Leadership Vision for 2021: Chief Marketing Officer

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Four Critical Issues Affecting the CMO

The CMO has always worn multiple hats: Brand representative, head of the marketing function and member of the executive leadership team.

Now, to be effective leaders and ensure the success of the business and survival of the brand, CMOs must lead with greater agility in all of these arenas. This is a challenging mandate.

This guide lays out the four key issues that will affect the actions CMOs and their teams must take to successfully address issues that threaten the future of the brand.

01 Uncertainty is the only certainty
02 Customer needs are rapidly changing
03 Marketing budgets are under pressure
04 CMO success depends on allies and partners
What’s happening?

COVID-19 remains a significant destabilizing force, but it isn’t the only one. Nor will it be the last.

Disruption to the status quo accelerates the need for transformation and, at the same time, threatens the success of those transformation efforts.
Marketing impact: Agility becomes the new normal

The events of 2020 reminded us of our vulnerability and the importance of being able to quickly pivot as conditions change. This need for agility transcends a single disruption, and leading organizations are already preparing for the next one.

If CMOs get this right, they can help their business and their brand stay ahead of the curve, both now and as new disruptions arise.

Marketing task effectiveness by project management approach

<table>
<thead>
<tr>
<th>Task</th>
<th>Traditional project management</th>
<th>Agile project management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sensing and responding to changes in the business context as they happen</td>
<td>56%</td>
<td>81%</td>
</tr>
<tr>
<td>Managing, prioritizing and aligning marketing projects</td>
<td>65%</td>
<td>81%</td>
</tr>
<tr>
<td>Executing projects at or under the projected time frame</td>
<td>59%</td>
<td>80%</td>
</tr>
<tr>
<td>Adjusting content and messaging to reflect shifts in customer sentiment</td>
<td>58%</td>
<td>78%</td>
</tr>
<tr>
<td>Executing projects at or under the expected budget</td>
<td>57%</td>
<td>75%</td>
</tr>
</tbody>
</table>

Percentage Citing Very/Extremely Effective

Source: Gartner
Uncertainty is the only certainty

How quickly can your organization adapt as conditions change?

<table>
<thead>
<tr>
<th>Activity</th>
<th>Marketing’s Unique Phases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respond</td>
<td>Crisis: As the world responds, marketers are in crisis mode</td>
</tr>
<tr>
<td></td>
<td>Uncertainty: As the world looks toward recovery, marketers face uncertain markets</td>
</tr>
<tr>
<td></td>
<td>Recovery: As the world focuses on renewal, marketing plans for orderly recovery</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Suggested Actions to Impact Strategic Marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Immediate cuts and identification of cost savings</td>
</tr>
<tr>
<td>• Shift in marketing strategy to triage mode</td>
</tr>
<tr>
<td>• Revised goals and resource reallocation</td>
</tr>
<tr>
<td>• Ongoing rationalization of marketing spend</td>
</tr>
<tr>
<td>• Redefined strategy, but agile planning and budgeting</td>
</tr>
<tr>
<td>• Desire to innovate to support business growth</td>
</tr>
</tbody>
</table>

Agile, adaptable planning equips marketing to pivot into any potential scenario.
Uncertainty is the only certainty

CMO action steps

Determine your potential scenarios to embrace agile, adaptive planning to prepare.

- Outline at least two scenarios and evaluate marketing strategy and capabilities, specifically marketing’s ability to quickly transition to and effectively execute in each of the scenarios.

Plan for likely impact of cultural, customer, operational and marketing changes.

- Embrace change and build adaptability by continuously evaluating how these shifts could affect your business. For example, an extended period of remote and hybrid work could require your sales teams to engage differently, such as shifting product demonstrations to digital channels.

Tools to get started:

- Ignition Guide for Scenario Planning
- Key Insights From the 2020 Gartner Marketing Operations Survey
Customer needs are rapidly changing

What’s happening?

Societal change is redefining customer needs:

• Equality surpassed loyalty as the highest-ranking consumer value for the first time in nearly a decade.
• 54% of consumers expect brands to take a position and action on social issues.

Preexisting attitudes like diminished brand loyalty are converging with new behaviors like increased activism among employees and consumers. These dynamics are changing consumer relationships with, and expectations of, brands while testing the business’s ability to execute against its core values.
Marketing impact: Rapid customer evolution will continue

CMOs need to rethink how they engage customers. Balancing commercial demands and consumer expectations requires more conscientious leadership, stretching beyond the traditional boundaries of marketing.

This presents a unique opportunity — and responsibility — to lead in new ways. CMOs must use insight to represent customer needs to the broader organization, educate other leaders on shifting customer expectations and influence other leaders to take action.

Organizations that better align their values to those of their stakeholders are 2x as likely to outperform peers in revenue growth.
CMO action steps

Monitor consumer values, cultural insights and impact on buyer behavior.
• Seek intel on customers and their decision-making context to understand the impact on their purchase decisions.
• Foster cultural awareness to inform and adapt marketing and business decisions.

Amplify the role of data and insights in decision making.
• Expand the range of data your organization regularly tracks to include consumer and cultural insights, user research and personas.
• Conduct customer research at all project and product development stages and disseminate insights broadly throughout the organization.

Frequently calibrate your brand to align purpose, and embrace diversity and inclusion.
• Knowing your purpose, embracing diversity, equity and inclusion, and encouraging employee engagement will enable you to tune into the voices that shape your brand and will positively impact business results.

Prioritize brand authenticity to link positioning to action.
• In the moments when you recognize misalignment, do more than revise brand messaging to merge into the current cultural context. Identify and challenge inconsistencies.

Tools to get started:
- Panel Discussion: Drive Marketing Success Amid Disruption
- Analytics Teams Must Upskill to Adapt to Automation
- Data Interactive: Consumer COVID-19 Concerns Tracker
Marketing budgets are under pressure

What’s happening?

Multiple conflicting forces are leading to budget pressure, and marketing faces inevitable cuts.

However, this pressure extends beyond cost-cutting to optimizing the performance of remaining programs and directing investments to strategic initiatives that support growth and digital transformation.

For example, in key areas like digital commerce, marketers may see an increase in investment as the organization tries to rapidly shift to digital.
Marketing impact: Cost optimization is central, and it starts with data and marketing technology

Marketing often lacks the analytical inputs to identify signals in changing buyer behavior, understand how marketing programs are performing, and discern which programs to cut or keep.

Failure to effectively use martech to collect, integrate and analyze data indicates a disconnect between marketing efforts and spending, and business needs and priorities.

This combination of rising spend and underutilization fuels the perception that marketing lacks technology skills and financial acumen.
CMO action steps

Apply cost optimization to plan where to cut, maintain and invest in each scenario.

• Prioritize cost optimization opportunities based on whether the costs relate to mandatory, transformative or tactical deliverables.

• Benchmark spend against others in your category to understand how your marketing budget compares with peers.

• Explore use of zero-based budget models and approaches as part of building adaptable marketing strategies.

Eliminate marginal initiatives to reinvest in support of digital transformation and growth.

• Make trade-offs; for example, deprioritizing and defunding misaligned programs in favor of strategic initiatives, such as those related to digital business acceleration.

• Get rid of mediocre programs and vanity projects, freeing up budget to invest in more critical areas like data, analytics, marketing technology and talent.

Optimize the technology stack.

• Identify must-have capabilities, matched with marketing talent and skills, to ensure utilization of those tools.

• Prune the martech stack to eliminate marginal, underutilized or redundant solutions and assess effectiveness.

Measure performance by business impact to create a value case for marketing.

• Align marketing plans and budgets to strategic business priorities, watching for changes to those priorities in the face of disruption.

• Review brand strategy against cultural imperatives. Operate with consumer insight, calibrate your brand as needed, but focus on authenticity.

Tools to get started:

7 Cost Optimization Questions for Marketers
The CMO’s Guide to Eliminating Marginal Programs, Platforms and Partners
Key Insights from the 2020 Gartner Marketing Technology Survey
CMO success depends on allies and partners

What’s happening?
Marketing represents the voice of the customer (and prospects) at a time when the enterprise, and executive leaders across enterprise functions, need to consider that voice in their business decisions. Yet, making that insight available and using it to inform and influence their peers will require CMOs to form alliances and partnerships they haven’t historically had with other C-suite leaders.
Marketing impact: Marketers must expand their spheres of influence

Few other C-level executives share the CMO’s hopeful outlook following the pandemic, putting these leaders at odds with the C-suite and reinforcing the belief that marketing lacks business and financial understanding.

CMOs long for a seat at the table, but often are not taken as seriously as other C-suite positions. Overcoming a perceived lack of business and financial acumen is critical to participating in strategic decision making (and influencing those decisions).

90% of boards of directors expect every functional leader to conduct strong, cross-functional collaboration during the COVID-19 crisis.
CMO success depends on allies and partners

CMO action steps
Identify and cultivate peer alliances and partnerships to solidify success.

• To enable digital customer experiences and engagement, collaborate with the CIO or others to learn best practices and become fluent in the selection, acquisition, implementation and execution of the right technologies.

• Partner with the individual who leads digital transformation in the organization, like the CDO, to align marketing strategies with digital business goals.

Tools to get started:

Build a Best-in-Class Marketing Analytics Organization
The 2020 Gartner Marketing Organization Survey
Marketing Maturity Assessment Tool
### CMO action plan

- **Prepare for uncertainties through scenario planning and embrace agile, adaptive planning to prepare.**
- **Plan for likely impact of cultural, customer, operational and marketing changes.**
- **Monitor consumer values, cultural insights and impact on buyer behavior.**
- **Amplify the role of data and insights in decision making.**
- **Eliminate marginal initiatives to reinvest in support of digital transformation and growth.**
- **Apply cost optimization to plan where to cut, maintain and invest in each scenario.**
- **Prioritize brand authenticity to link positioning to action.**
- **Frequently calibrate your brand to align purpose, and embrace diversity and inclusion.**
- **Optimize the technology stack.**
- **Measure performance by business impact to create a value case for marketing.**
- **Identify and cultivate peer alliances and partnerships to solidify success.**
Next steps to differentiate your brand from the competition when disruption hits

1. Stay on top of these trends and how they evolve

2. Understand the potential ramifications for your organization

3. Make selected changes in strategy to incorporate the predictions in accordance with your values

How can Gartner for Marketers help?
When change is the only constant, it’s critical to have trusted support.

- Our peer-powered insights drawn from expert analysis and client network can provide clarity into a new unprecedented climate.
- Our team of former CMOs, marketing experts and advisors can offer tailored guidance to your specific organization’s challenges and needs.
- Speed up time to strategy implementation using our tools, benchmarks and resources related to each trend to help execute efficiently.
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