

The changing role of the CMO

Why CMOs must focus on optimizing the customer experience to drive growth

Presented by: **CHIEF**MARKETER + **Medallia**
INSTITUTE

Today's CMO owns the customer experience

The role of the chief marketing officer is rapidly evolving, as numerous factors like customer experience (CX), digital technology, data and artificial intelligence influence both day-to-day activities and long-term marketing strategies.

Given the dynamic changes affecting the job, it's no surprise CMOs suffer the highest turnover rates of any C-level exec, averaging just 3.5 years on the job, according to leadership consulting firm Spencer Stuart.

Not too long ago, marketing was fueled exclusively by creative strategy and branding. Today, CMOs are charged with driving

growth across the entire organization, from revenue and brand reputation, to innovation and customer retention, to advocacy, product development and everything in between. Most importantly, the CMO owns the customer experience.

Consumers, too, now have a higher bar for excellent customer experiences, and to compete with industry-leading brands, CMOs must continuously deliver against those expectations. To accomplish this task, they have to create a customer-centric organization, and ensure that all internal departments are aligned toward that goal. That means understanding what your customers want,

getting that feedback into the hands of your entire organization, and using data to drive business decisions that benefit customers and overall growth.

Gartner reports that 5,000 organizations worldwide now have a dedicated CX leader, with more than 40 percent reporting directly to the CEO. Notably, two-thirds of marketing leaders surveyed currently compete mostly or entirely on the basis of customer experience, and 81 percent anticipate doing so in two years. This emphasis on CX, says Gartner, will make it more important for CMOs to prove its business value.

Higher customer expectations are driving changes

Indeed, customers have more options than ever before. It isn't enough for a company to only deliver a high-quality product or the best price. As technology options expand, so too do customer expectations.

A recent Medallia and Ipsos survey of more than 8,000 consumers asked what factors might influence their future purchasing decisions. Personal experience (50 percent) and the opinions of friends, family or known peers (20 percent) were the top answers. By comparison, only about 16 percent of consumers cited a company's brand reputation, seven percent were swayed by online advertising and only six percent by traditional advertising.

The rise of social media and online customer reviews means companies no longer have full control over their messaging and reputation. More than half of respondents (52 percent) had left an online review of their experience with a company—which means your prospects also know about those experiences.

While 64 percent avoided a brand due to a bad experience in the prior year, 40 percent shared a negative experience with family and friends. Negative word of mouth led 47 percent of respondents to avoid a brand after reading about someone else's bad experience or social reviews.

With so much of a brand's reputation now out of their hands, CMOs must devote significant time and resources to not only meeting but exceeding expectations, taking care of any problem before it becomes a social PR nightmare, and ensuring that each and every customer experience is a positive one.

When problems arise, as they inevitably do, customers expect companies to be proactive in resolving the situation. The way the business goes about it, however, can tip the scales toward a positive or negative customer experience.

What factors influence consumer buying decisions?

50%



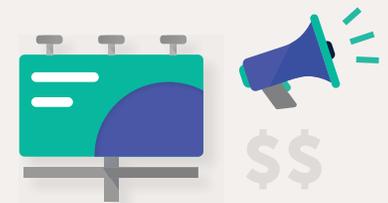
Personal experience

20%



Opinion of family, friends & Peers

16%



Brand influence

Source: Medallia/Ipsos survey

Driving growth with data and CX

Data plays a critical role in improving the customer experience, and marketers today have lots of it. But more data doesn't necessarily translate into better relationships. It's crucial for CMOs to extract actionable insights from data to guide the customer journey at every step.

Where is all that data coming from? You name it. Consumers interact with brands at a multitude of touchpoints—point of sale, social media, email, web forms, live events, mobile apps, interactions with voice activated devices, cookies, GPS tracking... the list goes on and on. CMOs are either sitting on—or have the potential to gather—more data than they ever dreamed possible to spur innovation in every corner of their business.

But, the explosion of data—[much of it unstructured](#)—has created numerous challenges for CMOs, many of whom aren't sure how to move forward. It's one thing to collect tons of feedback and data, but it's another to develop insights that inspire or engage users.

The intelligence CMOs can gain from unstructured data can be a game changer for growth. [Techniques such as text analytics can help marketers](#) pinpoint opportunities for new products

and services in unstructured feedback. That can come from channels like social that customers might not mention in structured data. And, it can help brands uncover emerging trends and stay ahead of the competition.

A survey from IDG found that 45 percent of companies surveyed consider managing unstructured data (e.g., free-form text) to be one of their key challenges. And Econsultancy reports that while 81 percent of companies think they have a holistic view of consumers, just 37 percent of consumers think their preferred brands understand them.

CMOs must use data to drive growth, and take ownership of all available information to drive business decisions. Internal alignment across business units is crucial. The CMO takes the lead on understanding and measuring CX, but the CFO must be on board to secure budget for CX initiatives, while the CIO can help secure the best vendors. And of course, it all starts at the top: The CEO must support a customer-centric culture across the entire organization. To make this happen, the CMO has to clearly demonstrate the value of the CX program in encouraging growth to all stakeholders.

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The key to growth? Turning data into action

A recent study by the CMO Council and Deloitte reveals that many top marketers aren't positioned to evolve as an enterprise growth leader. Ninety-five percent of respondents recognize revenue as the top measure of growth for their organization, but only 32 percent feel prepared to impact market share.

CMOs must consider how they are optimizing data from all channels for growth and improving customer acquisition, retention and upsell opportunities. If companies understand what customers feel and say, they can pave the way for new products and services, leading to increased brand growth and marketing ROI. Here are a few key insights on each tactic:

Customer Acquisition: The best way to know what future customers want—or don't want—is to look at feedback from your current customer base. CMOs need to understand their audience to influence the customer journey in real time. Artificial Intelligence is a valuable tool here, capable of analyzing massive amounts of data from numerous sources.

The right CX management software can help pull in data from your legacy

systems, such as social, email, and survey data from your existing customer base, and analyze this information at scale to inform new offerings. But, new advancements in digital technology have created a rush of other channels to capture both customer and non-customer feedback.

Gartner forecasts that 25 percent of customer service and support operations will integrate virtual customer assistant or chatbot technology across engagement channels by 2020, up from less than two percent in 2017.

By leveraging AI, chatbots can help address repetitive customer tasks, such as assisting customers to change an address or activate a new credit card. But, more importantly, they can capture feedback at scale and engage non-buyers as well.

If someone visits your website, but doesn't ultimately make a purchase, text analytics can help you understand their behavior. The comments and actions of these near-misses can enable brands to improve the path to purchase for future prospects, and get a better picture of what they want from your customer experience and product offerings.

Customer Retention: Customer feedback can also help stem churn, by identifying at-risk customers, and getting to the root of what is behind their subpar experiences with a brand. It can help brands put systems in place for immediate responses to encourage retention, such as setting alerts for unsatisfied customers in your CX management software, or predicting outcomes based on feedback and behavior.

Keeping your customers happy is crucial not only for retention but brand reputation. Consumers who perceive they are investing greater effort to resolve a problem than the company are twice as likely to tell friends and family about their experience—and four times as likely to take their business elsewhere, [according to research from Medallia and Ipsos](#).

Brands that succeed today realize that the customer experience goes far beyond the initial purchase. The proper CX management software can help provide companies with real-time feedback after the purchase, to help identify causes of customer dissatisfaction that can be improved in future releases.

Customer Cross-sell & Upsell: A holistic customer view into the needs and priorities of your current customers can also pinpoint the chance—and the right time and messaging—for cross-sell and upsell opportunities. As in any healthy relationship, this means continuously listening to uncover how their business needs are evolving.

Unstructured customer data contains a wealth of information that can be mined to understand these needs. Text analytics can help pull meaningful insights from unstructured data and not only improve the overall customer experience but measure share of social voice and facilitate better segmentation and overall brand messaging. And, with the right CX tool in place, you can ensure these insights are getting passed to the team members who are managing your customers on a day-to-day basis to make timely decisions around upselling.

A [2017 Medallia and Accenture study](#) revealed that businesses using text analytics to extract insights from feedback overall are 15 percentage points more likely to innovate based on that feedback. And, those that apply text analytics to social media are 22 percentage points more likely to improve the CX. That innovation might look like new products for your customers that offer solutions to their pain points and allow your offering to become indispensable to their business.

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—Medallia/Accenture study



Four imperatives for the evolving CMO

With this surge in data, it's vital that CMOs take charge of utilizing this information to drive growth. How can CMOs pinpoint a laser focus on the customer experience, and stimulate growth across their entire organization, to improve acquisition, retention and upsell/cross-sell potential?

1. Engage Every Customer

Be where your customer is, not just where you want them to be. Engage with your audience in numerous channels, from digital and social to mobile and everywhere in between, and provide a consistent brand experience on each platform.

Along the way, make sure you are collecting feedback at every touchpoint to improve future customer engagement. But don't just stop at collecting feedback—close the loop. Follow up with customers to document their experiences, both good and bad. It's through using every touchpoint to start a conversation and get feedback that you learn what your customers want, and iterate on experiences with them in mind.

2. Optimize Every Experience

Use real-time insights to inform your marketing experience and make it smarter at every touchpoint. Learn from customer feedback to create highly segmented and personalized campaigns that let your audience know you value them and their businesses. Tools such as text analytics can make the process of digging down to find actionable information in your data easier and more efficient.

This is key to creating seamless, engaging channel agnostic experiences. Remember, while you may consider your website and your contact center separate channels, your customer doesn't think that way. Optimize your data to create a personalized CX no matter where they engage with your brand. If you optimize experiences for your customers, it makes it easier for them to keep coming back.

3. Activate Every Employee

Sure, the CMO owns the customer experience. But the play won't work if the entire team isn't in on the plan. Create a customer centric culture, and make sure that customer feedback is accessible across the entire organization. From the top down, everyone needs to learn from the data and have a holistic view of the customer.

Give every employee access to customer feedback, to drive collaboration and accountability across your enterprise. Use this data to glean new insights from customers that you can take to your company's leadership. Companies that share customer feedback with executives have Net Promoter Scores six points higher than those who do not, and experience a 15 percent increase in sales, according to Medallia Institute research. CMOs who don't make their team part of the process are leaving money on the table when it comes to customer growth.

4. Transform Your Business

Bottom line: You need to put your customer first. Listen to feedback in real-time, make sure the right employees have that information and are empowered to take action, and drive the entire organization to move at a rhythm that has the customer in mind.

Do all this, and you're a CMO who is on the right track to transforming your company into a customer-centric engine that benefits your business, brand and bottom-line.

Customer data is a goldmine for CMOs looking to spur growth for their business. To unlock the potential in yours and start your customer experience journey, speak to a CX expert at [medallia.com](https://www.medallia.com).