The Chief Marketing Officer

First Quarter 2023

Gartner®

Leadership Spotlight

Leadership Vision for Defining Moments

Letter From the Editor

The first quarter of 2023 has forced CMOs to contend with many of the same uncertainties that defined 2022. The Russian invasion of Ukraine, continued threats of economic volatility and consumer unease persist. Success in 2023 will be determined by your ability to combine a response to shifts in customer demand with shoring up internal budgeting and planning.

This issue of The Chief Marketing Officer brings new perspective to the consumer, budgetary and macro challenges CMOs are facing this year, along with the leadership vision they'll need to respond to them.

First, we explore the leadership vision required to drive efficient growth in a potentially volatile environment. It's imperative that you show a relentless focus on customer value, purposeful evolution of the marketing function and continual optimization of brand value.

We then examine the consumer and cultural trends shaping 2023. Consumers have entered the year seeking self-reflection and comfort, finding meaning and joy in their postpandemic routines.[1] Provide opportunities for consumers to explore and help them in their search for comfort and joy.

Next, as 2023 marketing budgets continue to face scrutiny, remain vigilant to ensure your strategic vision is not knocked off course. Gartner Senior Director Analyst Jason McNellis outlines four strategies rooted in marketing analytics that help clarify, among executives, how marketing drives demand and establishes data-driven guideposts for planning.

As consumer and budgetary shifts shape 2023, look to the larger undercurrents that will shape the next decade. We explore Gartner's predictions for marketing in the years ahead, and provide specific actions you can take to respond, and build deeper, more valuable connections between customers and brands.

Finally, we sat down with Gartner VP Analyst Lizzy Foo Kune to discuss how CMOs are adopting futurist mindsets for enterprise growth by striking a balance between addressing current needs and strategizing for the short-term and long-range future.

We hope this issue of The Chief Marketing Officer helps you harness the latest trends and data with a focused vision to guide your organization through 2023 and beyond.

Best,

Michael Giblin

[1] 2022 Gartner Consumer Values and Lifestyle Survey

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The Chief Marketing Officer

Leadership Vision: 3 Key Themes Driving CMO Strategies in 2023

by Sharon Cantor Ceurvorst and Ewan McIntyre

CMOs have an imperative to drive efficient growth in a volatile environment. Successful CMOs will respond to challenges with a relentless focus on customer value, purposeful evolution of the marketing function and continual optimization of brand value.

Where CMOs Must Take Action in 2023

CMOs need to adopt new strategies for efficient growth in a high-velocity world. Specifically, they must focus on three key themes across 2023 (see Figure 1):

1. Creating a digital customer value exchange to provide mutual value on digital channels throughout the full cross-channel journey.

2. Adapting team structures and skills to advance new cross-functional operating models.

3. Optimizing shifts for brand value by redefining and quickly demonstrating the value of brand investments in a volatile environment.

Why these themes, and why now? As CMOs proceed through 2023, enterprises expect them to drive efficient growth, but the strategies and organizations are straining under the impact of unpredictable customer behaviors, burdensome cross-functional collaboration and the erosion of traditional sources of brand value.

Customer demand and buying behaviors continue to fluctuate unpredictably amid supply chain disruption, inflationary price increases and geopolitical instability. At the same time, strategic marketing priorities — such as innovation, customer experience (CX) and digital commerce — have transcended functional boundaries, becoming enterprise priorities with complex cross-functional execution. This coordination burden taxes marketing teams that are already strained and thinly resourced, resulting in underperformance against critical marketing goals. Finally, traditional sources of brand value are under pressure amid new forces: disruptive market entrants, heightened audience expectations and the increased ease of digital learning about unfamiliar brands.

Figure 1. 3 Key Themes Demanding CMO Action in 2023
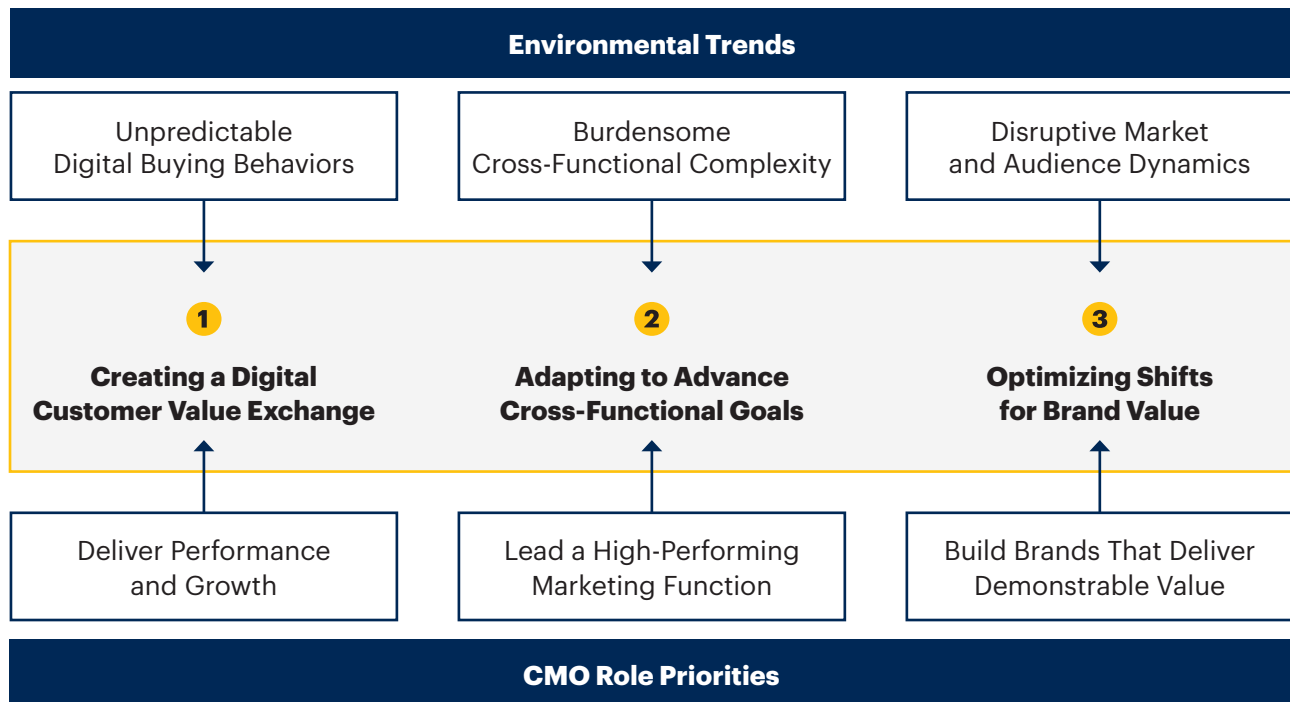
Source: Gartner

Recommendations

CMOs responsible for marketing leadership and strategy should:

- Provide mutual value on digital channels across the full customer journey by optimizing orchestration capabilities and using customer-directed engagement models to guide their personalization strategy.

- Adapt marketing team structures and skills to support new cross-functional operating models by evaluating where marketing should have sole or shared responsibility and applying the best operating model for each of your core capabilities.

- Redefine and quickly demonstrate the value of brand investments by connecting brand health to experience and business outcomes and driving delivery of experiences that support business goals.

Creating a Digital Customer Value Exchange

In 2023, CMOs face a concerning disruption in the typical rules of customer value exchange. As customer behaviors fluctuate in unpredictable ways, it is becoming more difficult to detect shifts in what customers need and value, let alone respond effectively in the moment.

As an example of recent instability, consumers report stark changes to their routine shopping activities due to inflation, with a net increase in buying store brands, visiting a variety of online shopping sources and shopping online more frequently.[1] These trends challenge established brands to maintain brand preference, defend premiums and command loyalty. And, digital and hybrid buying preferences that either emerged or accelerated during the early pandemic are becoming new norms. For example, 78% of U.S. consumers report engaging in some kind of hybrid (i.e., online and offline) shopping behavior in the last three months.[2] Similarly, 68% of B2B buyers recently completed a recent significant purchase transaction through digital commerce (i.e., ordering and paying online), as opposed to traditional rep-led procurement.[3]

The promise of digital buying is a flood of observable data about customer needs and what drives conversion. However, regulatory and technical safeguards of consumer data privacy — such as GDPR, CCPA, browser cookie deprecation and new privacy features in iOS and Android — are making proven digital marketing tactics obsolete. Over two-thirds of consumers and B2B buyers engage in data privacy and protection behaviors, such as turning off data tracking and push notifications, and using junk email accounts.[4]
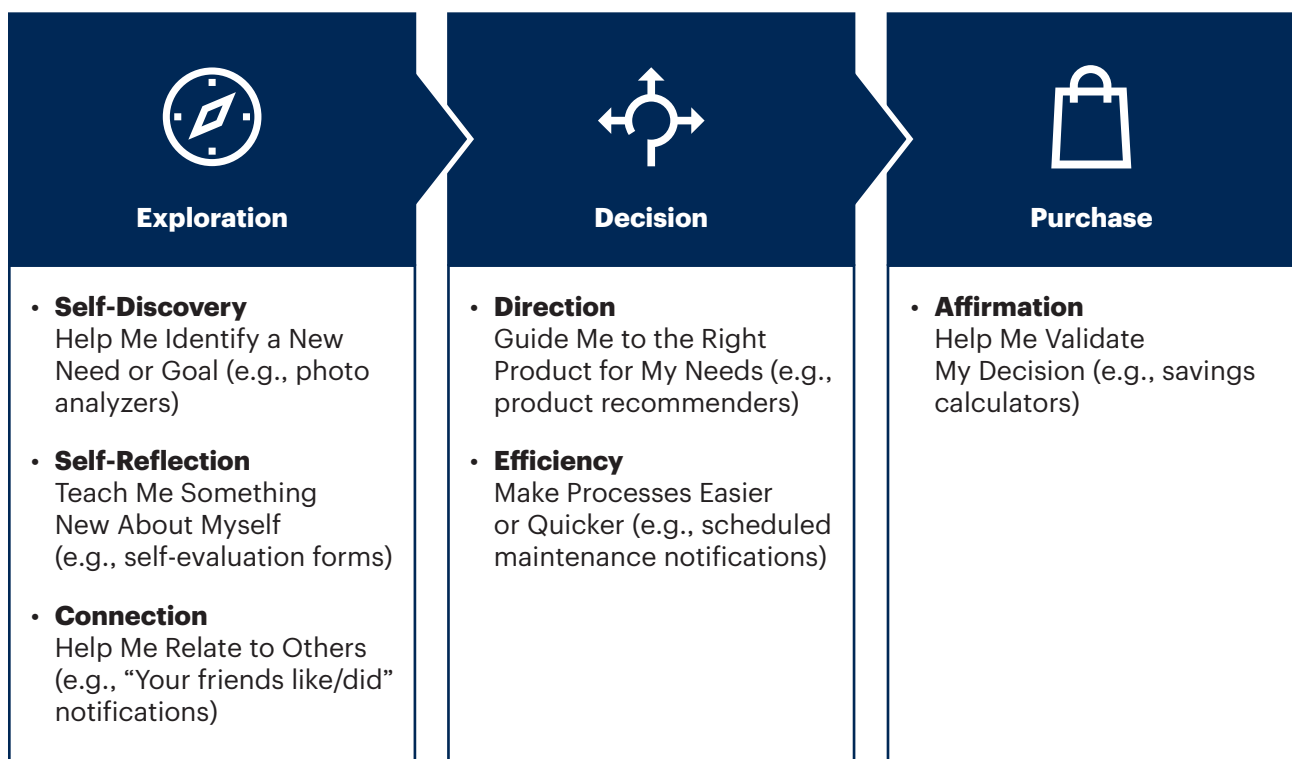
In response, many CMOs are prioritizing first-party data capture and seeking opportunities for contextually relevant engagement throughout the end-to-end customer journey. Increasingly, CMOs are pursuing a coordinated, customer-focused set of techniques, often called journey orchestration. Gartner defines customer journey orchestration as organizing a set of recommended interactions to create or respond to customer signals throughout the customer life cycle. When executed well, this approach can be a powerful mechanism for converting customers and deepening customer relationships.

To create mutual value on digital channels, focus scarce marketing resources on offering genuine help to customers in their journeys. Orchestrate interactions that provide specific and meaningful assistance to customers, ensuring an understanding of the value exchange between audience and brand is reflected across the full journey.

Certain forms of help have a bigger impact when customers are early in their journey — still exploring. That's when you should help customers identify new needs, learn about themselves and foster connections with other people whose opinions they value. These experiences change customers' perspective and deepen their understanding of their own needs and goals, ultimately leading to different and better choices. Later in the buying journey, it is most effective to smooth the path to purchase by directing customers to the best option for them and making it easy to enact the decisions they've made. Finally, at the end of their journey, provide customers with reassurance and self-affirmation that they have made the right choice (see Figure 2).

Figure 2. Forms of Customer Value Across the Buying Journey

Exploration

- **Self-Discovery**
  Help Me Identify a New Need or Goal (e.g., photo analyzers)

- **Self-Reflection**
  Teach Me Something New About Myself (e.g., self-evaluation forms)

- **Connection**
  Help Me Relate to Others (e.g., "Your friends like/did" notifications)

Decision

- **Direction**
  Guide Me to the Right Product for My Needs (e.g., product recommenders)

- **Efficiency**
  Make Processes Easier or Quicker (e.g., scheduled maintenance notifications)

Purchase

- **Affirmation**
  Help Me Validate My Decision (e.g., savings calculators)

Source: Gartner

Adapting to Advance Cross-Functional Goals

In many organizations, routes to market, revenue generation and customer growth have unclear or overlapping responsibilities. Stakeholders report to different leaders, use varying technologies, collect siloed customer data, and independently design messaging and engagement to achieve their performance goals.

This coordination burden taxes marketing teams that are already strained and thinly resourced, resulting in lower performance against critical marketing goals. For example, while marketing leaders believe they should take a collaborative approach to planning digital revenue growth, those who do are less likely to exceed their customer acquisition goals.[5] Similarly, in a survey of senior marketing leaders responsible for digital commerce, those who describe their approach as "independent" outperform self-described "collaborators" on annual revenue targets by 24%.[6]

In response, CMOs are restructuring their teams to drive efficiency and alignment. There is a deliberate push toward exploring customer-focused team structures and investing in marketing operations teams. Many CMOs highlight the need for their marketing teams to become more deeply embedded in business operations to help drive strategic enterprise change.

However, all too often CMOs approach organization design as an exercise that starts and ends with an org chart. Reset the approach. Evaluate whether your function and operating model support each of the core capabilities that are material to achieving your strategy, and that enable marketing to collaborate productively to meet enterprisewide growth goals. At the same time, rightsize your approach to cross-functional collaboration by specifying the mode, purpose, scope, duration and expected outcomes of collaboration, such as short-term delivery versus long-term strategy. Doing so will reveal the operating model — or combination of models — that are most appropriate to your function's needs (see Figure 3).

Figure 3. Gartner's Reference Guide to Internal Marketing Operating Models

	In-HouseAgency	Center of Excellence	Shared Service	Newsroom	Project Pods
Use Case Examples	• Creative/ Content Studio • Research Strategists • MD&A Strategists	• Marketing Operations • Customer Experience	• High-Volume Content Production	• High-Volume Editorial Content • Media/PR Strategists	Fusion Teams, Tiger Teams, Large Iterative Projects or Ideation Development
Entity	Formal	Formal	Informal	Informal	Informal
Orientation	Strategic/ Creative	Strategic	Production	Story Development/ Execution	Design/ Implementation
Cost	$ - $$$$	$$ - $$$	$ - $$$	$$ - $$$$	$$ - $$$$
Talent	Entry to Senior	Mid-Level	Entry-to-Mid-Level	Mid-Level to Senior	Mid-Level to Senior
Head	• Creative Director • Creative Operations • Marketing Strategist	• Marketing Strategist • Marketing Operations Director • Brand Marketing Director	• Marketing Manager • Marketing Director	• Editor-in-Chief • Comm-unications Director • PR/Media Director	• Scrum Master • Product/ Project Director • Innovation Strategist
Core Duty	Strategy and Execution	Consistency	Fast Execution	Fast Opportunistic Execution	Fast Cycle Delive

Source: Gartner

Optimizing Shifts for Brand Value

Audiences no longer move through a linear path from awareness to consideration to decision to brand loyalty. Roadblocks exist at every step of those traditional pathways to brand value. In particular, disruptive market entrants require established brands to reposition themselves to remain competitive, challenging all brands to build and maintain awareness. Heightened audience expectations challenge brands to earn consideration by proving not only that they are worth paying more for, but also that they benefit society. Finally, the ease of digital learning erodes the value of having a strong brand at the point of decision. Three out of four consumers have searched online for information about a previously unfamiliar brand while shopping in-store.[7]

In response, reexamine every aspect of your brand strategy, from positioning to activation to measurement, to maximize the value of brand investments. Many CMOs — with an eye on environmental, social and governance issues — see providing societal benefits as a significant brand builder. This approach, however, risks becoming generic and not meaningful to target audiences. When it comes to driving brand commitment (i.e., the degree to which audiences prefer the brand to alternatives, feel a personal connection to it and advocate on its behalf), the combination of personal and functional benefits is especially potent. Overall, the additional effect of societal benefits alongside personal and functional benefits is very small.[7]

To drive commitment in a shifting environment, activate your positioning through brand experience. The strongest driver of brand commitment is a single meaningful, "catalytic" brand experience that changes the audience in some way. While this is a high bar, the good news is that it only takes one catalytic brand experience with a brand to create a lasting impact. In fact, a single catalytic experience with an unfamiliar brand dramatically boosts brand commitment.[7]
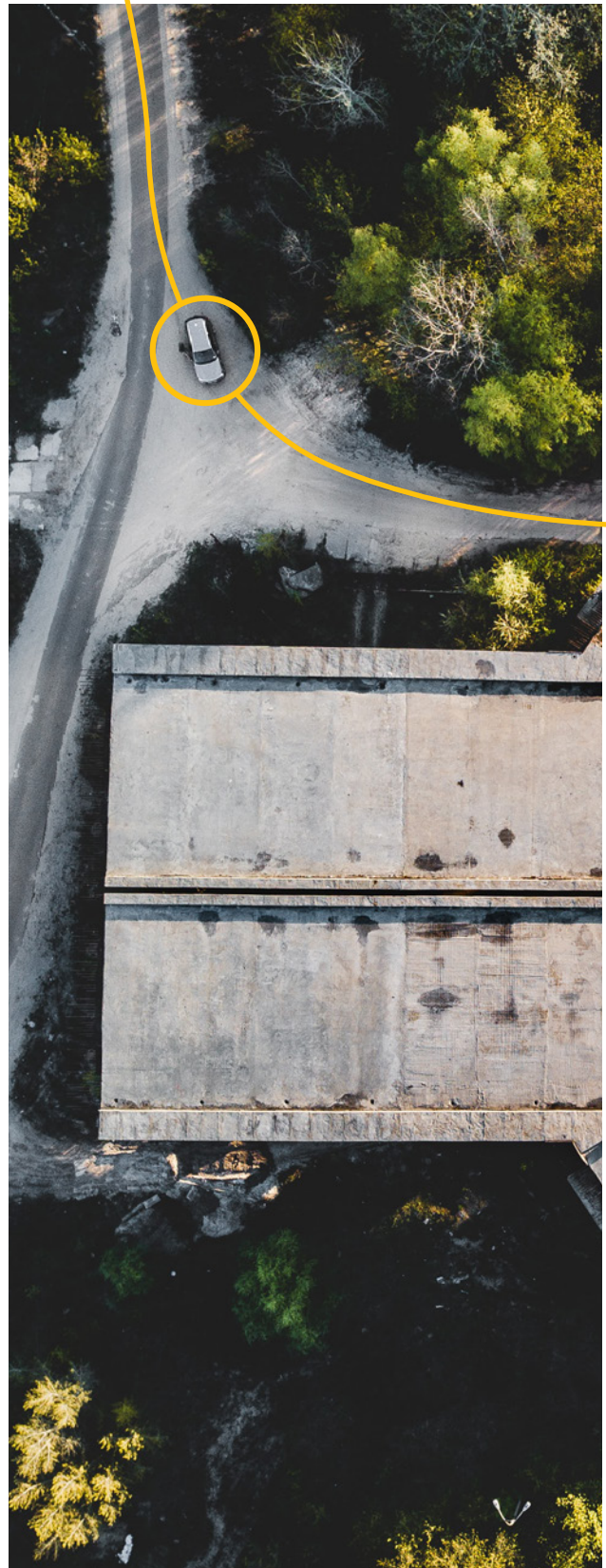
Of course, it is not enough to know what works: CMOs must be able to drive organizational alignment and defend every decision they make. To activate a meaningful brand experience, develop a strategic partnership and integrated approach between brand strategy and CX. Use a robust brand health measurement framework to determine whether your brand strategy is infused throughout your target audience's experience of your brand and, ultimately, whether your target audience's actions are driving business results (see Figure 4).

Figure 4. Brand Health Framework With Questions Posed and Essential Metrics

	Key Questions	Metrics
Business Outcomes	How are the actions of the target audience driving business results?	Business goals such as • Revenue • Profit • CLV
Experience	Is our target audience experience delivering on our brand positioning?	Brand experience satisfaction (based on brand strategy and personality)
Engagement	Does our target audience want to engage with our brand?	Purchase intent
Communication	Is our strategy communicated in a way that resonates with our target audience?	Equity measures (based on brand strategy and personality)
Reach	Is our target audience aware of us?	• Aided awareness • Unaided awareness
Strategy	Does enough of our target audience find value and differentiation in our strategy?	• Value • Differentiation • Total addressable market

Source: Gartner

[1] 2022 Gartner Cultural Attitudes and Behaviors Survey. The purpose of this survey was to understand consumer lifestyles and motivations. The research was conducted online from 30 August to 27 September 2022 among 1,501 U.S. respondents. Of those, 1,036 respondents were selected from respondents who had completed the Gartner Consumer Values and Lifestyle Survey in August 2022. The remaining 465 respondents were selected from those who have volunteered or registered to participate in online surveys. Respondents were required to be at least 15 years old. Disclaimer: Results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents surveyed.

[2] Gartner Consumer Cost-of-Living and Price Sentiment Survey. The purpose of this survey was to understand how inflation impacts consumer decisions and attitudes toward brands and products. The research was conducted online from 23 November to 15 December 2022 among 2,013 respondents in the U.S. Respondents were required to be at least 18 years old. Disclaimer: Results of this study do not represent global findings or the market as a whole, but are a simple average of results for the targeted countries, industries and company size segments covered in this survey.

[3] 2022 Gartner B2B Buyer Panel Survey. The 2022 Gartner B2B Buyer Survey was administered in November and December 2022 and includes data from 771 B2B buyers from the U.S., Canada, the U.K. and Australia. Respondents who qualified for this survey had to be employed full time at an organization with total revenue of at least $250 million or the equivalent and had participated in a significant B2B purchase decision. A "significant B2B purchase decision" is defined here as a decision that requires deliberation with at least one other person and the evaluation of more than one potential supplier or vendor. Respondents were instructed to answer questions based on their experience with this recent purchase and with the supplier that was used to complete the purchase. Respondents evaluated the quality of the purchase decision and provided insights into various stages of their recent purchase decision. Disclaimer: Results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies surveyed.

[4] 2021 Gartner Personalization Customer Survey. This survey includes data from 1499 B2B and B2C customers from the U.S., Canada, U.K., Australia, and New Zealand. To qualify for the survey, respondents must have considered purchasing from a brand or supplier and recalled a recent communication from that brand or supplier. B2B customers must have worked for an organization with at least US$250 million in annual revenue and have been involved in a significant purchase decision on behalf of their company (i.e., a decision involving multiple potential vendors and more than one decision maker). The survey was designed to explore buyers' and consumers' behaviors and expectations regarding personalized communications. The survey was fielded in October 2021. Disclaimer: Results of this survey do not represent global findings or the market as a whole, but reflect the sentiment of the respondents and companies surveyed.

[5] 2022 Gartner CMO Spend and Strategy Survey. This survey looked at top-line marketing budgets and identified how evolving journeys, C-suite pressures, and cost challenges impact marketing's strategies and spending priorities. The research was conducted online from February through March 2022 among 405 respondents in North America (n = 190), Western Europe (n = 181) and the Nordics (n = 34). Respondents were required to be involved in decisions pertaining to setting or influencing marketing strategy and planning, as well as have involvement in aligning marketing budget/resources. Seventy-four percent of the respondents came from organizations with $1 billion or more in annual revenue. Respondents were from various industries: financial services (n = 66), tech products (n = 38), manufacturing (n = 49), consumer products (n = 42), media (n = 35), retail (n = 40), healthcare providers (n = 57), IT and business services (n = 35), and travel and hospitality (n = 43). Disclaimer: Results of this survey do not represent global findings or the market as a whole, but do reflect the sentiments of the respondents and companies surveyed.

[6] 2021 Gartner Digital Commerce Survey. The purpose of this survey was to identify top trends around digital commerce with regard to budgeting, staffing, organization design, acquisition strategy, media strategy, tools and third-party providers. The research was conducted online from August through September 2021 among 409 respondents, with 161 located in North America (the U.S. and Canada) and 248 in Western Europe (the U.K., Germany and France). Respondents were required to have involvement in decisions pertaining to digital commerce strategy and/or execution of this strategy. Seventy-nine percent of the respondents came from organizations with $1 billion or more in annual revenue. The respondents came from a variety of industries: financial services (n = 41), tech products (n = 39), manufacturing (n = 41), consumer products (n = 46), media (n = 37), retail (n = 42), healthcare providers (n = 43), IT and business services (n = 39), travel and hospitality (n = 45), and wholesale (n = 36). Disclaimer: Results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies surveyed.

[7] 2022 Gartner Brand Activation Survey. This survey was conducted to explore what drives brand differentiation in the ways that are most valuable to the enterprise. The survey was conducted online from June through July 2022 among 1,999 respondents, who were from North America (n = 1,510), Asia/Pacific (n = 270), and Western Europe (n = 219). Respondents were full-time employees (n = 649), B2B buyers (n = 467), or consumers (n = 883). Fifty-six percent of the employees or buyers came from organizations that had at least 5,000 employees. Respondents answered questions about brands from a wide variety of industries, including healthcare (n = 346), manufacturing and natural resources (n = 311), retail (n = 273), consumer products (n = 215), financial services (n = 210), technology products (n = 164), travel and hospitality (n = 145), and IT and business services (n = 116). Disclaimer: The results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies surveyed.

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U.S. Consumer and Cultural Top Trends for 2023

By Kate Muhl and Emma Mathison

Gartner's Consumer and Cultural Top Trends research captures the most important shifts in consumer behaviors and attitudes. CMOs should use these insights to create plans and programs that deliver maximum impact internally and with consumers.

Overview

Gartner's annual slate of U.S. Consumer and Cultural Top Trends helps CMOs understand the context into which all of their efforts flow. CMOs responsible for strategic planning, targeting, positioning, messaging and corporate social responsibility initiatives can use these trends to better align those initiatives to key cultural trends and changes in consumer behaviors and attitudes. They can also use these insights to make persuasive arguments to other business stakeholders in favor of resource investment shifts to help their organizations stay ahead.

Trends represent synthesized insights gleaned from multiple modes of longitudinal quantitative, qualitative and observational research. Top trends tend to be:

- Cross-category and cross-demographic shifts occurring in the consumer landscape
- Significant changes that we expect to impact marketers' planning, strategy and insight development in the year ahead
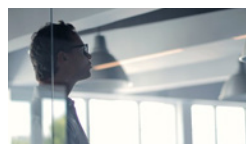
- Explored within an 18-month time horizon
- Emerging and growth trends, but not mature trends

Each trend is a change significant enough to be taken into consideration for high-level business activities like scenario planning, through to audience targeting and even creative execution and communications. The 2023 top trends fall under the categories:

- Great (Brand) Expectations
- Leaning Out
- Cancel the Rich
- Myopic State of Mind
- Wander and Wonder

Taken together, these trends show a populace that continues to grapple with a few lingering shifts wrought by the COVID-19 pandemic. These shifts are also the result of newly emerging struggles in the realms of wealth, work and the ability to accurately contextualize themselves in contrast to other people (see Figure 1).

Figure 1. U.S. Consumer and Cultural Top Trends 2023

Great (Brand) Expectations	Leaning Out	Cancel the Rich	Myopic State of Mind	Wander and Wonder
In the face of inflation, consumers expect brands to take a hit on their behalf.	Consumers rethink the value of hustle, as the pandemic-inspired reconsideration of work continues.	As their own spending power shrinks, consumers question the ethical and aspirational value of wealth.	The "Spiritual Cocoon" entrenches, thanks to the growing gap between how consumers rate their own lives and how they think it's going for the rest of the world.	Consumers look to the universes — galactic and terrestrial — for perspective, inspiration and escape.
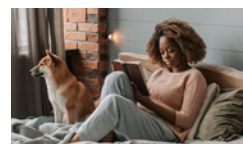
Values				
loyalty	happiness	equality	security	curiosity
trust	simplicity	populism	serenity	discovery
sustainability	purpose	inclusion	comfort	nature

Source: Gartner

The overarching theme of this year's top trends is the economic disquiet that puts consumers at a disadvantage. This refers not just to the pressures that people experience as the cost of living increases, but to the far-ranging uncertainty of that environment and how it manifests across all areas of life. Despite these pressures, we also see signs of optimism: Consumers are resilient and hopeful when it comes to their personal lives and inner circles and they have begun to feel inspired again —by the natural, societal or political world.

Each trend touches on several of the four major themes heading into 2023 (see Figure 2):

• Pandemic Remnants

• Generation Gap

• The Parallax Predicament

• Vibe-cession

Great (Brand) Expectations

In the face of inflation, consumers expect brands to take a hit on their behalf. Consumers believe it's time to deliver on the promise of Corporate Social Responsibility as price increases hit consumers hard, with 72% of U.S. consumers agreeing that "Companies should be willing to sacrifice the bottom line to better serve customers."[1] They want companies to demonstrate proof of people over profits by committing to keeping prices low.

Figure 2. U.S. Consumer Zeitgeist: Major Themes Heading Into 2023

	Pandemic Remnants — Key pandemic-inspired behaviors and preferences prove stubborn	Generation Gap — An attitudinal gap is growing between younger and older consumers	The Parallax Predicament — Consumers are putting themselves in perspective, sometimes accurately, sometimes not.	Vibe-cession — Consumers are feeling weird and looking for somewhere to put those feelings.
Great (Brand) Expectations		✓		✓
Leaning Out	✓	✓	✓	✓
Cancel the Rich		✓	✓	✓
Myopic State of Mind	✓		✓	✓
Wander and Wonder		✓	✓	✓

Source: Gartner
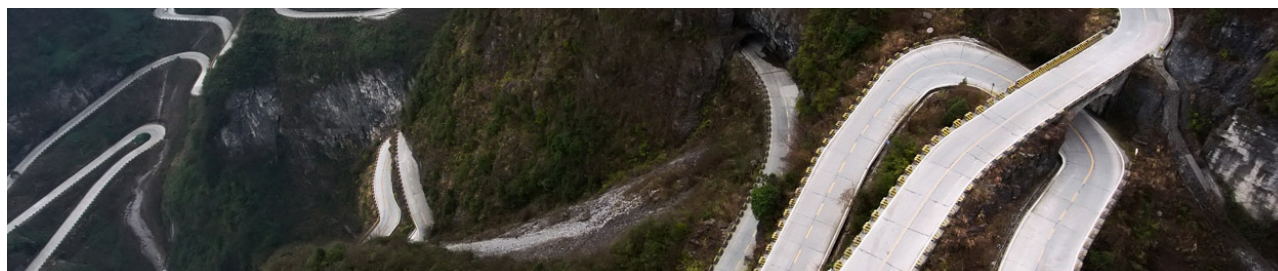
> "Please be kind. Maybe take a hit like the rest of us have, just for a little while, til we get this country figured out"
>
> Colleen, Gen Xer From Urban Wisconsin

Brands can work to mitigate widespread consumer assumptions about corporate greed amid an increasing cost of living by making visible demonstrations of restraint around product pricing, record profits and executive compensation.

Leaning Out

Consumers are rethinking the value of hustle, as the pandemic-inspired reconsideration of work continues. The value of happiness, simplicity and purpose are on the rise, while younger consumers are increasingly rejecting the idea of work as all-consuming. Only 47% of millennials now say they want a job that's meaningful even if it means thinking about job duties outside of regular work hours,[1] down from 63% in 2019.[2] Steady pay, benefits and balance matter much more than before, as consumers turn their focus to a balanced healthy lifestyle (see Figure 3).

Brands can respond to these shifts by holding space for consumer's nonwork identities, creating relatable campaigns and messaging the depiction of aspirational ideas of work such as room for downtime and mental health breaks. Brands may even elect to convey a rejection of hustle culture outright.

Figure 3. Consumer Outlook on Work-Life Balance Shifts

Percentage of Millennials That Agree: "I want a job that's meaningful even if it means thinking about job duties outside of regular work hours"

Millennials deprioritized meaningful work in favor of work that can be contained
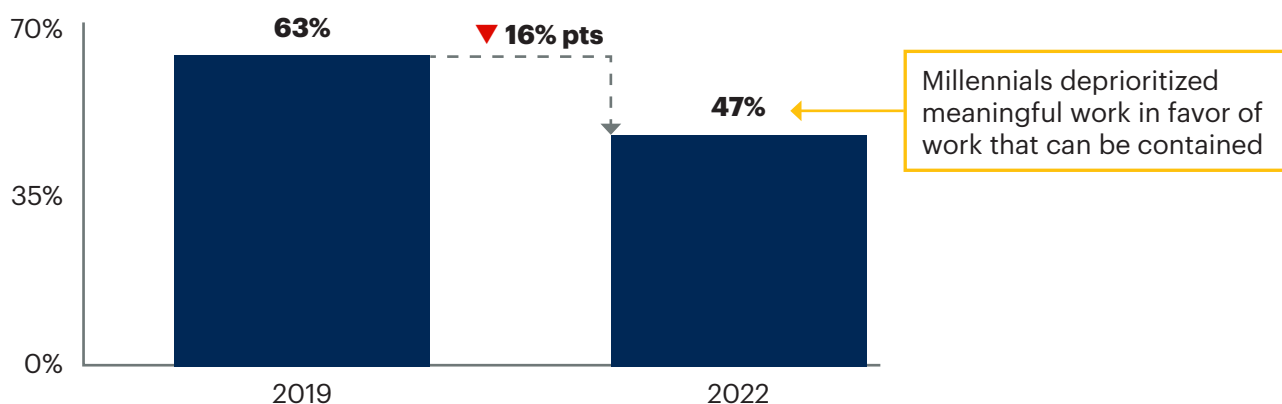
n = 442 (2022)/1,000 (2019) Base: U.S. millennial consumers

Q. Please read the below pairs of statements and select which you agree with more, that is much more or somewhat more than the other statement

Source: Gartner Cultural Attitudes and Behaviors Survey (2022)/Gartner Millennial Survey (2019).

Note: Some response options not shown due to space constraints

Cancel the Rich

As their own spending power shrinks, consumers question the ethical and aspirational value of wealth. Fifty percent of U.S. consumers now say that the American Dream is dead.[1] At the pinnacle of financial success, consumers view even previously well-liked members of the ultra rich, such as Elon Musk and Oprah, as increasingly out of touch and unlikeable. Equality, populism and inclusion take center stage as consumers rethink the meritocratic view that individuals control their own financial success.

Brands should depict wealth with care, avoiding excess lavish and opulent environments that take themselves too seriously. Lean on quality and heritage over swagger. In internal communications, highlight employee teams over leaders.

Myopic State of Mind

The "Spiritual Cocoon" entrenches, thanks to the growing gap between how consumers rate their own lives and how they think it's going for the rest of the world (see Figure 4). Although their view of the outside world continues to decline, consumer positivity about aspects closer to their personal lives remains resilient. Security, serenity and relaxation have grown in importance as consumers find comfort by turning inward.[1,3]
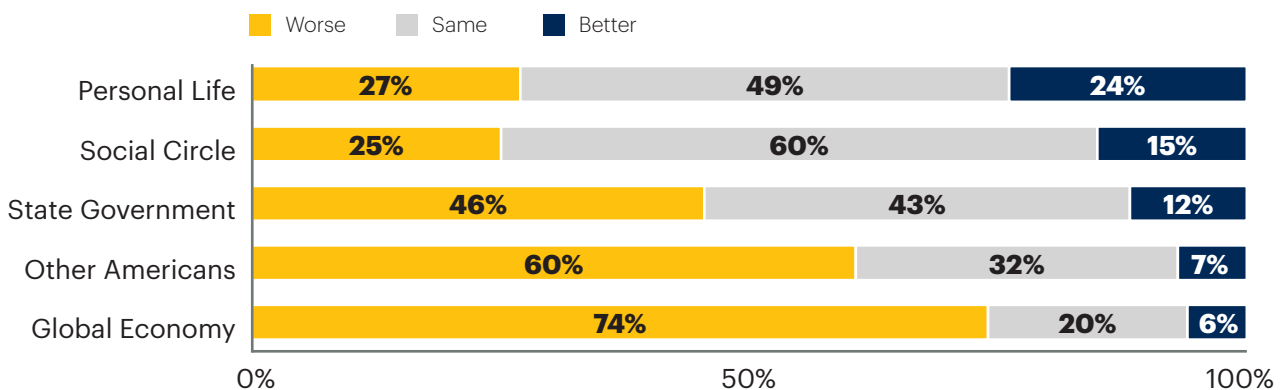
Brands can respond by focusing marketing messages toward individuals and their small social circles, where optimism remains stable, rather than on consumer's larger surroundings. Emphasize personal possibilities empowered by brands over societal-scale change for more authentic brand creative and messaging. Speak to consumer's emphasis on security, serenity and comfort to resonate in today's environment.

> Younger Consumers are 2 times more likely to attribute financial standing to circumstances (such as luck or their background) in 2022 vs 2018, even among younger higher-income consumers.
>
> 2022 Gartner Cultural Attitudes and Behaviors Survey

Figure 4. Consumer Optimism on Global to Personal Issues
Areas Where Consumers Believe Things Are Better, the Same or Worse Compared to 3 Years Ago

	Worse	Same	Better
Personal Life	27%	49%	24%
Social Circle	25%	60%	15%
State Government	46%	43%	12%
Other Americans	60%	32%	7%
Global Economy	74%	20%	6%

n = 1,501 U.S. consumers 15+

Q. In general, do you think the following are doing better or worse compared to 3 years ago?
Source: Gartner Cultural Attitudes and Behaviors Survey (2022)
Note: Percentages may not total to 100% due to rounding

Wander and Wonder

Consumers look to the universes, both galactic and terrestrial, for perspective, inspiration and escape. Curiosity and passions for nature and discovery increase as consumers embrace the unknown and the natural world (see Figure 5). Gen Z consumers are increasingly embracing ambiguity, with 62% now seeing the important issues in their lives as nuanced with lots of gray area, up from 55% in 2021. Consumers are also embracing the mysterious, with 61% of U.S. consumers now agreeing that "I believe that the world has mysteries and things that can't be explained."[4]

Brands should respond by celebrating the reemergence of consumer openness to new experiences and exploration. Recognize that this trend is a counterbalancing force to the established and still-strong urge for Spiritual Cocooning and determine which is the stronger position for your brand.
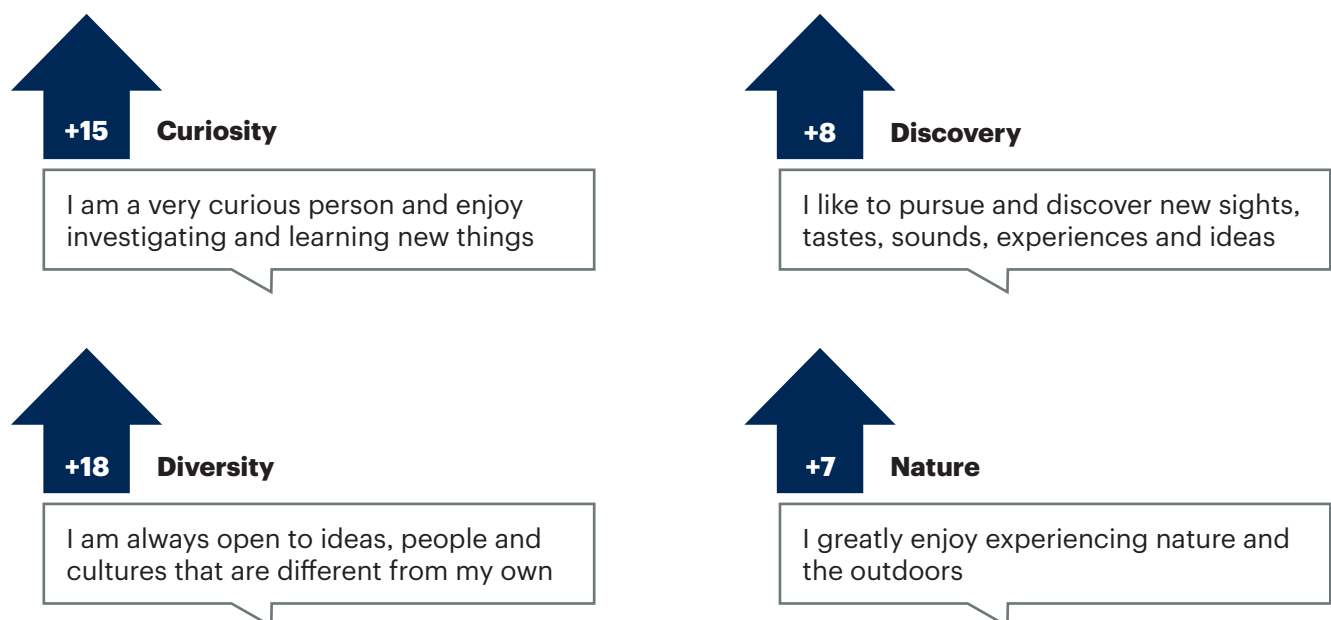
Take Action

Use these top consumer and cultural trends to:

- Identify and define key consumer and cultural trends that will shape and impact your strategic and tactical plans, programs and initiatives for 2023.

- Make the case for those plans with business stakeholders using Gartner's proprietary data and insights.

- Launch further information gathering and analysis using your customer data or complementary syndicated data sources.

- Assess how well your organization's initiatives align with the shifting consumer attitudes and behaviors.

Figure 5. Consumer Wanderlust Takes Hold
Values Rank Change, 2021-2022

+15 Curiosity
I am a very curious person and enjoy investigating and learning new things

+8 Discovery
I like to pursue and discover new sights, tastes, sounds, experiences and ideas

+18 Diversity
I am always open to ideas, people and cultures that are different from my own

+7 Nature
I greatly enjoy experiencing nature and the outdoors

n = 3,002 (2021)/4,019 (2022) U.S. consumers 15+
Source: Gartner Consumer Values and Lifestyle Surveys (2021 and 2022)
Note: Value ranks based on the percentage of respondents citing "top-2'box" agreement on a 7-point scale where 1 is "does not describe me at all" and 7 is "describes me exactly," out of 93 values

[1] 2022 Gartner Cultural Attitudes and Behaviors Survey. The purpose of this survey was to understand consumer lifestyles and motivations. The research was conducted online from 30 August to 27 September 2022 among 1,501 U.S. respondents. Of those, 1,036 respondents were selected from respondents who had completed the Gartner Consumer Values and Lifestyle Survey in August 2022. The remaining 465 respondents were selected from those who have volunteered or registered to participate in online surveys. Respondents were required to be at least 15 years old. Disclaimer: Results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents surveyed.

[2] 2019 Gartner Millennial Survey

[3] 2010 Gartner Consumer Values and Lifestyle Survey

[4] 2022 Gartner Consumer Values and Lifestyle Survey. The purpose of this survey was to understand consumer lifestyles and motivations. The research was conducted online in two parts from 25 July to 18 August 2022 among 10,078 respondents in the U.S. (4,019), Canada (1,007), China (1,011), India (1,029), France (1,003), the U.K. (1,008) and Germany (1,001). The first part of the survey included screening, demographic, sentiment,

values and lifestyle questions. The second part included category-specific (e.g., money and spending, health, and beauty) questions. Respondents were required to be at least 15 years old. Disclaimer: Results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents surveyed.

2022 Gartner Consumer Community Survey (n = 340, 22-29 September 2022). While the Gartner Consumer Community (n ≈ 500) resembles the U.S. general population, the data cited is based on the responses of community members who chose to take each activity. These samples may not be representative of the general population and the data should only be used for directional insights.

2021 Gartner Consumer Values and Lifestyle Survey. The purpose of this survey was to explore consumer values and sentiment regarding a broad range of lifestyle topics. The research was conducted online in two parts from August to September of 2021 among 10,120 respondents from the U.S. (3,014), Canada (1,007), Mexico (1,012), China (1,009), India (1,059), France (1,007), the U.K. (1,005), and Germany (1,007). The first survey included screening, demographic, values and sentiment questions and the second survey included category-specific questions (e.g., money and spending, health and beauty).

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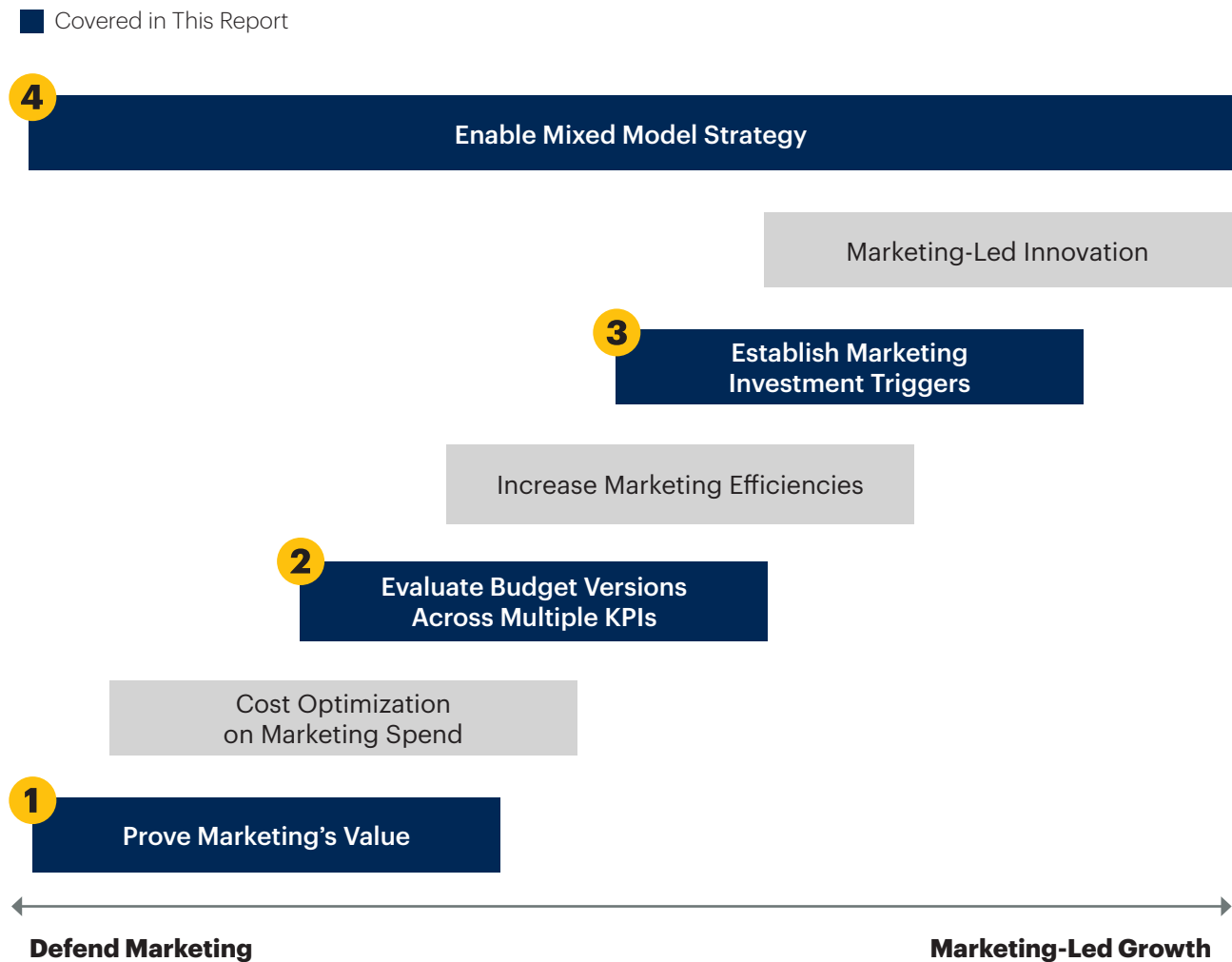# How to Navigate Budgetary Pressures in 2023

by Jason McNellis

Economic uncertainty will continue for the foreseeable future, limiting economic growth and encouraging organizations to reconsider budget assumptions and priorities. This research outlines four strategies to help CMOs justify marketing budgets and lessen the impact of budget cuts.

One marketing competency helps CMOs and executive teams traverse economic uncertainty and pending budget cuts more than any other — ability to influence demand. Although rising inflation, shifting sentiment and scarce talent may make that harder, marketing's mission is still the same: Create long-term value. Economic uncertainty leads to a range of executive behaviors, from defensive cost-cutting to offensive strategic investment. CMOs have a variety of tools to adapt and influence the strategic options of their organizations (see Figure 1). This research focuses on four strategies that clarify how marketing drives demand. The four strategies are rooted in marketing analytics, not budgeting or process efficiencies, and help establish data-driven guideposts for planning. The goal of this research is to help CMOs better situate their executive team to use marketing to outmaneuver the competition during these times of economic uncertainty, not just to eliminate marketing budget cuts.

Figure 1. CMOs Respond to Economic Uncertainty in a Variety of Ways

■ Covered in This Report

4 Enable Mixed Model Strategy

Marketing-Led Innovation

3 Establish Marketing Investment Triggers

Increase Marketing Efficiencies

2 Evaluate Budget Versions Across Multiple KPIs

Cost Optimization on Marketing Spend

1 Prove Marketing's Value

Defend Marketing ←————————————————→ **Marketing-Led Growth**

Source: Gartner

Analysis

Strengthen Calculations to Prove Marketing's Value

Do you have a clear idea of the overall value of every marketing dollar spent? You should be able to verify that for every $1,000 you invest in marketing, your company:

- Generates $3,500 in demand
- Creates 2.3 marketing qualified leads (predicted to be worth $6,800 in lifetime value)
- Produces five new bookings (with forecast contract value of $4,300)
- Yields 15 account sign-ups (with an average value of $200)

These aggregate measures reinforce that marketing drives demand. Most companies have clear growth plans. Although economic headwinds may be challenging them, it is essential to crystallize the connection between marketing investments and those growth plans.

If your company has a goal to expand new checking by 100,000 accounts, you should have an aggregate estimate of how many new account sign-ups are generated by $1,000 of marketing investment. Similarly, retention marketers could show how they contribute to the goal by saving existing accounts. Both measures carry more weight when supplemented with an idea of how much each newly acquired or retained account is worth.

Calculations Vary by Marketing Analytic Maturity

Measuring market impact is a trade-off between three factors:

- Complexity of the marketing plan
- Accuracy of the measurement
- Investment in measurement resources

Different trade-off approaches multiplied by different go-to-market strategies have led to a cornucopia of measurement methods and metrics. The idea that accurate measurements are required needs to be tempered with resource constraints and possibly your business model.
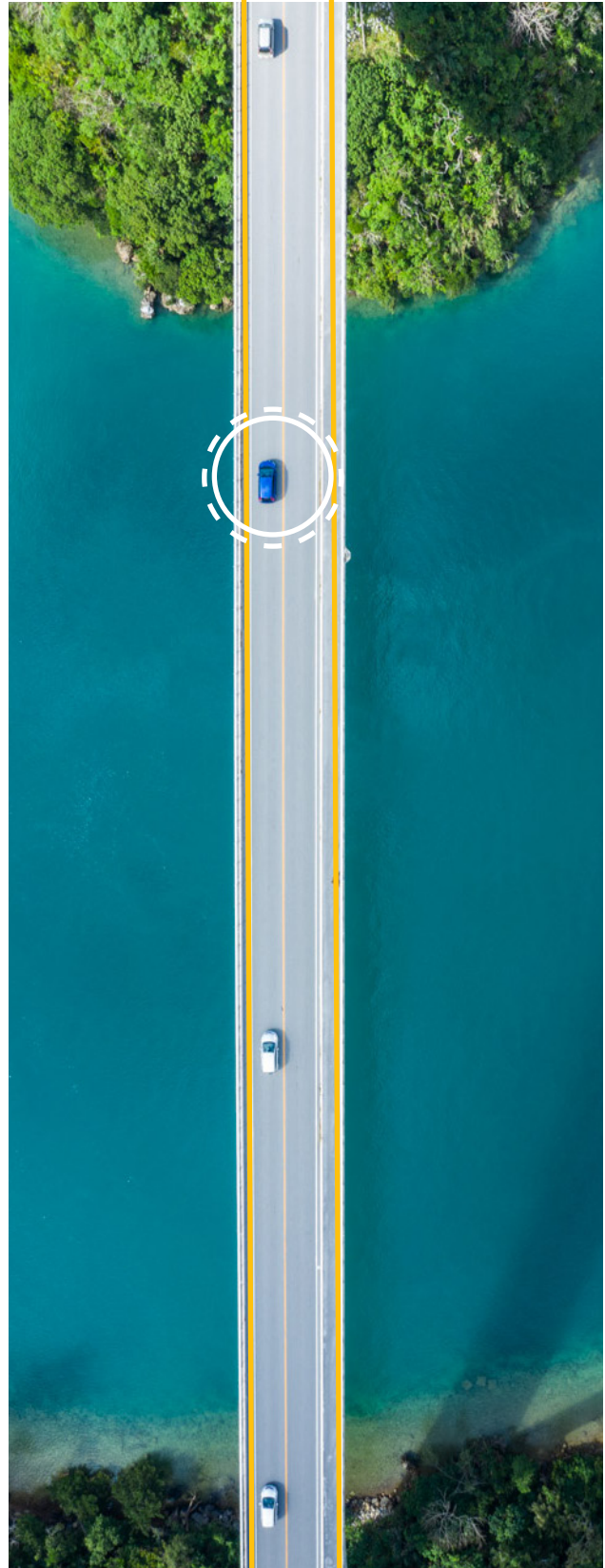
Realistically, the veracity of your value calculations will fall into one of three buckets (see Figure 2):

- At low levels of marketing analytic sophistication, metrics are top-line averages calculated in aggregate for the year. For example, an organization that spends $300,000 on new customer growth in 2021 and acquires 1,500 new customers during that year would have a customer acquisition cost of $200 per customer.

  – When usable data only exists for some activities, benchmarks may be used for the remainder.

  – Ideally these benchmarks are calibrated or adjusted by considering factors such as the reach, targetability and media richness for each missing activity.

- As maturity increases, more data should be available, campaign-level metrics should become more common and reporting frequency should increase (see Figure 2). Simultaneously, the use of calibrated benchmarks should decrease.

  – If any significant investments are still measured via benchmarks, then prioritize them for holdout testing to quantify their value.

  – Higher levels of maturity also lead to some ability to do metric diagnostics, such as cross-tabulations. Comparisons may be across campaign goals (upper and lower funnel), customer segment (new versus existing customer) or among the two or three largest channels.

Figure 2. Demonstrate Marketing's Value Based on Maturity
Illustrative
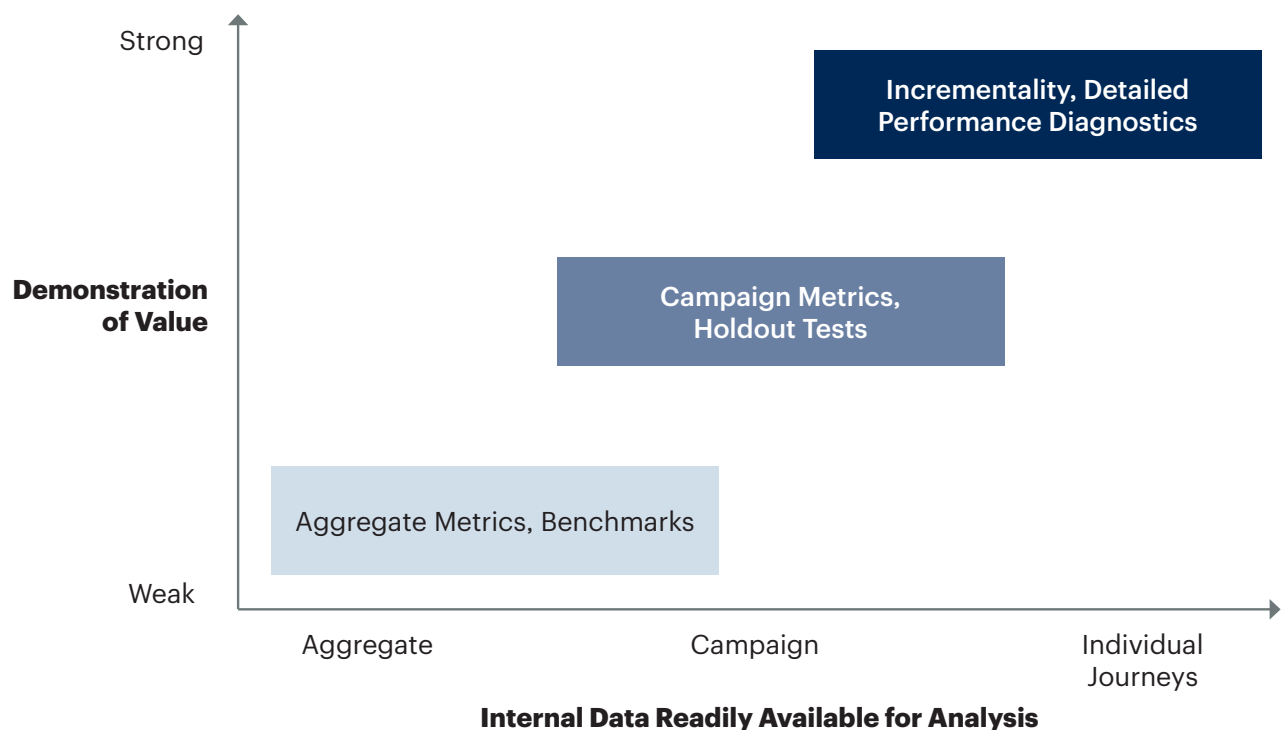
Source: Gartner

- At high levels of maturity, metrics include a bottom-line number — the true, incremental activity caused directly by marketing. This number is likely updated monthly and can be broken down in finer detail. Underlying methods tend to be more advanced, with a combination of experimentation, modeled counterfactuals, marketing mix modeling and customer lifetime value analysis being common.

  - In addition to the methods, analytic resources will have tuned and validated these methods to the specifics of your company and customer base.

  - Scenario planning is often part of the analysis process and facilitates comparison of ROI to other metrics as discussed in the next section.

Move Beyond ROI: Evaluate Budgets Based on Multiple Metrics

When making a case for the value that marketing delivers to the enterprise, CMOs may assume that ROI is the best metric. But relying on ROI alone may result in unintended consequences, which actually harm marketing's ability to deliver against enterprise goals and thus risk further eroding investment (see Table 1).

Although ROI is an important measure, and one that has become synonymous with value, it's only a single ratio. Enterprise success is reliant on complex decision making across a range of goals, such as market share, profitability or sustainability. When building a value case for marketing, consider the broader concept of return on objectives — how marketing investments deliver against a diverse set of goals.

Table 1. Sample Metrics Strategic Planning

Metric	Calculation	Useful For	Challenges
ROI	(Incremental revenue — marketing spend)/ marketing spend	Minimizing impact of media and program spend reductions or identifying programs for further investment	Difficult to calculate incrementality, often biased toward short term
Net Profit (Gross Margin Less Marketing)	Total revenue — COGS[1] — Marketing	Adjusting marketing spend based on overall contribution to the bottom line	COGS data is often only in aggregate, limiting detailed analyses
Market Share	Your sales/total sales in category	Marketing activities related to competitive displacement; also good metric for measuring market penetration and opportunities	Slow-moving monthly metric requiring syndicated data
Awareness	Number aware in target audience/ total target audience	Indicator of top of funnel health, provides complementary view to ROI and similar metrics more focused on demand generation	Generally an infrequent measurement, limiting its usefulness

COGS[1] = Cost of Goods Sold
Source: Gartner

Establish Triggers That Signal the Need for Marketing Investment

Organizations use triggers to signal the need to revisit their strategic plan as conditions change. By prompting teams to reassess, triggers improve planning in two ways (see Figure 3):

1. Ensure plans stay relevant by prompting a process review when key assumptions fail to hold up.

2. Spark a likely need for investments when in-market behavior exceeds a predefined threshold.

Set investment triggers as part of the budgeting process. As marketing budgets are scrutinized and adjusted — especially media cuts — investment triggers may lead to a reconsideration of the level of spending. Such triggers could include:

- Noticeable loss of market share or share of voice

- Decreases in product perception or consideration

- Increases in campaign spending by a key competitor

- Declines in new customer value

- Increased costs of newly acquired customers

- Erosion of conversion rates or loss in lower funnel efficiency

The best triggers — especially during uncertainty when responsiveness is at a premium — can be frequently monitored with a minimum time lag. Market share is a valuable metric, but if it is updated monthly based on information that is already 30 days old then it limits your organization's ability to promptly respond. It may be better to use changes to conversion rates that are easily measured daily. The benefits of using a quicker trigger metric than your competition can be immense, so ask your marketing analytics team to explore. They can compare quick and slow metrics to identify the right one or two that balance speed with accuracy for the executive team. The next section provides guidance for one of the largest marketing analytic line items for CMOs — mix modeling budget.

Figure 3. Triggers Improve Strategic Execution of Plans

Strategy Triggers
Ensure Plans Stay Relevant

- Identify and use **assumptions** as triggers for strategy review
- Contain a measure for validation that can be falsified

Example: The inflation rate will hover between 4.2% and 6.1% for the next 12 months.

Investment Triggers
Spark Likely Need to Respond

- Identify **market changes** as triggers for course change or investment
- Documenting assumptions ensures transparency and distinguishes objective facts from beliefs.

Example: Customer acquisition cost increases of 15% trigger upper funnel marketing review and investment decision.

Source: Gartner

Improve Your Existing Mix Model

CMOs tell Gartner they invest more than one-quarter (25.7%) of their overall budget into paid media.[1] According to the 2022 Gartner CMO Spend and Strategy Survey, this spend is spread across a diverse mix of channels, including social advertising (10.1%), search advertising (9.8%) and digital display advertising (9.3%).[1] (See The State of Marketing Budget and Strategy in 2022.) Properly applied, marketing mix modeling improves the return of those significant investments.

However, accurate measurement and forecasting of marketing activities are complicated by:

- An increasingly restrictive data privacy landscape
- Interactions across sales channels, such as in-store advertising impacting online purchases

- Customers shifting media consumption patterns
- Greater demand for in-flight campaign changes
- Proliferation of new media options

One recent macro change that Gartner has observed is the need for sustained brand investment. Survey respondents also cited brand strategy and activation as one of the top three capabilities vital to adding the most unique value to marketing organizations' strategies.[1] Marketing mix modeling (MMM) can help you quantify one of the trickiest investments to measure: upper-funnel activities that build brand sentiment and consideration, but are not focused on driving immediate sales. With increased delivery cadences, MMM can provide monthly updates on brand metrics that are useful for filling in the gaps of less-frequent brand-tracking surveys.

"MMM is one of the best approaches to measure the financials of brand investments. Imagine a product or service with a six-month sales cycle. Sales are driven by a healthy marketing budget with investments across the marketing funnel to drive awareness, consideration and, finally, sales.

Since the average marketing mix model looks at three years of history, that means the MMM would capture, quantify or measure the vast majority of upper-funnel spend. MMM would capture an even greater portion of midfunnel impact."
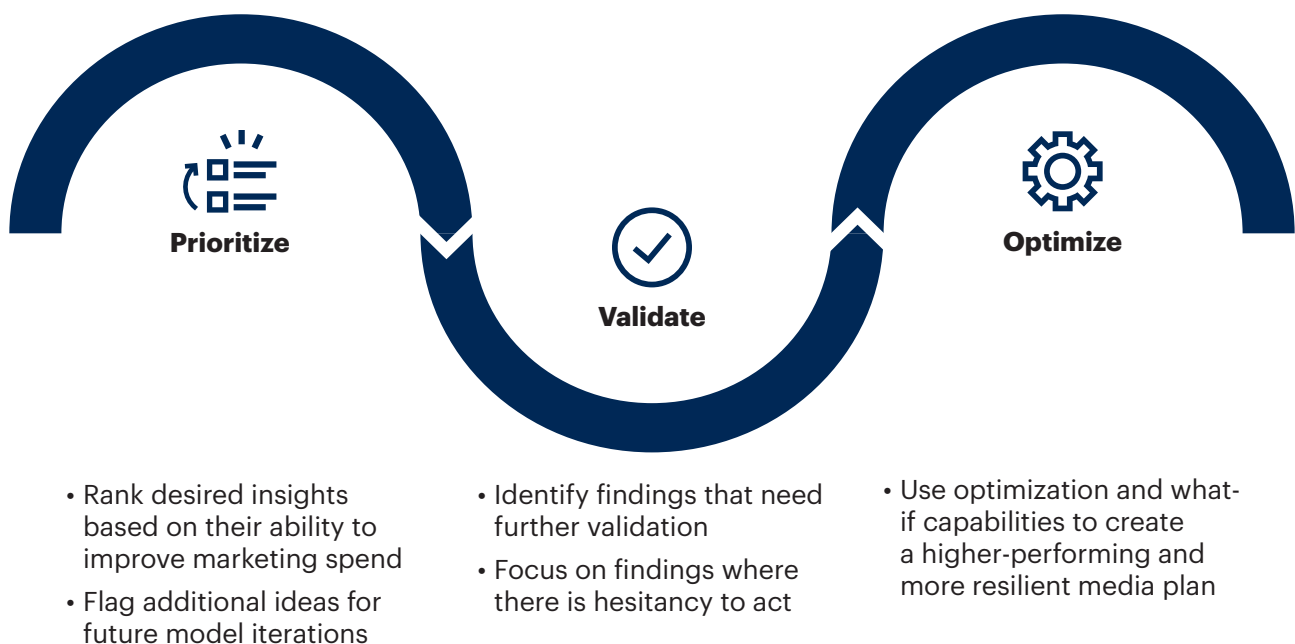
Although MMM offers significant opportunity to increase returns on media investments, the models require consistent reevaluation to deliver the expected benefits (see Figure 4).

Across interviews with marketing leaders, we heard many talk about upcoming improvements to their MMM program. Examples include:

- Testing new data sources to better understand an external factor

- Hiring an additional resource to influence additional marketing teams

- Conducting an analytics deep dive on a certain channel

- Testing a specific recommendation in the field

- Embedding forecasts deeper in the planning process

Figure 4. Three Opportunities to Improve Marketing Mix Modeling
How to Improve Marketing Mix Modeling

Prioritize

Validate

Optimize

- Rank desired insights based on their ability to improve marketing spend
- Flag additional ideas for future model iterations

- Identify findings that need further validation
- Focus on findings where there is hesitancy to act

- Use optimization and what-if capabilities to create a higher-performing and more resilient media plan
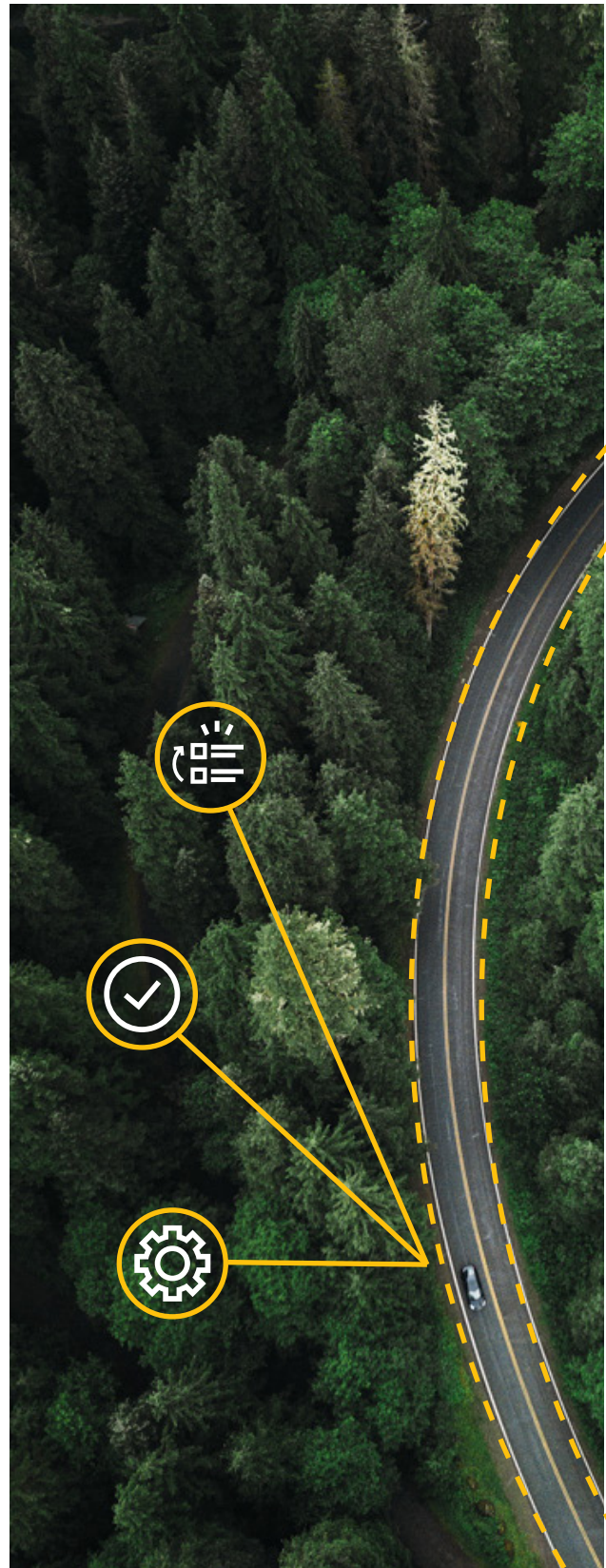
Source: Gartner

All the marketing leaders we interviewed could answer the question: "What is next for your marketing mix efforts?" So at least once a year — ideally more frequently — assemble key stakeholders involved in gathering the input data, building the models and using the results to adjust media plans. Then, discuss and commit to improvements in at least one area:

- Prioritize: What new insights does the model need to deliver?

- Validate: What actions do we need to take to increase organizational trust in the model outputs?

- Optimize: What additional simulations would improve the marketing planning process?

For more detailed guidance on navigating budgetary pressures, see How CMOs Defend Marketing Budgets During Inflation and Economic Uncertainty and A CMO's Guide to Marketing Mix Modeling.

Anatomy of a Genius Brand

The Gartner Digital IQ Index is an annual ranking of brands within a given industry based on digital investments and performance.

Gartner uses the Digital IQ Index to measure a brand's digital marketing performance across more than a thousand data points to quantify aptitude and maturity relative to industry peers. The best of the best are Genius Brands. Understanding what these brands collectively do better than their competitors can help CMOs improve their own brand's digital performance.
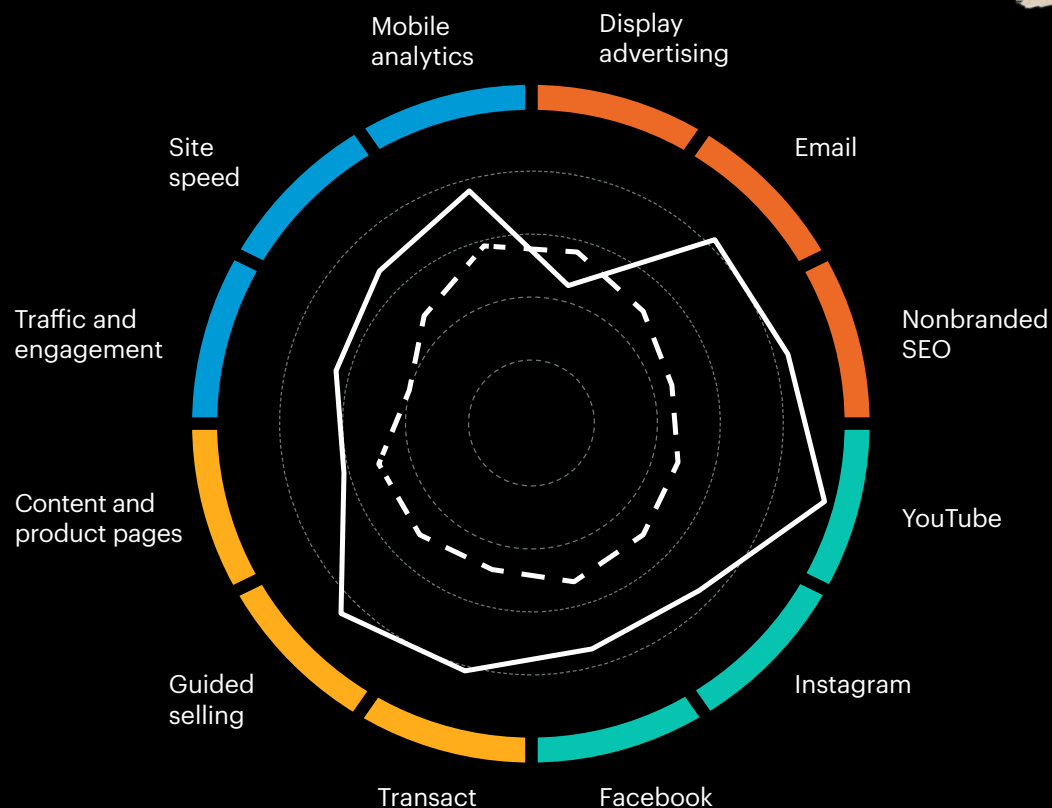
Discover the Gartner Genius Brands ↗

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Predicting How Major Trends Will Shape Marketing's Future

by Andrew Frank, Emily Weiss, Chris Ross,
Nicole Greene, Brad Jashinsky, Rachel Steinhardt,
Kate Muhl and Michael Giblin

Against a backdrop of unrelenting social and economic pressures, CMOs look toward a future where smarter marketing leads to deeper, more valuable connections between customers and brands.

Strategic Planning Assumptions

To prepare for 2023 and beyond, Gartner has developed five key strategic planning assumptions (SPAs) along with guidance on how CMOs should prepare for and respond to each:

By 2024, 70% of brands will redeploy at least 10% of their media budgets to product placement in entertainment content.

Key Findings

- More than 85% of high-income consumers (household incomes above $120K annually) took at least one action to avoid seeing digital advertising in 2021.[1]

- Compared to the general population, twice as many high-income consumers said they pay a premium for ad-free content.[1]

- About half of high-income consumers in 2021 said pop-up ads, unskippable video ads and interactive display ads make them feel negatively about the brands being advertised.[1]

- Two-thirds of consumers in 2022 say they'd rather see product placements in entertainment content than separate ads.[2]

Near-Term Flag

By 2023, 85% of consumers with household incomes above $120K (about 16% of the U.S. population) will pay for entertainment subscription tiers, software and hardware or mobile devices that allow them to avoid advertising.

Market Implications

- Consumers with means are working harder than ever to run from online ads. The number of consumers who took rigid ad avoidance measures, like paying for ad-free content, using a VPN or installing an adblocker, increased to 52% of consumers in 2021. The number is higher for high-income and affluent households (those earning $120K per year or more). In fact, 87% of consumers in high-income households say they took at least one action to avoid advertising. High-income consumers are also more likely to say they "deliberately don't pay attention" to ads and "try to multitask" if they're stuck in front of one.[1]
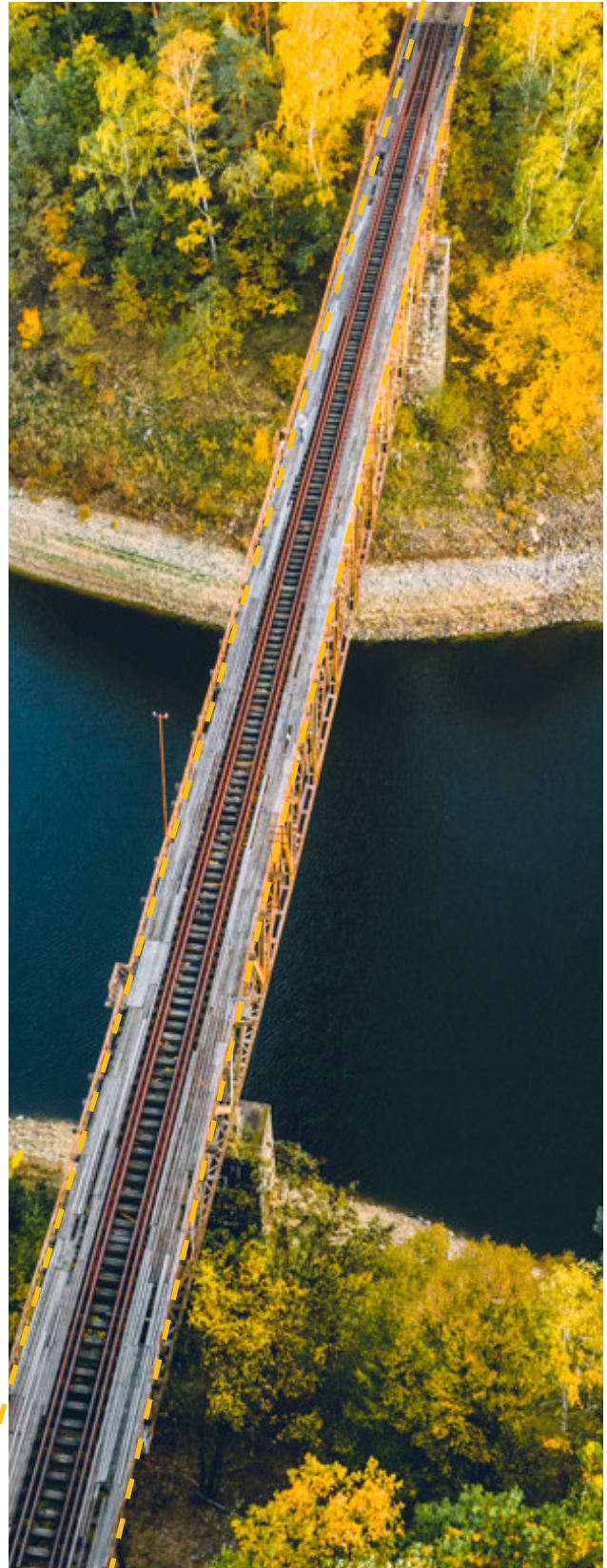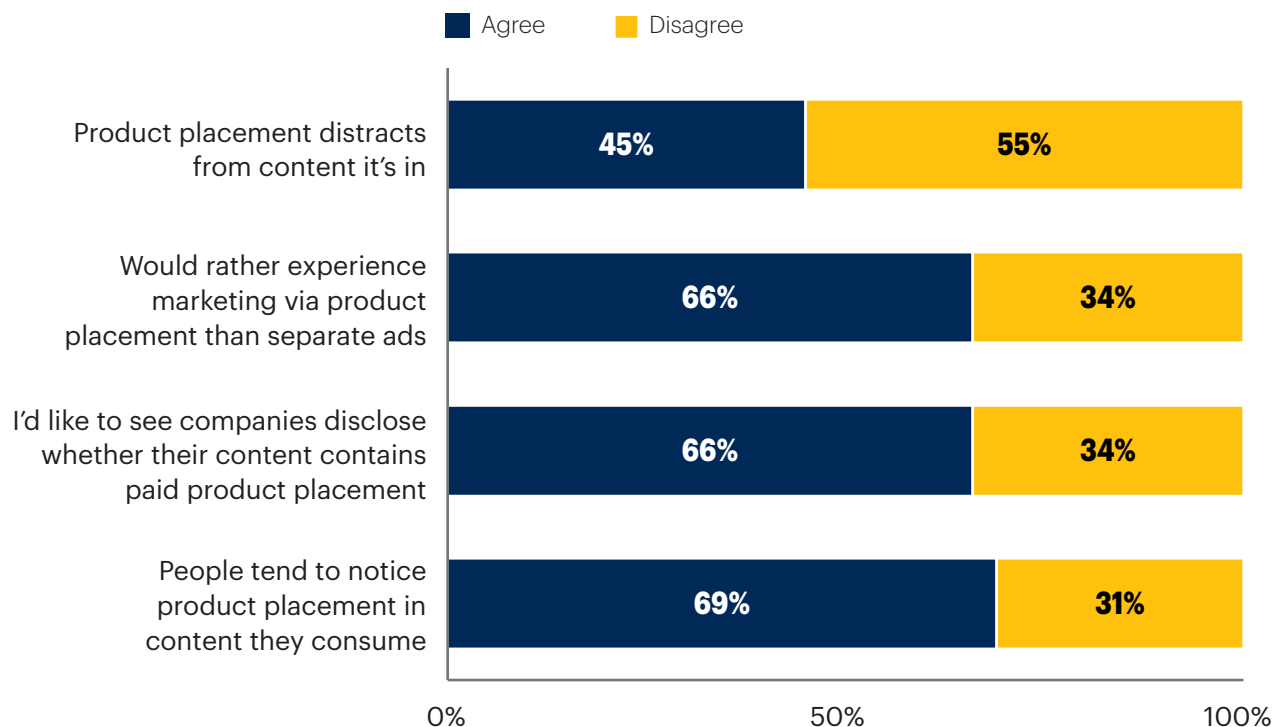
About half of high income consumers say that seeing interactive display ads, pop-up ads and unskippable ads make them feel negatively about the brands being advertised.[1] Certain forms of marketing — ones CMOs would hardly consider to be table stakes for their brands — fare a bit better in the court of public opinion. Most forms of sponsored content, for example, don't elicit the same negative response as true digital ads, especially among the most affluent consumers.[1] Sponsored content, including posts from brands, influencers and other people, are hard to avoid for those who want access to the content. And sponsored content can be thought of as a form of product placement — a form of marketing that consumers say they see everywhere, and of which they largely approve (see Figure 1).

More than one-a third of consumers say they've noticed product placement in each of these formats in the past year: movies (TV or streaming), cable TV and streaming TV. Only about one-quarter of consumers say they haven't noticed any product placement in 2022. About the same proportion believe most TV content already contains paid product placement.[2]

Recommendations

- Assess your brand's maturity in the product placement space. Big-name B2C brands have likely already experimented with the format. Brands eager to get started may consider buying space on Amazon or Peacock's new virtual product placement platforms that overlay an ad within an existing show's ambient or "outdoor" signage, such as billboards and storefronts.

Figure 1. Consumers View Product Placement Favorably
Percentage of Respondents

Legend: ■ Agree ■ Disagree

Statement	Agree	Disagree
Product placement distracts from content it's in	45%	55%
Would rather experience marketing via product placement than separate ads	66%	34%
I'd like to see companies disclose whether their content contains paid product placement	66%	34%
People tend to notice product placement in content they consume	69%	31%

n = 301 respondents
Q. Please read the below statements and select the degree to which you agree with them:
Source: Gartner Consumer Community (4 – 11 October 2022)

- Become part of the plot. The "cut and paste" placements (like the virtual examples from Amazon and Peacock) are easy to accomplish but have no narrative meaning to the viewer. Although it would be distracting to have a character hold a branded product and talk about it, it would be noticeable if a character mentioned or engaged with a branded product in passing that then served the purpose of a story.

- Plan for more impression attrition. High-income consumers will take more steps to evade traditional advertising in the future. Netflix and Disney+ have recently joined the ranks of streaming platforms that make it costlier for consumers to avoid ads, and more affordable to simply endure them.
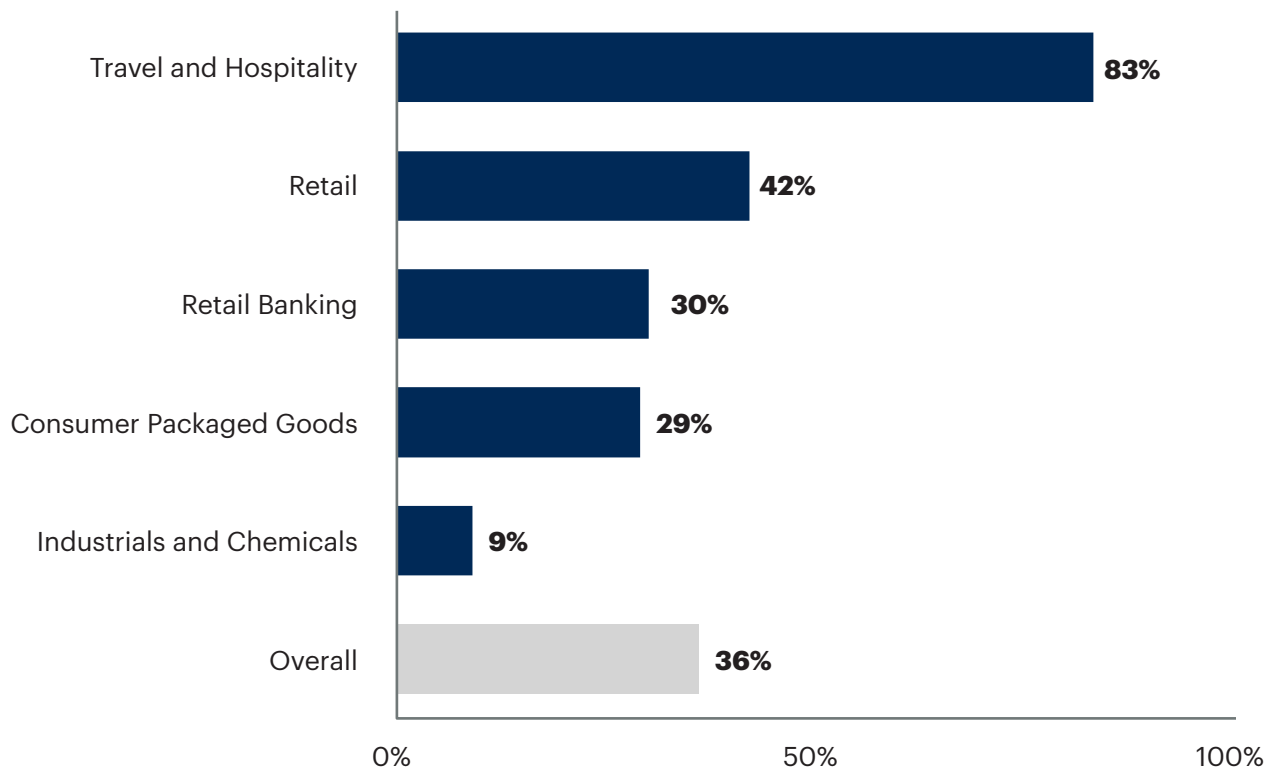
One in three businesses without a loyalty program today will establish one by 2027 to shore up first-party data collection and retainhigh-priority customers.

Key Findings

- Loyalty programs are most prevalent in travel and hospitality (83% of analyzed brands), followed by 42% of retailers. But only 29% of consumer goods brands, many of which rarely sell directly to customers, offer loyalty programs (see Figure 2). Overall, 36% of analyzed brands had a loyalty program in 2022.[3]

- Loyalty content is often highly personalized and is best used to engage high-priority segments, improving wallet retention and growth. Loyalty-related email campaigns captured an average weighted open rate of 19%, which is a 3.5% higher open rate than nonloyalty emails, between April 2021 and March 2022.[4]

Figure 2. Adoption of Loyalty Programs Across Industries

Industry	Adoption
Travel and Hospitality	83%
Retail	42%
Retail Banking	30%
Consumer Packaged Goods	29%
Industrials and Chemicals	9%
Overall	36%

n = 1,068 Brand Sites
Source: Gartner Analysis of Mobile Brand Sites

Near-Term Flag

- By 2023, over 40% of brands included in Gartner's Digital IQ Index will offer a loyalty program.

- By 2023, both B2B and B2C companies will increase their investments in loyalty programs as a percentage of their total marketing budget.

- By 2023, the percentage of companies adopting loyalty programs will increase in industries with some of the lowest adoption rates, including auto, consumer packaged goods (CPG) and industrials and chemicals.

Market Implications

- The competition for customers' attention and first-party data will continue to increase as more companies launch and revamp loyalty programs. Businesses must differentiate their loyalty programs to stand out from competitors and grow customer engagement. One way companies are innovating their loyalty programs is by combining experiential benefits with traditional transactional benefits that match what customers are searching for.

- Customers' interest in experiential rewards for loyalty programs increased by 5% from 2018 to 2022 while transactional reward interest declined by 2% (see How to Design Loyalty and Retention Marketing Programs That Engage Consumers).[5] Experiential rewards, linking loyalty rewards with partners and offering rewards for nontransactional behaviors (e.g., filling out a profile) are opportunities for businesses to differentiate themselves from competitor programs.

- The most effective loyalty programs encourage ongoing digital engagement and customer data gathering. The collected data is used to personalize customer messaging such as email, while also enhancing customer experiences across channels including in-app, in-store and online. Personalization will become a competitive advantage and eventually an essential element for marketers in every industry, even those that today have little loyalty adoption or advanced personalization.

Recommendations

- Identify the different customer needs and expectations of your highest priority customer groups that drive loyalty. Center your loyalty program objectives around the customer by ensuring that all program decisions are made with customer needs and expectations at the forefront.

- Leverage first-party data to segment member bases and deliver hyper targeted messages. Use these efforts to deepen engagement and provide additional data capture for improving programs that can potentially attract new customers.

By 2025, organizations that use AI across the marketing function will shift 75% of their staff's operations from production to more strategic activities.

Key Findings

- Using AI to amplify content modularization and journey orchestration will be fundamental to optimizing segmentation and personalization efforts.

- AI-augmented marketing operations processes will adapt to be resilient and accept that disruptive change will be the norm of the future. In turn, AI will continue to refine processes to drive more agile, data-based responses.

- Early products powered by generative design AI are proliferating, which signals faster time to market and an increased focus on data- and insights-based improvements.

Market Implications

- The use of AI in operations will reduce friction and eliminate redundancy, allowing marketers to shift their budgets and resources to focus on analytics and insights. This requires CMOs to harness emerging AI trends to democratize and foster AI's responsible use, adapt composable techniques, improve efficiency and reduce time to market.

- Marketing needs to predict and remediate production bottlenecks and campaign performance issues across channels. This is where the combination of human expertise and a logical understanding of the system can help replace or augment operational activities and give way to meaningful and actionable insights.

Recommendations

- Focus your efforts on a responsible use of AI that encompasses organizational responsibilities and practices that ensure positive, accountable AI development and operation. These include business and societal value, risk, trust, transparency, fairness, bias, mitigation, explainability, accountability, safety, privacy, regulatory compliance and others.

- Create a fusion team with a blend of professionals from each practice, fostering open communication and collaboration. A strong marketing operations practice is at the core, with a data and IT team partnership that will be fundamental to the success of creating, deploying and optimizing a composable stack

By 2027, 80% of enterprise marketers will establish a dedicated content authenticity function to combat misinformation and fake material.

Key Findings

- The proliferation of generative AI and user-generated content (UGC) will dramatically increase the volume and variety of content brands must monitor.

- Reputation management is becoming increasingly difficult in a volatile, polarized, high-velocity landscape. There is increased urgency to monitor, evaluate and potentially respond to misinformation or other potentially harmful content.

- The continued advancement in the scope and sophistication of misinformation creates a growing, and increasingly serious, concern for CMOs.

Near-Term Flag

By 2025, 30% of outbound marketing messages from large organizations will be synthetically generated
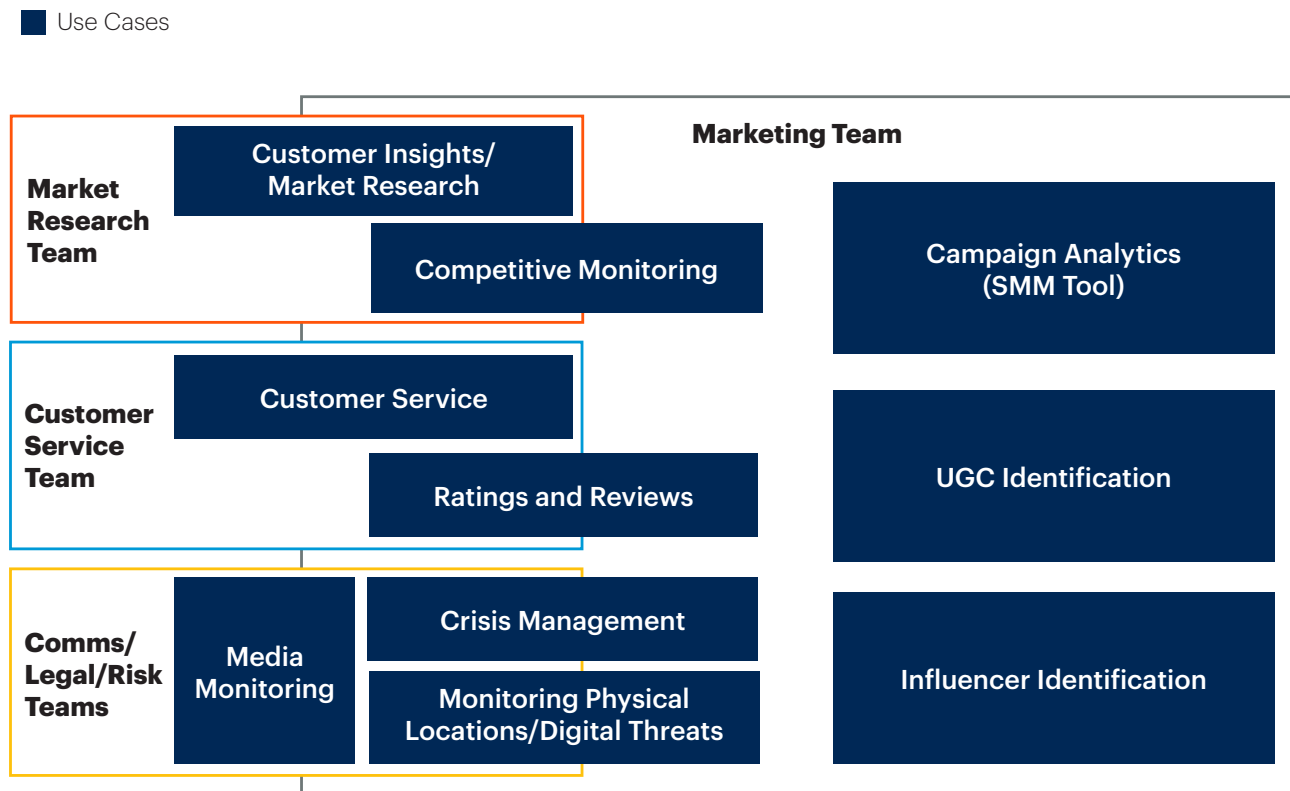
Market Implications

- Generative AI and the continued growth of UGC will create a radically, potentially exponentially, larger and higher-velocity content universe. Grappling with the overall volume of content, the scale and uncertain algorithmic outputs of AI-generated content while also contending with the continued explosion of fragmented, decentralized, unpredictable UGC will be beyond the abilities of many organizations. As the scale and complexity of the landscape changes, brands will require dedicated resources to ensure they can properly address massive content volumes.

- Social media monitoring and analytics tools and resources are already present in most organizations, but can be highly fragmented and poorly orchestrated (see Figure 3). The scope, complexity and velocity of the content authenticity challenge will push many organizations to create more focused, tightly choreographed efforts to watch for and respond to social toxicity and content authenticity issues.

Figure 3. Social Media Listening and Analytics — Shared Solution Applications

■ Use Cases

Marketing Team		
Market Research Team	Customer Insights/ Market Research	Campaign Analytics (SMM Tool)
	Competitive Monitoring	
Customer Service Team	Customer Service	UGC Identification
	Ratings and Reviews	
Comms/ Legal/Risk Teams	Media Monitoring — Crisis Management — Monitoring Physical Locations/Digital Threats	Influencer Identification

Source: Gartner

Recommendations

- Assess and fully understand current capabilities and capacities for monitoring and addressing content authenticity and social toxicity issues. Anticipate significantly greater demands on current capabilities and explicitly identify areas likely to require additional resources.

- Implement a more holistic approach to reputation management and content authenticity issues. Current reputation or social toxicity resources and tools exist in multiple entities across an organization. Identify opportunities for consolidation and unification that may allow for more seamless operations and amplification of existing resources.

By 2025, 70% of enterprise CMOs will identify accountability for ethical AI in marketing among their top concerns.

Key Findings

- Marketing leads in the adoption of AI operations in most organizations. Although it's among the first to confront some of its inherent risks in practice, IT still sets policies and procedures governing AI at most companies.6

- Privacy-related restrictions on data collection, economic pressure and AI breakthroughs are driving marketing organizations to rely more heavily on AI and machine learning to optimize campaign performance.

- Regulators and advocacy groups are becoming more vocal about concerns associated with manipulative and biased uses of AI. Several brands have come under scrutiny over their use of advanced technology to influence consumers in creepy and inequitable ways.

Near-Term Flag

By 2024, at least a dozen enterprises will come under scrutiny in the media and legal proceedings for ethical lapses in their use of automation in marketing campaigns.
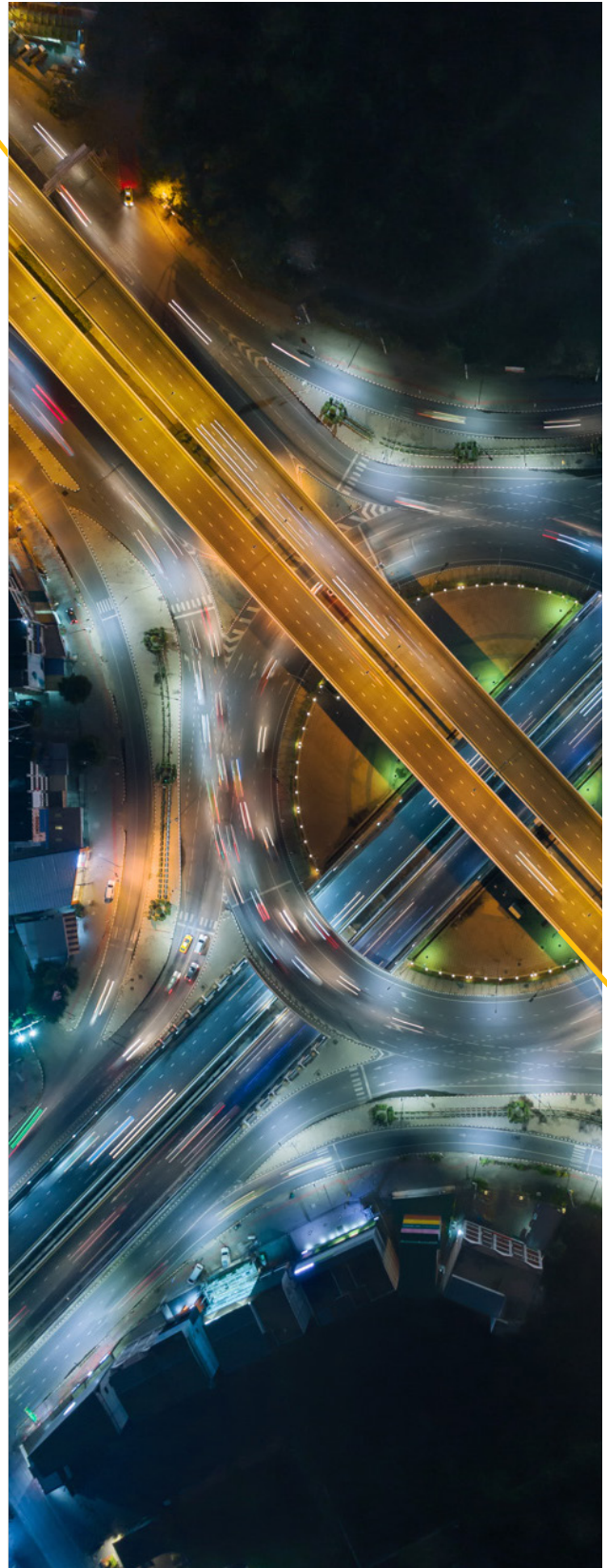
Market Implications

In October 2022, a year after the EU released a draft of its proposed AI Act, the U.S. White House issued its first AI Bill of Rights, a set of nonbinding guidelines that shed light on some of the well-known ethical challenges exposed by the widespread adoption of rapidly advancing AI techniques in society. Among the AI Bill of Rights' proposed principles, three are particularly impactful to marketing:

- Algorithmic Discrimination Protections. This principle highlights the dangers of automated systems having disparate negative impacts on people in protected classes. This routinely happens when models are trained on historical data that reflects prevalent social biases, such as gender and race associations with certain jobs or behaviors. The question of who's accountable when biases surface in marketers' use of open tools is unresolved, but brands are likely to be held responsible.

- Data Privacy. This is hardly a novel concern for marketers, but the use of deidentified data in algorithmic training contexts presents new complexities and ambiguities. This is particularly true when data comes from multiple sources, as in a collaborative data clean room scenario. AI inferences made from data that may seem innocuous or necessary, such as a device's language settings, operating system version or approximate location, highlight the difficulties of relying on consent or establishing whether information should be considered "personal" if it's impossible to associate with an identifiable person.

- Notice and Explanation. It's one thing to disclose that an automated system, such as a chatbot or recommendation engine, is in use on a website. It's another to provide a clear description of how the system works or how a user's data might impact its function — in a manner suitable to allow an average consumer to make an informed decision about it. When a customer journey is interrupted by a simplified explanation of a complex algorithm, a consumer is likely to agree to its use without a clear understanding of its implications.

Despite these risks, AI's ability to improve marketing's effectiveness and lower costs is making it virtually irresistible as more powerful commercial applications come online. The superior experiences it can offer will attract customers who will remain largely unaware of its potential for harm — until it's publicly exposed.

Recommendations

- Look beyond privacy. AI ethics in marketing has to do with avoiding manipulation and bias rather than just securing consent. Beware of unintended consequences that arise when algorithms are trained to maximize commercial goals exclusively, and include DEI and wellness goals in training and evaluation policies.

- Deploy disclosure policies that allow customers to drill deeply into explanatory text on demand but don't erect roadblocks. Use opt-outs as defaults and label AI-generated elements where they might be misinterpreted by users.

For more detailed guidance on Gartner's top marketing predictions, see Predicts 2023: AI, Social Toxicity and Disappearing Customers Forge the Future of Marketing.

[1] 2021 Gartner Consumer Advertising and Content Marketing Preference Survey. This survey was fielded in April 2021 among consumers aged 18 to 75 years old who live in the U.S. Quotas were set for age, gender, ethnicity (and employment when available) to approximate the U.S. population as a whole. The survey was conducted online and included 2,006 respondents.

[2] Gartner Consumer Community (4-11 October 2022), n = 301.

[3] Gartner analysis of mobile brand sites.

[4] Gartner analysis of eDataSource data.

[5] Gartner Consumer Priorities Survey, 2022. This survey was fielded in December 2021 among consumers ages 18 to 75 years old who live in the U.S. Quotas are set for age, gender, ethnicity (and employment when available) to approximate the U.S. population as a whole. The survey was conducted online and includes 1,713 respondents. The survey was developed collaboratively by a team of Gartner researchers who follow the market, and was reviewed, tested and administered by Gartner's Advanced Analytics team.

[6] How Successful Digital Marketing Teams Approach Customer Data Management

Futurist Mindsets for Enterprise Growth: An Interview With Gartner's Lizzy Foo Kune

by Michael Giblin and Lizzy Foo Kune

CMOs need to move beyond typical planning approaches and embrace futurist mindsets that will produce enterprise growth. We sat down with Gartner VP Analyst Lizzy Foo Kune to explore how to balance immediate, pressing concerns with what might be on the horizon.

Lizzy Foo Kune, VP Analyst, Gartner

Lizzy Foo Kune is a VP Analyst, specializing in marketing data and analytics. She co-leads the Gartner Futures Lab, the curator and incubator for Gartner's unconventional, more futuristic and speculative research. Her research focuses on customer data management, including customer data platforms. In addition, she covers marketing dashboard technology and reporting processes, and marketing analytics organization and operations.

"Futurism" sometimes gets a bad rap — why is it a valuable exercise?

Futurism helps you manage uncertainty by evaluating disruptions, critical uncertainties, emerging trends and unconventional viewpoints.

Not so long ago, a disruption meant the sudden emergence of a business rival that upended an industry, usually through digital innovation. Those jolts were scary enough, but lately external shocks have hit even harder, altering many sectors at once. They've hit bigger, surging across the whole world.

CMOs and other business leaders tell us they've been unprepared for the knock-on effects of overlapping crises. Anticipating the next political shifts, social upheaval, superstorm, inflation or invasion — and their combined cumulative effect — has been impossible. Executives say they've been going through the motions with obsolete strategies and budgeting exercises — and that's where a focus on future-fitting your organization can be so beneficial.

How does Gartner approach thinking about the future, and how does it help in times when anticipating the next shift is, as you've said, impossible?

Conventional methods, like forecasting and predictions, serve us well in times with some stability. But in times of turbulence and disruption, these forecasts and predictions become impossible — and that's where a method we call "continuous foresight" comes into play.

Continuous foresight leverages the best practices of corporate foresight and futurism to continuously identify business models and strategies, and determine how to adjust either

or both to create future success. The methodology applies a discipline to identifying and assessing trends and projections, as well as backcasting from desirable futures. Continuous foresight will help support the process of preparing for and responding to a world of continual change.

The Gartner Tapestry framework is another helpful tool to guide trendspotting. Tapestry (TPESTRE) looks at the realms of technology, politics, the economy, social/cultural trends, trust and ethics, regulatory and legal issues and environmental influence. Within each of those pillars we explore trends, like generative AI or the metaverse, and create trend cards to document indicators and effects. We often counsel CMOs to use a similar trendspotting framework when they're looking to prioritize the effect that trends might have on their businesses.

How should CMOs embark on this?

Future-fit organizations need to embody five mindsets to build successful futurist capabilities:

1. The observer spends their time mostly focused on today. They may "observe," curate, and discuss future trends, and help determine how that translates back to the organization. They are in the know and interested in trends, but they don't plan to proactively act on them but they share their insights with others

2. The responder is reactive. They build on the observations and develop strategies and tactics about what the organization should prioritize and react to. As soon as a disruption occurs, they develop strategic plans to address and get tactical.

3. The explorer is a curious futurist. They consider what might be likely to happen and the implications of those scenarios. They are proactive and prepared. They don't wait for a disruption; they anticipate them.

4. The architect works inside out, designing the organization for the best possible future and building toward it with a clear sense of purpose

5. The luminary imagines multiple, alternate futures — some of them improbable. Luminaries tell us what might happen, and then look backward to fill in the blanks with steps to make that happen, including disruptions and trends to watch for.

Different situations call for different perspectives and no one perspective is better or more mature than the other. There are many times when futurists need to keep their audience and their goals in mind when communicating and advocating for plausible or preferred futures.

Each of these mindsets are complementary. Observers need to take action, or they're just a bystander. A luminary who lacks a structured methodology is merely a dreamer. All five of these perspectives build an effective continuous foresight and futurist capability. Ensuring your organization has each of these mindsets means you'll be positioned to thrive in this era of persistent disruption. As a CMO, you need to teach people to fight for the right to look into the future. It's a concrete action that produces results.

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