

A photograph of a salmon swimming upstream in a rocky stream. The water is turbulent and white with foam. The salmon is in the center-right of the frame, facing left. The background is a rocky bank with some green moss.

Energize **Growth**[®]

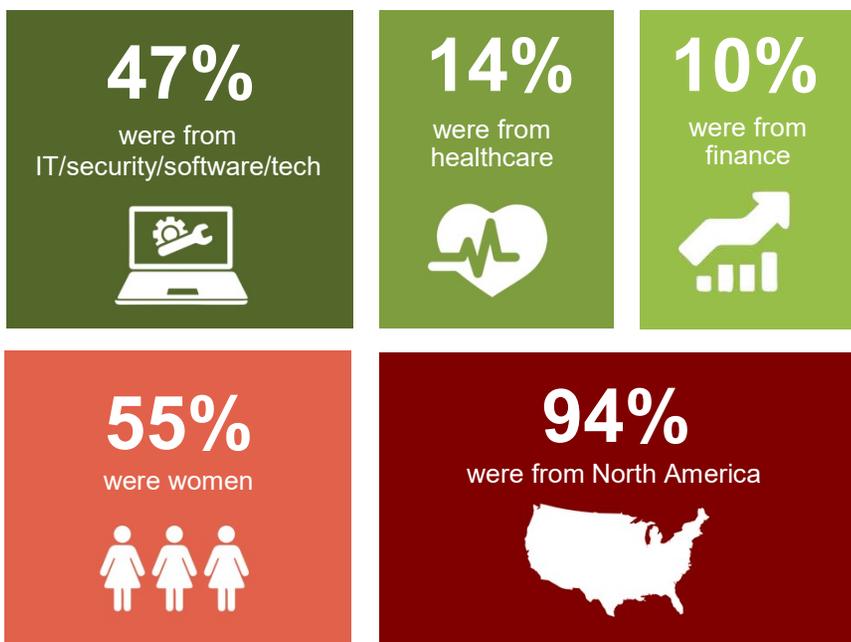
**SWIMMING
TOWARDS
SUCCESS**

**5TH ANNUAL
CMO INNOVATION
TRENDS STUDY**

Highlights

Where are marketing efforts improving, where are leaders treading water, and which resources are propelling innovation?

Our 5th annual *CMO Innovation Trends* study collected anonymous feedback from 90 senior marketers to answer these questions and more.



Here's what we found:

1. **More than ever, CMOs are feeling the pressure to drive innovation and make it work.** We asked CMOs *"How critical is innovation to your success on a scale from 1-10?"* For the first time in five years, more than a third of respondents rated this a 10, the top rating.

This is not surprising. According to Association of National Advertisers (ANA) President Bob Liodice, **more than half of Fortune 500 companies reported declining revenues in 2016, despite a continued increase in media spending.** Leaders need to approach innovation differently. They cannot assume that more digital advertising will lead to greater demand.

2. On the bright side, **more CMOs are hiring curious, innovative people this year.** In a change from previous years, respondents were less likely to cite lack of talent as an impediment to success.
3. **They're also dropping "zombie projects."** In another positive development, respondents have gotten better at shedding dead-weight activities. They reported a heightened focus on ROI and metrics as well. Their next hurdle: consistently using decision-making tools that will help them secure funding for high-potential marketing innovations—not just for improving operations.

“It boils down to a lack of effective marketing leadership. As leaders, we as an industry have refused to make the tough calls—calls that would take us out of the cesspool of sub-optimum growth.” – ANA President Bob Liodice “



4. **Day-to-day struggles persist.** “CMO responsibility scope creep” and “firefighting” remained top complaints. Technology-focused initiatives can easily overshadow key marketing functions, such as customer conversations, live events, messaging, crisis communications, and other marketing competencies.

5. **Alignment around a common brand and purpose remains a challenge.** This recurring obstacle came with observations about “an inability to focus on one value proposition” and “customers not connecting with their brand.”

Lack of focus and alignment is hurting CMO results—and executive perceptions of marketing value. In his speech to the 2017 ANA Masters of Marketing Conference, Liodice reported **that only 25 cents of every digital ad dollar are reaching the intended audience.** “Yet we keep feeding the beast by pouring incredible sums of money into this unproductive, unmanageable abyss,” he said.

6. **Funding roadblocks—real and perceived—continue to frustrate and confound.** A greater number of CMOs said they were willing to spend money on innovation. Yet much of the actual spending gets diverted to marketing operations. CMOs said they are making MarTech investments simply to keep pace with competitors. Many also end up investing in disjointed MarTech stacks that are underutilized.



We recommend that CMOs:

- Rapidly remove recurring obstacles.
- Listen to customers and culture.
- Consider a MarTech audit to optimize your *Modern Marketing Troika™*.
- Search inside yourself: practice new habits.

Find more details on pages 10-12.

Purpose of Study

Over the past five years, we have interviewed and surveyed 435 CMOs about marketing innovation, defined as **applying creativity to an existing relationship, program, or process to generate a new and improved future.**

Our study is designed to:

- Highlight the challenges and opportunities within the CMO profession
- Gauge the level to which today’s CMOs prioritize marketing innovation
- Identify how digitally fatigued marketing leaders prefer to learn and share information
- Help leaders compare their issues and priorities to their peers’

Since 2013, **CMOs have expressed a burning desire to escape the “order-taker” mode.** They want to be known as innovators and contributors to top-line revenue growth. To deliver more impact, they have increased their investment in marketing technology.

Despite the industry's (and the media's) love affair with MarTech, CMOs in 2017 expressed greater difficulty in **winning the hearts and minds of key stakeholders** and in **achieving strong cross-functional alignment**.

Both competencies are necessary to activate and sustain an innovative marketing culture. **In fact, cooperation and adaptation, not technology, were key themes** this year.

We can find inspiration from the animal world. For example, certain salmon species have shifted their migratory patterns in response to climate change. Since 2013, pink salmon shifted their migratory pattern by two weeks in order to successfully spawn.

We see a direct parallel to the need for senior marketing leaders to adapt to the perilous waters of modern marketing. Let's dive into the details for more answers.

KEY FINDINGS

Q1

What are the three biggest marketing opportunities or challenges you have observed among *other* senior marketing leaders?

The top three challenges include:

52%

Lack of internal alignment

51%

Ability to stay current with technology

47%

Ability to invest resources for innovation

Looking around at their peers, CMOs reported the same top areas of challenge/opportunity as they did in 2015 and 2016: aligning internal efforts and keeping current with technology. *Investing resources for innovation* remained in third place, followed by *lack of funding*.

Comments provided thought-provoking context. One respondent mentioned "scope creep, distraction from core mission and too many expectations" as top CMO challenges today. Another cited "an inability to truly focus on a single message or value proposition."

This lack of alignment, coupled with the exponential growth in digital marketing solutions and services, continue to haunt CMOs in their quest to demonstrate value—and rally for additional resources.

“

I predict that within the next two years, marketing will need to prove the ROI of their MarTech investments. Most will not be able to do so. I don't hear enough CMOs asking questions, such as *'what is our growth strategy? Who are our most profitable customer segments? How can we invest there?'* The reason CMOs have such short tenure is that CMOs don't see themselves in the center of those questions. Instead, CMOs get distracted by tactical issues, such as personalization, the MarTech stack, etc.

– Matt Preschern, Executive Vice President and CMO, HCL Technologies “



Q2

What are the three major obstacles to your professional success right now?

61%

Lack of funding and budget

50%

Lack of alignment

37%

Lack of skilled employees

When CMOs observed their own situations, a lack of internal funding and alignment remained the top challenges, with “lack of funding” rising 14.5 percent from 2016 as a perceived obstacle.

“Conveying value to customers” ranked fourth, also up from 2016.

To address this problem, and meet heightened demand for profitable growth, organizations have designed new roles--Customer Experience Officers, Chief Revenue Officers, and Chief Growth Officers pepper today’s organization charts. This expanded leadership team configuration comes with a price. Such nascent roles can trigger accountability confusion.



Lisa Macpherson

Here’s a comment from the former CMO of CustomInk, Lisa Macpherson: *“When CMOs move to innovate on behalf of the customer, they may touch on functions that they do not control. As they strive to lead growth-related innovation, they may crash into other spheres of influence, such as that of the Customer Experience executive, the VP of E-Commerce, VP of Sales, or the VP of Customer Service. That is why highly collaborative models are needed in order to optimize the customer experience journey.”*

On the bright side, fewer CMOs in 2017 are reporting “lack of skilled employees”—a perennial complaint—as an obstacle. This indicates that they’re finding a richer selection of talent in the marketplace, even for scarce skills such as content marketing, demand generation, and data science.

Q3

How willing are you to invest funds to address these top concerns?

For the first time in five years, over half of our respondents are *highly willing* to address these professional development concerns (ranking at least 8 on a 1-10 scale).

40%

Very willing to invest

27%

Willing to invest in the next three to six months

Q4

What is the one thing you are doing differently this year to address these obstacles?

39%

Investing more funds in marketing operations

20%

Revising content management strategy plan

19%

Reorganizing our team

In 2017, more CMOs boosted their investment in marketing operations to bolster operational performance or establish fundamental capabilities, such as events management and analytics.

While some reported being first to market in areas such as personalization and account-based marketing, most said they are more often playing “catch up” in overall operations, such as lead generation, email marketing, and events management.

CMOs are also putting a greater focus on tangible objectives. “We’re measuring ROI for all activities and dropping those that don’t produce sufficient results,” said a CMO in the education space. “We’re wasting less time on corporate activities with no market impact,” said a technology CMO.

Compared to responses from 2013-2015, this is an encouraging trend. CMOs have become more intentional about killing “zombie projects” that consume limited and valuable time, talent and resources.

Yet responses to our next question indicate that plenty of room remains for improvement. Furthermore, spending alone might not be the answer. Devoting money to marketing operations, systems, and talent does not necessarily make an organization more innovative.

Q5

What is your biggest innovation obstacle?



Day-to-day operations, or “firefighting,” remained the number one obstacle to marketing innovation. This has remained a top issue since the inception of our study. “Our workload leaves little time for innovation,” said the CMO of a real estate firm.

According to the CMO of a \$500M cyber-security company: “We are bombarded with phone calls and emails from vendors pitching the latest tool or service. On an average day, I receive 100 voice mails and emails. So, what do I do? I delete all the messages. It’s possible we’re suffering from innovation fatigue.”

“Lack of financial resources to fund new ideas” increased 8.5 percent from 2016.

Q6

How do you encourage innovation in your organization today?

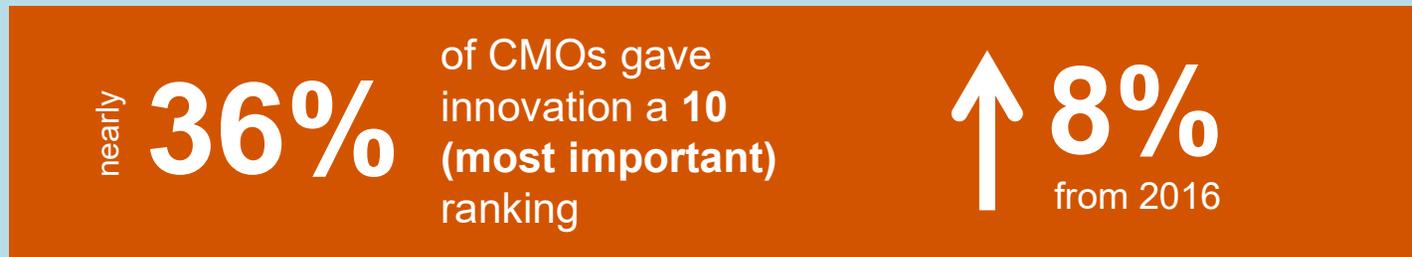


CMOs have recognized the importance of hiring curious, innovative people. Now they're focused on cultivating this talent – “coaching and showing people what success/innovation looks like,” in the words of one respondent.

“Rewarding innovative ideas” and “outside events/unplugging” ascended on CMO radars, each rising by 15 percent from 2016. This is encouraging news. Meanwhile, “reading and sharing ideas” came in at number four and increased only modestly.

Q7

On a scale of 1-10, how critical is innovation to your company's success?



Innovation grew sharply as a business imperative this year. However, “businesses need to do fundamentals right before innovating,” one respondent remarked.

Q8

How do you like to receive your information and learn fresh strategies for addressing innovation challenges?



CMOs' professional learning and development strategies largely remained the same from previous years, with e-newsletters, articles, industry blogs, and webinars rising. Off-site retreats, books and e-books declined in popularity. Small, confidential peer gatherings continue to carry weight. Online CMO discussion groups and communities are not highly valued forums among respondents.

RECOMMENDATIONS

To flourish in 2018, we recommend that CMOs deploy the following strategies:

➤ **Remove recurring obstacles.**

Year after year, CMOs have reported the same top obstacles to innovation and success: a lack of funding, a lack of internal alignment, and daily firefighting habits.

As the saying goes, insanity is doing the same thing again and again expecting different results. It's also insane to measure our productivity or effectiveness solely on being busy.

To free up time for unorthodox activities, kill off the "zombie projects" that no longer make an impact on marketing P&L or the organization's purpose and goals. For example, some of our clients conduct quarterly "stop doing" meetings to eliminate old programs that had overstayed their welcome.

We developed a process with one of our CMO clients to help them radically improve marketing priorities and team focus. Within three

weeks, this large organization had eliminated brain-drainers and pet projects that no longer contributed to long-term growth.

This exercise, while uncomfortable, allowed the 150-person marketing team to move funds and resources to their top priorities. In addition to optimizing marketing spend, the CMO reduced the risk of top performers jumping ship due to burnout—a six-figure risk with negative brand consequences as well.

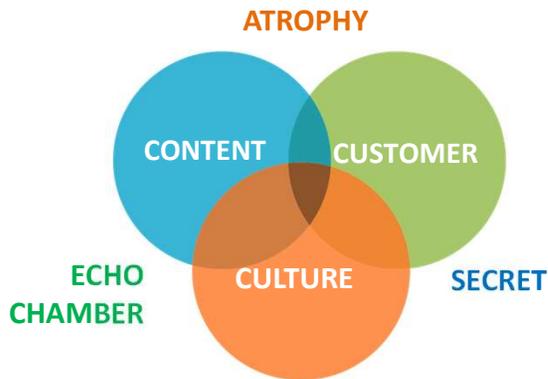
"We were growing more than 30 percent a year, mostly driven by sales being hunters, and the marketing team was trying to do cool things. Meanwhile, we had no SEO on our website and few conversion opportunities," said Tad Druart, Vice President of Marketing of ESO Solutions in Austin, Texas. "Sometimes you get excited about shiny new objects, but you have not yet designed the basics, such as lead flow."

➤ **Listen to customers and culture.**

When board members and peers observe scattered, tactical firefighting among the marketing leadership, they will never be convinced to fund marketing innovation. Try viewing through the *Modern Marketing Trifecta™*. The diagram below shows the intersection of **content, culture and customer**.

If you're not reaching out and listening to customers, you're communicating in an **echo chamber**. If you're not aligned with your organization's **internal culture**—particularly with the executives who hold the purse strings—your brand will experience **atrophy**. Finally, if you lack a compelling messaging and content strategy, you'll remain a **secret**.

Managing all three dynamics can test the patience and skills of any CMO—yet they are world-changing when aligned.



To foster marketing innovation, CMOs have been upgrading their content, spending money on MarTech tools and hiring sharp talent that aligns with their culture.

That may sound like the perfect blend of activity—until you look under the covers at how many MarTech investments are wasted.

Anita Brearton, co-founder of technology platform company CabinetM, concurs.

“Much of (MarTech) purchasing is driven by tactical goals, with each product being purchased independently without consideration of where it fits within a larger technology strategy...Studies have shown that in most applications, marketers use less than 20% of a product's functionality. In addition, there has been very little oversight of purchasing, which has led to redundant purchases. We also see a multitude of dormant products that are no longer in use, but subscriptions have not been cancelled. This leads to out of control marketing budgets.”

Our study also found that CMOs continue to fall short when it comes to connecting directly with the people closest to their business: their customers.

Survey participants also told us that they spend less than 5 percent of their time directly interacting with prospects and customers. And obtaining feedback through a salesperson, chatbot report, or online survey doesn't count as true interaction.

The CMO of a mid-market e-commerce firm remarked: “We are not bringing forward actionable customer insights to fulfill and justify unmet customer needs.”

➤ **Search inside yourself.**

CMOs are understandably tired of having their time and resources consumed by day-to-day demands and details. The good news: They have the power to make change happen. And it begins with practicing new habits.

Here are some ideas to consider:

- **Conduct a pre-mortem.** Imagine your world six months into the future with continued firefighting. What will you have achieved? How will executive leadership regard your team, and customers regard your brand? How will it affect your health and vitality?
 - **State your intentions.** Declare out loud: “Constant firefighting is no longer an option.” “I help set strategy for our company.”
 - **Make the commitment public.** This enables colleagues and peers to hold you accountable if old habits return to haunt you.
 - **Examine your habits.** Do you say you’re committed to the company’s long-term vision but spend half of your day tweaking your new website design? Every habit is a vote that affirms (or corrodes) your identity as an innovative marketing leader.
- **Here’s an experiment:** Set aside one week to track and document how you spend your time. Then take an honest inventory of your physical environment, spending habits, relationships, and behaviors for clues as to what’s holding you back.
 - **Make small changes.** Refocus weekly department meetings from tactical problem-solving to talking about the future. Don’t waste precious face time exclusively on project status reports. Ask your team to use cloud-based collaboration tools for these tasks. Dedicate face-to-face time for celebrations, performance discussions, and strategy sessions.
 - **Celebrate success.** Treat yourself to a spa retreat, a special dinner, or a weekend getaway. Take a 24-hour digital detox. Do whatever makes you feel rewarded, recharged and ready for what’s next.

Summary

Big environmental changes impact the future of many species—not just humans. Salmon, for example, have fallen prey to the rising water temperatures caused by climate change, experiencing increased disease and mortality rates.

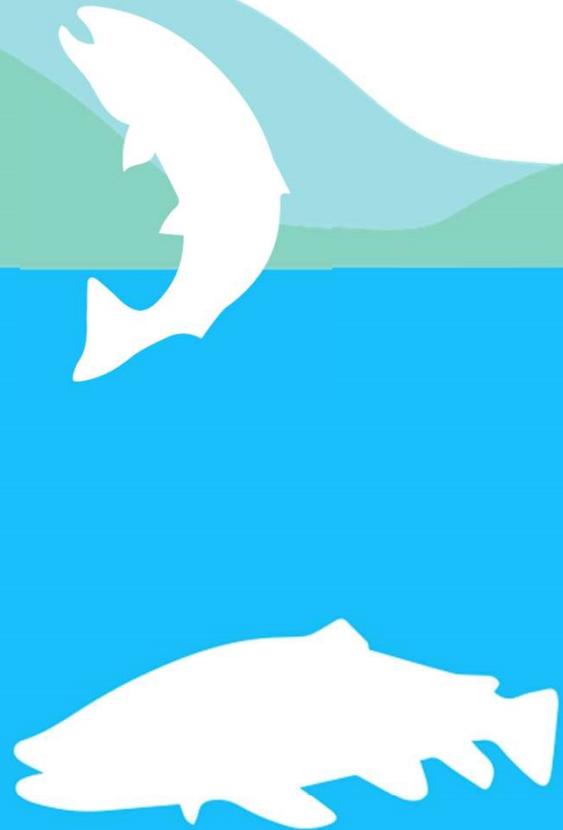
Pink salmon, thankfully, found a way to adapt. They start their migration from freshwater habitats two weeks earlier, according to [Professor David Tallmon](#) of the University of Alaska, who has been tracking the fish since 2012.

CMOs can learn a lot from salmon. If these resilient fish can adapt to changes in the water they depend on for their survival, self-aware CMOs can adapt, too.

Self-knowledge and small actions make it possible for marketing leaders to navigate through uncertainty, ambiguity, and digital demands with greater ease and speed.

RESOURCES

- “Why Marketing ROI Often Misses the Point,” *Marketing Waves* Blog, August 2017. [Read it here.](#)
- “The Trouble with CMOs” by Kim Whitler and Neil Morgan, *HBR*, July 2017. Download article [here.](#)
- “3 Causes of ‘Marketing Colony Collapse,’” *Marketing Waves* Blog and video. [Click here.](#)
- “The ANA Recommends CMOs Focus on these 12 Areas for Brands Facing Disappointing Growth” – *AdWeek* ([click here](#))
- “Marketers Beset By Lack of Growth” – ANA 2017 [Masters](#) of Marketing press release [here](#)
- “Forget Resolutions—Choose Reflection” *HuffPost* blog. [Read it here.](#)
- “Salmon Evolve to Cope with Climate Change” - *Scientific American*, 2012. [Read it here.](#)
- “Evolution of phenology in a salmonid population” - Canadian Science Publishing, 2017. Find research summary [here.](#)



ABOUT LISA NIRELL

Lisa Nirell of [EnergizeGrowth](#)® helps courageous CEOs and CMOs accelerate growth and innovation. She's worked with Adobe, LinkedIn, Google, Hilton, and other innovative companies.

Through her [advisory work and keynotes](#), she helps teams increase revenues, reduce team attrition, improve decision-making, and speed time to program execution.

Lisa is the founder of [Marketing Leaders of DC](#)™ and [Atlanta](#), speaks frequently at annual conferences and executive retreats, and hosts the annual [CMOs Leading Innovation Conference](#) (CLIC). An acclaimed author, she contributes to [FastCompany](#), [CMO.com](#), [ForbesCMO](#), and [HuffingtonPost](#). Her latest book is [The Mindful Marketer: How to Stay Present and Profitable in a Data-Driven World](#).

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