

## Customer Relationship Management

# How chief marketing officers can drive a new growth agenda

By Nick Smith

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The latest Great Recession has taken many unique twists and turns, yet all downturns go through similar phases. The first phase is primarily reactive: As consumer spending begins to freeze and the flow of capital becomes sluggish, companies cut costs wherever possible, reining in spending in an effort to survive. Then, especially for those who sell directly to consumers, everyone waits for the thaw—waits for consumer confidence to grow, enabling a renewed interest in innovative products and services.

But is there something else companies can do besides play the waiting game?

Accenture believes that even in the face of continued economic uncertainty, the coming months will provide a significant opportunity for companies to move ahead of their less-nimble competitors. Fueled by a transformed marketing function—and by a visionary chief marketing officer charged with driving a growth agenda—companies can create their own upturn.

There is urgency, however, along with the opportunity. Companies that continue to practice marketing in the same way that made their brands successful in the past may destroy equity and erode profits. The fundamentals of marketing have not changed—companies still need to increase their relevance with customers, differentiate their offerings and improve overall brand value. But the new business environment means that every business decision should be made with the customer

in mind. To truly operate that way, and not just speak that way, marketing needs to help shape strategy, not just execute it.

The opportunity for marketing organizations to help drive their companies toward growth is supported by a new book published by The Marketing Society in association with Accenture. *The Future of Marketing* is based on interviews with 50 of the world's top CEOs, who share their vision of the future and the role marketing will play in shaping it.

Phil Bentley, CEO of British Gas, sounds the call to action with admirable clarity: "The overriding role of marketing is to own the growth agenda. I regard our marketing director as the chief growth officer."

What can marketing executives do to transform themselves and their organizations to accept that kind of challenge? We believe four characteristics will define the marketing leaders of the future:

1. A foundation built on well-tuned marketing operations that help produce the capital needed to invest in innovation and growth.
2. The capability to generate data-driven insights into customer preferences and behaviors.
3. The use of those insights to develop relevant, innovative offers and to design meaningful, profitable interactions.

4. The ability to reach and connect with customers when and where it matters.

## 1. Release the oxygen: Finding opportunities for growth and innovation

Short-term cost reduction may have stabilized companies for a time, but in the long run, a continued focus only on cost cutting can erode future growth. What companies need instead is more rigor, discipline and metrics, enabling new efficiencies that can "release the oxygen" needed to support growth. In most cases, this means looking honestly at the processes of the past with a commitment to changing them.

Martin Glenn, CEO of the Birds Eye Iglo Group, puts it well: Under new leadership, "Birds Eye will be market—not marketing—led. We are implementing a reformation of marketing practices, to sweep away the bad practices of the past. Our reformation puts marketing back to the heart of business decision making; the recreation of brand manager as virtual CEO of his or her brand or category is key to this. In our core markets, marketing must be connected to decisions about supply strategy from a sustainability and financial perspective."

Improving marketing operational efficiency requires a new set of well-defined, scalable processes and organization structures that gets all parts of the company on the same page and guides pricing, ad planning, finance, data and creative collaboration. To improve efficiency, marketing investments must be driven by a sound business case and a rigorous assessment of returns, measured in business terms.

## 2. Find the sweet spots: Generating data-driven insights

The marketing organization will play an increasingly critical and strategic role in helping companies stay relevant to their customers. And that requires being steeped in insights from leveraging next-generation market research and analytics, helping the entire business find the "sweet spots" in terms of consumer trends and market demand.

According to Nikeshe Arora, president of global sales and business development for Google, "The holy grail for marketers is to deliver the right message, at the right time, in the most efficient and effective way to influence your target audience. As people consume more media through personalized channels (a laptop, on-demand TV or location-aware mobile), the potential to distribute truly targeted messaging grows. In parallel, advances in measurability and in the sophistication of analysis

will provide the timely and actionable data needed to guide messaging strategy."

Better segmentation strategies and execution are critical to success, as is the ability to compile, and act on, an integrated view of the customer across all channels and touch points.

"Going forward," says Arora, "the onus is on marketers to use not just the art of marketing but also the science to deliver ever-more engaging and relevant messaging."

## 3. Reinvent the offer: Creating relevant, differentiated offerings and profitable interactions

Customer data by itself is worthless, of course. What counts is using that data to turn insight into action—into more relevant and thus more profitable products, while also optimizing sales channels and making them more efficient. Data-driven marketing programs must transform millions of daily transactions into actionable programs.

As Ian Cheshire, group chief executive of Kingfisher, puts it, data-driven marketing will require "ever-more-sophisticated marriages of powerful analytics and creative interpretation of the results. Gigabytes of data are generated, but unless retailers can act on them to generate relevant new offers, products and services, marketers will not be paying their way. The challenge for them will be ever-more complex multichannel behaviors—making customers harder to track, value and target. The old model of TV ads driving traffic to stores will be replaced by continuous multichannel conversations adapted for the individual customer."

## 4. Drive customer engagement: Creating opportunities for ongoing dialog

The new generation of marketing-led growth will be built on the ability to generate long-term relationships with customers, based on continuous engagement, relevant offers and the encouragement of social networking capabilities that create communities of interest in brands and products.

The sea change for marketing professionals in the Web 2.0 era is that companies can no longer perfectly control their messaging. According to Charles Dunstone, chief executive of The Carphone Warehouse Group, customers now control the message. "This is not just a trend—it's the equivalent of irreversible climate change."

Succeeding in this environment, says Dunstone, means "tapping into the unique electronic intimacy of the Web via live

online forums and feedback sites, getting to know our customers, building trust and reinforcing loyalty through authentic understanding and listening."

To reach and hold onto customers today, companies must be savvy at creating opportunities for ongoing dialog based on shared experiences. As Microsoft CEO Steven Ballmer puts it, successful companies will use new software-based tools "to invite customers to participate in creating brands and developing products, and to deepen the emotional connection between brands and customers. In the process, software will shorten the journey from engagement to purchase."

## Fulfilling marketing's strategic purpose

The road ahead will be a challenging one. But for companies that are willing to adopt a growth strategy led by the customer—and, therefore, to be led in part by the marketing organization, which best understands the customer—it can also be an exciting road.

This post-recessionary period is the time when the marketing organization can take center stage to fulfill its more strategic purpose. We may even look back on this recession as the start of a Golden Age for marketing. In a customer-centric economy, chief marketing officers and their organizations need to be ready to create their company's own upturn.

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