# MANAGING THE DIGITAL AGE:
## A DIALOGUE WITH CCOS AND CMOS

This report is based on in-depth interviews with 22 senior communications and marketing executives in large companies about how the rapid evolution of digital and data are changing their functions. The paper also offers a digital road map and checklist to help organizations create and refine their strategies.

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When it comes to digital, data strategies, and tools, communications and marketing leaders agree that these components are critical to success in their careers and organizations. But what they do not seem to agree on are what defines digital, who owns digital, and how to fully leverage the streams of data pouring in via digital channels. Of course, every organization is unique; there is no one-size-fits-all approach for these complex business enablers. However, most executives interviewed said they do not think their organization has mastered the digital realm. But like the story of the blind men and the elephant, we must consider whether executives may be missing the big picture as some are navigating this new landscape without a consistent, reliable digital and data roadmap. Overall, substantial questions remain about how to strategically manage and maximize the potential of these new technologies.

# CONTENTS

**As Bob Dylan sang in 1964, "The times they are a-changin'." That phrase is more true today than ever, especially for communications and marketing leaders. The world is undergoing unprecedented and revolutionary changes prompted by the rapid evolution of digital and data, and its impact on communications and marketing.**

In partnership with the Institute for Public Relations, Peppercomm interviewed nearly two dozen communications and marketing executives to pinpoint specific challenges and opportunities, as well as how they are trying to stay ahead in a hyperkinetic business and digital world. This report will focus on these insights.

In this research study, each interviewee defined and described digital, and its impact on their roles and their respective organizations. Interviewees also discussed who owns digital and data, how organizations should manage these critical elements, and what effect these areas have on the communications and marketing functions. Additionally, interviewees talked about how they are managing and mining the flood of data for insights.

The report also offers suggestions for how the industry can look ahead at the opportunities and challenges, and includes a roadmap to help guide organizations on their digital journey.

# THE DIGITAL TOWER OF BABEL

Since the turn of the 21st century, the mass adoption of technological innovations has revolutionized how B2C and B2B consumers behave and operate. According to Pew Research, in the past 16 years the percentage of online U.S. adults has increased from 52% to 88%; in the past seven years, smartphone usage has risen from 35% to 77%; and in a little more than a decade, social media use has skyrocketed from 5% to 69%.

With the rapid growth of digital, organizations have ramped up their investments to better serve their various stakeholders. Because of the differences among our interviewees in terms of their responsibilities, we first asked them to define and describe digital, which they did in many ways:

"From a company perspective, we have a lot of digital information and initiatives internally," said one communications executive from a global automaker. "For some topics, we decided on digital first because the outreach is better [than traditional media relations]. So digital, from my perspective, is more channeled when we are talking about communications."
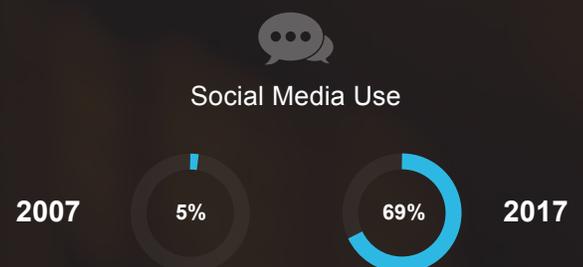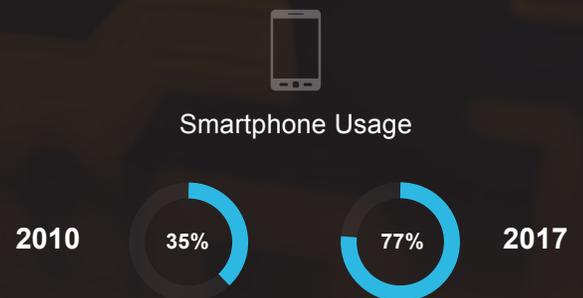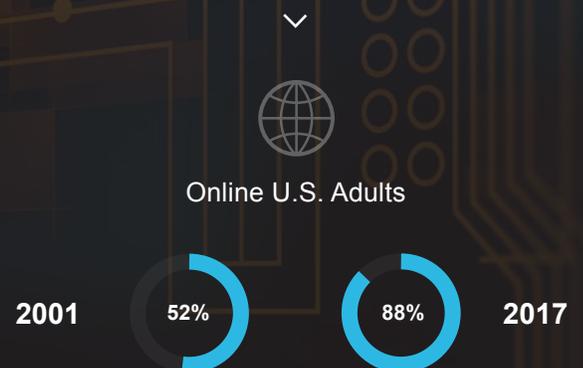
"I think digital is very important on the customer-facing side. It's taking up more and more of the product marketing budget," said one corporate communications executive in transportation. "When it comes to [communications], we use it a lot for corporate and executive positioning. But I'll tell you… I've yet to really see the code cracked from a B2B standpoint on the whole digital side of things."

One healthcare executive said her current digital strategy is focused on social media engagement and anchored by a thought leadership blog. "We're still early with our social media strategy and platforms," she said. "We certainly use social media to amplify thought leadership and PR content, as well as community relations content. But I would say that we've got miles to go in terms of having a very well-integrated, very robust social media strategy."

A consumer products executive said he defines digital as, "Omni-channel – digital and seamless retailing all in one." He said that when he was hired, the company saw digital only as social media. "Now we're starting to expand that a little bit more. So when we talk about digital, it's all omnichannel and seamless retailing."

Another healthcare leader said, "I don't know how you define digital." She said all her company's communications are digital "because we're either issuing a press release or putting something on our dot-com or one of our social media sites."

## The Rapid Growth of Digital

### Online U.S. Adults

2001   52%    88%   2017

### Smartphone Usage

2010   35%    77%   2017

### Social Media Use

2007   5%    69%   2017

Source: Pew Research

An airline executive defines digital in various ways; the first relates to e-commerce or digital business. "What we are also talking about is content strategy and social; not necessarily the transaction on the website." She said this structure distinguishes the airline from retailers. "[They all] have nice corporate websites, too, but their websites, their digital strategy, is to sell more product online. The airline's digital team works very closely with the IT department on the airline's website, devising new ways to engage with audiences to drive them to the website, the airline's apps and other tactics."

Another healthcare executive defines digital with broad brushstrokes. "Purely the conveyance of our message, the targeting of our message, by utilization of digital technologies and capabilities." His goal is to "digitize the end-user experience across every engagement or outreach or connection we have with them. We try to do it holistically." That requires making certain that the company's digital content/marketing layer is "incredibly connected to the digital automation of the back office and operations."

One financial services executive works for a highly-regulated organization founded in the 1930s, and she said digital is nearly all encompassing. "Digital is just what we do now. This is how we look at it: How do we use technology [to] communicate, interact with, engage with

and strengthen our relationship with various stakeholders, externally and internally, through digital tools?" To her, digital comprises the organization's web properties, social channels and mobile platforms for both customers and employees, as well as the content delivered via these channels/platforms to "help shape the perception of the company and really engage with stakeholders."

Indeed, according to the interviewees, digital is now embedded in almost all facets of communications and marketing strategy. "Everything is becoming digital," said one high-level communicator from a global automaker. "Our products [include] more and more services based on digital solutions; in turn, our communications have to become more digital."

One of the challenges for some CCOs and CMOs, though, is mobile. One healthcare executive said her current focus is evaluating the company's current combination of digital channels for communicating to employees. "What we're missing there is mobile. I'm finding more and more references to other large companies that have employed a mobile-first strategy into their employee communications. [It's important for us] to redefine our channel mix and incorporate digital, social and mobile into that mix."
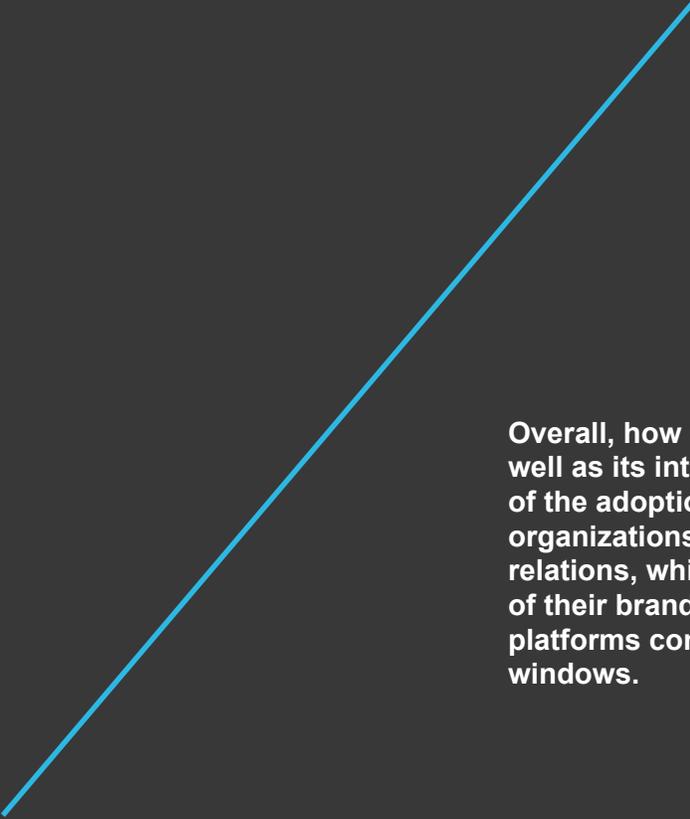
**Overall, how digital is defined and applied, as well as its integration and where it falls in terms of the adoption curve, varies significantly across organizations. Some use digital to drive media relations, while others view it as the foundation of their brand house, with digital channels and platforms constituting the walls, doors and windows.**

# WHO OWNS DIGITAL?

When it comes to communications and marketing, the structure of digital within organizations varies widely from company to company. In short, there is not a universal best practice for an effective corporate framework.

As a result, the question of "who owns digital?" is one with many different answers. One insurance company executive revealed that digital was, until recently, under the firm's chief operating officer. But it had recently been shifted to the purview of the executive vice president responsible for IT. A healthcare leader said his company's digital platforms and budget are split. Corporate communications oversees what he called "reputation-based social and digital." Meanwhile, marketing and sales own digital when it comes to customer-facing and sales applications, ranging from banner ads to product-specific microsites.

Another insurance communications executive explained that in her company, digital (as well as social) operates as a shared service, utilized by both communications and marketing. "We work together, integrate and collaborate very well," she said. Finally, a financial services leader said digital is under the aegis of her marketing department, which also includes branding, public relations, and social media.

# DRINKING FROM THE DATA FIREHOSE

For decades, communications and marketing leaders longed for consistent, detailed data to support or validate their campaigns because they knew basic metrics such as total impressions or media hits were unreliable. The founder and CEO of Big Valley Media and IPR Measurement Commission member Tim Marklein pointed this out in a 2016 article.

In today's digital age, the amount of data available to communicators and marketers is astounding, as is the technology to aggregate and analyze it. According to Harvard Business School professor John Deighton in DMNews, data-driven marketing spend is a little under 20% of the $1.3 trillion total annual marketing spend in the U.S. Additionally, more than 90% of organizations maintain databases to host information on customers or prospects, at least to some extent (eMarketer), and 53% of organizations have instituted an enterprise-wide vision for data analytics (Forbes).

However, having access to a wealth of information does not mean that it can be easily interpreted and leveraged effectively. With so much data at their fingertips, CCOs and CMOs continue to see challenges in determining what is helpful and what is noise. That's a significant issue because senior business leaders are relying on these executives to master the data puzzle, as reported by the CCOs and CMOs in this study:

"We're using data in terms of [understanding behaviors]," said a communications executive in insurance. "How are people being influenced? Where are they shopping? Are they reading what we're putting out? Is it driving them to take any action and are they engaging where we would like them to engage? We're really looking at it more in terms of, 'Is the content that we're putting in front of them actually doing what we want it to do?'"

The head of communications for an airline said there is no shortage of data in her company. "We have so much data streaming in every single day. We have to determine how to manage all of that information while trying to be strategic. We have such immediate speed of information and analytics related to our customer base, it's almost like we're changing and experiencing with them on a daily basis."

For CCOs and CMOs, the pressure is definitely on. In fact, Forrester Research reported that in 2017, at least 30% of CEOs may fire their CMOs for "not mustering the blended skill set they need personally to pull off digital business transformation."

**Digital information and measurement comprise only part of the picture that leaders need. This need for granular data along with insights underscores the need for melding big data with a communicator's observations, experience and instincts to interpret it.**

"Big data can be bad; it can become very paralyzing," said the head of marketing for a food services company. "You've got to stay low to the ground and keep a pulse. I'm a big proponent of using gut and instinct as an actual consumer myself. You've got to literally be on the ground, thinking and acting like your target audience. So we don't mine extensively on data."

A communications executive for an automotive company echoed the perspective that a leader's firsthand knowledge and subjective points of view are essential to understanding the meaning of big data. "Besides all of that data, we are still talking about human beings and sometimes a gut feeling is still needed," The executive emphasized that it is particularly true during a crisis. "I think gut feeling is much more important then. You need the data; but at the end you have to decide because people sometimes react differently than the data says, especially in a crisis situation."

Another automotive executive said he often uses data to confirm or refute his or her instinctual perspectives. "I'm doing it a little bit differently. I have a gut feeling and say, 'I think this could be the way. Could you check and prove by media [data] or by some intelligence if this would work?'," he said. "And then people will tell me that we can keep it or this way I will not achieve the goal. But if we are on the right track, I rely on the data." He also said on his corporate wish list is a new hire who could assist him in making these decisions.

> **"What I really would like to have is a chief intelligence manager here so that we could do this in real time."**

In addition to relying on quantitative data and experience, many executives check the voice of the customer to help inform their strategies. "We use focus groups as appropriate to supplement quantitative research," said one telecom executive. "We do that internally. We do that externally. There's a whole research organization within our global marketing organization that is constantly assessing and conducting focus groups to complement and supplement what we see quantitatively, so that we can get the deeper level of insights."

An executive at a fresh food products company suggested CMOs should immerse themselves in the technology, product and data. "You can't get too comfortable in what you do in your environment. You've got to get out. Be a user. I would venture to say a lot of CMOs struggle with even using social themselves. You've got to be on Snapchat yourself, actually use it. If you're going to be on social and try to understand it, you actually have to use it. That means get out in the shopping environment, get on to social. You've got to know what people are interested in, in the moment."

At the end of the day, a skilled CCO or CMO is still valued for his or her experience, observations and instincts. Those attributes, combined with solid data, could make a significant difference for a marketing or communications executive. "We don't mine on data alone," said the CMO of a consumer packaged goods company. "I'm a big proponent of using a balance of [data] and instinct as a consumer. The CMO is a consumer."

# A DIGITAL ROADMAP TO FOLLOW

Digital has become so critical to the job for every communications and marketing leader that it can seem daunting to wrap your arms around it. But make no mistake: digitally-driven strategies, tactics and tools underpin the future of the profession. Organizations that don't accept this reality risk being disrupted just like Netflix disrupted Blockbuster or Amazon disrupted Kmart.

To help guide your digital journey, consider these steps when designing and implementing your digital communications and marketing plans.
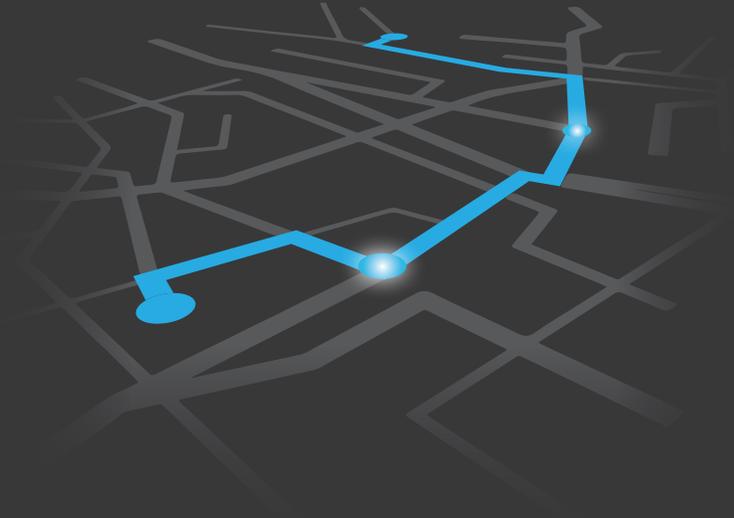
# 1 /

## BEGIN WITH A DIGITAL AUDIT

Map the user experience (UX) and gather data. How do your prospects, customers and other key stakeholders (e.g. journalists) behave in the digital ecosystem? What platforms do they prefer and why? What types of digital content do they favor?

Determine where and how you're currently engaging with them. Use surveys, focus groups and interviews to inform your research of how engagement flows both ways across paid, owned and earned channels. If you cannot obtain the data, buy it from a third party.

Make sure you have in place data scientists and software to analyze the information you gather. If you don't own it, consider outsourcing.

Compare your findings to your current digital strategy and tools. Are you targeting, tracking and engaging the right people on the right platforms? This will define exactly what digital means to you. When you tie this analysis to your business goals, you will almost certainly find gaps you will need to bridge.

This also will help you define exactly what strategies, content and tools you need to move the needle with your prospects and customers.

# 2

## IMPLEMENT YOUR STRATEGY

Armed with this information, find out who owns the content, tools and data you need to run a strategic digital communications program on an ongoing basis. It might be in sales, IT, HR or buried within a business-line silo. Use the research findings from your audit to bring everyone to the table to implement a holistic digital strategy.

Create clearly defined parameters within your Digital Cabinet -- the CCO, CMO, head of sales/customer experience, IR and HR -- to determine who will contribute what (resources and budget) to the digital strategy.

As a leader, you must find time to regularly step outside your office to put yourself in your audiences' shoes. You (and all of your Digital Cabinet, as a matter of fact) should experience your brand from the outside in to help determine any gaps or weaknesses in your value proposition.

# 3

## MEASURE AND OPTIMIZE

Develop a program for tracking what your competitors are doing in the digital landscape.

Create a holistic measurement system to track – and change on the fly, if needed – any and every facet of your digitally-driven strategic communications program.

Analyze every single point of qualitative and quantitative feedback, but trust your gut when making a final decision.

Meet with your Digital Cabinet at least twice a month to gauge your progress toward your goals and course correct as needed.

Schedule quarterly brainstorms to innovate new digital strategies, tactics and content. Bring in professionals from other departments and from outside your organization to ensure diverse POVs. Digital moves too fast to become stuck in a rut.

# YOUR DIGITAL AND DATA CHECKLIST

When creating or refining your digital and data strategies, use this checklist to make sure you're asking the right questions:

- Are our digital and data strategies truly aligned with our business goals? Or are we using some tools/tactics just because they are trendy?

- Are we engaging for the sake of engaging? Or are we building loyalty and improving relationships with our stakeholders? Are we engaging ethically and showing care for our stakeholders?

- When it comes to digital platforms, how do we know which ones are most important to our audiences? Do we know how they like to engage and what content they prefer on each platform? Have we conducted the appropriate research?

- Within our organization, who owns the digital channels that are most important to our stakeholders? PR, marketing, sales, customer service, human resources, investor relations? How well are we engaging and integrating our internal departments?

- Do we have the talent to properly implement and manage all the new digital tools/channels available? If not, can we outsource?

- Who is keeping an eye out for new digital and data platforms and tools? Who is watching our competitors to make sure they don't out-innovate us?

- Digital can create mountains of data. Who owns the data we need to make key decisions? How are we collecting and analyzing that data? Do we know the most important factors to analyze?

- Do we have the talent we need to clean, analyze and pull data to glean insights from the numbers?

- How are we measuring the impact of our digital communications? Are we using the right metrics?

- When is the last time our team experienced our organization's digital channels like our stakeholders do? Is our digital ecosystem really supporting our brand promise and values?

# METHODOLOGY

Peppercomm conducted in-depth telephone interviews with 22 executives who are senior leaders responsible for communications and/or marketing in large enterprises between October 2016 and February 2017 to uncover the key challenges and opportunities these professionals face in today's rapidly changing world. Half of the interview subjects carried a C-level title: either chief communications officer or chief marketing officer. Two individuals were either group head or head of communications. Seven others held various vice president positions, from executive VP to assistant VP.

These leaders were drawn from a diverse set of both consumer and business-to-business industries, including automotive, financial services, healthcare, insurance, law, pharmaceuticals, retail and transportation. The interviewees included 12 men and 10 women.

All interview participants were assured confidentiality to elicit the most candid responses. After the interviews, we used key themes that emerged from the discussion and transcripts as section headers in this report. Secondary research sources also informed our insights and analysis; they are quoted directly when relevant. Please note that this is a qualitative study. Due to the small sample size, results are applicable to those interviewed, and may not be representative of the communications and marketing functions as a whole.

This is the second study released in 2017 by Peppercomm and IPR. The first study looked at how CCOs and CMOs are operating in an era of uncertainty, polarization and fake news with the new presidential administration. The report can be found at instituteforpr.org/time-change-ccos-cmos-handling-new-presidential-administration