THE TICKER

TURNOVER AT THE TOP

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—Andrew Challenger, Challenger, Gray & Christmas

CEOs keep leaving. In the first quarter of 2019, 416 U.S. CEOs exited—the highest figure for the period since executive placement firm Challenger, Gray & Christmas began reporting data in 2002. It was not a fluke: The 2018 total for CEO departures was the biggest turnover wave since the 2008-2009 recession. The U.S. trend complements what seem to be shrinking CEO tenures worldwide. In Australia, the number of CEOs who had been in their role for less than five years rose from 2017 and 2018, according to a Robert Half study of ASX200 companies. In the U.K., the average length of CEOs' tenure at FTSE 100 companies slipped from 5.5 years in 2016 to 5.2 years in 2018, Robert Half found.

What is going on exactly? The answer is multifaceted. "Companies are grappling with changing consumer behavior and new technologies disrupting almost all industries," Andrew Challenger, vice president of Challenger, Gray & Christmas, said in an April press release about U.S. turnover. "A difficult business environment, with economic uncertainty, is causing boards to make changes in their leadership ranks."

When a board pushes a CEO out, it often bodes well for the company's future—albeit not immediately. A study published last year found that the "business problems and public disagreements surrounding the departure often depress the company's share price for the 12 months after the turnover," *Fortune* reported. But three years after the change, the company's stock performance was back on par with industry peers. "Firms appear to become more focused on fewer business segments and become bigger players in those segments after the turnover," wrote Kuntara Pukthuanthong, lead author of the study and a University of Missouri finance professor.

Change, as they say, is hard. But boards would do well to trust their strategic instincts and bring in a new CEO who is fully aligned—even if the short-term effects of the change are not entirely pleasant.

WHEN TO JUMP INTO THE PODCAST GAME

Once upon a time—circa 2015—companies would try to reach affluent, relatively well-educated consumers through their favorite podcasts, buying an ad during an episode of shows like *Serial* or *Stuff You Should Know*. They still do, of course, which has helped to balloon the value of podcast companies like Gimlet Media, which Spotify bought in February for more than $200 million. But more and more companies are now going a different route: They are becoming podcast producers themselves, creating branded content to engage customers directly.

Look no further than ZipRecruiter, which in 2018 partnered with *Shark Tank* investor Daymond John to launch a 10-episode series called *Rise and Grind*. Or online mattress company Casper, which got in bed with comedian Chris Gethard for the podcast *In Your Dreams*. The trend goes beyond young venture capital-backed companies, though. Gucci launched a branded podcast last year featuring interviews with its creative directors and their collaborators. And Chanel's *3.55* podcast, which debuted in 2017, takes listeners "behind the scenes" of the French fashion house.

On the surface, branded podcasting may seem like a relatively low-investment marketing strategy. After all, how much could a microphone and digital recorder cost? But experts warn that costs—including advertising the podcast itself—can add up fast.

"It's a half-million dollars to even think about it," Russell Lindley, the president of media agency Ad Results Media, told Digiday. "A million for a really well-produced one."

And while findings from Edison Research last year indicate that about 73 million Americans over the age of 12 listened to a podcast "in the last month," the reach for branded podcasts is typically narrow.

"Podcasts are a great tactic—they just won't be your broadest reach tactic," Jason Goldberg, the chief commerce strategy officer at advertising and PR firm Publicis, told *Business of Fashion*. "You tend to get only your most zealous audience, but you get a really quality engagement with them."

When considering launching a podcast, think carefully about strategic marketing goals. If the primary goal is to tap into a large audience, you may be better off with more traditional advertising plays. But if your company is looking to foster a strong connection with a specific consumer niche, it may be time to push play on a podcast of your own.

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