

The **CMO** Survey[®]

FEBRUARY 2020

Highlights & Insights Report

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

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ASSOCIATION

About The CMO Survey®

MISSION

To collect and disseminate the opinions of top marketers in order to help predict the future of markets, track marketing excellence, and improve the value of marketing in firms and society.

The CMO 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 2020 Survey is the 24th 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 are not provided to Survey sponsors or any other parties.



Survey methodology

SAMPLE

- 2631 top marketers at for-profit U.S. companies
- 265 responded for a 10.1% response rate
- 98% of respondents VP-level or above

ADMINISTRATION

- Email contact with four follow-up reminders
- Survey in field from January 7-28, 2020

OTHER REPORTS

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

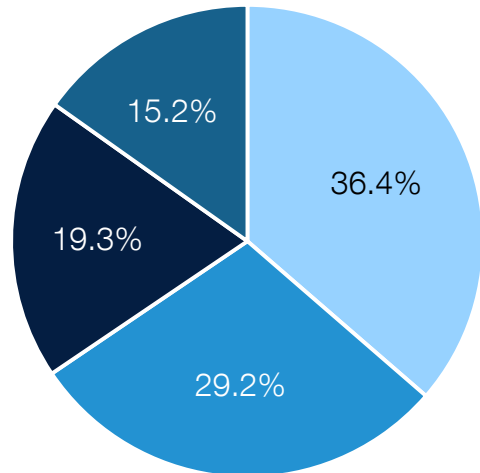
- *The Topline Report* shows aggregate-level results.
- *Report of Results by Firm and Industry Characteristics* offers results by sectors, size, and Internet sales.

Interpretive guide:

- M = Average; SD = Standard deviation
- B2B = Business-to-Business firms
- B2C = Business-to-Consumer firms

Survey participants (n=265)

ECONOMIC SECTOR



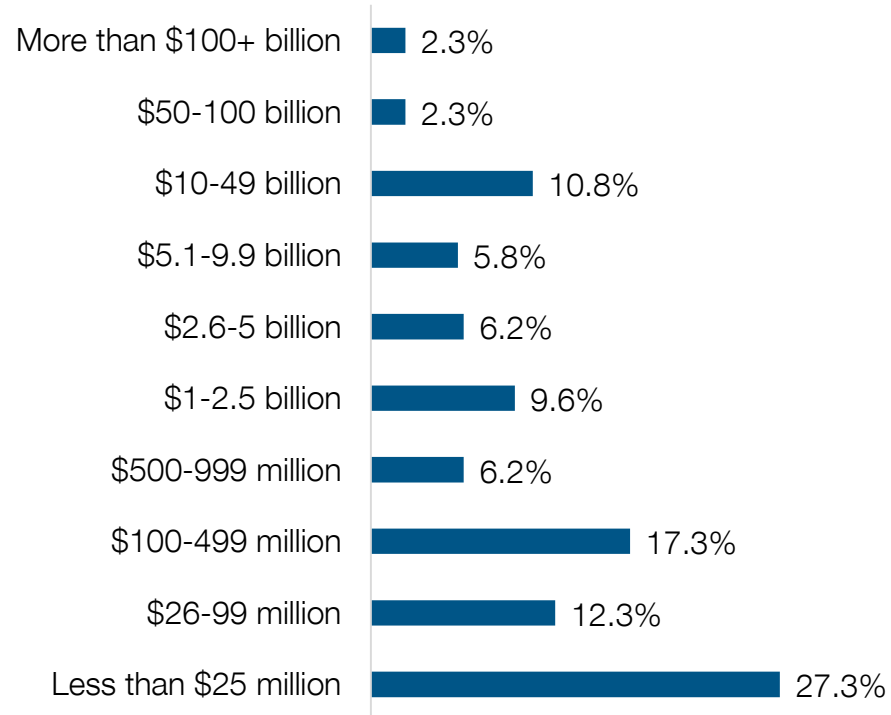
- B2B Product
- B2B Services
- B2C Product
- B2C Services

INDUSTRY SECTOR

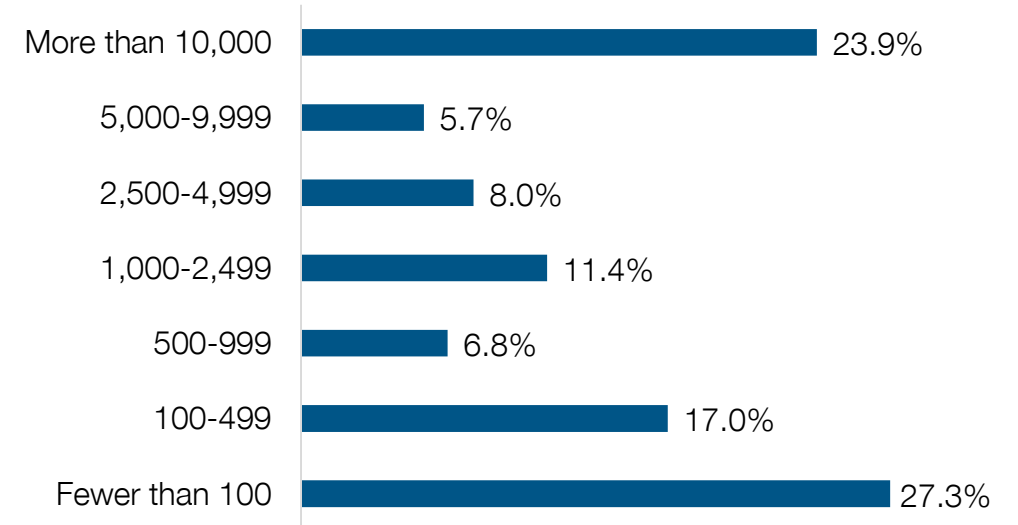
Industry Sector	% Respondents
Technology (Software/Biotech)	15.5%
Healthcare	13.2%
Services Consulting	13.2%
Retail	9.8%
Communications	8.7%
Manufacturing	8.7%
Consumer Packaged Goods	7.9%
Banking	7.5%
Transportation	4.9%
Consumer Services	4.2%
Education	3.0%
Mining/Construction	1.9%
Energy	1.5%

Survey participants (n=265)

SALES REVENUE



NUMBER OF EMPLOYEES



Survey topics

Topic 1:	Marketplace Dynamics	7
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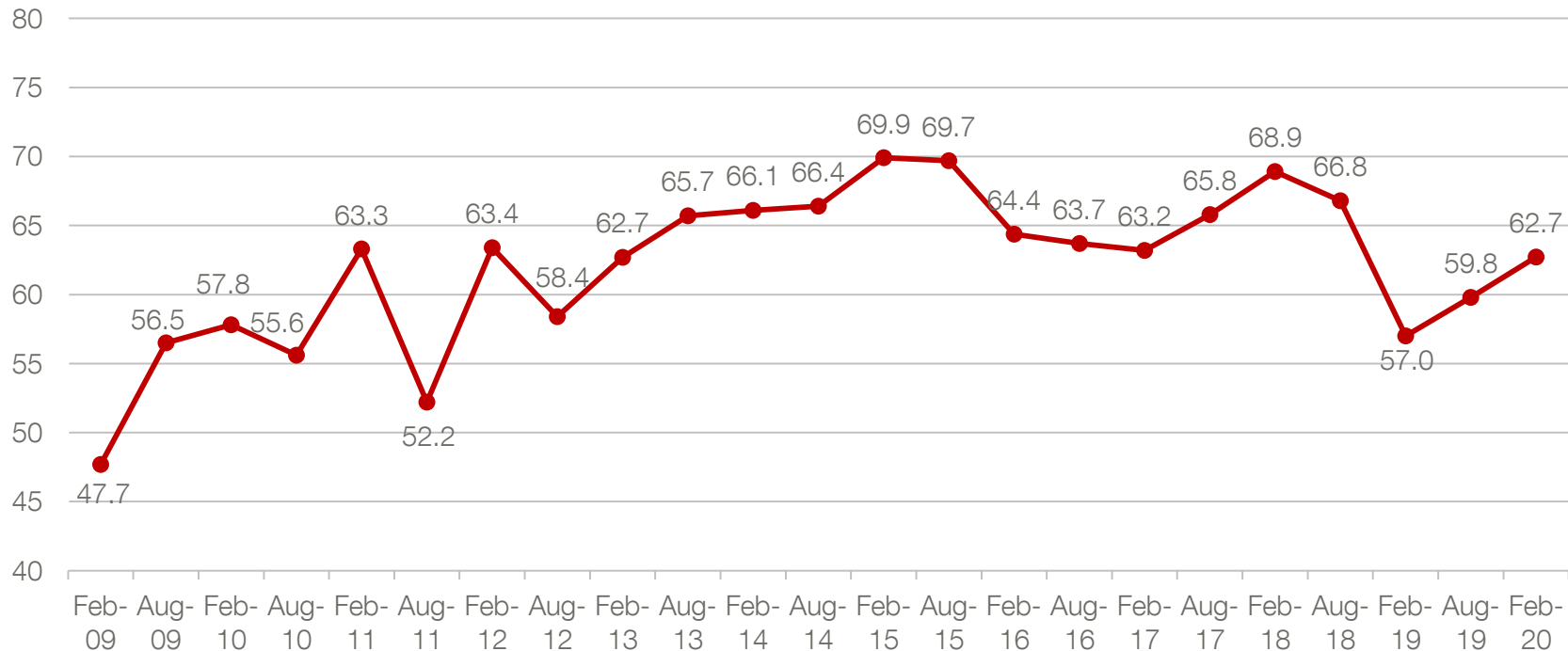
Marketplace Dynamics

Optimism among marketers climbs again after hitting its lowest point of the last eight years in the February 2019 Survey. B2B and B2C Product companies are on average 4.7% more optimistic than B2B and B2C Services companies, with the smallest companies by revenue being the most optimistic. Fueling these gains in optimism, “less optimistic” marketers drop almost in half from one year ago.

Marketers anticipate that more customers will emphasize trusting relationships (40.2% increase), while pressures for low price have dropped (by 21.3%) since August 2019. Marketers predict that more customers will enter markets and that markets will demonstrate stronger customer acquisition and retention.

Marketer optimism climbs again

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: 63.5
- B2B Services: 60.5
- B2C Product: 65.2
- B2C Services: 62.2

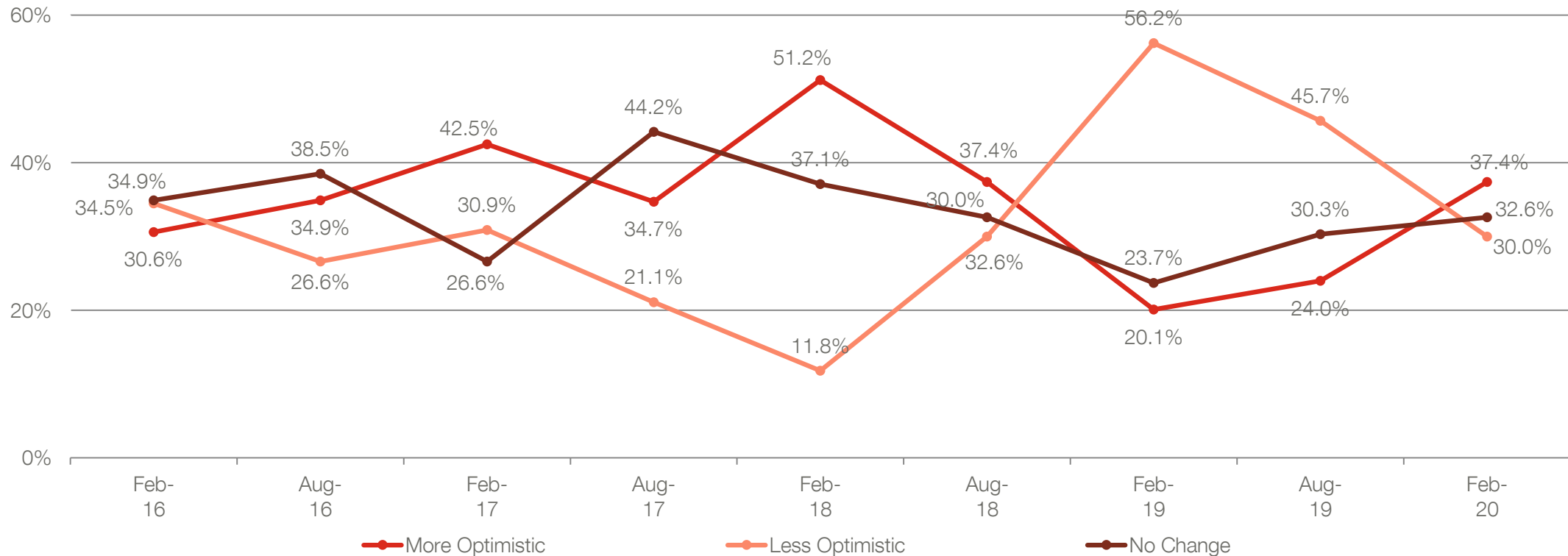


Insights

Optimism climbs again after hitting its lowest point of the last eight years in the February 2019 Survey. Companies with <\$25M in revenue have the greatest level of optimism, at 65.7, compared with 58.7 among those with \$100-499M in revenue. B2B and B2C Product companies are on average 4.7% more optimistic than B2B and B2C Services companies.

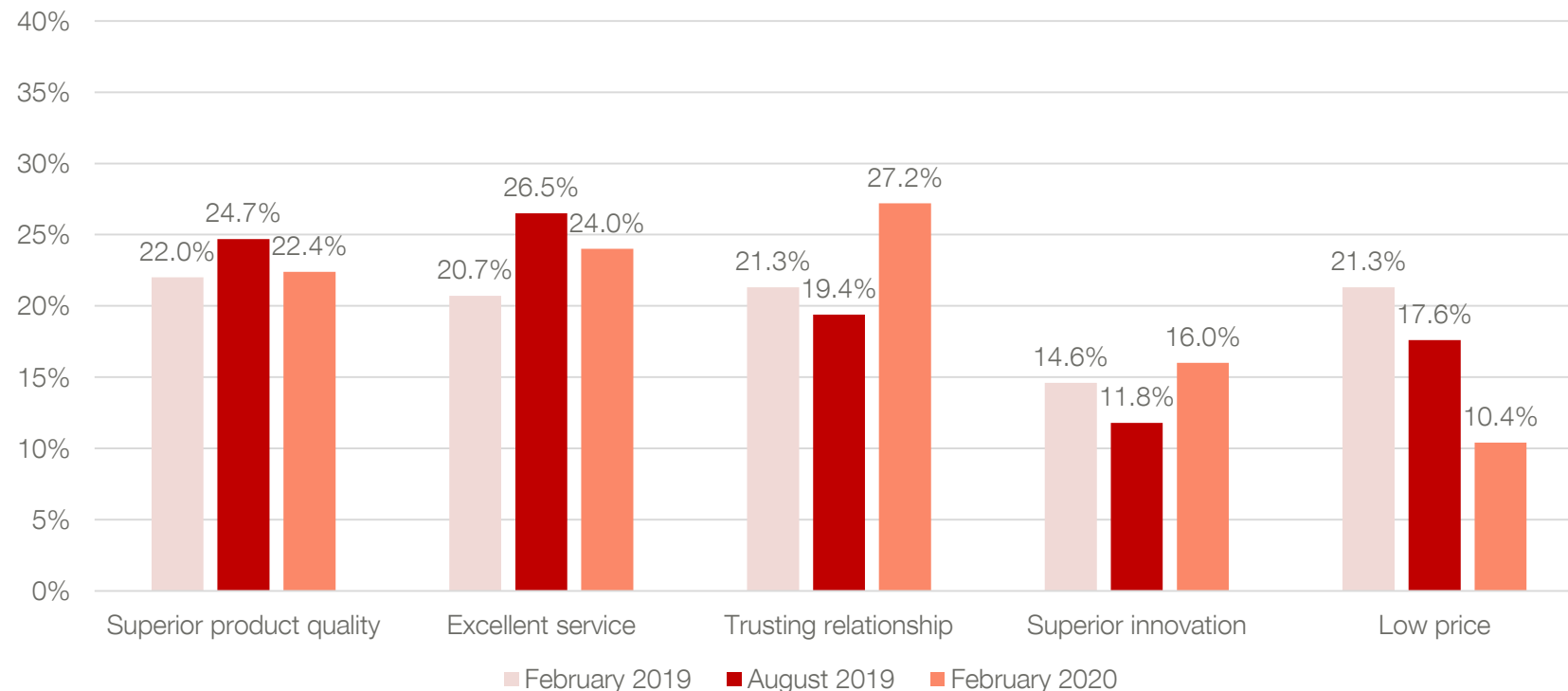
“Less optimistic” marketers drop almost in half from one year ago

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



Customers to prioritize trusting relationships—not low price—in 2020

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

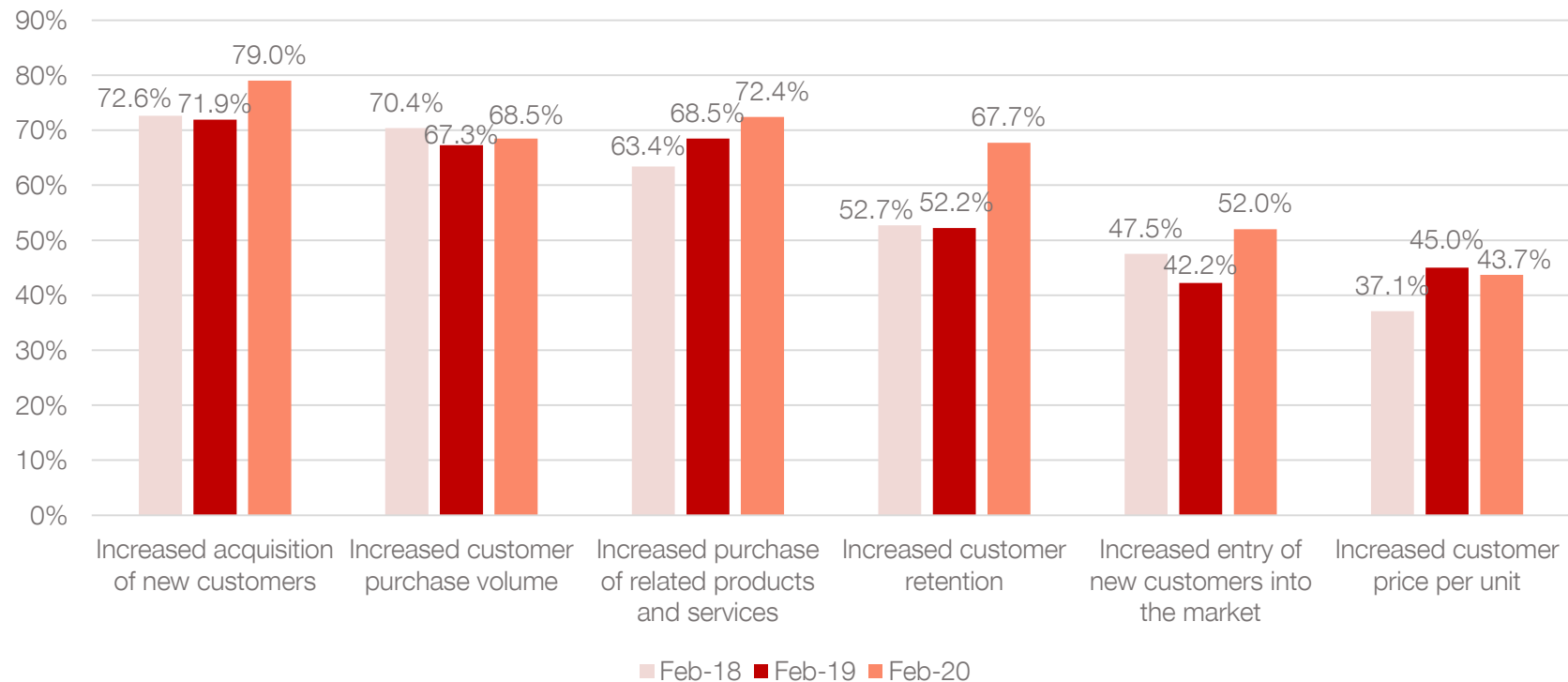


Insights

Marketers expect customers to place a stronger emphasis on trusting relationships (40.2% increase) while pressures for low price have dropped by 40.9% since August 2019.

Powerful opportunities projected for customer entry and increased customer acquisition and retention

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



Economic Sector

Increased entry of new customers:

- B2B Product: 51.1%
- B2B Services: 48.6%
- B2C Product: 43.5%
- B2C Services: 70.0%

Increased customer acquisition:

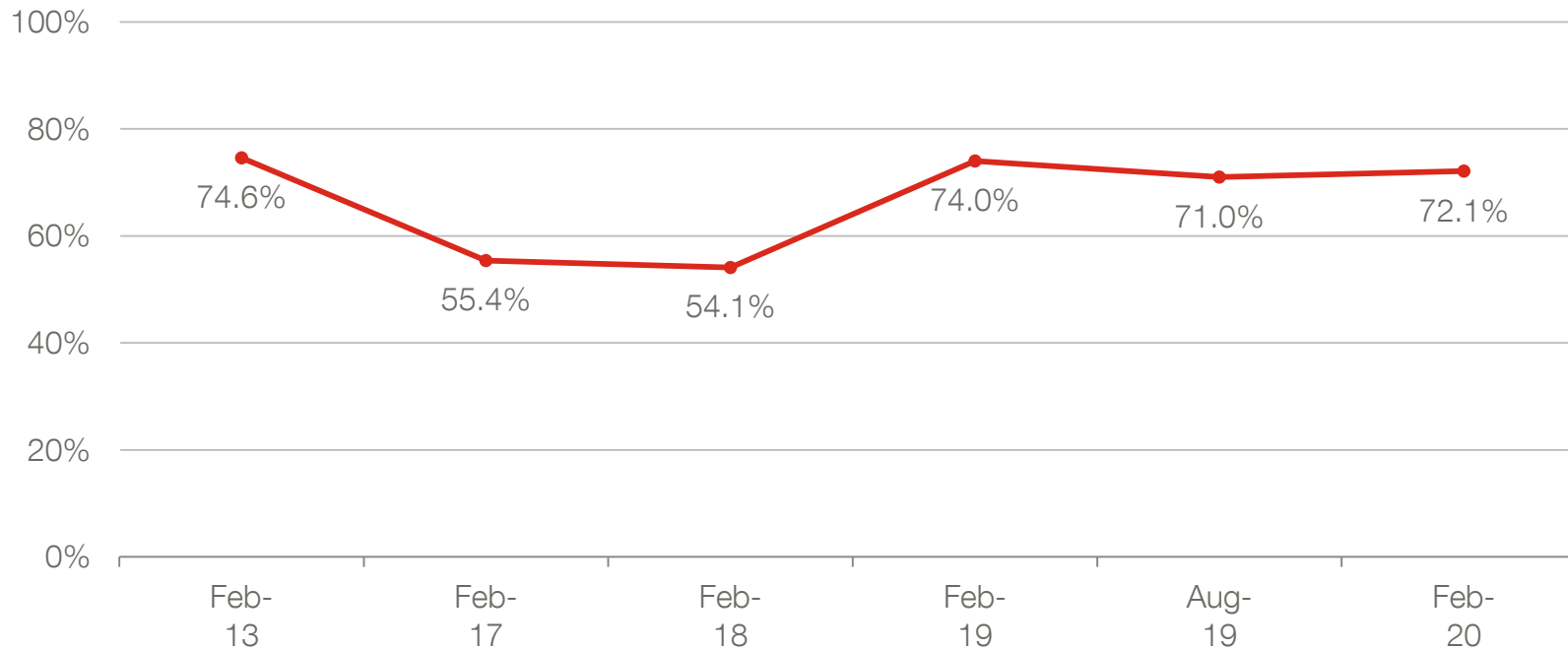
- B2B Product: 84.4%
- B2B Services: 83.3%
- B2C Product: 73.9%
- B2C Services: 65.0%

Increased customer retention:

- B2B Product: 60.9%
- B2B Services: 68.4%
- B2C Product: 82.6%
- B2C Services: 65.0%

Use of channel partners to go-to-market stable—product companies dominate

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



* Question asked irregularly



Economic Sector

- B2B Product: 74.0%
- B2B Services: 68.8%
- B2C Product: 78.4%
- B2C Services: 65.0%



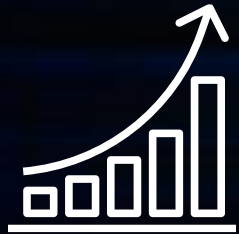
Industry Sector

Top 3 Industry Sectors

- Consumer Packaged Goods
- Manufacturing
- Communications

Bottom 3 Industry Sectors

- Consumer Services
- Retail
- Banking



Firm Growth Strategies

Spending on existing markets and offerings continues to dominate growth spending—at 54% of investment. Diversification continues to be the lowest investment among growth strategies across sectors and across levels of Internet sales. Additionally, companies continue to focus domestically, as they spend more on domestic markets over time. A 13% increase has been observed since 2012.

Marketers currently spend about 2.1% of their budgets on China—up from 1.7% three years ago. Marketers anticipate their Chinese budgets to increase 100% to 4.2% in three years. Biggest spenders are the Mining and Tech sectors.

Internet sales as a percent of revenues tick up, rising to highest level in a decade at 13.5%. B2C Services companies are most dominant in this space at 18.1%.

Companies continue to prioritize organic growth, regardless of size, level of Internet sales, or sector and focus on the having the right talent and stakeholder alignment as key inputs to organic growth.

Priorities shift as companies invest in growth

Investment in growth strategies (% of companies)

Spending on growth in past 12 months*

Growth Strategy	Aug-2018	Feb-2019	Aug-2019	Feb-2020
Market penetration	52.8%	55.1%	54.3%	54.0%
Product/service development	24.2%	21.8%	21.6%	20.5%
Market development	13.0%	13.5%	14.8%	15.0%
Diversification	10.0%	9.6%	9.3%	10.4%

*% of spending for each growth strategy.

Spending by Economic Sector

Growth Strategy	B2B Product	B2B Services	B2C Product	B2C Services
Market penetration	46.9%	53.5%	55.9%	71.4%
Product/service development	21.4%	20.8%	23.6%	14.7%
Market development	17.5%	16.7%	12.4%	7.9%
Diversification	14.2%	9.0%	8.2%	6.0%

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



Insights

Spending on existing markets and offerings continues to dominate growth spending. Diversification continues to be the lowest investment among growth strategies across sectors and across levels of Internet sales.



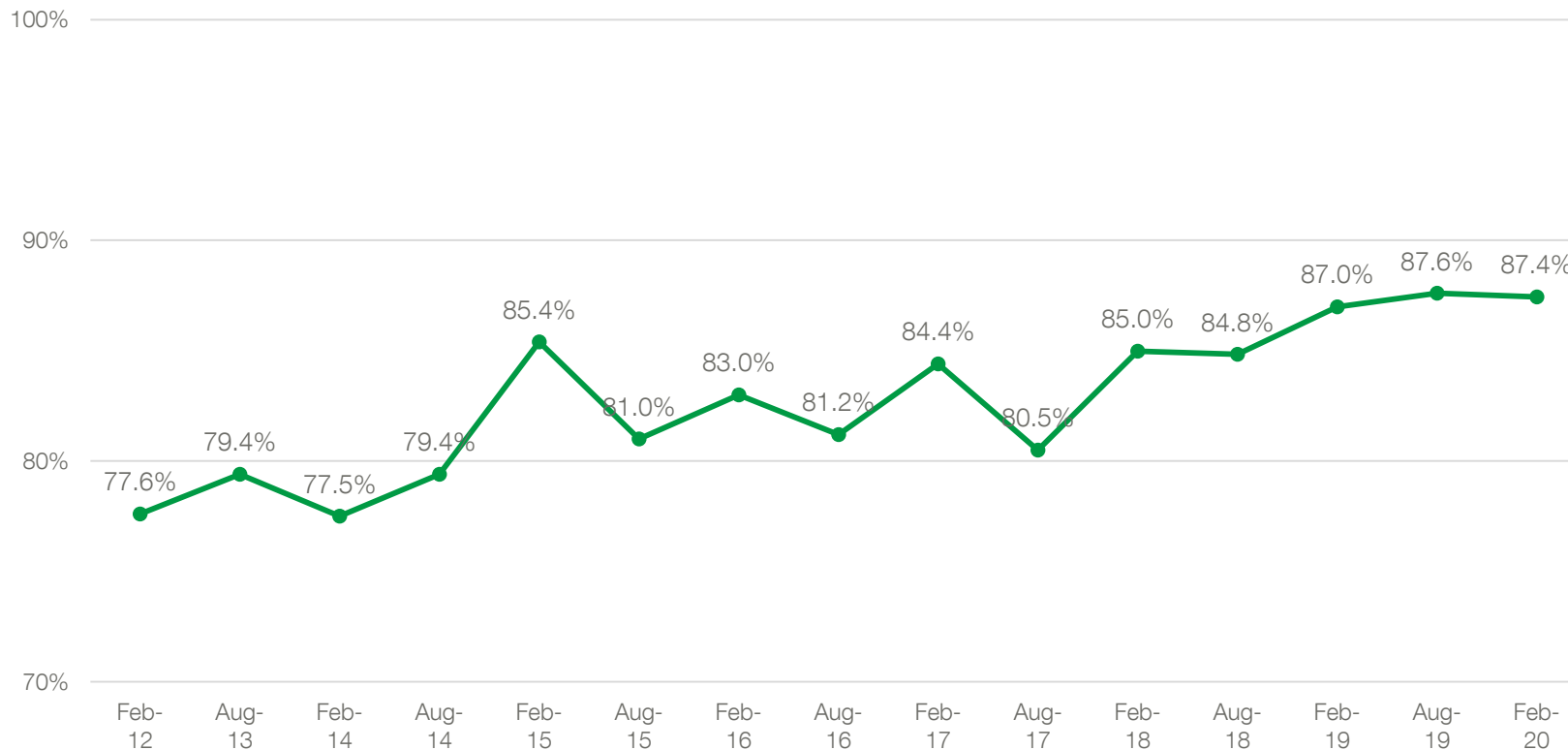
Industry Sector

Top Industry Sectors focused on growth outside of market penetration

- Communications
- Consumer Packaged Goods

Domestic marketing spending rises 13% since 2012

Percent of marketing budget spent on domestic markets



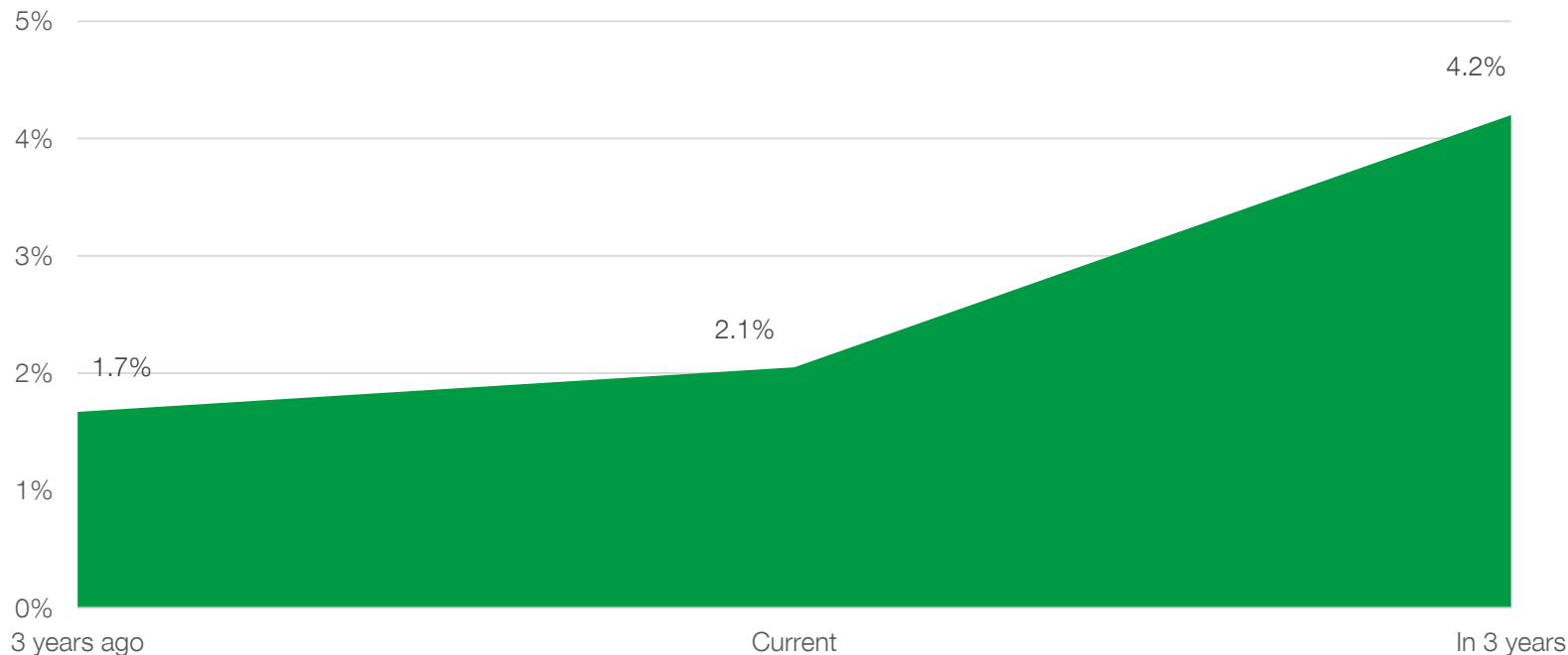
Insights

Companies continue to turn inward to focus on domestic markets. A 13% increase in domestic marketing spending has been observed since 2012.

B2B Services companies are most likely to spend domestically, reporting 92.7% of their marketing budgets devoted to domestic markets, compared to B2B Product companies with the lowest level at 79.8%.

Marketers anticipate Chinese budget to increase 100% in three years

What percent of your marketing budget does your company spend targeting the market in China?



Insights

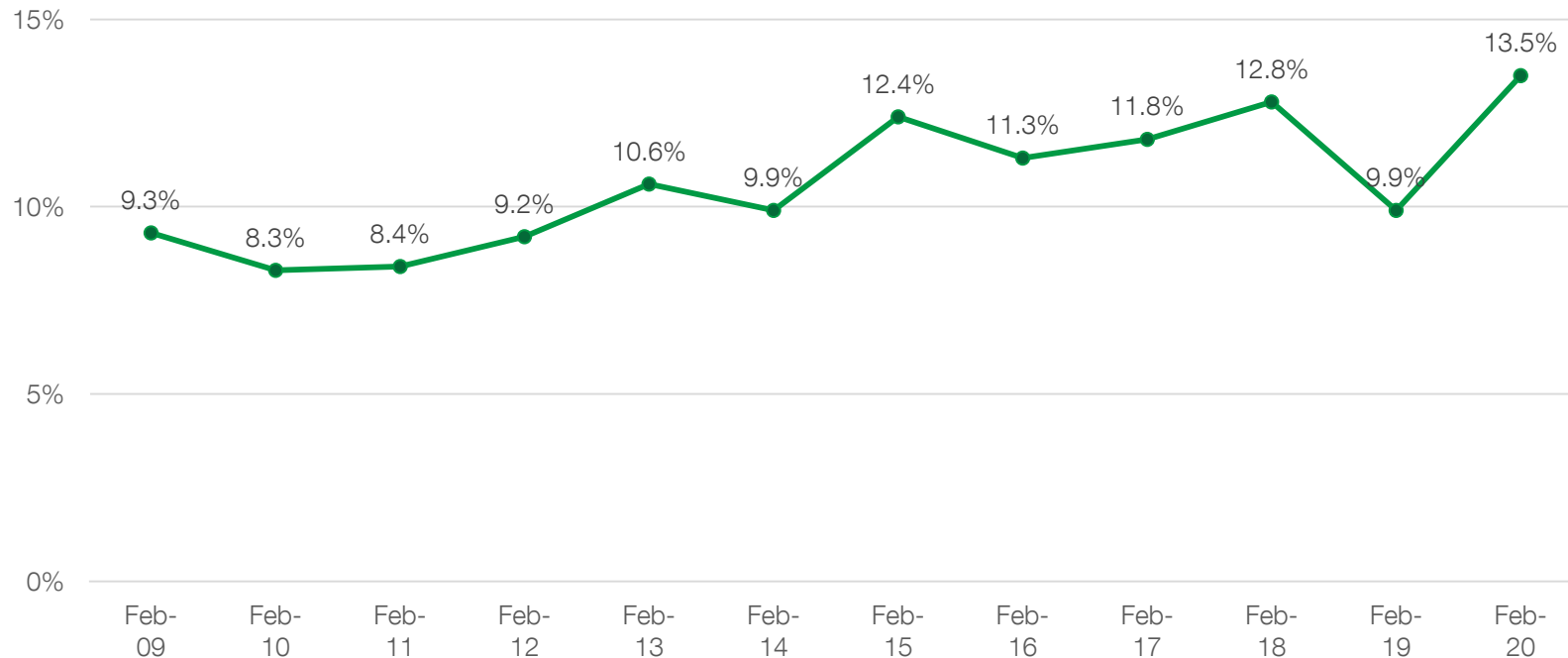
The Mining/Construction industry currently spends the highest percentage of its marketing budget in China (6.7%) and anticipates this number rising to 13.3% in three years.

The Technology industry is second, currently spending 5.7% of budget and expecting this number to rise to 8.9%.

Banking, Education, and Energy all report 0% spending on China both currently and in the next 3 years. Of the economic sectors, B2C Product is expecting the largest increase in three years, anticipating that these budgets will increase sevenfold.

Internet sales tic up, rising to highest level in decade: B2C companies dominate

Percent of company sales through the Internet



Economic Sector

B2B Product: 12.1%
 B2B Services: 11.5%
 B2C Product: 18.1%
 B2C Services: 15.6%



Industry Sector

Top 3 Industry Sectors

- Education
- Consumer Services
- Transportation

Bottom 3 Industry Sectors

- Mining/Construction
- Retail
- Healthcare

Companies continue to prioritize organic growth

Allocate 100 points to reflect the corporate strategies your firm will use to grow during the next 12 months.

Corporate Strategy	Feb-11	Feb-12	Feb-13	Feb-14	Feb-15	Feb-17	Feb-20
Organic Growth (internal sources)	72.0	70.6	73.5	71.8	76.1	73.0	72.2
Growth from Partnerships	11.8	12.6	12.3	12.8	10.1	11.4	11.4
Growth from Acquisitions	10.6	11.6	8.5	10.2	8.6	10.8	11.3
Growth from Licensing	5.6	5.2	5.6	5.2	5.2	4.9	5.1

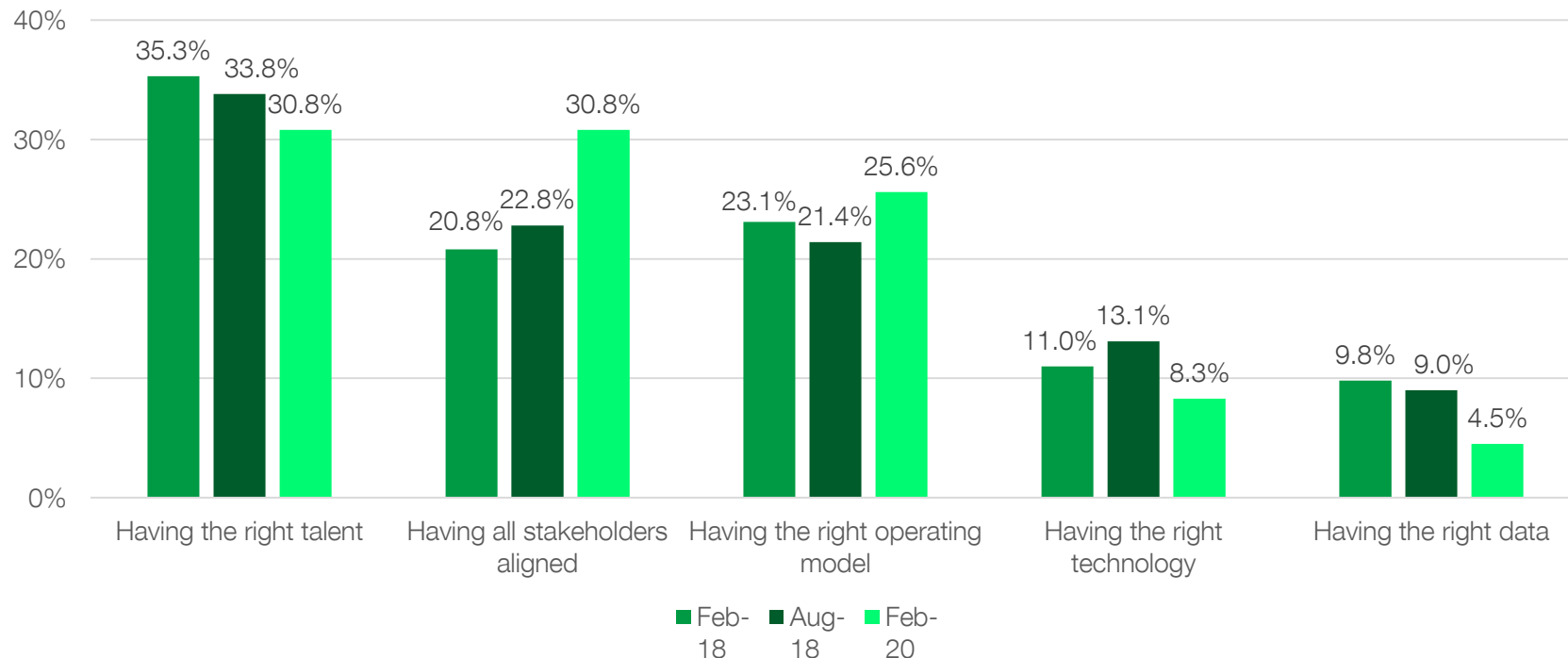


Insights

Marketers prioritize organic growth—that arising from internal sources—regardless of size, level of Internet sales, or sector. Companies then focus on growth from partnerships and acquisitions, with licensing being the least prioritized growth area. These percentages have remained steady over the nine years this question has been asked.

Right talent and stakeholder alignment are most important for organic growth

Order the following factors in importance for driving future organic revenue growth within your organization (1 = most important, 5 = least important).*



Insights

Having the right talent remains the most important factor, despite a slow decline since this question was first asked in February 2018. We've seen a sharp increase in the importance of having all stakeholders aligned, climbing from 20.8% in February 2018 to 30.8%.



Industry Sector

Top Industry Sectors for "Talent"

- Retail
- Banking

Top Industry Sectors for "Stakeholder Alignment"

- Communications
- Services Consulting



Marketing Spending

Marketing budgets are expected to grow by 7.6% in the next year—a marked decline compared with last August’s 8.7% growth. This drop may reflect the actual increase of last year’s marketing budget increase, which was only 5.8%.

Marketing budget as a percent of firm revenues rises again to 8.6%, a 9% increase since 2018, while marketing budget as a percent of firm budget remains steady at 11.3%.

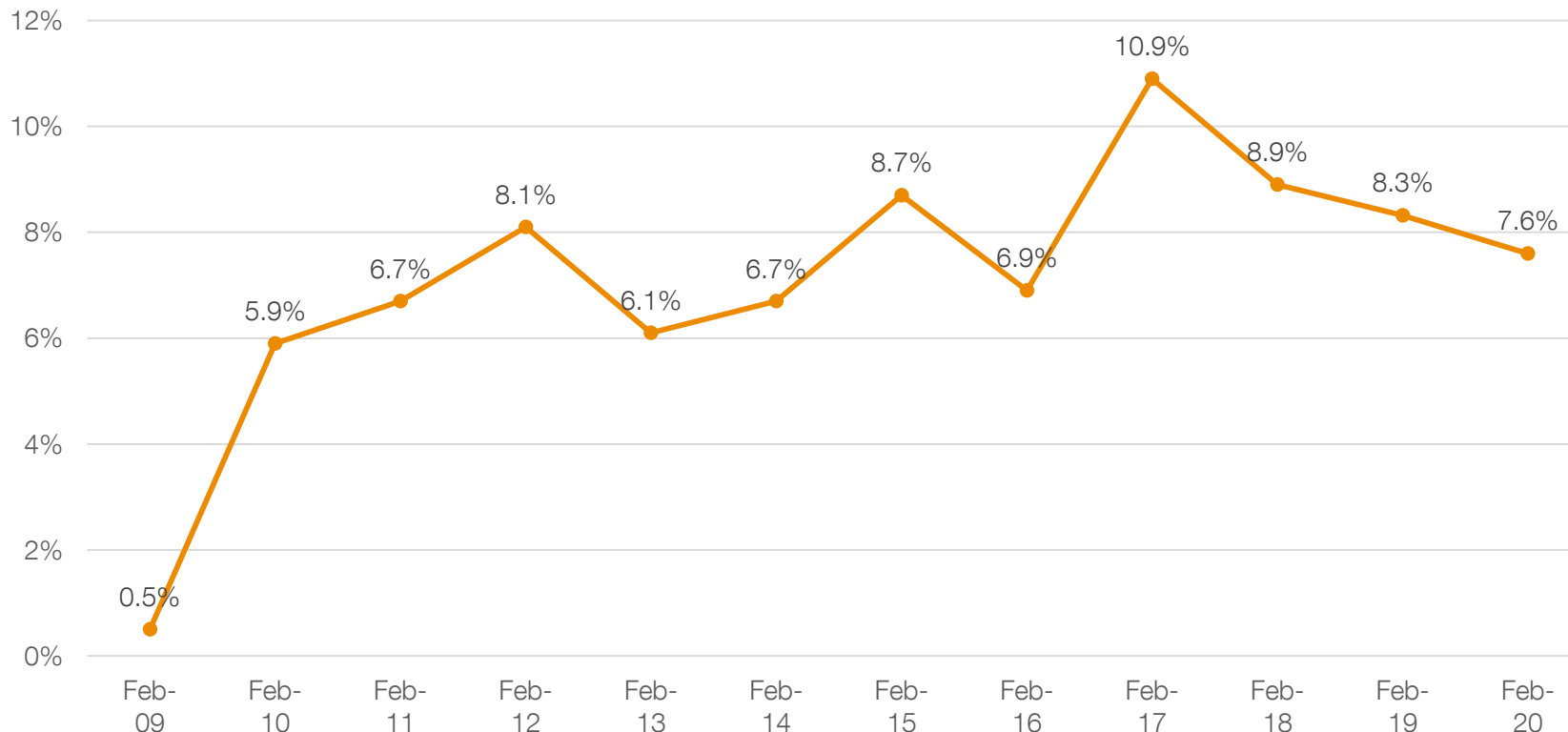
Growth in digital marketing greatly outpaces growth in traditional marketing, with consistent, strong growth in digital marketing and relatively steady traditional advertising spending. Companies spend on customers (9.0%) over brand (7.1%) and new product innovation (6.1%).

Spending on the customer experience has increased 71% over the last three years from 8.9% of marketing budgets to 15.2% at present. Marketers expect to spend 36% more to 20.6% of their marketing budgets in the next three years.

Marketing capability development continues to be the critical knowledge investment priority for companies with service companies emphasizing this investment more than product companies. Meanwhile, training and development spend as a percent of marketing budgets remains the focus of B2B marketers.

Marketing budget growth expected to decline to 7.6% growth

Percent change in marketing budgets expected in next 12 months



Economic Sector

- B2B Product: 6.9%
- B2B Services: 7.9%
- B2C Product: 8.4%
- B2C Services: 8.4%

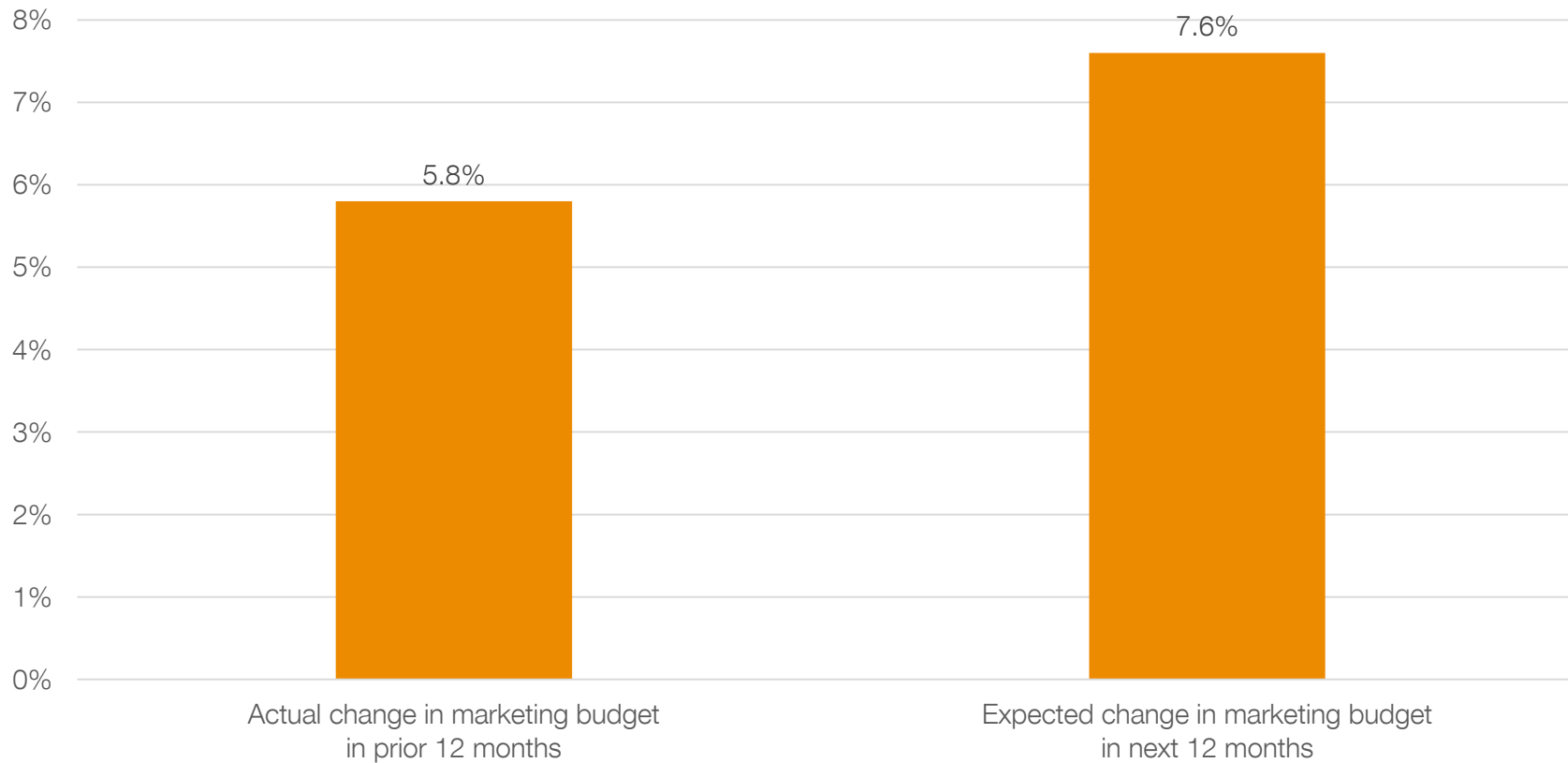


Insights

<\$25M and over \$10B companies by revenue predicted the most growth in marketing budgets compared with those in the middle revenue brackets. Additionally, those with 0% and >10% Internet sales predicted the largest growth in marketing budgets, compared with those that sell between 1-10% online.

Predicted marketing budgets in 2020

Percent change in marketing budgets in prior and next 12 months



Economic Sector

	Prior 12 months	Next 12 months
B2B Product:	4.0%	6.8%
B2B Services:	6.2%	7.9%
B2C Product:	12.4%	8.4%
B2C Services:	2.4%	8.4%

What is in your marketing budget?

Marketing expenses in your company include the following (check all that apply)

Marketing Expenses	% Reporting in Budget
Direct expenses of marketing activities	92.8%
Social media marketing	86.9%
Brand-related expenses	80.4%
Marketing employees	79.1%
Marketing analytics	72.5%
Marketing research	69.9%
Other overhead costs associated with marketing	65.4%
Mobile marketing tools	56.2%
Marketing training	54.2%
Sales support tools	40.5%
Sales employees	13.7%



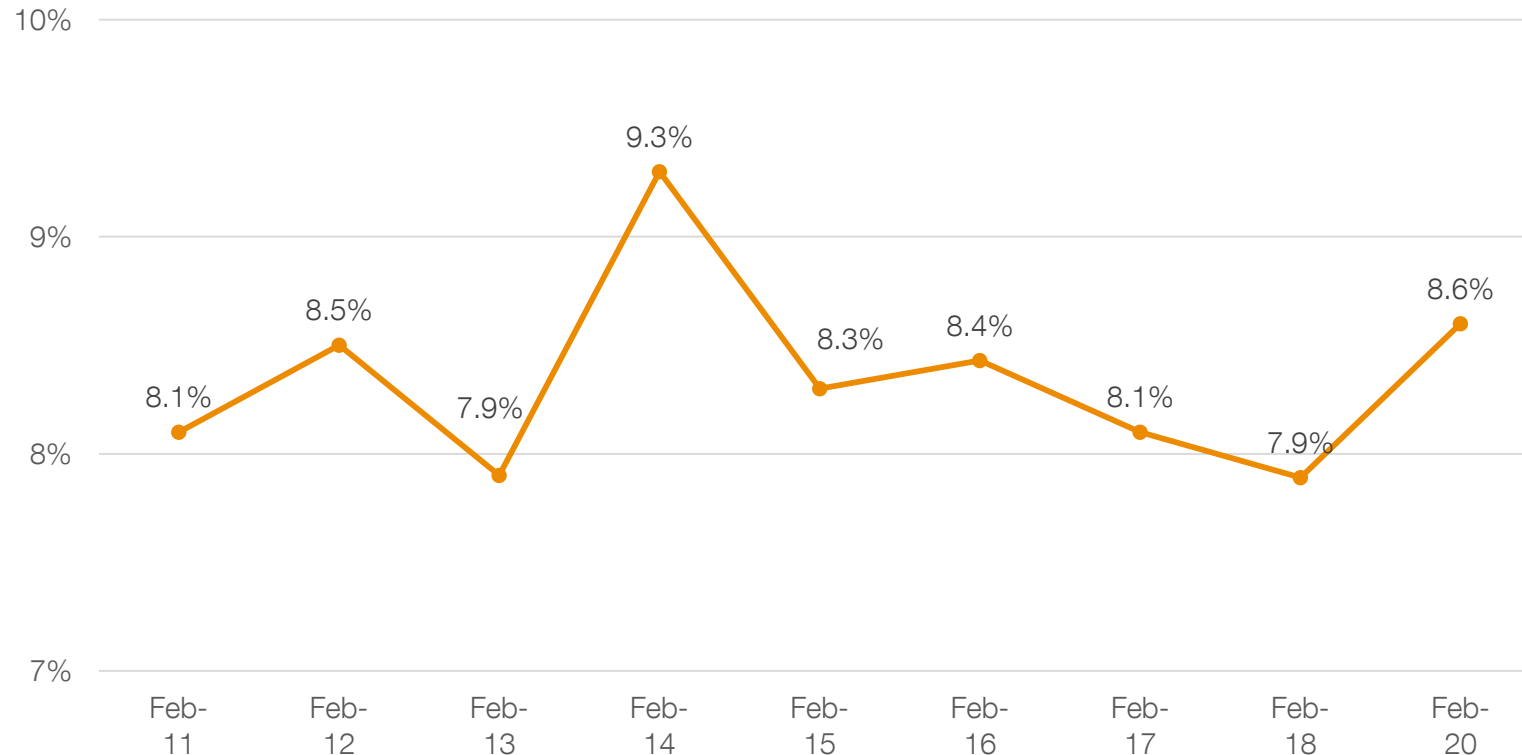
Insights

Over 80% of reported marketing budgets contain direct marketing expenses, social media marketing, and brand expenses. 100% of B2C Products companies included social media as part of their marketing budgets.

Only 13.7% of marketing organizations included sales employees in their marketing budgets. Most of this group had annual revenues less than \$99M.

Marketing budget as a percent of firm revenues rises again

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



Economic Sector

- B2B Product: 9.0%
- B2B Services: 7.9%
- B2C Product: 11.9%
- B2C Services: 4.8%



Industry Sector

Top 3 Industry Sectors

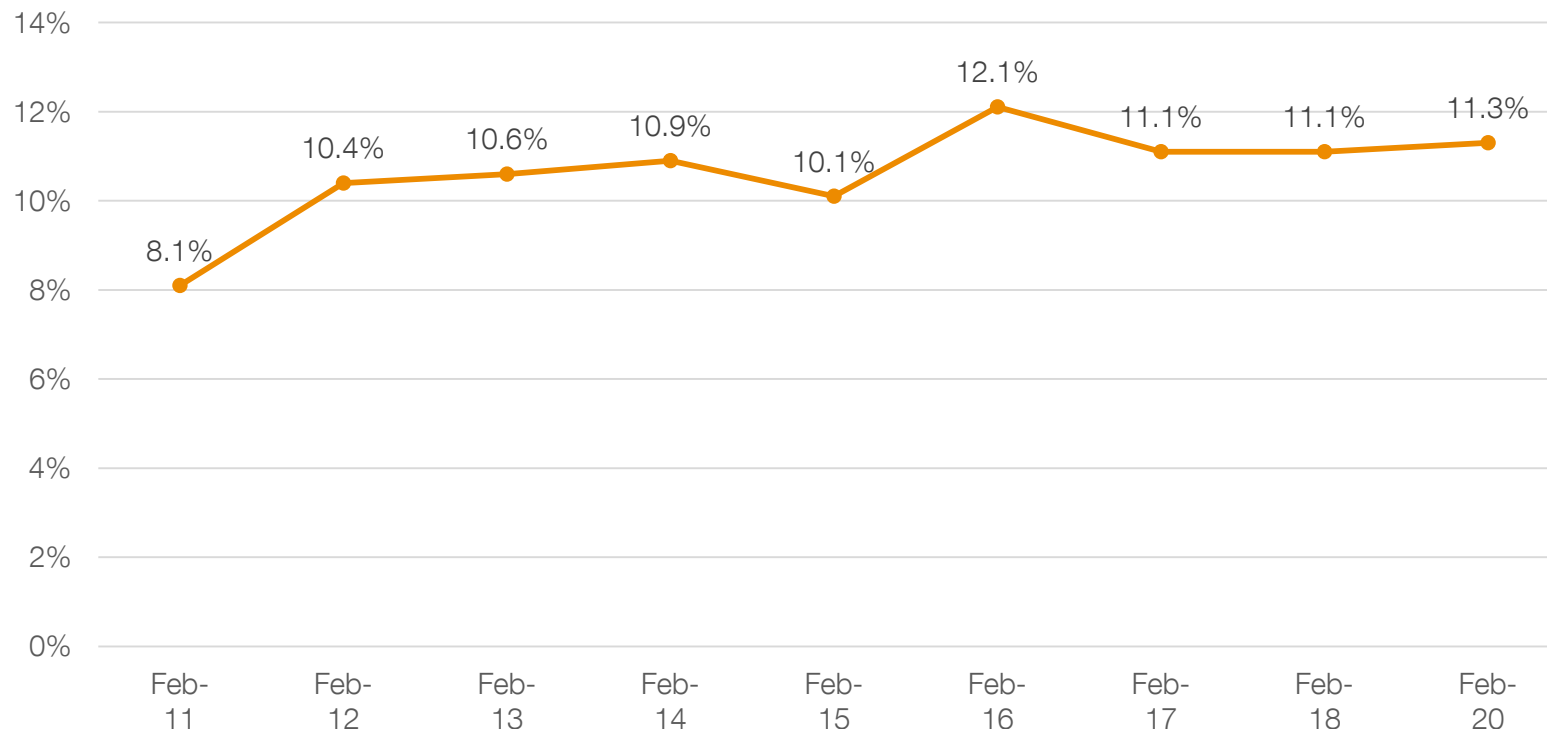
- Banking
- Technology
- Communications

Bottom 3 Industry Sectors

- Mining/Construction
- Transportation
- Manufacturing

Marketing budget as a % of firm budget stays steady

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



Economic Sector

- B2B Product: 10.4%
- B2B Services: 9.9%
- B2C Product: 20.0%
- B2C Services: 8.2%



Industry Sector

Top 3 Industry Sectors

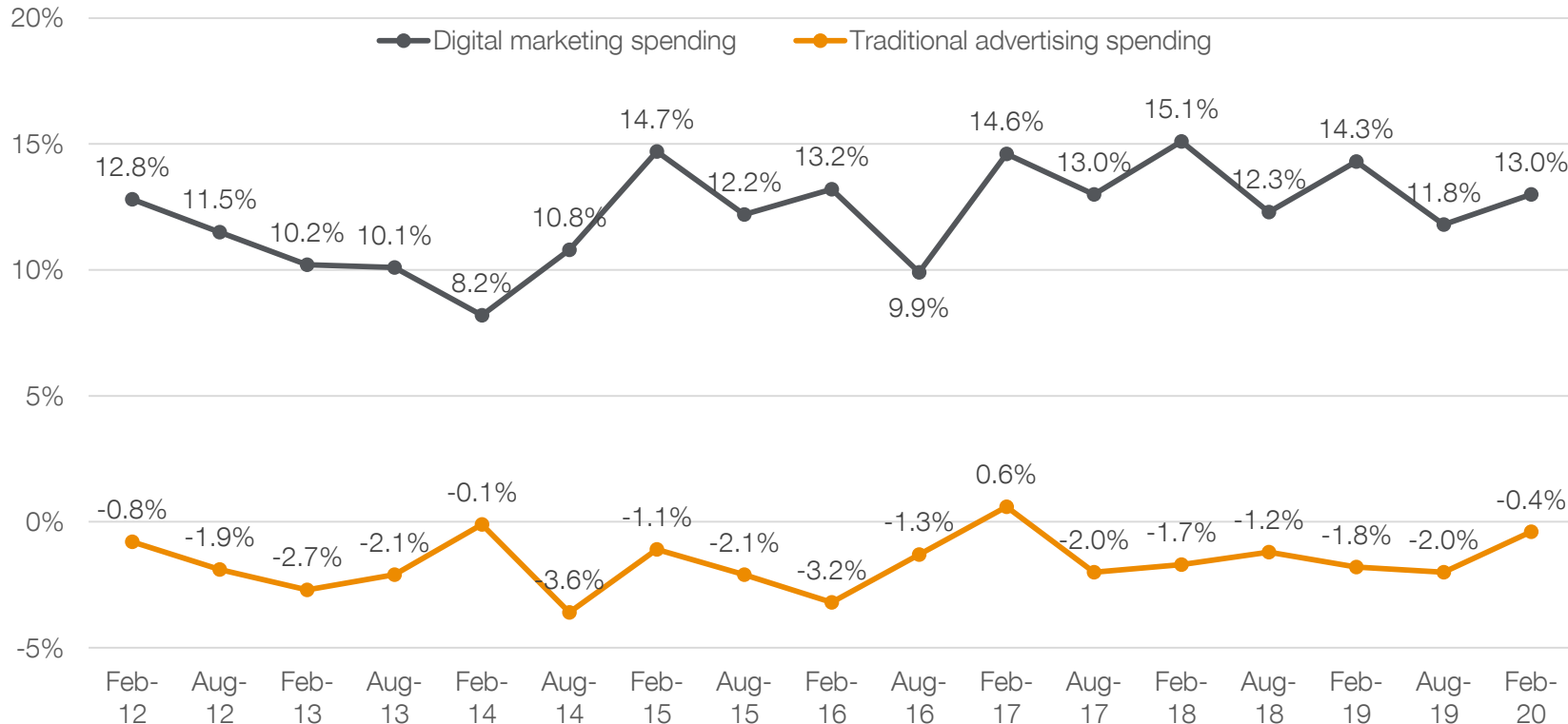
- Consumer Packaged Goods
- Banking
- Technology

Bottom 3 Industry Sectors

- Manufacturing
- Communications
- Consumer Services

Growth in digital marketing spend greatly outpaces traditional advertising

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



Economic Sector

Traditional Digital

B2B Product:	3.7	13.4
B2B Services:	-1.3	13.1
B2C Product:	-6.4	14.3
B2C Services:	-3.3	10.1

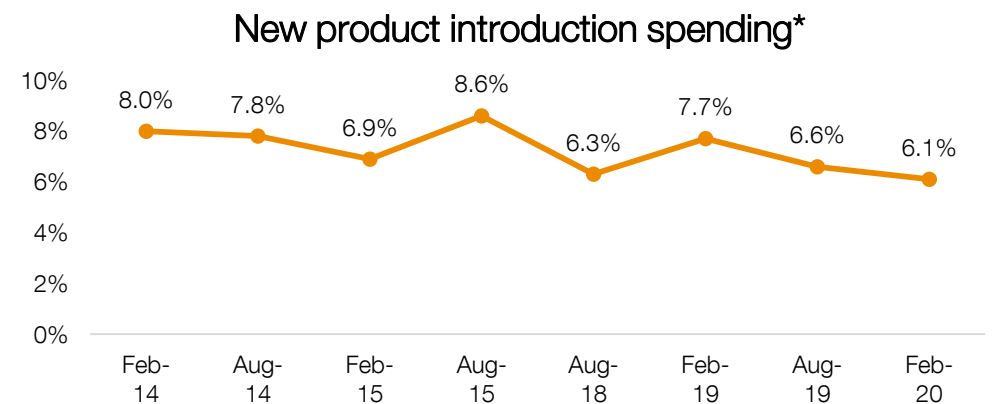
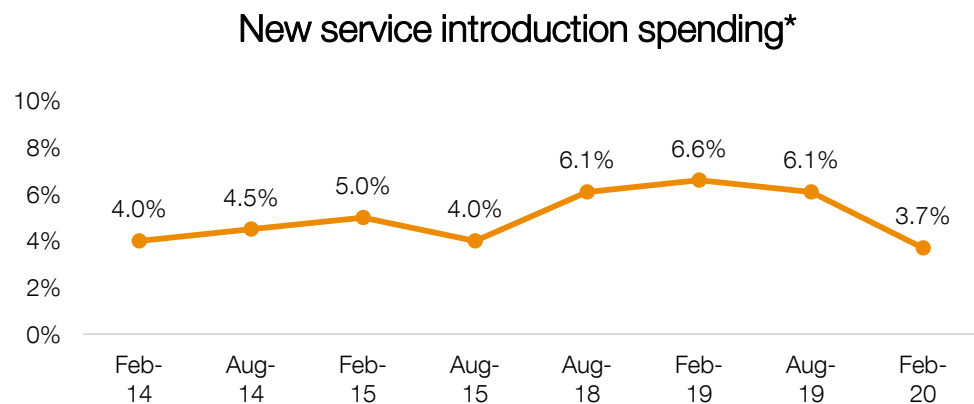
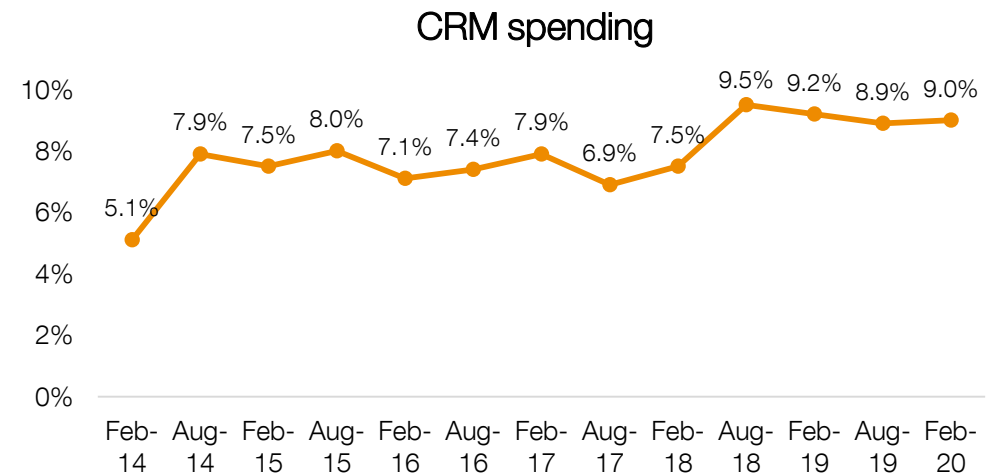
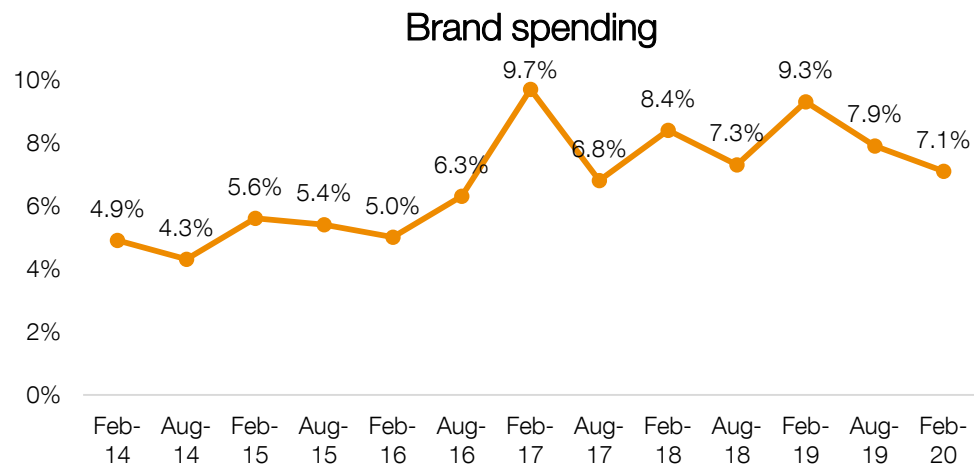


Insights

Growth rates for traditional advertising and digital marketing spend have remained similar over time with consistent, strong growth in digital marketing and relatively steady losses to traditional advertising spending.

Companies spend on customers over brand and innovation

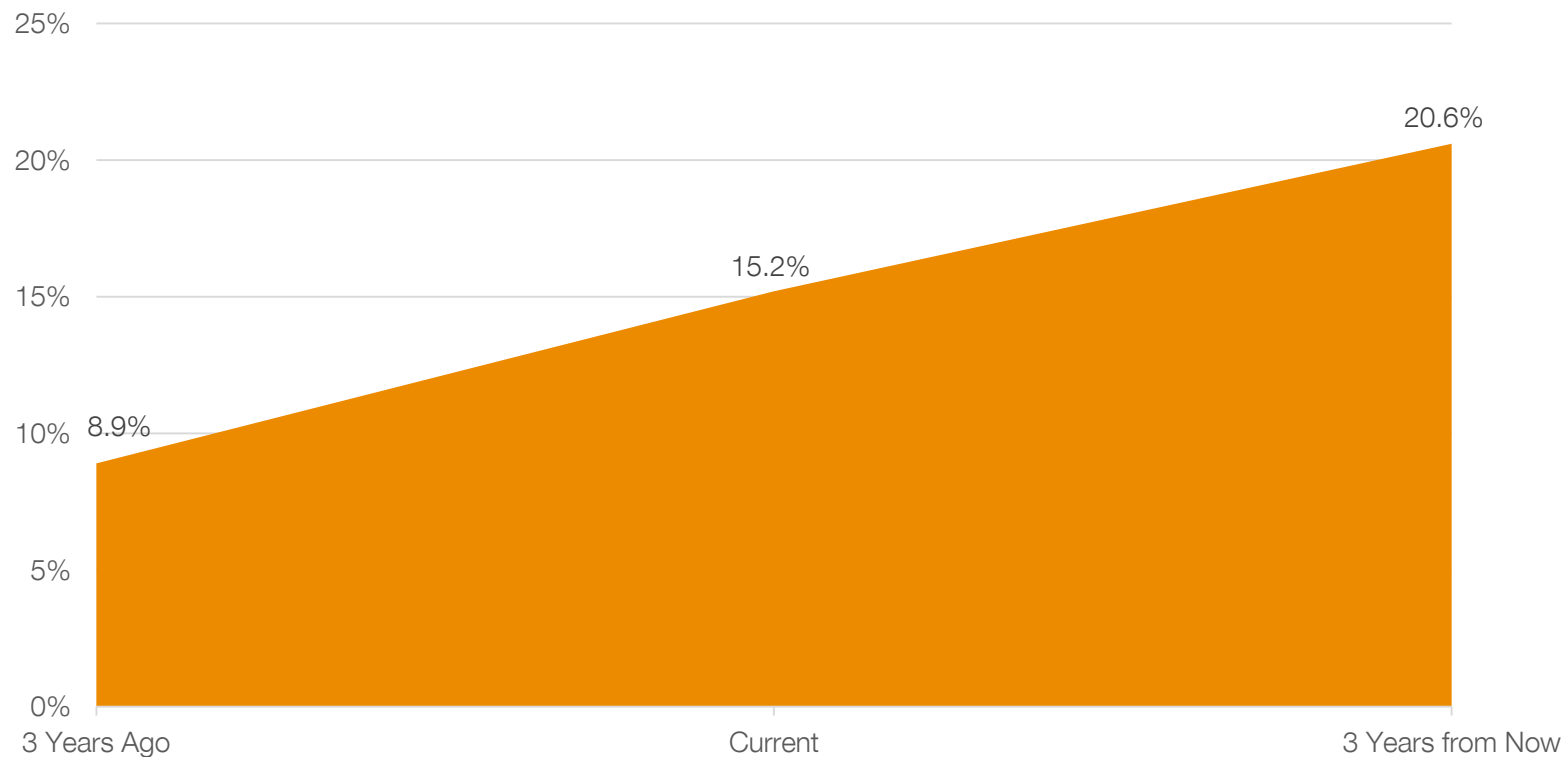
Expected percent change in marketing budgets in next 12 months



*Questions on new service introduction and new product introduction were not asked in 2016 or 2017

Spending on customer experience expected to continue to grow 35% in next three years

What percent of your marketing budget do you spend on initiatives related to customer experience?



Insights

Spending on the customer experience has increased 71% over the last three years from 8.9% of marketing budgets to 15.2% at present. Marketers expect to spend 36% more (to 20.6%) of their marketing budgets in the next three years.

The Banking industry has the highest reported spending on customer experience across the past three years, currently, and in the future. Companies with \$500-999M sales revenue and B2B Services companies also spend the most of customer experience.

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	8.4%	7.7%	8.9%	4.8%	12.7%
Marketing research and intelligence	6.9%	6.5%	5.0%	8.2%	10.4%
Marketing consulting services	5.9%	5.5%	5.5%	2.5%	11.2%
Marketing training*	3.3%	3.5%	4.2%	2.6%	1.8%

*Marketing training involves transferring existing marketing knowledge to employees.



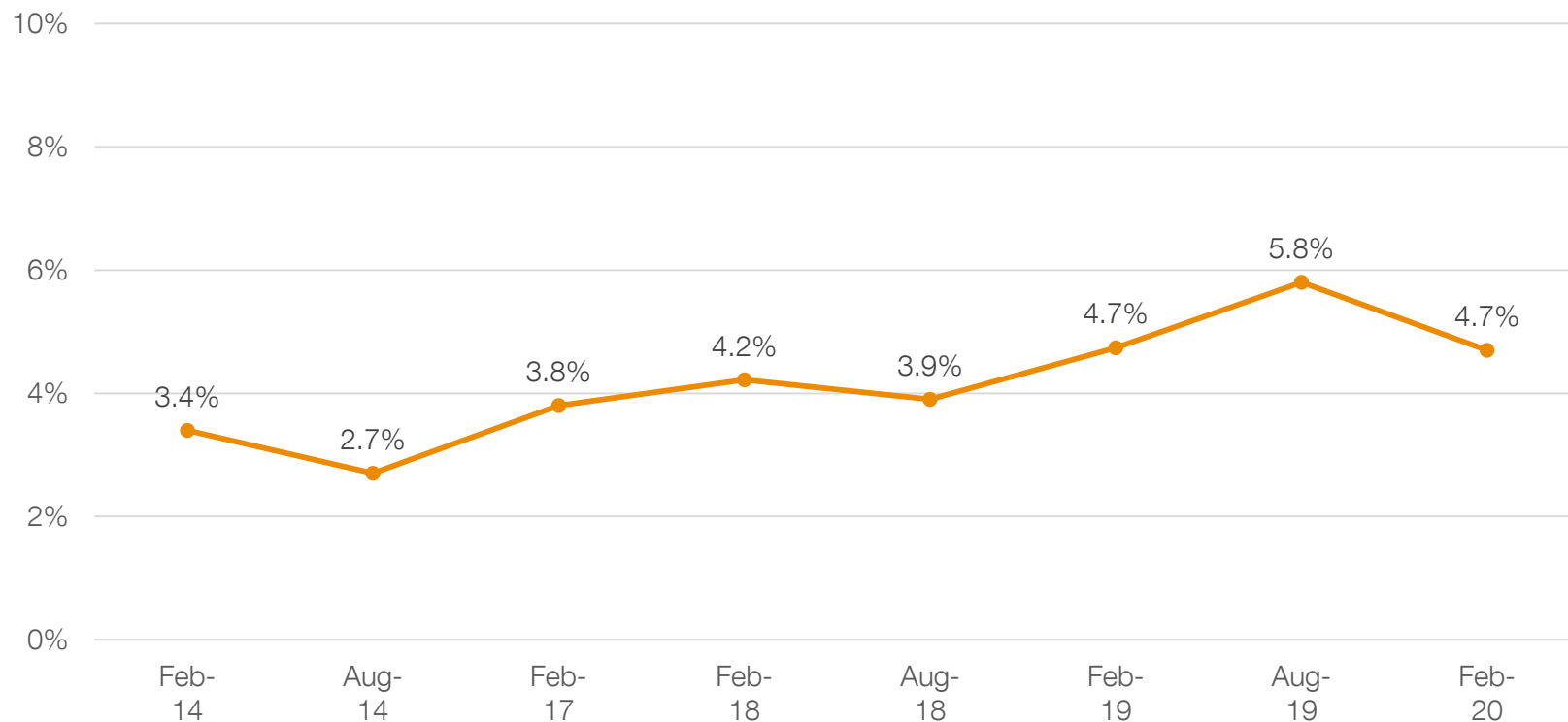
Insights

Services companies emphasize capability building over other forms of knowledge investment. B2C Services companies invest nearly as heavily in marketing consulting services.

Companies with 1-10% Internet sales report the lowest change across all knowledge investments compared with those with more or less Internet sales. Companies with \$500-999M sales also report the lowest change across all knowledge investments.

B2B marketers outspend B2C marketers on training and development

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



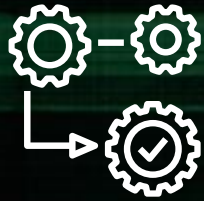
Economic Sector

- B2B Product: 5.0%
- B2B Services: 5.0%
- B2C Product: 3.6%
- B2C Services: 4.4%



Insights

The biggest share of marketing budgets spent on training and development is in the Retail industry. The Consumer Packaged Goods industry companies reported the lowest percentages spent on training and development.



Firm Performance

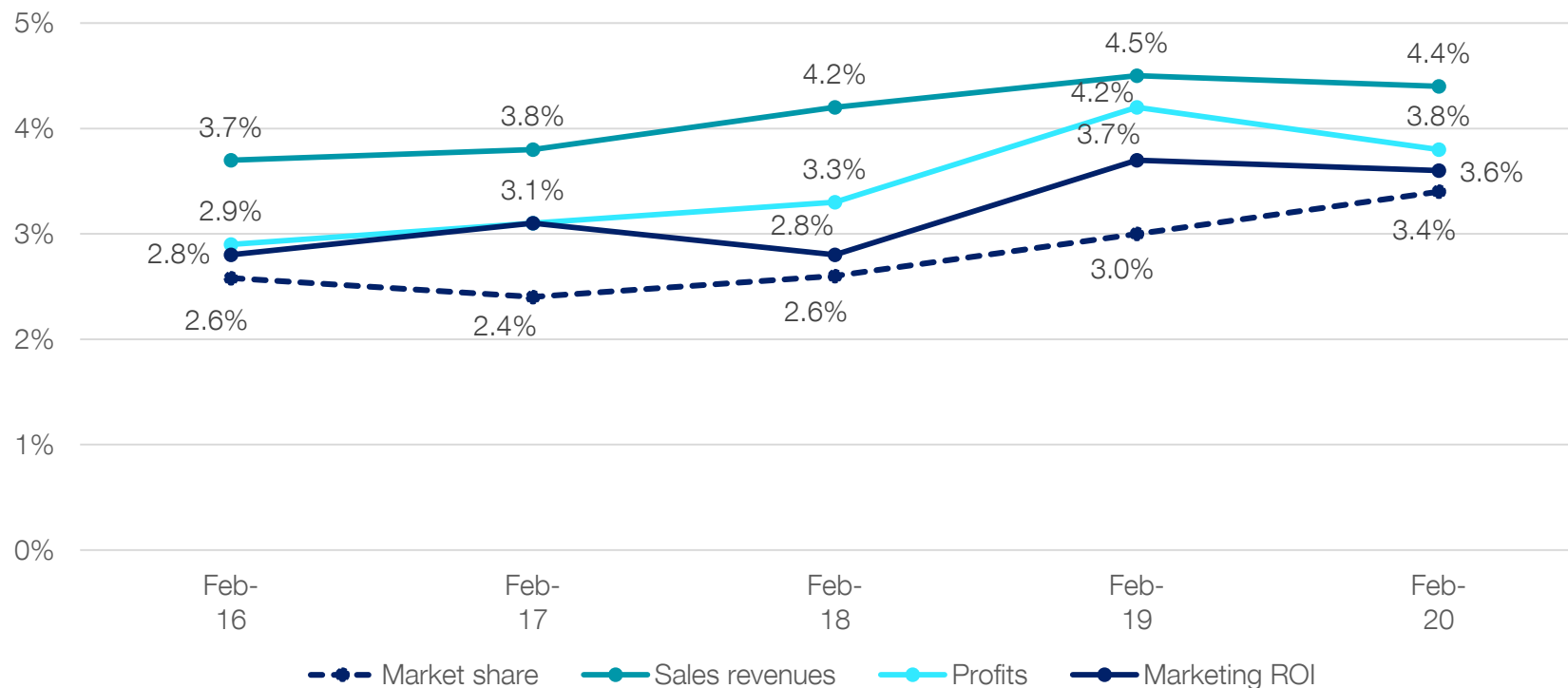
Market share, profits, sales revenue, and marketing ROI are all trending upward since 2016. B2B companies excel across profits and sales revenue.

Marketing metrics also show consistent gains on customer retention and customer acquisition since February 2018. Brand value suffers a big tumble of almost 35% since the last Survey.

Growth is the most important KPI for evaluating marketing performance relative to ROI. Companies use traditional accounting metrics (e.g., sales, profits) to measure marketing performance over forward-looking metrics (e.g., customer lifetime value).

Key financial indicators: all trending upward since 2016

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



Economic Sector

Market Share

B2B Product: 3.2%
 B2B Services: 3.9%
 B2C Product: 2.7%
 B2C Services: 3.8%

Sales Revenues

B2B Product: 4.6%
 B2B Services: 5.4%
 B2C Product: 3.4%
 B2C Services: 2.9%

Profits

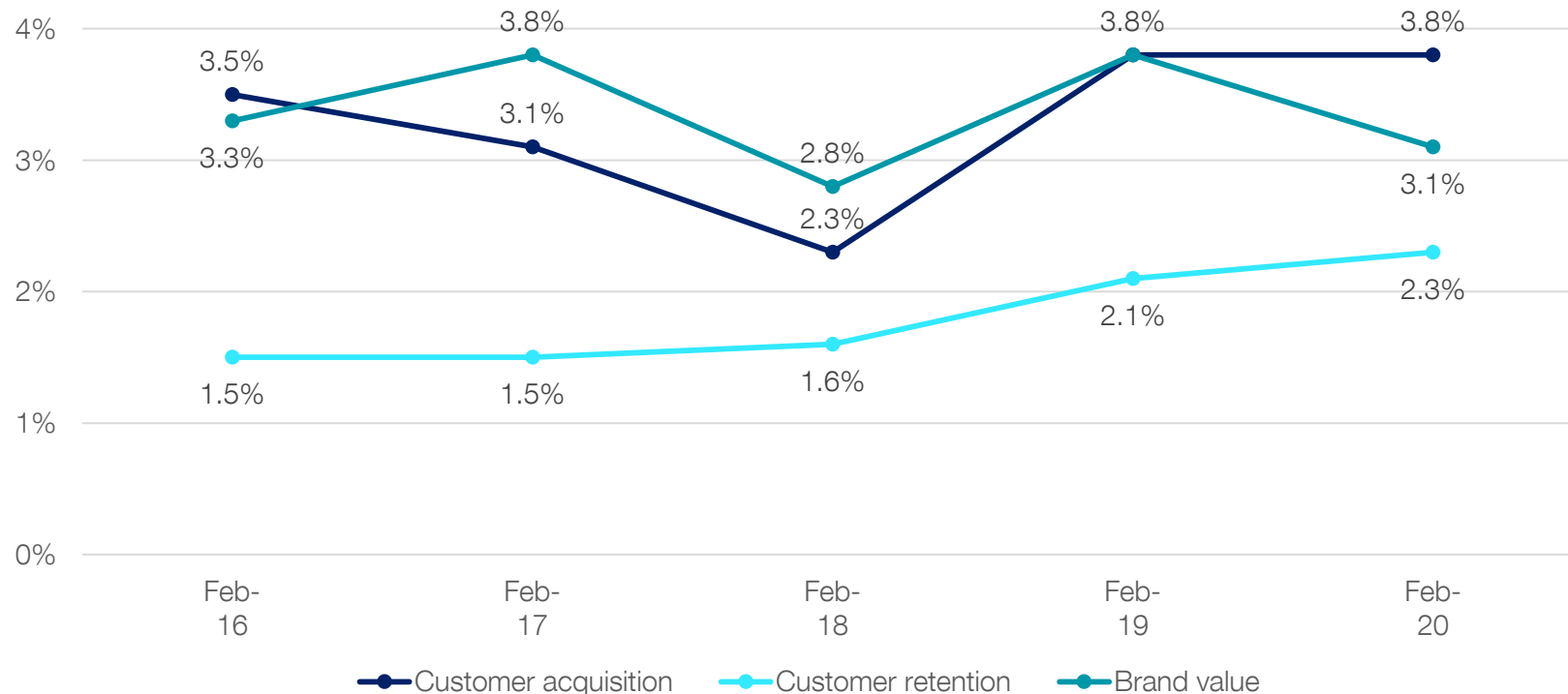
B2B Product: 4.3%
 B2B Services: 4.2%
 B2C Product: 2.4%
 B2C Services: 3.6%

Marketing ROI

B2B Product: 2.6%
 B2B Services: 4.4%
 B2C Product: 3.9%
 B2C Services: 4.2%

Customer retention performance increases while brand value performance decreases over time

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



Economic Sector

Customer Acquisition

B2B Product: 3.8%
 B2B Services: 4.6%
 B2C Product: 3.7%
 B2C Services: 2.4%

Customer Retention

B2B Product: 2.4%
 B2B Services: 2.8%
 B2C Product: 2.8%
 B2C Services: 0.3%

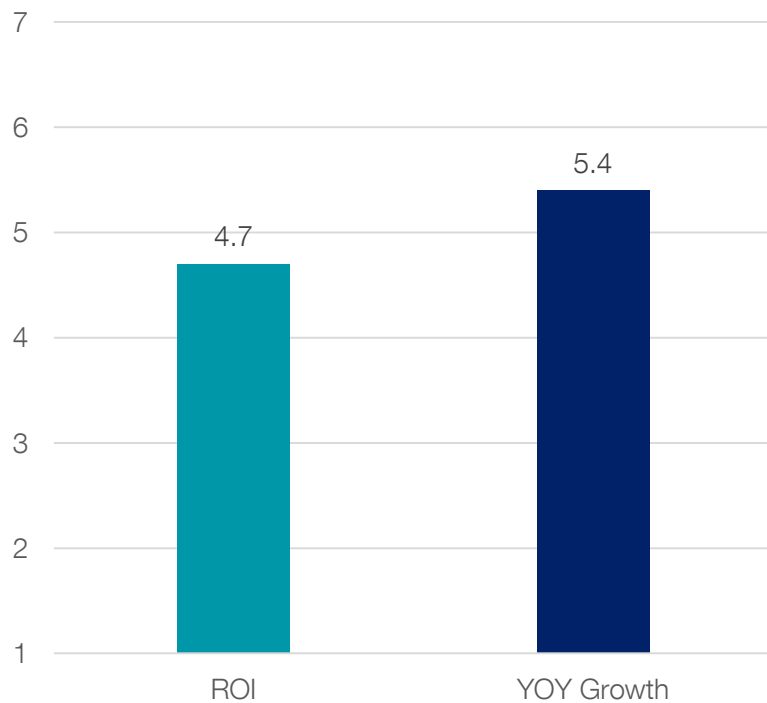
Brand Value

B2B Product: 2.8%
 B2B Services: 3.7%
 B2C Product: 3.3%
 B2C Services: 2.4%

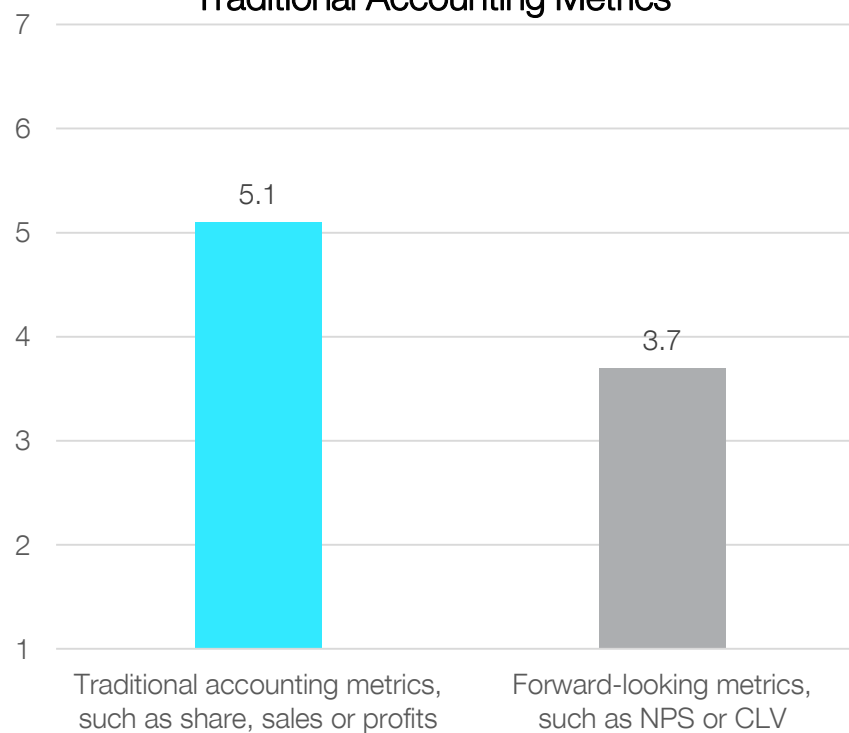
Growth is most important KPI for evaluating marketing performance

How often does your company use the following KPIs to evaluate marketing performance? (1=not at all, 7=all the time)

ROI vs. YOY Growth Metrics



Forward-Looking Metrics vs. Traditional Accounting Metrics



Insights

YOY Growth is the most important KPI across all sectors, levels of revenue, and levels of Internet sales. Banking and Retail give the highest ratings to ROI. Traditional accounting metrics are used at much higher rates than much heralded forward-looking metrics such as customer lifetime value or net promoter score.



Social Media Marketing

Spending on social media grows to 13% of marketing budgets, reaching the second-highest point in Survey history. As might be expected, companies with more than 10% Internet sales allocate more than twice the spending to social media than those with 0% Internet sales. Companies expect social media spending to rise by 62% over five years, across all industries and company sizes.

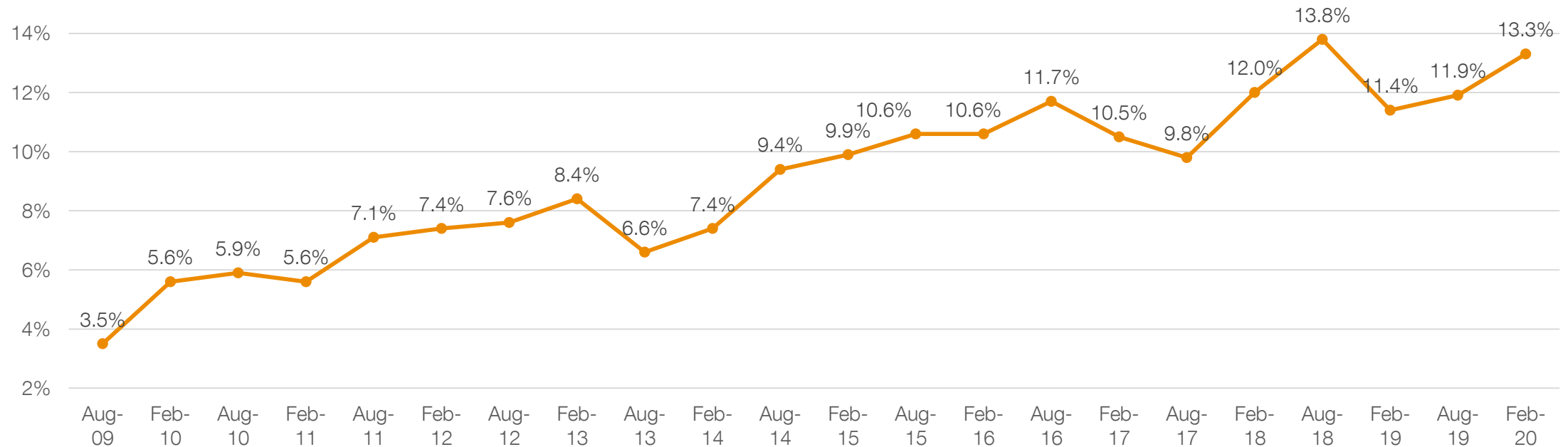
Outside agencies perform nearly a quarter of all social media activities—the highest level reported since the question was first asked in 2014. Consistent with this trend, marketers report a drop in the number of people employed in-house to perform social media activities from 4.1 persons in February 2014 to 3.1 at present.

Despite increased spending and outsourcing, social media continues to be rated as contributing only moderate value to company performance (3.4 on a seven-point scale where 7=very highly and 1=not at all)—a figure that has been flat since 2016. Internet-focused companies and B2C Product companies report stronger contributions.

Marketers reported an increased ability to demonstrate social media impact on company performance, with only 18.4% able to prove the impact quantitatively in 2017 and 30% in February 2020.

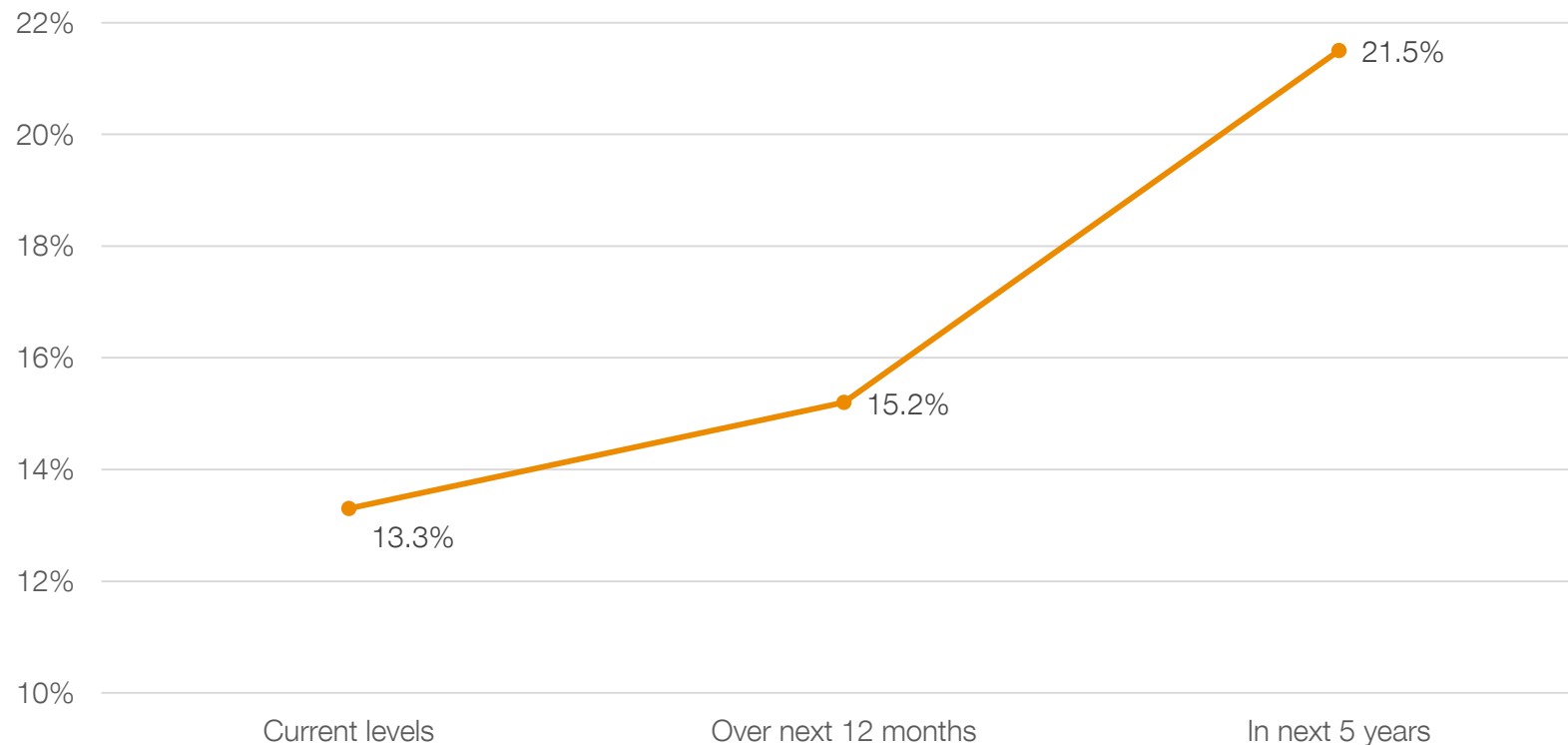
Social media grows to 13%, reaching the second-highest point in Survey history

Current social media spending as percent of marketing budget



Firms expect social spending to rise by 62% over five years

Social media spending as percent of marketing budget



Economic Sector

	Current	5 Years
B2B Product:	11.2%	19.7%
B2B Services:	13.6%	20.7%
B2C Product:	14.2%	21.9%
B2C Services:	17.2%	26.9%

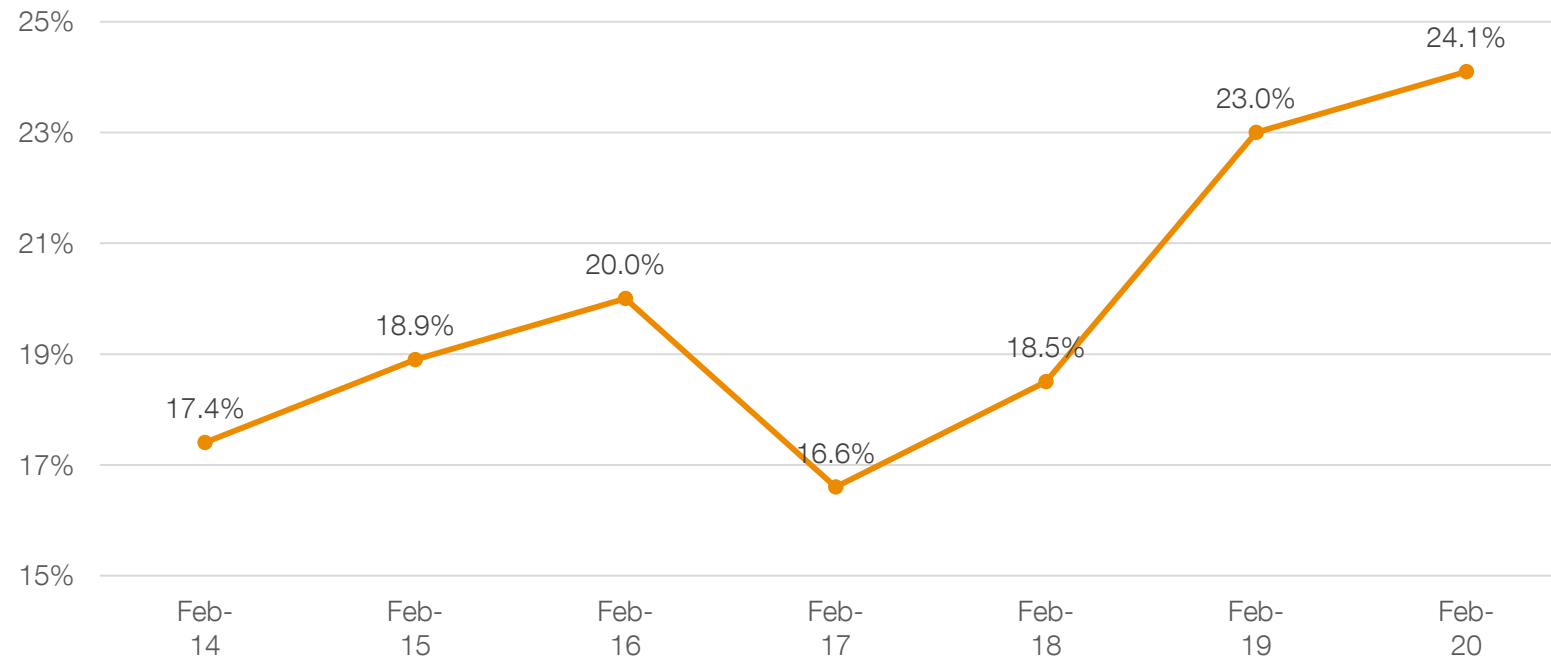


Insights

Expected spending on social media in five years rises across industries and company sizes. As might be expected, companies with 10% or more of their sales from the Internet spend more than twice as much as companies with no online sales and expect to continue spending more (29.7% vs. 18.3%). The Communications Industry plans to increase spending the most, up to 32.2% in five years.

Outside agencies perform nearly a quarter of all social media activities

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



Economic Sector

- B2B Product: 25.2%
- B2B Services: 14.3%
- B2C Product: 36.2%
- B2C Services: 26.4%

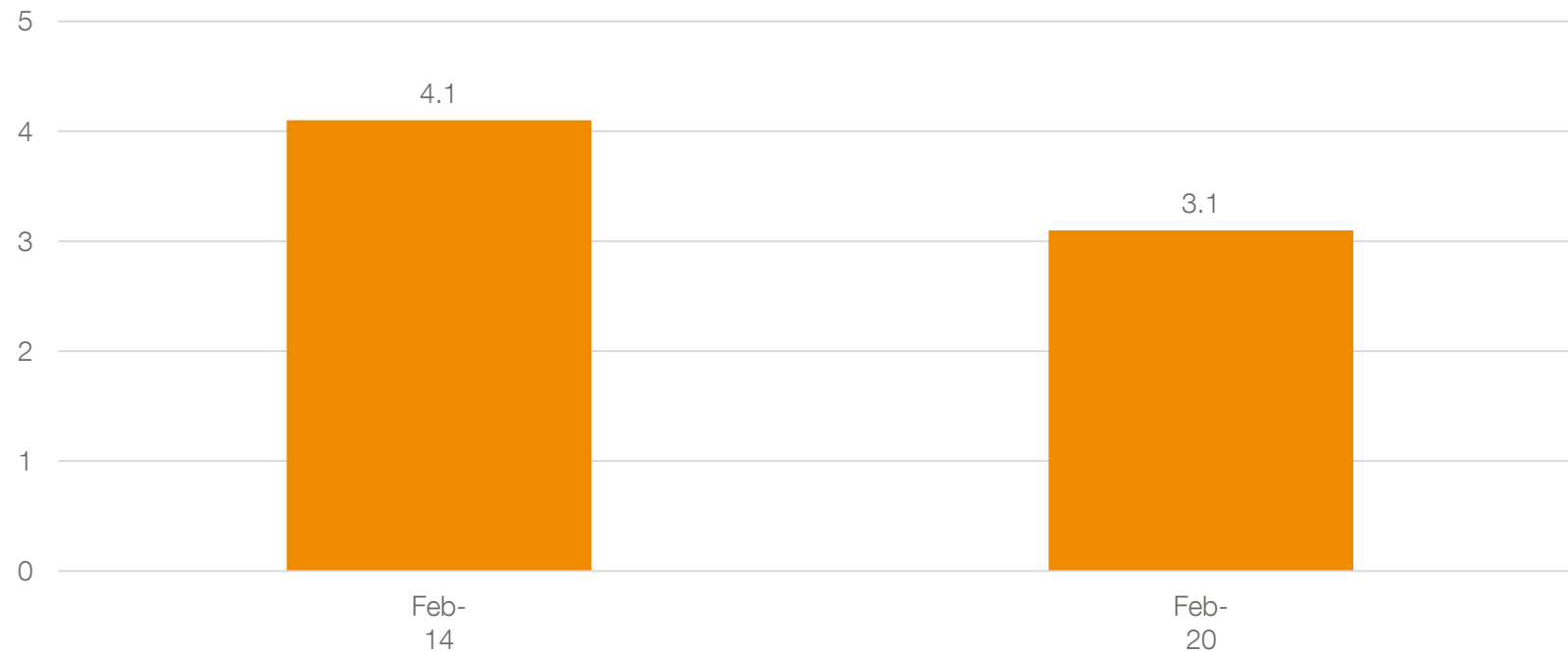


Insights

Role of outside agencies in social media activities reaches highest point in over six years. Consumer Services companies are most reliant on outside agencies (42.8%), while Services Consulting and Technology companies are the least reliant.

How many people does your firm employ in-house to do social media

Number of people employed



* Question was not asked between February 2014 and February 2020



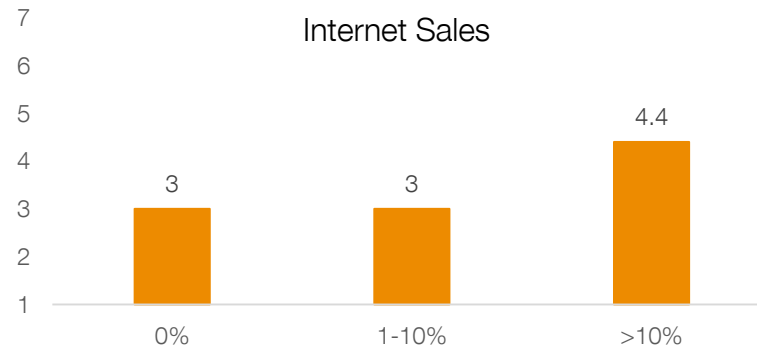
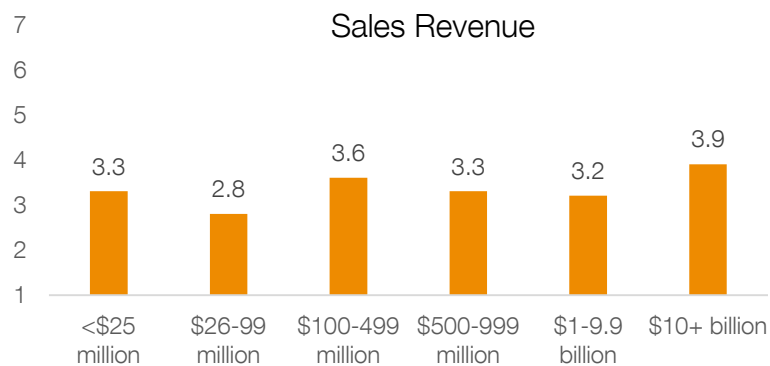
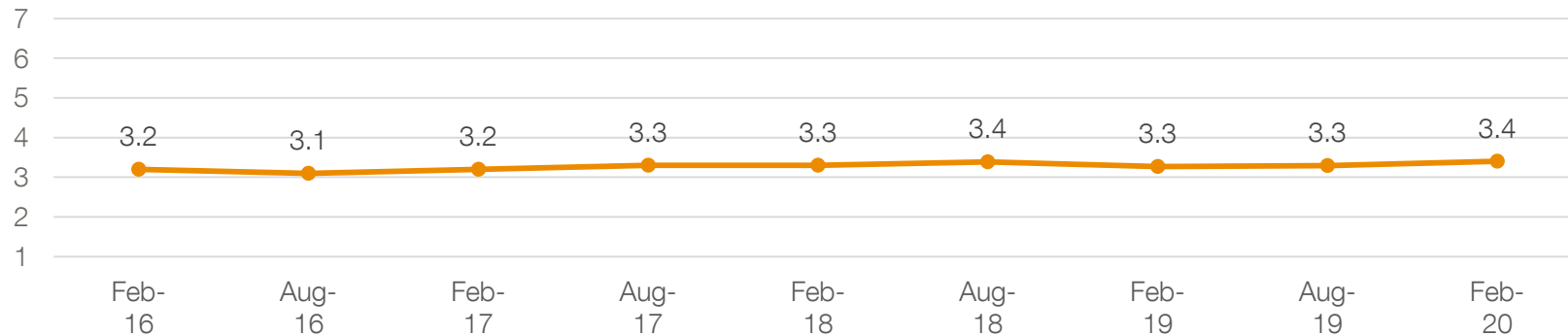
Insights

Corresponding with outsourcing, internal social media staff has dropped 25% over the last 6 years.

The Education and Transportation sectors leads on in-house social staff with 6.7 people, followed by Consumer Packaged Goods at 5.22. Companies with a larger percentage of their sales over the Internet employ nearly twice the in-house social media talent.

Social media continues to contribute too little to company performance

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



Insights

Despite increased spending, marketing leaders report marginal increases in social media contributions to company performance. Internet-focused companies and B2C Product companies report stronger contributions.

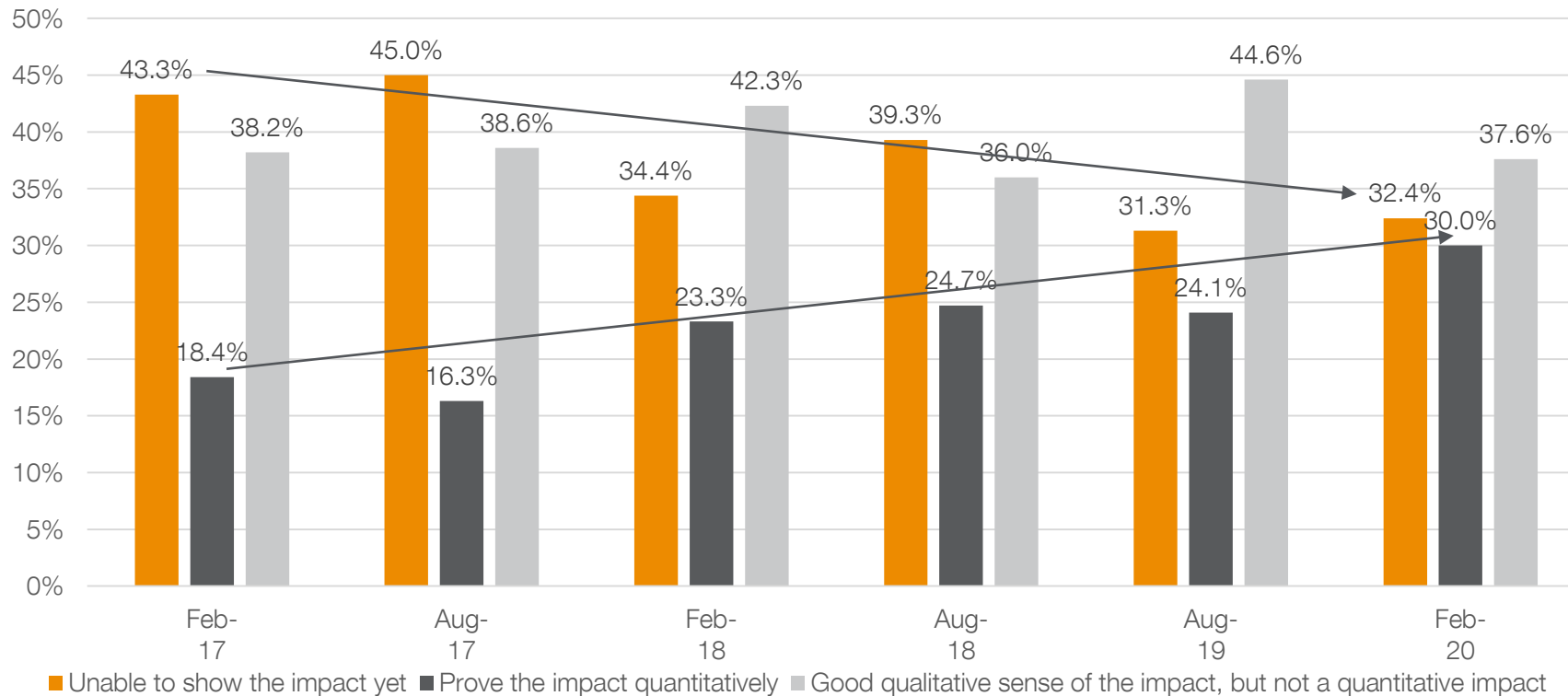


Economic Sector

- B2B Product: 3.0
- B2B Services: 3.2
- B2C Product: 4.1
- B2C Services: 3.8

Improvement in ability to show the impact of social media on business

Which best describes how you show the impact of social media on your business?



Economic Sector

% Prove Impact Quantitatively

B2B Product: 23.1%

B2B Services: 26.0%

B2C Product: 40.0%

B2C Services: 44.0%



Industry Sector

Top 3 Industry Sectors able to demonstrate impact

- Communications
- Technology
- Services Consulting

Bottom 3 Industry Sectors unable to demonstrate impact

- Manufacturing
- Healthcare
- Retail



Mobile Marketing

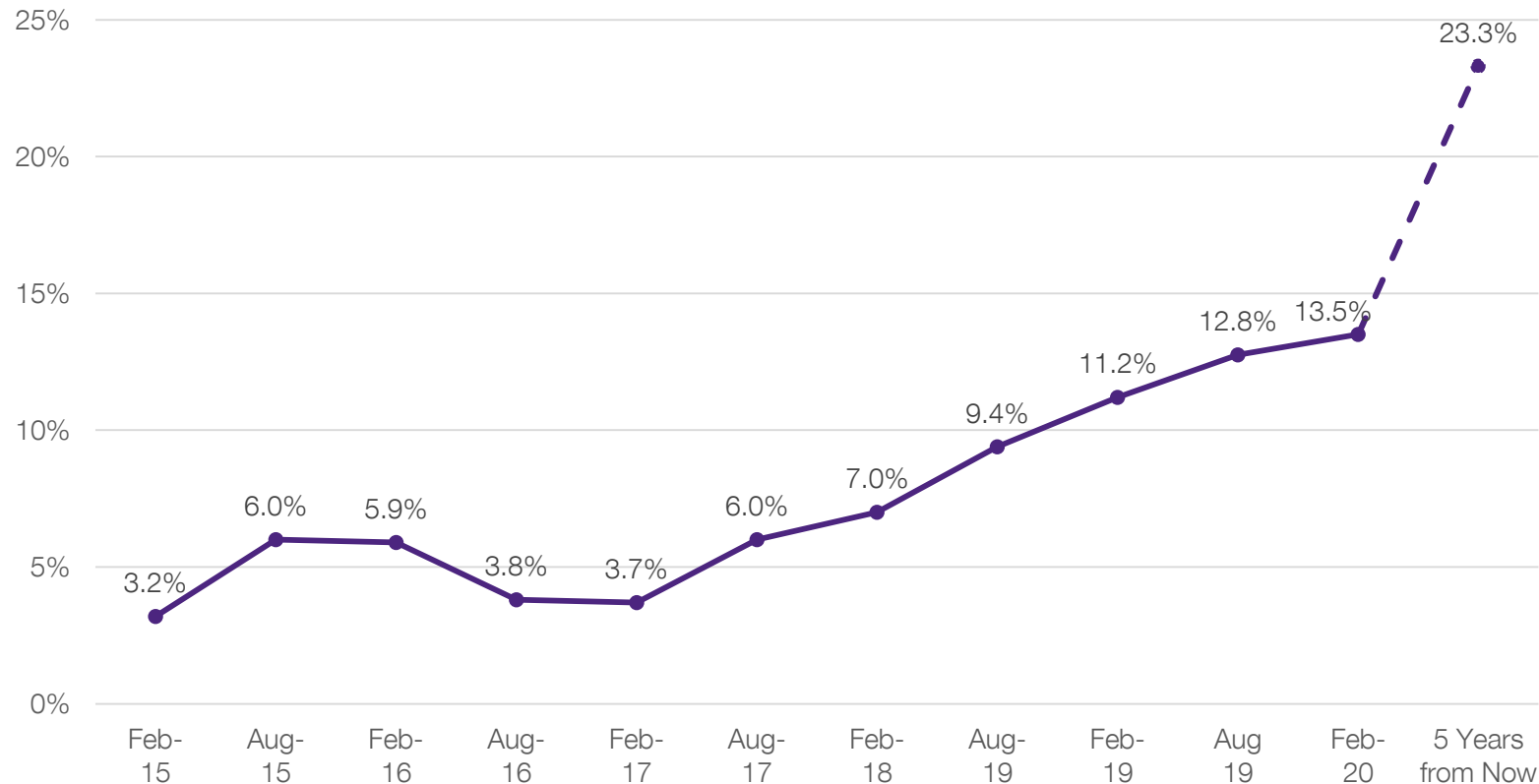
The percent of marketing budget spent on mobile continues its upward trend and is expected to continue to rise—growing 73% over the next five years. Healthcare companies expect to double their share of spending on mobile in the next five years.

We have seen continued slow gains of mobile marketing's contributions to company performance, with B2C companies reporting the strongest contribution. Companies that sell at least 10% online recognize the most mobile contributions to company performance, averaging 4.1 compared to a 2.7 average from companies that do not sell online.

Companies cite social ads and user experience as the highest spend in mobile and note that difficulty tracking the customer across the mobile journey is the factor most limiting their success in mobile.

Continued growth in percent of marketing budget spent on mobile

Percent of marketing budget currently spent on mobile



Economic Sector

Expected Five-Year Growth

B2B Product: 17.7%

B2B Services: 20.7%

B2C Product: 32.0%

B2C Services: 32.2%

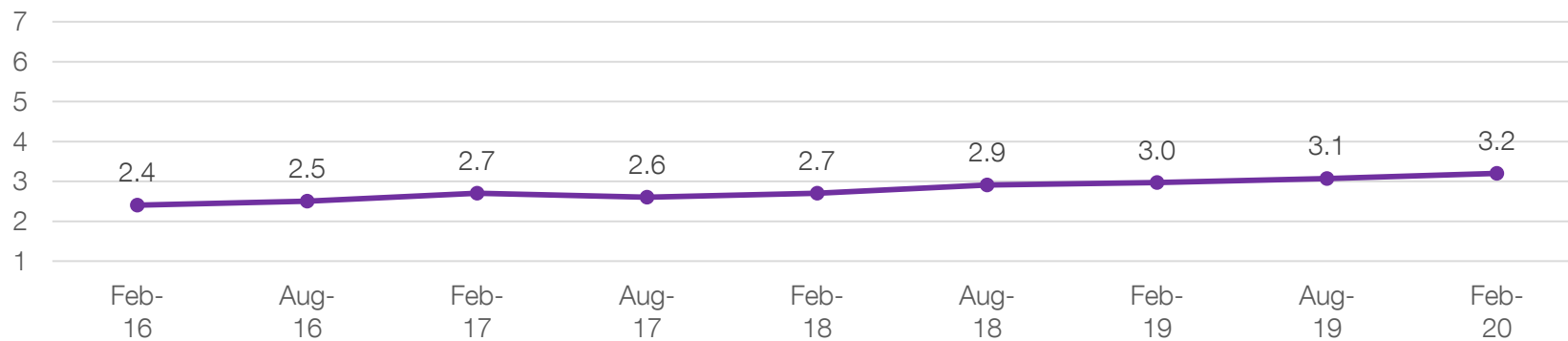


Insights

The percent of marketing budget spent on mobile trends upwards over the past five years and is expected to continue to rise—growing 73% over the next five years. Healthcare companies expect to double their share of spending on mobile in the next five years.

Small but consistent gains on mobile marketing's contributions to company performance

Mobile marketing contributions to company performance (overall average)



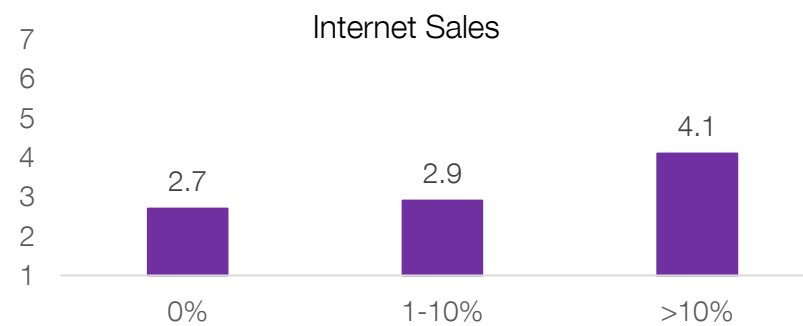
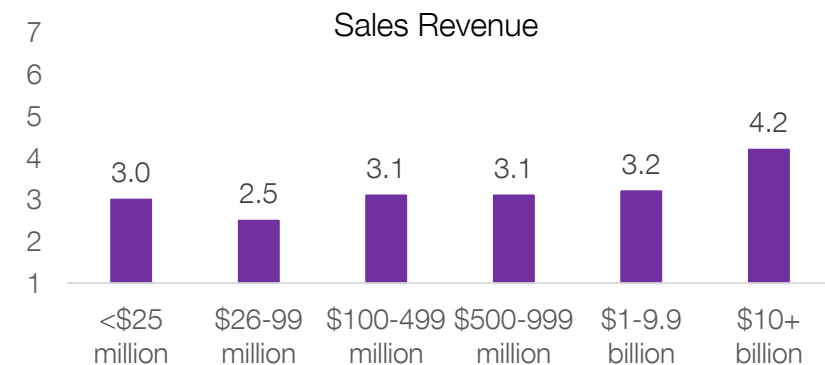
Economic Sector

B2B Product: 2.8
 B2B Services: 2.8
 B2C Product: 4.2
 B2C Services: 3.8



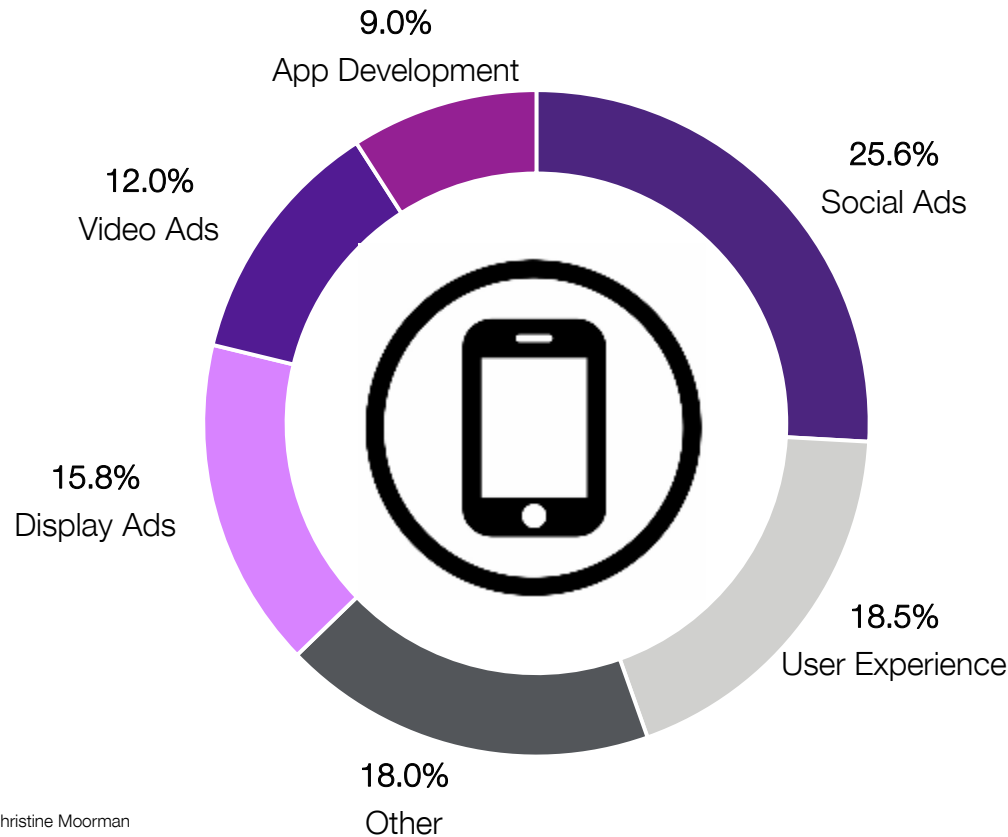
Insights

Companies that sell at least 10% online recognize the most mobile contributions to company performance, averaging 4.1 compared to a 2.7 average from companies that do not sell online.



Companies cite social ads and user experience as the highest spend in mobile

How is your company's spend on mobile marketing allocated across the following categories?



Economic Sector	User Experience	Application Development	Display Ads	Video Ads	Social Ads
B2B Product	20.8%	12.7%	16.9%	10.1%	22.4%
B2B Services	20.3%	6.4%	9.2%	11.8%	30.1%
B2C Product	12.2%	8.2%	21.6%	15.6%	25.3%
B2C Services	16.3%	6.1%	20.0%	13.1%	24.7%



Insights

Companies with 10% of their sales from the Internet tend to outspend other companies on User Experience, Application Development, and Video Ads but not Display and Social Ads. Services Consulting allocate the most to Social Ads, at 35.6%. Technology is a top spender on User Experience, at 26.5%.

Key challenge to mobile success: Tracking the customer across the mobile journey

Which of the following factors limit the success of your company's mobile marketing activities?

Limiting Factors to Mobile Success	% Reporting
Difficulty tracking the customer across the journey	42.2%
Insufficient in-house mobile expertise	35.8%
Unclear objectives for our mobile marketing strategy	33.5%
Weak link between our mobile strategy and our broader marketing strategy	31.2%
Difficulty identifying our mobile customer audience	26.0%
Our content is not sufficiently personalized	25.4%
Undisciplined approach to monitoring mobile metrics	22.0%
Our content is not as engaging as it needs to be	20.8%
Unclear ownership of mobile initiatives within the company	15.0%
Lack of a mobile-friendly website	14.5%



Insights

Difficulty tracking the customer across the mobile journey and insufficient in-house mobile expertise remain the top challenges across industry, sector, and level of Internet sales. Consumer Services industry reports unclear objectives for mobile marketing strategy. The Technology industry is most likely to report a weak link between mobile strategy and broader marketing strategy while the Manufacturing industry notes difficulty identifying the mobile customer audience.



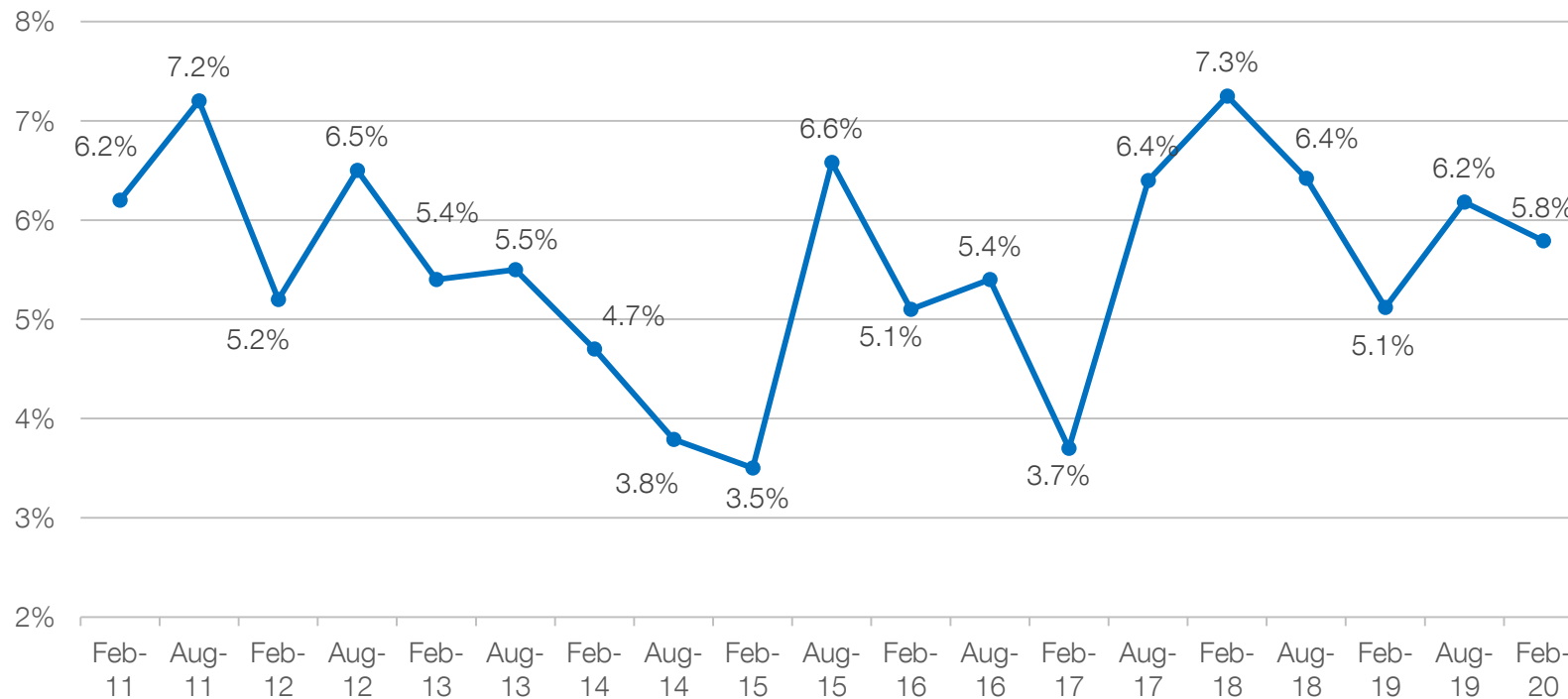
Marketing Jobs

In the last year, planned marketing hiring dropped to 5.8%—near the long-term historical average for The CMO Survey over the last decade (~5.6% increase). Four industries show almost double the hiring growth compared to other industries: Healthcare, Technology, Communications, and Retail. Companies with sales revenue of \$26-99M also show significant expected marketing hiring growth.

Overall, outsourcing decreased from 4.9% in the last Survey to 4.1%. Expected outsourcing change is most pronounced at companies under <\$1B sales revenue compared with \$1B+ companies where it is less than 2%.

Expected marketing hiring drops, but reflects 10-year average

Percent change in marketing hires planned in next 12 months



Economic Sector

- B2B Product: 8.4%
- B2B Services: 4.4%
- B2C Product: 2.3%
- B2C Services: 5.5%

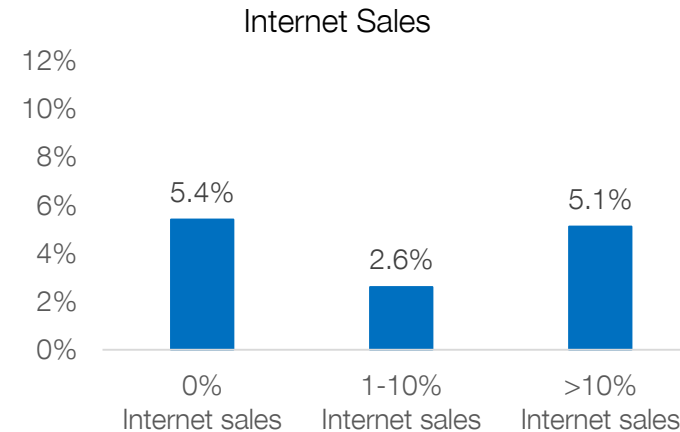
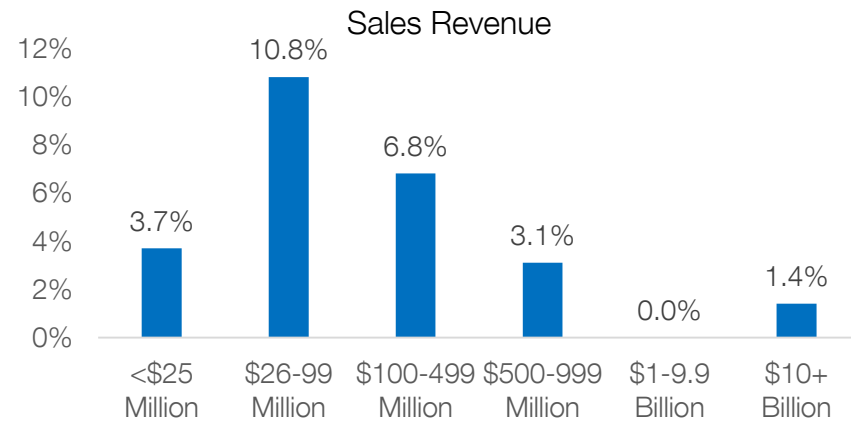
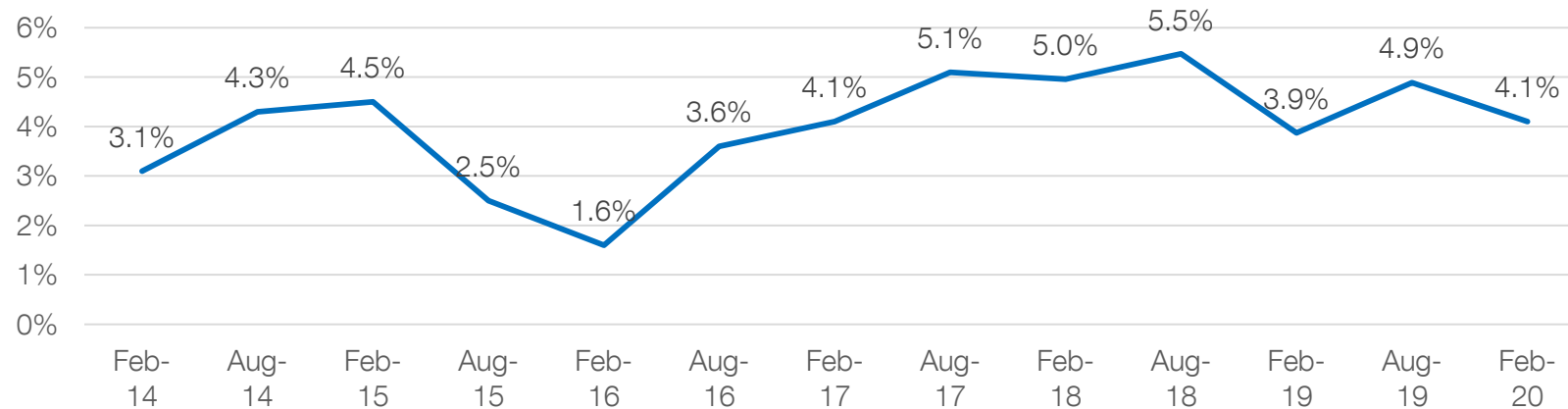


Insights

In the last year, planned marketing hiring dropped to 5.8%, hitting the second lowest point since 2017 but just above the 10-year historical average of 5.6% growth. Four industries are showing almost double the hiring growth compared with the rest: Healthcare, Technology, Communications, and Retail. Companies with sales revenue of \$26-99M also show significant expected hiring growth.

Outsourcing varies by firm and sector

Planned change in marketing outsourcing (overall average)



Economic Sector

B2B Product: 3.4%
 B2B Services: 4.8%
 B2C Product: 3.7%
 B2C Services: 4.8%



Insights

Expected outsourcing change is most pronounced at Services companies and companies under <\$1B sales revenue compared with \$1B+ companies. The Services Consulting sector expects the most change, about 8%.



Marketing Organization

Marketing capabilities continues to be ranked as the highest quality knowledge asset, with customer insights and competitive intelligence a close second and third. Looking at economic sectors, those companies that sell more than 10% online continue to rate their marketing knowledge resources as higher in quality than their counterparts who do not sell online. Specifically, they rate themselves highly on analytics and intelligence.

Companies continue to approach the development of new marketing capabilities by building them on their own. 57.9% of firms report they build new marketing capabilities by training current or hiring new employees with needed skills. Both Consumer Packaged Goods and Tech firms show a willingness to use an acquisition strategy for developing new marketing capabilities.

Marketing capabilities rated as highest quality knowledge asset

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

Marketing Knowledge Resources	Rating
Marketing capabilities	4.7
Customer insights	4.4
Competitive intelligence	4.3
Marketing analytics	4.2
Marketing research	4.0
Marketing training	3.4



Insights

Top Marketing Capability Sector:

Consumer Packaged Goods

Top Customer Insights Sector:

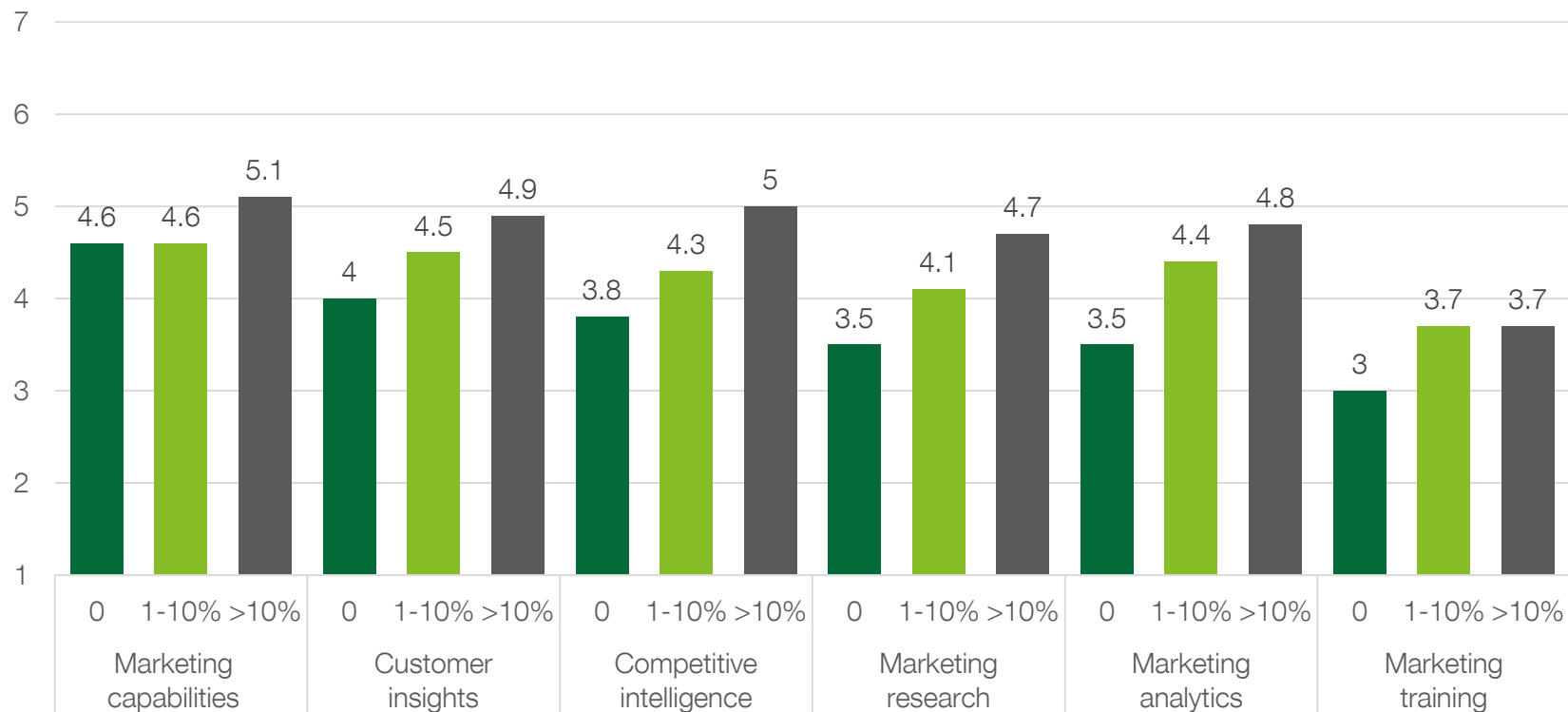
Banking

Top Competitive Intelligence Sector:

Transportation

Online sellers rate their marketing knowledge resources as higher in quality – analytics and intelligence dominate

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

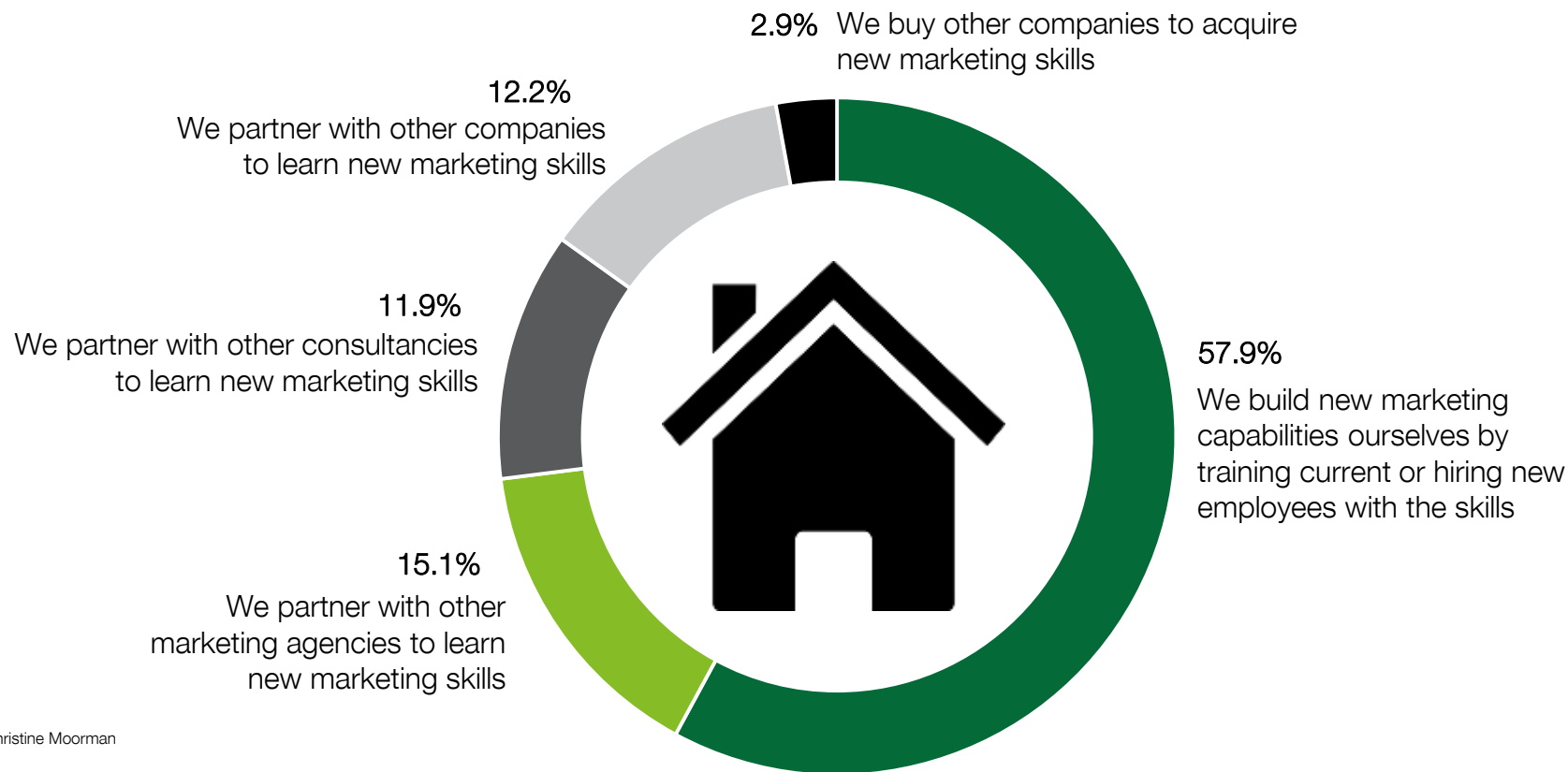


Insights

Marketing analytics is most differentiated based on Internet sales, with those companies selling more than 10% over the Internet doing 37% better. Marketing capabilities is most consistent among companies that sell over the Internet and those that do not. The B2C Product sector rates itself the highest across all knowledge resources.

How does your company approach the development of new marketing capabilities? Answer: Build

Allocate 100 points to indicate the emphasis you place on each approach.



Insights

Building marketing capabilities continues to be the most common strategy, garnering 57.9% of responses.

Manufacturing and Banking allocate the most to building capabilities. Two sectors stand out in buying other companies to acquire new marketing skills—Consumer Packaged Goods companies (12.9%) and Technology companies (5.9%)—compared to overall average (2.9%)



Marketing Leadership

Within companies, marketing leads brand (90% of firms), digital marketing (86%), advertising (86%), and social media (80.7%). Marketing plays a surprisingly weak role leading areas of the firm that many observers would associate with the function — revenue growth (32.7%), market entry (31.3%), innovation (22%), pricing (20.7%), market selection (18%), customer service (16%), and distribution (12.7%). Marketing gained a significantly bigger foothold in public relations and lost some of its leadership in marketing research, marketing analytics, and market entry strategies. Deeper questioning about marketing’s contributions to some of these areas, including innovation, pricing, revenue growth, and customer experience, finds that while marketing may not always lead, the function does make important key strategic contributions to these areas.

81.5% of marketing leaders are unlikely to use their brands to take a stance on politically-charged issues and this percentage is trending up from the 73.5% who reported so in the August 2019 Survey. B2C companies are most likely to be willing to do so. In terms of how to take a political stance, B2B companies find allowing employees to speak out most appropriate for their brands (55%) while B2C companies feel that making changes to products in response to political issues is the most appropriate (58.6%). To mitigate ecological impact, most companies across all sectors and levels of Internet sales indicate they would be most likely to change products or services.

What marketing leads in companies: Net leadership losses over two-year period

Percentage of companies in which marketing leads activity

*Red reflects a decrease and Green reflects an increase of more than 2% between Aug-19 and Feb-20.

Activity	Aug-19	Feb-20
Brand	91.0 %	90.0 %
Digital marketing	85.7 %	86.0 %
Advertising	84.1 %	86.0 %
Social media	77.8 %	80.7 %
Public relations	62.4 %	69.3 %
Promotion	70.4 %	65.3 %
Positioning	64.6 %	64.7 %
Marketing research	67.7 %	60.7 %
Lead generation	61.9 %	59.3 %
Marketing analytics	75.1 %	66.7 %
Insight	52.9 %	53.3 %
Competitive intelligence	51.9 %	47.3 %
Customer experience	45.4 %	49.3 %
CRM	36.5 %	40.0 %
Market entry strategies	37.0 %	31.3 %
Revenue growth	36.0 %	32.7 %
New products	31.7 %	22.7 %
Pricing	23.3 %	20.7 %
Innovation	24.3 %	22.0 %
e-commerce	23.3 %	25.3 %
Market selection	20.6 %	18.0 %
Sales	19.0 %	18.7 %
Customer service	8.5 %	16.0 %
Distribution	10.6 %	12.7 %
Stock market performance	2.1 %	1.3 %



Economic Sector Top Gains & Losses

Customer Service

- B2B Product: 12.3%
- B2B Services: 14.9%
- B2C Product: 24.0%
- B2C Services: 19.0%

Public Relations

- B2B Product: 75.4%
- B2B Services: 78.7%
- B2C Product: 48.0%
- B2C Services: 57.1%

New Products

- B2B Product: 22.8%
- B2B Services: 17.0%
- B2C Product: 28.0%
- B2C Services: 28.6%

Marketing Research

- B2B Product: 64.9%
- B2B Services: 55.3%
- B2C Product: 64.0%
- B2C Services: 57.1%

Marketing has strong strategic role in revenue growth and customer experience

How important is marketing's role in each of the following strategic activities? (1 = not important, 7 = very important)

Strategic Activities	Marketing Importance Rating
Revenue Growth	5.4
Customer Experience	5.0
Innovation	4.6
Pricing	3.6

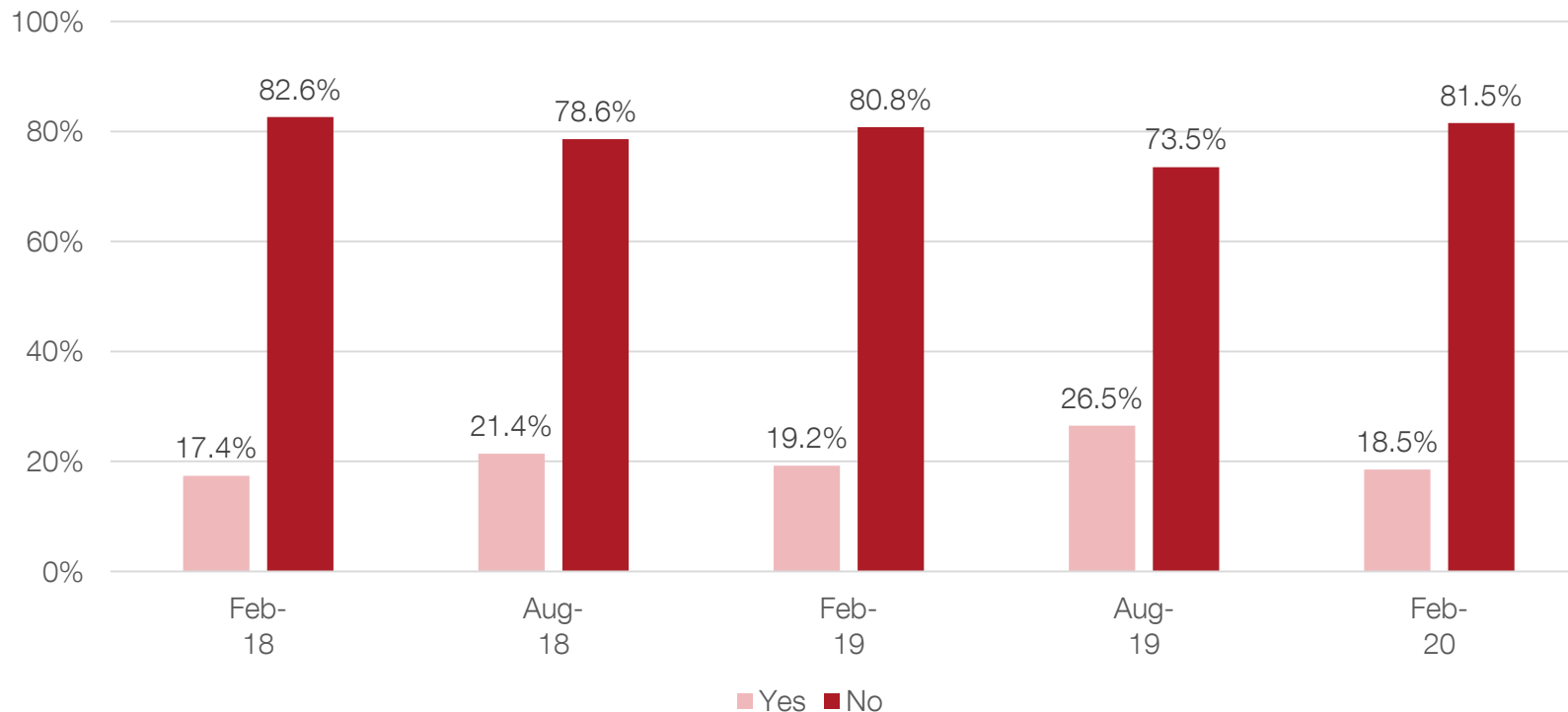


Insights

Marketing's role is strong in revenue growth, customer experience, and innovation, but less strong in pricing. Marketers rated pricing only a 3.6 out of 7, indicating that approximately half of respondents think that marketing plays a weak role in pricing.

Marketers remain leery of allowing 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?

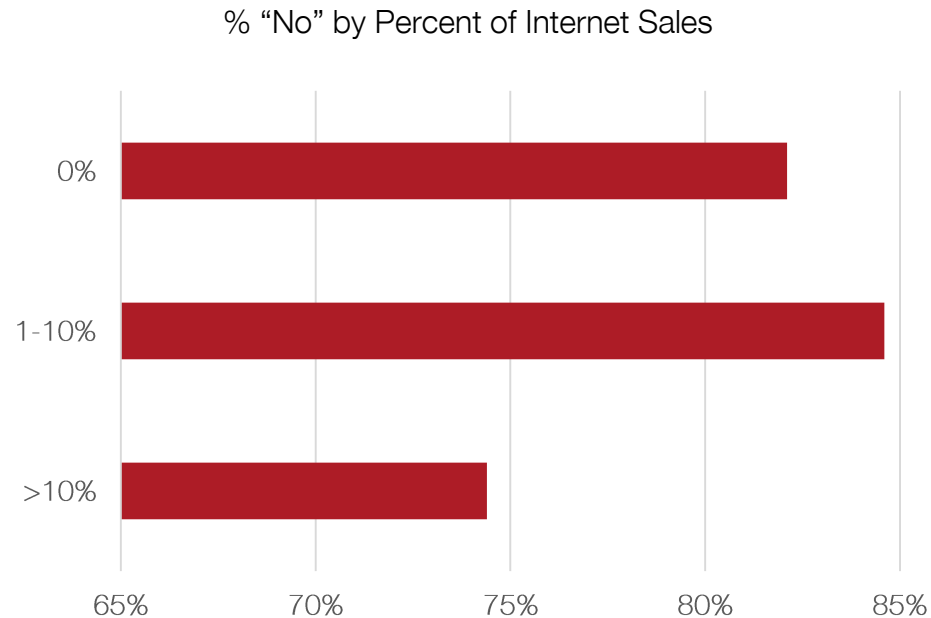
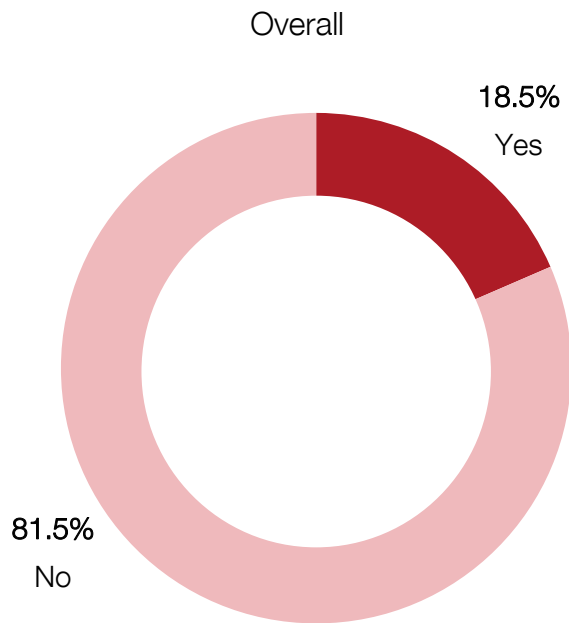


Insights

18.5% of respondents this year said they would use their brand to take a political stance. This is the lowest reported figure since this question was first asked in the February 2018 Survey. 0% of the \$1-9.9B revenue companies indicated that they would take a stance on politically charged issues, while 44% of those with greater than \$10B in revenue indicated they would take a stance.

Which firms and industries are likely 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: 82.8%
- B2B Services: 83.3%
- B2C Product: 75.0%
- B2C Services: 81.0%



Insights

Retail and Technology reported as more likely to take a stance than others. The least likely are Consumer Packaged Goods, Healthcare, and Banking.

How marketing leaders rate different types of political activism:

Employee speech and changes to products/services viewed as most appropriate brand tools

Which of the following types of political activism do you think are appropriate for your brand?

Type of Political Stances	% Report Appropriate
Allowing employees to speak out on political issues	52.8%
Making changes to products and services in response to political issues	47.2%
Having executives speak out on political issues	33.3%
Using marketing communications to speak out on political issues	27.8%
Selecting partners on the basis of political stance	23.6%



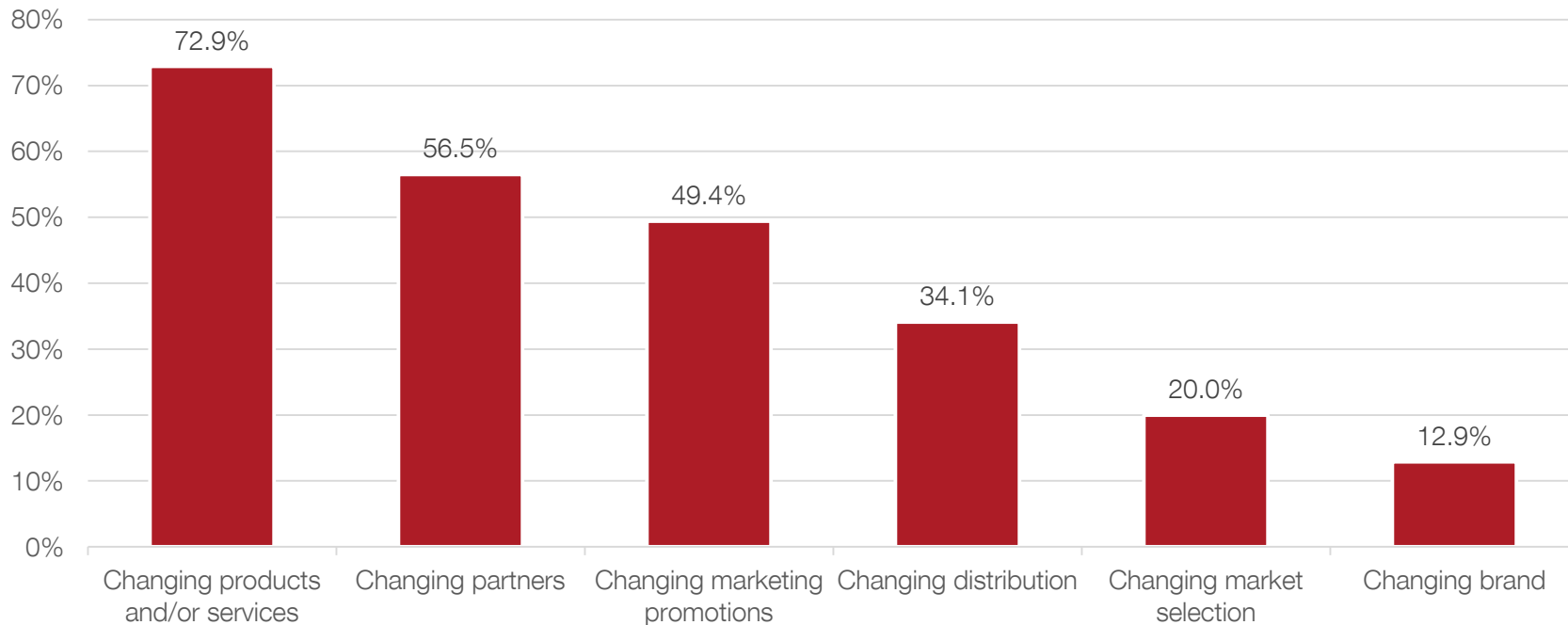
Insights

B2B companies find allowing employees to speak out most appropriate for their brands (55%) while B2C companies feel that making changes to products in response to political issues is the most appropriate (58.6%).

Which sustainability-focused actions is your company willing to make?

Companies most likely to change products, services, and partners to reduce ecological impact of marketing

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.



Insights

Changing products and services is the most likely action companies would take to reduce the negative impact of marketing-related activities on the ecological environment across all sectors and levels of Internet sales. B2C companies dominate in changing their products and services, as do companies with no sales over the Internet.



Marketing Analytics

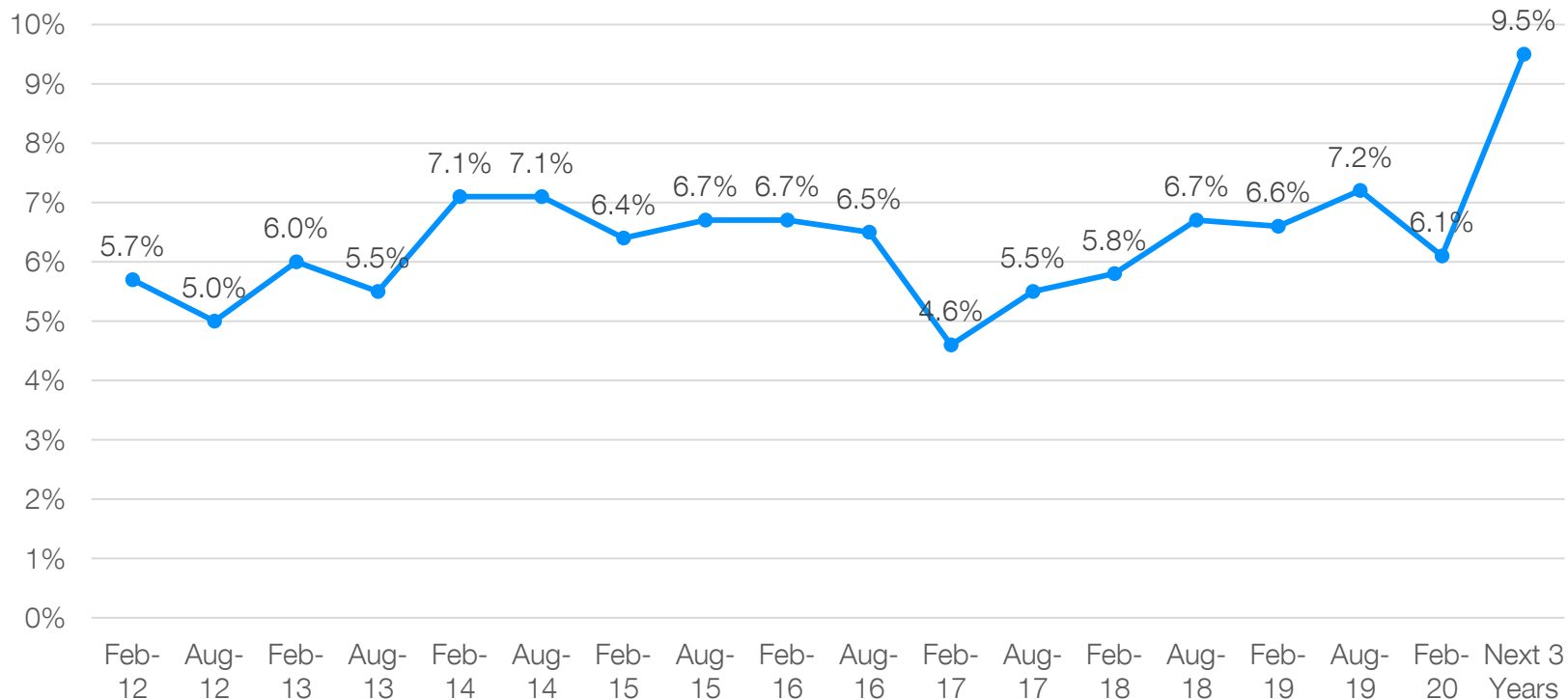
Marketing analytics spending declines to 6.1% of marketing budget from 7.2% in August 2019, but is expected to increase 56% in three years. Additionally, companies' use of marketing analytics continues to slow, with only 37.7% using marketing analytics in decision making, falling from the high of 43.5% in February 2019. Marketing analytics' contribution to firm performance takes a slight dip, falling to 3.9 out of 7 (1=not at all, 7=very highly), after sitting at 4.1 for the last two Surveys. 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.

Company use of experiments increases, from 31.9% to 34.6% in the last year, and almost 35% feel they can demonstrate the impact of marketing quantitatively. Additionally, most marketers (53.1%) formally evaluate the quality of their marketing analytics, up from 34.9% in 2017, with B2C companies being more likely to evaluate than their B2B counterparts.

AI and machine learning implementation slows from 2.4 out of 7 in the last survey to 2.1, but is still expected to grow in three years to 3.5. Current effects of blockchain on marketing strategies remained the same from the last Survey at 1.4 while the expected effect decreased from 2.3 to 1.9.

Marketing analytics spending declines, but expected to increase 56% in three years

Percent of current marketing budget spend on marketing analytics over time



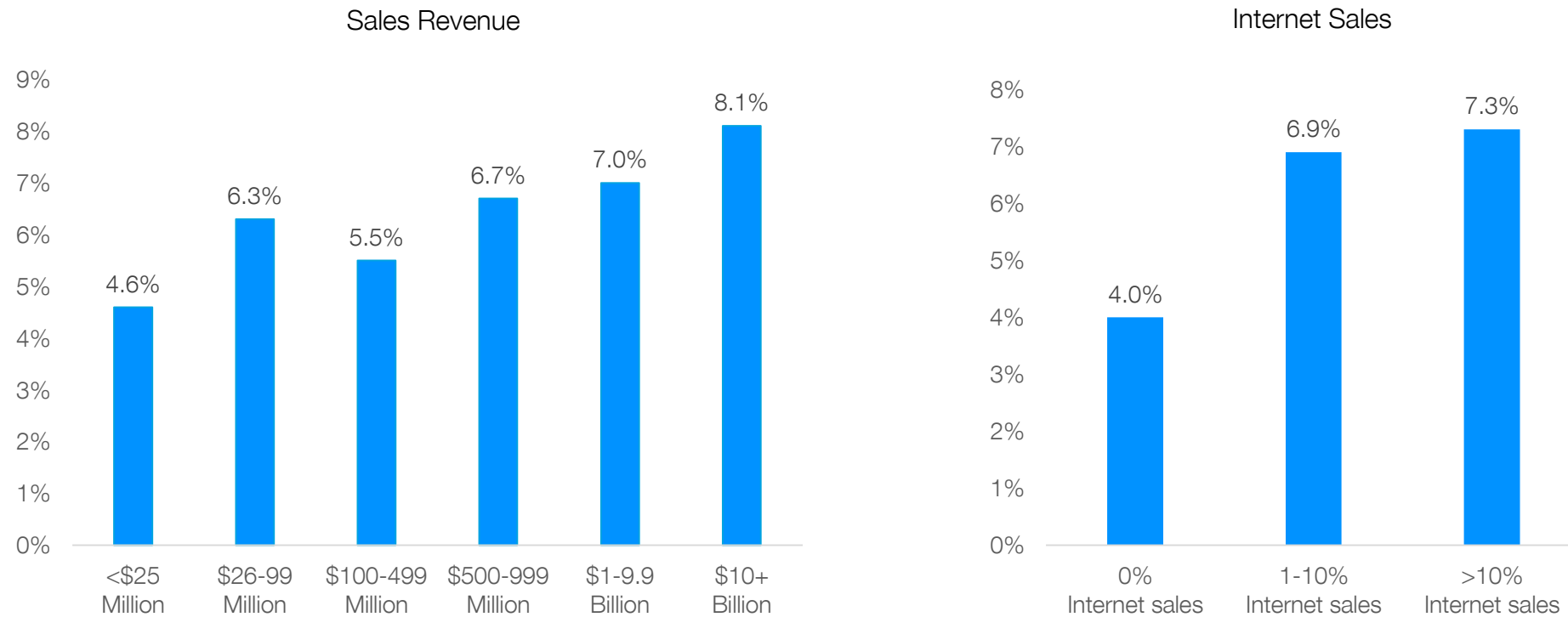
Economic Sector

Current % In 3 Years

B2B Product:	5.5%	9.9%
B2B Services:	6.9%	9.7%
B2C Product:	6.2%	8.5%
B2C Services:	5.8%	8.8%

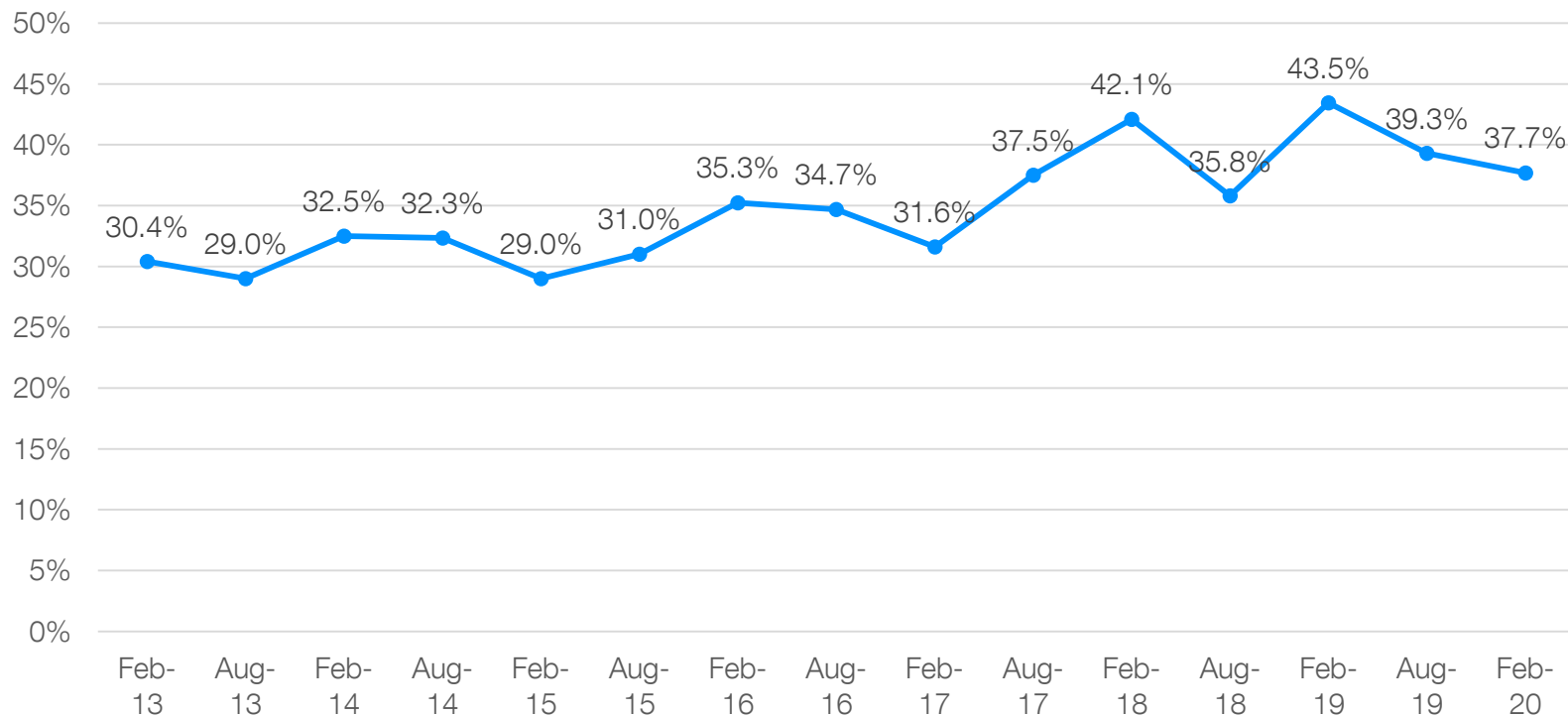
Who's spending on marketing analytics?

Percent of current marketing budget spend on marketing analytics



Company use of marketing analytics in decisions continues to slow

Percent of time marketing analytics is used in decision making



Economic Sector

B2B Product: 34.0%
 B2B Services: 27.3%
 B2C Product: 46.4%
 B2C Services: 58.6%

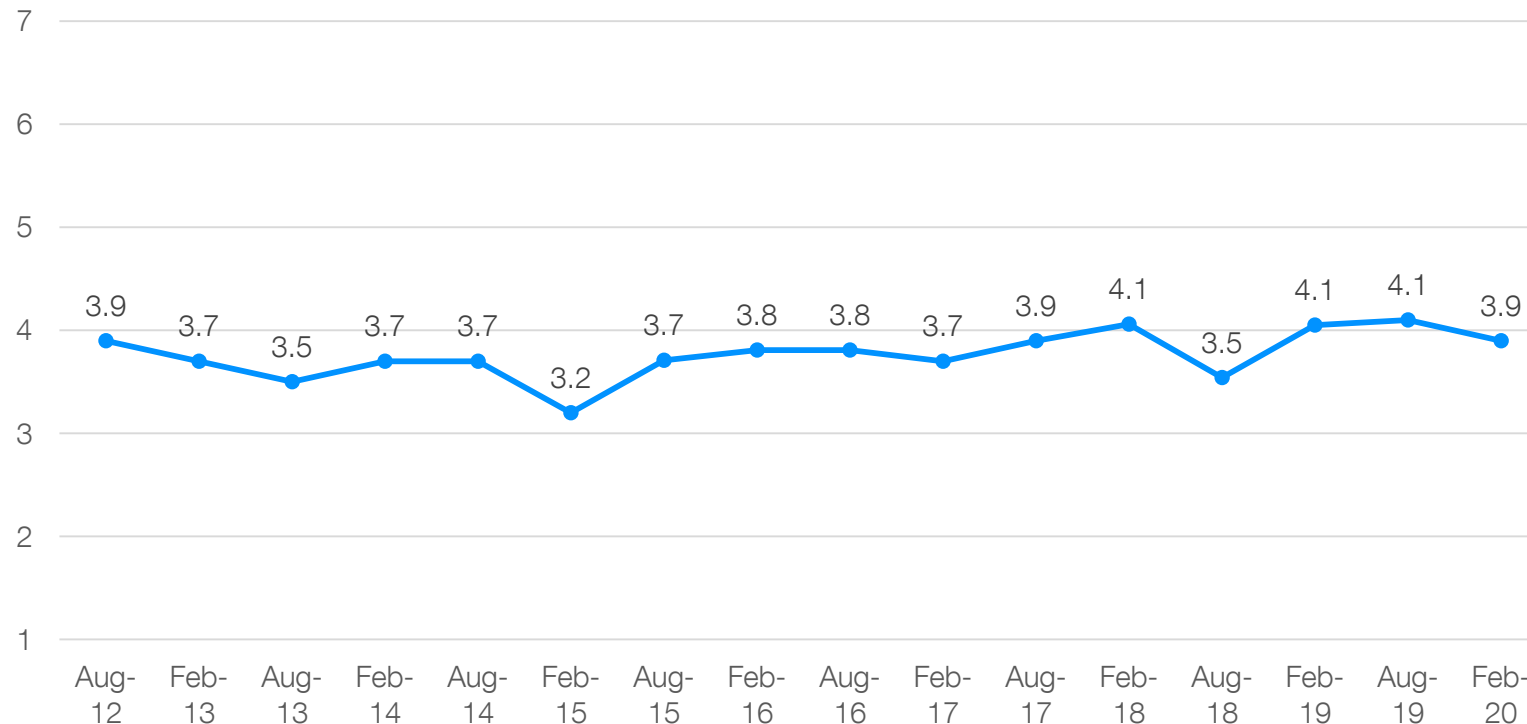


Insights

As companies increase in revenue and level of Internet sales, they increasingly rely on marketing analytics in decision making.

Marketing analytics' contribution to company performance shows no real gains over time

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

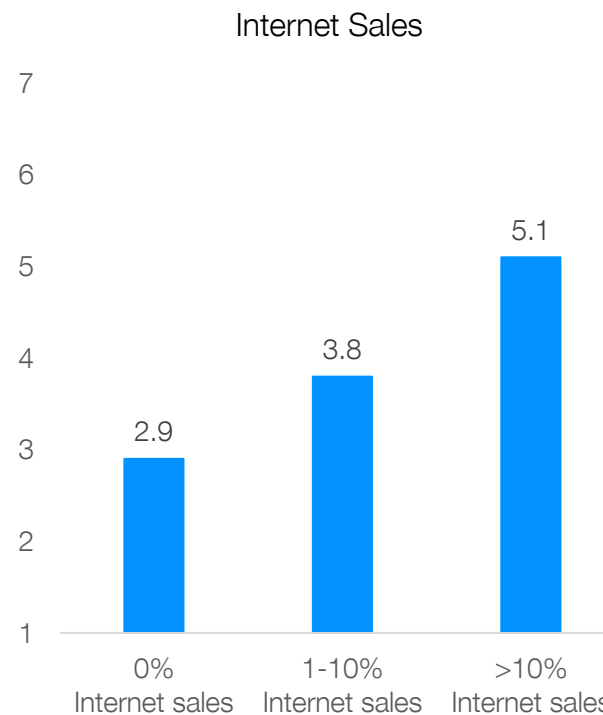
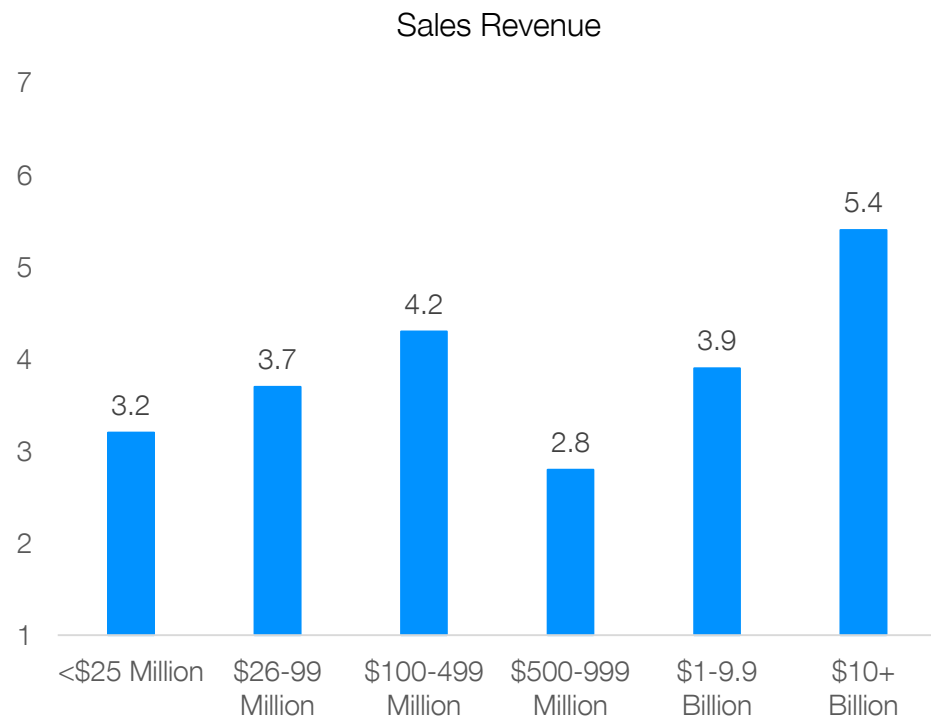



Economic Sector
Mean contribution level

- B2B Product: 3.5
- B2B Services: 3.6
- B2C Product: 4.7
- B2C Services: 4.4

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)

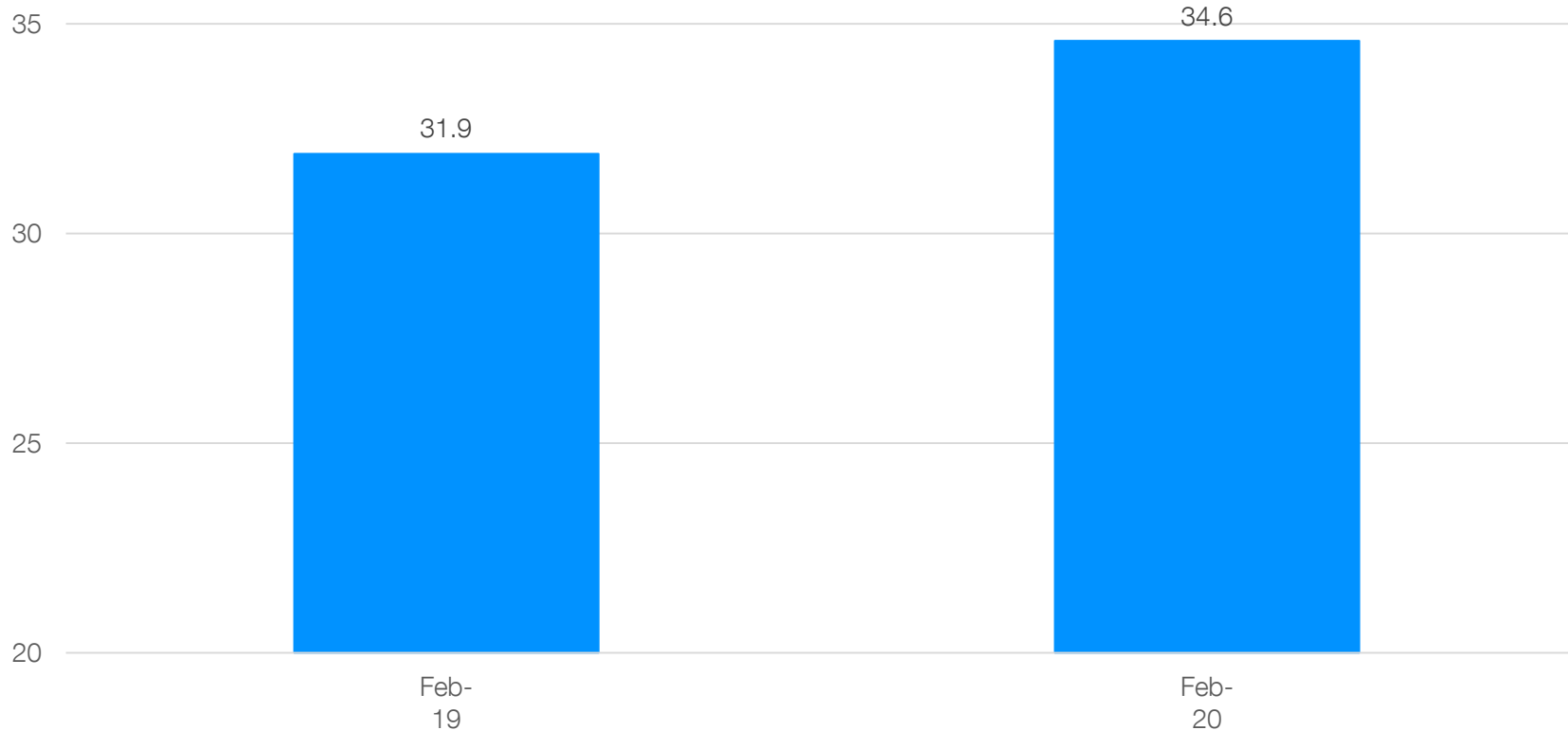


 **Insights**

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.

Use of experiments in marketing increases

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

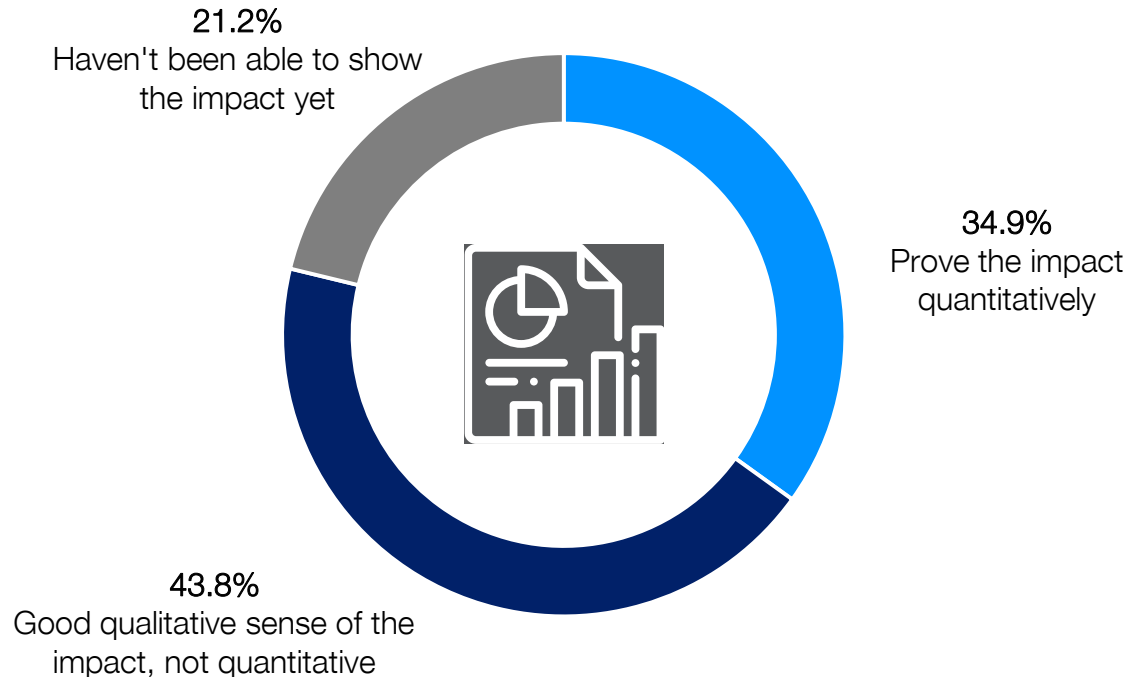


Economic Sector

- B2B Product: 28.6%
- B2B Services: 31.0%
- B2C Product: 44.1%
- B2C Services: 47.4%

Use of quantitative metrics to demonstrate impact of marketing remains a challenge for marketers

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



Economic Sector
% Selected

Prove the impact quantitatively

- B2B Product: 23.2%
- B2B Services: 32.6%
- B2C Product: 52.2%
- B2C Services: 52.4%

Good qualitative sense of the impact

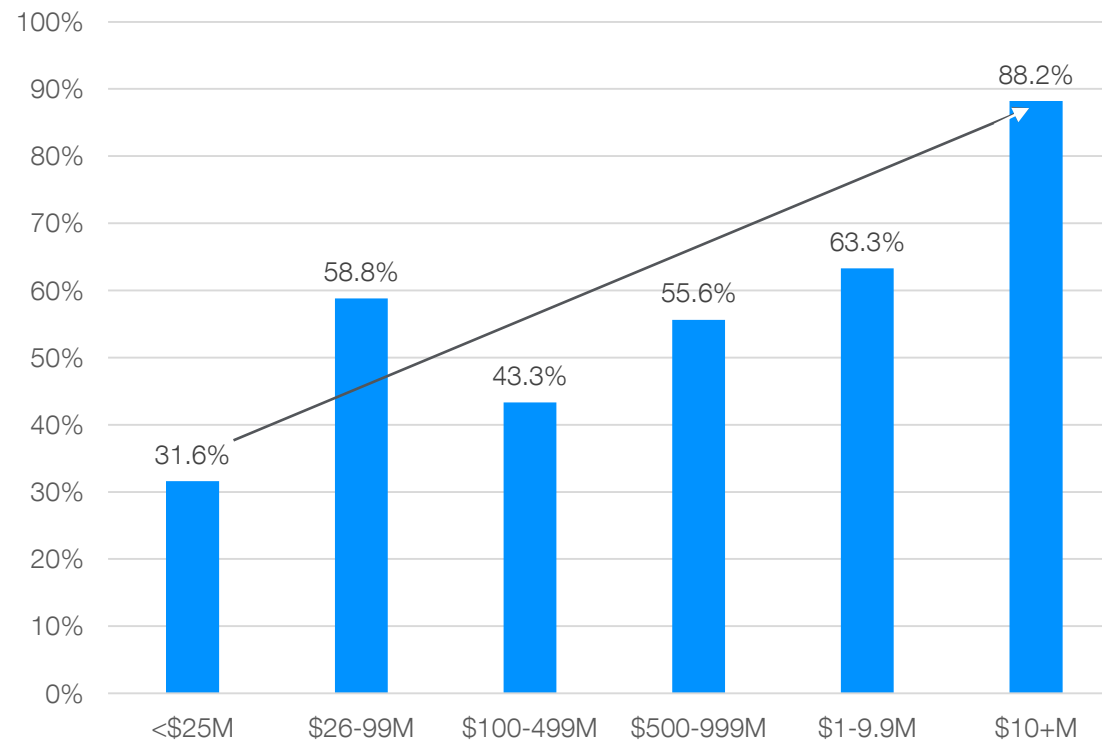
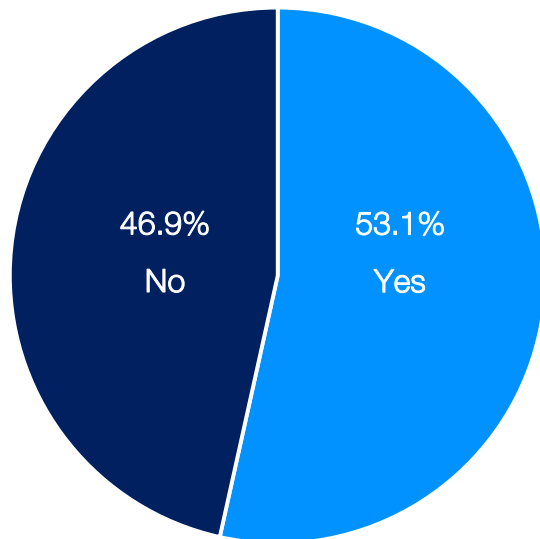
- B2B Product: 51.8%
- B2B Services: 41.3%
- B2C Product: 34.8%
- B2C Services: 38.1%

Haven't been able to show the impact

- B2B Product: 25.0%
- B2B Services: 26.1%
- B2C Product: 13.0%
- B2C Services: 9.5%

Most marketers formally evaluate the quality of their marketing analytics

Does your company formally evaluate the quality of marketing analytics?

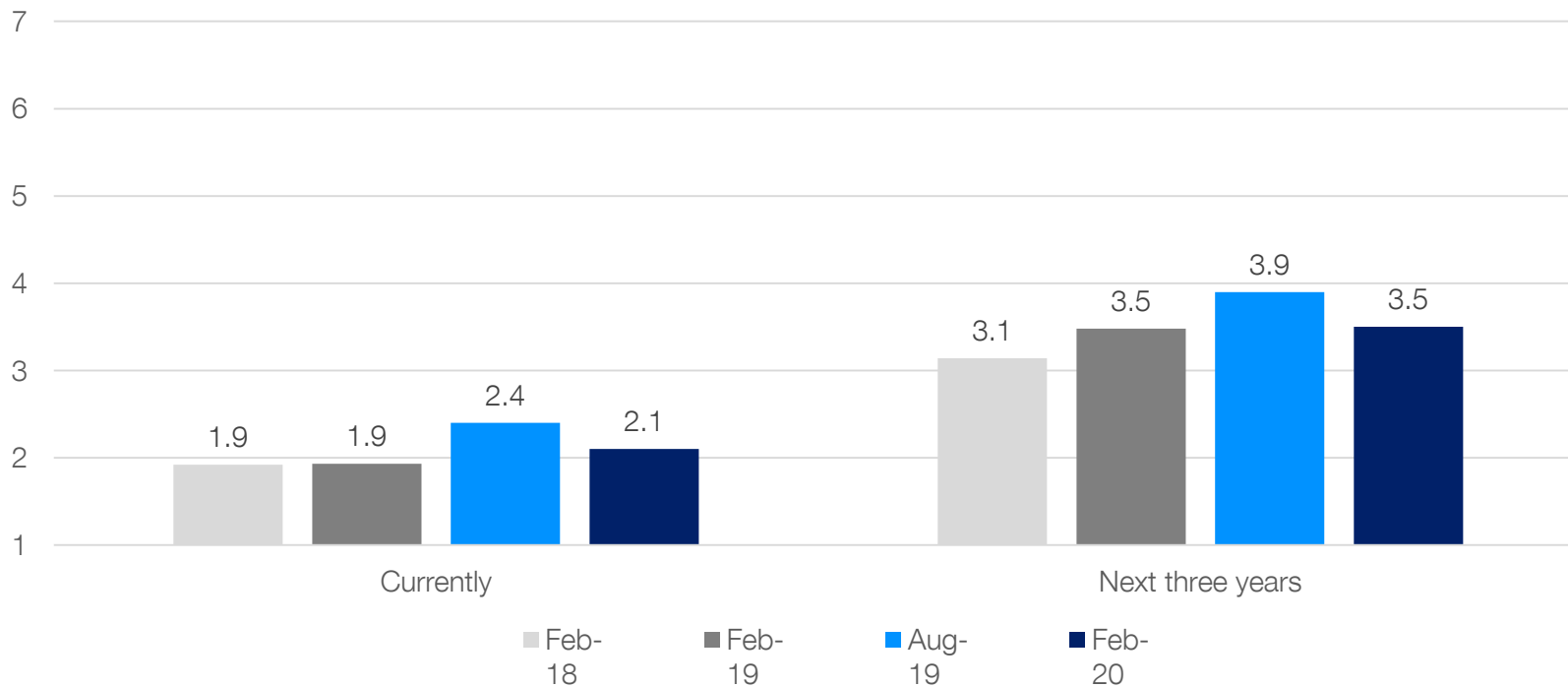


Insights

The percentage of companies formally evaluating their marketing analytics has grown to 53.1% from 34.9% when this question was last asked in February 2017. Only 41.2% of those who do not sell on the Internet evaluate the quality of marketing analytics compared with 66.7% of those that sell more than 10% on the Internet. B2C companies are more likely to evaluate than B2B companies.

AI and machine learning implementation slows, but still expected to grow in 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)

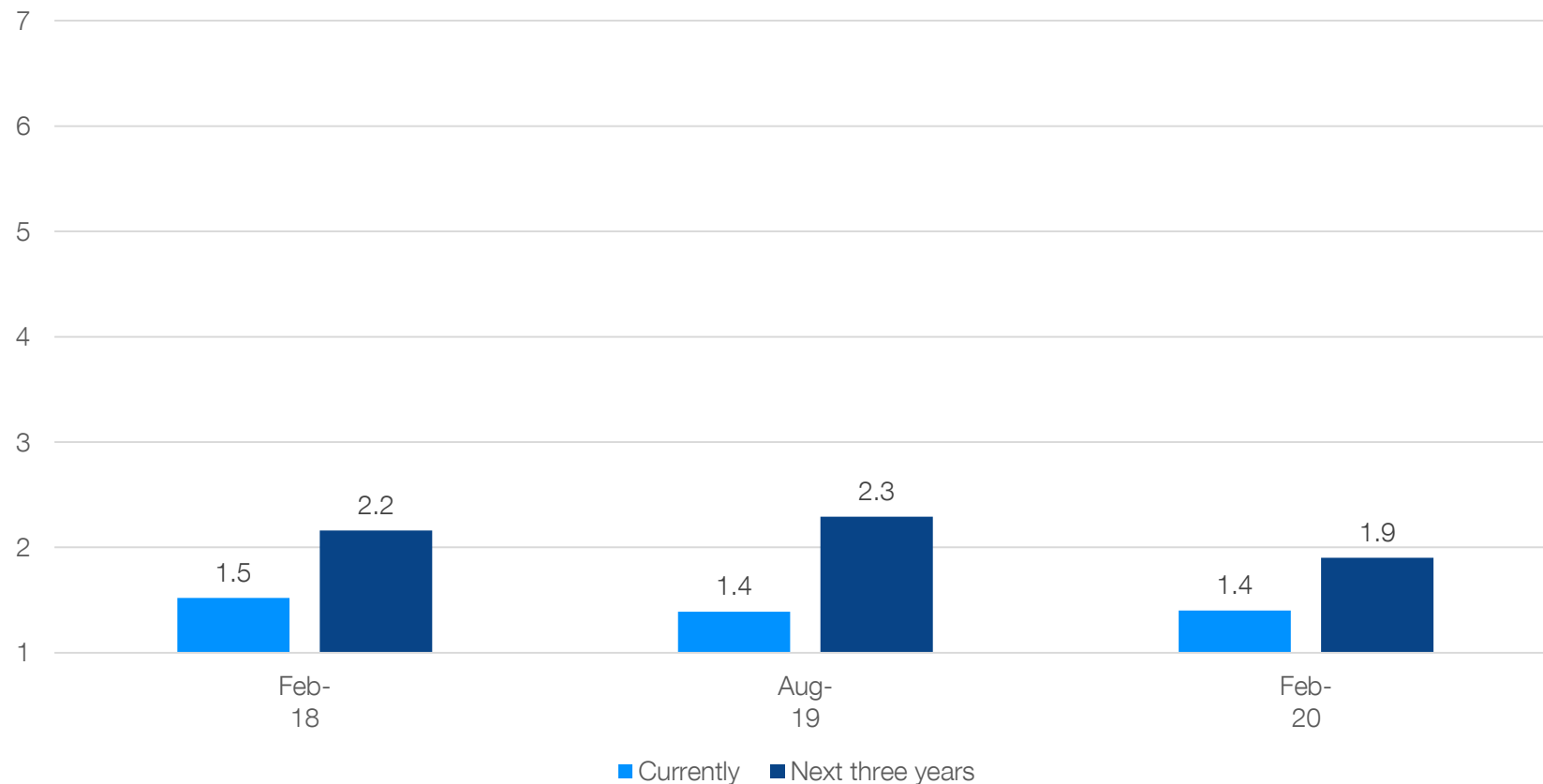


Insights

The score of 2.1 on a 7-point scale where 1=Not at all and 7=Very highly, marks a 10% reported decrease in marketer's use of artificial intelligence and machine learning since this question was last asked in August 2019.

Blockchain's impact on marketing strategies

To what extent are blockchain technologies affecting your company's marketing strategies? (1 = not at all, 7= very important)



Insights

Current effects of blockchain on marketing strategies remained the same from the last Survey at 1.4, while the expected effect decreased from 2.3 to 1.9.

Companies with >10% of Internet sales use more AI in their marketing activities. The largest future blockchain users are companies in Education, Consumer Packaged Goods, and Transportation.

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

Selected by fellow marketers, this award 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?

Technology



Consumer Goods



Consumer Services



The **CMO** Survey[®]

Next Survey: July 2020
Participate: Sign up [here](#)
Media: [Press release and coverage](#)
Feedback: Send comments to moorman@duke.edu

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