



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

# Highlights and Insights

February 2010



# 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.
- This is the 4th administration.

## Sponsoring Organizations



## Lead Researcher



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

- **Survey Sample**

- 4,336 Top Marketers at *Fortune* 1000, *Forbes* Top 200, CMO Club companies, and Top Marketers who are AMA Members or Duke University Alumni and Friends
- 612 responded for a 14.1 % response rate
- 81.1% of respondents hold a rank of VP, CMO, or higher

- **Survey Administration**

- Email contact with three follow-up reminders
- Survey in field from January 13-27, 2010

- **Results Interpretation**

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

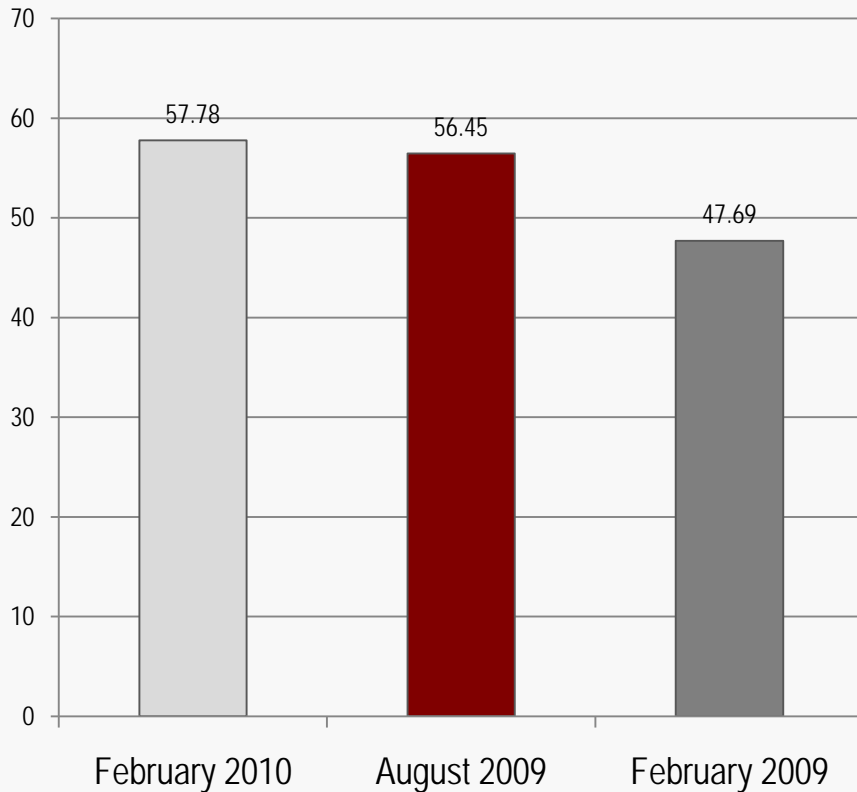
# Overview of Results

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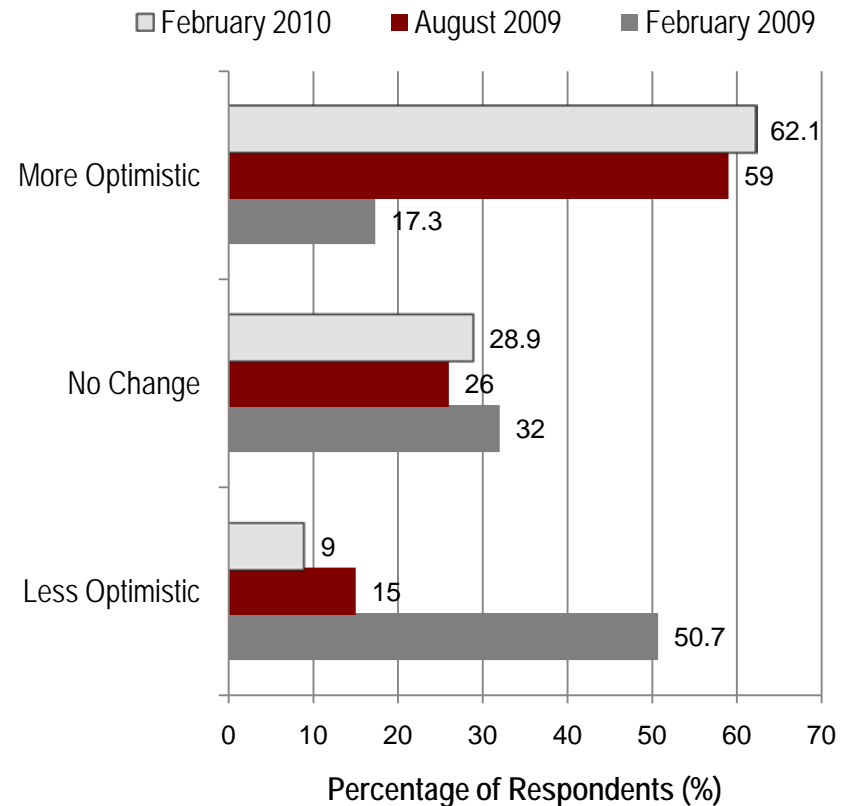
# Topic 1: Marketplace Dynamics

# Marketer optimism about overall economy continues upward trend

**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?



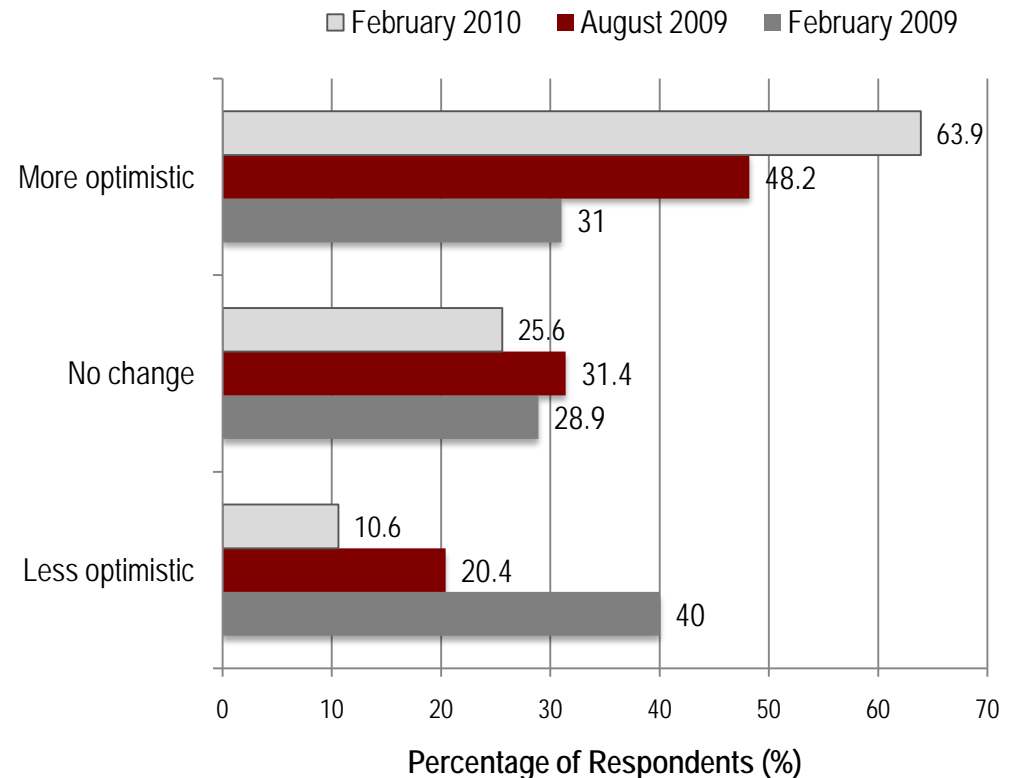
**Figure 1.2.** Are you more or less optimistic about the overall U.S. economy compared to last quarter?



# ... but now it's personal

- Marketer optimism about the overall economy and optimism about firms are now on par--62.1% for economy and 63.9% for companies.
- Compared to August 2009, when Marketer optimism about the overall economy ticked up to 59%, but optimism about their own companies remained at 48.2%.
- Marketers expect their firms to participate in the anticipated recovery.

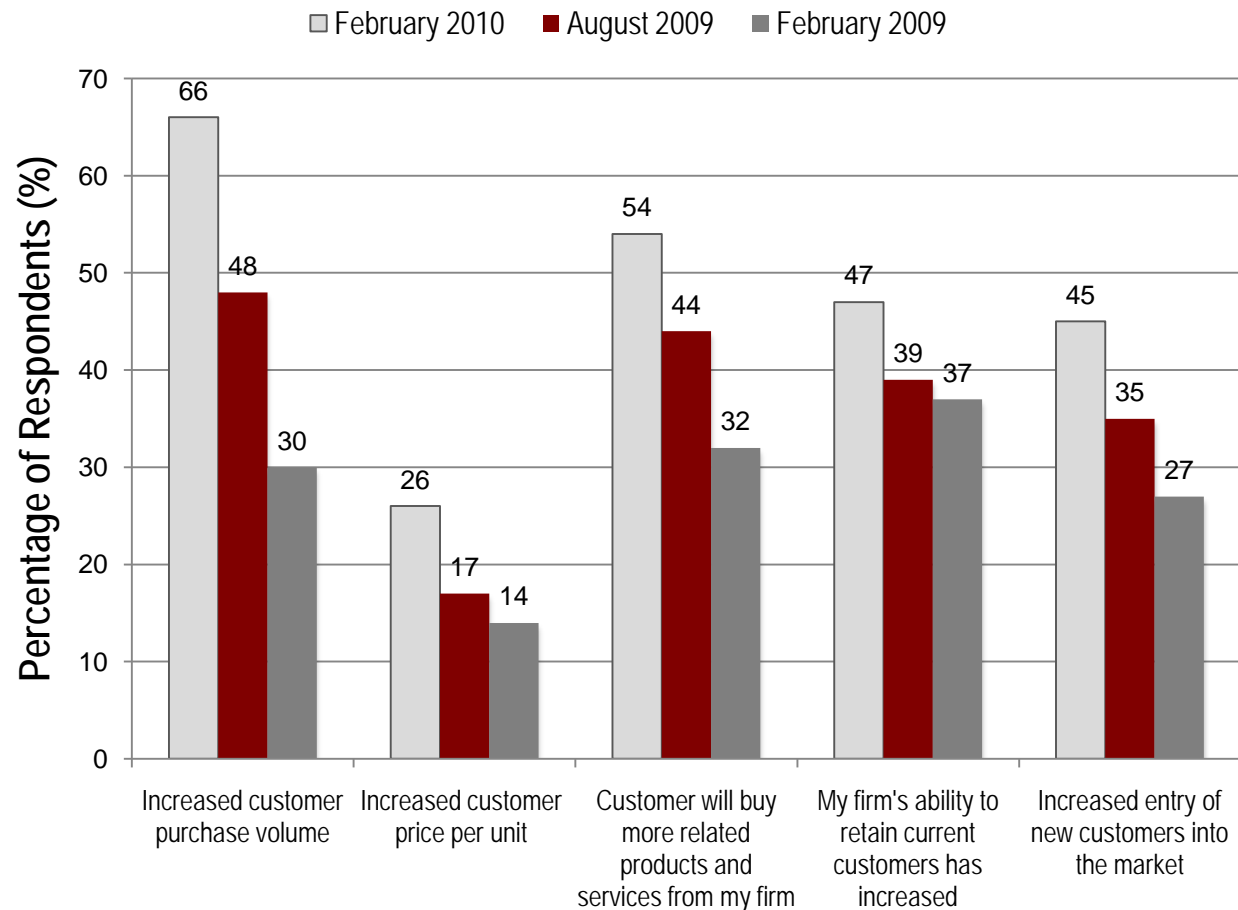
**Figure 1.3.** Are you more or less optimistic about your own company compared to last quarter?



# Customer activity expected to soar on key revenue metrics

- Major uptick in expected customer purchase volume, price per unit, purchase of related products and services, customer retention, and entry of new customers into market.

Figure 1.4. Customers Improve on all Revenue Metrics

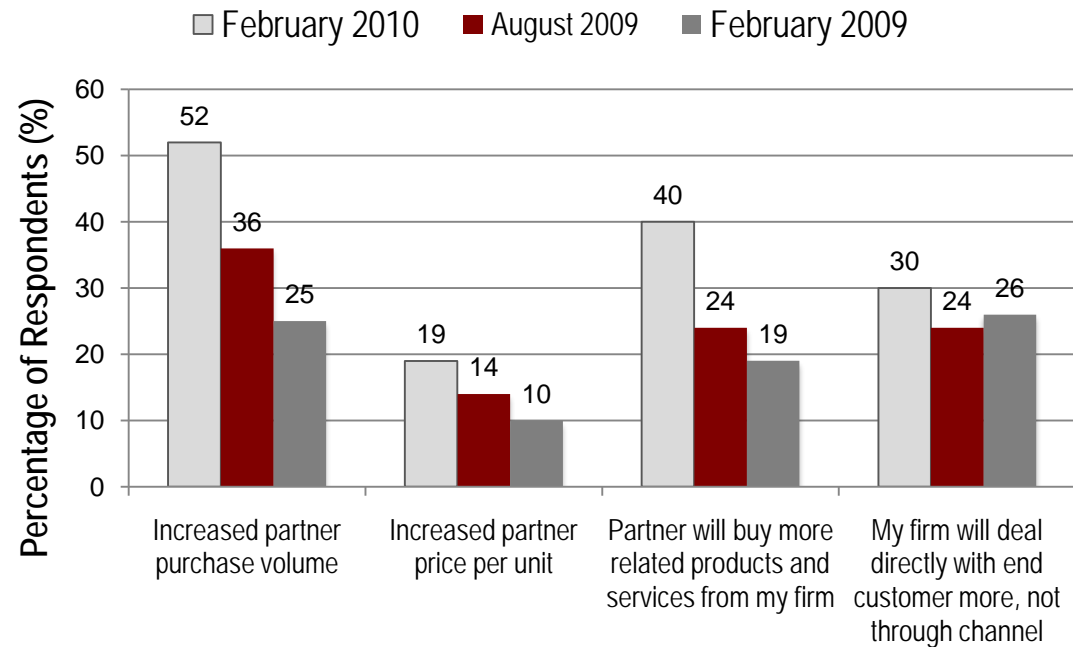




# Channel partners rebound as well

- August 2009 showed partners not performing well. February 2010 indicates they are waking up.
- More companies will go directly to customer (from 24% to 30%). This is reflected in internet spending discussed in Section 3.

**Figure 1.5. Channel Partners Improve on Revenue Metrics**



# Topic 2: Firm Growth Strategies

# Growth through diversification

## Types of Growth Strategies

	Current Products/ Services	New Products/ Services
Current 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-2009	Aug-2009	Feb-2010
Market Penetration Strategy	48%	46%	44%
Market Development Strategy	18%	18%	18%
Product/Service Development Strategy	24%	26%	26%
Diversification Strategy	10%	10%	13%

\* % of spending across growth strategies

Sector differences: B2B-Product firms expect the biggest reduction in market penetration (from 44% to 39%) and the biggest increase in diversification (from 10.8% to 15%)

# Growth via partnerships and acquisitions continues to increase

- Organic growth continues to dominate growth strategies.
- Small decrease in internal growth met by small increases in acquisitions and partnerships.

**Table 2.2. How Firms Will Grow in the Next 12 Months\***

Strategy	Feb-2009	Aug-2009	Feb-2010
Growth from your firm internally	70.9%	70.3%	69.5%
Growth from acquisitions	8.8%	9.7%	10.4%
Growth from partnerships	13.3%	13.4%	14.7%
Growth from licensing	7.0%	6.6%	5.4%

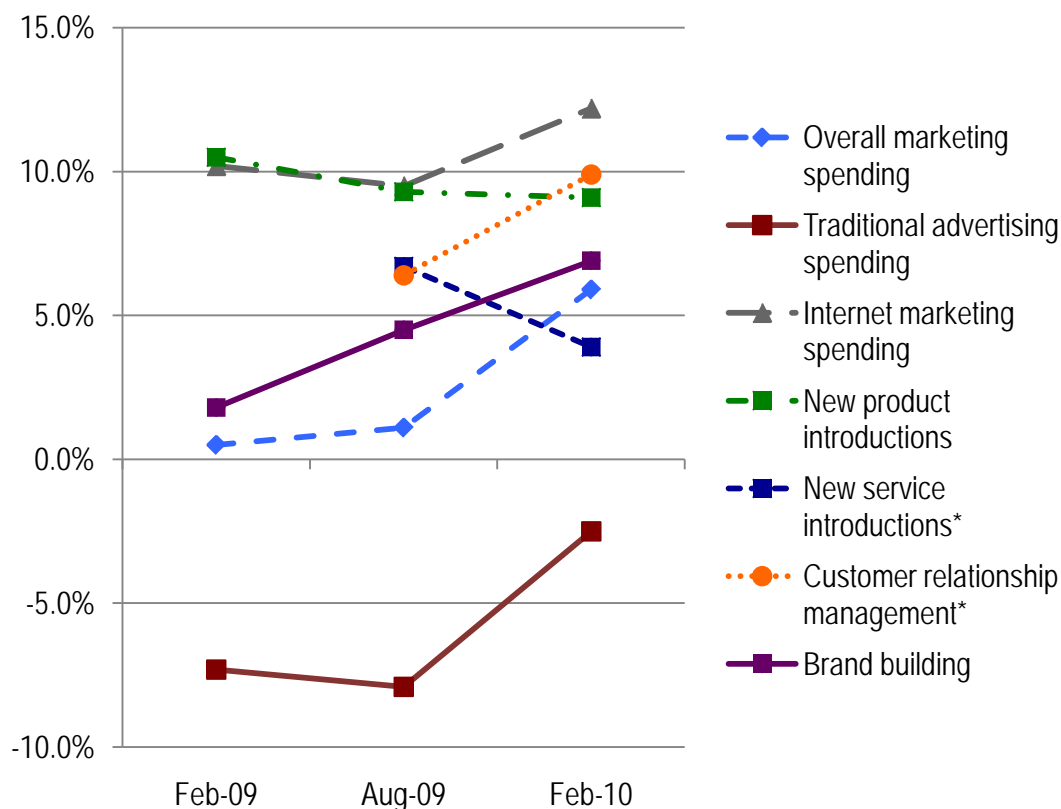
\* Percentage of spending across growth strategies

# Topic 3: Marketing Spending

# Marketing Spending Up

- Overall marketing budgets are expected to rise by 5.9% -- the largest expected increase in a year: Aug-09 (1.1%) and Feb-09 (0.5%)
- Internet marketing expenditures account for the largest increase: 12.2%
- Traditional advertising spending change remains negative (-2.5%), but smaller losses than in Aug-09 (-7.9%) and Feb-09 (-7.3%).
- Investments in key marketing assets rise:
  - Brand building (from 1.8% in Feb-09, 4.5% in Aug-09 to 6.9% in Feb-10).
  - CRM (from 6.4% in Aug-09 to 9.9% in Feb-10).

**Figure 3.1. % Change in Marketing Spending in Next 12 Months**



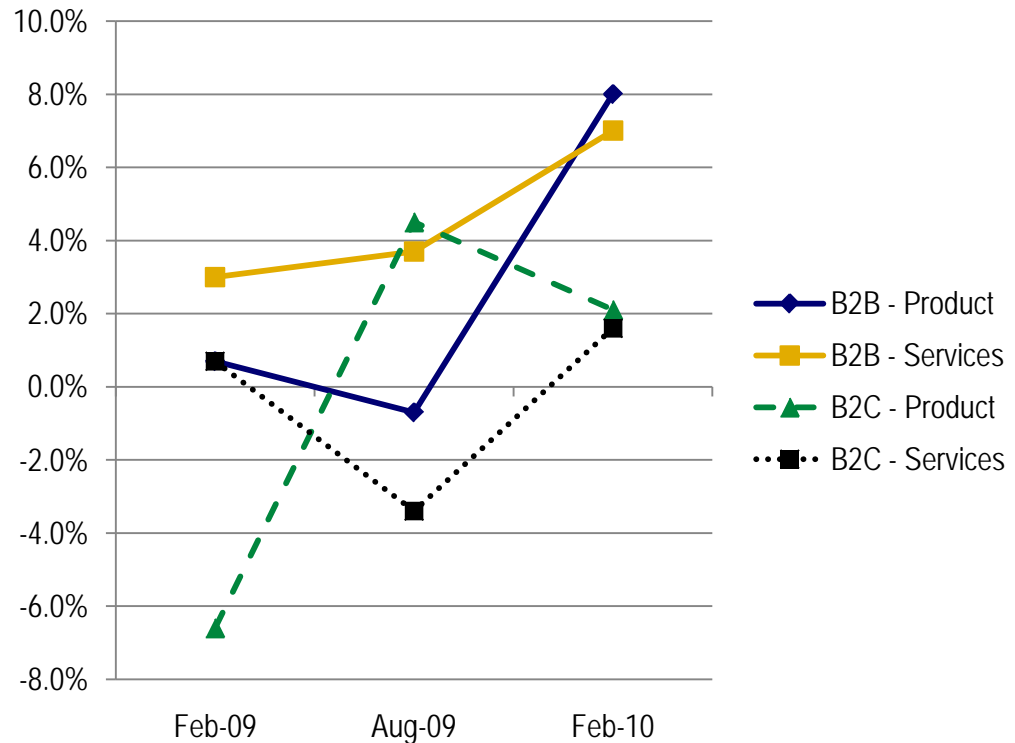
\* Question not asked in February 2009

# Marketing spending priorities vary across sectors

## Sector Differences:

- Brand building: B2B-Service firms (+11.8%) vs. (+4.3%) average across sectors
- Customer relationship management: B2B-Service firms (+13.6%) vs. (+7.5%) average across other sectors
- New service introductions: B2B-Service (+10.4%) vs. (+5.3%) average across other sectors
- New product introductions: B2B firm (+11.25%) vs. B2C firms (+4.7%)

**Figure 3.2.** % Change in Marketing Spending by Sector in Next 12 months



# Spending on marketing knowledge and services rebounds

- Marketing consulting services had been negative (Feb-09) or very small (Aug-09). A 2.9% increase may signal revitalization of the industry.
  - Biggest increase from B2B-Services (+4.5%)
- Increases in research and intelligence (+7.3%) likely indicate firms are investing to search for growth opportunities.
  - Biggest increase from B2B-Services (+10.6%)
- Emphasis remains on developing knowledge about how to do marketing (+6.4%) and integrating what we know about marketing (+7.4%)

**Figure 3.3. Firm Spending Increase on Marketing Knowledge in Next 12 Months**





# Topic 4: Marketing Performance

# Firm performance metrics mixed; goals up!

**Table 4.1. Firm Performance on Financial Metrics**

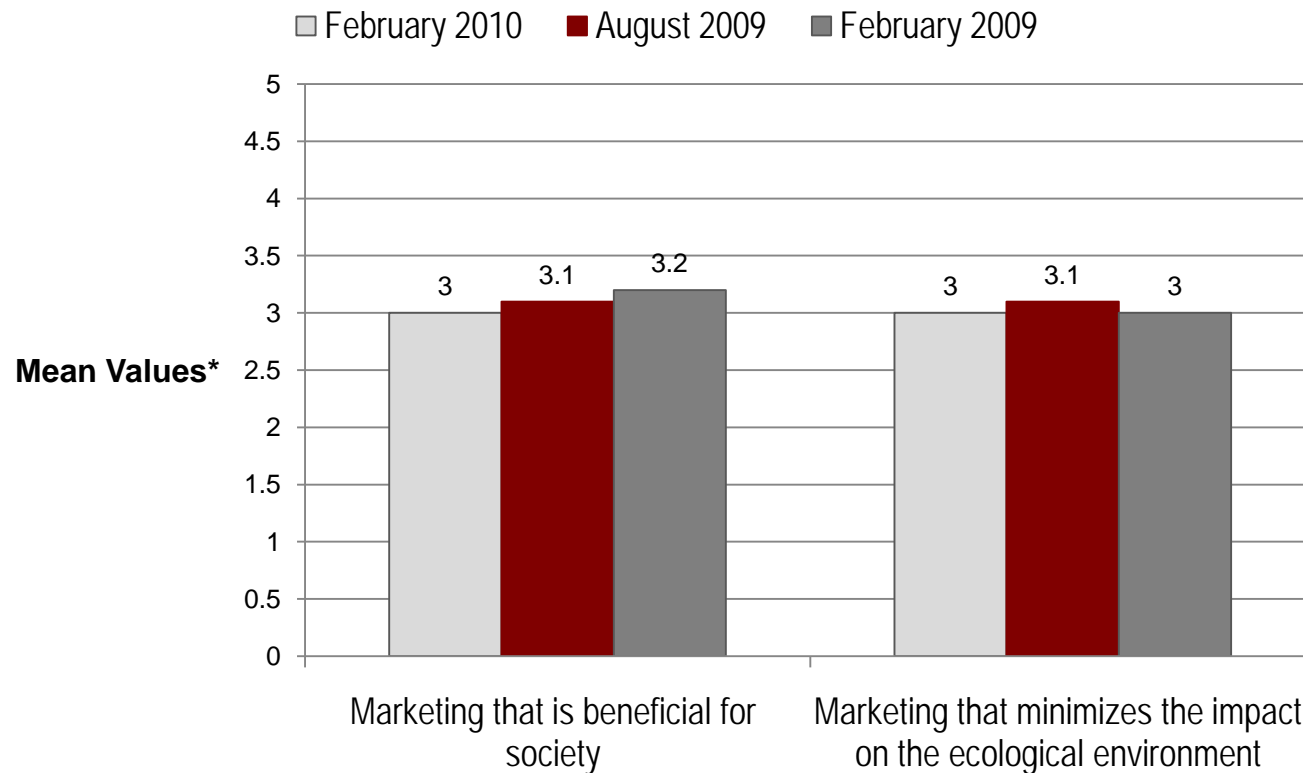
	Actual firm performance Feb-2009	Actual firm performance Aug-2009	Actual firm performance Feb-2010	Goal in the next 12 months
Firm sales*		-0.6%	-0.1%	6.1%
Market share	3.0%	2.2%	1.6%	4.7%
Marketing return on investment	2.6%	1.9%	1.9%	5.2%
Firm profits	1.6%	0.5%	0.6%	6.0%
Customer acquisition	3.3%	2.6%	2.1%	5.3%
Customer retention	2.3%	1.4%	1.7%	4.7%
Brand value	3.7%	3.2%	2.6%	5.7%

\* Question not asked in February 2009

# Marketers focus on “going green” remains moderate and unchanged

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

**Figure 4.1. Firm Performance on Social Metrics**



\* 5-point scale where 1 is poor and 5 is excellent

# Topic 5: Marketing Excellence

# Peers nominate firms for marketing excellence across sectors, industries

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

## Winners of The CMO Survey Award for Marketing Excellence, February 2010



## Honorable Mentions





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

# Topic 6: Marketing Organization and Leadership

# Marketing and sales share customers in most companies

Marketplace

Growth

Spending

Performance

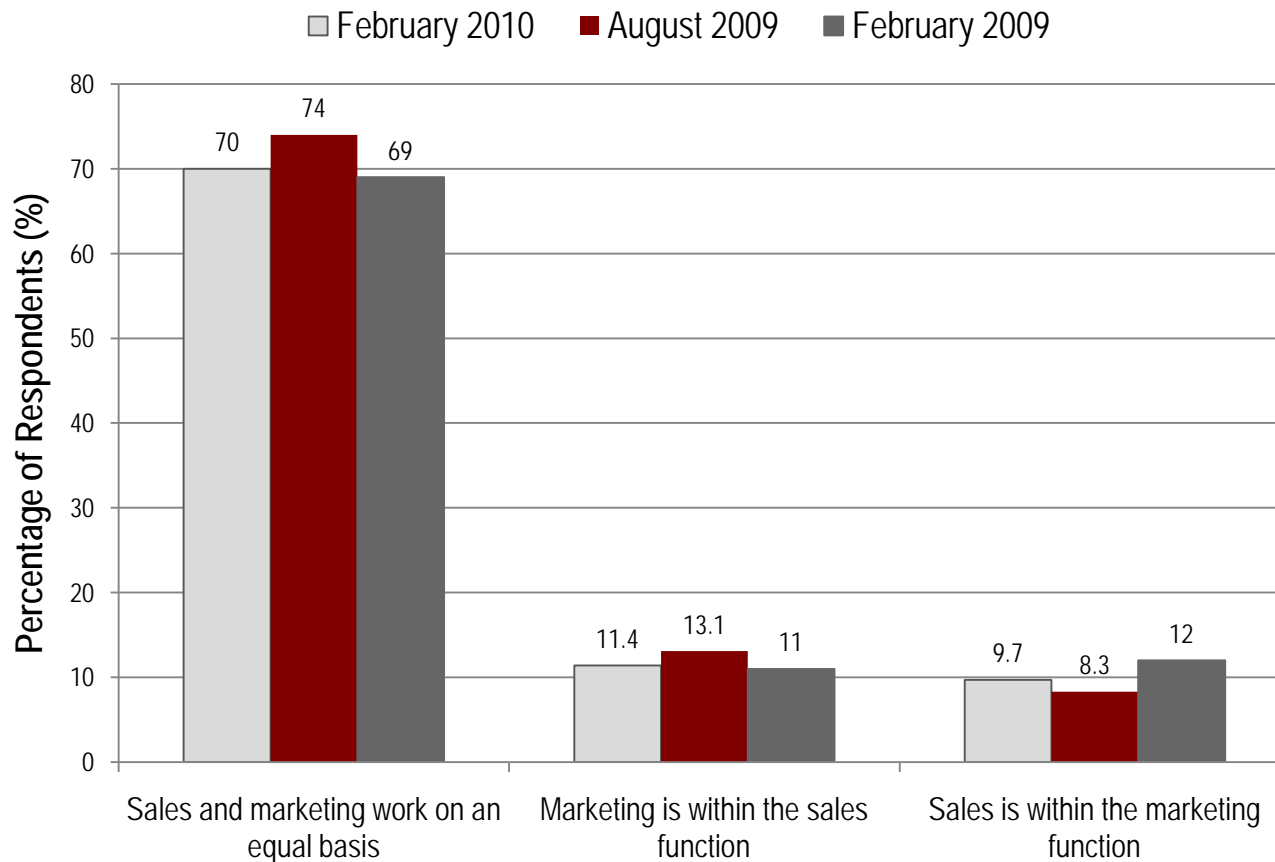
Excellence

Organization

Social Media

Jobs

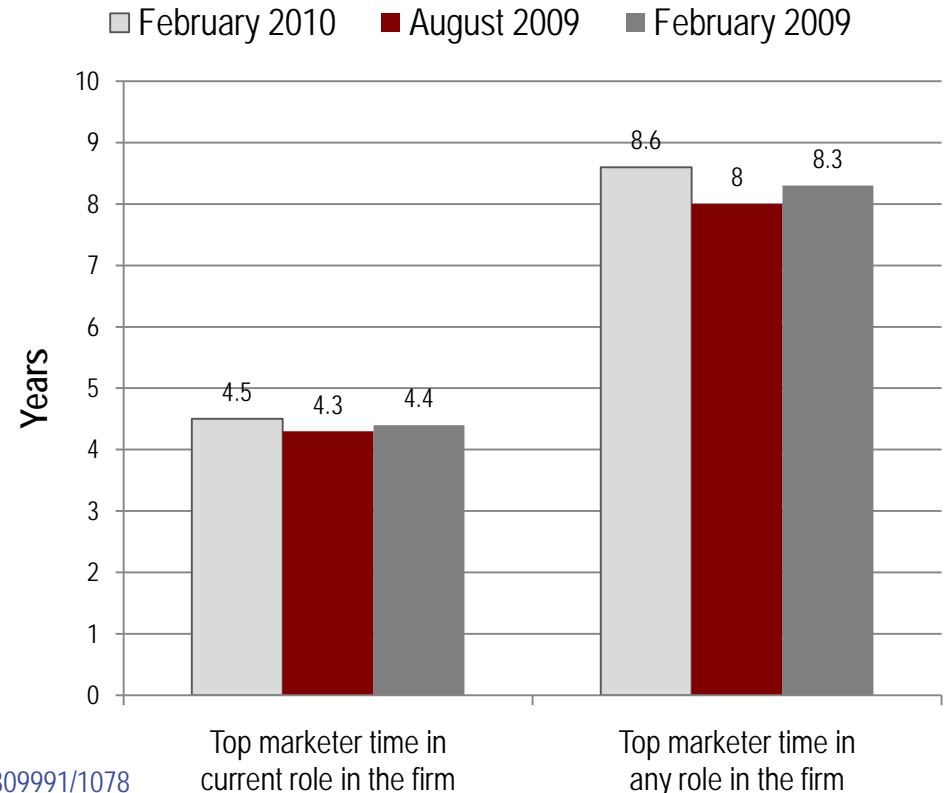
**Figure 6.1. The Marketing-Sales Relationship**



# Marketing leaders retained through economic crisis

- Top marketers continue to beat oft-cited 23<sup>1</sup> and 28<sup>1</sup> month survival averages.
- Given length of time in firms (~8.6 years), marketing leaders appear to be appointed from within.

**Figure 6.2. Marketing Leader Retention**



1. [http://content.spencerstuart.com/sswebsite/pdf/lib/CMO\\_brochureU1.pdf](http://content.spencerstuart.com/sswebsite/pdf/lib/CMO_brochureU1.pdf)

2. <http://www.btobonline.com/apps/pbcs.dll/article?AID=/20090130/FREE/901309991/1078>

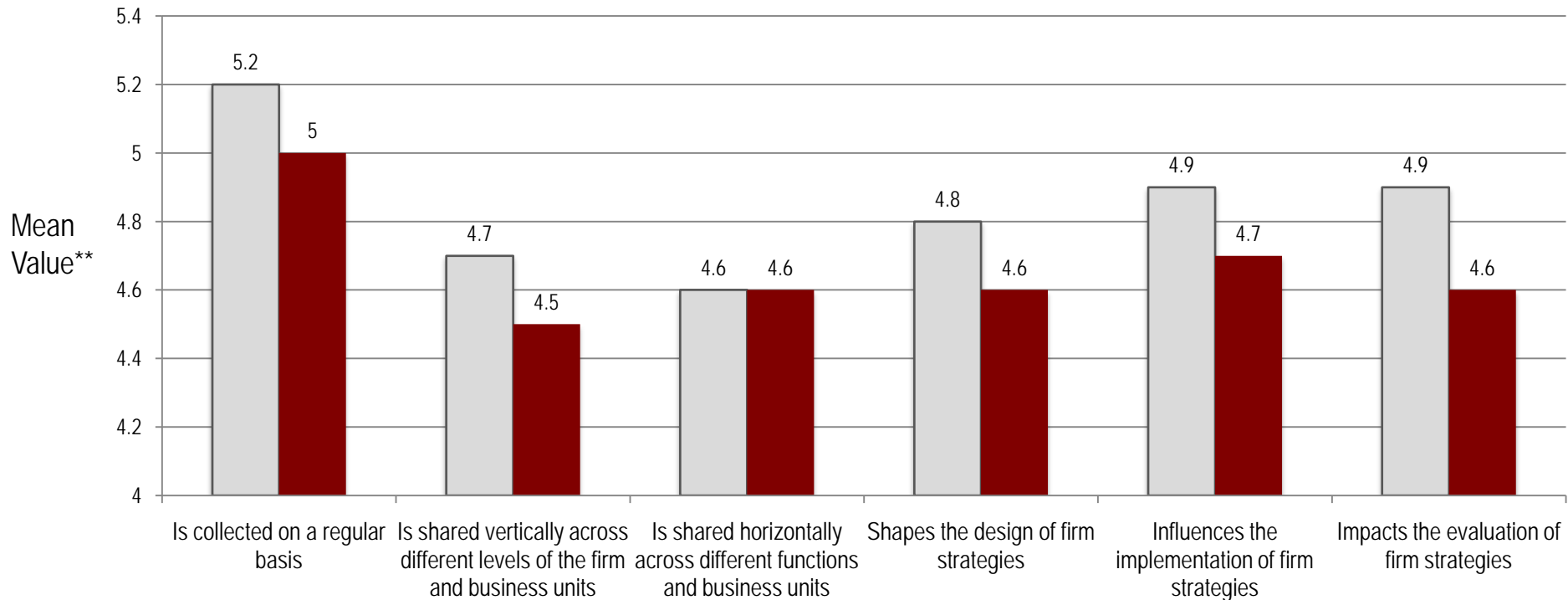


# Investments in building strategy from the outside-in rebounds

- Firms invest more in learning about markets and in using market information to drive strategy

**Figure 6.3. Firm Market Orientation\* and Strategy**

□ February 2010    ■ August 2009



\*Rate the extent to which your firm engages in the following market-oriented behaviors. Information about customers and competitors....

\*\* 7-point scale where 1 is not at all and 7 is very frequently

# Topic 7: Marketing and Social Media

Google groups

LinkedIn

YouTube



twitter

facebook

amazon.com



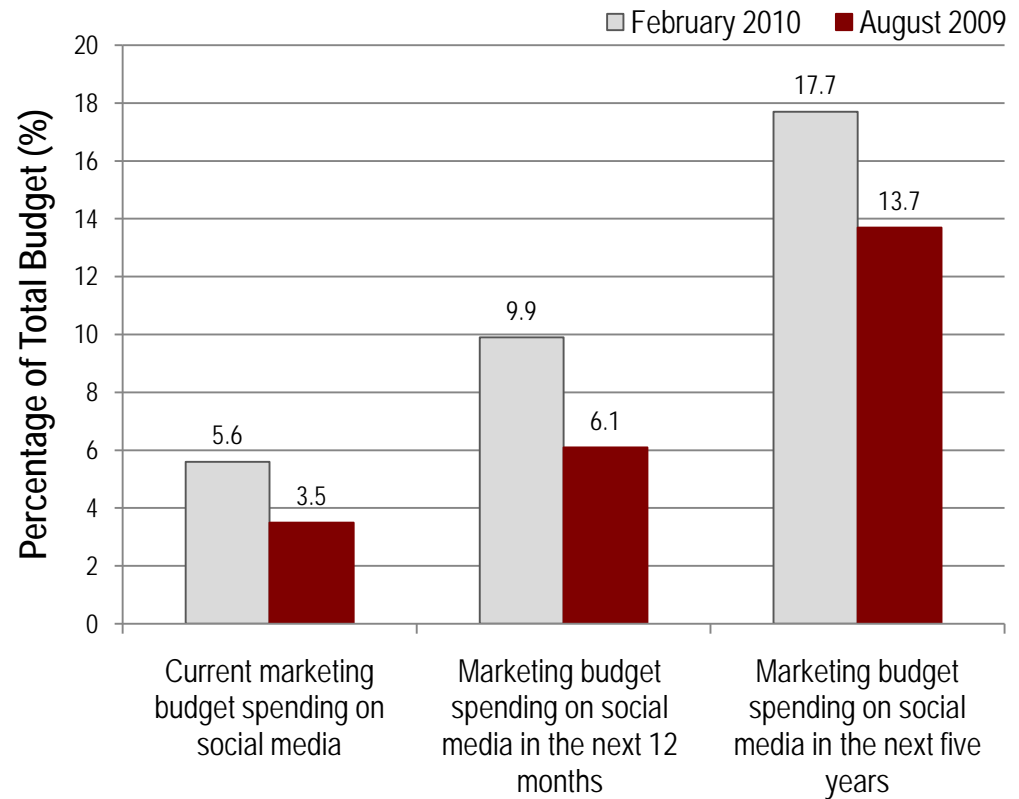
flickr

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# Social media spending continues to accelerate

- Fast-growing spending exceeds August 2009 levels.
- Within 1 year, social media is expected to be 10% of all marketing budgets and nearly 18% in 5 years.

**Figure 7.1. Social Media Spending Over Time**



# Social media spending sector differences

- Biggest increase in current social media spending among B2C-Service companies (from 2.9% to 6.9%).
- Largest increase in next year to come from B2B-Service companies (from 6.5% to 11%).
- Within 5 years, industries generally on par with social media spending.

**Table 7.2. Sector Differences in % Change in Social Media Spending**

		Aug-2009	Feb-2010
Current Social Media Spending	B2B - Product	2.5%	3.4%
	B2B - Services	3.9%	6.5%
	B2C - Product	5.3%	6.7%
	B2C - Services	2.9%	6.9%
	Overall	3.5%	5.6%
Social Media Spending in the next 12 months	B2B - Product	4.5%	7.4%
	B2B - Services	6.5%	11.0%
	B2C - Product	7.5%	11.6%
	B2C - Services	8.8%	10.7%
	Overall	6.1%	9.9%
Social Media Spending in the next 5 years	B2B - Product	12.6%	15.3%
	B2B - Services	13.5%	18.9%
	B2C - Product	15.0%	18.9%
	B2C - Services	15.4%	18.5%
	Overall	13.7%	17.7%

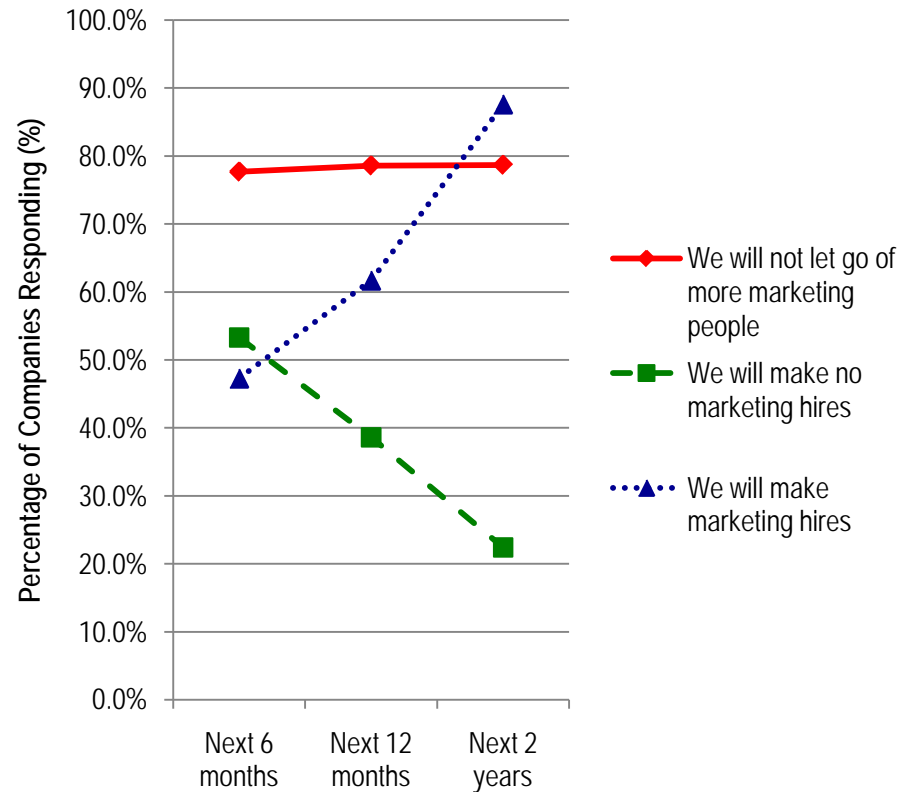
## Topic 8: Marketing Jobs

# Marketing hires to increase; marketing layoffs stop

Compared to the number of marketing hires last year, by what *percentage* will your firm's marketing hires change:

- In the next 6 months: +8.2%
- In the next year: +12.9%
- In the next two years: +24.1%

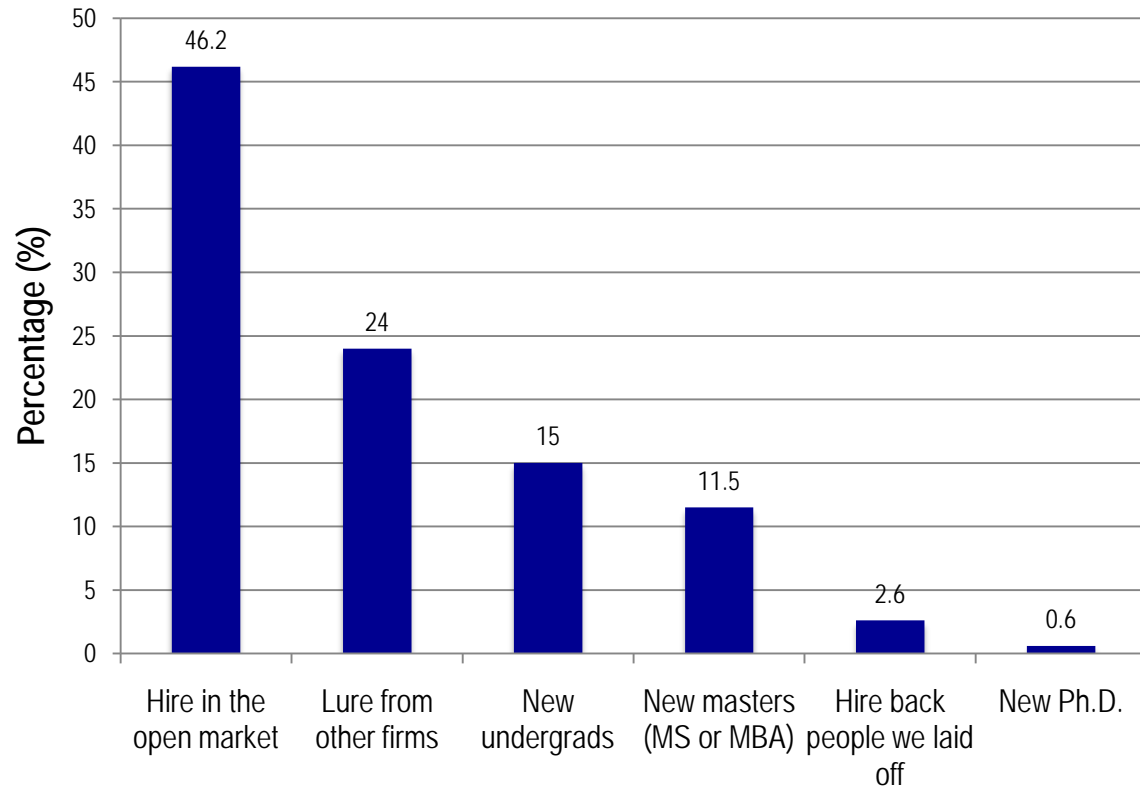
**Figure 8.1. Absolute number of marketing people hired**



# It's a buyer's market for marketing job seekers

- Companies to emphasize hiring in the open market (46%) and luring talent from competitors (24%).
- Experience emphasized as only 27.1% of hires expected to come from universities.

**Figure 8.2. Types of marketing hires firms will emphasize\***

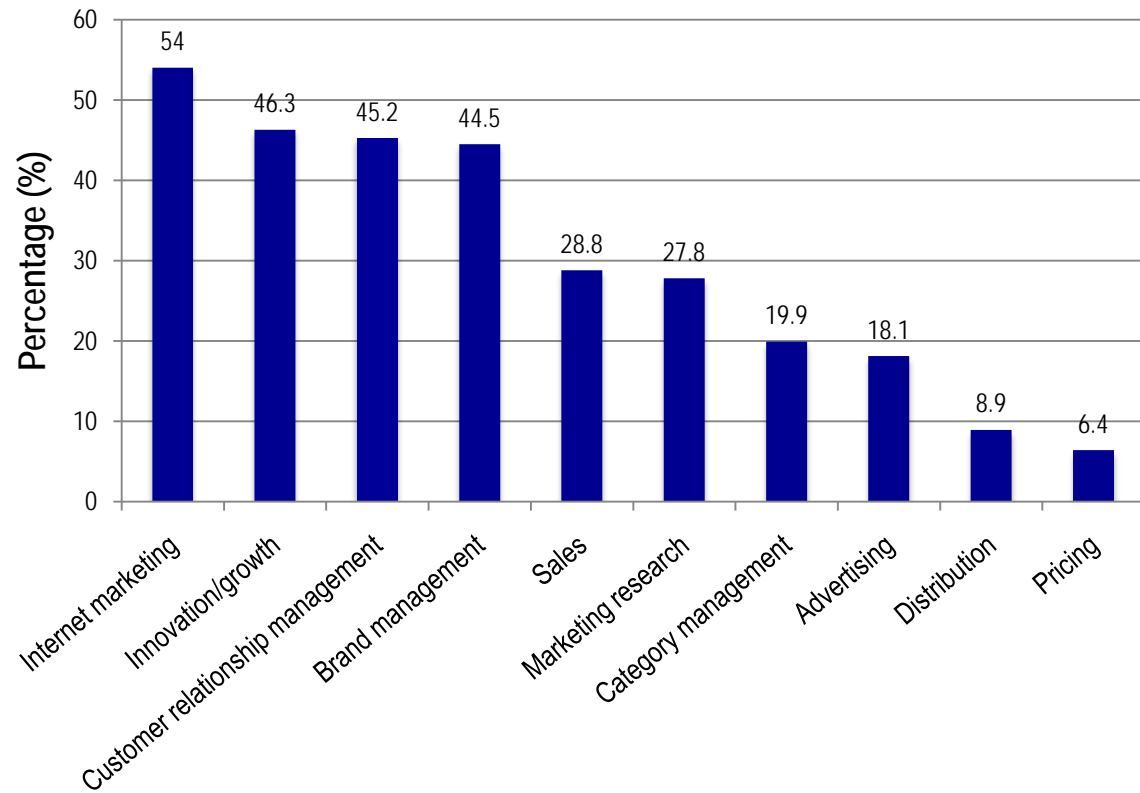


\*Allocate 100 points across the types of marketing hires your firm will emphasize

# Marketing skills emphasize management of new media and growth

- Internet marketing tops the list of skills sought in marketing hires. This priority is also reflected in spending on internet marketing—which showed the largest increase in marketing spending.
- Improving management of top line through innovation and growth skills is second.
- Skills related to managing the firm's key marketing assets (customer and brand) also important.
- Traditional marketing skills, such as marketing research, advertising, distribution, and pricing de-emphasized.

**Figure 8.3.** Top three skill sets prioritized in marketing hires

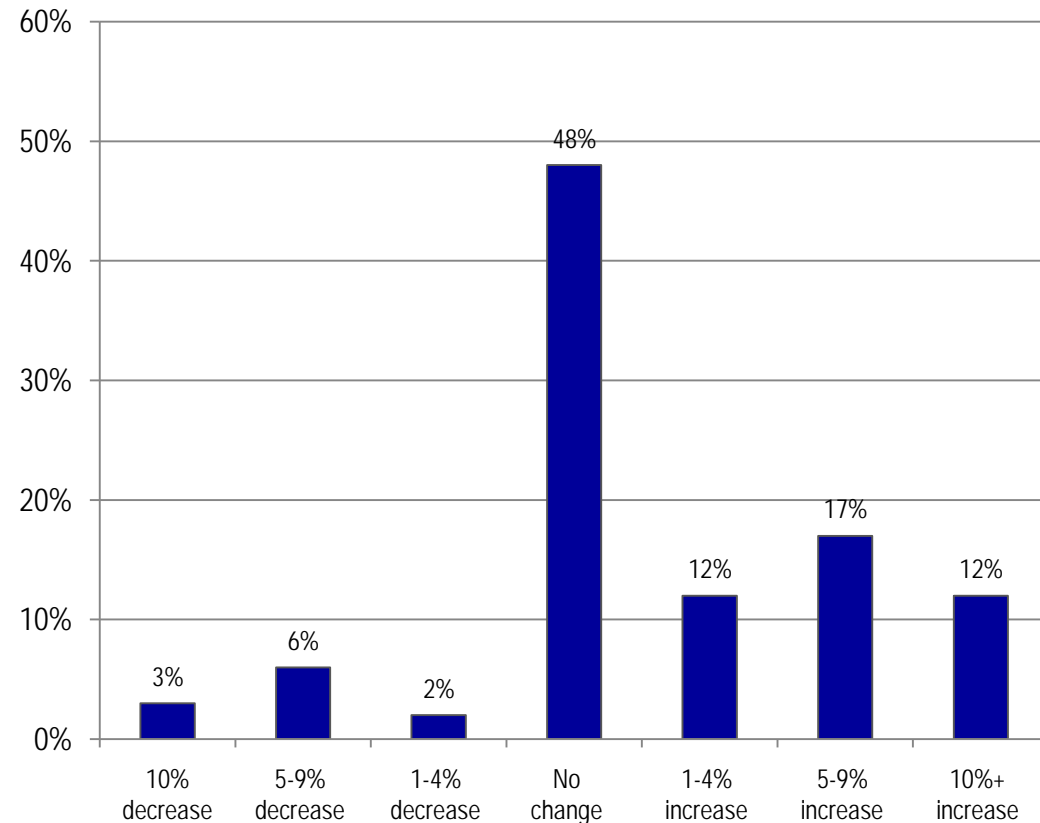




# The outsourcing of marketing will continue to accelerate

- 72% of all companies outsource some aspect of marketing.
- Half of all companies will not change marketing outsourcing in the next year.
- 41% of companies will increase outsourcing.
  - Future surveys will explore outsourcing in more detail. However, given spending on internet marketing and new growth and focus on these skills in hiring, we expect that some of these marketing activities are currently being outsourced.

**Figure 8.4.** How marketing outsourcing is expected to change in the next year



# What's on Marketers' Minds?

# When asked what question they would like to ask other CMOs, ROI concerns dominated

## Key Question: Marketing and ROI

- What marketing activities and strategies improve ROI?
- What metrics are used for ROI? How do these vary by industry?
- What metrics are used to measure ROI for social media?
- How do you measure ROI on customer insights?
- What ROI metrics are top management most focused on in your firm?

Look to the August 2010 survey for a bonus section on Marketing ROI

# Next Steps

## Future surveys

- The CMO Survey will be administered again in August 2010.

## To get involved

- If you are not a current participant, sign up at <http://faculty.fuqua.duke.edu/cm survey/participate/>

## Media

- Media follow ups related to this data will be posted to <http://faculty.fuqua.duke.edu/cm survey/media/>

## Feedback

- Send your thoughts to me at [moorman@duke.edu](mailto:moorman@duke.edu)