

MICROSOFT PRESENTS

THE FUTURE OF THE CMO:

How Digital Technology Is Reshaping Marketing Organizations

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ABSTRACT

This paper looks at the new leadership roles, organizational structures, interdisciplinary conversations, professional skills, and partner ecosystems that are arising in response to the technology trends (and shifting customer expectations) that are reshaping marketing.



THE INSIDE STORY THE END OF MARKETING AS WE KNOW IT

THE TECHNOLOGY TRENDS THAT ARE RESHAPING MARKETING ARE ALSO REDEFINING THE ROLE OF THE CMO AND CAUSING ORGANIZATIONS TO RETHINK THEIR ENTIRE APPROACH TO CUSTOMER ENGAGEMENT. NEW COMPETENCIES, NEW PARTNERSHIPS, AND NEW ORGANIZATIONAL MODELS ARE REQUIRED TO MEET RISING EXPECTATIONS WITH REAL OPERATIONAL STRATEGIES FOR ENGAGING AUDIENCES AND ENHANCING BRANDS.

As the business of marketing adapts to a faster-moving, data-driven world, marketing leadership demands new skills and new organizational structures.

Throughout this series of white papers, we've been exploring the implications of current and near-future innovations in information technology on the discipline of marketing. What new advances are we likely to see in the areas of data gathering and analysis, new devices and digital displays, and social media? What's driving innovation, and how can established brands work with innovative upstarts? How will new technologies change the way brands connect with consumers across the sales cycle

using content and social marketing? How will marketers channel the flood of new data about customers, markets, and the physical world?

In this paper we turn the lens inward to look at how marketing organizations themselves are adapting—not just to new tools and technologies, but to a growing set of shifting expectations from customers and business stakeholders about what marketing can—and should—now accomplish.

THE CHANGING PARAMETERS OF MARKETING

FOR DECADES, MARKETING HAS EXISTED AS A DEFINED DISCIPLINE within a defined organizational structure. Operations, merchandising, and product development produce and deliver the goods and services. Marketing creates demand and brand differentiation, targets customers, and builds awareness. Sales converts interest into transactions. HR and IT support the business with talent and systems.

As our lives and workplaces become more saturated in data and media, those old silos are starting to crumble. Customer expectations are rising, and the leaders we spoke to told us that companies cannot cling to arbitrary definitions of organizational roles and responsibilities if they are to react quickly enough to compete.

Disruptive Trends Are Turning Marketing Inside Out

As we’ve been discussing throughout this series, big technology trends like Big Data, pervasive computing (mobile devices, Internet of things), and social media are driving higher consumer expectations. In this world, tried and true marketing principles not only don’t benefit brands, they can contribute to negative perceptions. The chart on the facing page summarizes some of the top-level disruptions that we and the experts we consulted have observed.

While these trends place pressure on marketers to adapt to outside competitive pressures and keep up with rapid innovation, they also place internal pressure on organizations and individuals who have planned their jobs around very different sets of assumptions. Among the challenges facing organizations in response to these changes:

- **Skills and talent:** Can marketing organizations compete with tech and finance to recruit or develop the talent to adapt to changes in both the business and the culture of marketing in the 21st century?
 - **IT agility:** Can marketing and IT organizations effectively collaborate to create solutions ahead of competitive pressures?
- **Agency ecosystem management:** How can brands and corporate marketing departments reconfigure their agency and vendor relationships to make sure they get the skills and services they need?
 - **Organizational structure and leadership:** What changes to the traditional organizational structure and leadership roles might be necessary to align resources and accountability to the new marketing and business landscape?

“When it comes to data science talent,” said one agency principal we interviewed, “the question is whether they will go to Silicon Valley or to Wall Street.”

Marketing in Transition

OLD MODEL

NEW MODEL

 MASS MARKETING	 PERSONALIZED MARKETING AT SCALE	Customers know companies are collecting data about them and expect brands to use it to provide convenience, service, and relevance.
 BRAND MYSTIQUE, MESSAGE CONTROL	 BRAND HACKING, EMPOWERED CUSTOMER	Brand fans and brand saboteurs are part of the marketing conversation.
 MESSAGING TO CUSTOMERS	 COLLABORATING WITH CUSTOMERS	Customers expect to be listened to, and reward brands that respect their voices.
 INTUITIVE CREATIVE STRATEGIES	 QUANTIFIED, DATA-DRIVEN CAMPAIGNS	Better measurement leads stakeholders to expect greater accountability from marketing.
 FUNNEL-SHAPED SALES CYCLE (Conversion is key)	 CONTINUOUS CUSTOMER JOURNEY (Loyalty and advocacy are key)	Consumer voices have more credibility and influence on sales.
 DISCRETE MEDIA CHANNEL STRATEGY	 INTEGRATED OMNICHANNEL MEDIA STRATEGY	Consumers are dividing their attention and can tune out messages that don’t interest them.
 SEPARATE ONLINE AND IN-PERSON EXPERIENCES	 BLENDED PHYSICAL/DIGITAL EXPERIENCES	Mobile devices bring data and digital experiences to everyday life.
 DELAYED RESPONSE	 REAL-TIME INTERACTION	Social media encourages and rewards immediate response. Snoozers lose.
 MURKY ROI ON CAMPAIGNS	 CLEARER, MORE PREDICTIVE ROI	Competitors are using data to get smarter and more efficient. Are you?
 IT CONTROLS INFRASTRUCTURE AND MANAGES RISK	 DEMOCRATIZED ACCESS TO MARKETING IT	Data is a sensitive issue and marketers are being scrutinized.

Marketing Extends Across the Business

In addition to the expanding list of responsibilities within the generally understood parameters of marketing, the role of marketing inside the enterprise is itself expanding and overlapping with other disciplines, intersecting and colliding at a number of touch points.

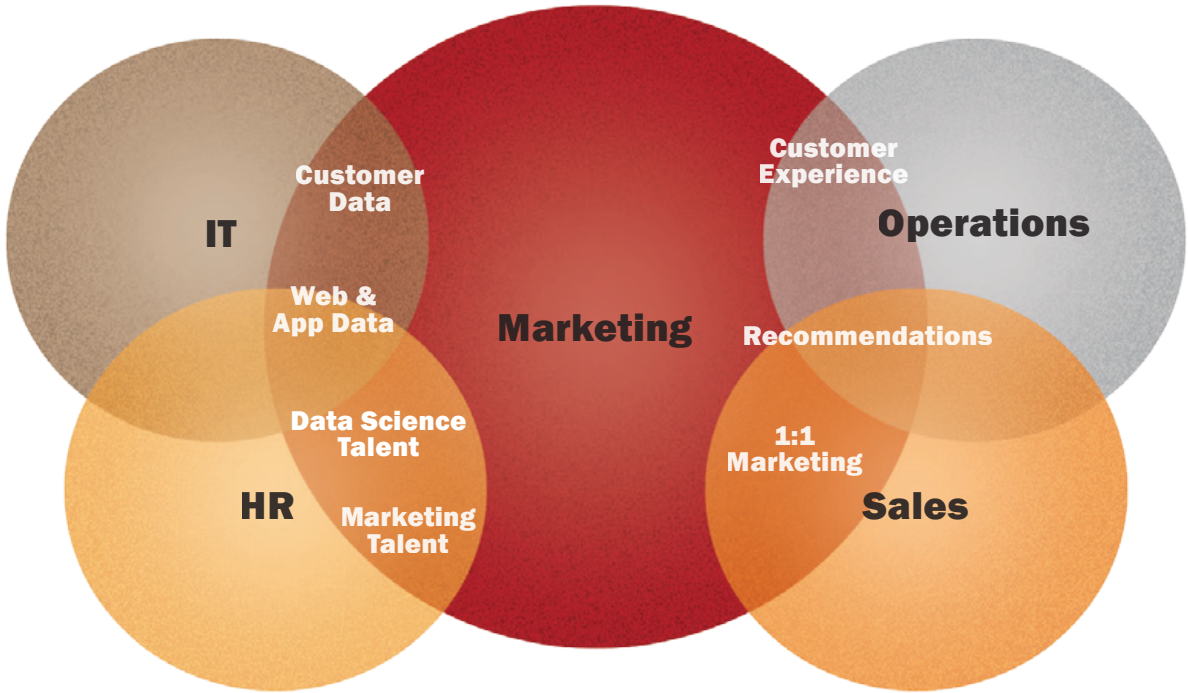
IT and marketing: The overlap between IT and marketing is the most obvious and consequential challenge faced by organizations, especially as data analysis takes center stage in so many market strategies. Who sets the rules on how that data is collected and managed? Who leads on how that data is applied both inside the business and in the development of consumer-facing apps? Just about every organizational leader we spoke to on both the marketing and IT sides of the business report they are grappling with these kinds of questions.



HR and marketing: Marketing already demands an uncommon mix of creativity, strategic thinking, and attention to detail. As the discipline becomes more technical and data-oriented, it also requires quantitative reasoning and hard data science skills. HR and marketing departments need to be in constant dialog to keep pace with escalating talent needs as job titles like content strategist, social media facilitator, marketing data scientist, and mobile app developer become more common in org charts across the business world.

Sales and marketing: The frontiers between sales and marketing have always been somewhat porous, especially since the advent of 1:1 marketing made possible by advances in data analytics, email, and e-commerce starting in the 1990s. Now Big Data creates the potential to personalize every marketing engagement according to a precise view of the customer and to target the delivery of marketing messages to the right time, place, device, and social context to influence the customer at every point in the sales cycle. At the same time, the experience of customers after the sale plays an increasingly prominent role in marketing because of the rising importance of recommendations. The dissolving boundary between sales and marketing was the subject of some provocative presentations and articles in 2013 and promises to be a continuing theme in 2014 and beyond.

Operations and marketing: Operations, including product development, merchandising/retail, and service, meets marketing in the arena of customer experience. Ideally, excellent experience accrues favorably to the brand and validates/reinforces the message that marketing communicates through media channels. But with the advent of 24/7/365 conversations on social media, even the smallest operational shortfalls can become brand emergencies demanding immediate response. When the brand is exposed in this way, coordination between marketing and traditional operational areas is imperative.



Between the Cracks: Digital technology creates new organizational responsibilities.

The Demands on Marketers Are Growing

As technology creates more media channels and opportunities to reach customers, marketers are expected to do more and know more in areas that extend well beyond the old boundaries of the profession. Some of the new demands listed by professionals interviewed for this study include:

- **Publishing and managing massive amounts of new content**, including brand-sponsored digital publications, syndicated content, native content, and app-based content, along with associated content metrics.
- **Negotiating for rights to new data sources** (both inside and outside the business) to use for analytics and targeting.
- **Integrating new data sources with existing data sources**, usually in conjunction with IT departments that are not always helpful or eager to prioritize marketing projects.
- **Connecting with customer communities** and cultivating consumer brand evangelists.
- **Responding to customer concerns in real time**, when social sentiment goes negative.
- **Responding to external news in real time**, including in some cases setting up a real-time news desk to monitor current events and social trends for opportunities to engage in brand conversations.
- **Developing apps for new devices**, including several platforms (and numerous variants) of mobile devices and tablets, consumer devices (TVs and gaming platforms), and special scenarios (vending machines, automotive, kiosks).
- **Connecting online and in-person experiences**, including immersive, branded, in-store digital experiences, augmented reality/QR code, events, and transmedia campaigns.
- **Getting out in front of new PR challenges** around data privacy, disclosure of data to government agencies, corporate integrity, labor relations, and off-script behavior of brand spokespeople.

THE CMO AS IT DECISION-MAKER

IN 2012, GARTNER RESEARCH FORECAST that by 2017 marketing organizations will account for upward of 60 percent of total enterprise IT spending.¹ The main drivers of this are the digital media innovations discussed throughout this series of papers: data integration, mobile application development, customer relationship management, content publishing, and enhancements to customer experience in both the physical and digital realms.

If this forecast comes true—and trends show things are moving in that direction—it has vast implications for both marketers and IT professionals in terms of how IT is procured and managed within the business.

Marketing and IT play vastly disparate roles in the success of the business and are evaluated by company leadership on very different terms. If given control over an IT budget, the CMO will understandably prioritize the issues for which s/he is accountable, giving short shrift to the traditional governance concerns of IT. That may serve the needs of marketing, and, in balance, those of the organization as well, but at a cost. Senior executive leadership, as well as the leadership of both marketing and IT, should understand those tradeoffs clearly before proceeding.

CMO perspective: the need for speed. From the CMO’s vantage point, the rapid advance of digital technology is driving increasing customer expectations around experience, service delivery, and marketing. Every time a leading innovator like Amazon pioneers a new capability based on data analytics, or a competitor brings a compelling mobile app to market, customer expectations ratchet upward and even a company advancing slowly in the right direction appears to be moving backward.

In this environment, all the incentives are for everyone from CMOs down to individual project managers to go around centralized decision-making processes and grab the most compelling, cost-effective, and rapidly implemented solution to the problem at hand, whether that is CRM and

The IT platform affects the cost, speed, interoperability, and flexibility of nearly every business system.

marketing automation tools, data visualization, mobile app development, content management, or a hot new social networking platform. The emergence of cloud-based software as a service (SaaS) tools make it possible for each team and individual to implement their own custom set of technologies and pay for it with a monthly subscription cost, not a capital expenditure for equipment, licenses, and support.

CIO perspective: big picture, long view. As IT has become a strategic asset across the enterprise, the role of the CIO has grown from support to leadership in driving agility, productivity, operating efficiency, and risk management. The concept of “platform strategy” is often central to the CIO’s view of the world because the choice of a core IT platform (e.g., Windows, Unix, Linux) affects the cost, speed, interoperability,

customization, and availability of skills and support of nearly every business system. CIOs must constantly balance the short-term benefits of standalone or best-of-breed solutions that benefit one area of the business with the long-term costs of integrating, managing, and supporting those technologies with the limited resources and expertise they have at hand.

A great deal of the “go-slow, say no” IT posture that frustrates marketing organizations (and others in the business) stems from the CIO’s hard-won knowledge

about the potential costs, exposure, and reporting problems that can arise from unproven solutions or technologies designed for consumer rather than enterprise markets. Compliance requirements affect everyone in the organization gathering and reporting data. CIOs sweat the details of data custody and reporting policies that vary country by country, system by system, and industry by industry. These can rise to criminal offenses if managed improperly, as well as exposing the company to security risks and public embarrassment.

Different Roles, Different Cultures

The differences in core mission and focus between IT and marketing suggest an urgent need for dialog. However, some recent industry data suggests that dialog is not forthcoming.

In a 2012 study surveying CMOs and CIOs across large enterprises, Accenture found 44 percent of CMOs saw “no need for alignment” between marketing and core IT, and only a bare majority of 51 percent agree that their CIO “understands marketing requirements.” By contrast, 49 percent of CIOs agree or strongly agree that marketing pulls in technology without consideration for IT standards and express varying degrees of skepticism that marketing sufficiently understands technology and the complexities of adoption.² Many CIOs are unaware of the degree to which marketing departments have

Every time a leading innovator pioneers a new capability, customer expectations ratchet upward.

already gone their own way in terms of point IT solutions, and would likely be alarmed if they knew.

Culture eats process for breakfast. The marketing/IT divide goes deeper than conflicting business priorities, down to the level of core professional culture, making it nearly impossible to solve through process change alone. IT is an engineering culture: thorough, quantitative, deliberate, and risk-averse. Marketing is a creative culture:

intuitive, expressive, emotion-based, and relentlessly fast-paced. These may be stereotypes, but they are deeply rooted in the training, experience, and business performance expectations faced by marketing and IT professionals.

The cultural differences are exacerbated by the pressure that technology innovation is putting on both disciplines. The figure on the facing pages represents some of the concerns we’ve seen or heard expressed on both sides.

MARKETING AND IT: ACROSS THE GREAT DIVIDE

DIFFERENT PRIORITIES, DIFFERENT PERSPECTIVES. Marketers and IT pros see technology differently, which means they tend to talk over one another. Organizations need to harmonize these complementary voices to succeed in digital marketing.



MARKETING
CONCERNS

“Why should we go through the slow and confusing IT assessment process when we can get good CRM and analytics tools today through the cloud?”

“We need a strong social, digital content, and mobile/app strategy to stay competitive, but it takes IT forever to develop and deploy what we need.”

“Measurement is a useful tool but good marketing needs creativity, not just data.”

“We have an easier time getting ‘Big Data’ analytics from search and social platforms than ordinary analytics from our proprietary data.”

“Given the pace of change and proliferation of new players, how do we know what’s a real trend that we need to invest in and what’s a fad?”

“How can we compete with the financial services industry for top quantitative analysts and data scientists that we need in our disciplines?”

“Marketing and IT are converging because of technology trends and we’re both being asked to exceed our traditional organizational roles. How can we work better together?”

“We can’t support business groups and individuals if everyone is using a different cloud-based software tool, and we can’t fulfill our role to govern technology and manage costs without a coherent IT strategy.”

“IT serves the needs of the entire business, not just marketing, and our resources are stretched thinner than ever. We have to prioritize, and that means people have to wait.”

“Why should we devote resources to projects with no clear ROI and uncertain business value?”

“Older systems were built for different reporting requirements and don’t support real-time business needs. We’re working on that, but it’s a long and complicated process.”



IT CONCERNS

Top Organizational Challenges

Here are some of the hot topics mentioned by research respondents in terms of the organizational challenges they face in trying to implement innovative strategies:

MAKING A FIRM ROI CASE AROUND SOCIAL ENGAGEMENT AND BRAND TRANSPARENCY, especially to legal compliance, risk management, and financial stakeholders who tend to see all risk and little reward.

MAKING MARKETING CAREERS APPEALING TO YOUNG (GEN Y/MILLENNIAL) WORKERS, especially in areas like media buying where old practices and old technologies still prevail.

New Executive Roles

One response we’ve seen to the expanding parameters of marketing is the creation of new executive roles that reflect new or redefined areas of responsibility. Here are some executive titles, many reporting directly to the CEO, that are gaining in popularity within organizations.

CHIEF (CUSTOMER) EXPERIENCE OFFICER: Created to address the need for consistency of brand execution across marketing and operations, the CXO is often the voice of the customer within the organization and is involved in all customer-facing processes, from marketing to product development to sales experience to service.

CHIEF DATA OFFICER: The emergence of the CDO distinct from the CIO recognizes the growing divide between IT as a support and governance role and data as a strategic asset that crosses business boundaries. The CDO resolves the issues of custody, policy, and management of marketing data by creating a separate organizational center of responsibility to govern both marketing and IT.

CHIEF DIGITAL OFFICER/DIGITAL CMO: In some organizations, the emergence of digital marketing, e-commerce, and mobile has so disrupted traditional processes that a separate role has been created to govern the digital side of the business. Considering the speed with

COMPETING FOR QUANTITATIVE ANALYSTS AND DATA SCIENCE TALENT with high-paying financial services and tech companies.

GETTING PRODUCT AND SERVICES TEAMS TO LISTEN to customer input gleaned from marketing initiatives.

FINDING COMMON GROUND WITH IT DEPARTMENTS. See “Across the Great Divide” above.

which digital technology is penetrating and subsuming most areas of marketing, this role seems like a stopgap.

CHIEF CONTENT OFFICER/CHIEF STORYTELLER/CHIEF STORY OFFICER: Content and story, like data, have become strategic across business disciplines. The CCO role can ensure consistency in tone and execution of content across marketing, sales, service, and new publishing activities. Though uncommon as a standalone title, the chief storyteller takes over the traditional marketing role of positioning the brand and differentiated value of the business in narrative terms.

CHIEF SOCIAL/COMMUNITY/CONVERSATION OFFICER: This executive title recognizes the rising role of cocreation and community as a strategic requirement for business. Though primarily customer-facing and PR-oriented, chief social/community officers can bring the voice of the customer into product development, operations, and marketing functions.

THE EVOLVING MARKETING SERVICES ECOSYSTEM

MARKETING HAS ALWAYS DEPENDED ON AN ECOSYSTEM of outside agencies to provide creative, media buying, and specialized production and communication services. As technology has transformed the discipline and the internal organization of marketing departments, the ecosystem has also evolved. It has become more fragmented and specialized, requiring more management and coordination on the part of both client firms and agencies to achieve the desired results.

Consolidation at the top: Even the world’s largest agencies can’t keep pace with the steady stream of innovations on the digital side, and the whole legacy model of mass media buying that kept the agency world in business for decades is crumbling into a tangle of niche channels and audiences.

Global agencies are scrambling to acquire smaller boutique firms to fill the need for specialized digital services. The need to rationalize those investments and align assets under one umbrella is driving consolidation at the top end of the industry, such as the 2013 merger between Publicis and Omnicom. This trend is likely to continue, despite the fact that scale no longer confers the competitive or economic advantages that it used to, because the biggest companies need to combine to survive.

Fragmentation everywhere else: Multiple factors are driving the extreme fragmentation we’re seeing elsewhere in the services ecosystem. First, as explored in our paper, “Tech Startups Are Transforming Marketing from the Bottom Up,” high-tech startups emphasizing cloud-based applications and new modes of data analysis and visualization have become credible partners for global brands who can’t get these capabilities from their own IT departments.

A whole constellation of new software, application, and services vendors has sprung up alongside the familiar enterprise software and IT providers, confronting marketing business decision makers and IT strategists with difficult

We’re living in an open and networked world; clients are used to combining the best of breed....There has to be something really magical about a closed ecosystem to convince them unity is worth it.

*—Rishad Tobacowalla
Chief Strategy and Innovation Officer, ViVeKi*

choices between platforms, service models, and feature sets. This is yet another critical divide between marketing and IT culture: marketing is far more comfortable working with nimble, best-of-breed vendors who can solve a tactical problem quickly, while IT focuses on strategic vendor relationships based on long-term goals and investments.

Managing the New Ecosystem

The evolution of the marketing services ecosystem requires professionals working in both marketing departments and agency environments to embrace new skills and practices. Some of these include:

ORCHESTRATION OF RESOURCES: A project manager developing mobile applications for a global consumer products company said that there may be 15 to 20 separate vendors working on a single project, each focused on a specific technical or creative task and based in a different geography. She then has to coordinate reporting to stakeholders across the business. That requires an extraordinary degree of coordination and organization and a technical platform that enables project management on an enterprise scale.

CONTENT SECURITY FOR COLLABORATION: Every company walks a fine line between allowing vendors/partners access to company systems for convenience and

efficiency versus protecting confidential IP. In a world of mass collaboration around marketing and technical projects, businesses need a technical infrastructure that allows members of the distributed team to share information while restricting access to certain materials based on need to know.

EXPERTISE LOCATION: Because so much of the execution of new digital marketing initiatives requires specialized skills and expertise, brands and project leaders need fast, reliable ways to engage independent resources. There are a number of solutions coming online, from the general purposes business social network LinkedIn to online recruiters to platforms that enable crowdsourcing and gamification around specific problem-solving and project tasks.

Are You Employable in 2020?

As the discipline of marketing evolves, so will the skills necessary to be successful in the field. Here are the top attributes for future marketing professionals, based on input from our expert respondents.



DATA LITERATE
Don't skimp on the math! Marketers will need to be fluent not just in analytic tools and techniques, but in quantitative reasoning and statistics.



SOCIALLY FLUENT
It's all about engagement. Anyone engaging on the brand's behalf must master the nuances of conversation on different social platforms.



STORY-DRIVEN
Stories drive interest. As brand narratives become more sophisticated across media, marketers need to recognize how to craft and manage those stories.



REAL TIME
Events move fast. Brand managers will need the skills, instincts, and reflexes of news editors, using real-time events as pegs to win attention.



CUSTOMER-CENTRIC
"Brand-splaining" or lecturing consumers is a recipe for disengagement. Great marketers put customers at the center of the conversation.



ORCHESTRATOR OF TALENT
As marketing gets more complex and specialized, managers will constantly need to assemble and run effective teams on the fly.

Bigger Trends Driving Change

The shape of the evolving marketing ecosystem reflects four social trends that are disrupting business in other ways.



MASS COLLABORATION. Social media and workplace collaboration technology have changed expectations about how work gets done. "Clients are fed up with agencies that don't work together," said one agency executive we interviewed.



DEMOGRAPHIC SHIFT. The rising global Millennial generation brings lifelong habits of spontaneous collaboration and easy embrace of new platforms with them to work. They want to choose how and with whom they work, and react poorly to tech and vendor policies they perceive as arbitrary.



TRANSPARENCY. Businesses of all kinds are under pressure to be more transparent about costs and billing, making it harder for bigger firms to justify higher profit margins and overhead expenses vis-à-vis leaner competitors.



SELF-SERVICE. Cloud-based software and the bring your own device (BYOD) movement has created a self-service mindset among business users who are no longer beholden to IT or its policies to promote standardization.

THE FUTURE OF THE CMO: THREE SCENARIOS

THE INCREASING OVERLAP OF MARKETING AND TECHNOLOGY, and the growth of marketing in importance and responsibility within the business structure, suggest that changes are ahead for the marketing leadership role. There are a few ways in which the role might expand.

Scenario One: CIO and CMO blend

One way to reconcile the tensions between IT and marketing is to elevate the management of marketing and technology together to an executive-level position. Essentially this scenario assumes digital technology is the driving disruptive force facing business, and that marketing will only master the challenge by taking full organizational control over its digital destiny.

We are seeing some of this with the chief digital officer/digital CMO positions being created today, although these are frequently coordinative and advisory roles rather than having direct operational responsibility.

Under a blended marketing/tech executive, a traditional CIO could retain governance over core business systems and back-office infrastructure as a dotted-line report to the COO, CFO, and chief digital officer, but matters relating to the management of marketing data, applications, and productivity

tools would fall under the digital marketing executive and be managed as marketing rather than IT priorities.

The main advantage of this approach is increased agility for marketing in the face of rapid technological change. The potential drawback is that it could dilute the coherence of the company's IT strategy, substituting a patchwork of single-service vendors and specialized competencies for a more integrated platform approach, increasing costs and management requirements down the line. That downside might be mitigated by the rise of cloud-based solutions, which allows businesses to shift IT from a capital cost to an operating expense (because the business is using the service as a utility rather than purchasing and maintaining the hardware) and transfer many of the routine burdens of management, software upgrades, and distribution away from corporate IT.

Scenario Two: Marketing as a discrete discipline disappears

This scenario sees the trend toward customer centricity and customer experience as the driving force reshaping marketing and aligns organizational and technological assets around that principle. Here, marketing does not control the brand; rather the brand controls all customer-facing processes, from advertising and PR to sales, product development, operations, and service delivery, as well as those aspects of HR involving recruitment and company culture.

The objectives we associate with marketing—building awareness, acquiring and retaining customers, articulating differentiated value, growing market share—are subsumed

into all outward-facing activities, supported by technology that is integrated to provide a single view of the customer across all touch points. Members of the extended marketing organization thus have a presence in multiple areas across the business, combining influence over the process with accountability for results.

The logical organizing principle that flows from this is to have these disciplines report up to a chief customer experience officer with wide-ranging operational responsibilities that stem from ownership of the complete brand experience. According to a 2011 Forrester study,³ about a third of

currently serving executives with a CXO title are drawn from marketing, a third from sales, and a third from operations and general management.

The main advantage of this approach is complete brand integrity and coherence, minimizing the risk of gaps between

the brand promise and brand execution that have become crippling in the age of instant social blowback. The rise and fall of individual digital marketing techniques and platforms in this scenario is of less priority because an organization aligned along these principles is close enough to its customers to adapt to most market disruptions.

Scenario Three: Marketing drives the business

The third endpoint to the growth of marketing within and outside the business is that marketers inherit the executive mantle. In this scenario, the CMO role becomes a primary stepping stone to leadership of the entire business, and the role of the CMO within the organization expands in both operational reach and prestige.

Historically, the road to the CEO title does not go through the marketing department. Boards do not view CMOs to be as central to the strategic functions of the company as are candidates from finance, operations, or general management. But there are signs that is starting to change as the discipline of marketing becomes more measurable in terms of quantitative results and more closely integrated with other aspects of the business. Even the legendarily short average tenure of CMOs has started to increase lately as their functions have become more strategic and easier to evaluate in clear ROI terms.

The fact is that many of the skills now required of CMOs—communication, vision, data literacy, management of a complex partner ecosystem, ensuring the right mix of talent to adapt to fast-changing circumstances, and a finger on the pulse of customer sentiment—makes a strong candidate for CEO. Mercedes-Benz, for example, tapped its North American CMO Steve Cannon to be CEO in 2012, and he has approached the job with a relentless focus on brand differentiation and execution.⁴

A report by the executive consulting firm Spencer Stuart notes that the CMO-to-CEO scenario is best suited to fast-moving consumer goods (FMCG) companies, where marketing, branding, and the ability to execute product launches is a key determinant to success. But even when the CMO does not ascend to the top spot, s/he can still play a decisive role in overall executive management.

“We are more likely to see the CMO’s and CEO’s visions coming into alignment, with the CMO becoming a critical strategist in the executive team,” Spencer Stuart reports. “The CMO who is rigorously analytical with a sound commercial sense and the necessary experience, and who is able to develop an agenda that aligns well with the CEO, can contribute to business planning and influence the profitability of the entire organization.”⁵



Many of the skills now required of CMOs ...make for a strong candidate for CEO.

CONCLUSION

The CMO role has become more expansive and more strategic as digital technology exposes more of the inner workings of the business to customer view. Marketing owns not only the customer experience, but also the response to any blowback from operations, product design, service, and internal policies, which influences market perception of the brand.

Our research suggests the next 5–10 years will see a radical redefinition of the marketing discipline and the role of the

CMO, bringing the institutional powers of the office into line with these rising levels of responsibility. At the very least, the CMO has or will soon become the dominant business voice around major IT investments. It is up to the CIO to demonstrate, and the CMO to recognize, the continued value of governance and platform strategy in order for this collaboration to be successful for the entire business.

KEY TAKEAWAYS

- Data management, content management, app development, and other traditional IT responsibilities are becoming core requirements for marketing success.
- Technology is now driving overlap between marketing and other disciplines within the business including sales, operations, and HR, in addition to IT.
- Organizations are responding by creating new senior executive titles with direct responsibilities for customer experience, data, social interaction, content, and other cross-disciplinary areas that originate within the marketing function.
- Because of this, the CMO is assuming a greater responsibility over IT decision-making, forcing IT and marketing into a closer organizational relationship.
- The proliferation of new requirements, tools, and skills is also disrupting the marketing services ecosystem, leading to more diverse and heterogeneous vendor relationships and more complexity for project and vendor managers.
- There are three ways the CMO role can expand to meet rising responsibilities: digital CMO (CMO+CIO), chief experience officer (CMO+COO), or CMO as CEO. All are gaining popularity.

Every organization now depends on marketing and IT getting on the same page.

THE FUTURE OF THE CMO BY THE NUMBERS

- **23.2 MONTHS:** average CMO tenure in 2006.
45 MONTHS: average CMO tenure in 2012.
—Spencer Stuart, 2012
- **23%** of CMOs report they will more than **DOUBLE THEIR BUDGET** for digital marketing between 2013 and 2014.
—Accenture CMO Insights Study, 2012
- **44%** of CMOs see **NO NEED** for alignment with CIOs.
—“The CMO-CIO Disconnect,” Accenture, 2013
- **12%** of CMOs characterize relations with IT as “total partnership and alignment.” **39%** are “challenged to execute on priority projects.” *—CMO Council, 2013*
- Only **1 IN 4 CMOs** characterize their ability to measure cross-channel performance as “**VERY GOOD**” OR “**GOOD.**” **55.3%** say it is “fair.” *—CMO Council, 2013*
- Main reasons for the disconnect? **85.8%** say customer data is spread across **TOO MANY DATA SILOS.** *—CMO Council, 2013*
- **84.6%** cite “lack of appropriate tools and **TECHNOLOGY.**”
—CMO Council, 2013
- **80.3%** say “lack of in-house **TALENT WITH NECESSARY SKILLS.**” *—CMO Club/Visual IQ, 2013*

About This Report:

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About MediaPlant:

MEDIAPLANT is a communications firm specializing in B2B marketing, strategy, and technical development. Founded in 1999, the company and its principle partners have completed projects for Microsoft, HP, Herman Miller, Watchguard, Ford Motors, and many other global leaders. MediaPlant has offices in the Pioneer Square neighborhood of downtown Seattle, Washington. For more information, see www.mediaplant.net.

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Notes and References:

¹ McLellan, Laura. “By 2017, the CMO will spend more than the CIO.” <http://my.gartner.com/portal/server.pt?open=512&objID=202&mode=2&PageID=5553&resId=1871515&ref=Webinar-Calendar>

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- Hulu
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