

Can CMOs take pole position as businesses transform?

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Short-term pressures remain but marketers are shifting focus to make digital transformation real

- Eight out of ten CMOs believe the shift to digital means they must transform, not just optimise the business and that marketing must take more responsibility for innovation in the future.
- Yet today, 'transformation and innovation' are ranked the least important roles for the marketing function, according to the same CMOs.
- Significant gaps are emerging between perceived levers of future marketing success and current capabilities – with the challenge most acute in data collection, management and analytics
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Dentsu Aegis Network's 2019 global survey of 1,000 CMOs and senior-level marketers highlights a growing challenge for marketing leaders, as they seek to move beyond optimisation and drive business transformation through digital.

Eight out of ten surveyed recognise the imperative to transform the business in the face of digital disruption, as well as taking more responsibility for product and service innovation over the next 2-3 years. However, CMOs are finding it difficult to make this shift with 'Business Transformation' and Disruptive Innovation' at the bottom of the list for the second year running in terms of functional priorities, and current capabilities beginning to lag behind future needs as short-term metrics dominate their focus.

Digital transformation: a performance gap emerges

Across a spectrum of marketing capabilities, CMOs were asked what they believe to be important to future success, versus their current ability to execute. The data shows a significant gap emerging between the two:

- 85% believe creativity is critical to future business success, 54% believe they are delivering well today.
- 83% identify the importance of seamless customer experience and commerce across channels, yet only 60% believe they are developing this capability well.
- But the divide is most stark in data management and analytics, where 84% identify these capabilities as important to future success, where only 49% are confident in these capabilities today.

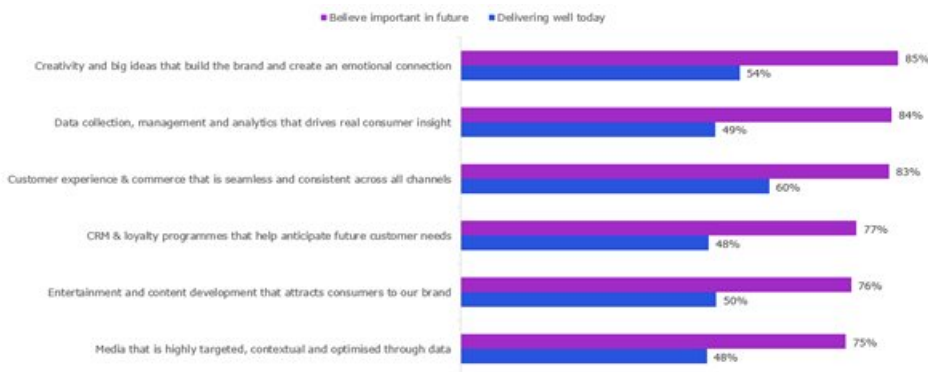


Figure 1: Performance gap emerges across marketing capabilities

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Short-termism and softening investment create a barrier to transformation

An inability to secure long-term investment is cited as the most significant barrier to delivering on marketing strategy (rated

as a top three concern by 50% of all CMOs) – ahead of both access to talent and competing boardroom agendas. What's more, two-thirds (64%) say they expect to come under further pressure to demonstrate tangible short-term results, while nearly half of those surveyed have a marketing strategy that plans ahead for two years or less, reflecting a business focus on near term goals.

Softening spend may be compounding these pressures. At the global level, the outlook for the next 12 months is mixed with 41% of CMOs reporting budgets as flat or declining, despite growing revenues (64% of respondents reported revenue growth over the same period). CMOs are having to perform the balancing act of optimisation, transformation and long-term brand building as budgets come under pressure.

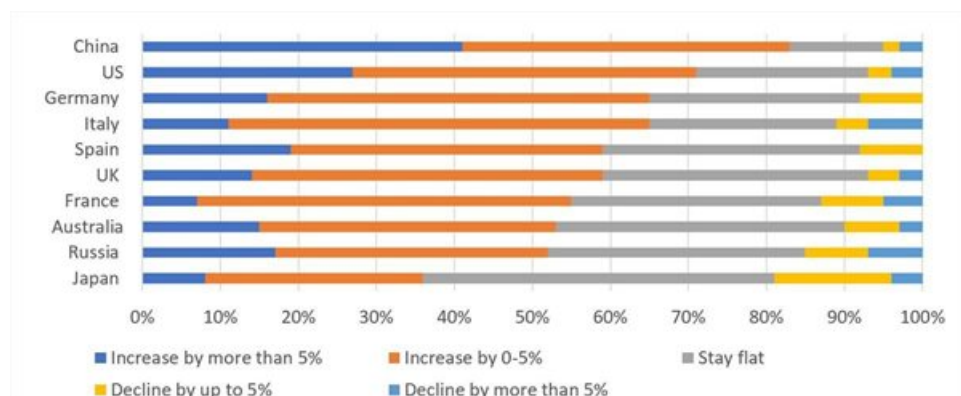


Figure 2: Forecast changes to marketing budgets over the next 12 months

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Will Swayne, Global President Client Solutions at Dentsu Aegis Network said:

“This data, gathered from across ten markets, shows that senior marketers are now grappling with an added dimension to the challenge of balancing short-term goals with strategic vision.

“Much has been written about the optimal mix between performance and longer-term brand investment, but that is no longer enough. The new challenge for CMOs is to balance those pressures with the existential need to put the marketing function at the heart of customer-led, business transformation.”

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