

Raise the role and influence of marketing

An increasing number of companies are bringing marketing at the forefront, trying to integrate it with its core strategies. In a world of cut-throat competition, knowing your customers and integrating the knowledge with not only the grassroots of the company but also with the chiefs of different departments is important.

Philip Kotler writes on the subject.

Most companies fail to exploit the full potential of marketing to contribute to their top and bottom line. Here are the signs:

- Marketing is rarely included as a member of the senior management team.
- Marketing's views are rarely presented to the board of directors directly or indirectly.
- Marketing functions (such as pricing and customer care) are frequently managed in other departments.
- Marketing is a minor participant in the development of the company's strategic plans.
- Marketing has too little influence in new product choices and features.

Why is this so? Here are some possible explanations:

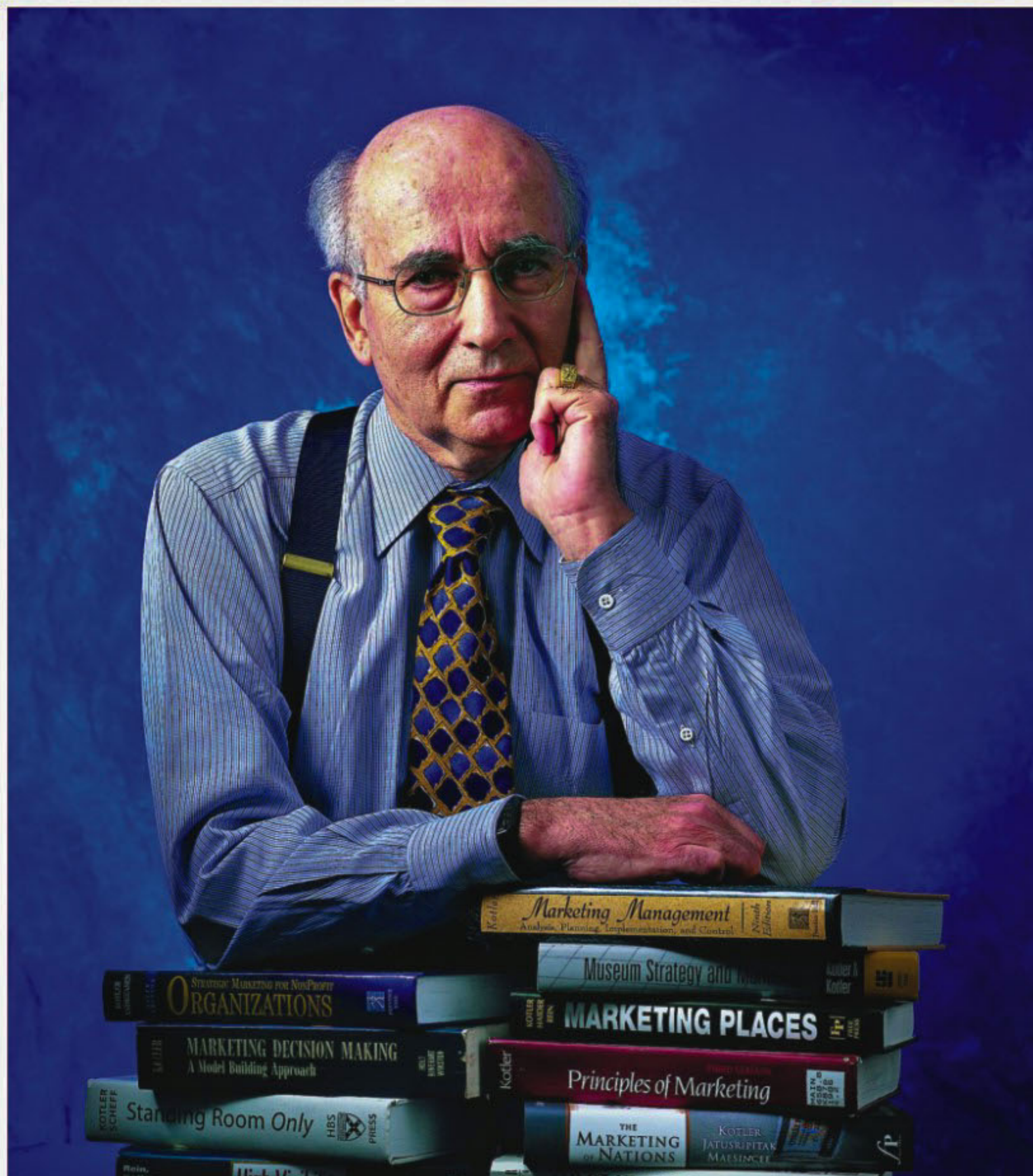
- Company marketers are viewed as able technicians but lacking the capacity to think strategically.
- Company marketers suffer from a credibility gap, especially when it comes to accounting for the return on investment of their marketing expenditures.
- Senior management works mostly with hard numbers and is less receptive to talk about "softer" marketing ideas and developments.

The rise of the CMO

An increasing number of companies -- including Microsoft, GE, IBM, Citibank, and Wal-Mart -- have attempted to raise the voice of marketing in company affairs by appointing a chief marketing officer (CMO). This creates a marketing head with a C-level position formally equivalent to the chief financial officer (CFO), the chief technology officer (CTO), and the chief information officer (CIO). This doesn't mean that a CMO necessarily attains the same power position as the CFO but it does recognise marketing as having a legitimate role in shaping company strategy.

What contributions can a company expect from a new CEO? They include the following:

- Develop better financial measures of marketing effectiveness.
- Bring new marketing tools and technologies into company use.
- Contribute insight into the corporate portfolio and synergies.
- Track changes in customer behaviour and develop customer insights and opportunities.
- Champion the development of a market and customer driven orientation.
- Strengthen the corporate brand and individual brands.
- Participate actively in new product develop-



Philip Kotler

ment to meet new customer needs.

These marketing roles are too many for the new CMO to tackle in the first year. The CMO should select a few of these roles that would have an early and substantial impact. The largest impacts would show up if the CMO helps grow top line sales and provides better measures of marketing effectiveness. It will take longer for the CMO to help move the company's culture from a product-orientation to a market-and-customer orientation.

If little impact from the new CMO is felt within two years, the CEO may question the investment in this senior position. In fact, we are finding that the average new CMO lasts two years. Some have performed in this role for several years but others have left after two years. Some have been fired, some have been promoted, and some have moved to another company, possibly for the same position. Other reasons for the short tenure may be problems of personality, skill deficiency, or a

poor definition of the role.

What most of the new CMO's learn in the first year is that a major portion of their time is spent in building a relationship with the other department heads. They need to learn about and collaborate with the other functions. Here is a description of two CMO experiences:

What surprised Carter Cast most when he became CMO was "that I would interact so much with functions outside of marketing. I didn't realise it is a holistic assignment. Then I realised I really had to understand things like product supply, cost break-evens and accounting." -- Carter Case, CMO, and later the chief executive officer (CEO) of WalMart.com

"You want to be connecting at the very senior levels of the organisation, and you also want to be connecting with the engineers and scientists who are doing a lot of the work on the front lines. You have to figure out how to pull all those instruments together in a way that's delivering great

marketing accountability and engaging marketing programs." -- Cammie Dunaway, Yahoo CMO

The new CMO will also be judged on how well he/she builds up the marketing skills throughout the company. As the marketplace and marketing grow more complex, new marketing skills are needed. Besides the classic skills of marketing research, advertising, sales promotion, channel management and pricing, new ones continually emerge. Some of the new skills are:

- Database marketing and data-mining
- Telemarketing
- Public relations marketing (including event and sponsorship marketing)
- Customer relationship management
- Partner relationship management
- Customer solutions marketing
- Experiential marketing
- Word-of-mouth marketing
- Profitability analysis applied to customers, market segments, channels, and order sizes

Upstream and Downstream Marketing

In many companies, most of the marketing personnel work on MARCOM (that is, marketing communications). The staff members prepare communication and promotion materials to help the sales force find, sell, and grow customers. MARCOM is important but the fact is that marketing is much more than MARCOM.

MARCOM leaves little time for marketers to take a longer view of the future and its emerging opportunities and threats. For that reason, the marketing group might be divided into a downstream group and an upstream group, defined as - downstream marketers are mainly involved in generating demand and current orders for the company's existing products and services; and upstream marketers spend their time identifying and generating new market and product opportunities.

An example of an upstream marketer is the role played some years ago by Nelson Foote at the General Electric Company. Nelson was a trained sociologist. GE gave him the time to explore such questions as: "What will the future kitchen look like and what appliances and appliance improvements will matter? What kinds of home entertainment will appear in the home over the next five years?"

Clearly, these are critical questions that some members of the marketing department need to study.

We therefore anticipate that more marketing departments will split into a small upstream group focused on strategic opportunities and a larger downstream group focused on generating current demand for the company's existing products.

The key message is that marketing is hopefully developing a more strategic standing in the organisation.

The writer is the SC Johnson distinguished professor of International Marketing, Kellogg School of Management, Northwestern University.

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iPad challenge looms large at Asia IT show

AFP, Taipei

Tablets that match the iPad but at a cheaper price. Slimmer, more powerful notebooks. At Computex, Asia's top IT fair, manufacturers are showing how they plan to face the challenge from Apple's iconic product.

Taiwan-based Compal Electronics made its name as a producer of notebooks for big-league brands like Dell and Toshiba, but it too has now joined the tablet frenzy and is just months away from launching a seven-inch device.

"Of course, iPad is the number one challenge," said Yeta Huang, a Compal senior engineer.

"But we believe there's room for us, with the market size for tablet predicted to exceed 50 million this year. Cheaper price is one area where we're trying hard."

Computex, a sprawling event held in Taipei this week, provides a snapshot of a technology sector scrambling to find the right approach to the iPad, a product embraced by gadget lovers worldwide.

Since Apple's groundbreaking product was released in April last year, a proliferation of brands have hit the market with limited success, and manufacturers have also been hurt by eroding demand for traditional PCs.

Intel Corp, the world's top chip maker, has used Computex to unveil its response to the iPad, a type of thin laptop that it has dubbed Ultrabook.

It is "a new class of mobile computers" that "marry the performance and capabilities of today's laptops with tablet-like features," according to the American chip maker, suggesting the future will not just be all tablet.

"There is healthy room for PC growth, but affordability is key to PC penetration," Intel vice president Sean Maloney said according to the Taipei Times newspaper. "Now is the time to reinvent the PC platform again."

Even so, companies know they cannot ignore the tablet and have moved quickly to enter the market.

Taiwanese PC maker AsusTek Computer set up



A visitor checks various types of tablet computers at a booth of Taiwan's Elitegroup Computer System yesterday, on the second day of the five-day Computex Taipei, Asia's biggest information technology and communications trade fair.

its first tablet business unit in November 2010, just months after Apple unveiled the iPad.

"Our Chairman Jonney Shih feels the tablet industry has great potential. That's why he decided to establish the new business unit," said Kakuangelo Kuo, a product manager of AsusTek's Eee Pad Business Unit.

"Leading computer brands all have adjusted downward their PC shipments this year as they expect part of the PC market to be eaten away by tablets," he said.

Ray Chen, Compal's president, said that while his company remains confident about the notebook market, where it derives 90 percent of its revenue, it will diversify into tablets and other products.

That way it hopes to raise its non-notebook revenue to 20 percent by the end of this year, Chen said according to Dow Jones Newswires.

Despite all the attention that tablets receive, analysts with a cool view of broad trends in the industry also see continuity in the future.

The good old desktop is not going away, since for large portions of the world's population it remains the only affordable option, they say.

In addition, in many emerging markets the infrastructure is not yet developed enough to make mobile Internet browsing a seamless, troublefree experience.

"Regular notebooks or desktops will feel less pain as demand from emerging markets, such as Russia, China, India and Brasil remains strong," said Kuo Ming-chi, a Taipei-based analyst with Concord Securities.

This demand will help offset the decline of PC demand from North America and Western Europe following the launch of the iPad and other tablets, he said.

Some dissenting voices are moving to hose down the tablet hype.

"I bought a tablet and after three weeks, I found it can't replace my phone, and it can't replace my PC," Mooly Eden, general manager of Intel's PC client group, told the Asian Wall Street Journal at Computex.

"Of course, iPad is the number one challenge. But we believe there's room for us, with the market size for tablet predicted to exceed 50 million this year. Cheaper price is one area where we're trying hard"

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