



# From Stretched to Strengthened

Insights from the  
Global Chief Marketing  
Officer Study

Australia and New Zealand Perspective

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“Mass markets don’t exist anymore; they are splintered.”

Insurance CMO, Australia

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## Executive summary

Customers in Australia and New Zealand are accessing a global marketplace. They’re buying goods and services from around the globe and freely sharing their opinions – good and bad – with fellow customers. Transparency is the price of entry into the new global marketplace; there’s nowhere to hide.

Typically, Australian and New Zealand chief marketing officers (CMOs) face similar challenges to their global counterparts. However, there are distinctive regional challenges that affect local CMOs and their business decisions. Australia’s mining and resources industry is booming while retail is in dire straits. New Zealand’s economic struggles have been compounded by a string of natural disasters.

To find out how CMOs are helping their organisations cope with increasing complexity, IBM conducted face-to-face interviews with 1,734 CMOs in 19 industries and 64 countries, including 57 CMOs from Australia and New Zealand (ANZ).

The findings of the inaugural 2011 IBM Global CMO Study revealed that ANZ CMOs are acutely aware of the challenges confronting them. They have to manage and integrate more data, understand and engage with highly demanding customers and ensure their employees consistently exemplify the organisation’s values. CMOs must measure marketing’s contribution to the business in relevant, quantifiable terms, and master new technologies and channels such as social media. They must achieve all this within the average tenure of three to four years.

In the course of our conversations with CMOs worldwide, an overwhelming consensus emerged. The vast majority of CMOs, including those in Australia and New Zealand, believe there are three key areas for improvement. They must:

- Deliver value to empowered customers
- Foster lasting connections
- Capture value and measure results.

## Swimming, treading water or drowning?

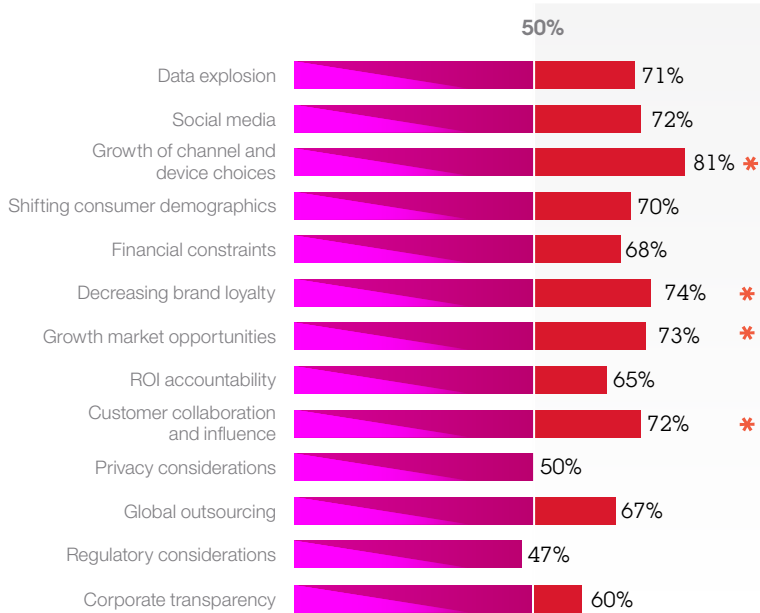
CMOs around the world have more sources of data from which to derive insight than ever before. They now face the challenge of integrating and making sense of that data.

Local CMOs don't feel completely ready to deal with the impacts of social media and technology. As such, many see themselves as organisationally and personally underprepared to increase their focus on customer intimacy and retention in a global marketplace.

These views closely mirror those of chief executive officers (CEOs) and chief information officers (CIOs), as revealed by the 2010 IBM Global CEO Study and 2011 IBM Global CIO Study.<sup>1</sup> All respondents believe market and technology factors are the most powerful external forces affecting their organisations.

Figure 1 shows ANZ CMOs feel less prepared than their global counterparts to deal with decreasing brand loyalty (74 percent compared to 57 percent globally) and customer collaboration and influence (72 percent compared to 56 percent globally). ANZ CMOs also feel highly unprepared for emerging market opportunities (73 percent compared to 56 percent globally).

**Percentage of ANZ CMOs reporting underpreparedness**



**Figure 1**

Percentage of ANZ CMOs who feel they are underprepared to manage the impact of key changes in the marketing arena.

\* Factors for which ANZ CMOs feel most unprepared.

Interestingly, Australian and New Zealand CMOs said they were more prepared to deal with privacy considerations than the global average. This may reflect the rigour of Australia’s and New Zealand’s privacy regulations.

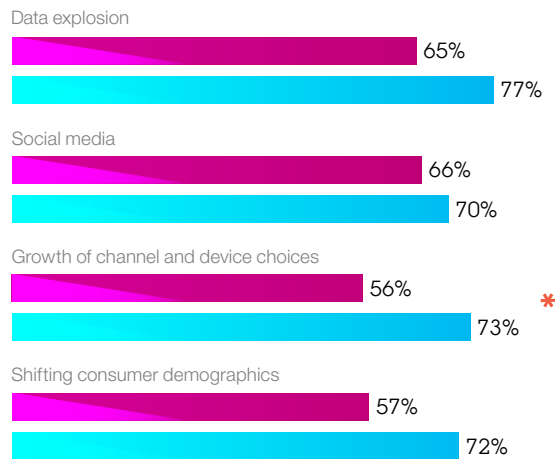
More than four in five ANZ CMOs said they did not feel prepared for the growth of channel and device choices. However, this was the strongest point of difference between survey respondents from financially “outperforming” and “underperforming” organisations (see Figure 2). In other words, higher performing companies felt more prepared to exploit the advantages multi-channel engagement can bring to their organisations.

**Figure 2**

**Unpreparedness to manage market factors**  
73% of ANZ CMOs at underperforming organisations report feeling less prepared to cope with channel and device proliferation.

- Outperforming organisations
- Underperforming organisations

**Level of underpreparedness of ANZ CMOs to manage market factors**




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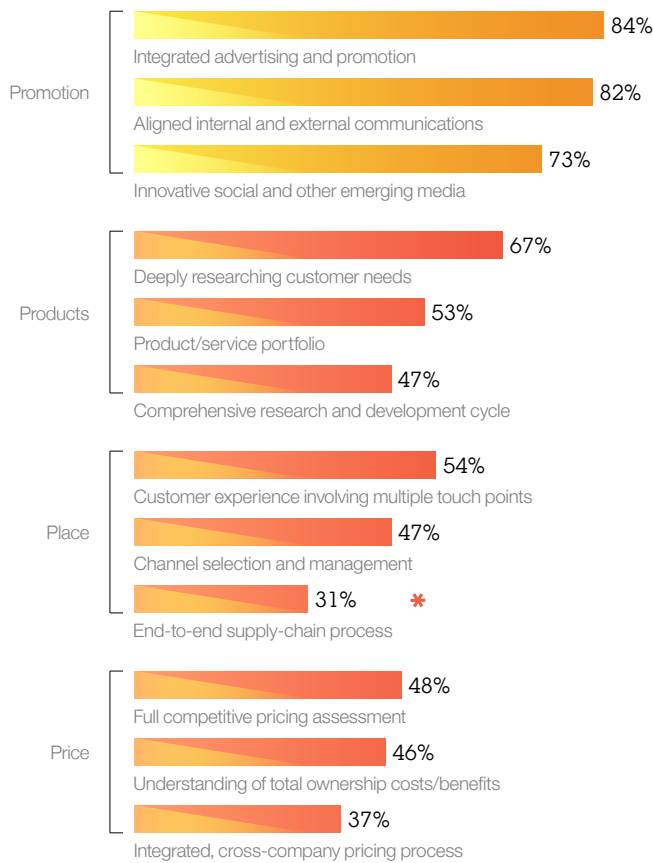
“We segment and track fulfillment well but are clumsy in the interest/ aware stage. For the rest of the customer lifecycle? To be honest, our insight is terribly poor.”

Banking CMO, Australia

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Not surprisingly, CMOs feel they exert a strong influence over promotional activities such as advertising, external communication and social media. However, they feel they have a much smaller role to play in the other three Ps: products, place and price (see Figure 3). ANZ CMOs, in particular, feel they have very limited influence over their companies’ supply chain processes. However, all four Ps are important for organisations trying to connect with customers as individuals.

**Percentage of global CMOs citing significant influence**



**Figure 3**

**Lack of influence across the four Ps**

Global CMOs feel they have control over promotion, but less influence over products, place and price.

\* 20% for ANZ, which is significantly different to the global sample.

CMOs have the opportunity to leverage technology and automate some of their promotional efforts. This would allow them to allocate more time and resources on engaging with greater depth across their organisation. Moving beyond the heartland of marketing is a challenge CMOs must consider.

### Delivering value to empowered customers

To get closer to customers and offer them greater value, businesses must concentrate on getting to know individuals as well as markets. Technologies such as data analytics, customer relationship management (CRM) systems, social media and mobile applications offer close connections to customers and deep insights into how individual customers behave.

Not surprisingly, CMOs around the world are most eager to invest in these tools (see Figure 4).

The study also found that a significant number of ANZ CMOs (46 percent) did not plan to increase their use of dashboards and scorecards. However, these tools play a critical role in quantifying the value of marketing activities into a common language that can be understood by the rest of the organisation. The ability to integrate metrics into enterprise-wide dashboards will be critical to CMOs over the next few years.

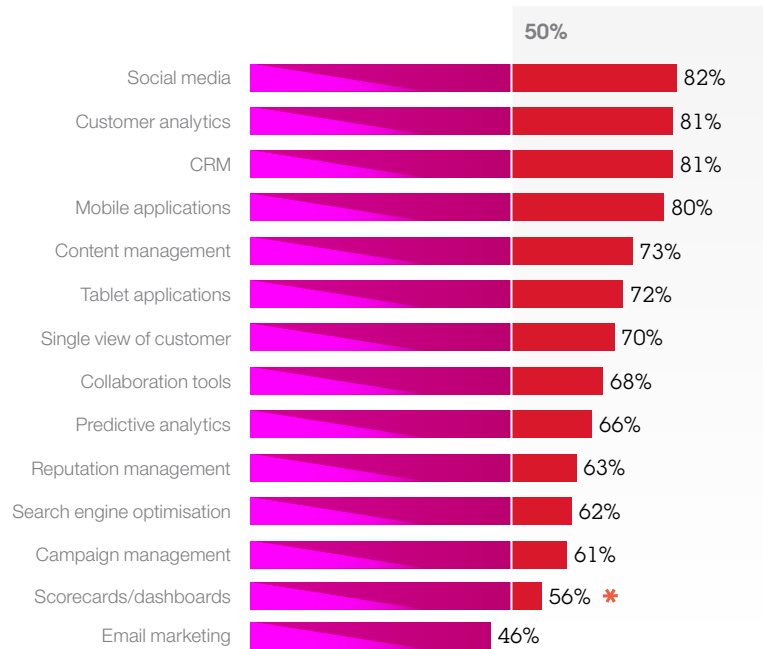
**Figure 4**

**Taking charge of the terabytes**

Most CMOs plan to deploy new technologies to grapple with big data.

\* Only 54% of ANZ CMOs plan to increase their use of scorecards and dashboards.

**Global CMOs' plans to increase their use of technology**



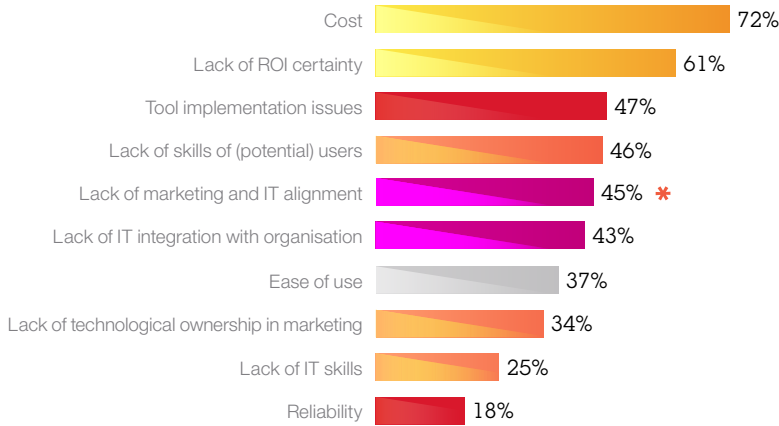
**Lack of marketing and IT alignment**

As Figure 5 shows, the two biggest barriers to investing more in technologies are cost and lack of certainty around return on investment (ROI). In addition, ANZ CMOs were much more likely to report a lack of alignment between their organisations’ marketing and IT functions as one of their top five barriers to using technology in marketing (61 percent in ANZ compared to 45 percent globally).

To successfully deliver value to empowered customers, ANZ CMOs must invest in technologies to help their marketing people, programs and processes recognise customers as individuals, and to understand and respond to what individual customers are saying and doing. These technologies include advanced analytics that can recognise preferences, trends and patterns across every touch point.

Organisations must be prepared to provide value to customers in exchange for their data. The three most valuable commodities organisations can exchange are convenience, value for money and most importantly, relevance. To successfully use customer data to deliver value back to them, ANZ CMOs will need to proactively collaborate with their CIO counterparts to align marketing and IT strategy into long-term plans.

**Barriers to global CMOs using technology**



**Figure 5**

**Roadblocks**

What’s preventing CMOs from using new tools? Building the business case, IT issues and lack of technology skills in the marketing function.

- Business case
- IT related
- Marketing related
- IT and marketing related
- Usability

\* 61% for ANZ, which is significantly different to the global sample.

## Fostering lasting connections

Two-thirds (67 percent) of CMOs globally said improving customer loyalty and encouraging satisfied customers to advocate their brand was a top priority for their technology investments (see Figure 6).

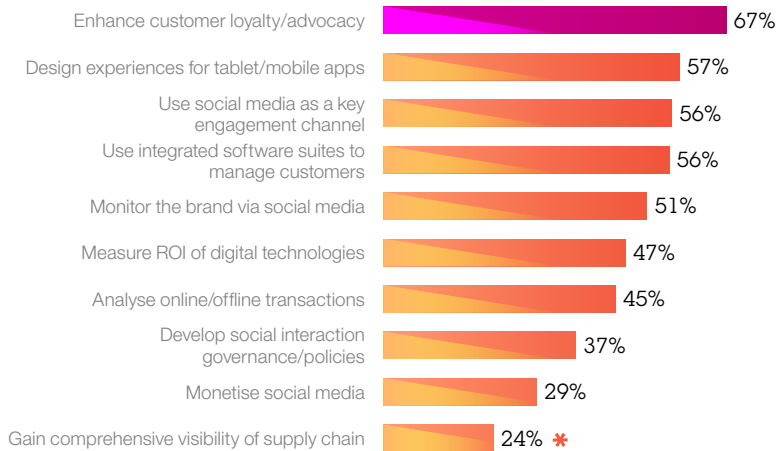
Turning customers into advocates requires interaction and insight throughout the commerce cycle – sourcing, marketing, selling and servicing. Unfortunately, an extremely low number of CMOs in ANZ (9 percent) and globally (24 percent) said gaining comprehensive visibility over their supply chain was a priority (see Figure 6).

**Figure 6**

**Encouraging customers to stay engaged**  
 CMOs see customer loyalty as their top priority in the digital era.

\* 9% for ANZ CMOs, which is significantly different to the global sample.

**Global CMOs' priorities for managing the shift toward digital technologies**



Poor visibility of the supply chain weakens ANZ CMOs' ability to influence the decision-making process and improve products and services. For example, if a company's after-sales service is poor, no amount of marketing will help.

Overall, ANZ CMOs need to be cautious of following trends and investing too much time and focus on newer channels as an end in itself. For example, 57 percent of global respondents and 67 percent of ANZ CMOs said designing experiences for tablet or mobile apps was a priority.



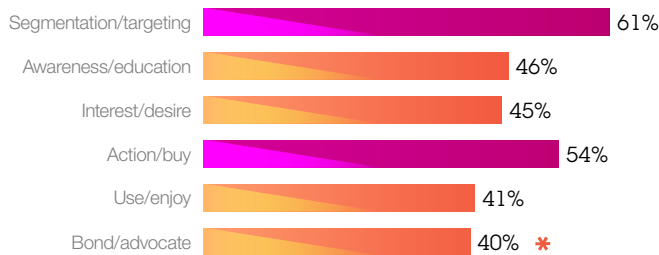
However, if these efforts are not part of a longer term multi-channel strategy, a lot of effort will be expended on a fad that does not build lasting value to the organisation and its customers. Before launching a new technology product or service, CMOs must ask themselves: will this marketing tactic and the investment in the technology work together to create a pervasive, innovative customer relationship that is part of an enterprise-wide business strategy?

To foster lasting connections, ANZ CMOs must also ask themselves how their business will manage multi-channel customer engagement and remain agile enough to take up different interaction channels as they arise. This will require a more holistic and long-term view, where technology selection is considered in context with the organisation's wider business strategy.

**Manage relationships, not transactions**

CMOs around the world are missing out on opportunities to get to know their customers or consumers in a holistic way. Even as they say increasing customer loyalty is a priority, CMOs focus on using data to manage transactions, rather than understanding and building individual customer relationships throughout every stage of the product usage cycle (see Figure 7).

**Global CMOs' use of customer data**



**Figure 7**

**Extensive use of customer data**

Most CMOs are using data to manage transactions, not customer relationships. ANZ CMOs are even less likely to use data to manage the bond/advocate stage of the customer relationship than their global counterparts.

- Transaction focused
- Relationship focused

\* 31% for ANZ, which is significantly different to the global sample.

Organisations that use data mainly for segmentation and sales are missing a significant opportunity to learn from the other phases of the customer lifecycle. And those phases are becoming increasingly important as customers connect with brands in new ways.

For example, fewer ANZ CMOs (31 percent) said they used customer data in the final stage of the lifecycle – developing a bond with customers and turning them into advocates – than the global average (40 percent).

This should be of particular concern to the ANZ CMOs that say they are less prepared than the global average to deal with decreasing brand loyalty and emerging markets (see Figure 1, page 3).

ANZ CMOs have an opportunity to capture and analyse data throughout the customer lifecycle, to engage with the rest of the business and add value by creating marketing campaigns targeted towards the final “bond and advocate” stage of the customer relationship. This analysis of customer data is not unique to CMOs – CIOs and CFOs have both recognised the need to build and leverage customer data analytics programs. CMOs need to actively collaborate with their C-suite colleagues to retain their role as the customer evangelist within the organisation.

**Get employees on board**

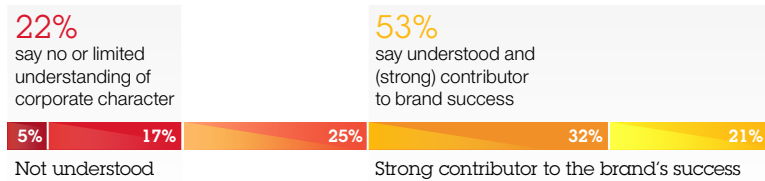
Proactive CMOs are forging customer relationships that continue after the sale. They do so by creating a corporate character that manifests itself in everything the organisation’s employees do and say.

More than half of the CMOs we surveyed said they believed the marketplace well understood their organisation’s corporate character. However, they also believed they needed to work on instilling that character in the workforce (see Figure 8).

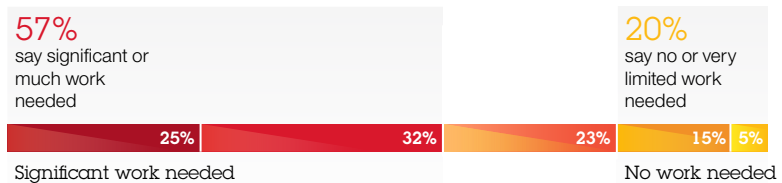
**Figure 8**

Many organisations have a clearly defined corporate character globally but need to work on instilling that character in the workforce.

**Is your corporate character understood in the marketplace?**



**Is much more work needed to get employees on board?**



CMOs recognise they need to champion changes within the organisation. This means not only playing the traditional role as owner of external engagement with customers or citizens, but also being responsible for managing brand reputation, and bringing the brand to life within the company.

Australia and New Zealand are mature marketplaces with a strong focus on service industries. This makes it crucial for ANZ CMOs to collaborate with their human resources department – the traditional custodians of corporate culture and character – to champion brand reputation within and beyond the company.

To strengthen brand reputation at every stage of the customer lifecycle, proactive CMOs are creating a unified view of their brands. They define the traits that make their organisation unique, and then instill that corporate character into employees. Many CMOs are adopting a bottom-up approach and are inviting employees to share their thoughts on the company, its values and the brand. The level of transparency created by social media requires a new approach to collaboration and engagement externally, internally and across organisations' business and community partners.

To manage these insights and changes, CMOs at outperforming companies have focused on improving data collection from both inside and outside the company. They then share the insights they have gleaned from the data across the C-suite.

## Capturing value, measuring results

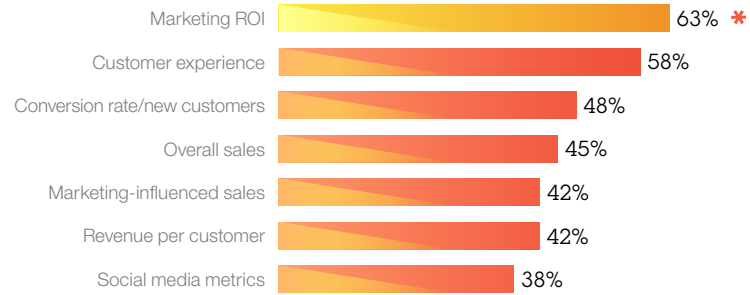
Traditionally, most CMOs have not been required to provide hard financial evidence of ROI, instead looking at metrics such as click-through rates, event attendance numbers and brand or advertising tracking. However, current economic volatility and pressure to be profitable have increased the demands on CMOs around the world to provide quantifiable evidence of how their marketing expenditure helps the organisation achieve its goals.

Local CMOs are aware of this fact. Seventy-five percent of ANZ CMOs believe marketing ROI will become the most important measure of success over the next three to five years, compared to 63 percent globally (see Figure 9).

**Figure 9****Seven most important measures to gauge marketing success**

CMOs believe ROI on marketing spend will be the most important method for determining success by 2015.

\* 75% for ANZ, which is significantly different to the global sample.

**Seven most important measures to gauge marketing success**


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“How do I improve and de-risk campaign management? It’s all done on a spreadsheet. I would love to get end-to-end campaign management but it is not a priority for my peers. I don’t know where to start.”

Banking CMO, Australia

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**Measuring ROI**

Despite being keen to improve their measurement of ROI, ANZ CMOs lack sufficient tools to do so. So why are they not aligning themselves more closely to the IT function? Why are they not planning to invest more in scorecards and dashboards that can help quantify ROI?

If ANZ CMOs are to become more responsible for the marketing returns they deliver, they will also need to exert more influence over areas that directly affect ROI across all four Ps – promotion, products, place and price.

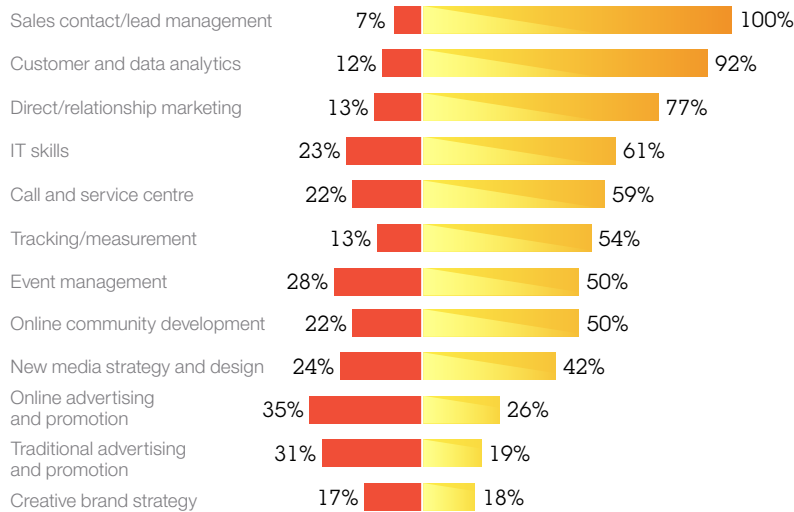
There is opportunity for CMOs to engage in more rigorous focus on products, place and price – particularly around the end-to-end supply chain process. Disseminating customer focus and insight can help CMOs improve the integration of marketing into the company’s total value chain.

**External partnerships**

Many CMOs are planning to increase their use of outside agencies for lead management, customer and data analytics, and direct or relationship marketing (see Figure 10).

CMOs should be cautious of giving away too much or relying too heavily on external partners to manage these functions. By outsourcing these functions to external agencies, organisations are in danger of creating more pronounced silos between their IT and marketing departments. This will make it harder for CMOs to proactively collaborate with their CIO counterparts to align marketing and IT strategy. The question is, why do many CMOs plan to outsource the very areas that will add the most value to their organisation?

**Global CMOs' use of external partnerships**



**Figure 10**

**CMOs' use of external partnerships**

To gain influence, CMOs need to introduce new skills into the marketing mix. Many plan to tap into external expertise.

- Percentage of CMOs using partners extensively today
- Percentage increase of partnerships in 3-5 years

Instead of outsourcing these functions to external agencies, ANZ CMOs should consider partnering with companies that can help build required capabilities into their organisation. CMOs need to maintain focus by assessing which components of their business they can outsource, while retaining the strategically important parts within the organisation.

**Leading by example**

CMOs across Australia and New Zealand place a stronger emphasis on developing leadership skills than their global counterparts – 93 percent compared to 65 percent globally (see Figure 11). This may indicate ANZ CMOs are more eager to not remain in marketing for the rest of their careers, and plan to move to bigger roles within their organisation. However, ambitious CMOs are selling themselves short by not focusing on technology savviness, social media expertise and financial skills.

ANZ CMOs ranked much lower than the global average on social media expertise (12 percent compared to 25 percent globally). This might be because many local CMOs outsource their social media expertise to external agencies or other teams within their organisation. Either way, are CMOs devaluing their position within the organisation by not improving their digital capabilities?

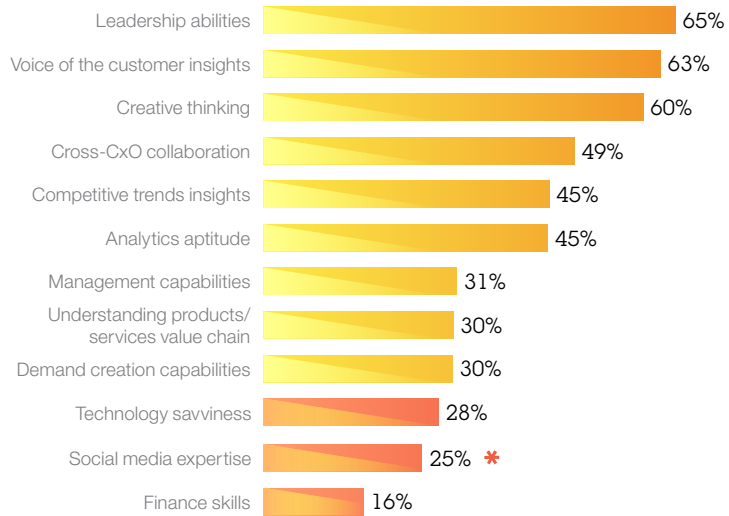
**Figure 11**

**Capabilities for personal success**

CMOs can expand their personal influence by acquiring new abilities that focus on technology, social media and ROI.

\* 12% in ANZ, which is significantly different to the global sample.

**Capabilities of global CMOs for personal success over next 3–5 years**




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“We have to embrace technology across the entire marketing team, not just work in silos.”

Banking CMO, Australia

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We believe so. To truly improve their leadership abilities, CMOs need a fundamental understanding of technology and social media, and how to measure ROI from these channels, so they can understand it and ask the right questions when interacting with the C-suite.

**Preparing for the digital era**

ANZ CMOs can start with three initiatives to become better prepared for the digital era.

**Partner internally to identify the big questions**

Across Australia and New Zealand, CMOs need to partner with their C-suite peers to better prepare their organisations for future opportunities. CMOs should invite eager employees to participate in the process and drive groundswell through proactive internal collaboration. They should avoid investing time on initiatives relevant only to marketing. Rather, CMOs can help identify what the game-changing questions are in their industry. A business-wide imperative that drives collaboration across the organisation, including IT and finance, will capture the CEO and board’s imagination. The challenge is to identify and implement quick wins that boost continuous support from the organisation as the larger question is answered.

**Redefine your business ecosystem**

Build a marketing ecosystem that encompasses the company's marketing, technology and finance functions. CMOs should proactively work towards closer alignment between the marketing and IT strategies to ensure the long-term success of multi-channel customer engagement.

ANZ CMOs can become more engaged in long-term transformational programs by broadening discussion across the four Ps and identifying how the marketing function helps the entire organisation become more customer focused. They should also hire individuals into their teams with technical, digital and financial skills, and increase their own savviness in these areas.

**Enhance your metrics**

CMOs have a critical opportunity to represent the interests of the customer across the business. ANZ CMOs can achieve this by being an advocate for the use of customer-related metrics as a key performance indicator – not just for marketing but for the entire C-Suite. CMOs should also place strong emphasis on enhancing traditional marketing metrics with hard ROI measurements that represent customers in a way that is meaningful to the entire business.

**For further information**

For more information about this study please visit [ibm.com/cmstudy/au](http://ibm.com/cmstudy/au). You can also contact the IBM Institute for Business Value at [iibv@us.ibm.com](mailto:iibv@us.ibm.com), or IBM Executive Assist at [assist@au1.ibm.com](mailto:assist@au1.ibm.com). Alternatively, call 1800 557 343 (Australia) or 0800 746 748 (New Zealand). We will arrange for you to be contacted by the appropriate IBM industry or regional expert.

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“Technology is the cornerstone to success or failure. Period.”

Banking CMO, Australia

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#### Note

- 1 The terms "chief marketing officers" and "CMOs," when used in this report to qualify or quantify our study findings, refer exclusively to the 1,734 executives interviewed for the 2011 IBM Global Chief Marketing Officer Study.