

Predicting the future of markets  
Tracking marketing excellence  
Improving the value of marketing

*CMO Survey Report:*

# Highlights and Insights

Feb. 2016

[CMOSurvey.org](http://CMOSurvey.org)

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# About The CMO Survey



## Mission

- To collect and disseminate 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.
- The survey is an objective source of information about marketing. It is a non-commercial service dedicated to the field of marketing.

## Survey Operation

- Founded in August 2008, The CMO Survey is administered twice a year via an Internet survey. Many questions repeat to observe trends over time.
- The February 2016 survey was the 16th administration of The CMO Survey.

## Sponsoring Organizations

- All individual survey data and participant lists are held in confidence and not provided to survey sponsors.

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# Survey methodology



## Survey Sample

- 3120 top U.S. marketers
- 289 responded for a 9.3% response rate

## Survey Administration

- Email contact with four follow-up reminders
- Survey in field from January 12, 2016 - February 4, 2016
- 94.7% 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

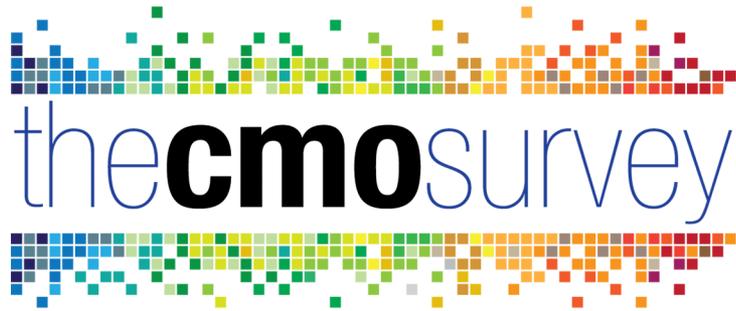


# Survey topics



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<b>Topic 3:</b>	Marketing Spending.....	<b>16-23</b>
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Topic 1:

# Marketplace Dynamics



# Marketers' outlook on U.S. economy weakens

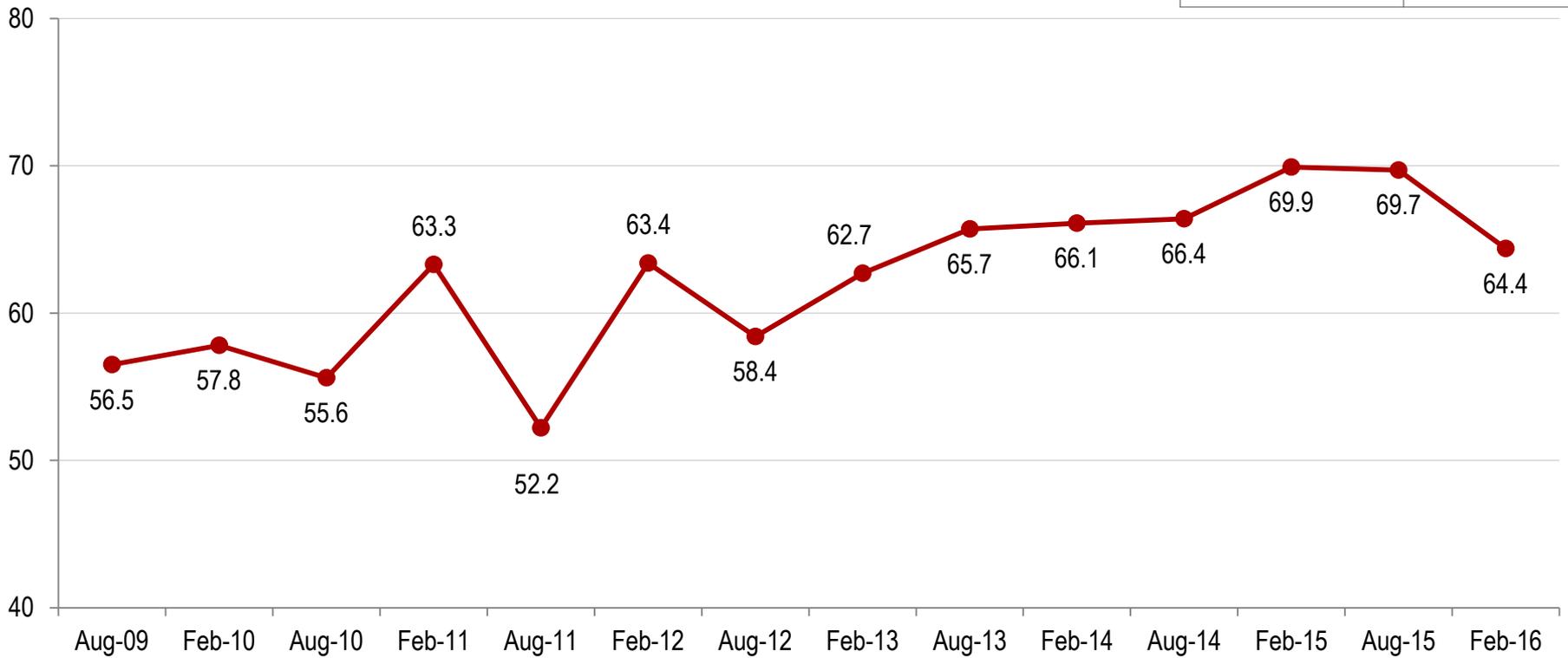


Marketplace Growth Spending Performance Social Media Mobile Jobs Organization Leadership Analytics

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

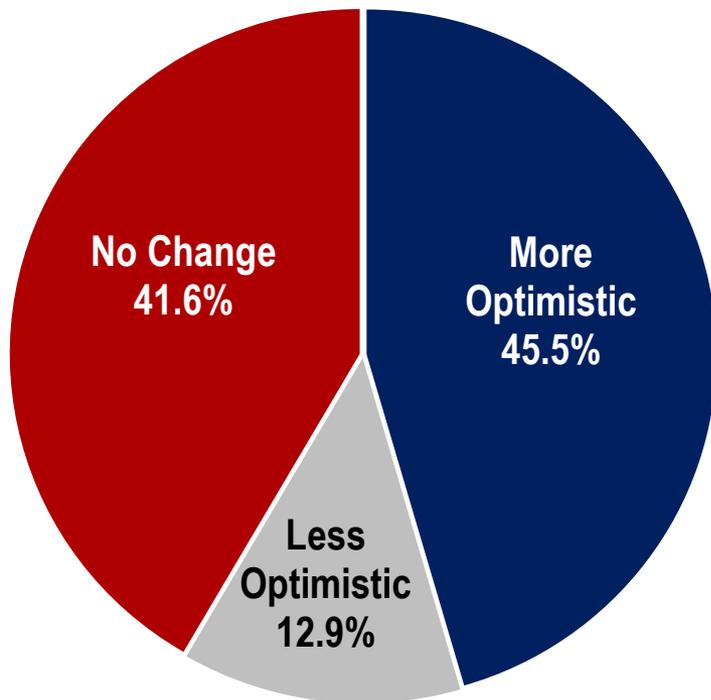
Overall	64.4
B2B Product	64.3
B2B Services	63.2
B2C Product	64.7
B2C Services	67.8

—●— Marketer Optimism About Overall Economy

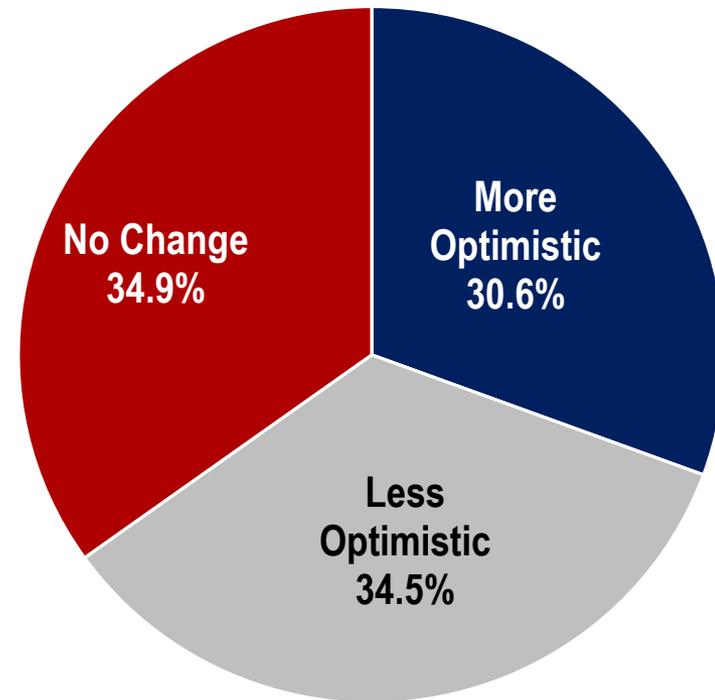


# Marketer optimism swings negative

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



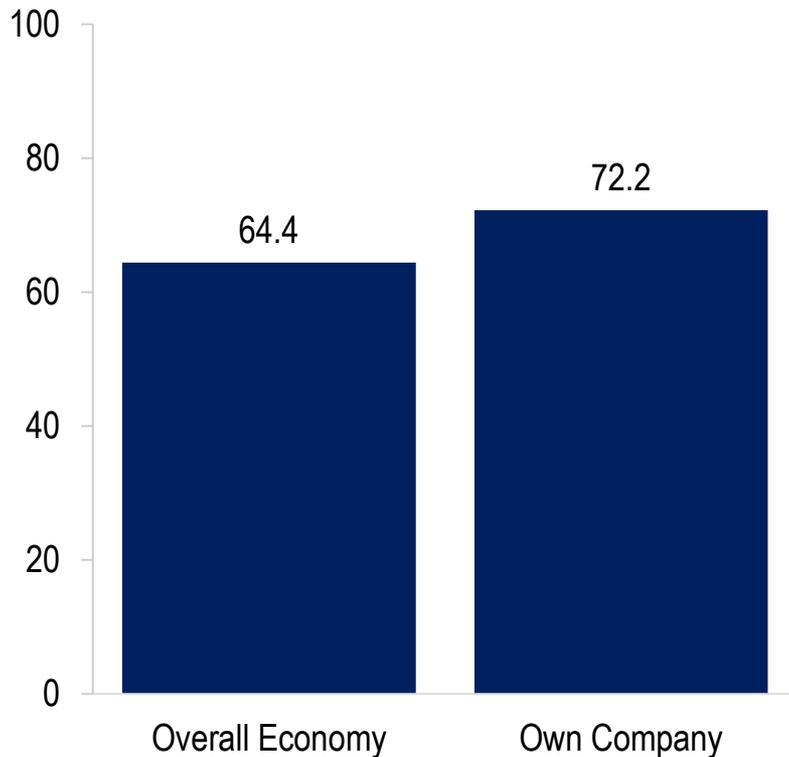
August 2015



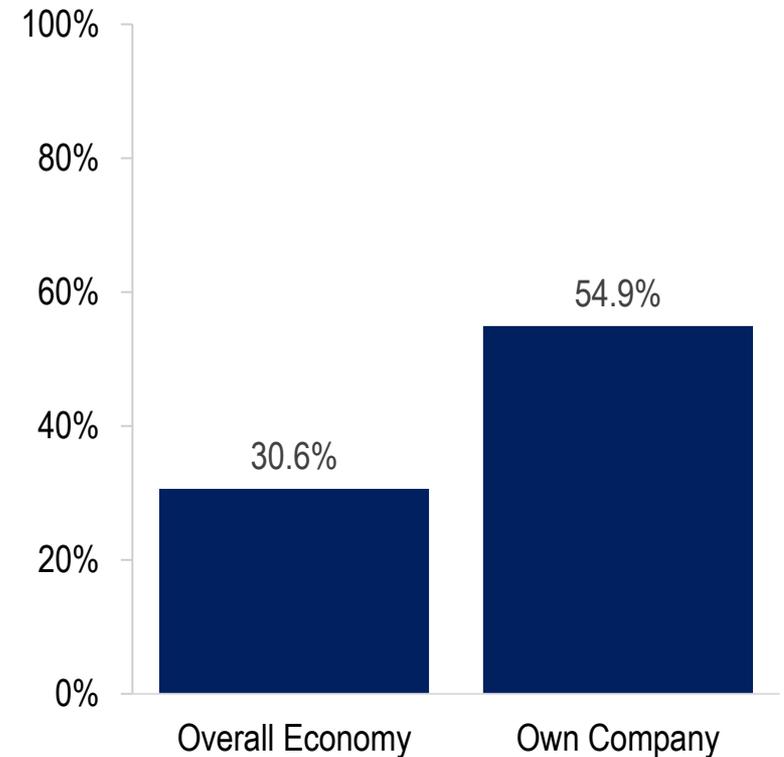
February 2016

# Marketing leaders more optimistic about own companies than overall economy

**Figure 1.3. Marketing leader optimism for overall economy and company 0-100 (0=least optimistic)**



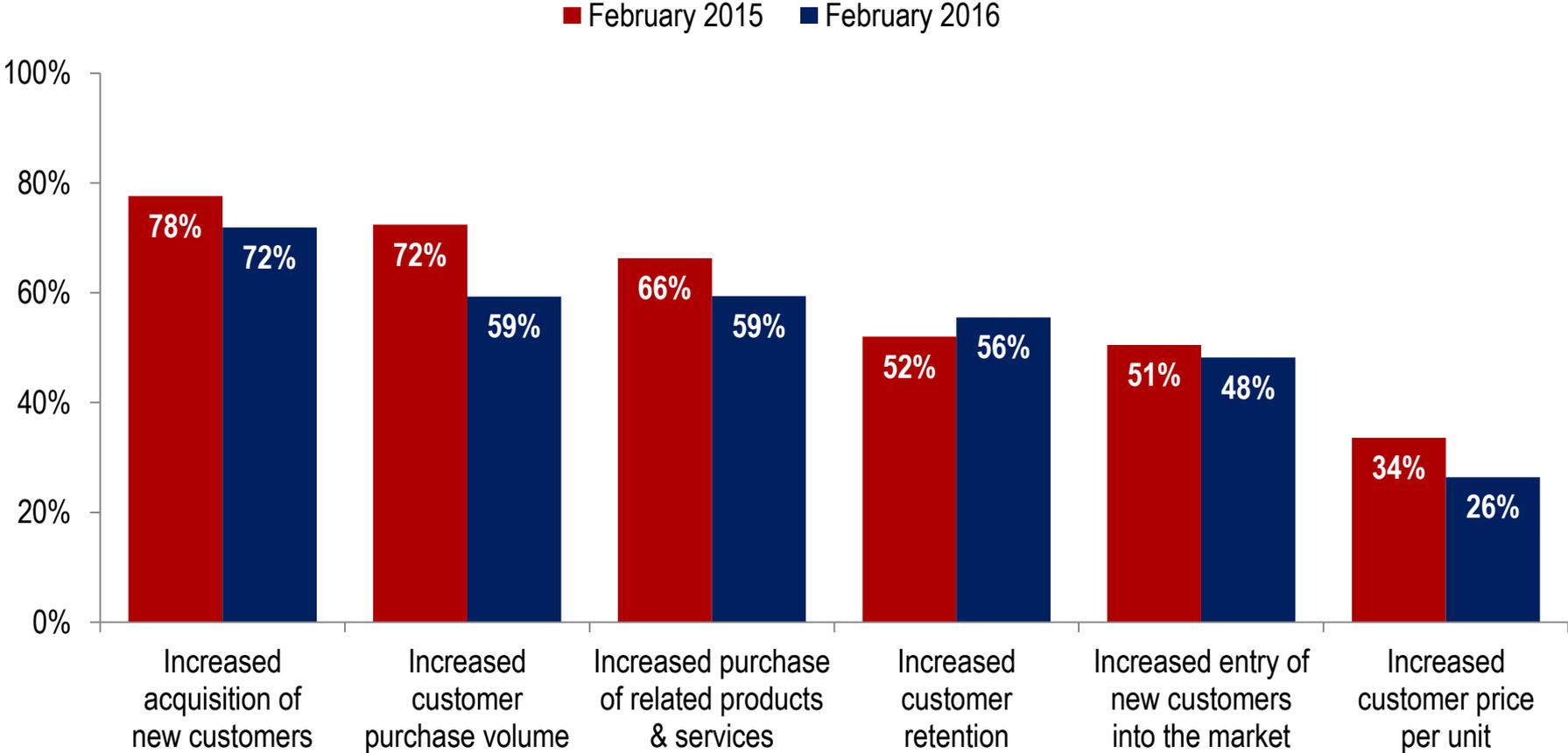
**Figure 1.4. Percent of marketing leaders that are more optimistic compared to last quarter**



# Customer indicators expected to weaken in next year



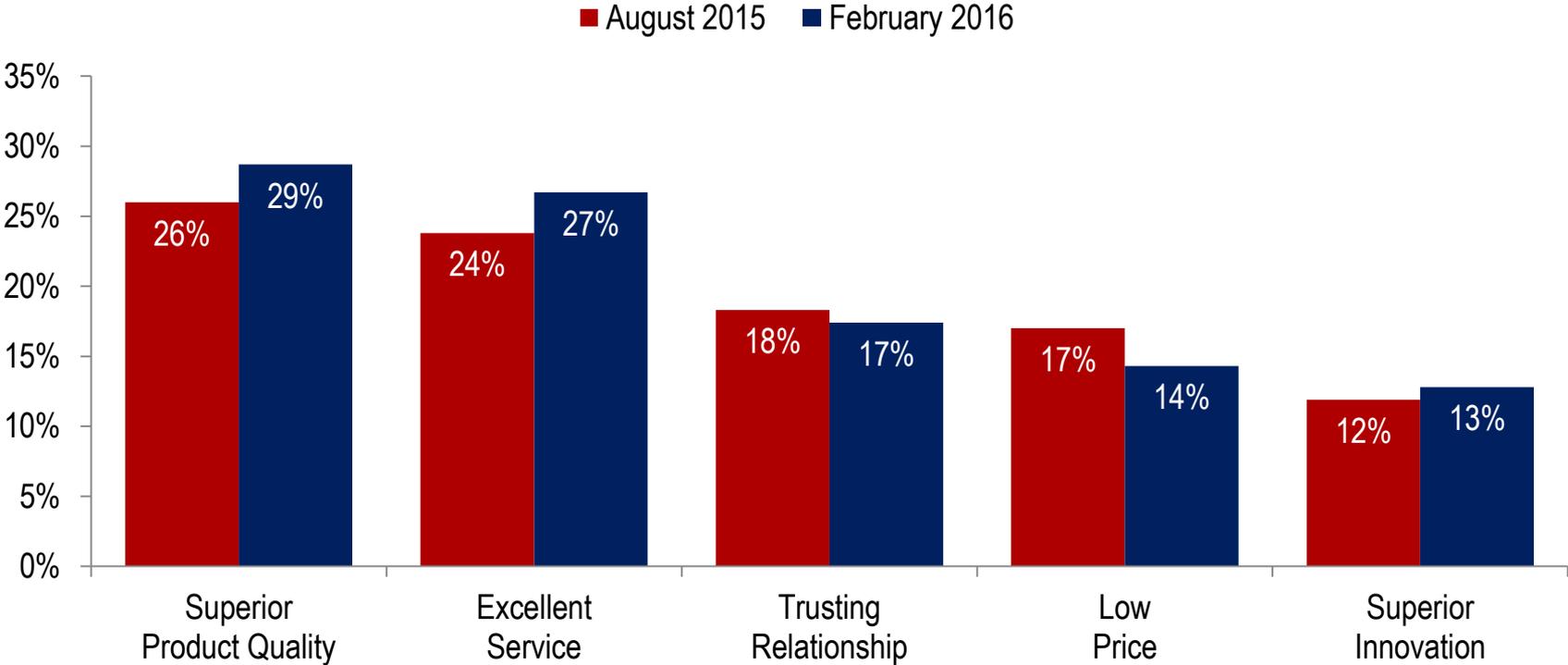
**Figure 1.5. Forecasted customer outcomes in next 12 months (% of respondents)**

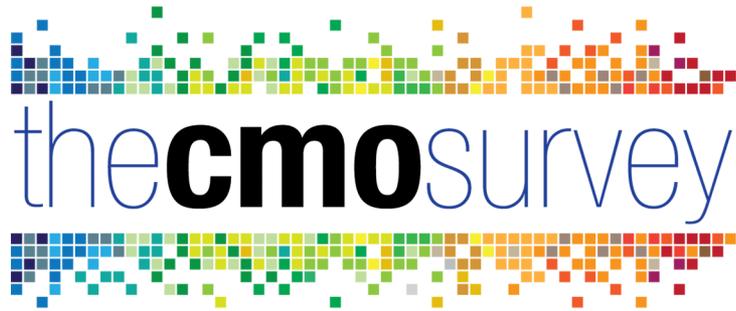


# Customers expected to emphasize product quality and service excellence



Figure 1.6. Customers' top priority in next 12 months (% of respondents)





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# Topic 2: Firm Growth Strategies



# Firms to decrease market penetration and emphasize riskier growth strategies next year

## 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. Current and future growth spending\***

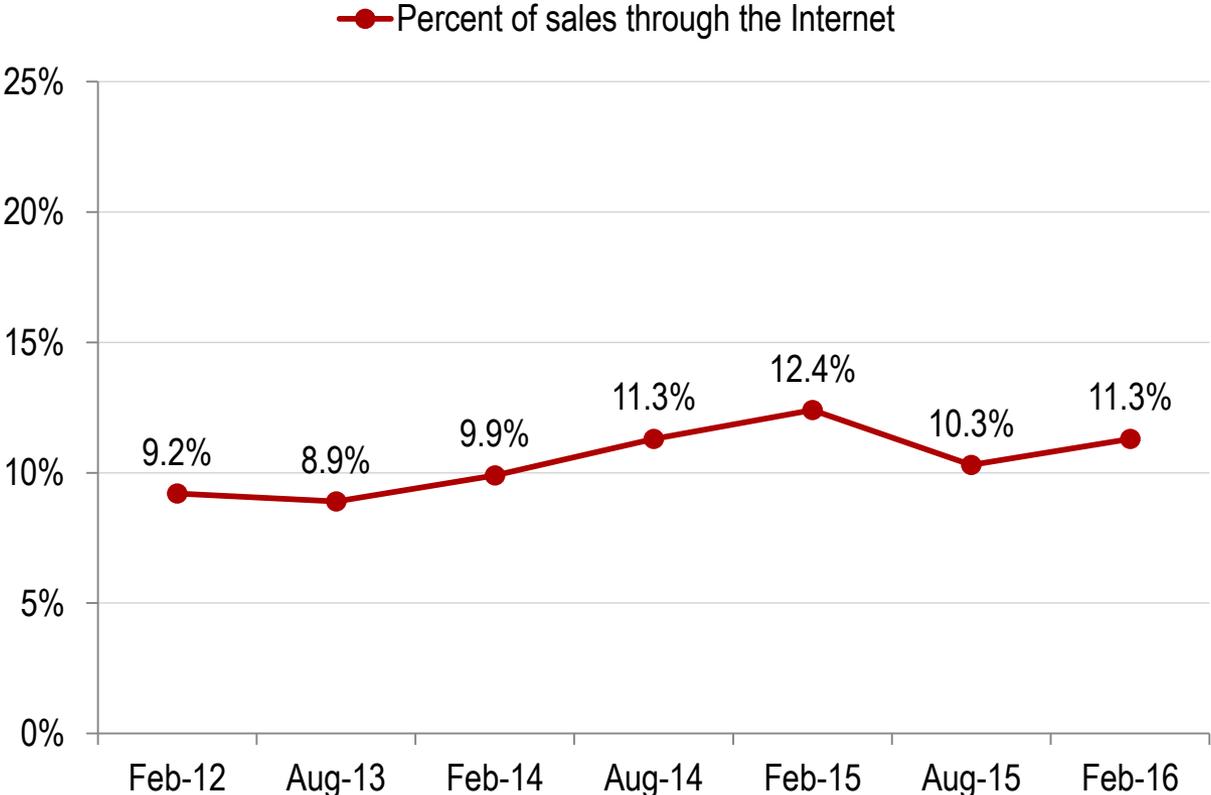
Growth Strategy	Actual Spending in Past 12 Months	Expected Spending in Next 12 Months	Percent Change Expected
Market Penetration Strategy	56.2%	50.1%	-10.9%
Market Development Strategy	14.5%	16.3%	+12.4%
Product/Service Development Strategy	21.0%	22.8%	+8.6%
Diversification Strategy	8.3%	10.8%	+30.1%

\* % of spending for each growth strategy

# Company sales through Internet remain modest



**Figure 2.1. Percent of company sales from Internet**

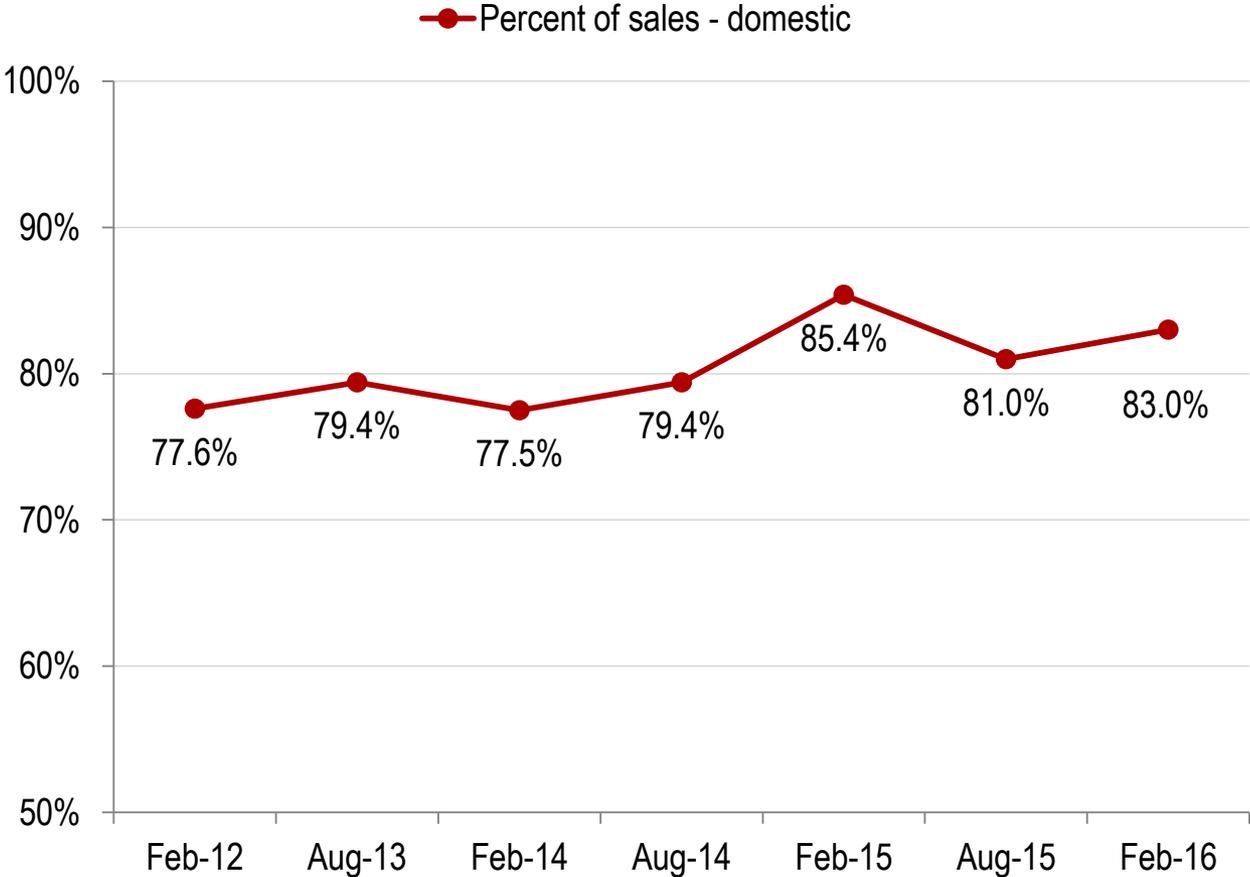


Overall	11.3%
B2B Product	8.0%
B2B Services	11.6%
B2C Product	8.3%
B2C Services	20.4%

# Company sales from domestic markets continue to dominate



**Figure 2.2.** Percent of company sales from domestic markets



Overall	83.0%
B2B Product	76.0%
B2B Services	85.9%
B2C Product	82.4%
B2C Services	91.9%

# International markets: Current sales and future growth opportunities

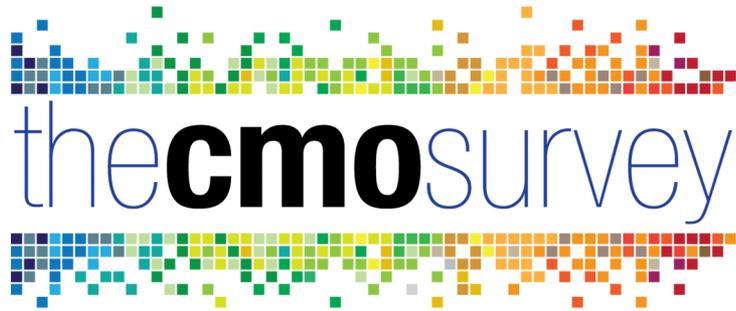
**Table 2.2. Largest current international market (sales)**

Countries/ Regions (%)	Largest current market*
Western Europe	33.3%
Canada	15.6%
China	12.5%
Japan	9.4%
Mexico	6.3%
Middle East	3.1%
Indonesia and SE Asia / Brazil / Central America	2.1%
Eastern Europe / Korea / South Africa / South America, not Brazil	1.0%

**Table 2.3. Largest future international market opportunities**

Countries/ Regions (%)	Largest future opportunity*
Western Europe	18.7%
China	10.3%
Canada	8.4%
South America, not Brazil	7.5%
Eastern Europe / Mexico / Middle East	6.5%
Brazil / India	5.6%
Australia/New Zealand / South Africa	3.7%
Central America / Indonesia and SE Asia / Northern Europe / Russia	2.8%
Japan / Korea / Taiwan	1.9%

\*Regions reported in the same row each received the same percentage.



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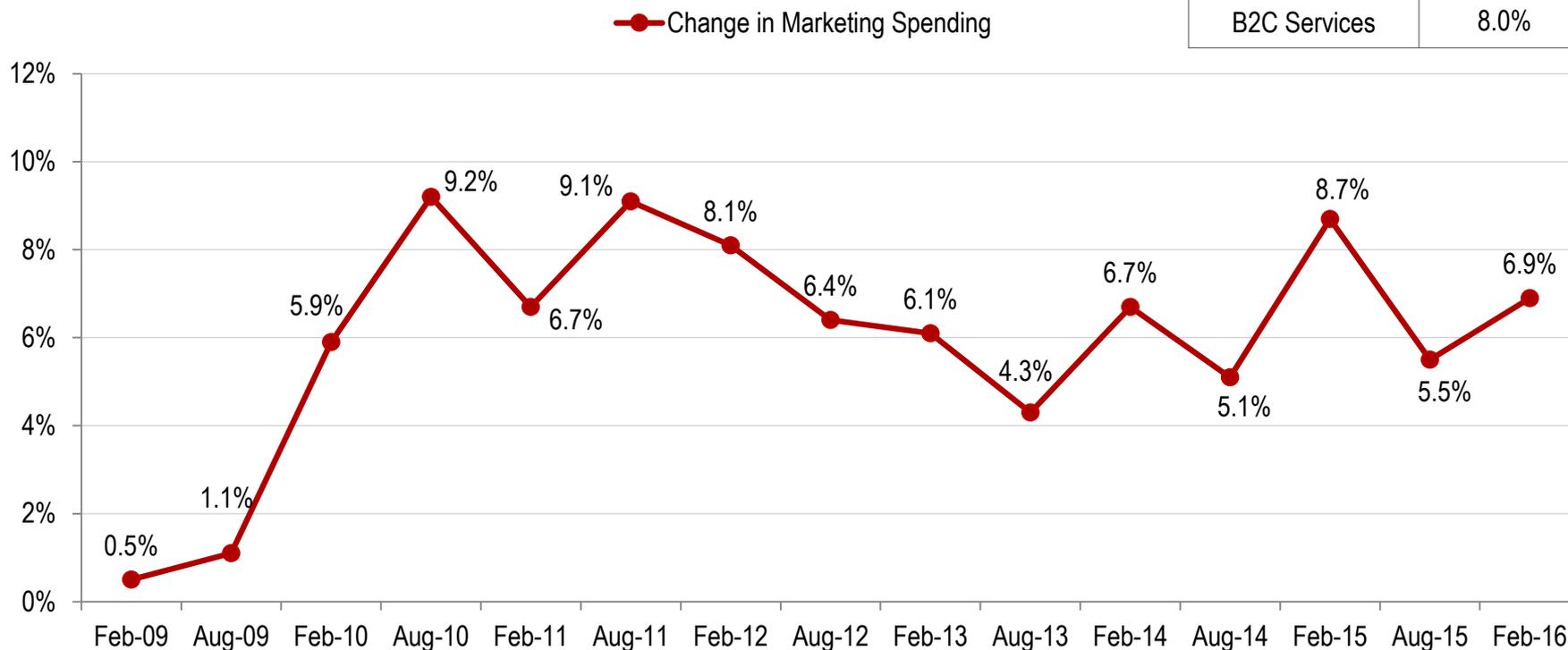
# Topic 3: Marketing Spending



# Marketing budgets forecasted to increase 6.9%

Overall	6.9%
B2B Product	8.1%
B2B Services	7.5%
B2C Product	1.3%
B2C Services	8.0%

**Figure 3.1. Percent change in marketing budgets in next 12 months**



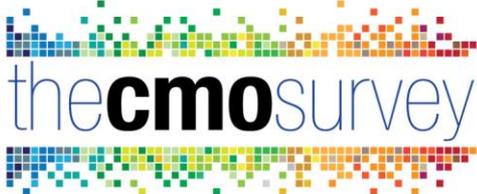
# What's in your marketing budget?

**Table 3.1. Expenses included in marketing budgets (check all that apply)\***

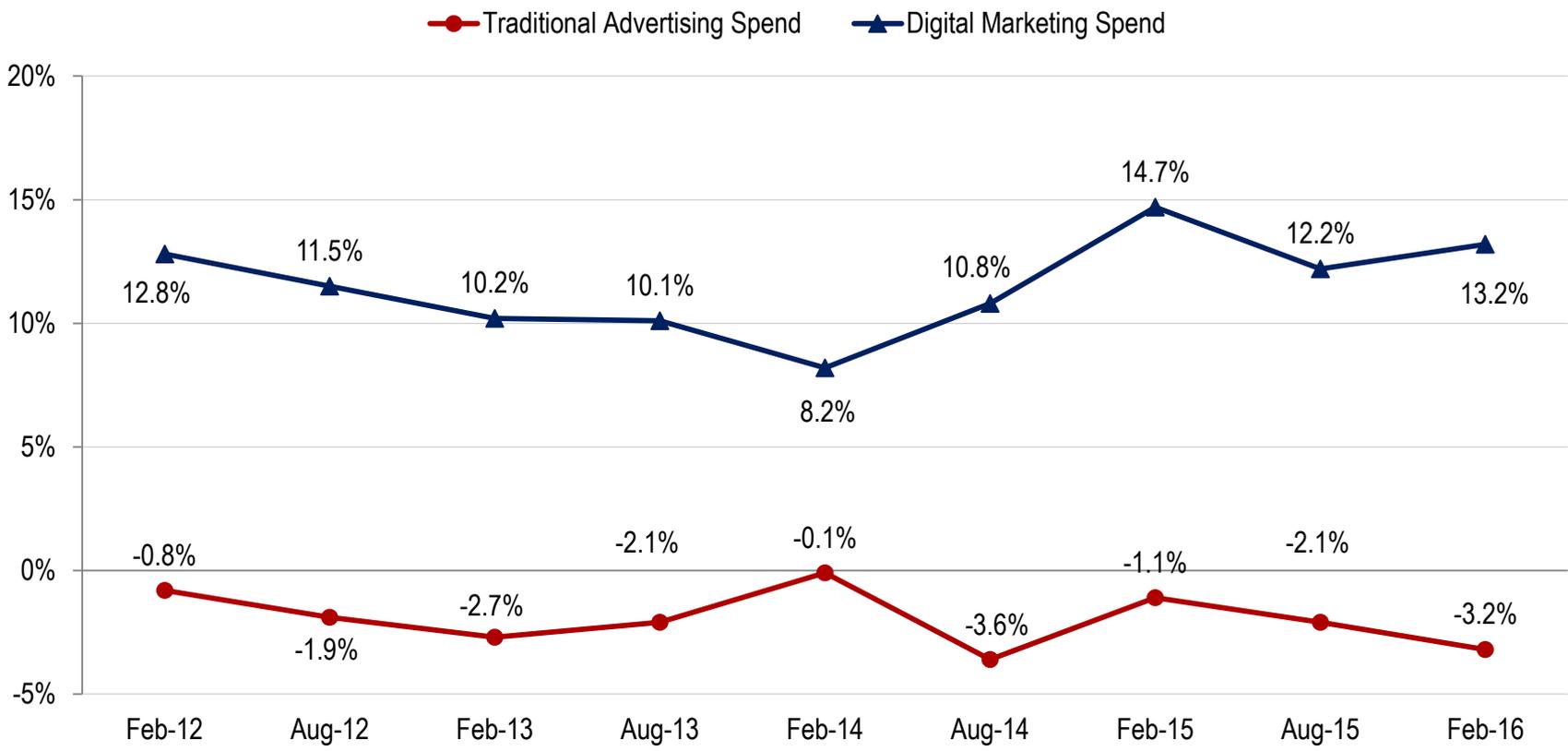
	Overall	B2B Product	B2B Services	B2C Product	B2C Services
Direct expenses of marketing activities	61.6%	68.5%	53.4%	64.9%	66.7%
Social media	51.6%	52.2%	44.9%	62.2%	59.5%
Marketing analytics	49.5%	57.6%	39.0%	59.5%	52.4%
Other overhead costs associated with marketing	45.7%	37.3%	45.9%	54.8%	37.5%
Marketing research	43.6%	31.4%	56.8%	50.0%	28.1%
Marketing employees	43.3%	36.4%	35.1%	50.0%	28.1%
Marketing training	33.6%	23.7%	37.8%	38.1%	20.8%
Sales employees	12.5%	11.0%	5.4%	23.8%	13.5%

\*Percentage reflect the number of marketers agreeing that the expense is included in their company's marketing budget.

# Digital marketing spend up 13.2% and traditional advertising spend down 3.2% in next year



**Figure 3.2. Percent change in traditional advertising\* vs. digital marketing spend in next 12 months**

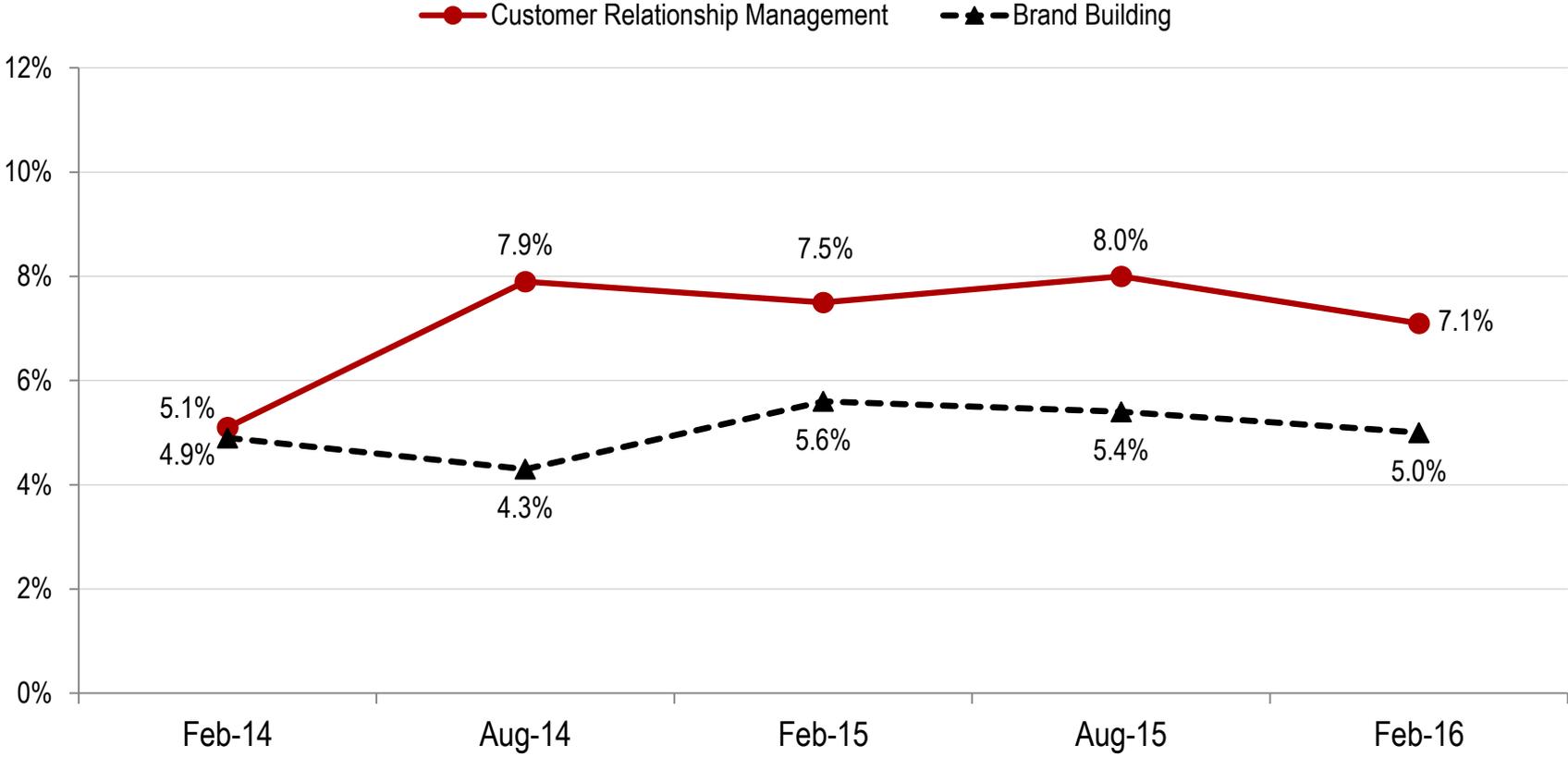


\*Refers to media advertising not using the Internet.

# Forecasted changes in customer and brand spending



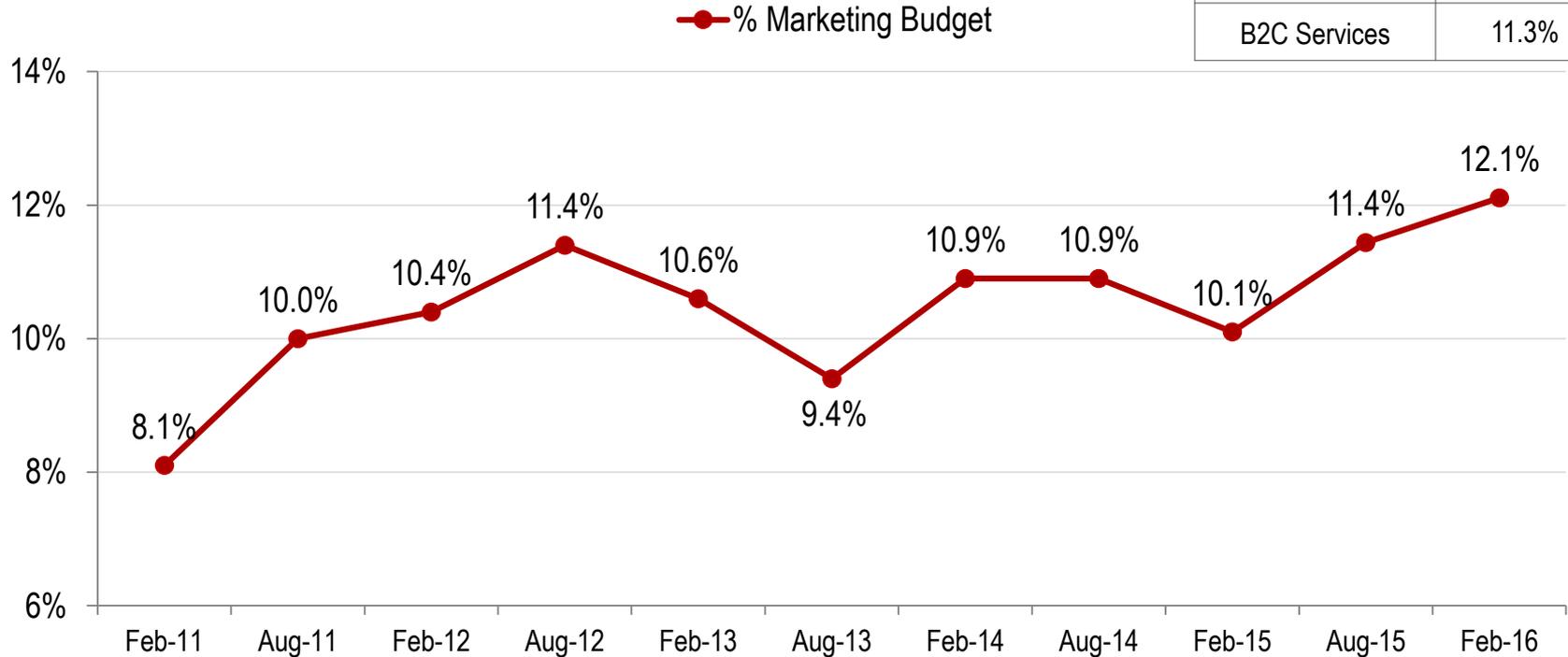
**Figure 3.3.** Percent change in CRM and brand spending in next 12 months



# Marketing budgets represent an increasing percent of firm budgets

**Figure 3.5. Marketing budget as percent of firm budget\***

Overall	12.1%
B2B Product	10.3%
B2B Services	11.6%
B2C Product	19.6%
B2C Services	11.3%

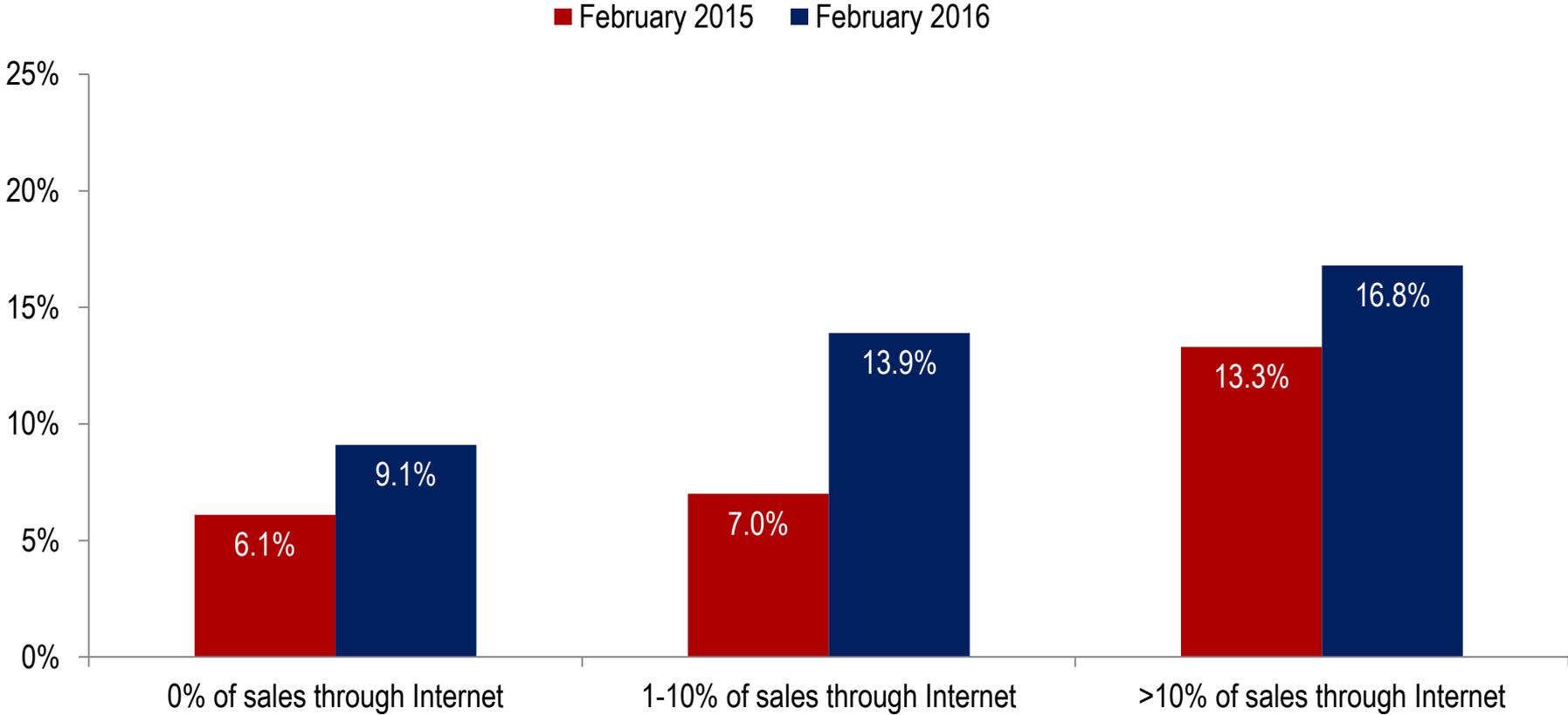


\*Question asked in Feb-11 for the first time.

# Marketing budgets correspond with Internet sales and differences widening



**Figure 3.4. Marketing budget (as a percent of overall firm budget) by firm Internet sales**



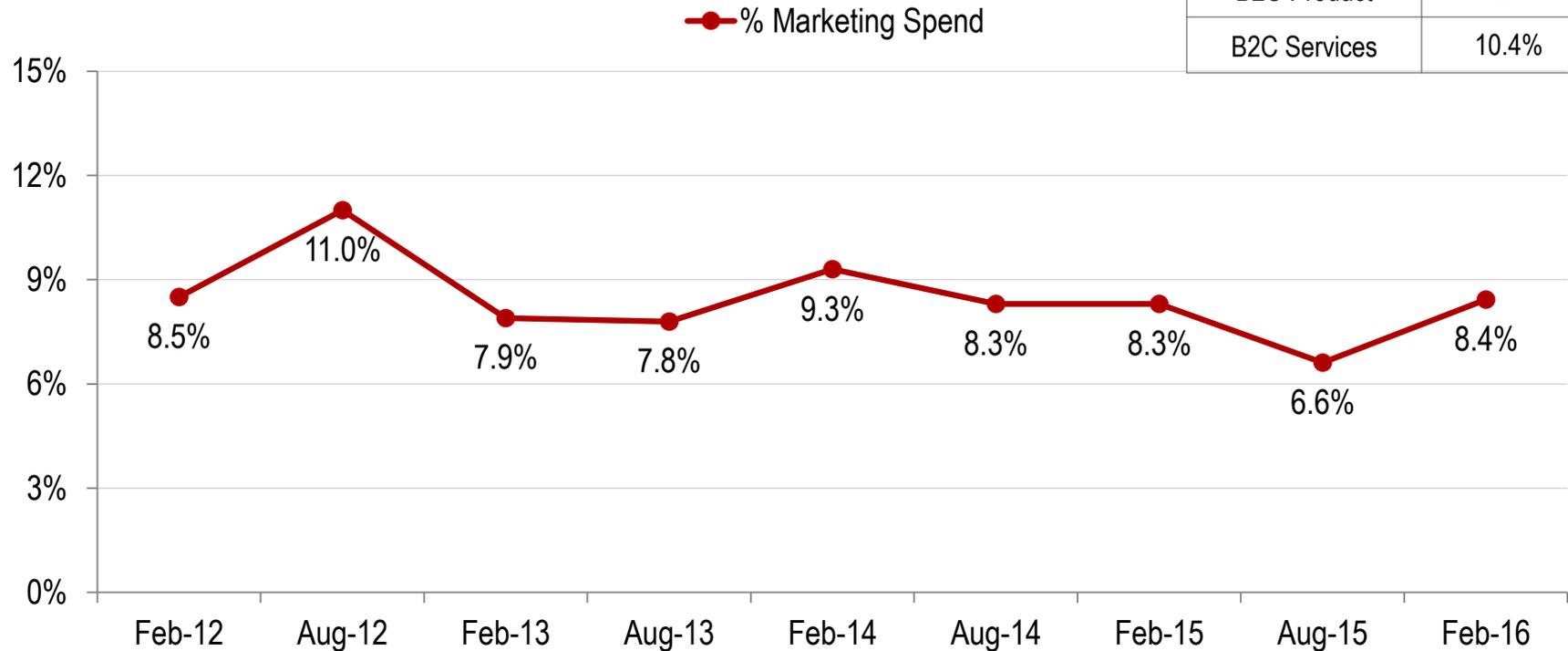
# Marketing spend 8.4% of company revenues



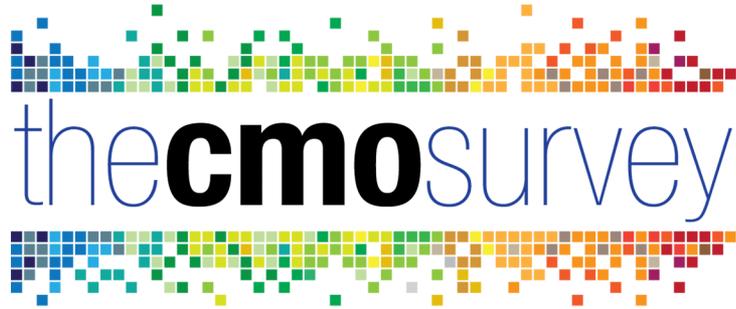
- Marketplace
- Growth
- Spending**
- Performance
- Social Media
- Mobile
- Jobs
- Organization
- Leadership
- Analytics

Overall	8.4%
B2B Product	6.9%
B2B Services	8.6%
B2C Product	9.5%
B2C Services	10.4%

**Figure 3.6. Marketing spending as percent of company revenues\***



\*Question asked in Feb-12 for the first time.



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Topic 4:

# Financial and Marketing Performance



# Firm performance metrics in last 12 months



**Table 4.1. Percent change in financial and marketing performance in prior 12 months**

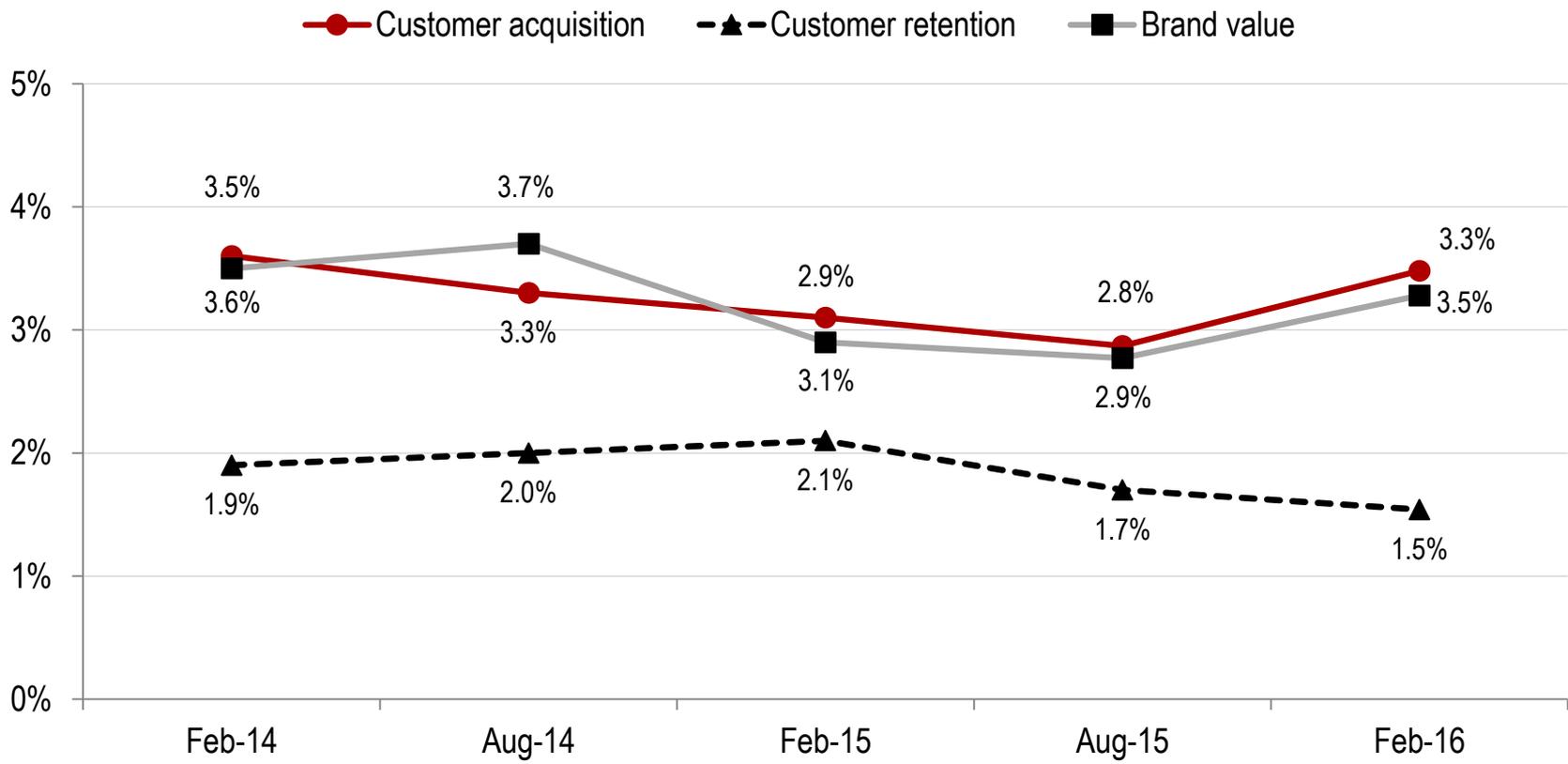
	Overall	B2B Product	B2B Services	B2C Product	B2C Services
Sales	3.8%	3.0%	4.5%	2.9%	4.3%
Profits	2.9%	2.0%	2.9%	2.5%	5.6%
Marketing ROI	2.8%	2.4%	3.0%	1.8%	4.2%
Customer acquisition	3.5%	2.8%	4.5%	0.1%	5.0%
Customer retention	1.5%	1.1%	1.4%	0.1%	3.8%
Brand value	3.3%	3.0%	3.6%	1.4%	4.4%



# Performance on customer retention lags further

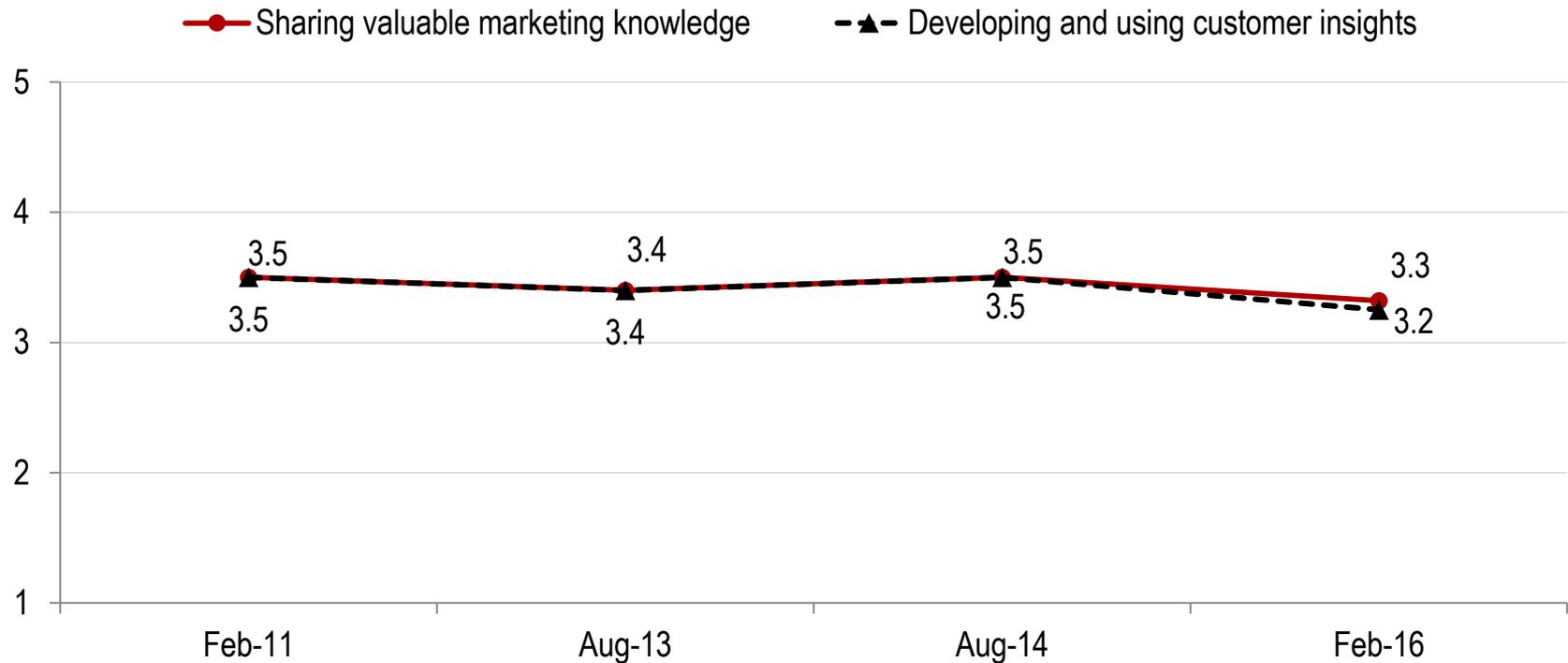


**Figure 4.1. Percent change in performance on customer and brand metrics in prior 12 months**



# No improvements in marketing knowledge metrics

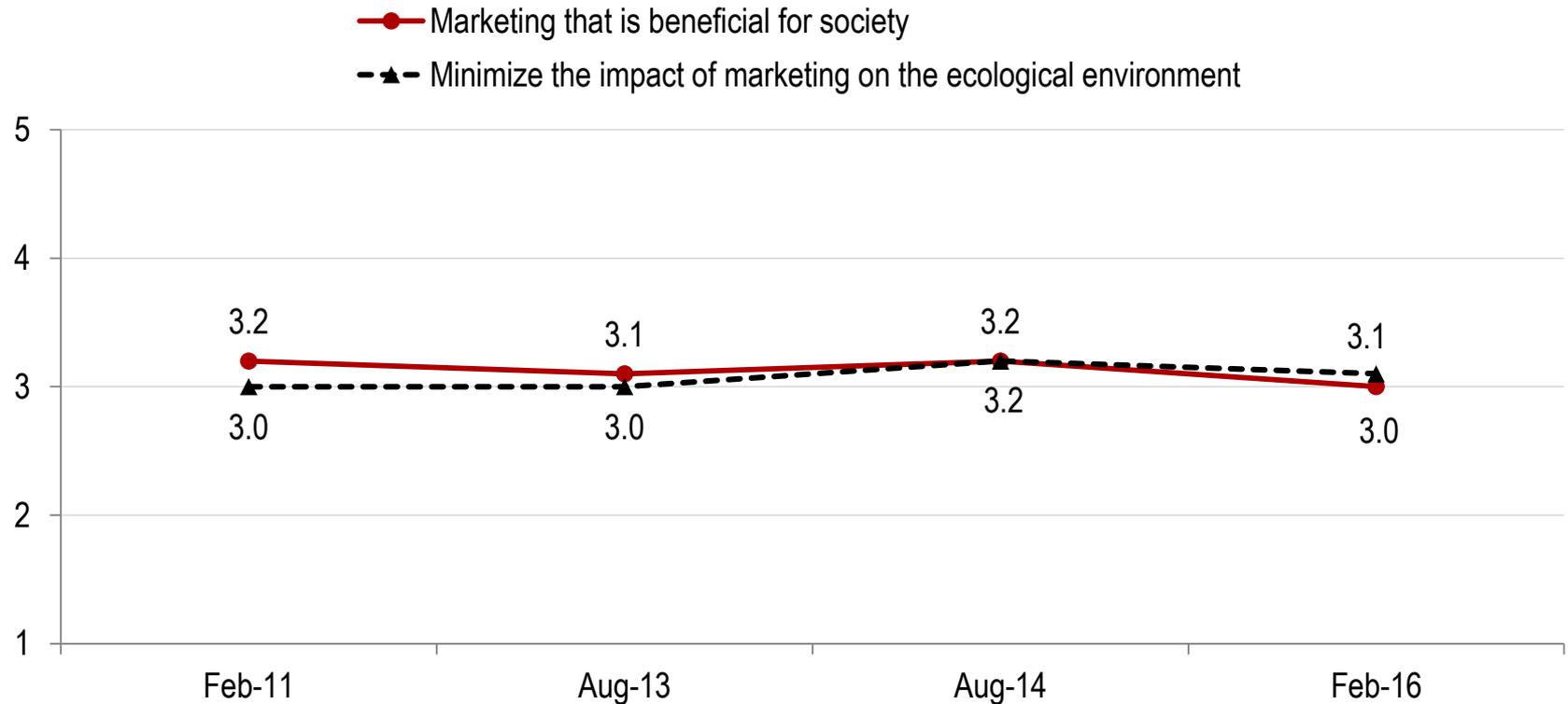
**Figure 4.2.** Rate your company on each marketing knowledge metric during the last 12 months (1=poor, 5=excellent)



\*Question asked irregularly; reporting complete time series 2011-2016.

# Performance on societal metrics remain unchanged after 5 years

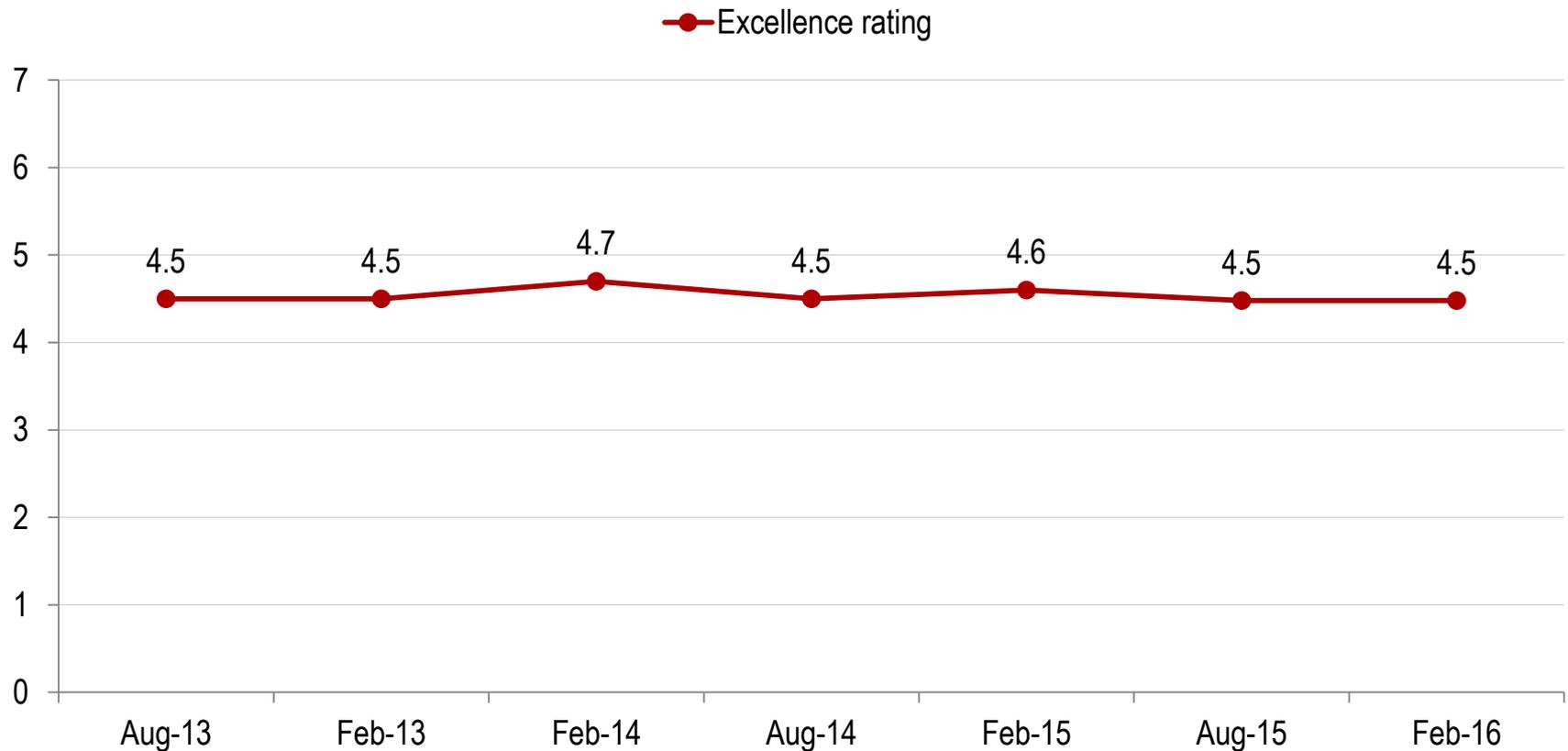
**Figure 4.3. Rate your company on each societal metric during the last 12 months (1=poor, 5=excellent)**



\*Question asked irregularly; reporting complete time series 2011-2016.

# Marketing excellence ratings show no improvement

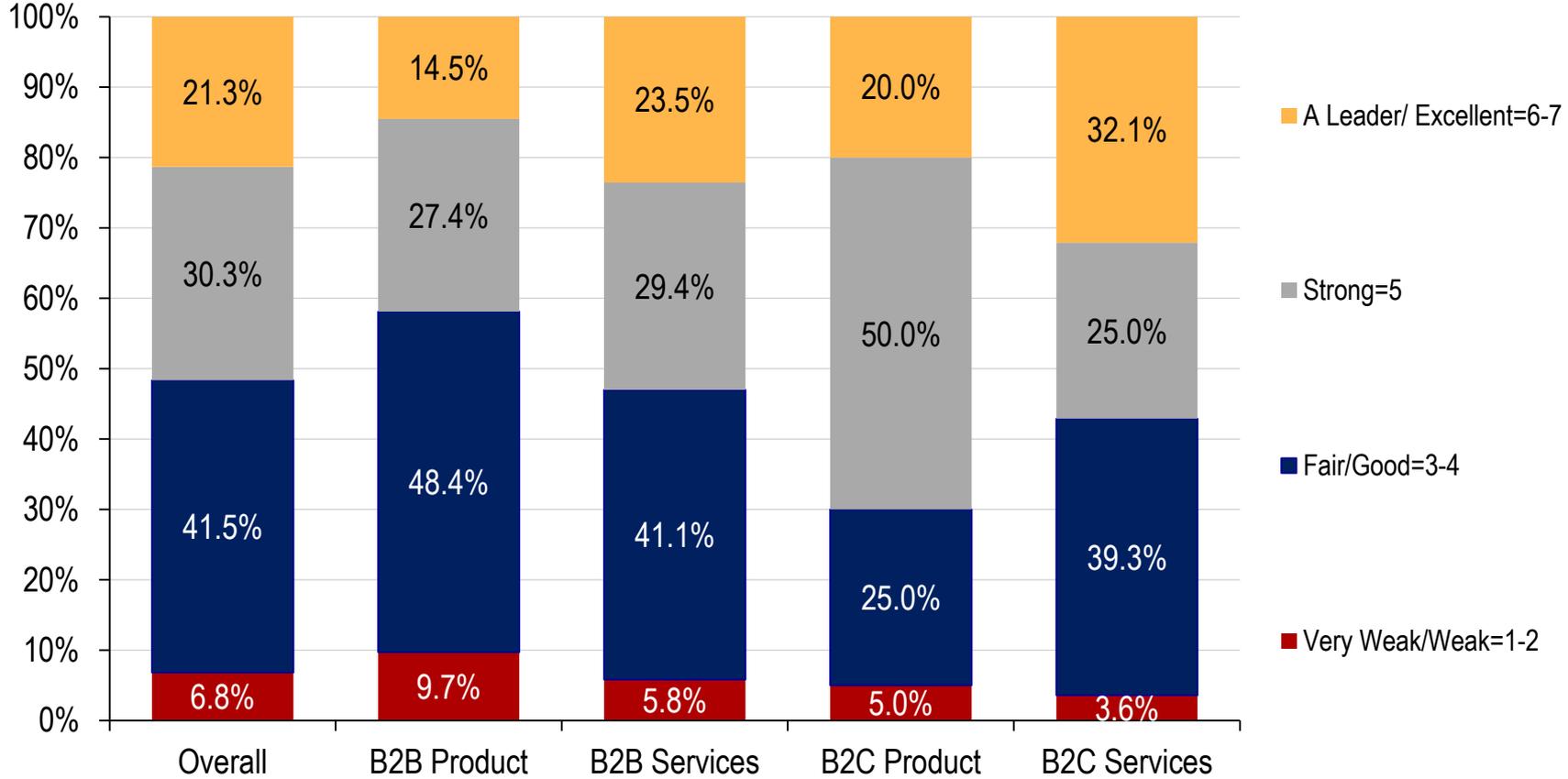
**Figure 4.4.** How would you rate your company's marketing excellence?\*(7-point scale where 1=Very Weak, 7=Leader)

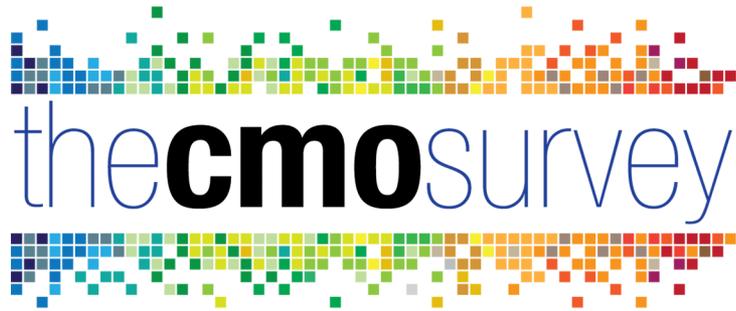


\* Question asked in Aug-13 for the first time

# Services companies more likely to be marketing leaders

**Figure 4.5.** How would you rate your company's marketing excellence? (7-point scale where 1=Very Weak and 7=Leader)





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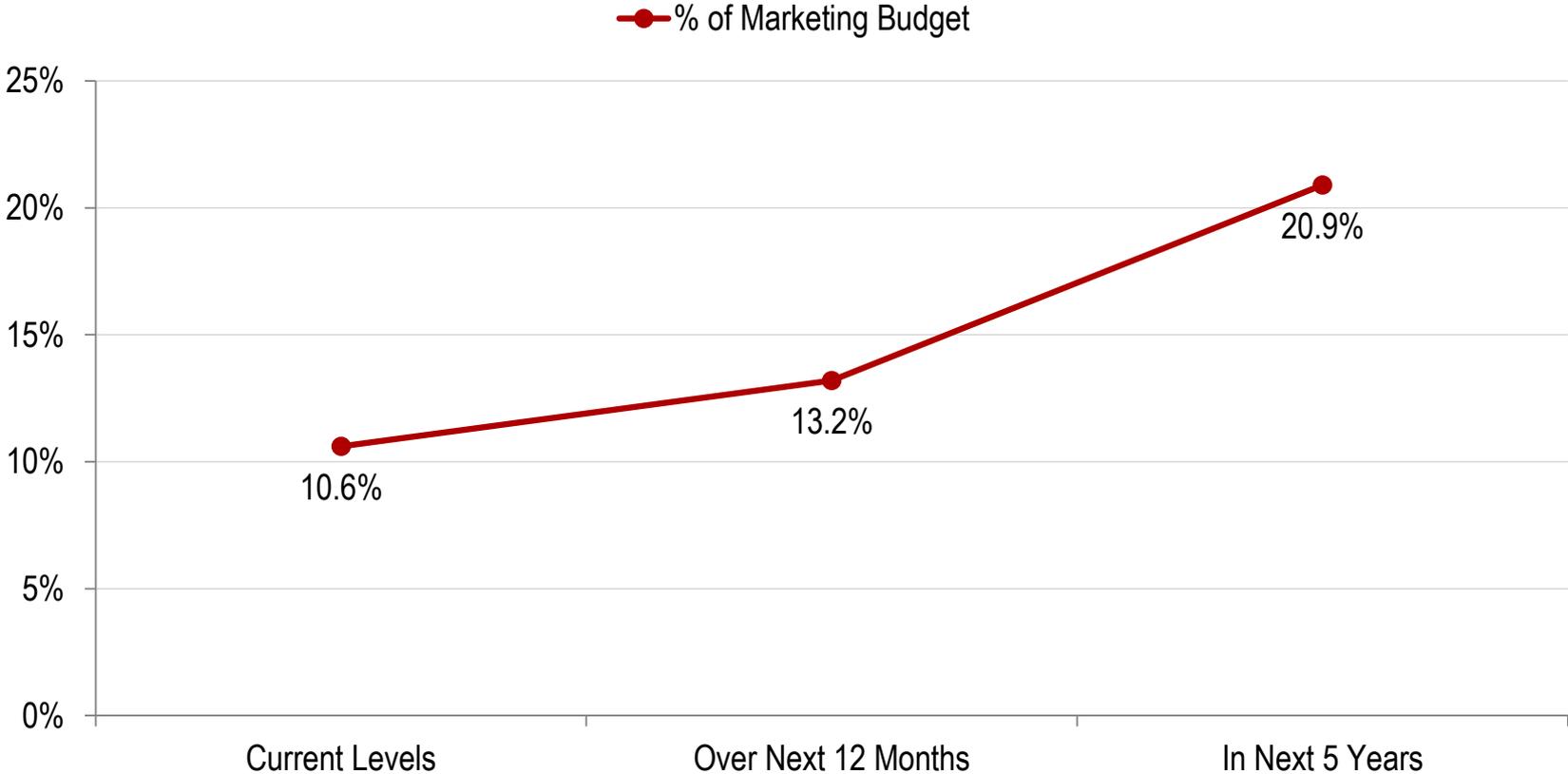
# Topic 5: Social Media Marketing



# Marketers plan to drastically increase social media spend in the next 5 years



**Figure 5.1. Social media spending as percent of marketing budgets**



# Social media spend across sectors

**Table 5.1. Changes in social media spending across sectors**

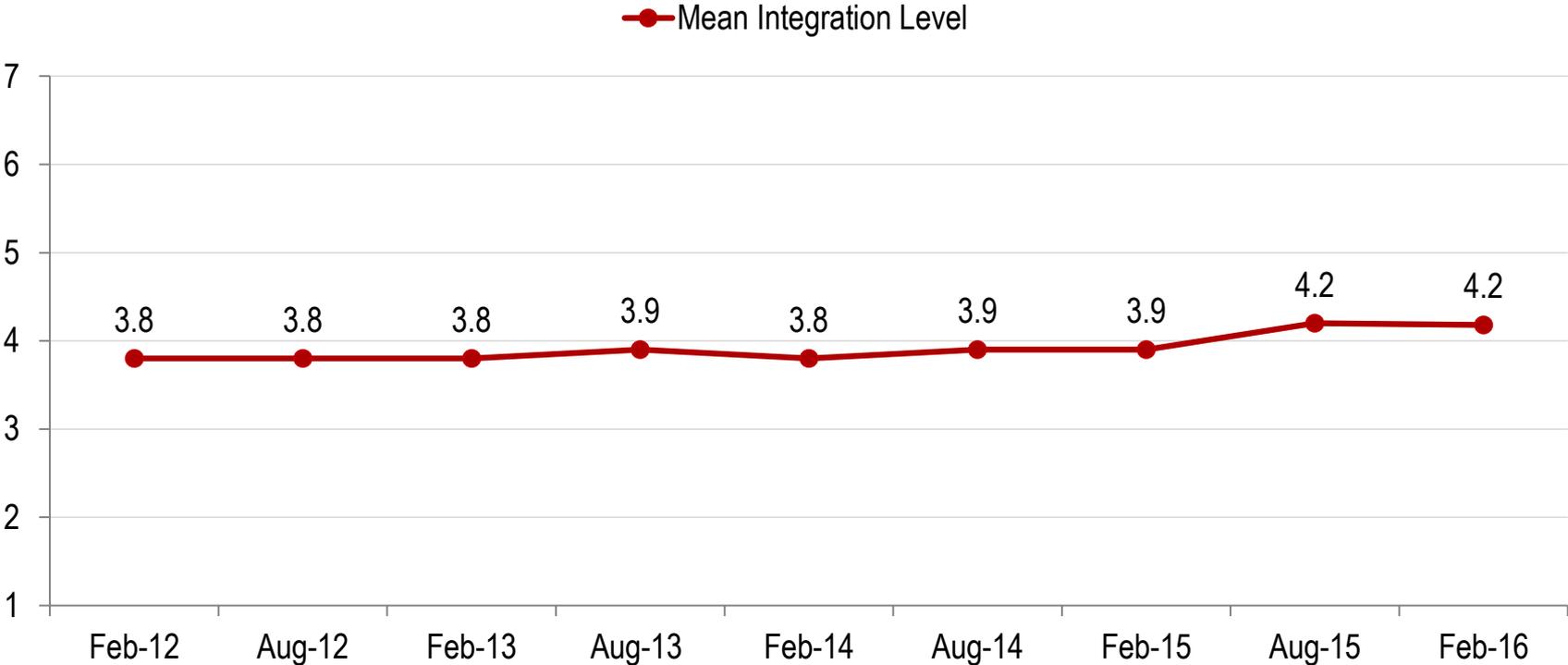
	Overall	B2B Product	B2B Services	B2C Product	B2C Services
Current social media spending	10.6%	7.5%	12.9%	9.0%	12.9%
Social media spending in the next 12 months	13.2%	9.3%	15.7%	12.2%	16.3%
Social media spending in the next 5 years	20.9%	17.2%	21.7%	22.1%	26.1%



# Integration of social media and marketing strategy moderate and holding



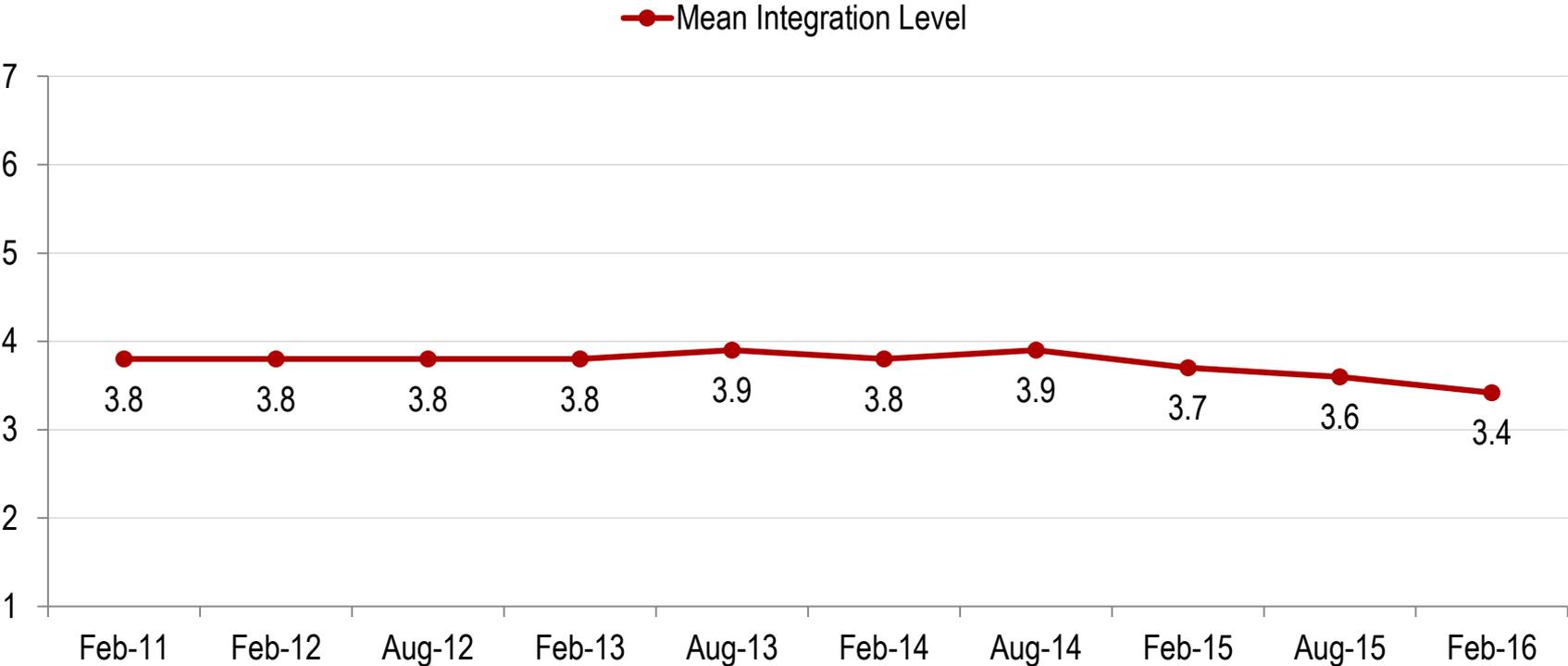
**Figure 5.2.** How effectively is social media linked to your firm’s marketing strategy?  
(1=Not integrated, 7=Very integrated)



# Integration of customer information across channels continues to worsen



**Figure 5.3. How effectively does your company integrate customer information across purchasing, communication, and social media channels? (1=Not At All Effectively, 7=Very Effectively)**

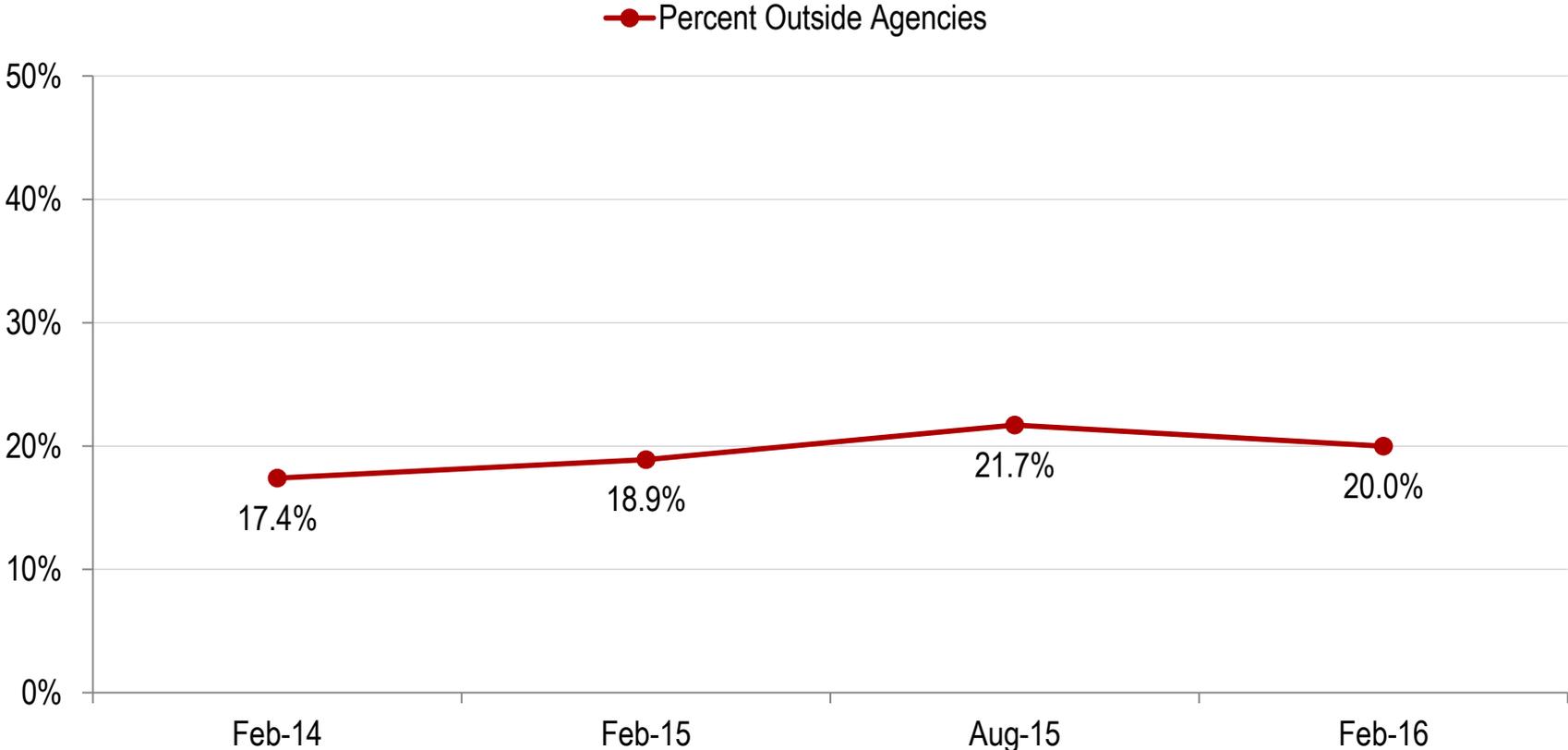


\*Question asked in Feb-11 for the first time.

# Twenty percent of social media activities performed by outside agencies

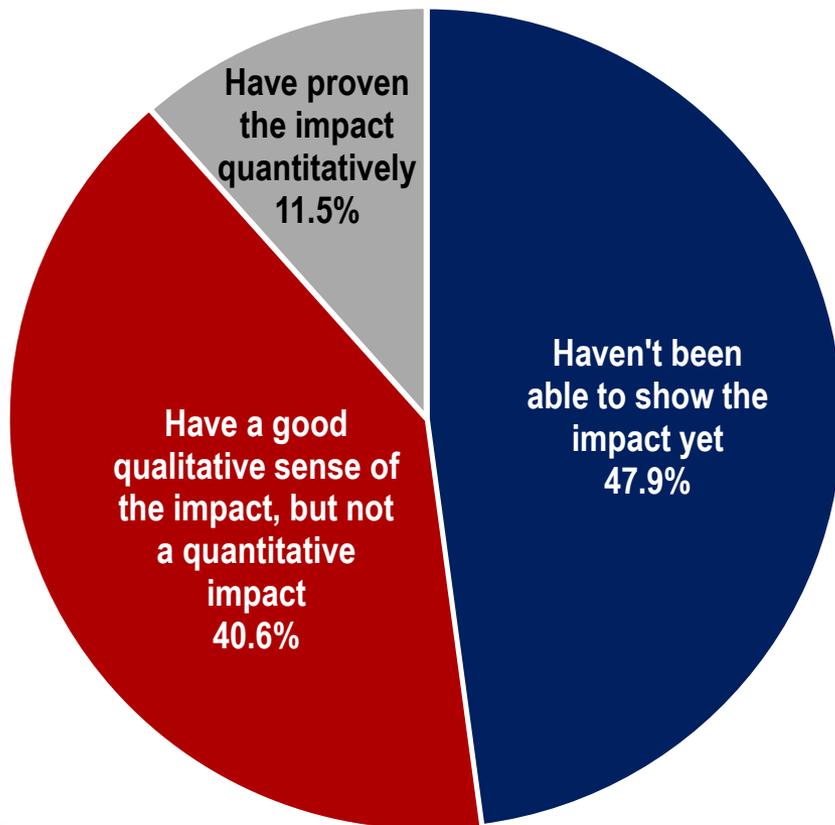


**Figure 5.4. Percent of company's social media activities performed by outside agencies**



# Few firms able to prove the impact of social media quantitatively

**Figure 5.5. Which best describes how you show the impact of social media on your business?**



	B2B Product	B2B Services	B2C Product	B2C Services
We have proven the impact quantitatively	9.1%	10.5%	14.3%	17.6%
We have a good qualitative sense of the impact, but not a quantitative impact	29.9%	47.4%	42.9%	44.1%
We haven't been able to show the impact yet	61.0%	42.1%	42.9%	38.2%



# Forecasted social media investments

**Table 5.2. Forecasted areas for social media investments in the next year**

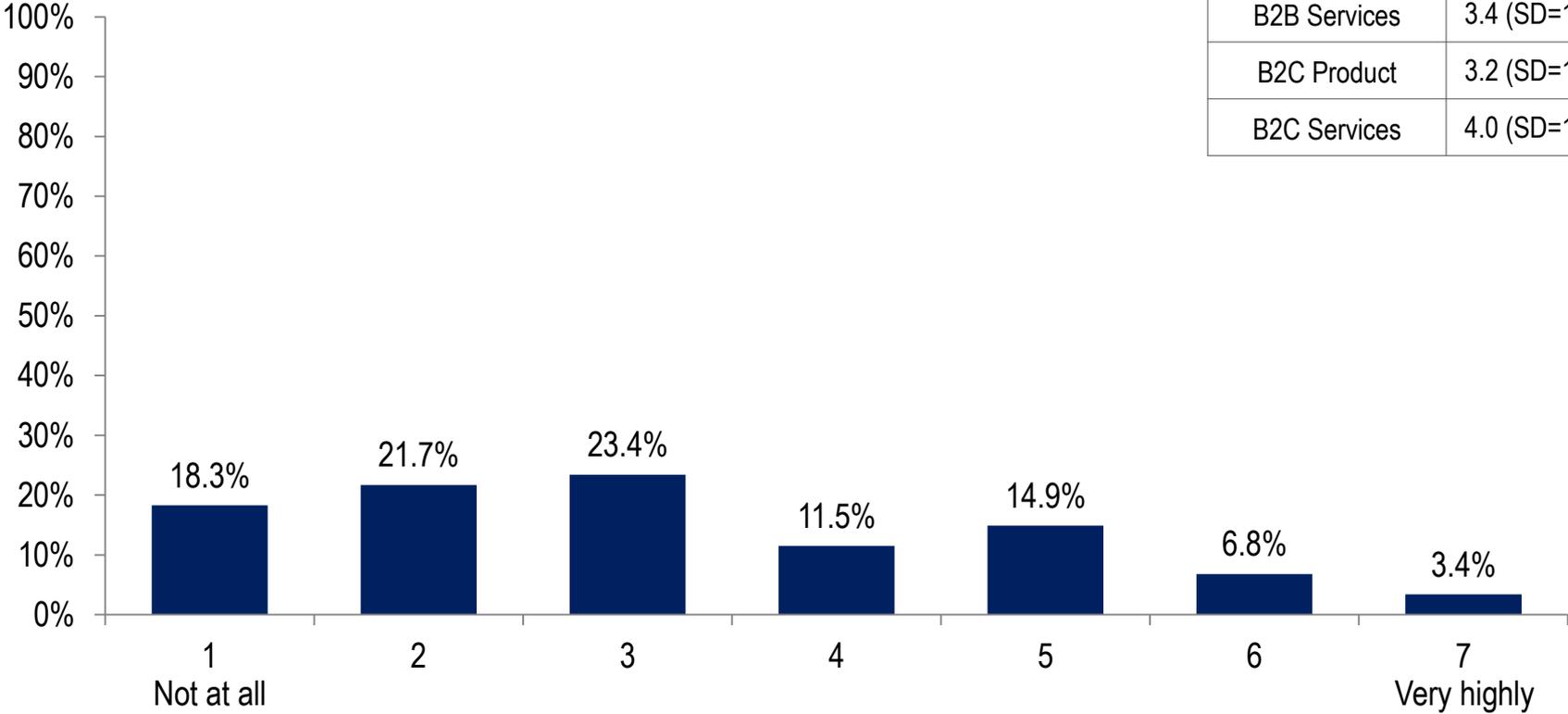
Area of investment	% of companies*
Content creation	62.6%
Analytics	43.6%
Campaign optimization	41.5%
Social listening	41.5%
Community engagement	40.5%
Customer care	30.8%
New technology	26.6%
Employee engagement	26.0%
Crisis monitoring and communication	23.5%
Talent acquisition	21.5%
Training employees	18.7%
Developing new products	15.6%

\*Percent of companies planning investment in the next year.

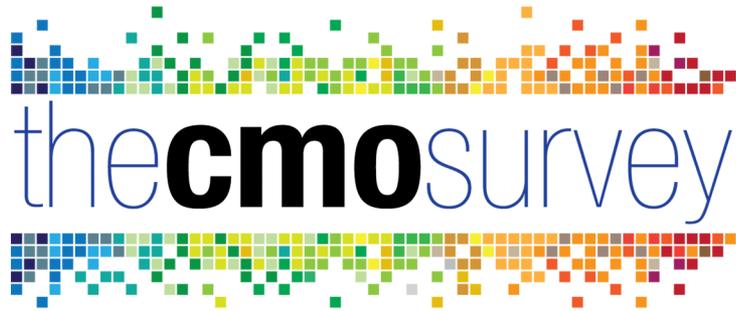


# Social media contributes little to company performance

**Figure 5.6.** To what degree does the use of social media contribute to your company's performance? (1=Not at all, 7=Very highly)



	Mean level
Overall	3.2 (SD=1.7)
B2B Product	2.5 (SD=1.4)
B2B Services	3.4 (SD=1.8)
B2C Product	3.2 (SD=1.4)
B2C Services	4.0 (SD=1.7)



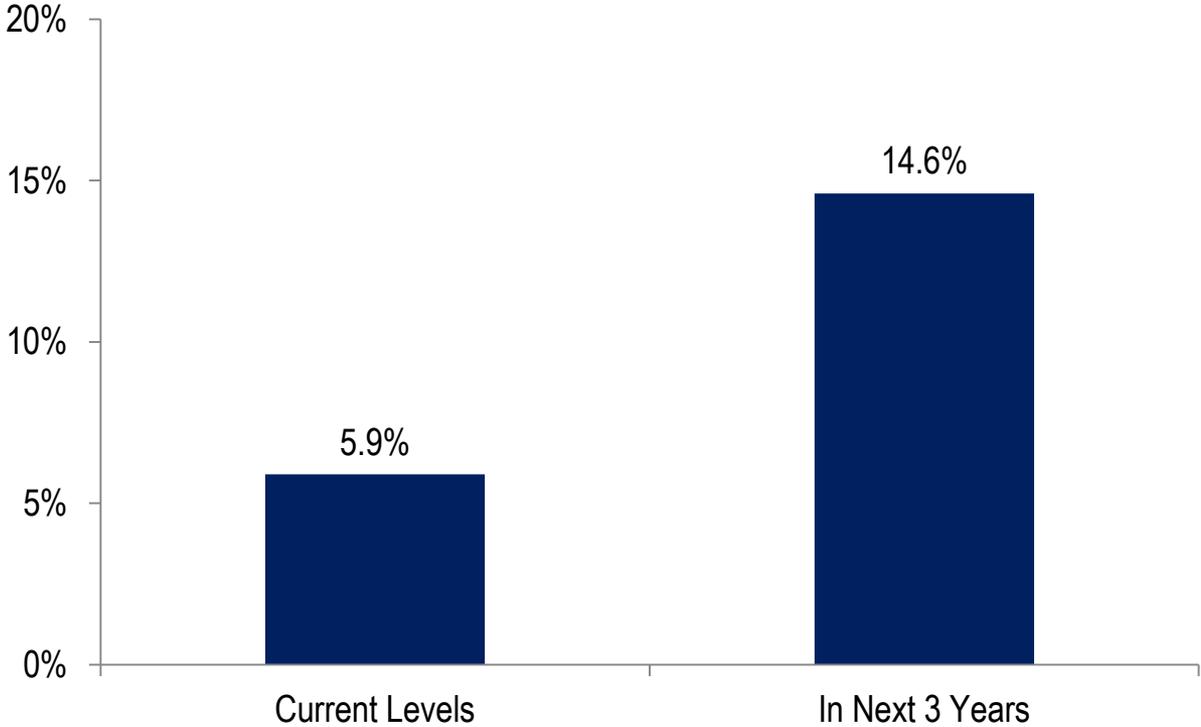
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# Topic 6: Mobile Marketing

# Marketing spend on mobile expected to increase 147% in three years



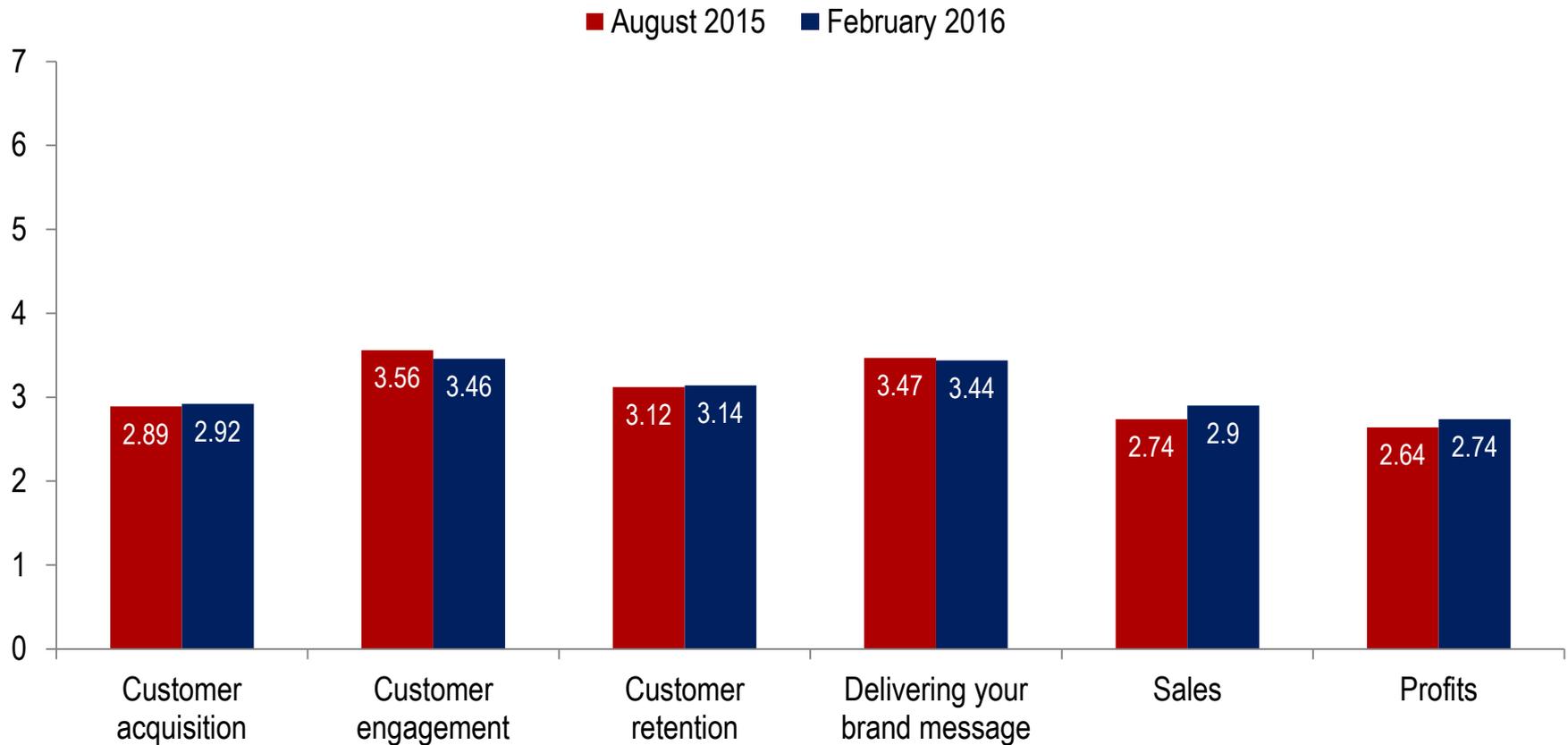
**Figure 6.1. Marketing budget spend on mobile**



	Now	3 years
Overall	5.9%	14.6%
B2B Product	3.8%	10.5%
B2B Services	5.7%	13.7%
B2C Product	9.2%	22.2%
B2C Services	8.8%	20.3%

# Mobile marketing underperforms on key marketing outcomes

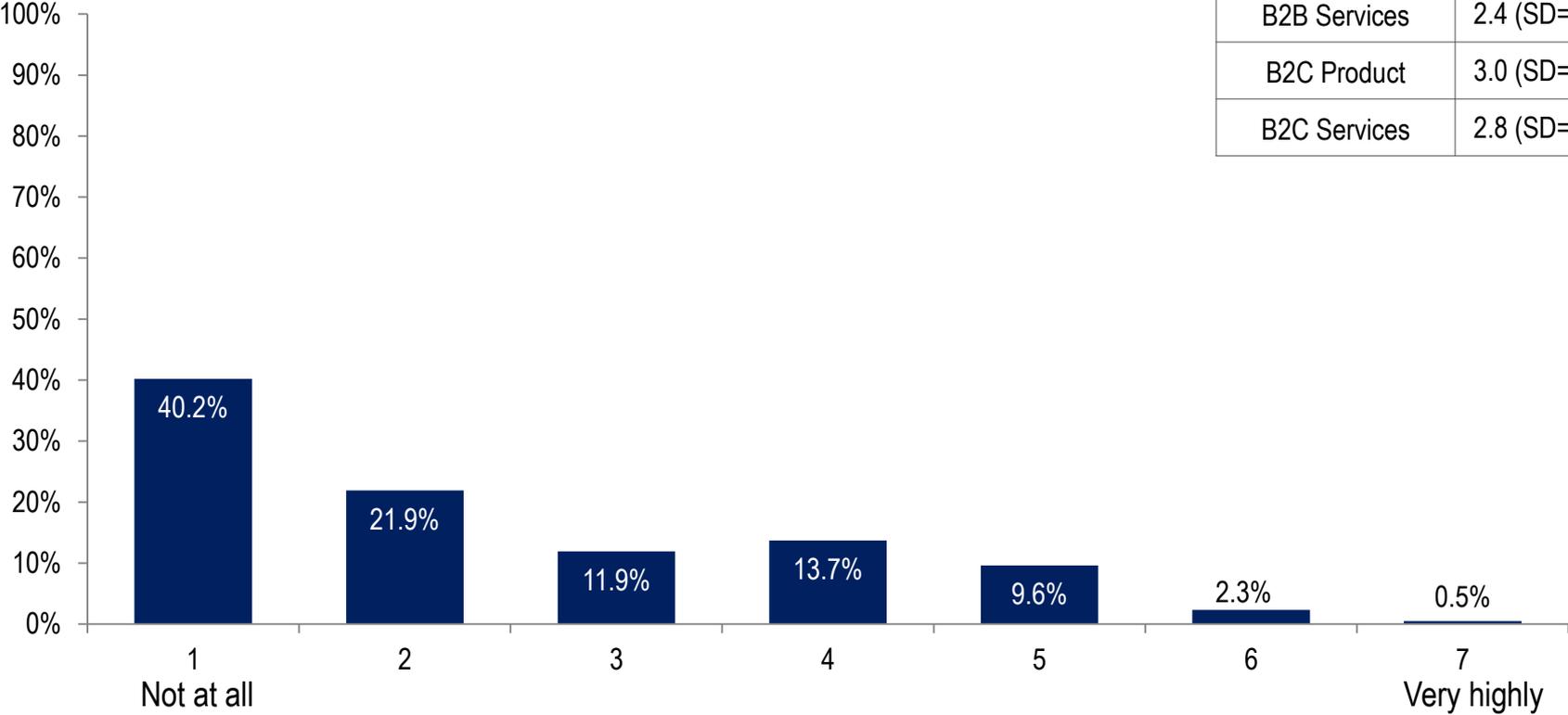
**Figure 6.2.** Rate the performance of your company's mobile marketing activities (7-point scale where 1=Poor, 7=Excellent)



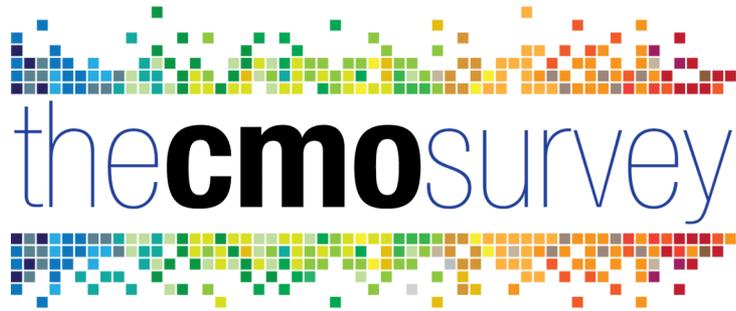
# Mobile marketing contributes little to company performance



**Figure 6.3.** To what degree does the use of mobile marketing contribute to your company's performance? (1=Not at all, 7=Very highly)



	Mean level
Overall	2.4 (SD=1.5)
B2B Product	2.0 (SD=1.2)
B2B Services	2.4 (SD=1.7)
B2C Product	3.0 (SD=1.6)
B2C Services	2.8 (SD=1.5)



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# Topic 7: Marketing Jobs

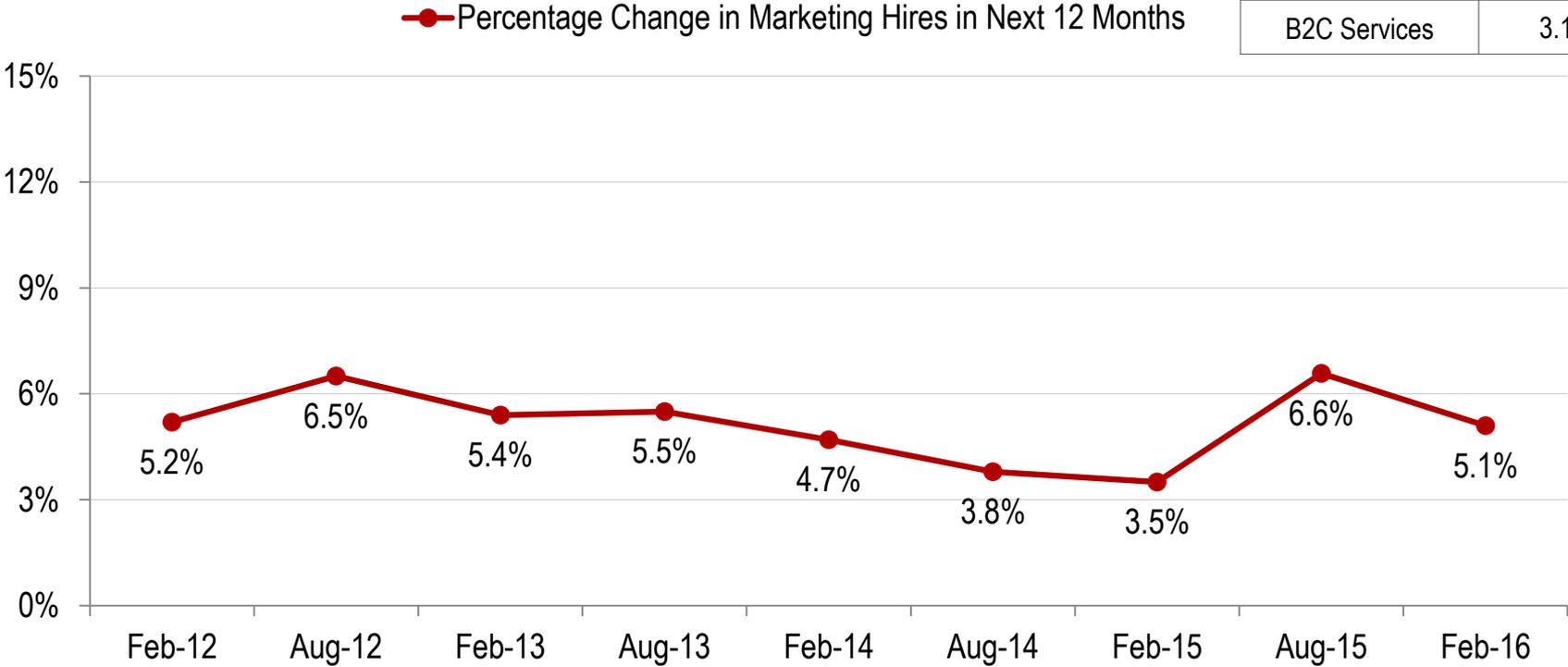


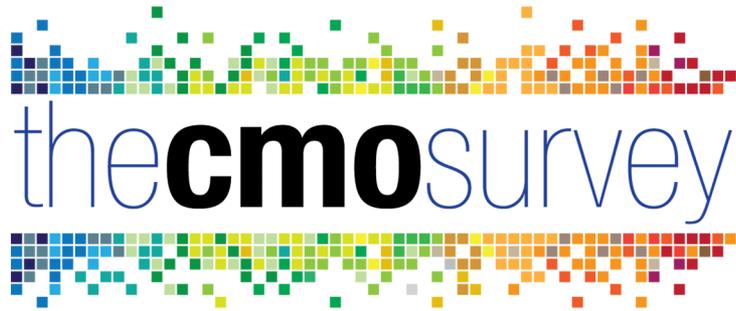
# Marketing hiring growth slows: Focus on B2B marketers



Overall	5.1%
B2B Product	5.7%
B2B Services	5.5%
B2C Product	4.4%
B2C Services	3.1%

**Figure 7.1. Percentage change in marketing hires planned in next 12 months**





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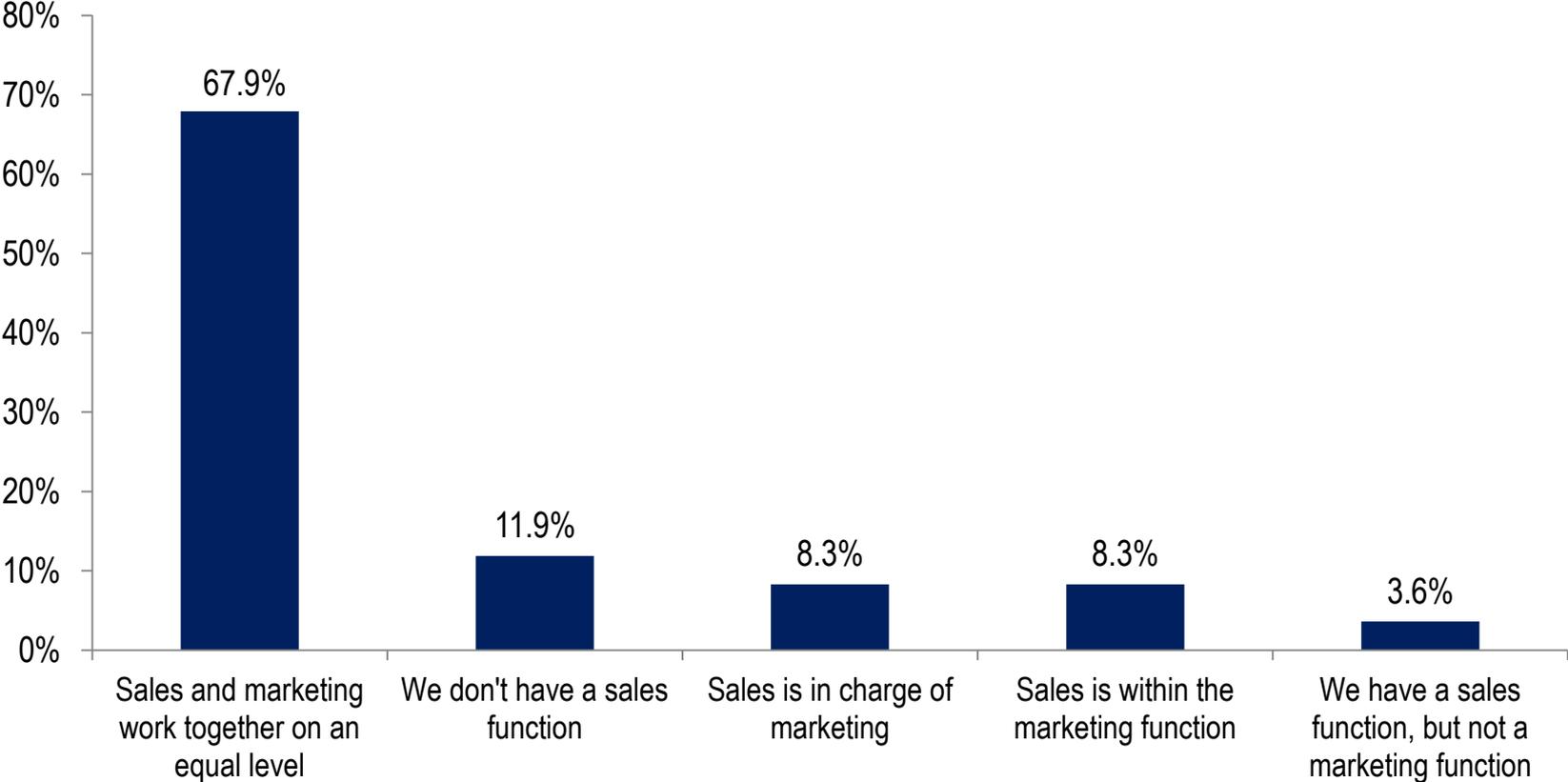
# Topic 8: Marketing Organization



# Marketing and sales are equal partners in most companies



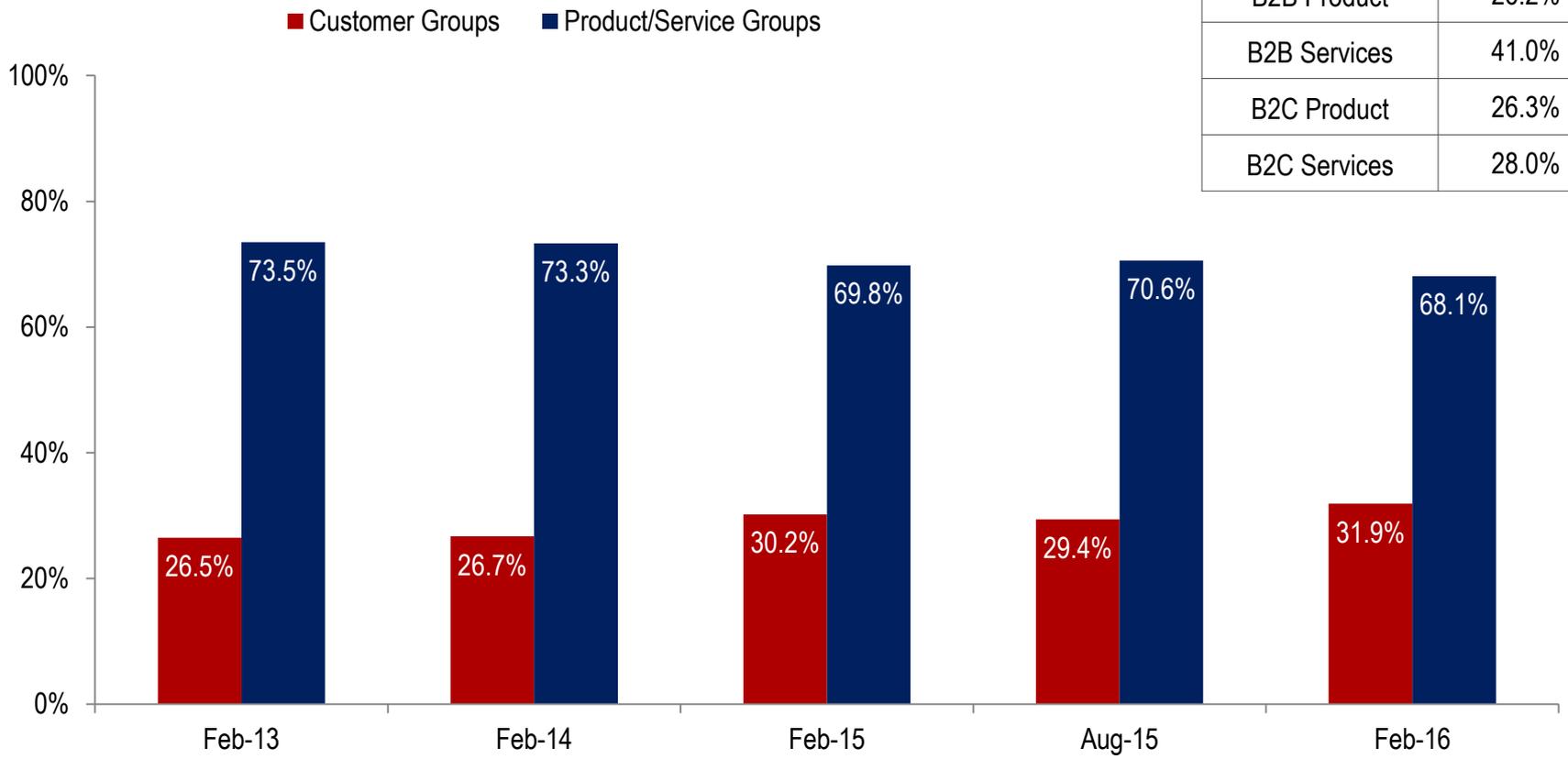
**Figure 8.1. The marketing-sales relationship (% of respondents)**



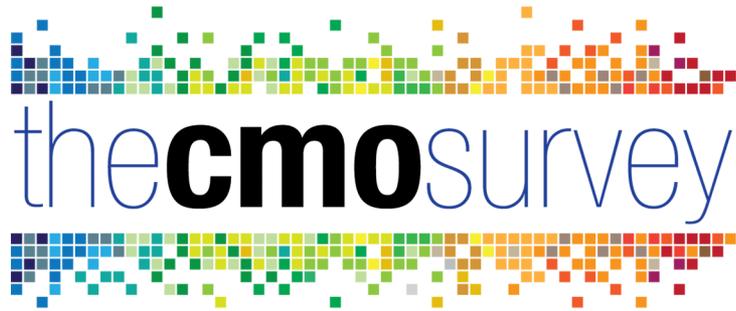
# Product/service structure dominates, but customer groups continue to inch up



**Figure 8.2. Organizational structure in companies**



	% customer groups
Overall	31.9%
B2B Product	26.2%
B2B Services	41.0%
B2C Product	26.3%
B2C Services	28.0%



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# Topic 9: Marketing Leadership



# Marketing leadership gains and losses

**Table 9.1. Percentage of companies in which marketing leads activity**

Activity	Feb-11	Aug-15	Feb-16**
Brand	81%	82.10%	87.50%
Social media	71%	79.50%	83.90%
Advertising	85%	82.70%	82.10%
Marketing analytics*	-	75.00%	79.20%
Promotion	81%	76.30%	76.20%
Positioning	79%	80.10%	75.60%
Marketing research	73%	70.50%	70.20%
Public relations	65%	64.10%	64.90%
Lead generation	53%	55.80%	62.50%
Competitive intelligence	58%	55.10%	56.50%
Market entry strategies	50%	55.80%	46.40%
CRM	38%	39.10%	37.50%
New products	44%	37.80%	36.30%
Pricing	30%	30.80%	32.10%
Targeting/Market selection	31%	30.10%	29.80%
Innovation	33%	23.10%	28.60%
Sales	32%	32.10%	25.00%
Customer service	22%	19.90%	17.30%
Stock market performance	0.40%	3.80%	1.80%

Stronger marketing leadership:

- Brand
- Social media
- Marketing analytics
- Lead generation
- Innovation

Weaker marketing leadership:

- Positioning
- Market entry strategies
- Sales
- Customer service
- Stock market performance

Maintaining marketing leadership:

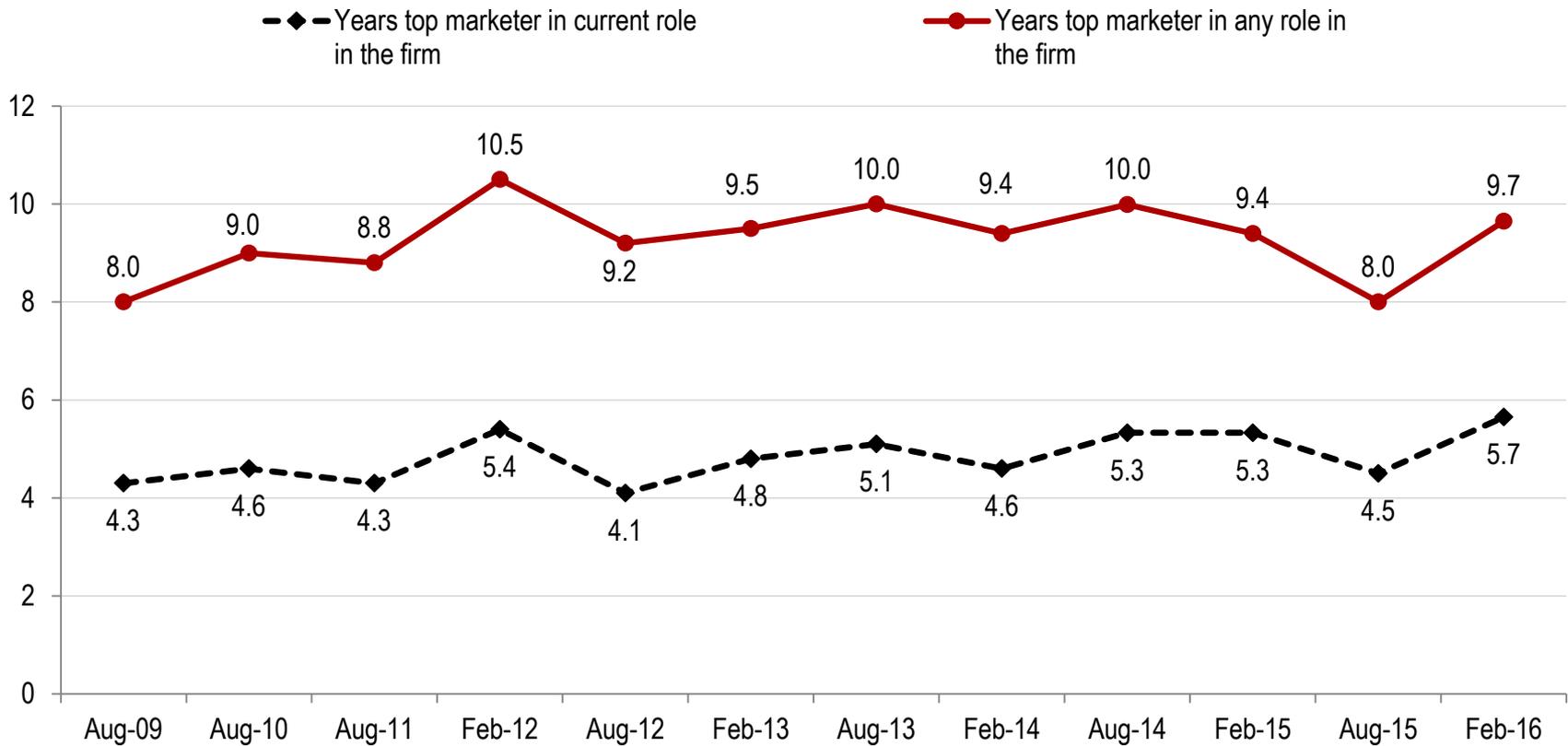
- Advertising
- Promotion
- Marketing research
- Public relations
- Competitive intelligence
- CRM
- New products
- Pricing
- Targeting/Market selection

\*Marketing analytics added in Feb-13.

\*\*Red reflects a decrease and Green reflects an increase of more than 2 percent between Aug-15 and Feb-16.

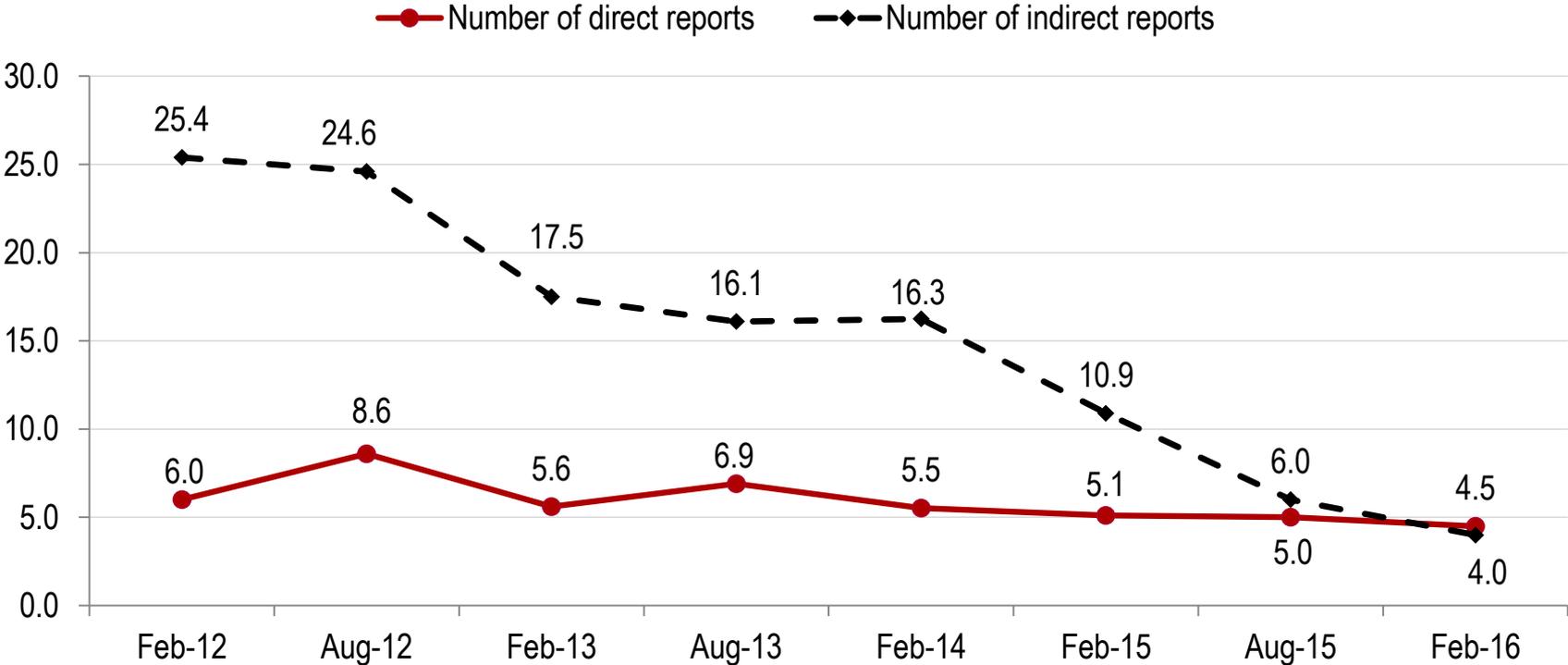
# Marketing leader retention at all-time high (5.7 years)

**Figure 9.1. Marketing leader retention**



# However, marketers continue to lose reports

**Figure 9.2. Number of people reporting to top marketer**



# Leading practices from marketing leaders

See full interviews at [www.cmosurvey.org/cmo-insights/](http://www.cmosurvey.org/cmo-insights/)



Senior Vice President and Chief Marketing Officer Beth Comstock discusses how GE approaches marketing: “You have to create a platform that invites innovative ideas.” This platform involves four capabilities that have produced an array of new products, services, customers, and business models.



Chief Marketing Officer Kim Feil discusses how she built a marketing function. From insights to accountability, she describes the organization, processes, metrics, and talent management strategies important to this effort.



Executive Vice President and Chief Marketing Officer Geert van Kuyck shares ideas on building the essential skill set for CMOs and the importance of defining the CMO’s mission. He discusses the use of the Net Promoter Score and other metrics to evaluate business results at Philips, touching on Philips’ engagement with LinkedIn and social media metrics.

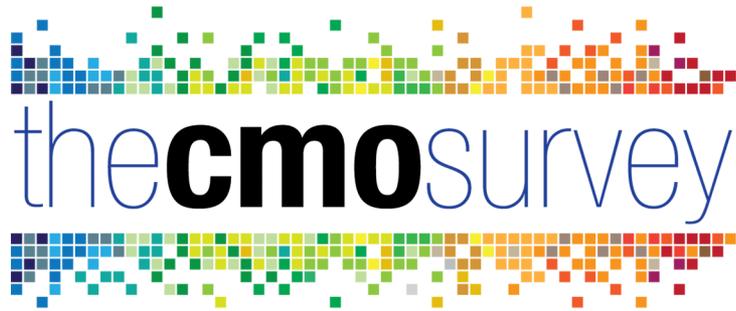


Executive Vice President and Chief Marketing Officer Stephen Quinn describes how Walmart rebuilt its customer focus. Key steps involved harnessing internal support, generating market insight, using customer-focused metrics, living the brand internally, and building marketing talent.



Global Marketing Officer Marc Pritchard shares views on how marketing contributes to P&G’s performance. He talks about how P&G learns about customers and how it is relentless in its attention to building loyal customers and strong brands in the store, on the web, and around the world.





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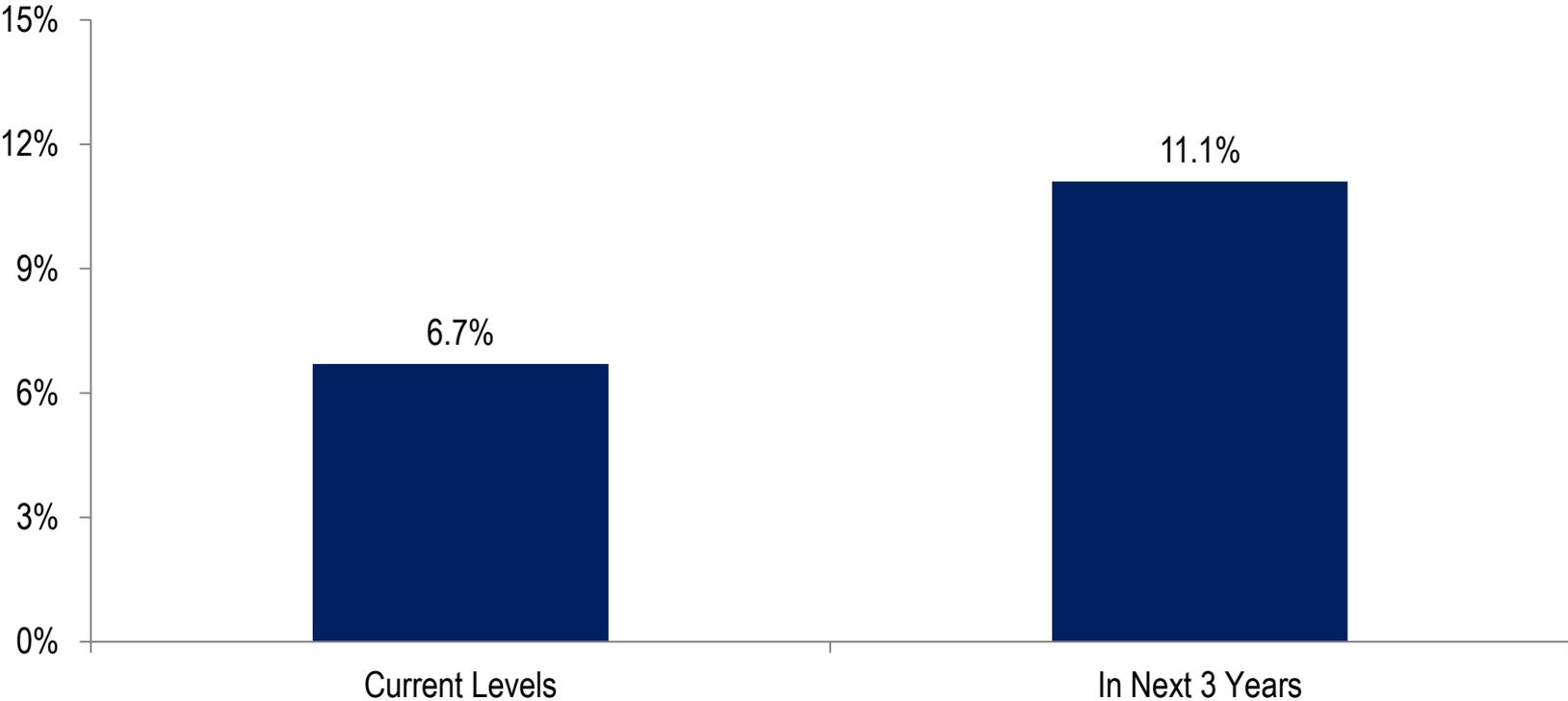
# Topic 10: Marketing Analytics



# Spending on marketing analytics to increase 66% in three years



**Figure 10.1. Percent of marketing budget spent on marketing analytics**



# Spending on marketing analytics by firm and industry characteristics

**Table 10.1a. Firm sector differences**

	Current	In Next 3 years
B2B Product	6.1%	11.0%
B2B Services	7.8%	12.0%
B2C Product	7.0%	10.7%
B2C Services	5.1%	9.5%

**Table 10.1c. Firm size differences**

	Current	In Next 3 years
<\$25M	6.5%	10.7%
\$26-99M	6.1%	9.6%
\$100-499M	6.4%	12.1%
\$500-999M	5.0%	12.3%
\$1-9.9B	7.8%	10.7%
\$10+B	8.9%	13.8%

**Table 10.1b. Firm Internet sales differences**

	Current	In Next 3 years
0%	5.9%	10.0%
1-10%	6.6%	10.6%
>10%	8.1%	13.9%

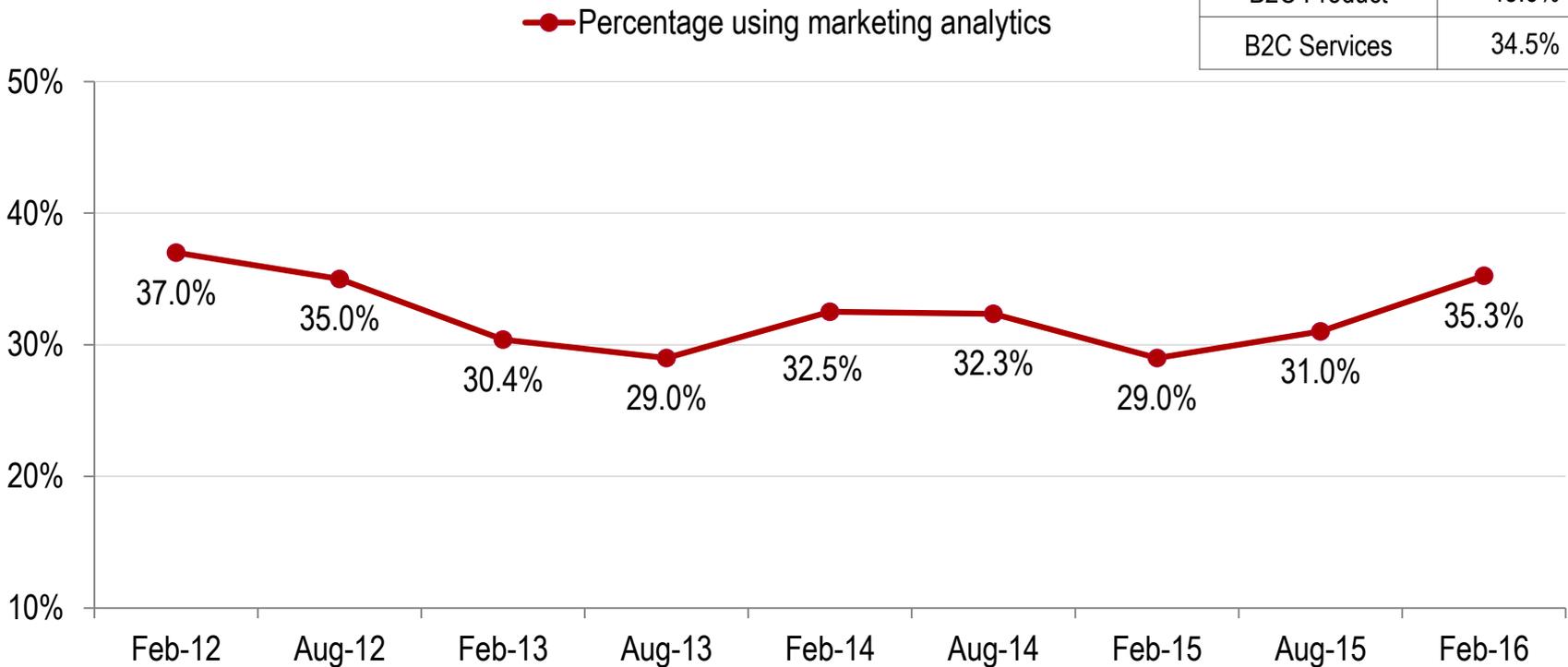


# More decisions use marketing analytics

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

Overall	35.3%
B2B Product	22.8%
B2B Services	29.6%
B2C Product	45.6%
B2C Services	34.5%

**Figure 10.2. Percentage of decisions using marketing analytics\***



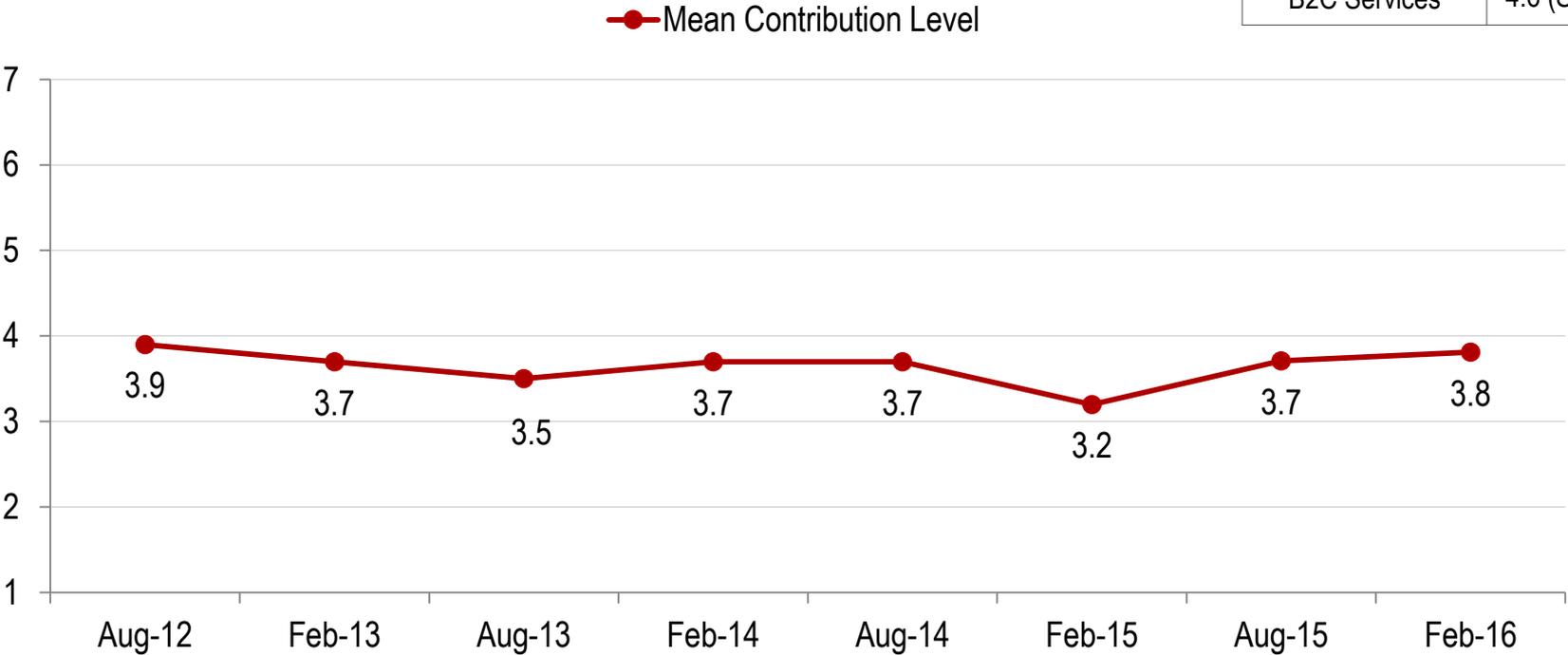
\*This question was asked in Feb-12 for the first time.

# However, contribution of marketing analytics remains low



**Figure 10.3.** To what degree does the use of marketing analytics contribute to your company's performance? (1 = Not at all, 7 = Very highly)

Overall	3.8 (SD=1.8)
B2B Product	3.3 (SD=1.7)
B2B Services	3.8 (SD=1.8)
B2C Product	4.1 (SD=1.6)
B2C Services	4.6 (SD=1.6)



\*This question was asked in Aug-12 for the first time.

# Marketing analytics contributions by sector and firm differences

To what degree does the use of marketing analytics contribute to your company's performance?  
(1=Not At All, 7=Very Highly)

**Table 10.2a. Industry sector differences**

Sector	Mean
Banking/Finance/Insurance	3.1
Communications/Media	4.2
Consumer Packaged Goods	4.3
Consumer Services	4.8
Education	4.8
Energy	3.2
Healthcare/Pharma.	3.4
Manufacturing	3.1
Mining/Construction	3.5
Retail/Wholesale	3.7
Service/Consulting	3.9
Tech Software Biotech	4.3
Transportation	4.7

**Table 10.2b. Economic sector differences**

Sector	Mean
B2B Product	3.3
B2B Services	3.8
B2C Product	4.1
B2C Services	4.6

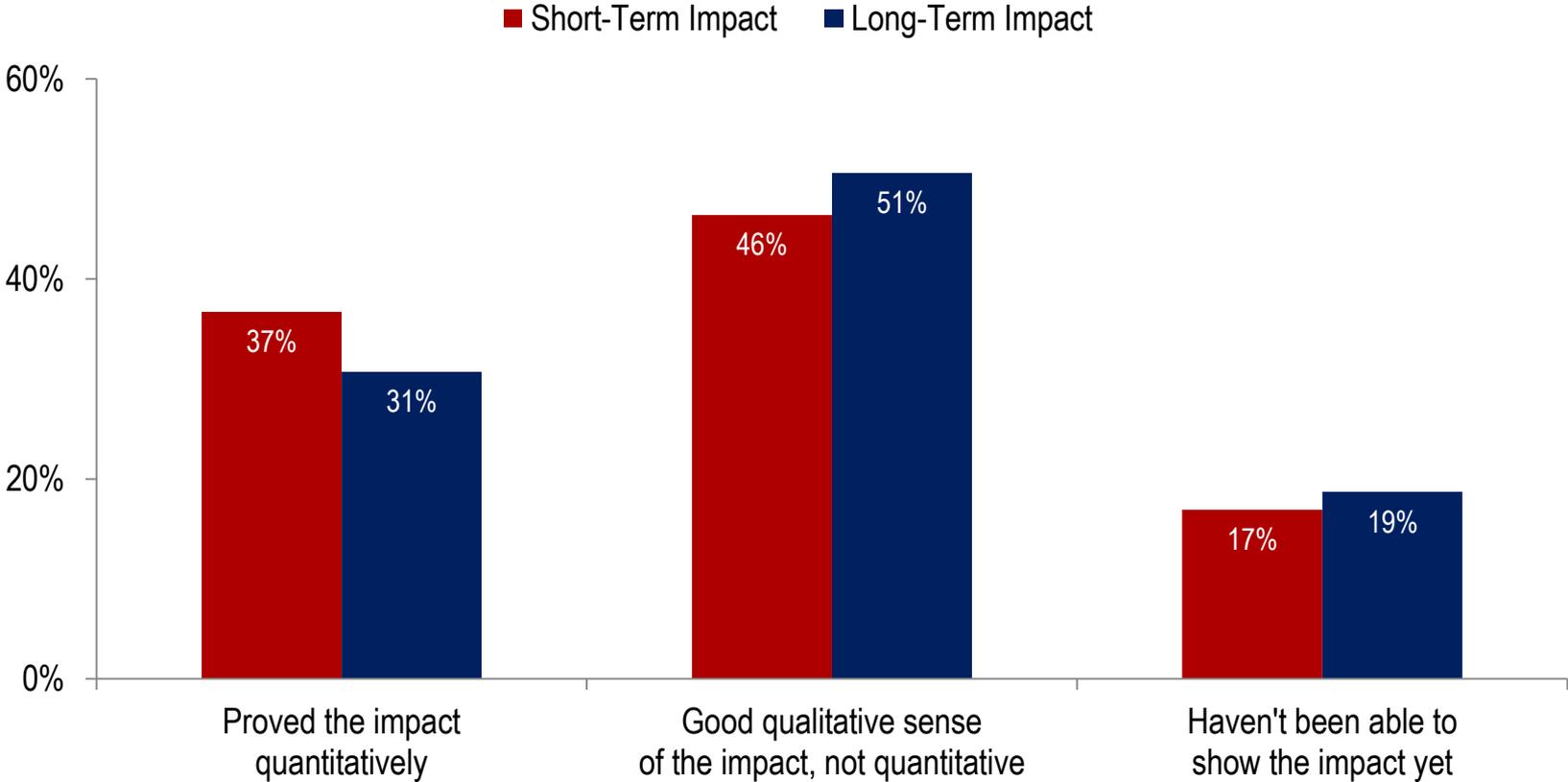
**Table 10.2c. Firm Internet sales differences**

Firm sales	Mean
0% of sales	3.4
1-10% of sales	3.7
>10% of sales	4.6

# Companies lack quantitative metrics to demonstrate marketing spending impact



**Figure 10.4.** How companies demonstrate the impact of marketing spending



# How marketing analytics is driving marketing decision making

**Table 10.3. Percent of companies using marketing analytics in each marketing decision area**

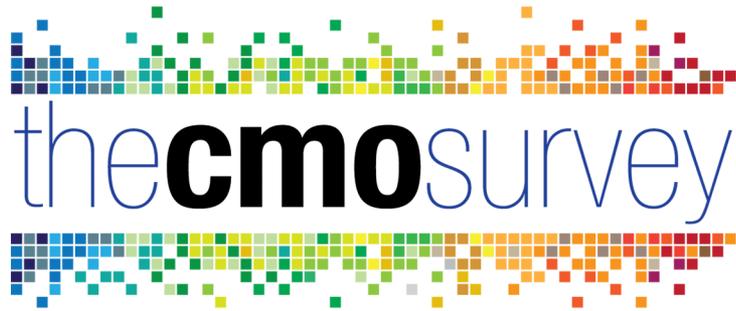
Marketing decision area	Aug-13	Aug-15	Feb-16
Customer insight*			46.4%
Customer acquisition	31.7%	36.6%	43.6%
Customer retention	27.6%	30.7%	38.1%
Digital marketing*			36.7%
Segmentation**		29.2%	31.8%
Marketing mix	21.7%	31.5%	31.5%
Social media	21.0%	30.7%	29.4%
Branding	22.0%	26.5%	30.8%
Promotion strategy	23.7%	29.2%	28.7%
New product or service development**		20.2%	25.3%
Product or service strategy***	18.8%	20.2%	21.8%
Pricing strategy	23.7%	21.8%	21.5%
Multichannel marketing	13.4%	16.3%	20.8%

\*Question was asked for the first time in February 2016.

\*\*Question was asked for the first time in August 2015.

\*\*\*This question was changed from “product line optimization” to “product or service strategy” in August 2015.

\*\*Green reflects an increase of more than 2 percent between Aug-15 and Feb-16.



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Topic 11:

# The CMO Survey Award for Marketing Excellence



# The 2016 CMO Survey Award for Marketing Excellence – Overall Winner



Participants were asked to nominate a company in response to the question:

**Which company across all industries sets the standard for excellence in marketing?**

Apple Inc.



# The 2016 CMO Survey Award for Marketing Excellence – Industry Winners



*Participants were asked to nominate a company in response to the question:*

**Which company in your industry sets the standard for excellence in marketing?**



# Preview



**Next survey:** July 2016

**Participate:** Sign up [here](#)

**Media:** [Press releases and coverage](#)

**Feedback:** Send comments to [moorman@duke.edu](mailto:moorman@duke.edu)

