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CONSUMER GOODS MARKETING:

BEYOND THE BRILLIANT BASICS

Chief Marketing Officers in the consumer goods industry built titan reputations pioneering masterful brand building. They outshone all other industries at making brands part of consumers' everyday lives. But this very legacy could be their downfall.

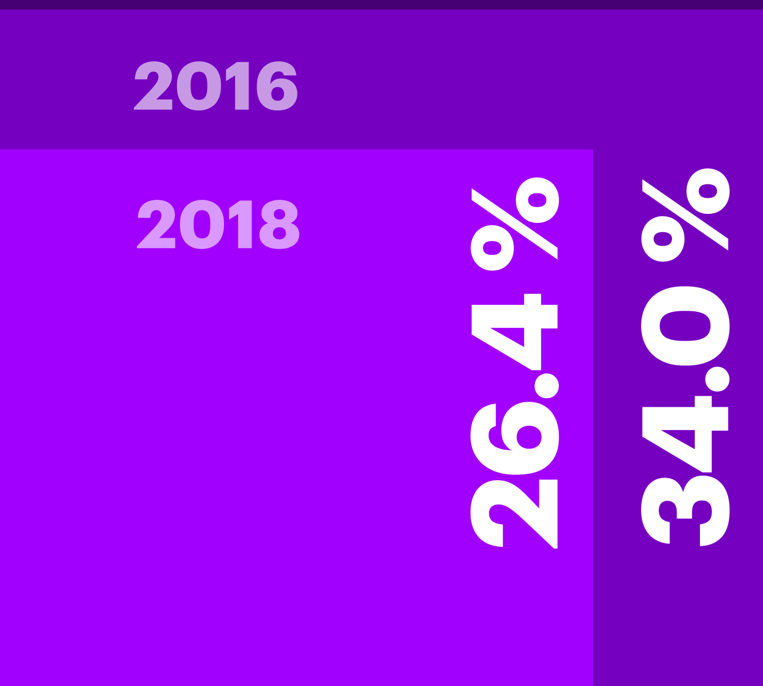
New Accenture research shows consumer goods CMOs still excel at the traditional marketing tasks that won them consumers years ago. But the same research shows that CMOs are over-indexing on these operational excellence tasks at the expense of their future: new growth. This, despite CEOs prioritizing that very thing; a majority (52 percent) of CEOs hold the CMO responsible for generating disruptive growth.[1]

Three out of four (76 percent) consumer goods CMOs say the top way they look to achieve strategic marketing objectives is by reapplying solutions that worked in the past. Consumer goods CMOs must move beyond these "brilliant basics" and pivot to the New to become a Living Business. This means leading their teams to become experience-marketing organizations, in which traditional digital marketing is necessary but not sufficient on its own. Many are trying to get transformation off the ground but understandably struggle to balance "keeping the lights on" with new growth. Consumer goods CMOs are more concerned with identifying new sources of revenue growth than any other industry.

But, with the quickening pace of change, many have found themselves spending less time on disruptive growth than they did two years ago. It's not from lack of trying. It's competing priorities—the old and the New.

ABOUT THE RESEARCH
A combination of online surveys and interviews, this Accenture research is based on the responses of 935 CMO and 564 CEO participants across industries, including 116 executives from Consumer Packaged Goods companies.

52% of consumer goods CEOs hold their CMO responsible for generating disruptive growth, but CMOs are spending less time on it.



To move to the New, CMOs must succeed in freeing themselves from historical day-to-day demands to focus on new ways to create value for their company. This means emphasizing new ways of collaboration like platform plays and silo busting, as well as wise use of technologies, from Artificial Intelligence (AI) to analytics. Using all of these tactics, CMOs move their organizations closer to consumer relevance at scale.

Identifying and integrating transformative approaches to generate new revenue growth is where future titan reputations will be built. To get there, consumer goods CMOs must uncuff themselves from a legacy history no longer suited to current consumer needs and the competitive landscape. They need to become Living Businesses (see "What is a Living Business?" sidebar) and move beyond the brilliant basics of marketing to help secure their companies' future success.

WHAT IS A LIVING BUSINESS?

Living Businesses are companies that unlock sustained growth by continuously adapting to evolving customer needs. In the process, they provide hyper-relevant experiences—meaning they focus on understanding customers' needs in a given circumstance. And they realize that circumstance may change—so they stay on top of the evolving context in which customers make their purchase decisions, responding appropriately.

Doing different vs. doing better

Our study shows consumer goods CMOs are less likely than their peers in other industries to seek new sources of revenue. This does not happen because they are any less enlightened than CMOs in other industries, but more because traditional demands on their time can be all-encompassing. When we asked consumer goods CMOs what their top priority was, it was reducing the cost of marketing operations, not innovation.

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CMOs focusing on innovation know they need to make products and services relevant to their consumers and then scale that relevance. The craft brewing industry is a good example of a sector infusing relevance—a constantly changing mix of factors and consumer desires—into its product. Intelligent Brewing Company invites website visitors to weigh in on flavors and carbonation levels. The company feeds that input into its recipe algorithm to produce new formulations, refined using real-time consumer feedback. Talk about relevant. Brands will soon be able to tailor a product (or an interaction) to an individual's particular mood.[2]

Investigating and investing to move into the New is no small task. CMOs are struggling to juggle the old and the New, at the expense of the New. Because they are trying to do something different, rather than the same things better, the juggling act is complex. Getting the balance right, until the New completely overtakes the legacy, is key to success.

Dean Robson, Marketing VP at PepsiCo, Europe and Sub-Saharan Africa, recalls asking his team, "Are we trying to do better or do different? Disruptive growth is growth that is genuinely different to what went before and not simply accelerating what you are currently doing."

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Stephen Byrne, Targus CMO, sees the deluge but views it more positively in an interview for CMO.com: "CMOs have to be across everything, from buying databases, analysing existing databases, appending, deeper and broader segment analysis, micro-targeting, social media based campaigns, all the way to briefing in agencies across the board. The remit is across everything from packing to research, CX, customer journeys and customer analysis, to being a trusted advisor. But this, in turn, provides more opportunities for CMOs."[3]

The New does provide a wealth of opportunity. But to capitalize on that opportunity, consumer goods CMOs need an updated toolbelt.

You can't drive a nail with a screwdriver

New marketing models require tools fit for the task. Many consumer goods CMOs are using legacy systems and processes that are dated (e.g., annual business planning) and won't drive new growth. Six out of 10 CMOs (61 percent) say they are not able to develop the more agile, dynamic organization and operating model required in today's fast-changing environment. That's 12 percent more than other industry CMOs, on average.

Technology plays a large role in the agility that defines the New—the same agility that defines large companies' smaller, digitally native competitors. A majority (65 percent) of large consumer goods company CMOs cite a lack of critical technology and tools as a top barrier to improving performance—that's 16 percent higher than the average across industries.

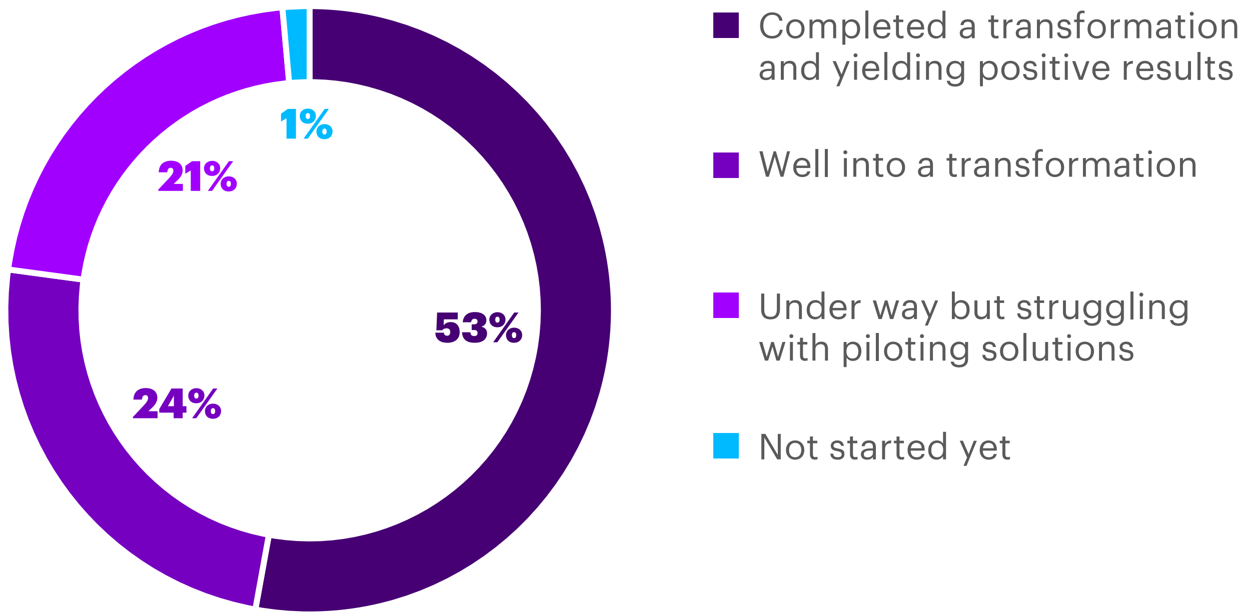
As CMOs try to get closer to the consumer, they will need the technology, but also the talent, to make it happen. Breaking down siloes across the organization is crucial.

Consumer goods CMOs say they are not able to develop the more agile, dynamic organization and operating model required today.

Pilot paralysis reigns

While most industry CMOs are not spending enough time focused on the New, the time they do spend has them stuck in pilot paralysis. Many are finding it difficult to move from experimentation and prototyping into firmly delivering innovation at scale. One in five are struggling to pilot solutions.

21% OF CMOS ARE UNDERGOING A MARKETING TRANSFORMATION BUT ARE STRUGGLING TO PILOT SOLUTIONS



It's natural for the scope of the task to give CMOs pause—reinventing teams, systems and operating models that took years to establish can feel like a Herculean undertaking. Complicating the situation are cultures that don't favor the New. More than half (55 percent) of CMOs say they don't have a culture that inspires innovation or experimentation. This helps explain, in part, the flurry of mergers and acquisitions in the consumer goods industry to foster those very things.

More than half of consumer goods CMOs say they don't have a culture that inspires innovation or experimentation.

Established companies have been trying to bring innovation from the outside in by buying it or merging with it. Many then use accelerators, or incubators to protect the culture and practices of the more innovative company, speculating on how they can seed that innovation into their broader culture and practices. From General Mills $12 million investment in Good Belly Probiotics[4] to Procter & Gamble Co.'s Los Angeles build studio that will help it incubate brands to be folded back into the mothership,[5] consumer goods firms are hungry for innovation at speed.

To deliver that innovation and growth, CMOs need to focus on several areas simultaneously to achieve steady movement from the old to the New.

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Getting to growth

While transforming an entire marketing organization for the New is no small task, CMOs who embrace Living Business principles and focus their efforts in several key areas can maximize their traction.

WORK AN AGENDA CENTERED ON GROWTH.
Companies that want to become true Living Businesses must always be transforming themselves to not only where customers are today, but where they'll land tomorrow. Identifying new areas of growth—at an almost forensic level—becomes key. CMOs need to work with their peers across the organization to reinvent for the now and the New, from adjusting their operating model to shaping a customer-centric culture.

LEVERAGE TECHNOLOGY TO GO BEYOND TRADITIONAL MARKETING AND INTO THE NEW.
Better traditional marketing may create better outcomes, but they won't necessarily be new or innovative. Consumer goods CMOs need to break up with old technology, disengaging from legacy ERP models to move as rapidly and agilely as their smaller competitors. Applied intelligence—utilizing Artificial Intelligence, analytics, the Internet of Things and other new technologies—helps CMOs and their teams not only operate in a new model, but identify new outcomes tailored for individual customers.

REIMAGINE ROLES AND WAYS OF WORKING.
The New looks very little like the old, so it makes sense that skills and roles must reflect the shift. Some leading companies are reshaping teams to be more innovative and flexible. Rather than traditional, stable, vertically aligned teams, "pods," "squads" and "circles" of workers bring a specific combination of skills to accomplish a task or collaborate on a project.[6] In Accenture's new research, CMOs were asked what kinds of roles they'd need on their teams in the future to become Living Businesses.

“Marketers used to be in a position where they’d probably just work heavily with the sales team. Now, you’ve got to take IT on a journey and sell the vision, you’ve got to bring sales with you, bring the commercial leads, your CEO, and more.”

Dominic Quin, Foodstuffs General Manager of Marketing and Customer Experience, CMO.com, February 28, 2019

The responses were of a new breed: Immersive experience designers. Storytellers. Growth hackers who unlock revenue through relentless experimentation. Futurologists. Trust leaders.

Infusing these new skills will require upskilling as well as scouting for new talent. Companies can also access on-demand talent and reach out to ecosystem partners to bring a mix of capabilities.

Beyond roles, however, CMOs need to think of new ways of working as they get closer to the customer. With overlap in commercial, sales and marketing functions, they need to redefine the resources available and how they interact—not just the roles.

Consumer goods CMOs are facing a sea change, one in which their CEOs feel marketing must prove its value and contribute to growth. They currently lag their peers in other industries in revenue diversification so resting on past laurels is not an option—they must move into the New with a vengeance.

The good news is—by making calculated shifts in several areas simultaneously, industry CMOs can drive disruptive growth. For those who move strategically, decisively and swiftly, a new titan reputation awaits—one that involves transformation and reinvention.

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