About The CMO Survey

Mission

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

Survey Operation

- Founded in August 2008, The CMO Survey is administered twice a year via an Internet survey. Many questions repeat to observe trends and special topics are introduced in some surveys.

- The August 2013 survey was the tenth administration of The CMO Survey.

Sponsoring Organizations

- Duke
- The Fuqua School of Business
- American Marketing Association
- [logo]

Founder and Director

- Professor Christine Moorman, T. Austin Finch, Sr. Professor of Business Administration, Fuqua School of Business, Duke University
Survey Methodology

Survey Sample
- 4410 top U.S. marketers at *Fortune* 1000, *Forbes* Top 200, and Top Marketers who are AMA Members or Duke University Alumni and Friends
- 410 responded for a 9.3% response rate

Survey Administration
- Email contact with three follow-up reminders
- Survey in field from July 16, 2013 - August 6, 2013
- 93% of respondents VP-level or above

Results Interpretation
- $M =$ sample mean; $SD =$ sample standard deviation
Overview of Results

<table>
<thead>
<tr>
<th>Topic 1: Marketplace Dynamics</th>
<th>5-11</th>
</tr>
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<td>61-71</td>
</tr>
<tr>
<td>Preview of Next Survey</td>
<td>72</td>
</tr>
</tbody>
</table>
Topic 1: Marketplace Dynamics
Marketer optimism for U.S. economy reaches highest point in 4 years

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

![Marketer Optimism About Overall Economy](image-url)
Figure 1.2. Are you more or less optimistic about the overall U.S. economy compared to last quarter?

- Less Optimistic
- No Change
- More Optimistic

Percentage of Respondents

- February 2009:
  - Less Optimistic: 59.3%
  - No Change: 25.7%
  - More Optimistic: 14.9%

- August 2013:
  - Less Optimistic: 49.5%
  - No Change: 37.3%
  - More Optimistic: 13.2%
Optimism for US economy has grown by 30%+ across sectors

Figure 1.3. Optimism for U.S. economy by sector

XX% Change between February 2009 and August 2013

<table>
<thead>
<tr>
<th>Sector</th>
<th>February 2009</th>
<th>August 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>B2B Product</td>
<td>48.0</td>
<td>65.4</td>
</tr>
<tr>
<td>B2B Service</td>
<td>45.3</td>
<td>65.2</td>
</tr>
<tr>
<td>B2C Product</td>
<td>46.0</td>
<td>67.1</td>
</tr>
<tr>
<td>B2C Service</td>
<td>50.8</td>
<td>65.8</td>
</tr>
</tbody>
</table>
Marketer optimism for own companies and overall economy closest in four years

**Figure 1.4.** How optimistic are you on a 0-100 scale with 0 being the least optimistic and 100 the most optimistic?
Channel partner outcomes to improve in next 12 months

Figure 1.5. Channel metrics in next 12 months

- Increased partner purchase volume
- Increased partner price per unit
- Increased partner purchase of related products and services from my firm

Percentage of Respondents

<table>
<thead>
<tr>
<th></th>
<th>August 2009</th>
<th>August 2010</th>
<th>August 2011</th>
<th>August 2012</th>
<th>August 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased partner purchase volume</td>
<td>36.0%</td>
<td>47.0%</td>
<td>41.7%</td>
<td>38.6%</td>
<td>53.7%</td>
</tr>
<tr>
<td>Increased partner price per unit</td>
<td>24.0%</td>
<td>33.0%</td>
<td>29.9%</td>
<td>30.4%</td>
<td>43.9%</td>
</tr>
<tr>
<td>Increased partner purchase of related products and services from my firm</td>
<td>14.0%</td>
<td>18.0%</td>
<td>30.1%</td>
<td>21.4%</td>
<td>19.6%</td>
</tr>
</tbody>
</table>
Competitor metrics show increased intensity: More competitors, more rivalry, more price-cutting

Figure 1.6. Competitor metrics in next 12 months

*Measured on 7-point scale where 1=not at all likely and 7=very likely
Topic 2: Firm Growth Strategies
Firms decrease market penetration and move toward riskier growth strategies in next year

### Types of growth strategies

<table>
<thead>
<tr>
<th>Existing Markets</th>
<th>New Products/Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market Penetration Strategy</strong></td>
<td><strong>Product/Service Development Strategy</strong></td>
</tr>
<tr>
<td><strong>Market Development Strategy</strong></td>
<td><strong>Diversification Strategy</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>New Markets</th>
<th><strong>Market Penetration Strategy</strong></th>
<th><strong>Market Development Strategy</strong></th>
<th><strong>Product/Service Development Strategy</strong></th>
<th><strong>Diversification Strategy</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market Penetration Strategy</strong></td>
<td>53.4%</td>
<td>47.0%</td>
<td>-12.0%</td>
<td></td>
</tr>
<tr>
<td><strong>Market Development Strategy</strong></td>
<td>15.0%</td>
<td>16.9%</td>
<td>+12.7%</td>
<td></td>
</tr>
<tr>
<td><strong>Product/Service Development Strategy</strong></td>
<td>22.1%</td>
<td>24.6%</td>
<td>+11.3%</td>
<td></td>
</tr>
<tr>
<td><strong>Diversification Strategy</strong></td>
<td>9.4%</td>
<td>11.6%</td>
<td>+23.4%</td>
<td></td>
</tr>
</tbody>
</table>

* % of spending across growth strategies

Table 2.1. How growth spending is expected to change*

* % of spending across growth strategies
Growth strategies vary by sector: B2C-product companies to emphasize market development over product development

Table 2.2. Expected changes in sector growth spending in next 12 months relative to prior year

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Penetration Strategy</td>
<td>-12.7%</td>
<td>-13.6%</td>
<td>-14.1%</td>
<td>-9.2%</td>
</tr>
<tr>
<td>Market Development Strategy</td>
<td>+5.7%</td>
<td>+13.0%</td>
<td>+43.2%</td>
<td>+7.5%</td>
</tr>
<tr>
<td>Product/Service Development Strategy</td>
<td>+14.5%</td>
<td>+19.8%</td>
<td>-0.4%</td>
<td>+12.3%</td>
</tr>
<tr>
<td>Diversification Strategy</td>
<td>+23.9%</td>
<td>+17.7%</td>
<td>+21.6%</td>
<td>+29.6%</td>
</tr>
</tbody>
</table>

Notable Shifts

- B2C-product companies show a dramatic shift away from market penetration (-14.1%) and product/service development (-0.4%) to market development strategies (+43.2%) and diversification (+21.6%).
- All other sectors move towards product/service development and diversification.
Companies to increase organic growth and partnership strategies in next year

Table 2.3. How firms will grow in the next 12 months*

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Aug-12</th>
<th>Aug-13</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic Growth</td>
<td>68.9%</td>
<td>71.4%</td>
<td>+3.6%</td>
</tr>
<tr>
<td>Growth via Acquisitions</td>
<td>12.2%</td>
<td>9.5%</td>
<td>-22.1%</td>
</tr>
<tr>
<td>Growth from Partnerships</td>
<td>12.9%</td>
<td>13.6%</td>
<td>+5.4%</td>
</tr>
<tr>
<td>Growth from Licensing</td>
<td>6.1%</td>
<td>5.5%</td>
<td>-9.8%</td>
</tr>
</tbody>
</table>

Table 2.4. Sector use of growth strategies*

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic Growth</td>
<td>68.9%</td>
<td>72.4%</td>
<td>73.0%</td>
<td>73.3%</td>
</tr>
<tr>
<td>Growth via Acquisition</td>
<td>12.8%</td>
<td>8.2%</td>
<td>6.2%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Growth from Partnerships</td>
<td>12.7%</td>
<td>14.7%</td>
<td>12.6%</td>
<td>14.7%</td>
</tr>
<tr>
<td>Growth from Licensing</td>
<td>5.6%</td>
<td>4.7%</td>
<td>8.2%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

* Percentage of spending across growth strategies
Sales from international markets 20% of overall company sales

Figure 2.1. Percentage of company sales expected to be international in next 12 months
Canada, Western Europe, and China remain U.S. firms’ highest revenue growth markets

Figure 2.2. Highest international revenue growth markets (% respondents)

- Western Europe: 24%
- China: 18%
- Brazil: 7%
- Mexico: 6%
- Canada: 18%
- Other South Americas: 2%
- Russia: 2%
- Korea: 1%
- Other: 4%
- Southeast Asia: 3%
- Japan: 3%
- Eastern Europe: 3%
- Middle East: 5%
- Japan: 3%
- Other South Americas: 2%
- Middle East: 5%

Figure 2.3. Average change in growth of highest revenue international markets

- February 2012: 19.7%
- August 2012: 23.7%
- February 2013: 15.6%
- August 2013: 17.3%
Russia, India, and Korea show biggest sales increases during the last year

Figure 2.4. Considering this international market, by what percent did your sales revenue increase in the last 12 months? (reported by market)
Topic 3: Marketing Spending
Growth in marketing budgets drops

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

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Change</td>
<td>0.5%</td>
<td>1.1%</td>
<td>5.9%</td>
<td>9.2%</td>
<td>6.7%</td>
<td>9.1%</td>
<td>8.1%</td>
<td>6.4%</td>
<td>6.1%</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

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Biggest drop in marketing spending is B2C-product sector (from 9.2% to 4.1%)

Figure 3.2. Sector differences in marketing budgets
Digital marketing spend levels off at 10%

Figure 3.3. Change in digital marketing spending
Marketing spending on traditional advertising continues to plummet

*Refers to media advertising not using the web.

Figure 3.4. Percent change in traditional advertising* spend in next 12 months
Industry differences in digital vs. traditional advertising spend

Table 3.1. Change in digital and traditional advertising spending in next 12 months by sector

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital marketing spend</td>
<td>+9.5%</td>
<td>+9.9%</td>
<td>+11.1%</td>
<td>+10.6%</td>
</tr>
<tr>
<td>Traditional advertising* spend</td>
<td>-2.4%</td>
<td>-3.9%</td>
<td>0.8%</td>
<td>-1.9%</td>
</tr>
</tbody>
</table>

*Refers to media advertising not using the web.
All other marketing spend categories remain positive, but slower growth expected

Table 3.2. Percent change in marketing spending in next 12 months

<table>
<thead>
<tr>
<th></th>
<th>Aug-12</th>
<th>Feb-13</th>
<th>Aug-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall marketing spending</td>
<td>6.4%</td>
<td>6.1%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Traditional advertising* spending</td>
<td>-1.9%</td>
<td>-2.7%</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Digital marketing spending</td>
<td>11.5%</td>
<td>10.2%</td>
<td>10.1%</td>
</tr>
<tr>
<td>New product introductions</td>
<td>9.4%</td>
<td>8.0%</td>
<td>7.1%</td>
</tr>
<tr>
<td>New service introductions</td>
<td>6.4%</td>
<td>5.8%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Customer relationship management</td>
<td>9.0%</td>
<td>8.1%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Brand building</td>
<td>7.5%</td>
<td>6.8%</td>
<td>4.6%</td>
</tr>
</tbody>
</table>

*Refers to media advertising not using the web.
Investments in marketing knowledge positive but drop over time

Table 3.3. Changes in firm spending on marketing knowledge in next 12 months

<table>
<thead>
<tr>
<th></th>
<th>Aug-12</th>
<th>Aug-13</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing research and intelligence</td>
<td>8.2%</td>
<td>6.6%</td>
<td>-19.5%</td>
</tr>
<tr>
<td>Marketing consulting services</td>
<td>3.3%</td>
<td>1.6%</td>
<td>-51.5%</td>
</tr>
<tr>
<td>Developing knowledge about how to do marketing*</td>
<td>5.8%</td>
<td>3.8%</td>
<td>-34.5%</td>
</tr>
<tr>
<td>Integrating what we know about marketing</td>
<td>8.2%</td>
<td>4.2%</td>
<td>-48.8%</td>
</tr>
<tr>
<td>Marketing training*</td>
<td>7.2%</td>
<td>3.6%</td>
<td>-50.0%</td>
</tr>
</tbody>
</table>

*Developing knowledge about how to do marketing refers to the development of new marketing capabilities, while marketing training involves transferring existing marketing knowledge to employees."
Marketing budgets as percent of firm budgets tick down

Figure 3.5. Marketing budget as a percent of firm budget*

*Question asked in Feb-11 for the first time.
Who has the biggest marketing budgets?
B2C-product companies, large companies ($1B or more in sales), and more than 10% of sales from internet

Table 3.5a. Marketing percentage of firm budget by economic sector

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>February 2012</td>
<td>8.7%</td>
<td>8.2%</td>
<td>16.1%</td>
<td>16.8%</td>
</tr>
<tr>
<td>February 2013</td>
<td>10.6%</td>
<td>10.1%</td>
<td>16.3%</td>
<td>10.9%</td>
</tr>
<tr>
<td>August 2013</td>
<td>8.3%</td>
<td>7.0%</td>
<td>14.3%</td>
<td>10.7%</td>
</tr>
</tbody>
</table>

Table 3.5b. Marketing percentage of firm budget by company sales revenue

<table>
<thead>
<tr>
<th></th>
<th>&lt;$25 Million</th>
<th>$26-99 Million</th>
<th>$100-499 Million</th>
<th>$500-999 Million</th>
<th>$1-9.9 Billion</th>
<th>&gt;$10 Billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 2012</td>
<td>10.7%</td>
<td>12.3%</td>
<td>13.5%</td>
<td>4.7%</td>
<td>6.7%</td>
<td>8.8%</td>
</tr>
<tr>
<td>February 2013</td>
<td>12.6%</td>
<td>8.8%</td>
<td>10%</td>
<td>7.8%</td>
<td>9.4%</td>
<td>11.5%</td>
</tr>
<tr>
<td>August 2013</td>
<td>9.8%</td>
<td>7.4%</td>
<td>7.1%</td>
<td>8.4%</td>
<td>10.7%</td>
<td>10.2%</td>
</tr>
</tbody>
</table>

Table 3.5c. Marketing percentage of firm budget by company internet sales

<table>
<thead>
<tr>
<th></th>
<th>0% Internet Sales</th>
<th>1-10% Internet Sales</th>
<th>&gt;10% Internet Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 2012</td>
<td>8.4%</td>
<td>9.5%</td>
<td>18.0%</td>
</tr>
<tr>
<td>February 2013</td>
<td>10.3%</td>
<td>8.1%</td>
<td>14.4%</td>
</tr>
<tr>
<td>August 2013</td>
<td>7.9%</td>
<td>8.9%</td>
<td>13.7%</td>
</tr>
</tbody>
</table>
Marketing spending as a percentage of firm revenues 7.8%

Figure 3.6. Marketing spending as a percentage of firm revenues*

*Question asked in Feb-12 for the first time.
### Table 3.6a. Marketing spending as a percentage of firm revenues by economic sector

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>August 2012</td>
<td>11.4%</td>
<td>11.9%</td>
<td>9.8%</td>
<td>16.1%</td>
</tr>
<tr>
<td>February 2013</td>
<td>8.8%</td>
<td>7.7%</td>
<td>9.4%</td>
<td>9.2%</td>
</tr>
<tr>
<td>August 2013</td>
<td>6.0%</td>
<td>5.2%</td>
<td>13.1%</td>
<td>10.9%</td>
</tr>
</tbody>
</table>

### Table 3.6b. Marketing spending as a percentage of firm revenues by company sales revenue

<table>
<thead>
<tr>
<th>Sales Revenue Range</th>
<th>&lt;$25 Million</th>
<th>$26-99 Million</th>
<th>$100-499 Million</th>
<th>$500-999 Million</th>
<th>$1-9.9 Billion</th>
<th>&gt;$10 Billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 2012</td>
<td>17.8%</td>
<td>10.7%</td>
<td>10.6%</td>
<td>9.4%</td>
<td>6.1%</td>
<td>13.1%</td>
</tr>
<tr>
<td>February 2013</td>
<td>11.1%</td>
<td>6.0%</td>
<td>8.6%</td>
<td>3.5%</td>
<td>5.5%</td>
<td>6.0%</td>
</tr>
<tr>
<td>August 2013</td>
<td>8.9%</td>
<td>8.7%</td>
<td>6.0%</td>
<td>4.4%</td>
<td>5.9%</td>
<td>13.1%</td>
</tr>
</tbody>
</table>

### Table 3.6c. Marketing spending as a percentage of firm revenues by company internet sales

<table>
<thead>
<tr>
<th>Internet Sales Range</th>
<th>0% Internet Sales</th>
<th>1-10% Internet Sales</th>
<th>&gt;10% Internet Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 2012</td>
<td>11.0%</td>
<td>9.3%</td>
<td>18.3%</td>
</tr>
<tr>
<td>February 2013</td>
<td>6.8%</td>
<td>5.7%</td>
<td>13.0%</td>
</tr>
<tr>
<td>August 2013</td>
<td>5.9%</td>
<td>6.8%</td>
<td>13.1%</td>
</tr>
</tbody>
</table>
Companies lack quantitative metrics to demonstrate impact of marketing spending on the business

Figure 3.7. Short-term and long-term impact of marketing spend on business

Which best describes how your company shows the short-term impact of marketing spend on your business?

- We prove the impact quantitatively: 36.3%
- We have a good qualitative sense of the impact, but not a quantitative impact: 45.7%
- We haven't been able to show the impact yet: 50.0%

Which best describes how your company shows the long-term impact of marketing spend on your business?

- We prove the impact quantitatively: 17.9%
- We have a good qualitative sense of the impact, but not a quantitative impact: 18.3%
Topic 4: Financial and Marketing Performance
Company performance on financial metrics holds

Figure 4.1. Percent change in firm performance in prior 12 months

- Firm sales
- Firm profits
- Marketing ROI

<table>
<thead>
<tr>
<th></th>
<th>August 2010</th>
<th>February 2010</th>
<th>August 2011</th>
<th>August 2012</th>
<th>August 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm sales</td>
<td>2.2%</td>
<td>3.4%</td>
<td>3.8%</td>
<td>4.0%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Firm profits</td>
<td>1.8%</td>
<td>2.7%</td>
<td>3.0%</td>
<td>3.2%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Marketing ROI</td>
<td>2.2%</td>
<td>3.4%</td>
<td>3.3%</td>
<td>3.3%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>
Performance on key customer and brand assets also holds

Figure 4.2. Percent change in company performance on customer and brand metrics in prior 12 months
## Company performance by sector

Table 4.1. Sector performance metrics for prior 12 months

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm sales</td>
<td>3.5%</td>
<td>4.5%</td>
<td>4.3%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Marketing return on investment</td>
<td>2.4%</td>
<td>3.8%</td>
<td>3.2%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Firm profits</td>
<td>2.3%</td>
<td>4.3%</td>
<td>3.8%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Customer acquisition</td>
<td>3.2%</td>
<td>3.6%</td>
<td>3.6%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Customer retention</td>
<td>1.5%</td>
<td>2.5%</td>
<td>2.8%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Brand value</td>
<td>2.9%</td>
<td>3.6%</td>
<td>2.8%</td>
<td>2.9%</td>
</tr>
</tbody>
</table>
Firm performance goals remain strong

Table 4.2.  Company performance and goals

<table>
<thead>
<tr>
<th></th>
<th>Actual firm performance in prior 12 months</th>
<th>Goal in the next 12 months</th>
<th>Expected change in next 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm sales</td>
<td>4.1%</td>
<td>6.5%</td>
<td>+58.5%</td>
</tr>
<tr>
<td>Marketing return on investment</td>
<td>3.1%</td>
<td>5.0%</td>
<td>+61.3%</td>
</tr>
<tr>
<td>Firm profits</td>
<td>3.3%</td>
<td>5.8%</td>
<td>+75.8%</td>
</tr>
<tr>
<td>Customer acquisition</td>
<td>3.4%</td>
<td>5.8%</td>
<td>+70.6%</td>
</tr>
<tr>
<td>Customer retention</td>
<td>2.0%</td>
<td>4.2%</td>
<td>+110.0%</td>
</tr>
<tr>
<td>Brand value</td>
<td>3.1%</td>
<td>5.2%</td>
<td>+67.7%</td>
</tr>
</tbody>
</table>
Marketing excellence ratings flat

Figure 4.3. Ratings of marketing excellence in companies

Question: How would you rate your company’s marketing excellence?

Key Metrics
- Aug-2013: Mean = 4.5 (SD = 1.4)
- Feb-2013: Mean = 4.5 (SD = 1.4)
- Aug-2012: Mean = 4.4 (SD = 1.4)
Marketing that is beneficial for society ticks down during recession

Figure 4.4. Rate your firm on each the following non-financial metrics during the last 12 months (1=Poor and 5=Excellent)

- Marketing that is beneficial for society
- Minimize the impact of marketing on the ecological environment

<table>
<thead>
<tr>
<th>Metric</th>
<th>August 2010</th>
<th>February 2011</th>
<th>February 2012</th>
<th>August 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing that is beneficial for society</td>
<td>3.2</td>
<td>3.2</td>
<td>3.1</td>
<td>3.0</td>
</tr>
<tr>
<td>Minimize the impact of marketing on the ecological environment</td>
<td>3.0</td>
<td>3.0</td>
<td>2.9</td>
<td>3.0</td>
</tr>
</tbody>
</table>
Topic 5: Marketing and Social Media
Social media spending growth continues: Expected to be 16% of marketing budgets in five years

**Figure 5.1.** Social media spending as a percentage of marketing budgets
Social media spending across sectors

Table 5.1. Changes in social media spending across sectors

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Social Media Spending</td>
<td>5.0%</td>
<td>7.8%</td>
<td>7.3%</td>
<td>7.7%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Social Media Spending in the next 12 months</td>
<td>7.1%</td>
<td>9.8%</td>
<td>10.4%</td>
<td>10.7%</td>
<td>9.1%</td>
</tr>
<tr>
<td>Social Media Spending in the next 5 years</td>
<td>13.3%</td>
<td>15.5%</td>
<td>19.5%</td>
<td>18.6%</td>
<td>15.8%</td>
</tr>
</tbody>
</table>
Social media integration gap not closing

**Question:** How effectively is social media linked to your firm’s marketing strategy?

(1=not integrated, 7=very integrated)

**Results:** Social media remains poorly integrated with marketing strategy:

- Aug, 2013: Mean = 3.9, SD = 1.9
- Feb, 2013: Mean = 3.8, SD = 1.9
- Aug, 2012: Mean = 3.8, SD = 1.9
- Feb, 2012: Mean = 3.8, SD = 1.9
- Feb, 2011: Mean = 3.8, SD = 2.0

**Figure 5.2.** How well social media is integrated with marketing strategy?

**Table 5.2.** Social media integration scores by sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Mean (SD) Aug-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>B2B-Product</td>
<td>3.4 (1.9)</td>
</tr>
<tr>
<td>B2B-Services</td>
<td>4.1 (1.8)</td>
</tr>
<tr>
<td>B2C-Product</td>
<td>4.5 (1.9)</td>
</tr>
<tr>
<td>B2C-Services</td>
<td>4.0 (1.6)</td>
</tr>
</tbody>
</table>
Poor integration of customer information across channels

**Question:** How effectively does your company integrate customer information across purchasing, communication, and social media channels (1=not at all, 7=very effectively)

**Results:**
- Aug 2013: Mean = 3.4, SD = 1.6
- Aug 2012: Mean = 3.7, SD = 1.6

**Table 5.3.** Customer information integration gap across sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>Average integration across all purchasing, communication, and social media channels (Mean (SD))</th>
</tr>
</thead>
<tbody>
<tr>
<td>B2B-Product</td>
<td>3.0 (1.6)</td>
</tr>
<tr>
<td>B2B-Services</td>
<td>3.6 (1.5)</td>
</tr>
<tr>
<td>B2C-Product</td>
<td>3.8 (1.6)</td>
</tr>
<tr>
<td>B2C-Services</td>
<td>3.4 (1.6)</td>
</tr>
</tbody>
</table>
Half of all firms haven’t been able to show the impact of social media on their business.

Figure 5.3. Which best describes how you show the impact of social media on your business?

- We haven't been able to show the impact yet (49%)
- We have proven the impact quantitatively (15%)
- We have a good qualitative sense of the impact, but not a quantitative impact (36%)
Use of online customer behavior data expected to increase over time

Figure 5.4. Does your company use customer behavior data collected online for targeting purposes?

- Yes: 40.5%
- No: 59.5%

Figure 5.5. Is your company's use of such data increasing, decreasing, or staying the same over time?

- Increasing: 88.5%
- About the same: 11.5%
- Decreasing: 0.0%
Privacy concerns loom over use of online customer data to target: 50% of marketers have low levels of concern

Figure 5.6. How worried are you that the use of online customer data could raise questions about privacy? Mean = 3.5 (SD = 1.8)

![Bar chart showing the distribution of responses to the privacy concern question. The chart indicates that approximately 50% of marketers express concern, with a mean score of 3.5 and a standard deviation of 1.8.](chart.png)
Marketing hiring to increase 5.5% next year

Figure 6.1. Percentage change in marketing hires planned in next 12 months
B2B-product companies to hire the most

Figure 6.2. Percentage change in marketing hires planned in next 12 months
Outsourcing of marketing drops off

Figure 6.3. Percentage of company marketing expected to be outsourced in next 12 months
Topic 7: Marketing Organization
Presence of marketing employees in the firm decreases over two years.

**Figure 7.1.** Number of Employees (Marketing vs. Non Marketing) (August 2013)

**Figure 7.2.** Marketing Employees as a Percentage of Total Employees
Product/service organizational structure dominates

Figure 7.3. Organizational structure in companies

- Product/service organizational structure dominates
- Analytics
- Leadership
- Jobs
- Social Media
- Performance
- Spending
- Growth
- Marketplace

<table>
<thead>
<tr>
<th>Percentage of Firms (%)</th>
<th>Customer Groups</th>
<th>Product/Service Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>February 2013</td>
<td>August 2013</td>
</tr>
<tr>
<td>0%</td>
<td>26.5%</td>
<td>73.5%</td>
</tr>
<tr>
<td>10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>60%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>70%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>80%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

© Christine Moorman
External focus drops off as recovery strengthens

Figure 7.4. Company outside-in approach to strategy

Information about customers and competitors … *

*7-point scale where 1 = “not at all” and 7 = “very frequently”
Topic 8: Marketing Leadership
### Table 8.1. Percentage of companies in which marketing leads activity*

<table>
<thead>
<tr>
<th>Activity</th>
<th>Feb-11</th>
<th>Feb-12</th>
<th>Feb-13</th>
<th>Aug-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>85%</td>
<td>85%</td>
<td>84%</td>
<td>83.9%</td>
</tr>
<tr>
<td>Positioning</td>
<td>79%</td>
<td>78%</td>
<td>82%</td>
<td>76.7%</td>
</tr>
<tr>
<td>Promotion</td>
<td>81%</td>
<td>79%</td>
<td>82%</td>
<td>80.3%</td>
</tr>
<tr>
<td>Brand</td>
<td>81%</td>
<td>84%</td>
<td>84%</td>
<td>80.7%</td>
</tr>
<tr>
<td>Marketing Analytics**</td>
<td>-</td>
<td>-</td>
<td>75.8%</td>
<td>69.1%</td>
</tr>
<tr>
<td>Marketing research</td>
<td>73%</td>
<td>71%</td>
<td>76%</td>
<td>66.4%</td>
</tr>
<tr>
<td>Social media</td>
<td>71%</td>
<td>73%</td>
<td>76%</td>
<td>74.9%</td>
</tr>
<tr>
<td>Competitive intelligence</td>
<td>58%</td>
<td>62%</td>
<td>68%</td>
<td>55.6%</td>
</tr>
<tr>
<td>Public relations</td>
<td>65%</td>
<td>53%</td>
<td>61%</td>
<td>62.3%</td>
</tr>
<tr>
<td>Lead generation</td>
<td>53%</td>
<td>53%</td>
<td>56%</td>
<td>56.1%</td>
</tr>
<tr>
<td>Market entry strategies</td>
<td>50%</td>
<td>46%</td>
<td>56%</td>
<td>54.7%</td>
</tr>
<tr>
<td>New products</td>
<td>44%</td>
<td>52%</td>
<td>47%</td>
<td>48.4%</td>
</tr>
<tr>
<td>CRM</td>
<td>38%</td>
<td>41%</td>
<td>41%</td>
<td>40.4%</td>
</tr>
<tr>
<td>Targeting/Market selection</td>
<td>31%</td>
<td>35%</td>
<td>36%</td>
<td>39.9%</td>
</tr>
<tr>
<td>Sales</td>
<td>32%</td>
<td>30%</td>
<td>24%</td>
<td>27.8%</td>
</tr>
<tr>
<td>Pricing</td>
<td>30%</td>
<td>34%</td>
<td>31%</td>
<td>37.2%</td>
</tr>
<tr>
<td>Innovation</td>
<td>33%</td>
<td>39%</td>
<td>35%</td>
<td>32.7%</td>
</tr>
<tr>
<td>Customer service</td>
<td>22%</td>
<td>21%</td>
<td>24%</td>
<td>22.0%</td>
</tr>
<tr>
<td>Stock market performance</td>
<td>0.4%</td>
<td>1.2%</td>
<td>2.3%</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

*Red indicates marketing’s influence has decreased, green indicates that marketing’s influence has increased, and changes of 1% or less are viewed as no change.**Marketing analytics added in Feb-13.
Marketing leaders retained for 5+ years

Figure 8.1. Marketing leader retention

Table 8.2. Sector differences in retention (August 2013)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Years in current role</th>
</tr>
</thead>
<tbody>
<tr>
<td>B2B Product</td>
<td>4.7</td>
</tr>
<tr>
<td>B2B-Services</td>
<td>5.8</td>
</tr>
<tr>
<td>B2C-Product</td>
<td>4.9</td>
</tr>
<tr>
<td>B2C-Services</td>
<td>4.5</td>
</tr>
</tbody>
</table>
Marketer influence drops

Figure 8.2. Number of people reporting to top marketer

- **Direct reports**
  - August 2010: 7.2
  - August 2011: 7.3
  - February 2012: 6.0
  - August 2012: 8.6
  - February 2013: 5.6
  - August 2013: 6.9

- **Indirect reports**
  - August 2010: 17.0
  - August 2011: 15.4
  - February 2012: 25.4
  - August 2012: 24.6
  - February 2013: 17.5
  - August 2013: 16.1
Increasing pressure to prove the value of marketing

Figure 8.3. Do you feel pressure from your CEO or Board to prove the value of marketing?

- Yes 66.4%
- No 33.6%

Figure 8.4. Is this pressure increasing, decreasing, or about the same?

- Increasing pressure: 60.1%
- About the same amount of pressure: 37.8%
- Decreasing pressure: 2.0%
Senior Vice President and Chief Marketing Officer Beth Comstock discusses how GE approaches marketing: “You have to create a platform that invites innovative ideas.” This platform involves four capabilities that have produced an array of new products, services, customers, and business models.

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

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

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

Global Marketing Officer Marc Pritchard shares his viewpoints on how marketing contributes to P&G’s performance. He talks about how P&G learns about customers and how it is relentless in its attention to building loyal customers and strong brands in the store, on the web, and around the world.
Topic 9: Marketing Analytics
Spending on marketing analytics expected to increase 40% in three years

Figure 9.1. Percent of marketing budget spent on marketing analytics

<table>
<thead>
<tr>
<th>Current Levels</th>
<th>In Next 3 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.5%</td>
<td>8.7%</td>
</tr>
</tbody>
</table>
# Spending on marketing analytics by firm and industry characteristics

## Table 9.1a. Firm sector differences

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>In Next 3 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>B2B-Product</td>
<td>5.3%</td>
<td>8.7%</td>
</tr>
<tr>
<td>B2B-Services</td>
<td>5.7%</td>
<td>8.8%</td>
</tr>
<tr>
<td>B2C-Product</td>
<td>5.8%</td>
<td>9.2%</td>
</tr>
<tr>
<td>B2C-Services</td>
<td>5.5%</td>
<td>8.8%</td>
</tr>
</tbody>
</table>

## Table 9.1b. Firm internet sales differences

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>In Next 3 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>4.6%</td>
<td>7.8%</td>
</tr>
<tr>
<td>1-10%</td>
<td>6.2%</td>
<td>9.3%</td>
</tr>
<tr>
<td>&gt;10%</td>
<td>5.9%</td>
<td>9.6%</td>
</tr>
</tbody>
</table>

## Table 9.1c. Firm size differences

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>In Next 3 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$25M</td>
<td>4.1%</td>
<td>6.9%</td>
</tr>
<tr>
<td>$26-99M</td>
<td>6.6%</td>
<td>10.4%</td>
</tr>
<tr>
<td>$100-499M</td>
<td>3.9%</td>
<td>6.8%</td>
</tr>
<tr>
<td>$500-999M</td>
<td>5.6%</td>
<td>8.0%</td>
</tr>
<tr>
<td>$1-9.9B</td>
<td>7.2%</td>
<td>11.3%</td>
</tr>
<tr>
<td>$10+B</td>
<td>6.7%</td>
<td>10.3%</td>
</tr>
</tbody>
</table>
Most projects fail to use marketing analytics; worsening trend as big data grows

Figure 9.2. Percentage of projects using marketing analytics in companies
Majority of companies do not evaluate marketing analytics

Figure 9.3. Does your company formally evaluate the quality of marketing analytics?

Evaluate quality
- August 2012: 46.8%
- February 2013: 39.8%
- August 2013: 32.9%

Do not evaluate quality
- August 2012: 53.2%
- February 2013: 60.2%
- August 2013: 67.1%
Figure 9.4. To what degree does the use of marketing analytics contribute to your company's performance? 1 = Not at all and 7 = Very highly

- August 2012: 3.9
- February 2012: 3.7
- August 2013: 3.5
Figure 9.5. To what degree does the use of marketing analytics contribute to your company's performance?

Mean = 3.5 (SD = 1.8)
Companies fail to leverage marketing analytics to answer challenging marketing questions

Figure 9.6. Is your company leveraging marketing analytics to answer its most challenging marketing questions?

Mean = 3.7 (SD = 1.7)
Is your company leveraging marketing analytics to answer its most challenging marketing questions? Mean = 3.7 (SD = 1.7)

**Table 9.6a. Industry sector differences**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Mean (SD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking/Finance/Insurance</td>
<td>3.5 (1.8)</td>
</tr>
<tr>
<td>Communications/Media</td>
<td>4.9 (1.2)</td>
</tr>
<tr>
<td>Consumer Packaged Goods</td>
<td>4.4 (1.5)</td>
</tr>
<tr>
<td>Energy</td>
<td>4.3 (1.5)</td>
</tr>
<tr>
<td>Healthcare/Pharma.</td>
<td>3.9 (1.9)</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>3.0 (1.5)</td>
</tr>
<tr>
<td>Mining/Construction</td>
<td>3.0 (2.0)</td>
</tr>
<tr>
<td>Retail/Wholesale</td>
<td>3.6 (2.0)</td>
</tr>
<tr>
<td>Service/Consulting</td>
<td>3.3 (1.7)</td>
</tr>
<tr>
<td>Tech Software Biotech</td>
<td>4.0 (1.9)</td>
</tr>
<tr>
<td>Transportation</td>
<td>4.6 (1.7)</td>
</tr>
</tbody>
</table>

**Table 9.6b. Economic sector differences**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Mean (SD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>B2B-Product</td>
<td>3.5 (1.7)</td>
</tr>
<tr>
<td>B2B-Services</td>
<td>3.4 (1.8)</td>
</tr>
<tr>
<td>B2C-Product</td>
<td>4.4 (1.6)</td>
</tr>
<tr>
<td>B2C-Services</td>
<td>4.1 (1.8)</td>
</tr>
</tbody>
</table>
Most companies do not have the right talent to fully leverage marketing analytics

Figure 9.7. To what extent does your company have the right talent to fully leverage marketing analytics?

Mean = 3.4 (SD = 1.7)
Where marketing analytics is used to drive decision making in companies

Figure 9.8. Check all of the areas in which you are using marketing analytics to drive decision making

<table>
<thead>
<tr>
<th>Area</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer acquisition</td>
<td>31.7%</td>
</tr>
<tr>
<td>Digital marketing</td>
<td>28.5%</td>
</tr>
<tr>
<td>Customer retention</td>
<td>27.6%</td>
</tr>
<tr>
<td>Promotion</td>
<td>23.7%</td>
</tr>
<tr>
<td>Pricing</td>
<td>23.2%</td>
</tr>
<tr>
<td>Branding</td>
<td>22.0%</td>
</tr>
<tr>
<td>Marketing mix</td>
<td>21.7%</td>
</tr>
<tr>
<td>Social media</td>
<td>21.0%</td>
</tr>
<tr>
<td>Product line/assortment optimization</td>
<td>18.8%</td>
</tr>
<tr>
<td>Multichannel marketing</td>
<td>13.4%</td>
</tr>
<tr>
<td>Recommendation engine</td>
<td>7.3%</td>
</tr>
<tr>
<td>Other areas:</td>
<td>2.4%</td>
</tr>
</tbody>
</table>
Preview

Next survey: The CMO Survey will be administered in January 2014

To participate: Sign up here

Media: Press releases and coverage

Feedback: Send comments to moorman@duke.edu