

New Challenges for CMOs while Embarking on the Growth Journey

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Abstract

Challenged to break down the silos, Chief Marketing Officers (CMOs) are accelerating the ways of adequately thinking and acting in the new world of the micro-moments, trying to better approach the customer journey maps and personas, better understanding what drives customer experience (CX), loyalty and profitability growth, considering the increase in the possibilities brought by new technologies, linking marketing's metrics to finance, and embarking on growth. B2B Marketing is facing an increasing pressure to drive growth and attributable revenue, being strong evidence with regard to the real need of rapid adoption of Account-Based Marketing (ABM) and of making investments in order to adopt data and technology which support ABM, and this within the context in which the scope of B2B Marketing is evolving.

Keywords: CMOs; Customer culture; CX; Marketing's metrics; Growth IQ; ABM

JEL Classification: L81; L86; M31; M37; O33

Turning the known into the unknown by bringing together MarTech and AdTech data, constantly testing both technology and campaigns

Chief Marketing Officers (CMOs) are challenged to break down the silos and turn the known into the unknown, continuing the marketing relationship in the advertising channel with emotional intelligence, bringing together MarTech and AdTech data, (Stephen-Gittens , 2018) considering the implications of the proliferation of mobile devices and without consideration for the used device to provide consistent marketing to the same person (achieving “People-based marketing” by integrating marketing, advertising and customer data), connecting people across every used device. (Helmreich, 2017)

At the AMA's 2017 Annual Conference Andrew Keller, Global Creative Director of Facebook Creative Shop, underlined the need for every company to be creative in its mobile marketing, and to accelerate the ways of learning, creating and collaborating in the current new mobile world. (Conick, 2018) Within the same context, Robert Rose, Chief Strategy Advisor at Content Marketing Institute, pledged for using content marketing to build new audiences, organizing content marketing teams, and measuring the content marketing across the four C's: Competency, Campaign, Customer Value, Cash. (Conick, 2018) On the other hand, Andrew Swinand, North American CEO of Leo Burnett Group, highlighted the need of using technology to design around the consumer, but constantly testing both technology and campaigns. (Conick,

2018) While a year before, at the AMA 2016 Annual Conference, Jim Lecinski, Vice President of U.S. Sales and Service at Google, argued (via Skype) that there is no great marketer without being a great digital marketer, which involves being a great mobile marketer, the new normal today being the social commerce, and brands being under pressure of seizing the micro-moments which are at the steep wall of purchase. (Soat, 2018) Also at the AMA 2016 Annual Conference: BV Pradeep, Global Vice President of Consumer and Market Insights at Unilever, showed how important it is to have a “people insights” approach to understanding the customer (this linking directly to a competitive advantage), personalization, conversation and purpose representing three essential elements to a people-focused campaign; (Soat, 2018) Brian Miske, KPMG’s CMO, underlined the need of creating responsive experiences which require connected data (“analysis + multiple streams of data = new actionable insights for customer-focused teams”), and presented an actionable Top 10 list/Considerations of the Marketer’s Pivot, beginning with customer readiness along the value chain. (Soat, 2018)

This year brought to our attention the fact that there is no doubt about the real need of informing, refining and reinforcing the customer journey maps and personas which incorporate customer insights from multiple sources of customer insights (such as: Customer Effort Score, Net Promoter Score, Support Tickets, Win/Loss Analysis, Website Analytics, Social Media Analytics), each customer segment having its own map and persona, these insights being used to improve and to guide the employee experience which is designed to improve customer experience (CX). (Hunsaker, 2018) With regard to the relevant personas (defined as a description of a type of customer, including work role and responsibilities, background and traits, current goals, pain points etc.), in order to ensure consistent profiles with company’s business and customers it is important to be updated regularly once a quarter, for instance. (Sivakumaran, 2018)

Customer-centricity, customer focus, customer culture, the co-creation of value and linking marketing’s metrics to finance, considering the metrics specific to the growth paths

It is well-known that customer-centricity is reflected by the employee-customer gap (customer insight + customer foresight), brand-customer gap (competitor insight + competitor foresight + peripheral vision), and brand-employee gap (empowerment + cross-functional collaboration + strategic alignment). (Brown, Brown, 2014) Dr. Linden Brown (Visiting Professor at the Australian Graduate School of Management, Australian Business School, University of NSW, Sydney, Australia) and Chris Brown (CEO of Market Culture Strategies, a Silicon Valley consultancy specializing in helping organizations measure and build a customer-centric culture), the authors of the book “The Customer Culture Imperative: A Leader’s Guide to Driving Superior Performance”, reminded us in February 2018: that in order to have real customer focus (understanding customers’ needs and doing what is right for these customers) it is necessary to have a customer culture (embedded in people and teams, clearly aligned to the company’s strategy, ensuring a consistently excellent CX along the whole service chain); how they identified the tangible customer culture factors and their links to business results (as shown

in the figure 1 below); the seven critical cultural traits of customer culture found by their study (as shown in the figure 2 below); customer culture drivers of business outcomes (customer satisfaction, innovation, new product success, profit growth, profitability, sales revenue growth): (Brown and Brown, 2018)



Figure 1: Customer Centric Behaviors Drive Customer Experience, Loyalty and Profitability Growth

Source: Brown, L. and Brown, L.C. (2018). *The Customer Culture Imperative: Is Marketing Destined to Lead a Better World?* *The Marketing Journal*, February 6 (work cited)

Traits	Behavior Summary
Customer Insight	The extent to which employees monitor, understand, and act on current customer needs and satisfaction.
Customer Foresight	The extent to which employees monitor, understand, and act on potential customer needs and opportunities.
Competitor Insight	The extent to which employees monitor, understand, and respond to current competitor strengths and weaknesses.
Competitor Foresight	The extent to which employees monitor, understand, and respond to new market entrants and potential competitors.
Peripheral Vision	The extent to which employees monitor, understand, and respond to trends in the larger environment (Political, Economic, Social, and Technical).
Cross-Functional Collaboration	The extent to which employees interact, share information, work with, and assist colleagues from other work groups.
Strategic Alignment	The extent to which employees understand, and enact the vision, mission, objectives and strategic direction of the company.

Figure 2: The Seven Customer Culture Traits

Source: Brown, L. and Brown, L.C. (2018). *The Customer Culture Imperative: Is Marketing Destined to Lead a Better World?* *The Marketing Journal*, February 6 (work cited)

At the mid of August 2018, Professor Jagdish N. Sheth (a Distinguished Fellow of the Academy of Marketing Science, Fellow of the American Psychological Association, and a

prestigious author) and Dr. Karl Hellman (President of Resultrek Inc., a marketing and sales consulting firm for best-in-class companies, and also a prestigious author) pledged for unleashing the co-creation of value considering the increase in the possibilities brought by new technologies, and look for ways to collaborate to co-create value (such as adapting Michael Porter's five forces model), facilitating the performance of each aspect of value creation remaining the marketer's job. (Sheth and Hellman, 2018) While at the end of August 2018, Katherine (Kay) Lemon (who holds the Accenture Professorship in the Carroll School of Management at Boston College) and Jon Biro (Chief Financial Officer at Harte Hanks) emphasized a better working relationship between Marketing (which is the engine of growth, being a team sport) and Finance (which speaks the language of business), Marketing's metrics (such as: brand affect, mindshare, recall, brand perceptions, customer feedback, visits to the web site, minutes spent per visit, number of touchpoints, responses to promotions, store visits, purchases) needing to be linked to Finance, calculating Customer Lifetime Value (LTV) and Customer Equity, tracking these metrics over time so as to calibrate the effect of different actions at different times, measuring to learn and translating these metrics into financial terms. (Lemon and Biro, 2018)

Also in August 2018, we find out, thanks to the same "The Marketing Journal", the opinion of Tiffani Bova (Global customer growth and innovation evangelist at Salesforce and author of her first book "Growth IQ: Get Smarter About the Choices that Will Make or Break Your Business", Publisher: Portfolio, August 14, 2018) according to which preparing your people is the most important resource when embarking on growth (which needs to be countercyclical), knowing how to categorize the growth efforts into one of ten growth paths (as in the figure below): (Sarkar, 2018)



Figure 3: The ten growth paths of Growth IQ

Source: Sarkar, C. (2018). "Growth IQ: The 10 Paths to Growth" – An Interview with Tiffani Bova, The Marketing Journal, August 22 (work cited)

In the interview for “The Marketing Journal”, Tiffani Bova showed that in her recently published book she offered two answers with regard to how companies measure growth: “1. *Company health – measure orders, shipments, returns, product repairs, market share, employee turnover, profit margins, cost of goods sold, salaries, etc.*; 2. *Measure the metrics specific to the growth paths you have chosen to execute.*” Within the framework of this interview Tiffani Bova also offered a quick summary of the metrics specific to the growth paths a company chosen to execute:

Tabel 1: A quick summary of the metrics specific to the growth paths a company chosen to execute

1. *Customer Experience*: Net Promoter Score (NPS)
2. *Customer Base Penetration*: RFM (recency, frequency, monetary)
3. *Market Acceleration*: New logos acquired
4. *Product Expansion*: New product usage, mix against current portfolio
5. *Customer and Product Diversification*: Adoption rates in new customer/categories pursued
6. *Optimize Sales*: Quota attainment
7. *Churn (Minimize Defection)*: Churn rate and customer defection rates
8. *Partnerships*: Joint sales/revenues
9. *Co-opetition*: New joint product development and market launches
10. *Unconventional Strategies*: volunteer hours of employees

Source: Sarkar, C. (2018). “Growth IQ: The 10 Paths to Growth” – An Interview with Tiffani Bova, The Marketing Journal, August 22 (work cited)

B2B Marketing facing increasing pressure to drive growth and attributable revenue

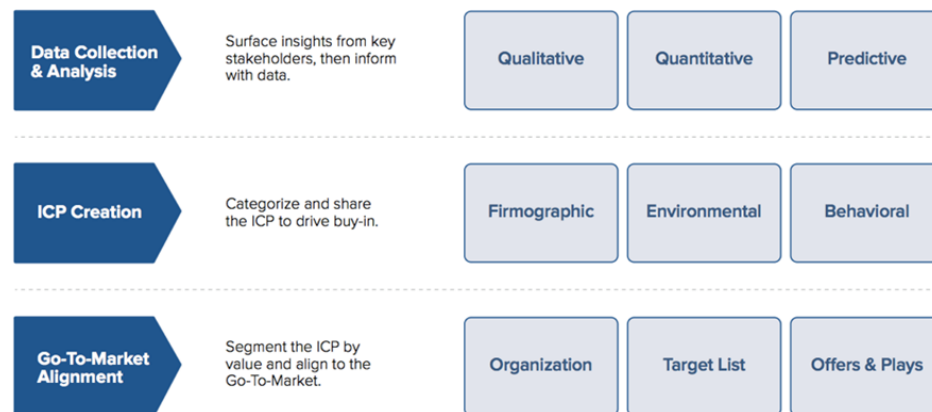
As the 2018 Demand Generation Benchmark Survey Report reminded us from the very beginning in January this year, fundamental to performance marketing executives is driving growth, being a continuous challenge for marketers to adequately answer to the increasing pressure to drive growth and attributable revenue. Survey findings revealed that 49% of respondents said that Account-Based tools are their top priority, also growing priorities for marketers being not only the measurement and attribution tools, but also data (reviewing actively the database for accuracy) and insights. (Gaffney, 2018)

A critical step in the data marketing process is to create an Ideal Customer Profile (ICP) so as to guide the campaign development and improve campaign performance, better understanding target customers’ needs and purchasing habits, allowing them to benefit the most from doing business with the company, and boosting company’s marketing and sales alignment. (ReachForce, 2018) In order to positively influence the accounts selected for Account-Based Marketing (ABM), ICP needs high-quality data leading to accurate insights. (ReachForce, 2018) Ensuring high-quality data and integrating and unifying new data with other marketing data

allow to improve marketing revenue and to develop a 360-degree view of customers. (ReachForce, 2018)

It is helpful within this context to take a look at the opinions expressed recently by some prestigious analysts from TOPO, a research and advisory firm which helps sales, marketing, and sales development grow revenues faster. Because the hottest topic in B2B marketing is considered to be ABM (defined as: “the coordination of highly valuable, personalized experiences across all functions that impact the customer – e.g. marketing, sales development, sales, and customer success – to drive engagement at a targeted set of accounts”), we see that the rapid adoption of ABM at high growth companies (in recent years ABM being considered one of the top initiatives for these companies) is driven by powerful business dynamics. (Rosenberg, 2018) The ICP (which is focused on the most valuable company’s customers and prospects and guide the development of the target account list) and the target account list (which must be refreshed at least once every 18 months) are considered to be the starting point for any ABM strategy (see the ideal customer profile framework in the table below):

Tabel 2: Ideal Customer Profile Framework



Source: Rosenberg, C. (2018). Account Based Marketing: The Definitive Guide, TOPO Blog, August (work cited)

An operational model and measurement tool for driving ABM (which maximizes LTV, the ultimate revenue metric and the ultimate account-based metric) is made available for use by the well-known TOPO’s Account Based Funnel (see the figure below). It is considered that companies which use ABM can achieve significantly higher customer LTV on the basis of a

well-defined target account list and effective account-based execution.

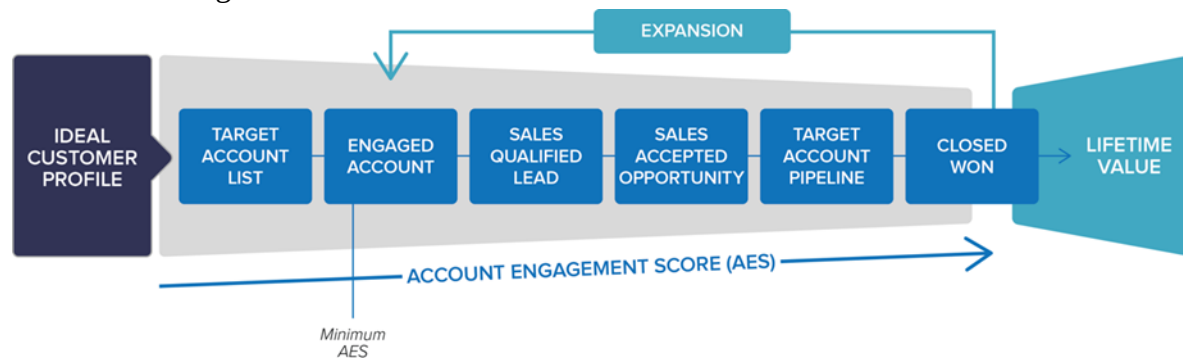


Figure 4: TOPO's Account Based Funnel

Source: Rosenberg, C. (2018). Account Based Marketing: The Definitive Guide, TOPO Blog, August (work cited)

This year, according to TOPO forecasts, investment in ABM technology (see in the figure below the ABM technology stack) will grow by 28%, while over 90% of B2B marketing will be account based in the next few years.

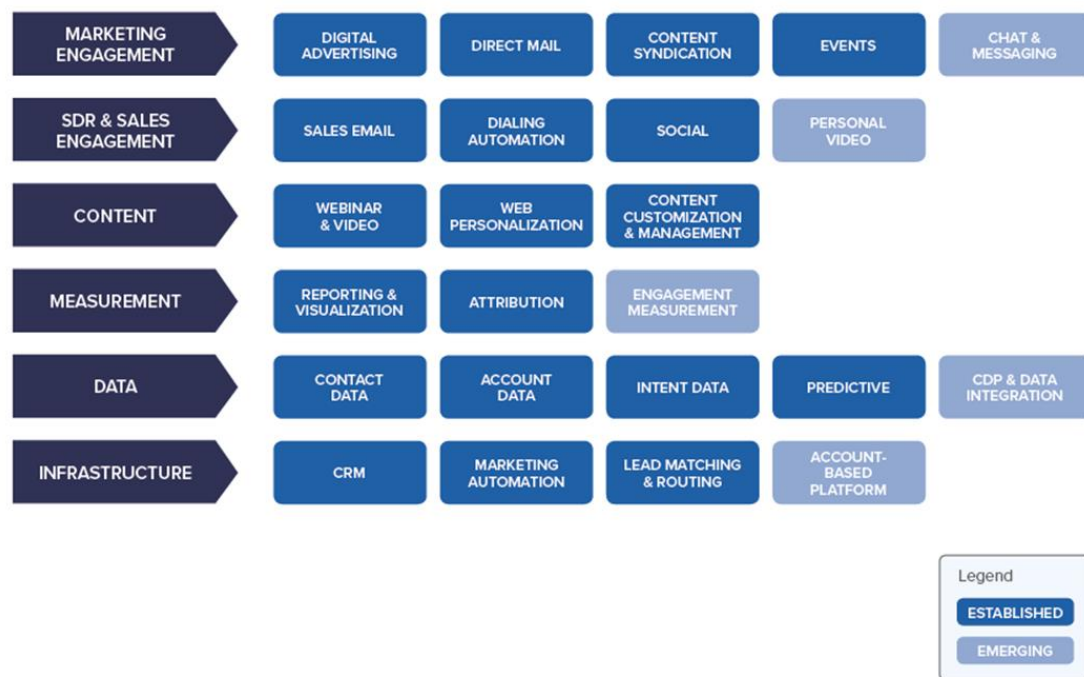


Figure 5: The Account Based Technology Stack

Source: Rosenberg, C. (2018). Account Based Marketing: The Definitive Guide, TOPO Blog, August (work cited)

Unfortunately, as TOPO research revealed, many B2B organizations are making limited investments in order to adopt data and technology which support ABM, being necessary to act

gradually, by establishing first a strategy and then building the ABM technology stack in support of the established strategy. (Wittlake, 2018) On the other hand, a TOPO survey of the sponsors for TOPO Summit 2018 on the three trends identified by these companies as being followed in 2018 revealed, among different opinions, that to execute ABM effectively and to see what is working and not working is not so easy within the context of the existence of more than 5,000 marketing technologies and more than 500 sales technologies. (Mulbry, 2018)

It is also interesting to note within this framework the opinion expressed at the mid of August this year by Paul Heald (who is the CEO and co-founder of BrightTALK, considered the leading video content and demand marketing platform used by 7 million professionals), that the scope of B2B Marketing is evolving, being all about CX (also citing the reputed Scott Brinker). Among other aspects Heald underlined “the growing importance of formulating and managing marketing campaigns on a far more granular and customer-centric level,” and the “great deal of excitement about the potential of machine learning and artificial intelligence to enhance the marketing function.” (Heald, 2018)

Conclusions

In the last issue of our HMM Journal we highlighted that CMOs are under pressure of aligning the customer-centric marketing's layers of meaning and brand authenticity with a continually improved CX, breaking down silos, creating value through all customer touchpoints, and being responsive to the change driven by revenue and customer feedback. (Purcarea, 2018) We also made reference, among other aspects, to: “The Modern Marketing Model” (M3), launched by Econsultancy in November 2017, a model derived from three core principles (customer centric, integrated, and nimble & innovative); (Miller, 2018) “Experiences: The 7th Era of Marketing,” published by Content Marketing Institute, the authors Robert Rose and Carla Johnson underlining that marketing was challenged to become a vital growth function and marketers became advocates of innovation and solving customer problems through collaboration of non-traditional teams, generating revenue and creating improved CX. (Rose, & Johnson, 2015)

We remarked very recently, in an interview taken in August 2018 by McKinsey's Barr Seitz and entitled “Making the most of marketing technology to drive growth”, that:

- the above mentioned Scott Brinker (VP, Platform Ecosystems, at HubSpot) said that: “MarTech has created a revolution, with marketing going from the business of communications to the business of experiences, from bespoke content to bespoke software. You're taking software and trying to create services through channels to customers;”
- while Jason Heller (a McKinsey partner leading the Digital Marketing Operations and Technology service line) showed that: “MarTech platforms are central to creating and delivering differentiated and relevant experiences by activating customer data at scale.” (Brinker, Heller and Seitz, 2018)

And the last but not the least, marketers must be aware of the fact that today's customers want both a great digital experience and a great human experience, better understanding – as recommended by McKinsey's representatives (Angevine, Lun Plotkin and Stanley, 2018) – where human interaction is most wanted and invested there, which involves considering the specific ingredients of a company's optimal human-digital blend: speed, transparency, and expertise.

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