IDC FutureScape: Worldwide Chief Marketing Officer Advisory 2016 Predictions

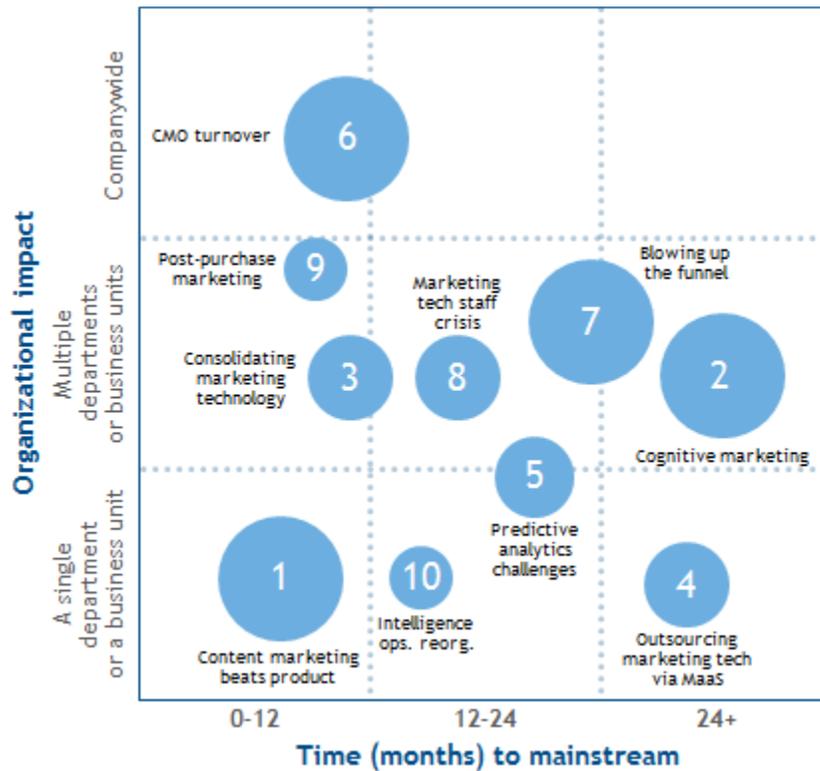Gerry Murray   Kathleen Schaub
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IDC FUTURESCAPE FIGURE

FIGURE 1

**IDC FutureScape: Worldwide Chief Marketing Officer Advisory
2016 Top 10 Predictions**

Note: The size of the bubble indicates complexity/cost to address.
Source: IDC, 2015

Figure 1 presents IDC's chief marketing officer (CMO) advisory top 10 predictions in terms of their likely impact across the enterprise and the time it will take for the predictions to reach mainstream. By mainstream, IDC means the broad middle of the bell curve of adoption (i.e., the 40-60% of enterprises

that are neither the first movers and early adopters nor the last to act). Each bubble's size provides a rough indicator of the complexity and/or cost an enterprise will incur in acting on the prediction.

IDC OPINION

The scope and scale of marketing is expanding as fast as it is transforming, and it is all happening in response to the connected customer. The connected customer is linked not only to vast independent sources of information about vendors, products, and customer opinions, but they are linked directly to each other and to a wide network of experts. In many cases, these links are stronger than the ones vendors are able to create. And there's the rub. Customers' expectations continue to rise. Once a few of their commercial relationships become authentic, sensible, consistent, and valuable, they expect every relationship to meet that standard. The big opportunity for brands and CMOs is to create new levels of differentiated customer centricity that lagging competitors cannot match. That effort will translate into revenue growth, higher customer lifetime value, and market share dominance. The 10 predictions presented in this study will impact the CMO's ability to develop these critical capabilities.

IN THIS STUDY

This IDC study provides IDC's top 10 predictions for the 2016 CMO agenda. These predictions provide the strategic context to enable CMOs to transform their role and organizations through the creative and innovative application of technology and organizational innovation to business challenges. This document offers IDC analysts' collective understanding of major industry transitions and advice to CMOs to consider in their strategic planning.

SITUATION OVERVIEW

Summary of Key Drivers

- Business drivers:
    - Increased pressure on CMOs
    - Marketing technology adoption that enhances competitiveness
    - Transformation of advertising
- Social drivers:
    - Real world and virtual world convergence through the Internet of Things (IoT)
    - Hyperinformed buyers with higher expectations
- Technology drivers:
    - Availability of big data disrupting relationships and business models
    - Next wave of marketing technology investment
- Economic driver:
    - Digital transformation

IDC FutureScape Predictions

Prediction 1: By 2017, CMOs Will Spend More on Content Marketing Assets than They Do on Product Marketing Assets

One of the most traditional and stalwart activities of a marketing organization is to execute on product marketing. But the days of product marketing as the kingpin of the communication world are numbered. A big part of product marketing is to develop product-related communication assets, such as product descriptions, data sheets, and sales tools. All of these activities are no less valid today than they were 10 years ago, but today, they reside behind the up-front activities of content marketing. Content marketing describes the competencies, processes, tools, and assets that are deployed to intercept the self-educated buyer during his/her process of organic search and exploration. New IDC research validates that high-tech marketers are spending 40%+ of their entire marketing budget on these content marketing practices. In the path of today's buyer's journey, the buyer will not "make it" to the point of consumption of product marketing assets unless he/she has a successful experience with content marketing assets in the early stages of his/her journey.

Associated Drivers

- Increased pressure on CMOs
- Transformation of advertising
- Hyperinformed buyers with higher expectations

Impact

- CMOs must accelerate expenditure on content-related marketing technology.
- Both IT and marketing lack personnel with mastery of required new skills and tools.
- CMOs must integrate the "islands" or pockets of deployments that are not tied in to adjacent functional area technologies.

Guidance

- Spend time and money to understand your own customer's unique purchase journey.
- Establish content marketing activities that are a mirror image of this journey.
- Recognize that content marketing is not just a marketing asset or collateral item – it is also a strategy, a competency, and a process.

Prediction 2: By 2020, 50% of Companies Will Use Cognitive Computing to Automate Marketing and Sales Interactions with Customers

Cognitive computing has a big future in marketing. As marketers become more sophisticated in understanding customer behavior, they are getting better at managing acquisition cost. High-potential leads get higher-cost resources like a dinner meeting. Low-potential leads go into automated email drip campaigns. But there is a huge midsection in the lead curve that requires a very low cost, highly effective means of further qualification. Traditionally, this is done through telesales services, which can be opaque, inconsistent, and expensive. Enter the virtual sales representative (rep), a digital, rules-based learning algorithm that can either replace telesales (via solutions like Conversica) or make the live representative radically more efficient. In fact, totally virtual sales reps are already interacting with customers, sending lead qualification emails, and setting up sales calls for early adopter enterprises.

For simple email interactions, totally virtual reps are not only indistinguishable from humans, but they are often preferred. Why? Because they can be set up to be courteous and respectful and are inherently reliable and scalable. For example, the time it takes several people in marketing and sales

to follow-up on a Web visit by a prospect is typically more than a day and can depend on complex scoring, routing, and territorial designations. Studies show that delays of more than a few hours dramatically degrade engagement rates. A totally virtual rep can follow-up on every single Web visit with a personalized message within whatever time period it is programmed to do so. And it can manage several qualified exchanges to the point of setting up a human-to-human sales interaction or providing links for digital commerce. This eliminates delays caused by human availability and preference. The quality, efficiency, and cost of the virtual sales rep are simply compelling.

But the virtual rep is only the beginning for cognitive. The level of complexity in ad optimization and the logical future of personalization (individualization) in multichannel marketing will require millions of decisions to be made in real time. These activities are far beyond the capacity of the human mind and are ideal applications for cognitive systems. Again, the future is already here. IBM officially added Watson to its marketing cloud solution offerings in 2015. The question is not so much about when or how cognitive systems will become mainstream in marketing but whether anyone will even notice.

Associated Drivers

- Marketing technology adoption that enhances competeveness
- Transformation of advertising
- Big data disrupting relationships and business models
- Real world and virtual world convergence through the Internet of Things
- Increased pressure on CMOs

Impact

- Cognitive computing platforms and applications developed on them will require IT groups and subject matter experts (SMEs) to become involved in the training of these systems.
- Current personal intelligent assistant services such as Apple Siri, Microsoft Cortana, and Google Now will raise expectations for prospective customers and clients to seek access to similar services with vendors.
- Use of cognitive computing systems may uncover new insights and also shed light on data in ways that may expose new data privacy and access issues.

Guidance

- Adoption of cognitive computing services will require IT and business leaders to become conversant in new — often revenue sharing — licensing models, particularly around third-party data.
- When projects to train and curate content needed to train cognitive computing systems are launched, ensure that IT has a seat at the table, even if the applications will be line of business (LOB) oriented and cloud based.
- Most applications of cognitive computing will be available as cloud services and will require attention from a data security, privacy, and access management perspective.

Prediction 3: By 2017, 20% of Large Enterprise CMOs Will Consolidate Their Marketing Technology Infrastructure

For the past 10 years, software ate marketing, but it did so one bite at a time. Although innovation was pervasive, it was ad hoc and asynchronous, which created a generally messy situation for buyers. Systems had to be adopted — one best-of-breed system at a time — with no knowledge of how many different systems would ultimately be involved. That number turned out to be in the hundreds for many

midsize and large enterprises. While point solutions serve their purposes well, getting them to work together is a do-it-yourself proposition. Today, all those integrations are becoming operationally and economically burdensome.

As a result, many CMOs and marketing technologists are seeking to consolidate their core systems on a single vendor. Core systems will vary business to business depending on factors such as business model, marketing mission (brand versus lead gen), regulation, organizational maturity, and more. But generally, core systems for a large enterprise will include multichannel marketing and advertising, the production and distribution of personalized content, customer data management and analytics, and internal collaboration and reporting.

It's important to know that just as large enterprises are hitting the wall with respect to integration, vendors are building marketing cloud platforms that will come with far greater integration between capabilities. The availability of integrated marketing clouds potentially enables technology laggards to quickly catch up or even leapfrog early adopters. It also enables marketing services companies to offer marketing as a service (MaaS) (For details, see prediction number 4.). The convergence of these supply and demand trends will result in a significant wave of reinvestment as marketers strive to lower costs, increase effectiveness, and rebalance staff allocations from martech back to marketing.

Associated Drivers

- Marketing technology adoption that enhances competiveness
- Transformation of advertising
- Big data disrupting relationships and business models
- Real world and virtual world convergence through the Internet of Things
- Increased pressure on CMOs

Impact

- Assessment models for marketing technology overhead are immature, making it hard to know when the total cost of ownership (TCO) curve for best of breed crosses the TCO for marketing cloud platforms.
- Marketing technology skill sets are still lagging in many companies, making it difficult to rapidly move to new systems.
- Marketing organizations typically lack the change management practices needed to migrate to enterprise systems.

Guidance

- Develop a comprehensive total cost of ownership model for marketing technology.
- Consider outsourcing the next wave of marketing technology via a marketing-as-a-service partner.
- Look to corporate IT for best practices on migrating enterprise systems.

Prediction 4: By 2020, 33% of CMOs Will Outsource Some Digital Marketing Activities via Marketing as a Service

Marketing as a service is a bundle of technology and marketing services that enable world-class digital marketing capabilities to be outsourced. MaaS combines marketing infrastructure, IT and data management services, and creative and execution services into a single offering. Examples are already in market from leading consultancies and marketing services firms on a pay-for-performance

basis. MaaS provides CMOs with a viable alternative to owning and operating 100% of their marketing infrastructure. It delivers significant value to CMOs who have two key sources of pain: agencies continue to struggle to execute multichannel campaigns and provide transparent attribution models, and technology has added a great deal of cost and complexity to the practice of marketing. MaaS enables CMOs to outsource much of the technological complexity and pay for it out of their advertising budgets and get better integrated marketing services on top of it. It also enables marketing service providers to run omni-channel campaigns with high levels of transparency. The next wave of marketing technology investment will feature two key segments:

- **Transformers:** Early adopters moving from complex and costly best-of-breed environments to cloud platforms
- **Leapfroggers:** Late adopters looking to catch up or even surpass the marketing prowess of their early adopting competitors

Many buyers of both types will find the economics of spending ad/branding money on outside services and getting the infrastructure as part of the deal more attractive than spending (and fighting to fund) an ever-increasing marketing tech budget. Why spend $10 million to own and operate a whole new infrastructure if you're going to spend $100 million on services that will come with the infrastructure along with the technical, operational, and creative talent to execute?

Associated Drivers

- Marketing technology adoption that enhances competiveness
- Transformation of advertising
- Big data disrupting relationships and business models
- Real world and virtual world convergence through the Internet of Things
- Increased pressure on CMOs

Impact

- MaaS offerings are new and untested.
- MaaS is a disruptive model that can enable marketers that previously lagged in technology adoption to catch up or even leapfrog early adopters.
- MaaS requires marketing organizations to master vendor relationships and work much more closely on an operational level with third-party staff.

Guidance

- CMOs should move cautiously with marketing services partners they already trust – that have solutions defined for their industry and business models, offer pay-for-performance pricing, and explicitly include decommissioning services in their contracts.
- CMOs must insist on complete real-time transparency at all levels of the relationship.
- Collaborative tools and shared workflow environments with spend management capabilities will be essential to success.

Prediction 5: By 2018, Predictive Analytics Will Be a Standard Tool for Marketers, But Only a Third Will Get Optimal Benefit

Predictive analytics should be a natural for marketers. It's a method significantly better suited than rule-based analytics for the highly complex, dynamic world of customer behavior. Early adopters report amazing returns resulting from the ability to discover segments, with a high propensity to buy and then better serve those segments with behavioral targeting. For these reasons, along with the growth trend

for predictive analytics overall, IDC sees marketing apps with predictive built in growing significantly faster than their competitors and prevailing marketing automation platforms to all be predictive by 2018.

However, whether marketers will be ready to take advantage of this gift is another question. Adoption of predictive analytics is already lagging (considering what is possible today!). By 2018, only about a third of companies will be in a position to optimally use the predictive tools available to them. The inhibitor for the others will be people – lack of statistical skills, stubborn organizational silos that resist the data integration so valuable to predictive models, reward systems that prize the ability to explain yesterday rather than anticipate tomorrow and, perhaps most dangerous, a culture that resists the truth when it goes against tradition.

An exciting future lies on the horizon for the 33% that charge ahead. Advanced companies and analytics vendors along with leading thinkers in universities are working to perfect detection algorithms and share methodology insights. Data marketplaces, such as Oracle BlueKai, find "in market" buyers through behavioral targeting and then send that data in real time to ad exchanges and Twitter to place relevant ads and content. Rapid innovation from technology such as IBM Watson will bring cognitive computing to the buyer engagement task. Much of this work is being driven by or will find its way into marketing.

Associated Drivers

- Marketing technology adoption that advances competitiveness
- Transformation of advertising
- Real world and virtual world convergence through the Internet of Things
- Hyperinformed buyers with higher expectations
- Availability of big data disrupting relationships and business models
- Next wave of marketing technology investment
- Digital transformation

Impact

- Insights from predictive analytics disrupt traditional assumptions – fueling innovation in companies with solid risk tolerance.
- IT becomes an even more important partner (or inhibitor) for marketing advancement.
- CMOs will struggle to find staff with required levels of statistical and analytical competencies.

Guidance

- Find sponsors; communicate the vision; and make heroes of early adopters.
- Accelerate predictive pilots and use them to root out barriers to data and analytical capability building.
- Go outside the typical marketer's background to find experts; expect to do a lot of training and handholding.

Prediction 6: CMO Job Turnover Will Continue at the Rate of 25% per Year Through 2018

There are four major forces that are driving the job turnover rate in the CMO office. Two of these are external forces and two of these are internal, and taken together, the 25% per-year turnover rate does

not look that surprising. Industries with greater dependence on data-driven marketing will be at the higher end of the turnover curve.

The first major force is external, and this is the basic power shift between a buyer and a seller, where today's buyer is much more in control of the purchase process via vast access to empowering information. This has fundamentally upended the traditional activities of marketing and selling that many CMOs and chief sales officers "grew up" in. Many of today's CMOs simply will not be able to make this cognitive shift from "inside out" to "outside in" marketing: they are just too beholden to their traditional practices.

The second major force is tied to the first force; it is more internal in nature, and this is the CMO's capability and capacity to become a digital marketer. No CMO today can be a really good marketer if he/she is not a really good technologist. In IDC's travels and interviews and profiles of hundreds of CMOs, the truly data-driven marketer is very rare. Even 1 in 10 would be a generous analysis.

The third major force is also internal, and this is the role of the CEO vis-à-vis the CMO. In general, there is a "job description" problem when the CEO is hiring for this role. It is a job where the responsibilities and activities are hard to put on paper. Even the goals and outcomes are hard to put on paper. And because it's so difficult to articulate the job, the CEO often gets a mismatch. Somehow, the CEO has a sense of what the role would look like, would feel like, if the CMO was a huge success... it's just that the articulation of the job description that would lead to that success is so intangible.

The final force is external, and this is the force of new company formation wherein a new CMO role becomes very attractive to an executive who — for any of the preceding three forces or others – feels that it is time to move on.

Associated Drivers

- Increased pressure on CMOs
- Marketing technology adoption that enhances competitiveness
- Availability of big data disrupting relationships and business models

Impact

- The CMO + CIO relationship needs to be better cultivated and expanded.
- The IT area needs to learn the language of marketing, and marketing needs to learn the language of IT.

Guidance

- CEOs need to spend more time on "marketing" – What is it? What does it mean for our company? The job roles and outcomes need to be more fully explored and articulated.
- CMOs need to lead with their strengths and to surround themselves with great talent and resources to support any weaknesses. The greatest likely weakness is an inability to become truly data driven.

Prediction 7: By 2020, 20% of Marketers Will Abandon the Traditional Funnel in Favor of a Customer-Centric Model

An unexpected trend is emerging. Some of the most advanced B2B marketers, those that have made reasonable progress in data-driven marketing, tell IDC that they are finding major flaws in their traditional funnels. The sales funnel is 114 years old and bears the unmistakable marks of the

industrial era where it originated. But data exposes that the buyer's decision journey isn't linear like the funnel. Marketers and sales people must be ready to respond to anything at any time. Data also reveals that while a "lead" may be a meaningful indictor of interest, it's often a waste of time to simply pass it off to sales. Success requires a strategic joint effort to get the rest of the prospect's buying team on board.

What replaces the old funnel? Many marketers have a vested interest in not replacing it at all. Rabid funnel advocates have proposed ridiculously convoluted updates that effectively "puts lipstick on a pig." The funnel will remain useful for internal processes such as forecasting, so it won't disappear. But simply adding more funnel stages won't be useful for companies truly desiring to be customer centric. A funnel update merely applies yesterday's solutions to today's problems.

More forward-looking marketers, particularly those making headway in content marketing, are organizing go-to-market strategies around customer-centric models like the buyer's journey. Customer-centric models are great tools to burst open insights about the customers' real buying challenges. A customer-centric mission, together with data-supported feedback, flexible content, and a ready-for-anything automation infrastructure, will produce better results than traditional funnel-led methods. Listen with new ears to success stories over the next few years — especially those related to content marketing and sophisticated use of data. In them, you'll hear the slow erosion of the rigid old funnel.

Associated Drivers

- Increased pressure on CMOs
- Marketing technology adoption that enhances competitiveness
- Hyperinformed buyers with higher expectations
- Availability of big data disrupting relationships and business models

Impact

- Customer centricity becomes a brand differentiator.
- CMOs driving customer-centric practices will create demonstrable results and also cause organizational chaos.
- The best sales reps will be unexpected partners. They "get" customer reality and will appreciate marketing's assistance.

Guidance

- Build customer advocates who will speak for your brand.
- Invest in customer data! Only with objective insight will marketers be able to overcome institutional bias.
- Collaborate with sales to develop competencies in audience marketing and account-based marketing.

Prediction 8: By 2017, 60% of CMOs Will Lag in Implementing Recommended Benchmarks for Marketing Technology Staff Investment, Increasing the Rift Between the CMO and CIO

Annually, IDC research assesses the totality of spending for IT as to its funding "splits" between the IT area and the "business," where the business is defined as enterprise departmental functions or LOBs. As of 2015, we see that the business now funds 61% of all IT projects. In addition, as we look across all of the "business" functional departments, it is IT for the marketing department that is the fastest growth area of new investment, with growth projected at 9% through 2018.

Given this data, it might be expected that the marketing organization would be "ahead of the curve" in its own investment to purchase new IT and to invest in the staff resources to support this. CMOs need to check their own numbers on this point. In IDC's opinion, the marketing area is generally underfunded in its outlay for new technology and is understaffed in technical personnel.

Associated Drivers

- Marketing technology adoption that enhances competitiveness
- Increased pressure on CMOs
- Digital transformation
- Next wave of marketing technology investment

Impact

- The process of customer creation begins in the marketing organization. A newly created customer (or prospect) record is handed off to the sales function, the fulfillment function, the customer service function, and so forth. Is the customer record, as created in marketing, maintained with accuracy and integrity as it passes through the IT systems of these other functions? And, is the IT office on top of this job?
- The IT budget within the marketing function may be subject to more budget pressures (cuts) during a business downturn vis-à-vis the budgets for other areas of the business.

Guidance

- CMOs and CIOs need to make a renewed and more concerted effort on the shared challenge of the IT road map for marketing.
- To take inventory of the IT for marketing that is currently in place and to identify the next steps on the road map, IDC's MarTech frameworks should be used.
- Inventory of the personnel should be taken: the skills proficiency or deficiency to support the IT for marketing and whether this staff resides in IT or in the marketing organization.

Prediction 9: In 2016, 70% of Companies Offering Cloud or Digital Services Will Increase Investment in Post-Purchase Marketing

B2B marketers tend to spend most of their program dollars on the earliest stages of the buyer's decision journey, the stages IDC calls exploration and evaluation. However, as the ownership economy evolves into a service/sharing/experience economy, companies are starting to realize that today's reality means that more marketing is needed after the initial purchase. This need is especially sharp for cloud services companies where barriers for both entry and exit are lower. Today, the smallest, fastest-growing software companies (with approximately 20%+ annual growth) spend approximately 16% of their marketing investment on post-purchase marketing. This amount tends to increase as the company matures. And services companies overall spend an average of 25% of marketing program funds on post purchase.

IDC believes that the next several years will witness not only increased post-purchase marketing investment but also great deal of experimentation. As cloud services matures, there is much to be learned about what works best. Companies will certainly make marketing program investments related to "money" such as upsell, cross-sell, and renewal campaigns. Other investments will go to build customer loyalty and advocacy — what one cloud CMO calls "the love." Loyalty programs have been a mainstay of consumer marketing for years. Travel, retail, and fashion are just a few of the industries to adopt these loyalty programs. Advocacy goes beyond loyalty and invokes the social sphere. The reasons customers stay on a particular solution path during their decision journey are due in large part

from what others do and say. Will millennials treat "share your experience (good or bad)" as a routine task of their supplier relationship?

Investment in post-purchase marketing will certainly include technology. From loyalty program management to gamification and from social tracking to recommendations, marketers can choose from many applications to run, manage, and measure post-purchase programs. Big data and behavioral targeting will help identify customers that are most likely to become advocates as well as those most likely to churn.

Associated Drivers

- Increased pressure on CMOs
- Real world and virtual world convergence through the Internet of Things
- Hyperinformed buyers with high expectations
- Digital transformation

Impact

- Traditionally minded companies will struggle to fund marketing's additional roles while maintaining older investment models.
- Programs that build customer "love" require different leadership and skills than those that seek "money."
- Loyalty and advocacy development requirements go far beyond marketing.

Guidance

- Reallocate funds to match today's realities. Invest a higher portion of the sales marketing cost envelope in marketing.
- Start a loyalty and advocacy team at the CMO's leadership team level.
- Collaborate with customer success teams, finance, IT, and sales to ensure a full 360-degree customer delight.

Prediction 10: By 2018, 50% of CMOs Will Make Significant Structural Changes to Their "Intelligence" Operations and Organizations

IDC predicts that intelligence operations and staff will consolidate and expand. There are four major areas of formal intelligence gathering and dissemination that fuel the decision making of marketing and strategy. These are as follows:

- **Market intelligence (MI).** This is information about market sizes, shares, and industry trends (aka "market insights").
- **Business intelligence (BI).** This is primarily internally gathered information regarding a company's customer purchase patterns and buyer behavior (aka "customer insights").
- **Competitive intelligence (CI).** This is information about the company's competition, often used to inform sales account teams.
- **Social intelligence (SI).** This is information gathered from "real time" social listening, which helps understand current customer sentiment and emerging wants/needs of the customers.

At many organizations, these four functions have often existed as separate activities and in many cases have a reporting structure into different parts of the company. MI typically reports into the marketing organization. BI often reports (or is housed) in the product lines. CI is often in the sales area. And SI is often an "island" of activity within the marketing organization.

IDC predicts that 50% of CMOs or equivalent leading executives will consolidate these functions into a larger and single "intelligence" group, which will more broadly serve the entire organization for its intelligence needs. This new group may report into marketing; it may also report into corporate strategy.

IDC also expects that the overall staff resource for these combined functions will expand. As an example, IDC's latest benchmark research on the intelligence staff levels within the IT vendor vertical industry, which is arguably one of the most intelligence-intensive industries, will stand at 7.5% of the total marketing staff by the end of 2015.

Associated Drivers

- Availability of big data disrupting relationships and business models
- Marketing technology adoption that enhances competitiveness

Impact

- Assessment and potential rationalization of all of the supporting IT for these functions is an opportunity for cost control and also the basis for the going-forward road map of new investment.

Guidance

- It is necessary to start with an investment audit of discretionary (program) and fixed (people) investment.
- The largest of organizations that enjoy the benefits of lower-cost staffing by virtue of their global footprint should take advantage of offshoring of back-office intelligence gathering and dissemination.
- It is important to understand the key audiences – the internal teams that are the "customers" of these intelligence outputs. These audiences need to be prioritized for service levels that the intelligence team can reasonably deliver. Lower-priority audiences are best served by self-service tools (e.g., an MI portal) that are administered by the intelligence team.

ESSENTIAL GUIDANCE

Brands and CMOs cannot afford to be change averse in this era of digital transformation. Do you know if you are leading or lagging? Leaders display most or all of the following attributes:

- Higher levels of investment in marketing technology
- Aggressively expanding marketing skills
- Data-driven/customer-centric culture
- Higher levels of engagement with other customer-facing functions
- More successful working relationships with corporate IT
- Executive leadership that embraces transformation

If you have all of those attributes going for you, you are in rare company. If you have many of them against you, you are in dire straits. Most marketing organizations are somewhere in between. For the next 12 months, IDC suggests the follow actions for CMOs:

- **Compete on marketing infrastructure.** This may include adding or updating functionality, consolidating diverse point solutions, and/or using outsourcing to quickly advance digital

marketing capacity. Focus on specific business drivers for the marketing function to ensure the technology investment reflects go-to-market strategy.

- **Become customer centric.** Find ways to add value to the buyer's journey throughout all six phases: exploration, evaluation, purchase, expansion, renewal, and advocacy. Coordinate with other customer-facing functions beyond sales, such as finance, customer success, fulfillment, services, and call center. Define how these functions can make each other more effective by sharing data, coordinating activities, and increasing transparency.

- **Nurture data-driven culture.** Don't just make data-driven decisions – socialize the process and outcome, especially if they go against corporate truisms about customers. Raise the analytics intelligence quotient (IQ) of the marketing organization with training and knowledge-sharing initiatives.

- **Always be disrupting.** The only way to control the pace of change is to set it. Marketers are going to be subjected to a set of unending waves of change for the foreseeable future – new technologies, new buyer expectations, new competitors, and so forth. Organizations that develop highly adaptive cultures, practices, and personnel will fail and succeed faster than those that continually reorganize around single change events.

KEY DRIVERS

Many external factors have a direct or an indirect impact on the CMO role and on IDC's predictions for the future of the CMO's success. These factors come from business, social, economic, and technological realms. IDC has identified eight drivers that represent significant forces affecting the future of the CMO role and marketing organization within the enterprise. Collectively, these drivers lead CMOs to address the top 10 predictions discussed in this document.

Business Drivers

- **Increased pressure on CMOs.** In the effort to transform the marketing function, the pressure is on for CMOs. As the shopping and buying practices of the connected customer shift and expectations rise, the CMO must be the "point person" that generates the enterprise response. And as such, the CEO and top general management will expect more from the CMO to rise to this challenge and help the whole company learn how to market and sell to the new buyer. Even as this demand increases, the CMO faces organizational constraints, especially for larger (and older) organizations, where the traditional patterns of marketing, such as the inward product orientation and deep functional silos, have been ingrained for decades. The transformative pressure that the new buyer brings to the organization tests the "muscle memory" of making breakthrough changes. The CMO finds himself/herself facing barriers of culture, organizational inflexibility, and issues of outdated and missing skill sets.

- **Marketing technology adoption that enhances competitiveness.** IDC defines the mission of digital marketing as "make the most compelling offers to the best customers the fastest."

  It's a deceptively simple challenge with three core requirements. First, it requires deep, real-time knowledge of how marketing actions influence customer intentions across channels over time. Second, it requires empirical evidence to identify "best" customers, a definition that can take many forms in many contexts. And third, it requires speed at scale to stay ahead of the competition. The good news? Modern marketing infrastructure makes all this possible. The bad news? To the extent there is a gap in infrastructure and digital marketing capabilities, there will be a gap in competitiveness. Companies that excel at this are arranging sales calls, while competitors are sending bulk emails; companies are doing demos, while competitors are initiating conversations; and companies are closing deals, while competitors are doing loss

analysis. The companies that excel are pushing customer expectations beyond the reach of competitors, with innovative information-based services such as benchmarks, best practices via mobile apps, and more. These services deepen customer loyalty and, in some cases, deliver high-margin revenue streams.

- **Transformation of advertising.** Advertising is huge. It fuels virtually all media through which the world gets its information. But ever since the first banner ad appeared in 1994, this juggernaut has been hurdling from its Mad Men origins to the math-driven Wall Street-like reality of today's programmatic digital placement and real-time feedback. The implications of this transformation are also huge. Advertising is typically the largest line item in the marketing program budget. IDC's 2015 *Tech Marketing Benchmark Survey* finds that an average of 29% of a tech company's program funds are invested here. Programmatic methods are snaking their way into every aspect of omni-channel engagement. Creativity and personalization rise to new importance as eyeballs become a commodity. Advertising's transformation will eventually affect every aspect of communications.

Social Drivers

- **Real world and virtual world convergence through the Internet of Things.** The Internet of Things opens up a world of possibilities for marketing by extending the reach of the digital world into the physical world. First, the Internet changed the intangible aspects of life. Information, commerce, ideas, and music — anything that could be digitized could be connected. Now, IoT enables the tangible world to join the party. IDC defines the Internet of Things as an aggregation of endpoints — or "things" — that are uniquely identifiable and communicate over a network without human intervention. These endpoints could be sensors embedded in products, automobiles, or walls. They could be mobile devices in pockets or wrists — or thousands of other connection options. Through IoT, marketers will gain extraordinary real-world insights, unfiltered by human perception, about the way that products and messages are received and used. The result will be an unprecedented exchange between the real and virtual worlds.

- **Hyperinformed buyers with higher expectations.** Buyers know more and expect more than ever. They have valuable information resources at their fingertips and increasingly prefer to educate themselves without the involvement of a sales rep. This radically changes the way high-tech products and services are marketed and sold. Even in complex, long-cycle purchase processes, the role of marketing is expanding across all phases of the buyer's journey. In some cases, marketing is driving not only awareness and demand but also trial subscriptions, purchases, and loyalty. Throughout this process, buyer expectations are being set regarding the value the brand can deliver over and above the products and services it sells. As a result, marketers need to find new ways to deliver ever more value into all phases of the customer journey.

Technology Drivers

- **Availability of big data disrupting relationships and business models.** Big data allows marketers to gather more information about prospects and customers and zoom into the individual level to discover new behaviors and opportunities. Competitive advantage hinges on both the amount and the value of the information the organization has on its customers. Marketing programs must therefore be designed to capture unique customer data sets and derive new insights. Customers are also changing their understanding of big data. They now expect brands to securely and wisely use their data to make them more successful in their personal and professional lives.

- **Next wave of marketing technology investment.** Marketing infrastructure is finally emerging from the era of point solutions to platforms. Marketing platforms hold the promise of delivering functionally comprehensive and operationally well-integrated systems for optimizing marketing performance. As marketing infrastructure becomes more holistic, it becomes increasingly important that it be integrated into the enterprise ecosystem. Marketing is highly dependent on data from sales, finance, fulfillment, services, customer care, and external sources to truly optimize its contribution to business performance. As a result, the relationships between marketing and enterprise IT will have to become highly collaborative and symbiotic.

Economic Drivers

- **Digital transformation.** Fueled by 3rd Platform technology including cloud, social business, and big data and analytics, the world is entering an era where the boundary between the internal operations of an enterprise and its external ecosystem is rapidly blurring. Business leaders must deploy digital technologies to move their enterprises to the next level. That next level can take several forms such as reimagination of the customer experience; new operating models, products, and services; or fresh approaches to workforce management. Whatever form the digital transformation takes, no enterprise will go untouched.

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Related Research

- *Categorizing the Content Needs of Different Buyer Types: IDC's 2015 IT Buyer Experience Study* (IDC #258780, September 2015)
- *Audience Marketing: Death to the Product "Selfie"* (IDC #WC20150820, August 2015)
- *Audience Marketing: Replenishing Customer Context* (IDC #257372, July 2015)
- *Chief Digital Officers: Bridging the Innovation Gap Between the CIO and CMO* (IDC #256972, June 2015)
- *The Top 5 Trends in Programmatic Advertising* (IDC #WC20150625, June 2015)
- *IDC's Worldwide Marketing and Intelligence Taxonomy, 2015: Guidelines for Resource Allocation and Organization* (IDC #256345, May 2015)
- *Predictive Analytics Reveals Hidden Buyer Behavior* (IDC #256361, May 2015)
- *A Modern Marketer's Guide to Creating Innovative Customer Experiences* (IDC #256071, May 2015)
- *The IDC Customer Experience Loop: A New Framework for Marketing Investment and Execution* (IDC #256037, May 2015)
- *Evolution of the Virtual Sales Rep: Taking Buyer Experience to the Next Level* (IDC #255852, April 2015)
- *IDC's 2015 Cloud Marketing Barometer: Survey Results and Essential Guidance* (IDC #WC20150331, April 2015)
- *IDC MaturityScape: Marketing Technology* (IDC #252793, December 2014)
- *Centralize or Decentralize? Leaders Weigh in on Marketing Organizational Structures* (IDC #252728, December 2014)
- *What Is Content Marketing? IDC Defines One of Marketing's Most Critical New Competencies* (IDC #252415, November 2014)
- *Digital Marketing: The Future Role of Agencies* (IDC #252328, November 2014)

Synopsis

This IDC study features IDC's top 10 predictions that CMOs must focus on for success in 2015 and beyond. Each prediction is described in terms of its potential impact on the organization, how quickly it will be a mainstream practice, and the relative effort needed to address it. Top predictions include CMO turnover, designing content for the buyer's journey, the emergence of line-of-business (LOB) buyers, addressing marketing skills gaps, and CMO/CIO partnerships.

"Marketers and their executives that embrace the challenges of transformation stand to gain the most from the effort," said Gerry Murray, research manager with IDC's CMO Advisory. "Today's connected customers are demanding more authentic relationships with brands. They can instantly tell the difference between brands that make them more successful in their personal and professional lives and those that stop at delivering the goop in the bottle, the UI on the screen, or the vehicle in the garage. Success in today's marketplace is no longer only about products and services, it's about the whole customer."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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