

dentsu



# Leading in uncertain times

lessons from CMOs prepared for the future

CMO survey 2020 Americas



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## Foreword

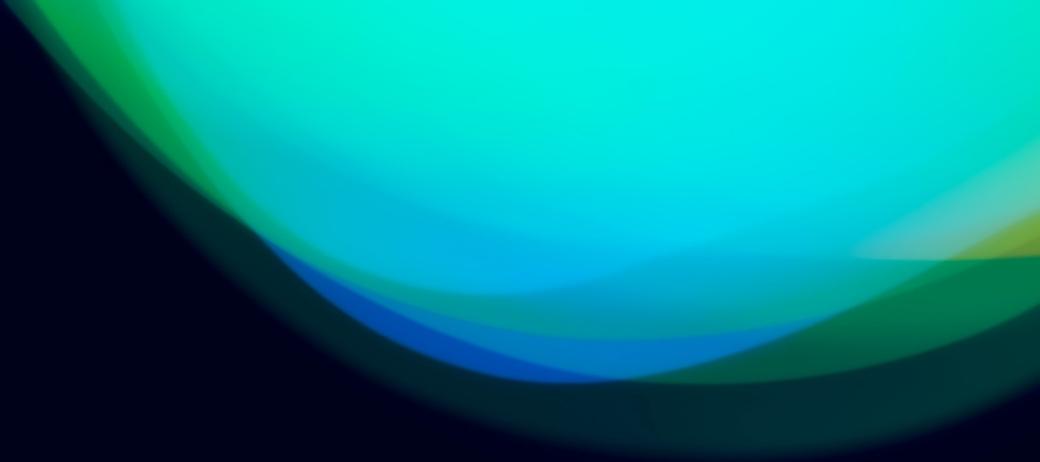
The role of the chief marketing officer is more difficult than ever. 'Business as usual' is no longer an option and the future is clouded by uncertainty.

Although no one could have predicted the pandemic, some marketing leaders report feeling better prepared for the road to recovery than others.

The following report looks at the U.S. market of the **dentsu CMO survey 2020** to:

- Explore how U.S. CMOs compare to their global counterparts.
- Understand what sets marketers apart who feel better prepared to navigate the current crisis vs. those that don't and draw lessons from the former.

This research is based on our survey of 200+ CMOs in the U.S. and outlines how the #1 challenge these market leaders are facing is understanding which 2020 consumer behaviors will fade away and which habits are here to stay.



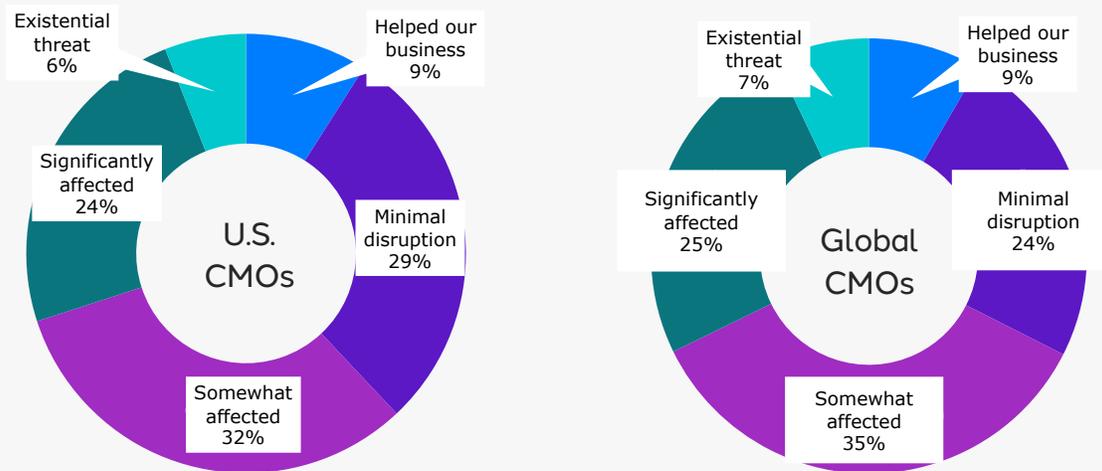
# COVID-19: U.S. CMOs in Global Context

In this section, we look at how U.S. CMOs compare to their global counterparts.

## The pandemic's effect on business is similar for U.S. & global CMOs

While 62% of U.S. CMOs say they have been at least 'somewhat' affected by the crisis, almost one in three report minimal disruption and one in ten report that the crisis has, in fact, helped their business. This is similar to global sentiment.

### Business Impact of COVID-19



## U.S. CMOs are focused on growing their consumer base

The U.S. focus on growth & short-term performance metrics is consistent with global priorities. Interestingly, CMOs in more emerging economies appear to focus more on innovation than those in mature markets.

### Top Three Metrics CMOs Are Accountable for Delivering on in 2020

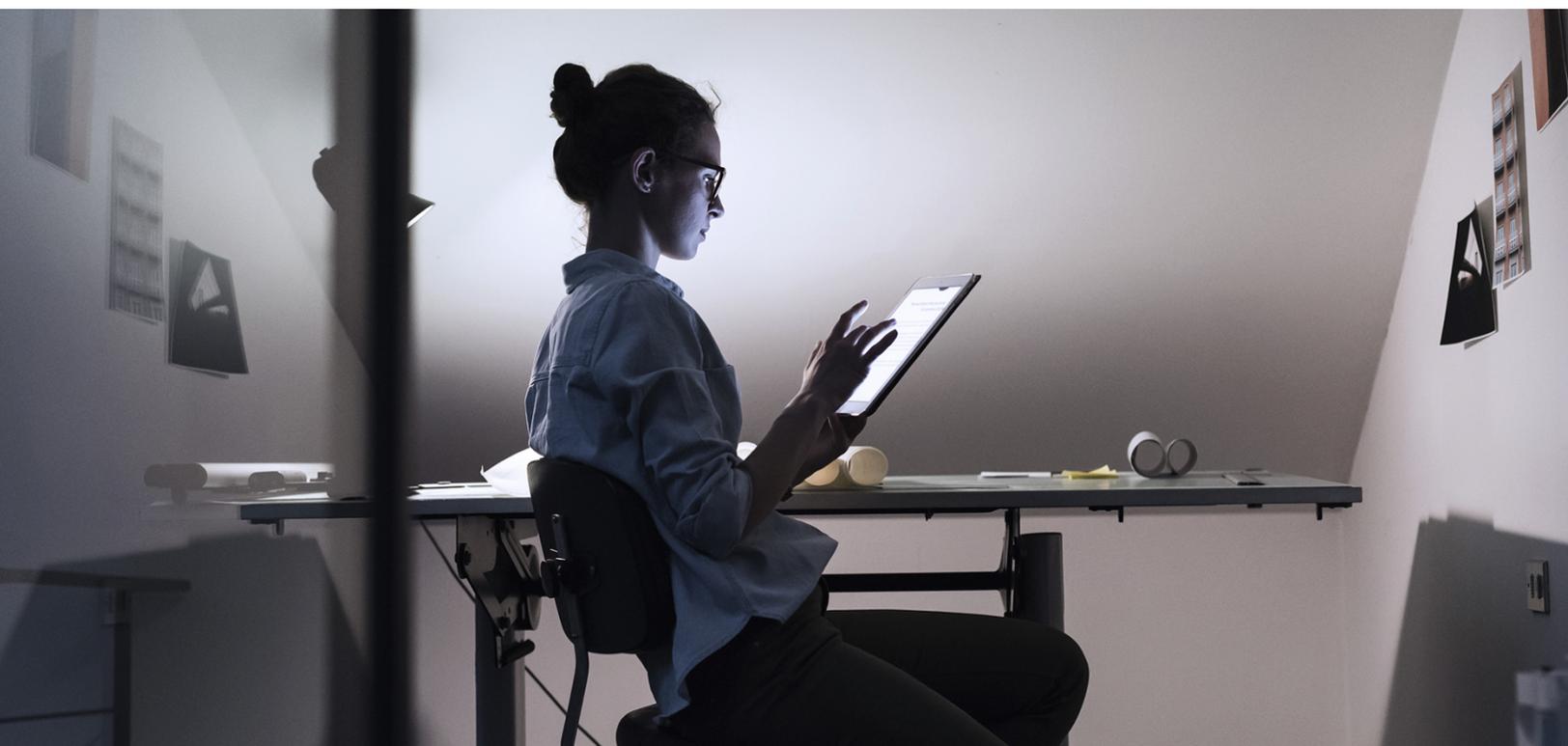
Global	USA	UK	Japan	China	Italy	Brazil	India
<b>#1</b> Growth of customer base	Growth of customer base	Growth of customer base	Growth of customer base	Product/service innovation	Short-term sales/revenue growth	Short-term sales/revenue growth	Delivery of digital transformation programs
<b>#2</b> Product/service innovation	Short-term sales/revenue growth	Short-term sales/revenue growth	Short-term sales/revenue growth	Growth of customer base	Growth of customer base	Growth of customer base	Growth of customer base
<b>#3</b> Short-term sales/revenue growth	Reducing costs	Reducing costs	Reducing costs	Delivery of digital transformation programs	Product/service innovation	Product/service innovation	Product/service innovation

# U.S. CMOs aim to understand consumer behavior and adapt

U.S. COVID response strategies mirror global responses. The top strategy employed is seeking to understand changing consumer behavior and reflecting that understanding in adapting marketing messaging. While India, China & Italy are prioritizing expanding e-commerce capabilities (=investment), the U.S. tends to look to price optimization next.

Strategies Employed in Response to COVID-19

Global	USA	UK	Brazil	India	Japan	China	Italy
#1 Understanding changing consumer behavior/ market research	Understanding changing consumer behavior/ market research	Adjusting marketing channel mix	Price optimization				
#2 Price optimization	Adapting marketing messaging to the current situation	Price optimization	Price optimization	Developing greater ecommerce capabilities	Adapting marketing messaging to the current situation	Adapting marketing messaging to the current situation	Developing greater ecommerce capabilities
#3 Adapting marketing messaging to the current situation	Price optimization	Adapting marketing messaging to the current situation	Adapting marketing messaging to the current situation	Focusing on marketing that gives the biggest ROI	Understanding the needs of our employees	Developing greater ecommerce capabilities	Adjusting marketing channel mix



## Yet, consumer behavior post-crisis is far from certain

The key challenge facing U.S. marketers in the near-term is understanding which consumer behavior shifts will be permanent. Even if they do gain an understanding, over one-third are challenged to align their brands around changing sentiment. Compared to global CMOs, U.S. CMOs feel more urgency around managing changes to their workforce, reflecting a focus on reducing costs (vs. product/service innovation).

### Challenges Expected over next 6-12 Months



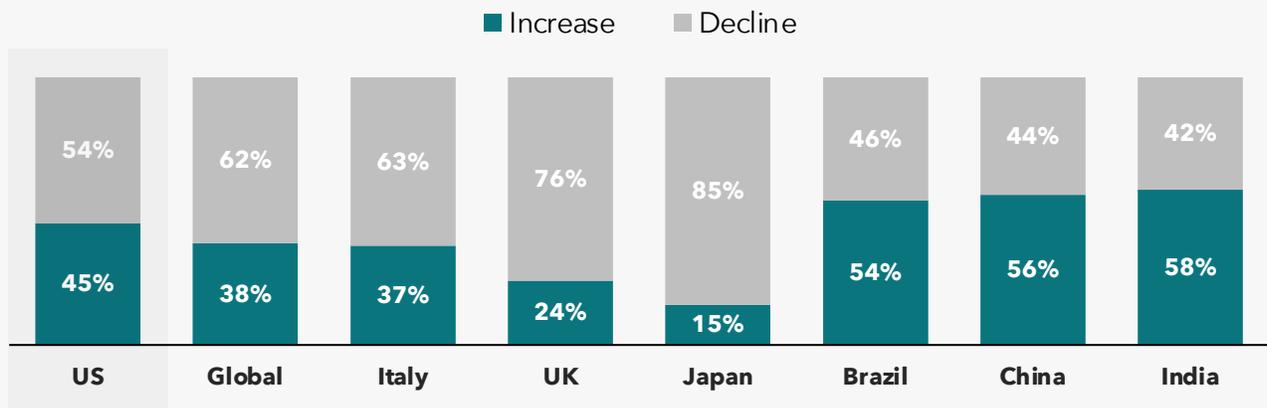
## U.S. marketing budgets are better off than many globally

Despite reporting similar levels of disruption to their business as global counterparts, U.S. CMO's marketing budgets are fairing better on average. Perhaps U.S. CMOs are heeding the general advice that brands should not 'go dark' during times of recession.

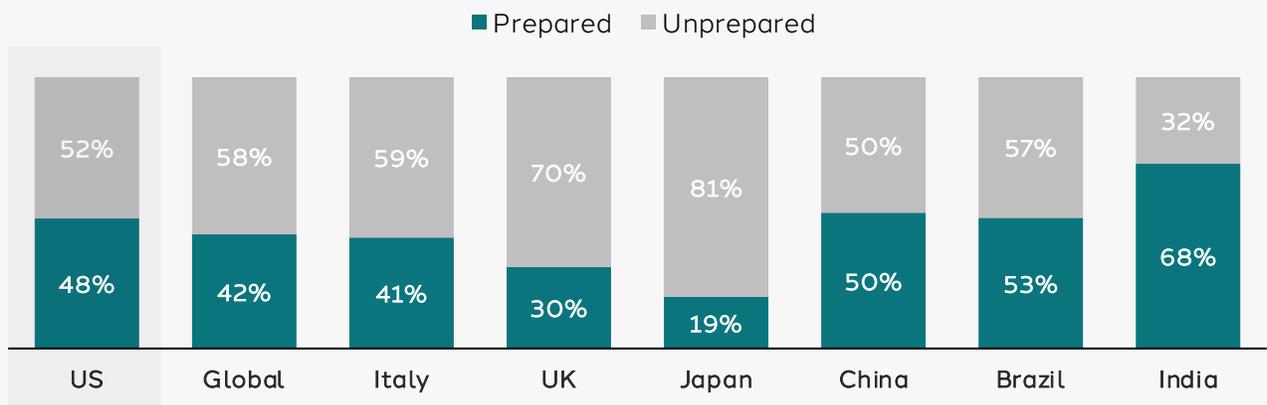
Preparedness varies by country, with U.S. CMOs feeling slightly more prepared than the global average.

Preparedness appears highly correlated to increases/decreases in CMOs marketing budgets – i.e. CMOs in companies that are investing into the recession vs. those whose companies are looking to weather the recession through cost cuts.

### Expected Change in Marketing Budget Over Next 12 Months



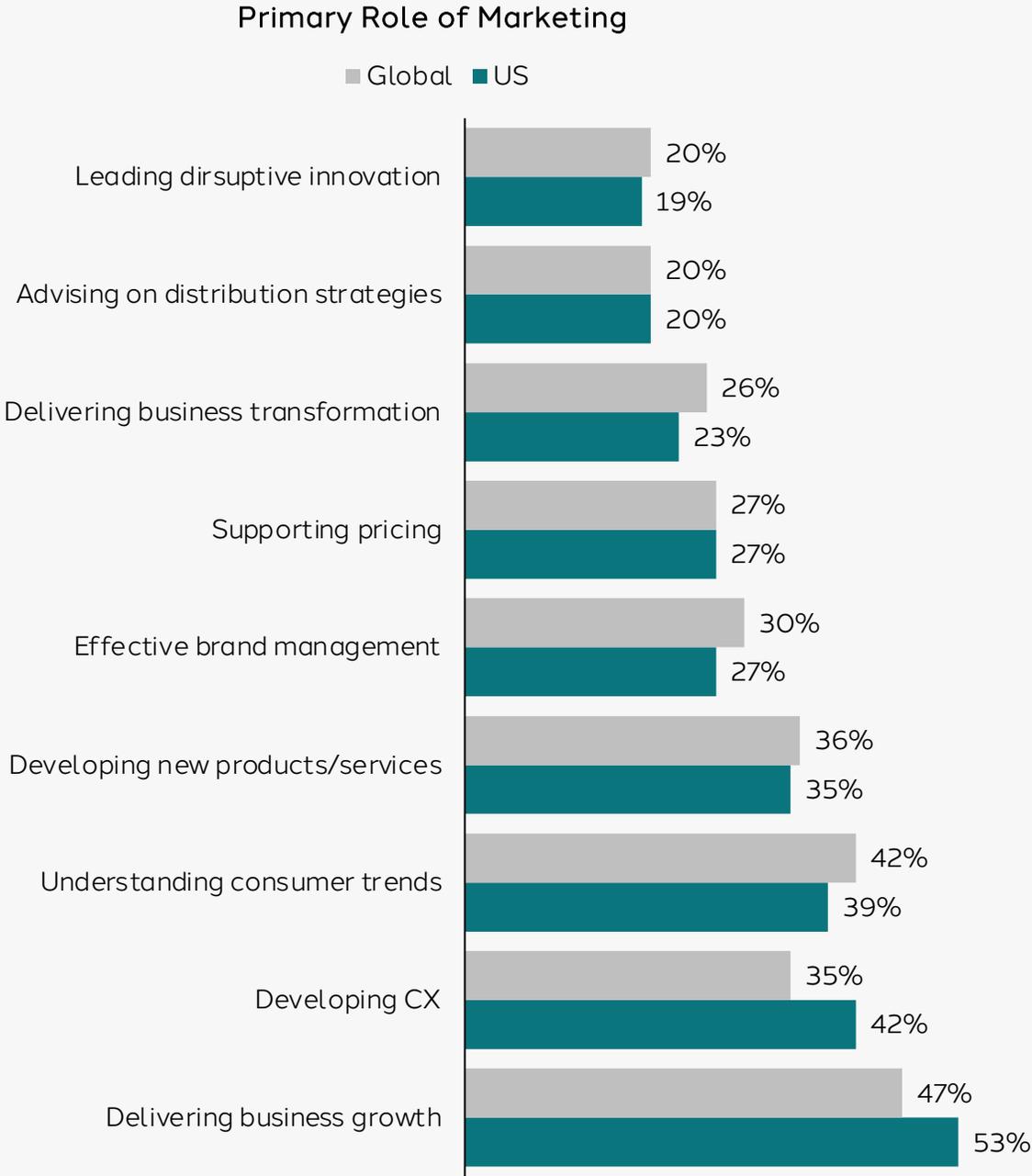
### CMO Feelings of 'Preparedness' for the Next 6-12 Months

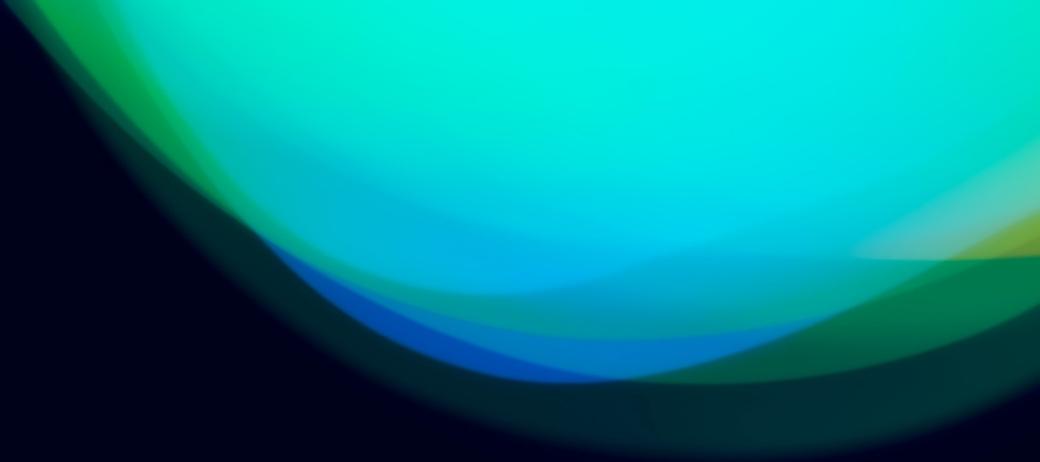


U.S. "Prepared" Benchmark

# Addressing CX helps U.S. CMOs to deliver on business growth

U.S. CMOs are slightly more likely than global counterparts to say the primary role of marketing is to deliver business growth and to develop CX initiatives. Both are tied to growing consumer base by understanding consumer behavior.





# Lessons from 'prepared' CMOs

In this section, we compare what sets marketers apart who feel better prepared to navigate the current crisis vs. those that don't and draw lessons from the former.

# Half of U.S. CMOs are feeling well-prepared for the road ahead

Obviously, certain sectors are less impacted by the pandemic than others. Overall, prepared CMOs told us that COVID-19 had minimally disrupted their business, if at all.

Additionally, those who felt better prepared tended to work at larger companies rather than at smaller ones and sustained better global revenue over 2019 to 2020.

## Prepared CMOs



51% say COVID-19 has helped (18%, 197i) or minimally disrupted (33%, 117i) business



73% work at medium (28%, 134i) or large companies (45%, 109i)



70% (120i) say their total global revenue has increased in the past year

## Unprepared CMOs



25% say COVID-19 has helped (1%, 11i) or minimally disrupted (24%, 85i) business



53% work at medium (15%, 69i) or large companies (38%, 92i)



48% (82i) say their global revenue increased in the past year

Some prepared vs. un-prepared industries align neatly with the overall trajectory of the pandemic, While others indicated that preparedness is due to an element of 'mindset'.



### Prepared

32% B2C | 15% B2B | 53% both

### Unprepared

28% B2C | 18% B2B | 54% both

# the mindset of prepared CMOs

While some leaders' sense of preparedness is undoubtedly due to insulation, it is also based in a mindset of turning challenges into opportunities. These are three factors that contribute to preparedness:



Championing  
Agile Innovation



Reimagining  
Customer  
Experience



Embracing an  
Elevated Role



## Championing Agile Innovation

### **Innovation, not hesitation.**

Prepared CMOs are those who embrace an innovative mindset: characterized by embracing change, the ability to think big and speed of thought and action.

### **Progress over perfection.**

Understanding consumer behavior is more important than ever yet has never been more difficult. Rather than wait to gain a 'perfect' understanding, prepared CMOs are striking a balance between consumer research and adapting business operations.

### **Invest in your employees.**

Prepared CMOs are more likely to be taking care of their employees. These business fundamentals will ensure long-term sustainability of agile and innovative operations.

### **The secret is collaboration.**

Even last year, leading CMOs were intentionally building relationships with others in the C-suite to solve problems. Now, that trend is hyper-charged as CMOs must become disruptive innovators.

# It's time for disruptive innovators to shine

CMOs who feel better prepared to navigate the crisis are more likely to view the role of marketing as creating the best customer experience possible and meeting challenges with disruptive innovation and new products/services. Their less prepared counterparts continued to focus on 'business-as-usual': growth, transformation and price optimization.

While both prepared and unprepared CMOs are seeking to understand consumer

behavior, prepared CMOs are converting insight quickly into new products, commerce and brand experiences, not just messaging. Simultaneously, they are tackling business fundamentals, such as safeguarding employees.

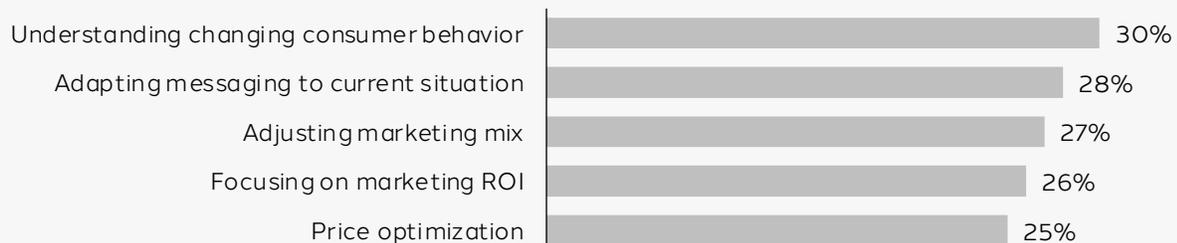
Conversely, unprepared CMOs are more focused on altering communications and do not appear as focused on brand experience.

	Prepared CMOs	Unprepared CMOs
#1	Developing <b>customer experience</b> 19%, 121i	Delivering <b>business growth</b> 32%, 131i
#2	Leading <b>disruptive innovation</b> 14%, 159i	Delivering <b>business transformation</b> 14%, 143i
#3	Developing <b>new products/services</b> 14%, 143i	<b>Price optimization</b> 7%, 124i

## Prepared CMOs



## Unprepared CMOs



# Differences emerge in the challenges that prepared versus unprepared CMOs face over the next 6 to 12 months

Prepared CMOs are concerned with acting agilely to the pandemic, with “understanding temporary vs. permanent consumer shifts” and “aligning with new/changing consumer sentiment” as their top challenges.

Unprepared CMOs are not able to focus on agility to the same extent, as “declining consumer spending” and “decreasing marketing budget” are top priority challenges.

Challenges Over Next 12 Months



## Closer alliances enable prepared CMOs to act quickly

Our research suggests that prepared CMOs are increasing collaboration with other departments and the C-suite. Keeping pace with changing consumer needs requires greater integration with and alignment across the business.

Prepared CMOs

30%

are increasing collaboration with other departments in response to COVID-19

Unprepared CMOs

22%

are increasing collaboration with other departments in response to COVID-19

30%

are working more closely with the C-suite in response to COVID-19

23%

are working more closely with the C-suite in response to COVID-19

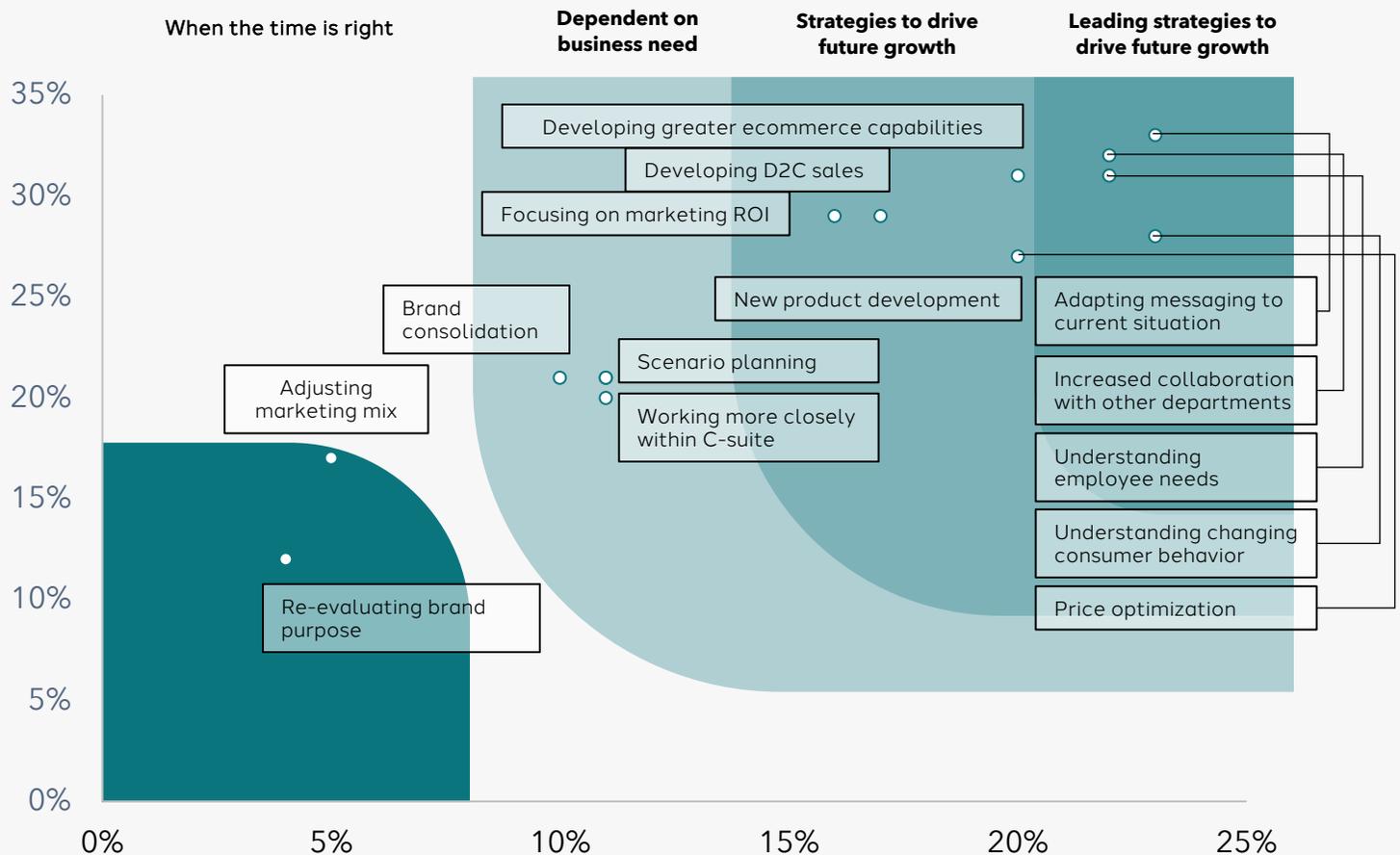


# Looking ahead, prepared CMOs anticipate continued need for agility

They plan to continue to adapt their messaging to the current climate and meet new consumer behaviors with new products and ecommerce channels. Key to executing on this is a continued

understanding of changing consumer behavior and an understanding of their employees' needs as the work experience changes. Additionally, collaboration is key to executing agile growth strategies.

COVID-19 Response Strategies Used by Prepared U.S. CMOs x Those They Will Continue to Use in Future





# Reimagining Consumer Experience

## **Disruption is an opportunity for CX to stand out.**

Focusing on CX has historically been a winning strategy in a recession. Now, amid widespread disruption to the status quo, it becomes a necessity. Prepared CMOs are reimagining each aspect of their CX to meet consumers where they are both in the short term and long term.

## **Digital capabilities will be increasingly important.**

As consumers migrate online amid shutdowns, smart leaders are investing in digital, ecommerce and DTC. Giving consumers control with a seamless digital brand experience will improve both customer satisfaction & loyalty and efficiency at the same.

## **Brand and CX are tightly intertwined.**

Leaders recognize that brand is a powerful tool for growth. They are integrating their brand purpose into CX efforts, aligning advertising, touchpoints and products/services to consistently communicate brand values.

## **Caring for customers and employees.**

In times of crisis, caring for customers often starts with caring for employees. Prepared CMOs are invested in improving their employee's wellbeing, which is critical to successful CX.

## Prepared CMOs realize CX is crucial to meet shifting consumer behaviors

These leaders are more likely to report minimal disruption to their business due to the pandemic, perhaps because they are also more likely than unprepared CMOs to have reimagined their customer experience.

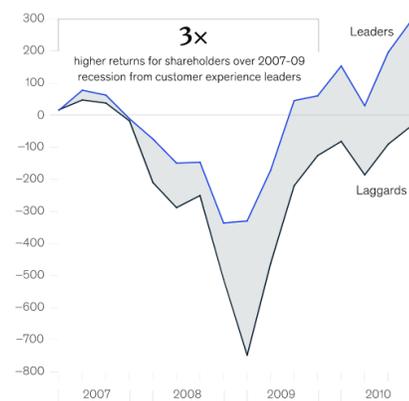
### Extent CX Strategy has Changed Due to COVID-19



## Focusing on CX has historically been a winning strategy in a recession

In a downturn, budgets are often squeezed, however, customer experience should be prioritized. It has been proven that companies that invest in CX perform better in terms of differentiation and loyalty.

Total returns to shareholders of customer experience leaders and laggards,<sup>1</sup> % by quarter



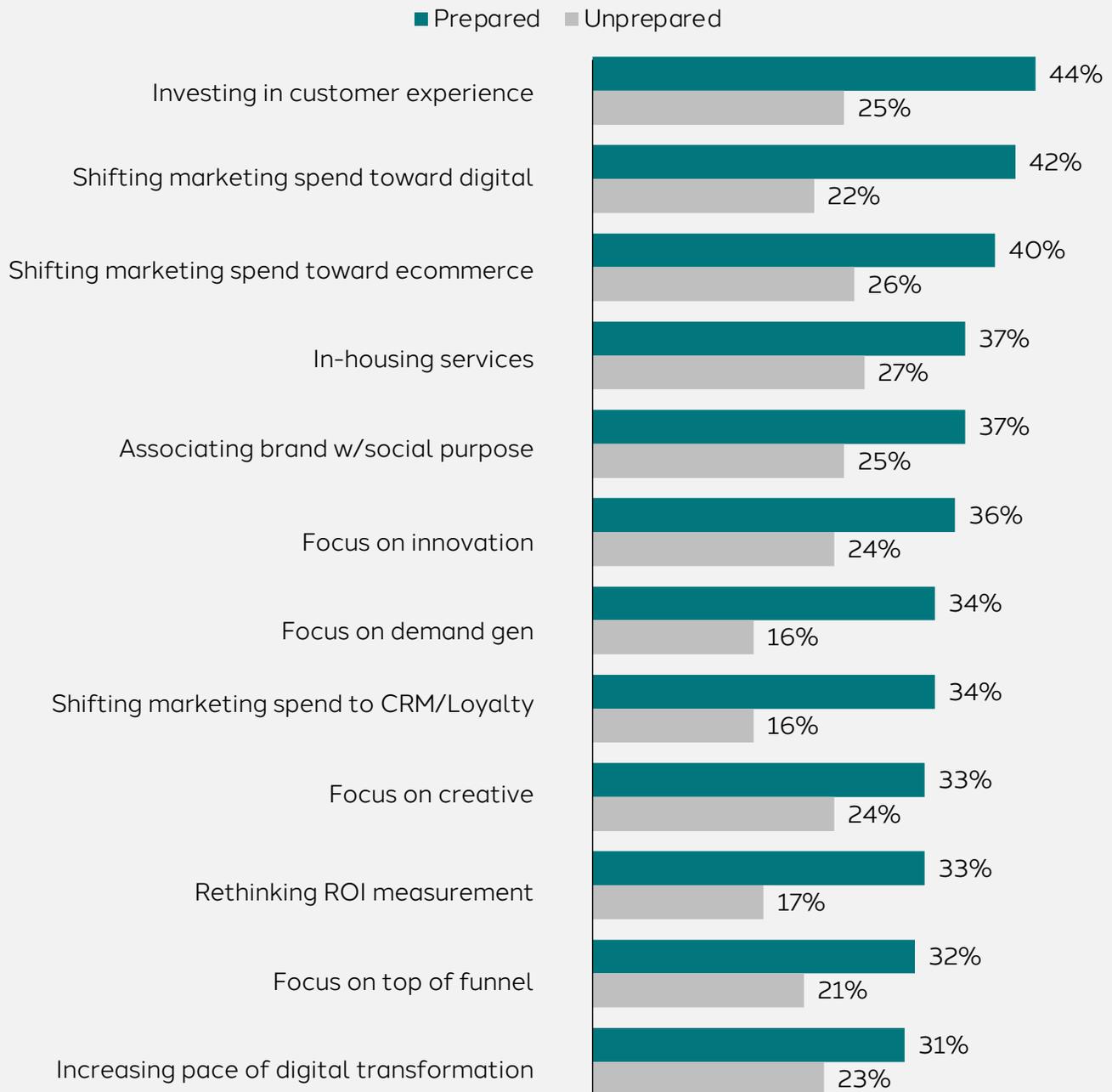
<sup>1</sup>Comparison of total returns to shareholders for publicly traded companies ranking in the top 10 or bottom 10 of Forrester's Customer Experience Performance Index in 2007-09. Source: Forrester Customer Experience Performance Index (2007-09); press search

McKinsey & Company

# They were already investing in CX, as well as digital & ecommerce

Pre-pandemic, prepared CMOs were already investing in CX, shifting spend towards digital and ecommerce. Conversely, unprepared CMOs were less likely to have implemented any strategies and 2x less likely to have invested in CX, digital, demand gen or CRM.

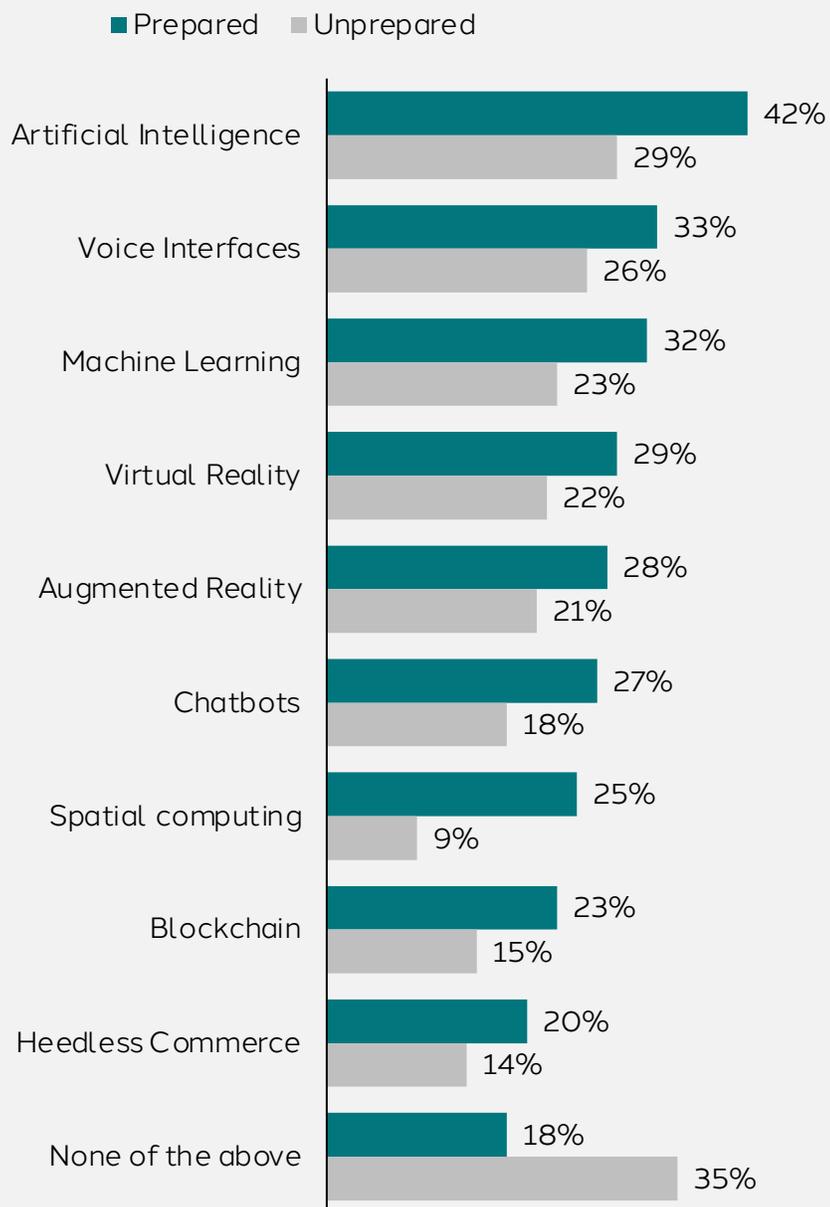
## Already Doing The Following Strategies



# Prepared CMOs have a robust innovation pipeline for CX efforts

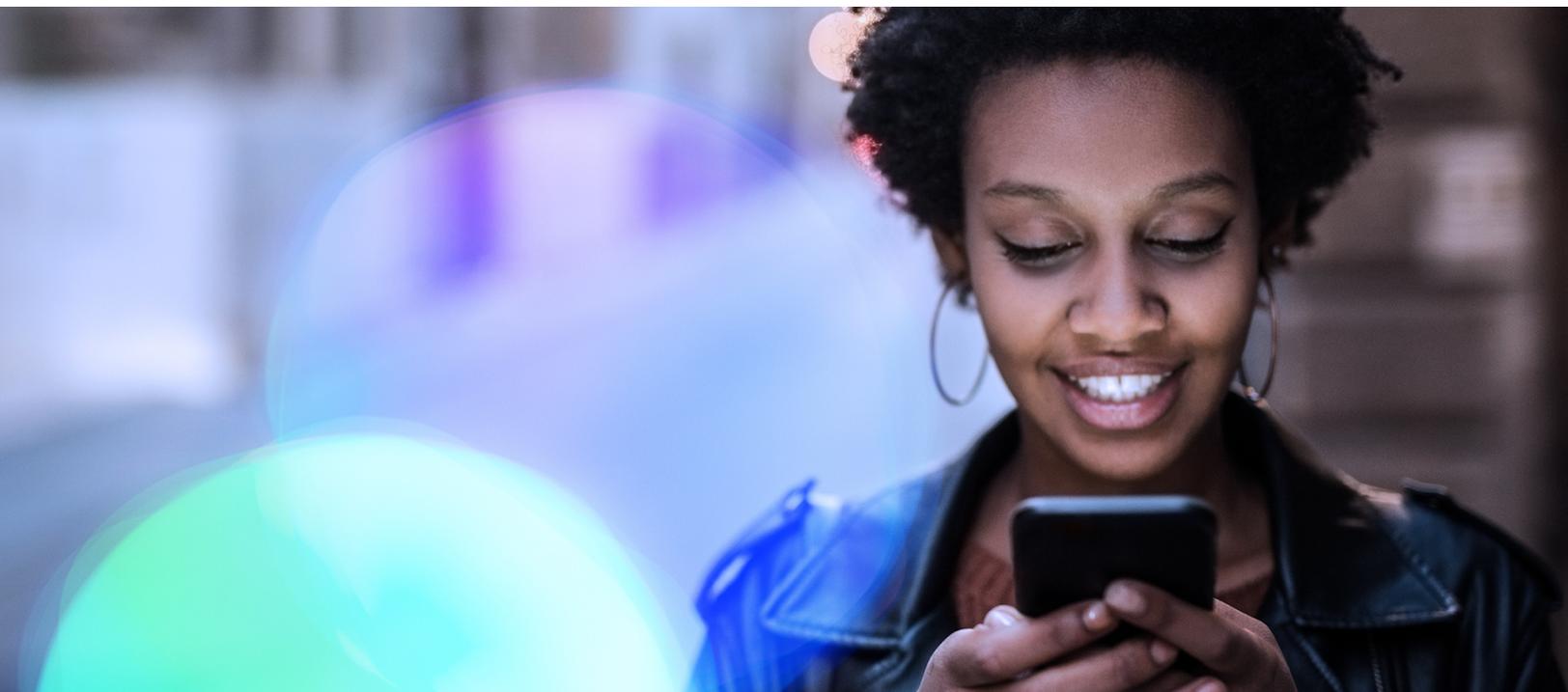
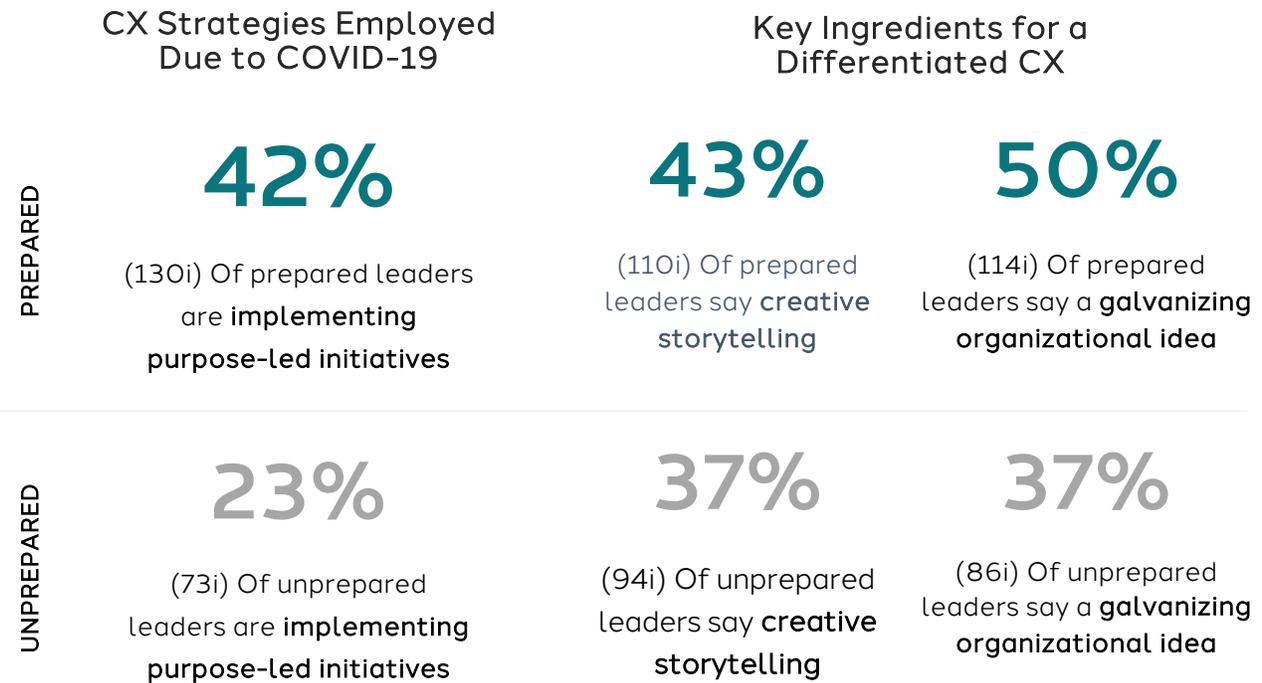
Given that prepared CMOs are more likely to already be investing in CX, it follows suit that they are more likely to be experimenting with emerging technologies. As remote, digital, and home delivery trends are likely to continue to accelerate in the post-COVID-19 world, this pipeline of emerging tech will set up leaders to further differentiate.

## Emerging Technologies Currently Using to Improve CX



# Leaders' CX efforts integrate brand purpose into how they serve customers

Many brands have found themselves playing a new or newly important role to consumers during the pandemic. A focus on purpose may have given prepared marketers an edge in identifying where they can be both useful to consumers and authentic to their brand, whether they were in an essential role or not.





# Reimagining Consumer Experience

## **Reimagine marketing for the next normal.**

How should the brand's vision and strategy be adapted to emerging trends and customer demands? Answering this key question will outline where the role of marketing needs to expand to within an organization. Identifying this role is crucial to driving value for the business.

## **Communicate the value of marketing.**

In times of crisis, CMOs will need to tie the value of marketing to broader financial and business transformation metrics. Prepared CMOs are already more likely to be held accountable to a variety of KPIs, which allows them to demonstrate the vast value marketing can generate.

## **Gain cross-functional alignment.**

Marketers need to put effort and focus into gaining organizational alignment. The support and backing of prepared CMOs by their organizations enables them to move with agility and take leaps of faith with innovation, covered in our first section.

# Prepared CMOs have the buy-in and backing of their organizations

Organization Is 'Highly Able' to Invest in the Following Strategies

Marketing Budget Change Over Next 12 Months

PREPARED

**54%**

(122i) Customer Experience

**47%**

(134i) Innovation

**63%**

(137i) say their marketing budget will increase

UNPREPARED

**35%**

(79i) Customer Experience

**24%**

(69i) Innovation

**30%**

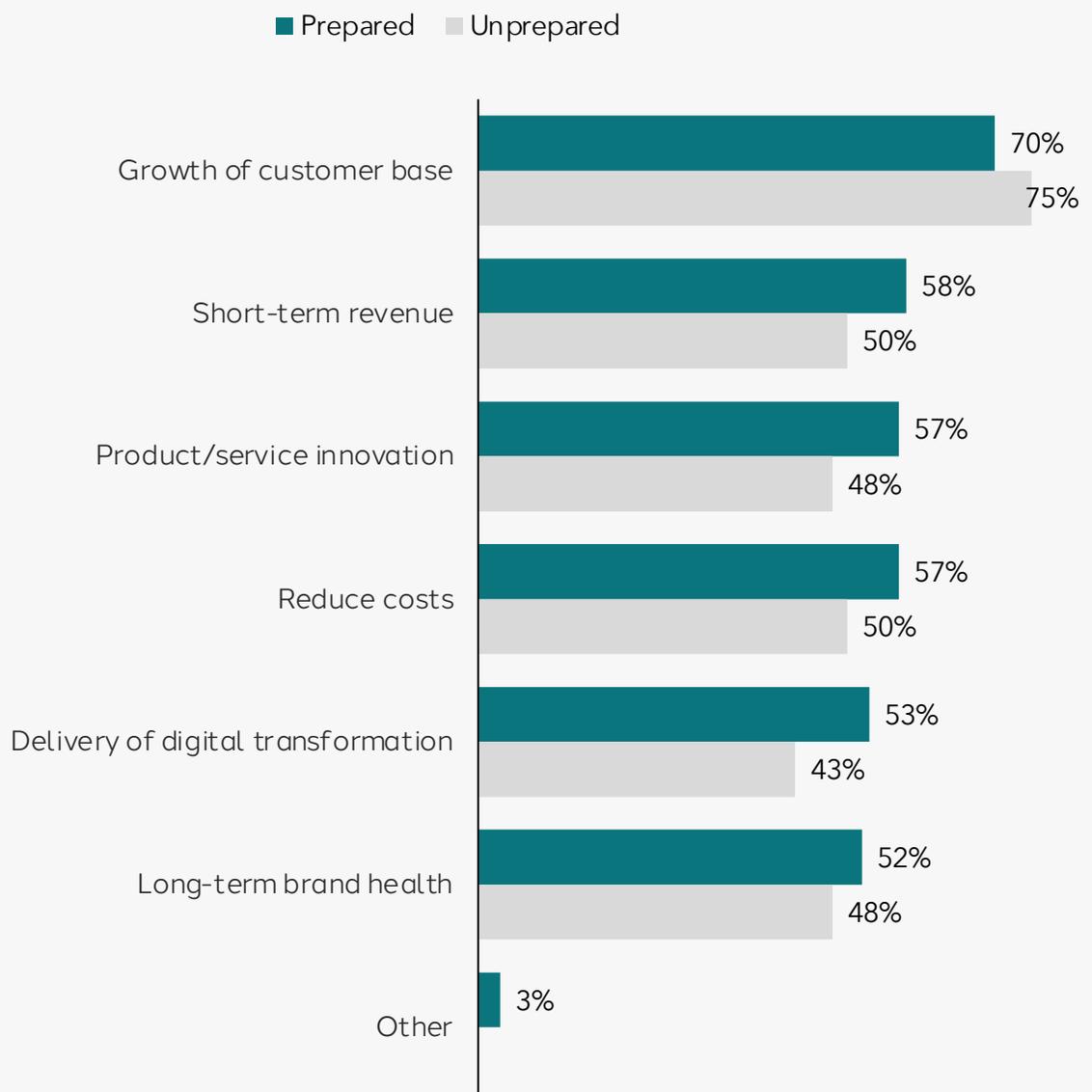
(66i) say their marketing budget will increase



# Being held to a variety of metrics may help express the value of marketing

In today's tough business climate, prepared CMOs are more likely to report being held accountable for a variety of business metrics, not just customer acquisition. This helps them communicate the value of marketing in business, financial and growth terms.

## Metrics Primarily Accountable For



# Prepared CMOs report that marketing has taken on an important role in tackling the crisis for their organization

Prepared CMOs

# 43%

(126i) say the pandemic has **increased the importance of marketing** in their organization

vs.

Unprepared CMOs

# 26%

(77i) say the same.

## Leading marketers embrace 'business unusual'

Marketing teams have been involved in handling the crisis in ways that are atypical of their usual remit.



*"We have seen an acceleration of people asking marketing to tell or anticipate where things are going. Given change is happening in real time, we had to be really creative..."*

Huub Devroye  
Dow



*"We've ramped up the amount of employee listening that we're doing...So, our role has pivoted a little bit. We're the voice of the customer, but more than ever, we are also the voice of employees."*

Norman de Greve  
CVS Health

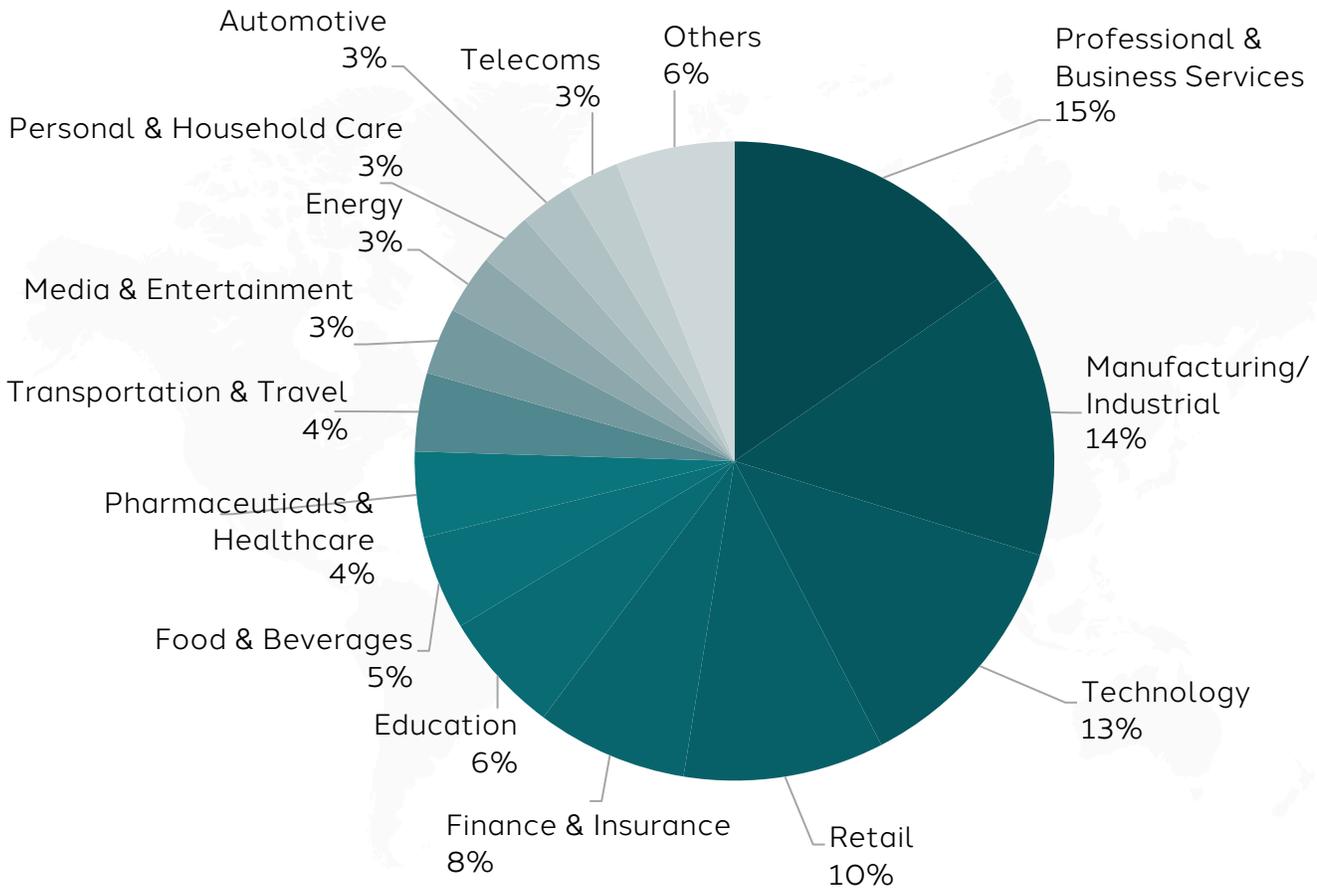
# Survey Methodology

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

B2B International surveyed 1,350 CMOs – or equivalent senior marketing decision makers – across 12 countries in Europe, the Americas and Asia Pacific. 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).

Fieldwork was conducted online in May 2020.



**12 markets**  
1,350 CMOs

- Australia
- Brazil
- China
- France
- Germany
- India
- Italy
- Japan
- Russia
- Spain
- UK
- U.S.

**A range of company sizes**

- 40% large
- 20% medium
- 40% small

## Suggested readings

We understand that brands are looking for a GPS to guide them through this era of unprecedented change. We have gathered a collection of dentsu insights to help you explore some of the areas to consider to differentiate your business and produce.

### The Total Commerce Playbook

Reimagining CX is a priority for prepared CMOs, and digital capabilities are expected to become increasingly important. With a forecast 18% growth in U.S. ecommerce sales in 2020, it's important to consider whether to invest in deepening your brand's online selling capabilities. Our playbook analyzes how several industries are being revolutionized by consumers' expectation that everything is 'shoppable'.



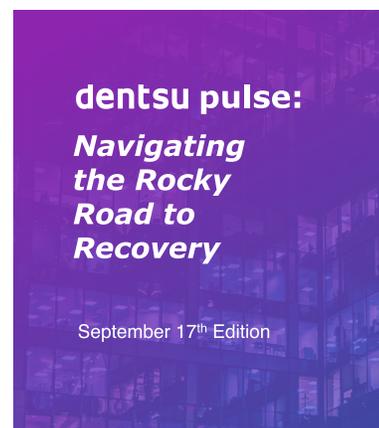
### 3 Ways to Accelerate an Identity-based Marketing Strategy

Understanding the customers that interact with your brand is the key to directing investments where they are likely to produce business results. As the consumer privacy data space undergoes major transformation, we outline engagement strategies to extend consumer knowledge and develop first-party identity graphs to inform personalized experiences.



### Navigating the New Normal

Launched in the early days of the COVID-19 outbreak, our Navigator series collects insights on consumer sentiment as the socio-economic situation evolves, with new issues published monthly. The surveys in the series examine how different generational cohorts react to indicators of crisis and recovery and what they expect brands and marketers to do to enable convenience and live up to their social mandate.



# dentsu

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Part of Dentsu Group, our global network comprises 40,000 diverse people in 148 countries, who are dedicated to teaming for growth and good. Some of our award-winning agencies include, 360i, Carat, dentsumcgarrybowen, DEG, dentsuX, iProspect and Merkle.

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### Get in touch:

Speak to our specialized vertical strategy teams to build a growth foundation for your business.

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