From Marketing Communications to Experience Engineering

The new role for CMOs in the Digital Era

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Accenture Interactive – Point of View Series
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Digital—the marketing game changer

In an information overloaded world, the traditional, brand-centric marketing approach—one size fits all—is losing the appeal it once had for attracting consumers and assuring a healthy rate of return from marketing investments. As consumers go digital and interact across multiple devices and channels (encouraged by their millennial children), they expect brands to fit their needs of the moment with relevant experiences. If the brand doesn’t measure up, consumers move on.

Chief Marketing Officers (CMOs) who internalize this undeniable trend acknowledge that meeting the demands of increasingly tech-savvy consumers requires a transformation in the composition and culture of their marketing departments.

The focus needs to shift to driving relevance at scale, sometimes referred to as the ‘R Factor.’ The marketing organization will need to evolve from pushing mass market product and service value propositions to orchestrating consumer-centric, contextually appropriate experiences across a wide range of possible avenues, such as company website, social network, search, tablet, smartphone, kiosk and store. This change has far reaching implications for the functional role of the CMO, their organization and how they deliver projects.

Your email box is always full with promotions that have little relevance. You download a new app for your smart phone or tablet every day. You spend way too much time online either on social sites connecting with friends you don’t have time to see, checking out the viral videos your kids are watching on YouTube, or catching up on the latest news.

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Marketing transformation

Three important trends are transforming the role of marketing today.

• Digital is becoming a key channel of choice for many aspects of the buying lifecycle and digitization is making traditional media increasingly more social, local and personal.

• The availability of “big data” is helping marketers understand and track consumers as they move across interaction points.

• Advances in experience management technology are enabling marketing organizations to engineer contextually relevant communications and interactions.

Digital dominance

Digital is no longer simply a channel of communication, but one through which an incredibly high volume of business and life is being conducted globally. Estimates are that about a quarter of media spend in 2014 will be on digital channels. On average, today’s adult experiences more than 11 hours of media content per day, with about 40 percent of that time spent on conventional TV and 36 percent on internet and mobile accounts. Increasingly traditional channels like TV and newspapers are becoming digitized, breaking the old paradigm of “one size fits all” programming and advertising. Today’s consumers are highly mobile; they feel empowered by mobile devices and digital content, and are enjoying the freedom to consume content on their own terms. To be effective in this ecosystem, CMOs are exploring innovative ways to engineer relevant, engaging and personalized experiences, and follow customers at every moment of their journey. This is the direction some companies have already taken to give a seamless experience to consumers: Starbucks has handed off its credit- and debit-card transaction processing to Square, Nike is using Nike+ and Fuelband platforms, and Tesco has launched virtual subway stores in South Korea.

Data–savvy

To complement the traditional creative talent, a new breed of marketer is emerging. More of a propeller head Math Man than a cool Mad Man, they recognize that the first principle of orchestrating relevant experiences is to understand consumer context. Leaders in this space are already beginning to hire this new breed of analytics marketers, specializing in more granular intent-based segmentation. These marketers can read signals from digital behavior data to create behavior propensity models as consumers move through their decision cycle. These marketers also know how to analyze and segment vast quantities of data; they understand the business value of that data, and based on the specific needs of each intent segment, they are able to anticipate and orchestrate experience strategies that drive desired business outcomes.

Historically, creative was the starting point for marketers developing a campaign. Now, it is actionable data analytics, that is both collaborating with and driving the creative execution.

Experience engineering

CMOs need to change the culture of their departments to make way for this new breed of marketer with a “data first” mentality. This implies changes in current channel-specific management structures that fragment data across marketing service providers—each vying to be the data management platform provider of choice. Taking control of cross-channel interaction data to create an integrated data backbone that marketers can use to listen for context signals across interaction points is the first challenge for CMOs.

A second challenge is to use that data on an ongoing basis within their departments and to listen for opportunities to optimize experiences. This implies a movement away from episodic campaign planning and reporting to an “evergreen”, “test and learn” empirical marketing science approach.

Intent and context signals come from various data sources. Listening and acting on these signals drives the ability to deliver relevance at scale.


5  Matthew Creamer, “Marketing’s Next Five Years: How to Get From Here to There,” October 8, 2012 accessed October 17, 2012.

6  The Implications Of The Splinternet And Future Of Web Analytics” a Forrester Consulting thought leadership paper commissioned by Webtrends, October 2011.
Tracking marketing technology innovation

The multichannel ecosystem is messy. It is characterized by multiple devices, evolving technologies, fragmented data and a host of service providers. As marketing organizations acknowledge the need to become highly nimble and flexible, they will continue to be challenged by the increasing number of technology providers and innovations. IT departments (still largely stuck in serial waterfall models of technology integration) are not typically keeping up to speed with the latest trends. As a result, in their new role, CMOs and marketers are already moving towards understanding marketing technology evolution, challenging the status quo within their technology peer groups, and even orchestrating a blended organization model. CMOs are becoming increasingly aware that they need to:

- Tap into innovative experience management technologies which (along with the contextual data backbone) will serve as the nerve center of future marketing departments.
- Empower their teams to drive technology decisions and become savvy about digital technology architecture, collaborating with their technology counterparts to serve the demands of the digital age.
A new operating model: changes in functional focus

The new marketing organization, powered by analytics and technology, and focused on business outcomes, will play a critical integration role across channels and business units. This will require fundamental changes in core marketing functions.

Marketing strategy and innovation
Chart the best path for driving up marketing performance by developing innovative propositions and customer experiences, and formulating differentiated strategies for brand, media, product and price. For example, brands such as Converse and Procter & Gamble are taking their owned media and beginning to publish interactive experiences to capture attention and engagement. Similarly telecommunications are using their data reach to create innovative new services like home monitoring or remote health checks.

Cross channel experience management
Define and deliver compelling, dynamic and frictionless experiences across relevant channels to maximize the reach and relevance of each brand interaction along a customer’s journey. So when customers call after visiting the company’s website or walk into a store with their mobile device trying to locate specific items they have reviewed previously online, the company already knows exactly what each consumer wants. To further enhance cross-channel experience management capabilities, companies are looking at synchronizing content from consumer devices such as live TV, tablet apps and mobile devices.

Marketing operations and enablement
Adopt flexible processes, agile technologies and consumer-centric organization models to support end-to-end marketing operations, across multiple channels, for delivering a connected and relevant experience. Leaders such as Coca-Cola are already making this shift; they are breaking down organizational silos by adopting a more flexible and integrated approach.8

Customer and marketing analytics
Analyze customer data using deep analytic techniques and maximize the return on constrained marketing resources. The role of the CMO in the new marketing organization is also evolving. With a focus on the customer rather than the company’s products and services, the role is set to evolve to that of a Chief Experience Officer, or CXO. By understanding consumer behavior across all touchpoints, the CXO will be expected to orchestrate customer experience in a synchronized and connected way across media channels, helping to pinpoint factors leading to engagement and purchase.

This evolution will position CXOs to be the new leaders of strategic product management. By understanding the drivers of a connected customer experience across channels, including strategic requirements (such as flexible user interface and unified view of consumer data) and critical enablers (such as technology platforms and operating models), the CXO will play an important role in making the multichannel strategy an integral part of their company’s business strategy.

8 Baiju Shah and Nandini Nayak, Op cit.
The maturity of marketing organizations in taking control of their destiny in the digital world will be evaluated on three criteria: centralization, digital integration, and skill mix.

Centralization

Many multi-brand companies are focused on creating efficiencies through the centralization of marketing services in key markets. This approach has met with limited success due to the fragmented nature of budgets, causing the centralized service group to compete with external providers that are preferred by local decision makers. A true “glocal” model—creating centralized processes that can be locally controlled will be a key dimension of maturity.

Digital integration

There will continue to be a budget-related tension between traditional and digital media, as long as digital marketing is seen as functionally separate from marketing. In a recent example, a company decided to turn down investing in offline media for a particular promotion, believing that search marketing would deliver the desired results. This decision caused an overall reduction in search volume, leading to a negative impact on the performance of their marketing program. Such results may be repeated unless companies address the ecosystem challenges as a whole, adopting an integrated approach to digital and non-digital media.

Skill mix

CMOs will need to pay particular attention to the team they are building (as well as their own skills). The most urgent need is for marketing organizations to have professionals on board with expertise in experience engineering to take on new roles and functions. Experience engineers will need to have two core business capabilities:

- Cross-channel data optimization—the ability to see patterns and opportunities in cross channel data
- Cross-channel interaction management—the ability to engineer continually optimized experiences

As existing marketing departments evolve towards an integrated digital marketing organization, they will need to focus on developing and strengthening their overall digital capabilities. Table 1 provides a summary of key areas that need to be addressed.

Beyond digital

The emerging role of the CMO and the marketing organization requires more than a structural or organizational change. It calls for a fundamental shift in mindset, where the focus is on embracing all aspects of digital technology to serve the ever-demanding customers of today in a seamless manner. Just as no one predicted how quickly Facebook or Apple’s iPad would transform consumer interactions, no one really knows what the impact of the next disruptive technology will be. Companies need to be ready to face the challenges of the digital age, by keeping an unrelenting focus on creating relevant experiences, harnessing the technology and data advancements that are going to occur.
To learn more about how to transform the role of marketing in the digital age, contact:

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