



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

# Highlights and Insights

August 2012



# 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 to observe trends. Special topics are introduced for each survey.
- The August 2012 survey was the ninth administration of The CMO Survey.

## Sponsoring Organizations



## Founder and Director

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

## Survey Sample

- 4674 Top U.S. Marketers at *Fortune* 1000, *Forbes* Top 200, and Top Marketers who are AMA Members or Duke University Alumni and Friends
- 531 responded for a 11.3% response rate

## Survey Administration

- Email contact with three follow-up reminders
- Survey in field from July 17-August 3, 2012
- 86% of respondents VP-level or above

## Results Interpretation

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

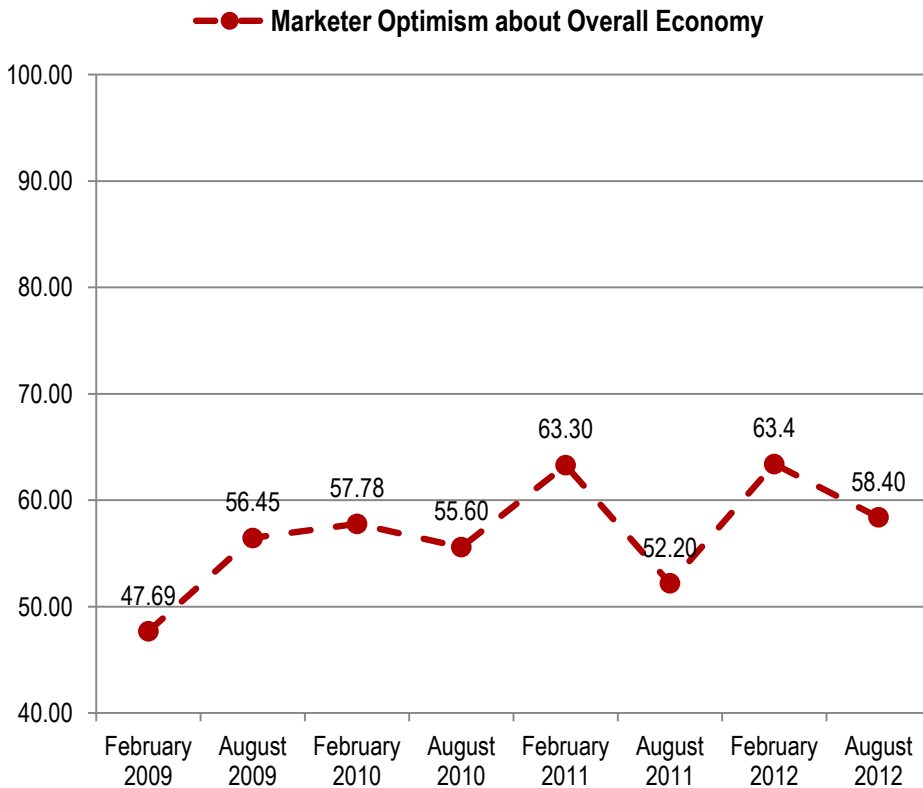
# Overview of Results

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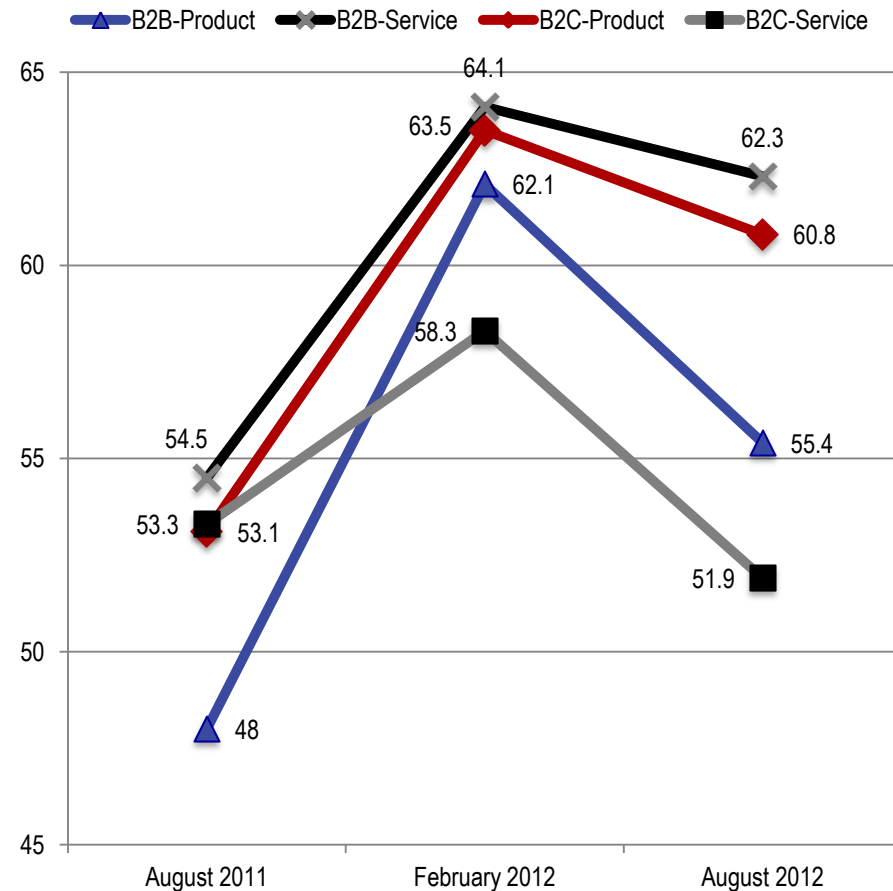
# Topic 1: Marketplace Dynamics

# Marketer optimism for U.S. economy slumps again; B2B sectors show greatest pessimism

**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?**

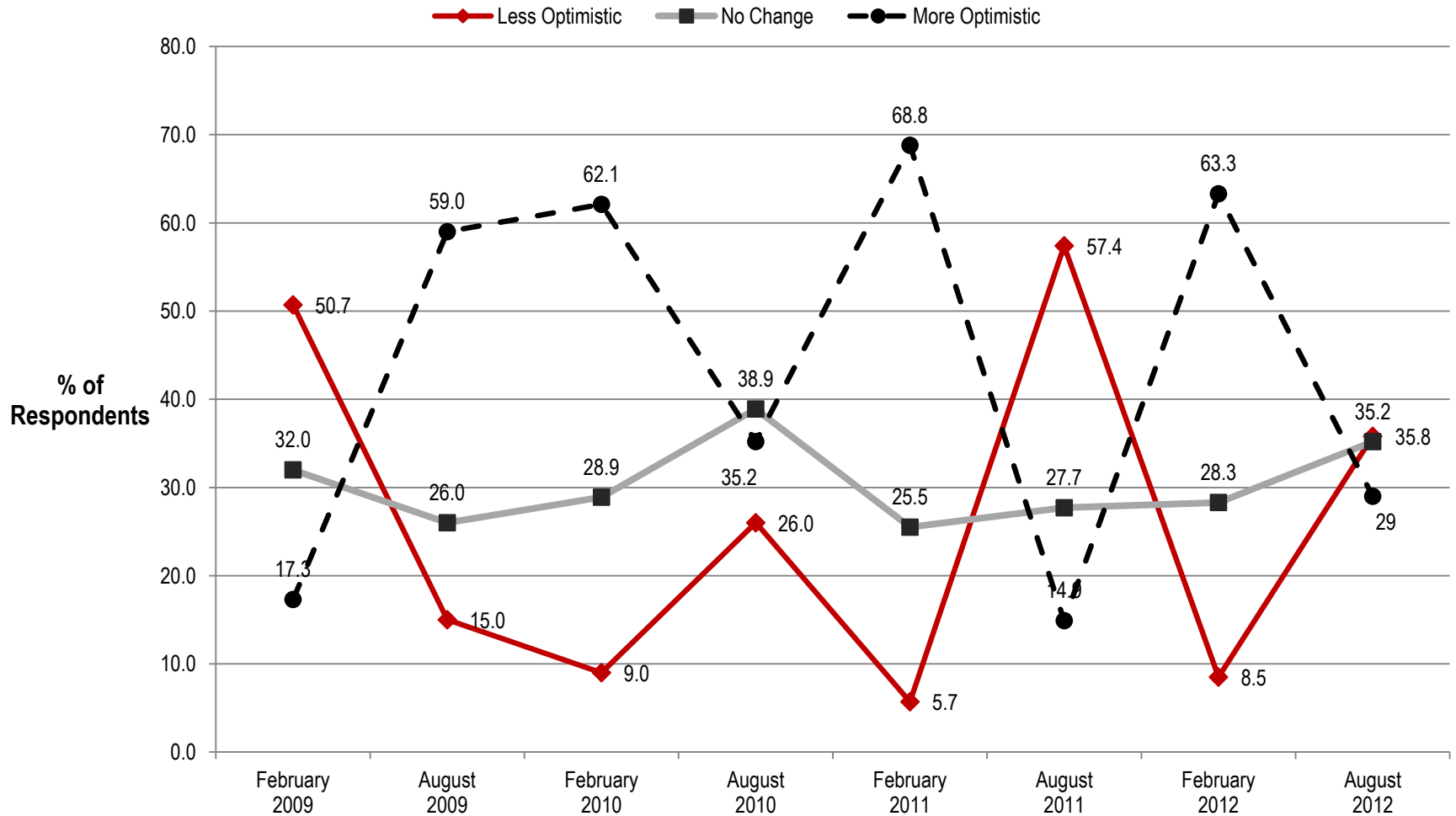


**Figure 1.2. Optimism for U.S. economy by sector**



# Uncertainty abounds: Optimists decrease and Pessimists increase

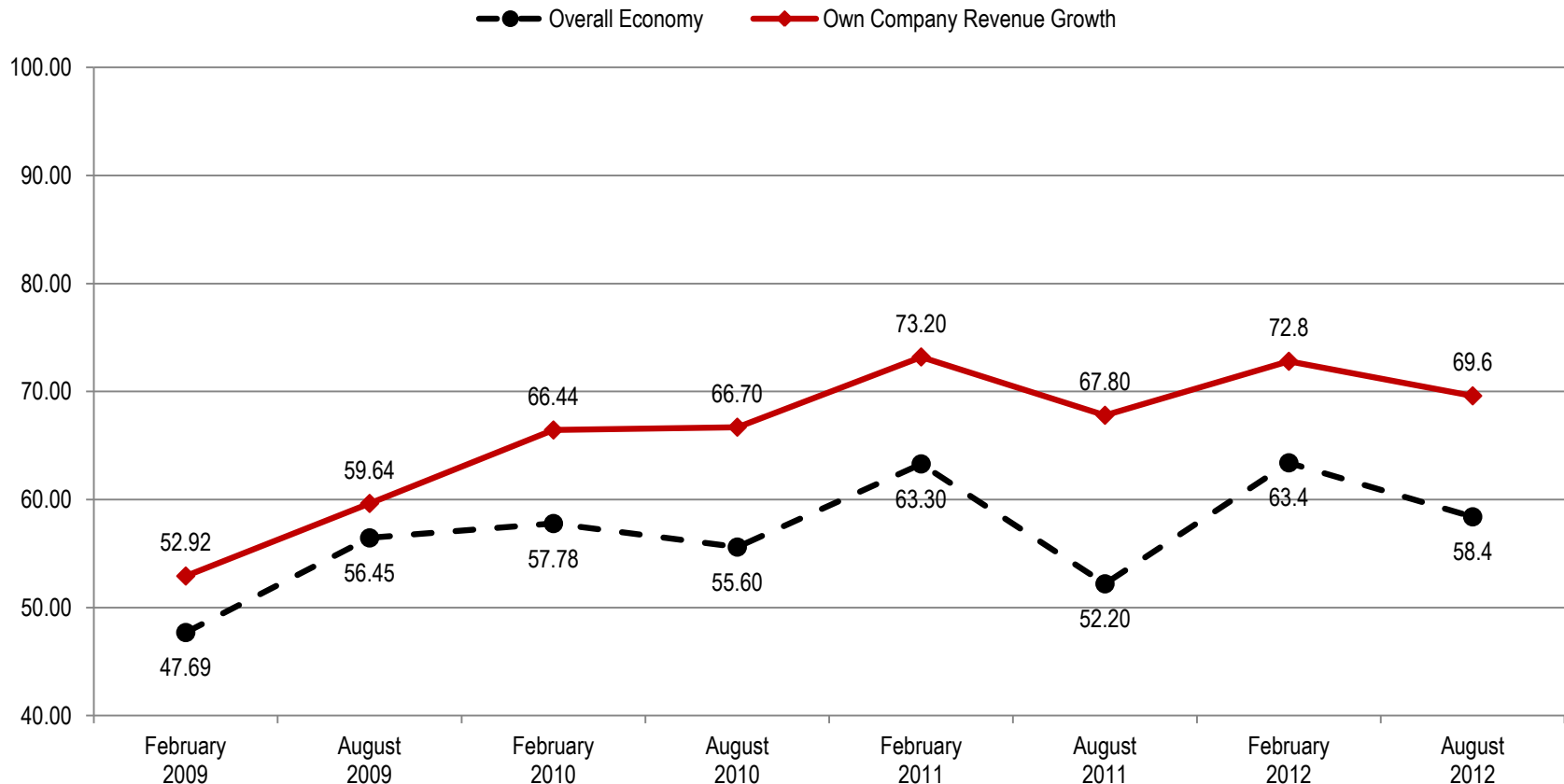
**Figure 1.3. Are you more or less optimistic about the overall U.S. economy compared to last quarter?**



# Marketer optimism for own companies exceeds expectations for overall economy

Marketplace Growth Spending Performance Social Media Jobs Organization Leadership Analytics

**Figure 1.4.** How optimistic are you on a 0-100 scale with 0 being the least optimistic and 100 the most optimistic?

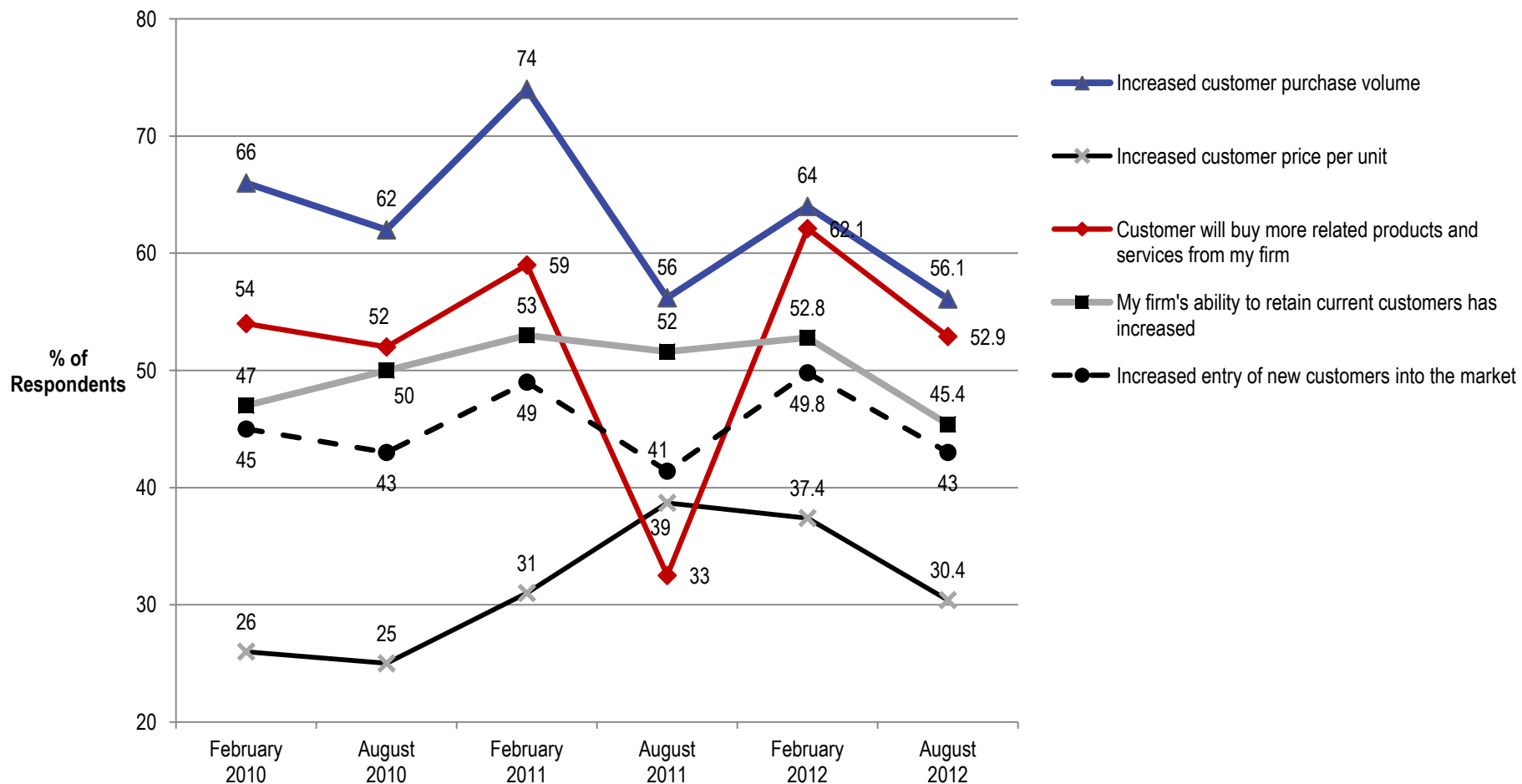




# Customer metrics forecast bleak:

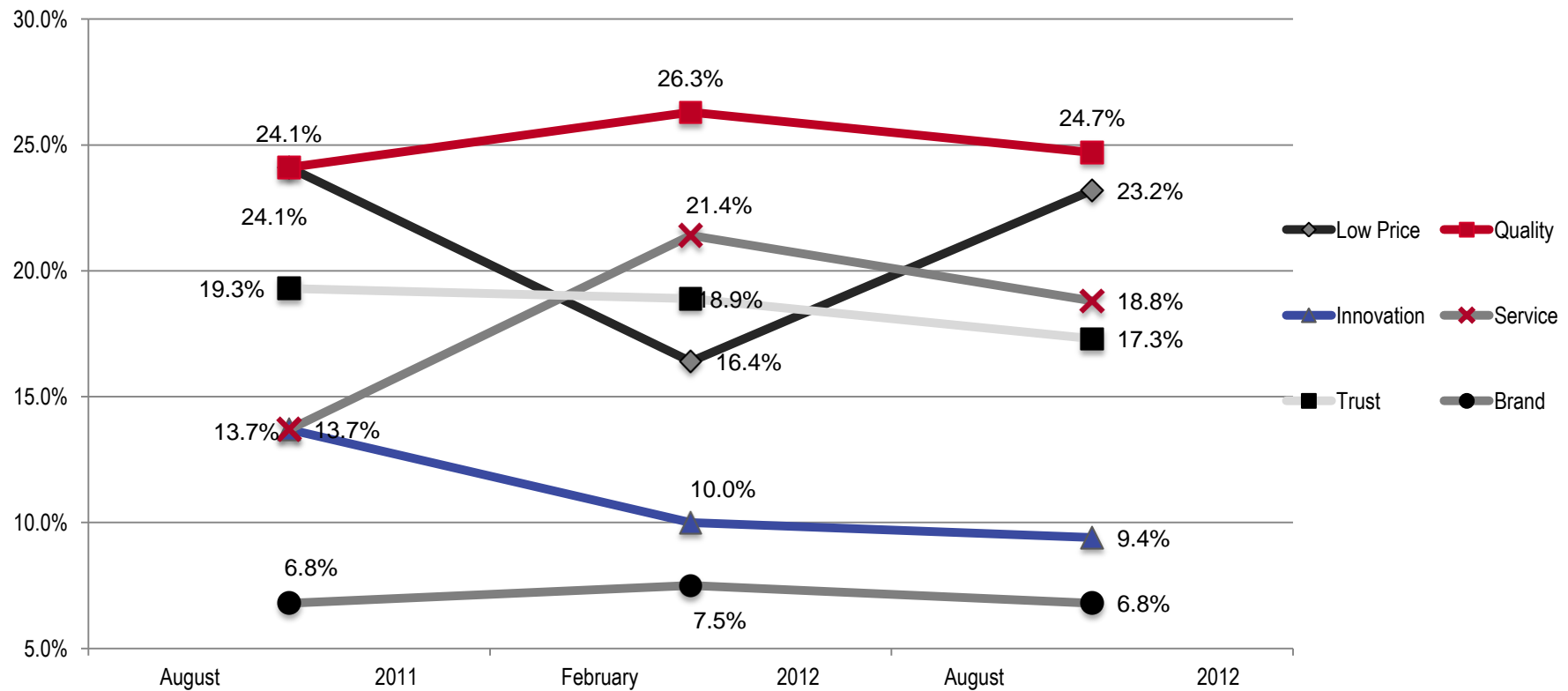
Marketers expect decreases in purchase volume, likelihood of buying related offerings, retention, acquisition, and price paid

**Figure 1.5. Forecasted customer outcomes in next 12 months**



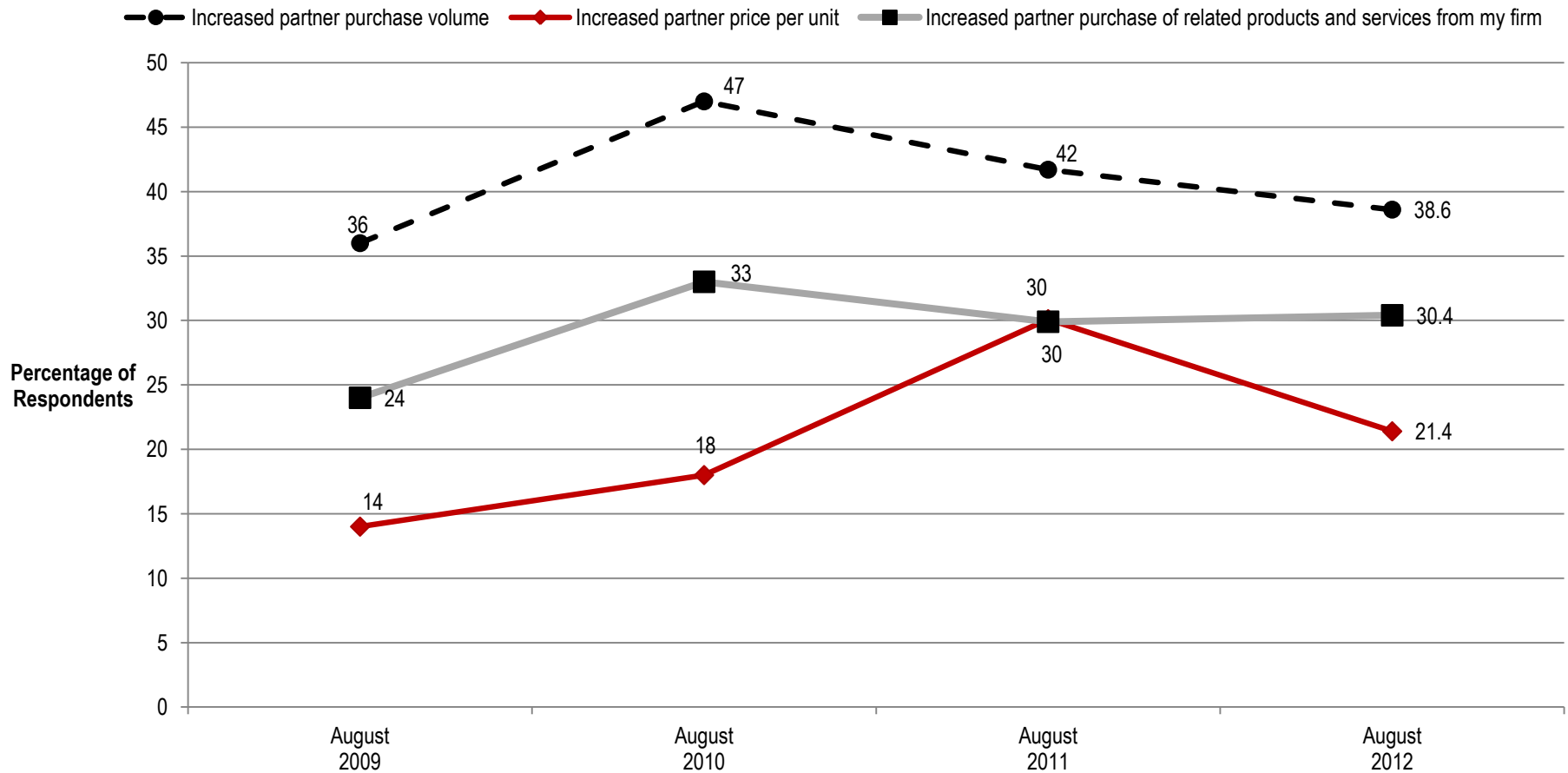
# Customer priorities shift toward low price

**Figure 1.6. Customers' top priority in next 12 months**



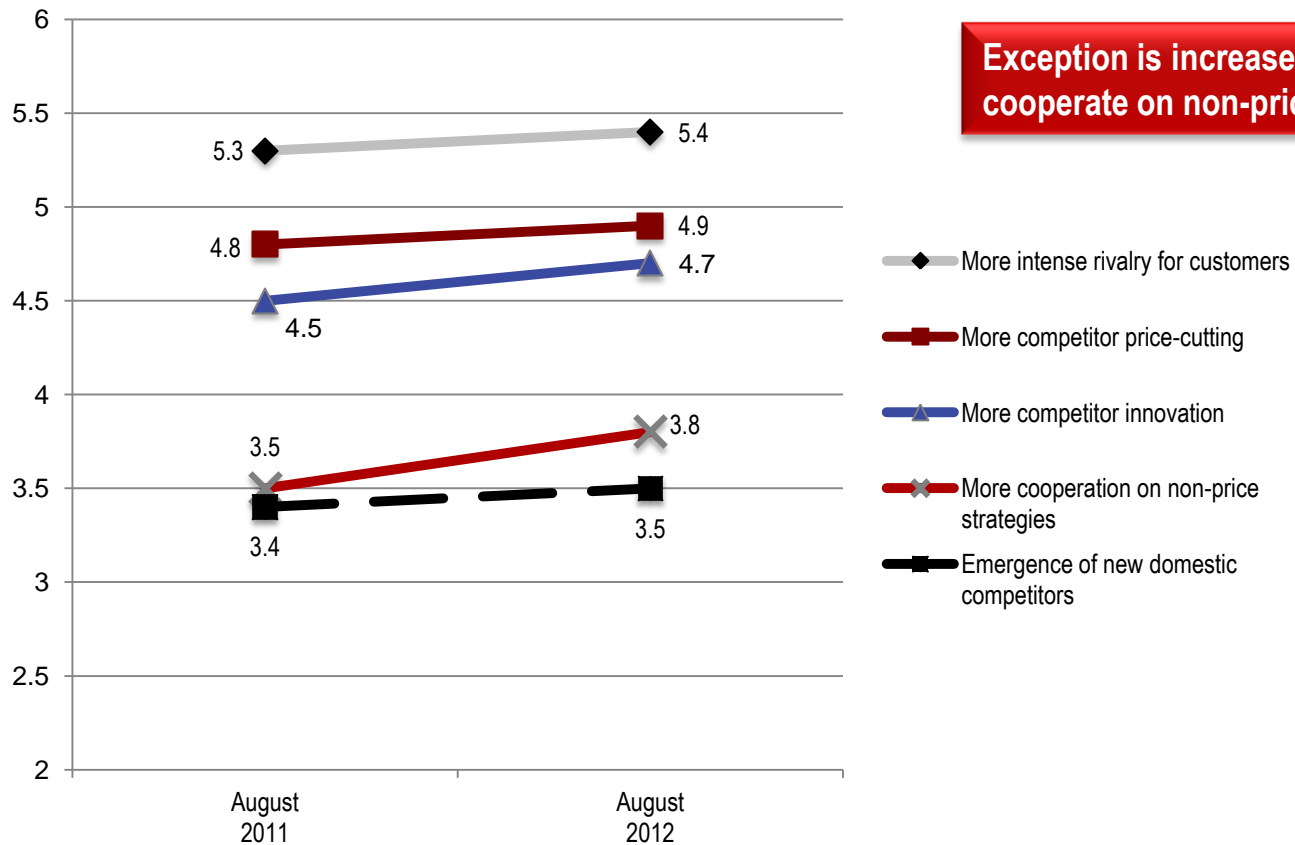
# Channel partner metrics to soften in next 12 months

Figure 1.7. Channel metrics in next 12 months



# Competitor metrics show increased intensity: More competitors, more rivalry, more innovation

**Figure 1.8. 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

# Growth strategies expected to take on more risk in next year

## 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. How growth spending is expected to change\***

Strategy	Actual Spending in Past 12 Months	Expected Spending in Next 12 Months	Percent Change Expected
Market Penetration Strategy	51.7%	45.7%	-11.6%
Market Development Strategy	15.7%	18.1%	+15.3%
Product/Service Development Strategy	22.8%	25.0%	+9.6%
Diversification Strategy	9.7%	11.2%	+15.5%

\* % of spending across growth strategies

# Growth strategies vary by sector

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

	B2B Product	B2B Service	B2C Product	B2C Service
Market Penetration Strategy	-5.6%	-5.9%	-6.3%	-7.8%
Market Development Strategy	+3.4%	-0.7%	+1.7%	+5.8%
Product/Service Development Strategy	+1.2%	+4.2%	+2.8%	+1%
Diversification Strategy	+1%	+2.2%	+1.7%	+1%

## Notable shifts

- B2C-Service companies take on most risk
- B2C-Service companies largest focus on new markets
- B2B-Service companies largest focus on new products/services and diversification

# Growth from acquisitions & licensing expected to increase; sector differences significant

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

Strategy	Aug-10	Aug-11	Aug-12
Organic Growth	69.5%	70.2%	68.9%
Growth from Acquisitions	10.8%	11.4%	12.2%
Growth from Partnerships	13.9%	13.5%	12.9%
Growth from Licensing	5.8%	5.1%	6.1%

**Table 2.4. Sector use of growth strategies – August 2012\***

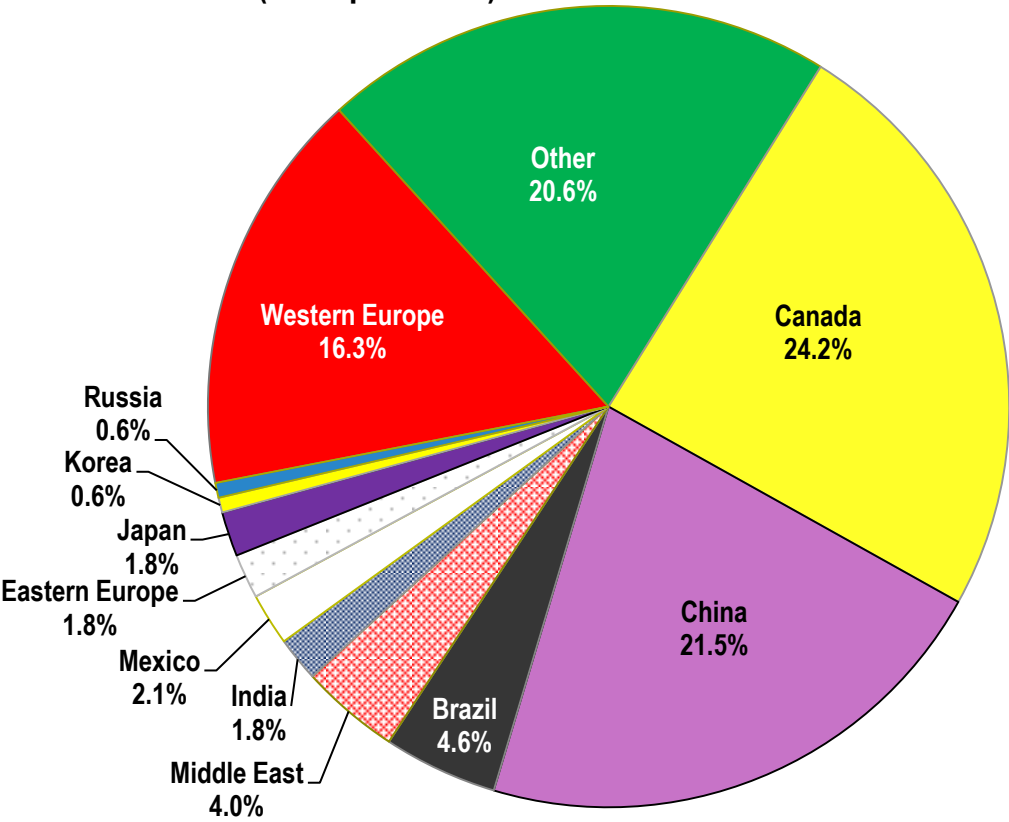
Strategy	B2B Product	B2B-Service	B2C-Product	B2C-Service
Organic Growth	66.2%	67.6%	76.9%	72.2%
Growth via Acquisition	14.9%	12.3%	7.8%	10.4%
Growth from Partnerships	12.0%	14.8%	9.6%	12.5%
Growth from Licensing	6.9%	5.3%	5.7%	4.9%

\* Percentage of spending across growth strategies



# Canada and China leading international growth markets

**Figure 2.1.** Highest international revenue growth markets (% respondents)



**Table 2.5.** Change in highest revenue growth markets

	Feb-12	Aug-12
Western Europe	23%	16.3%
Other	20%	20.6%
Canada	16%	24.2%
China	15%	21.5%
Brazil	7%	4.6%
Middle East	7%	4.0%
India	3%	1.8%
Mexico	3%	2.1%
Eastern Europe	2%	1.8%
Japan	2%	1.8%
Korea	1%	0.6%
Russia	1%	0.6%

# China revenue growth by sector: B2C companies sales increase by over 100%

Marketplace **Growth** Spending Performance Social Media Jobs Organization Leadership Analytics

**Table 2.6. Sector differences in Chinese market (% respondents)**

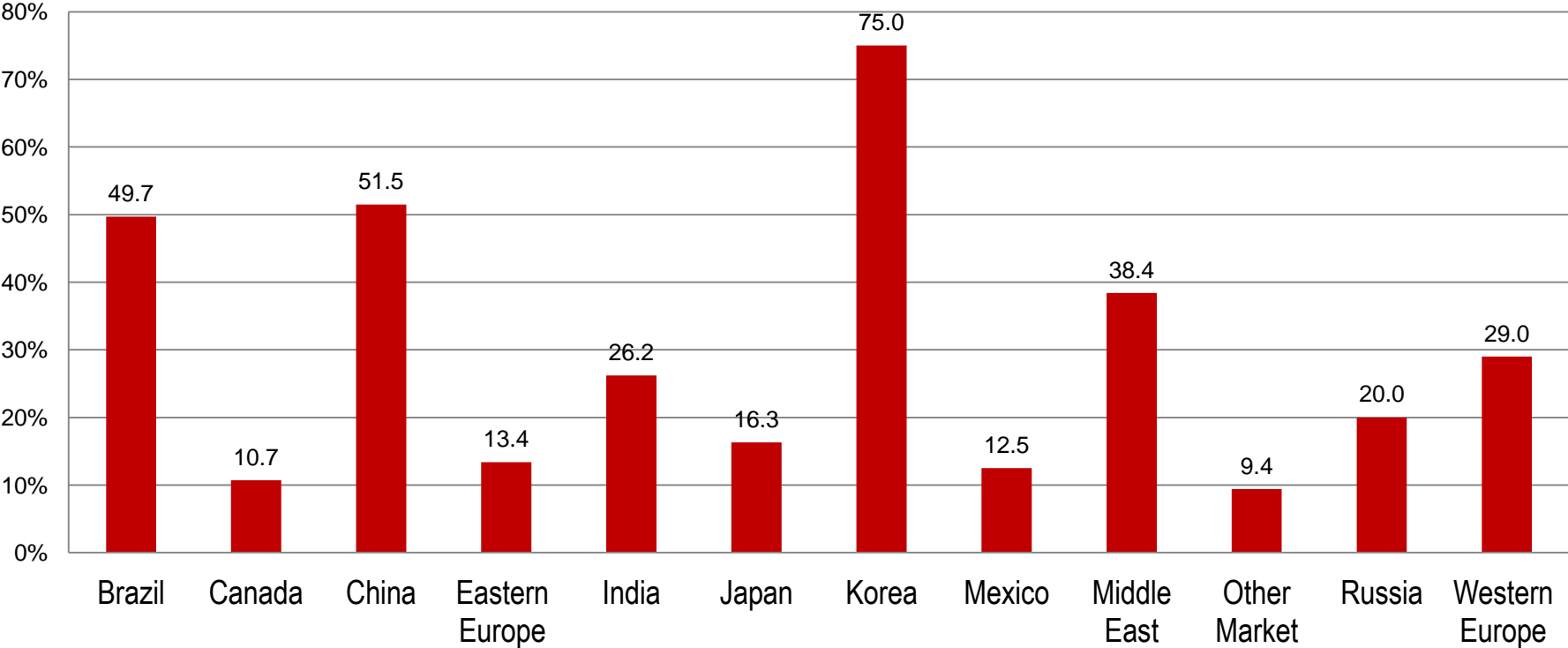
	Feb-12	Aug-12	% Change
<b>B2B-Product</b>	24.7%	26.3%	6.5%
<b>B2B-Service</b>	10.5%	14.6%	39.0%
<b>B2C-Product</b>	10.3%	21.2%	105.8%
<b>B2C-Service</b>	6.3%	12.9%	104.8%



# Top international markets continue to grow (up 20%+ in the last year)

**Average increase across all top international markets: 23.7%**

**Figure 2.2. Average percent increase in sales revenue from top international market in prior 12 months**



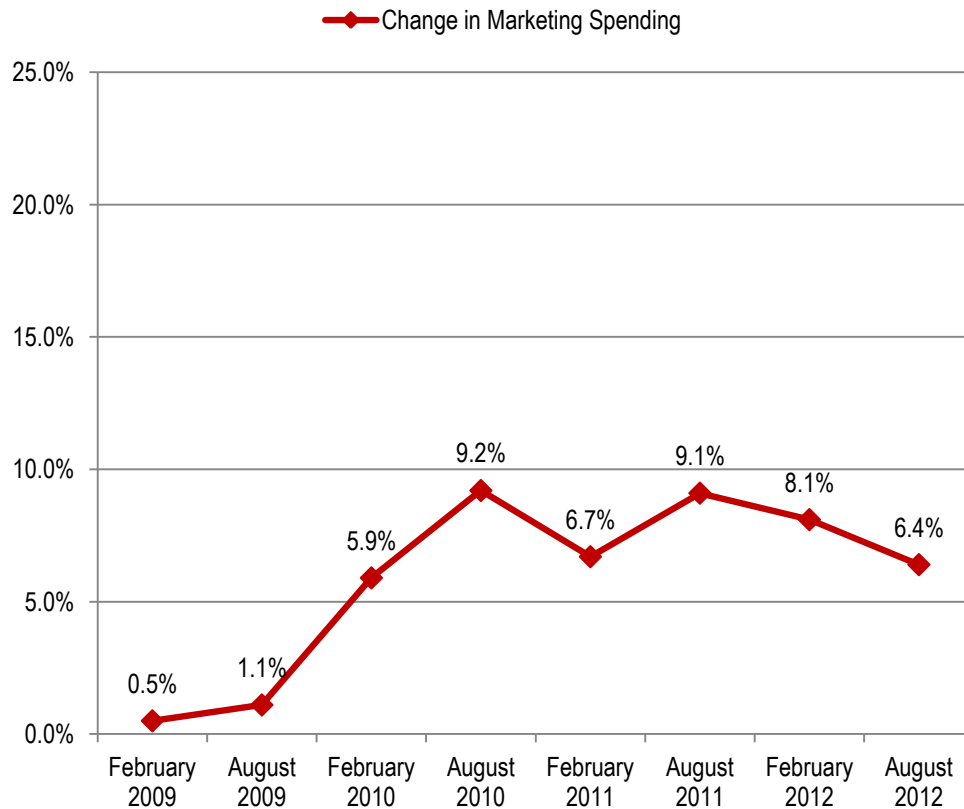
# Topic 3: Marketing Spending

# Growth in marketing budgets drops:

## Consumer industries show positive growth; B2B flat or down

Marketplace > Growth > **Spending** > Performance > Social Media > Jobs > Organization > Leadership > Analytics

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



**Table 3.1. Sector differences in marketing budgets**

	Change in Marketing Spending	
	Feb-12	Aug-12
<b>B2B Product</b>	13.2%	5.7%
<b>B2B-Service</b>	6.2%	6.2%
<b>B2C-Product</b>	3.3%	8.6%
<b>B2C-Service</b>	4.6%	6.8%

# Marketing spending on traditional advertising expected to plummet (-137%)

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

	Aug-11	Feb-12	Aug-12	% Change, Feb-12 to Aug-12
<b>Traditional advertising* spending</b>	1.3%	-0.8%	-1.9%	<b>-137.5%</b>
<b>Internet marketing spending</b>	11.2%	12.8%	11.5%	<b>-10.2%</b>
<b>New product introductions</b>	10.4%	8.5%	9.4%	<b>+10.6%</b>
<b>New service introductions</b>	6.6%	4.2%	6.4%	<b>+52.4%</b>
<b>Customer relationship management</b>	6.5%	7.1%	9.0%	<b>+26.8%</b>
<b>Brand building</b>	5.7%	7.2%	7.5%	<b>+4.2%</b>

\*Refers to media advertising not using the web.

# Investments in building marketing knowledge expected to remain strong

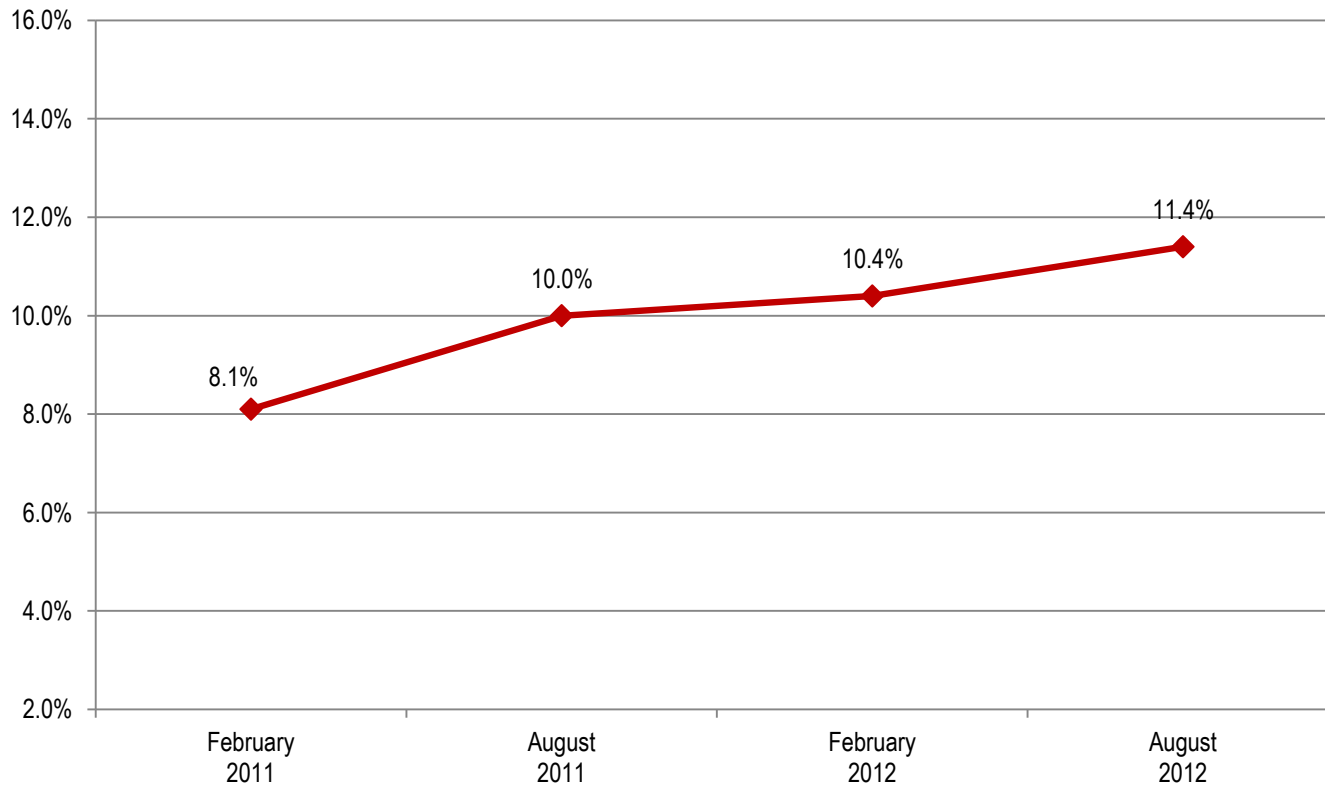
**Table 3.3. Changes in firm spending on marketing knowledge in next 12 months**

	Feb-12	Aug-12	% Change
<b>Marketing research and intelligence</b>	6.2%	8.2%	+32.3%
<b>Marketing consulting services</b>	1.7%	3.3%	+94.1%
<b>Developing knowledge about how to do marketing</b>	4.6%	5.8%	+26.1%
<b>Integrating what we know about marketing</b>	6.6%	8.2%	+24.2%
<b>Marketing training</b>	3.7%	7.2%	+94.6%

# Marketing budgets increase as percentage of firm budgets

Marketplace Growth **Spending** Performance Social Media Jobs Organization Leadership Analytics

**Figure 3.2. Marketing budgets as a percent of firm budgets\***



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



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

**Table 3.4. Marketing percentage of firm budget by economic sector**

	B2B Product	B2B Services	B2C Product	B2C Services
August 2011	7.0%	11.1%	11.6%	12.1%
February 2012	8.7%	8.2%	16.1%	16.8%
August 2012	8.5%	11.6%	17.4%	10.7%

**Table 3.5. 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
August 2011	11.3%	14.6%	10%	7.8%	3.1%	6.6%
February 2012	10.7%	12.3%	13.5%	4.7%	6.7%	8.8%
August 2012	11.9%	10.2%	9.5%	7.7%	9.7%	18.1%

**Table 3.6. Marketing percentage of firm budget by company internet sales**

	0% Internet Sales	1-10% Internet Sales	>10% Internet Sales
August 2011	8.7%	7.9%	16.8%
February 2012	8.4%	9.5%	18.0%
August 2012	10.2%	10.2%	16.4%

# Marketing spending as a percentage of firm revenues

- Mean percentage: 11.0% (August-2012) vs. 8.5% (February-2012)
- 95 percent confidence interval: 9.3%-14.4%

**Table 3.7. Marketing spending as a percentage of firm revenues by economic sector\***

	B2B Product	B2B Services	B2C Product	B2C Services
February 2012	7.3%	4.8%	13.8%	16.6%
August 2012	11.4%	11.9%	9.8%	16.1%

**Table 3.8. Marketing spending as a percentage of firm revenues by company sales revenue\***

	<\$25 Million	\$26-99 Million	\$100-499 Million	\$500-999 Million	\$1-9.9 Billion	>\$10 Billion
February 2012	11.8%	9.0%	14.7%	1.7%	2.8%	5.2%
August 2012	17.8%	10.7%	10.6%	9.4%	6.1%	13.1%

**Table 3.9. Marketing spending as a percentage of firm revenues by company internet sales\***

	0% Internet Sales	1-10% Internet Sales	>10% Internet Sales
February 2012	6.3%	9.0%	14.4%
August 2012	11.0%	9.3%	18.3%

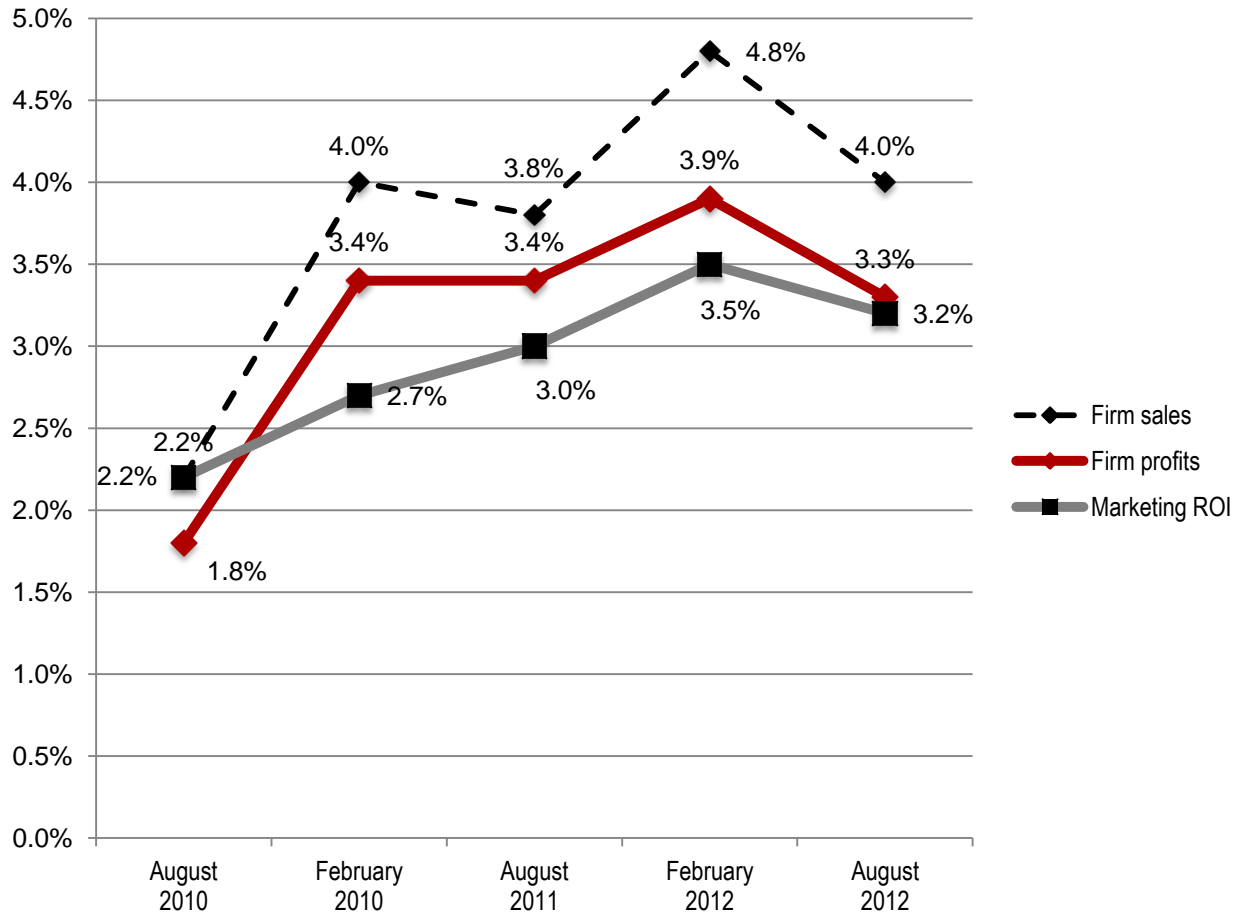
\*Question asked in Feb-12 for the first time.

# Topic 4: Financial and Marketing Performance

# Company performance on financial metrics remains positive but weakens

Marketplace > Growth > Spending > **Performance** > Social Media > Jobs > Organization > Leadership > Analytics

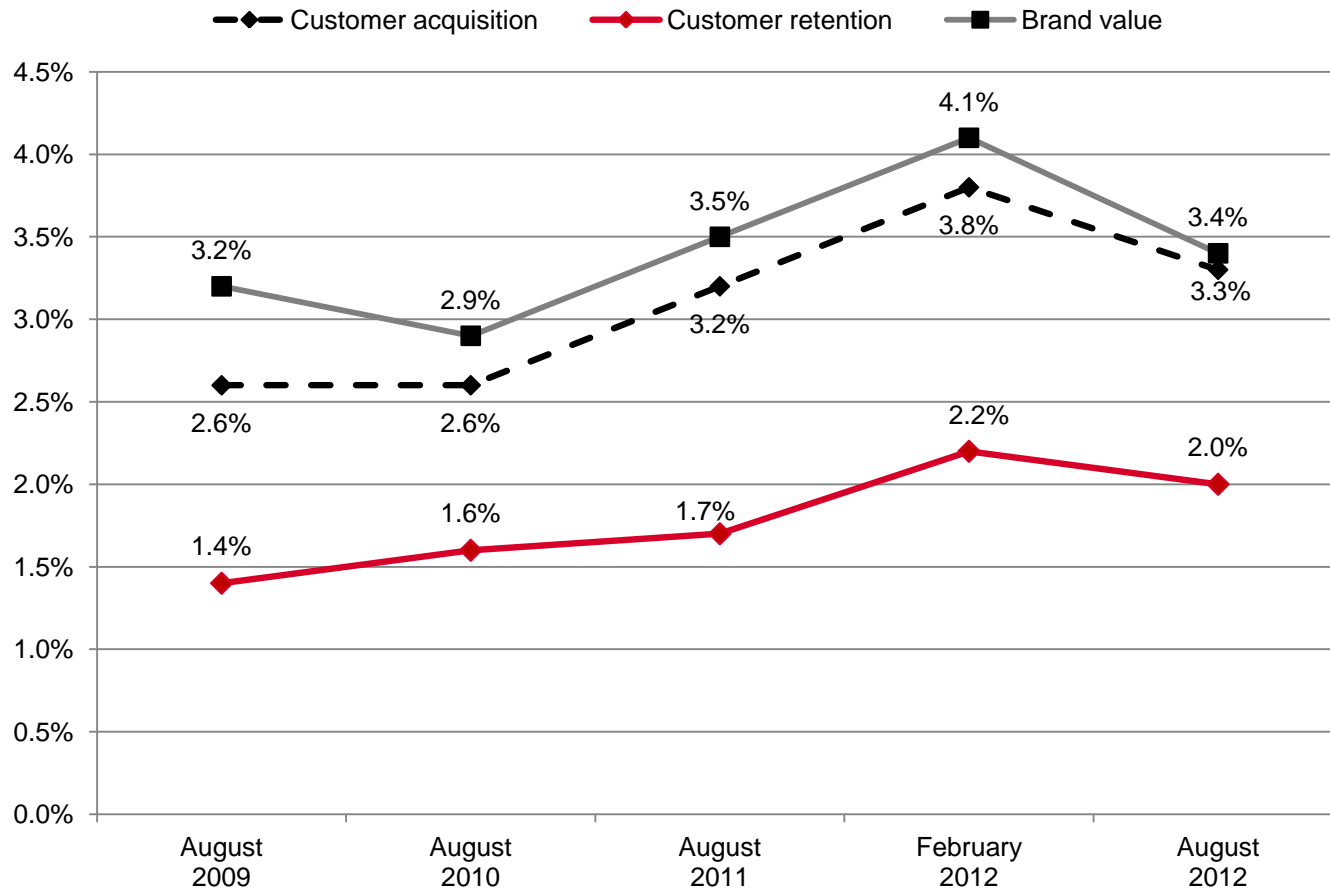
**Figure 4.1. Firm performance in prior 12 months**



	% Change Feb-2012 to Aug-2012
<b>Firm Sales</b>	-16.7%
<b>Firm Profits</b>	-15.4%
<b>Marketing ROI</b>	-8.6%

# Key customer and brand assets follow suit

**Figure 4.2. Change in company performance on customer and brand metrics**



	% Change Feb-2012 to Aug-2012
<b>Customer Acquisition</b>	-13.2%
<b>Customer Retention</b>	-9.1%
<b>Brand Value</b>	-17.1%

# Company performance by sector

**Table 4.1. Sector performance metrics for prior 12 months**

	B2B-Product	B2B-Services	B2C-Product	B2C-Services
<b>Firm sales</b>	3.8%	4.7%	3.6%	4.0%
<b>Marketing return on investment</b>	3.0%	4.0%	1.8%	4.1%
<b>Firm profits</b>	3.2%	3.9%	2.5%	3.6%
<b>Customer acquisition</b>	3.5%	3.5%	2.6%	3.8%
<b>Customer retention</b>	2.1%	1.6%	2.0%	2.7%
<b>Brand value</b>	3.4%	3.8%	3.3%	3.1%

# Firm performance goals remain strong

**Table 4.2. Company performance and goals**

	Actual firm performance in prior 12 months	Goal in the next 12 months	% Increase in goal over performance
<b>Firm sales</b>	4.0%	6.8%	70%
<b>Marketing return on investment</b>	4.6%	5.4%	17.4%
<b>Firm profits</b>	3.3%	6.0%	81.8%
<b>Customer acquisition</b>	3.3%	5.8%	75.8%
<b>Customer retention</b>	2.0%	4.8%	140%
<b>Brand value</b>	3.4%	5.8%	70.6%

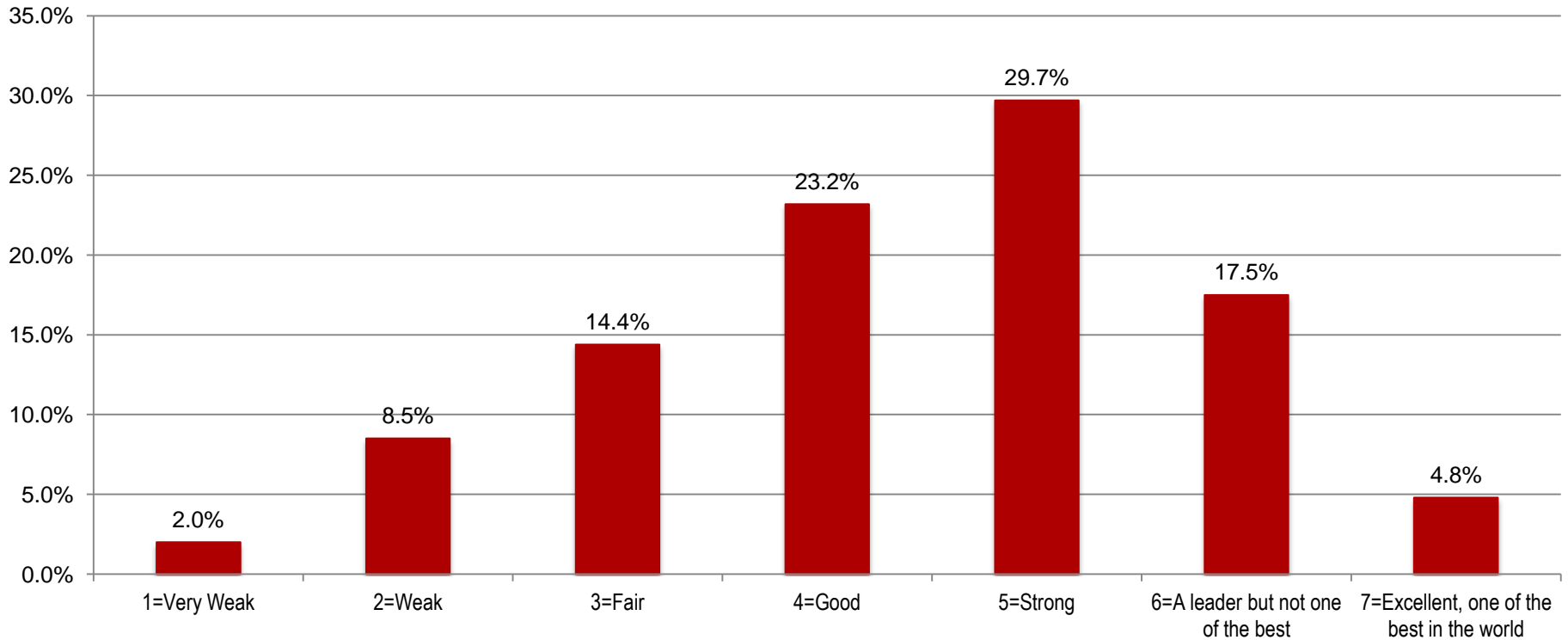
# How would you rate your company's marketing excellence?

Marketplace > Growth > Spending > **Performance** > Social Media > Jobs > Organization > Leadership > Analytics

- Mean on 7-point scale: 4.4 (SD = 1.4%)

**New question  
in The CMO Survey**

**Figure 4.3. Ratings of marketing excellence in companies**





# Topic 5: Marketing and Social Media

Google™



Pinterest

LinkedIn®

YouTube



twitter

flickr™

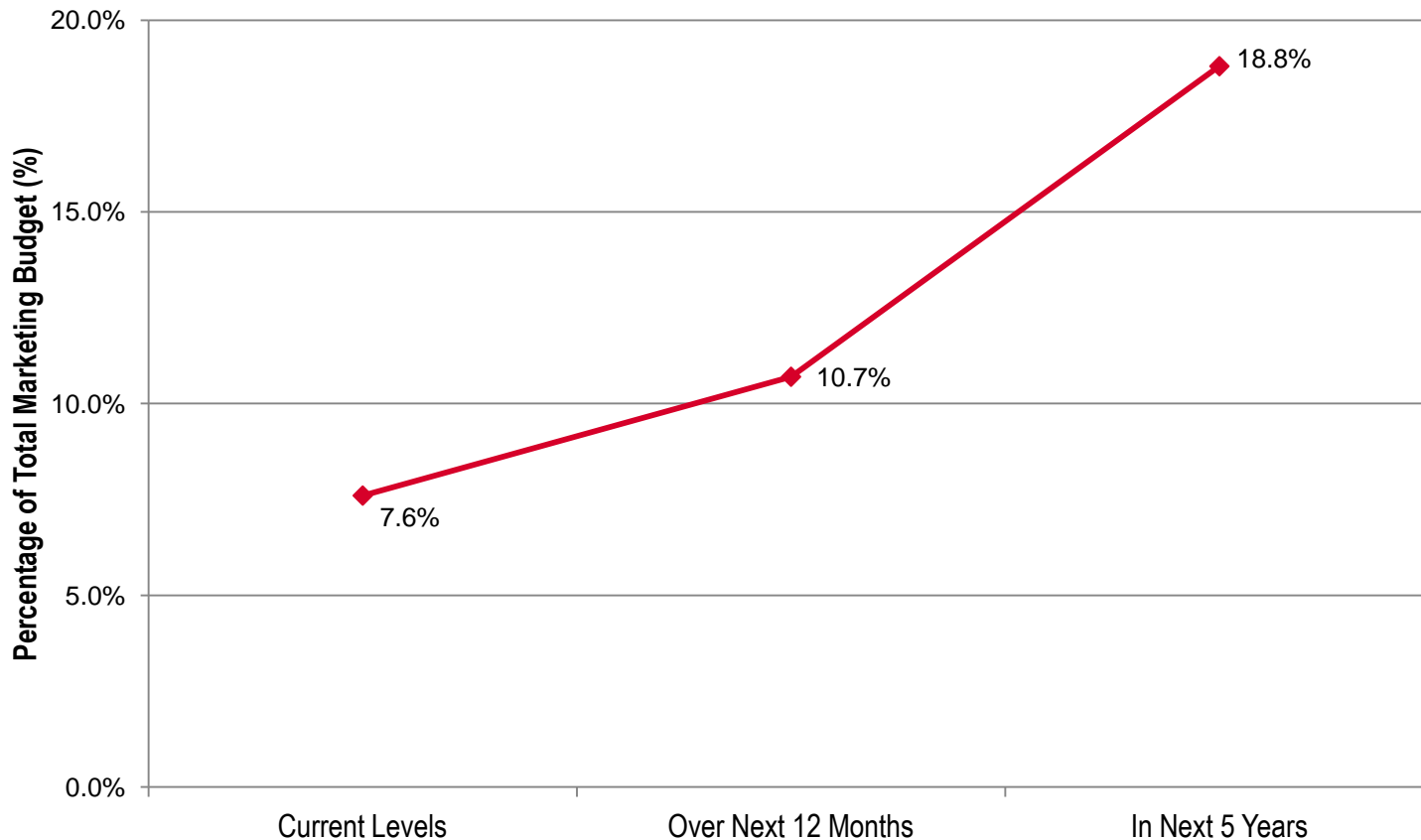
facebook

digg

# Social media spending growth continues: Expected to be 18.8% of marketing budgets in five years

Marketplace > Growth > Spending > Performance > **Social Media** > Jobs > Organization > Leadership > Analytics

**Figure 5.1. Social media spending as a percentage of marketing budgets over time**



# Social media spending across sectors

**Table 5.1. Sector differences in change in social media spending**

		August 2011	February 2012	August 2012
<b>Current Social Media Spending</b>	B2B - Product	4.2%	6.2%	5.0%
	B2B - Services	8.6%	7.4%	9.4%
	B2C - Product	10.5%	9.6%	9.0%
	B2C - Services	5.9%	8.4%	9.0%
	Overall	7.1%	7.4%	7.6%
<b>Social Media Spending in the next 12 months</b>	B2B - Product	7.0%	9.4%	8.4%
	B2B - Services	11.5%	10.1%	12.7%
	B2C - Product	13.6%	15.3%	11.4%
	B2C - Services	9.4%	11.7%	12.1%
	Overall	10.1%	10.8%	10.7%
<b>Social Media Spending in the next 5 years</b>	B2B - Product	13.4%	18.5%	15.3%
	B2B - Services	18.3%	19.1%	20.0%
	B2C - Product	24.0%	23.0%	24.4%
	B2C - Services	17.3%	19.0%	19.3%
	Overall	17.5%	19.5%	18.8%

# Social media integration gap not closing

**Question:** How effectively is social media integrated with your firm's marketing strategy?  
7-point scale (1=not integrated, 7=very integrated)

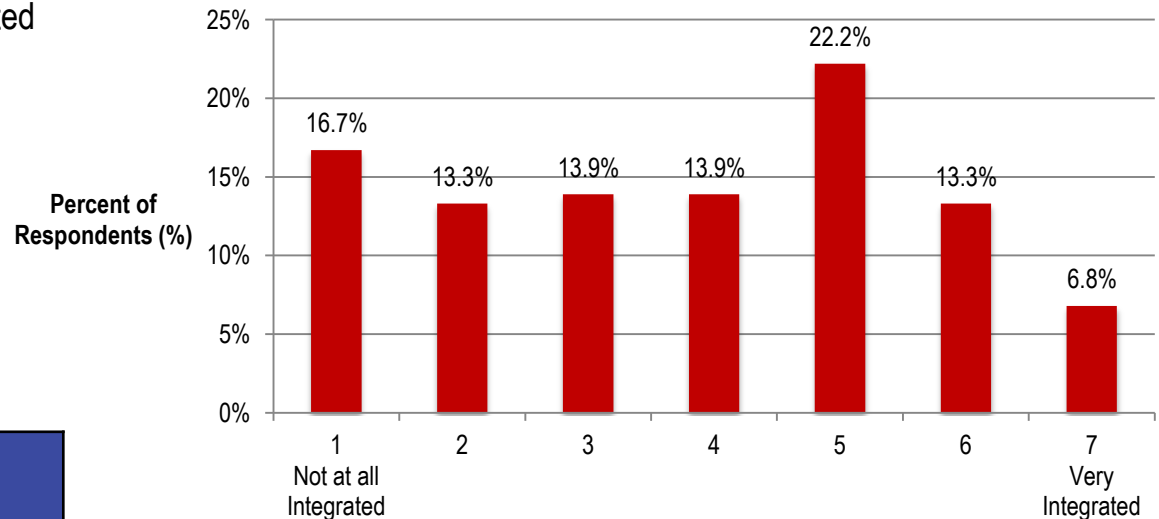
**Results:** Social media remains poorly integrated with marketing strategy:

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

**Table 5.2. Integration scores by sector**

	Mean (SD) Aug-2012
B2B-Product	3.0 (1.9)
B2B-Services	4.1 (1.7)
B2C-Product	4.3 (1.6)
B2C-Services	4.3 (1.8)

**Figure 5.2. How social media is integrated with strategy**



# Poor integration of customer information across channels

**Question:** How effectively does your company integrate customer information across the following channels (1=not at all, 7=very effectively)

**New question  
in The CMO Survey**

**Results:**

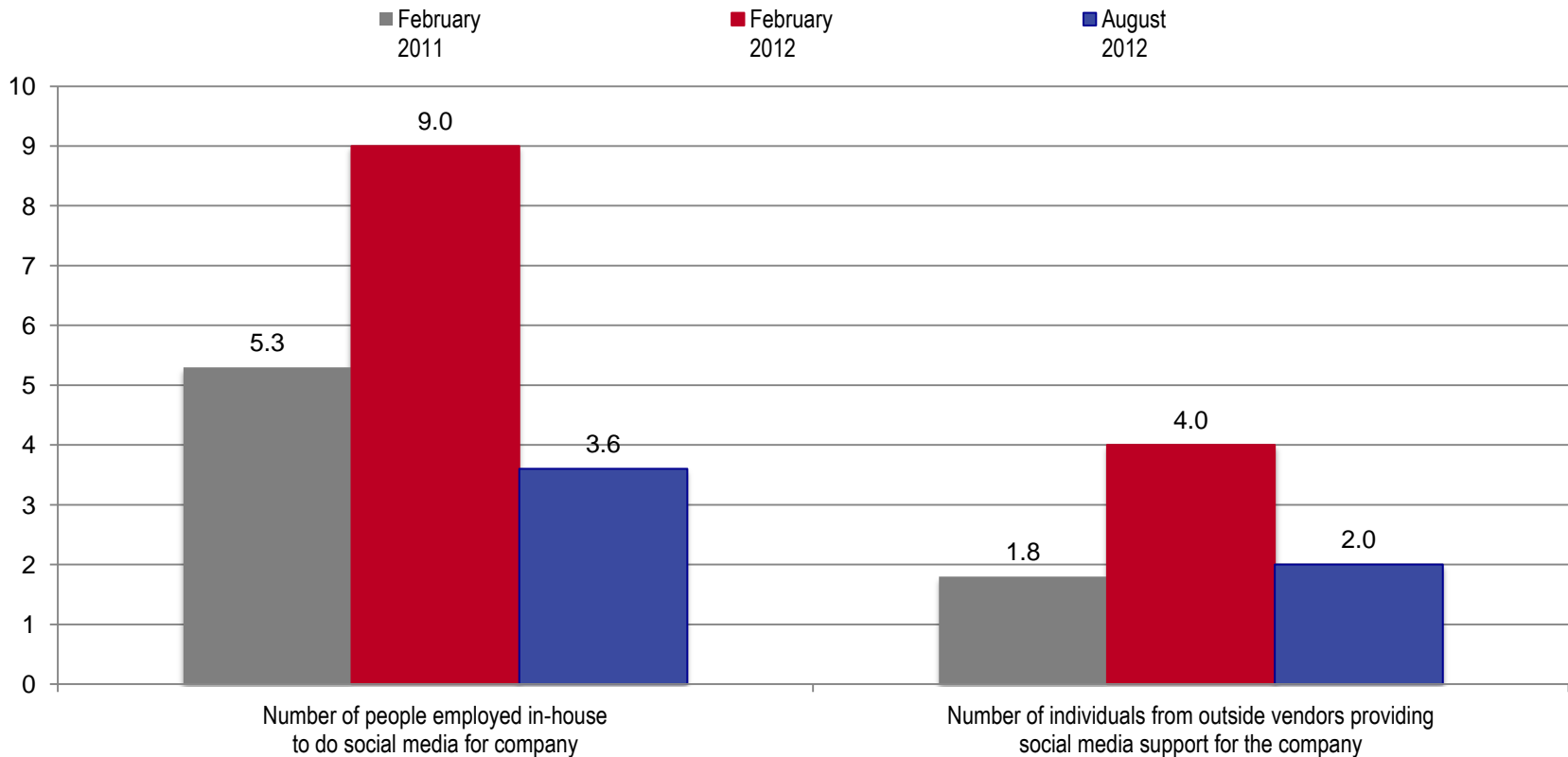
- All purchasing channels (M = 3.9, SD = 1.6)
- Across all communication and social media channels (M = 3.7, SD = 1.6)

**Table 5.3. Integration scores by sector**

	Average integration across all purchasing channels Mean	Average integration across all communication & social media channels Mean
B2B-Product	3.7	3.1
B2B-Service	4.2	4.0
B2C-Product	3.7	3.9
B2C-Service	4.1	4.1

# Social media employment drops off

**Figure 5.3. Number of employees in-house and outsourced performing social media for company**

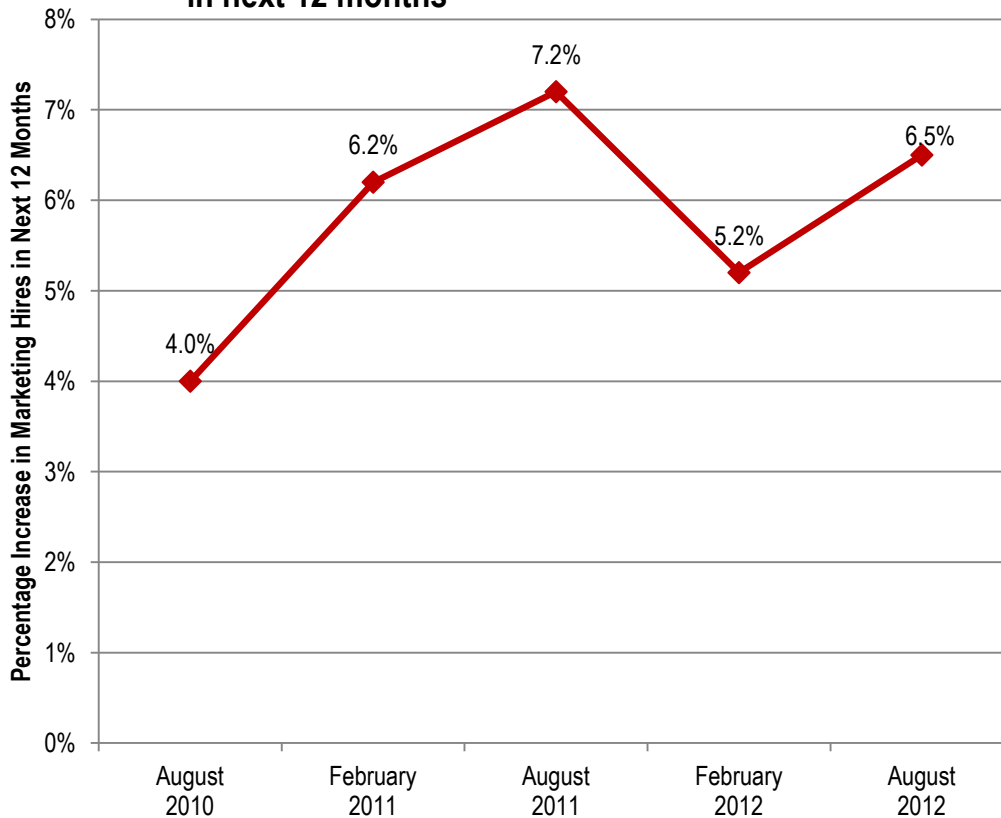


# Topic 6: Marketing Jobs

# Marketing employment on the rise: B2B-Service companies biggest percentage increase

Marketplace > Growth > Spending > Performance > Social Media > **Jobs** > Organization > Leadership > Analytics

**Figure 6.1. Percentage change in marketing hires planned in next 12 months**



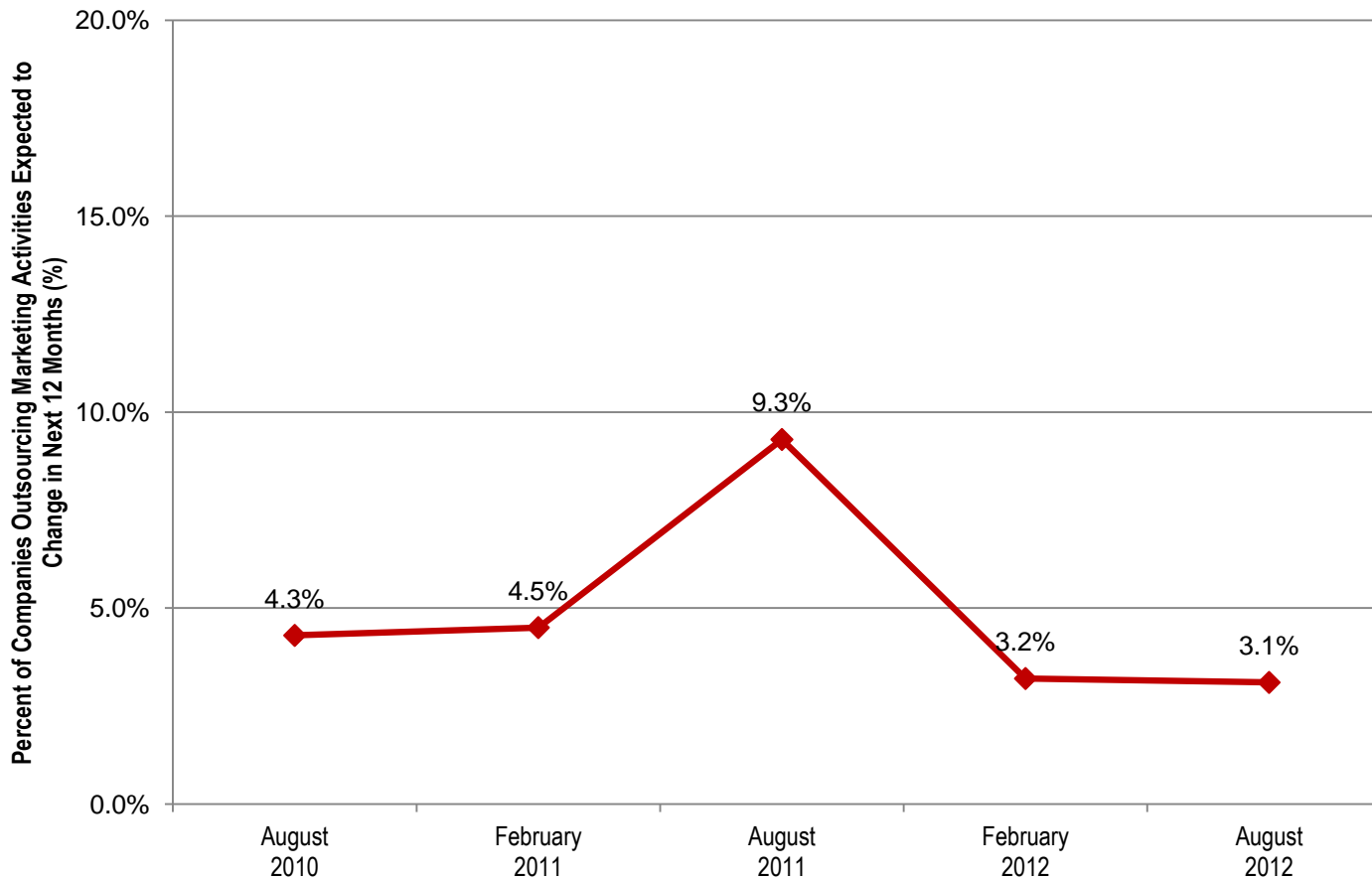
**Table 6.1. Percentage increase in marketing hires by sector**

	B2B Product	B2B Service	B2C Product	B2C Service
February 2012	2.1%	4.5%	1.9%	4.5%
August 2012	4.0%	11.3%	4.1%	5.9%



# Outsourcing of marketing flat at 3.1%

**Figure 6.2.** Percentage of company marketing expected to be outsourced in next 12 months

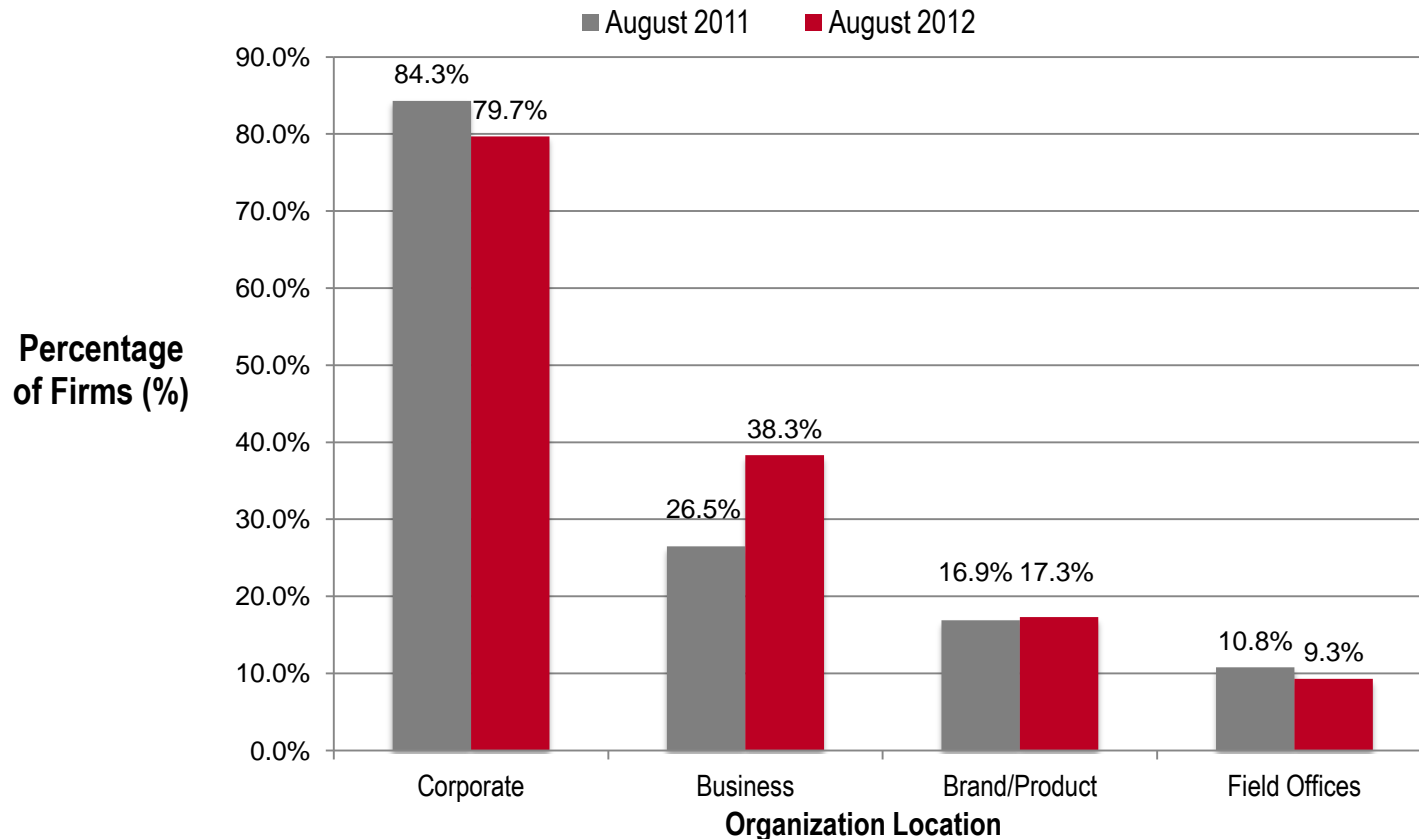


# Topic 7: Marketing Organization

# Where marketing is located in companies: Drop in corporate and increase in business unit locations

Marketplace > Growth > Spending > Performance > Social Media > Jobs > **Organization** > Leadership > Analytics

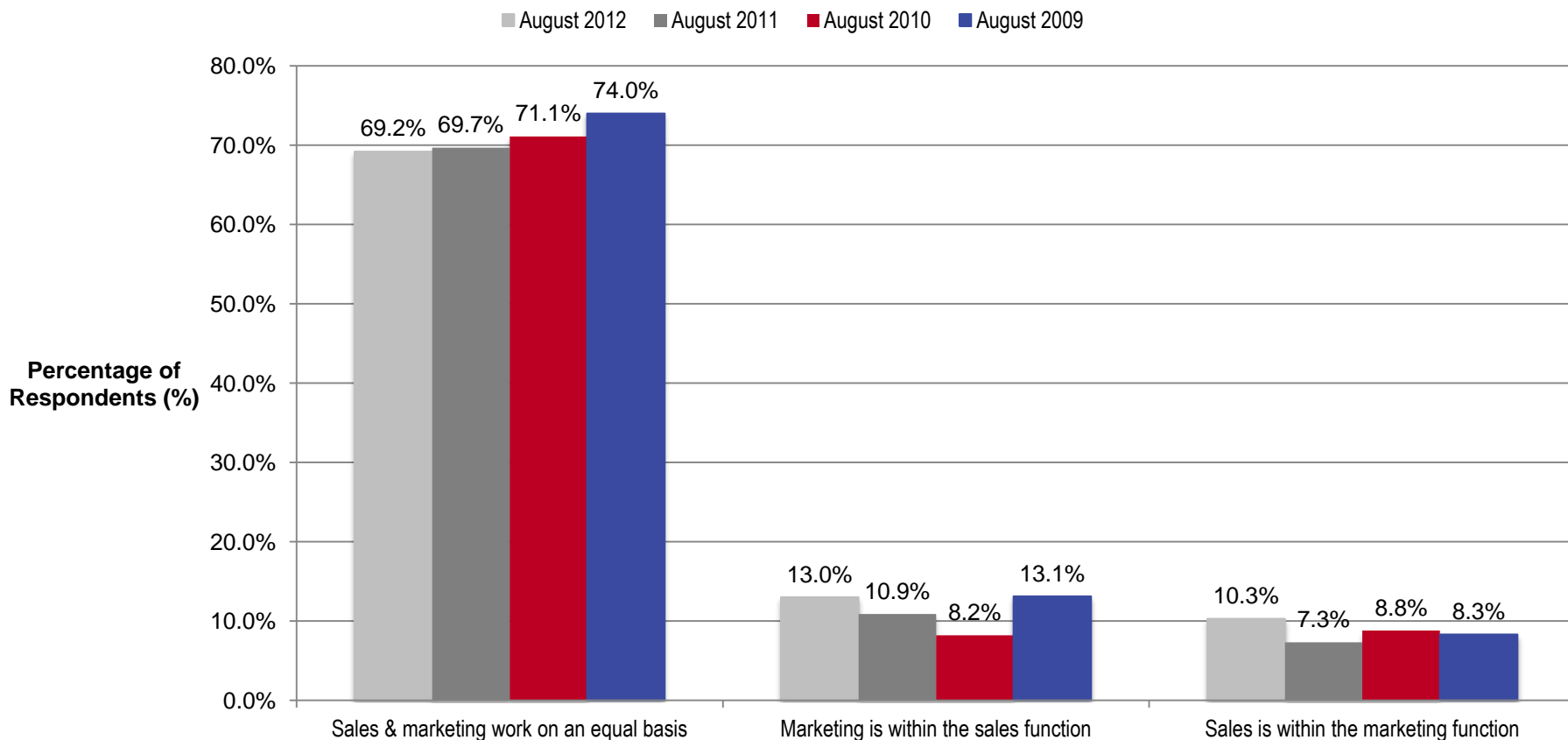
**Figure 7.1. Location of marketing in companies\***



\*May exceed 100% if marketing is in multiple locations

# Marketing and sales equal partners in most companies

**Figure 7.2. The marketing-sales relationship**



# Topic 8: Marketing Leadership

# Marketing leadership increases on key strategic activities

**Table 8.1. Percentage of companies in which marketing leads activity**

Activity	Feb-11	Feb-12	Aug-12
Positioning	79%	78%	82%
Promotion	81%	79%	84%
Brand	81%	84%	84%
Marketing research	73%	71%	75%
Social media	71%	73%	77%
Competitive intelligence	58%	62%	67%
Public relations	65%	53%	61%
Lead generation	53%	53%	57%
Market entry strategies	50%	46%	55%
New products	44%	52%	51%
CRM	38%	41%	45%
Targeting/Market selection	31%	35%	40%
Sales	32%	30%	27%
Pricing	30%	34%	38%
Innovation	33%	39%	37%
Customer service	22%	21%	18%
Stock market performance	0.4%	1.2%	1.0%

\*Decreases of 1% or less are viewed as no change.

Stronger marketing leadership:

- Positioning
- Promotion
- Marketing research
- Social media
- Competitive intelligence
- Public relations
- Lead generation
- Market entry strategies
- CRM
- Target/Market selection
- Pricing

Maintaining marketing leadership:

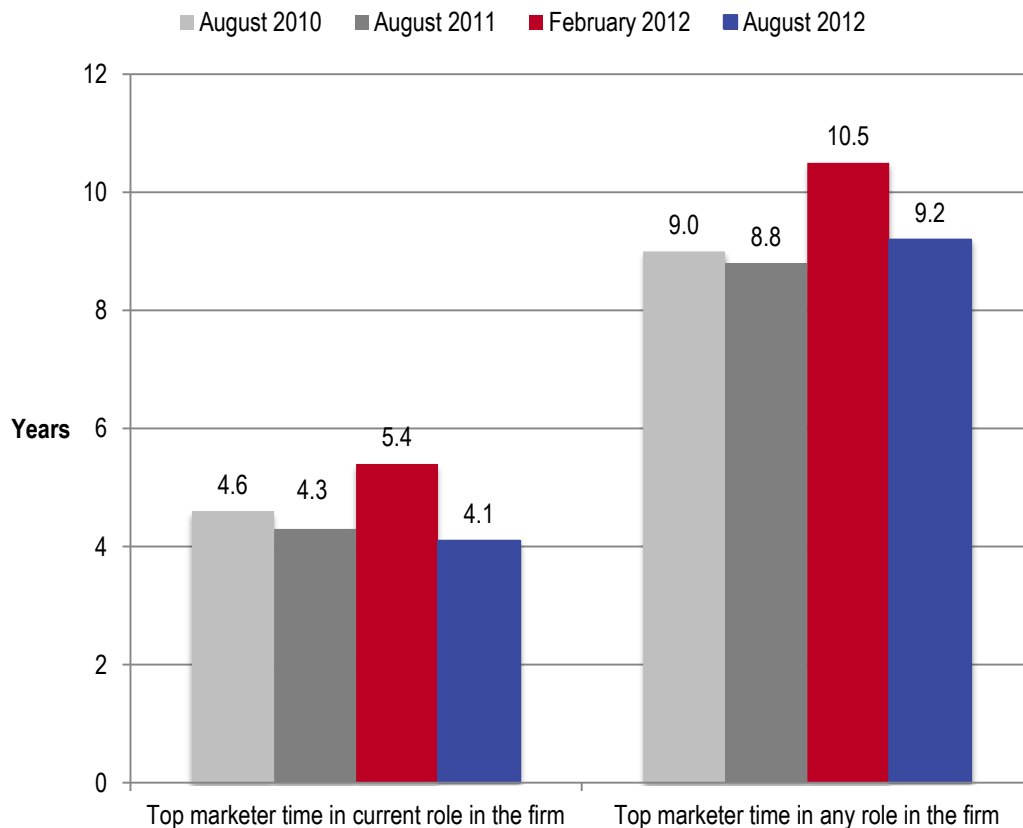
- Brand
- New products
- Stock market performance

Weaker marketing leadership:

- Sales
- Innovation
- Customer service

# Slight drop in retention but marketing leaders retained 4+ years, on average

**Figure 8.1. Marketing leader retention**

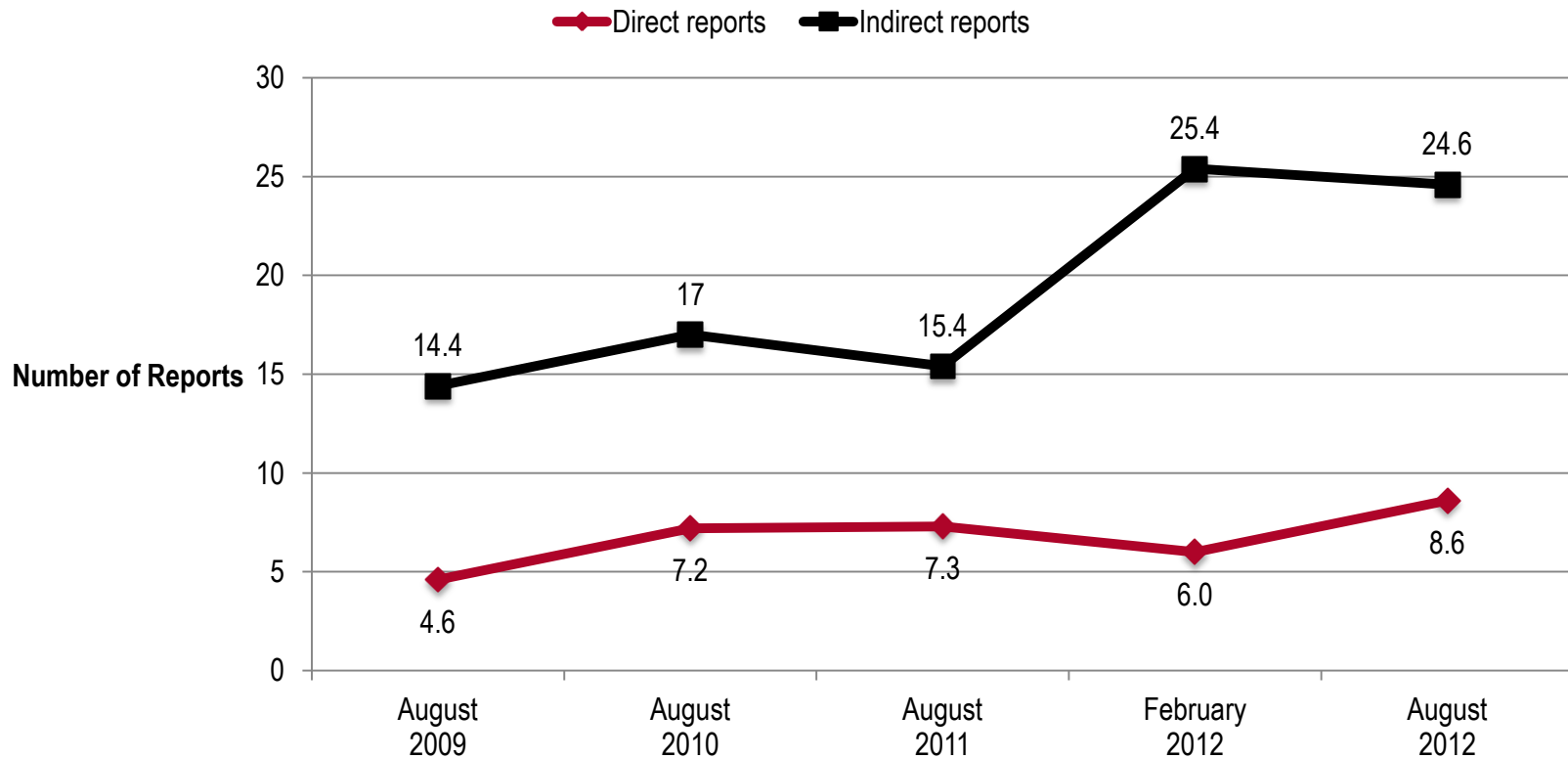


**Table 8.2. Sector differences in retention**

	Years in current role August-2012
<b>B2B Product</b>	3.9
<b>B2B-Service</b>	4.3
<b>B2C-Product</b>	3.6
<b>B2C-Service</b>	4.6

# Marketer influence improves

**Figure 8.2.** Number of people reporting to top marketer







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.

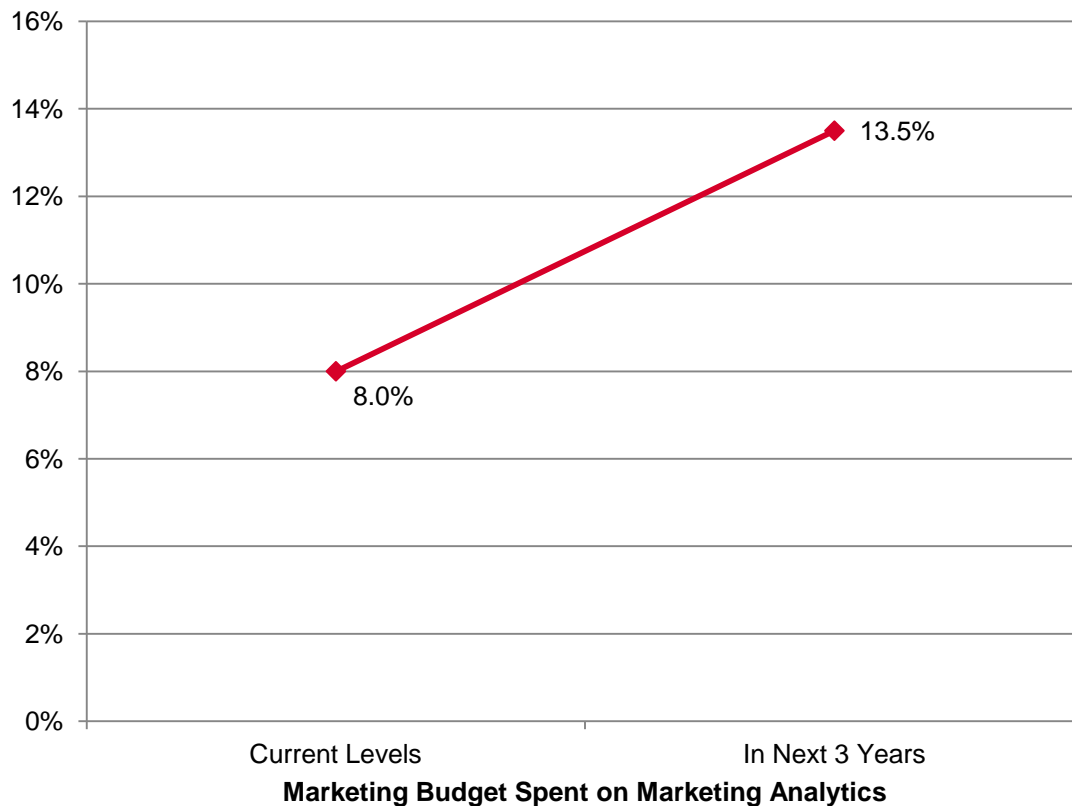


Global Marketing Officer Marc Pritchard shares his viewpoints on how marketing contributes to P&G's performance. He talks about how P&G learns about customers and how it is relentless in its attention to building loyal customers and strong brands in the store, on the web, and around the world.

# Topic 9: Marketing Analytics

# Spending on marketing analytics to increase 60% in three years

**Figure 9.1.** Percent of marketing budget spent on marketing analytics



**Table 9.1.** Firm size differences

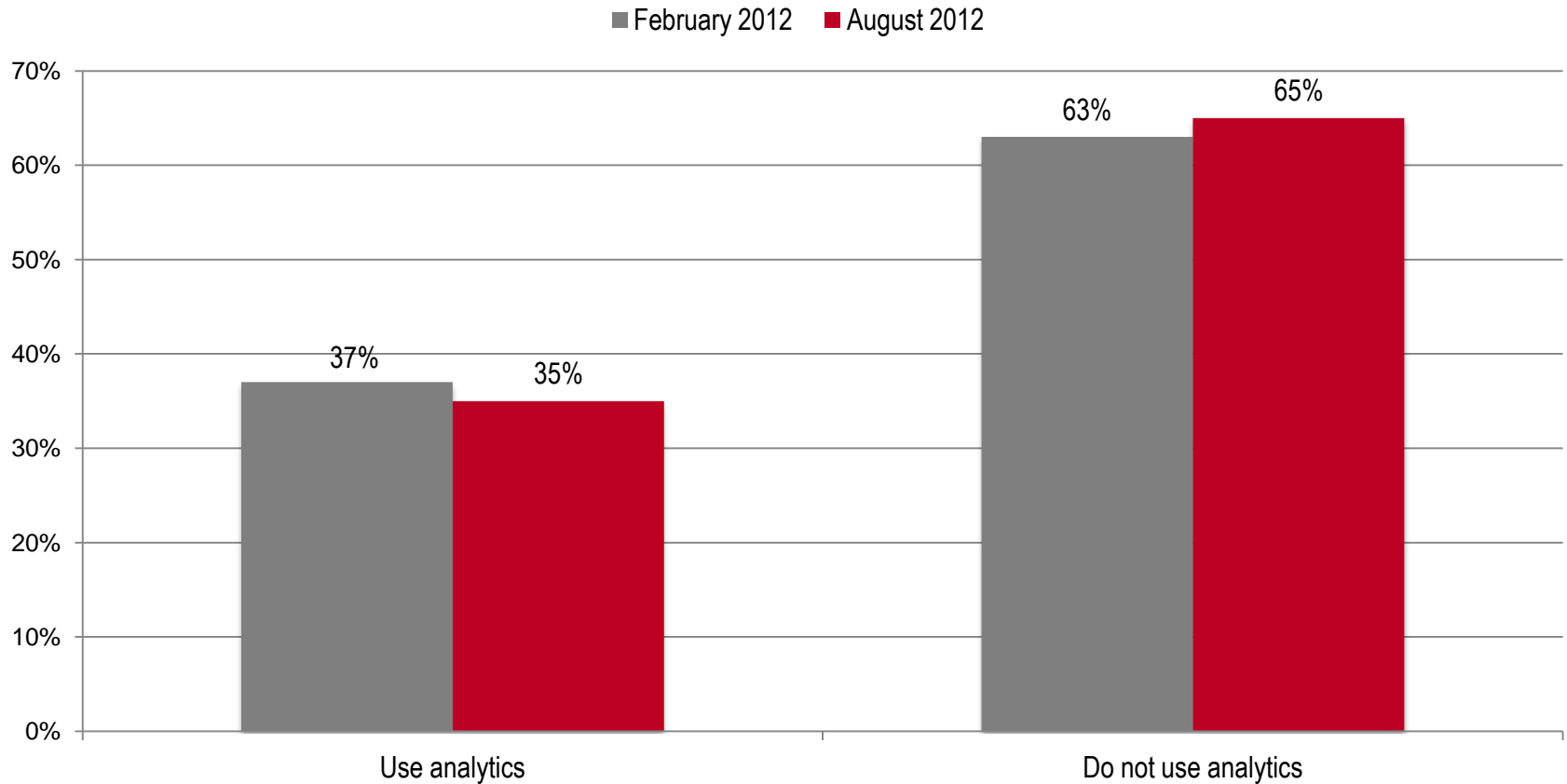
	Current	In Next 3 years
<\$25M	5.4%	11.6%
\$26-99M	7.1%	13.0%
\$100-499M	8.9%	13.0%
\$500-999M	8.1%	11.4%
\$1-9.9B	11.0%	18.8%
\$10+B	9.8%	11.8%

**Table 9.2.** Firm internet sales differences

	Current	In Next 3 years
0%	6.9%	12.0%
1-10%	7.3%	12.2%
>10%	11.7%	17.8%

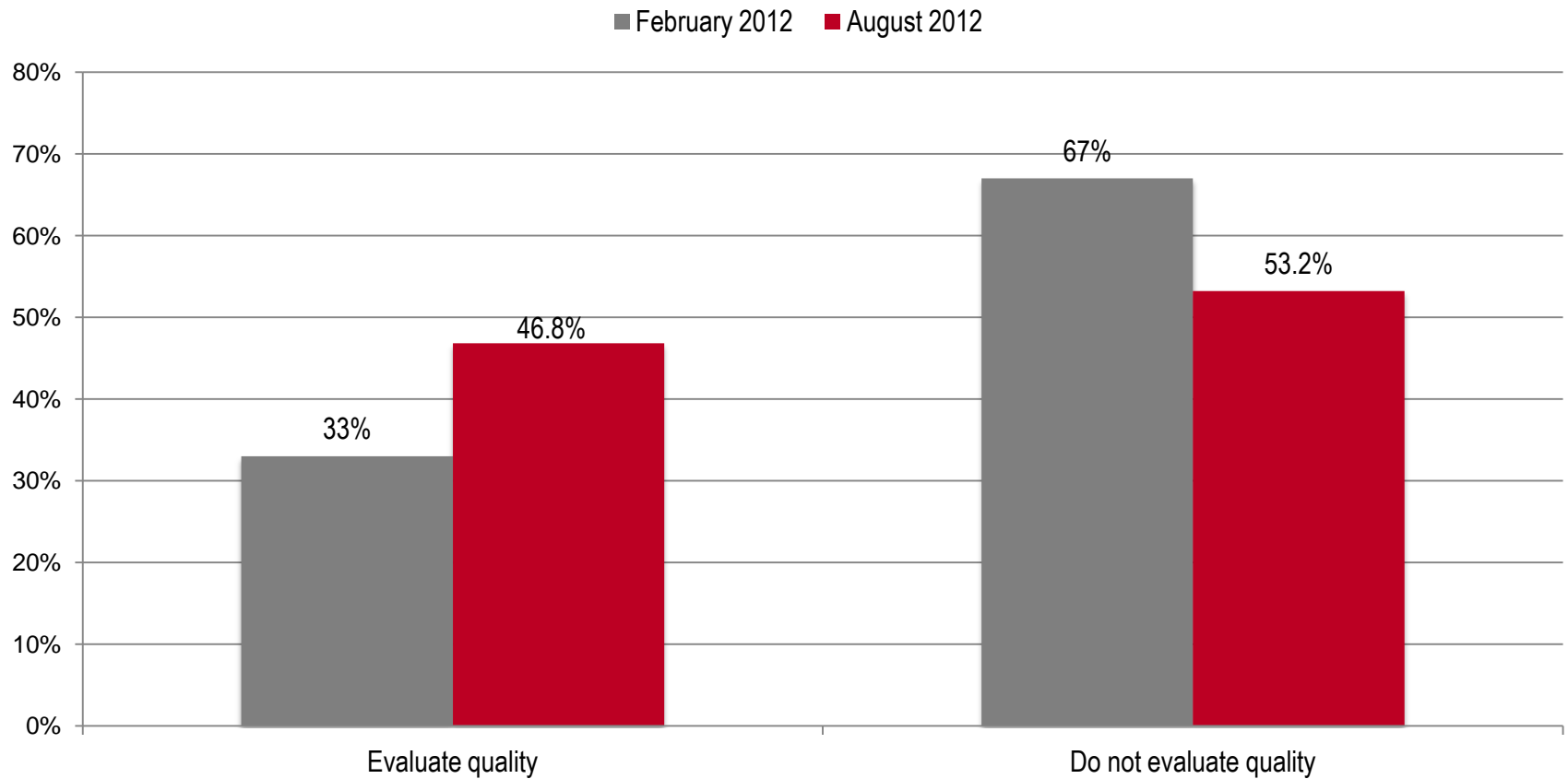
# Most projects fail to use marketing analytics

**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?**

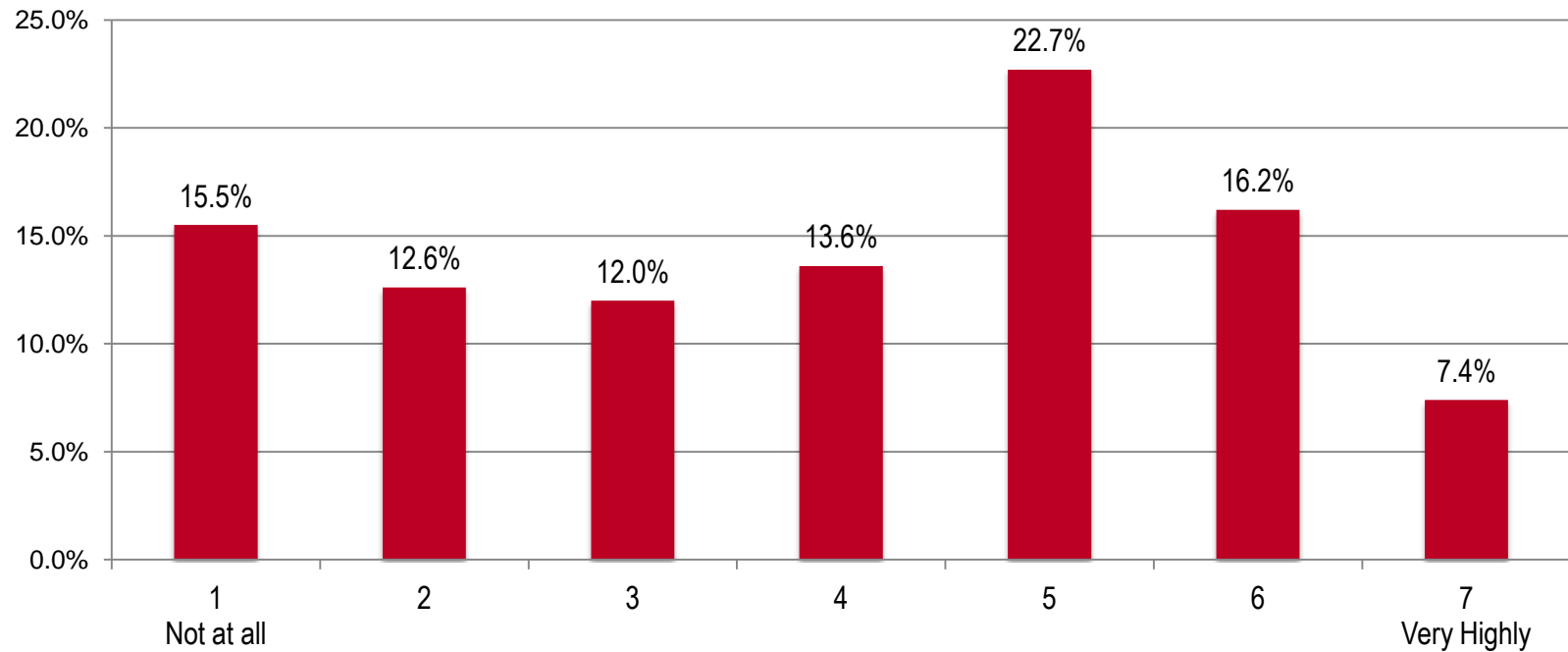


# Contribution of marketing analytics to company performance

- Mean on 7-point scale: 3.9 (SD = 1.9%)

**New question  
in The CMO Survey**

**Figure 9.4.** To what degree does the use of marketing analytics contribute to your company's performance?



# Preview

**Next survey:** The CMO Survey will be administered in February 2013

**To participate:** Sign up at <http://www.cmosurvey.org/participate/>

**Media:** Press releases and coverage will be posted to <http://www.cmosurvey.org/category/news/>

**Feedback:** Send comments to [moorman@duke.edu](mailto:moorman@duke.edu)