IBM

From
Stretched to
Strengthened

Insights from the
Global Chief Marketing
Officer Study

CMO
C-suite
Studies

IBM
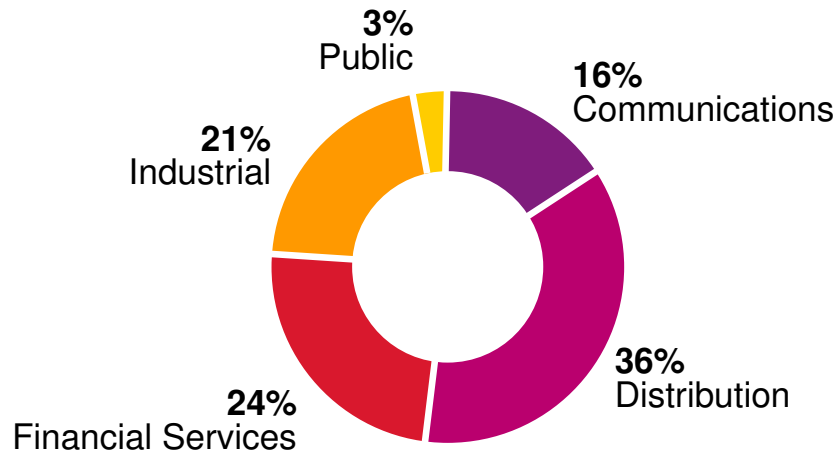
The 2011 Global CMO Study is part of our C-suite Study series encompassing interviews with more than 15,000 C-suite executives

	'04-'05	'06-'07	'08-'09	'10-'11
CEO				
CIO				
CFO				
CHRO				
CSCO				
CMO				

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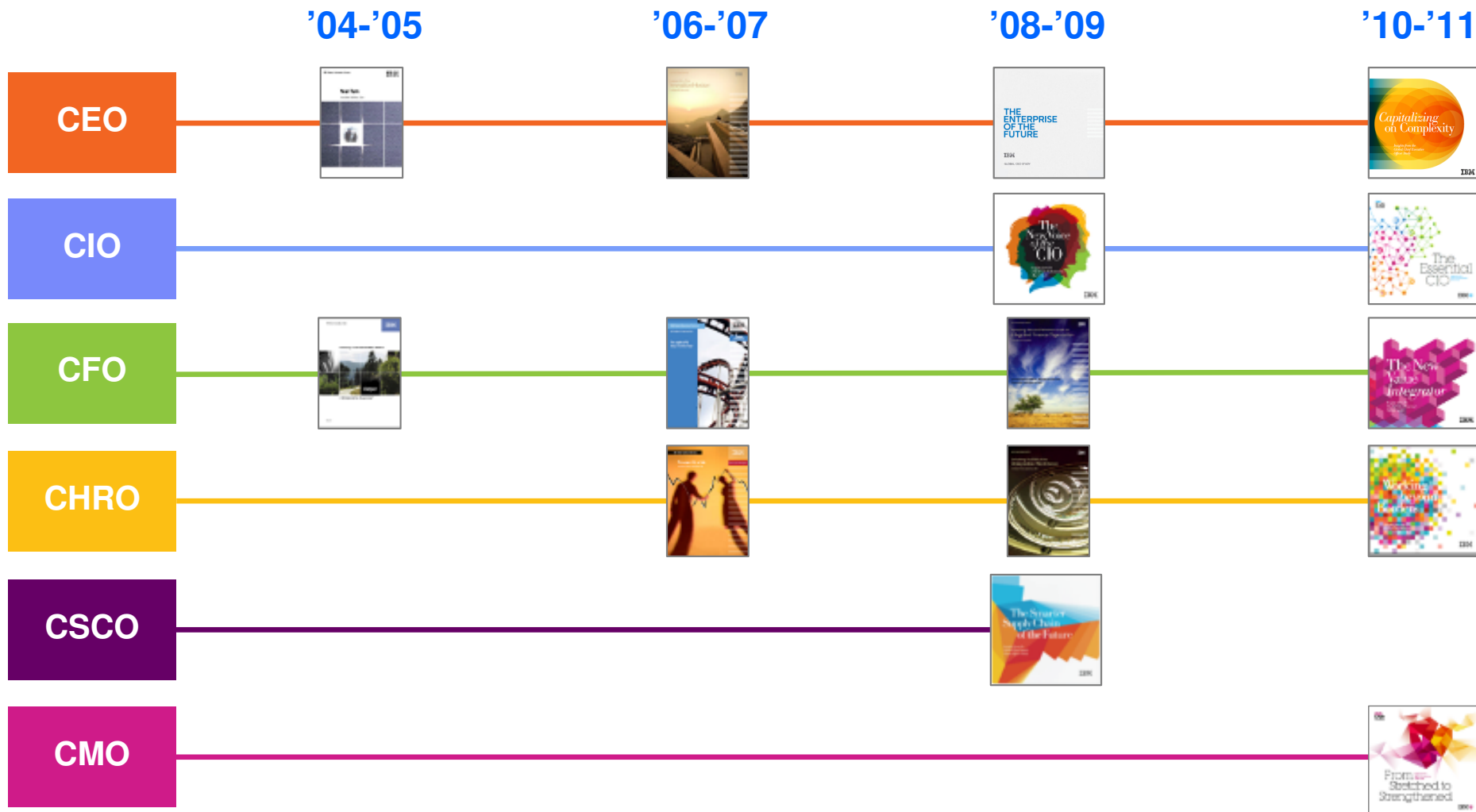
In this largest sample of face-to-face CMO interviews, we spoke with more than 1,700 CMOs

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

Sectors

Regions

3% Public

16% Communications

21% Industrial

36% Distribution

24% Financial Services

17% North America

44% Growth markets
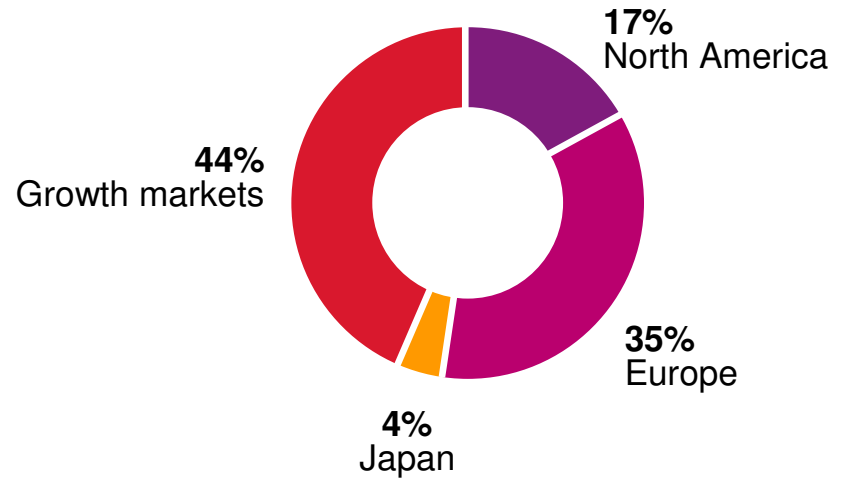
35% Europe

4% Japan

Growth Markets include Latin America, non-EU Eastern Europe, Middle East and Africa and Asia Pacific (excluding Japan); n=1734

Alps

We conducted 52 face-to-face interviews with senior Marketing executives in Alps

Sectors

4% Public

12% Communications

13% Industrial

37% Distribution

35% Financial Services

Countries

29% Austria

71% Switzerland

The CMO study indicates three key domains of improvement

Deliver value to empowered customers

Foster lasting connections

Capture value, measure results
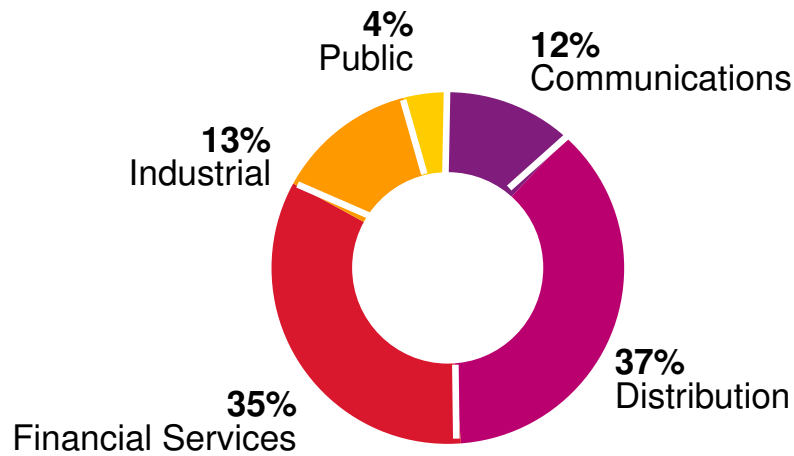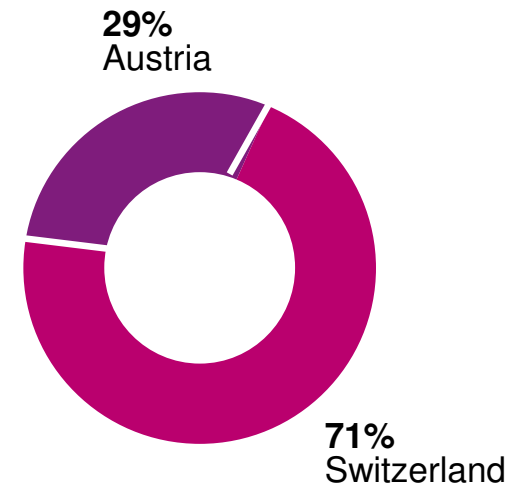
Majority of CMOs believe connecting with customers through digital channels and ROI-drive will impact marketing most

Factors impacting marketing
Percent of CMOs selecting as "Top 5 Factors"

Alps

Factor	Percent	Alps
Customer collaboration and influence	67%	**73%**
Growth of channel and device choices	61%	**58%**
Social media	57%	**60%**
ROI accountability	45%	**37%**
Decreasing brand loyalty	42%	**38%**
Data explosion	39%	**38%**
Shifting consumer demographics	37%	**42%**
Regulatory considerations	33%	**44%**
Growth market opportunities	31%	**27%**
Financial constraints	30%	**37%**
Corporate transparency	21%	**23%**
Privacy considerations	10%	**2%**
Global outsourcing	9%	**4%**

Source: Q7 Which of the following market factors will have the most impact on your marketing organization over the next 3 to 5 years? (n=1733)

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

● Top 5 market factors with biggest impact

Underpreparedness
Percent of CMOs reporting underpreparedness

Alps

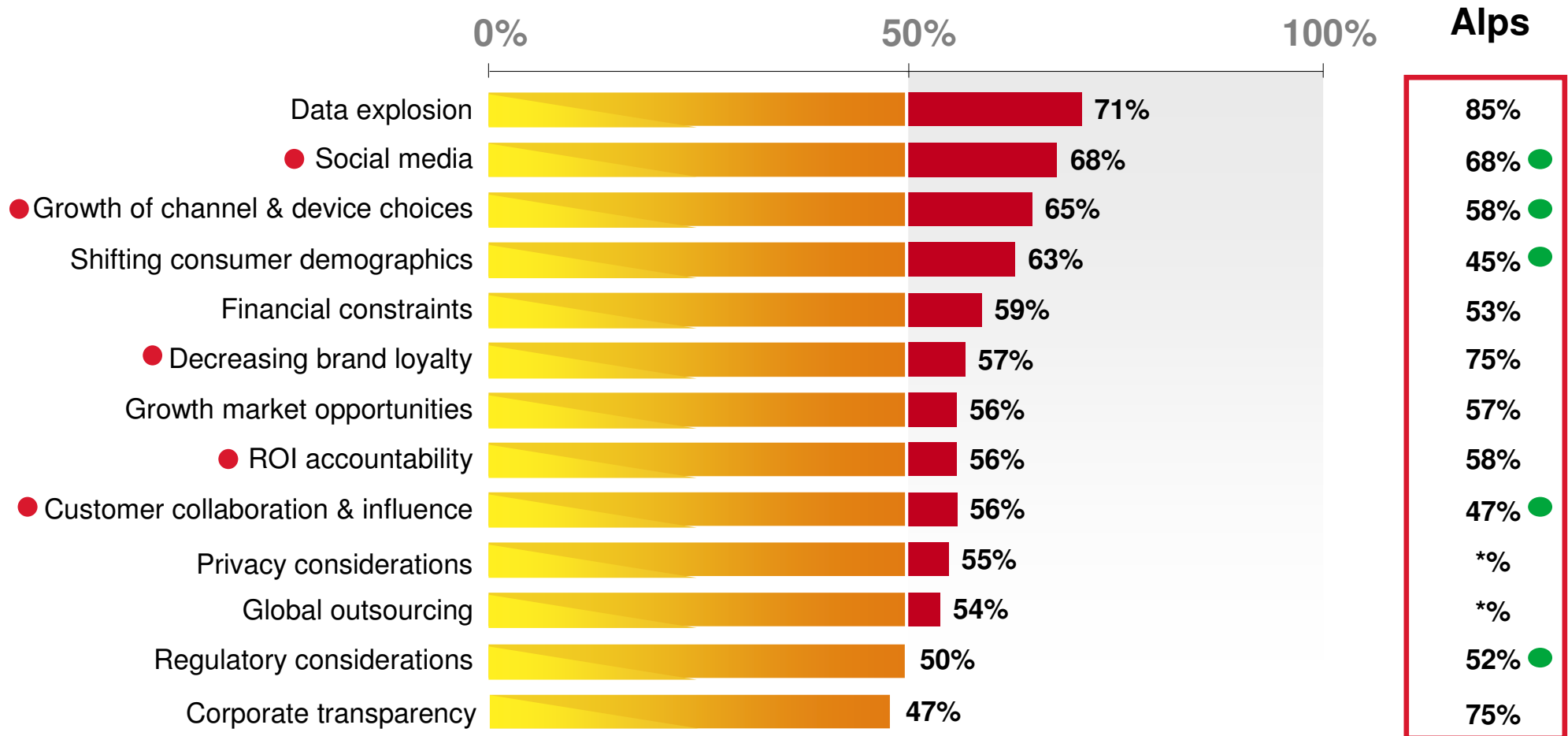| Factor	Underpreparedness	Alps
Data explosion	71%	85%
● Social media	68%	68% ●
● Growth of channel & device choices	65%	58% ●
Shifting consumer demographics	63%	45% ●
Financial constraints	59%	53%
● Decreasing brand loyalty	57%	75%
Growth market opportunities	56%	57%
● ROI accountability	56%	58%
● Customer collaboration & influence	56%	47% ●
Privacy considerations	55%	*%
Global outsourcing	54%	*%
Regulatory considerations	50%	52% ●
Corporate transparency	47%	75%

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)

CMOs are overwhelmingly underprepared for the data explosion and recognize need to invest in and integrate technology and analytics

Underpreparedness
Percent of CMOs selecting as "Top 5 Factors"

Factor	Percent
Data explosion	71%
Social media	68%
Channel & device choices	65%
Shifting demographics	63%
Financial constraints	59%
Decreasing brand loyalty	57%
Growth markets	56%
ROI accountability	56%
Customer collaboration	56%
Privacy considerations	55%
Global outsourcing	54%
Regulatory considerations	50%
Corporate transparency	47%

Need for change to deal with data explosion
Percent of CMOs indicating high/significant need

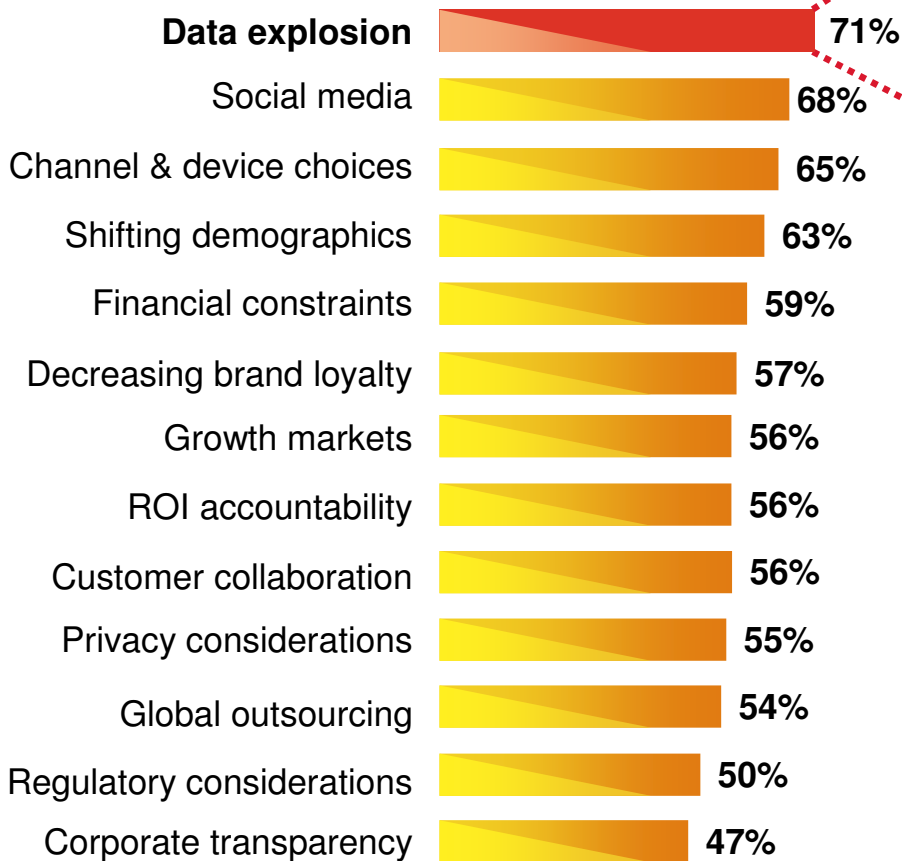| Factor	Percent
Invest in technology	73%
Integrate insights	69%
Understand analytics	65%
Rethink skill mix	64%
Collaborate with peers	52%
Validate ROI	49%
Address privacy	28%

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; Q20 To what extent will the opportunity to collect unprecedented amounts of data require you to change? n=1629 to 1673

CMOs are overwhelmingly underprepared for the data explosion and recognize need to invest in and integrate technology and analytics

Underparedness
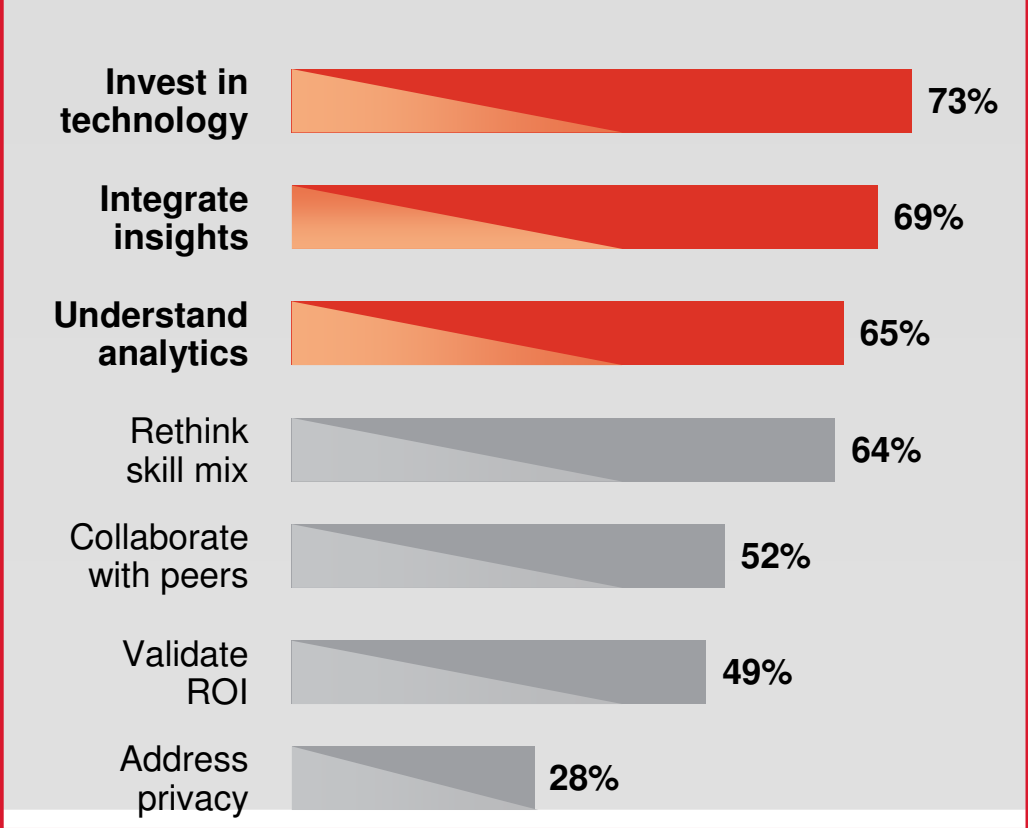*Percent of CMOs selecting as "Top 5 Factors"*

Factor	%
Data explosion	85%
Social media	68%
Channel & device choices	58%
Shifting demographics	45%
Financial constraints	53%
Decreasing brand loyalty	75%
Growth markets	57%
ROI accountability	58%
Customer collaboration	47%
Privacy considerations*	
Global outsourcing*	
Regulatory considerations	52%
Corporate transparency	75%

* Results not included as the number of respondents is very low (<3)

Need for change to deal with data explosion
Percent of CMOs indicating high/significant need

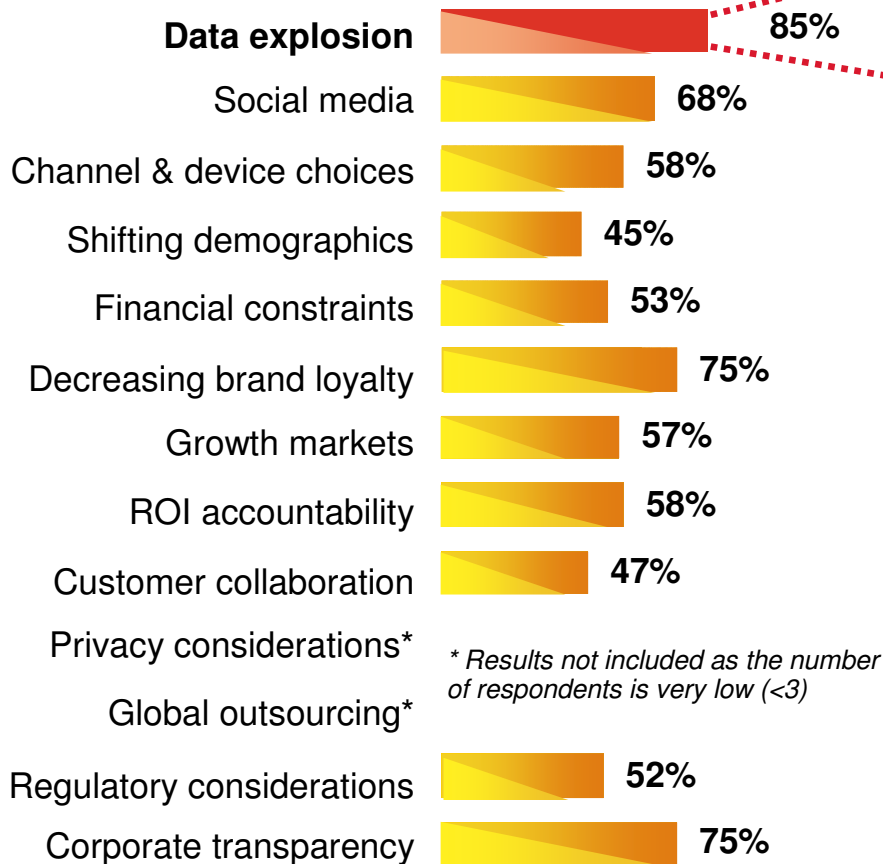| Change	%
Invest in technology	62%
Integrate insights	52%
Understand analytics	55%
Rethink skill mix	46%
Collaborate with peers	41%
Validate ROI	44%
Address privacy	16%

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=1 to 38; Q20 To what extent will the opportunity to collect unprecedented amounts of data require you to change? n=50 to 52

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

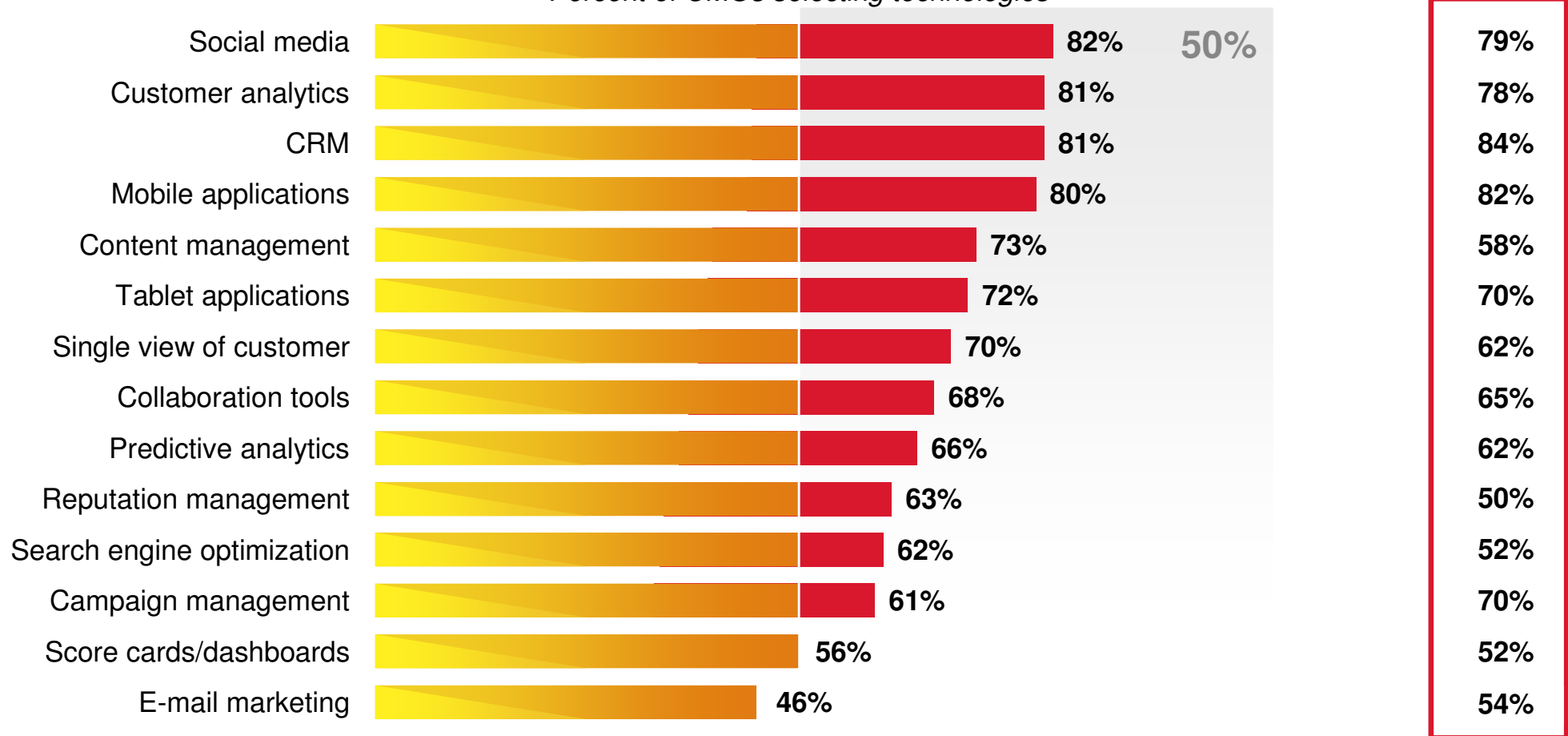**Alps**

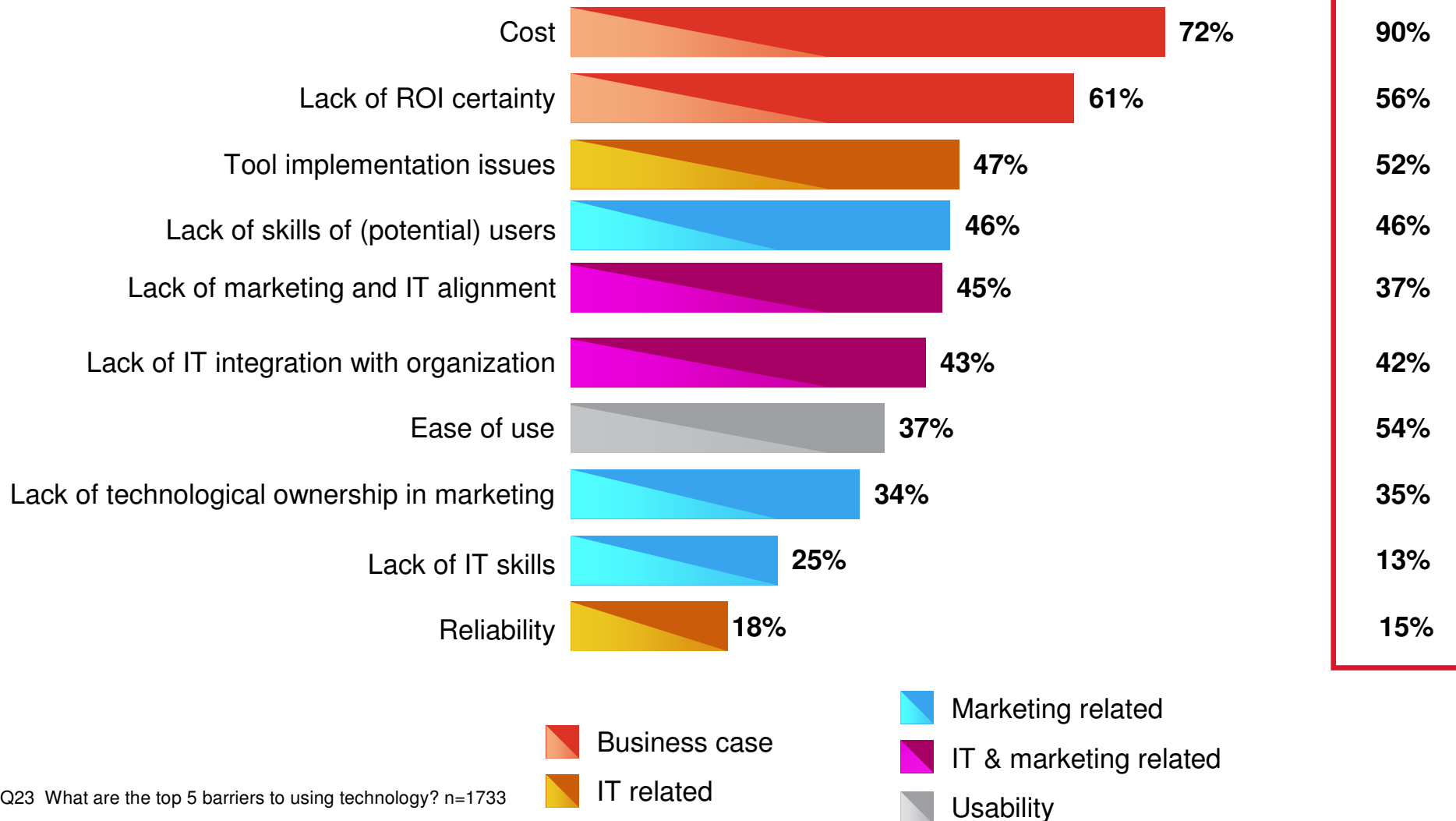| Technology	Percent	Alps
Social media	82%	79%
Customer analytics	81%	78%
CRM	81%	84%
Mobile applications	80%	82%
Content management	73%	58%
Tablet applications	72%	70%
Single view of customer	70%	62%
Collaboration tools	68%	65%
Predictive analytics	66%	62%
Reputation management	63%	50%
Search engine optimization	62%	52%
Campaign management	61%	70%
Score cards/dashboards	56%	52%
E-mail marketing	46%	54%

50%

Source: Q22 Do you plan to decrease or increase the use of the following technologies over the next 3 to 5 years? n=1616 to 1671

What's inhibiting them? Building the business case, IT-marketing alignment/integration issues and marketing technology skills

Barriers to using technology in marketing
Top 5 selected by CMOs

Alps

Barrier	%	Alps
Cost	72%	90%
Lack of ROI certainty	61%	56%
Tool implementation issues	47%	52%
Lack of skills of (potential) users	46%	46%
Lack of marketing and IT alignment	45%	37%
Lack of IT integration with organization	43%	42%
Ease of use	37%	54%
Lack of technological ownership in marketing	34%	35%
Lack of IT skills	25%	13%
Reliability	18%	15%

Legend:
- Business case
- IT related
- Marketing related
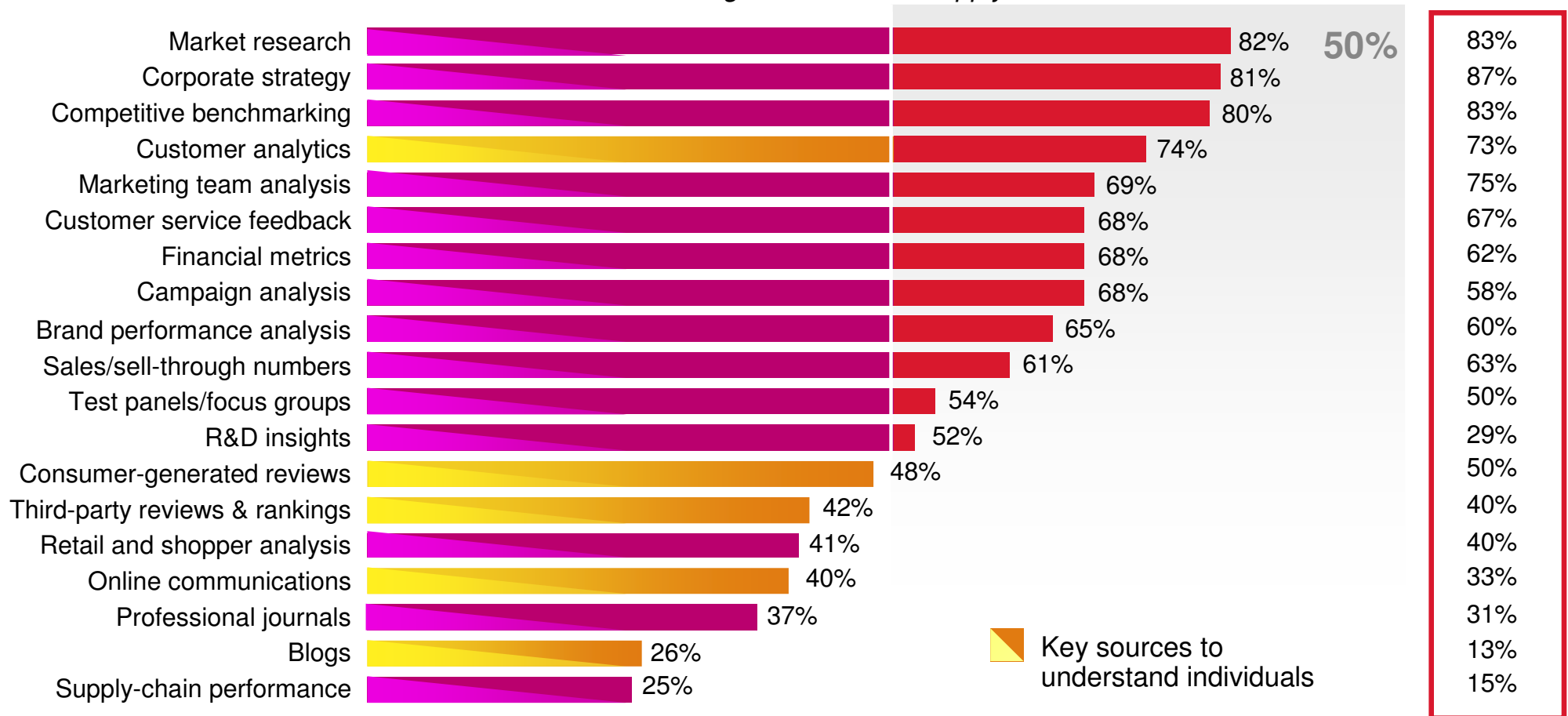- IT & marketing related
- Usability

Source: Q23 What are the top 5 barriers to using technology? n=1733

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

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

Alps

Source	%	Alps
Market research	82%	83%
Corporate strategy	81%	87%
Competitive benchmarking	80%	83%
Customer analytics	74%	73%
Marketing team analysis	69%	75%
Customer service feedback	68%	67%
Financial metrics	68%	62%
Campaign analysis	68%	58%
Brand performance analysis	65%	60%
Sales/sell-through numbers	61%	63%
Test panels/focus groups	54%	50%
R&D insights	52%	29%
Consumer-generated reviews	48%	50%
Third-party reviews & rankings	42%	40%
Retail and shopper analysis	41%	40%
Online communications	40%	33%
Professional journals	37%	31%
Blogs	26%	13%
Supply-chain performance	25%	15%

50%

Key sources to understand individuals

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

Kunden der neuen Generation einen Nutzen bieten

Wie versetzen wir unsere Marketing-Mitarbeiter, -Programme und -Prozesse in die Lage, einzelne Kunden und nicht nur Märkte zu verstehen?

In welche Tools und Prozesse investieren wir, um besser verstehen und darauf eingehen zu können, was einzelne Kunden tun und sagen?

Wie schützen wir die Daten und die Privatsphäre unserer Kunden in einer von zahllosen Kommunikationskanälen und -geräten geprägten Welt?
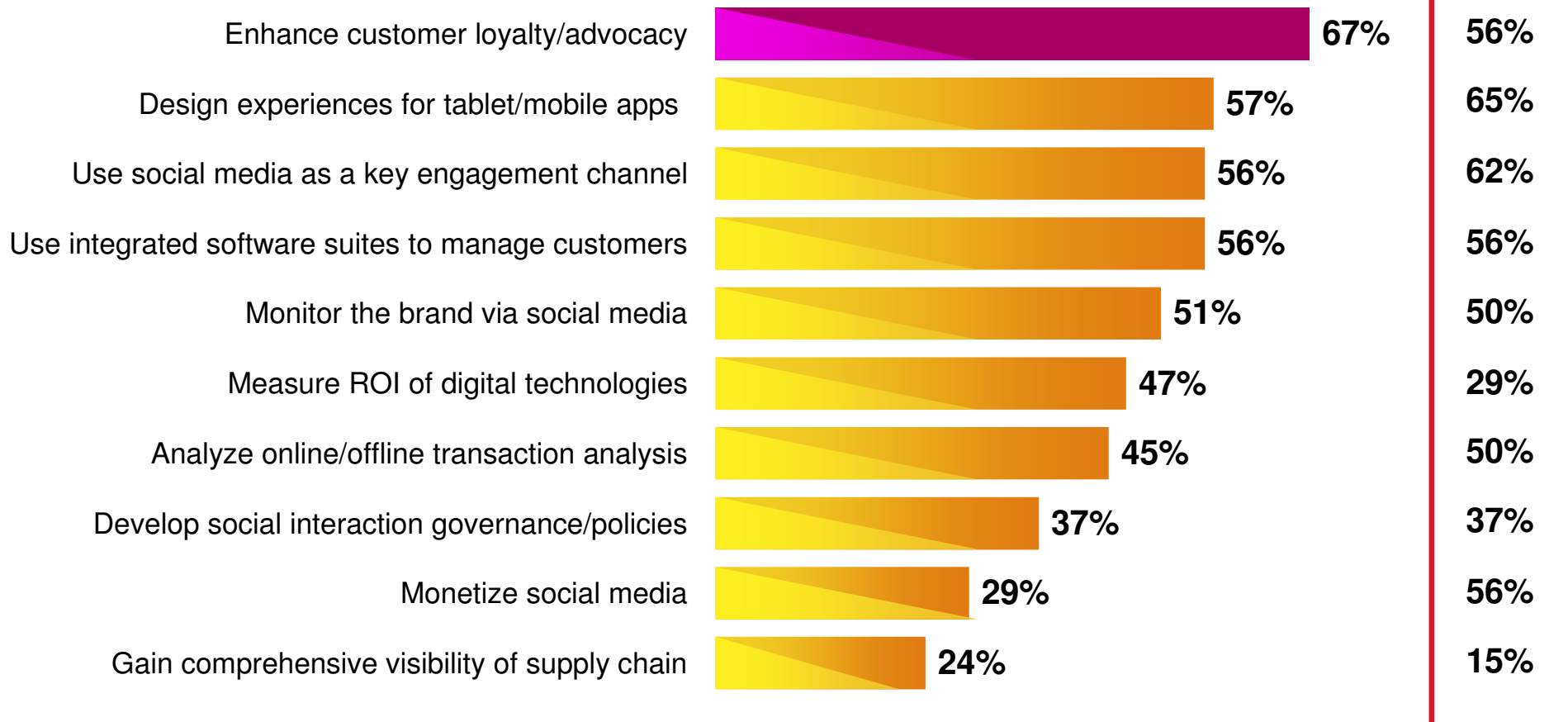
The CMO study indicates three key domains of improvement

Deliver value to empowered customers

Foster lasting connections

Capture value, measure results

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

Alps

Priority	Value	Alps
Enhance customer loyalty/advocacy	67%	56%
Design experiences for tablet/mobile apps	57%	65%
Use social media as a key engagement channel	56%	62%
Use integrated software suites to manage customers	56%	56%
Monitor the brand via social media	51%	50%
Measure ROI of digital technologies	47%	29%
Analyze online/offline transaction analysis	45%	50%
Develop social interaction governance/policies	37%	37%
Monetize social media	29%	56%
Gain comprehensive visibility of supply chain	24%	15%

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

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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

Alps

Phase	Value	Alps
Segmentation/targeting	61%	71%
Awareness/education	46%	60%
Interest/desire	45%	53%
Action/buy	54%	43%
Use/enjoy	41%	32%
Bond/advocate	40%	60%

■ Transaction focused   ■ Relationship focused
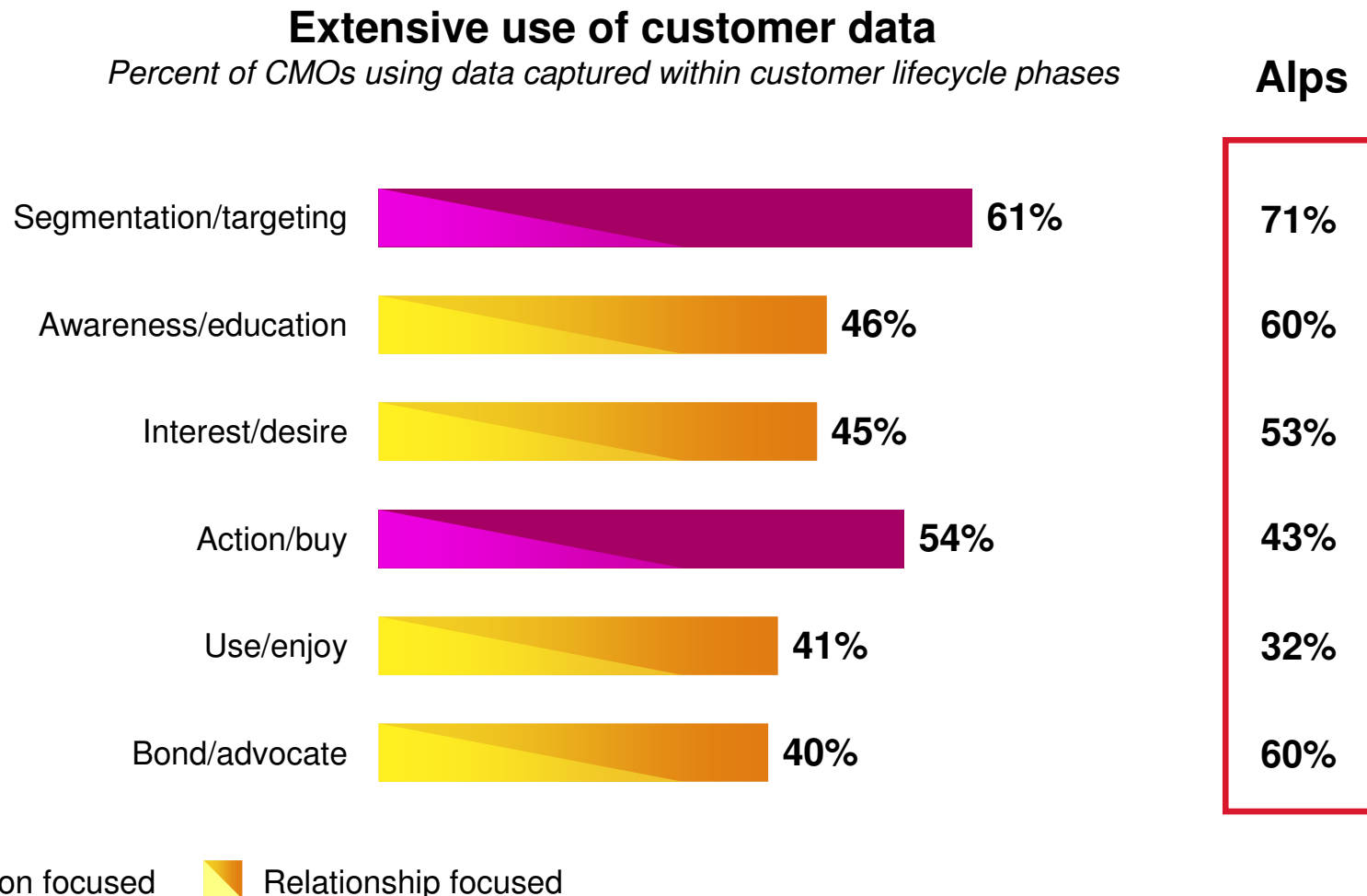
Source: Q21 To what extent does your marketing organization capture, analyze and act on customer data generated during the following customer lifecycle phases?
n=1626 to 1653

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Dauerhafte Beziehungen aufbauen und pflegen

Wie können wir unsere Marketing-Tactics und -Investitionen aufeinander abstimmen, um eine weitreichende, innovative und umfassende Kundenbeziehung auf- und auszubauen?

Welche Massnahmen ergreifen wir, um Informationen über Kunden mit der Produkt- und Serviceentwicklung zu verknüpfen und unsere Kunden dazu zu bewegen, sich für unsere Marke oder unser Unternehmen einzusetzen?

Wie arbeiten wir mit unseren Kollegen aus der C-Level-Führung zusammen, um den „Corporate Character" unseres Unternehmens über alle Kontaktpunkte und Kundenerfahrungen hinweg zu präsentieren?
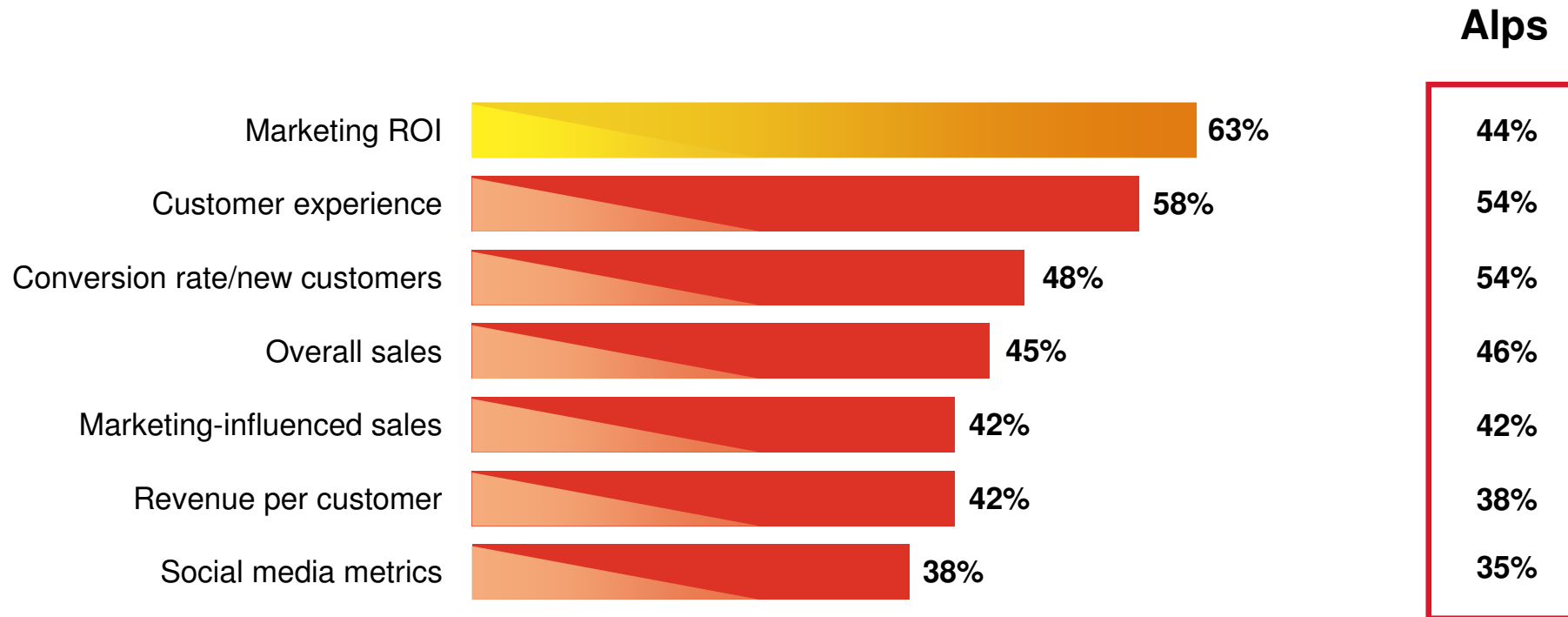
The CMO study indicates three key domains of improvement

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to empowered
customers

Capture value,
measure results

Foster lasting
connections

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

Alps

Measure	%	Alps
Marketing ROI	63%	44%
Customer experience	58%	54%
Conversion rate/new customers	48%	54%
Overall sales	45%	46%
Marketing-influenced sales	42%	42%
Revenue per customer	42%	38%
Social media metrics	38%	35%

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

To truly deliver marketing ROI, CMOs need to have significant influence across all "4 P", not just promotion

Percent of CMOs citing significant influence

Alps

Promotion

	Percent	Alps
Integrated advertising and promotion	84%	79%
Aligned internal and external communications	82%	85%
Innovative social and other emerging media	73%	75%

Products

	Percent	Alps
Deeply researching customer needs	67%	67%
Product service portfolio	53%	50%
Comprehensive research and development cycle	47%	46%

Place

	Percent	Alps
Customer experience involving multiple touch points	54%	54%
Channel selection and management	47%	45%
End-to-end supply chain process	31%	35%

Price

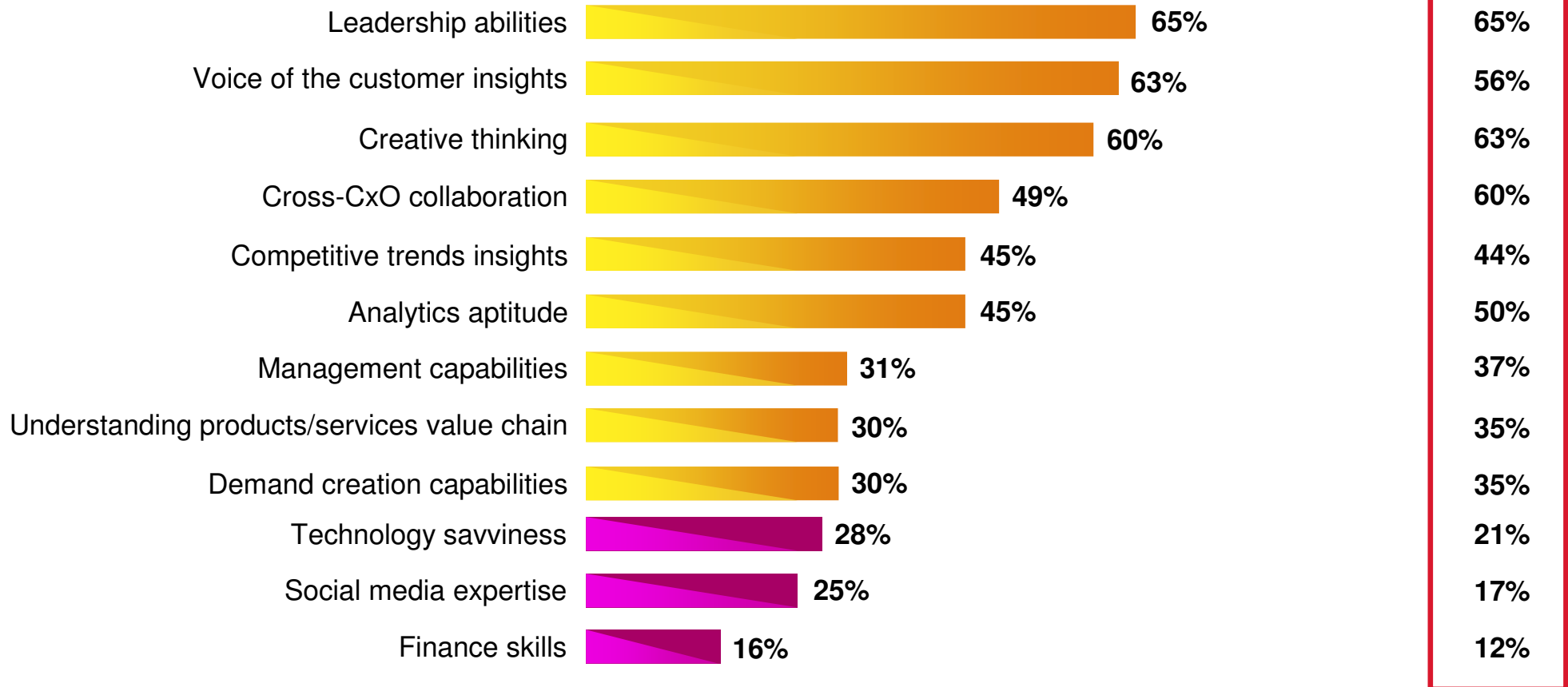|	Percent	Alps
Full competitive pricing assessment	48%	56%
Understanding of total ownership costs/benefits	46%	29%
Integrated, cross-company pricing process	37%	37%

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

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	Alps
Leadership abilities	65%	65%
Voice of the customer insights	63%	56%
Creative thinking	60%	63%
Cross-CxO collaboration	49%	60%
Competitive trends insights	45%	44%
Analytics aptitude	45%	50%
Management capabilities	31%	37%
Understanding products/services value chain	30%	35%
Demand creation capabilities	30%	35%
Technology savviness	28%	21%
Social media expertise	25%	17%
Finance skills	16%	12%

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

Wert schaffen, Ergebnisse messen

Wie messen, analysieren und vermitteln wir die Ergebnisse unserer Initiativen, um die Glaubwürdigkeit und Verantwortlichkeit unserer Marketing-Abteilung zu erhöhen?
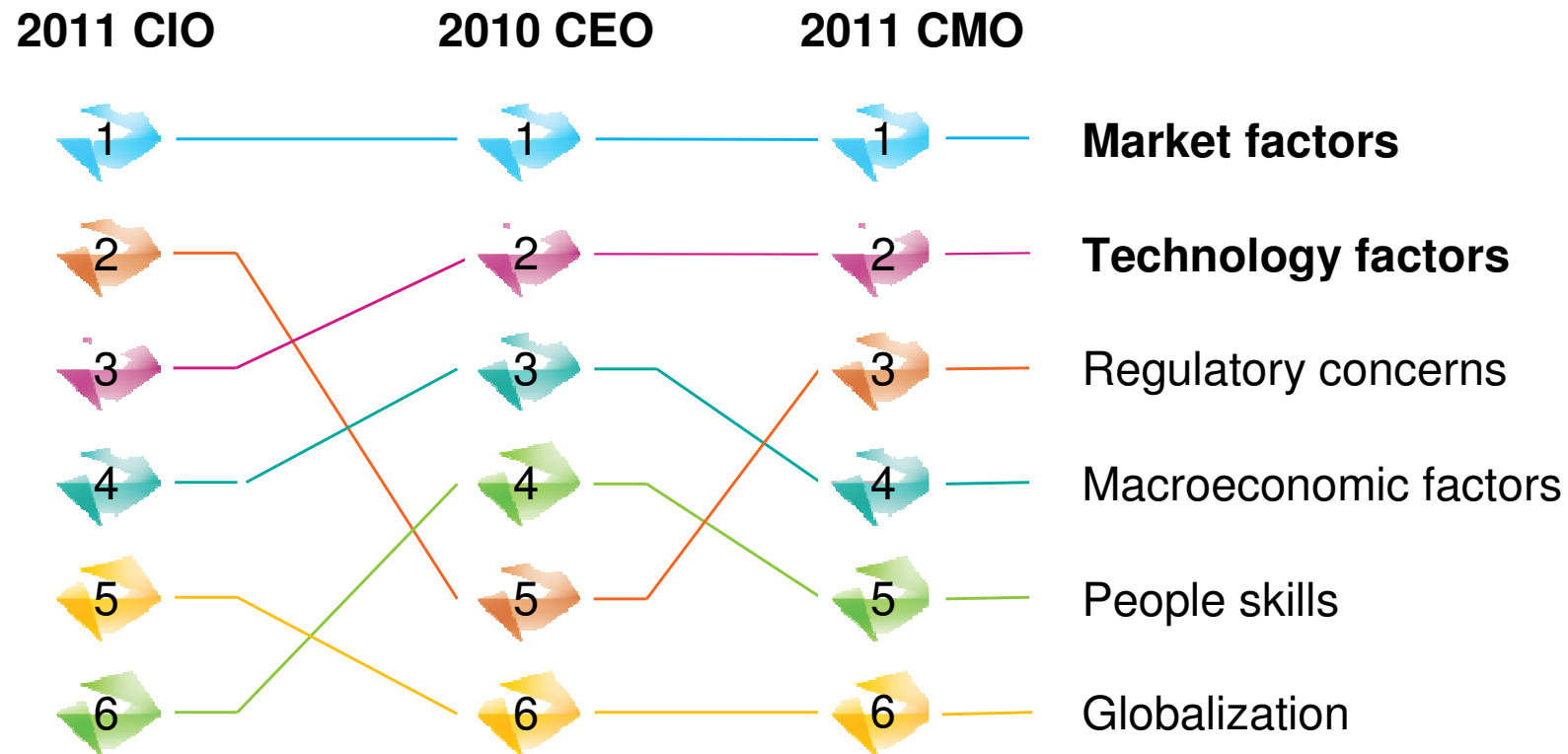
Mit welchem Massnahmen erweitern wir den Mix aus Fähigkeiten der Marketing-Abteilung und bauen technische, finanzielle und digitale Kompetenzen auf?

Auf welche Weise erweitern wir unsere persönlichen Fähigkeiten?

Like CEOs, CMOs clearly recognize the impact of technology on their organizations

2011 CIO　　　**2010 CEO**　　　**2011 CMO**

1	1	1	**Market factors**
2	2	2	**Technology factors**
3	3	3	Regulatory concerns
4	4	4	Macroeconomic factors
5	5	5	People skills
6	6	6	Globalization

THANK YOU

Deliver value to empowered customers

Foster lasting connections

Capture value, measure results