



PREDICTING the Future of Markets
TRACKING Marketing Excellence
IMPROVING the Value of Marketing

INAUGURAL REPORT

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Sponsoring Organizations



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- The Mission:** The CMO Survey collects and disseminates the opinions of top Marketers from leading organizations in order to predict the future of markets, track marketing excellence, and improve the value of marketing in firms and in society.
- Why Marketers:** Marketers have unique knowledge about customers, competitors, and partners. These market-based insights are crucial to how the economy operates and to how firms and the organizations that support them make investments to lead and respond to market changes. What Marketers expect to happen will influence resource allocation decisions. These decisions, in turn, influence the economy.
- The Survey:** Beginning in July, 2008, The CMO Survey is administered twice a year to the top marketers in the leading business organizations in the United States. A standard battery of questions is asked during each administration as well as a unique set of questions on a special topic that changes with each administration (beginning in January, 2009). The CMO survey will be rolled out to European firms in Year 2 and to Asian firms in Year 3. The survey can be found at www.cmosurvey.org.
- Participants:** The sample consists of the top Marketer at the Fortune 1000 firms and Forbes Top 200 Small Firms. This inaugural report is based on n = 72 top Marketers. These Marketers represent many of the top B2B and B2C firms in the world, controlling \$867 billion in revenues in 2007-2008. 71% of respondents are CMOs.
- Results:** A summary of the research results are contained in this report and can be accessed at www.cmosurvey.org. The Appendix contains the results by economic sector.

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EXECUTIVE HIGHLIGHTS

- Marketers are pessimistic about the economy overall (pessimists outnumber optimists 8:1). Marketers are more optimistic about their firms' abilities to generate revenues from end-customer (6:3) and most optimistic about their firm's ability to generate revenues from their channel partners (4:5).
- The optimism Marketers have about channel partners is derived from a belief that partners will purchase more volume, pay higher prices, and buy more related products and services compared to end-customers.
- Overall, Marketers expect end-customers to prioritize price followed by excellent service and product quality. These priorities varied by economic sector with B2C-Product Marketers indicating a priority on innovation and B2C-Service Marketers on service excellence.
- Marketers report the largest increases in marketing spending in the area of marketing knowledge. Compared to a 2.5% increase in marketing spending, Marketers report a 10.3% increase in spending to develop knowledge about how to do marketing, a 9% increase in marketing training, a 6.7% increase in marketing research and intelligence, and an 8.3% increase in integrating firm marketing knowledge.
- Overall, B2C-Service Marketers predict the largest increase in marketing spending in the next year (6.4%). By contrast, B2B-Service Marketers report only a 0.30% increase in marketing spending.
- Marketers expect to spend 16% more on internet marketing in the next year and only 1% more in traditional advertising.
- While historically dominated by a sales focus, B2B-Product Marketers reported a striking increase in marketing focus. They predict a strong priority on brand among their customers and the highest expected increase in marketing (non-sales) hires (6.17%) and use of marketing consulting services (8%). Given these indicators, we expect this sector to emerge as a stronger bastion of marketing in the future. This change is not yet reflected in marketing spending, which is only predicted to increase 1.6%.
- Growth is predicted to remain dominated by market penetration strategies (current products/services to current markets). However, this growth strategy is expected to decrease in the next year and Marketers report a shift to market development strategies (new markets, current products/services) and diversification strategies (new markets and new products/services).
- As the economy tightens, Marketers report that their firms have a weaker emphasis on "marketing that is beneficial for society" and that "minimizes the impact on the ecological environment." B2C-Product Marketers report the lowest level while B2C-Service Marketers report the highest projected emphasis.
- Marketers reported that the US is their top sales revenue market, followed by Western Europe, Canada, Mexico, and China. However, when asked about the strategic importance of foreign countries and regions, the largest increases are in China and India. These gains come at the expense of losses in the strategic importance of Canada and Western Europe.

1. Marketer Optimism: Overall Economy, Customers, and Partners

Marketers are less optimistic about the overall economy compared to last quarter. Pessimists outnumbered optimists 8:1. Compared to CFOs, Marketers appear more pessimistic. 41.5% of CFOs reported being less optimistic (see www.cfosurvey.org)¹ compared to 77% of CMOs. Likewise, 28.5% of CFOs were more optimistic compared to 13% of CMOs. On a 0-100 optimism scale, the overall sample had a mean of 50 (SD = 18), while CFOs report of a mean of 54 (SD = 16.7). However, we observe striking differences across economic sectors with B2B-Product Marketers the most optimistic (Mean = 56, SD = 19). The least optimistic were B2C-Product Marketers (Mean = 41, SD = 18).

Marketers are comparatively more optimistic about their end-customers (6:3 pessimists to optimists). Within the different economic sectors, on a 0-100 optimism scale, B2B Marketers, in general, are more optimistic about end-customers (Mean = 63, SD = 21); B2C-Services Marketers are the least (Mean = 49, SD = 18).

Marketers are the most optimistic about their channel partnerships (4:5 pessimists to optimists). Hence, Marketers appear to be focusing on their channel partnerships as the key to performing well through this economic downturn. B2C-Product Marketers are the most optimistic about their ability to generate revenues from these partners (Mean = 71, SD = 19). B2B and B2C Service Marketers are least optimistic, presumably, in part, because they are more likely to work directly with their customers.

Table 1.1. Marketer Optimism

	Less optimistic	No change	More optimistic	Optimism on 0-100 scale (where 100 is most optimistic)
Are you more or less optimistic about the <u>overall U.S. economy</u> compared to last quarter	77%	10%	13%	Mean = 50 (SD ² = 18)
Focusing on <u>end-customers</u> , prospects for growth in largest revenue market compared to 12 months ago	56%	16%	27%	Mean = 59 (SD = 24)
Focusing on <u>channel partnerships</u> , prospects for growth in largest revenue market compared to 12 months	38%	15%	47%	Mean = 60 (SD = 22)

¹ CFO scores collected via the Duke University/CFO Magazine Global Business Outlook Survey, August 2008.

² SD = standard deviation of the sample mean.

2. How Marketers Think Customers Will Change

Marketers have a very clear view of how they expect their customers to change over the next 12 months. Marketers expect the price customers pay per unit to rise. However, Marketers also expect revenue growth to occur because customers purchase related products and services. Marketers do not expect growth from new customers entering the market. These results vary by economic sector. B2B-Product and B2B-Service firms expect current customers to purchase more of the same products but fewer consumers to enter their markets; B2C-Product firms expect the largest increase in prices but also the lowest retention of current customers.

Table 2.1. Customer Behavior in the Next 12 Months

	Less	No change	More
Customer purchase volume	48%	14%	38%
Customer price per unit	27%	22%	51%
Customer will buy related products and services from my firm	10%	44%	46%
My firm's ability to retain current customers	19%	43%	38%
The entry of new customers into this market	37 %	41%	22%

In terms of what Marketers project customers will prioritize in the next 12 months, the highest priority is expected to be price. However, product quality and service excellence rival price and in many cases supersede it as a priority when the first and second priorities are combined: Service (57%), Price (56%), and Product Quality (45%). Marketers predict that innovation, brand, and relationships will be relatively less important in the next year. These priorities varied by economic sector. B2C-Product Marketers reported that innovation was their customers' number 1 priority, B2C-Services Marketers reported a focus on excellent service, and B2B-Product Marketers reported a customer focus on brand, which is somewhat surprising for this sector. Together with other indicators in this report, B2B-Product Marketers appear to be adopting a stronger marketing focus.

Table 2.2. Customer Priorities in the Next 12 Months

	1 st priority	2 nd priority	3 rd priority	Average Rank (1 is high)
Low Price	32%	14%	14%	1.71 (SD = .83)
Superior Product Quality	24%	21%	16%	1.86 (SD = .81)
Superior Innovation	6%	10%	8%	2.06 (SD = .79)
Excellent Service	27%	30%	16%	1.84 (SD = .76)
Trusting relationship	13%	13%	29%	2.29 (SD = .83)
Brand	9%	8%	9%	2.00 (SD = .87)

3. Channel Partner Predictions

Recall that Marketers were relatively more optimistic about their ability to extract value from channel partner relationships compared to end-customer relationships. Table 3.1 offers insight into how that value will be derived. 48% of Marketers predict that their partners will purchase more volume from them compared to 37% of Marketers who had that belief about end-customers (see Table 2.1). Even greater increases are reported in the price paid per unit from partners (63%) compared to end-customers (50%). Positive, but smaller increases are observed in the likelihood that partners will buy related products and services (43%) compared to end-customers (38%). Hence, the value Marketers expect from channel partnerships will accrue from volume of current products and price paid.

Considering the economic sectors, B2C-Product Marketers expect partner's prices and volume to increase the most, while B2C-Product and B2C-Service Marketers both expect partners to buy more related products and services.

Table 3.1. Channel Partner Behavior in the Next 12 Months

	Less	No change	More
Partner purchase volume	23%	29%	48%
Partner price per unit	13%	13%	63%
Partner will buy related products and services from my firm	10%	47%	43%
My firm will deal directly with end customer, not through	7%	63%	30%
Partner's level of power in our relationship	17%	63%	20%

As a benchmark, Marketers reported they will allocate an average of 31% of their business (SD = 25) to their top three channel partners in the next 12 months.

4. Competitor Predictions

As Marketers consider how their competitors will behave over the next 12 months, the most likely activity is more intense rivalry for customers (5.5 on a 7-point scale, where 1 is “not likely” and 7 is “not likely”). This is followed by greater likelihood of price-cutting by competition (5.03 on a 7-point scale) and more competitor innovation (4.42 on a 7-point scale). When considered against the earlier response that Marketers expect their own customers to pay higher prices, price-cutting competitors pose an important threat to firms in the near-term.

Marketers see the emergence of new global competitors as 50% more likely than the emergence of domestic competitors. However, new competition of any sort was considered less likely (global: 3.36; domestic: 2.52) than other competitor outcomes highlighted above.

B2C-Product Marketers report the highest level of concern about domestic and global competitors as well as the level of rivalry among and innovation from competitors.

Table 4.1. Competitor Behavior in the Next 12 Months

Emergence of new domestic competitors	Mean = 2.52 (SD = 1.68)
Emergence of new global competitors	Mean = 3.36 (SD = 1.85)
More intense rivalry	Mean = 5.51 (SD = 1.44)
More competitor innovation	Mean = 4.42 (SD = 1.42)
More competitor price-cutting	Mean = 5.03 (SD = 1.64)
More cooperation in non-price strategies	Mean = 3.17 (SD = 1.46)

5. Growth

As noted in Table 5.1, Marketers report that their firms allocated 55% of marketing spending on increasing the penetration of current products in current markets in the prior year. The development of new products/services for current markets was the second most important growth strategy way (22%), followed by taking current products/services to new markets (15%). Diversification (new products/services in new markets) was a distant fourth growth strategy (8%).

This general pattern holds when Marketers were asked to report how their firms will attempt to grow in the next 12 months. Hence, firms will allocate 50% of their growth spending for market penetration strategies (current products/services in current markets). This pattern of higher product or service development (new products/services for current markets) places a premium on existing customer relationships and the firm's ability to understand and serve these customers. The alternative, market development (new customers for existing products/services), places a premium on the firm's ability transfer its knowledge about current customers in order to locate new customer segments that will buy the same product. The product development strategy may be less risky when the firm knows its customers. It does not require the firm to create new customer relationships. Hence, it is reasonable that Marketers find their firms are attempting to grow this way during the economic downturn.

Although the order of importance in the growth strategies is not expected to change in the next year, Marketers report a 4% reduction in market penetration strategies (from 55% to 51%). Examining Tables 5.1 and 5.2, this spending is expected to shift to market development strategies (new markets, current products/services) by +2% and diversification strategies (new markets and new products/services) by +2%. The diversification shift means more risk but potentially more reward for firms. The market development increase suggests the firm is placing a premium on its marketing skills and the ability to locate customers that are interested in their products or services and to form relationships with those customers. B2B-Service Marketers report the largest shift in emphasis toward new markets with current products/services.

Table 5.1. Growth Spending in Prior 12 Months

	Current Products/Services	New Products/Services
Current Markets	Mean = 55% (SD = 25)	Mean = 22% (SD = 15)
New Markets	Mean = 15% (SD = 14)	Mean = 8% (SD = 18)

Table 5.2. Growth Spending in Next 12 Months

	Current Products/Services	New Products/Services
Current Markets	Mean = 51% (SD = 24)	Mean = 22% (SD = 15)
New Markets	Mean = 17% (SD = 17)	Mean = 10% (SD = 13)

Marketers report that relative to an expected average growth in sales of 8.7% (SD =12.59) in the prior 12 months, sales actually grew 9.4% (SD = 7.03) during that period. Marketers predict the same level of sales revenue growth for the next 12 months (Mean = 9.2%) but there is more variability in the sample (SD = 10.75).

Considering how the firm will achieve growth, Marketers report it will be organic 80% of the time, followed by a distant focus on growth through acquisitions (14%), growth from partnerships (5%), and growth via licensing (1%). This is logical given firms are focused on serving current markets. If new markets were the focus, we suspect the focus on acquisitions, partnerships, and licensing agreements would be higher.

Among the economic sectors, we observe deviations from this general pattern in a several key areas. First, B2B-Product Marketers report that 24% of their growth will come from acquisitions, and 8% from partnerships; these gains will come from losses in organic growth, which is predicted to be only 72% of firm activity. B2C-Product Marketers are the most likely to grow organically (91%) and B2C-Service Marketers report the strongest emphasis on growth from licensing (10%).

Table 5.3. How Firm Will Achieve Growth in the Next 12 Months

Growth from your firm internally	Mean = 80% (SD = 26%)
Growth from acquisitions	Mean = 14% (SD = 25%)
Growth from partnerships	Mean = 5% (SD = 10%)
Growth from licensing	Mean = 1% (SD = 11%)

6. Metrics

Marketers were asked to rate their firms over the prior 12 months and to predict firm performance in the next 12 months on six key metrics. A range of +/- 10% was permitted. Results indicate that Marketers are optimistic about their firms' abilities to compete effectively in tough economic times. The metrics suggest that the increases in marketing success are not due to increases in marketing expenditures by the firm, although there was a small increase predicted in spending (from 1.54% to 2.52% increase). Instead, the effect is due to the firm converting marketing spending into share and profits (see Table 6.1). Although customer acquisition and retention are both expected to increase, Marketers expect greater improvement in retention, which is consistent with the growth strategies focused on current markets described in Table 5.1.

Among the economic sectors, B2C-Service Marketers report the largest increase in marketing spending (from +1.44% to +5.44%).

Table 6.1. Firm Performance on Key Metrics

	Firm performance in the prior 12 months	Firm goal in the next 12 months
Market share	+1.94% (SD = 2.63)	+3.29% (SD = 2.37)
Marketing ROI	+3.17% (SD = 3.73)	+4.97% (SD = 2.97)
Firm profits	+4.59% (SD = 5.88)	+6.26% (SD = 3.53)
Marketing expenditures	+1.54% (SD = 4.67)	+2.52% (SD = 4.37)
Customer acquisition	+3.07% (SD = 3.51)	+3.84% (SD = 3.40)
Customer retention	+2.33% (SD = 3.44)	+3.59% (SD = 3.34)

Marketers were also asked to rate on a 5-point scale (1 is "Excellent" and 5 is "Poor") how well their firms have performed on a set of qualitative metrics as well firm goals in each area. Table 6.2 reports these results. As noted there, while Marketers reported improvements in all areas, the most prominent goal was to improve the firm's ability to develop and use customer insights. Taking the difference at the individual respondent level, we observe a 31% increase in this goal in the next 12 months. Another prominent goal was to improve the firm's ability to share marketing knowledge among members (23% increase). Less important, but still increasing, were ensuring that marketing is beneficial to society (11% increase), minimizing the impact of marketing on the ecological environment (14% increase), and preparing the firm for a marketing crisis (10% increase).

As the economy tightens, Marketers report that their firms have a weaker emphasis on “marketing that is beneficial for society” and that “minimizes the impact on the ecological environment.”

Table 6.2. Firm Performance on Qualitative Metrics

	Firm performance in the prior 12 months	Firm goal in the next 12 months
Developing and using customer insights	M = 2.58 (SD = .95)	M = 1.71 (SD = .68)
Sharing valuable marketing knowledge	M = 2.55 (SD = .84)	M = 1.91 (SD = .81)
Marketing that is beneficial for society	M = 2.98 (SD = 1.03)	M = 2.57 (SD = .92)
Minimize the impact on the ecological environment	M = 3.03 (SD = 1.04)	M = 2.56 (SD = .99)
Preparedness for a marketing crisis	M = 2.83 (SD = 1.11)	M = 2.46 (SD = 1.04)

7. Marketing Spending

Marketers report the largest year-to-year increase in marketing spending in the area of internet spending (16%, SD = 24). This is an enormous increase when compared to the 1% increase (SD = 22) expected in traditional advertising. Marketers expect, in general, only a 2.4% increase (SD = 8.5) in overall marketing spending. Consistent with the focus on new product introduction, a slightly higher increase in spending is expected in this area (M = 5.7%, SD = 7.92).

Considering the issue of spending on developing human and knowledge resources for marketing, the numbers are expected to be substantially higher than they are for spending in general (except internet spending) and to increase over last year. These figures are striking in a number of respects. First, firms do intend to hire Marketers through this economic downturn (3.24% increase). Together with increased spending observed earlier, this means firms realize the value of making these marketing investments during tough times. Second, although they are hiring Marketers, a greater percentage of resources will be spent on training current Marketers (9.08% increase), building knowledge about how to do marketing (10.3% increase), and integrating what the firm knows about marketing (8.33%). These latter numbers point to important investments in the management of marketing knowledge. Finally, investments in marketing research and intelligence also remain high (6.71%), but spending on marketing consulting is flat (0.66%).

Table 7.1. Marketing Spending in the Next 12 Months

Areas of Marketing Spending	Year-to-Year % Change
Marketing spending	+2.4% (SD = 8.5%)
Traditional advertising spending	+1% (SD = 22%)
Internet marketing spending	+16% (SD = 24%)
Marketing (non-sales) hires	+3.24% (SD = 21%)
Integrating what we know about marketing	+8.33 (SD = 16%)
Developing knowledge about how to do marketing	+10.30% (SD = 23%)
Marketing training	+9.08% (SD = 23%)
Marketing research and intelligence	+6.71% (SD = 20%)
Marketing consulting services	+0.66% (SD = 25%)

Economic sector differences are striking in this area. B2C-Product Marketers expect to reduce hiring by -4.67%, while B2B-Product Marketers (+6.17%) and B2C-Service Marketers (+4.60%) report above-average increases. B2C-Service Marketers plan to invest the most in knowledge-building activities (integrating knowledge +16.44%; developing knowledge about how to do marketing +15.22%; marketing training +14.88%; marketing research +8.78%; and marketing consulting +11.25%). B2C-Product Marketers report the largest reductions in marketing consulting services (-26.25%), while B2B-Product Marketers report an increase of 8%.

8. International Marketing

All firms in this inaugural sample are US-based. Hence, when asked to rate their top three sales revenue markets, it is not surprising that the US is top sales revenue market for 95% of these firms, followed by Western Europe (47%), Canada (39%), Mexico (16%), and China (14.3%).

Marketers were also asked about the strategic importance of foreign countries and regions. We interpret these responses as an indication of a firm's future role in these countries. Here the results are dramatic with the largest increases in China (from 14% to 29%) and India (from 2% to 13%). Smaller increases occurred for Mexico (from 16% to 21%) and Russia (from 2% to 5%). These gains come at the hands of losses in the importance of Canada (from 39% to 27%) and Western Europe (from 47% to 28%) to these top firms.

Table 8.1. Percentage of Firm's Prioritizing International Markets

	Sales Revenue				Strategic Importance			
	1 st	2 nd	3 rd	Total	1 st	2 nd	3 rd	Total
United States	90%	2%	3%	95%	90%	2%	2%	94%
Canada	2%	29%	8%	39%	0	21%	6%	27%
Mexico	2%	3%	11%	16%	2%	6%	13%	21%
China	3%	11%	0	14%	6%	13%	10%	29%
Japan	0	0	8%	8%	0	0	6%	6%
Korea	0	2%	2%	4%	0	2%	2%	4%
India	0	0	2%	2%	3%	0	10%	13%
Russia	2%	0	0	2%	0%	3%	2%	5%
Eastern Europe	2%	0	3%	5%	0	2%	3%	5%
Western Europe	8%	29%	10%	47%	3%	22%	3%	28%
Brazil	0	8%	3%	11%	0	3%	5%	8%
Middle East	0	2%	3%	5%	2%	2%	3%	5%
Latin America	0	0	2%	2%	0	0	2%	2%

9. Marketing Excellence

Marketers listed the top three firms across all industries that they believe set the standard for excellence in Marketing. The highest rated companies were Procter & Gamble, Apple, and Nike. Other firms receiving sizable votes included: Coca Cola, General Electric, Google, and Johnson & Johnson. Marketers were also asked to rate the firms in their sectors that set the standard for innovation in marketing. These innovating firms are noted in Table 9.1.

Table 9.1. Top Marketing Firms

<p>Top Votes: Firms that Set Standard for Marketing Excellence Across All Industries</p>	<ul style="list-style-type: none"> • <u>Top Votes:</u> Procter & Gamble, Apple, Nike • <u>Other Firms Receiving Sizable Votes:</u> Coca Cola, General Electric, Google, and Johnson & Johnson
<p>Top Votes: Firms that Set Standard for Innovation in Marketing (in their economic sectors)</p>	<ul style="list-style-type: none"> • <u>B2C – Product:</u> Procter & Gamble • <u>B2C-Services:</u> Harrah’s Entertainment & American Express • <u>B2B-Product:</u> John Deere • <u>B2B-Services:</u> Federal Express

10. The Rank and Responsibility of Marketing

- **Where is marketing located?** Marketing can exist in multiple locations in firms. 80% of the firms reported having a corporate marketing function, 64% reported having marketing at the strategic business unit level, 40% at the brand or product level, and 30% in field offices.
- **What are marketers' responsibilities?** Marketing research (88%), new product development (48%), market entry (67%), market selection (48%), customer relationship management (49%), positioning (86%), advertising (92%), innovation (36%), stock market performance (6%), sales (22%), pricing (31%), promotion (85%), distribution (12%), customer service (9%), competitive intelligence (71%). Areas often described as marketing, including pricing, distribution, market selection, and innovation were not controlled by marketers in more than half the firms studied. Marketers in our sample reported having 9 direct reports (SD = 15) and 35 indirect reports (SD = 93).
- **How are marketing and sales organized in firms?** In 57% of the firms, Sales and Marketing work together on an equal level, while in 18% of the firms Sales is in charge of Marketing, and 10% of the cases Marketing is in charge of sales. 10% of the firms studied had a Sales function but not a distinct Marketing function.
- **Respondent tenure?** Respondents in the study had been with the firm in any role 3.96 years (SD = 3.29) and with the firm in any role for 12.57 years (SD = 10.75). These statistics beat the oft-mentioned 2.5 year tenure of top marketers. Our results also indicate that Marketers are being groomed from within the ranks and not recruited into their current positions.

11. Firm Demographics

Marketers in the study represent firms that have an average of 50,194 employees (SD = 251,493) and 307 marketing employees (SD = 853). The percentage of firm sales that is domestic is 75% (SD = 25%) and sales through the internet is 4% (SD = 7%). Other sample statistics are contained in Table 11.1.

Table 11.1. Firm Characteristics

What was your firm's sales revenue in last 12 months?	Less than \$25M	1.7%
	\$26-99M	5.1%
	\$100-499M	8.5%
	\$500-999M	6.8%
	\$1-2.5B	15.3%
	\$2.6-5B	23.7%
	\$5.1-9.9B	16.9%
	\$10-49B	18.6%
	50-100B	1.7%
	More than \$100B	1.7%
Which industry sector best describes your firm?	Consumer Packaged Goods	13.8%
	Communications/Media	1.7%
	Mining/Construction	1.7%
	Transportation	5.2%
	Energy	3.4%
	Manufacturing	25.9%
	Retail/Wholesale	8.6%
	Technology	5.2%
	Banking/Finance/Insurance	19.0%
	Consumer Services	1.7%
Is your biggest revenue market foreign or domestic?	Domestic	88.5%
	Foreign	11.5%
What is your firm's ownership structure?	Public/NYSE	49.2%
	Public/NASDAQ/AMEX	36.1%
	Private	13.1%
	Nonprofit	1.6%
Where is your firm's headquarters?	Northeast U.S.	32.8%
	Midwest U.S.	31.1%
	South Central U.S.	13.1%
	South Atlantic U.S.	9.8%
	Mountain U.S.	3.3%
	Pacific U.S.	9.8%
Which economic sector best describes your firm?	B2B – Product	45.9%
	B2B – Services	19.7%
	B2C – Product	18.0%
	B2C – Services	16.4%

Appendix: CMO Survey Results by Economic Sector

1. Marketer Optimism: Overall Economy, Customers, and Partners

Table 1.1. Marketer Optimism

	Economic Sector	Less optimistic	No change	More optimistic	Optimism on 0-100 scale (where 100 is most optimistic)
Are you more or less optimistic about the <u>overall U.S. economy</u> compared to last quarter	B2B - Product	78%	7%	15%	Mean = 56 (SD = 19)
	B2B - Services	84%	8%	8%	Mean = 48 (SD = 17)
	B2C - Product	82%	9%	9%	Mean = 41 (SD = 18)
	B2C - Services	60%	20%	20%	Mean = 50 (SD = 14)
	Overall	77%	10%	13%	Mean = 50 (SD = 18)
Focusing on <u>end-customers</u> , prospects for growth in largest revenue market compared to 12 months ago	B2B - Product	45%	22%	33%	Mean = 63 (SD = 24)
	B2B - Services	59%	8%	33%	Mean = 63 (SD = 21)
	B2C - Product	55%	9%	36%	Mean = 57 (SD = 32)
	B2C - Services	80%	20%	0%	Mean = 49 (SD = 18)
	Overall	56%	16%	27%	Mean = 59 (SD = 24)
Focusing on <u>channel partnerships</u> , prospects for growth in largest revenue market compared to 12 months ago	B2B - Product	39%	22%	39%	Mean = 59 (SD = 24)
	B2B - Services	0%	33%	67%	Mean = 47 (SD = 15)
	B2C - Product	29%	0%	71%	Mean = 71 (SD = 19)
	B2C - Services	75%	0%	25%	Mean = 49 (SD = 20)
	Overall	38%	15%	47%	Mean = 60 (SD = 22)

2. How Marketers Think Customers Will Change

Table 2.1. Customer Behavior in the Next 12 Months

		Less	No change	More
Customer's purchase volume	B2B - Product	36%	18%	46%
	B2B - Services	42%	17%	42%
	B2C - Product	55%	9%	36%
	B2C - Services	70%	10%	20%
	Overall	48%	14%	38%
Customer's price per unit	B2B - Product	25%	21%	54%
	B2B - Services	33%	50%	17%
	B2C - Product	9%	9%	82%
	B2C - Services	40%	10%	50%
	Overall	27%	22%	51%
Customer will buy related products and services from my firm	B2B - Product	7%	32%	61%
	B2B - Services	16%	42%	42%
	B2C - Product	18%	55%	27%
	B2C - Services	0%	63%	37%
	Overall	10%	44%	46%
My firm's ability to retain current customers	B2B - Product	14%	43%	43%
	B2B - Services	8%	50%	42%
	B2C - Product	36.5%	36.5%	27%
	B2C - Services	20%	40%	40%
	Overall	19%	43%	38%
The entry of new customers into this market	B2B - Product	43%	43%	14%
	B2B - Services	33.3%	33.3%	33.3%
	B2C - Product	36%	27%	36%
	B2C - Services	20%	60%	20%
	Overall	37 %	41%	22%

Table 2.2. Customer Priorities in the Next 12 Months

		1st priority	2nd priority	3rd priority	Average Rank (1 is high)
Low Price	B2B - Product	56%	25%	19%	1.63 (SD = 0.81)
	B2B - Services	25%	38%	38%	2.13 (SD = 0.83)
	B2C - Product	71%	14%	14%	1.43 (SD = 0.79)
	B2C - Services	50%	17%	33%	1.83 (SD = 0.98)
	Overall	32%	14%	14%	1.71 (SD = 0.83)
Superior Product Quality	B2B - Product	40%	40%	20%	1.80 (SD = 0.77)
	B2B - Services	43%	29%	29%	1.86 (SD = 0.9)
	B2C - Product	43%	14%	43%	2.00 (SD = 1.00)
	B2C - Services	25%	50%	25%	2.00 (SD = 0.82)
	Overall	24%	21%	16%	1.86 (SD = 0.81)
Superior Innovation	B2B - Product	14%	43%	43%	2.29 (SD = 0.76)
	B2B - Services	0%	50%	50%	2.50 (SD = 0.71)
	B2C - Product	60%	40%	0%	1.40 (SD = 0.55)
	B2C - Services	45%	45%	10%	1.43 (SD = 0.53)
	Overall	6%	10%	8%	2.06 (SD = 0.79)
Excellent Service	B2B - Product	32%	36%	32%	2.00 (SD = 0.82)
	B2B - Services	44%	44%	11%	1.67 (SD = 0.71)
	B2C - Product	0%	67%	33%	2.33 (SD = 0.58)
	B2C - Services	57%	43%	0%	1.43 (SD = 0.53)
	Overall	27%	30%	16%	1.84 (SD = 0.76)
Trusting relationship	B2B - Product	36%	9%	55%	2.18 (SD = 0.98)
	B2B - Services	22%	22%	56%	2.33 (SD = 0.87)
	B2C - Product	20%	20%	60%	2.40 (SD = 0.89)
	B2C - Services	13%	38%	50%	2.38 (SD = 0.74)
	Overall	13%	13%	29%	2.29 (SD = 0.83)
Brand	B2B - Product	57%	29%	14%	1.57 (SD = 0.79)
	B2B - Services	100%	0%	0%	1.00 (SD = 0)
	B2C - Product	17%	50%	33%	3.00 (SD = 0.00)
	B2C - Services	0%	0%	100%	1.94 (SD = 0.85)
	Overall	9%	8%	9%	2.00 (SD = 0.87)

3. Channel Partner Predictions

Table 3.1. Channel Partner Behavior in the Next 12 Months

		Less	No change	More
Partner's purchase volume	B2B - Product	28%	22%	50%
	B2B - Services	0%	100%	0%
	B2C - Product	0%	29%	71%
	B2C - Services	50%	25%	25%
	Overall	23%	29%	48%
Partner's price per unit	B2B - Product	17%	17%	67%
	B2B - Services	0%	100%	0%
	B2C - Product	14%	0%	86%
	B2C - Services	0%	67%	33%
	Overall	13%	23%	63%
Partner will buy related products and services from my firm	B2B - Product	11%	56%	33%
	B2B - Services	0%	0%	100%
	B2C - Product	17%	17%	67%
	B2C - Services	0%	75%	25%
	Overall	10%	47%	43%
My firm will deal directly with end customer, not through channel partners	B2B - Product	12%	63%	25%
	B2B - Services	0%	50%	50%
	B2C - Product	0%	60%	40%
	B2C - Services	0%	75%	25%
	Overall	7%	63%	30%
Partner's level of power in our relationship	B2B - Product	6%	65%	30%
	B2B - Services	50%	50%	0%
	B2C - Product	14%	71%	14%
	B2C - Services	50%	50%	0%
	Overall	17%	63%	20%

4. Competitor Predictions

Table 4.1. Competitor Behavior in the Next 12 Months

		Mean (SD)
Emergence of new domestic competitors	B2B - Product	2.19 (SD = 1.47)
	B2B - Services	2.17 (SD = 1.47)
	B2C - Product	3.27 (SD = 2.10)
	B2C - Services	2.90 (SD = 1.91)
	Overall	2.52 (SD = 1.68)
Emergence of new global competitors	B2B - Product	3.73 (SD = 1.71)
	B2B - Services	3.58 (SD = 1.73)
	B2C - Product	3.00 (SD = 2.32)
	B2C - Services	2.30 (SD = 1.25)
	Overall	3.36 (SD = 1.85)
More intense competitive rivalry	B2B - Product	5.38 (SD = 1.39)
	B2B - Services	5.50 (SD = 1.31)
	B2C - Product	5.91 (SD = 1.51)
	B2C - Services	5.40 (SD = 1.78)
	Overall	5.51 (SD = 1.44)
More competitors innovation	B2B - Product	4.27 (SD = 1.48)
	B2B - Services	4.42 (SD = 1.51)
	B2C - Product	5.18 (SD = 1.25)
	B2C - Services	4.00 (SD = 1.15)
	Overall	4.42 (SD = 1.42)
More competitor price-cutting	B2B - Product	5.08 (SD = 1.55)
	B2B - Services	5.50 (SD = 1.00)
	B2C - Product	4.82 (SD = 2.04)
	B2C - Services	4.50 (SD = 2.07)
	Overall	5.03 (SD = 1.64)
More cooperation in non-price strategies	B2B - Product	3.31 (SD = 1.44)
	B2B - Services	3.17 (SD = 1.40)
	B2C - Product	2.91 (SD = 1.51)
	B2C - Services	3.10 (SD = 1.73)
	Overall	3.17 (SD = 1.46)

5. Growth

Table 5.1. Growth Spending in Prior 12 Months

		Current Products/Services	New Products/Services
Current Markets	B2B - Product	Mean = 57% (SD = 26)	Mean = 20% (SD = 15)
	B2B - Services	Mean = 43% (SD = 24)	Mean = 33% (SD = 28)
	B2C - Product	Mean = 56% (SD = 26)	Mean = 25% (SD = 12)
	B2C - Services	Mean = 65% (SD = 22)	Mean = 13% (SD = 12)
	Overall	Mean = 55% (SD = 25)	Mean = 22% (SD = 15)
New Markets	B2B - Product	Mean = 16% (SD = 17)	Mean = 7% (SD = 6)
	B2B - Services	Mean = 16% (SD = 16)	Mean = 9% (SD = 8)
	B2C - Product	Mean = 12% (SD = 11)	Mean = 7% (SD = 9)
	B2C - Services	Mean = 13% (SD = 9)	Mean = 9% (SD = 22)
	Overall	Mean = 15% (SD = 14)	Mean = 8% (SD = 18)

Table 5.2. Growth Spending in Next 12 Months

		Current Products/Services	New Products/Services
Current Markets	B2B - Product	Mean = 52% (SD = 24)	Mean = 23% (SD = 15)
	B2B - Services	Mean = 43% (SD = 28)	Mean = 20% (SD = 19)
	B2C - Product	Mean = 57% (SD = 23)	Mean = 27% (SD = 14)
	B2C - Services	Mean = 57% (SD = 20)	Mean = 17% (SD = 13)
	Overall	Mean = 51% (SD = 25)	Mean = 22% (SD = 15)
New Markets	B2B - Product	Mean = 18% (SD = 18)	Mean = 9% (SD = 8)
	B2B - Services	Mean = 23% (SD = 21)	Mean = 13% (SD = 13)
	B2C - Product	Mean = 9% (SD = 13)	Mean = 6% (SD = 9)
	B2C - Services	Mean = 14% (SD = 12)	Mean = 12% (SD = 23)
	Overall	Mean = 17% (SD = 14)	Mean = 10% (SD = 18)

*Marketers were asked to allocate 100 points across each of the growth approaches within the prior 12 months and the next 12 months. Numbers may not sum perfectly to 100 within sector due to rounding.

Table 5.3. How Firm Will Achieve Growth in the Next 12 Months

		Mean (SD)
Growth from your firm internally	B2B - Product	72 (SD = 31)
	B2B - Services	83 (SD = 23)
	B2C - Product	91 (SD = 13)
	B2C - Services	81 (SD = 28)
	Overall	79 (SD = 27)
Growth from acquisitions	B2B - Product	24 (SD = 30)
	B2B - Services	8 (SD = 8)
	B2C - Product	4 (SD = 7)
	B2C - Services	18 (SD = 30)
	Overall	16 (SD = 25)
Growth from partnerships	B2B - Product	8 (SD = 13)
	B2B - Services	5 (SD = 5)
	B2C - Product	3 (SD = 6)
	B2C - Services	5 (SD = 5)
	Overall	6 (SD = 10)
Growth from licensing	B2B - Product	3 (SD = 6)
	B2B - Services	10 (SD = 26)
	B2C - Product	2 (SD = 3)
	B2C - Services	0.3 (SD = 0.7)
	Overall	3 (SD = 12)

6. Metrics

Table 6.1. Firm Performance on Key Metrics

		Firm performance in the prior 12 months	Firm goal in the next 12 months
Market share	B2B - Product	+1.50% (SD = 3.04)	+3.15% (SD = 2.20)
	B2B - Services	+3.10% (SD = 1.91)	+4.89% (SD = 2.57)
	B2C - Product	+2.80% (SD = 2.20)	+3.80% (SD = 2.53)
	B2C - Services	+0.38% (SD = .52)	+1.38% (SD = 1.06)
	Overall	+1.94% (SD = 2.63)	+3.29% (SD = 2.37)
Marketing ROI	B2B - Product	+3.65% (SD = 3.54)	+4.63% (SD = 3.22)
	B2B - Services	+3.71% (SD = 2.98)	+5.57% (SD = 3.91)
	B2C - Product	+3.00% (SD = 5.27)	+5.89% (SD = 2.62)
	B2C - Services	+2.00% (SD = 3.51)	+4.14% (SD = 2.27)
	Overall	+3.17% (SD = 3.73)	+4.97% (SD = 2.97)
Firm profits	B2B - Product	+5.88% (SD = 4.58)	+6.56% (SD = 2.97)
	B2B - Services	+4.82% (SD = 7.25)	+6.90% (SD = 3.84)
	B2C - Product	+4.90% (SD = 5.28)	+6.50% (SD = 3.63)
	B2C - Services	+1.44% (SD = 6.00)	+3.88% (SD = 3.91)
	Overall	+4.59% (SD = 5.88)	+6.26% (SD = 3.53)
Marketing expenditures	B2B - Product	+1.27% (SD = 3.79)	+1.44% (SD = 4.07)
	B2B - Services	-0.45% (SD = 4.11)	+1.00% (SD = 3.16)
	B2C - Product	+4.20% (SD = 5.90)	+4.50% (SD = 5.66)
	B2C - Services	+1.44% (SD = 5.61)	+5.44% (SD = 3.71)
	Overall	+1.54% (SD = 4.67)	+2.52% (SD = 4.37)
Customer acquisition	B2B - Product	+2.96% (SD = 3.02)	+4.21% (SD = 2.90)
	B2B - Services	+4.00% (SD = 3.74)	+4.89% (SD = 3.3)
	B2C - Product	+2.63% (SD = 5.93)	+2.88% (SD = 5.99)
	B2C - Services	+2.33% (SD = 2.18)	+2.44% (SD = 1.51)
	Overall	+3.07% (SD = 3.51)	+3.84% (SD = 3.40)
Customer retention	B2B - Product	+1.64% (SD = 2.56)	+2.63% (SD = 2.75)
	B2B - Services	+4.11% (SD = 5.09)	+5.89% (SD = 3.48)
	B2C - Product	+2.22% (SD = 3.38)	+2.78% (SD = 3.38)
	B2C - Services	+2.00% (SD = 2.78)	+3.88% (SD = 3.56)
	Overall	+2.33% (SD = 3.44)	+3.59% (SD = 3.34)

Table 6.2. Firm Performance on Qualitative Metrics

		Firm performance in the prior 12 months	Firm goal in the next 12 months
Developing and using customer insights	B2B - Product	2.43 (SD = 0.84)	1.75 (SD = 0.65)
	B2B - Services	2.58 (SD = 0.67)	1.75 (SD = 0.62)
	B2C - Product	2.80 (SD = 1.4)	1.50 (SD = 0.71)
	B2C - Services	2.60 (SD = 1.07)	1.70 (SD = 0.95)
	Overall	2.58 (SD = 0.95)	1.71 (SD = 0.68)
Sharing valuable marketing knowledge	B2B - Product	2.46 (SD = 0.74)	1.82 (SD = 0.72)
	B2B - Services	3.00 (SD = 1.00)	2.3 (SD = 1.27)
	B2C - Product	2.50 (SD = 0.85)	1.80 (SD = 0.63)
	B2C - Services	2.3 (SD = 0.95)	1.9 (SD = 0.57)
	Overall	2.55 (SD = 0.84)	1.91 (SD = 0.81)
Marketing that is beneficial for society	B2B - Product	3.07 (SD = 0.92)	2.7 (SD = 0.82)
	B2B - Services	2.89 (SD = 1.17)	2.56 (SD = 1.13)
	B2C - Product	2.80 (SD = 0.92)	2.2 (SD = 0.79)
	B2C - Services	3.3 (SD = 1.25)	2.89 (SD = 1.05)
	Overall	2.98 (SD = 1.03)	2.57 (SD = 0.92)
Minimize the impact on the ecological environment	B2B - Product	2.93 (SD = 0.96)	2.59 (SD = 0.97)
	B2B - Services	3.27 (SD = 0.90)	2.55 (SD = 1.04)
	B2C - Product	2.7 (SD = 0.95)	2.30 (SD = 0.82)
	B2C - Services	3.5 (SD = 1.43)	2.90 (SD = 1.2)
	Overall	3.03 (SD = 1.04)	2.56 (SD = 0.99)
Preparedness for a marketing crisis	B2B - Product	3.00 (SD = 1.05)	2.67 (SD = 1.00)
	B2B - Services	2.64 (SD = 1.12)	2.36 (SD = 1.29)
	B2C - Product	2.80 (SD = 1.23)	2.40 (SD = 1.07)
	B2C - Services	2.80 (SD = 1.23)	2.30 (SD = 0.95)
	Overall	2.83 (SD = 1.11)	2.46 (SD = 1.04)

7. Marketing Spending

Table 7.1. Marketing Spending in the Next 12 Months

Areas of Marketing Spending		Year-over-Year Change
Overall marketing spending	B2B - Product	+1.607%
	B2B - Services	+.30%
	B2C - Product	+2.91%
	B2C - Services	+6.40%
	Overall	+2.44%
Traditional advertising spending	B2B - Product	+1.72%
	B2B - Services	+5.55%
	B2C - Product	-.357%
	B2C - Services	-3.80%
	Overall	+1.02%
Internet marketing spending	B2B - Product	+12.87%
	B2B - Services	+17.75%
	B2C - Product	+23.02%
	B2C - Services	+16.5%
	Overall	+16.3%
Marketing (non-sales) hires	B2B - Product	+6.17%
	B2B - Services	+1.44%
	B2C - Product	-4.67%
	B2C - Services	+4.60%
	Overall	+3.24%

Table 7.1. Marketing Spending in the Next 12 Months (continued)

Integrating what we know about marketing	B2B - Product	+6.25%
	B2B - Services	+7.50%
	B2C - Product	+4.57%
	B2C - Services	+16.44%
	Overall	+8.33
Developing knowledge about how to do marketing	B2B - Product	+8.10%
	B2B - Services	+14.38%
	B2C - Product	+4.29%
	B2C - Services	+15.22
	Overall	+10.30%
Marketing training	B2B - Product	+8.39%
	B2B - Services	+2.88%
	B2C - Product	+10.56%
	B2C - Services	+14.88%
	Overall	+9.08%
Marketing research and intelligence	B2B - Product	+9.92%
	B2B - Services	-3.88%
	B2C - Product	+3.33%
	B2C - Services	+8.78%
	Overall	+6.71%
Marketing consulting services	B2B - Product	+8.00%
	B2B - Services	-5.71%
	B2C - Product	-26.25%
	B2C - Services	+11.25%
	Overall	+0.66%