

OVERCOMING MARKETING MYOPIA: TIME TO GRADUATE FROM MARCOM 101

Coors CMO Ron Askew to leave Coors after the flagship Coors Light brand is tracking to post its second straight year of declining sales.

Michael Sands, former CMO of Orbitz, promoted to CEO.

These diametrically opposed recent news stories conveyed a clear message about the No. 1 challenge facing CMOs in 2005: Drive bottom-line results or drive to your next job interview.

CMOs and the marketing function can expect intensifying pressure in 2005 to prove their effectiveness in aligning their strategies with how customers buy, and with broader business imperatives. In 2005, the CMO must step away from the marcom-defined role that has limited this position for years and become a true catalyst for growth.

Everyone's aware of the statistics showing why this shift must occur, but some bear repeating. According to recent studies sponsored by the Association of National Advertisers and the Conference Board, while more than 75% of participants of one survey said marketing has become increasingly important to their organizations, the marketing and CEO agendas aren't aligned at more than 50% of the respondent companies.

The top three CEO concerns today are: sustained and steady top-line growth; speed, flexibility and adaptability to change; and customer loyalty and retention.

Today, marketers primarily focus on driving out branding guidelines and consolidating media partners.

CMOs must overcome marketing myopia and broaden their focus if they hope to achieve the success achieved by Orbitz's Michael Sands.

They must be as knowledgeable about their organization's business model as anyone else on their leadership team, bringing their expertise to

bear on which strategic levers should be pulled to drive profitable growth through key customer segments. Whether you are being Wal-Marted, crippled by knockoffs, or outpaced by a competitor, marketing must understand and guide responses to the fundamental forces attacking the business.

By leveraging their expert insight on what the priority (profitable) customer segments need and want, marketing can work with R&D to develop and prioritize upstream bets on product and service innovation. It's not just about great design or great wrap-around services anymore, but real-time, market-driven innovations. Think about Blockbuster's "no more late fees" or Delta's recent Simplifare introduction that hit a market-based need square on the head.

With marketing's deep understanding of customer behaviors and the pricing thresholds that can limit or encourage the sale, they should provide guidance on pricing issues facing the business. They must be front-and-center on matters of pricing strategy, whether managing and setting price points, tailoring pricing bundles or resolving transactional pricing issues.

They also must more effectively partner with the sales force to help improve conversion ratios, by fostering a better understanding of

bottlenecks in the customer purchase process and how they can be overcome. Is it through greater dealing (Dell), a refreshed customer experience (Home Depot in Manhattan), newer product designs (Motorola's Moto Razr), more customization (personalized M&M's) or loyalty programs that work (Starwood)? I am not certain, but the marketing department and its leadership better be.

Whether you aspire to the CEO track or simply a position of greater relevancy, it all translates into a need to expand your influence by applying your knowledge of customer insights across the business. Without it you may simply become another statistic. Here's to a relevant 2005! ■



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