



MarTech *and the* Decade *of the* CMO

How the Software Revolution will
Grow 10X in 10 Years

By Ashu Garg

General Partner, Foundation Capital

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Introduction

For decades, marketing has been a repetitive exercise.
Hire an agency. Launch a campaign. Rinse. And repeat.

Even as the rise of new media allowed CMOs to change the way they got the job done, the basic sequence still remained the same.

Hire a digital agency. Launch a digital campaign. Rinse. And repeat. This is no longer how marketing works.

Consumers are now in control. Brands need to stop interrupting and instead have an ongoing conversation.

Today's forward-thinking marketers seek the ability to do several things that, previously, were either outright impossible or exceedingly expensive and labor-intensive.

Marketing executives want to understand the ROI of every dollar spent. They want to cultivate a unique relationship with each individual customer. They want to go beyond bringing in sales leads – they want to close the deal. And they may prefer to do all this without relying on traditional agencies.

More than anything else, I believe technology will make each of these aspirations more and more achievable.

In the process, it's elevating the role of the CMO, changing the role of agencies, and threatening to leave behind brands and executives that find themselves either unwilling or unable to embrace this new reality.



Brands around the world spent more than

\$1 trillion on marketing in 2014,

of which technology comprised about 1% and advertising comprised about 50%.

Source: Scott Brinker, chiefmartec.com



We expect technology spend by CMOs to increase

10x in 10 Years

*from \$12 billion to \$120 billion,
unlocking a huge opportunity for marketing
technology companies and opening the door
to the Decade of the CMO.*

Part I:

Marketing

— IS NOW A —

Technical Discipline

—
The Decade of the CMO

Expending resources, guesstimating results, and hoping for the best – that is marketing’s past.

Technology is giving CMOs the tools they need to do more and do it more effectively – whether they bring that capability in house or hire an agency to manage it.

That includes buying media programmatically, optimizing creative, placement, and audience, re-targeting likely customers, and measuring results in near-real time. Marketers should view these not as campaign tactics but as elements of a constantly evolving strategy.

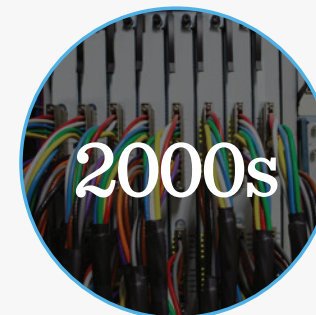
As practitioners of this broadly applied, increasingly powerful, highly technical version of marketing, CMOs do not only look to

deliver the most creative advertising. They look to deliver the best business results.

This continues a trend, developed over the past few decades, where each successive wave of technology has disrupted a new line of business and catapulted its executive into an expanded role.

In the 1980s, tech vendors like SAP, Oracle, and JD Edwards empowered CFOs to better manage buyouts, outsourcing, and increasingly global operations. In the 1990s, with the rise of the information age, Siebel, Scopus, and Vantiv helped sales VPs grow the topline. And in the 2000s, Citrix, VMware, and Symantec gave CIOs the ability to improve efficiency by consolidating and improving the core IT infrastructure.

In this decade, shifts in CEO priorities will drive a shift in power with CMOs becoming CeOs, Chief Experience Officers.



3 Shifts:

Priorities

CEOs surveyed by Gartner singled out three tech capabilities as their most important near-term needs: digital marketing, ecommerce, customer experience management. Each often falls under the purview of the CMO. Each is the responsibility of the CMO and requires new technology.

Budget

Marketers are commanding larger budgets and spending larger portions of their budgets on technology. CEOs already give the CMO and CIO relatively equal importance in driving digital initiatives.

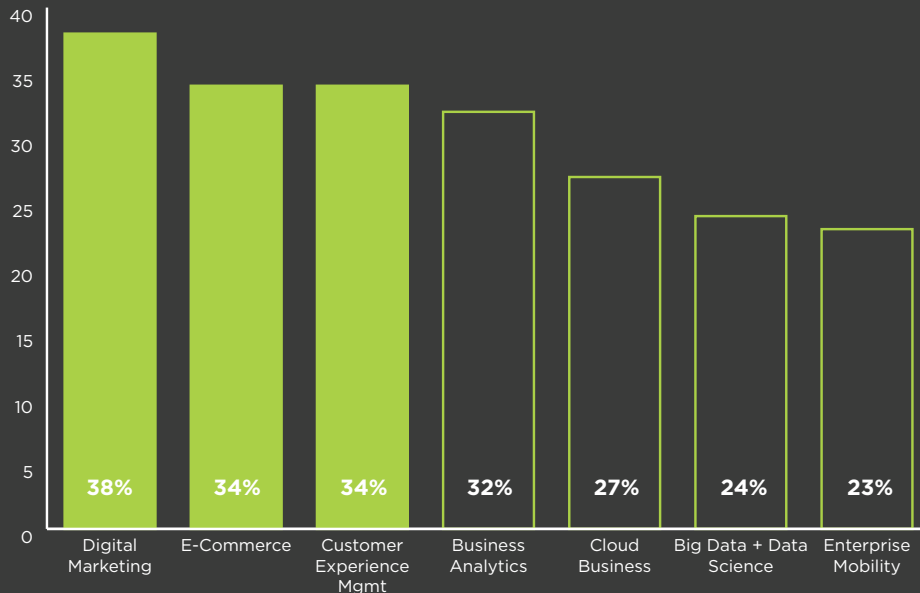
That will likely change by 2017, when Gartner estimates that CMOs will begin to spend more on technology than their CIO counterparts.

Power

Marketing is already gaining significant influence within the C-suite. Many marketers have already assumed the title and/or responsibilities of the CEO, chief experience officer. Those that do are becoming indispensable to the CEO and are on a path to becoming CEOs themselves.

A Korn/Ferry survey of CEOs found that 53% believed their current CMO could one day replace them.

From CEO survey, "Which 3 technology enabled capabilities will be the most important areas of investment to improve your business over the next 5 years?"

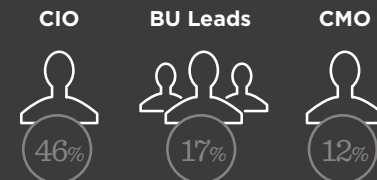


Source: Gartner, N=410

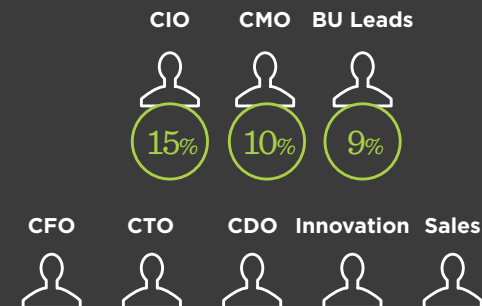
The CIO Must Lead the Digital Charge; but the CEO Sees It as More of Team Game

Please allocate 100 leadership points to show how you anticipate your CEO will distribute relative responsibility for leading digital innovation and change over the next 2 years

CIO's View



CEO's View



Technology today is both friend and foe for the CMO. The shift from art to science requires CMOs to reinvent themselves and their organizations or become irrelevant. The CMO of tomorrow is the data nerd of today.

“

Marketing is a technical discipline now. We have to re-frame things we have been doing for 100 years.



Doug Milliken, Clorox,
VP of Global Brand Development

CASE STUDY:



Unilever's New Do

The difference between a dated marketing approach and a dated hairstyle is that the hairstyle has a good chance of regaining its popularity. That's why Unilever's marketing SVP Marc Mathieu constantly looks for ways to stay ahead of the MarTech trends. As he put it, "We need to stop thinking about digital marketing and think more about marketing in a digital world."

Unilever recently launched its YouTube channel, All Things Hair, after partnering with Google to capture and analyze the data of the billions of hair-related searches performed by consumers every day, allowing the company to accurately identify rising trends. Mathieu's team then collaborated with hairstyle bloggers and online personalities to build an audience – leading the conversation about how to achieve the latest look while illustrating how Unilever brands help consumers do just that.

Even as marketing becomes a technical discipline, data doesn't have to be the enemy of creative.

Mathieu calls data "a source of relevance, of differentiation, of the ability, basically, to contextualize and personalize content to every single individual need and situation."

And when it comes to the creative use of technology, All Things Hair is showing that style and substance not only go hand in hand – today's marketers need to rely on both.

Canadian Tire: Rolling with ROI



The way Frederick Lecoq sees it, the wheels of progress won't turn themselves. The marketing SVP at retail giant Canadian Tire's FGL Sports division put it this way: "Marketing is now held accountable for driving business results." In their drive to improve ROI, Lecoq's team has gone to great lengths to measure their adoption of marketing technologies.

One experiment conducted by FGL's Sport Chek brand discovered that the right mix between print and digital advertising was actually 100 percent digital. They started by replacing 25% of their print fliers, and, instead of seeing the usual 5% sales boost, they recorded a jump of 12%. After repeating the experiment six times, the brand has engaged into a journey to convert its print fliers program into all-digital leveraging a behavioural / reach / performance blend. In another experiment, this time on Facebook, the team pushed a sample of 50 products using a six-second auto-play video. They then compared the sales with a control group of fifty products that didn't get a video and found that the video-boosted products achieved 50% more sell-through.

These ROI improvements are an important byproduct of the shifts Lecoq has led to develop his team's digital skillsets, Tech infrastructure, marketing software, and – most important – Capability and Culture.

"Digital is everywhere," he said. "Nobody owns it. It's just the way we all work today, and everybody should be involved in the transformation."

Part II:

Buyer Behavior:

The Times
they have already changed

The Decade of the CMO

From Few Media Voices to Infinite Media Choices

Twenty years ago, Alex's parents confined their media consumption to watching TV, reading a newspaper, and listening to the radio. But Alex's world revolves around her mobile devices. She streams videos through Netflix, discovers what's new on Twitter, shares "stuff" on Snapchat, and listens to music on Pandora.

TV as we used to know is on its way out. Consumers are increasing the time they spend with newer forms of media - time they used to spend watching linear television.

We believe that by 2020, more than 80% of media will be consumed digitally.

We predict that consumers will spend more than 50% of their time consuming media (or 360+ minutes per day) on their mobile devices.

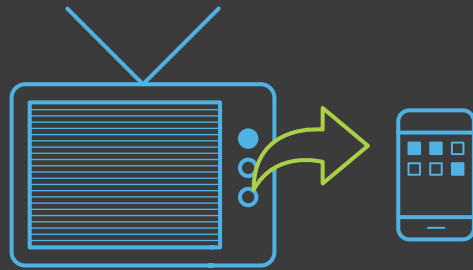
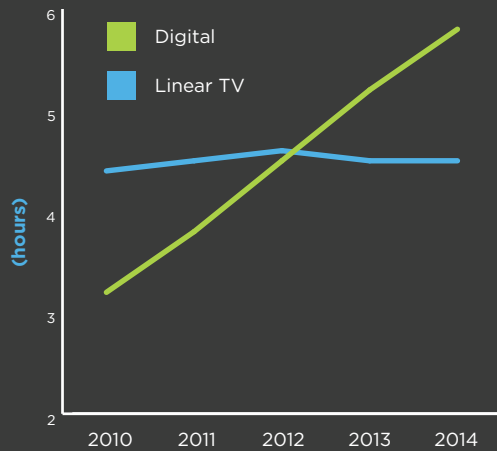
What does this mean for marketers? While video is still the killer brand builder, the 30 second spot is dead. Marketing today has to be mobile first and channel agnostic.



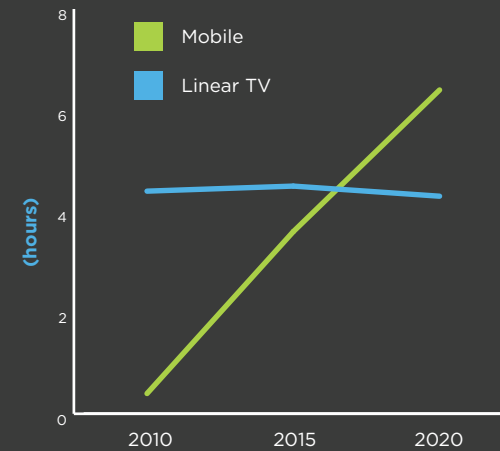


From Few Media Voices to Infinite Media Choices

Today, Linear TV is on its way out and being replaced by digital

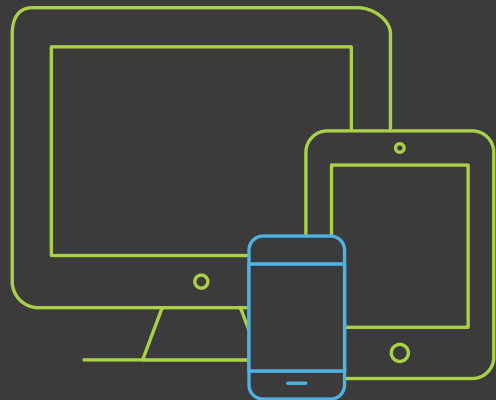


By 2020, time spent on mobile alone will be greater than linear TV (projections to 2020)



Source: eMarketer, 2014

Source: eMarketer, 2014



60% of people use at least 2 devices per day



25% use 3 or more per day!



Young people ages 13-24

72%

of young people say they can't leave their house without their mobile phone

Mobile is so captivating that a majority (**60%**) of young people around the world would rather give up TV than their mobiles.

Source: GfK, 2013; US; n=2000

Source: "Coming of Age on Screens," by Crowd DNA (study commissioned by Facebook). Survey of 11,165 people online, age 13-24, across 13 markets, April-May 2014.

From Dictation to Conversation

In the past, when Alex's parents had a bad experience with a given company, they could write to the Better Business Bureau. But now Alex can tweet, blog, post on Facebook, and more. She has an outsized voice in this conversation, and brands need to listen, or risk the protests.

Word of Mouth is one of the most powerful determinants of consumer preference in all of marketing. This has not changed for hundreds of years. What has changed?

- **Reach:** a single consumer can reach an audience the size of network TV
- **Speed:** perceptions can shift in an instant while brands scramble to respond
- **Channels:** there are almost as many ways to share their opinions as there are channels on TV
- **Trust:** consumers seek out the opinions of other consumers, and value the Word Of Strangers (WOS) over information from brands

The social software company Lithium reported that a thousand or more customers can generate as many as a half million conversations about a brand.

“53% of customers say they won't buy from a company they don't trust ... 30% will share negative opinions online.”

Gone are the days of waiting six months for your brand tracker data to come. In an instant, CMOs can tap into the consumer zeitgeist to understand the opportunities and threats to their brands.

Marketers who participate in the conversation can harness the power of advocates to create advantages, differentiation, or even new brands.





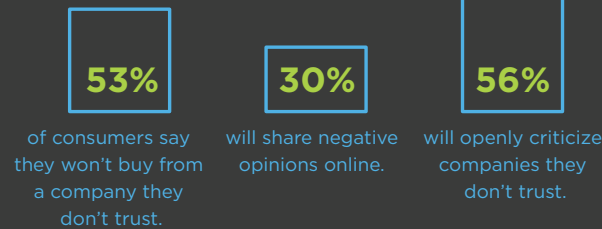
9 Big Reasons for Serious WOMM

Word-of-Mouth (WOM) is storytelling. Real customers telling real stories about their real consumer experiences. Word-of-Mouth Marketing (WOMM) harnesses the power of WOM to improve brand perception, reputation, and customer loyalty. [Here's why you should care:](#)

1. WOM influences 50% of purchase decisions.



4. Lack of consumer trust is bad news for brands.



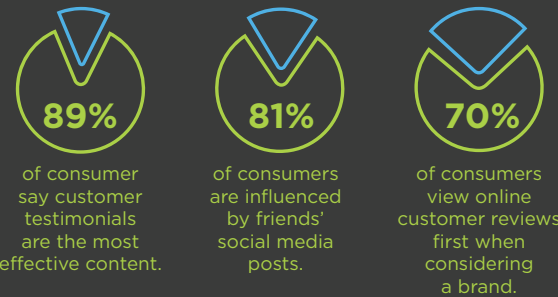
7. Superfans (highly trusted, credible and influential brand and product experts) have huge influence.



1,000+ customers can generate up to 1/2 million conversations about your brand

2. WOM scales like nothing else.

5. Real customers telling real stories is good news for brands.

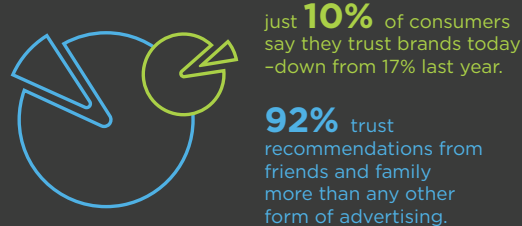


8. Social media makes WOMM hugely effective.

25% of search results for the world's top 20 largest brands are links to user-generated content.



3. Customers trust their own stories—not your brand's.



6. Most of what customers share is good.



66% of brand mentions are positive.

9. Social platforms deliver serious WOMM results.

- ⚡ The Canon Forum accumulated over 5,100 registered users and 2.8MM page views in its first 6 months.
- ⚡ BSkyB Community thread views are in excess of 1.5 million per week.
- ⚡ 75% of all new subscriptions for community-driven UK-based CSP giffgaff are driven by WOMM.
- ⚡ The American Diabetes Association boosted organic web traffic by 8x with trusted user-generated community content.

From Right Brain to Left and Right

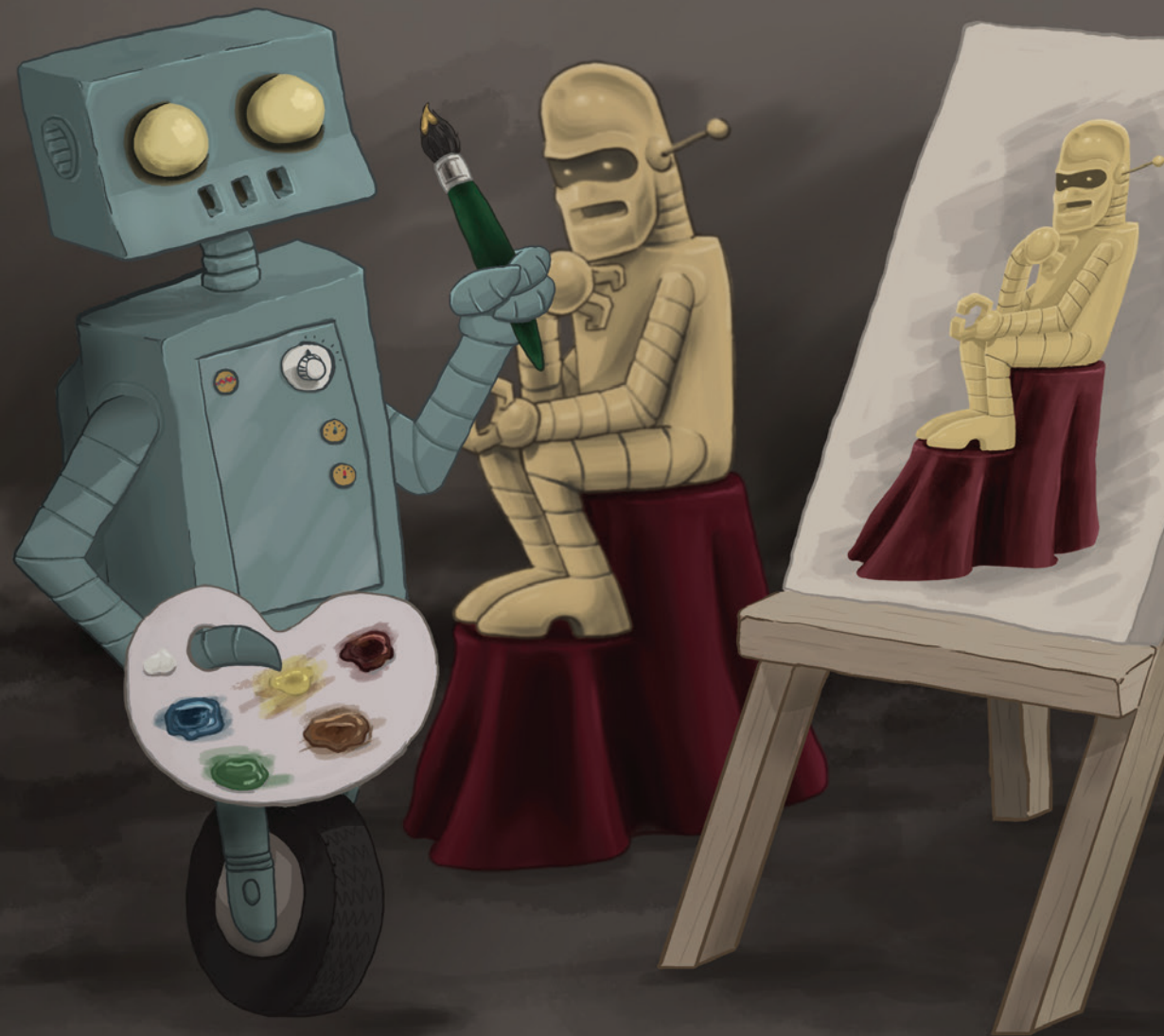
Throughout history, brands have appealed to pride, fear, or vanity, and consumers often took them at their word. Alex's mom used to make the decision to buy Clinique because she believed their products would help her appear more youthful. But Alex looks for factual and even scientific evidence to back up that claim.

At the genesis, advertising was all about emotional appeal and hyperbolic claims. 100 years ago, Guinness built its franchise on the slogan "Guinness is Good for You." Fast forward to today, the consumer expects this claim to be supported by data. As a result, many studies have been conducted to verify the validity of Guinness' claim, including a study done by the University of Wisconsin which concluded that Guinness reduces blood clotting.

Marketing is now like a bacon-wrapped date. Bacon is the inspiration. Date is the evidence.

The best marketers will simultaneously find ways to inform and inspire.

Creative success is no longer about the best new concept; rather, it's about conveying the right information in an emotional wrapper.



From One Funnel to Infinite Paths to Purchase

When they bought their used car ten years ago, Alex's parents scanned newspapers, hunted for the best deal and, ultimately, ended up at the dealer for a test drive. But this year, Alex bought her used car online. Between her social network and internet research, Alex got more than enough information to confirm she'd get a great car from the online used-car marketplace, Beepi, which made a test drive unnecessary.

With the rise of social and mobile, the path to purchase is no longer linear. Consumers gather information from a variety of sources, connecting with brands at indiscriminate points along the way. Consumers vacillate between passive and active shopping. As passive shoppers, they absorb messages over the course of everyday interactions – for example, in conversation with friends, by monitoring social networks, or as part of staying up to date on the news. But once they purposefully seek information required to make a purchase decision – like checking prices online, visiting a store, or reading reviews – they become active shoppers.

When consumers move into an active shopping state, they've already picked their preferred brand. More than 75% will buy from that brand regardless of any new information they acquire while actively shopping.

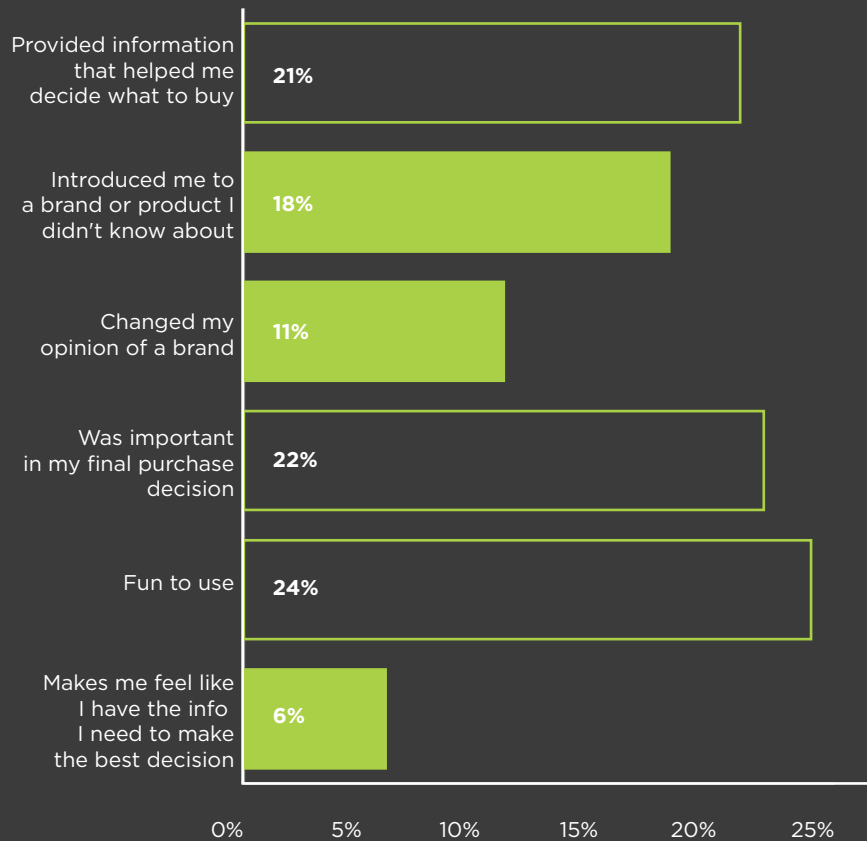
What does this mean to the purchase funnel?

Marketers need to engage consumers at every step of their shopping journey. Being “always on” everywhere is the new norm.

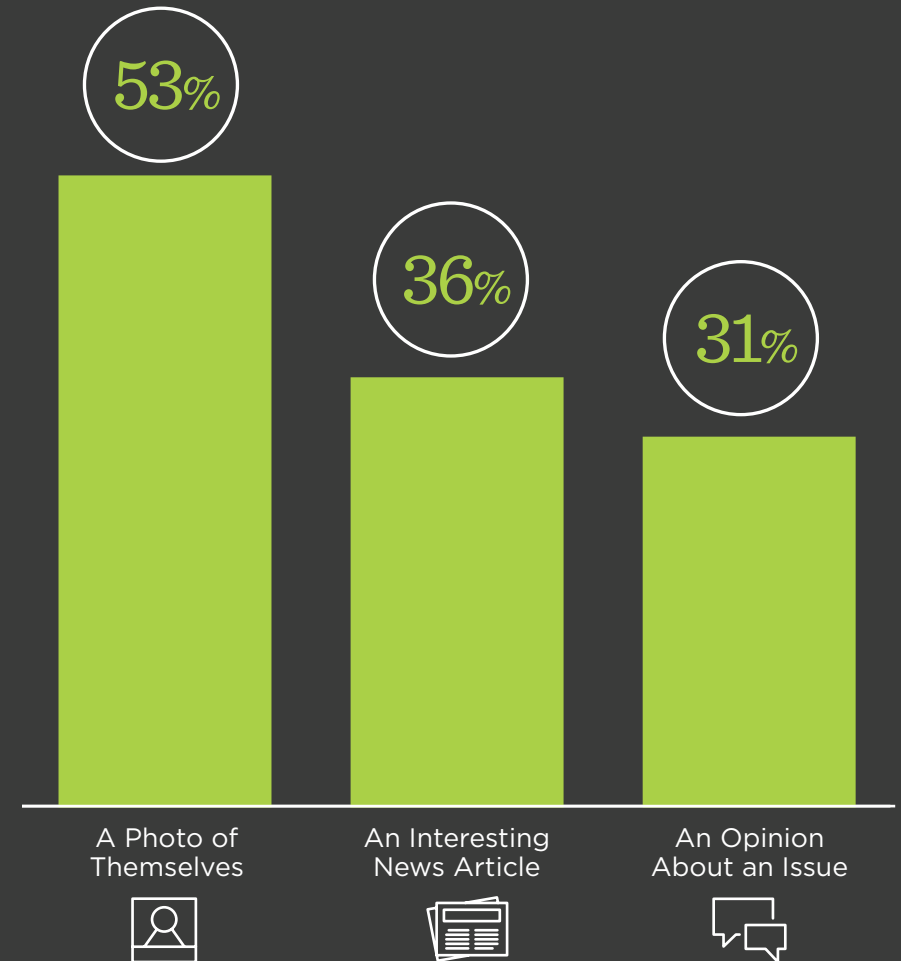
Source: Advertising Research Foundation

From One Funnel to Infinite Paths to Purchase

Roles of Social Media



Percentage of people who share the following on social media before sharing in person

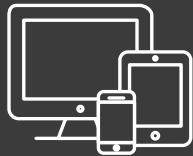


Source: comScore Survey Research, Respondents using Social Media in the shopping process

Source: Crowd DNA, a study commissioned by Facebook



The Before and After of Buyer Behavior



From few media voices to infinite media choices



From dictation to conversation



From right brain to left and right



From one funnel to infinite paths to purchase

What we used to take for granted...

TV, radio, print, and outdoor were among the only options.

Only advertisers broadcast messages; curious or frustrated consumers might call the Better Business Bureau.

Advertisers had little reason to abandon the philosophy of emotional appeal and bold claims.

CMOs could expect customers to follow a linear route from exposure to conversion to brand advocate.

...has changed...

Consumers are abandoning rigid formats like TV for more flexible, newer forms of (often mobile) media.

The ubiquity of social media combined with the longstanding power of word-of-mouth has opened a dialog between consumers and brands.

Technology has made it simple and easy for consumers to gather evidence and confirm that they'll get their money's worth - before they buy.

Buyers now create their own paths to purchase using a variety of on- and offline channels to start, stop, rejoin, and change engagement levels.

...for good.

CMOs will still look to deliver killer video but must become mobile-first and channel agnostic.

CMOs have new opportunities to monitor and collect consumer sentiment and act on it immediately.

CMOs must find ways to simultaneously inform and inspire.

When "always on, everywhere" is the new norm, CMOs need to be present whenever and wherever customers are actively or passively shopping.

Part III:

10x in 10 years

The Decade of the CMO

To bring about 10x in 10 years, marketing technology will make CMOs an offer too good to refuse: tools that leverage data to reduce complexity and increase efficiency – all while achieving increased impact.

Not long ago, if Clinique wanted to reach 20 million 18-49 year old women, they would buy a spot on Grey's Anatomy to access the show's audience. As a result, typical CMOs spent only about 1 to 2 percent of their media budget on technology. They had some software and data at their disposal, but it was mostly relegated to Microsoft Excel and Nielsen surveys.

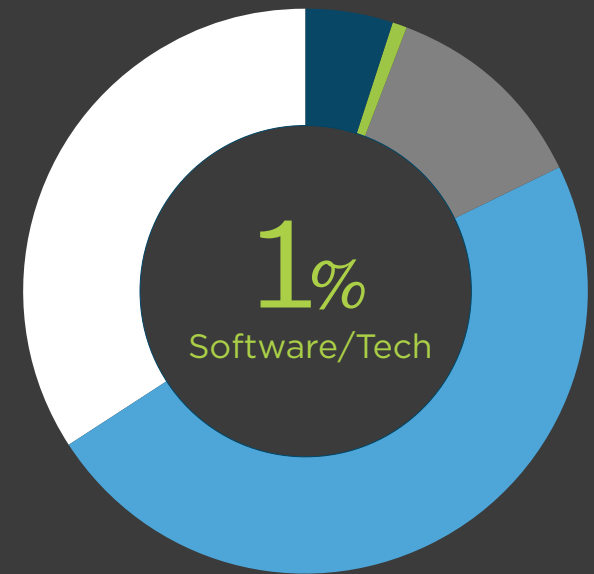
But today, Clinique can target 20 million 18-49 year old women across hundreds of different shows using technology platforms like TubeMogul. In fact, they can segment the audience, target each segment with different creative, and optimize performance across creative and audience segments. When media is bought this way, technology can command a dramatically larger share of budget while delivering much more value to the business.

While the growth rate of overall marketing spend will remain unchanged, its composition will change dramatically and technology will command a much larger share of budget.

- **Media:** the value attributed to context, and therefore media, will decline. Super Bowl ads will cost half as much in a decade
- **Marketing Services:** spend on services like offline direct mail will decline and other services will get automated away
- **Agency / Marketing BPO fees:** agency fees will be flat to down. Marketing BPO could be a growth area given the increasing complexity of marketing organizations
- **Data / Intelligence:** value attributed to data / intelligence will grow as marketers buy audience instead of context
- **Software / Tech:** spend increases from 1% of marketing spend to 10% by 2025 as software replaces media and human services

The disruptive changes in marketing spend offers unprecedented opportunities for technology entrepreneurs.

Technology Currently Comprises 1% of the Current Marketing Spend



Advertising: **48%**

Marketing Services: **34%**

Agency/Mkt BPO fees: **12%**

Data Intelligence: **5%**

Software/Tech **1%**

\$1 trillion total marketing spend

Source: GroupM, DMA/Winterberry/Acxiom/Teradata, IDC, DemandTec, AdAge Data Center

10x in 10 Years:

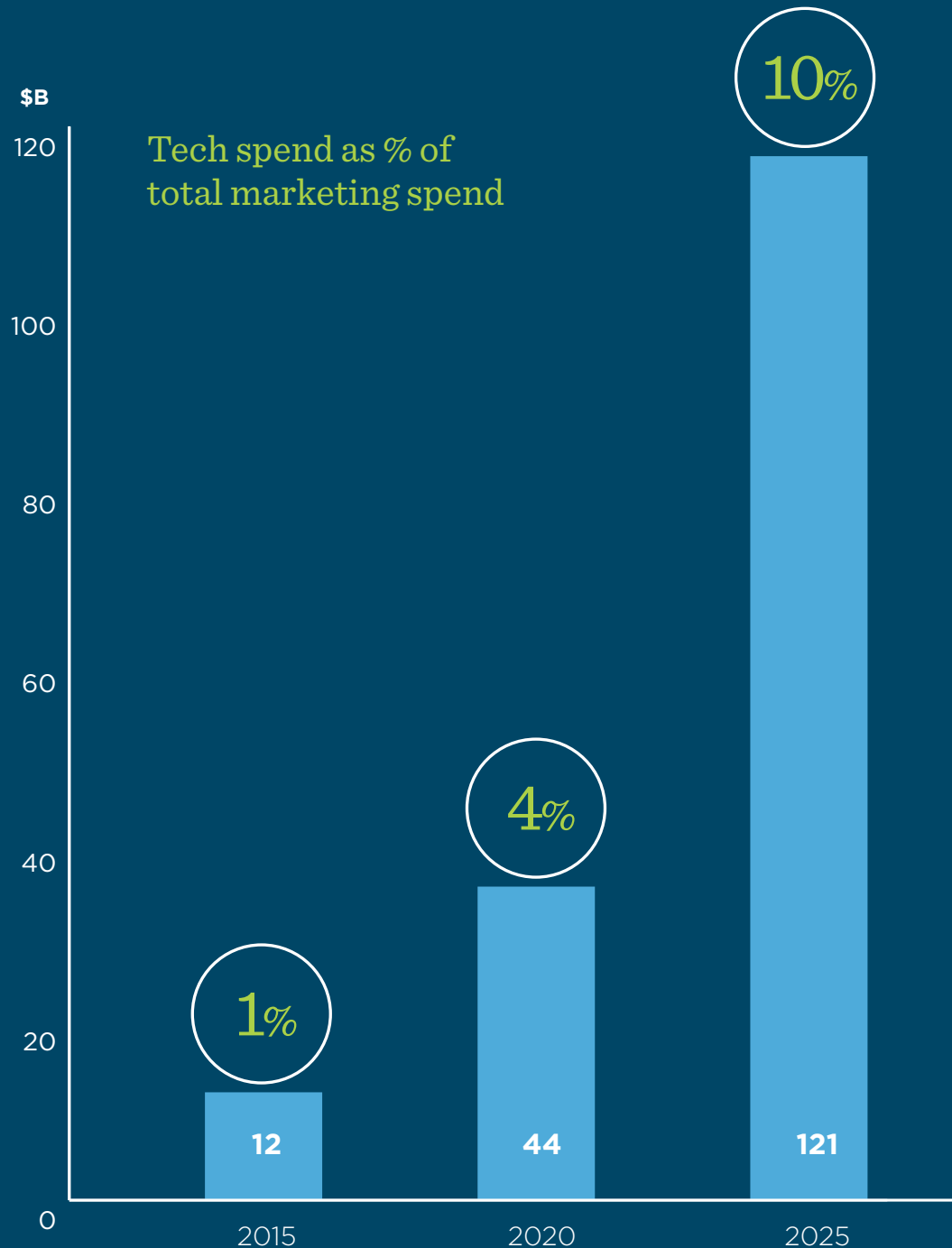
MarTech Spending Growth (\$ billion)

Changes in consumer behavior and the unprecedented advances we are seeing in the MarTech space today add up to a significant shift in the mix of marketing spend from media and marketing services to technology.

Technology is estimated to be 10% of the \$1.2 trillion total marketing spend in 2025.

Marketing technology (MarTech) companies are looking at an opportunity well north of

\$120 billion per year.



Source: Includes IDC, Magma Global, and Foundation Capital estimates

Part IV:

5 Keys

— TO —

Unlocking the Decade of the CMO

The Decade of the CMO

Key 1



All Hail King ROI

Because the line between marketing spend and business return has often been dotted, disjointed, and fuzzy, measuring return on investment has long been at the top of every marketer's wish list. In recent years, CMOs have found themselves under increasing scrutiny from CFOs to demonstrate marketing's effectiveness against the company's financial performance, and technology is making it more achievable.

In Nirvana:

CMOs will be able to predict the business impact of their marketing investments and confidently deliver against those predictions. In the same way that pilots rely on their instruments to navigate amid any weather, marketers will have their own form of high-tech avionics necessary to steer increasingly large and complex operations.

In ROI “Nirvana”:
Marketers projections
will be predictably
predictable.

Challenges on the Path to Nirvana :

Marketers need technology to do the following for them:

- Stitch together data from internal and external, online and offline sources, across devices and channels, to create a unified customer identity.
- Develop multi-touch attribution systems to not only identify last message delivered prior to purchase – whether it was via the internet (mobile or otherwise), app, or social network – but also understand the relative effectiveness of each touch made along the path to purchase.
- Make predictions and recommend ways to optimize marketing spend and strategy (e.g. LTV) in near real time.

CASE STUDY:

To Neustar, it’s not science fiction. It’s MarTech fact.

When a leading wireless carrier wanted to understand the impact of its digital media spend on offline sales and the relative ROI of various digital channels, they turned to Neustar. Using its Platform One solution (a technology available to them as a result of its acquisition of Aggregate Knowledge, a Foundation Capital portfolio company), Neustar analyzed both the media spend and offline sales data for the carrier.

The results were surprising.

When Neustar applied a multi-touch attribution model rather than a traditional last-touch model, it determined that search advertising did not perform as expected. For example, the number of conversions attributed to Google dropped by 33%, and the number of conversions attributed to Amazon jumped by 26%. Meanwhile, Neustar found that customers who saw an online ad had a 40% higher purchase rate, bought higher priced plans, and had a substantially lower churn rate – ultimately generating 18% more revenue.

Using Neustar’s ROI measurement platform enabled the carrier to better link online media spend to offline purchases and to better predict the business impact of their marketing investments.

neustar

1. All Hail King ROI

X

~~“Half the money I spend on advertising is wasted. The trouble is I don't know which half.”~~

John Wanamaker's old quote is finally both old and out of date.

“

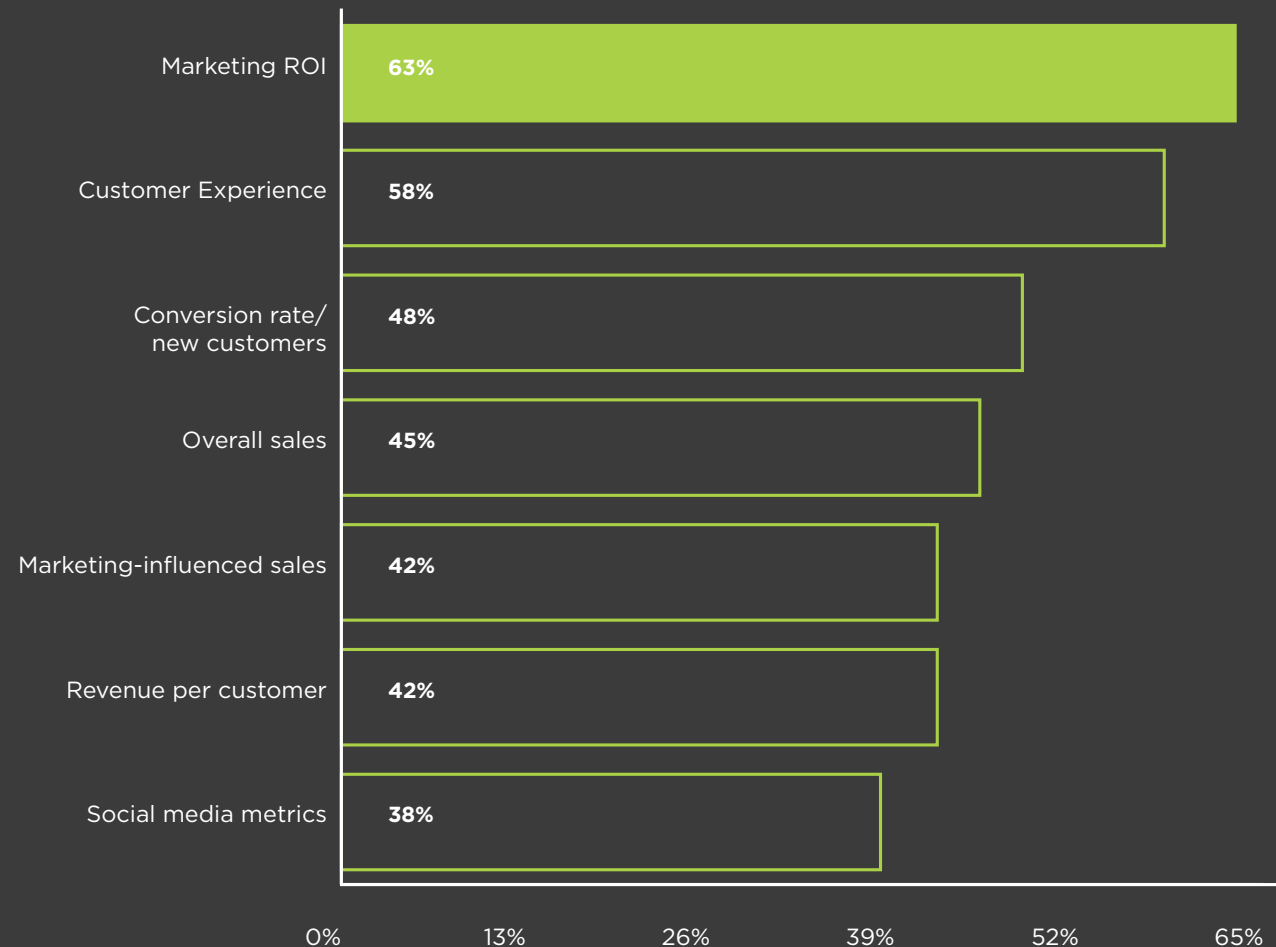
We have to look for ways to combine creativity and technology with an understanding of how the business fits into the overarching customer experience. We have to think and act like CEOs.



*Jerret West, Netflix,
Vice President of Marketing*

Seven most important measures to gauge marketing success

Percent of CMOs selecting success measurements



Source: IBM
















MarTech Gurus Leading the Way to Nirvana:

Established Companies:

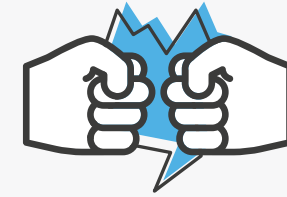
Facebook and Google are developing ROI measurement solutions that are tailored to their platforms. However, CMOs also want solutions that are targeted across different platforms and combine both paid, earned, and owned media.

Emerging Companies:

Innovative new companies are following suit with powerful new ROI measurement platforms of their own. There are a host of other emerging players addressing different aspects of ROI management, including analytics / dashboarding, data management, and attribution.

Analytics / Dashboarding	Data Management	Attribution
     	   	    

Non-comprehensive list



CIO: A Strategic Partnership

As the role of marketing becomes increasingly technical, for CMOs to succeed, they will have to partner with IT. At the same time, IT has to change how it operates in order to collaborate with marketing teams. In the Harvard Business Review, Scott Brinker predicted that the role of Chief Marketing Technologist would serve as a connective tissue between marketing and IT.

The CMT will report to the CMO and partner with IT, bringing to bear technology expertise coupled with a passion for marketing. The CMT will set a technology vision for marketing, champion digital initiatives, and act as a change agent within marketing. She will define technology priorities for marketing, drive vendor selection, and ensure that marketing staff has the right skills and training. While she will typically select SaaS solutions that require limited IT involvement, she will work with IT to ensure their support.

Key 2



Hire Math Men, not Mad Men

For no good reason, media buying still works a lot like the floor of a pre-internet stock exchange and deals still get done over dinner and drinks. But as existing technologies gain wider adoption, media buying is starting to look a lot like stock buying.

In Nirvana:

The new RFP in media buying will be Really Fast Platforms. Instead of media buyers taking weeks or months to buy and sell media through an RFP process, computers will do the buying and selling on their own, in milliseconds with greater efficacy.

Automated media buying, which Google pioneered with AdWords, will enable marketers to precisely target individual users or finely defined segments and gain visibility on where exactly dollars are deployed. In addition, marketers will easily be able to shift budgets from one segment to another.

Programmatic Media Buying is Not a Trend – It's a Takeover

Eventually, 100% of all print, radio, and television advertising will be bought and sold programmatically.

Challenges on the Path to Nirvana :

Today, less than 5 percent of advertising is bought and sold programmatically. While this number is growing more than 50 percent year over year, there are a lot of challenges to overcome before most of advertising can be bought this way.

Marketers will rely on technology companies to:

- Increase supply of media that can be bought programmatically, especially offline media such as linear TV, radio, and billboards.
- Enable advance purchase of media in addition to spot buys.
- Give brands an understanding of where ads appear, alongside what kind of content, and who views them.
- Connect digital metrics like impressions to traditional metrics like Gross Rating Points (GRP).

Agencies: A New Relationship

In the decade of the CMO, the role and business model of agencies are being redefined. As brands recognize the strategic value of customer data and technology platforms, they increasingly want to maintain control of data and technology.

Some brands, may choose to manage media buying internally, like they do with search, and hire expertise in-house, cutting out agencies altogether. Others are demanding more control and may choose to handle media-buying strategy internally to maintain control of the data and technology, and contracting out the execution of media buying to agencies or consultants, or even an army of freelancers.

In addition, traditional strategy and IT consulting firms like Accenture and Sapient, now see the MarTech opportunity and are adding traditional agency functions and creating new service lines like creative asset management.

Agencies are responding by building technology skills and experimenting with new business models. Most agency holding companies have built or acquired very large digital solution providers. For example, through its \$3.7 billion acquisition of Sapient, Publicis acquired both IT consulting skills as well as SapientNitro, a successful new-age agency. Publicis has also acquired software vendors such as Run, a mobile data management company, and Relevant24, a content marketing platform.

The lines are blurring between agencies and technology companies. Soon, it will be tough to tell the difference.

2. Hire Math Men, not Mad Men

MarTech Gurus Leading the Way to Nirvana:

Established Companies:

Players like Facebook, Google, and Twitter have each developed programmatic media buying solutions largely to make it easier for marketers to buy their media. However, CMOs also want cross-platform media buying solutions.

Emerging Companies:

A host of emerging companies, such as TubeMogul, AdRoll, and Nanigans, provide cross-platform media-buying solutions. This ecosystem is well-developed with later stage startups beginning to blur the lines between categories. Established players are also aggressively acquiring companies in this space.



The traditional agency is fundamentally broken when we can crowd source among filmmakers and get 20 ideas instead of one.



Guy Longworth, Sony PlayStation, CMO

	Buy Side	Exchanges	Sell Side
Video			
Mobile			
Social			

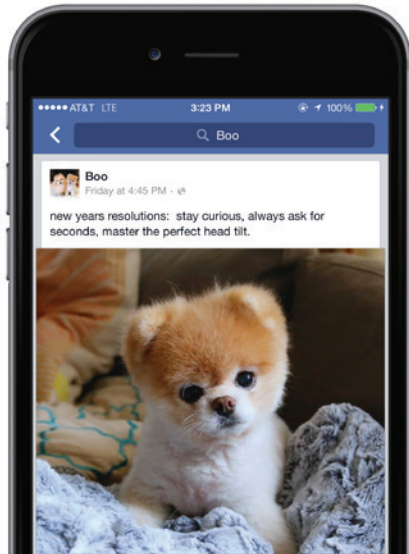
Non-comprehensive list

Key 3



Publish or Perish

Social and mobile has amplified the voice of consumers. As a result, every business has to be in the content business. Traditionally, brands created a few pieces of high quality content, a.k.a. ads. Today, content creation permeates all of marketing and the lines between content and advertising are blurring. Marketers must provide useful and authentic content at a scale that is several orders of magnitude beyond what they would have created for traditional advertising.



In Nirvana:

CMOs will gain consumers' trust by providing relevant, authentic, engaging content during the right stage in a buyer's non-linear path to purchase – especially before they move into an active shopping phase.

Challenges on the Path to Nirvana :

Marketers will rely on technology companies to:

- Create authentic content at scale, in a variety of formats.
- Distribute across fragmented channels and measure engagement.
- Identify, leverage, and nurture advocates, and encourage them to deliver, through effective Word of Mouth marketing, information consumers can both trust and act on.

There's No One **“Right Way”** to Do Content

Authentic Content:

Boo the Dog

If there's such thing as the Justin Bieber of dogs, Boo is it. In a matter of years, the Pomeranian rose from a page on Facebook to a social media icon – with 17 million followers, a published book, merchandise and the title Virgin America's Official Pet Liaison. Upon reflection, Boo's owner (his CMO) said Virgin chose Boo to introduce their new service class “main canine select” in large part because he built his following on authentic, relatable content – without ever spending a dollar on advertising to promote himself.

Unbranded Content:

Chipotle's “Farmed and Dangerous” Web Series

One restaurant chain has created a Hulu web comedy series where its message is prominent but its brand name is not. A sustainable farmer, Chip Randell, stands in for Chipotle, and the storyline pits him against Buck Marshall of the Industrial Food Image Bureau. CMO Mark Crumpacker said, “Chipotle as a company is essentially trying to change the way food is raised in this country... there's only so much one restaurant can do, so we're actually trying to change public opinion.” According to Crumpacker, he's been asked, “What the hell are you doing? What is this unbranded content? It is, I think, maybe the new frontier in marketing. It's storytelling at its heart.”

Unowned Content:

Influencer Marketing Model

Sometimes, less control is more powerful. To create large amounts of content at scale and still maintain ingenuity, many brands such as Coca-Cola leverage social media influencers such as Vine celebrities. Coca-Cola provides incentives for these celebrities to create and distribute their own content that mentions the Coca-Cola brand. This crowd-sourcing model is not only powerful but allows brands to reach targeted audiences with unique messages that come from content creators that these audiences already trust.

MarTech Gurus Leading the Way to Nirvana:

Established Companies:

While companies like Salesforce, Buddy Media, and Oracle have made initial forays into products that manage their social media presence, brands need much more.

Emerging Companies:

There are a host of technology companies providing a variety of content marketing solutions. This ecosystem is nascent with categories still being defined. Brands are very interested in building content marketing platforms, but are still defining their own needs.

“

Given that the future of marketing is data, IT, and content, the definition of creativity is going to change.



*Frederick Lecog, Canadian Tire,
Senior Vice President Marketing*

Content Creation	Content Curation	Workflow Management/Analytics	Advocate Management

Non-comprehensive list

Key 4



Mass Personalization is Not an Oxymoron

The year is 2054. Tom Cruise's character in *Minority Report* cuts through a mall, and advertisements begin changing in real time to send personalized messages. Today's consumers also expect a unique experience. Too often, brands offer one-size-fits-all when they could instead use technology to meet customers' varying needs and desires in a cost-effective way – decades ahead of *Minority Report*.

In Nirvana:

Marketers will have the ability to reach infinite segments of one. Marketers will be able to present the best choices in the right context and at the right time across devices – simplifying the experience, rather than trying to provide as many options as possible.

Instead of connecting with a million people at once, brands will connect with one person – and do it a million times over.

“

We look for technologists and computer scientists coming out of top schools. What we've found is that, increasingly, they are looking to launch their careers in MarTech.



*Kamakshi Sivaramakrishnan,
Drawbridge CEO*

Challenges on the Path to Nirvana :

Marketers will rely on technology companies to:

- Aggregate data across channels and devices in real-time to gain a comprehensive view of each individual customer – while protecting customer privacy.
- Build predictive models that enable marketers to predict consumer preferences at scale, cost-effectively, and in real-time.
- Surface relevant content across all touch points at optimal times with the goal of maximizing customer lifetime value.
- Use location as a new way to increase the relevance of marketing to the consumer – finally delivering the right message at the right time but re-defining what we mean by ‘right place’.
- Personalize offline experiences using a unified customer profile

Marketing Teams: It Starts with Education

With marketing becoming a technical discipline, business schools are in the middle of shifting their curriculum to prepare their students to succeed not just in marketing but in MarTech. In addition to offering traditional classes on pricing and promotions, business schools are offering classes on data-driven marketing, data mining, and computer programming. Marketing programs are also becoming more interdisciplinary in order to prepare marketers to become Chief Experience Officers (CeOs). In addition, more graduates who have technical majors are pursuing marketing careers.

“

As the role of data is amplified, the marketer of tomorrow will live at the intersection of statistics, computer science and marketing. Business schools, increasingly cognizant of this confluence are responding by imparting the technical skills, emphasizing the practical implementation and combining these with a healthy dose of fundamental marketing savvy.



*Pradeep Chintagunta,
Joseph T. and Bernice S. Lewis
Distinguished Service Professor
of Marketing, University of Chicago*

MarTech Gurus Leading the Way to Nirvana:

Established Companies:

Amazon, for one, has developed a number of proprietary personalization solutions to give its customers a unique experience each time they visit the online store, depending on what they've shown interest in on and off the site.

Emerging Companies:

Personalization is an established category that is being reinvented by advances in data science. Successful startups are driving the shift from lookalike to machine learning based models and are moving from batch processing to real time optimization.



We want each consumer that engages with Men's Wearhouse to have a customized experience – online as well as offline



Susan Neal, Men's Wearhouse

	B2C	B2B
Web		
Mobile		
Online/Offline	 	

Non-comprehensive list

Key 5



Close the Deal

The marketing team used to pass the baton to the sales team to close the deal. In this decade, sales will no longer be exclusively the job of the sales. Marketing will not only generate demand but also drive revenue and growth.

In Nirvana:

Marketers will drive revenue and growth by connecting with the right individual, making the right recommendation, at the right time and close the deal.

Challenges on the Path to Nirvana :

Marketers will rely on technology companies to:

- Aggregate personally identifiable information across channels to gain a comprehensive view of each customer – while addressing privacy concerns.
- Predict the value of each potential sales lead.
- Surface relevant insights at the exact right time to take action and help close the deal.
- Manage individual customer relationships at scale.

MarTech Gurus Leading the Way to Nirvana:

This space is nascent with new categories yet to emerge.

Predictive Scoring



Relationship Management



Non-comprehensive list

Data Governance: A Marketer's Greatest Responsibility and Chief Risk

In 2014, corporations like Target, JP Morgan, and Sony have all faced significant consumer backlash due to data leaks. As marketer roles expands to include ecommerce and other technology initiatives, they will collect more data and face increasing risks of data leakage. In addition, marketers are increasingly on the hook for ensuring compliance with local regulations in every geography that they operate. However, the regulatory landscape around data governance is evolving and often ill-defined. Marketers therefore need to make their own assessments on how to handle data properly.

Belkin CMO Kieran Hannon offered an example: “Some of our customers opted out of email communication, but what if we need to communicate something important that is not promotional in nature? Do we contact them or not?”

Consumer attitudes towards privacy are evolving and companies need to learn to walk the “fine line between cool and creepy.” CMOs who learn to walk this line will deliver a differentiated customer experience and build an enduring brand.



5 Keys to *Unlocking the Decade of the CMO*

Keys to Unlocking the Decade of the CMO	Nirvana	Challenges
All Hail King ROI	Marketers will be able to accurately model the business impact of their proposed marketing investment.	Marketing teams will need to combine disparate datasets, accurately attribute touches, and optimize spend and strategy – all at the speed of business.
Hire Math Men, not Mad Men	Instead of media buyers buying and selling media through inefficient RFPs, computers will bring efficiency and automation to the entire process.	Developers will need to find ways to enable the advance purchase of media, make offline media available for programmatic buying, and make more data available to brands.
Publish or Perish	Marketers will provide useful and authentic content that connects brands with consumers – optimizing message, timing, and placement.	Brands must distribute authentic content in a variety of formats and across fragmented channels, while measuring engagement and nurturing WOM advocates.
Mass Personalization is Not an Oxymoron	Marketers will have the ability to efficiently reach infinite segments of one – simplifying and personalizing the experience for consumers.	Technology needs to deliver a comprehensive view of each consumer, predict preferences, and leverage contextual data – like current location or preferred device – to effectively tailor each piece of marketing.
Close the Deal	Marketers will do more than generate demand. They'll add “sales” to their job descriptions and, in the process, drive revenue and growth.	Software must bridge datasets to predict the value of each potential sales lead, surface relevant and timely insights, and help marketers build revenue as well as relationships.

10x in 10 Years:

A \$120 Billion Market for MarTech

In 2014, consumers spent more time online than watching linear TV. More than two thirds of the U.S. adult population has a smart phone. By the end of 2015, there will be 2.5 billion smart phone users around the world. Every day, millennials check their smart phones 43 times and spend more than five hours on social media. We are now past the digital inflection point.

“Change has never happened this fast before, and it will never be this slow again” – Graeme Wood, journalist and blogger regarding today’s advertising, media, and marketing space.

For most marketers, both the pace of change and complexity of the MarTech landscape is overwhelming. Every major software vendor has a marketing cloud, and there are at least 2,000 MarTech startups knocking on the door of CMOs, a figure that has doubled in the last twelve months.

As a former marketer and now an investor, I created the five keys framework to simplify the chaos. Like CIOs, CMOs must build their own technology stack, combining offerings from emerging companies with solutions from established players. For a CMO, the Five Keys will provide a framework to organize and prioritize her

technology investments. For start-ups the Five Keys outline clear opportunities to tap into – and take over – this \$120 billion dollar market.

Companies including Playstation, Unilever, and Clorox are blazing the trail. The period we find ourselves in now reminds me of the battle between our portfolio company, Netflix, and Blockbuster. At its peak in 2002, Blockbuster was worth more than \$5 billion. In 2010, it filed for bankruptcy. In order to avoid Blockbuster’s fate, marketers need to define their technology roadmap and begin to make the investments required to excel in this new digital age.

CMOs that embark upon this journey have the opportunity to become CeOs owning the end-to-end customer experience. Those that excel will go on to become CEOs.



This shift will open up a
\$120B per year
opportunity for marketing technology start-ups.

Bio



Ashu Garg:

General Partner, Foundation Capital

Ashu Garg is a general partner at Foundation Capital, focusing on startups in Marketing Technology (MarTech), Analytics, and SaaS applications. He currently serves on the board of directors of TubeMogul, Localytics, Conviva, ZeroStack, AdRise, FundsIndia.com, IndiaHomes.com, and TreeHouse. Ashu was also closely involved with Aggregate Knowledge (acquired by Neustar in 2013), FreeWheel (acquired by Comcast in 2014), and SpotZot (acquired by Vlassis in 2015).

Before joining Foundation Capital in 2008, Ashu was the General Manager for Microsoft's On-line Advertising business where he ran Ad Ops and Yield Management; previously, he led Field Marketing for Microsoft's software business. Ashu also worked for McKinsey & Company, Cadence Design Systems, and Unilever. Ashu founded TringTring.com, a local search engine based in India.

Ashu has lived in India, Nigeria, the Sudan, and today makes his home in California with his wife, Pooja (an entrepreneur in her own right) and their two sons.

Find him on LinkedIn ([linkedin.com/ashugargvc](https://www.linkedin.com/ashugargvc)), and connect with him on Twitter @ashugarg.

Current Foundation Capital MarTech portfolio



Exited Foundation Capital Martech companies

