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Shaping success

OPINION

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All brands know they need to understand their consumers better in order to sell, but not all companies set their marketing teams up in the same way to do this. Brian Wieser, Global President, Business Intelligence, GroupM, looks at the pros and cons of different marketing frameworks

The marketing function is critical for all companies. It helps them understand what their consumers want and how to balance those desires with what their company can produce. However, not every company positions marketing in the same way.

To assess how marketing is organised in the wild, we recently studied 25 of the world's

largest advertisers to identify reporting lines as a proxy for these companies' general organising principles. We note that even the firmest of corporate structures have fluid elements, with informal relationships commonly influencing actions.

Further, those personal networks can evolve with great frequency. In some instances, the position in the hierarchy of a senior full-time marketer may not be meaningful if a company has a thoroughly marketing-driven culture. In some companies, the CEOs may, for practical purposes, lead marketing.

With this noted, among our group of 25 companies, we spotted that seven have individuals with marketing oversight who appear to report directly to their CEO, while two maintain concurrent business unit responsibilities.

In seven instances, the company's senior marketer has responsibilities covering multiple brands and reports either one or two levels below the CEO. In three cases, that individual appears to directly report to a primary brand leader, while in the other four, the individual reports to a centrally oriented corporate executive.

In 11 of the 25, senior marketers operate primarily at the business unit level instead of the parent company. Finally, six companies have a senior marketer with global responsibilities for marketing within their business unit; the other five operate under regional management, sometimes overseeing multiple brands concurrently.

IDENTIFYING DIFFERENT MARKET STRUCTURES

Recognising that different structures exist, we can consider pros and cons for each. The most common marketing structures include:

1 / The Direct-report approach

Marketers who report directly into parent company CEOs are perhaps best placed to balance a portfolio-wide understanding of what their customers want with what their company can produce (given all the likely choices competitors and supply chain partners

may make). This may be offset by the risks of removal from where actual business is conducted.

Towards those ends, marketers in these circumstances need to balance field intelligence across their companies with big picture, long-term thinking that they can lead. There can also be challenges coordinating potentially diverging interests of marketing functions across business units.

2 / The indirect-CEO report (with a senior executive leading a central marketing organisation)

Placing a senior marketer in a central corporate organism can lead to standardised processes, drive costs down and realise economies of scale in fields such as data management. They can also help encourage the application of best practices across the enterprise.

If business trends are relatively stable and marketing does not present obvious advantages in driving growth, or where marketing savvy is thoroughly embedded throughout a company, such a structure could be beneficial.

On the other hand, marketing may be hard-pressed to truly lead growth if it is buried organisationally. Further, if centralisation exists to reduce costs, operating divisions may face constraints on finding their own pathways to growth.

3 / Brand-centric marketing leadership (global)

In some respects, direct marketing oversight by a brand manager or business unit CEO can be ideal, at least if the brand owner has complete control over their P&L and authority to make long-term investment choices. However, when brands exist in such a structure, one might question why the brand is not a stand-alone business rather than one among a portfolio.

Of course, one reason portfolios of brands exist together is because their owners believe they can balance cost efficiencies, long-term financial planning and access to capital with some level of brand empowerment to maximise any return on internal investments. Doing this well can be challenging, although not impossible.

4 / Regional brand, business unit or brand portfolio-centred marketing leadership

Organising at a regional level may be best when regional P&L management is optimal for an industry – perhaps because channel partners or product portfolios are unique to different geographies – and probably helps to meaningfully control costs. The downside to this approach is that (as with the indirect-CEO-reporting structure), marketing is not optimally positioned to drive growth for global brands. Furthermore, such organisations may be particularly complicated to manage given the matrixed reporting lines that likely exist in these situations.

Ultimately, companies possess a wide range of corporate structures, and there are pros and cons to every approach. As a general rule, all companies need marketing leadership to drive a business forward, but that leadership can take many shapes. CEOs or brand managers may be marketers at heart, and such capabilities will serve their organisations well. But if they are not, I believe that the better their businesses are tied to marketing functions, the more consumer-focused those businesses will be and, therefore, the more likely they will benefit from superior long-term outcomes.

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