The **CMO** Survey

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

Highlights and Insights Report

August 2017

Deloitte.

DUKE THE FUQUA SCHOOL OF BUSINESS

AMA | AMERICAN MARKETING ASSOCIATION

cmosurvey.org

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.

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 2017 survey is the 19th administration of The CMO Survey.

Sponsoring organizations

- 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

Survey sample

- 2628 top U.S. marketers at for-profit companies
- 349 responded for a 13.3% response rate

Survey administration

- Email contact with four follow-up reminders
- Survey in field from July 18, 2017 – August 8, 2017
- 92.3% 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

Two other reports are available at cmosurvey.org/results

- *The Topline Report*: Results reported at the aggregate level
- *Results by Firm and Industry Characteristics*: Results reported within sectors, size, and Internet sales

Survey topics

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Topic 1

Marketplace Dynamics

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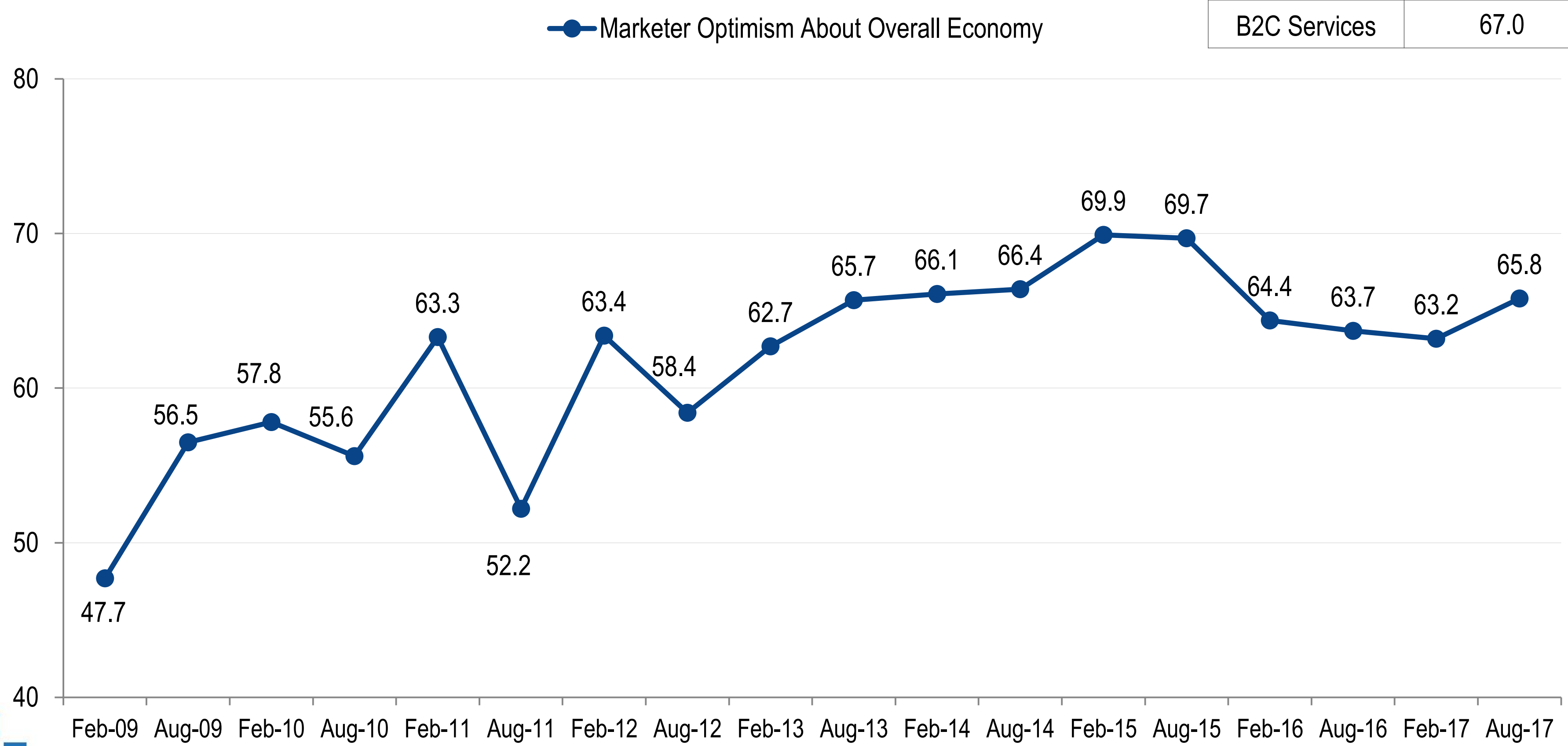
Outlook on the U.S. economy remains positive

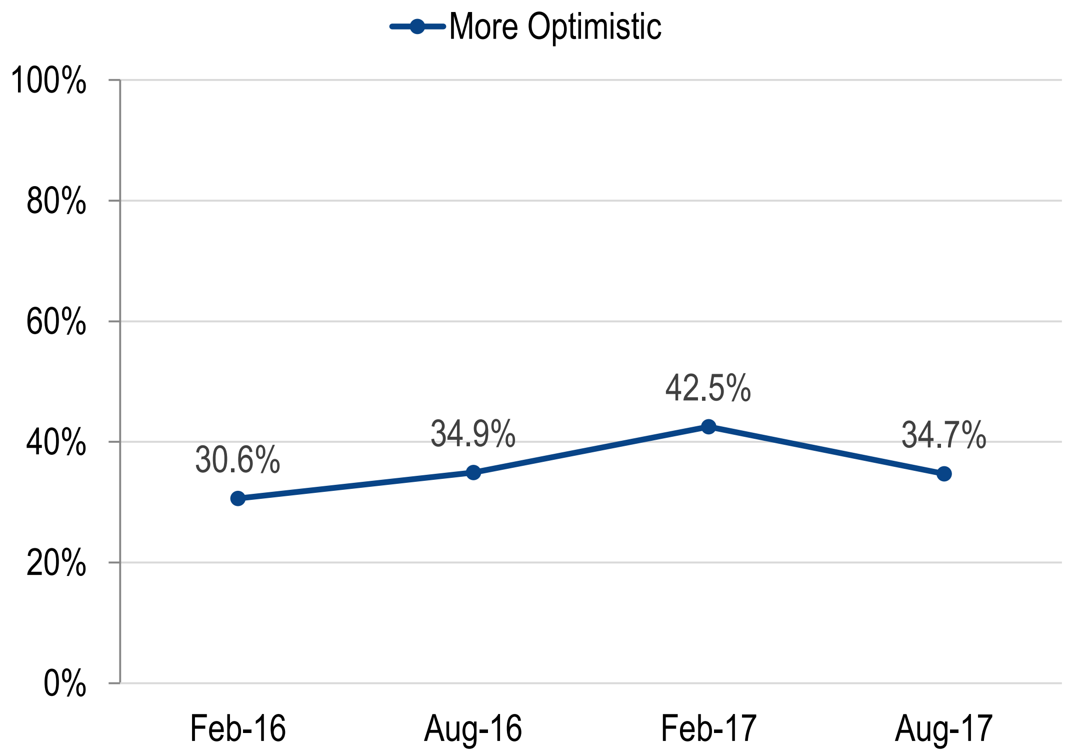
Overall	65.8
B2B Product	66.2
B2B Services	64.2
B2C Product	67.8
B2C Services	67.0

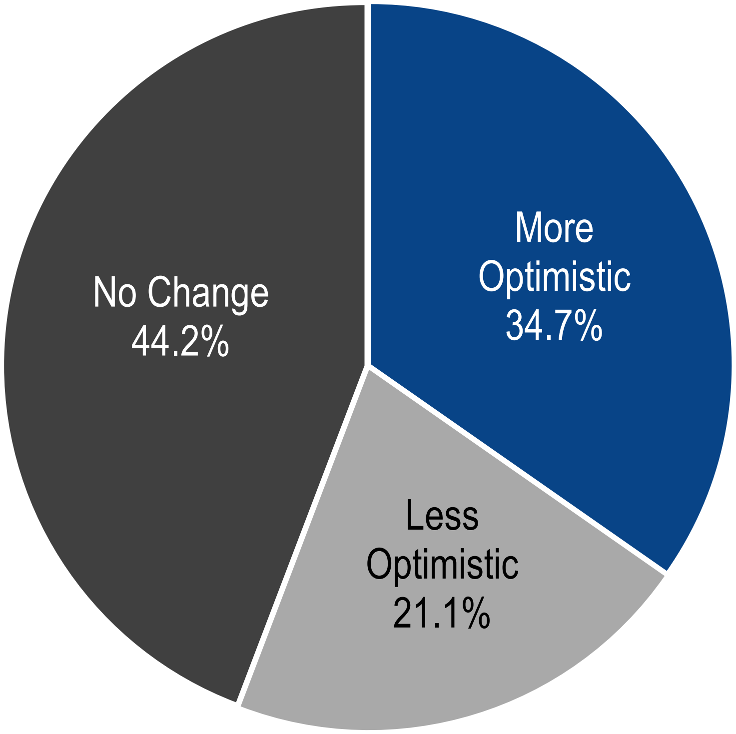
Figure 1.1. How optimistic are you about the overall U.S. economy on a 0-100 scale with 0 being least optimistic and 100 most optimistic?



Marketer economic optimism slows over the last quarter

Figure 1.1. Are you more or less optimistic about the overall U.S. economy compared to last quarter?





Economic outlook by industry

Figure 1.1. Are you more or less optimistic about the overall U.S. economy compared to last quarter?

	More optimistic	Less optimistic	No change
Overall	34.7%	21.2%	44.2%
Banking/Finance/Insurance	32.2%	21.4%	46.4%
Communications/Media	30.8%	26.9%	42.3%
Consumer Packaged Goods	31.6%	21.0%	47.4%
Consumer Services	12.5%	50.0%	37.5%
Education	66.7%	0.0%	33.3%
Energy	38.4%	30.8%	30.8%
Healthcare	28.6%	8.6%	62.8%
Manufacturing	41.5%	14.6%	43.9%
Mining/Construction	50.0%	0.0%	50.0%
Service Consulting	30.5%	23.7%	45.8%
Retail/Wholesale	37.9%	24.2%	37.9%
Tech/Software/Biotech	37.2%	21.6%	41.2%
Transportation	50.0%	20.0%	30.0%

Customer indictors mixed

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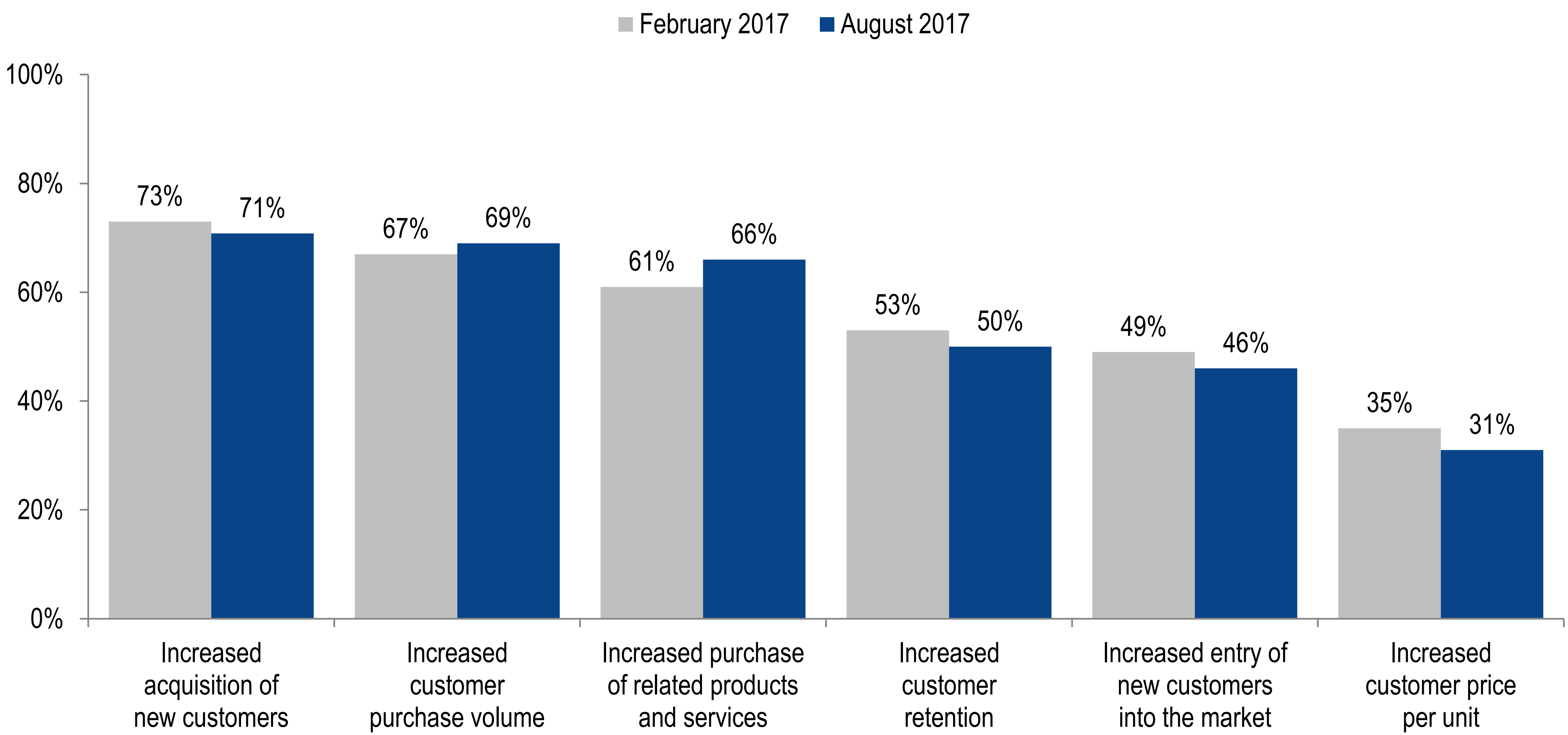
Figure 1.3. Forecasted customer outcomes in next 12 months (% of respondents)



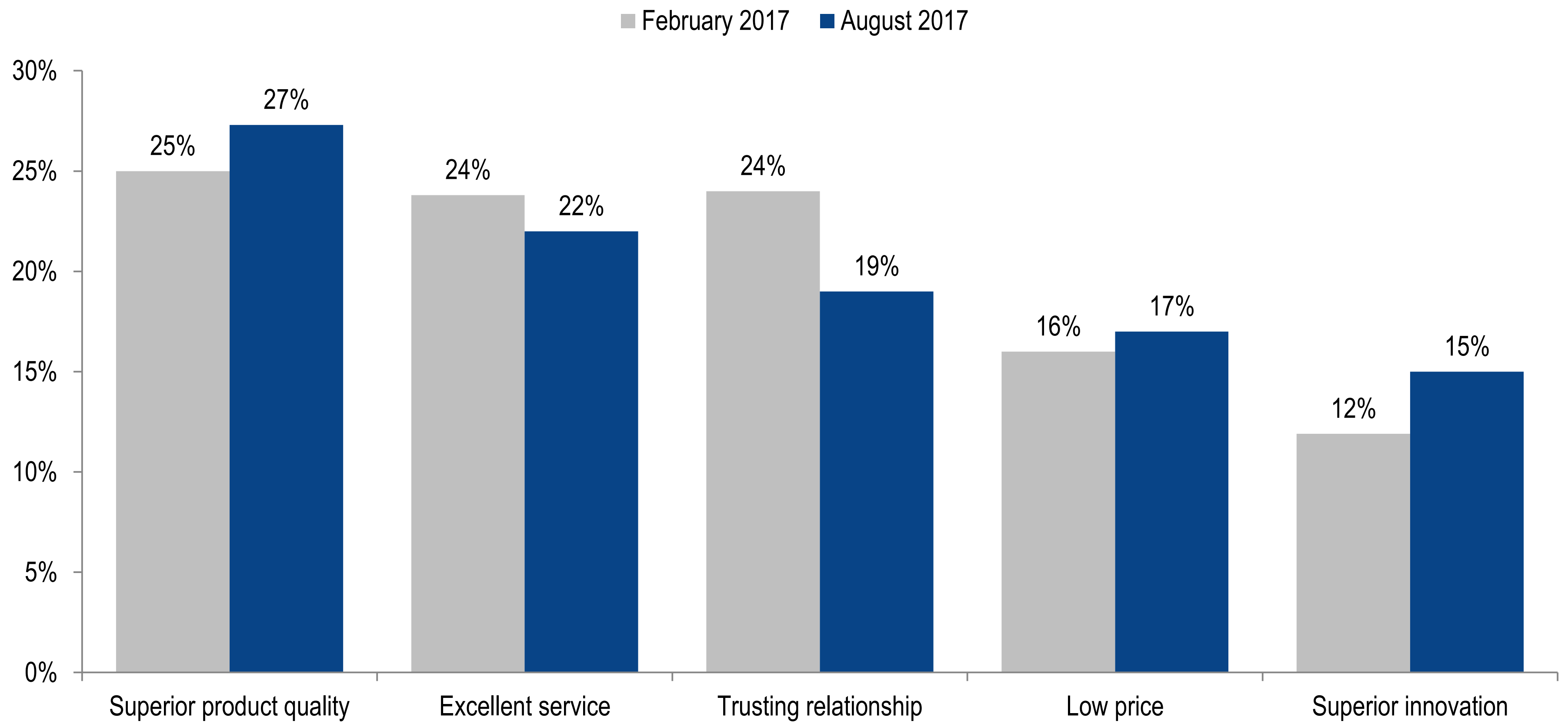
Customer outlook by industry

Table 1.2. Forecasted customer outcomes by industry

	Acquisition of new customers	Customer purchase volume	Purchase of related products & services	Customer retention	Entry of new customers into market	Price per unit
Overall	71%	69%	66%	50%	46%	31%
Banking/Finance/Insurance	96%	80%	76%	52%	56%	24%
Communications/Media	75%	60%	80%	45%	50%	37%
Consumer Packaged Goods	67%	56%	33%	61%	56%	35%
Consumer Services	63%	38%	50%	50%	38%	63%
Education	33%	100%	100%	67%	100%	0%
Energy	62%	69%	46%	54%	23%	23%
Healthcare	77%	69%	66%	57%	43%	18%
Manufacturing	66%	73%	63%	39%	39%	29%
Mining/Construction	50%	50%	50%	50%	0%	50%
Service Consulting	59%	68%	55%	47%	40%	28%
Retail/Wholesale	58%	56%	56%	50%	35%	23%
Tech/Software/Biotech	81%	81%	92%	47%	57%	38%
Transportation	89%	67%	67%	67%	56%	67%

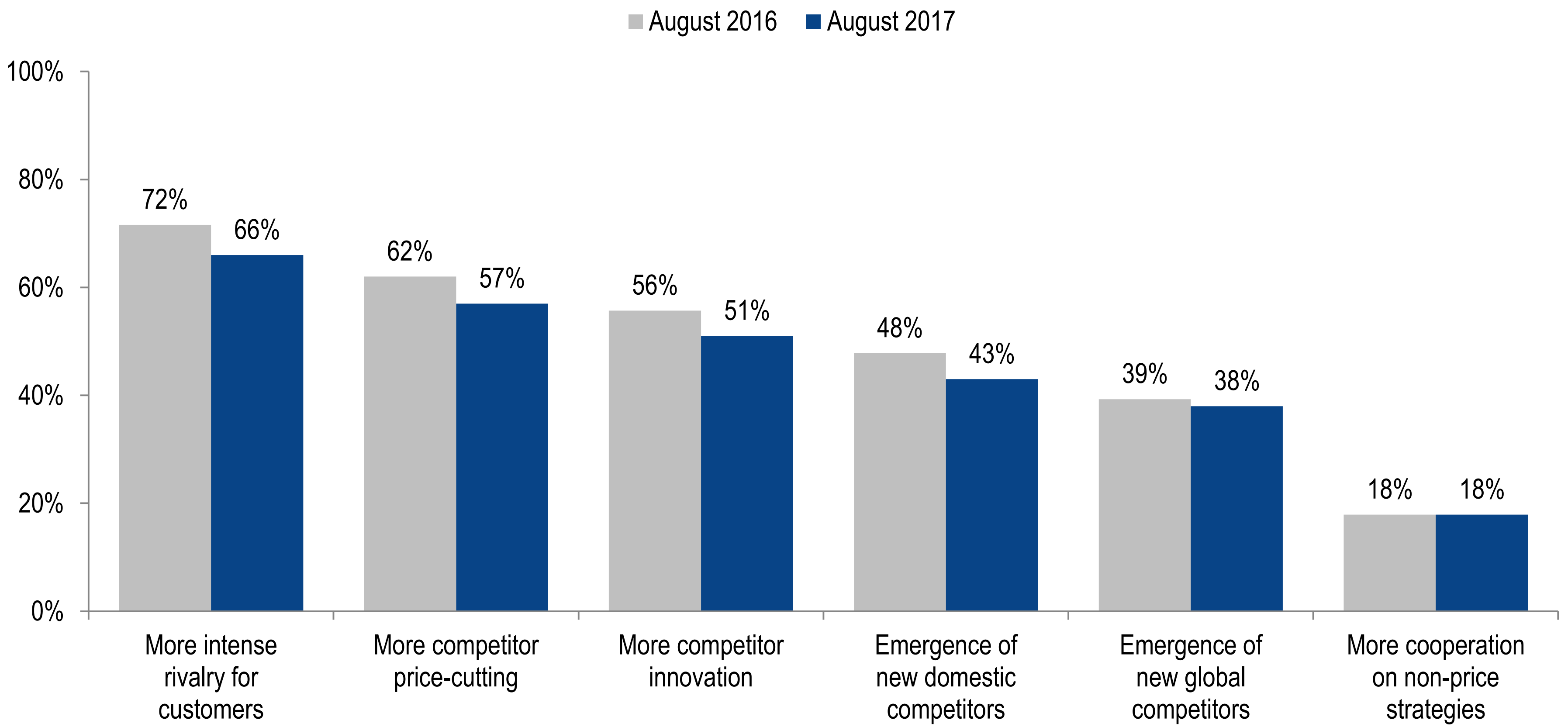
Customer priorities shift toward innovation and away from service and trusting relationship

Figure 1.3. Customers' top priority in next 12 months (% of respondents)



Competitor indicators positive for existing market players

Figure 1.4. Increased competitor interactions in next 12 months (% of respondents)*



*This question is asked only once a year in August.

Competitor outlook by industry

Table 1.3. Forecasted competitor outcomes by industry

	Intense rivalry for customers	Competitor price cutting	Competitor innovation	New domestic competitors	New global competitors	Cooperation on non-price strategies
Overall	66%	57%	51%	43%	38%	18%
Banking/Finance/Insurance	80%	44%	80%	60%	24%	16%
Communications/Media	65%	55%	35%	45%	35%	10%
Consumer Packaged Goods	78%	72%	61%	56%	44%	17%
Consumer Services	50%	38%	63%	63%	38%	13%
Education	33%	0%	33%	0%	0%	33%
Energy	69%	46%	23%	39%	69%	23%
Healthcare	60%	40%	40%	49%	27%	24%
Manufacturing	68%	63%	37%	24%	46%	20%
Mining/Construction	100%	50%	50%	0%	50%	50%
Service Consulting	59%	51%	47%	42%	32%	15%
Retail/Wholesale	73%	62%	54%	54%	35%	8%
Tech/Software/Biotech	60%	70%	61%	36%	40%	23%
Transportation	78%	89%	78%	44%	56%	22%

Topic 2

Firm Growth Strategies

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Existing markets and offerings continue to dominate growth spending

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. Spending on growth in past 12 months*

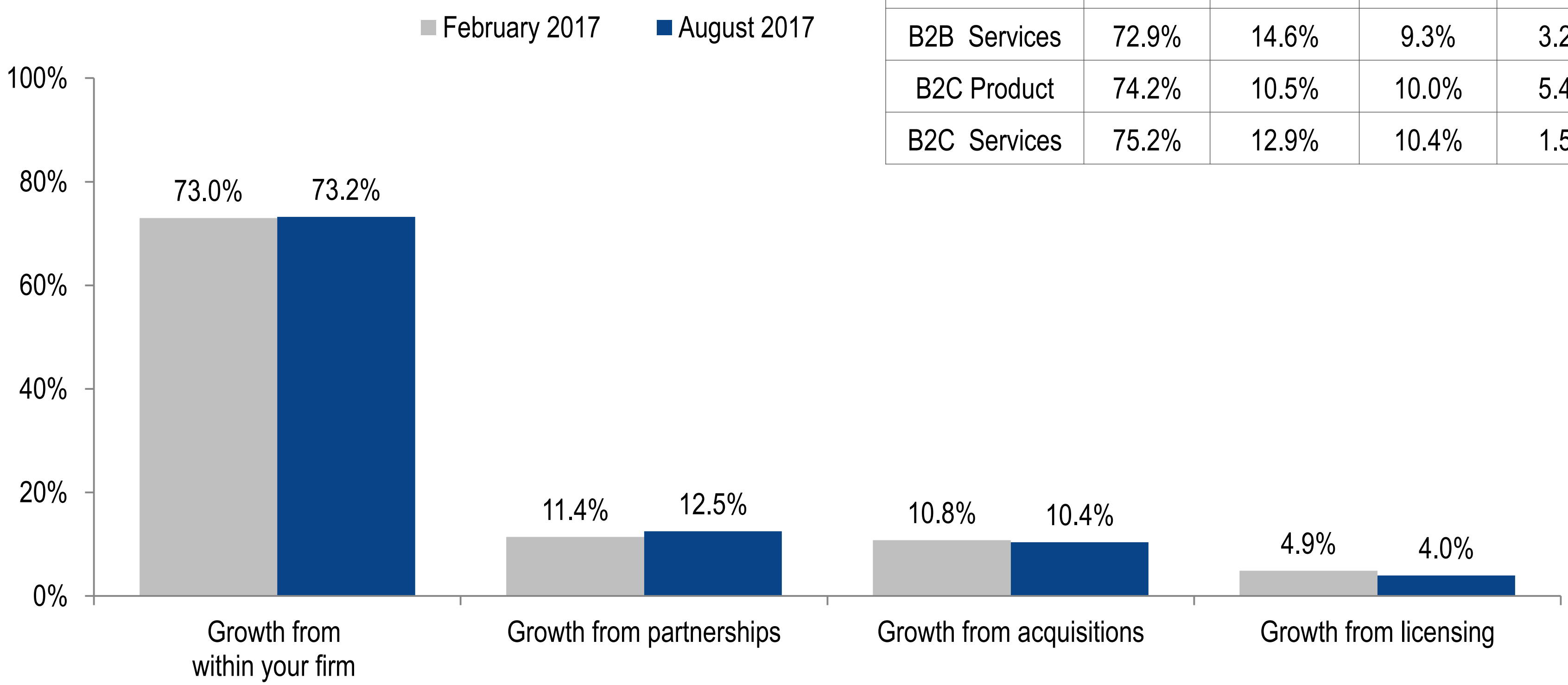
Growth Strategy	Feb-2017	Aug-2017
Market Penetration Strategy	51.1%	53.2%
Product/Service Development Strategy	24.2%	22.3%
Market Development Strategy	15.0%	15.0%
Diversification Strategy	9.7%	9.5%

* % of spending for each growth strategy

Internal activities drive overall firm growth investments

Figure 2.1. How firms will grow in the next 12 months*

	Internal	Partnerships	Acquisitions	Licensing
Overall	73.2%	12.5%	10.4%	4.0%
B2B Product	71.8%	11.3%	11.7%	5.2%
B2B Services	72.9%	14.6%	9.3%	3.2%
B2C Product	74.2%	10.5%	10.0%	5.4%
B2C Services	75.2%	12.9%	10.4%	1.5%



* Percentage of growth spending in each category. Question asked irregularly. Full time series available shown.

Company sales through Internet remain modest at 11.8%

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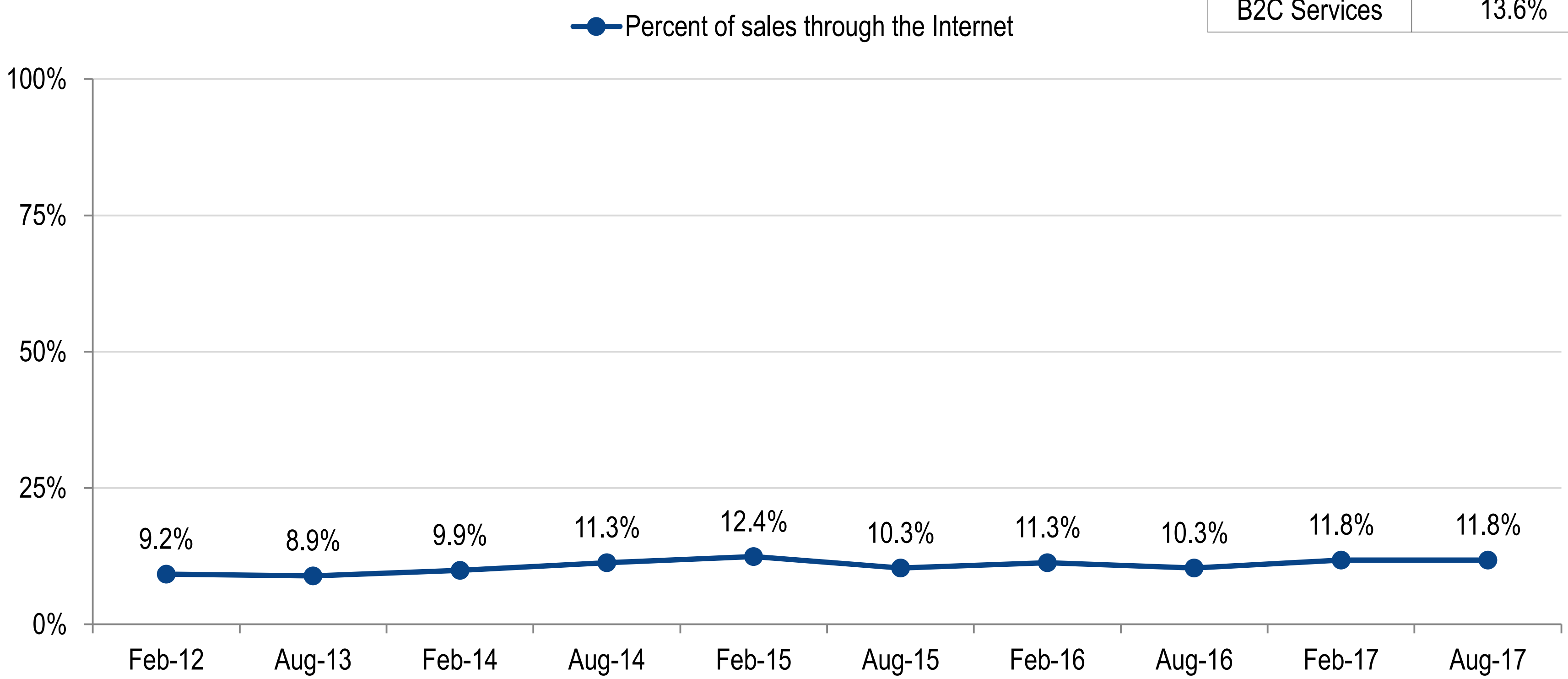
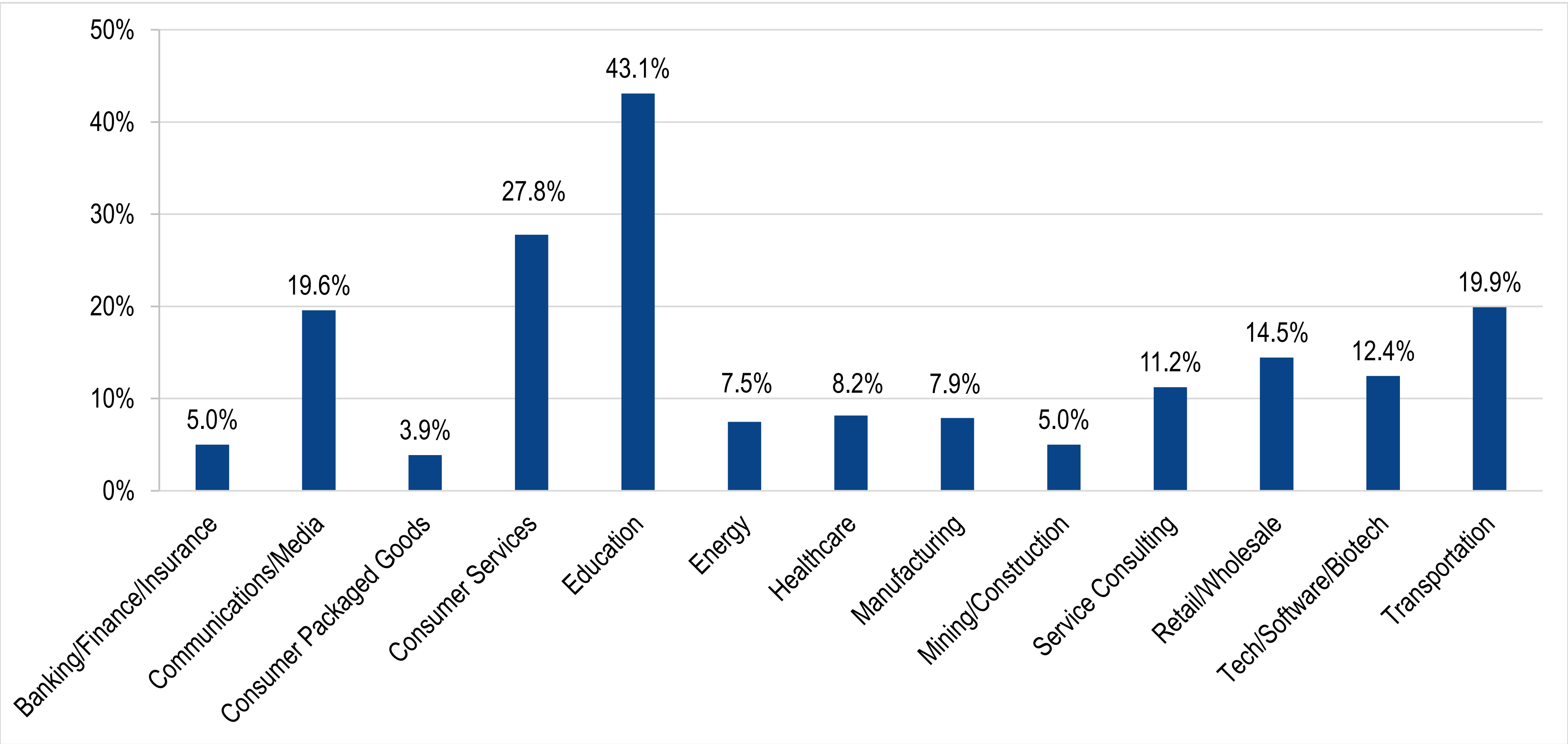
Overall	11.8%
B2B Product	7.6%
B2B Services	14.2%
B2C Product	14.2%
B2C Services	13.6%

Figure 2.2. Percent of company sales through the Internet



Education and consumer services lead Internet sales

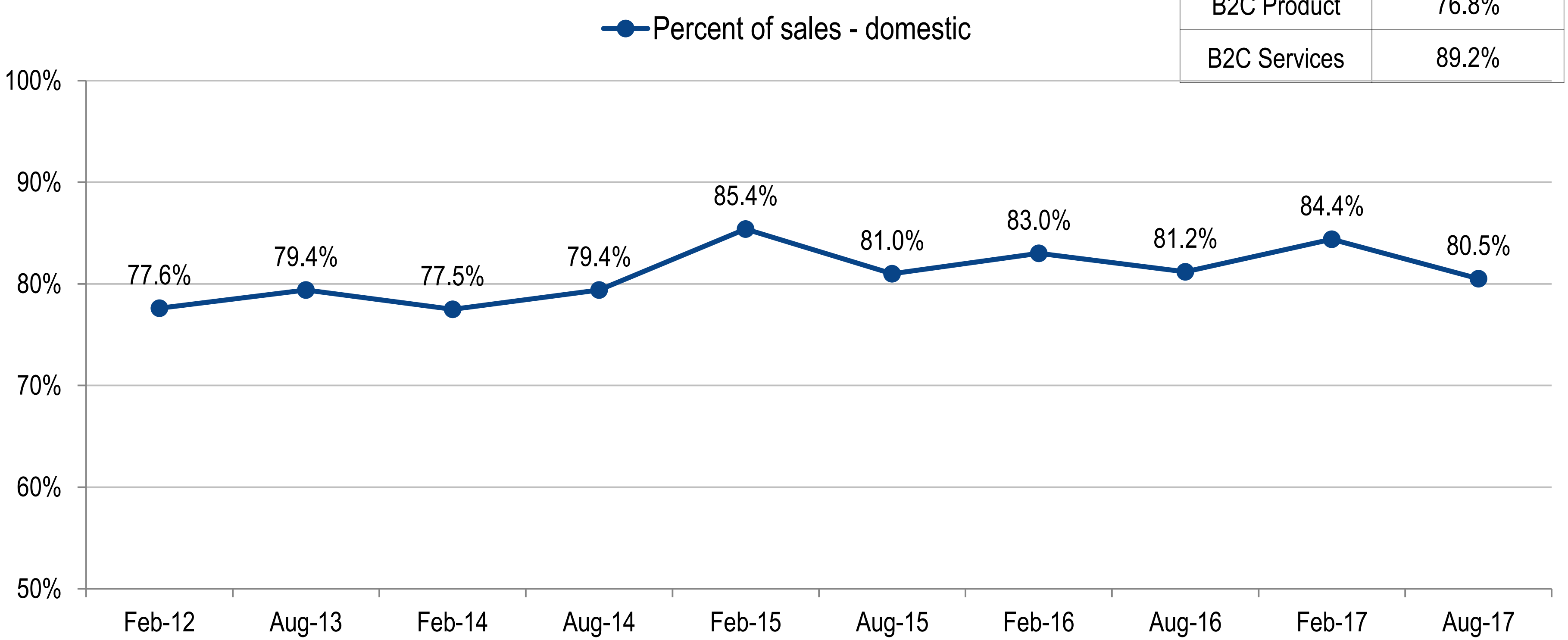
Figure 2.3. **Percent of company sales from Internet**



Company sales from domestic markets remain dominate

Figure 2.4. Percent of company sales from domestic markets

Overall	80.5%
B2B Product	75.9%
B2B Services	82.6%
B2C Product	76.8%
B2C Services	89.2%



Topic 3

Marketing Spending

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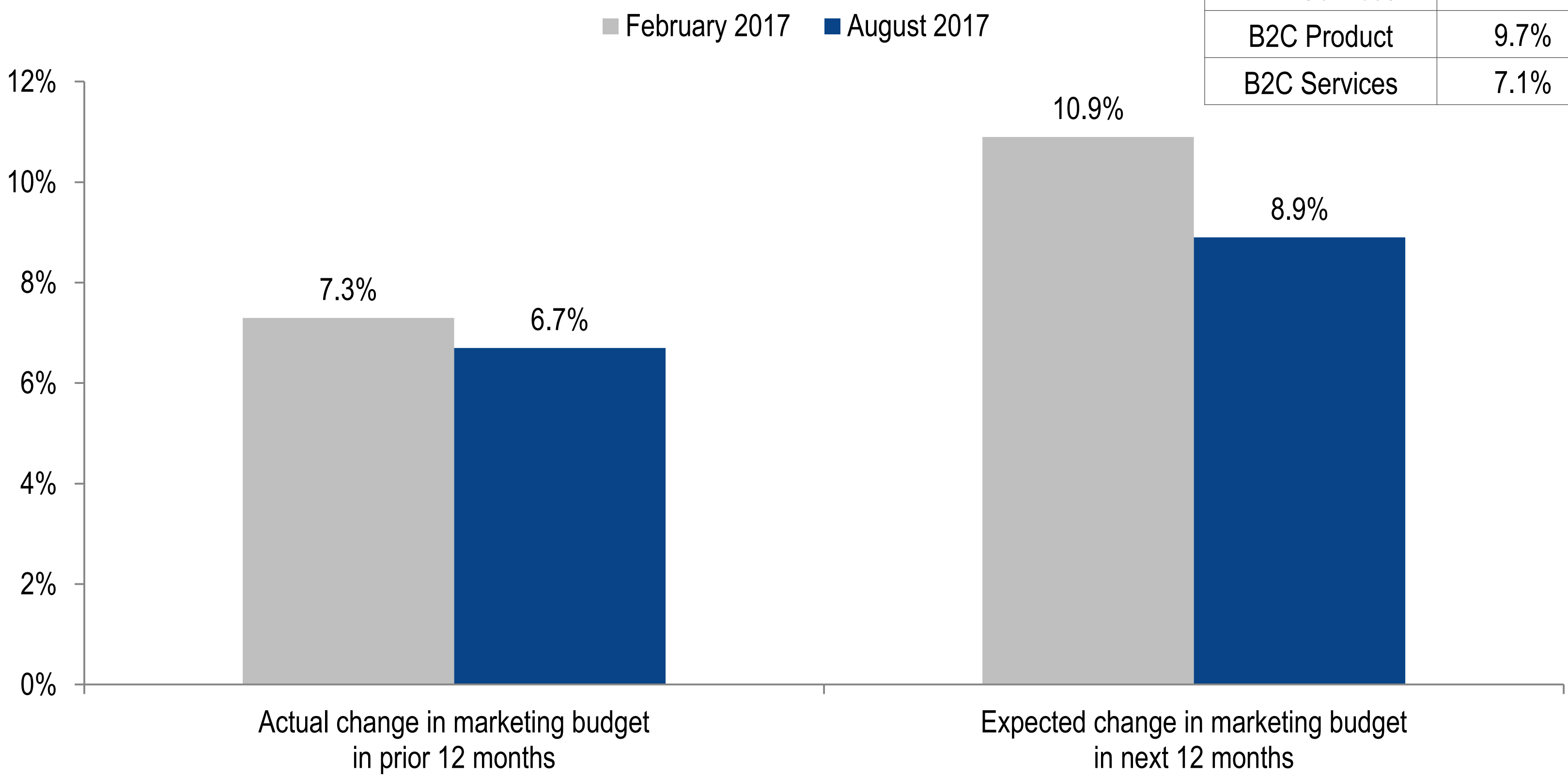
Growth in marketing budgets declines

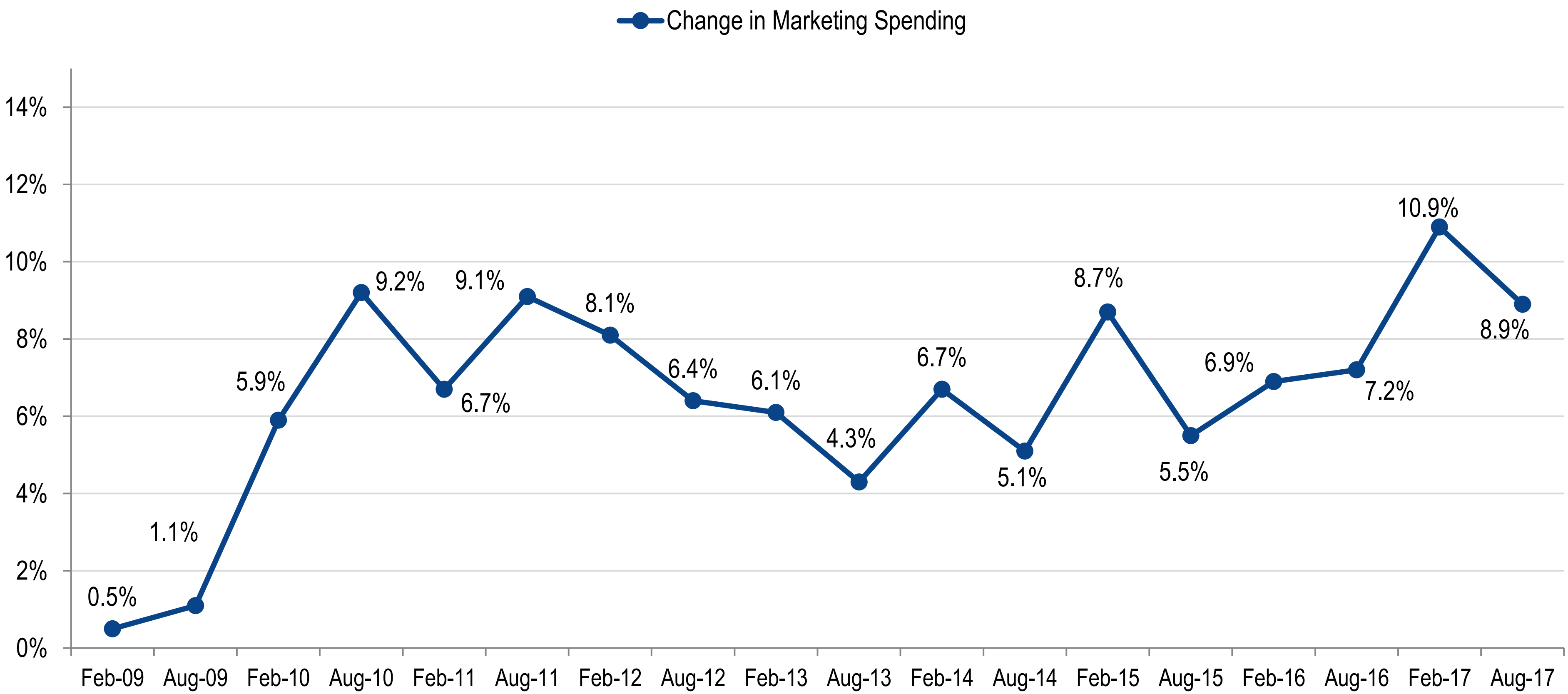
Figure 3.1. Percent change in marketing budgets

	Prior 12 months	Next 12 months
Overall	6.7%	8.9%
B2B Product	5.0%	6.8%
B2B Services	7.4%	11.0%
B2C Product	9.7%	10.1%
B2C Services	7.1%	8.3%



Expected changes in marketing budgets over time (2009-2017)

Figure 3.2. Expected percent change in marketing budgets in next 12 months



All industries expect growth in marketing budgets

Figure 3.3. Expected percent change in marketing budgets in next 12 months

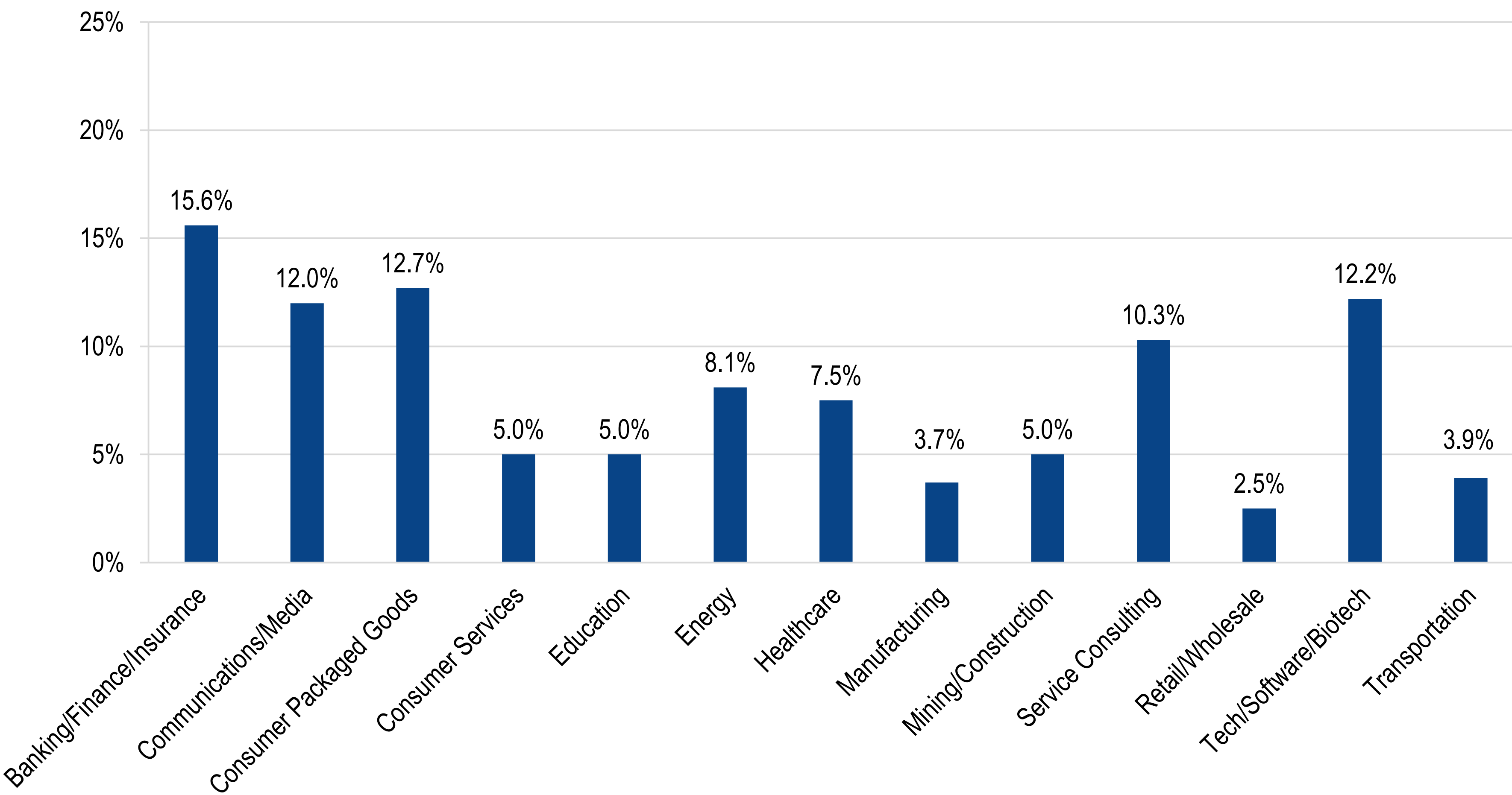
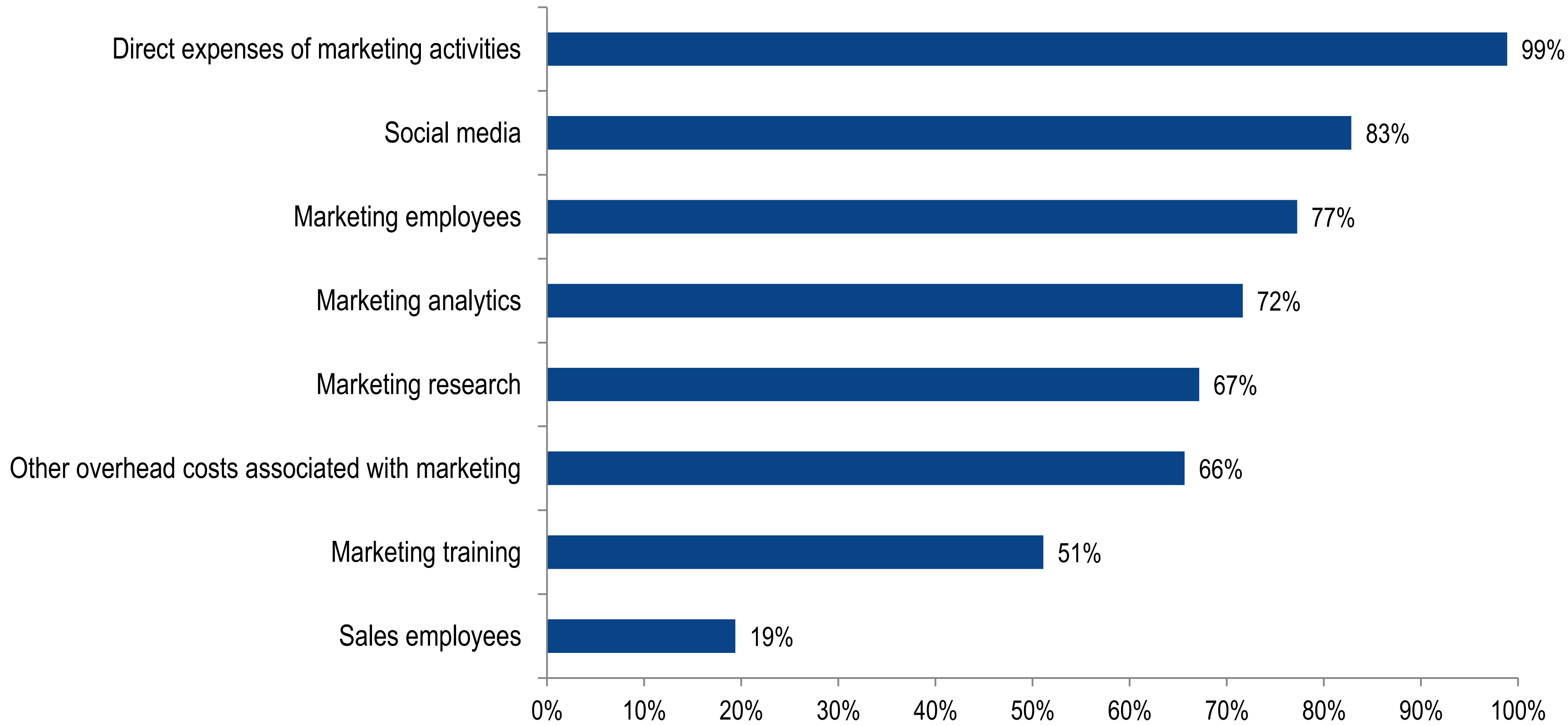


Figure 3.4. Expenses included in marketing budgets (% of companies)**

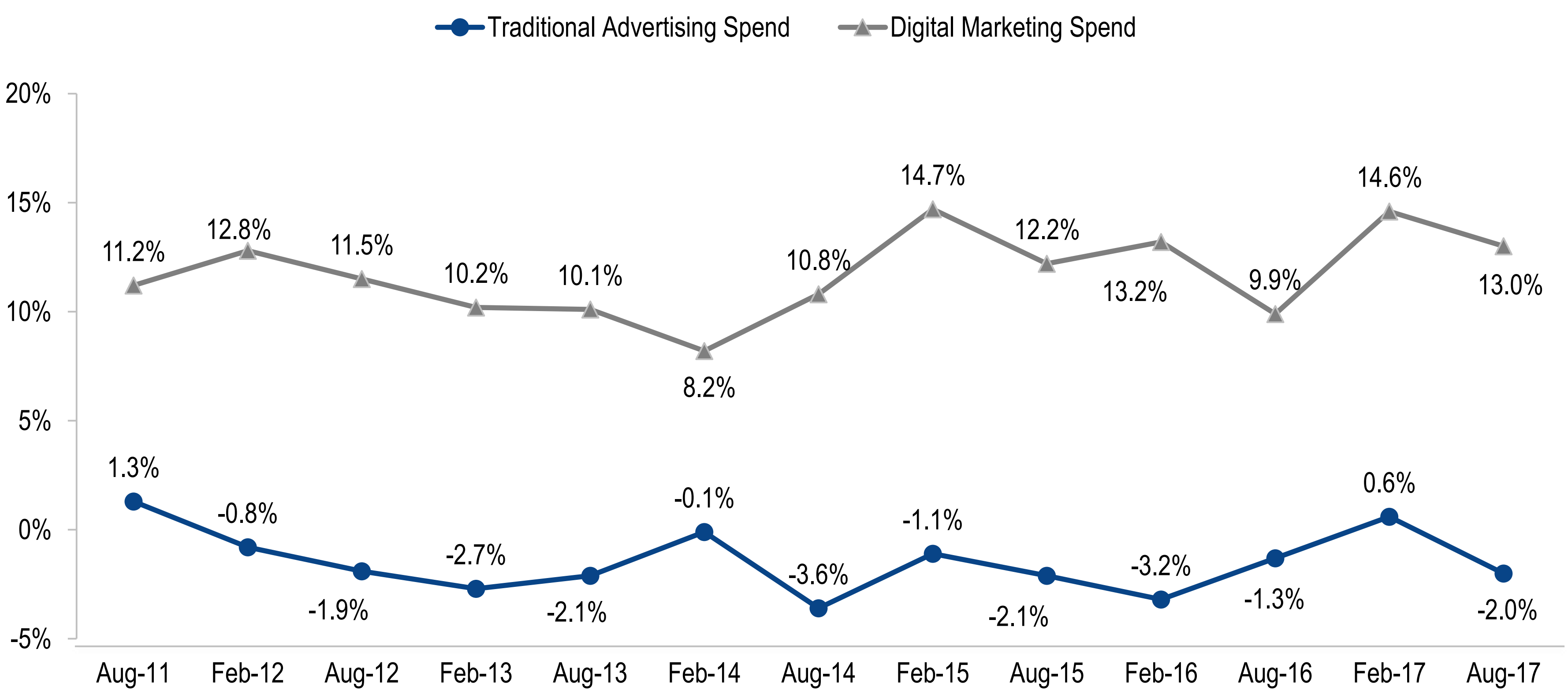


*This question has been updated from the August 2016 reports to reflect the total number of respondents completing the question. The prior percentages reflected the number of people participating in the survey, not the number of people answering the question. This table is included in this report as an update.

**Percentages reflect the number of marketers agreeing that the expense is included in their companies' marketing budgets.

How digital and traditional advertising spend have changed over time

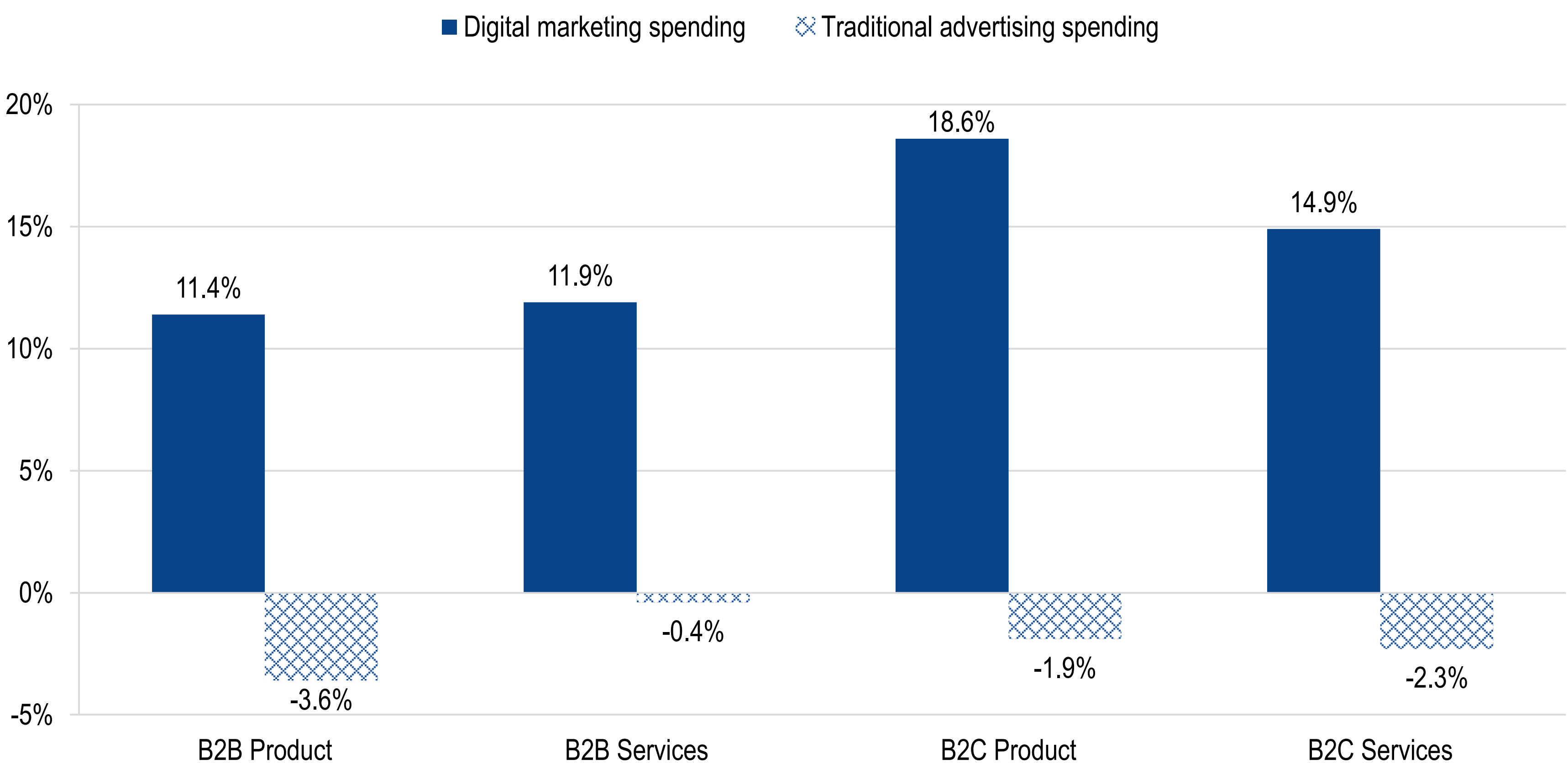
Figure 3.5. Percent change in traditional advertising* vs. digital marketing spend in next 12 months



*Refers to media advertising not using the Internet.

Digital marketing dominates marketing spend across economic sectors

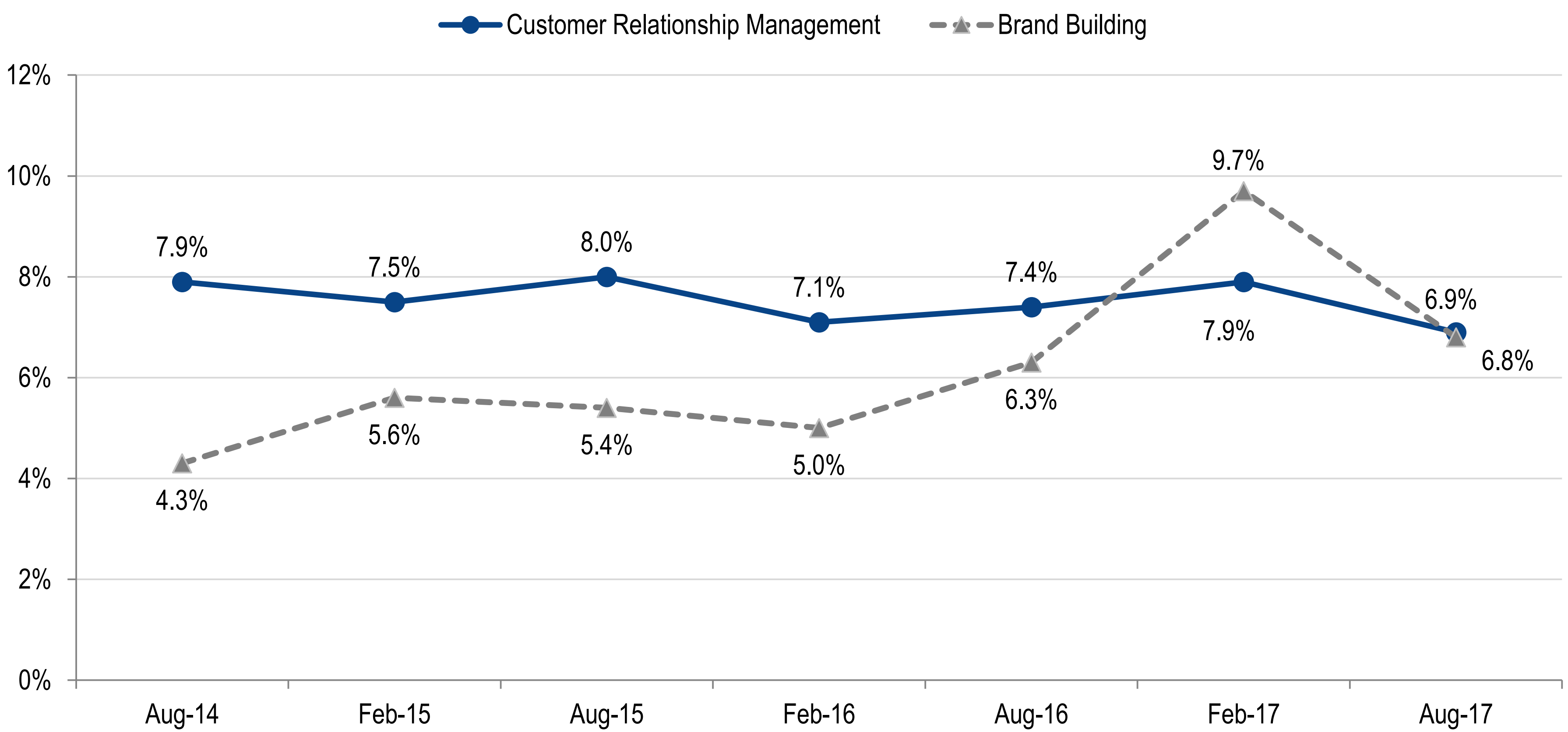
Figure 3.6. Percent change in traditional advertising* vs. digital marketing spend in next 12 months



*Refers to media advertising not using the Internet.

Brand building and CRM spending dip

Figure 3.7. Percent change in CRM and brand spending expected in next 12 months



Marketing budgets represent 11.4% of firm budgets

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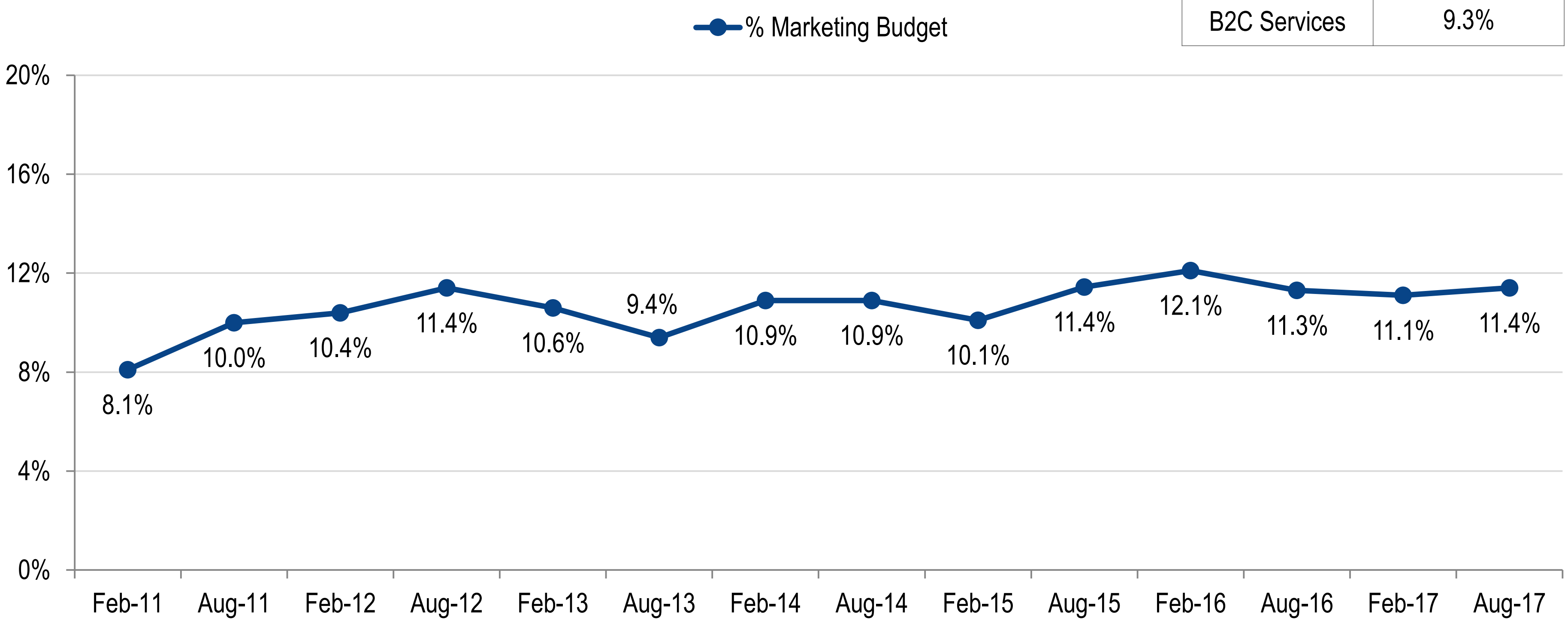
Overall	11.4%
B2B Product	10.4%
B2B Services	12.6%
B2C Product	13.4%
B2C Services	9.3%

Figure 3.8. Marketing budget as percent of firm budget*

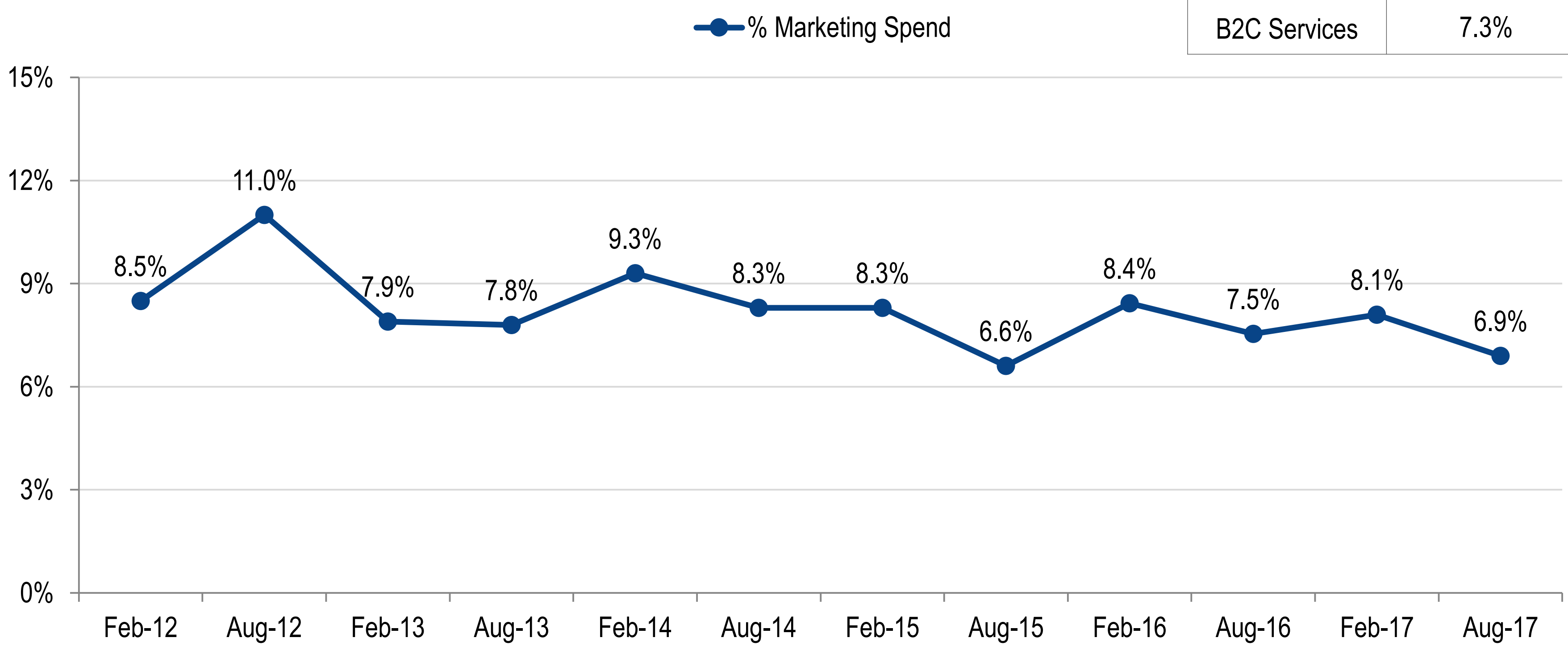


*Question asked in Feb-11 for the first time.

Marketing spend is 6.9% of company revenues

Figure 3.9. Marketing spending as percent of company revenues*

Overall	6.9%
B2B Product	6.4%
B2B Services	6.8%
B2C Product	8.6%
B2C Services	7.3%



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

Marketing spend as percent of revenues by industry

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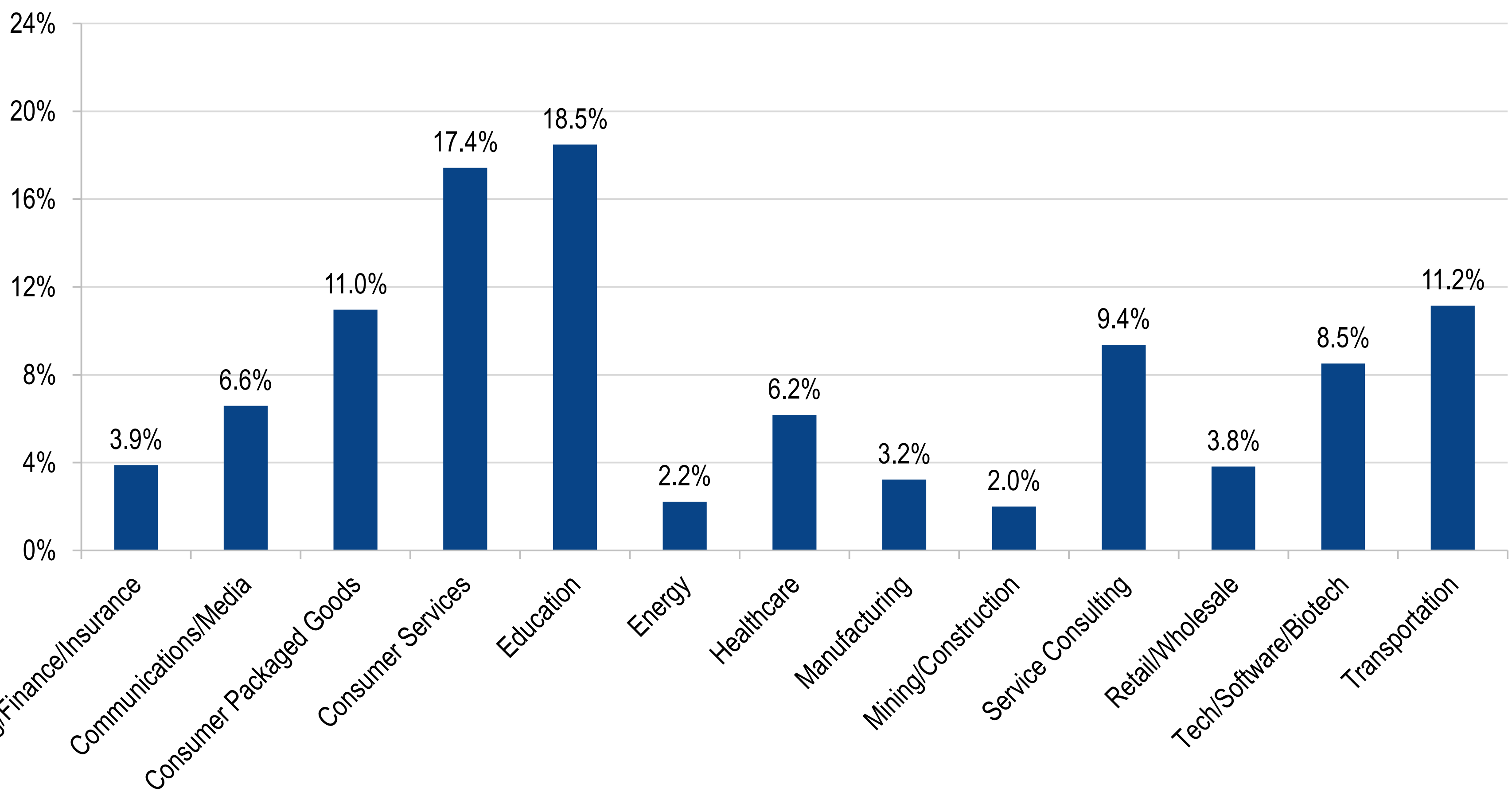
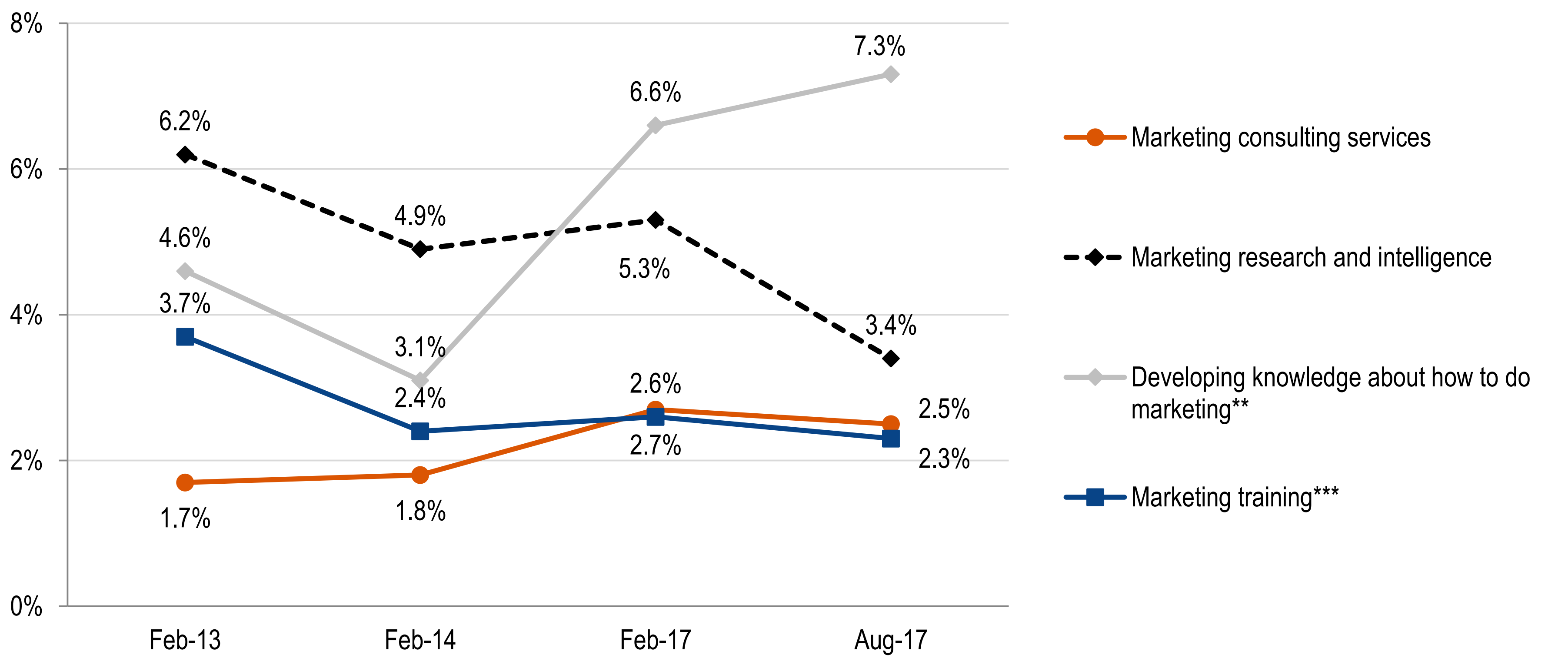
<u>Figure 3.9</u>. Marketing spending as percent of company revenues*



Investments in capability development remain top marketing knowledge priority

Figure 3.10. Percent change in marketing knowledge investments expected in next 12 months*



*All data available for this question are shown.
**Developing knowledge about how to do marketing refers to the development of new marketing capabilities.
***Marketing training involves transferring existing marketing knowledge to employees.

Marketing knowledge investments by economic sector

Table 3.1. Percent change in marketing knowledge investments expected in next 12 months

	Overall Mean (SD)	B2B Product	B2B Services	B2C Product	B2C Services
Marketing consulting services	2.5% (9.0%)	2.9% (10.7%)	1.6% (7.3%)	1.9% (9.4%)	4.0% (7.9%)
Marketing research and intelligence	3.4% (8.7%)	2.7% (7.0%)	4.9% (10.1%)	4.6% (12.0%)	1.2%(3.4%)
Developing knowledge about how to do marketing*	7.3% (11.8%)	5.1% (8.9%)	10.8% (15.0%)	6.8% (11.0%)	5.4% (9.1%)
Marketing training**	2.3% (6.0%)	2.0% (5.7%)	3.1% (7.2%)	2.6% (5.3%)	1.4% (4.4%)

*Developing knowledge about how to do marketing refers to the development of new marketing capabilities.
**Marketing training involves transferring existing marketing knowledge to employees.

Table 3.2. Knowledge investments in next 12 months by industry sector

	Marketing consulting services	Marketing research and intelligence	Developing knowledge about how to do marketing*	Marketing training**
Overall	2.5%	3.4%	7.3%	2.3%
Banking/Finance/Insurance	4.0%	6.6%	11.0%	3.8%
Communications/Media	-0.2%	5.4%	8.2%	3.2%
Consumer Packaged Goods	0.4%	6.8%	6.3%	2.5%
Consumer Services	0.0%	0.0%	6.7%	1.7%
Education	-3.3%	1.7%	8.3%	3.3%
Energy	0.0%	0.6%	3.6%	0.0%
Healthcare	5.1%	2.4%	6.3%	3.0%
Manufacturing	1.6%	3.7%	2.9%	1.0%
Mining/Construction	10.0%	5.0%	5.0%	0.0%
Service Consulting	3.0%	4.0%	9.7%	2.1%
Retail/Wholesale	4.0%	1.5%	7.3%	2.1%
Tech/Software/Biotech	2.4%	2.3%	8.9%	2.9%
Transportation	0.0%	-0.3%	5.0%	1.7%

*Developing knowledge about how to do marketing refers to the development of new marketing capabilities.
**Marketing training involves transferring existing marketing knowledge to employees.

Topic 4

Financial and Marketing Performance

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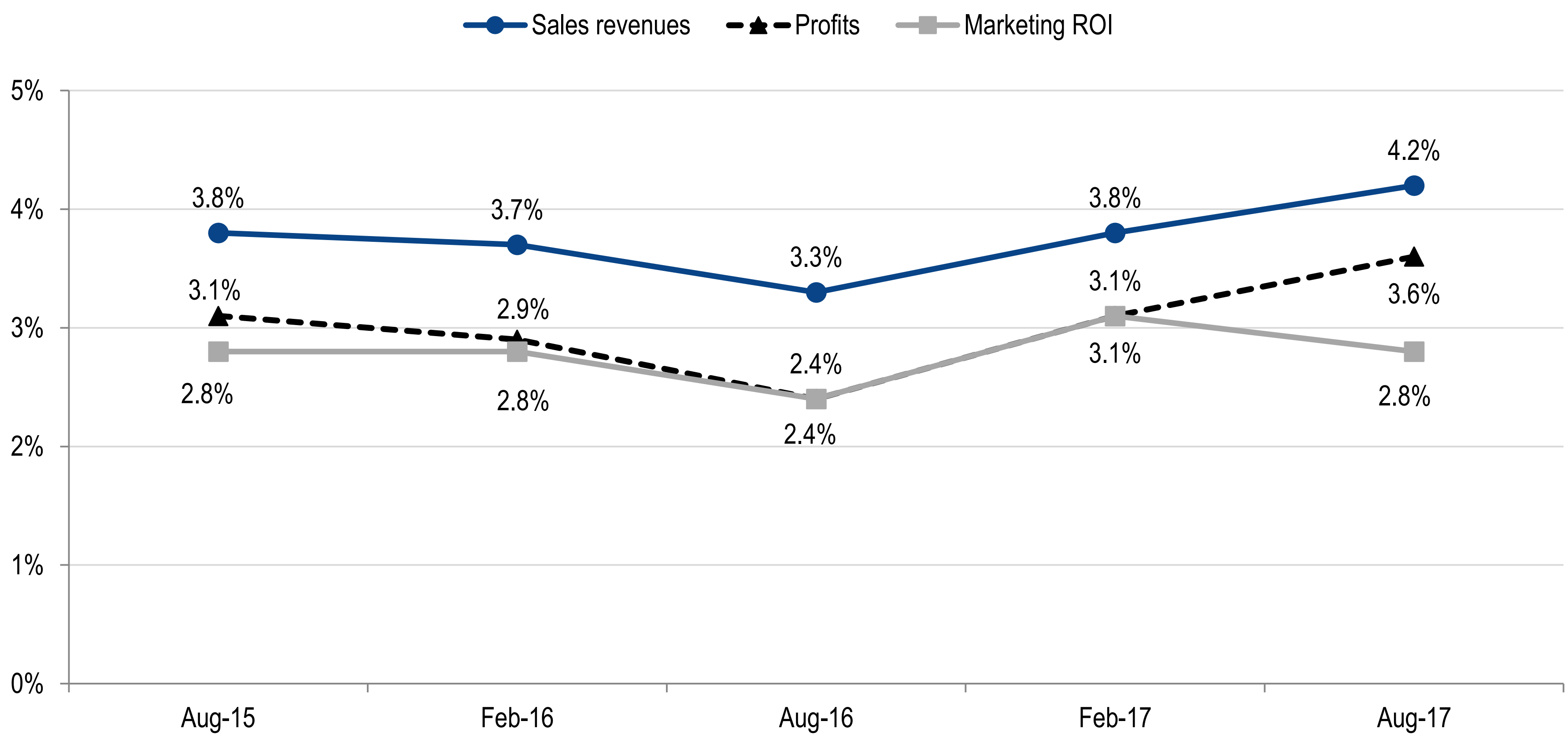
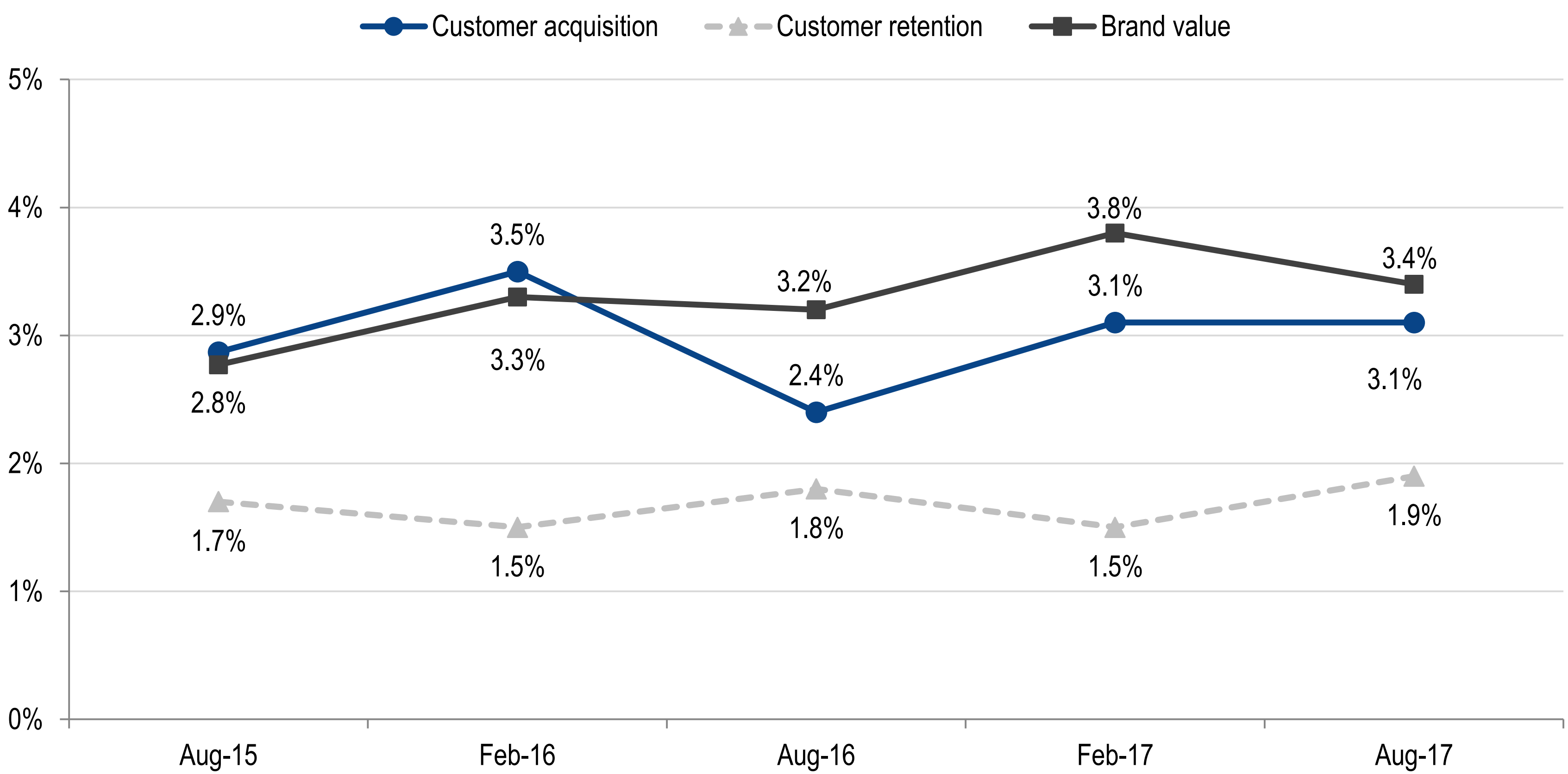
Company performance: Sales and profits show biggest gains

Figure 4.1. **Percent change in performance on financial metrics in prior 12 months**



Performance on key customer and brand indicators

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



Firm performance metrics by economic sector

Table 4.1. Percent change in financial and marketing performance in prior 12 months: Mean (S.D.) reported

	Overall Mean (SD)	B2B Product	B2B Services	B2C Product	B2C Services
Sales	4.2% (5.1%)	4.3% (5.3%)	4.4% (4.9%)	3.7% (5.5%)	4.1% (5.3%)
Profits	3.7% (4.9%)	3.0% (5.4%)	4.2% (4.2%)	2.8% (5.8%)	5.0% (4.4%)
Marketing ROI	2.8% (4.0%)	2.7% (4.5%)	2.9% (3.7%)	3.0% (4.2%)	3.0% (3.7%)
Customer acquisition	3.1% (3.8%)	2.9% (3.5%)	3.1% (3.7%)	3.8% (4.3%)	3.1% (4.3%)
Customer retention	1.9% (3.9%)	1.4% (3.8%)	2.6% (4.0%)	2.4% (4.2%)	1.0% (3.1%)
Brand value	3.4% (3.9%)	3.1% (4.0%)	3.2% (3.5%)	4.1% (4.3%)	3.6% (4.1%)

B2C Product companies more likely to be marketing leaders

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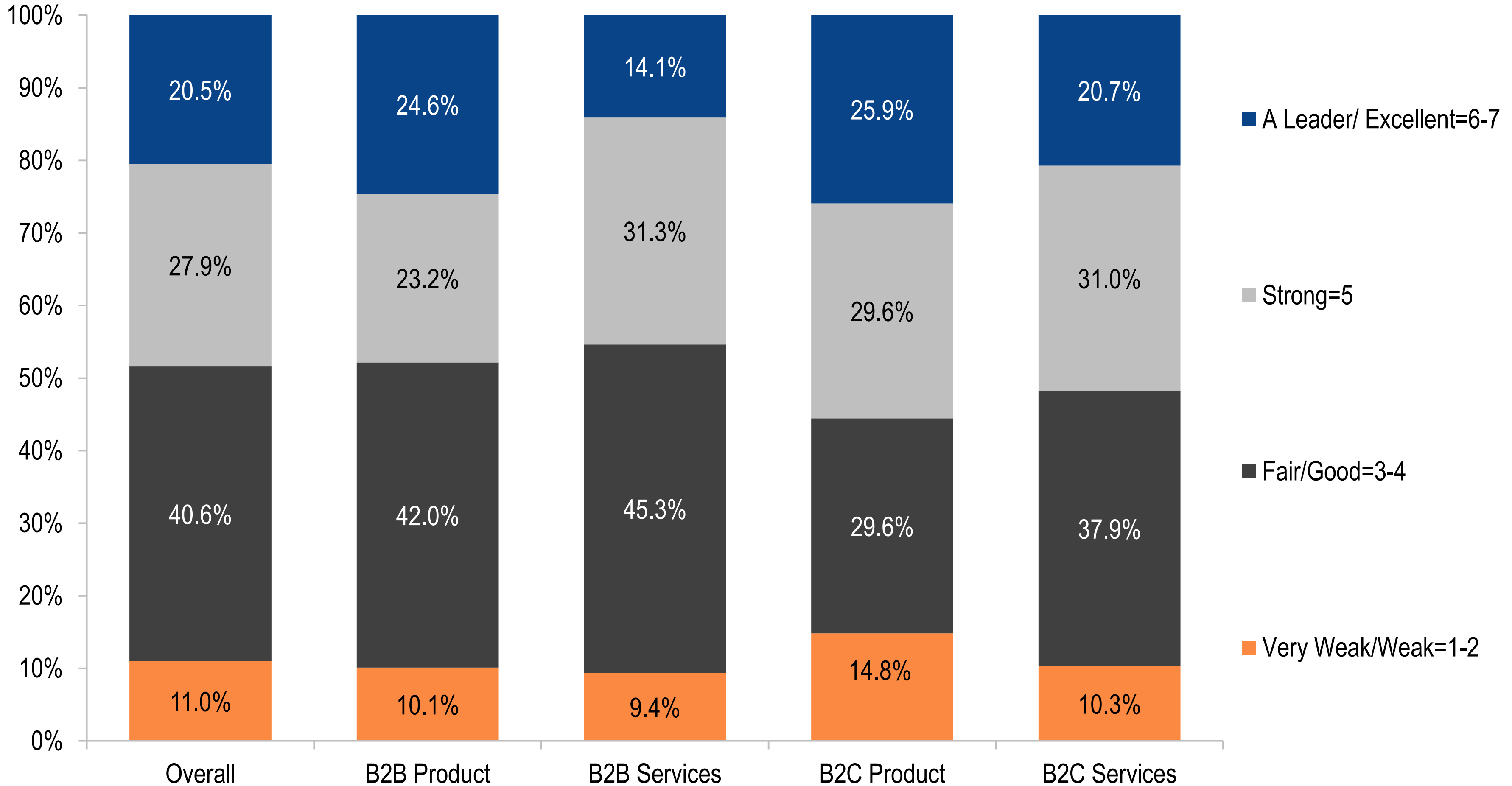
Figure 4.3. **How would you rate your company's marketing excellence?**
(7-point scale where 1=Very weak and 7=Leader)



Topic 5

Social Media Marketing

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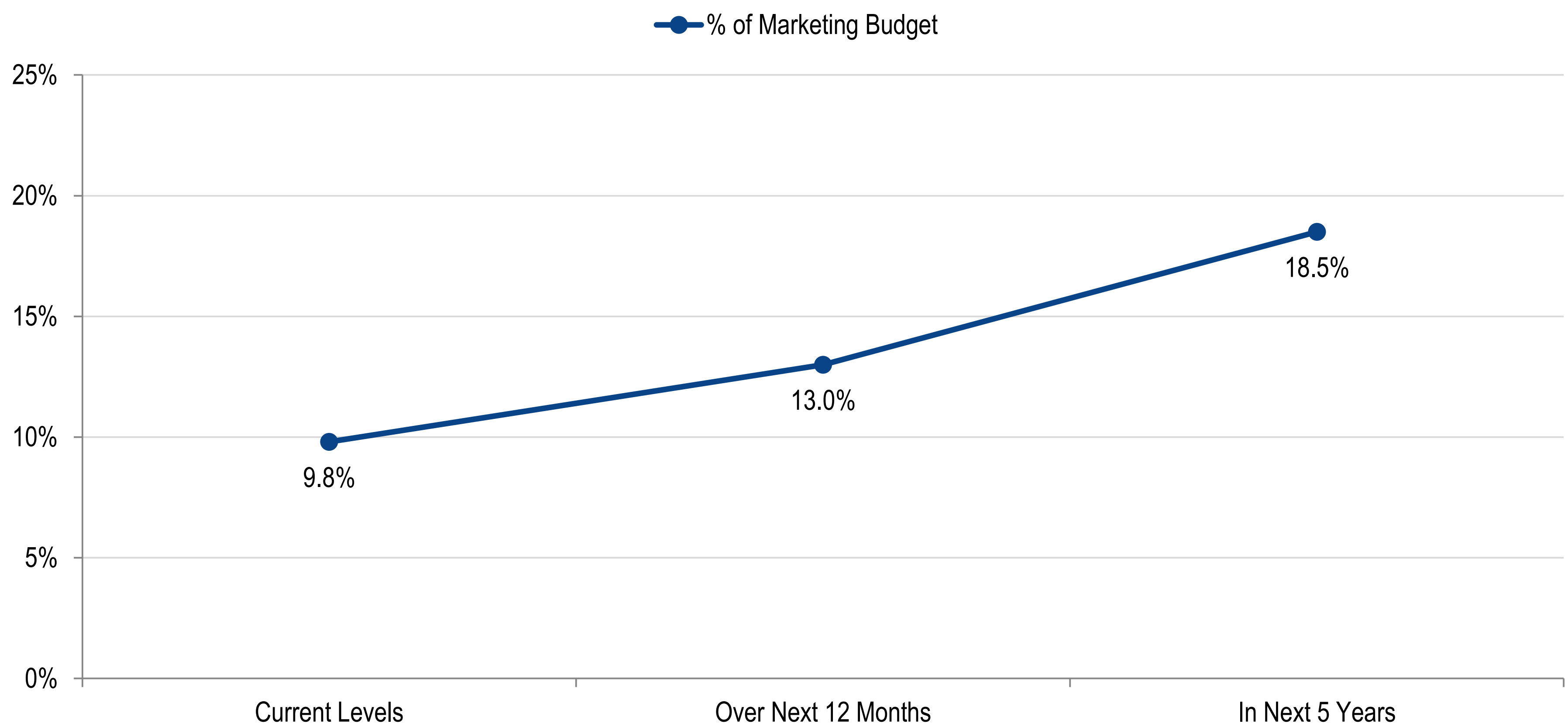
Marketers expected to expand social media spend by 89% in next 5 years

Figure 5.1. Social media spending as percent of marketing budgets



B2C Product leads social media spend; all sectors to grow by ~25-40% in next year

Table 5.1. Changes in social media spending across sectors

	Overall	B2B Product	B2B Services	B2C Product	B2C Services
Current social media spending	9.8%	6.8%	9.3%	16.3%	11.1%
Social media spending in the next 12 months	13.0%	9.2%	11.5%	22.8%	15.4%
Social media spending in the next 5 years	18.5%	13.7%	16.1%	31.9%	21.4%

Social media spend does not grow at prior rate: fails to meet 5-year projections

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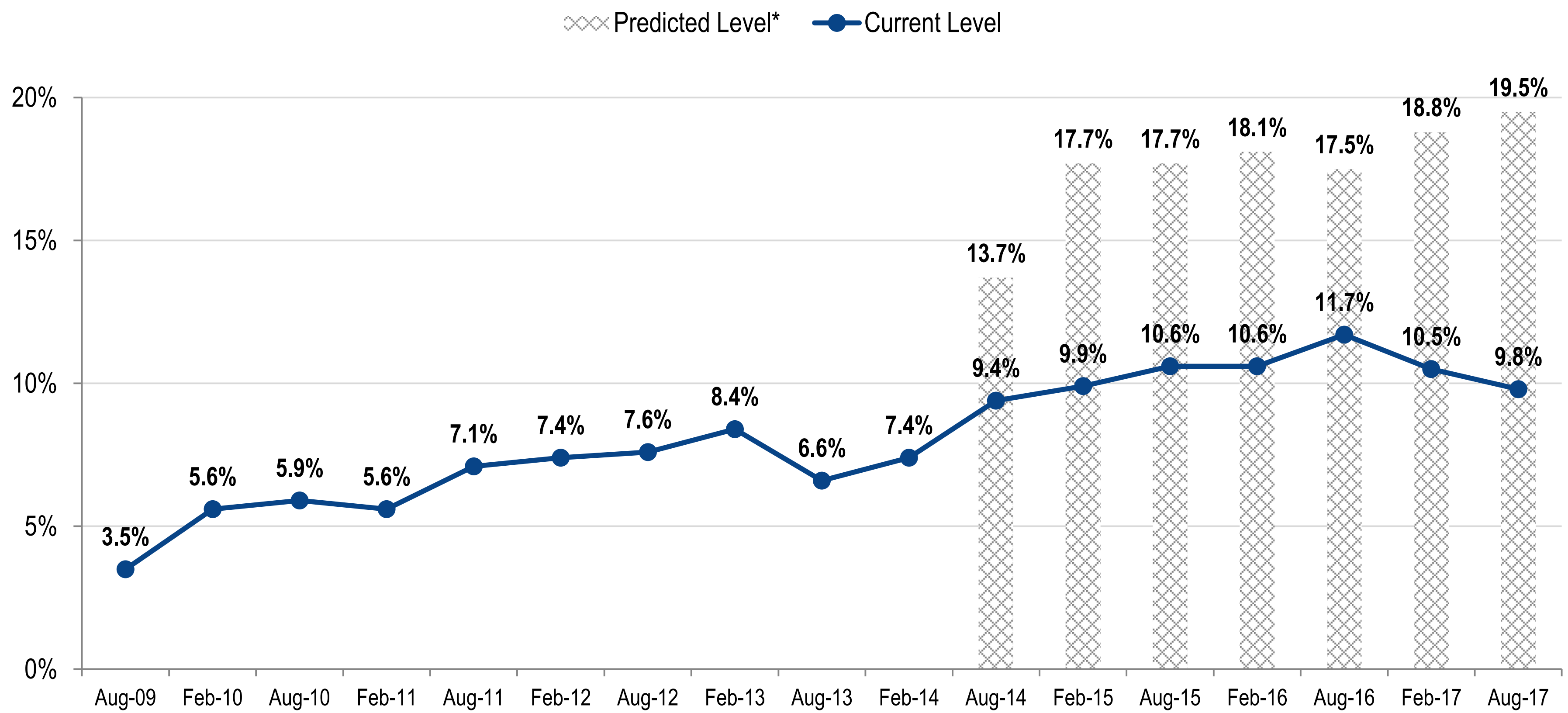
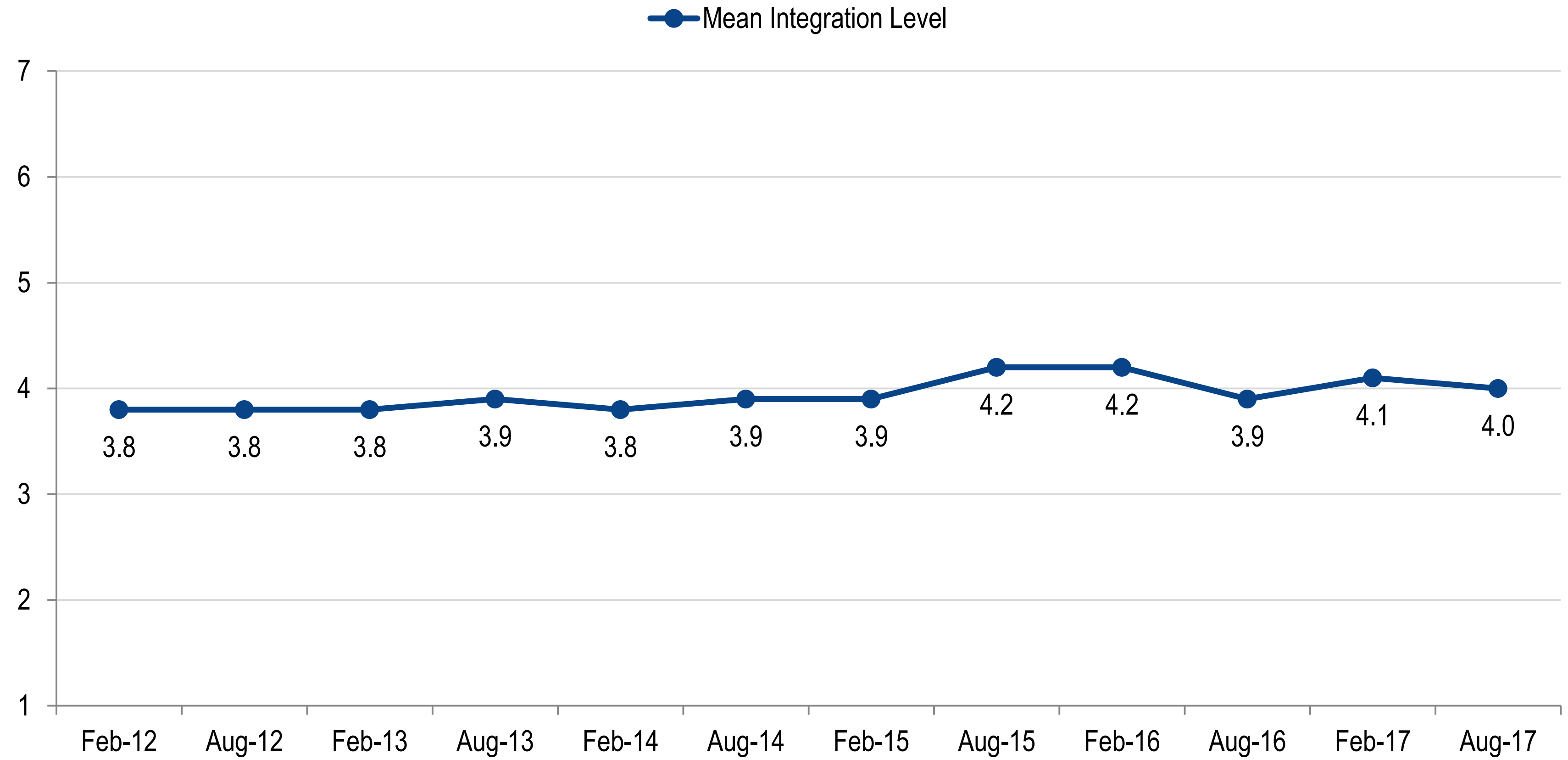
Figure 5.2. **Actual versus predicted* social media spending as percent of marketing budget**



*Predicted level is based on responses to 5-year predicted social media spend five years earlier (e.g., Aug-14 based on response from Aug-09).

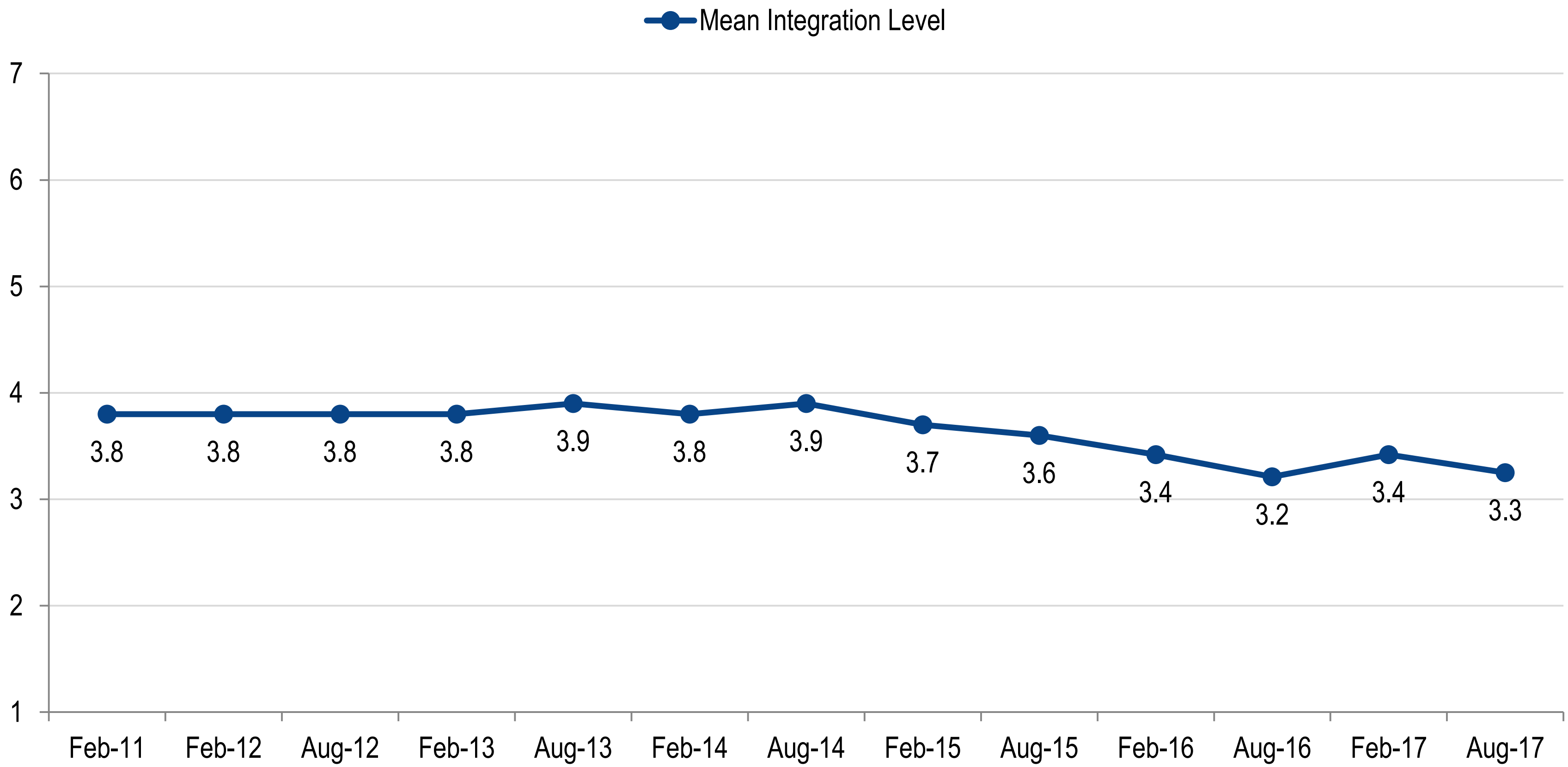
Integration of social media and marketing strategy shows no progress

Figure 5.3. **How effectively is social media linked to your firm's marketing strategy?**
(1 = Not integrated, 7 = Very integrated)



Integration of customer information across channels declines

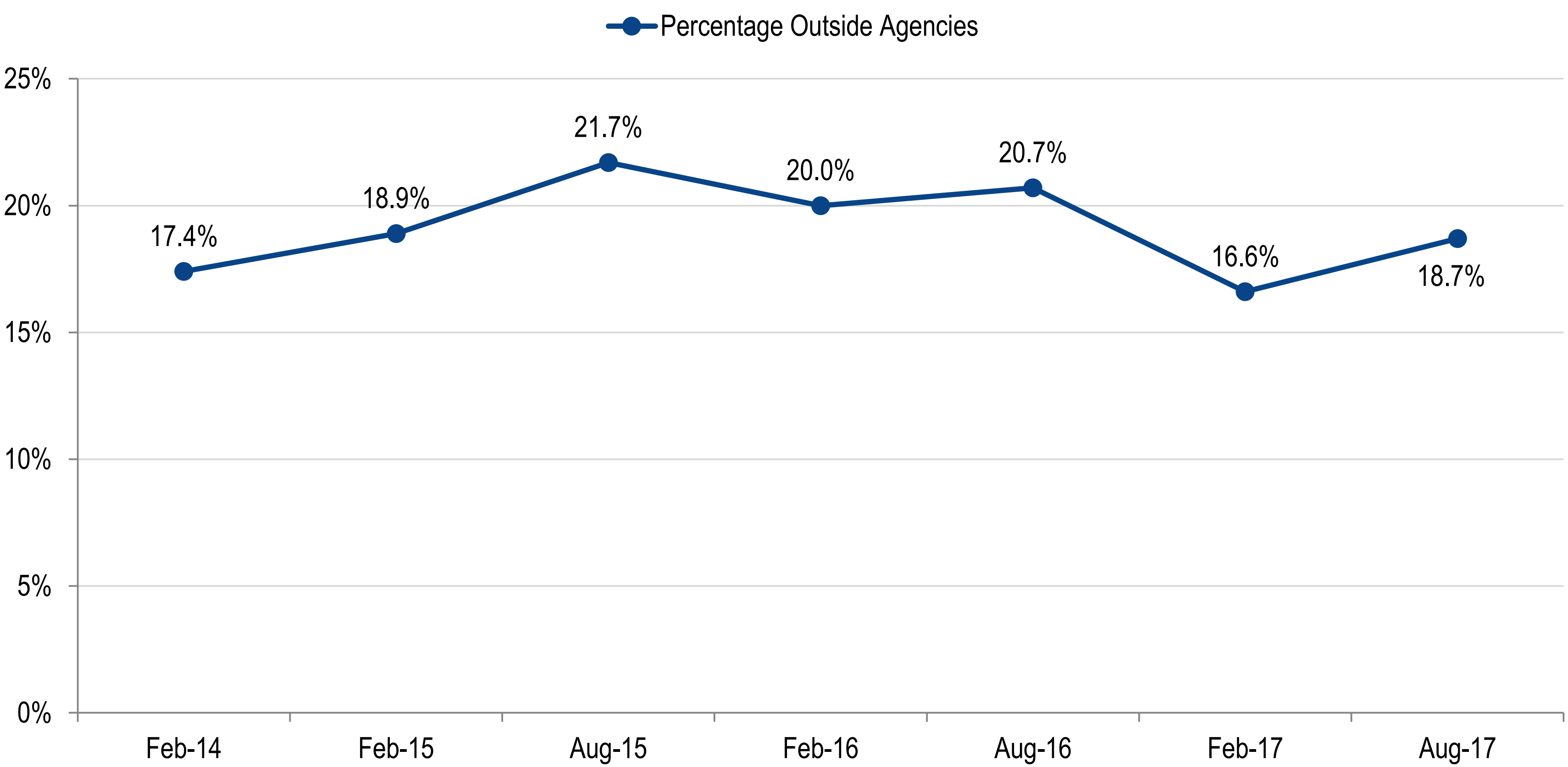
Figure 5.4. How effectively does your company integrate customer information across purchasing, communication, and social media channels? (1 = Not at all effectively, 7 = Very effectively)



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

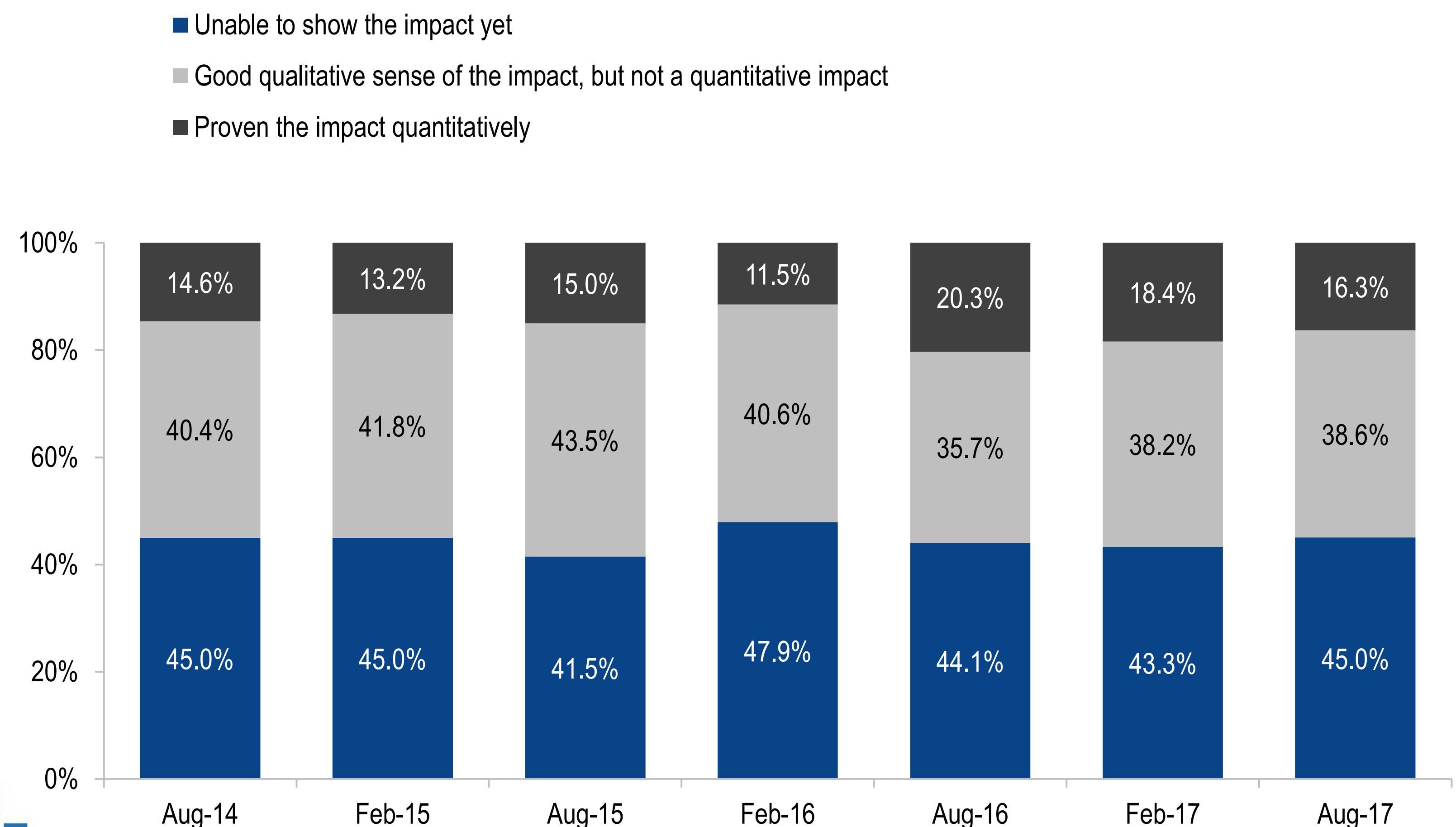
Use of outside social media agencies rebounds

Figure 5.5. **Percent of company's social media activities performed by outside agencies**



Impact of social media remains difficult to prove

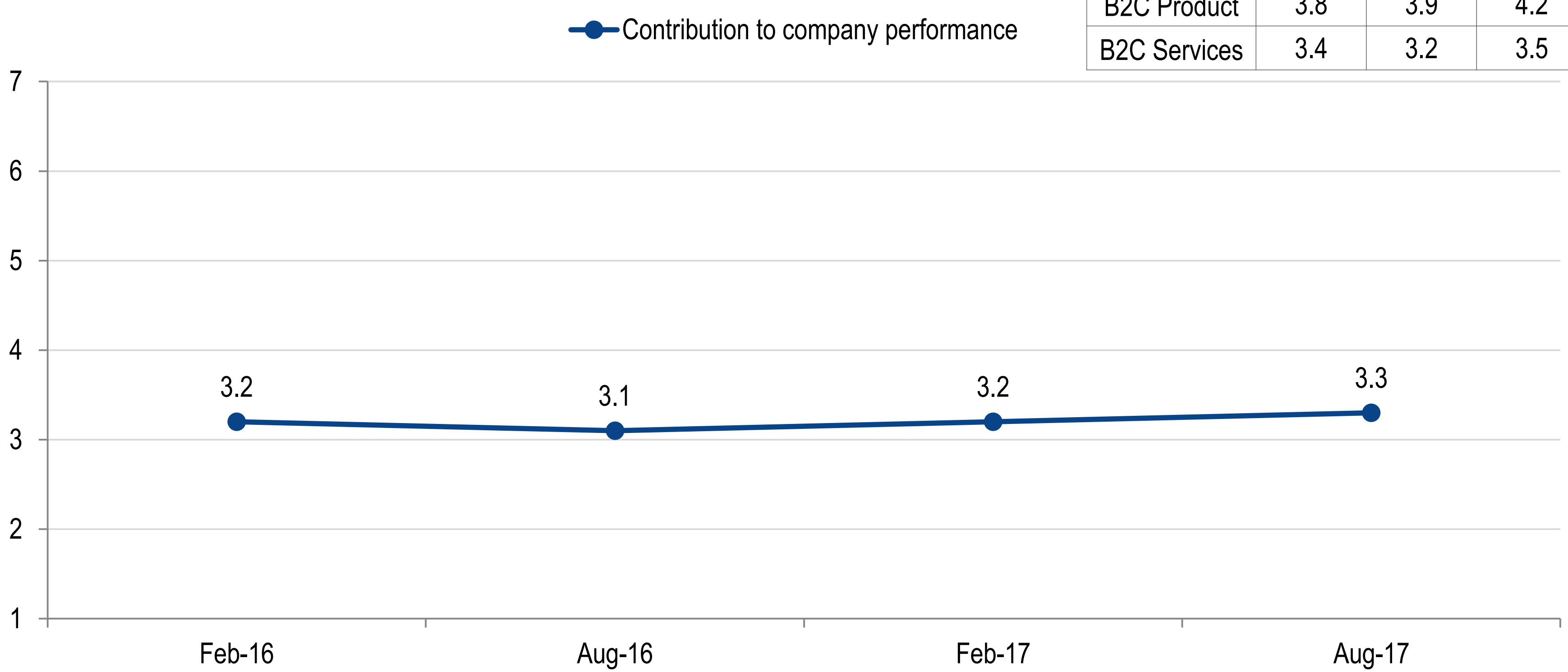
Figure 5.6. **Which best describes how you show the impact of social media on your business?**



Social media perceived to contribute little to company performance

Figure 5.7. To what degree does the use of social media contribute to your company's performance? (1 = Not at all, 7 = Very highly)

	Aug-16	Feb-17	Aug-17
Overall	3.1	3.2	3.3
B2B Product	2.7	2.9	2.7
B2B Services	3.1	3.1	3.4
B2C Product	3.8	3.9	4.2
B2C Services	3.4	3.2	3.5



* Question asked in Feb-16 for the first time.

Topic 6

Mobile Marketing

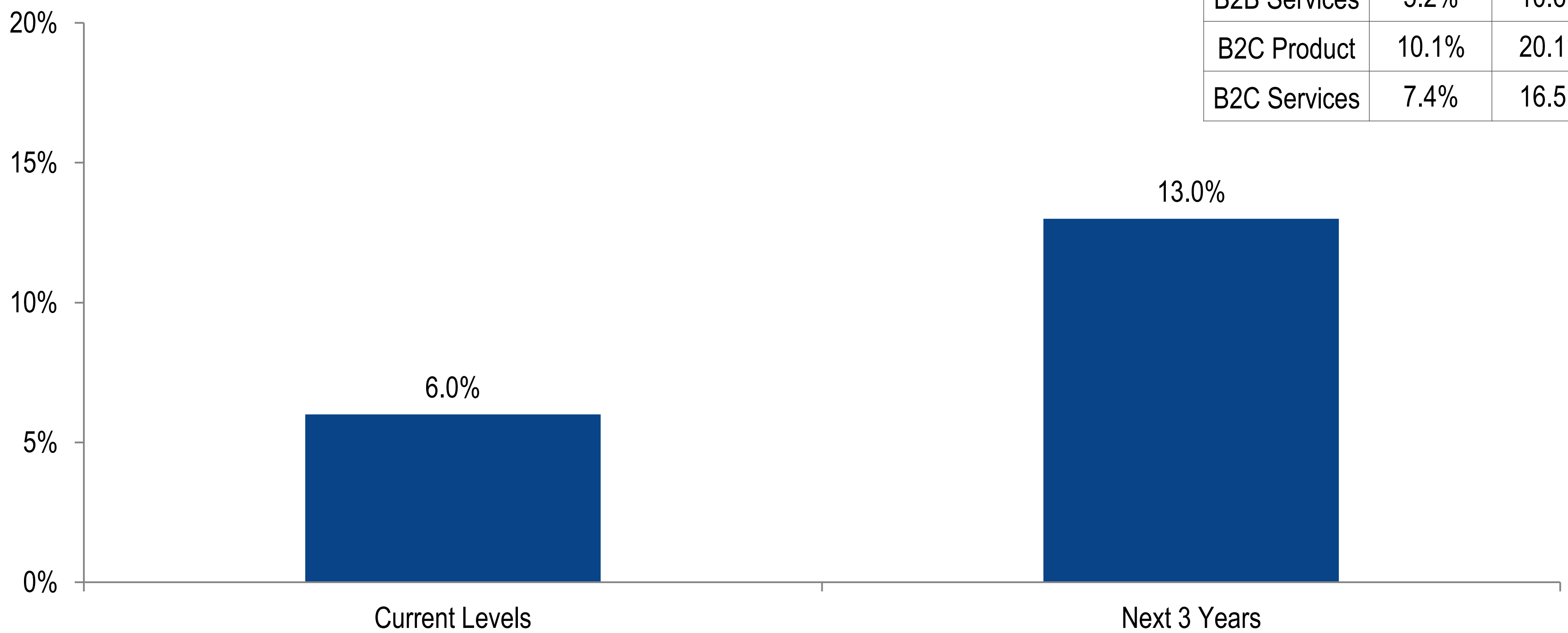
The **CMO** Survey

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

Marketing spend on mobile expected to increase 117% in three years

Figure 6.1. Percent of marketing budget spend on mobile

	Current	3 years
Overall	6.0%	13.0%
B2B Product	4.7%	11.1%
B2B Services	5.2%	10.6%
B2C Product	10.1%	20.1%
B2C Services	7.4%	16.5%

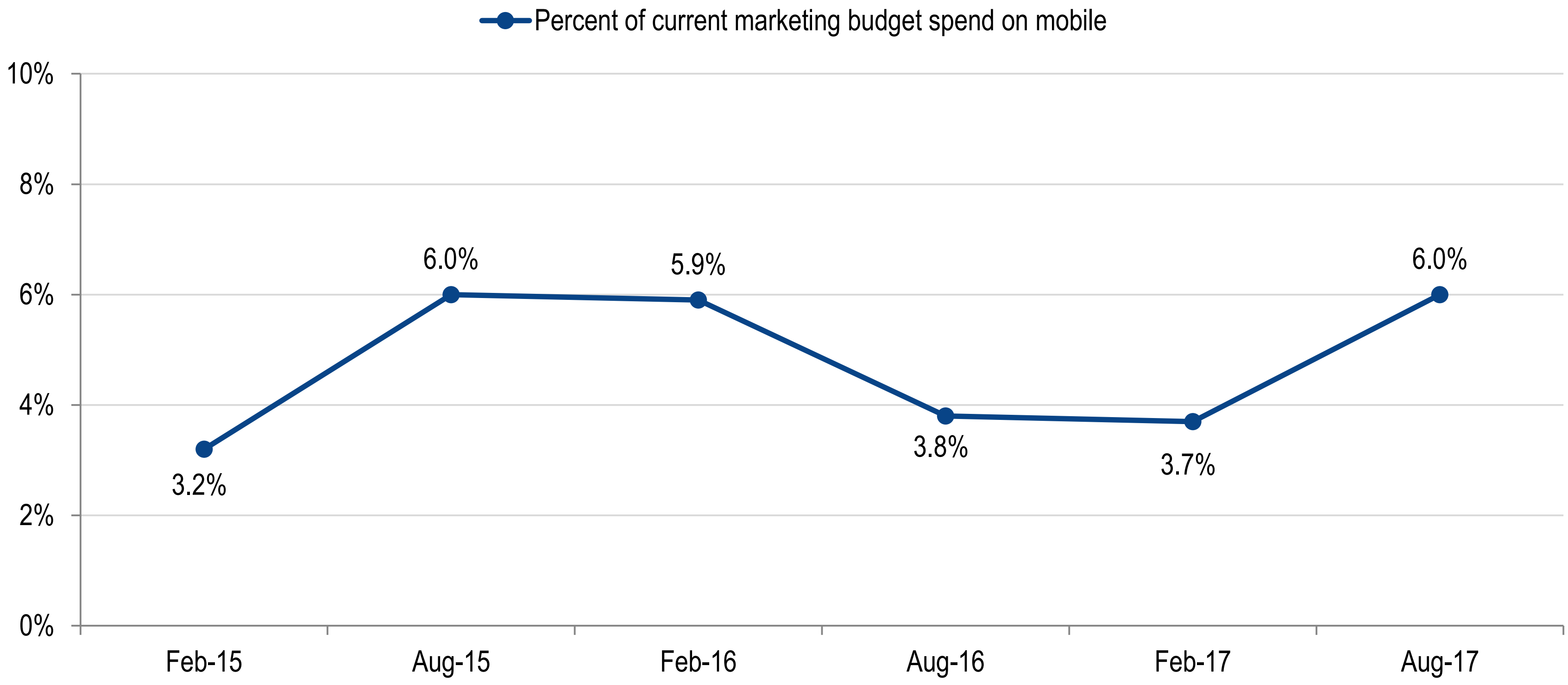


Percent of marketing budget on mobile over time swings over three years

The CMO Survey

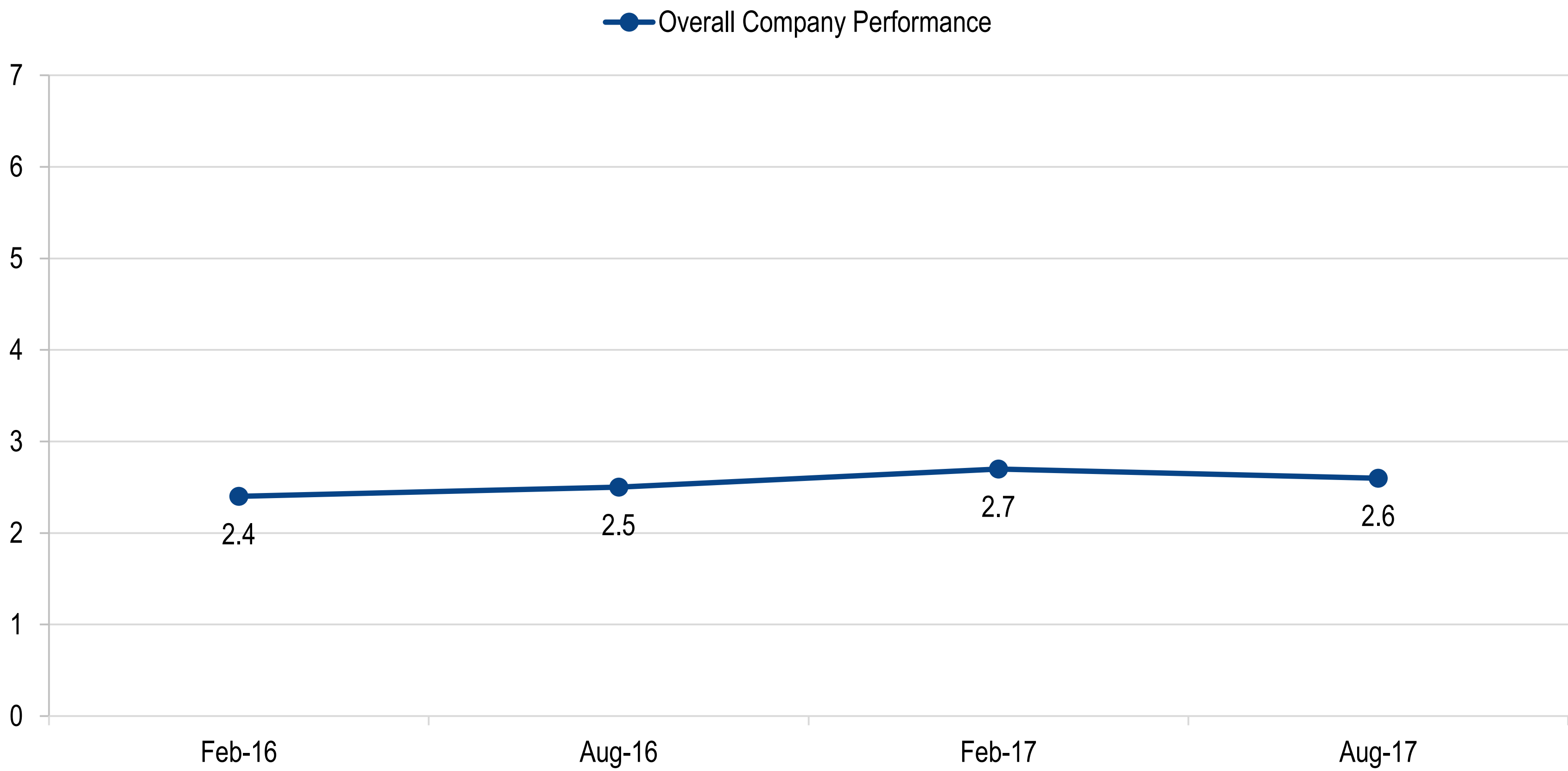
Marketplace | Growth | Spending | Performance | Social Media | Mobile | Jobs | Organization | Leadership | Analytics

Figure 6.2. **Percent of current marketing budget spend on mobile over time**



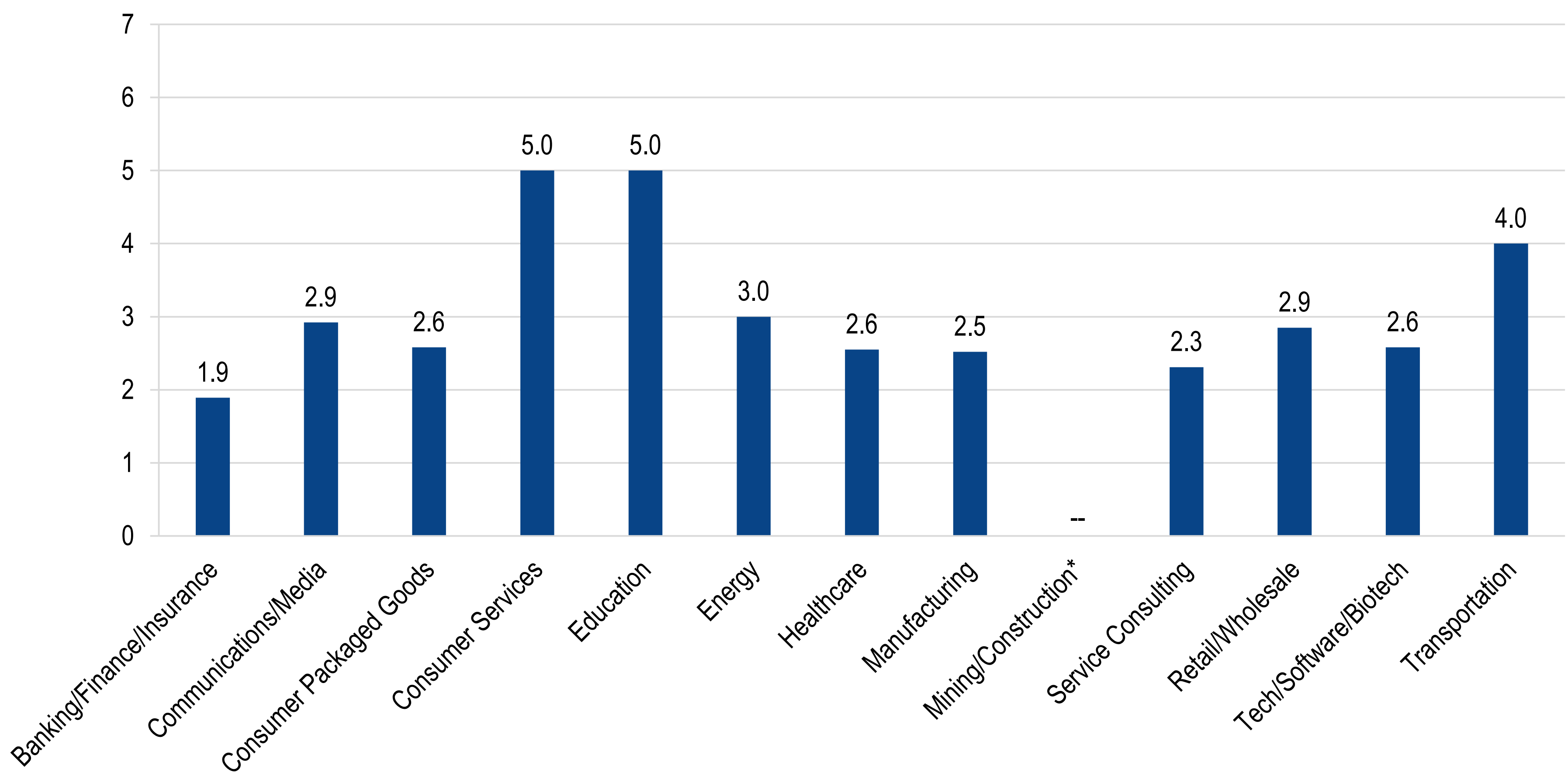
Mobile contributions to company performance show no improvement

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



Consumer services and education lead mobile contributions

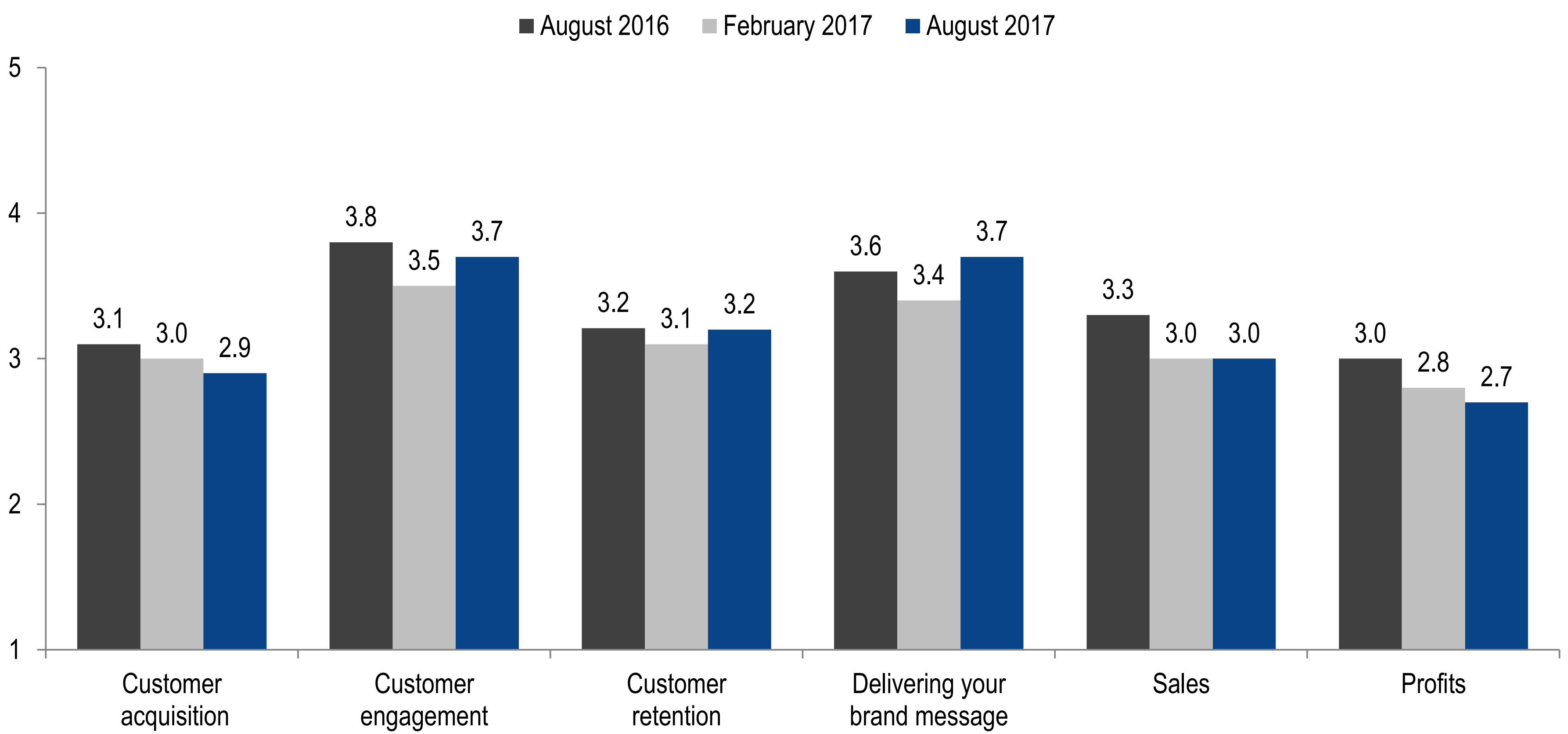
Figure 6.5. Industry variation in mobile contributions to company performance



*No data is available for the mining industry.

Mobile impact on customer, brand, and financial outcomes remains low

Figure 6.3. **Rate the performance of your company's mobile marketing activities**
(1 = Poor, 7 = Excellent)



Topic 7

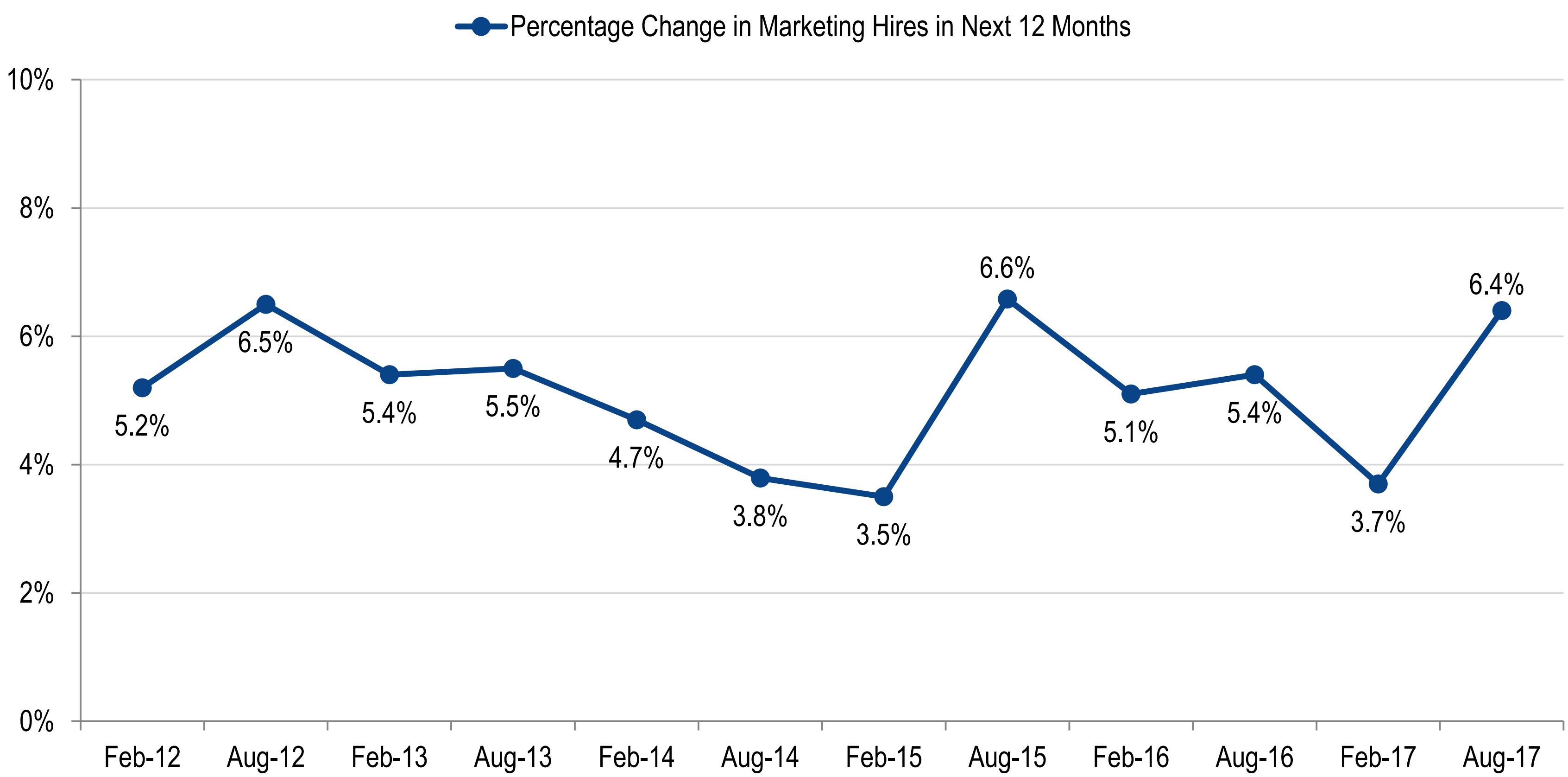
Marketing Jobs

The **CMO** Survey

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

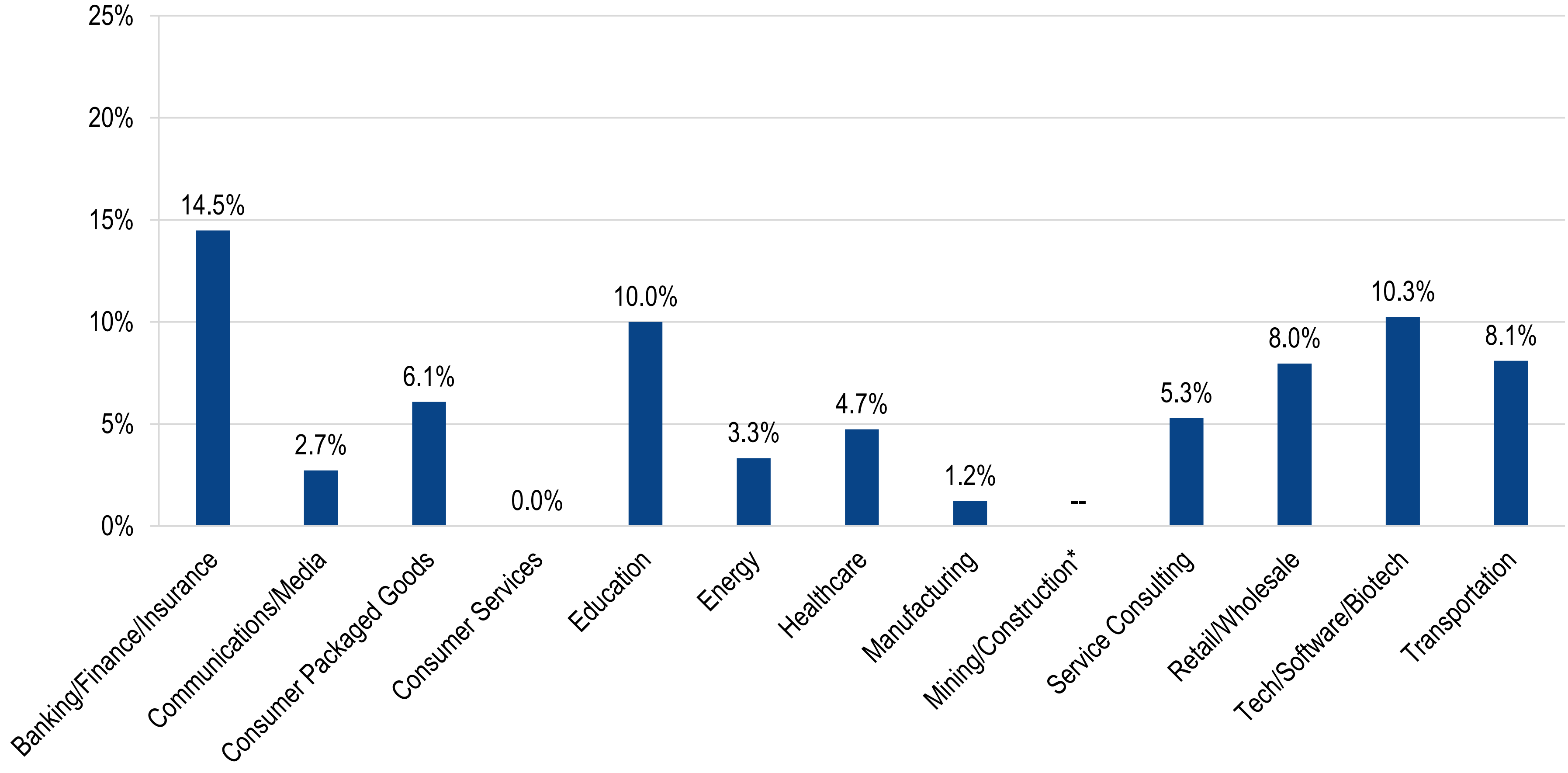
Marketing hires to increase 6.4% in next year

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



Banking/finance/insurance has highest planned increase in marketing hires

Figure 7.2. **Industry variation in marketing hires planned in next 12 months**



*No data is available for the mining/construction industry.

Marketing outsourcing expected to increase 5.1% in next year

Percent change in marketing outsourcing in next 12 months (Overall mean = 5.1%, SD = 10.9%)

Table 7.1a. Industry sector differences

Sector	Mean
Banking/Finance/Insurance	10.6%
Communications/Media	1.1%
Consumer Packaged Goods	1.3%
Consumer Services	10.0%
Education	10.0%
Energy	5.0%
Healthcare	3.2%
Manufacturing	7.1%
Mining/Construction*	--
Retail/Wholesale	8.2%
Service/Consulting	2.4%
Tech/Software/Biotech	3.3%
Transportation	11.0%

Table 7.1b. Firm sector differences

Sector	Mean
B2B Product	5.2%
B2B Services	4.8%
B2C Product	6.6%
B2C Services	4.0%

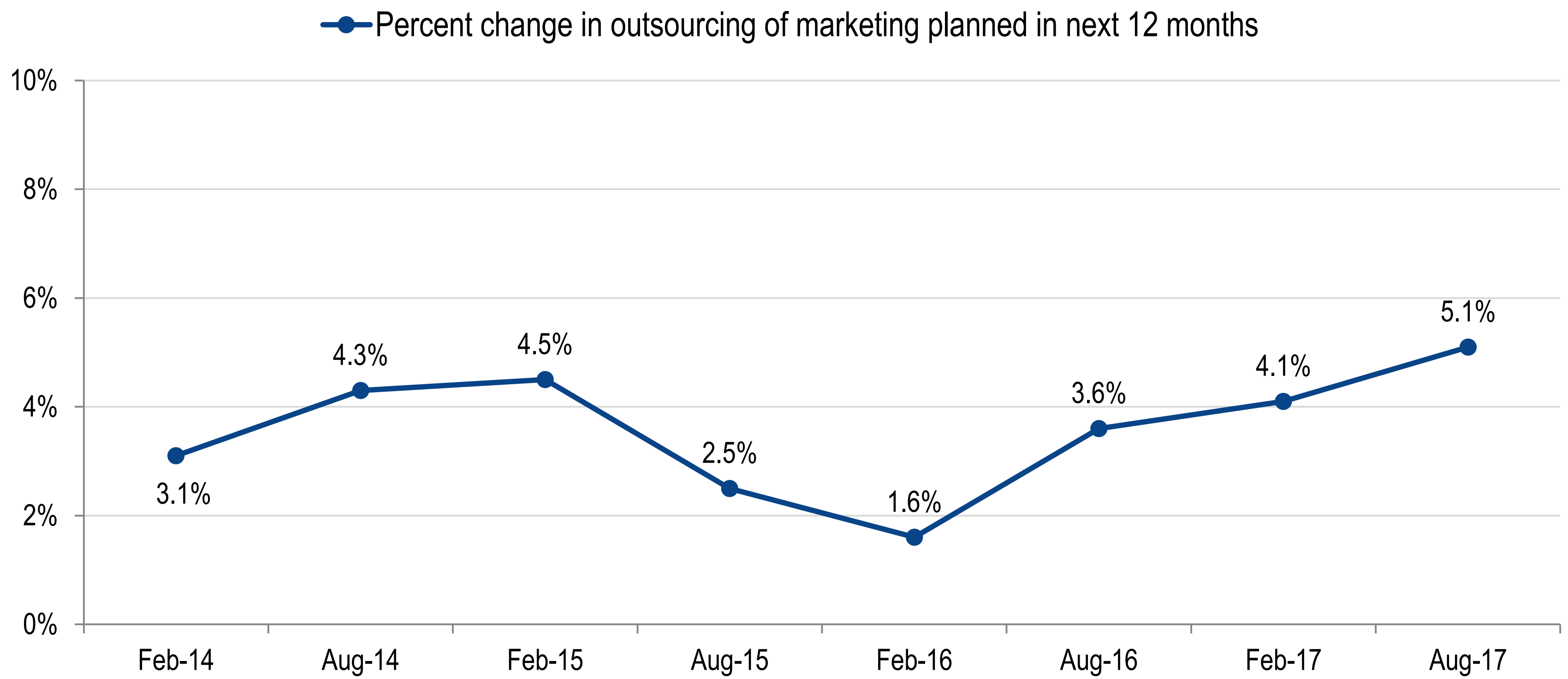
Table 7.1c. Firm Internet sales differences

Firm sales	Mean
0% of sales	3.5%
1-10% of sales	5.2%
>10% of sales	6.9%

*No data is available for the mining/construction industry.

Marketing outsourcing shows steady increase over last two years

Figure 7.3. Percent change in outsourcing of marketing planned in next 12 months



Topic 8

Marketing Organization

The **CMO** Survey

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

Figure 8.1. **Where is marketing located in your firm** (% of respondents—more than one location may be selected and hence responses do not sum to 100%)

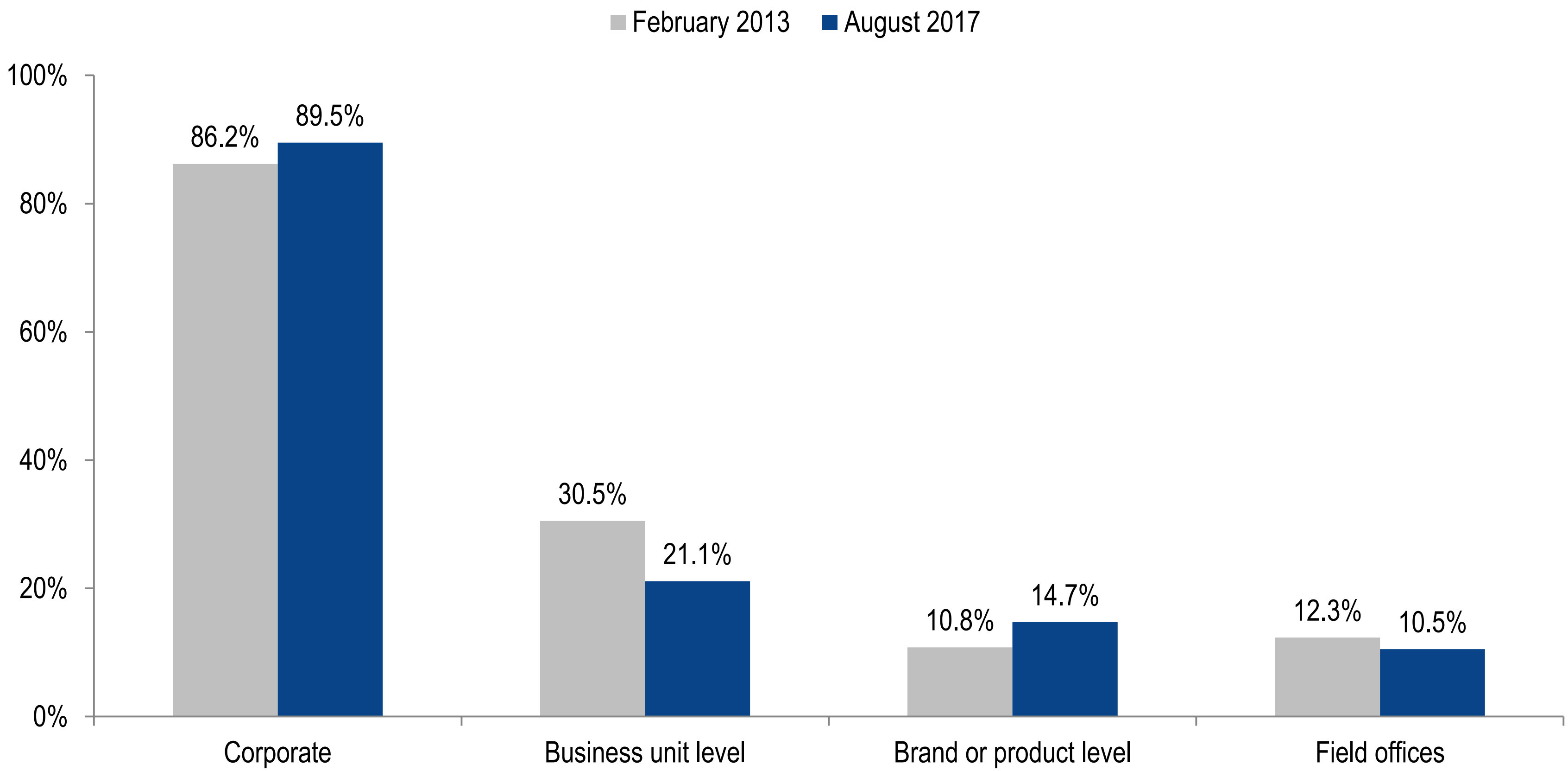


Figure 8.2. How digital marketing activities have changed the company (1 = Not at all and 7 = Greatly)

Percent company sales from Internet influences degree of digital marketing organization

The CMO Survey

Table 8.1. How digital marketing activities have changed the company (1 = Not at all and 7 = Greatly) **by percent of sales from Internet**

	Overall mean	0% of sales from Internet	1-10% of sales from Internet	>10% of sales from Internet
Importance of marketing capabilities to competitive advantage	4.3	3.8	4.3	4.8
Customer focus in your culture (customer-first focus)	4.3	3.8	4.3	4.8
Use of marketing data to drive decisions	4.1	3.1	4.2	5.0
Importance of marketing leaders in shaping company strategy	4.0	3.4	3.9	4.8
Use of marketing performance metrics to evaluate outcomes	4.0	3.1	4.1	4.9
Technical skills required of marketers	4.0	3.3	4.1	4.6
Level of cross-functional cooperation to perform marketing	3.8	3.4	3.8	4.4
Degree of marketer specialization	3.6	2.9	3.8	4.1
Use of digital collaboration tools to make marketing decisions	3.5	2.7	3.5	4.4
Use of customer managers more than brand or product/service managers	3.0	2.4	2.7	4.0

Topic 9

Marketing Leadership

The **CMO** Survey

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

What activities marketing leads in companies

The CMO Survey

Table 9.1. Percentage of companies in which marketing leads activity

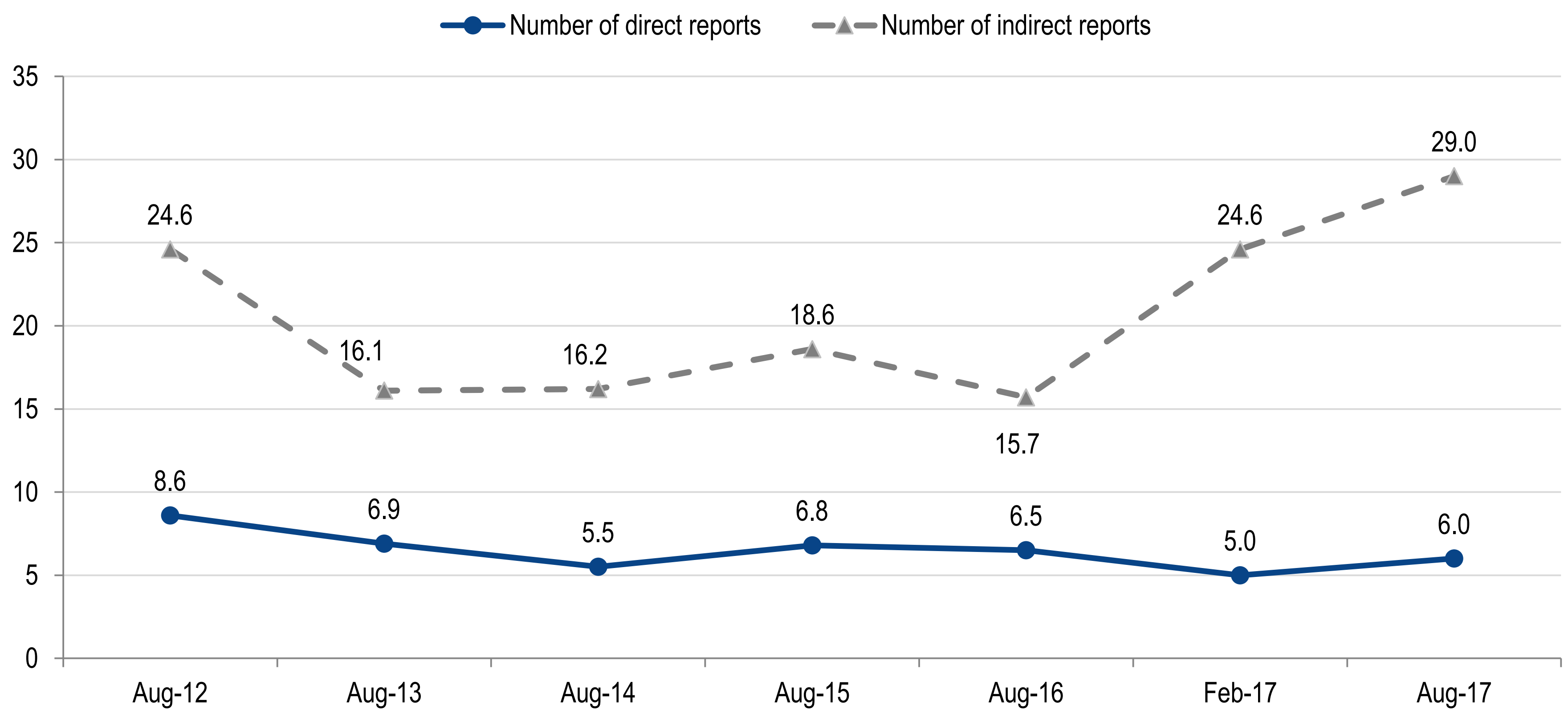
Activity	Aug-15	Feb-16	Aug-16	Feb-17	Aug-17**
Brand	82.1%	87.5%	89.4%	86.5%	88.7%
Digital marketing[2]					76.9%
Advertising	82.7%	82.1%	79.2%	76.3%	75.8%
Social media	79.5%	83.9%	75.7%	76.8%	71.0%
Public relations	64.1%	64.9%	65.5%	70.0%	69.4%
Promotion	76.3%	76.2%	73.3%	69.1%	66.7%
Positioning	80.1%	75.6%	67.8%	67.6%	67.7%
Marketing research	70.5%	70.2%	67.1%	59.9%	67.2%
Lead generation	55.8%	62.5%	60.8%	58.5%	56.5%
Marketing analytics	75.0%	79.2%	69.0%	57.5%	65.6%
Competitive intelligence	55.1%	56.5%	54.5%	42.0%	50.0%
CRM	39.1%	37.5%	42.0%	41.1%	43.0%
Market entry strategies	55.8%	46.4%	43.5%	35.3%	34.4%
Revenue growth[1]	-	-	38.4%	34.3%	29.0%
New products	37.8%	36.3%	40.0%	32.4%	36.6%
Pricing	30.8%	32.1%	33.7%	26.6%	27.4%
Innovation	23.1%	28.6%	29.8%	26.6%	31.7%
e-commerce[1]	-	-	35.7%	23.7%	32.8%
Market selection	30.1%	29.8%	32.9%	23.7%	19.9%
Sales	32.1%	25.0%	24.7%	21.3%	22.6%
Customer service	19.9%	17.3%	18.0%	12.6%	21.5%
Distribution	12.2%	9.5%	10.2%	5.8%	10.2%
Stock market performance	3.8%	1.8%	2.7%	0.5%	0.5%

[1] Question was added in Aug-16.
[2] Question was added in Aug-17.

**Red reflects a decrease and Green reflects an increase of more than 2 percent between Feb-17 and Aug-17.

Direct reports show improvement while indirect reports show significant gains

Figure 9.1. Number of people reporting to top marketer*



*Aug-15 are revised from Highlights and Insights Feb-16 where the median levels were reported instead of mean levels.

Being the voice of the customer is most critical to CMO role

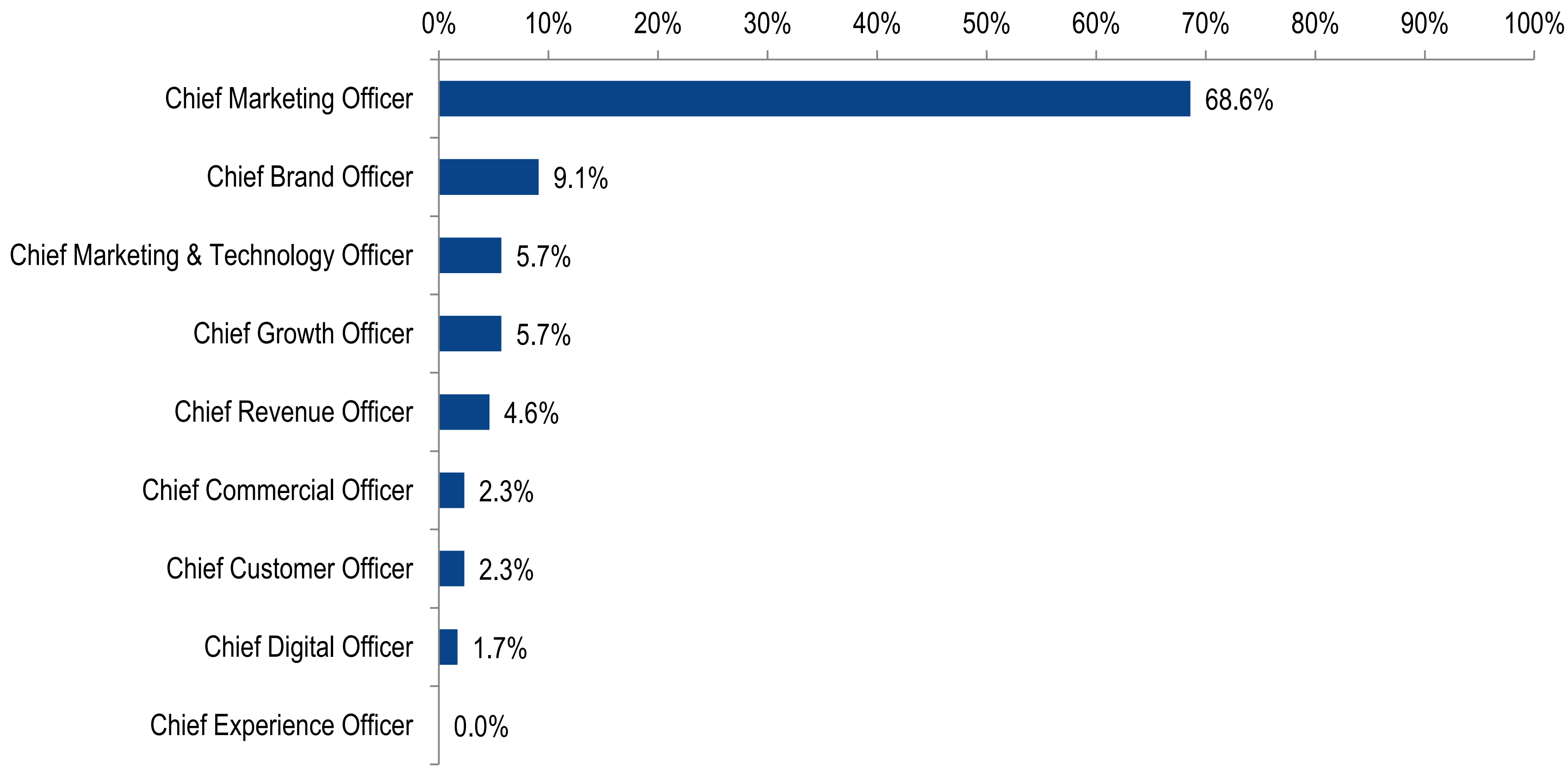
Table 9.2. **What makes a CMO most effective** (rank 1-3, where 1 ranked most important)*

	% Rank 1	% Rank 2	% Rank 3	% Top 3 Ranking
Being the voice of the customer at the leadership table	16.3%	13.3%	6.1%	11.9%
Having an enterprise-wide business mindset and understanding	15.1%	17.6%	7.9%	13.5%
Having the ability to demonstrate the quantitative impact of marketing efforts	14.5%	11.5%	17.1%	14.3%
Playing a key role in company growth initiatives	12.7%	15.2%	16.5%	14.7%
Having direct sales/customer-facing experience	11.4%	8.5%	5.5%	8.5%
Having significant input to the budgeting and strategic planning processes	7.2%	7.3%	10.4%	8.3%
Proactively leading C-suite collaborations to drive cross-functional initiatives across the organization	7.2%	8.5%	12.8%	9.5%
Understanding current and future marketing technologies	6.6%	7.3%	7.9%	7.3%
Acting with strong leadership and motivation skills	6.0%	5.5%	7.9%	6.5%
Knowing how to use customer data and analytics	3.0%	5.5%	7.9%	5.5%

*Percentages offered for each rank and total of ranks 1-3 is shown to offer the greatest insight. The role receiving the highest percentage of 1-3 ranks is "Playing a key role in company growth initiatives.

CMO title best fits top marketer contributions

Figure 9.2. Title most accurately reflecting contributions of your company's top marketing leader (select one)



Leading practices from marketing leaders

See full interviews at https://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 an 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.

Topic 10

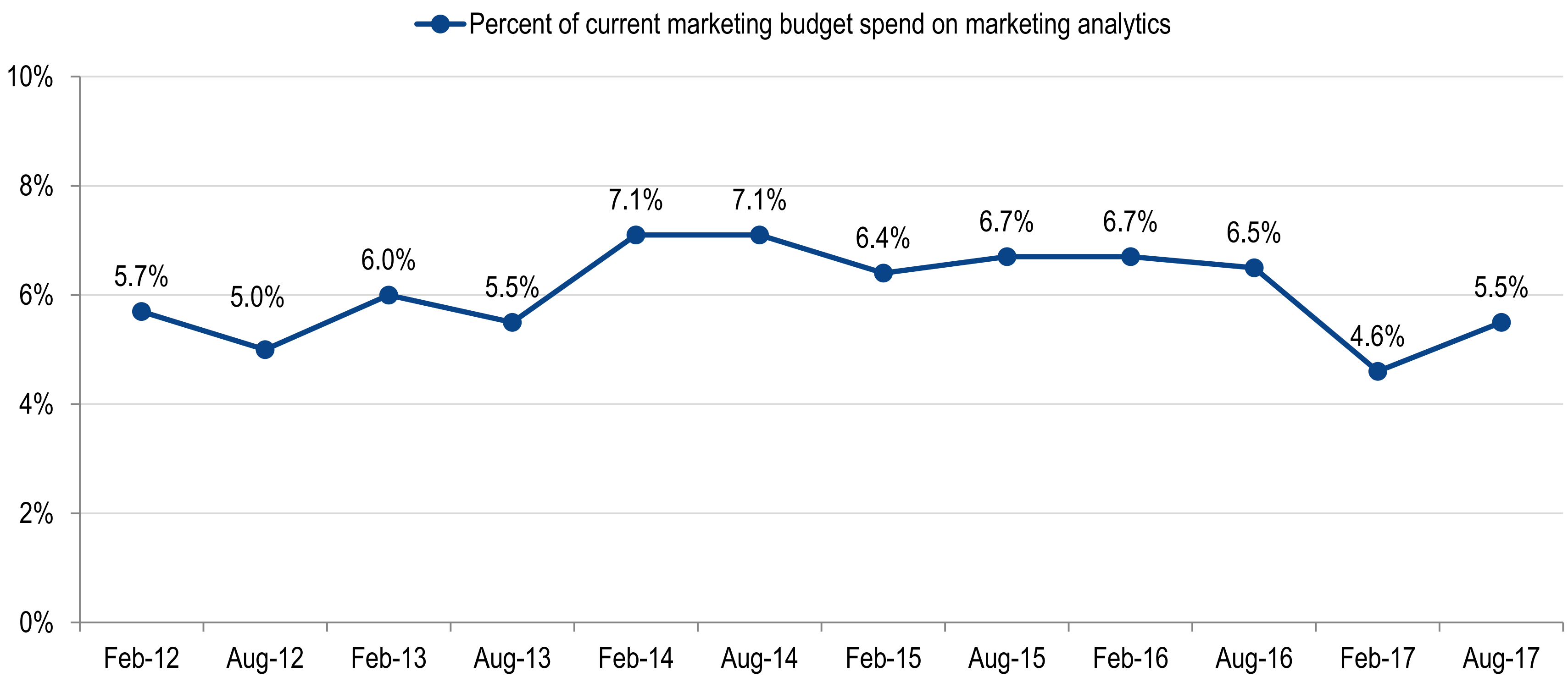
Marketing Analytics

The **CMO** Survey

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

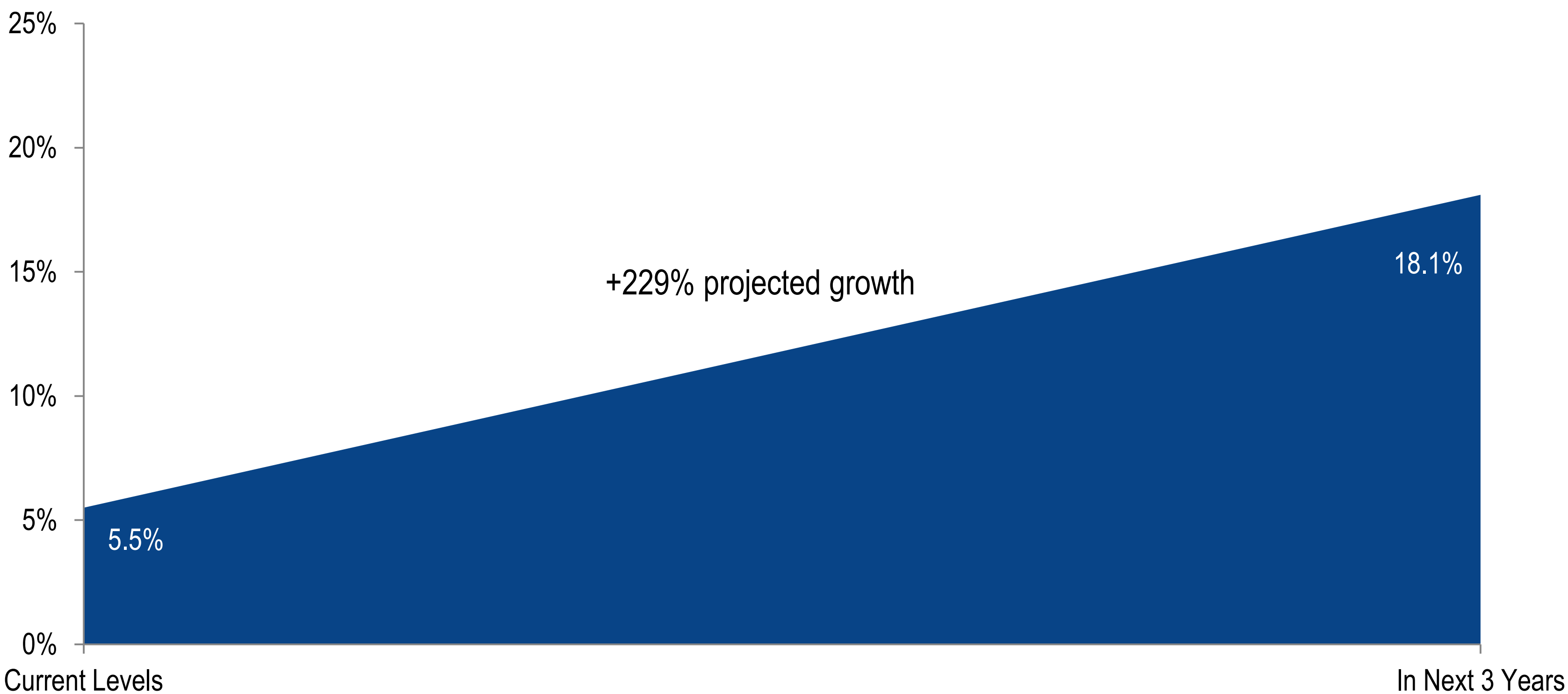
Marketing analytics spend shows little change over past 5 years

Figure 10.1. Percent of current marketing budget spend on marketing analytics over time



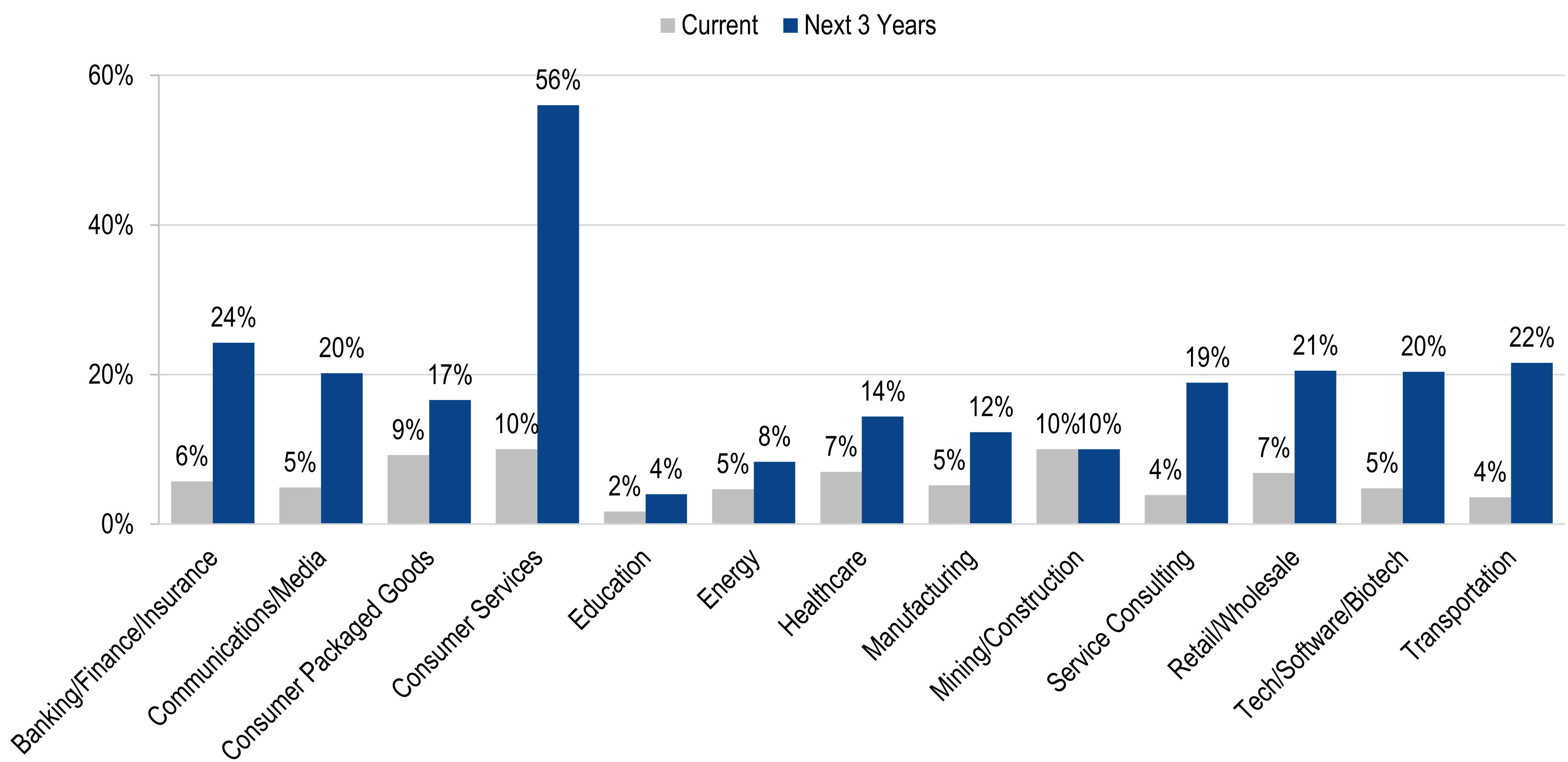
Spending on marketing analytics forecasted to increase 229% in three years

Figure 10.2. Percent of marketing budget spent on marketing analytics



Marketing analytics spend by industry sector: Consumer services to dominate in 3 years

Figure 10.3. Current and 3-year predicted marketing analytics spend by industry



Spending on marketing analytics by firm characteristics and economic sector

Table 10.1a. Economic sector differences

	Current	In Next 3 years
B2B Product	5.8%	18.3%
B2B Services	4.9%	17.7%
B2C Product	5.9%	12.1%
B2C Services	5.8%	24.2%

Table 10.1b. Firm Internet sales differences

	Current	In Next 3 years
0%	4.9%	18.0%
1-10%	5.6%	15.6%
>10%	5.8%	20.8%

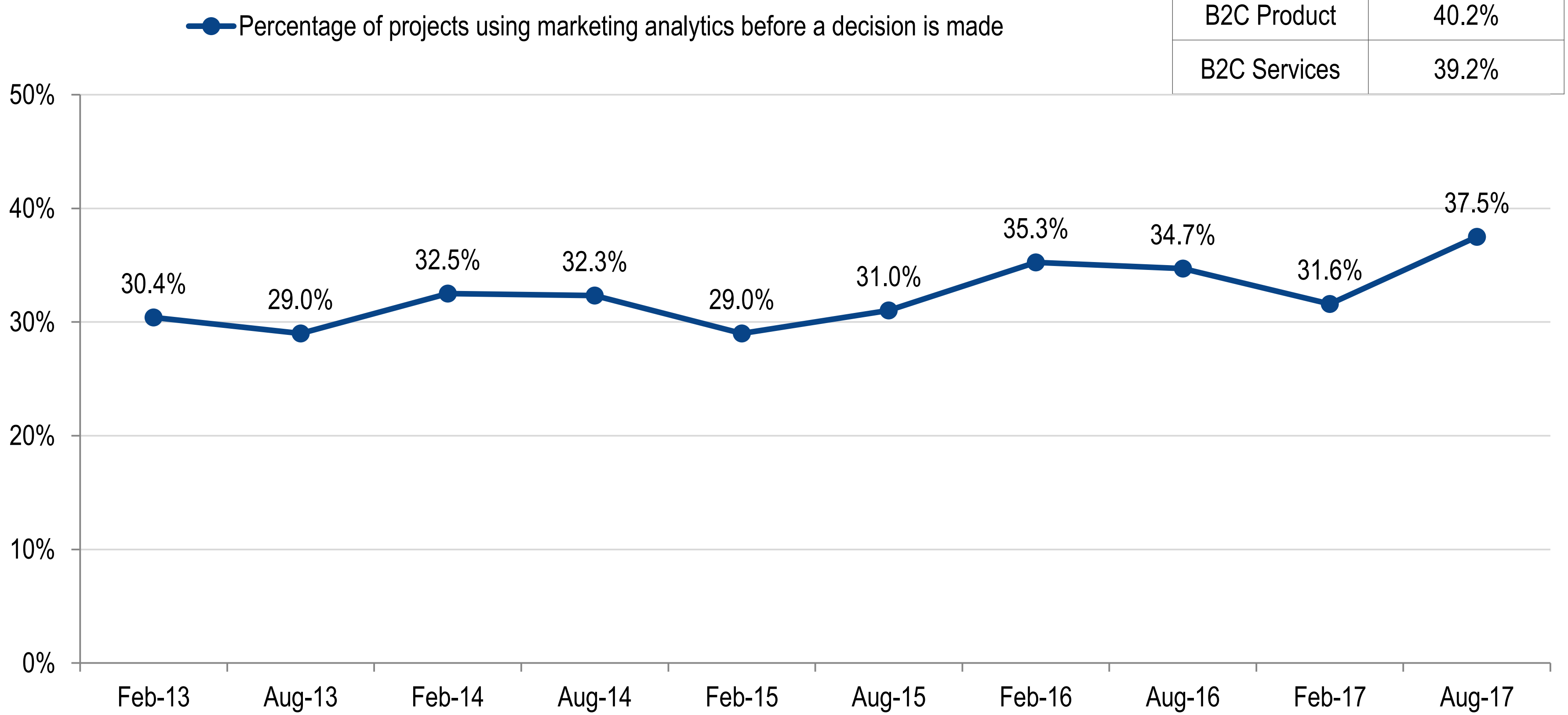
Table 10.1c. Firm size differences

	Current	In Next 3 years
<$25M	3.6%	18.8%
$26-99M	5.7%	16.7%
$100-499M	5.2%	20.2%
$500-999M	6.1%	14.4%
$1-9.9B	6.5%	14.5%
$10+B	9.5%	23.1%

Companies use more marketing analytics in decisions: B2C companies biggest users

Figure 10.4. Use of marketing analytics in decision making

Overall	37.5%
B2B Product	37.4%
B2B Services	36.4%
B2C Product	40.2%
B2C Services	39.2%



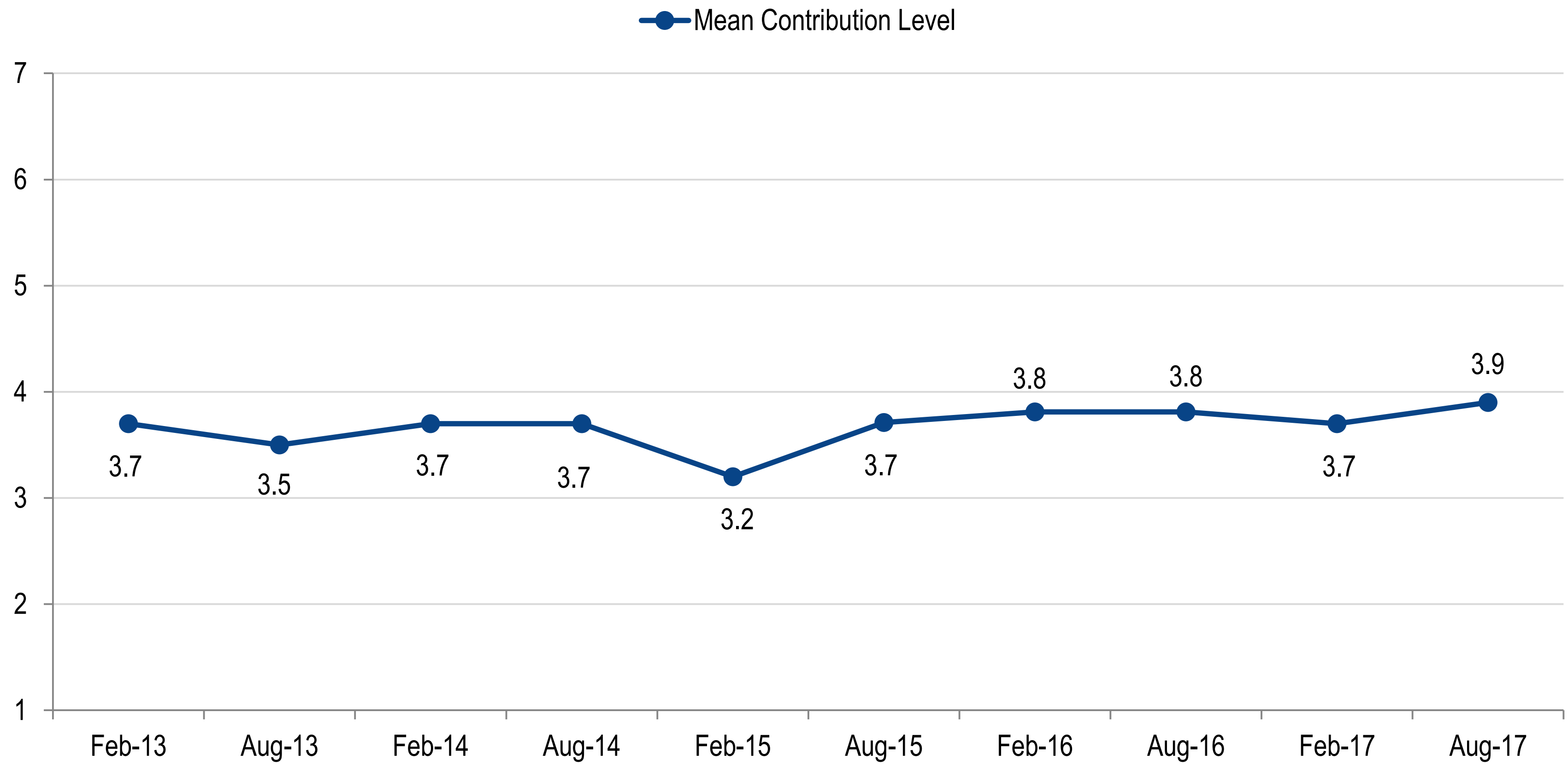
Marketing analytics applications low across key marketing activities

Table 10.2. Percent of companies using marketing analytics in each marketing decision area

Marketing decision area	% using
Customer acquisition	37.0%
Digital marketing	36.7%
Customer insight	34.4%
Social media	28.4%
Segmentation	27.2%
Pricing strategy	26.1%
Customer retention	25.5%
Branding	24.9%
New product or service development	23.2%
Sales strategy	22.1%
Promotion strategy	20.3%
Marketing mix	19.8%
Product or service strategy	18.9%
Customer service	18.3%
Multichannel marketing	15.8%

Contribution of marketing analytics to firm performance remains low but improves slightly

Figure 10.5. To what degree does the use of marketing analytics contribute to your company's performance? (1 = Not at all, 7 = Very highly)



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

Marketing analytics contributions by sector and firm differences

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

Table 10.3a. Industry sector differences

Sector	Mean
Banking/Finance/Insurance	3.6
Communications/Media	5.3
Consumer Packaged Goods	4.6
Consumer Services	5.7
Education	3.7
Energy	3.0
Healthcare	3.8
Manufacturing	3.4
Mining/Construction	6.0
Retail/Wholesale	4.2
Service/Consulting	3.5
Tech Software Biotech	4.5
Transportation	4.0

Table 10.3b. Firm sector differences

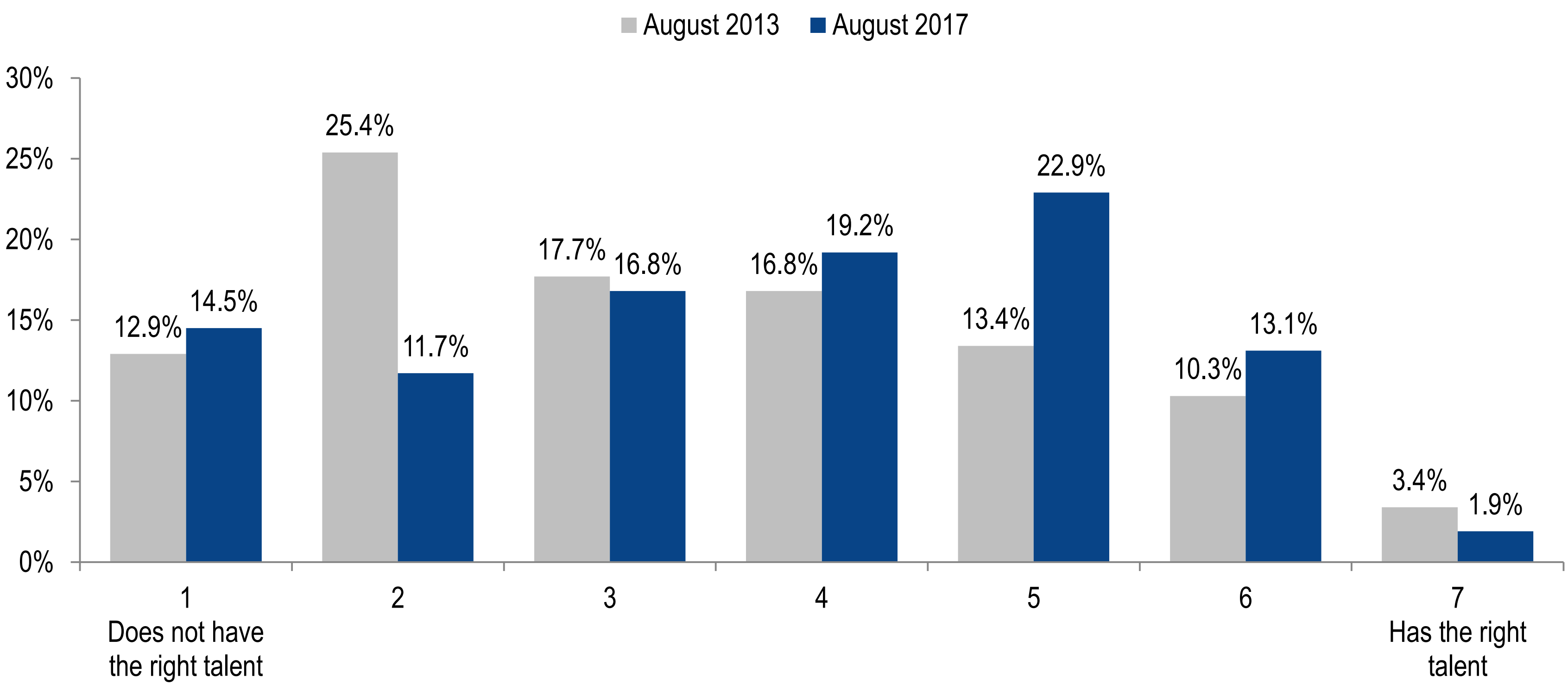
Sector	Mean
B2B Product	3.8
B2B Services	4.0
B2C Product	4.1
B2C Services	4.1

Table 10.3c. Firm Internet sales differences

Firm sales	Mean
0% of sales	3.5
1-10% of sales	3.9
>10% of sales	4.6

Figure 10.6. To what extent does your company have the right talent to fully leverage marketing analytics?

August 2013: Mean = 3.4 (SD = 1.7)
August 2017: Mean = 3.7 (SD = 1.7)



*All available data is shown.

Marketing analytics talent by sector and firm differences

Table 10.7. To what extent does your company have the right talent to fully leverage marketing analytics? (1=Does not have the right talent 7=Has the right talent)

Table 10.7a. Industry sector differences

Sector*	Aug-13 Mean	Aug-17 Mean
Banking/Finance/Insurance	3.2	3.4
Communications/Media	4.2	4.1
Consumer Packaged Goods	3.8	4.5
Consumer Services	2.8	5.0
Education*	-	4.3
Energy	3.3	3.0
Healthcare	3.6	3.7
Manufacturing	3.2	3.3
Mining/Construction	2.7	5.0
Retail/Wholesale	3.2	3.4
Service/Consulting	3.6	3.9
Tech Software Biotech	3.2	3.9
Transportation	3.8	4.7

*Education not included in August 2013 data.

Table 10.7b. Firm sector differences

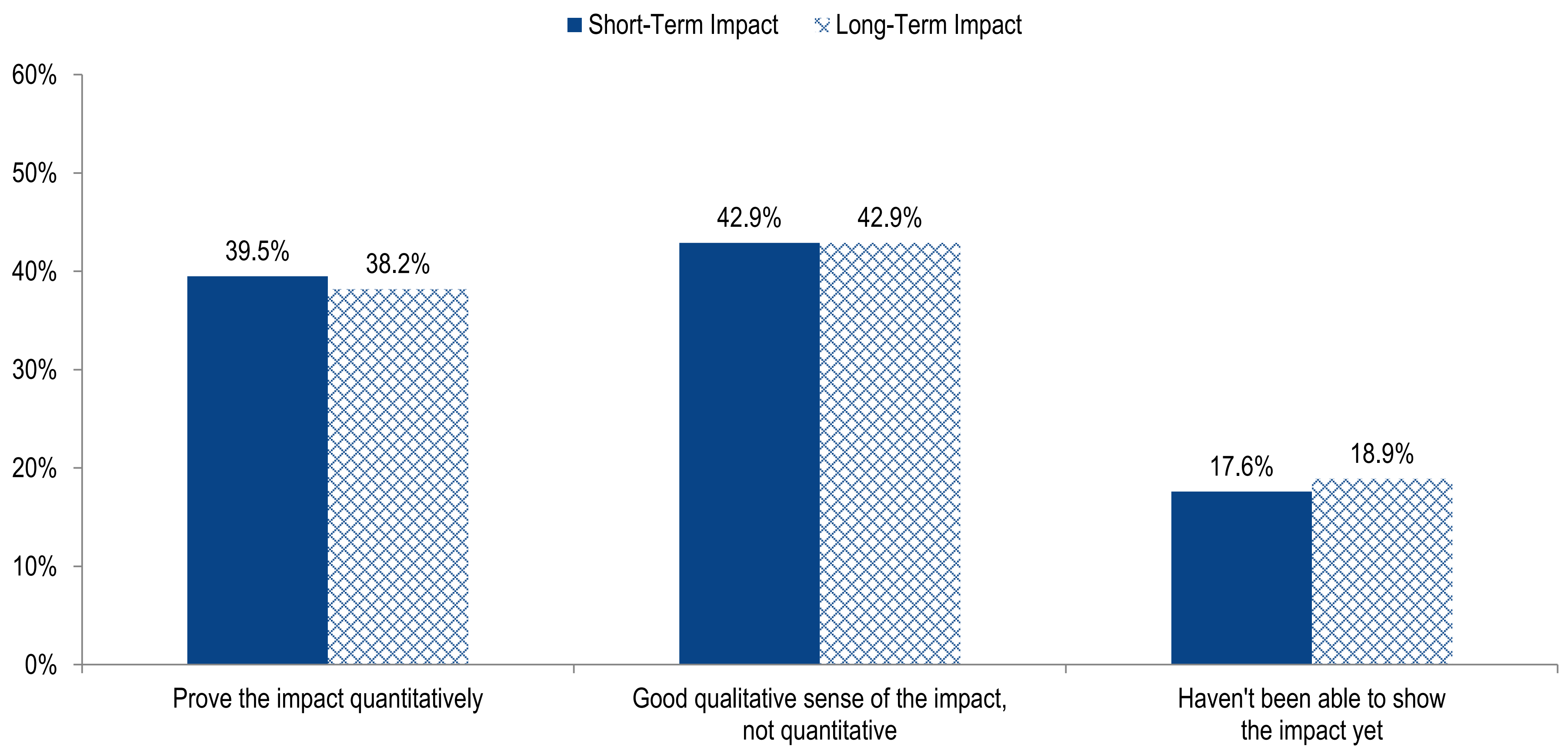
Sector	Aug-13 Mean	Aug-17 Mean
B2B Product	3.2	3.7
B2B Services	3.3	3.6
B2C Product	3.7	4.0
B2C Services	3.5	3.9

Table 10.7c. Firm Internet sales differences

Firm sales	Aug-13 Mean	Aug-17 Mean
0% of sales	3.2	3.4
1-10% of sales	3.3	3.7
>10% of sales	3.7	4.1

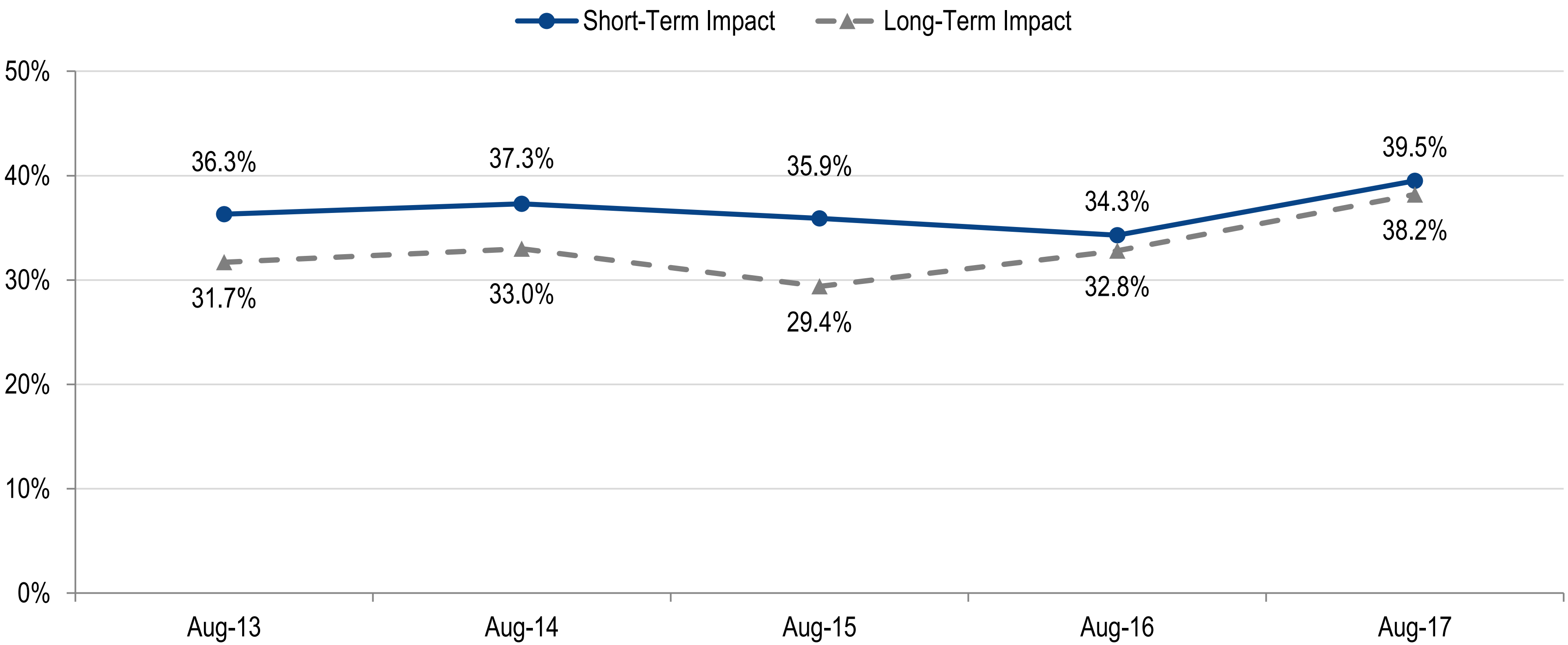
Most firms lack quantitative metrics to demonstrate marketing spending impact

Figure 10.7. How companies demonstrate the impact of marketing spending



Use of quantitative tools to demonstrate marketing impact improves over 5 years

Figure 10.8. The use of quantitative tools to demonstrate the impact of marketing



Preview

The CMO Survey

Next survey: January 2018

Participate: Sign up here

Media: Press release and coverage

Feedback: Send comments to moorman@duke.edu