



Predicting the future of marketing  
Tracking marketing excellence  
Improving the value of marketing

*CMO Survey Report:*

# Highlights and Insights

Aug. 2015

[CMOSurvey.org](http://CMOSurvey.org)

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McKinsey & Company



# About The CMO Survey



## 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 survey is an objective source of information about marketing. It is a non-commercial service dedicated to the field of marketing, not the sale of products and services.

## Survey Operation

- Founded in August 2008, The CMO Survey is administered twice a year via an Internet survey. Many questions repeat to observe trends over time.
- The August 2015 survey was the 14th administration of The CMO Survey.

## Sponsoring Organizations

McKinsey & Company



# Survey methodology



## Survey Sample

- 2885 top U.S. marketers at Fortune 1000, Forbes Top 200, and top marketers who are AMA Members or Duke University Alumni and Friends
- 255 responded for a 8.8% response rate

## Survey Administration

- Email contact with four follow-up reminders
- Survey in field from July 14, 2015- August 2, 2015
- 92% of respondents VP-level or above

## Results Interpretation

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



# Survey topics



<b>Topic 1:</b> Marketplace Dynamics.....	<b>5-10</b>
<b>Topic 2:</b> Firm Growth Strategies.....	<b>11-15</b>
<b>Topic 3:</b> Marketing Spending.....	<b>16-23</b>
<b>Topic 4:</b> Financial and Marketing Performance.....	<b>24-28</b>
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Topic 1:

# Marketplace Dynamics



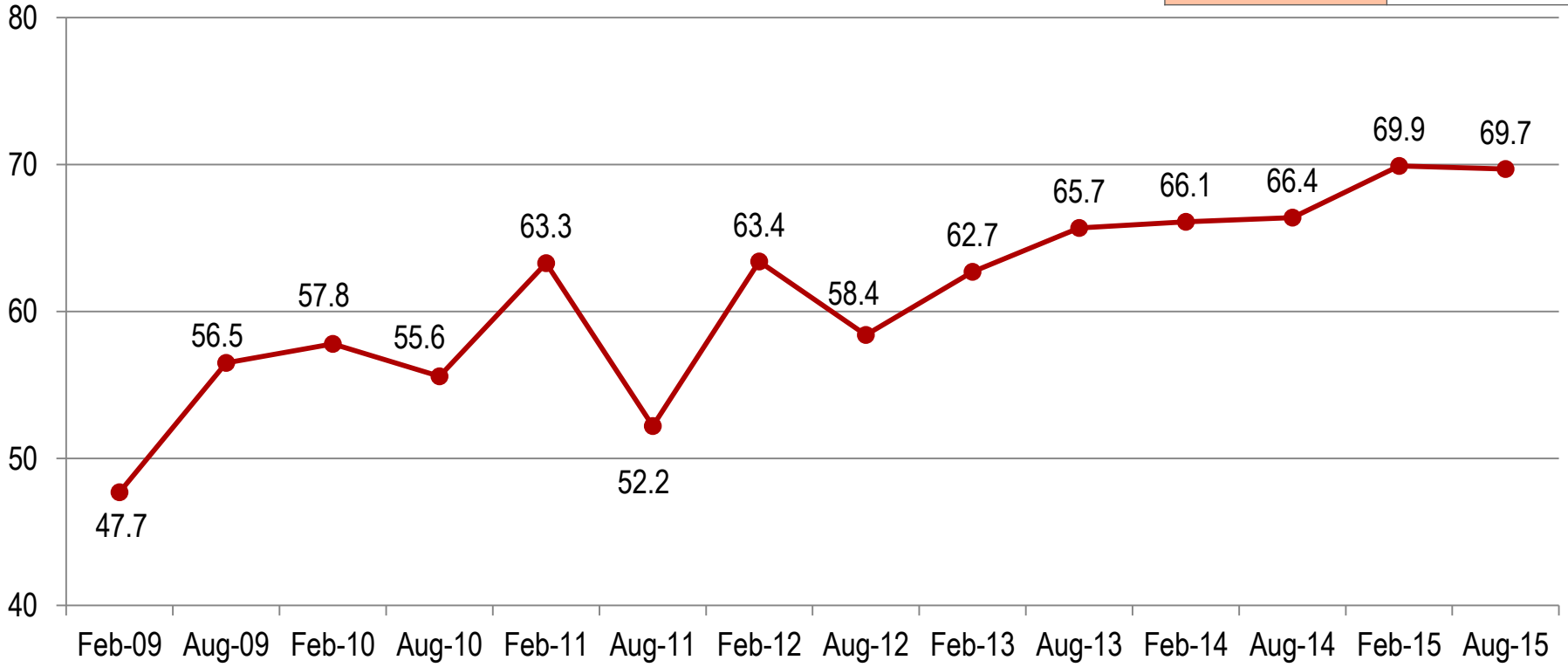
# Marketers maintain positive outlook for U.S. economy



**Figure 1.1.** How optimistic are you about the overall U.S. economy on a 0-100 scale with 0 being least optimistic and 100 most optimistic?

B2B Product	70.2
B2B Services	68.6
B2C Product	72.8
B2C Services	68.4

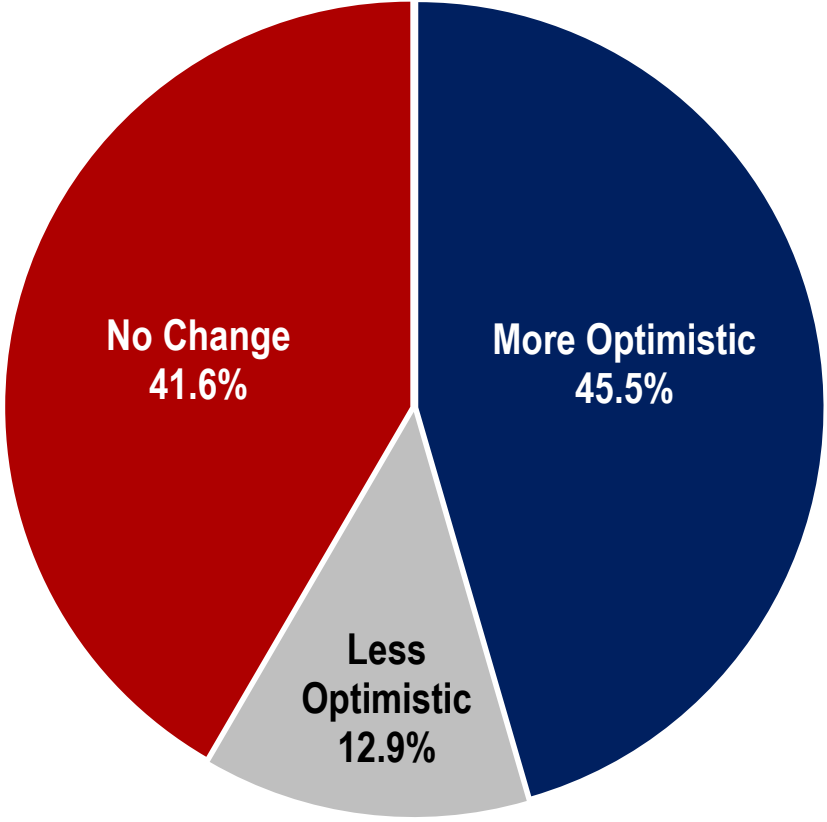
● Marketer Optimism About Overall Economy



# Optimists dominate pessimists 4-to-1



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



# All customer forecasts soften

Marketplace

Growth

Spending

Performance

Social Media

Jobs

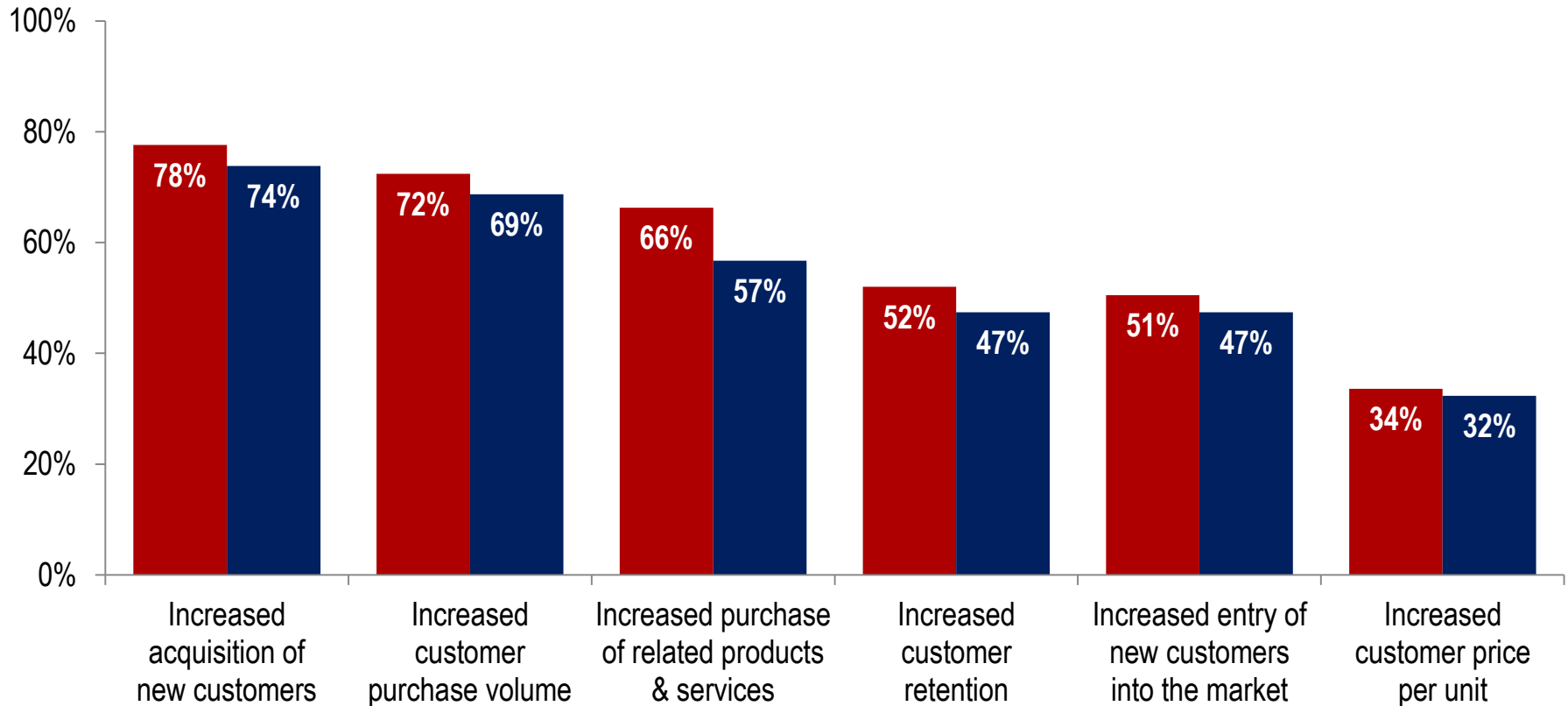
Organization

Leadership

Analytics

**Figure 1.4. Forecasted customer outcomes in next 12 months (% of respondents)**

■ February 2015 ■ August 2015

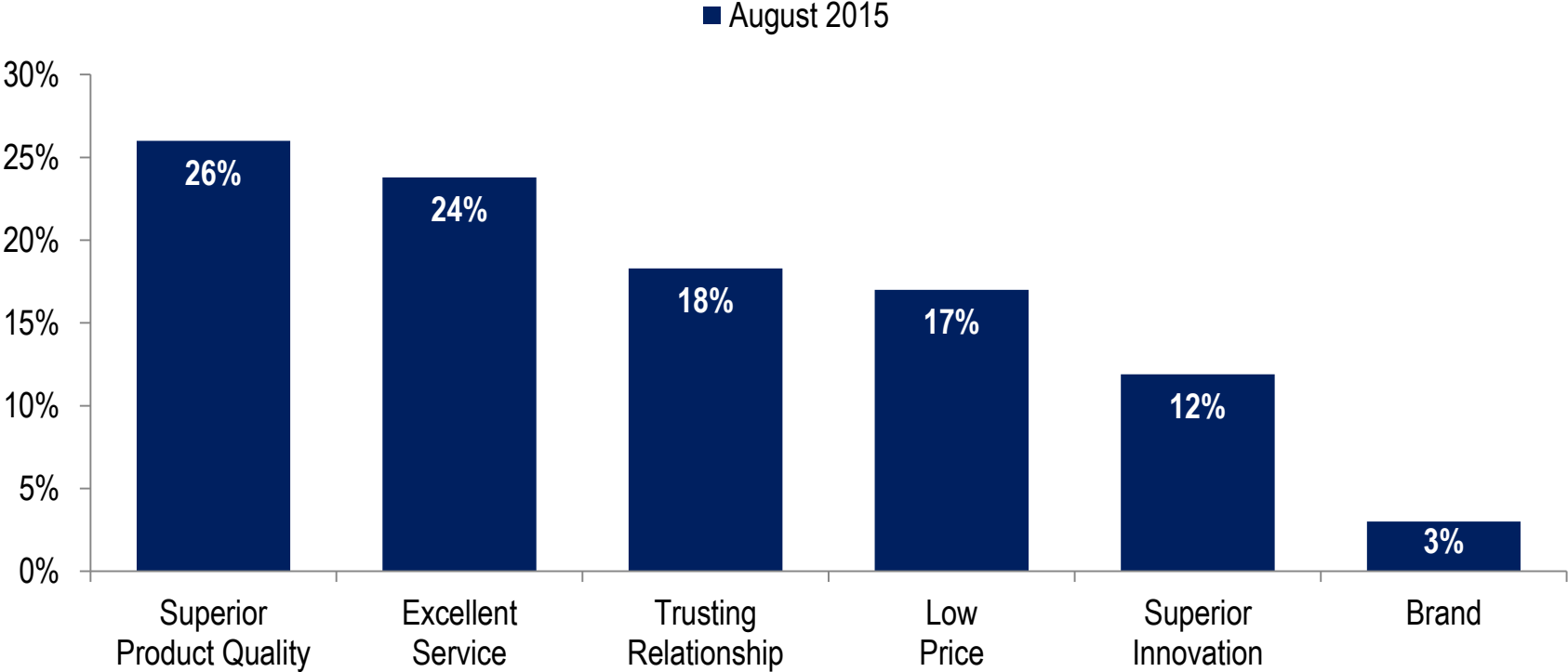




# Superior product and service excellence top forecasted customer priorities



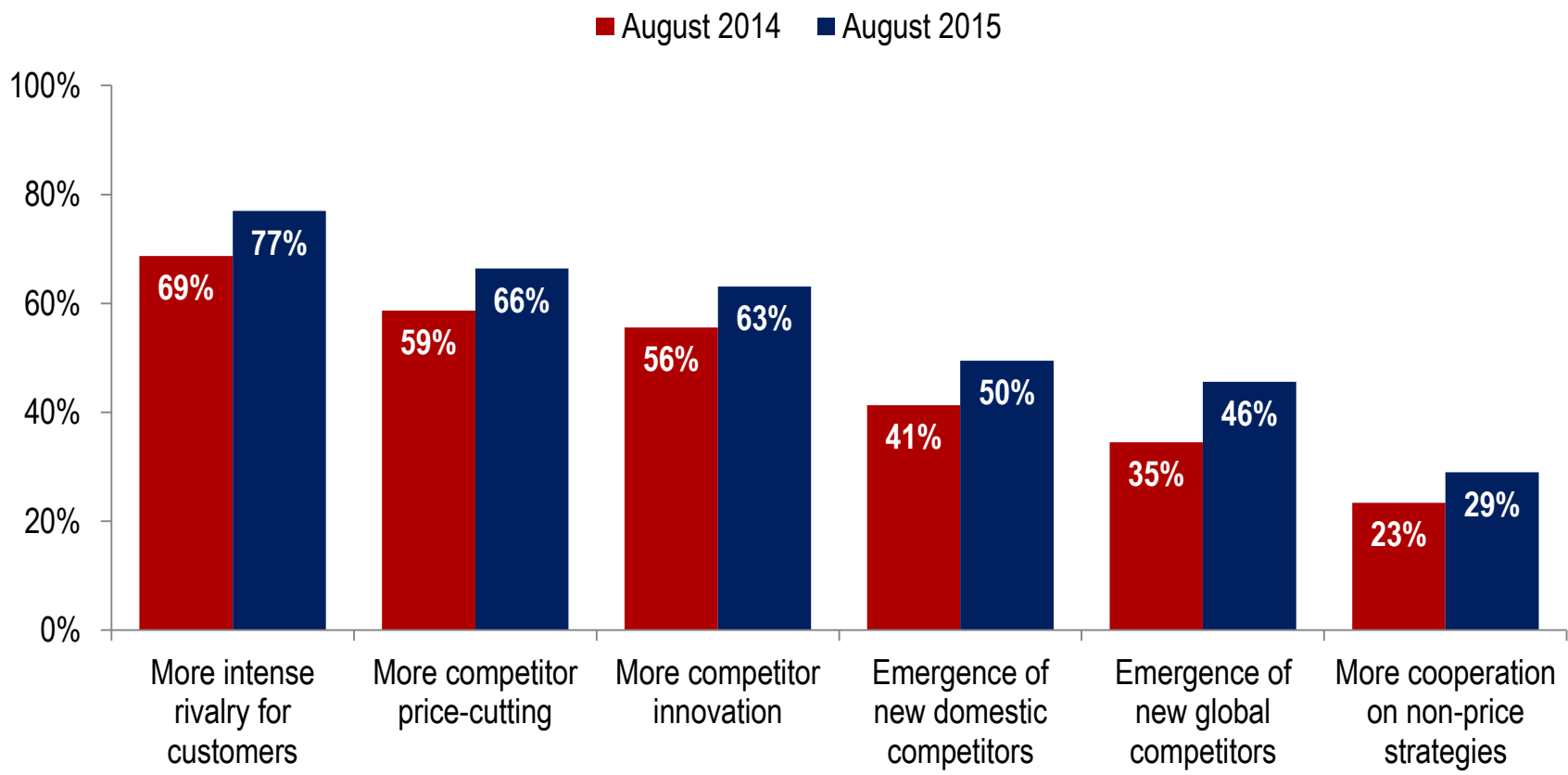
Figure 1.5. Customers' top priority in next 12 months (% of respondents)



# Increased competition for customers, price, and innovation expected



**Figure 1.5. Increased competitor interactions in next 12 months (% of respondents)**



\*Question asked yearly in August.



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Topic 2:

# Firm Growth Strategies



# Firms to decrease market penetration and emphasize riskier growth strategies next year

## Types of growth strategies

	Existing Products/ Services	New Products/ Services
Existing Markets	Market Penetration Strategy	Product/Service Development Strategy
New Markets	Market Development Strategy	Diversification Strategy

**Table 2.1. Current and future growth spending\***

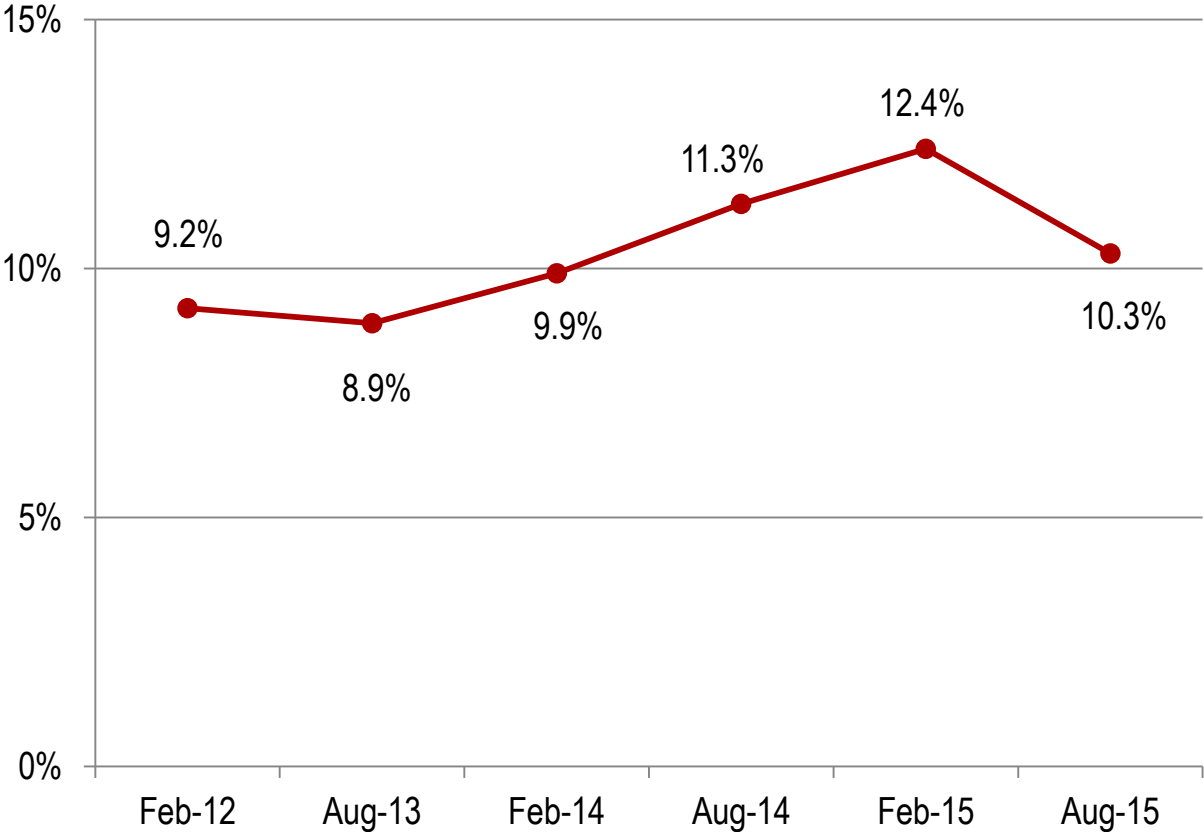
Growth Strategy	Actual Spending in Past 12 Months	Expected Spending in Next 12 Months	Percent Change Expected
Market Penetration Strategy	56.8%	50.3%	-11.4%
Market Development Strategy	17.4%	18.1%	+4.0%
Product/Service Development Strategy	17.9%	20.8%	+16.2%
Diversification Strategy	7.8%	10.7%	+37.2%

\* % of spending for each growth strategy

# Percent of sales through Internet flattens



**Figure 2.2. Percent of company sales from internet**

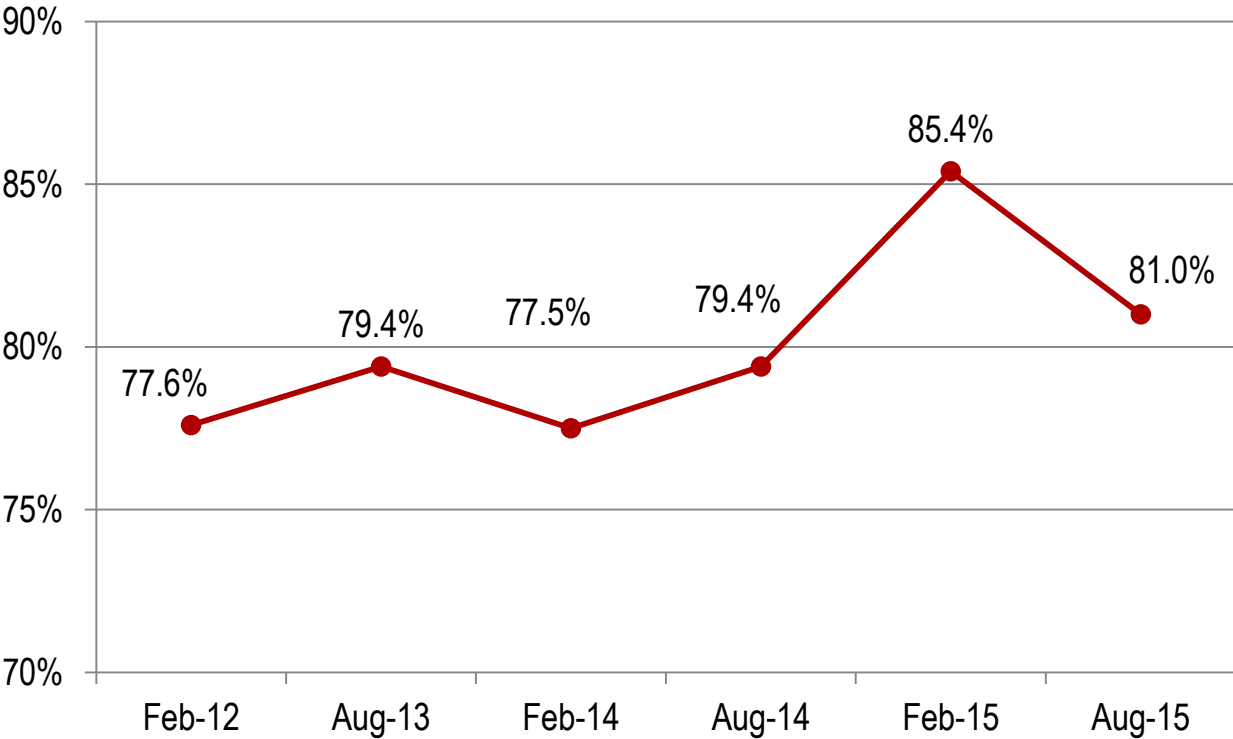


	Feb-15	Aug-15
B2B Product	10.2%	7.5%
B2B Services	10.8%	9.2%
B2C Product	13.2%	15.2%
B2C Services	21.7%	13.9%

# Percent of sales from domestic markets declines



**Figure 2.3. Percent of company sales from domestic markets**



B2B Product	71.2%
B2B Services	85.5%
B2C Product	78.7%
B2C Services	93.5%

# International markets: current sales and future growth opportunities

**Table 2.2. Largest current market in sales**

Countries/ Regions (%)	Largest current (in terms of sales)
Western Europe	41.0%
Canada	15.2%
China	13.3%
Middle East	7.6%
Japan	3.8%
Indonesia and SE Asia	2.9%
India	2.9%
Mexico	1.9%
Korea	1.9%
Eastern Europe	1.9%
Northern Europe	1.9%
South America, not Brazil	1.9%

**Table 2.3. Largest future market opportunities**

Countries/ Regions (%)	Largest future opportunity
China	19.3%
Western Europe	13.8%
South America, not Brazil	8.3%
Indonesia and SE Asia	7.3%
Brazil	5.5%
Canada	5.5%
Mexico	5.5%
Eastern Europe	4.6%
Central America	4.6%
Middle East	4.6%
India	4.6%



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Topic 3:

# Marketing Spending

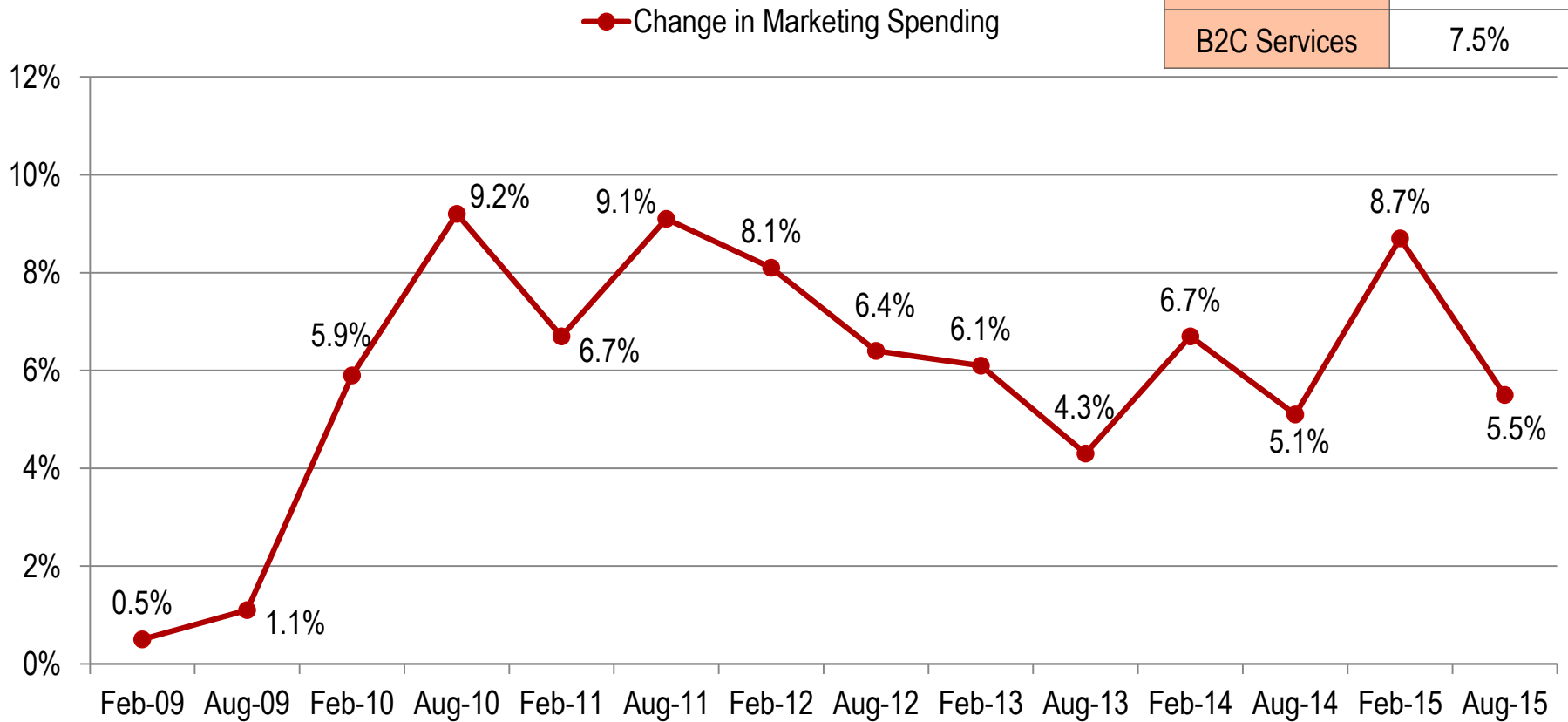




# Marketing budgets see-saw

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

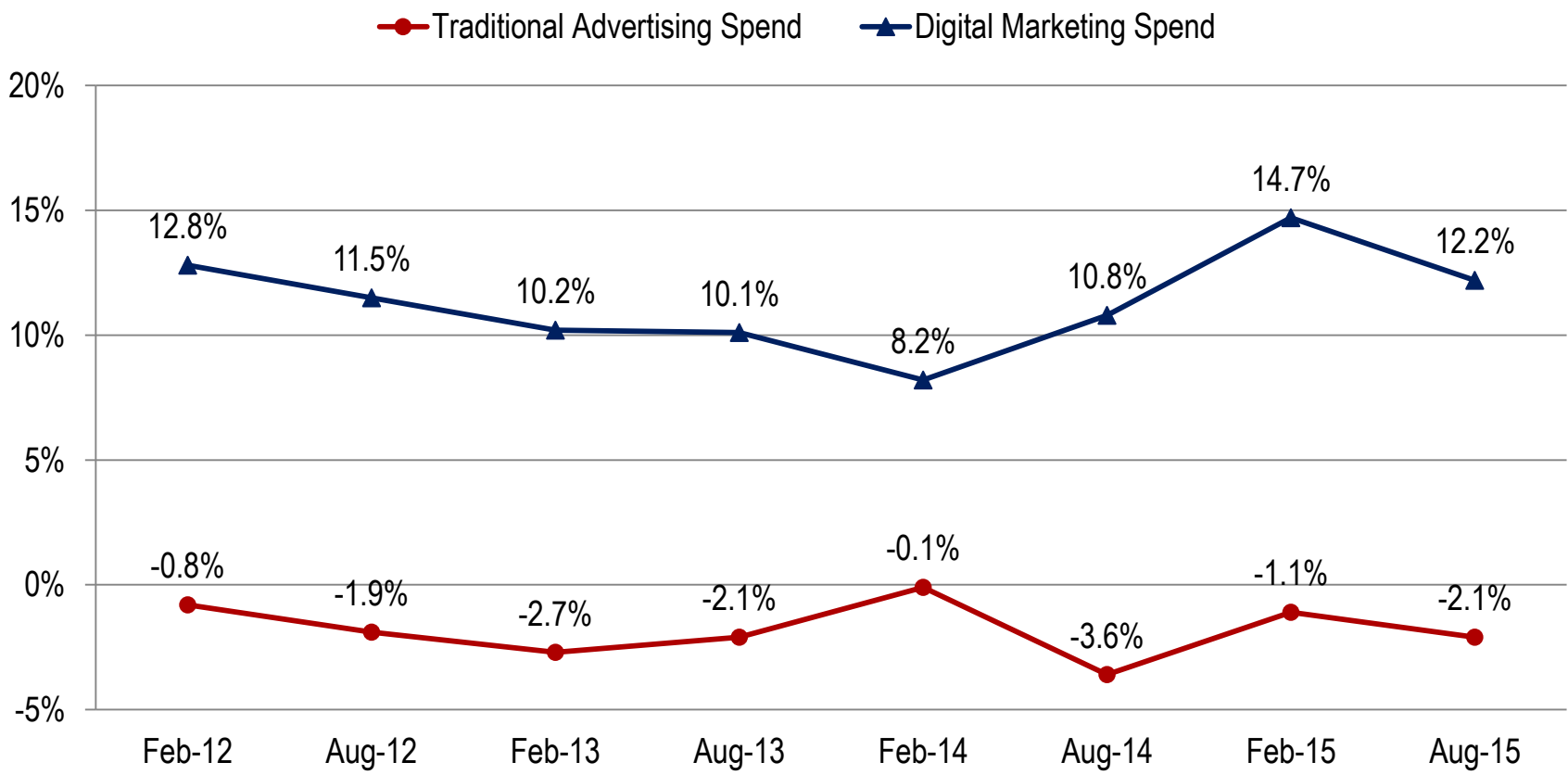
B2B Product	3.1%
B2B Services	6.6%
B2C Product	5.7%
B2C Services	7.5%



# Digital marketing spend up 12.2% in next year; traditional advertising spend down 2.1%



**Figure 3.2. Percent change in traditional advertising\* vs. digital marketing spend in next 12 months**

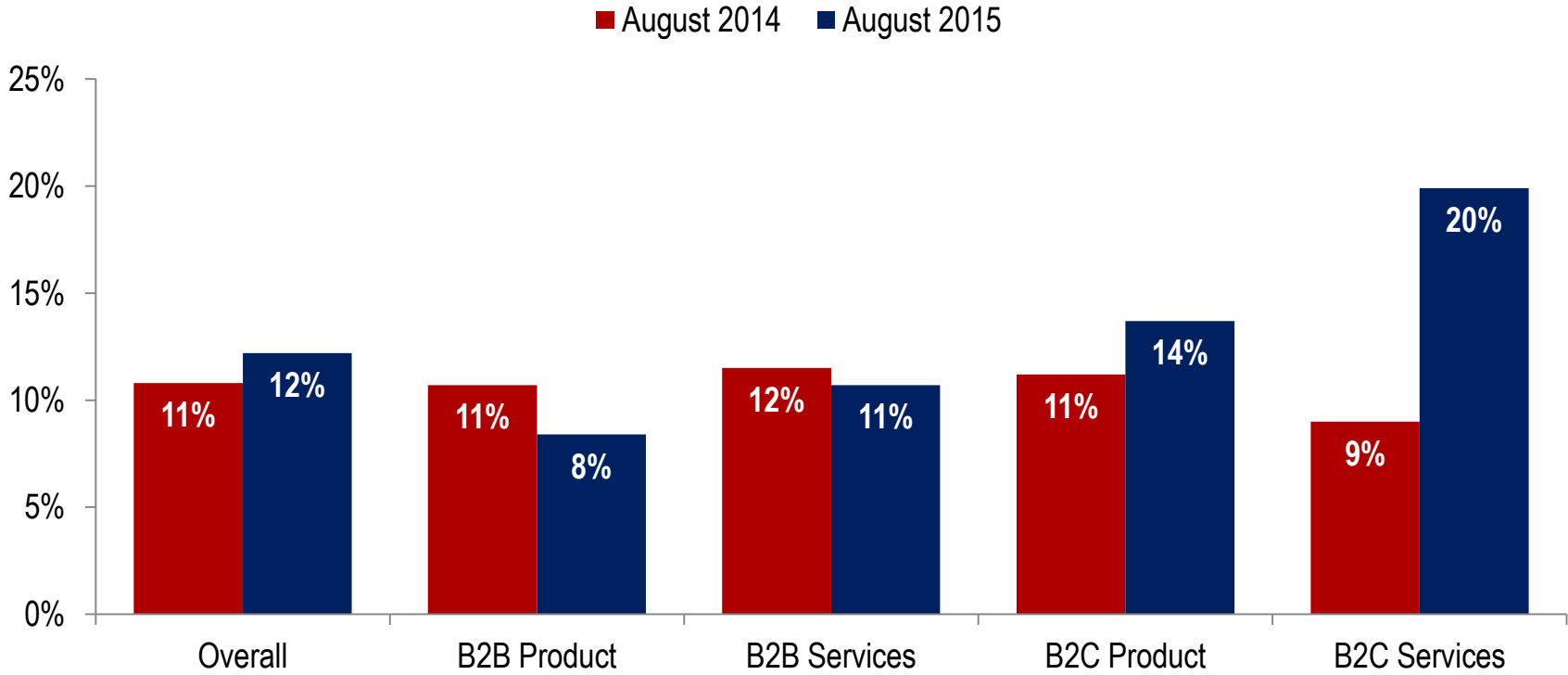


\*Refers to media advertising not using the Internet.

# B2C services sector to double digital investments in next year

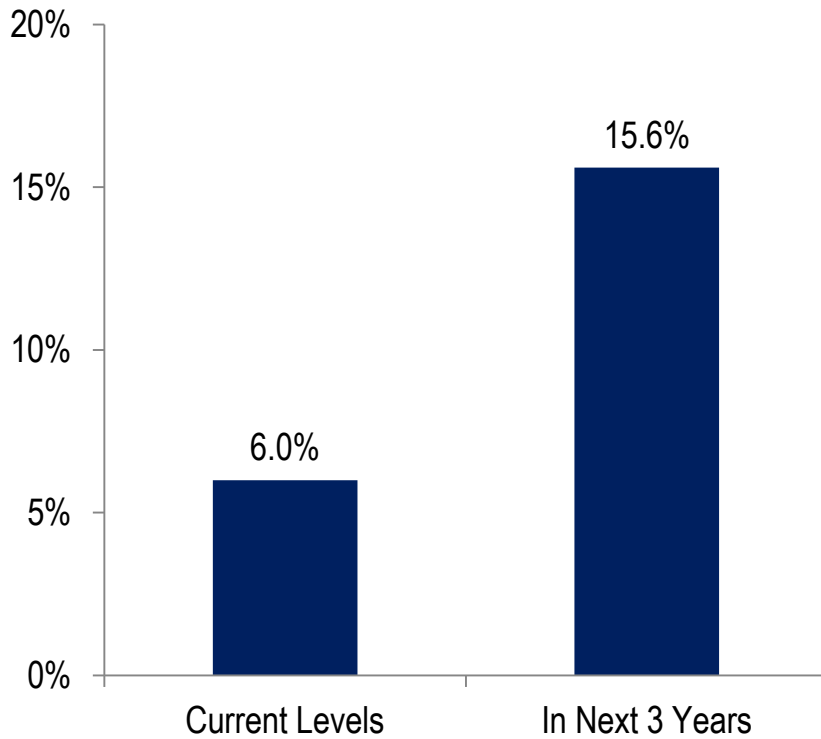


**Figure 3.3. Change in digital marketing spending in next 12 months by sector**



# Marketing spend on mobile expected to 160% in three years

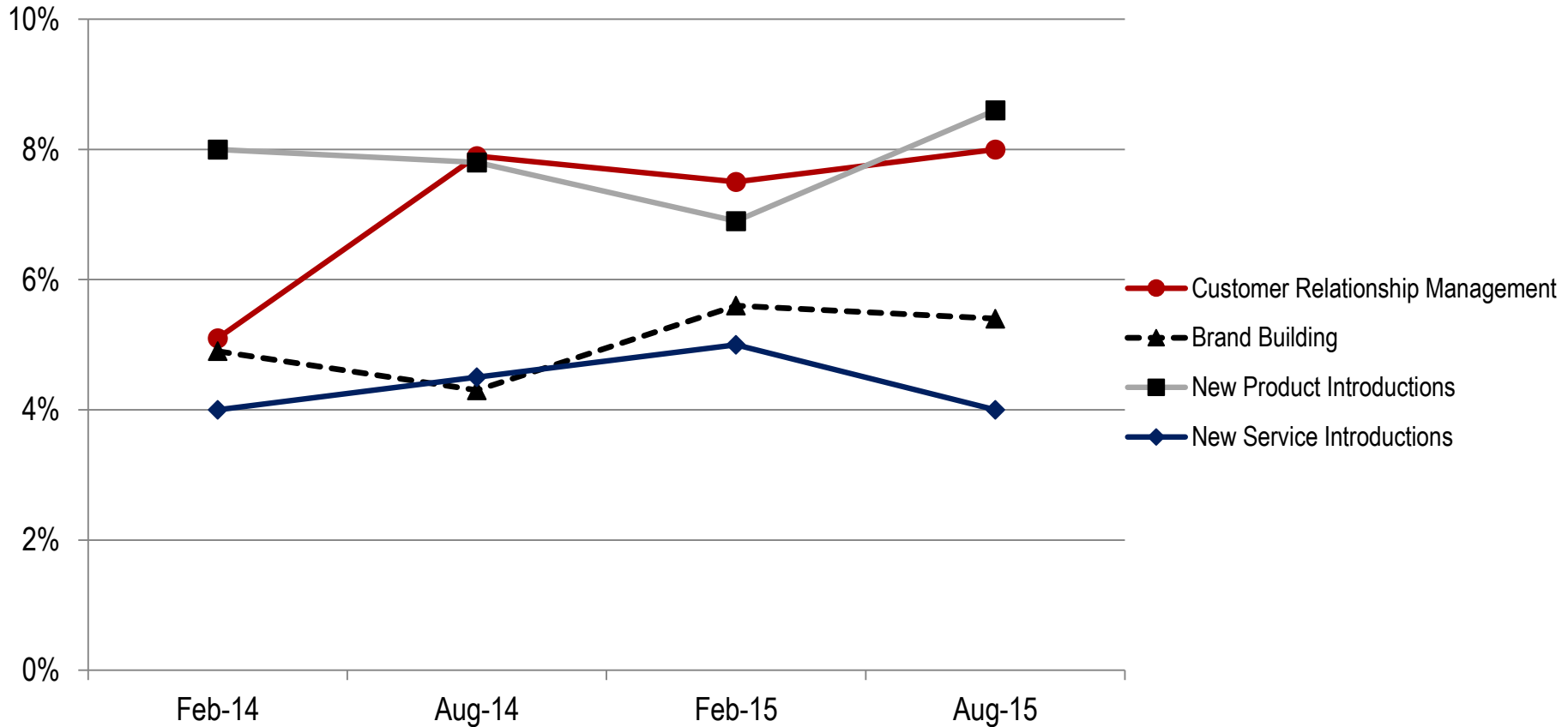
**Figure 3.4. Marketing budget spend on mobile**



	B2B Product	B2B Services	B2C Product	B2C Services
Marketing budget spent on mobile now	5.1%	5.0%	8.6%	7.3%
Marketing budget spent on mobile in next 3 years	14.4%	13.0%	19.8%	19.8%

# Changes in marketing spend in next year

**Figure 3.5.** Percent change in marketing spending in next 12 months

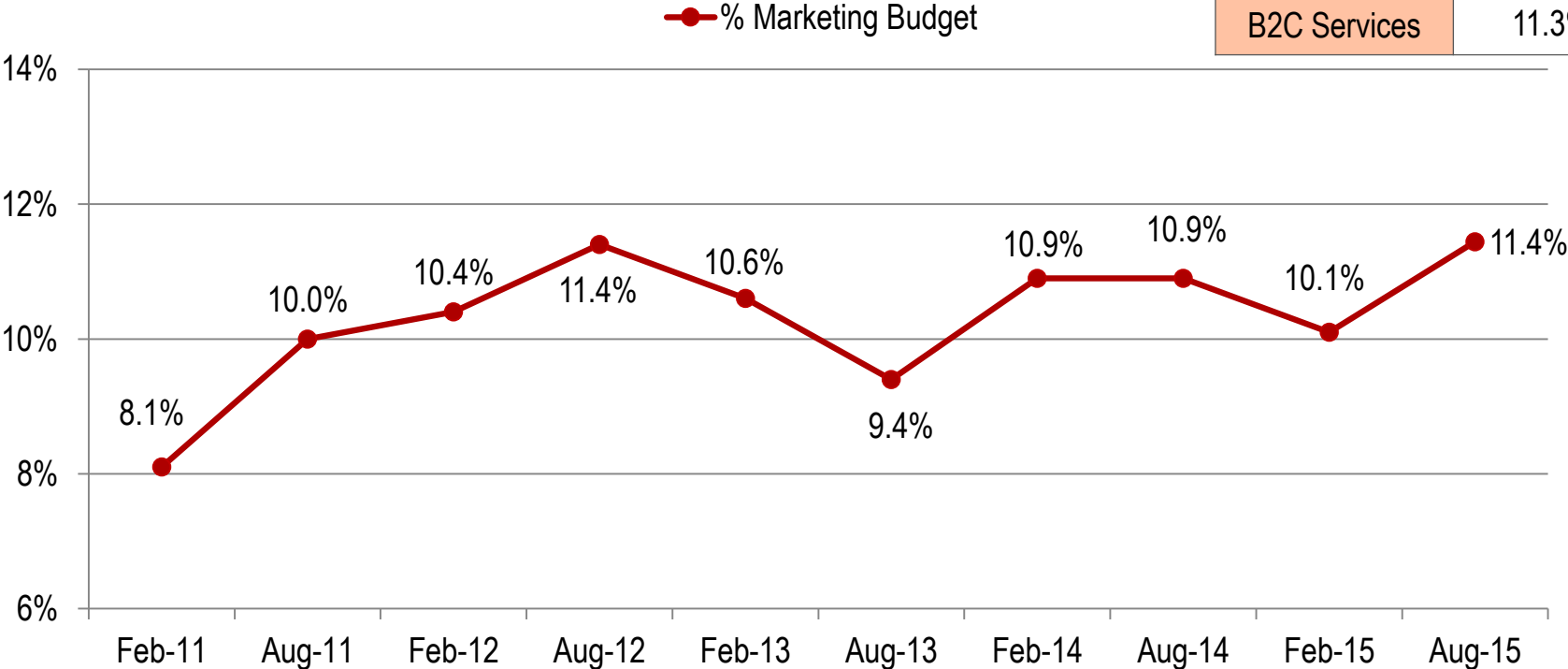


# Marketing budgets represent 11% of overall firm budgets



**Figure 3.6. Marketing budget as a percent of firm budget\***

B2B Product	10.1%
B2B Services	10.0%
B2C Product	17.5%
B2C Services	11.3%

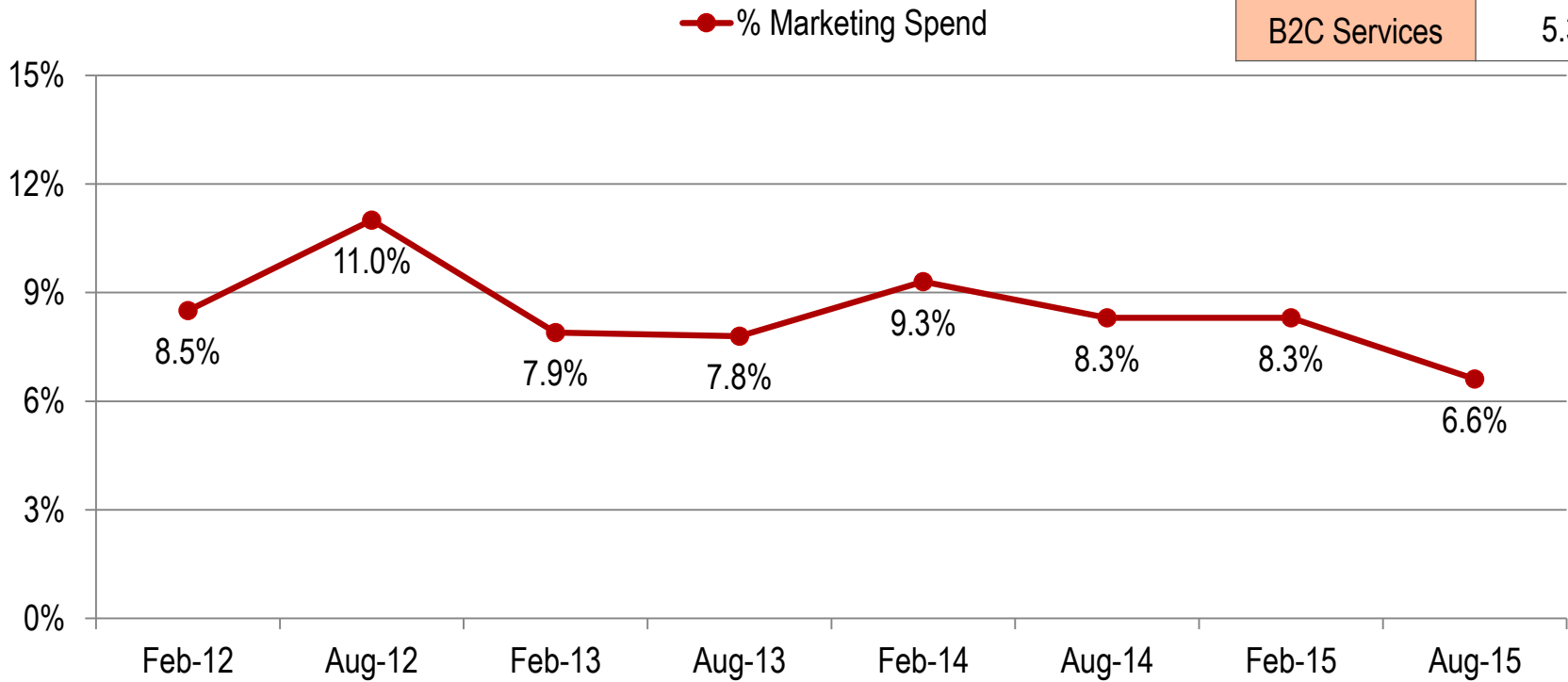


\*Question asked in Feb-11 for the first time.

# Marketing spend as a percent of company revenues continues downward trend

**Figure 3.7. Marketing spending as a percentage of company revenues\***

B2B Product	6.2%
B2B Services	5.9%
B2C Product	10.4%
B2C Services	5.3%



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



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Topic 4:

# Financial and Marketing Performance





# Firm performance metrics in last year

**Table 4.1. Percent change in performance in prior 12 months**

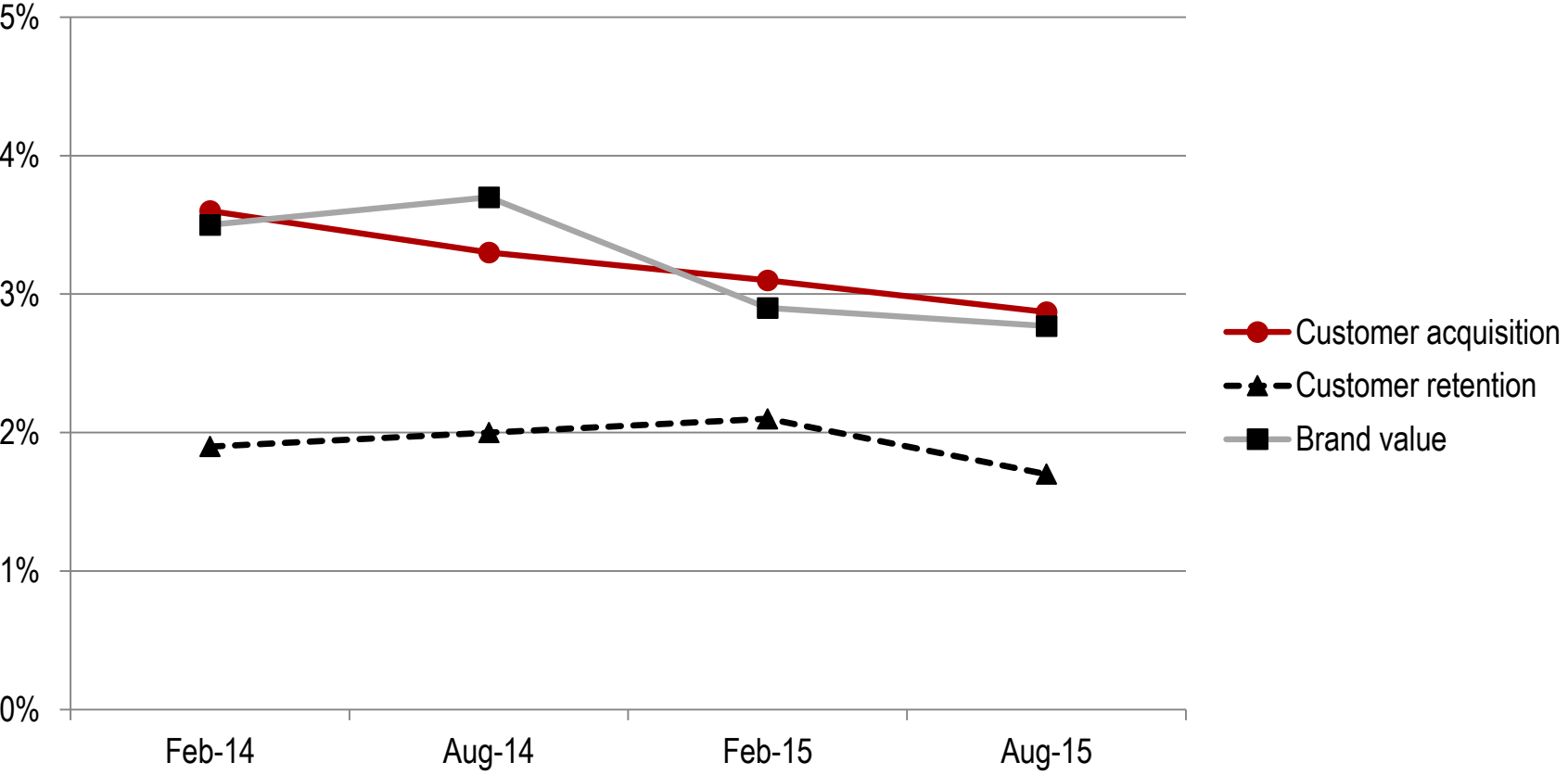
	Overall	B2B Product	B2B Services	B2C Product	B2C Services
Sales	3.8%	3.6%	3.9%	4.5%	3.6%
Profits	3.1%	2.5%	3.4%	3.4%	3.3%
Marketing ROI	2.8%	1.9%	3.7%	3.5%	1.8%
Customer acquisition	2.9%	2.4%	3.1%	3.4%	2.6%
Customer retention	1.7%	1.2%	2.5%	1.7%	1.0%
Brand value	2.8%	1.5%	4.0%	3.1%	2.0%



# Downward trend for performance of customer and brand metrics

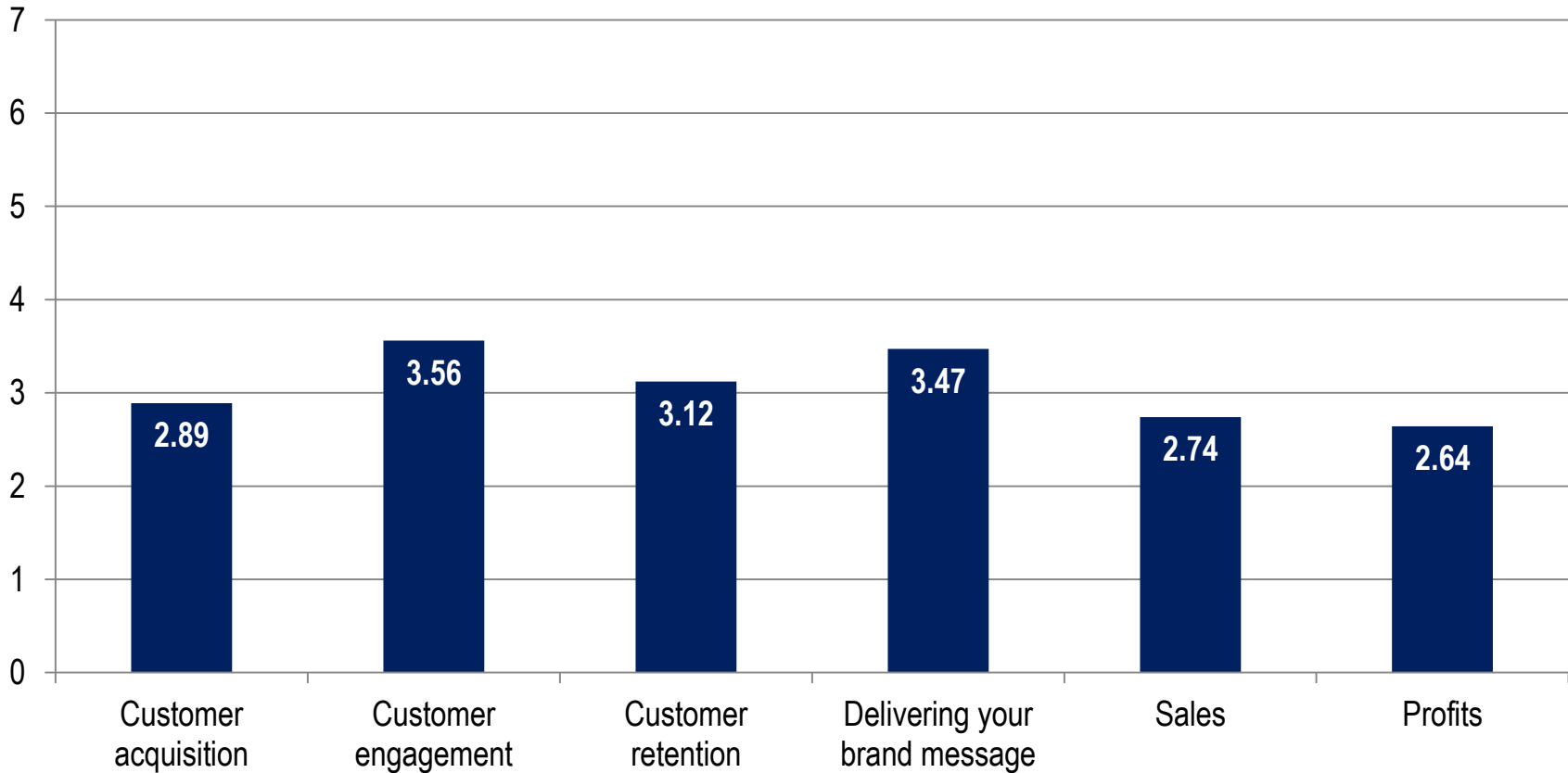


**Figure 4.2. Percent change in performance on customer and brand metrics in prior 12 months**



# Mobile marketing underperforms

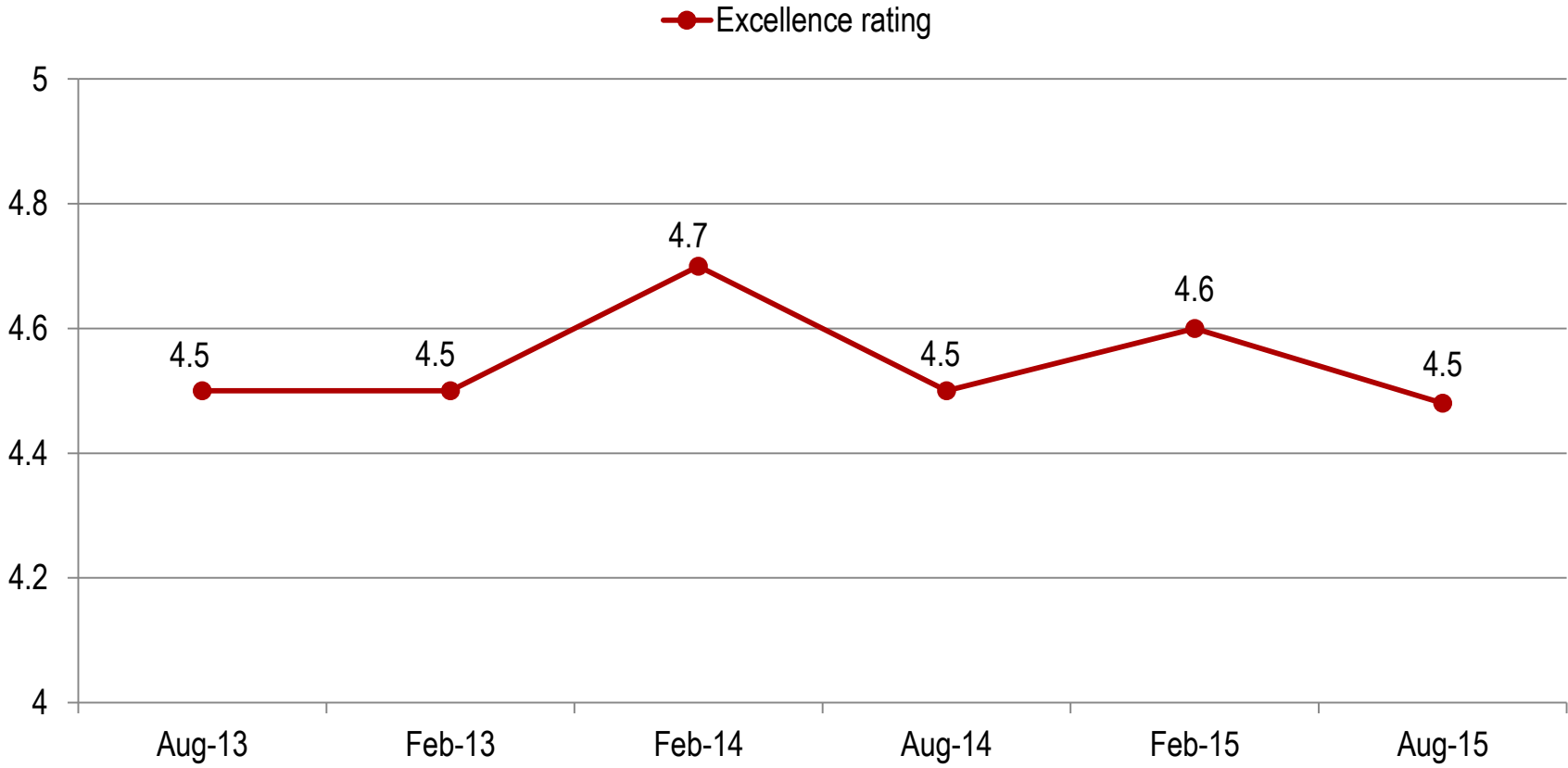
**Figure 4.3.** Rate the performance of your company's mobile marketing activities (7-point scale where 1=poor, 7=excellent)



# Marketing excellence ratings show no improvement



**Figure 4.4.** How would you rate your company's marketing excellence?\*(7-point scale where 1=Very Weak and 7=Leader)



\* Question asked in Aug-13 for the first time



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Topic 5:

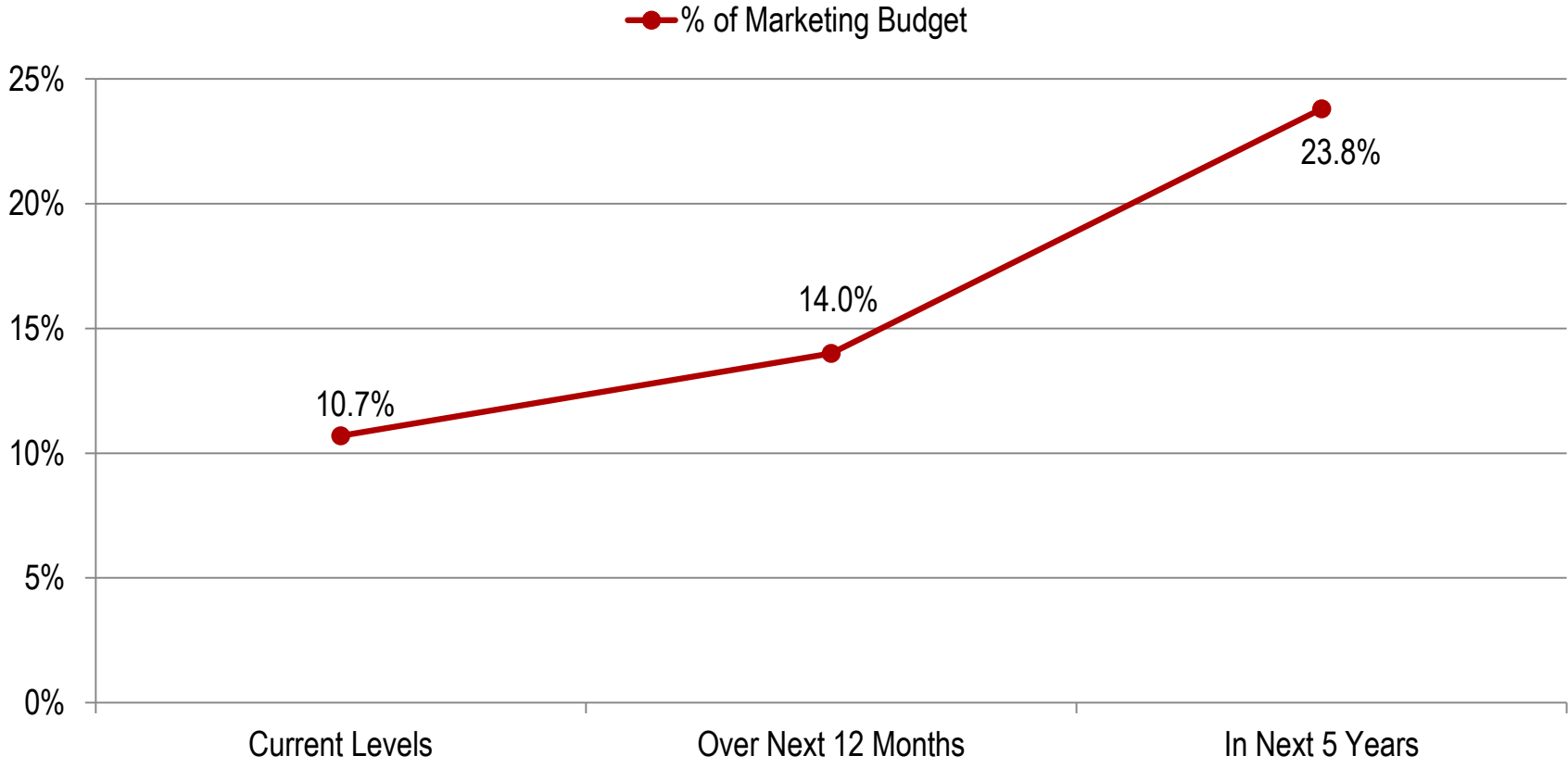
# Marketing and Social Media



# Social media spend continues to surge



**Figure 5.1. Social media spending as a percent of marketing budgets**



# Social media spend across sectors

Marketplace

Growth

Spending

Performance

**Social Media**

Jobs

Organization

Leadership

Analytics

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

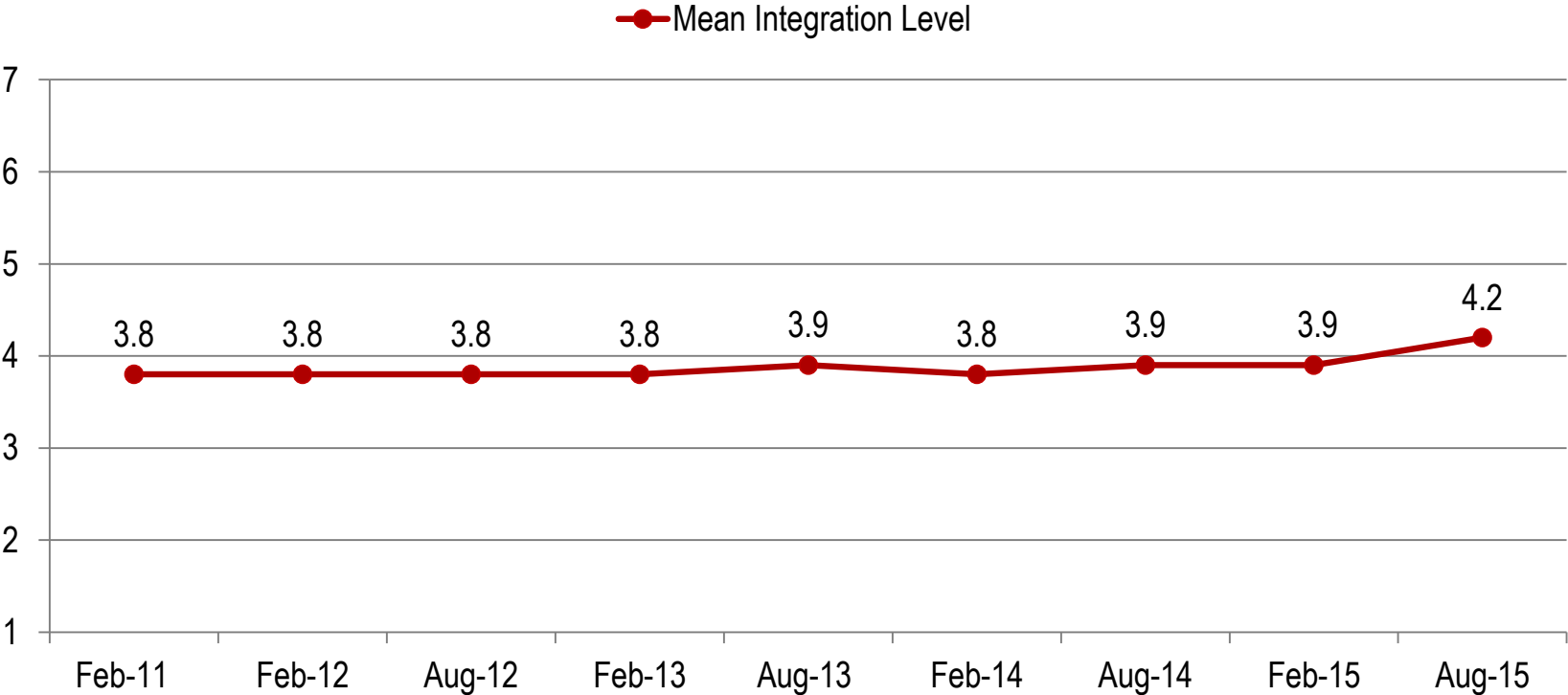
	Overall	B2B Product	B2B Services	B2C Product	B2C Services
Current Social Media Spending	10.7%	8.3%	11.8%	13.7%	9.8%
Social Media Spending in the next 12 months	14.0%	10.4%	16.1%	17.6%	13.1%
Social Media Spending in the next 5 years	23.8%	18.4%	25.1%	30.1%	25.2%



# Integration of social media and marketing strategy finally shows lift!



**Figure 5.2.** How effectively is social media linked to your firm’s marketing strategy? (1=Not integrated, 7=Very integrated)

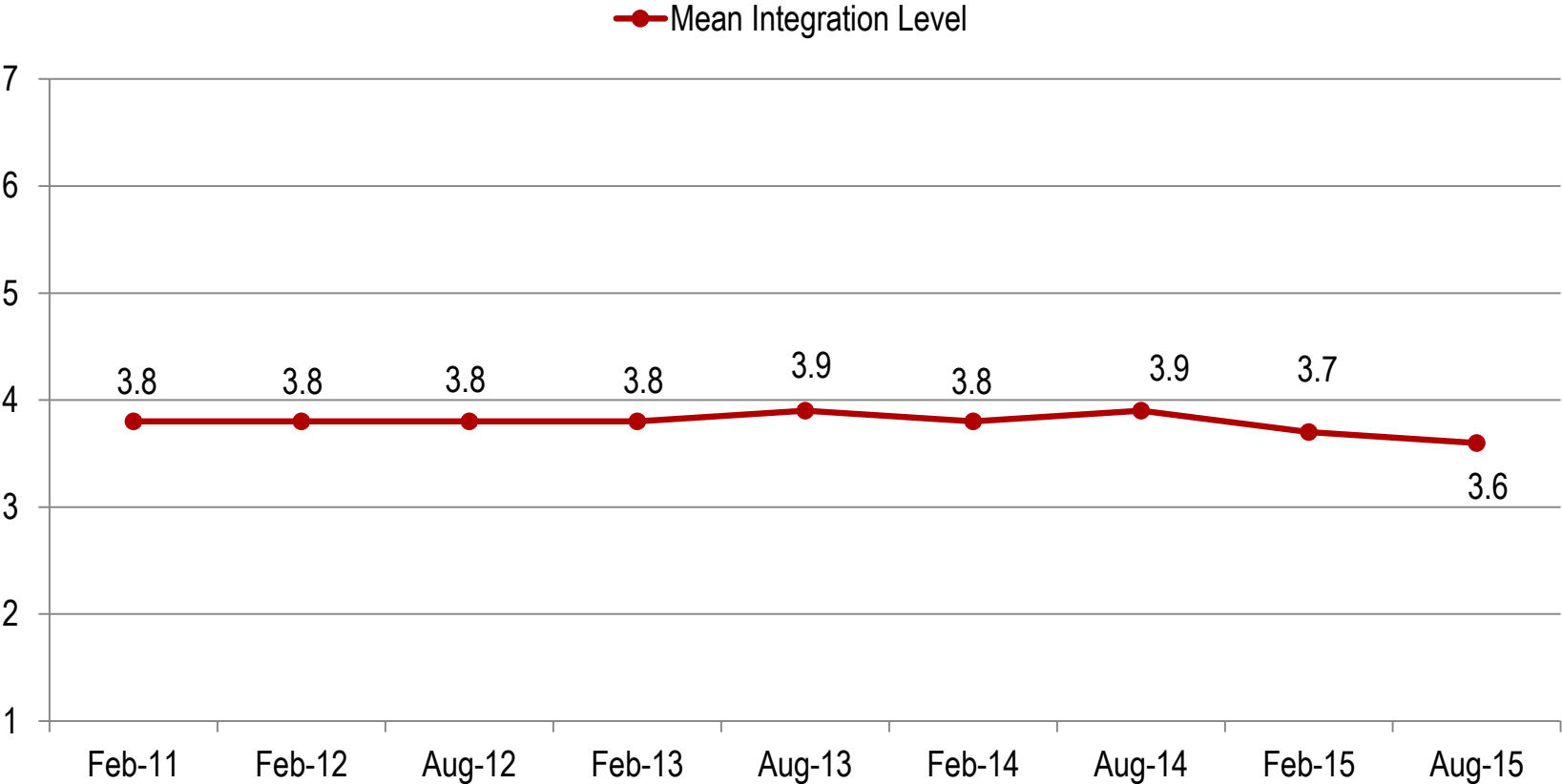




# Integration of customer information across channels worsens



**Figure 5.3. How effectively does your company integrate customer information across purchasing, communication, and social media channels? (1=Not At All Effectively, 7=Very Effectively)**

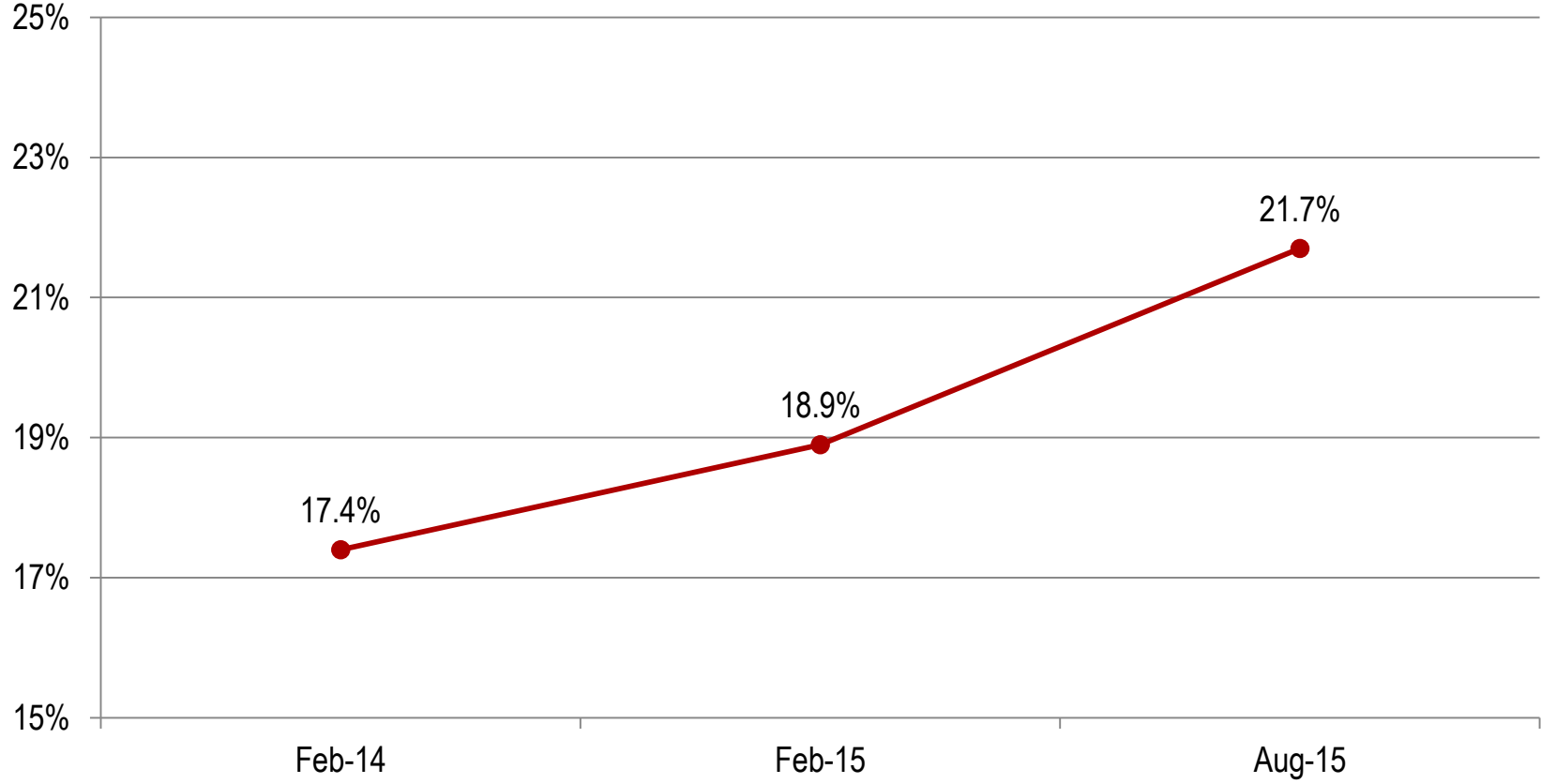


\*Question asked in Feb-11 for the first time.

# Social media activities increasingly performed by outside agencies

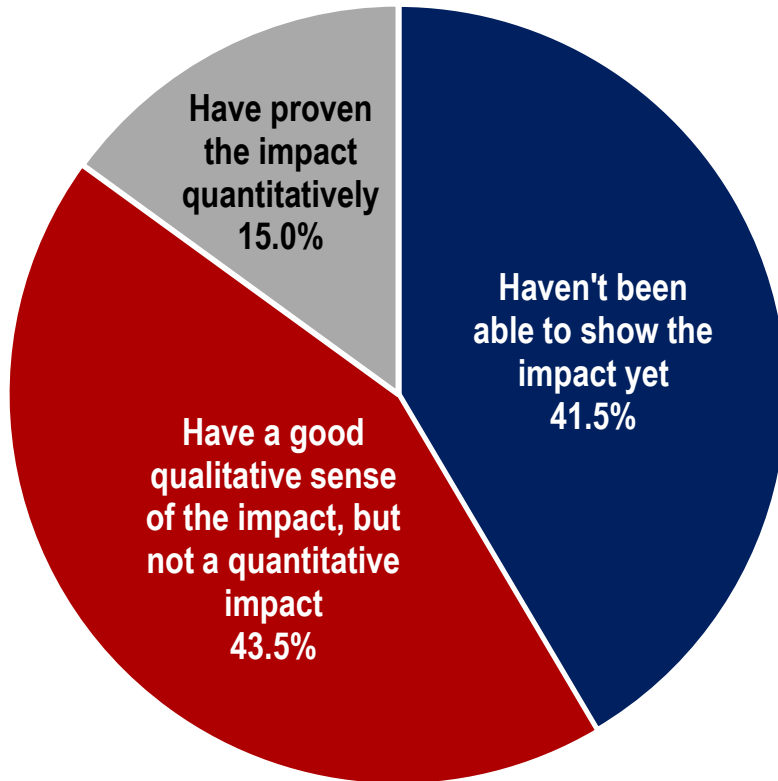


**Figure 5.4. Percent of company's social media activities performed by outside agencies**



# Only 15% of firms able to prove the impact of social media quantitatively

**Figure 5.5. Which best describes how you show the impact of social media on your business?**



	B2B Product	B2B Services	B2C Product	B2C Services
We haven't been able to show the impact yet	6.3%	17.1%	30.0%	13.3%
We have a good qualitative sense of the impact, but not a quantitative impact	39.7%	50.0%	40.0%	40.0%
We have proven the impact quantitatively	54.0%	32.9%	30.0%	46.7%



# Four metrics dominate how companies show social media impact

**Table 5.2.** Which metrics does your company use to show the impact of social media? (check all that apply)

Metrics	% Using Metric
Hits/visits/page views	60.3%
Site traffic	51.4%
Clickthrough rates	47.9%
Number of friends, followers, and likes	47.1%
Conversion rates (from visitor to buyer)	28.8%
Search volume (number of people searching for your brand)	28.4%
Repeat visits	25.3%
Social influence of friends, followers, and likes	23.7%
Buzz indicators (web mentions)	21.4%
Virality (extent to which your content/links are shared)	19.1%
Brand sentiment ratings	16.7%
Share of voice (compares your company to competitors on mentions)	16.0%
Net promoter score	16.0%
Number of inbound links	15.6%
Revenue per customer	15.6%
App download	14.8%
Sales levels	14.0%
Customer acquisition costs	12.5%
Online product/service ratings	10.9%
Metrics using analysis of online text	9.7%
Profits per customer	6.6%
Customer retention costs	6.2%
Abandoned shopping carts	5.8%

# The state of company social media capabilities



**Table 5.3. How well has your company developed strong knowledge and skills in each social media area? (1=not at all, 7=excellent)**

Capability	Overall	B2B product	B2B services	B2C product	B2C services
Developing social media strategies	4.1	3.6	4.4	4.4	4.0
Connecting marketing strategies and social media strategies	4.0	3.5	4.2	4.5	4.0
Executing social media strategies	4.0	3.5	4.3	4.4	3.8
Learning about what works and doesn't work for social media	3.7	3.2	3.9	4.1	3.5
Hiring people to perform social media activities	3.5	3.0	3.8	3.9	3.6
Measuring the success of social media strategies	3.5	3.0	3.8	4.0	3.3
Training people to perform social media activities	3.4	2.9	3.7	3.8	3.3
Managing external social media partners and agencies	3.3	3.0	3.3	3.9	3.3

# How companies learn to manage customers in social/digital

**Table 5.4.** Check all of the approaches your company is using to learn about how to acquire, engage, and retain customers online

Learning approach	Percent of companies using learning approach
Online customer surveys	40.1%
Online customer observations	25.7%
Informal online interactions with customers	24.5%
Offline informal interactions with customer	23.3%
Offline customer surveys	23.0%
Online customer experiments	19.1%
Offline customer observations	18.3%
My company is not using any digital tools for learning at this time	14.0%
Offline customer experiments	10.1%
Studying words or pictures used online by customers	6.2%



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# Topic 6: Marketing Jobs

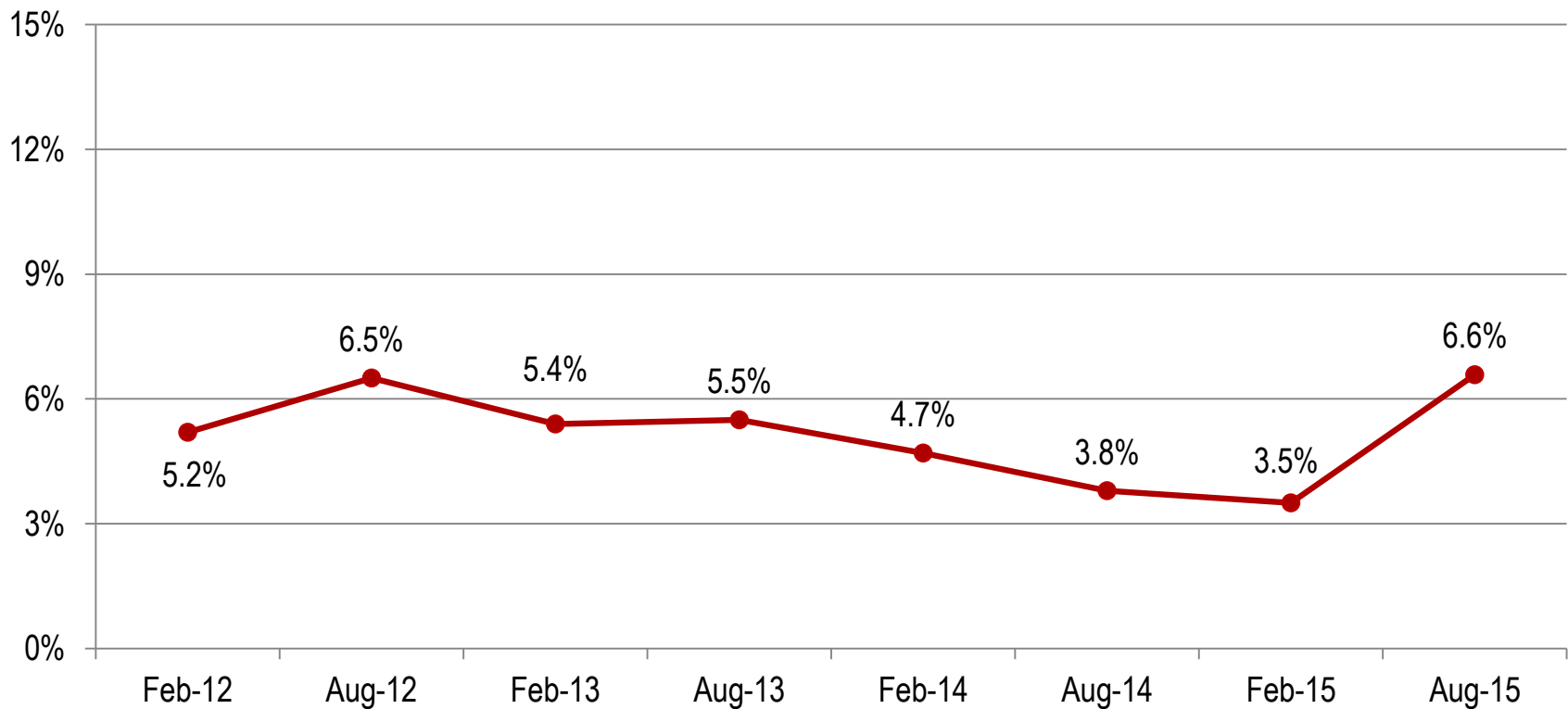


# Marketing hiring rebounds: B2B companies to hire more marketers

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

B2B Product	6.9%
B2B Services	7.8%
B2C Product	4.9%
B2C Services	5.2%

● Percentage Change in Marketing Hires in Next 12 Months





# Marketers reflect 3.4 percent of employees in companies



**Table 6.1. Marketing employees as a percent of total employees**

Employees	Overall	B2B Product	B2B Services	B2C Product	B2C Services
Total employees in company	7410	10264	2900	8155	10403
Marketing employees in company	255	327	318	197	37
Percent of marketers in company	3.4%	3.2%	11.0%	2.4%	0.4%



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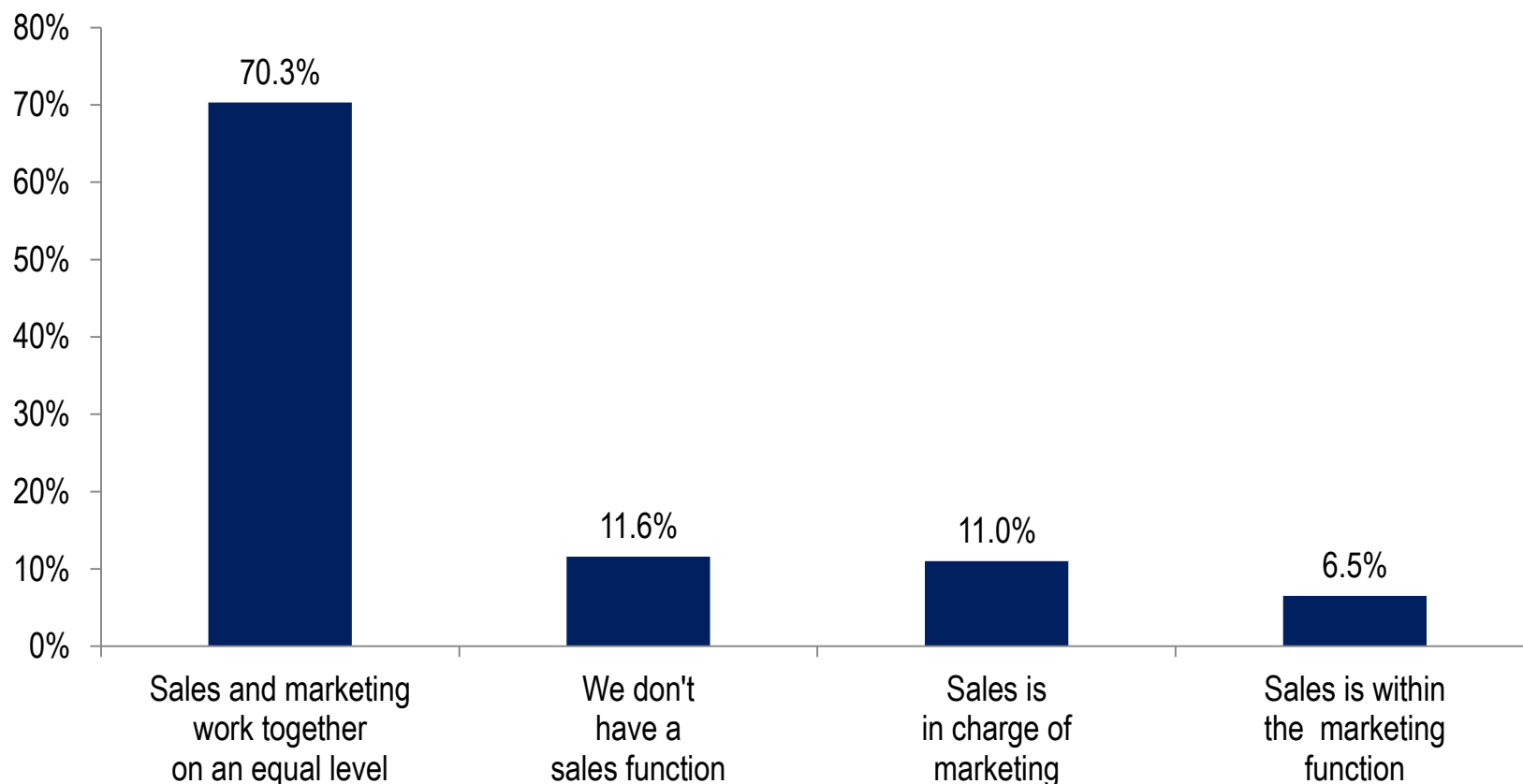
Topic 7:

# Marketing Organization



# Marketing and sales are equal partners in most companies

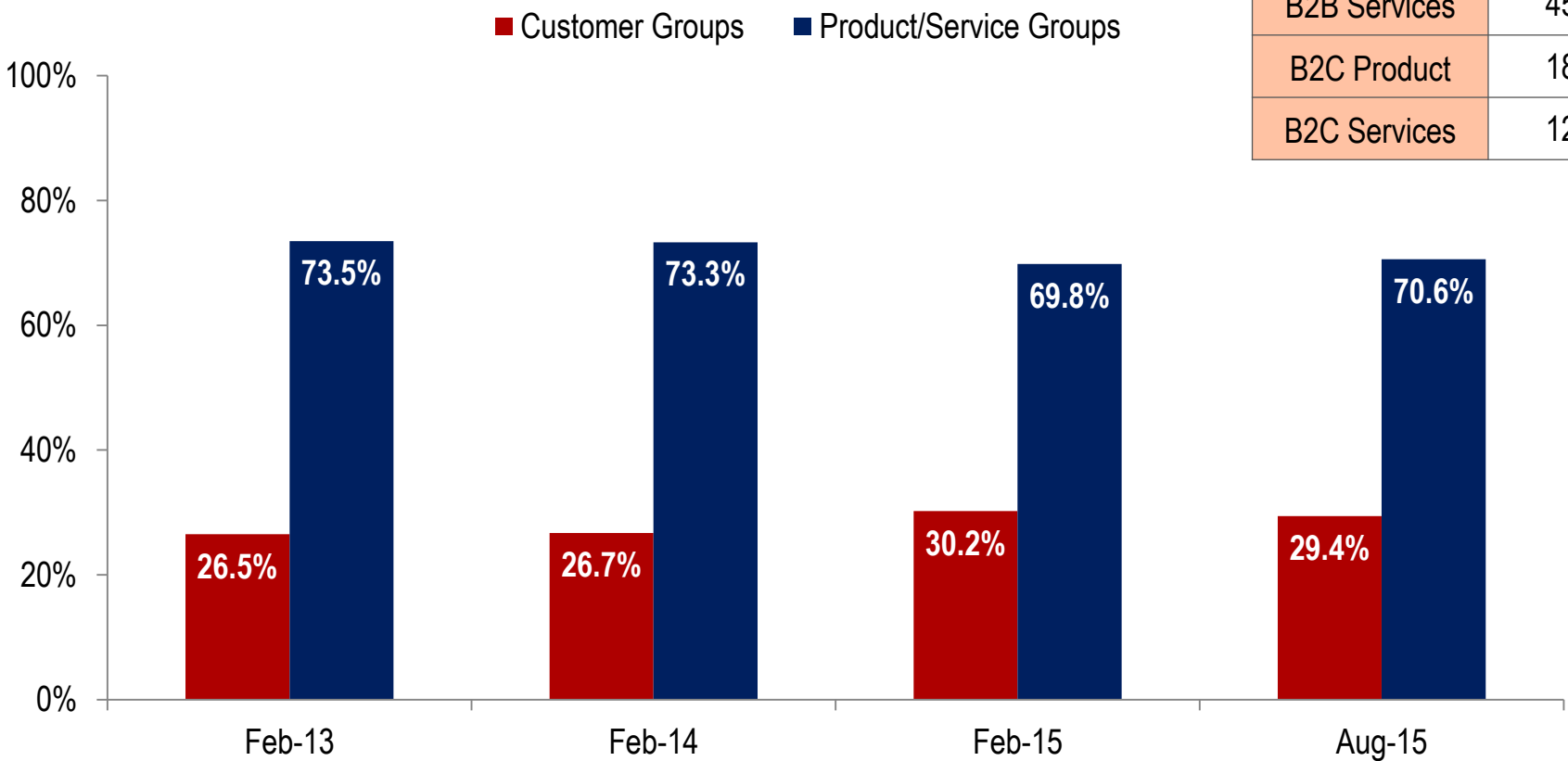
**Figure 7.1. The marketing-sales relationship (% of respondents)**



# Product/service structure dominates, but customer groups hold ground



**Figure 7.2. Organizational structure in companies**



	% customer groups
B2B Product	27.1%
B2B Services	45.3%
B2C Product	18.5%
B2C Services	12.0%



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Topic 8:

# Marketing Leadership



# Marketing leadership gains and losses

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

Activity	Feb-11	Aug-15
Advertising	85%	82.7%
Positioning	79%	80.1%
Promotion	81%	76.3%
Brand	81%	82.1%
Marketing analytics*	-	75.0%
Marketing research	73%	70.5%
Social media	71%	79.5%
Competitive intelligence	58%	55.1%
Public relations	65%	64.1%
Lead generation	53%	55.8%
Market entry strategies	50%	55.8%
New products	44%	37.8%
CRM	38%	39.1%
Targeting/Market selection	31%	30.1%
Sales	32%	32.1%
Pricing	30%	30.8%
Innovation	33%	23.1%
Customer service	22%	19.9%
Stock market performance	0.4%	3.8%

Weaker marketing leadership:

- Advertising
- Promotion
- Marketing research
- New products
- Innovation
- Customer service

Stronger marketing leadership:

- Social media
- Lead generation
- Market entry strategies
- Stock market performance

Maintaining marketing leadership:

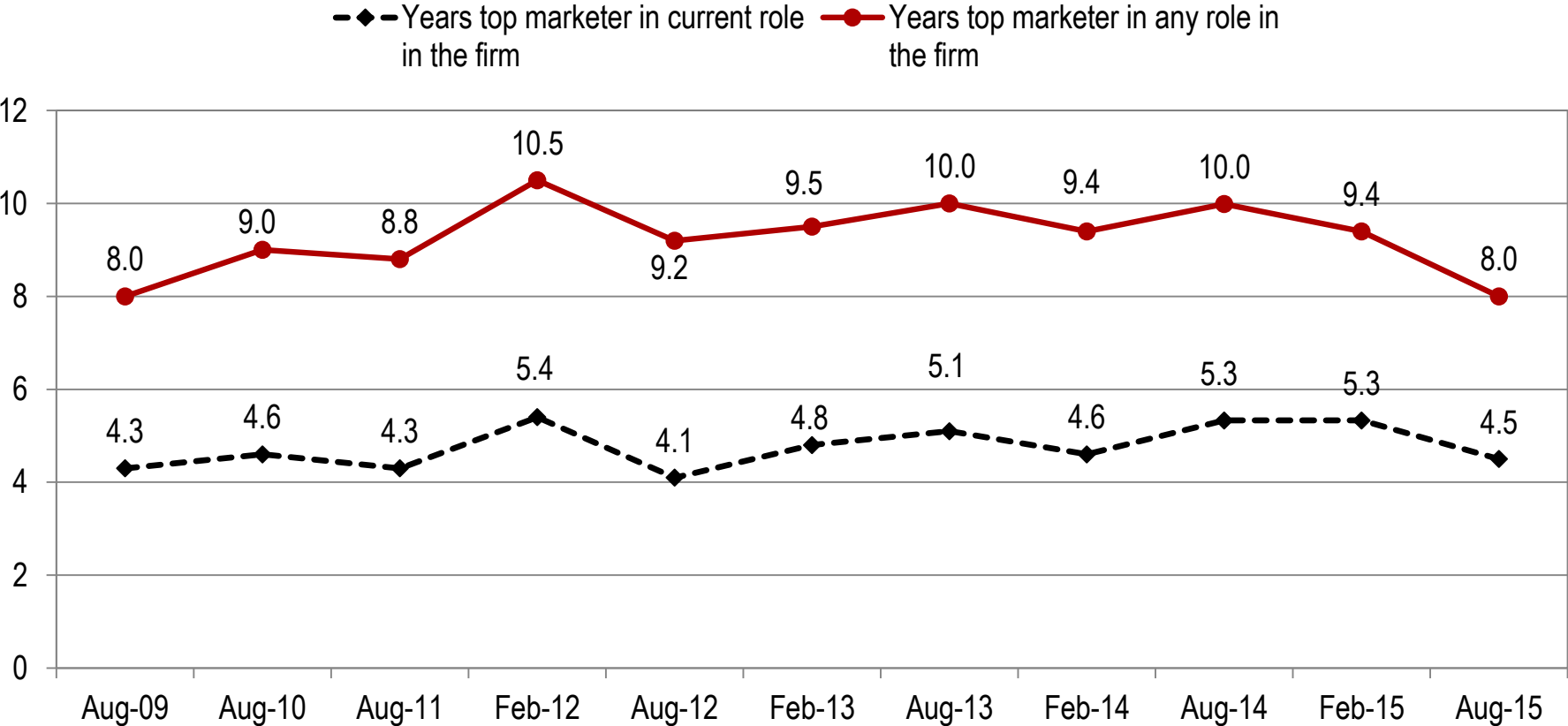
- Positioning
- Brand
- Public relations
- Customer relationship management
- Targeting/Market selection
- Sales
- Pricing

\*Marketing analytics added in Feb-13.

# Marketing leaders retained for an average of 4.5 years



**Figure 8.1. Marketing leader retention**



# Marketers continue to lose reports

Marketplace

Growth

Spending

Performance

Social Media

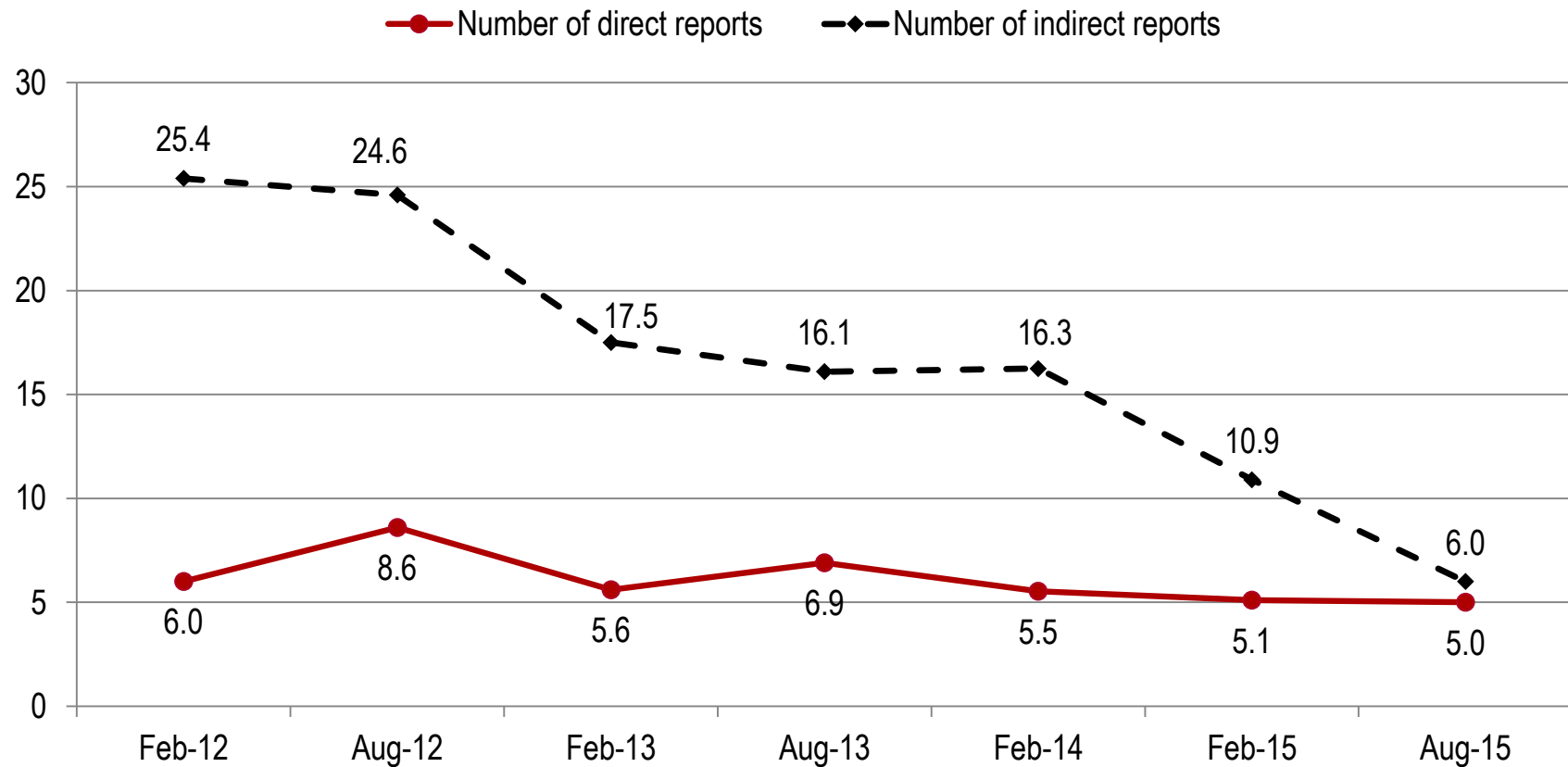
Jobs

Organization

**Leadership**

Analytics

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





# Best practices from marketing leaders

See full interviews at [www.cmosurvey.org/cmo-insights/](http://www.cmosurvey.org/cmo-insights/)



Senior Vice President and Chief Marketing Officer Beth Comstock discusses how GE approaches marketing: “You have to create a platform that invites innovative ideas.” This platform involves four capabilities that have produced an array of new products, services, customers, and business models.



Chief Marketing Officer Kim Feil discusses how she built a marketing function. From insights to accountability, she describes the organization, processes, metrics, and talent management strategies important to this effort.



Executive Vice President and Chief Marketing Officer Geert van Kuyck shares ideas on building the essential skill set for CMOs and the importance of defining the CMO’s mission. He discusses the use of the Net Promoter Score and other metrics to evaluate business results at Philips, touching on Philips’ engagement with LinkedIn and social media metrics.



Executive Vice President and Chief Marketing Officer Stephen Quinn describes how Walmart rebuilt its customer focus. Key steps involved harnessing internal support, generating market insight, using customer-focused metrics, living the brand internally, and building marketing talent.



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





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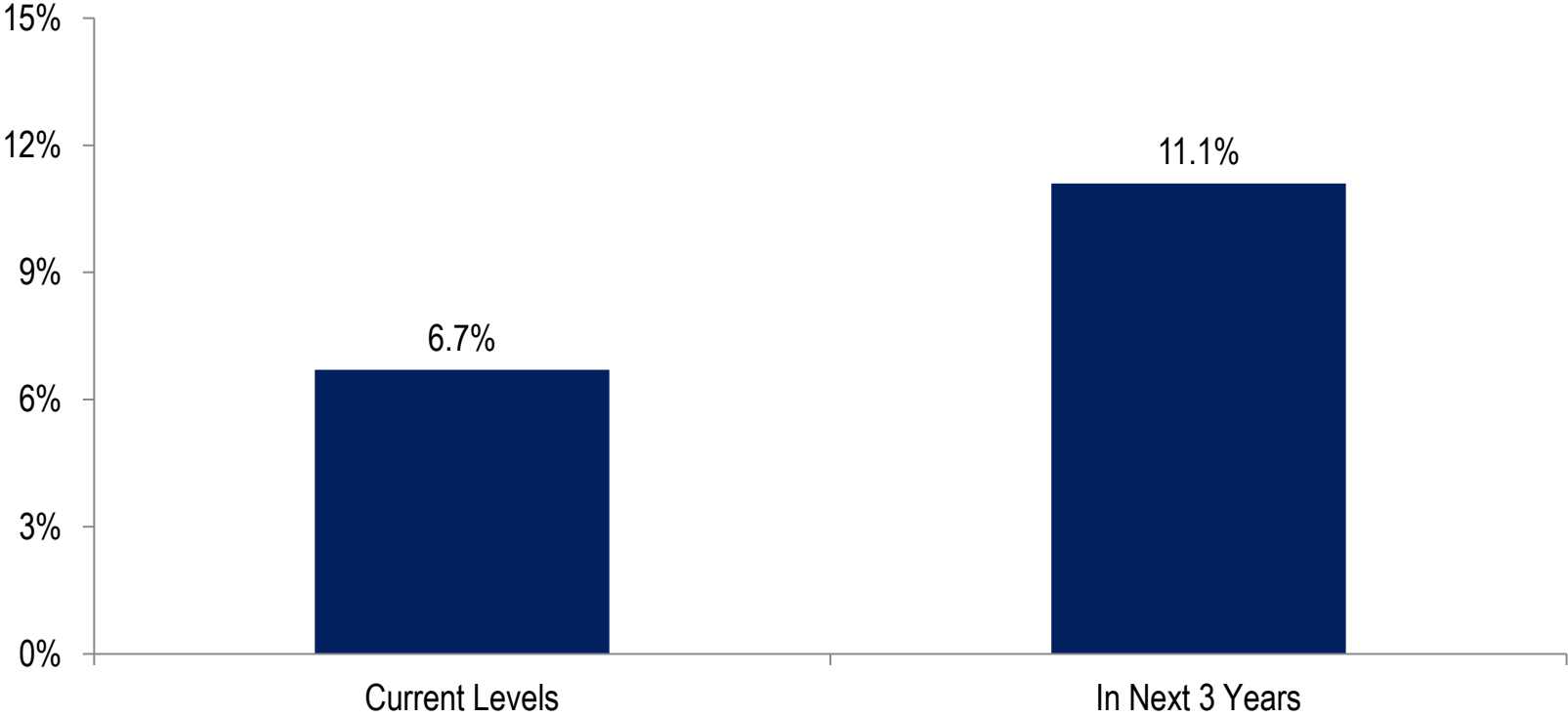
# Topic 9: Marketing Analytics



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



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



# Spending on marketing analytics by firm and industry characteristics

**Table 9.1a. Firm sector differences**

	Current	In Next 3 years
B2B Product	6.1%	11.0%
B2B Services	7.8%	12.0%
B2C Product	7.0%	10.7%
B2C Services	5.1%	9.5%

**Table 9.1c. Firm size differences**

	Current	In Next 3 years
<\$25M	5.2%	10.0%
\$26-99M	4.9%	8.5%
\$100-499M	4.1%	8.4%
\$500-999M	5.7%	9.1%
\$1-9.9B	10.0%	14.7%
\$10+B	11.7%	15.9%

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

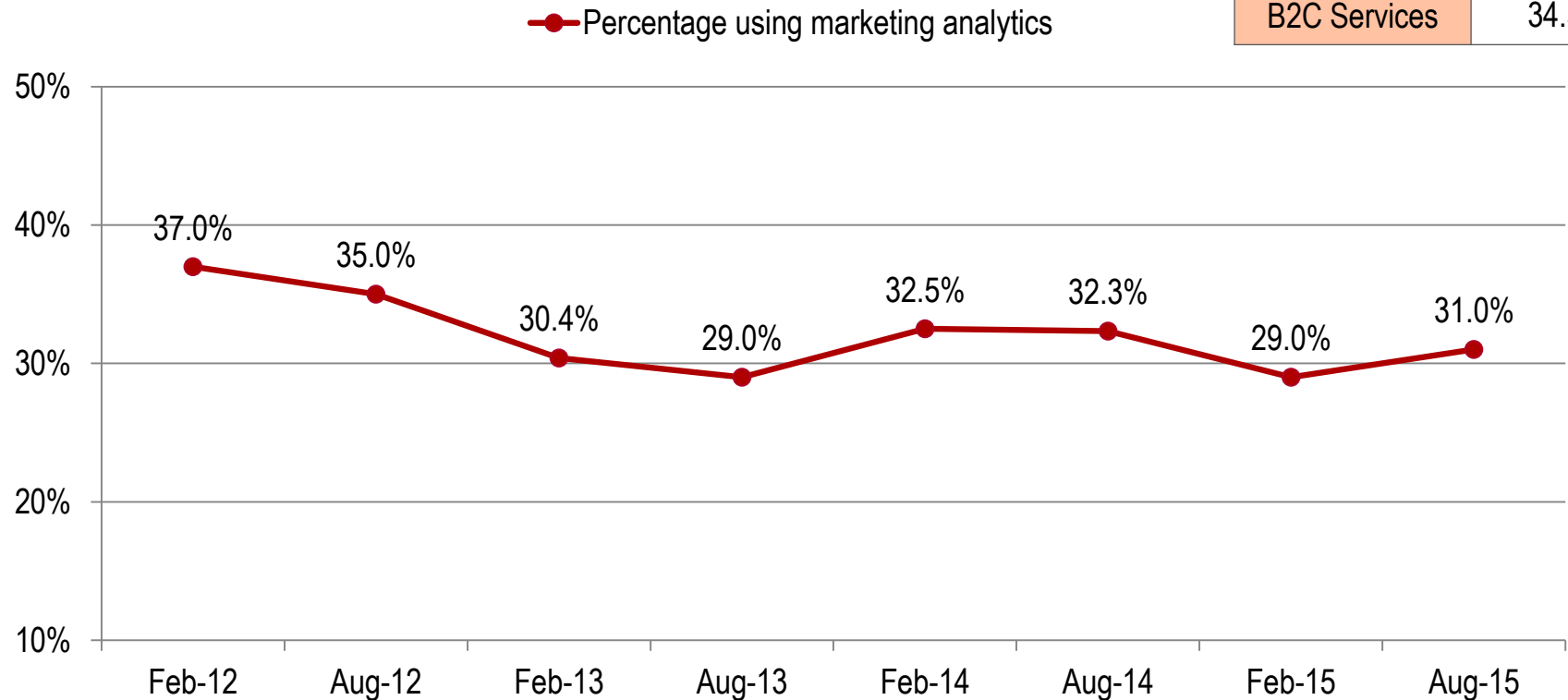
	Current	In Next 3 years
0%	6.0%	9.0%
1-10%	6.9%	12.9%
>10%	8.1%	12.8%



# Only 31% of projects use available or request marketing analytics

**Figure 9.2.** Percentage of projects using available or requested marketing analytics\*

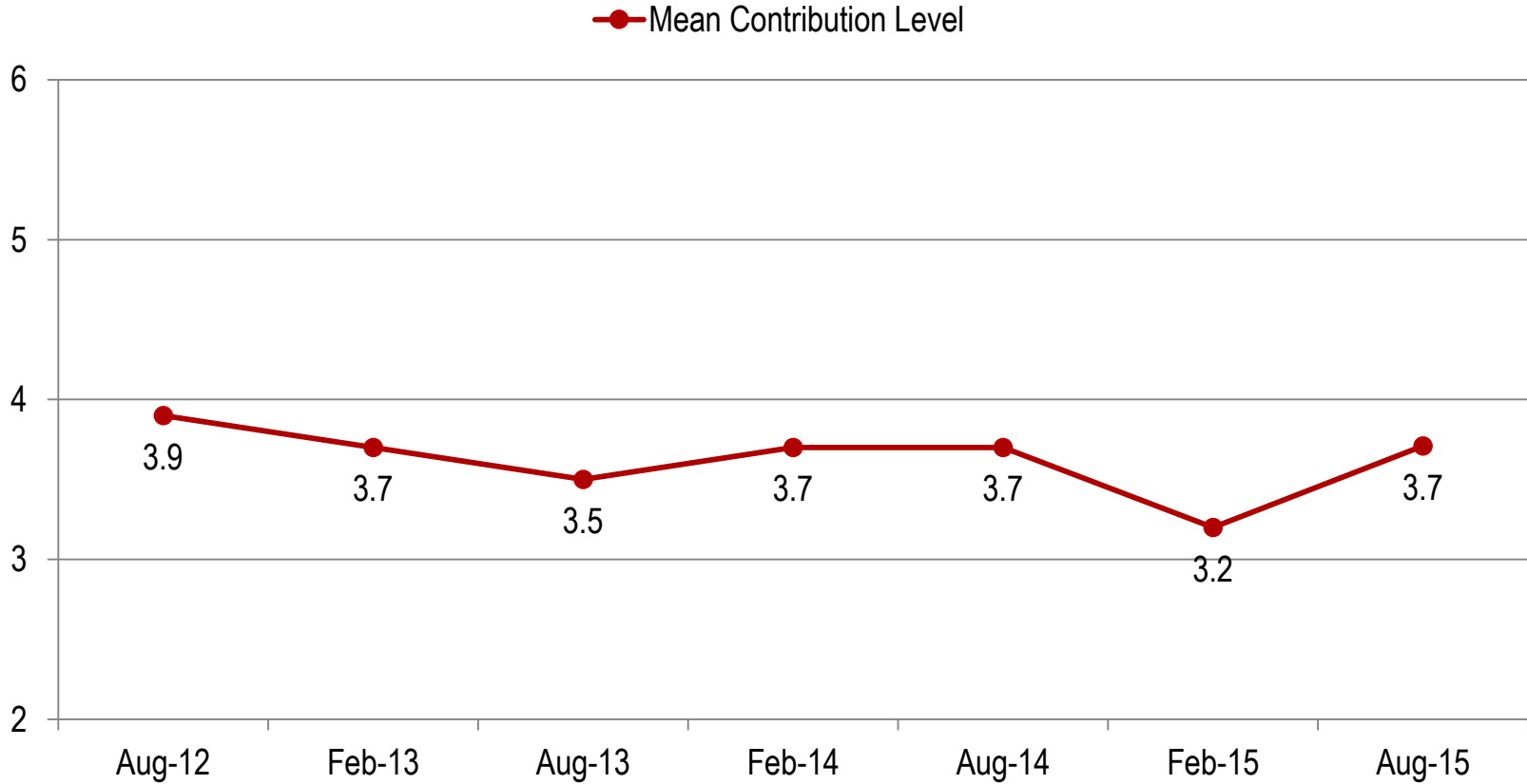
B2B Product	22.8%
B2B Services	29.6%
B2C Product	45.6%
B2C Services	34.5%



\*This question was asked in Feb-12 for the first time.

# Contribution of marketing analytics remains low

**Figure 9.3.** To what degree does the use of marketing analytics contribute to your company's performance? 1 = Not at all and 7 = Very highly



\*This question was asked in Aug-12 for the first time.

# Marketing analytics contributions by sector and firm differences

To what degree does the use of marketing analytics contribute to your company's performance?  
(1=Not At All, 7=Very Highly)

**Table 9.2a. Industry sector differences**

Sector	Mean (SD)
Banking/Finance/Insurance	3.5 (2.0)
Communications/Media	3.6 (2.3)
Consumer Packaged Goods	4.3 (1.5)
Energy	3.1 (1.9)
Healthcare/Pharma.	4.0 (1.8)
Manufacturing	2.5 (1.7)
Mining/Construction	3.3 (2.1)
Retail/Wholesale	3.9 (2.1)
Service/Consulting	3.5 (1.9)
Tech Software Biotech	3.8 (1.5)
Transportation	3.4 (2.3)

**Table 9.2b. Economic sector differences**

Sector	Mean (SD)
B2B Product	3.0 (1.7)
B2B Services	3.9 (2.0)
B2C Product	4.7 (1.3)
B2C Services	3.9 (1.9)

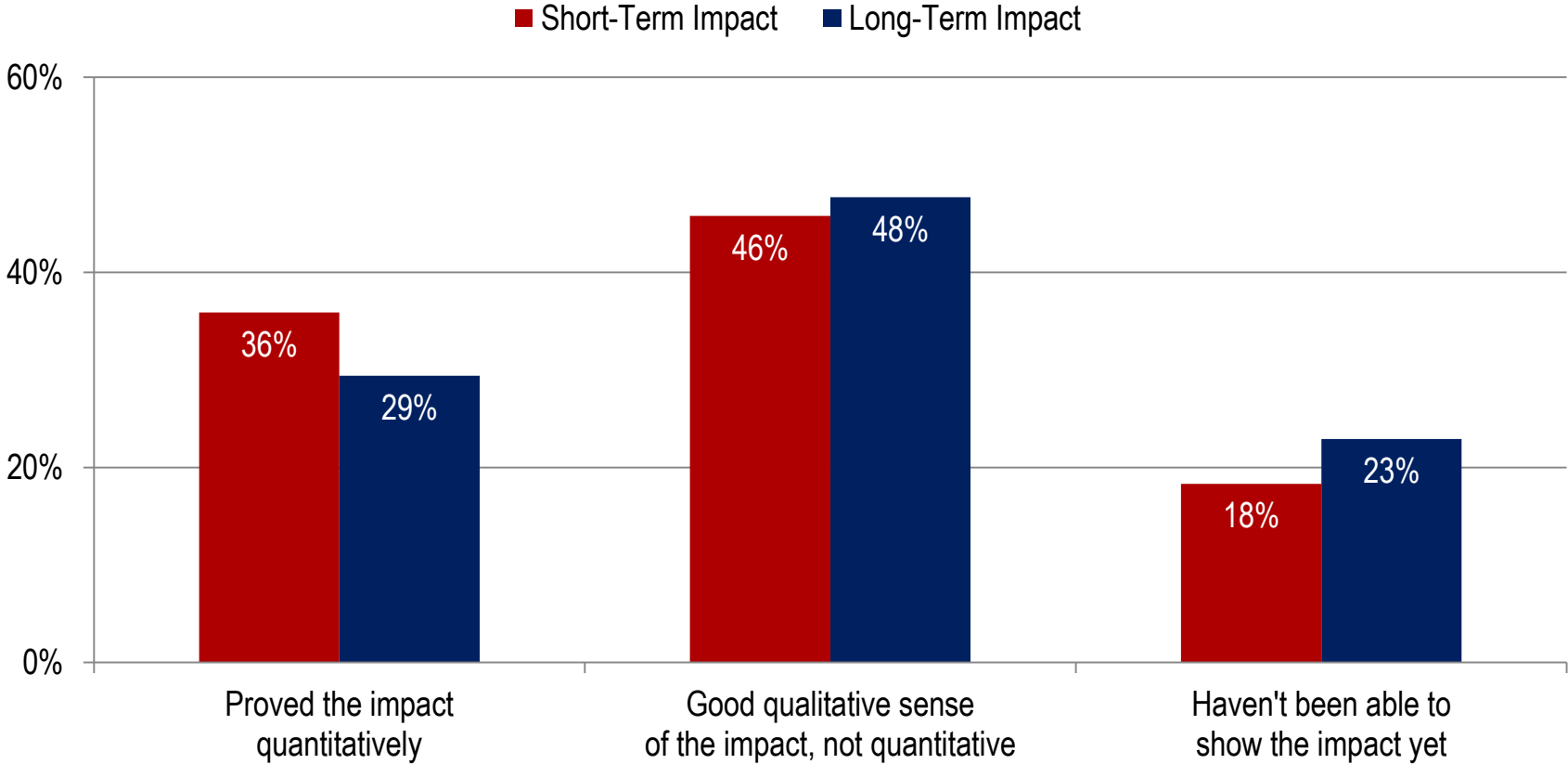
**Table 9.2c. Firm Internet sales differences**

Firm sales	Mean (SD)
0% of sales	3.4 (1.9)
1-10% of sales	3.7 (1.6)
>10% of sales	4.6 (1.8)

# Companies lack quantitative metrics to demonstrate marketing spending impact



**Figure 9.4. Metrics for demonstrating impact of marketing spending on business**





# How companies use marketing analytics to drive decision making is changing

**Table 9.5. Percentage of companies using marketing analytics**

Activity	Aug-13	Aug-15
Customer acquisition	31.7%	36.6%
Customer retention	27.6%	30.7%
Social media	21.0%	30.7%
Segmentation*		29.2%
Product or service strategy**	18.8%	20.2%
Branding	22.0%	26.5%
Pricing strategy	23.7%	21.8%
New product or service development*		20.2%
Promotion strategy	23.7%	29.2%
Marketing mix	21.7%	31.5%
Multichannel marketing	13.4%	16.3%

- Greater use of marketing analytics:
- Customer acquisition
  - Customer retention
  - Social media
  - Product line/assortment optimization
  - Branding
  - Promotion strategy
  - Marketing mix
  - Multichannel marketing
- Weaker use of marketing analytics:
- Pricing strategy

\*Question was asked for the first time in August 2015

\*\*This question was changed from “product line/assortment optimization” to “product or service strategy” in August 2015

# Preview



**Next survey:** January 2016

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

