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## **MEDIA RELEASE**

### **Expectations rise of role of Chief Marketing Officers in Australia, following global trend**

*Top marketing chiefs reveal they are increasingly recognised as key drivers  
of overall company performance*

**Sydney, 15 October 2007** – According to recent research by global management consulting firm Booz Allen Hamilton and the Association of National Advertisers (ANA) in the US, leading Chief Marketing Officers (CMOs) are tightly integrating marketing with other corporate functions as they get closer to customers, capture the benefits of new media and demand more from their agency partners.

The research, which comprises in-depth interviews with 15 of the world's most influential and effective marketing leaders, including the Australia-based head of marketing for Fosters Group, has been published in a book titled "*CMO Thought Leaders – The Rise of the Strategic Marketer*".

A common thread from most of the interviews is that growth in revenues and profitability is strongest among those companies that elevate marketing's role to the highest level.

According to one of the book's contributors, US-based Booz Allen partner Andrew Tipping, the role of marketing is gaining increased importance globally within companies that aspire to robust growth.

"Across industries, from Procter & Gamble, to GE's NBC Universal and American Express, marketing chiefs are aligning their marketing strategies with management goals and working more closely than ever with manufacturing, distribution, sales and finance to deliver results," Mr Tipping said.

"Today, the role of the CMO demands openness to experimentation, an inclination towards pioneering, and an ability to integrate marketing with strategy as never before," he said.

Bernadette Howlett, Booz Allen principal of the firm's Australian Strategy Practice, said: "There are implications for Australian marketing chiefs in this global analysis. It is clear they need to align marketing strategy more closely with management goals within their overall business strategy, as they are relied on more than heavily to drive business performance. Expectations of the CMO role equivalent in Australia are expanding.."

Ms Howlett said marketing leaders were rising to the challenge, and moving beyond a role narrowly defined as deliverer of marketing services to one more like a champion of the consumer for their organisations and ensuring that the core offers taken to market were evolving on much more sophisticated levels..

Six important themes emerged from the series of interviews with leading CMOs, underscoring how the process of making powerful connections with customers is changing:

- **Putting the customer at the heart of marketing**

CMOs are pushing their organisations on every front to gain sustained exposure to what their customers are thinking and doing. "The customer influences almost everything that happens in marketing today, from research to engagement with innovation and product development, to the vehicles companies use to communicate with their customers." [Bob Liodice, President and CEO of the ANA]

- **Making marketing accountable**

Finding ways to accurately measure return on investment remains a thorny issue for CMOs, and the leading cause of tension between marketing and management. The most successful CMOs have convinced colleagues that marketing accountability takes place on two levels: the specific return on marketing programs and the overall health of the business and brands.

- **Recognising the new organisational imperative**

Successful CMOs are driving marketing forward as an integral part of the enterprise that nurtures the overall health of the business and its brands. To foster growth, CMOs are cultivating the creative and analytical strengths of their people, encouraging specialised skills and emphasising training.

- **Embracing the challenges of new media**

Booz Allen and the ANA's ongoing research suggests that traditional advertising still account for 80 to 90 per cent of the marketing expenditures at consumer companies. Still, every CMO featured in the book has an appetite to go out on a limb and try new ways to connect with customers. "Consumers are telling us that they want to be in control of storytelling, and as part of that desire, they want to engage in advertising in different ways." [Beth Comstock, President: Integrated Media at NBC Universal]

- **Living a new agency paradigm**

CMOs expect a new level of partnership from their advertising agencies and the ancillary companies that work with them. They are assembling mutli-agency groups, getting them to collaborate, and in some cases compete – all in the name of a better product. To survive, agencies need to be in lockstep with their marketing counterparts in finding new ways to get the message out. "They need to get more integrated. They need to go digital. Those that are making those changes are turning away business. Those that haven't adjusted are struggling." [Jim Stengel, Chief Marketing Officer, Procter & Gamble]

- **Remaining adaptable**

In the face of competition, new technologies and acquisitions, leading marketers are taking on change and keeping the marketing agenda moving in pace with their management colleagues. Adaptability has become inherent in the way CMOs respond to new media, hire and train their people and bring a marketing mindset to other parts of the business. Successful CMOs live these principles

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### **About Booz Allen Hamilton**

Booz Allen Hamilton has been at the forefront of management consulting for businesses and governments for more than 90 years. Providing consulting services in strategy, operations, organisations and change, as well as information technology, Booz Allen is the one firm that helps clients solve their toughest problems, working by their side to help them achieve their missions. With 19,000 employees on six continents, the firm generates annual sales of US\$4 billion. In 2007, for the third consecutive year, Fortune magazine named Booz Allen one of the "100 Best Companies To Work For".

To learn more about the firm, visit the Booz Allen website at [www.boozallen.com.au](http://www.boozallen.com.au). To learn more about the best ideas in business, visit [www.strategy-business.com](http://www.strategy-business.com), the website for **strategy+business**, a quarterly journal sponsored by Booz Allen Hamilton.

### **About the Association of National Advertisers (ANA)**

The ANA leads the US marketing community by providing its members insights, collaboration and advocacy. ANA's membership includes 400 companies with 9,000 brands that collectively spend over \$100 billion in marketing communications and advertising. The ANA strives to communicate marketing best practices, lead industry initiatives, influence industry practices, manage industry affairs and advance, promote and protect all advertisers and marketers.

## **EXCERPTS FROM CMO THOUGHT LEADERS: THE RISE OF THE STRATEGIC MARKETER**

### ***Put the Consumer at the Heart of Marketing***

“The consumer is moving faster than most companies.”

John Hayes, CMO, American Express

“The consumer was not at the heart of all our businesses even 10 years ago. Even today, A.G. [Lafley] still can point to one of our businesses and say, ‘The machine is the boss, not the consumer.’ So you can’t ever be complacent about that. You’ve got to always be on your toes.”

Jim Stengel, CMO, Procter & Gamble Company

“HP knows the top 10 factors that drive customer loyalty, and it measures them constantly. Corporate Marketing can then go back to each business and say, ‘Here’s where you’re falling behind in terms of the customer experience you’re providing, and here’s how it relates to market share and margin growth.’”

Cathy Lyons, former executive vice president and CMO, Hewlett-Packard Company

### ***Make Marketing Accountable***

“The most important thing that’s changed in the past 10 years is the measurability of what we do. New channels are regularly emerging that allow us to understand what it is we’re doing as it relates to acceptability within the marketplace. And we can do it with much faster turnaround.”

John Hayes, CMO, American Express

“When I first came to Yahoo, I realized how easy it was to lose the forest for the trees. I saw people being very accountable for return on a specific piece of e-mail, for example, but not as knowledgeable as they should have been about how that effort contributed to the overall health of the business.”

Cammie Dunaway, CMO, Yahoo

### ***Embrace the Challenges of New Media***

“You can’t learn everything you need to learn with research...You need to experiment....Experimenting requires both a great deal of creativity and a great deal of discipline to ensure that the learning is reapplied in the next set of activities that you might institutionalize.”

John Hayes, CMO, American Express

“Our people are evolving along with this changing media model. We do a lot more grassroots work now.”

Cie Nicholson, CMO, Pepsi-Cola North America

“To be a great marketer, you must be a great student. You asked what the most important capability was for the new marketer. My answer is simple: Number one on the list is intellectual curiosity.”

Cammie Dunaway, CMO, Yahoo

### ***Recognize the New Organisational Imperative***

“Some of our people come to us with technology backgrounds and others with agency backgrounds. They might be stronger in one area than another, but we look for people with both creative and analytical strength.”

Cie Nicholson, CMO, Pepsi-Cola North America

“If you’re not training – especially at a company that’s promoting from within – you can’t expect to grow. We need to be outstanding trainers and never be complacent about that.”

Jim Stengel, CMO, Procter & Gamble Company

“I often find that people do not have a grasp of what it means to be a borderless company, to operate successfully in multiple channels, or to understand profit pools and cost structure....For many years I’ve been advocating the need to organize horizontally around the value chain, as opposed to thinking vertically or within functions.”

Neville Fielke, former senior director of marketing, Foster’s Australia

### ***Live a New Agency Paradigm***

“We are moving from technology push to consumer pull, from push marketing to co-creation, from idea manufacturers to consumer experiences. If you have to push advertising to consumers, you are out of business. Advertising has to be context-relevant. And whatever you do, add value to popular culture and do not patronize the audience.”

Keith Parry, senior vice president of strategic marketing, Nokia Corporation

### ***Remain Adaptable***

“I’ve never worked at the same company for more than two years in a row, because FedEx keeps changing. We have new marketing challenges every day.”

Mike Glenn, executive vice president, Market Development & Corporate Communications, FedEx

[On the inseparable relationship between P&G’s R&D lab and marketing team in tackling innovative approaches to diaper fit and feel] “Babies wear a diaper 24/7 for almost three years...But when you ask, ‘How do we know we’re better for a baby’s development than our competitors?’ – that means your competitive set changes, your market share changes, what you’re looking for in your equity changes.”

Jim Stengel, CMO, Procter & Gamble Company