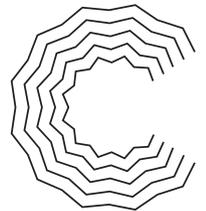


The modern marketing mandate

Chief
Marketing
Officer

Global C-suite Study
19th edition

IBM Institute for
Business Value



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 2,069 valid responses 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

In this modern marketing era, CMOs are facing an expanded mandate to reimagine their role within the C-suite and across the enterprise. Their challenge: to set new standards for how marketing gets done. Why now? Today, organizations are evolving from product-led to experience-led businesses, and 84 percent of CMOs we surveyed 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. This is a tall order, and a considerable number of CMOs report their organizations are struggling.

A broader context

Perspective from the
Global C-suite Study

Two decades after the Internet became a platform for transformation, we're still wondering how it all might turn out. The signals aren't always clear. Today, winner-take-all organizations are on the rise, but collaborative ecosystems are flourishing as well. Even in industries where competitive concentration is increasing, innovation hasn't – as would be expected – flatlined. Which way to the future?

The organizations that are prospering aren't lying in wait to time the next inflection point – the moment when a new technology, business model or means of production really takes off. Remaking the enterprise, they recognize, isn't a matter of timing but of continuity. What's required, now more than ever, is the fortitude for perpetual reinvention. It's a matter of seeking and championing change even when the status quo happens to be working quite well.

Drawing from the responses to a survey of executives across the C-suite, IBM client engagements and our work with academics, the 19th edition of the IBM Global C-suite Study, "Incumbents Strike Back," covers four topics that describe the changing business landscape.¹

Dancing with disruption: Incumbents hit their stride

Is disruption dead? Certainly, there's less of it than most C-suite executives anticipated. Just under three in ten say they're experiencing significant disruption; hardly the deluge expected. What happened? As industries consolidated, startups deprived of venture capital funding stalled at the gate – or were snapped up by incumbents. Confounding the situation, C-suite executives report that it's not the fearsome digital giants they're concerned about most, but the once lumbering, now innovative, industry incumbents that have gained the capacity to strike first and strike back.

Disruption hasn't gone underground; instead it's emerging as a capability incumbents are ready to embrace. They orchestrate advantage by continuously reallocating resources to invest in promising new areas. They have learned to move fast, experiment and iterate. They're reinventing themselves before they are forced by competitors to reconsider their options.

Trust in the journey: The path to personalization

Personalization is a huge opportunity to grow revenues and loyalty, but absent true customer insight, too many organizations are in danger not just of falling short of their targets, but disappointing their customers. Leading organizations are modeling a new path to insight; they are design thinkers. They use data to interrogate their environments, create context and reveal what's deeply human about their customers. To achieve the elegant and irresistible design of the customer experience, they don't start with solutions; instead, they seek to ask the next best question.

They excel at two activities – customer co-creation and detailed journey mapping. These activities generate insights in abundance, feed on-target personalization and have equally important second-order effects: they propagate trust. Trust between peers in co-creation communities is transferred to the enterprise and extended outside the community by a cadre of influencers. Likewise, journey maps cement trust by instilling a culture of accountability to customers inside the organization. Leading organizations dedicated to discovering their customers' unmet needs don't just ask for loyalty on the basis of personalization. They earn and provide reasons to trust.

Orchestrating the future: The pull of platforms

Who wouldn't want to be an Amazon or Alibaba? An intrepid few in every industry are venturing onto business platforms, creating dazzling network effects by orchestrating direct interactions between consumers and producers, and pulling others fast in the same direction. Organizations will need to consider whether they reinvent themselves to own or participate in a business model platform, or to do both. Regardless, the "rules" for success are shifting.

Platforms break down conventions. Prime among those conventions is the value derived from proprietary advantage. Platform operators create value from reciprocity – they cultivate win-win propositions for the network of organizations on their platforms. Above all else, platform owners are ready to reallocate resources from defending markets to innovating in new ones. Attracted by the potential for outsized returns, 28 percent of the C-suite executives surveyed report their enterprises are reallocating some portion of capital to build out platforms. Past and future reallocation could approach an estimated USD 1.2 trillion in the next few years.

Innovation in motion: Agility for the enterprise

Asked to rank the capabilities most instrumental to their success, CEOs cited two characteristics above all others: a new willingness to experiment and the support of empowered employees. Leading organizations are rethinking the employee construct at its most elemental level: they're cultivating autonomy and learning on the fly by implementing a more fluid work structure made up of cross-functional teams. For many, the initial inspiration to do so is to get closer – and become more responsive – to their customers.

Leaders in these organizations look to employees to actively challenge and reshape their own views on the course the company should take next. They make it clear that they value smart experimentation and rapid response to market changes. Their employees aren't lined up neatly behind them; they're encouraged to explore.

As part of the Global C-suite Study, we interviewed over 2,000 CMOs to better understand how the CMO role is evolving. In this report, we highlight CMOs' expanding mandate to drive growth and change in response to the challenging and changing landscape outlined in the Global C-suite Study.

CMO perspectives

Marketing takes center stage

The pendulum has swung again. Today's C-suite respondents say that market factors surpass technology as the most important external force impacting their businesses – for the first time since 2010. As more companies adopt foundational digital technologies, these become less differentiating for brands. Instead, changing market dynamics, changing customer preferences and new distribution channels are once again the external factors that the C-suite is prioritizing. And these factors sit squarely in the CMO wheelhouse. If ever there was a time for CMOs to take center stage, it's now.

“The role of the CMO is evolving into ‘Chief Experience Officer.’ We need to own the client experience from beginning to end, across the organization.”

CMO, Financial Services, United States

Like CEOs, most CMOs anticipate that today's business environment will likely shift organizations from being product-led to experience-led. CMOs also predict that businesses will place less emphasis on product innovation and more on business model innovation. These moves could profoundly impact how marketing defines and amplifies brands, how organizations engage customers, and how they generate value. This could be crucial for organizations that create or contribute to platform business models. In these scenarios, brand awareness and trust are largely dependent on recommendations from the platform community versus traditional channels of communication.

Of all C-suite roles, the CMO is closest to the customer's needs and desires. More than 70 percent of CMOs report their ability to lead organizational growth and change is now essential to their professional success. 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).

Figure 1

The CMO must-do list

Top five priorities



Q: Which activities are your priorities for the next 12 months?

CMOs have been challenged to grow their skillsets beyond core marketing capabilities for some time now. This was the theme of our first IBV CMO study in 2011, “From stretched to strengthened.”² As more C-suite leaders recognize that customer experiences define and differentiate their organizations, CMOs find themselves with an expanded mandate to prioritize three key areas:

Value. As strategic influencers in the C-suite, CMOs should 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 instill 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.

Are CMOs equipped to assume these broader responsibilities? Their ability to drive ongoing success in these areas largely depends on their skills, knowledge and business savvy. 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 today, we applied cluster analysis to identify distinct segments of organizations among more than 12,500 participants in the Global C-suite Study. Three archetypes emerged, which we’ve named the Reinventors, the Practitioners and the Aspirationalists. The organizations clustered in these archetypes are at different stages of Digital Reinvention™ and are eyeing the opportunities ahead from that vantage point.

The Reinventors are the standouts. They report that they outperformed their peers in both revenue growth and profitability, and lead as well in innovation. Their organizations are exceptionally well aligned. They say that their IT strategy is in sync with their business strategy, and they’ve optimized their business processes to support their strategic intentions. Their organizations aren’t locked in place. Having managed change successfully in the past, they’re confident in their capacity to transform their organizations. Moreover, they have a well-defined strategy to manage disruption.

The Reinventors have redirected their resources to achieve new sources of scale – broad networks of partners – and extract new value from ecosystems. They’re ahead of all others in co-creation and close collaboration with customers and partners. They’ve restructured their organizations, including their cultures, to encourage experimentation and bring new ideas to the fore.

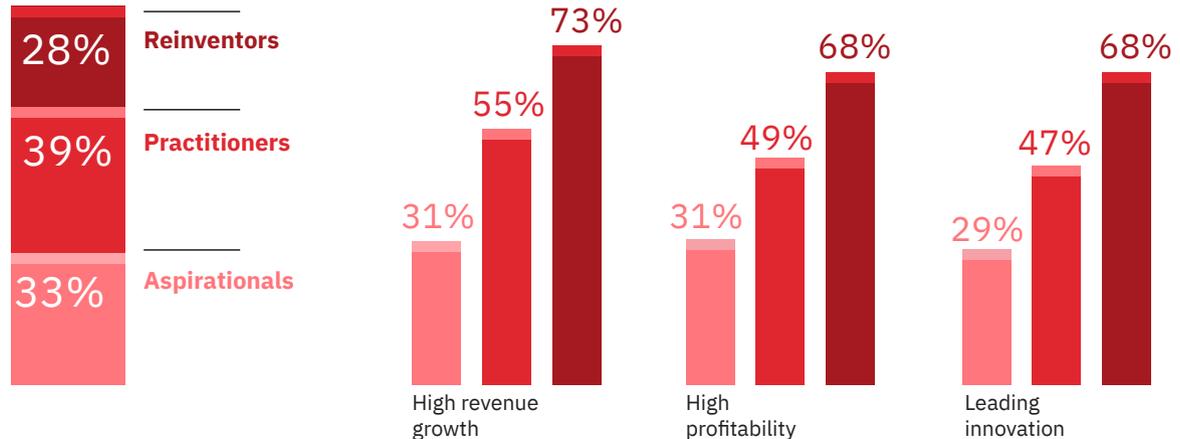
Practitioners haven't yet developed the capabilities to match their ambitions. And they are ambitious. Over one-half of the Practitioners across the C-suite plan to launch new business models in the next few years. Some are ready to leap ahead by taking on more risk to "up their game" and disrupt their industry and others. More Practitioners than Reinventors are considering one of the more radical of the new business models – the platform business model.

The Aspirational, as their name implies, have a ways to go in both their digital transformation and their ability to move quickly to seize new opportunities.

Figure 2

Three archetypes

Reinventor CMOs lead the way



Of the CMOs we surveyed, more than a quarter (28 percent) came from Reinventor organizations, 39 percent were from Practitioner organizations and 33 percent were from Aspirational (see Figure 2).

As with our broader C-suite study sample, a fair number of CMOs from Practitioner organizations and the overwhelming majority of Aspirational CMOs report their organizations lack the capabilities required to excel in this changing business landscape. In this report, we explore the Reinventor CMOs' leading practices in three areas: *value*, *experience*, *culture*.

Value

Driving growth and measurable results

CMOs have always needed to take their industry's pulse and devise appropriate competitive responses – that's at the core of marketing's mission. But today, the mission needs to extend beyond market research and marketing campaigns. CMOs have a broader responsibility to analyze and predict trends, based not only on their assessment of the marketplace, but also on community feedback from their digital platforms. These data-driven insights can define and establish enterprisewide strategies that reimagine customer experiences and explore innovative new business models (see sidebar on page 10, "Mercedes-Benz Stadium"). After all, the ultimate goal is to increase sales and revenue for predictable profitability. CMOs recognize their accountability to demonstrate a clear return on investment (ROI) for their initiatives.

AMB Sports + Entertainment and the Atlanta Falcons owner, Arthur Blank, had a vision for a new kind of stadium. A facility with technology at the core, not just to operate the building, but to cater to fans at every touchpoint, 365 days a year. This meant rethinking the role of IT as integral to the customer experience as the building's concrete, steel and glass. Their holistic approach spans a huge breadth of services and technologies including mobile, analytics, infrastructure and Internet of Things. The result is a truly personalized experience that serves fans at every moment. At home, in transit and in their seats, fans can connect to the stadium and to each other for an immersive experience like no other.

Mercedes-Benz Stadium: Reinventing the fan experience

Reading the tea leaves

To what extent is the CMO agenda a response to industry disruptions? A surprising finding from the Global C-suite Study is that the fear of being “uberized” has dissipated. Disruption on a massive scale has not materialized as expected. Like the rest of the C-suite, the vast majority of CMOs (71 percent) say disruption today is mainly led by innovative industry incumbents, not digital giants such as Google or stealth startups.

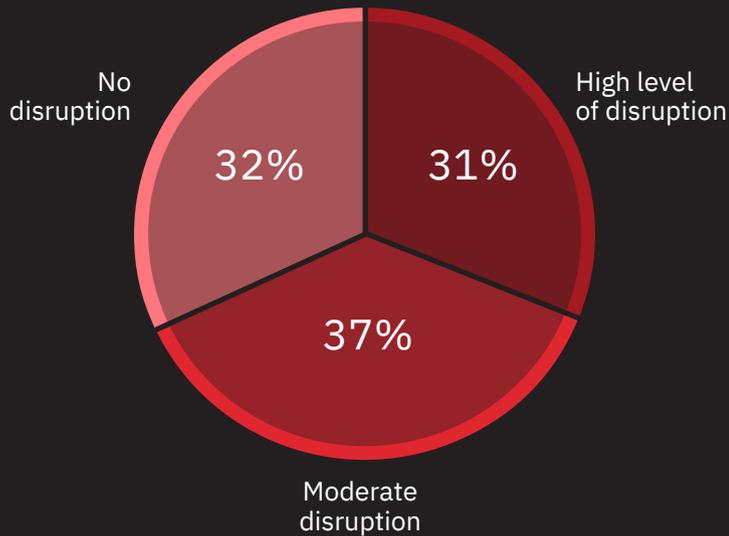
But for CMOs, that doesn't mean the heat is off. Disruption continues to be a significant driver of change. Almost a third of CMOs report their industries are experiencing a high level of disruption and another 37 percent are seeing moderate disruption (see Figure 3).

The best CMOs contribute valuable perspectives. They scout beyond the front lines, assessing the business landscape to uncover subtle shifts that could signal disruption ahead and warrant attention. As brand stewards, their watchfulness, intimate industry and customer knowledge, and analytics expertise help predict the next big thing.

Figure 3

Degrees of disruption

A three-way street



Q: To what extent is your industry being disrupted?

For CMOs to significantly impact strategy, they should effectively communicate their points of view across organizational leadership. Nearly 80 percent of Reinventor CMOs are confident their leaders have a firm grasp on where their industries are headed. Practitioner CMOs (62 percent) and Aspirational CMOs (44 percent) are less certain. Arguably, 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.

Not only do CMOs need to understand macro trends, but competitive insights – particularly those related to customer engagement – are also vital to the mix of market intelligence they generate and share with C-suite peers. Reinventor CMOs are especially good at this: 74 percent say they effectively analyze competitor responses to customer demands, compared to 58 percent of Practitioner CMOs and just 38 percent of Aspirational CMOs. Deriving insights from analytics to inform marketing decisions is a skill CMOs recognize as necessary for their continued professional success. Three-fourths agree this will become increasingly important in the next two to three years.

Confronting threats and disruption

Organizations need these data-driven insights to drive proactive strategies in response to innovative competitors or disruptive threats. Reinventor CMOs (77 percent) report they have well-defined strategies already in place, but nearly half of Practitioner CMOs and more than two-thirds of Aspirational CMOs do not (see Figure 4).

To effectively address the prospect of disruption, CMOs' strategies should consider the impact on their organizations' business models. Indeed, the vast majority of CMOs surveyed (84 percent) expect that their current business models may be threatened. Forty-five percent of CMOs say they expect to modify their business models within the next two to three years, and 38 percent plan to launch new business models in their existing industries. A mere 5 percent anticipate doing this outside their industries.

Iterative, targeted modification might be sufficient to respond to modest marketplace shifts. But that's unlikely to save a business model under threat, let alone drive breakout growth and change.

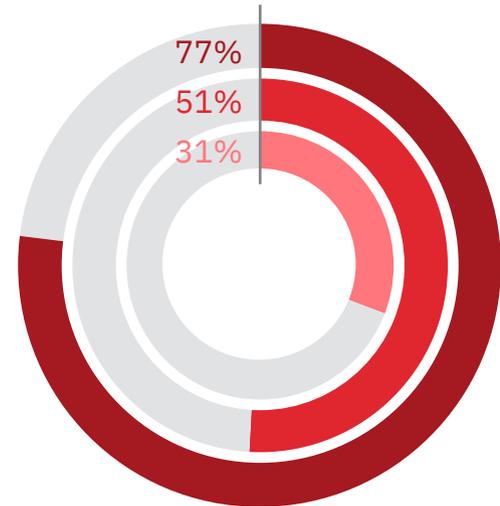
As reported in the IBM Global C-suite Study, 57 percent of organizations that have a strategy to be disruptors themselves are builders or owners of a platform business model.³ Platforms create open business and economic environments that transcend traditional value chains, and radically alter organizational norms and structures – and they can generate significant value.

Figure 4

Reinventors
Practitioners
Aspirationals

Disrupting disruption

Who has a strategy?



Q: To what extent do you have a well-defined business strategy to respond to disruptive forces entering your market?

Like Alibaba, organizations with platform business models focus primarily on the orchestration of assets. They take advantage of their ecosystem partner network to scale quickly in a winner-takes-most scenario. Half of CMOs report their organizations are either considering, piloting or adopting a platform business model.

CMOs whose organizations follow this path need to be at the top of their game, aligning with their CEOs and other C-suite peers to lead the charge. In addition to rethinking go-to-market strategies, platform business models require CMOs to reimagine customer experiences through digital innovation. Because customer experiences are shaped by platform participants, CMOs have to understand how to manage this interdependent environment. Platform business models are fueled by shared data. CMOs and their teams will need to be adept at collecting and using data to their advantage, sharing it with platform participants and being open to co-creation with customers. The majority of CMOs (74 percent) recognize that driving continuous, innovative, purposeful reinvention on this scale is an increasingly important part of their role.

Demonstrating value

It won't be enough to develop new strategies, business models and redefined experiences if CMOs can't also show an ROI for their efforts. Almost two-thirds recognize that professional success hinges on their ability to do this effectively. However, determining marketing ROI has been a challenge for CMOs over the years and continues to plague many of them.

According to a recent IBV benchmarking report, 44 percent of marketers claim their organizations don't sufficiently measure and attribute the effect of campaigns on sales or profitability.⁴ Another IBV report found 51 percent of executives say they are only able to measure the ROI of their customer experiences to a "moderate extent."⁵

Experience

Uncovering and fulfilling customer needs

With the mandate to improve customer experience, personalization has become an important focus for CMOs. The bar for personalization continues to rise. Companies with outsized influence and robust platform business models, such as Amazon, set the pace. Customers expect similar experiences from virtually all types of organizations, and companies across industries need to meet those expectations (see sidebar on page 16, “Ingersoll Rand”). Fifty-eight percent of CMOs, mostly Reinventors, report they’re delivering personalized customer experiences effectively, but a sizeable portion of CMOs – 42 percent – are less certain they do this very well.

“Our objective is to design customer experiences that are personalized and responsive, answering needs customers didn’t realize they had – and are ultimately so meaningful to the customer that they drive incredible advocacy.”

Dawn C. Morris
CMO, Webster Bank, United States

Using, integrating and interpreting data

Reinventor CMOs have reason to be confident – they are especially good at using data to identify unmet customer needs. In fact, this may be one of the most important capabilities that distinguish their organizations from the rest. Determining what individual customers want at a given place or time typically requires structured as well as unstructured data from a variety of sources.

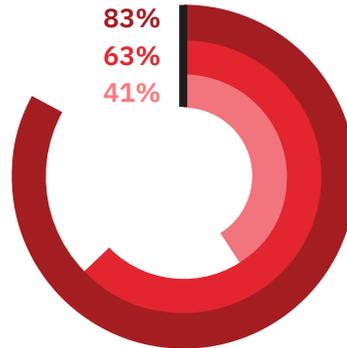
Figure 5

Data delivers

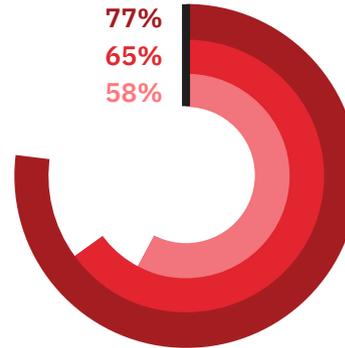
From unmet needs to actionable insights

Reinventors
Practitioners
Aspirationals

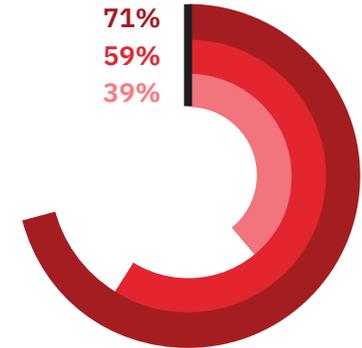
Effectively using data to identify unmet customer needs



Effectively integrating data from multiple sources



Effectively translating data into actionable insights



Q: How effective is your enterprise at creating compelling customer experiences by using data to identify undefined and unmet customer needs?

Q: To what extent do you agree that you integrate data from multiple sources to predict customer needs and behavior?

Q: How effective is your enterprise at creating compelling customer experiences by acting upon insights to meet customer expectations?

To help customers keep their heating, ventilation and air conditioning (HVAC) solutions running smoothly whatever the weather, Ingersoll Rand wanted a way to respond with personalized maintenance and support advice when adverse conditions strike. They realized their generic email campaigns weren't grabbing customers' attention or providing the specific information people needed. So they deployed a digital marketing platform that uses rich data sources (such as behavioral, weather and location data) to launch automated, personalized marketing campaigns. Now they have a scalable solution that speaks directly to individual customer requirements with valuable, relevant guidance.

Ingersoll Rand: Providing valuable, personalized guidance

Enhancing experiences with AI/cognitive computing

Artificial intelligence (AI) systems understand unstructured information in a way that's similar to humans. However, AI systems consume staggering amounts of data moving at far greater velocity to continually learn. AI systems can be trained to take data-driven personalized experiences to a whole new level.

Few Aspirational CMOs (20 percent) say their organizations are interested in pursuing AI. But a fair proportion of Reinventor CMOs (39 percent) and Practitioner CMOs (40 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 25 percent of Practitioner CMOs and 16 percent of Aspirational CMOs agree. The Reinventors, at 42 percent, are more open to this idea. As more CMOs adopt AI, they can see how AI's ability to provide insights at lightning speed doesn't reduce their ability to develop creative solutions; in fact, it enhances it.

Reimagining experiences with design thinking and journey mapping

Reinventor CMOs are design thinkers, perpetually seeking ways to create frictionless customer experiences. This is their sweet spot: 79 percent say they use a design thinking approach to improve their customer experiences, compared to roughly two-thirds of Practitioner CMOs and Aspirational CMOs.

CMOs who are design thinkers adopt an empathetic perspective. They put customers' needs front and center throughout the full continuum of engagement, which their teams continually test and improve. Instead of focusing on how to market their widget or service, they ask, "What do our customers want? And how do we best serve their latent needs?"

A comprehensive customer journey map is a vital tool that can help CMOs answer those questions. 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.

Journey mapping is much more than an exercise to reveal customer pain points and delights. It also drives a horizontal view of the brand, internally and externally. This helps CMOs develop authentic messaging across touchpoints and strategize for factors outside their control, such as social feedback. Journey mapping also builds trust and accountability across disparate operational functions, allowing teams to visualize the interdependencies they should manage together. Once again, we see far more Reinventor CMOs (76 percent) thoroughly mapping the entire customer journey. Sixty percent of Practitioner CMOs and 57 percent of Aspirational CMOs engage in this practice.

Culture

Empowering customer-centricity across the enterprise

As the C-suite's brand stewards and customer advocates, CMOs recognize the requirement to work horizontally across their businesses to champion an enterprisewide customer-centric culture. Almost three-fourths of CMOs tell us their employees have a customer-first mindset. However, it's one thing to think this. It's quite another for an organization to empower its employees to operate and make choices based on customer centricity, and to reward those behavior patterns with metrics demanding that focus (see sidebar on page 19, "Latin American bank").

“Becoming a customer-centric enterprise requires a change in company culture and new ways of thinking. Rather than perceive conflict between online and traditional channels, we must instead create synergies.”

Aysegul Bahcivanoglu
CMO, Teknosa, Turkey

A bank wanted to reposition and differentiate itself in the Latin American marketplace. At the same time, it wanted to disrupt traditional notions of banking behaviors by being a more socially conscious, customer-centric bank. The marketing department had very low adoption of digital practices. Defining and growing digital marketing capabilities was a way to realign people, structure and processes to the company's customer-centric strategy. The bank's transformation focused on clarifying its vision and purpose, and defining the target operating model, processes and technologies to enable personalized, real-time marketing within a culture of ongoing innovation. Improvements in customer satisfaction and engagement, and the accompanying operational efficiencies spurred on the bank's full digital transformation.

Latin American bank:
Customer-centricity improves
customer satisfaction

Realizing a dynamic vision

To get employees on board, leaders typically share their vision to inform and inspire their staff. But are they communicating effectively? When asked if their employees clearly understood their vision, the percentage of Reinventor CMOs responding "yes" dipped to 59 percent. While this represents a majority of Reinventor CMOs, fewer of them responded positively to this than most other survey questions. This is one area where Reinventor CMOs are experiencing challenges similar to Practitioner CMOs. Aspirational CMOs struggle even more.

This gap is symptomatic of leadership that has worked to define a vision but hasn't done enough to successfully bring its people along. For employees to internalize the message, they have to see how it relates to their jobs and priorities. This keeps everyone – no matter what role – pulling in the same direction. Leaders can't accomplish this with a single speech at an annual meeting; operationalizing a customer-centric vision requires an ongoing effort. In an era of continuous reinvention, this vision needs to be transparent and dynamic. It should be informed by employees' ideas – ideas that are especially valuable when employees are liberated to be more responsive and accountable to customers.

360 degrees of collaboration

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. Without this freedom to connect across functions, data and metrics, insights and ideas stay locked inside silos. How can CMOs hope to build a seamless customer experience if teams across the business don't share goals, measurements and the ability to co-create solutions?

Here we see a big difference between Reinventor CMOs and the other archetypes. Seventy percent of Reinventor CMOs say their organizations promote and support enterprisewide 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 6). To establish an authentic collaborative work environment, leaders should first set the example themselves.

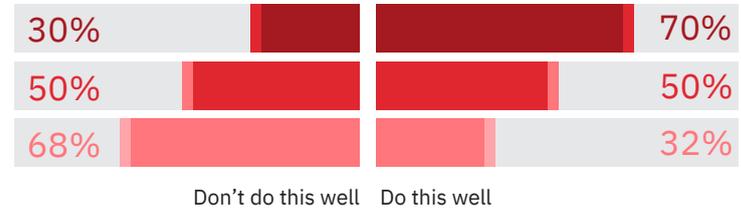
Figure 6

Collaboration counts

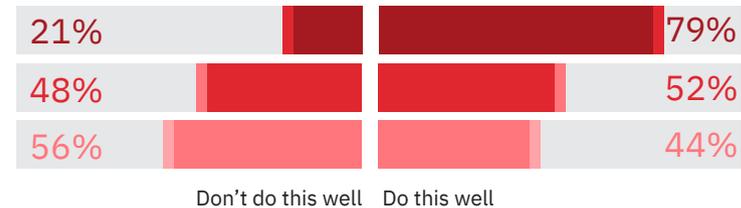
Reinventors
Practitioners
Aspirationals

And Reinventors do it well

We promote and support collaboration and knowledge 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?

These points are particularly relevant for CMOs, who may have to begin with their own teams by breaking down traditional barriers across three schools of marketing: market making, experience and brand design, and performance marketing. Often, these three domains lack a common language and way of working. CMOs have to establish new standards.

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 claim to do well (64 percent). Practitioner CMOs (47 percent) and Aspirational CMOs (28 percent) report even lower capabilities in customer collaboration.

Embracing change with agility

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. Seventy-five percent say they have a corporate culture that equally rewards fast failure and successful innovation, compared to only 46 percent of Practitioner CMOs and 36 percent of Aspirational CMOs. As a Japanese CMO in Transportation told us, “The CMO’s biggest challenge is a mindset reform – from maintaining the status quo to daring to do new things. Our touchpoints are human, and we should learn from digital giants to innovate with speed and not be afraid to express new ideas.”

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

Establishing marketing's value is on the CMO's must-do list. Implement measurable, common customer-oriented metrics that can be adopted across your business to help establish accountability and credibility.

Aspirational: Become the C-suite's eyes and ears. ROI isn't the only measurement an organization needs to determine effectiveness. Your C-suite needs your valuable, data-driven perspective on industry, cultural and competitive trends. Analyze what's happening externally and map that to customer behavior patterns. This can highlight organizational advantages and vulnerabilities from your customers' viewpoints.

Practitioners: Be prepared to respond to disruption. Partner with C-suite colleagues to develop a proactive strategy that outlines how your organization will confront disruptive threats head-on. Use customer-oriented metrics to assess how emerging technologies could contribute to reimagined customer experiences that give your organization a competitive edge.

Reinventors: Go on the offensive. If introducing a new business model is the right move for your organization, help lead a cross-functional charge that lays the foundation for change. Build your business case with projections for increased sales, revenue, customer engagement and brand impact. Partner with the appropriate leaders, including your external ecosystem. Put your plan into action with multidisciplinary teams.

Sharpen your insights with AI

Understand customers as individuals and deliver personalized experiences by exploiting the power of AI. Leading marketers are starting to use AI to crack this nut, and we expect marketing's use of AI to rapidly escalate over the next few years.

Aspirationalists: Capture the big picture as well as the details. Create a comprehensive map of your customer journey to understand how customers engage with you across your enterprise and the people, process and systems that support those touchpoints. In addition to this map's many benefits, it can reveal where an AI investment could deliver a more personalized customer experience.

Practitioners: Translate data into insights. The ability to extract meaningful insights from data separates Reinventors from Practitioners. Bridge this gap for your organization by deploying AI to access structured and unstructured data both across the enterprise and externally. This can uncover the invaluable customer insights you need.

Reinventors: Use AI to fuel creative solutions. Make informed decisions by leveraging AI to uncover new considerations and new

opportunities. AI can enhance your creativity by rapidly surfacing possibilities that might be impossible to glean with traditional methods.

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. Foster collaboration with your C-suite colleagues, functional leaders, employees, ecosystem partners and customers.

Aspirationalists: Need to know what customers want? Ask them. Invite customers to test your ideas for improved experiences during the planning and design processes. This could include interviews, surveys, sensors and feedback loops so customers can continually provide input and teams can gather data that fuels ongoing learning.

Practitioners: Talk to your customer experts. Tap the perspectives of employees who interact with customers every day, inside and outside of your marketing function. They are some of your best sources of insight and advice and actively engaging them encourages their investment in a customer-centric approach.

Reinventors: Partner to share your vision horizontally. Team with your C-suite colleagues to determine how best to help employees internalize a customer-centric vision. Make your vision clear, simple, memorable and inspiring. Demonstrating how a customer-centric approach manifests itself in individual jobs requires many forms and formats. Plan for an ongoing drumbeat of motivating activities.

Notes and sources

- 1 “Incumbents Strike Back: Insights from the Global C-suite Study.” IBM Institute for Business Value. February 2018. <http://www.ibm.com/globalcsuitestudy>
- 2 “From Stretched to Strengthened: Insights from the Global Chief Marketing Officer Study.” IBM Institute for Business Value. October 2011. <http://www-01.ibm.com/common/ssi/cgi-bin/ssialias?infotype=PM&subtype=XB&htmlfid=GBE03433USEN>
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- 4 IBM Institute for Business Value Benchmarking Program. Marketing benchmark report. January 2018. Sample size 550.
- 5 Schwartz, Robert, Kelly Mooney and Carolyn Heller Baird. Unpublished data from “The AI-enhanced customer experience: A sea change for CX strategy, design and development.” IBM Institute for Business Value. March 2018. <https://www.ibm.com/services/us/gbs/thoughtleadership/custexperience/ai-cx/>

Related IBM IBV C-suite Program executive reports

To read the full report, “Incumbents Strike Back,” please go to ibm.com/globalcsuitestudy. You can also find copies of our monthly insights and three related C-suite executive reports on IoT, AI and blockchain at the same location.

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