

2013 Kellogg Marketing Leadership Summit
Leading the Customer-Centered Organization

From CMO to CEO: Future of operating a
customer focused organization

John Livingston
Senior Partner, McKinsey & Company

EgonZehnder

McKinsey&Company

NORTHWESTERN UNIVERSITY



2013 Kellogg Marketing Leadership Summit

Leading the Customer-Centered Organization

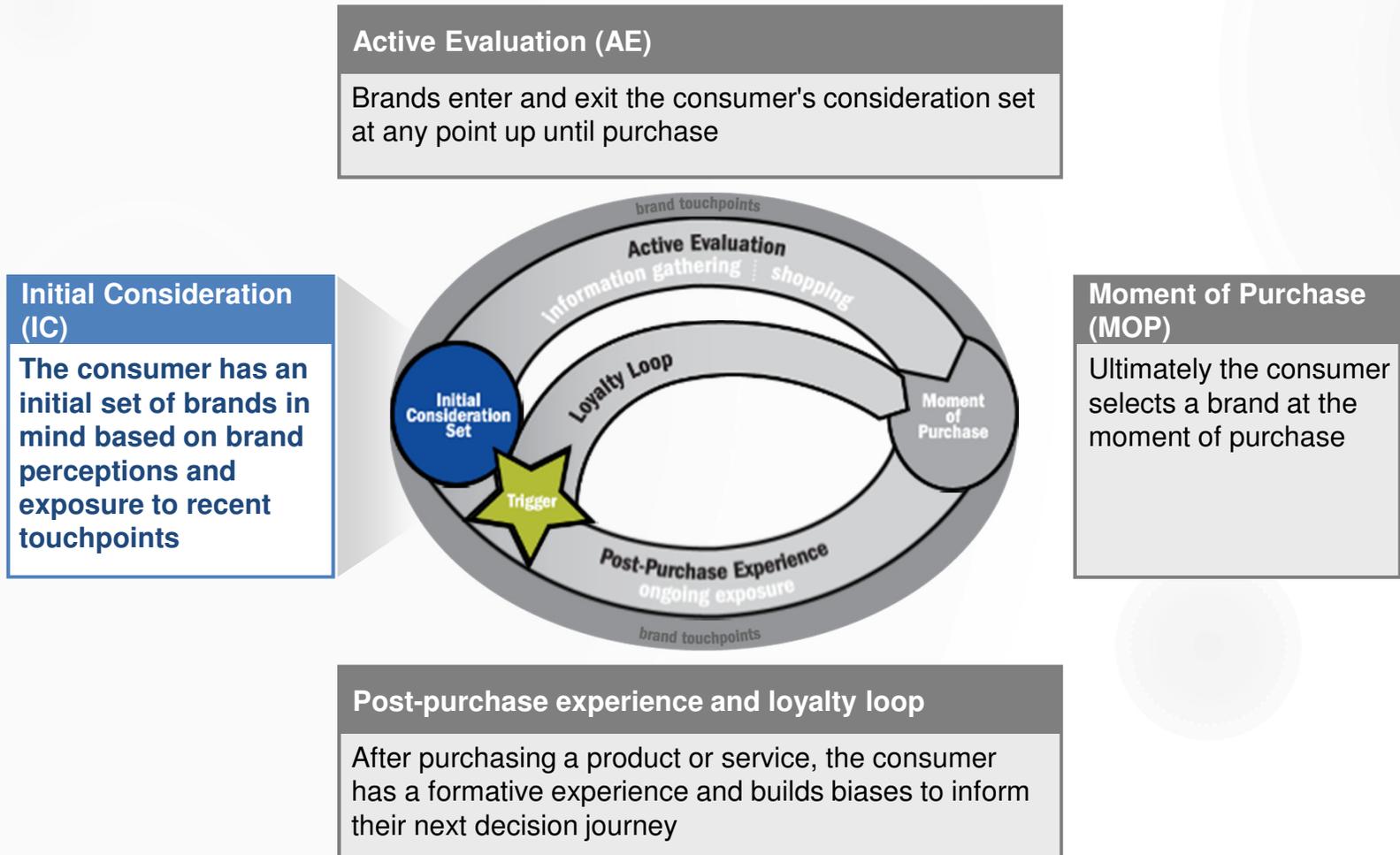
Consumers take a very different path to purchase today...

- Digital influences over 60% of all purchases
- >50% of consumers use mobile devices while in stores
- 32% of women and 25% of men made **half or more of their holiday purchases via mobile phones**
- >35% of business buyers use social media to get feedback on suppliers
- 43% of consumers who **buy online pick up in retail stores**
- Shift from product to services changes buying dynamic to more “on demand”

2013 Kellogg Marketing Leadership Summit

Leading the Customer-Centered Organization

The Consumer Decision Journey is about engagement



2013 Kellogg Marketing Leadership Summit

Leading the Customer-Centered Organization

Touch points have exploded across the journey



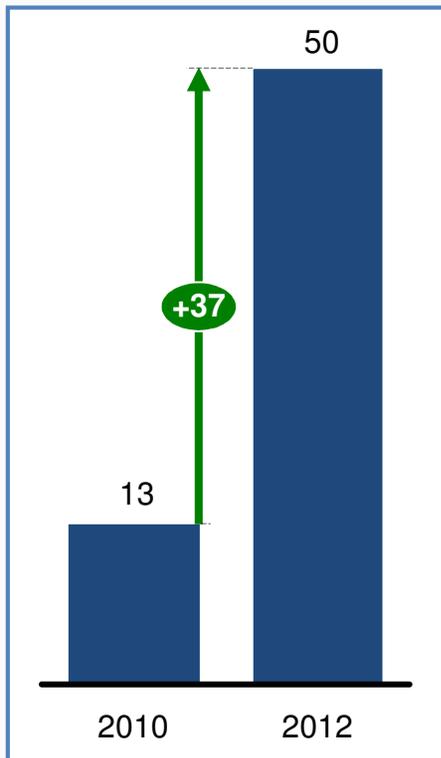
2013 Kellogg Marketing Leadership Summit

Leading the Customer-Centered Organization

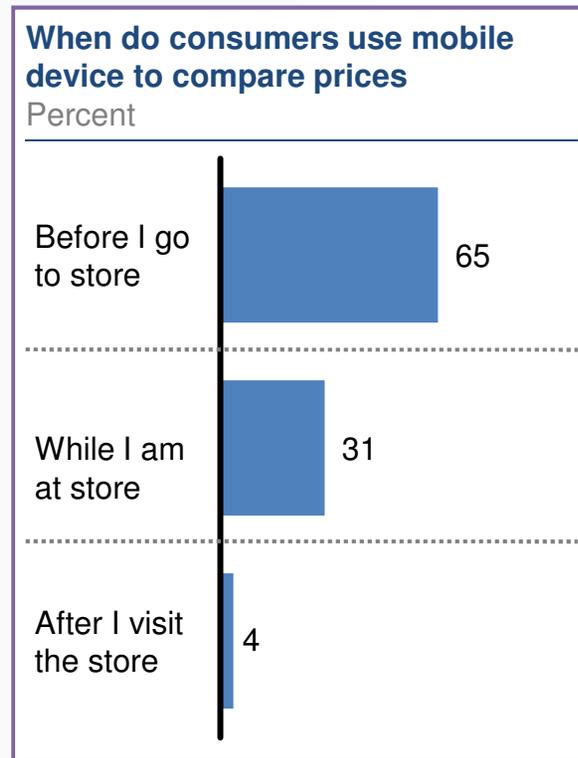
Mobile has added new touchpoints to the journey

● Change since 2010 ● Increasing ● Decreasing

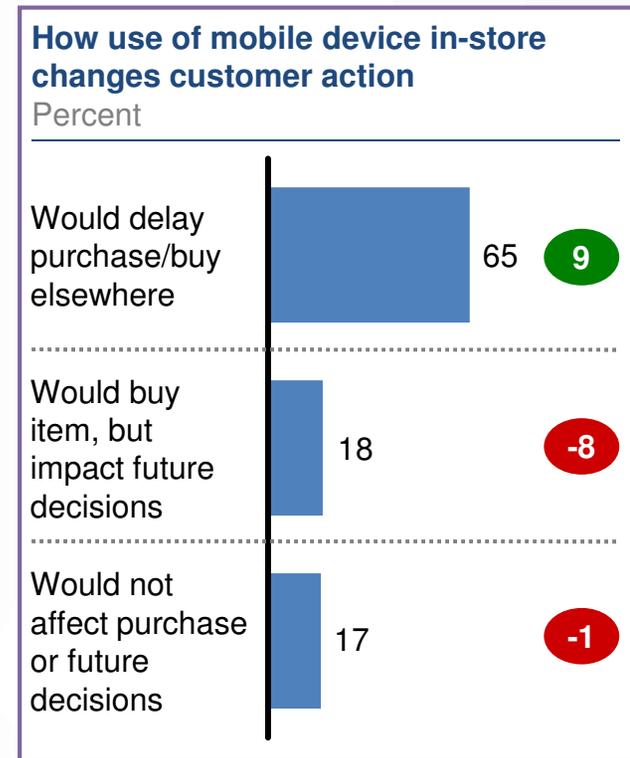
Mobile price checks are increasing...¹



... they occur early in the journey ...



... and have direct impact on behavior



¹ Percent of respondents who claim that they used their cell phone or smart phone when doing price research in the last 6 months; average across CE and APP

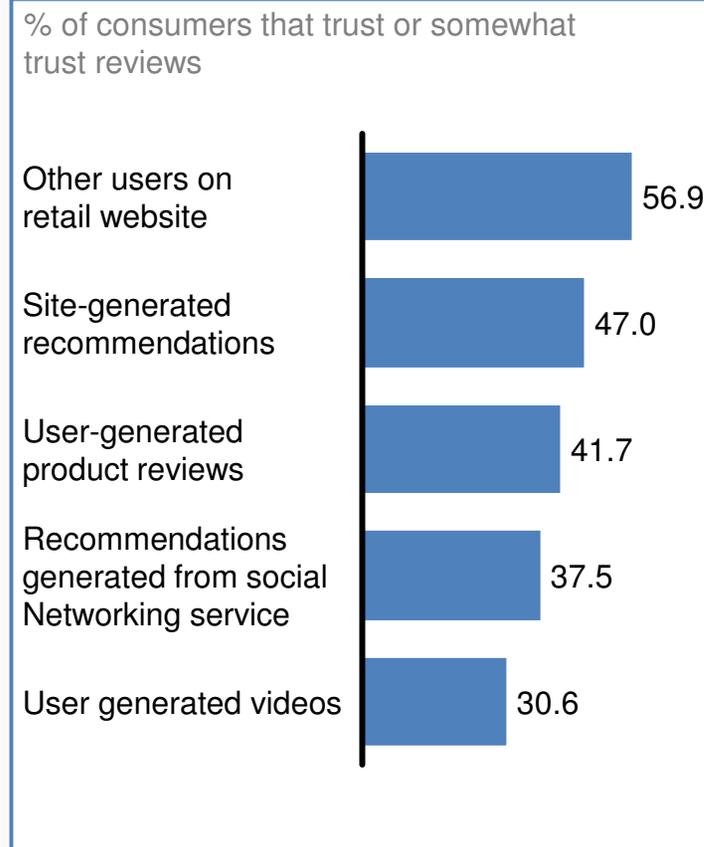
SOURCE: Multichannel pricing survey, January-February 2012 : Question 22

2013 Kellogg Marketing Leadership Summit

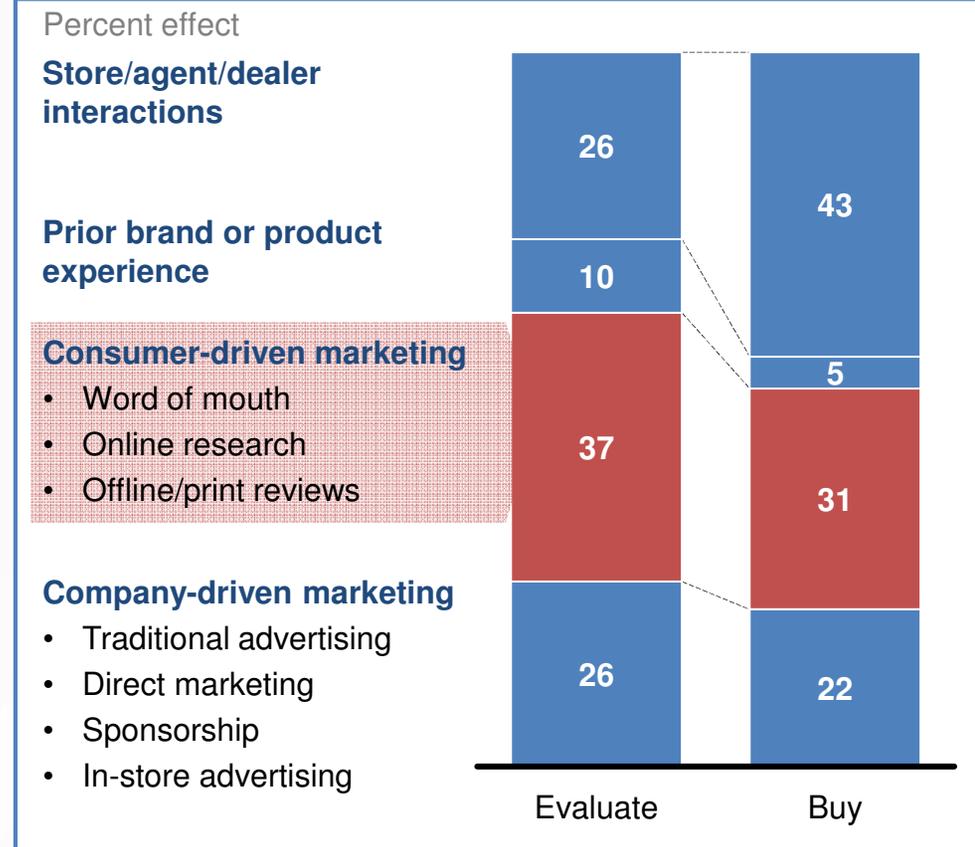
Leading the Customer-Centered Organization

Consumers amplify one another...loyalty/advocacy critical

Recommendations that consumers trust



Most influential touchpoints



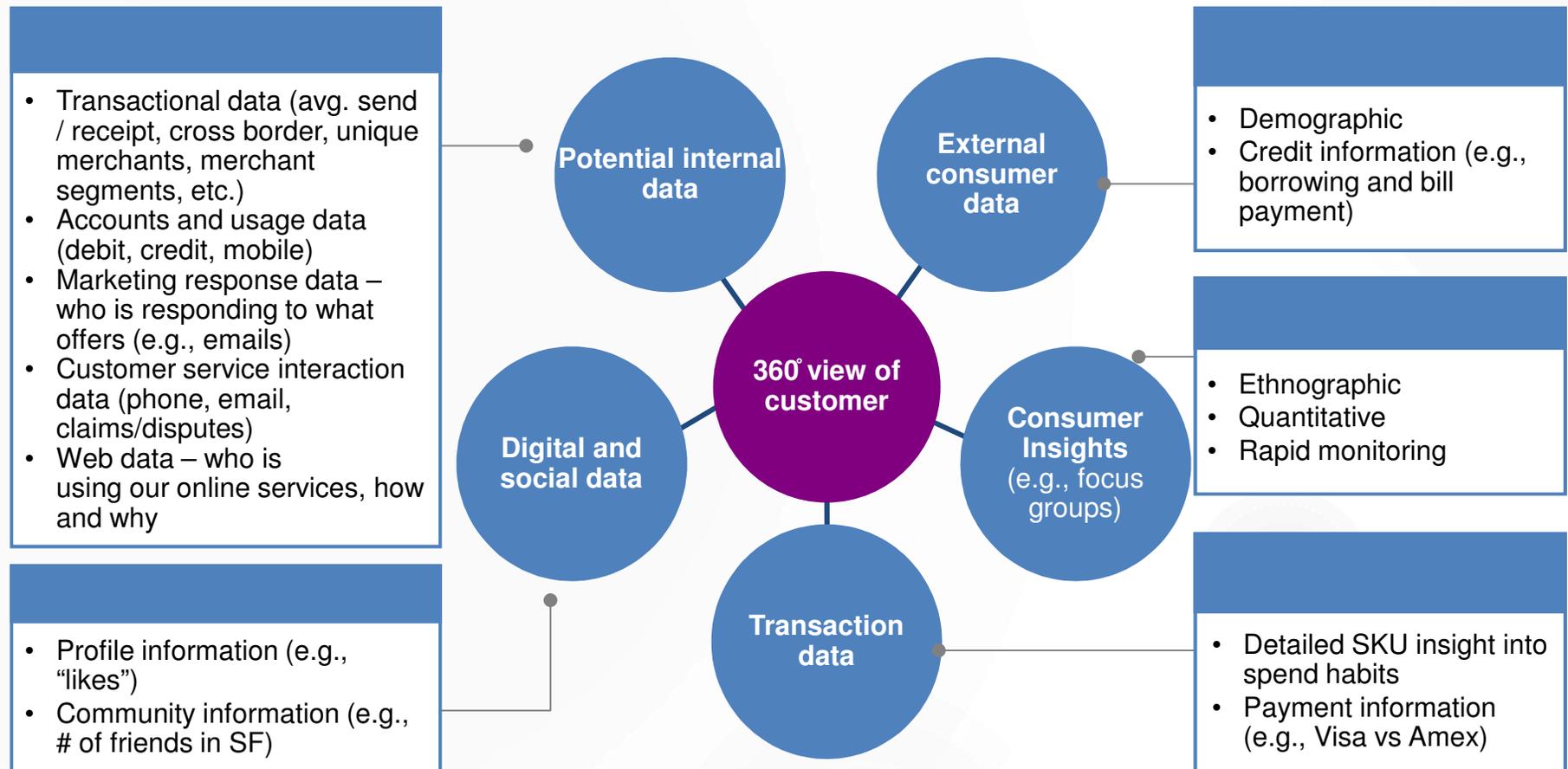
2013 Kellogg Marketing Leadership Summit
Leading the Customer-Centered Organization

In the customer-centered organization,
the CMO must become “Chief
Engagement Officer”

2013 Kellogg Marketing Leadership Summit

Leading the Customer-Centered Organization

Math PhD: Must integrate math across data sources...



2013 Kellogg Marketing Leadership Summit

Leading the Customer-Centered Organization

...to use advanced analytics to get close to “Segment of one”



Degree of self-segmentation: High

User log-in customizes experience based on user profiles (activity, role, etc)

Allows customer to choose a lifecycle stage (learn, purchase, receive service)

Degree of self-segmentation: Low

Customized to types of organization or roles within an organization (IT vs. Business users) without requiring login or any information submission

Degree of self-segmentation: Med

Solicits information through anonymous profiles without requiring registration / login, capturing much richer user preference set

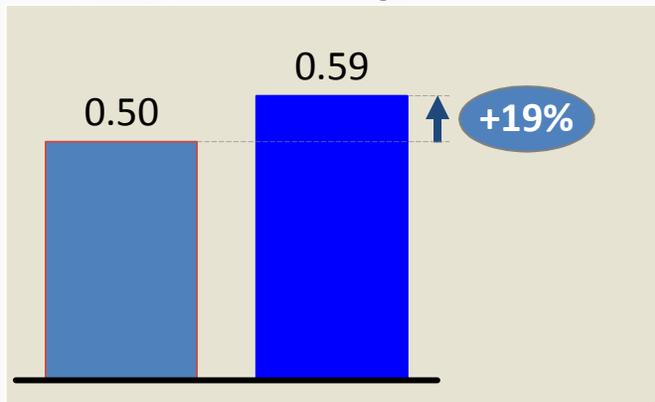
2-10x higher click-through rates

2013 Kellogg Marketing Leadership Summit

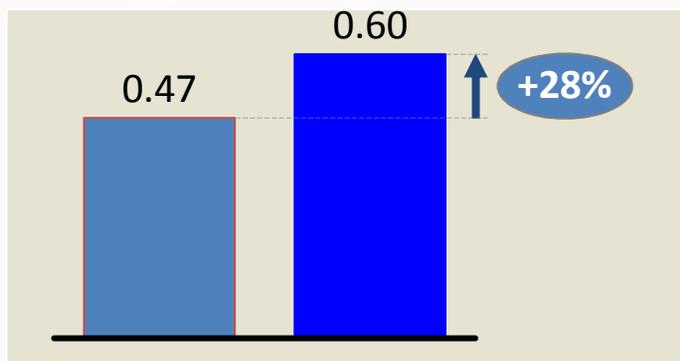
Leading the Customer-Centered Organization

Customer service leader: Must look beyond marketing touchpoints

Likelihood to stay/renew

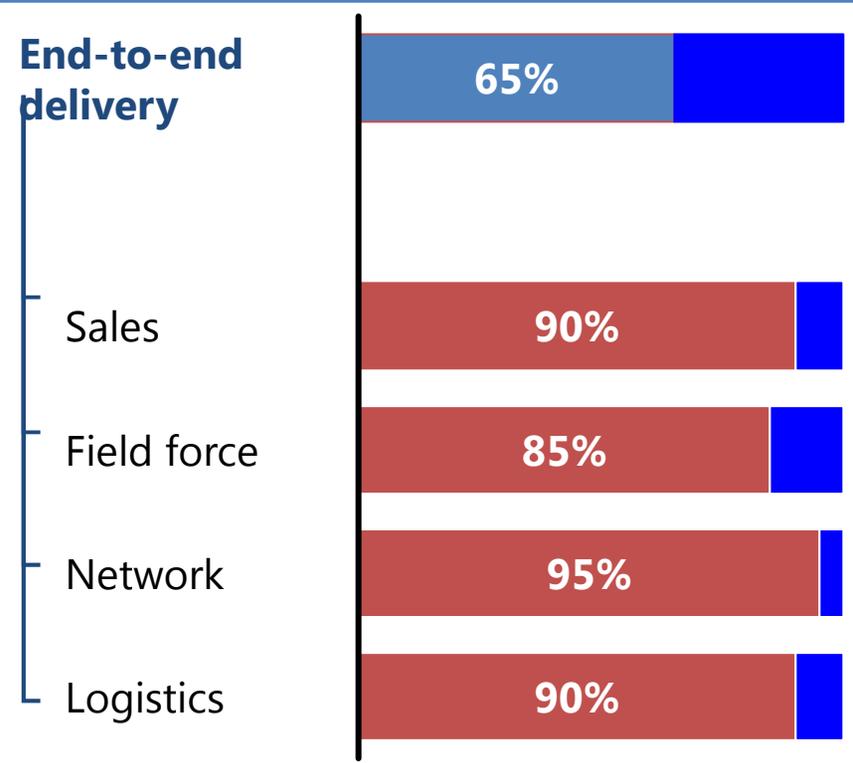


Willingness to Recommend



Touchpoint **Journey**

Percent first-time-right at each stage of journey



2013 Kellogg Marketing Leadership Summit
Leading the Customer-Centered Organization

CMO and CIO: PB&J



2013 Kellogg Marketing Leadership Summit

Leading the Customer-Centered Organization

Data management...integrated customer view

Initial data sources ...

... information added overtime

Loyalty
(starting with yes/no flag)



Decision Journey
(stages, SOW, needs, touch-points)



Digital marketing (display, paid search, affiliates, SEO)

Longitudinal transactions



Purchase behaviors
(e.g., value, products purchased, longitudinal migrations)



Online browsing (e.g., visit, browse, conversion, feature usage)

Product hierarchy



Social (e.g., linkage of Facebook 'likes', sources of traffic)



Mobile usage (e.g., value, shopping behaviors, feature usage)

Mobile
(starting with yes/no flag)



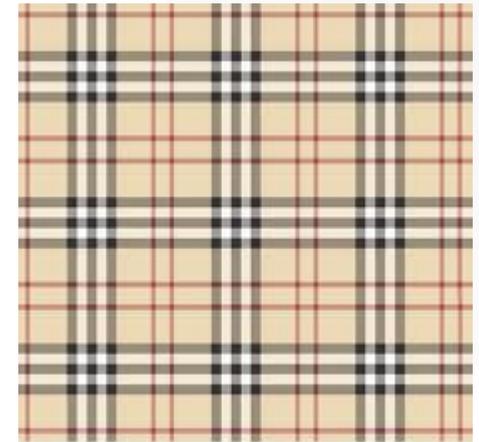
Ethnographies (e.g., attitudes, perceptions, sources of shopping inspiration)



3rd party payments (e.g., competitor shopping, what they buy, how much they spend, when)

2013 Kellogg Marketing Leadership Summit Leading the Customer-Centered Organization

Creative genius: The best ads aren't ads at all...
they amplify the consumer experience



RENTHERUNWAY
love. wear. return.



2013 Kellogg Marketing Leadership Summit

Leading the Customer-Centered Organization

So what is a CMO to do?

1. Recruit multi-functional talent...clarify PhD employee value proposition
2. Align on single view of customer across functions **and**
3. partner closely with CIO for infrastructure to simplify actions against it
4. Expand from Advertising to Amplification
5. Establish senior level “engagement” strategy
6. Create a cross-functional “engagement” council
7. Create a centralized “listening center”
8. Accelerate and Iterate...study results not theory
9. Define the “customer engagement budget” with clear metrics for each function
10. Other ideas from breakouts.....

2013 Kellogg Marketing Leadership Summit

Leading the Customer-Centered Organization

Summary for discussions

- Customer decision journey becoming “dialogue” vs. “monologue”
- CMO must consider role of “CEO”...Chief Engagement Officer
- 5 Key roles:
 - Math PhD
 - Creative genius
 - Accountant
 - Customer service rep/leader
 - “Geek”
 - Social media expert
- What to do?
 - Recruit and train the right new talent
 - Align on “engagement” priorities, budget, and single view of customer
 - Cross-functional leadership including council, strategy, and listening center
 - Expand from advertising to amplifying

2013 Kellogg Marketing Leadership Summit

Leading the Customer-Centered Organization

Staying Connected



John Livingston

Senior Partner, McKinsey & Company



eBook on **Big Data, Analytics**
& the Future of Marketing & Sales



John_Livingston@mckinsey.com



[@McK_CMSOforum](https://twitter.com/McK_CMSOforum)



www.cmsoforum.mckinsey.com



[www.youtube.com/McKinsey
CMSOForum](http://www.youtube.com/McKinseyCMSOForum)