

# Stepping up to the challenge

*Australian CMO perspectives on global marketing trends*



## Overview and executive summary

Board members, C-suite executives and industry bodies recognise that the role of marketing is changing. Helping companies understand their customers so they can provide more useful products and services has given marketing more influence within the C-suite. However, many chief marketing officers (CMOs) are feeling underprepared for their new status.

IBM and ADMA recently hosted two CMO forums to discuss the changes facing Australian marketers and how they relate to findings in the recent IBM C-suite Study.

Key insights from these marketing leaders included:

- Marketers need to use analytics along with their intuition to guide their decision-making.
- Digital strategies should not be an end in themselves. Rather, they should form one part of a business's broader customer-focused strategy.
- Forging close relationships with C-suite colleagues such as the chief executive officer (CEO), chief financial officer (CFO) and chief information officer (CIO) is crucial to delivering marketing programs that need cross-functional support.
- A unifying vision is essential to extract value from marketing teams that include people who have widely differing job roles and expectations.

The following paper further discusses these key insights, including some recommended actions for Australian CMOs as they help shape a customer-activated enterprise.

## Data growth and understanding the customer

### Marketers are the 'voice of the customer' in the C-suite

Around the table, CMOs were clear that the CMO's role in Australian enterprises was changing considerably. One of the key factors driving this transformation is the growth of data and the increased use of analytics to derive insights. Marketers' ability to understand and predict customer behaviours is elevating their status in the boardroom. In an environment where businesses are placing the customer at the centre of their strategies, CEOs want marketers to become the voice of the customer in the C-suite.

So how are marketers in Australia dealing with the deluge of data and the need to obtain insights that will keep their business ahead of the competition?

### Australian marketers keep pace with leaders using analytics

One of the most important points discussed was that many progressive Australian businesses – and top marketers – were keeping pace with their international counterparts by using data analytics to better understand their customers and developing a customer experience that aligns with their needs and expectations.

For example, easy access to data gained from customer interactions made for richer and more productive conversations when customers contacted a financial services company.

However, it is crucial that businesses do not put the cart before the horse. The forum heard that with businesses under pressure to embrace digital channels, there is a risk that they will focus on digital strategies as an end-goal, rather than as a key element of a broader shift to customer-centric business models.

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*“I think the days of ‘build it and they will come’ are over.”*

– CMO, Australia

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### **A disciplined approach is essential to using analytics successfully**

Attending CMOs reinforced the fact that businesses using analytics successfully took a disciplined approach, prioritising insights that helped them meet their customer experience and financial obligations. They also pointed out successful marketers avoided traps such as relying on data to ‘join every dot’ before making a decision; rather, they used insights from data analytics to support their own intuition.

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*“To try and look for [insights] just because you like a romp in the park around data doesn’t actually feel right and is a very expensive execution.”*

— Customer quote

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### **Understand the emotional power of your brand**

The forums revealed that the need to listen to customers was assuming even greater importance in an increasingly fragmented market. By understanding their customers, marketers can avoid mistakes which may compromise the emotional power of their brands and limit their ability to expand into new product lines, markets and geographies.

### **The speed of change is overwhelming some marketers**

For some marketers, the speed of change is starting to overwhelm their initial cautious optimism about what their companies could do with the data and channels before them. The disruption is also creating confusion within businesses about how best to extract value from these opportunities.

For example, some C-suite executives wanted to chase ‘likes’ on Facebook at the same time as the marketing team was developing and republishing content across multiple channels as part of a sophisticated strategy to engage different audiences.

## **CMO and C-suite Partnerships**

### **C-suite relationships assume greater importance**

As CMOs solidify their role as the voice of the customer in the boardroom, their relationships with other C-suite members – particularly the CEO, the CFO and the CIO – are becoming increasingly important.

The forums heard that the CMO needed to establish a relationship with the CEO that would be strong enough to withstand pressure to prioritise product and revenue targets over marketing programs during soft economic periods. For some marketers, the cyclical nature of businesses and changing C-suite priorities meant they had only had a limited period of authority to execute projects involving teams from different functions.

A further issue for some marketing teams was lacking the skills needed to develop business cases. While these teams typically had no problems building business cases to support further investments in marketing, analytics or supporting technologies, typically they lacked the skills to do so in a way that involved other business functions.

### **CFOs and CIOs can be key allies in helping deliver projects**

Marketers at the forums heard that to mitigate risk and give marketing the profile it deserves, they should establish close relationships with their counterparts in the finance and IT departments.

Forming an effective partnership with the CFO can help marketing heads combine growth-generating insights from analytics tools with the business capabilities needed to turn those ideas into commercial propositions. A similarly strong relationship with the CIO could help the CMO gain easy access to the technology resources needed to complete projects quickly.

These relationships could give marketers access to the skills to deliver cross-functional business cases, not to mention the credibility to invest in stakeholder management so that all teams are singing the same tune. This would help ensure a robust, marketing-initiated, cross-functional business case was presented to the C-suite with support from non-marketing teams.

**A perspective: An effective partnership between a CIO and CMO**

One CMO perspective highlighted the importance of bringing the CIO and IT department on the customer journey. From the marketer point of view, being able to respond to customer complaints about website accessibility was critical to ensuring revenue streams. From the IT department's perspective, the ability to service last minute changes in a short time frame proved challenging. Changing the culture – to collaborate and share accountability of the customer engagement and relationship – provided a new level of insight and understanding that enabled the team to better meet the needs of their customers.

These employees might not be able to relate to a creative and marketing communications-oriented vision. In these cases, the vision and culture need to be broadened and adapted so they are relevant to all participants. One method suggested in the forums was to embrace every team member as a storyteller who could use their creativity and innovation to contribute to valuable business outcomes.

By focusing on empathy and teamwork in the marketing function, marketing leaders can forge a close-knit team that achieves better results than their loosely connected counterparts in other organisations.

For example, in a unified team, a data analyst might push numbers in front of a campaign manager to provoke different ways of thinking about a campaign, whereas in a more siloed operation, this may happen later in the process or not at all.

## **Leadership**

**Empathy and emotional intelligence are key leadership qualities**

Many marketers agreed that to get the best results from their teams, they needed to combine empathy, emotional understanding and intelligence. Collaboration did not involve establishing committees for every decision — if a decision rested in a particular team member's area of responsibility, others could debate with that person but recognise that the final decision was theirs and move on once it was made.

**Ensure the vision is relevant to all employees**

Marketers emphasised the importance of adopting a unifying vision for marketing teams that have a wide range of roles. Today a marketing team might comprise employees with a diverse range of skills and disciplines, including pricing, research analytics, data science and economics.

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*“The real war for talent is for specialist skills and empathy.”*

— Consumer quote

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This unity and team focus is particularly important in a market where some skilled professionals – such as data scientists and analysts who can provide true customer insights and identify long-term trends – may be in short supply.



## Taking action

For Australian CMOs, the key actions from the discussions were:

### Use analytics wisely

Take a disciplined approach when using analytics to extract value from ever-growing masses of data. This means recruiting data scientists and analysts who can deliver insights that improve the customer experience and generate revenue.

Ensure that you and your team members can apply intuition and expertise to derive meaning from the data and highlight its value to the C-suite and the broader organisation.

### Work closely with the CIO and CFO

Recognise the value that your C-suite colleagues can provide. The CIO delivers the process and infrastructure that support your marketing projects, while the CFO delivers the financial rigour and acumen that can help win cross-functional support for these initiatives.

Acknowledging the pressures these colleagues are under and helping them meet their KPIs can broaden your boardroom power base and help you make a robust contribution to the business.

### Extract value from your team

Marketing teams today are made up of individuals with differing skills and world views. Spend time uniting people behind a single coherent vision and encourage them to challenge each other in a respectful fashion. This can deliver robust outcomes for the business and ultimately result in a higher-quality marketing function.

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