

By Kevin Clancy, Peter Krieg and Steve Tipps

10 Ways to Make the New Year Happy

The Future May Look Bleak for CMOs, but It Doesn't Have to Be

The start of a new year is always a good time to reflect on the past and think about the future. But for CMOs, this end-of-the-year taking stock quickly puts a damper on holiday celebrations.

CMO tenure remains depressingly low, marketing effectiveness has been disappointing and CEOs are all too quick to notice poor results.

We feel your pain. To help brighten your outlook on the year ahead, we compiled a list of the top 10 things CMOs can do to dramatically help themselves, their brands and their companies.

1. Find out which nontraditional media should become traditions.

Media isn't about to stop proliferating or fragmenting in 2008. Marketers need to put a plan in place to determine the nature, extent and return of an investment in something nontraditional. Do some experimentation -- a real-world test on a small scale to see what works.

2. Stop hating the sales guys.

The friction between sales and marketing harms an organization in two ways: It wastes resources and hobbles profitability.

3. Don't get hooked on a feeling.

A big marketing assumption today is that an image-oriented, intangible positioning is the key to building brand equity. As a result, at least once a week we read about one company or another that wants to be known for an attitude, emotion or feeling. Don't assume for a second that it must be working just because a lot of folks are doing

it. Econometric analyses reveal that the majority of marketing-communications campaigns rooted in intangible positioning produce zero or negative returns on investment. You will miss significant opportunities to break through with a brand if you eliminate tangible positioning possibilities from consideration out of hand.

4. Lose the fear of numbers.

Marketers are often suspect of research and data -- with good reason. There's quite a bit of questionable data and quickie analysis of said data that sometimes offers misleading or even inaccurate information.

5. Treat implementation as a priority, not an afterthought.

Poor strategy implementation is as responsible (if not more responsible) for poor marketing performance as questionable strategy. Marketing, sales, operations, finance, customer service, accounting and any other key activities touching the customer need to get involved in figuring out how to bring a strategy from paper to the real world. Start to work through the entire process of how each area will be affected and what needs to happen. Come to a consensus on what the organization will need to do differently or maintain, what systems need to be in place, how to do a dry run, how to measure and monitor success, and so on. With a cross-functional, mutually agreed-upon plan and definition of success, it becomes much more likely the strategy will be executed intact and have a chance to make an impact on the business.

6. Stop promoting your brands to death and start building them.

In spite of the millions, even billions, companies spend each year on branding efforts, far more brands are being transformed into commodities than commodities into brands. Consumers perceive leading brands as becoming more similar than different over time and make purchase decisions based on price rather than product and service attributes. CMOs who fail to communicate product differences, brand benefits or brand equities in their advertising and sales efforts will see their brands lose ground. Spend money on marketing communications -- advertising, promotions -- to tell folks what your brand stands for instead of what deal they can get this week. Give them some good reasons to buy your products and services that have nothing to do with a special offer or freebie. In other words, if you don't want your brand to be a commodity, don't treat it like one.

7. Chant the mantra "100% customer satisfaction is unprofitable."

The University of Michigan's American Customer Satisfaction Index shows that the average cross-industry customer-satisfaction score has fallen below 75% -- basically a C grade. It goes without saying that customer service, satisfaction, loyalty and retention are all important to a business's success, so obviously there is tons of room for improvement here. Though conventional wisdom holds otherwise, profitability rises as satisfaction increases only up to a point. After that, the cost of delighting the customer by delivering ever-

increasing satisfaction rises faster than the payoff in profits.

The key to leveraging customer satisfaction as a competitive advantage and profit driver is to identify its critical drivers -- the attributes and benefits that are the things customers truly want in a category and what they are or aren't getting from your brand and competitors. Let's qualify that a bit -- the critical drivers to the critical buyers (see point 10). You want to find the areas of opportunity where your brand has a clear lead on the competition or where everyone in the category is falling short. Critical drivers in hand, rough out the costs to implement them to find the optimal point for improvement. Don't get caught up in the 100% figure. Spend your money where it matters most, where it gets you the most back in terms of the bottom line.

8. Start buying media by hearts and minds, not numbers.

In 2008, CMOs need to get serious about tracking ad response by level of engagement to establish exactly what the added investment -- that likely will be required to secure ad time in a highly engaging program, magazine, radio show, website or billboard -- will return to them. Pick one medium --TV, for example. Look at the combination of programs you've purchased. Run your own test to determine the level of program involvement and key measures of ad response among your target audience. Compare the ad-response scores across low-, moderate- and high-involvement programs. Media ideally

should be purchased by more than just the number of people exposed to a commercial message, but you have to do the grunt work to move the dream closer to reality.

9. Walk a mile in your customers' shoes.

Lip service about the customer's importance has to become real service for marketing performance to improve. In a move that has largely been credited with reinvigorating Procter & Gamble, CEO A.G. Lafley urged his marketing folks "to look outside the company for solutions to problems instead of insisting P&G knows best," as reported in the Wall Street Journal. So, as Lafley urged an audience of the largest national advertisers in the U.S. not long ago, "Let go of the fallacy that your brand belongs to you." Get to know what makes your customers tick and what problems they have, and let insights about them drive your decisions.

10. Market to those who love you (or at least think you're pretty swell).

If you can't get to anything else in 2008, make the time to find a profitable target. According to Larry Selden and Geoffrey Colvin, authors of "Angel Customers and Demon Customers," "a surprisingly large number of executives we've talked to believe their companies have no unprofitable customers." Dream on! Just as there are some folks who have strong positive feelings about your brand -- who love and adore you -- so, too, are there people who hate it or have zero interest in it. No matter what you do to try to woo them, they will never move toward your brand. They will not even take the free sample

you hand out on the street. They are unresponsive and a drain on profitability. So why waste time and resources on them?

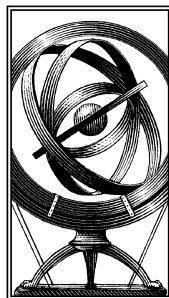
In an oft-quoted blog entry a few months ago, ANA President-CEO Bob Liodice wrote that today, "CEOs understand that the pathway to higher shareholder value is through the marketing department's door." We'd say this is more an aspirational statement than a factual one at this point. CEOs generally aren't turning to marketing when sales are lagging; they are turning to their accountants to find ways to cut costs and their operations folks to streamline manufacturing, stores and so on, long before going to their CMOs for input.

But, chief marketers, you need not treat your current lot in corporate life as an incurable condition. Decide that 2008 will, indeed, be the year you turn the prevailing conventional wisdom that you lead a function of secondary importance on its ear. Take the time to focus on your most profitable customers and prospects, address their biggest problems and most stirring motivations, and execute this strategy in bold, audacious, integrated marketing programs that change career paths, brand trajectories and maybe even your entire company.

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