

# /// CMO Outlook

## Report

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

# 04



## Beyond the hype – what AI actually means for marketing

The rapid advance of artificial intelligence (AI) and machine learning (ML) is hard to ignore. Predictions abound for how these technologies will transform various industries, functions and professions – and marketing is no exception.

Both offer incredible potential for marketers, especially when it comes to automating mundane, repetitive tasks that free up individuals to add more strategic value. This will help the function to have a much broader impact, with

AI-derived insights enabling marketers to make better decisions, faster.

Our new research shows that marketers' familiarity with emerging tech such as AI and ML, as well as AI-powered software like ChatGPT, is already strong – and becoming even stronger. The granular findings make for fascinating reading.

Almost half of marketers (45%) say they are already using AI, while 40% are familiar with, or using, ML models. The uptake of ChatGPT has been rapid, with

36% of respondents already using it - despite it being in-market for less than a year. Marketers working in the biggest enterprises are those most familiar with such technology and much more likely to be early adopters than those in smaller firms.

While these technologies are already reshaping the marketing function, there are urgent questions that need answering. These include: how best to use these tools; what skillsets they require; how to navigate bias in data sets; how far the tech will go in replacing human insight and intuition; and how to redeploy people whose day-to-day work is now automated? With such considerations in mind, Gonzalo Garcia Villanueva, global CMO at NielsenIQ, offers his thoughts on what comes next for the marketing function amid this rapid digital change.

#### **To what extent, if any, should marketers feel threatened by AI?**

I don't think it's a case of tech versus human; it's more about how we can collaborate. We can definitely work together. We need technology and it needs us. If you look at the development of AI, there has always been a need for a human at the helm of these initiatives.

#### **How can AI help marketers to push forward on data and analytics?**

The rapid assimilation, organization, and analysis of data can't be left to humans alone. Using AI is a powerful way to identify the signals you need and model projections that predict the future of your brand under many scenarios.

Marketing is reaching an inflection point in terms of data maturity. Organizations are investing heavily to lift their data capabilities. We've made progress in joining the dots between systems and breaking down information silos. The next frontier is introducing higher analytics and industrializing insight generation.

For example, predictive analytics on consumer purchase behavior not only guides marketing; it also informs pricing, product, channel management, and supply chain management. And forecasts that were previously siloed within operational teams can be used by sales teams to tailor their approaches. This can be taken even further by exploiting AI functionality through real-time prescriptive insights to produce creative and brand assets that are more dynamic and delivered in a hyper-personalized fashion.

However, you also have different levels and ranks of knowledge within the marketing function and commercially driven marketing managers need to have an understanding of the skills available to them across many centres of excellence. And skill sets are changing. With dozens of new channels to be exploited and the hyper personalized, super VIP experiences that AI will allow us to deliver, marketers need to be a Swiss army knife. They need to be comfortable both using new technologies like AI as well as analyzing the performance of campaigns and interpreting real time analytics.

This is not just about hiring people that know how to do these more sophisticated tasks. It is about educating ourselves, our teams, and our colleagues to ensure everyone is comfortable with these tools. And that education piece starts with the CMO.

### **What role can AI play in boosting innovation and creativity in marketing?**

AI is freeing up people to do the insightful, forward-looking strategic work they really want to do. That's because AI removes dull tasks from the human to-do list – activities such as inputting data and formatting spreadsheets.

This means that senior marketers will need to recruit new people with different skills. The ongoing introduction of AI will increase the need for attributes that machines can't cover. They include creativity, flexibility, judgment, and so-called soft interpersonal skills.

### **How does the function sell this to the C-suite? Can marketers be more specific with other senior stakeholders when explaining AI's potential in marketing?**

AI offers unparalleled opportunities to predict customer demand and anticipate emerging market trends. But it needs buy-in from the top down to realize its full potential in the business. The limitations of AI are a consequence of your

technology requirements. CMOs need to build relationships with the decision-makers that can deliver technology transformations, and this means ensuring that the CTO, for example, understands what you're trying to do and why you're trying to do it.

If marketing leaders are trying to make the case for investment AI tools, or in their broader martech or customer-facing technology, then they need to ensure technology stakeholders understand the ethos and long-term view of the marketing function in order to get them on board with the strategy.

Take one example: improving the customer experience. While it might be tempting to think your CX is good enough for you to pause further investment in it, our research shows that consumers' expectations are increasing in a plethora of channels. It's essential then that your market automation and CRM systems are up to scratch, and this means getting buy-in from your CTO and even Chief Product Officer too. It needs a united front to drive innovative change and this can be achieved by making the most of the data at marketing's disposal. Data-driven CX analysis can help you to not only identify and solve problems you didn't know you had in the customer journey, but also further the business case for investing technology that ensures more consistency across an increasing number of touchpoints.

AI-driven insights can also help businesses to understand changing consumer perceptions and identify ways to differentiate themselves from the competition. The technology will show you where you can maximize conversions, what the key purchasing drivers are, and which touchpoints are the most impactful in marketing terms, so that you can create a better brand experience. When you can refine your CX in such a way, you can improve loyalty and increase the lifetime value of your customers, thus maximizing your firm's revenue.

## The machines and marketing

FMCG giant Diageo has been using AI in several ways, including developing personalized packaging and making its media buying more efficient. It has also acquired Vivanda, the company behind the AI-driven FlavorPrint flavor-matching technology for whisky. FlavorPrint asks consumers simple questions about their flavor preferences, mapping their responses against a database of foods and aromas. It then recommends brands and variants that the user is most likely to enjoy.

The technology underpins Diageo’s What’s Your Whisky? digital platform, which has been integrated into physical stores and ecommerce platforms across Europe and North America. It also drives the immersive “journey of flavour” experience at Johnnie Walker’s venue on Princes Street, Edinburgh, tailoring the drink selection to the tastes of each visitor taking the tour.

Diageo’s CMO, Cristina Diezhandino, explains that the AI helps the firm to meet consumers’ expectations “for more personalized, interactive experiences”.

As well as enhancing CX, AI is also playing a growing role in ad personalization that connects with specific audiences. For instance, Samsung has worked closely with Google to use the AI-driven Performance Max platform to personalize adverts with various messages and promotions to suit different global markets. The technology integrates campaign bidding, budget optimization, audience targeting, creative execution, and advertising attribution.

“Within India, there’s a huge disparity in consumer demographics across north and south regions. This makes it difficult for us to optimize performance and also grow,” Sandeep Bajpai, director and head of D2C marketing at Samsung India, said in a recent Google interview. “Our results were phenomenal: we doubled our revenue without affecting our return on ad spending too much.”

## Top ranked priority areas for improvement in the next 12 months (global)

44%

Media optimization

44%

Extracting relevant data signals across channels

44%

Generating actionable insights

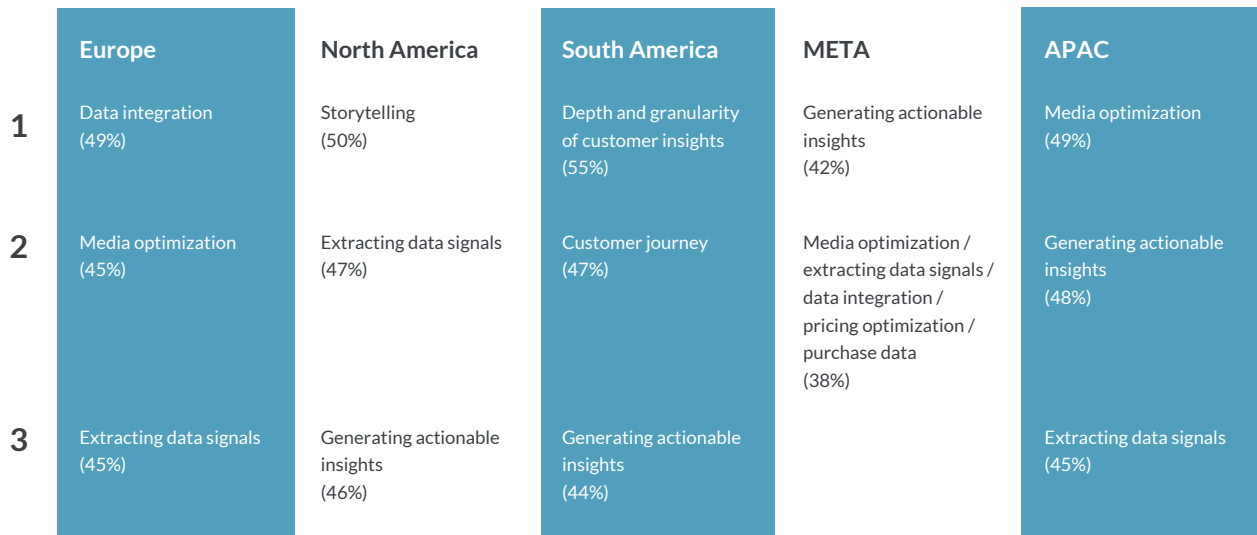
43%

Storytelling / data visualization

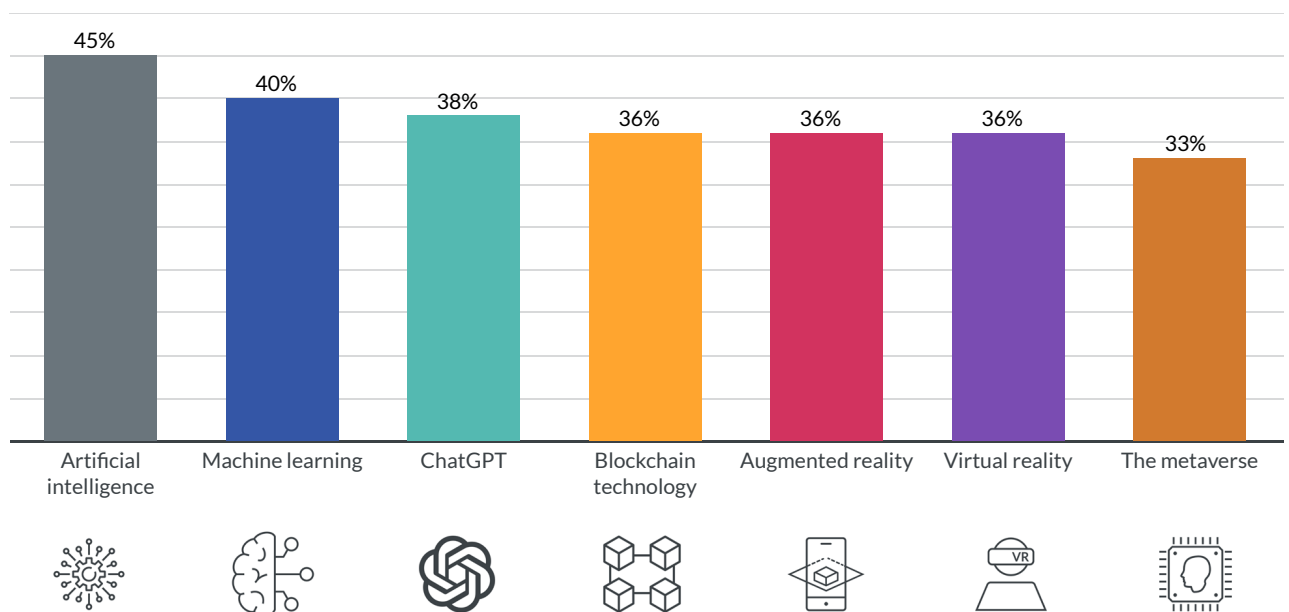
42%

Data integration

## Top ranked priority areas for improvement in the next 12 months (by region)



## Percentage of marketers familiar with using new technologies



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