



News Analysis: Chief Concern: Why There Are More CMOs

Consumerization of businesses leads to more hirings.

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By Eric Newman

The CMO title has been around since at least the early 1980s, but at several companies, it's a "newly created position."

Those brands, which include Del Monte Foods, Papa Murphy's, Lord & Taylor and Samsung Telecom, have this year hired a chief marketing officer for the first time.

A confluence of factors, including the more externalized role of the CEO and a more customer-centric focus from companies across the spectrum of industries, has prompted the trend. While no one tracks the total number of CMOs, according to the 2008 Salary Guide from The Creative Group, Menlo Park, Calif.—a survey of 250 U.S. advertising and marketing executives—almost 50% of respondents said that their firm or agency's recruitment efforts had increased over last year.

"It's been a long time coming, in terms of marketers who have been clamoring for a more strategic role, and it's starting to pop up in more organizations," said Cindy Commander, an analyst at Forrester Research, Cambridge, Mass. "A lot of it is that there is so much out there now about a customer-centric focus that the executive teams need that voice in the C-suite, and so they're creating these chief marketing roles."

Alongside more marketers in top roles, ad budgets have soared, and with them, the responsibility placed on those in the top levels. According to a 2008 report entitled *State of the Marketer* by Eloqua, Vienna, Va., 72% of marketers said their firms have boosted marketing budgets over the past three years, and 11% said those budgets had risen by more than 50%.

That visibility comes with a price, though: 86% of marketers said there was more pressure put on them to account for results, and 68% said that organizations were measuring marketing's contribution to the bottom line.

"The words 'marketing' and '[sales] growth' are becoming synonymous," said Jane Stevenson, managing partner at executive search firm Heidrick & Struggles, Chicago. "When organizations are looking for growth, they need someone who can build opportunity for the company . . . and the head of marketing today is much more participating in driving that agenda."

A good example of an industry for which marketing has become more important in recent years is retail.

Doug Ehrenkranz, managing director at search firm Boyden, Houston, said retail is the "next marketing frontier," as brands and large companies look to differentiate themselves outside of the traditional realms of price and product lines carried, and begin to build their own brands through private label product, which necessitates the need for a centralized marketing strategy.

"All of a sudden, these multi-unit retailers, whether they're clothing stores, shoe stores or taco restaurants, are realizing that they're not just operating stores, but, in fact, building their brands," said Ehrenkranz.

"And they're all looking for classically trained consumer goods marketing folks. The reason being, that those from the big blue-chip consumer goods companies learned early on that all they have is their brand, and they've learned to make that connection with the consumer."

The retailers are also attracting talent away from CPG companies, added Ehrenkranz, where a CMO's tenure is often less than two years, and the pressure is high. "[Retail] gives these CMOs the advantages of being the first in, [because] marketing in the retail world is still ground floor stuff, to a degree," he said.

Another positive development is the increasing addition of global CMO titles, driven by the increased globalization of business at large firms, particularly in the packaged goods and technology industries.

For instance, research firm LexisNexis hired its first CMO, former Chrysler and Mercedes marketer Joe Eberhardt, to drive more global initiatives as the brand looks to expand into international markets to become what the company called at the time of Eberhardt's appointment, "a globally managed solutions provider."

"There are a bunch of companies getting into emerging markets like China, India, Russia and Brazil, and they need marketing talent that understands the vagaries of those various geographies," said Tom Seclow, marketing officer practice leader at Spencer Stuart, Chicago. "They want to have consistency in how they go to market and how they talk to their consumers."

Though the news appears fairly positive for would-be marketers, not everyone is embracing the CMO title. Circuit City and Motorola, to name two major brands, announced they would not fill the position after their CMOs, Peter Weedfald and Kenneth "Casey" Keller, respectively, left this year.

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