



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

# Highlights and Insights

February 2013



# 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 some surveys.
- The February 2013 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

- 4963 top U.S. marketers at *Fortune* 1000, *Forbes* Top 200, and Top Marketers who are AMA Members or Duke University Alumni and Friends
- 468 responded for a 9.4% response rate

## Survey Administration

- Email contact with three follow-up reminders
- Survey in field from January 22 - February 8, 2013
- 95% 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

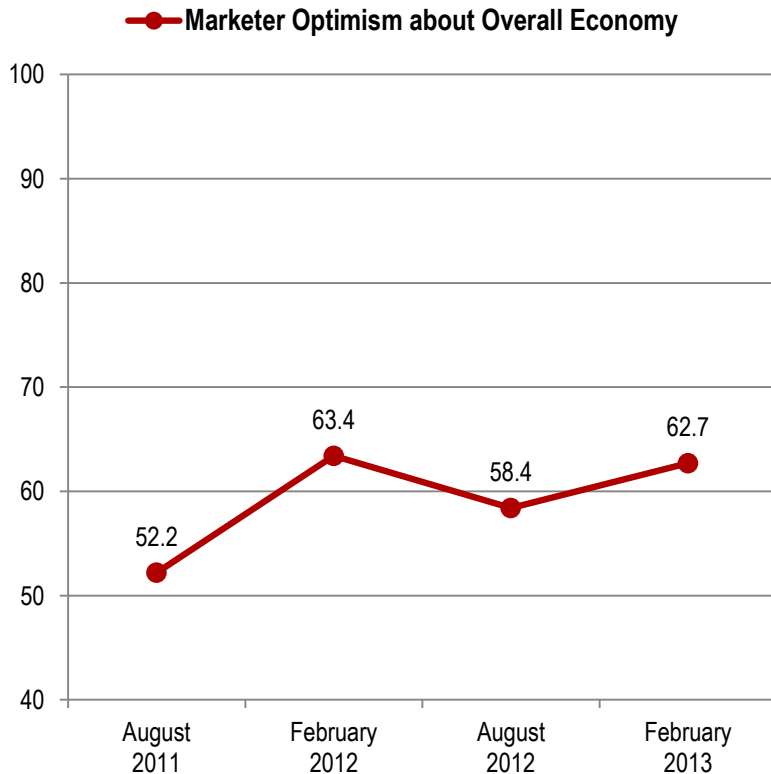
# Overview of Results

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# Topic 1: Marketplace Dynamics

# Marketer optimism for U.S. economy shows cautious rise; business sectors vary

**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?

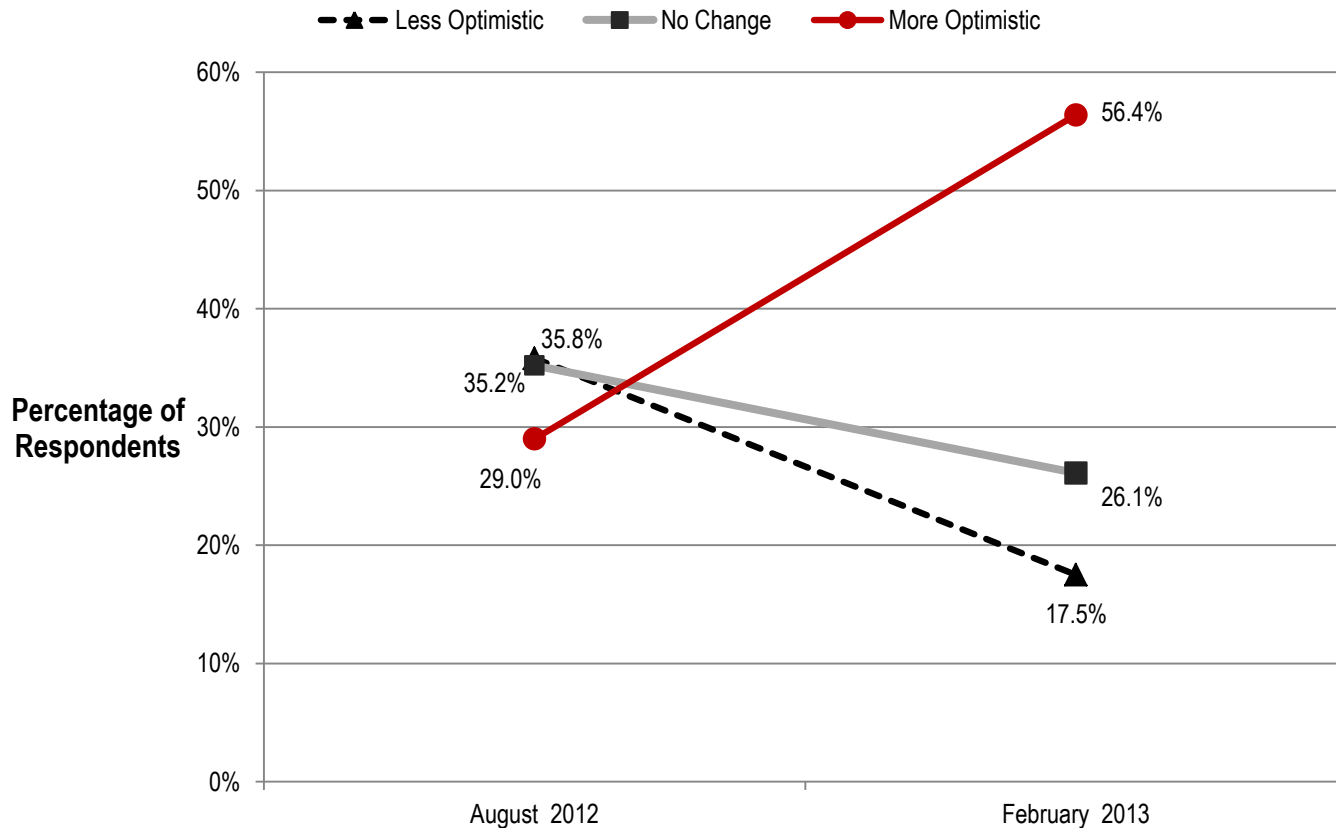


**Figure 1.2.** Optimism for U.S. economy by sector

	February 2013	August 2012	Change
<b>B2B Product</b>	55.4%	61.8%	+6.4%
<b>B2B Service</b>	62.3%	62.5%	+0.2%
<b>B2C Product</b>	60.8%	62.2%	+1.4%
<b>B2C Service</b>	51.9%	60.3%	+8.4%

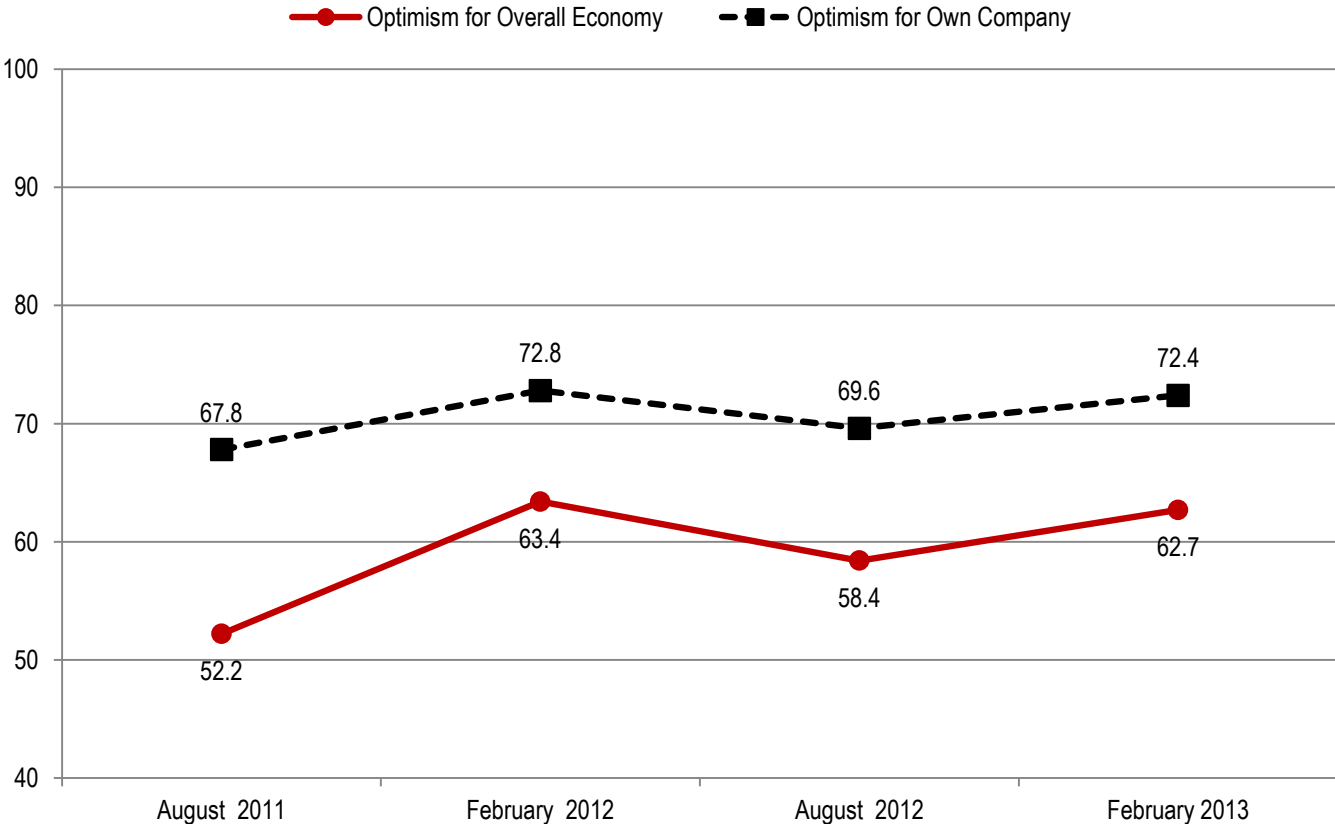
# Economic uncertainty is resolved: Optimists almost double from 29% to 56.4% of sample

**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

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

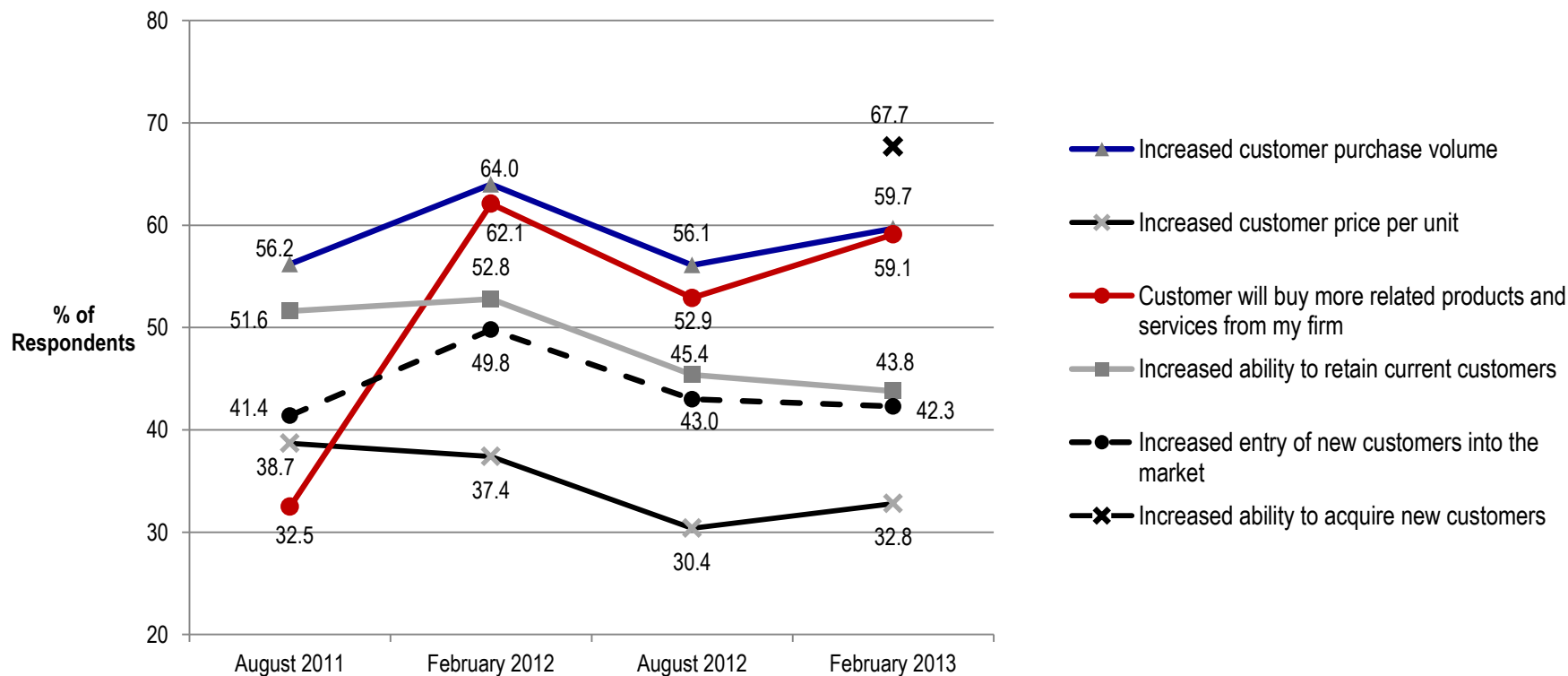




# Customer metrics forecast positive:

Marketers expect increases in purchase volume, purchase of related offerings, customer acquisition, and price paid

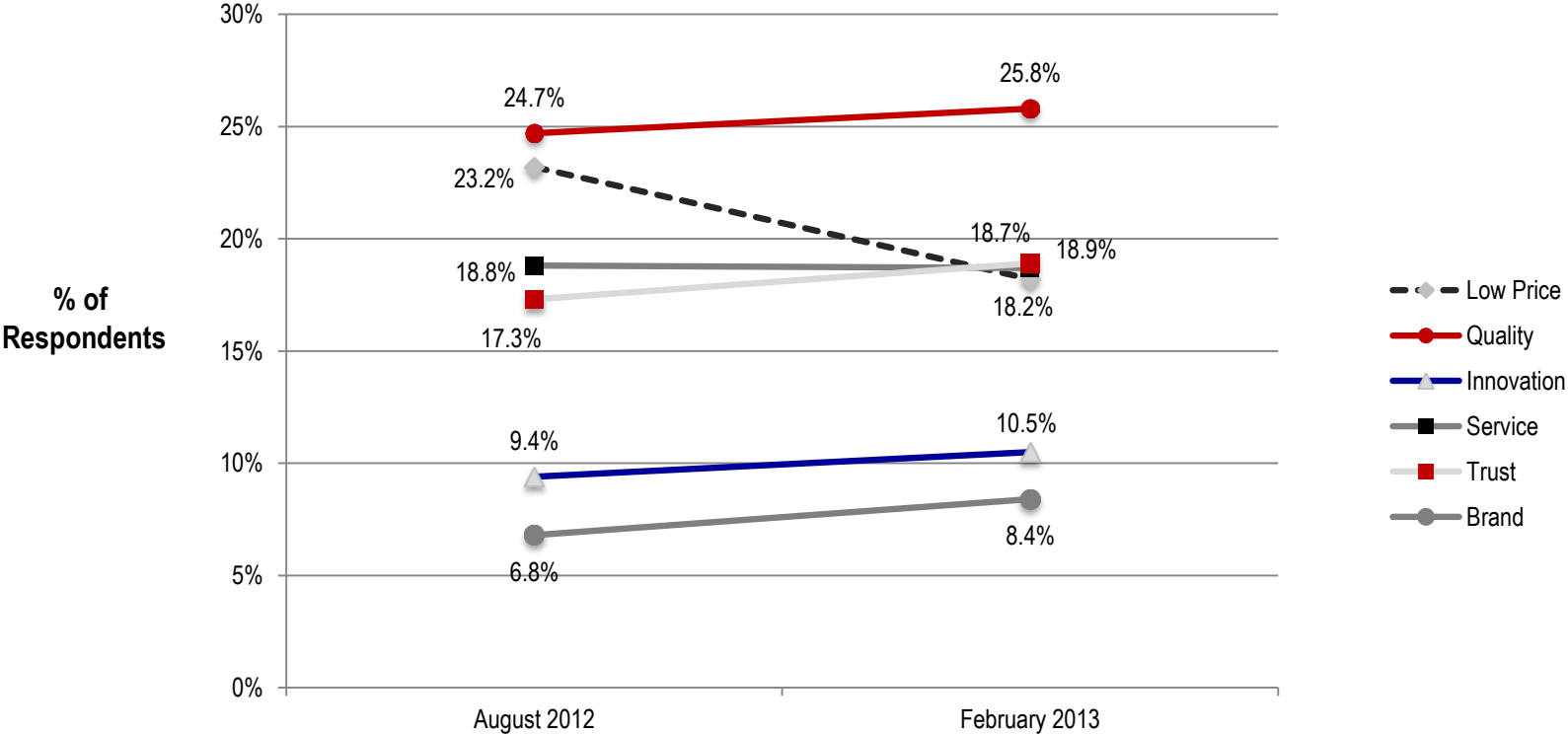
Figure 1.5. Forecasted customer outcomes in next 12 months



\*Increased ability to acquire new customers was added Feb-2013.

# Customer priorities expected to shift away from low-price focus

Figure 1.6. Customers' top priority in next 12 months



# Topic 2: Firm Growth Strategies

# Growth strategies to take on more risk next year: Diversification up 28%

## 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	54.9%	47.8%	-12.9%
Market Development Strategy	15.1%	17.2%	+13.9%
Product/Service Development Strategy	20.8%	23.2%	+11.5%
Diversification Strategy	9.2%	11.8%	+28.3%

\* % of spending across growth strategies

# Growth strategies vary by sector: Service sector expects biggest shifts

**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	-10.4%	-15.4%	-13.8%	-13.1%
Market Development Strategy	+4.2%	+10.6%	+11.0%	+88.3%
Product/Service Development Strategy	+7.2%	+9.2%	+16.7%	-9.5%
Diversification Strategy	+24.3%	+54.8%	+29.1%	+8.0%

## Notable shifts

- B2B-Service companies expected to diversify the most (54.8%)
- B2C-Service companies expected to increase market development (+88%) and decrease product/service development (-9.5%)

# Companies to increase organic growth strategies in next year

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

Strategy	Aug-12	Feb-13	% Change
Organic Growth	68.9%	73.5%	+6.7%
Growth via Acquisitions	12.2%	8.5%	-30.3%
Growth from Partnerships	12.9%	12.3%	-4.6%
Growth from Licensing	6.1%	5.6%	-8.1%

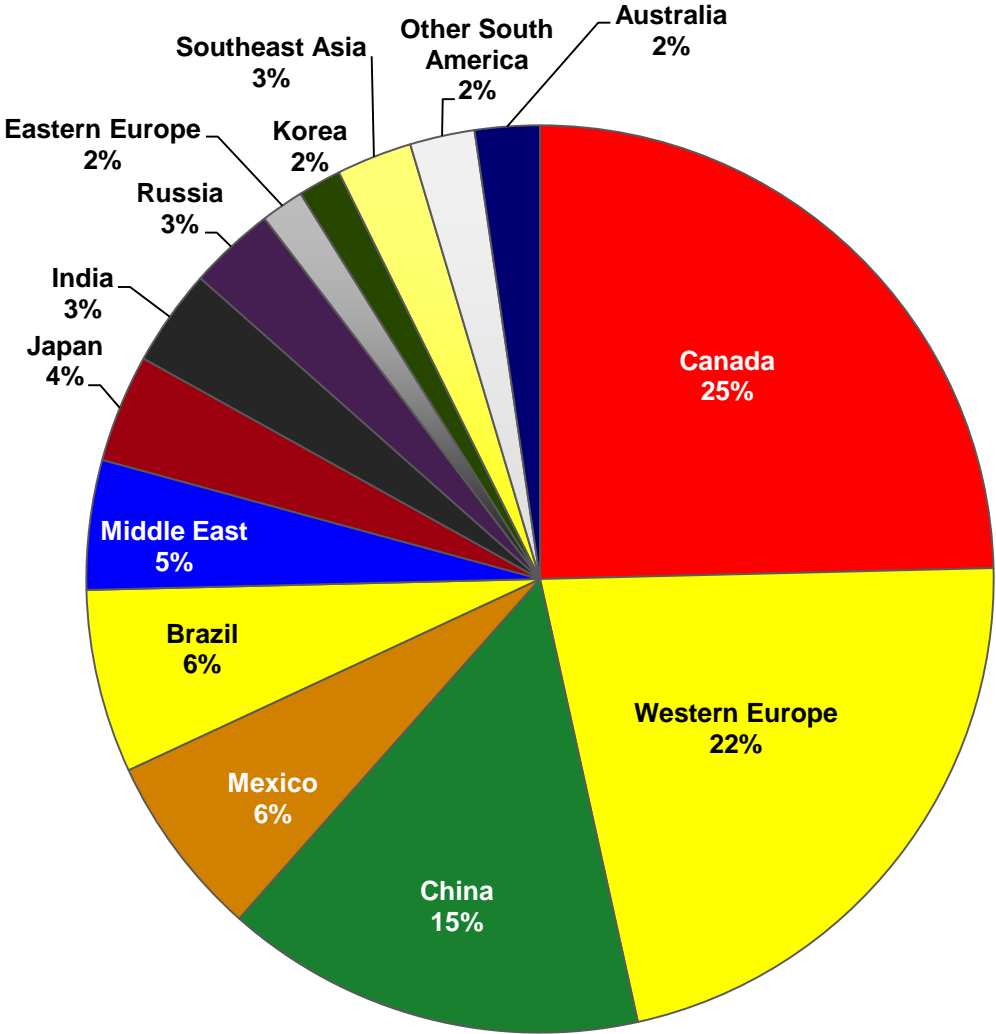
\* Percentage of spending across growth strategies

**Table 2.4. Sector use of growth strategies\***

Strategy	B2B Product	B2B-Service	B2C-Product	B2C-Service
Organic Growth	70.4%	72.3%	73.5%	72.6%
Growth via Acquisition	10.0%	7.3%	6.8%	12.4%
Growth from Partnerships	12.5%	14.9%	13.8%	10.1%
Growth from Licensing	7.0%	5.6%	5.9%	4.9%

# Canada, Western Europe, and China are the focus of U.S. marketers

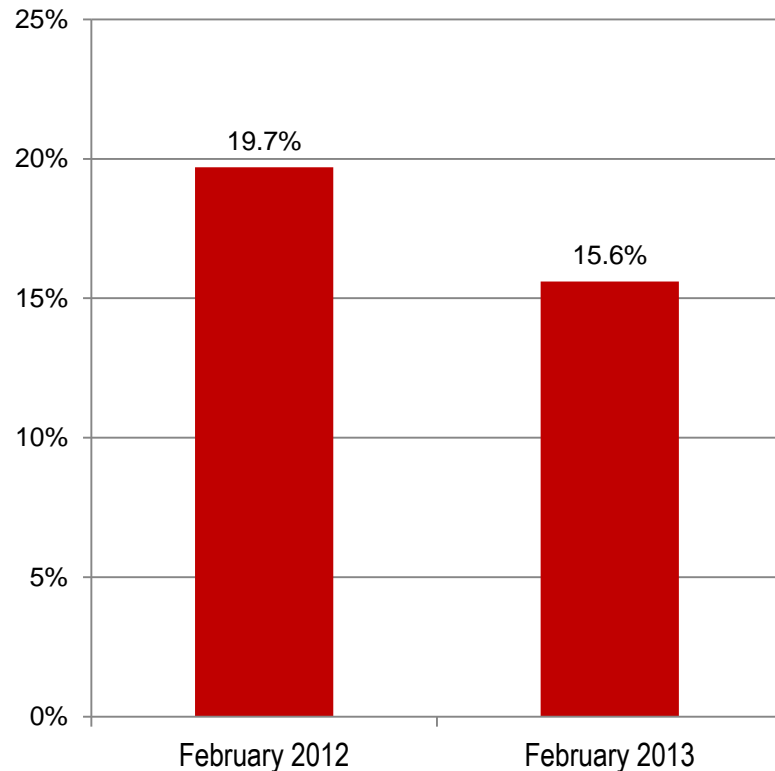
**Figure 2.1.** Highest international revenue growth markets (% respondents)



# Growth of international markets slows: Highest sales increases in Mexico and Eastern Europe

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

**Figure 2.2.** Average change in growth of international markets



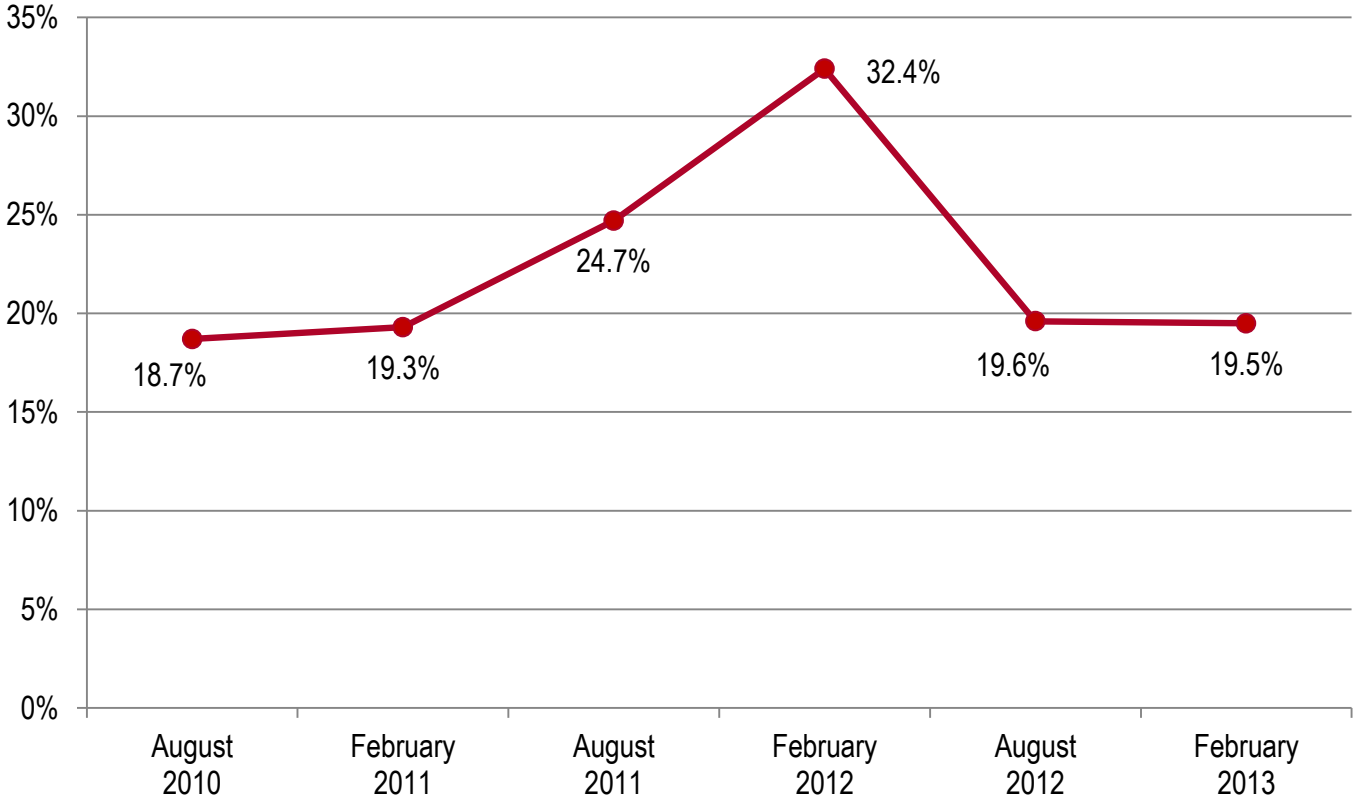
**Table 2.5.** Sales increase in the last 12 months by market

	Feb-13
Mexico	41.2%
Eastern Europe	40.0%
Middle East	28.2%
Brazil	27.1%
Russia	22.4%
Southeast Asia	22.0%
Australia	21.0%
Japan	21.7%
India	19.2%
China	18.4%
Western Europe	16.4%
Canada	14.2%
South America (not Brazil)	14.0%
Korea	4.5%



# Overall company sales from international markets stagnates

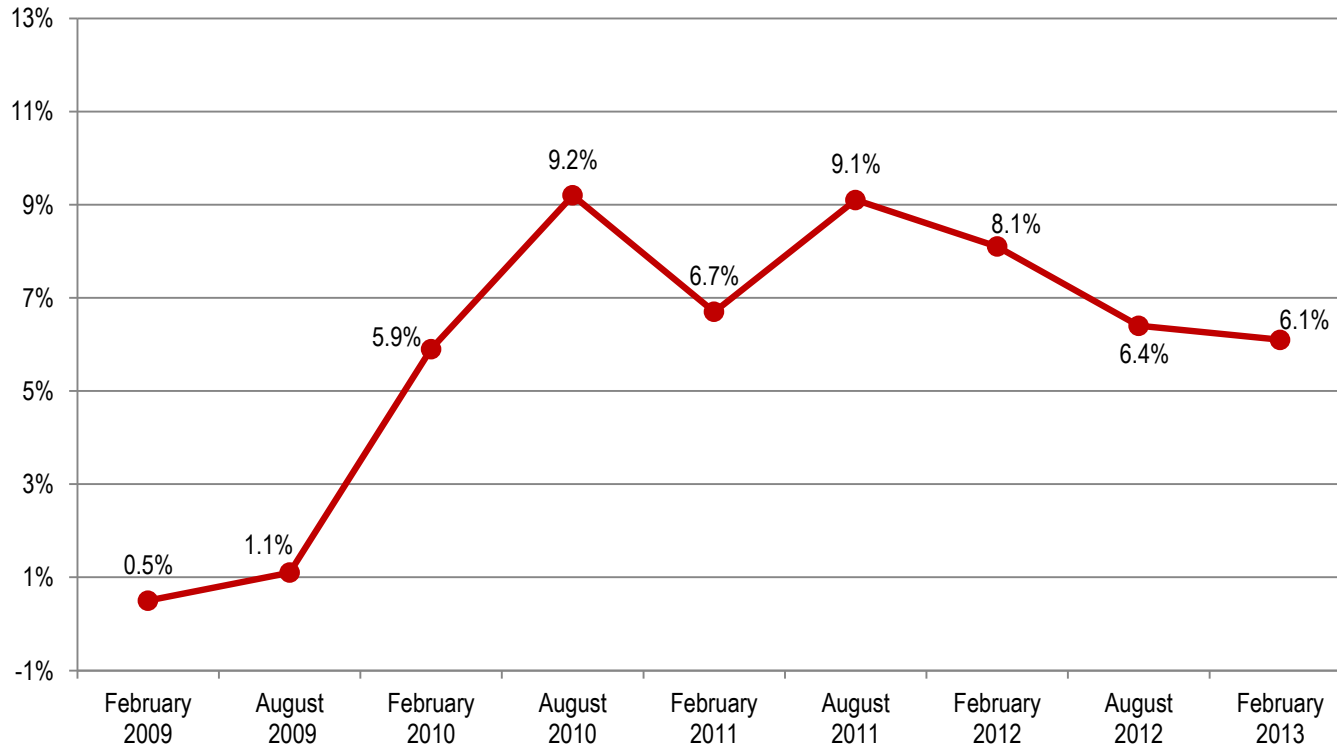
Figure 2.3. Percentage of company sales expected to be international in next 12 months



# Topic 3: Marketing Spending

# Growth in marketing budgets flattens

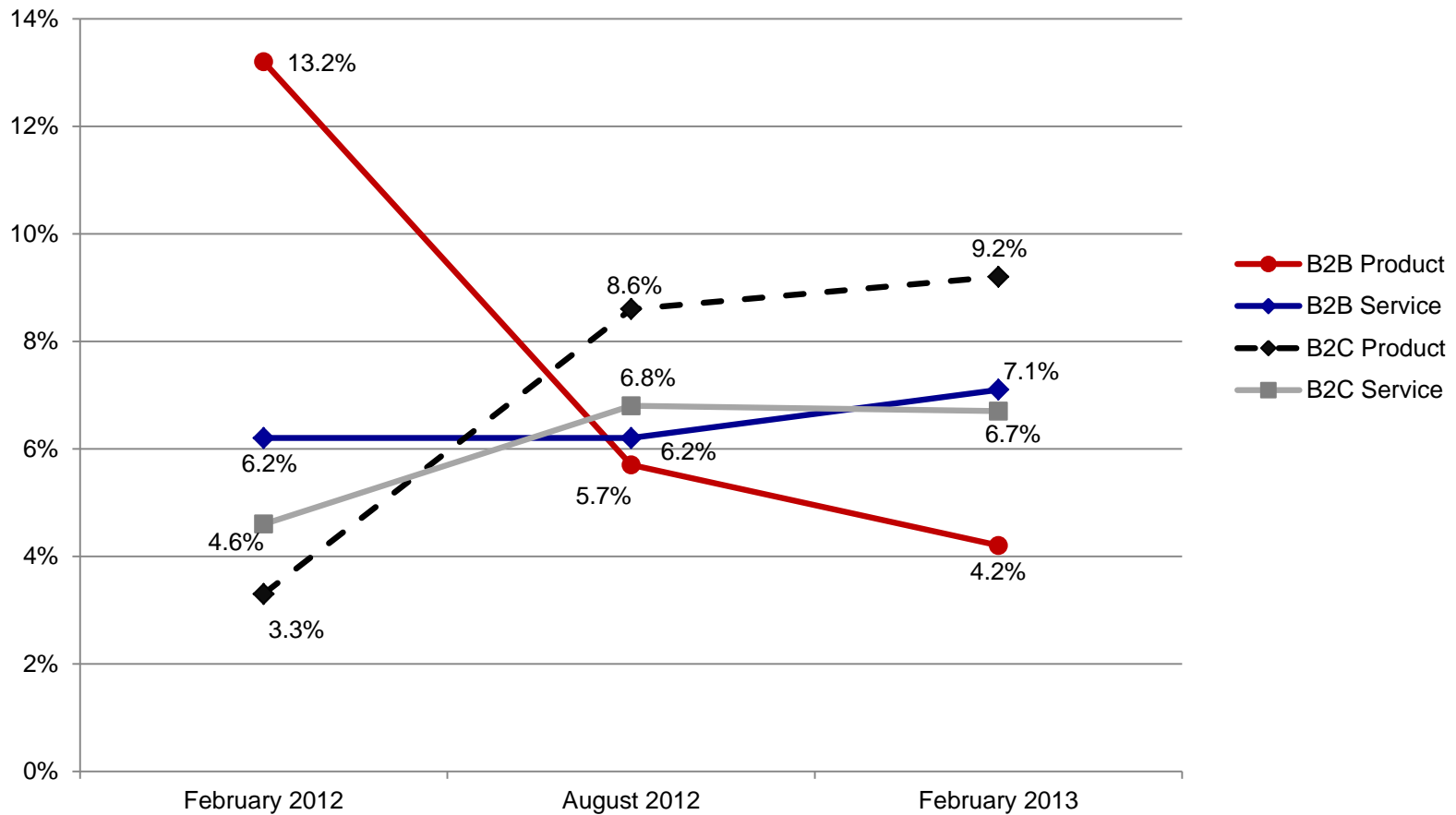
**Figure 3.1.** Percent change in marketing budgets in next 12 months



# Marketing spending up in all sectors except B2B-Product sector

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

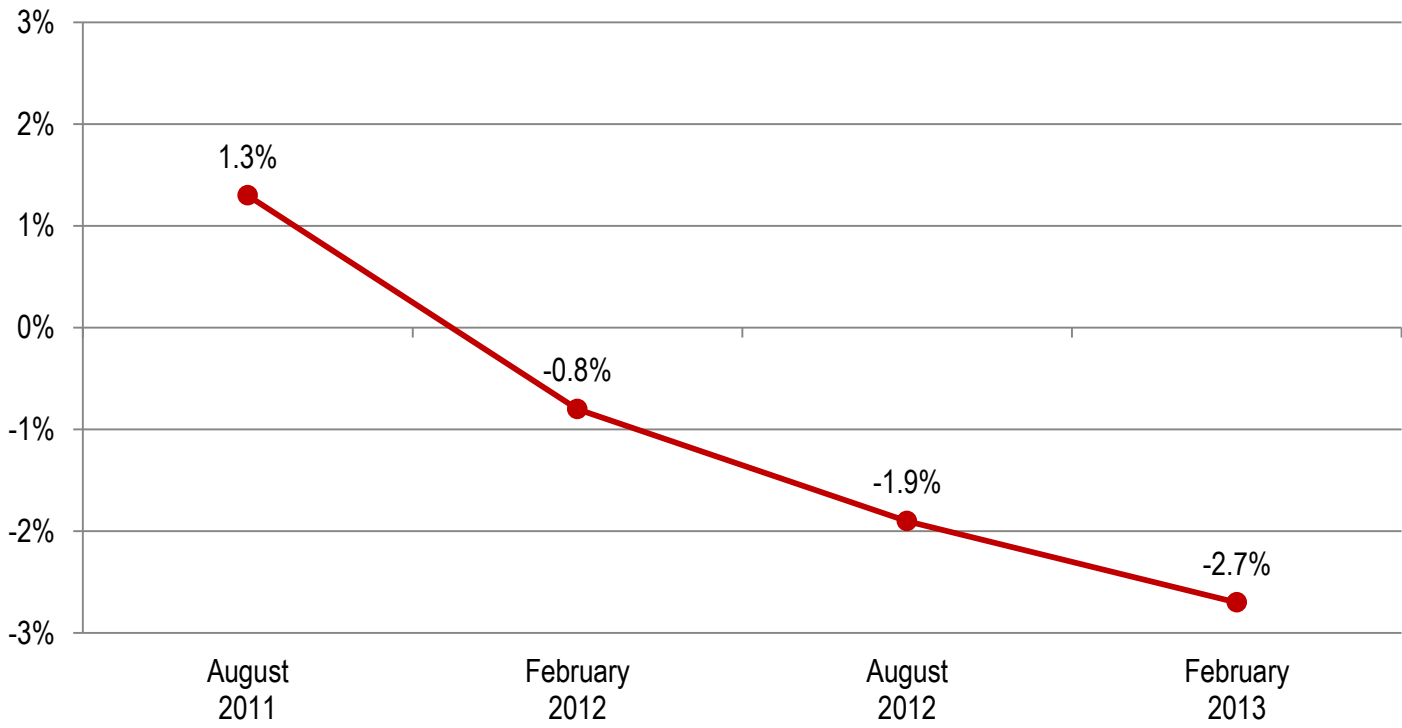
**Figure 3.2. Sector differences in marketing budgets**



# Marketing spending on traditional advertising continues to plummet



**Figure 3.3. Percent change in traditional advertising\* spend in next 12 months**



\*Refers to media advertising not using the web.

# All other marketing spend categories positive, but slower growth expected

**Table 3.1. Percent change in marketing spending in next 12 months**

	Aug-12	Feb-13
<b>Overall marketing spend</b>	6.4%	6.1%
<b>Traditional advertising* spending</b>	-1.9%	-2.7%
<b>Digital marketing spending</b>	11.5%	10.2%
<b>New product introductions</b>	9.4%	8.0%
<b>New service introductions</b>	6.4%	5.8%
<b>Customer relationship management</b>	9.0%	8.1%
<b>Brand building</b>	7.5%	6.8%

\*Refers to media advertising not using the web.

# Company differences in digital vs. traditional advertising spend

**Table 3.2. Change in digital and traditional advertising spending in next 12 months by sector**

	B2B Product	B2B Services	B2C Product	B2C Services
Digital marketing spend	8.2%	10.5%	14.6%	10.4%
Traditional advertising* spend	-4.1%	-2.2%	-0.6%	-5.4%

\*Refers to media advertising not using the web.

# Investments in marketing consulting up; all other knowledge investments drop

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

	Aug-12	Feb-13	% Change
Marketing research and intelligence	8.2%	4.5%	-45.1%
Marketing consulting services	3.3%	4.5%	+36.4%
Developing knowledge about how to do marketing*	5.8%	4.3%	-25.9%
Integrating what we know about marketing	8.2%	5.4%	-34.1%
Marketing Training*	7.2%	3.8%	-47.2%

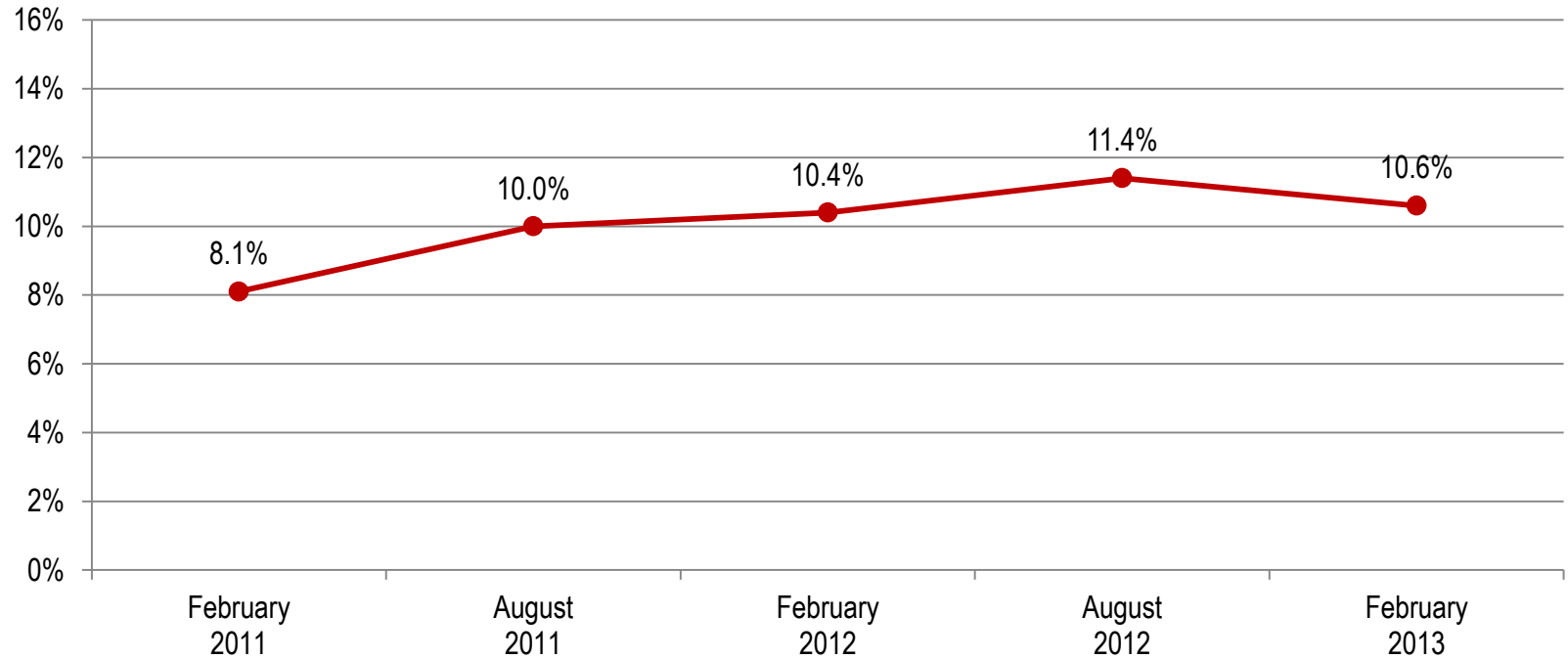
\*Developing knowledge about how to do marketing refers to the development of new marketing capabilities, while marketing training involves transferring existing marketing knowledge to employees



# Marketing budgets as percent of firm budgets remain above 10%

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

**Figure 3.4. Marketing budget as a percent of firm budget\***



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

# Size of marketing budgets varies:

**B2B companies, large companies, and companies with weak internet sales show biggest growth**

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

	B2B Product	B2B Services	B2C Product	B2C Services
February 2012	8.7%	8.2%	16.1%	16.8%
February 2013	10.6%	10.1%	16.3%	10.9%

**Table 3.4b. 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 2012	10.7%	12.3%	13.5%	4.7%	6.7%	8.8%
February 2013	12.6%	8.8%	10%	7.8%	9.4%	11.5%

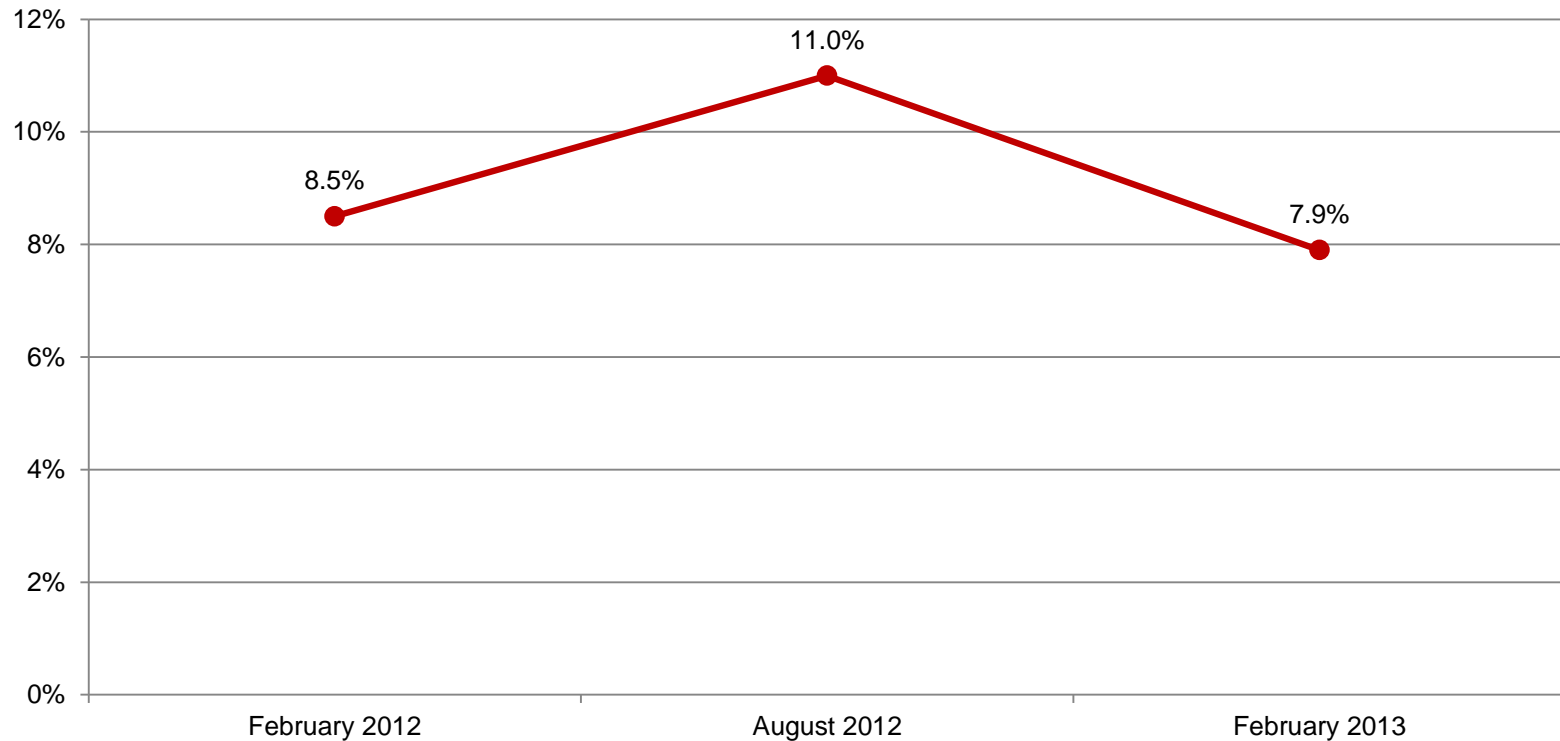
**Table 3.4c. Marketing percentage of firm budget by company internet sales**

	0% Internet Sales	1-10% Internet Sales	>10% Internet Sales
February 2012	8.4%	9.5%	18.0%
February 2013	10.3%	8.1%	14.4%

# Marketing spending as a percentage of firm revenues drops

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

**Figure 3.5. Marketing spending as a percentage of firm revenues\***



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

# Marketing spending as a percentage of firm revenues by firm and industry

**Table 3.5a. 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%
February 2013	8.8%	7.7%	9.4%	9.2%

**Table 3.5b. 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%
February 2013	11.1%	6.0%	8.6%	3.5%	5.5%	6.0%

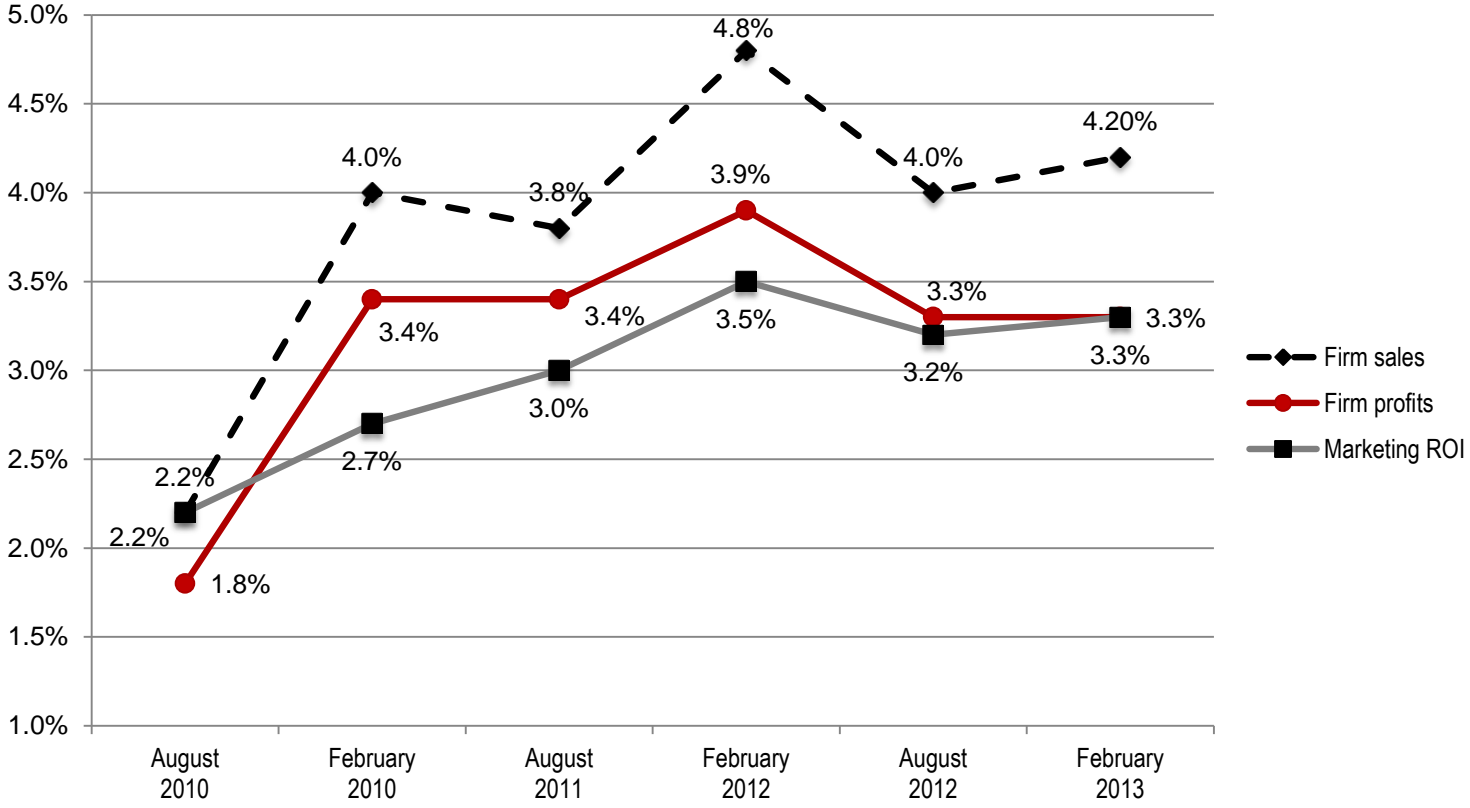
**Table 3.5c. Marketing spending as a percentage of firm revenues by company internet sales**

	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%
February 2013	6.8%	5.7%	13.0%

# Topic 4: Financial and Marketing Performance

# Company performance on financial metrics holds

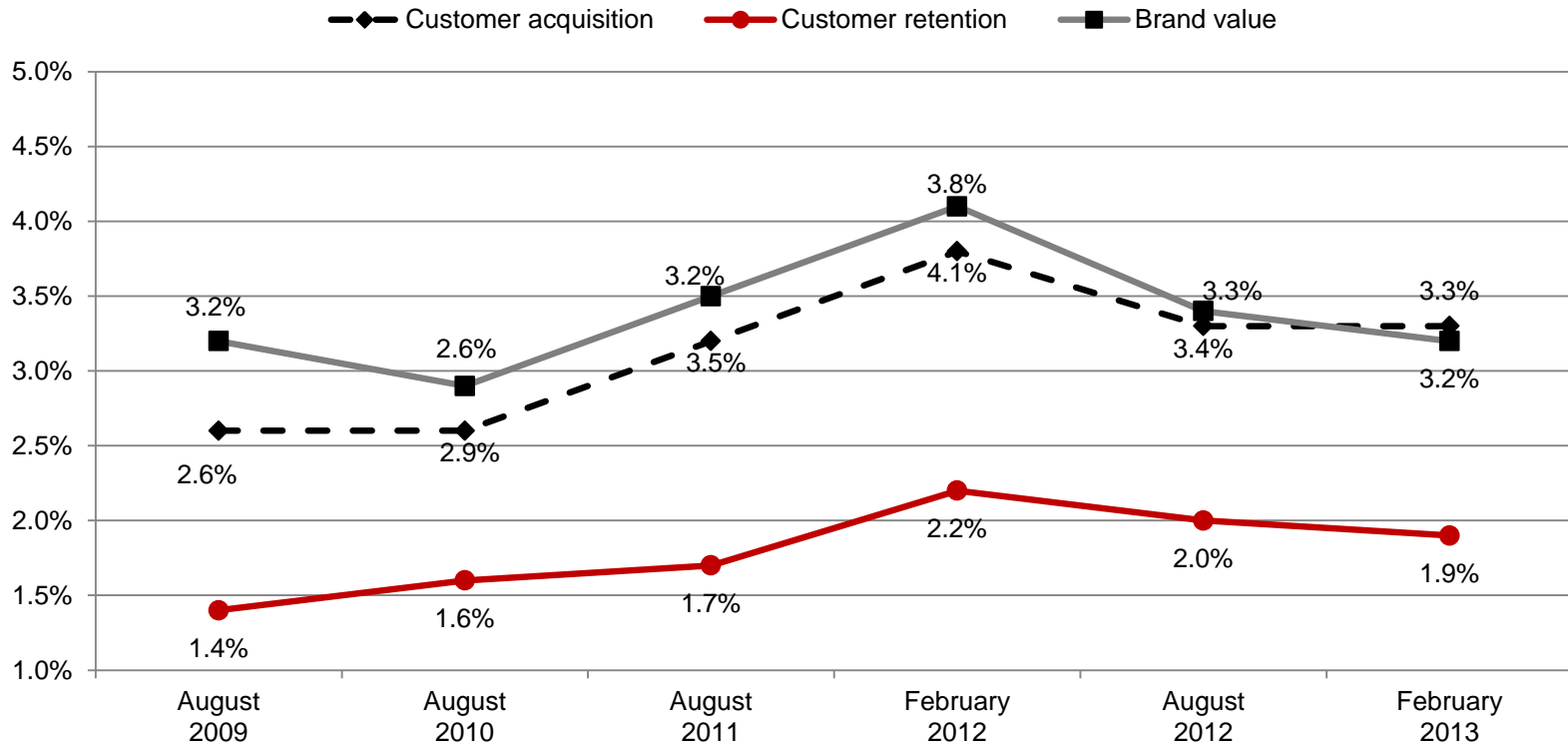
**Figure 4.1. Percent change in firm performance in prior 12 months**



# Key customer and brand assets follow suit

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

**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**

	B2B-Product	B2B-Services	B2C-Product	B2C-Services
<b>Firm sales</b>	4.8%	3.8%	3.0%	5.4%
<b>Marketing return on investment</b>	2.9%	3.9%	2.0%	4.2%
<b>Firm profits</b>	2.5%	4.5%	3.4%	4.3%
<b>Customer acquisition</b>	2.9%	3.5%	2.7%	3.5%
<b>Customer retention</b>	1.6%	1.4%	2.1%	3.4%
<b>Brand value</b>	2.8%	2.9%	3.0%	3.6%



# 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	Expected change in next 12 months
<b>Firm sales</b>	4.2%	7.0%	+66.7%
<b>Marketing return on investment</b>	3.3%	5.5%	+66.7%
<b>Firm profits</b>	3.3%	6.6%	+100.0%
<b>Customer acquisition</b>	3.3%	5.8%	+75.8%
<b>Customer retention</b>	1.9%	4.7%	+147.4%
<b>Brand value</b>	3.2%	5.6%	+75.0%

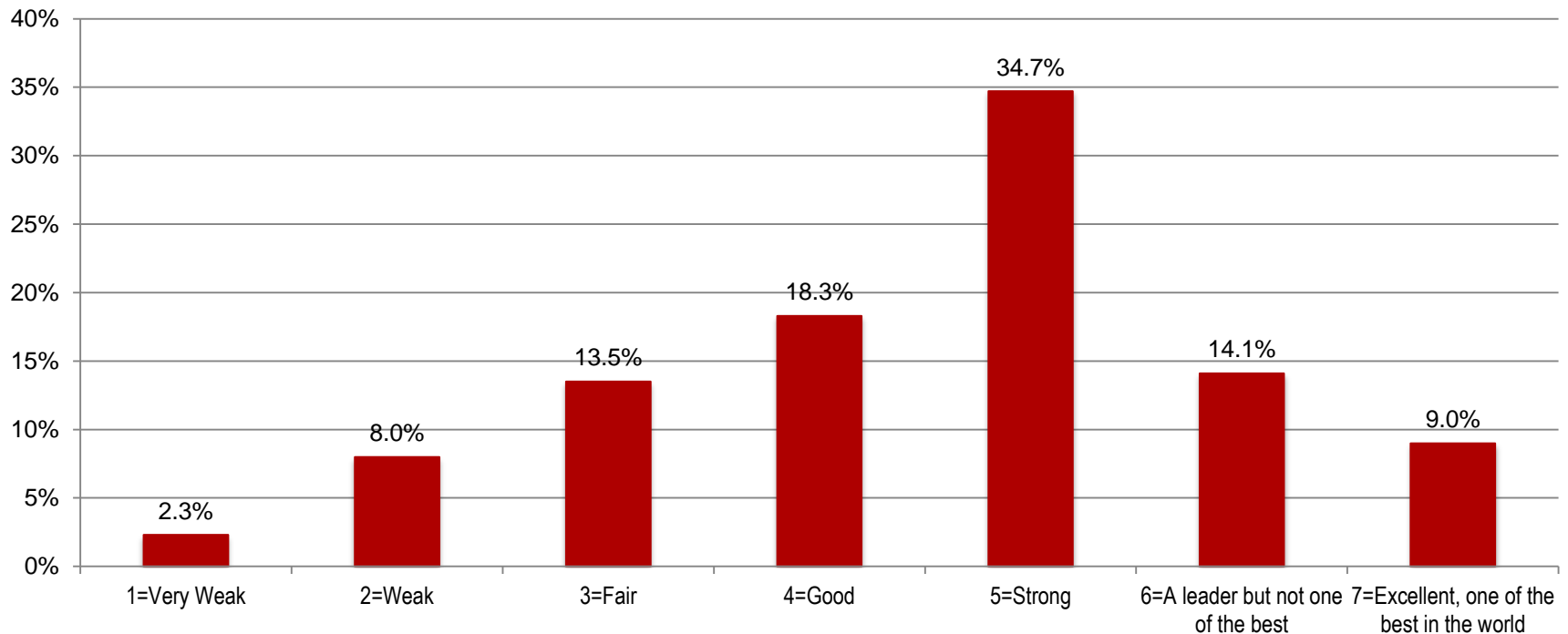
# Ratings of marketing excellence flat

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

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

- February 2013 : Mean = 4.5 (SD = 1.4)
- August 2012: Mean = 4.4 (SD = 1.4)

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



# Topic 5: Marketing and Social Media

Google™



Pinterest

LinkedIn®

YouTube



twitter

flickr™

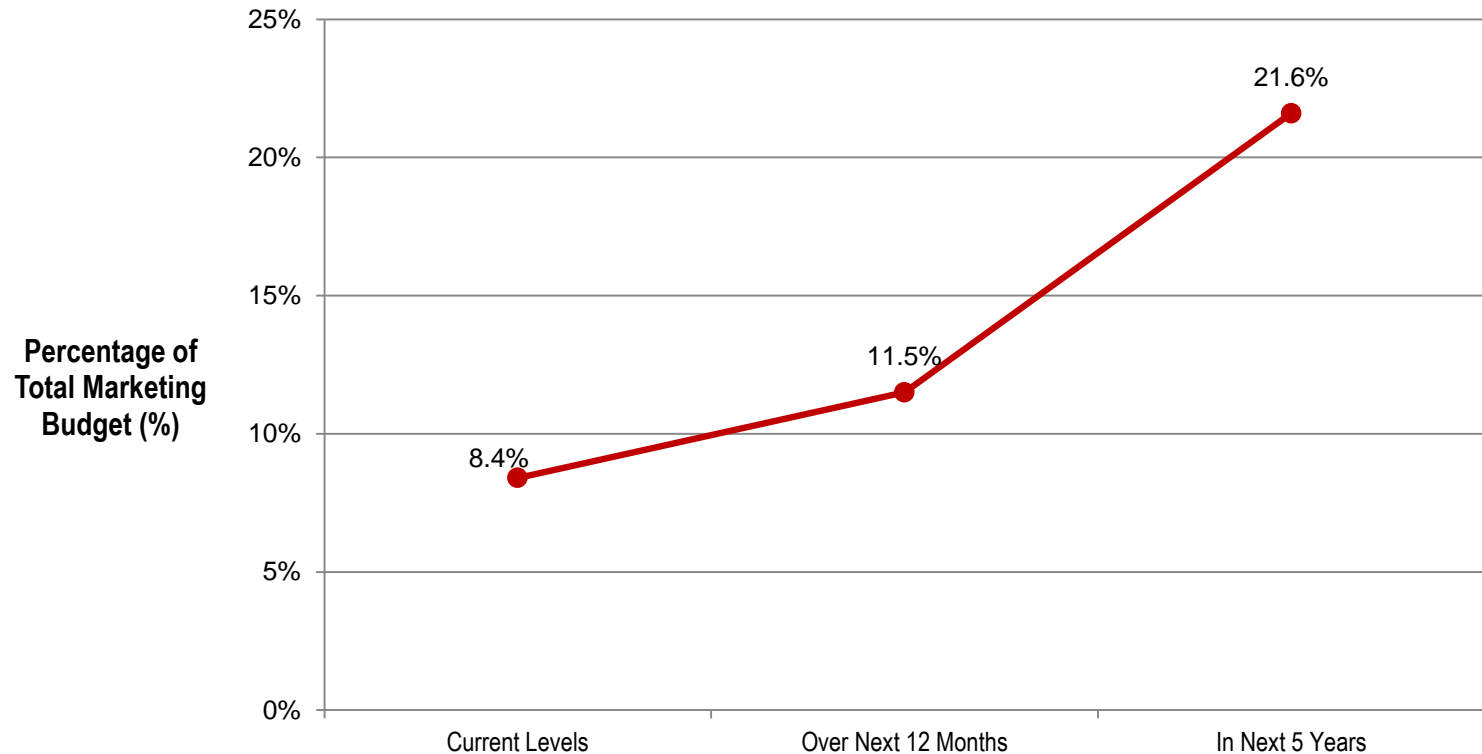
facebook

digg

# Social media spending growth continues: Expected to be 22% 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**



# Social media spending across sectors

**Table 5.1. Changes in social media spending across sectors**

		February 2012
<b>Current Social Media Spending</b>	B2B - Product	7.5%
	B2B - Services	9.6%
	B2C - Product	9.6%
	B2C - Services	9.9%
	Overall	8.4%
<b>Social Media Spending in the next 12 months</b>	B2B - Product	11.1%
	B2B - Services	11.8%
	B2C - Product	13.2%
	B2C - Services	11.4%
	Overall	11.5%
<b>Social Media Spending in the next 5 years</b>	B2B - Product	22.6%
	B2B - Services	21.2%
	B2C - Product	24.6%
	B2C - Services	22.6%
	Overall	21.6%

# 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)

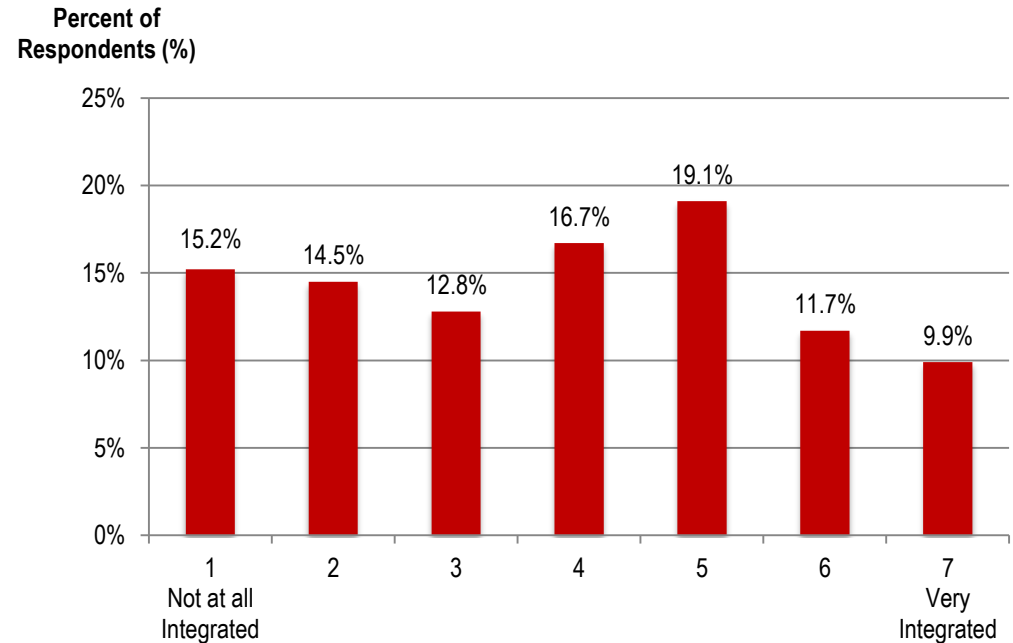
**Results:** Social media remains poorly integrated with marketing strategy:

- 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

**Table 5.2. Integration scores by sector**

	Mean (SD) Feb-2013
B2B-Product	3.6 (1.8)
B2B-Services	4.0 (1.9)
B2C-Product	4.4 (2.0)
B2C-Services	3.5 (1.7)

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



# Social media metrics: Firms shift toward referral and text measures

**Table 5.2. Social Media Metrics Used by Firms\***

Metrics	August 2010	February 2013
Hits/visits/page views	47.6%	<b>40.9%</b>
Repeat visits	34.7%	<b>24.9%</b>
Number of followers or friends	24%	<b>30.5%</b>
Conversion rates (from visitor to buyer)	25.4%	<b>21.1%</b>
Buzz indicators (web mentions)	15.7%	<b>16.2%</b>
Customer acquisition costs	11.8%	<b>10.2%</b>
Sales levels	17.9%	<b>8.7%</b>
Other text analysis ratings	6.6%	<b>8.5%</b>
Online product/service ratings	8.2%	<b>6.0%</b>
Revenue per customer	17.2%	<b>9.2%</b>
Net promoter score	7.5%	<b>9.8%</b>
Customer retention costs	7.7%	<b>3.0%</b>
Abandoned shopping carts	3.8%	<b>2.8%</b>
Profits per customer	9.4%	<b>4.5%</b>

\*Red indicates metric use has decreased; green indicates that metric use has increased.

## Notable shifts

Metrics shift toward:

- Referral measures (friends and followers, buzz, net promoter score)
- Text analysis measure

Financial metrics decline:

- Sales levels, revenue per customer, profits per customer

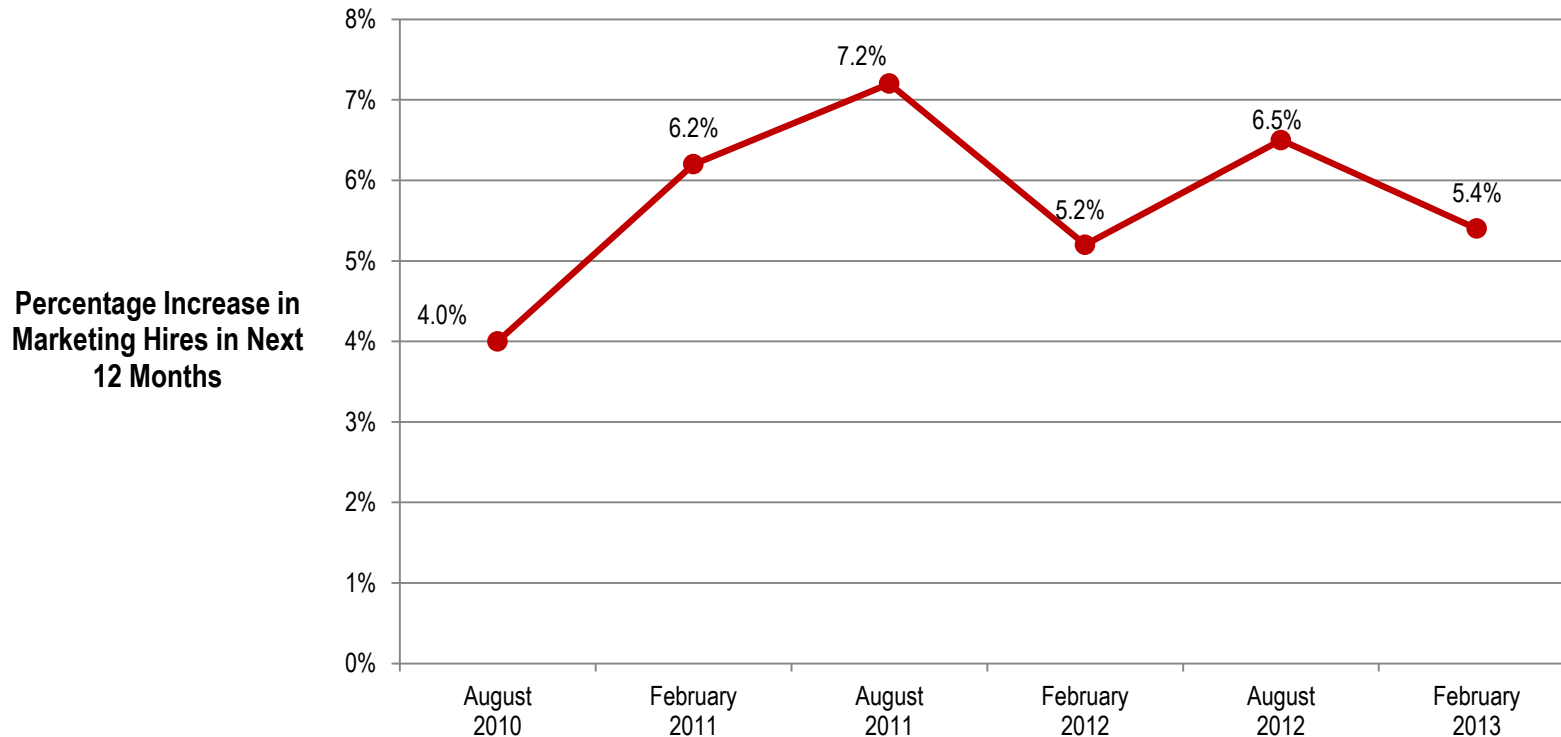
# Topic 6: Marketing Jobs



# Marketing hiring remains positive, but slows: B2C-Product companies predict biggest percentage increase

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

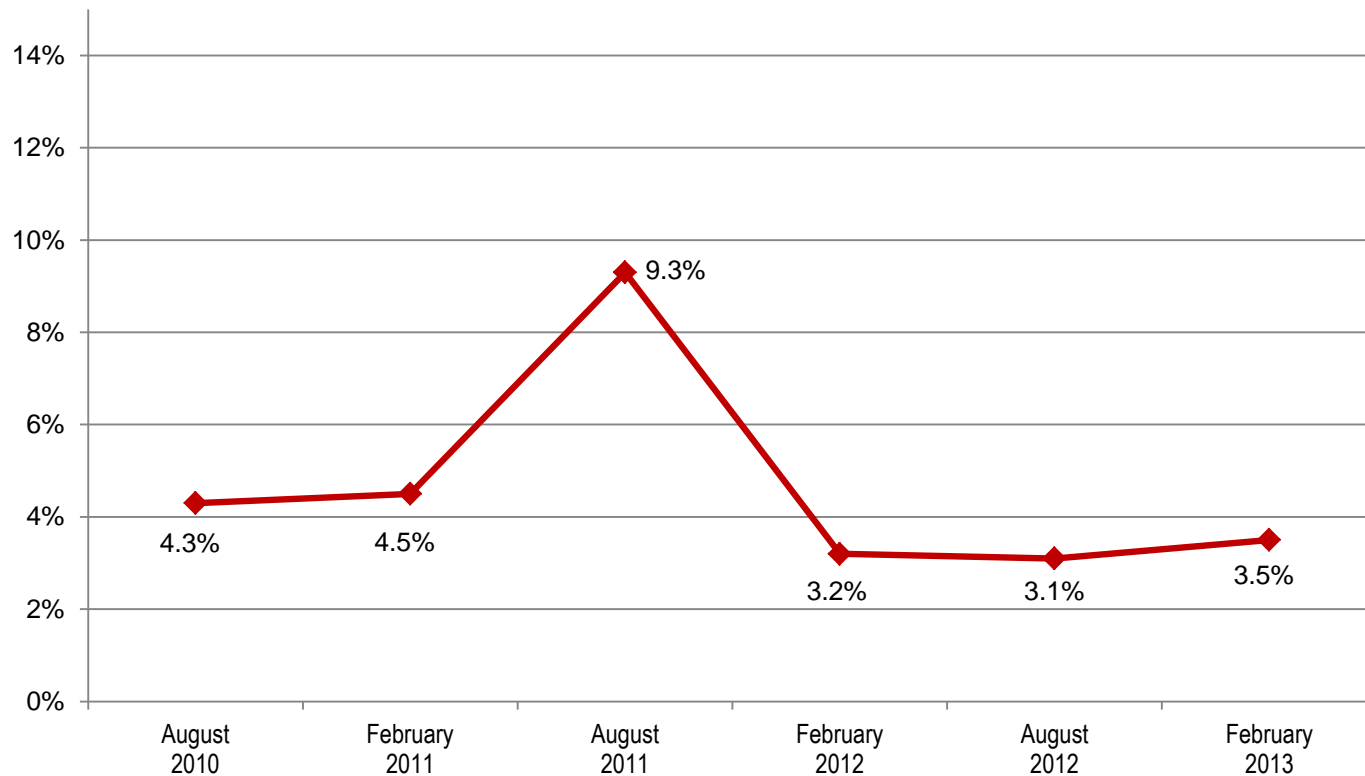
**Figure 6.1.** Percentage change in marketing hires planned in next 12 months



# Outsourcing of marketing remains flat (3%)

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

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

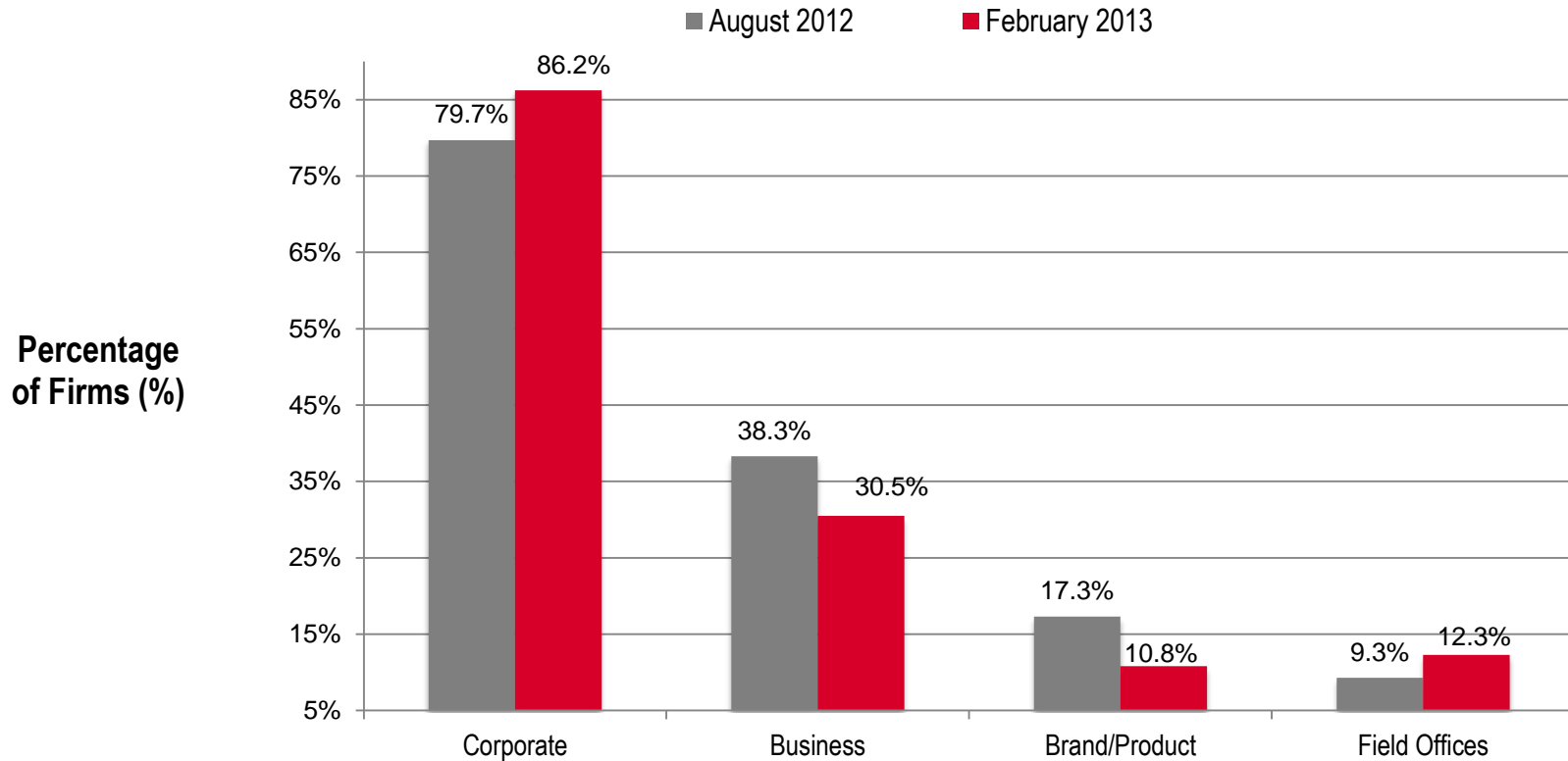


# Topic 7: Marketing Organization

# Where marketing is located in companies: Increase in corporate and field office locations

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

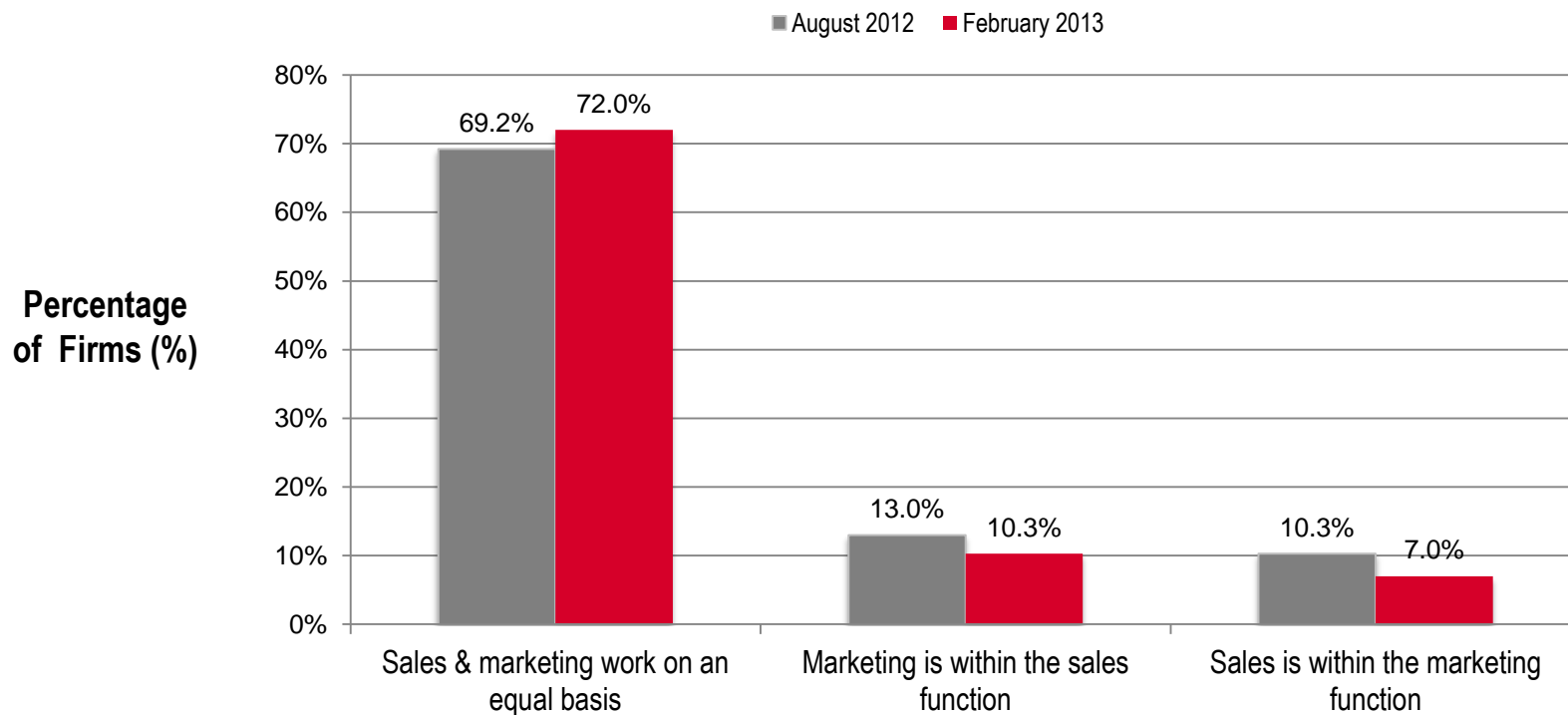
**Figure 7.1. Location of marketing in companies\***



\*Totals across locations may exceed 100% if marketing is in multiple locations

# Marketing and sales are equal partners in most companies

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

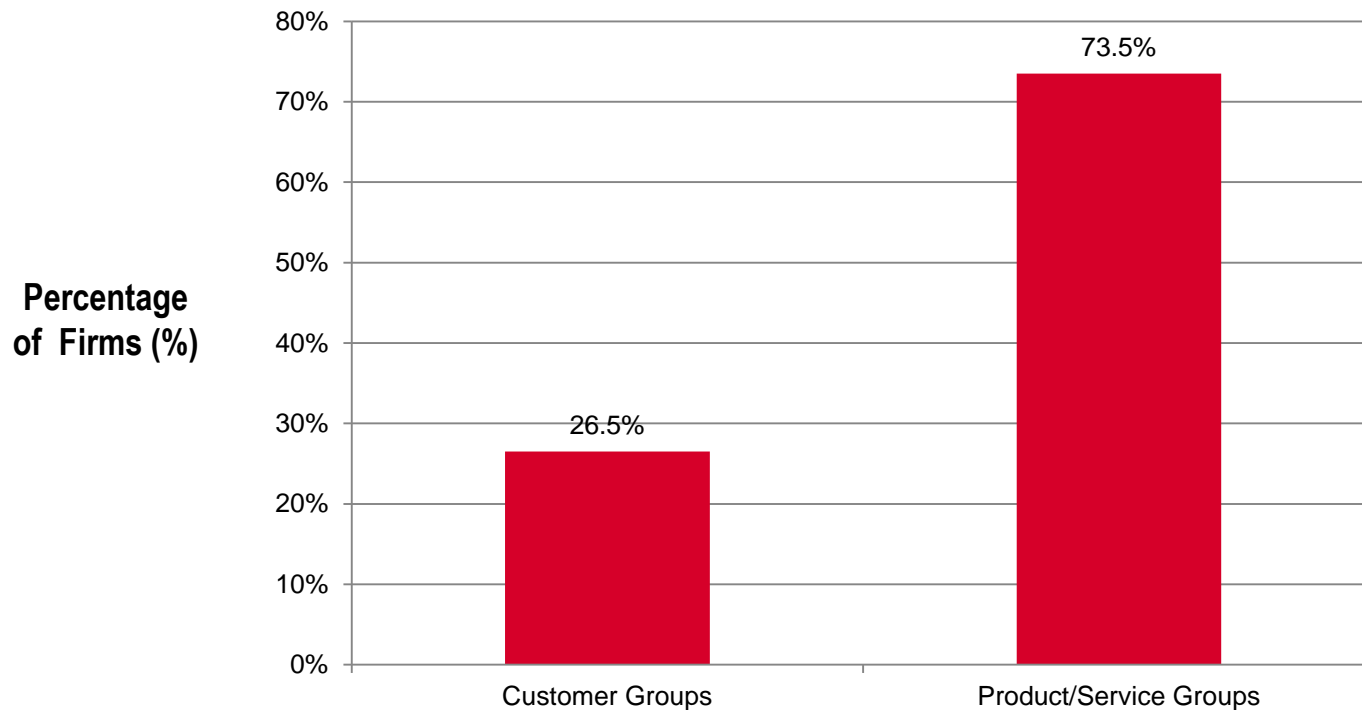


# Product/service organizational structure dominates: Only 26% of firms using customer groups

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

**Figure 7.3. Organizational structure in companies**

**New question  
in The CMO Survey**



# Topic 8: Marketing Leadership

# What marketing leads

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

Activity	Feb-11	Feb-12	Aug-12	Feb-13
Advertising	85%	85%	84%	84%
Positioning	79%	78%	82%	82%
Promotion	81%	79%	84%	82%
Brand	81%	84%	84%	84%
Marketing research	73%	71%	75%	76%
Social media	71%	73%	77%	76%
Competitive intelligence	58%	62%	67%	68%
Public relations	65%	53%	61%	61%
Lead generation	53%	53%	57%	56%
Market entry strategies	50%	46%	55%	56%
New products	44%	52%	51%	47%
CRM	38%	41%	45%	41%
Targeting/Market selection	31%	35%	40%	36%
Sales	32%	30%	27%	24%
Pricing	30%	34%	38%	31%
Innovation	33%	39%	37%	35%
Customer service	22%	21%	18%	24%
Stock market performance	0.4%	1.2%	1.0%	2.3%

\*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.

Stronger marketing leadership:

- Customer service
- Stock market performance

Maintaining marketing leadership:

- Advertising
- Positioning
- Promotion
- Brand
- Marketing research
- Social media
- Competitive intelligence
- Public relations
- Lead generation
- Market entry

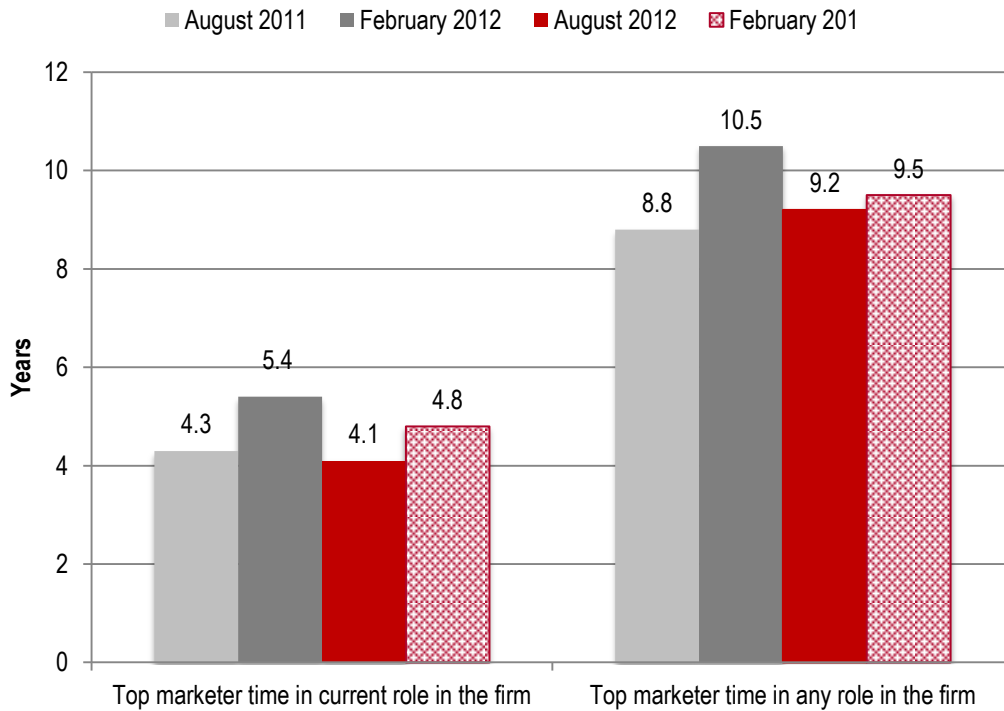
Weaker marketing leadership:

- New products
- CRM
- Targeting/Market selection
- Sales
- Pricing



# Marketing leaders retained for 4.8 years

**Figure 8.1. Marketing leader retention**

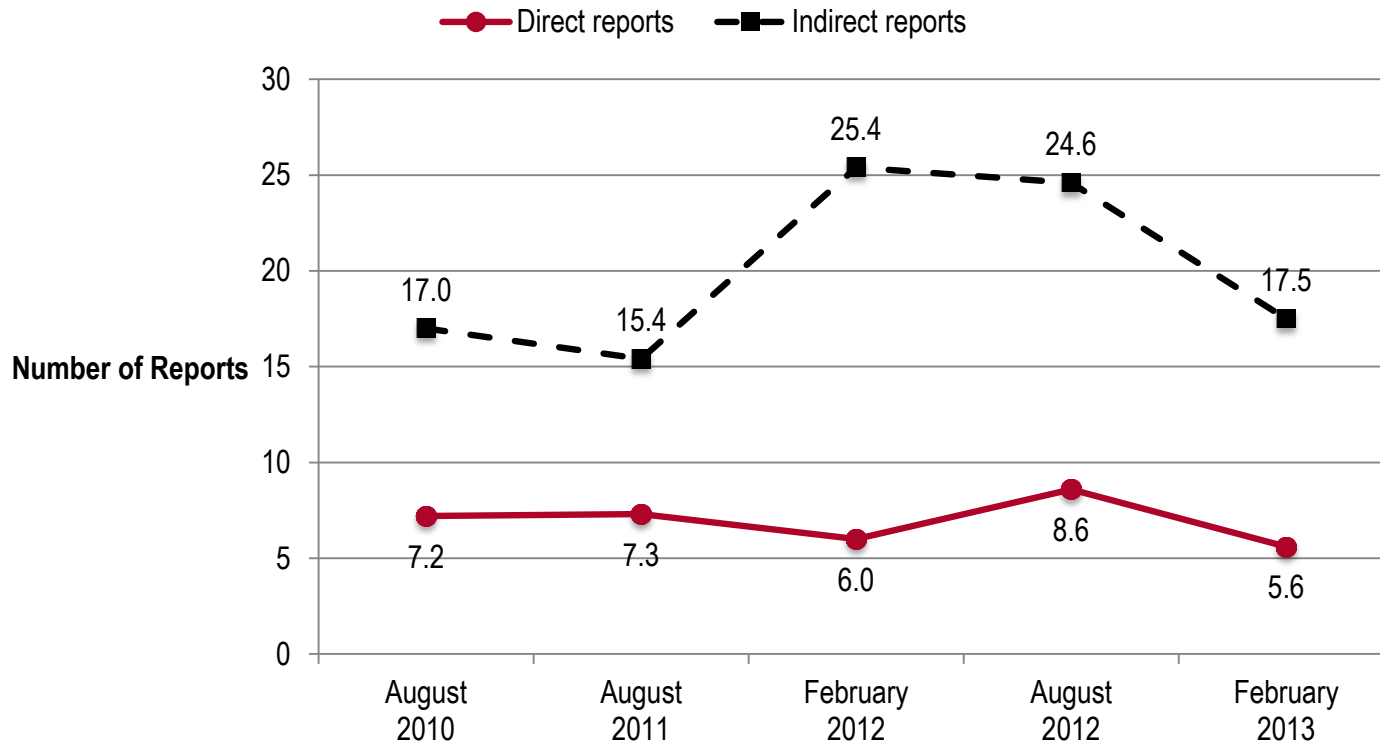


**Table 8.2. Sector differences in retention (Feb-2013)**

	Years in current role
<b>B2B Product</b>	4.1
<b>B2B-Service</b>	4.7
<b>B2C-Product</b>	4.8
<b>B2C-Service</b>	4.8

# Marketer influence drops

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





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.

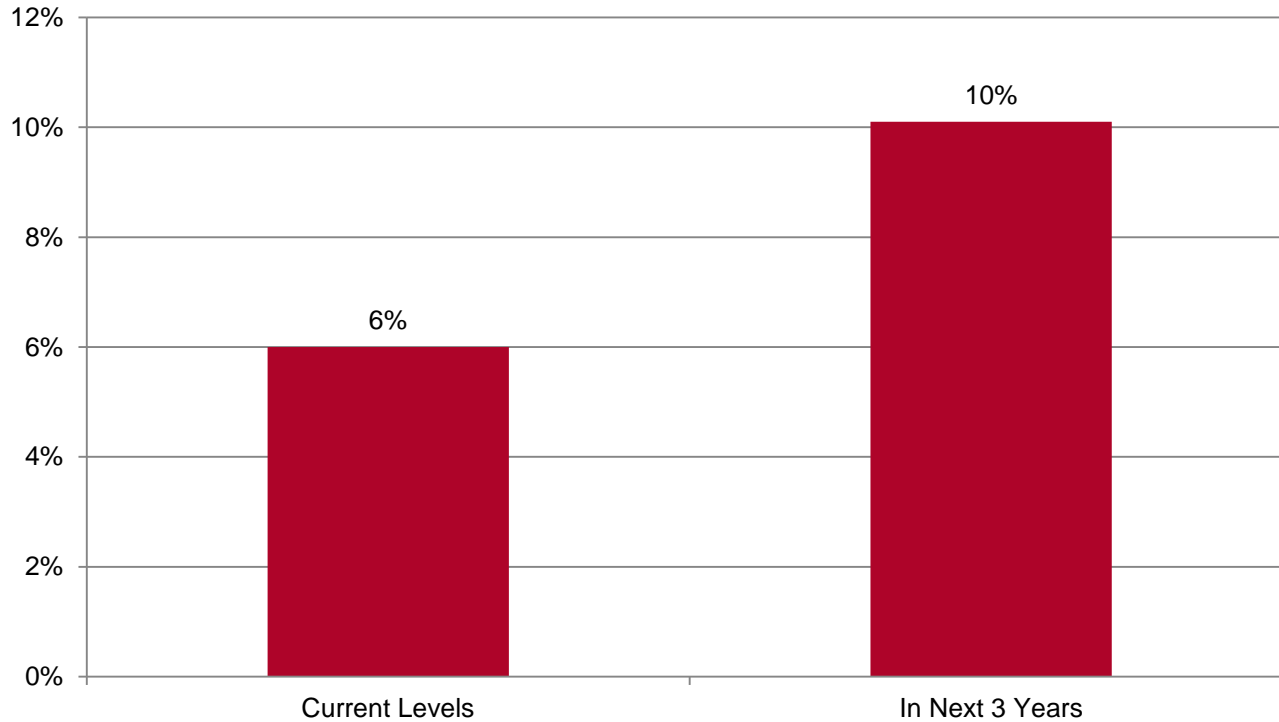


Global Marketing Officer Marc Pritchard shares his viewpoints on how marketing contributes to P&G’s performance. He talks about how P&G learns about customers and how it is relentless in its attention to building loyal customers and strong brands in the store, on the web, and around the world.

# Topic 9: Marketing Analytics

# Spending on marketing analytics expected to increase 66% in three years

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



# Spending on marketing analytics by firm and industry characteristics

**Table 9.1a. Firm sector differences**

	Current	In Next 3 years
B2B-Product	5.4	9.1
B2B-Service	6.5	11.6
B2C-Product	5.4	9.9
B2C-Service	6.7	9.6

**Table 9.1b. Firm internet sales differences**

	Current	In Next 3 years
0%	5.3	9.4
1-10%	6.2	10.6
>10%	6.8	11.0

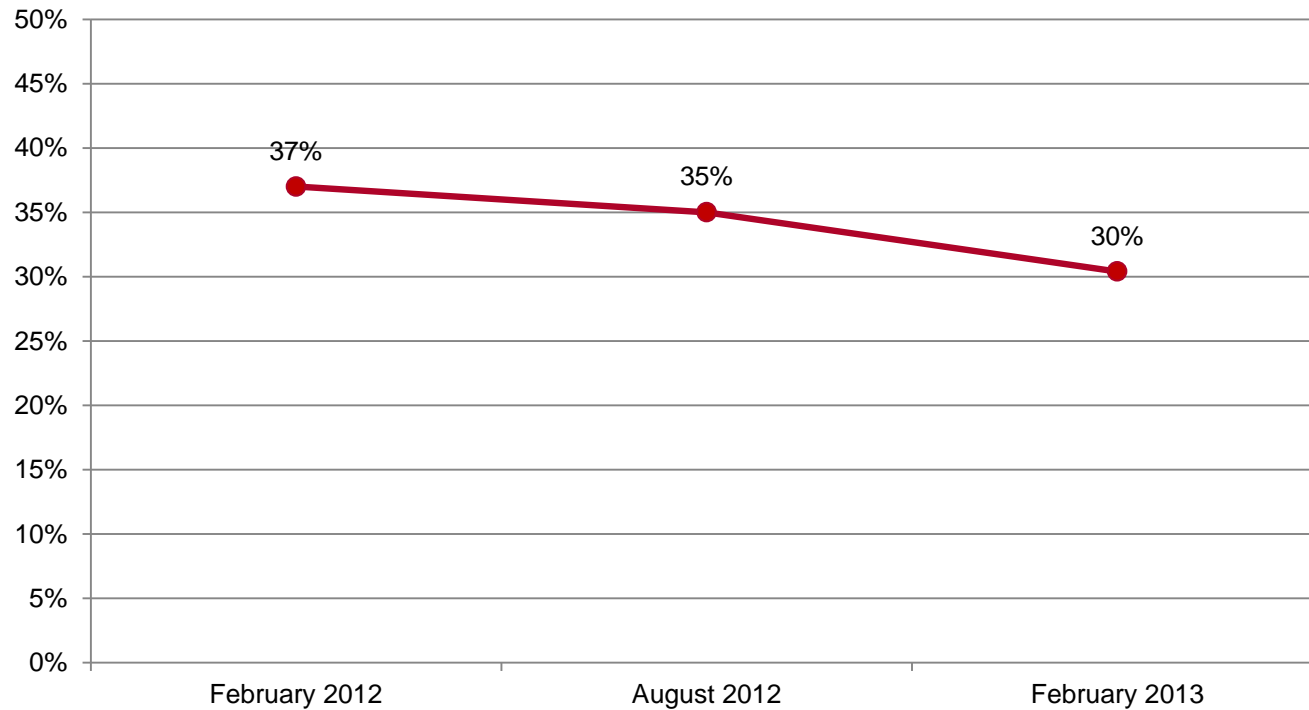
**Table 9.1c. Firm size differences**

	Current	In Next 3 years
<\$25M	5.2	9.2
\$26-99M	4.7	9.0
\$100-499M	5.8	9.1
\$500-999M	7.7	12.3
\$1-9.9B	6.8	10.5
\$10+B	9.1	13.7

# Most projects fail to use marketing analytics; worsening trend as big data grows

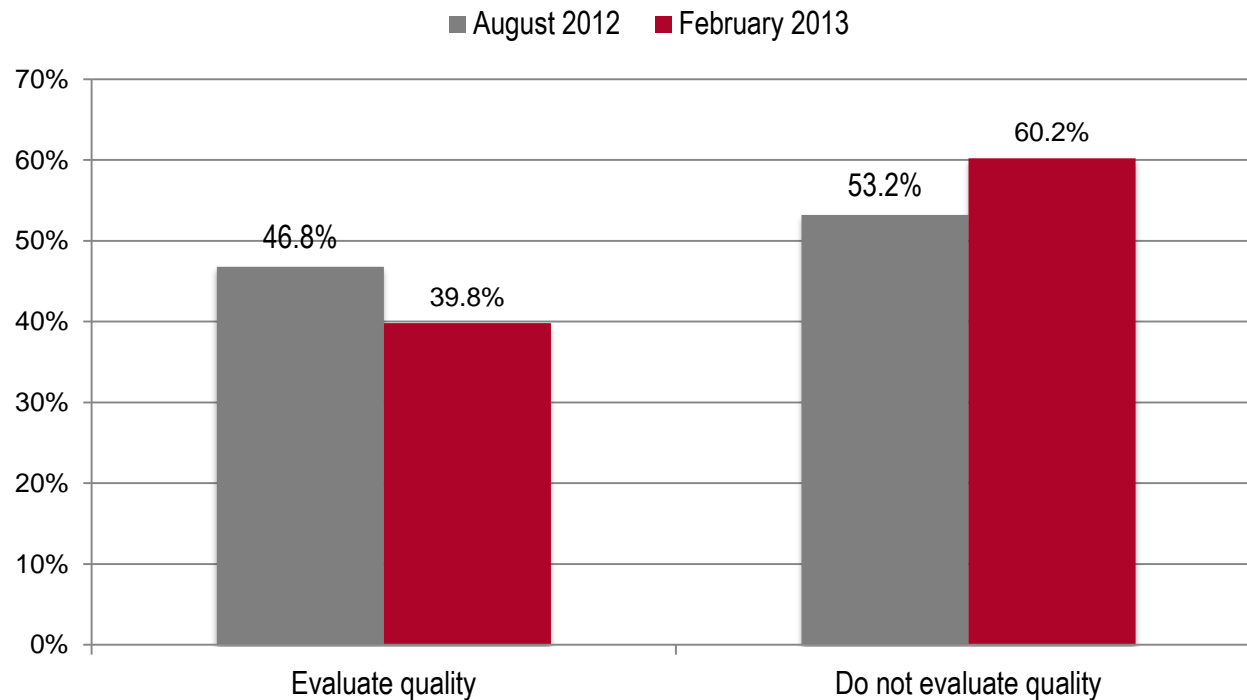
Marketplace > Growth > Spending > Performance > Social Media > Jobs > Organization > Leadership > **Analytics**

**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?



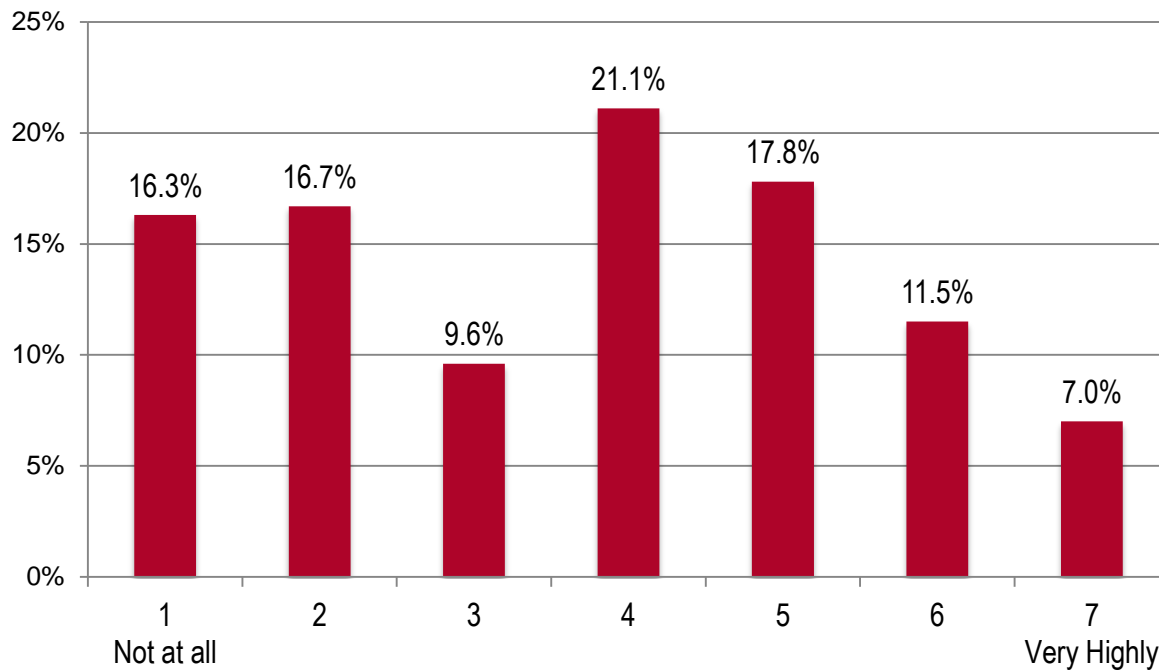


# Contribution of marketing analytics to company performance drops

**Mean contribution of marketing analytics to company performance on 7-point scale:**

- February 2013: 3.7 (SD = 1.9%)
- August 2012: 3.9 (SD = 1.9%)

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



# The 2013 CMO Survey Award for Marketing Excellence – Overall Winner

Participants were asked to nominate a company in response to the question:

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

Apple, Inc.



# The 2013 CMO Survey Award for Marketing Excellence – Industry Winners

*Participants were asked to nominate a company in response to the question:*

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

The logo for Procter & Gamble, featuring the letters 'P&G' in a bold, blue, serif font.

Procter & Gamble  
(Consumer Packaged Goods: Non-food)



General Electric  
(Manufacturing)

The logo for IBM, featuring the letters 'IBM' in a blue, sans-serif font with horizontal stripes.

IBM  
(Technology Solutions/Consulting)

The logo for Google, featuring the word 'Google' in its multi-colored, sans-serif font.

Google  
(Services)

The logo for The Coca-Cola Company, featuring the words 'The Coca-Cola Company' in a red, cursive script font.

The Coca-Cola Company  
(Consumer Packaged Goods: Food)

# Preview

**Next survey:** The CMO Survey will be administered in July 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)