

CMOS DESCEND FROM

Marketing chiefs are the vanguards of change in the blitz of market disruption, and they need to apply both

As digital and technological innovation continuously reshape consumer sentiments, marketing chiefs are scrambling to beef up their playbooks — with balance sheets.

According to Forrester's global report, *The Evolved CMO in 2016*, nearly a third of the 275 CMOs surveyed held P&L responsibilities in 2015 — a 13 percent increase from the previous year.

This development is noteworthy, given that just two years ago the Fournaise Marketing Group found that most marketers were hazy about marketing ROI and financial terms — 67 percent did not believe that marketing ROI required a financial outcome, while 64 percent used brand awareness as the top KPI for marketing ROI.

In Asia-Pacific, CMOs are learning to play the numbers game.

Margaret Au Yong, head of marketing, media and property at Tune Group, finds that her goals — usually measured in engagement and market shares — have evolved into profit-driven targets.

Au Yong, who is also president of the Malaysian Advertisers Association, says she believes this change is driven by current market tensions. In the wake of the global economic slump, post-Brexit uncertainties and weak consumer sentiments, companies have become more bottom-line-driven than ever to mitigate escalating losses.

Marketing departments savvy with P&L can transform from being cost centres to helping companies cap losses, she says.

All about the money

Organisations in the region are increasingly coming to realise that marketing brings in dough instead of merely spending it.

In the past, marketers have tended to be regarded as “being in their ivory tower ... [people] who just want to drive brand metrics and engagement”, according to Sam Ahmed, who chairs the Asia-Pacific CMOFORUM as part of the World Federation of Advertisers (WFA).

However, he says directors start to see marketing in a new light when brand identity can be shown to generate revenue.

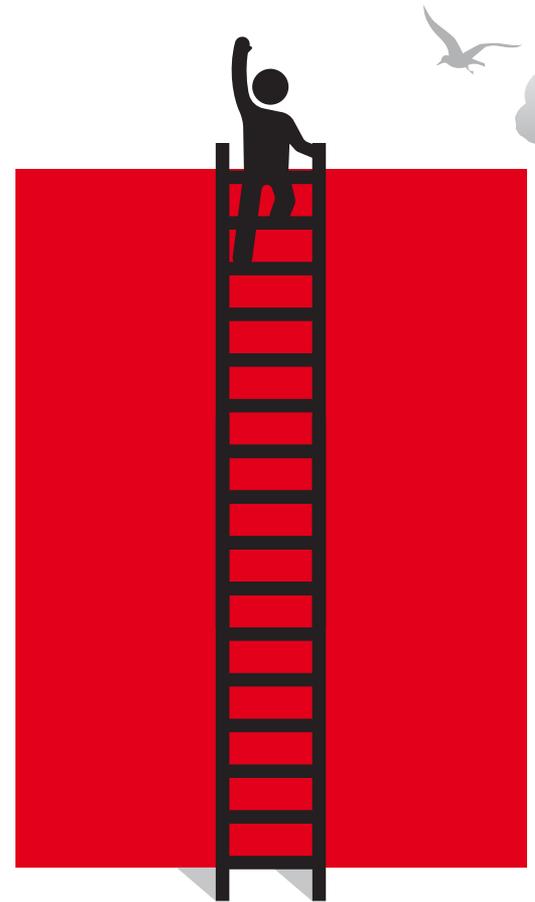
Another factor is the internet, which is changing the way people shop and how they view prices. Ahmed tells *Campaign Asia-Pacific* that the “transparent pricing world of ecommerce” and the rising cost of production have dealt a double-

“TO WHICH BUSINESS DRIVERS ARE YOUR GOALS OR OBJECTIVES MOST DIRECTLY ALIGNED?”

82%

Revenue targets

Source: Forrester's Q4 2015 Forrester/Heidrick & Struggles Global Evolved CMO/CCO Online Survey



whammy on many brands' profit margins. CMOs and their teams, however, are experts at winning consumers' love and trust, which have been proven to protect a brand's price point and, in turn, its gross margins.

The problem is that there are plenty of other brands competing for consumers' hearts. “There is such a huge amount of noise of advertising and content,” says Ahmed, also CMO, Asia-Pacific, of MasterCard. “Consumers sees majority of advertising as spam. The new marketing is not awareness at the zero moment of truth. It is cutting through the noise with a marketing message that connects and sells, in real time.

“This requires marketing to have some skin in the game — P&L responsibility. [A business] needs marketing that can react immediately to product volume and pricing according to consumer trends. It needs marketing that clearly understands the price transparency of ecommerce.”

Au Yong suggests that offering a remuneration package with stockholding options would go a long way towards aligning a CMO's goals with the company's profit objectives.

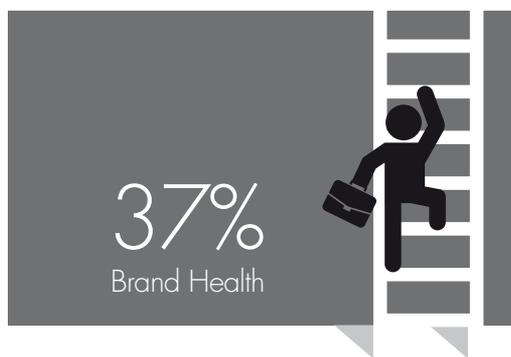
In fact, global trends seem to be heading that way. Forrester's report highlighted that, from being mere brand storytellers, many CMOs

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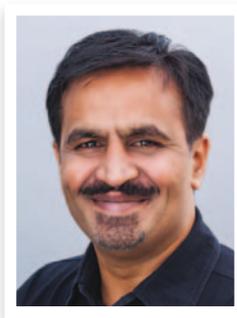
Sam Ahmed, MasterCard

THEIR 'IVORY TOWER'

the left and right brain to succeed, writes **Foong Li Mei**



DIGITAL TOOLBOX DEMANDS CMOS' DEEPER VISION AND KNOWLEDGE



ROHIT DADWAL

Managing director, Mobile Marketing Association Asia Pacific

With the rise of digital marketing and the need to engage consumers across all relevant touchpoints, the role of CMOs has become more demanding than ever. There is no one universal success formula, but here are two must-haves that modern CMOs should keep in mind.

Mastery of customer experience beyond 4Ps

The role of CMOs is shifting from one driven largely by products and services, to one driven by experiences. Marketers have long crafted messages based on what consumers purchased. But changing behaviours are raising awareness of the importance of innovative and immersive brand experiences.

First, consumers' needs must be understood at a granular level. This is best brought about by ensuring continued investments in customer relationship management (CRM) and leveraging data insights. On this front, CMOs need to ensure their initiatives are tracked with key performance metrics closely aligned to the business. Great CMOs, however, are curators of customers' experiences. They are able to bring data to life, delivering messages that cause consumers to develop trust in their brand.

The key is to embrace a holistic approach that moves beyond the 4Ps and metrics of measurement, to the overall experience.

Deep familiarity with data and digital advancements

In order to build productive partnerships with agencies and consultancies, it is crucial that CMOs are digital literate and possess a deep knowledge of data. Aspiring CMOs will find it helpful to have a basic understanding of web analytics, coding languages, social engine optimisation (SEO) and marketing automation.

Most importantly, successful CMOs need to ensure they stay informed of the latest developments. This means understanding mobile payments, augmented reality, cloud computing, the Internet of Things (IoT) — even what's happening with Pokémon

Go and how brands are responding to it.

Sharing of knowledge and best practices is now vital. This is why initiatives like the MMA Forums seek to provide such avenues for learning. The upcoming 2016 MMA Forum in Singapore will see CMOs share at a dedicated panel discussion, how they optimise mobile spend and where mobile lives within their organisation.

It is equally important for CMOs to hold a clear vision of their firm's digital future, to advocate systemic rather than isolated changes and have the mental dexterity to combine the mastery of experiences with knowledge of the technology.

have ascended to the ranks of ‘business partners’ alongside top decision-makers of the company.

In the catbird seat

CMOs entering top strategic meetings brings right-brain thinking onto a table usually dominated by left-brain analysis, says Mark Liversidge, chief marketer and vice-president in Asia-Pacific of Hilton Worldwide.

This will help companies stand better chances at weathering through the barrage of disruptions from start-ups and technological innovations, Liversidge says, adding that for Hilton, that principally means competition from home-sharing platforms such as Airbnb.

Liversidge recognises the importance of having “linear-thinking, finance-driven CEOs, CFOs and operation heads” at the leadership table. However, it is common for these leaders to resist investing in new business channels, such as mobile platforms and online retail. This nervousness stems from the risk in diverting investment away from an established model that has worked in the past.

“A CMO at the top leadership table will typically bring a right-brain perspective that provides strong counter-arguments to some of the traditional linear analysis,” he says. “This can only strengthen any strategic business models.”

But Liversidge says that to convince profit-led executives to change, a CMO needs to speak their language. Marketing chiefs’ suggestions would only be taken seriously if they displayed understanding of the company’s financial model.

CX integral to marketing

Customer experience (CX) is another highlight of the Forrester report: two-thirds of the CMOs it interviewed are now strapping on CX responsibilities. Yet that means one-third are not, so who else is in charge?

No one, sometimes. Sheryl Pattek, who co-authored the report, says that while some companies assign the task to chief customer officers, many are only just waking up to the need of a CX function.

Another trend to emerge in recent years is to appoint a dedicated chief experience officers. CMOs in Asia-Pacific, however, typically find the decoupling of CX from marketing puzzling, says Ranji David, marketing director in Asia of WFA.

“CMOs must take part in customer experience because it greatly influences the CDJ — consumer decision journey,” says David. “The more positive the experience, the more convinced they will be to make the purchase. Some marketing heads I’ve spoken to said that any CMOs worth their salt will be very naturally considering customer experience [in their strategies].”

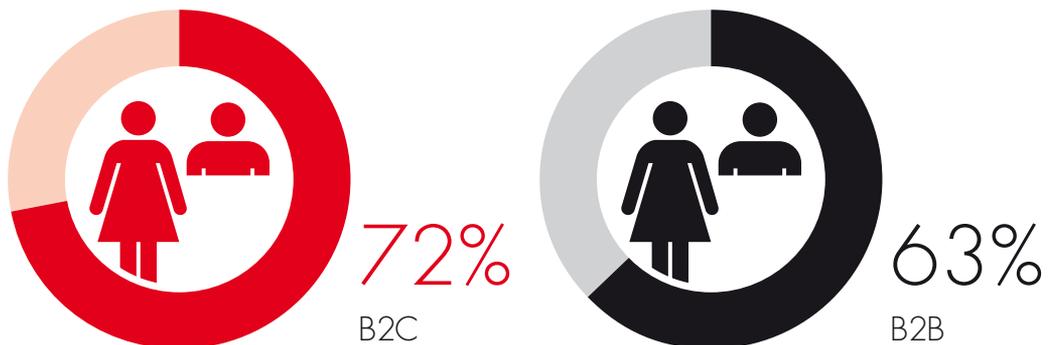
Au Yong agrees that it is “unthinkable that CMOs can divorce themselves from being involved in the customer service domain”.

“PLEASE RANK HOW VALUABLE YOUR EXPERIENCES IN THE FOLLOWING FUNCTIONAL AREAS WERE IN PREPARING YOU FOR YOUR CURRENT ROLE”



Source: Forrester’s Q4 2015 Forrester/Heidrick & Struggles Global Evolved CMO/CCO Online Survey

% OF CMOs WHO REPORT THAT CUSTOMER EXPERIENCE IS A HIGHER PRIORITY THAN IT WAS TWO YEARS AGO



Source: Forrester’s Q4 2015 Forrester/Heidrick & Struggles Global Evolved CMO/CCO Online Survey

At Hilton, by contrast, CX accountability is shared by the entire team, according to Liversidge. “Customers’ interaction with a brand now happens minute-by-minute, from anywhere in the world and on every mobile and physical touchpoint with the brand, so everybody in the organisation has to be accountable for CX. If an organisation still has a single person to lead customer service or experience, it is 20 years out of date.”

As the line between CX and marketing remains fuzzy, marketing itself is crossing functions with other departments.

“Marketing functions now have a much stronger alliance with the tech and IT functions within organisations,” says Amit Sinha Roy, vice-president of strategy and marketing under global enterprise solutions of Tata Communications. “We made the decision to put the head of digital marketing as a key role in the product development life cycle.”

Asia-first branding

The good news for CMOs in the region is that Asian buying power is going to get bigger — these

chiefs are shaping consumer trends at the heart of the global economic action. As Credit Suisse has found, China’s middle class (109 million) now outnumbers that of the United States (92 million).

The bad news is that the market may already be too big for one regional office to handle. Staying on top of the cultural diversity of 30 countries is a common challenge that CMOs face. Strategies that work in China may backfire in India, for example.

Unfortunately, multinational organisations tend to prioritise Western markets, developing customer experience and brand there first and then adapt it for the Asian market.

This should be reversed, according to Liversidge. As a first step, companies may have separate R&D and CX functions running parallel in Asia and Western markets. But bolder organisations may switch to an ‘Asia-first’ model — shifting the entire functions here and then adapt for the Western consumers instead. “Asian consumers will no longer be copying Western ones,” he says. “They are going to be setting the global trends.” ■