



Predicting the Future of Markets
Tracking Marketing Excellence
Improving the Value of Marketing

Highlights and Insights

February 2011



About The CMO Survey



Mission

- The CMO Survey collects and disseminates 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. Questions repeat over time so trends can be discerned. Special topics are introduced for each survey
- This is the 6th administration.

Sponsoring Organizations



Founder and Lead Researcher

- Professor Christine Moorman,
T. Austin Finch, Sr. Professor of Business Administration



- **Survey Sample**

- 3778 Top Marketers at *Fortune* 1000, *Forbes* Top 200, CMO Club companies, and Top Marketers who are AMA Members or Duke University Alumni and Friends
- 421 responded for a 11.11% response rate

- **Survey Administration**

- Email contact with three follow-up reminders
- Survey in field from January 11-28, 2011
- 76% of respondents Director-level or above

- **Results Interpretation**

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

Overview of Results

Topic 1: Marketplace Dynamics: Customers, Competitors, Channel Partners	5-10
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Topic 1: Marketplace Dynamics

Marketer optimism reaches highest point in two 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?

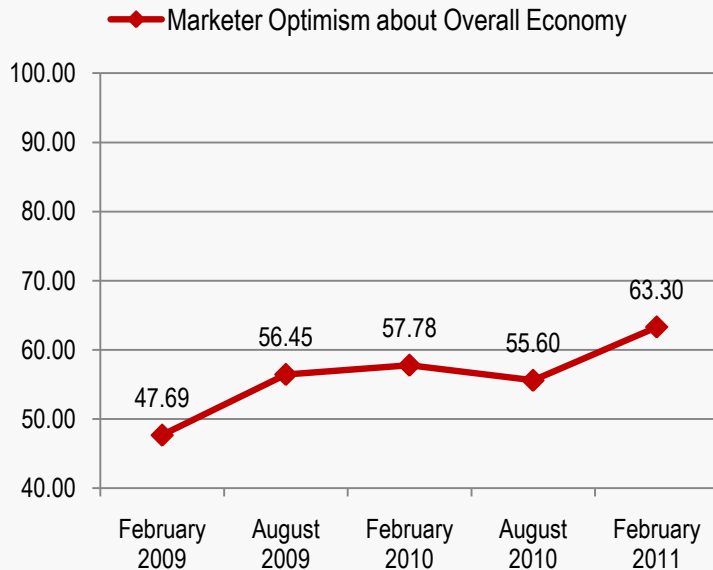
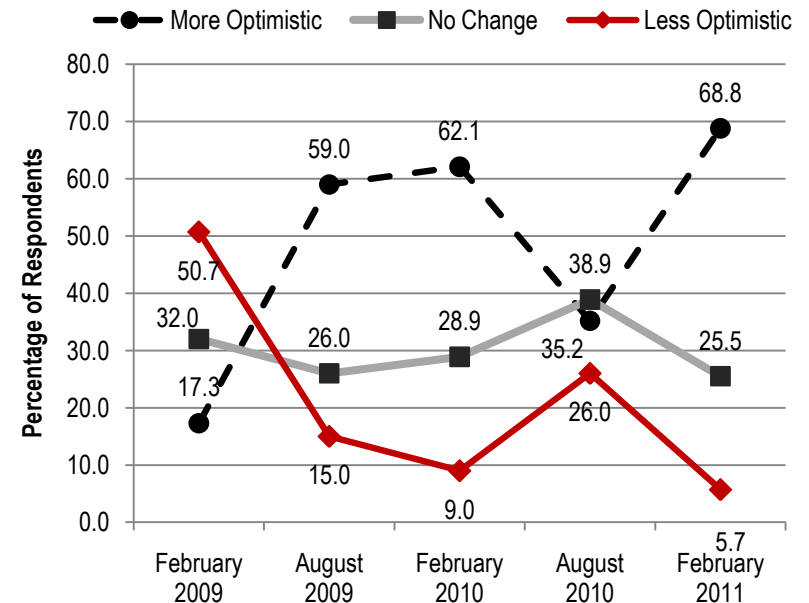


Figure 1.2. Are you more or less optimistic about the overall U.S. economy compared to last quarter?



Marketer optimism about their own firms continues to accelerate

Figure 1.3. How optimistic are you on a 0-100 scale with 0 being the least optimistic and 100 the most optimistic?

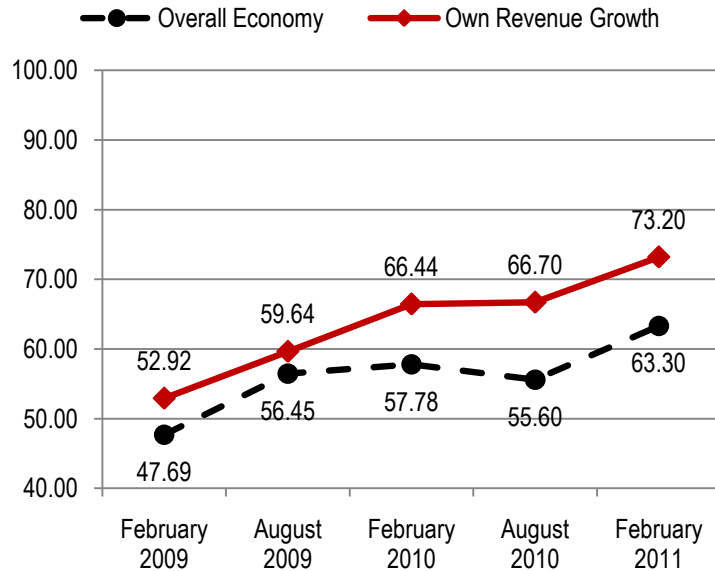
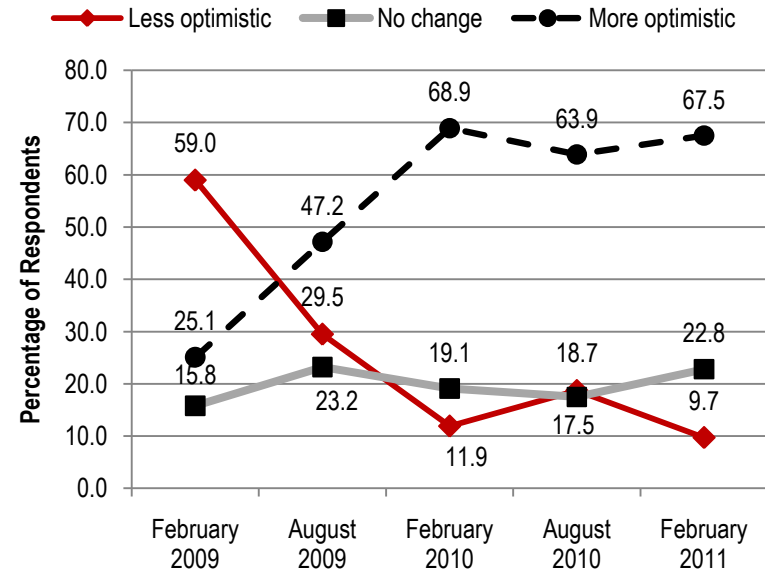
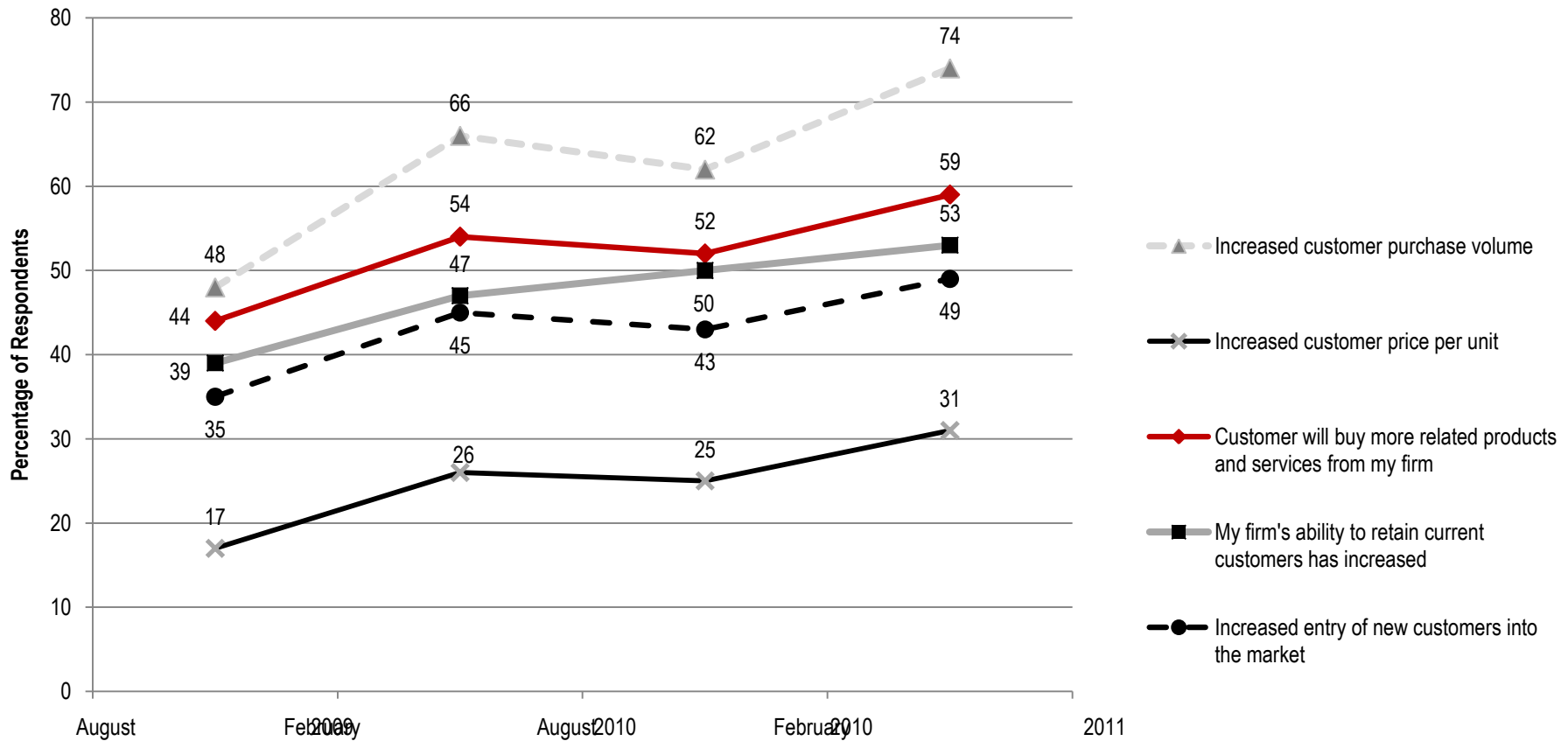


Figure 1.4. Are you more or less optimistic about your own company's revenue prospects compared to last quarter?



All customer revenue metrics expected to rise in the next 12 months

Figure 1.5. Customer Revenue Metrics



Customers to continue quality focus; other priorities expected to shift

Table 1.1. Customer Priorities in next 12 months

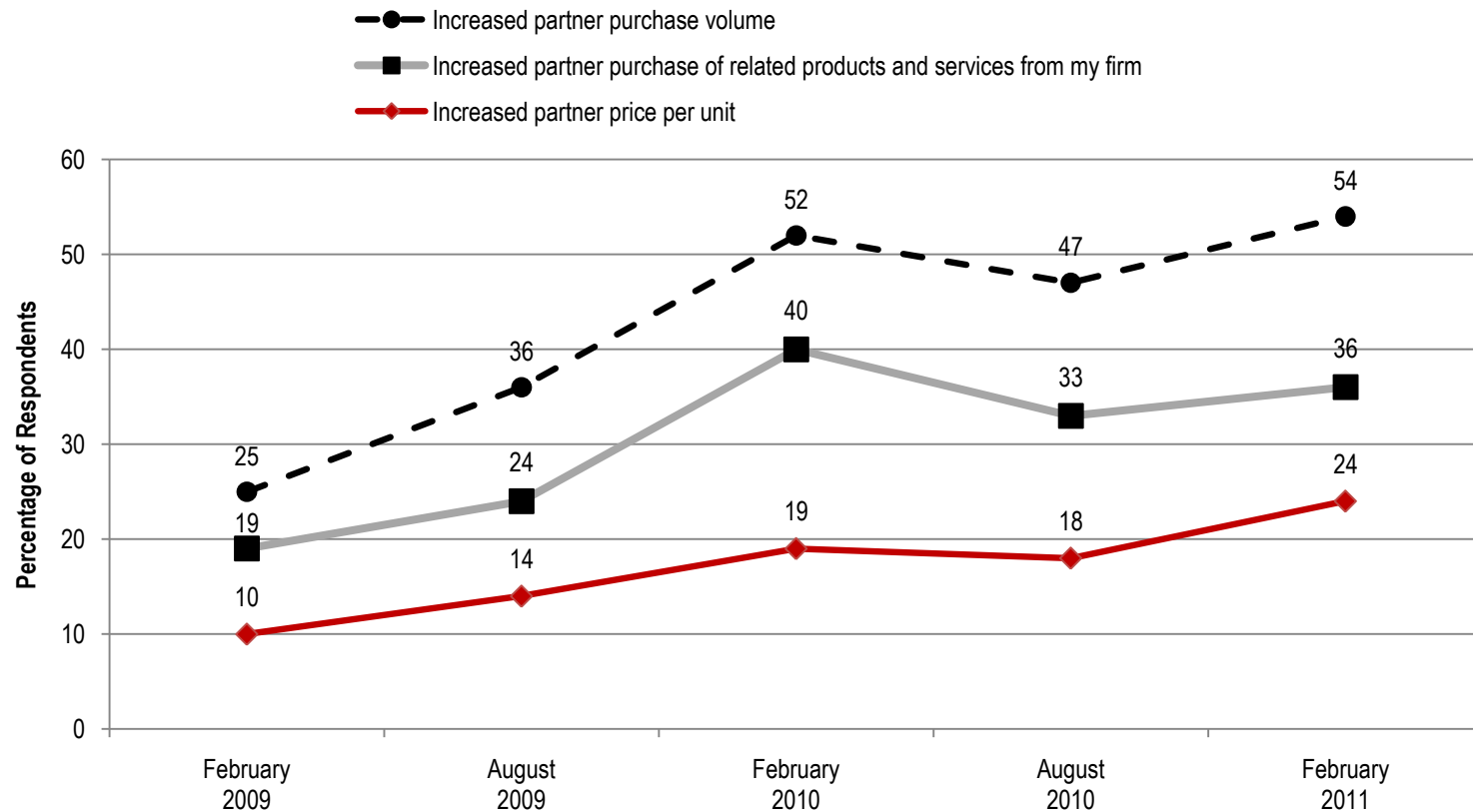
	Aug-10	Feb-11	% Change
Low Price	56.9%	48.3%	-15.1%
Quality	64.6%	62.4%	-3.4%
Innovation	27.9%	34.0%	+21.9%
Service	74.0%	71.2%	-3.8%
Trust	57.8%	60.7%	+5.0%
Brand	19.4%	25.5%	+31.4%

Shifting Customer Priorities

- Less customer focus on price (-15.1%)
- More customer focus on innovation (+21.9%)
- More customer focus on brand (+31.4%)

Channel partner metrics all point to increased revenues in next 12 months

Figure 1.6. Channel Revenue Metrics



Topic 2: Firm Growth Strategies

Companies to grow by emphasizing market penetration strategies

Types of Growth Strategies

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

Table 2.1. Growth Spending in Next 12 Months*

Strategy	Feb-09	Aug-09	Feb-10	Aug-10	Feb-11
Market Penetration Strategy	48%	46%	44%	46%	49%
Market Development Strategy	18%	18%	18%	19%	17%
Product/Service Development Strategy	24%	26%	26%	23%	22%
Diversification Strategy	10%	10%	13%	12%	12%

* % of spending across growth strategies

Growth strategies vary by sector

Table 2.2. Sector Growth Spending in Next 12 Months*

Strategy	B2B Products	B2B Services	B2C Products	B2C Services
Market Penetration Strategy	42.4%	50.1%	50.2%	59.6%
Market Development Strategy	17.8%	17.9%	14.4%	14.9%
Product/Service Development Strategy	27.3%	20.0%	24.4%	15.3%
Diversification Strategy	12.5%	12.0%	11.0%	10.3%

* % of spending across growth strategies

Growth Strategy Differences

- B2C Services companies show heaviest spending in Market Penetration
- B2B companies spend more in Market Development than B2C
- B2B Product companies emphasize Product Development over Market Penetration

Company reasons for growth strategy choice

Table 2.3. Top Three Reasons for Growth Strategy

Reason	Overall % of Firms	B2B-Product	B2B-Services	B2C-Product	B2C-Services
Pressure from price-sensitive customers	43.90%	40.40%	40.52%	54.76%	48.57%
The opportunity to leverage brands	53.10%	50.51%	56.03%	57.14%	48.57%
Pressure from the stock market	10.50%	11.11%	9.48%	11.90%	11.43%
The ambition of company leaders	56.80%	55.56%	62.07%	50.00%	51.43%
Threat of foreign competitors	12.90%	24.24%	5.17%	16.67%	2.86%
Threat of domestic competitors	39.50%	39.39%	35.34%	35.71%	57.14%
The opportunity to leverage existing customer relationships	81.30%	78.79%	87.93%	69.05%	80.00%

Key Observations

- Nearly 90% of B2B-Services companies list the opportunity to leverage existing customer relationships as a motivation for growth.
- B2C-Services companies consider the threat of domestic competitors to be the second most important factor in determining growth strategy. No other sector ranked it among its top three.
- B2B-Product companies feel greatest threat from foreign competitors.
- B2C-Product companies feel greatest pressure from price-sensitive customers.

Organic growth remains dominant growth strategy; partnerships continue to drop

Table 2.4. How Firms Will Grow in the Next 12 Months*

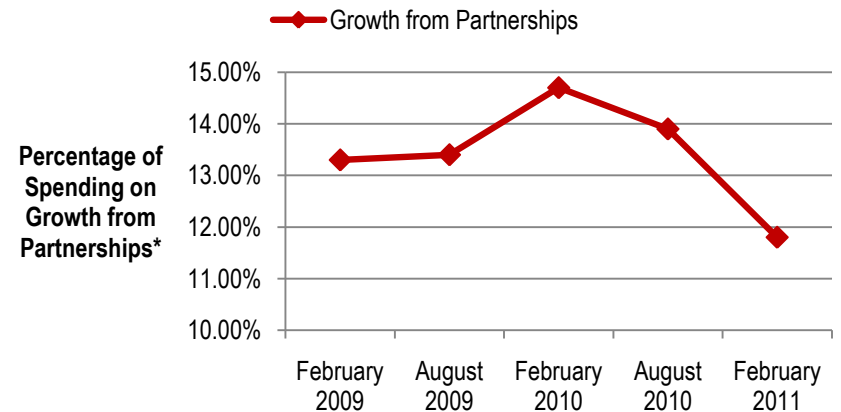
Strategy	Feb-09	Aug-09	Feb-10	Aug-10	Feb-11
Growth from firm internally (organic growth)	70.9%	70.3%	69.5%	69.5%	72.0%
Growth from acquisitions	8.8%	9.7%	10.4%	10.8%	10.6%
Growth from partnerships	13.3%	13.4%	14.7%	13.9%	11.8%
Growth from licensing	7.0%	6.6%	5.4%	5.8%	5.6%

* Percentage of spending across growth strategies

Table 2.5. Sector Use of Organic Growth and Partnerships*

	Organic Growth	Growth via Partnerships
B2C Product	74.4%	10.6%
B2C-Service	70.3%	8.3%
B2B-Product	69.6%	12.1%
B2B-Service	74.3%	12.7%

Figure 2.1: Spending on Growth from Partnerships



Topic 3: Marketing Spending

Growth in marketing budgets remains high; B2C-Product companies +20% in next year

Figure 3.1. % Change in Marketing Budgets in Next 12 Months

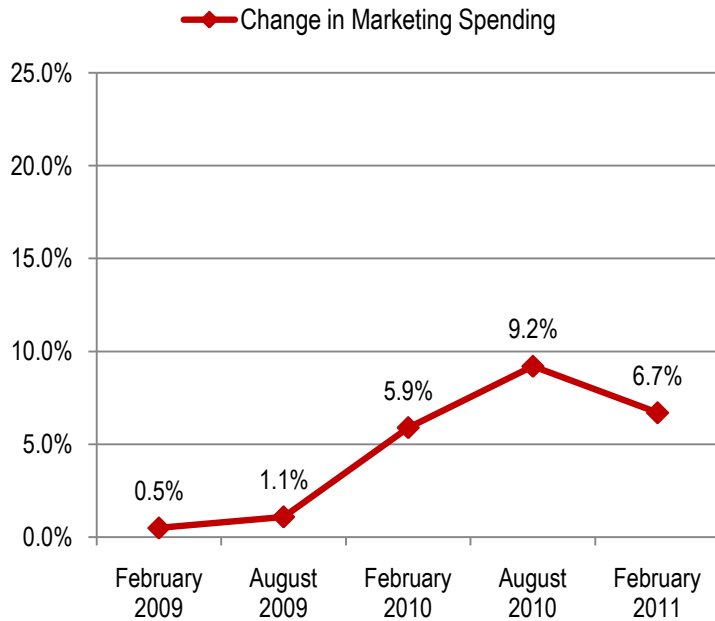


Table 3.1. % Change by Sector

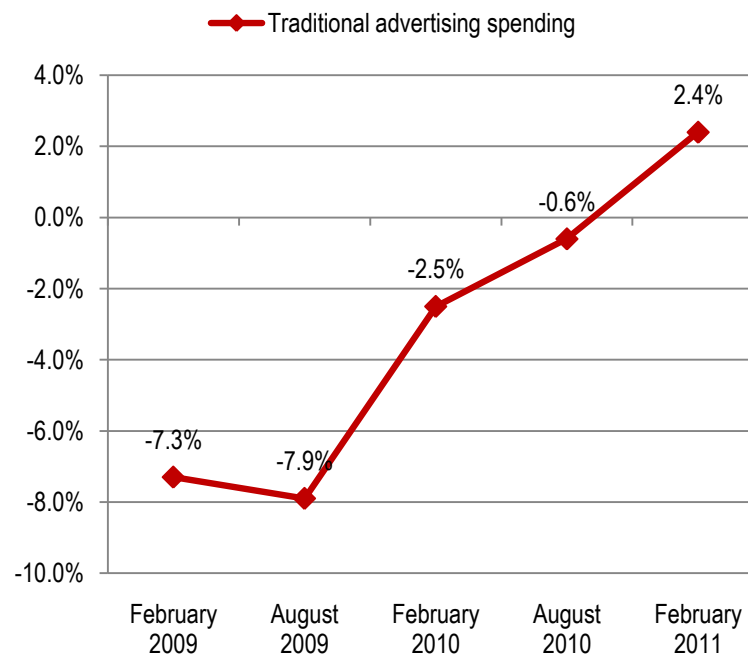
	Feb-09	Aug-09	Feb-10	Aug-10	Feb-11
B2B - Product	0.7%	-0.7%	8.0%	11.3%	7.5%
B2B - Services	3.0%	3.7%	7.0%	14.1%	3.3%
B2C - Product	-6.6%	4.5%	2.1%	3.6%	20.4%
B2C - Services	0.7%	-3.4%	1.6%	1.3%	0.2%

Internet marketing spending and spending on marketing assets stays high; advertising breathes back into life

Table 3.2. % Change in Marketing Spending in Next 12 Months

	Feb-10	Aug-10	Feb-11
Traditional advertising spending	-2.5%	-0.6%	2.4%
Internet marketing spending	12.2%	13.6%	12.1%
New product introductions	9.1%	9.1%	8.2%
New service introductions	3.9%	7.2%	5.1%
Customer relationship management	9.9%	8.3%	9.1%
Brand building	6.9%	8.3%	9.1%

Figure 3.2. % Change in Traditional Advertising Spending in Next 12 Months

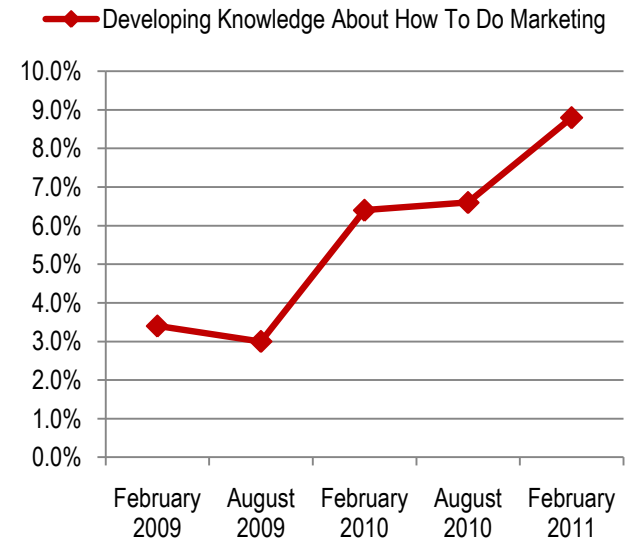


Investments in marketing knowledge remain strong

Table 3.3. Firm Spending on Marketing Knowledge in Next Year

	Feb-09	Aug-09	Feb-10	Aug-10	Feb-11
Marketing research and intelligence	1.8%	3.2%	7.3%	5.6%	8.0%
Marketing consulting services	-4.5%	1.3%	2.9%	4.6%	4.7%
Developing knowledge about how to do marketing	3.4%	3.0%	6.4%	6.6%	8.8%
Integrating what we know about marketing	5.1%	4.1%	7.4%	8.9%	8.1%
Marketing training	1.2%	0.7%	4.3%	3.6%	5.6%

Figure 3.3. Percentage of Spending on Developing Knowledge About How to Do Marketing



International sales to increase; China shows biggest gains

Table 3.4. Top Geographic Markets in Sales Revenue in the Next 12 Months

	10-Feb	11-Feb	Change
United States	93.50%	96.10%	2.60%
Western Europe	37.60%	33.20%	-4.40%
Canada	29.20%	28.60%	-0.60%
China	12.40%	16.40%	4.00%
Mexico	10.70%	8.20%	-2.50%
Japan	9.30%	8.20%	-1.10%
Brazil	5.60%	7.10%	1.50%
Middle East	6.70%	6.10%	-0.60%
Eastern Europe	3.90%	5.70%	1.80%
India	3.90%	4.30%	0.40%
Korea	2.50%	2.10%	-0.40%
Russia	2.20%	0.70%	-1.50%

- Biggest losers are Mexico and Western Europe
- China shows largest expected sales revenue
- Increases in China driven by B2B companies

Marketing spend accounts for 8.1% of overall firm budgets

Marketplace

Growth

Spending

Performance

Social Media

Jobs

Organization

Excellence

Table 3.5. Percentage of Overall Firm Budget Accounted for by Marketing

	February 2011
Consumer Packaged Goods	18.6%
Communications/Media	8.6%
Mining/Construction	3.3%
Transportation	6.3%
Energy	5.3%
Manufacturing	5.2%
Retail/Wholesale	6.7%
Tech/Software/Biotech	10.3%
Banking/Finance/Insurance	5.9%
Consumer Services	6.2%
Service Consulting	9.7%
Healthcare Pharmaceutical	11.0%

Overall Results

- Mean = 8.1%
- Standard Deviation = 4.0%

Size of marketing budget varies by company sector, sales, and internet sales

Marketplace

Growth

Spending

Performance

Social Media

Jobs

Organization

Excellence

Table 3.6. Marketing Percentage of Firm Budget by Economic Sector

	B2B Product	B2B Services	B2C Product	B2C Services
February 2011	8.5%	7.6%	10.0%	7.6%

Table 3.7. Marketing Percentage of Firm Budget by Company Sales Revenue

	<\$25 Million	\$26-99 Million	\$100-499 Million	\$500-999 Million	\$1-9.9 Billion	>\$10 Billion
February 2011	10.7%	7.3%	9.0%	4.7%	5.7%	5.9%

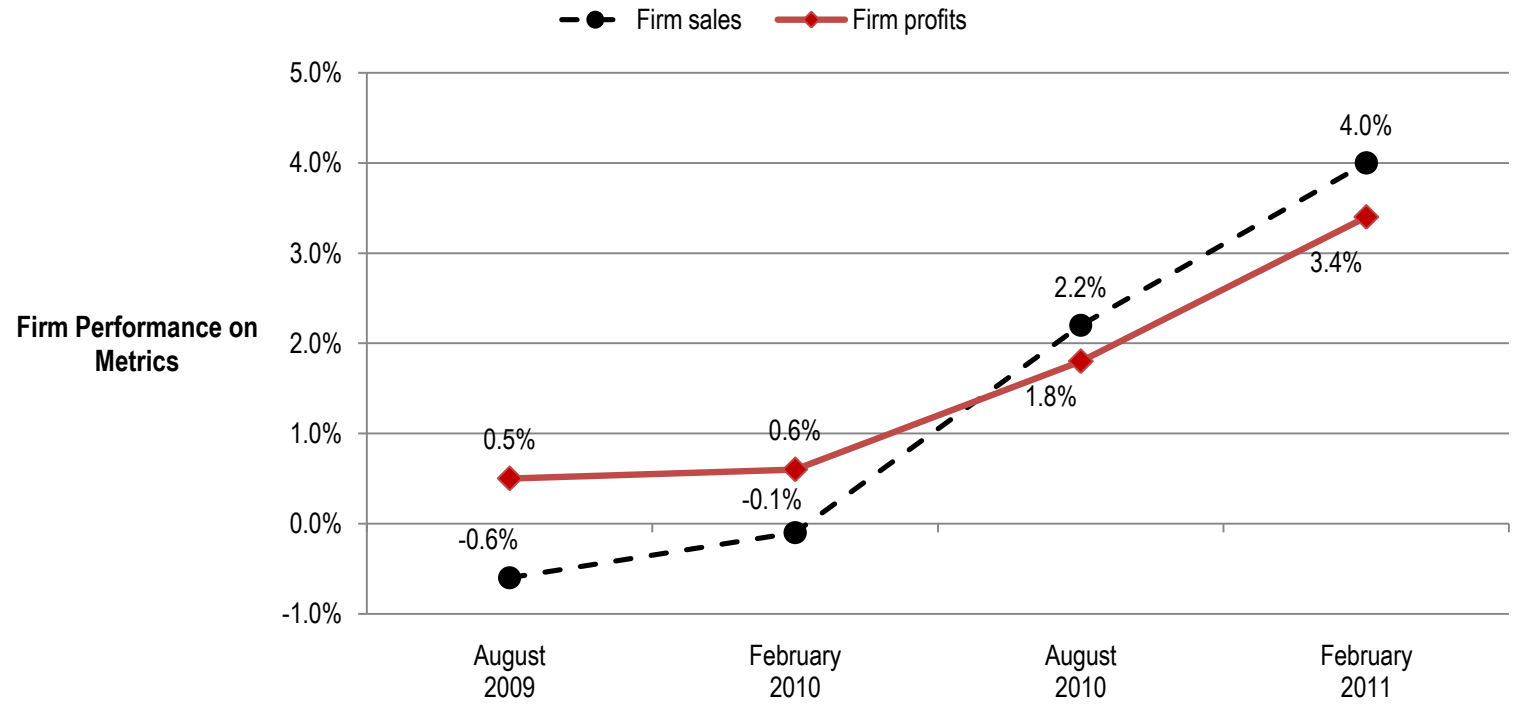
Table 3.8. Marketing Percentage of Firm Budget by Company Internet Sales

	0% Internet Sales	1-10% Internet Sales	>10% Internet Sales
February 2011	7.0%	7.9%	11.6%

Topic 4: Financial and Marketing Performance

Firm performance rebounds to 2 year high

Figure 4.1: Firm Performance in Profits and Sales in Prior 12 Months



All company indicators rebound; goals show increasing optimism

Table 4.1. Firm Performance on Metrics for Prior 12 months

	Actual firm performance Feb-2009	Actual firm performance Aug-2009	Actual firm performance Feb-2010	Actual firm performance Aug-2010	Actual firm performance Feb-2011	Goal in the next 12 months
Firm sales*		-0.6%	-0.1%	2.2%	4.0%	6.7%
Market share	3.0%	2.2%	1.6%	2.0%	2.5%	4.9%
Marketing return on investment	2.6%	1.9%	1.9%	2.2%	2.7%	5.0%
Firm profits	1.6%	0.5%	0.6%	1.8%	3.4%	5.7%
Customer acquisition	3.3%	2.6%	2.1%	2.6%	3.4%	5.5%
Customer retention	2.3%	1.4%	1.7%	1.6%	2.7%	4.6%
Brand value	3.7%	3.2%	2.6%	2.9%	3.5%	5.3%

* Question not asked in February 2009

B2B-Product companies top performance metrics

Table 4.2. Sector Performance Metrics for Prior 12 Months

	B2B-Product	B2B-Services	B2C-Product	B2C-Services
Firm sales	5.4	3.3	4.1	2
Market share	3.2	2.3	1.8	1.6
Marketing return on investment	3.6	2.3	2.5	1.7
Firm profits	4.5	3.1	2.4	2.1
Customer acquisition	3.8	3.5	3.5	1.6
Customer retention	3.1	2.8	2	1.4
Brand value	3.6	3.6	3.2	3.3

Topic 5: Marketing and Social Media

Google groups

LinkedIn

YouTube



twitter

facebook

amazon.com

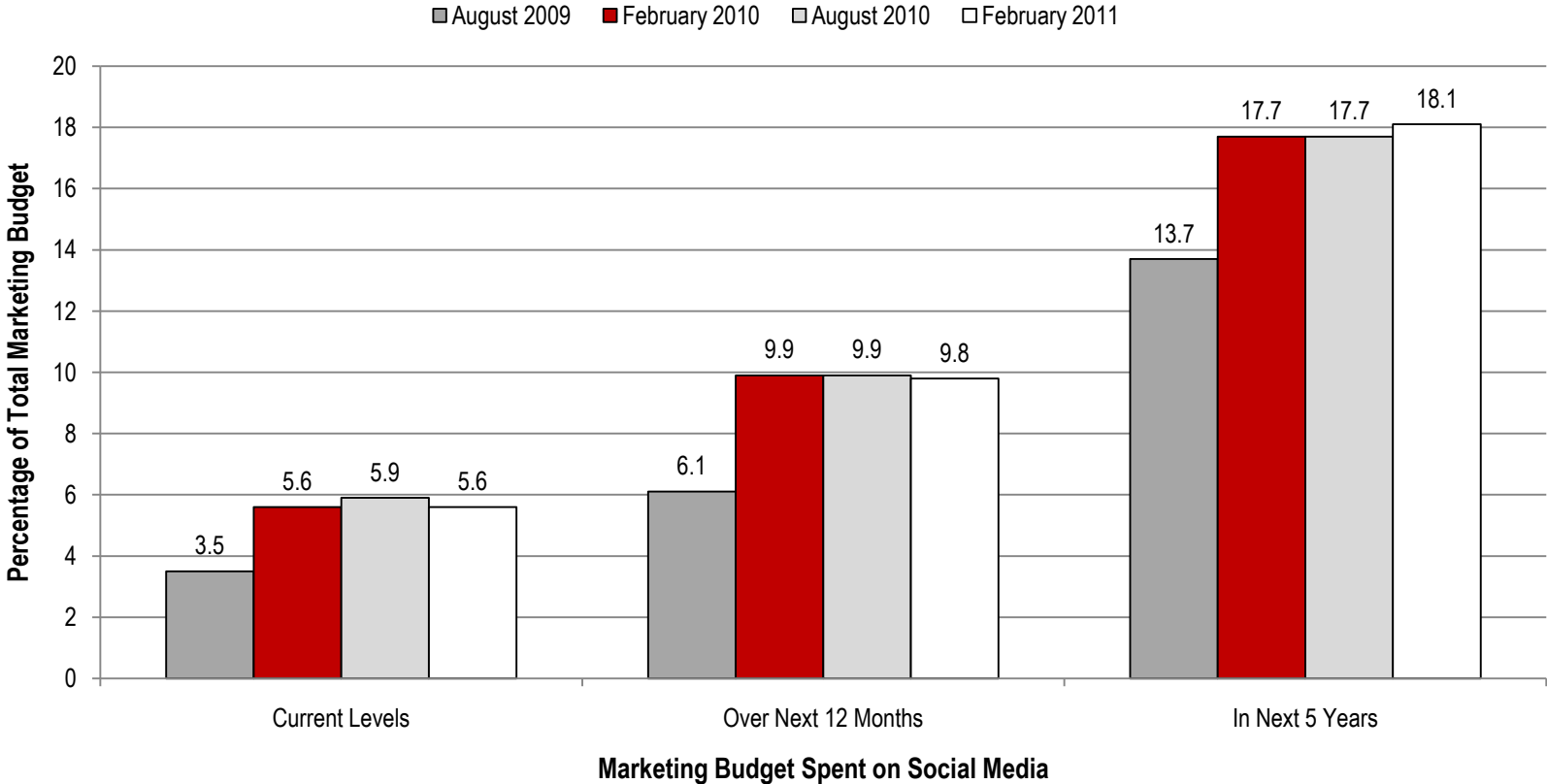


flickr

digg

Social media spending growth unabated; to increase 18.1% in five years

Figure 5.1. Social Media Spending Over Time



B2C-Service companies outspend other sectors on social media; product companies post decreases in social media spend

Table 5.1. Sector Differences in % Change in Social Media Spending

- Service companies expected to show the largest increase
- B2B-product companies expected to show the smallest increase
- The smallest companies (<\$25 million) show the biggest social media spend and largest companies (\$10+ billion) show the smallest social media spend

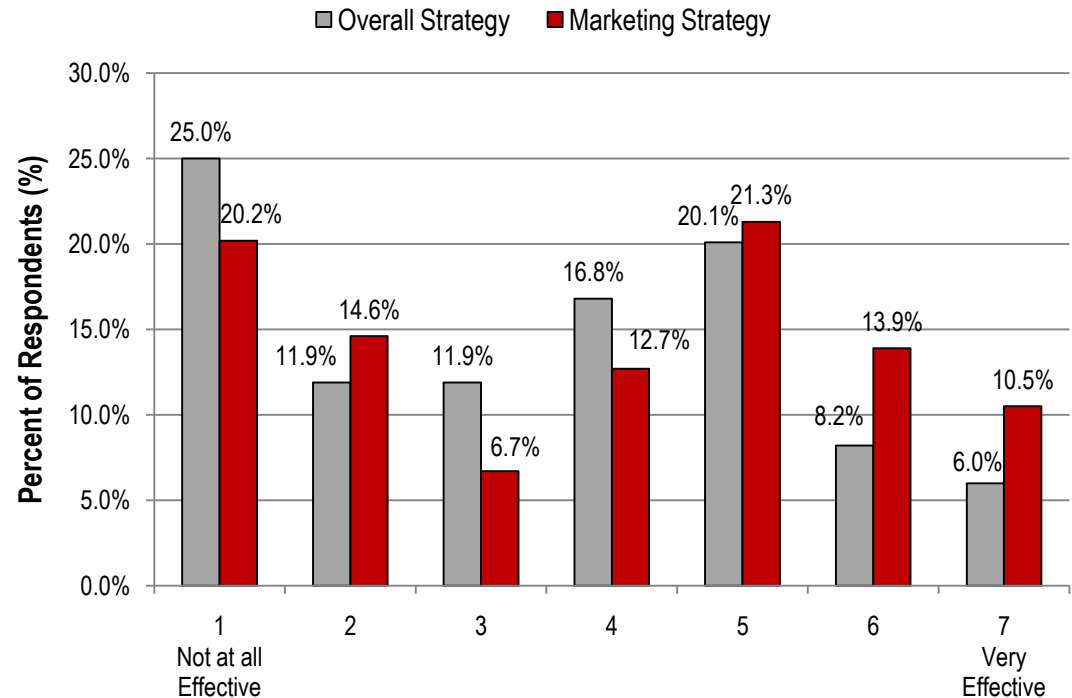
		Aug-2009	Feb-2010	Aug-2010	Feb-2011
Current Social Media Spending	B2B - Product	2.5%	3.4%	5.4%	3.5%
	B2B - Services	3.9%	6.5%	5.8%	6.9%
	B2C - Product	5.3%	6.7%	7.4%	4.6%
	B2C - Services	2.9%	6.9%	5.7%	8.8%
	Overall	3.5%	5.6%	5.9%	5.6%
Social Media Spending in the next 12 months	B2B - Product	4.5%	7.4%	8.9%	7.4%
	B2B - Services	6.5%	11.0%	10.1%	12.2%
	B2C - Product	7.5%	11.6%	12.4%	7.9%
	B2C - Services	8.8%	10.7%	9.8%	11.8%
	Overall	6.1%	9.9%	9.9%	9.8%
Social Media Spending in the next 5 years	B2B - Product	12.6%	15.3%	15.4%	14.7%
	B2B - Services	13.5%	18.9%	17.9%	21.3%
	B2C - Product	15.0%	18.9%	22.6%	16.2%
	B2C - Services	15.4%	18.5%	18%	20.6%
	Overall	13.7%	17.7%	17.7%	18.1%

Social media not well integrated with firm strategy

Overall Results:

- Integration of Social Media with Firm Strategy
 - Mean = 3.4
 - Standard Deviation = 1.9
- Integration of Social Media with Firm Marketing Strategy
 - Mean = 3.8
 - Standard Deviation = 2.0

Figure 5.2. How Effectively Social Media is Integrated with Firm's Overall and Marketing Strategies



Social media groups small, internal; most employees from marketing

Marketplace

Growth

Spending

Performance

Social Media

Jobs

Organization

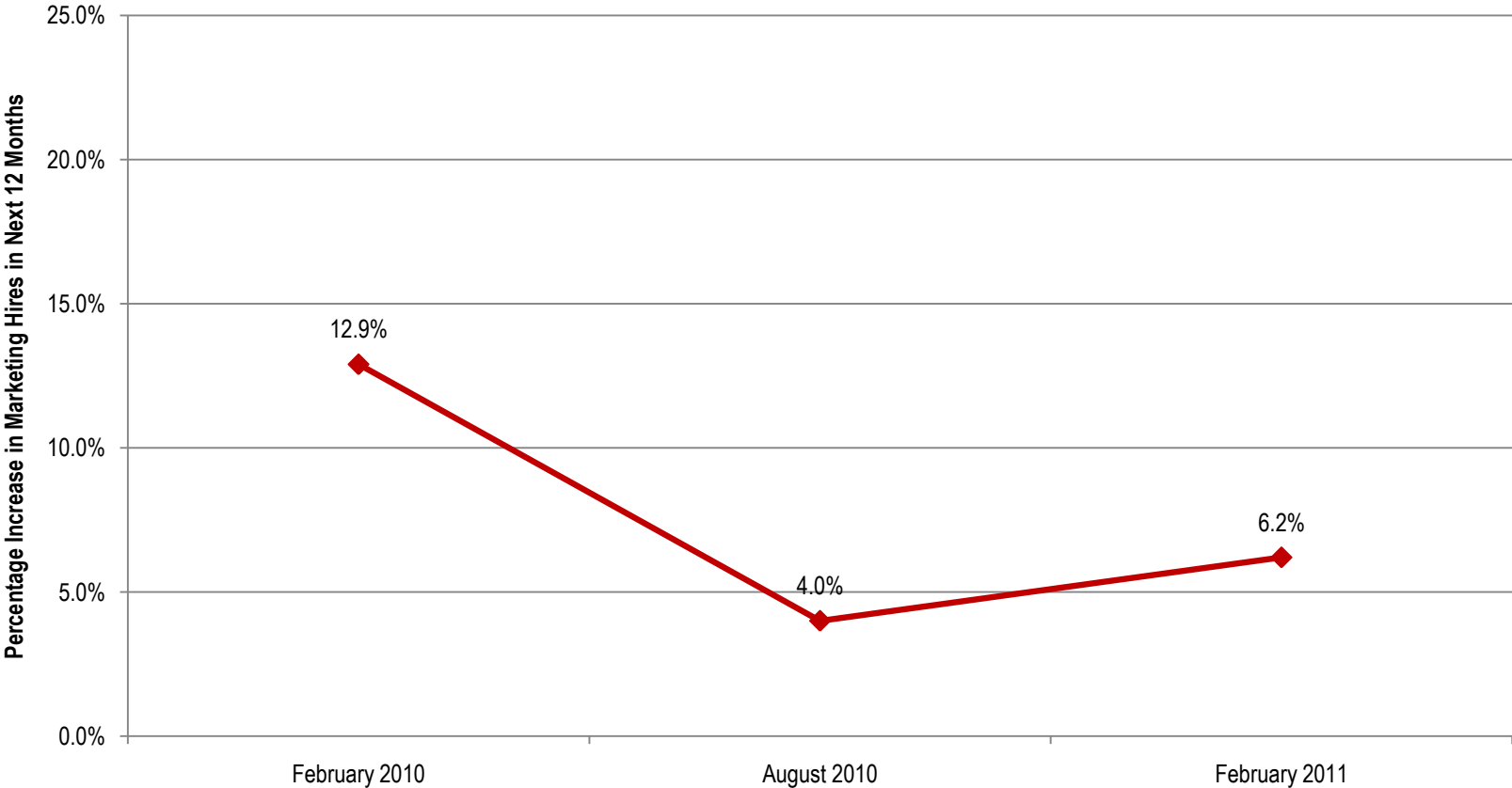
Excellence

- **Social media groups average 5.2 people with 54.4% from marketing**
 - B2B-product companies have the largest social media groups are in (~10.3 people)
- **Percentage of social media employees within marketing (54.4%)**
- **Number of people from other companies working on social media average 1.8**
 - B2C-service companies outsource social media at the highest levels (~4.3 people)

Topic 6: Marketing Jobs

Marketing employment prospects rise as economy rebounds

Figure 6.1. Percentage Change in Marketing Hires Planned Over Next 12 months



Opportunity for marketing jobs varies by industry

Marketplace

Growth

Spending

Performance

Social Media

Jobs

Organization

Excellence

Table 6.1. Percentage Increase in Marketing Hires by Industry

	February 2010	August 2010	February 2011
Consumer Packaged Goods	4.0%	3.4%	4.4%
Communications/Media	19.1%	7.8%	8.8%
Mining/Construction	6.7%	0.0%	1.8%
Transportation	10%	1.3%	3.7%
Energy	1.6%	1.8%	2.2%
Manufacturing	12%	3.8%	16.9%
Retail/Wholesale	14.5%	1.0%	7.7%
Tech/Software/Biotech	24.9%	3.4%	9.6%
Banking/Finance/Insurance	9.4%	0.7%	12.9%
Consumer Services	17.5%	-0.1%	2.2%
Service Consulting	14.8%	3.8%	21.7%
Healthcare Pharmaceutical	5.1%	7.5%	8.1%

Opportunity for marketing jobs varies by economic sector, sales, and internet sales

Table 6.2. Percentage Increase in Marketing Hires by Economic Sector

	B2B Product	B2B Services	B2C Product	B2C Services
February 2010	12.5%	14.2%	8.2%	16%
August 2010	4.8%	3.8%	4.2%	1.5%
February 2011	8.6%	4.9%	6.7%	3.4%

Table 6.3. Percentage Increase in Marketing Hires by Company Sales Revenue

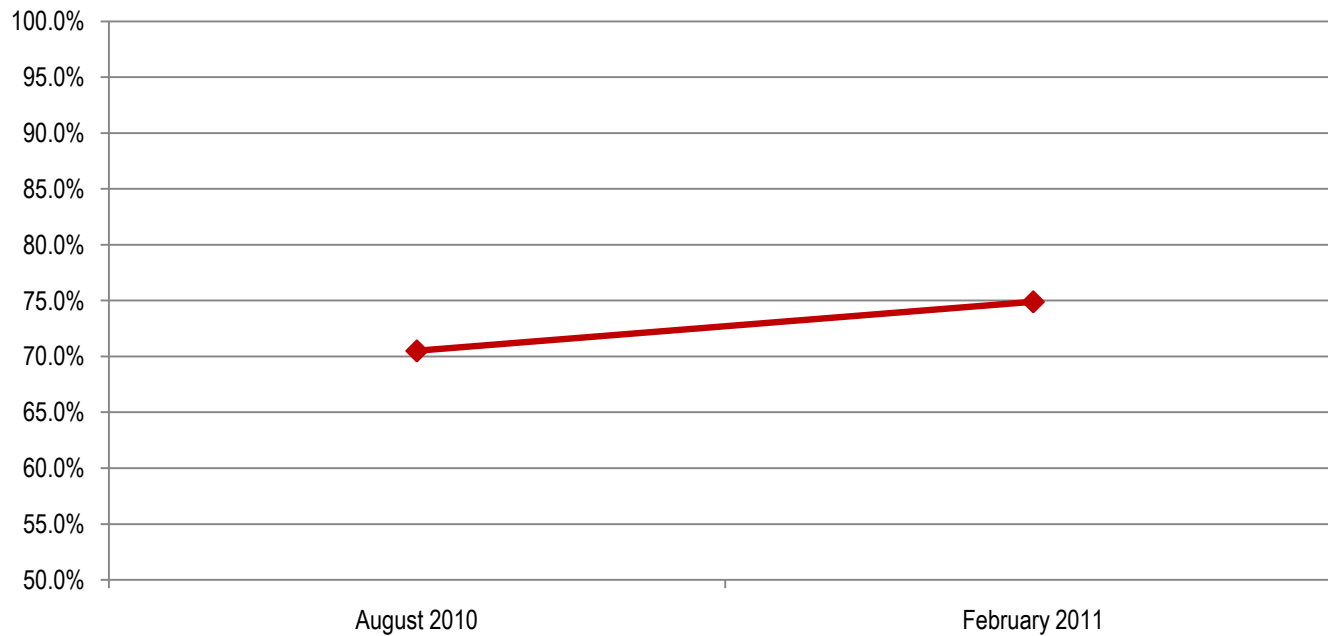
	<\$25 Million	\$26-99 Million	\$100-499 Million	\$500-999 Million	\$1-9.9 Billion	>\$10 Billion
February 2010	26.2%	6.9%	5.0%	2.7%	8.5%	2.0%
August 2010	5.4%	2.4%	2.2%	0.8%	2.9%	4.3%
February 2011	4.8%	9.3%	5.9%	4.5%	3.2%	3.1%

Table 6.4. Percentage Increase in Marketing Hires by Company Internet Sales

	0% Internet Sales	1-10% Internet Sales	>10% Internet Sales
February 2010	11.4%	13.1%	19.6%
August 2010	3.0%	2.9%	8.2%
February 2011	5.2%	7.0%	5.9%

Outsourcing of marketing inches up

Figure 6.2. Percentage of Companies Outsourcing Marketing Activities



- Outsourcing expected to increase another 4.5% in next 12 months

Topic 7: Marketing Organization and Leadership

Where marketing is located in firms

Marketplace

Growth

Spending

Performance

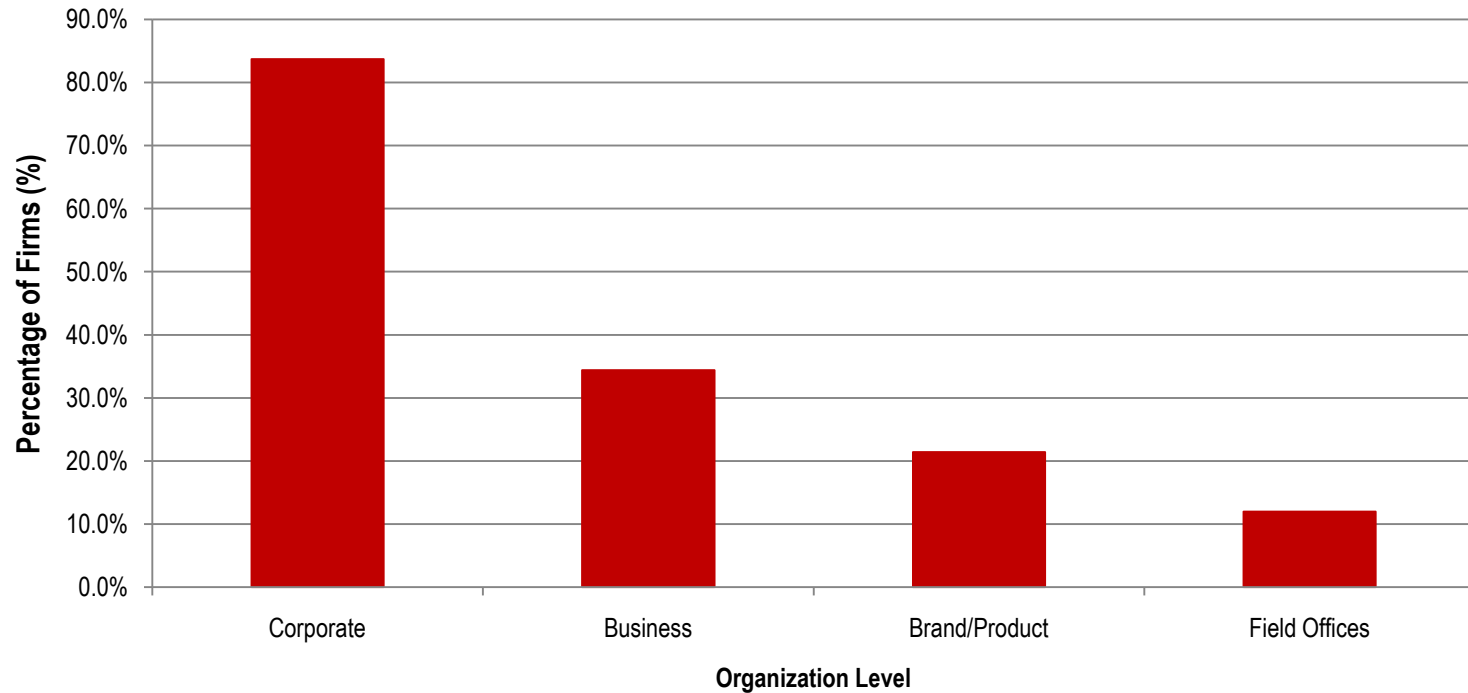
Social Media

Jobs

Organization

Metrics

Figure 7.1. Location of Marketing in Firm – Check all that apply



Topic 8: Marketing Excellence

The 2010 CMO Survey Award for Marketing Excellence

Marketplace

Growth

Spending

Performance

Social Media

Jobs

Organization

Excellence

Which company across all industries sets the standard for excellence in marketing?

Apple, Inc.



The 2010 Sector-Specific CMO Survey Award for Marketing Excellence – 5 winners



Marketplace > Growth > Spending > Performance > Social Media > Jobs > Organization > Excellence

Which company in your industry sets the standard for excellence in marketing?

Bank of America (Banking)



FedEx (Transportation)



IBM - (Professional Services/Consulting)



General Electric (Healthcare/Pharmaceutical)



Proctor & Gamble – (Consumer Packaged Goods)



Preview and Review



Future surveys

- The CMO Survey will be administered again in August 2011

To get involved

- If you are not a current participant, sign up at <http://www.cmosurvey.org/participate/>

Media

- Media follow ups related to this data will be posted to <http://www.cmosurvey.org/category/news/>

Feedback

- Send your thoughts to me at moorman@duke.edu

CMO Insights

Candid conversations with top marketing leaders about best practice and tools for success. Nominate your CMO by emailing moorman@duke.edu

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