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Exploring the Role of CMOS in the Development and Implementation of Phy-Gital Commerce Strategies

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Abstract

An organization's phy-gital commerce performance, maturity, and strategic goals are captured by Phy-gital Commerce Survey following considerable phy-gital acceleration. Organizations' phy-gital commerce journeys and perceived levels of phy-gital commerce maturity are examined in this research. Specifically, respondents reported that they need to evolve their phy-gital commerce capabilities to produce more tangible phy-gital commerce results. The challenge for phy-gital commerce leaders is retaining their top phy-gital commerce talent, especially when the level of competition to acquire top talent is incredibly high. The respondents essentially have involvement in phy-gital commerce strategic decisions and implementation of the same. The purpose of this study was to identify top trends around phy-gital commerce with regard to budgeting, staffing, organisational design, acquisition strategy, media strategy, tools and third-party providers. Understanding the current condition of phy-gital commerce was one of the main goals of the study.

Keywords: phy-gital commerce- omni-channel- strategy- experience- innovation

Introduction:

After substantial digital acceleration, this survey covers enterprises' digital commerce performance, maturity, and strategic goals. CMOs may utilise these facts to comprehend the present environment and make educated decisions to enhance their maturity and performance.

The goal of the survey was to determine the leading trends in digital commerce budgets, personnel, org design, acquisition strategy, media strategy, tools, and third-party providers. From August to September 2022, 409 people from Asia (44 percent), Canada (10 percent), the United States (12 percent), Germany, and the United Kingdom participated in an online survey.

Respondents were required to participate in choices on the digital commerce strategy and/or its implementation. Financial services (41), tech products (39), manufacturing (41), consumer products (46), media (37), retail (42), healthcare providers (43), IT and business services (39), travel and hospitality (45), and wholesale all had replies (36).

Major discoveries

As the pandemic subsides, the rapid acceleration of digital commerce development has generated a tough expectation for year-over-year (YoY) performance in 2023. Despite the fact that 79% of firms achieve their objectives. This year, a majority of digital commerce executives exceeded their senior leaders' objectives for revenue and profitability.

The strategic relevance of digital commerce continues to increase as an almost generally acknowledged priority. Organizations with an advanced level of digital commerce maturity are more likely to exceed performance goals and are better suited to create sustainable, long-term expansion.

Recognizing the need to improve digital commerce capabilities, ninety percent of marketing leaders questioned are actively increasing their expenditures with a focus on digital-first value generation and customer experience.

Data-Driven Insights

The strategic significance of digital commerce continues to grow: digital commerce is expected to dominate CMOs' growth priorities in the next two years, with 86 percent of polled executives indicating that it would be the most significant route to market.

Although digital commerce was acknowledged as a goal before to the COVID-19 epidemic, current developments in consumer purchasing patterns have significantly expedited enterprises' growth. The majority of CMOs indicate that their digital commerce revenue and profitability objectives were reached or surpassed last year, reflecting an exceptionally favourable operating environment.

This presents CMOs with a tough perspective. Even as consumer attitudes and behaviours continue to shift toward a "hybrid" combination of digital self-service and in-person interactions, there will be pressure to maintain performance and produce incremental outcomes.

Digital Commerce Acceleration Drives High Future Expectations

Customer purchasing paths, customer habits, and customer expectations have seen tremendous change and upheaval over the past year or two. This has resulted in the faster global expansion of the digital commerce industry. Seventy-seven percent of study respondents believed that the COVID-19 outbreak prompted their firms to quickly establish an online presence and initiate digital commerce. Organizations are most frequently adopting digital-first technologies and direct-to-customer platforms to satisfy customers' digital commerce demands across all business models.

Companies who altered their go-to-market strategy and introduced new channels benefited from significant consumer behaviour tailwinds. Consumers adapted new habits such as mobile phone orders, purchase online, pick up in store (BOPIS), and curb-side pickup with remarkable speed. Also benefiting from unprecedented senior leadership backing for digital consumer interaction were organisations in lagging industries. Consequently, the great majority of surveyed digital marketing leaders met or surpassed their revenue and profitability goals for 2022.

For CMOs, the Future of Digital Commerce Will Be Challenging

While consumers predict that many of their new behaviours will endure the epidemic, they are ready to return to a "hybrid" manner of digital and offline brand engagement. Consumers overlook several things aspects of the in-store experience, such as simply browsing things, researching and testing products in person, and discovering offers.

It is realistic to predict that consumer purchasing behaviours will continue to alter, with customers turning back to traditional sales channels, resulting in a decline in the penetration of digital commerce sales channels. This will differ based on the client and sector. However, it creates a difficult budgeting and planning environment for CMOs.

The prognosis for B2C companies is tough, as an already crowded and competitive market will intensify further. Leaders questioned anticipate this trend to continue as they vie for customers' attention and wallet share.

B2B firms are mostly in a period of digitising established channels to market, and their challenge is to remain ahead of rivals who are also developing digital commerce strategies. Businesses must also consider how they may utilise demand generation and marketing strategies to extract greater value from both new and existing consumers.

Executives are aware of the evolution of digital commerce.

In 2023, customer and market dynamics will evolve. They acknowledge that this growth and success was inevitable due to the movement of customers from traditional to digital commerce channels. In fact, while mostly reaching or

exceeding commercial objectives, just 27% of marketing leaders questioned reported exceeding their senior leaders' revenue and profitability performance expectations.
Leaders surveyed concur that they have not future-proofed their organisations: just 37% feel they have the requisite digital commerce skills, partners, processes, and operations to be successful in the future (best practices, technology and analytics). In particular, respondents indicated that companies must improve their digital commerce skills to deliver more tangible digital commerce outcomes. In doing so, they must also contend with the transformative features of digital commerce.

To reduce the gap between high expectations and future performance, CMOs must inform other senior executives of the tough commercial environment. The target expectation-perception gap may be overcome by collaboratively defining expectations through comprehensive commercial scenario planning and creating a roadmap to improve digital commerce capabilities.

The impact of digital commerce maturity on performance varies by business model.

While many firms achieved or surpassed their commercial objectives in 2021–22, those with high degrees of digital commerce maturity led the pack and were 32% more likely to surpass their 2022 performance objectives. Advanced digital commerce firms were able to scale up current or establish new digital commerce routes to market while functioning sustainably and without compromising other objectives. Organizations with a lower degree of maturity must now use this as an impetus to make changes and invest in underlying skills that will result in improved digital commerce performance.

Organizations have varying degrees of digital commerce maturity

B2B businesses are trailing behind B2C organisations. This is due to the shifting buying patterns and expectations of B2B customers. Prior to the pandemic, commerce was shifting at a slower rate, hence there was less urgency or corporate value in shifting to digital commerce. Many B2B executives may have also miscalculated the generational transition occurring among purchasing decision makers, with younger generations expecting self-service capabilities and sales staff supporting procedures as needed.

Recent events have served as a major wake-up call for B2B companies. B2B firms are more likely to report capacity gaps in personnel, operations, and analytics than B2C organisations, which have arguably been on their respective digital commerce journeys for a longer period of time. For instance, while 41% of B2C executives believe they have the skills and performance to develop and execute their digital commerce strategy, just 27% of B2B leaders concur.

Regardless of their company strategy, all CMOs acknowledge the strong correlation between maturity and commercial performance. CMOs are assessing their present capabilities and level of maturity to develop a route to increasing maturity that will yield measurable results. Less-mature organisations can benefit from the actions already taken by more developed organisations.

Digital Commerce Leaders Are Aggressively Investing to Generate Sustainable Revenue Growth

At all maturity levels, ninety percent of polled executives concur that companies are investing in extra digital commerce growth-driving capabilities. However, CMOs are in a difficult situation where budgets are being slashed, so they must ensure that their investments produce value throughout several time horizons.

Many executives questioned are prioritising investment in digital commerce CX to satisfy customer expectations for a frictionless purchasing experience in the near future. They are focusing on digital-first value creation by investing in digital commerce products/services that will be distributed via innovative digital business models.

The optimal mix of short-term and long-term investments will rely on the present level of digital commerce development. As a proof of concept to drive performance and gain future investments, CMOs in less-mature digital commerce companies may need to prioritise short-term methods. CMOs of sophisticated digital commerce businesses, on the other hand, must strike a balance between short- and long-term investments, picking opportunities with care and convincing stakeholders that these expenditures are required for future success.

Submission

Establish a culture of testing and learning – CMOs play a key role in establishing the digital commerce vision. However, they have the difficulty of balancing the risk appetite of a business with its readiness to further upset the status quo. In response, 69 percent of CEOs polled have adopted a test-and-learn strategy to boost their organization's risk tolerance and confidence in digital commerce. The risk appetite of organisations with advanced test and learn maturity is larger when allocating resources. In addition, they are more eager to act outside of defined bounds than less-mature companies. To establish a test-and-learn culture, CMOs must not only be visible when celebrating triumphs, but also while discussing mistakes and lessons, as a means of encouraging the willingness to try new things.

Address talent issues – The problem for digital commerce executives is maintaining their best digital commerce personnel, particularly when the level of competition is so high.

The level of competition to recruit elite talent is astronomically high. Therefore, executives must maintain an emphasis on cultivating and growing talent in order to keep employees engaged, challenged, paid, and rewarded appropriately.

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