

**booz&co.**

---

**Who Would Ever Want  
to Be a CMO?**

*The Challenges of  
Marketing in an  
Always-On World*



---

---

Booz & Company is a leading global management consulting firm, helping the world's top businesses, governments, and organizations.

Our founder, Edwin Booz, defined the profession when he established the first management consulting firm in 1914.

Today, with more than 3,300 people in 58 offices around the world, we bring foresight and knowledge, deep functional expertise, and a practical approach to building capabilities and delivering real impact. We work closely with our clients to create and deliver essential advantage.

For our management magazine strategy+business, visit [www.strategy-business.com](http://www.strategy-business.com).

Visit [www.booz.com](http://www.booz.com) to learn more about Booz & Company.

---

## CONTACT INFORMATION

### **Munich**

**Gregor Harter**

Partner

+49-89-54525-554

[gregor.harter@booz.com](mailto:gregor.harter@booz.com)

---

## WHO WOULD EVER WANT TO BE A CMO?

*The Challenges of  
Marketing in an  
Always-On World*

On paper, running a marketing department sounds like a dream job. Marketers have tremendous opportunities in a new digital world of constant change, as well as a portfolio of instruments and tools that have never been richer or more precise. With a more strategic approach and greater accountability, marketing can drive business in a way that was not possible before.

But at the same time, there are numerous reasons to ask, Why would anyone want to be a marketer anymore?

### **The State of the CMO Role**

For years, the position of chief marketing officer has been the most volatile job in the leadership suite. Today, turnover rates are higher than ever before.

And economic uncertainty means there is unrelenting pressure to demonstrate an immediate return on the investment in marketing. That assignment is almost impossible in a discipline in which even the most powerful changes in brand perceptions move at a pace that is never fast enough for the quarterly demands of the people in finance.

Finally, standard accounting procedures have been in place for years, whereas the standards of marketing change each and every day. When Google announces the introduction of a new search engine, the entire industry changes. And the marketer who doesn't keep up with this incredibly fast pace of change is all but lost.

To properly frame the impact of marketing—let alone the appeal of a CMO job—it's important to dig down behind everyday events and ask ourselves, What has happened here?

This article was adapted from a speech by Gregor Harter, a Munich-based partner with Booz & Company, at the 2008 CMO of the Year award ceremony.

---

## Consumers Are in Control

Today, the message for all marketing, media, and advertising executives is clear: *Insight about consumers is the currency that trumps all others.*

The concept of “push,” in which a marketer presents a message and expects an audience to respond, has been replaced by “pull,” in which the audience takes an informed look at an unending variety of options and decides what to hear.

Only those marketers with deep, actionable insight will be able to use their understanding of consumer needs to connect with the right consumers in the right place, at the right time, with the right message.

Simply dazzling consumers with great creative is not enough anymore. Companies can spend €1 million (US\$1.27 million) on a commercial, if they must, but they shouldn't be surprised if their target consumer's attention is focused on a viral video on YouTube at the very moment their 30 seconds of glory flashes and fades into the night. Thanks to digital video recorders, online content, and competition from multiple media outlets, consumers have been freed. They no longer have to sit through commercials to get the content they want.

As more and more consumers ignore—and actively avoid—advertising, relevance and results are the two primary focal points for marketing.

To that end, successful marketers are making significant investments in new techniques such as ethnography and online market research, in database marketing, and in customer relationship man-

agement. They also are expanding their participation in digital media, in-store marketing, word-of-mouth marketing, and experiential marketing. These powerful tools are key elements of tomorrow's high-impact marketing and media mix, because they generate in-depth consumer insight, reach consumers in an environment that's relevant to them, and consequently bring marketers results.

These tools are important because staying in touch with consumers requires relentless experimentation and the courage to stretch, morph, and integrate campaigns across digital media as well as traditional media. This intricate mosaic of marketing bits and pieces stands in sharp contrast to the budget-busting items, such as major sporting events, of the TV-centric era. Such an approach allows marketers to reach consumers in as many different ways as possible in a new media environment that is always on. In the past seven years, consumers have dramatically adjusted their media habits:

- They reduced the amount of time they spent with music, broadcast TV, and newspapers by more than 10 percent. More than a third of Europeans say they watch less television because they are online.
- They increased the amount of time they spent on the Internet fourfold: 52 percent of Europeans are regularly online from home, and 64 percent are using a broadband connection.
- They increased more than 10-fold the amount of time they spent on mobile devices.

Furthermore, within each channel, the time that consumers spend

with any one media property is fragmenting. In 1985, for instance, the average U.S. household received 19 television channels. Ten years later, that number had more than doubled, to 41. By 2005, it had risen to 96. And, today, full-system capacity can run to two or three times as many channels.

## Where the Money Goes and Why

With those numbers, you'd expect a revolution in the way marketing is planned, funded, and executed. And although fundamental shifts in investments are afoot in some parts of our marketing ecosystem, realistically, they are just beginning in some marketing sectors.

Look at the current mismatch in advertising spending in the automobile industry: Today, U.S. carmakers spend 50 percent of their marketing dollars on television and only about 3 to 4 percent online.

What are the returns on these respective investments?

Television advertising has only a 27 percent impact on the consumer's decision to buy a car. That means 50 percent of the marketing investment affects only 27 percent of the purchase decision. The 3 to 4 percent of the advertising money turned over to online media has a 20 percent impact on the selection of a car.

The message could not be clearer: When it comes to car buying, online performs powerfully. But many automotive marketers all but ignore that reality.

One other certainty: When we talk about the 20 percent impact that digital media has on the purchase of a car, we're not talking about a

---

static figure. It's an impact that's growing every month, every week, every day. But, with few exceptions, we don't see a comparable increase in new digital-media investments.

Clearly, tradition is doing more than economics to drive decisions in automotive marketing. But although many advertisers have been slow to react to the new consumer-centric realities, there is some evidence that new practices are reshaping every link in the media and marketing value chain:

- Between 2006 and 2008, e-marketing (comprising Internet and e-mail) in Europe grew 55 percent—from €7.2 billion (US\$9.1 billion) to €11.2 billion (\$14.2 billion).
- In 2008, companies invested more than €5 billion (\$6.4 billion) in search, compared with €3.2 billion (\$4 billion) just two years earlier.
- In the Netherlands, e-marketing already has an 18.5 percent—and growing—share of the local advertising market. In Norway and the U.K., the share is nearly 16 percent.

A look at some of the leading European advertisers reveals what kinds of marketers are making significant investments online. In France, travel companies SNCF and Switch Voyages spend a whopping €80 million (\$102 million) and €75 million (\$95 million), respectively, online, with eBay close behind. In the United Kingdom, BSkyB, Virgin Money, and Experian lead the list of top online advertisers, with more than €20 million (\$25 million) apiece. Although eBay is a straight digital play, the variety represented by the other top players shows the

diverse appeal—and enormous potential—of Internet advertising.

And, in any market, there are always advertisers whose best practices make them stand out, even in a very competitive digital environment. Volvo stepped away from many of its automotive peers when it launched its S60 sedan with a \$10 million campaign conducted exclusively online. Absolut Vodka spends 20 percent of its total marketing dollars online. In France, Procter & Gamble developed a mobile, Grand Prix–style racing “advergame” for its Head & Shoulders shampoo. Coca-Cola, in partnership with Apple, is giving away more than 70 million iTunes song downloads and hundreds of iPods in Europe. To support the promotion in Germany, Coca-Cola offered branded wallpapers, logos, and icons as incentives for this “Message in a Bottle” promotion.

But these imaginative marketing programs are still the exception, not the rule. That situation will have to change, as audiences for many traditional media continue not just to stagnate but, in many cases, to decline. Digital media platforms, such as broadband, video game consoles, and mobile devices, are now reaching critical mass and attracting large, loyal audiences of their own.

### **A Call to Action for Marketers**

When the history of marketing in the early 21st century is written, this will likely be seen as a time when the marketing mix caught up with consumer behavior. After decades of regular increases in marketing budgets but relative stability in media choices, many leading marketers—BP, Fiat, and Royal Dutch Shell, to name a few—have reappraised their assortment of

communication channels.

With so much at stake—and so much in flux—new leaders and new practices are certainties. The reconfiguration of value chains (exactly what's happening now) almost always creates new winners and losers.

The winners, among marketers, media companies, and agencies, will be those that learn to reconfigure their businesses in several important ways. Specifically, we can expect three changes from the winners in this new generation of leaders. This checklist is a call to action that marketers, media, and their various partners can use to help them determine how well they're prepared for the always-on demands of marketing.

- To create advocates and influencers, successful marketers must develop brand-messaging and entertainment experiences that consumers actually want to seek out and share. In fact, marketers need to realize that audiences themselves have become part of the marketing mix. Their reactions to products, in the form of consumer-generated content posted to sites like YouTube and their comments on social-networking sites, are as available to their peers as the message vetted by the company. This can be a boon for companies with loyal customers, and a bane for companies whose products are stumbling with consumers—but in either case, companies must plan accordingly.
- Successful marketers must expand their skills in relationship marketing and use digital channels to capture consumer insights via one-to-one interactions, blog behavior, search

behaviors, and real-time behavioral patterns. They must use these channels to listen to, learn from, and engage directly with consumers.

- In an always-on media mix, every digital sale creates an immediate digital footprint. More digital sales translate into more measurable results within and across media. The challenge for marketers is to track this knowledge—even as it changes moment by moment—and refine their work to create even more consumer-centric marketing.

Technology unsupported by real-life experience is just a collection of electronic impulses. Staying in touch with consumers means more than just sitting behind your desk and analyzing results. It demands more face-to-face visits to petrol stations, offices, supermarkets, and customers' homes to observe consumers in their natural environment and understand how they actually behave and interact with both the product and media.

It is clear that marketing, media, and advertising will continue to grow—and do so quickly—in ways that none of us can begin to imagine. When you're always on, you're never the same from one moment to the next. Finding the creativity and versatility to adapt to that environment is the greatest challenge for the next generation of marketing leadership. It is also the reason that every marketer should want to be a CMO.

Congratulations to the winners of the

# CMO of the Year 2008

established by **booz&co.**



Dr. Hannes Ametsreiter  
Telekom Austria/mobilkom austria

Madeleen Klaasen  
Bugaboo

Doti, Luca de Meo  
Fiat Group



---

## BOOZ & COMPANY WORLDWIDE OFFICES

### Asia

Beijing  
Hong Kong  
Mumbai  
Seoul  
Shanghai  
Taipei  
Tokyo

### Australia, New Zealand, and Southeast Asia

Adelaide  
Auckland  
Bangkok  
Brisbane  
Canberra  
Jakarta  
Kuala Lumpur  
Melbourne  
Sydney

### Europe

Amsterdam  
Berlin  
Copenhagen  
Dublin  
Düsseldorf  
Frankfurt  
Helsinki  
London  
Madrid  
Milan  
Moscow  
Munich  
Oslo  
Paris  
Rome  
Stockholm  
Stuttgart  
Vienna  
Warsaw  
Zurich

### Middle East

Abu Dhabi  
Beirut  
Cairo  
Dubai  
Riyadh

### North America

Atlanta  
Chicago  
Cleveland  
Dallas  
Detroit  
Florham Park  
Houston  
Los Angeles  
McLean  
Mexico City  
New York City  
Parsippany  
San Francisco

### South America

Buenos Aires  
Rio de Janeiro  
Santiago  
São Paulo