
///CMO Outlook Webinar

Data, Decisions, and Optimism: How
CMOs are driving change in an evolving
world

/// **CMO Outlook** Webinar
Introduction

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Gonzalo Garcia Villanueva
Chief Marketing Officer



Speakers

Michaela Albrecht
Senior Director

Review of the Economic
Outlook
*How to Unlock Real-Time
Insights*

Stacy Bereck
Managing Director

Consumer & Marketing
Insights (CMI)
*Sustainability and
environmental protection*

Sheila Kurniadi
Global Consultant **gfkconsult**

Short-term vs
long-term brand investment

/// **CMO Outlook** Webinar
Review of the Economic Outlook
How to Unlock Real-Time Insights

· · · **Michaela Albrecht**
· · · Senior Director
· · ·

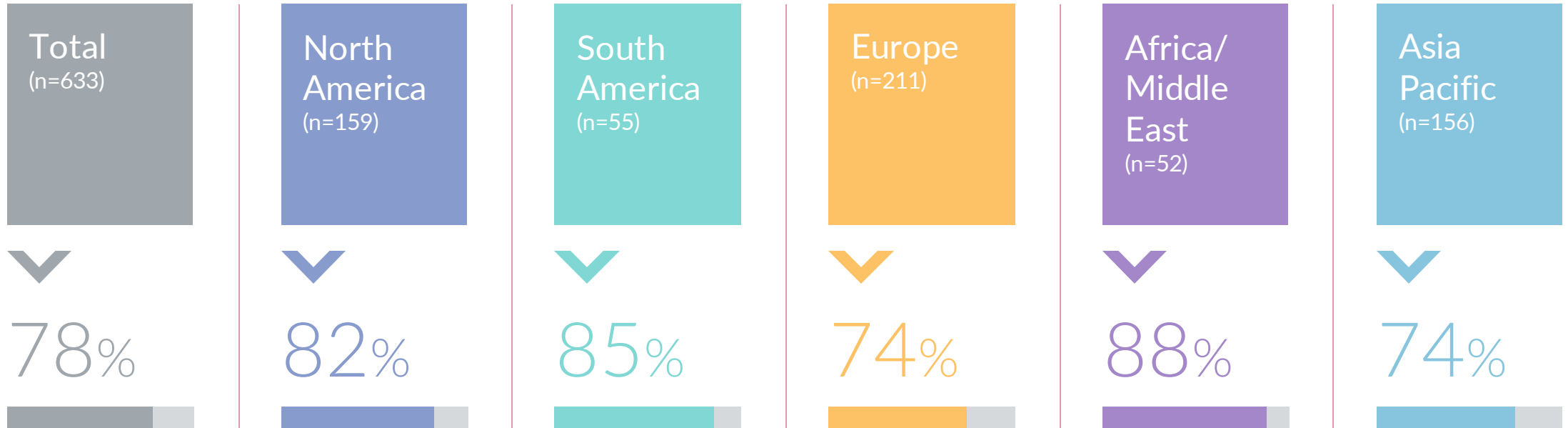
How optimistic are marketing leaders about the future?

Are they getting the marketing investment they need in the current economic environment?

/// GfK's new research shows that 78% of CMOs are optimistic about the future



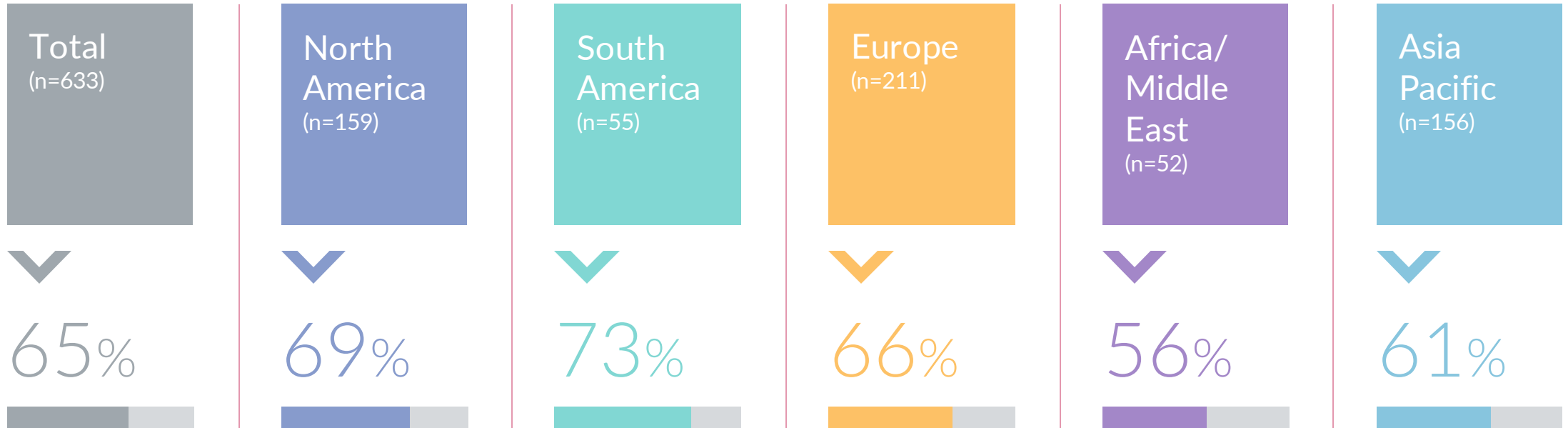
"I'm confident that we will be stronger in 3 years' time than we are now"*



/// Most marketers show impressive confidence in their ability to justify marketing investments



"It's easy for us to make the case for marketing investment in the current economic environment"*



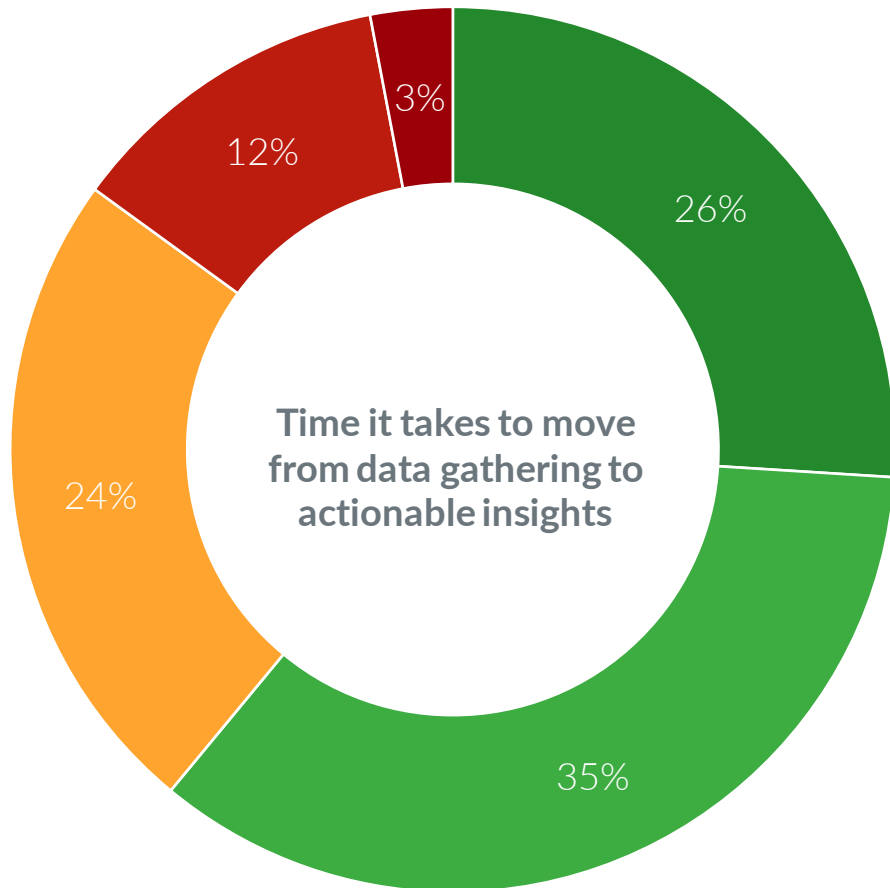
From data to
insights - data
and analytical
capabilities




Quite fast, but for many not in real time



Only 26% of the marketing decision-makers say that they receive actionable insights in real-time



- Immediately, real-time
- Short of real-time, but still considered fast
- Later than desired, but still in good time
- A long time, but insights are still useful
- Far too long to get too little



In today's fast-paced world, businesses need to **make informed decisions quickly.**

Companies with a high CMO outlook index get

1.5X

more often insights from data in real-time.



Data and analytical capabilities



Over the next 12 months, marketing leaders are all about media optimization, making connections, integrating and connecting data and deriving real insights

Areas for improvement the next 12 months...



Media optimization



Extracting relevant data signals across channels



Generating actionable insights



Story telling / data visualization



Data integration

A photograph of a person in a light-colored shirt working on a laptop. The person's hands are on the keyboard, and they are holding a pen. The image is overlaid with a grid of white dots and lines, and a bar chart with vertical bars of varying heights. The lighting is warm and soft, suggesting an indoor office environment.

Data and Analytics are a **booster of productivity.**

Companies with a high
CMO outlook index get

1.3X

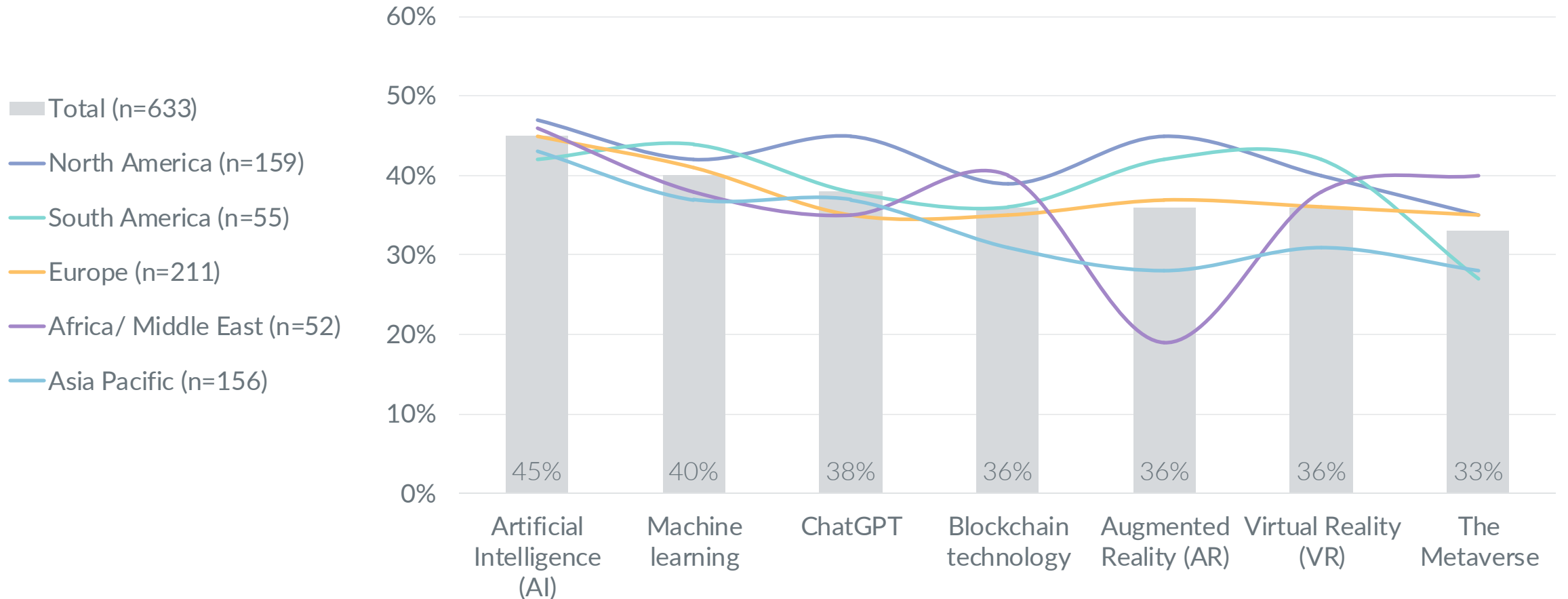
more often think, they have a
mature knowledge of data
and analytic approaches.

Beyond the hype – what AI actually means for marketing

/// Marketing leaders are most familiar with AI, machine learning, closely followed by ChatGPT



Usage

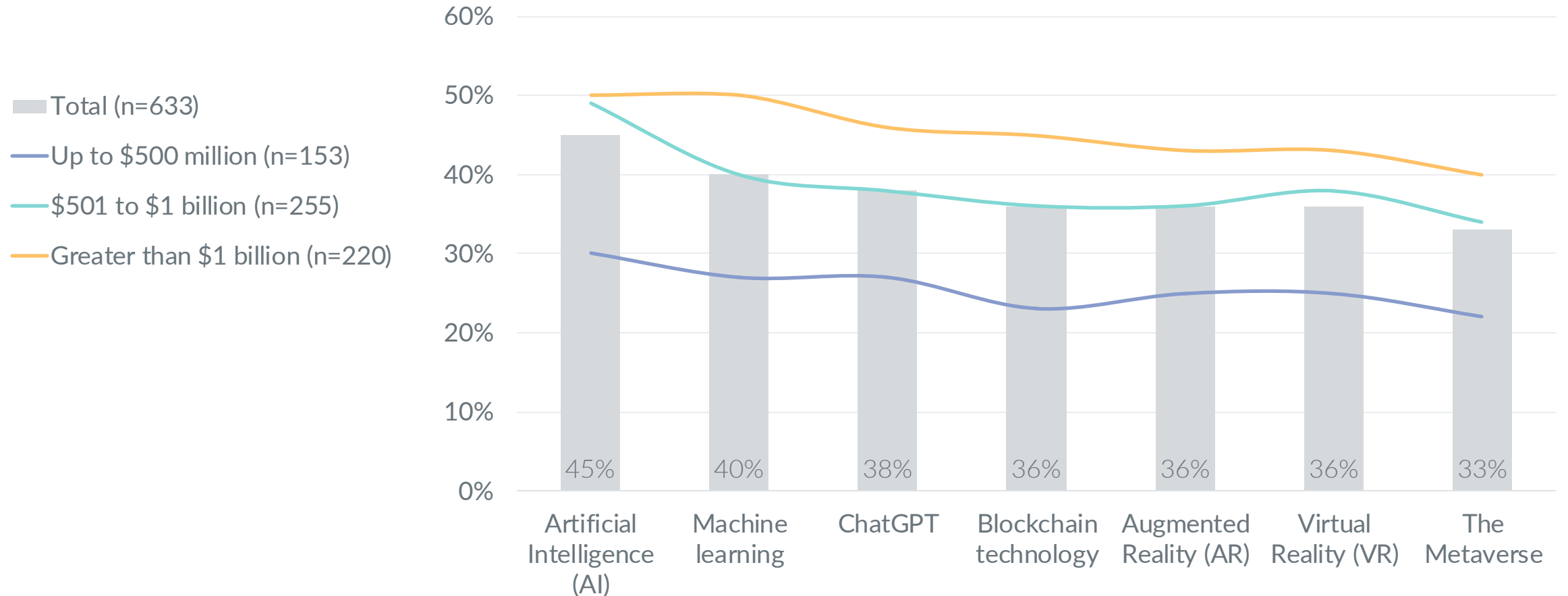




Companies with a revenue greater than \$1 billion are more familiar with new technologies compared to smaller companies



Usage



/// **CMO Outlook** Webinar
Consumer & Marketing Insights (CMI)
Sustainability and environmental protection

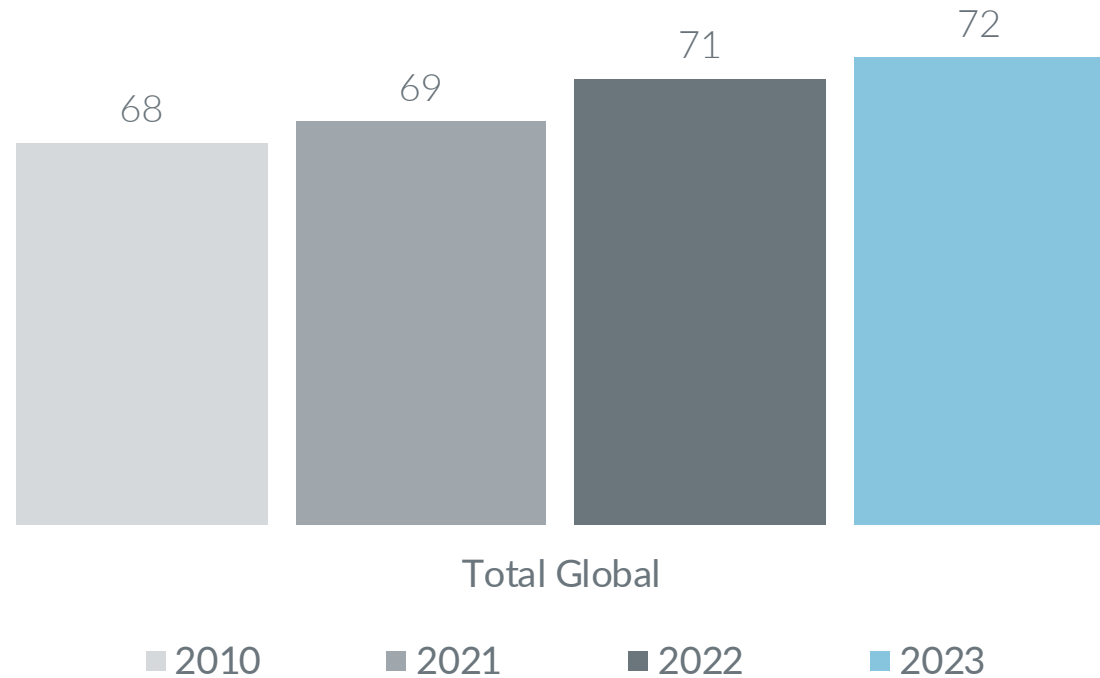
· · · **Stacy Bereck**
· · · Managing Director

/// Consumer concern for the environment is high and has continued to grow



Even in the context of the other global crises over the past few years

% who say climate change is an extremely / very serious issue



North America and Developed Asia trail other markets, but North America has seen long-term increases in concern

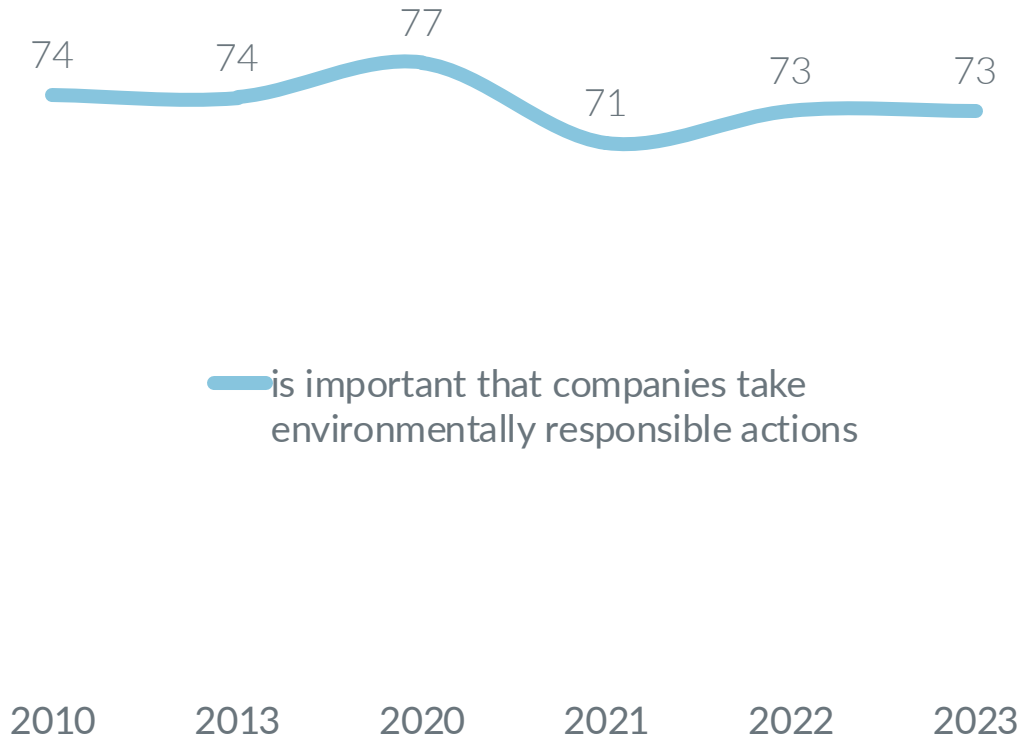
- Latin America: 82%
- Developing Asia: 73%
- Western Europe: 70%
- Developed Asia: 64%
- North America: 61%

/// Environment protection is viewed as table stakes for brands

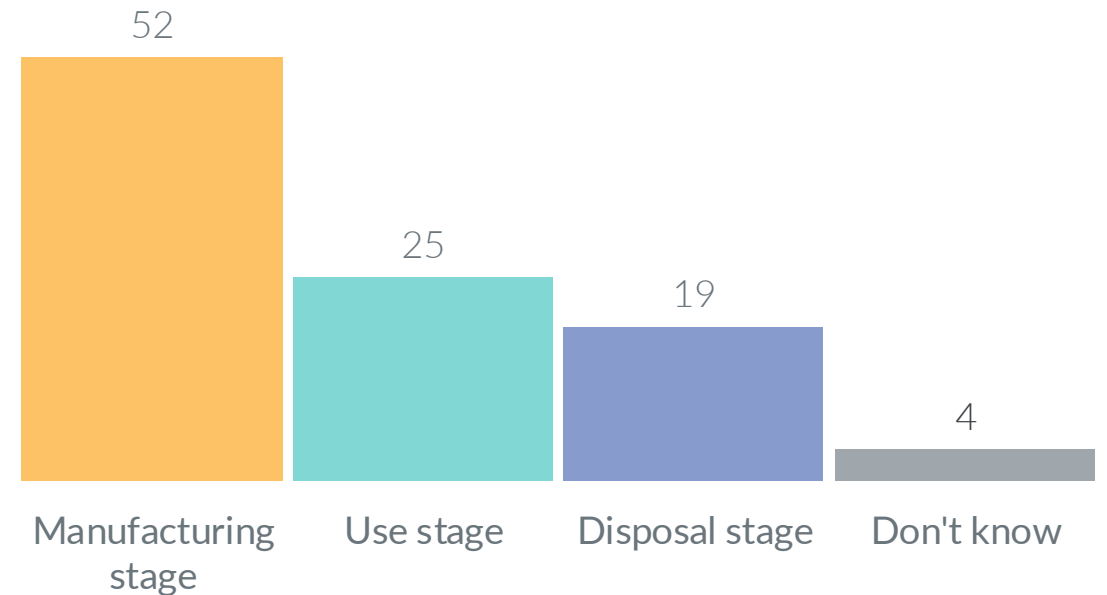


Three-quarters of consumers across the globe have viewed this as a requirement for over a decade

% who agree (top 2)



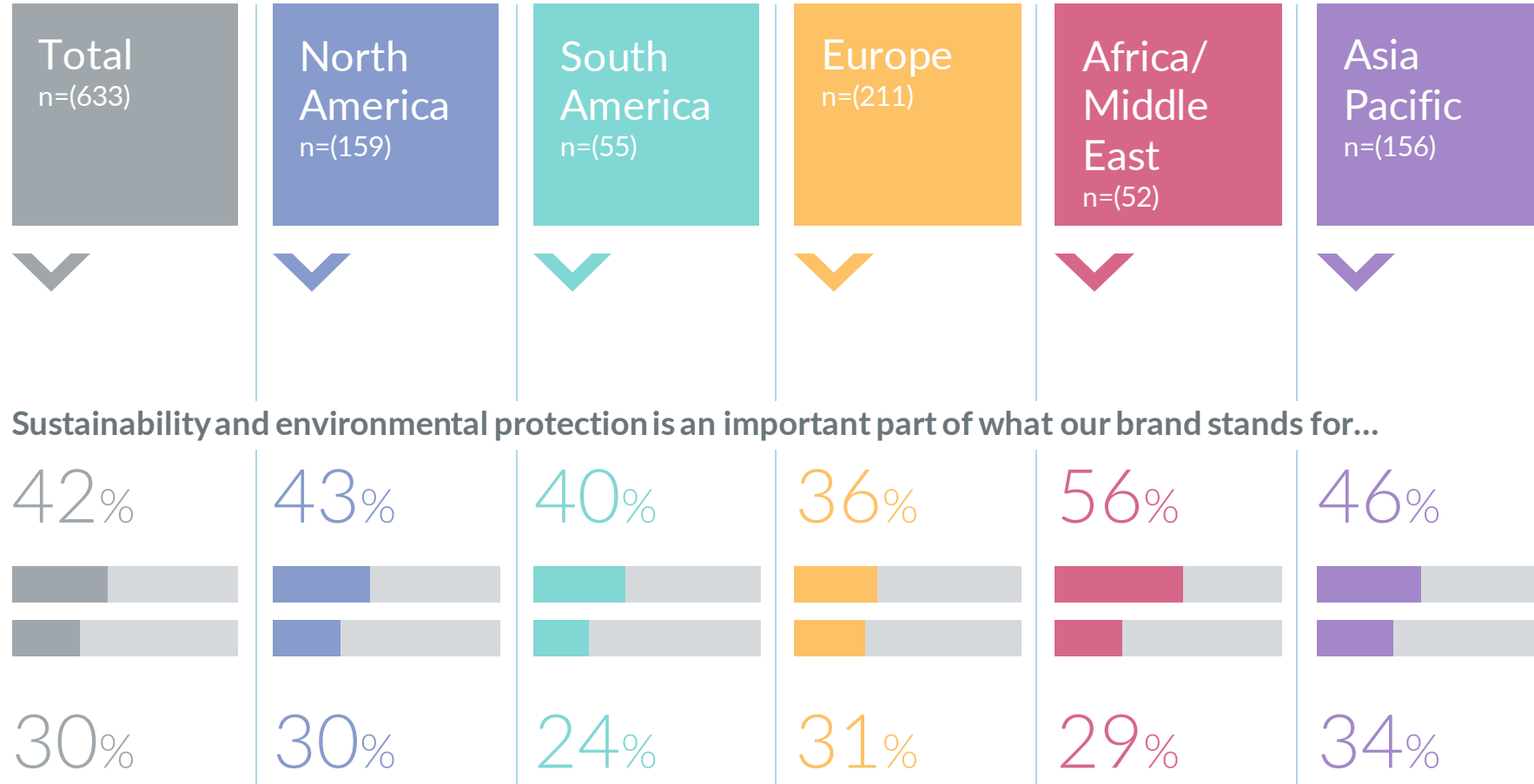
Stage at which it is most important for products to be environmentally friendly (%)



/// Yet marketing leaders appear out of step with these concerns



Only 42% think Sustainability is an important part of what their brand stands and fewer think it is demanded by customers



The bigger the company, the more marketing leaders think that customers expect companies to address this topic:

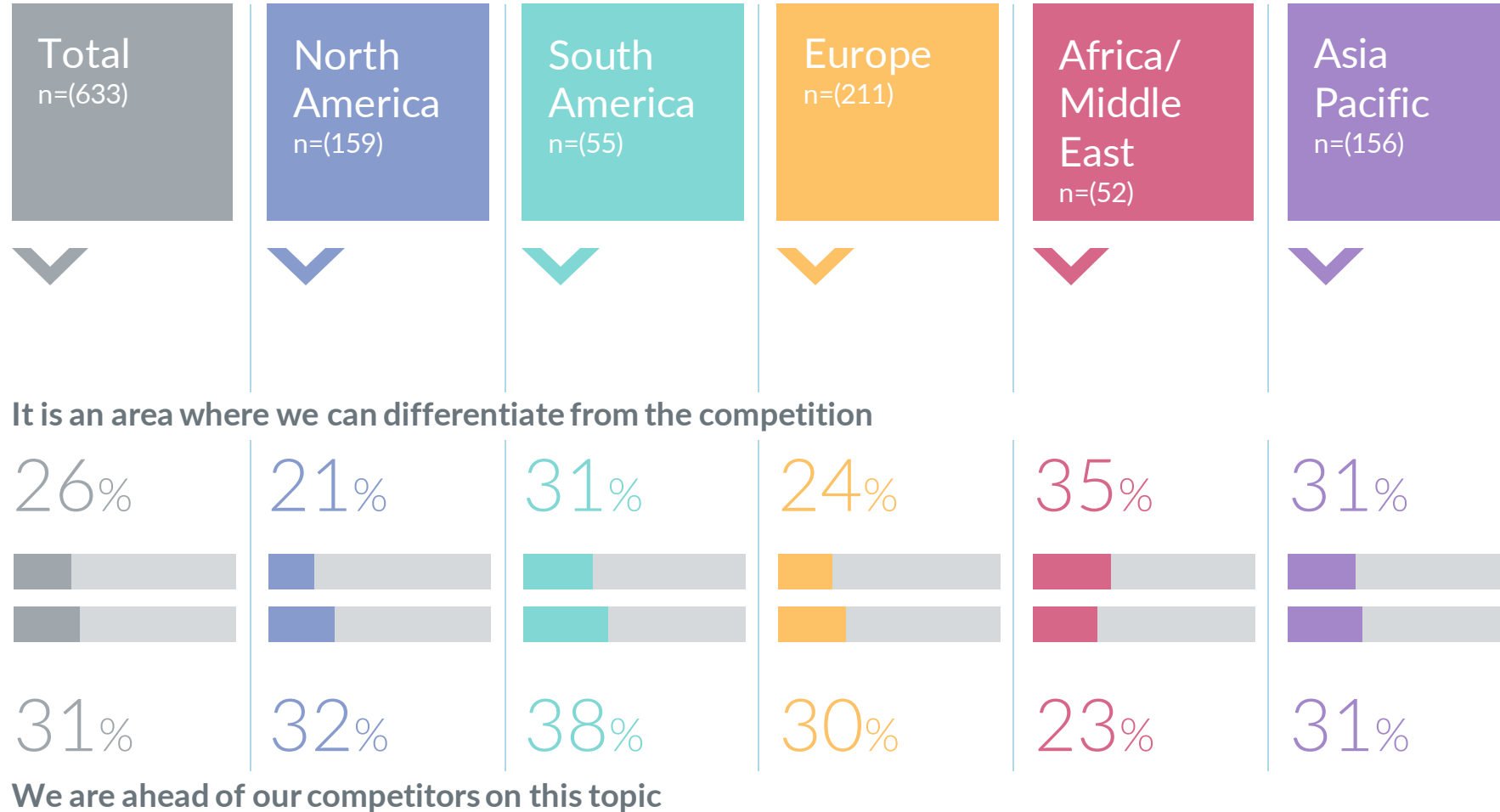
- Up to \$500 million: 27%
- \$501 to \$1 billion: 30%
- Greater than \$1 billion: 33%

Sustainability and environmental protection: Our customers expect us to address this issue

/// Sustainability policies are not seen as driving competitive advantage



Few think they stand out from the competition in this area



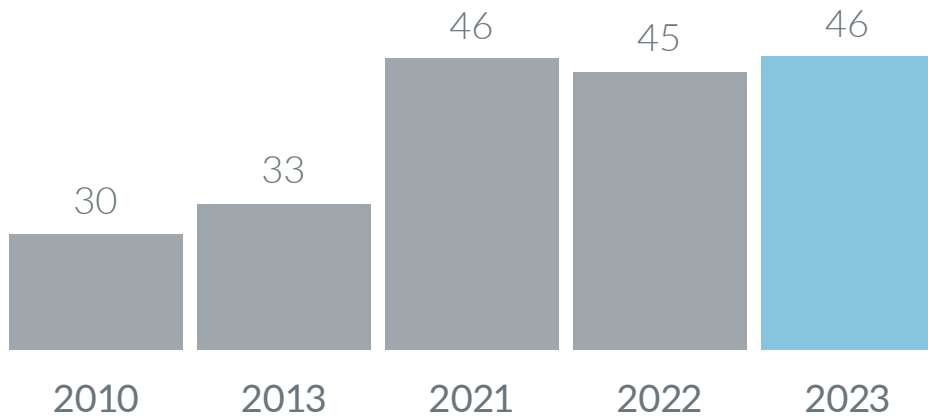
Large companies (> \$1 billion) are more likely to believe that they can use sustainability to **differentiate** themselves from the competition (30%) and that they are already **leading** in this space (34%).

/// Many consumers say they consider sustainability when making purchases



The proportion has hovered just under 50% recently, but has increased dramatically long-term

% who take environmental protection into account when purchasing (global, top 2)



2023 (%)

Developing Asia	51
South America	48
Western Europe	40
North America	29
Developed Asia	21

Willingness to pay a 10%+ premium for environmentally friendly alternatives

Clothing	68%
HBA	
Household cleaning	
Mobile phones	
Vehicles	
Packaged foods	
Electronics	
Large Appliances	
Small Appliances	52%



/// Sustainability sector objectives are often about “reducing” and “saving”



Many top factors are good for the wallet as well as for the environment

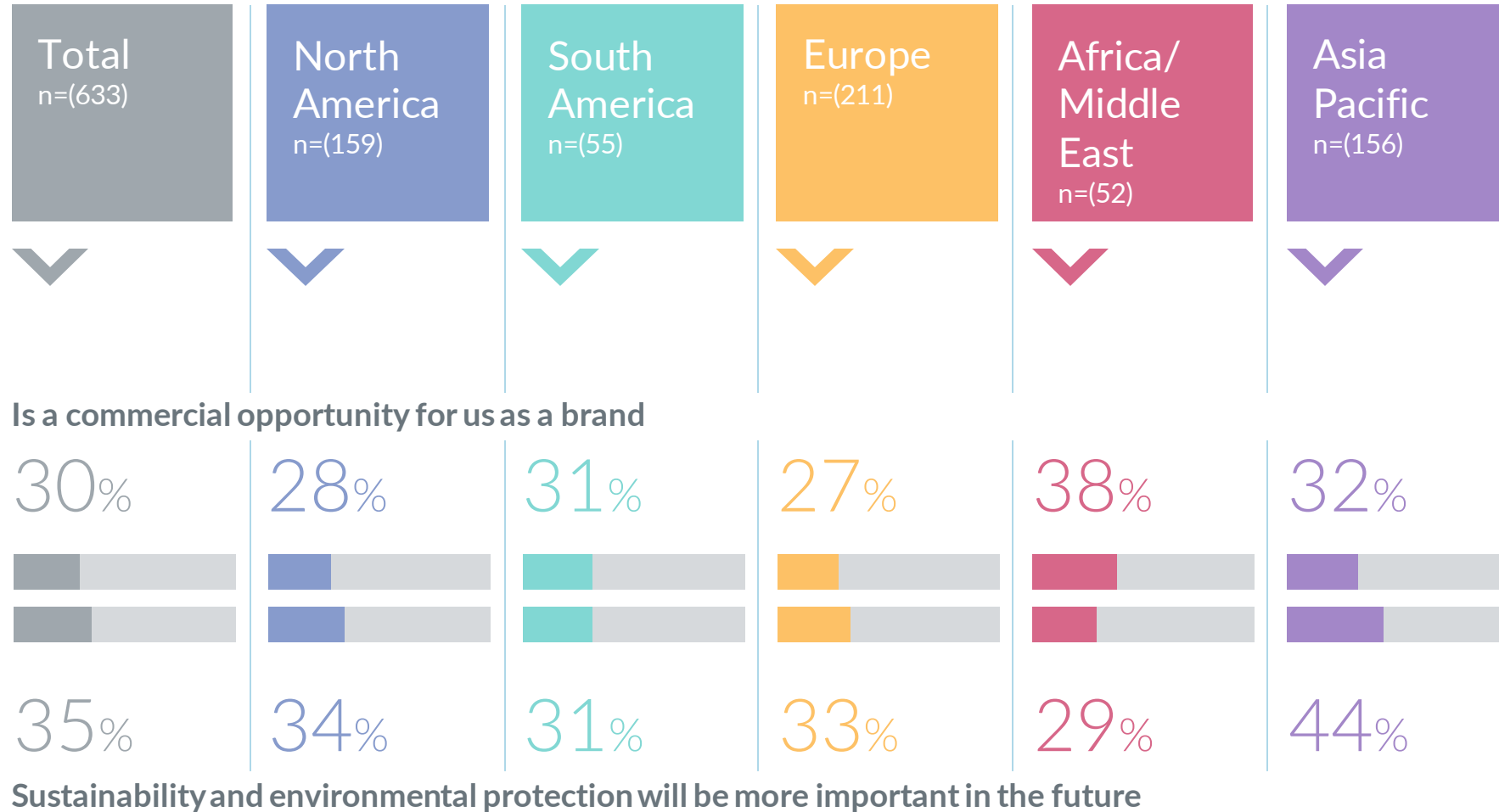
Top three environmental aspects in purchase decisions by sector

Appliances	<ul style="list-style-type: none"> Low energy consumption 	<ul style="list-style-type: none"> Low water consumption 	<ul style="list-style-type: none"> Can be recycled / refurbished
Electronics	<ul style="list-style-type: none"> Low energy consumption 	<ul style="list-style-type: none"> Can be recycled / refurbished 	<ul style="list-style-type: none"> Minimal / recyclable packaging
HBA	<ul style="list-style-type: none"> Free of microplastics 	<ul style="list-style-type: none"> No animal testing 	<ul style="list-style-type: none"> Packaging can be recycled
Household cleaning	<ul style="list-style-type: none"> Free of harmful chemicals / non-toxic 	<ul style="list-style-type: none"> Free of microplastics 	<ul style="list-style-type: none"> No animal testing
Clothing	<ul style="list-style-type: none"> Packaging can be recycled 	<ul style="list-style-type: none"> Minimal packaging 	<ul style="list-style-type: none"> Ethical production
Packaged food	<ul style="list-style-type: none"> Natural ingredients 	<ul style="list-style-type: none"> Minimal packaging Packaging can be recycled 	<ul style="list-style-type: none"> Environmentally friendly production
Vehicles	<ul style="list-style-type: none"> Fuel efficiency 	<ul style="list-style-type: none"> Parts such as batteries can be disposed of safely 	<ul style="list-style-type: none"> Low-carbon emissions

/// Despite Consumer stated demand, marketers are skeptical



Fewer than one-third consider it a commercial opportunity and only slightly more think the issue will be more important in the future



Larger companies (> \$1 billion) are more likely (36%) to view sustainability as offering a commercial opportunity.

Those companies who view sustainability as a commercial opportunity **see many advantages for increased revenue & profitability.**

- Increased profit margins (70%)
- New revenue models (68%)
- New markets / segments (67%)
- Reduced costs to become more competitive or profitable (56%).

Large (37%) and medium (37%) sized companies are more likely than **small companies (29%)** to **see the issue's importance rowing in the future.**

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Short-term vs
long-term brand investment

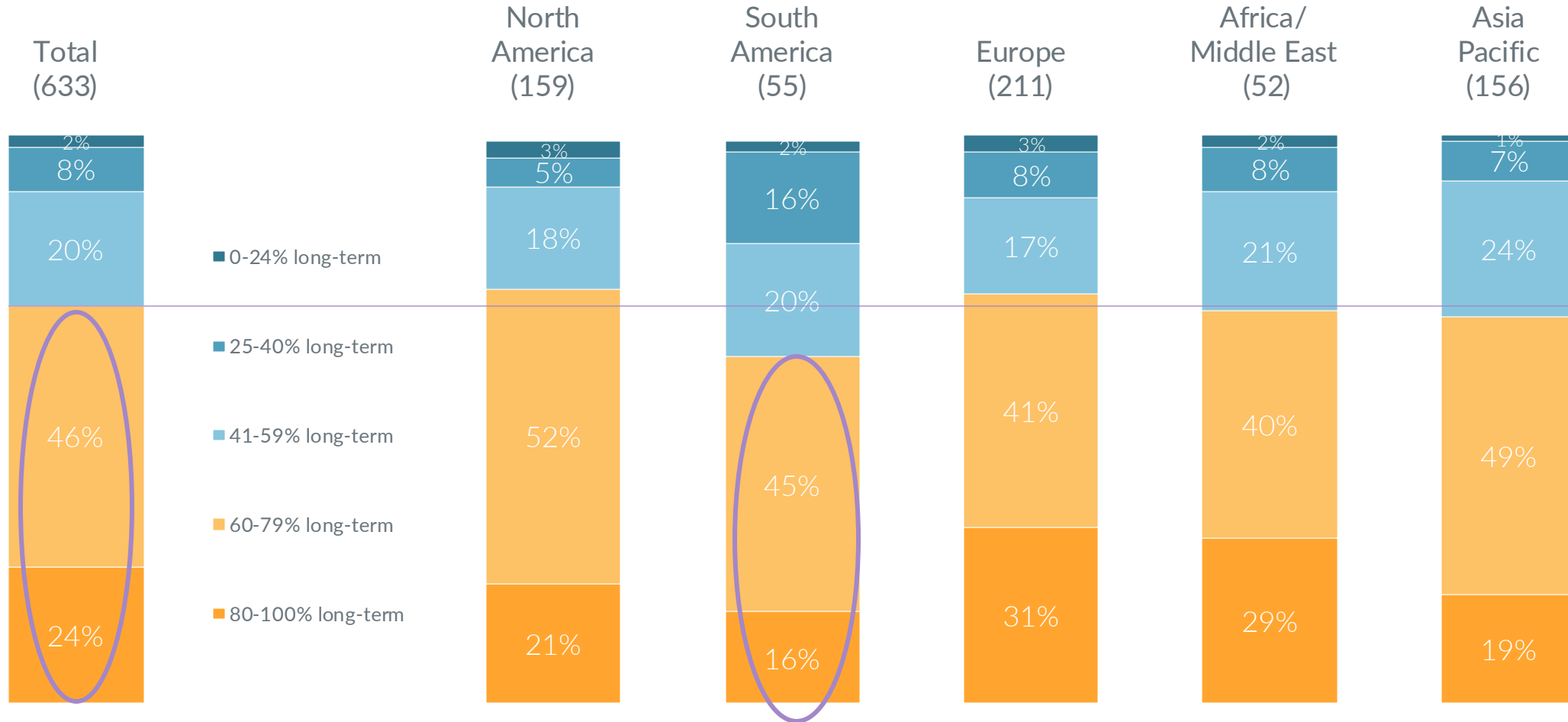
Sheila Kurniadi
Global Consultant **gfkconsult**



Marketing budget split: long-term vs short-term



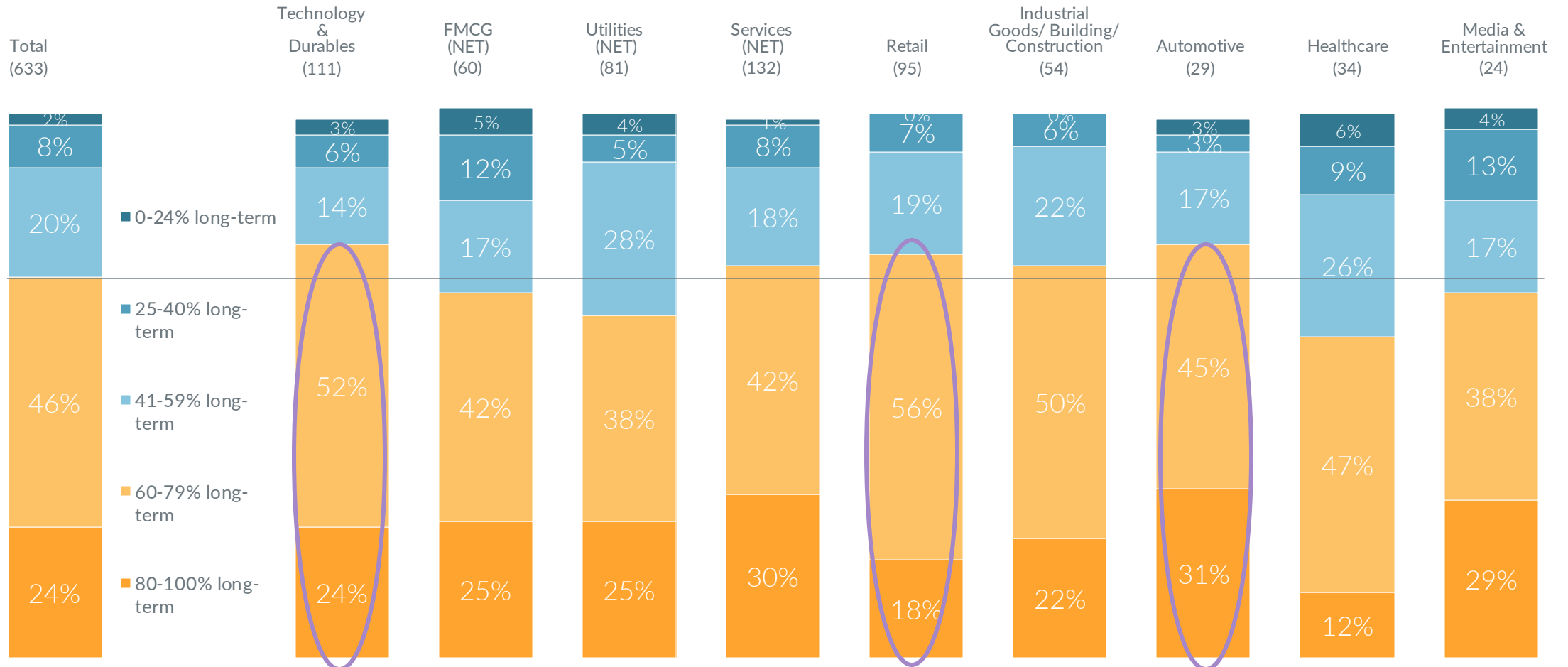
70% of marketing leaders say they invest at least 60% of their marketing budget in long-term brand building, with 24% indicating 80% or more



/// Marketing budget split: long-term vs short-term



Tech & Durables (76%), Automotive (76%) & Retail (74%) invest more in long-term brand building than other verticals



Source: A03. Summary marketing budget split across short-term sales generation and long-term brand building

“Repeated exposure to brand building campaign can cause the **base level of sales** to rise and **reduce the customers’ price sensitivity.**”

Les Binet

Marketing budget split across short-term sales generation and long-term brand building



Companies with a high score on our CMO Outlook Index invest

1.4X

Of at least 80% of their budget on long-term brand initiative.

/// Brands matter in times of uncertainty



“Strong brands outperform, and for consumers **brands remain a crucial decision criteria**, amidst a state of uncertainty due to multiple economic and political crises.”

Brand as a consumer decision criteria remains stable compared to 2019 is particularly relevant for high income tier and upgraders despite inflation and cost of living crisis

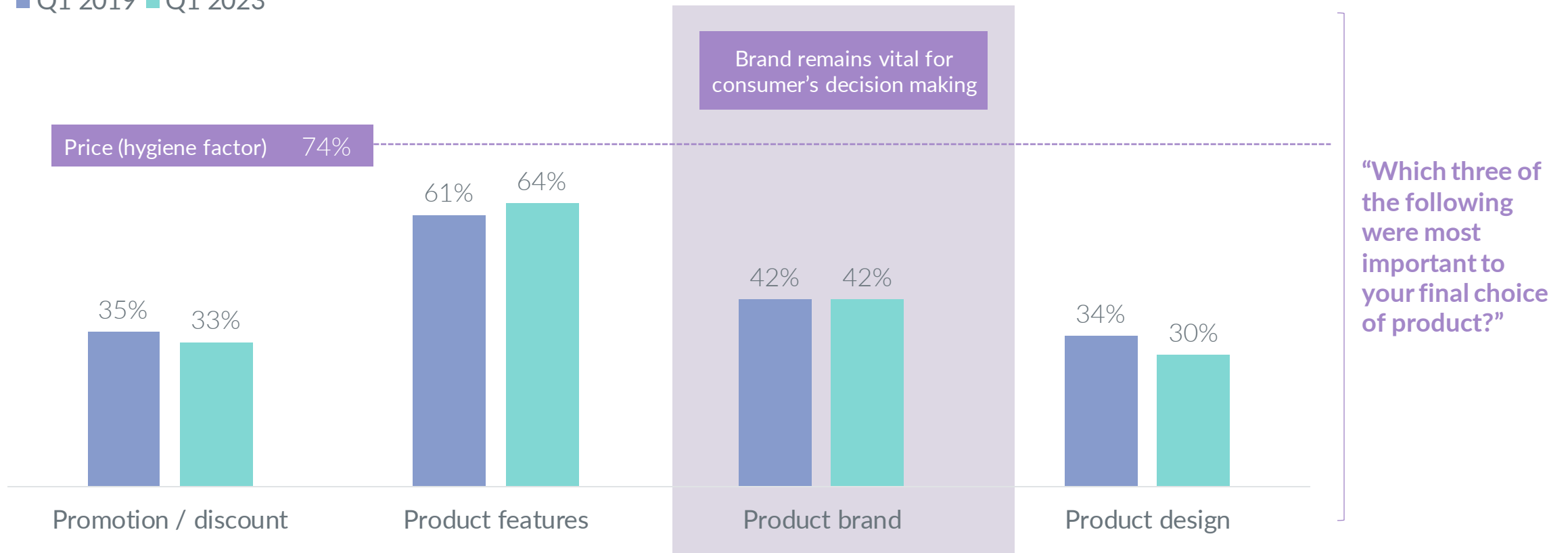
/// Brand remains vital for consumers' decision making, despite economic challenges and inflation



Price is still king, relevance of features grows

gfknewron Consumer Intelligence | TCG | Worldwide 11 Countries* | Q1 2019 - Q1 2023 vs. Q1 2023 - Q1 2020 | Choice driver

■ Q1 2019 ■ Q1 2023



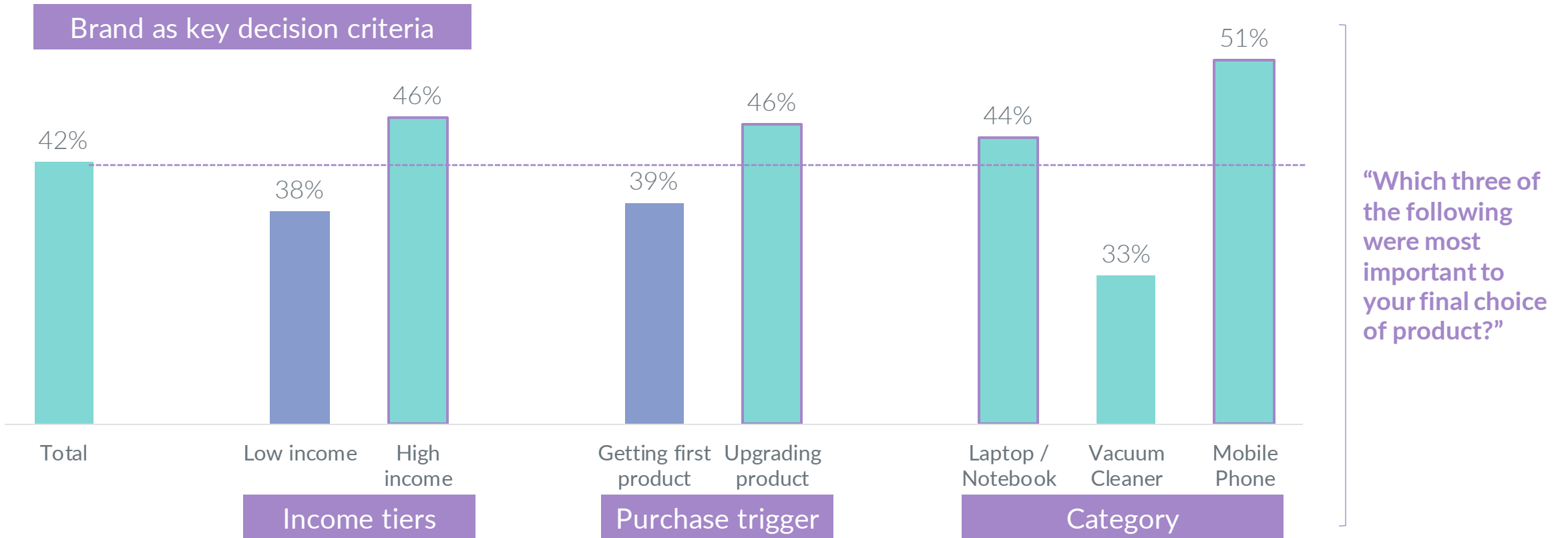
Source: gfknewron Consumer Intelligence, Choice Driver. Countries: Belgium, Brazil, France, Germany, Great Britain, India, Italy, Japan, Netherlands, Russian Federation, Spain. Q1 2019 - Q1 2023 | Global TCG Trends Report Q2 2023 - Global Strategic Insights

/// Brand relevance is very stable over time but differs in relevance by target group



Smartphone and high-income buyers care most about brand

gfknewron Consumer Intelligence | TCG | Worldwide 11 Countries* | Q1 2023 | Brand as key decision criteria



Source: gfknewron Consumer Intelligence, Choice Driver. Countries: Belgium, Brazil, France, Germany, Great Britain, India, Italy, Japan, Netherlands, Russian Federation, Spain. Q1 2023 | Global TCG Trends Report Q2 2023 – Global Strategic Insights

Brand Enthusiasts and High Spec Premium form the two largest audience segments in Smartphone category shopper - 36% of combined share



Proportion of brand seeking audience in the market is high and has remained steady over the years

gfknewron Consumer Intelligence | Smartphone | Worldwide 11 Countries* | 2018 - 2022 | Audience Distribution

GfK Shopper Audience Distribution

Brand Enthusiasts



'Brands carry meaning and are very important to purchase decisions'

Market Share: 18%

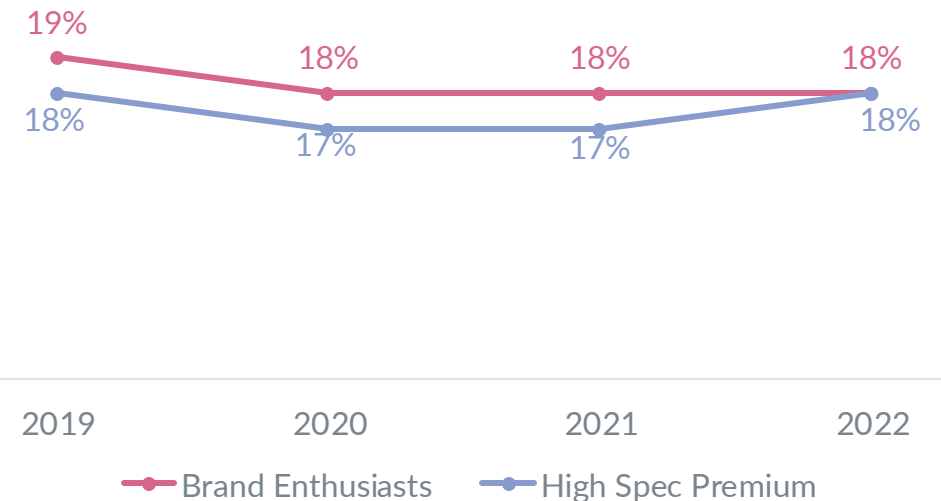
High Spec Premium



'Brands matter, as well as feature. Both play an important role in purchase Decisions'

Market Share: 18%

Trend view



/// Data and analytical capabilities



The story is similar in the different regions, with slightly different priorities

Areas for improvement the next 12 months...



Media optimization



Extracting relevant data signals across channels



Generating actionable insights



Story telling / data visualization







Data integration

/// Knowledge review



It's critical to ensure sufficient market and consumer understanding before determining routes to brand growth

The objective is to review all relevant client and GfK assets and determine if we have everything, we need to be able to define the white space and clear consumer targets for future brand positions

		 Market trends	 Brand health	 Consumer landscape	 Shopper behaviors
WHAT WE HAVE	Client assets	Sales data (e.g. DTC) Ad hoc/Mintel etc.	Brand tracking	Client's own segmentation	Ad hoc studies
	GfK assets	Market Insights Consumer Life Trend Key	Syndicated Brand Architect Market Insights	Consumer Life Values segments Shopper Audiences	gfknewron Consumer
DO WE NEED?	GfK custom	N/A	Brand Architect	Inclusive Targeting (e.g. Growth Architect)	Path to purchase (incl. intenders)

/// gfkconsult: our key pillars



Shared brand vision, real market impact

ENVISION



Assess the **commercial potential** of your brand



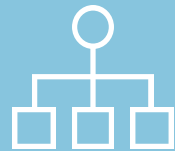
STRATEGIZE



Collaboratively **develop strategies** to win



BUILD



Create **alignment to activate** for success

Thank you

More details on the **///CMO Outlook** Report
will be shared prior to our September launch

<https://www.gfk.com/cmo-outlook>