

MARKETERS, HEAL THYSELVES: RX TO HELP EXTEND CMO LIFESPAN

The good news on CMO tenure: It's going up. The bad news: The rise amounts to less than a full month, at least at business-to-consumer companies. Executive recruiter Spencer Stuart says that B-to-C CMOs now last an average of 23.7 months on the job, up from 22.9 months last year.

What's behind their lack of longevity has been debated endlessly, but one factor is likely the prevailing tendency to focus narrowly on traditional marketing-communications activities such as advertising rather than adopt an overarching perspective on how marketing can fuel business growth.

That may be changing, according to Prophet's 2005 State of Marketing Survey. Asked to identify the most critical aspects to achieving future business growth, over one-third of the senior-marketer respondents cited customer service and delivery—hardly typical marketing responsibilities. The old standbys of advertising and promotions each barely eked out a 1% response.

If enough marketers begin to share this view, perhaps by this time next year the average CMO tenure will advance past the 24-month mark.

Still, senior marketers aiming to better position themselves and the marketing function to add real value to the organization have their work cut out for them. The challenges have been a recurring theme of this column since its launch a year ago. A new year makes the timing right to recap three of the most critical prescriptions for change.

First, marketers must do a better job of marrying data with their insights into customer behaviors to create breakthrough programs, products and services that drive business growth. J.C. Penney combined customer demographics with a better understanding of where its brand could play to pinpoint a void in apparel options for

middle-age, middle-income female shoppers, filling it in 2004 with “dressy casual” options by designer Nicole Miller. The move appears to be paying off, if JC Penney's 5% increase in 2004 comparable-store sales is an indicator.

Marketers must also break down the internal barriers—with IT, HR, sales or R&D—that keep the organization from creating more-powerful customer experiences. At Masterfoods USA, a major chunk of a \$200 million campaign budget for its Pedigree dog-food line was earmarked for an internal campaign to ensure employees understood, bought into and were prepared to consistently uphold the brand. With such touches

as offering pet insurance to employees and facilitating dog-friendly offices, the program was led by marketing, but developed by a team of volunteers from throughout the organization.

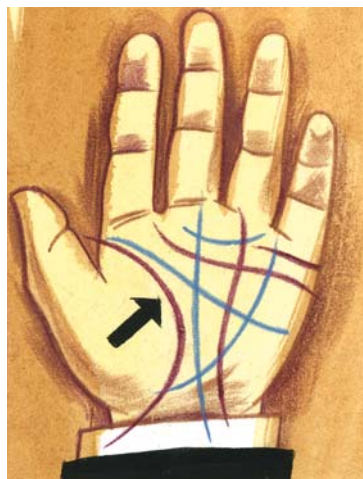
Finally, in an era of dwindling resources and greater accountability, marketers must learn to break from tradition to allocate resources where they will most effectively impact customers and create enhanced returns. The U.K. mobile carrier 02 Co. has eschewed clever, but undifferentiated, advertising to focus instead on

enhancing the customer experience. Its commitment to less-traditional marketing efforts is demonstrated by highly personalized direct-marketing programs and the hiring of 2,000 staffers to provide individualized attention to customers. The payoff: Churn was reduced and customer satisfaction increased, leading to a performance that helped attract a \$31 billion suitor in Telefonica in late 2005.

Addressing these three challenges won't cure all that ails the marketing function and limits the lifespan of CMOs. But it will be a starting point for senior marketers committed to improving their survival rates. ■



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TOBY MORRISON

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