

# CMO DIGITAL 2016 **Benchmark** STUDY

Findings and Considerations for Marketing & Technology Executives  
to Accelerate Growth in the Digital World



## The Leapfrog Marketing Institute & Leapfrog



- ❖ Founded in 1995
- ❖ Scale new customers and revenue-producing outcomes for brand marketers through strategic use of closed-loop data and LFX conversion platform to personalize a connected purchase path
- ❖ Leader in Performance Marketing; 140+ marketing, technology and data professionals based in Chicago

### *LeapfrogMarketingInstitute*

- ❖ Launched in 2013
- ❖ Nurture thought leadership and insights about marketing in a digital world - Specific focus on the “always connected” consumer and digital commerce
- ❖ Publish white papers and research reports, and host workshops, panels, and roundtables for CMOs and senior-level executives



## Advisory Panel – Marketing and Technology Leaders



Jim Carey  
Adjunct Professor



Pete Corrigan  
SVP/CIO



Fred Ehle  
VP-Customer Strategy



Paul Hayward  
Chief Content Officer



Deb Hall-Lefevre  
Corp VP/Global IT  
Solutions



Wendy Hoekwater  
VP/Marketing &  
Digital



Gary Lancina  
Global Brand Leader



Bill Pearce  
Adjunct Professor



Manish Rege  
Global Director/ITS



David Reibstein  
Professor of Marketing



Rob Roy  
Chief Digital Officer



Tyrrell Schmidt  
VP of Marketing



Randy Spratt  
CIO/CTO (Retired)



Alva Taylor  
Faculty Director



Roger Tye  
VP/Consumer  
Engagement



Bob Wasserman  
SVP/Digital & Regional  
Marketing



Tony Wells  
SVP/Marketing





## **Background – 2016 CMO Digital Benchmark Study**

### **2015 Benchmark Study**

- ❖ Explored how senior marketers were navigating the evolving digital space with added perspectives from technology executives – first added in 2015.
- ❖ Key Learning - Marketing and technology executives not aligned on business goals; lacked common goals and incentives—likely the root cause of the relationship challenge.

### **2016 Benchmark Study (Fourth Study)**

- ❖ 2015 Learnings indicated a broader organization issue to be researched.
- ❖ Explored how the C-suite is driving organizational transformation to become more digital and customer-centric throughout the business.
- ❖ Grew CIO respondent base to be 35% of study.



## About the Researchers

**Jim Carey:** Adjunct Professor, Northwestern University Medill School of Journalism, Media, Integrated Marketing Communications



**Fred Ehle:** Vice President Customer Strategy, McDonald's Corporation (Former)



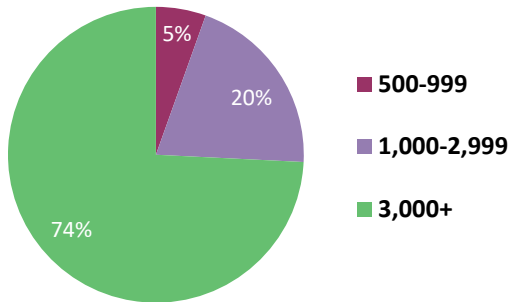
**Randy Spratt:** Executive Vice President, Chief Information Officer and Chief Technology Officer of McKesson Corporation (Retired)



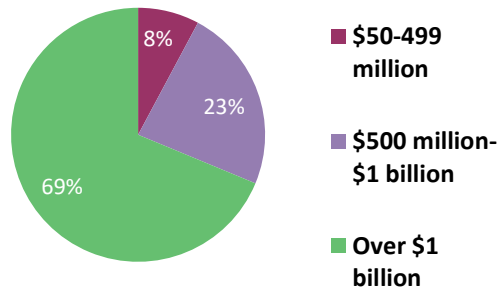


## Survey Respondents

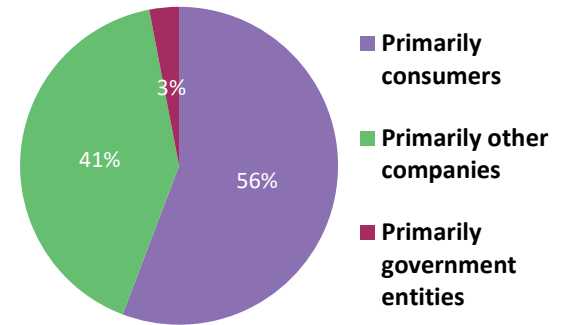
# of Employees



Company Revenue



Company Type



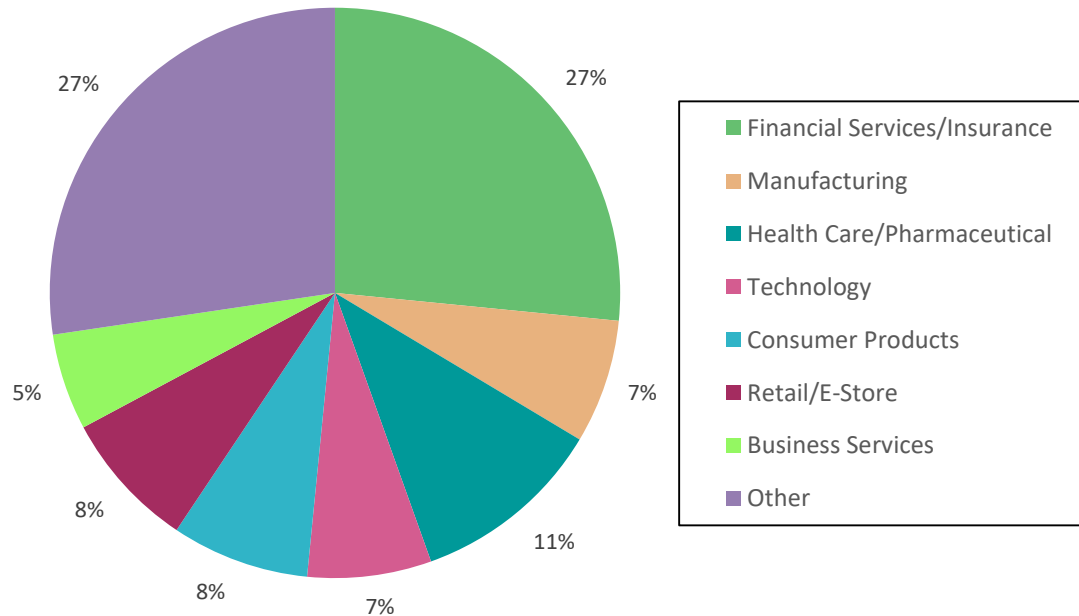
- 198 US executives, director level or higher
  - 2016: 129 Marketers, 69 Tech
  - 2015: 104 Marketers, 27 Tech (131 Total)
- 65% in marketing functions; 35% in technology functions
- Must be responsible for, or influence, digital/mobile strategy/tactics

	2016	2015
# of Employees		
500-999	11	11
1,000-2,999	33	26
3,000+	150	94
Annual Revenue		
\$50-499 Million	13	21
\$500 Million - \$1 Billion	45	20
Over \$1 Billion	140	90
B2C/B2B		
B2C	110	75
B2B	82	56
Other/Government	6	N/A



## Industries Represented

What is the main industry in which your company participates?



	2016	2015
Industries Represented		
Financial Services/ Insurance	27%	31%
Manufacturing	7%	N/A
Healthcare/Pharma	11%	9%
Technology	7%	9%
Consumer Products	8%	12%
Retail/E-Store	8%	9%
Business Services	5%	3%
Telecom/Media	N/A	5%
Other	27%	23%

*"Other" includes government, transportation, education, construction, real estate, and nonprofit*

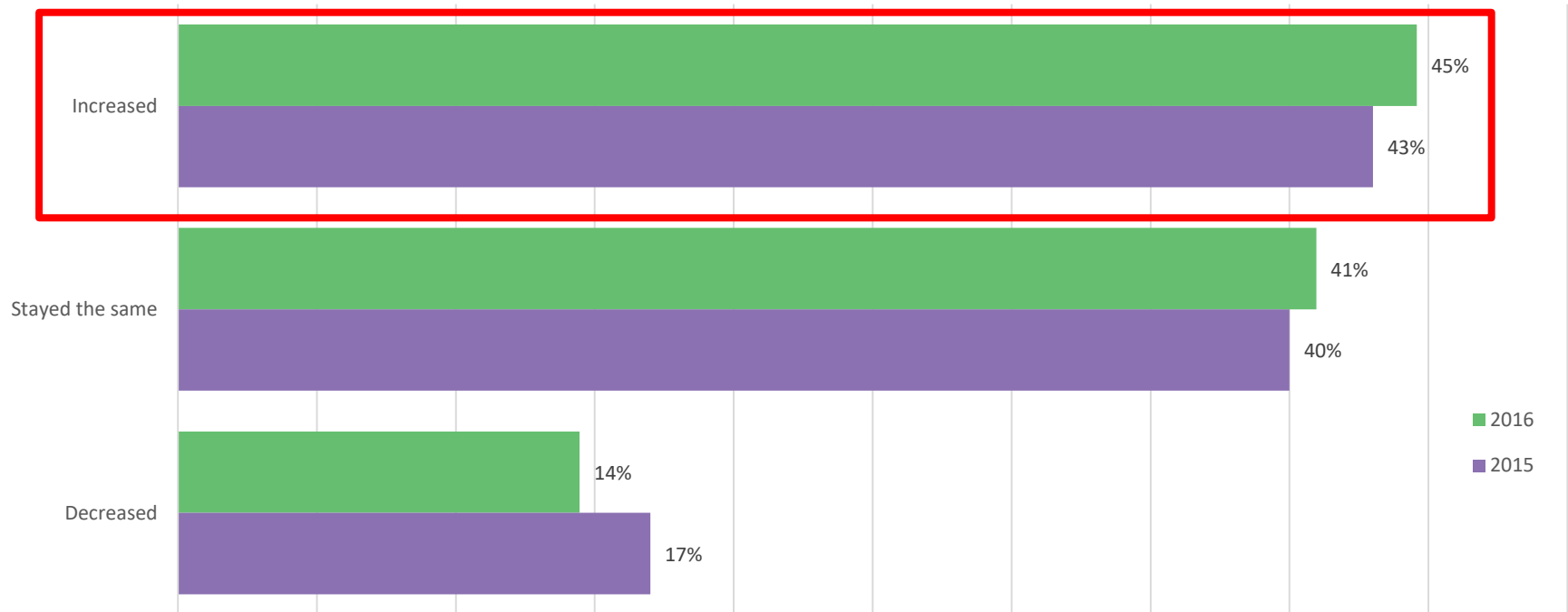


*Leapfrog Marketing Institute*

## **2016 Core Benchmarks**



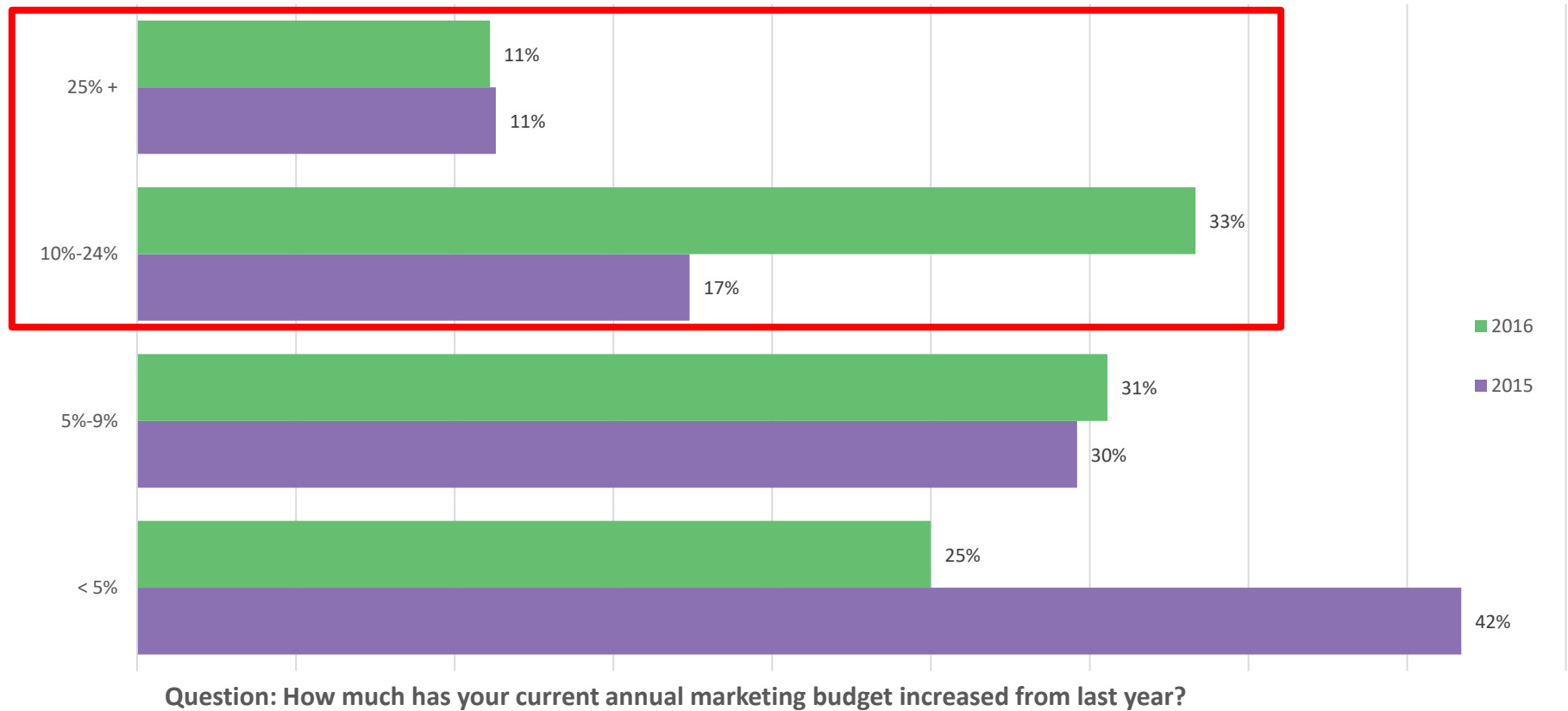
## Fewer than half of marketers report an increased budget – a modest lift over last year



Has your current annual marketing budget increased or decreased from last year?

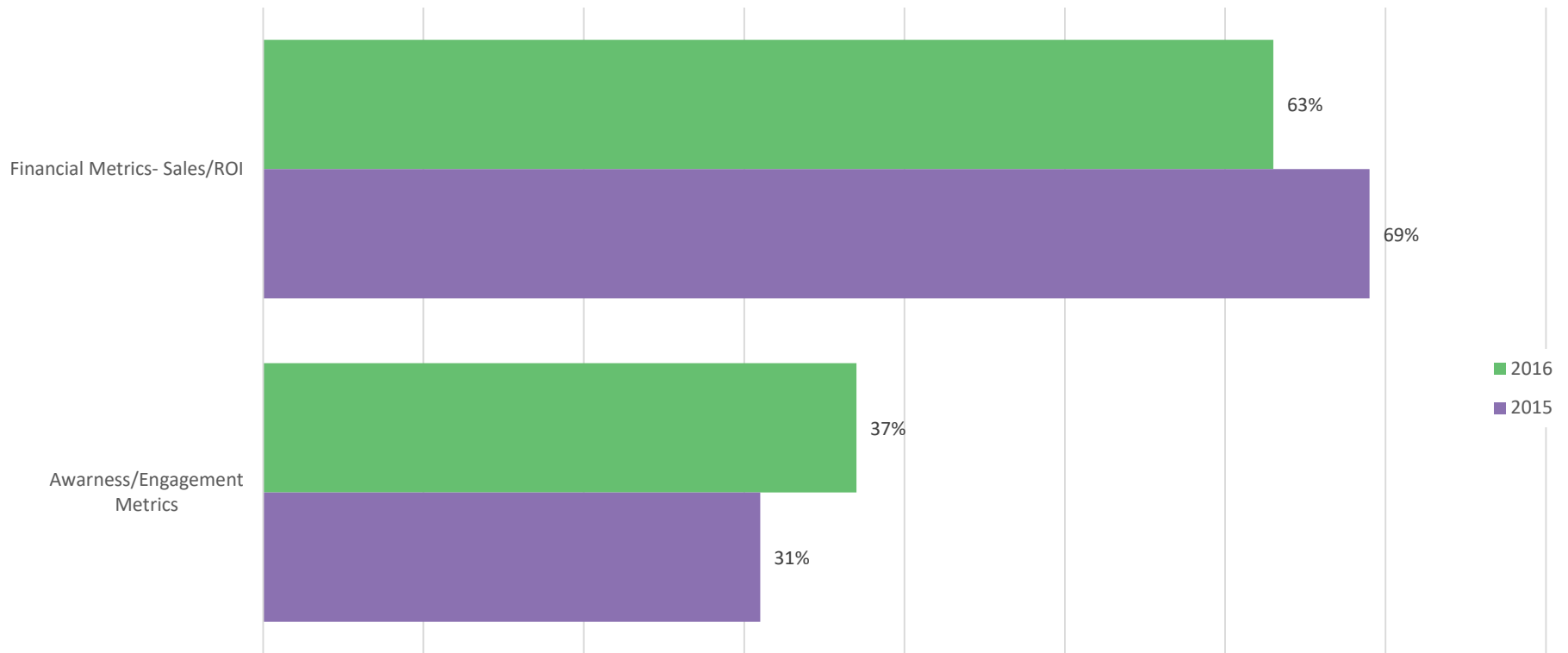


## Among marketers with increased budgets, 50% more report a 10%+ lift in budget compared to 2015





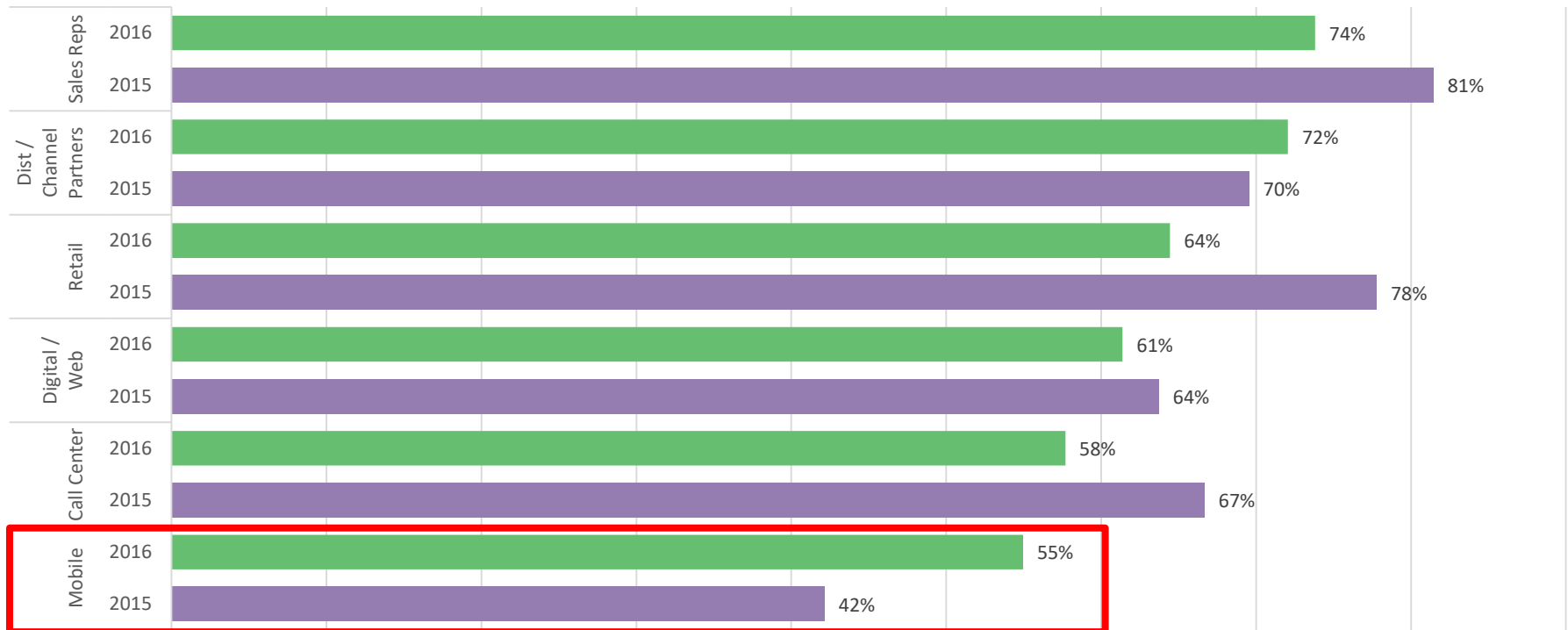
## Twice as many marketers view financial/sales metrics as the most important marketing objective (vs awareness metrics)



Question: Which ONE of these marketing objectives is most important to you?



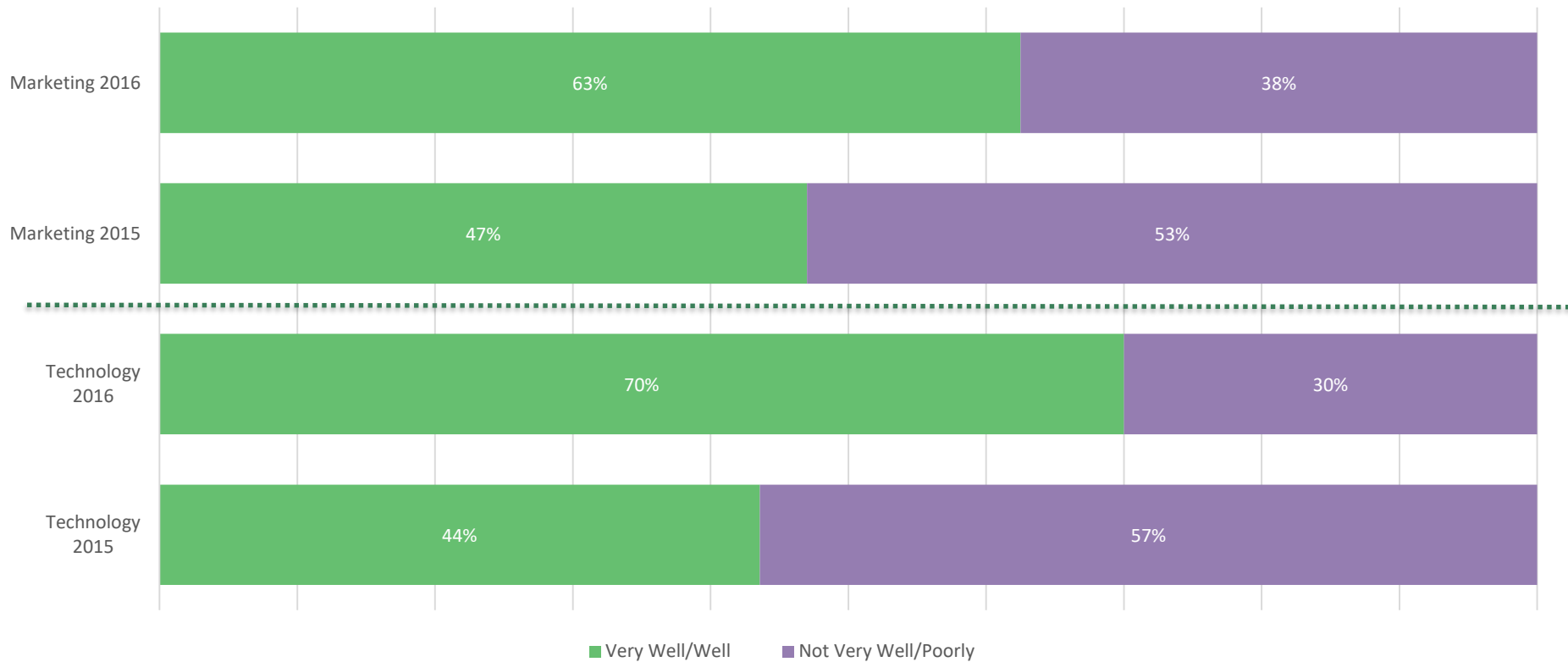
**Though mobile is the only sales channel in which marketers report a meaningful lift, it's still their weakest sales channel**



**Question: How strong is your company in these sales channels? (Strong/Extremely Strong)**



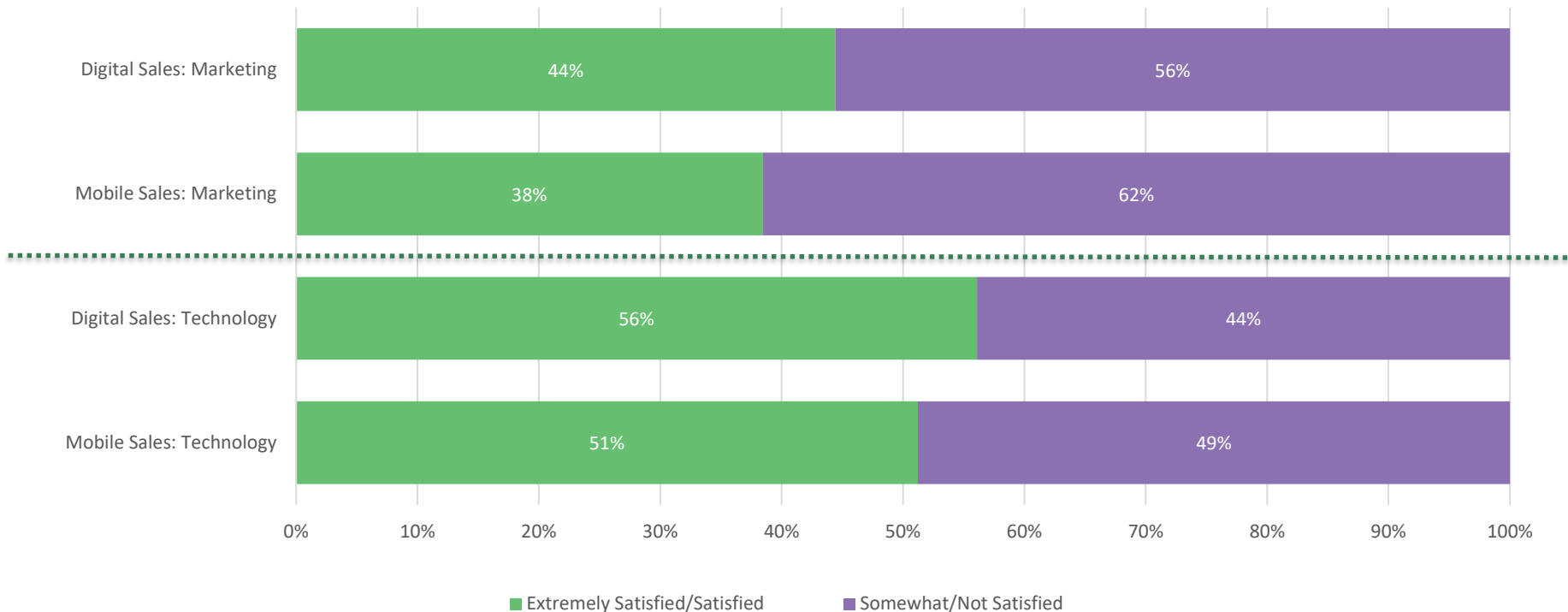
## Both marketing and technology executives report a strong lift in their ability to track digital activities to sales



Question: How well does your company track digital activities to sales today?



## Marketing executives report a lower satisfaction level in using digital and mobile channels to drive sales than do technology executives



Question: How satisfied are you with your company's current usage of the digital/mobile channel to generate sales?

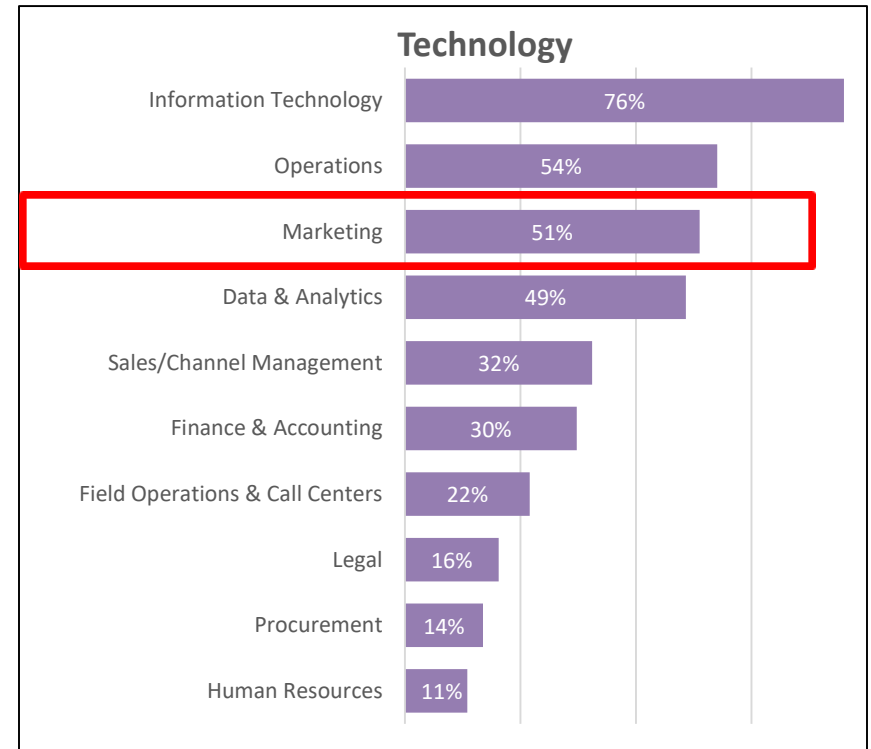
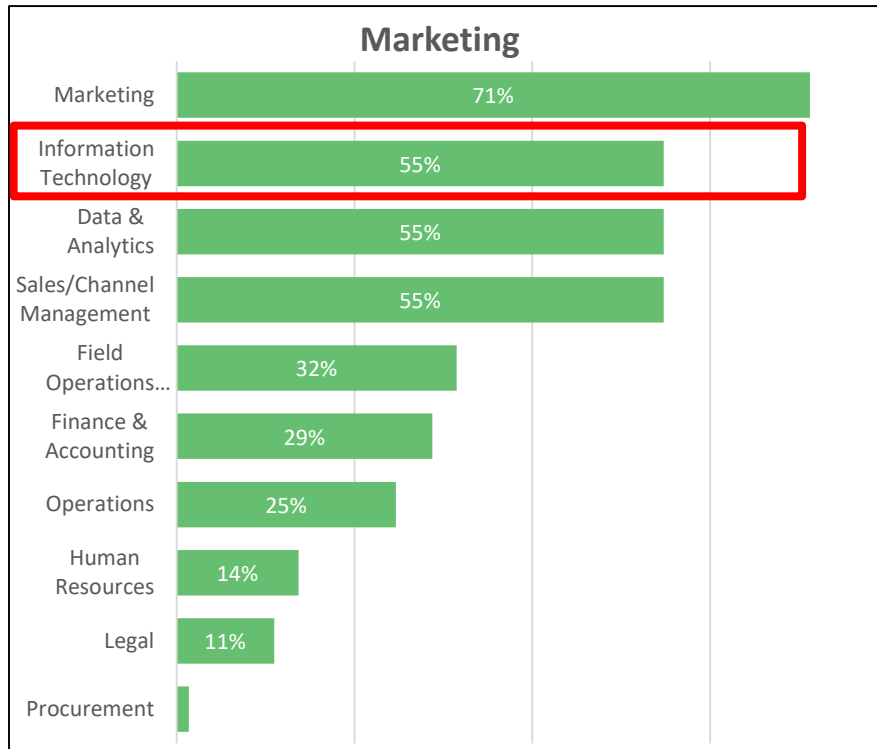


*Leapfrog Marketing Institute*

# **Insights into the Marketing/IT Relationship**



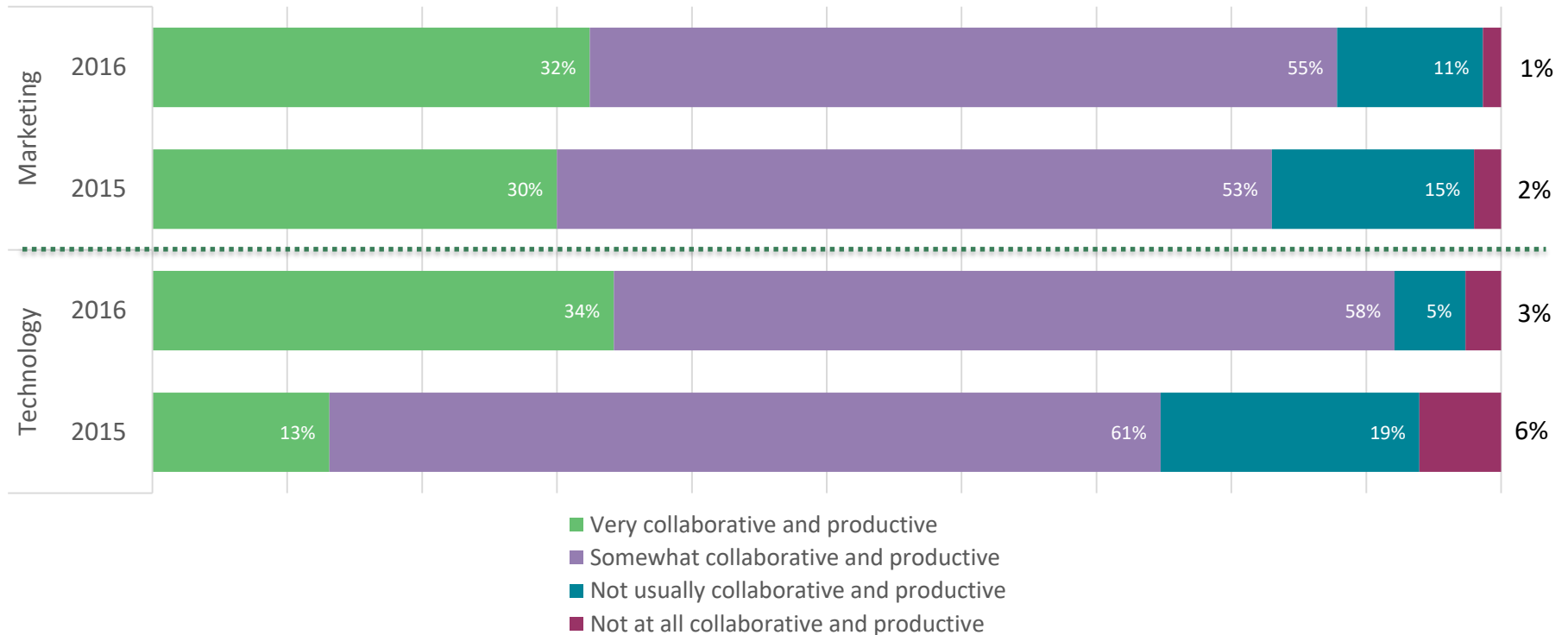
## Marketing and technology executives view each other's teams as top internal partners and have similar workgroups



**Question: Within your organization, choose your team's top FOUR internal partners based on the time/effort your team spends working with them to achieve your goals.**



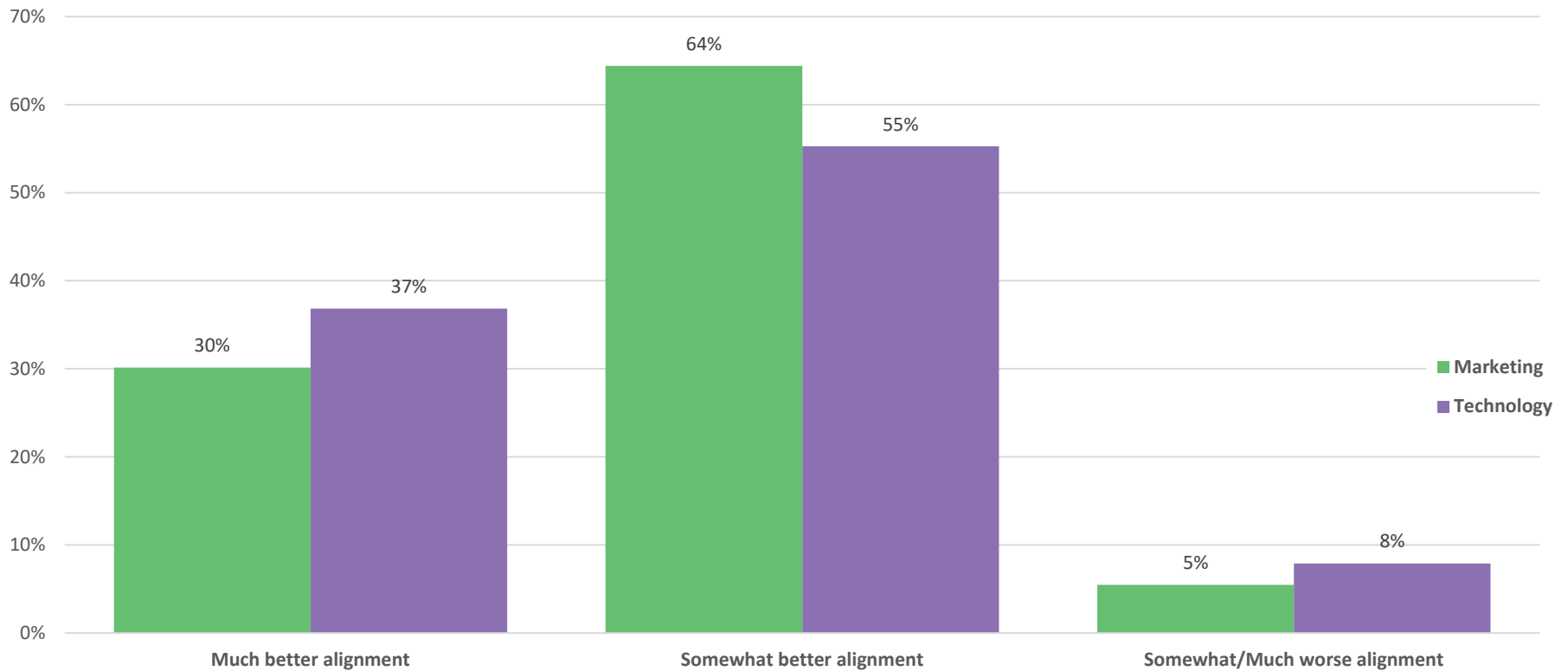
## Technology executives report a positive shift in their relationship with marketing—slightly higher than marketers



Question: How would you describe the relationship between marketing and technology in your company?



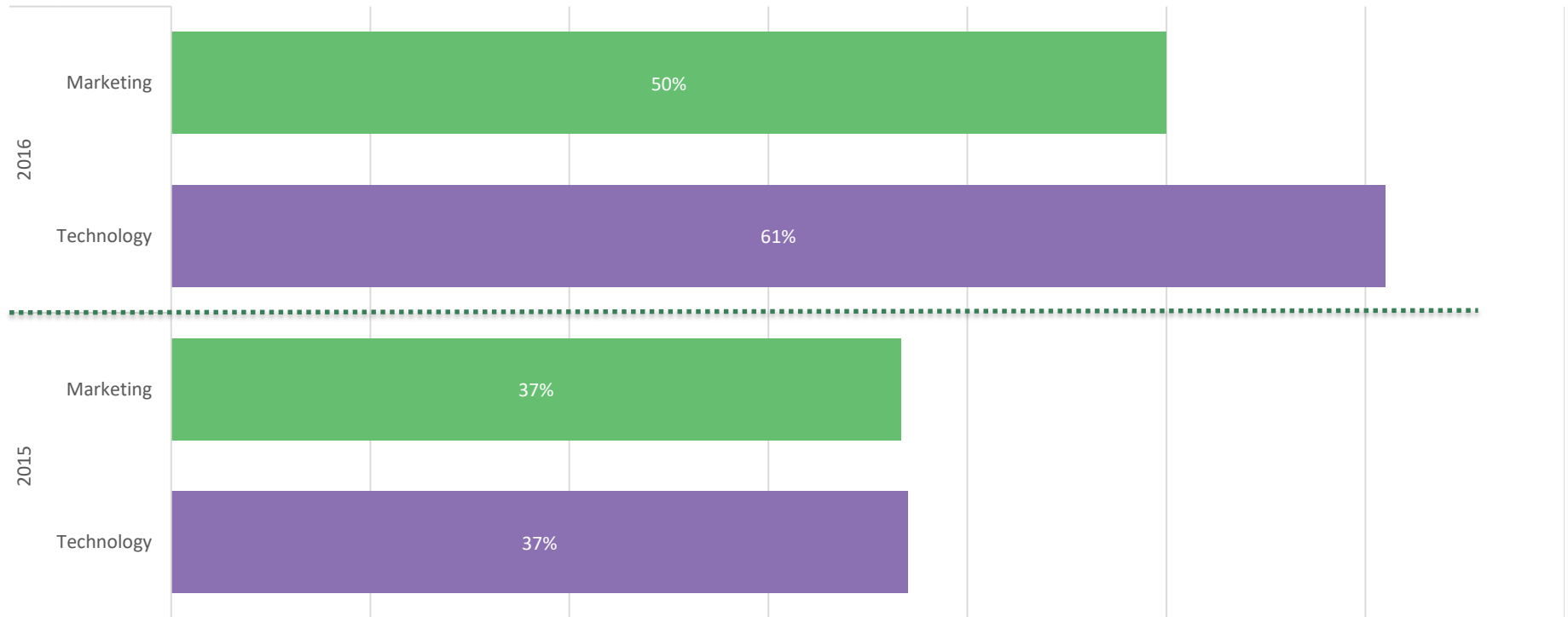
## Over 90% of marketing and technology executives are aligned on business goals compared to 2015 (1/3 much better)



Question: How aligned is this relationship on business goals compared to last year?



## Both marketing and technology executives report strong lifts in shared incentives and metrics compared to 2015



Question: Do marketing and technology share incentives or metrics for improved alignment? (Yes)

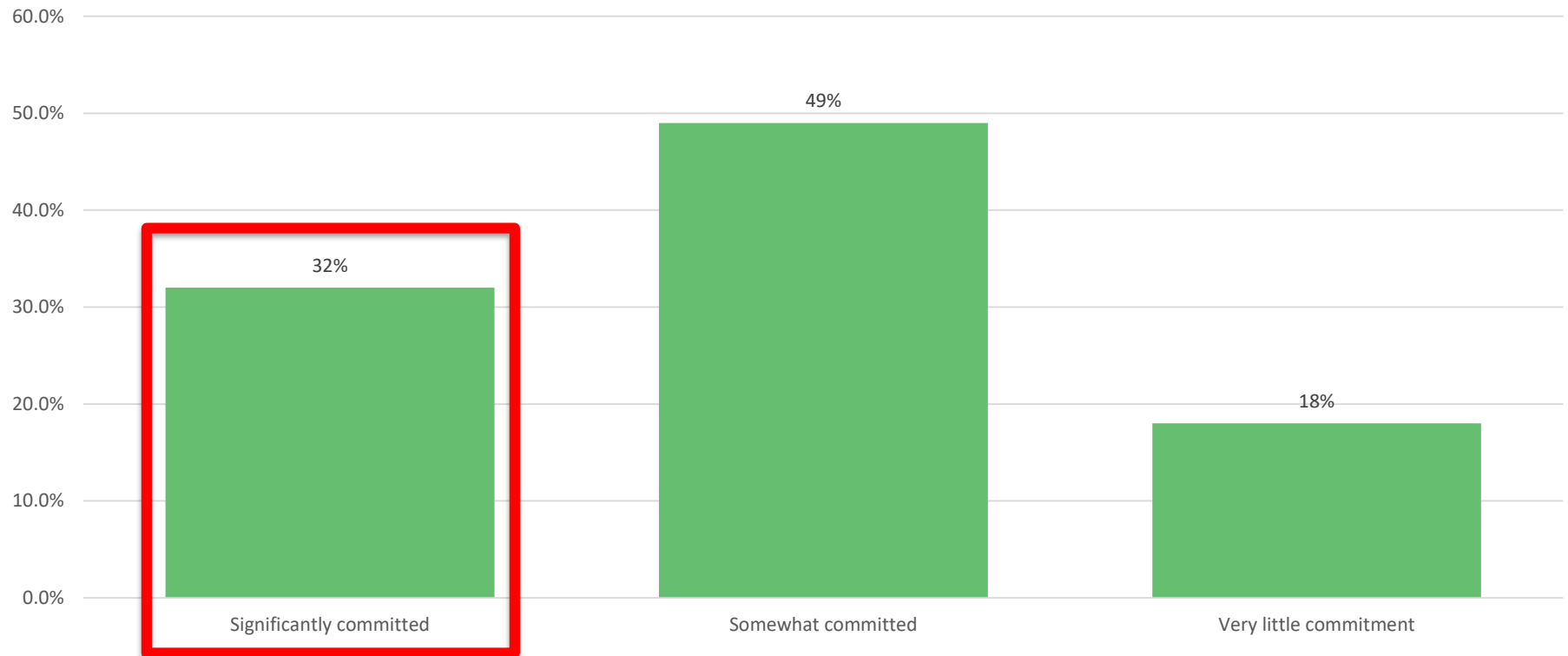


*Leapfrog Marketing Institute*

# **Organizational Transformation/Leadership**



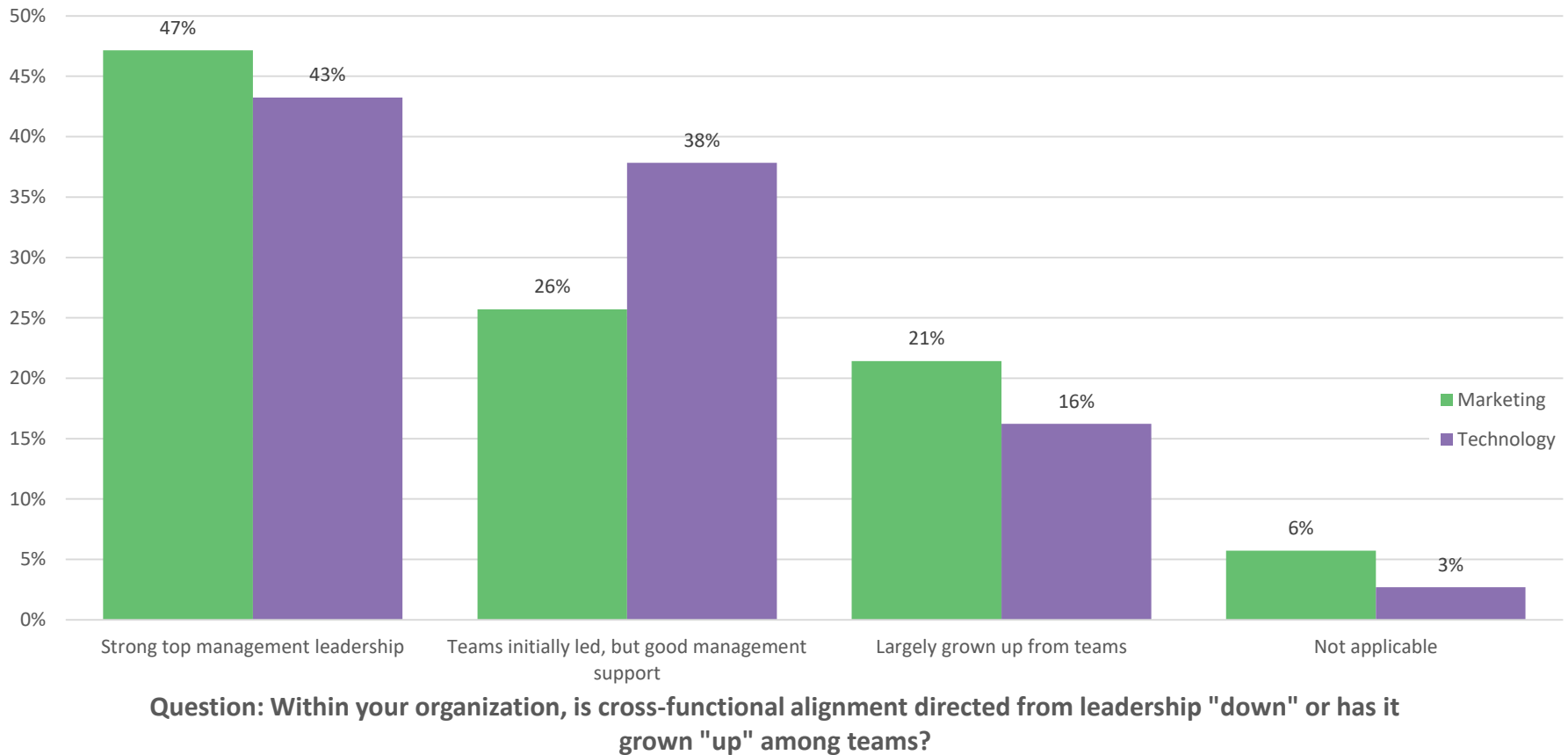
## Only 1/3 of marketing and technology executives report the C-suite is significantly committed to digital transformation



Question: How committed is the CEO/C-Suite to digital transformation of your organization?

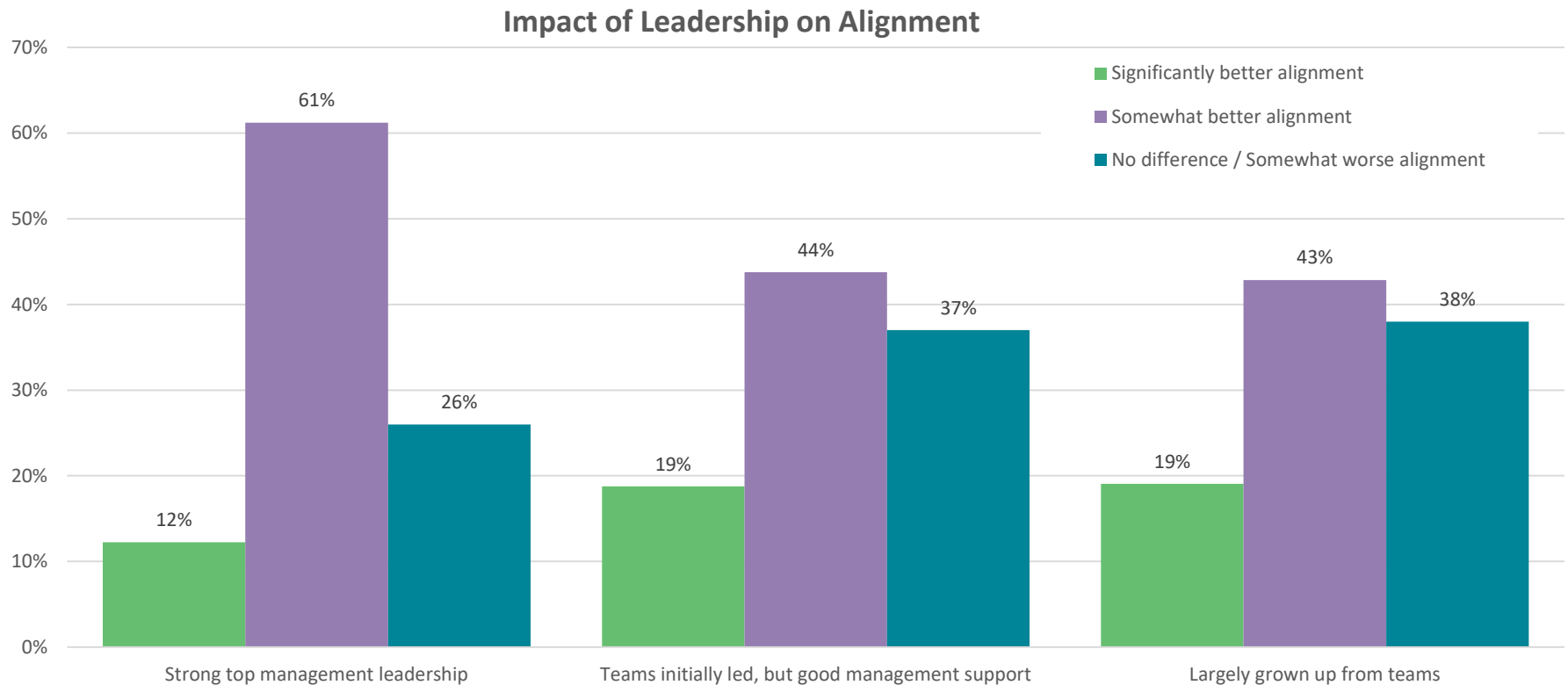


## Cross-functional alignment is primarily driven top-down with leadership support vs a bottom-up/team driven approach



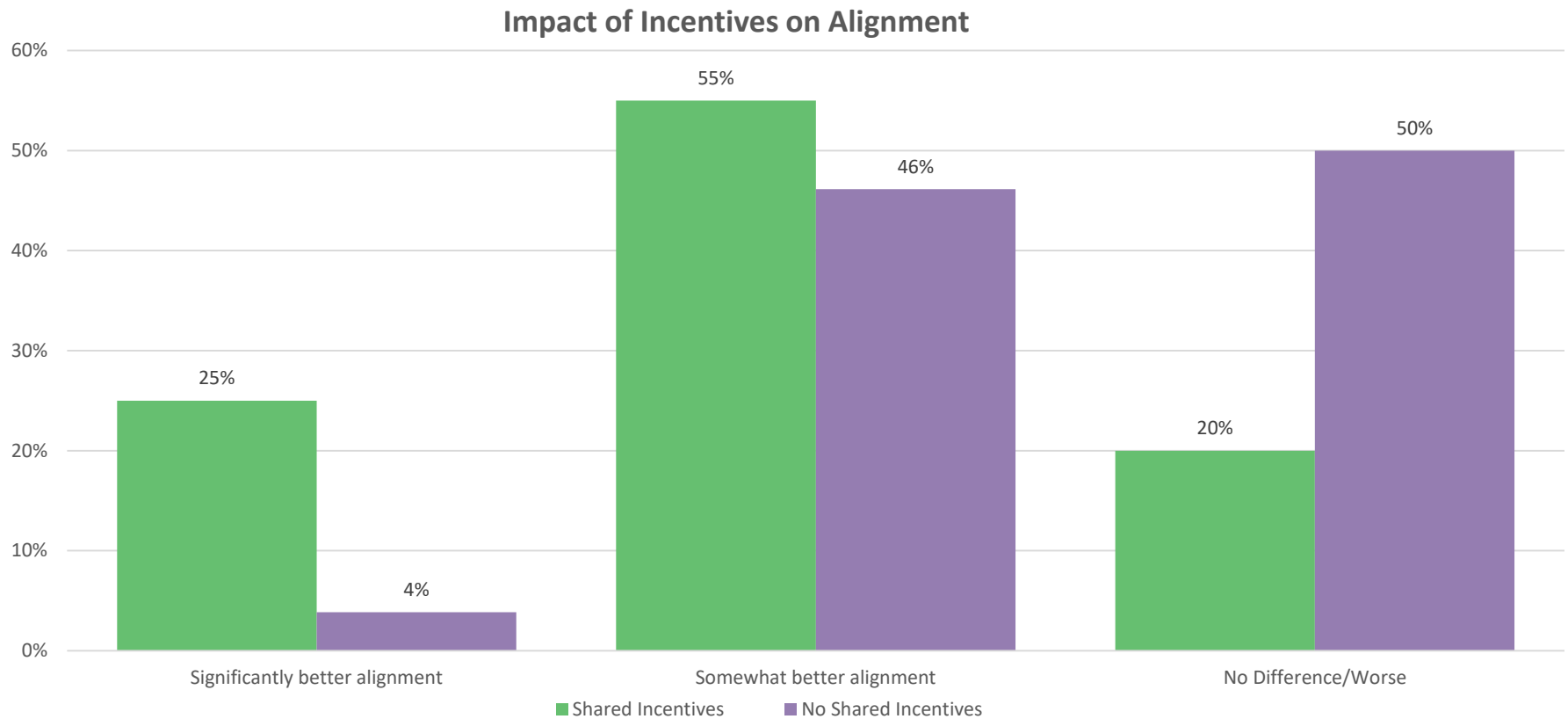


## Cross-tab analysis reveals a high correlation between C-suite leadership and marketing/technology alignment





## Cross-tab analysis also reveals that shared incentives have a strong impact on marketing and technology executive alignment





*Leapfrog Marketing Institute*

## **Implications and Considerations**



## **Summary of Key Learnings**

- ❖ 2016 marketing budgets report a small lift vs 2015. Of those that increased, 50% more marketers are reporting at least a 10% lift in budget over last year.
- ❖ For marketers, mobile is still viewed as their weakest channel, even with a 30% reported lift in strength over last year.
- ❖ Both marketing and technology executives reported dramatic lifts in their ability to track digital activities to sales.
- ❖ The marketing/technology relationship is getting better, 90%+ report a YOY lift in alignment and shared incentives and metrics.
- ❖ C-Suite commitment to digital transformation and customer-centric strategies is low and needs improvement.



## Considerations for Next 12 Months

### Shared Roles and Goals with Internal Business Partners

- ❖ Marketing and technology must be true business partners to stay current with consumer expectations
- ❖ Traditional roles may need to be re-configured with strategy and technology expertise in both teams

### Prioritize Customer Experience Ownership

- ❖ Ownership and budgets must be clearly identified and actively promoted
- ❖ Customer-driven experiences must deliver both operational/data elements and financial results

### C-Suite Engagement on Collaboration

- ❖ High C-suite engagement drives team collaboration and alignment
- ❖ Cross-functional leaders must consistently report the business outcomes created from their collaboration and shared goals/budgets
- ❖ Shared incentives should be considered given their high correlation with team alignment



*Leapfrog Marketing Institute*

**Thank You**