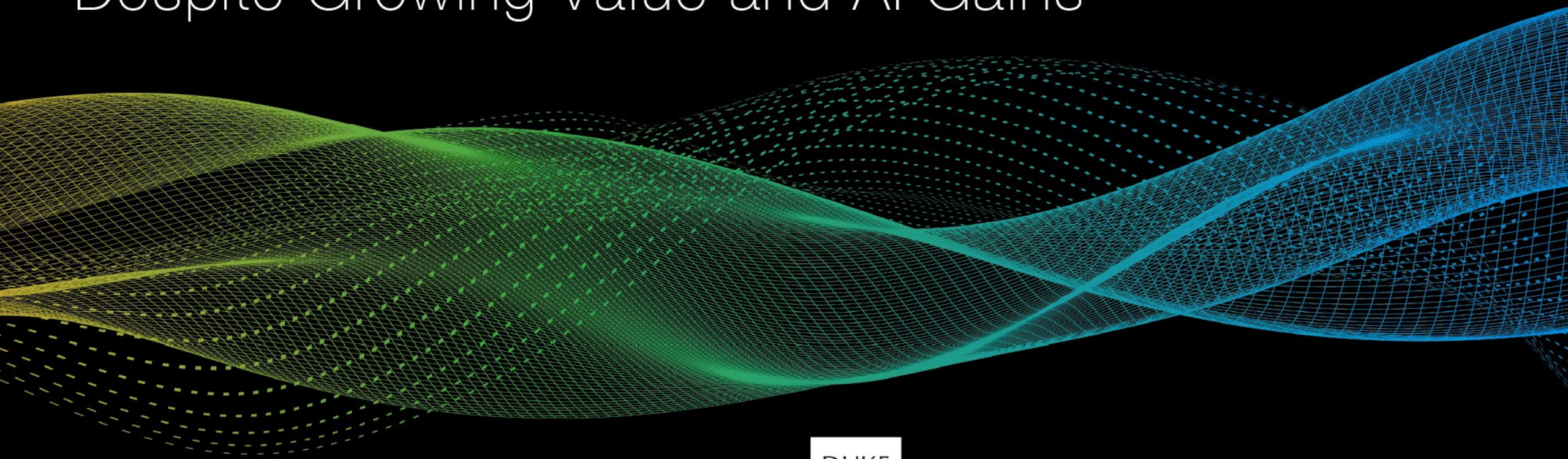


Marketing Contracts Under Economic Pressure Despite Growing Value and AI Gains



2026 Executive Summary

Economic pessimism is at its highest point since the pandemic — and it is reshaping marketing priorities. More than half of respondents report they are less optimistic than last quarter, with economic pessimism at its highest level since height of the pandemic in June 2020. This negative outlook and its triggers are reshaping marketing priorities. Tariffs are translating into price increases, with nearly half of companies raising or planning to raise prices this year. Among companies changing business investment levels, those signaling cuts outnumber those signaling increases by almost four to one. In response to this uncertainty, almost half of marketers are pulling back their targeting strategies to focus on increasing the loyalty of their existing customers rather than pursuing new customers, especially new geographic markets. Growth spending is following a similar pattern with companies spending almost 60% of their budgets on market penetration strategies that focus on selling more of existing products and services to existing customers. This inward orientation is a consistent theme across the 2026 findings.

AI is accelerating and delivering — but adoption is outpacing organizational readiness. AI use in marketing has more than tripled since 2022, with generative AI growing especially fast. Companies project AI will account for more than half of all marketing activities within three years. And the business case is strengthening: measurable improvements in sales productivity, customer satisfaction, and marketing overhead costs have all risen year over year. Digital marketing's contribution to company performance has also improved meaningfully, with nearly three quarters of companies rating its impact as strong. At the same time, we see evidence that technology adoption is outpacing organizational readiness. No marketing technology activity scores above 5 on a 7-point performance scale. This includes key steps such as “integrating marketing technologies into our customer funnel” and “generating ROI from marketing technologies.” The barriers are decidedly organizational — factors such as budget, integration, bandwidth, and talent dominate. Companies will need to ensure that their investments in technology are matched with investments in the capabilities needed to use it effectively.

Marketing capabilities are viewed as critical — yet companies are underinvesting in the people needed to develop them. Marketing capabilities are rated as important to business success — averaging 5.9 on a 7-point scale — and companies overwhelmingly rely on building them through training and hiring as their primary approach. Yet training budgets

have fallen steadily for years, now standing at just 3.8% of marketing spending, down from a pre-pandemic high of 5.8%, and marketing headcount growth has slowed sharply, declining more than 50% from last year's rate. It is not surprising then that the most cited capability gap is not a missing skill, but inadequate resourcing — not enough people, time, or budget to make existing capabilities function effectively.

Marketing's mandate is expanding, but organizational support is not keeping pace. in managing revenue growth, public relations, and customer insight. Marketing leaders are also participating more frequently in board meetings. Yet the CMO-CFO partnership has barely moved in four years — rated just 4.5 on a 7-point scale for building a business case for marketing spending and fewer than half of companies report marketing and finance work together on growth. Marketers devote roughly twice as much time managing the present (68%) as preparing for the future (32%) every year since 2019. Pressure from CEOs, boards, and CFOs is reinforcing that short-term orientation. The predominant response to this pressure from marketing leaders is a shift toward short-term impact over long-run gains (70.6%) and a return to established strategies (47.1%). Rather than investing in deeper customer insights, most marketers focus on developing stronger performance tracking as the primary way to demonstrate value.

Marketing spending decisions remain more reactive than strategic — shaped more by financial pressure and executive reflex than by marketing priorities. Marketing budgets have fallen to their lowest share of company revenues and budgets in several years — 9.0% of revenues and 9.6% of overall budgets — and overall marketing spending grew just 1.7% over the prior 12 months, the smallest rate increase since 2021. When profits fall short of expectations, 53.1% of company executives focus on cutting expenses rather than investing in revenue growth — up from 46% one year ago. When this occurs, marketing expenses are cut 45.4% of time — more frequently than other expense categories. This challenges other survey findings that show the durability of marketing's impact on customers has grown meaningfully since 2022 — increasing up to six months in duration. In another contradiction, although almost half of marketers cite building loyalty and retention among existing customers as their primary strategic response to economic uncertainty, acquisition spending is now 26% larger than retention spending and growing — even as customer retention is outperforming acquisition in the performance data.

About the Survey

Mission

Founded in 2008, The CMO Survey collects and disseminates the opinions of marketing leaders to predict the future of markets, track marketing excellence, and improve the value of marketing in organizations and society.

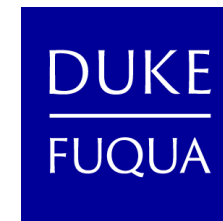
Reports

The Highlights and Insights Report shares key metrics, trends, and insights over time.

The Topline Report offers an aggregate view of results.

The Firm & Industry Breakout Report displays survey results by sector, size, and online sales.

The CMO Survey is sponsored by Duke University's Fuqua School of Business, Deloitte, and the American Marketing Association. Sponsor support includes intellectual and financial resources. Survey data and participant lists are held in strict confidence and are not provided to sponsors or any other parties.



Deloitte.



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Survey Method

Questions

The CMO Survey monitors key marketing indicators. Since 2008, marketing spending, employment, leadership, and performance indicators have been measured to offer benchmarks and insights to the marketing profession.

This 35th edition continues to follow these trends while also asking questions related to AI, marketing technology, growth, and capabilities.

Interpretive Guide:

B2B = Business-to-Business companies

B2C = Business-to-Consumer companies

Administration

Survey was in the field
January 7-January 29, 2026.

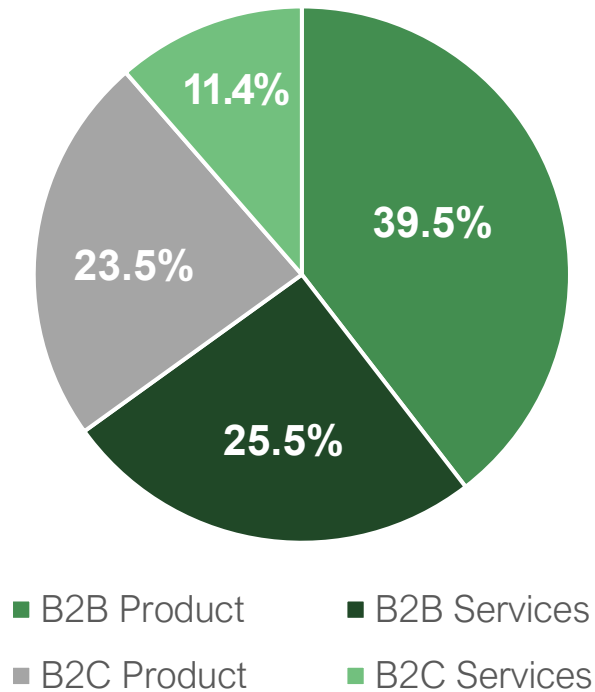
From 2008-2022, surveys were administered in February and August. In 2023, this shifted to the Spring and Fall. In 2025, the survey moved to a yearly administration. These changes are reflected in calendar labels used throughout this report.

Sample

Sample (n=308)

- 2,111 marketing leaders at for-profit U.S. companies
- 308 responded for a 14.6% response rate
- 97% of respondents are VP-level or above

Economic Sector

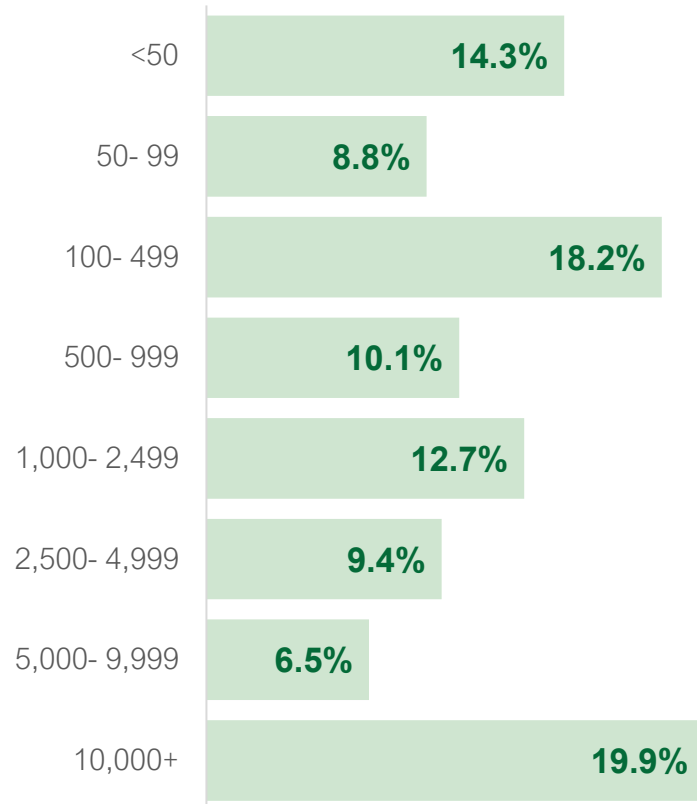


Industry Sector

Tech / Software / Platform	20.4%
Banking / Finance / Insurance	12.2%
Healthcare	10.5%
Manufacturing	9.5%
Consumer Packaged Goods	9.2%
Professional Services	7.6%
Retail / Wholesale	6.3%
Pharma / Biotech	4.9%
Communications / Media	4.3%
Transportation	3.3%
Energy	3.0%
Consumer Services	3.0%
Education	2.3%
Real Estate	2.3%
Mining / Construction	1.3%

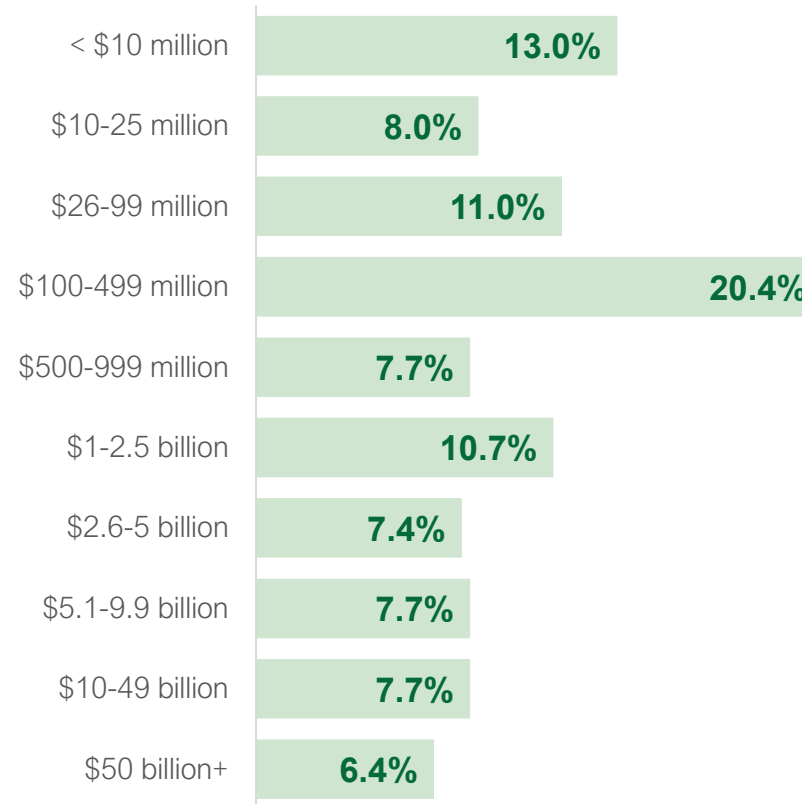
Sample (continued)

Number of Employees

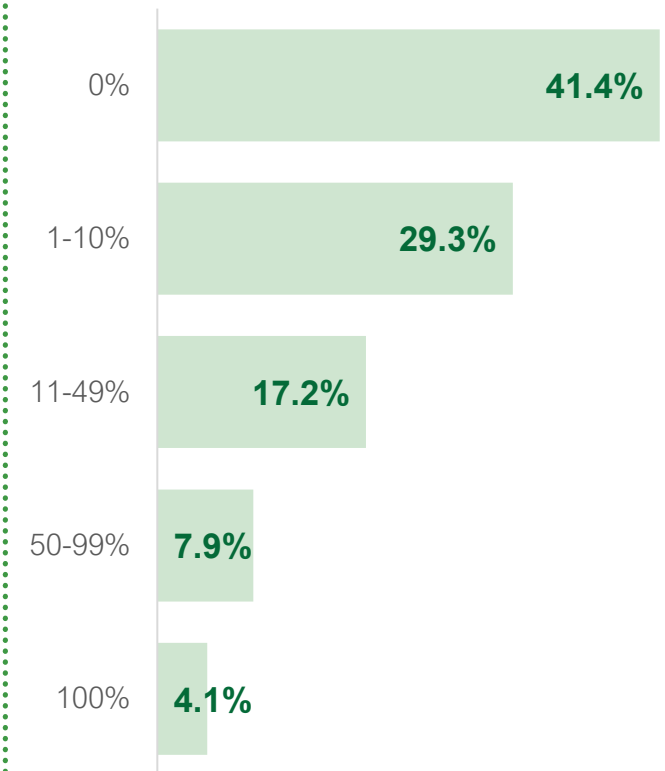


2026

Sales Revenue



% of Online Sales



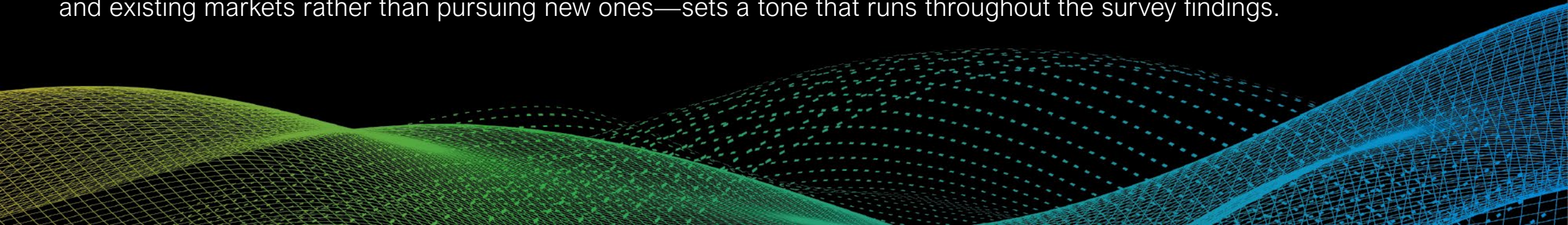
■ Macroeconomic Forecasts and Optimism

Economic optimism among marketers has declined to 56.8 (on a 0–100 scale), its lowest reading since the pandemic. More than half of marketers (50.7%) report being less optimistic than last quarter—the highest level of pessimism since June 2020—while those reporting greater optimism have fallen to 22.2%, down from 31.2% one year ago.

Tariffs are translating directly into price increases. Nearly half of companies have already raised prices (35.6%) or plan to do so in the coming year (12.7%), with manufacturers and retailers among the most affected. After years of inflationary pressure that squeezed marketing budgets, tariffs have introduced a new and distinct challenge: marketers must now manage pricing decisions as an active strategic response, not merely absorb cost increases passively.

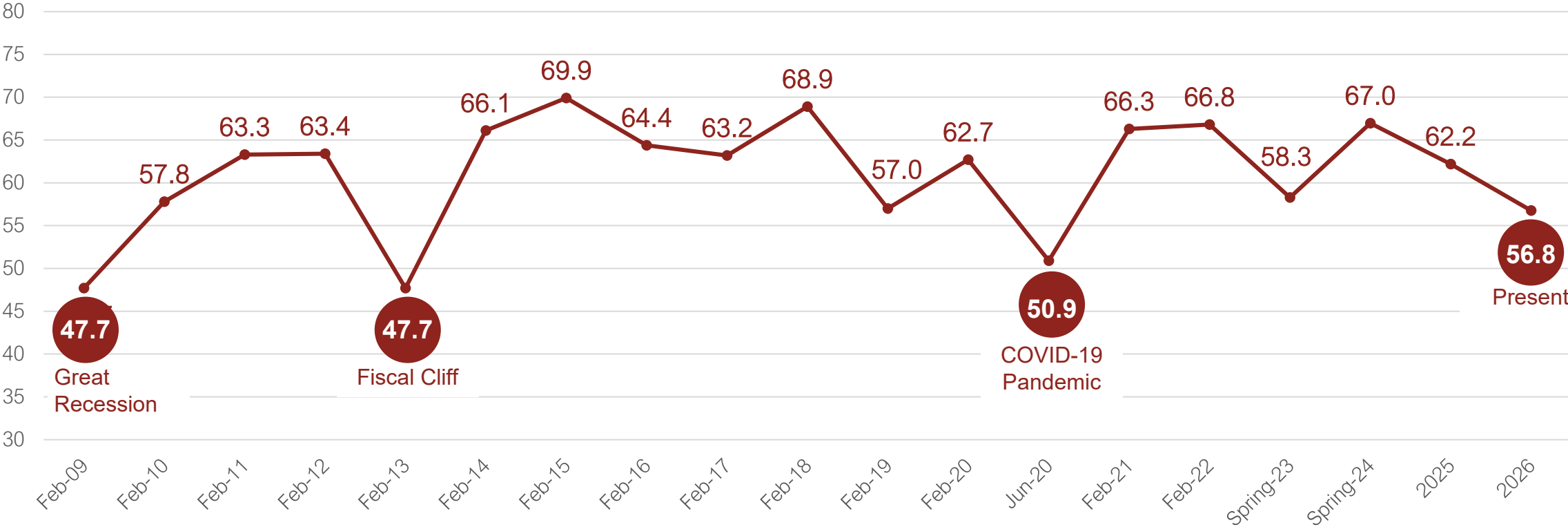
Tariffs are also suppressing business investment. Among companies changing investment levels, those lowering investments outnumber those making increases by almost four to one. The combination of rising prices and falling investment creates a constrained environment that shapes how marketers are allocating resources and setting priorities.

Faced with this uncertainty, marketers are pulling back toward what they know. The most common strategic response is strengthening loyalty and retention among existing customers (43.7%), followed by expanding within current geographic markets (34.7%) and targeting premium segments (33.2%). This turn toward the core—protecting existing customers and existing markets rather than pursuing new ones—sets a tone that runs throughout the survey findings.



U.S. economic optimism among marketers continues to erode, reaching lowest point since pandemic

Rate your optimism about the U.S. economy on a scale from 0-100 with 0 being the least optimistic and 100 being the most optimistic.

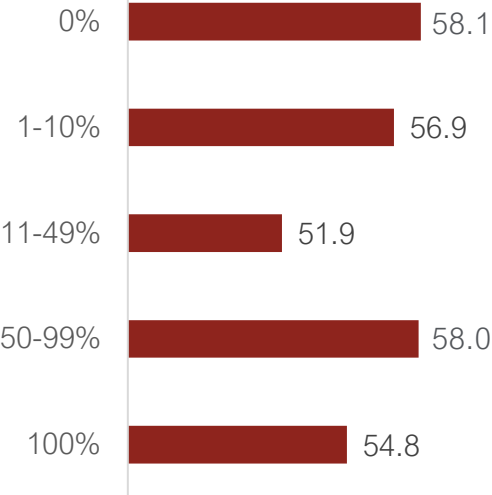


How organizations and industries vary on economic pessimism

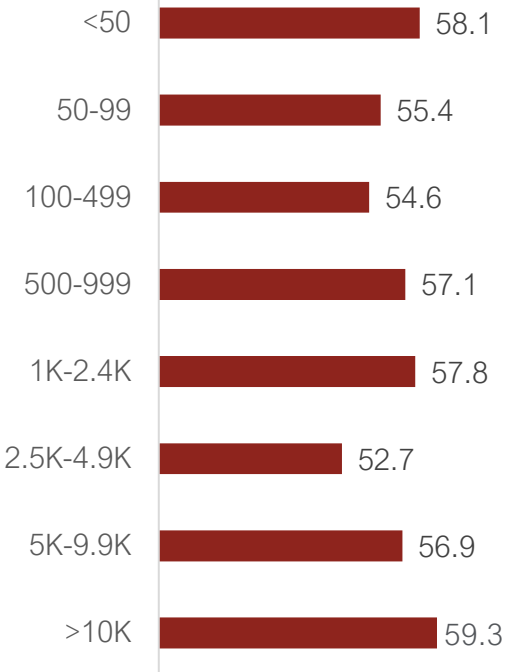
Rate your optimism about the U.S. economy on a scale from 0-100 with 0 being the least optimistic and 100 being the most optimistic.

56.8 overall optimism

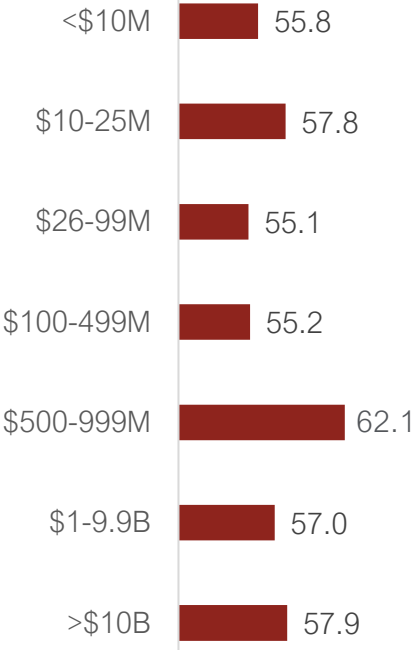
Online Sales



Employees



Revenues



Economic Sector

B2B Product	56.2
B2B Services	56.5
B2C Product	58.4
B2C Services	56.8

Industry Sector

Most optimistic industries

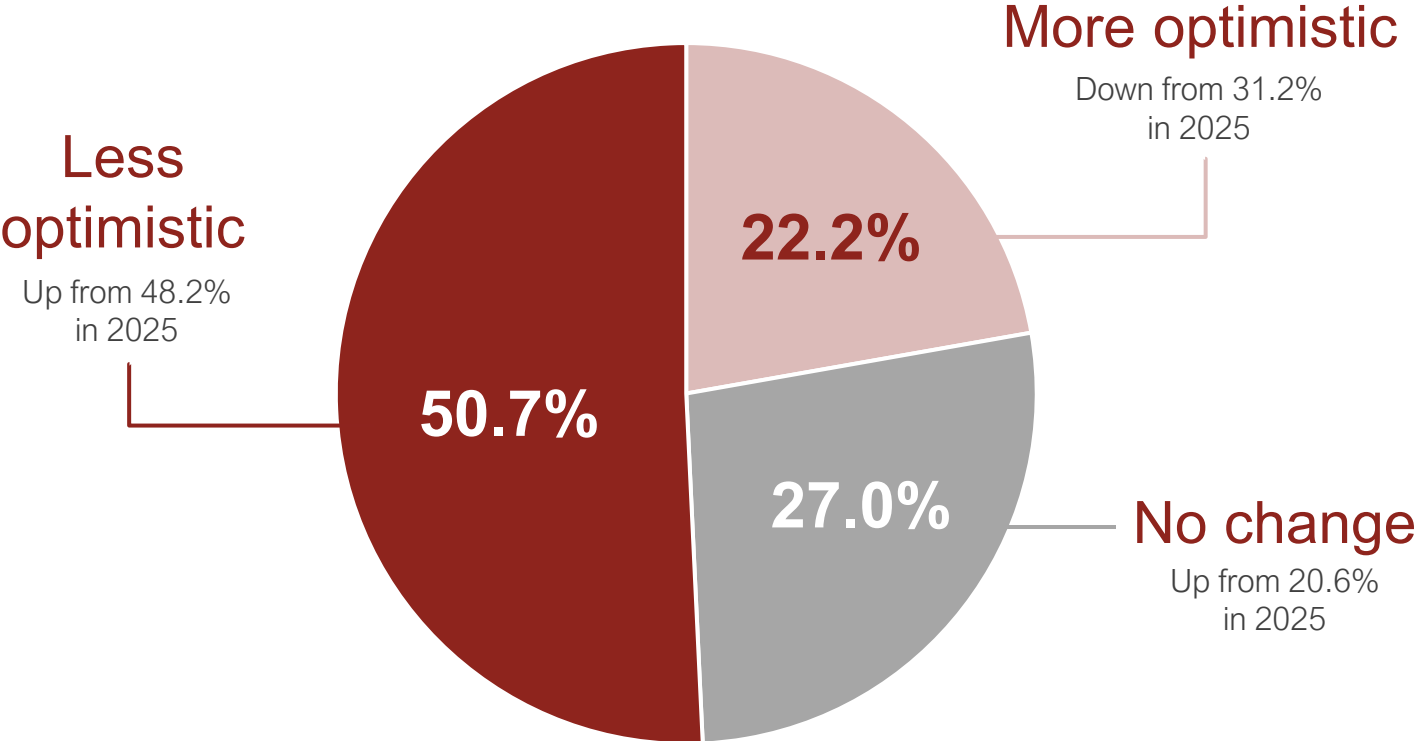
- Real Estate (69.3)
- Energy (68.8)
- Healthcare (61.1)

Least optimistic industries

- Mining / Construction (38.3)
- Education (47.0)
- Communications / Media (47.8)

Half of marketers report being less optimistic about the U.S. economy

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



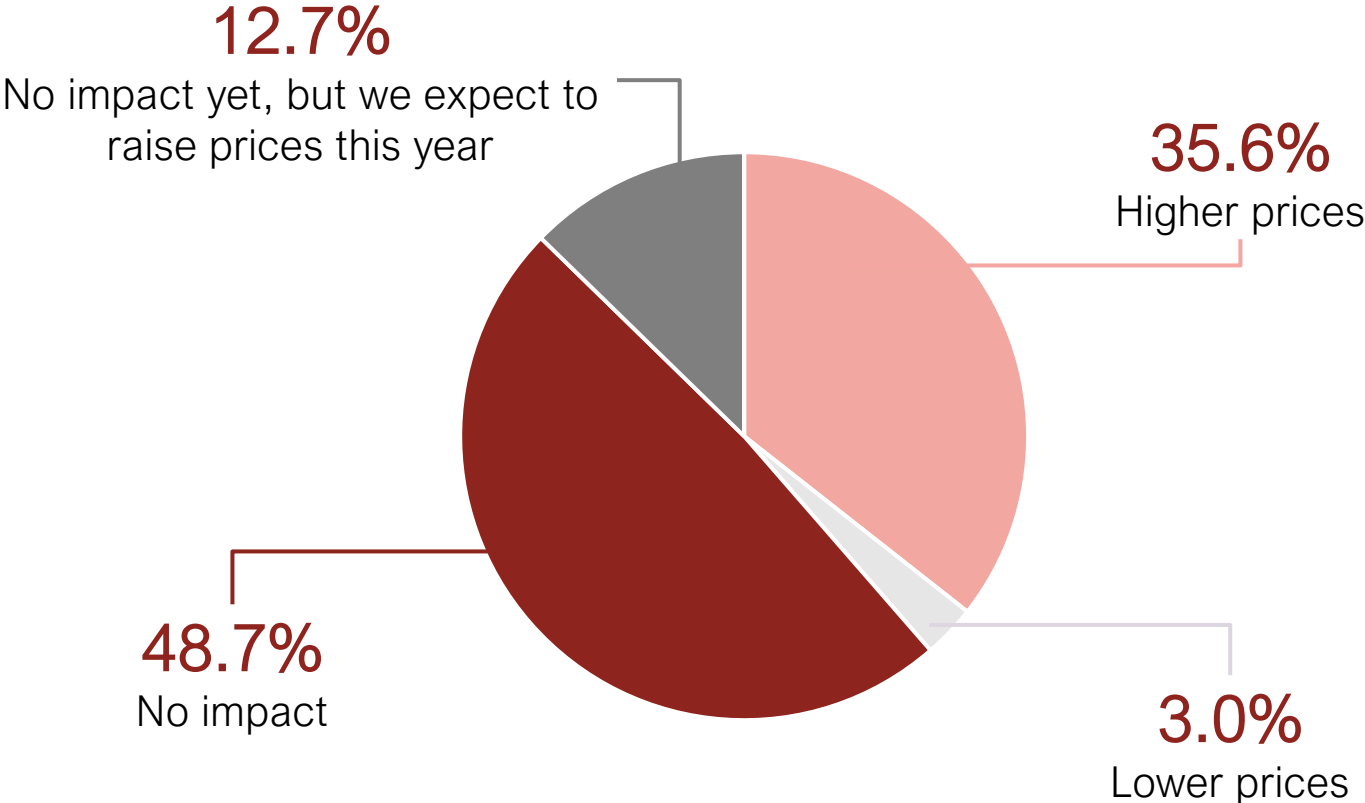
Insights

Marketer sentiment has softened compared to last quarter, with 50.7% reporting they are less optimistic about the U.S. economy, increasing from 48.2% one year ago. This increased pessimism is also evident in the decrease in the number that are “more optimistic,” dropping from 31.2% in 2025 to 22.2%.

To put these ratings in perspective, the average “less optimistic” rating from 2010 to 2018 was 25.6%. This rating hit an all time high of 85.3% in June 2020 during the COVID-19 lockdown and has fallen over time to reach 29.4% in Fall-2024 but then climbing to 48.2% in 2025. This 50.7% rating for “less optimistic” is the highest level since June 2020 (with one exception in Sept-22).

Tariff pressures lead to current or planned price increases for nearly half of companies

How have you adjusted your prices in response to potential tariff impacts?



Insights

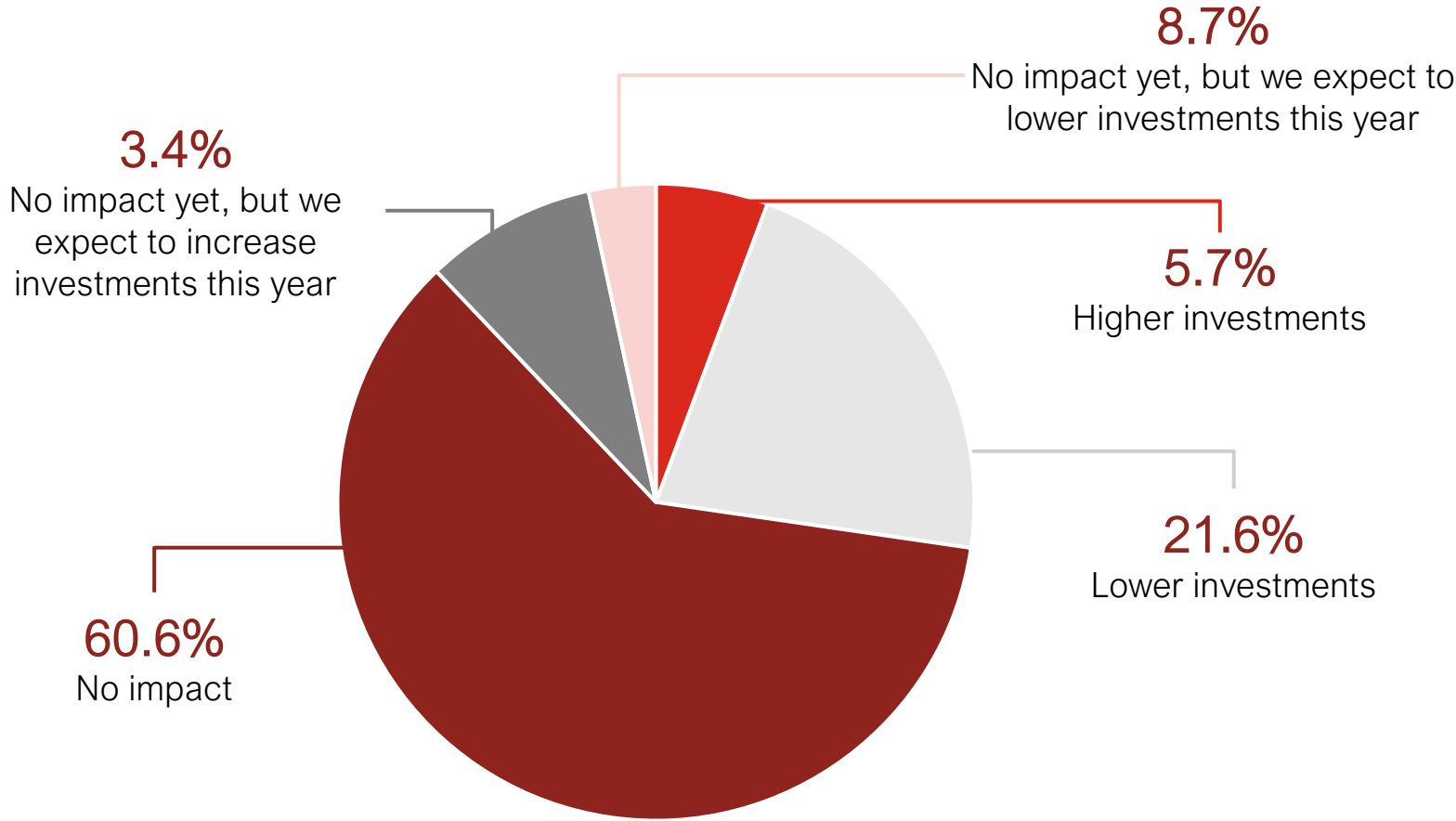
Although nearly half (48.7%) of companies report that tariffs have not impacted their prices, an equal number report raising or planning to raise prices. Specifically, more than a third of all companies have raised prices due to tariffs with another 12.7% reporting they expect to do so this year.

Price increases are more common among larger companies, with nearly half of companies \$500M and above to \$10B in revenue raising prices. Companies with between 1-49% of sales online are more likely to raise prices. Industry differences are clear. Consumer Services (66.7%), Transportation (66.7%), Retail / Wholesale (80.0%), and Manufacturing (80.8%) report the highest rates of price increases.

Considering companies who expect to raise prices in the next year, B2B companies over index as do companies that sell between 0-10% of sales online, those that sell to the Government, and the smallest-sized companies.

Business investments generally unaffected by tariffs, but 30% of companies have or plan to lower investments

How have tariffs impacted your business investments?



Insights

Most companies report no immediate investment impact from tariffs (60.6%). However, the directional tilt is cautious. More than one in five companies have already reduced investments (21.6%) and another 8.7% expect to cut spending this year. In contrast, only 5.7% report higher investments and 3.4% anticipate increases. Companies signaling downside adjustments outnumber those signaling increases by more than three to one.

Which companies and industries are in the 21.6% making lower investments? Product sectors are more likely to be making lower investments (B2B Product 25.2%, B2C Product 28.8%) than service counterparts. The industry sectors cutting business investments at the highest levels are Consumer Packaged Goods (48.0%), Retail / Wholesale (40.0%), and Manufacturing (38.5%). Companies that sell fewer products online (1-10% of sales) and the largest companies (10k+ employees) are also making lower investments (34.6% and 28.0%, respectively).

As economy shifts, companies double down on building loyalty and retention among existing customers

How are you changing your consumer targeting strategy in response to economic shifts over the last year? (check all that apply)

43.7%

Increase our focus on building loyalty / retention of existing customers

- B2C Services (55.9%)
- 11-49% of sales online (56.5%)
- Retail / Wholesale (68.8%) and Healthcare (51.6%)
- Companies with \$10B in sales (57.1%)

34.7%

Increase our focus on new segments in our current geographic markets

- B2B Services (39.1%)
- Sell to the Government (45.6%)
- 50-99% of sales online (36.4%) with all other companies, except for 100% online, close behind
- Real Estate (71.4%) and Energy (62.5%)

33.2%

Increase our focus on premium or less price-sensitive segments

- B2C Services (44.1%) and B2C Product (43.3%)
- 50-99% of sales online (45.5%) and 11-49% online (39.1%)
- Communications / Media (66.7%) and Consumer Services (55.6%)

26.5%

Increase our focus on value-driven or more price-sensitive segments

- B2C Product (48.3%)
- Education (57.1%) and Retail / Wholesale (56.3%)
- Large companies by sales revenue (\$10B, 48.6%) and number of employees (10,000+, 40.4%)

19.4%

Increase our focus on expanding into new geographic markets

- B2B Services (31.9%)
- Sell to the Government (24.3%)
- Real Estate (57.1%) and Transportation (37.5%)

Top Companies, Industries, and Sectors

18.7% of all companies build loyalty + focus on new segments in current geographies

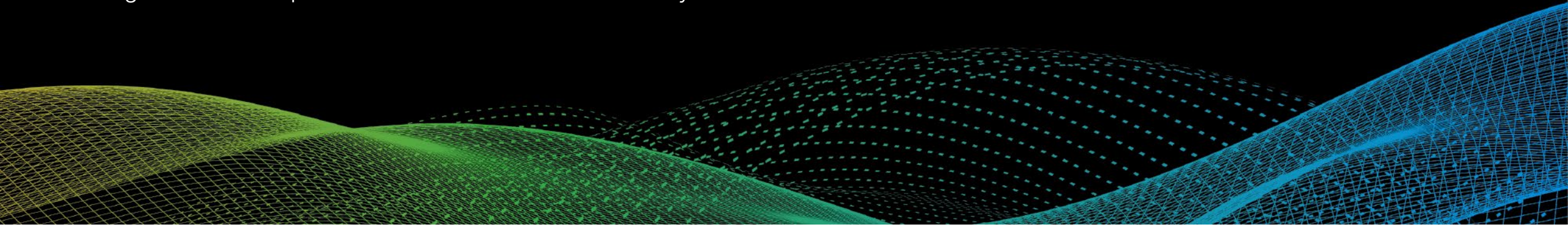
19.0% of all companies build loyalty + focus on premium segments

■ Marketing Technology and AI

AI use in marketing has nearly doubled in two years, rising from 13.1% of marketing activities in 2024 to 24.2% in 2026. Generative AI has expanded even faster, growing 220%, from 7.0% to 22.4% over the same period. Companies project AI will account for 55.9% of marketing activities within three years.

The breadth of AI applications has expanded substantially. Content creation (73.9%), content personalization (65.4%), automation (48.9%), data analysis (46.3%), and targeting (45.2%) all show strong adoption growth since 2023. Generative Engine Optimization, getting content to appear in AI-generated search results, is already being used by 41.5% of companies, a notable finding for a capability that did not exist in prior surveys. Business results are also improving: AI contributions to sales productivity, customer satisfaction, and marketing overhead cost reduction have all risen meaningfully year over year.

Yet technology adoption is consistently outrunning execution. No marketing technology activity scores above 5 on a 7-point performance scale, and performance levels have not improved over the past two years. When asked to identify the biggest barrier to maximizing the impact of marketing technologies, marketers pointed to four areas: lack of budget (20.1%), technology integration and data architecture (19.1%), bandwidth, time, and focus (14.1%), and talent management (13.1%). These barriers are not independent—they reflect a common underlying condition in which investment in technology has outpaced investment in the organizational capabilities needed to use it effectively.



Marketing technology strategy activities outpace execution, ROI proof, and talent

Rate how well your company is performing each of the following marketing technology activities (1=poorly, 7=very well)

Activity	2024	2026
Selecting the right company to provide marketing technologies	4.9	4.9
Selecting the right mix of marketing technologies for our needs	4.9	4.8
Integrating marketing technologies into our customer funnel	4.6	4.8
Leveraging data from marketing technologies for tactical decision making	4.6	4.8
Leveraging data from marketing technologies for strategic decision making	4.6	4.6
Designing the broad architecture of our marketing technology systems	4.4	4.6
Generating ROI from marketing technologies	4.5	4.5
Developing capabilities for using marketing technologies	4.5	4.5
Demonstrating ROI from marketing technologies	4.2	4.4
Integrating marketing technologies across other data systems in our company	4.0	4.0
Training current employees on emerging marketing technologies*	-	3.9
Hiring to manage marketing technologies	3.9	3.7



Competent, but not exceptional:

No activity scores above 5 on a 7-point scale, signaling solid but unspectacular performance. Lack of improvement over the past two years indicates that marketing technology activities remain average.

Execution and measurement gap:

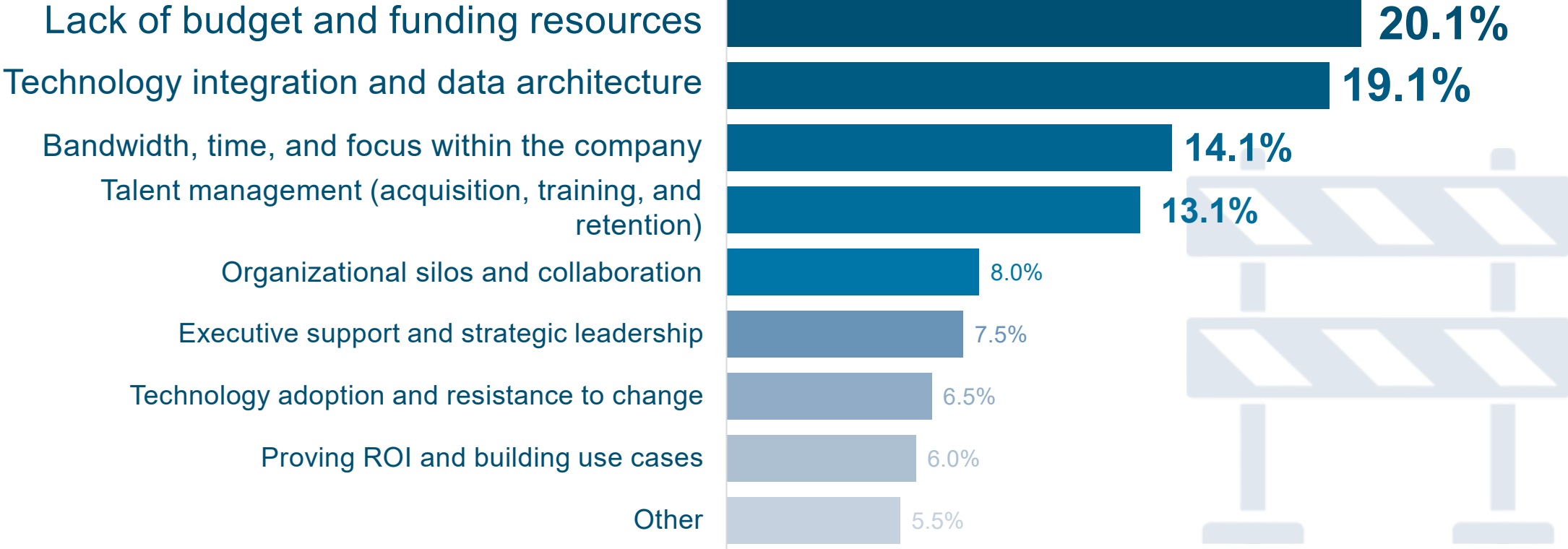
Companies are stronger on vendor selection (4.9) and mix decisions (4.8), yet lag in demonstrating ROI (4.4). The gap between generating ROI (4.5) and demonstrating it (4.2) highlights persistent measurement and attribution challenges.

Talent constraints limit impact:

Hiring (3.7) and training (3.9) rank lowest across activities. Despite growing tech sophistication, these results indicate that organizations lack the talent depth needed to fully execute and optimize marketing technology investments.

Budget constraints and integration challenges top the list of barriers to marketing technology impact

What is the biggest barrier to maximizing the impact of marketing technologies in your company?



Key digital readiness indicators

Check all the statements that describe your company's digital activities.



Understand Tech Roadmap: 66.5%

↑ from 64.8% in 2022

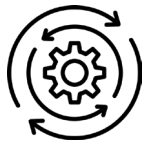
Marketing leaders have a good understanding of the technology roadmap and capabilities they can use to do great marketing



Train in MarTech: 49.7%

↓ from 54.1% in 2022

Marketing teams have the skills and training to best use your company's marketing systems powered by technology system/tools



Test & Iterate: 60.5%

↓ from 67.2% in 2022

We continuously test and iterate using digital marketing



Systems Informed Roadmap: 43.2%

↑ from 39.8% in 2022

Marketing has the right systems in place to track customer engagement in a way that informs its marketing roadmap



Collaborate with CIO/CTO: 55.7%

No significant change from 56.6% in 2022

Marketing leaders are more collaborative with the CIO/CTO (or the equivalent technology leaders)



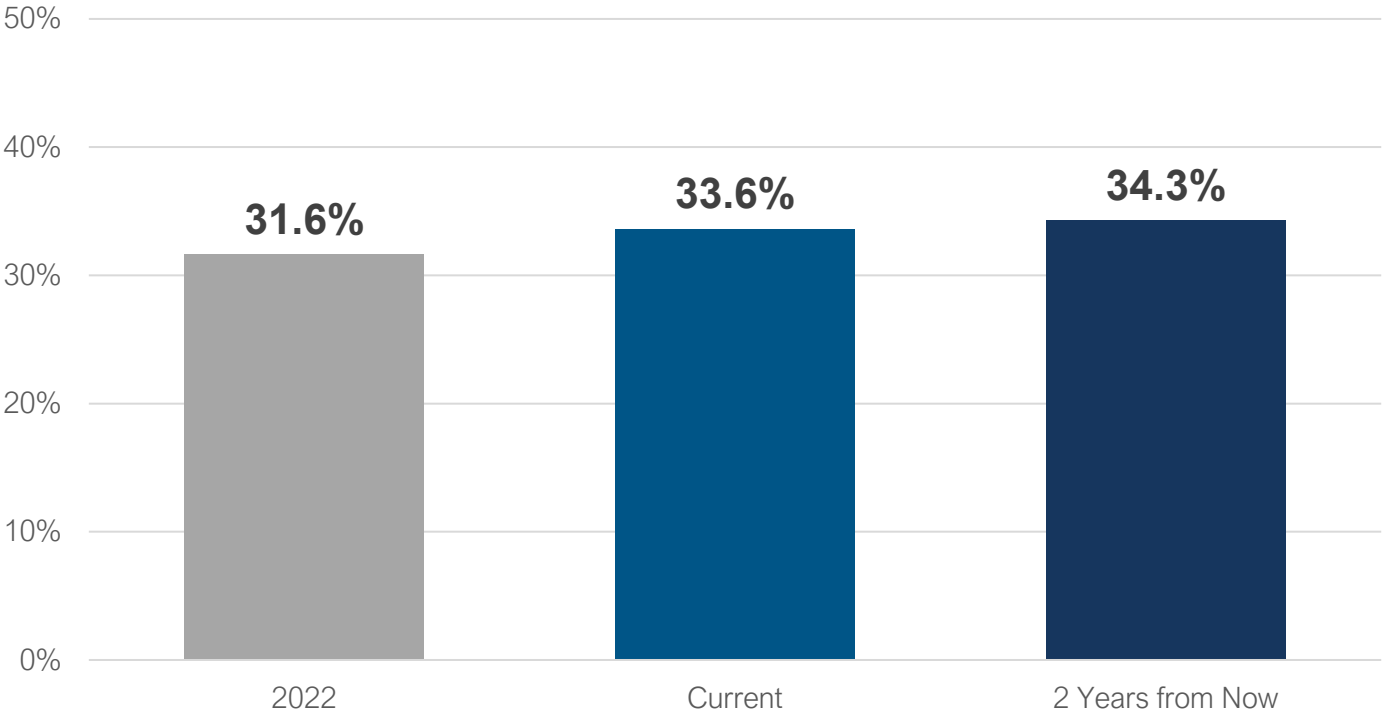
Integrate All Touchpoints: 30.3%

↑ from 27.9% in 2022

Your company has consolidated customer intelligence in a way that integrates customer data across all touchpoints

Companies outsource one-third of digital marketing activities

What percent of your digital marketing activities are performed by external agencies, partners, and services?



Economic Sector

	2022	Current	2 Years from Now
B2B Product	29.9%	28%	31%
B2B Services	26.6%	25%	26%
B2C Product	45.4%	48%	44%
B2C Services	33.7%	44%	45%

Industry Sector

Biggest External Users (current)

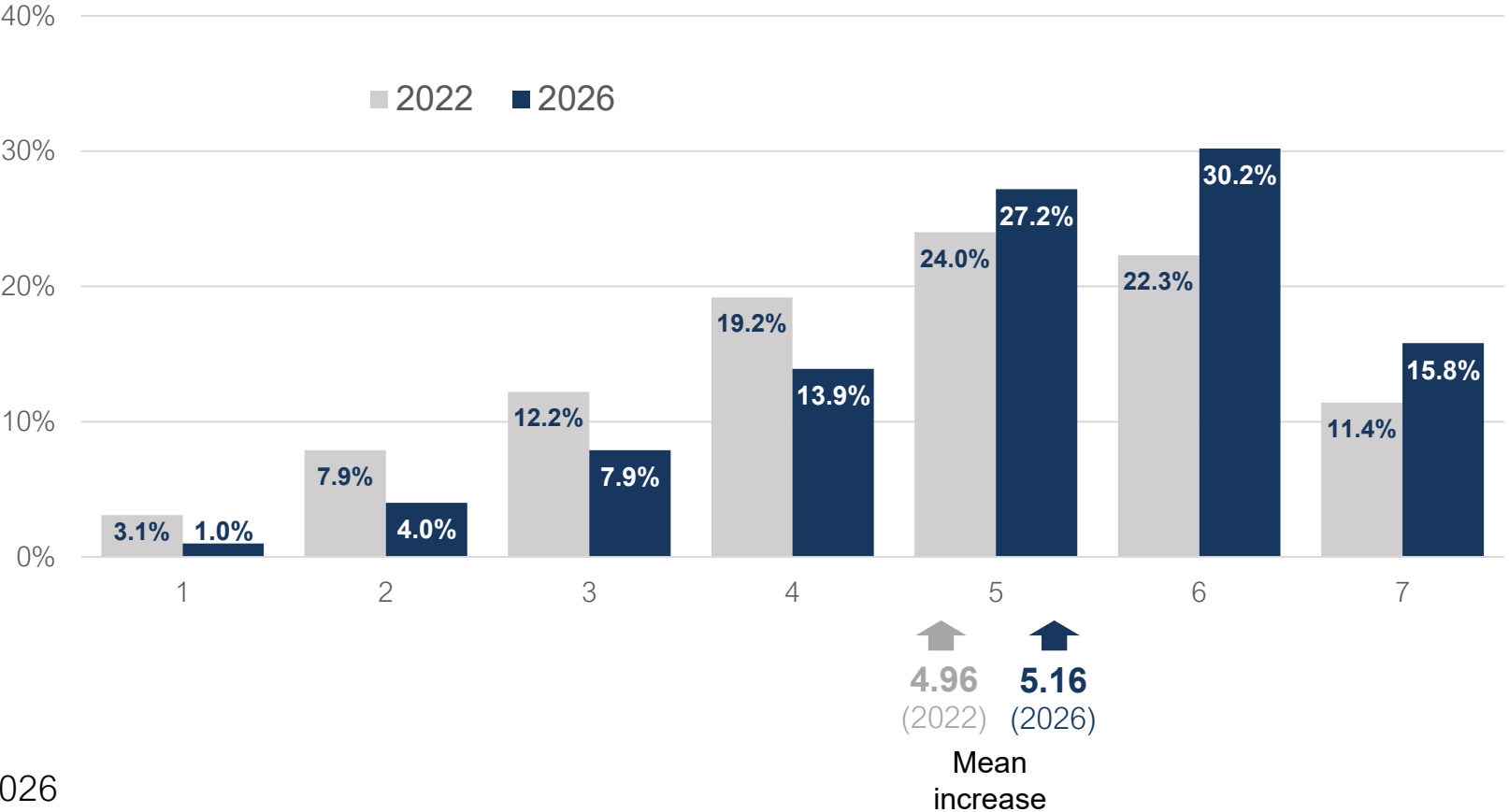
- Retail / Wholesale (57%)
- Consumer Packaged Goods (55%)
- Mining / Construction (52%)

Smallest External Users (current)

- Education (3%)
- Communications / Media (10%)
- Tech / Software / Platform (28%)

Digital marketing is increasingly beneficial to overall company performance

To what degree has the use of digital marketing contributed to your company's performance during the last year? (1=not at all, 7=very highly)

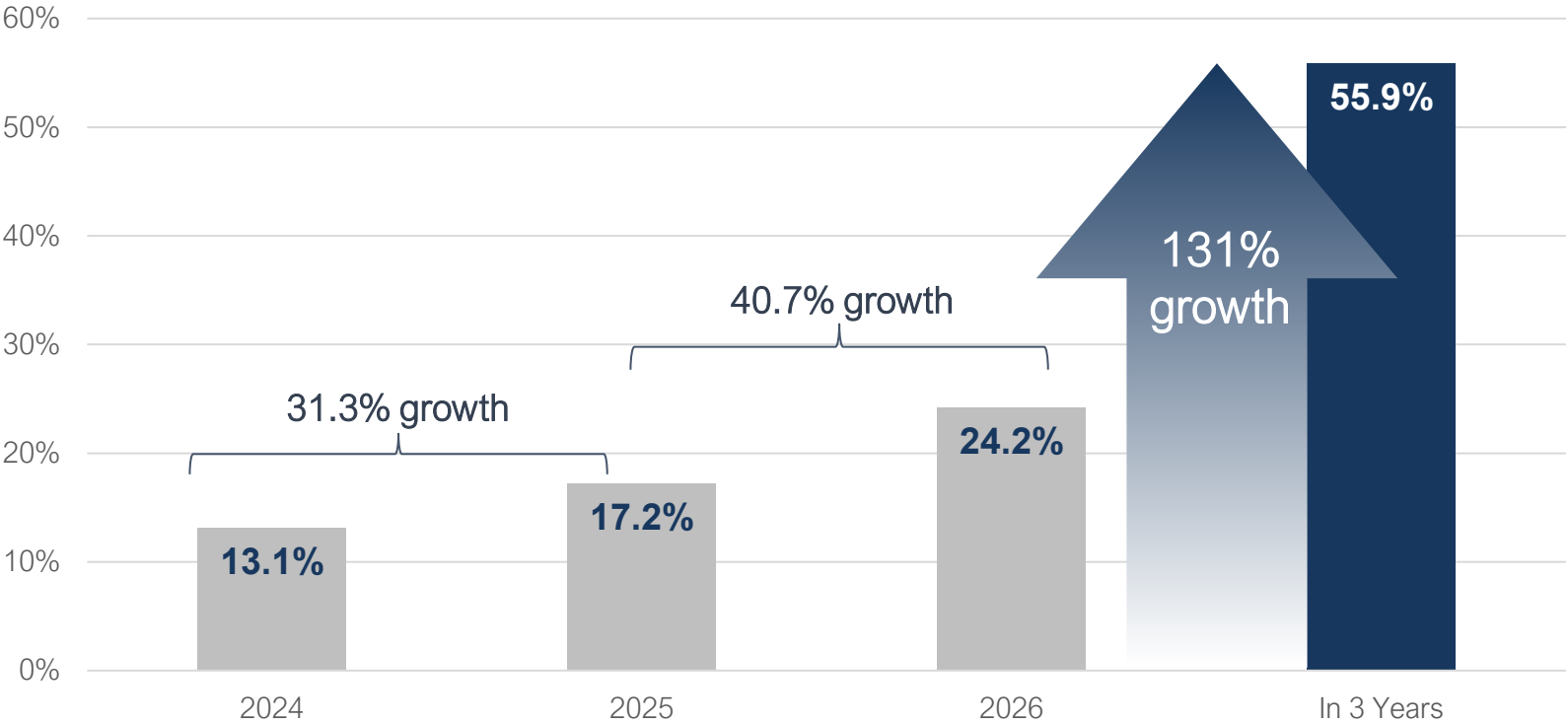


The contribution of digital marketing to company performance shows improvement over time with 73.2% of companies scoring 5 or above on the rating scale. Perceived impact is strongest among consumer-facing and digitally intensive sectors, including B2C Services (5.86) as well as the Retail / Wholesale (6.17), Education (6.00), and Real Estate (5.80) sectors. Contribution from digital marketing increases to 6+ levels as percent of online sales reaches 50% or higher. Smaller companies as measured by number of employees have higher returns.

Weakest contributions accrue to B2B Product companies (4.83) and other capital-intensive or planned-purchase industries such as Manufacturing (4.25) and Pharma / Biotech (4.70).

Company use of AI/ML to optimize marketing continues to increase, with projected growth of another 131% in the three years

To what extent is your company using artificial intelligence or machine learning in optimizing and automating marketing efforts? (0% of the time-100% of the time)



AI/ML usage in marketing is accelerating rapidly. Adoption has nearly doubled from 13.1% in 2024 to 24.2% in 2026, with companies projecting usage to reach 55.9% in three years.

Sectors show considerable heterogeneity. Tech / Software / Platform companies lead all industries at 36.1% today and 68.4% projected in three years, followed by Consumer Services (32.5% current -> 65% future) and Retail / Wholesale (26.4% current -> 60% future).

Scale and digital intensity matter. Companies above \$10B in revenue report 25.0% current usage and companies with 10,000+ employees project 55.9% usage. Fully online companies report 31.4% current usage versus 17.5% among companies with limited online sales.

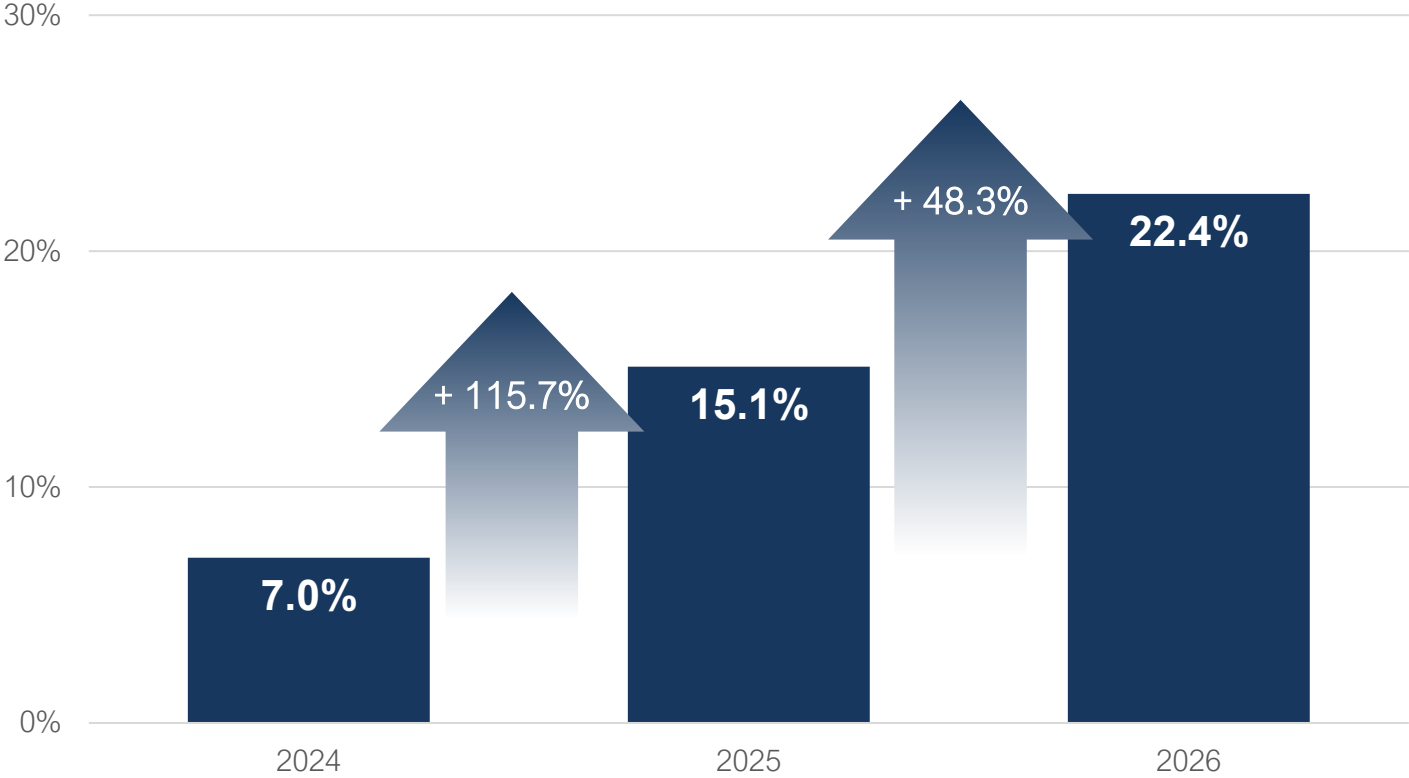
AI adoption in marketing surges, led by content, automation, and performance analytics

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

	<u>Fall-23</u>	<u>2026</u>	<u>Change</u>
Content creation	49.2%	73.9%	+24.7%
Content personalization	52.8%	65.4%	+12.6%
Improving marketing ROI by optimizing marketing content and timing	36.6%	49.5%	+12.9%
Marketing automation: AI-powered automation tools streamline marketing processes	28.0%	48.9%	+20.9%
Data analysis and reporting: To measure performance, track metrics, and generate reports	24.8%	46.3%	+21.5%
Targeting decisions	31.7%	45.2%	+13.5%
Predictive analytics for customer insights	32.9%	41.5%	+8.6%
Generative Engine Optimization (GEO) to get content to appear in AI-generated search results*	-	41.5%	-
Customer segmentation	21.5%	35.6%	+14.1%
Programmatic advertising and media buying	35.0%	32.4%	-2.6%
Listening and sentiment analysis	14.2%	28.2%	+14%
Next best offer	4.9%	12.8%	+7.9%
Autonomous objects / systems	2.8%	9.6%	+6.8%
Augmented and virtual reality	10.2%	6.4%	-3.8%
Voice and search optimization	3.7%	4.3%	+0.6%
Facial recognition and visual search: i(mage and video recognition	2.0%	3.7%	+1.7%
Biometrics	1.6%	1.1%	-0.5%

Use of generative AI in marketing continues to accelerate to be used in nearly a quarter of all marketing activities

What percent of the time is your company using generative AI in its marketing activities?



	Highest Use	Lowest Use
Economic Sector	B2B Services (27.4%)	B2C Product (18.9%)
Industry Sector	Consumer Services (38.3%), Tech / Software / Platform (33.9%)	Mining / Construction (8.7%), Manufacturing (11.3%)
Online Sales	50-99% of sales (30.6%)	100% of sales (16.67%)
Sales Revenues	\$10-25M (32.5%)	\$500-999M (15%)
# of Employees	50-99 (30.2%)	100-499 (16.9%)

Companies manage security well but struggle with genAI fairness, talent, and infrastructure investments

Rate how well your company is managing the following challenges associated with using Generative AI in marketing: (1=not at all, 7=very effectively)

Challenge	2025	2026
Implementing security measures to protect customer information	4.6	5.0
Ensuring that the marketing strategy that generative AI produces is a good fit for your brand	4.3	4.5
Ensuring that the marketing strategy that generative AI produces is a good fit for your target markets	4.2	4.4
Understanding how content or decisions are being made	4.1	4.4
Reducing susceptibility to attacks by malicious actors	4.0	4.3
Minimizing bias and ensuring fairness	3.7	3.8
Investing in hiring and building expertise necessary to use generative AI	3.4	3.7
Investing in hardware necessary for generative AI to work well	3.2	3.5

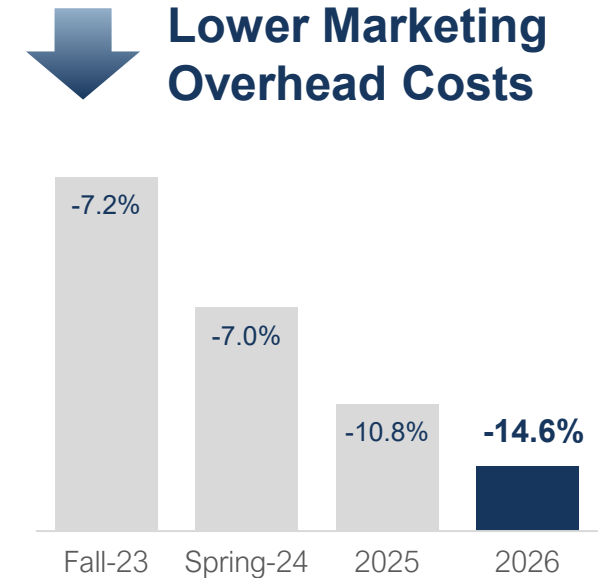
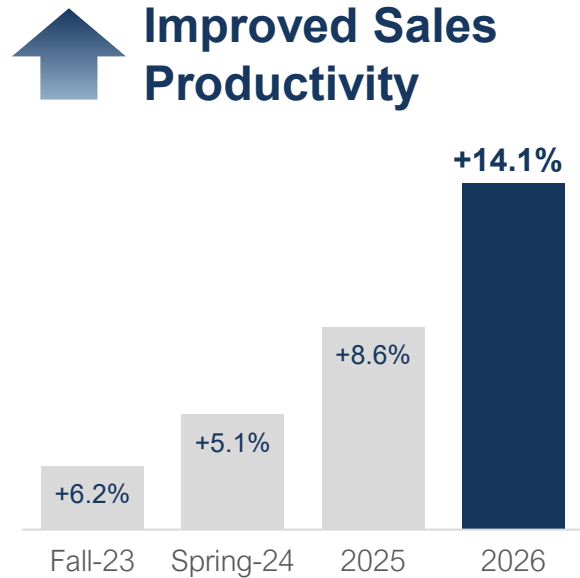


Companies report improvements in managing all genAI challenges. However, effectiveness ratings remain weak to moderate with only one performance rating—implementing security measures—reaching a score of 5 on the 7-point scale. Strategic fit of genAI-produced strategy with brand and target markets remains a challenge. Education, Real Estate, Communications / Media, and Tech / Software / Platform report the highest fit ratings.

The weakest areas are minimizing bias (3.8), hiring genAI talent (3.7) and investing in hardware (3.5). Size by the number of employees or sales revenues does not improve these ratings. Companies with 100% of their sales online perform better on these challenges as do B2B and B2C Services companies over their Product counterparts.

AI in marketing continues to improve productivity and customer satisfaction while lowering overhead costs year over year

Rate how the use of **any type** of AI in marketing has affected the following outcomes. In each case, note the percentage improvement experienced in your company.



Top Economic Sector: B2B Services (17.2%)
Top Industry Sector: Real Estate (30.0%)

B2B Services (15.5%)
 Consumer Services (25.0%)

B2B Services (-19.5%)
 Consumer Services (-30.0%)

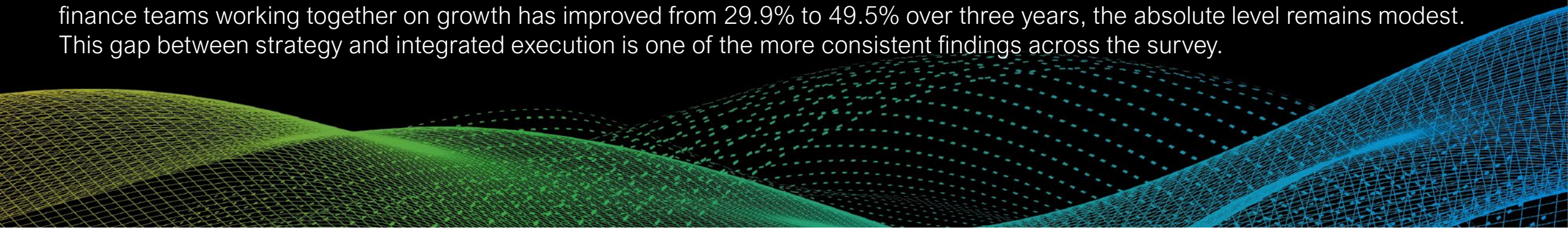
■ Managing Growth

Talent remains the top driver of organic revenue growth, though its dominance has eased—cited as the primary factor by 34.5% of marketers, down from 40.1% in 2023. Stakeholder alignment has risen in importance, now ranked first by 22.3% of marketers (up from 14.9%), reflecting a growing recognition that coordinating across both internal and external stakeholders is a growth lever.

Since 2024, growth spending has shifted modestly but consistently toward product and service development (22.9%, up from 19.2%) and away from new market development (14.1%, down from 17.0%). Existing market penetration remains the dominant strategy at 56.4%. The reasons behind these allocations are revealing: companies pursuing market penetration cite core strengths and resource constraints; those pursuing new offering development point to AI and digital innovation as the primary opportunity. This inward orientation mirrors trends visible in the Macroeconomic Forecasts section: companies are deepening rather than expanding.

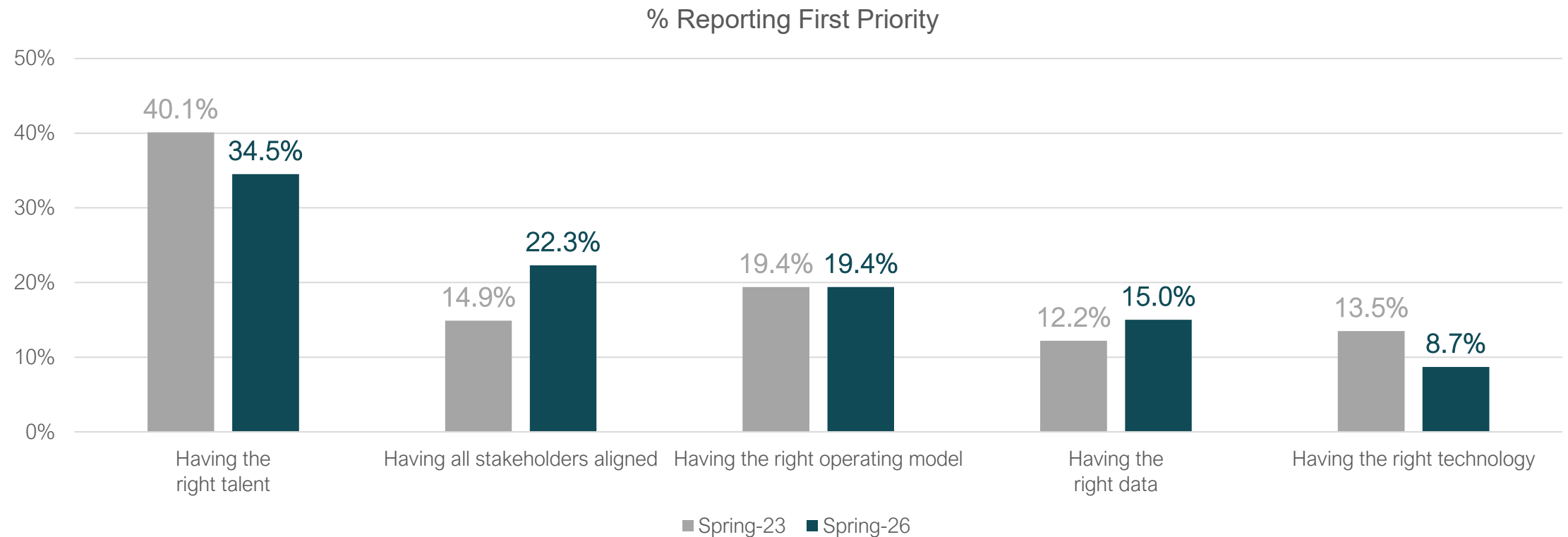
Despite a domestic focus, Western Europe stands out as the largest new international growth opportunity, cited by 22% of marketers, followed by China (11%). Western Europe is the focus of B2B Services companies and the Professional Services sector, while China is of greater interest to B2B Product companies and the Energy and Real Estate industries. For the first time, Africa is noted as an opportunity by B2C Product companies.

Marketers have improved at connecting growth strategy to customer insights and building business cases for growth investments (both above 70% of the time). The most significant remaining gap is cross-functional integration: while the share of marketing and finance teams working together on growth has improved from 29.9% to 49.5% over three years, the absolute level remains modest. This gap between strategy and integrated execution is one of the more consistent findings across the survey.



Growth remains talent-led, but stakeholder alignment increases in importance

Rank order the following factors in terms of their importance for driving future organic revenue growth within your company (1=most important, 5=least important)



Incremental rebalancing of growth spend toward product/service development and away from new markets

Allocate 100 points to reflect your company's spending in each of the four growth strategies during the prior 12 months.

	Spring 23	Spring 24	2026
Market Penetration Existing products/services into existing markets	57.7%	57.4%	56.4%
Product/Service Development New products/services into existing markets	19.6%	19.2%	22.9%
Market Development Existing products/services into new markets	16.3%	17.0%	14.1%
Diversification New products/services into new markets	6.5%	6.4%	6.5%

Economic Sector

	% Product/Service Development	% Market Development
B2B Product	23.4%	14.0%
B2B Services	28.1%	15.7%
B2C Product	20.0%	13.4%
B2C Services	15.5%	12.6%

Industry Sector

Highest product/service development

- Pharma / Biotech (30.0%)
- Tech / Software / Platform (27.7%)
- Real Estate (25.8%)

Highest market development

- Consumer Services (23.0%)
- Mining / Construction (20.0%)
- Manufacturing (17.8%)

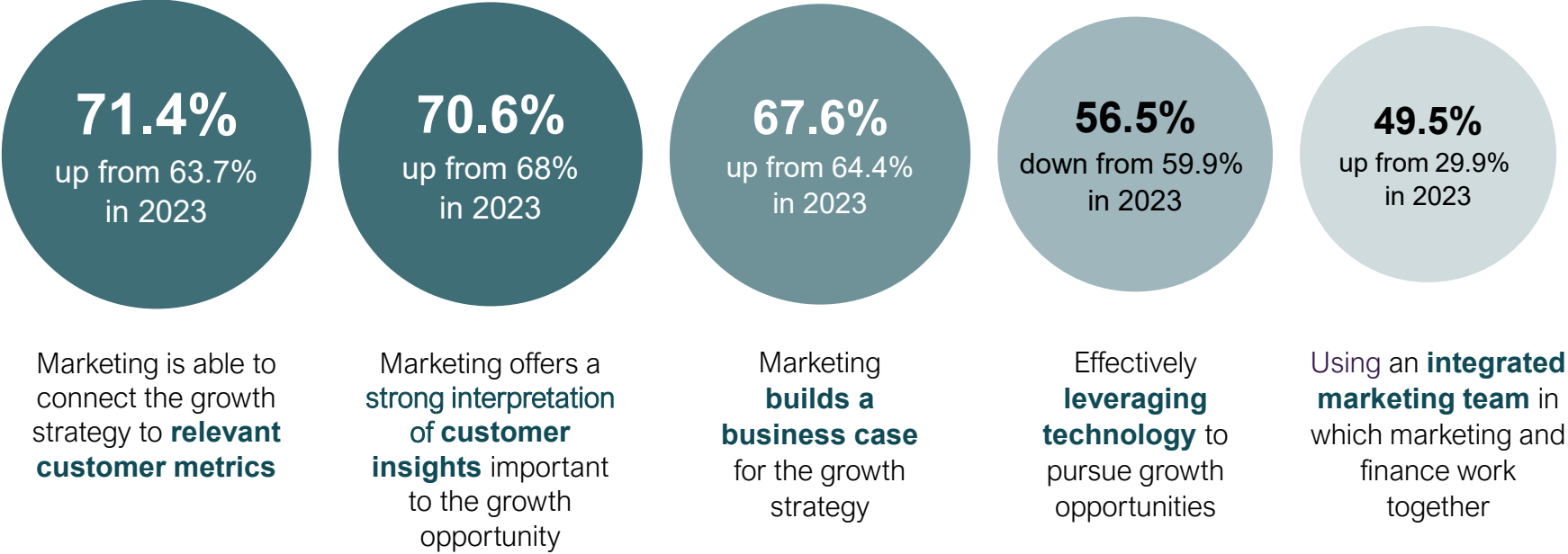
The underlying strategic rationale for growth spending allocations

What is the underlying strategic rationale driving this spending allocation? Responses reflect the companies that over-index (20% more than the average) on the use of the specific strategy.

Why Market Penetration? Existing products/services into existing markets	Why Offering Development? New products/services into existing markets	Why Market Development? Existing products/services into new markets	Why Diversification? New products/services into new markets
<ul style="list-style-type: none"> • 32.4% Strategic Focus on Core Strengths: Leveraging deep expertise, established market knowledge, and proven capabilities. • 27.7% Resource & Financial Constraints: Managing limited resources, budget pressures, and need for immediate results. • 24.6% Untapped Growth Opportunity: Significant runway from low market share or deepening customer relationships. 	<ul style="list-style-type: none"> • 28.0% Technology & Digital Innovation: AI and digital capabilities creating new product opportunities. • 22.8% Product Portfolio Momentum & Relevance: Supporting recent launches and staying current with trends. • 21.1% Customer Relationship Deepening: New products to increase retention and cross-selling to existing customers. 	<ul style="list-style-type: none"> • 30.5% Account Expansion & Revenue Growth: Growing revenue from existing clients. • 22.1% Geographic Market Expansion: Taking proven products into new regions, territories, or channels. • 20.4% Testing & Validation Before Scale: Proving success and building brand awareness before heavy investment. 	<ul style="list-style-type: none"> • 42.4% Portfolio Management & Balanced Growth: Strategic balance across all quadrants with new and existing customers. • 19.8% Growth Stage & Business Model Factors: Structural factors like growth stage, franchise models, or diverse needs. • 16.6% Capability & Business Model Evolution: Building AI capabilities and transforming business models. • 10.6% Strategic Growth Experimentation: Testing multiple options through controlled experiments. • 10.6% Market Leadership Imperatives: Leaders must invest across all dimensions to defend position.

Marketers excel at linking strategy to insights, but integration gaps remain

When pursuing growth opportunities, how often do the following behaviors occur in your company (% of time reported)?

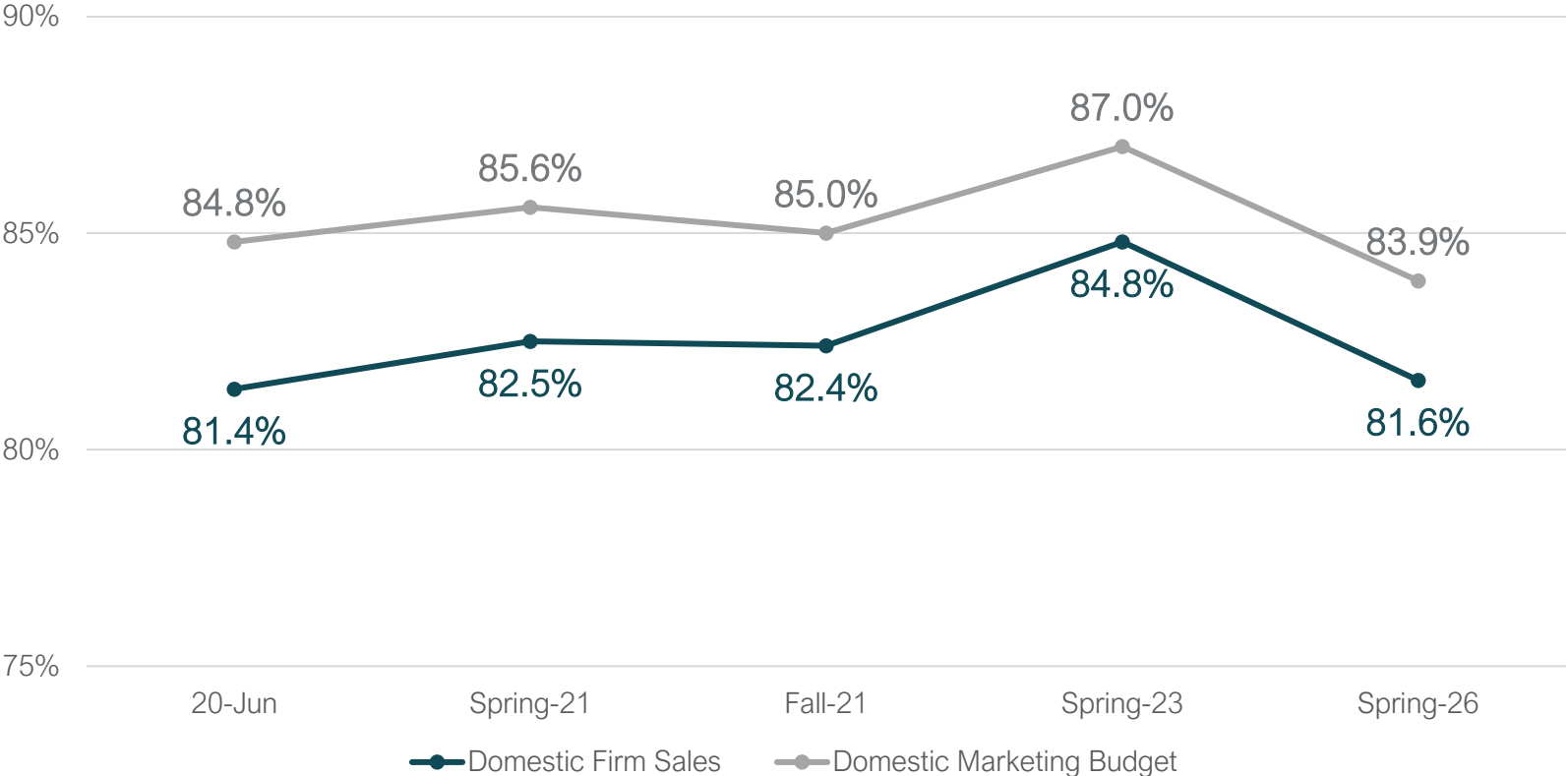


Insights

Marketers perform well and improved on using growth metrics, using insights to guide growth, and building a business case for growth over the last three years. Effectively leveraging technology for growth remains modest and did not improve over time. The biggest improvement occurred in using an integrated team where marketing and finance work together on growth—improving from 29.9% to 49.5% (up 66%) over the last three years. However, the low level (at 49.5%) points to a major opportunity for marketing leaders.

Domestic revenues and marketing budgets continue to dominate but drop, with B2C and smaller companies leading the shift

What percentage of your company's sales is domestic? What percentage of your marketing budget is spent on domestic markets?



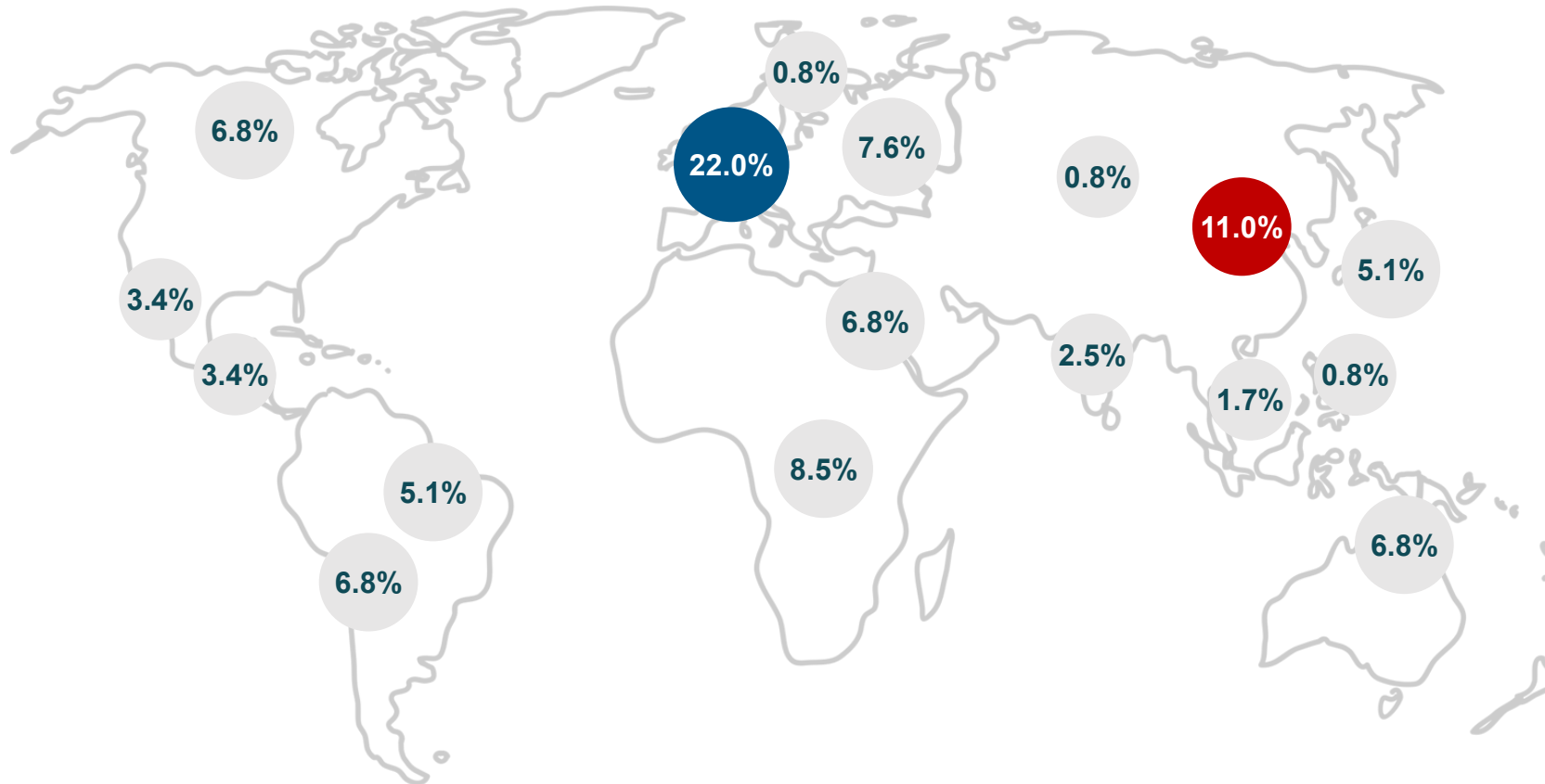
Insights

Domestic sales account for 81.6% of revenue overall, rising to 93.2% for B2C Services and 97.3% in Retail and remaining high in Banking and Insurance at 90.7%. In contrast, Pharma / Biotech companies report only 60.4% domestic sales and Transportation 65.9%, reflecting greater global exposure. Scale drives dispersion, with companies under \$10 million generating 89.2% of sales domestically compared to 71.8% among companies above \$10 billion.

Marketing budgets are even more domestically concentrated at 83.9% overall. B2C Services allocate 93.5% of spend domestically, Retail/ Wholesale averages 98.5%, and Professional Services 97.4%. Smaller revenue companies dedicate 92.5% of marketing budgets to domestic markets versus 75.8% among the largest revenue companies, reinforcing that international diversification increases with company size.

Despite stressors, Western Europe leads as largest international growth opportunity, with China a distant second

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



Economic Sector

B2B Product	China (15.8%)
B2B Services	Western Europe (37.5%)
B2C Product	Western Europe (18.2%) Canada (18.2%) Africa (18.2%)
B2C Services	Western Europe (28.6%) Eastern Europe (28.6%)

Industry Sector

- **Western Europe Top 3 Sectors**
 - Professional Services (71.4%)
 - Real Estate (50.0%)
 - Tech / Software / Platform (29.4%)
- **China Top 3 Sectors**
 - Energy (50.0%)
 - Real Estate (50.0%)
 - Tech / Software / Platform (17.6%)

■ Marketing Capabilities

Marketing capabilities — the complex bundles of skills, know-how, and organizational processes that enable companies to implement marketing activities and adapt to marketplace changes — are rated as important to business success, averaging 5.9 on a 7-point scale. Despite dramatic changes in marketing technology over the past six years, how companies develop new marketing capabilities has remained nearly unchanged since 2020. The dominant approach is still to “build” capabilities through training and hiring (59.5%), with partnering accounting for most of the remainder. This stability is striking given how much the requirements of marketing have shifted, particularly the growing centrality of analytics, AI, and technology skills, which might have been expected to push more companies toward partnering or acquiring these capabilities externally.

The challenge is clearest when this “build” strategy is placed alongside what companies report about their actual marketing capability gaps. The most cited deficiency is not a missing skill but inadequate resourcing: 22.3% of marketers say existing capabilities simply lack the people, time, and budget needed to function effectively. At the same time, marketing headcount growth has slowed sharply, declining more than 50% from last year's rate, with the largest companies shrinking their marketing organizations outright. Meanwhile, training and development budgets have declined steadily and now stand at just 3.8% of marketing spend. Companies are committed to a 'build' strategy but are not funding it or staffing it at a level consistent with what needs to be built. Beyond resourcing, AI-related capability gaps — spanning analytics, demand generation, generative AI, GEO, and bots — were cited by a combined 35.7% of marketing leaders, underscoring where the most pressing unmet needs lie.



Marketing capabilities important to success of company: B2C > B2B

How important are your company’s marketing capabilities to the success of your business?
 (1=not very important, 7=very important)

5.9

Average importance of marketing capabilities to an organization’s success

	Highest importance	Lowest importance
Economic Sector	B2C Product (6.3)	B2B Product (5.6)
Industry Sector	Communications / Media (6.4)	Transportation (5.0)
Online Sales	100% of sales (6.7)	0% of sales (5.8)
Sell to Government	No (6.1)	Yes (5.6)
Sales Revenues	\$10+B (6.2)	\$1-9.9B (5.8)
# of Employees	5000-9999 (6.3)	500-999 (5.4)

Organizations prioritize marketing capabilities to achieve higher return on investment for marketing spend – potentially missing other opportunities

Why are marketing capabilities important to your business? (check all that apply)



78.2%

Get higher ROI for every marketing dollar spent



65.5%

Increase the speed of marketing actions



52.1%

Increase the effectiveness of managing customers



41.8%

Show our marketing strength to potential or current partners



37.0%

Difficult for competitors to imitate marketing strategies



33.3%

Attract or retain top managers and employees

While marketing leaders report lacking capabilities, especially related to AI, they are most concerned with the resourcing of current capabilities

What marketing capabilities are most lacking in your organization today?

	<u>Percent</u>
Capability is not resourced with employees, time, and \$	22.3%
Analytics, data science, and related AI.....	14.3%
Learning about and adopting AI into processes.....	14.3%
Marketing technology capabilities: Selection and integration of stacks and systems.....	13.4%
Product and brand strategy.....	12.5%
Managing GenAI, GEO, and Bots.....	11.6%
Marketing ROI and attribution.....	10.7%
Insights.....	9.8%
Demand generation and AI.....	9.8%
Channel and partner management.....	6.3%
Long-term management of marketing.....	5.4%
Social media (including content and influencers)	5.4%
Direct to consumer skills.....	<u>1.8%</u>
Total	100.0%



Insights

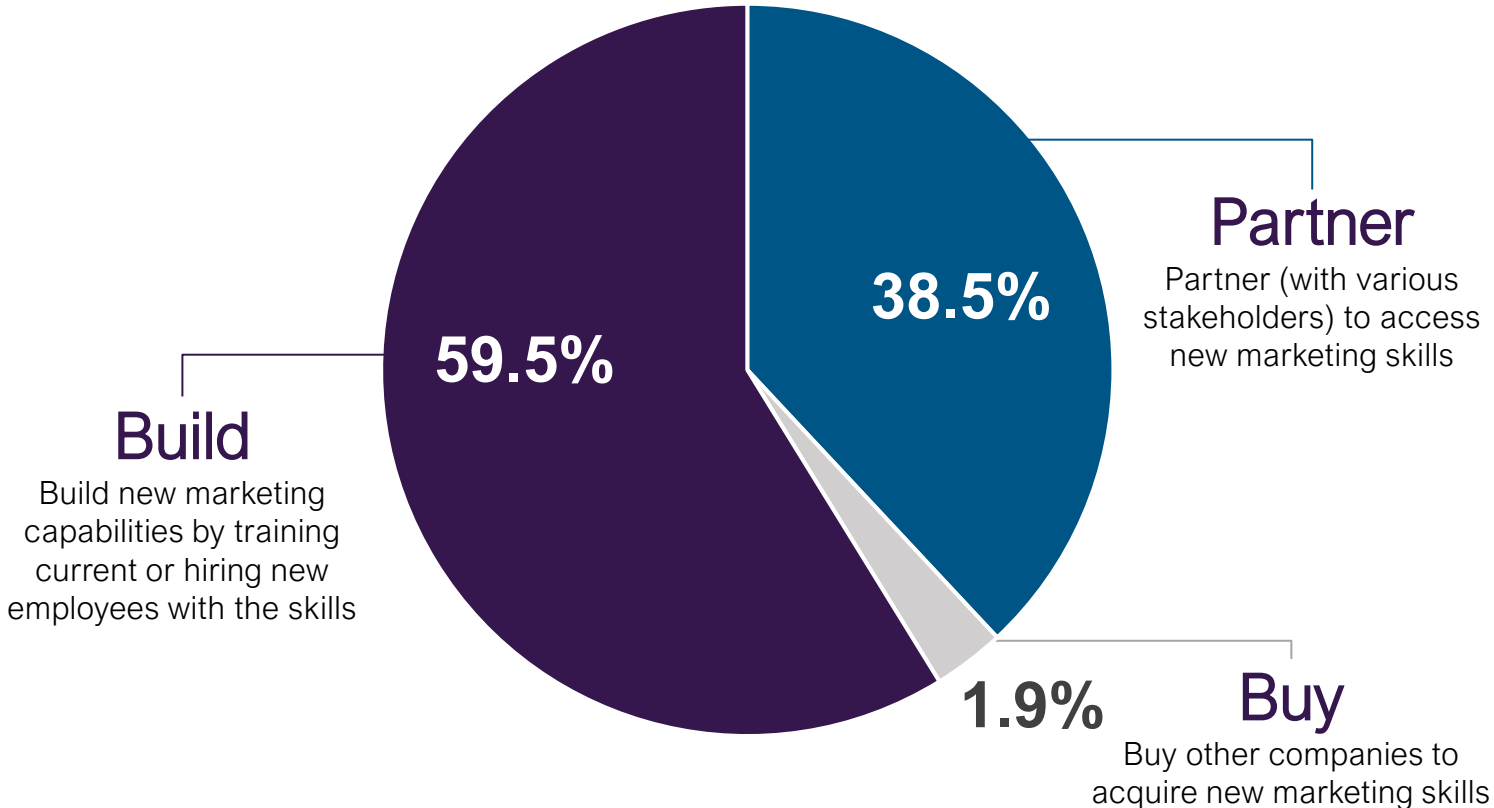
This open-ended question was coded in categories for analysis. Interestingly, the most common response was not a specific capability, but the resourcing of current capabilities with talent, time, and financial resources (22.3%). We see evidence of these strains in the marketing technology section where “lack of budget and funding” was rated the number one barrier to maximizing the impact of marketing technologies (20.1%) and “bandwidth, time, and focus within the company” as third (14.1%)

Lack of capabilities related to AI was the second largest group, including those related to analytics/data science (14.3%), adopting AI into processes (14.3%), GenAI/GEO/Bots (11.6%), and demand generation and AI (11%).

Traditional topics made the list with 12.5% of marketers pointing to product and brand strategy (12.5%), insights (9.8%), and channel/partner management (6.3%).

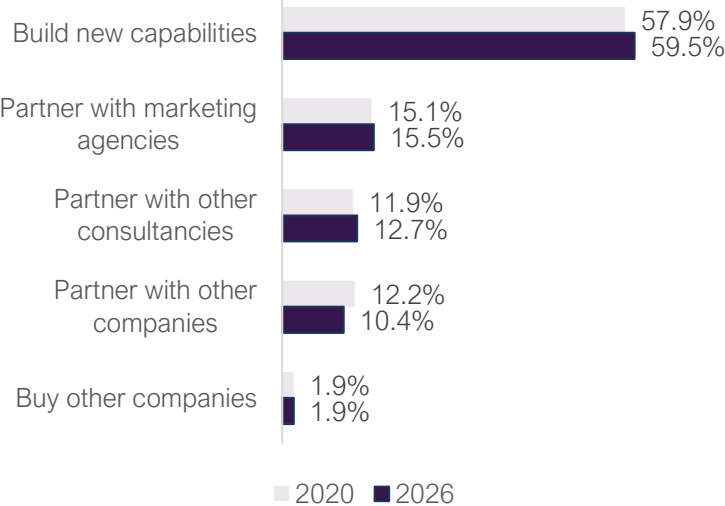
Marketing leaders still predominately build marketing capabilities rather than buying or partnering

How does your company approach the development of new marketing capabilities? Allocate 100 points to indicate the emphasis you place on each approach.



Insights

This question was last asked in February 2020 and, despite the passage of six years and massive changes in marketing technology, little has changed in how marketing leaders approach developing new marketing capabilities.



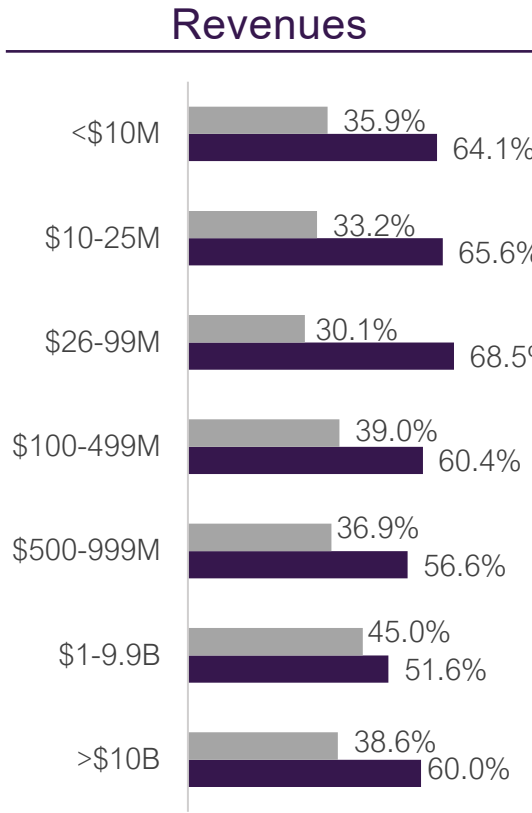
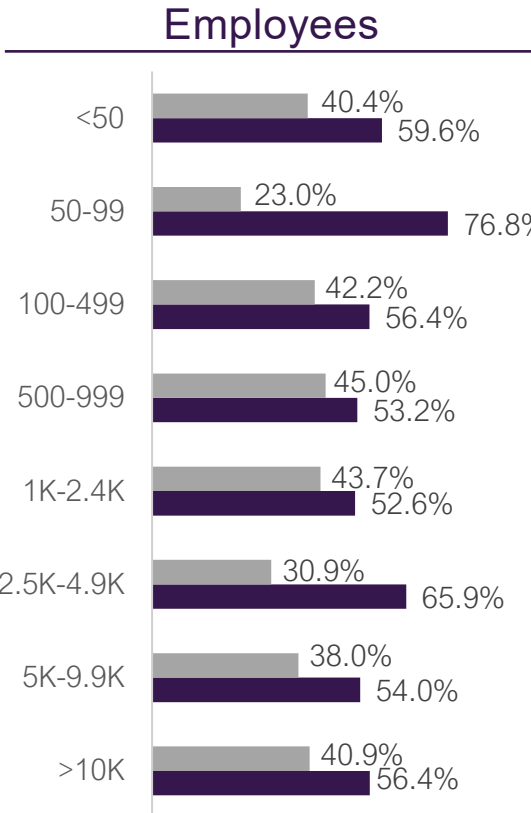
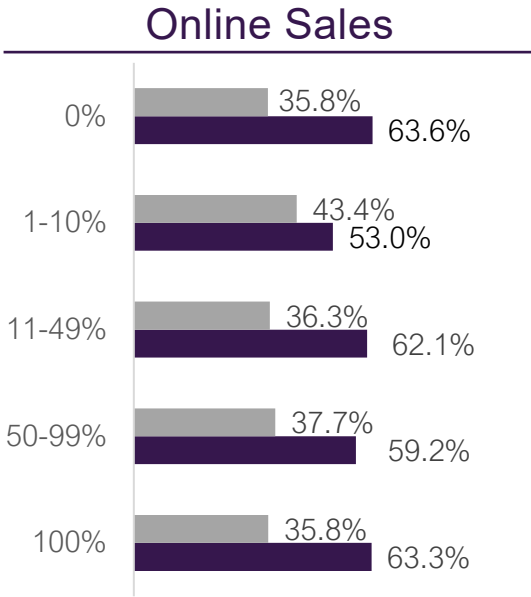
Company and industry breakouts on next slide

Small-sized and B2B companies more likely than average to build marketing capabilities

How does your company approach the development of new marketing capabilities?
Allocate 100 points to indicate the emphasis you place on each approach.

59.5% Build

38.5% Partner



Economic Sector

	Build	Partner
B2B Product	61.1%	37.0%
B2B Services	64.4%	34.8%
B2C Product	53.5%	42.3%
B2C Services	53.8%	45.9%

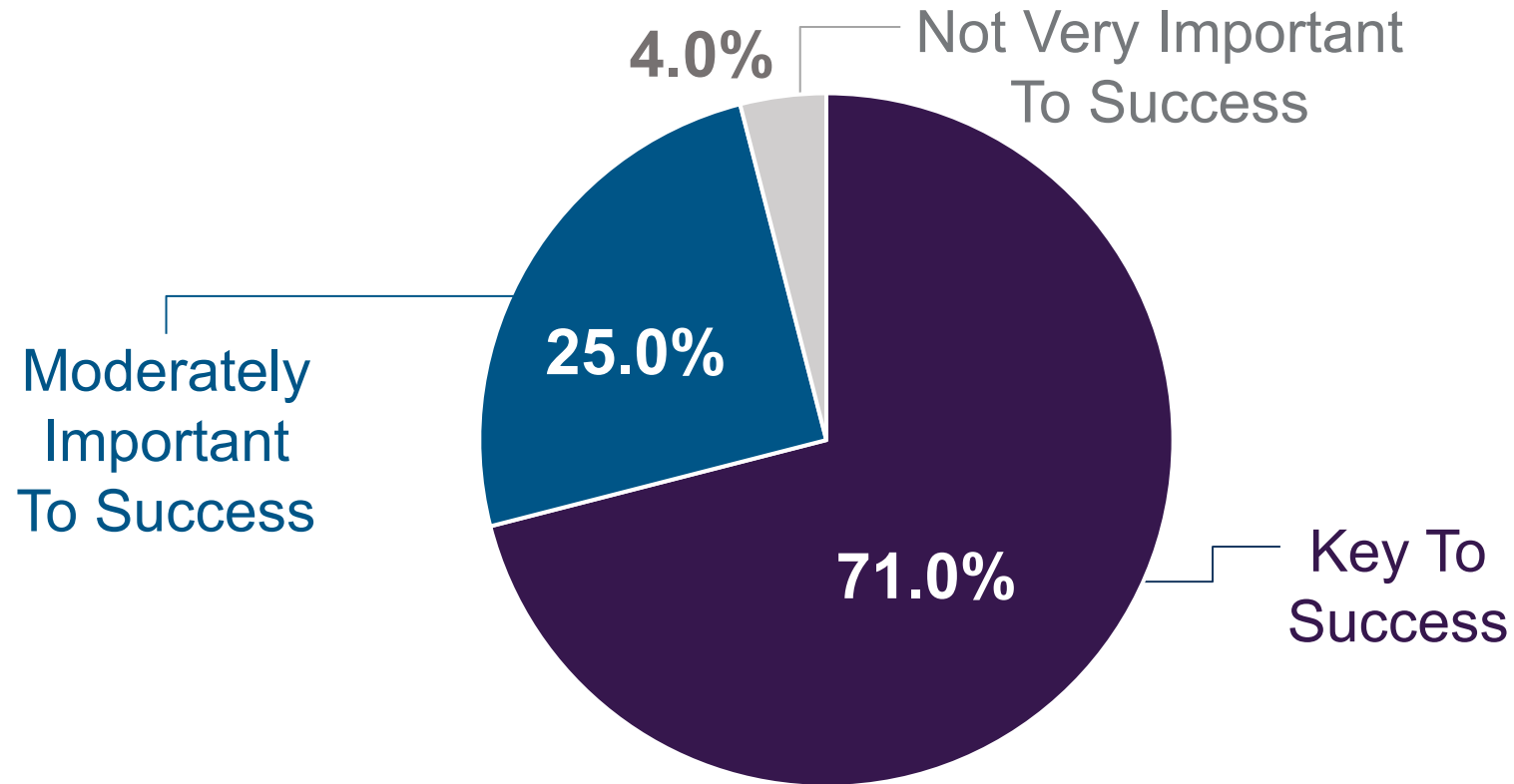
Industry Sector

- Most Likely to Build**
- Education (83.0%)
 - Consumer Services (73.3%)
 - Professional Services (70.0%)
- Most Likely to Partner**
- Mining / Construction (75.0%)
 - Retail / Wholesale (65.9%)
 - Consumer Packaged Goods (46.3%)

Overwhelming majority of leaders view agility as key to their marketing organization's success

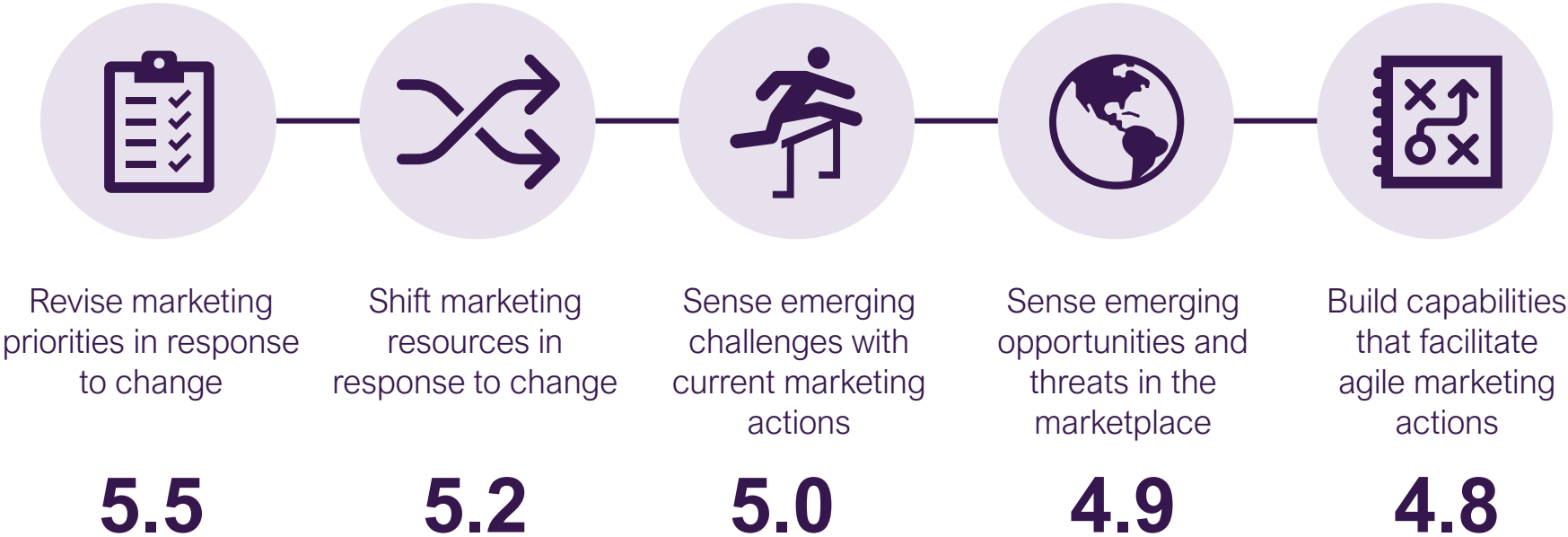
How important is developing agility to the success of your marketing organization?

**Company and industry
breakouts on next slide**



On average, marketing leaders report their organizations revise priorities in the face of change but fewer build capabilities to support it

How well does your marketing organization do the following...? (1=not at all, 7=very well)



Insights

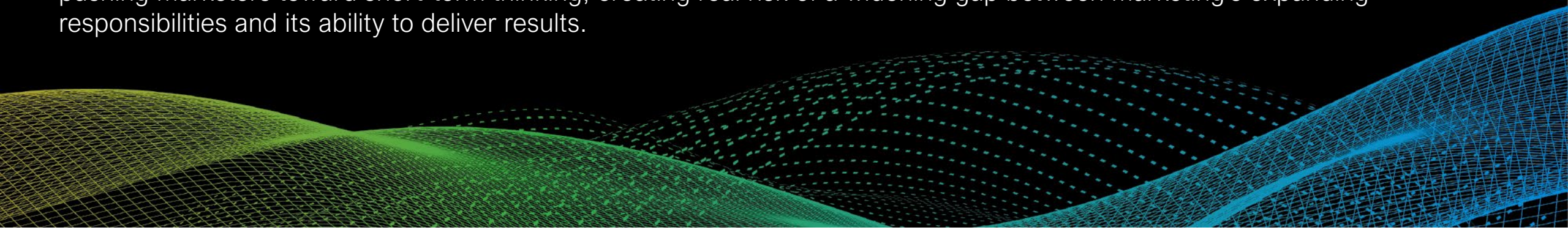
Marketers score above average on agility-related responses. Revising priorities and resources in response to change is the strongest skill—both above 5 on the 7-point scales. Building capabilities that facilitate agile marketing actions, which allows companies to respond to a range of internal and external threats, was the weakest (4.8). Companies scoring higher on the presence of such capabilities are: B2B Services (5.2), 100% of sales online (5.7), Consumer Services (6.0), Real Estate (6.0), and the largest companies in terms of number of employees (10000+, 5.1).

■ Marketing Leadership

Marketing's formal scope of responsibility has continued to grow, with notable increases across a wide range of activities since 2025, including revenue growth (+10.3), public relations (+9.9 percentage points), and customer insight (+8.8). Marketing leaders are also participating more frequently in board meetings. By these measures, marketing's organizational standing has strengthened.

Yet the depth of integration has not kept pace with the breadth of responsibility. Marketing works most closely with Sales but reports weaker collaboration with Finance and Human Resources. Marketing leaders' partnership with CFOs, measured on a 1–7 scale, is just 4.8 for growth planning and has improved only marginally over four years when it comes to building a business case for marketing spending (from 4.3 to 4.5).

Pressure from CEOs, boards, and CFOs to prove marketing's value has eased slightly from 2025 levels but remains the experience of most marketing leaders. The predominant response is a shift toward short-term impact over long-run gains (70.6% of marketers), a return to established strategies (47.1%), and in some cases a reduction in the ambition of marketing's goals. Marketers have devoted roughly twice as much time managing the present (68%) as preparing for the future (32%) every year since 2019. The combination of growing scope and persistent pressure to demonstrate value is pushing marketers toward short-term thinking, creating real risk of a widening gap between marketing's expanding responsibilities and its ability to deliver results.



Marketing responsibilities have grown across most activities since 2025

What is marketing primarily responsible for in your company?

Activity	2026	Change from 2025
Brand	94.4%	+ 4.6
Digital marketing	93.3%	+ 1.4
Advertising	86.9%	+ 1.3
Social media	83.3%	+ 3.2
Marketing analytics	78.6%	+ 2.3
Positioning	76.6%	+ 1.6
Marketing research	73.8%	+ 4.7
Public relations	72.2%	+ 9.9
Promotion	69.8%	- 1.0
Lead generation	67.1%	+ 2.3
Marketing technology	65.5%	- 3.1
Customer insight	56.7%	+ 8.8
Competitive intelligence	53.6%	+ 2.3
Revenue growth	42.5%	+ 10.3
Customer experience	40.1%	- 0.2

Activity	2026	Change from 2025
Market entry strategies	36.9%	+ 3.0
e-commerce	33.7%	+ 1.1
New products or new services	32.9%	+ 4.1
Customer relationship management	30.6%	- 5.8
Pricing	28.2%	+ 2.4
Innovation	27.8%	+ 1.5
Market selection	19.4%	+ 2.5
Sales	19.4%	- 0.1
Talent acquisition and retention	15.5%	+ 2.8
Customer service	12.7%	+ 1.3
Privacy	9.1%	- 2.8
Distribution	7.5%	+ 0.3
Sustainability	6.7%	- 2.2
Stock market performance	2.0%	+ 2.0

Marketing works closest with sales / distribution and has room to improve collaboration across all other functions

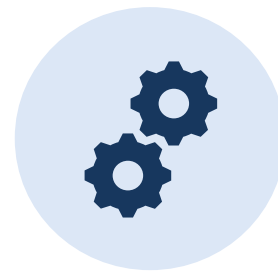
Rate how well marketing works with these different functions to drive enterprise growth (1=very little, 7=a great deal)



Sales /
Distribution
5.8



IT / Digital
5.1



Operations /
Production
5.0



Finance
4.8



Human
Resources
4.4

Top Economic Sector:	B2C Product (5.9)	B2C Product (5.4)	B2C Product (5.2)	B2C Product (5.2)	B2C Services (4.8)
Top Industry Sector:	Consumer Services (6.1)	Transportation (5.4)	Consumer Services (5.4)	Consumer Packaged Goods (5.2)	Tech / Software / Platform (4.7)
Top % Online Sales:	0% of sales (6.0)	50-99% of sales (5.7)	100% of sales (5.6)	100% of sales (5.6)	0% and 50-99% of sales (4.7)

Developing stronger performance tracking is the top way marketing shows its value to other functions

What actions do you take to show the value of marketing to other functions?
(check all actions you take)



Insights

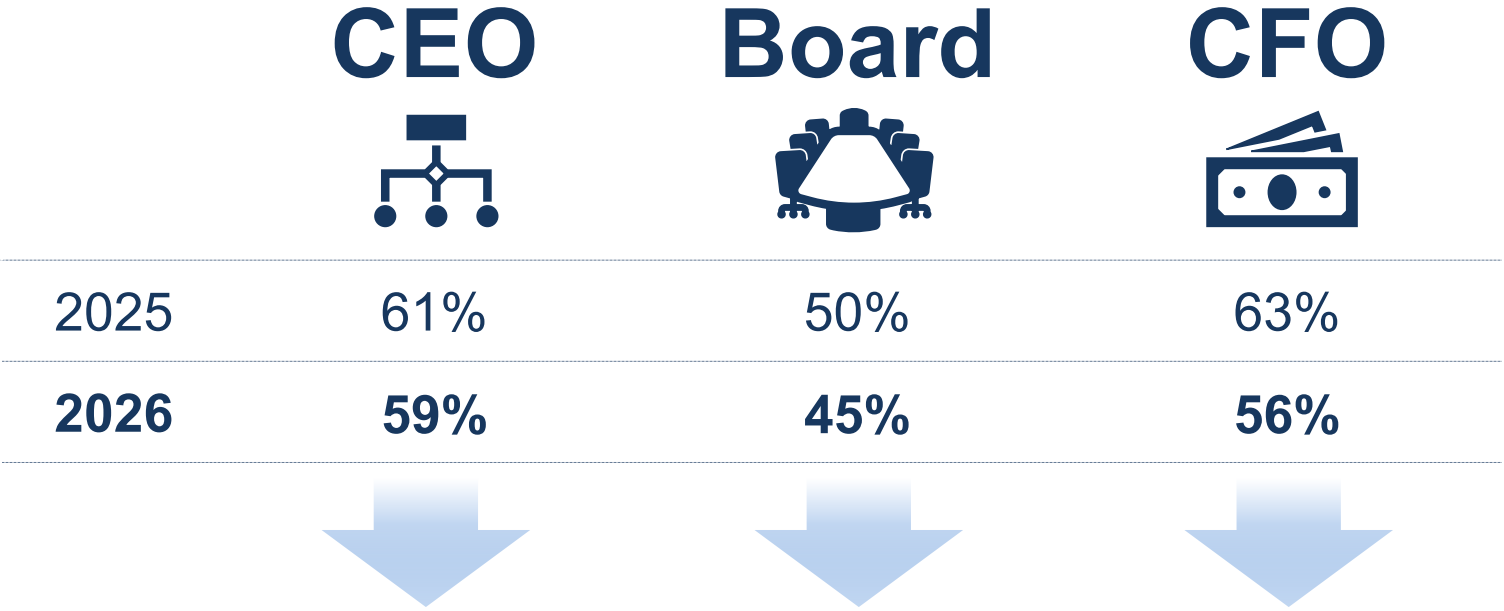
Most companies show marketing's value by developing stronger marketing performance tracking (86.3%). B2C Services (96.7%) was the economic sector most likely to rely on this tactic as did companies that sell to the Government (91.0%) and the Consumer Services, Education, Energy, Mining / Construction, and Transportation industries, which all scored 100%.

The second most common action was demonstrating the financial impact of marketing (75.0%), which B2C Product companies (86.4%) relied upon the most of any action.

The third most common action, demonstrating the value of brand and customer relationships (67.3%), was used heavily by companies with 2,500- 4,999 employees (90.9%) and B2C Services (83.3%).

Pressure on marketers from the CEO, Board, and CFO remains high, but has dropped since 2025

Rate whether marketing feels increasing pressure from the following leaders to prove the value of marketing (% reporting yes).



Insights

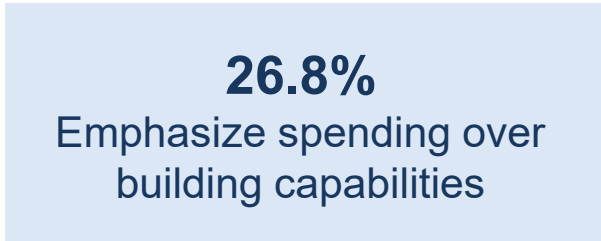
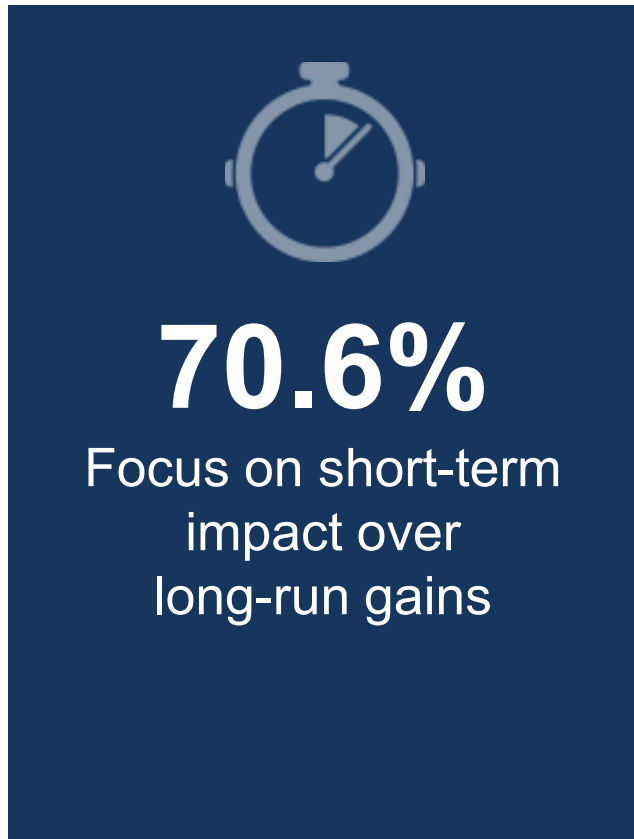
Although the majority of marketing leaders report more pressures from CEOs and CFOs, these and Board pressures are all lower levels than reported in 2025. B2C Services marketers are not feeling this drop in pressure from CEOs and CFOs, with the largest majority reporting higher pressures (67% and 71%, respectively).

Economic Sector

	CEO	Board	CFO
B2B Product	62%	48%	57%
B2B Services	56%	30%	47%
B2C Product	53%	57%	55%
B2C Services	67%	38%	71%

Increased pressure on marketing shifts priorities from the long-run to the short-term

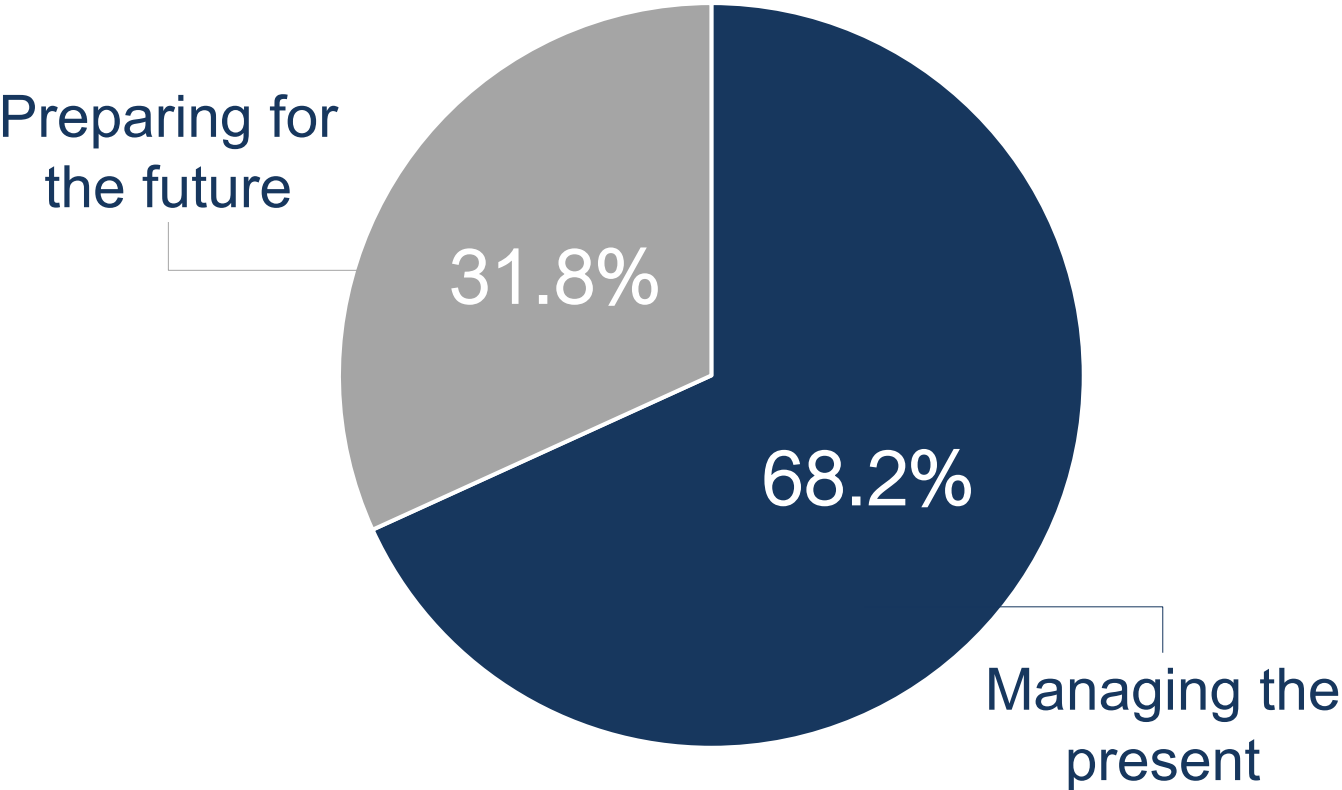
How does marketing cope with this increased pressure? (check all actions you take)



	Highest focus on short-term	Lowest focus on short-term
Economic Sector	B2B Services (76.3%)	B2C Product (62.9%)
Industry Sector	Retail / Wholesale (100%)	Communications / Media (37.5%)
Online Sales	100% of sales (100%)	50-99% of sales (58.3%)
Sell to Government	No (71.8%)	Yes (68.7%)
Sales Revenues	\$500M-999M (91.7%)	<\$10M (55.0%)
# of Employees	1000-2499 (91.7%)	<50 and 5000-9999 (50.0%)

Companies continue to prioritize managing the present over preparing for the future

How much time do you spend managing the present versus preparing for the future of marketing in your company?



 Insights

Most marketers are more focused on “managing the present” (68.2%) versus “preparing for the future” (31.8%), which has been a consistent finding since 2019.

	Preparing for the future	Managing the Present
Economic Sector	B2C Services (34.9%)	B2B Services (69.5%)
Industry Sector	Transportation (40.3%)	Education (78%)
Online Sales	50-99% of sales (36.8%)	100% of sales (72.5%)
Sell to Government	No (33.2%)	Yes (70.2%)
Sales Revenues	\$10B + (37.5%)	\$10M-25M (75.3%)
# of Employees	5000-9999 (37.0%)	50-99 (74.4%)

Marketing leader participation in board meetings has risen since 2024

How often are you/your senior marketing leader asked by the CEO or CFO to participate in board meetings or earnings calls? (1=never, 7=all the time)



Economic Sector

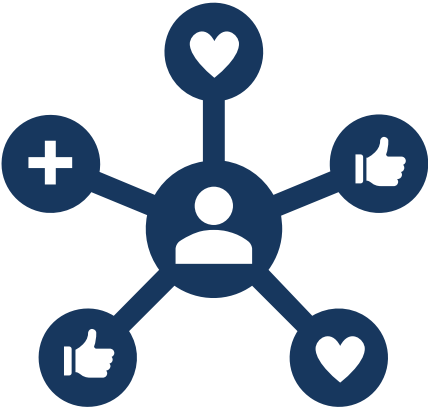
	Board meetings	Earnings calls
B2B Product	5.5	5.3
B2B Services	4.1	4.5
B2C Product	3.8	3.9
B2C Services	4.4	4.8

Insights

Though marketing leaders are participating slightly less in earnings calls, there has been an increase in the likelihood of marketing leaders being asked to participate in board meetings since Fall 2024. The economic sector in which marketers are most likely to be asked to participate in either board meetings or earnings calls is B2B Product, whereas the B2C Product sector is the least likely to involve marketers. Among industry sectors, Tech / Software / Platform, Energy, Manufacturing companies are more likely to involve marketing leaders in these activities.

B2C companies more likely to view marketing as a core business function than B2B companies

To what extent is marketing viewed as a core business function in your organization? (1=not at all, 7=a great deal)



5.5

Average rating of organization's view of marketing as a core business function

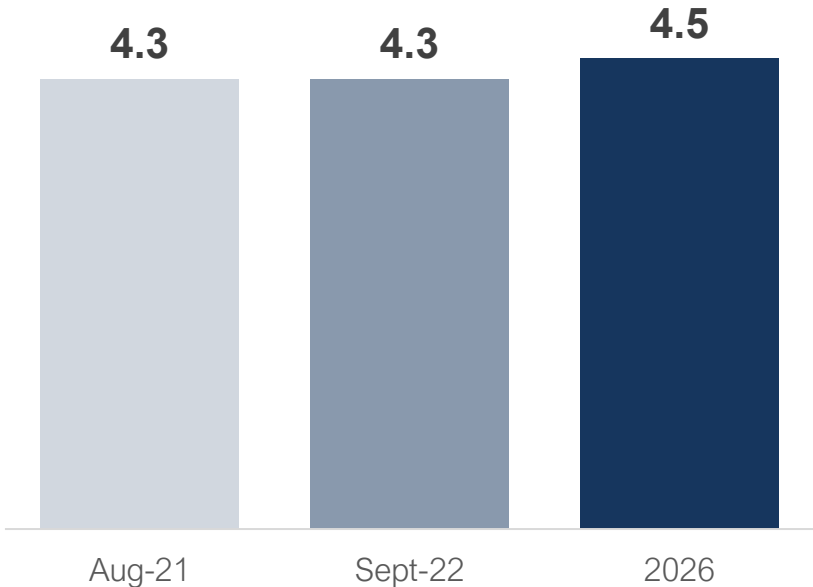
	Strongest view that marketing is core	Weakest view that marketing is core
Economic Sector	B2C Product (5.8), B2C Services (5.8)	B2B Product (5.4), B2B Services (5.4)
Industry Sector	Communications / Media (6.3)	Mining / Construction (4.3)
Online Sales	100% of sales (6.10)	1-10% of sales (5.5)
Sell to Government	No (5.7)	Yes (5.3)
Sales Revenues	<\$10M (6.4)	\$500M-999M (4.7)
# of Employees	<50 (6.2)	100-499 (5.3)

CFO involvement with marketing has only improved marginally since 2022

To what extent does the CFO work as a business partner with marketing leaders to build a business case for marketing spending. (1=not at all, 7=very likely)

4.5

Average rating of how likely CFO is to work with marketing



Collaboration with the CFO as a business partner to build a marketing spending case remains moderate and has not improved much over time, despite growing focus on this important C-suite relationship.

This dynamic is stronger among B2C Services (4.9) and B2C Product (4.7) firms than their B2B counterparts — B2B Product (4.3) and B2B Services (4.3). Purely digital businesses that sell 100% of products and services online report the strongest scores (5.2), while those with 1–10% (4.3) and 0% (4.4) of sales online lag behind.

Across sectors, Transportation (4.9) and Healthcare (4.9) lead, while Mining / Construction (2.7) and Manufacturing (3.9) trail the field.

■ Marketing Spending

Marketing budgets as a percentage of overall company budgets have declined to 9.6%, their lowest level since 2021, and stand at 9.0% of company revenues. Overall marketing spending grew only 1.7% over the prior 12 months, the weakest growth rate since 2021, while digital marketing spending grew 8.2%. Traditional advertising is projected to decline a further 1.5% in the coming year, continuing a multi-year trend.

Social media spending has rebounded to 14.3% of budgets after falling in 2025, with marketers predicting it will reach 17.1% in one year and 23.1% in five years. The survey's long historical record, however, shows that 12-month projections for social media spending have consistently exceeded actual spending — by an average of 2.1 percentage points — a pattern worth bearing in mind when interpreting these forecasts.

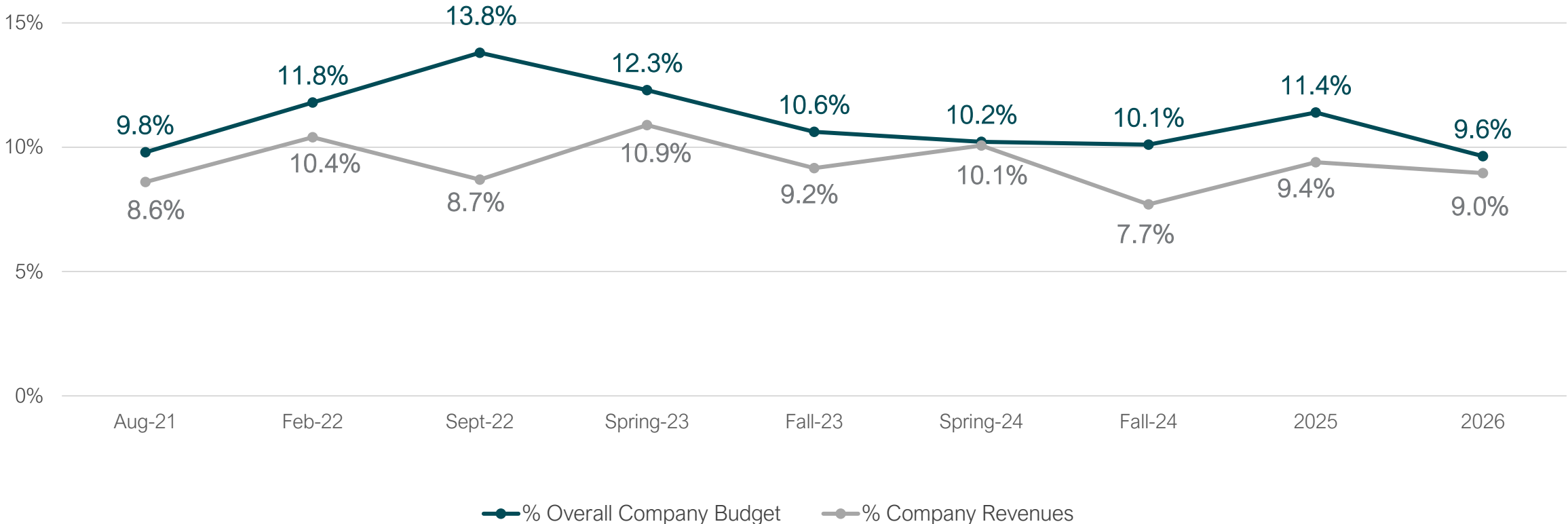
Two broader patterns stand out. First, when profits fall short of expectations, 53.1% of companies focus on cutting expenses — up from 46.0% one year ago. Unfortunately, marketing expenses are cut 45.4% of the time over other expense categories. Second, and perhaps most telling, acquisition budgets are now 26.0% larger than retention budgets, up from 19.6% one year ago — even as retention is delivering stronger performance results. This misalignment is compounded by a strategic contradiction: almost half of marketers cite building loyalty and retention among existing customers as their primary response to economic uncertainty (see Macroeconomic section), yet spending continues to flow disproportionately toward acquisition. Together these patterns suggest that marketing spending decisions remain more reactive than strategic.



Marketing budgets as a percent of company budgets drops to new low since 2021

Marketing expenses account for what percent of your company's overall budget?
Marketing expenses account for what percent of your company's sales revenues?

**Company and industry
breakouts on next slide**



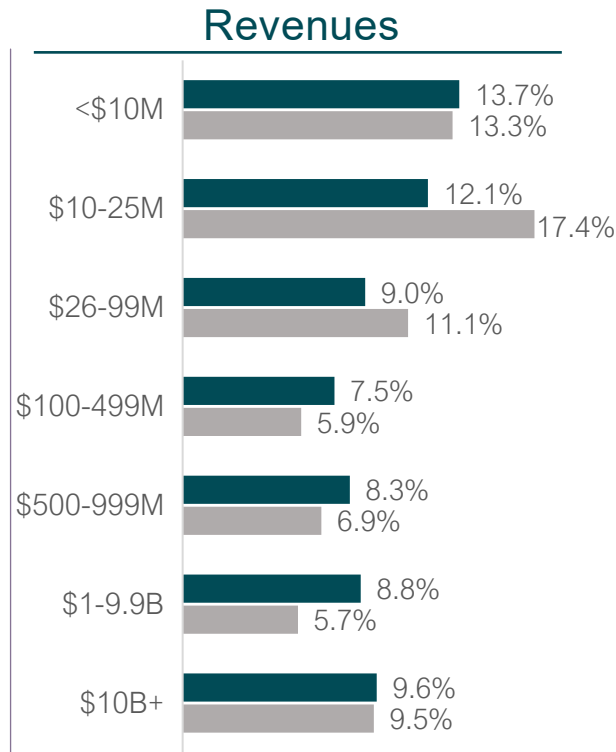
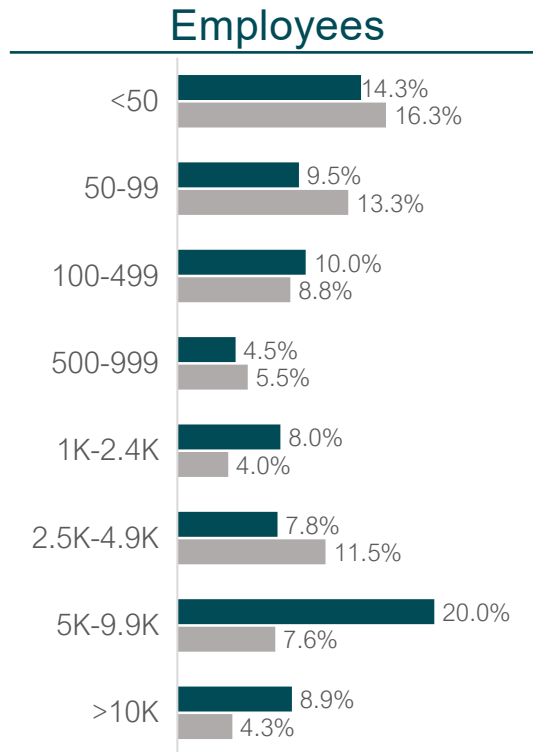
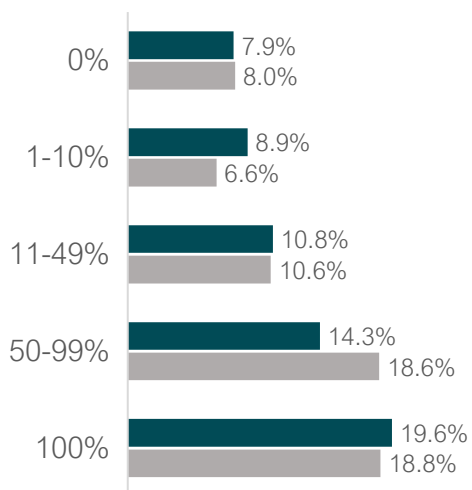
Marketing budgets (as a % of revenues and overall budget) are higher for B2C Product, small-sized, and higher online sales companies

Marketing expenses account for what percent of your company's overall budget? of revenues?

9.6% of overall budget

9.0% of revenues

Online Sales



Economic Sector

	% Budget	% Revenues
B2B Product	7.0%	7.0%
B2B Services	9.2%	10.1%
B2C Product	13.8%	12.0%
B2C Services	11.5%	7.2%

Industry Sector

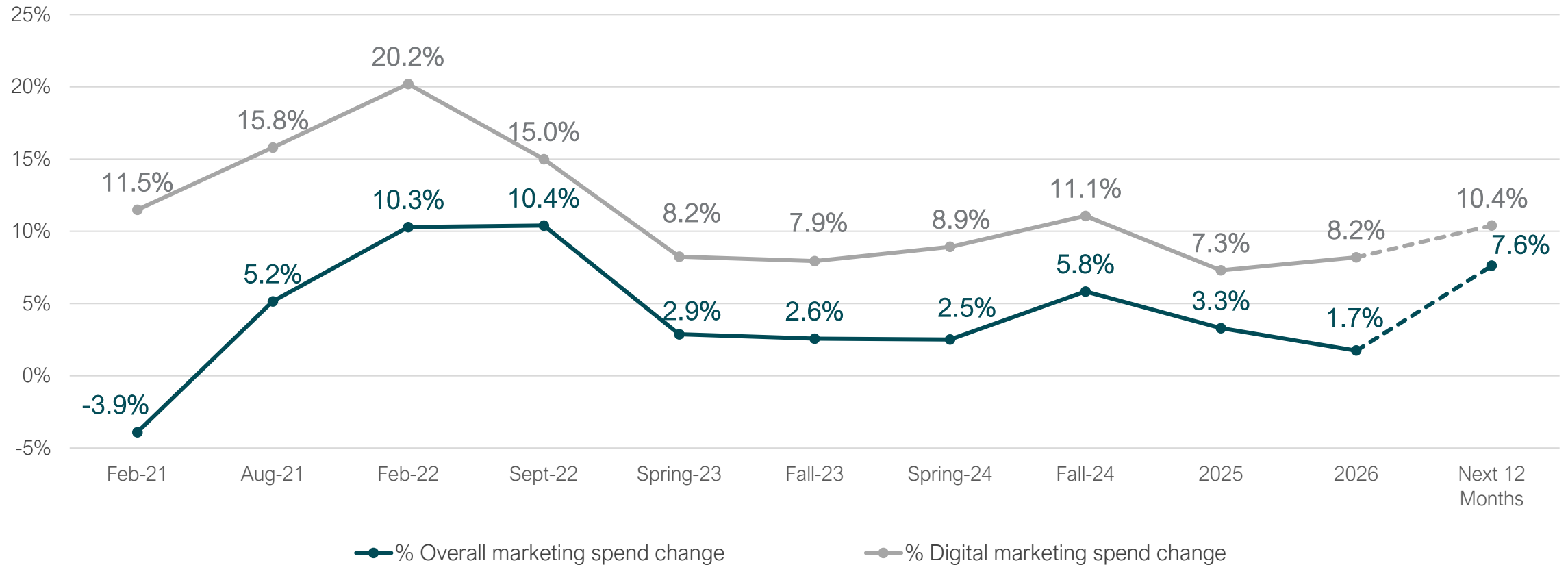
	% Budget	% Revenues
Top Sectors	Consumer Services (19.1%)	Education (18.4%)
Bottom Sectors	Mining / Construction (3.0%)	Mining / Construction (0.3%)

■ % Budget ■ % Revenue

While digital marketing spend continues to grow steadily, growth in overall marketing spending lowest since 2021

By what percent has your overall marketing spending (digital marketing spending) changed in the prior 12 months? Expected change during the next 12 months?

Company and industry breakouts on next slide



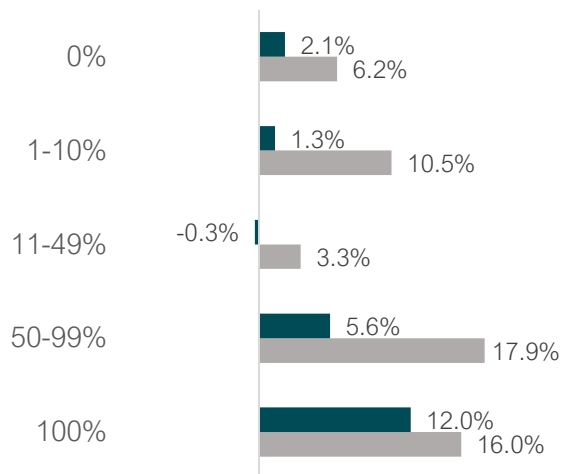
Marketing budgets increase with online sales

By what percent has your overall marketing spending (digital marketing spending) changed in the prior 12 months?

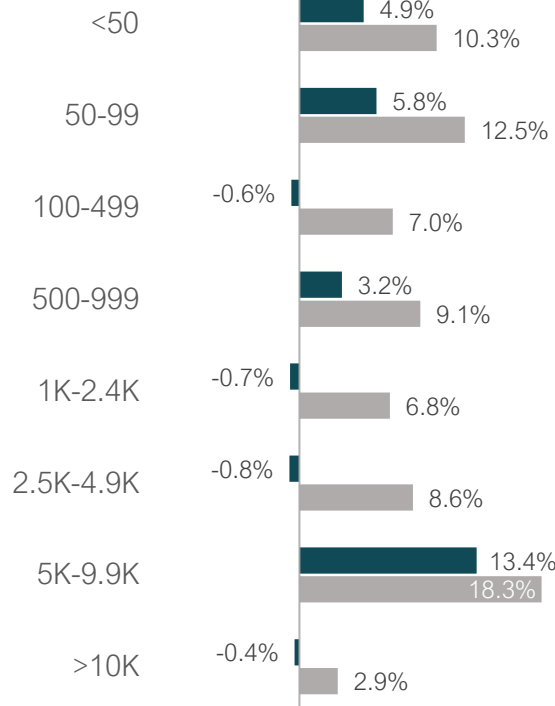
1.7% of overall spend

8.2% of digital spend

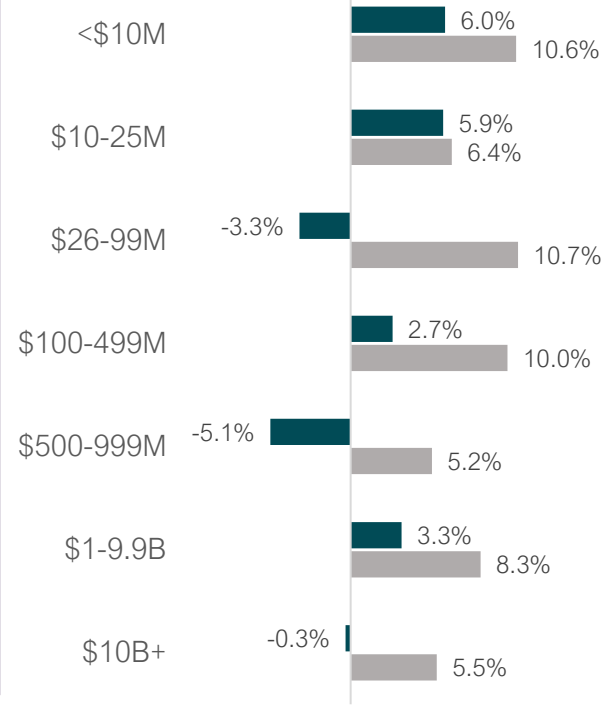
Online Sales



Employees



Revenues



Economic Sector

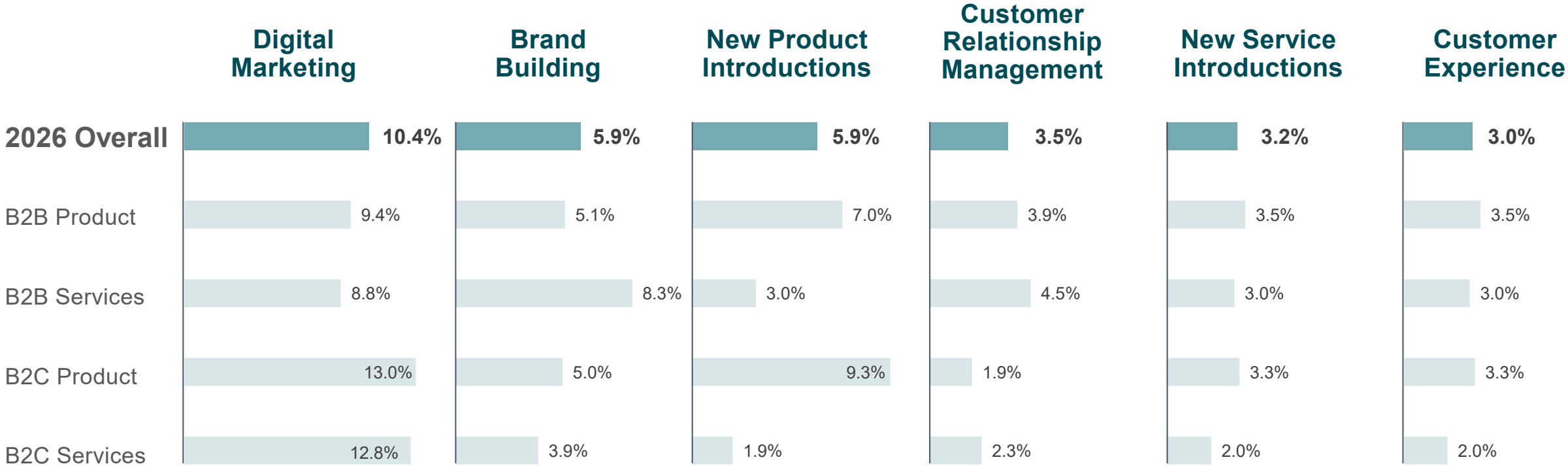
	% Overall	% Digital
B2B Product	-0.2%	4.1%
B2B Services	2.8%	7.1%
B2C Product	0.9%	12.6%
B2C Services	8.0%	16.6%

Industry Sector

	% Overall	% Digital
Top Sectors	Retail / Wholesale (8.3%)	Retail / Wholesale (30.7%)
Bottom Sectors	Communications / Media (-8.1%)	Communications / Media (-1.0%)

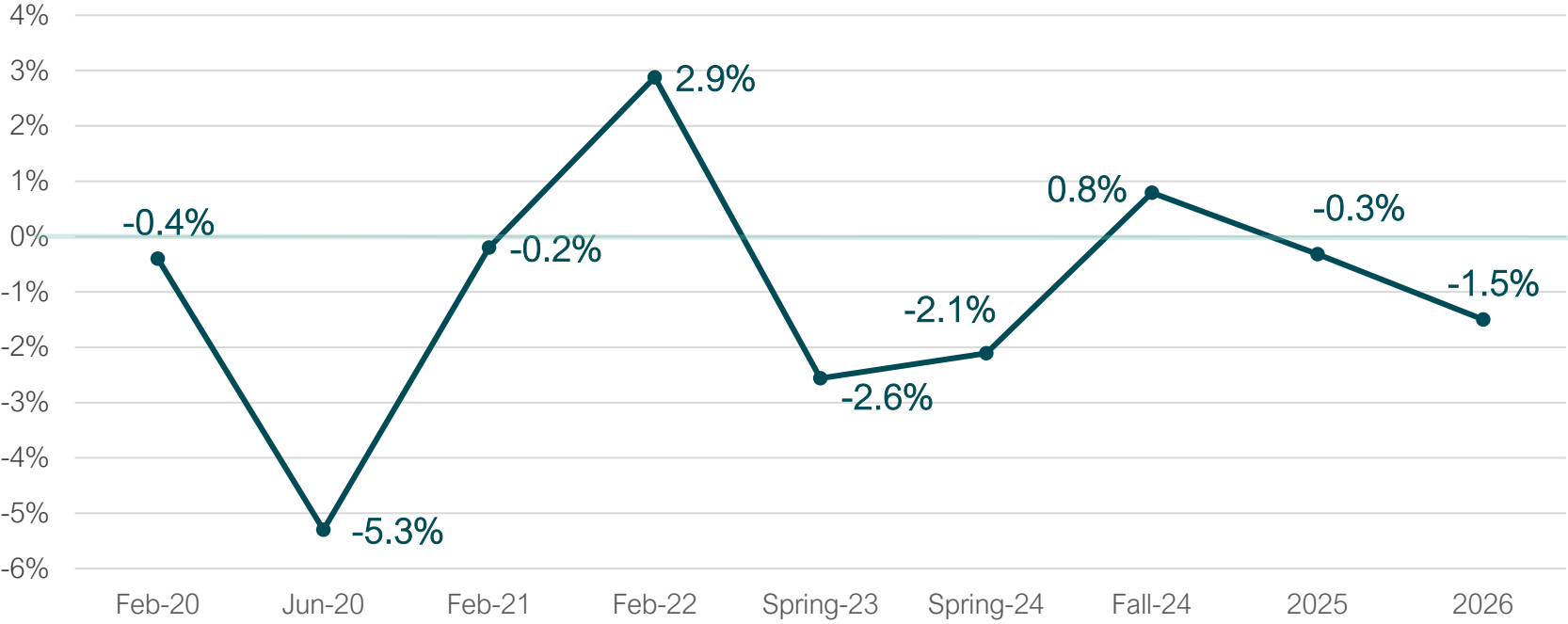
Digital marketing expected to see the most growth in budgets in the next 12 months

Relative to the prior 12 months, by what percent do you expect your marketing budget to change in the next 12 months in each area?



Marketing leaders anticipate that marketing budget for traditional advertising will decline 1.5% in the next 12 months

Relative to the prior 12 months, by what percent do you expect your marketing budget to change in the next 12 months in traditional advertising?



Economic Sector

B2B Product	-0.3%
B2B Services	-2.2%
B2C Product	-4.1%
B2C Services	1.1%

Industry Sector

Increase in traditional advertising budget

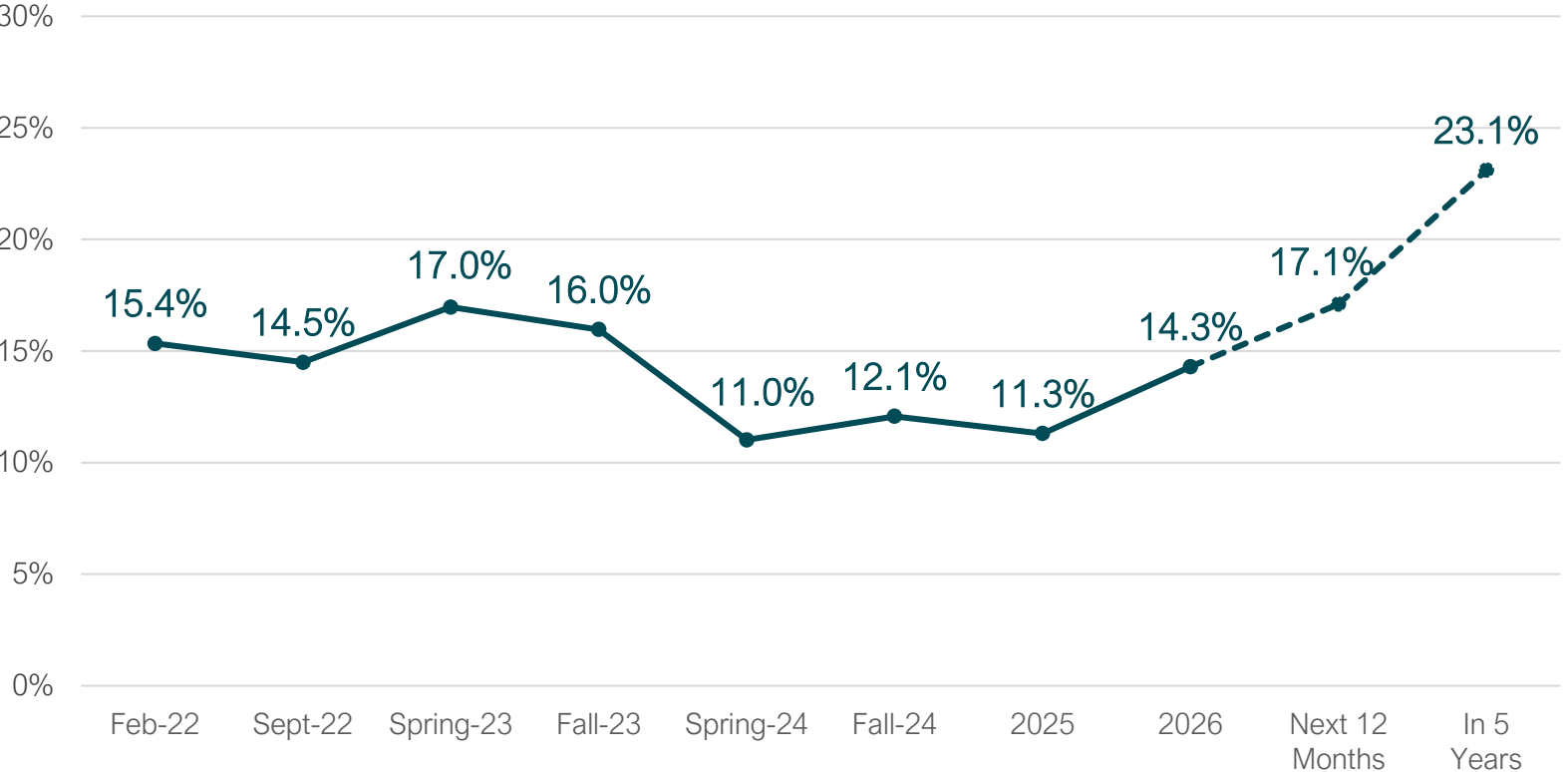
- Energy (7.5%)
- Real Estate (1.0%)
- Tech / Software / Platform (0.4%)

Decrease in traditional advertising budget

- Transportation (-26.4%)
- Pharma / Biotech (-7.8%)
- Consumer Packaged Goods (-7.3%)

Social media spending back on the rise and marketers expect future growth

What percent of your marketing budget are you currently spending on social media?
 What percent will you spend in the next 12 months? 5 years?



Insights

After a recent dip, social media spending is on the rise again. Among the economic sectors, B2C Product companies are the most bullish on social spending with 19.3% of budgets currently spent on social media and 22.5% and 29.4% expected in 1 and 5 years, respectively. However, based on data from 2009 to 2026, we have found that that past expectations of spend projections 12-months out have been 2.1% greater, on average, than actual spending.



Industry Sector

Largest current budget spent on social media

- Consumer Services (26.7%)
- Retail / Wholesale (23.0%)
- Consumer Packaged Goods (20.3%)

Smallest current budget spent on social media

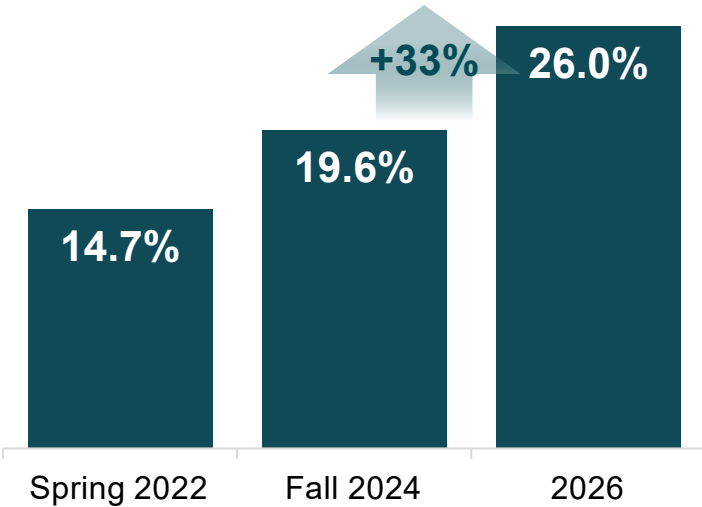
- Energy (6.0%)
- Pharma / Biotech (8.1%)
- Real Estate (9.0%)

Companies spend 26% more on customer acquisition than on customer retention, up from 2022 and 2024

How do your company's budgets for customer acquisition and customer retention compare?

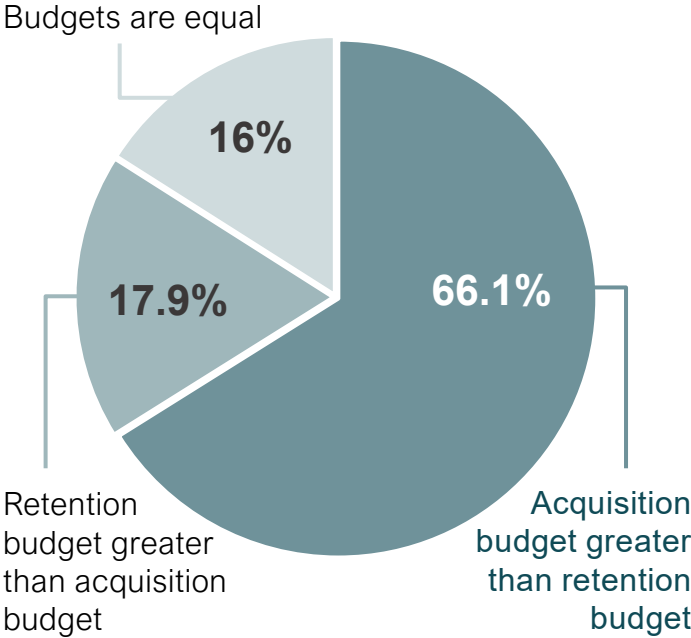
How budgets have changed over time

(% acquisition budgets are greater than retention budgets)



Acquisition budgets are 26% greater than retention budgets

Percent of companies (2026)



Insights

Customer acquisition budgets are 26.0% larger than retention budgets, up from 19.6% in Fall 2024. In fact, 82.0% of respondents spend more on acquisition than retention. This is true for all industries and sectors except Communications / Media which spends 2.5% more on retention. The difference in acquisition and retention budgets of companies that sell 100% online (-46.67%) is almost twice as large as the other categories.

Economic Sector

B2B Product	-24.9%
B2B Services	-18.4%
B2C Product	-34.3%
B2C Services	-30.6%

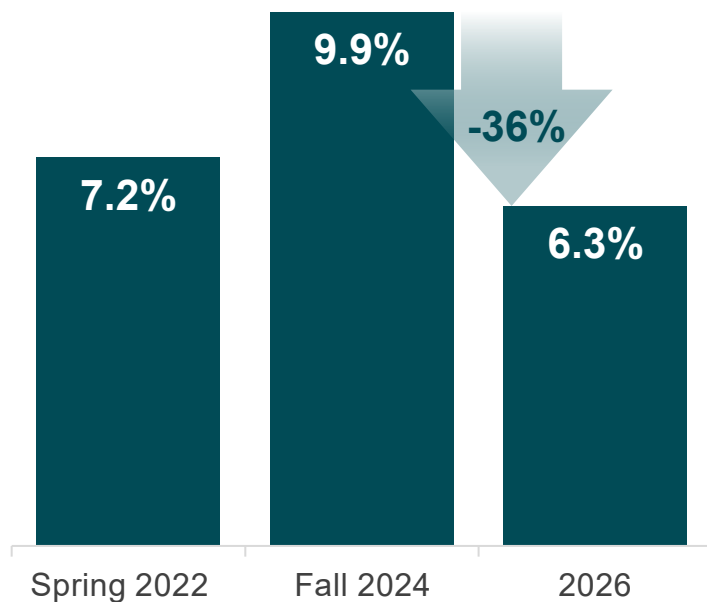
*Negative numbers mean that the customer acquisition budget is x% larger than the customer retention budget and positive numbers mean that the customer retention budget is x% larger than the customer acquisition budget.

Majority of organizations report R&D budget is larger than marketing budget, but differences are diminishing

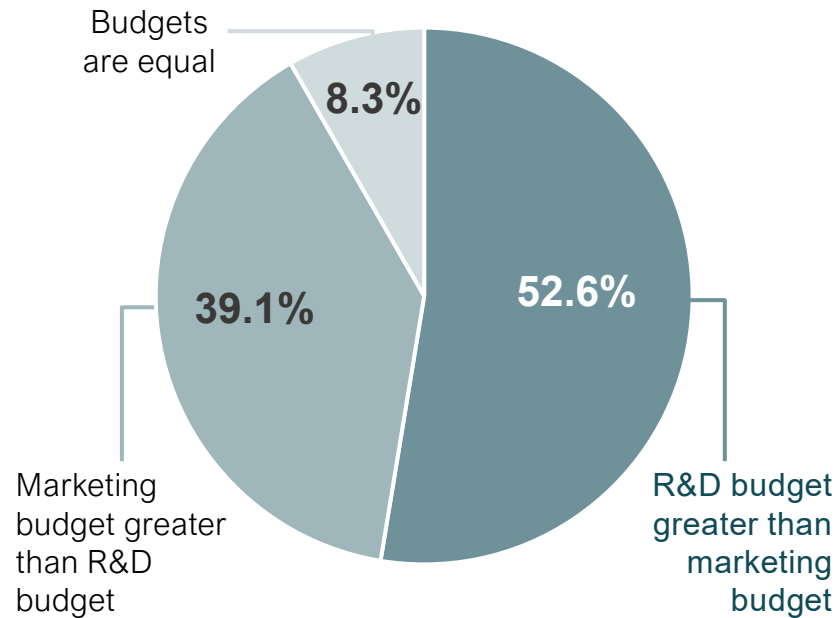
Compared to your company's R&D budget, what is the size of your company's marketing budget?

How budgets have changed over time

(% R&D budgets are greater than marketing budgets)



Percent of companies (2026)



Economic Sector

B2B Product	-26.7%
B2B Services	-6.0%
B2C Product	27.1%
B2C Services	-7.5%

Industry Sector

R&D greater than Marketing

- Energy (-40.0%)
- Tech / Software / Platform (-39.8%)
- Transportation (-29.0%)

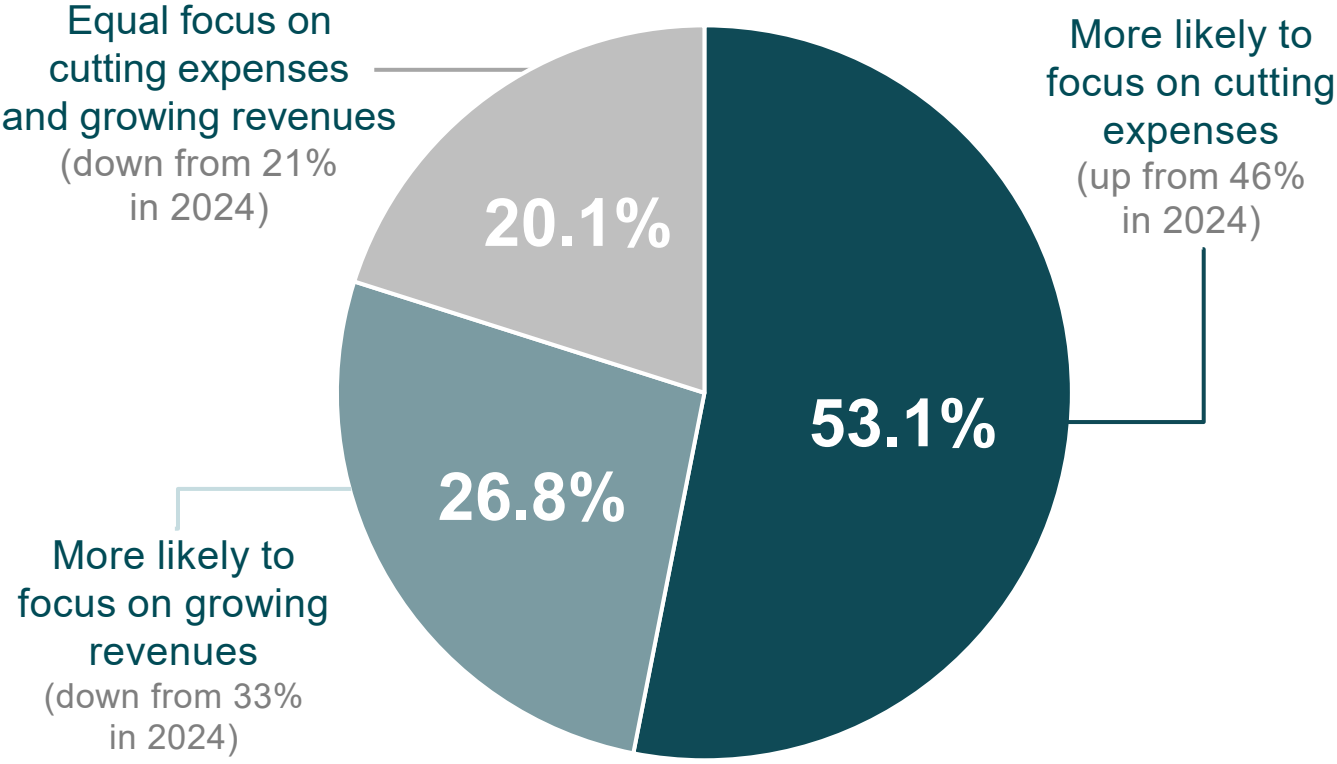
Marketing greater than R&D

- Retail / Wholesale (50.6%)
- Consumer Packaged Goods (35.6%)
- Communications / Media (28.8%)

*Negative numbers mean that the R&D budget is x% larger than the marketing budget and positive numbers mean that the marketing budget is x% larger than the R&D budget.

Focus continues to shift more towards cutting marketing expenses when profits are lower than expected

When year-to-date profits are lower than expected, what percent of the time do company executives cut marketing expenses versus work to grow revenues?



	More likely to cut expenses	More likely to grow revenues
Economic Sector	B2B Services	B2C Services
Industry Sector	Transportation	Energy
Online Sales	11-49% of sales	100% of sales
Sell to Government	Yes	No
Sales Revenues	\$500-999M	\$10M-25M
# of Employees	10,000+	5000-9999

Marketing expenses are a major focus of cost cutting before other areas, across all sectors and industries

When year-to-date profits are lower than expected and the focus is on cutting expenses, how often do company executives cut marketing expenses over other areas? (% of the time)

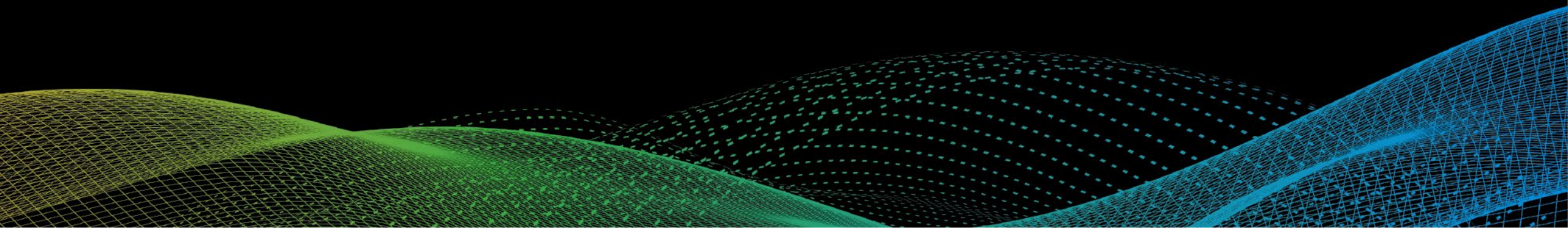


	More likely to cut marketing	Less likely to cut marketing
Economic Sector	B2B Product (49.9%)	B2C Services (28.8%)
Industry Sector	Consumer Packaged Goods (53.4%)	Real Estate (17.5%)
Online Sales	11-49% of sales (51.3%)	50.99% of sales (17.1%)
Sell to Government	Yes (49.1%)	No (42.9%)
Sales Revenues	\$10B+ (57.7%)	<\$10M (32.4%)
# of Employees	10000+ (61.0%)	<50 (35.4%)

■ Marketing Jobs

Marketing headcount growth has slowed to 2.5% over the past year, down sharply from 5.4% in 2025, with companies projecting a similar modest pace of 2.6% growth in the year ahead. The deceleration is broadly based across firm sizes and sectors. The smallest companies, in terms of both revenue and headcount, have seen the greatest growth in their marketing organizations while the largest companies have shrunk their marketing organizations and predict continued downsizing next year.

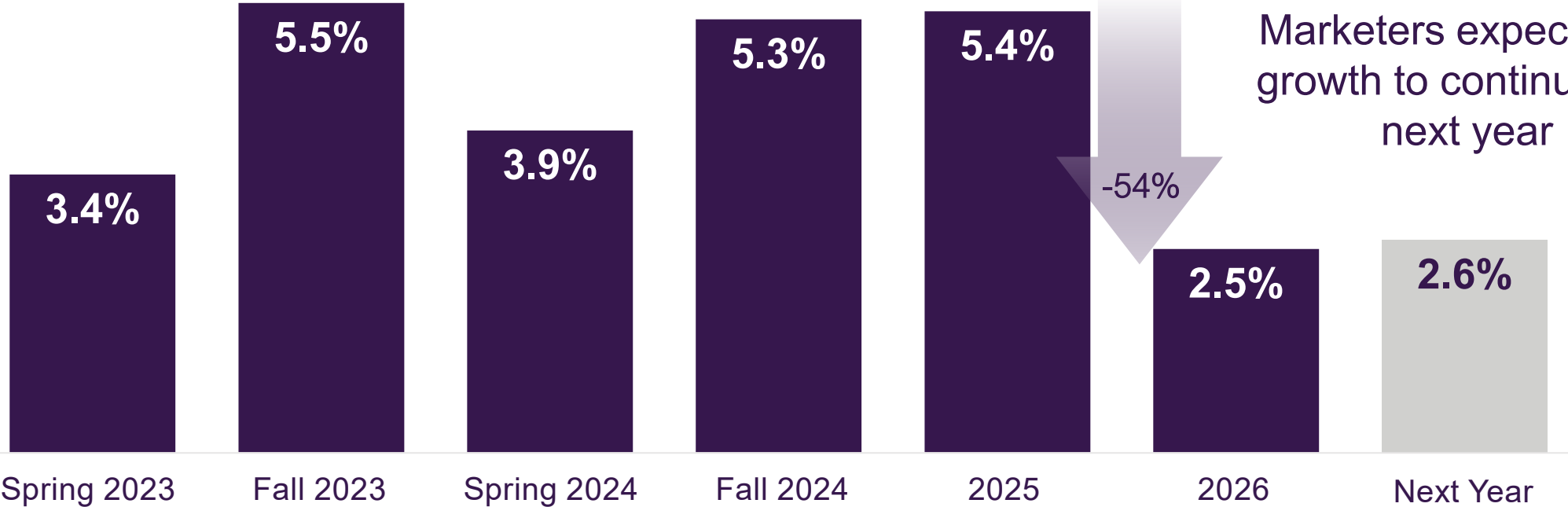
Training and development spending has continued its long decline, now standing at 3.8% of marketing budgets—down from a pre-pandemic high of 5.8%. This matters not just as a standalone data point but as part of a pattern visible across multiple sections of this survey. Companies report that their primary approach to building capabilities is through training and hiring. Yet the biggest capability gap they identify is not a missing skill—it is that existing capabilities lack sufficient people, time, and budget to function effectively. Investment in training, which would directly address this resourcing gap, is falling. The strategic intent and the resource allocation are pointed in opposite directions.



The growth of marketing organizations has slowed down to 2.5% over the past year and is expected to hold steady into the next year

By what percent has the size of your marketing organization grown or shrunk over the last year?
By what percentage will your company's marketing hires change in the next year?

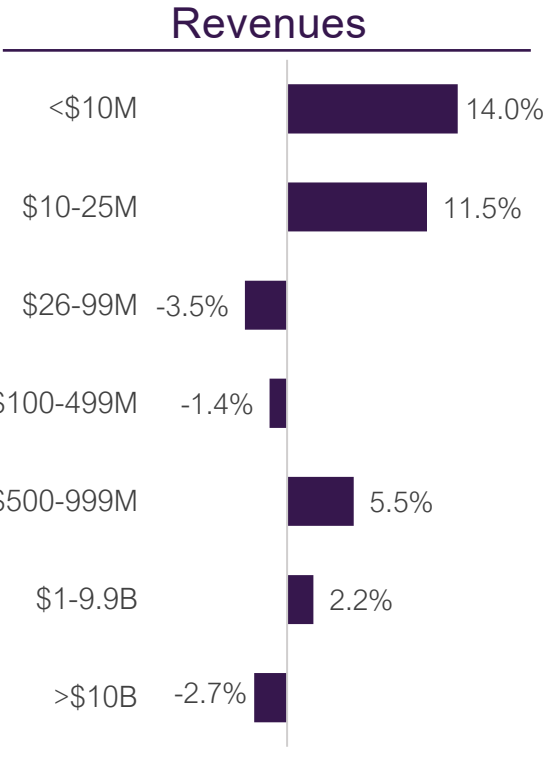
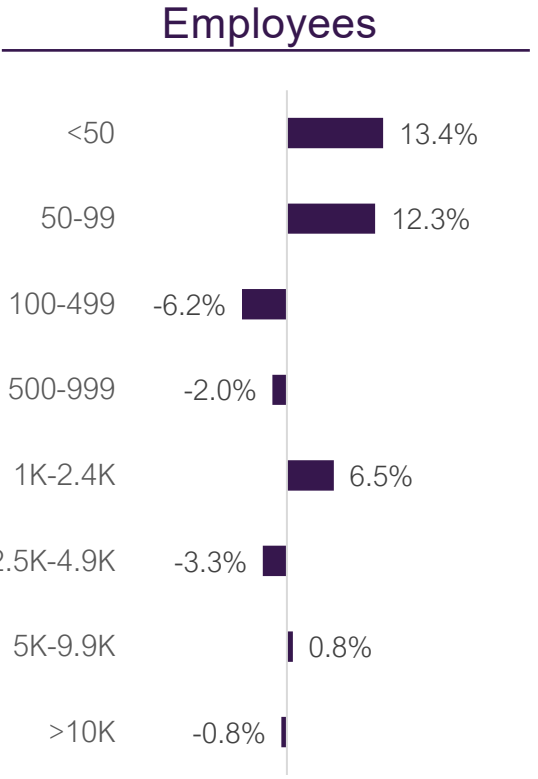
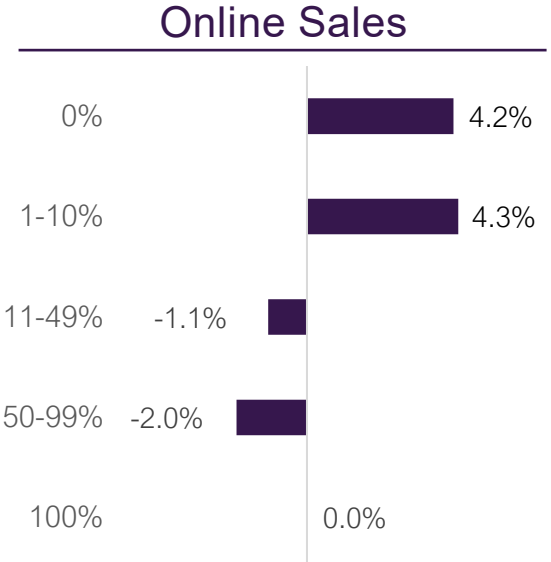
**Company and industry
breakouts on next slide**



Small-sized companies, Mining / Construction, Pharma / Biotech, and Professional Services fastest growing marketing organizations

By what percent has the size of your marketing organization grown or shrunk over the last year?

2.5% growth in size of marketing organizations



Economic Sector

B2B Product	0.0%
B2B Services	3.9%
B2C Product	4.2%
B2C Services	4.6%

- ### Industry Sector
- Largest growth**
- Mining / Construction (20.0%)
 - Pharma / Biotech (17.6%)
- Largest shrinkage**
- Communications / Media (-13.7%)
 - Transportation (-11.0%)

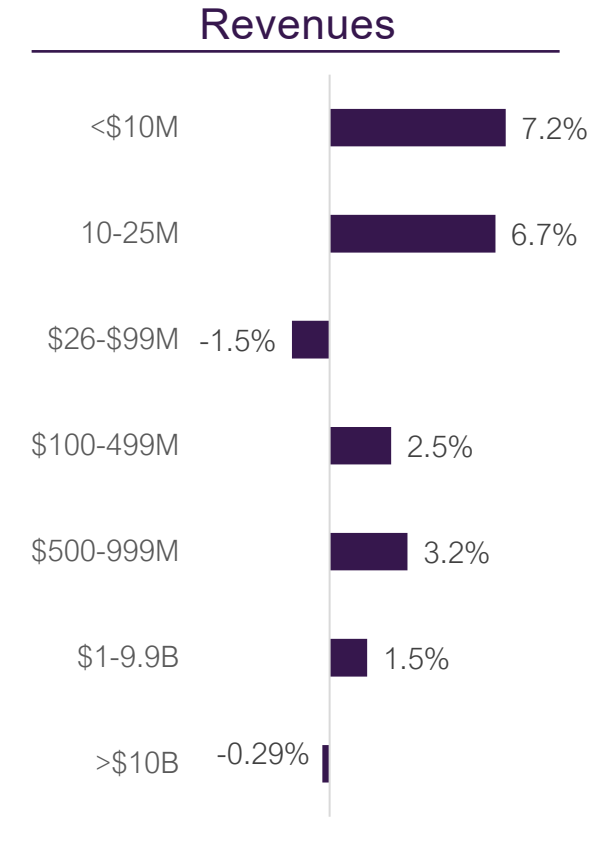
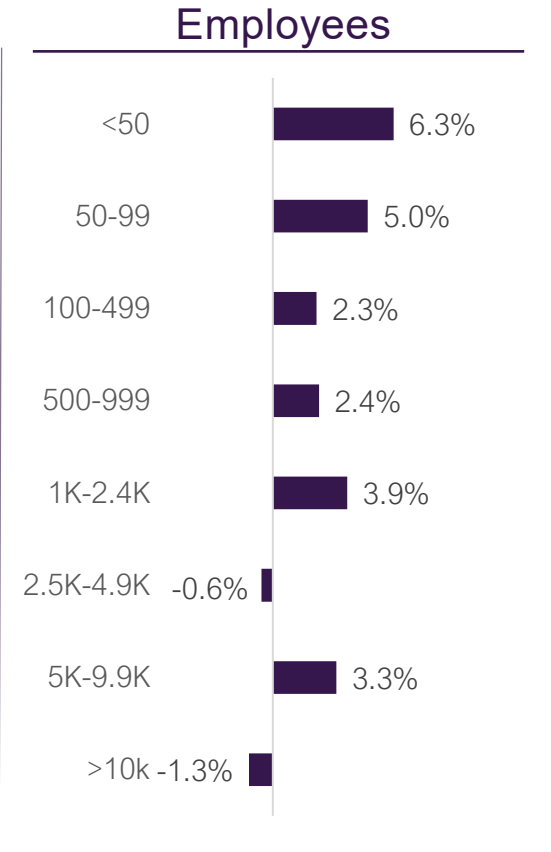
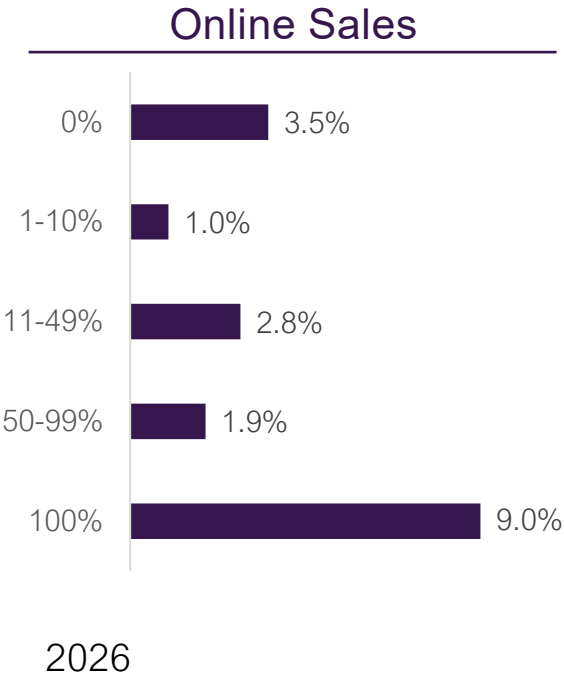
Sell to Government

Yes	-0.4%
No	4.6%

Despite no growth this past year, companies that sell 100% online are optimistic about marketing organization growth in the next year

By what percentage will your company's marketing hires change in the next year?

2.6% predicted growth in marketing hires next year



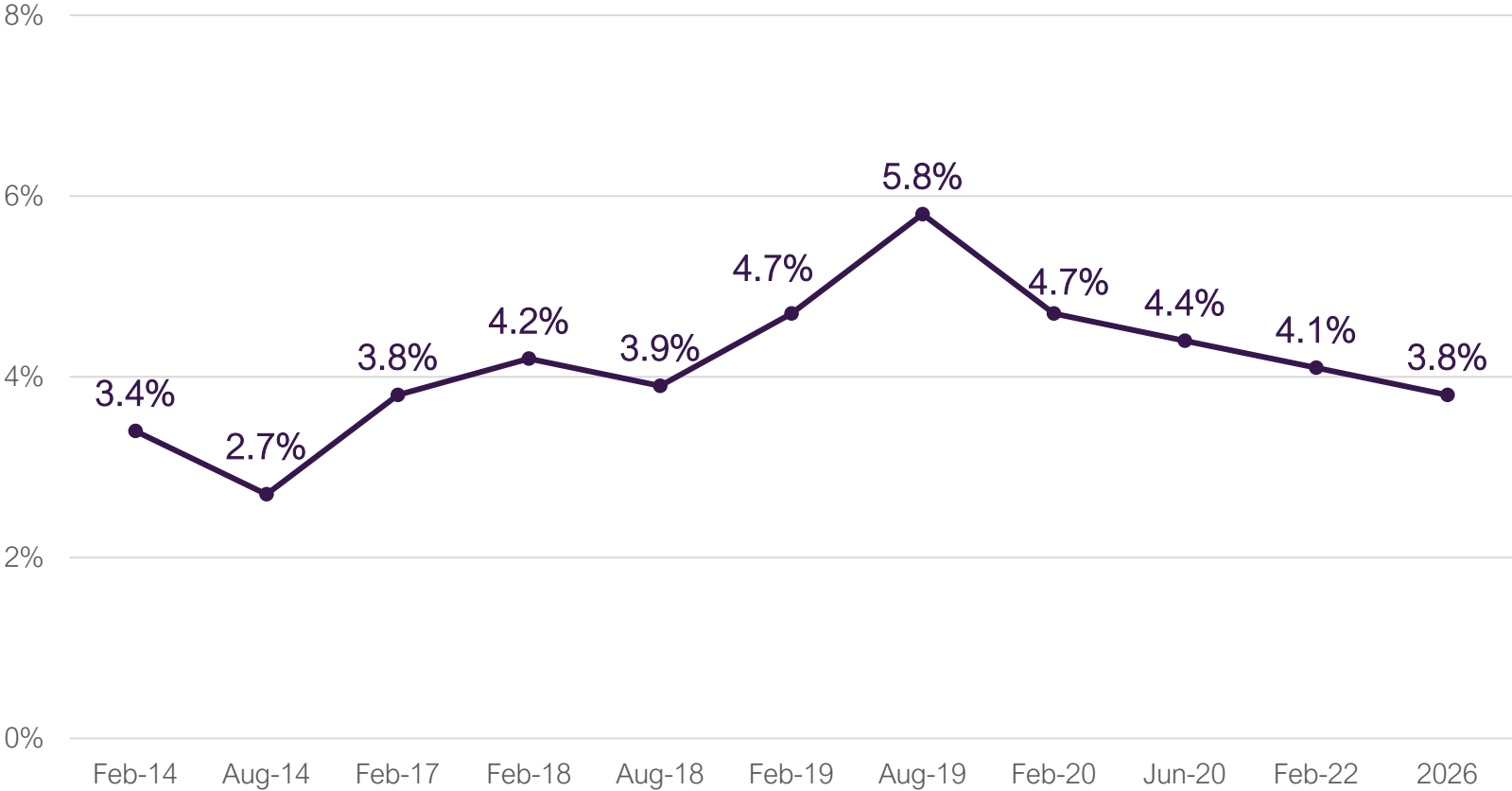
Economic Sector	
B2B Product	2.0%
B2B Services	4.3%
B2C Product	2.5%
B2C Services	1.6%

Industry Sector	
Largest next year growth	
• Mining / Construction	(9.6%)
• Professional Services	(6.5%)
Largest next year shrinkage	
• Consumer Services	(-2.7%)
• Retail / Wholesale	(-1.1%)

Sell to Government	
Yes	2.4%
No	2.8%

On average 3.8% of marketing budgets are devoted to training and development, a steady decline from pre-COVID high of 5.8%

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



Insights

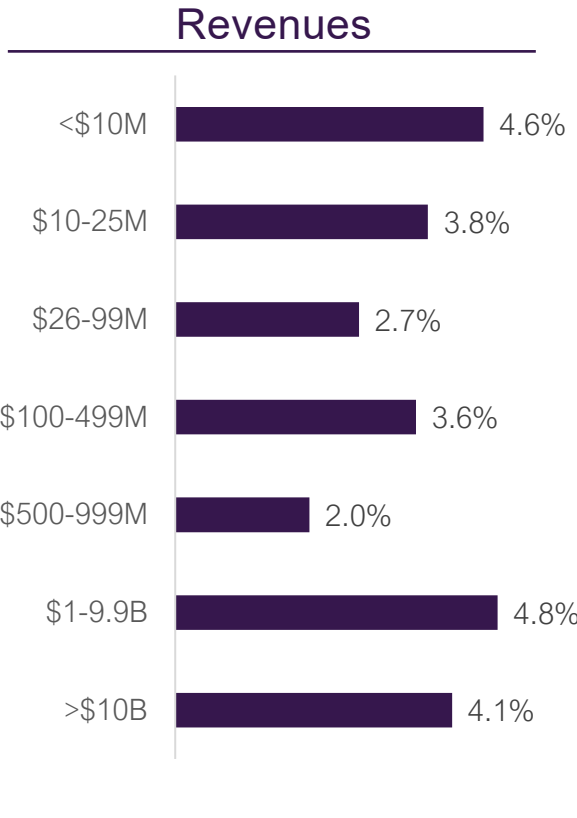
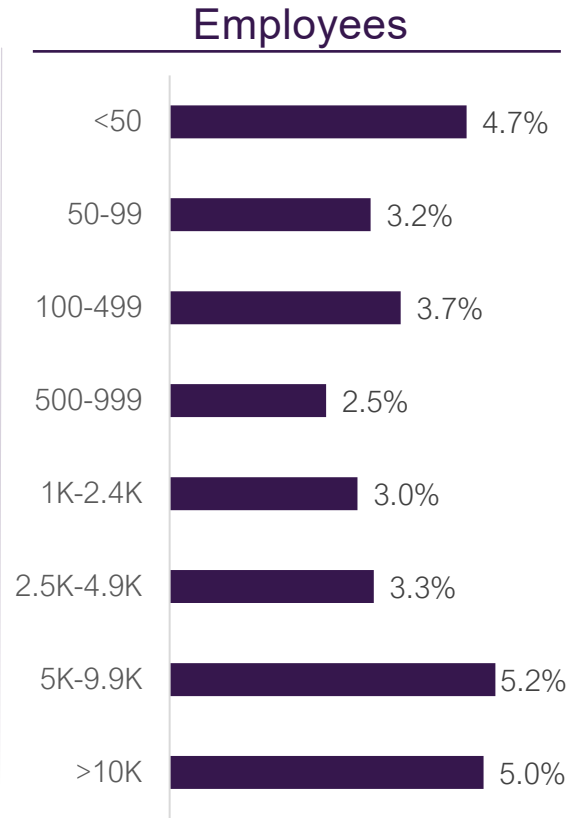
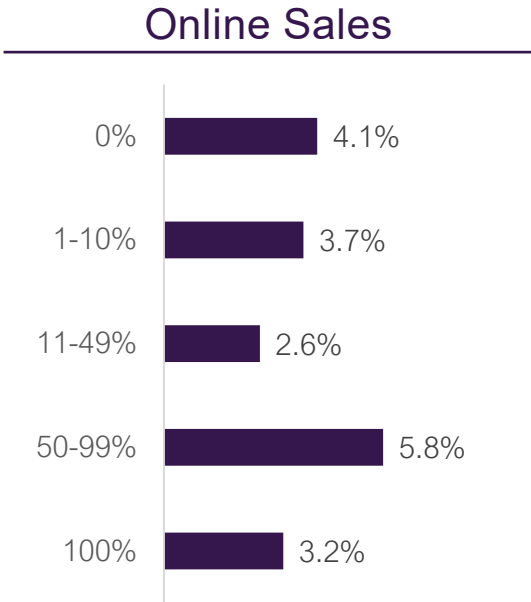
Spending on training and development accounts for only 3.8% of marketing budgets and has been steadily declining since it peaked in Aug-2019 at 5.8%. This is interesting given that when marketers are asked what capabilities companies are lacking, 22.3% of responses pointed out that capability resourcing was a bigger barrier than any specific capability. This weakening training and development investment may be the culprit. This finding is also noteworthy given that 59.5% of marketers report that their companies build capabilities by training current or hiring new employees with skills. Clearly this strategy will be challenged by weaker investments in training and development.

Company and industry breakouts on next slide

Medium-sized companies are investing the least in training and development

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

3.8% of marketing budgets devoted to training and development



Economic Sector

B2B Product	3.5%
B2B Services	4.2%
B2C Product	4.0%
B2C Services	3.9%

- ### Industry Sector
- Largest percent of budget**
- Transportation (7.7%)
 - Consumer Services (6.7%)
- Smallest percent of budget**
- Mining / Construction (0.3%)
 - Education (1.2%)

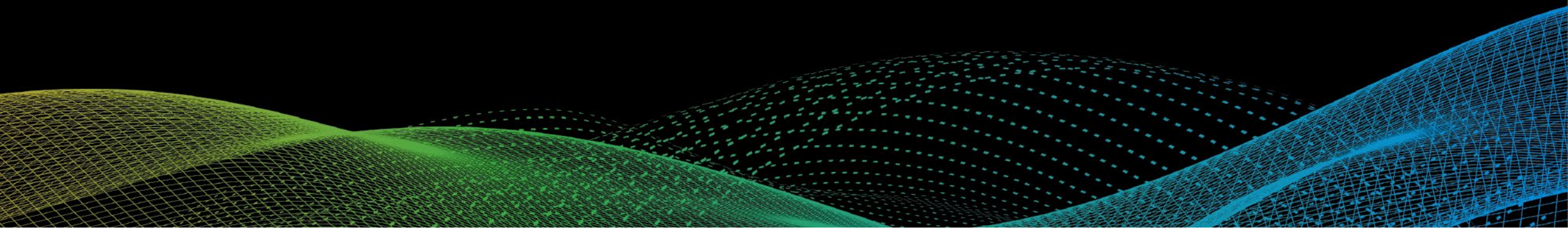
Sell to Government

Yes	3.4%
No	4.1%

■ Marketing Channels

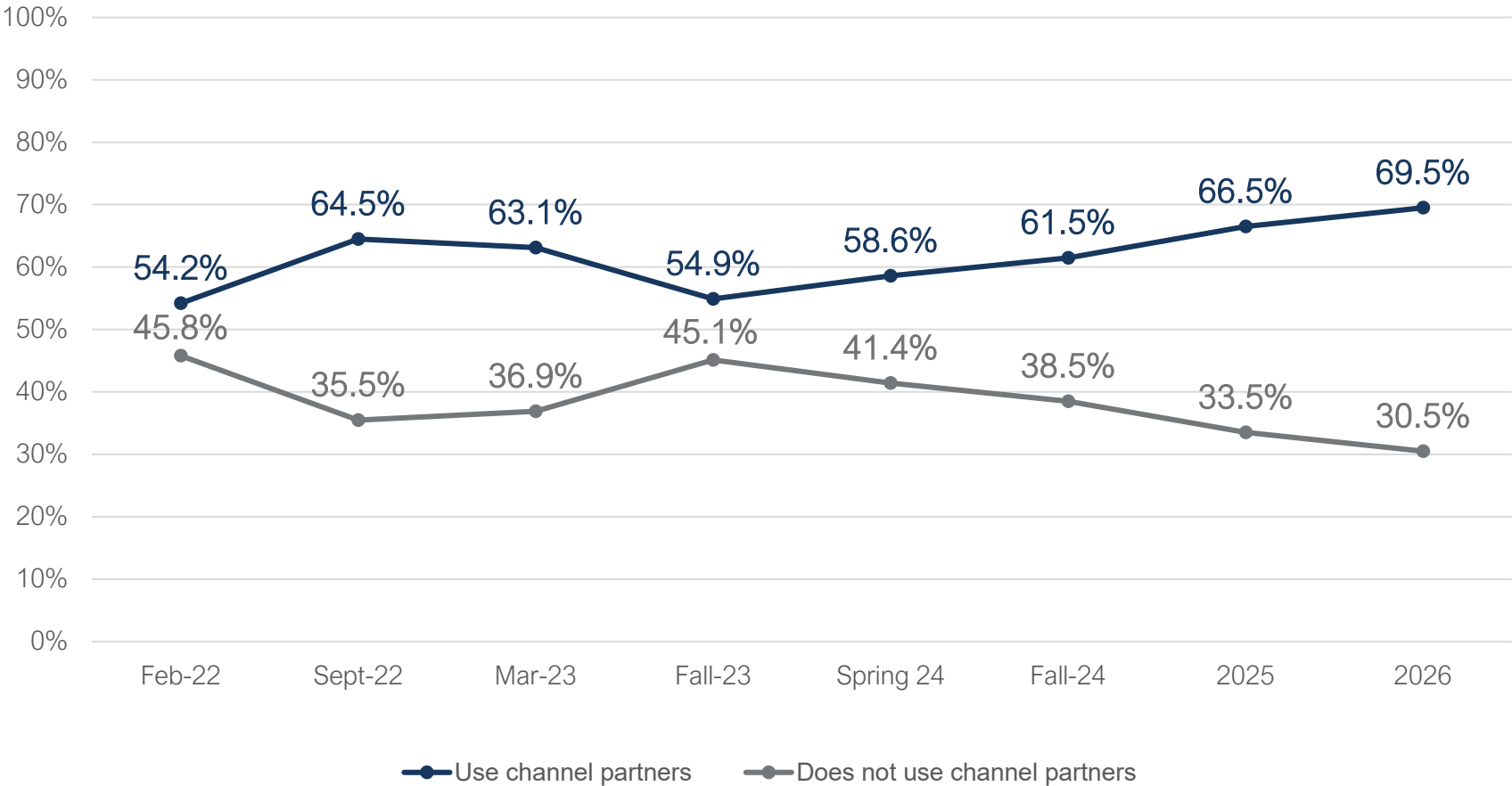
Channel partner use has continued its post-pandemic recovery, reaching 69.5% of companies—up from 66.5% in 2025 and continuing a steady climb from a low of 54.2% in 2022, though still below pre-pandemic levels of approximately 74%.

Companies are also expanding the total number of channels they use: 57.6% have increased their channel count over the past three years, while only 6.7% have decreased. The nature of this expansion is broad. Digital channel openings (47.9%) and social selling (38.8%) are the most common additions. At the same time, 30.3% of companies have opened new face-to-face channels and 20.0% have added a direct-to-consumer channel of some type. Retail media adoption (23.6%) is also growing. Physical and digital channel growth are occurring in parallel rather than as substitutes.



Organizations are increasingly relying on channel partners

Will you use a channel or go directly to market?



Economic Sector

	Channel Partners	Direct to Market
B2B Product	71.9%	28.1%
B2B Services	59.0%	41.0%
B2C Product	77.8%	22.2%
B2C Services	68.6%	31.4%

Industry Sector

Highest Use of Channel Partners

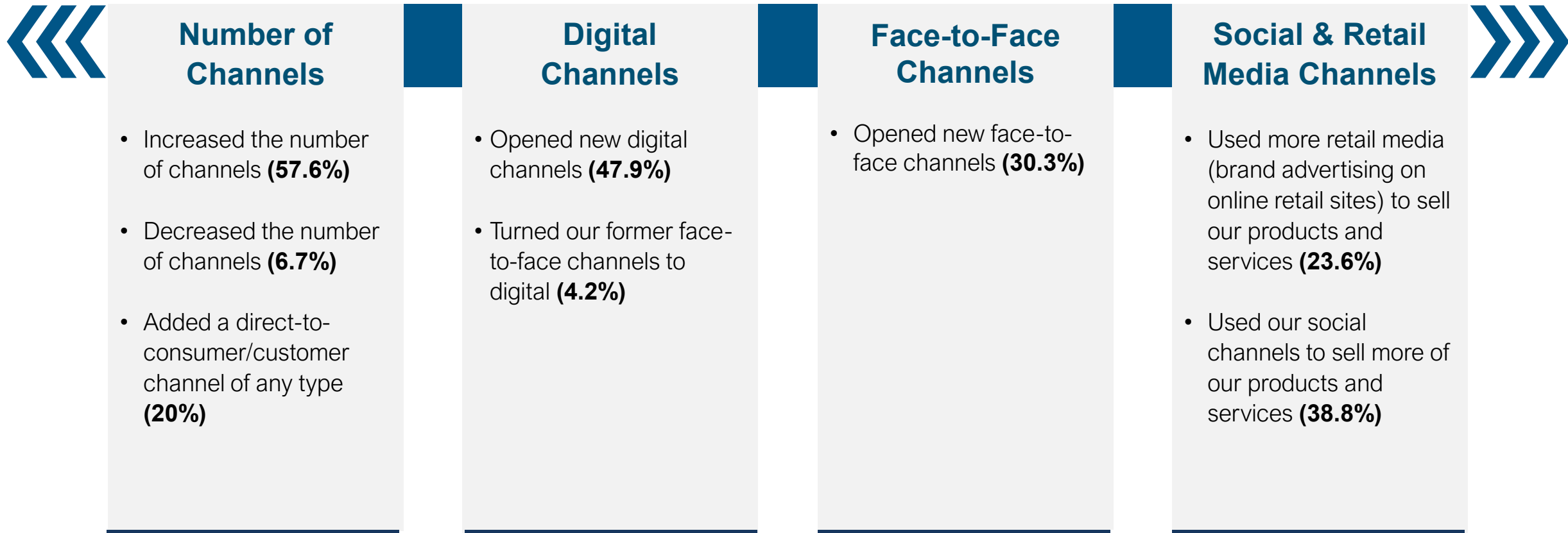
- Manufacturing (89.7%)
- Consumer Packaged Goods (85.7%)
- Healthcare (75.0%)

Highest Use of Direct to Market

- Real Estate (85.7%)
- Mining / Construction (75.0%)
- Energy (44.4%) & Consumer Services (44.4%)

Companies increase the number of channels use, including direct to customer, digital, face-to-face, social, and retail channels

Which statements reflect how your channel strategy has changed over the last three years? (check all that apply)

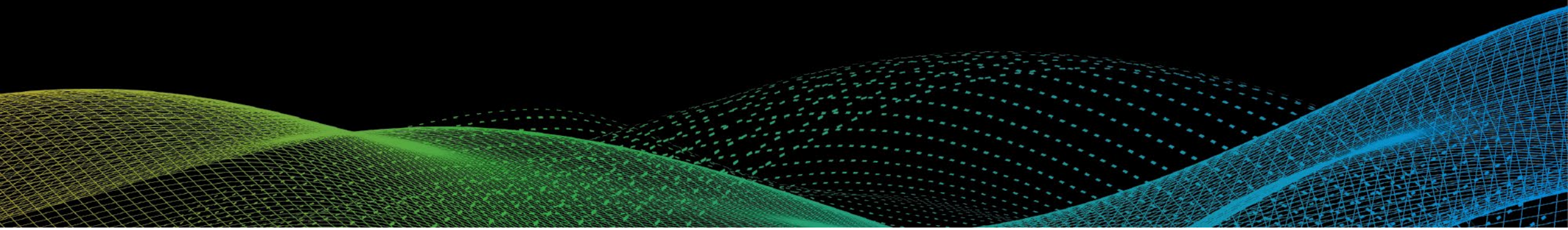


■ Marketing Performance

Sales revenue growth edged up to 8.8% from 8.3% in 2025, while profit growth declined to 6.9% from 7.8%, suggesting growing margin pressure even as top-line performance modestly improved.

Customer retention has emerged as the strongest performance metric, growing at 12.8%—well above customer acquisition (7.4%) and brand value (10.0%). This is a notable reversal of the historical pattern in which acquisition and brand investment tended to lead. It also stands in direct tension with the finding in the Marketing Spending section that acquisition budgets remain 26% larger than retention budgets. Companies are getting more from retention than from acquisition yet continue to allocate resources in the other direction.

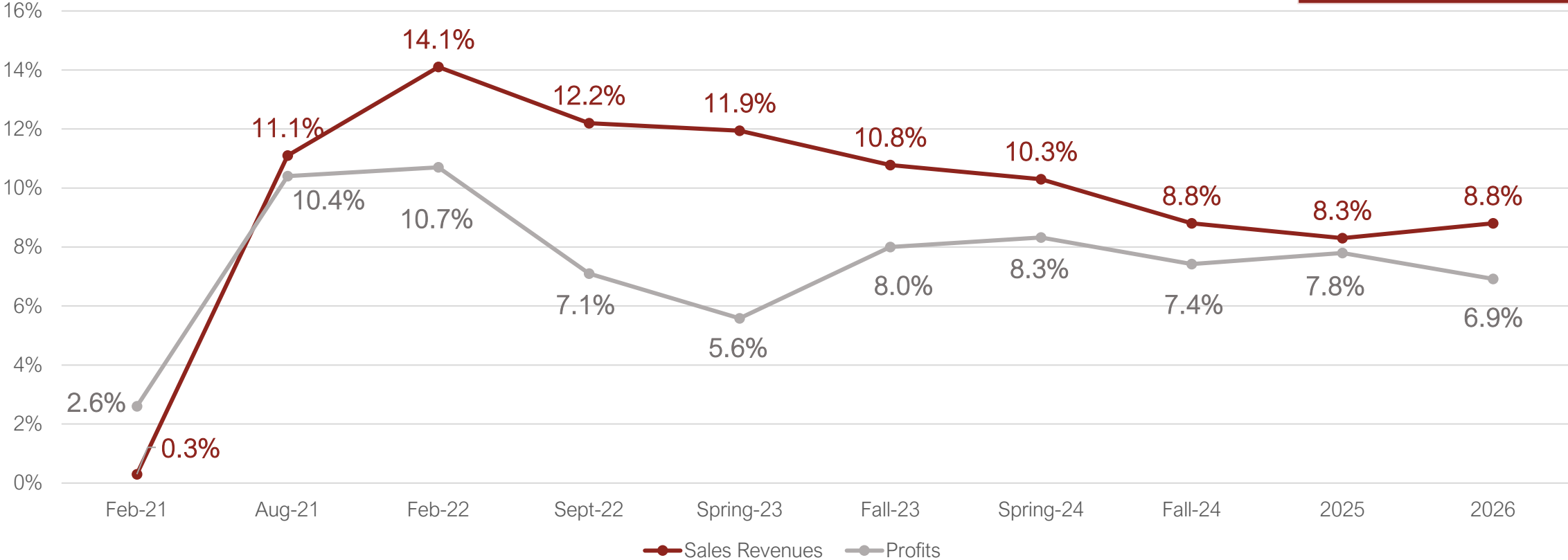
Marketing investments are also showing more durable effects. The median duration of marketing's impact on customers, six months, has lengthened since 2022, with a meaningful shift in the distribution toward effects lasting six months, one year, or longer. This finding, along with the retention performance data, suggests that the cumulative value of marketing investments may be greater than short-term measurements capture. This is a relevant consideration given the persistent pressure on marketing leaders to demonstrate immediate financial returns.



Company sales growth edges higher while profit growth slips

Rate your company's performance during the prior 12 months.

**Company and industry
breakouts on next slide**



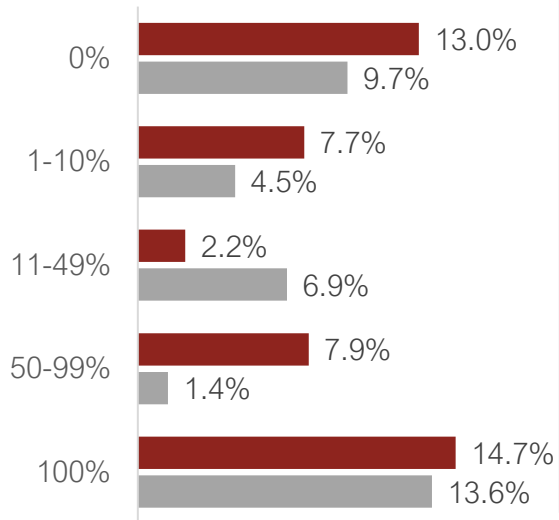
Pure play companies online and offline dominate sales and profit growth

Rate your company's performance during the prior 12 months.

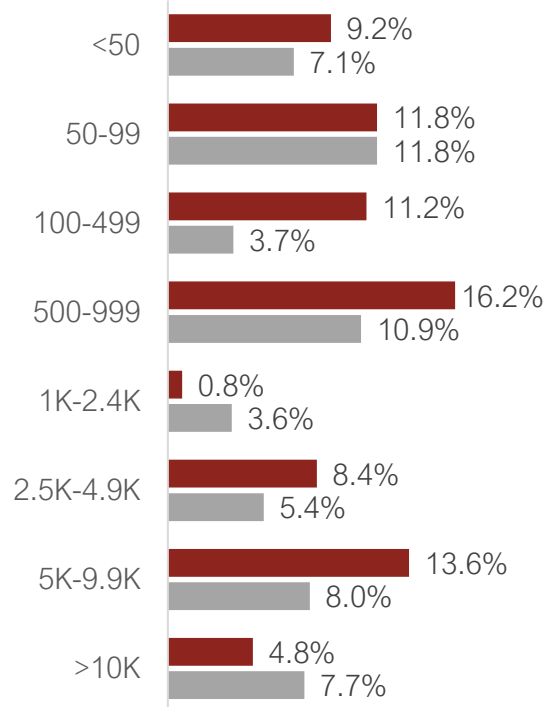
8.8% Sales Revenue

6.9% Profit

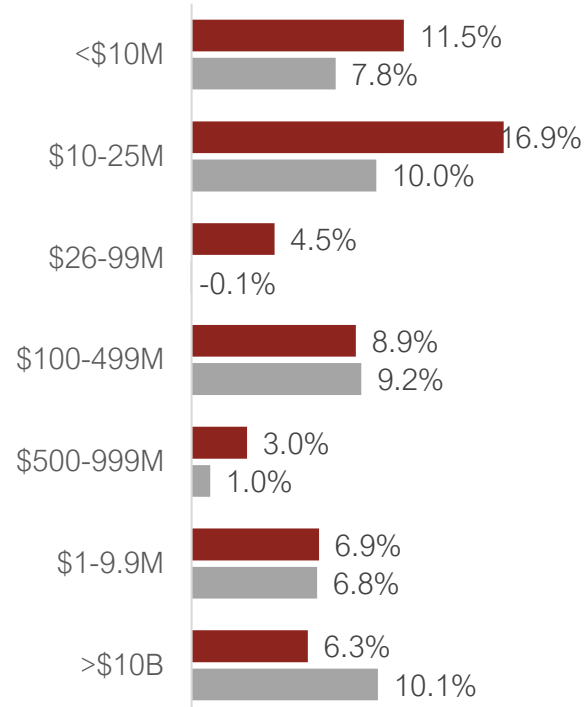
Online Sales



Employees



Revenues



Economic Sector

	Profits	Sales Revenues
B2B Product	5.5%	11.3%
B2B Services	9.4%	8.1%
B2C Product	3.7%	5.2%
B2C Services	12.4%	9.9%

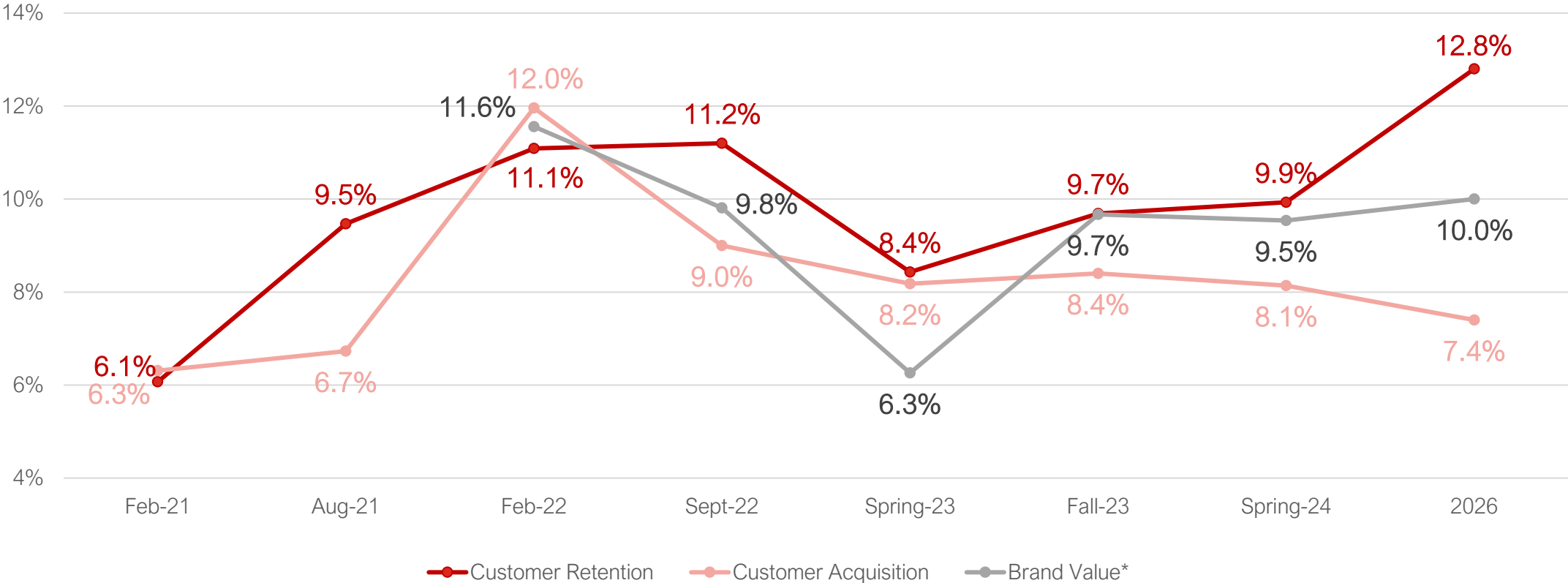
Industry Sector

	Profits	Sales Revenues
Top Sectors	Energy (11.75%)	Mining / Construction (29.3%)
Bottom Sectors	Consumer Packaged Goods (-2.9%)	Manufacturing (-1.5%)

Companies lean on retention to fuel performance amid acquisition headwinds

Rate your company's performance during the prior 12 months.

Company and industry breakouts on next slide



*Question was not asked in 2021.

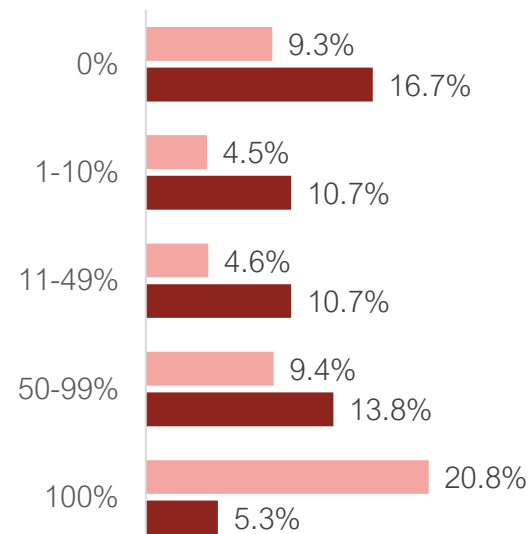
Companies that sell exclusively online lead in customer acquisition while bricks-and-mortar companies lead in retention

Rate your company's performance during the prior 12 months.

7.4% Customer Acquisition

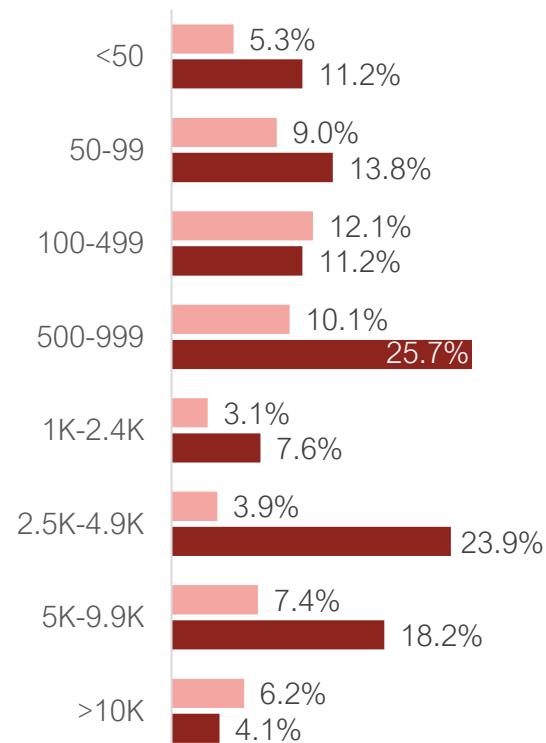
12.8% Customer Retention

Online Sales

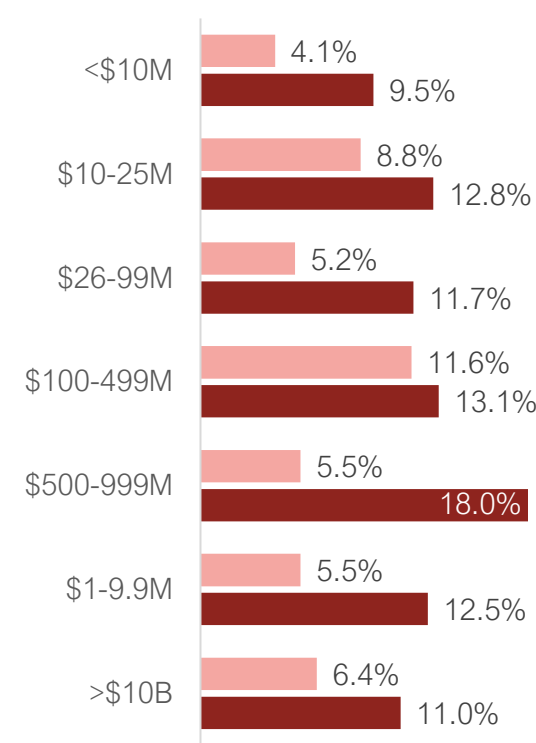


2026

Employees



Revenues



Customer Acquisition Customer Retention

Economic Sector

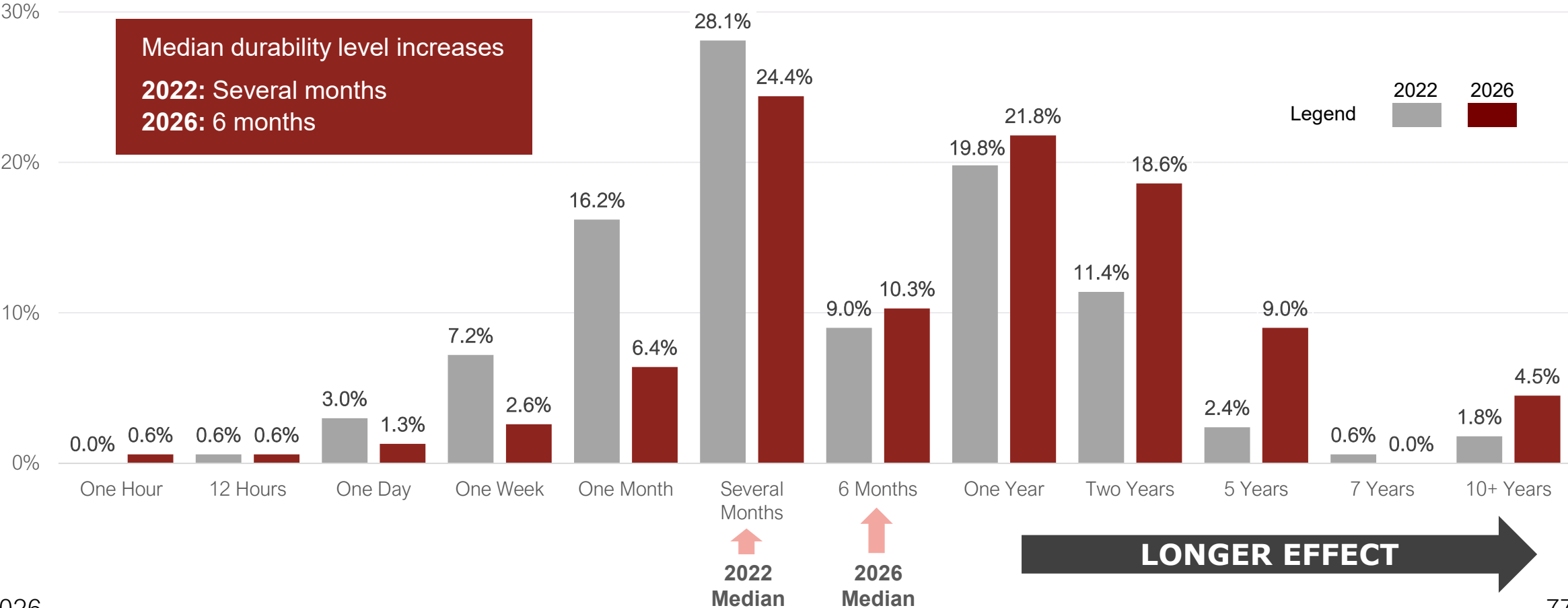
	Customer Retention	Customer Acquisition
B2B Product	13.1%	8.1%
B2B Services	18.0%	10.2%
B2C Product	5.3%	2.6%
B2C Services	14.1%	7.3%

Industry Sector

	Customer Retention	Customer Acquisition
Top Sector	Professional Services (28.3%)	Banking / Finance / Insurance (13.3%)
Bottom Sector	Transportation (-6.5%)	Retail / Wholesale (-0.9%)

Effects of marketing investments on customers are longer lasting

How durable are the effects of your company's marketing investments on customers?



Duration of marketing investments effects varies across companies and industries

How durable are the effects of your company's marketing investments on customers?

6 months
is the median length of time marketing investments impact consumers

	Shortest duration of effects	Longest duration of effects
Economic Sector	B2B Product (6 months)	B2B Services (1 year)
Industry Sector	Retail / Wholesale, Professional Services (Several months)	Banking / Finance / Insurance (2 years)
Online Sales	1-10% of sales (6 months)	100% of sales (2 years)
Sell to Government	Yes (6 months)	No (1 year)
Sales Revenues	\$26M-99M (Several months)	<\$10M (1 year)
# of Employees	<50 (6 months)	2500-4999 (1 year)

- Next Survey: January 2027
- Sign up to participate: <https://cmosurvey.org/participate/>
- Review the full history of CMO Survey results from 2008-2026: <https://cmosurvey.org/results/>
- Read Professor Moorman's analysis: <https://cmosurvey.org/blog/>
- Send comments and questions to Professor Moorman: moorman@duke.edu
- Survey Sponsors: Duke University's Fuqua School of Business, Deloitte, and the American Marketing Association. Sponsors support The CMO Survey with intellectual and financial resources. Survey data and participant lists are held in strict confidence and not shared with survey sponsors or any other parties.

