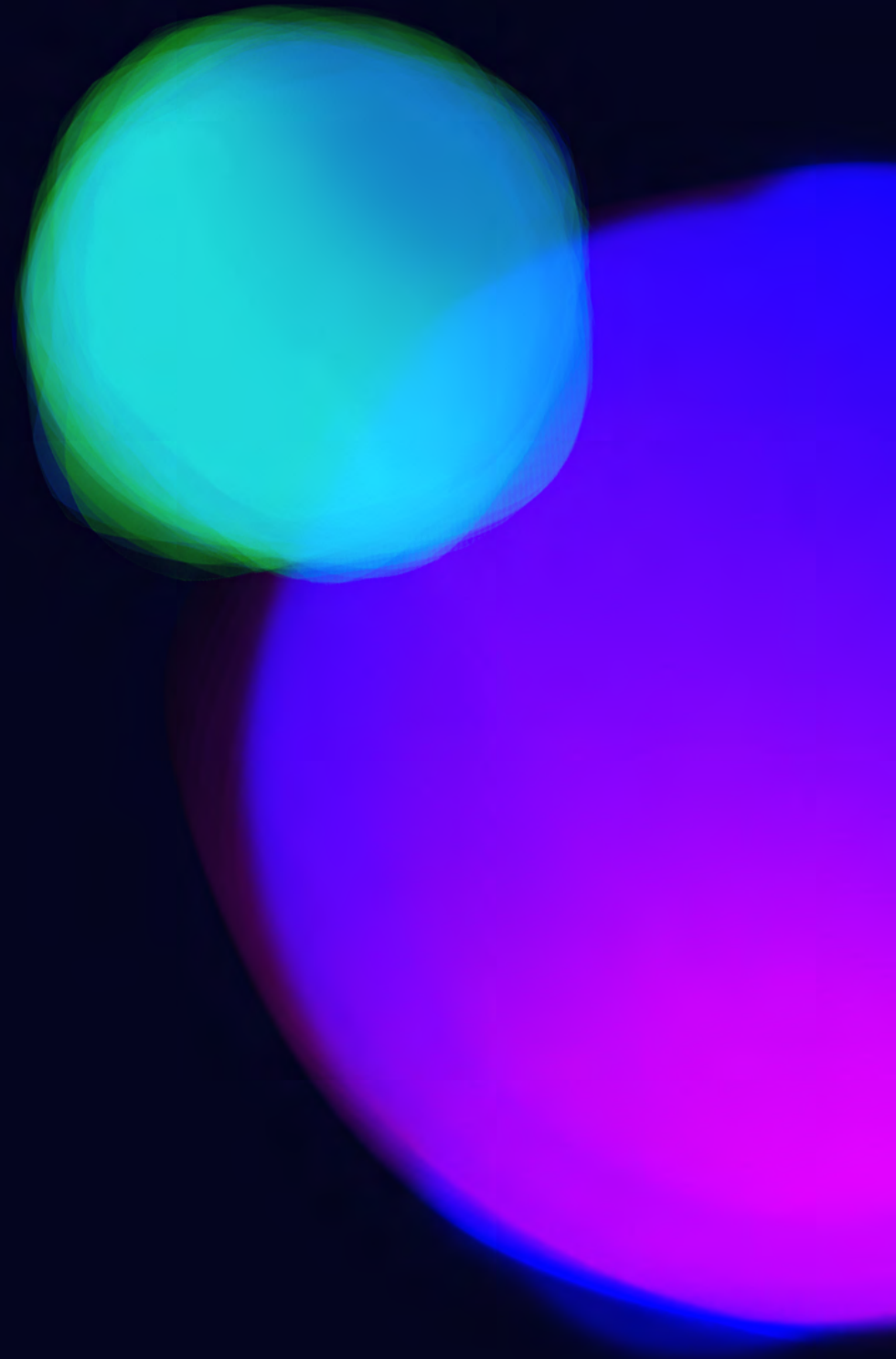


dentsu

Into the Unknown

CMO survey
2020





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The speed read

Today's CMOs find themselves at a crucial juncture for the journey of their brands. The short-term, direct impacts of COVID-19 are now well understood and documented. Budgets have been slashed—nearly two-thirds (62%) of CMOs forecast their budgets to decline or stay static over the next 12 months (up from 41% in 2019). Less than a quarter of CMOs report only minimal disruption to their business, while nearly 1 in 10 report COVID-19 as an existential threat. Digital transformation has accelerated within brands and a rapid shift to ecommerce, virtual working and home-learning have all been witnessed in the first half of 2020.

Less well understood, though, are the longer-term impacts of the pandemic on society. How we work, shop, interact, learn, play and stay healthy will all change in potentially subtle yet profound ways. The built environment around us as well will evolve as the office environment, town centres and our homes themselves are reconceived in the post-COVID era. All these aspects of our lives are set to change, but as yet it is not clear how deep and lasting that change will be.

Stepping into the unknown

That's why, based on our survey of 1,361 CMOs across 12 markets, the #1 challenge CMOs face moving forward is understanding which consumer behaviours will change permanently and which will soon fall away. That's also why it's concerning that half (49%) of CMOs concede that they are basing their response to the coronavirus crisis on strategies that were pursued during previous recessions. Just one in ten report that they are looking to entirely new strategies to manage this recession. At a time when new thinking and fresh ideas are sorely needed, there is a risk that many CMOs are under-estimating the challenge ahead.

Five strategies deployed by Frontier CMOs

However, within this complex and uncertain outlook, a group of Frontier CMOs is emerging. This cohort believes it is well prepared to manage the recession and is wresting control of their brands' destinies, bringing clarity through action and focusing on the fundamentals of marketing. They are building their brands around what customers need, using superior consumer intelligence to shape product development and innovation. In particular, these leaders demonstrate five key strategies that we believe are critical for brands to develop at this time:

1. HYPER-EMPATHY:

The ability to understand existing and new consumers more deeply and update that knowledge in real-time (e.g. through first-party customer data, ecommerce & direct-to-consumer strategies and increased investment in CRM). This requires a fundamental shift from selling products & services to creating helpful experiences and ubiquitous utility, rooted in superior consumer intelligence and design thinking.

2. HYPER-AGILITY:

The ability to act like a start-up and turn consumer insight into the rapid development of new, relevant messaging, products and services, placing a premium on content, innovation, product development as well as pricing.

3. HYPER-COLLABORATION:

The ability to ensure the whole business moves as one around this constant process of realignment, which requires higher levels of integration with the C-suite and other departments e.g. sales, R&D, product development as well as external partners/suppliers within their ecosystem.

4. HYPER-CONSOLIDATION:

The ability to quickly rationalise portfolios and prioritise larger, more resilient brands that are better able to survive periods of economic fragility, while pursuing opportunities to fill capability gaps through strategic M&A.

5. HYPER-TRANSPARENCY:

The ability to ensure that all elements of how brands operate stand up to extreme external scrutiny, from supply chains to employee well-being and consumer engagement.

These strategies separate Frontier CMOs from the rest. Our analysis demonstrates a significant gap in the deployment of these approaches between Frontier CMOs and Follower CMOs, who believe they are less well prepared for the future.

Reclaiming the strategic agenda

Pursuing these strategies also signals a further evolution in the role of marketing. While CMOs remain focused on driving business growth as the #1 role of marketing and are incentivised to deliver customer acquisition, for the first time since our survey began product development is now seen as a critical part of their remit.

CMOs are reclaiming the strategic marketing agenda and through their role and strategies are focusing on the 5 Ps of marketing: price, product, place, promotion and now purpose. After many years of marketing's role being denuded in many brands, CMOs are now in pole position to lead their brands to a period of recovery and growth by focusing on the total customer experience.

Marketing's moment

It's a cliché to say that out of every crisis comes opportunity. But it's true that half of Frontier CMOs believe the current crisis will increase the importance of the marketing function within their organisations, compared to three out of ten Follower CMOs. CMOs have the potential to steer their brands through the recovery to a renewed period of growth, but it requires a bold commitment to take action in the face of uncertainty.

Agencies' role on the journey

Agencies have a key role to play in helping CMOs navigate this uncertain future. That helps explain why driving innovation is the #1 competency that CMOs require from their agency partners. At a time of crisis, new thinking and the ability to execute creative ideas across all aspects of marketing are key. Technology is also seen as a key competence, reflecting how increased digital investments during the crisis will continue as consumers become accustomed to frictionless commerce and interaction with brands. The good news is that CMOs feel that agencies are currently delivering well on those needs.

Scope for improvement resides in three main areas: helping CMOs manage their limited budgets through greater efficiencies and cost reduction, driving long-term growth, and proactively bringing new insights to the table. In the context of the recovery, all are critical to help brands in terms of extracting maximum value from their marketing investments and step into the unknown with resilience and hope.

Introduction



Few could have predicted how 2020 would turn out. The COVID-19 pandemic has shaken the business landscape and presented marketers with a challenge for which there is arguably no existing playbook.

This year's dentsu CMO survey was undertaken in May-June 2020. This was a pivotal inflection point where brands were gauging the success of their emergency measures whilst starting to think about how to move forward in the new normal. In this research we identify the best practices that will be implemented by leading marketers as they look to steer their brands towards recovery and future growth.

As the dust settles, numerous questions confront today's CMO: If marketing budgets are under threat, how can we balance protecting the business and safeguarding the brand?

How can we align our brand with changing consumer sentiment? To what extent will shifts in consumer behaviour be permanent? What type of strategies should my organisation be pursuing to position for growth?

It sounds clichéd, but we believe that out of a challenge comes opportunity. Why? Because CMOs are on the front line of managing the crisis within their organisations. They represent the conduit between the consumer and the boardroom. They set the tone of messaging both internally and amongst consumers. They can situate themselves at the centre of new product and service development, or the creation of pioneering channels to market.

In this report we suggest that while today's recovery phase is a step into the unknown for all CMOs, it also represents a moment for CMOs to reassert their role in the boardroom, take control of the agenda and position their brand for growth.

Stepping into the unknown

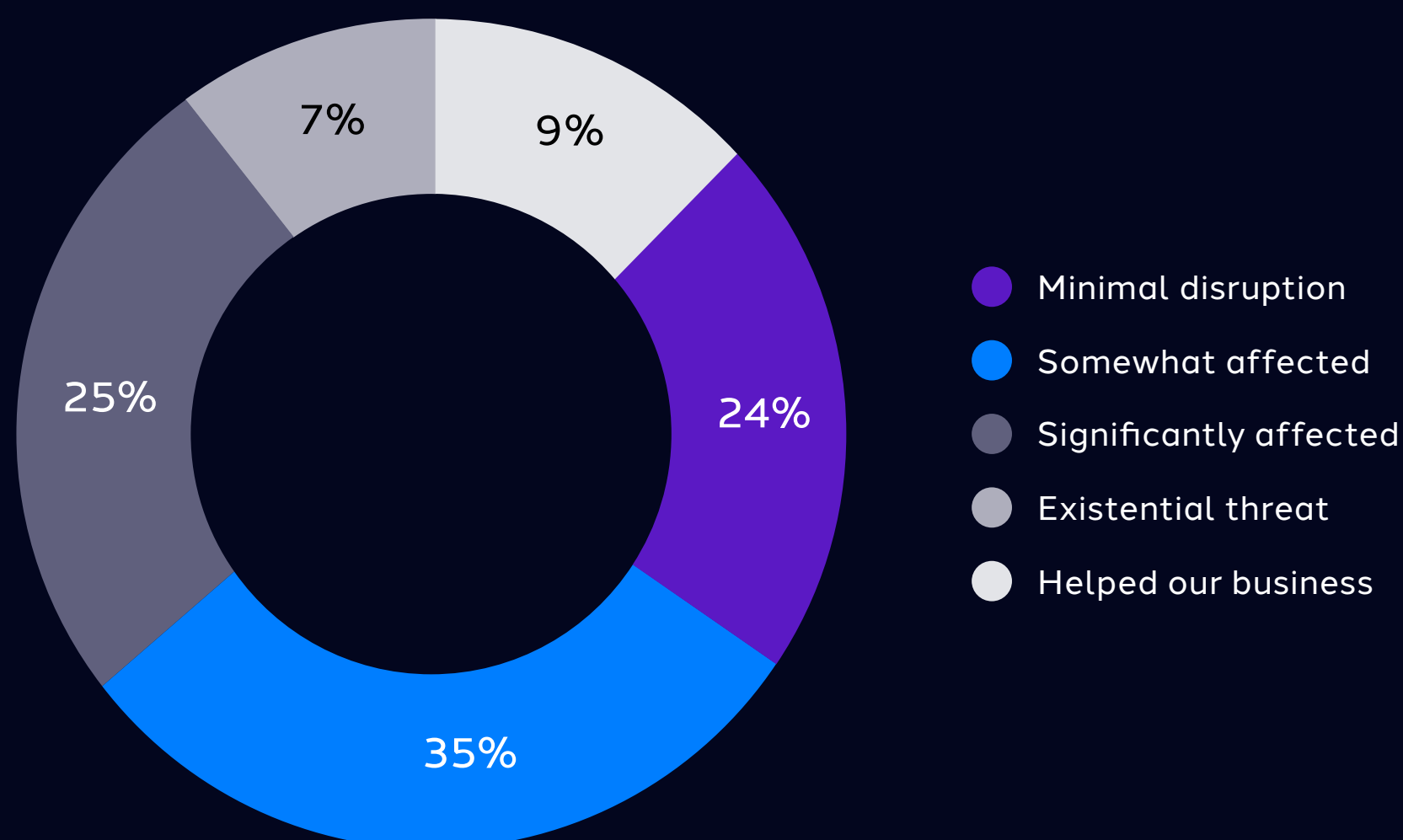
The immediate impact of COVID-19 in the first half of 2020 has certainly presented marketers with many challenges. Many of these are familiar to those marketers who have experienced previous economic recessions—a slowdown in consumer spending, declining consumer confidence and rising unemployment, for example. But equally, many of the impacts of the pandemic are without precedent—mass lockdowns and restrictions on movement, acceleration in home working and learning, as well as the overall anxiety created by living through a serious health crisis. CMOs therefore find themselves today at a pivotal moment for their brands and for the world economy more broadly. What will be the lasting impacts of the pandemic and what does that mean in terms of how brands must change? In this section of the report, we'll take a look at how the immediate impact of the crisis is making it very hard for CMOs to look to the future with any degree of certainty.

CMO recovery strategies are starting from different places

As CMOs look ahead cautiously to the recovery, it's clear that they are starting from very different places. Six out of ten CMOs we surveyed this year say that their businesses have been significantly or somewhat affected by the pandemic (see Figure 1). A further 7%—nearly all CMOs of smaller businesses—suggest that the crisis represents an existential threat. However, at the same time, one quarter of CMOs report minimal

disruption to their business while one in ten CMOs (generally larger businesses) report that the crisis has in fact helped their business. This rises to nearly one quarter (24%) among CMOs in India. Clearly, the global pandemic has not been universal in its business impact, with many benefitting and others remaining largely unchanged.

Figure 1:
CMOs believe the pandemic has had mixed impact, both positive and negative
How has your business been impacted by the coronavirus (COVID-19) pandemic?



Source: dentsu CMO survey 2020

Budget forecasts are largely negative, especially among smaller brands

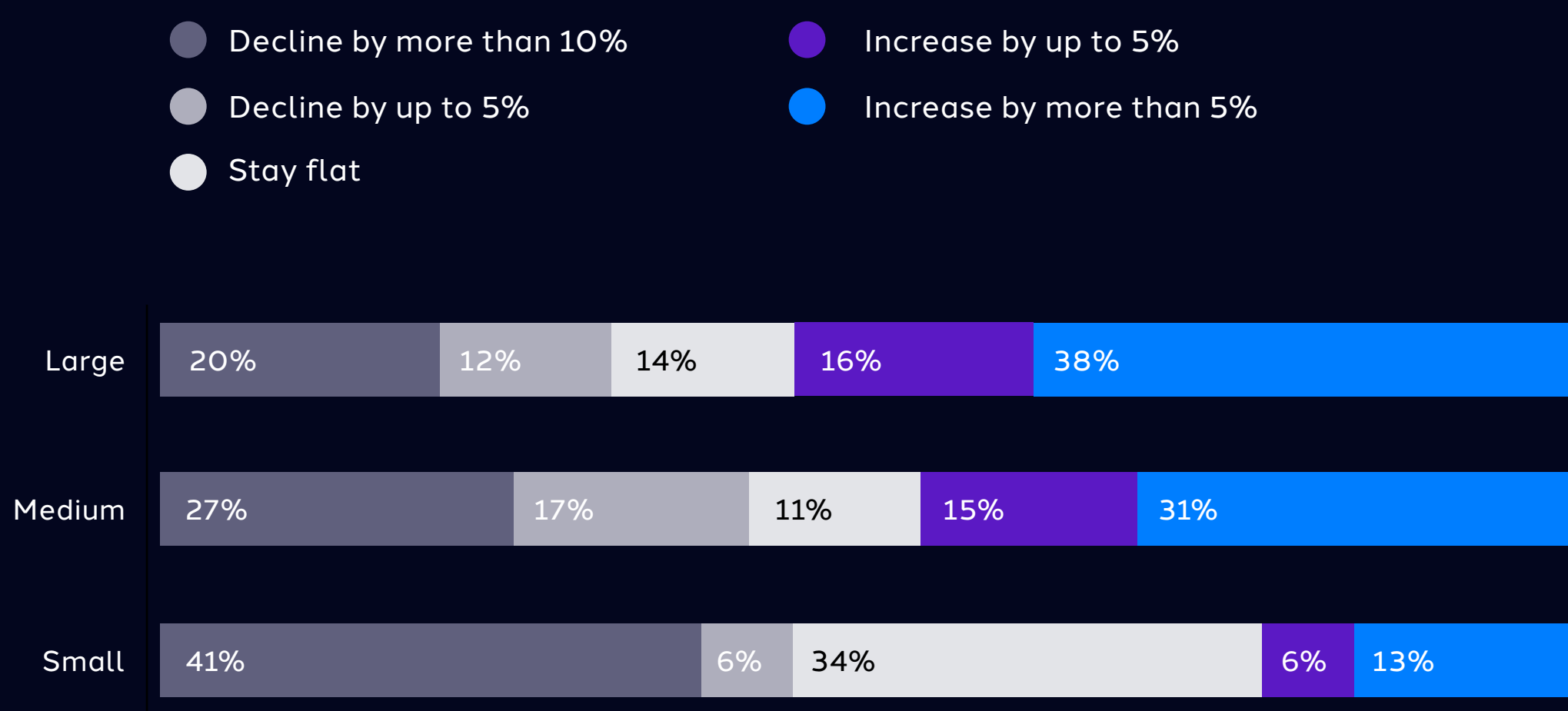
Furthermore, many CMOs will struggle to spend their way back to growth, given the significant impact of the crisis on marketing budgets. Despite the general advice that brands should not ‘go dark’ during times of recession, nearly two-thirds (62%) of CMOs recount that their marketing budgets are forecast to decline or remain constant over the coming 12 months. As a reference point, in our 2019 survey 41% of CMOs forecast this level of decline in their budgets.

However, in 2020, it is evident again that smaller businesses are suffering more. More than half of larger businesses (those with over 1,000 employees) are planning to increase their marketing spend, compared to just 19% of SMEs (see Figure 2). At a time of crisis, larger companies are better able to weather the storm and absorb the inevitable reductions in sales and revenue.

Figure 2:

Smaller firms are forecasting bigger declines in their marketing budget

How do you expect your marketing budget to change over the next 12 months?



Source: dentsu CMO survey 2020

Digital capabilities have accelerated

One impact of the crisis that would appear to be positive for CMOs as they consider their recovery strategies is the recent acceleration of digital capabilities. As buyers have been unable to visit physical stores and are spending more time online, brands have by necessity embraced digital transformation at an unprecedented pace to find new ways to engage consumers, build their brand and drive sales. In the United States, for example, 10 years' worth of ecommerce penetration growth was witnessed within just 3 months.ⁱ This focus on digital excellence by default is likely to endure over the foreseeable future as events and trade shows are cancelled until next year, and social distancing measures remain a barrier to normal shopping behaviours. Furthermore, consumer expectations of digital-first, frictionless commerce are unlikely to disappear as we move forward.

The key challenge: Consumer behaviour post-crisis is uncertain

However, while many of the immediate impacts of the crisis are relatively well understood and documented, the big challenge that brands now face is the lack of clarity about which consumer behaviours will alter permanently as a result of the crisis, versus those that will alter temporarily (see Figure 3). We've seen new rituals and behaviours emerge during the crisis, from virtual cocktails to online fitness classes. How many of these will endure once lockdowns are lifted and physical bars and gyms reopen? Managing this uncertainty is the central challenge facing CMOs over the next 6-12 months.

Furthermore, CMOs recognise that even if they are able to understand consumers more intimately, aligning their brands around that changing sentiment is a huge challenge (cited by 39% of CMOs). And both of these challenges need to be overcome in the context of reduced customer spending, also identified by CMOs as one of the top obstacles to overcome. Indeed, with many consumers' movements still curtailed, spending is unlikely to return to pre-pandemic levels for some time. Consumer spending in the United States is forecast to drop 5.5% in 2020, with similar contractions expected across much of the world.ⁱⁱ



Figure 3:
Understanding consumer behaviour is the most significant challenge facing CMOs
Which of the following challenges do you expect to face over the next 6-12 months?



Source: dentsu CMO survey 2020

New thinking is needed, but brands risk using ‘traditional’ recovery strategies

2020 has already delivered huge levels of disruption, with businesses and governments alike having to manage a novel kind of crisis. While the 2008 financial crisis and subsequent global recession provides a reference point for many CMOs, it's clear that the underlying fundamentals of today's outlook are very different. The combination of a sudden brake in spending, the social experiment of working and learning from home, mass restrictions on travel and ongoing spikes in the virus mean all CMOs are faced at best with an uncertain outlook.

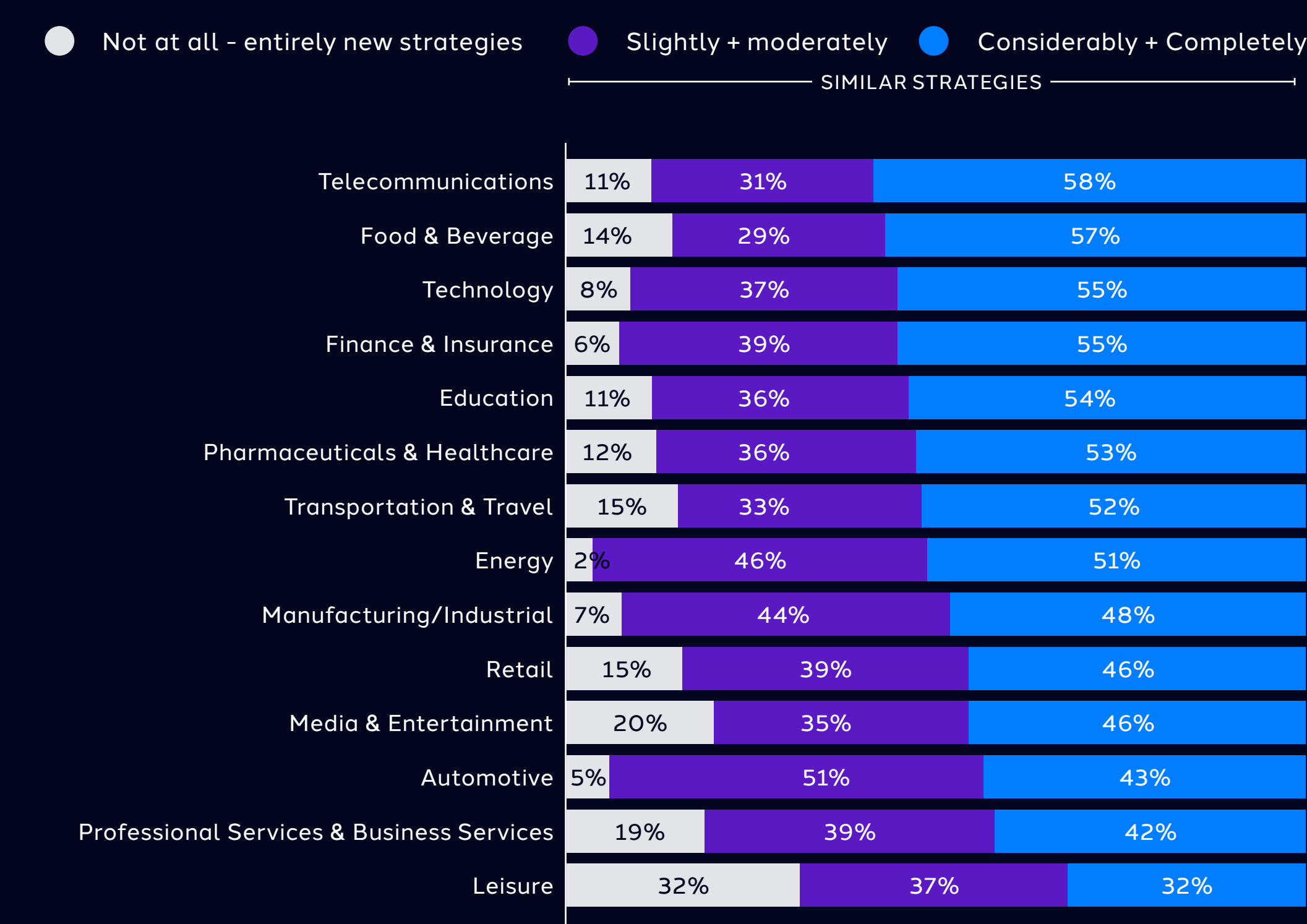
That's why it might seem concerning that nearly half (49%) of CMOs overall concede that they are basing their response to the coronavirus crisis on strategies which were pursued during previous recessions (see Figure 4). Just one in ten report that they are looking to entirely new strategies to manage this recession.

This is even though we have never experienced a recession and a pandemic simultaneously, nor a situation where freedom of movement has been so curtailed. It has also happened more rapidly and cut deeper than anything most CMOs will have been forced to contend with previously.

Based on what CMOs have told us, the greatest innovation is happening in those sectors most heavily affected by the pandemic and associated lockdowns. The leisure sector in particular witnessed an unparalleled shutdown, and therefore needed to develop response tactics which adapted to the unprecedented times. Four Seasons Hotels & Resorts, for example, accelerated a range of digital projects with the aim of reducing guests' physical contact with staff and paper documents and thus reassuring them about hygiene. A new app was launched which enabled text conversations with staff and also digitised information that is normally printed, such as hotel services, local city guides, and menus.ⁱⁱⁱ



Figure 4:
Nearly half of CMOs are relying on existing recovery strategies
 To what extent are you basing your coronavirus response on strategies that have been pursued during previous recessions?



Source: dentsu CMO survey 2020

Having weathered the immediate storm of the pandemic, CMOs now face what may seem a calmer period for their brands. However, there is little comfort to be derived from today’s outlook. The certainties that governed brands’ understanding of consumers before the crisis can no longer be relied upon. As our survey shows, we simply do not know how the experience of living through a global pandemic will alter consumer behaviour in the longer term.

Faced with such high levels of uncertainty, inaction may seem like an attractive strategy. However, as the next section shows, leading CMOs are taking the initiative and stepping into the unknown confidently to help bring clarity and direction to their brands, charting a clearer path to renewed growth.

Navigating the new frontiers of growth

It's uncertain how consumer behaviour will change in the longer-term post-crisis. As we transition from short-term firefighting to longer-term business planning, the dilemma facing CMOs is knowing how to thrive in a future environment that remains uncharted. Many CMOs are using the playbook of previous recessions to plan for this recovery, despite the fact that the intertwining of an economic and a health crisis is not a scenario most will have experienced before. Furthermore, with the risk of the virus returning aggressively in the months ahead, it is difficult to predict with any degree of certainty what the world will look like and how consumers will respond.

Frontier CMOs demonstrate five key strategies

However, out of this uncertain and complex outlook, a group of Frontier CMOs is emerging. This cohort believes it is well prepared to manage the recession and is wresting control of their brand's destiny, bringing clarity through action and focusing on the fundamentals of marketing. They are building their brands around what customers need, using superior consumer intelligence to shape product development and innovation. In particular, these leaders demonstrate 5 key strategies that we believe are critical for brands to develop at this time:



- **HYPER-EMPATHY:**

The ability to understand existing and new consumers more deeply and update that knowledge in real-time (e.g. through first-party customer data, ecommerce & direct-to-consumer strategies and increased investment in CRM). This requires a fundamental shift from selling products & services to creating helpful experiences and ubiquitous utility, rooted in superior consumer intelligence and design thinking.

- **HYPER-AGILITY:**

The ability to act like a start-up and turn consumer insight into the rapid development of new, relevant messaging, products and services, placing a premium on content, innovation, product development as well as pricing.

- **HYPER-COLLABORATION:**

The ability to ensure the whole business moves as one around this constant process of realignment, which requires higher levels of integration with the C-suite and other departments e.g. sales, R&D, product development as well as external partners/suppliers within their ecosystem.

- **HYPER-CONSOLIDATION:**

The ability to quickly rationalise portfolios and prioritise larger, more resilient brands that are better able to survive periods of economic fragility, while pursuing opportunities to fill capability gaps through strategic M&A.

- **HYPER-TRANSPARENCY:**

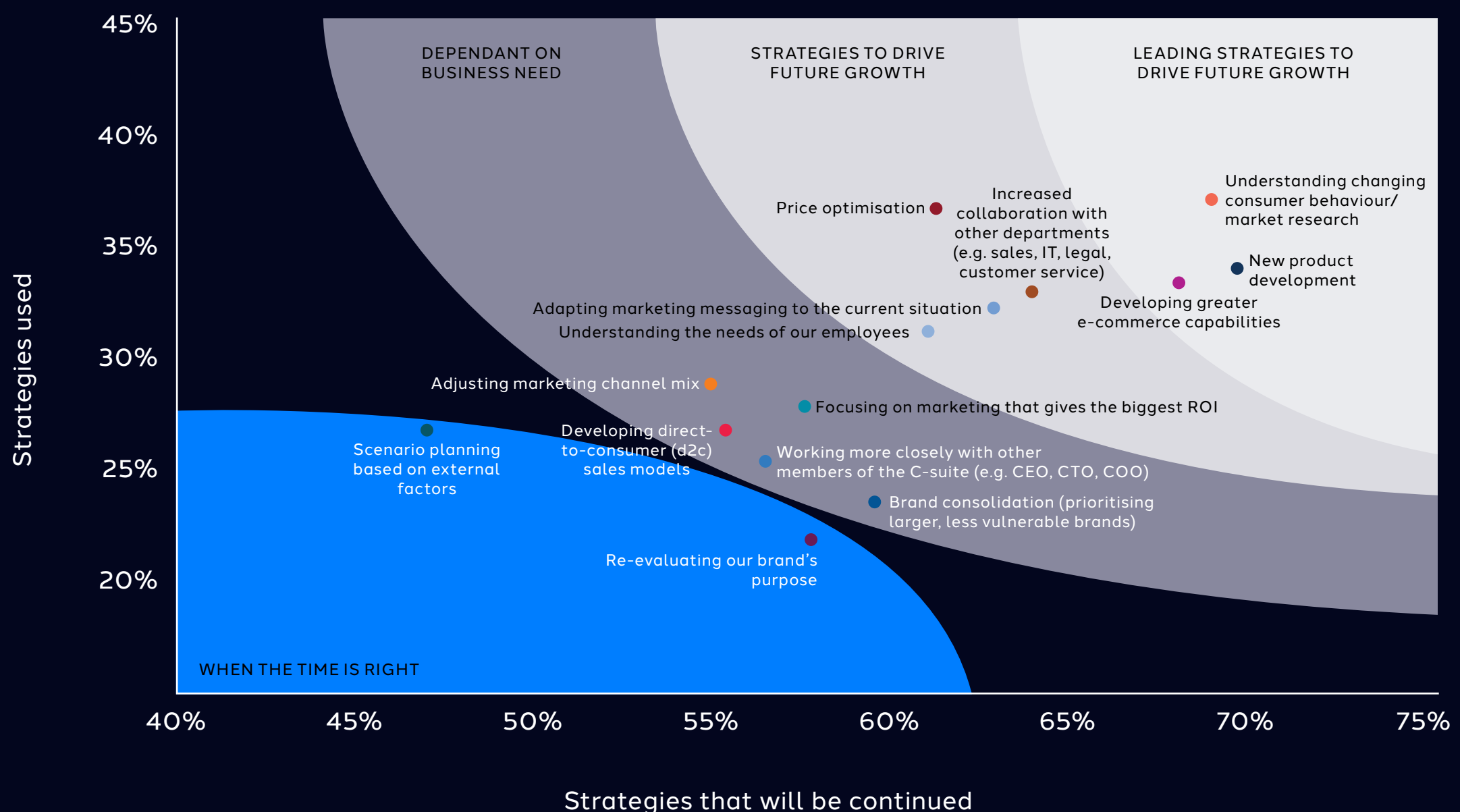
The ability to ensure that all elements of how brands operate stand up to extreme external scrutiny, from supply chains to employee well-being and consumer engagement.



Our analysis of these Frontier CMOs (defined as those who believe their organisations are well prepared to manage the next 6 months of the crisis) shows that they are all focused on building these traits as the best route to recovery.

Figure 5 shows a mapping of those strategies employed by Frontier CMOs during the crisis and those they will persist with into the recovery.

Figure 5:
Strategies used by Frontier CMOs to manage the crisis, and those they will continue with in future
 Which of the following strategies has your business pursued as a response to the coronavirus crisis? And which of those strategies do you expect to continue once the coronavirus crisis has passed and business is back to 'normal'?



Source: dentsu CMO survey 2020

1. HYPER-EMPATHY

Understanding changing consumer behaviour and undertaking market research is the most popular future strategy for Frontier CMOs, reflecting the challenge of figuring out which consumer behaviours will endure post-crisis and which will fall away. A number of the strategies that Frontier CMOs report they are embracing will help increase access to high-quality consumer insight. For example, greater ecommerce capabilities (and potentially D2C sales models) will help increase access to valuable first-party data for many brands.

Tellingly, these capabilities are also those that show the biggest gap in adoption between Frontier and Follower CMOs (see Figure 6). With an eye to future customers, our survey also shows that the number one top strategy that CMOs are considering is increased investment in CRM capabilities, which can help increase insight, drive loyalty and maximise value over the longer term.

Figure 6:
Difference in strategy adoption rate between Frontier and Follower CMOs
Which of those strategies do you expect to continue once the coronavirus crisis has passed and business is back to ‘normal’?

	FRONTIER	FOLLOWER	DIFFERENCE
Increased collaboration with other departments (e.g. sales, IT, legal, customer service)	21%	12%	-9%
New product development	24%	15%	-8%*
Developing direct-to-consumer (d2c) sales models	15%	8%	-7%
Brand consolidation (prioritising larger, less vulnerable brands)	14%	8%	-6%
Understanding the needs of our employees	19%	13%	-6%

Source: dentsu CMO survey 2020
* % difference calculated using decimal values



2. HYPER-AGILITY

Frontier CMOs recognise that consumer insight (e.g. first-party data, primary research on consumer trends) must be converted quickly into new messaging, products and pricing strategies. In the context of a fragile recovery, speed is of the essence to maximise sales and revenue growth. That's why Frontier CMOs place such a premium on adapting messaging to the current situation and price optimisation, both of which can be adjusted in real-time through dynamic content development and pricing strategies. Such approaches are critical both offensively (winning new customers) and defensively (nurturing existing customers). In any crisis, the established order is disrupted, providing opportunities for growth as well as the risk of being outmanoeuvred. That's why hyper-agility is critical to both growth and survival.

The recent experience of the pandemic has shown how quickly new insights can be converted into new products, such as Brew Dog's Barnard Castle beers, which poked fun at a UK government adviser accused of transgressing lockdown rules.^{iv} Although the core metric that CMOs are accountable for is growth of the customer base—something that has not changed since our last survey in 2019—our research shows that leading CMOs are significantly more likely to be tasked with product and service innovation (61% of Frontier CMOs, compared to 52% of Follower CMOs).

3. HYPER-COLLABORATION

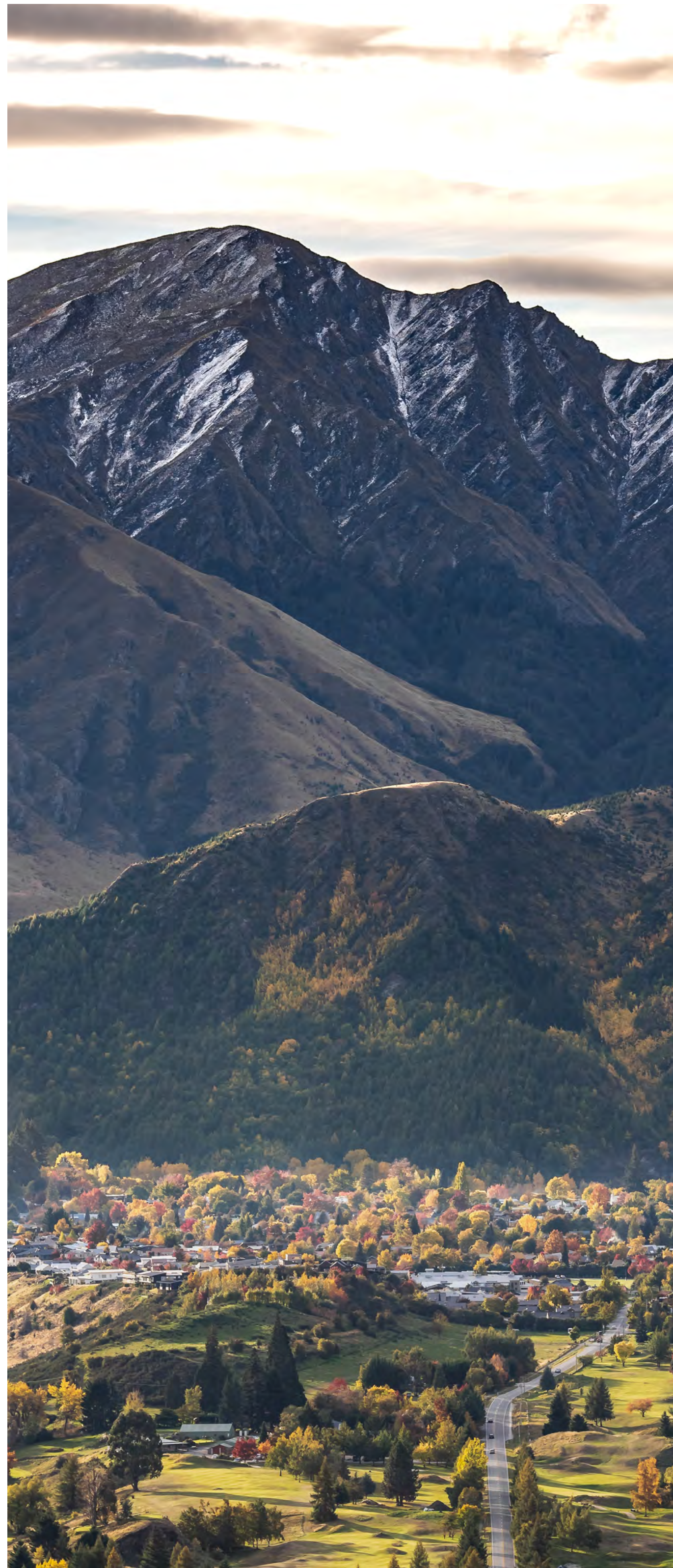
Our research suggests that one of the reasons Frontier CMOs are pulling ahead of the pack is because of their ability to increase collaboration with other departments. One third (33%) of Frontier CMOs has focused on this strategy, versus one fifth (21%) of Follower CMOs. Frontier CMOs are forging closer alliances with other departments to help keep pace with changing consumer needs through greater integration with and alignment across the business.

In our 2019 survey we argued that it was essential for CMOs to integrate a movement for change across the C-suite so that they can become the centre of innovation and growth. Shift to 2020 and the coronavirus crisis has heightened the importance and relevance of the CMO even further. The key challenge faced by businesses is keeping pace with consumers and to overcome that challenge requires greater integration and alignment of the whole company. Marketing can play that role.

In order to be nimble and adapt, there is a need to have marketing joined up with the rest of the organisation. Building these connections will need marketers to communicate the value they deliver to each department. For example:

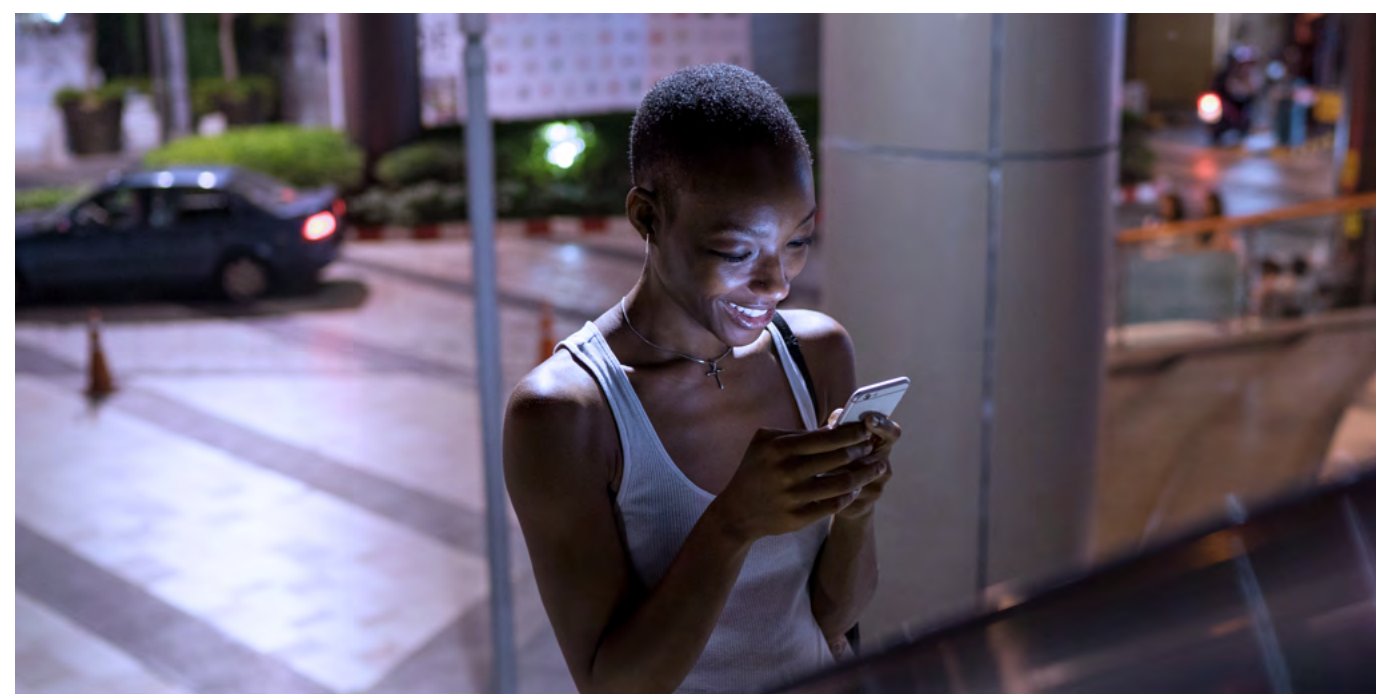
- **FINANCE:** Helping command price premiums by growing brand value and using consumer insights to refine pricing strategy.
- **OPERATIONS:** Refining the channel to market, especially supporting the development of digital experiences.
- **PRODUCT:** Enhancing value propositions to maximise product sales, and channelling consumer insight to drive new product development.

Furthermore, with many brands needing to find new ways of accessing first-party data and developing effective ecommerce strategies, their ability to partner and form alliances with platform-based companies in particular will be critical.



4. HYPER-CONSOLIDATION

As we come out of the crisis and into a tentative recovery phase, it seems that bigger will be better. A number of brands have taken steps to consolidate their portfolios and prioritise larger, more resilient parts of their business. Smaller brands have borne the brunt of the economic pain in the last 6 months, with cuts to marketing budgets in particular impacting smaller brands more than large. While the crisis is also an opportunity to usurp the established order and attack positions of market dominance, established, larger brands often enjoy an advantage in terms awareness, recognition and trust. That's why coming out of the crisis we can expect to see CMOs looking for opportunities to develop resilience through consolidation—a strategy where, as Figure 6 shows (page 16), there is a clear gap between Frontier and Follower CMOs. Furthermore, many brands will want to future-proof themselves by acquiring companies that can help fill a much-needed gap in their capability set, such as a direct-to-consumer offering.



5. HYPER-TRANSPARENCY

Frontier CMOs understand that winning consumer trust starts with what you do closer to home. How brands treated their employees during the crisis was a key flashpoint for many. A hotel in the UK soon became the subject of a social media storm following its abrupt dismissal of staff. As CMOs look ahead, Figure 6 shows that understanding the needs of their employees at this time is a clear point of difference between Frontier and Follower CMOs. Consumers have observed closely how brands have responded to this crisis and as we move ahead to the next phase, these expectations of ethical behaviour and engagement with societal issues will be even more deeply entrenched. In the United States, for example, almost 60% of consumers state brands should use their influence to stand up for social issues and an equal percentage feel more favourably towards a brand for doing so.^v

These five strategies are helping Frontier CMOs move forward and lead their brands through a period of uncertainty towards recovery and growth. As we will see in the next section, these strategies also have the potential to reinstall marketing as a strategic force within the boardroom.



Marketing's moment

While the future remains uncertain, a handful of clear strategies have emerged that Frontier CMOs are pursuing to move forward. It's early days of course, but as well as helping brands feel better prepared for this period of recovery, there is also the potential for these strategies to help strengthen the role of marketing within their respective organisations. As our survey has shown since 2018, the role of marketing in the eyes of the CMO has largely remained constant. But today, there is evidence that this is shifting positively.

The primary role of marketing remains driving business growth

When we look at the role of marketing over the years we've been surveying global CMOs, it's clear that the fundamental responsibility of marketing is unchanged: to deliver business growth. This holds in 2020 and looking to the next 6-12 months too, when CMOs will be under even greater pressure to battle for a smaller pool of consumer spending (see Figure 7). This pattern is also reflected by Frontier

CMOs, although interestingly a key difference among this group is that while understanding consumer/market trends ranks second in 2020, in the next 6-12 months this will be replaced by developing the overall customer experience. This shift perhaps points to the way that Frontier CMOs are responding more quickly than the rest to convert consumer intelligence into tangible action.

Figure 7:
CMOs' view on the primary role of the marketing function remains constant
What do you believe is the primary role of marketing?

	2018	2019	2020	IN 6-12 MONTHS
#1	Delivering business growth	Delivering business growth	Delivering business growth	Delivering business growth
#2	Ensuring effective brand management	Understanding consumer/market trends	Understanding consumer/market trends	Understanding consumer/market trends
#3	Developing the overall customer experience	Developing the overall customer experience	Developing new products /services	Developing new products /services
#4	Understanding consumer/market trends	Ensuring effective brand management	Developing the overall customer experience	Developing the overall customer experience
#5	Delivering business transformation	Delivering business transformation	Ensuring effective brand management	Ensuring effective brand management

Source: dentsu CMO survey 2020

Product development is rising in importance

Notably, where we do see a significant change is the recognition among CMOs that in 2020 and beyond, developing new products and services is a core role of marketing. This is the first time since our survey began that this element of marketing's role has broken into the top three and reflects a significant shift born out of the crisis. Many brands have moved quickly to develop new products to meet consumer needs in recent months and it appears that this is helping to evolve CMO perceptions of their role within the organisation.

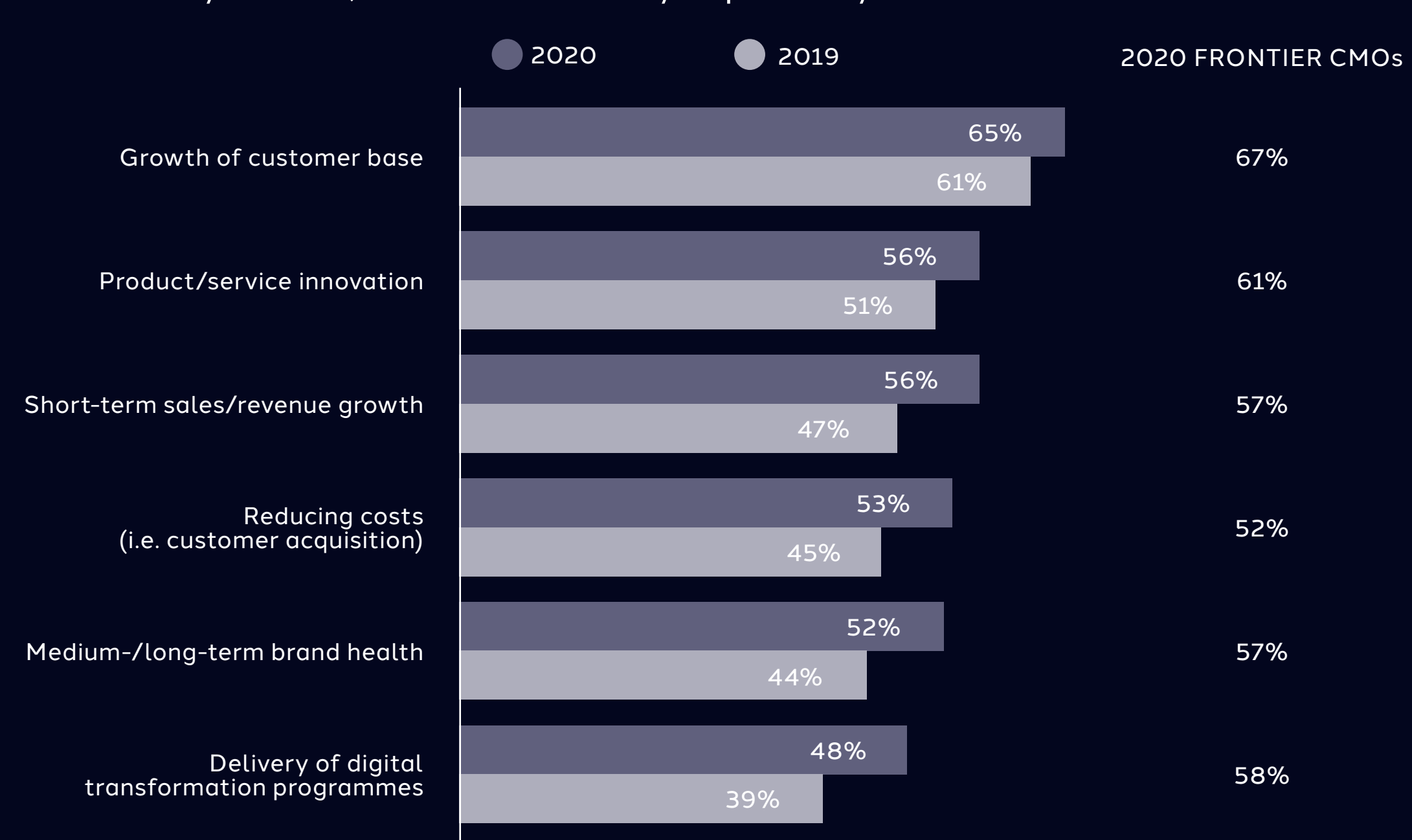
CMO metrics remain focused on growing the customer base

Delivering business growth is driven by extracting more value from existing customers as well as acquiring new ones. It therefore follows that growth of the customer base is the top performance metric for CMOs in 2020 (see Figure 8). This is unchanged from last year—in the context of near-term disruption and uncertainty, marketers understandably remain accountable for short-term tactical measures more than longer-term strategic KPIs such as improving brand awareness and positioning. Frontier CMOs report higher levels of accountability across all of these metrics, with the exception of cost reduction. Furthermore, they are significantly more likely to be accountable for digital transformation than other CMOs.

Figure 8:

Acquisition of customers remains the top performance metric for CMOs

In terms of your role, what metrics are you primarily accountable for?















Source: dentsu CMO survey 2020

This overall picture broadly holds across countries, although we do see CMOs in the BRIC economies focussing more on innovation than those the mature markets such as the United Kingdom and the United States (see Figure 9).

Figure 9:
CMOs across most countries are accountable for short-term performance metrics in 2020

In terms of your role, what metrics are you primarily accountable for?

	 AUSTRALIA	 BRAZIL	 CHINA	 FRANCE	 GERMANY	 INDIA
#1	Growth of customer base	Short-term sales/ revenue growth	Product/service innovation	Growth of customer base	Medium/ long-term brand health	Delivery of digital transformation programmes
#2	Reducing costs	Growth of customer base	Growth of customer base	Short-term sales/ revenue growth	Growth of customer base	Growth of customer base
#3	Medium/ long-term brand health	Product/service innovation	Delivery of digital transformation programmes	Medium/ long-term brand health	Product/service innovation	Product/service innovation

	 ITALY	 JAPAN	 RUSSIA	 SPAIN	 UK	 US
#1	Short-term sales/ revenue growth	Growth of customer base	Growth of customer base	Product/service innovation	Growth of customer base	Growth of customer base
#2	Growth of customer base	Short-term sales/ revenue growth	Product/service innovation	Delivery of digital transformation programmes	Short-term sales/ revenue growth	Short-term sales/ revenue growth
#3	Product/service innovation	Reducing costs	Short-term sales/ revenue growth	Medium/ long-term brand health	Reducing costs	Reducing costs

Source: dentsu CMO survey 2020

Back to the future

Much has been written—in this series of reports and others—about the extent to which marketing and marketers need to reclaim influence within their organisations that over time has been ceded to other departments. For decades marketers used the 4 Ps of marketing (price, product, place and promotion) as the foundations of their role and contribution to business growth. More recently, that focus appears to have been lost with many marketers taking responsibility for promotion but little else. Fast forward to the recovery that brands are now trying to navigate, however, and there may be cause for optimism. We've already seen in section 1 that CMOs now believe development of new products and services is a core part of the role of marketing, the first time this has appeared in the top five since we started tracking this metric in 2018. And if we examine the strategies that have been undertaken by leading CMOs to manage the crisis and those that they will persist with into the new recovery, it's clear that a return to the basics is informing many marketing strategies. Specifically: new product development; developing greater ecommerce capabilities (place); pricing optimisation; and adapting marketing messaging (promotion).

In finding their way through a period of significant uncertainty towards a new recovery, successful CMOs are looking to marketing fundamentals and establishing themselves firmly at the centre of the new customer enterprise.



The fifth P?

One word that has dominated brand discussions in recent months is purpose. But in our survey, this year it has featured less prominently as a discrete theme. While 20% of CMOs re-evaluated their brand purpose in response to the crisis, just 11% found this to be an effective strategy. However, this doesn't mean that purpose is no longer relevant. In fact, the opposite is true. What we have seen during the crisis and into the recovery is that leading brands have demonstrated their purpose through delivering tangible actions and helpful experiences for consumers. Whether that has been through new products, more flexible pricing strategies or ensuring the health and safety of their employees, leading brands have shown how actions speak louder than words—while those that have relied purely on surface-level statements of intent have quickly been found out. As we move into the recovery phase, it's clear that consumers will remember how brands acted during the crisis—and will carry higher expectations of ethical behaviour forward. The ultimate triumph of the purpose agenda could be when brands stop talking about it as a separate concept, but ensure it is integrated into all aspects of how they serve their customers.

Reasserting the role of marketing

Could these strategies help to reassert the role of marketing? Frontier CMOs certainly think so. Nearly half believe the current crisis will increase the importance of the marketing function within their organisations compared to three out of ten Follower CMOs (see Figure 10).

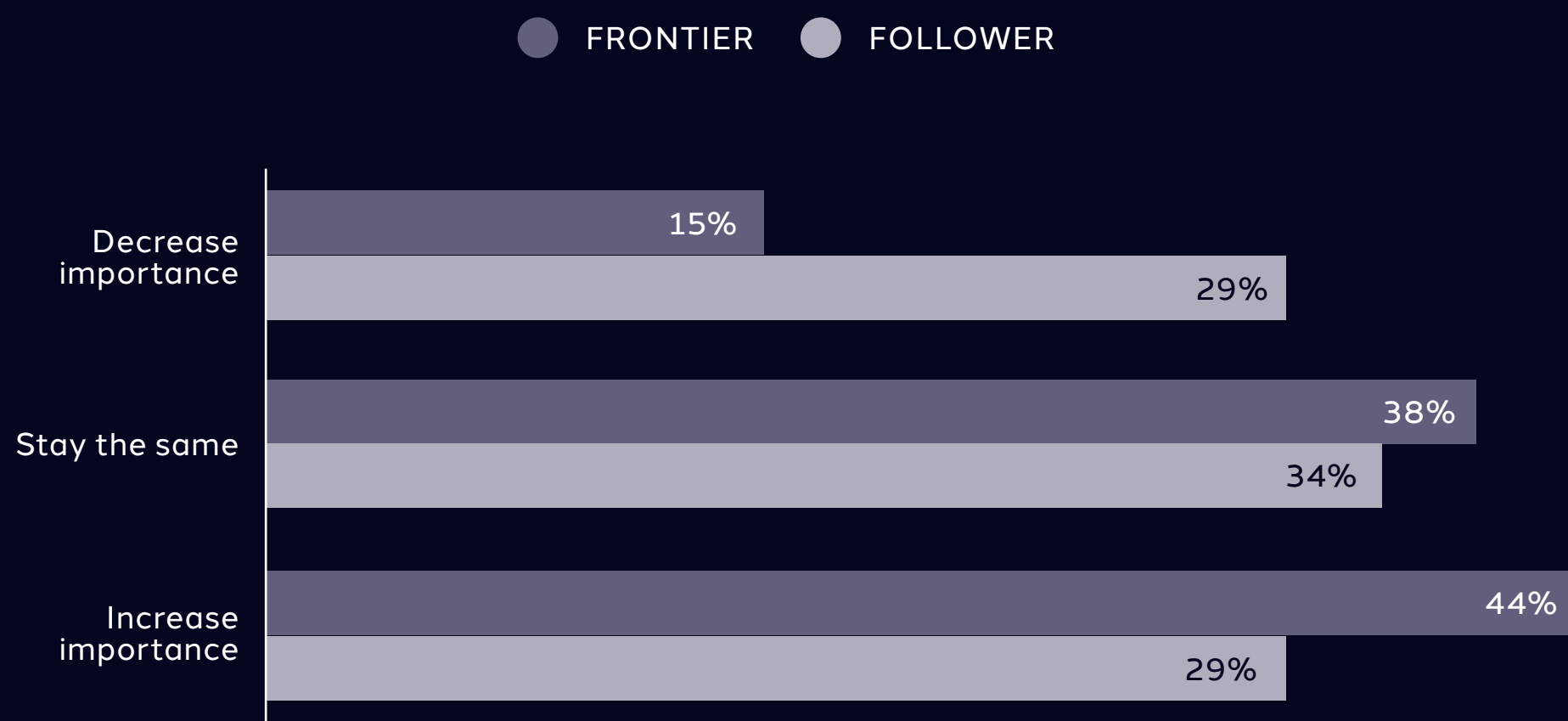
It's a cliché to say that every crisis presents an opportunity, but it certainly looks as though the approaches taken by leading CMOs to manage the crisis and steer their brands to recovery provide a blueprint of how marketing can re-take its place at the top table of growth strategies.

In other words, the most successful marketers understand how consumer behaviour is changing, they are developing new products to meet those needs, and they are distributing them to consumers via the optimal channels to market. They are looking at the total customer experience, ensuring that all elements of their business are aligned tightly around serving customer needs. They have only been able to achieve this by successfully leading and working in partnership with other parts of the business, matching superior consumer intelligence with deep integration.

Figure 10:

Frontier CMOs expect marketing to become more important

What impact do you think the coronavirus crisis will have on the importance of the marketing function within your organisation?



Source: dentsu CMO survey 2020

Implications for marketing agencies

Within this context, innovation and digital transformation are top priorities for CMOs (see Figure 11), and they expect the marketing agencies they work with to support them in this endeavour. Driving innovation and delivering competency in technology were the two most important competencies that CMOs require from their agency partners, reflecting the extent to which increased investment in digital capabilities during the crisis will need to continue as consumers become more accustomed to frictionless commerce and interaction with brands. The good news is that CMOs feel that agencies are currently delivering well on those needs.



Figure 11:
Top 5 requirements of agencies
Thinking about working with marketing agencies, how important are each of the below factors?

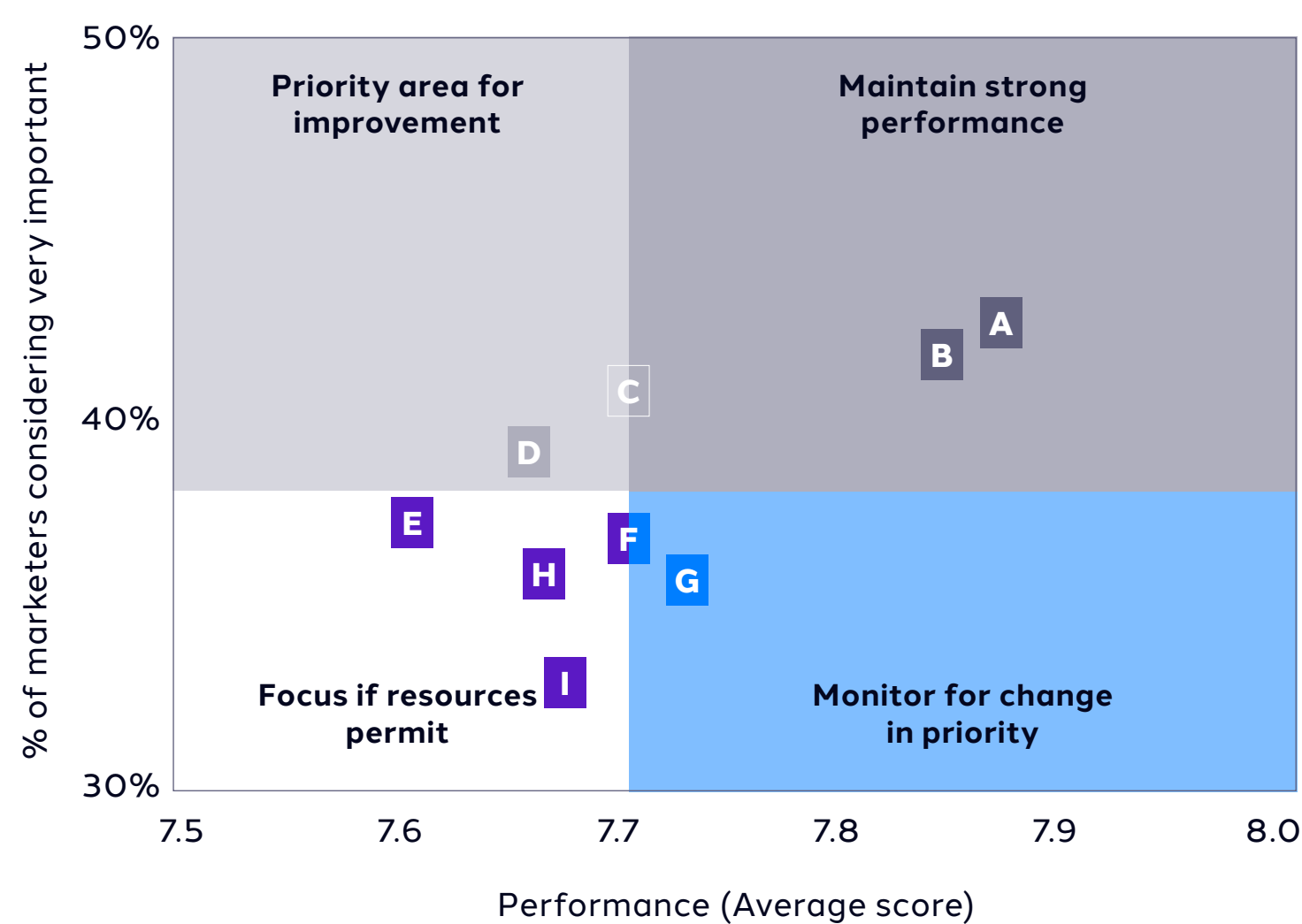
#1	Driving innovation for clients
#2	Delivering competency in technology and data
#3	Explicit focus on efficiency and cost reduction
#4	Providing expertise on the latest global and market trends/ proactively bring new insight
#5	Business partnering to drive execution and growth over the long-term

Source: dentsu CMO survey 2020

Areas for improvement

Where there is scope for improvement, however, resides in three main areas: helping CMOs manage their limited budgets through greater efficiencies and cost reduction, driving long-term growth, and proactively bringing new insights to the table. These three things are relatively important to CMOs but their agencies are failing to live up to expectations (see Figure 12). In the context of the recovery, all three are critical to help brands in terms of extracting maximum value from marketing investment and turning consumer insight into new opportunities for better messaging, product development & innovation, and pricing.

FIGURE 12:
Efficiency, long-term growth and new insights are key areas for marketing agency improvement



A	Delivering competency in technology and data
B	Driving innovation for clients
C	Explicit focus on efficiency and cost reduction
D	Business partnering to drive execution and growth over the long-term
E	Providing expertise on the latest global and market trends/proactively bring new insight
F	Able to provide fully integrated solutions across all elements of the marketing mix
G	Offering consultative services as well as executional services
H	Offering flexibility in staffing models
I	Offering contracts linked to specific business outcomes

Note: Each attribute is plotted according to the average reported satisfaction score (horizontal axis) and the % of CMOs deeming it ‘very important’ (vertical axis).

Source: dentsu CMO survey 2020

Overall, the opportunity is there for agencies to work with CMOs to get them closer to their customers and partner across all elements of the total customer experience. The strategies being deployed by Frontier CMOs require superior consumer intelligence matched by high levels of integration across all elements of the customer journey and brand experience, ensuring there is no

gap between what a brand does or says internally and how it meets stakeholder expectations externally. Similarly for agencies, this demands seamless integration across marketing solutions that meet client needs, rather than a preoccupation with a specific product or service. Only then can agencies help brands win, keep and grow their best customers over the long term.

Final word

2020 has already proven itself to be an exceptional year. And who knows how the rest of it will play out into 2021. For the majority of CMOs, the focus is on surviving the next 6-12 months. Planning beyond that seems a luxury that few can afford.

But afford it they must. A crisis such as this acts as a crucible in which new norms are formed and behaviours established. It's a time of flux when the existing order of industries can be fundamentally overturned, creating long-term waves of change. What happens now will have lasting implications.

In looking to the future, CMOs have refocused on the fundamentals of marketing, albeit applied in new ways. This promises to reassert the role of marketing within boardrooms and businesses. But it is not a given. Leading strategies have emerged, but now the focus must be on delivery. The survival of brands themselves and the marketing function as custodians of growth depends on it.

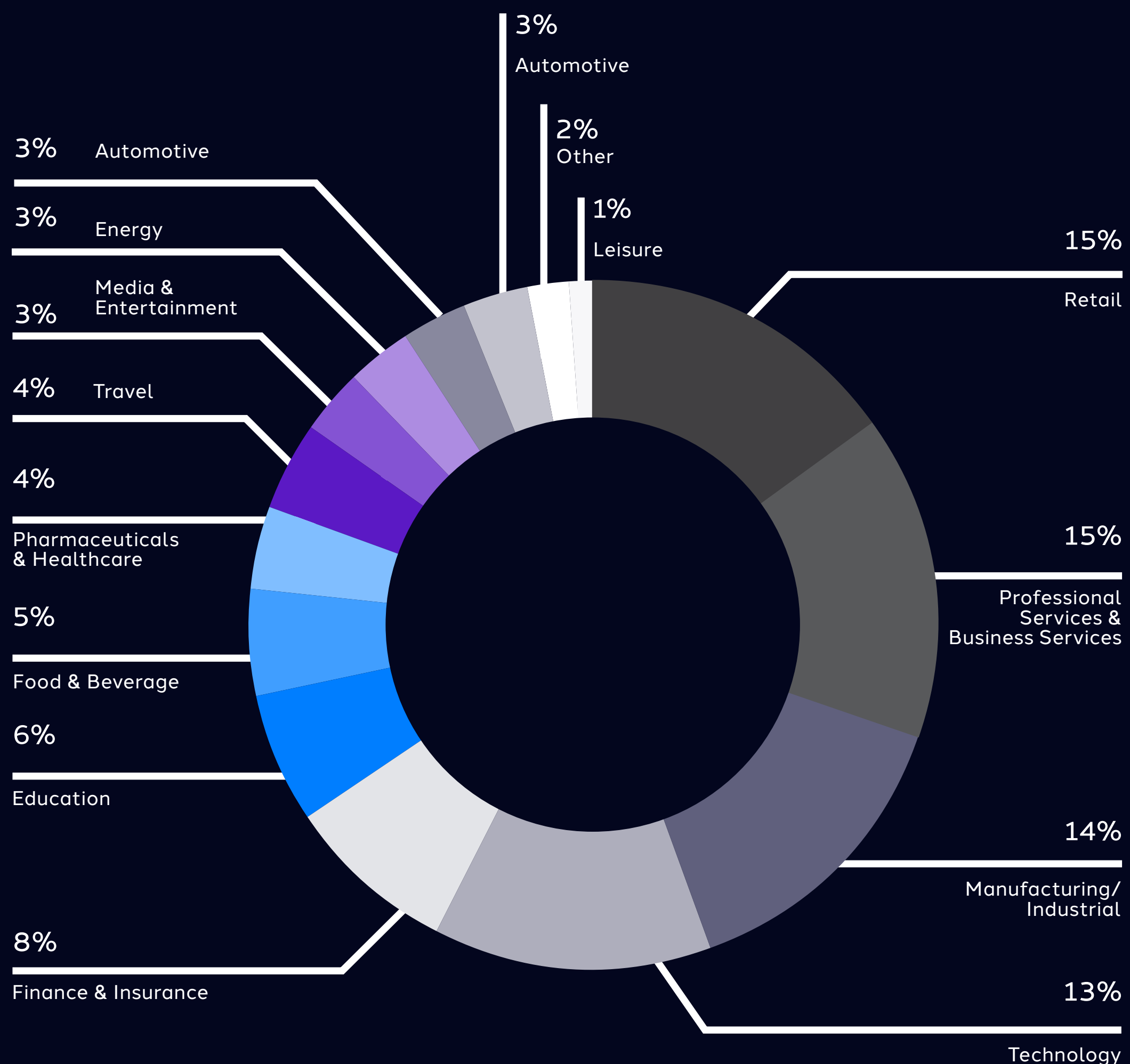
About the survey

The research was managed by B2B International, a specialist business-to-business market research consultancy within dentsu.

B2B International surveyed 1,361 CMOs (or equivalent) in Australia, Brazil, China, France, Germany, India, Italy, Japan, Russia, Spain, UK and the US.

At least 100 responses were collected per country. Respondents were from a range of company sizes, and 40% were from large companies (defined here as those with over 1,000 employees). Industry sectors represented are summarised in Figure 13. Fieldwork was conducted online in May-June 2020.

Figure 13:
Industry breakdown of survey respondents



Source: dentsu CMO survey 2020

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To discuss how B2B International can help your business, please contact tom.percival@b2binternational.com

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