

September 2014



Knowledge@Wharton – Wipro

Future of Industry: The Collaborative CMO

Marketing Needs a Collaborative Approach to Win Over Customers



Knowledge@Wharton – Wipro

Future of Industry: The Collaborative CMO

Marketing Needs a Collaborative Approach to Win Over Customers

In a digitized and connected world, consumers are empowered, impatient and demanding. To keep pace with them, companies need to provide a next-generation user experience that is customized and seamless. This requires a collaborative approach within the organization. In this new paradigm, the role of the chief marketing officer (CMO) is getting redefined, according to experts at Wharton and Wipro Limited, in this Future of Industry Series article, produced by Knowledge@Wharton and sponsored by Wipro.

In today's digitized and connected world, consumers are becoming increasingly impatient and demanding, and to keep pace with them companies are churning out products faster than ever before.

Take automobile firms, for instance. Earlier, marketing teams would first do a series of customer surveys and then introduce new models three to four years down the line. Today, that process has reduced dramatically to just a few quarters. Similarly, in the telecommunications industry, new models of cell phones are being launched at a blistering pace. When it comes to buying a home or deciding on a holiday destination, customers can experience a virtual tour and get a taste of what is in store before taking the final decision.

In this new paradigm, the role and responsibilities of the chief marketing officer (CMO) are being completely redefined. Traditionally, the main objective of

marketing was to create brand awareness — typically through advertising campaigns in print and electronic media — and grab the attention of consumers. But now, marketing is driven by business impact.

“Marketing is not just about building brand awareness anymore. It is about building brand preference and brand desirability. The goals and objectives of even two years ago have now become table stakes,” says Puneet Chandra, CMO at Wipro Limited.

The CMO is now accountable not only for market perception but market success. He or she needs to spot new growth opportunities, participate in creating new products and services, and increase revenues and profitability. Chandra notes that earlier, marketing was about business-to-business (B2B) or business-to-consumer (B2C). But now, with individual preference driving a lot of changes in the marketplace, marketing is all about business-to-

“Marketing is not just about building brand awareness anymore. It is about building brand preference and brand desirability.”

— Puneet Chandra

individual (B2I). Citing the BlackBerry phone as a product that no longer made the grade, Chandra points out that it is individual preference for the overall user experience and usability that matters most.

Exponential Changes

A primary reason for this shift is the high speed of connectivity and the Internet of Things, which has not only completely transformed how people communicate but has also increased and improved their ability to transact on the move. Consumers are now becoming more informed, more demanding, more impatient and less loyal. This shift has caught a lot of people unawares and businesses are struggling to keep up with the customers.

“We live in a complex, global world and all changes are exponential. Two key characteristics of the new consumers are that they are empowered and skeptical,” says [Jerry \(Yoram\) Wind](#), a Wharton professor of marketing.

For the CMO, this raises many new questions. Unlike earlier times when they could run a campaign on prime time television and grab the attention of the target audience, marketers now must figure out how and when to connect. How can a CMO effectively interact with potential customers in a crisp, non-obtrusive way, get their mindshare and then translate that into a business share? “The prime time is no longer the 9 p.m. news on television. It could be midnight when the target segment is surfing the Internet,” says Chandra.

According to Wind and Chandra, in this new climate customer engagement needs to be a key focus for organizations. Providing a customized and seamless experience across

various touch points is critical to attract and retain customers, and get a bigger share of their wallet.

Chandra cites the ‘one-click’ technique used by Amazon as an example of providing a seamless experience. This allows a customer to make an online purchase with a single click using a predefined address and payment details making purchase completion easier.

Technologies like cloud, social media, mobile, big data and predictive analytics are becoming an “indistinguishable” part of marketing, says Wind. “It is critical to combine technology and creative. It is not an ‘either-or’ but an ‘and’ world.” Chandra agrees. He notes that till recently, organizations did not have easy access to customer preference. Now, with social media, it is out in the open in real time.

Using analytics, companies can mine this data and come up with the “next-best-timely-action” to enhance user experience. “The technology layer has become a very critical component of marketing. If it is not integrated end-to-end you cannot use data and analytics effectively to drive the next-best-timely-action,” says Chandra.

But someone within the organization has to “own the customer experience” that results from using these new technologies. According to Chandra, at present there is no real clarity about who the owner of this function will be.

While the onus of orchestrating the customer experience lies mostly with CMOs, they do not control most of the functions and disciplines — like sales, service, technology, etc. required for this. So how can the CMO navigate organizational

“We live in a complex, global world and all changes are exponential. Two key characteristics of the new consumers are that they are empowered and skeptical.”

— Jerry (Yoram) Wind

processes and ensure that everything is aligned towards the end consumer? And how can an organization as a whole drive brand preference?

Need for Collaboration

Chandra says that requires “the concrete silos within organizations” to become “thin walled stove pipes connected at multiple levels.” He notes: “At present, different functions like sales, marketing, delivery, customer support and quality typically work in silos and own different facets of the customer lifecycle. But delivering the next generation user experience requires a collaborative enterprise.”

So, can the CMO be the new collaboration officer? Chandra believes that the CMO can play an important part in bringing this collaboration because the new responsibilities being taken on demand close cooperation with other functions. For instance, with the CMO becoming the biggest user of data and analytics coming out of the company’s information systems, it is imperative for CMOs to work closely with chief information officers. In order to evaluate how this data can be leveraged without hampering security, CMOs also need to team up with chief risk officers. And a CMO’s rapport with the chief financial officer determines the budgets and funding for his department.

But Chandra does not expect the CMO to be given the formal role of a “chief collaboration officer.” He sees it more as a “nickname or informal” title. “The CMO needs to get that hat as a result of what he does,” says Chandra. He suggests that the best way to get different CXOs and their

teams working together is through what he calls the “hall of fame” approach. “There will always be some naysayers in every organization, so to begin with, work with those people who are open to collaboration, and demonstrate success. Others will automatically follow. Rather than forcing people to work together, one must create a pull factor.”

Wind looks at the CMO’s new role as that of a “network orchestrator” who can “deliver customized experience via all touch points.” Pointing out that “speed is extremely important,” Wind suggests that the CMO “take charge of experimentation and prove that he can deliver.”

Acquiring New Skillsets

According to Wind, going forward CMOs need to “blend art and science, technology and creativity, have strong interpersonal skills and most importantly, have the ability to challenge the status quo.” His list of skillsets for CMOs includes “an ability to gain insights into the changing world of consumers; design experiences that address evolving customer needs and position the brand uniquely; and, an ability to balance the conflicting demands of corporate pressures for ROI with the needs of consumers and society, and have them reflected in the resource allocation strategies.”

Chandra adds that a key priority is that CMOs and their team understand the power of new technologies like analytics and social media, and use them effectively. It is also important to “walk the fine divide between the real and digital world.”

“It is critical to combine technology and creative. It is not an ‘either-or’ but an ‘and’ world.”

— Jerry (Yoram) Wind

Amazon, he notes, has been able to do this by its easy returns policy, which enables customers to touch and feel the product. “But measures like these require a change in the business model and the CMO needs to be on top of it.” At the same time though, Chandra notes, that some of the new skills required for success in the new marketplace don’t need to necessarily sit inside the organization. Instead, organizations could look at building an ecosystem of partners with the requisite skills.

Chandra says that the big questions for organizations are: How does one define customer experience? What impacts it? How can you enhance it? And, who owns it?

While designing the experience for a product or a service, who should be the customer in mind — the end user or the enterprise buyer? Chandra cites two examples. An international airline recently revamped its website. While all the changes are improvements from the airlines’ perspective, the sudden, numerous changes left customers perplexed.

A global bank, on the other hand, made incremental changes to its website almost every two weeks. This does not confuse its customers. “To me, that is a good customer experience. While a business process may be internal to a company, ultimately it is the individual user’s experience that will drive preference towards a brand.”

“The technology layer has become a very critical component of marketing. If it is not integrated end-to-end you cannot use data and analytics effectively to drive the next-best-timely-action.”

— Puneet Chandra

This article was produced by Knowledge@Wharton, the online business journal of The Wharton School of the University of Pennsylvania. The project was sponsored by Wipro Technologies.

Founded in 1881 as the first collegiate business school, the Wharton School of the University of Pennsylvania is recognized globally for intellectual leadership and ongoing innovation across every major discipline of business education. With a broad global community and one of the most published business school faculties, Wharton creates economic and social value around the world. The School has 5,000 undergraduate, MBA, executive MBA, and doctoral students; more than 9,000 annual participants in executive education programs; and a powerful alumni network of 93,000 graduates.

About Knowledge@Wharton

Knowledge@Wharton is the online business analysis journal of the Wharton School of the University of Pennsylvania. The site, which is free, captures relevant knowledge generated at Wharton and beyond by offering articles and videos based on research, conferences, speakers, books and interviews with faculty and other experts on global business topics.

For more information, please visit knowledge.wharton.upenn.edu

About Wipro Ltd.

Wipro Ltd. (NYSE:WIT) is a leading Information Technology, Consulting and Business Process Services company that delivers solutions to enable its clients do business better. Wipro delivers winning business outcomes through its deep industry experience and a 360 degree view of “Business through Technology” — helping clients create successful and adaptive businesses. A company recognized globally for its comprehensive portfolio of services, a practitioner’s approach to delivering innovation, and an organization wide commitment to sustainability, Wipro has a workforce of over 140,000, serving clients in 175+ cities across 6 continents.

For more information, please visit www.wipro.com