Innovating the Brand Experience Through Digital Transformation

The TCS 2019 CMO Study Initial Findings

TATA CONSULTANCY SERVICES

2019 CMO Study Summary

Objective

The TCS 2019 Chief Marketing Officer (CMO) Study documents how the most—and the least—successful CMOs in North America and Europe are leveraging digital technologies to personalize the customer experience.

Methodology

We surveyed and interviewed more than 500 CMOs to uncover how the top performers or "leaders" and the less-effective "followers" use, and plan to use, digital technologies in multiple communications channels in four common stages of the customer lifecycle (awareness, conversion, support and retention) to increase revenue, profitability and value to customers and prospects.

Survey population

These global companies were a mix of B2C (60%), B2B (27%), B2B2C (5%), with a mix of B2B and B2C (8%). The average annual revenue of those surveyed was $10.6 billion; the median was $7.0 billion. The average annual marketing budget was $392 million; the median was $272 million.

Digital Marketing Trends

The way that large companies are marketing their brands and offerings is in a state of digital metamorphosis. Mass marketing through analog channels (especially broadcast and print media) is still happening, but digital channels are dominating. Companies in the digital marketing ecosystem (especially Facebook, Google and Amazon) have unprecedented, granular information on consumers and businesses. They and wireless communications providers know where these customers are. And artificial intelligence-infused analytics and other marketing technologies give companies powerful tools to identify potential customers and the ability to tailor messages that turn prospects into customers that buy and keep on buying.

Yet our research is finding that when it comes to using digital personalization technologies effectively, most large marketing organizations that we surveyed are not where they need to be. Only a minority is using digital technologies to personalize communications at every stage of the brand experience/customer life cycle, although business-to-consumer (B2C) companies are more proficient than business-to-business (B2B) companies. Most are not taking advantage of the customer data available to them. The study research indicates that the majority of CMOs anticipate migration to the cloud (for on-premises and off-premises) and a dramatic increase in the use of automation by 2020 across every marketing activity.

on.tcs.com/cmostudy for more insights

This initial findings report includes high-level analysis of the raw data from the TCS CMO survey. Other reports are segmented into key stages of the customer journey and released in four reports, including a comprehensive master report.

These reports reveal how senior marketers currently use, and plan to use, evolving digital technologies to personalize the brand experience at every stage of the buyer journey.

Brand Experience

STAGE 1 / Awareness

Attracting the Digitally Distracted Prospect

STAGE 2 / Conversion

Personalizing Content to Turn Prospects into Customers

STAGE 3 / Customer Support

Interacting Digitally to Become Invaluable Customer Advisers into Customers

STAGE 4 / Customer Retention

Using Analytics to Predict What Customers Need Next

MASTER REPORT

How Leading CMOs Captivate and Convert Customers for Life

Survey Findings At a Glance

1. Most marketing organizations do not create communications for each stage of the customer life cycle

- 100% of marketers create communications during the awareness stage.

- Only 72% of marketers create communications during the conversion stage.

- Only 37% of marketers are involved in personalizing communications during the support stage.

- Only 47% of marketers are involved in personalizing communications during the customer retention stage.

- Only 19% of the B2B companies surveyed said marketing is involved in digitally personalizing communications with customers in the support stage, after prospects become customers.

- Only 24% are using geo-location data to personalize communications in in the customer retention stage.

- Only 38% of marketers that digitally personalize communications in the customer retention stage use customer web traffic data and only 28% uses customer social media data.

2. How marketing delivers personalized communications

- In the awareness stage, digital channels are used most frequently; communications are personalized using primarily demographic data.

- In the conversion stage, digital data and digital channels are used to personalize communications.

- During the support stage, email and company websites are used to personalize customer communications.

- In the retention stage, to get customers to buy more and remain loyal, digital ads and company websites are used to personalize messages.
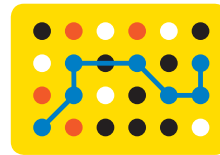
3. How analytics are currently being used

- Analytics are used most often to convert prospects to customers, but far less often to retain customers.

- 52% of the firms who digitally personalize communications during the support stage are leveraging the data around their customers' previous buying behavior.

- Only 24% of those using customer data at the support stage take advantage of geo-location data; only 40% leverage data from social media behavior, only 22% exploit customer product usage data (from sensors embedded in their products); only 14% use customer service usage data from company IoT sensors.

- 68% of marketers use digital technologies to personalize communications in the support stage by providing order status information.

4. How leaders differ from followers

- Leaders are more likely to create communications for prospects and customers in every stage of the customer life cycle.

- 86% of leaders are more likely to personalize communications with useful product/service information in the awareness stage (compared to 59% of followers).

- Only 26% of followers are likely to use analytics in the support stage.

- 54% of leaders are more likely to use analytics in the customer retention stage.

- Leaders: 16% (of total sample) indicated a much higher than average impact from their marketing investments in one or more of six metrics (return on marketing investment, revenue by campaign, impact on sales and lifetime customer value, customer retention and conversion rate), and that their metrics were accurate.

- Followers: 18% (of total sample) performed poorly on some or all of the six metrics, or didn't use those metrics, or did use some or all of them but couldn't vouch for their accuracy.

5. CMO predictions

- 68% predict that by 2020 digital personalization of communications will be more important for attracting new customers than for keeping and cross-selling to existing customers.

- But 42% of leaders vs 20% of followers believe that in 2020 digitally personalized communications will be most important for *current customers* in the support and retention stages.

- 94% of all marketers expect automation for data and analytics solutions to increase by 2020 compared with 73% automated today.

- Marketing activities are becoming heavily automated and shifting to public/private clouds.

Overview
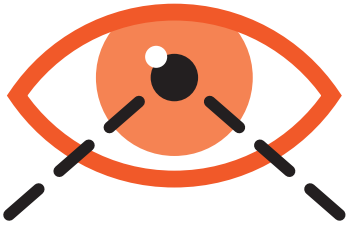
Chief marketing officers in large North American and European companies are under pressure to improve their function's performance such as return on investment (especially in digital technologies), campaign effectiveness, and customer engagement and retention throughout the entire brand experience.

Using digital technology effectively to personalize how a company communicates with customers, both before and after the purchase, is going to be essential for the high-performing marketing organization. Current (and future) technologies such as network operations (including mobile), analytics, cloud-based content and customer experience platforms, digital ad buying systems, automation, and AI give companies an enormous opportunity to tailor communications based on a person's or firm's demographics, location, past buying behavior and other data.

Identifying prospects who are ready to buy, personalizing the offers, customizing ongoing post-sale communications, and suggesting new products are going to be key to creating a consistent brand experience that delights the customer in today's highly competitive marketplace—and all are within marketers' grasp. But getting value from such marketing investments is not easy. Nor is measuring that value with confidence.

The 2019 CMO Study was created to explore these challenges, including how marketing organizations in large companies ($500 million in revenue or more) are using digital technologies to personalize communications with prospects and customers.

Specifically, the survey was designed to get answers to the following questions:

- How many companies are digitally personalizing their communications, and in what stages of the brand experience or customer lifecycle?

- What channels and data are they using most frequently to personalize such communications? And how they personalizing those communications?

- What do the most effective marketers do differently than the trailing marketers in personalized communications? Do they emphasize certain phases of the brand experience? Certain communications channels over others? Certain types of data? Use analytics and AI more heavily (or less heavily)?

We also wanted to understand "best practices" in these companies by determining how leading marketers differed from trailing marketers in using digital technologies to personalize communications. To do that, we compared the survey responses of two groups ("Leaders" and "Followers"), determining those groups based on their answers to questions about the metrics they used, how they fared on them, and how accurate they thought their metrics were.

Here is a preview of the initial findings for all 516 surveys, which focused on four stages of the customer lifecycle (awareness, conversion, support, and retention) including for B2C (which includes B2B2C) and B2B companies, and for leaders and followers.

This report shares initial findings for our survey of more than 500 B2B and B2C enterprise CMOs in North America and Europe across every major industry. The results are focused on four common stages of the customer journey: awareness, conversion, support, and retention.

Initial Key Findings

#1 Most marketing functions are not creating content for all four stages of the customer life cycle

To create the optimal brand experience, marketing departments should be involved in all four phases of the customer life cycle. However, when it comes to customer communications, this is not the case. As you can see in figure 1, all marketing organizations are playing equally in the awareness stage, with most also playing in the conversion stage. But across all surveys, less than half are (37%) are creating communications for customers in the support stage, with 47% doing so in the customer retention stage, particularly in B2B companies.

Figure 1. Where Marketing Creates Communications in the Brand Experience

Stage of Brand Experience	All Surveys	B2C (including B2B2C)	B2B
Stage 1 AWARENESS: Creating awareness with prospective customers about a company's brand and its offerings	100%	100%	100%
Stage 2 CONVERSION: Turning prospects who have become aware of the brand/offerings into customers	72%	81%	49%
Stage 3 SUPPORT: Supporting customers after the purchase	37%	36%	35%
Stage 4 RETENTION: Getting current customers to buy more	47%	57%	19%

How leaders differ from followers: Leaders' marketing departments are more likely than those in followers to create communications for prospects and customers in Stages 2, 3 and 4.

- Stage 2 (conversion): 73% of leaders do so vs. 69% of followers
- Stage 3 (support): 44% of leaders vs. 34% of followers
- Stage 4 (retention): 56% of leaders vs. 39% of followers

The findings from the survey population as a whole are based on the subset of marketing functions that personalize communications in each of the four stages.

#2 In the awareness stage, marketers use digital channels most frequently and personalize communications based on demographics more than other types of data.

Every CMO surveyed said their marketing organization was involved in creating content to make its target market aware of its brand and products/services. This is no surprise; it's the traditional role of marketing.

At least 90% of marketers use the following channels to communicate to their marketplaces: company website, online video sites, email, digital media ads (including paid search engine ads), field outlets (stores, branches, field offices). However, they still frequently use non-digital channels such as print media (89%), broadcast advertising (75%), and telemarketing (84%). This suggests that non-digital marketing channels are still very much part of the CMO toolkit.

The most commonly used data to personalize those communications by far is demographic information, used by nearly four out of five companies surveyed (78%). The second most frequently used data for
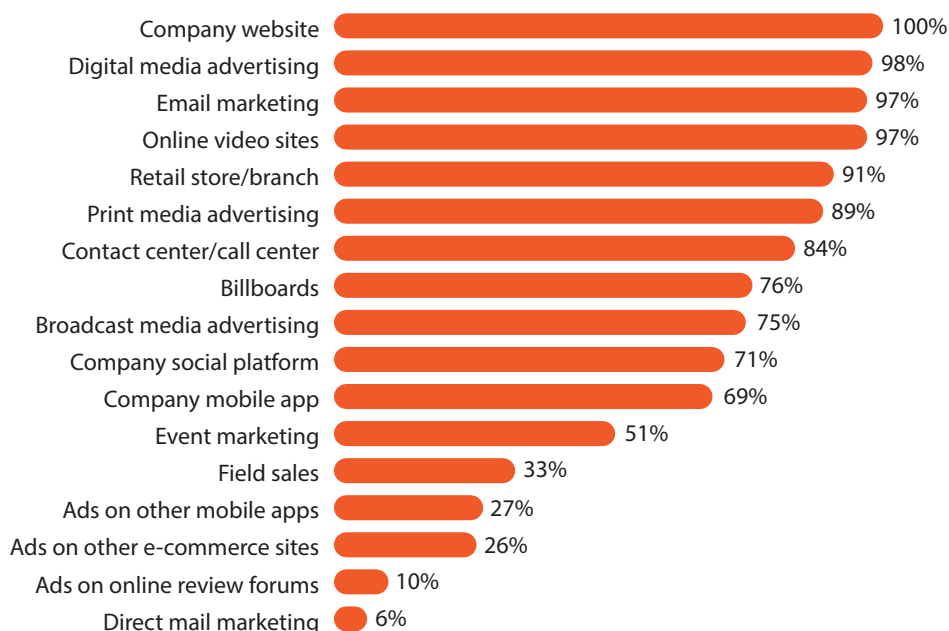
personalized communications is web traffic data (e.g., from using cookies on a web browser), used by 48%, followed by using data on buying behavior obtained from other companies (47% use this data).

In Stage 1, only about 4 in 10 companies use geo-location data based on the physical proximity of people to a company's place of business (from digital devices such as smartphones). However, the percentage is much higher for B2C companies (at 52%) than for B2B companies (only 1%).

Based on the data they have, how are marketing functions personalizing communications? The two most frequently cited ways were to provide useful product/service information (71% are doing this) and give special offers and pricing (66%).

However, leading marketers (86%) are far more likely than followers (59%) to personalize communications with useful product/service information.

Figure 2. Communications used in awareness stage

Channel	%
Company website	100%
Digital media advertising	98%
Email marketing	97%
Online video sites	97%
Retail store/branch	91%
Print media advertising	89%
Contact center/call center	84%
Billboards	76%
Broadcast media advertising	75%
Company social platform	71%
Company mobile app	69%
Event marketing	51%
Field sales	33%
Ads on other mobile apps	27%
Ads on other e-commerce sites	26%
Ads on online review forums	10%
Direct mail marketing	6%

Initial Key Findings/continued

#3 Most marketers involved in the conversion stage use digital data and digital channels to personalize communications to influence buying decisions

Again, nearly three-quarters of the marketers surveyed (72%) get involved in personalizing communications in Stage 2 (traditionally the domain of sales organizations, especially in B2B companies). In fact, 81% of the B2C marketing heads we surveyed said marketing played a role in this stage of the customer lifecycle, while less than half (49%) of B2B company marketing heads said the same thing.

For those marketers who are involved in personalizing marketing in Stage 2, their most frequently used channels are both digital and non-digital. In digital channels, more than 90% of this group uses digital media ads, their firm's website, email marketing, and online video site. But more than 90% also use print media advertising and field outlets (Figure 3).

But what channels are most companies no longer using to convert prospects to customers today? Only 7% are using direct mail, and only about one in four uses a

field sales force (27%), although 68% of B2B companies still rely on them. In terms of data to personalize communications, marketers (78%) use demographic data more than any other type. However, 44% of marketers today are using prospects' geo-location data to tailor communications—although nearly all of this is from B2C companies (54%) than B2B companies (only 1%).

As in Stage 2, the majority personalizes communications with useful information on their products/services and special deals and prices. A minority tailors the graphic design of their communication or with relevant videos. Only 1% use technology to show what their company's offerings would look like in the prospects' environment (e.g., furniture in a living room, clothes on a person, etc.). This is not surprising because many companies are not likely to have enough information on a prospect to show how their products would look in the customer's environment.

Figure 3. Stage 2 Communications Channels

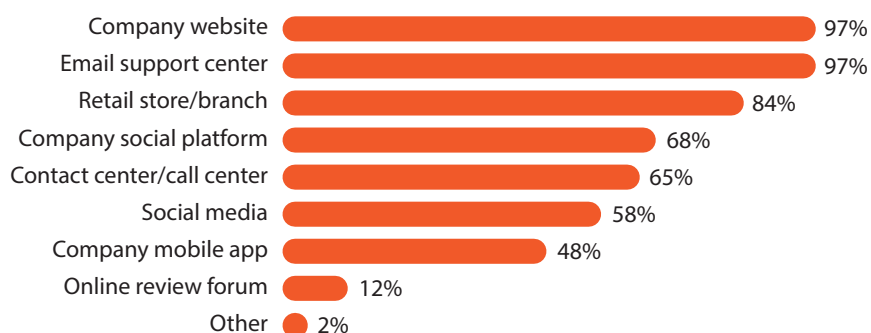| Channel	Percentage
Digital media advertising	100%
Company website	100%
Online video sites	97%
Email marketing	96%
Print media advertising	94%
Retail stores/branches	93%
Contact center/call center	86%
Company mobile app	77%
Broadcast media advertising	77%
Billboards	76%
Company social platform	67%
Event marketing	47%
Ads on other e-commerce sites	27%
Ads on other mobile apps	27%
Field sales	27%
Ads on online review forums	9%
Direct mail marketing	7%

#4 Most marketers involved in post-sale support personalize customer communications through their company website and email

As stated previously, only 37% of the marketing heads surveyed said their departments use digital technology to personalize content in Stage 3 (post-sale customer support). But those that do far more frequently use their firm's websites (97%) and email support center (97%) to do this. Less than half create personalized communications that is distributed through their company's mobile apps (48%). A higher percentage of marketing departments personalize communications to be used by people in field outlets (84%), contact centers (65%), the firm's social media pages (68%), and in responses to social media comments (58%). (See Figure 4.)

Marketers that digitally personalize communications in post-sale support have more relevant customer data they can use, and many use it. More than any other type of data, about half of these companies (52%) use customers' previous buying behavior with their firm. Yet much other data is still rarely being tapped here, including geo-location data (used by only 24%), customer social media behavior (40%), customer product usage data (from sensors embedded in their products (22%) or customer service usage data (14%) from sensors in the places in which they do business with customers.

The most common way that marketers use digital technologies to personalize communications for customers in post-sale support is provide order status information (done by 68% of marketers). More than half (55%) of marketers provide relevant product/service information. Leaders are more than twice as likely than followers to provide such personalized information on their products/services.

Figure 4. Stage 3 Communications Channels (Post-Sale Support)

Channel	Percentage
Company website	97%
Email support center	97%
Retail store/branch	84%
Company social platform	68%
Contact center/call center	65%
Social media	58%
Company mobile app	48%
Online review forum	12%
Other	2%

Initial Key Findings/<small>continued</small>

#5 Marketers involved in the customer retention stage use digital ads and their company website to personalize messages

A higher percentage of the marketers (47%) create content in Stage 4 than they do in Stage 3 (37%). Their communications in Stage 4 are to trigger repeat purchases or new purchases (from cross-selling and upselling). The marketing functions of consumer companies (both B2C and B2B2C) lead the way here. It appears that in B2B companies, the sales function controls customer communications. Only 19% of the B2B companies surveyed said marketing is involved in digitally personalizing communications with customers after those prospects become customers.

This is in stark contrast to most consumer companies, in which the majority of CMOs surveyed (57% in B2C) said marketing plays a role in creating communications for existing customers (in the hope of getting them to buy more products and services). This was also a key way that marketing leaders (B2C, B2B and B2B2C) were different than followers; 56% of leaders digitally personalize communications for customers in Stage 4. Only 39% of followers do so.

Marketers that digitally personalize customer communications in this stage most frequently use two channels: digital media ads (used by 100%) and their website (100%). (See Figure 5.) The data they most commonly use is customers' previous buying behavior with their firm (74% use this) and demographic data (72% use this). However, only about one in four (24%) are using geo-location data to personalize communications. The digital leaders in marketing are more likely to use such customer proximity data—31% of them do it vs. 24% for followers—but it's not much higher than average. And only 38% of marketers that digitally personalize communications in Stage 4 use customer web traffic data. An even smaller percentage (28%) uses customer social media data.

So how do they digitally personalize such communications? The most common ways are to provide relevant information on the product/service, recommend other offerings based on customer's purchasing behavior, and offer special deals and prices.

Figure 5. Stage 4 Communications Channels (Marketing/Sales to Current Customers)

Channel	Percentage
Digital media advertising	100%
Company website	100%
Retail stores/branches	79%
Billboards	78%
Online video sites	77%
Print media advertising	77%
Broadcast media advertising	75%
Company mobile app	72%
Email marketing	69%
Contact center/call center	67%
Company social platform	44%
Ads on other e-commerce sites	37%
Event marketing	36%
Ads on other mobile apps	21%
Field sales	19%
Ads on online review forums	7%
Direct mail marketing	4%

#6 By 2020, CMOs expect that digital personalization of communications will be most important in attracting new customers, not nurturing existing customers

By next year, more than two-thirds of CMOs (68%) predicted that digitally personalized communications will be more important in getting new customers (Stages 1 and 2) than in keeping and selling more to present customers (Stages 3 and 4). (See Figure 6.)

Only a third said the most important place for digitally personalized communications was Stage 3 (9% said this) or Stage 4 (23%).

However, leaders and followers answered this question very differently. More than twice as many leaders as followers (42% vs. 20%) believe that in 2020 digitally personalized communications would be most important in Stages 3 or 4 of the brand experience— that is, in creating messages for current customers, not trying to attract new ones.

Figure 6. Most Important Brand Experience Stages by 2020 for Digitally Personalized Messages

	All Surveys	Leaders	Followers	B2C (including B2B2C)	B2B
Stage 1: Awareness creation	33%	25%	39%	33%	36%
Stage 2: Converting prospects to customers	35%	33%	41%	36%	39%
Stage 3: Support for customer post-sale	9%	16%	2%	10%	7%
Stage 4: Customer retention, repeat purchases, new purchases	23%	26%	18%	21%	18%

Leaders and followers have a fundamental difference in personalizing pitches to prospects: Leaders don't focus on prices; followers do. For those that said Stage 1 will be the most important one to personalize communications in 2020, only 24% of leaders said it was in tailoring offers and prices. Many more leaders (43%) said it was in providing useful product/service information. In contrast, 51% of followers said it was tailoring offers and prices, and only 30% said tailoring product/service information (excluding prices).
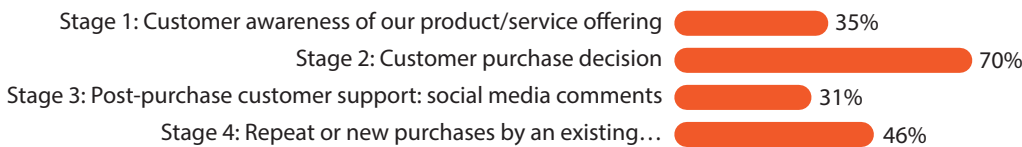
Initial Key Findings/continued

#7 Analytics are used most often to convert prospects to customers, but far less often to retain customers

A surprisingly low percentage of companies use analytics software to understand customer behavior in three of the four stages of the customer lifecycle (Stages 1, 2 and 3)—but especially in Stages 3 and 4, when those companies likely have an abundance of digital information on their interactions with customers. (See Figure 7).

Figure 7. Lifecycle Stages in Which Companies Use Analytics to Understand Customer Behavior

Stage 1: Customer awareness of our product/service offering	35%
Stage 2: Customer purchase decision	70%
Stage 3: Post-purchase customer support: social media comments	31%
Stage 4: Repeat or new purchases by an existing…	46%

However, leaders more than followers use analytics to understand customer behavior in all four stages (Figure 8).

Figure 8. Leaders More Likely to Use Analytics to Understand Customers

	Leaders	Followers
Stage 1: Awareness creation	42%	39%
Stage 2: Converting prospects to customers	75%	63%
Stage 3: Post-sale customer support	44%	26%
Stage 4: Customer retention, repeat purchases, new purchases	54%	38%

Still, the use of analytics to track prospects and customers in each of the four stages as well as throughout their lifecycle is the exception rather than the rule. Only about one in six (17%) of our survey respondents do that.

#8 Marketing activities are becoming heavily automated and shifting to public/private clouds
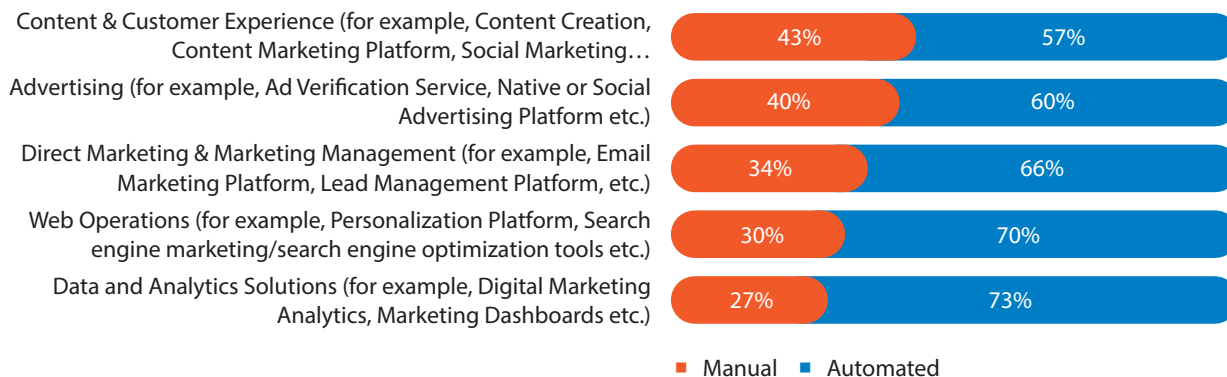
To personalize thousands, hundreds of thousands, or millions of marketing messages to prospects and customers throughout the brand experience, companies need to automate extensively. Any time a marketing person is needed to shift channels, analyze which ones are working, change graphic formats, tweak messages (including tailoring offers), those marketing campaigns will slow down. Put simply, for CMOs to move to a world of marketing campaigns that self-adjusts in real time to their channels, offers, copy, graphics and other elements of personalization, those marketing activities must be automated with artificial intelligence and other "intelligent" technologies.

The survey results suggest that most CMOs feel the same way. We asked our 516 survey participants questions about the degree to which their marketing activities in five core areas were automated today.

- Content and customer experience (including content marketing and social media management platforms, content creation tools, etc.)
- Advertising (including ad verification, native or social advertising platforms)
- Direct marketing management (e.g., email marketing platforms, lead management platforms)
- Web operations (e.g., personalization platforms, search engine marketing/optimization)
- Data and analytics solutions (e.g., digital marketing analytics tools, marketing campaign dashboards)

The following numbers track the percentage of CMOs that said the activities were totally or mostly manual vs. those who said totally or mostly automated in those five technology domains. In short, there's already a fairly high degree on average of automation. (See Figure 9.)

Figure 9. Degrees to Which Marketing Activities are Automated Today

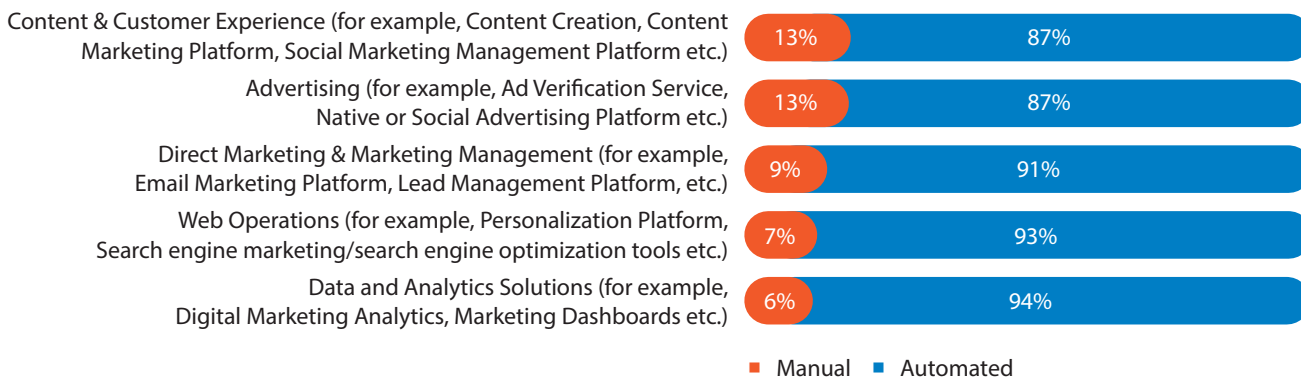| Activity	Manual	Automated
Content & Customer Experience (for example, Content Creation, Content Marketing Platform, Social Marketing…)	43%	57%
Advertising (for example, Ad Verification Service, Native or Social Advertising Platform etc.)	40%	60%
Direct Marketing & Marketing Management (for example, Email Marketing Platform, Lead Management Platform, etc.)	34%	66%
Web Operations (for example, Personalization Platform, Search engine marketing/search engine optimization tools etc.)	30%	70%
Data and Analytics Solutions (for example, Digital Marketing Analytics, Marketing Dashboards etc.)	27%	73%

■ Manual   ■ Automated

Initial Key Findings/continued

(#8 continued)

We also asked them to predict the extent to which those activities would be automated by 2020. The short answer: CMOs expect to increase automation significantly over the next year. (See Figure 10.)

Figure 10. Predicted Degrees of Automation of Marketing Activities by 2020

Activity	Manual	Automated
Content & Customer Experience (for example, Content Creation, Content Marketing Platform, Social Marketing Management Platform etc.)	13%	87%
Advertising (for example, Ad Verification Service, Native or Social Advertising Platform etc.)	13%	87%
Direct Marketing & Marketing Management (for example, Email Marketing Platform, Lead Management Platform, etc.)	9%	91%
Web Operations (for example, Personalization Platform, Search engine marketing/search engine optimization tools etc.)	7%	93%
Data and Analytics Solutions (for example, Digital Marketing Analytics, Marketing Dashboards etc.)	6%	94%

■ Manual ■ Automated

But the aggressive drive to personalize content to ever-higher degrees throughout the customer lifecycle can be seen in other ways. Making real-time, automated, personalized content changes to identify prospects and entice them to buy—or get customers to buy more and remain loyal customers—companies need enormous amounts of computing power. As such content becomes more digital-intensive (think digital videos) and as the communications channels increasingly become mobile digital devices (especially on the smartphone), CMOs need immense computational resources on demand.

Increasingly, this amount of computing power is beyond the capabilities that most large companies have in their data centers—even some of the largest companies. This is the reason that public, private and hybrid cloud companies that offer infinite computing power are growing by leaps and bounds.

To assess the degree to which marketing software applications and technology infrastructure was running on companies' on-premises data centers vs. those of public and/or private cloud companies), we asked CMOs to roughly estimate those percentages (Figure 11). About half of their applications and IT infrastructure runs on-premises now. But they estimated that 70% of their marketing technology stack will run in public and/or private clouds by next year.

Figure 11. The Marketing Stack Predicted to Move Rapidly to the Cloud

Percentage of marketing applications and tech infrastructure	All Surveys	B2C (Including B2B2C)	B2B
Today			
On-premises	49%	48%	50%
Cloud (public and/or private)	51%	52%	50%
Projected for 2020			
On-premises	30%	30%	30%
Cloud (public and/or private)	70%	70%	70%

Conclusion

This is the initial analysis of our extensive research findings. Other reports include the results of qualitative, best-practice interviews and data analysis to see key differences between leaders and followers, industries, regions and countries, and B2C compared with B2B companies.

Get more information
Find all available reports from the TCS 2019 CMO Study at **on.tcs.com/cmostudy**

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