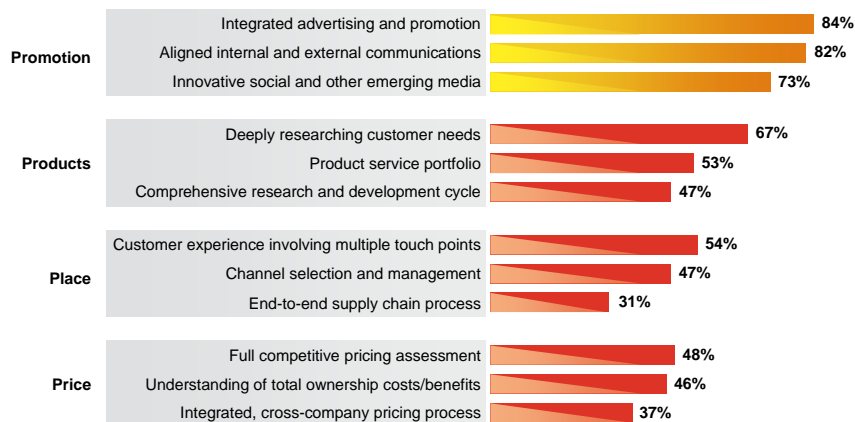*Percent of CMOs selecting success measurements*

Measure	Percent
Marketing ROI	63%
Customer experience	58%
Conversion rate/new customers	48%
Overall sales	45%
Marketing-influenced sales	42%
Revenue per customer	42%
Social media metrics	38%

Source: Q19 What are the 5 most important measurements you (will) use to gauge marketing success by 2015? n=1733

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To truly deliver marketing ROI, CMOs need to have significant influence across all four Ps, not just promotion
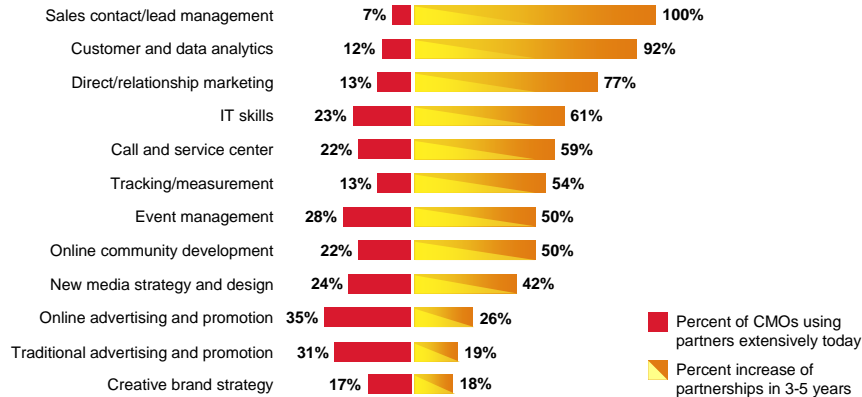
Percent of CMOs citing significant influence

Category	Factor	Percent
Promotion	Integrated advertising and promotion	84%
	Aligned internal and external communications	82%
	Innovative social and other emerging media	73%
Products	Deeply researching customer needs	67%
	Product service portfolio	53%
	Comprehensive research and development cycle	47%
Place	Customer experience involving multiple touch points	54%
	Channel selection and management	47%
	End-to-end supply chain process	31%
Price	Full competitive pricing assessment	48%
	Understanding of total ownership costs/benefits	46%
	Integrated, cross-company pricing process	37%

Source: Q14 How much influence do you and your organization have over the "Four Ps" and their related sub-factors? n=1580 to 1703

To gain influence, CMOs need to introduce new skills into marketing's mix; many plan to tap external expertise

CMOs' use of external partnerships

Category	Percent today	Percent increase
Sales contact/lead management	7%	100%
Customer and data analytics	12%	92%
Direct/relationship marketing	13%	77%
IT skills	23%	61%
Call and service center	22%	59%
Tracking/measurement	13%	54%
Event management	28%	50%
Online community development	22%	50%
New media strategy and design	24%	42%
Online advertising and promotion	35%	26%
Traditional advertising and promotion	31%	19%
Creative brand strategy	17%	18%

■ Percent of CMOs using partners extensively today

■ Percent increase of partnerships in 3-5 years

Source: Q16 What do you do within marketing and what resources will you tap into, to manage marketing today and going forward? (in 3 to 5 years)
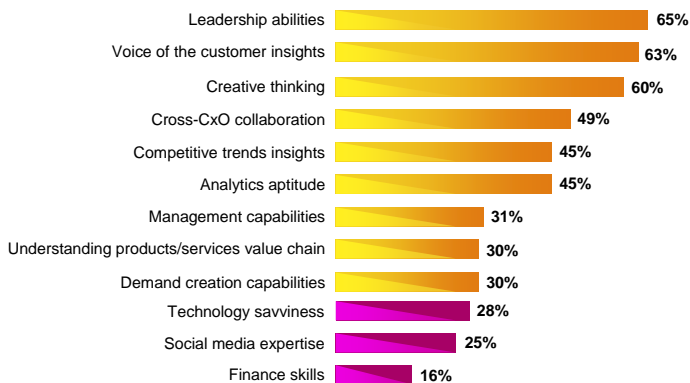n (Today) = 1440 to 1668 n (in 3-5 years) = 1481 to 1636

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CMOs also can expand their personal influence by shifting to new capabilities that focus on technology, social media and ROI

Capabilities for personal success over next 3-5 years
Percent of CMOs selecting capabilities

Capability	Percent
Leadership abilities	65%
Voice of the customer insights	63%
Creative thinking	60%
Cross-CxO collaboration	49%
Competitive trends insights	45%
Analytics aptitude	45%
Management capabilities	31%
Understanding products/services value chain	30%
Demand creation capabilities	30%
Technology savviness	28%
Social media expertise	25%
Finance skills	16%

Source: Q17 What capabilities do you need to be personally successful over the next 3 to 5 years? n=1733

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Moving from Stretched to Strengthened

Deliver value to empowered customers	Foster lasting connections	Capture value, measure results
▪ Focus on creating value for customers as individuals ▪ Reprioritize investments to mine digital channels to access customers' views and use advanced analytics to recognize preferences and trends across every touch point ▪ Work with IT to assess potential data and infrastructure exposures, employ tools to secure customer data and update privacy policies to address customers' concerns	▪ Capitalize on new digital channels to stimulate customer conversations and new relationships; use tangible incentives to attract followers ▪ Engage with customers throughout the customer lifecycle; build online/offline communities to strengthen your brand ▪ Help the enterprise define and activate traits that make it unique and engage the C-suite to meld the internal and external faces of the enterprise	▪ Use advanced analytics and compelling metrics to improve decision making and to demonstrate accountability ▪ Adjust your talent mix to increase technical and financial skills, and grow digital expertise by finding new partners to supplement in-house resources ▪ Expand your horizons by enhancing your personal financial, technical and digital savviness