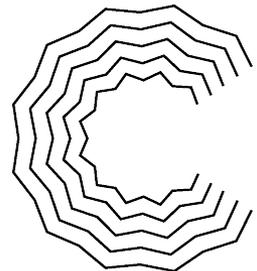


# The modern marketing mandate

Chief  
Marketing  
Officer

Europe

Global C-suite Study  
19<sup>th</sup> Edition



The IBM Institute for Business Value, in cooperation with Oxford Economics, interviewed 2,091 Chief Marketing Officers. In 200 face-to-face and 1,891 phone interviews, both quantitative and qualitative responses were collected. The analytical basis for this CMO report uses 544 valid responses from Europe from the total data sample collected.

More than 12,800 CxOs, representing six C-suite roles, 20 industries and 112 countries, contributed to our latest research. We used the IBM Watson Natural Language Classifier to analyze their contextual responses and ascertain overarching themes. We also used various statistical methods, including cluster analysis and discriminant analysis, to scrutinize the millions of data points we collected.



# How today's CMOs can drive growth and change

CMOs are facing an expanded mandate to reimagine their role within the C-suite and across the enterprise. Organizations are evolving from product-led to experience-led businesses, and 82 percent of CMOs we surveyed in Europe suspect their current business models may be threatened. As brand stewards and customer champions, CMOs need to strategically address how to help their organizations compete by increasing value; creating exceptional, personalized customer experiences; and transforming corporate cultures to think and operate in truly customer-centric ways.

## Marketing takes center stage

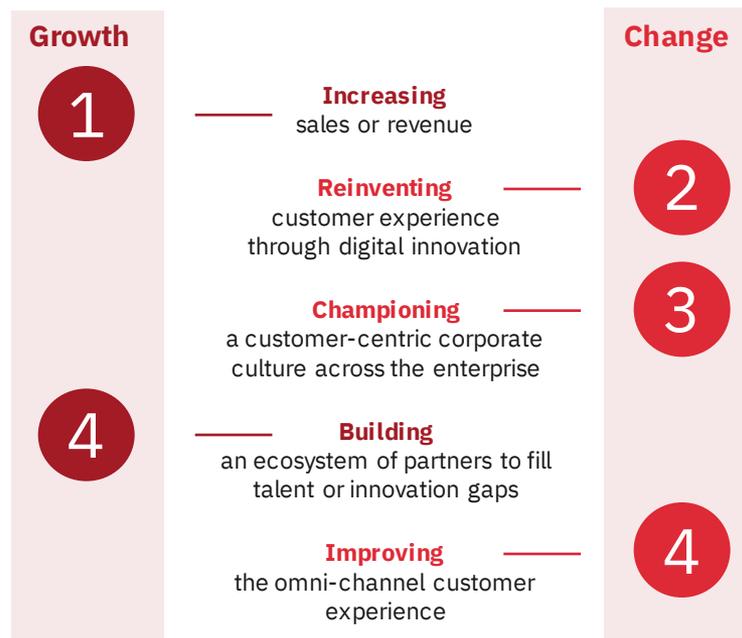
Like CEOs, most CMOs in Europe anticipate that today's business environment will likely shift organizations from being product-led to experience-led. Of all C-suite roles, the CMO is closest to the customer's needs and desires. Almost three-in-four CMOs in Europe recognize that driving digital reinvention is an increasingly important part of their role. This is reflected in the top five priorities of the CMO must-do list for the year; collectively, these priorities support organizational growth and change (see Figure 1).

**“We have reinvented ourselves to become a truly customer-centric organization.”**

Chief Marketing Officer, Financial markets, Ireland

Figure 1

The CMO must-do list  
Top priorities in Europe



*Q: Which activities are your priorities for the next 12 months?  
[Items with the same number indicate a tie]*

CMOs find themselves with an expanded mandate to prioritize three key areas:

*Value.* As strategic influencers in the C-suite, CMOs assess market trends and needs, and act on data-driven insights that contribute greater value and measurable results across the enterprise.

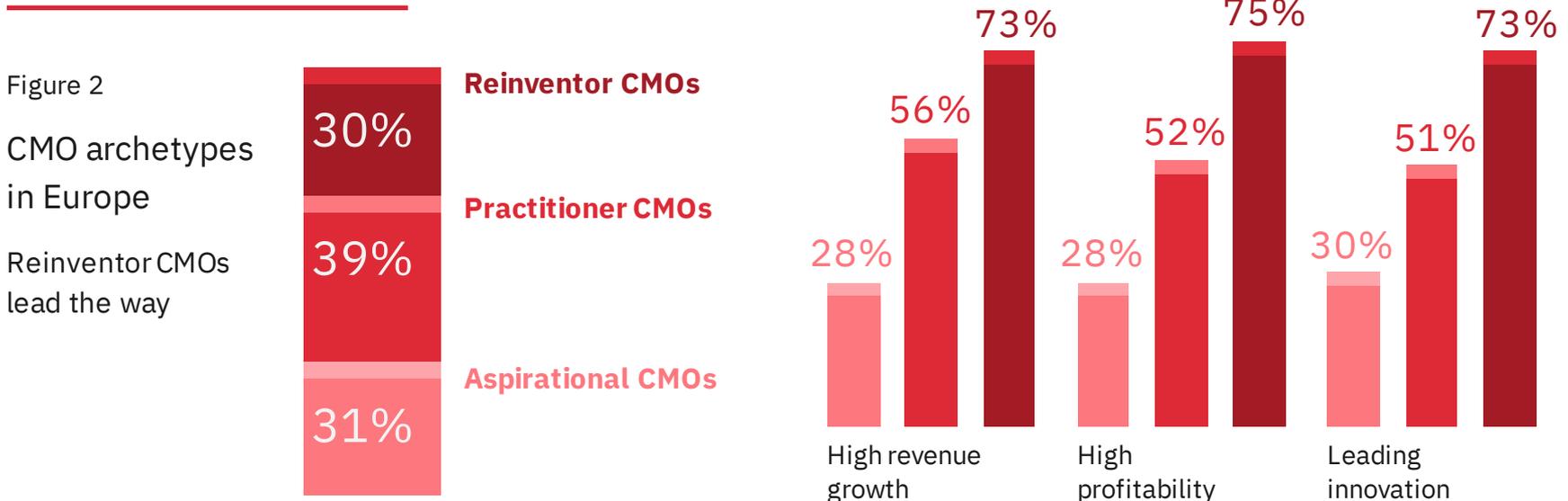
*Experience.* As customer champions, CMOs should identify their customers’ unmet needs. Using data and technology, they can deliver exceptional, personalized experiences across channels and even ecosystems.

*Culture.* As visionaries, CMOs need to instil a customer-centric philosophy across their enterprises that’s manifested through creativity, innovation , collaboration and governance. This dynamic

vision is continually refreshed by soliciting ideas from employees, ecosystems and customers.

The ability to drive ongoing success in these areas largely depends on the skills, knowledge and business savviness of CMOs. But it’s important to consider the stage of their respective organizations as they navigate their transformation journeys.

To better understand the forces at play, we applied cluster analysis to identify distinct segments of organizations. Three archetypes emerged. Of the European CMOs we surveyed, 30 percent came from Reinventor organizations, 39 percent were from Practitioner organizations and 31 percent were from Aspirational organizations (see Figure 2).



*Reinventors* are the standouts. They report that they outperform their peers in both revenue growth and profitability, and lead in innovation. Their IT strategy is in sync with their business strategy and they've optimized their business processes to support their strategic intentions.

They have managed change successfully in the past and have a well-defined strategy to manage current levels of disruption in the marketplace.

*Practitioners* do not yet have the capabilities, but they are ambitious and over half plans to launch new business models in the next few years, including the platform business model.

*Aspirational*s have steps to take in both their digital transformation and their ability to move quickly to seize new opportunities.

## Value

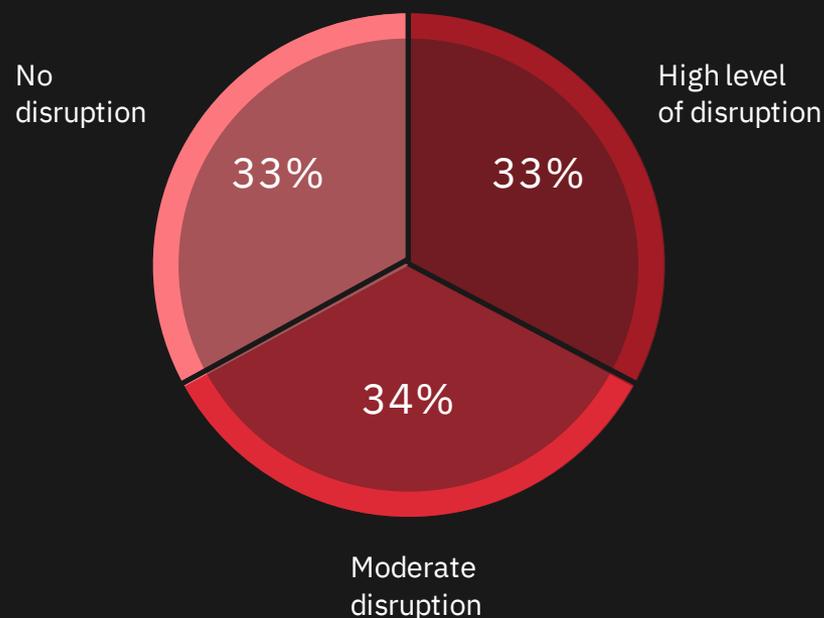
### Driving growth and measurable results

A surprising finding from the Global C-suite Study is that disruption on a massive scale has not materialized as expected. A majority of European CMOs (70 percent) say disruption today is mainly led by innovative industry incumbents, not digital giants or startups. But for CMOs, that doesn't mean the heat is off. Disruption continues to be a significant driver of change (see Figure 3).

Figure 3

### Degrees of disruption

A three-way street in Europe



Q: To what extent is your industry being disrupted?

If leaders are struggling to synthesize the implications of their changing business environments, this is an opportunity for CMOs to share their interpretations backed by solid data. For CMOs to significantly impact strategy, they should effectively communicate their points of view across organizational leadership. Nearly 80 percent of Reinventor CMOs in Europe are confident their leaders have a firm grasp on where their industries are headed. Practitioner CMOs (57 percent) and Aspirational CMOs (45 percent) are less certain.

Not only do CMOs need to understand macro trends, but competitive insights and customer engagement are also vital to the mix. Reinventor CMOs in Europe are especially good at this: 74 percent say they effectively analyse competitor responses to customer demands, compared to 54 percent of Practitioner CMOs and just 33 percent of Aspirational CMOs in Europe. Deriving insights from analytics to inform marketing decisions is a skill CMOs recognize as necessary for their continued professional success: over three-fourths agree this will become increasingly important in the next two to three years.

**“Marketing needs to merge with Customer Experience.”**

Chief Marketing Officer, Transportation, United Kingdom

## Experience

### Uncovering and fulfilling customer needs

With the mandate to improve customer experience, personalization has become an important focus for CMOs. Customers expect similar experiences from virtually all types of organizations, and companies across industries need to meet those expectations.

Reinventor CMOs have reason to be confident – they are especially good at using data to identify unmet customer needs. Determining what individual customers want at a given place or time typically requires structured as well as unstructured data from a variety of sources.

More Reinventor CMOs also report they excel at integrating data from multiple sources to predict customer needs and behavior patterns. However, data is virtually useless if it can't be translated into insights that prompt action. Again, more Reinventor CMOs claim they are highly effective at this (see Figure 4).

Artificial intelligence (AI) systems consume staggering amounts of data and can be trained to take data-driven personalized experiences to a whole new level. Few Aspirational CMOs (16 percent) say their organizations are interested in pursuing AI. But a fair proportion of Reinventor CMOs (40 percent) and Practitioner CMOs (32 percent) are planning to reinvent their customer experiences with AI. They can apply AI in a variety of ways, using it to:

- Rapidly deliver insights to assist customer experience design and development teams, as well as customer-facing professionals

- Engage customers directly in personalized experiences, such as those provided by chatbots or robots
- Automate marketing tasks that free up talent for more high-value activities.

Yet when asked if using AI to help them make decisions could eventually become the norm – both inside the organization and with customers – only 31 percent of Practitioner CMOs and 25 percent of Aspirational CMOs agree. European Reinventors, at 62 percent, are far more open to this idea. As more CMOs adopt AI, they can see how AI’s ability to provide insights at lightning speed enhances their ability to develop creative solutions.

Figure 4

Data delivers

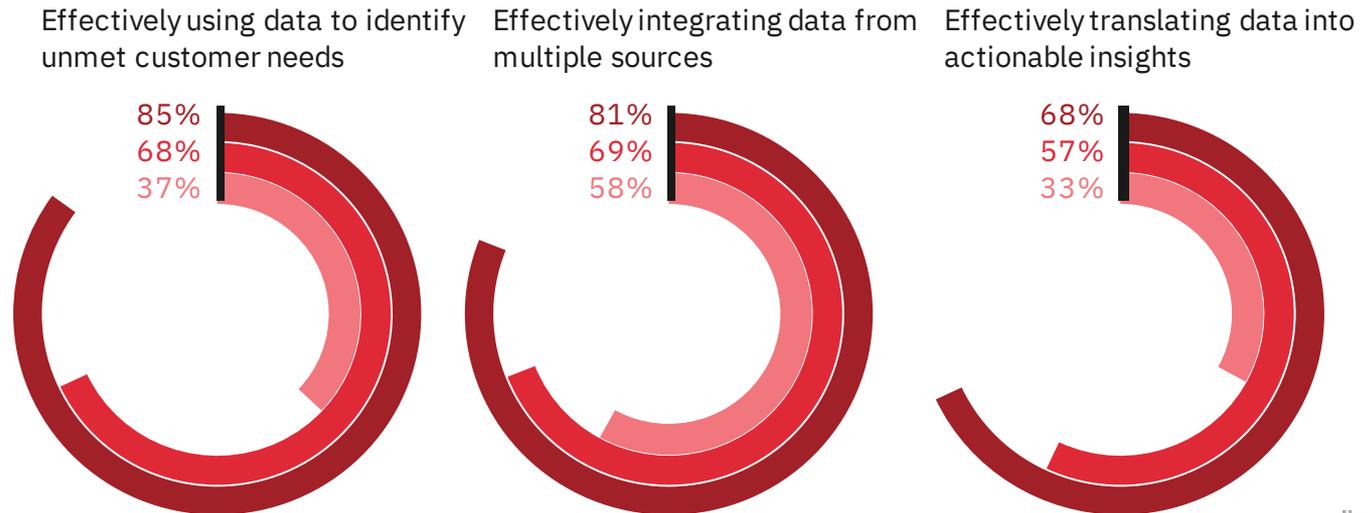
From unmet needs to actionable insights

Europe:

Reinventor CMOs

Practitioner CMOs

Aspirational CMOs



Reinventor CMOs are design thinkers. They put customers' needs front and center throughout the full continuum of engagement, which their teams continually test and improve. A comprehensive customer journey map is a vital tool in this process. By integrating technology, processes and employee interactions, a full picture emerges of customers' vast connection of touchpoints, as well as how internal considerations are affecting the outcomes. Once again, we see far more Reinventor CMOs in Europe (80 percent) thoroughly mapping the entire customer journey. Sixty-one percent of Practitioner CMOs and 56 percent of Aspirational CMOs engage in this practice.

**“We are culturally transforming ourselves to enable a customer-centric and omnichannel company.”**

Chief Marketing Officer, Financial services, Spain

## Culture

### Empowering customer-centricity across the enterprise

A collaborative workplace, where employees are incentivized to share knowledge and work together to solve problems, is a core characteristic of a customer-centric culture.

Here we see a big difference between Reinventor CMOs and the other archetypes in Europe. Seventy-six percent of Reinventor CMOs say their organizations promote and support enterprise-wide collaboration and knowledge sharing. But half of Practitioner CMOs and more than two-thirds of Aspirational CMOs acknowledge their organizations don't do this especially well. Given this, it's not surprising that roughly half of Practitioner and Aspirational CMOs also report their leadership doesn't work together very effectively (see Figure 5). To establish an authentic collaborative work environment, leaders should first set the example themselves.

Customer-centric businesses are eager to collaborate with customers directly, engaging with them to generate new concepts for products or services. Yet this is another aspect of customer-centricity that – compared to their responses to other questions – fewer Reinventor CMOs in Europe claim to do well (64 percent). Practitioner CMOs (50 percent) and Aspirational CMOs (23 percent) report even lower capabilities in customer collaboration.

To respond quickly to customer demands, a customer-centric culture fosters a nimble, agile workplace, where change is the only constant. Teams need freedom to take informed risks, another distinguishing characteristic of Reinventor CMOs in Europe. A full 85 percent say they have a corporate culture that equally rewards fast failure and successful innovation, compared to only 46 percent of Practitioner CMOs and 33 percent of Aspirational CMOs.

# 85%

of Reinventor CMOs in Europe have a culture that rewards fast failure

Q: To what extent do you agree that your enterprise has a culture that rewards both fast failure and successful innovation?

Figure 5

Collaboration counts

Reinventor CMOs  
Practitioner CMOs  
Aspirational CMOs

Reinventors set the example

We promote and support collaboration and knowledge sharing across different parts of our business



Our leadership works together effectively in a collaborative, collegial and productive way



Q: To what extent do you agree that your enterprise promotes and supports collaboration and knowledge sharing across your business?

Q: To what extent do you agree that your enterprise's leadership works together effectively in a collaborative, collegial and productive way?

## Driving growth and change

### Actions to take now

As a CMO, you should be a passionate, collaborative change agent. You need to set new standards for how modern marketing is done. We've revealed what Reinventor CMOs are doing to a greater extent than others, and while they set a good example, they too are continually looking to improve. For all three archetypes, it's time to look forward – and to consider these actions based on where you stand today.

### Demonstrate your value

Implement measurable, common customer-oriented metrics that can be adopted across your business to help establish accountability and credibility.

*Aspirational CMOs.* Become the C-suite's eyes and ears. Your C-suite needs your data-driven perspective on industry, cultural and competitive trends.

*Practitioner CMOs.* Be prepared to respond to disruption. Develop a proactive strategy outlining how your organization will confront disruptive threats.

*Reinventor CMOs.* Go on the offensive. Help lead a cross-functional charge for change.

### Sharpen your insights with AI

Understand customers as individuals and deliver personalized experiences by exploiting the power of AI.

*Aspirational CMOs.* Capture the big picture as well as the details. Create a comprehensive map of your customer journey to see where an AI investment might work best.

*Practitioner CMOs.* Translate data into insights. Use AI to reveal customer behavior patterns that aren't easily discernable with traditional analytics.

*Reinventor CMOs.* Use AI to fuel creative solutions. Make informed decisions by leveraging AI.

### Build customer-centricity through alignment and collaboration

Align functional areas of your business with shared goals to continually seek purposeful change and value for customers, and foster internal and external collaboration

*Aspirational CMOs.* Collaborate with customers. Invite customers to test ideas for improved experiences.

*Practitioner CMOs.* Talk to your customer experts. Tap the perspectives of employees who interact with customers every day.

*Reinventor CMOs.* Partner to share your vision horizontally. Team with your C-suite colleagues.

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