

Review Article

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From Expense to Engine: How Marketing Fuels Business Performance and Drives Sustainable Success

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ABSTRACT

By reframing marketing as an engine of growth, organizations can unlock its true potential to build brand loyalty, generate leads, cultivate customer relationships, and ultimately achieve long-term profitability. Effective marketing tactics enable businesses to connect with their target audience, understand their needs and preferences, and effectively promote their products or services. This paper explores the theoretical underpinnings of this shift in perspective with CXO interdependencies, examines real-world examples of marketing's impact on business performance while recognizing the challenges of measuring marketing effectiveness and outlines a framework for organizations to leverage marketing as a strategic driver of sustainable success.

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Received: December 06, 2023; Accepted: December 13, 2023; Published: December 19, 2023

Keywords: Marketing Strategy, Business Growth, Digital Marketing, Brand Value

Introduction

The traditional view of marketing as a purely promotional activity focused on generating short-term sales has increasingly come under scrutiny. In today's dynamic and competitive business landscape, successful organizations recognize marketing's strategic potential to contribute significantly to overall business performance and long-term value creation. In addition, marketing working in tandem with operations and sales can enable stellar personalized customer experience by leveraging data backed approach to analyze customer preferences. This paper argues that marketing should be viewed not as an expense, but as an investment that fuels the engine of growth establishing organizations' competitive advantage.

Related Work**Marketing and Finance**

While interacting with Finance, Marketing needs to establish a clear impact in line with the investment [1]. Marketing needs to build a viable case for increased investment by proving both returns and growth in the short and long term. Often, tracking every dollar in terms of return could be challenging. This is where CMOs can unify the CXOs by working closely with CIO and COO on 2 key domains - tech/data integration and operations to enable marketing to establish its impact across the organization [1].

Marketing and CEO

While achieving and sustaining growth can be challenging, especially in volatile economic times, strong CEO-CMO collaboration emerges as a critical factor for success. Companies where CEOs actively involve CMOs in shaping the growth strategy and defining marketing's role demonstrate a clear performance advantage. Studies show that CEOs who prioritize marketing

within their growth plans are twice as likely to experience significant annual growth compared to their counterparts [2]. However, a surprisingly high number of Fortune 500 companies lack dedicated growth or customer-centric roles within their CEO's executive committee. This disconnect can hinder marketing leaders' ability to deliver impactful results, as they might be excluded from crucial strategic discussions and decision-making processes. The misalignment in role clarity between CEO and CMO is depicted in Figure 1.

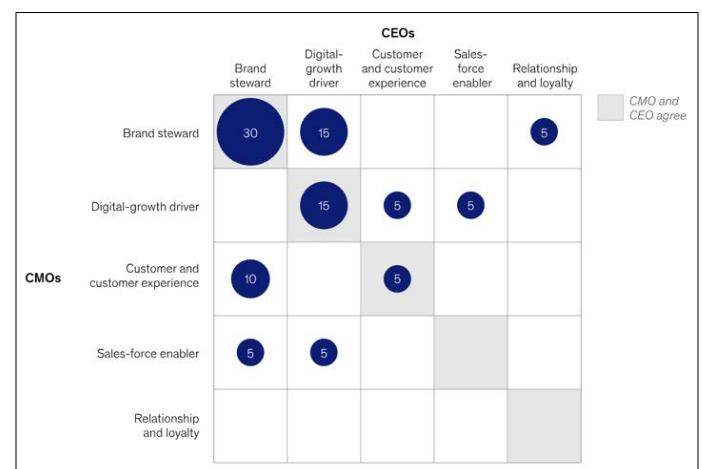


Figure 1: CEO and CMOs are not Always Aligned on the Role of Marketing [2].

Marketing and business impact

New customer acquisition is critical to a firm's growth. A strategy for acquiring new customers is to leverage marketing data to improve the efficiency of acquisition activities, such as identifying prospects who are more likely to convert [3].

The model illustrated in Figure 2 attempts to integrate several schools of thought in an effort to provide a comprehensive framework connecting marketing capabilities to eventual financial performance.

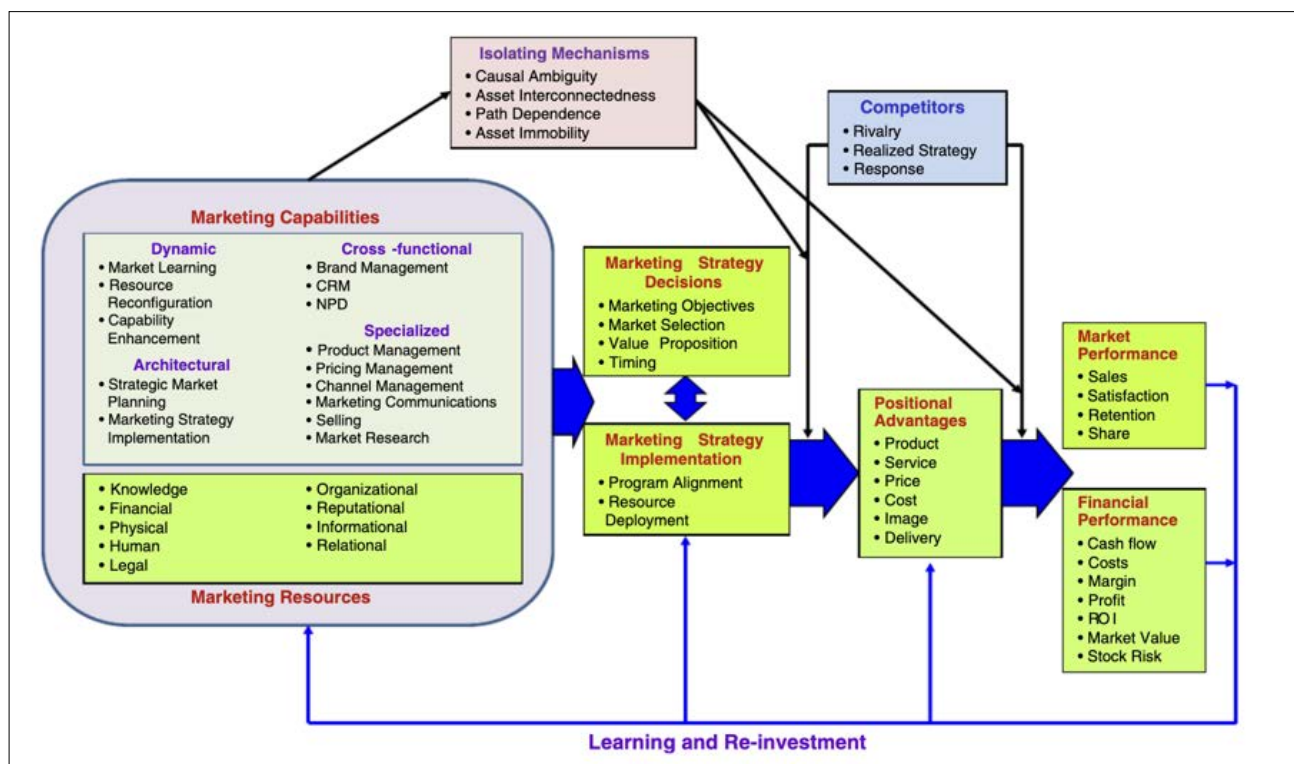


Figure 2: Framework Connecting Marketing and Business Performance [4].

In addition, branding strategies are influential on brand value and thereby on stock prices. Investors are more inclined to buy stocks from companies with strong brands because brand awareness raises the company’s visibility and familiarity among investors and may lessen market information asymmetries [5].

Case Study and Implementation

Marketing has 3 core strengths:
 Understanding of the consumer needs and expectations
 Brand messaging and positioning
 Advanced data on consumer interaction with the brand
 These three areas are crucial to unlock a step function change in a company’s growth trajectory. It is important for marketing to not only align but also influence the business goal by promoting a fine balance between growth and profitability.

Stages of Impact

Companies today start with a focus on performance and then move to branding. Advent of digital marketing and the influx of predictive and generative artificial intelligence in marketing has enabled marketers to be laser focused in finding the right audience at the right time to convey a personalized message in order to acquire the customer or generate a lead or any other lower funnel action. The impact of performance-oriented marketing is more trackable and has gained more support from the finance teams of late

Brand marketing is equally crucial and long lasting for a company’s performance and building shareholder value. Strong brands command premium prices, attract top talent, and build trust with stakeholders. Marketing investments in brand building activities such as advertising across several channels, public relations, and customer engagement contribute directly to the creation and

enhancement of brand equity, a valuable asset that drives long-term competitive advantage.

Creating a Flywheel Impact

The flywheel of growth as depicted in Figure 3 is the foundation of driving profitable growth via marketing. There are several steps here which essentially enable marketing to achieve business goals while also influencing the organizational structure. Measurement is a key aspect in order to reinforce impact of marketing on brand and performance goals of the company.

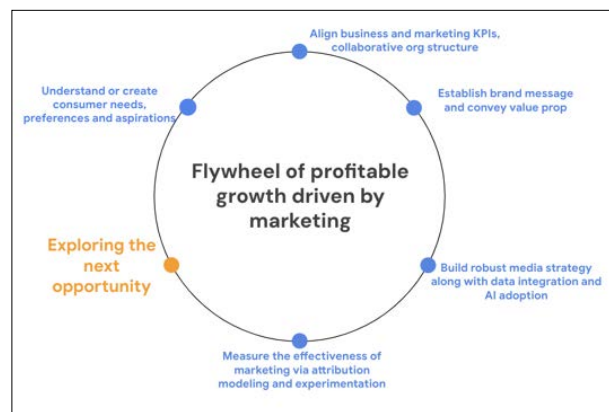


Figure 3: Flywheel Of Profitable Growth Driven by Marketing

Case Study of Transforming CEO’S Mindset of Marketing to Drive Profitable Growth

An emerging EdTech company started their marketing efforts with a conventional mindset of generating leads and handing off the lead to a telesales team. While the model worked because users appreciated the product experience, the existing structure was

insufficient to drive scalable profitable growth. The company took several thoughtful steps in order to unlock the next wave of growth:

Building synergy across marketing and sales org: Marketing was viewed as a lead generation engine to service the sales team. However, the mindset shifted when the leaders collaborated on a common goal of driving user growth.

Iterative experiments: Small iterative tests eased the path for a large-scale shift in KPI for the marketing org. Impact of marketing was measured robustly through the hold out experiments. Change management across all levels of the company helped to influence a lasting change in the marketing strategy

Unlocking the potential of marketing to drive business growth: Aligning marketing to business KPIs and leveraging AI powered automation led to profitability ahead of target. This was the pivotal moment transforming the CEO's relationship with marketing

Need for branding and scalable business model: Deep impact of marketing led to a complete transformation of the company with exploration of an ecommerce model and wide scale branding.

Conclusion and Future Work

By investing in strategic marketing initiatives, building strong customer relationships, and fostering brand loyalty, organizations can achieve superior long-term performance and create enduring value for stakeholders. Marketing is the opportunity for a firm to convey their brand message and establish a connection with the consumer. It is intrinsic to a company's growth strategy while also enabling sustained profitable growth by working in collaboration with the entire C suite [6,7].

Future work could focus on addressing marketing implications in the following areas:

- Specific impact instead of overall marketing impact, for example, channel mix or media mix, market research and branding

- While the business impact may still have been established, study of wider impact of marketing on organizational structure is crucial
- Competitive response to a firm's marketing strategy to understand the market dynamics.

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