

CMOs at the confluence of AI, CX, and Growth

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Abstract

Marketers recognize Artificial Intelligence (AI) as a valuable tool, already employing AI solutions in order to deliver value at key points along a customer journey, AI impacting marketing to a great degree in some significant areas, and a growing number of marketers understanding that CX can be transformed with the help of AI, AI solutions turning frustrating experiences into productive conversations by blending AI with true human intelligence across any channel. It is important for companies to better understand how to link CX to ROI considering the expectations of the empowered consumer, to support CX strategies with CX maturity roadmaps. There is strong evidence that CX matters, CX correlating to loyalty, and mastering CX core competences becoming a must, while employee experience (EX) beginning to be understood as a top priority. There is no doubt about the real need of aligning marketing and sales, and ensuring customers with relevant recommendations, offers and experience in an Omni channel world, CMOs needing to engage with customers in a single communication platform, ensuring transparency and visibility across every touch points with their customers on the basis of real-time customer data and information. Recent research findings revealed that AI marketing enhances personalization of Omni channel CX and drives continuous CX evolution, that the role of marketers will be transformed by AI, CMOs being challenged to manage brands holistically.

Keywords: CMOs; AI; CX; Growth

JEL Classification: L84; L86; M31; M37; O33

Marketing impacted by AI. Value delivered with the help of AI solutions.

Transforming CX with the help of AI

In the last issue of our journal we show how important is the artificial intelligence (AI) in helping marketing leaders achieve a new gold standard for customer journeys, 64% of the surveyed marketing leaders saying their company has become more focused on providing a consistent experience across every channel as a result of changing customer expectations (according to the 2017 Salesforce State of Marketing report). We also underline that AI is expected to become one of the most valuable tools in a marketer's arsenal by actually delivering on the promise of 1:1marketing (according to Emarsys), with AI technology (being conferred to AI the ability of performing clearly specified functions) marketers having an unprecedented opportunity to close the gap between data science and personalized customer experiences.

A recent Forrester Consulting thought leadership paper commissioned by Genesys, November 2017 – “Artificial Intelligence with the Human Touch. Blend AI with Human Agents to Improve Both Customer and Agent Satisfaction” (on the basis of an online survey of 429 decision makers responsible for customer experience, contact centers, and digital experience in North America, Mexico, Brazil, the United Kingdom, France, Germany, and Australia; it was explored which AI solutions are currently employed to assist customer service activities, how they are used, associated implementation and adoption challenges, and the benefits they provide to the entire organization) – revealed significant key findings such as: AI solutions are adopted by enterprises in order to improve both customer and agent satisfaction ahead of cost savings; in understanding emotion, building trust, personal engagement and handling complex requests human agents are still superior; blending AI with human agents allows enterprises to achieve the strengths of both. It is useful to retain among other aspects the fact that in order to deliver value at key points along a customer journey AI can be applied throughout marketing, sales, and customer service domains.

In September 2017, Adelyn Zhou, Head of marketing for TopBots (a strategy and research firm in applied Artificial Intelligence/AI) – interviewed by Thorin McGee, Editor-in-Chief and Content Director of “Target Marketing” (within the podcast “The Marketing Garage” talking to marketing executives about their technology) – stated that AI is going to impact marketing to a great degree in three areas: improving lead scoring (personalization, who is going to buy or not, creating similar target market segments); improving creative ad copy and visual content (Toyota, Dove); improving marketing operations by using different tools (such as AI assistants, schedulers etc.). You can see below the TopBots’s infographic of 100 companies by industry: (McGee, 2017)

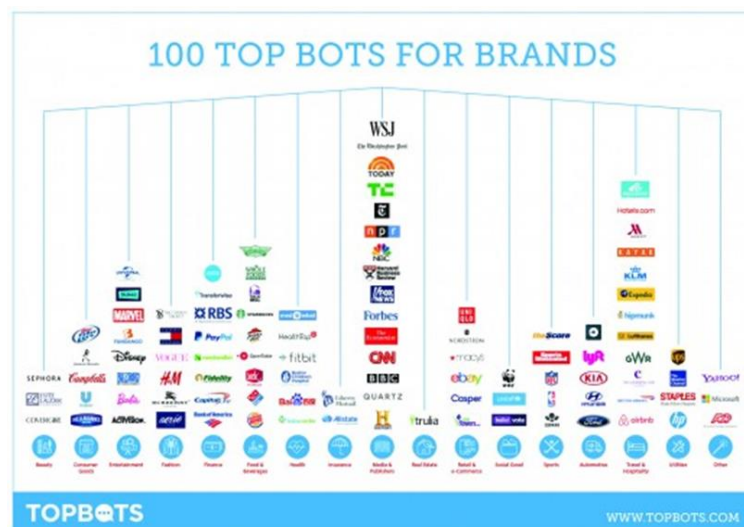


Figure 1: 100 Top Bots for Brands

Source: McGee, T., 3 Areas Artificial Intelligence Will Impact Marketing, Target Marketing, September 18, 2017

It was no wonder that a month before, in October 2017, eMarketer showed – in “Driving Customer Engagement Roundup: Growth and Retention With Data, Analytics and AI” – among other aspects that: 69% of the marketing executives surveyed by the marketing firm Persado focused on retailers’ adoption of AI (Persado uses AI to optimize messaging); 86% of these surveyed marketing executives plan to invest in AI or machine learning this year; the surveyed marketers were confident in their ability to use data for personalized content in some marketing channels (email and “web” marketing), but with a lower confidence level for “offline” (for social and “display” this confidence level being considerably lower). It is also interesting to note that for personalization these marketing executives (according to the same August 2017 poll from Persado) use demographic data (80%) and geographic data (74%), while psychographic data (53%) or behavioral data (34%) were much less likely to use.

The last CustomerThink’s virtual iCXM Summit, Intelligent Customer Experiences (three webinars organized on October 12, 19, 26, 2017 and chaired by CustomerThink founder/CEO Bob Thompson), offered a true opportunity to learn how AI can transform CX, revealing that:

- CX (CX applications: *Listen* – Speech Recognition, Natural Language Analytics; *Engage* – Personalization, Digital Assistants, Coaching; *Serve* – Predictive Case Management, Bots, Knowledge Discovery) can be transformed with the help of AI (the capability of a machine to imitate human, a technology to help computers sense, reason, and learn);
- AI is a trend worth watching: it will create 823K jobs by 2021, more than the number displaced (IDC); Automation “raises output in ways that lead to higher demand” for workers, “raising the value of tasks that workers uniquely supply” (David Autor, Journal of Economic Perspectives); Economists: “Jobs of the future will require more education and creative skills.” (<https://journalistsresource.org>);
- Predictive analytics usage by CX stage looks as shown below:

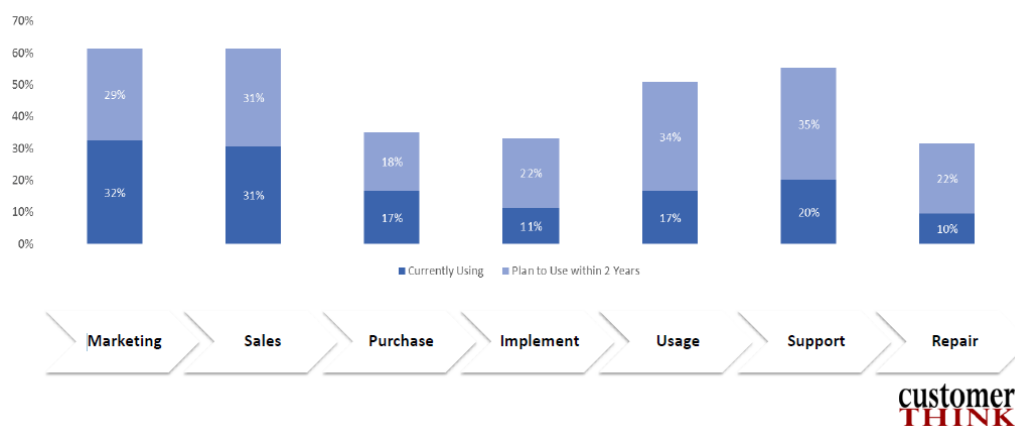


Figure 2: Predictive analytics usage by CX stage

Source: *icxmsummit102617.pdf*, p. 6

- The top 15 brands deliver 28 positive customer experiences for every negative one, double the average of 13:1;
- The power of human touch is critical with AI, and AI doesn't have to be complex or costly (according to Lindsay Frazier, Global Solutions Director for Digital, Genesys);
- Interactions Intelligent Virtual Assistants (IVAs) are AI solutions that turn frustrating experiences into productive conversations (by blending AI with true human intelligence) across any channel (according to Phil Gray Phil EVP of Corporate Development, Interactions);
- Emotional intelligence of sales and service professionals can be enhanced with the help of AI unified with behavioral science (according to Steve Kraus VP of Marketing, Cogito).

**How to link CX to ROI considering the expectations of the empowered consumers.
Supporting CX Strategy with a CX Maturity roadmap. CXEvolution Maturity Model and
Organizational Assessment**

As achieving maximum ROI is a continuing challenge for all the companies, they are under the pressure of reassessing the role of CX. *Ernan Roman* (Roman, 2017) – who is the President of ERDM Corp. (“Ernan Roman Direct Marketing”; inducted into the DMA Marketing Hall of Fame for creating three transformational methodologies: Integrated Direct Marketing, Opt-In Marketing, and Voice of Customer (VoC) Relationship Research; having as Clients innovative Fortune and Growth companies such as IBM, MassMutual, Microsoft, NBC Universal, Walt Disney, Symantec and Songza), author of three books (the latest book on marketing best practices being entitled: “Voice of the Customer Marketing: A Proven 5-Step Process to Create Customers Who Care, Spend, and Stay”), and named by Crain’s B to B Magazine to << B to B’s Who’s Who >> as one of the “100 most influential people” in Business Marketing, being also named by the Online Marketing Institute as one of the “Top 40 Digital Luminaries” – revealed at the mid of September this year:

- the findings of Capgemini’s study “The Disconnected Customer” (81% of consumers are willing to pay for a better CX);
- the ERDM learnings from VoC research interviews (consumers were definite and clear that short-term sales-focused tactics were irritating, brand damaging, and undermined loyalty).

Starting from the above mentioned aspects and taking into account different experts’ opinions Roman identified what could help companies to link Customer Experience (CX) to improved Return on Investment (ROI): the alignment of the CX strategies with consumer demands; the driving of CX initiatives with the support of Omni channel accurate data-driven strategy; the use of CX-focused relevant content; the establishment of CX-oriented metrics, compensating accordingly.

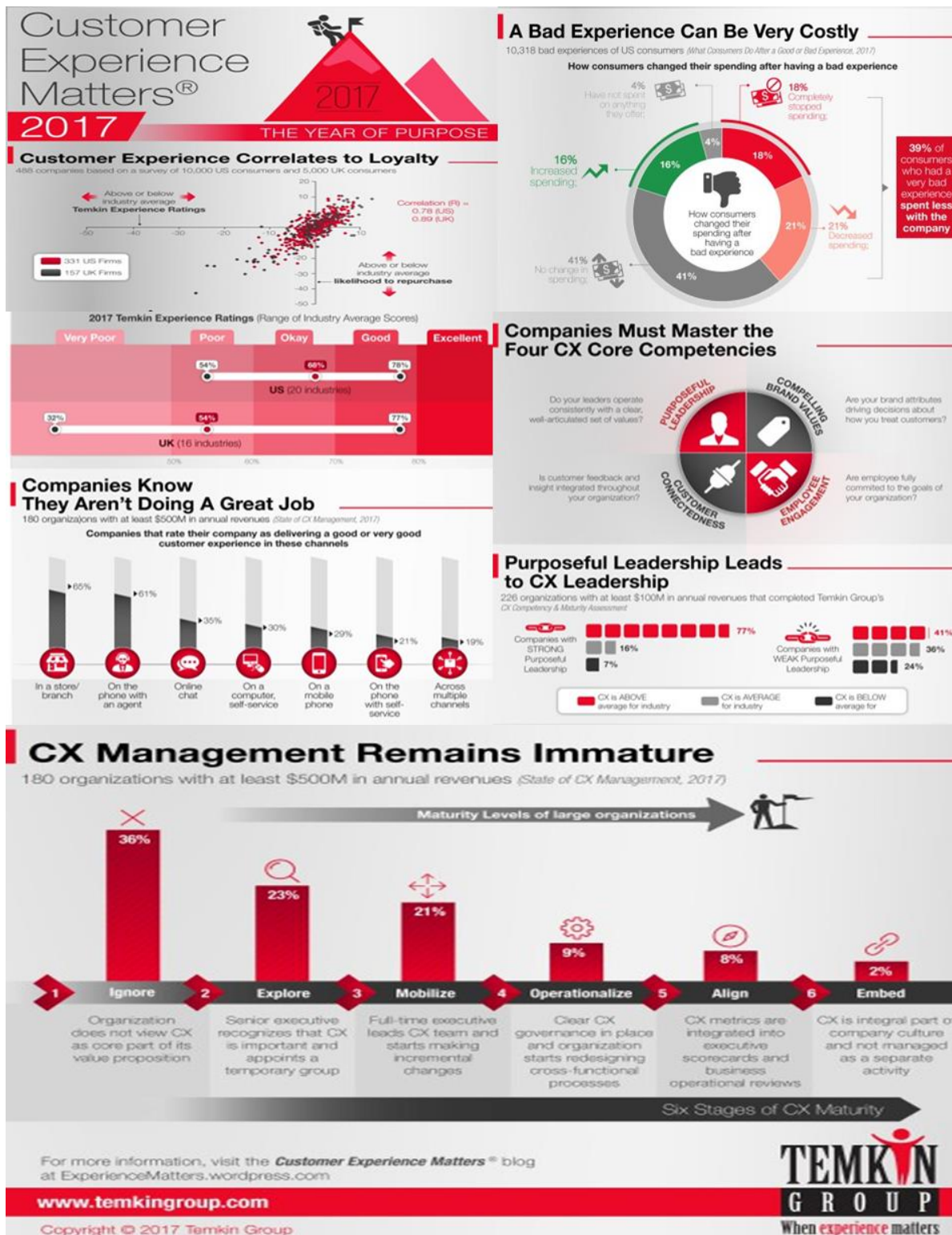


Figure 3: The Ultimate CX Infographic, 2017, October 3

Source: Adapted from Temkin, B., <https://experiencematters.blog/category/roi-of-customer-experience/>

There is no doubt today that CX matters, as argued by the reputed Temkin Group which published on October 3, 2017 a new infographic (as shown above in the figure 3) as part of their CX Day celebration, underlining that: CX correlates to loyalty, a bad experience can be very costly, companies know that they aren't doing a great job, and they must master the four CX core competences (purposeful leadership, compelling brand values, employee engagement, and customer connectedness), purposeful leadership leads to CX leadership, and CX Management remains immature (considering the six stages of CX Maturity: Ignore, Explore, Mobilize, Operationalize, Align, Embed). (Temkin, 2017)

With regard to employee engagement it is worth remembering the clear message sent in August this year by Chris Garthwaite, CEO and Founder of CGA: *“Experiences demand a blend of skills – rational process and seamless delivery excellence, logistically pleasing to the head; emotional experiences that capture the heart; and individual engagement to feed the soul!”*. Within this context it was recommended that company leaders make employee experience (EX) a top priority (designating senior team leadership to own it, listening to employees' voice, measuring it, agreeing action points for change) and then build into companies' CX roadmap for transformation. More recently, on October 2017, CGA highlighted the need for companies to know where they are on the CX Maturity Curve (and to establish where client organizations or brands currently sit in their characteristics, culture and current focus), presenting *“The Heartbeat® CX Maturity roadmap”* (considered both essential to begin or refresh their journey towards customer centricity and best-in-class behaviors, and as providing a framework for strategic debate on the companies' CX vision), as shown below in the figure 4:

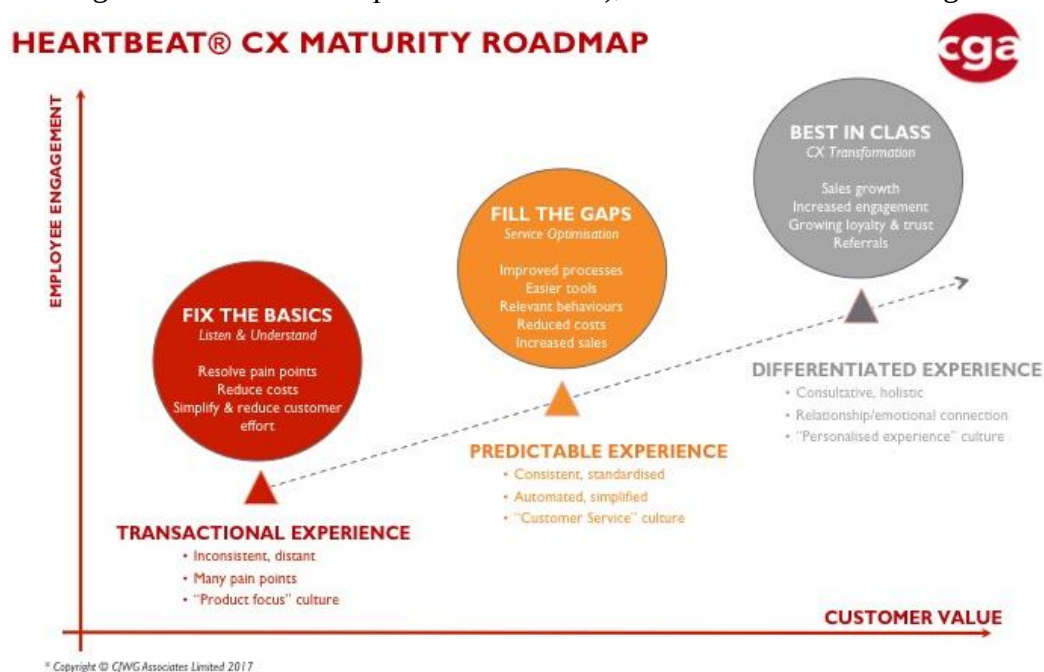


Figure 4: The Heartbeat® CX Maturity roadmap

Source: <https://www.cgaexperience.com/heartbeat/>

This Heartbeat® CX Maturity roadmap shows *three maturity stages* (*Transactional experience*: Fix the basics, listen & understand; *Predictable experience*: Fill the gaps, Service optimisation; *Differentiated experience*: Best in class, CX Transformation), understanding the “Point of Departure” (having a robust diagnosis for creating a baseline, plotting the roadmap, and defining company’ s strategy for getting there), considering the reality of the disruptive competition, defining a vision and strategy for CX Management (converting good management intentions into an adequate roadmap which reflects the reality of the gap between customer expectations and their perceptions of the current delivery).

On the other hand, we also have to consider that a month before, at the end of September 2017, Lisa Pohlman London, PhD, Director of Strategic CX Consulting at MaritzCX approached the topic of “The New Evolution of CX: Measuring and Assessing CX Maturity in the Modern World”, starting from the new framework to assess CX progress (Assess, Place, Evolve; going beyond a Voice of Customer - VoC program, VoC being an important cornerstone of any CX program), explaining how – by contrast with other maturity models which abound in the CX industry – their CXEvolution™ maturity model includes 8 discrete stages based on an evaluation of 14 different CX competencies, revealing “The other measurement trap: whiz bang metrics don’t solve the problem either” (also remembering the introduction of NPS® and of other numerous metrics, the failure of strategies that use measurement disciplines alone, the fact that there were a few companies addressing both recovery and opportunities proactively etc.), and arguing that their “CXEvolution Maturity Model and Organizational Assessment helps companies focus on what matters, set clear objectives for their program, gain executive buy-in and commitment, and align the organization behind their efforts”. (Pohlman, 2017)

Aligning marketing and sales, and ensuring customers with relevant recommendations, offers and experience in an Omni channel world

Providing prospects and customers with the right content at the right time and through the right channels is a continuing challenge for all companies. The necessary strategies and processes while going on this way are enabled by the adequate technology. Relevant engagements are made possible by a mix of business application platform, integration, and AI, as suggested by Thomas Wieberneit (aheadCRM Ltd/movento GmbH) and shown in the diagram below:

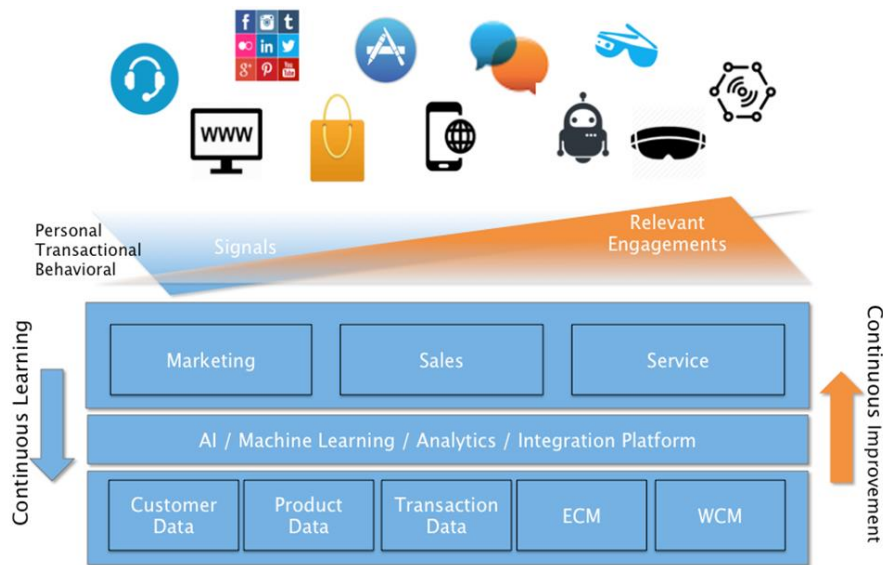


Figure 5: Business application platform, Integration, and AI

Source: Wieberneit, T., *How AI Can Mend the Marketing-Sales Gap*, Sep 21, 2017, CustomerThink

The chief strategy officer of PR measurement solution provider AirPR, Rebekah Iliff (a contributing writer to Entrepreneur, Huffington Post, and PRWeek's The Hub) argued that – whether companies focus is PR (whose value is now seen by marketers as a measurable vehicle for generating quality leads and driving real brand awareness and business outcomes), content, or advertising – PRtech is the missing piece to the automated marketing puzzle, PRtech built on AI providing insight which can be applied across functions (beyond company's PR or communications strategies and teams). (Iliff, 2017)

Mohanbir Sawhney, McCormick Foundation Chair of Technology & Clinical Professor of Marketing, Kellogg School of Management, (Sawhney, 2017) argued that CMOs deal successfully with today more power than ever (while representing the customer and driving growth), the most vital emerging areas of expertise being broken down into *six avatars*: the *CX conductor* (in order to deliver a winning CX an organization requires a first-rate social media experience); the *insights generator* (CMOs can drive a lot of positive transformation by considering insights as the fuel for innovation, growth, and sustainability); the *growth catalyzer* (smart marketers are identifying the potential growth opportunities and committing, acting on fresh ideas, coordinating customer engagement and facilitating cross-team collaboration); the *brand steward* (CMOs can identify, cultivate, and rally loyal brand advocates, nurturing loyal advocates and determining this way an exponential impact, building and sustaining brand affinity); the *marketing communicator* (CMOs need to engage with customers in a single communication platform, connecting seamlessly to legacy customer-facing systems, so that all company's employees have the same unified brand voice in viewing and approaching customers); the *talent incubator* (CMOs need to be better equipped to seek candidates with the right skill sets in data,

analytics, and automation, developing their technical fluency and expertise, and also providing the right training for current employees).

In the current Omni channel world companies need: to ensure transparency and visibility across every touch points with their customers on the basis of real-time customer data and information; to gather real-time insights about buyers' preferences, tastes, and online and mobile behavior (in this last case, a new report of Verto Analytics focused on two related trends: multitasking and a sequenced pattern of app usage called "consumer mobile journeys", mobile users starting with social apps, then moving on to browsers and search), (Sterling, 2017) by monitoring the customers' interactions; to build personalized relationships with customers across every touch points and create remarkable Omni channel customer experience, by providing convenience, consistency, empowerment, and agile strategy across interactive processes within the entire life cycle of the customers' journey. (Bhagwat, 2017) Within this framework it is useful to better understand the working together of Multichannel (where brand's efforts are focused on growing customer engagement across multiple platforms and channels) and Omni channel marketing (where brand's efforts are focused on ensuring a seamless message and a consistent and unified at every touch point CX, no matter what device customers use, when they use it, or where in their journey they are), as shown below in the infographic of Emarsys: (Forer, 2017)

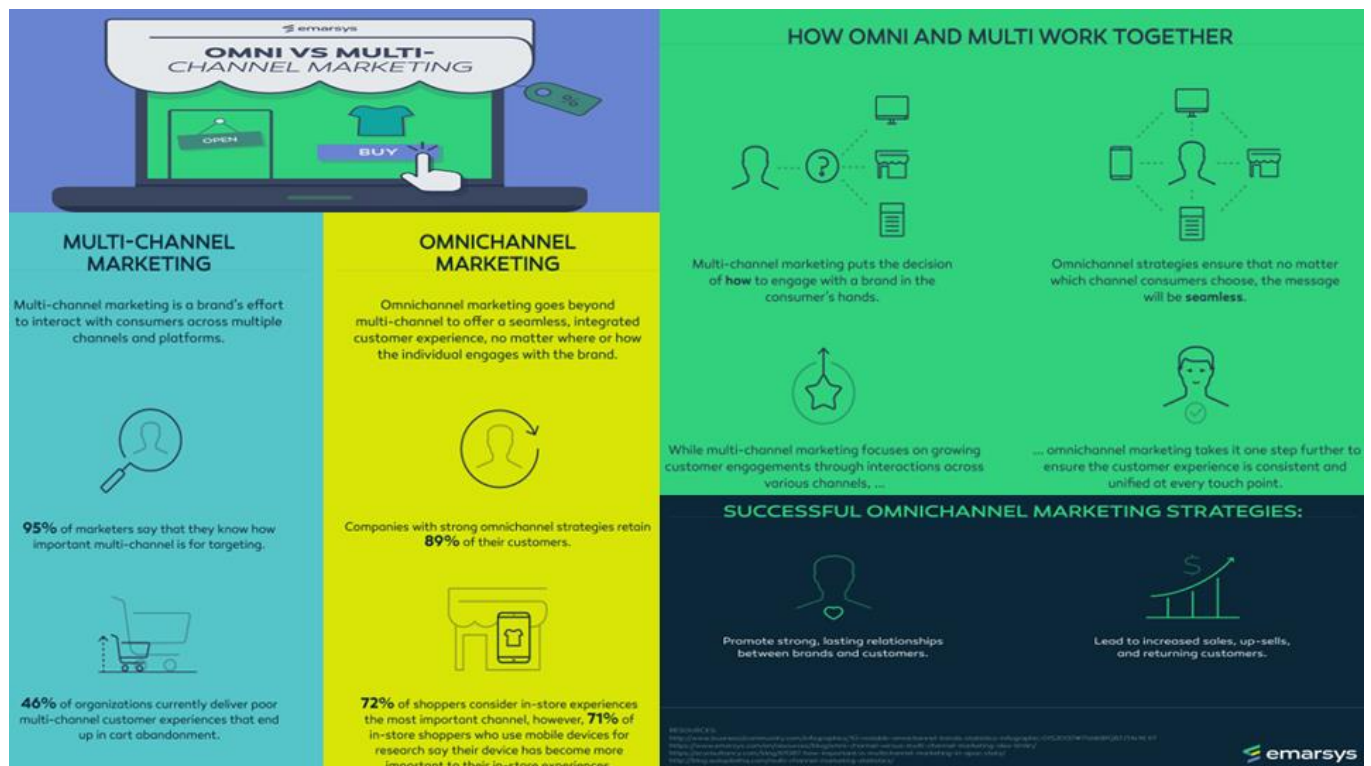


Figure 5: Omni vs Multi-channel Marketing, Emarsys

Source: Adapted from Forer, L., Omnichannel Versus Multichannel Marketing: What's the Difference? [Infographic], September 27, 2017, MarketingProfs

As retail investments in Omni channel technologies which provide competitive differentiation beyond core goods and services are driven by rising expectations for dramatically improved CX, in order to understand if there is still a gap between the readiness of AI marketing solutions to execute on real-time B2C marketing campaigns, and the readiness of marketing tech users and business decision makers to adopt AI marketing technology, Emarsys commissioned Forrester (in April 2017) to conduct a study of the retail and e-commerce industries in in US, UK, Germany, France and Australia (the revenues format of the surveyed businesses was least \$50m to more than \$5bn). The findings of this study completed in July 2017 revealed among other aspects that *AI marketing: enhances personalization of Omni channel CX; closes the insight-to-action gap; execution is not understood by business decision makers; it is used by expert marketers* (those 11% of respondents who demonstrated true AI marketing readiness across three dimensions: strategy, organization and technology) – this being the major finding from the survey results – *to drive business results, engage with customers more frequently and have the ability to scale their marketing campaigns as needed; drives continuous CX evolution.* The Forrester research commissioned by Emarsys also revealed that: marketers plan to leverage an array of AI capabilities, *AI will transform the role of marketers* (whose work will become more strategic, marketing teams becoming more efficient and effective, being enabled to focus on value-generating tasks), and *AI maturity provides competitive differentiation.*

It is also worth remembering that:

- according to Salesforce’s fourth annual “State of Marketing” report, June 15, 2017: as CX is the brand battlefield, in their quest to execute a connected CX (which begins one channel at a time) marketers struggle to leverage data from different sources, and marketing and service unite for consistent CX; the high point need for marketing and sales alignment in order to get a shared, single view of the customer within the top teams’ number one challenge to creating a CX; among marketers, AI and IoT/connected devices are expected over the next two years to rack up the highest growth in usage;
- according to “100 Data and Analytics Predictions for 2021”, Tealium Newsletter Featuring Gartner Analyst Note: developing the ability to centralize and connect data across silos is a must, being predicted that 80% of organizations will initiate competency development to improve data literacy by 2020, when is also estimated that at least one aspect of CX will be covered by 40% of all analytical projects; when adopting a customer-centric approach, mobile (within three years, more than 50% of consumer mobile interactions will be in contextualized and “hyper personal” experiences based on past behavior and current real-time behavior) and AI (which together with subsets such as Machine Learning will become a core business and analytic competency) represent two areas of particular focus.

Instead of conclusions

Just two years ago we highlighted the real need for rethinking the businesses in another way in the era of the “Nonstop Customer”, better understanding the role of CMOs in the C-Suite

under the pressure of data and measurement, and how the marketing organization must redefine itself as a revenue generator, the game changer for marketing transformation being the reciprocity of value equation, ensuring a higher quality faster interaction with customers deeper targeted through increased knowledge of their preferences and behaviors, developing multiple points for customers' feedback, harnessing the power of new technologies, building engaging brands and relevant content, personalization of digital experience being at the heart of the efforts to overcome around how they create intimacy and relationship in the digital world of customers overwhelmed by a lack of time and too much choice.

This year, at the beginning of November, we witnessed that Forrester launched a significant signal – “Predictions 2018: The CMO bar rises with more pressure for growth” – arguing that customer obsession (seen as the foundation of organizational success in 2018) disrupts any remaining CMO complacency, the only alternative for CMOs being to become leaders of growth and to remodel their organizations and strategies accordingly. Continuing on this path, CMOs must position themselves so as to lead customer obsessed transformations and ensure consistency between brand promise and the experience delivered, by optimizing ad spend and reinvesting in high frequency, emotion rich, and connected experiences. (Johnston, 2017)

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