



September 2004 Issue

With the CMO Council's Summit next month themed to setting the strategic agenda, Nirmalya Kumar, Professor of Marketing at London Business School, explains how to increase marketing's influence in the board room in an interview with MPM task force member Don O'Sullivan.

Editor's Cut

Summer is over and it's time to face stark raving reality in the marketing mines.

Marketing As Strategy

In your book Marketing As Strategy you argue that CEOs have become.

How to Win Respect for Marketing Inside Your Organization

All great organizations are great in marketing. You know it. But do others.

Brand Prophet's Comprehensive Look at Brand Portfolio Strategy

The strategic thinking behind brands and the role of brands within organizations has come a long way.

What Is a Demand Chain?

For those of you unfamiliar with the term demand chain, take heart.

Technology's Top Marketers Convene For CMO Summit.

The technology industry's Chief Marketing Officer (CMO) Council will host.

The Download

According to a new survey by market analyst Lyra Research.

Editor's Cut



Summer is over and it's time to face stark raving reality in the marketing mines of the technology industry once more. Thankfully, hope is on the horizon. If you haven't already registered for the CMO Council's Annual Summit in Monterey, you will after you read the speaker and session lineup for this year's event in this month's Marketing Magnified.

Themed to "Set the Strategic Agenda" it's a two-day information and networking fest that attracts the top marketing minds in techdom. This year brand brain David Aaker keynotes the Summit with a challenge to build brand-centric cultures, where every touch point in the organization is empowered to radiate and reinforce the brand personality and character of the company. Glad to see that he will be focusing on the answer to "now that I have a brand strategy, what in the hell do I do with it?" Too often time and money is spent on crafting a winning brand strategy, but it sits within the confines of the marketing department. It isn't executed within the organization for what it truly is: a powerful, long-term business strategy that can only be optimized through the efforts of the entire company. Keeping your brand promise to customers involves more than marketing. Mr. Aaker will tell you why and how.

David Aaker also has a new book out entitled Brand Portfolio Strategy. I'll review it in this issue.

Staying at a strategic level, our lead story Marketing As Strategy is an interview MPM task force member Don O'Sullivan conducted with Nirmalya Kumar, Professor of Marketing at London Business School and author of the new book Marketing As Strategy. If you read just one thing in this issue, read this interview. It's all about elevating marketing to the strategy level within organizations and increasing marketing's influence and stature.

Professor Kumar's insights relate directly to the CMO Council's Marketing Performance Measurement (MPM) initiative because he argues in his book that CEOs have become frustrated with marketing's failure to deliver results. "But, he says, I think that if you get overly focused on metrics you will get pushed more and more into the tactical level. You will also get pushed into those activities where you can demonstrate quick returns rather than the longer-term brand building activities." His comments underscore our Marketing Performance Measurement (MPM) research findings. Because of the accountability pressure, marketing most often places emphasis on tactical short-term activities rather than long-term activities, like brand building.

This is just one of the MPM issues that will be sorted out on the morning of October 8 at the CMO Council Summit during the MPM sessions and in the forthcoming MPM Report that can be pre-ordered now on the CMO Council web site.

Mark October 7- 8 on your calendar...now. The MPM Task Force Team has a half-day scheduled at the annual Summit in Monterey , California to unveil the groundbreaking MPM Model that is the Council's number one initiative this year. Be sure to [reserve early](#)...some did not for the MPM Forum and missed a very special day. Check [the home page of the Council's website](#) for details. [Register](#) ➔

Marketing Magnified's managing editor is Robert Nelson, a brand optimization consultant based in Puerto Vallarta, Mexico. He can be contacted at: nelsonbranding@pvnet.com.mx or <http://www.nelsonbranding.com>.

Marketing As Strategy

MPM Task Force member Don O'Sullivan interviewed Nirmalya Kumar, Professor Of Marketing at London Business School and author of the new book *Marketing As Strategy* (recently published by Harvard Business School Press), exclusively for this issue of *Marketing Magnified*. In his book Kumar argues that marketing has lost its relevance at the board level. In the interview he discusses the reason for this loss of relevance and some of the actions marketers can undertake to remedy the situation.

MM: In your book *Marketing As Strategy* you argue that CEOs have become frustrated with marketing's failure to deliver results and that as a consequence, the profession has lost its relevance. Can you explain to us why you believe this to be the case?

NK: The evidence seems to be coming from two or three different sources. Firstly, if you look at the number of CEOs coming from a marketing function background to the CEO job, it's much smaller than from accounting or finance. Secondly, if you look at top management time spent on different issues and especially if you look at board meetings, the amount of time spent on marketing compared to finance or accounting or strategy is much smaller. Thirdly, there is general feeling within the marketing profession itself that there is a decline in the relevance and importance of marketing.

Part of the reason for this decline is, that in the 60's, 70's, and early 80's sales were growing rapidly in many companies, as it was a period of high growth in terms of GDP in Western Europe, the U.S., and Japan. During this period it was very easy for marketing people to achieve sales increases and because they had sales increases they could get larger marketing budgets, as these budgets seemed to be working. But as growth has declined in the developed world, it has become more difficult for marketers to deliver continued sales increases. In fact, most of the sales increases that are generated come as a result of entering new countries particularly in the developing world.

MM: In this environment of relatively low growth, what recommendations would you make to senior marketers who wish to increase their influence at the board level?

NK: The first thing I would recommend is something that you learn in marketing 101, which is that you can't over promise and under deliver. So I think we have to make sure that we recognise that if the market is growing at five percent we cannot grow at ten percent per annum forever. To achieve superior growth we have to find products or pricing or new segments or countries to deliver the growth.

Because of course top management are going to say we would like 10 percent sales increase, even through the industry is growing at 5 percent. But then you have to say the only way we can get the additional 5 percent is if we take market share from someone else, which is very difficult, or if we enter a new segment or if we enter a new market or if we have new products. So we need to make sure that the difficulty of delivering increased sales is clearly understood and that we don't over promise and under deliver.

MM: In your view, how well equipped are marketers to participate in the board level discussion?

I would say our focus is sometimes wrong. We are seen always as asking for more money without promising what we are going to deliver with it. So if top management gets a presentation from marketing it is most likely to be about the need to spend more resources on marketing. Rather that starting by saying this is what you need to do to achieve your results and these are the resources that we need to achieve the results.

Marketers tend to have a reputation that any conversation with us is about us asking for more resources. So top management want to avoid having a conversation with us, because every company is trying to improve profitability and reduce the amount of resource commitment. Compare that to the conversation you have with the COO which is generally about restructuring the supply chain to reduce costs by a certain amount.

MM: In your book *Marketing As Strategy*, you argue that marketing needs to re-establish its relevance to achieving the company's strategic goals. In your view, what are the most important contributions CEOs expect from marketing?

I think that what most CEOs are looking at from marketing is growth and profit initiatives because that is their focus. They are looking for transformation initiatives that can result in significantly higher profit or growth. That is the language that the CEO understands. The CEO is not really interested in things that are not going to result in one of these two. All the initiatives I talk about in my book are really initiatives around how to deliver growth and profits. And these are initiatives that are not just marketing initiatives; even through they are based in the marketing discipline, they are cross-functional initiatives.

For example, if I am going to look at my entire brand portfolio and rationalise it, there is no way that this is just a marketing issue. There are factories, supply chains, finance, sales, and country managers involved. But at the end of that, I expect to have a smaller portfolio and higher profitability. Or if it is channel migration, again there is a growth initiative here. Or if it is moving from selling products to selling solutions or global account management. So while these all have a very strong marketing flavour to them, they tend to be strategic initiatives with cross-functional implications and result in a bottom line increase. These are the marketing issues and contributions that the CEOs are interested in.

MM: You mention the movement from selling products to selling solutions. What, in your view, is marketing's contribution to that process?

NK: The biggest reason for companies failing to move from selling products to selling solutions is that they don't have a marketing focus. They basically try to take the products that they had, which were previously incompatible, and make them work with one another and then go looking for customers that want to buy this bundle of products. So it's really completely internally focused. It's focused on selling more to the customer. It's focused on trying to hide the actual cost of the different products. It's not organized around any customers needs, but basically around the company's need to sell more product and to cross-sell other products. The most important contribution that marketing can make is to say let's go to the customer and find out what need they are trying to fulfill. Then lets try and put bundles together that will satisfy those needs. Those bundles will include some of our products and may also have to include some of other competitor's products. Most of the time technology companies talk about moving from a product to a solution, it's usually a solution to their problem rather than a solution to the customer's problem. And this is where marketing can play a very valuable role.

MM: Regarding the transformation of the channel, an initiative you made reference to earlier, where do you see marketing's main contribution?

NK: History suggests that most companies tend to be a hostage to their existing distribution channels. That is, their existing channels push them into a particular strategy. And because we want to be loyal to our existing distribution base we sometimes overlook new developing channels that are growing very fast. A classic example is Compaq. They were so locked into their resellers that when Dell came with a superior distribution model through direct delivery there was nothing that Compaq could do for many years, until it was too late, because their resellers kept telling them that you have to be loyal to us and we don't want you to sell direct. So as new

technology comes on board and as new channels open up, marketing has to lead this process by articulating changing consumer shopping patterns.

MM: In your book you refer to the fact that the traditional 4 P's model of marketing does not serve marketers well when they attempt to build board level influence. Can you expand on this view?

Anytime an issue is purely at a tactical level it doesn't tend to draw the CEOs attention. It's only when something has organisational implications or value chain implications that the CEO becomes involved.

While the four P's are important, we have to realise that this is a tactical orientation. If you want to get the attention of The CEO and the board, they are not that interested in the four P's. They are much more interested in understanding answers to questions such as: if we serve this segment, what are the strategic implications for the business? How do we need to reorganize the whole company? So, they want to know more than the four P's implications of serving a segment. They want to know what will the implications be for other aspects of the business such as IT, organisational structure, and value chain. I think that as marketers we tend to be too locked into the four P's way of trying to segment a market and we don't think about the cross-functional orchestration that is necessary to serve new segments. Consequently, marketers are overly focused on tactical level activities rather than the strategic objectives of the company.

MM: Many of the CMO Councils members have indicated that they are under growing pressure to demonstrate return on investment. Do you feel that this increased demand for accountability perpetuates a tactical focus as marketers look to focus their attention on areas where they have greatest control?

NK: That is exactly right. I'm very interested in this whole area of marketing metrics and I'm very interested in understanding the performance implications of activities. But I think that if you get overly focused on metrics you will get pushed more and more into the tactical level. You will also get pushed into those activities where you can demonstrate quick returns rather than the longer-term brand building activities. I am worried that this will lead to a lot more deal making at the trade level and a lot less brand building.

We have to worry about metrics and we have to show return on investment. But we also have to explain to CEOs that there are activities where we can show short-term impact and there are activities where we can show medium-term impact and there are other activities where we can only show longer-term impact. And we have to be able to categorise our marketing activities in these three levels.

We also have to categorise our measures so that if something is going to be showing a return in eighteen months to two years, that's going to be too long for senior managers, so we need to have indicators that will tell us early on that we are making progress. We need to ensure that our indicators are sufficient to track developments right across the life of marketing initiatives.

MM : Many members of the CMO Council have expressed the desire for a marketing dashboard to provide both corporate level metrics and drill down?

This is a very complex activity and we should not fool ourselves that we will always find metrics. It is not always possible to show metrics for all valuable activities.

MM: Given that, as you mentioned earlier, CEOs typically come from a finance background, do you think CEOs are reluctant to accept this view?

Generally, I have found that CEOs are quite open to these arguments because they understand the need to make long-term commitments beyond that which is purely measurable.

MM: So should marketers set modest expectations around being able to measure some of their activities imperfectly?

Exactly. That is why I am not entirely in agreement with the metrics work being undertaken by the Marketing Science Institute and others. Personally I believe that while we need to be much more accountable and that when we can we should measure the performance implications of our activities, there are some aspects of activities for which we cannot necessarily show measurable results.

MM: Research undertaken as part of the CMO Council's MPM initiative indicates that companies that have performance measurement systems in place seem to have higher levels of CEO satisfaction with the marketing function.

This makes perfect sense. Because when you implement these measurement systems CMOs are much more accountable and have to make much stronger arguments to justify expenditure so that the CEO then has a logic behind the decision to invest.

MM: There are a lot of highly evolved systems at the tactical and functional level reporting measures such as web site visits. But what advice would you give to marketers looking to produce strategic level measures?

At the lower level marketers are currently much better equipped to measure output. But similar to other functions as you move to higher levels it is much more difficult to account for performance. At that level you have to have measures relating to, for example, how many people like us, whether they want our product, whether they respect our brand and are willing to pay a premium. We can develop measures for these areas but these are not likely to be financial measures.

The more limited your activity is the more contained your activity is the more quantifiable and perfect your measure will be. The more open, cross-functional and strategic your activities are the more imperfect the measure will be.

Don O'Sullivan is a member of faculty in the Department of Management and Marketing, University College Cork, Ireland and an internationally published author. His primary academic interest is in the impact of marketing on company performance in the technology sector.

How to Win Respect for Marketing *Inside* Your Organization

All great organizations are great in marketing. You know it. But do others you work with know it? Apparently not, according to two surveys of marketing executives reported in *BtoB* magazine's June 7, 2004 issue. The conclusion was "the marketing profession is struggling with something of an inferiority complex." Most importantly, CEOs, according to a survey reported in the June, 2004 edition of *Chief Executive* magazine, have a low level of confidence in their marketing department.

It's time we marketers realize we have the power – and the responsibility – to make sure others in our organization fully understand the contribution and the promise of marketing. Therefore, in addition to the equity we build with outside customers, we must focus on building equity for marketing with customers *inside* our organization. Successful marketers have shown that it makes the difference between a seat at the strategy table on the one hand and powerlessness on the other.

To win the respect you deserve you must mount an ongoing marketing campaign in four directions:

North: Make Marketing Matter to Your CEO

Educate your CEO to view marketing not as "marketing spend" but as "marketing *invest*." Begin the education process with this definition of marketing that speaks to the concern of all CEOs about financial results: *Marketing is the process of creating and harvesting inward cash flow – now and in the future – by solving customers' problems profitably.*

Marketing helps the organization get paid by:

- *Marketing Upstream:* Identifying sources of money. Marketing determines *who* the best customers are, *what* products and services the organization should create to solve specific customer needs, and *how* the organization should deliver these products and services to customers.
- *Marketing Downstream:* Making money. Marketing resources and programs direct customers to take action that build the bottom line. Investment in marketing downstream ensures that the organization keeps up with changes in the marketplace, acts as entrepreneur by taking action and invests today for future growth.
- *Marketing Measurement:* Evaluating effectiveness and future direction. Useful measures must be customer-centric in support of future business strategy.

East: Meet the Needs of the Other Major Functions

First, take finance. Your chief financial officer (CFO) has three primary needs: healthy and predictable cash flow, steady growth, and shareholder value. Building a friendship with your CFO requires you to:

- Be clear about the organization's profit model and act accordingly (growing market share is not always a winning strategy).
- Develop and implement a marketing measurement system with ongoing dialogue and oversight by Finance to track and understand how Marketing generates inward cash flow.
- Strengthen the technical, analytical, and financial skills of your professional staff for forecasting sales, pricing products, and services, setting budgets, and documenting financial value added.
- Foster regular face-to-face contact between marketing and finance staffs.

Second, take sales. The sales organization needs effective ways to acquire new customers and retain existing customers. Marketing meets the needs of sales by generating qualified leads and by differentiating the organization's products.

No sales rep likes the idea of making cold calls. Leads generated by marketing programs are the lifeblood of sales, but often a flashpoint of considerable friction. If the close rate is below expectations, sales will accuse marketing of generating poor quality leads and marketing will point the finger at poor sales efforts. To minimize the finger pointing, an internal team – perhaps a combination of sales and marketing staff – should be assigned the task of *lead qualification*. Likewise, communications tools developed by marketing should be tested in objective ways to get buy-in from sales.

The sales organization relies on marketing to identify and communicate the key difference of the companies' products that offers value that is unique (unlike competitive offerings), relevant (to likely consumers) and sustainable (over time). Increasingly, companies rely on the web to communicate product benefits and features to customers and prospects, and marketing, rather than IT or operations, must take control of the organization's web site to optimize customer relationships and revenue-generating potential.

South: Build a Strong Team With Staff and Partner Relationships

Changes in business give us a sense that we marketers are losing control. To gain it back, build a more efficient and productive marketing team with a mastery of technology and people as follows:

- Use operations software to gain greater control of marketing operations.
- Manage relationships with agencies effectively with clear expectations during the pitch, staffing and financial issues addressed directly and continuously, and answers to process problems.
- Have an effective decision making process.
- Build strong professional staff.

West: Build Your Personal Value

You're special. You're unique. There is no other marketer like you. No other executive in your organization does what you do. Do you really know - and do others with whom you work - the value you contribute to the organization?

In 1997, Tom Peters first recognized the need for all of us – not just marketers, all professionals – to build our personal brands. He wrote, "Regardless of age, regardless of position, regardless of the business we happen to be in, all of us need to understand the importance of branding. We are CEOs of our own companies: Me Inc. To be in business today, our most important job is to be *headmarketer for the brand called You.*"

Peters believes that projects are the best source of personal branding power: "A project-based world is ideal for growing your brand: projects exist around deliverables, they create 'measurables' and they leave you with 'braggables.'"

When you "manage West" to build your own personal value, you will "go West" to the land of opportunity.

Are you taking the necessary steps now to elevate the stature of marketing inside your organization? Regardless of your organization's history or culture, industry or budget, by effective management North, East, South, and West you can make others recognize that marketing is the engine of the enterprise.

Roy A. Young is a consultant who works with senior marketers to help them raise the stature of marketing inside their organizations. He is author of the recently published special report, Making Marketing Matter: How to Win Respect for Marketing in Your Organization, which you will find at www.makingmarketingmatter.com. He is also a frequent contributor to www.MarketingProfs.com.

Brand Prophet's Comprehensive Look at Brand Portfolio Strategy

The strategic thinking behind brands and the role of brands within organizations has come a long way in the past 15 years, due in large part to the work of David Aaker, one of the world's leading authorities on branding and the keynote speaker at this year's CMO Council Summit.

Mr. Aaker is Professor Emeritus of Marketing Strategy at the Haas School of Business at the University of California, Berkeley, as well as Vice-Chairman of Prophet, the well-known brand strategy consultancy. His first book *Managing Brand Equity* published in 1991 has become the seminal resource for understanding brand strategy concepts. He published several follow-up books that provided guidance on building strong brands and brand leadership and co-authored a book on brand equity and advertising.

His new book *Brand Portfolio Strategy* takes branding to its proper role as a high-level business strategy that is essential for the long-term growth of any company. Mr. Aaker writes that brand portfolio strategy is important to a company because it provides the structure and discipline needed to have a successful business strategy. He adds, "A brand portfolio strategy that is confused and incoherent can handicap and sometimes doom a business strategy. One that fosters organizational and market synergies, creates relevant, differentiated and energized brand assets, and leverages those brand assets, on the other hand, will support and enable business strategies."

Mr. Aaker is the first to explicitly define the scope and structure of brand portfolio strategy, building on the knowledge base created by his earlier books. He says that developing brand portfolio strategy is complex and situation specific and there are no cookbook-style rules that are guaranteed to produce perfect strategies. The purpose of the book, he says, "is to introduce options and issues, rather than easy answers."

This is not a book for those who have limited experience in the branding arena. Although well written with illustrative case studies, the dimensions of the brand portfolio strategy outlined may be a bit bewildering for those who do not have extensive branding knowledge. The brand portfolio strategy involves six dimensions, most with multiple options. For example, under Brand Portfolio, Mr. Aaker identifies six possibilities: Master brands, endorsers/subbrands, branded differentiators, alliance brands, corporate brands, and branded energizers. Under Product Defining Roles are listed: Master brands, endorser brands, subbrands, descriptors, product brands, umbrella brands, branded differentiators, co-brands, and driver roles.

Mr. Aaker provides a very sophisticated look at the organization, management, integration, and leveraging of a well-designed brand portfolio strategy. For those large technology firms with extensive product and service offerings, well-developed global product markets, and the resources to manage a stable of brands, this book is right on target. The technology examples used in this book include Intel, Microsoft, and Dell, all large, dominant firms that meet the criteria noted above. For most technology companies, however, there are two brands: the corporate brand and product brands. Simpler structures provide multiple benefits like clear positioning and messaging and effective use of brand building resources. Unlike many consumer markets where products are purchased for different reasons, technology products primarily are purchased for the same reasons anywhere in the world, making an array of brands to satisfy different product and geographic markets less important.

Ultimate goals for any brand strategy are clarity and focus. Mr. Aaker does an excellent job of leading us through the thicket of brand portfolio options, but technology companies need to consider first whether or not they need to enter the thicket at all.

Mr. Aaker's book *Brand Portfolio Strategy: Creating Relevance, Differentiation, Energy, Leverage, and Clarity* is published by Free Press, a division of Simon & Schuster, Inc.

Robert Nelson is the managing editor of Marketing Magnified and a brand optimization consultant based in Puerto Vallarta, Mexico.

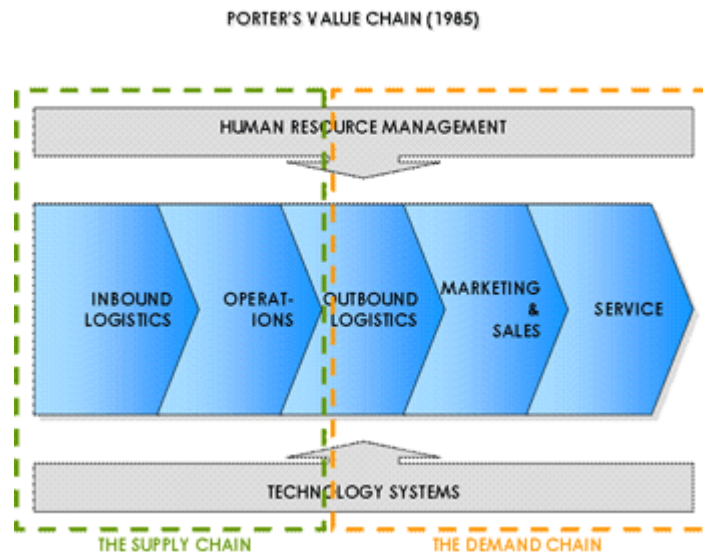
What Is a Demand Chain?

This article is the first in a series of five articles by Mark Walton, Managing Partner at the consulting firm DemandEdge, that will explore the topic of distribution channels in the context of the 'demand chain'.

For those of you unfamiliar with the term demand chain, take heart in the fact that it is relatively new term. Not many companies at this point have adopted the demand chain approach for managing the creation and conversion of demand for their products and services. This series of articles is designed to broaden technology marketer knowledge of the demand chain concept.

Let's start with a definition. The demand chain is, very simply, the marketing, sales, service, and logistics functions that connect a business with its customers. It is the 'chain' of entities (employees, resellers, partners, etc.) and activities (campaigns, programs, tactics, etc.) that you use to create and convert to sales demand for your brands, products, and services. To put it simply, it is everyone and everything you need to sell stuff.

The term originated with Michael Porter, the renowned Harvard Business School professor, whose ideas on strategy and competitiveness are taught in virtually every business school in the world. Besides authoring 16 books and over 100 articles, he has developed several well-known management models including in 1985, the value chain model. He identified and explained the relationship between the various primary (inbound logistics, operations, outbound logistics, marketing & sales, service) and support (human resources, technology systems) functions of a business in its overall goal to deliver value to customers (see Figure 1 below). Over time, the value chain model has evolved into two sub-components: the well-known supply chain that drives the procurement and assembly of products and services and the lesser-known demand chain.



While much work has been done on the supply chain, comparatively little has been done to help companies understand their demand chain to the same degree. Some argue that the demand chain is the supply chain, but in reality they are very different. Simply put, your supply chain is 'pulled', that is you procure products from suppliers, but your demand chain is 'pushed', unless you choose to let your customers take control and 'pull' from you, which is a high-risk strategy in most competitive markets! And for sure, pushing a chain is a lot harder than pulling one. Similarly, it can be argued, that demand chain management is harder than supply chain management.

Yet, there are tremendous benefits to businesses that adopt the demand chain approach. This is particularly true when compared to 'conventional' thinking, which often leads to treating marketing, sales, service, and logistics as independent silos. While the demand chain approach must leverage everything we have learned in these silos, there is a huge additional value to thinking about these silos as being connected to one another as a chain of entities and activities that must work together, synchronized over time, to sell stuff. And while there are many other benefits, in many respects this is the real value of the demand chain model: the easier alignment and synchronization of the entities and activities.

For example, while marketing can still be creative and own the responsibility to build brand, create awareness, and generate leads, the goals of the tactics they use *must* be in line with the rest of the needs, or limitations, of the demand chain. There is no point in generating more leads than your resellers can respond to while they're still 'hot'. There is no point in generating leads if your resellers aren't ready to receive them. And there is no point in planning tactics to generate leads without first understanding how many leads your resellers need, given their current conversion rates, to achieve the sales goals you need.

This is the essence of demand chain thinking: every entity and every activity must be aligned to the needs and limitations of the rest of the demand chain. And once you start thinking this way, you begin to get much more clarity about how to make overall improvements. For example, if you want to set more aggressive sales goals, you are suddenly aware of the different approaches you could or should take to achieve those goals. You no longer only think of the solution as "we need more leads," you also think of solutions such as "we need to help our resellers increase their conversion rates across their sales funnels," or "we need to get more mindshare and selling time from our resellers' sales people - how can we do that?"

Next month in the second of our series of five articles, we will take a deeper look at the value of thinking 'demand chain' and how it can help you build stronger relationships with your resellers.

Mark Walton is a Managing Partner at the consulting firm DemandEdge. He can be reached at: www.demandedge.com.

Technology's Top Marketers Convene For CMO Summit

The technology industry's Chief Marketing Officer (CMO) Council will host its annual CMO Summit in Monterey, California October 7th and 8th at the scenic Monterey Plaza Hotel & Spa on Cannery Row. With the continued ebb and flow in the technology sector, convening members of the CMO Council are being challenged to step up and "Set the Strategic Agenda" while being more accountable for marketing effectiveness, product success, and business performance.

Headlining opening sessions will be a dynamic debate among industry maestros and mavens facilitated by Bill Campbell, one of Silicon Valley's most respected marketing voices and currently the chairman of Intuit. The line-up will include Donna Dubinsky, founder, innovator, and visionary at Handspring and Palm; Apple, AOL, and Netscape veteran Mike Homer, chairman and advisor at Kontiki and other ventures; and, Google's product marketing chief, Jonathan Rosenberg, formerly a key product strategist at both Excite@Home and Apple eWorld.

A keynote address by branding guru and author, David Aaker, will challenge the 200 summit attendees to build brand-centric cultures where every touch point in the organization is empowered to radiate and reinforce the brand personality and character of the company.

Senior Vice President Peter Weedfeld of Samsung will reveal the transformation of Samsung into a brand leader in its field in just four years. In fact, Samsung is now number one worldwide in TV sets, video recorders, flat-panel screens, computer monitors, PC memory, and flash memory used extensively in digital cameras, according to various industry estimates.

More than 12 breakaway invention sessions will generate intellectual capital and will feature interactive panel discussions led by top marketing executives from companies like Adobe, Alcatel, Ameritrade, BearingPoint, Biz360, Checkpoint, Cognos, Documentum, Doubleclick, EDS, EMC, Epson, Google, Hitachi, HP, Interwoven, Juniper Networks, Logitech, Oracle, Qualcomm, Seagate, Siebel, Symantec, Tektronix, Unica, WebTrends, Wyse, and Yahoo!.

The CMO Council's Marketing Performance Measurement (MPM) task force and advisory committee will release a comprehensive report on a new MPM model, standards and practices for benchmarking effectiveness and quantifying value in the technology industry. Strategies and approaches for achieving better MPM outcomes, disciplines, and deliverables will be addressed by MPM task force consultants and senior marketers from BearingPoint, Tektronix, Documentum, Accenture and others.

In addition to panels, McKinsey consultant Girish Nair will speak on the topic of CMO Endurance: Strategies to Gain & Sustain Marketing Leadership and trend-watcher expert, Michael Tchong, will give his insights on emerging market shifts and changes likely to impact purchasing patterns and buying preferences as part of his annual Trendscape 2005 Outlook.

For more information or to register: <http://www.cmocouncil.org/summit2004>.

The Download

Online Text Advertising Packs Brand Punch

A new study by IAB and Nielsen//NetRatings research has demonstrated the effectiveness of sponsored text advertising in impacting brand metrics within the online advertising environment.

The study looked at brand impact of text and search advertising for leading brands from the Health, Auto, Beverage, Electronics, Retail and Finance industries.

The research demonstrated that sponsored text advertising in the search environment works for an array of branding objectives. Sponsored text ads, much like the standard image based ad, had their biggest impact on "unaided brand awareness," especially where a brand held the top position on search results pages. On average, when respondents were asked to name a specific leading brand within a tested industry, they were 27 percent more likely to name the brand displayed in the top spot compared to a control group not exposed to the ad. For the articles pages (pages containing contextually targeted text advertising), the text ad caused a 23 percent lift among respondents that saw the ads.

The research findings, as analyzed by Nielsen//NetRatings, reported that there is a significant difference on core brand metrics movement depending on the placement of the text ad. Ads appearing in the top position on a search engine increased an aggregate of all the brand metrics by an average of 14 percent across the six industries, in stark comparison to results from ads in the fifth position, which only showed a minor directional lift on brand measures. Search articles pages generated an aggregate lift of all brand metrics by 15 percent.

The research provides more evidence that sponsored search is an integral part of a successful online marketing campaign. Additionally, the research highlights the effectiveness of integrating sponsored search, contextual ads and banners for marketers to achieve their brand awareness objectives.

Jupiter Forecasts Internet Ad Rise

Jupiter Research predicts that the Internet advertising industry will grow substantially this year thanks to rising ad prices.

In its annual ad forecast Jupiter says the online advertising market will grow 27 percent this year to \$8.4 billion, on its way to hitting \$16.1 billion in 2009. Jupiter said paid search and display advertising would see rising prices that would account for the lion's share of growth.

Search looks prepared to remain the near-term catalyst for industry growth. Jupiter forecasts the market will grow 34 percent to \$2.6 billion this year and \$5.5 billion by 2009.

Jupiter also expects click-price inflation will account for the growth, not an increase in search inventory. The finding echoes recent research from Nielsen//NetRatings, which said constraints on search inventory would push click prices up unless search engines made innovations in areas such as personalized and local search.

Jupiter thinks the price increases will not be relegated to search. After years of stagnation and low CPM rates, display advertising will also see pricing increases thanks to an increased demand for online advertising. Jupiter expects spending on display advertising will rise 24 percent this year to \$3.9 billion. This is the first increase in industry-wide CPM rates that Jupiter has tracked since 1999.

Jupiter thinks search marketers and online advertisers would need to turn to analytics tools to maintain their levels of return on investment. It notes the increased use of more sophisticated metrics for measuring campaign success rates in a survey. More than half of marketers said they tracked conversions to online sales and 43 percent measured return on ad spend.

By the Numbers

- Sixty-nine percent of U.S. business professionals prefer online conferencing (video, audio and Web) to traveling to meetings because they believe it saves time and is more efficient. Thirty-seven percent experience a cut in corporate travel budgets by taking conferences online. Source: MCI/Impulse Research Corp., October 2003.
- Forty-seven percent of leads come from word of mouth compared to nineteen percent that come from trade shows. Source: The Marketing Report, June 2004.
- Eighty-eight percent of businesses increase awareness to their web address by displaying them on business materials (e.g., business cards and letterheads.) Source: www.interland.com, June 2004.
- Seventy-seven percent of prospects use white papers to stay on top of new and emerging markets and technology. Source: "Readership and Usage of White Papers by Corporate Management," by Forbes.com and BitPipe, June 2004.