



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

CMO Survey Report:

Highlights and Insights

Aug. 2015

CMOSurvey.org

© Christine Moorman



McKinsey & Company



About The CMO Survey



Mission

- To collect and disseminate the opinions of top marketers in order to predict the future of markets, track marketing excellence, and improve the value of marketing in firms and society.
- The survey is an objective source of information about marketing. It is a non-commercial service dedicated to the field of marketing, not the sale of products and services.

Survey Operation

- Founded in August 2008, The CMO Survey is administered twice a year via an Internet survey. Many questions repeat to observe trends over time.
- The August 2015 survey was the 14th administration of The CMO Survey.

Sponsoring Organizations

McKinsey & Company



Survey methodology



Survey Sample

- 2885 top U.S. marketers at Fortune 1000, Forbes Top 200, and top marketers who are AMA Members or Duke University Alumni and Friends
- 255 responded for a 8.8% response rate

Survey Administration

- Email contact with four follow-up reminders
- Survey in field from July 14, 2015- August 2, 2015
- 92% of respondents VP-level or above

Results Interpretation

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



Survey topics



| | |
|----------------------------------------------------------|--------------|
| Topic 1: Marketplace Dynamics..... | 5-10 |
| Topic 2: Firm Growth Strategies..... | 11-15 |
| Topic 3: Marketing Spending..... | 16-23 |
| Topic 4: Financial and Marketing Performance..... | 24-28 |
| Topic 5: Marketing and Social Media | 29-38 |
| Topic 6: Marketing Jobs..... | 39-41 |
| Topic 7: Marketing Organization..... | 42-44 |
| Topic 8: Marketing Leadership..... | 45-49 |
| Topic 9: Marketing Analytics..... | 50-58 |





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

Topic 1:

Marketplace Dynamics



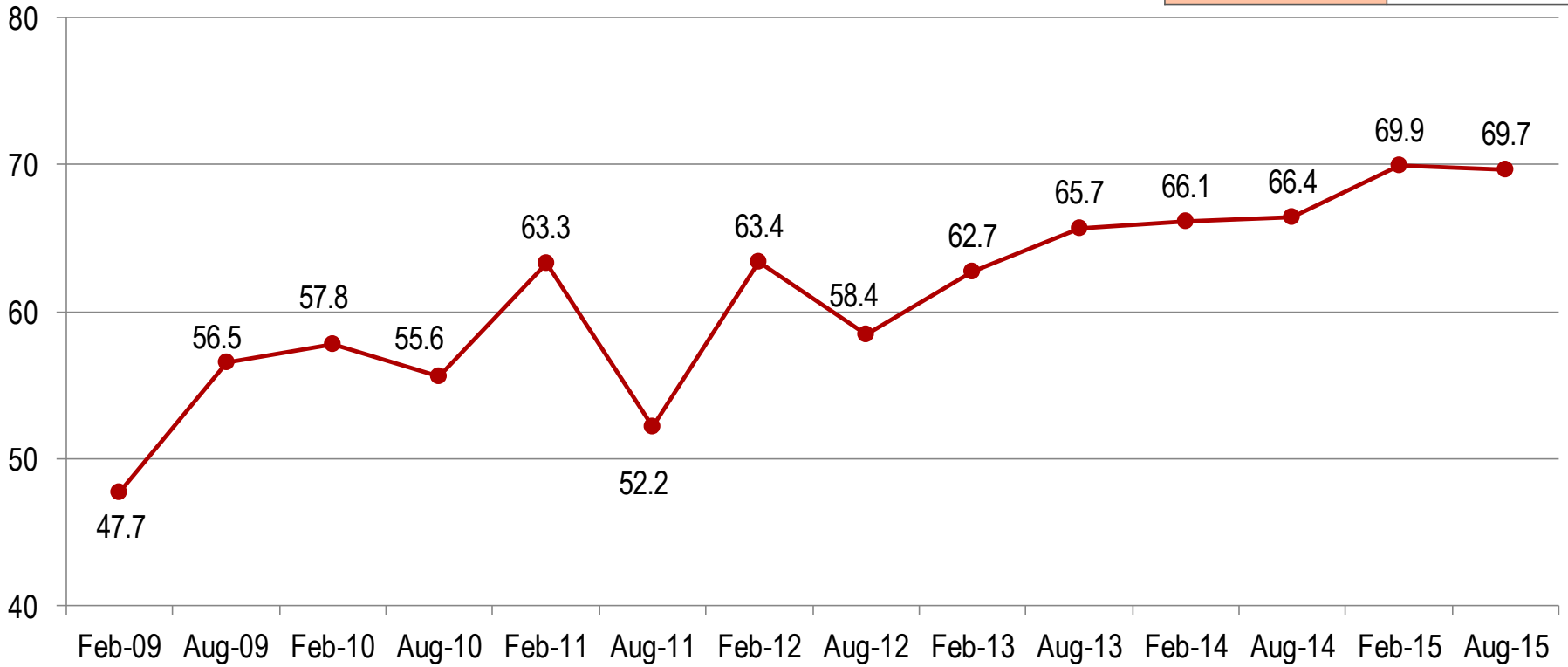
Marketers maintain positive outlook for U.S. economy



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

| | |
|--------------|------|
| B2B Product | 70.2 |
| B2B Services | 68.6 |
| B2C Product | 72.8 |
| B2C Services | 68.4 |

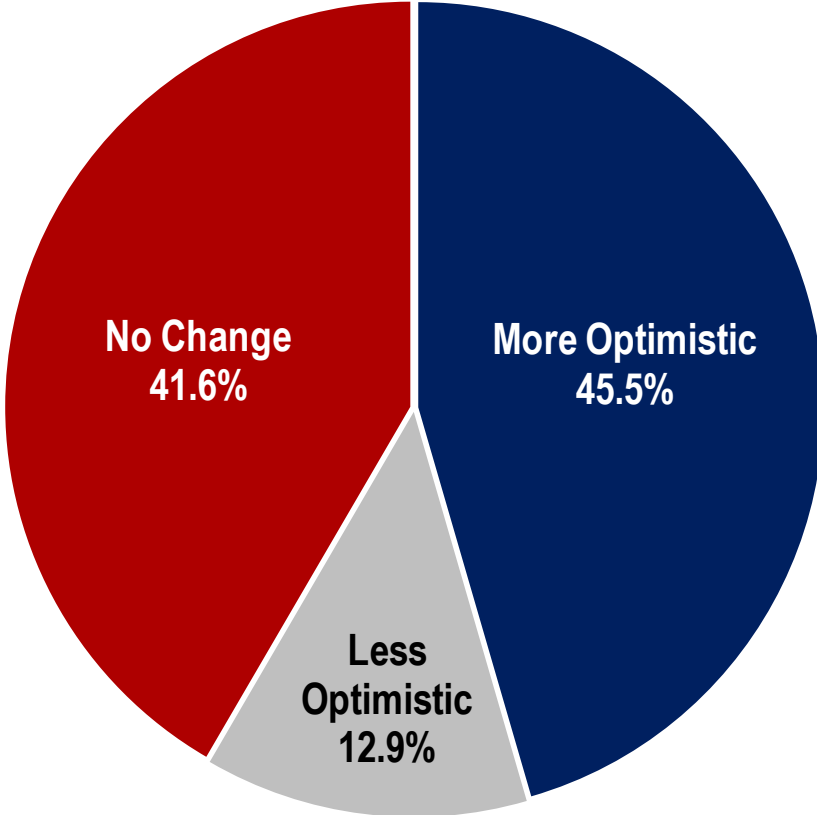
—●— Marketer Optimism About Overall Economy



Optimists dominate pessimists 4-to-1



Figure 1.3. Are you more or less optimistic about the overall U.S. economy compared to last quarter?



All customer forecasts soften

Marketplace

Growth

Spending

Performance

Social Media

Jobs

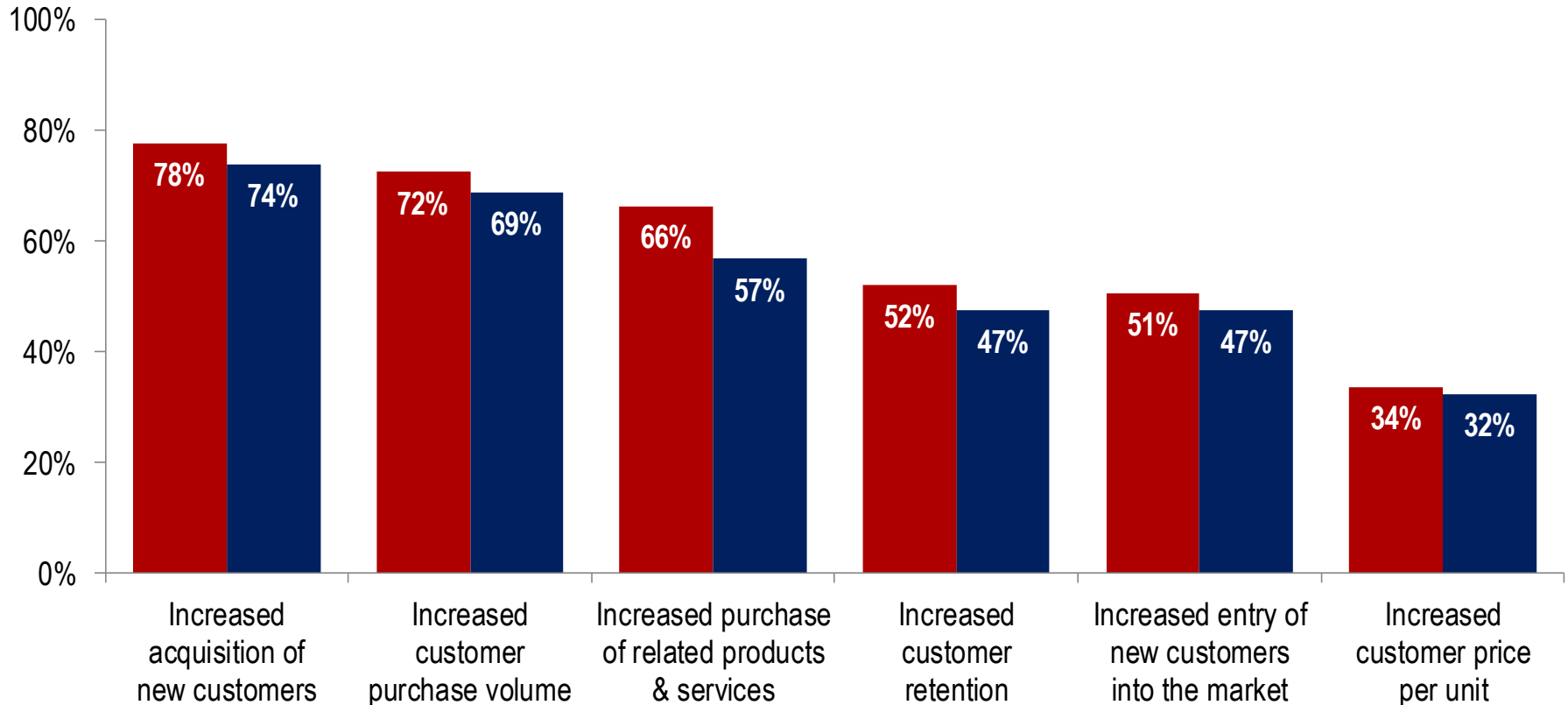
Organization

Leadership

Analytics

Figure 1.4. Forecasted customer outcomes in next 12 months (% of respondents)

■ February 2015 ■ August 2015



Superior product and service excellence top forecasted customer priorities

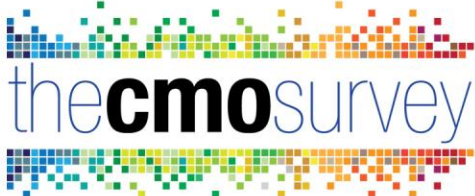
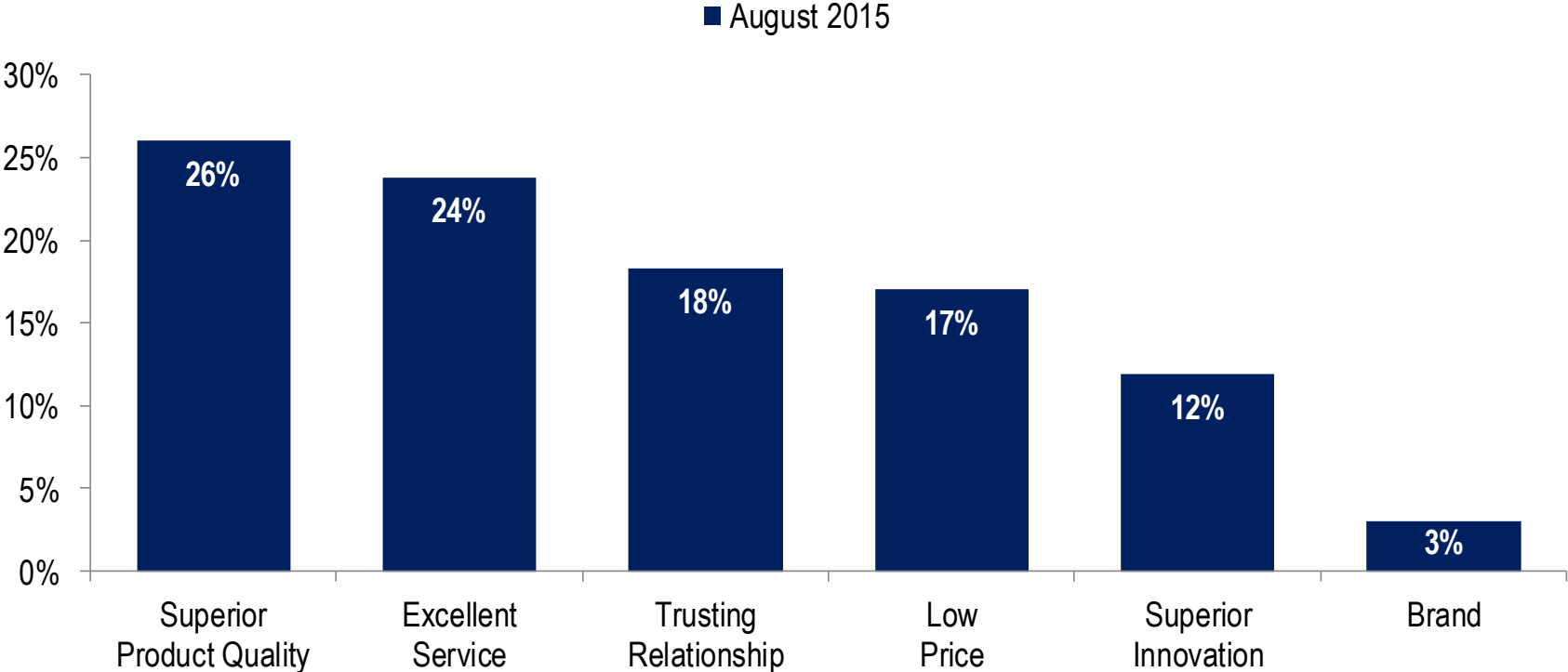


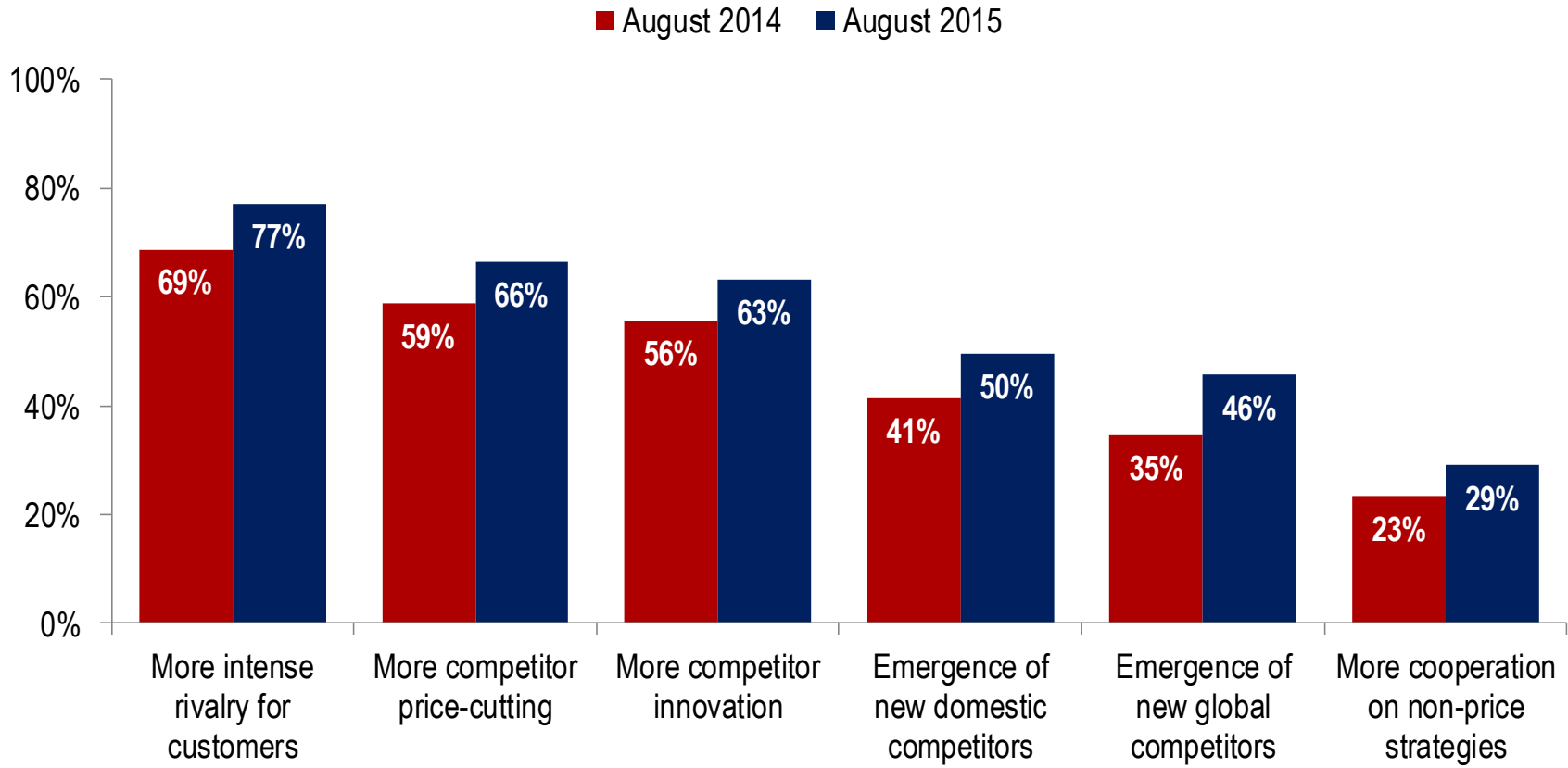
Figure 1.5. Customers' top priority in next 12 months (% of respondents)



Increased competition for customers, price, and innovation expected



Figure 1.5. Increased competitor interactions in next 12 months (% of respondents)



*Question asked yearly in August.



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

Topic 2:

Firm Growth Strategies



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

Types of growth strategies

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

Table 2.1. Current and future growth spending*

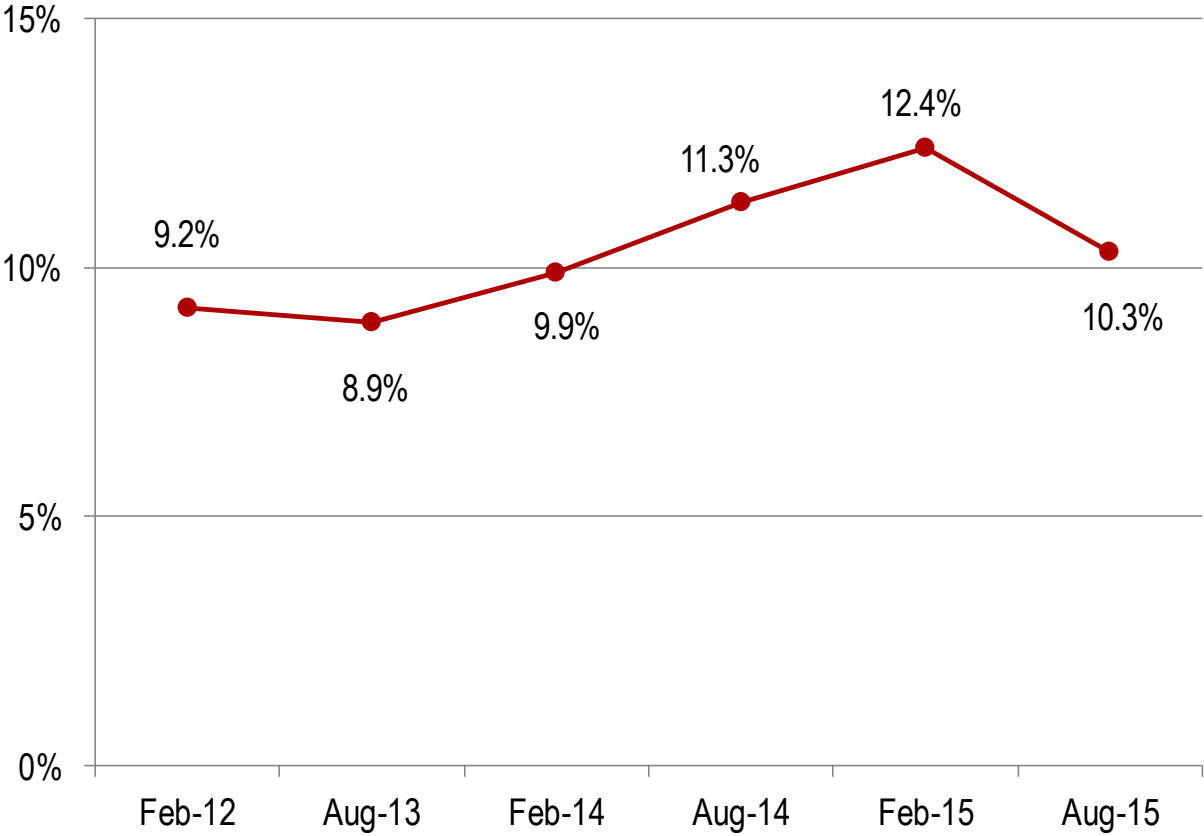
| Growth Strategy | Actual Spending in Past 12 Months | Expected Spending in Next 12 Months | Percent Change Expected |
|--------------------------------------|-----------------------------------|-------------------------------------|-------------------------|
| Market Penetration Strategy | 56.8% | 50.3% | -11.4% |
| Market Development Strategy | 17.4% | 18.1% | +4.0% |
| Product/Service Development Strategy | 17.9% | 20.8% | +16.2% |
| Diversification Strategy | 7.8% | 10.7% | +37.2% |

* % of spending for each growth strategy

Percent of sales through Internet flattens



Figure 2.2. Percent of company sales from internet



| | Feb-15 | Aug-15 |
|--------------|--------|--------|
| B2B Product | 10.2% | 7.5% |
| B2B Services | 10.8% | 9.2% |
| B2C Product | 13.2% | 15.2% |
| B2C Services | 21.7% | 13.9% |

Percent of sales from domestic markets declines

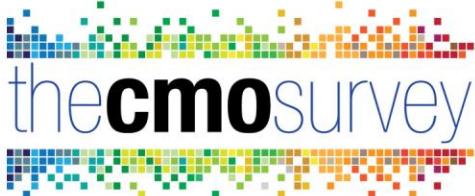
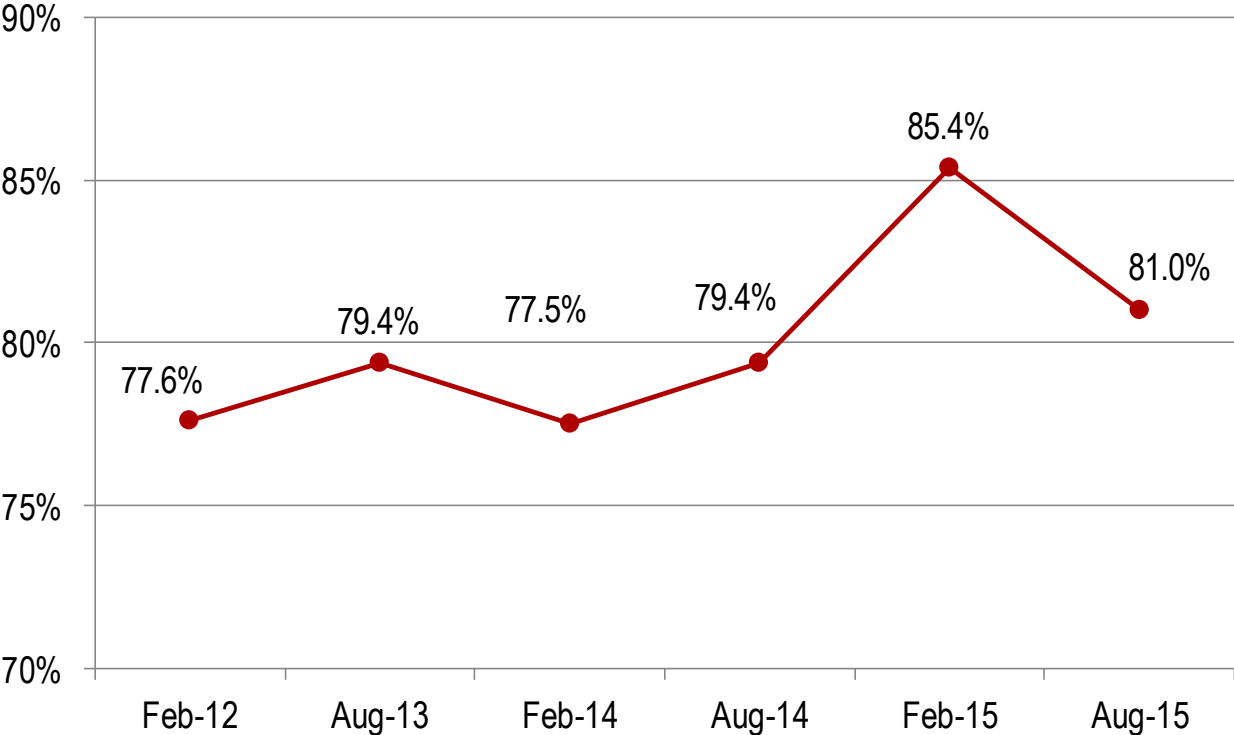


Figure 2.3. Percent of company sales from domestic markets



| | |
|--------------|-------|
| B2B Product | 71.2% |
| B2B Services | 85.5% |
| B2C Product | 78.7% |
| B2C Services | 93.5% |

International markets: current sales and future growth opportunities

Table 2.2. Largest current market in sales

| Countries/Regions (%) | Largest current (in terms of sales) |
|---------------------------|-------------------------------------|
| Western Europe | 41.0% |
| Canada | 15.2% |
| China | 13.3% |
| Middle East | 7.6% |
| Japan | 3.8% |
| Indonesia and SE Asia | 2.9% |
| India | 2.9% |
| Mexico | 1.9% |
| Korea | 1.9% |
| Eastern Europe | 1.9% |
| Northern Europe | 1.9% |
| South America, not Brazil | 1.9% |

Table 2.3. Largest future market opportunities

| Countries/Regions (%) | Largest future opportunity |
|---------------------------|----------------------------|
| China | 19.3% |
| Western Europe | 13.8% |
| South America, not Brazil | 8.3% |
| Indonesia and SE Asia | 7.3% |
| Brazil | 5.5% |
| Canada | 5.5% |
| Mexico | 5.5% |
| Eastern Europe | 4.6% |
| Central America | 4.6% |
| Middle East | 4.6% |
| India | 4.6% |



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

Topic 3:

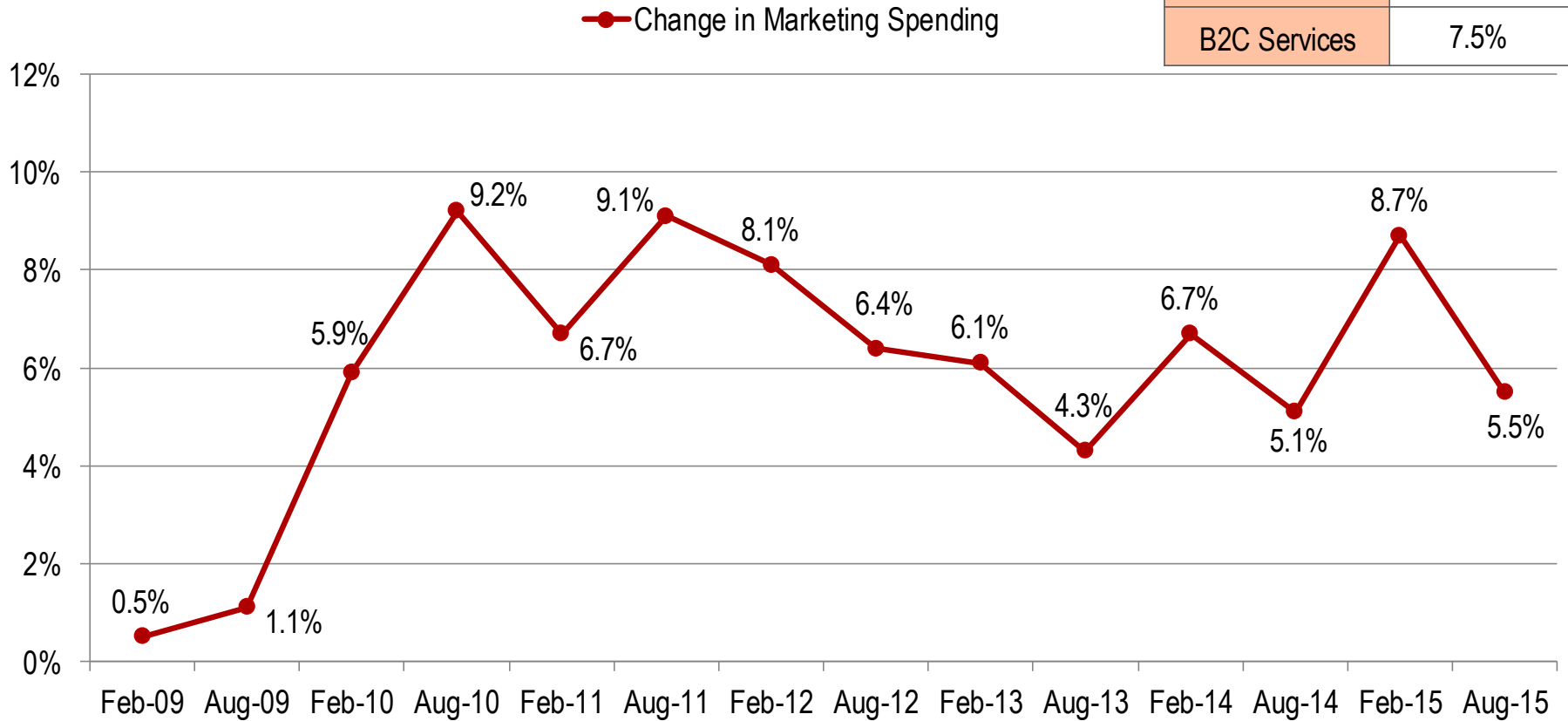
Marketing Spending



Marketing budgets see-saw

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

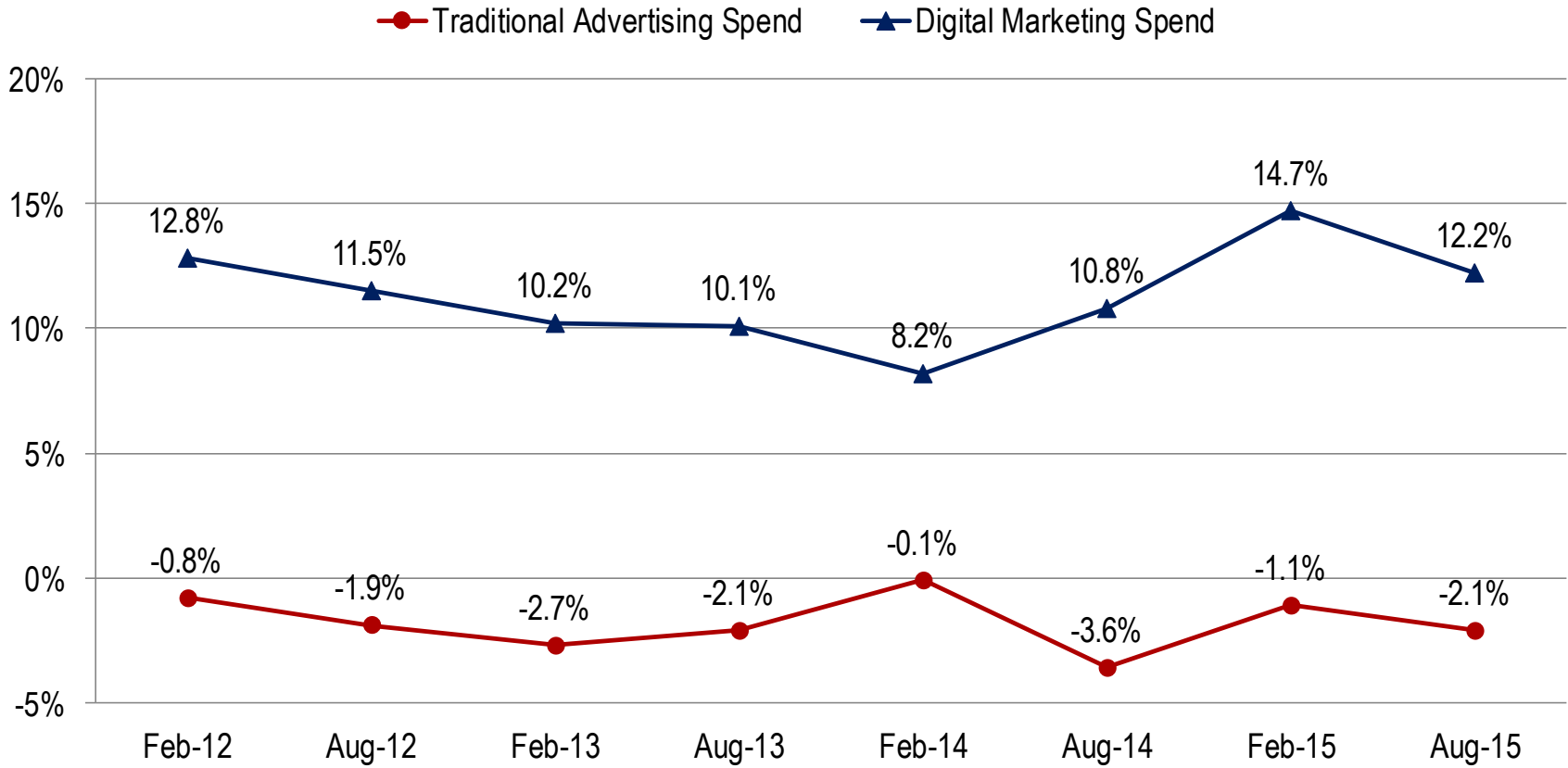
| | |
|--------------|------|
| B2B Product | 3.1% |
| B2B Services | 6.6% |
| B2C Product | 5.7% |
| B2C Services | 7.5% |



Digital marketing spend up 12.2% in next year; traditional advertising spend down 2.1%



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

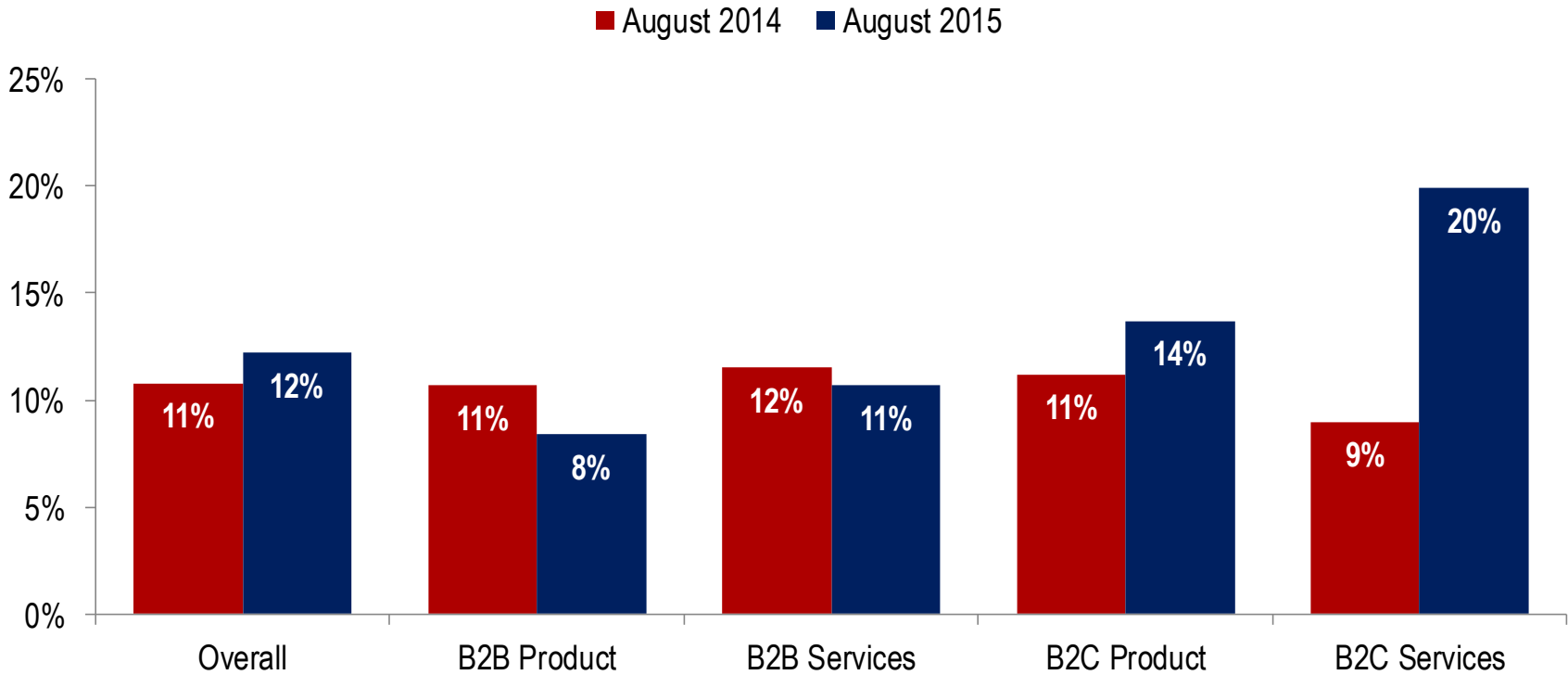


*Refers to media advertising not using the Internet.

B2C services sector to double digital investments in next year

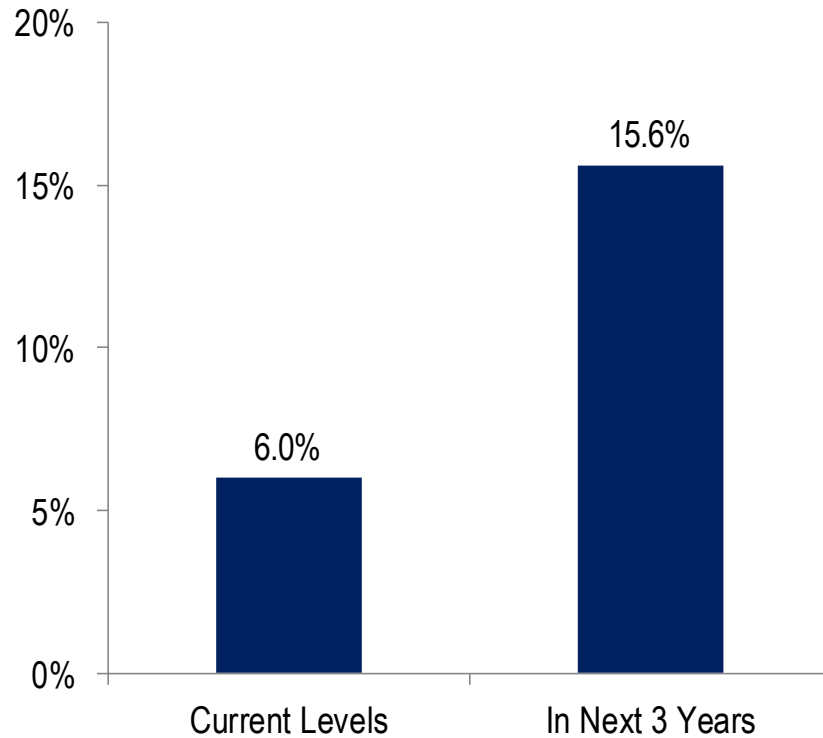


Figure 3.3. Change in digital marketing spending in next 12 months by sector



Marketing spend on mobile expected to 160% in three years

Figure 3.4. Marketing budget spend on mobile

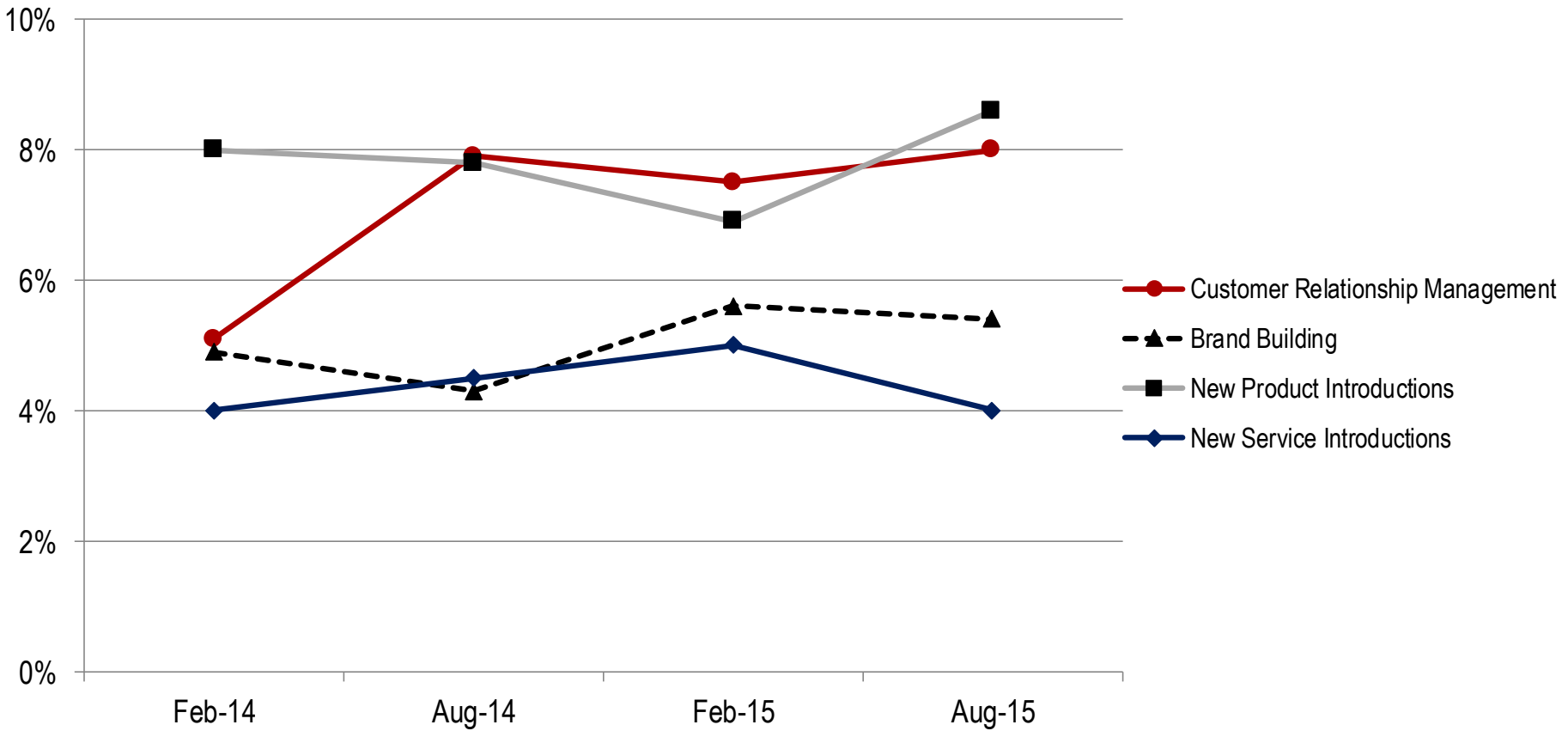


| | B2B Product | B2B Services | B2C Product | B2C Services |
|--------------------------------------------------|-------------|--------------|-------------|--------------|
| Marketing budget spent on mobile now | 5.1% | 5.0% | 8.6% | 7.3% |
| Marketing budget spent on mobile in next 3 years | 14.4% | 13.0% | 19.8% | 19.8% |

Changes in marketing spend in next year



Figure 3.5. Percent change in marketing spending in next 12 months



Marketing budgets represent 11% of overall firm budgets

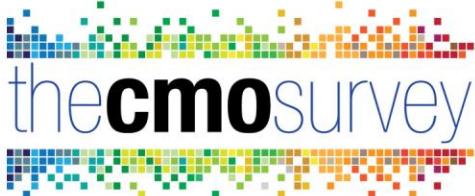
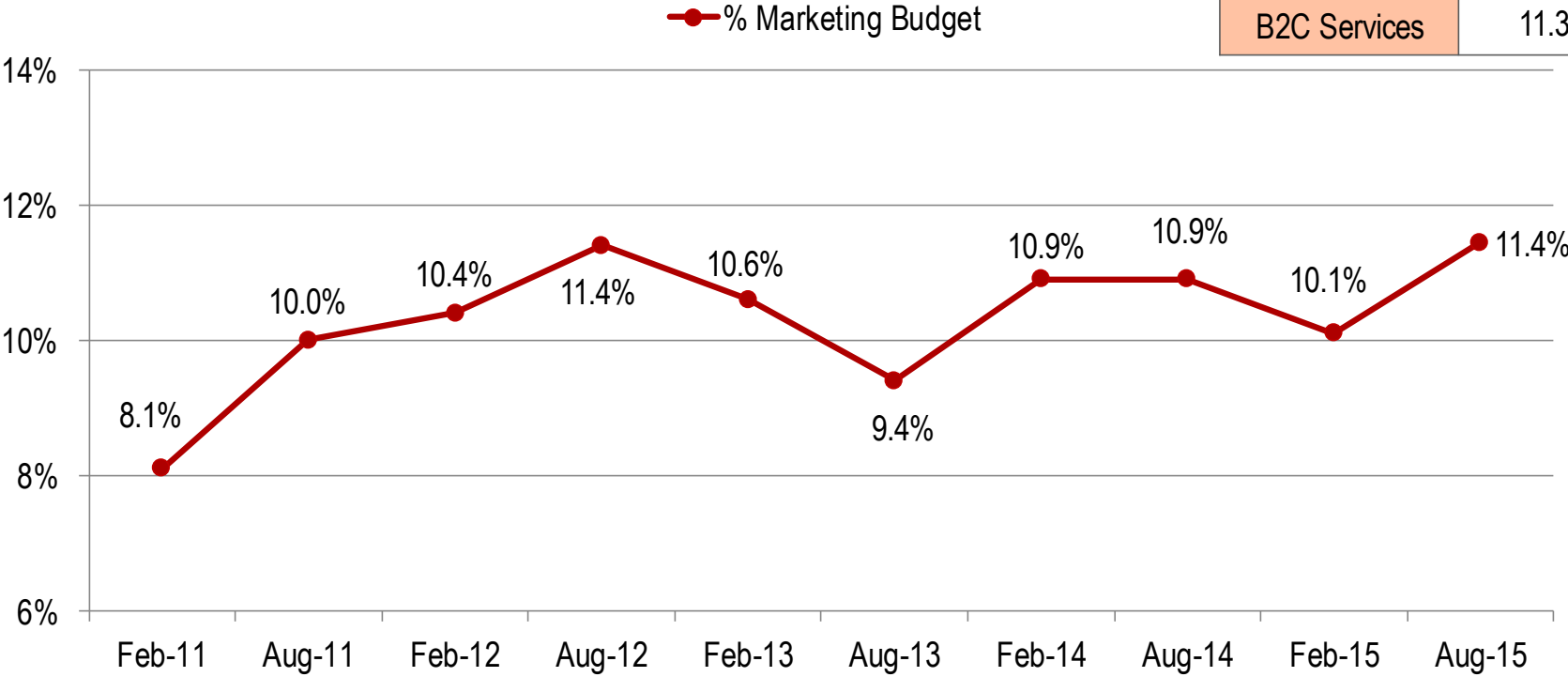


Figure 3.6. Marketing budget as a percent of firm budget*

| | |
|--------------|-------|
| B2B Product | 10.1% |
| B2B Services | 10.0% |
| B2C Product | 17.5% |
| B2C Services | 11.3% |



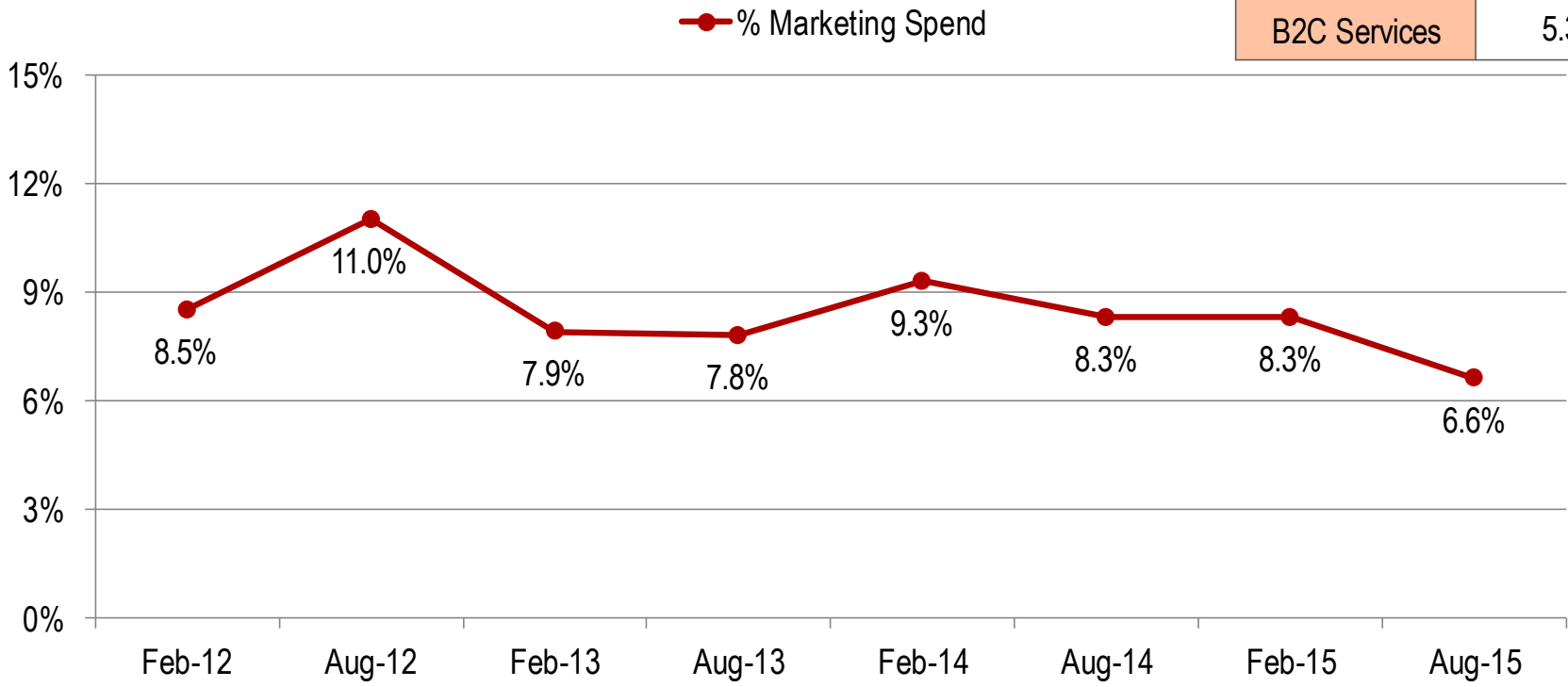
*Question asked in Feb-11 for the first time.

Marketing spend as a percent of company revenues continues downward trend



Figure 3.7. Marketing spending as a percentage of company revenues*

| | |
|--------------|-------|
| B2B Product | 6.2% |
| B2B Services | 5.9% |
| B2C Product | 10.4% |
| B2C Services | 5.3% |



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



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

Topic 4:

Financial and Marketing Performance



Firm performance metrics in last year

Marketplace

Growth

Spending

Performance

Social Media

Jobs

Organization

Leadership

Analytics

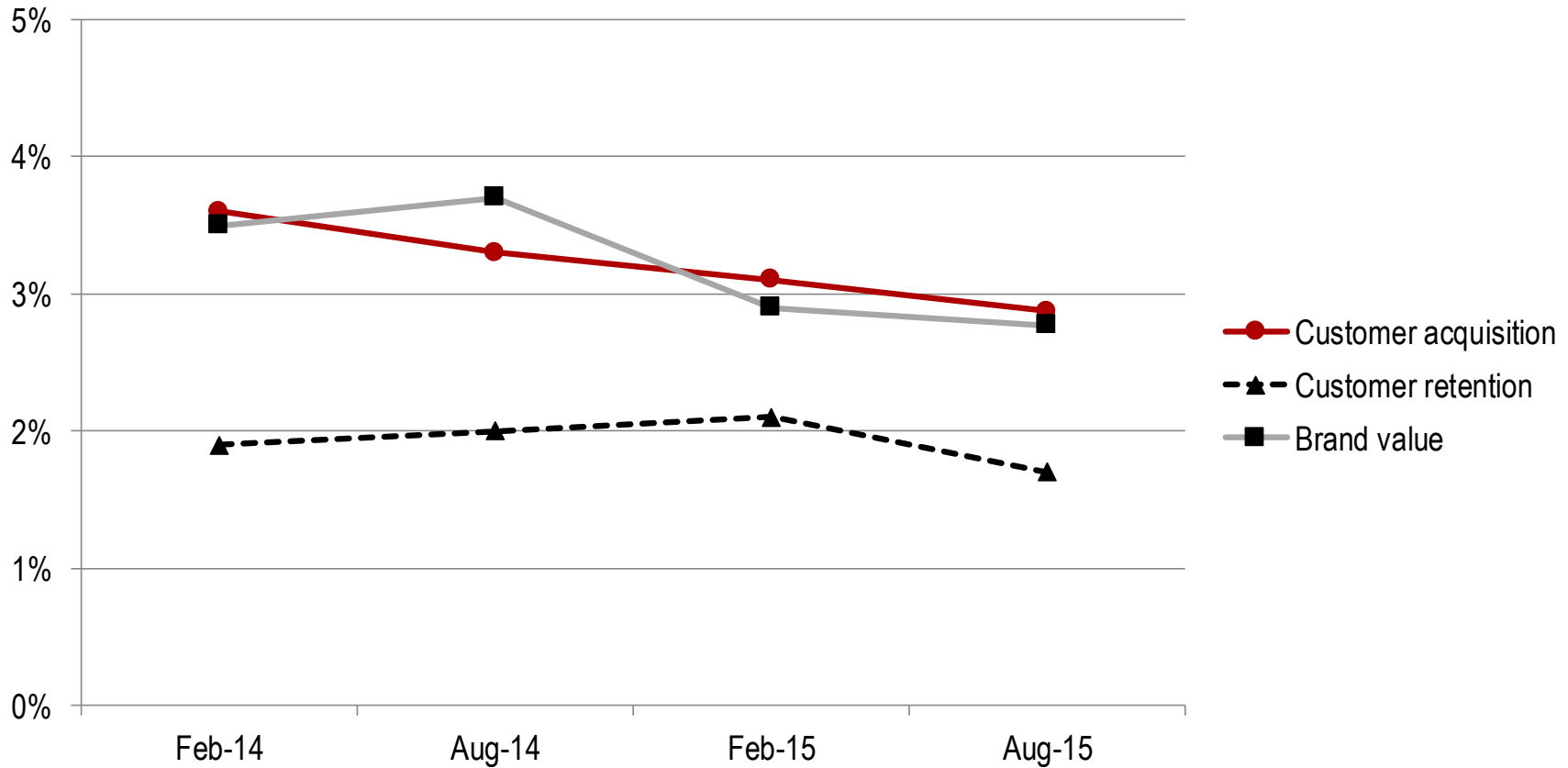
Table 4.1. Percent change in performance in prior 12 months

| | Overall | B2B Product | B2B Services | B2C Product | B2C Services |
|----------------------|---------|-------------|--------------|-------------|--------------|
| Sales | 3.8% | 3.6% | 3.9% | 4.5% | 3.6% |
| Profits | 3.1% | 2.5% | 3.4% | 3.4% | 3.3% |
| Marketing ROI | 2.8% | 1.9% | 3.7% | 3.5% | 1.8% |
| Customer acquisition | 2.9% | 2.4% | 3.1% | 3.4% | 2.6% |
| Customer retention | 1.7% | 1.2% | 2.5% | 1.7% | 1.0% |
| Brand value | 2.8% | 1.5% | 4.0% | 3.1% | 2.0% |



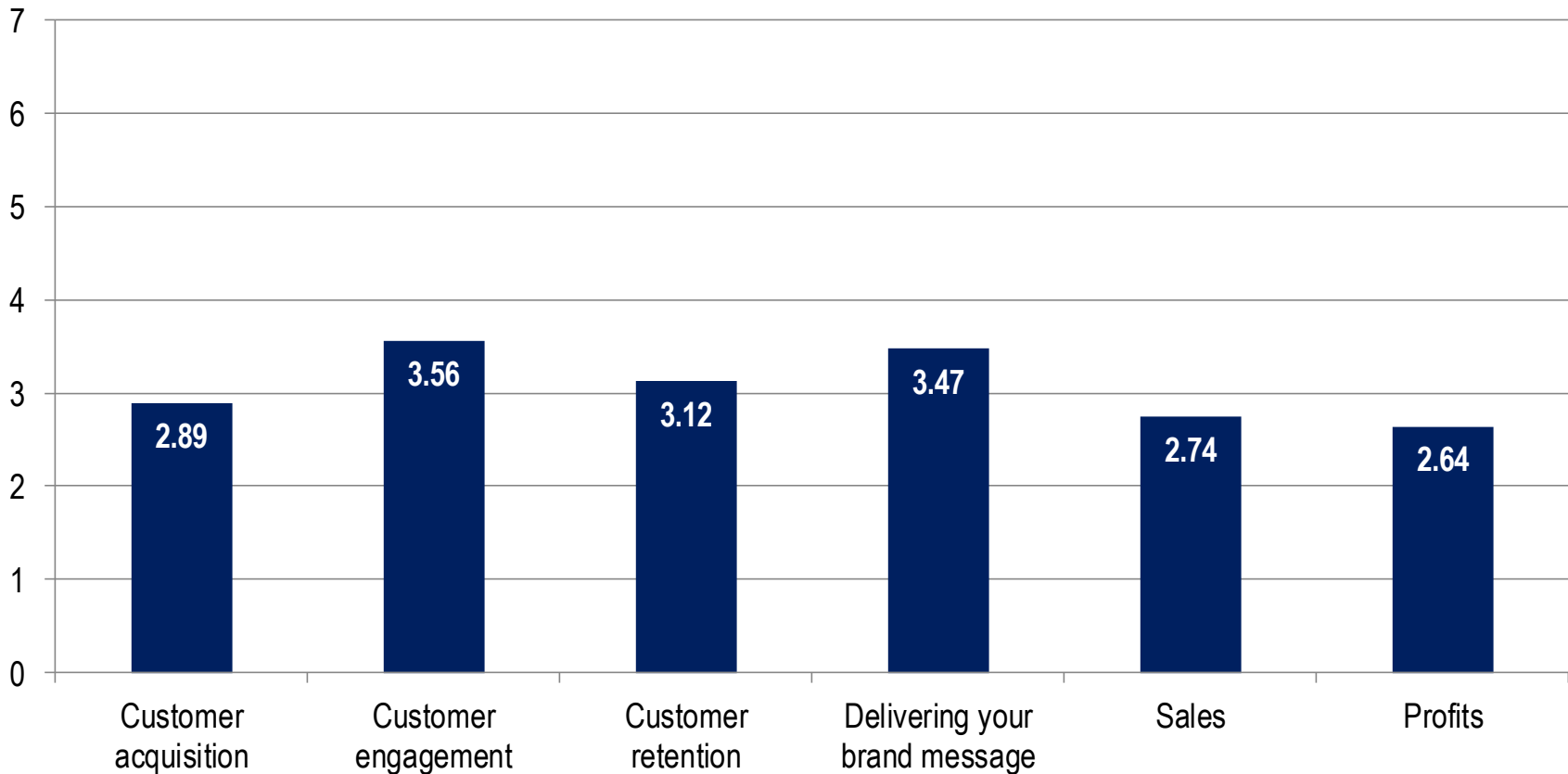
Downward trend for performance of customer and brand metrics

Figure 4.2. Percent change in performance on customer and brand metrics in prior 12 months



Mobile marketing underperforms

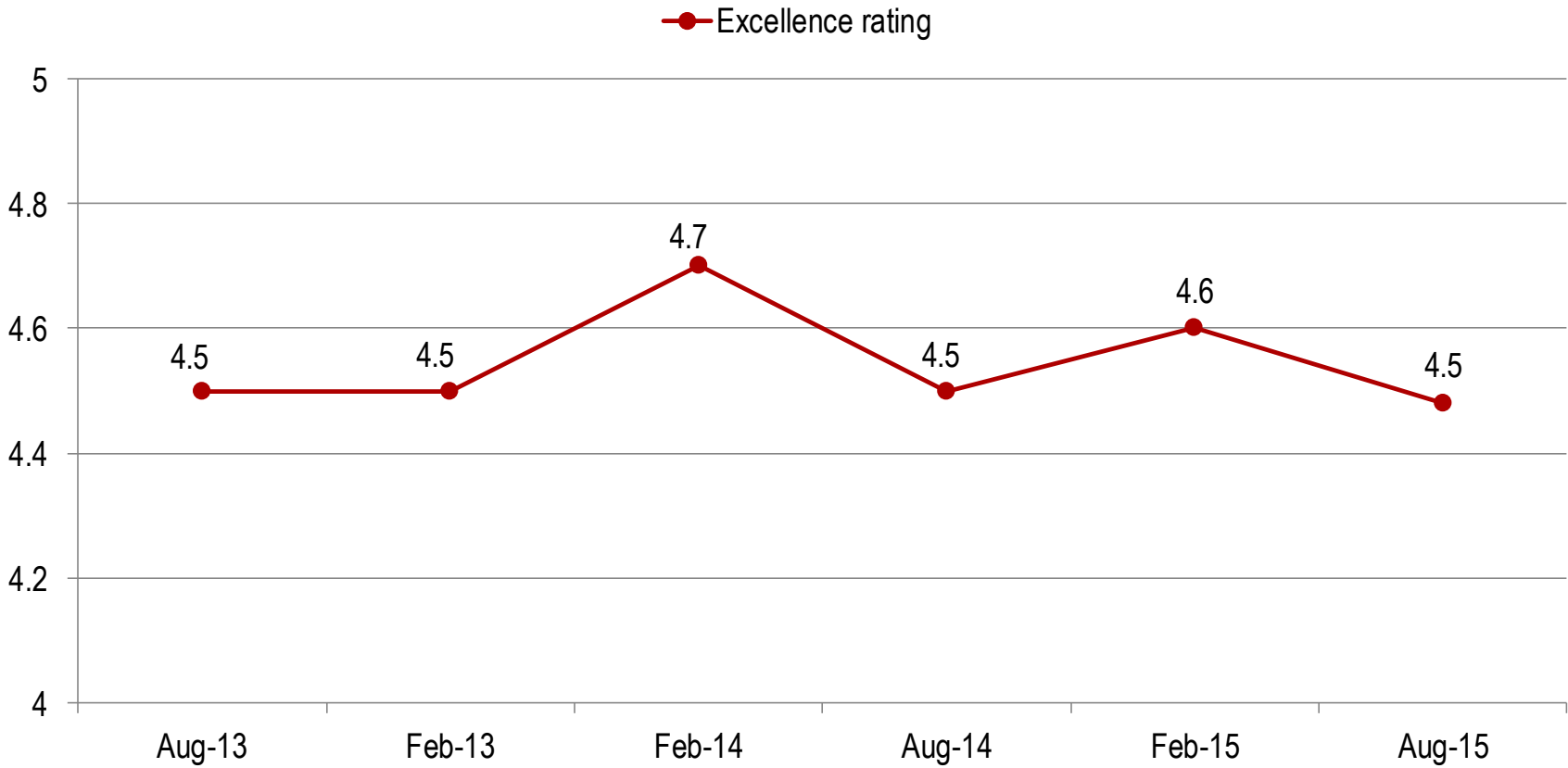
Figure 4.3. Rate the performance of your company's mobile marketing activities (7-point scale where 1=poor, 7=excellent)



Marketing excellence ratings show no improvement



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



* Question asked in Aug-13 for the first time



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

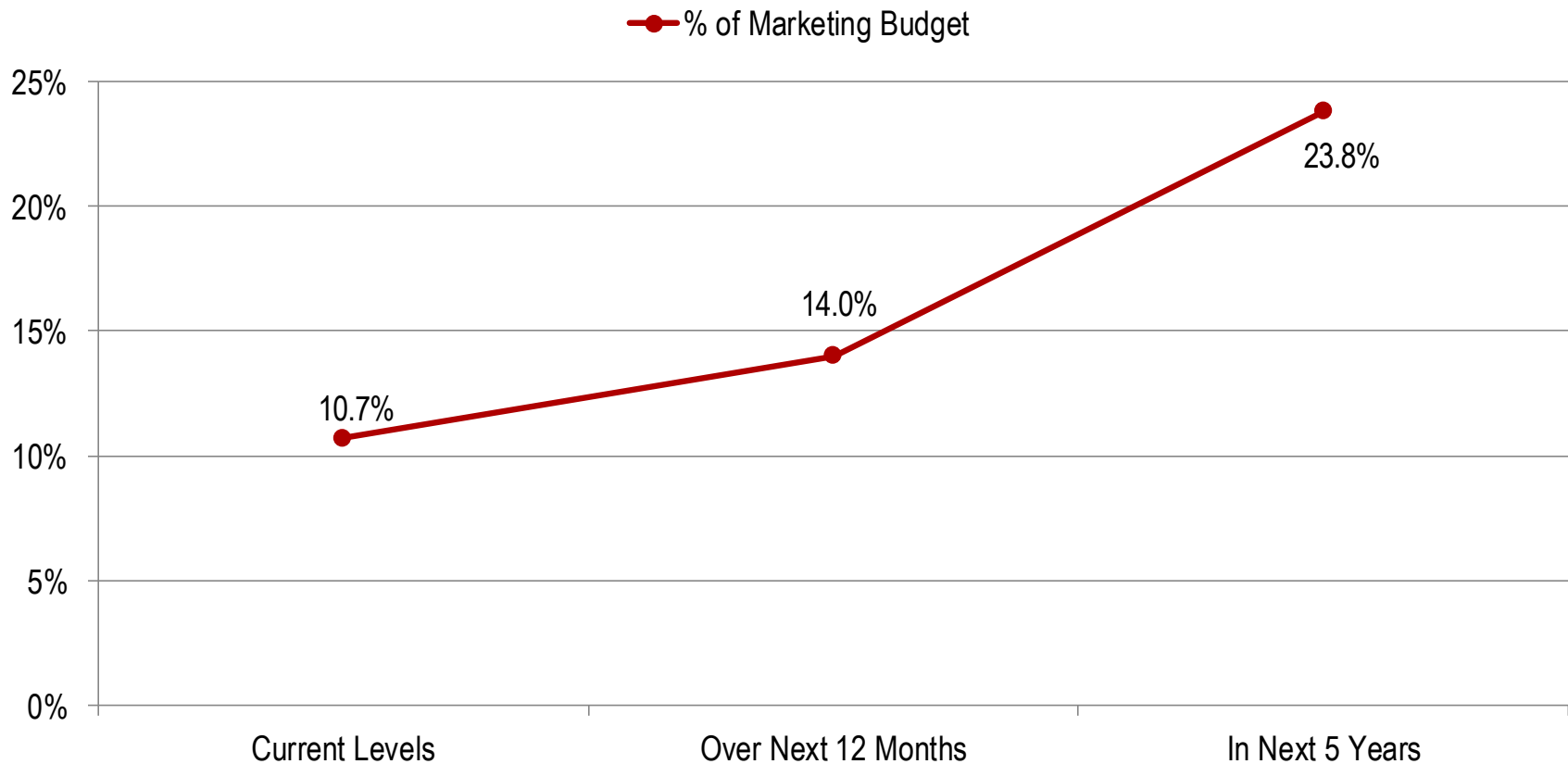
Topic 5:

Marketing and Social Media



Social media spend continues to surge

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



Social media spend across sectors

Marketplace

Growth

Spending

Performance

Social Media

Jobs

Organization

Leadership

Analytics

Table 5.1. Changes in social media spending across sectors

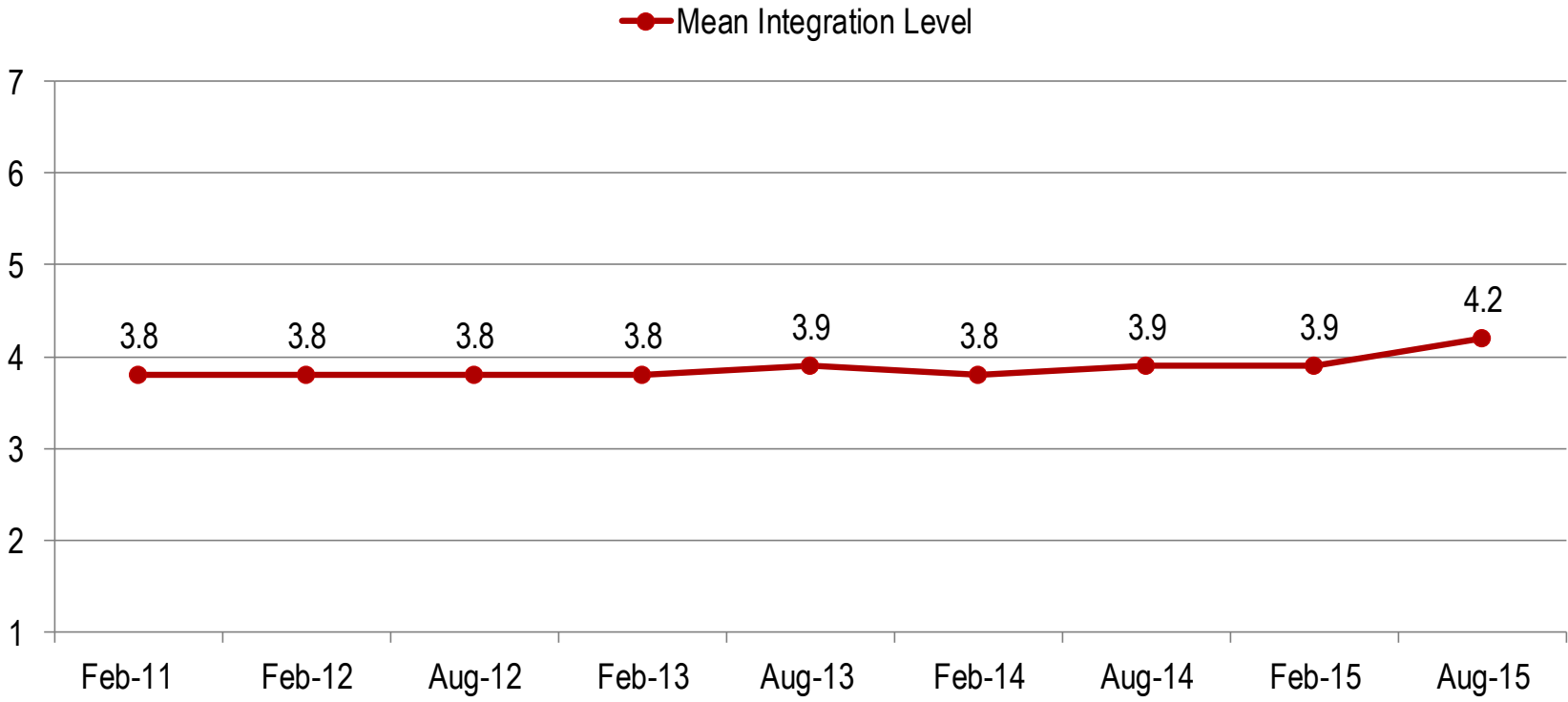
| | Overall | B2B Product | B2B Services | B2C Product | B2C Services |
|---------------------------------------------|---------|-------------|--------------|-------------|--------------|
| Current Social Media Spending | 10.7% | 8.3% | 11.8% | 13.7% | 9.8% |
| Social Media Spending in the next 12 months | 14.0% | 10.4% | 16.1% | 17.6% | 13.1% |
| Social Media Spending in the next 5 years | 23.8% | 18.4% | 25.1% | 30.1% | 25.2% |



Integration of social media and marketing strategy finally shows lift!



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



Integration of customer information across channels worsens

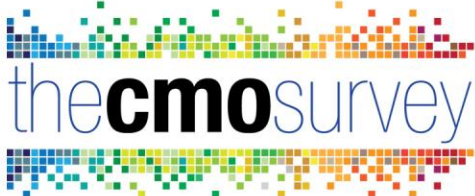
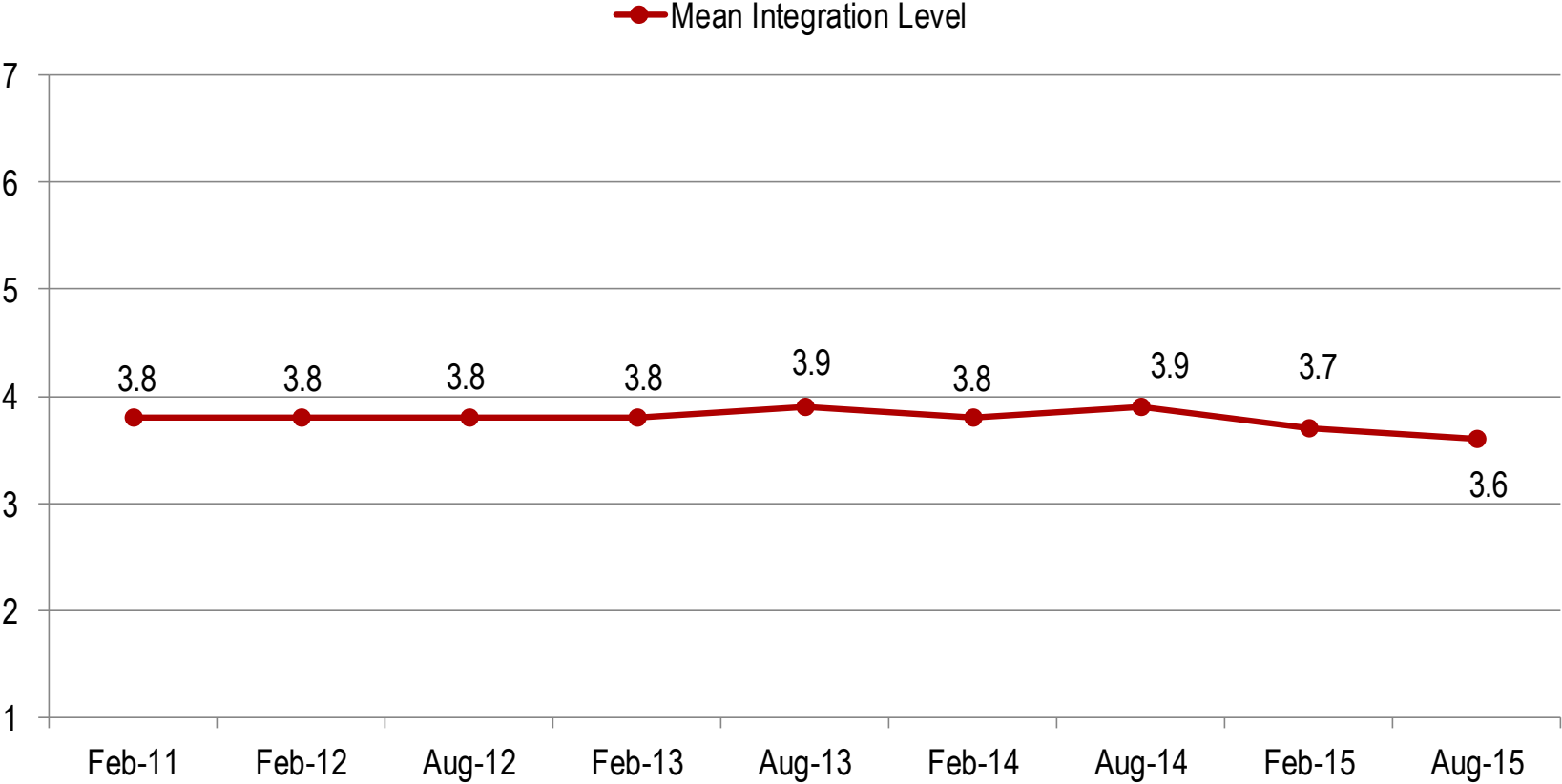


Figure 5.3. How effectively does your company integrate customer information across purchasing, communication, and social media channels? (1=Not At All Effectively, 7=Very Effectively)

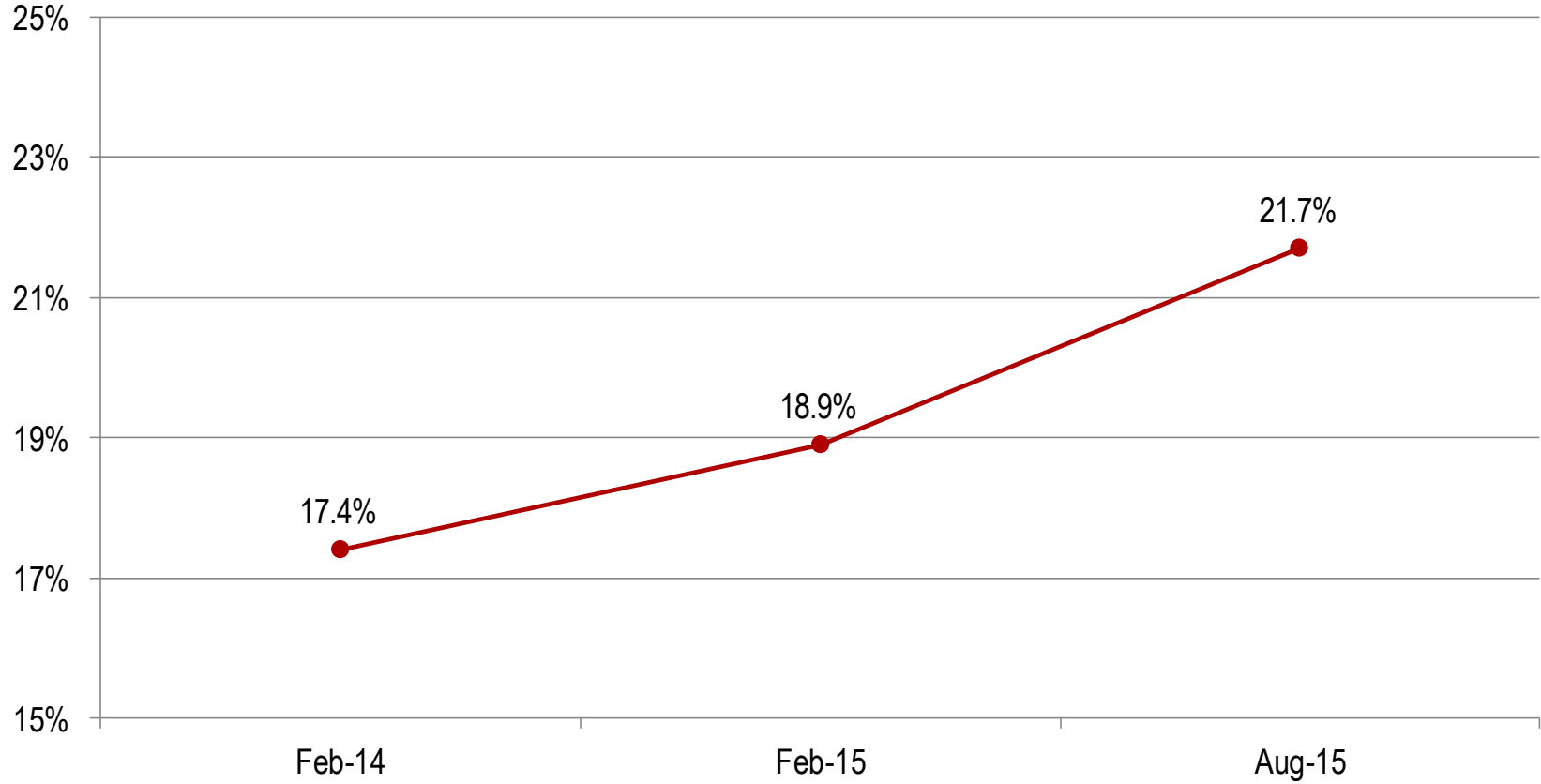


*Question asked in Feb-11 for the first time.

Social media activities increasingly performed by outside agencies

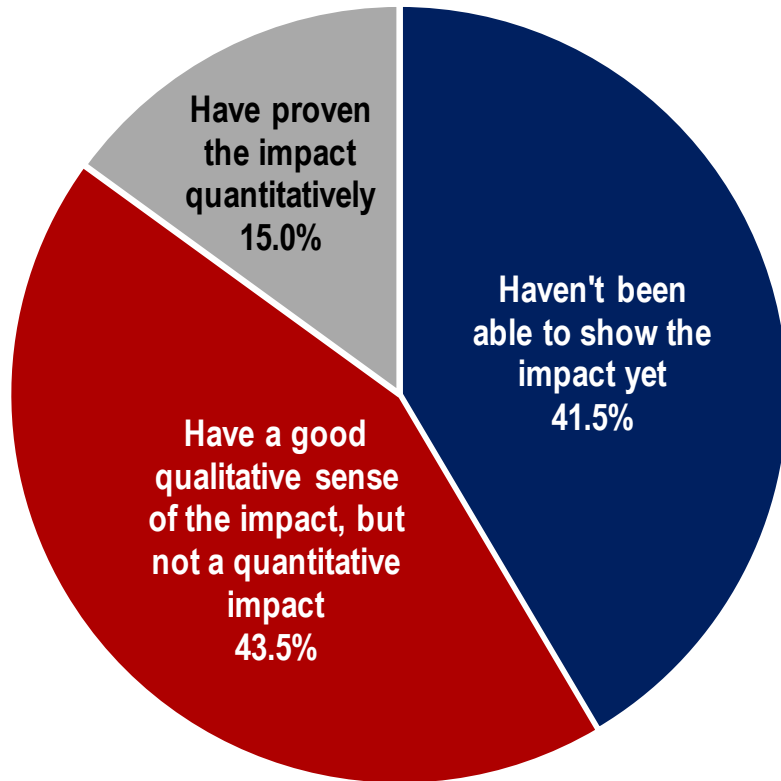


Figure 5.4. Percent of company's social media activities performed by outside agencies



Only 15% of firms able to prove the impact of social media quantitatively

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



| | B2B Product | B2B Services | B2C Product | B2C Services |
|-------------------------------------------------------------------------------|-------------|--------------|-------------|--------------|
| We have proven the impact quantitatively | 6.3% | 17.1% | 30.0% | 13.3% |
| We have a good qualitative sense of the impact, but not a quantitative impact | 39.7% | 50.0% | 40.0% | 40.0% |
| We haven't been able to show the impact yet | 54.0% | 32.9% | 30.0% | 46.7% |



Four metrics dominate how companies show social media impact

Table 5.2. Which metrics does your company use to show the impact of social media? (check all that apply)

| Metrics | % Using Metric |
|-------------------------------------------------------------------|----------------|
| Hits/visits/page views | 60.3% |
| Site traffic | 51.4% |
| Clickthrough rates | 47.9% |
| Number of friends, followers, and likes | 47.1% |
| Conversion rates (from visitor to buyer) | 28.8% |
| Search volume (number of people searching for your brand) | 28.4% |
| Repeat visits | 25.3% |
| Social influence of friends, followers, and likes | 23.7% |
| Buzz indicators (web mentions) | 21.4% |
| Virality (extent to which your content/links are shared) | 19.1% |
| Brand sentiment ratings | 16.7% |
| Share of voice (compares your company to competitors on mentions) | 16.0% |
| Net promoter score | 16.0% |
| Number of inbound links | 15.6% |
| Revenue per customer | 15.6% |
| App download | 14.8% |
| Sales levels | 14.0% |
| Customer acquisition costs | 12.5% |
| Online product/service ratings | 10.9% |
| Metrics using analysis of online text | 9.7% |
| Profits per customer | 6.6% |
| Customer retention costs | 6.2% |
| Abandoned shopping carts | 5.8% |

The state of company social media capabilities

Table 5.3. How well has your company developed strong knowledge and skills in each social media area? (1=not at all, 7=excellent)

| Capability | Overall | B2B product | B2B services | B2C product | B2C services |
|-------------------------------------------------------------|---------|-------------|--------------|-------------|--------------|
| Developing social media strategies | 4.1 | 3.6 | 4.4 | 4.4 | 4.0 |
| Connecting marketing strategies and social media strategies | 4.0 | 3.5 | 4.2 | 4.5 | 4.0 |
| Executing social media strategies | 4.0 | 3.5 | 4.3 | 4.4 | 3.8 |
| Learning about what works and doesn't work for social media | 3.7 | 3.2 | 3.9 | 4.1 | 3.5 |
| Hiring people to perform social media activities | 3.5 | 3.0 | 3.8 | 3.9 | 3.6 |
| Measuring the success of social media strategies | 3.5 | 3.0 | 3.8 | 4.0 | 3.3 |
| Training people to perform social media activities | 3.4 | 2.9 | 3.7 | 3.8 | 3.3 |
| Managing external social media partners and agencies | 3.3 | 3.0 | 3.3 | 3.9 | 3.3 |

How companies learn to manage customers in social/digital

Table 5.4. Check all of the approaches your company is using to learn about how to acquire, engage, and retain customers online

| Learning approach | Percent of companies using learning approach |
|---------------------------------------------------------------------|----------------------------------------------|
| Online customer surveys | 40.1% |
| Online customer observations | 25.7% |
| Informal online interactions with customers | 24.5% |
| Offline informal interactions with customer | 23.3% |
| Offline customer surveys | 23.0% |
| Online customer experiments | 19.1% |
| Offline customer observations | 18.3% |
| My company is not using any digital tools for learning at this time | 14.0% |
| Offline customer experiments | 10.1% |
| Studying words or pictures used online by customers | 6.2% |



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

Topic 6: Marketing Jobs

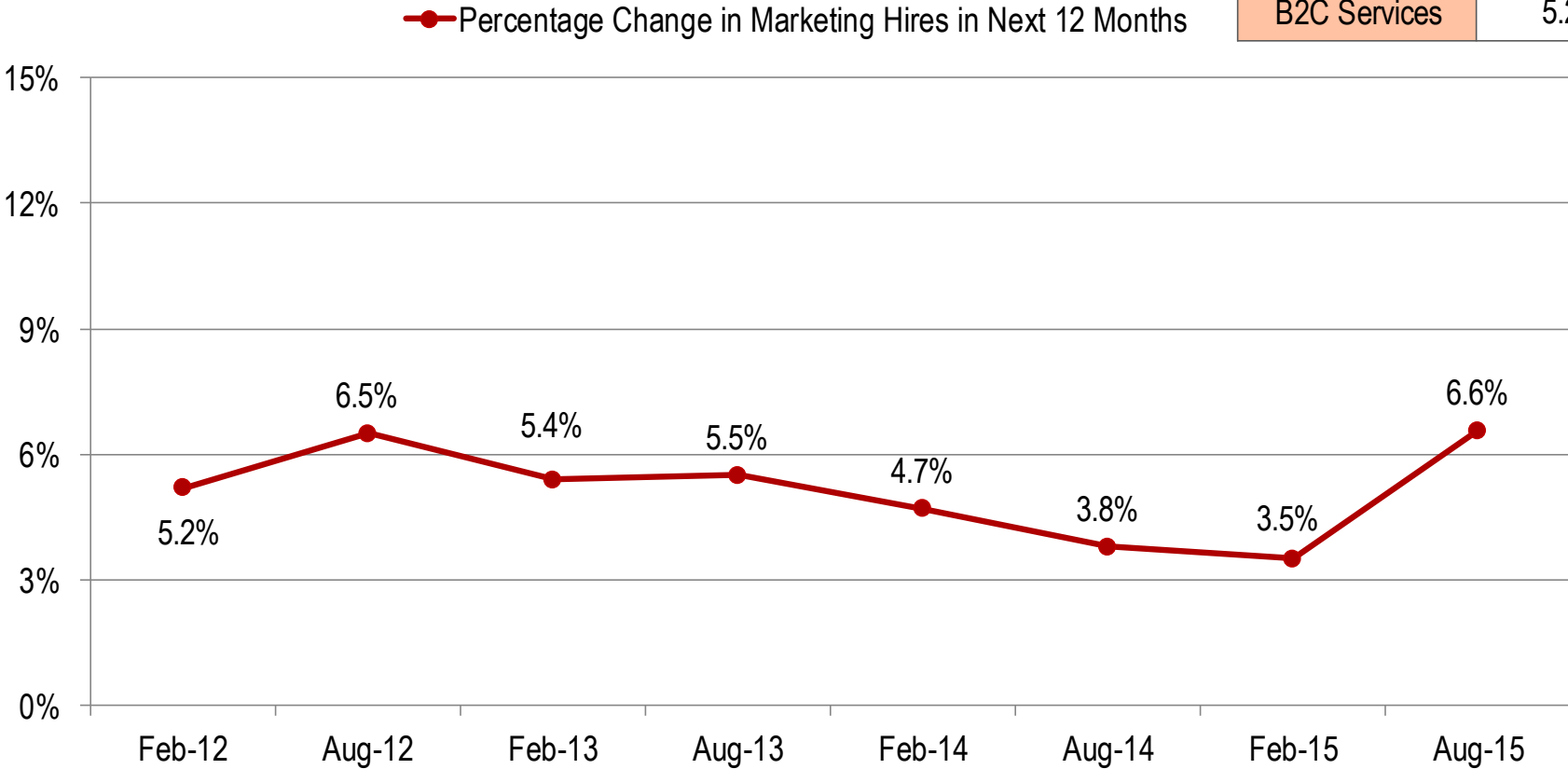


Marketing hiring rebounds: B2B companies to hire more marketers



Figure 6.1. Percentage change in marketing hires planned in next 12 months

| | |
|--------------|------|
| B2B Product | 6.9% |
| B2B Services | 7.8% |
| B2C Product | 4.9% |
| B2C Services | 5.2% |



Marketers reflect 3.4 percent of employees in companies



Table 6.1. Marketing employees as a percent of total employees

| Employees | Overall | B2B Product | B2B Services | B2C Product | B2C Services |
|---------------------------------|---------|-------------|--------------|-------------|--------------|
| Total employees in company | 7410 | 10264 | 2900 | 8155 | 10403 |
| Marketing employees in company | 255 | 327 | 318 | 197 | 37 |
| Percent of marketers in company | 3.4% | 3.2% | 11.0% | 2.4% | 0.4% |



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

Topic 7:

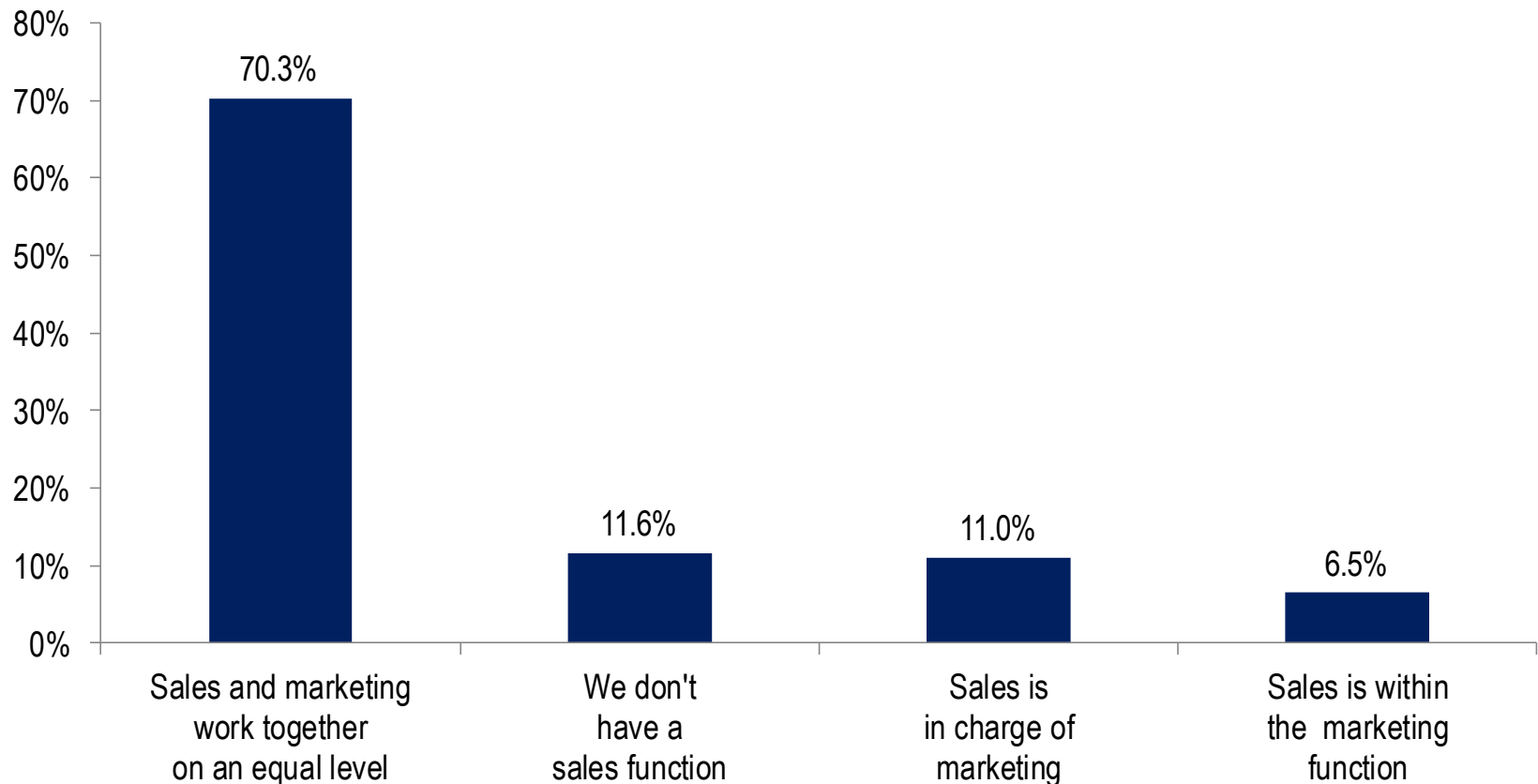
Marketing Organization



Marketing and sales are equal partners in most companies



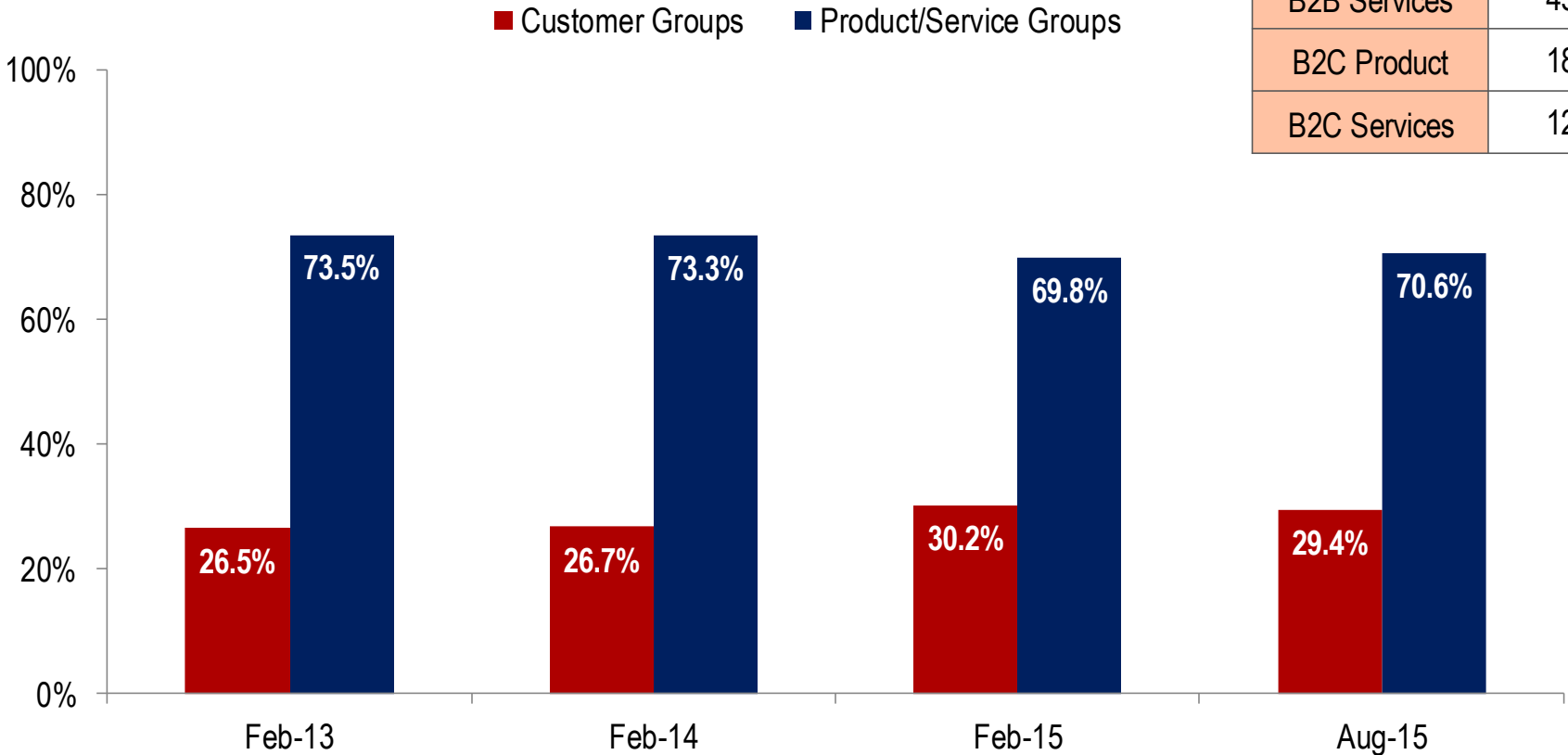
Figure 7.1. The marketing-sales relationship (% of respondents)



Product/service structure dominates, but customer groups hold ground



Figure 7.2. Organizational structure in companies



| | % customer groups |
|--------------|-------------------|
| B2B Product | 27.1% |
| B2B Services | 45.3% |
| B2C Product | 18.5% |
| B2C Services | 12.0% |



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

Topic 8:

Marketing Leadership



Marketing leadership gains and losses

Table 8.1. Percentage of companies in which marketing leads activity

| Activity | Feb-11 | Aug-15 |
|----------------------------|--------|--------|
| Advertising | 85% | 82.7% |
| Positioning | 79% | 80.1% |
| Promotion | 81% | 76.3% |
| Brand | 81% | 82.1% |
| Marketing analytics* | - | 75.0% |
| Marketing research | 73% | 70.5% |
| Social media | 71% | 79.5% |
| Competitive intelligence | 58% | 55.1% |
| Public relations | 65% | 64.1% |
| Lead generation | 53% | 55.8% |
| Market entry strategies | 50% | 55.8% |
| New products | 44% | 37.8% |
| CRM | 38% | 39.1% |
| Targeting/Market selection | 31% | 30.1% |
| Sales | 32% | 32.1% |
| Pricing | 30% | 30.8% |
| Innovation | 33% | 23.1% |
| Customer service | 22% | 19.9% |
| Stock market performance | 0.4% | 3.8% |

Weaker marketing leadership:

- Advertising
- Promotion
- Marketing research
- New products
- Innovation
- Customer service

Stronger marketing leadership:

- Social media
- Lead generation
- Market entry strategies
- Stock market performance

Maintaining marketing leadership:

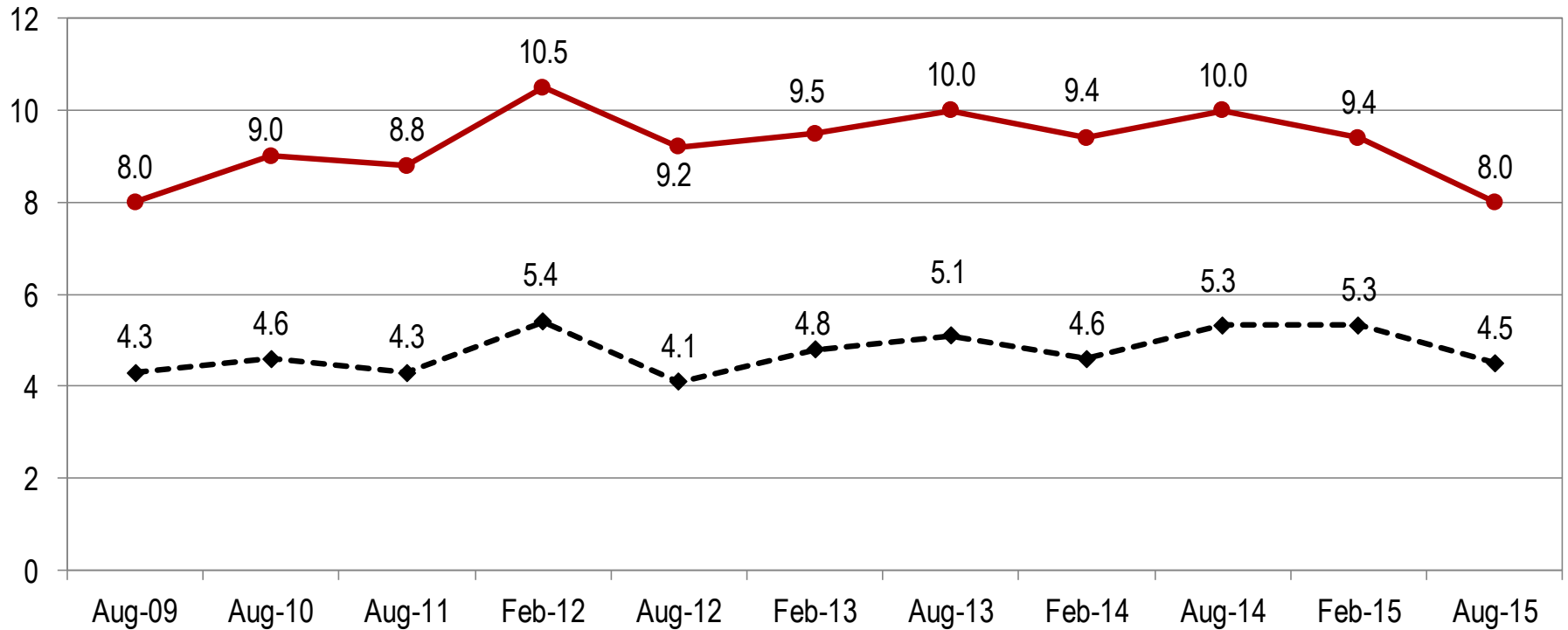
- Positioning
- Brand
- Public relations
- Customer relationship management
- Targeting/Market selection
- Sales
- Pricing

*Marketing analytics added in Feb-13.

Marketing leaders retained for an average of 4.5 years

Figure 8.1. Marketing leader retention

—◆— Years top marketer in current role in the firm —●— Years top marketer in any role in the firm



Marketers continue to lose reports

Marketplace

Growth

Spending

Performance

Social Media

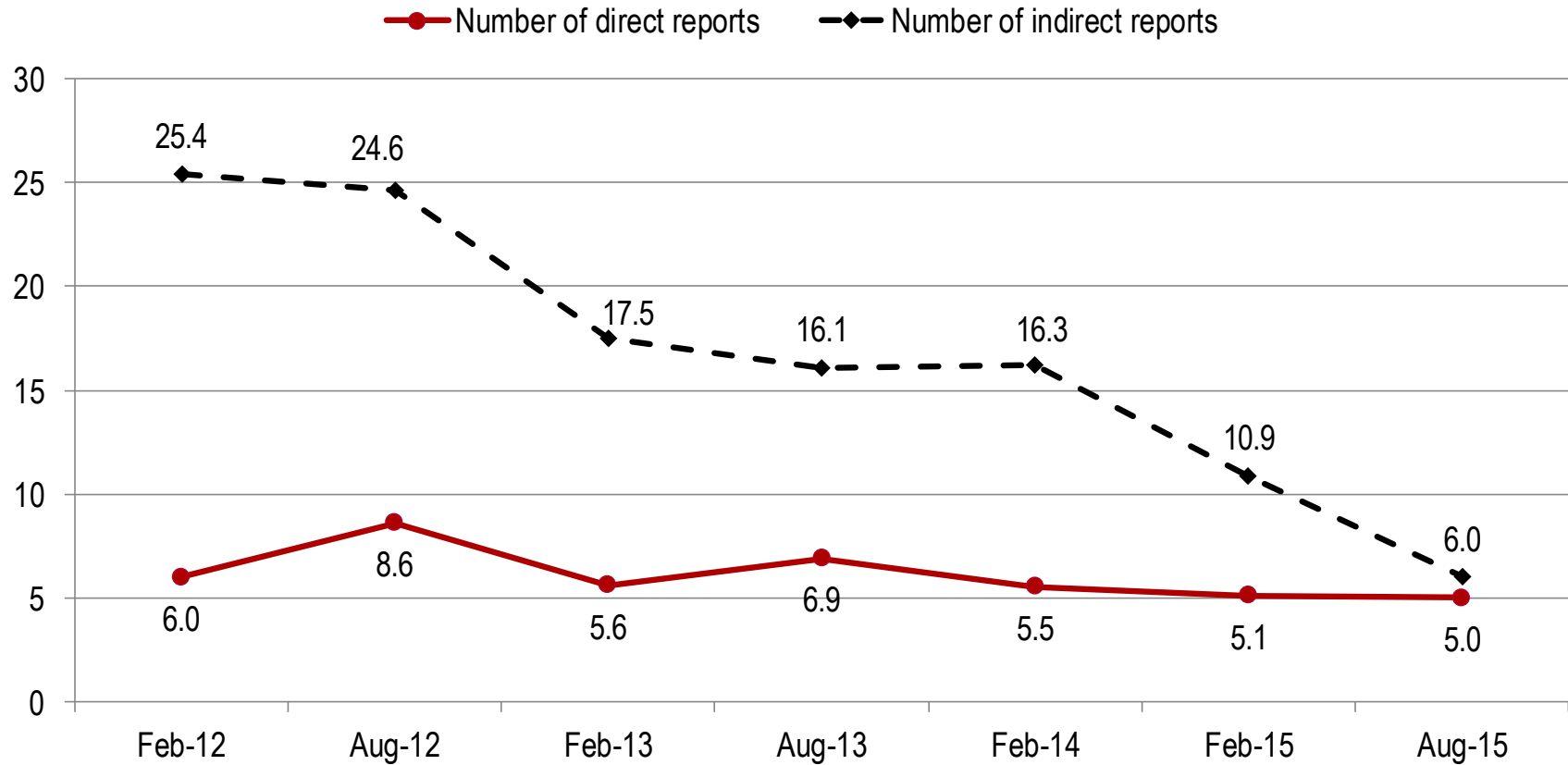
Jobs

Organization

Leadership

Analytics

Figure 8.2. Number of people reporting to top marketer



Best practices from marketing leaders

See full interviews at www.cmosurvey.org/cmo-insights/



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



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



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



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



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





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

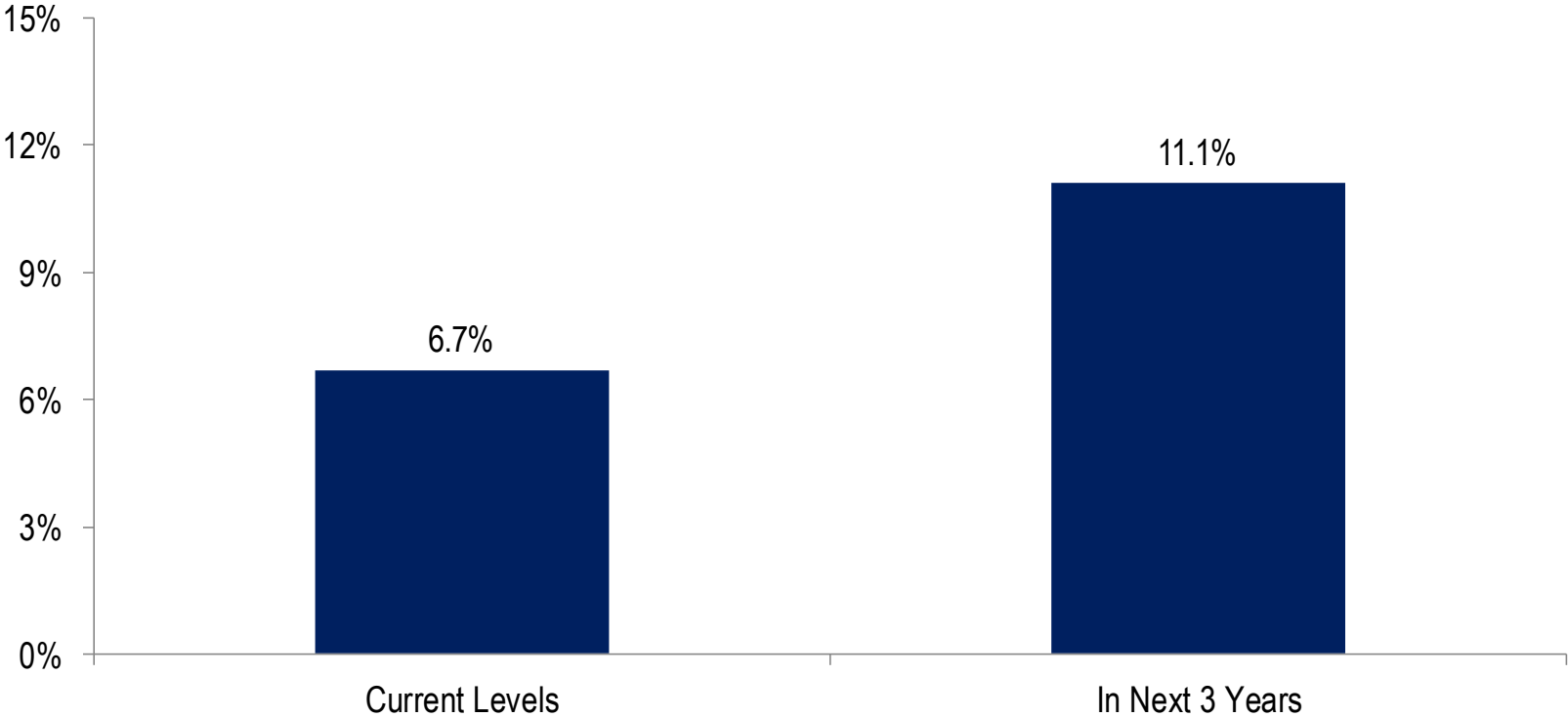
Topic 9: Marketing Analytics



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



Figure 9.1. Percent of marketing budget spent on marketing analytics



Spending on marketing analytics by firm and industry characteristics

Table 9.1a. Firm sector differences

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

Table 9.1c. Firm size differences

| | Current | In Next 3 years |
|------------|---------|-----------------|
| <\$25M | 5.2% | 10.0% |
| \$26-99M | 4.9% | 8.5% |
| \$100-499M | 4.1% | 8.4% |
| \$500-999M | 5.7% | 9.1% |
| \$1-9.9B | 10.0% | 14.7% |
| \$10+B | 11.7% | 15.9% |

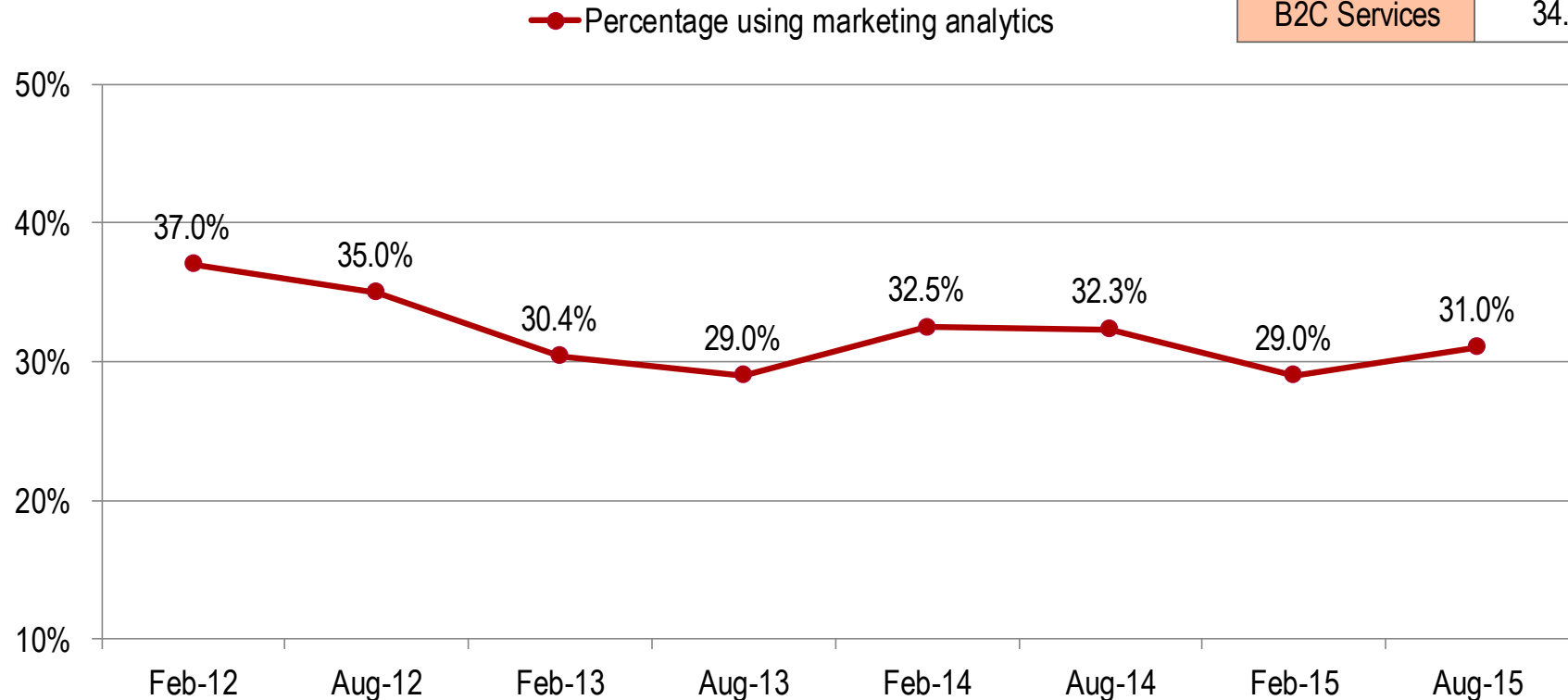
Table 9.1b. Firm Internet sales differences

| | Current | In Next 3 years |
|-------|---------|-----------------|
| 0% | 6.0% | 9.0% |
| 1-10% | 6.9% | 12.9% |
| >10% | 8.1% | 12.8% |

Only 31% of projects use available or request marketing analytics

Figure 9.2. Percentage of projects using available or requested marketing analytics*

| | |
|--------------|-------|
| B2B Product | 22.8% |
| B2B Services | 29.6% |
| B2C Product | 45.6% |
| B2C Services | 34.5% |

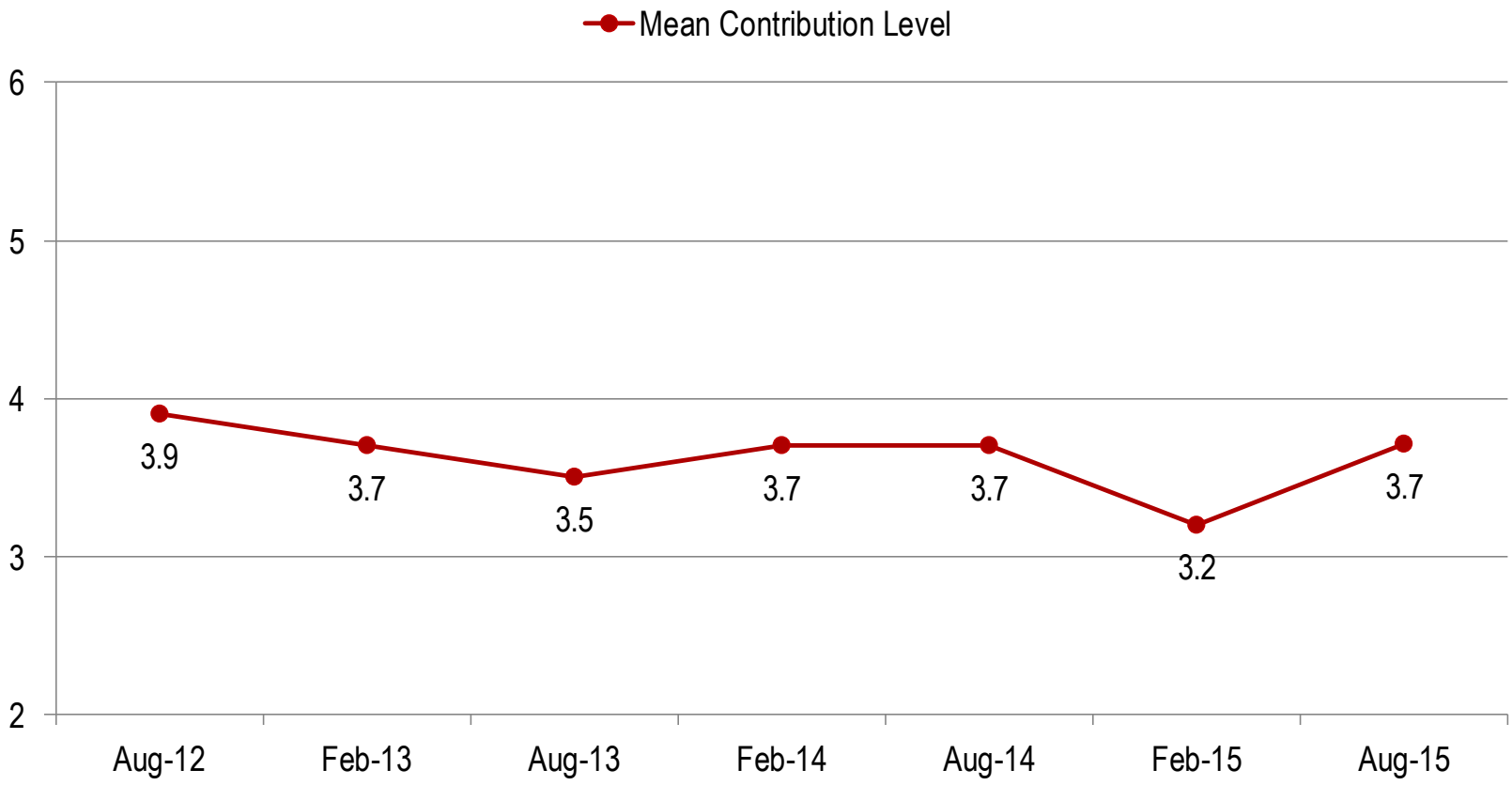


*This question was asked in Feb-12 for the first time.

Contribution of marketing analytics remains low



Figure 9.3. To what degree does the use of marketing analytics contribute to your company's performance? 1 = Not at all and 7 = Very highly



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

Marketing analytics contributions by sector and firm differences

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

Table 9.2a. Industry sector differences

| Sector | Mean (SD) |
|---------------------------|-----------|
| Banking/Finance/Insurance | 3.5 (2.0) |
| Communications/Media | 3.6 (2.3) |
| Consumer Packaged Goods | 4.3 (1.5) |
| Energy | 3.1 (1.9) |
| Healthcare/Pharma. | 4.0 (1.8) |
| Manufacturing | 2.5 (1.7) |
| Mining/Construction | 3.3 (2.1) |
| Retail/Wholesale | 3.9 (2.1) |
| Service/Consulting | 3.5 (1.9) |
| Tech Software Biotech | 3.8 (1.5) |
| Transportation | 3.4 (2.3) |

Table 9.2b. Economic sector differences

| Sector | Mean (SD) |
|--------------|-----------|
| B2B Product | 3.0 (1.7) |
| B2B Services | 3.9 (2.0) |
| B2C Product | 4.7 (1.3) |
| B2C Services | 3.9 (1.9) |

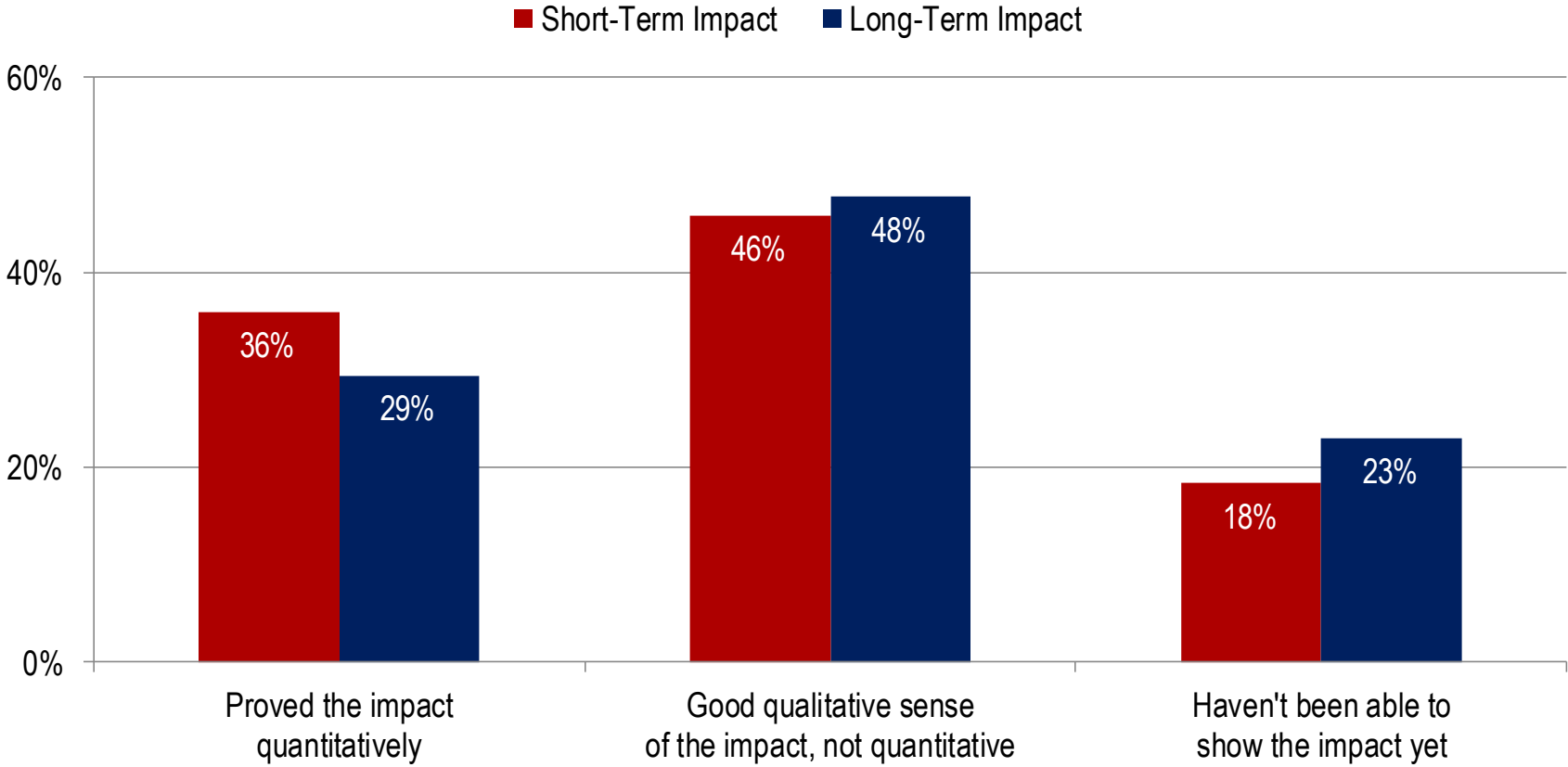
Table 9.2c. Firm Internet sales differences

| Firm sales | Mean (SD) |
|----------------|-----------|
| 0% of sales | 3.4 (1.9) |
| 1-10% of sales | 3.7 (1.6) |
| >10% of sales | 4.6 (1.8) |

Companies lack quantitative metrics to demonstrate marketing spending impact



Figure 9.4. Metrics for demonstrating impact of marketing spending on business



How companies use marketing analytics to drive decision making is changing

Table 9.5. Percentage of companies using marketing analytics

| Activity | Aug-13 | Aug-15 |
|-------------------------------------|--------|--------|
| Customer acquisition | 31.7% | 36.6% |
| Customer retention | 27.6% | 30.7% |
| Social media | 21.0% | 30.7% |
| Segmentation* | | 29.2% |
| Product or service strategy** | 18.8% | 20.2% |
| Branding | 22.0% | 26.5% |
| Pricing strategy | 23.7% | 21.8% |
| New product or service development* | | 20.2% |
| Promotion strategy | 23.7% | 29.2% |
| Marketing mix | 21.7% | 31.5% |
| Multichannel marketing | 13.4% | 16.3% |

Greater use of marketing analytics:

- Customer acquisition
- Customer retention
- Social media
- Product line/assortment optimization
- Branding
- Promotion strategy
- Marketing mix
- Multichannel marketing

Weaker use of marketing analytics:

- Pricing strategy

*Question was asked for the first time in August 2015

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

Preview



Next survey: January 2016

Participate: Sign up [here](#)

Media: [Press releases and coverage](#)

Feedback: Send comments to moorman@duke.edu

