

Wunderkind

THE
CMO STATE
OF THE UNION

The Great Return to the Golden Age of Marketing



Contents

<u>Executive Summary</u>	1
<u>Key Finding #1: External Pressures</u>	3
<u>Key Finding #2: Loss of Third Party Cookies</u>	5
<u>Key Finding #3: Consumer Feedback</u>	7
<u>Key Finding #4: Technology & Marketing</u>	9
<u>Final Thoughts</u>	11

Until recently, marketers could be forgiven for looking back wistfully on the ‘Mad Men’ era as a golden age of marketing, with timeless ad slogans, perfect pitches and 3-course martini lunches. Those years ushered in the birth of iconic advertising messages across all industries, ranging from beverages (“I’d like to buy the world a Coke”) to credit cards (“American Express. Don’t leave home without it”). Cut to the postmodern era, the massive proliferation of social media channels, the ubiquity of mobile and the explosive growth of eCommerce sparked a constant battle for the consumer’s attention and changed the role of the modern-day marketer forever. Yet again, recent events have sown the seeds of more change.

The world has transformed beyond recognition over the past two years, and with it, marketers have been forced to throw out their outdated playbooks and re-assess their priorities. The Covid-19 pandemic, war in Ukraine, supply chain issues and inflation have left marketing teams around the world scrambling to keep up with near-constant changes in consumer behaviors, technology, and market economics. Additionally, the significant rise in advertising costs, 92% of Apple customers choosing “Do Not Track”, and Google removing third-party cookies, have forced every marketer’s hand.

We firmly believe that the challenges we’ve all faced over the last several years have compelled marketers to ditch the status quo and go back to the proverbial drawing board. Original Wunderkind research, based on qualitative and quantitative data from over 100 leading B2C brands, suggests we are on the cusp of a contemporary golden age of marketing.

In this report, we will explore why marketers must embrace this new era of marketing by rethinking how they approach their marketing mix and questioning legacy SaaS products that are holding them back. As marketing conditions continue to change, CMOs must find new ways to drive sustained growth.

What worked yesterday, won’t work today. But CMO’s are ready for the challenge.

EXECUTIVE SUMMARY

Wunderkind surveyed over 100 senior marketing leaders at leading B2C brands across the US and the UK to get their outlook on the current state of marketing. We discovered that the unique challenges of the last few years have forced marketers to reevaluate ubiquitous modern marketing tactics and return to tried and tested strategies.

Key findings within this report include:

1. 94% of CMO's look at the last 2 years as a positive turning point for marketers, but 70% predict their marketing budgets will begin to shrink in the next year. The past two years have been taxing, and there are more challenges to come, but CMO's are ready to do what it takes to succeed.
2. 60% of CMO's are preparing for cookie deprecation, but aren't fully confident on how to turn it into a competitive advantage. Since legacy SaaS can only identify up to 5% of visitors to a brand's website at any given moment, CMOs say first-party data is having the least positive impact on revenue. Brands must find a way to unlock first party data as a new performance channel to make up for the loss of third party cookies.
3. 78% of CMO's believe they have a good customer experience strategy - but consumers aren't so sure. Consumer research shows that shoppers are dissatisfied with how brands communicate with them. CMO's have fallen into the trap of over-reliance on external channels and 3rd party data.
4. Only 5% of company leaders believe their marketing organization utilizes their technology extremely well. No one in the US indicated their organization was "extremely good" at utilizing their technology. Legacy SaaS and technical debt are significantly holding CMO's back from being able to move forward with their marketing objectives. They are drowning in a sea of data and technology that isn't connected or talking to each other.

THIS REPORT WILL DIVE DEEPER INTO THESE FINDINGS TO UNCOVER INSIGHTS AND OPPORTUNITIES FOR YOUR BRAND. YOU WILL GAIN A FUNDAMENTAL UNDERSTANDING OF THE CURRENT MARKETING LANDSCAPE AND HOW IT IS EVOLVING, GIVING YOU A VALUABLE EDGE THAT WILL INFORM YOUR FUTURE MARKETING, PRODUCT AND COMMUNICATION STRATEGIES.

KEY FINDINGS

1. External pressures have forced CMO's to rethink the status quo and go back to the drawing board where new marketing strategies need to be adopted and anything is possible.

Now is undoubtedly one of the most challenging times for brands in recent history. CMO's have faced the pandemic, social pressures, supply chain issues, cookie deprecation, the great resignation, and now the retail recession. These shake-ups have shown marketers that everything they knew about modern marketing is off the table.

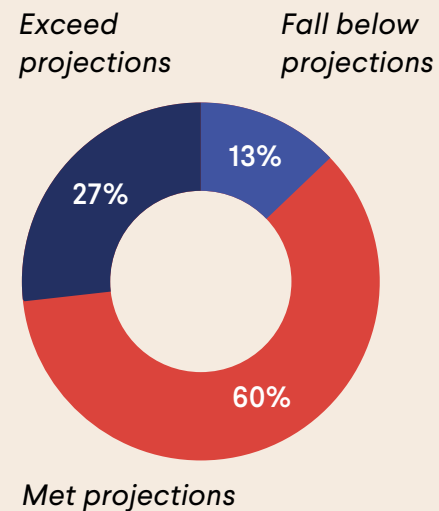
Many CMO's were able to negotiate temporary budget increases to drive revenue and brand awareness - especially online. However, as consumer purse strings tighten and the gap between online and brick-and-mortar revenue equalizes, it is likely that marketing leaders will need to pivot once more. While 79% of CMO's have shifted more of their marketing spend online, only 29% feel this shift will last, and nearly 71% are already planning to reduce their online marketing spend in the future.

Marketers must be prepared to turn the traffic and interactions they are driving online into a sustainable source of revenue. Maintaining digital revenue while decreasing online marketing spend and losing 3rd party cookies will require CMO's to - martini in hand - go back to the drawing board. Let's dive into ways marketers can make up this loss.

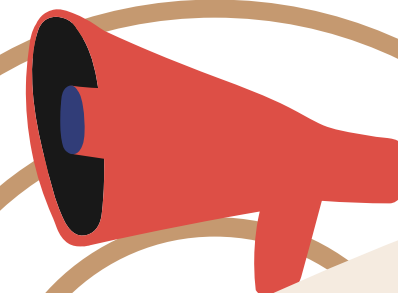
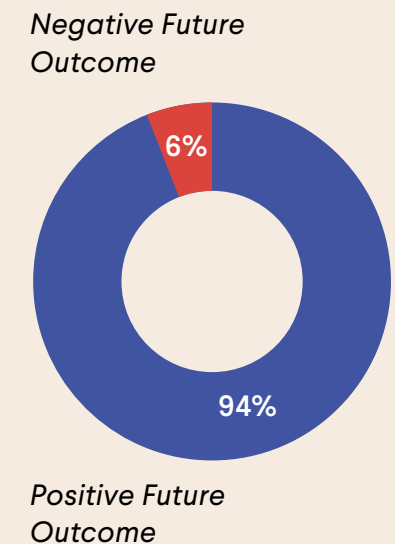
“When you're in a crisis, you make decisions with much more clarity and kind of scrub through all of those bad habits and those bad habits are gone. And now we're making smarter, more informed decisions on behalf of our customers, but also on behalf of our shareholders. And again, we're a winner in this pandemic, but we're not the only ones.”

CMO, GLOBAL RETAIL BRAND

Revenue Performance Over Past Year



Outcome Changes Over the Past Two Years Have Led To



KEY FINDINGS

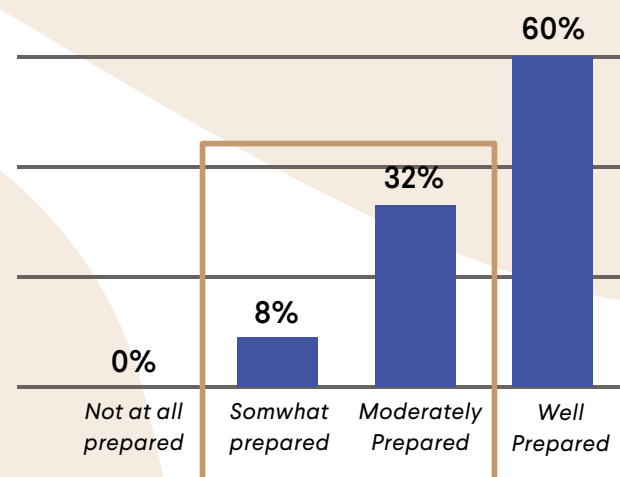
2. While the majority of CMO's are preparing for the loss of third-party cookies, they haven't figured out how to turn it into a competitive advantage.

The end of third-party cookies is imminent. With governments around the world cracking down on data privacy, Big Tech has stepped up to give consumers more control over their data. Google has announced it will be phasing out third-party cookies in the next few years - several years after Firefox and Safari stopped tracking cookies on their browsers.

Cookie depreciation is disconcerting for brands that have been relying on third-party cookies to target and engage with customers and potential customers. Without third-party cookies, marketers will need to find new ways to make up for the revenue they will lose.

While marketers may feel they need to add this to the ever-growing list on the whiteboard, all hope is not lost. There is a new performance channel that most marketers aren't aware they can tap into - first-party data. In our survey, marketers ranked "first-party data" as having the least positive impact on marketing results as legacy SaaS systems can only identify up to 5% of website visitors. But what if you could identify more of your traffic to unlock a new, scalable revenue channel? With a performance growth platform that is centered around first-party data, marketers will build the important one-to-one messaging strategy that drives engagement and ultimately generates revenue.

Preparedness without Cookies



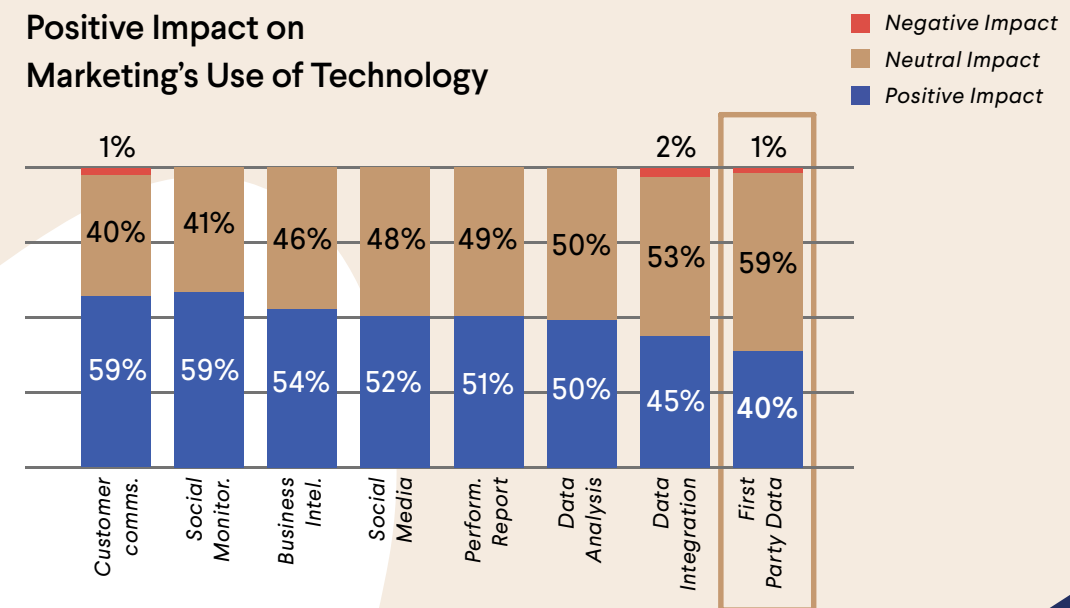
40% of company leaders believe there is more work to be done to make up for the loss of cookies.

“This is a real gut check for any modern marketer, [changing] from the laziness of the past five to ten years to re-embrace the Golden Age of marketing with an engaged consumer base that you’re offering some added value to, as opposed to the lazy retargeting that I think some brands (and honestly, I can say I’ve been there and done that) had been doing when you could simply retarget effectively over the digital landscape.”

It paints a picture of a changing marketing organization - a modern marketing organization - where you’re seeing more emphasis on data, on the technical side of marketing, with a greater need for analysts, and these kinds of specialized skills. This is where you’re seeing greater deployment of resource allocation. The marketing tech stack will evolve every day and it can get dated quickly if you don’t continue to innovate... [And] the battle for human talent is greater than ever before.

CMO, GLOBAL RETAIL BRAND

Positive Impact on Marketing's Use of Technology



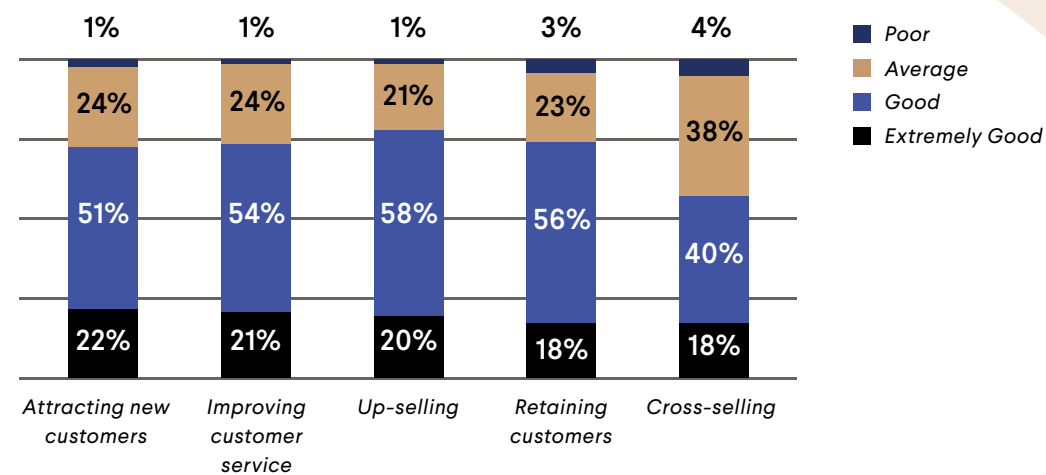
KEY FINDINGS

3. While most CMO's feel they are delivering class-leading experiences, consumer feedback reveals customer frustrations.

Advertising jingle falling flat? 78% of CMO's believe they have a good customer experience strategy that creates meaningful one-to-one interactions between their company and its consumers. However, consumers say otherwise. Shoppers are adamantly dissatisfied with how brands communicate with them. Consequently, customers flock to Amazon in an attempt to simplify their purchasing decisions. So, where are brands falling short?

For a long time, brands have been overly reliant on external channels and 3rd-party data to target, retarget and acquire new customers. What customers truly desire is individualized brand interactions. Given CMOs have cited first party data as the least impactful marketing metric, it's no wonder there is a disconnect between consumers and brands. If marketers can't recognize a customer for who they are and where they are, it becomes incredibly difficult to scale one-to-one messages through owned marketing channels effectively.

Personalization Performance

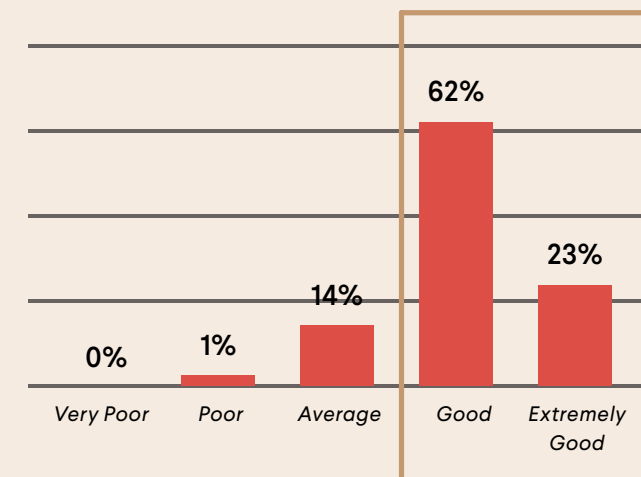


“The way people shop continues to become more complex and more multidimensional. So counting on the fact that advertising on [one social channel] is going to continue to carry the torch for your business single-handedly is not realistic. Because that’s also not how people shop.”

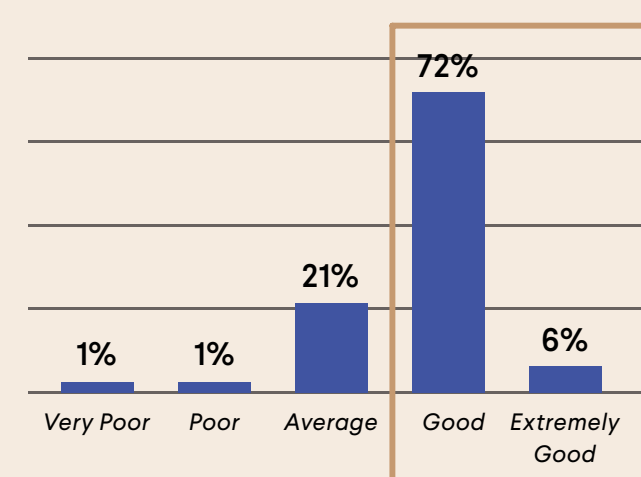
It’s not where people get ideas. It’s not where people get excited about product all the time... the reality is channels are more complex, content lives in so many places, consumption happens in so many different ways that you really need to be aware of what your particular target, your known target as well as your aspirational target is doing from a consumption standpoint.”

CMO, GLOBAL EYEWEAR BRAND

Personalization Strategy Rating



Performance on Customer Experience



KEY FINDINGS

4. There is a strong need to improve the synergy between technology and marketing, as legacy SaaS technology soaks up investment rather than driving revenue.

Technology has permeated marketing for decades, supplanting some of the tried and tested methods of marketers that served our forebears so well. Fans of the iconic TV show Mad Men may remember how the IBM System/360 mainframe computer replaced an ad agency's entire creative department. In reality, though, the 1960s - 1990s gave rise to a happy marriage between advertising and technology as marketers leveraged the new mass medium of television. Fast-forward to now, and legacy SaaS and technical debt is significantly holding CMO's back from being able to move forward with their marketing objectives.

We've been talking about this for over a decade now and yet...marketing leaders are *still* drowning in a sea of data and technology that isn't connected or talking to each other. In fact, a mere 9% of company leaders believe their tech strategy greatly enables their marketing performance. CMO's often believe the solution is to hire analysts and invest in consulting services to make sense of all their customer data and interactions. But with a shortage in human talent and the Great Resignation, this has become an even greater challenge.

Marketers need to stop looking to legacy SaaS and human resources to unlock first-party data as a growth strategy, but instead explore a revenue-first service provider powered by identification technology that can scale marketing messages. Revenue as a service (RaaS) is the highly anticipated evolution of the traditional SaaS model which layers on top of legacy SaaS to not only mature the technology, but also guarantee revenue. RaaS has the powerful combination of next-gen product, services and guaranteed revenue.

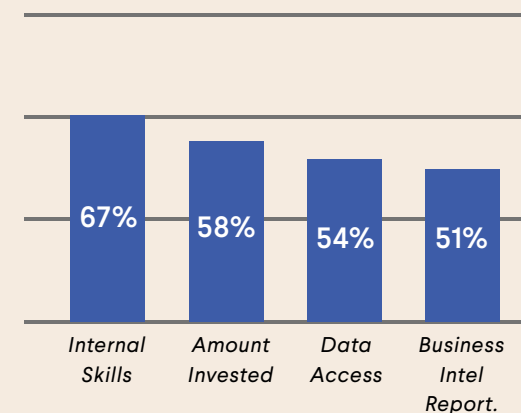
“Even companies that grew up as leaders in ecommerce face the challenge of dated technology: So for example within [our group], the key thing has been getting rid of what they call technical debt and moving onto one platform. And that's been where all the developers' time has been spent, which has meant that we've not been able to develop what I would call as B2C customer friendly.”

CMO, UK ONLINE ADVERTISING COMPANY

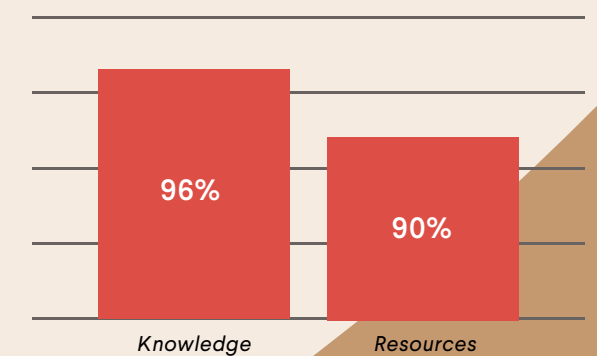
“[The areas] where we're poor, we rely on our partner vendors. Whether it's Google, our customer data platform and CRM vendors, we really rely upon their expertise and their tech stack. Particularly in niche areas, it's about getting the right talent in-house and it's proved to be quite tricky and an area where we've struggled.”

GLOBAL VP DIGITAL, ECCO

Companies Are Relying On The Following to Mature Technology



Leaders Believe There Is A Gap In Maturing Legacy SaaS Through



FINAL THOUGHTS

Are we headed to a new golden age of marketing?

Today's marketer has experienced more change over the past two years than their predecessors did in twenty. They are willing to do whatever it takes to build a strong brand and deliver customers the unique experiences they crave. But lack of time and resources, siloed departments and data, and tired legacy SaaS systems make it almost impossible to focus on what matters. It's time to take a hard look at what is really moving the needle and build out high-performing growth channels to generate revenue like never before.

CMOs need to look outside the box to new performance growth channels that will allow them to build a sustainable revenue machine, instead of relying on diminishing returns generated by the likes of Google and Facebook. To make that a reality, leveraging synergies between tech and marketing will be crucial to your brand's success. Begin by prioritizing first-party data to gain a holistic understanding of your customers across all touchpoints, and you will be on track. So join us in raising a glass to your success.

About Wunderkind

Wunderkind is a leading performance marketing engine that scales one-to-one messages for top brands. Digital businesses use Wunderkind to remember who their site visitors are better than ever before, allowing them to deliver high-performing, one-to-one messages on websites, through emails and texts, and in ads at a scale that's not otherwise possible.

Wunderkind drives \$5 billion dollars annually in directly attributable revenue for top eCommerce brands like Uniqlo, Sonos and HelloFresh, often ranking as a top 3 revenue channel in their own analytics. Wunderkind is maniacally obsessed with ROI and aims to be the infrastructural interface between individuals and brands in a world where consumers choose what they want, from whom, and when.

Learn more by visiting www.wunderkind.co