



**Gearing for Growth:
The CMO at a crossroads**

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About the research and acknowledgements

Gearing for growth: The CMO at a crossroads is a report from The Economist Intelligence Unit, supported by Tencent. Kim Andreasson is the author and Michael Gold the editor. The report is largely based on a survey of 300 executives conducted in April and May 2019, all of whom work at firms for which mainland China is one of the top two markets.

Survey takers are primarily based in China (86%), with the rest scattered across eight Western and Asian markets. Half of all respondents represent a company headquartered in mainland China. The largest group of companies based elsewhere were primarily headquartered in the US, Germany and Hong Kong. Half of respondents are CEOs and half CMOs. Manufacturing, technology and consumer goods are the most commonly represented industries, with half of survey takers working for a primarily business-to-consumer company. About four in ten of all executives represent companies with more than US\$500m global annual revenue, while the rest represent companies below US\$500m. See the report appendix for a full breakdown of the survey demographics.

To better understand the opportunities and challenges of the changing role of the CMO function, interviews were conducted with experts and senior executives in the marketing space. Our thanks are due to the following individuals for their time and insights:

- Siew Ting Foo, CMO, Asia-Pacific, Hewlett-Packard
- Kellyn Kenny, CMO, Hilton Hotels & Resorts
- Danielle Levitas, executive vice-president, global marketing and insights, App Annie
- Gerard J Tellis, professor of marketing, management and organisation, University of Southern California
- Ye Guofu, co-founder and CEO, Miniso

Executive summary

The role of the chief marketing officer (CMO) has transformed from traditional marketing and advertising tasks to overseeing broader enterprise growth. This poses a challenge to CMOs in terms of having to acquire a larger skill set and better understand diverse and rapidly changing business models. At the same time, this also offers new opportunities for CMOs to assume a greater role in their organisation.

CEOs increasingly look to CMOs to create value, which puts them in place to assume a rising C-suite role of the chief growth officer (CGO), with responsibilities that go far beyond the traditional marketing function. Given this development, it is also increasingly likely that tomorrow's CMO can leverage this position to enhance their chance of becoming a CEO themselves.

This report finds that CEOs are aware of the growing importance of the role of the CMO and are taking steps to support them in this effort. However, there are also differences between the views of CEOs and CMOs in their role towards greater enterprise growth, and the key traits needed to achieve a growth-centred mind-set. The key findings of the report are:

- **The role of the CMO is changing.** The position has already assumed new responsibilities, and this trend is likely to continue. Survey takers predict that marketing will start to undertake more work that is currently under the purview of other departments.
- **CEOs have high expectations for CMOs to drive growth.** Company leaders are assuming that CMOs and the marketing function will assume greater responsibility than they do today, largely due to the incorporation of more strategic growth objectives into the vertical.
- **CMOs face challenges in enhancing business growth but also opportunities in meeting them.** In order to convert greater responsibilities into success, CMOs must be more forward-looking, understand the external landscape where disruption might occur, identify gaps in the market and translate all this information into insights for other parts of the business.
- **The capabilities of CMOs do not always match the vision of CEOs.** Given greater responsibilities, CMOs appear well placed to assume the emerging position of CGO—or even CEO—in future. In practice, however, there remains a gap in expectations between the two roles, particularly when it comes to knowledge of the external market in which they operate.
- **Chinese CMOs are more in line with CEO expectations on the role they need to play moving forward.** Compared with their foreign counterparts, more Chinese CEOs attest to the ability of CMOs to convert insights into better products and services and identify gaps in the market, both key traits that CEOs look for in a CGO position, leading to ever higher expectations for the role in China.

A moment of change

The role of the CMO within companies has expanded dramatically in recent years, but in many ways this transformation is only getting started. Gone are the days when one-off marketing and advertising campaigns occupied the lion's share of the CMO's time. "Many CMOs are too immersed in advertising," says Gerard J Tellis, professor of marketing, management and organisation at the University of Southern California. "Their focus is too short term—they need to identify

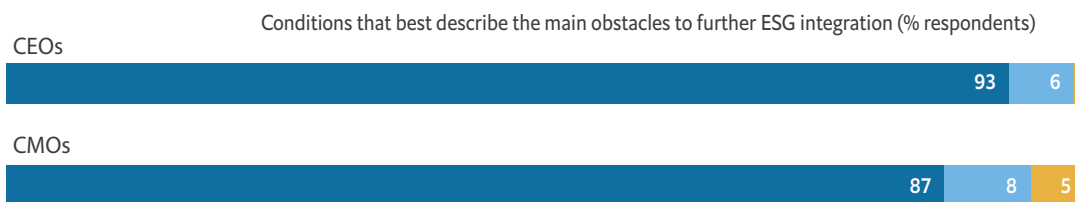
the technologies and innovations that might disrupt their business."

Companies that lack visionary CMOs could suffer as a result. Indicative of this, nine in ten survey takers—both CMOs and CEOs—believe that the importance of the CMO will increase in future. Among these, CEOs agreed at a higher rate (93%—five percentage points higher than the CMO cohort), further underscoring the crucial position that CMOs occupy.

Figure 1: Level-up

Do you agree or disagree with the following statement: "The status of the CMO within the C-suite is likely to rise in importance in the digital era" (% respondents)

■ Agree ■ Neither agree nor disagree ■ Disagree



Source: The Economist Intelligence Unit

In parallel and perhaps as a result, marketing departments are gaining more resources compared with the past three years, according to more than nine in ten respondents, while slightly more than eight in ten respondents

believe that the marketing department has begun to take on more work from other departments. A similar number believe it will continue to undertake the work of other departments in the next three years.

Figure 2: The growth imperative

Among those who say resources allocated to marketing have increased over the past three years, top reasons given. (% of respondents selecting each choice)



Source: The Economist Intelligence Unit.

As we can see from figure 2, the chief reason given for marketing's expanded remit is the incorporation of more strategic growth

objectives. This underscores the need for the CMO to put growth at the heart of everything they do.

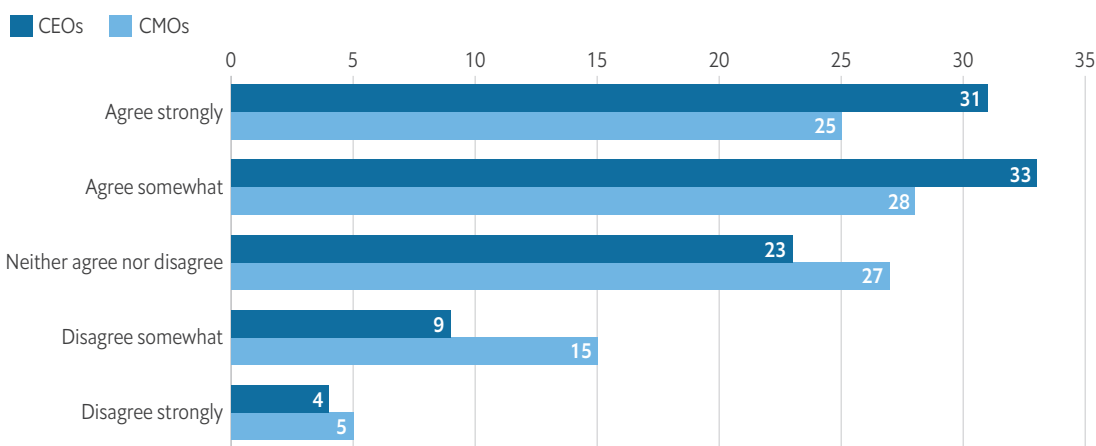
Growth: A new paradigm for CMOs

If the CMO is to occupy a visionary perch in their organisation, with wide responsibility to enhance corporate growth that goes beyond the traditional functions of marketing, some

wonder if the CMO needs to exist at all. Underscoring this doubt, in March 2017 the Coca-Cola Company decided to scrap the CMO role in favour of a CGO position.¹

Figure 3: Death of a marketer?

Agree or disagree: The rise of the "chief growth officer" will eventually obviate the need for a CMO/head of marketing in our organisation (% of respondents)



Source: The Economist Intelligence Unit.

"I think the role of CMO has evolved in a way that you have got to define yourself in a way that is bigger than what the job description tells you to be, which is rightly pointing out that you help drive business growth," says Siew Ting Foo, Asia-Pacific CMO at computer giant Hewlett-Packard. CMOs increasingly need to think tactically about aspects such as product innovation, customer value and

"growth blueprints", or schematics that identify future growth pathways, their respective classifications and the relationships between them.²

In essence, the difference between the CMO and a CGO is one of scope. Prioritising growth is an increasingly important aspect of a successful CMO's role. They still need

¹ Lucy Handley, "Chief marketing officers will have to 'grow or go' as Fortune 100 companies switch to 'chief growth officer' roles", CNBC, November 7th 2017

² "【商学院荐读】从CMO到CGO, 首席增长官要具备哪八大能力?", 中国经营者俱乐部, October 25th 2017 (in Chinese)

to carry out more traditional tasks, such as creating a brand story, driving demand generation, and delivering the right content and communications, but now they also need to have a growth strategy, according to Danielle Levitas, executive vice-president of global marketing and insights at App Annie, a US-based mobile app tracking and analytics platform.

CGOs need to consider a broader array of company, product and industry factors rather than focusing exclusively on campaigns. “CGOs need to know how to generate demand, especially via digital channels, must be product-savvy and use data analytics masterfully,” says Ms Levitas.

This implies that there is still a need for the CMO role, although CMOs may not grow into their full potential in the eyes of top leadership without the additional growth capabilities. Ye Guofu, co-founder and CEO of Miniso, a major retailer, says CMOs should concentrate

on growth as a long-term proposition rather than on a quarterly or short-term basis, which is more the remit of CEOs or chief operations officers. Kellyn Kenny, CMO at Hilton Hotels & Resorts, says that “there are three things CMOs need to be experts at: generating demand, harvesting business within their customer base and creating a premium position to future-proof the business. This is a dynamic moment in time and CMOs cannot stand still.”



There are three things CMOs need to be experts at: generating demand, harvesting business within their customer base and creating a premium position to future-proof the business.

Kellyn Kenny, CMO, Hilton

Expectations versus reality

Given these significant shifts in expectations, how does the CEO—arguably the CMO’s most important critic—see the CMO achieving that goal? In our survey, two in three respondents say that the CMO/head of marketing in their organisation reports directly to the CEO, meaning that the CEO is more likely than not the one evaluating these growth objectives against the CMO’s performance. Ms Levitas sums up the relationship between CEOs and CMOs by noting that, “the CEO owns the ultimate vision of the company, [while] the

CMO must be the primary partner to bring that vision to life.”



The CMO must be the primary partner to bring [the CEO’s vision] to life.

Danielle Levitas, executive vice-president, App Annie

In order to dig deeper into the CEO’s vision and the CMO’s role in it, we asked CEOs what traits they look for in a theoretical CGO. Out of a list of qualities, CEOs predominantly

chose being able to turn customer insights into better products and services, identify gaps in the market and lead a team in achieving organisational goals.

Figure 4: What growth is made of

For CEOs: Imagine that you are recruiting for the role of a “chief growth officer”. Which of the following attributes would you prioritise? (% of respondents selecting each attribute); For CMOs: To what extent do you embody the following traits? (% of respondents selecting each attribute)



Source: The Economist Intelligence Unit.

Underscoring these findings, Mr Ye notes that “brand owners [CMOs] must have a deeper and more comprehensive understanding of the market than in the past.” He also emphasises

the role of “super-customers”, or brand adherents that help catalyse greater uptake in the market. “The growth of this cohort is a major part of our CMO’s evaluation criteria.”

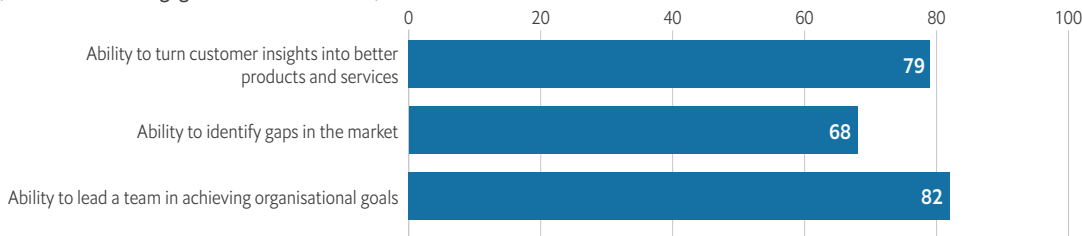
Mind the market gaps

Yet when asked the extent to which their own CMO possesses the traits they identified as the most crucial for a CGO, a capabilities gap emerges. While about four-fifths of CEOs say their CMO possesses the ability to turn

customer insights into better products and services and is able to lead a team in achieving organisational goals, a smaller share believes their CMO can successfully identify gaps in the market.

Figure 5: Distance to the ideal

To what extent does your current CMO/head of marketing embody the following attributes? (% of CEOs selecting "great" or "some extent")



Source: The Economist Intelligence Unit.

Similarly, when asked which qualities they possess themselves, only 29% of CMOs selected the "ability to identify gaps in the market" (see figure 4), indicating that CMOs may need to shift their view towards the external landscape to a greater degree than they do currently. This is something that both CEOs and CMOs recognise; acquiring such new insight may take time, even for the best,

but the transformation has already begun. "CMOs must become more interdisciplinary than ever before," says Ms Kenny. "They need to do that in order to help the company understand the market." Insightful knowledge of the market is a key asset for a CMO, and this is particularly the case in the rapidly changing landscape of China.

Chinese CMOs at the vanguard

The mood among China-based respondents is similar to that of their foreign counterparts, although differences arise in certain areas. This can be viewed as both a challenge and an opportunity, as expectations and potential rewards are higher. Perhaps to a greater extent than elsewhere, the role of the CMO in China is evolving at breakneck speed, as the country maintains its spot at the digital vanguard. “CMOs should not rely solely on regular marketing to achieve interaction, but rather have to use the influence of social media and big data to allow brands to link directly with users,” says Mr Ye.

Within China, Chinese CEOs most expect their CGO to have the ability to identify gaps in the market, while foreign CEOs select leading a team as the most important responsibility—an



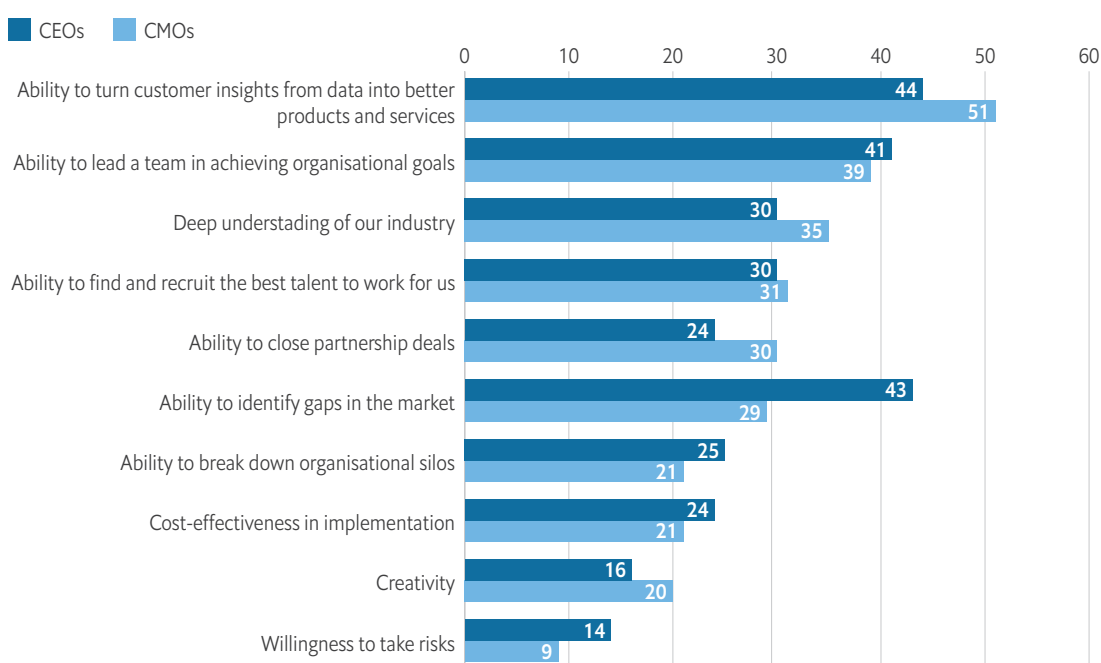
In China, growth opportunities are still ripe and identifying them is crucial.

Ye Guofu, CEO, Miniso

ostensibly more managerial skill, compared with the strategic pursuit of identifying market gaps. This difference in their responsibilities gibes with Mr Ye’s experience: “In more mature Western markets, internal organisational factors are more important, whereas in China, growth opportunities are still ripe and identifying them is crucial,” he says.

Figure 6: Eastern innovation

Imagine that you are recruiting for the role of a “chief growth officer”. Which of the following attributes would you prioritise? (% of respondents selecting each attribute)



Source: The Economist Intelligence Unit.

In tandem with this, Chinese CEOs' view of their own CMOs' ability to convert insights into better products and services and identify market gaps also exceeds their foreign counterparts by more than ten percentage points, suggesting that CMOs in China are more closely aligned with the CGO mind-set than those elsewhere.

The greater synergy between Chinese CMOs and the ostensible CGO mind-set translates into another key difference: more than nine in ten Chinese respondents—both CMOs and CEOs—believe that brand value is increasing relative to other business concerns, seven percentage points higher than foreign respondents, indicative of the differing perceptions of the role of the CMO.

Conclusion: A vision for growth

“The bar has never been higher,” says Ms Kenny of the challenges that CMOs face. Indeed, the CMO of the future needs to adapt to tasks beyond the traditional job description and focus on the integration of strategic vision, product innovation, brand identity and market insight. Ms Foo emphasises that the focus of CMOs needs to coalesce around identifying market gaps: “The marketing function needs to continuously reinvent itself,” she says.

Our research shows that the modern CMO is at a crossroads. If they can succeed in demonstrating the value they bring to the business, the future is likely to be bright. New opportunities may present themselves in terms of a newly minted CGO role—or maybe



The marketing function needs to continuously reinvent itself.

Siew Ting Foo, CMO, Asia-Pacific, Hewlett-Packard

even as the heir apparent to top leadership. In our survey, six in seven respondents believe that the increased importance of marketing makes the CMO more likely than other C-level roles to become CEO in future. To seize on such ambition, CMOs must deepen their own transformation and acquire a high-level, growth-centric vision for the future.

A call to action

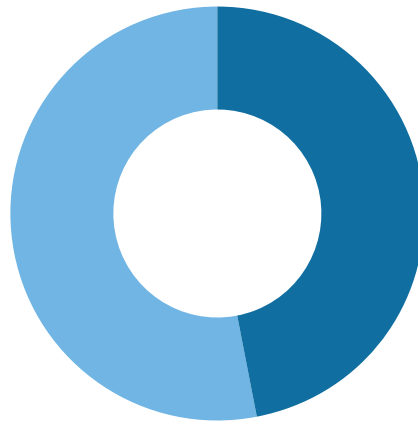
The changing role of the CMO brings new challenges and opportunities. To tackle the hurdles and leverage an increasingly important role within organisations, CMOs should consider:

1. Embracing the opportunity of increased responsibilities and developing new skills to provide greater business insights.
2. Shifting focus away from traditional marketing techniques toward areas that can help to enhance growth by identifying market gaps.
3. Creating a better understanding of the revised role and communicating that to CEOs and other C-suite members in order to meet—or exceed—those expectations.

Appendix: Survey demographics

Is your organisation a publicly-listed company?
(% of respondents)

Publicly-listed 47% Not publicly-listed 53%



Sources: The Economist Intelligence Unit

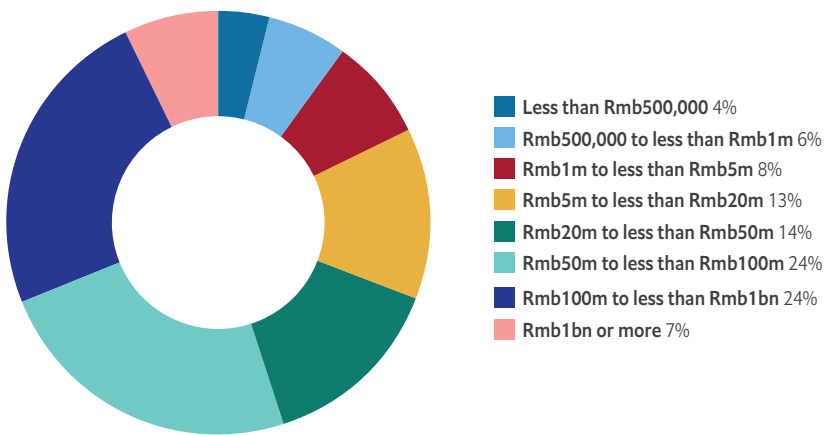
For how long has your organisation been in operation in China?
(% of respondents)

20 years or longer 20%
15 years to less than 20 years 26%
Ten years to less than 15 years 25%
Five years to less than ten years 25%
Five years or shorter 4%



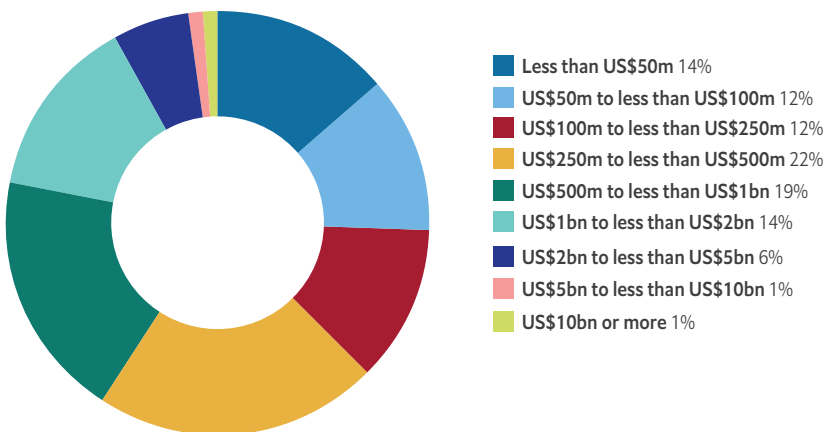
Source: The Economist Intelligence Unit

What is the approximate size of your organisation's annual marketing budget in China?
(% of respondents)



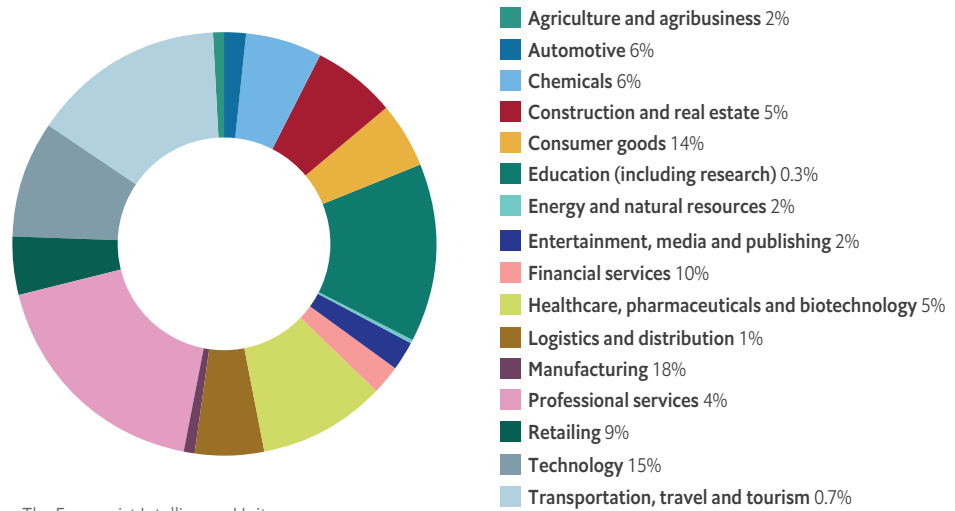
Source: The Economist Intelligence Unit

What is your organisation's annual global revenue in US dollars?
(% of respondents)



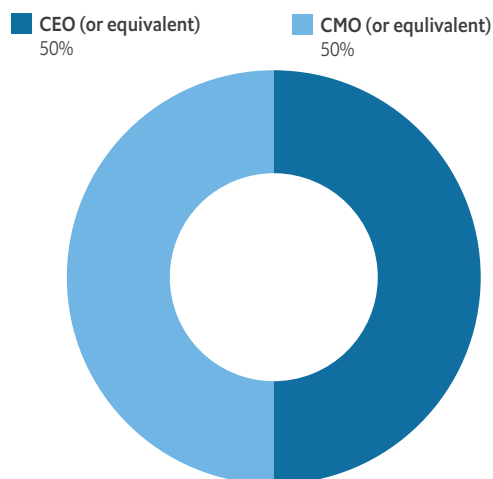
Source: The Economist Intelligence Unit

What is your organisation's primary industry?
(% of respondents)



Source: The Economist Intelligence Unit

Which of the following best describes your title?
(% of respondents)

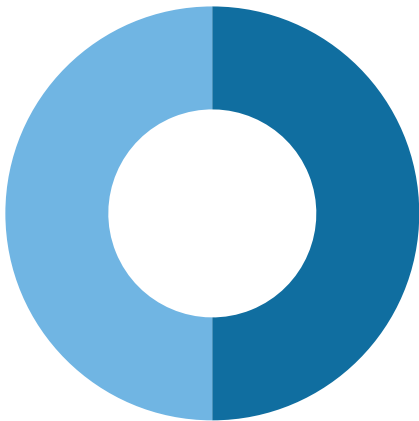


Sources: The Economist Intelligence Unit

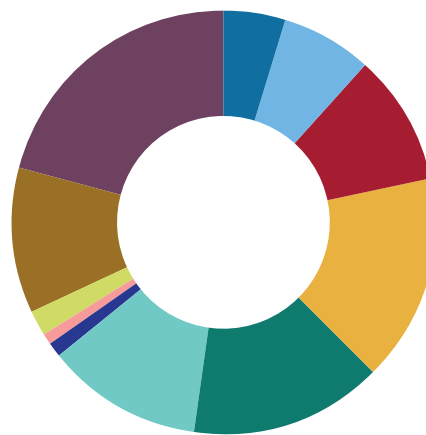
Where is your organisation headquartered?

(% of respondents)

■ Outside mainland China 50% ■ Within mainland China 50%



■ Australia 5% ■ Marocco 1%
 ■ Canada 7% ■ Singapore 1%
 ■ France 10% ■ Switzerland 2%
 ■ Germany 16% ■ UK 11%
 ■ Hong Kong 15% ■ US 21%
 ■ Japan 12%

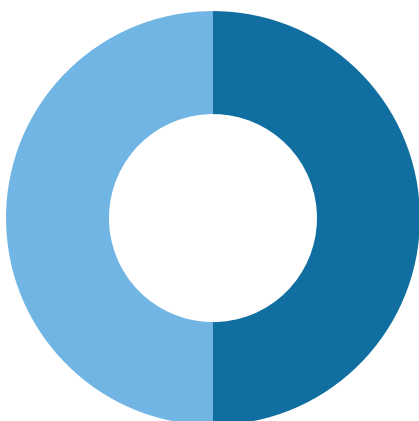


Source: The Economist Intelligence Unit

Is your organisation primarily a business-to-consumer company?

(% of respondents)

■ Non-B2C 50% ■ B2C 50%

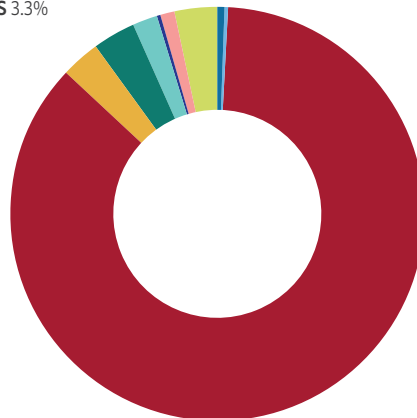


Sources: The Economist Intelligence Unit

In which country are you personally located?

(% of respondents)

■ Australia 0.7% ■ Canada 0.3%
 ■ China 86% ■ Germany 3%
 ■ Hong Kong 3.3% ■ Japan 2%
 ■ Switzerland 0.3% ■ UK 1%
 ■ US 3.3%



Sources: The Economist Intelligence Unit

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