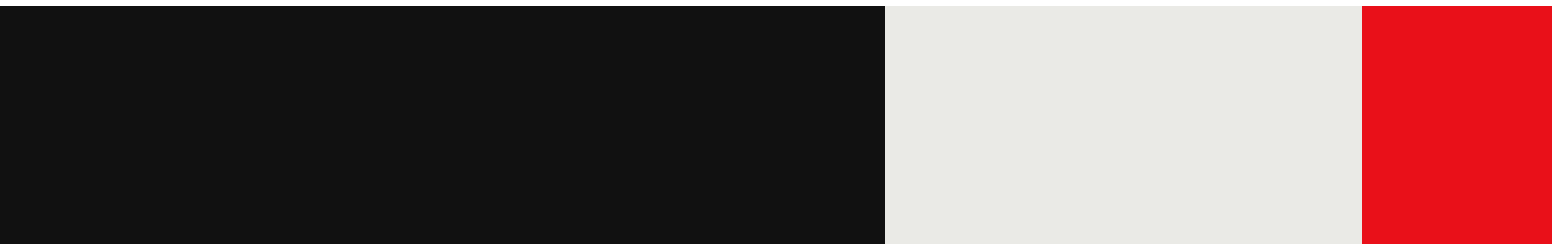


The Daily: Why CMOs tenure is falling, the main ways the role is changing, and how GenAI is helping them work

Audio



On today's podcast episode, we discuss the reason why CMOs at top US advertisers are leaving their roles sooner, the main ways the role is changing, and how GenAI is helping them with their jobs. Tune in to the discussion with host Marcus Johnson, director of Briefings Jeremy Goldman and analyst Kelsey Voss.

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Episode Transcript:

Marcus Johnson (00:00):

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original surveys, and also a little analysis. Visit emarketer.com/advertise to learn more.

Jeremy Goldman (00:18):

There are just so many different places that that role is being asked to go simultaneously, which means that's just very difficult to say, "Okay, you're going to find somebody who's good at all of those things and is being asked to do more and more every single year."

Marcus Johnson (00:39):

Hey gang, it's Tuesday, August 27th. Kelsey, Jeremy, and listeners, welcome to the Behind the Numbers Daily: an eMarketer Podcast. I'm Marcus, today I'm joined by two folks. First of all, we have our Principal Analyst who covers everything B2B marketing based out of Seattle. It's Kelsey Voss.

Kelsey Voss (00:55):

Hey there.

Marcus Johnson (00:56):

Hello, welcome back to the show. Also joined by our Senior Director of Briefings. He's based in New York City, here's Jeremy Goldman.

Jeremy Goldman (01:03):

Hello there.

Marcus Johnson (01:04):

Hey chap, good to have you. All right. Today's fact, this one I'd feel uncomfortable telling you because once you know it, there's no going back. There's no such thing as a straight line. Oh, I shouldn't have told you. This has really messed me up. According to BBC Science Focus, because everything, if you zoom in close enough, has irregularities, there's no such thing as a straight line. Even a beam of laser light is slightly curved as light is bent by the Earth's gravitational field. The reason we like straight lines so much is because of a fundamental property of the universe. The shortest distance between two points is a straight line. Nature also follows this principle. Spiders, for example, make their webs by stretching silk strands across the shortest half.

Jeremy Goldman (01:49):

I don't know how the spider thing has to do with the straight line thing that's still blowing my head. Why can't there be a little teeny tiny straight line? I understand over a longer period of time, it's hard to keep it straight.

Marcus Johnson (02:00):

Doesn't exist.

Jeremy Goldman (02:01):

But oh my God.

Marcus Johnson (02:02):

Nothing straight.

Jeremy Goldman (02:02):

And now you want us to be productive on this recording now that we know this? No.

Kelsey Voss (02:06):

I like spiders.

Jeremy Goldman (02:09):

Wait, you like spiders?

Kelsey Voss (02:10):

I do. Their webs are infinite creative designs.

Marcus Johnson (02:16):

They're fascinating creatures. But I mean, how big does a spider have to get before you start to hate it?

Kelsey Voss (02:21):

When I see the hair and the fur on it.

Marcus Johnson (02:24):

Yeah. Okay, good. All right, we're aligned there. What happens with this fact is you just start staring wildly at every straight line with a new element of suspicion being like, "Why are you not straight?" I'm having an existential crisis. I shouldn't have talked to you both. I'm terribly sorry. Anyway, today's real topic, the CMO.

(02:48):

In today's episode, first in the lead, we'll cover CMOs knowing other news today. Let's start with this Kelsey. I mean, we're covering the CMO today. We'll talk all about how the role's changing and how gen AI is helping the CMO, a bunch of other things. But I wanted to start with tenure because our Content Strategist Meaghan Yuen was noting that CMOs at top US advertisers are leaving their roles sooner and sooner. She points out that the average CMO tenure at a company is now down to three years from four years a decade ago according to Spencer Stuart's research. Why are CMOs tenure at top US advertising companies falling?

Kelsey Voss (03:26):

The tenure at the top US advertisers is falling because they face incredible public scrutiny and pressure, and that contributes to their tenure. They're highly visible and their marketing performance can lead to frequent criticism. That is the main reason I would say for top advertisers. However, the CMO tenure does vary significantly by industry. For example, CMOs at B2C companies, the average is 4.0 years. B2B CMOs, its average is 4.5 years, and the overall C-suite average is about 4.6 years. So it's not as bad for other CMOs that are not in the top advertising list.

Jeremy Goldman (04:16):

I think it's though, if you think about all of the different things that you're expecting from a CMO these days, we've seen some companies that have moved away from CMO roles, but then the ones that keep the CMO role, they expect a lot, right? There are so many different competing interests, top line revenue growth being more responsible for that even if you don't actually own that entirely, but working on operational efficiency and reduced costs. Some of that from AI where you've got to now have the right tech stack. You always did, but it's even more important now. You have to be working on customer satisfaction and looking at acquisitions that are going to be strategic for your business. There are just so many different places that that role is being asked to go simultaneously, which means that's just very difficult to say, "Okay, you're going to find somebody who's good at all of those things and is being

asked to do more and more every single year." So to me, it's no wonder that you're not really seeing the tenure go up or anything.

Marcus Johnson (05:19):

Yeah. I want to circle back to how the CMO role is changing in a second because I mean, there's a multitude of ways and I'd like to get your guys' take on what you think is the most interesting, but Jeremy, I want to touch on something that you just said because the CMO tenure is falling. Kelsey, to your point, if you look at the C-suite across the board, it's four and a half years so the CMO tenure is not too much shorter on average than some of its other peers. But that said, has fallen from four years to three years over the last 10.

(05:46):

And Jeremy, you were mentioning that there are some brands who are killing the role altogether. You've got Starbucks, Johnson & Johnson, your Uber, Lyft, UPS, McDonald's, Hyundai. In fact, Hyundai, they're actually splitting their marketing group into creative and performance divisions with CMO Angela Zepeda becoming Chief Creative Officer, overseeing social media, creative work, experimental marketing and multicultural marketing. And then Sean Gilpin, VP of Global Sales Marketing for Hyundai will take on the additional role of a VP of Marketing performance covering different elements, media buying, customer communications and marketing financial management. This was Megan Graham of The Journal noting this. However, Greg Paull, Principal of consulting firm R3 notes Hyundai is bucking the trend. Most companies aren't going in this direction, but they're bucking the trend by basically splitting out the creative part and the performance part.

(06:39):

Now I'm wondering where you guys land because some people think this is a good idea. Michael Miraflor, Chief Brand Officer at Hannah Grey VC says, "I actually appreciate this move because it allows creativity to breathe and focus on brand storytelling without feeling strangled by the demand of performance marketing KPIs, which are sometimes at odds." Others think this is a bad idea, Anjali S. Bal, Associate Professor of Marketing at Babson College says, "In general, I think splitting the function of creativity and marketing performance seems like a mistake since the relationship between the two functions of marketing is imperative to the success of the brands." Kelsey, we'll start with you. Where do you land on this move from Hyundai splitting these two parts of the business?

Kelsey Voss (07:18):

I go back to what are the goals of marketing and what do you want to achieve? What's the aim? And just leave marketing alone. Stop trying to redefine marketing is one thing or another and just let them do their job. And it is a big role, and I think you answered that question in a sense about the tenure and the elimination of roles is not always being eliminated, they're being redefined and they're given new titles. But in general, this is more, I feel like the rest of the seats, we trying to decide how marketing fits into the organization. And if marketing is strong and they have a strong leader and they are collaborating and they're achieving business objectives and goals, everything should be fine.

Marcus Johnson (08:05):

Yeah. Jeremy, do you agree?

Jeremy Goldman (08:07):

Yeah, I mean, I would just add that there are a lot of really strong leaders who can basically supervise the performance marketing functions and then also the branding and top of funnel functions that marketing often provides. I don't think that you have to support it, I think you generally have to get the right leader to manage both those functions and then find the right people underneath that person who are really hardcore devoted to performance marketing, to top of funnel brand awareness. The most valuable brands in the world spend a lot of money on branding and messaging, and I don't think that you should have that disconnected in a different department, generally speaking. And also, if you can't find that cross-functional leader like Kelsey and I interview people like that all the time and we're happy to introduce you to those people, they definitely do exist.

Marcus Johnson (09:02):

It certainly seems as though most folks aren't going the way of Hyundai, and they're actually keeping these teams of creative and performance together. We were just talking a second ago about how the CMO role is changing, being in one part a big reason why the tenure is falling or has been falling over the last 10 years. Kelsey, in your latest report, you look at how CMOs are successfully mastering their expanded role, you write as they adapt to new responsibilities. How to you is the CMO role changing the most?

Kelsey Voss (09:33):

I would say with the ever expanding list of responsibilities that we have already, some of which we've established, the CMOs now intersect with all different business aspects such as finance and technology and operations, as well as the traditional collaboration with sales and product and customer success. They are more and more responsible for driving that business growth. And then on top of it, they're managing now AI driven initiatives. There's this heightened pressure to drive revenue growth, to demonstrate ROI of all marketing initiatives, and then also they need to, they're almost required now to use AI for efficiency. And most of them want AI to help them with efficiency, but it's an expectation as well, which can be a pressure.

Jeremy Goldman (10:23):

By the way, there's a Gartner study that has for 2024 will be the third straight year of lower marketing spend as a percentage of the overall company's revenues. And yeah, I think that that's actually, for me, that's part of the main reason why the CMO becomes part of the discussion about what types of gen AI technologies to invest in. There's this budget pressure to do more with less which then, I mean, CMOs tend to have their finger on the pulse of what's out there and what's new, what's exciting, and that's why generally speaking, when they have new generative AI technologies that pop up, the CMO is part of the conversation about what to adopt in part because they're very much affected by these technologies that are outward facing.

Kelsey Voss (11:11):

Yeah, AI is definitely having an impact. There's definitely a strong interest in using AI, and it's helping in a myriad of ways, which we can discuss but.

Marcus Johnson (11:22):

Please, yeah.

Kelsey Voss (11:22):

Well, with customer needs, enhancing customer experiences, delivering personalized experiences across multiple channels, as I said, improving efficiency, improving productivity. And as Jeremy said, this is especially crucial when you have a tight budget, you might have less resources, your company may be affected by the economic climate. So there are a lot of factors that are not in the control of the CMO that AI is actually helping to deal with.

Marcus Johnson (11:52):

Yeah, I mean, circling back quickly Jeremy to your point about CMOs trying to execute these marketing strategies but facing budgetary pressures. I thought that research you cited was fascinating. Marketing budgets ticked down since 2020, going from 11% of total revenue to 8% over that time according to that Gartner survey that you just referenced. Some other research on CMOs and AI, Paul Hiebert of Adweek was pointing out over three in four CMOs say AI is having a positive impact on their marketing efforts according to new research from Gartner with just 5% indicating they are not treating AI as an investment priority this year, so basically no one. And then the survey also showing, Kelsey, to what you were saying, CMOs seeing the most ROI from gen AI through improved time efficiency, improved cost efficiencies, and then also optimizing customer data, improving ad targeting and personalization, so it seems like it's doing a multitude of things. And also Kelsey in your research you showed gen AI is the top MarTech investment for 2024, according to 57% of CMOs served by the CMO council.

Jeremy Goldman (12:53):

By the way, there's another key point that I think is worth mentioning here. There was a BCG study that found optimism among CMOs towards generative AI increased from 2023 to 2024. Confidence also increased, and their worry or anxiety around the technology dropped from 46% to 35%, which is a pretty notable change also.

Kelsey Voss (13:18):

I would also add that that optimism is also excitement for what the future will bring with innovation with it because everything is moving so quickly with the technology. They are excited to see what more AI can do.

Marcus Johnson (13:32):

Quickly on this changing CMO role though, it does seem like their role is expanding, but is it fair to say it might be expanding too much? I'm wondering what it might be affecting the most because you can only put so much on someone's plate, and there's the CMO survey here from March of 2023 looking at the expanded marketing duties of CMOs. It shows that they're now responsible, marketing analytics went from 60% to 70% in terms of marketers who say they're responsible for the following fields at their company, competitive intelligence, their responsibilities there went up, revenue growth, e-commerce, innovation, pricing. It seems like

they're now responsible for everything, but that must take away from other parts of their CMO's job.

Jeremy Goldman (14:14):

I mean, I think that it's a really valid point, but it does also depend on the industry. I can imagine, for instance, if you're within a CPG firm, then somebody who has some background in product development might be a skill that you would want to either have the CMO owned directly under their function, or just have them have a strong voice in that, and for other industries, that might not be necessary at all. I think in some ways, it really should depend on the industry. And also, it's okay for an organization to show a degree of flexibility if you have the right candidate to lean into what skills they bring to the table and have them own something that the person they're succeeding didn't necessarily own. That's actually okay even if you're talking about a large organization.

Kelsey Voss (15:04):

I would add that it goes back to setting clear expectations and priorities, and really, the best CMOs know what to prioritize and what to work on, what levers to pull that'll help the business. This is advice that I've received a lot from CMOs, is having that strategic collaboration across the business and having those connections and being able to almost be the central hub connecting various departments and ensuring alignment between all the different departments, but in building that strong connection and trust. I think there may be so many things on a CMO's plate, but if it's clear what the expectations are and what the priorities are, the good CMOs are able to handle it.

Marcus Johnson (15:54):

Yeah, I think priorities is a great word because I was thinking about my own job. If I had to host the show as well as publish the show and edit the show and market the show and do the social media and do the ad sales, et cetera, if I had to do everything, my hosting job is going to suffer. However, just because you have all those extra things on your plate amongst analytics, revenue growth, e-commerce, et cetera, it doesn't mean that you have to spread your time evenly across all of them, right? And as a CMO, you can say, "I'm still 80% this, I just am now paying attention to more things so I can make sure that I am that hub," that central point that you mentioned, Kelsey. Let's end with this. Kelsey, in your research that I mentioned, you collected a bunch of advice from CMOs for CMOs. What to you is the best piece of

advice or one of the best piece of advice that you have from CMOs that you interviewed for CMOs that you heard?

Kelsey Voss (16:45):

I think the best piece of advice that I've received from CMOs for other CMOs is having that strategic collaboration and being the hub and building trust. It's that connections with everyone else, particularly with the C-suite and heads of other departments that is crucial. I will also add that another repeated piece of advice is to empower the team in their own areas of expertise and encourage them to take responsibility for their own success and failures. And also, that helps drive innovation and maintaining a motivated team. And then finally, embracing MarTech and AI tools, and that will help enhance marketing efficiency and effectiveness and ROI, so ensuring that the teams are knowledgeable about these tools, maybe having someone who's even a specialist on the team with AI, encouraging experimentation with AI. It's all embracing AI and embracing technology is also a key piece of advice.

Jeremy Goldman (17:50):

The biggest advice that I have for CMOs is read Kelsey's excellent series on it, because there's a lot of really great nuggets of information in there.

Marcus Johnson (17:58):

Yeah, agreed. The one thing that jumped out to me was, so TikTok's Global Head of Marketing who is featured in this piece of research from you, Kelsey, Kate Jhaveri, take chances. I thought it's such an important piece of advice that we could do in I'm sure a whole bunch of different facets of our life, but particularly with this saying they don't have to all be big swings, but test different media creative or tools to find out what works. So I thought that was brilliant. But yeah, there's so many more different nuggets of advice in Kelsey's full report which is called How CMOs are Successfully Mastering the Expanded Role. Link is of course in the show notes, so you can head to emarketer.com if you're a PRO+ subscriber. That is all we have time for for today's episode. Thank you so much to my guests. Thank you first to Kelsey.

Kelsey Voss (18:44):

Thank you very much, it was a pleasure to be here.

Marcus Johnson (18:46):

Yes, indeed, pleasure is all ours. Thank you to Jeremy.

Jeremy Goldman (18:49):

Pleasure, as always. Thanks for having me.

Marcus Johnson (18:51):

Yes, sir, thank you very much. Thank you of course to Victoria who edits the show, Stewart who runs the team and has been producing this one for us, Sophie who does our social media, and thanks to everyone for listening in. We hope to see you tomorrow for the Behind the Numbers Daily, that's an eMarketer podcast.