

The **CMO** Survey[®]

Highlights & Insights Report

FEBRUARY 2019

Predicting the future of markets, tracking marketing excellence, and improving the value of marketing since 2008

Deloitte

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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 and a non-commercial service dedicated to the field of marketing.

ADMINISTRATION

Founded in August 2008, The CMO Survey is administered twice a year via an Internet survey. Questions repeat to observe trends over time and new questions are added to tap into marketing trends.

The February 2019 survey is the 22nd administration of The CMO Survey.

SPONSORS

Sponsors support The CMO Survey with intellectual and financial resources.

Survey data and participant lists are held in confidence and not provided to survey sponsors or any other parties.



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Survey methodology

SAMPLE

- 2556 top marketers at for-profit U.S. companies
- 323 responded for a 12.6% response rate
- 97% of respondents VP-level or above

ADMINISTRATION

- Email contact with four follow-up reminders
- Survey in field from January 8-29, 2019

OTHER REPORTS

This report shares key metrics over time. Two other reports are available at cmosurvey.org/results.

- *The Topline Report* shows aggregate-level results
- *Report of Results by Firm and Industry Characteristics* offers results by sectors, size, and Internet sales

- Interpretive guide:

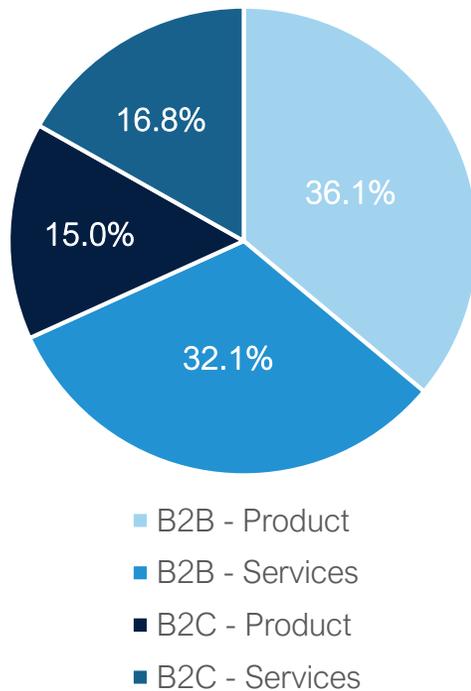
M = Average; SD = Standard deviation

B2B = Business-to-Business firms

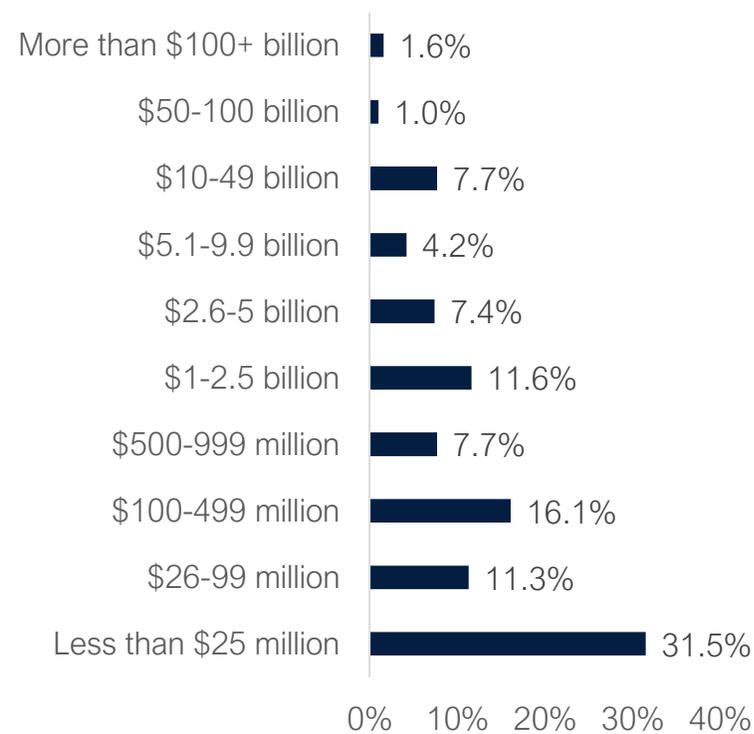
B2C = Business-to-Consumer firms

Survey participants (n=323)

ECONOMIC SECTOR



SALES REVENUE



INDUSTRY SECTOR

Industry Sector	% Respondents
Technology (Software/Biotech)	14.9%
Professional Services/Consulting	14.6%
Manufacturing	11.5%
Healthcare	9.9%
Retail/Wholesale	9.9%
Banking/Finance/Insurance	9.3%
Consumer Packaged Goods	7.8%
Communications/Media	7.1%
Consumer Services	5.0%
Transportation	3.4%
Education	2.8%
Mining/Construction	2.5%
Energy	1.2%

Survey topics

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Marketplace Dynamics

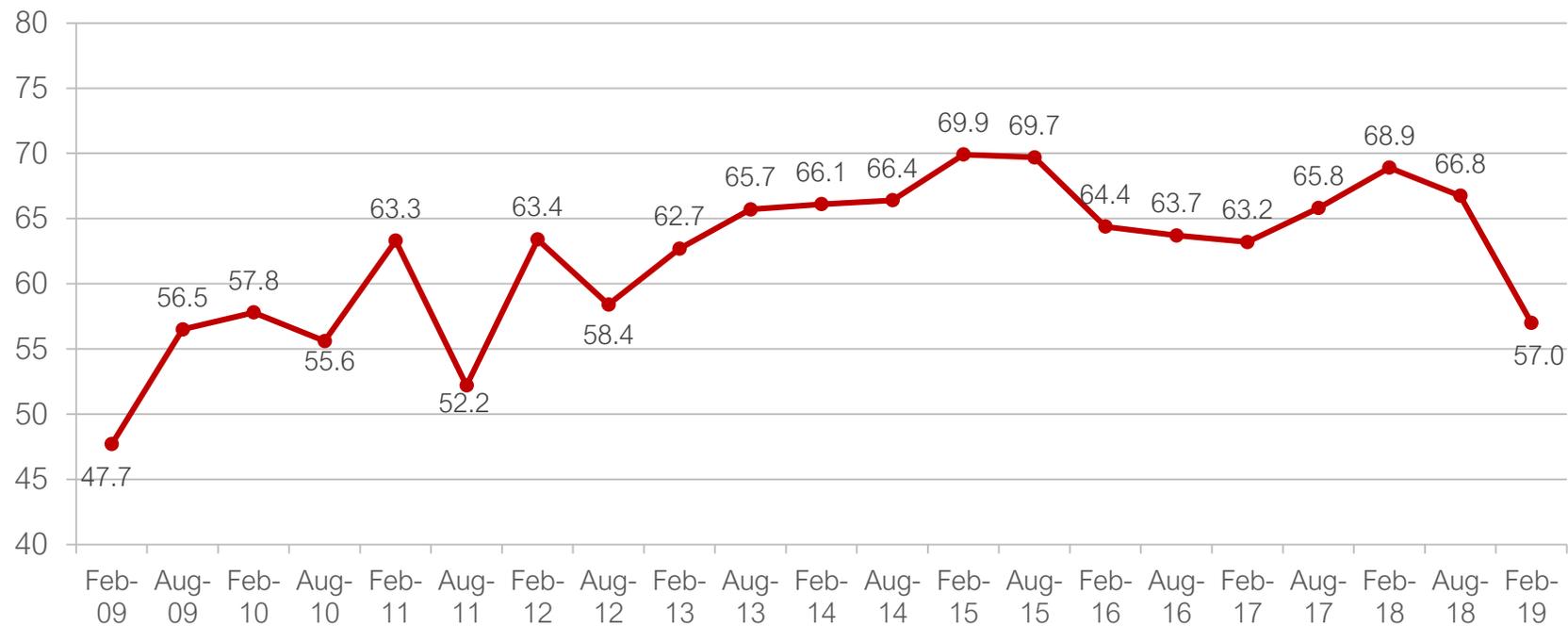
Marketers sour on the economy as optimism for the U.S. economy drops to its lowest level since 2011, reversing a two-year bull growth cycle.

Customer dynamics are expected to change to a focus on price and relationships over superior product quality, which had been the undisputed priority over the past several survey cycles. Marketers also project the biggest gains to the following business drivers: customer acquisition, purchase volume, and cross-selling.

More companies use channel partners to go-to-market in 2019. Marketers forecast strong partner metrics all around, including increases in partner purchase volume and cross-selling.

Marketer optimism drops to lowest level in 7 years

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: 59.5
 B2B Services: 57.1
 B2C Product: 52.5
 B2C Services: 55.5

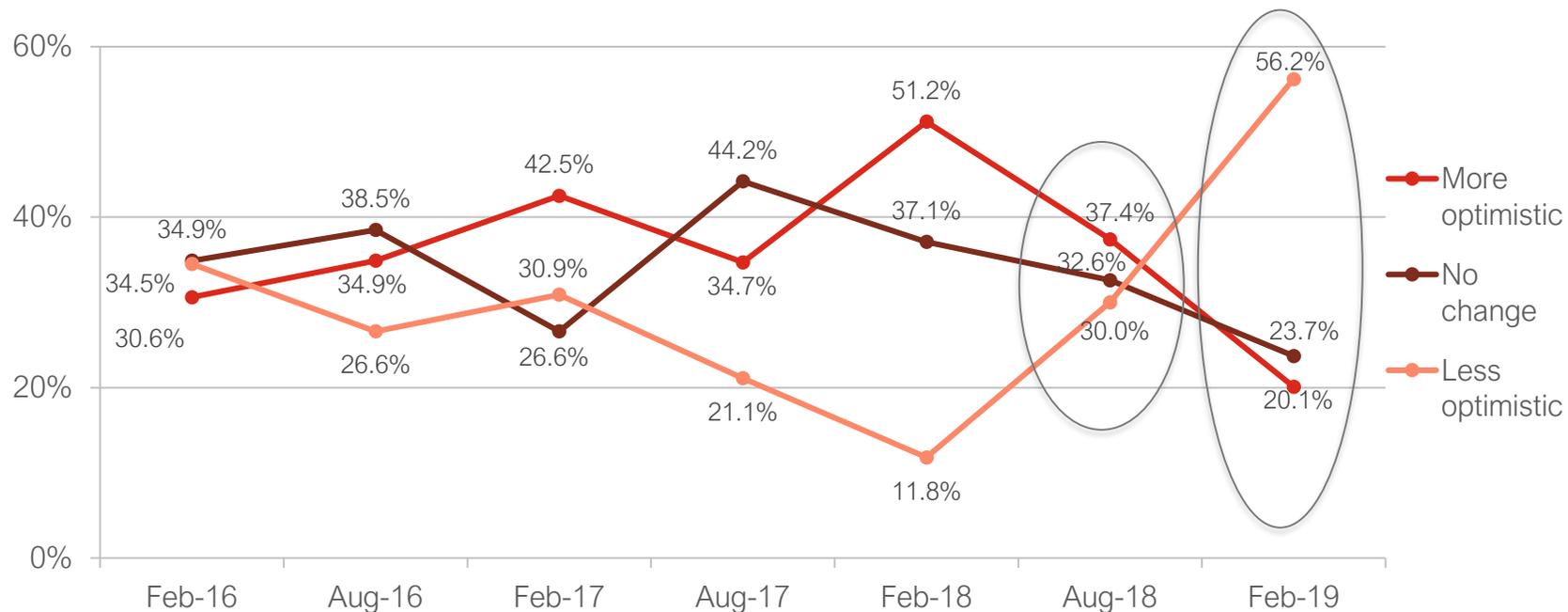


Insights

B2B marketers are the most optimistic as are medium-sized companies (\$100-499 million). Percent Internet sales has little impact on differentiating optimism among marketers. Energy and Transportation companies are the most optimistic with Communications/ Media companies on the other end of the spectrum.

More marketers are less optimistic about the economy, reversing two-year trend

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

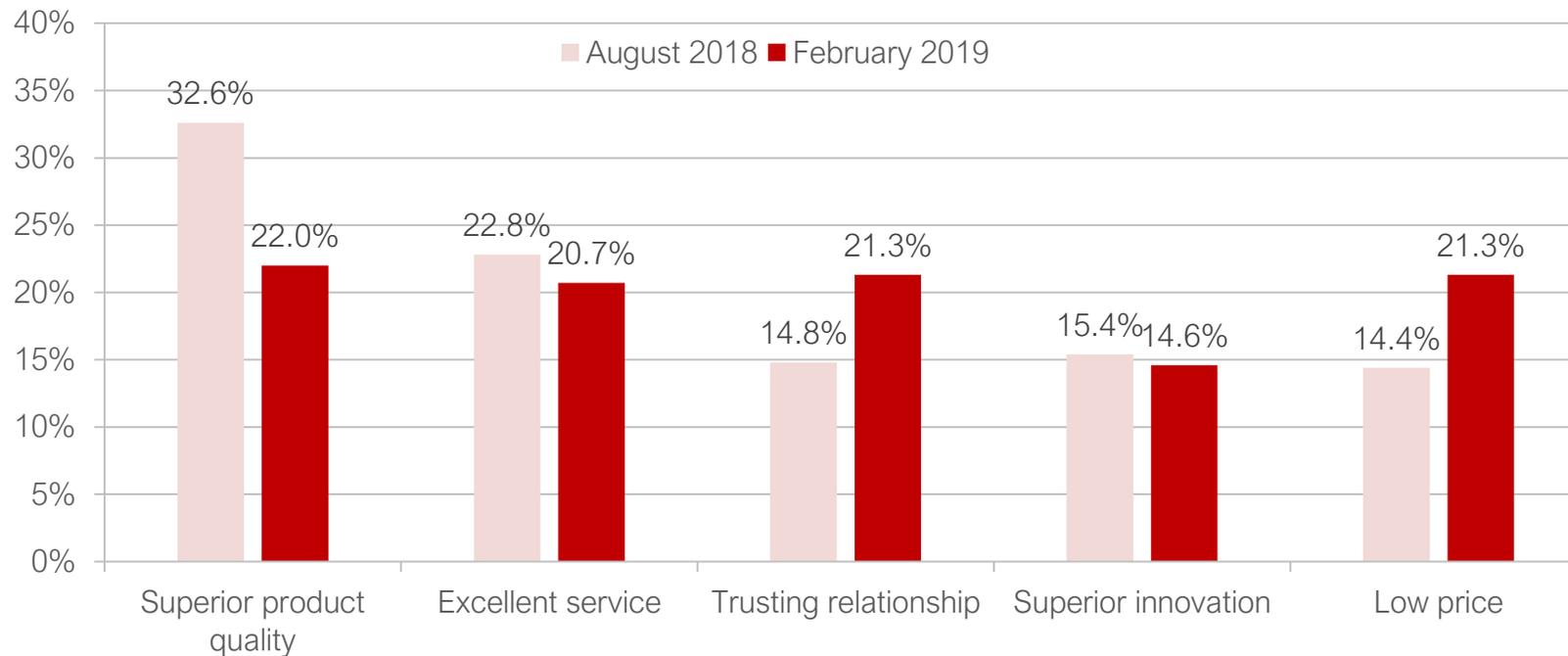


Insights

Optimism drops across economic sectors, with a drastic 80% of B2C Product companies feeling less optimistic. Optimism declined the least for large companies measured by sales revenue (\$1-9.9 billion) and companies with 1-10% in Internet sales. Companies with no Internet sales are markedly more pessimistic.

Customers prioritize price and trusting relationships over product quality in 2019

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

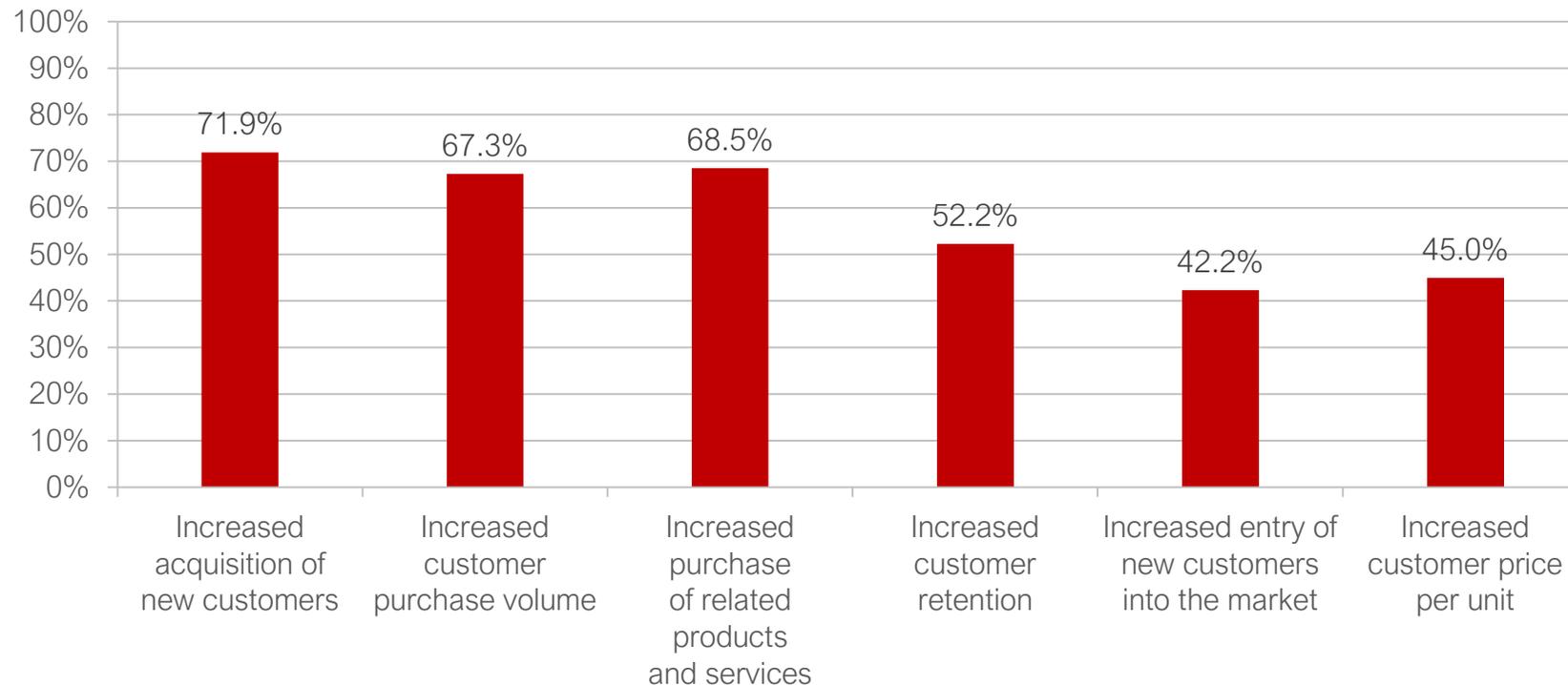


Insights

Marketers expect customers to place a stronger emphasis on price (48% increase) and trusting relationships (44% increase) while pressures for superior product quality have dropped by 32%.

Marketers' top three projected customer outcomes: Acquisition, purchase volume, and cross-selling

Do you expect the following customer outcomes to change in the next 12 months? (% forecasting yes)



Economic Sector

Increased acquisition of new customers:

- B2B Product: 71.9%
- B2B Services: 82.4%
- B2C Product: 45.8%
- B2C Services: 75.0%

Increased purchase volume::

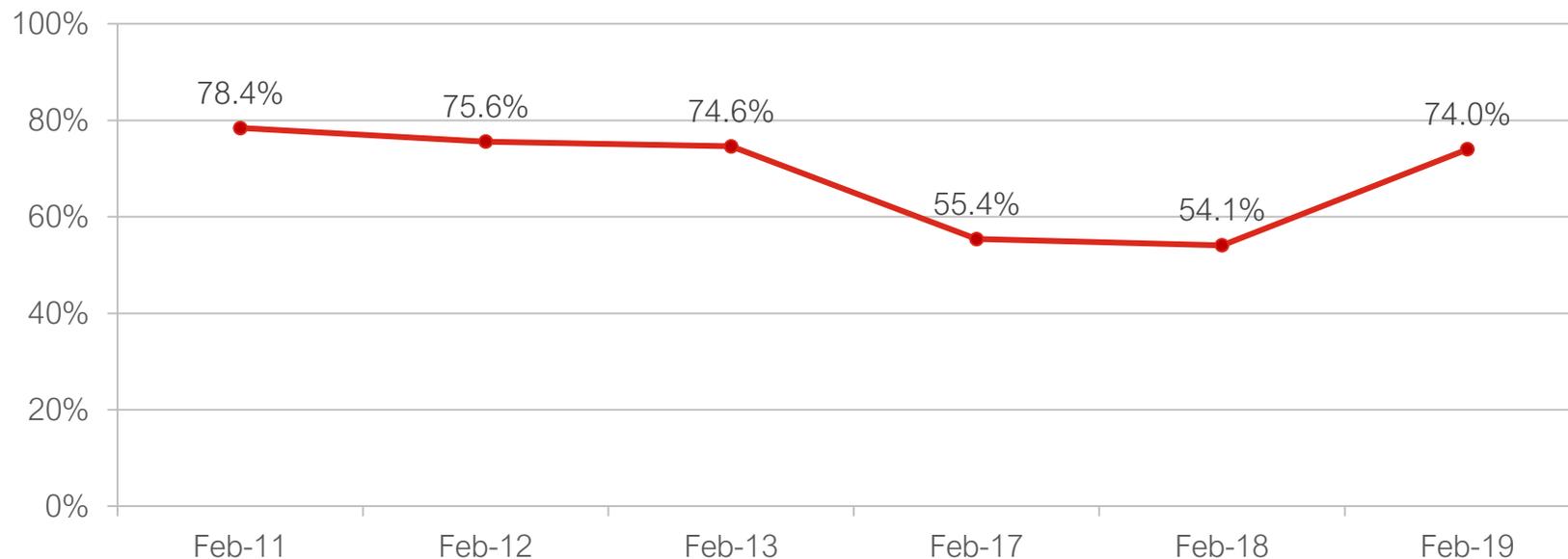
- B2B Product: 69.6%
- B2B Services: 66.7%
- B2C Product: 66.7%
- B2C Services: 64.3%

Increased cross-selling:

- B2B Product: 69.0%
- B2B Services: 78.4%
- B2C Product: 54.2%
- B2C Services: 62.1%

More companies use channel partners to go-to-market in 2019

Percent of companies using channel partners to reach market (% of respondents)*



Economic Sector

- B2B Product: 80.2%
- B2B Services: 69.9%
- B2C Product: 79.2%
- B2C Services: 63.0%



Industry Sector

Top 3 industry sectors

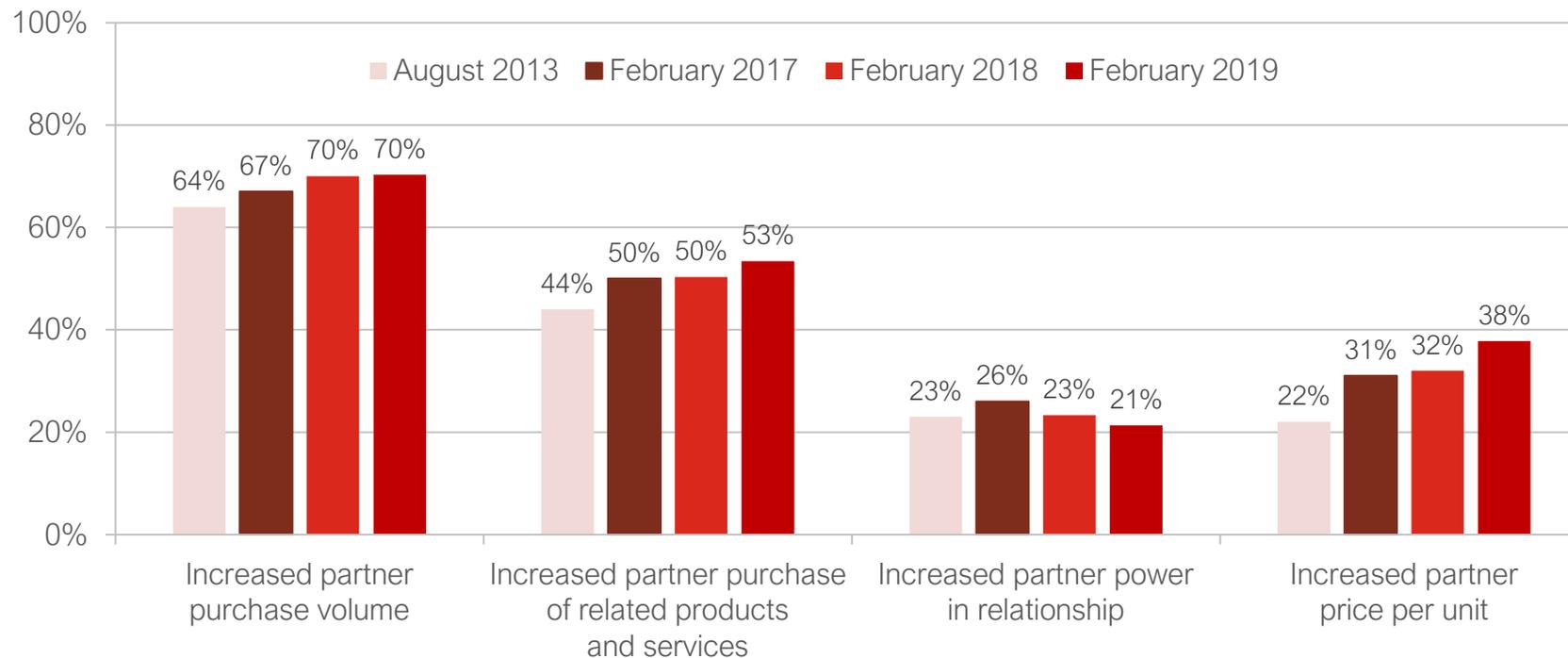
- Technology (Software/Biotech)
- Professional Services/Consulting
- Retail/Wholesale

Bottom 3 industry sectors

- Education
- Mining/Construction
- Transportation

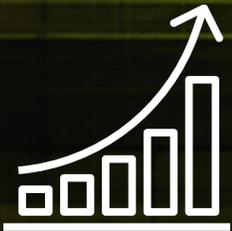
Channel partner metrics stay high or improve

Forecasted channel partner outcomes in next 12 months (% forecasting yes)



Insights

Consumer Packaged Good companies expect partner prices to rise. Consequently, B2C Products companies expect partner volume to decrease, with more ambitious forecasts across all other economic sectors. Tech companies expect stronger purchase volumes and purchases of related products and services from partners.



Firm Growth Strategies

Marketers still expect to drive growth through market penetration, especially B2C Services companies. Market development is more important to B2B companies.

From a global perspective, domestic spending continues to account for the lion's share of global spending, with a nearly 10% increase observed since 2012. Western Europe is the largest market for international sales and the biggest forecasted opportunities lie in Western Europe and China.

Curiously, Internet sales dropped to the lowest levels since August 2014. B2C Services companies sell more through the Internet than any other sector, with education, transportation, and consumer services leading the way.

How companies are spending to boost growth

Investment in growth strategies (% of companies)

	Existing products/ services	New products/ services
Existing markets	Market penetration	Product/service development
New markets	Market development	Diversification

Spending on growth in past 12 months*

Growth strategy	Feb-2018	Aug-2018	Feb-2019
Market penetration	52.3%	52.8%	55.1%
Product/service development	22.6%	24.2%	21.8%
Market development	14.5%	13.0%	13.5%
Diversification	10.6%	10.0%	9.6%

Spending by Economic Sector

Growth strategy	B2B Product	B2B Services	B2C Product	B2C Services
Market penetration	47.8%	53.1%	60.6%	70.8%
Product/service development	25.1%	19.7%	28.2%	12.6%
Market development	14.3%	17.6%	6.6%	9.9%
Diversification	12.8%	9.6%	4.6%	6.8%

*% of spending for each growth strategy.



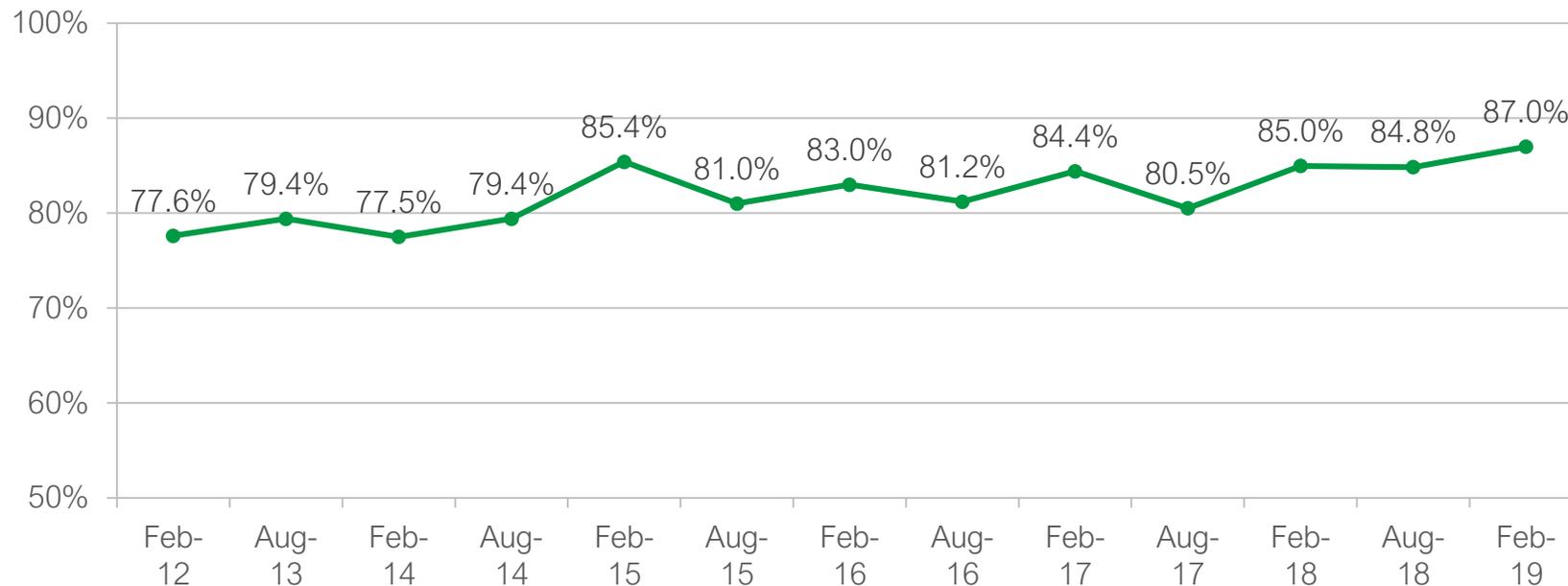
Insights

Spending on existing markets and offerings continues to dominate growth spending. This dominance increases as companies shift away from product/service development toward market penetration.

B2C companies, especially services, are most focused on market penetration to grow.

Domestic marketing spending continues steady rise, is most of budget

Percent of marketing budget spent on domestic markets



Insights

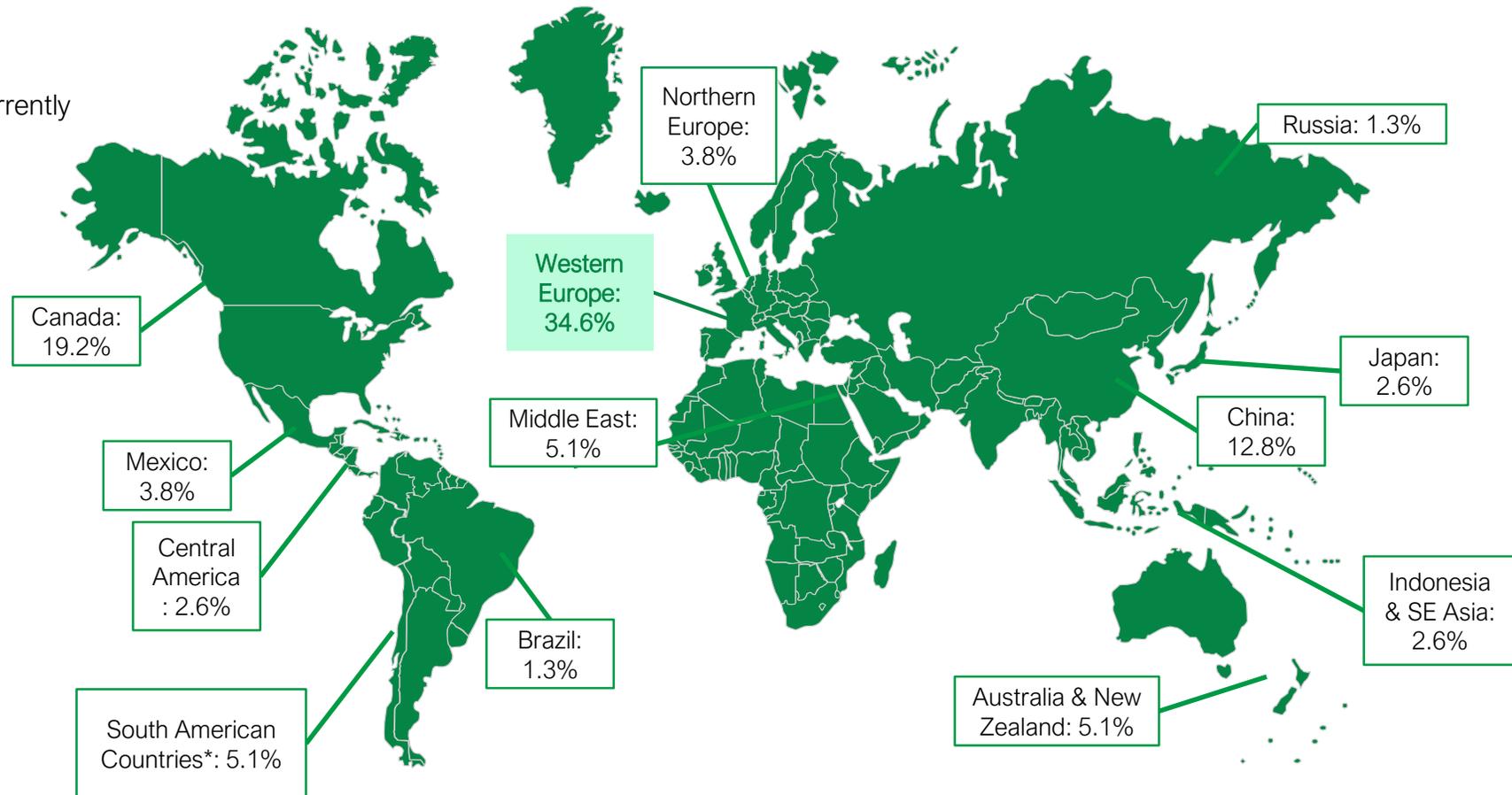
Companies continue to turn inward as they spend more on domestic markets over time. A nearly 10% increase has been observed since 2012.

Most prone to investing budget to international markets are Mining/Construction, Consumer Packaged Goods, and Transportation companies.

Companies with a small online presence (1-10% of Internet sales) also spend more on international markets.

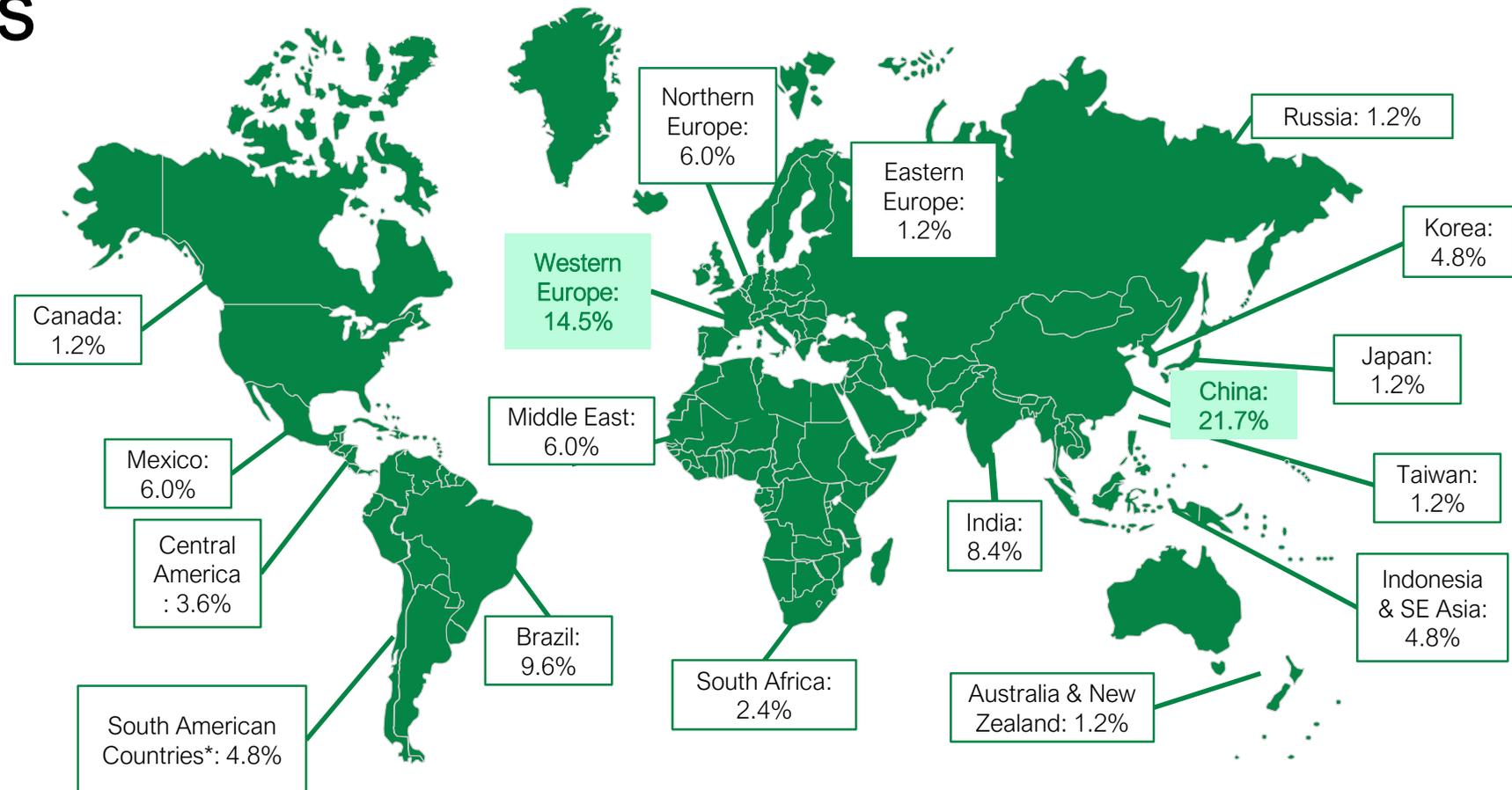
Western Europe is largest international market for sales

Which international market is currently your largest (in terms of sales)?



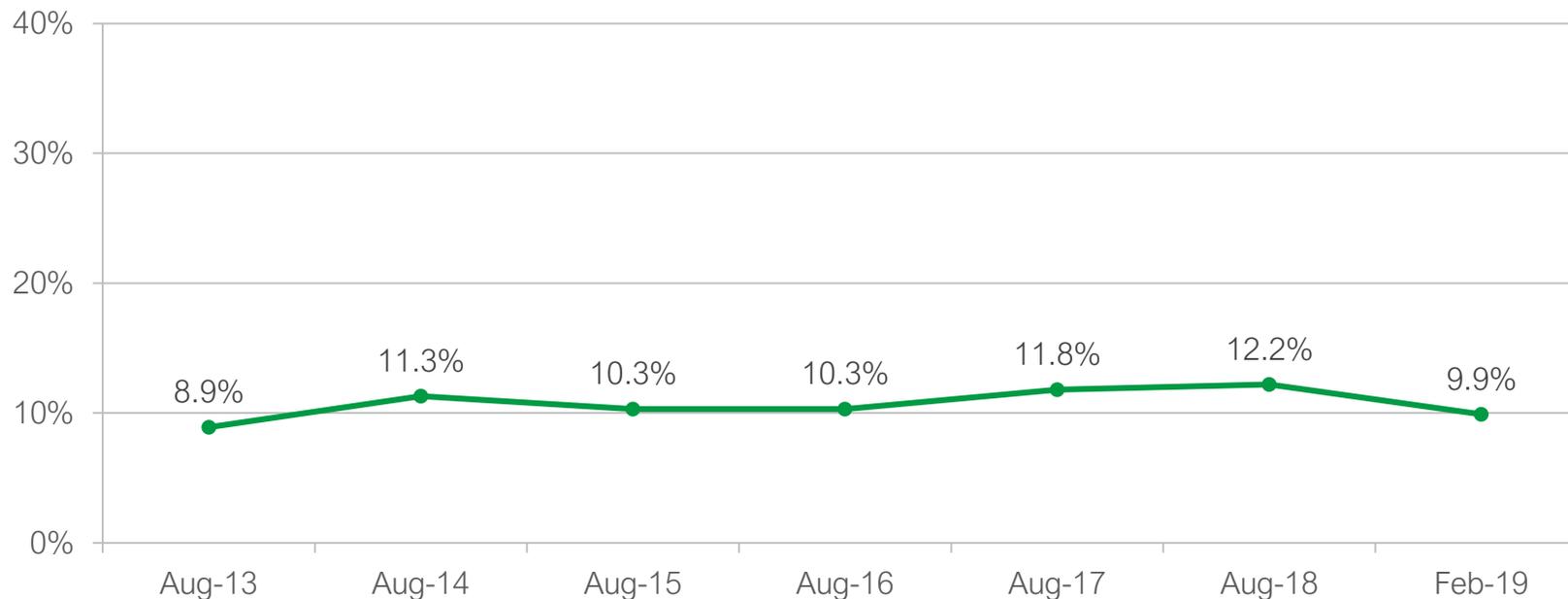
China and Western Europe present largest future growth opportunities

Which international market that you are currently not in is your biggest opportunity for the future?



Company Internet sales fall below 10%

Percent of company sales through the Internet



Economic Sector

- B2B Product: 5.7%
- B2B Services: 7.8%
- B2C Product: 11.9%
- B2C Services: 21.3%



Industry Sector

Top 3 industry sectors

- Education
- Transportation
- Consumer Services

Bottom 3 industry sectors

- Mining/Construction
- Manufacturing
- Professional Services/Consulting



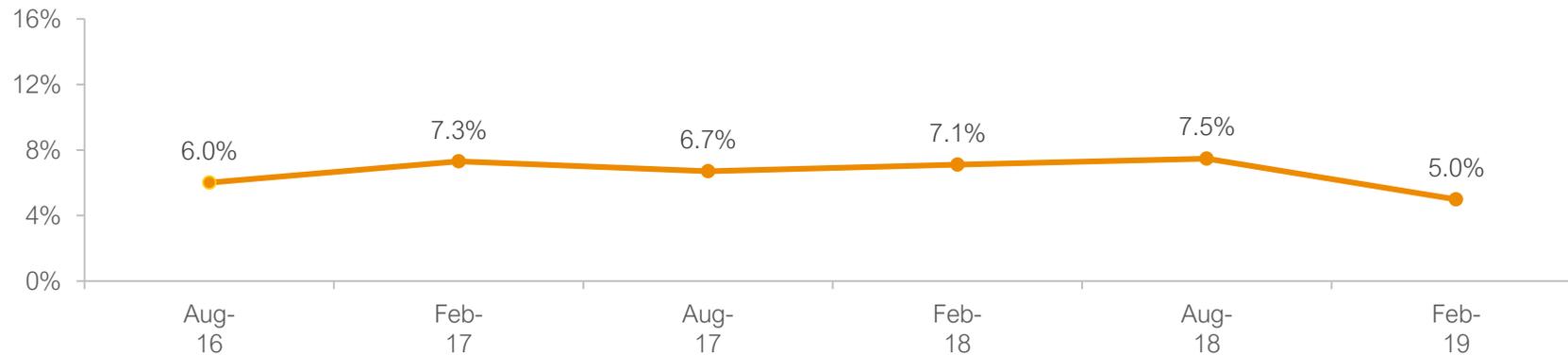
Marketing Spending

Marketing budget growth remains positive, but drops to lowest level in 3 years. Despite this deceleration, marketing budgets are expected to re-stabilize over the next year. Brand and new service introduction spending have the clearest ongoing growth trajectory, beating other investment dimensions such as customer relationship management (CRM) and new product and service introductions.

Marketing capability development continues to be the critical knowledge investment priority for companies. In parallel, training and development spend as a percent of marketing budgets shows five-year gains, signaling companies' ongoing commitment to growing talent.

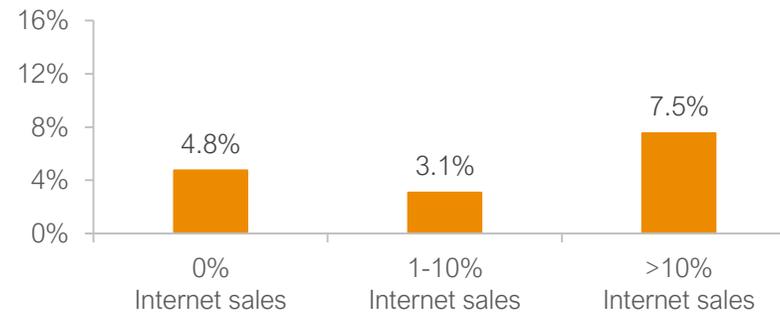
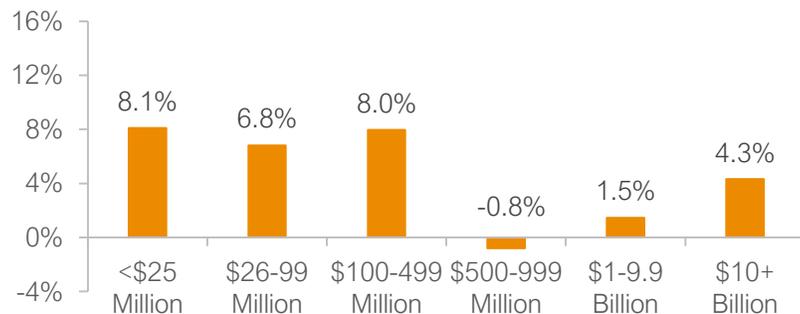
Marketing budget growth positive but drops to lowest level in 3 years

Actual percent change in marketing budgets in prior 12 months



Sales Revenue

Internet Sales



Economic Sector

- B2B Product: 7.3%
- B2B Services: 3.2%
- B2C Product: 1.5%
- B2C Services: 7.6%



Industry Sector

Top 3 industry sectors

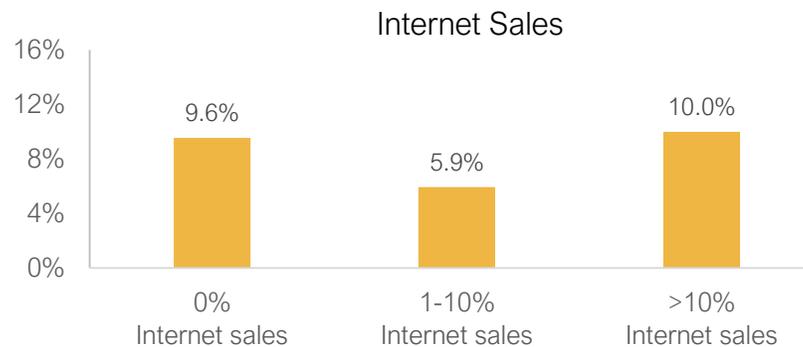
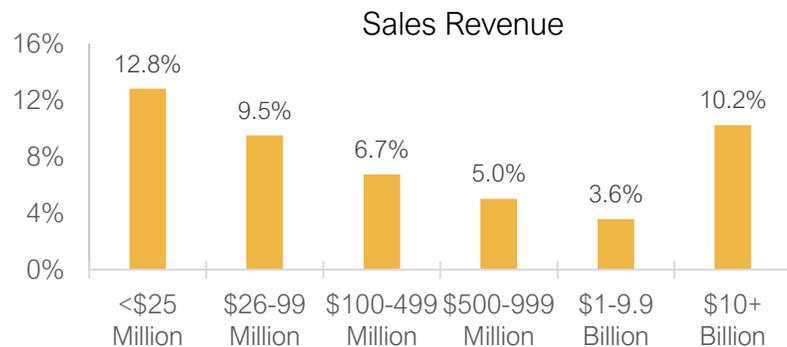
- Education
- Technology (Software/Biotech)
- Communications/Media

Bottom 3 industry sectors

- Professional Services/Consulting
- Consumer packaged Goods
- Mining/Construction

Marketing budget growth expected

Expected percent change in marketing budgets in next 12 months



Economic Sector

- B2B Product: 8.5%
- B2B Services: 10.3%
- B2C Product: 2.9%
- B2C Services: 9.6%



Industry Sector

Top 3 industry sectors

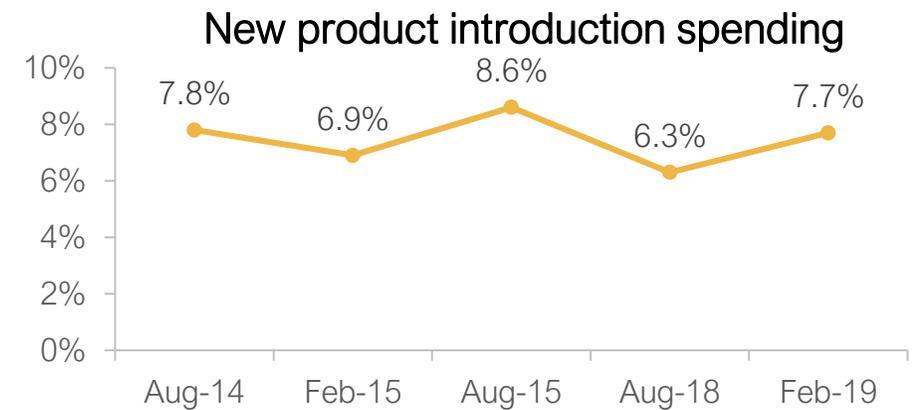
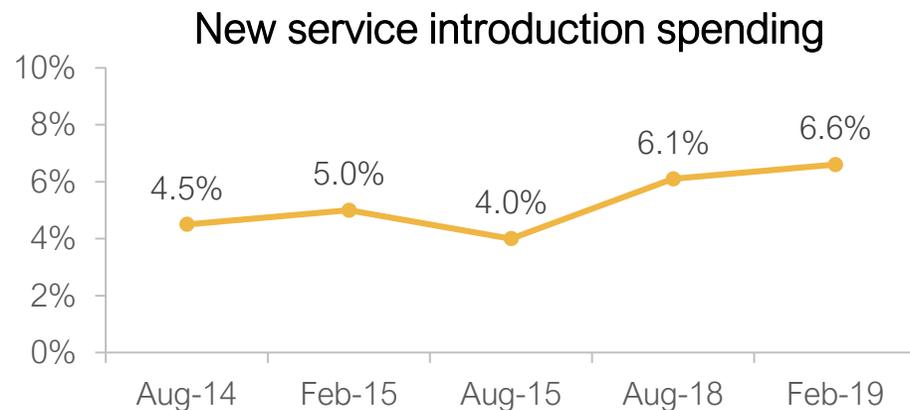
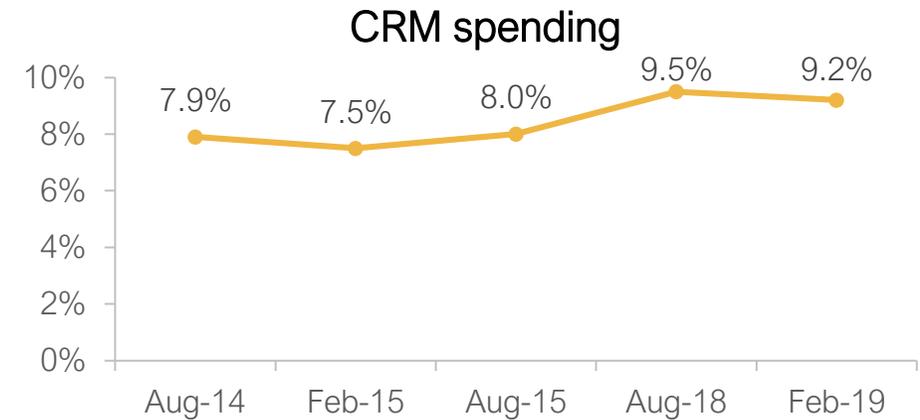
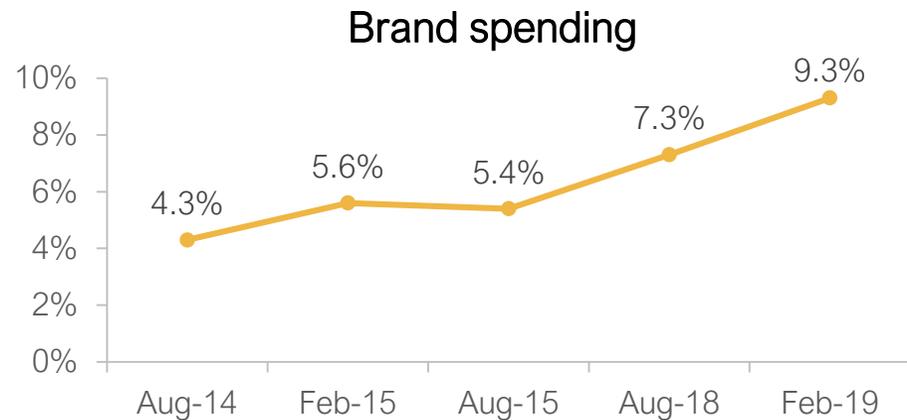
- Healthcare
- Education
- Technology (Software/Biotech)

Bottom 3 industry sectors

- Consumer Packaged Goods
- Retail/Wholesale
- Consumer Services

Brand spending outpaces other marketing spend

Expected percent change in marketing budgets in next 12 months



Marketing capability development remains the top marketing knowledge priority

Percent change in marketing knowledge investments in prior 12 months by sector

Marketing Knowledge Investments	Overall Average	B2B Product	B2B Services	B2C Product	B2C Services
Developing new marketing knowledge and capabilities	10.4%	8.2%	13.0%	9.3%	10.6%
Marketing research and intelligence	7.7%	9.4%	7.1%	3.0%	10.6%
Marketing consulting services	8.7%	11.9%	8.3%	4.5%	6.9%
Marketing training*	3.4%	4.4%	3.6%	3.8%	0.4%



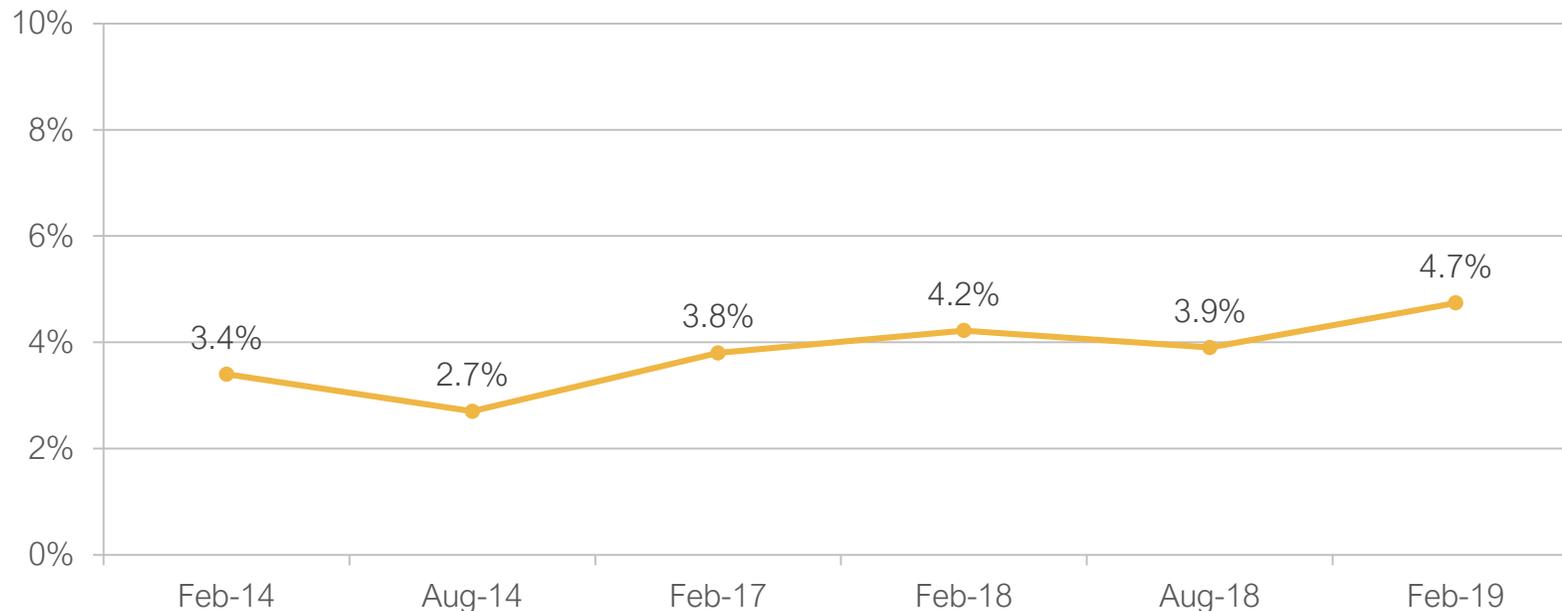
Insights

Companies with the highest sales revenue and levels of Internet sales make larger marketing capability investments, as do Education and Energy companies. Companies with the lowest revenues and levels of Internet sales prioritize investments in marketing consulting services, as do Retail/Wholesale, Education, and Technology companies.

Marketing training levels are significantly higher for companies with the highest sales revenues and Banking/Finance companies.

Marketing spend on training and development reaches highest level in 5 years

What percent of your marketing budget is currently devoted to training and development?



Economic Sector

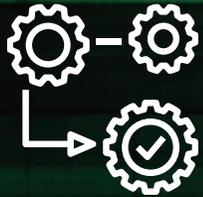
- B2B Product: 4.8%
- B2B Services: 6.1%
- B2C Product: 4.6%
- B2C Services: 2.5%



Insights

The biggest share of marketing budgets spent on training and development is in the Healthcare, Professional Services/Consulting, and Education sectors.

B2B Services dedicate 150% more to training than their B2C counterparts. Companies with 1-10% of sales from the Internet spend more on training at 6.2%.



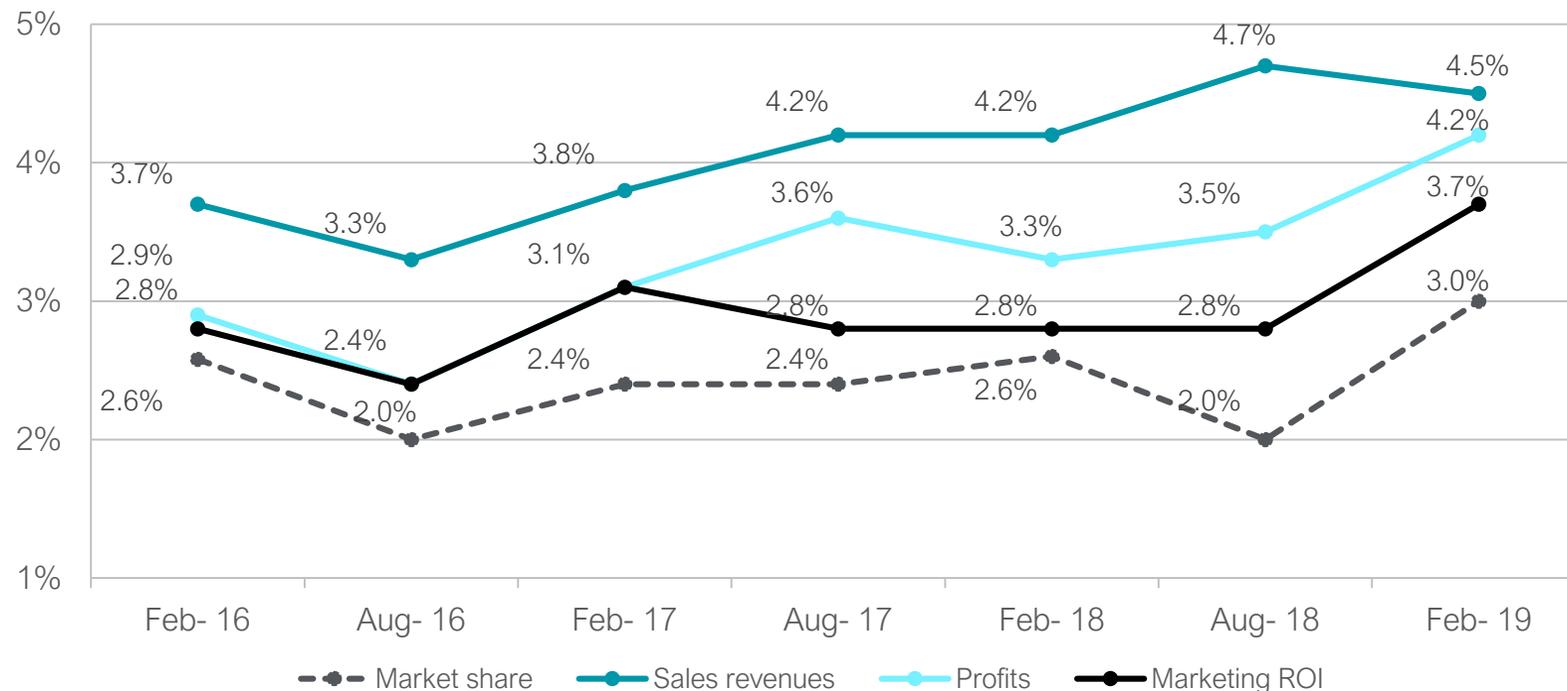
Firm Performance

Financial metrics show lift over three years across market share, profits, and marketing ROI. B2C Services companies outpace other economic sectors. Marketing metrics also show gains with brand value and customer acquisition showing the largest increases.

Self-ratings of company marketing excellence have not evolved much since their August 2012 initial reporting. B2C companies view themselves as stronger marketers than B2B companies.

Key financial performance metrics show continued strength for three years

Percent change in financial and marketing asset performance in prior 12 months



Economic Sector

Market Share

B2B Product: 3.1%
 B2B Services: 3.1%
 B2C Product: 1.5%
 B2C Services: 4.0%

Sales Revenues:

B2B Product: 3.4%
 B2B Services: 5.2%
 B2C Product: 4.3%
 B2C Services: 5.5%

Profits:

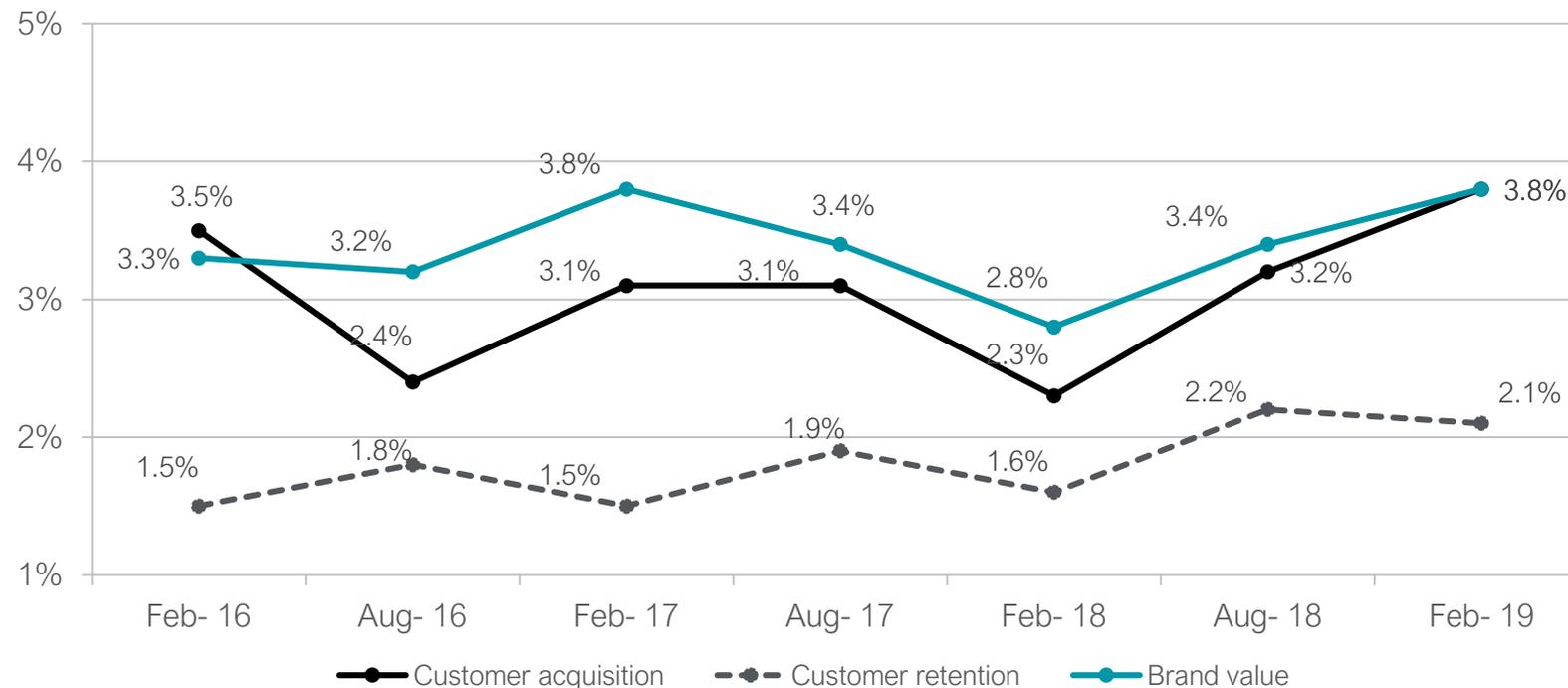
B2B Product: 3.2%
 B2B Services: 4.3%
 B2C Product: 4.8%
 B2C Services: 5.4%

Marketing ROI:

B2B Product: 2.6%
 B2B Services: 4.3%
 B2C Product: 3.0%
 B2C Services: 5.5%

Brand and customer acquisition performance improves

Percent change in financial and marketing asset performance in prior 12 months



Economic Sector

Customer Acquisition:

- B2B Product: 3.7%
- B2B Services: 4.1%
- B2C Product: 2.1%
- B2C Services: 4.7%

Customer Retention:

- B2B Product: 1.8%
- B2B Services: 2.8%
- B2C Product: 0.9%
- B2C Services: 2.5%

Brand Value:

- B2B Product: 4.2%
- B2B Services: 3.5%
- B2C Product: 2.7%
- B2C Services: 4.4%



Social Media Marketing

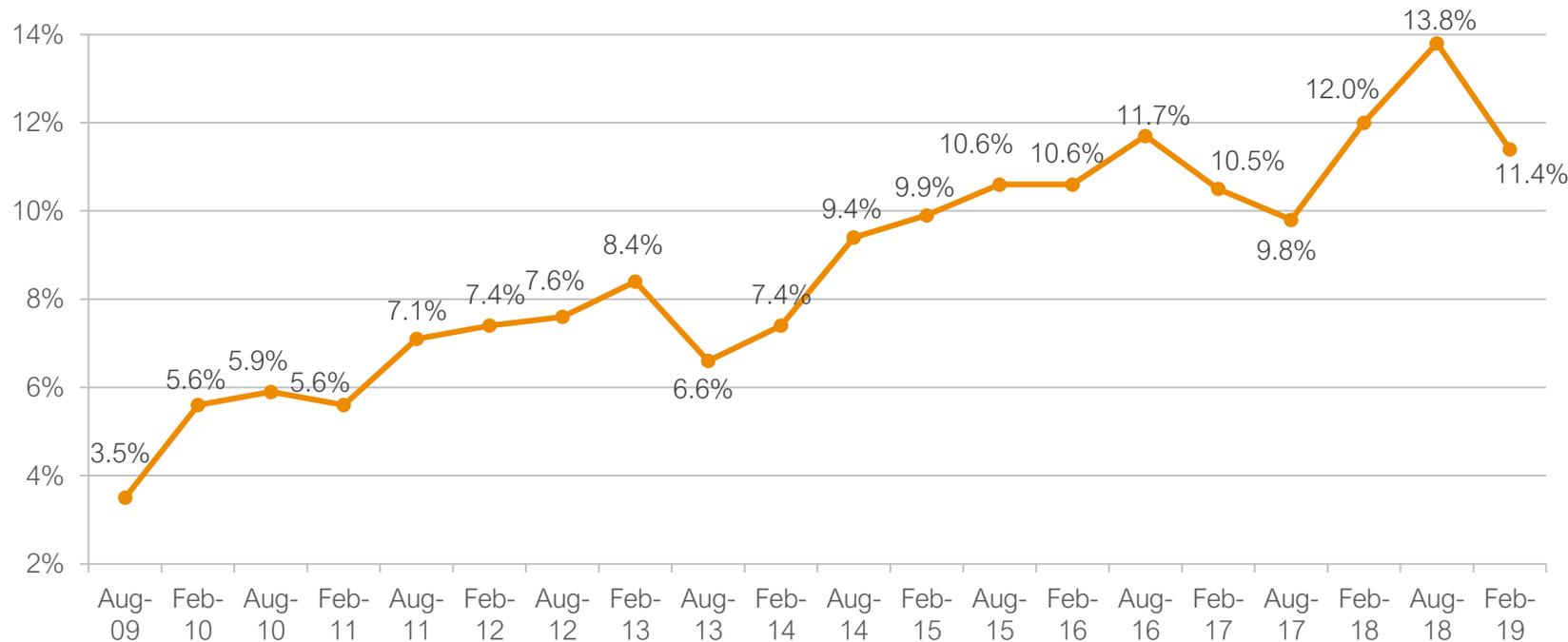
Social media spending falls to levels last seen in August 2017, reversing the strong positive growth recorded in the two previous surveys. One reason may be that despite massive financial investments, social media is rated as contributing only moderate value to company performance (3.3 on a seven-point scale where 7=very highly and 1=not at all). Expectations remain strong, however, as social media investment is expected to rise by 73% over the next five years.

Despite these weak contribution ratings, the use of social media has increased in critical strategic activities, including building brands, customer acquisition, customer retention, product/service introductions, and customer service. Companies prioritize search engine optimization and other paid digital media over other digital expenditures.

Outside agencies continue to play an important role in guiding social media activities in companies, with this survey recording the highest level of engagement in several years.

Social media spending tumbles

Current social media spending as percent of marketing budget



Economic Sector

- B2B Product: 8.7
- B2B Services: 12.3
- B2C Product: 12.6
- B2C Services: 15.3

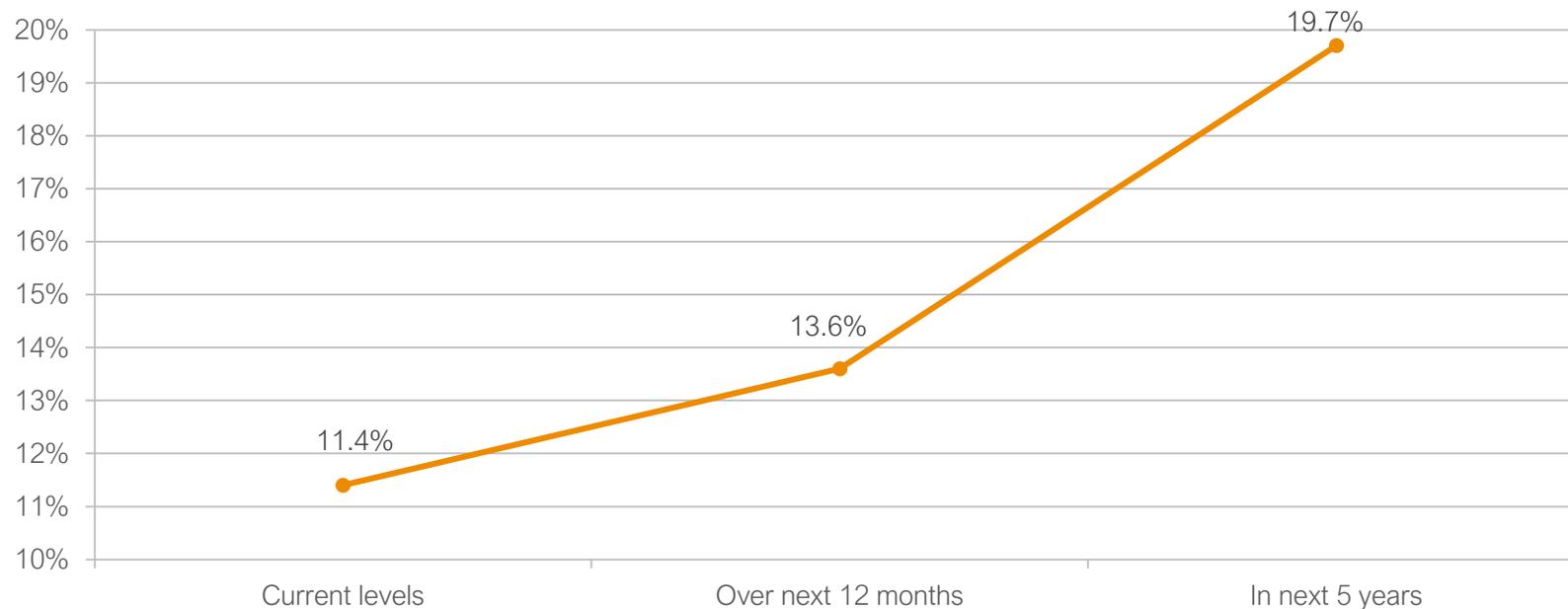


Insights

Spending on social media slows for the first time since August 2017. As might be expected, companies with 10% or more of their sales from the Internet spend more on social media (14.2%) compared to those with no sales (11%) or between 1-10% (10.2%). The smallest companies (<\$25 million in revenues spend the most (14.9%), perhaps looking for low cost ways to compete.

But social media spending expected to rise by 73% over five years

Social media spending as percent of marketing budget



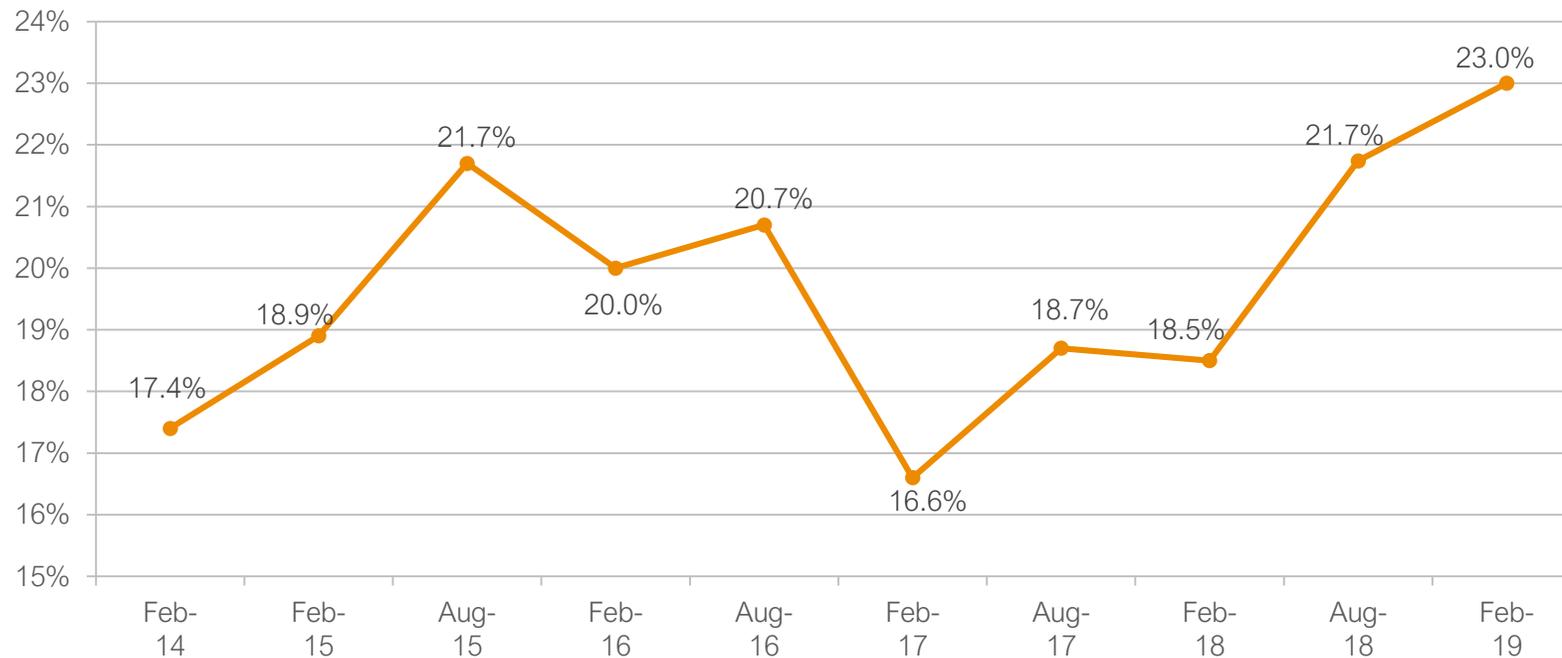
Economic Sector

Expected Five-Year Growth

- B2B Product: 16.6
- B2B Services: 20.5
- B2C Product: 20.9
- B2C Services: 24.7

Outside agencies perform nearly one-fourth of all social media activities

Percent of company's social media activities performed by outside agencies



Economic Sector

B2B Product: 24.1
 B2B Services: 15.9
 B2C Product: 33.2
 B2C Services: 25.1



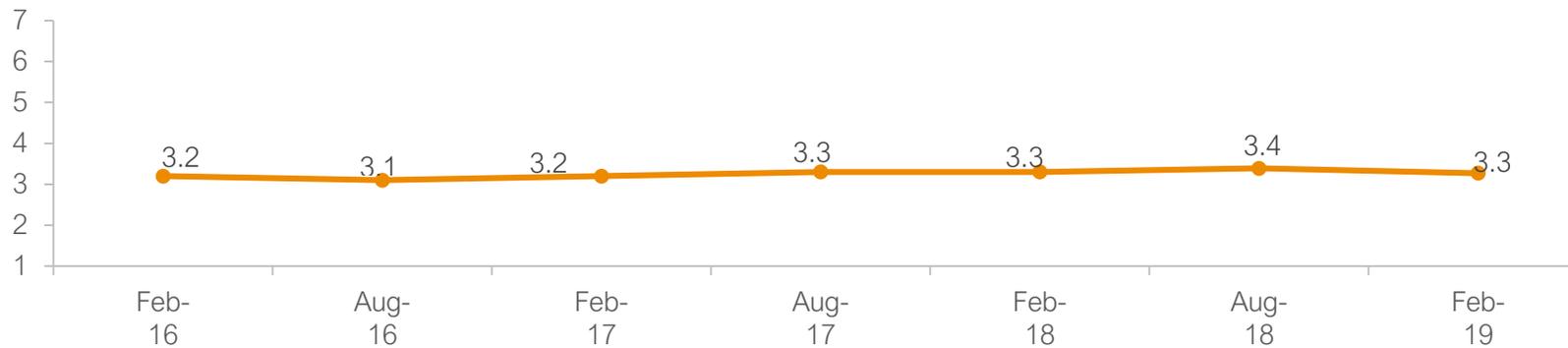
Insights

Role of outside agencies in social media activities reaches highest point in over 5 years. Consumer packaged goods companies are most reliant on outside agencies (45.0%), while Manufacturing (10.2%) and Education companies are the least reliant (11.7%).

In general, large companies (\$500m to \$10b in revenues) are most reliant on agencies (35.6%).

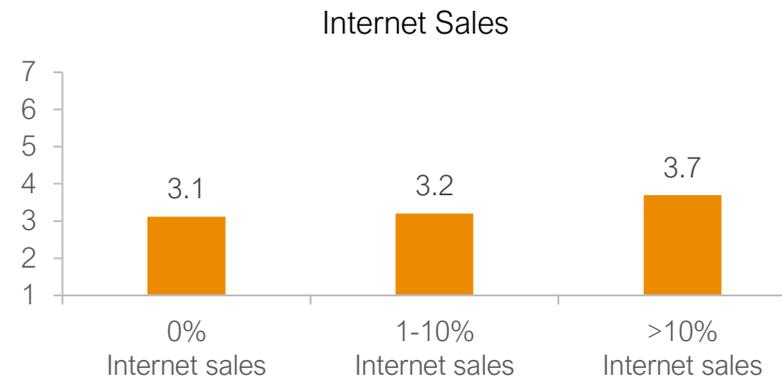
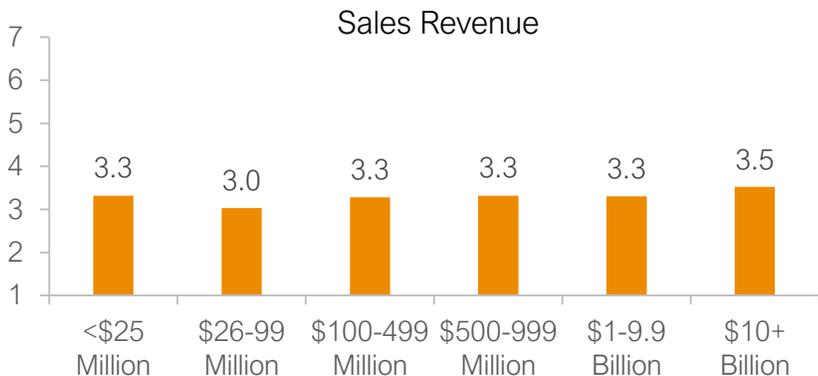
Despite massive investments, social media continue to make modest contributions to company performance

Total social media contributions to performance (overall average) (1 = not at all, 7 = very highly)



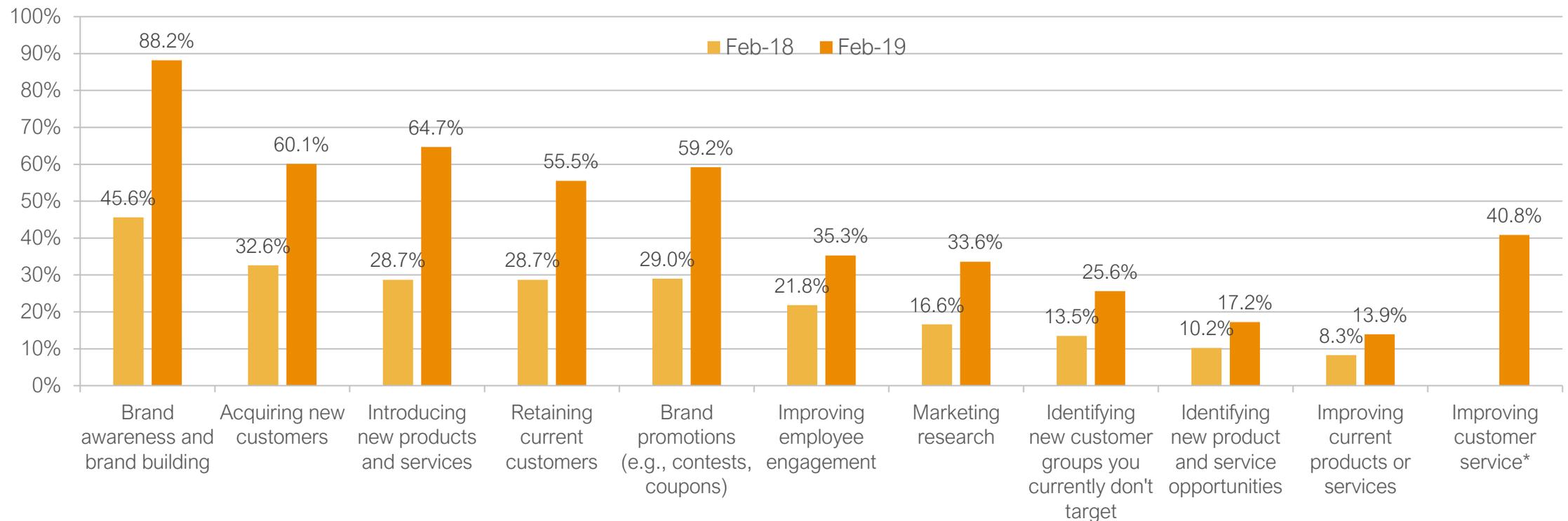
Economic Sector

- B2B Product: 3.0
- B2B Services: 3.3
- B2C Product: 3.8
- B2C Services: 3.5



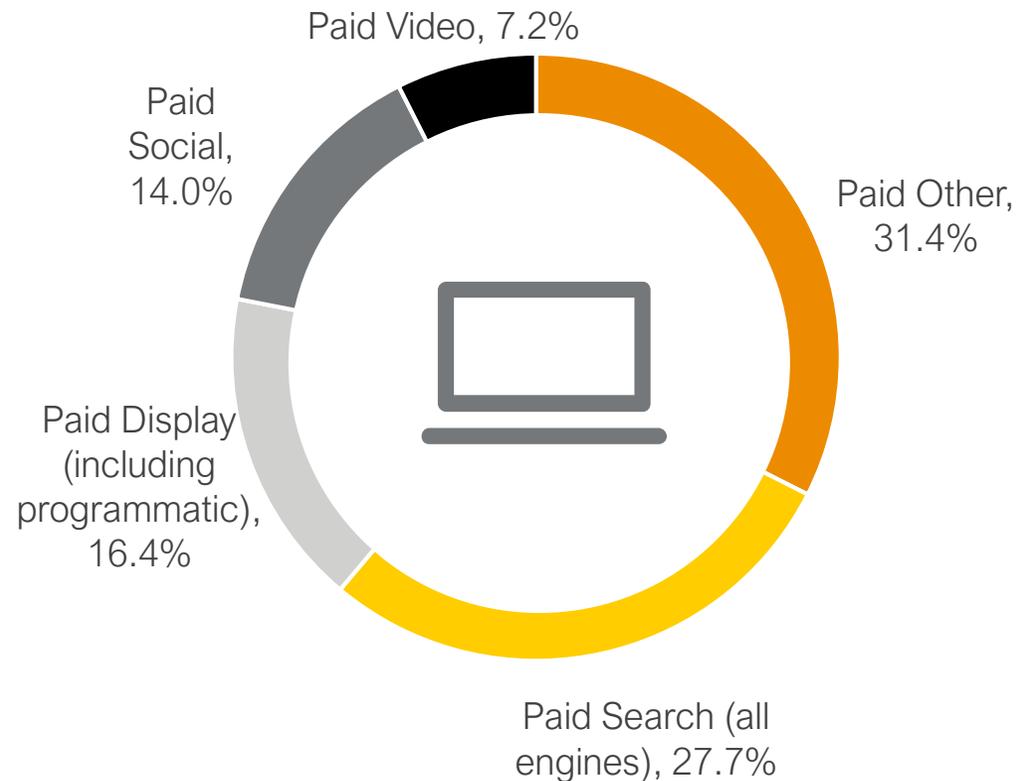
Social media seen as tool to accomplish key strategic objectives for the company

How does your firm use social media? (Check all that apply)



Companies prioritize search engine optimization and other paid digital media

How is your paid digital media allocated across the following channels?



Insights

Consumer Services and Professional Services/Consulting spend the most on Paid Search, at 40.4% and 36.7%, respectively.

Spending on Paid Display varies widely based on the percentage of Internet sales, with those who sell 0% online investing only 11.6% on display, while those who sell more than 10% online investing 22.7%.



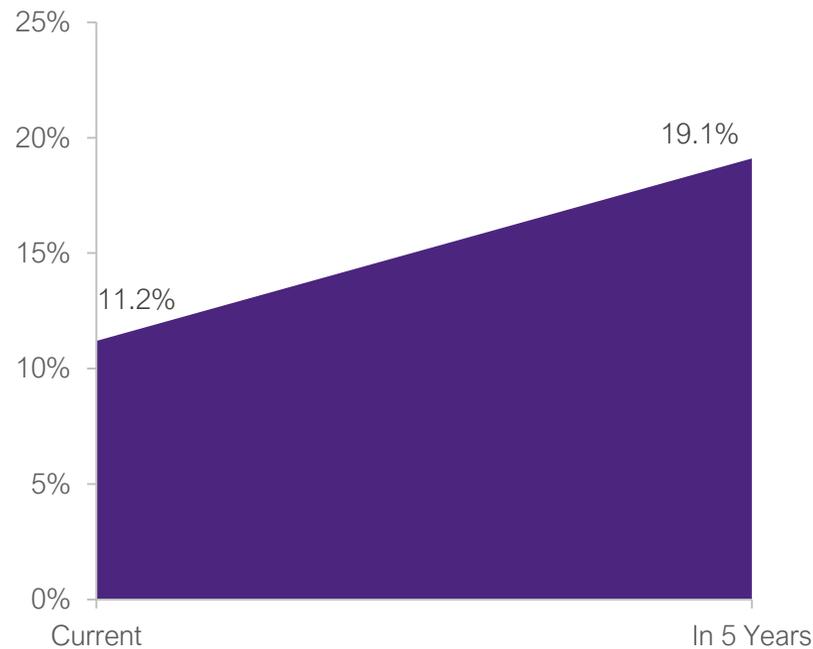
Mobile Marketing

Marketers are funneling more spend towards mobile initiatives with levels increasing from 3.2% in 2015 to 11.2% in 2019. Spend is expected to grow to 19.1% over the next five years.

Similar to social media, mobile marketing contributions to company performance have remained relatively flat with B2C companies. Those companies that sell more of their products and services over the web report the strongest performance contributions from mobile.

Marketers funnel more spend towards mobile initiatives

Percent of marketing budget currently spent on mobile



Economic Sector

Expected Five-Year Growth

- B2B Product: 14.4
- B2B Services: 17.6
- B2C Product: 25.4
- B2C Services: 27.0

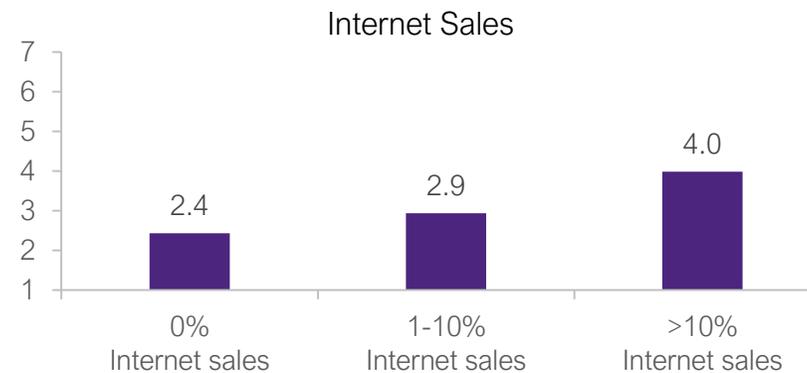
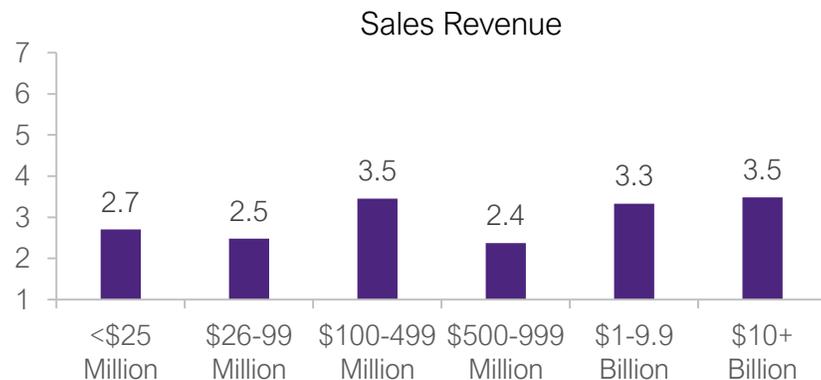
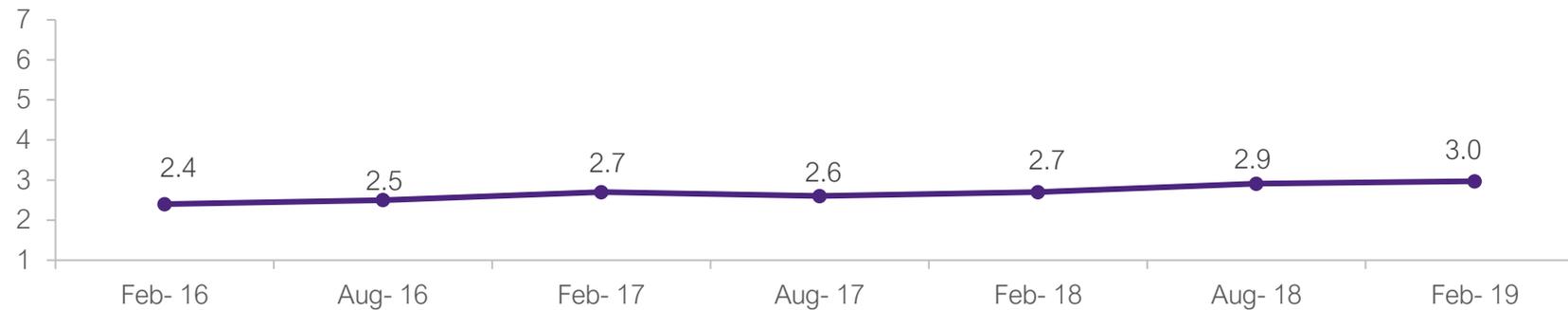


Insights

The percent of marketing budget spent on mobile trends upwards over the past five years and is expected to continue to rise. Education and Consumer Services expect the largest rises, with mobile growing to 47.4% and 30.9% of their respective budgets. By contrast, 2019 spending on social media slowed for the first time since 2017, down to 11.4% of marketing budgets.

Mobile marketing makes incremental gains in contributions to company performance

Mobile marketing contributions to performance (overall average)



Economic Sector

- B2B Product: 2.5
- B2B Services: 2.7
- B2C Product: 3.6
- B2C Services: 4.0



Insights

Companies that sell at least 10% online recognize the most mobile contributions to company performance, averaging a 4.0 compared to a 2.4 average from companies who do not sell online.

Banking and finance industries value mobile contributions least, at 2.1, while the education industry values them most at 5.7.



Marketing Jobs

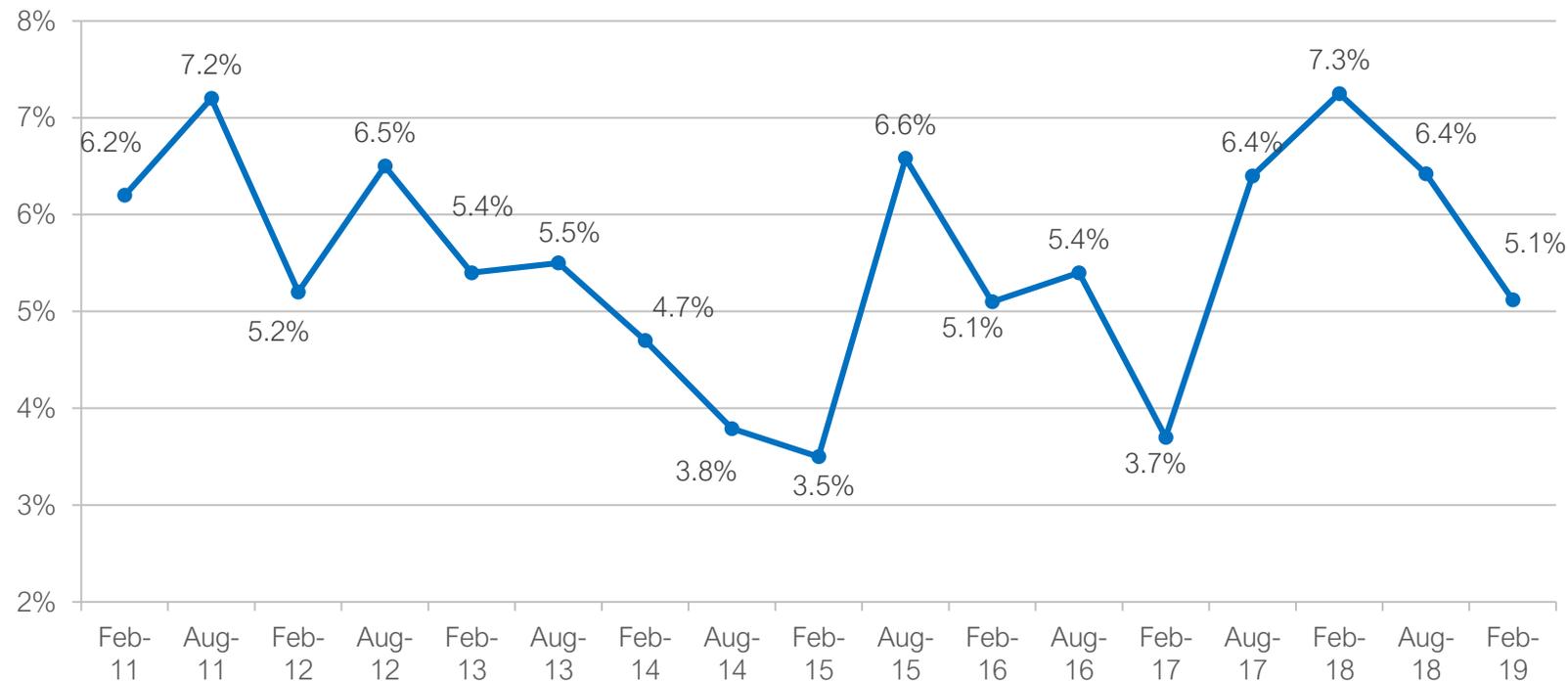
Marketing hiring growth remains positive, but slows for third straight survey to 5.1% percent change in hires planned in the next year with B2B companies (Product 6.5% and Service 6.1%) outpacing B2C (Product 0.5% and Service 4.4%) companies.

Companies expect to hire full-time marketing employees over contractors and to hire marketers from companies in other industries followed by hiring from competitors in the same industry.

B2B Product companies outsource marketing at 2X the rate of other sectors.

Marketing hiring growth remains positive, but slows for third survey in a row

Percent change in marketing hires planned in next 12 months



Economic Sector

- B2B Product: 6.5%
- B2B Services: 6.1%
- B2C Product: 0.5%
- B2C Services: 4.4%

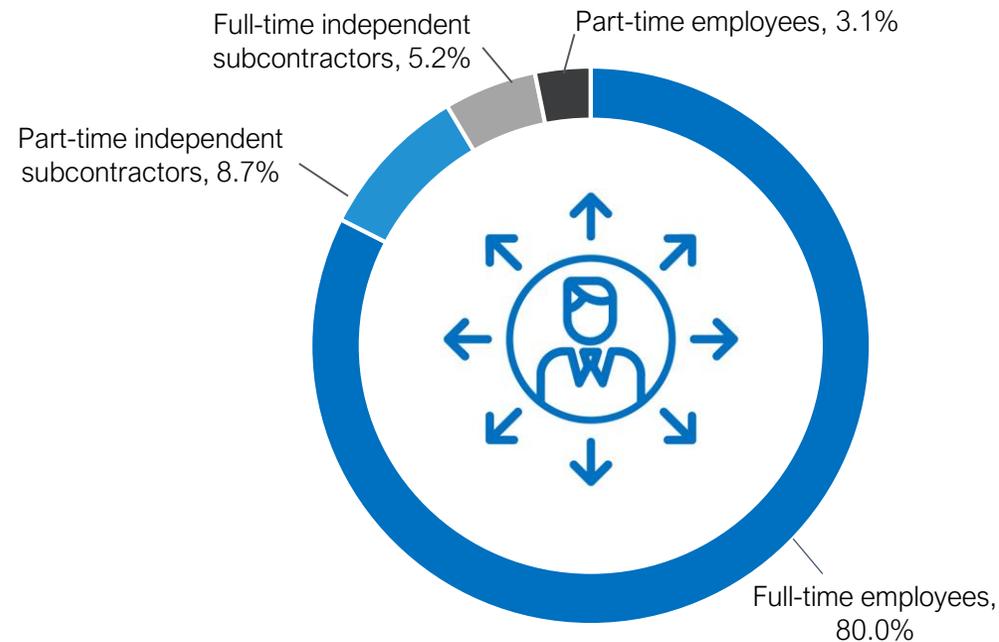


Insights

In the last year, planned marketing hiring dropped over 2% (from 7.3% to 5.1%). Professional Services/ Consulting, Retail/Wholesale, and Consumer Packaged Goods expect the smallest change in marketing hires at 0.7%, 1.4%, and 1.6%. Banking/Finance/Insurance expects to see the most change, at 9.8%. Companies who sell at least 10% over the Internet expect a negative change over the next twelve months.

Companies focus on full-time hiring within their industries over contractors

Distribute 100 points across these different types of employees you plan to hire in the next year



Economic Sector

Full-time Employees:

- B2B Product: 78.8%
- B2B Services: 74.5%
- B2C Product: 84.4%
- B2C Services: 86.8%

Part-time Independent Subcontractors:

- B2B Product: 8.3%
- B2B Services: 13.4%
- B2C Product: 1.3%
- B2C Services: 7.5%

Full-time Independent Subcontractors:

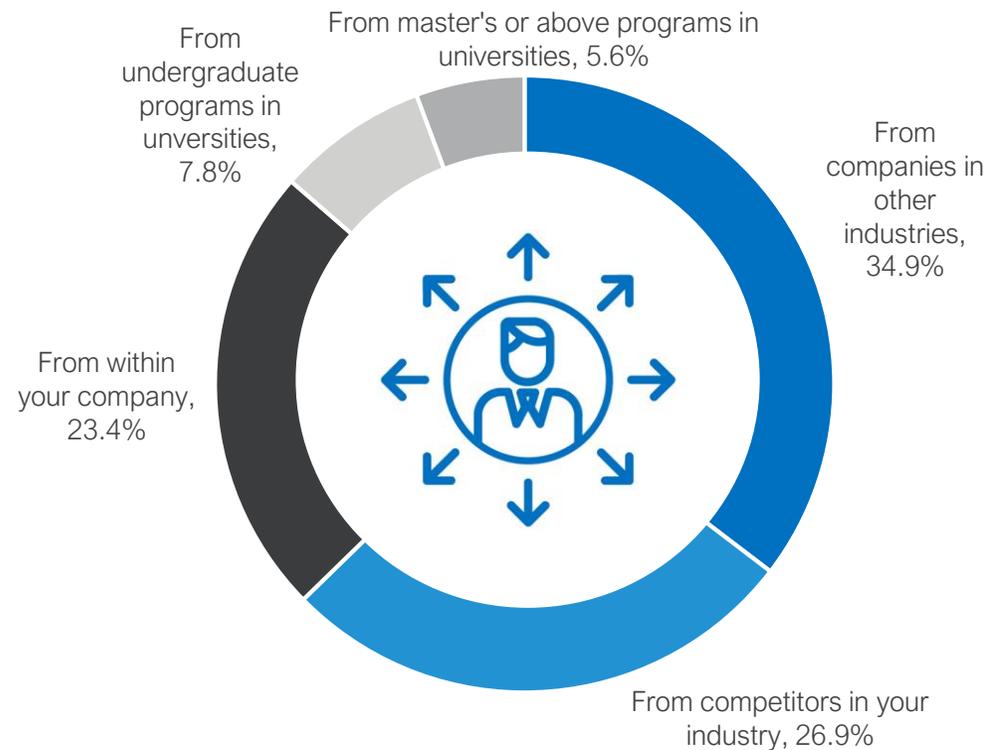
- B2B Product: 5.3%
- B2B Services: 2.3%
- B2C Product: 11.9%
- B2C Services: 5.0%

Part-time Employees:

- B2B Product: 3.5%
- B2B Services: 4.6%
- B2C Product: 2.5%
- B2C Services: 0.7%

Companies cast their net wide to hire new full-time employees

Distribute 100 points; how often will you acquire marketing talent from these sources?



Economic Sector

B2B Product:

Highest: From companies in other industries 32.4%

Lowest: From master's or above programs 7.2%

B2B Services:

Highest: From companies in other industries 31.5%

Lowest: From master's or above programs 2.3%

B2C Product:

Highest: From competitors in your industry 35.0%

Lowest: From master's or above programs 3.8%

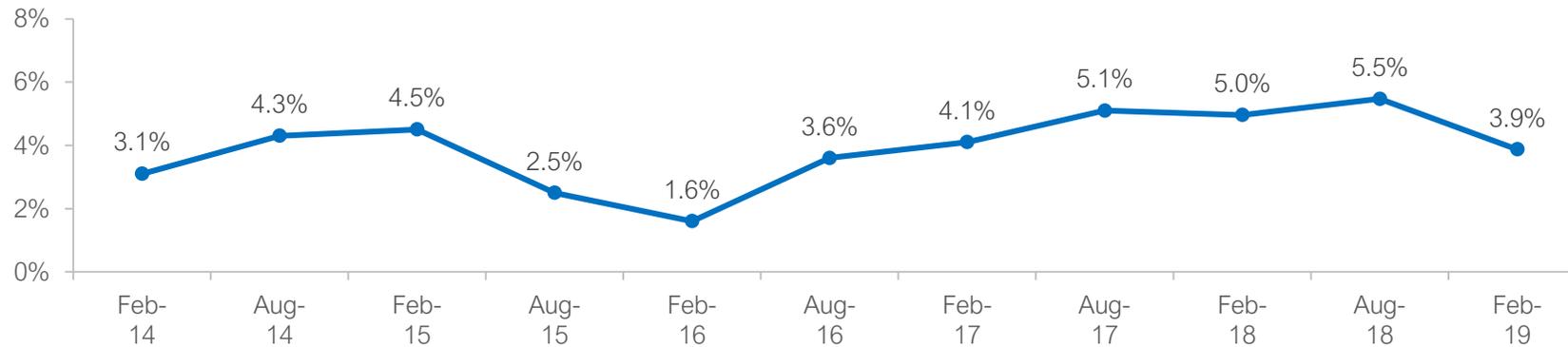
B2C Services:

Highest: From companies in other industries 45.6%

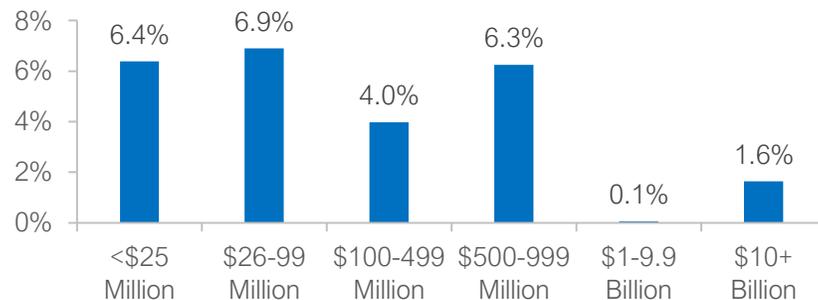
Lowest: From undergraduate programs 7.1%

Outsourcing varies by firm and sector

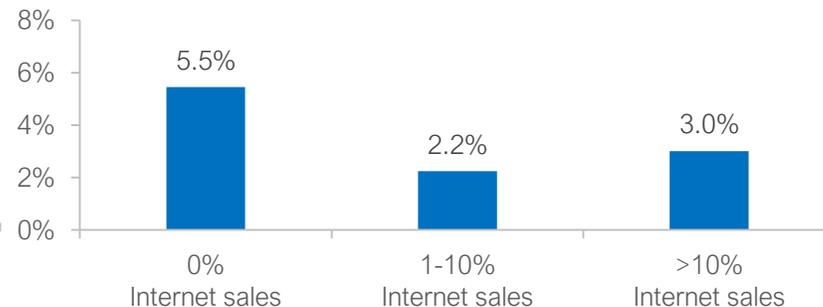
Planned change in outsourcing (overall average)



Sales Revenue



Internet Sales



Economic Sector

- B2B Product: 7.2%
- B2B Services: 2.8%
- B2C Product: 2.0%
- B2C Services: 0.8%



Insights

Expected outsourcing change is most pronounced at under <\$1B companies (averaging between 4% and 7%) compared with \$1B+ companies where it is less than 2%.

The retail industry is expecting the most change, about 8.2%, while consumer services expect a negative change of -4.7%.



Marketing Organization

Marketing capabilities are ranked as the highest quality knowledge asset, with customer insights rated a close second. Looking at economic sectors, B2B companies rank capabilities over insights, with the reverse being true for B2C companies. Companies with higher levels of Internet sales believe they have higher quality marketing knowledge resources across the board than those with lower sales.

Marketing capabilities rated as highest quality knowledge asset

Overall quality of your company's marketing knowledge resources (1=poor, 7=excellent)

Marketing Knowledge Resources	February 2019
Marketing capabilities	4.8
Customer insights	4.7
Competitive intelligence	4.4
Marketing research	4.0
Marketing analytics	4.0
Marketing training	3.2



Economic Sector

B2B Product:

Highest: Marketing capabilities 4.7

Lowest: Marketing training 3.1

B2B Services:

Highest: Marketing capabilities 4.8

Lowest: Marketing training 3.4

B2C Product:

Highest: Customer insights 5.1

Lowest: Marketing training 3.6

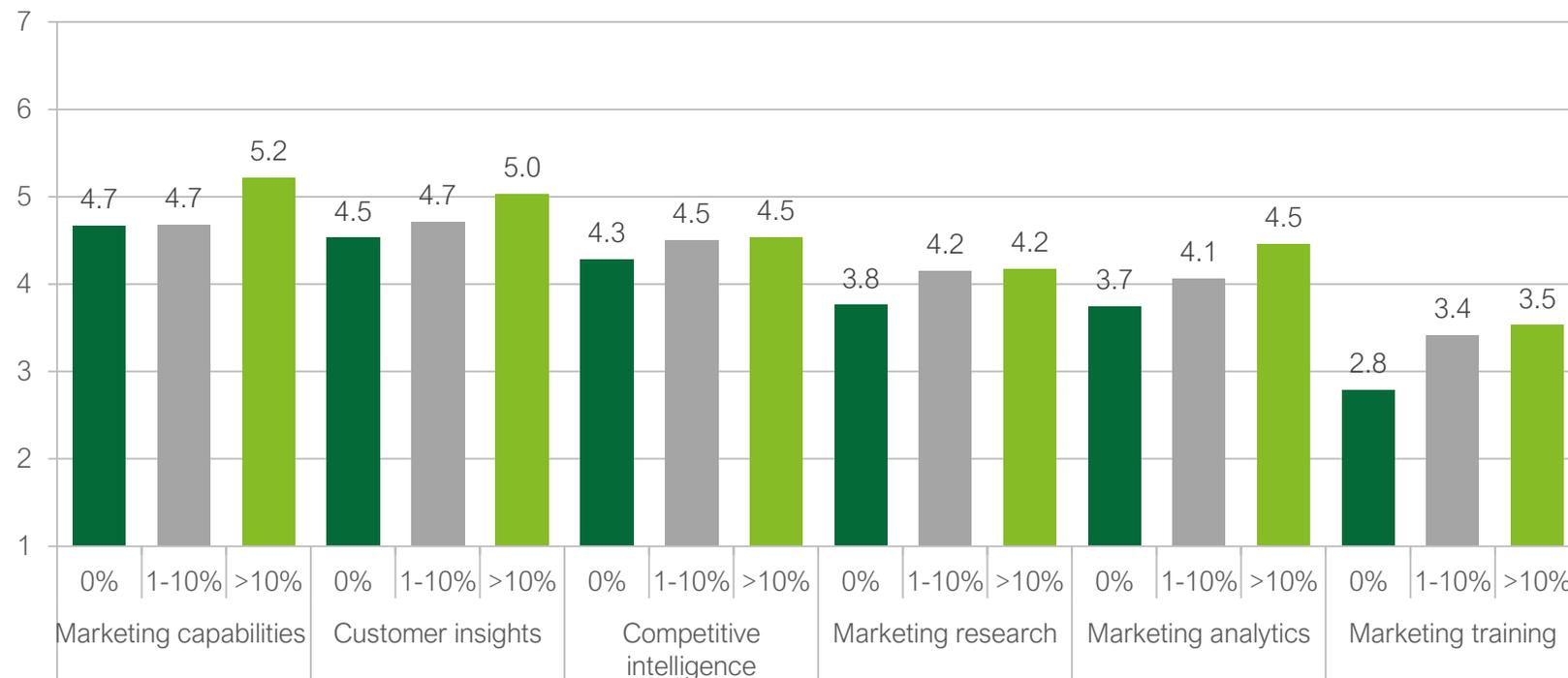
B2C Services:

Highest: Customer insights 5.2

Lowest: Marketing training 2.7

Online sellers rate their marketing knowledge resources as higher in quality

Overall quality of your company's marketing knowledge resources (1=poor, 7=excellent) by percent of sales from Internet



Insights

Marketing analytics and marketing training are the most differentiated based on Internet sales, with those who sell more than 10% over the Internet doing almost one full point better on both. Competitive intelligence is most consistent between those who sell over the Internet and those who do not.



Marketing Leadership

The top challenge marketing leaders face is driving growth. Marketers report that demonstrating the impact of marketing on financial outcomes is their #1 C-suite communication challenge.

Marketing continues to take greater ownership across a wide array of growth activities. As such, only a third of marketers feel their roles are well-defined. Only one third of CEOs have marketing experience, potentially contributing to this disconnect.

Salary and bonus make up the largest share of marketer compensation with only a small fraction coming from company equity.

Marketers remain apprehensive about using their brands to take a stance on politically charged issues. Only 19.2% of marketers feel comfortable using their brands for this purpose.

Driving growth rated #1 challenge for marketing leaders

What are your top challenges as a marketing leader? (select top 3 where 1 is most important). Presented as % Ranked 1st

Challenge	Overall	B2B Product	B2B Services	B2C Product	B2C Services
Driving Growth	37.9%	39.0%	37.5%	43.6%	31.3%
Delivering a powerful brand that breaks through the clutter	13.7%	11.0%	14.8%	12.8%	18.8%
Securing marketing budget	13.4%	14.0%	11.4%	12.8%	14.6%
Providing ROI of marketing activities	10.8%	11.0%	10.2%	15.4%	8.3%
Hiring top talent	9.7%	9.0%	10.2%	5.1%	14.6%
Generating customer insight	5.1%	5.0%	5.7%	5.1%	4.2%
Find sponsorship/support from the executive level	3.2%	2.0%	6.8%	0.0%	2.1%
Identifying the right technologies to meet our needs	2.9%	3.0%	2.3%	2.6%	4.2%
Managing our online presence	2.5%	5.0%	1.1%	0.0%	2.1%
Training our team	0.7%	1.0%	0.0%	2.6%	0.0%

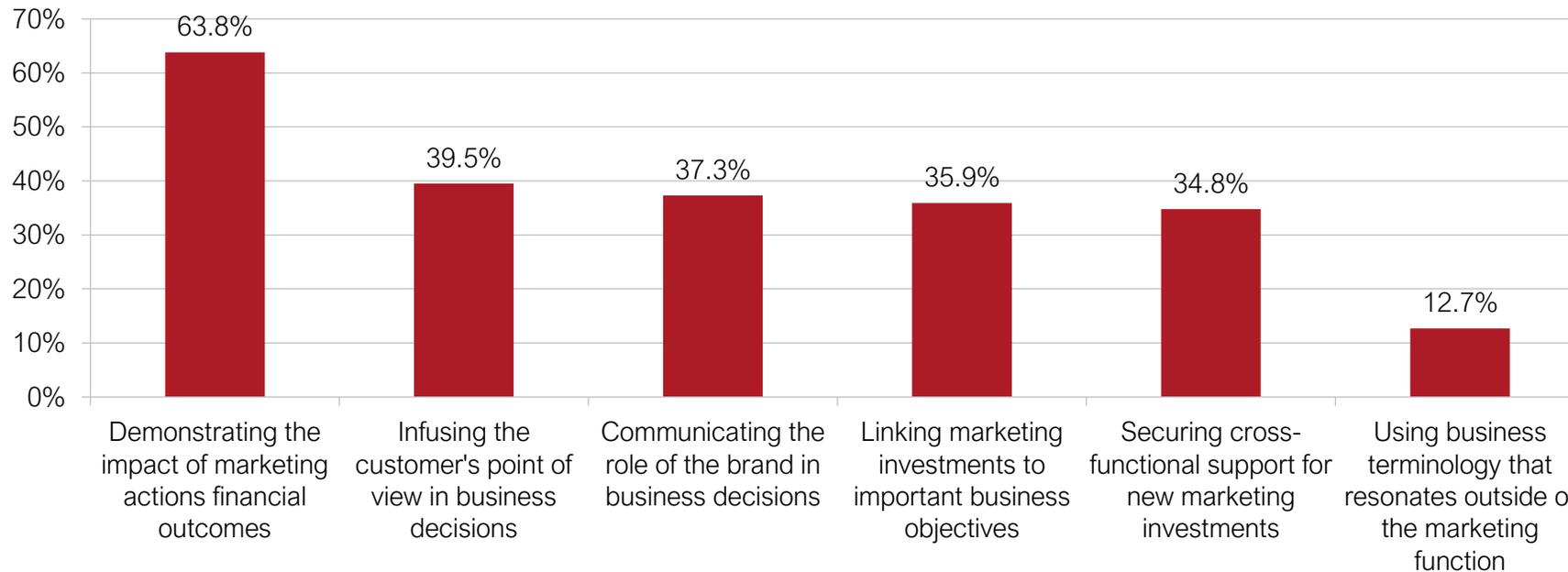


Insights

Driving growth is the top challenge across economic sectors, industry sectors, company revenue levels, and Internet sales levels.

Marketers say demonstrating impact on financial outcomes is #1 C-suite communication challenge

Companies have their own “language of the C-suite” that is vital to driving business results. Considering the language of your own company’s C-suite, which of the following marketing leadership activities do you find challenging to implement on a regular basis? (Check all that you find challenging.)



Insights

Demonstrating the financial impact of marketing actions was identified as the top challenge for marketing leaders (across economic sectors) to implement on a regular basis.

What marketing leads in companies

Percentage of companies in which marketing leads activity

Activity	Feb-14	Feb-19
Brand	79.1%	90.9%
Digital marketing ²	-	83.3%
Advertising	79.9%	80.3%
Social media	74.4%	77.3%
Public relations	59.8%	60.6%
Promotion	74.8%	71.7%
Positioning	69.2%	71.7%
Marketing research	63.2%	69.7%
Lead generation	55.6%	65.2%
Marketing analytics	68.4%	71.7%
Insight ⁴	-	54.0%
Competitive intelligence	52.6%	52.0%
Customer experience ³	-	42.4%
CRM	33.3%	31.3%
Market entry strategies	47.9%	32.3%
Revenue growth ¹	-	43.4%
New products	46.4%	31.3%
Pricing	32.9%	25.8%
Innovation	29.5%	32.8%
e-commerce ¹	-	31.8%
Market selection	33.3%	26.8%
Sales	29.5%	24.7%
Customer service	18.8%	15.7%
Distribution	-	7.1%
Stock market performance	1.3%	3.0%

*Red reflects a decrease and Green reflects an increase of more than 2% between Feb-14 and Feb-19.

¹ Question added in Aug-16.

² Question added in Aug-17.

³ Question added in Feb-18.

⁴ Question added in Feb-19



Economic Sector % Marketing Leads

Digital Marketing:

B2B Product: 85.9%

B2B Services: 77.4%

B2C Product: 77.4%

B2C Services: 77.8%

Marketing Analytics:

B2B Product: 64.8%

B2B Services: 73.3%

B2C Product: 77.4%

B2C Services: 77.8%

Customer Experience:

B2B Product: 38.0%

B2B Services: 36.7%

B2C Product: 48.4%

B2C Services: 55.6%

Revenue Growth:

B2B Product: 35.2%

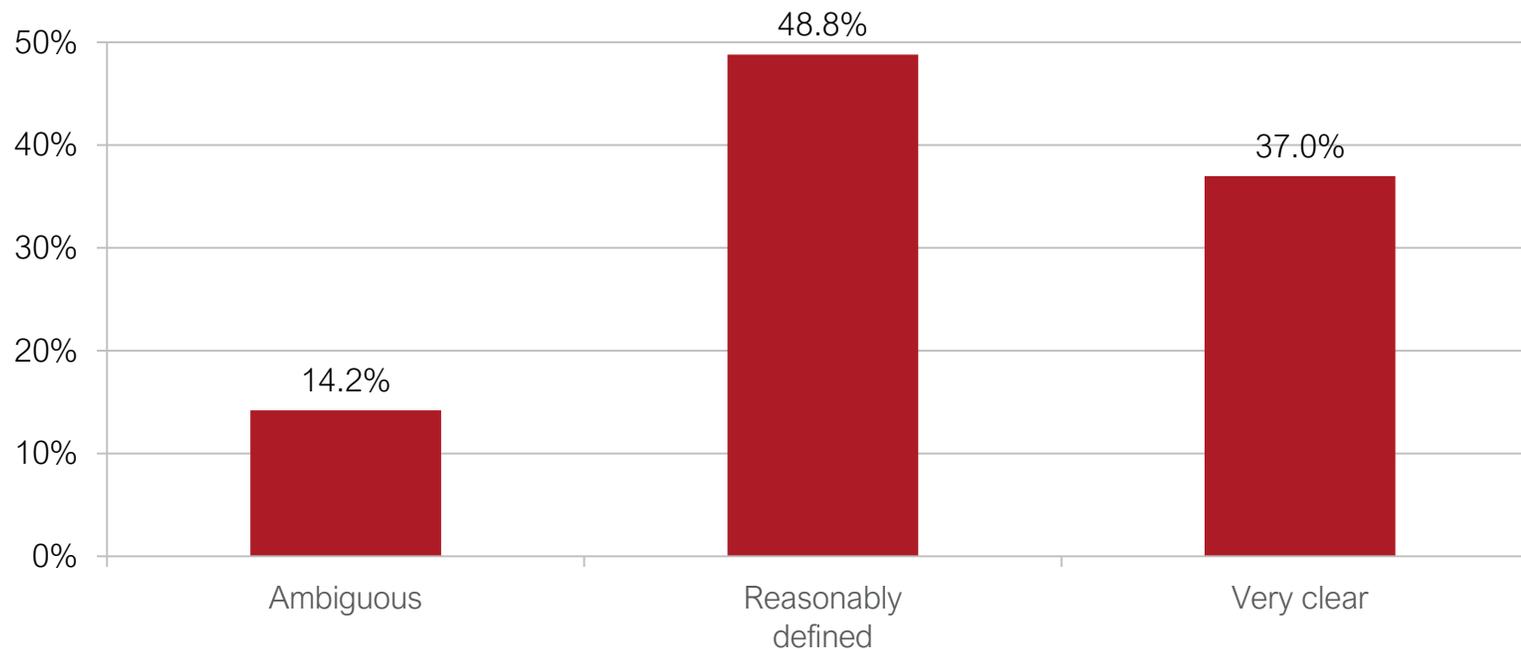
B2B Services: 41.7%

B2C Product: 54.8%

B2C Services: 52.8%

Only 1 in 3 marketing leaders feel their role is very clear

How well is your role as a marketing leader defined in your company?



Economic Sector % Very Clear

B2B Product: 35.9%
B2B Services: 34.8%
B2C Product: 38.1%
B2C Services: 44.0%

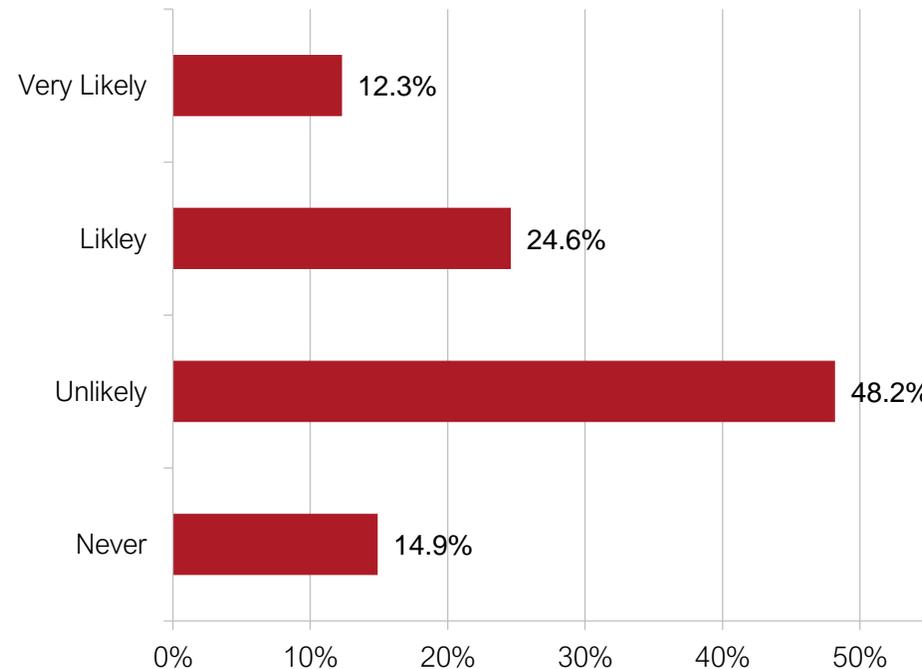
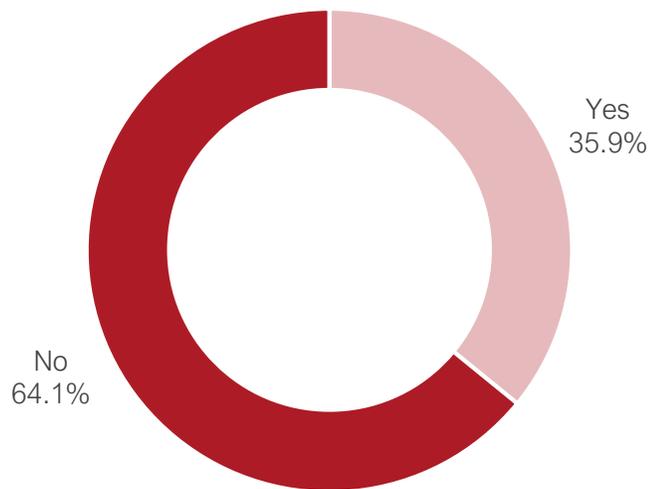


Insights

77.8% of marketing leaders in the Education industry reported their role is “very clearly” defined—the highest across industries.

Only 1 in 3 CEOs have marketing experience

Does your current CEO have experience as a marketer? How likely is a marketer to become a CEO in your company?



Economic Sector % No

- B2B Product: 62.9%
- B2B Services: 72.4%
- B2C Product: 51.6%
- B2C Services: 63.9%



Insights

Nearly half of CEOs in B2C Product companies have experience as a marketer. In the Communications/ Media, Consumer Packaged Goods, and Consumer Services industries, more than half of respondents cited that their CEO had experience as a marketer

How marketers are compensated across sectors

Marketing leader compensation breakdown across the following categories

Overall

	Overall Average	B2B Product	B2B Services	B2C Product	B2C Services
Salary	70.9%	76.7%	69.4%	66.8%	66.0%
Performance Bonus	18.9%	15.9%	21.2%	21.5%	18.0%
Company Equity	8.2%	6.8%	6.4%	11.4%	11.3%
Other	2.1%	0.6%	3.0%	0.4%	4.6%

Internet Sales

	0%	1-10%	>10%
Salary	73.4%	67.9%	71.7%
Performance Bonus	15.9%	22.4%	17.5%
Company Equity	5.9%	9.2%	10.1%
Other	4.8%	0.5%	0.7%

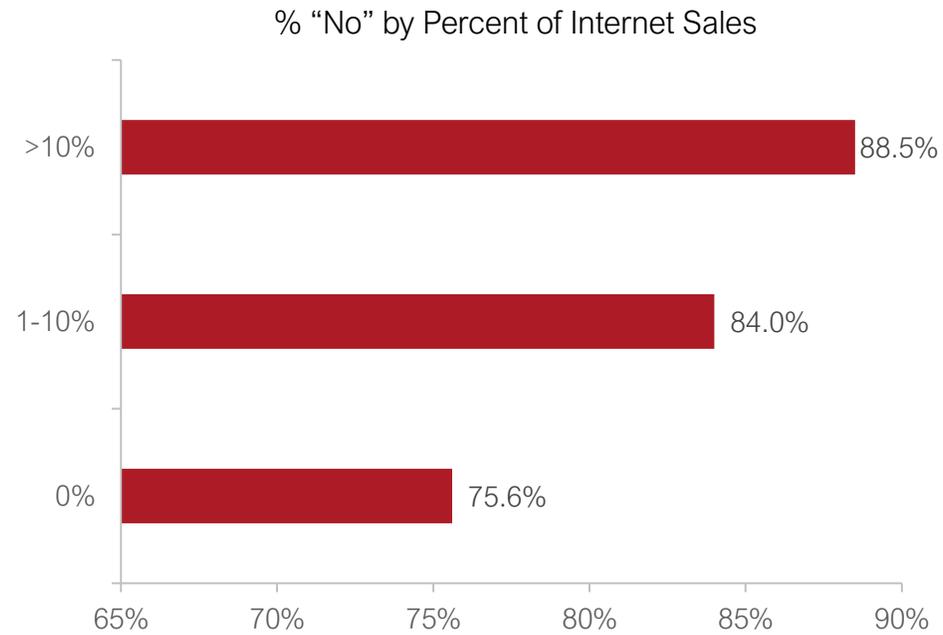
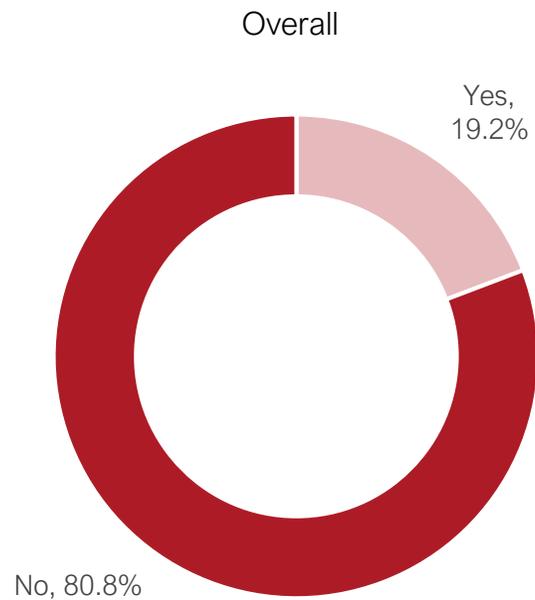


Insights

B2C marketers report receiving a larger percentage of their compensation through company equity relative to B2B companies. The same holds for companies with a higher percentage of sales through the Internet.

Marketers unlikely to use brands to take a stance on politically-charged issues

Do you believe it is appropriate for your brand to take a stance on politically-charged issues? (% responding "No")



 **Economic Sector**
% Responding No

- B2B Product: 85.4%
- B2B Services: 73.9%
- B2C Product: 85.7%
- B2C Services: 79.2%

How CMO Ann Lewnes led Adobe into the subscription economy



Ann Lewnes
Adobe CMO

The Subscription Economy, a term that was relatively obscure a decade ago, has exploded into a ubiquitous phenomenon. Consumers gobble up Netflix memberships, Dollar Shave Club razors, and Stitch Fix clothing each month. Similarly, companies (and individuals) buy subscription-based technology such as Microsoft Office, Amazon Web Services, and SaaS business apps.

While ever-present in 2018, this was not the case in 2013 when Adobe made a pivot to a subscription model. Recently, we interviewed Adobe CMO Ann Lewnes about the role of marketing in this transition. We explore Ann's perspective on risk taking, the importance of a data-centric culture, commitment to change, creativity and talent, and the importance of redefining engagement.

Read the story: <https://www.forbes.com/sites/christinemoorman/2018/08/23/adobe-how-to-dominate-the-subscription-economy/#7e9c041752e8>



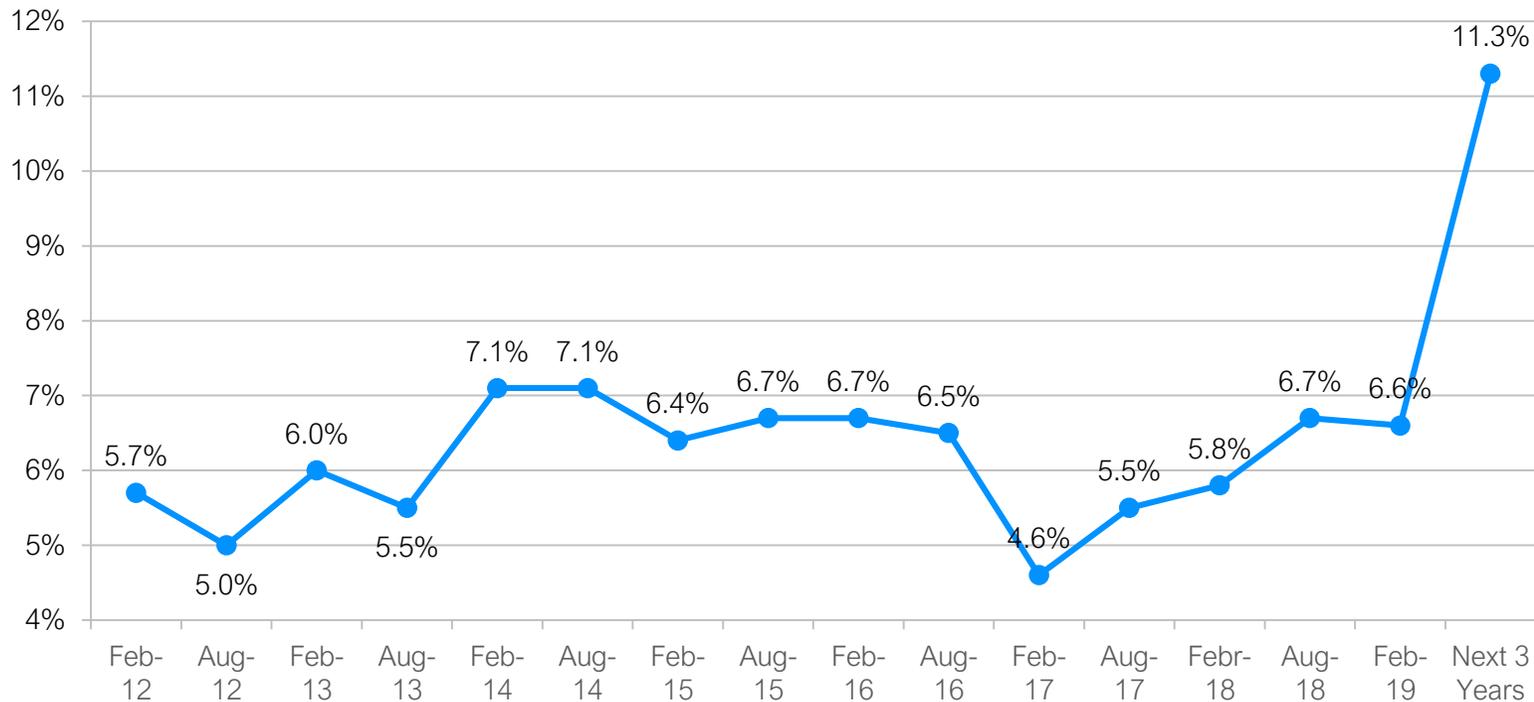
Marketing Analytics

Budget spent on marketing analytics has dipped but is expected to grow significantly over the next three years. Use of analytics reached the highest point recorded in six years, although perceived contributions to company performance remain weak. One reason for this may be that only 36% of marketers report they have quantitative tools for demonstrating the impact of marketing spend on company performance. Consistent with this, marketers report using experiments only one-third of the time to understand the impact of their marketing actions on customers.

The majority of companies report using AI for content personalization, predictive analytics for customer insights, and targeting decisions. B2C Services companies use, on average, more AI in their marketing activities than other sectors. B2C Product Companies lead on use of AI for customer segmentation and autonomous objects, while B2B companies lead in the use of augmented and virtual reality.

Marketing analytics spending dips, but expected to accelerate over next three years

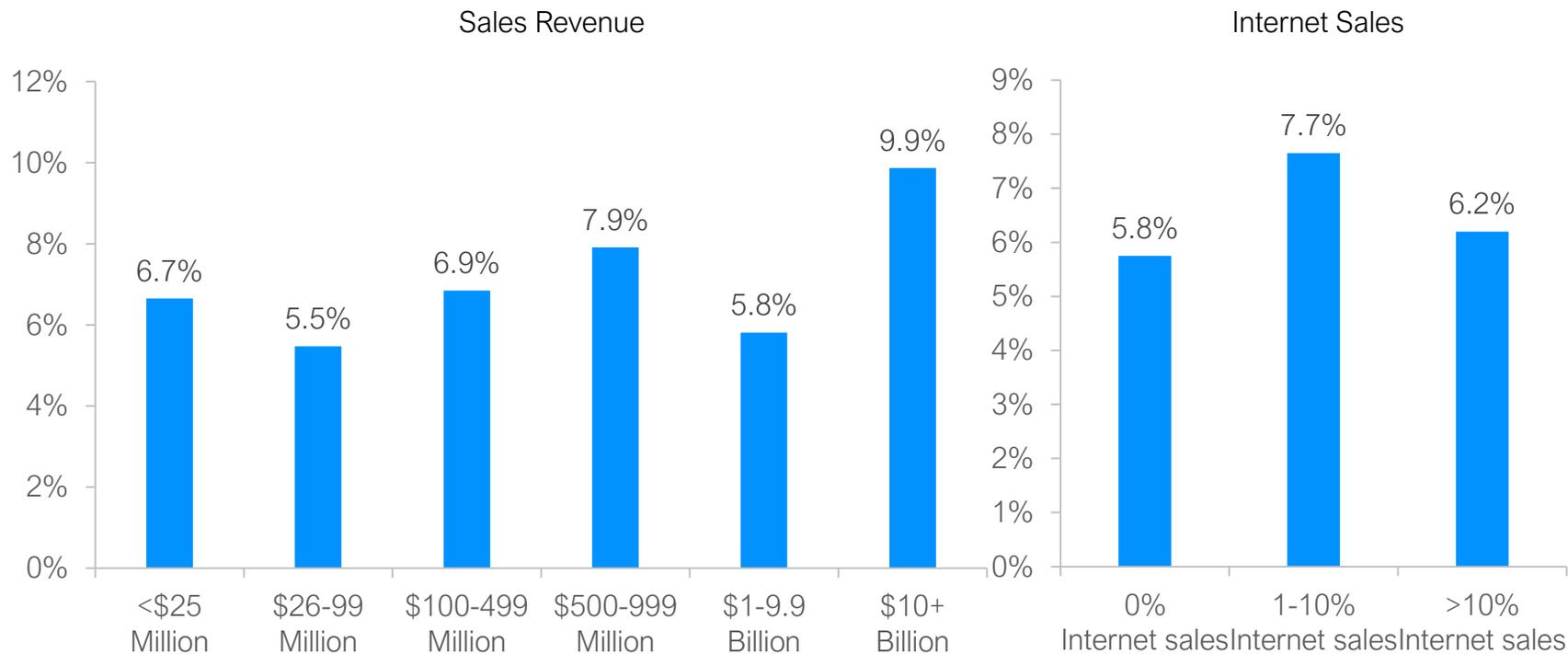
Percent of current marketing budget spend on marketing analytics over time



Economic Sector	Current % In 3 Years	
	Current %	In 3 Years
B2B Product	6.6%	11.6%
B2B Services	7.3%	13.3%
B2C Product	5.0%	7.5%
B2C Services	7.2%	10.6%

Who's spending on marketing analytics, by key dimensions

Percent of current marketing budget spend on marketing analytics



Economic Sector % of Budget

- B2B Product: 6.6%
- B2B Services: 7.3%
- B2C Product: 5.0%
- B2C Services: 7.2%



Industry Sector

Top 3 industry sectors

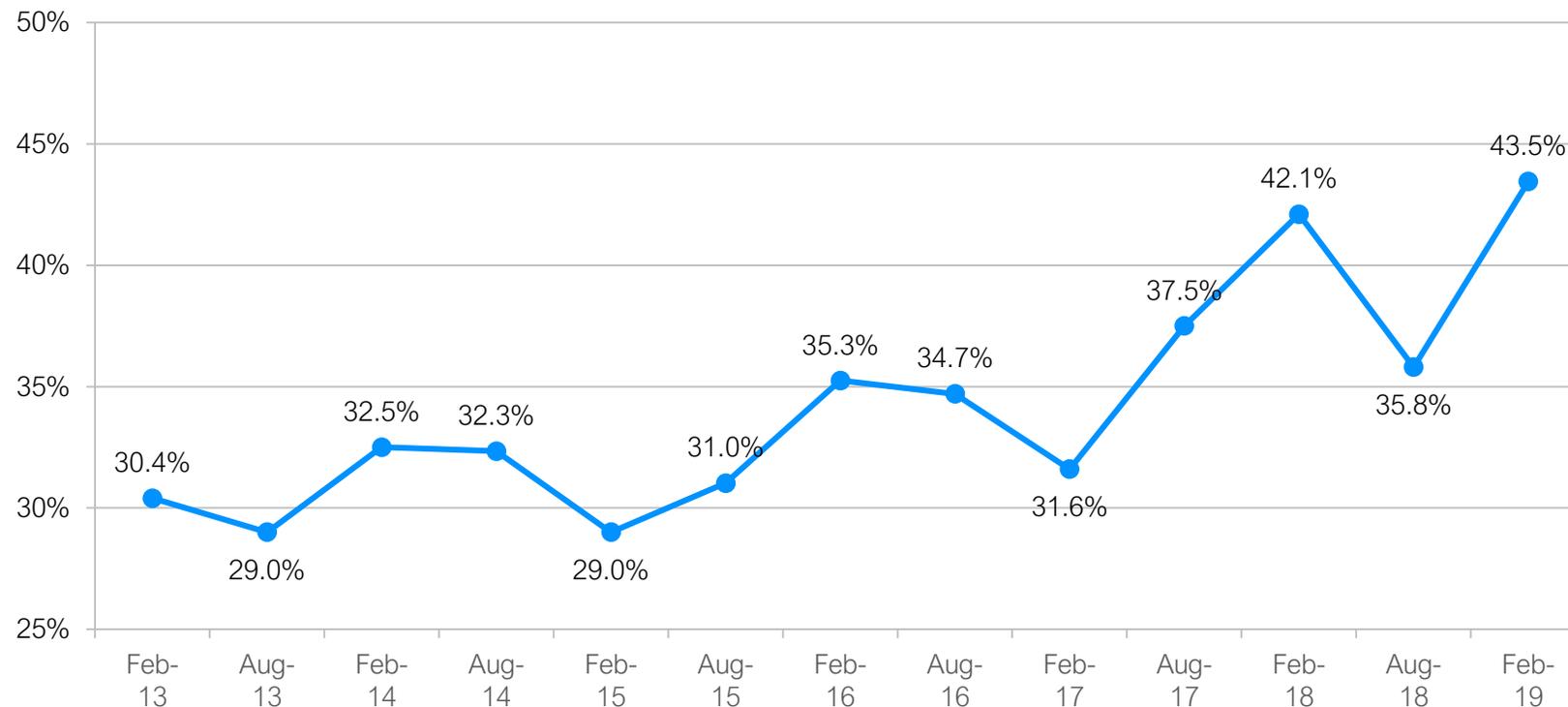
- Energy
- Communications/Media
- Healthcare

Bottom 3 industry sectors

- Consumer Services
- Manufacturing
- Consumer Packaged Goods

Companies use of marketing analytics reaches highest point in 6 years

Percent of time marketing analytics is used in decision making



Economic Sector

B2B Product: 39.0%
 B2B Services: 37.6%
 B2C Product: 53.0%
 B2C Services: 55.4%

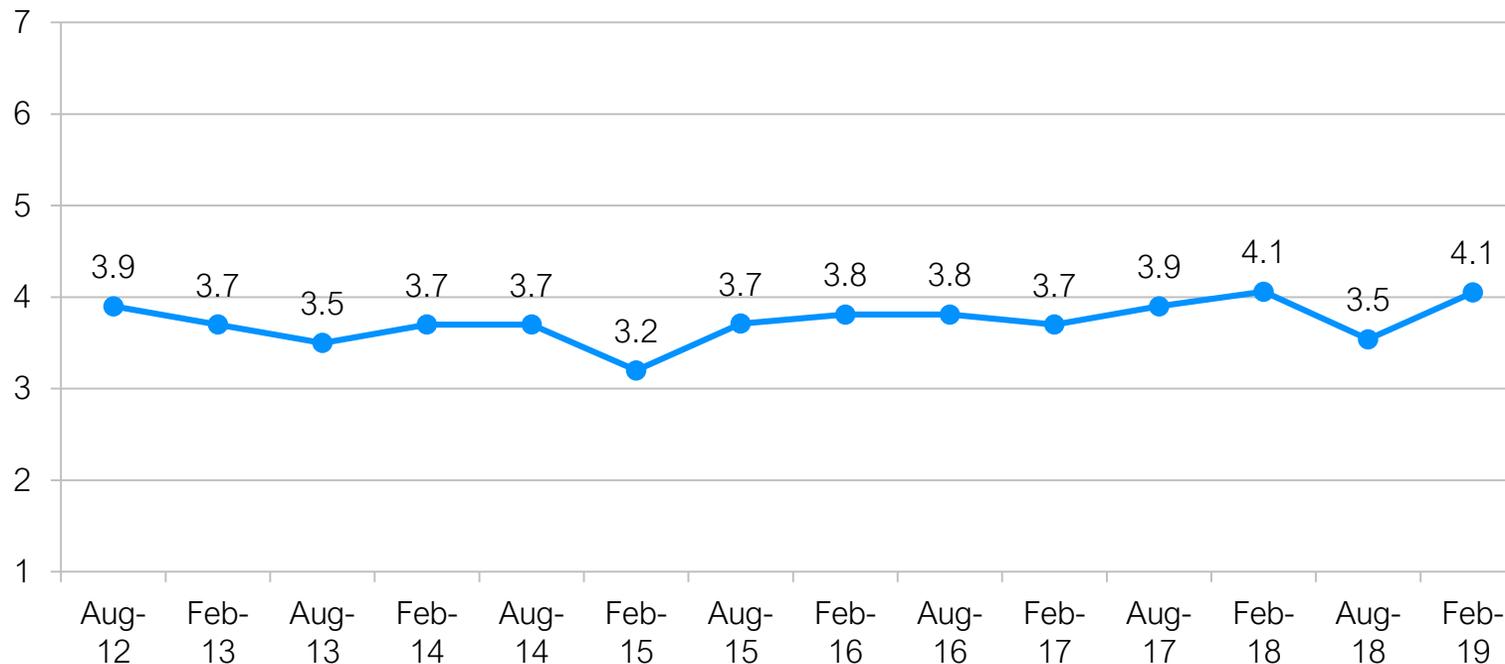


Insights

Companies use marketing analytics in decision making 43.5% of the time, on average, representing a 13.1% increase since the question was first asked in 2013! Education (67.1%) and Energy (85%) are the strongest users while Professional Services/Consulting (29.4%) is the lowest.

Marketing analytics contributes small gains to company performance

To what degree does the use of marketing analytics contribute to your company's performance? (1 = not at all, 7 = very highly)



Economic Sector Mean contribution level

- B2B Product: 3.7
- B2B Services: 3.8
- B2C Product: 4.6
- B2C Services: 4.8



Industry Sector

Top 3 industry sectors

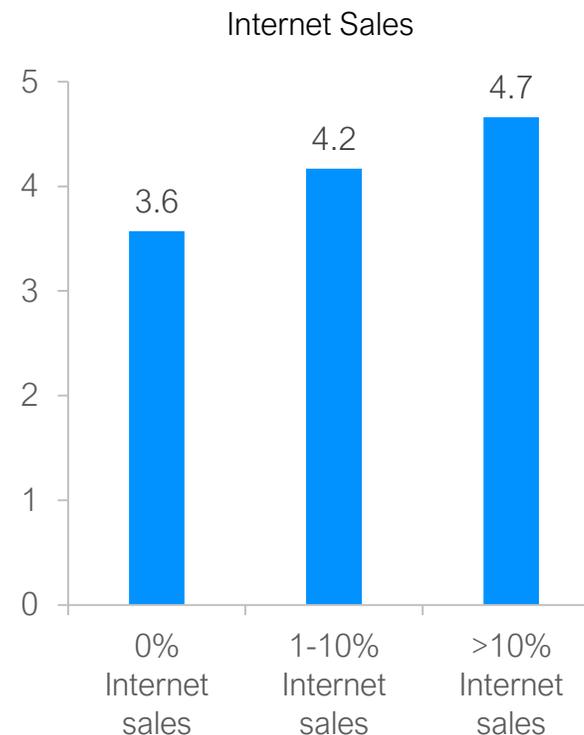
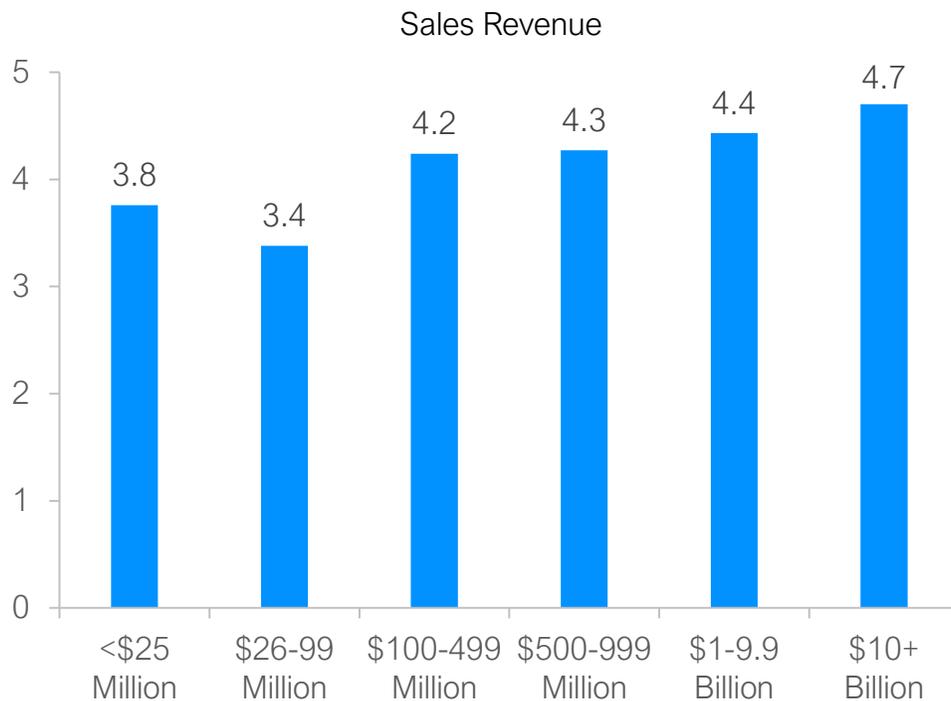
- Education
- Energy
- Communications/Media

Bottom 3 industry sectors

- Mining/Construction
- Professional Services/Consulting
- Retail/Wholesale

Large differences in how much companies benefit from marketing analytics

To what degree does the use of marketing analytics contribute to your company's performance? (1 = not at all, 7 = very highly)

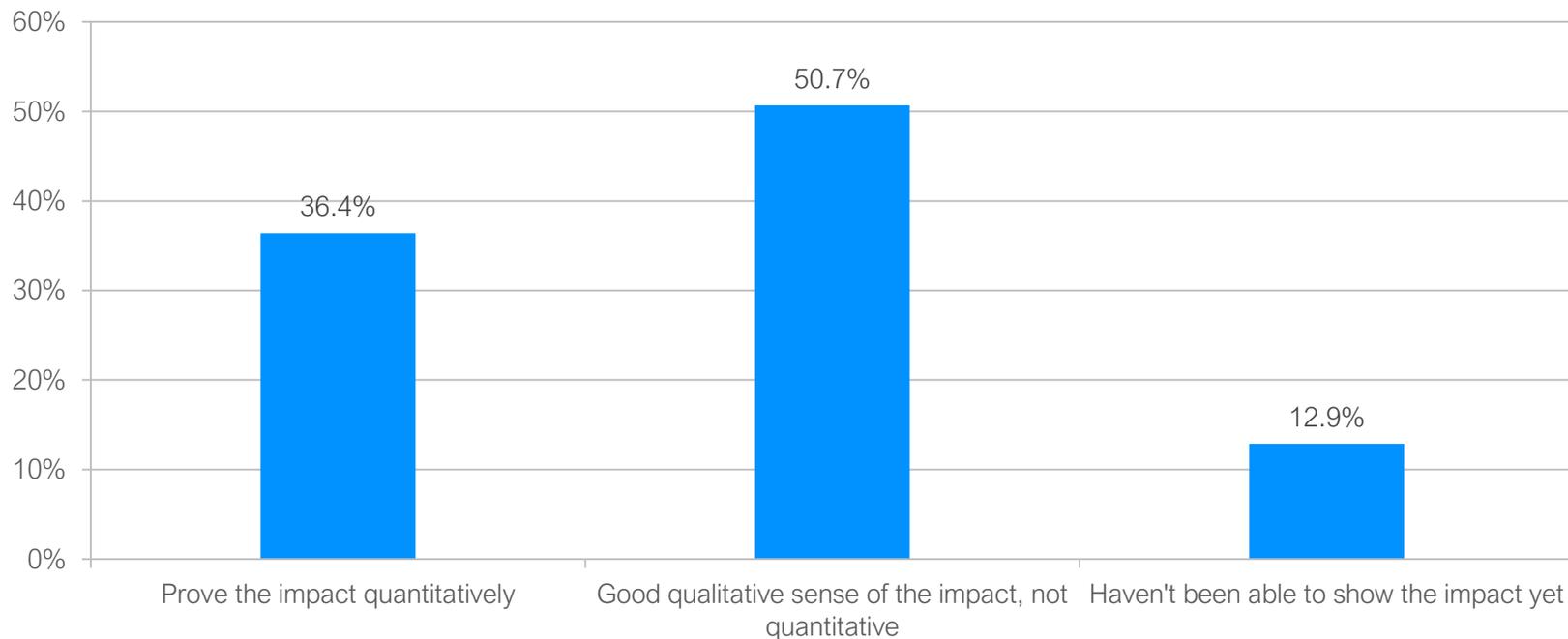


Insights

This contribution is correlated with usage levels, with Education and Energy reporting the highest contribution. The larger the company (in terms of sales revenue) and the greater the sales from the Internet, the stronger the contribution of marketing analytics to company performance.

Most companies lack quantitative metrics to demonstrate impact of marketing spending

How companies demonstrate the impact of marketing spending over the long run



Economic Sector
% Selected

Prove the impact quantitatively

- B2B Product: 24.0%
- B2B Services: 35.4%
- B2C Product: 48.5%
- B2C Services: 52.8%

Good qualitative sense of the impact

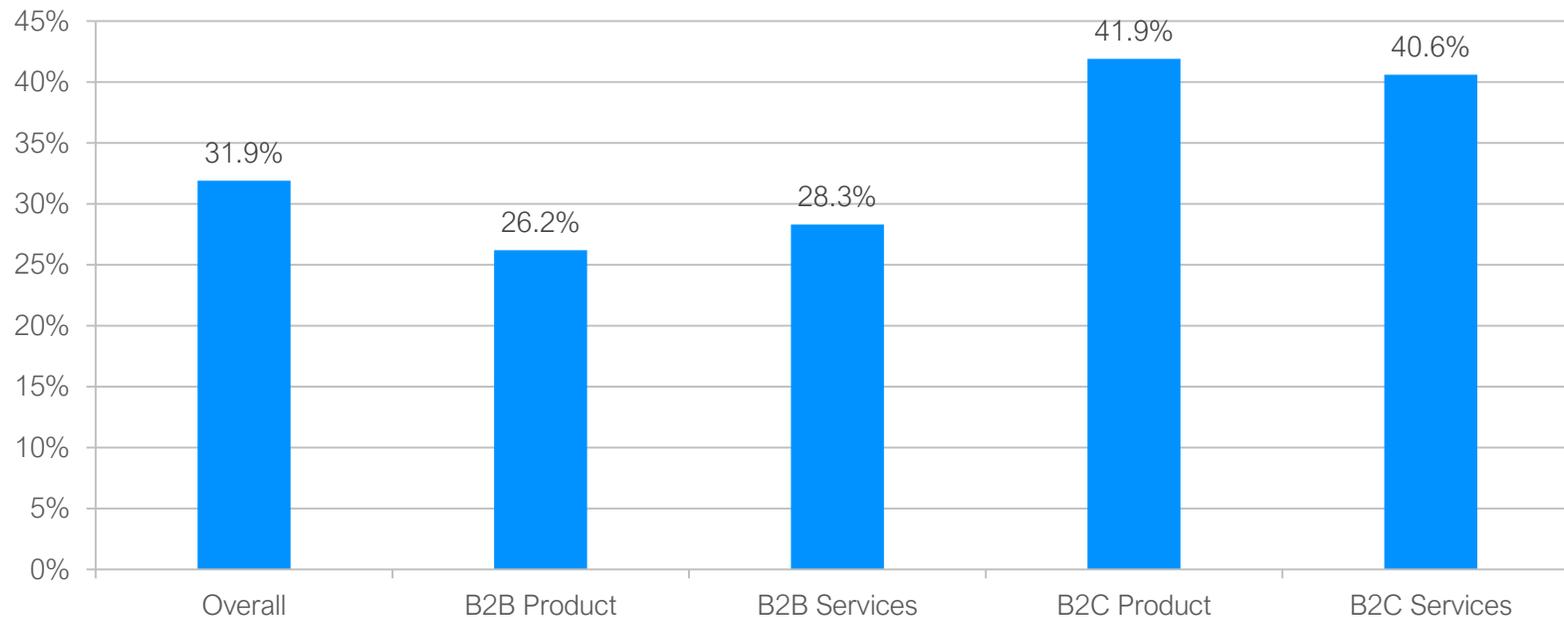
- B2B Product: 57.3%
- B2B Services: 56.9%
- B2C Product: 36.4%
- B2C Services: 38.9%

Haven't been able to show the impact

- B2B Product: 18.7%
- B2B Services: 7.7%
- B2C Product: 15.2%
- B2C Services: 8.3%

B2C experiment more than B2B to understand impact of marketing actions

In what percent of the time do you perform experiments to understand the impact of your marketing actions on customers?



Insights

The education industry reported experimenting 54.3% of time—the highest across industries.



Industry Sector

Top 3 industry sectors

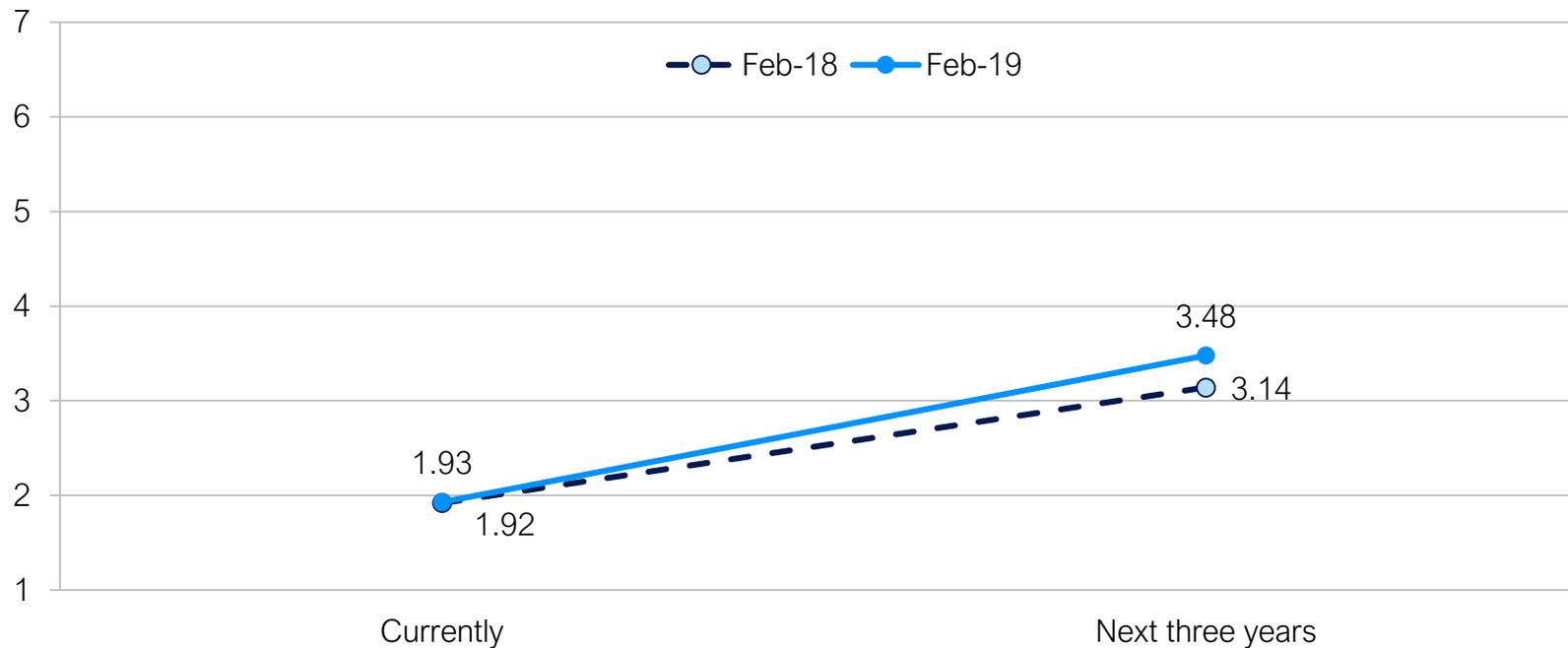
- Education
- Consumer Services
- Retail Wholesale

Bottom 3 industry sectors

- Transportation
- Manufacturing
- Mining Construction

AI and machine learning to impact marketing modestly over next three years

To what extent is your company implementing artificial intelligence or machine learning into its marketing toolkit? (1=Not at all, 7=Very highly)



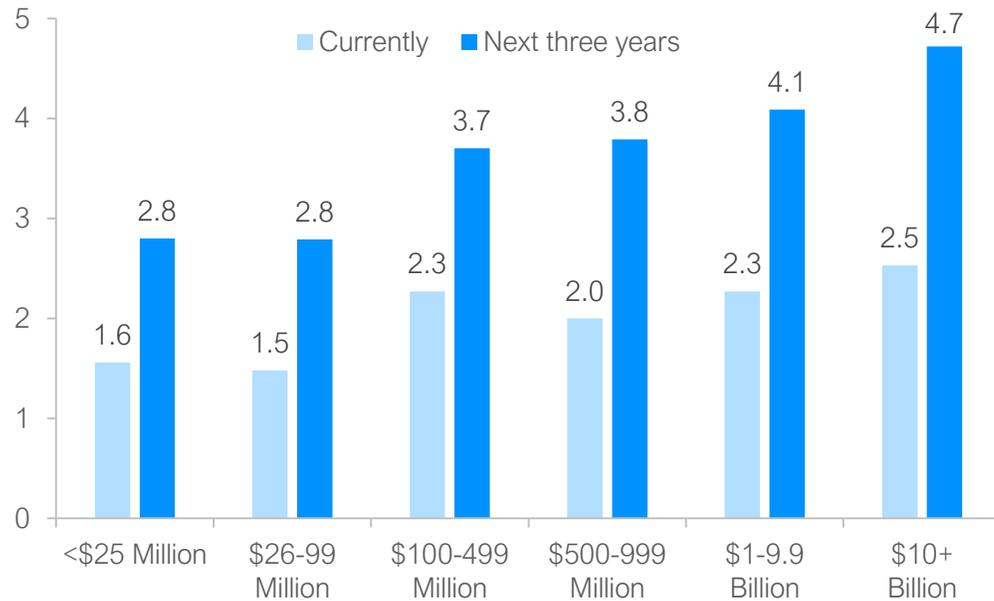
Insights

While the extent marketers have implemented AI and machine learning has kept steady across the past year, marketing leaders now expect these technologies to be implemented to a greater extent across the next three years.

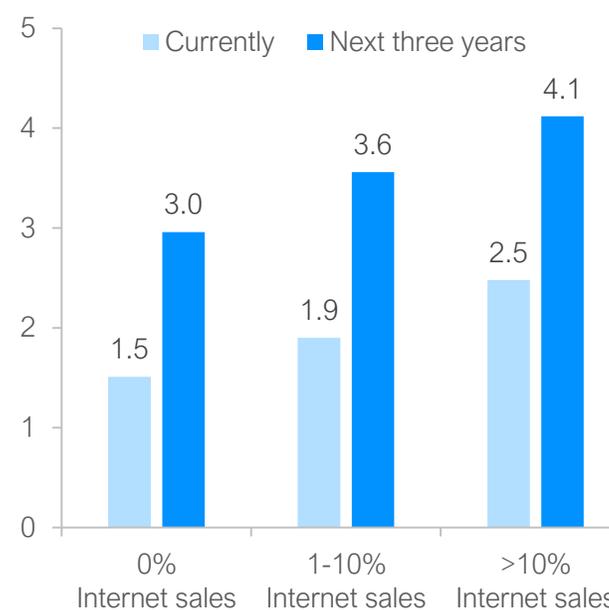
Who is implementing AI and machine learning in their marketing toolkits?

To what extent is your company implementing artificial intelligence or machine learning into its marketing toolkit? (1=Not at all, 7=Very highly)

Sales Revenue



Internet Sales



Economic Sector

Current In 3 Years

B2B Product	1.5	3.0
B2B Services	1.9	3.6
B2C Product	2.4	4.1
B2C Services	2.4	3.8



Industry Sector

Current extent of implementation

Top 3 industry sectors

- Education
- Energy
- Healthcare

Bottom 3 industry sectors

- Professional Services/Consulting
- Mining Construction
- Transportation

Top uses of AI in marketing, by economic sector

How is your company using AI in its marketing activities? (check all that apply) - % Selected

Activity	Overall	B2B Product	B2B Services	B2C Product	B2C Services
Content personalization	56.5%	57.1%	62.2%	61.9%	40.9%
Predictive analytics for customer insights	56.5%	54.3%	48.6%	61.9%	68.2%
Targeting decisions	49.6%	37.1%	40.5%	61.9%	72.7%
Customer segmentation	40.9%	34.3%	32.4%	61.9%	45.5%
Programmatic advertising and media buying	38.3%	31.4%	29.7%	42.9%	59.1%
Improving marketing ROI by optimizing marketing content and timing	33.9%	31.4%	35.1%	28.6%	40.9%
Conversational AI for customer service	25.2%	22.9%	24.3%	19.0%	36.4%
Next best offer	14.8%	5.7%	21.6%	9.5%	22.7%
Augmented and virtual reality	10.4%	11.4%	10.8%	9.5%	9.1%
Autonomous objects/systems	2.6%	2.9%	0.0%	4.8%	4.5%
Facial recognition and visual search	1.7%	2.9%	2.7%	0.0%	0.0%
Biometrics, also known as chipping	0.0%	0.0%	0.0%	0.0%	0.0%



Insights

Over half of respondents are utilizing AI technologies for content personalization and generating customer insights using predictive analytics.

B2C Services companies use, on average, more AI in their marketing activities than other sectors. B2C Product Companies lead on use of AI for customer segmentation and autonomous objects while B2B companies lead in the use of augmented and virtual reality.

Top uses of AI in marketing, by company revenue

How is your company using AI in its marketing activities? (check all that apply) - % Selected

Activity	<\$25M	\$26-99M	\$100-499M	\$500-999M	\$1-9.9B	\$10+B
Content personalization	42.9%	42.9%	61.1%	55.6%	63.9%	66.7%
Predictive analytics for customer insights	52.4%	28.6%	55.6%	77.8%	66.7%	53.3%
Targeting decisions	33.3%	28.6%	66.7%	55.6%	52.8%	60.0%
Customer segmentation	42.9%	28.6%	55.6%	11.1%	41.7%	40.0%
Programmatic advertising and media buying	38.1%	28.6%	33.3%	44.4%	36.1%	53.3%
Improving marketing ROI by optimizing marketing content and timing	38.1%	28.6%	33.3%	33.3%	33.3%	26.7%
Conversational AI for customer service	23.8%	14.3%	16.7%	88.9%	19.4%	20.0%
Next best offer	19.0%	0.0%	16.7%	22.2%	8.3%	33.3%
Augmented and virtual reality	0.0%	14.3%	11.1%	22.2%	13.9%	6.7%
Autonomous objects/systems	0.0%	0.0%	5.6%	11.1%	2.8%	0.0%
Facial recognition and visual search	4.8%	7.1%	0.0%	0.0%	0.0%	0.0%
Biometrics, also known as chipping	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%



Insights

The majority of marketers from companies with revenues between \$500-999M are utilizing AI for predictive analytics and customer service. This revenue band out-indexes all others by a substantial amount.

Top uses of AI in marketing, by Internet Sales

How is your company using AI in its marketing activities? (check all that apply) - % Selected

Activity	0% Internet sales	1-10% Internet sales	>10% Internet sales
Content personalization	54.5%	47.8%	66.7%
Predictive analytics for customer insights	48.5%	54.3%	63.6%
Targeting decisions	39.4%	50.0%	57.6%
Customer segmentation	30.3%	43.5%	45.5%
Programmatic advertising and media buying	45.5%	26.1%	45.5%
Improving marketing ROI by optimizing marketing content and timing	30.3%	37.0%	30.3%
Conversational AI for customer service	21.2%	21.7%	33.3%
Next best offer	9.1%	13.0%	21.2%
Augmented and virtual reality	3.0%	21.7%	3.0%
Autonomous objects/systems	3.0%	0.0%	6.1%
Facial recognition and visual search	0.0%	4.3%	0.0%
Biometrics, also known as chipping	0.0%	0.0%	0.0%



Insights

Companies with >10% of Internet sales use more AI in their marketing activities.

The **CMO** Survey[®] Award for Marketing Excellence

This award is selected by fellow marketers. It is given each February to one company that is judged to set the standard for excellence in marketing across all industries and to a set of companies viewed as setting the standard in their respective industries.

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



Apple Inc.

Apple has won this award for eleven consecutive years. Christine Moorman discussed this accomplishment in 2012 ([read here](#)) and revisited Apple's success in 2018 ([read here](#)).

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

Retail



Consumer Goods



Technology



The **CMO** Survey[®]

Next survey: July 2019

Participate: Sign up [here](#)

Media: [Press release and coverage](#)

Feedback: Send comments to moorman@duke.edu

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