Don’t Believe These 7 Marketing Myths

The CEO’s Guide to Transformational Growth

CMO SYNDICATE

Table of Contents

Introduction

In today's rapidly changing world, CEOs and CMOs are constantly challenged to deliver significant growth by their boards, investors and more. While there's no single way to deliver growth for every business, many companies still adhere to outdated or inaccurate marketing myths to drive strategy. This approach leads to notable pitfalls that impact revenue, diminish market share and corrode profits.

The truth is most companies simply don't know what they don't know. In addition, strong internal people often cling to these persistent beliefs that then entangle their companies with inaction, status quo, and continuous errors.

Our guide for CEOs clarifies seven pivotal marketing myths, illustrates their insidious impact on revenue and profit, and provides the truth on how to get growth right in these areas.

Ready? Let's dive in.

Many companies still adhere to outdated or inaccurate marketing myths to drive strategy.

Myth 1

Budget Allocation Percentage

The Prevailing Myth

> “A marketing budget should be 11% – 14% of a company’s revenue.”

Mistakes Arising from the Myth

Budget misalignment is common with mid-market companies, which leads to stagnated growth or poor performance. Marketing spend has to truly align with revenue expectations or they won’t be met. The consequences of adhering strictly to this prevailing “one size fits all” budget myth will very likely result in:

- Mimicking competitor budgets regardless of ROI differences
- Misallocating media spend across channels (see below)
- Annual percentage budget increases without strategic evaluation
- Resource constraints that hamper achievement of target goals budgetary targets
- Overlooking crucial data in decision-making
- Lack of flexibility to make changes where and when needed
- Incentivizing spending to budget versus spending to outcome needs

What’s the Truth?

Both marketing and media budget benchmarks vary widely, depending on the industry and the company. The optimal budget is contingent upon many variables including industry, business model, company size, channels, and overarching objectives.

Crafting a marketing budget that is both effective and efficient is paramount. A fixed approach will very likely curb growth and hurt performance.

How Do You Get It Right?

As a starting point, take a look at your company's position in the marketplace with benchmarking data, to set a foundation.

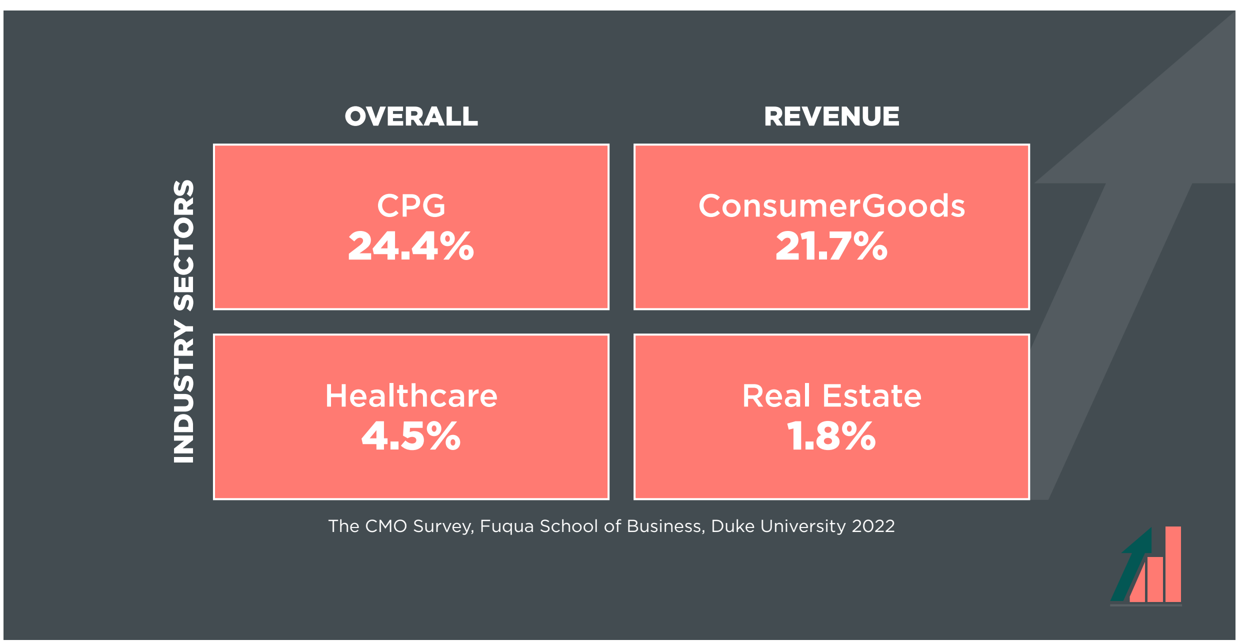
A September 2022 CMO Survey conducted by Deloitte illustrates the average size of the marketing budget by product and channel as well as by business size:

Business Type	Marketing Budget (as a % of Revenue)
B2B Product	7.8%
B2B Service	5.9%
B2C Product	15.1%
B2C Service	6.5%

Business Size	Marketing Budget (as a % of Revenue)
$10M to $25M	17.1%
$26M to $99M	7.3%
$100M to $499M	5.9%

Credit: CMO Survey,Deloitte/American Marketing Association Sept. 2022

Media spend as a percent of revenue is an area that varies even more widely than overall marketing budget as a percent of revenue. The Fuqua School of Business at Duke University conducted a CMO Survey in 2022 which shows the average size of the media budget by industry and revenue:



STRATEGIC BUDGET CONSIDERATIONS

MEDIA ALLOWABLES
Set an "allowable" cost per customer for every channel and every media buy based on the lifetime value of customers in that channel to maximize the efficiency of every dollar spent.

FINANCIAL PERSPECTIVE
Reflect on your fiscal health, business phase, and existing constraints. Are you in growth or profit mode? Have you plateaued in either?

OPERATIONAL EFFICIENCY
Scrutinize your team's effectiveness and optimize resource distribution. Think outside the box if needed to maximize budget effectiveness.

INDUSTRY DYNAMICS
Understand industry-specific buying cycles and modulate staffing accordingly.

BUSINESS MODEL
Use business model benchmarks as a foundation for budget consideration but also consider recurring revenue models (subscription, etc.) to further monetize and harmonize with annual goals to stay on track.

COMPETITIVE INTELLIGENCE
Understand competitor marketing and media investments for strategic cognizance, not mere imitation. Look for the underused white space and take advantage of it where appropriate.

UTILIZE AI
Harness AI to help better assess performance metrics, forecast ROI, interpret buying cycles/staffing needs, recognize potential fiscal barriers, and identify overall gaps and new opportunities.

FLEXIBILITY
At a time when change can happen at any moment, build in budget flexibility, especially when it comes to modifications in customer behavior, technological advancements, competitor strategies or new initiatives to stay on track with annual goals.

FINAL NOTE TO CEOs

In a fluid and dynamic market, budgetary agility and foresight is paramount. Precise budgeting—both in marketing and media—is not a high-level allocation, but a strategic alignment with the many factors that will drive your growth goals. It's not one-size- fits-all; it's what best fits your organization.

Myth 2
Setting Price

The Prevailing Myth

> **"To set pricing, you just use cost of goods and competitive marketing signals."**

Mistakes Arising from the Myth

Whether your pricing is set by an internal financial planning and analysis team, by the CEO, or another team of C-suite executives, companies too often rely on cost-plus pricing (looking at COGS, estimating a margin, etc.) combined with basic intelligence about competitors to determine a final price of their own. This can result in:

- No differentiation in the marketplace
- Lost opportunities to maximize returns
- No focus on premium value

What's the Truth?

Pricing is perhaps THE most impactful profit lever and it can be improved to drive incremental growth. In the face of continued inflation and potentially recessionary environment, businesses can't afford a status quo pricing approach.

How Do You Get It Right?

Understanding your COGS as well as your competitors' pricing is a good starting point. But many other factors come into play as well, including your business type and structure (retail will vary drastically from manufacturing, etc.). For example, in manufacturing, companies might take a decentralized, list pricing-based approach (in which the sales team who primarily owns and drives pricing, loosely based on a list price sheet) or a centralized approach (pricing specific deals based on a set of centrally-determined parameters). What can often work better is a hybrid methodology that strikes a balance between centralized and decentralized approaches–taking into account deal-specific or contextual factors, thereby providing negotiation flexibility to sales teams.

The other consideration that often doesn't play as much of a role as it ought to, is determining customer lifetime value (LTV) in different industries. LTV is a critical data piece to figure out, especially in some industries where companies can benefit from subscriptions/memberships, repeat purchases, or ongoing payments, fees, or interest (finance). You can potentially price lower and acquire more customers knowing the value that will come from those repeat purchases.

Lastly, companies that follow the myth of cost-plus pricing often don't consider premium value, which allows companies to price products that cost more when their brand and perceived value justify premium pricing. Just look at Starbucks and 7-Eleven: Both serve coffee, one of the world's biggest commodities. Yet pricing power and margin clearly tip the scales toward the folks from Seattle.

FINAL NOTE TO CEOs

Take the time to review your pricing options, or even models or techniques that could be adopted creatively from other industries. For example, AI is used extensively now in dynamic pricing (e.g., airlines, transportation, even in B2B)–offering different groups of people different pricing based on their willingness to pay. In other cases, there might be opportunities to maximize revenue through renewal pricing (with or without discounts) or better tiers of Year 1 pricing for companies that offer subscriptions or memberships.

Myth 3

Lead Generation

The Prevailing Myth

> **"Top-of-the-funnel is what matters most for lead generation."**

Mistakes Arising from the Myth

Companies can obsess in their focus on top-funnel lead generation, getting more prospects into the buyer journey at the very beginning of the awareness/brand building stage. This tunnel-vision can be a barrier to growth and can blind companies to other optimizations they can make along the entire buyer journey. It can lead to:

- Allocating too much importance and budget to top-of-funnel activities, like brand advertising
- Driving larger inbound volumes without monitoring quality or efficiency of those leads
- Focusing on vanity metrics such as "total leads", "likes", "shares" and "followers" that may not translate into meaningful KPIs or sales in neither the long- nor short-term
- Communicating generally, rather than incorporating more personalization at different stages of the buyer journey
- Holding steady on a marketing strategy implementation, or trying to rescue an unsuccessful top-of-the-funnel approach
- Making frequent and drastic changes to tactics to improve performance
- Overemphasis on competitors' tactics without differentiating your own

What's the Truth?

While top-of-funnel efforts are important to generate visibility, they are only a part of the story. Rather than focusing solely on awareness, brands should also consider demand generation and demand capture.

With demand generation, marketing is tasked with educating the buyer at scale, so when they're ready to buy, they come to you. This makes the role of teams tasked with sales/conversions easier as they're working high-intent leads. This also leads to higher conversions, and lower acquisition costs, and a happy sales/marketing relationship.

To be successful, organizations must also optimize for the middle and bottom of the funnel, which are key for engagement, acquisition, conversion, and retention. And remember that middle- and bottom-of-funnel outreach and engagement also elevates the brand.

How Do You Get It Right?

For starters, audit your entire funnel and begin optimizing from the bottom up. Getting this wider perspective provides several key advantages, namely that you can see where prospects are falling out of the purchase process. This data will help you avoid making assumptions about successful tactics to the exclusion of other potential growth drivers. Finally, taking a full-funnel view can also help you look at messaging consistency throughout the entire buyer journey, especially where the brand might seem disjointed in terms of tone, style, and voice.

> This data will help you avoid making assumptions about successful tactics to the exclusion of other potential growth drivers.

FINAL NOTE TO CEOs

A balanced approach to optimizing your acquisition funnel will result in better outcomes for your business. While it's important for your marketing team to raise brand awareness and consideration for your products, inefficient demand capture activities at the lower end of the funnel result in cost overruns and lost profitability.

Myth 4

Brand Marketing

The Prevailing Myth

> **“Separating brand marketing from demand generation drives efficiency.”**

Mistakes Arising from the Myth

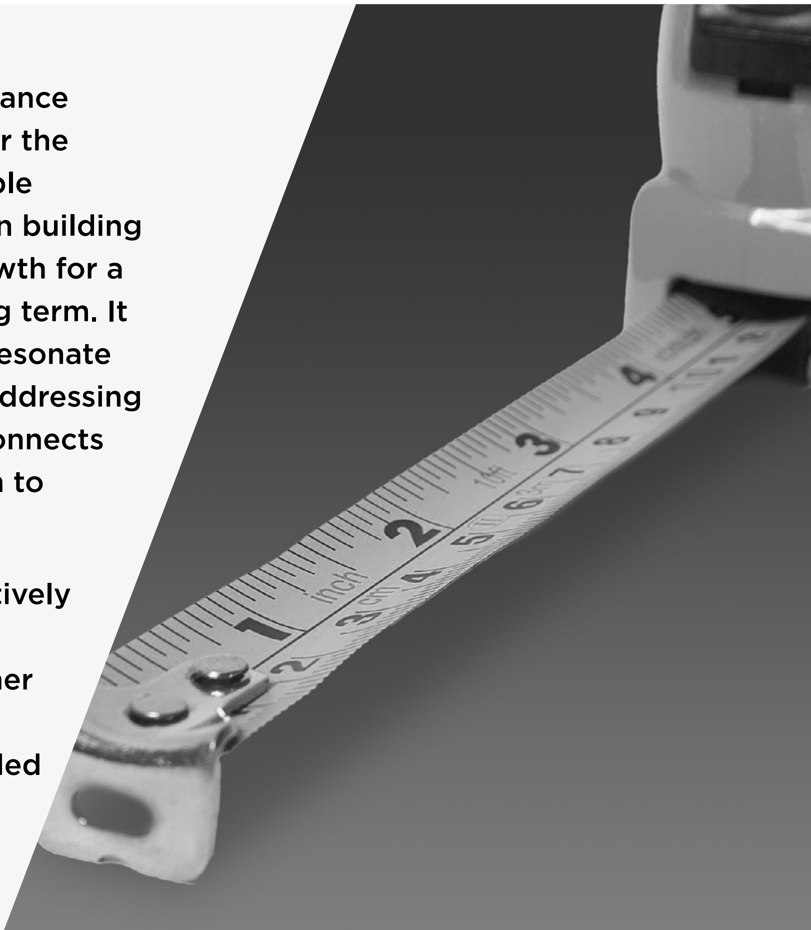
Companies that follow this myth often make organizational design and capabilities decisions that over emphasize short-term lead generation at the expense of effectively telling the brand story. While both are important and should be working together, this can create misalignment between business strategy and brand strategy and its objectives. Specifically, we see organizations following this myth making mistakes in:

- Target audience definition
- New product and services development
- Value proposition articulation
- Budget allocation

What’s the Truth?

Separating brand marketing from performance marketing ultimately drives inefficiency for the organization and puts long-term sustainable growth at risk. Brand marketing focuses on building awareness, trial, loyalty and customer growth for a company, product, or service over the long term. It aims to create positive brand equity and resonate with target audiences by innovating and addressing unmet needs, and creating content that connects with customers when and where they wish to interact with it.

Performance marketing works more effectively and efficiently when the target audience understands the overall brand story. In other words, “brand” and “demand” work best together, in a symbiotic relationship founded on strong customer understanding.



How Do You Get It Right?

Effectively telling your brand's story depends on authentically connecting with customers when and where they want to meet you. Companies that get this right:

- **Define** their target audience at each funnel stage
- **Define** the brand authentically
- **Understand** their needs, met and unmet
- **Expect more:** Expect both Brand and Performance KPI lift from all marketing elements, but know how to measure each collectively as well as independently
- **Create** relevant products, services, and content
- **Go to market** where the audience wants to connect

A good way to approach a brand/demand realignment is a narrative exercise that includes considering the following elements:

INTERNAL

Your Foundation
» Why do you exist?
» What do you do?
» What do you believe?

Your Culture
» How do you behave?
» How do you get things done?

Your Strategy
» What are your priorities?
» What do you choose NOT to do?

And then consider the external factors:

EXTERNAL

Audience
» What are their needs?

Your offering
» Rational benefits
» Emotional need fulfillment

Competition
» Your differentiation

Go-to-Market Choices:
» Content, as well as context, matters.

FINAL NOTE TO CEOs

Bringing the internal and external elements together creates a foundation to effectively build all marketing efforts moving forward. Brands that form relationships with their audience generate better lifetime value than brands that simply transact with customers.

Myth 5

Operational Silos

The Prevailing Myth

> **"Operational silos are more of a nuance than something that notably impacts growth."**

Mistakes Arising from the Myth

Silos can materially impact how companies manage branding, messaging and campaign coordination, resulting in a poor experience for customers and prospects alike. Internally, when data insights or learnings are not shared broadly, new product development and innovation is impeded. Other impacts may include:

- Inefficiency of scale
- Duplication of some responsibilities
- Poorer performance
- Resistance to change
- Lack of proper communication
- Lost revenue and profit
- Lack of holistic strategy

What's the Truth?

Label silos what they are: operational kryptonite often protected by territorial claims, company culture, or even egos. These invisible walls between marketing and other departments (as well as within the marketing team itself) are an impediment to company growth. These silos are self-inflicted and often met with little more than a shrug. As such, companies don't typically address them with the same level of concern as they would another market or competitive threat. That's a mistake.

How Do You Get It Right?

Planning goes a long way, and establishing a documented playbook that different departments can agree on is a good start. This might include, for instance, company-wide Objectives and Key Results (OKRs) that are meant to help break down silos and to get everyone rowing in the same direction. After all, marketing, product, sales, and other teams may each have their own activities, but all should be aligned to support the same OKRs. One thing that helps is to get agreement on audiences upfront, in particular, audience personas/ideal customer profile (ICP). That way products and services are built around the needs of the audience where sales and marketing in particular, align their outreach and messaging to match.

Secondly, on the marketing side, CMOs and their teams need to keep other departments in the loop about performance on an ongoing basis. Too often CMOs can hunker down or keep data to themselves when such information could be used more widely by both the sales and the product teams. By being more open, Marketing teams can invite new ideas as well as improve relationships and break down silos across departments.

Finally, better coordination between and within departments not only leads to better marketing performance, but it also boosts your workplace culture, where teams are moving in the same direction toward the same goal. This fix alone can help you unlock growth that you may not have thought possible otherwise.

FINAL NOTE TO CEOs

Organizational silos are silent growth killers that all CEOs must be hyper vigilant to sniff out and coach their teams to eliminate. Cross-functional planning and goal alignment provides the focus to teams. Bonus tip: removing departmental pet projects frees up capacity to focus on the main metrics.

Myth 6

Risk Aversion in an Evolving Market

The Prevailing Myth

> **"Our way is best, sticking to what we know is better than diving into uncharted waters."**

Mistakes Arising from the Myth

Mid-market companies should take pride in their past marketing achievements. Yet, when momentum wanes and rivals close in, the mantra of, "that's how we've always done it" can become a significant hindrance. Stubborn adherence from upper management can give rise to:

RISK AVOIDANCE
A shift from traditional methods is often viewed with skepticism, seen as a potential recipe for disaster.

SAFETY OVER STRATEGY
Being overly cautious can overshadow potential breakthroughs, stifling innovation and leading to a plateau.

A LURE OF PREDICTABILITY
While consistent operations might appease the workforce, persisting in the face of dwindling sales can have dire outcomes, including monotony and worker exhaustion.

INFREQUENT VENTURES
Occasional vs. frequent brainstorming sessions may infuse novelty but seldom bear fruit.

MISTAKE AVOIDANCE
Admonishing small mistakes cultivates a fear-driven environment, deterring teams from suggesting bold, breakthrough moves.

GUARDING THE STATUS QUO
CMO justifications like maxed-out employee capacities often serve as reasons to resist change, keeping the company in a perpetual state of inertia. It is critical to remember that employees and companies both need to grow.

What's the Truth?

Nimbleness and embracing risks aren't exclusive to fresh startups, and it is even more vital today with AI shaping market dynamics. Think of risk-taking as you would exercise: its rewards are most evident when practiced regularly. Small, calculated risks can eventually pave the way for bigger, strategic moves that can be embraced with confidence.

How Do You Get It Right?

To truly excel, you might have to change your mindset – creativity and innovation, after all, are not mere moments of inspiration but an ongoing process. True marketing brilliance lies from continuous learning from within your own marketing teams and outside of them. Push the boundaries of conventional wisdom by collaborating with specialists in emerging products, alternative business structures, new media avenues, and diverse industries or brands beyond your regular competitors. Take cues from the pioneers of AI, not only using cutting edge tools but also to pinpoint potential avenues of discovery. Embracing the unknown, staying curious, and maintaining a willingness to test new waters furnishes you with a comprehensive toolkit to elevate marketing results, while enhancing flexibility and resilience. Cultivating this forward-thinking will not only boost team creativity but also strengthens unity and ignites a passion for individual and collective advancement.

Take cues from the pioneers of AI, not only using cutting edge tools but also to pinpoint potential avenues of discovery.

FINAL NOTE TO CEOs

In today's dynamic market landscape, relying solely on past achievements can be a company's Achilles' heel, especially with the transformational AI wave hitting us. While amplifying tried-and-true successes is essential, innovation must not be sidelined. Work with your team to consider broadening your risk horizons, championing agility, and nurturing a growth-focused mentality.

Myth 7

CMO Capabilities

The Prevailing Myth

> **“A good CMO has expertise in all areas and should be able to do it all.”**

Mistakes Arising from the Myth

It’s no secret that CMOs are often overwhelmed. Companies often believe their CMOs have the skills and capacity to manage every facet of marketing — spanning from brand narratives, performance metrics, adapting to swift marketing tech and data science shifts, growth and product strategy, media outreach, customer interactions, and everything encompassed within this broad scope. The truth is, most CMOs are considered to be one (at most two) of five archetypes:

MEDIA MAVEN
Media-savvy CMOs excel at advertising—driving growth with effective media planning, buying, and optimizing using analytics and data-driven insights.

BRAND BUILDER
Brand-focused CMOs continuously build brand equity by shaping the brand’s identity, narratives, values, emotional connections and messaging. They safeguard identity and reputation.

PRODUCT PRODIGY
Product-focused CMOs understand the market, customer needs, and product positioning. They excel at research, analytics, understanding trends/behavior and effective go-to-market strategy.

GROWTH GURU
Growth-focused CMOs drive revenue with performance marketing, data analytics, customer acquisition, retention, and scalable operations to fuel business expansion.

CUSTOMER CHAMPION
Customer-centric CMOs specialize in building lasting customer relationships by using segmentation, personalized marketing, customer insights, etc. to create truly memorable experiences.

Even if they have really competent specialists in the core areas of marketing to support them, the number of priorities and challenges can distract them from the important focus on growth. The myth of “doing it all” can result in:

SILOED STRATEGIES
Given the vast responsibilities, it’s not uncommon for CMOs to become swamped and delegate a lot of responsibilities to team members. The problem: Marketing units might end up operating in isolation due to the CMO’s inability to integrate the diverse functions, giving subordinates too much autonomous control.

BIAS TOWARDS SPECIALIZATION
CMOs often lean heavily into their own areas of expertise, sidelining other critical marketing aspects. Historically, a CMO’s background is strongest in one of the five primary realms: media, product, storytelling, growth, or customer relations. This built-in bias can overshadow other equally significant areas.

FIREFIGHTING MODE
A CMO trying to micromanage everything, from growth plans to daily operations, tends to focus on immediate problems rather than long-term growth strategies.

What's the Truth?

It's simply impossible for CMOs to wear every hat. Recognizing limitations isn't a criticism but a pragmatic understanding of reality. Seeking assistance isn't a sign of weakness but of wisdom. The trick lies in pinpointing the precise assistance needed at the opportune moment ensuring that such aid doesn't demand additional oversight and further drain on his or her time.

THE ROAD TO EMPOWERED, SUPPORTED & EFFECTIVE MARKETING LEADERSHIP

RECOGNIZE THAT CMOS CAN'T POSSIBLY TACKLE THE DYNAMICALLY CHANGING & COMPLEX ROLE WITHOUT HELP.
CEOs are leaving material improvement possibilities on the table assuming one leader can do it all. Once feared by CMOs, bringing in executive-marketing peers to help is no longer seen as a threat. Partnership relationships at this level are now becoming more the norm.

IDENTIFY THE CMO'S CORE STRENGTHS
In the complex arena of contemporary marketing, CMOs typically excel in one or two of the key categories, symbolizing the five unique CMO archetypes. Their prowess is most prominent in their specialized domains.

LEVERAGE NON-THREATENING, SPECIALIZED TALENT FROM FRACTIONAL EXECUTIVE PEERS.
To enhance their CMO's efficacy, organizations should onboard executive-level peers who are experts in fields that don't align with the CMO's foundational strengths. This strategy lets the CMO have partners to collaborate with and rely on whilst they focus on their forte to pave the way for an all-encompassing growth blueprint.

How Do You Get It Right?

Begin an open discussion with your CMO to delve into their views on their personal tendencies, strengths, and potential growth areas in their diverse, multifaceted, technologically disrupted and constantly shifting role. Identify opportunities for significant growth or efficiency by considering the possibility of introducing an executive marketing counterpart to spearhead 1-2 initiatives currently untouched or under-serviced. Assure your CMO that the intention behind bringing in additional resources is to bolster, not replace him or her. By adopting this supportive stance, you're paving the way for unparalleled success and teamwork within the organization.

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FINAL NOTE TO CEOs

The modern CMO's role is vast and complex. Expecting them to master every facet of marketing without support is unrealistic. Many CMOs are stretched and cannot have deep experience in every single area they manage. This leads to potential strategic oversights. It's crucial to recognize their strengths and areas of specialization, and to augment your team's marketing efforts with specialized executive peers. By fostering collaboration and open dialogue, and by assuring CMOs that added resources are for support and not replacement, CEOs can optimize their marketing strategies and drive organizational success. In a nutshell, collaboration at the executive marketing level is the new gold standard.

That's Where The CMO Syndicate Can Help

We're a leading global company of world-class Chief Marketing Officers who help CEOs and other CMOs accelerate business growth. Founded by a group of experienced, successful CMOs and heads of marketing and strategy from some of the world's top brands, The CMO Syndicate works with CEOs and their business leaders to accelerate important growth projects, serve as fractional/interim CMO, and provide growth advisory/coaching services. We have proven, tenured CMOs in all 5 archetypes and work with CEOs and other CMOs to round out what is needed to drive business growth. Working with us, you'll get a number of benefits, including:

FASTER HIRING, FASTER RESULTS
Hiring a full-time CMO can take months or more and new hires often arrive with their own hiring plans for the team, further delaying the implementation of necessary changes. Our fractional and interim CMOs can help you hit the ground running, managing and redirecting existing company staff, as well as supplementing your team with unique marketing experience in related areas.

MORE CONTROLLABLE AND PREDICTABLE COSTS
Working with one of our CMOs on a fractional, interim or project basis, you'll get a less onerous, more controllable cost structure with no sacrifice in experience or growth impact. We're paid on a retainer or project basis that reflects fair market value for the "on demand" nature of our services. Typically, the cost will be notably less than the company's cost for a fully benefitted and bonused CMO, generating a positive impact on EBITDA.

DIVERSITY OF KNOWLEDGE AND ACCESS TO EXPERTS
Gain access to decades of experience across various industries and a range of marketing and strategy skill sets, as well as access to a powerful network of talent. One of the best parts is that you'll not just get one of us, but a team of people behind them who can also support you.

FLEXIBILITY
Work with you as a CEO as well as your CMO and the marketing team to determine the needed responsibilities for the current stage of your company's growth and will adjust strategy and implementation plans to accommodate evolving dynamics. A fractional CMO will also be able to flex on a quarterly or even monthly basis to adjust to changing conditions internally and externally.

OBJECTIVITY
Sometimes, CEOs, CMOs or other C-suite executives can convince themselves that they know the right way to solve the growth problem. This lack of objectivity and often lack of deep experience in certain areas means they likely cannot see the full potential of the business they have created. What we'll bring to the table is an objective executive partner, one not influenced by organizational politics, who can provide a frank appraisal of the state of the business, its potential for growth, and what may be holding the business back from maximizing value.

The CMO Syndicate is here to help! Contact us today for a free 45-minute consultation about how we can accelerate your company's growth.

CMO SYNDICATE

Accelerate Profitable Growth
With Proven Chief Marketing Officers