

# Evolution of the Retail CMO

Pivot to Customer Experience Expands Roles and KPIs



# Evolution of the Retail CMO

**Introduction:** Not long ago, retail was an industry centered on the store and the transactions that occurred in it, and the chief marketing officer (CMO), if there ever was one, was tasked with establishing and maintaining the integrity of the retailer's brand. As retailers pivot to putting the customer at the center of their universe and aim to develop individualized connections, amplify customer advocates and turn loyalists into evangelists, the modern retail CMO's role is stretched across the entire business.

## Connected Yet Still Complicated

Today's retail landscape is in a constant state of flux as the march of digital technology continues to trample all over traditional models of consumer buying habits. Today's consumers want to be understood and engaged.

66%

of consumers are shopping both online and in-store every week

63%

of shoppers want personalized offers and promotions

57%

are compelled to purchase when given a special offer or discount (e.g. BOGO)

Read more from [The New Topography of Retail: Mapping emerging consumer trends.](#)

# Marketing To the Ever-Changing Retail Consumer: An Abridged History

## AN INFINITE WORLD WIDE WEB

Ecommerce and the digital era didn't just bring consumers a new way to purchase goods; they gave retail businesses and brands an unprecedented reach to new customers and gave marketers increased ability to quantify their impact.



**Every point of contact, regardless of how small, holds the opportunity to drive better brand engagement and loyalty. From social commerce to the store — retail CMOs have more responsibility — and more power — than ever before.**

## THE SOCIAL CUSTOMER

The digital customer quickly evolved into a social consumer; marketers followed suit and found the way to consumers' hearts was through their social feeds, and the one-way communication of brand to consumer became a dialogue, with consumers interacting with brands across a myriad of channels (albeit good, bad and even ugly.)

## RETAIL GETS 'PHYGITAL'

Just as quickly as digital became commonplace, the desire to bring the same level of experience and understanding in-store took hold. Inspired by the information, personalization and other capabilities afforded to ecommerce, retailers embraced omnichannel and began to unify the silos of in-store and online. Through emerging technologies such as the Internet of Things and virtual reality, many are now working hard to integrate the physical and digital.

## DATA AS CURRENCY: THE BLESSING AND CURSE

Today's retailers have an unparalleled opportunity to understand who their customers are, the journeys they're on and what they're looking for. But the truth remains that most retail marketers have more data than they know what to do with.



The first department store, Harding, Howell & Co, opens on Pall Mall, London

1796

Sept. 6  
1916

Grocery retail is forever changed when Kroger opens the first self-service grocery store or 'supermarket'



NBC makes a leap forward for marketers, plugging Bulova Watch Co. in the first television ad on its WNBT station

July 1  
1941

1950

Attention shoppers: Diners' Club, Inc. has introduced the first credit card

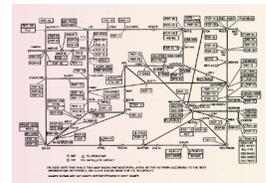


Doris and Don Fisher revolutionize the specialty retail industry with a store focused solely on jeans: The Gap

1969

1972

Stanford and MIT students conduct the first ever online transaction using the Arpanet



You've got mail! America Online goes live, bringing the Internet to millions

May 24  
1985

1991 atg<sup>□</sup>

Ecommerce pioneer Art Technology Group is founded. 20 years later, ATG joins the Oracle family



 Buy now with 1-Click®

Shopping gets even easier when Amazon secures a patent on '1-click' purchasing

Sept. 28  
1999

June 18  
2005



Etsy.com sets a path to bring the craft and handmade market online



Nov. 6  
2007

Facebook introduces an ad network to bring targeted advertising straight to users' News Feeds

2009



The FCC begins to regulate the latest form of marketing: influencers



Aug. 5  
2014

Harvard Business Review declares that "The chief marketing officer role is undergoing a renaissance"

June 20  
2015



Pinterest introduces shoppable Pins, and with them, a new breed of social commerce



2018

The evolution continues as buy-online-pick-up-in-store (BOPIS) hits its stride, accounting for nearly half of holiday sales

# The New Roles

Now overseeing business functions spanning commerce, customer care, and even logistics, it's only natural the role is no longer defined solely as Chief Marketing Officer. A CMO by any other name may face their own unique challenges:

## Chief Revenue Officer

New ROI demands mean a shift from marketing to its end goal: revenue. These leaders are often tasked with reconciling marketing and sales, and other organizational silos like physical and digital.



**Call me when:** a promotion drives strong sales... followed by heavy returns. The CRO will see who gets the glory and who must make up for missing income.

## Chief Customer Officer

Omnichannel has rerouted the customer journey and shifted the CMO role in its wake. Areas as distant as return logistics, customer care, and SEO may now fall under one person at the leadership level.



**Call me when:** an unsatisfied customer takes a shipping complaint to social media, as all your followers watch.

## Chief Data Officer

The influx of data sources and the massive importance of personalization have put crunching numbers at the center of both retail and marketing. Whether set on acquiring, analyzing or dealing with an overflow of stats, the Chief Data Officer depends on retail insights and analytics to interpret data.



**Call me when:** you need to put departmental and channel loyalties aside and take a cold, hard look at the numbers.

## Chief Digital Officer

Whether they're digitally native, direct-to-consumer or even traditional players leaning heavily on online sales, retailers of all kinds now look to the Chief Digital Officer to take charge of ecommerce. This leader may run parallel to a counterpart overseeing physical stores and may also own social media, digital marketing, and personalization.



**Call me when:** social commerce and multichannel marketing blur departmental lines beyond repair.

## Front Line on The War for Talent

Far beyond maintaining an employer brand, the CMO now often has a hand in attracting and retaining talent. With oversight of technologies like POS, the CMO can make a major impact on the in-store employee experience and in turn, the caliber of talent retailers can recruit.



**Call me when:** you're losing candidates to the store that lets employees work the way they live: smartphones in-hand.

## The Head of Retail

When departmental and functional silos get the best of your team, the Head of Retail is here to save the day. Overseeing brick-and-mortar, ecommerce and everything in between, the Head of Retail is the title of choice for companies like Apple and Sephora.



**Call me when:** you're tired of brick-and-mortar and ecommerce teams fighting over scraps for their channels.



Collecting and normalizing all relevant data is only half the battle: defining priorities and which metrics really matter is a challenge all its own.

## The New Priorities

Like all retail leadership roles, CMOs have a lot on their plates. Whether in fashion or specialty, hardlines or grocery, one thing is certain: prioritization is essential.

**DEFINING SUCCESS:** In a seamlessly connected enterprise, marketing teams can see their every move play out in data. With each campaign, transaction or email blast now comes a new set of datapoints, which in turn must be parsed, analyzed and tied back to business goals. In most cases, retailers are still operating in silos despite their best efforts to bring together stores and commerce. Collecting and normalizing all relevant data is only half the battle: defining priorities and which metrics really matter is a challenge all its own.

**KEEPING UP WITH THE KPIS:** An old concept by a new name, key performance indicators (KPIs) bring clarity to the chaos and provide businesses with a high-level grasp of where they stand. The challenge is, with a myriad of responsibilities, and literally thousands of KPIs to consider, how do CMOs determine which KPIs really matter and when do you know it's time to upgrade your dashboard?

### THREE TIPS AND TAKEAWAYS FOR DEFINING THE RIGHT KPIS:

- **Pivot to Customer:** KPIs that monitor and measure progress on how well you're doing attracting, retaining, and upselling loyal customers must be a priority in the modern retail environment.
- **Follow The Money:** Sometimes it all comes back to the bottom line. [Retail analytics and insights](#) can highlight which initiatives have the greatest impact on sales, spend and revenue, offering a key to which measurements should top the priority list.
- **Beware of the Butterfly Effect:** One small change can create a massive domino effect. Recognizing how KPIs affect one another is critical before shifting resources from one to the next. The right retail decision science can make these relationships clear.

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## What's Next on the Horizon for Retail CMOs?

As the voice of the customer becomes increasingly influential on brand perception and loyalty, and the conversation between brands and consumers expands from B2B to B2I2C ([The Loyalty Divide](#)), the CMO role will extend to all points of interaction. Here are three interaction points that should be on the CMO's radar:

- **The Point of Service:** with the integration of data from commerce and customer loyalty, the POS is the primary opportunity to upsell consumers with advanced clienteling programs, and capture promotion redemption to understand promotion efficacy and predict next-best offer.
- **Order Management:** when customers receive an offer, which can't be redeemed because of inventory inaccuracies the marketing team is sunk. Opening up endless aisles in stores and online gives retailers the ability to satisfy customers at the point of intent. Further, optimizing the fulfillment of the items not only ensures customer satisfaction but also drives margin.
- **BOPIS Traffic:** the fastest growing omnichannel journey, buy online pick up in store (BOPIS), can be a phenomenal channel for marketing to deliver personalized offers to a highly engaged audience.

# KPIs

## Retail Marketing KPI Evolution: Moving from Best Practice to Next Practice

### Best Practice KPIs

#### Customer Lifetime Value:

Numeric forecast of customer profitability considering factors like Avg. Order Value, Repeat Purchases, Time between purchases, and Customer Cost.



#### Customer RFM:

A concatenation of three customer scores: Recency (R), Frequency (F), and Monetary (M), with each number having a range from 1 to 5. Customers who purchased recently, are frequent buyers, and spend a lot are assigned a score of 555.



#### Store Conversion Rate %:

The percentage of shoppers that made a purchase while they were in the store.



### Next Practice KPIs

#### Customer Projected Lifetime Value:

The projected total lifetime value of a customer, which is modeled by predicting the number/value of future purchases a customer will make and combining that with their purchase history.

#### Customer Engagement Score:

A composite customer score ranking their overall engagement with your business on a scale of 1 to 10, with 10 being the best score.

#### Journey Conversion Rate %:

The percentage of shoppers that made a purchase by unique journey (e.g. BOPIS).

### Looking for more?

Read on to learn more about  
[The New KPIs of Retail.](#)

# The Right Tools for a Fluid Environment

CMOs need the right tools to help them solve for success:

- Data is the new currency. CMOs need **information and insights** to understand their businesses and their customers. They'll need to collect data and put it to work — from capturing customer insights online, or at the POS, to analyzing trends and sales through omnichannel retail analytics solutions.
- Today's consumers and technologies move faster than the average business. Like in retail, what's in one day is out the next, so CMOs need **flexible systems** that can keep up with change. Whether it's the ability to scrape data from the latest social platform or to forecast inventory demand in line with the latest trends, systems need to not only keep up, but scale to meet demand.
- As consumer habits shift and brands encounter new means to connect, marketing leaders must maintain a **single view of the customer** to offer transparency across channels and build long-term loyalty.

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## Conclusion

In under 50 years, retail has evolved from the first digital transactions to the era of omnichannel. Terms like 'BOPIS' and 'multichannel' have come into the lexicon and brought functions like logistics, warehousing and customer support into the realm of marketing, and responsibilities and functional lines have blurred in response. The full product manufacturing, distribution, and planning cycle have shifted to meet today's demands, and with all this, the job of a CMO has expanded to keep up. No longer centered on maintaining a brand, today's CMOs focus on the customer and every surrounding factor. When the only constant is change, there's no time for rigid systems, silos or departmental turf wars. No matter their title, retail CMOs, and marketing leaders face no easy task and need technology they can rely on to keep up.

### **You may also be interested in:**

- [Raising the Customer Engagement Bar: The Right Offers at the Right Time](#)
- [Retail Science: How Retail CMOs Can Use AI to Drive More Personal Offers and Marketing ROI](#)
- [The New KPIs of Retail - Part I](#)
- [The New KPIs of Retail - Part II](#)
- [How Decision Science Helps Snag the Stanley Cup and Shape Retail KPIs](#)

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Integrated Cloud Applications & Platform Services

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