

# THE DATA-DRIVEN LIFE

## INSIGHTS FROM THE NEXT GENERATION CHIEF MARKETING OFFICER SUMMIT

MIAMI

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**“WILL GOING DIGITAL SAVE THE CMO?”** Ajit Sivadasan, VP and GM, Global eCommerce, Sales and Marketing, Lenovo, posed that question during his workshop. It set the tone for a conference that wrestled with the role of digital technology in marketing and, implicitly, the role of the CMO in the future of business.

While Sivadasan answered his own question (“yes”), the conversations during the summit focused on a broad array of issues that both animate and vex marketers. These include how to turn digital marketing and social media into value, where to find data talent, how to connect meaningfully with customers, and how to prove the ROI of marketing spend. In particular, roundtable discussions focused on Big Data and analytics as tools to transform marketing from mass to truly massive, capable of driving the creation of “customer-centric” brands, brand relationships, and brand relevance. Marketers are engaged in moving an enterprise from one-size-fits-all to one-size-fits-me. Promise and caution seemed joined at the hip over the course of the three-day event. Yes, for example, digital provides many more, and more intimate, insights into the customer. But how should companies use that knowledge to better communicate, not over-communicate?

Here are some of the themes and takeaways that emerged from the summit:

### LOOKING FOR THE NEEDLE? MAKE THOSE BIG-DATA HAYSTACKS SMALLER

Customers are telling us all about themselves, each day, every day. We now create as much information every 48 hours as we did from the dawn of civilization up to 2003—5 exabytes every two days, in fact. (1 exabyte = 1 quintillion bytes, or 1 followed by 18 zeros.)

While few would argue about the scale of Big Data, the question remains: How do we use it to create business impact? CMOs use analytics to help make decisions just 29 percent of the time.<sup>1</sup> The truth is that Big Data is irrelevant unless we know what to do with it.

**“98.8% of surveyed CMOs say that getting the necessary talent is a problem.”**

— Tim McGuire, McKinsey & Company

Finding relevant insights can be a little like finding “the needle in the data haystack.” The secret to keeping those haystacks from getting too big is to separate the signal from the noise. We do this by creating a clear vision of the discrete questions that Big Data can actually answer, as well as being smarter about what data to capture and what to discard — but that’s just a start. To turn the 1s and 0s into \$ and €, marketers must not only discover relevant insights, but also design the right products and offerings based on them. Marketers must then deliver them to the right person at the right place and time. It’s in this interconnected process where the value of Big Data and advanced analytics lies.

Talent also took center stage, particularly the acute shortage of people with the necessary skills to productively transform data into insights. Of CMOs McKinsey surveyed, 98.8 percent said that getting the necessary talent was a problem for them. Roundtable member Paul Okimoto, CMO, The Sports Authority, spoke of a pressing need for people with overlapping skill sets—"data monkeys," he dubbed them. Others characterized the ideal CMO as a "translator" who makes the needs of non-technical leaders intelligible to the data scientists and the data meaningful to business leaders. Tim McGuire, head of McKinsey's global Consumer Marketing Analytics Center, called the translator function crucial, citing a McKinsey survey in which just 3 percent of CMOs reported having "in-house people who can understand data."<sup>2</sup>

With talent a problem that's likely to get worse before it gets better, recruiting is increasingly a creative skill. While data scientists with deep knowledge of analytics are a must-have, companies should not restrict searches to candidates with specialization in marketing analytics, they must also look for graduates and business professionals with backgrounds in such disciplines as philosophy and physics, as well as an analytical mindset yoked to insatiable curiosity.

### SOCIAL STUDIES

Kenyata Martin, Head of Marketing Strategy, Shell Oil Products, North America, led the summit's Social Media Roundtable, in which consumer engagement, actionable integration of data, and managing crises were among issues participants identified as "burning." Of particular interest was how Shell used customer feedback as a way to not only listen to and connect with their customers, but also to use that data as input for making product changes.

**"The 'Power of Moms':  
94% of whom are on  
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— Barbara Cerf,  
New York Life

Arturo Nunez, VP, Global Brand Marketing, Nike Basketball, broke down the key role of social media in building powerful consumer relationships with the Nike brand. Nike accomplished this by inviting and enabling crowdsourced videos linking some of the most-admired Nike-affiliated sports figures, such as LeBron James, with their fans, who thereby identify with the Nike brand as well. And Barbara Cerf, Corporate VP, New York Life, took the summit back to basics by focusing on the "power of moms," 94 percent of whom are on social media and who now represent a \$2.4 trillion market.

<sup>2</sup> CMO Survey, August 2013. [www.CMOSurvey.org](http://www.CMOSurvey.org).

### DIGITAL MARKETING IS UPSIDE DOWN

Chris Meyer, Director, McKinsey, kicked off his session with a summary of the complexities today's global digital marketers are being asked to manage—multiple brands, multiple geographies, multiple languages, and multiple cultures. In response, marketing departments are upside down. Senior marketing people came up in the profession making decisions on broadcast media. Today, it's the youngest and newest employees who have the greatest expertise and comfort with digital marketing and social media. That organizational flip-flop underscored a recurring theme during the summit of talent management, and the pressures for marketing to work with other functions to do its job.

**"Digital marketing is not going to be solved by I.T. We need to integrate the CIO, CTO, and CMO insight, leadership, and decision making."**

— Chris Meyer, McKinsey & Company

Digital marketing is not an IT issue; it's a company issue, where the CMO must take the lead to build bridges to relevant functions across the organization. When it comes to working with IT and mastering digital, the CMO not only has to work with IT, but must take an active role. The CMO must ultimately formulate the key questions that focus the entire enterprise on the customer, and that provide a real-time picture of the business from the customer's perspective.

### GET TO REALLY KNOW THE CUSTOMER

Digital technology—especially the proliferation of social media, mobile platforms, and cheap data processing power—now empowers CMOs and their companies to understand consumers in unprecedented breadth as well as depth. Data has led the evolution from mass marketing to targeted marketing and, more recently, to engagement marketing, which (as the Nike social media program demonstrates) builds enduring relationships between brands and customers.

**"90% of all purchases  
are still made in brick  
and mortar stores."**

— Richard Char, Citi

Customer insights are storming into the mobile world, where Richard Char, Managing Director, Citi, focused on emerging mobile "wallet" and credit "card" apps, paired with advanced geolocation technology. Calling these the "cookies for the real world," Char envisions them as a way for marketers to extend tracking technology from cyberspace to the brick-and-mortar space, in which 90 percent of all purchases continue to be made. The approach should put customers right where they belong: at the center of all marketing efforts.

Getting personal with the customer is wonderful, but getting too personal can be creepy. Just because a customer walks past your store doesn't mean they want to get a coupon from you. Knowing more about your customers doesn't mean you should communicate more; it just means you should now be able to communicate better. The best brands know the difference, as Pizza Hut CMO Kurt Kane revealed when he spoke about the "ditch of irrelevance" into which brands go to die. His presentation highlighted the need to understand what really matters to the customer—rather than everything about the customer—while being true to the brand.

**"80% of consumers will share personal location information with brands if they receive information relevant to them."**

*– Darren Ritch, AT&T Industry Solutions Practice*

Keynote panelist Krishnan Saranathan, Managing Director Marketing Optimization, United Airlines, explained that effective personalization efforts begin by acquiring “contextual data about what the customer is doing in real time.” He added that for marketing to be effective, information has to be used to send “offers that are relevant and contextual to customers.”

Only by being relevant to their customers can brands hope to survive—an enduring truth as valid in the digital world as it was in the analog one.

### CUSTOMER JOURNEYS

Surprising and delighting your customers is foundational to marketing, but focusing only on unique customer interactions to achieve this can undermine a company’s performance. While individual customer interactions matter, customer journeys (those series of interactions a customer has with a brand to complete a task) matter more. As businesses turn to data and insights to understand and sell to their customers more effectively, many are in danger of missing the forest for the trees. As McKinsey’s Dorian Stone highlighted, companies may score well on individual customer interactions, but be completely unaware of poor overall performance on customer journeys.

Higher customer satisfaction scores, of course, are desirable for the business, but excelling at customer journeys leads to “stacked wins”: revenue growth, reduced costs, and improved employee engagement.

**“Focusing on isolated customer interactions instead of customer journeys can lead to what we call the ‘downward slope of death.’ Even if a customer has a great experience at a single touchpoint, the end-to-end journey may be unsatisfying.”**

*– Dorian Stone, McKinsey & Company*

### A QUESTION OF ROI

What’s my marketing worth? The pressure on CMOs and marketers to answer that question is increasing as the expectations of marketing increase. While the effectiveness of new technologies—think social media and mobile—are difficult to measure, advanced analytics have given CMOs the ability to measure the effectiveness of marketing with an unprecedented degree of precision. All that data, however, can be a trap. As Brian Perkins, Budweiser VP for AB InBev, and a panelist in a workshop session devoted to ROI accountability, explained, “ROI delivers a bias toward shorter-term marketing.”

In consequence, his company balances short-term metrics provided by data with tracking brand health over the longer term. Speaking on the same panel, Mahmoud El Assir, SVP

and CIO, Consumer and Mass business, Verizon Communications, highlighted the need for companies to develop ROI metrics that matter to them. Marketers at Verizon, for example, developed a metric designed to measure “unique engaged users,” with an emphasis on charting loyalty built through customer satisfaction.

While mobile and social grab the headlines, marketers at the summit took a broad view about channel management. The real insight, however, isn’t how each channel performs, but how each channel affects the performance of the other ones. Marketing Mix Modeling (MMM) will need to not only incorporate channel attribution, but also create a set of metrics that are consistent across channels.

### IT’S NOT ABOUT THE PLATFORM

The new consumer uses whatever device is most convenient in a given time and place—be it smartphone, tablet, broadcast TV, or some combination. For that reason, marketing mix models and channel management can dominate marketing discussions. Marketers, however must make themselves masters of all available channels. Michelle Walenz, Senior Vice President, Marketing, Creative & Branding, ABC Family, advised taking what Disney’s Bob Iger calls a “platform-agnostic” position, adopting a resolutely multichannel, multiscreen approach to create engagement. Pizza Hut’s Kane highlighted the need to focus on the stories that are relevant to the brand, then focus on the channels that make the most sense to reach the desirable target customer.

### THE CMO TODAY AND TOMORROW

While the CMO may be expected to lead the enterprise into the digital future, the marketing budget is often a modest fraction of the operations budget. So how to lead that change? Through unique insights into the customer, the CMO can inform and influence decisions across the organization. With this holistic view, the CMO is positioned to lead change from systems based on traditional isolated customer touchpoints to those more innovatively designed to deliver customer journeys. Such a view addresses the whole of a customer’s experience with a company as lived from that customer’s perspective. It is this level of empathetic vision that digital technology and Big Data analytics now enable to a degree hitherto unprecedented.

The eruption of digital technology has effectively telescoped the future of marketing into marketing today. Analytics—customization informed by increasingly sophisticated Big Data algorithms—will continue to proliferate. Amid the data torrent come insistent calls for a simultaneous return to marketing as an art, a craft, and a refinement of intuitive understanding based on enlightened experience. In many ways, CMOs will need to become masters of a pervasively digital future, while sharpening the analog art and craft of great traditional marketing by telling the story of one customer at a time.

**“ROI delivers a bias toward short-term marketing.”**

*– Brian Perkins, Budweiser*

## STAYING CONNECTED

Thank you for an invigorating set of discussions at the CMO Summit. As the analyst partner, we hope these key takeaways have been helpful and we welcome your feedback. You can also download our new ebook "[Big Data, Analytics, and the Future of Marketing & Sales](#)" via [iBookstore](#) or [Amazon](#). If you would like to stay updated on McKinsey's new Marketing & Sales content through Twitter, you can follow [@McK\\_CMSOForum](#) or our speakers Tim McGuire ([@TimIMcGuire](#)) and Dorian Stone ([@DorianRStone](#)). We look forward to staying connected.

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