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Five opportunities for CMOs in a pandemic-impacted world

Marketing was already at a defining moment, but COVID-19 has hastened the need for transformation.

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Photograph by Kemal Yildirim

How do businesses do more, earn more, and operate better when they have fewer resources and when challenges loom everywhere? It's a perennial predicament with elusive solutions — and one with which chief marketing officers (CMOs) are certainly familiar. But now, doing more with less has become an urgent mandate rather than a puzzle to ponder, as businesses around the world work to recover from the effects of the COVID-19 pandemic.

Long before the novel coronavirus paralyzed businesses globally, the CMO role was evolving in scope, focus, and sometimes name. New titles such as chief growth officer and chief customer officer emerged to reflect the redefined, more transformational role of today's marketing and commerce leaders. CMOs were already becoming key players in helping drive customer demand and generate growth. Now, in a world upended by the pandemic, these expectations are amplified.

But if one thinks of challenges as opportunities in disguise, then now might be the moment for CMOs – by whatever title – to drive positive change. The pandemic has underscored the importance of customer experience, and that's where marketers can play a critical role. Who better knows customers and what they want, how they make decisions, and how best to reach them?

Marketers' moment has arrived. CMOs can use their platform to orchestrate both organizational and professional growth as they focus anew on fueling customer demand and business growth in a changed environment. Here are five ways marketing and commerce leaders can deliver on expanded expectations.

Finding new ways to predict demand and understand customer behavior. Historical data is no longer as helpful as it once was. Consumer behavior has fundamentally changed almost overnight, as people are suddenly shopping more online, even for essentials, and embracing new habits, such as contactless delivery. Many of these changes are likely to be permanent, and more will continue to evolve, requiring companies to rely on fluid data points and employ new tools and strategies to better engage and understand customers.

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Global beauty brand L'Oréal has set its sights on becoming what it calls the number one beauty tech company, and in 2018 it acquired ModiFace, a leader in augmented reality, to catalyze that effort. In addition to rolling out virtual makeup try-on and shopping services on owned platforms, the company has shared the technology with retail and advertising partners such as Amazon. This has helped expand the reach of L'Oréal's services to whatever touch points consumers use and enabled the brand to offer a robust beauty experience despite being in a shopping environment of

restricted physical contact.

Marketers are key players in helping their companies capture, integrate, and use this type of first-party data – such as user profiles, preferences, traits, and channel engagement – to monitor in real time how customer habits are changing. Second-party data might also be useful, especially if delivered in a timely manner. Collaboration with business and supply chain partners, for instance, can yield valuable, real-time customer information.

Third-party data and associated predictive models can also play a role in unearthing actionable customer insights, as can activating marketing efforts in response to new demand triggers, such as footfall traffic patterns, recent category purchase data, competitor purchase behaviors, location data, and other data points that can increase customer acquisition and engagement.

Innovating products and services to drive growth. Companies are eager to rebuild or enhance revenue streams in the wake of the pandemic. Among global CFOs recently surveyed by PwC, 63 percent said that offering new or enhanced products or services was most important to their company's recovery.

Innovation and reinvention are always business imperatives, but the pandemic is creating new opportunities for companies that can move quickly. For example, in thinking about financial pressures consumers were experiencing as a result of the pandemic, U.K.-based Saga recognized the need for a new insurance product: a three-year fixed-price offering for older customers on fixed incomes. Though the product was rolled out in response to the pandemic, the company expects to continue offering it.

China-based Pinduoduo saw an opportunity in the pandemic to expand its social commerce platform. The company set up a virtual pavilion for the online sale of agricultural products to augment its usual sales of consumer staples such as cosmetics and televisions. The move was intended to help farmers sell their goods directly to consumers at a time when demand had dropped and in-person shopping was limited.

At the heart of greater innovation is a more outward-looking, customer-centric approach, in which the customer drives the product or service offering, rather than the other way around. "Start with the customer and work backward," Amazon's Jeff Bezos has said. Marketing leaders, leveraging their understanding of customers, should play a key role in helping their company do this.

Enabling a great experience across every touch point. Companies and brands are judged by the quality and effectiveness of their touch points with customers – whether in the form of a website, call center, or supply chain partner or other third party. This is where customers are won or lost.

Case in point: During the pandemic, a customer finally decides to try a new subscription-based meal kit service that keeps appearing on her social media feeds. Although she is pleased with the quality of the meals, the delivery service is unreliable – a third party fails to deliver the meals within the scheduled window, essentially ruining dinner plans on several occasions. So even though marketing has done its traditional job of capturing a new customer, logistical failures apart from marketing ultimately cause the loss of a customer.

As the chief customer experience officers – whether in title or not – CMOs can and should work across the enterprise and get their fingers into areas conventionally considered nonmarketing areas to ensure the best customer experience at every touch point. Moreover, CMOs should be instrumental in helping foster an enterprise-wide mindset that's focused on customer experience.

Touch points have to be functionally effective, but customers also crave engaging, meaningful interactions. This is where marketers can play a larger role than they traditionally have by becoming more involved in creating satisfying, brand-defining, omnichannel customer experiences.

Optimizing marketing spend. Even before the pandemic, marketing teams were pressed to show persuasive results from media spend. This is unlikely to change as digital advertising spend continues to grow. Yet there's a lack of confidence in the digital advertising ecosystem owing to poor control, decision-making complexity, ineffective ads, and a lack of transparency. According to [PwC research](#), only 51 percent of media dollars spent on consumer-facing activities actually make it to a publisher as a result of money lost on fees, charges, and hidden costs. And when ad fraud (in which advertisers pay for fraudulent clicks and impressions) and unviewed ads are accounted for, it turns out that only 26 cents of every dollar being spent on digital advertising results in an impression that makes it to a consumer.

CMOs must lead the charge to gain more visibility into their media supply chain. They need to better understand how much is being spent, in what manner, and where. Some companies are bringing media activities back in-house or updating their agency contracts to take back data ownership or demand greater transparency from vendors.

Pressure to rein in marketing spend contributed to [Procter & Gamble's decision](#), for instance, to bring almost 30 percent of its US\$7 billion global media spend in-house, jettisoning some of its agency partnerships in the process. The international consumer goods giant has significantly reduced both costs and time lines by doing more media planning as well as creative and production work internally – saving more than \$1 billion

over the past five years. In addition, P&G believes its decision to move more creative functions in-house has led to greater agility and innovation.

Marketing leaders must investigate their media spend more closely to find optimization opportunities. The savings are tangible and can be realized quickly. Artificial intelligence can play a role by informing decision-making with highly specific data, helping eliminate human bias in media spend. A renewed focus on customer segmentation can also help CMOs prioritize investments to improve and personalize targeting.

Enhancing productivity in a newly lean environment. Marketing departments are accustomed to feeling pressure to validate their effectiveness. Now, many are being asked to do so with fewer human and financial resources. In response, marketing teams, many of which have flirted with agile marketing principles in recent years, should fast-track their agile efforts and insist that their agencies and other partners do so, too.

Agile marketing has five core values:

- Validated learning over opinions and conventions
- Customer-focused collaboration over silos and hierarchy
- Adaptive and iterative campaigns over one-shot, “big bang” campaigns
- Process of discovery over static prediction
- Many small experiments over a few large bets.

Consumer packaged goods companies have been at the forefront of the agile movement, and many have embedded a culture of “test and learn” in their marketing organization. This approach allows them to keep their finger on the pulse of changes among their customers and to innovate more quickly. For example, Conagra has trained its entire marketing and digital commerce teams in agile behaviors and now runs cross-functional pods that include talent from brand, decision science, e-commerce, content, and media. These teams have enabled a successful new brand-building model based on always-on, tailored communication. Despite shifting its media mix to 81 percent digital, Conagra is still able to reach 89 percent of all category buyers and increase effectiveness, using precision targeting to drive a 40 percent higher purchase rate over general creative messaging.

A time to meet the moment

Although the challenges of adapting to a post-pandemic environment are considerable, so are the opportunities. The stage is set for both CMOs and their companies to reinvent themselves, uncover new ways to deliver value, and succeed anew in a changed world. Marketing had already been on the verge of a significant transformation, but the pandemic accelerated the need for change. This might be the professional moment CMOs have dreamed of.

By boldly moving beyond traditional marketing tactics and strategies and focusing more intently on new sources of customer data, growth via innovation, the end-to-end customer experience, smart spending, and the principles of agile marketing, CMOs can become catalysts for the changes that are needed now.

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