



Covid-19 and the State of Marketing

The **CMO** Survey[®] 

Special Edition — June 2020

The CMO Survey[®] since 2008

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 in society.

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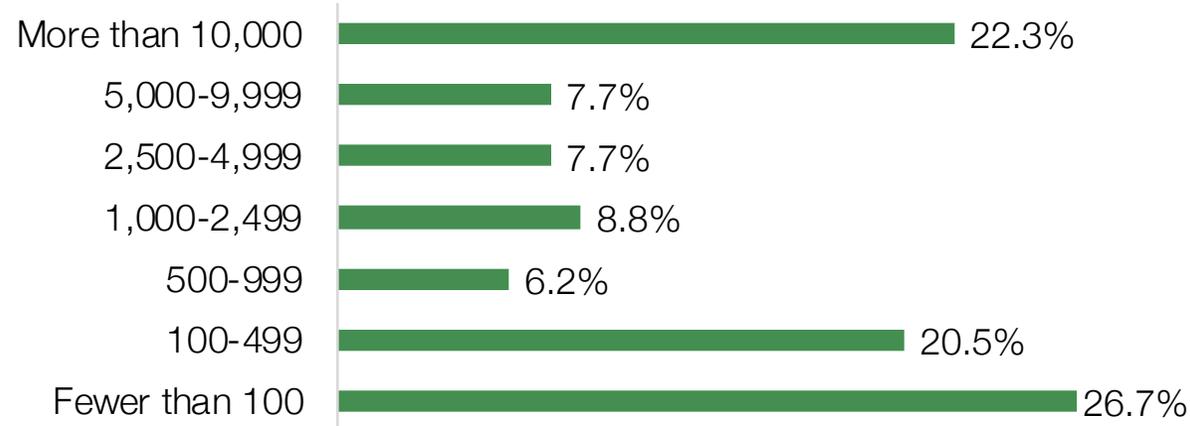
AM>

AMERICAN MARKETING
ASSOCIATION

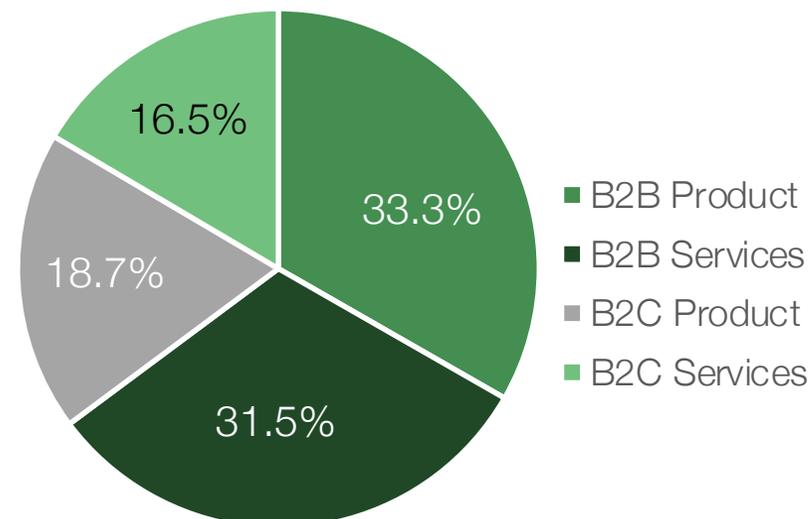
INDUSTRY SECTOR

Technology (Software/Biotech)	14.2%
Banking	11.3%
Retail/Wholesale	10.9%
Healthcare/Pharmaceuticals	10.9%
Professional Services/Consulting	10.6%
Communications/Media	9.1%
Consumer Packaged Goods	9.1%
Manufacturing	9.1%
Consumer Services	5.8%
Transportation	4.4%
Mining/Construction	1.8%
Energy	1.5%
Education	1.1%

EMPLOYEES

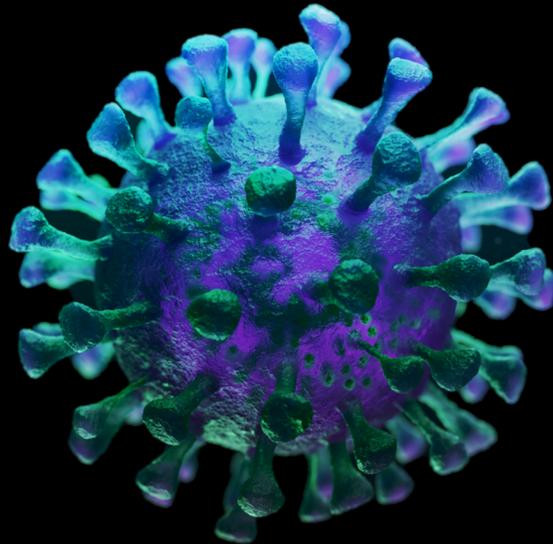


ECONOMIC SECTOR



274 top marketers at for-profit U.S. companies,
97% are VP or higher

Webinar Agenda



1. Macroeconomic Forecast
2. Customer Behavior
3. Marketing Response

Questions

4. Marketing Jobs
5. Marketing Spending
6. Marketing Performance

Questions

7. Missed Marketing Opportunities**

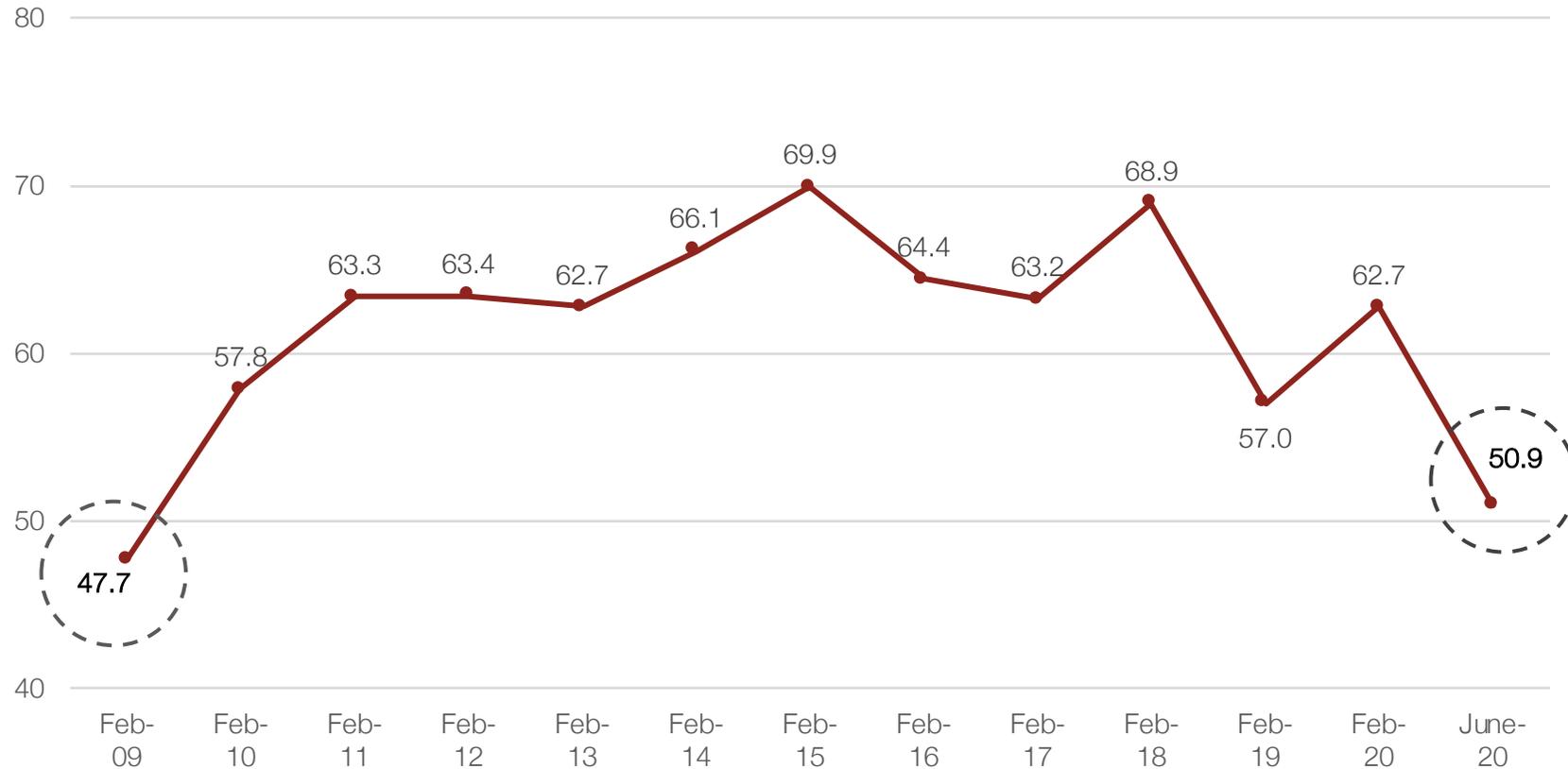
Questions



Macroeconomic Forecast

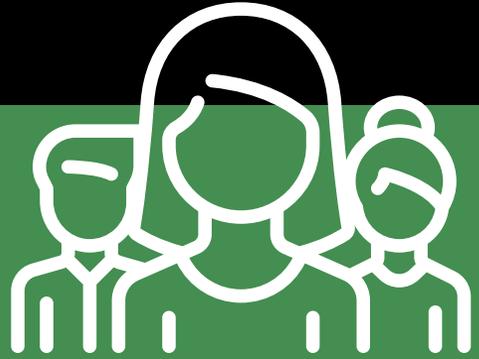
Marketer optimism plummets to Great Recession levels

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



Economic Sector

- B2B Product: 54.0
- B2B Services: 52.6
- B2C Product: 47.1
- B2C Services: 44.7



Customer Behavior

Types of customer behavior observed during pandemic



Frequent Customer Behaviors

Lower in person marketing engagement (e.g., sales/store visits, tradeshow)	97.0%
Increased openness to new digital offerings introduced during the pandemic	84.8%
Increased value placed on digital experiences	83.8%
Greater acknowledgement of companies' attempts to "do good"	79.1%



Occasional Customer Behaviors

Lower likelihood to buy	67.2%
New customers have been attracted to our products and services	65.4%
More reviews/blogging/posting about brands online	59.5%
More online research before purchasing	58.8%



Infrequent Customer Behaviors

Unwillingness to pay full price	48.3%
Weaker loyalty levels	24.9%
Lower likelihood to purchase online	24.0%
Weaker concerns about privacy	23.8%

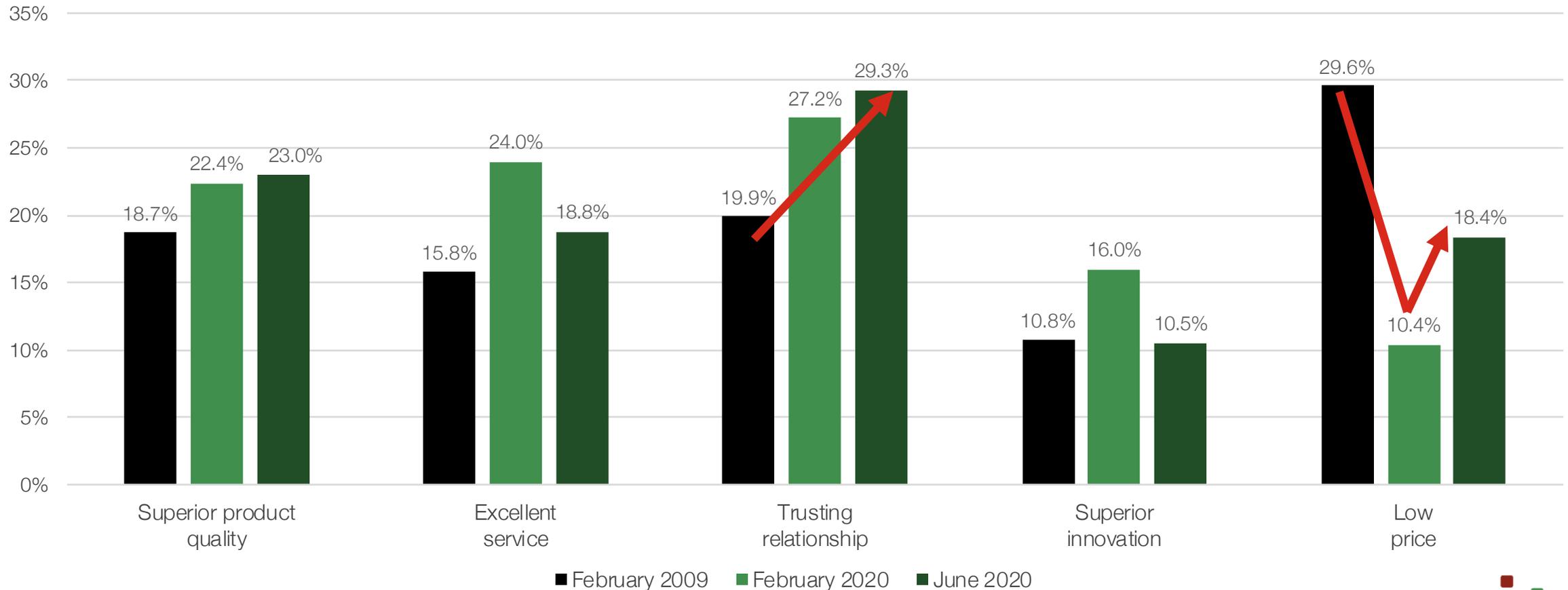
When will customer behaviors return to pre-pandemic levels?

	1 month	2-3 months	4-6 months	6-12 months	1-2 years	3+ years	Never
Lower likelihood to buy	1.9%	13.0%	19.5%	37.7%	26.6%	1.3%	0.0%
Lower likelihood to purchase online	8.3%	19.4%	16.7%	22.2%	11.1%	2.8%	19.4%
Unwillingness to pay full price	3.3%	6.6%	19.8%	38.5%	23.1%	1.1%	7.7%
Weaker loyalty levels	3.6%	9.1%	16.4%	36.4%	29.1%	1.8%	3.6%
Increased value placed on digital experiences	7.6%	16.5%	9.4%	17.1%	14.1%	1.8%	33.5%

Note: The most frequently selected timing for each customer behavior is indicated in green.

Customers prioritize trusting relationships during pandemic; emphasis on low price less than 2009, but sees short-term growth

Customers' top three priorities next 12 months (% of respondents reporting first priority)





Marketing Response

Marketers split in level of preparedness to deal with Covid-19



MOST PREPARED INDUSTRIES

MANUFACTURING (4.5)



ENERGY (4.3)



LEAST PREPARED INDUSTRIES

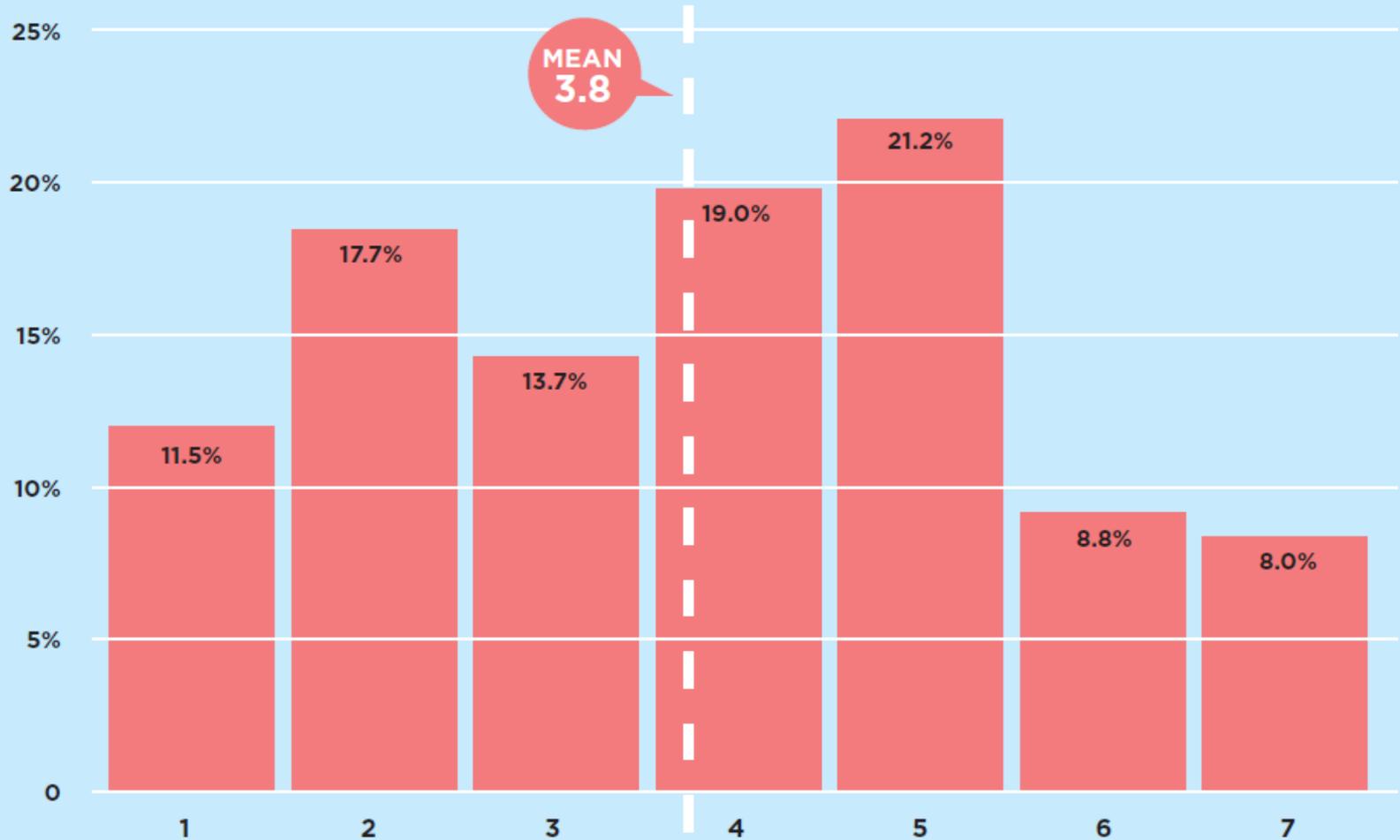
COMMUNICATIONS (3.2)



CONSUMER PACKAGED GOODS (3.1)

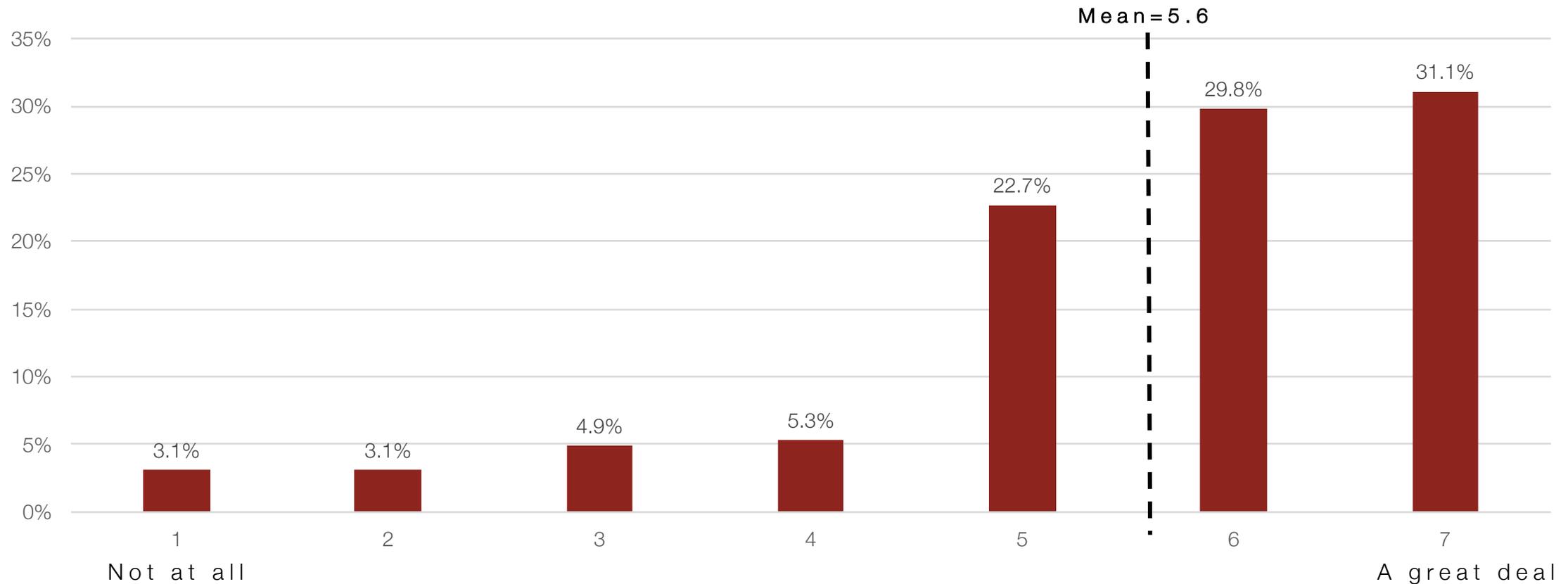


To what degree was marketing prepared to face the pandemic and its economic impact?
(1 = We did not have a plan, 7 = We had a strong plan in place)



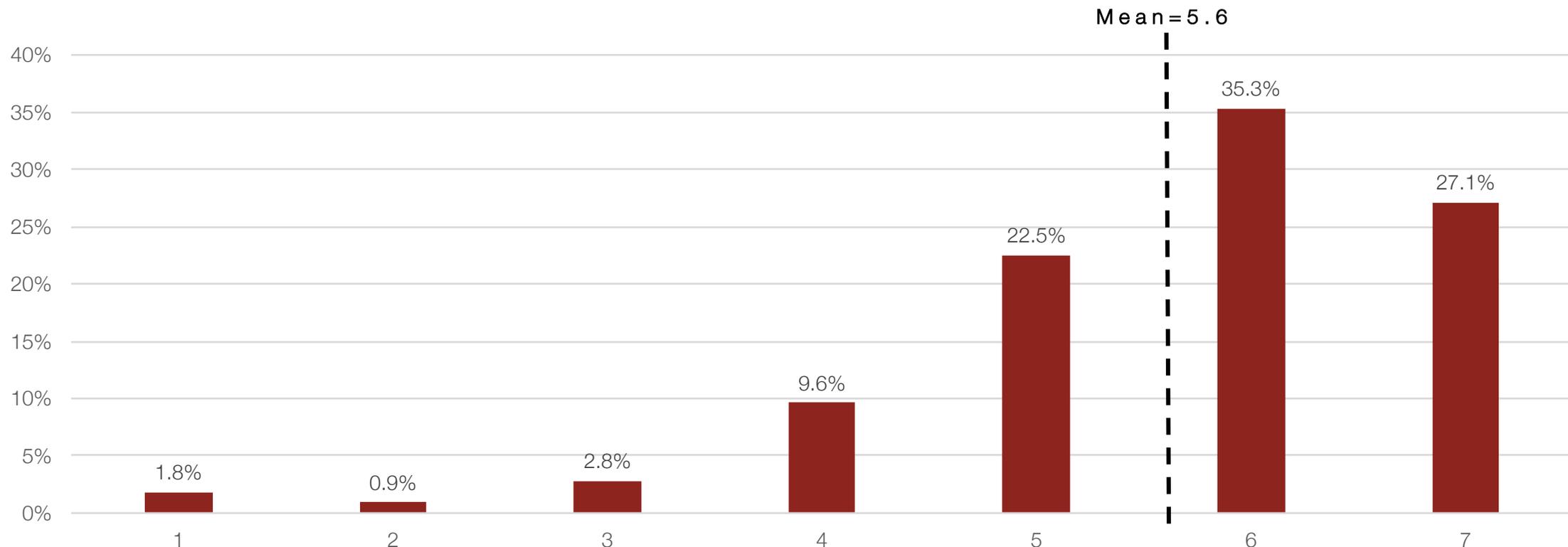
Plans take back seat: Marketers improvised responses to Covid-19

To what degree has marketing improvised to generate new strategies during the pandemic?
(1=not at all, 7= a great deal)



Covid-19 marketing strategies believed to have important long-term opportunities

Taking your best guess, to what degree do you think the marketing strategies used during the Covid-19 pandemic will be important opportunities for your company in the long-term? (1=Not at all, 7=A great deal)



Covid-19 marketing opportunities

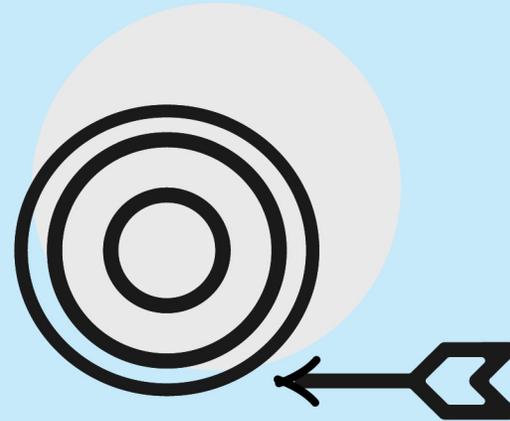
Considering marketing opportunities, what activities have you shifted resources to during the pandemic? (Check all that apply)



STRONGLY PRIORITIZED

Building better customer-facing digital interfaces (60.8%)

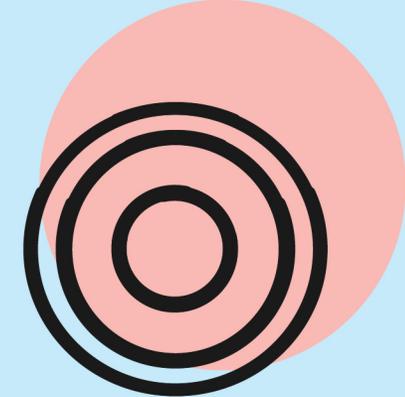
Transforming our go-to-market business models (56.2%)



WEAKLY PRIORITIZED

Expanding into new offerings (i.e., products and services) (41.9%)

Building partnerships (40.6%)



DEPRIORITIZED

Investing in new automation technologies to improve virtual communication with customers (34.1%)

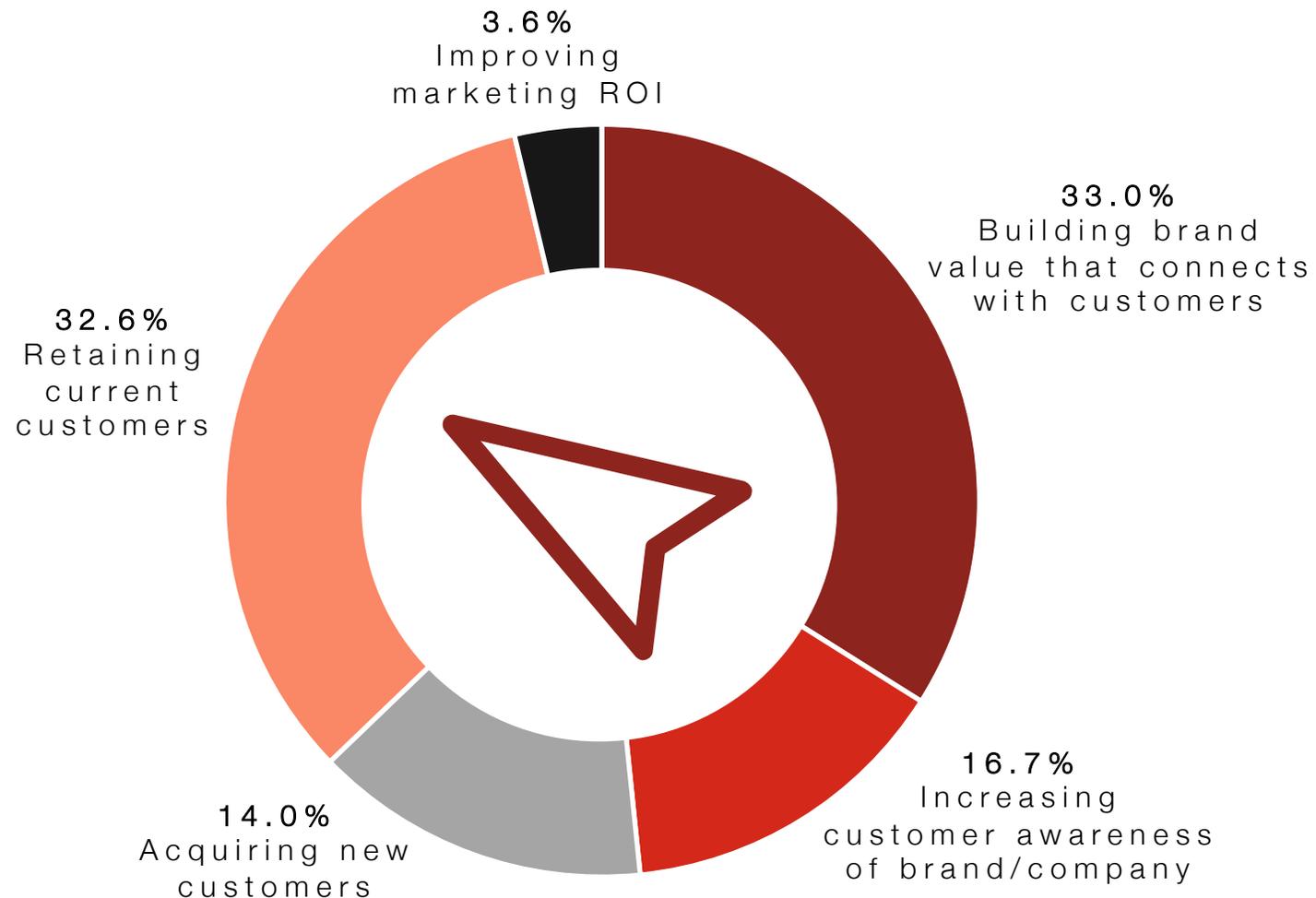
Improving our research and experimentation capabilities (29.5%)

Improving data integration to allow for end-to-end customer tracking (24.9%)

Expanding into new geographies, segments (17.5%)

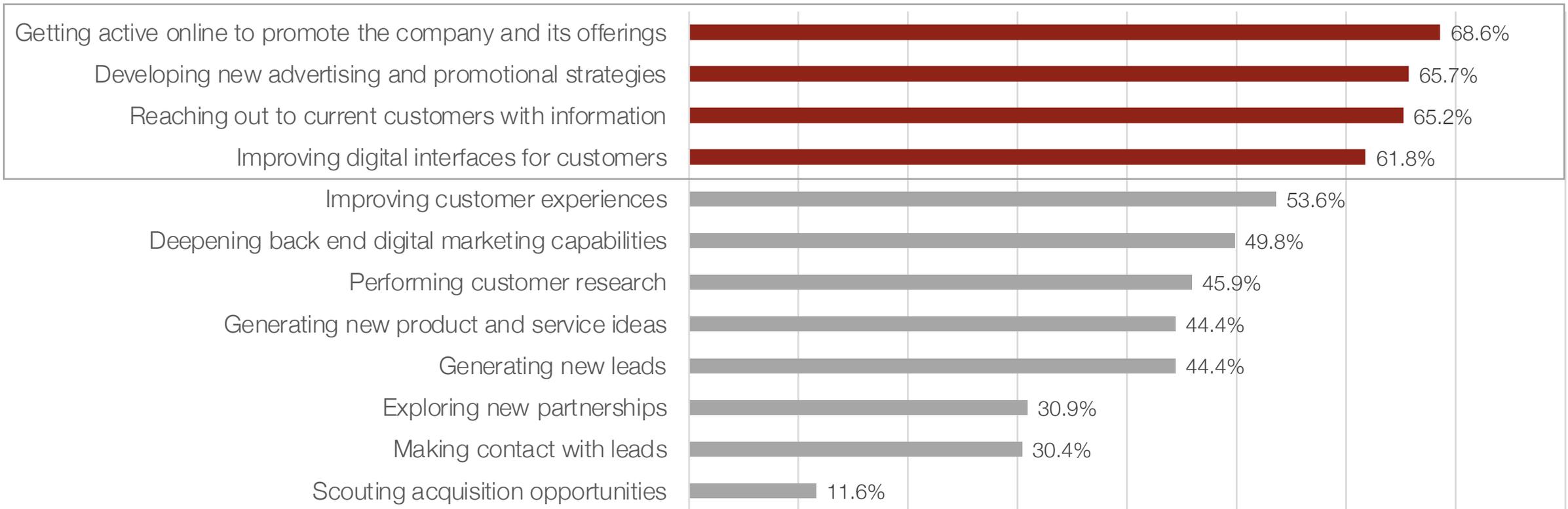
Engaging in mergers and acquisitions (9.2%)

Marketing objectives during the pandemic? (Percent ranking #1)



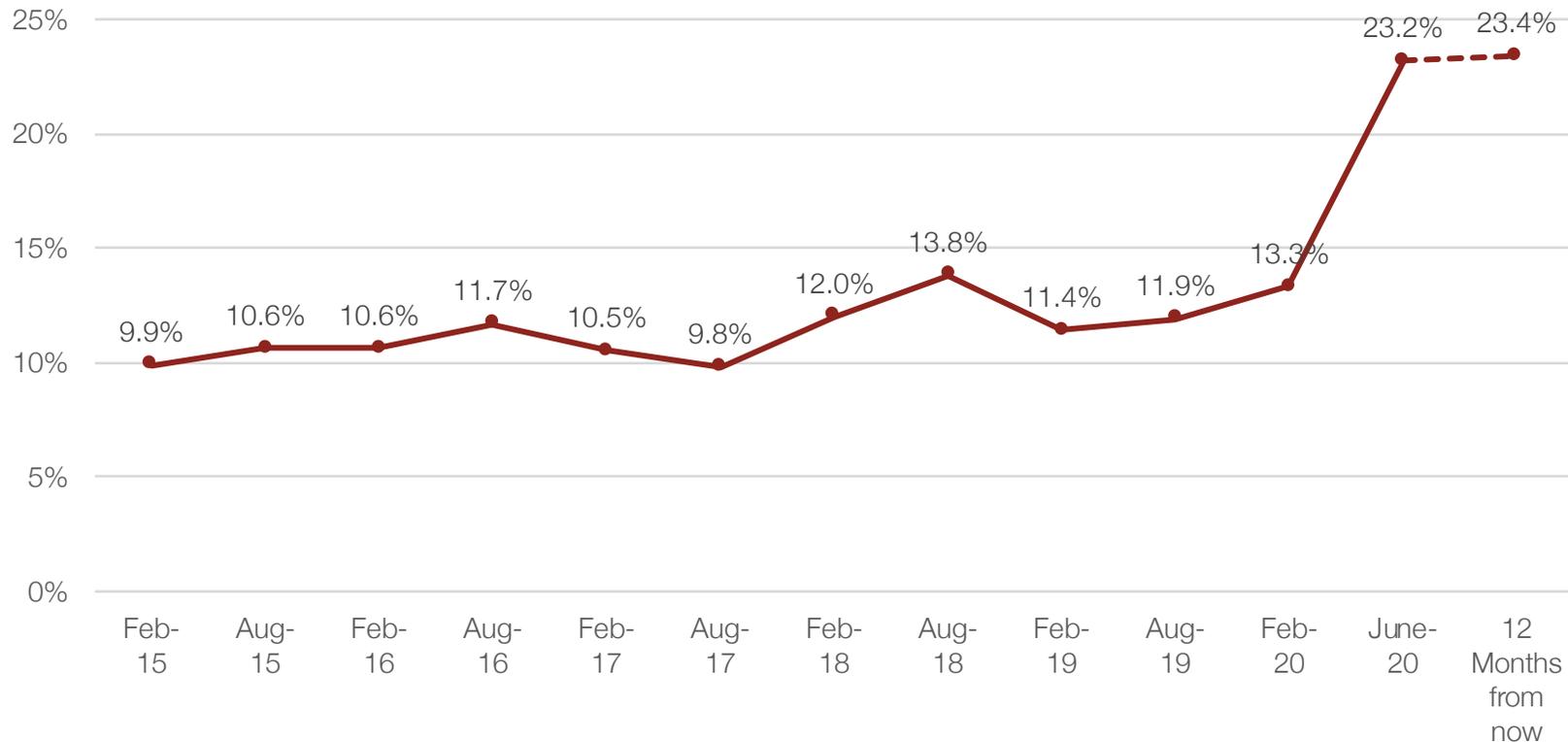
Marketing employees used for online promotion during Covid-19

How have you used your marketing employees during the pandemic? (Check all that apply)



Social media spending increased 74% to historic levels in the wake of Covid-19

What percent of your marketing budget are you spending on social media during the pandemic?



Economic Sector

	June 2020	Next 12 Months
B2B Product	18.4%	21.3%
B2B Services	24.4%	24.5%
B2C Product	29.7%	27.4%
B2C Services	24.2%	21.7%

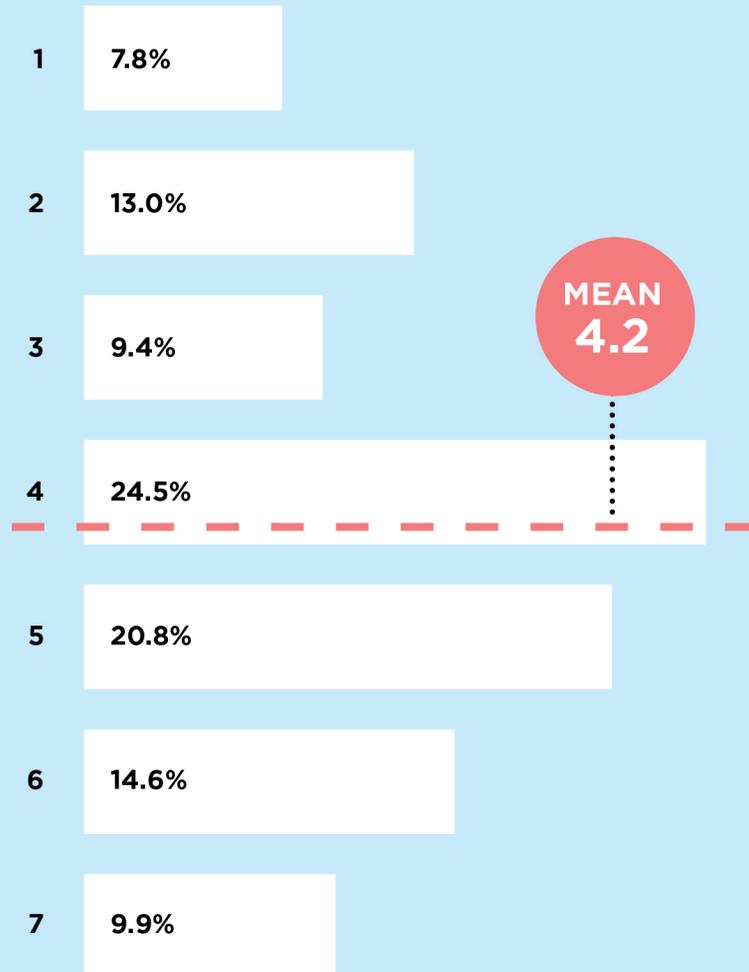
84.2%

of marketers report using social media for brand building during the pandemic

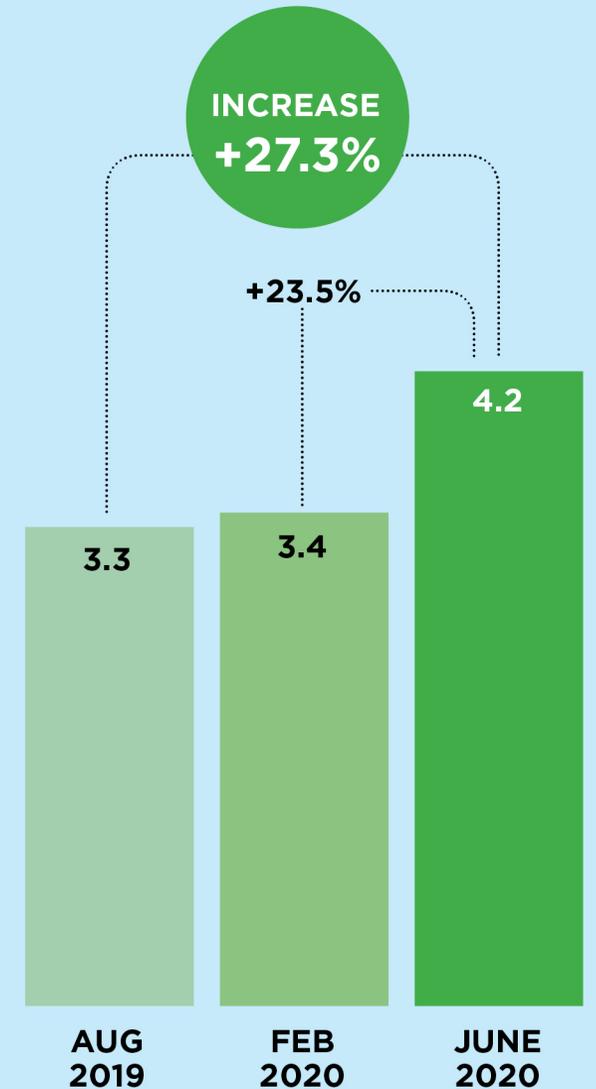
Social media's contribution toward company performance, for the first time, shows a lift



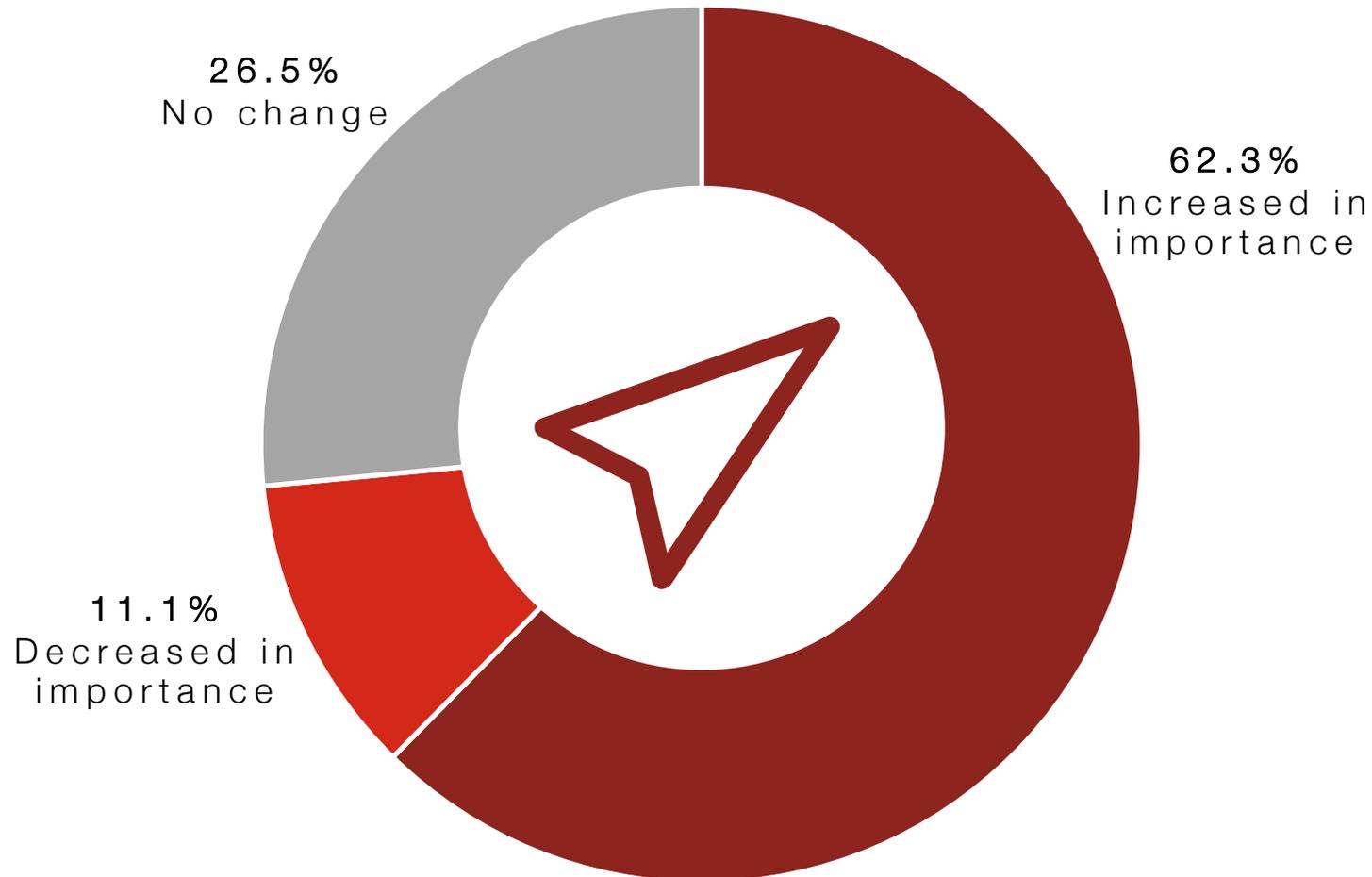
To what degree has the use of social media contributed to your company's performance during the pandemic? (1=Not at all, 7=Very Highly)



Social media's contribution toward company performance has spiked dramatically during the pandemic.



Marketing function has increased in importance since Covid-19



Economic Sector

	Increased	Decreased
B2B Product	62.7%	11.9%
B2B Services	72.2%	3.7%
B2C Product	56.5%	17.4%
B2C Services	46.2%	19.2%

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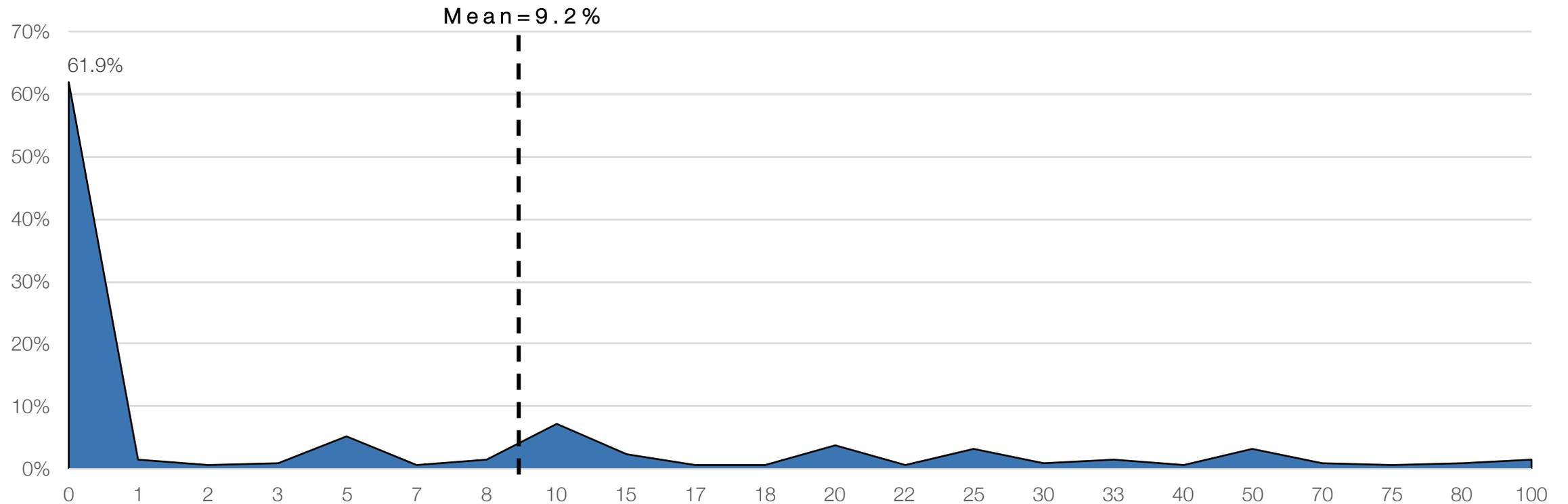
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Marketing Jobs

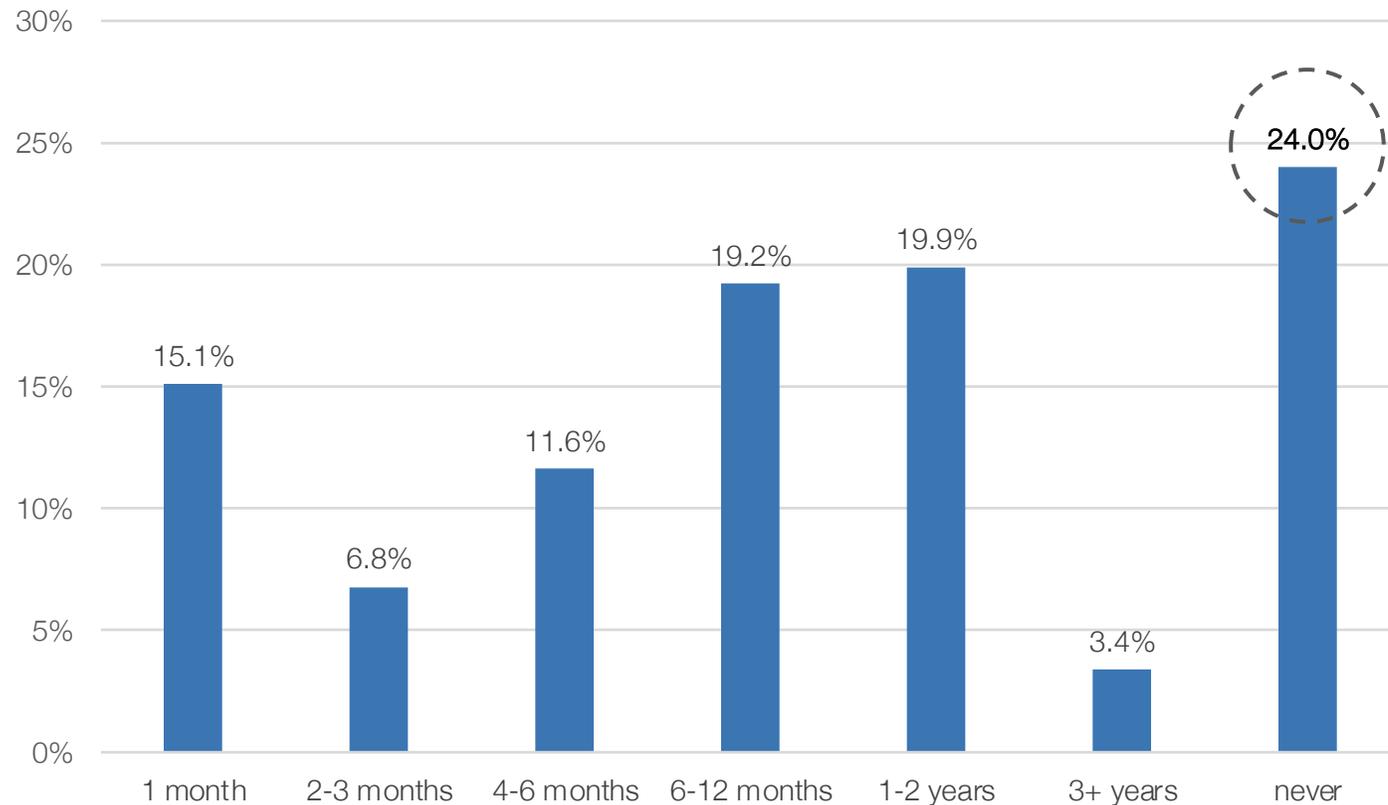
9% of marketing jobs lost due to Covid-19

What percent of marketing jobs in your company were lost due to the Covid-19 pandemic?



24% of marketers—the largest segment—do not expect marketing jobs to return

When do you anticipate these jobs returning to pre-pandemic levels?



Jobs will Return in 1 Month



Energy
66.7%



Banking
33.3%



Consumer Services
33.3%

Jobs Will Return in 6-12 Months



Technology
31.6%



Retail
27.3%

Jobs Will Never Return



Transportation
50%



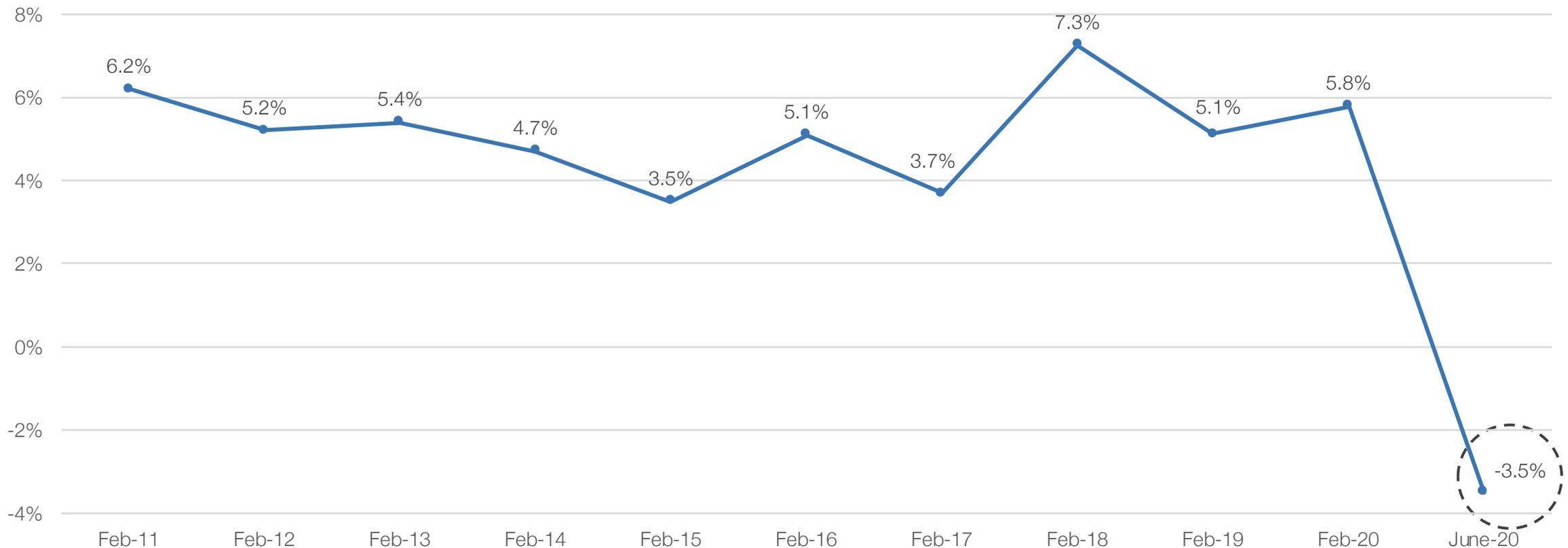
Prof. Services /
Consulting
41.2%



Consumer Pkgd
Goods
33.3%

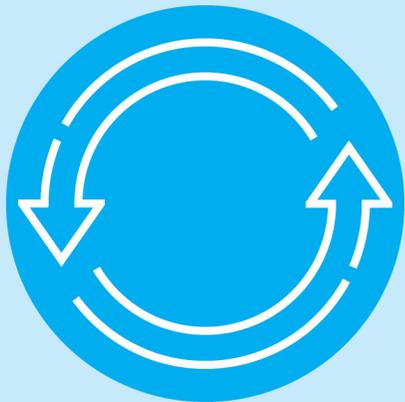
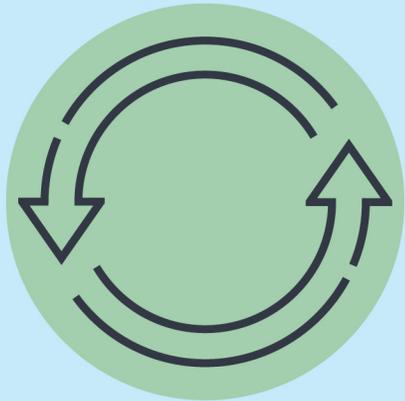
Expected marketing hiring drops to historic lows

Compared to the number of marketing hires last year, what percentage will your marketing hires change in the next year?



Marketers to prioritize ability to pivot in new hires

Thinking about future marketing talent needs, what skills would you now prioritize?



OVERALL RANKING

SKILLS

1 ABILITY TO PIVOT AS NEW PRIORITIES EMERGE

(MEAN RANK = 2.1, % #1 RANK = 29.6%)

2 CREATIVITY AND INNOVATION SKILLS (MEAN RANK = 2.3, % #1 RANK = 20.2%)

3 NAVIGATING AMBIGUITY (MEAN RANK = 3.0, % #1 RANK = 7.9%)

4 EMOTIONAL INTELLIGENCE (MEAN RANK = 3.1, % #1 RANK = 8.9%)

5 DATA SCIENCE BACKGROUND (MEAN RANK = 3.2, % #1 RANK = 12.3%)

6 CURIOSITY (MEAN RANK = 3.4, % #1 RANK = 5.9%)

7 NATURAL LEADERSHIP ABILITIES (MEAN RANK = 3.5, % #1 RANK = 5.4%)

8 MARTECH PLATFORM EXPERIENCE (MEAN RANK = 3.6, % #1 RANK = 8.9%)

9 FINANCIAL ACUMEN (MEAN RANK = 5.1, % #1 RANK = 1.0%)

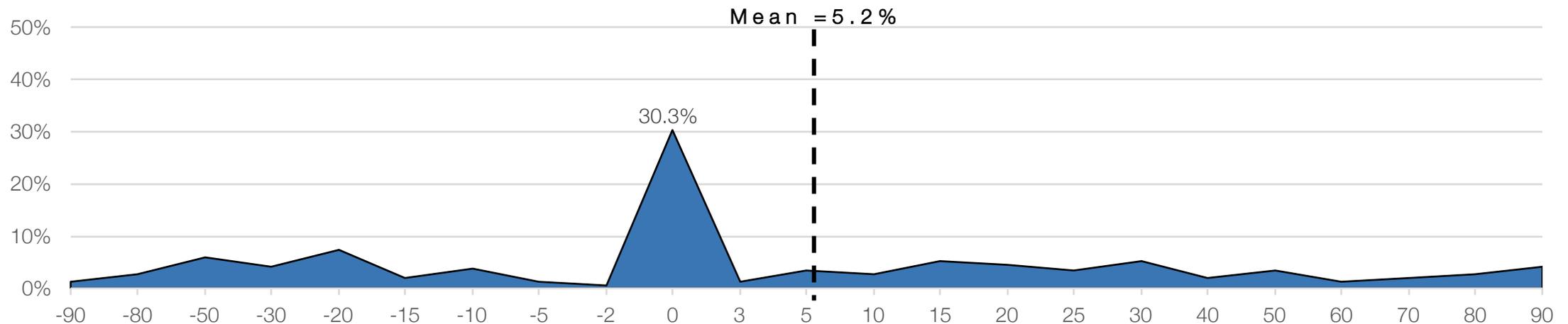


Marketing Spending

Pandemic leaves marketing budget winners (41.3%) and losers (28.4%) with 30.3% experiencing no change; budgets to be restored within 1 year

What percentage of your overall marketing budget has been lost or gained due to Covid-19 in the prior two months? When do you anticipate this budget will return to pre-pandemic levels?

% Change in Overall Marketing Budget: Past 2 Months



Anticipated Return of Overall Marketing Budget

	1 month	2-3 months	4-6 months	6-12 months	1-2 years	3+ years	Never
Overall marketing budget	10.0%	7.1%	12.1%	29.3%	26.4%	3.6%	11.4%

Firm and industry sector differences in marketing spending changes



INDUSTRY SECTOR

Banking	-7.9%
Communications/Media	14.7%
Consumer Packaged Goods	-8.2%
Consumer Services	18.2%
Education	6.7%
Energy	-10.0%
Healthcare/Pharma	3.0%
Manufacturing	4.1%
Mining/Construction	-18.3%
Retail	-2.3%
Services Consulting	15.9%
Technology (Software/Biotech)	8.0%
Transportation	-1.7%



ECONOMIC SECTOR

B2B Product	2.8%
B2B Services	8.7%
B2C Product	-4.4%
B2C Services	11.5%



REVENUE

\$10+ billion	-1.5%
\$500 - 999 million	14.2%
\$1 - 9.9 billion	-8.5%
\$100 - 499 million	-4.1%
Less than \$25 million	-8.3%
\$26 - 99 million	13.7%

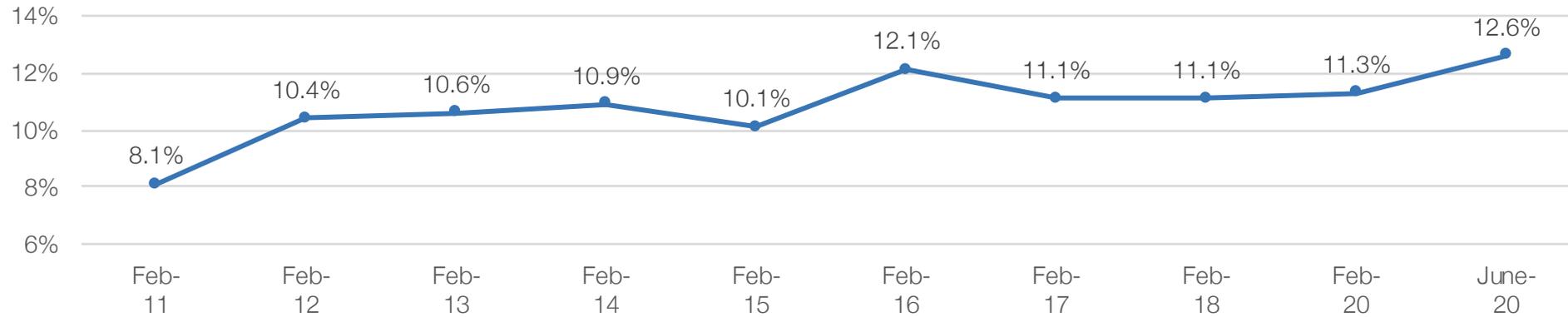


% INTERNET SALES

0% sales	4.5%
1-10% sales	3.9%
>10% sales	9.1%

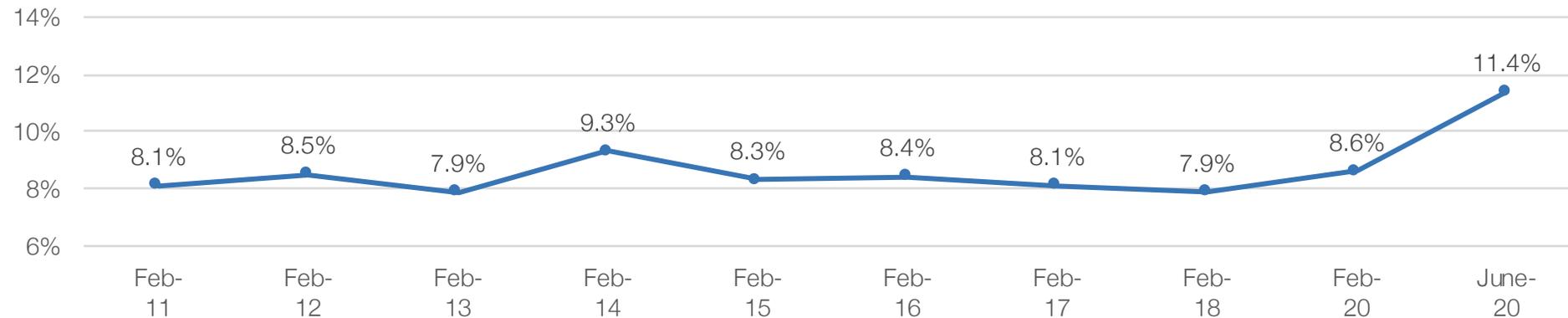
Pandemic raises marketing budgets as a % of firm budget and revenue to highest levels in CMO Survey history

What percentage of your firm's overall budget does marketing currently account for?

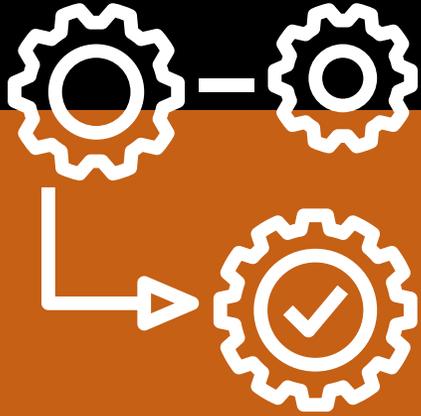


11.5%
increase since
February

Marketing expenses account for what percent of your firm's revenues?



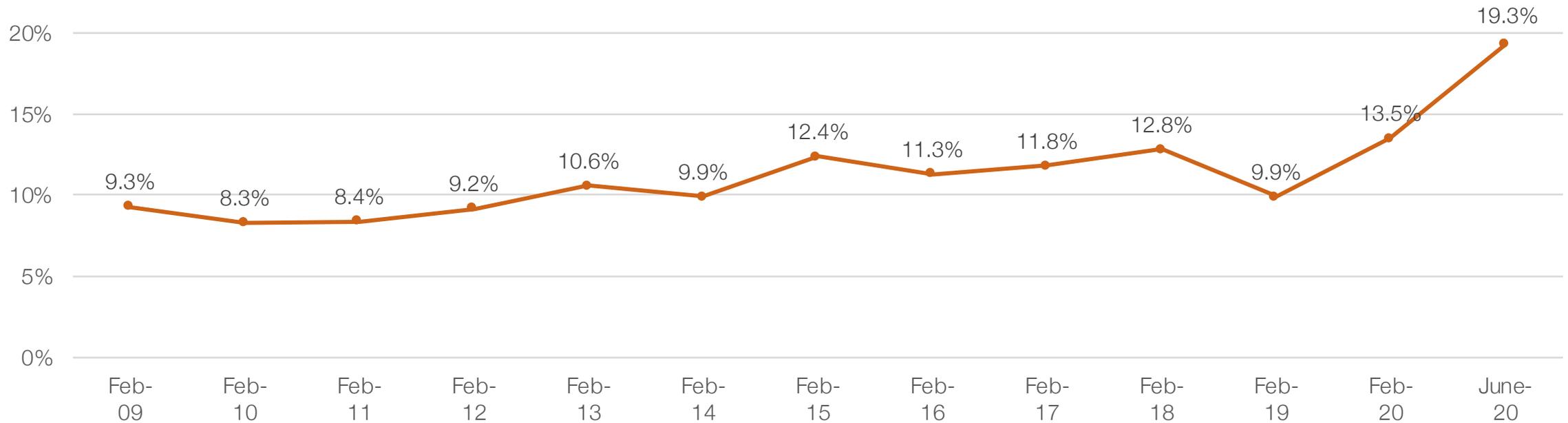
32.6%
increase since
February



Marketing Performance

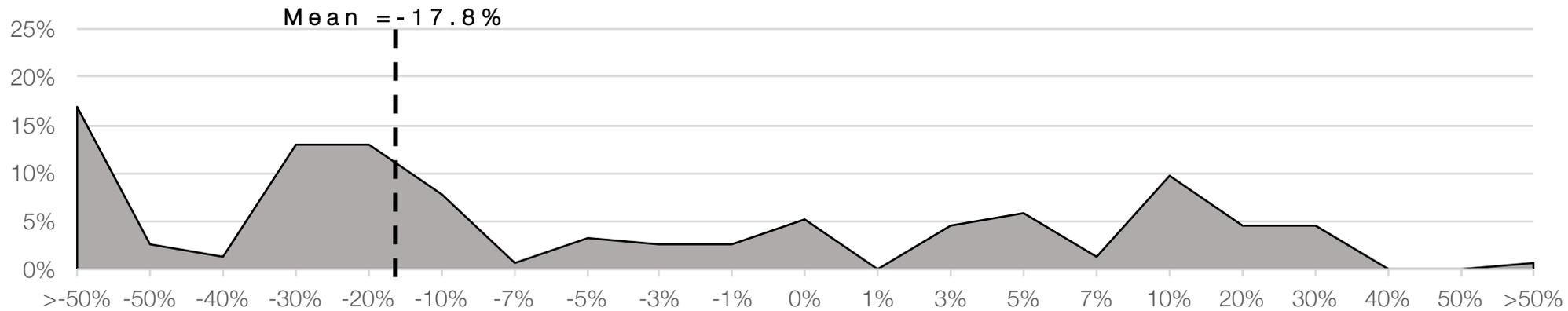
Firms see 42% rise from Internet sales during pandemic

What percentage of your firm's sales is through the Internet?



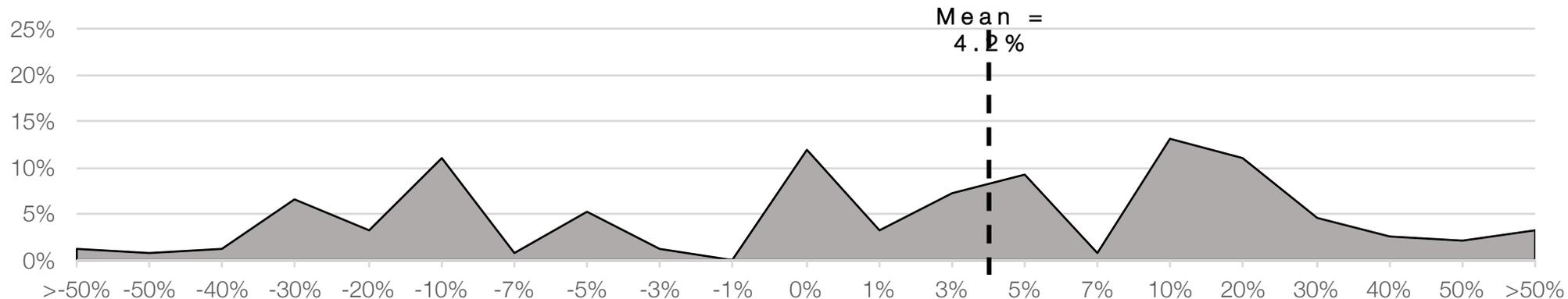
17.8% loss in sales during pandemic; 4.2% growth expected next year

% Change in Sales Revenue: Past 2 Months



Mean = -17.8%
SD = 31.8%
Mode = >-50%

% Anticipated Change in Sales Revenue: Next 12 Months



Mean = 4.2%
SD = 23.6%
Mode = 10%

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Missed Marketing Opportunities

#1: Marketers turn inward for Covid-19 problem solving

What type of information has your company used to guide your marketing strategies during the pandemic?
(check all that apply)

66
99

Internal Advice

- 82.6% - Marketing team member knowledge and experience
- 80.8% - Top management knowledge and experience
- 70.1% - Conversations with sales teams



External Input

- 62.9% - Discussions with partners
- 58.9% - Quick research with customers
- 52.7% - Website analytics
- 51.8% - Learning from noncompetitors
- 50.0% - Learning from competitors
- 33.0% - Professional association guidance
- 24.6% - External consulting guidance

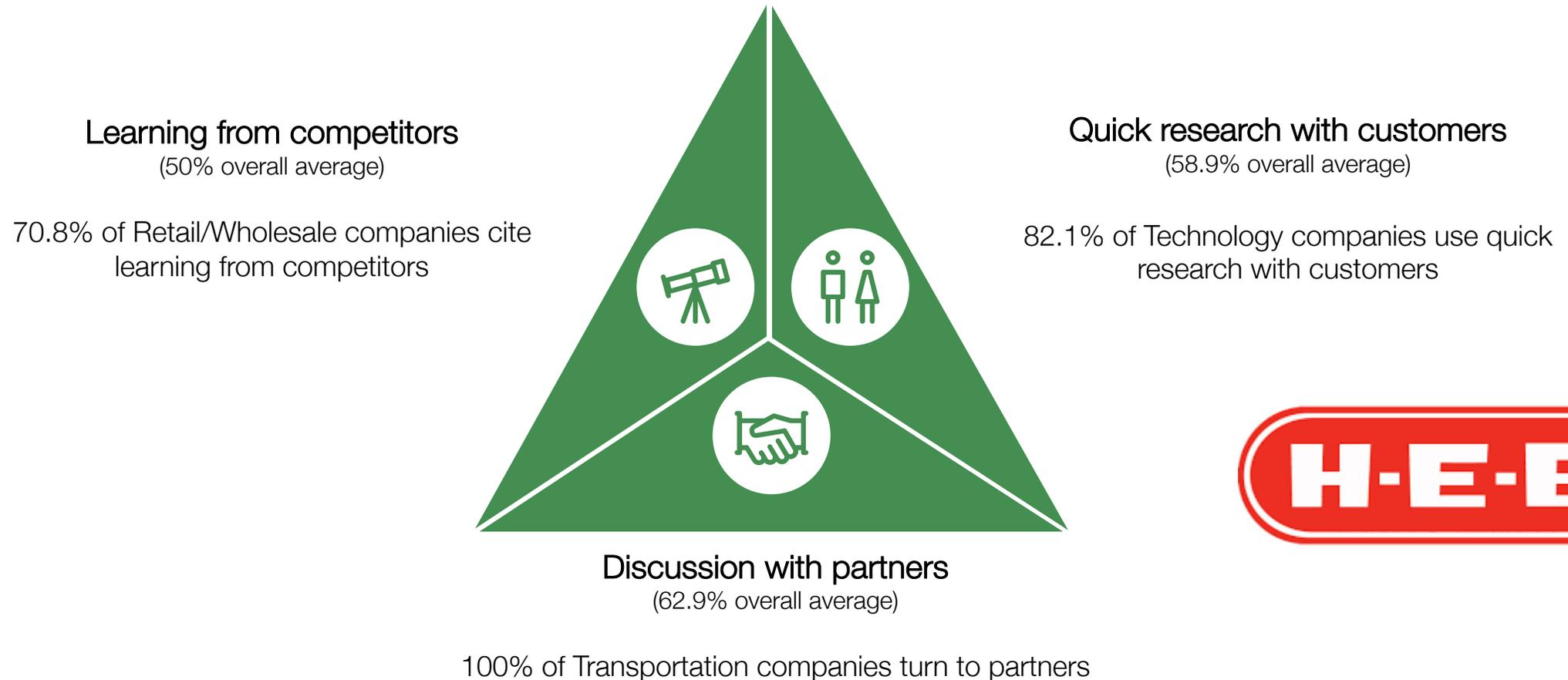


Past Experiences

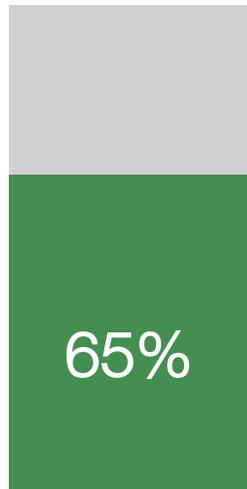
- 38.4% - Great Recession experiences
- 22.8% - Direct experience in responding to Covid-19 in overseas markets
- 15.2% - Prior infectious disease experience (e.g. SARS)

Sectors who turned outward

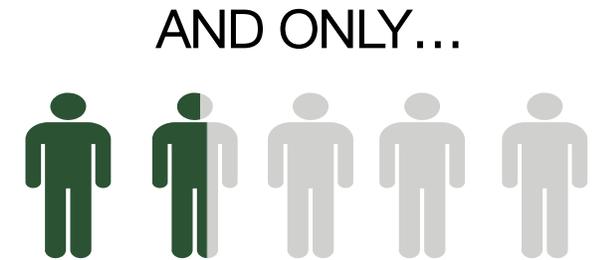
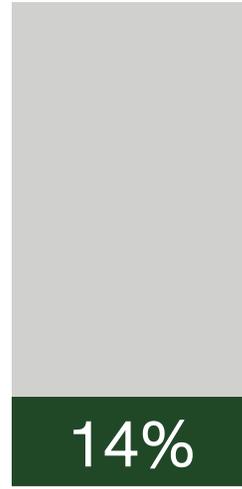
What type of information has your company used to guide your marketing strategies during the pandemic? (check all that apply)



#2: Missed customer acquisition opportunity



HOWEVER,
ONLY...



Marketers believe that
“New customers have been attracted
to our products and services” during
the pandemic

Rank
“Customer Acquisition”
as their #1
Objective

Rank
“Customer Acquisition”
as their #2
Objective

30.4% used marketing
employees to “Make
Contact with Leads”
during the pandemic

Most Focused
On Customer
Acquisition



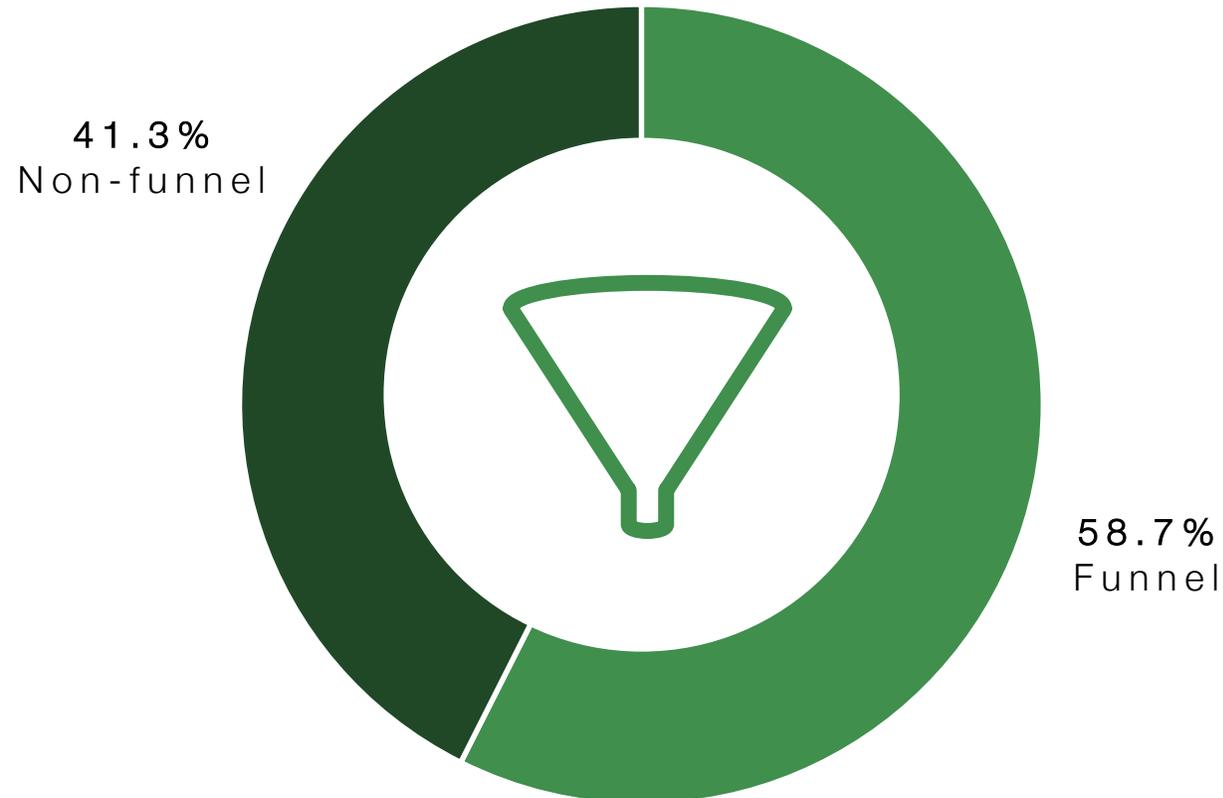
Technology (61.5%)



Professional Services /
Consulting (59.1%)

#3: Marketers stayed focused on the funnel and did not explore other strategic growth opportunities

How much marketing effort has been focused on the “building and managing the funnel” versus “non-funnel related” marketing activities during the pandemic?



Covid-19 marketing opportunities

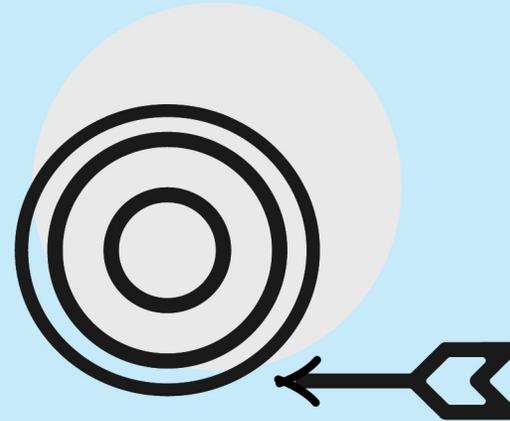
Considering marketing opportunities, what activities have you shifted resources to during the pandemic? (Check all that apply)



STRONGLY PRIORITIZED

Building better customer-facing digital interfaces (60.8%)

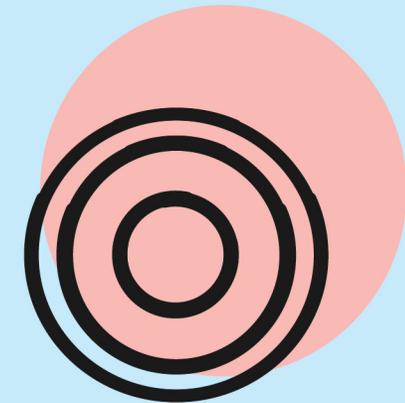
Transforming our go-to-market business models (56.2%)



WEAKLY PRIORITIZED

Expanding into new offerings (i.e., products and services) (41.9%)

Building partnerships (40.6%)



DEPRIORITIZED

Investing in new automation technologies to improve virtual communication with customers (34.1%)

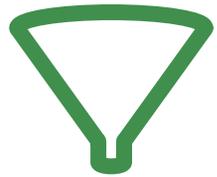
Improving our research and experimentation capabilities (29.5%)

Improving data integration to allow for end-to-end customer tracking (24.9%)

Expanding into new geographies, segments (17.5%)

Engaging in mergers and acquisitions (9.2%)

Employees were focused on funnel, not growth



Over 60%

Companies prioritized using employees for online promotion, improving digital interfaces, developing new promotions, and reaching out to current customers



Less than 45%

Companies prioritized using employees to generate new product and service ideas



Less than 31%

Companies prioritized using employees to explore new partnerships



Less than 16%

Companies used social media to identify new product and service opportunities

Top New Product/Service Idea Generators



Technology
(61%)



Professional
Services /
Consulting (50%)

Top Partnership Explorers



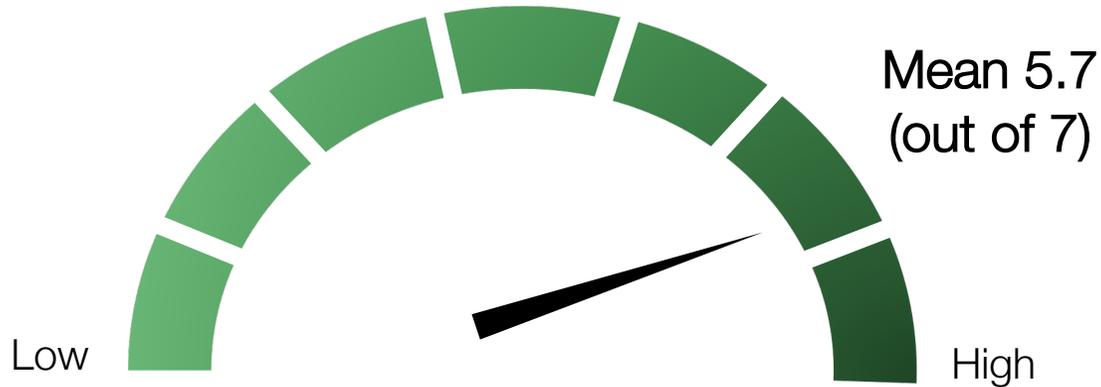
B2C Product
(50%)



Technology
(46%)

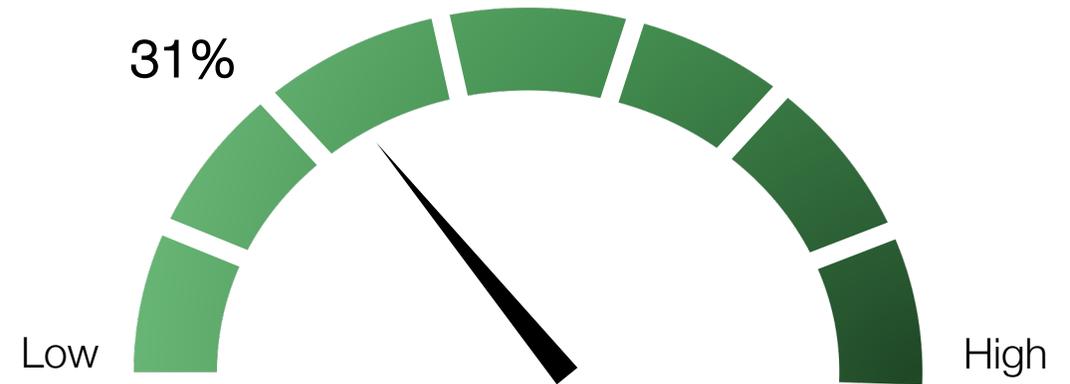
#4: Marketers move too fast for experimentation

Level of Improvisation During Pandemic



Marketers reported a need to pivot, with respondents rating a **high level of improvisation**.

Level of Experimentation During Pandemic



Despite increased improvisation, there has been a **decrease in experimentation**. This indicates that marketers are implementing new, improvised strategies frequently, but without fully understanding their effects.

Only 29% of marketers report investing resources in **research and experimentation capabilities**

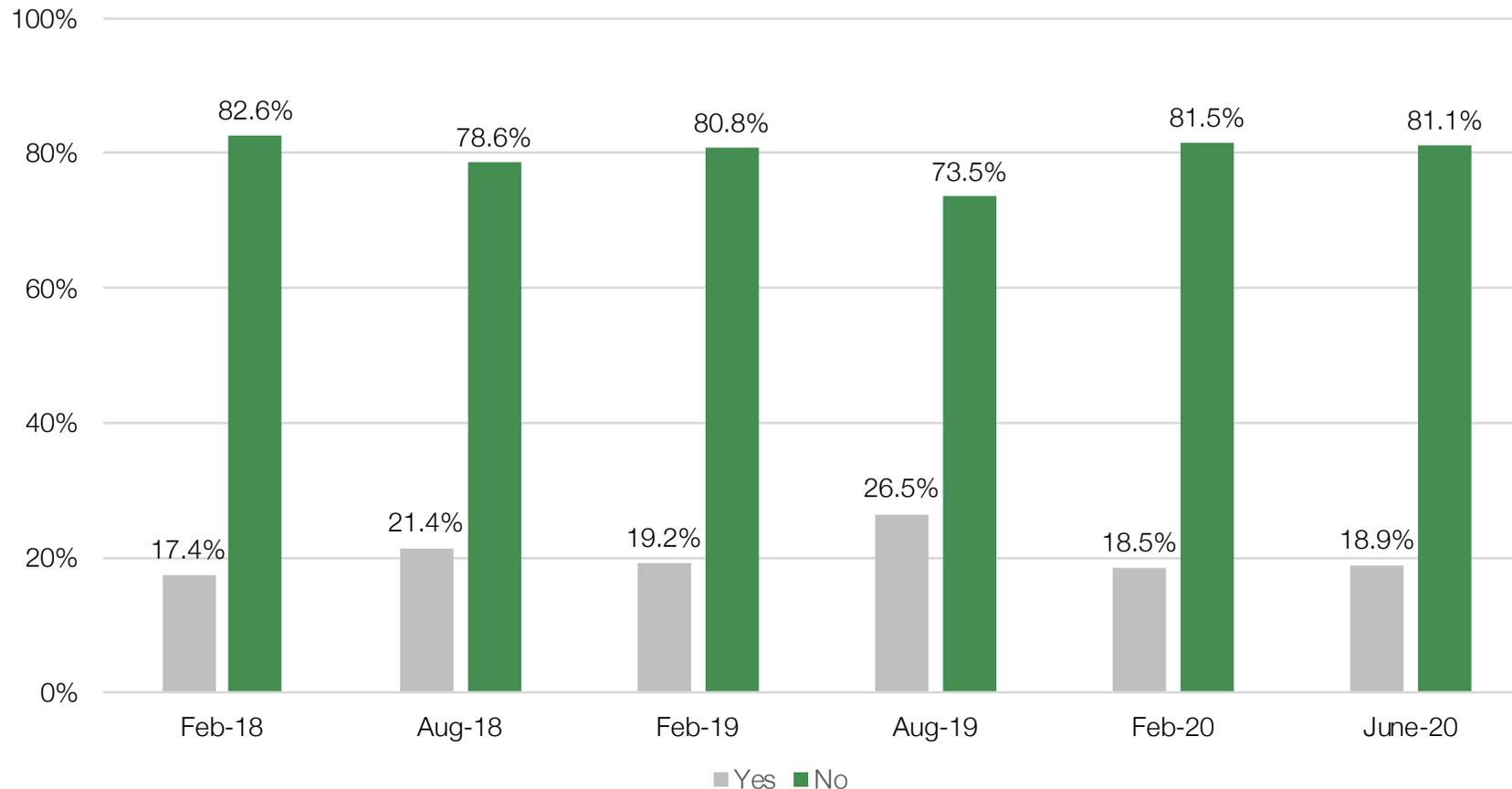
Top
Experimenter



Technology (45%)

#5: Pandemic does not influence brand political activism: Companies continue to take low profile

Do you believe it is appropriate for your brand to take a stance on politically-charged issues?

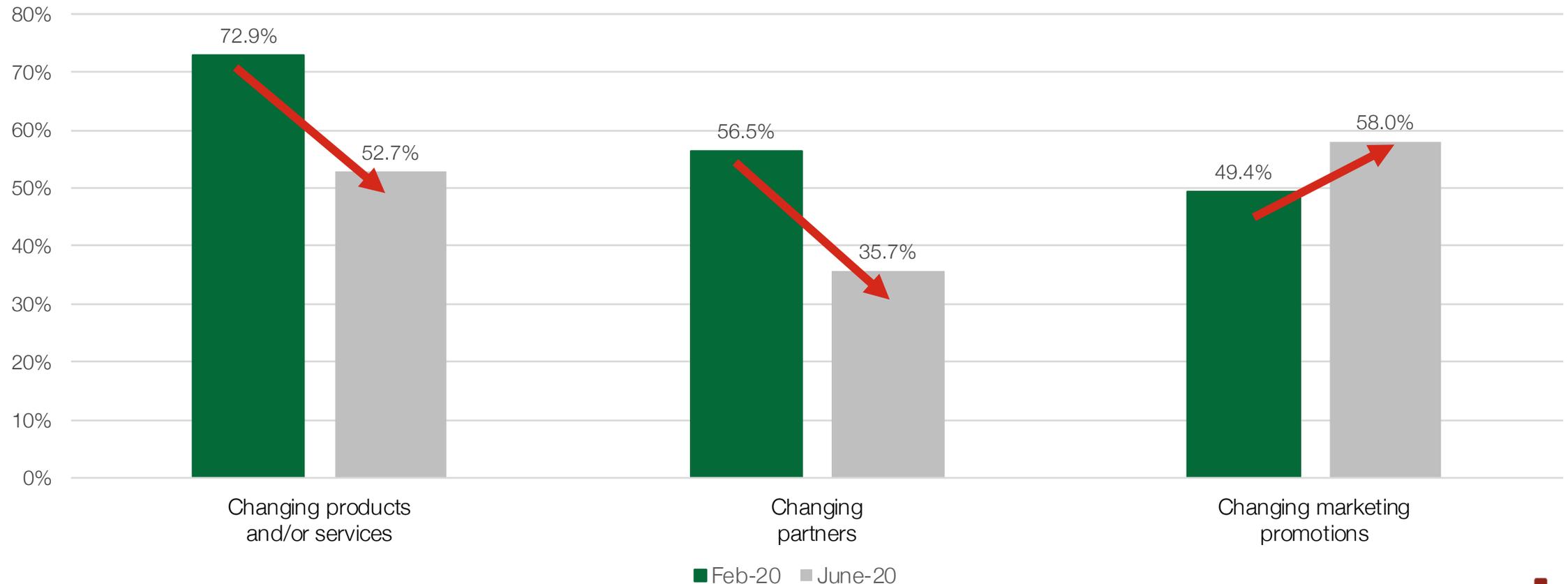


Insights

The % of respondents that say they would use their brand to take a political stance is essentially unchanged since Covid-19. B2C Services stand out at 30.8% as do companies with more sales over the Internet (24.5%). Banking/Finance (35.7%), Tech (34.8%), and Education (33.3%) stand out among the industry sectors as do both <\$25M companies (23.6%) and \$10B+ companies (33.3%).

#6: Covid-19 dampens sustainability efforts: Companies shift from products/services/partners to promotions to reduce ecological impact

Check all of the actions your company is likely to make in order to reduce the negative impact of its marketing-related activities on the ecological environment.



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Next Survey: February 2021

Participate: Sign up <https://cmosurvey.org/participate/>

Feedback: Send comments to moorman@duke.edu

Reports: Available at <https://cmosurvey.org/results/>

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