

The CMO Survey[®] since 2008

predicting the future of markets — *tracking* marketing excellence
improving the value of marketing

TOP MARKETING TRENDS OF THE DECADE





The **CMO Survey**® since 2008

Top Marketing Trends of the Decade

by **Christine Moorman** and **Lauren Kirby**

The CMO Survey biannually collects critical data and deep insight into how marketers view the industry's future, how they are investing in business and workforce growth and how they are evolving marketing practices. Given the survey's recent 10-year anniversary, it's a good time to reflect on the trends that have dominated the marketing industry in the past decade and what to expect moving forward.

While this isn't a complete list of trends captured over the past decade, these findings can offer plenty of insight to marketers. These are The CMO Survey's top 15 trends of the past 10 years.



Christine Moorman is the T. Austin Finch senior professor of business administration at the Fuqua School of Business at Duke University, founder and director of The CMO Survey and the editor-in-chief of the Journal of Marketing. **Lauren Kirby** is an MBA student at the Fuqua School of Business at Duke University.

Founded in 2008, **The CMO Survey** was the first of its kind to take the pulse of the marketing C-suite and chart this role's responsibilities and priorities in the fast-changing digital marketplace. The CMO Survey has now become the longest-running non-commercial survey for and about the field of marketing and has garnered more than 8,300 responses. Sponsored by the American Marketing Association, Deloitte and Duke University's Fuqua School of Business, marketers, consultants and analysts can access all data free of charge at cmosurvey.org/results.

© 2019 American Marketing Association. All rights reserved.

This ebook may not be copied, reproduced or redistributed without the prior written permission of the American Marketing Association.

1 Companies Focus Their Growth Spending on Market Penetration

Companies focus on market penetration to boost growth

Investment in growth strategies (% of companies)

SPENDING ON GROWTH IN PAST 12 MONTHS*

Growth strategy	Feb. 2009	Feb. 2019
Market penetration	49.8%	55.1%
Product/service development	25.2%	21.8%
Market development	16.6%	13.5%
Diversification	8.4%	9.6%

*% of spending for each growth strategy

Spending on existing markets and offerings has dominated marketing spending for the past 10 years. This dominance increases as companies continue to shift away from product or service development toward market penetration, which is likely a reaction to CMO concerns that a recession is approaching.

The figure to the left shows the February 2009 results of The CMO Survey compared with the results from February 2019. The distribution of spending has remained relatively constant. While entering new markets is a priority, the reality is that building the existing market, products and services provides CMOs with a safer path to growth than building new markets and offerings. Keep in mind that in February 2009, the world was still in a recession. Similarly, in February 2019, the C-suite is increasingly preoccupied with a volatile economy and possible approaching recession and is likely taking defensive measures to prepare for it.

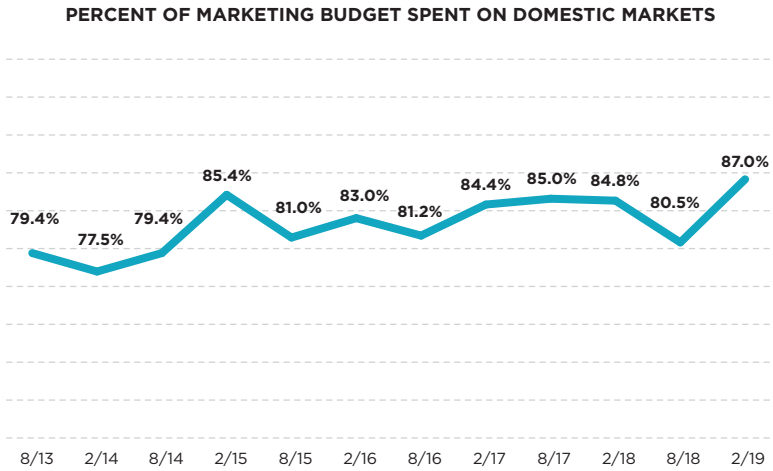
Marketers rated having the right talent as the most important factor driving revenue growth in 2018, ranking it higher than having the right data, technology and operating model.

2 Acquisition of New Customers Dominates Marketers' Expectations

When asked what customer outcomes are expected to change in the coming 12 months, marketers have said since 2013 that they foresee increased acquisition of new customers. February's survey showed 71.9% hold this view. Marketers regularly report that they believe this increased acquisition of new customers will dwarf increases in customer retention, purchase volume or customer price paid per unit. Therefore, it seems fitting that 74% of respondents in the February survey said that they use channel partners to go to market in order to meet this opportunity.

3 Domestic Marketing Spending Remains Majority of Marketing Budget

Domestic marketing spending continues steady rise, represents most of budget



Throughout the survey's history, companies have spent most of their marketing budgets on domestic marketing rather than global. Companies continue to turn inward as they spend more on domestic markets over time—the survey finds an almost 10% increase since 2012.

This finding aligns with growth spending. It may also be a recognition of many companies that have invested billions of dollars in growing overseas markets, thereby encountering protectionist regulations, locally funded competitors and cutthroat competition. As a consequence, these companies may be adjusting strategies, spending and expectations. In February, Western Europe was the largest international market for companies, followed by Canada. China was rated as the market with the biggest opportunity for the future.

4 Marketing Budget Continues Slow Growth

Marketers have consistently reported positive expected growth in their marketing budgets. This trend of slow, consistent growth has continued in the past 10 years. While marketers love to grow their budgets, they are also likely benefitting from digital technologies and processes that are highly efficient, cheaper and demonstrate ROI. Thus, budgets may be leaner due to marketers' newly agile processes. If you're looking for bigger-picture budgetary figures, marketing budgets tend to average 8.1% of company revenues and 10.7% of firm budgets between 2011 and 2018.

5 Spending on Digital Continues to Outpace Spending on Traditional Advertising

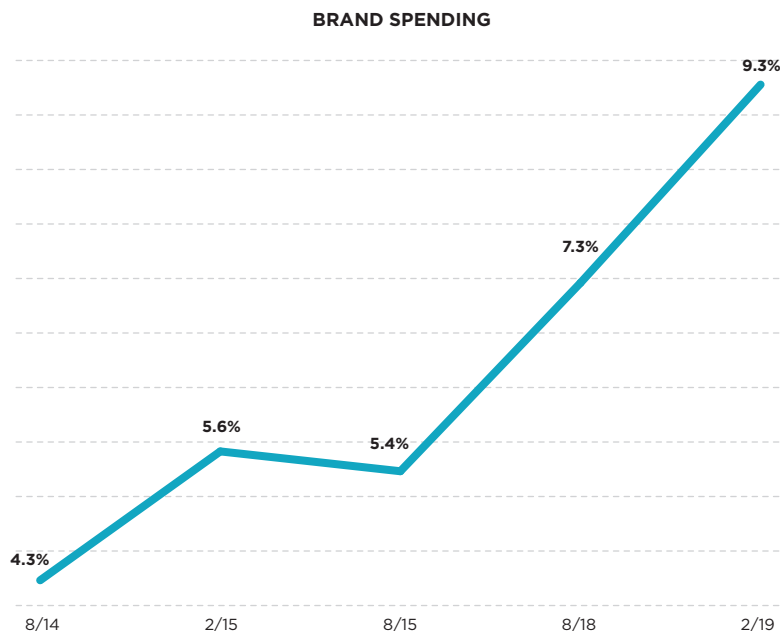
Since 2011, spending on digital marketing has been higher than spending on traditional advertising methods. Over the past eight years, companies have spent about 10% more each year on digital advertising than traditional advertising. As companies continue to reduce their traditional advertising spend every year, this trend is expected to continue.

Companies are increasingly engaging with digitally wired consumers who own multiple devices (phone, computing device and tablet), interact with companies and services on multiple digital platforms and consume media in bite-sized chunks throughout the day. Thus, non-digital channels such as newspaper circulars and print mailers have lost their reach and ROI.

6 Brand Spending Continues to Grow

Brand spending doubles over five years

Change in spending, August 2014 to February 2019



Marketing spending on brand building has grown in the past five years, rising from 4.3% of marketing budgets to 9.3% on average. Companies continue to prioritize brand building over other areas of marketing spending, including new product and service introductions and traditional advertising spending.

This finding is not surprising; Brands compete for distracted consumers' attention and wallet share in a noisy marketplace, characterized by new incumbents, business transformation, a 24/7 news and media cycle and millions of digital platforms. Thus, brand building is critical to counteract the lack of simple, consistent ways to reach consumers as individual digital platforms and techniques rise and fall in popularity. The No. 1 use for social media reported in the February survey was brand awareness and brand building.

* Complete results can be found at cmosurvey.org: 2/16 (5%), 8/16 (6.3%), 2/17 (9.7%), 8/17 (6.9%), and 2/18 (8.4%).

7 Marketers Prioritize Capability Development

When asked about spending on different types of marketing knowledge, we see an upward trend reflecting more spending on all types of marketing knowledge. But the most impressive growth has occurred in the area of developing new marketing capabilities over traditional marketing training, marketing consulting services and marketing research and intelligence. February's survey showed the largest growth of these expenditures in the last decade.

In terms of how marketers approach the development of new marketing capabilities, 56.2% of respondents said that their companies use trainings or hire new employees with desired skills, while another 40.3% partner with marketing agencies, consultancies or other companies.

8 Social Media, Mobile and Marketing Analytics Spending on the Rise

Spending on social media slowed this year for the first time since 2017, but has experienced an overall upward trajectory. The percent of marketing budget spent on mobile has only been recorded since 2015, but has steadily risen. Similarly, marketing analytics spending has increased overall since 2012. All three metrics are expected to continue to increase over the next five years.

This finding aligns with the reality that today's consumer is a mobile-connected consumer who expects to engage with brands online and uses social media in product search, evaluation and purchasing. Similarly, marketers are deepening analytics expertise to better understand their customers, innovate faster and demonstrate ROI to the C-suite.

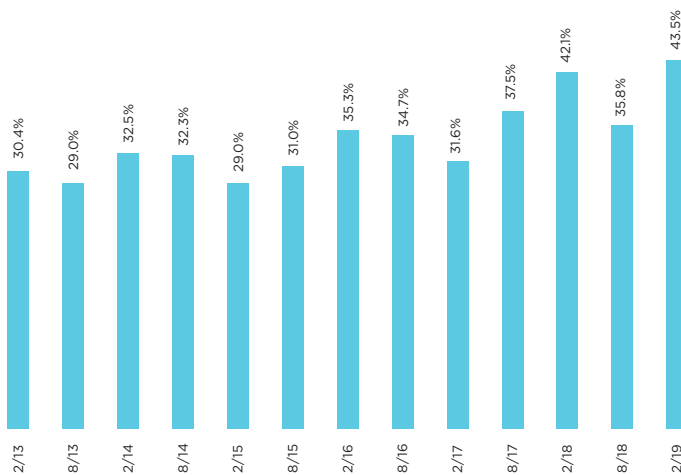
9 Social Media, Mobile and Marketing Analytics Make Modest Contributions to Company Performance

When asked to value contributions of social media, mobile and marketing analytics on performance on a scale of 1 to 7, marketers consistently give them modest reviews, despite considerable investments made in each. Over time, these ratings are stagnant and there is no indication that they will change in the future.

This finding indicates that it is still the early days of assigning digital attribution. While tools abound, there is no plug-and-play way to get instant analytics. Thus, marketers are experimenting with analytics to understand how various strategies and campaigns contribute to the development of true measures of performance.

10 Focus Shifts to Marketing Analytics Research

Companies' use of marketing analytics reaches highest point in six years



Companies use marketing analytics in decision-making 43.5% of the time, on average. This represents a 13.1% increase since the question was first asked in 2013. We anticipate this growth to continue as marketers find value in using analytics to make strategic marketing decisions.

Marketing used to be a field of both creative hunches and sound decision-making, but companies are increasingly letting data drive their decisions. One goal for many companies is to move to a predictive model, where marketers can anticipate change, rather than respond to it, stripping time delays, cost and human error out of decision-making.

11 Companies Lack Quantitative Metrics to Demonstrate Impact of Marketing Spending

Companies have prioritized marketing analytics but still lack the quantitative measures to justify the impact of their marketing spending. Each time we surveyed marketers since this question was first asked in 2014, more than half of respondents have indicated they have not been able to quantitatively measure the impact of their marketing spending.

This finding will likely remain somewhat constant for integrated marketers, given their need to consider attribution from offline and online activities. Digital natives, who can measure most customer interactions online, will continue to demonstrate analytics mastery, further pressuring traditional companies and their marketing teams.

12

Companies Fail to Overcome E-commerce Growing Pains

Companies make less than 10% of sales, on average, through the internet. This number has not changed much since it was first asked in 2009 and respondents reported 8.4% of sales came via the internet. Physical retail has refused to die and retailers have evolved their customer experience. Companies are using blended physical and online retail strategies, and online sales have not increased as rapidly as shares of Amazon stock would suggest. In the August 2018 survey, marketers cited four key challenges to selling more products and services online: 56% said that their business requires more human interaction; 49% said that they need a new business model; 46% said that their products or services are too complex to sell over the internet; and 39% said that the business requires more customer experience than can be delivered over the internet.

13

Use of Product, Not Customer-Focused Organization Structures, Continues to Dominate

One way to get closer to the customer is to adopt a customer-focused structure. This means that divisions, groups and titles are focused on customer segments, not products or brands. The percentage of companies adopting this novel structure has hovered around 28% since the topic was introduced in 2013. There are costs to this customer-focused structure and companies need to determine how to efficiently sell the same products to different customer groups. B2B companies are typically organized in this manner and could be a model for B2C companies.

14 Marketing Continues to Lead in Traditional Marketing Functions, But Not in Sales or Revenue Growth

Since February 2011, The CMO Survey has asked marketers to review a list of activities and indicate whether marketing leads those activities. The breakdown of what activities are led by the marketing function has stayed consistent over the past eight years. Marketing continues to lead in brand, advertising and social media. It continues to take a back seat in pricing, revenue growth, innovation, new products, customer experience and market entry strategies.

Given the fast pace of business growth, it is likely this trend will continue. Enterprises are typically creating new functions and roles (such as chief design officer, chief risk officer and chief experience officer) rather than expanding marketing's fiefdom.

Activities that marketing leads in companies

OWNED BY MARKETING refers to activities for which more than 50% of companies reported that marketing leads the activity

- Brand
- Digital marketing
- Advertising
- Social media
- Public relations
- Promotion
- Positioning
- Marketing research
- Lead generation
- Marketing analytics
- Competitive intelligence

OWNED OUTSIDE OF MARKETING refers to activities for which fewer than 50% of companies reported that marketing leads the activity

- CRM
- Customer experience
- Marketing entry strategies
- Revenue growth
- New products
- Pricing
- Innovation
- E-commerce
- Market selection
- Sales
- Customer service
- Distribution
- Stock market performance

15 Marketers Continue to Give Themselves Average Ratings on Societal Metrics

Since 2011, marketers were asked to rate themselves on social metrics on a scale of 1 to 7. On both benefit to society and minimizing environmental impact, marketers have consistently given themselves about a 3, on average. Ratings are generally flat since 2011 with a slight uptick on marketing that benefits society in 2018.

This is not surprising, given that most marketers head for-profit companies focused on growth and profitability. While there are companies with a blended social-profit mission—such as Tom's, Patagonia and AllBirds—these are in the minority. But social values are important to many consumers, especially younger ones. Many companies are committing to social and sustainability goals as part of their corporate mission, so look for social metrics to increase over time.



Marketing Trends on the Horizon

In addition to these 10-year trends, a few additional emerging areas are expected to greatly influence marketers over the coming years.

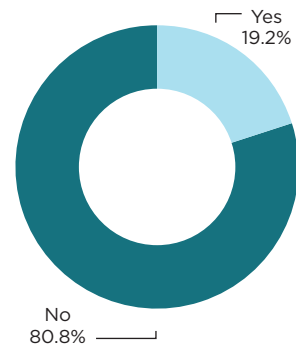
1 Marketers Unlikely to Use Brands to Take a Stand on Politically Charged Issues

While we have seen some political activism from brands lately, most marketers still do not feel it is appropriate to take a stand on political issues. Politics has become an increasingly divisive issue and brands are probably wise to tread cautiously in this arena. Brand leaders know they need to balance social imperatives with their responsibility to grow the business and maximize profitability.

That said, the percentage of respondents who think it is appropriate for their brand to take a stand rose almost 2% since the first time this question was asked in February 2018. This willingness is highest among services companies and those with a lower percentage of their sales from the internet—both groups likely looking to connect with their target customers and show they care about more than making profits.

Marketers unlikely to use brands to take a stand on politically charged issues

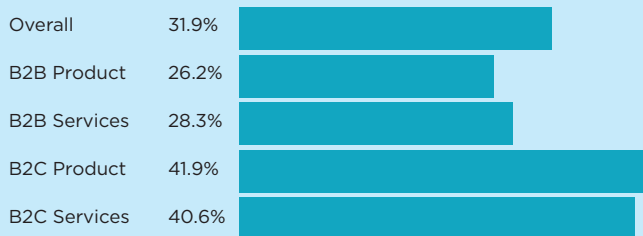
Do you believe it is appropriate for your brand to take a stand on politically charged issues?



2 Marketers Are Experimenting to Understand the Value of Their Marketing Actions

B2C experiment more than B2B to understand impact of marketing actions

In what percent of the time do you perform experiments to understand the impact of your marketing actions on customers?



For the first time this year, The CMO Survey sought to understand the extent marketers rely on experimentation to determine the value of their marketing activities on their customers. In general, B2C companies experiment more than their B2B counterparts. We expect that the level of experimentation among marketers will continue to grow as the value of marketing analytics grows.

This finding aligns with the fact that consumers expect to be the recipients of constant innovation, including new messages, campaigns and tactics. But B2B deals are typically larger, more strategic and involve five to seven buyers and buyer influencers, taking much longer to close. Thus, sellers are unlikely to embark on radical new experiments as they seek to drive a purchase decision over the line.

3 Concern Over Data Privacy Among Marketers Will Continue to Grow

While marketers worry less about privacy than critics believe is necessary (and we tend to agree), concerns are growing. We expect marketers to continue to worry about protecting customer privacy. Since 2013, The CMO Survey has asked marketers how worried they were, on a scale of 1 to 7, that the use of online customer data could raise questions about privacy. The number of marketers who are “very worried” has doubled since 2016, while the number that is not at all worried has dropped from 25.7% to 15.6%.

Consumer attitudes toward data privacy change constantly as they trade data for services. However, the passage of GDPR in Europe, negative media coverage of companies’ third-party data-sharing practices and the increased risk of data exposure with the growth of endpoints is increasing marketers’ worries and will continue to do so. Cloud services are generally viewed as more secure than on-premise services, but marketers know that the volume and velocity of online threats is growing, likely increasing their risk of data exposure.

4 Marketing's Implementation of AI, Machine Learning and Blockchain Will Continue to Grow

Marketing's implementation of artificial intelligence and machine learning has kept steady in the past year. But marketing leaders now expect these technologies to be implemented more in the next three years. More than half of respondents are using AI technologies for personalizing content and generating customer insights using predictive analytics. Marketers reported that while blockchain currently has a weak effect on their marketing strategy, it will grow in coming years.

Emerging technology capabilities usually lag hype in the early days of market adoption. But marketers know that automation, AI and machine learning will transform all aspects of business, including theirs, which is why many are accelerating use cases. AI is an arms race no one can afford to lose.

5 Social Media, Mobile and Marketing Analytics Spending on the Rise

Companies are using AI across a wider array of marketing activities. B2C services companies use, on average, more AI in their marketing activities than other sectors. B2C product companies lead in the use of AI for customer segmentation and autonomous objects, while B2B companies lead in the use of augmented and virtual reality.

To date, most of AI's uses in marketing are customer-facing and will continue to be that way in the near future.

6 Demonstrating Impact of Marketing on Financial Outcomes Challenges Marketers

In the February CMO Survey, marketers were asked what activities they found most challenging when working with the C-suite—more than 60% reported that demonstrating the impact of marketing actions on financial performance was challenging for them. We expect this challenge will continue as marketing analytics grows.

If the world were to head into another recession, CMOs might find themselves in the hot seat in terms of being pushed to improve analytics. During recessions, functional heads must defend every dollar and demonstrate how it delivers ROI. Thus, companies may evolve analytics capabilities faster than they expect to preserve their strategies and budgets.

7 Marketers List Growth as Top Challenge

Driving growth rated No. 1 challenge by marketing leaders

What are your top challenges as a marketing leader? (Select top three where No. 1 is most important.) Presented as % ranked first

Challenge	February 2019
Driving growth	37.9%
Delivering a powerful brand that breaks through the clutter	13.7%
Securing marketing budget	13.4%
Providing ROI of marketing activities	10.8%
Hiring top talent	9.7%
Generating customer insight	5.1%
Find sponsorship/support from the executive level	3.2%
Identifying the right technologies to meet our needs	2.9%
Managing our online presence	2.5%
Training our team	0.7%

When asked for their top challenge in 2019, 37.9% of marketing leaders ranked growth as their No. 1 issue. Another 28.9% of marketers ranked it as either their second- or third-biggest problem. We suspect looming economic uncertainty, increased competition and the opportunities and threats associated with digital transformation lie at the heart of this challenge.

Over the past few years, companies have gone from viewing digital transformation as a “change or die” message to an opportunity to create significant levers for growth. But the path is a race—competitors are evolving just as fast as companies can.

8 Marketers Still Value Creativity

The survey shows marketers are increasingly analytics- and machine-driven. When asked what skills they would prioritize in future marketing talent, the top 2019 response was MarTech platform experience. Creativity ranked second (in 2018, creativity was first and MarTech was second). Companies are looking for ambitious talent who can crunch the numbers and find unique customer insights that competitors would find difficult to imitate.

The **CMO** Survey[®] since 2008

predicting the future of markets — *tracking* marketing excellence
improving the value of marketing

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 in society.

The biannual survey focuses on marketing leaders at for-profit U.S. companies. Participating companies cover a range of economic and industrial sectors. Surveys average 300-400 respondents, 94% of participants are VP-level marketing leaders or above.

For complete demographics for each survey and for access to all results, visit: <https://cmosurvey.org/results/>

To sign up to participate in future surveys to support the marketing profession and to get early access to the results, visit: <https://cmosurvey.org/participate/>

