

The Customer-Centric CMO

How to Increase Marketing Budgets, Identify Customers and Connect Modern Marketing Tactics to Bottom Line Impact.



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Contents

Introduction.....	3
Fortify First: The Digital Marketing Foundation.....	4
Segment Second: Customer Experience	5
Assets Third: Why CLV Marketing is so Powerful	6
Summary	7
References.....	7

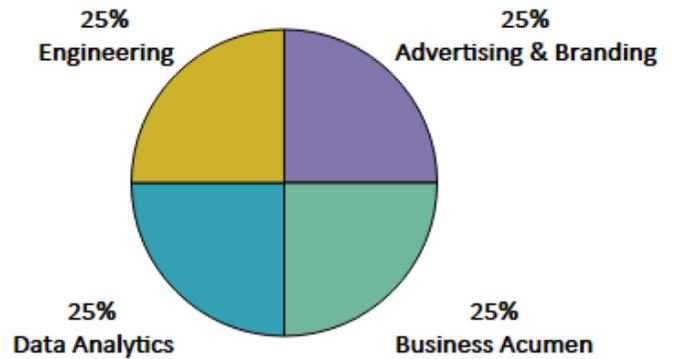
Introduction

The pressure for today's CMO to grow revenue is nearly as high as the flood of mar-tech technologies providing easy solutions. Today's CMO must decide how to place their bets by weighing the cost of technology versus the time to achieve the promised outcome. Yet, the recipe for successful CMOs today is a blend of skills no college could have produced. Modern CMOs need 1/4 engineering skill, 1/4 advertising and branding, 1/4 business acumen, and 1/4 data analytics to provide effective leadership.

Forrester believes in 2018 "visionary CMOs will focus on growth and customer obsession" but what does that really mean? In this paper, we outline the fundamental process to make clearer technology choices, connect with the right customers and drive bottom-line impact so substantial you should ask for a performance bonus before you begin.

Just like a water wheel, each step runs in order. If a step is skipped or incomplete, the result is to be thrown unceremoniously back to the previous step. Use this guide to expedite progress by doing it right the first time. Executive interviews from Bain, Forrester, Electronic Arts, Staples, eBay, Twitch, Banorte and Wharton, which support this process are available via the Customer Equity Accelerator podcast. The fundamental concept is by knowing who is a good customer and who is not, we can connect marketing tactics to value created in the form of long-term customer equity.

What skills do CMO's need to be effective leaders?



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Fortify First: The Digital Marketing Foundation

The easiest and most expensive mistakes are made while creating the digital marketing foundation. Most CMOs do not understand the nuances of data tracking and integration. Further, any attempt to understand is usually met with an avalanche of jargon devoid of boardroom business impact. Like the foundation of a building, there is only the promise of return on investment. So today's CMO has to sell the vision of what will be achievable without understanding exactly what to demand.

Here are two things to demand that will set up your future success:

- 1) Demand a way to identify the audience types. Tools such as Google Analytics and Adobe Analytics can be architected to capture audience information across your digital assets. This audience information does not have to be personally identifiable information such as a name, address or phone number. It can be anonymous behavioral segments (e.g., people going to the jobs pages are likely to be job seekers) or an anonymous key. Further, *anything* that is connected to the internet can be tracked so think beyond the website.

- 2) Demand a way to lock in your progress in the form of staff and monitoring tools like Observepoint. More time and money are wasted by allowing tracking deterioration, then setting it all up again. This deterioration not only affects the tracking but every derivative of it like analysis and reporting. Get the seeds for digital analysis planted and then continue to weed the garden. There are plenty of technically inclined digital analytics folks who would love to own this.

More detail on best practices surrounding tracking, campaigns, 3rd party integrations, segmentation, dashboards, and reports, is available [in this digital marketing guide](#).

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Segment Second: Customer Experience

In the past two years, marketing conferences and martech tools have strongly emphasized “customer experience.” Yet, the term customer is often used as a homogeneous group only broken out by their stage on the journey-to-acquisition map. Framing the customer experience this way is just a twist on the classic marketing funnel which does not go far enough. Thanks [to research by David Edelman](#) during his McKinsey days, we know customers do not travel a funnel but a loop.

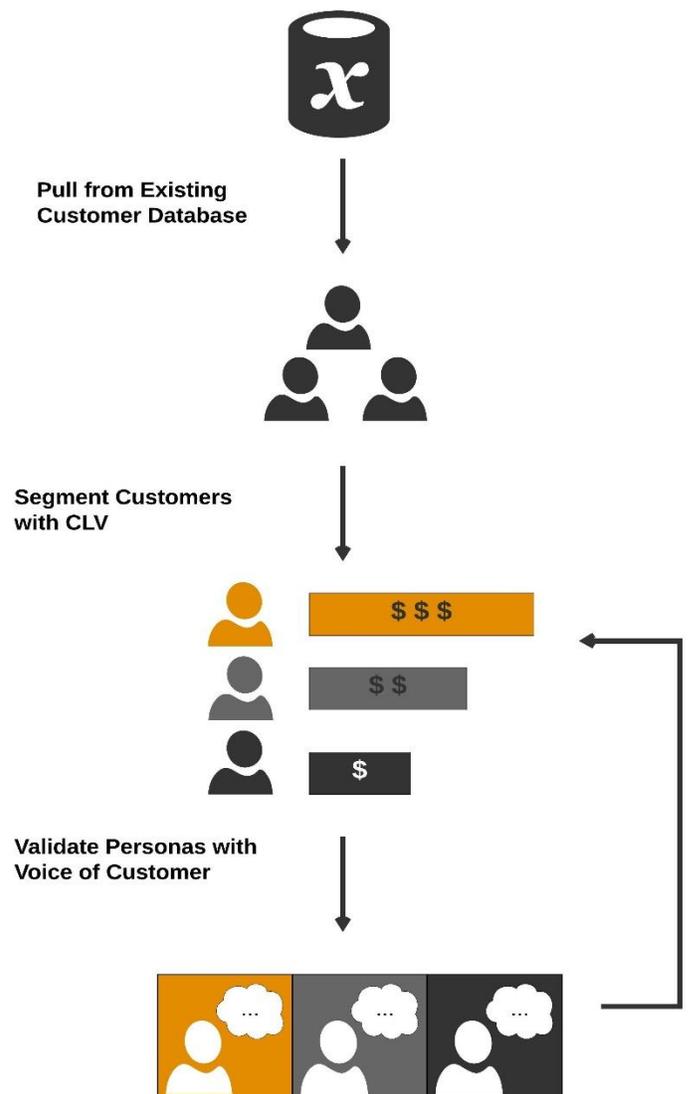
The customer journey loop helps us understand that post-purchase bonded buyers are substantially different from those who are just getting to know us. In fact, much of the rich engagement on the website comes from customers who already know (and perhaps love) our brand. The first footbridge between revenue and marketing is built when we connect well-architected digital marketing with in-house customer identification sources.

Therefore, effective CMO’s demand segmentation with specific features:

1. Demand that any persona is first, built from your own in-house known customer database and second, segmented by customer lifetime value. What good is it to have 6 personas only to find out that half of them are low-value customers? If you created the most amazing customer experiences for these low-value customers, it still would not move the bottom line. Separate the signal from the noise early.
2. Demand continuous validation of your key segments. Collect customer voice or survey data to ensure that what you think is true, is still the case. Digital data alone is full of confounding factors. Use the voice of the

customer to help sort it out. The bigger your data, the more you need customer voice.

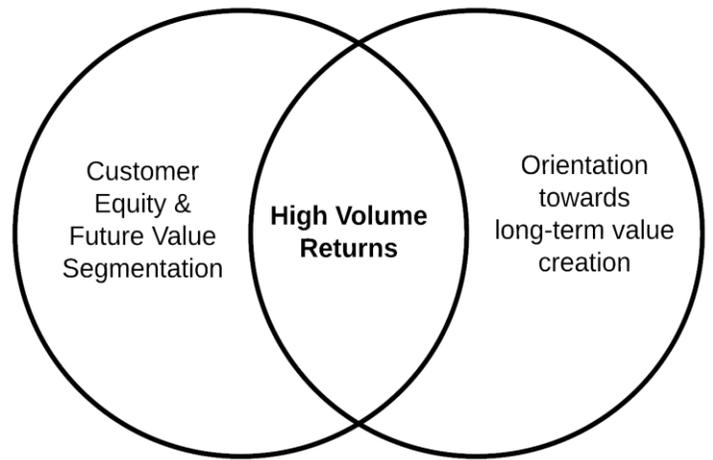
Customer experience is absolutely the right focus for today’s CMOs but targeting the right customers will save money and increase measurable wins. The right customers are those who have a high *future likelihood* to transact, not simply those who view a page or click through. Wins that increase revenue are most likely to support an increased marketing budget that generates a cycle of even better returns down the road. More detail on best practices surrounding models, surveys, personas, UX analysis, testing, and multichannel dashboards is available in this [customer experience guide](#).



Assets Third: Why CLV Marketing is so Powerful

It can be tempting to think the CMOs job is to acquire a lot of customers cost-effectively but when CMOs are charged with growth, then they need to think long-term. All customers are not equal. Some are highly valuable long-term assets. These customers deliver a high percentage of the company's future revenues, an effect we capture in the term "customer equity."

If this is so successful, why isn't everyone doing it? Because some companies continue to get thrown back to the data collection basics of step one and others cannot get enough internal cooperation to get through step two.



To generate high-volume returns, CMOs need:

- 1) Proof that the methodology works. Nothing says more budget like a successful project communicated well internally. Segment the customer base by future value, seek to understand them, take a baseline reading of customer equity, then target a series of well-designed tests to a promising group, re-measure customer equity alongside short-term KPIs. Last, create an internal roadshow to promote results and socialize the broader impact.
- 2) Cover from the CEO. CMOs need grace time to switch their organizations from short-term to long-term value creation. This switch means someone (usually the CEO) needs to defend the delays in short-term results and hold Wall Street and shareholders at bay. The switch to long-term thinking can happen naturally when a new CEO takes over. In addition, the CEO needs to passionately align the CFO, COO, CTO and other c-levels internally around the vision.

More detail on best practices surrounding CLV segmentation, CLV testing, and analysis, CLV dashboards, and reports, is available in [this CLV performance guide](#).

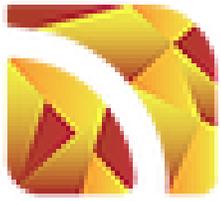
“Customer Lifetime Value marketing is so effective that executives have cited returns from 7x to 140x on investment, all of them measured in millions.”

Summary

With a cacophony of marketing and technology vendors swamping every CMO, it is easy to get caught up in noisy conferences and pleasant pitches. Today's successful CMOs are leaders who form a revenue-producing vision and demand the tools conform to it. They use the great wealth of digital data combined with internal customer knowledge to identify customers, connect marketing tactics to bottom-line impact and increase marketing budgets. Next stop? As AIIM CEO Peggy Winton said, "We are not a membership organization but a marketing organization. Marketing has the power to build valuable relationships which is why we are grooming the CMO to be the next CEO."

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Ambition Data is unlike any other consultancy. We go deep in digital to build a well of customer intelligence, so marketers can create growth through long-lasting customer relationships.

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