

The evolving role of the CMO

How AI can unlock opportunity

Innovation, change, disruption. These ideas are not unique to the digital age. They describe most eras of progress that have helped shape the modern world. What is radically different today is the breakneck speed at which they are taking place.

To adapt, businesses are implementing the technology, people, and processes required to keep up with the rapid evolution of technology and data. Unfortunately, some are not adapting quickly enough – including many industry giants. Since the year 2000, 52 percent of companies in the Fortune 500 have either gone bankrupt, been acquired, or ceased to exist as a result of digital disruption.ⁱ

On the contrary, while many companies are struggling with the pace of change, the majority of consumers are not. Consumers have quickly embraced social media, IoT, and the variety of devices, channels, and platforms now available. Their ability to connect and influence at a real-time, global level has propelled them into a position of power that has many businesses on their heels — but certainly not all. Companies that are embracing a customer-centric strategy have found greater success, like Amazon, Zappos, Netflix, Trader Joe's, and Disney, just to name a few.ⁱⁱ



The modern CMO: brand steward, customer champion, and tech strategist

As more and more organizations recognize the vital correlation between customer experience and profitability, the role of the CMO is evolving and expanding within the enterprise. CMOs are now considered brand stewards and customer champions. IBM's recent Global C-suite Study found that companies are turning to CMOs to strategically address how to help their organizations compete by increasing value, creating exceptional, personalized customer experiences, and transforming corporate cultures to think and operate in truly customer-centric ways.ⁱⁱⁱ

To accomplish these ambitious goals, CMOs are increasingly taking the lead in driving an organization's tech strategy. The ability to quickly and effectively leverage artificial intelligence (AI) solutions will be critical to continuously seek and champion disruption, create customer centric organizations, and push teams past the status quo. The recent downfall of so many Fortune 500 leaders^v demonstrates that there's very little time to get it right in the digital era. The status quo is no longer good enough. Organizations must drive the disruption before the disruption drives them, and increasingly, CMOs are the ones leading that charge.



Easier said than done

Organizational silos hamper data access

With responsibilities across the enterprise, CMOs need to align themselves with multiple areas of the business in order to conduct deeper and broader customer segment analysis and micro-targeting, and to ensure they have the information and support they need to become a customer-centric business.



How AI is improving the customer experience^v

- Netflix and Spotify are using algorithms to provide personalized video and music recommendations to users based on their selection history. Netflix is also using AI to overcome bandwidth issues in emerging markets to improve streaming quality over slower speeds.
- Sephora's customers can engage with a chatbot that provides them with personalized product information and suggestions based on their responses to a quiz.
- YouTube increased the average watch time by 50% by tuning its video recommendations using AI.
- Hilton uses a robot concierge to give consumers quick access to personalized information about the hotel and the surrounding area.
- Nike uses the "Nike On Demand" AI assistant service to encourage healthy behavior by sending personalized motivational messages to users.
- UAA is tackling identity theft by tracking customers' behavior and identifying suspicious patterns with AI.

Yet organizational silos, data silos, and legacy systems make visibility and real-time marketing incredibly difficult. In a July 2018 survey of marketing professionals conducted by Harvard Business Review Analytic Services, over one-third of the respondents reported that data silos stifled their ability to implement real-time analytics.^{vi}

Choosing the right technology is critical, but overwhelming

The average enterprise uses 91 different marketing cloud services in addition to CRM systems, social media systems, and existing on-premises and legacy solutions.^{vii} Given this reality, combined with the large number of solutions in the marketplace and the constant introduction of new ones, it's not surprising that CMOs feel overwhelmed by their role as tech strategist.

Research by the CMO Council found that improved business and marketing performance are directly related to having a formal roadmap for digital marketing technology acquisition, integration, and data unification. Yet:

- Less than 50 percent of senior marketers surveyed say they have a formal marketing technology strategy to further business goals.
- Just 16 percent report their marketing technology strategy is tightly aligned to the business strategy.
- Only three percent say they are doing extremely well at integrating marketing technologies across functions.
- And 54 percent aren't sure whether their marketing technology investments are producing tangible business value.^{viii}

AI is essential, but new

While big data may feel overwhelming, unlocking its value is essential. AI can give marketers the ability to harness, organize, and leverage massive volumes of existing and real-time data to anticipate consumer behaviors and needs, improve the customer experience, and accelerate performance. But getting employees and customers comfortable with the technology is not without its challenges.

Running a machine-based campaign still unnerves many marketers, despite the fact returns can be higher versus using traditional marketing systems. And while most consumers recognize the value of AI, 80 percent say they want retailers to disclose their use of AI and how they are using it.^{ix} Unfortunately, not all AI products are built equally, so complete transparency and control aren't always possible.



CMO Spotlight: TruGreen personalizes services with AI

TruGreen, the nation's largest lawn care company, recognizes the value of delivering individualized, personal customer experiences. As such, TruGreen's CMO Kari Rajaniemi saw an opportunity to disrupt the market using AI with IBM Watson Ads, an AI-powered advertising solution from IBM Watson Advertising that enables brands to have intelligent, personalized 1:1 conversations with consumers.

For TruGreen, IBM Watson Ads can provide customers with personalized lawn care recommendations via a series of AI-powered prompts. For example, if a consumer is dealing with discoloration in their yard, they can select the "grass not green" option, which will kick off a conversation with Watson to learn more about their specific lawn care concerns. Based on the consumer's specific inputs, Watson will recommend a personalized TruGreen lawn care plan or provide information about TruGreen's line of service offerings.

The innovative ad experience succeeded in boosting brand awareness for TruGreen, as well as driving time spent above industry benchmarks. But Rajaniemi isn't stopping there. With 2.3 million commercial and residential customers, 260 lawn care branches, and 35 franchise locations that are likely to need to significantly staff up during key seasonal time periods, the CMO is exploring ways to integrate AI into call centers to help drive further efficiencies through automated personalization.^{xii}



Tips for success

Seek out trusted and secure AI technologies

AI may be the key to unlocking big data and keeping pace with the digital age. It offers the sophisticated, agile, and automated approach marketers need to determine consumer behavior in real time, identify new audiences to target, engage personally, glean insights, and continuously optimize toward improved results.

With the AI market projected to grow 57 percent over the next eight years^x, there is likely to be a huge number of AI solutions and vendors within CMO's consideration sets, and choosing the right one will be critical to their success. CMOs should look for technologies that:

- Have a proven track record in the industry
- Enable the organization to maintain ownership of its data, insights, training, and intellectual property
- Are trained by leading experts in the organization's specific industry
- Can ingest, enrich, and normalize a wide variety of data types without any additional integration
- Offer the level of control and transparency required to satisfy customer expectations

Stay curious and in touch with customer needs and wants

Implementing mechanisms that provide an ongoing pulse of customers can help CMOs continuously adjust strategy and drive towards an ever-increasing customer-centric approach. AI solutions like IBM Watson Advertising's AI-powered advertising solution, IBM Watson Ads^{xi}, can allow brands to have 1:1, personalized conversations with customers and glean insights that can help inform their future marketing strategies.

Champion a culture of collaboration

A collaborative culture, where teams are incentivized to share knowledge and work together to solve problems, is a core characteristic of a customer-centric culture. Successful CMOs will be the ones that align functional areas of the business with shared goals to continually seek purposeful change and value for customers.

How did companies like Google, Apple, Amazon, Facebook, Zappos, and TED manage to grow during the economic crisis a decade ago when so many others failed? They built a culture of collaboration that gave them the agility and flexibility to adapt. By fostering collaboration with their C-suite colleagues, functional leaders, employees, ecosystem partners and customers, CMOs can unlock silos of data, metrics, insights, and ideas and tap that collective information to drive performance.

Build an agile culture

A customer-centric culture can foster a nimble, agile workplace, where change is the only constant. Teams are likely to thrive in a work environment where new ideas are embraced and employees have the freedom to take informed risks, learn fast, fail fast, and make decisions based on their expertise. CMOs should dare to challenge the status quo and encourage teams to create, act, decide, and innovate with speed — and to do so without fear.^{xiii}



Embracing this new role

As CMOs face this expanded mandate to reimagine their role within the enterprise, they too need to move beyond their comfort zone. With more responsibility comes more power – in this case, the power to build market share and margins. CMOs now have the authority to influence, educate, motivate and inspire their organization's transformation into customer centricity. By doing so, they can help their enterprise evolve beyond the status quo into an agile and disruptive industry leader.

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