

From Stretched to Strengthened

Insights from the
Global Chief Marketing
Officer Study

“The new way forward is not just advertising, but also to leverage digital technology to reach new consumer segments and to understand their habits through digital media.”

Marketing Communications Director,
Consumer Products, Malaysiaia

In today's world, the savvy, smarter consumer sees, hears and discusses every product, service or brand experience around the world.

How are chief marketing officers (CMOs) helping their enterprises cope with the fundamental shifts transforming business and the world? To find out, we conducted 1,734 face-to-face interviews with CMOs in 64 countries, including 188 marketing leaders from the Consumer Products industry.

Our interviews reveal that CMOs see four challenges as pervasive, universal game-changers: the data explosion, social media, proliferation of channels and devices, and shifting consumer demographics. To respond to this, CMOs in the most successful enterprises are focusing on customer relationships, not just transactions. They are committed to helping employees exemplify their organization's "corporate character." And they are looking for ways to demonstrate marketing's return on investment (ROI).

In the course of our conversations with CMOs worldwide, an overwhelming consensus emerged. The vast majority of CMOs believe there are three key imperatives that will enable them to respond to the marketing challenges in today's complex world. They must understand and deliver value to empowered customers; create lasting relationships with those customers; and measure marketing's contribution to the business in relevant, quantifiable terms.

Deliver value
to empowered
customers

Capture value,
measure results

Foster lasting
connections



Consumer Products industry insights

▶ **Swimming, treading water or drowning?**

- CMOs are facing significant challenges and most feel underprepared to manage them. Overall, the data explosion, social media, growth of channel and device choices and shifting consumer demographics were the top four concerns for all CMOs. Consumer Products CMOs are even more concerned than most of their peers with the data explosion, social media and shifting consumer demographics.

Deliver value to empowered customers

- ▶ • Many organizations struggle to develop customer insights because they primarily focus on understanding markets rather than individuals. Overall, at least 80 percent of CMOs rely on traditional sources of information, such as market research and competitive benchmarking, to make strategic decisions. Consumer Products CMOs rely on market research, competitive benchmarking, brand performance analysis and corporate strategy for decision making.
- Across all industries, the two biggest barriers hindering CMOs from adopting new tools and technologies are cost and lack of certainty about ROI. Consumer Products CMOs are in agreement, with 64 percent citing cost as the biggest barrier and 61 percent citing lack of ROI certainty.

▶ **Foster lasting connections**

- In this digital era, organizations need to understand customers and act quickly on what they learn. As Consumer Products CMOs manage the shift toward digital technologies, enhancing customer loyalty/advocacy is their top priority.
- More than half of the CMOs say their corporate character is well understood in the marketplace. Yet 57 percent also say more work remains to get employees on board. In Consumer Products, 53 percent of CMOs believe their corporate character is understood and 51 percent say more work remains.

▶ **Capture value, measure results**

- Sixty-three percent of respondents believe marketing ROI will become the most important measure of success over the next three to five years. CMOs from Consumer Products companies are in line with their peers from other industries, with 65 percent citing marketing ROI and 61 percent citing overall sales as the most important measures of success.
- Most CMOs use partnerships primarily to augment their promotional activities. Over the next three years, Consumer Products CMOs plan to use external resources for consumer and data analytics, IT skills and sales/contact lead management.

For further information or to reach an IBM industry expert, please contact iibv@us.ibm.com.

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