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# 5 LESSONS FOR MARKETERS IN GROWTH STRATEGY



# In the latest ADMA Think Tank, leaders from across Australia's corporate landscape debate modern attitudes to growth and the role marketing plays as a company growth engine

**T**here is a renewed emphasis on growth and it's having significant ramifications on the role of marketing. You only have to look at the rise of chief growth officer positions globally, as well as the dominance of digital and startup culture exacerbated by Silicon Valley, to see organisations are rather obsessed with discovering new growth opportunities.

The problem is, growth can be incredibly individualistic and confusing. What constitutes a growth strategy, for instance, is dependent on financial and corporate maturity of the organisation, the growth (or lack of growth) in category, product innovation necessary to compete and sustain competitive advantage long-term, how growth is measured, the timeframe in which growth is expected, what levers exist internally to drive growth, and who has the power to pull such levers in the first place.

And that leads us back to marketing. Historically, marketers have had four levers at their disposal, all of which are instrumental to growth: Product, price, promotion and place. In addition, growing emphasis on customer engagement and experience management – a core component to fuelling growth and modern competitive advantage – should be giving marketers an added string to their growth narrative.

Yet it's clear many marketers haven't truly grasped that growth mantle as they fight to demonstrate their value to CEOs, CFOs and boardroom members. Locally, narrow interpretations of what marketing can do (what many have labelled 'big M' versus 'little m' thinking around marketing, or a marcomms versus strategic marketing mindset), along with short executive tenure and misconceptions around what modern marketing leadership encompasses, all contribute to this challenge.

Add in the rise of 'growth marketing' and 'growth hacking' as idealised processes, and you have a very muddled mix of impressions on growth to contend with.

With all that in mind, ADMA brought together nine individuals covering all aspects of growth to debate what growth means in a broader business context, share first-hand growth experiences, and what it'll take to restore marketing as a company growth engine. **>>**

## THINK TANK PARTICIPANTS



Non-executive board member  
**John Batistich**



Google director of marketing A/NZ  
**Aisling Finch**



WPP chief customer officer  
**Sunita Gloster**



Wavemaker chief growth and product officer  
**James Hier**



Cluey Learning head of acquisition  
**Duncan Jones**



Preventure chief growth officer  
**Amy O'Connor**



Krispy Kreme former chief marketing officer  
**Russell Schulman**



Think & Grow founder  
**Anthony Sochan**



Nine Networks brand and acquisitions lead  
**Belle Tayler**



Facilitator: CMO publisher and editor,  
**Nadia Cameron**

# GROWTH IS BOUND TO BUSINESS CONTEXT

**W**hat quickly became apparent across Think Tank attendees was how widely interpretations of growth differ depending on company maturity, lifecycle and market conditions.

“For me, growth is the opposite of decline and stasis,” says John Batistich, a former marketing chief now sitting on five organisation boards. These include the fast-growth ASX200-listed Zip Co, with a \$1.5 billion market cap; Australia’s largest contact centre, Stellar Group; and slower-growth mature businesses including FoodCo, General Pants and the Heart Research Institute.

“Growth is about positive momentum, increasing revenue, improving customer satisfaction, profitability – whatever lens the organisation values – and improving those.”

Traditionally, two forms of growth have been available, Batistich details, driven by top-line or bottom-line factors. The first is acquisition-based growth: Penetration,  $x$  frequency  $x$  conversion  $x$  average rate of purchase consumption.

“The other model you see more in startups is acquisition, activation, retention, referral and resurrection to create revenue,” he explains. “They’re the strategic choices. What levers you will pull to generate growth relate to either equation.”

Yet growth can mean different things even within a single organisation. Look at Google, which operates a legacy desktop search business, mobile-first offering, and is investing in voice and gesture-based technologies to meet the emerging ambient computing wave.

“It’s fair to say within one company you have a different lens on growth depending on product or area you’re playing in,” Google A/NZ marketing director, Aisling Finch, says. “We’ve gone from personal computing, which was all about computational power and lines of code hard to interact with, through to the Internet and the World Wide Web, where those computers were connected. Then you had the mobile era, taking that supercomputing power with you.”

“The ambient computing wave is about technology being available where and when you need it, in a really natural way. That could be through voice, gesture, touch or seeing what you interact with.”

Google’s varying perceptions of growth correlate to these waves. For instance, desktop search is still a healthy and large part of the business, driven by operational efficiency and revenue. In the mobile space, the challenge is access and competition.

“The most exciting space is the ambient computing wave,” Finch says, where monetisation is in its infancy. “We have invested for a long time in AI [artificial intelligence] and it’ll be a critical part of the chapter, but it’s more about user experience and satisfaction.”

Key metrics include ‘punt rates’, or product quality on Google Assistant and how helpful the voice-based capability is for a consumer. “That’s far more important at this growth stage. In desktop search, product quality and helpfulness are still at the core, but the business is more mature and so it’s also about driving revenue,” she says.

It’s a similar scenario within Krispy Kreme, where omni-channel business lines exhibit different growth trajectories. As former CMO, Russell Schulman, notes, timeframes traced around growth play a big factor in any corporate growth strategy.

“In retail, you are looking week on week, this time versus last year, and if you’re not up, there are immediate questions,” he comments. “You are constantly looking at things like weather patterns and using econometric modelling to find reasons why one week may be down.”

For Schulman, these business “wings” are different levers to pull to drive growth. These include bricks-and-mortar retail (7-Eleven stores), a direct-to-consumer ecommerce business and a growing wholesale division. To help distinguish growth opportunities, the company looks at “good growth” versus “bad growth”.

“We could continue to grow an amazing product pipeline the way it is, but would still have to build more capacity to make more of that product. So is it the right thing to do to invest for growth?” Schulman asks. “As a business, we had looked at multiple distribution points to assess if they are options for growth. But we realised some areas didn’t equate to good growth when you factor in distribution, potential effect on other channels and brand fit. So while we could get the sales tomorrow, in a year’s time it may not be profitable, or may have a long-term detrimental effect on your core business.”

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Then there’s growth in one area to help another. Ecommerce may not be the most profitable avenue, but plays an important role in branding and strategy, thus creating a flow-on effect and improving growth outcomes in other parts of Krispy Kreme’s business.

“You could have areas of massive ‘growth’ where you don’t expect to make much profit but which grow your audience and complement an area where you can, thereby filtering right through the chain,” Schulman says. “So that’s brand versus operational growth.”

Through all of this, Schulman says marketing has worked with operations and the supply chain to look at good versus bad growth opportunities, short-term impact versus 2-3 years’ time, and crossing off things that don’t meet longer-term expectations.

“But if you have 3-4 weeks of no growth in the core business, then it doesn’t matter what any of those things are, the focus moves to short-term revenue lifts such as percentage off or buy one, get one free,” he admits. “It’s the nature of retail at the moment.”

# SHORT-TERM THINKING ISN'T GROWTH

It's this short-term approach to growth – one many fear is pervading marketing in general – really bugging WPP chief customer officer, Sunita Gloster.

"The three words so foreign to this landscape is future, long-term growth," she says of the Australian corporate landscape right now. "Growth can come from improving your top line, or improving your bottom line."

Yet according to PwC's recent *Annual Global CEO survey*, eight in 10 Australian CEOs are looking at bottom-line efficiency as their growth strategy for the next few years. In contrast, Silicon Valley high-flying organisations don't often use profitability as the yard stick for successful growth.

"For these companies, it's all about growth and focusing relentlessly on that with a longer-term view, albeit trying to do it quickly," Gloster says.

She adds the two-speed nature of growth is more dramatic as disruption occurs across every industry through digitisation.

"The bit I still struggle with is the speed needed. Everyone wants the results so quickly, yet marketing as a profession has a long and short to it. There's very little time or runway seemingly given to the long," she says.

Wavemaker chief growth and product officer, James Hier, also cites the dichotomy between startup thinking and terms such as "pre-revenue", with the more established financial wisdom of mature businesses.

What's vital to achieving growth in whatever form suits is identifying your North Star.

"In our sort of business, we're really clear about what growth is, which is driving top-line sales revenue. We then have profit and margin targets," he says. "It's all about driving those particular business metrics."

Hier sees a wide array of growth levers on offer, from acquisition to migrating existing customers to a larger SKU size, diversification of product and range, and switching customers from competitors.

"The reality is you probably need to be in charge of a couple of those growth levers. Otherwise you're left to influence, not instruct, and it's really hard," Hier says.

"If you want growth – and it's growth of the business, not necessarily growth of the marketing remit – how do you do that? You have to influence the other parts you're not in control of."

Over at Nine, the former Fairfax subscriptions business is structured around a balance of short- and long-term growth ambition, says its brand and acquisition lead, Belle Tayler.

"There will be instances where if I put this on the payroll, the run rate will lift by 20 per cent and it'll help us achieve our short-term growth targets," she says. "But equally, if I build brand equity and make people aware the product they're paying for is not the app, website or newspaper, but the journalism in it, that builds long-term equity and gives us the ability to establish growth with the people genuinely there for the thing we're really good at."

## DIGITAL DRIVES A NEW FORM OF GROWTH

While growth as a top-line or bottom-line concept is well established, former CMO and non-executive board member, John Batistich, suggests a new form of growth is emerging off the back of digital transformation.

Batistich cites just 14 companies on the S&P 500 who have grown by double-digits in the past five years, all of which exhibit these new-growth characteristics. Notably, the list includes Amazon, Alphabet, Facebook, Microsoft, Apple, Salesforce and Cognizant.

"What we learn is they have visionary founders, early visionary capital, and they're focused on the user experience first and driving deep engagement, which then scales," he says. "Their concept is to be smart enough once customer engagement is there to monetise, rather than drive it into the model first up."

"Their product portfolios also get better with usage. What that means is they're algorithm businesses, so product and personalisation

improves with use, rather than most traditional products, which get worse with use – just think of cars and houses. These organisations are talent accelerators, globally and vertically integrated."

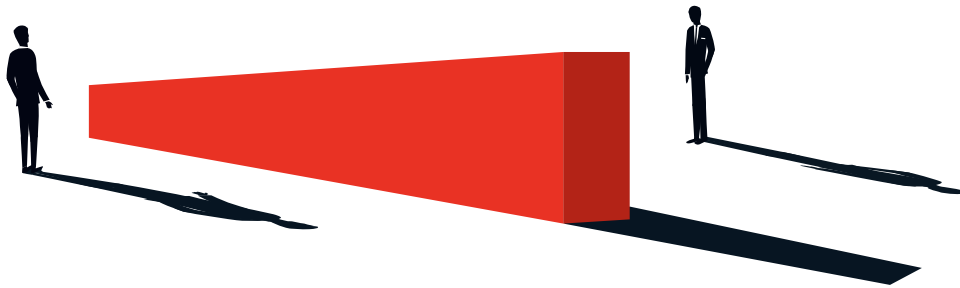
This completely new model for growth, Batistich says, is one not driven by profitability initially. Just look at Amazon, the second most valuable company on the planet, with more than \$1 trillion in market capitalisation and \$280bn in revenue.

"Amazon's model is to keep reinvesting in user experience and domination that creates the flywheel for future long-term growth, which the market says, will generate enormous profitability in your monopolies in years five or even 10," Batistich says.

Of course it's a model with flaws – just think of Uber or WeWork, Batistich contends. "So if you're going to have growth and reinvest, you are going to need positive unit economics," he adds.



# GROWTH IS A BATTLEGROUND BETWEEN CMO AND CGO



It's also clear changing conceptions of growth have triggered changes in the fortunes of marketing. The most notable manifestation is the rise of the chief growth officer (CGO) as a potential replacement for the CMO, and way of uniting growth accountability with responsibility.

CMOs and CGOs at the Think Tank outlined distinct views when it comes to growth strategy. Yet they agreed the skills required to understand and manipulate company levers of growth remain the same. What's more, carrying growth as a job title or responsibility can put a target on your back.

Preventure CGO, Amy O'Connor, is onto her third tech startup in three-and-a-half years, and assumed her title after initially being asked to adopt a CMO role to placate investors. After some research, she instead settled on chief growth officer, with a remit across business development, product, culture and recruitment.

"Becoming CGO gave me permission to have eyes on different parts of the business and not be siloed into a marketing function. I suspect it [CGO] is more of a change manager role in a larger company," she says. "If you are trying to go into a new market, or suddenly to pivot, you need one person to come in and have that goal. And they have to be able to tap into HR and all the other departments to make that happen."

At Think & Grow, a boutique recruitment company placing growth leaders in businesses and startups, the growth remits coming across its desks often depend on company maturity. The challenges arise when you can't influence multiple areas of the organisation, or are siloed into acquisition-based approaches.

"If you're head of growth in a startup business, and you don't have the ability to influence other business departments, you're restricted to just one or two channels to play with," founder, Anthony Sochan, comments. "You end up using all your party tricks eventually and you have to look outside those channels to find new growth opportunities."

Batistich says evidence suggests small organisations will go with a chief growth or customer officer; more mature, established companies go with a CMO. Other attendees highlight global organisations such as Coca-Cola switching from CMO to CGO and back again in recent years.

Yet marketing has always been about growth. Of course, marketers aren't the only owners of growth – the CEO, sales and

COO own it, too. But CMO role fragmentation and importantly, lack of product ownership, is impacting marketing's ability to influence strategic growth.

"There are some CMOs who have brand, product, comms – the entire stack, right down into service touchpoints. They are the critical, impacting roles," Batistich says. "But all too often, we're getting CMO roles much more about brand and comms that aren't touching product or influencing it, or every moment throughout the customer journey."

For Cluey Learning head of acquisition and growth, Duncan Jones, there's too much emphasis on extremes of CMO versus CGO. "You have to do both. At Cluey, we have a chief customer officer – no CMO, no CGO. They follow the customer journey the whole way along and control sales, marketing and retention."

At Krispy Kreme, Schulman saw his CMO role as holding up a lens and asking: Is this the right growth for the business? Gloster raises a question posted by Thomas Barta: Is chief growth officer for CMOs what Zumba is for aerobics?

"If marketing isn't about growth, whatever the definition or lens is for your company, what is it about? It is about growth through all stages of the funnel?" she asks. "I feel we're doing our industry a disservice by letting noise in the market change what it is marketers can do, what value they can add, what science sits behind the principle of marketing."

Another factor Hier points to is channel transformation changing conceptions of growth at a board level. In the 1980s and 1990s, for example, brand, reputation and the power of mass media sat in the growth spotlight.

"I'd say it was the people at the head of that channel being looked to in order to drive growth for the company. It happened at Coca-Cola – the CMO became the CEO," he says. "You flip to the GFC, and growth became about cuts and financial and operational efficiency. Digital channels then took over as being perceived drivers of growth, and we saw companies emphasising those skillsets in leadership."

"Is it just the changing of the channel that is determined as the lead driver of growth and skillset I'm looking for? If so, and marketers are overseeing customer experience today, and that's the golden child, plus you have those skillsets, you are therefore the driver of modern growth. You're set-up to move to c-suite or CEO."

# GROWTH MARKETING SKILLS HAVE CONFUSED THE ISSUE



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**T**he rise of growth marketing as a specialised skill in marketing functions further confuses the picture. Increasingly a capability focused on digital and performance activity, Think Tank attendees see it driving a narrow focus that doesn't recognise the sustainable growth picture marketing can paint.

Taylor is one marketer concerned about growth being hitched to a sole marketing role. “We are a team that's very comfortable with growth. We're made up of classic marketers, but the expectation is you're as fluent in digital performance and CRO as you are picking a media plan and street placements,” she says.

“What worries me about growth as an isolated skillset in this scenario is it misses what makes marketing amazing. As a growth marketing tactic, you might identify tiny insights from changing a button on a site that result in short-term behavioural change. But the reason people behave differently – that's where a classical marketer steps in. You understand why they did it.”

Jones describes his role at Cluey, a fast-growing online tutoring startup, as a “land grab”. But without a lifecycle view of customer engagement, acquisition isn't sustainable.

“It's about ensuring the customer experience is good from the start, and the whole way through. We are creating viral loops to get customers to refer, and optimising and improving every part of our business constantly. It's identifying where the gaps are, then forming teams, likely cross-departmental, to solve those,” he explains.

Hier sees the digital roots feeding into growth marketing as an issue. “This came from ‘growth hacking’, which is exactly that: A sugar rush, hell-for-leather growth approach at all costs, without profit or revenue in mind,” he says.

# GROWTH HACKING SHOULDN'T BE A TACTIC

**Y**et while growth hacking can become a myopic lens driven by short-term tactics, it provides useful lessons if considered a mindset. Hier stresses growth hacking is a set of principles around continually optimising.

“‘Growth hacking’ sounds cool and something that will accelerate your business growth straight away, but it’s not what really happens,” Jones claims. “It’s a process of constant improvement, learning from data and insights and doing the research before you invest in a massive tech change.”

Hier suggests marketers and growth leaders partner a hacking mindset with questions like: Do you understand the product and customer experience? Where are you able to instruct and where are you able to inform? Tayler meanwhile, sees growth hacking as a “one-sided commercial acumen argument”.

“Where growth is important to marketing is from a holistic standpoint. You have to believe in the product, brand, and have pride in those and your customer,” she says. “Sometimes doing the best job will be a short-term growth hack. But ultimately, these need to be put into the context and impact on the business. If you create a customer who is burned by what you’ve done and is going to churn quickly, then you haven’t done your job well.”

Finch agrees just using growth hacking tactics courts danger. “But there is a specific set of skills around analytics, experimentation and behavioural science, that all contribute to marketing driving growth. Those things are much more powerful.”

In Google’s case, this shone through an experiment offering small businesses an adwords voucher, and \$50 to get started, versus promoting adwords as a way to grow customers without a voucher incentive. Initially, the free offer led to more conversions but ultimately higher customer churn.

“When you sell the benefit, your initial conversion rate is less but you retain those customers, because they get the value,” Finch says. “It’s an insight that might link to a specific button, piece of visual or messaging. But it’s also an insight all the way back up the funnel, for how you talk about value. You can share that with sales team, put it into a brand campaign and make decisions on it.

“Micro insights can drive growth right through the business.”



## HOW TO ALIGN MARKETING TO A GROWTH MENTALITY

ADMA Think Tank attendees had plenty of advice for marketers looking to align to a growth mentality and language.

- 1 Know what you’re measuring:** “A focus on measurement to prove the value of the function is really important. It’s important to the individual holding a CMO role, but more importantly, to solve as an industry,” Aisling Finch says. “There is too much channel infighting and not enough focus on the return on investment marketers get across channels in a more apples-for-apples, agnostic way. I’d like to see the industry conversation elevate to solve some of those things. If you solve the proving our value problem, then you solve credibility in the role, our ability to drive growth and ability to be seen as a highly influential c-suite member.”
- 2 Customer and business kudos:** John Batistich says understanding the customer better than anyone else in the c-suite is key to marketers earning their growth stripes. Secondly, demonstrate “honesty in assessment”. “Don’t be the cheer leader who says everything we do is beautiful. Be honest about what was learnt and what will change,” he says. “That requires marketers to focus on the organisation first.”
- 3 Focus on alignment:** “Everyone has great intentions but it means nothing if you can’t act. Alignment to the organisational strategy and aligning to your peers matters greatly,” Batistich says.
- 4 Experimental mindset:** Demonstrating curiosity through test-and-learn is another must. Finally, understand your leadership impact, Batistich says. “And measure, enhance and grow and develop your people,” he says.
- 5 Follow the 3Cs:** Sunita Gloster sums it up in three Cs, the first continuous capability development. “A lot of us marketers didn’t do that – we relinquished analytics or other disciplines to other people.” The second C is confidence as an individual and as a marketing fraternity. “We need to call the bullshit out when it happens,” Gloster says. “There’s a stat in the market that says good customer experience can increase company revenues by 10-15 per cent. One, you didn’t need research to get to that number and two, you probably could have guessed the number if you started in the business 30 years ago. Why should that be the nirvana suddenly changing the CMO’s role?” Gloster’s third must is exhibiting credibility. “All of us must regain trust in the profession and credibility in what the full remit of marketing can deliver to business outcomes and the economy.”

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