

The **CMO** Survey<sup>®</sup>

AUGUST 2019

# Highlights & Insights Report

Predicting the future of markets, tracking marketing excellence,  
improving the value of marketing since 2008

**Deloitte.**

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ASSOCIATION

# About The CMO Survey<sup>®</sup>

## MISSION

To collect and disseminate 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.

The CMO Survey is an objective source of information about marketing and a non-commercial service dedicated to the field of marketing.

## ADMINISTRATION

Founded in August 2008, The CMO Survey is administered twice a year via an Internet survey. Questions repeat to observe trends over time and new questions are added to tap into marketing trends.

The August 2019 Survey is the 23rd administration of The CMO Survey.

## SPONSORS

Sponsors support The CMO Survey with intellectual and financial resources.

Survey data and participant lists are held in confidence and are not provided to Survey sponsors or any other parties.



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# Survey methodology

## SAMPLE

- 2575 top marketers at for-profit U.S. companies
- 341 responded for a 13.2% response rate
- 95% of respondents VP-level or above

## ADMINISTRATION

- Email contact with four follow-up reminders
- Survey in field from July 10-August 2, 2019

## OTHER REPORTS

This report shares key metrics over time and commentary. Two other reports are available at [cmosurvey.org/results](https://cmosurvey.org/results).

- *The Topline Report* shows aggregate-level results.
- *Report of Results by Firm and Industry Characteristics* offers results by sectors, size, and Internet sales.

Interpretive guide:

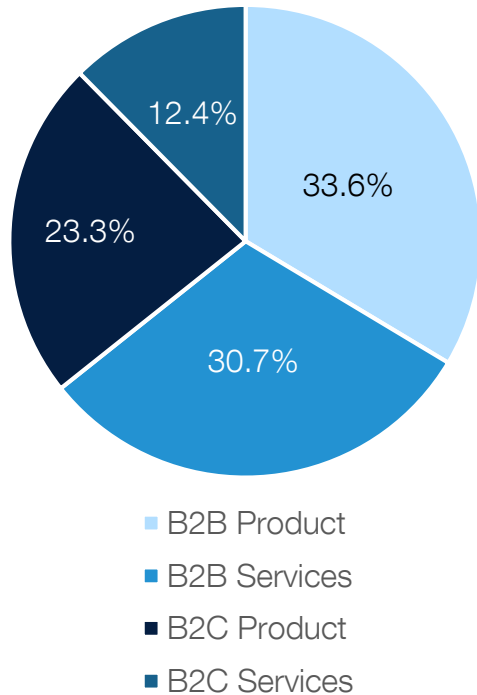
M = Average; SD = Standard deviation

B2B = Business-to-Business firms

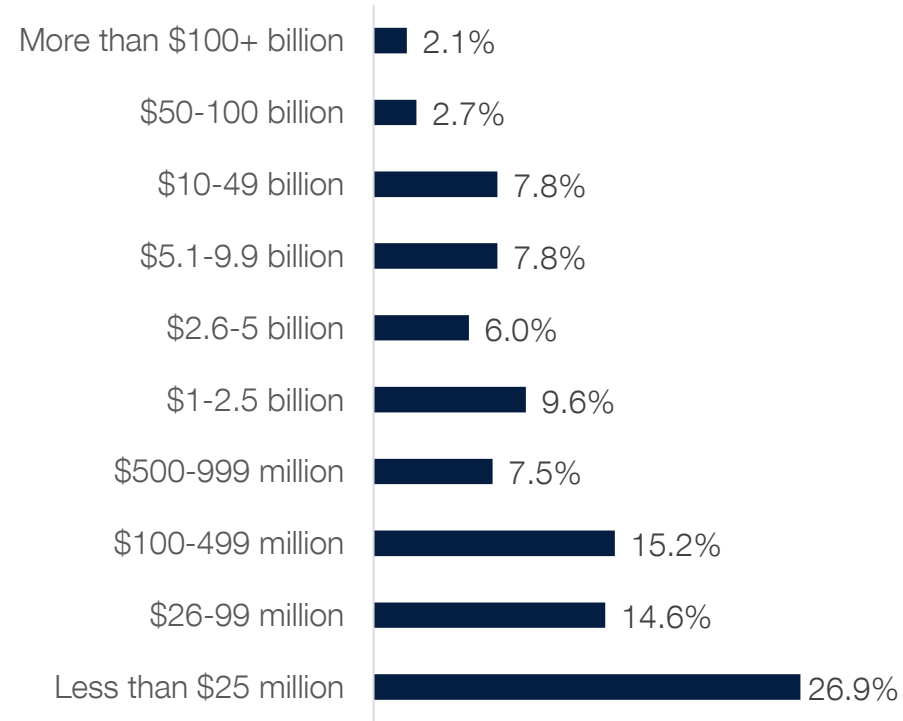
B2C = Business-to-Consumer firms

# Survey participants (n=341)

ECONOMIC SECTOR



SALES REVENUE



INDUSTRY SECTOR

Industry Sector	% Respondents
Technology (Software/Biotech)	15.3%
Professional Services	14.1%
Manufacturing	11.2%
Banking/Finance	10.3%
Retail/Wholesale	9.4%
Healthcare	9.4%
Consumer Packaged Goods	8.5%
Communications/Media	6.8%
Consumer Services	4.1%
Education	3.8%
Transportation	3.8%
Energy	1.8%
Mining/Construction	1.5%

# Survey topics

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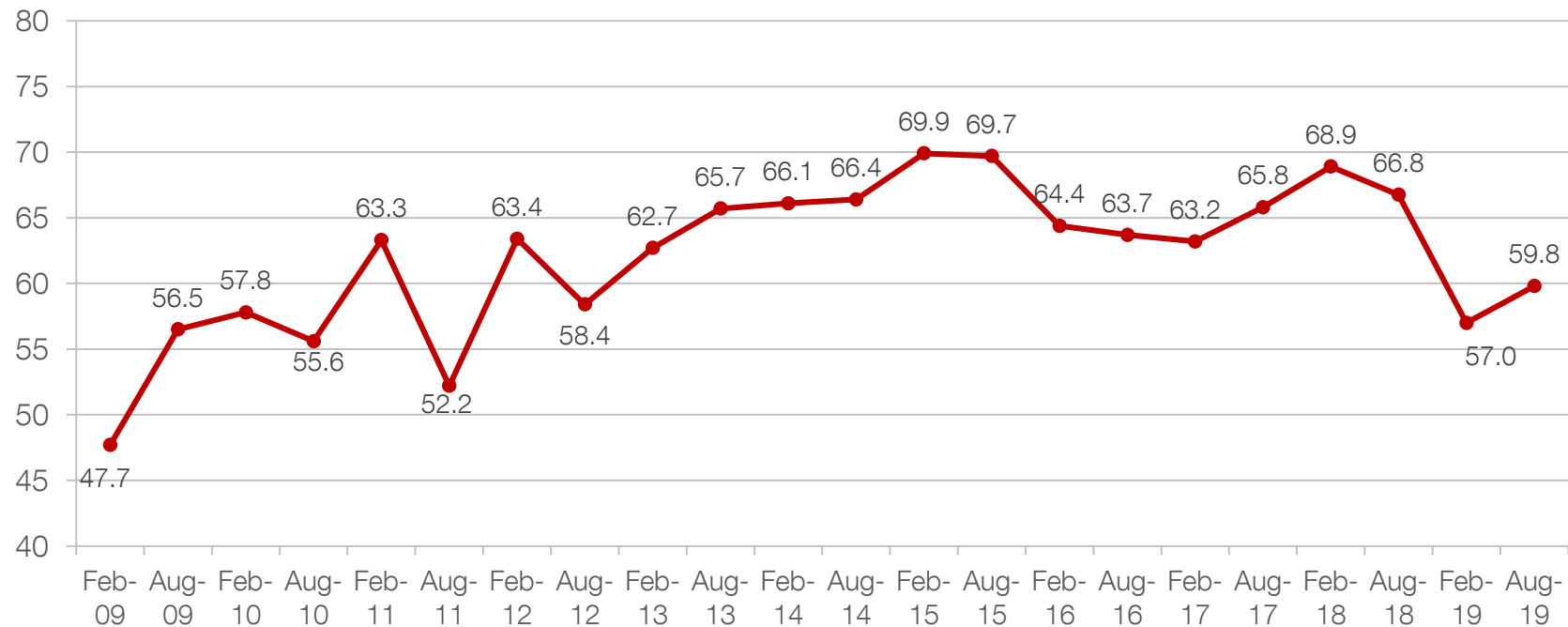
# Marketplace Dynamics

Marketer optimism on the economy climbs slightly after hitting its lowest point of the last seven years in the February 2019 CMO Survey. B2B Product marketers are the most optimistic as are medium-sized companies (\$100-499 million). Education and Transportation companies are the least optimistic with Mining/Construction companies on the other end of the spectrum.

Customers are expected to prioritize excellent service and superior product quality in 2020. Marketers expect customers to place a stronger emphasis on excellent service (28% increase) and superior product quality (12% increase), while pressures for low price have dropped by 17% since the February 2019 CMO Survey.

# Marketer optimism climbs slightly

How optimistic are you about the overall U.S. economy on a 0-100 scale with 0 being least optimistic and 100 most optimistic?



## Economic Sector

B2B Product: 66.2  
 B2B Services: 54.7  
 B2C Product: 55.9  
 B2C Services: 58.0



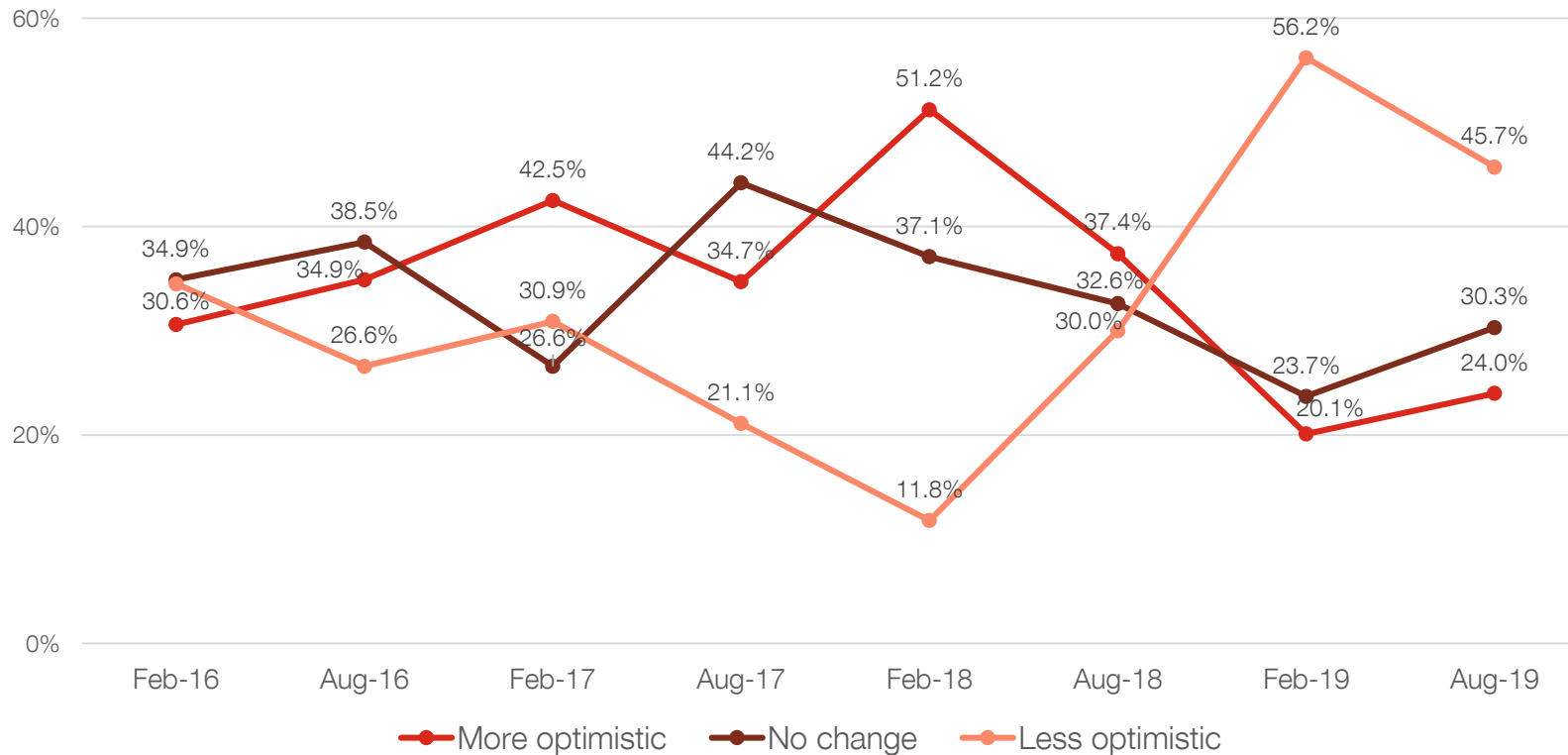
## Insights

Optimism climbs slightly after hitting its lowest point of the last seven years in the February 2019 Survey. B2B Product marketers are the most optimistic as are medium-sized companies (\$100-499 million). Education and Transportation companies are the least optimistic with Mining/Construction companies on the other end of the spectrum.



# Despite gains in optimism, nearly half of marketers remain “less optimistic” compared to last quarter

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



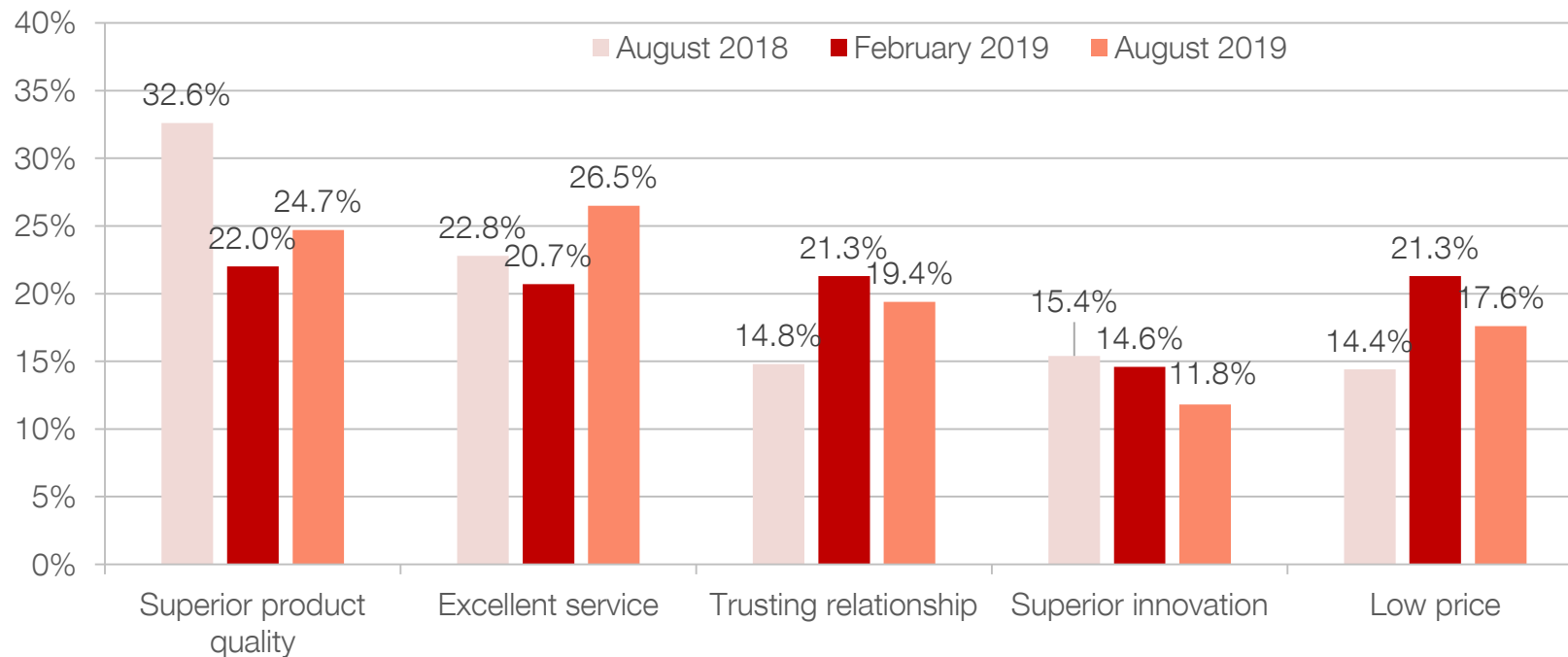
## Insights

Optimism was low across economic sectors, with a drastic 52% of B2C Product companies feeling less optimistic. Optimism declined the least for large companies measured by sales revenue (\$1-9.9 billion). Percent Internet sales has little impact on differentiating optimism among marketers.



# Customers expected to prioritize excellent service and superior product quality in 2020

Customers' top priority in next 12 months (% of respondents)

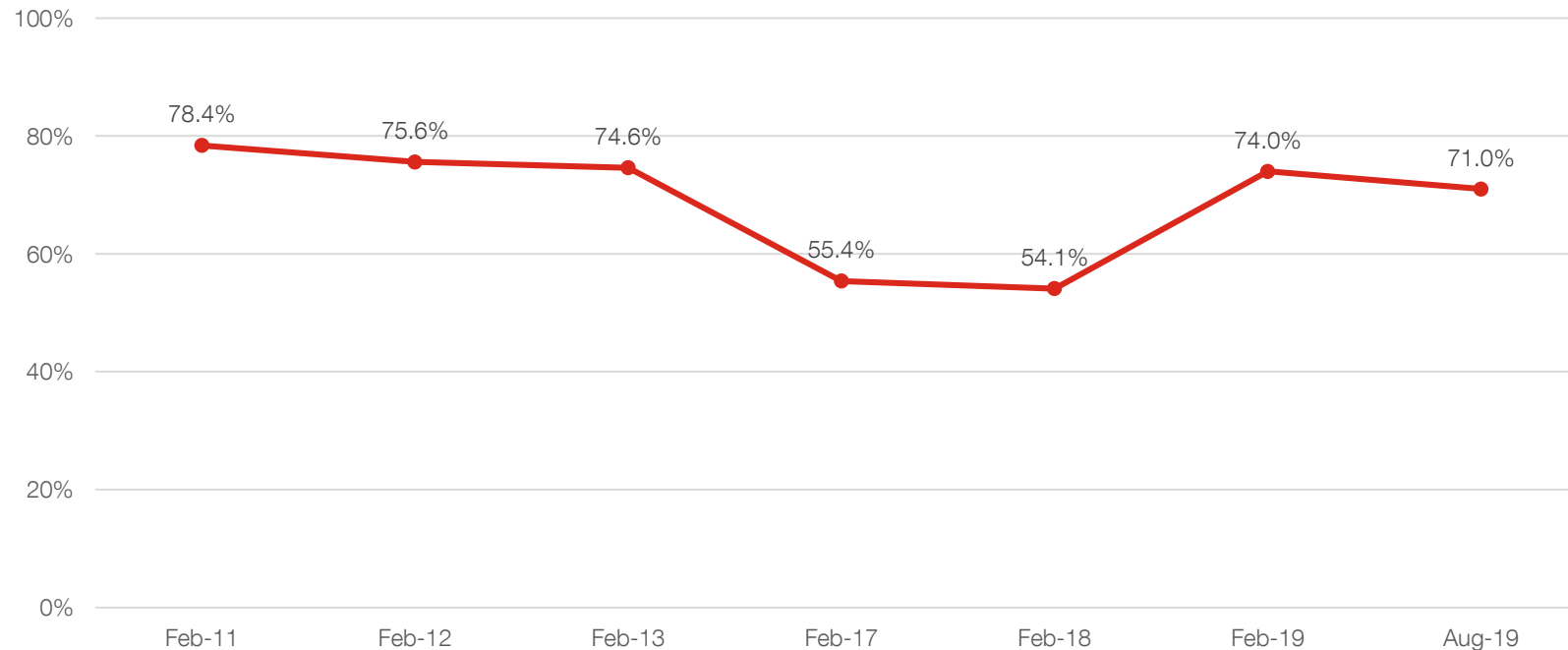


## Insights

Marketers expect customers to place a stronger emphasis on excellent service (28% increase) and superior product quality (12% increase), while pressures for low price have dropped by 17% since the last CMO Survey.

# Most companies use channel partners to go-to-market in 2019

Percent of companies using channel partners to reach market (% of respondents)\*



## Economic Sector

- B2B Product: 76.3%
- B2B Services: 64.4%
- B2C Product: 75.9%
- B2C Services: 61.9%



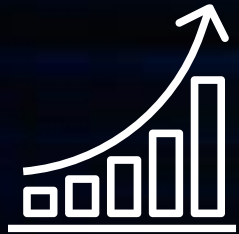
## Industry Sector

### Top 3 industry sectors

- Energy
- Technology
- Consumer Packaged Goods

### Bottom 3 industry sectors

- Professional Services
- Mining/Construction
- Education



# Firm Growth Strategies

Marketers still expect to drive growth through market penetration with 54% of budgets dedicated to this growth strategy, especially B2C Services companies. This dominance increases as companies continue to shift away from product/service development while showing a slight preference for market development. Top industry sectors focused on growth outside of market penetration are: Consumer Services, Energy, Professional Services, and Consumer Packaged Goods.

Domestic spending continues to account for the lion's share of global marketing spending, with a 10% increase observed since 2012, up to 87.6% of budgets. The industries most prone to investing budget towards international markets are Mining/Construction and Technology. B2C Services companies are most likely to spend domestically, reporting spending 95.9% of their marketing budget on domestic markets.

Internet sales tick up, rising to highest level in a decade at 13.4%. B2C Services companies are most dominant in this space at 29%.

# How companies are investing in growth

Investment in growth strategies (% of companies)

	Existing products/ services	New products/ services
Existing markets	Market penetration	Product/service development
New markets	Market development	Diversification

Spending on growth in past 12 months\*

Growth Strategy	Aug-2018	Feb-2019	Aug-2019
Market penetration	52.8%	55.1%	54.3%
Product/service development	24.2%	21.8%	21.6%
Market development	13.0%	13.5%	14.8%
Diversification	10.0%	9.6%	9.3%

Spending by Economic Sector

Growth Strategy	B2B Product	B2B Services	B2C Product	B2C Services
Market penetration	55.6%	52.4%	50.3%	60.4%
Product/service development	21.5%	20.3%	21.9%	24.6%
Market development	14.9%	16.0%	15.9%	10.2%
Diversification	8.0%	11.3%	12.0%	4.8%

\*% of spending for each growth strategy.



## Insights

Spending on existing markets and offerings continues to dominate growth spending. This dominance increases as companies continue to shift away from product/service development while showing a slight preference for market development.



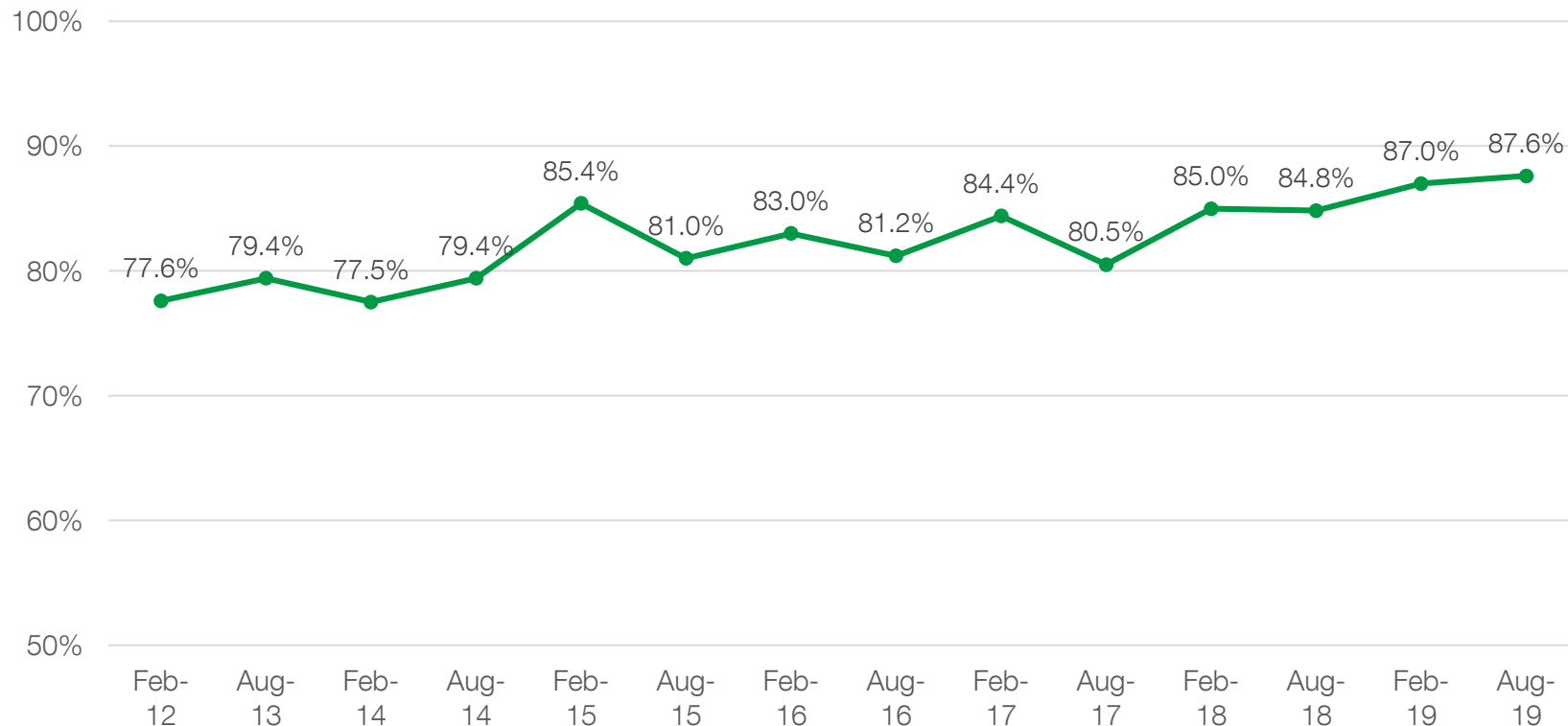
## Industry Sector

Top industry sectors focused on growth outside of market penetration

- Consumer Services
- Energy
- Professional Services
- Consumer Packaged Goods

# Domestic marketing spending continues steady rise to 87% of marketing budget

Percent of marketing budget spent on domestic markets



## Insights

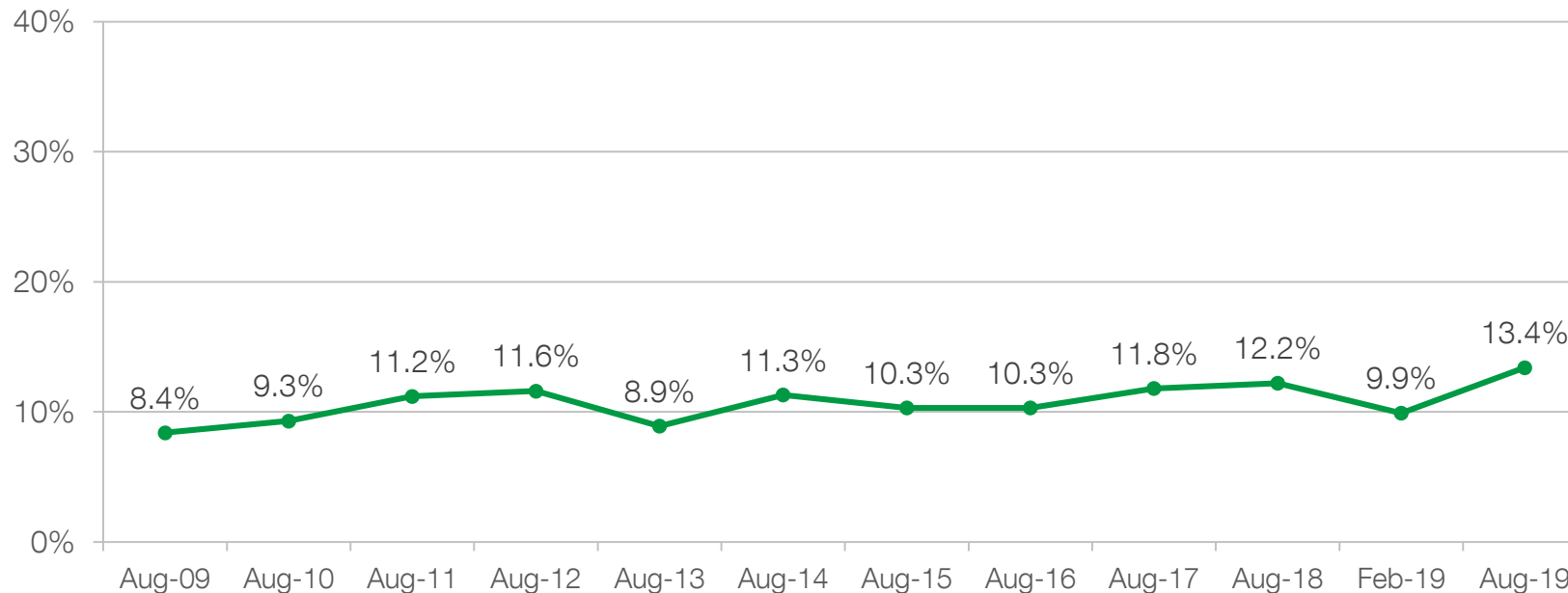
Companies continue to turn inward as they spend more on domestic markets over time. A 13% increase has been observed since 2012.

Most prone to investing budget to international markets are Mining/Construction, and Technology.

B2C Services companies are most likely to spend domestically, reporting 95.9% of their marketing budget devoted to domestic markets.

# Internet sales tic up, rising to highest level in decade: B2C companies dominate

Percent of company sales through the Internet



## Economic Sector

B2B Product: 9.1%  
 B2B Services: 9.1%  
 B2C Product: 17.1%  
 B2C Services: 29.0%



## Industry Sector

### Top 3 industry sectors

- Education
- Communications/Media
- Consumer Services

### Bottom 3 industry sectors

- Mining/Construction
- Professional Services
- Manufacturing



# Marketing Spending

Marketing budgets are expected to grow by 8.7% in the next year—nearly reaching the 8-year high of 8.9%. This compares to a 6.3% actual increase over the prior year. Service companies expect to spend more than product companies, and companies with 10%+ sales from the Internet reported nearly double the spending (13.6%) of other companies. Smaller companies outspend larger companies, on a percentage change basis. Consistent with this, marketing budget as a percentage of firm budget matches its highest level in history of The CMO Survey at 12%.

Companies expect to spend more on brand (+7.9%) and CRM (+8.9%), but levels are weaker than the February 2019 Survey.

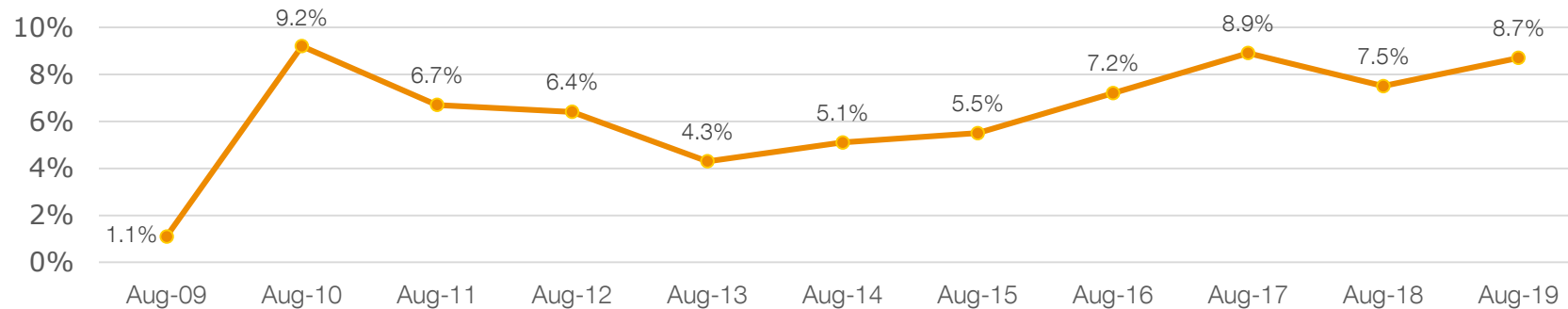
Marketing capability development continues to be the critical knowledge investment priority for companies with service companies emphasizing this investment more than product companies. Training and development spend as a percent of marketing budgets reaches highest level in 5 years at 5.8% of budgets, up from 3.4% in 2014.

Companies prioritize print, search engine optimization, and other paid digital media (including trade shows and partnerships) among all paid media options.



# Marketing budget growth expected to stay strong at 8.7% growth

Percent change in marketing budgets expected in next 12 months



## Economic Sector

- B2B Product: 7.1%
- B2B Services: 10.1%
- B2C Product: 7.5%
- B2C Services: 11.1%



## Industry Sector

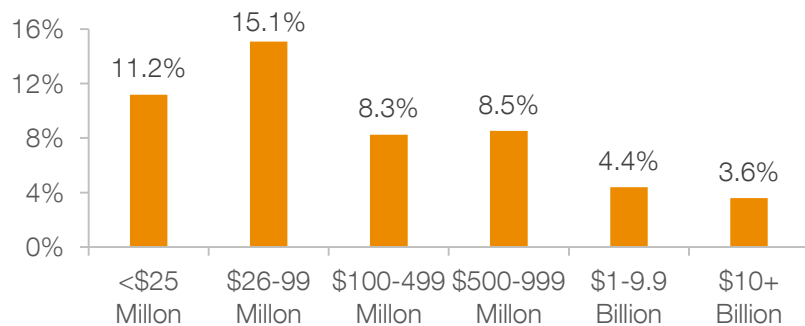
### Top 3 industry sectors

- Consumer Services
- Banking/Finance
- Transportation

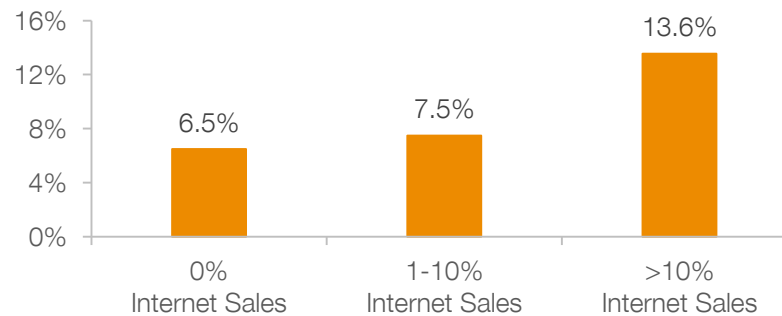
### Bottom 3 industry sectors

- Retail/Wholesale
- Mining/Construction
- Education

### Sales Revenue

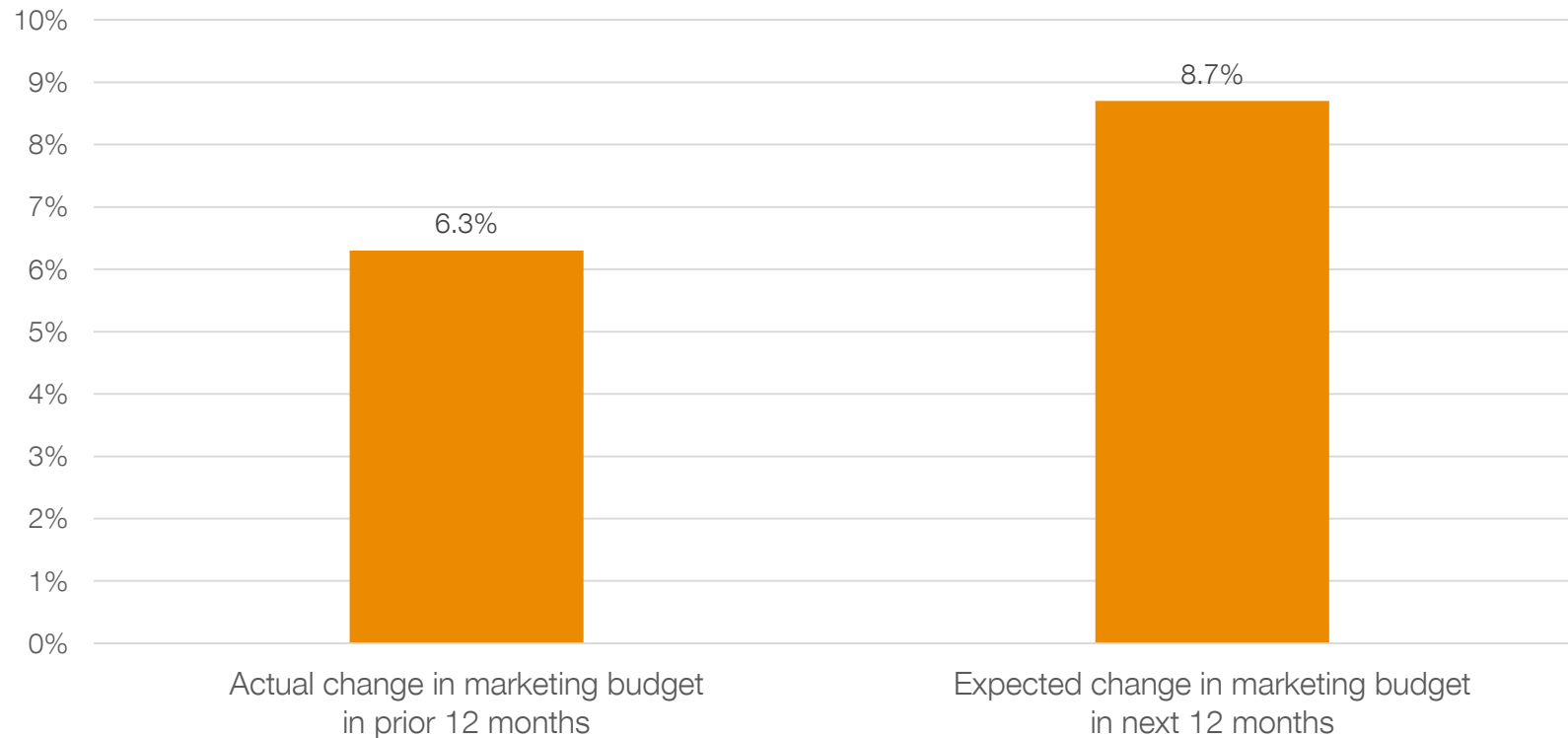


### Internet Sales



# How actual and expected marketing budgets compare

Percent change in marketing budgets in prior and next 12 months

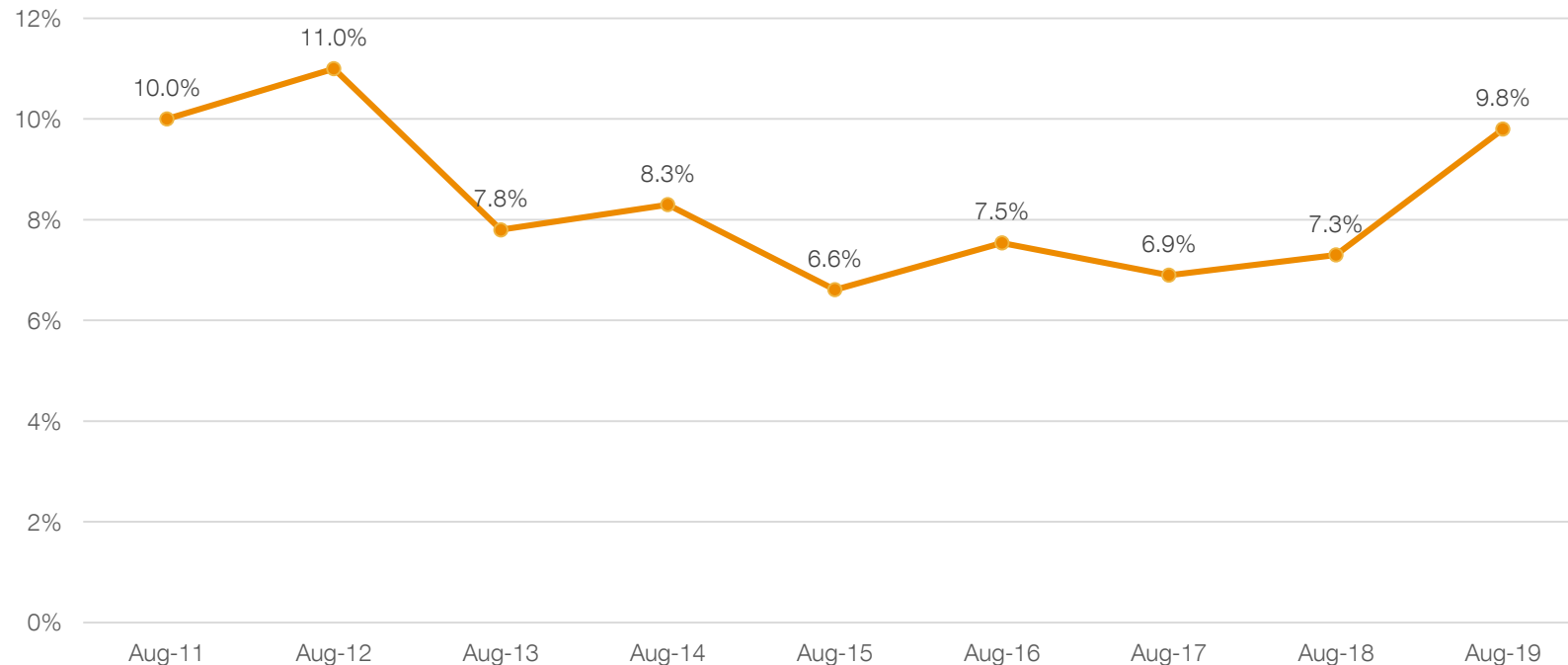


## Economic Sector

	Prior 12 months	Next 12 months
B2B Product:	3.2%	7.1%
B2B Services:	8.3%	10.1%
B2C Product:	4.5%	7.5%
B2C Services:	11.9%	11.1%

# Marketing budget as a percent of firm revenues rises again

Marketing expenses account for what percent of your firm's revenues?



## Economic Sector

- B2B Product: 8.6%
- B2B Services: 8.7%
- B2C Product: 9.8%
- B2C Services: 15.6%



## Industry Sector

### Top 3 industry sectors

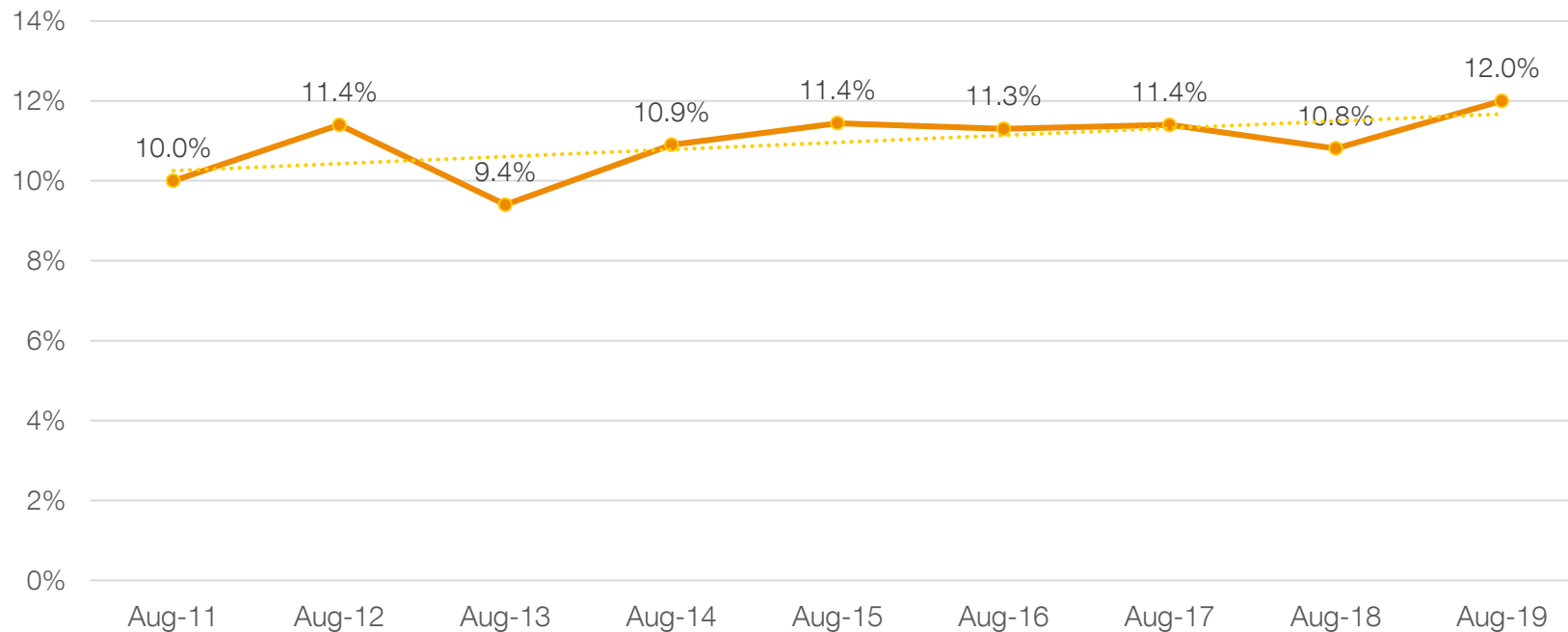
- Energy
- Education
- Communications/Media

### Bottom 3 industry sectors

- Mining/Construction
- Transportation
- Retail/Wholesale

# Marketing budget as a % of firm budget matches highest level in Survey history

What percentage of your firm's overall budget does marketing currently account for?



## Economic Sector

- B2B Product: 10.3%
- B2B Services: 11.0%
- B2C Product: 15.5%
- B2C Services: 14.6%



## Industry Sector

### Top 3 industry sectors

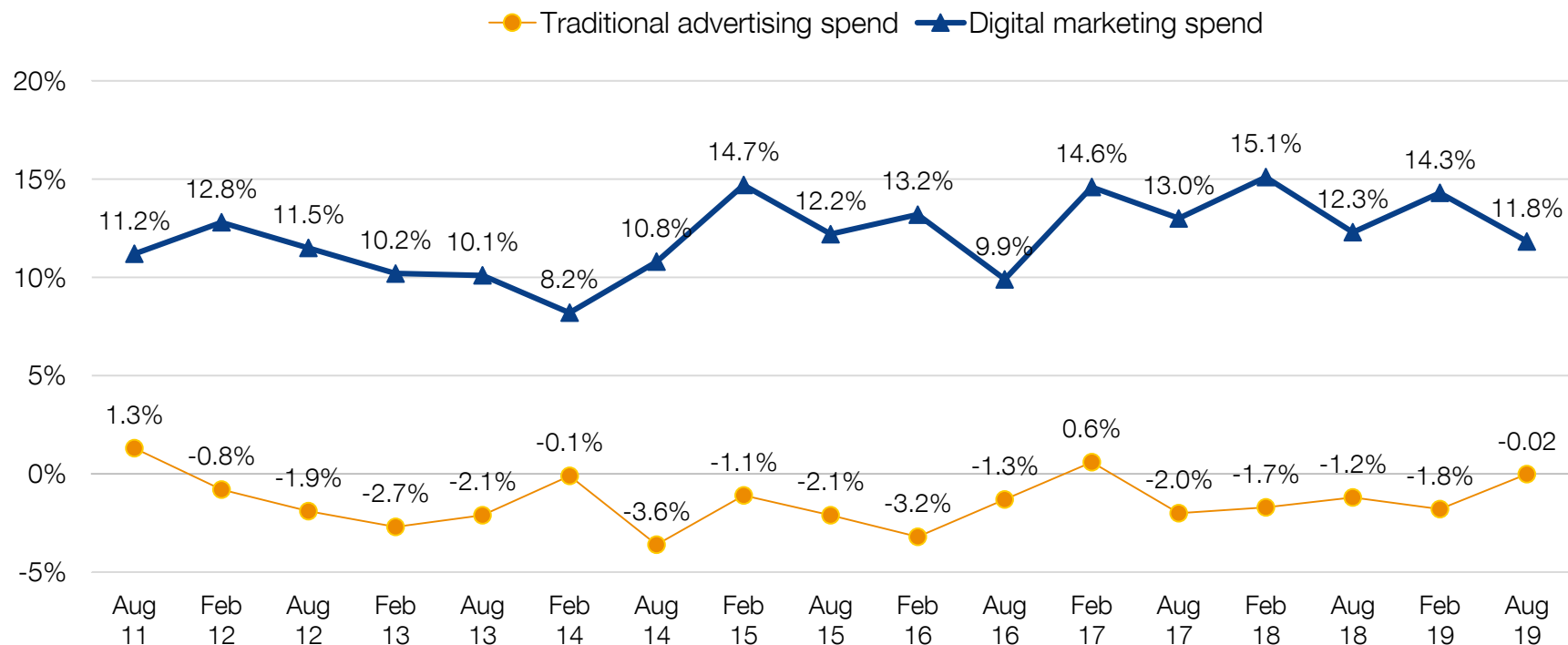
- Education
- Consumer Packaged Goods
- Consumer Services

### Bottom 3 industry sectors

- Manufacturing
- Mining/Construction
- Healthcare

# Growth in digital marketing spend greatly outpaces traditional advertising

Percent change in traditional advertising\* vs. digital marketing spend in next 12 months



## Economic Sector

	Traditional	Digital
B2B Product:	0.58	11.43
B2B Services:	-0.87	11.06
B2C Product:	-2.34	11.95
B2C Services:	3.38	14.47

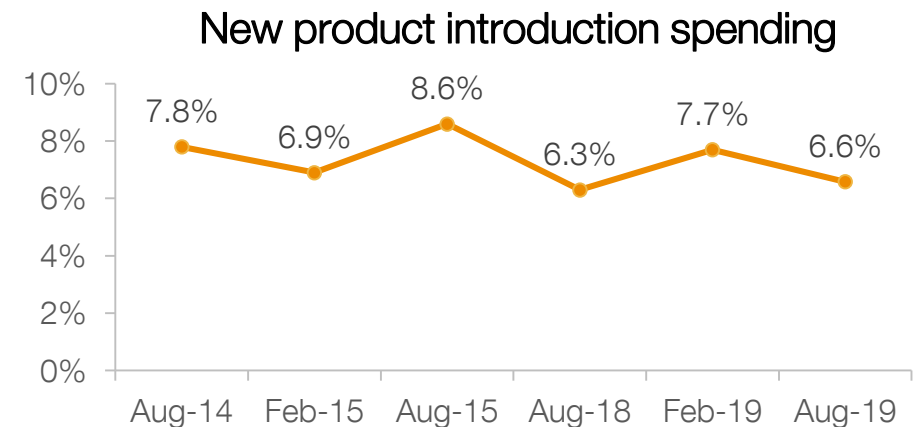
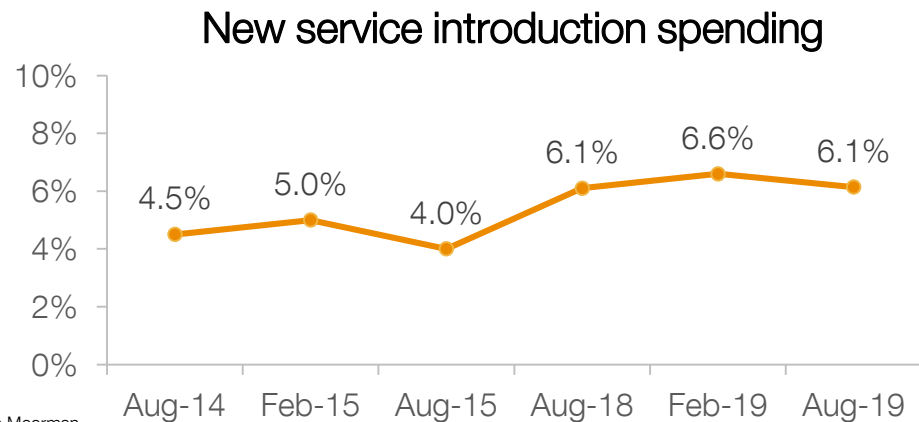
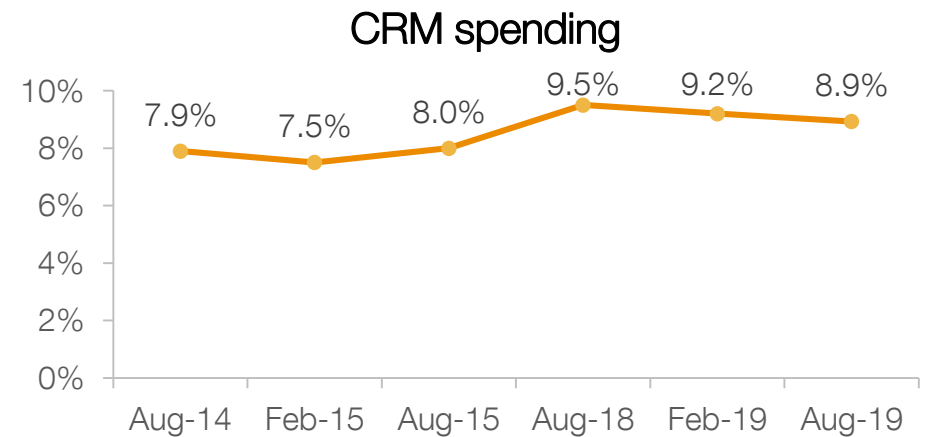
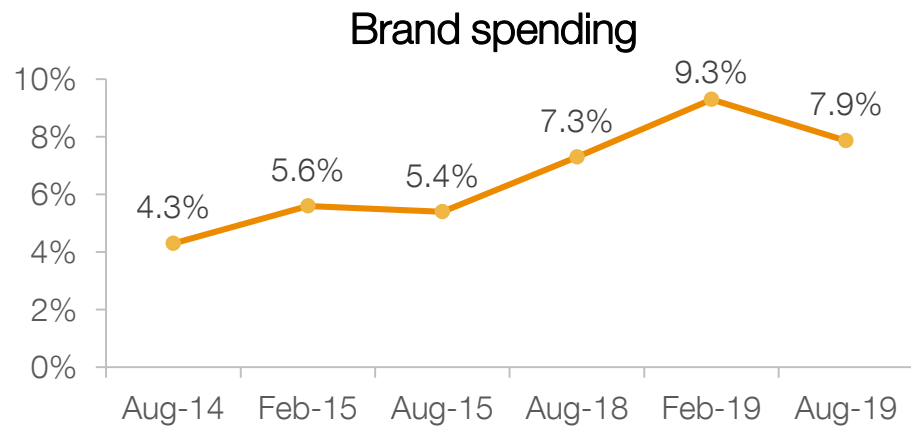


## Insights

Growth rates for traditional advertising and digital marketing spend have remained similar over time with consistent and strong growth in digital marketing and consistent losses to traditional advertising spending.

# Companies spend on customers over brand and innovation

Expected percent change in marketing budgets in next 12 months



# Marketing capability development remains the top marketing knowledge priority

Percent change in marketing knowledge investments in prior 12 months by sector

Marketing Knowledge Investments	Overall Average	B2B Product	B2B Services	B2C Product	B2C Services
Developing new marketing knowledge and capabilities	10.4%	8.4%	12.0%	7.9%	15.0%
Marketing research and intelligence	9.2%	8.4%	9.7%	10.0%	8.9%
Marketing consulting services	7.6%	4.3%	9.0%	8.7%	11.0%
Marketing training*	4.2%	3.3%	5.5%	1.9%	6.6%



## Insights

Service companies emphasize capability building over other forms of knowledge investment. B2C Service companies invest nearly as heavily in marketing consulting services.

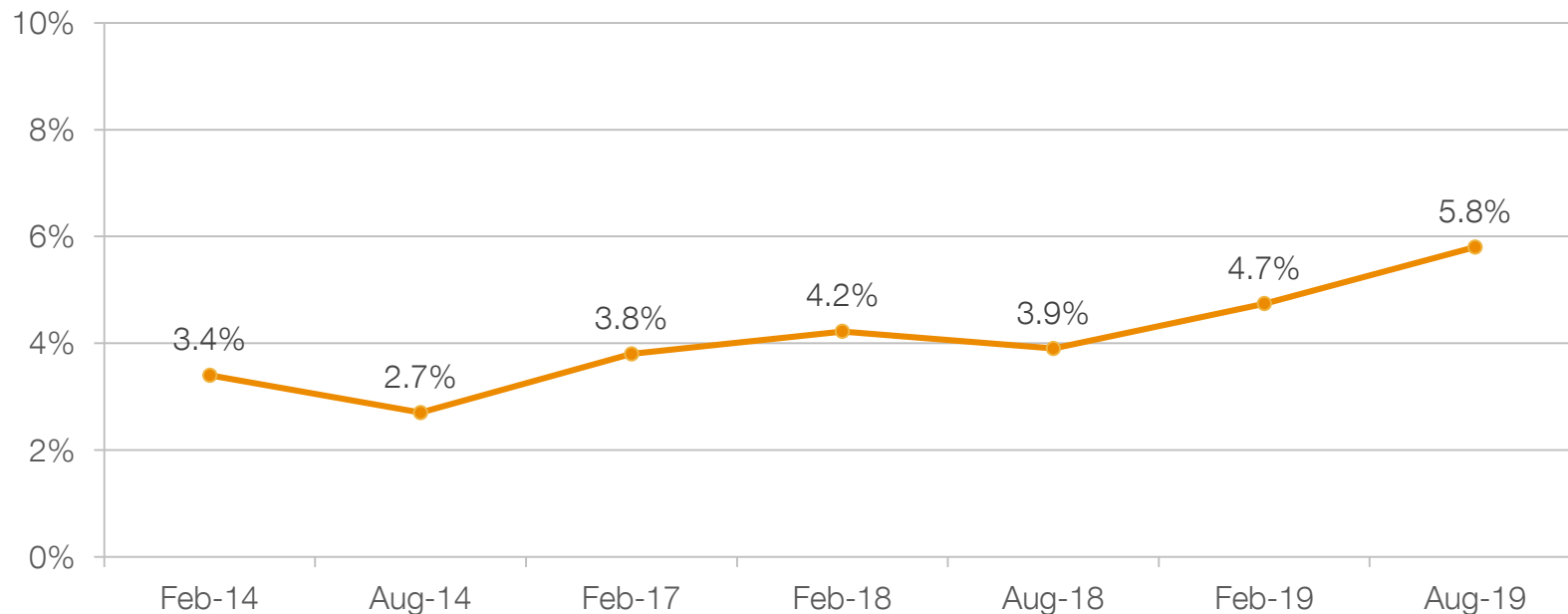
Companies with the highest levels of Internet sales make larger marketing capability investments, as do Energy and Consumer Services companies. Banking/Finance companies prioritize investments in marketing consulting services.

\*Marketing training involves transferring existing marketing knowledge to employees.



# Marketing spend on training and development reaches highest level in 5 years

What percent of your marketing budget is currently devoted to training and development?



## Economic Sector

- B2B Product: 6.4%
- B2B Services: 5.6%
- B2C Product: 4.6%
- B2C Services: 6.3%

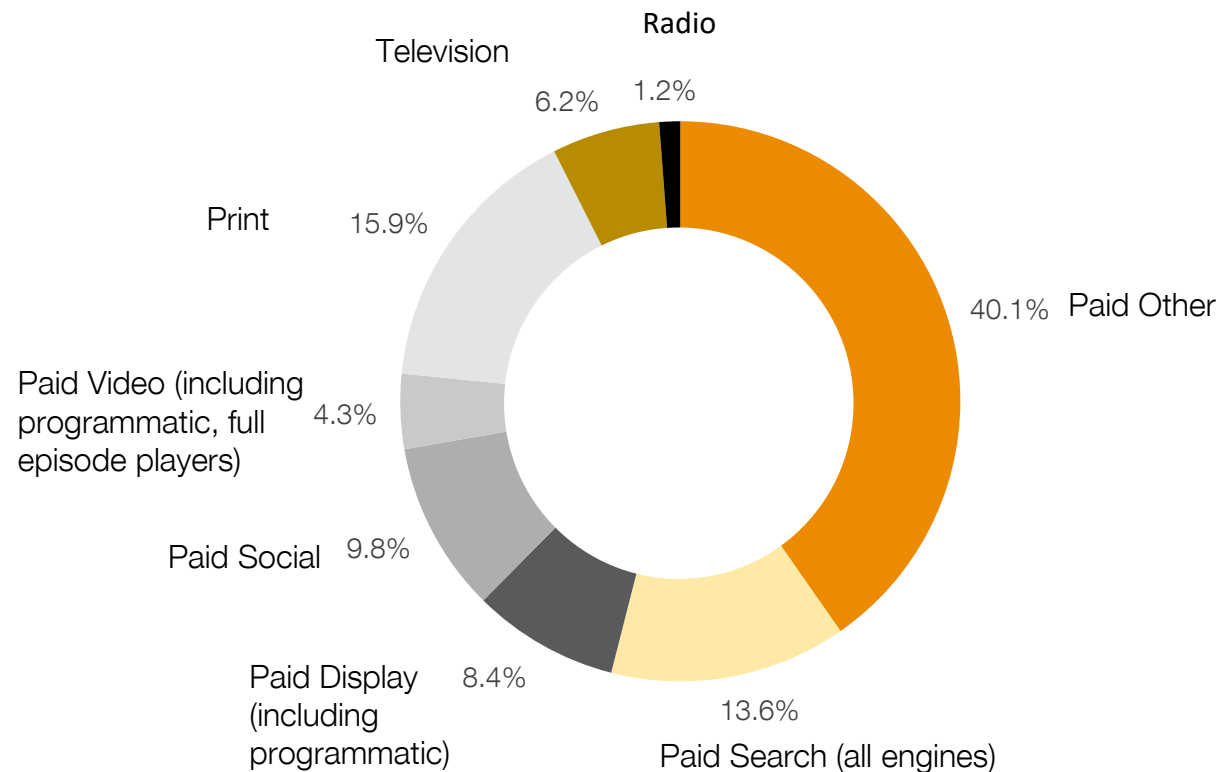


## Insights

The biggest share of marketing budgets spent on training and development is in the Energy and Mining/Construction industries. The Transportation and Consumer Packaged Goods industries reported the lowest percentages spent on training and development.

# Companies prioritize print, search engine optimization, and other paid digital media

How is your paid digital media allocated across the following channels?



## Economic Sector

	Search%	Display%	Print%
B2B Product:	12.3%	8.4%	22.1%
B2B Services:	13.4%	7.0%	9.0%
B2C Product:	15.7%	13.4%	22.2%
B2C Services:	15.9%	6.5%	9.2%



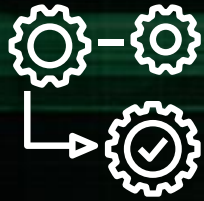
## Internet Sales

	Search%	Display%	Print%
0% Sales:	10.8%	8.2%	16.1%
1-10% Sales:	13.1%	6.8%	17.5%
10%+ Sales:	21.9%	13.5%	12.9%



## Insights

When asked to clarify which “Paid Other” media they meant, respondents most frequently noted trade shows, sponsorships, and direct mail.



# Firm Performance

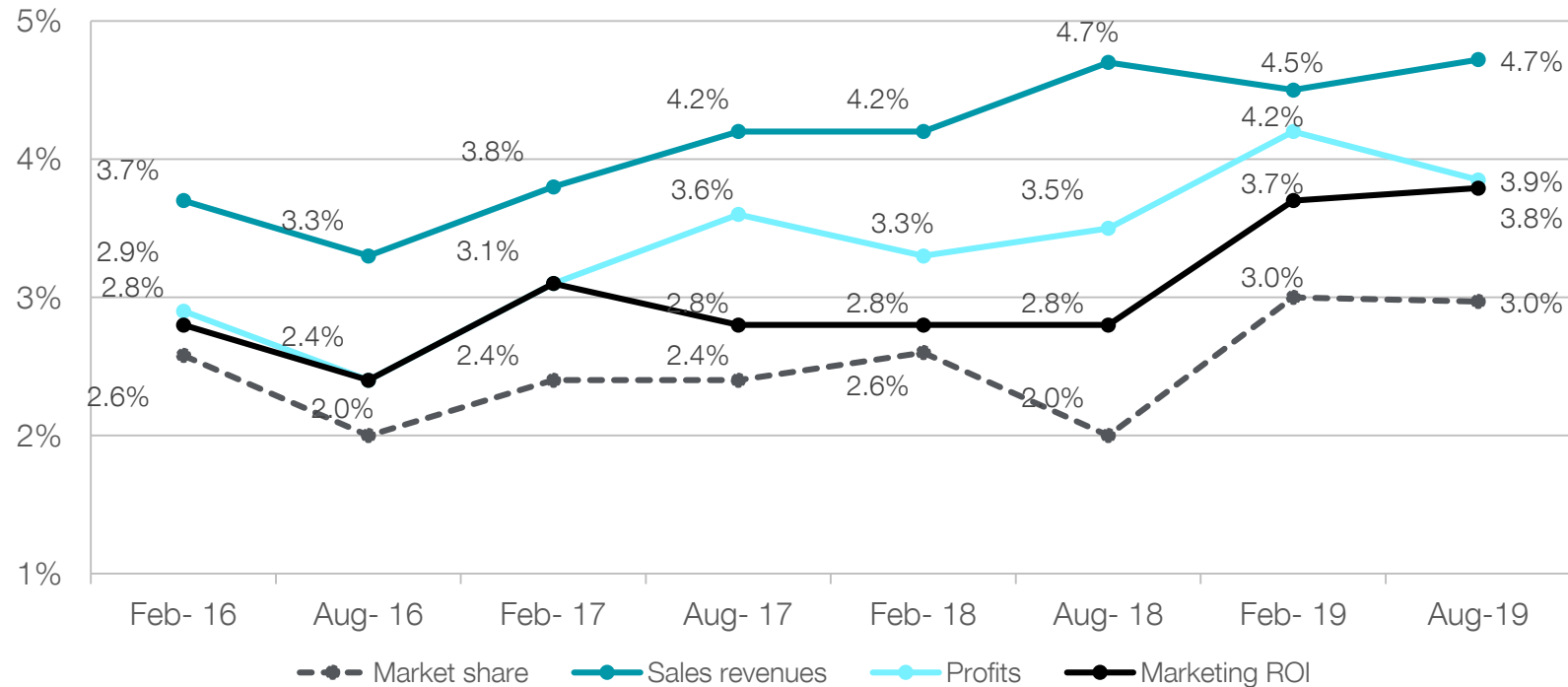
Sales revenue and marketing ROI continue to show lift over a four-year period while market share flattens and profits show a slight dip from the prior CMO Survey. B2B companies excel on all metrics. Marketing metrics also show gains with brand value and customer acquisition showing the largest increases—customer retention is lower and flat from prior CMO Survey.

Societal metrics examining marketing that benefits society and minimizes the impact of marketing on the ecological environment show no gains. The Educational sector shows strongest performance.

Marketers identified their ability to develop the necessary capabilities to design, deliver, and monitor the customer experience as their top customer experience (CX) challenge. When asked to compare their CX performance to competitors, marketers rate their companies poorly on customer experience activities, overall. Specifically, they report above average performance only on “assuring customer experiences are compatible with the brand.” Eleven other key strategic CX activities are rated on par or below competition. Marketers were least confident in “measuring customer’s perceptions, emotions, and behaviors throughout the customer journey.” Combining top challenges and weak competitive performance, the biggest opportunities for improvement lie in: (1) “developing the necessary capabilities inside the organization to design, deliver, and monitor the customer experience” and (2) “integrating touchpoints seamlessly across the entire customer journey.”

# Key financial and market indicators over last four years: B2B companies excel

Percent change in financial and marketing asset performance in prior 12 months



## Economic Sector

### Market Share

B2B Product: 3.5%  
 B2B Services: 3.5%  
 B2C Product: 1.0%  
 B2C Services: 3.2%

### Sales Revenues:

B2B Product: 5.3%  
 B2B Services: 5.6%  
 B2C Product: 2.6%  
 B2C Services: 4.2%

### Profits:

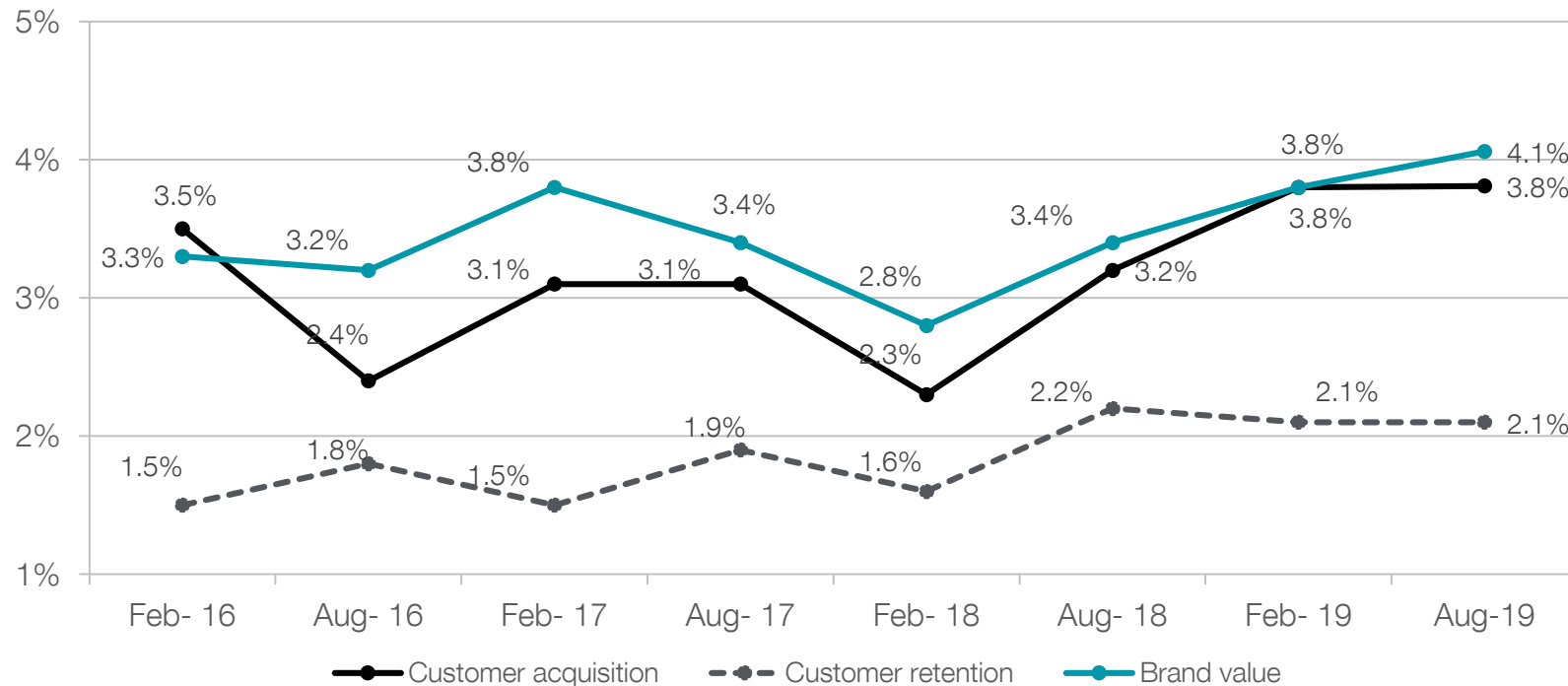
B2B Product: 4.0%  
 B2B Services: 5.0%  
 B2C Product: 2.9%  
 B2C Services: 2.1%

### Marketing ROI:

B2B Product: 4.1%  
 B2B Services: 4.1%  
 B2C Product: 2.7%  
 B2C Services: 3.7%

# Brand and customer acquisition performance continues to improve

Percent change in financial and marketing asset performance in prior 12 months



## Economic Sector

### Customer Acquisition:

- B2B Product: 4.1%
- B2B Services: 4.2%
- B2C Product: 3.0%
- B2C Services: 3.4%

### Customer Retention:

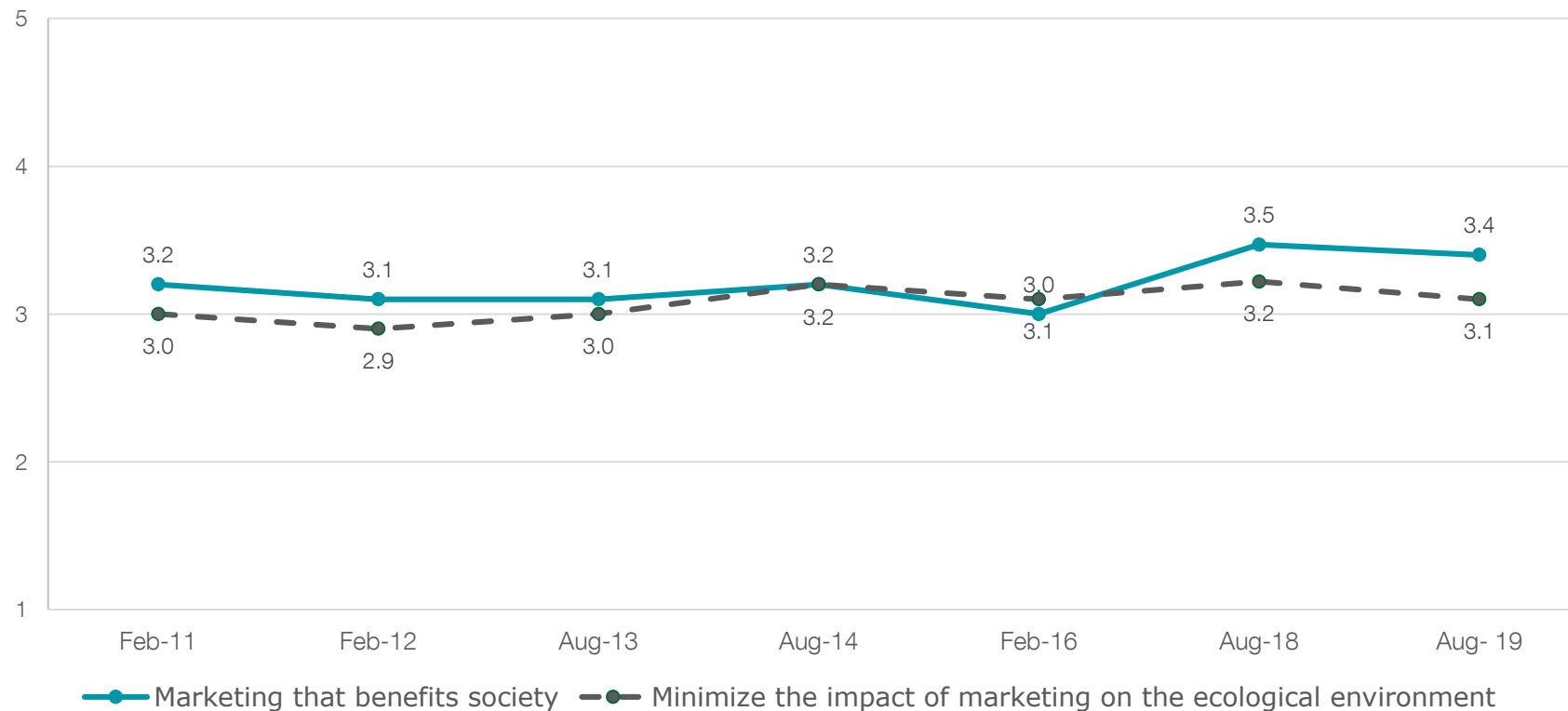
- B2B Product: 2.3%
- B2B Services: 2.7%
- B2C Product: 1.4%
- B2C Services: 1.4%

### Brand Value:

- B2B Product: 4.7%
- B2B Services: 4.7%
- B2C Product: 2.2%
- B2C Services: 3.7%

# Companies show no sign of improved performance on societal metrics

Rate your company on each societal metric during the prior 12 months



## Economic Sector

Marketing that benefits society

- B2B Product: 3.4
- B2B Services: 3.5
- B2C Product: 3.2
- B2C Services: 3.4

Minimize the impact of marketing on the ecological environment

- B2B Product: 3.3
- B2B Services: 3.2
- B2C Product: 2.9
- B2C Services: 2.8



## Insights

The top industry is Education, which rated a 4.14 on benefitting society and a 3.71 on minimizing the impact on the ecological environment.



# Top challenges faced in managing customer experience

Rank your top three challenges in effectively managing customer experience in your company (% rating #1 challenge)

Challenge	Top Challenge
Developing the necessary capabilities inside the organization to design, deliver and monitor the customer experience	13.4%
Determining the contribution of each touchpoint to the overall customer experience and identifying critical touchpoints	12.1%
Integrating touchpoints seamlessly across the entire customer journey	11.2%
Mapping all elements of the customer journey	10.8%
Coordinating disparate aspects of the organization to design, manage, deliver, and monitor the customer experience (marketing, sales, IT, operations, HR, customer service)	10.3%
Managing partners that influence any aspect of the customer experience	9.1%
Linking customer experience measures to relevant KPI's and financial outcomes	9.1%
Ensuring a deep understanding of the customer experience across the entire organization	8.2%
Creating optimal experiences across all channels and devices	5.6%
Assuring that customer experiences are compatible with our brand	4.3%
Tailoring the customer experience to the customer's context (location, social, situation, time, needs)	3.9%
Measuring the customer's perceptions, emotions, and behaviors throughout the customer journey	2.2%



## Insights

Companies with larger Internet sales noted their struggle with “Determining the contribution of each touchpoint to the overall customer experience” and identifying critical touchpoints,” with 20.6% citing it as the top challenge compared to only 7.2% among those with no Internet sales. By contrast, companies with no Internet sales struggled much more with “Mapping all elements of the customer journey” (13.3% compared with 6.3%). B2B Product companies struggle with “Determining the contribution of each touchpoint to the overall experience,” while B2C Product struggle with “Tailoring the customer experience to the customer context.



# How well companies compare to competitors on customer experience activities

Rate how well you think your company performs each aspect of customer experience relative to your competitors (-1=below competitors, 0=On par with competitors, and +1 (above competitors))

Aspects of Customer Experience	Mean
Assuring that customer experiences are compatible with our brand	0.31
Mapping all elements of the customer journey	0.09
Managing partners that influence any aspect of the customer experience	0.04
Determining the contribution of each touchpoint to the overall customer experience and identifying critical touchpoints	-0.05
Creating optimal experiences across all channels and devices	-0.08
Ensuring a deep understanding of the customer experience across the entire organization	-0.12
Tailoring the customer experience to the customer's context (location, social, situation, time, needs)	-0.12
Developing the necessary capabilities inside the organization to design, deliver and monitor the customer experience	-0.14
Linking customer experience measures to relevant KPI's and financial outcomes	-0.15
Integrating touchpoints seamlessly across the entire customer journey	-0.17
Coordinating disparate aspects of the organization to design, manage, deliver and monitor the customer experience (marketing, sales, IT, operations, HR, customer service)	-0.18
Measuring the customer's perceptions, emotions, and behaviors throughout the customer journey	-0.22



## Insights

Overall, marketers rate their companies poorly on customer experience activities. They report above average performance only on assuring customer experiences are compatible with the brand. Other key activities are rated on par or below competition. Marketers were least confident in their ability to measure customer's perceptions, emotions, and behaviors throughout the customer journey, particularly in B2B and B2C Product companies. Companies with >\$100M in revenue noted difficulty with coordinating disparate aspects of the organization to deliver CX, compared with their smaller counterparts.

# Mapping CX challenges against competitive advantage

Comparing top challenges in effectively managing customer experience against ratings of how company performs each aspect of customer experience relative to competitors

	Below Competitors	On Par with Competitors	Above Competitors
Top Third Challenge	<ul style="list-style-type: none"> <li>Developing the necessary capabilities inside the organization to design, deliver, and monitor the customer experience</li> <li>Integrating touchpoints seamlessly across the entire customer journey</li> </ul>	<ul style="list-style-type: none"> <li>Determining the contribution of each touchpoint to the overall customer experience and identifying critical touchpoints</li> </ul>	<ul style="list-style-type: none"> <li>Mapping all elements of the customer journey</li> </ul>
Middle Third Challenge	<ul style="list-style-type: none"> <li>Coordinating disparate aspects of the organization to design, manage, deliver, and monitor the customer experience (marketing, sales, IT, operations, HR, customer service)</li> <li>Linking customer experience measures to relevant KPI's and financial outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring a deep understanding of the customer experience across the entire organization</li> <li>Creating optimal experiences across all channels and devices</li> </ul>	<ul style="list-style-type: none"> <li>Managing partners that influence any aspect of the customer experience</li> </ul>
Bottom Third Challenge	<ul style="list-style-type: none"> <li>Tailoring the customer experience to the customer's context (location, social, situation, time, needs)</li> <li>Measuring the customer's perceptions, emotions, and behaviors throughout the customer journey</li> </ul>		<ul style="list-style-type: none"> <li>Assuring that customer experiences are compatible with our brand</li> </ul>

# CX opportunities: Developing capabilities and integrating touchpoints across the customer journey

Companies and sectors found to be both below competitors and facing challenge at a top-third level (from the upper left cell of the previous slide) are highlighted below.

## Developing the necessary capabilities inside the organization to design, deliver, and monitor the customer experience

### Top economic sectors:

B2B Product companies were most likely to say they were below competitors in this area, at 40.2%.

### Top industrial sectors:

Consumer Services, Transportation, Consumer Packaged Goods, Education, and Technology

### Company revenues:

Large companies (\$500-999M) view this as their top challenge, at 26.7%.

### Company Internet sales:

This challenge is more likely to be noted by those with 0% Internet sales, at 18.1% compared with 7.9% among those with at least 10% Internet sales.

## Integrating touchpoints seamlessly across the entire customer journey

### Top economic sectors:

B2C companies are significantly more likely to both rank this as a top challenge (15.3% compared with 9.2% in B2B) and rate themselves as below competitors (45.6% compared with 28.4%).

### Top industrial sectors:

Mining/Construction, Transportation, Communications/Media, Healthcare, and Technology

### Company revenues:

Large companies (\$500-999M) view this as their top challenge, at almost 20%.

### Company internet sales:

This challenge less likely to be noted by those with 0% Internet sales, at 4.8% compared with 14.3% among those with at least 10% Internet sales.



# Social Media Marketing

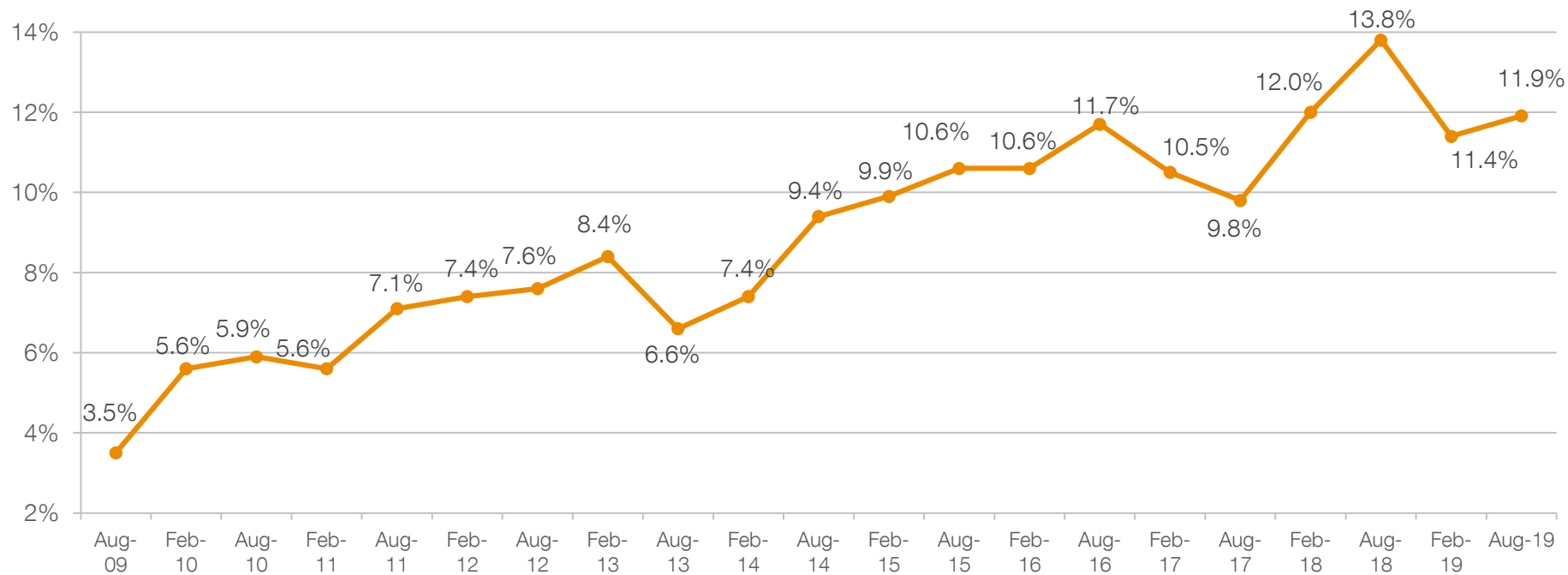
Spending on social media picks back up slightly after tumbling in the February 2019 Survey. As might be expected, companies with 10% or more of their sales from the Internet spend more on social media (17.6%) compared to those with no sales (9.1%) or between 1-10% (10.7%). The smallest companies (<\$25 million in revenues) spend the most (14.7%), perhaps looking for low cost ways to compete. B2C Product companies far outspend other sectors on social media.

Outside agencies perform nearly one-fourth of all social media activities—the highest level reported in CMO Survey history.

Despite massive financial investments, social media is rated as contributing only moderate value to company performance (3.3 on a seven-point scale where 7=very highly and 1=not at all)—a figure that has been flat since 2016. Marketers remain optimistic about social media and expect spending to rise by 89% over five years. Companies show continued weakness in integrating customer information across purchasing, communications, and social media channels. For good news, fewer companies report being unable to show the impact of social media on their business, down from 45% five years ago to 31% today.

# Social media spending holds at 11-12%

Current social media spending as percent of marketing budget



## Economic Sector

- B2B Product: 9.4%
- B2B Services: 12.6%
- B2C Product: 15.6%
- B2C Services: 11.6%

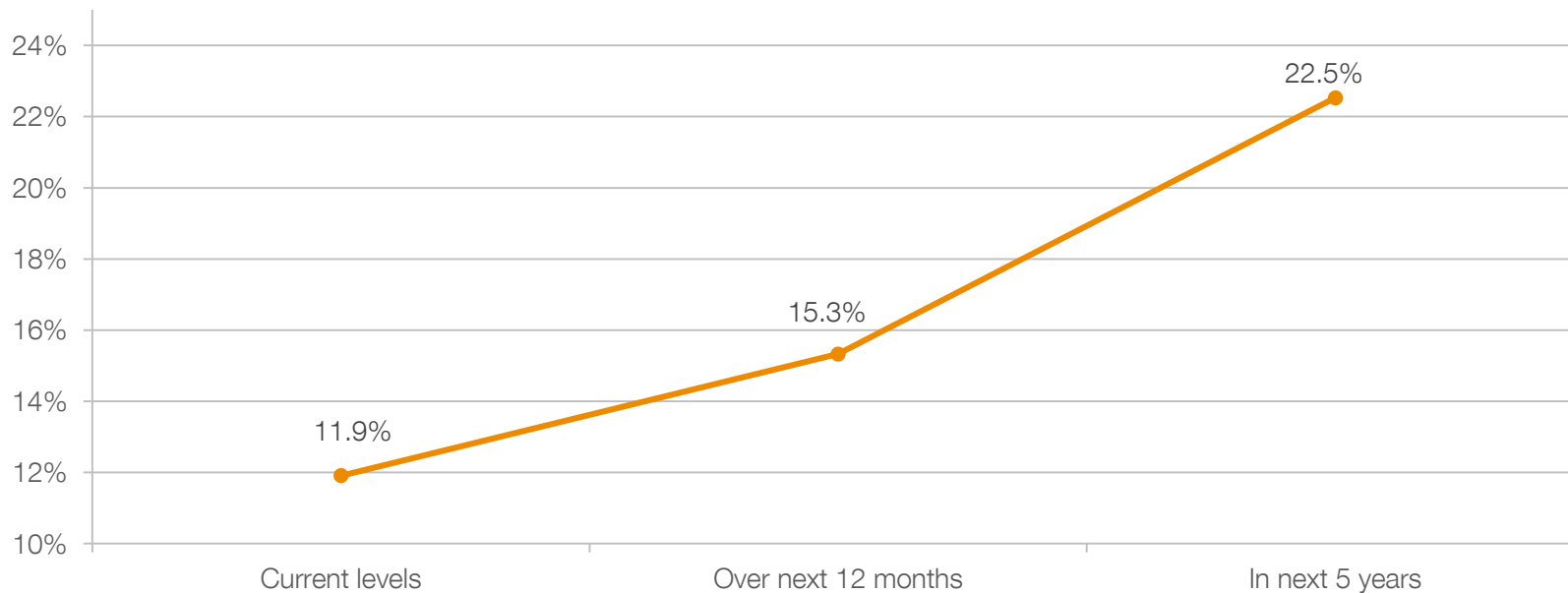


## Insights

Spending on social media picks back up slightly after tumbling in the February 2019 Survey. As might be expected, companies with 10% or more of their sales from the Internet spend more on social media (17.1%) compared to those with no sales (9.1%) or between 1-10% (10.7%). The smallest companies (<\$25 million in revenues) spend the most (14.7%), perhaps looking for low cost ways to compete.

# But firms remain optimistic and expect spending to rise by 89% over five years

Social media spending as percent of marketing budget



## Economic Sector

Expected Five-Year Growth

B2B Product: 20.7%

B2B Services: 23.0%

B2C Product: 24.6%

B2C Services: 23.7%

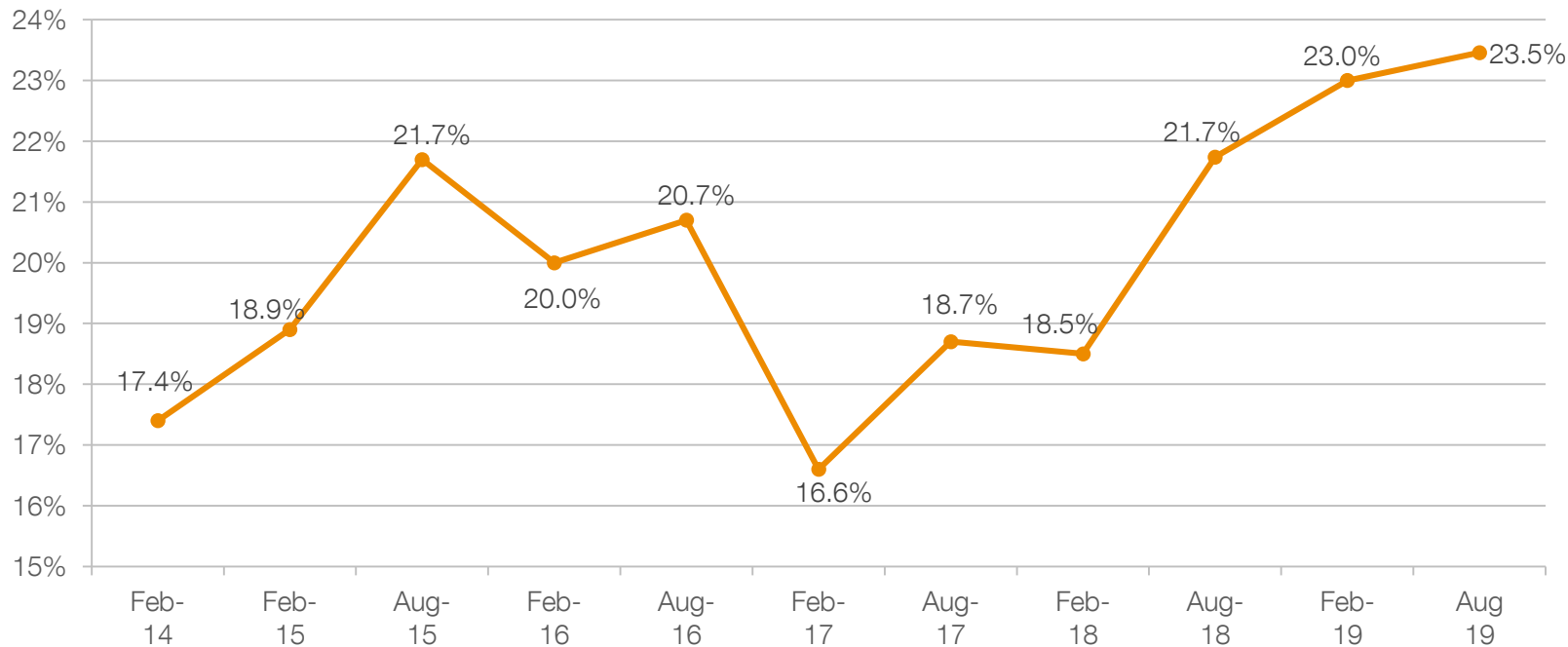


## Insights

Expected spending on social media in five years rises across industries and company sizes. As might be expected, companies with 10% or more of their sales from the Internet expect to continue spending more on social media in the future (27.6%) compared to those with no sales (20.7%) or between 1-10% (20.8%). The Communications/Media industry plans to increase spending the most, up to 31.7% in five years.

# Outside agencies perform nearly one-fourth of all social media activities

Percent of company's social media activities performed by outside agencies



## Economic Sector

- B2B Product: 22.8%
- B2B Services: 14.3%
- B2C Product: 41.6%
- B2C Services: 21.6%



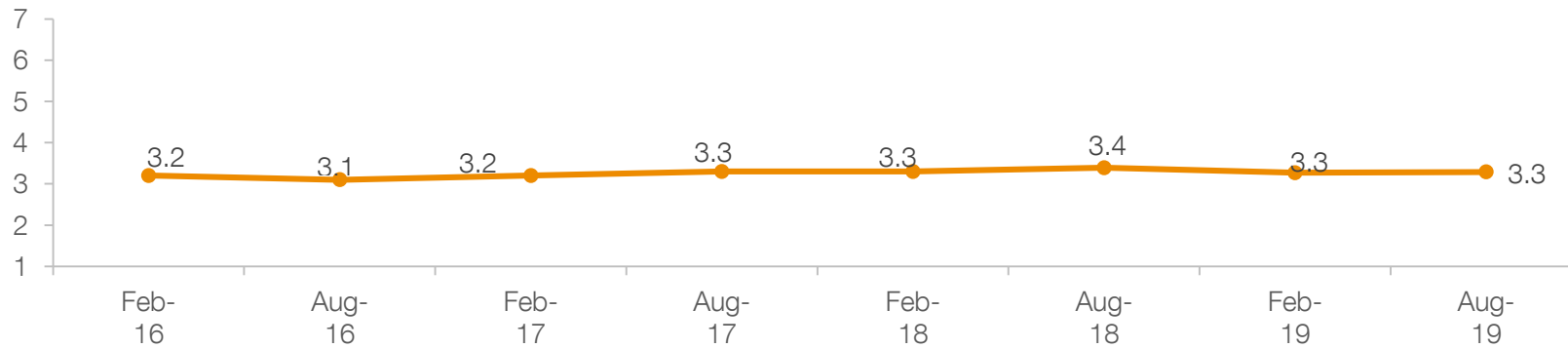
## Insights

Role of outside agencies in social media activities reaches highest point in over 5 years. Consumer Packaged Goods companies are most reliant on outside agencies (41.4%), while Education and Energy companies are the least reliant.

In general, B2C Product companies are most reliant on outside agencies at 41.6%

# Social media makes no headway on contributions to company performance

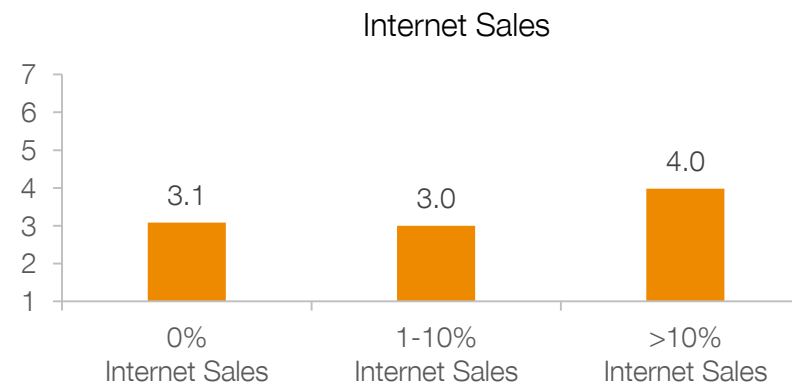
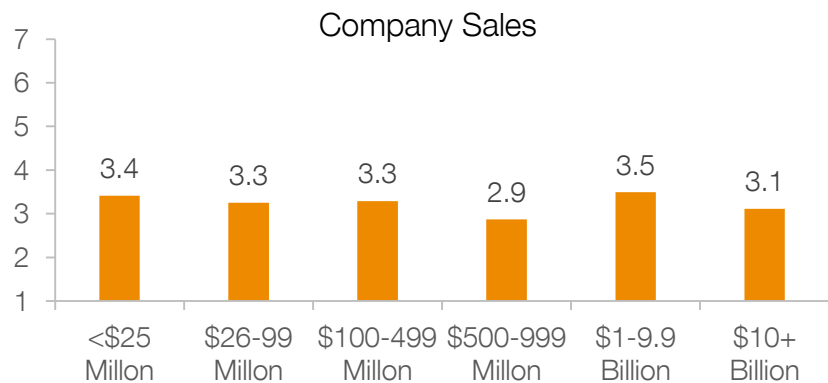
Total social media contributions to performance (overall average) (1 = not at all, 7 = very highly)\*



## Economic Sector

- B2B Product: 3.1
- B2B Services: 3.5
- B2C Product: 3.6
- B2C Services: 3.1

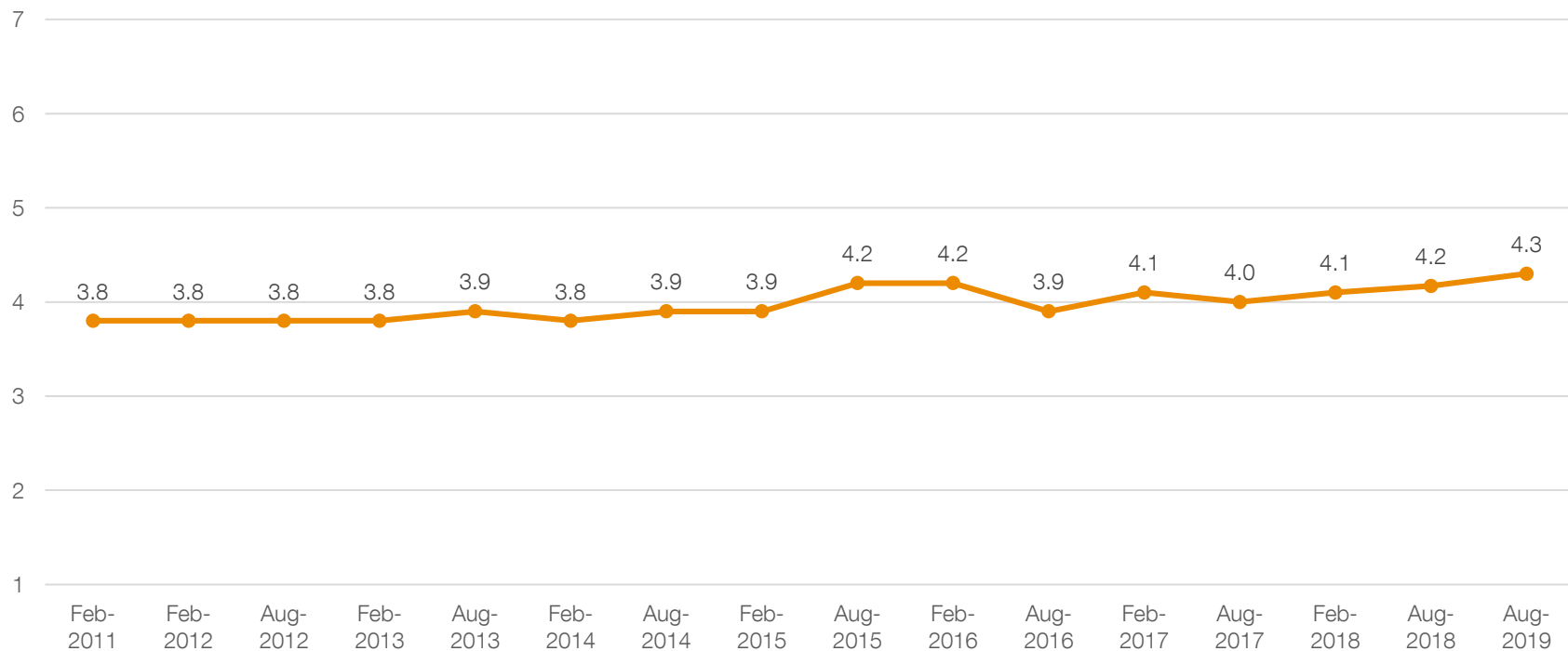
\*Question first asked in 2016





# Companies achieve modest gains in effectively linking social media to marketing strategy

How effectively is social media linked to your firm's marketing strategy? (1 = not at all, 7 = very effectively)

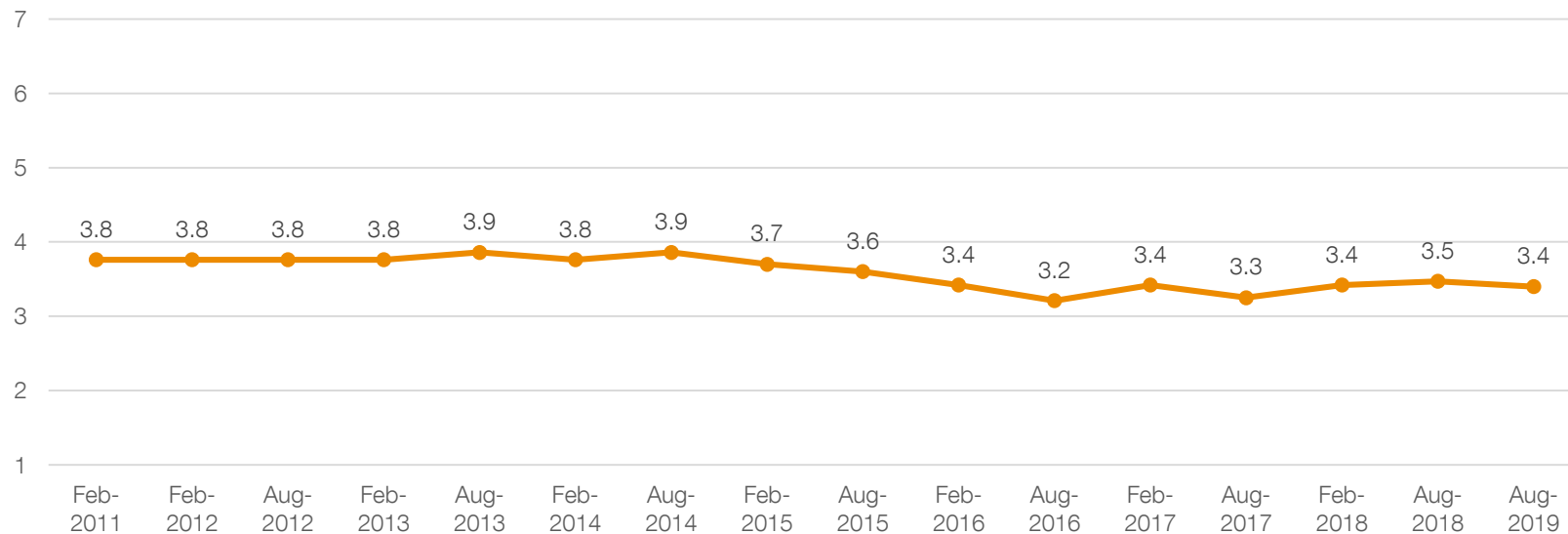


## Economic Sector

- B2B Product: 4.0
- B2B Services: 4.4
- B2C Product: 4.5
- B2C Services: 4.6

# Companies show continued weakness in integrating customer information across channels

How effectively does your company integrate customer information across purchasing, communication and social media channels? (1 = not at all, 7 = very effectively)

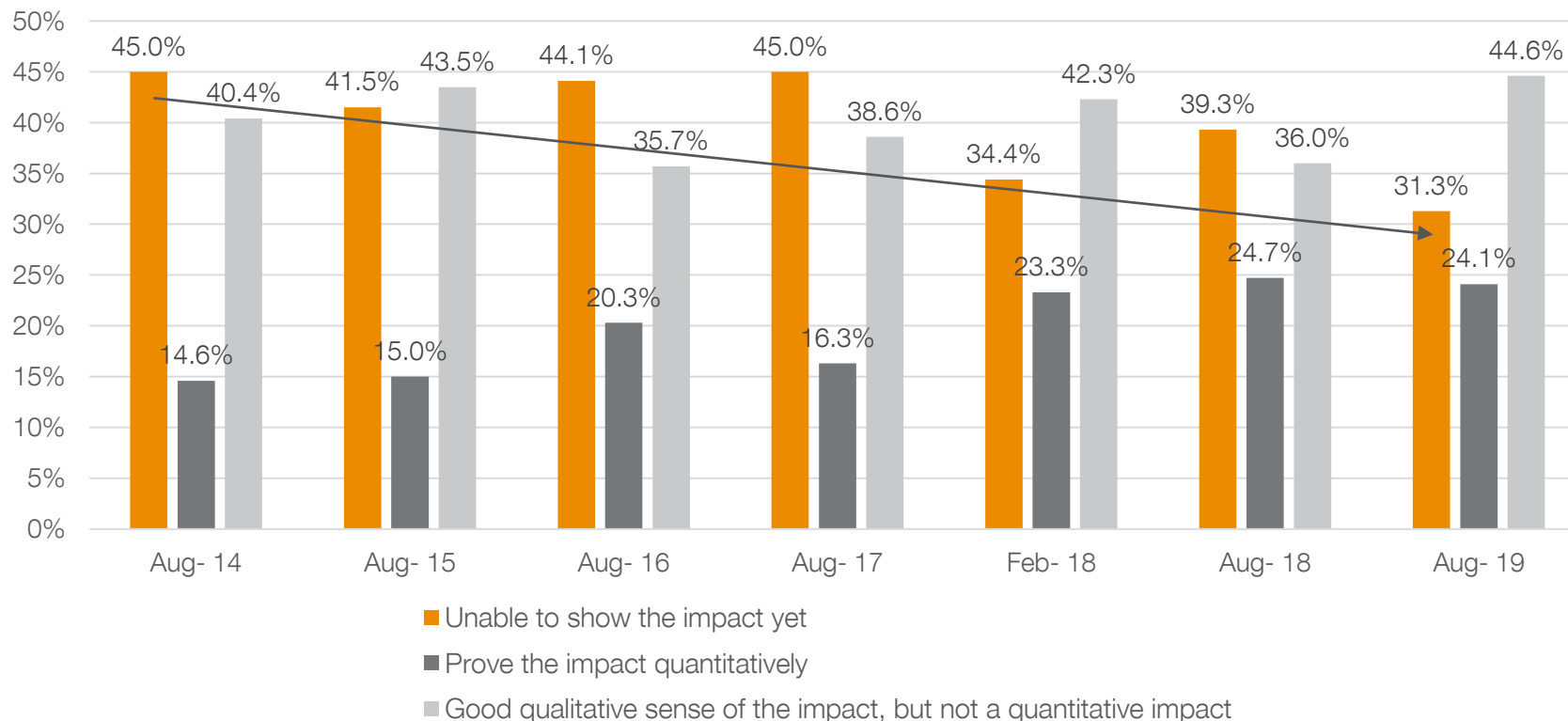


## Economic Sector

- B2B Product: 3.2
- B2B Services: 3.6
- B2C Product: 3.5
- B2C Services: 3.4

# Fewer companies unable to show the impact of social media on their business

Which best describes how you show the impact of social media on your business?



## Economic Sector

### % Prove Impact Quantitatively

- B2B Product: 17.1%
- B2B Services: 21.1%
- B2C Product: 37.0%
- B2C Services: 28.6%



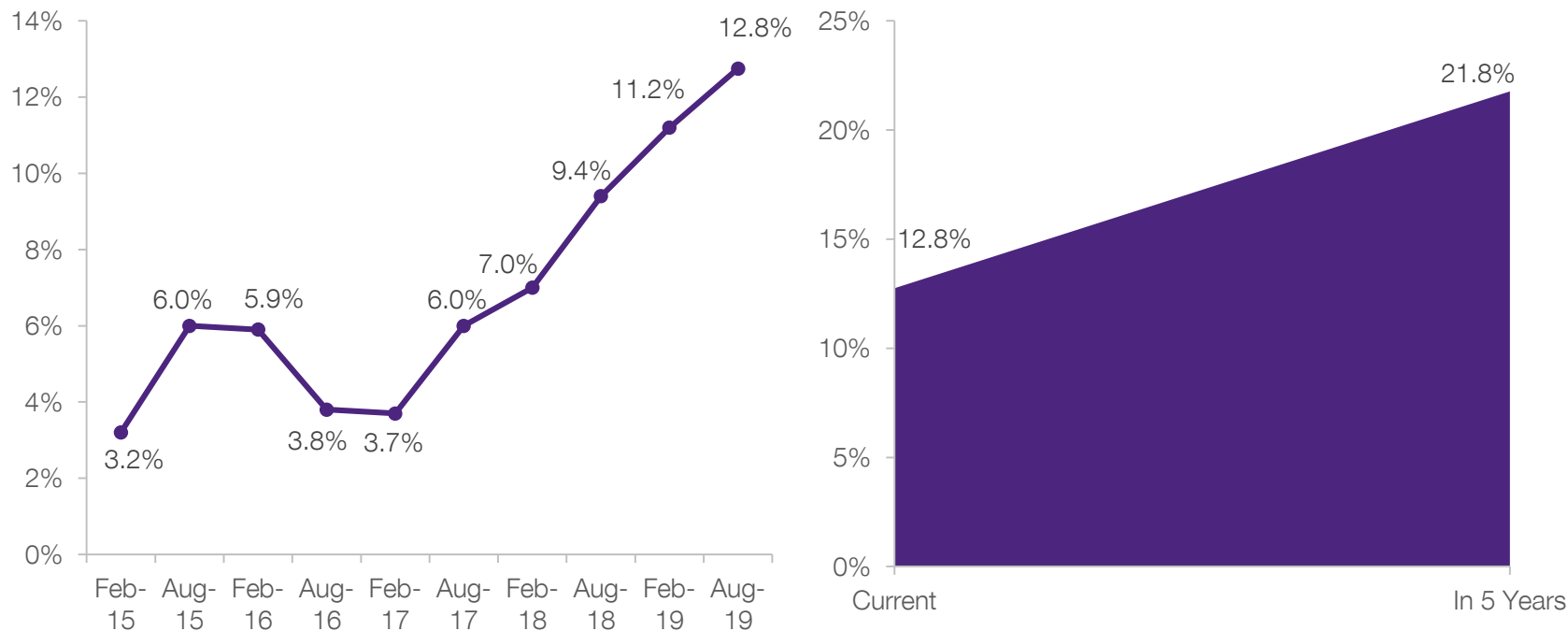
# Mobile Marketing

The percent of marketing budget spent on mobile trends upwards over the past five years and is expected to continue to rise—growing 71% over the next five years. Consumer Packaged Goods and Consumer Services companies both expect to double their share of spending on mobile in the next five years.

Similar to social media, mobile marketing contributions to company performance have remained relatively flat with B2C companies reporting the strongest contribution. Those companies that sell more of their products and services over the web report the strongest performance contributions from mobile, as do larger companies.

# Continued growth in percent of marketing budget spent on mobile

Percent of marketing budget currently spent on mobile



## Economic Sector

### Expected Five-Year Growth

- B2B Product: 15.3%
- B2B Services: 19.1%
- B2C Product: 32.0%
- B2C Services: 31.1%

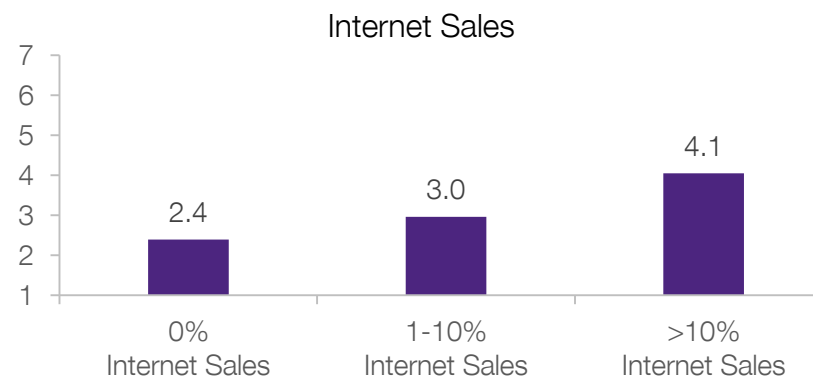
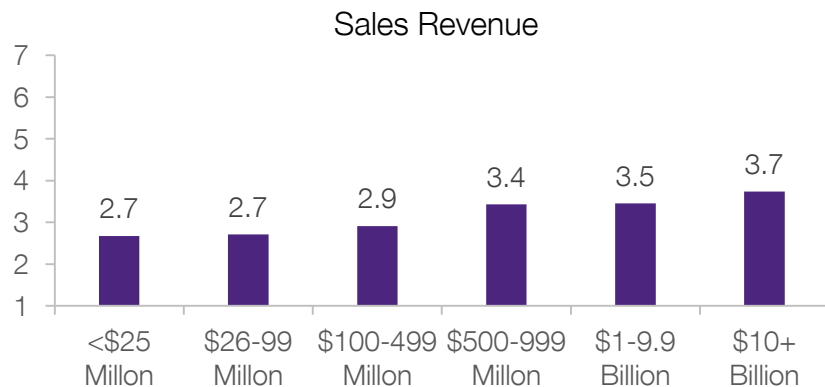
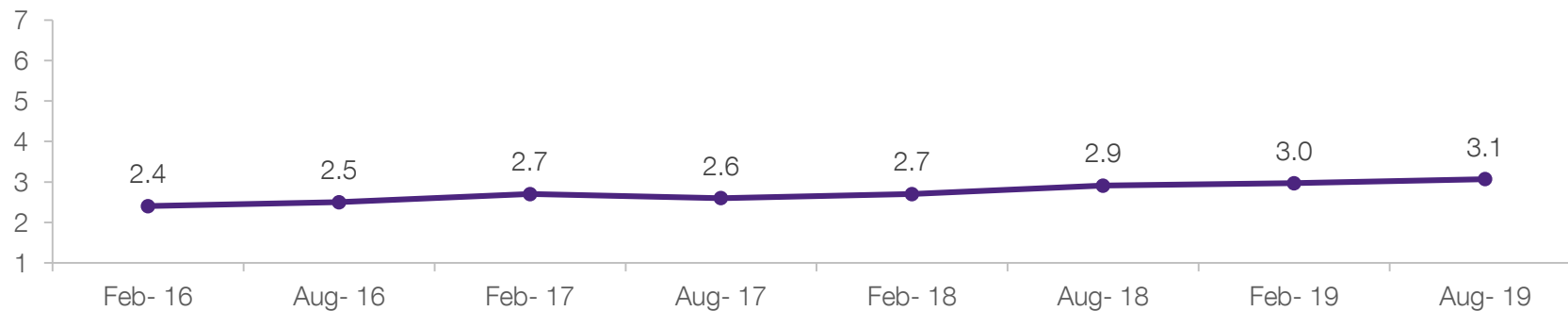


## Insights

The percent of marketing budget spent on mobile trends upwards over the past five years and is expected to continue to rise—growing 70% over the next five years. Consumer Packaged Goods and Consumer Services companies both expect to double their share of spending on mobile in the next five years.

# Slow and steady gains on mobile marketing's contributions to company performance

Mobile marketing contributions to company performance (overall average)



## Economic Sector

- B2B Product: 2.5
- B2B Services: 2.8
- B2C Product: 3.8
- B2C Services: 4.1



## Insights

Companies that sell at least 10% online recognize the most mobile contributions to company performance, averaging 4.1 compared to a 2.4 average from companies that do not sell online.

The Energy industry values mobile contributions least, at 1.3, while the Education industry values them most at 4.9.



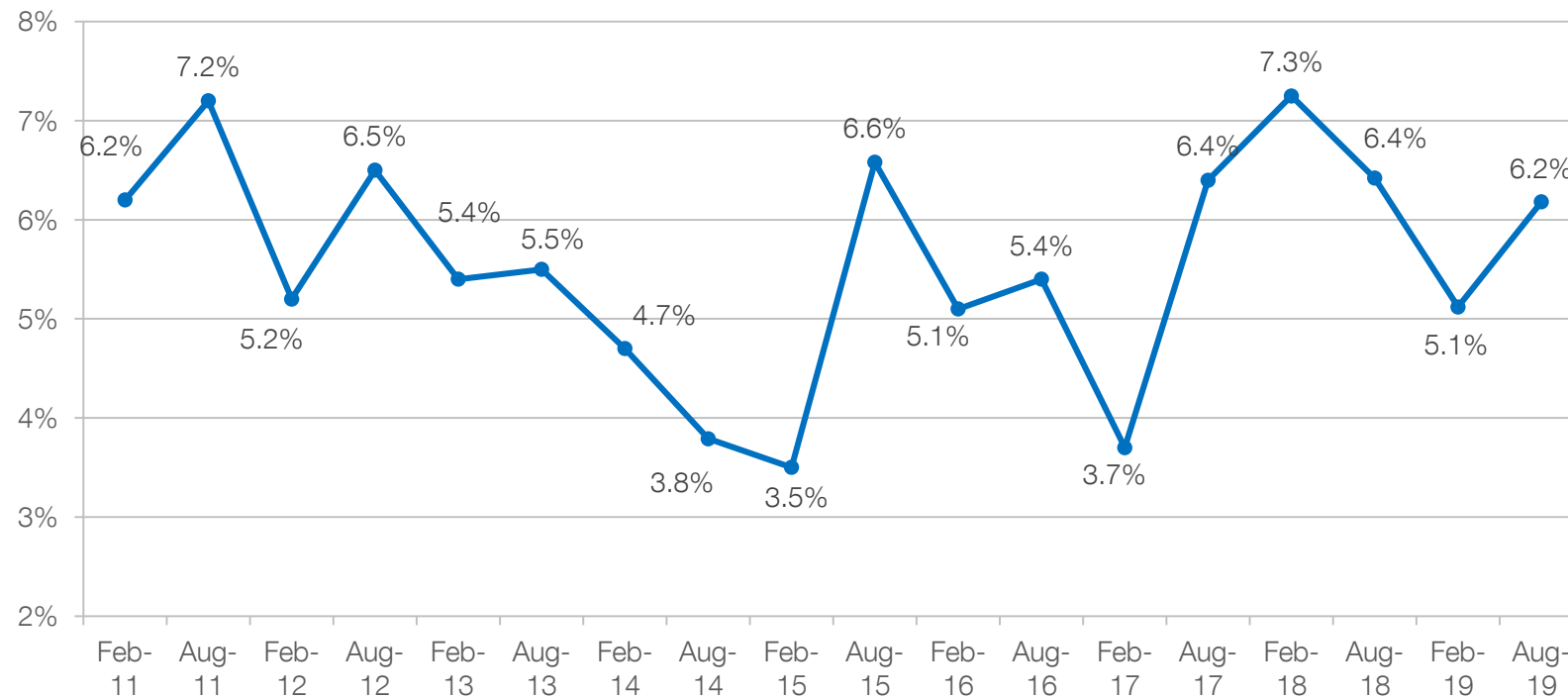
# Marketing Jobs

Planned marketing hiring rose for the first time since February 2018 with a 6.2% change in marketing hires planned in the next twelve months. B2C Services companies expect to hire the most at 8.6%. In response to the question, “To what extent are new technologies replacing marketing employees?,” 57.6% reported not at all currently, but this number is expected to drop to 37.5% in the next three years. B2C Services companies report the most replacement. In particular, Consumer Services and Education sectors report the highest numbers of employees being replaced with new technologies currently, while Education and Transportation report the largest changes in the next three years.

Across industries, marketers rated employee satisfaction as an essential input to customer satisfaction. Employees trust company brands at a high level—at 5.9 on a 7-point scale where 1=very little and 7=a great deal.

# Marketing hiring growth tics back up

Percent change in marketing hires planned in next 12 months



## Economic Sector

- B2B Product: 5.4%
- B2B Services: 6.4%
- B2C Product: 5.7%
- B2C Services: 8.6%



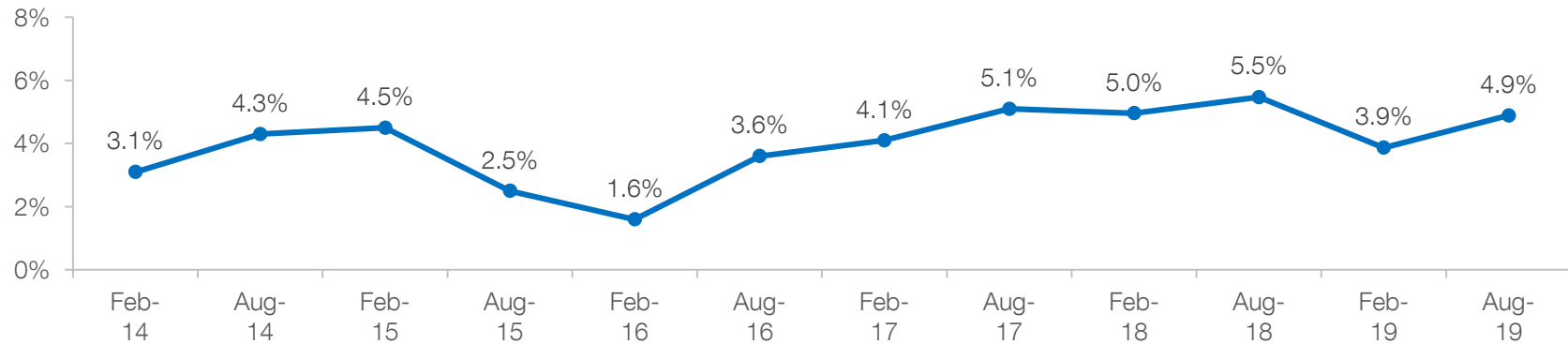
## Insights

In the last year, planned marketing hiring rose back up to 6.2%, almost matching the 6.4% from August 2018. Consumer Packaged Goods expects the smallest change in marketing hires at 1.8%. The largest companies (\$10B+) and those with the most Internet sales (>10%), expect marketing hires to grow less than their smaller counterparts, 3.4% and 4.0% respectively.

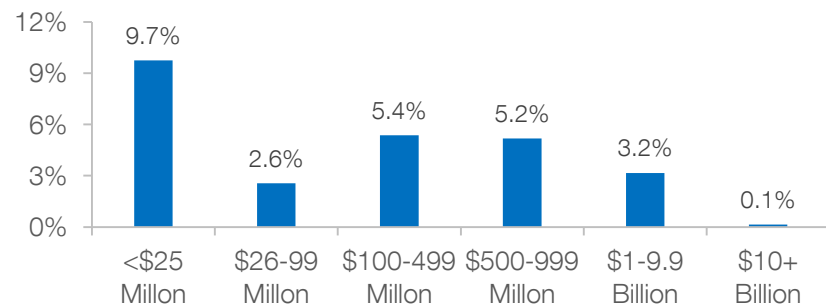


# Outsourcing varies by firm and sector

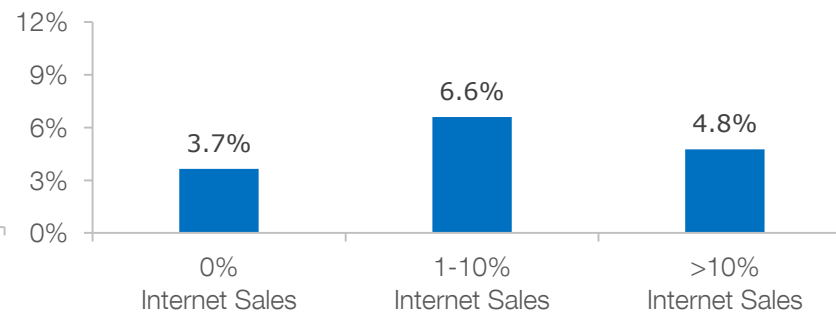
Planned change in marketing outsourcing (overall average)



Sales Revenue



Internet Sales



## Economic Sector

- B2B Product: 5.9%
- B2B Services: 3.9%
- B2C Product: 3.2%
- B2C Services: 6.8%



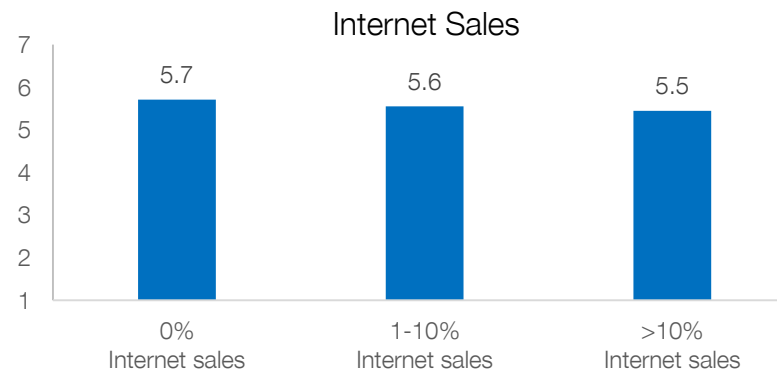
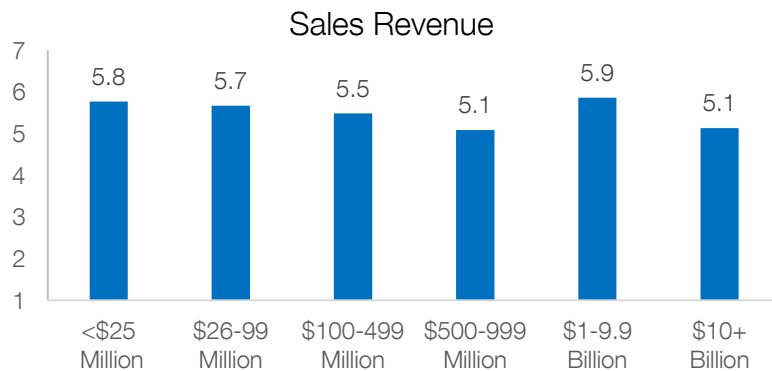
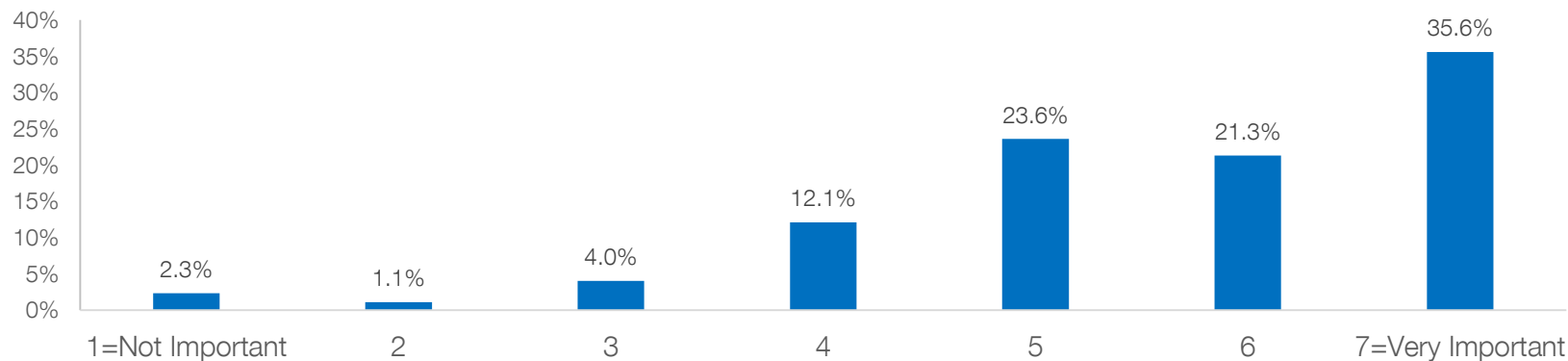
## Insights

Expected outsourcing change is most pronounced at companies under <\$1B sales revenue (averaging between 3% and 9%) compared with \$10B+ companies where it is less than 1%.

The Energy sector expects the most change, about 23.2%, while Transportation expects a negative change of -3.1%.

# Employee satisfaction is viewed as an essential input to customer satisfaction

In your company, how important is employee satisfaction to customer satisfaction?



## Economic Sector

- B2B Product: 5.5%
- B2B Services: 5.9%
- B2C Product: 5.2%
- B2C Services: 5.8%

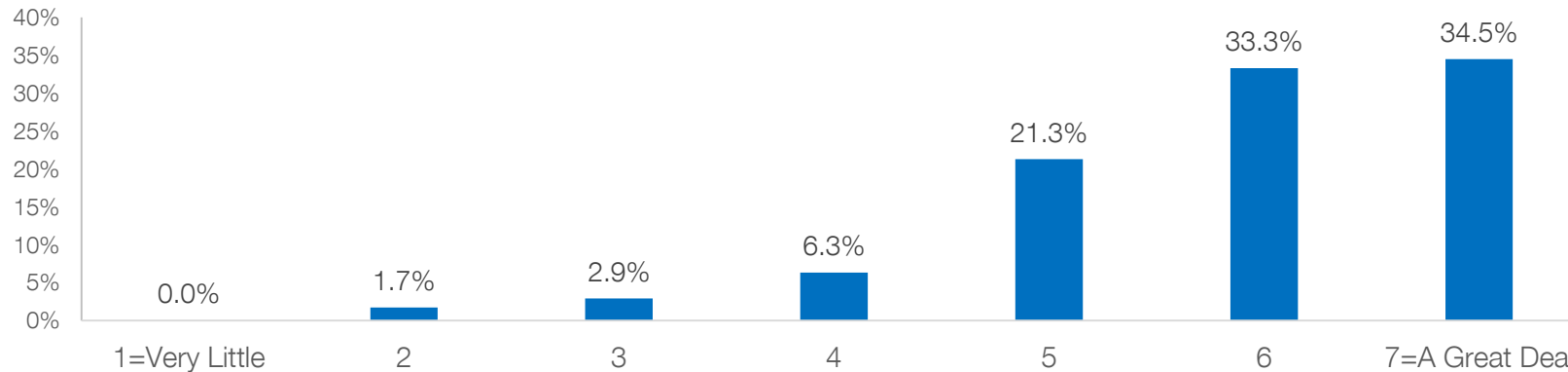


## Insights

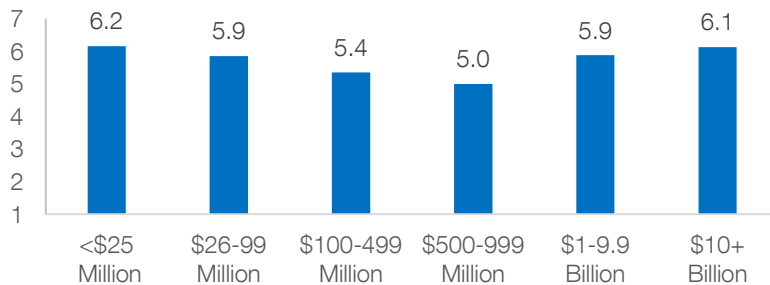
Across industries, marketers report an average importance of 5.6 (SD = 1.43).

# Employees trust company brands

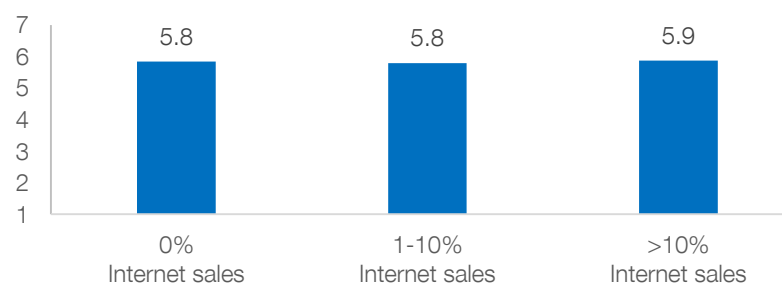
How well do your company employees trust your company's brand?



Sales Revenue



Internet Sales



## Economic Sector

- B2B Product: 5.8%
- B2B Services: 6.0%
- B2C Product: 5.8%
- B2C Services: 5.7%

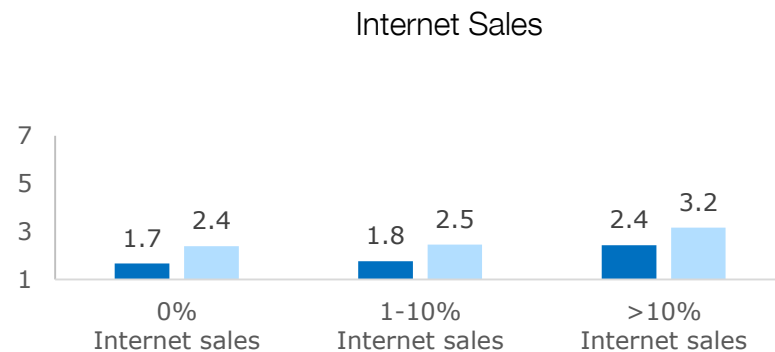
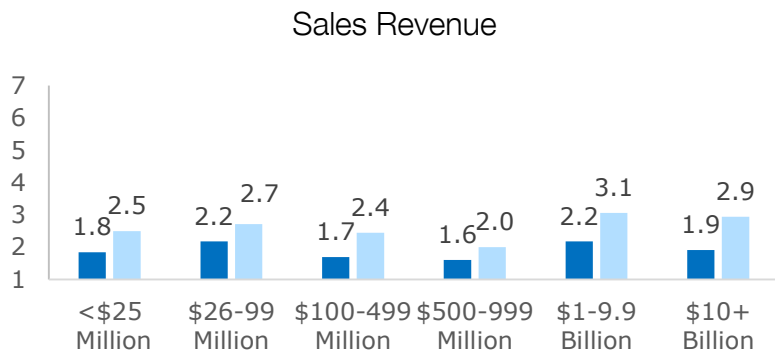
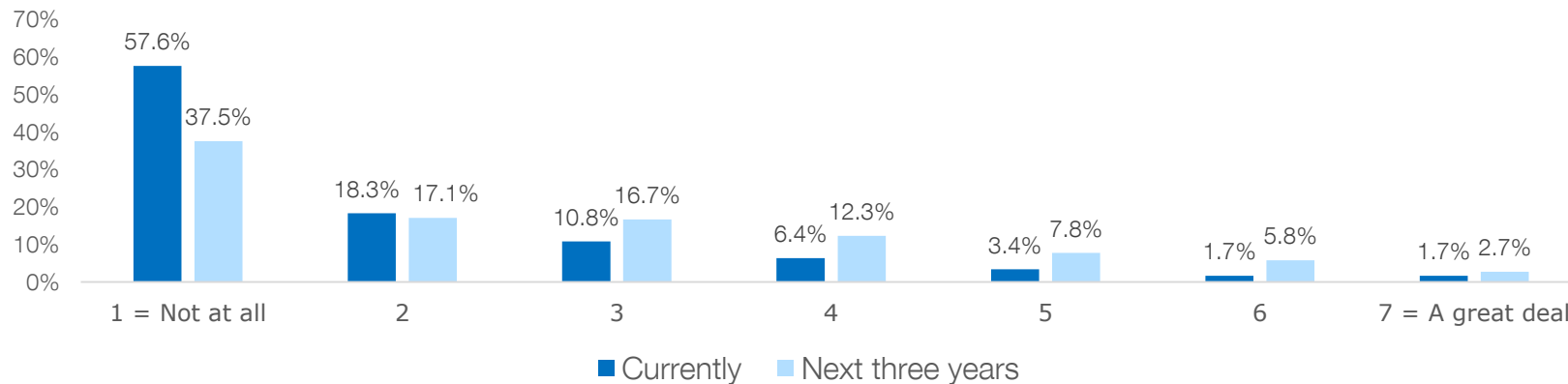


## Insights

Across industries, marketers report an average importance of 5.9 (SD = 1.15).

# How new technologies are replacing marketing employees

To what extent are new technologies replacing marketing employees in your company?



## Economic Sector

	Current %	In 3 Years
B2B Product	1.9%	2.6%
B2B Services	1.9%	2.7%
B2C Product	1.7%	2.4%
B2C Services	2.4%	3.1%



## Insights

Marketers scored their companies a 1.92 currently (SD = 1.39) and a 2.64 in the next three years (SD = 1.72). Consumer Services and Education report the highest levels of employees being replaced with new technologies currently. Education and Transportation report the largest changes, both rating over a 3.0 in the next three years.



# Marketing Organization

Marketing capabilities continue to be ranked as the highest quality knowledge asset, with customer insights a close second. Looking at economic sectors, B2B companies rank capabilities over insights, with the reverse being true for B2C companies. Companies with higher levels of Internet sales report stronger capabilities and marketing analytics.

Although companies continue to build new marketing capabilities by training current employees or hiring new employees with the skills (53.8% of firms), this number has decreased from 59.8% in August 2018. Partnering with agencies and consultancies to build new capabilities has, in turn, risen.

Sales and marketing work together on an equal basis in most companies (71%). 10.2% of companies report not having a sales function, a doubling of this category since the question was first asked in 2012. Marketers rated cooperation with sales as positive (5.35 on a 7-point scale where 1=not at all and 7=very effective).

# Marketing capabilities rated as highest quality knowledge asset

Overall quality of your company's marketing knowledge resources (1=poor, 7=excellent)

Marketing Knowledge Resources	August 2019
Marketing capabilities	4.8
Customer insights	4.6
Competitive intelligence	4.5
Marketing analytics	4.4
Marketing research	4.2
Marketing training	3.5



## Insights

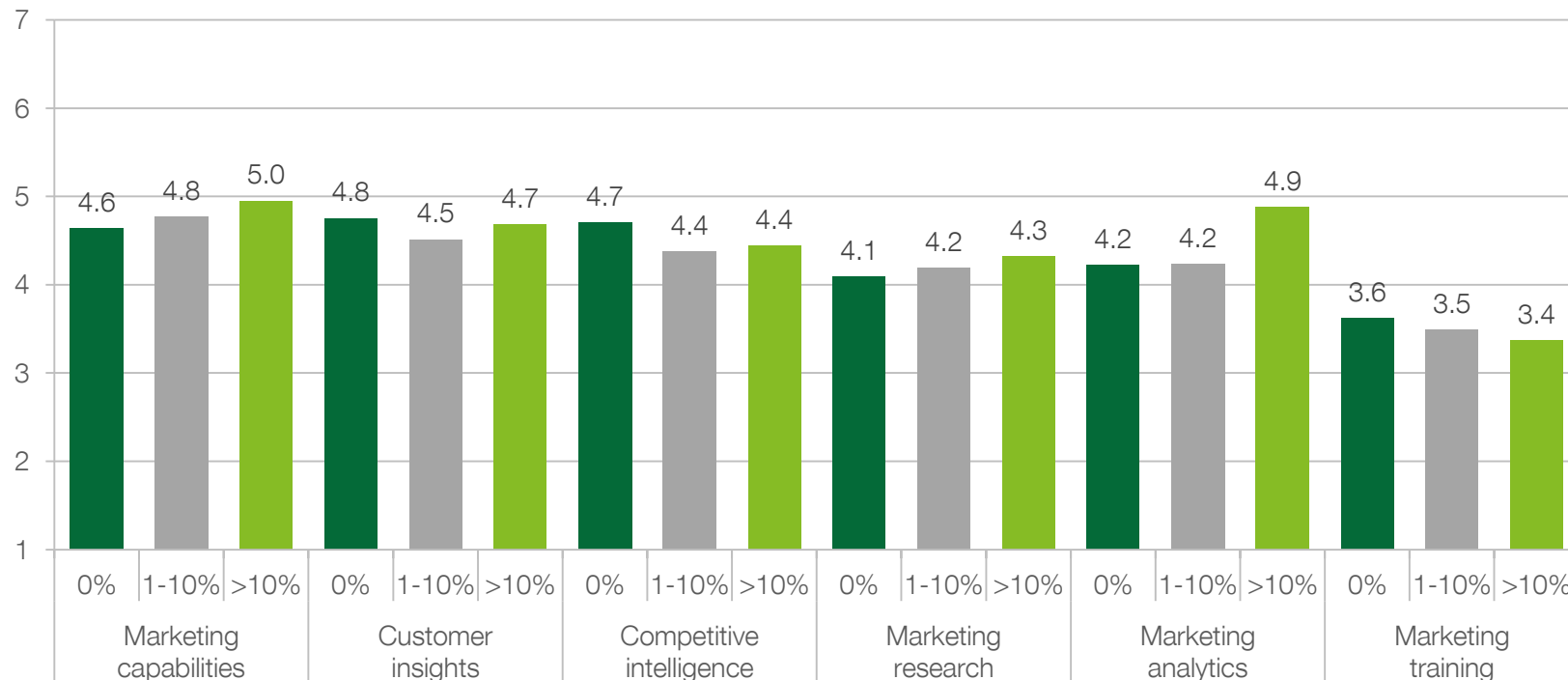
**Top Marketing Capability Sectors:**  
Mining/Construction, Professional Services

**Top Customer Insights Sectors:**  
Consumer Packaged Goods, Professional Services

**Top Competitive Intelligence Sectors:**  
Mining/Construction, Healthcare

# Online sellers rate their marketing knowledge resources as higher in quality – Analytics and capabilities dominate

Overall quality of your company's marketing knowledge resources (1=poor, 7=excellent) by percent of sales from Internet

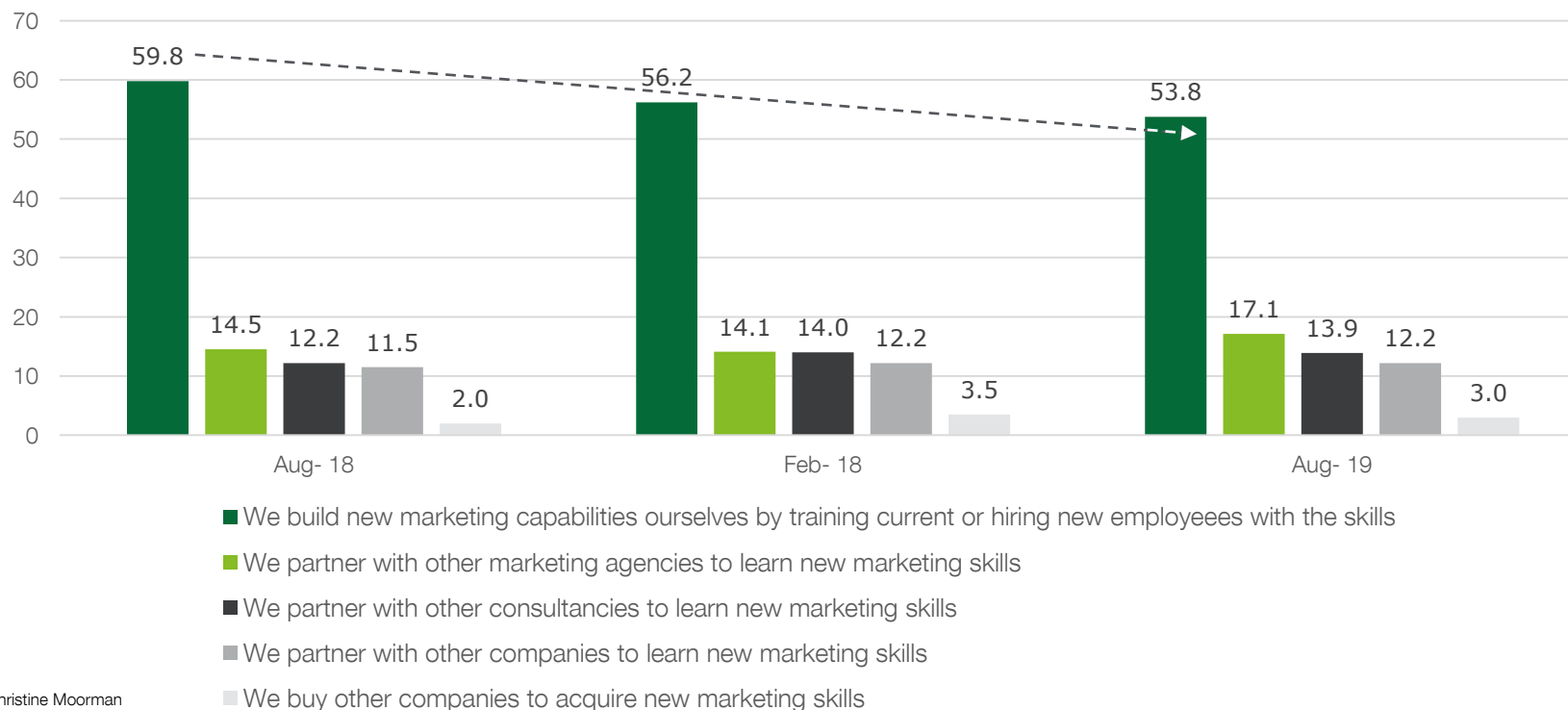


## Insights

Marketing analytics is most differentiated based on Internet sales, with those companies selling more than 10% over the Internet doing 0.7% better. Customer insights is most consistent between those that sell over the Internet and those that do not.

# Companies continue to build marketing capabilities on own, but shift toward outsourcing

How does your company approach the development of new marketing capabilities? Allocate 100 points to indicate the emphasis you place on each approach.



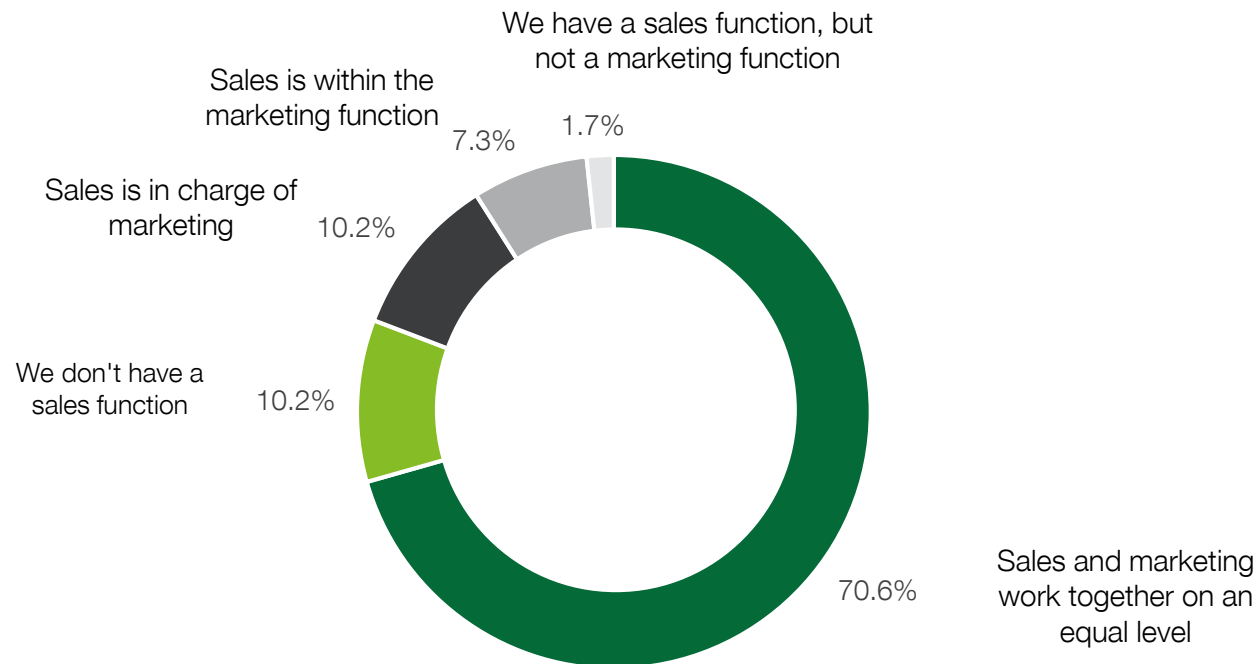
## Insights

Building marketing capabilities continues to be the most common strategy, garnering 53.8% of responses. This figure has fallen from 59.8% in the year since this question was first asked, partially due to a three-point increase in partnering with marketing agencies to learn new marketing skills.



# Sales and marketing work together on an equal basis in most companies (71%)

Select the description that best captures the role of sales within your firm.



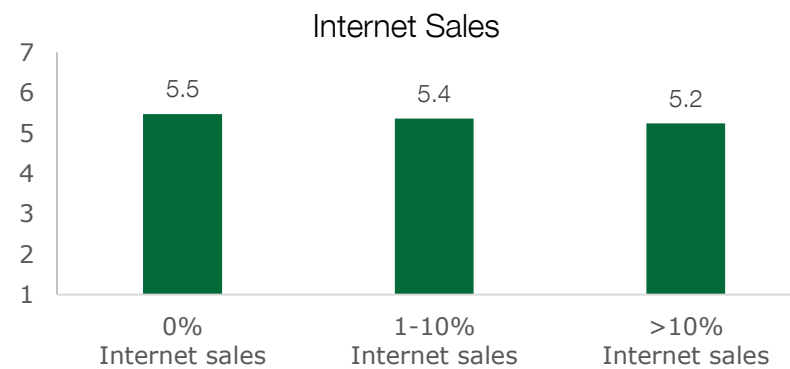
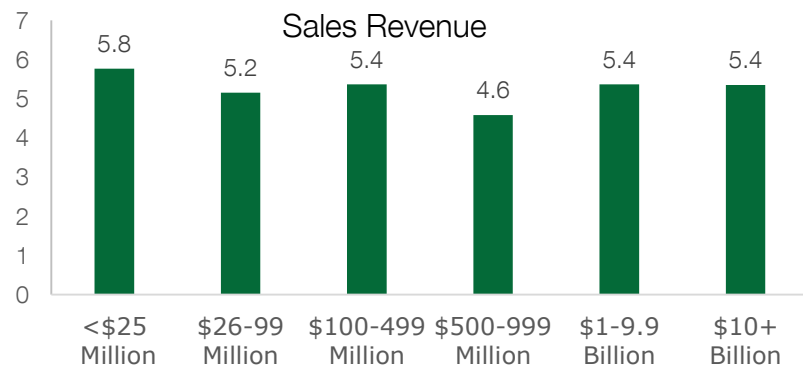
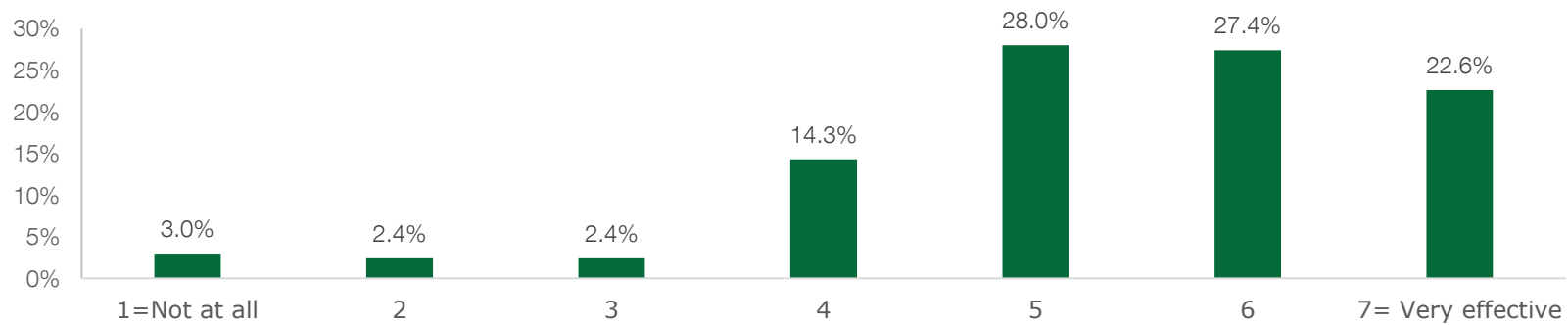
## Insights

10.2% of companies report not having a sales function, a doubling of this category since the question was first asked in 2012.

Communications/Media, Energy and Professional Services most frequently reported that sales was in charge of marketing, as did those with less than \$100 M in annual revenue.

# Effective cooperation between marketing and sales in most companies

How would you rate the level of cooperation between marketing and sales in your company? (1=not at all, 7=very effective)



## Insights

Companies rated themselves an average of 5.35 (SD = 1.41).



## Economic Sector

- B2B Product: 5.5
- B2B Services: 5.3
- B2C Product: 5.2
- B2C Services: 5.2



# Marketing Leadership

Within companies, marketing leads: brand (91% of firms), digital marketing (85.7%), advertising (84.1%), social media (77.8%), marketing analytics (75.1%), marketing research (67.7%), promotion (70.4%), positioning (64.6%), lead generation (61.9%), insight (52.9%), and competitive intelligence (51.9%). Marketing plays a surprisingly weak role leading areas of the firm that many observers would associate with the function—customer experience (45.5%), CRM (36.5%), market entry (37%), revenue growth (36%), new products (31.7%), pricing (23.3%), market selection (20.6%), and distribution (10.6%).

Although 73.5% of marketing leaders are unlikely to use their brands to take a stance on politically-charged issues, this percentage is trending down from the 82.6% who reported so in the February 2018 Survey. B2C companies are most likely to be willing to do so.

Marketing leaders believe that new technologies have strengthened the importance of marketing in their companies—scoring an average of 2.75 on the scale 7=significantly strengthened and -7=significantly weakened.

68.1% of marketing leaders report they tend to focus on “managing the present” rather than “preparing for the future” (31.3%). The sectors most focused on managing the present are Education, Professional Services, Healthcare, and Manufacturing.

# What marketing leads in companies: Net leadership losses over five-year period

Percentage of companies in which marketing leads activity

\*Red reflects a decrease and Green reflects an increase of more than 2% between Feb-14 and Feb-19.

Activity	Aug-14	Aug-19
Brand	84.4 %	91.0 %
Digital marketing <sup>2</sup>	-	85.7 %
Advertising	83.9 %	84.1 %
Social media	78.4 %	77.8 %
Public relations	65.8 %	62.4 %
Promotion	74.9 %	70.4 %
Positioning	76.9 %	64.6 %
Marketing research	65.3 %	67.7 %
Lead generation	56.3 %	61.9 %
Marketing analytics	68.3 %	75.1 %
Insight <sup>4</sup>	-	52.9 %
Competitive intelligence	57.3 %	51.9 %
Customer experience <sup>3</sup>	-	45.5 %
CRM	38.2 %	36.5 %
Market entry strategies	52.3 %	37.0 %
Revenue growth <sup>1</sup>	-	36.0 %
New products	41.7 %	31.7 %
Pricing	32.2 %	23.3 %
Innovation	30.2 %	24.3 %
e-commerce <sup>1</sup>	-	23.3 %
Market selection	30.7 %	20.6 %
Sales	26.6 %	19.0 %
Customer service	19.6 %	8.5 %
Distribution	9.5 %	10.6 %
Stock market performance	2.5 %	2.1 %



## Economic Sector % Marketing Leads

### Digital Marketing:

B2B Product: 87.7%  
 B2B Services: 81.0%  
 B2C Product: 89.7%  
 B2C Services: 84.6%

### Marketing Analytics:

B2B Product: 75.4%  
 B2B Services: 77.6%  
 B2C Product: 74.4%  
 B2C Services: 69.2%

### Customer Experience:

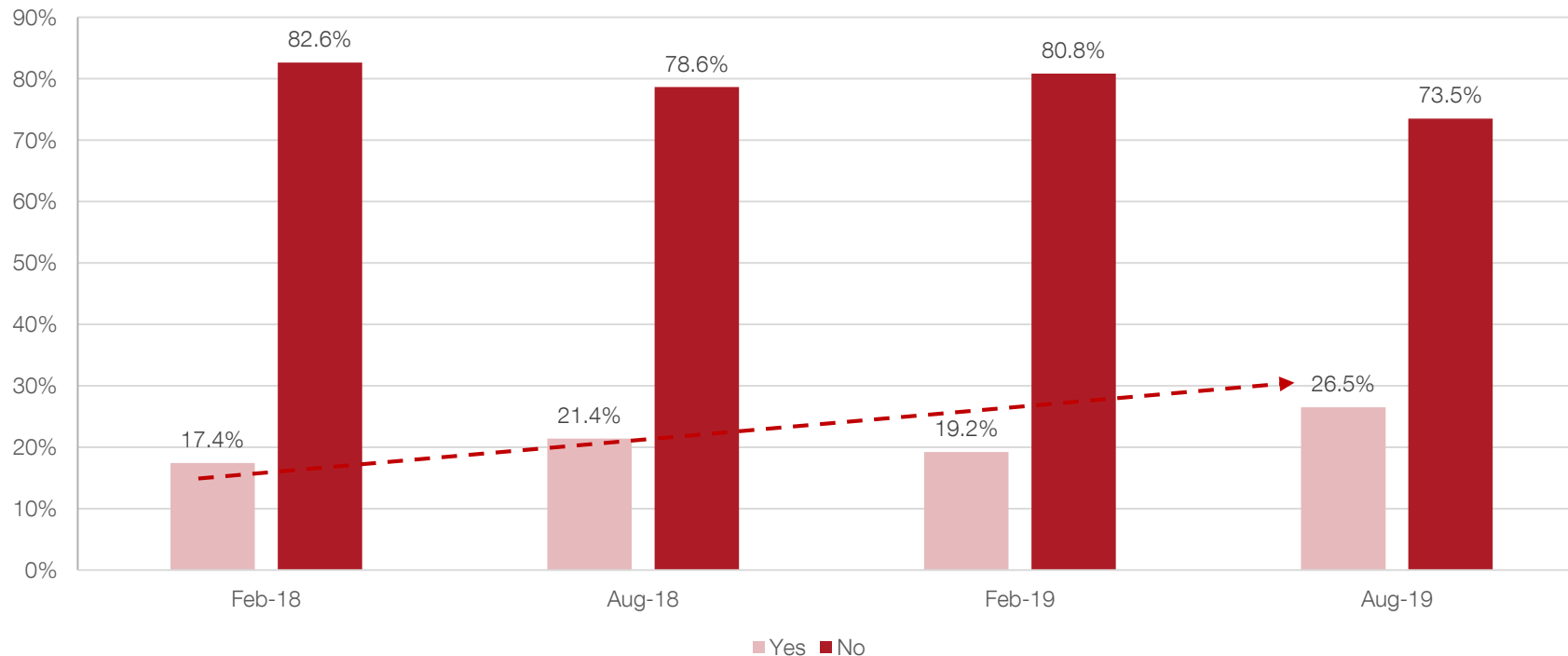
B2B Product: 40.0%  
 B2B Services: 46.6%  
 B2C Product: 46.2%  
 B2C Services: 57.7%

### Revenue Growth:

B2B Product: 26.2%  
 B2B Services: 41.4%  
 B2C Product: 43.6%  
 B2C Services: 38.5%

# Marketers more likely to use brands to take a stance on politically-charged issues than in years past

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

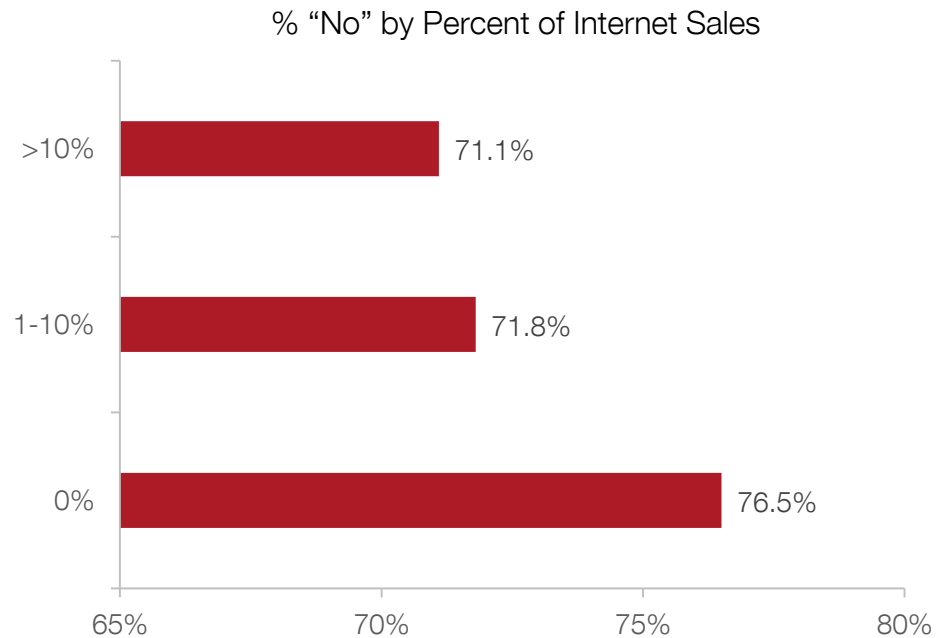
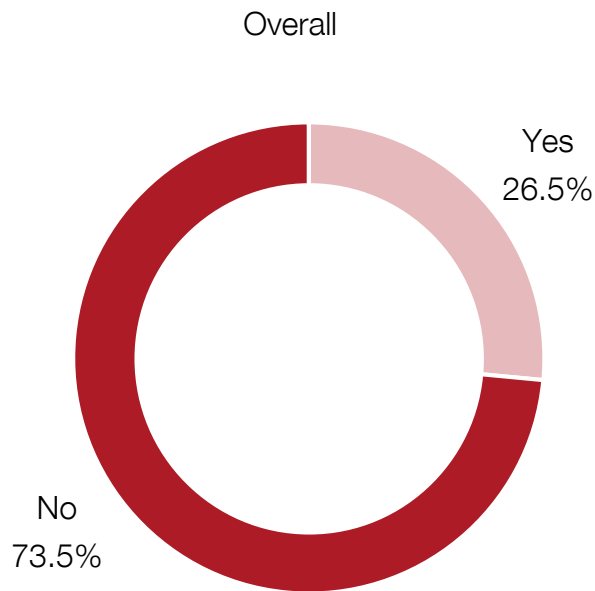


## Insights

26.5% of respondents this year said they would use their brand to take a political stance. This is the highest reported figure since this question was first asked in the February 2018 Survey.

# Which firms and industries are likely to take a stance on politically-charged issues

Do you believe it is appropriate for your brand to take a stance on politically-charged issues? (% responding “No”)



## Economic Sector % Responding No

B2B Product: 76.9%  
 B2B Services: 76.3%  
 B2C Product: 65.8%  
 B2C Services: 69.2%

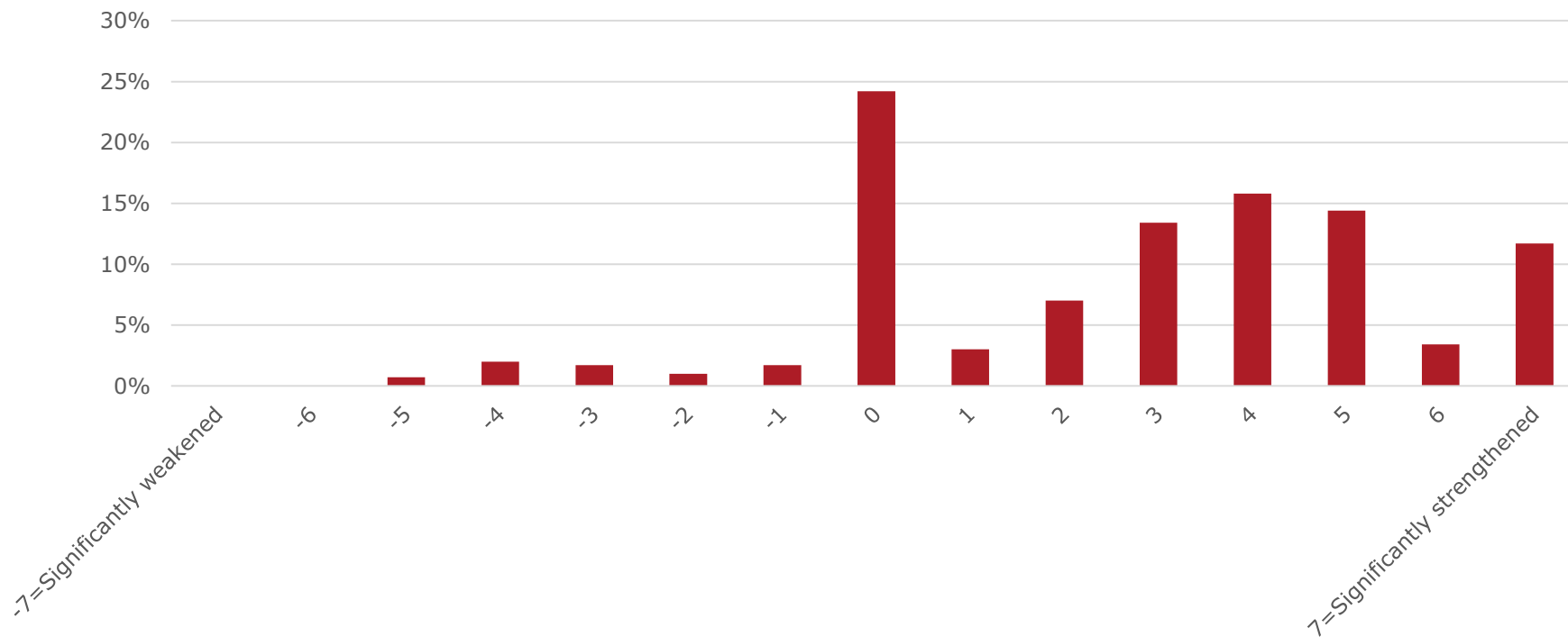


## Insights

Consumer Packaged Goods, Education, Banking/Finance, and Technology industries reported as most likely to take a stance. The least likely are Mining/Construction, Manufacturing, and Healthcare.

# New technologies strengthened importance of marketing

To what extent have new technologies strengthened or weakened the importance of marketing in your company?



## Economic Sector

- B2B Product: 2.6
- B2B Services: 2.6
- B2C Product: 3.0
- B2C Services: 3.1

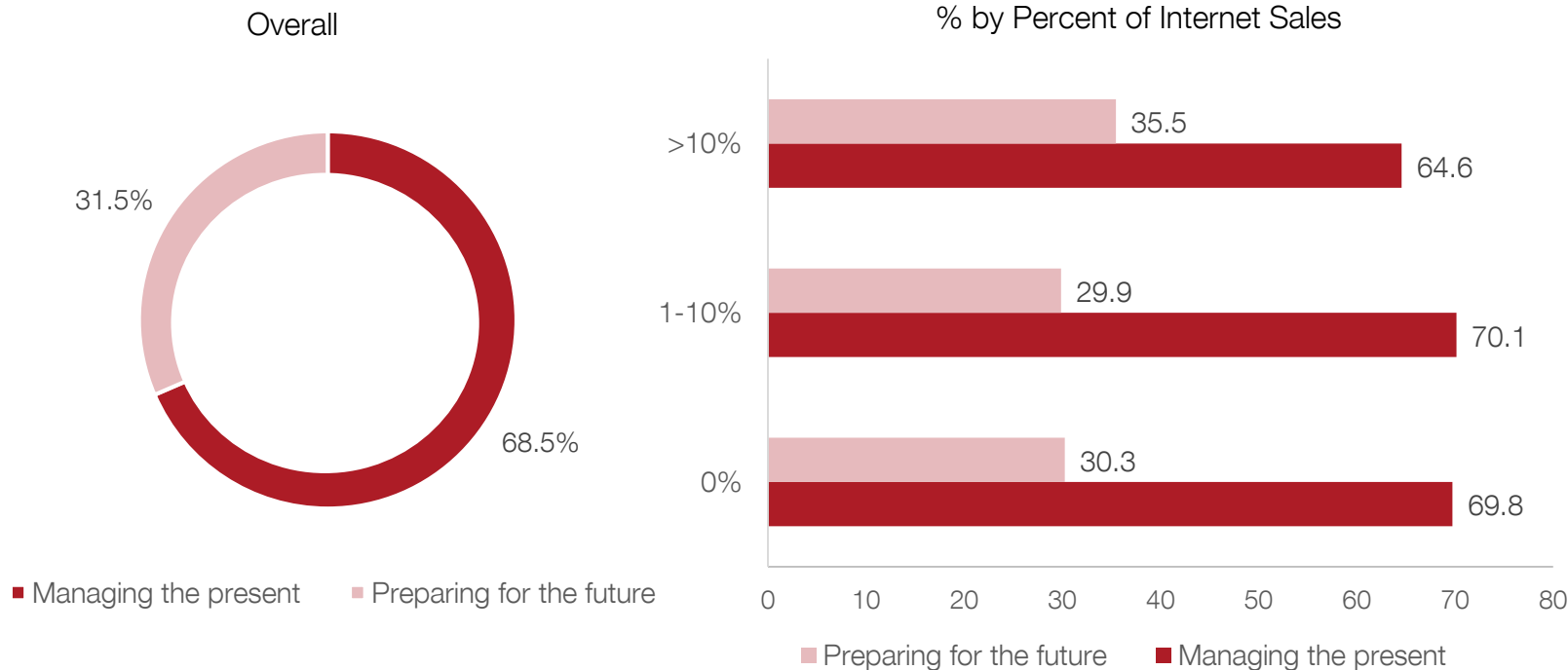


## Insights

Marketers rated their companies an average of 2.75 (SD = 2.79), indicating that new technologies are strengthening the importance of marketing overall. Transportation (3.83), Communications/Media (3.65), and Education (3.54) industries reported the biggest gains.

# Marketers focus on managing the present and not preparing for the future

How much time do you spend managing the present versus preparing for the future of marketing in your company?



## Economic Sector

	Present	Future
B2B Product:	70.1%	29.9%
B2B Services:	71.5%	28.5%
B2C Product:	61.3%	38.7%
B2C Services:	67.4%	32.6%



## Insights

Education, Professional Services, Retail/Wholesale, and Manufacturing industries are most focused on managing the present.





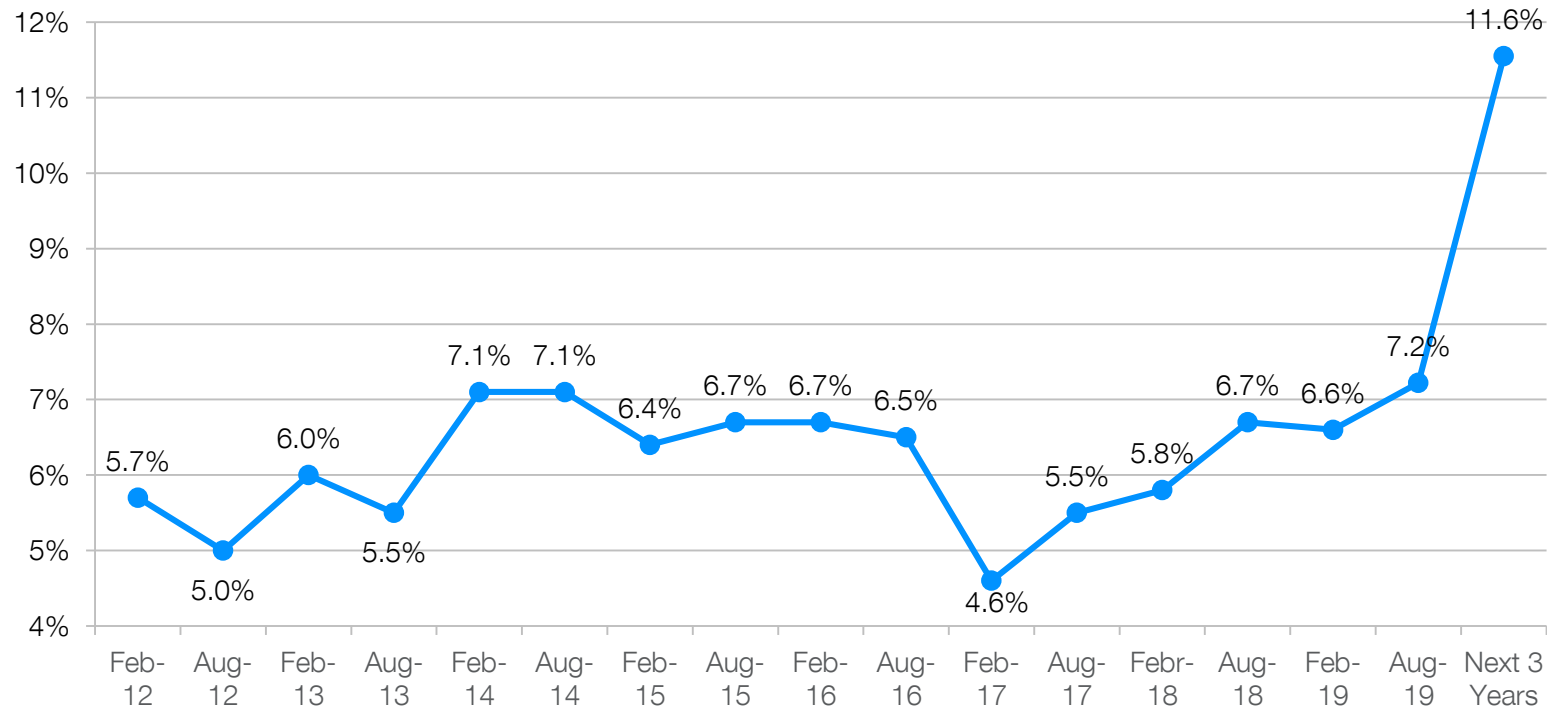
# Marketing Analytics

Budget spent on marketing analytics has grown steadily over the last three years, rising from a low of 4.6% of marketing budgets to the current 7.2%. This level is expected to grow by 61% over the next three years to reach 11.6% of marketing budgets. Companies with a larger percentage of their sales from the Internet and with larger revenues spend a larger share of their budget on analytics. Use of analytics did not rise at a commensurate rate, with reported levels dropping from the prior Survey. Contributions of analytics to performance remain moderate with Education, Technology, and Communications/Media sectors showing the strongest contributions. One reason for this weakness may be that only 40% of marketers report having quantitative tools to demonstrate the impact of marketing spend on company performance. The silver lining is this is the highest reported level of use of quantitative tools in the history of The CMO Survey.

Respondents reported a 27% increase in the use of artificial intelligence and machine learning over 2018 levels. Marketing leaders now expect these technologies to be implemented to an even greater extent across the next three years. The majority of companies report using AI for content personalization, predictive analytics for customer insights, and targeting decisions. The adoption of blockchain technologies in marketing is slower, with no real growth over 2018 figures. Biggest future users of blockchain in marketing are Communications/Media, Technology, Retail/Wholesale, Consumer Services sectors.

# Marketing analytics spending continues slow growth, but expected to increase 61% in three years

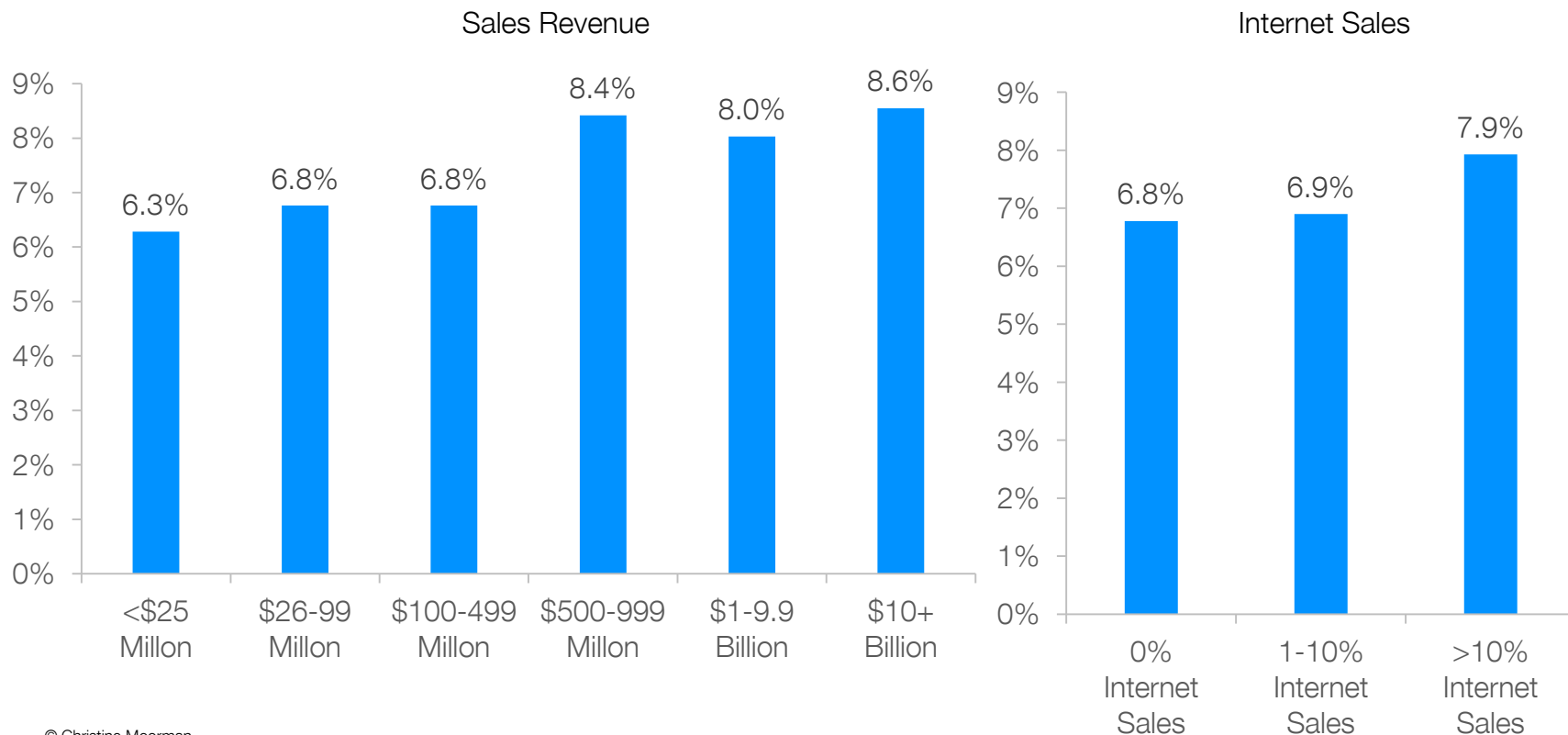
Percent of current marketing budget spend on marketing analytics over time



Economic Sector	Current % In 3 Years	
	Current %	In 3 Years
B2B Product:	6.7%	10.6%
B2B Services:	8.9%	14.0%
B2C Product:	6.7%	11.0%
B2C Services:	5.3%	9.1%

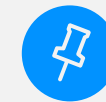
# Who's spending on marketing analytics, by key dimensions

Percent of current marketing budget spend on marketing analytics



## Economic Sector % of Budget

- B2B Product: 6.7%
- B2B Services: 8.9%
- B2C Product: 6.7%
- B2C Services: 5.3%



## Industry Sector

### Top 3 industry sectors

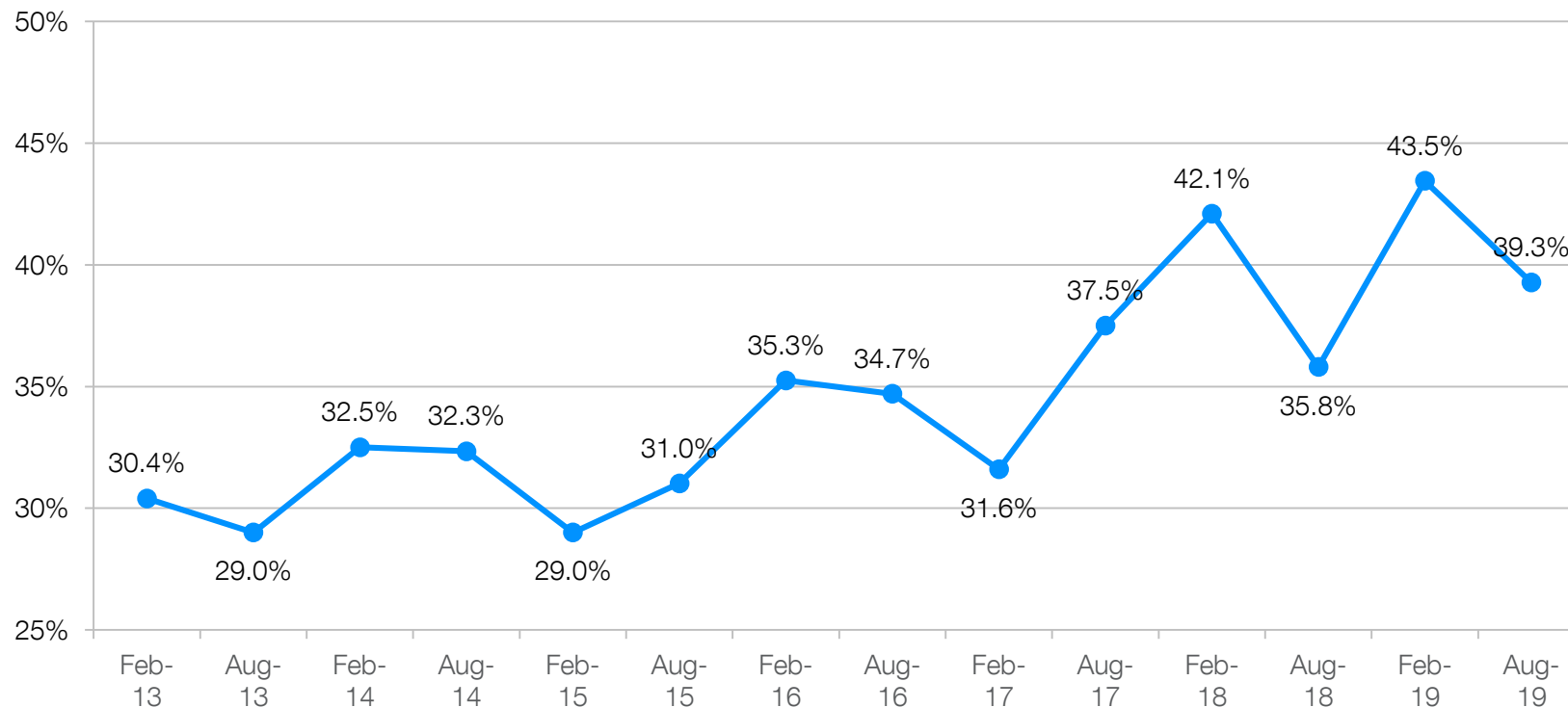
- Communications/Media
- Healthcare
- Professional Services

### Bottom 3 industry sectors

- Retail/Wholesale
- Energy
- Consumer Packaged Goods

# Companies use of marketing analytics seesaws

Percent of time marketing analytics is used in decision making



## Economic Sector

B2B Product: 37.5%  
 B2B Services: 35.8%  
 B2C Product: 47.9%  
 B2C Services: 40.7%

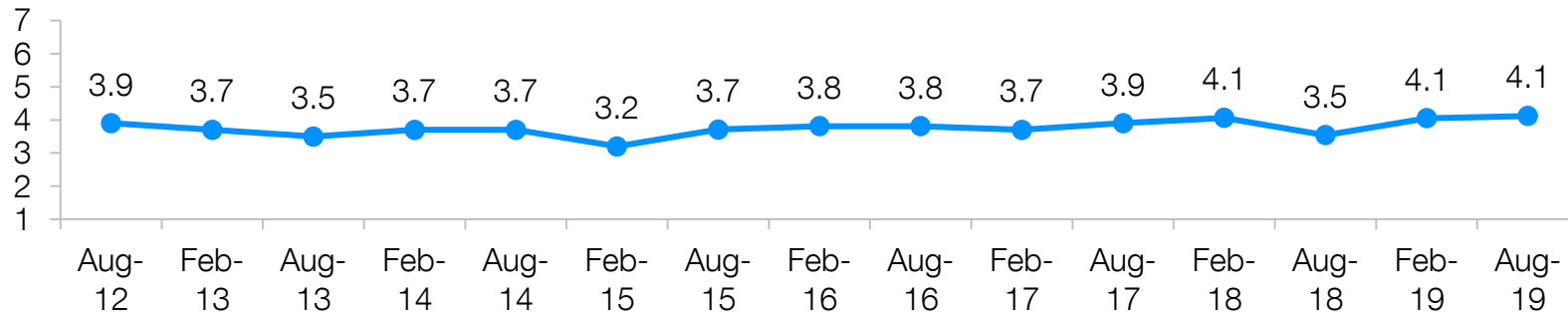


## Insights

Companies use marketing analytics in decision making 39.3% of the time, on average, representing a 29.3% increase since the question was first asked in 2013! Education (57.2%) and Retail/Wholesale (47.2%) are the strongest users while Consumer Services (20%) is the lowest.

# Marketing analytics contributes more to company performance than social media, mobile

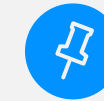
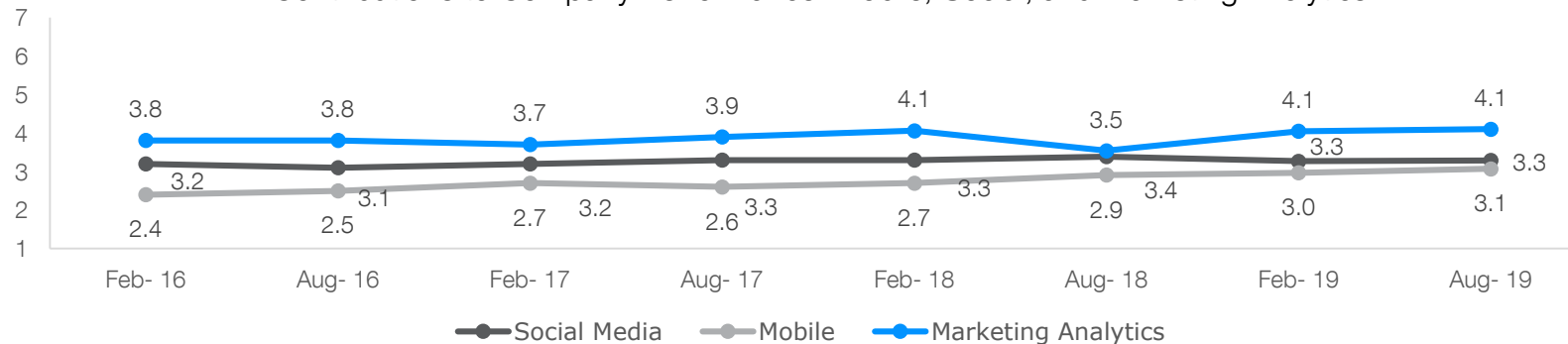
To what degree does the use of marketing analytics contribute to your company's performance? (1 = not at all, 7 = very highly)



## Economic Sector Mean contribution level

- B2B Product: 4.0
- B2B Services: 4.1
- B2C Product: 4.3
- B2C Services: 4.4

Contributions to Company Performance: Mobile, Social, and Marketing Analytics



## Industry Sector

### Top 3 industry sectors

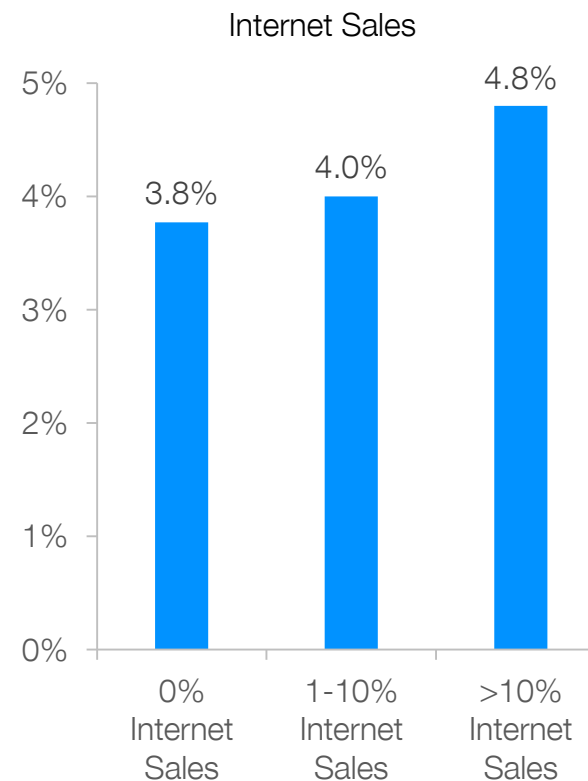
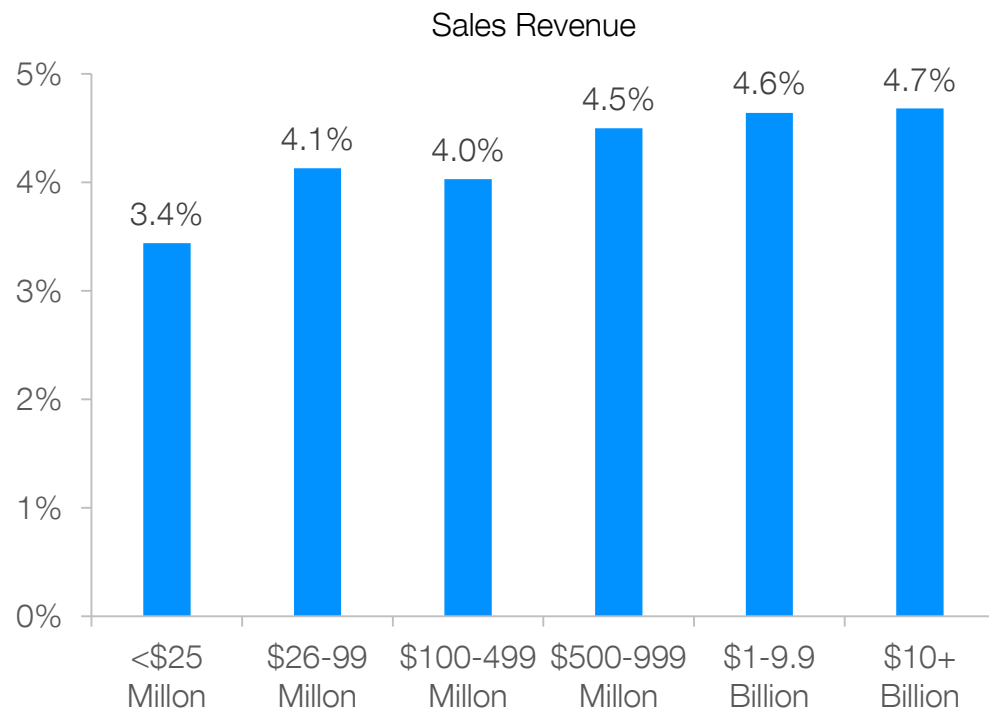
- Education
- Technology
- Communications/Media

### Bottom 3 industry sectors

- Mining/Construction
- Energy
- Consumer Services

# Large differences in how much companies benefit from marketing analytics

To what degree does the use of marketing analytics contribute to your company's performance? (1 = not at all, 7 = very highly)

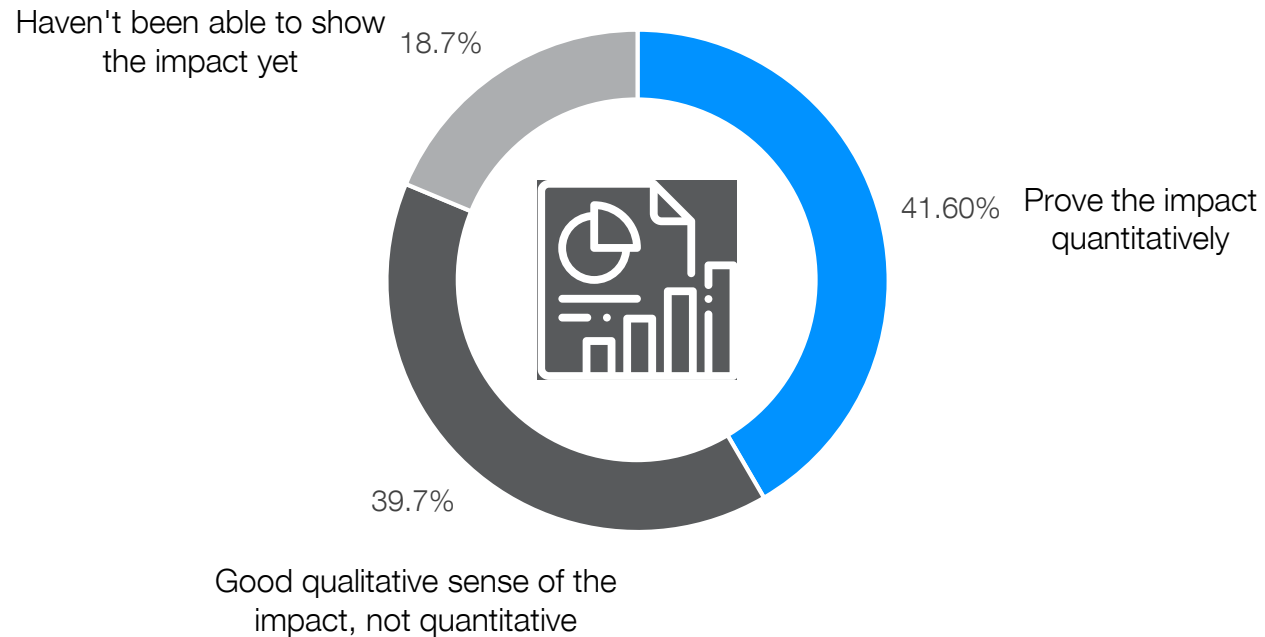


## Insights

This contribution is correlated with usage levels, with Education and Technology reporting the highest contribution. The larger the company (in terms of sales revenue) and the greater the sales from the Internet, the stronger the contribution of marketing analytics to company performance.

# Use of quantitative metrics to demonstrate impact of marketing

How companies demonstrate the impact of marketing spending over the long run



**Economic Sector**  
% Selected

**Prove the impact quantitatively**

- B2B Product: 40.5%
- B2B Services: 37.9%
- B2C Product: 46.7%
- B2C Services: 46.4%

**Good qualitative sense of the impact**

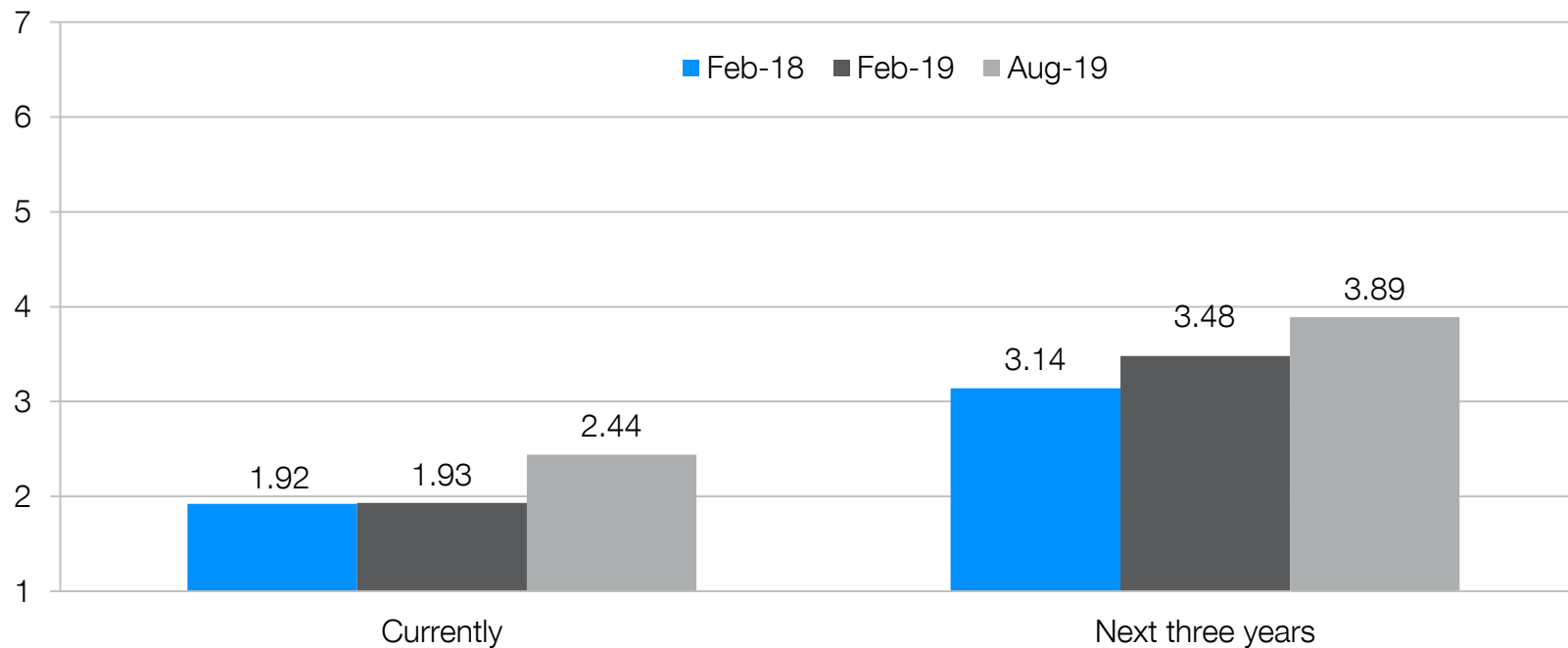
- B2B Product: 41.9%
- B2B Services: 45.5%
- B2C Product: 33.3%
- B2C Services: 32.1%

**Haven't been able to show the impact**

- B2B Product: 17.6%
- B2B Services: 16.7%
- B2C Product: 20.0%
- B2C Services: 21.4%

# AI and machine learning to show inroads into marketing toolkits

To what extent is your company implementing artificial intelligence or machine learning into its marketing toolkit? (1=Not at all, 7=Very highly)



## Insights

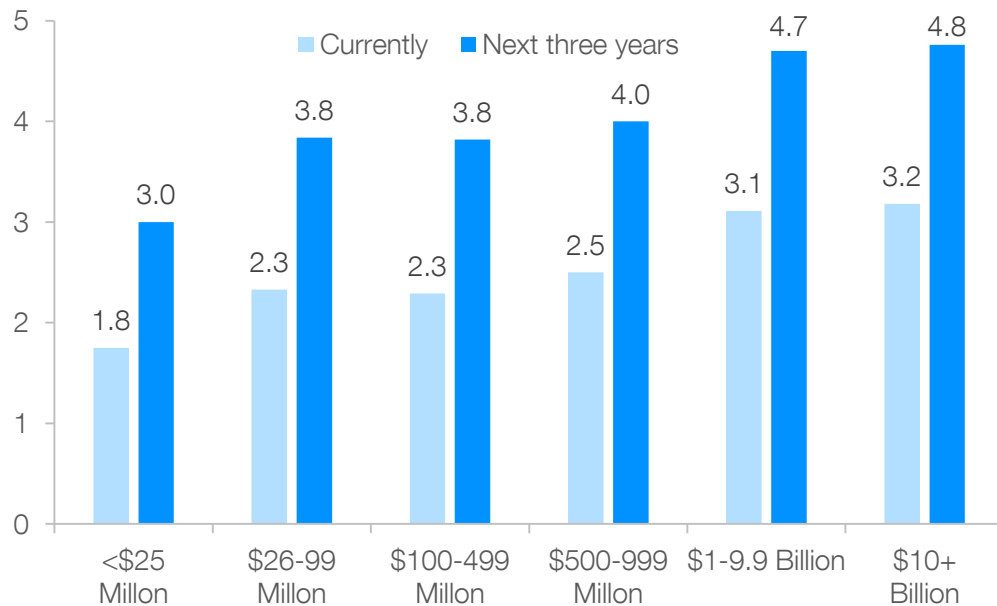
The score of 2.44 on a 7-point scale where 1=Not at all and 7=Very highly, marks a 26% reported increase in marketer's use of artificial intelligence and machine learning since this question was first asked in February of 2018. Marketing leaders expect these technologies to be implemented at higher levels across the next three years.



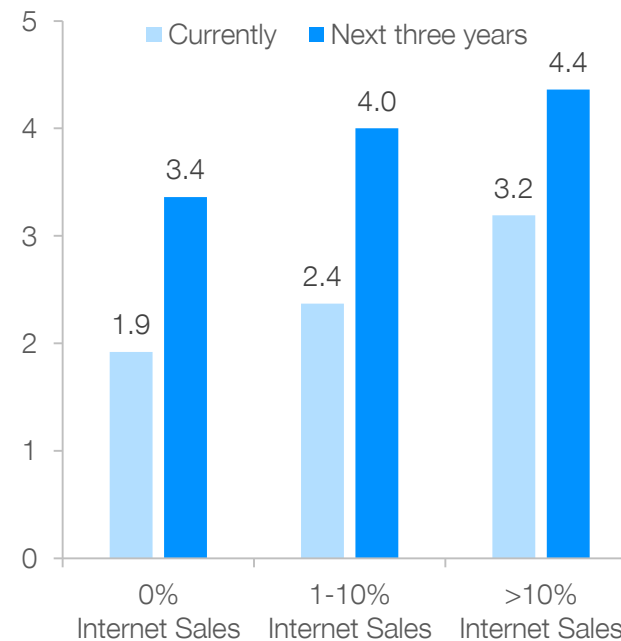
# Who is implementing AI and machine learning in their marketing toolkits?

To what extent is your company implementing artificial intelligence or machine learning into its marketing toolkit?  
(1=Not at all, 7=Very highly)

Sales Revenue

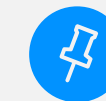


Internet Sales



## Economic Sector

	Current	In 3 Years
B2B Product:	2.2	3.8
B2B Services:	2.3	3.7
B2C Product:	2.7	4.3
B2C Services:	3.1	4.1



## Industry Sector

Current extent of implementation

### Top 3 industry sectors

- Education
- Transportation
- Technology

### Bottom 3 industry sectors

- Manufacturing
- Mining/Construction
- Energy

# Top uses of AI in marketing, by economic sector

How is your company using AI in its marketing activities? (check all that apply) - % Selected\*

Activity	Overall	B2B Product	B2B Services	B2C Product	B2C Services
Content personalization	56.5%	57.1%	62.2%	61.9%	40.9%
Predictive analytics for customer insights	56.5%	54.3%	48.6%	61.9%	68.2%
Targeting decisions	49.6%	37.1%	40.5%	61.9%	72.7%
Customer segmentation	40.9%	34.3%	32.4%	61.9%	45.5%
Programmatic advertising and media buying	38.3%	31.4%	29.7%	42.9%	59.1%
Improving marketing ROI by optimizing marketing content and timing	33.9%	31.4%	35.1%	28.6%	40.9%
Conversational AI for customer service	25.2%	22.9%	24.3%	19.0%	36.4%
Next best offer	14.8%	5.7%	21.6%	9.5%	22.7%
Augmented and virtual reality	10.4%	11.4%	10.8%	9.5%	9.1%
Autonomous objects/systems	2.6%	2.9%	0.0%	4.8%	4.5%
Facial recognition and visual search	1.7%	2.9%	2.7%	0.0%	0.0%
Biometrics, also known as chipping	0.0%	0.0%	0.0%	0.0%	0.0%



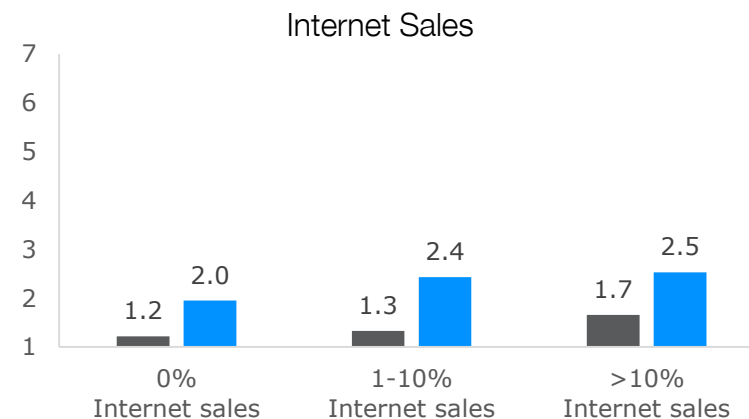
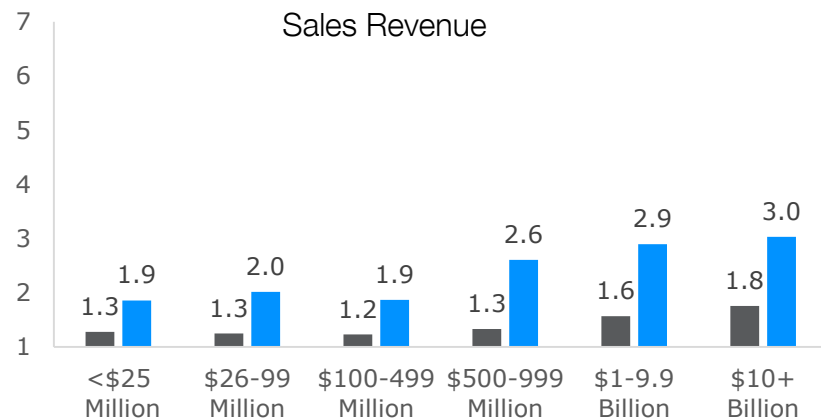
## Insights

Over half of respondents are utilizing AI technologies for content personalization and generating customer insights using predictive analytics.

B2C Services companies use, on average, more AI in their marketing activities than other sectors. B2C Product companies lead on use of AI for customer segmentation and autonomous objects while B2B companies lead in the use of augmented and virtual reality.

# Blockchain's impact on marketing strategies

To what extent are blockchain technologies affecting your company's marketing strategies? (1 = not at all, 7= very important)



■ Currently ■ Next Three Years

■ Currently ■ Next Three Years



## Insights

Companies with >10% of Internet sales use more AI in their marketing activities. The largest future blockchain users are the companies in the Communications/Media, Technology, Retail/Wholesale, and Consumer Services sectors.

# The **CMO** Survey<sup>®</sup>

Next Survey: January 2020  
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Feedback: Send comments to [moorman@duke.edu](mailto:moorman@duke.edu)

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