

Marketing's progress beyond its heritage functions:
New Marketing, New CMO, and the Revenue Potential

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Abstract

There is a clear pressure for marketers of proving their impact on company's revenue, better understanding what technology drives company's go-to-market strategy, and the relation between revenue relationship models in customer experience, knowing that customers are driving up revenue risk which is serving to accelerate companies' CX initiatives. The modern CMO is seen now as the voice of the customer in the organization, and he is challenged to mix data science, technology and marketing know-how with experience, always having a proper marketing plan, and capitalizing on the numerous opportunities in transforming CX, keeping pace with the evolution to real-time CX.

Keywords: Revenue strategy; CX; new marketing; CMO and CMS; CXM and BXM

JEL Classification: L84; L86; M31; O33

Revenue risk driven by customers is the wake-up call for marketers

B2B marketers are under real pressure of proving their impact on company's revenue by capitalizing the *"small window of opportunity to move away from their departments' legacy functions"*, as shown by a recent *Forrester's report*. (Snow, Robertson, Bullock, Hartig, 2017) At the beginning of May 2017, Radius SVP Shari Johnston highlighted on Marketing Smarts (O'Shea Gorgone, 2017) the need for today's marketers to bring their contribution in the company's revenue strategy by combining the best of marketing and sales operations with a focus on driving revenue. Johnston presented the comprehensive landscape of tools of different technologies necessary to optimize different areas offered by Scott Brinker (the well-known advocate for a role of a chief marketing technologist as the right hand of the CMO; he underlined the ascendancy of marketing as increasingly being the center of the business, seeing the marketing operations – which cover responsibilities driven by software and data: ROI, accountability, process optimization, and marketing enablement – as the organizing force within that mission), (Brinker, 2013) and referred to the recently *"Revenue Ops Technology Landscape"* offered by Radius:

Figure 1: Radius's Revenue Ops Technology Landscape, February 2017

Source: O'Shea Gorgone, K., Marketing Drives Revenue, and Now You Can Prove It: Radius SVP Shari Johnston on Marketing Smarts [Podcast], MarketingProfs, May 03, 2017

Johnston showed how important is to understand what technology drives company's go-to-market strategy, and to use, for example, predictive analytics to apply data science accordingly and reduce sales cycles, improving conversion rates all the way through the funnel.

At the end of the same month, Sheena Koo, Content Marketing Specialist at ResponseTek, explained the relation between 3 revenue relationship models in customer experience (CX) and what they mean for companies' customer experience strategy, (Koo, 2017) starting from the *Forrester's report "Drive Revenue with Customer Experience, 2017"*, (Forrester Research, 2017) which revealed that depending on which kind of relationship a company has – relationships tending to take on three main shapes, as shown in the figure below – the company's investments in CX programmes need to focus on the areas that impact revenue the most (considering more tangible and actionable strategies in terms of creating ROI).

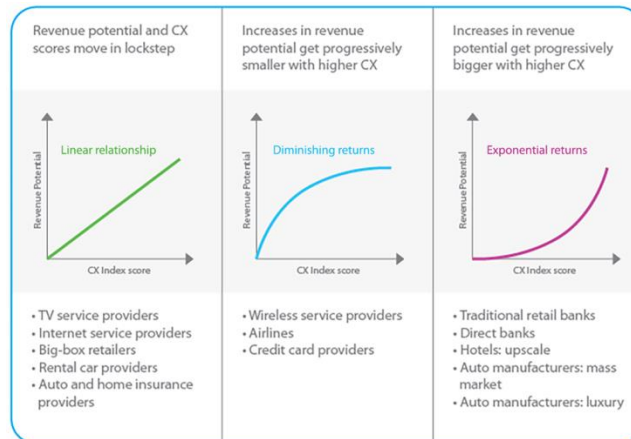


Figure 2: The three main shapes taken by relationships (within the context of the variety of CX and revenue potential relationships experienced by differing industries and businesses)

Source: Koo, S. (work cited), Recreated from Drive Revenue with Customer Experience, 2017, January 18, 2017 by Forrester Research Inc., Copyright © Forrester Research Inc.

And this CX approach considering the (elevating) “Purpose” theme taken by the Temkin Group (Temkin, 2017) as being particularly important for companies in 2017 (“Empathy”, in 2014; “Employees”, in 2015; “Emotion”, in 2016), purpose being an important component across all four CX core competencies (purposeful leadership, compelling brand values, employee engagement, customer connectedness), as suggested in the figure below:



Figure 3: Purpose cuts across all four CX core competences

Source: Temkin, B., Welcome to 2017, The Year of Purpose, January 3, 2017

It is worth mentioning that findings of the recent Temkin Group’s report “The State of CX Management, 2017”, which evaluated the state of CX management at large companies, revealed that the highest two levels of CX (as shown in the figure below) have been reached by only 10% of these surveyed companies (180 organizations with 500 million dollars or more in annual revenues):

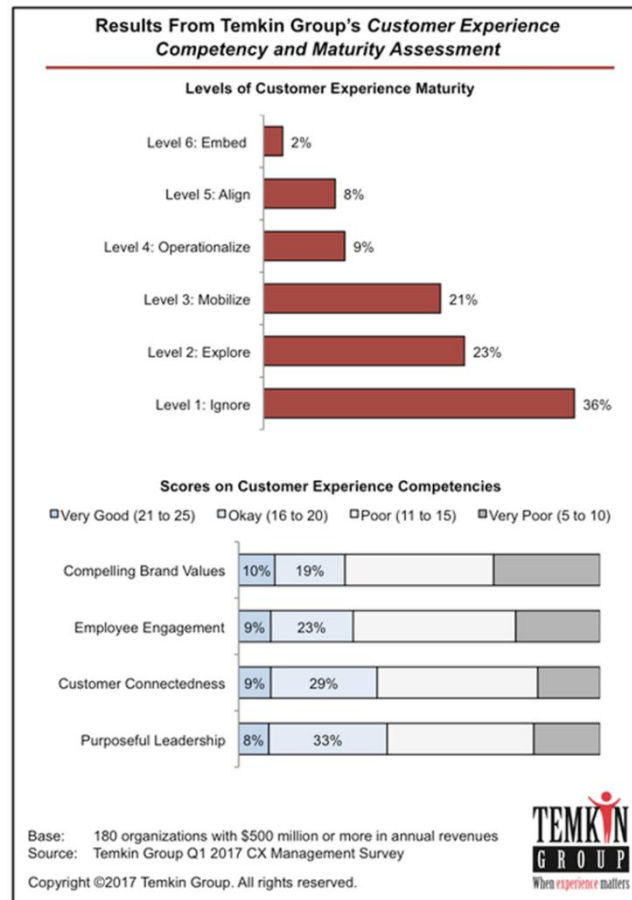


Figure 4: Results from Temkin Group's CX Competency and Maturity Assessment

Source: Temkin Group's Report: *The State of CX Management*, 2017, May 1, 2017

While another recent *Temkin Group's* report, "*What Happens After a Good or Bad Experience, 2017*", which surveyed 10,000 U.S. consumers about their recent interactions with more than 300 companies across 20 industries, combined the percentage of customers in an industry having a bad experience with the percentage of customers who said they decreased their spending after a bad experience, and then used the findings to create a Revenues at Risk Index for all those 20 industries. For example, retailers stand to lose the least revenue (1%) from delivering bad experiences, while rental car agencies stand to lose the most revenue (6.7%).

In the same time, we also have to take into account the just published *Temkin Group's* report "*The Shift To Customer Journey Insights*", which shows the new developed approach of *five strategies* forming the so-called "Customer Journey Insights" (CJI): internal journey alignment, journey data farming, journey performance tracking, journey visualization, and journey prioritization. And in order to enable customer journeys companies need to proceed on their path through *three stages*: customer journey orientation, customer journey enablement, and customer journey mastery.

There is no doubt that we are *in the age of the customer*, and according to *Forrester's 2017 Predictions customers are driving up revenue risk*, rewarding or punishing companies based on a single experience (a single moment in time), *revenue risk being the wake-up call for companies* (already under pressure of making the needed changes in leadership and talent, of making important advances in how they deliver CX, and of staying in front of technologies that are vital to winning customers' attention, affinity, and spend) and serving to accelerate companies' CX initiatives and the broader efforts to organize and compete in a customer-led market (a customer-centric market moving fast, challenged by increasing customer expectations and declining tolerance for even mediocre experiences). In the same authorized opinion, how businesses operate and interact with customers (augmented and virtual reality, the internet of things, artificial intelligence, and cloud computing) is reshaped by three forms of key technologies: engagement technologies, insights technologies, and supporting technologies.

The rapidly expansion of the scope of the new CMO's role.

The role of Chief Marketing Scientist (CMS)

A new study – “*2017 Trends & Tech Guide for B2B Sales + Marketing*” – co-authored by *Prezi* (the cloud-based presentation software helping connect powerfully with an audience), *Ambition* (a Harvard Business Review-endorsed performance tracking, management and motivation platform built specifically for client-facing teams in sales, support, marketing and account management), and *LeadGenius* (an Account-Based Marketing and lead generation platform), argues that *the modern CMO* is seen now as *the voice of the customer* in the organization (beyond brand vision, people management, creative development, market research, advertising, agency management), leading a full-funnel marketing team which is responsible for *driving customer success* (not just acquisition), under the scope of the CMO's falling product marketing, retention, upselling, customer happiness, and user experience. The study shows that critical for today's CMO is keeping the pace with the quickly evolution of the technology landscape (using key tools such as analytics and reporting, and savvily handling data), so as to optimize marketing-sales alignment, report on pipeline performance, supply sales with educational content and assets, and manage full-funnel marketing teams.

A recent eBook – << *Is a Chief Marketing Scientist a “Must Have” to Compete?* >> – authored by *5W Decisions* (focused on maximizing the effectiveness of its clients' direct marketing activities by offering strategic and tactical consulting, database marketing, analytics, insights, marketing tools, data and creative services), started from the chasm existing between companies' marketing staff and their data scientists (statisticians and analysts), and explained the role a CMS should play as a creative thinker in a company (if it has the budget to support this position, as a full-time CMS or outsourcing it) by mixing data science, technology and marketing know-how with experience, working closely with the CMO (CMS reporting generally directly to the CMO) to manage the Database Marketing Group. What presupposes to create a roadmap (in order to incrementally advance company's database marketing) based on an assessment of

company's direct marketing capabilities, including a review of how well it optimize the concept coined by 5W Decisions so-called "5 W's" (Who to engage, with What message, Where, When and Why), and company's infrastructure in terms of people, tools, data systems and processes.

As shown recently by *Sponge* (an all-in-one marketing planning & analytics solution helping modeling different revenue scenarios, creating data-driven marketing plans, and measuring performance to understand which company's campaigns are driving results), for a *modern marketer* (who is equivalent to a data-driven marketer having a keen understanding of working strategies, knowing how to convert leads to real sales opportunities) is *essential to have a solid marketing plan focused on 5 key areas*:

- *getting honest about company's last year review* as a sanity check - by reviewing aspects like: if the company achieved its revenue target, and what did marketing contribute; which campaigns generated the most leads and the fewest; which campaigns had the highest impact on sales pipeline; how did the funnel perform compared to marketer's assumptions; what marketer learn about specific strategies, tactics, or processes in the last year.
- *setting company's vision for the new year* - by discussing revenue targets, confirming a shared understanding of the demand waterfall, and agreeing on how many opportunities sales will need to create in order to achieve the revenue plan; figuring out how many leads marketing will need to generate to support the sales pipeline; using *Sponge's Lead to Revenue Template: Summary of Results: Segment, Model Output, Target vs. Plan, Cushion; Number of Opportunities: Segment, 2016, 2017, 2018; Raw Sales from Opportunities: Segment, 2016, 2017, 2018; Distribution for Sales to Account for Sales Cycle: Segment, 2016, 2017, 2018*), as shown in the figure below:



Figure 5: Setting company's vision for the new year

Source: *Sponge's The Modern Marketer's Guide to 2017 Planning*

According to this vision it is important to think of marketer's themes (such as Awareness, Target Persona, Data, Inbound, to start; then, Optimize Lead Nurturing to Decrease Time to Revenue etc.) for the year like umbrellas, under which all of marketing campaigns and tactical plans will fit, keeping the marketing team focused on what really matters; *Sponge* also recommends the use of a practical so-called "Stop, Start, Adjust" exercise (by giving some real-world examples from a recent planning session), which is helping to identify programs that will need more or less funding in the new year (the 4th area).

- *creating a company's agile marketing plan* - after covering annual planning and how it relates to themes and strategy being recommended to think about the year ahead, considering the need for flexibility; Sponge gives two practical examples of big campaign themes, attracting the attention that here it can be well applied the 80/20 rule (80% of these campaigns and activities/resources being planned in advance, 20% being committed later while testing, learning, and iterating).
- *building a company's programs budget* - by starting evaluating new technologies and queuing up campaigns to accelerate deals; Sponge underlines three guidelines to throw on the budget whiteboard: to bold enough to kill anything that isn't working, to revisit the target personas, and to budget with agility.
- *defining company's metrics* - considering five metrics: lead to opp conversion, campaign opportunity influence and ROI, email open rates and engagement, funnel velocity, and happiness (in this last case not losing sight of the team and the customers, and avoiding to sacrifice quality and sanity).

Customer Experience Management (CXM) and Buyer Experience Management (BXM)

Two years ago, in April 2017, it was reminded that as the second most important criteria among B2B buyers in determining the value of a vendor is the “perceived sales experience” (according to a McKinsey study), and the sales experience is worth 53% of the buyer's likelihood to be a loyal customer and brand advocate (according to a CEB study), *delivering a positive value-based experience is a major differentiator for a company*. (Mollins, 2017) And in order to *enhance the buying experience* to make company's customers long-term advocates, Peter Mollins recommended *three steps*: simplify your buying process, provide value at every stage of the sale, and challenge your buyer to be the hero (considering the buyer's opportunity to be a thought-leader in the supplier's organization).

At the end of May 2017 we find out (CustomerThink Corp. 2017) – thanks to a paper based on information presented on a *CustomerThink* webinar March 2, 2017, along with data from an online survey (this survey collected 136 responses for B2B organizations, primarily in North America and Western Europe) fielded to CustomerThink's registered members in February, 2017 – that despite the fact that improving CX is the top priority in the opinion expressed by 72% of businesses, according to a 2016 study conducted by Forrester marketing and sales organizations have lagged behind, especially in B2B. A 2017 CustomerThink study focused specifically on the B2B buying experience found (compared to a 2015 CustomerThink study which revealed that were successful 24% of B2B CXM initiatives, and 41% for B2C) weaker results in both categories (B2B and B2C). The above mentioned *CustomerThink* paper concluding, among other aspects, that: << *ROI on buyer experience initiatives is driven by improvements in customer satisfaction and loyalty/retention, faster revenue growth, and improved efficiencies; improving the buying experience will require a coordinated approach to deliver the right content, hire and train employees, and enable with appropriate solutions; poor understanding of the buyer's journey, lack of cross-organization cooperation, marketing content*

that doesn't engage buyers, and sales reps struggling to connect solutions to their prospects' issues all these are some of the key obstacles; organizations plan substantial investments over the next two years in: marketing and sales automation, e-commerce, content management, sales playbook solutions, and purchasing systems. >>

There are numerous opportunities in transforming CX (such as: higher profits, more loyal customers, more engaged employees), these kind of transformations being a change program, and making CX a strategic priority is not easy, involving to change company's employees mind-sets and behaviors. (Duncan, Neher, and Tucker-Ray, 2017) Mc Kinsey's representatives have studied the differences between successful and failed CX transformations, and identified the "seven deadly sins": myopia, indifference, worthlessness, heedlessness (measuring customer journeys instead of touchpoints, and using imputed importance to analyze survey responses being two factors which stand out in understanding what matters to customers), imbalance, "fractionalism" (thinking about CX very narrowly), and orthodoxy (not understanding the power of cutting-edge design and digital capabilities).

Allow us within this context to highlight that *a survey conducted* between 8 October and 2 November 2015 (Gorbanescu, Badea, 2015) by EY (a global leader in assurance, tax, transaction and advisory services) on how top executives in Romania communicate on social media (survey based on an online survey of 320 C-suite level executives from companies operating in various sectors), revealed that *the most important audience that CEOs have in mind when they post on social media networks is represented by customers* (74% of respondents). It is also interesting to note that according to the same study *CEOs who do not engage on social media networks* (by title of the respondent) *will become less relevant in the digital age* (in the opinion of: 61% of non-executive employees, 43% of C-suite executives, 42% of CEOs, and 41% of managers), while *the use of social media networks by CEOs* (by title of the respondent) *giving their companies a human face or personality* (in the opinion of: 92% of non-executive employees, 85% of CEOs, 81% of managers, and 77% of C-suite executives). What concerns CEO's activity on social media, the EY survey showed (overall responses) that this activity is managed mainly by: the CEO him/her-self (54% of respondents), the PR department (17% of respondents), and Marketing department (9% of respondents).

Instead of conclusions

In March this year we have seen that CMO are challenged to clearly identify priorities in this year of data and measurement, of Agile Marketing, and to reimagine marketers' role as a central driver of organisational change, output, and impact. (Purcarea, 2017) But as "*the long unmeasured pulse of time moves everything*" (Sophocles), and "today you have to run faster to stay in the same place" (Philip Kotler), allow us to paraphrase an American author and speaker about business leadership, Michael Althsuler, by saying that even the time flies, the good news is that the modern marketer can be the pilot... if he is considering the new lessons to learn.

At the beginning of the last week of April 2017, the reputed Brian Solis (Solis, 2017) invited readers to think about the experiences that people have and share, considering the following adages heard by all of us: customer service is the new marketing; happy employees equal happy customers; if a happy customer tells a friend, an unhappy customer tells the world; for a better CX, 86% of buyers will pay more, but only 1% of customers feel that vendors consistently meet their expectations. He argued that as now everything matters and great experiences are becoming mandates, it's time to find gaps between brand promises and real world experiences, and to design experiences companies want people to have, remember, and share, *CX being the new marketing*, while *customer experiences* (what customers have, feel and share; experiences becoming good or bad memories) *becoming the brand* (BX). And what is more importantly in the opinion expressed by Solis is the fact that: *"CX becomes a way of business that permeates and reshapes every facet of how and why companies operate. It's about purpose, vision, and meaningful work"* (as reflected in the figure below, where: BX means Brand Experience, CX means Customer Experience, UX means User Experience, and EX means Employee Experience):

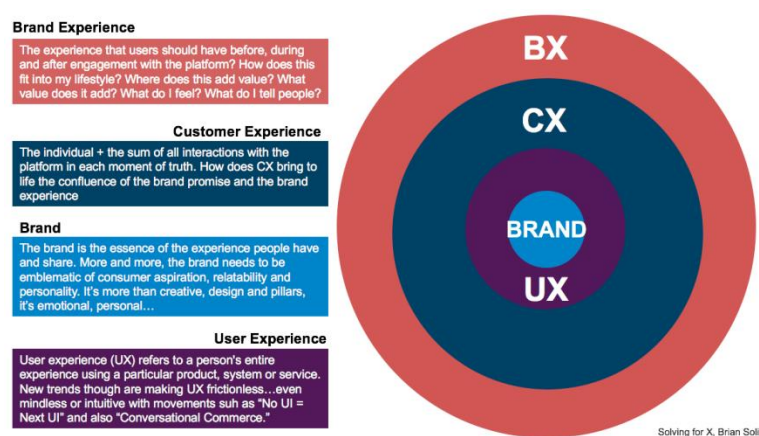


Figure 5: Solving for X, Brian Solis

Source: Solis, B., *Customer Experience is the New Marketing and Customer Experiences are the New Brand*, April 24, 2017, in *Experience*, New Media University

Just a week after, the reputed Jeanne Bliss (Bliss, 2017) attracted our attention on what we can learn from the new report called "The Evolution To Real-Time Customer Experience", a joint production of Forrester Research and DataStax, taking into account that a problem for CX is represented by real-time data. As there is a real need for companies to more effectively tackle CX insights in real-time, she recommends companies to have the right plan/strategy in place (confirming that company's leadership team is aligned, and people throughout the organization understand the importance of CX etc.) which supports the CX platform technology, because even great tools need to be in the service of a strategy. That is why before wanting real-time insights on your customers (what is something very good), it is necessary to clarify the followings aspects: why the company need the real-time information, what are the company going to do with this real-time information, how will it affect your decision-making, and what is the revenue potential.

Let us finally recall another quote of the Father of Modern Marketing, Philip Kotler:
“The future isn’t ahead of us. It has already happened.”

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