



*Predicting the Future of Markets
Tracking Marketing Excellence
Improving the Value of Marketing*

Highlights and Insights

August 2011



About The CMO Survey

Mission

- The CMO Survey collects and disseminates the opinions of top marketers in order to predict the future of markets, track marketing excellence, and improve the value of marketing in firms and society.

Survey Operation

- Founded in August 2008, The CMO Survey is administered twice a year via an Internet survey. Questions repeat over time so trends can be discerned. Special topics are introduced for each survey
- The most recent survey was the seventh time the survey was conducted.

Sponsoring Organizations



Founder and Director

- Professor Christine Moorman,
T. Austin Finch, Sr. Professor of Business Administration



- **Survey Sample**

- 3662 Top Marketers at *Fortune* 1000, *Forbes* Top 200, CMO Club companies, and Top Marketers who are AMA Members or Duke University Alumni and Friends
- 249 responded for a 6.8% response rate

- **Survey Administration**

- Email contact with four follow-up reminders
- Survey in field from August 1-23, 2011
- 82.8%% of respondents VP-level or above

- **Results Interpretation**

- M = sample mean; SD = sample standard deviation
- B2B = Business-to-Business firms; B2C = Business-to-Consumer firms

Overview of Results

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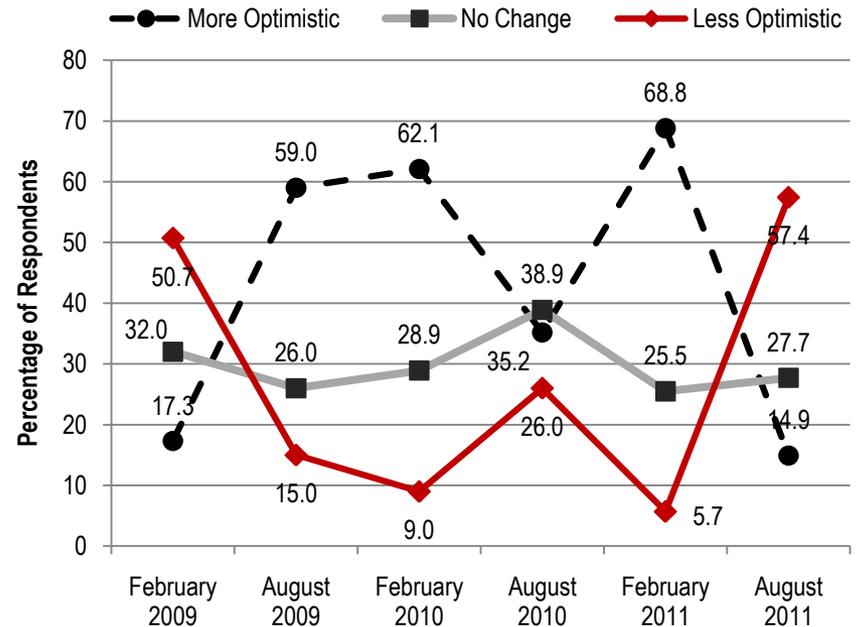
Topic 1: Marketplace Dynamics

Marketer optimism for overall U.S. economy reaches lowest point in two years

Figure 1.1. How optimistic are you about the overall U.S. economy on a 0-100 scale with 0 being the least optimistic and 100 the most optimistic?



Figure 1.2. Are you more or less optimistic about the overall U.S. economy compared to last quarter?



Marketer optimism for own firms weakens less than for overall economy

Marketplace Growth Spending Performance Social Media Jobs Organization Leadership

Figure 1.3. How optimistic are you on a 0-100 scale with 0 being the least optimistic and 100 the most optimistic?

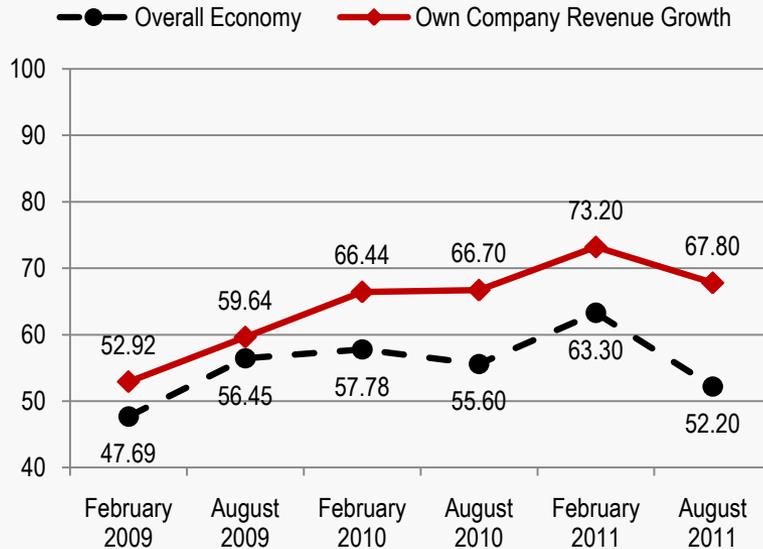
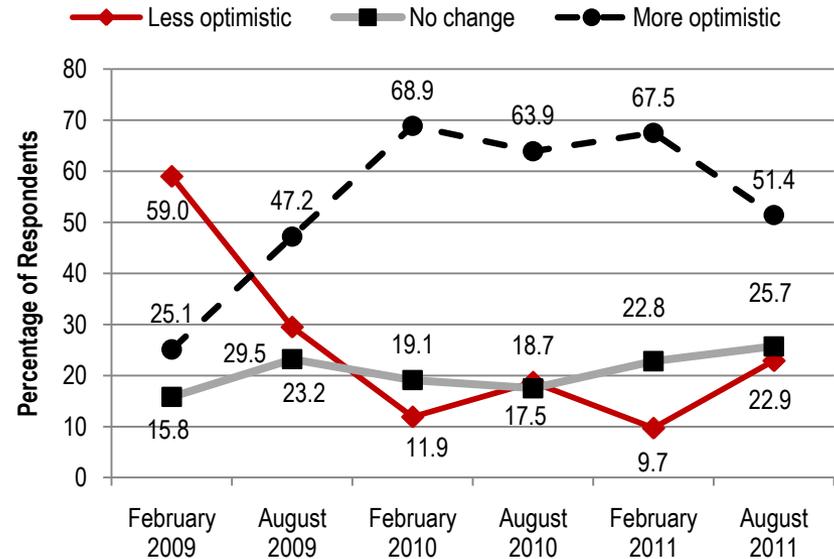
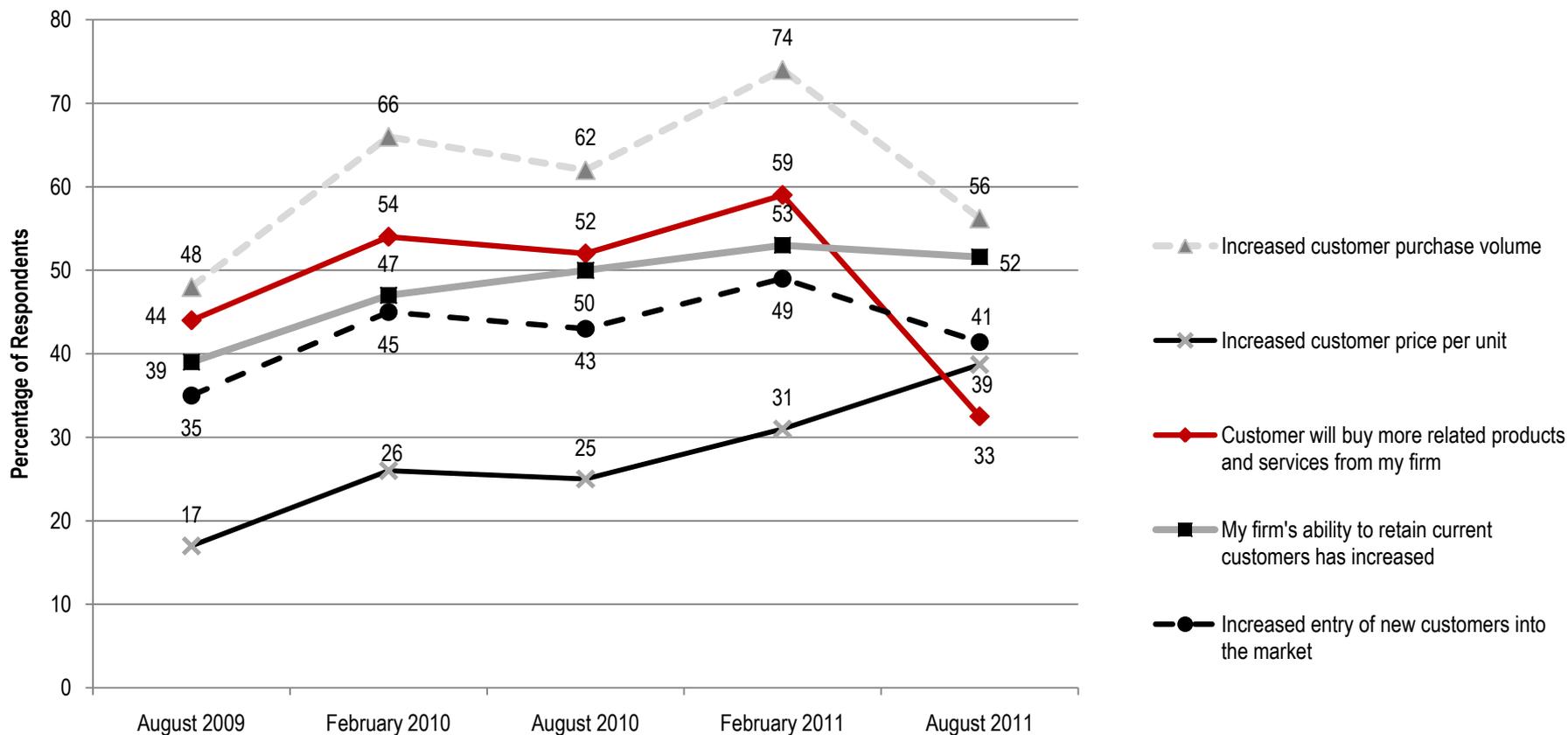


Figure 1.4. Are you more or less optimistic about your own company's revenue prospects compared to last quarter?



Customer prices expected to increase; all other customer metrics expected to drop in the next 12 months

Figure 1.5. Customer Metrics – Customer Outcomes Expected in the Next 12 Months



Customers to continue quality focus; more focus on price and less on innovation

Table 1.1. Customer Priorities in Next 12 Months

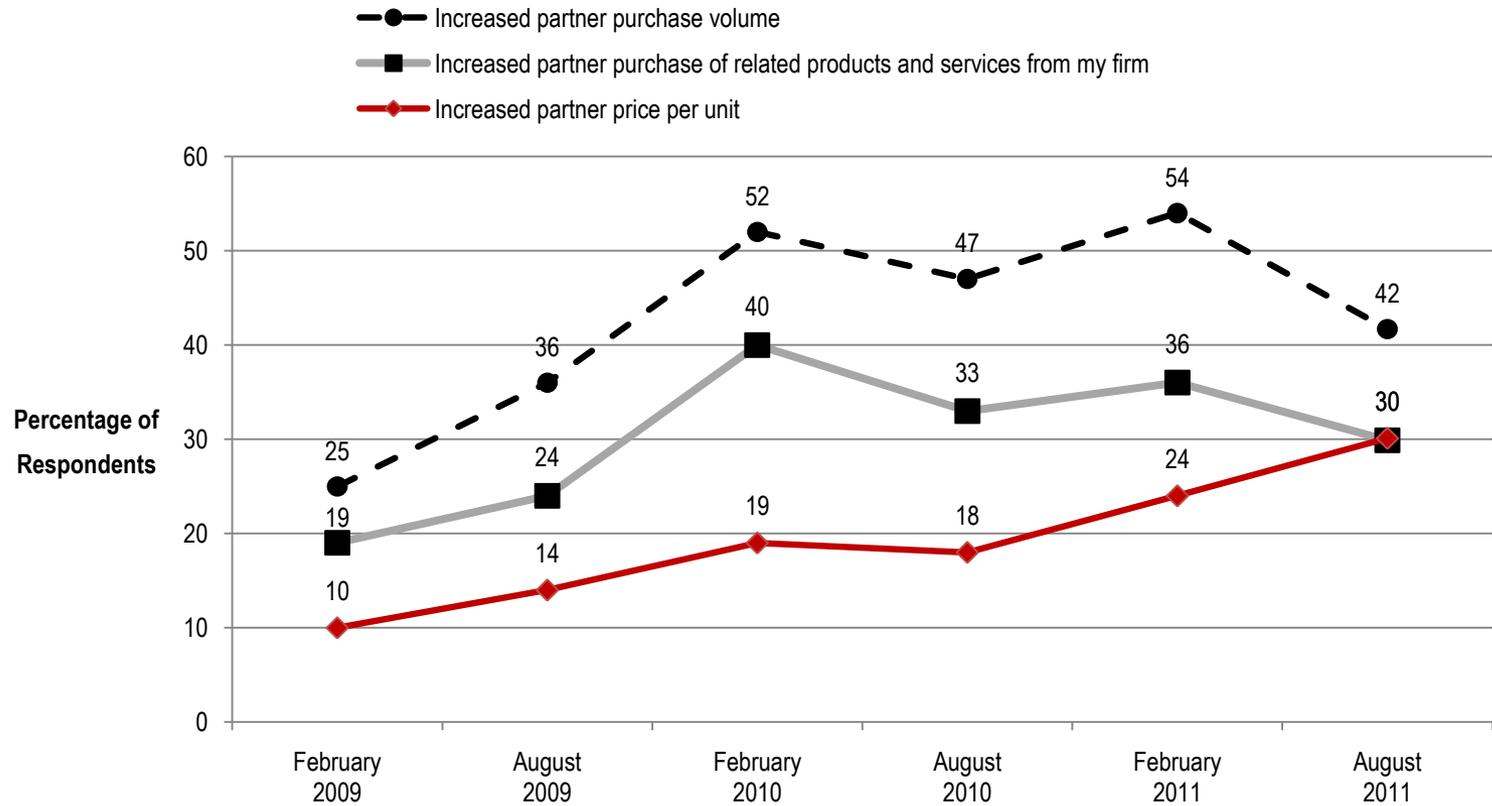
	Feb-11	Aug-11	% Change
Low Price	48.3%	53.0%	+9.7%
Quality	62.4%	65.1%	+4.3%
Innovation	34.0%	31.7%	-6.8%
Service	71.2%	69.9%	-1.8%
Trust	60.7%	59.0%	-2.8%
Brand	25.5%	25.7%	+0.8%

Shifting Customer Priorities

- More customer focus on price (+9.7%)
- Less customer focus on innovation (-6.8%)

Channel partner metrics to falter in next 12 months

Figure 1.6. Channel Revenue Metrics



Topic 2: Firm Growth Strategies

Growth strategies shift to market development and product/service development

Types of Growth Strategies

	Existing Products/ Services	New Products/ Services
Existing Markets	Market Penetration Strategy	Product/Service Development Strategy
New Markets	Market Development Strategy	Diversification Strategy

Table 2.1. Growth Spending in Next 12 Months*

Strategy	Feb-11	Aug-11
Market Penetration Strategy	49%	46%
Market Development Strategy	17%	20%
Product/Service Development Strategy	22%	25%
Diversification Strategy	12%	10%

* % of spending across growth strategies

Growth strategies vary by sector

Table 2.2. Sector Growth Spending in Next 12 Months*

Strategy	B2B Products	B2B Services	B2C Products	B2C Services
Market Penetration Strategy	44.3%	44.0%	45.3%	51.4%
Market Development Strategy	20.6%	20.9%	16.9%	18.5%
Product/Service Development Strategy	25.9%	24.3%	24.8%	22.7%
Diversification Strategy	9.1%	10.8%	13.0%	7.4%

* % of spending across growth strategies

Organic growth remains dominant growth strategy; partnerships rebound

Table 2.3. How Firms Will Grow in the Next 12 Months*

Strategy	Feb-10	Aug-10	Feb-11	Aug-11
Growth from firm internally (organic growth)	69.5%	69.5%	72.0%	70.2%
Growth from acquisitions	10.4%	10.8%	10.6%	11.4%
Growth from partnerships	14.7%	13.9%	11.8%	13.5%
Growth from licensing	5.4%	5.8%	5.6%	5.1%

* Percentage of spending across growth strategies

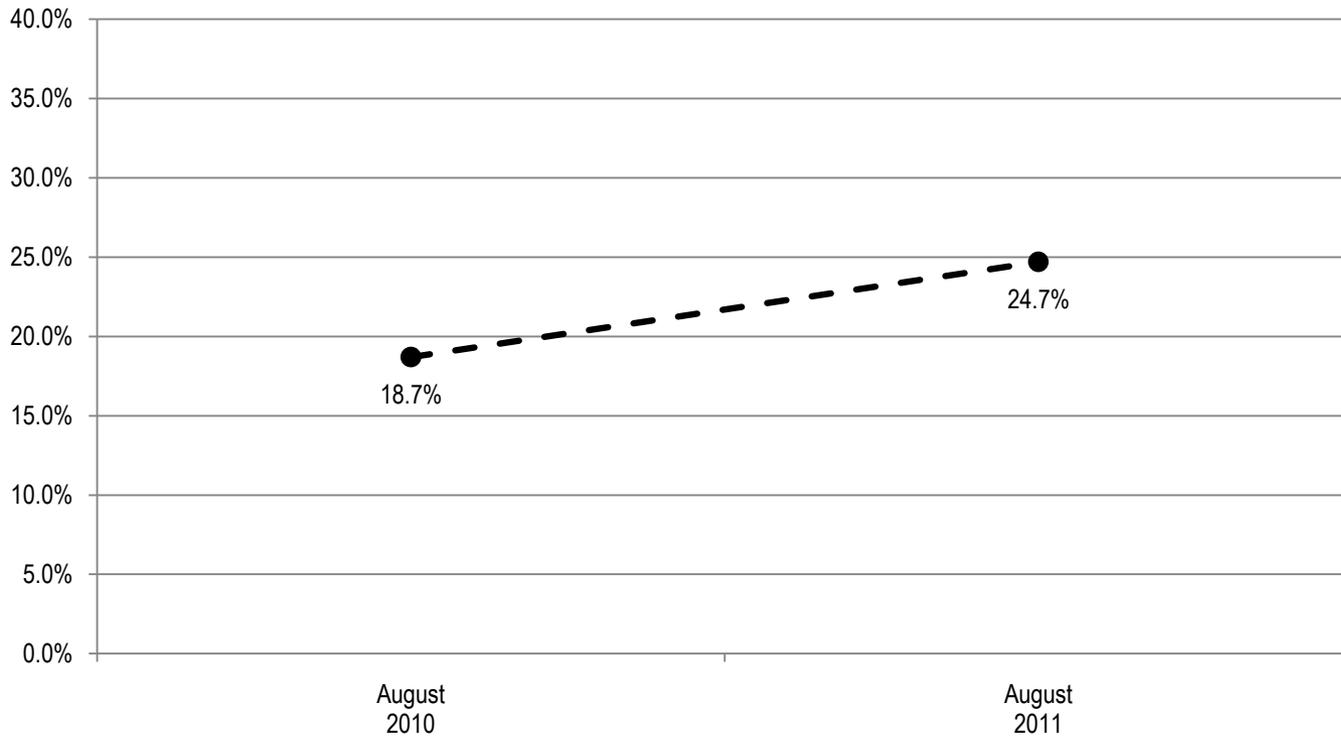
Table 2.4. Sector Use of Organic Growth and Acquisitions*

	Organic Growth	Growth via Acquisition
B2B Product	68.3%	10.4%
B2B-Service	67.1%	15.3%
B2C-Product	78.9%	4.8%
B2C-Service	70.7%	10.6%

International sales to increase in next 12 months

Marketplace > Growth > **Spending** > Performance > Social Media > Jobs > Organization > Leadership

Figure 2.1. Percentage of Company Sales Expected to be International in Next 12 Months



How sales revenue in international markets is changing

Table 2.5. International Markets in Sales Revenue in the Next 12 Months

	Feb-11	Aug-11	% Change Feb-11 to Aug-11
Western Europe	33.2%	36.3%	+9.3%
Canada	28.6%	25.1%	-12.2%
China	16.4%	19.6%	+19.5%
Mexico	8.2%	6.1%	-25.6%
Japan	8.2%	5.6%	-31.7%
Brazil	7.1%	7.3%	+2.8%
Middle East	6.1%	2.2%	-63.9%
Eastern Europe	5.7%	6.7%	+17.5%
India	4.3%	6.1%	+41.9%
Korea	2.1%	1.7%	-19.1%
Russia	0.7%	0.6%	-14.3%

Markets in which sales are increasing:

- Western Europe
- China
- Eastern Europe
- India

Markets in which sales are decreasing:

- Canada
- Mexico
- Middle East

Small changes difficult to interpret

- Korea
- Russia
- Brazil

More firms go to market directly; Internet sales as a % of total sales increase

Marketplace **Growth** Spending Performance Social Media Jobs Organization Leadership

Figure 2.2. Percentage of Firms Disintermediating

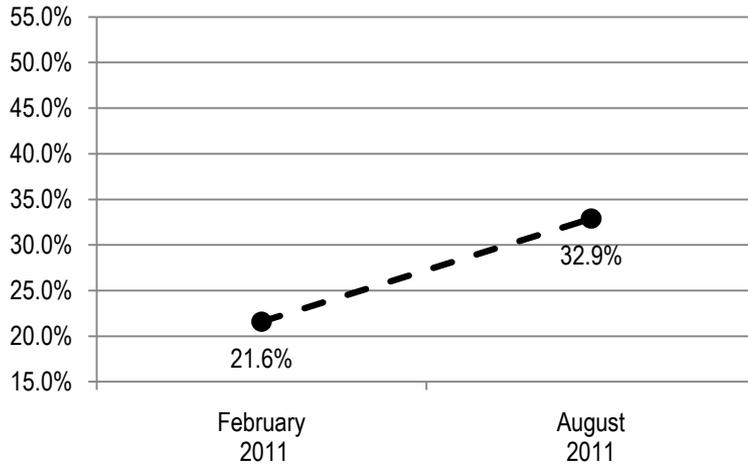
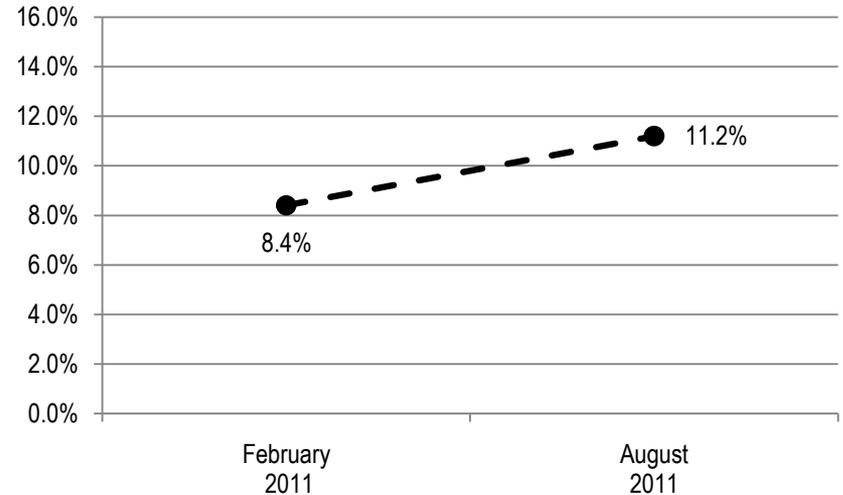


Figure 2.3. Percentage of Firm Sales through Internet



Topic 3: Marketing Spending

Growth in marketing budgets remains high; B2C-Product companies +20% in next year

Figure 3.1. % Change in Marketing Budgets in Next 12 Months

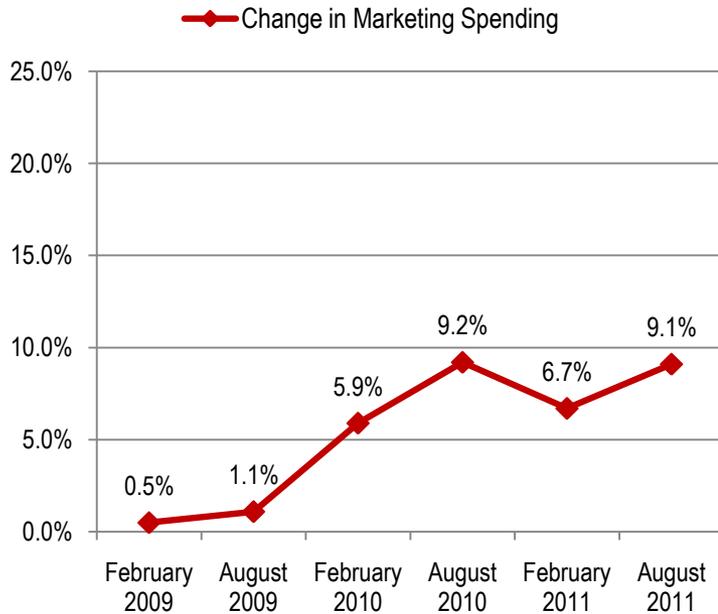


Table 3.1. % Change in Marketing Budgets by Firm Sales in Internet

	Aug-11
0% Internet Sales	6.5%
1-10% Internet Sales	8.6%
>10% Internet Sales	21.8%

Marketing spending shifts categories



Table 3.2. % Change in Marketing Spending in Next 12 Months

	Feb-10	Aug-10	Feb-11	Aug-11
Traditional advertising spending	-2.5%	-0.6%	2.4%	1.3%
Internet marketing spending	12.2%	13.6%	12.1%	11.2%
New product introductions	9.1%	9.1%	8.2%	10.4%
New service introductions	3.9%	7.2%	5.1%	6.6%
Customer relationship management	9.9%	8.3%	9.1%	6.5%
Brand Building	6.9%	8.3%	9.1%	5.7%

Notable shifts

- Rate of spending on traditional advertising continues to decrease
- Rate of spending on new products and new services increases
- Rate of spending on marketing assets (brand and customer relationships) decreases

Investments in building marketing knowledge expected to drop off

Table 3.3. Changes in Firm Spending on Marketing Knowledge in Next 12 Months

	Feb-09	Aug-09	Feb-10	Aug-10	Feb-11	Aug-11
Marketing research and intelligence	1.8%	3.2%	7.3%	5.6%	8.0%	6.2%
Marketing consulting services	-4.5%	1.3%	2.9%	4.6%	4.7%	3.5%
Developing knowledge about how to do marketing	3.4%	3.0%	6.4%	6.6%	8.8%	6.4%
Integrating what we know about marketing	5.1%	4.1%	7.4%	8.9%	8.1%	6.0%
Marketing training	1.2%	0.7%	4.3%	3.6%	5.6%	3.1%

Marketing spending increases to account for 10% of overall firm budgets

Marketplace

Growth

Spending

Performance

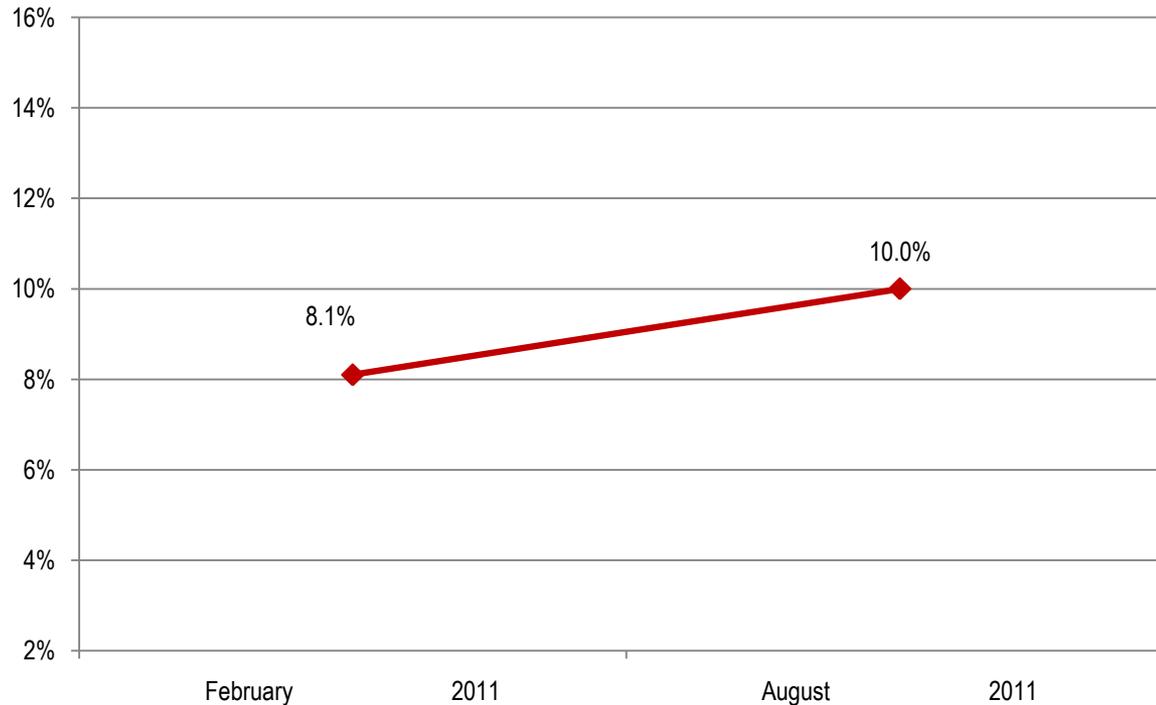
Social Media

Jobs

Organization

Leadership

Figure 3.2. How Marketing Budgets Are Changing Over Time



Size of marketing budget varies by company sector, sales, and internet sales

Table 3.4. Marketing Percentage of Firm Budget by Economic Sector

	B2B Product	B2B Services	B2C Product	B2C Services
August 2011	7.0%	11.1%	11.6%	12.1%

Table 3.5. Marketing Percentage of Firm Budget by Company Sales Revenue

	<\$25 Million	\$26-99 Million	\$100-499 Million	\$500-999 Million	\$1-9.9 Billion	>\$10 Billion
August 2011	11.3%	14.6%	10%	7.8%	3.1%	6.6%

Table 3.6. Marketing Percentage of Firm Budget by Company Internet Sales

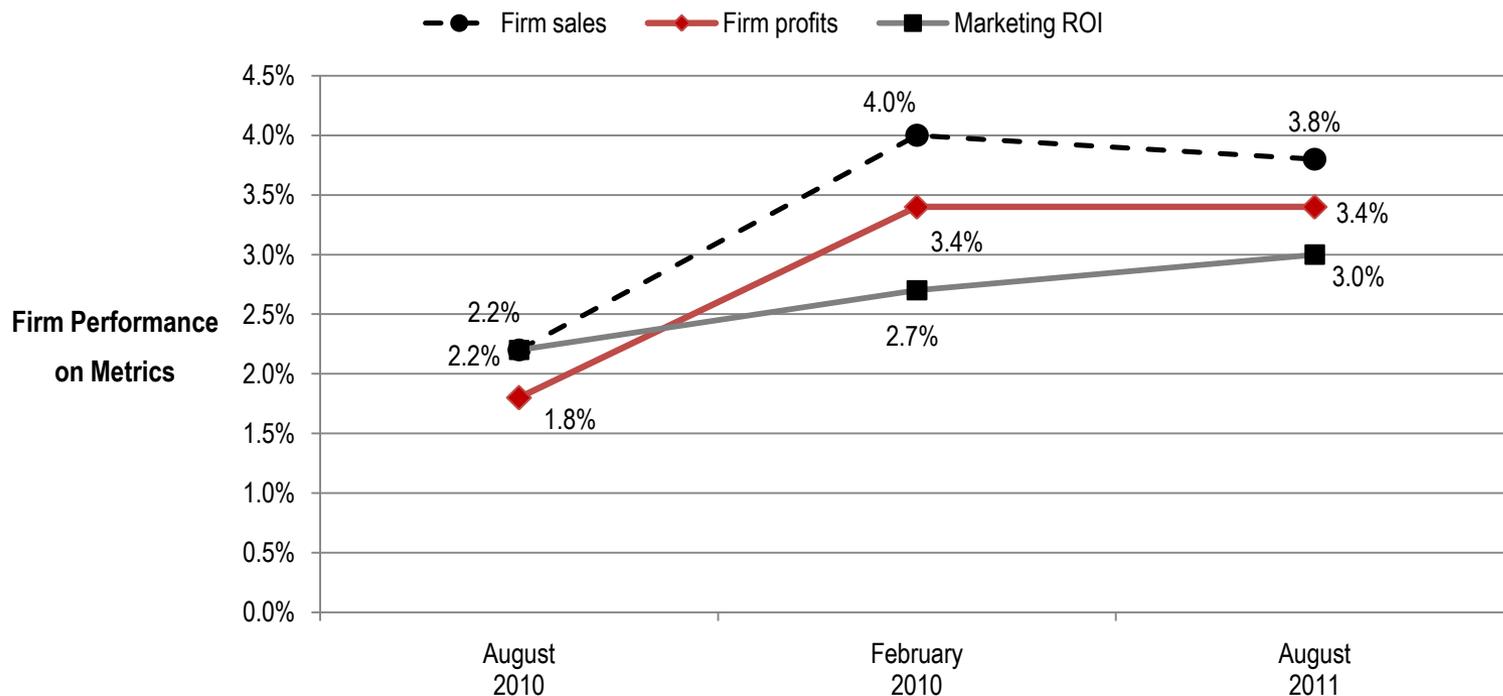
	0% Internet Sales	1-10% Internet Sales	>10% Internet Sales
August 2011	8.7%	7.9%	16.8%

Topic 4: Financial and Marketing Performance

Firm performance metrics hold; ROI (not revenues) may be reason

Marketplace > Growth > Spending > **Performance** > Social Media > Jobs > Organization > Leadership

Figure 4.1. Firm Performance in Prior 12 Months



Firm performance goals stay optimistic

Table 4.1. Actual Performance Percentage Change and Goals

	Actual firm performance Aug-2009	Actual firm performance Aug-2010	Actual firm performance Aug-2011	Goal in the next 12 months
Firm sales*	-0.6%	2.2%	3.8%	4.9%
Market share	2.2%	2.0%	4.0%	6.8%
Marketing return on investment	1.9%	2.2%	3.0%	5.3%
Firm profits	0.5%	1.8%	3.4%	6.0%
Customer acquisition	2.6%	2.6%	3.2%	6.1%
Customer retention	1.4%	1.6%	1.7%	4.2%
Brand value	3.2%	2.9%	3.5%	5.8%

* Question not asked in February 2009

B2B-Product companies top most performance metrics

Table 4.2. Sector Performance Metrics for Prior 12 Months

	B2B-Product	B2B-Services	B2C-Product	B2C-Services
Firm sales	4.1%	4.0%	4.0%	2.9%
Market share	2.6%	2.3%	2.4%	2.3%
Marketing return on investment	3.4%	2.3%	2.8%	3.9%
Firm profits	4.4%	3.4%	3.5%	1.9%
Customer acquisition	3.9%	2.8%	3.3%	2.4%
Customer retention	0.9%	2.6%	2.6%	0.4%
Brand value	3.4%	3.7%	2.8%	4.4%

Topic 5: Marketing and Social Media

Google groups

LinkedIn

YouTube



twitter

facebook

amazon.com



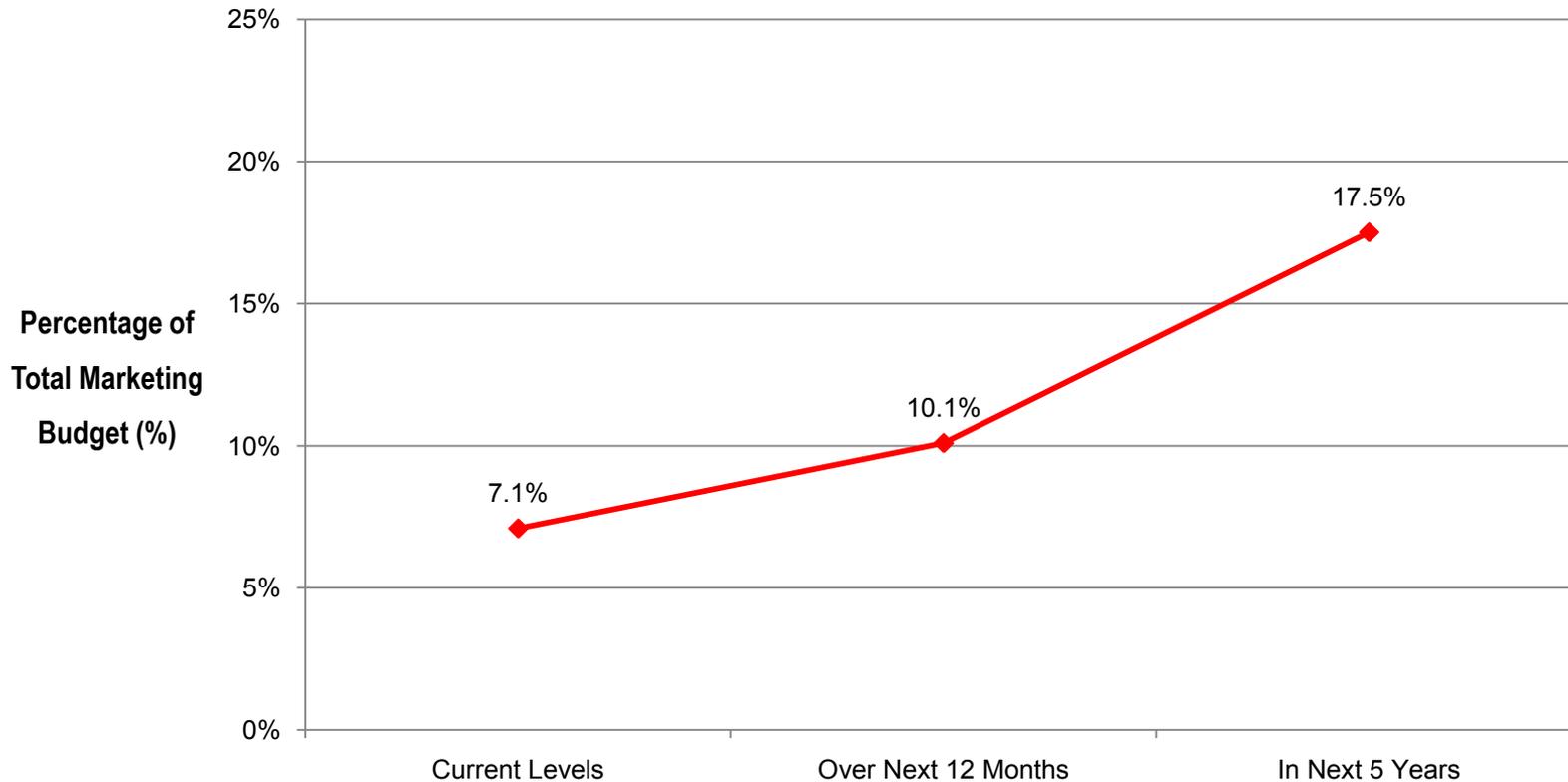
flickr

digg

Social media spending growth continues to soar: 17.5% increase expected in five years

Marketplace > Growth > Spending > Performance > **Social Media** > Jobs > Organization > Leadership

Figure 5.1. Social Media Spending as a Percentage of Marketing Budgets Over Time



Sector differences in social media spending; B2C-product companies rebound to highest levels

Table 5.1. Sector Differences in % Change in Social Media Spending

		August 2011
Current Social Media Spending	B2B - Product	4.2%
	B2B - Services	8.6%
	B2C - Product	10.5%
	B2C - Services	5.9%
	Overall	7.1%
Social Media Spending in the next 12 months	B2B - Product	7.0%
	B2B - Services	11.5%
	B2C - Product	13.6%
	B2C - Services	9.4%
	Overall	10.1%
Social Media Spending in the next 5 years	B2B - Product	13.4%
	B2B - Services	18.3%
	B2C - Product	24.0%
	B2C - Services	17.3%
	Overall	17.5%

Social media not well integrated with firm strategy

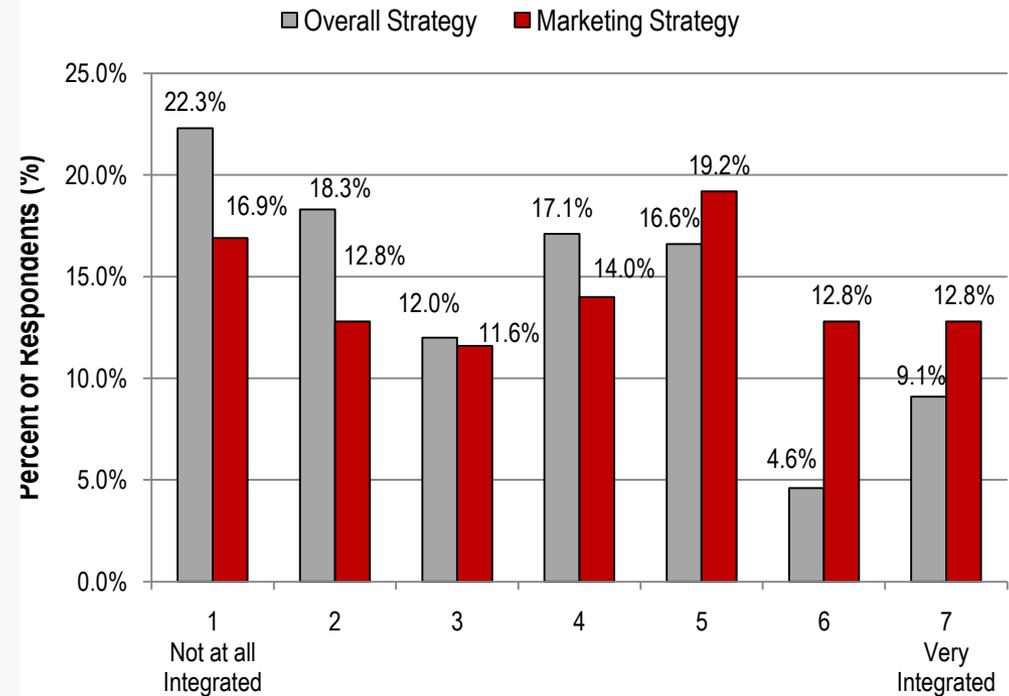
Research question:

How effectively is social media integrated with your firm's strategy and marketing strategy? 7-point scale (1=not integrated and 7=very integrated)

Overall results:

- Integration with Firm Strategy (Mean = 3.4; Standard Deviation = 1.9)
- Integration with Firm Marketing Strategy (Mean = 4.0; Standard Deviation = 2.0)

Figure 5.2. How Effectively Social Media is Integrated with Strategy



Social media groups are generally small, internal, and from the marketing function

Marketplace

Growth

Spending

Performance

Social Media

Jobs

Organization

Leadership

- Internal social media groups average - **2 people**
- Percentage of social media employees within marketing - **59.1% from marketing**
- Number of people from other companies working on social media average - **1.9 people**

Social media metrics used by firms

Table 5.2. Social Media Metrics Used by Firms

Metrics	August 2010	August 2011
Hits/visits/page views	47.6%	52.2%
Repeat visits	34.7%	34.9%
Number of followers or friends	24%	34.1%
Conversion rates (from visitor to buyer)	25.4%	29.3%
Buzz indicators (web mentions)	15.7%	20.5%
Customer acquisition costs	11.8%	14.1%
Sales levels	17.9%	13.3%
Other text analysis ratings	6.6%	12.0%
Online product/service ratings	8.2%	10.4%
Revenue per customer	17.2%	9.6%
Net promoter score	7.5%	6.8%
Customer retention costs	7.7%	6.4%
Abandoned shopping carts	3.8%	4.8%
Profits per customer	9.4%	4.8%

Notable shifts

Metrics shift toward web-based customer behaviors:

- Page visits, followers, buzz, text analysis, online ratings, and abandoned shopping carts

Financial metrics decline:

- Sales levels, revenue per customer, profits per customer

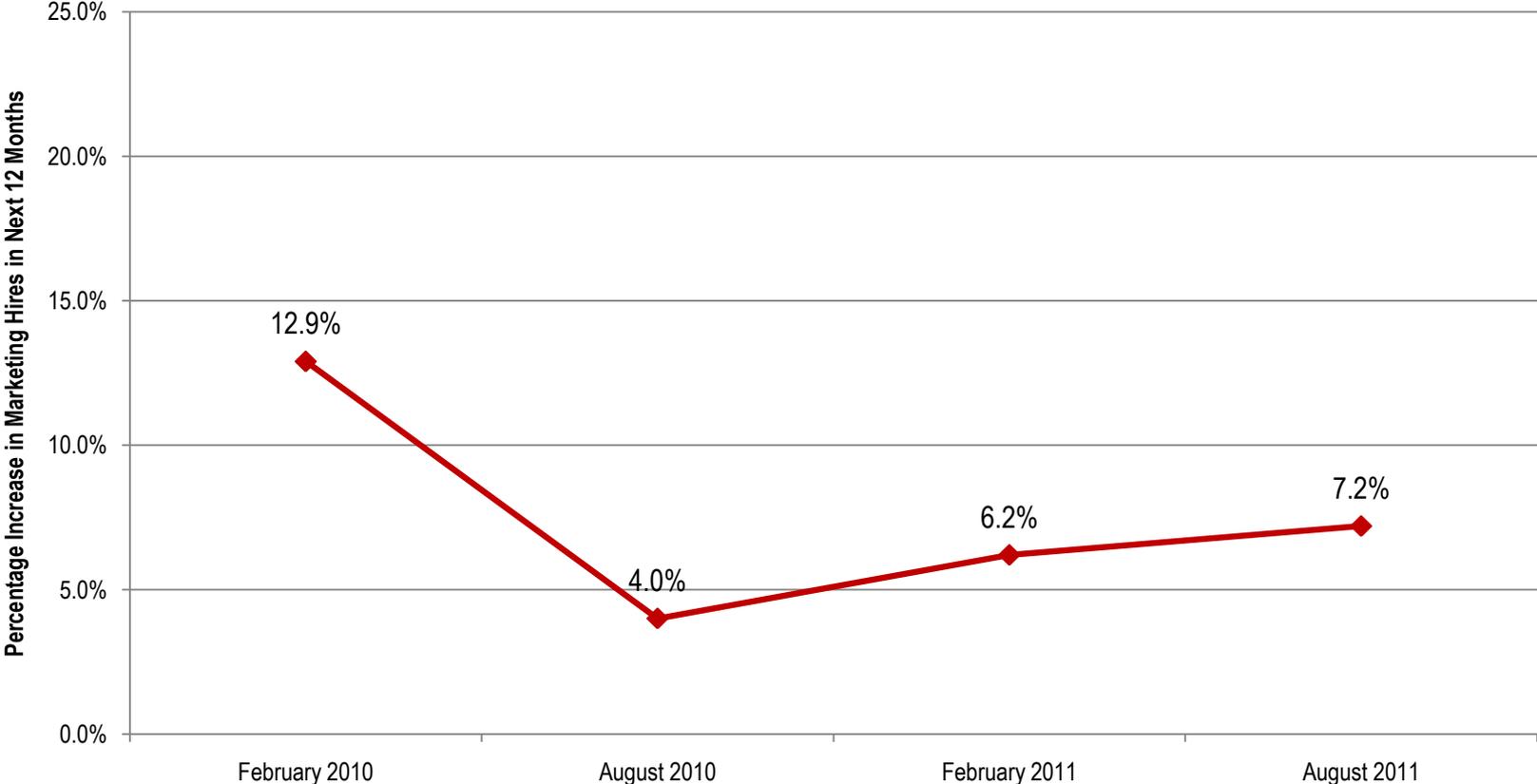
No significant change:

- Repeat visits
- Net promoter score
- Customer retention costs

Topic 6: Marketing Jobs

Marketing employment prospects continue to rise

Figure 6.1. Percentage Change in Marketing Hires Planned Over Next 12 months



Opportunity for marketing jobs varies by economic sector, sales, and internet sales

Table 6.1. Percentage Increase in Marketing Hires by Economic Sector

	B2B Product	B2B Services	B2C Product	B2C Services
August 2010	4.8%	3.8%	4.2%	1.5%
February 2011	8.6%	4.9%	6.7%	3.4%
August 2011	11.6%	5.6%	0.2%	8.3%

Largest percentage change in marketing hires

- B2B Product companies
- Smallest companies
- Companies weak on internet marketing

Table 6.2. Percentage Increase in Marketing Hires by Company Sales Revenue

	<\$25 Million	\$26-99 Million	\$100-499 Million	\$500-999 Million	\$1-9.9 Billion	>\$10 Billion
August 2010	5.4%	2.4%	2.2%	0.8%	2.9%	4.3%
February 2011	4.8%	9.3%	5.9%	4.5%	3.2%	3.1%
August 2011	14.8%	3.1%	4.6%	4.4%	1.4%	0.3%

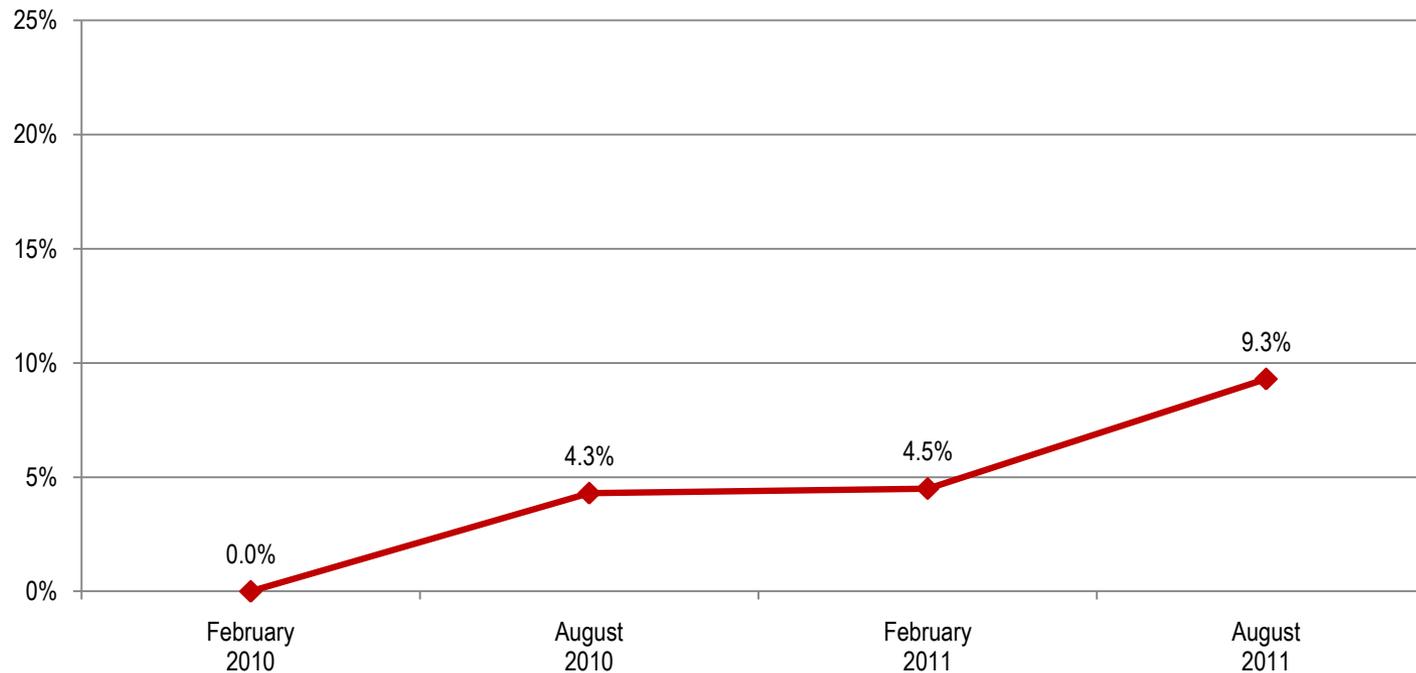
Table 6.3. Percentage Increase in Marketing Hires by Company Internet Sales

	0% Internet Sales	1-10% Internet Sales	>10% Internet Sales
August 2010	3.0%	2.9%	8.2%
February 2011	5.2%	7.0%	5.9%
August 2011	10.4%	3.1%	4.9%

Outsourcing of marketing expected to double in next year

Marketplace > Growth > Spending > Performance > Social Media > Jobs > **Organization** > Excellence

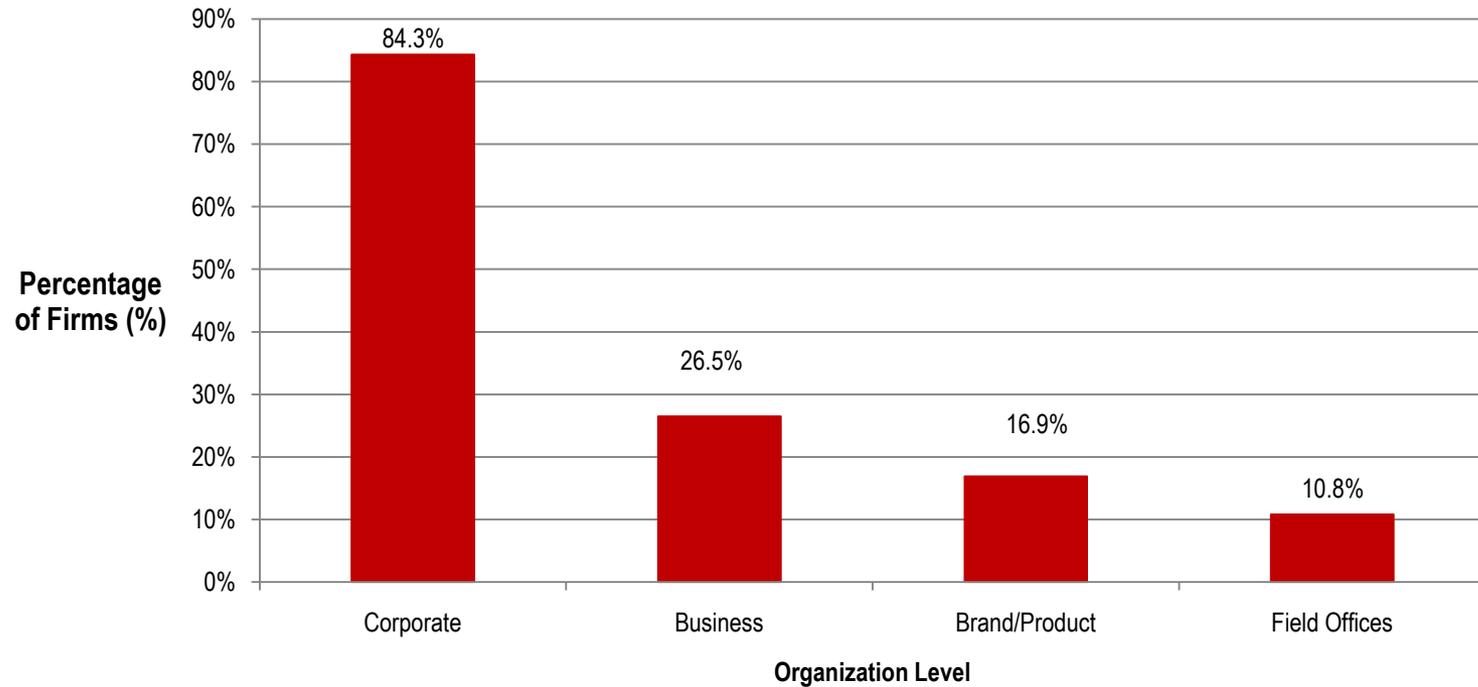
Figure 6.2. Percentage of Company Outsourcing of Marketing Expected in Next 12 Months



Topic 7: Marketing Organization

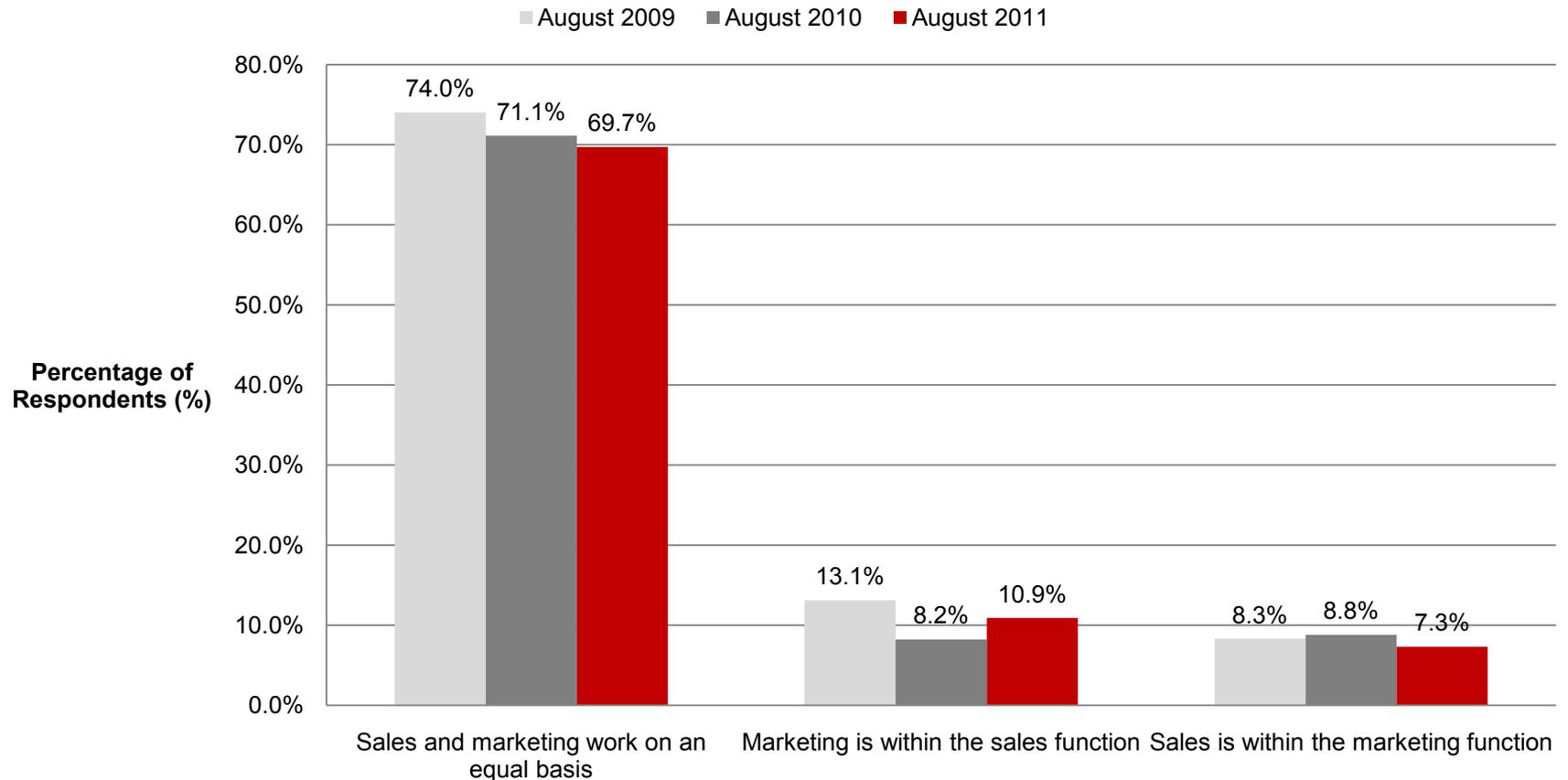
Where marketing is located in firms

Figure 7.1. Location of Marketing in Firm – Check all that apply



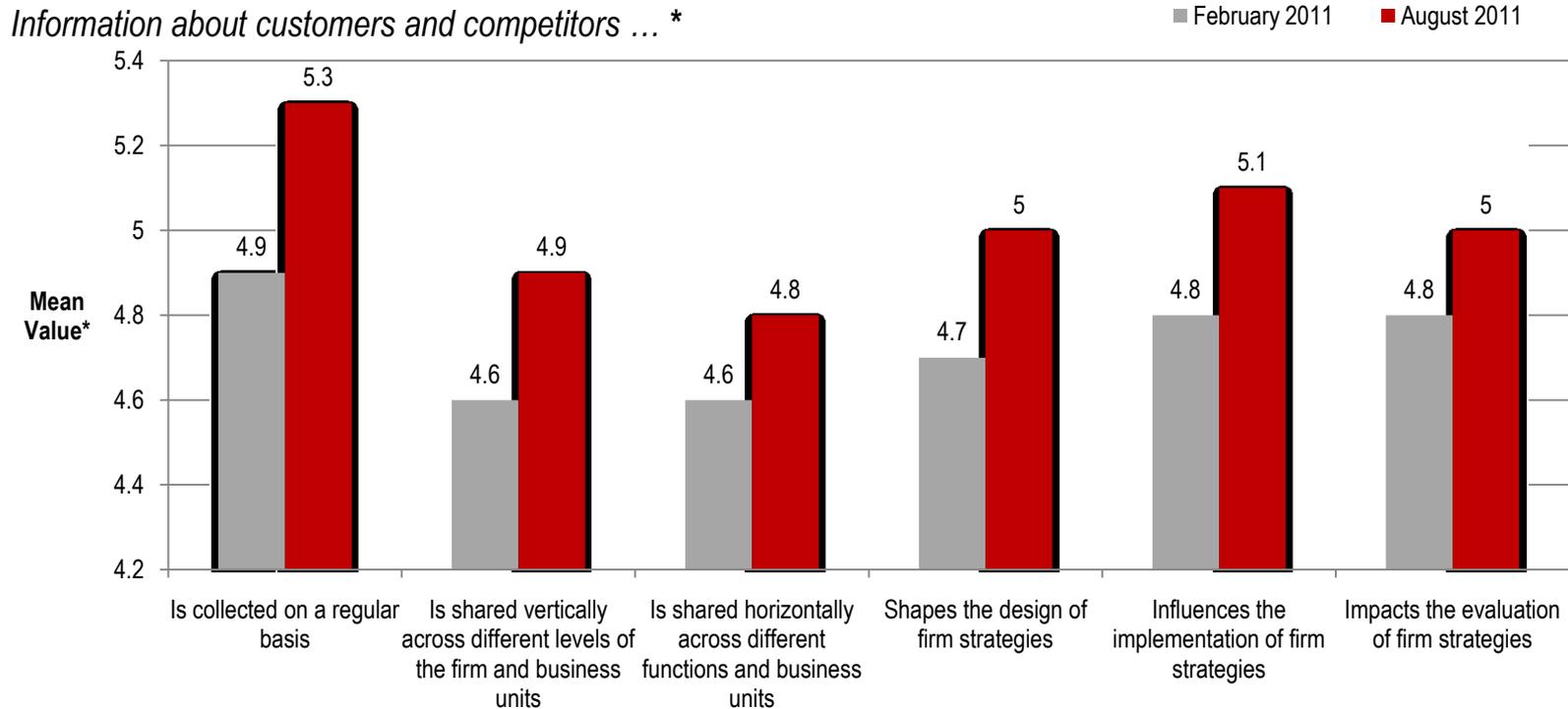
Marketing and sales share customers in most companies

Figure 7.2. The Marketing-Sales Relationship



External focus improves during downturn

Figure 7.3. Firm Outside-In Activities:

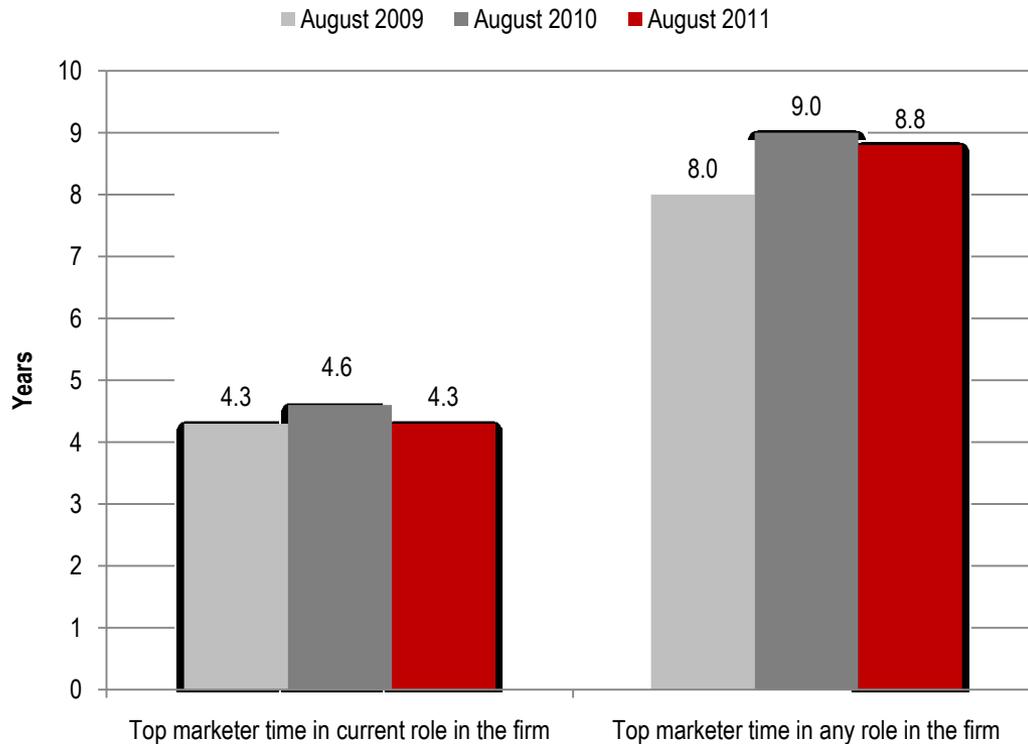


*7-point scale where 1 is “not at all” and 7 is “very frequently”

Topic 8: Marketing Leadership

Marketing leaders retained through economic crisis

Figure 8.1. Marketing Leader Retention



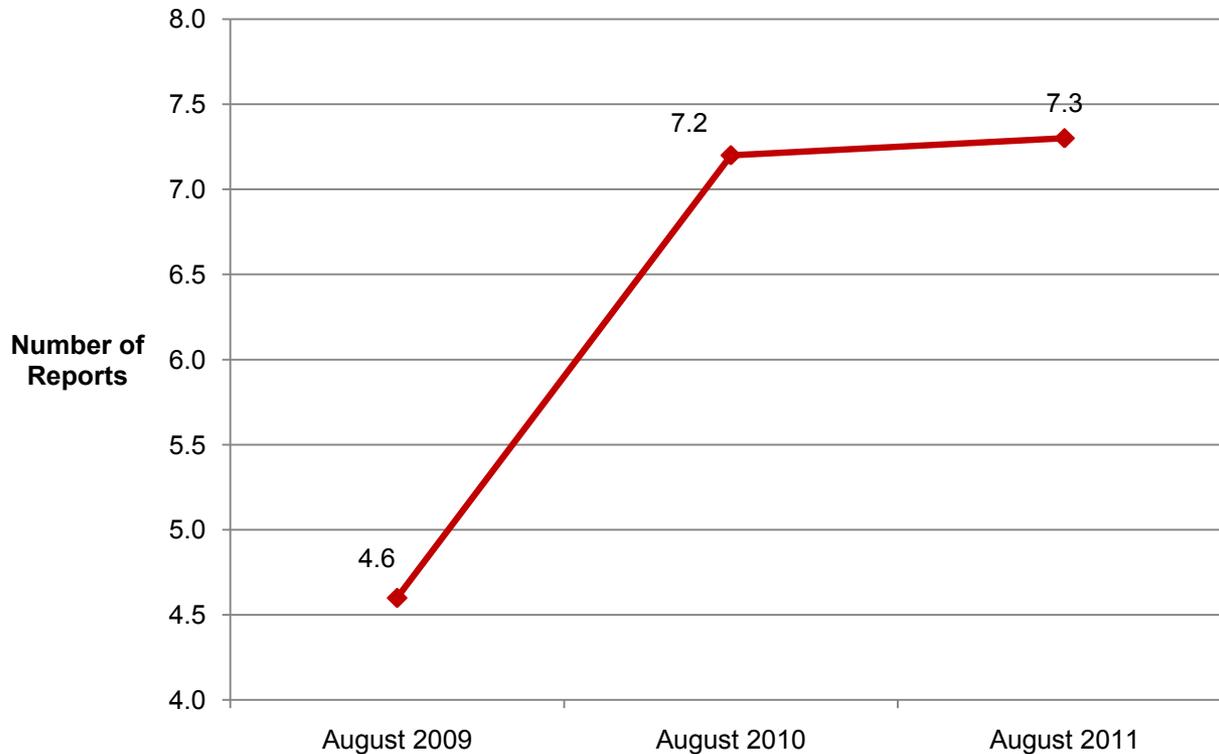
- Top marketers continue to beat oft-cited 23¹ and 28¹ month survival averages.
- Given length of time in firms (~9 years), marketing leaders appear to be appointed from within.

1. http://content.spencerstuart.com/sswebsite/pdf/lib/CMO_brochureU1.pdf
2. <http://www.btobonline.com/apps/pbcs.dll/article?AID=/20090130/FREE/901309991/1078>

Marketer influence in firms holds during economic recovery

Marketplace > Growth > Spending > Performance > Social Media > Jobs > Organization > Leadership

Figure 8.2. Number of Direct Reports to Top Marketer



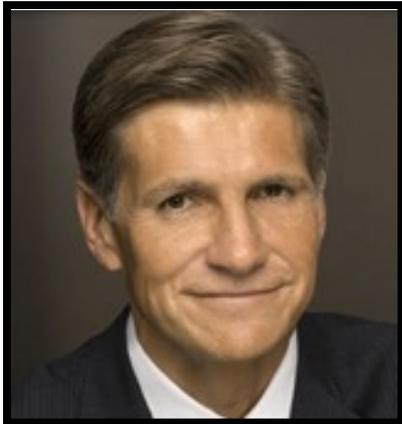
What marketing leads

Table 8.1 What Marketing Does in Companies

Activity	Percentage of Companies Using Marketing for Activity	
	Aug-10	Aug-11
Positioning	78.6%	78.0%
Promotion	77.1%	79.3%
Brand	76.8%	81.1%
Marketing research	72.3%	78.0%
Social media	69.6%	75.6%
Competitive intelligence	62.7%	56.1%
Public relations	58.1%	58.5%
Lead generation	57.8%	58.5%
Market entry strategies	57.2%	51.2%
New products	51.2%	49.4%
Customer relationship management	44.3%	39.0%
Targeting/Market selection	41.0%	34.1%
Sales	37.0%	33.5%
Pricing	35.8%	34.8%
Innovation	33.4%	29.9%
Customer service	25.0%	23.8%
Stock market performance	1.2%	0.0%

- Stronger leadership on social media, brand, and marketing research
- Less leadership on other strategic activities
 - Competitive intelligence
 - Market entry
 - New products
 - CRM
 - Sales
 - Innovation
 - Targeting
- Maintaining leadership on other traditional marketing areas:
 - Positioning
 - Promotion
 - Public relations
 - Lead generation
 - Pricing
 - Customer service
- No leadership on managing stock market performance

Completed CMO Insights – see <http://www.cmosurvey.org/cmo-insights/>



Marc Pritchard
CMO, Procter & Gamble
[Listen](#) – August, 2009



Stephen Quinn
CMO, Walmart
[Read](#) – February, 2010



Geert van Kuyck
CMO, Royal Philips Electronics
[Watch](#) – August, 2010

Planned CMO Insights:

- Kim Feil, CMO Walgreens (Fall, 2011)
- Beth Comstock, CMO General Electric (Spring, 2012)

Preview and Review

Next survey

- The CMO Survey will be administered again in February 2012.
- A special topic section examining “Marketing Analytics” will be included.

To get involved

- If you are not a current participant, sign up at <http://www.cmosurvey.org/participate/>

Media

- Media follow ups related to this data will be posted to <http://www.cmosurvey.org/category/news/>

Feedback

- Send your thoughts to moorman@duke.edu