



The **CMO** Survey[®] since 2008

Marketing in a Post-Covid Era

Highlights and Insights Report

September 2022

Deloitte.



AM> | AMERICAN MARKETING
ASSOCIATION

This 29th Edition of The CMO Survey examines how marketers are approaching strategies, spending, and organization in a post-Covid environment. Results show that some aspects of marketing have changed quite a bit over the last three years, while other aspects that were changed dramatically during Covid have returned to pre-Covid levels.

Optimism for the U.S. economy hit 57.2 (out of 100)—up from 50.9 at the height of the pandemic in June 2020 and the all-time low of 47.7 in February 2009 during the Great Recession, but down from 66.8 reported in February 2022. Customers' continue to prioritize product quality as they did throughout the pandemic, but low price has now emerged as a priority given inflationary pressures. The pandemic has changed the use of channels—marketers are using a larger number of channels (65%) and are using social channels to sell (41%). Only 10.5% of marketers report their former face-to-face channels are now all digital and 50% report their companies are returning to or opening up face-to-face channels.

The pandemic's acceleration of digital marketing investments has pushed marketing budgets as a percent of company budgets up to the highest level in CMO Survey history. This level also corresponds to the growing importance of marketing in organizations, which has increased in more than half of all companies during the pandemic. Marketing budgets as a percent of revenues revert to pre-pandemic levels, reflecting the 12.3% growth in revenues over the last year from the 0.3% increase reported in February 2021 at the height of the pandemic.

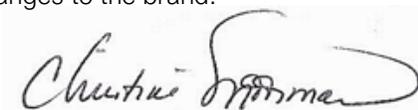
Marketers report 10.4% growth in marketing spending over the last year, but predict this level will decrease and start trending toward the pre-Covid level of 5.8% growth in the next year. Brand, CRM, and innovation investments follow the same pattern—all growing, but reverting to levels closer to pre-Covid levels. Traditional advertising spending returns to negative growth after temporary lifts across the last two surveys, restarting a decade-long decline. Mobile spending as a percent of marketing budgets is flat at 13.7% and has returned to pre-pandemic levels (13.5%) after climbing to a high of 23% during the pandemic. Spending on social media has also been flat at 14%-15% of budgets over the last 18 months, coming off a June 2020 Covid splurge when spending reached 23.2% of marketing budgets.

Spending on marketing analytics as a percentage of the marketing budget hit an all-time high of 8.9% after a decade-long level of 6%-7%. Marketing analytics is now being used in nearly half of all marketing decisions, rising from 38% just before the pandemic. Companies have also made progress achieving a contribution from marketing analytics to company performance. Marketers have invested in building their knowledge resources through the pandemic—nearly doubling investments in developing knowledge about how to do marketing and tripling investments in marketing research and intelligence. These investments have paid off with the quality of all marketing knowledge resources rising during this period. Market research has changed during the pandemic, with more companies studying online consumer behavior (63.3%) and using more video interviews (57.8%). Only 18% are doing more text analysis, which is somewhat surprising given its availability to most marketers.

The size of marketing organizations grew by 15.1% in the last year but is expected to drop to 7.3% growth in the next year, reverting closer to growth rates reported before the pandemic. Work from home is now prevalent across industries and economic sectors, with 57.5% of marketers reporting their teams working from home at least some of the time and 48.7% working from home all of the time. Overall, marketing leaders are confident in team productivity in both arrangements, with 50% reporting no change in worker productivity levels. Marketing leaders are more worried about company culture with more than a third reporting that working from home has weakened it. In accord with a weakened culture, 45% of marketing leaders report that young marketers are socialized less within the company.

Marketing leaders were invited to attend board meetings (4.9 on a 7-point scale where 1=not at all, 7=very highly), with 63% of marketers reporting participation levels above the midpoint of the scale (5 or more). These numbers show that marketing has a reasonably strong seat at the table in many companies. The percentage of marketing leaders who report their companies would use their brands to take a stand on politically charged issues reached a CMO Survey high at 30.2% of companies up from the pre-Covid level of 18.5%. When asked about actions to reduce the negative impact of marketing-related activities on the ecological environment, levels show increases from last year but have not yet rebounded to pre-Covid levels, except in changes to the brand.

All three reports contain other topics and metrics that I hope you will find useful as you navigate this post-Covid environment.



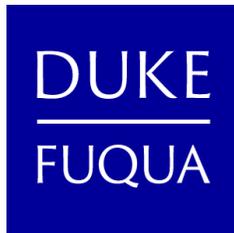
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Founder and Director, The CMO Survey[®]

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 organizations and society.

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



29th EDITION

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

This 29th Edition of The CMO Survey includes questions about how marketing has changed in a post-Covid era, including marketing leadership, spending, jobs, marketing analytics and research, channels, and DE&I. The impact of inflationary pressures on marketing is also examined.



SPONSORS

Sponsors for the 29th edition include Deloitte LLP, Duke University's Fuqua School of Business, and the American Marketing Association.

Sponsors support The CMO Survey with intellectual and financial resources.

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



Survey Methodology and Reports

SURVEY REPORTS

[Topline Report](#) offers an aggregate view of survey results

[Highlights and Insights Report](#) shares key survey metrics, trends, and insights over time

[Firm and Industry Breakout Report](#) displays survey results by sectors, headcount, and sales

Interpretive guide:

- M = Average
- SD = Standard deviation
- B2B = Business-to-Business firms
- B2C = Business-to-Consumer firms

ADMINISTRATION

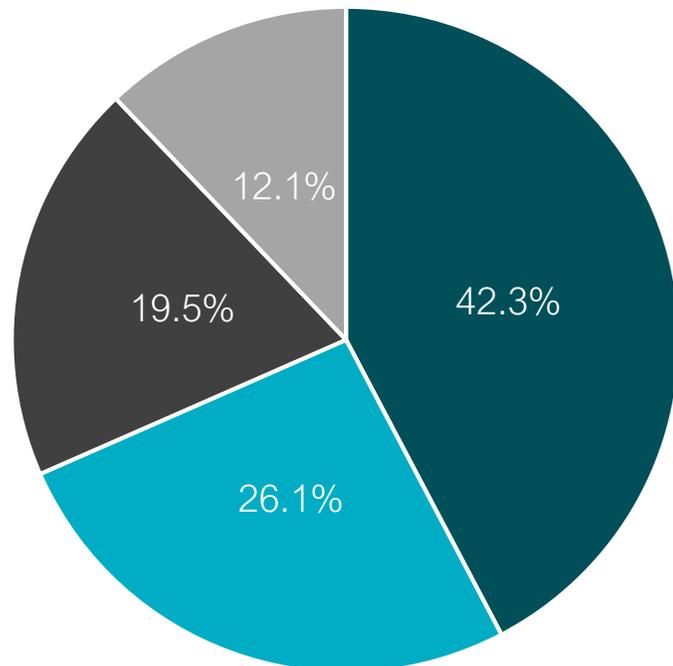
- Email contact with four follow-up reminders
- The Survey was in field from July 12-August 4, 2022.

SAMPLE

- 2937 marketing leaders at for-profit U.S. companies
- 273 responded for a 9.3% response rate
- 95.6% of respondents are VP-level or above

Survey Participants (n=273)

ECONOMIC SECTOR



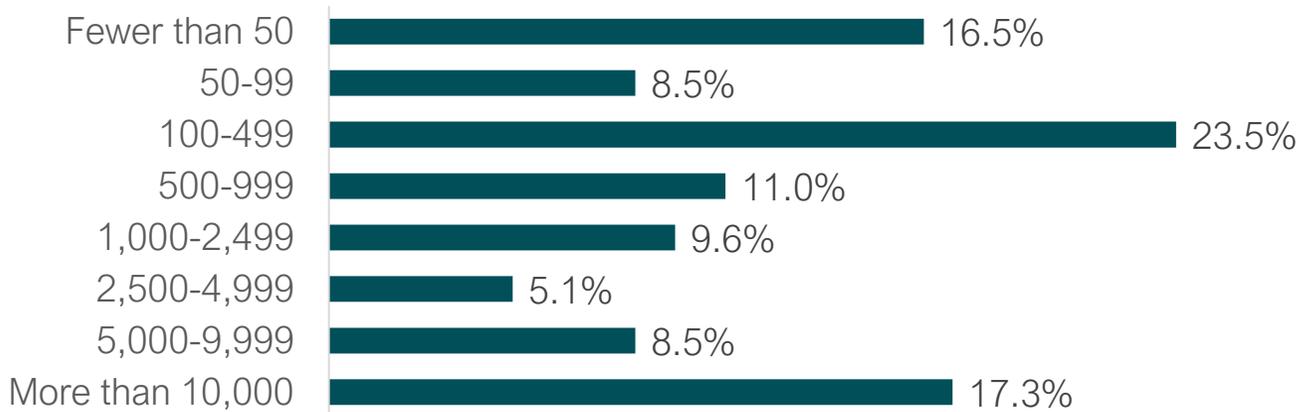
■ B2B Product ■ B2B Services
■ B2C Product ■ B2C Services

INDUSTRY SECTOR

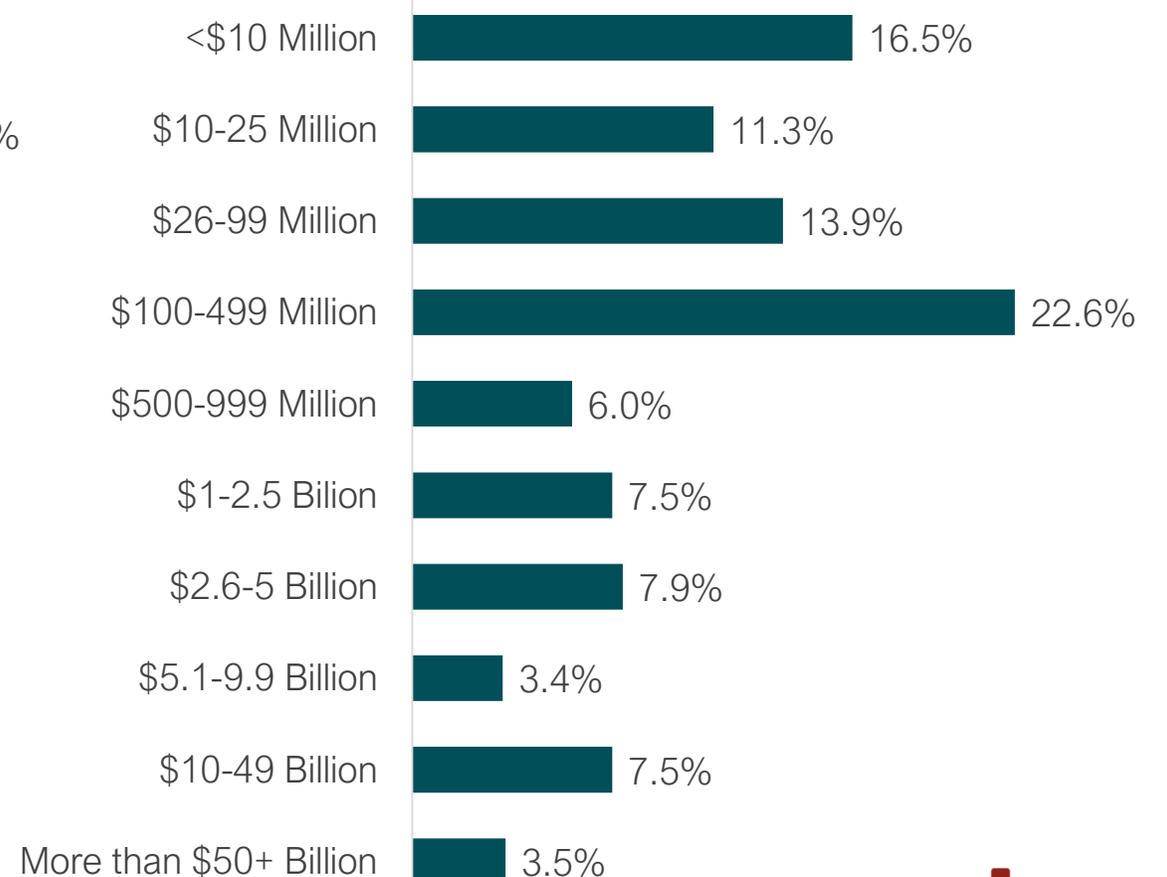
Technology [Software/Platform]	20.2%
Manufacturing	11.8%
Professional Services/Consulting	11.0%
Healthcare	10.7%
Consumer Packaged Goods	9.9%
Banking/Finance/Insurance	9.6%
Retail/Wholesale	9.2%
Energy	3.3%
Transportation	2.9%
Communications/Media	2.6%
Pharmaceuticals/Biotech	2.2%
Consumer Services	1.8%
Mining/Construction	1.8%
Real Estate	1.5%
Education	1.5%

Survey Participants (n=273)

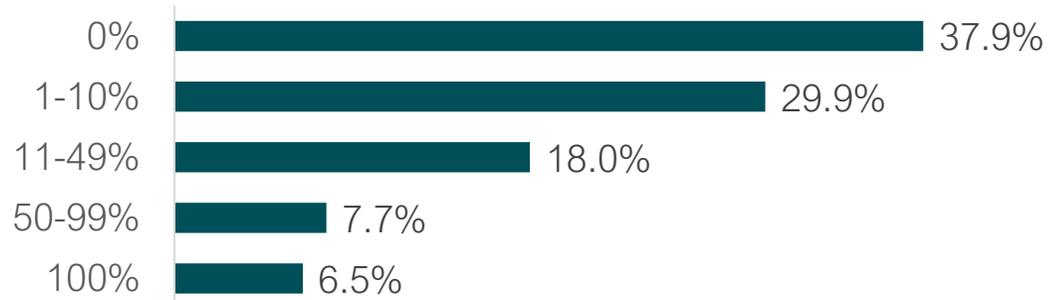
NUMBER OF EMPLOYEES



SALES REVENUE



% INTERNET SALES



28th Edition Topics

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Macroeconomic Forecasts

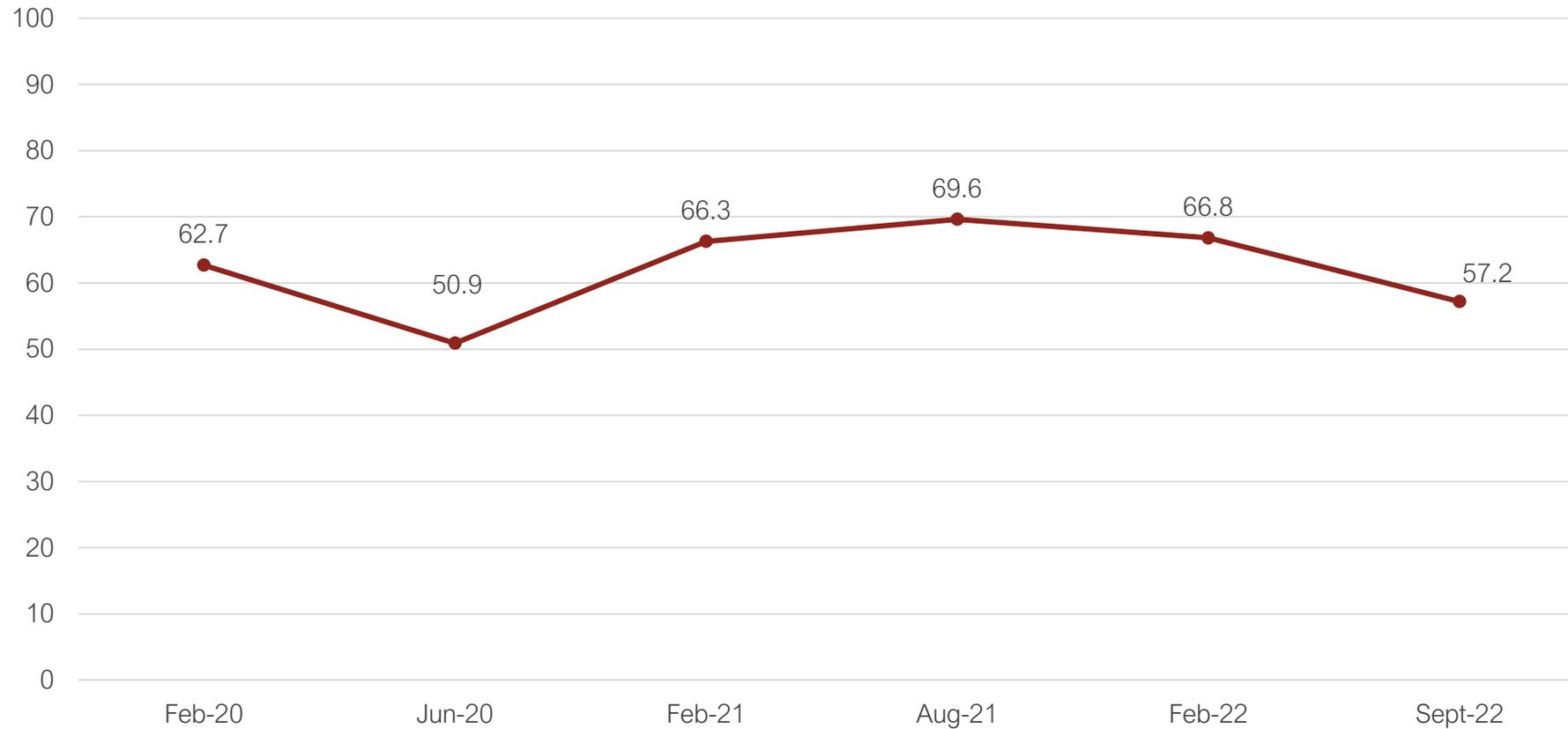
Optimism for the U.S. economy hit 57.2 (out of 100), down from the 66.8 reported in February 2022, but up dramatically from 50.9 at the height of the COVID-19 pandemic in June 2020 and the all-time low of 47.7 in February 2009 during the Great Recession. The Healthcare sector is most optimistic (62.6), likely due to the boom experienced during the pandemic.

Optimism regarding the U.S. economy's current quarter (Q3 2022) compared to last quarter (Q2 2022) also shows weakening, with only 12.1% of marketers reporting to be "more optimistic" and 66.3% "less optimistic." Optimism compared to the last quarter levels have not reached the low observed in June 2020 (85.3% less optimistic). This decline in optimism relative to the previous quarter aligns with inflation surges, ongoing supply-chain issues, looming fears about the job market, as well as recessionary fears.

A majority of companies report that inflationary pressures are decreasing marketing spending levels (42.3%), but almost just as many (41.0%) note neither an increase or decrease. Just 16.7% report inflationary pressures are increasing marketing spending levels. Several sectors appear to be insulated from these effects. Companies in the Education (100%), Energy (66.7%), Transportation (57.1%), and Professional Services (54.2%) sectors are more likely than average to not feel the pinch. Marketing leaders in the largest companies (\$10+B in sales) report marketing spending reductions due to inflation while marketers in the smallest companies (<\$10M in sales) report increases in marketing spending. Inflationary pressures are most likely to raise prices (65% of companies) while 40% report strengthening their value proposition. Only 13% report making layoffs, pointing to the continuing tight labor market.

Optimism for the U.S. economy plummets

Rate your optimism about the U.S. economy on a scale from 0-100 with 0 being the least optimistic and 100 being the most optimistic.



Economic Sector

- B2B Product: 60.3
- B2B Services: 59.3
- B2C Product: 48.6
- B2C Services: 56.7

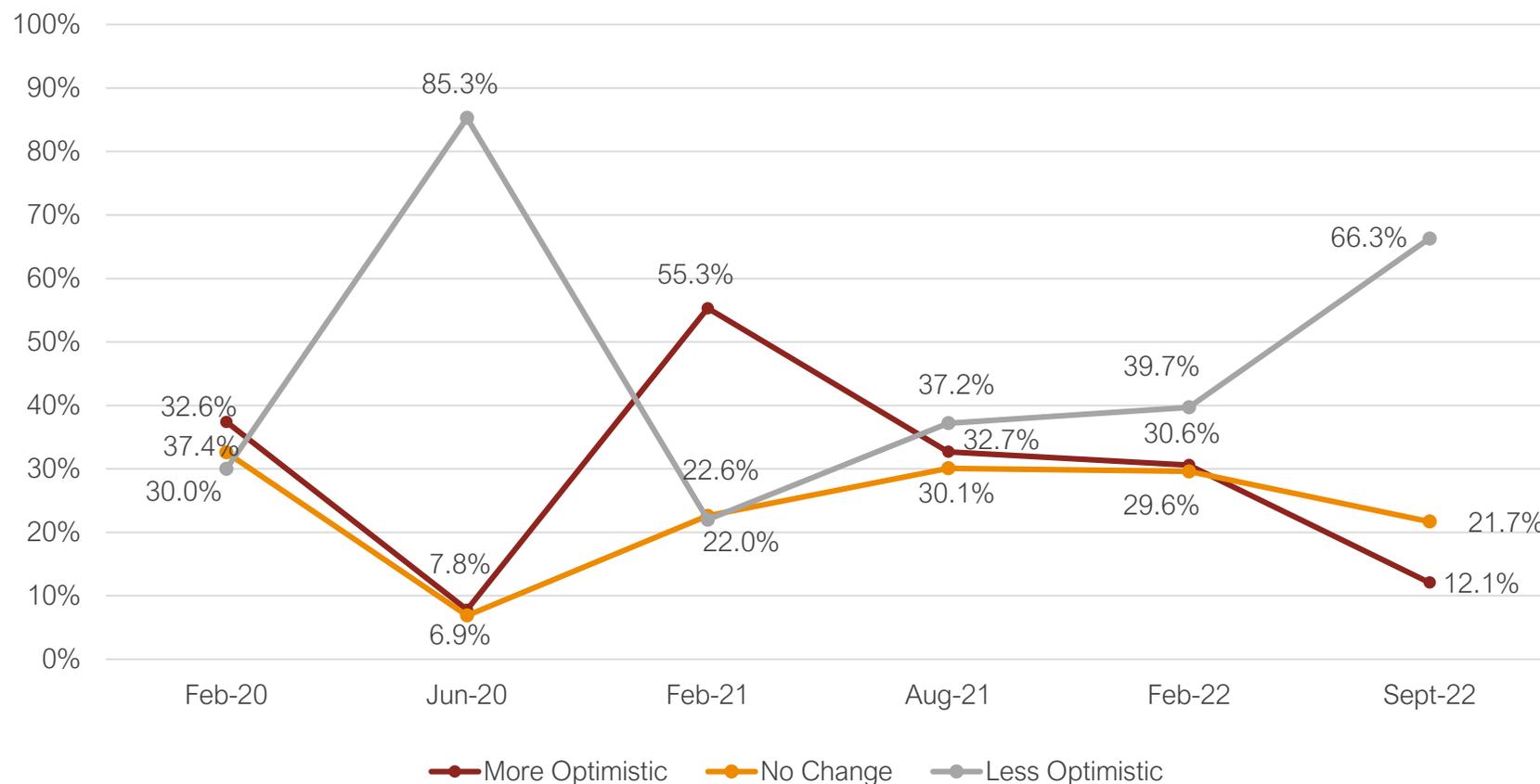


Insights

Optimism for the US economy is below historic averages across most sectors. Healthcare (62.6) and Manufacturing (62.3) are the most optimistic, while Banking/Finance/Insurance (45.9) and Consumer Services (46.3) are the least sanguine—likely due to the banking industry’s predictions of a recession and Consumer Services’ response to consumers shifting away from relying on online services.

Uncertainty about the economy returns to early pandemic levels; previous optimism dampened by inflation

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



Economic Sector

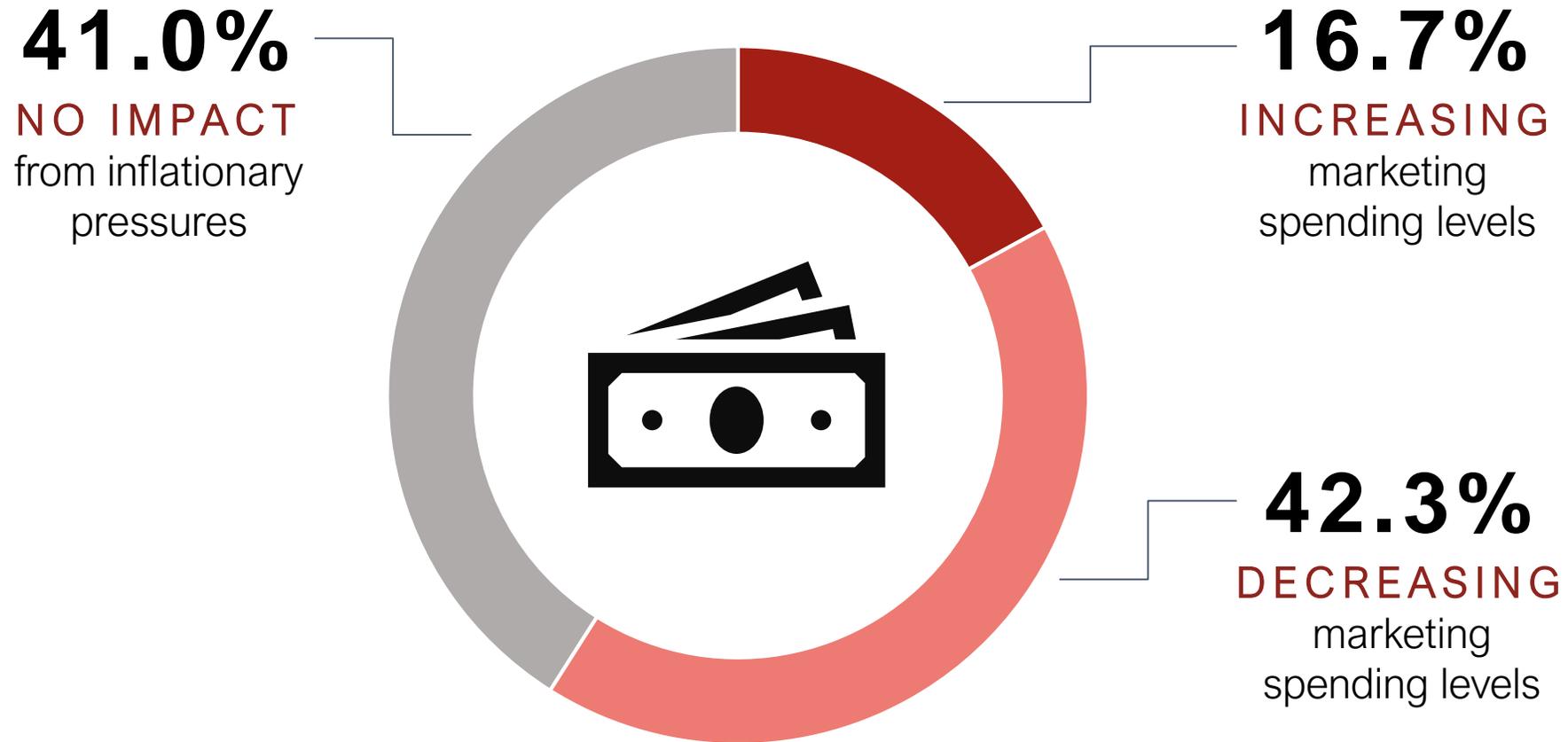
	Less Optimistic	More Optimistic
B2B Product	60.8%	14.7%
B2B Services	65.6%	13.1%
B2C Product	78.0%	8.0%
B2C Services	65.4%	7.7%



Insights

Optimism about the economy has sunk nearly to levels not seen since the height of the pandemic in June 2020. Pushing this trend, B2C Product (78.0%) and companies with at least 50% of sales through the Internet (75.0%) are more likely to be less optimistic about the economy.

How inflation is influencing marketing spending



Company and industry differences in effect of inflation



Reduce Marketing Spending



Increase Marketing Spending



No effect on Marketing Spending



Economic Sector

B2C Services (61.5%)

B2B Services (21.3%)

B2B Product (45.5%)



Industry Sector

Consumer Services (75.0%)
Consumer Packaged Goods (57.7%)
Communications/Media (57.1%)

Pharma/Biotech (40.0%)
Consumer Services (25.0%)
Professional Services (25.0%)

Education (100.0%)
Energy (66.7%)
Transportation (57.1%)



Internet Sales

11-49% (53.7%)

100% (35.3%)

0% (56.6%)



Revenues

\$10+ Billion (60.9%)

<\$10 Million (29.7%)

\$500-999 Million (46.7%)



Employees

1,000-2,499 (58.3%)
10,000+ (58.3%)

<50 (26.3%)

<50 (52.6%)

Inflation puts pressure on pricing and value proposition; employment levels unaffected

Which aspects of your marketing activities have been influenced by inflationary pressures?

Marketing Activity	% Reporting
Higher prices	64.9%
Stronger value proposition	40.0%
Stronger brand building investments	26.8%
More automated marketing	26.3%
Lower innovation levels	19.0%
More promotional activities	18.5%
Add new channels	16.1%
Add new markets	15.1%
Marketing employee layoffs	12.7%



Insights

Echoing dampened optimism for the US economy, marketing activities are also being influenced by inflationary pressures. Nearly two-thirds of companies report they have raised prices as a result of inflationary pressures. B2C Product companies (73.5%) are the most likely to report higher prices. In terms of industry sector, not surprisingly, an overwhelming majority of Consumer Packaged Goods companies (84.0%) report higher prices. In conjunction with raising prices, companies also realize the need to strengthen their value propositions and brand building investments. Companies in the Energy sector lead the pack on both of these fronts (71.4% for each question), perhaps due to consumers' wariness of skyrocketing gas prices. Employee layoffs are not being used by marketers to control costs, pointing to tight labor markets.



Customers and Channels

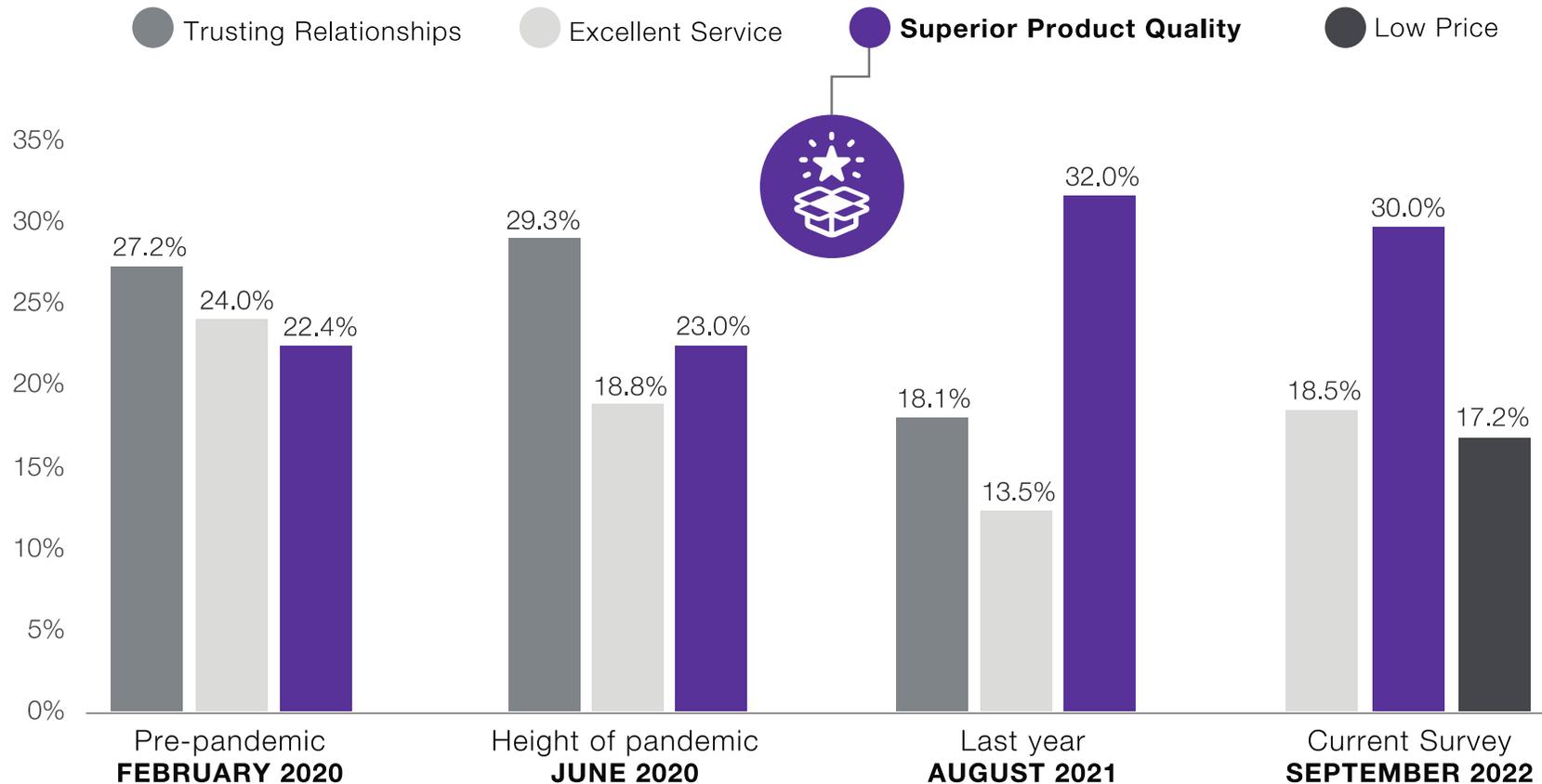
Marketers report that superior product quality (ranked as the top priority by 30.0%), excellent service (18.5%), and low price (17.2%) will be their customers' top priorities in the next year. These findings mirror those observed one year ago, with the exception of low price breaking into the top three priorities, whereas it was ranked in 5th place one year ago. This is likely due to inflationary pressures causing customers to become much more price conscious. The emphasis on superior product quality is a trend first observed since the onset of the pandemic, and is especially true within the B2C Product sector where product quality increased as the top priority from 7.4% pre-pandemic to 39.3% in February 2022 and currently sits at 36.0%.

Diving one level deeper, a similar trend emerges when restricting to Consumer Packaged Goods companies, where product quality increased from being identified as the top priority by 0.0% of CPG companies in February 2020 to 52.0% just two and a half years later. In February 2020, 45.5% of Consumer Packaged Goods companies identified superior innovation as their customers' top priority, a percentage that has continued to slide throughout the pandemic and dropped to 4.0% in this survey. This trend aligns with consumers leaning into tried-and-true brands during their stress-induced pandemic shopping, pushing companies to shift funding away from innovation and into core product lines.

Considering how the pandemic has changed marketers' use of channels, 65.1% of marketers report an increase in the number of channels used over the last three years, including adding a direct-to-consumer/customer channel (30.9%). Half of all marketers state they are starting to return to or open new face-to-face channels. B2B Products and Services were most likely to return to or open new face-to-face channels (both 58.6%). In fact, face-to-face channels are alive and well across the board, with only 10.5% of marketers reporting that former face-to-face channels have become digital. B2C Services are much more likely than average (27.3%) to convert former face-to-face channels to digital, likely because more consumers have grown accustomed to taking care of services online during the pandemic. Forty-one percent of marketers report now using social channels to sell. Despite consumer popularity, only 1.3% report integrating gaming into channels to sell.

Customers continue to prioritize superior product quality

Rank your customers' top three priorities over the next 12 months. (% reporting 1st priority)

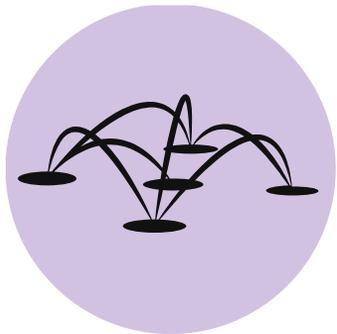


Insights

During the COVID-19 pandemic, companies shifted their focus away from trusting relationships and superior innovation to superior product quality, a trend that has continued in this survey. This was particularly true for B2C Product companies, 36.0% of which ranked superior product quality as their customers' top priority. This trend aligns with consumers leaning into tried-and-true brand name products and services during their stress-induced pandemic purchasing. As in-person experiences return, excellent service again became a larger priority.

How Covid has changed channels

Which statements reflect how your channel strategy has changed over the last three years?



We increased the number of channels we use

65.1%



We are starting to return to or open new face-to-face channels

50.0%



We are using our social channels to sell products and services

41.4%



We added a direct-to-consumer/customer channel of any type

30.9%



Our former face-to-face channels have all become digital

10.5%



We have integrated gaming into our channels to sell

1.3%

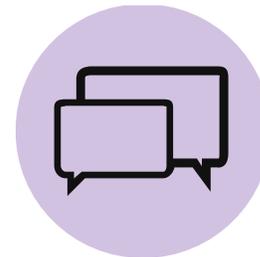
Industry heterogeneity in channel strategy changes



Increased number of channels



Returned to face-to-face channels



Using social channels to sell



Added direct to consumer channel



Face to face have become digital channels

B2B Product

65.7%

58.6%

28.6%

28.6%

10.0%

B2B Services

58.6%

58.6%

44.8%

20.7%

6.9%

B2C Product

73.2%

31.7%

61.0%

39.0%

9.8%

B2C Services

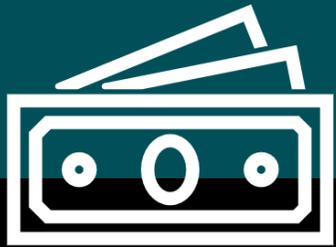
54.5%

36.4%

45.5%

45.5%

27.3%



Marketing Spending

The pandemic's acceleration of digital marketing investments has pushed marketing budgets as a percent of overall company budgets up to the highest level (13.8%) in CMO Survey history. This level also corresponds with the growing importance of marketing in organizations, which has increased in more than half of all companies during the pandemic. On the other hand, marketing budgets as a percent of revenues revert to pre-pandemic levels. This shift reflects the soaring revenues that marketers report over the last year—growing 12.3% over the last year from the 0.3% increase reported in February 2021 at the height of the pandemic.

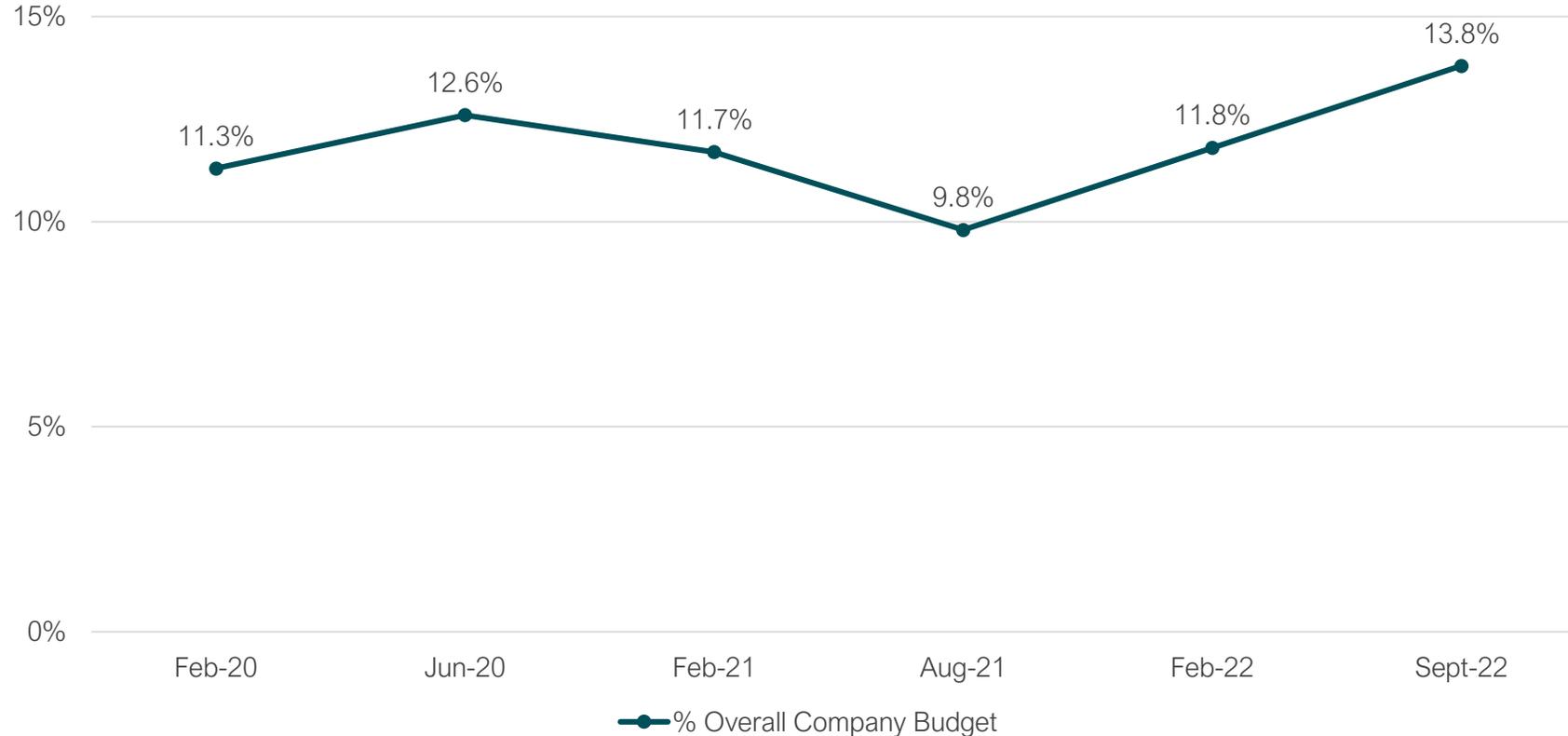
Marketing budgets remain, on average, 4.4% smaller than R&D budgets—growing from 7.2% smaller six months ago, again pointing to the increased importance of marketing. There is considerable variance in this rating, however, with 20.5% of companies spending 50% or more on marketing than R&D and 25.3% spending 50% or more on R&D than marketing.

Marketers report 10.4% growth in overall marketing spending over the last year, a figure that is flat compared to February 2022, but double the increase reported one year ago. Marketers predict that this figure will decrease and start trending toward the pre-Covid level of 5.8% growth. Digital marketing spending growth has accelerated since The CMO Survey started to measure it in February 2021 (+11.5%) to a high in February 2022 (+20.2%), resulting in digital marketing investments accounting for 57.9% of marketing budgets. This growth has also started to flatten to 15% and is expected to drop to 10.1% in the next year.

Brand, CRM, and innovation investments in new product or service introductions are all expected to grow, but revert to levels closer to pre-Covid levels. Interestingly, we observe a shift toward branding investments in this post-Covid era with marketers expecting to spend 9.6% more on branding in the next year and 6.8% more on CRM. These numbers are the reverse from February 2020 ratings when marketers expected to spend 9% on CRM and 7.1% on branding. Innovation investments drop to pre-Covid levels with marketers reporting a 5.6% increase in new product introductions and a 4.3% increase in new service introductions. Traditional advertising spending (-0.7%) shows a downward turn after lifts in the last two surveys, restarting a decade-long decline in these budgets.

Marketing budgets as a percent of overall company budgets rise to all-time CMO Survey high

Marketing expenses account for what percent of your company's overall budget?

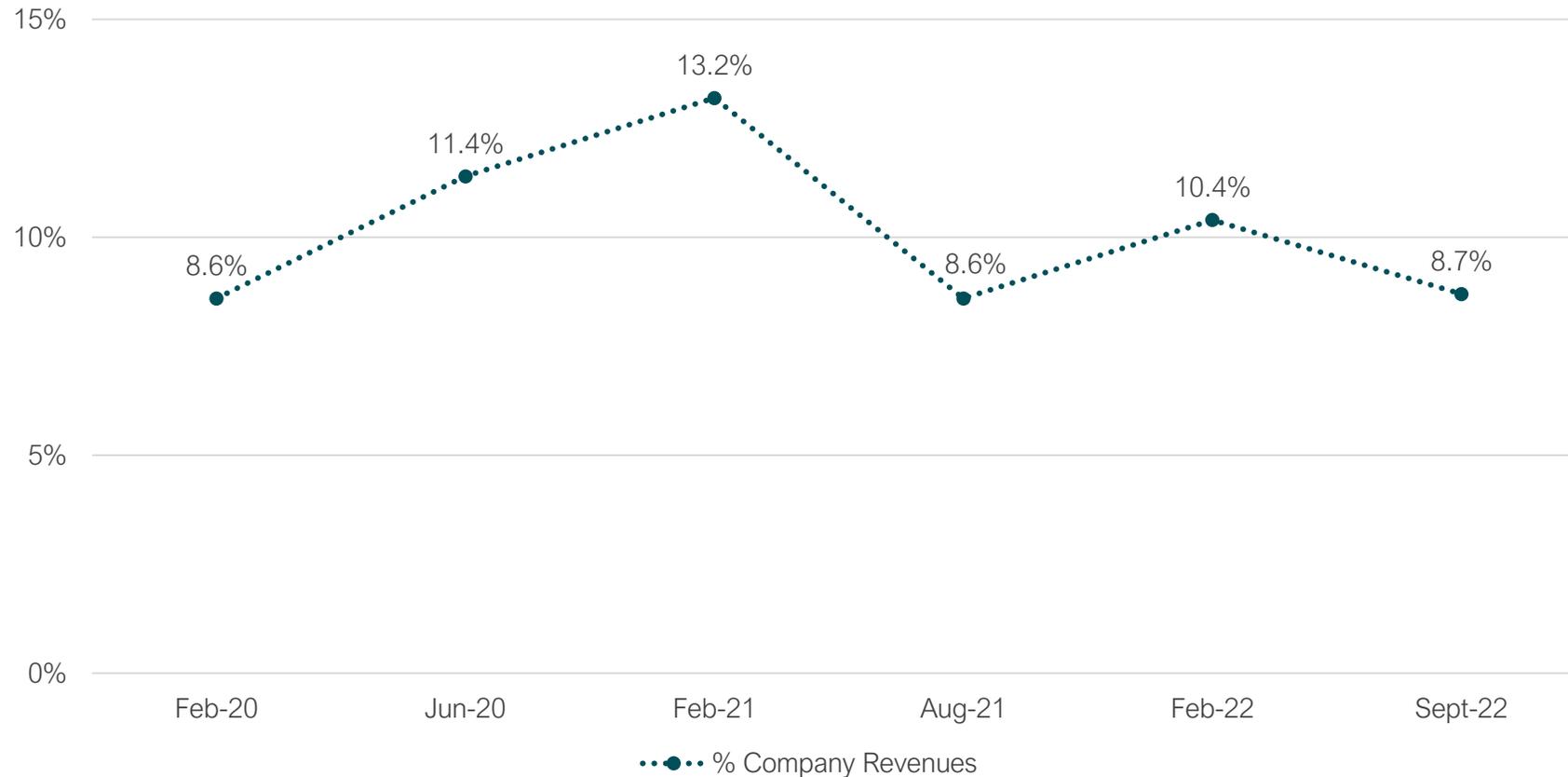


Insights

The pandemic's acceleration of digital marketing investments has pushed marketing budgets as a percent of overall company budgets up to the highest level in CMO Survey history. This level also corresponds with the growing importance of marketing in organizations, which has increased in more than half of all companies during the pandemic. Pointing to this rationale, pure-play Internet companies lead the way with marketing budgets at 28% of overall budgets and B2C product companies following at 23% of overall budgets. Supporting marketing's role in growth, smaller companies spend more—up to 50% more of their budgets—than their large company counterparts. Firm and industry levels are reported on page 21.

Marketing budgets as a percent of company revenues weaken to pre-Covid levels

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

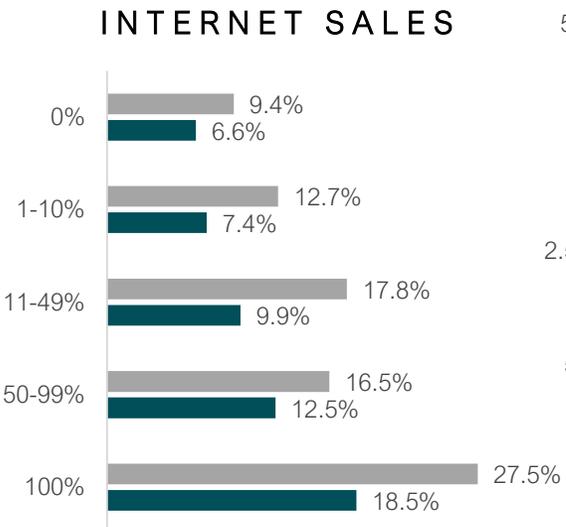


Insights

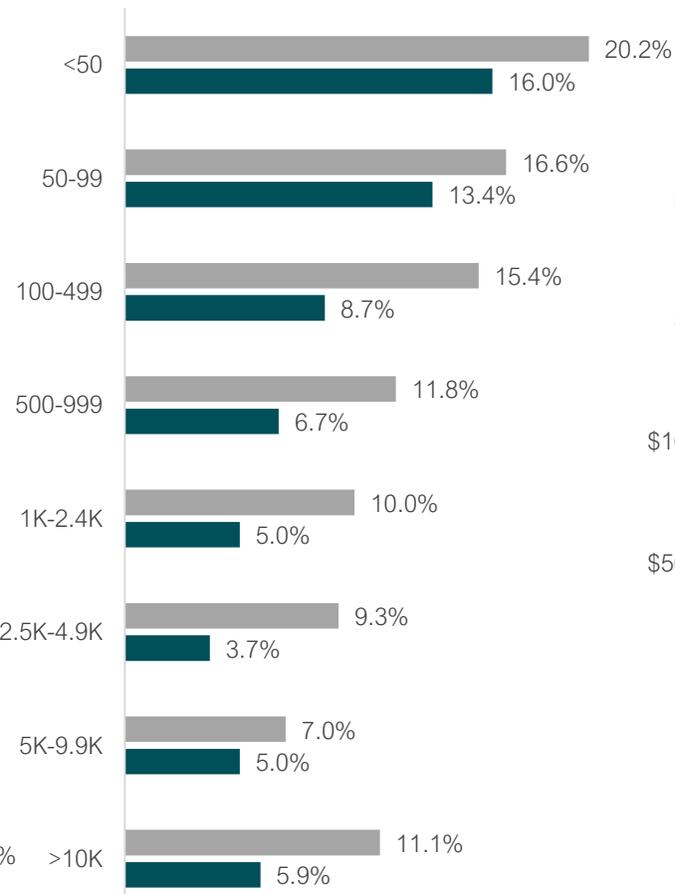
Marketing budgets as a percent of revenues, on the other hand, revert to pre-pandemic levels. This shift reflects the soaring revenues that marketers report over the last year—growing 12.3% over the last year from the 0.3% increase reported in February 2021 at the height of the pandemic. Firm and industry levels are reported on the next page.

How marketing budgets as a percent of overall budget and revenues vary by firm/industry breakouts

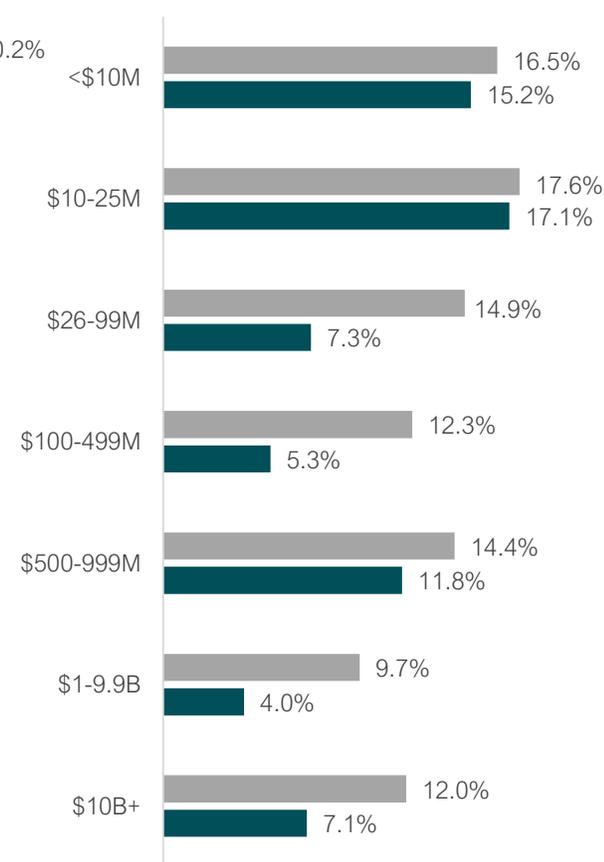
Marketing budgets account for
13.8%
of overall budgets
8.7%
of company
revenues



EMPLOYEES



REVENUES



Economic Sector

	% Budget	% Revenue
B2B Product	12.5%	7.8%
B2B Services	9.2%	5.9%
B2C Product	22.7%	15.1%
B2C Services	12.3%	6.5%



Industry Sector

	% Budget	% Revenue
Top Sectors	Consumer Packaged Goods (26.7%)	Pharma/Biotech (16.6%)
Bottom Sectors	Manufacturing (7.3%)	Transportation (1.0%)

What's in marketers' budgets?

Marketing expenses in your company budget include (percent selecting category as part of marketing budget):

Direct expenses of marketing activities (89.6%)

Social media marketing (88.4%)

Brand-related expenses (88.4%)

Marketing analytics (84.1%)

Marketing employees (80.5%)

Marketing technologies (76.2%)

Marketing research (72.6%)

Overhead costs associated with marketing (61.0%)

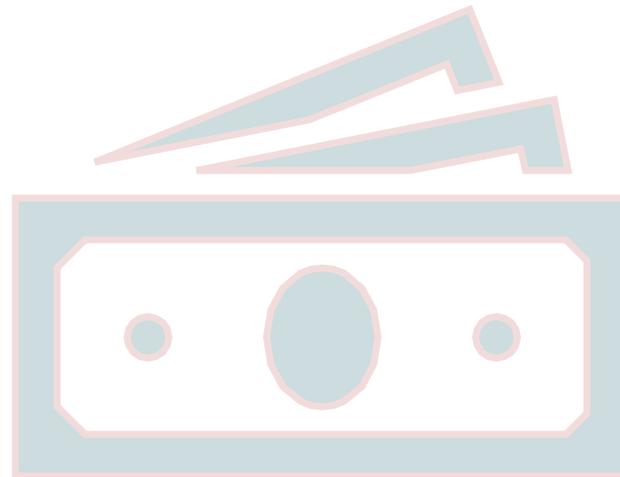
Marketing training (56.7%)

Customer experience expenses (54.9%)

Mobile marketing (52.4%)

Sales support tools (36.0%)

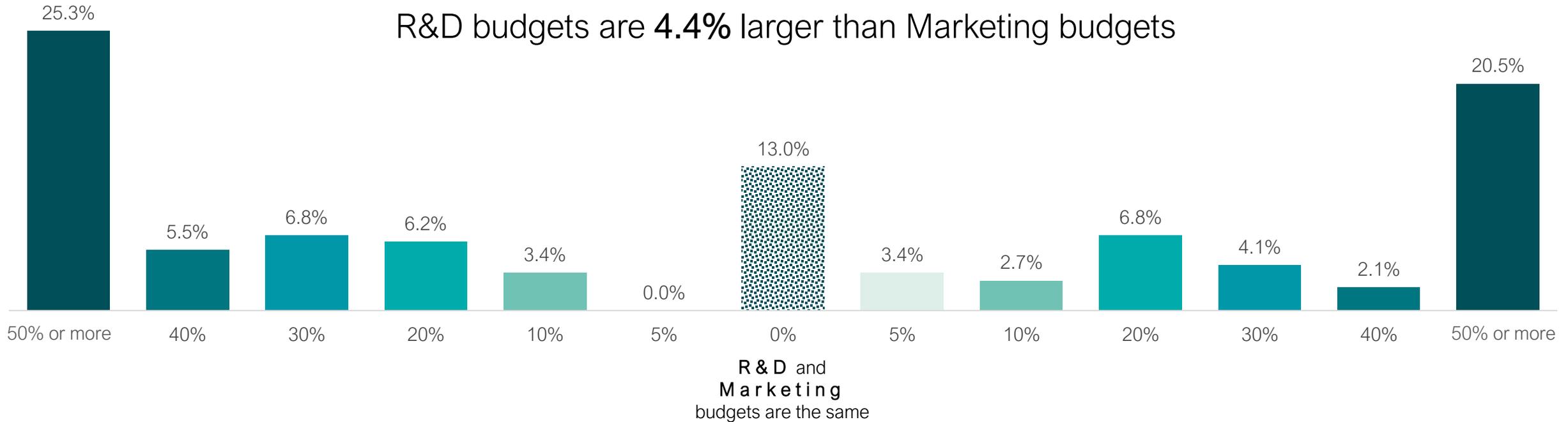
Sales employees (14.6%)



R&D budgets 4.4% larger than marketing budgets: Big dispersion as companies invest in different strategies



R&D budgets are 4.4% larger than Marketing budgets

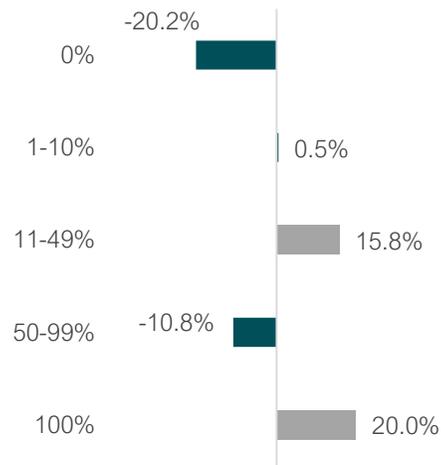


Company and industry differences in focus on R&D versus Marketing

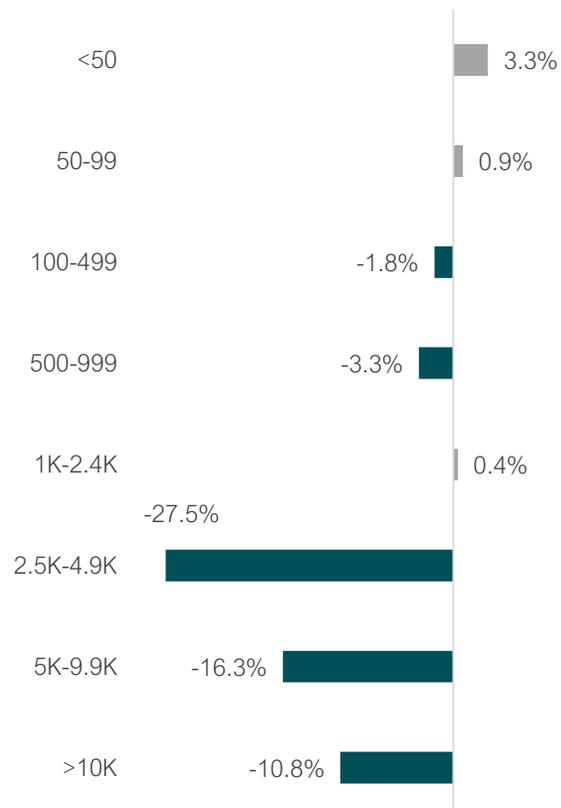
Compared to your company's R&D budget, what is the size of your company's marketing budget?:

R&D budgets are
4.4%
larger than
marketing budgets

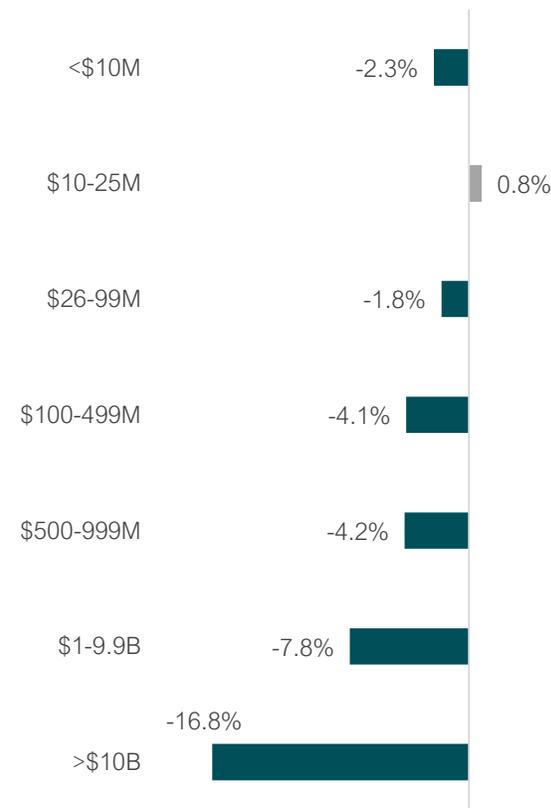
INTERNET SALES



EMPLOYEES



REVENUES



Economic Sector

B2B Product	-18.4%
B2B Service	-8.8%
B2C Product	15.5%
B2C Service	16.1%



Industry Sector

Biggest R&D Spenders

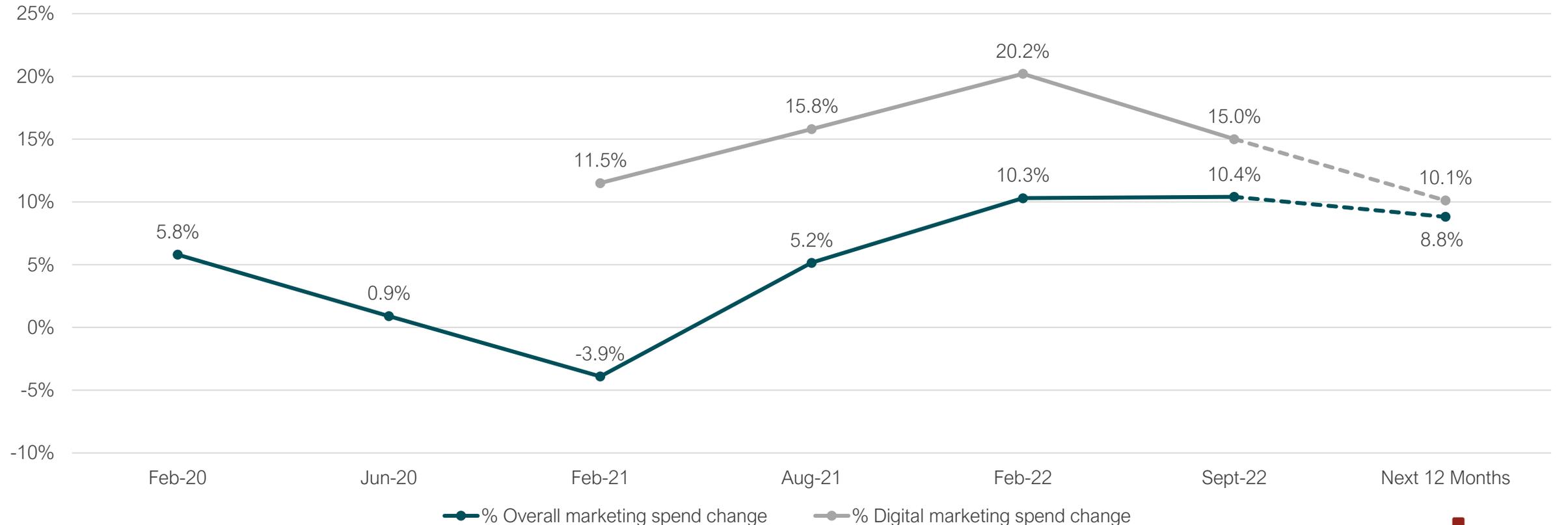
- Technology (-28.3%)
- Energy (-28.1%)
- Pharma/Biotech (-23.3%)

Biggest Marketing Spenders

- Communications/Media (45%)
- Retail/Wholesale (27.9%)
- Consumer Services (23.3%)

Marketing spending growth flattens, predicted to drop slightly over the next year

By what percent has your overall marketing spending (digital marketing spending) changed in the prior 12 months? Relative to the prior 12 months, note your company's percentage change in overall marketing spending during the next 12 months.

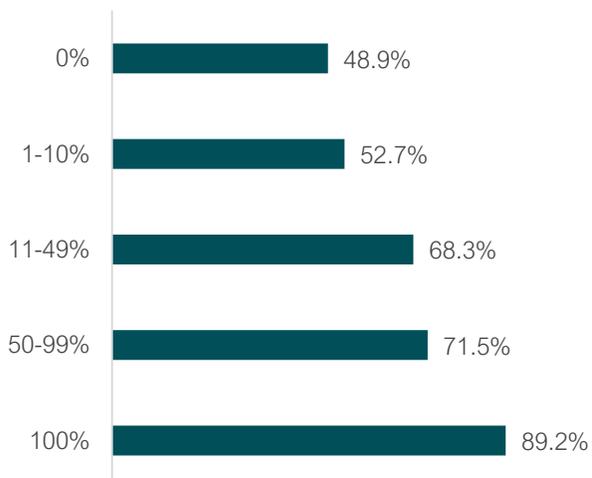


Big digital spenders: Smaller, services, tech, and Internet marketers

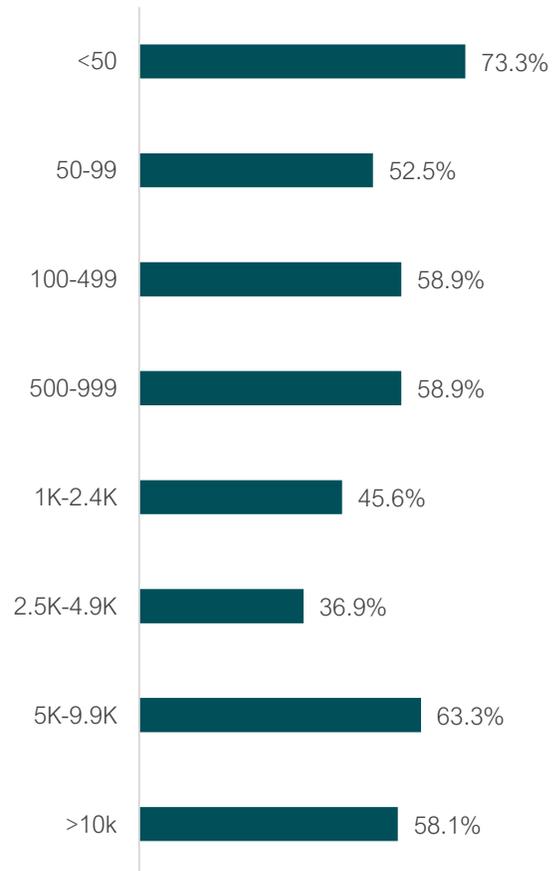
What percent of your marketing budget does your company currently spend on digital marketing activities?

57.9%
of marketing budget is spent on digital marketing

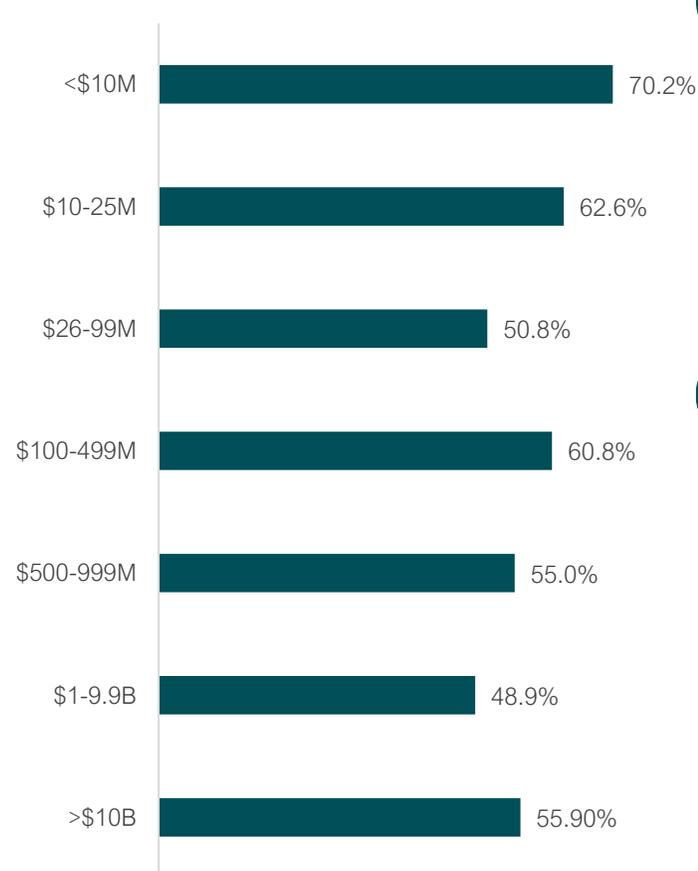
INTERNET SALES



EMPLOYEES



REVENUES



Economic Sector

B2B Product	57.1%
B2B Service	55.9%
B2C Product	61.1%
B2C Service	58.5%



Industry Sector

Biggest Digital Spenders

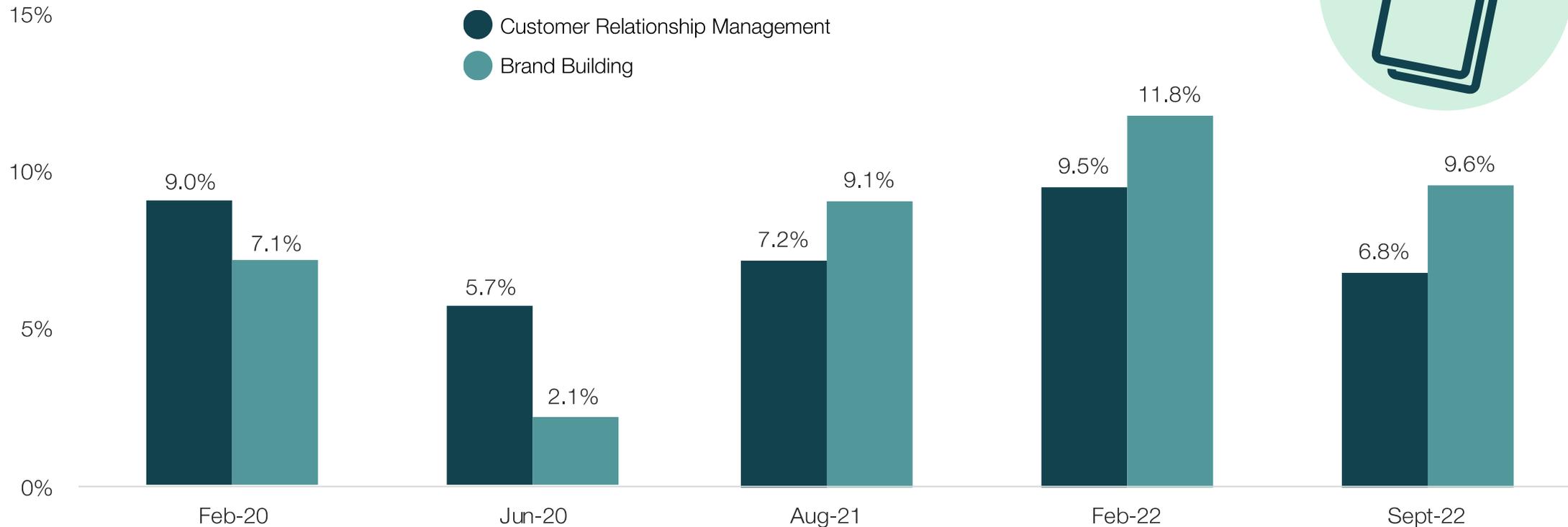
- Communications/Media (90.0%)
- Consumer Services (86.7%)
- Technology (70.3%)

Biggest Non-Digital Spenders

- Banking/Finance/Insurance (60.7%)
- Energy (52.8%)
- Healthcare (51%)

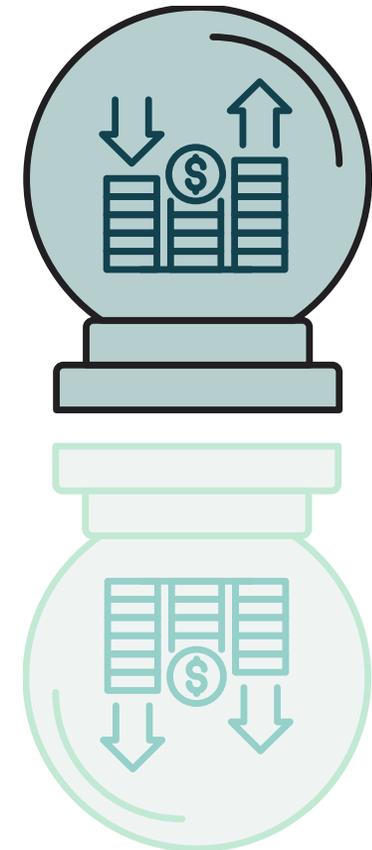
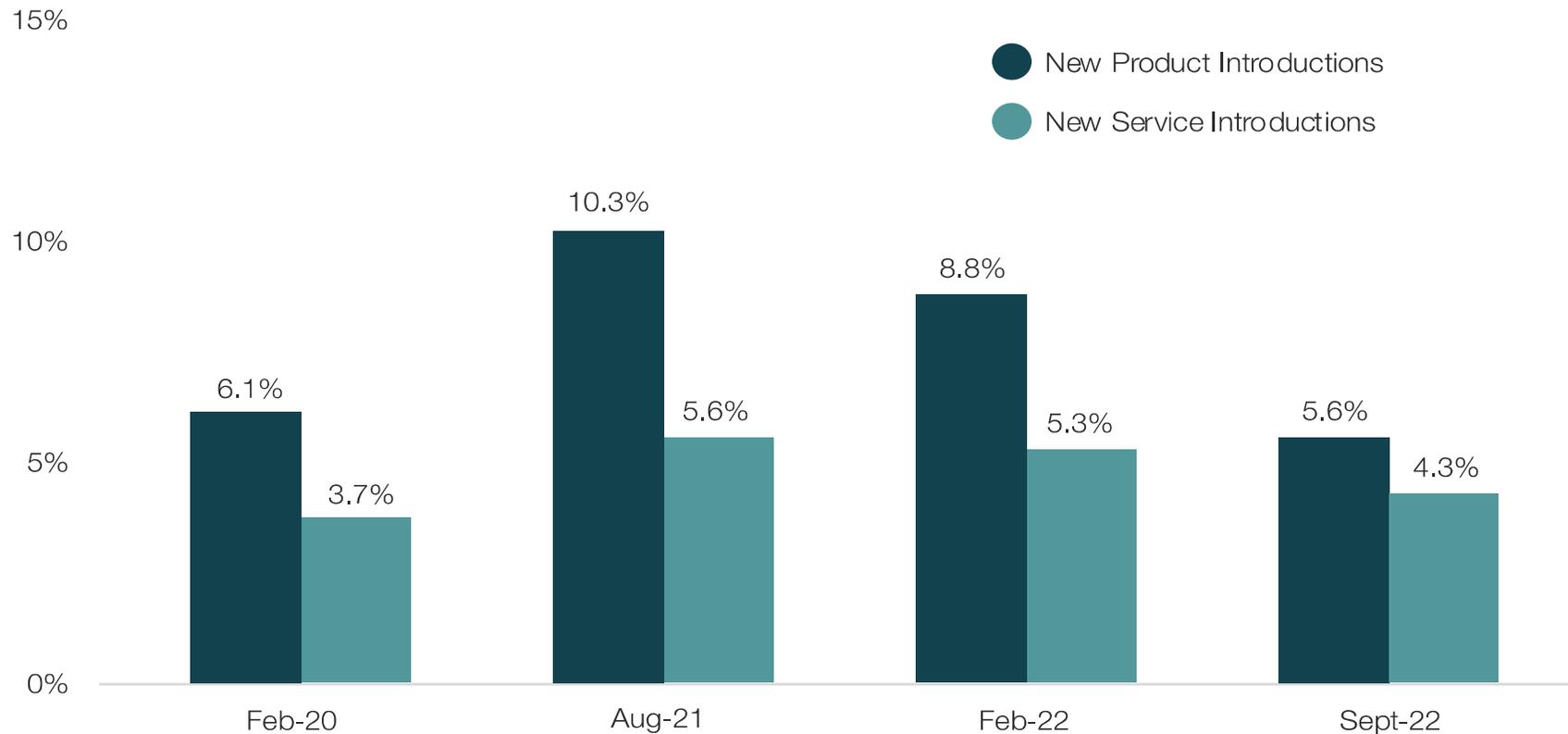
Brand and CRM spending growth drop closer to pre-Covid levels—Brand spending outpaces CRM spending

Relative to the prior 12 months, by what percent do you expect your marketing budget to change in the next 12 months in each area?



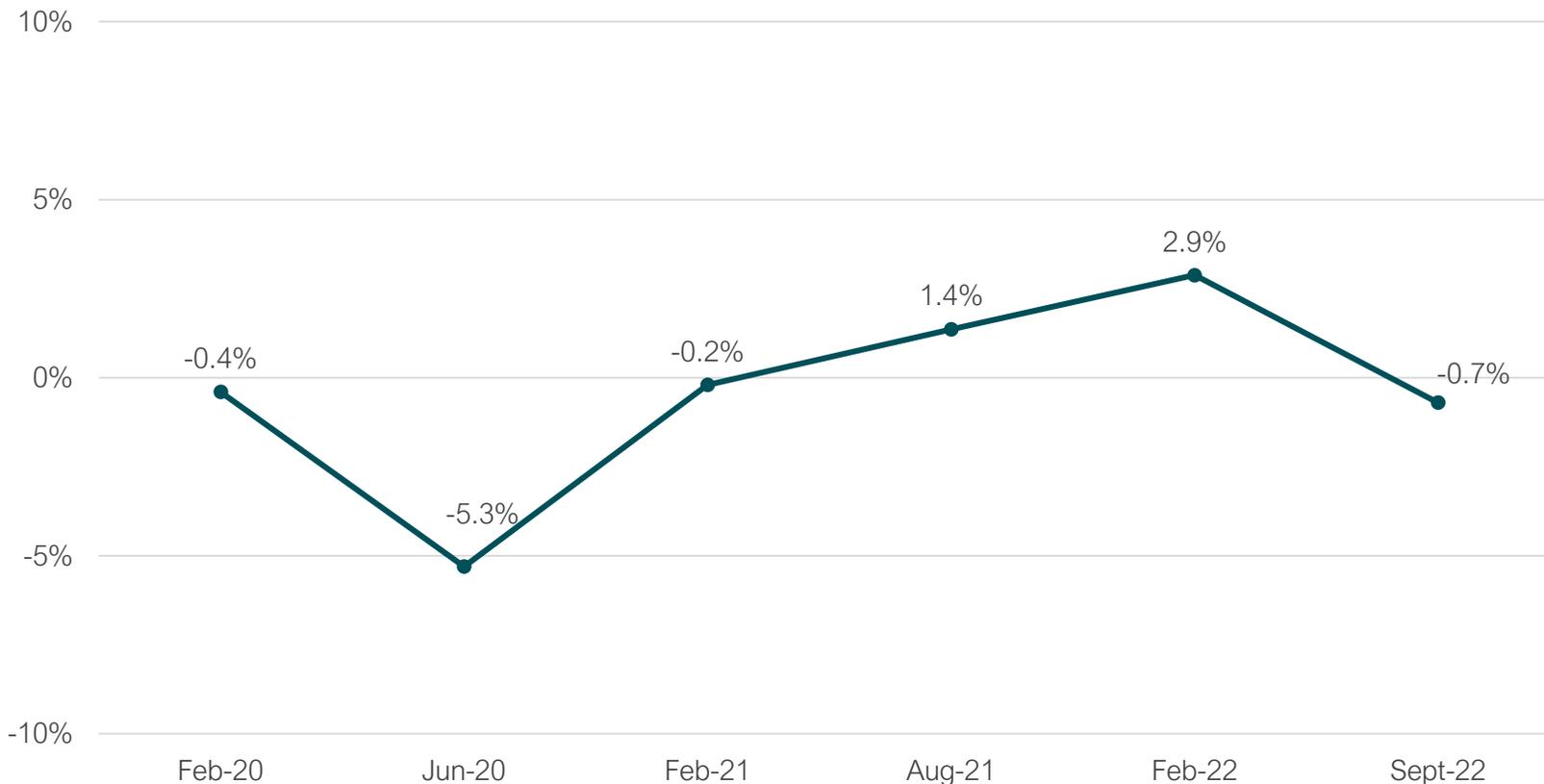
Growth in budgets for new products and services returns to pre-Covid era

Relative to the prior 12 months, by what percent do you expect your marketing budget for new products and service to change in the next 12 months in each area?



Traditional advertising marketing spend expected to dip in the next 12 months falling into pre-Covid territory

Relative to the prior 12 months, by what percent do you expect your marketing budget to change in the next 12 months in traditional advertising?

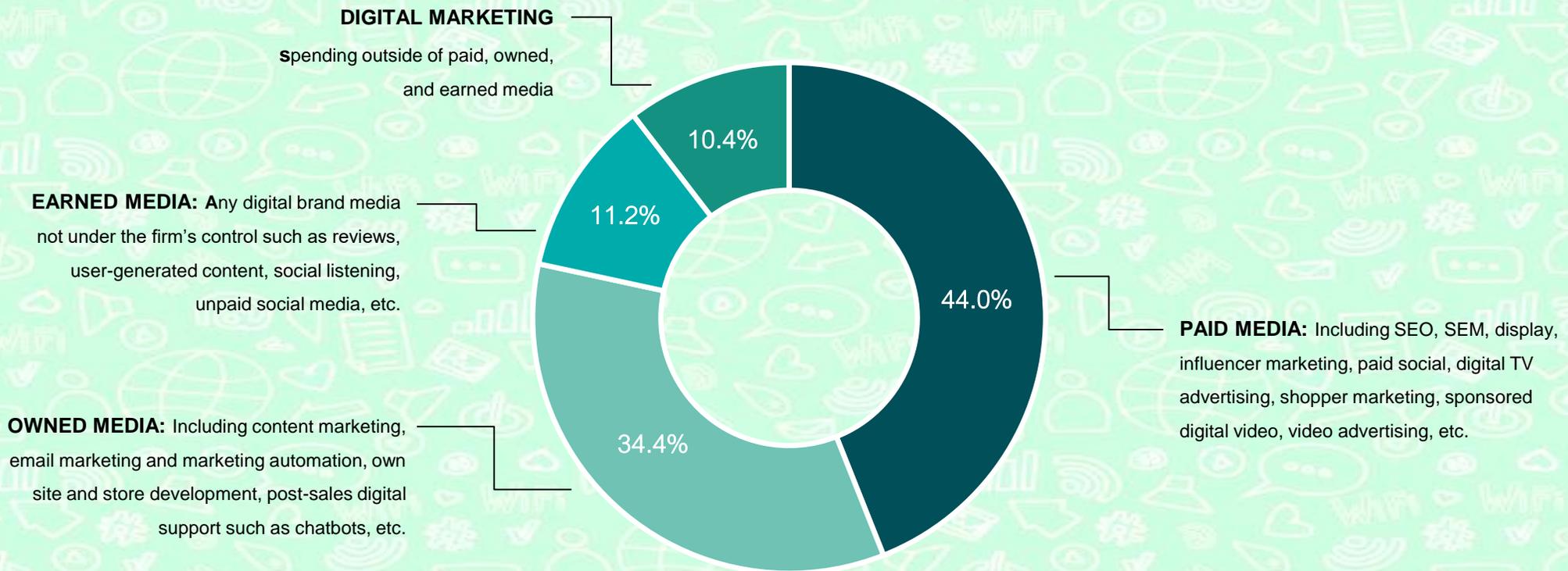


Insights

After two consecutive increases in traditional advertising spend, traditional advertising reverts to a decade-long negative growth as we emerge from Covid. B2B Services use traditional advertising more (1.6% increase). Within industries, Transportation and Retail/Wholesale reported the largest drop in traditional advertising investments (-13.9% and -3.6% respectively). In contrast, Pharma/Biotech plans to invest most heavily in this area with an additional 19.4% of marketing budget on traditional spend over the next 12 months, surpassing all other industries by close to 10%. Smaller companies (with <\$10 million in sales revenues) expect to increase spend in this area (4.2%) while larger companies plan to decrease spend. Interestingly, pure play companies spend more on traditional advertising (0.7%), perhaps as a means to broaden their reach.

Paid media tops marketers' digital spend budget

For your marketing budget allocated to digital spending, what percent of this budget is allocated to paid, owned, and earned media?





Managing Digital Marketing Returns

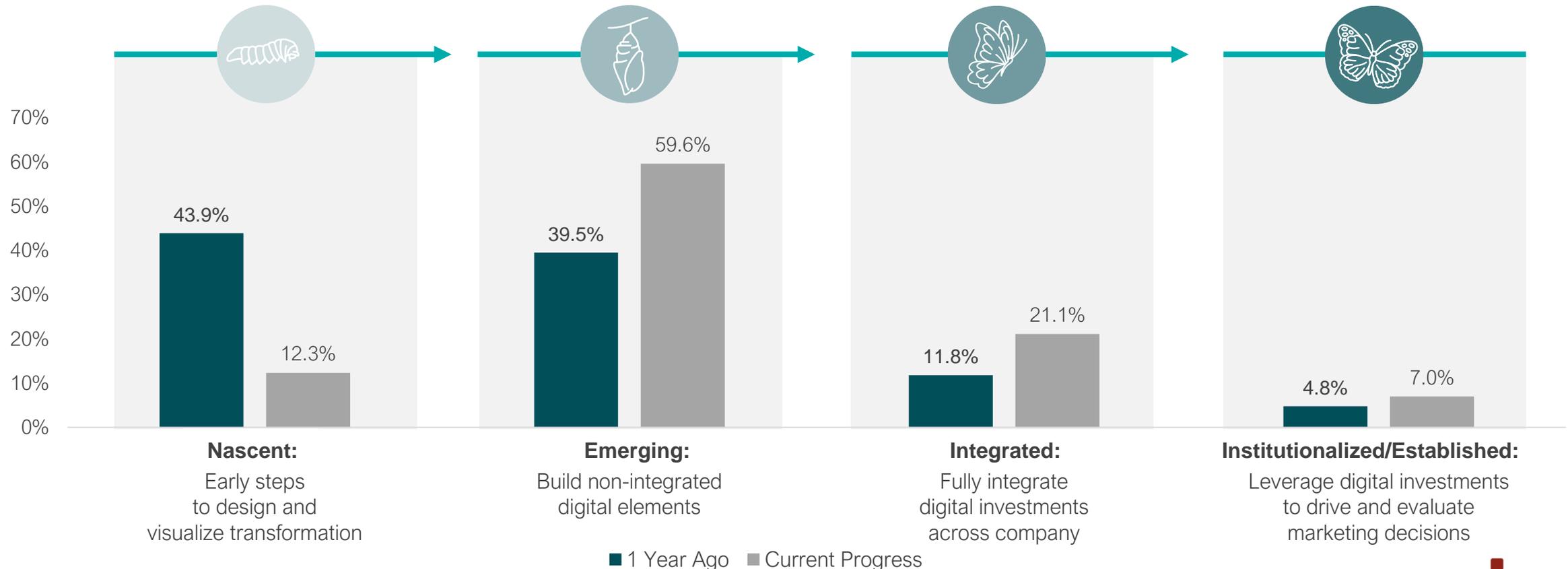
Companies are further along the digital marketing journey relative to a year ago. While 43.9% of marketing leaders reported their companies to be in the nascent stage a year ago—meaning they were taking early steps to design and visualize the transformation—this percentage dropped to one fourth of this level to 12.3% presently. More companies moved into the emerging phase (from 39.5% to 59.6%), the integrated phase (from 11.8% to 21.1%), and the institutionalized/established phase (from 4.8% to 7.0%). Progress has been made moving forward in this journey, but companies now need to consider the organizational process and human capital challenges of fully integrating and establishing this key aspect of their business operations. No surprise that the largest companies and those that are customer-facing have made the most headway building this capability, as have Internet pure-play companies that depend on digital strategies for their core business.

The top digital marketing investments are optimization of company website (75.1% of companies), data analytics (66.7%), digital media and search (63.6%), marketing technology systems/ platforms (59.1%), and direct digital marketing (52.9%). Perhaps in part due to making progress on the digital journey, several categories show sizable decreases over the last year, including improving our app (-29.1%), managing privacy issues (-26.9%), direct digital marketing (-22.4%), MarTech systems (-15.3%), and digital media and search (-10.3%). For years, marketers have relied on third-party cookies to track website visitors, using detailed data on search preferences to improve the user experience and to target consumers with personalized ads. However, with Google phasing out third-party cookies on Chrome browsers by late 2023 and Apple implementing similar changes to its iOS14 operating system, the death of third-party cookies is imminent and will result in shifts away from strategies that rely on these cookies.

Confidence in returns for digital marketing investments shows no progress, continuing its drop to 4.7 from 5.5 (on a 7-point scale where 1=not at all and 7=very highly) in the first rating in February 2021 when marketers were more bullish on the possibilities afforded by digital investments. This drop is due, in part, to the phasing out of third-party data support and the need to invest in building first-party data strategies. Consistent with this, 75% of companies reported an increase in such investments in the February 2022 CMO Survey.

Digital marketing transformations progress, but continue to show room for growth

Considering your company's digital marketing transformation, how would you rate your company's progress to date? Where was your company on this digital marketing transformation journey last year at this time?



How the digital marketing transformation varies



Earliest in Journey

Furthest in Journey



Economic Sector

B2B Services

B2C Product



Industry Sector

Healthcare

Consumer Services



Internet Sales

0% Internet Sales

At least 50% Internet Sales



Revenues

<\$10 Million

\$10+ Billion



Employees

<50

1,000-2,499

Number of companies making investments in digital marketing begins to flatten or decrease in some categories

What investments did your company make to improve the performance of your digital marketing activities over the last year?

Investment	% Reporting Yes	% Change Feb 22 - Aug-22
Optimization of company website	75.1%	1.5%
Data analytics	66.7%	-4.4%
Digital media and search	63.6%	-10.3%
Marketing technology systems or platforms	59.1%	-15.3%
Direct digital marketing	52.9%	-22.4%
Online experimentation and/or A/B testing	46.2%	-2.3%
Managing privacy issues	25.8%	-26.9%
Machine learning and automation	24.9%	-5.7%
Improving our app	17.3%	-29.1%

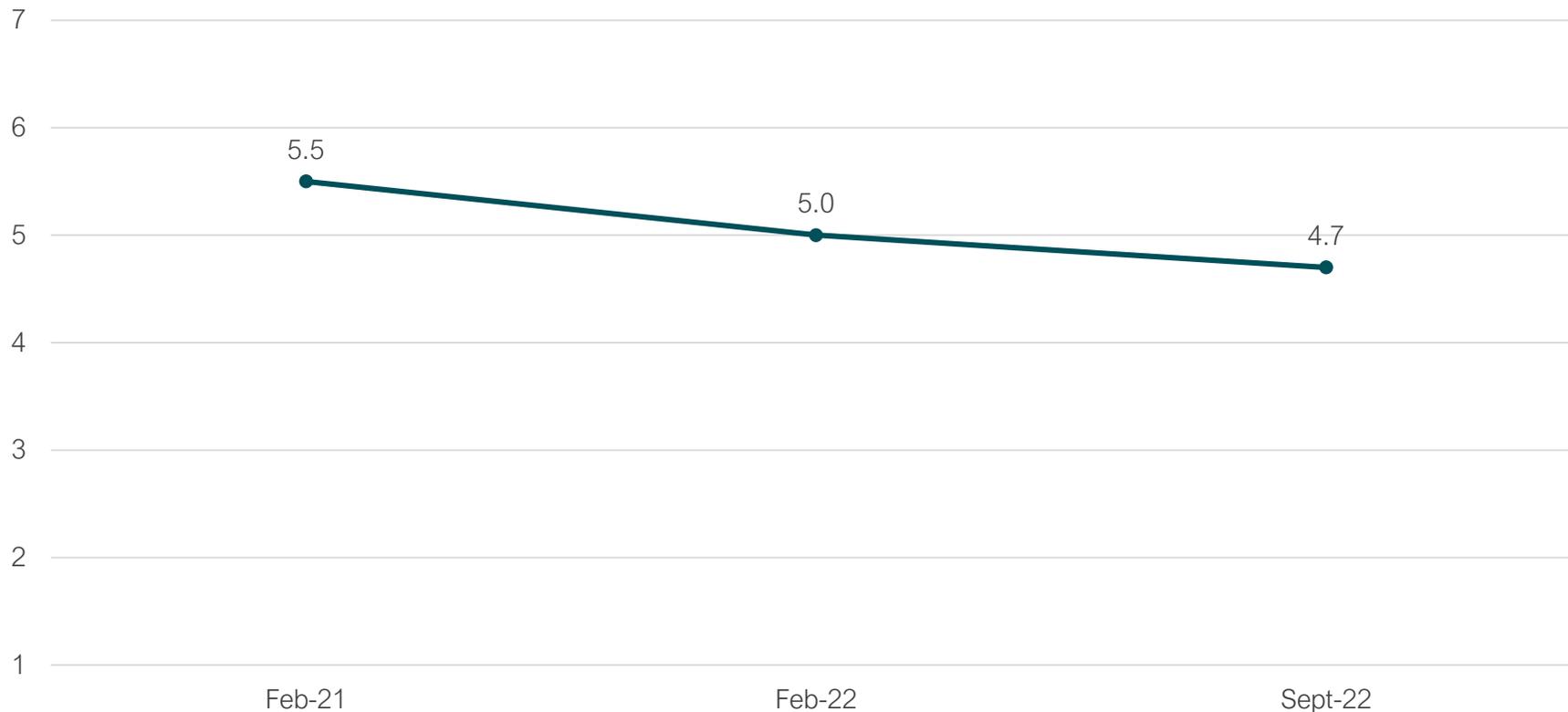


Insights

The top digital marketing investments are optimization of company website (75.1% of companies), data analytics (66.7%), digital media and search (63.6%), marketing technology systems/ platforms (59.1%), and direct digital marketing (52.9%). Although the levels of companies participating in these investments remain impressive, several categories show sizable decreases over the last year, including improving our app (-29.1%) managing privacy issues (-26.9%), direct digital marketing (-22.4%), Martech systems (-15.3%), and digital media and digital media and search (-10.3%). Some of these decreases may be due to companies reaching saturation levels on key investments as they move deeper into the digital journey, while others may signal a shift in strategy away from underperforming elements, such as mobile.

Contributions from digital marketing weaken over last 1.5 years

To what degree has the use of digital marketing contributed to your company's performance during the last year?
(1=not at all, 7=very highly)



Insights

Perceived return on investments for digital marketing efforts dropped over the last 3 surveys as third-party data support is phased out and companies invest in building first-party data strategies. Consistent with this view, 75% of companies reported an increase in such investments in the February 2022 CMO Survey. Pure-play Internet companies reported the highest digital marketing contributions (5.8). In terms of revenue, companies earning \$10+ billion and \$500-999 million both reported the highest digital marketing performance (each reporting 4.9)



Social Media and Mobile Marketing

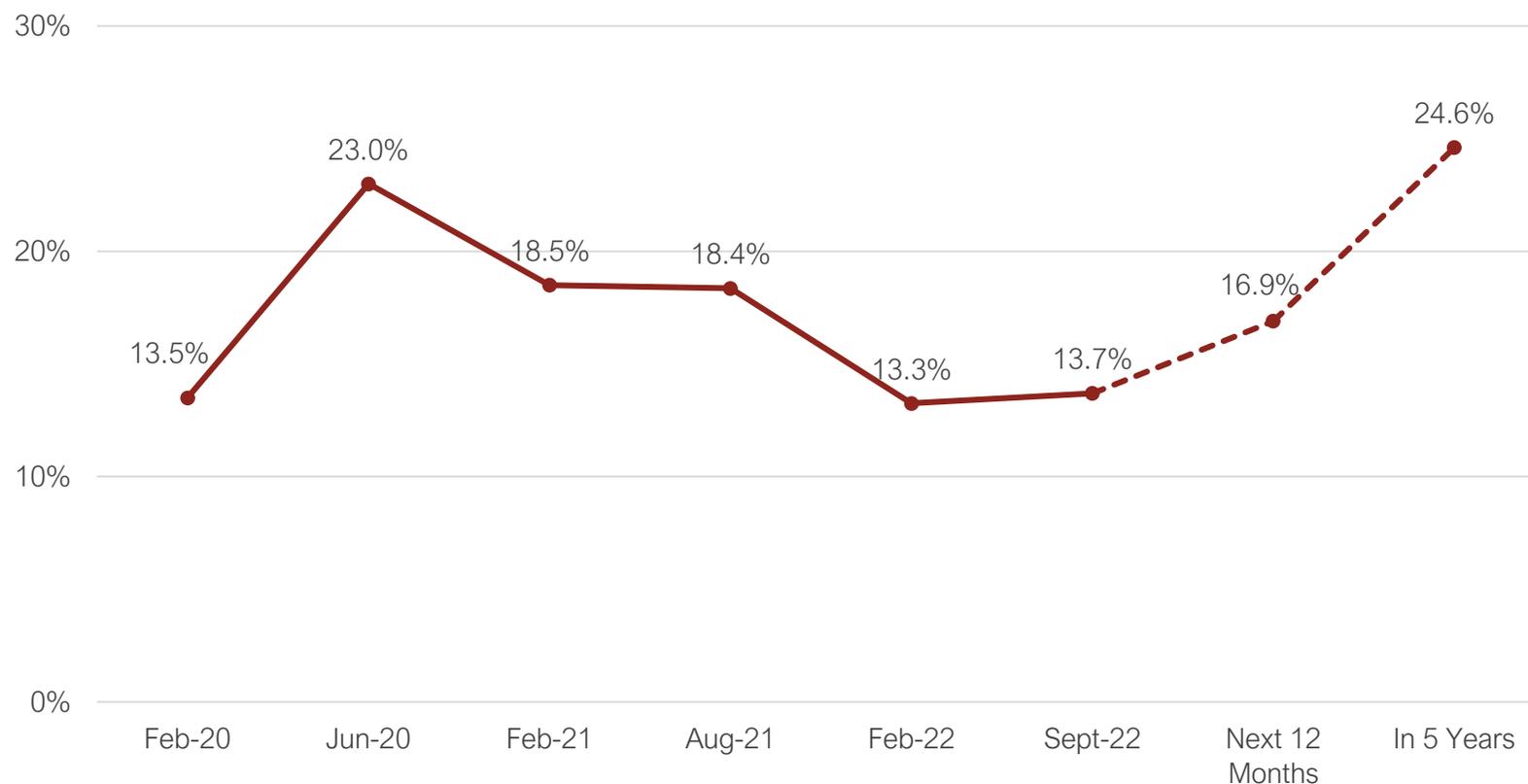
Mobile spending as a percent of marketing budgets is essentially flat at 13.7%, returning to pre-pandemic levels (13.5%) after climbing to a high of 23.0% of marketing budgets in June 2020. Levels are expected to rise again in the next year to 16.9% of budgets and to 24.6% over the next five years. However, similar predictions were not met this last year, indicating more tempered spending than predicted. B2C Product and Service companies are leading both current and expected spending, predicting they will use 27.3% and 35.0% of their marketing budgets respectively on mobile activities in the next 12 months. This year, confidence in returns from mobile marketing dropped significantly, following a downward trend over the last year. Marketers report a mean rating of 2.8 (on a 7-point scale where 1=not at all, 7=very highly) when asked to what degree mobile marketing contributes to overall company performance. Despite this average drop in confidence, B2C Product and Service companies reported above-average contributions (ratings of 4.0 and 4.2 respectively).

Social media spending took a small downturn over the past six months (to 14.5% from 15.3% of marketing budgets), continuing an eighteen-month trend of no growth, coming off a Covid splurge when social media spending as a percent of marketing budgets reached 23.2%. Marketers estimate an increase to 16.8% in the next year and 21.3% over the next five years. However, as with mobile, these predictions should be viewed with skepticism as they have not been met in the past. For example, marketers predicted a social media spending lift to 18.9% of budgets one year ago, but current levels at 14.5% show this has not been achieved.

In terms of types of digital spending, paid media leads the way in digital spend (44%), reinforcing the importance of SEO, influencer marketing, and paid social media. Owned media, including content marketing, email marketing, own site and store development, and post-sales digital support account for 34.4% of budgets.

Mobile spending returns to pre-Covid levels; predicted to rise again

What percent of your marketing budget are you currently spending on mobile activities? And what percent will you spend in the next 12 months? 5 years?



Economic Sector

	Sept-22	Next Year
B2B Product	8.0%	10.3%
B2B Services	8.0%	10.3%
B2C Product	21.9%	27.3%
B2C Services	31.1%	35.0%

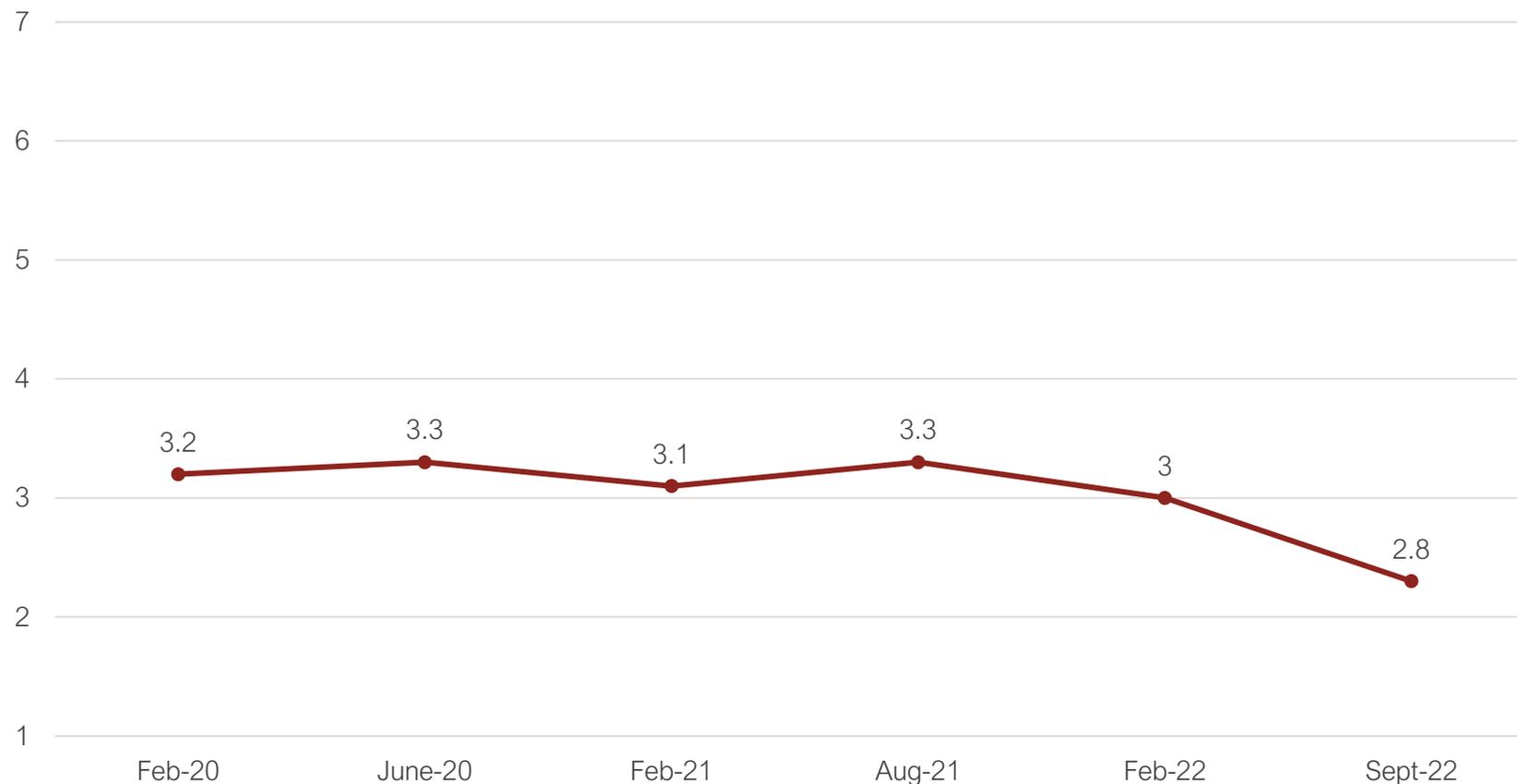


Insights

As spending levels stay at pre-Covid levels, predictions for spending one year ago for 23.1% of marketing budgets are not met. One reason may be due to weakening contributions (see next slide). B2C companies outpace B2B companies on current and predicted mobile spending. The largest companies—those with \$10B+ in sales—lead in mobile spending at 27.5% and are predicted to continue to lead in the next year (31.3%) and 5 years (44%).

Mobile marketing's contribution to company performance drops off

To what degree has the use of mobile marketing contributed to your company's performance during the last year? (1=not at all, 7=very highly)



Economic Sector

- B2B Product: 2.2
- B2B Services: 2.1
- B2C Product: 4.0
- B2C Services: 4.2

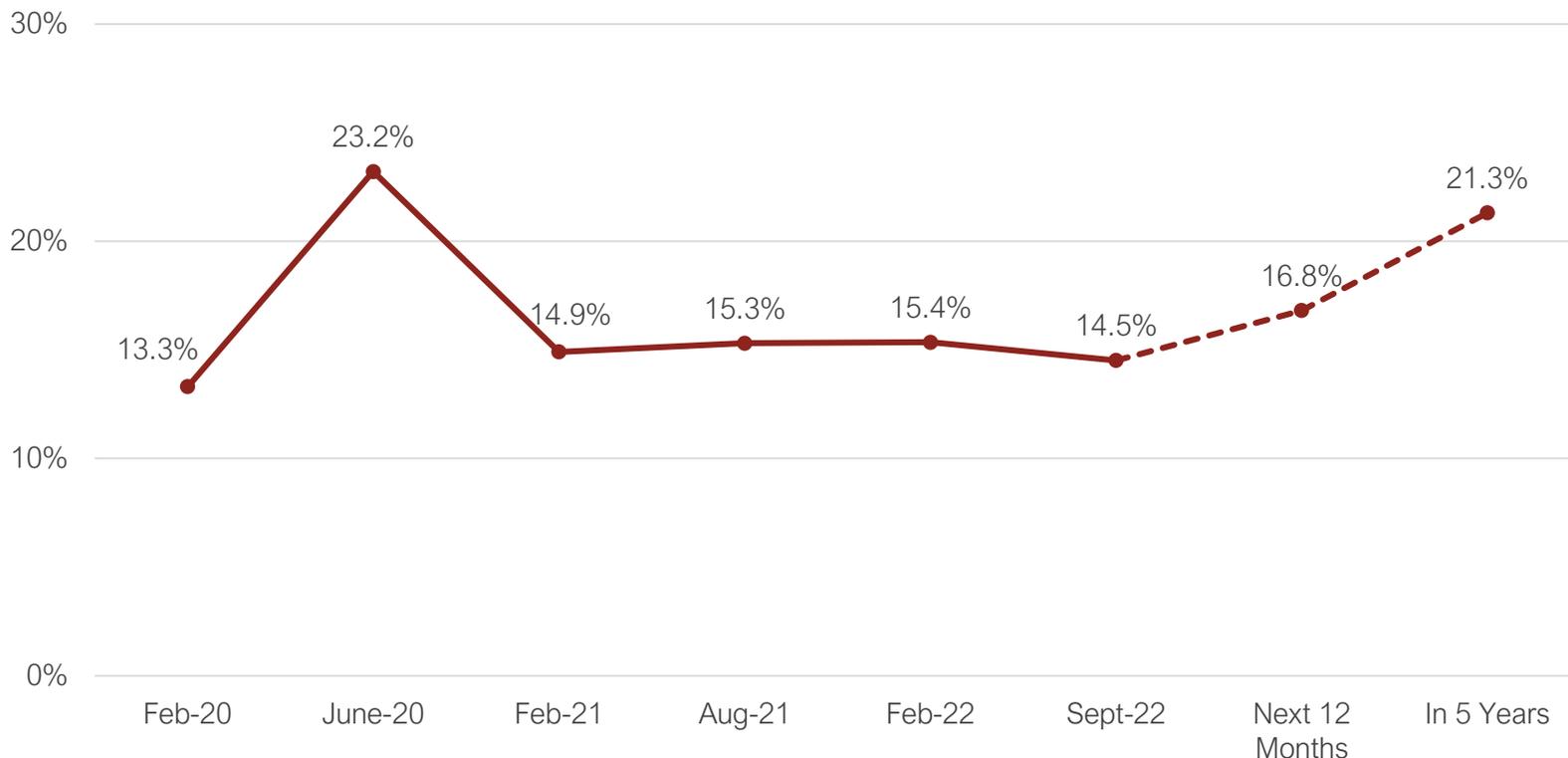


Insights

On average, mobile contributions to company performance are disappointing. B2C companies report a significant increase in contributions from mobile as do marketers whose companies have 100% of their sales from the Internet. The strongest sector—and perhaps one to study—is Consumer Services (4.7). In general, mobile returns are reported at higher levels as company size as measured by either sales revenue and headcount increases.

Social media spending stays flat, but is forecasted to increase across industries in the next 12 months

What percent of your marketing budget are you currently spending on social media?
 What percent will you spend in the next 12 months? 5 years?



Economic Sector

	Feb-22	Next Year
B2B Product	12.8%	15.5%
B2B Services	13.3%	14.8%
B2C Product	18.5%	21.3%
B2C Services	15.3%	16.9%

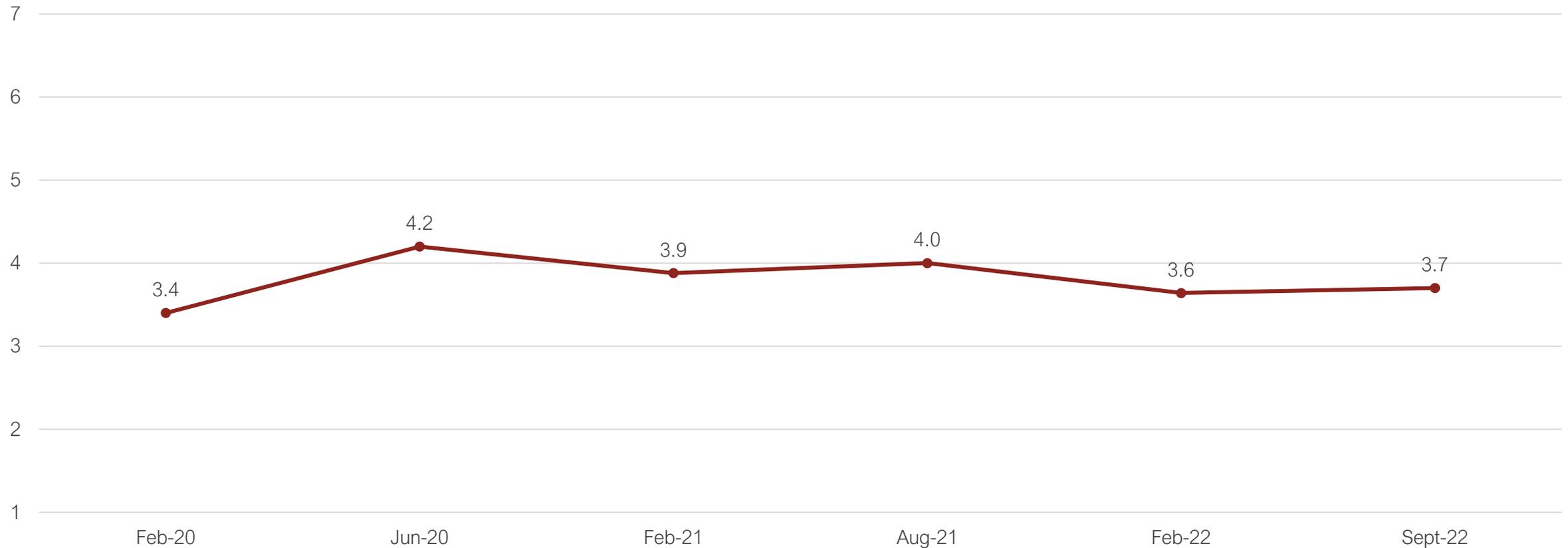


Insights

Following a large increase at the height of pandemic to 23.2% of budgets, social spending has been flat at 14-15% of marketing budgets for the last two years—at levels observed before the pandemic. Marketers predicted a lift to 18.9% of budgets one year ago, but current levels at 14.5% show this has not been achieved.

No improvement in social media contributions to company performance

To what degree has the use of social media contributed to your company's performance during the last year?
(1=not at all, 7=very highly)





Marketing Jobs

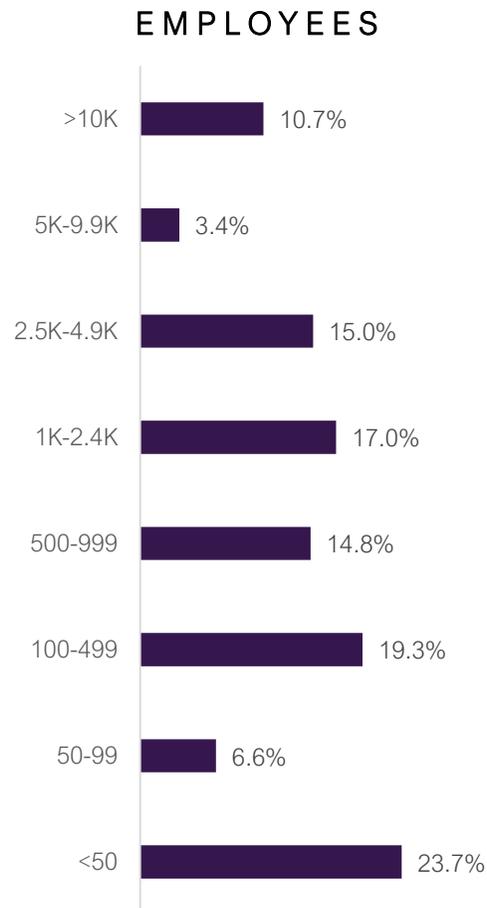
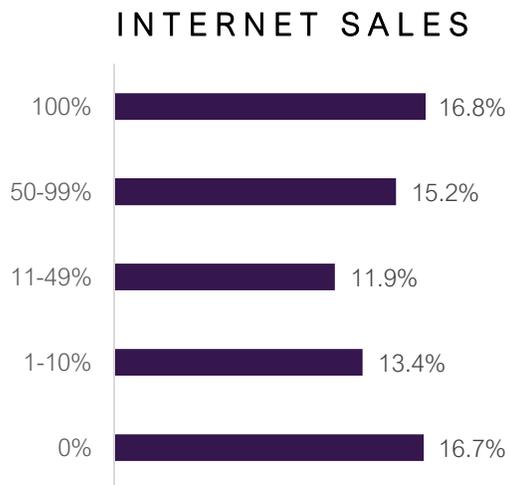
The size of marketing organizations continues to increase. Marketers report average marketing job growth of 15.1% in the last year, up from 12.2% in February 2022. This growth is expected to continue with a 7.3% increase for the next year. However, this level is lower than reported six months ago (10.5%), reverting to growth rates reported before the pandemic at 5.8%. Who is hiring more? B2C marketers grew their marketing organizations more over the last year, but B2B marketers predict they will outpace this by a sizable margin in the next year—expecting 11.6% growth for B2B Services companies compared to 5% for B2C Services and 8.1% for B2B Product companies compared to 2.7% for B2C Product Companies. The Healthcare sector saw the most growth in the last year (22.1%), followed by Mining/Construction (21.7%). Transportation and Consumer Packaged Goods reported the smallest growth (2.5% and 2.1%, respectively). The smallest companies grew their marketing teams the most (23.7%), while the highest earning companies (\$10+ billion) reported the smallest job creation (5.8%).

Work from home is prevalent across industries and economic sectors, with 57.5% of marketing teams working from home at least some of the time and nearly half (48.7%) working from home all of the time. Overall, marketing leaders are confident in team productivity in both arrangements, with 50% reporting no change in worker productivity levels, 41% reporting higher productivity, and only 9% reporting a loss in productivity due to working from home. In terms of inclusion and diversity, marketing leaders generally report no change—46% and 59.5%, respectively. However, 45% report their organization is “more inclusive” and 38% “more diverse.” Only 9.2% report their organizations are “less inclusive” and even fewer report “less diverse” (2.5%). Some marketing leaders are worried about company culture, with more than a third reporting that working from home has weakened it. Others report no change (37%) or a strengthened culture (28.5%). In accord with a weakened culture, 45% of marketing leaders report that working from home means young marketers are less socialized in their jobs.

Marketing teams grew by 15% percent over the last year

By what percent has the size of your marketing organization grown or shrunk over the last year?

15.1%
Growth
in size of
marketing
organizations



Economic Sector

- B2B Product: 14.3%
- B2B Services: 19.4%
- B2C Product: 9.9%
- B2C Services: 18.8%



Industry Sector

Largest Growth

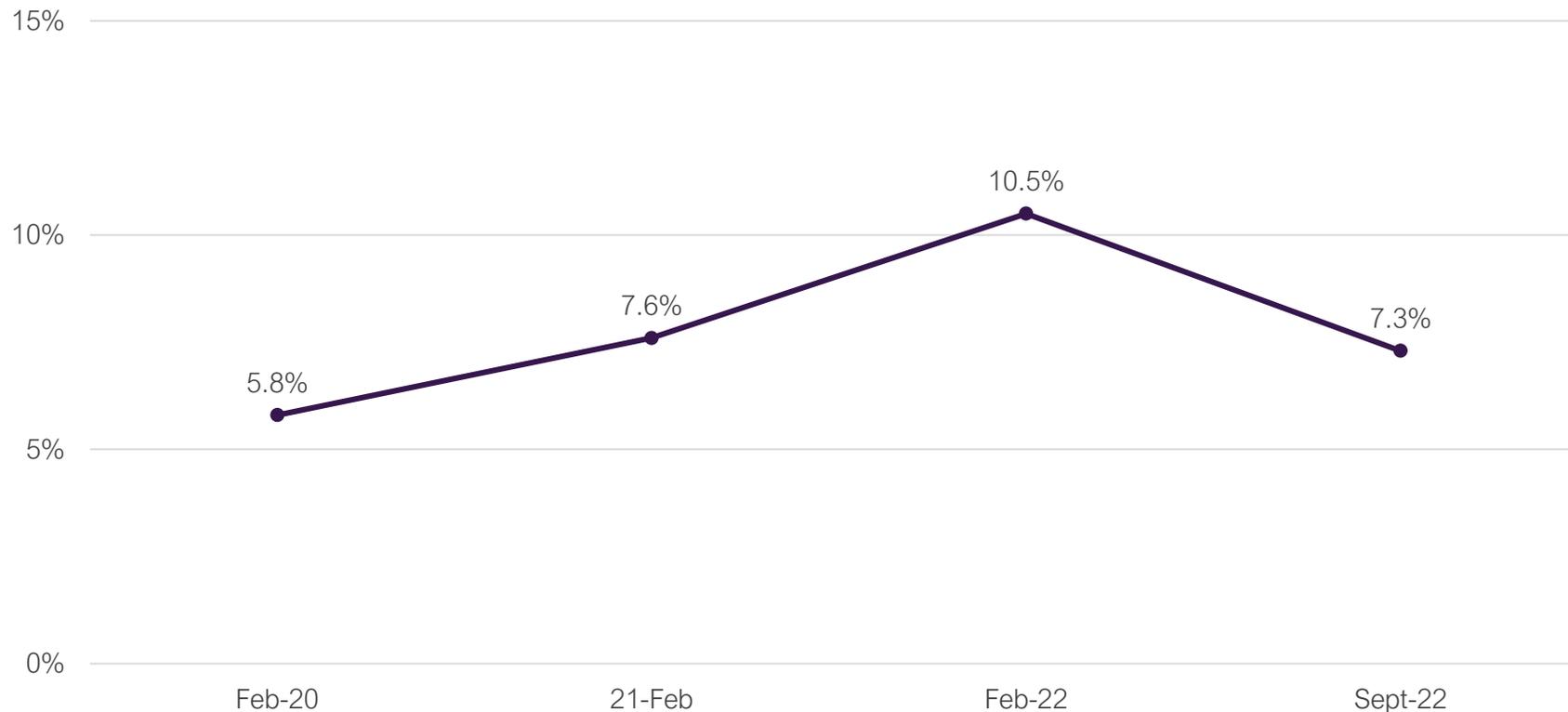
- Education (23.3%)
- Healthcare (22.2%)
- Mining/Construction (21.7%)

Smallest Growth

- Transportation (2.5%)
- Consumer Packaged Goods (2.1%)

Hiring growth approaching pre-Covid levels: B2B marketers to hire more

Compared to the number of marketing hires last year, by what percentage will your company's marketing hires change in the next year?



Economic Sector

- B2B Product: 8.1%
- B2B Services: 11.6%
- B2C Product: 2.7%
- B2C Services: 5.0%



Industry Sector

Largest Growth

- Pharma/Biotech (20.0%)
- Technology (11.7%)
- Communications/Media (10.0%)

Smallest Growth

- Manufacturing (4.0%)
- Consumer Packaged Goods (3.5%)

What percent of your marketing organization is working from home?

**SOME
OF THE TIME**



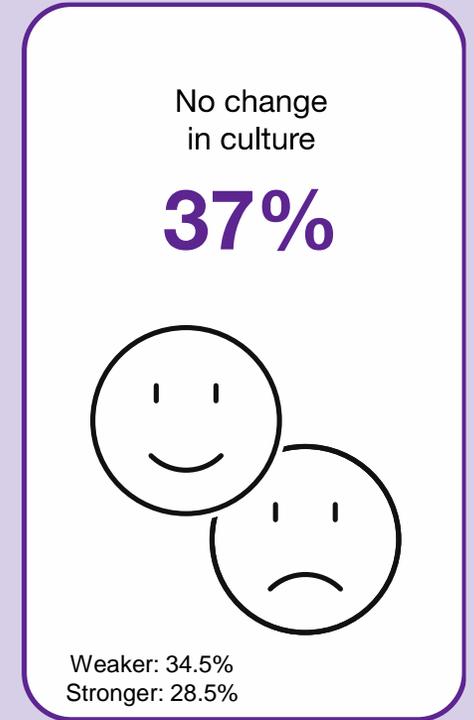
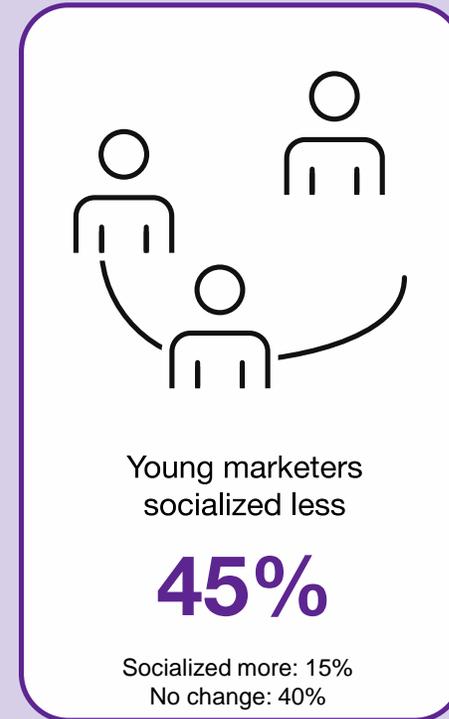
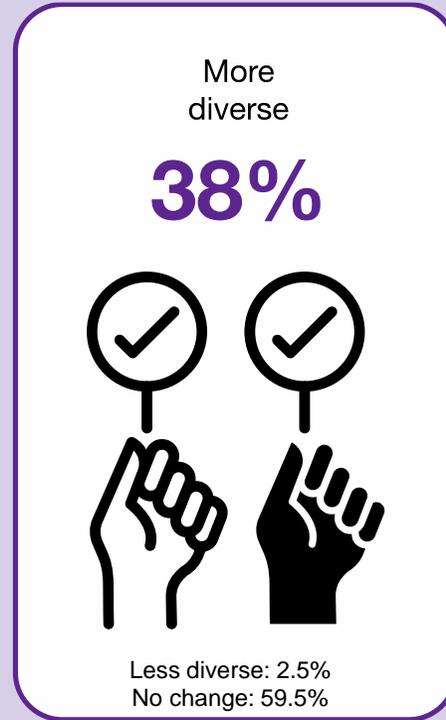
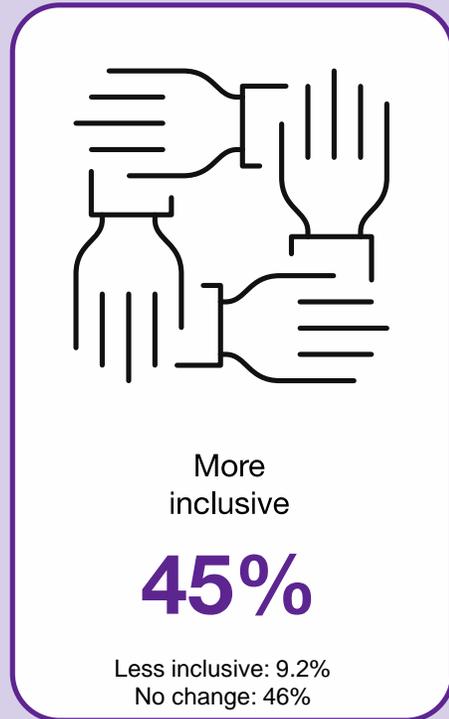
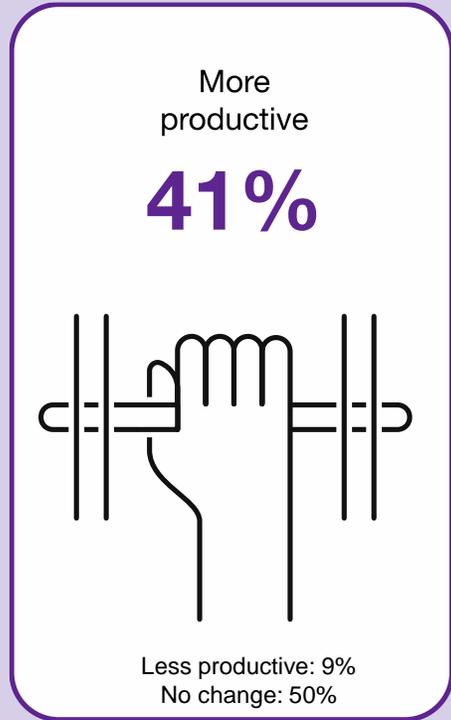
57.5%

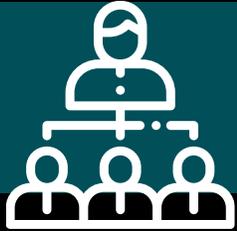
**ALL
THE TIME**



48.7%

How has working from home influenced the following outcomes in your marketing organization?





Marketing Leadership

Nearly 60% of marketers rate their role has “increased in importance” during the pandemic. This percentage is lower than the highest level reported in February 2021 (72.2%) and consistent with this, more marketers report “no change in importance” (30.7%) in this period, pointing to stability in the importance of their roles.

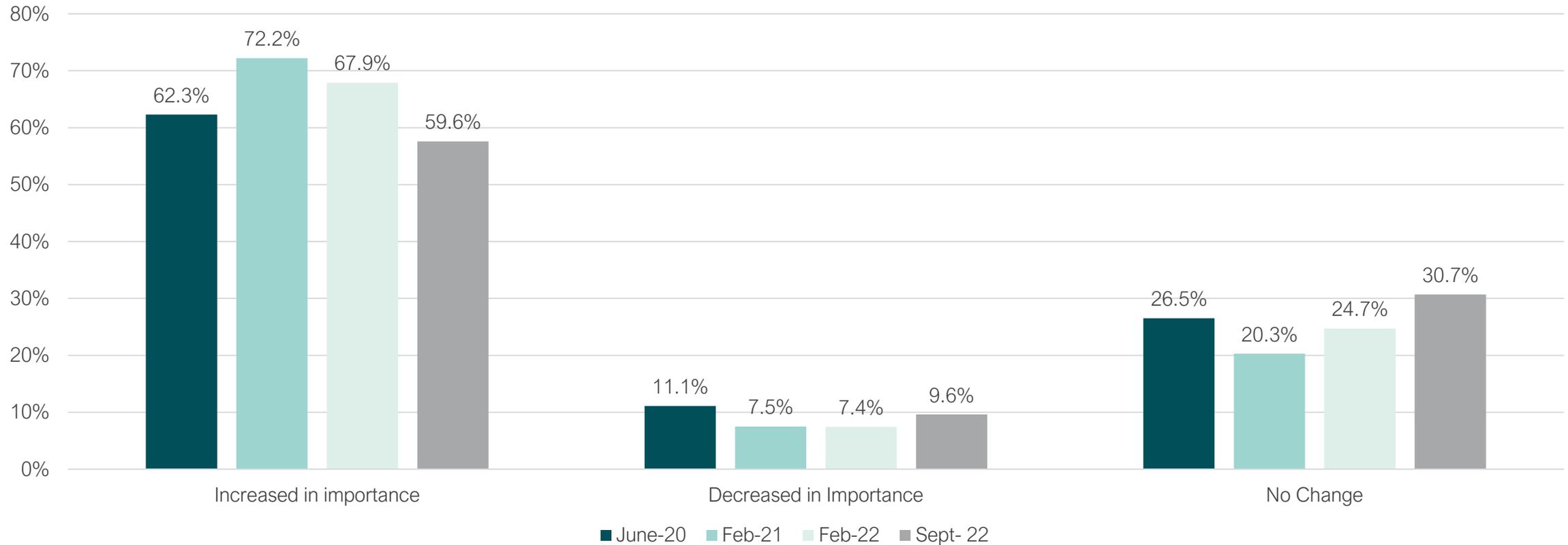
Considering marketing leaders’ interactions with other C-suite members, the CFO-CMO relationship shows no change in how well the CFO works as a business partner with marketing leaders to build a case for marketing spending—scoring 4.4 (on a 7-point scale where 1=not at all and 7=very highly), pointing to further opportunities to build this relationship. One industry to benchmark against is Tech, which scores higher on this metric (5.3 versus the sample average of 4.4). Marketing leaders score higher on their willingness to meet with other C-suite members to explain the impact of marketing spending on the bottom line, with 71% of marketers performing above the midpoint of the 7-point scale (average = 5.2), although this metric has not increased over time. Cooperation between marketing leaders and HR managers is also modest, and stronger for employee acquisition (average = 4.6) than employee training (average = 4.0). Although employees represent the brand in service companies, higher levels of cooperation between marketing and HR leaders were not observed. Marketing leaders were invited to attend board meetings (4.9 on a 7-point scale where 1=not at all, 7=very highly), with 63% of marketer reporting participation levels above the midpoint of the scale (5 or more). These numbers show that marketing has a strong seat at the table in many companies. Marketing leaders score weaker on being asked to participate in the preparation for earnings calls (4.0 on a 7-point scale with only 47% report levels above the midpoint). These numbers challenge the view that marketers are not playing a role in the upper echelons of companies.

The percentage of marketing leaders who would use their brands to take a stand on politically charged issues reached a CMO Survey high at 30.2% of companies. This is a sizable increase from pre-Covid level of 18.5%, suggesting that the pandemic and events in the summer of 2020 have emboldened more companies to use their brands in this way. Tech and Professional Services companies led on this metric with close to half of all companies willing to take a stand. When asked about taking actions in response to the recent Supreme Court ruling on Roe vs. Wade, most companies report they will not take public (91.3%) or private (74.5%) actions in response to the decision. Larger companies in terms of sales revenue are most likely to with 29.4% (public actions) and 44.4% (private actions) of companies earning \$10 billion or more planning to take actions. Tech companies also stand out as the most willing with 16.3% willing to take public and 47.7% willing to take private actions.

When asked about actions their companies are willing to take to reduce the negative impact of marketing-related activities on the ecological environment, levels appear to be moving in the direction of higher pre-Covid levels. But a full rebound has not yet occurred, with only 60.8% of companies likely to change products and/or services compared to 72.9% in February 2020 or changing partners (36.7% now versus 56.5% in February 2020). Only changing the brand shows a lift from 12.9% in February 2020 to 19.2% in the current survey.

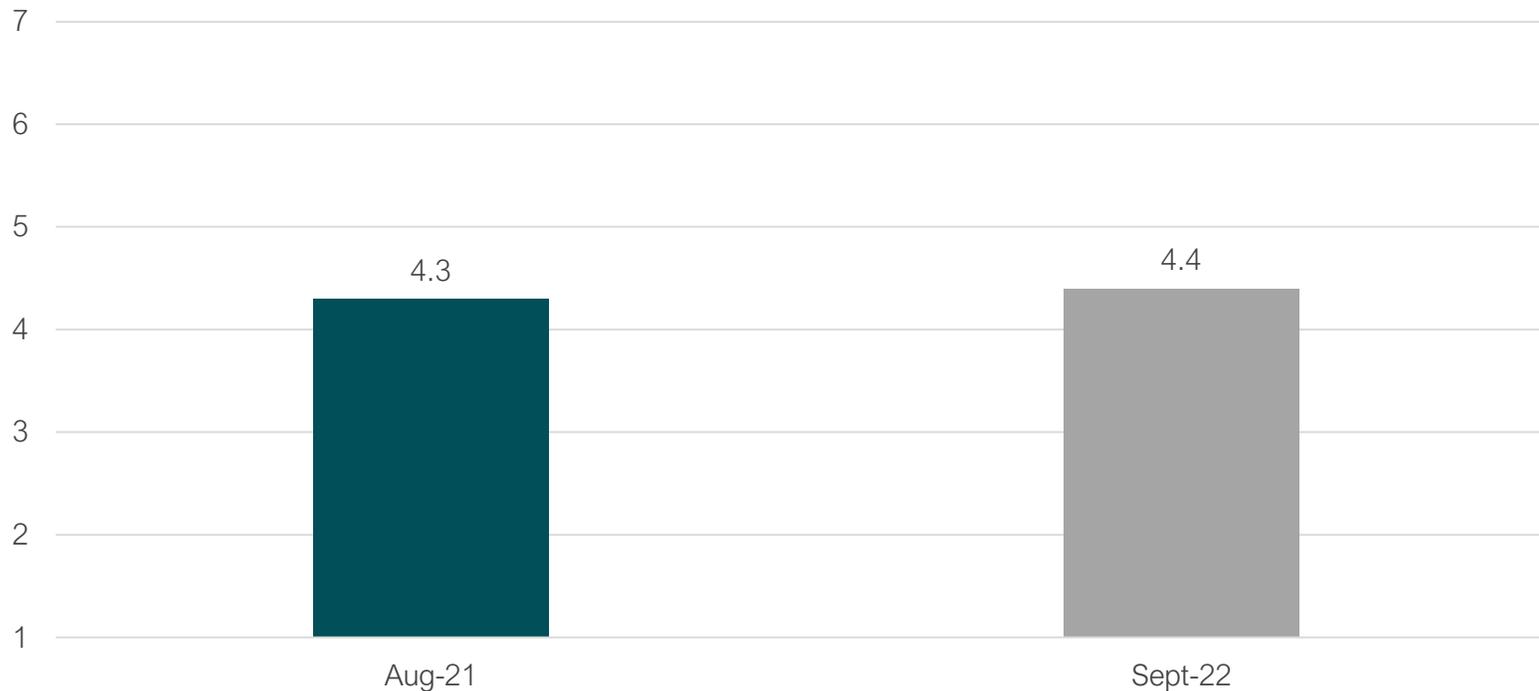
Marketers' role continues to increase in importance, but at a lower rate than previous years

How has the role of marketing in your company changed during the last year?



No change in CMO-CFO partnership

The CFO works as a business partner with marketing leaders to build a business case for marketing spending (1=not at all, 7=very highly).

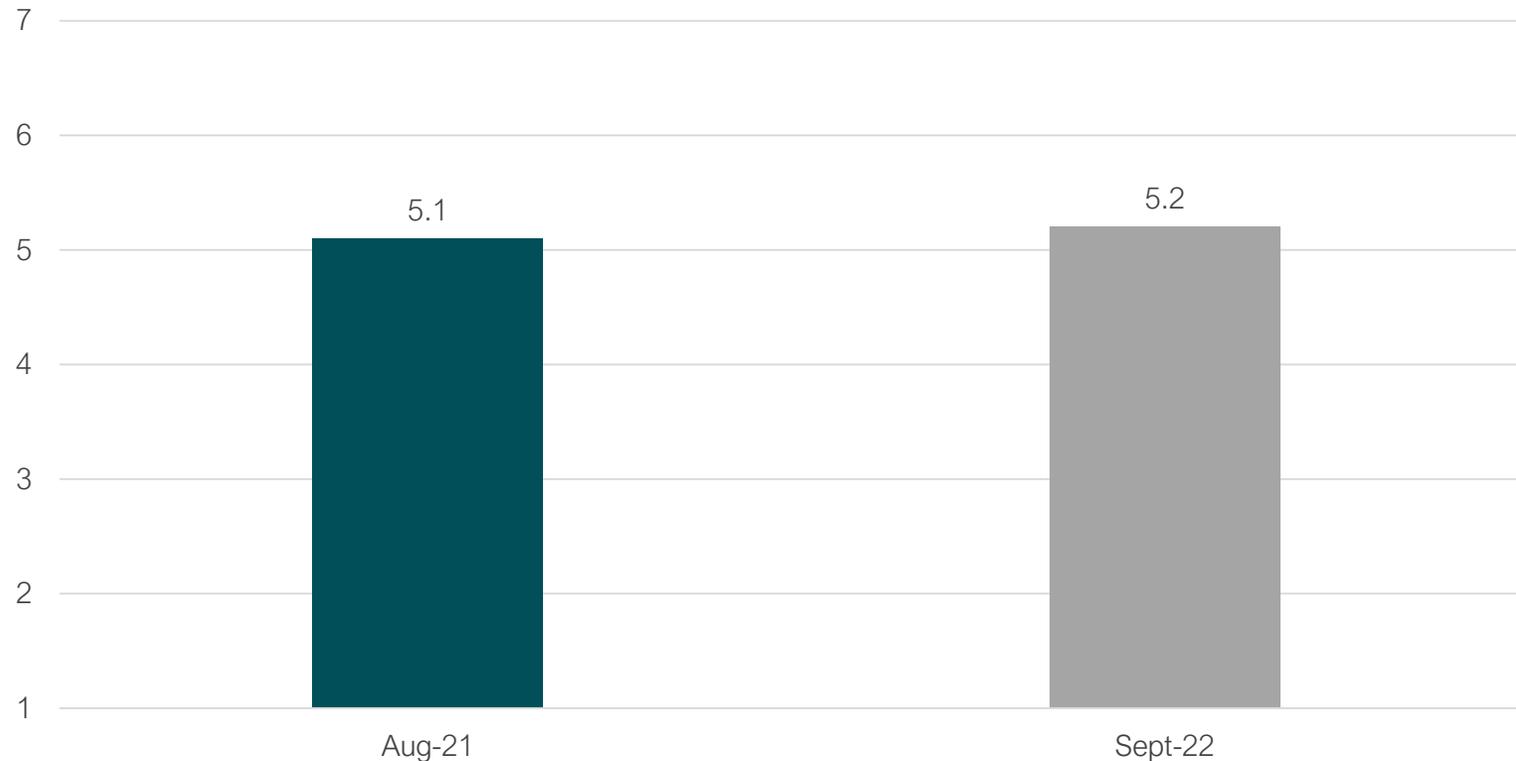


Insights

Results show no change in the partnership between CMOs and CFOs compared to a year ago. Technology companies report the most alignment with CFOs (5.3) of any industry, followed by Consumer Packaged Goods (4.9) and Pharma/Biotech (4.8). This effect could be driven by recessionary threats propelling companies in these industries to reduce expenditures and therefore encourage more alignment between CFO and CMOs. The partnership is strongest among smaller companies, both in terms of annual sales revenues (5.4) and employee headcount (5.0).

Marketing leaders perform well in explaining marketing's impact on bottom line to other C-Suite members

Marketing meets one-on-one with other C-Suite members to explain marketing's impact on the bottom line (1=not at all, 7=very highly).

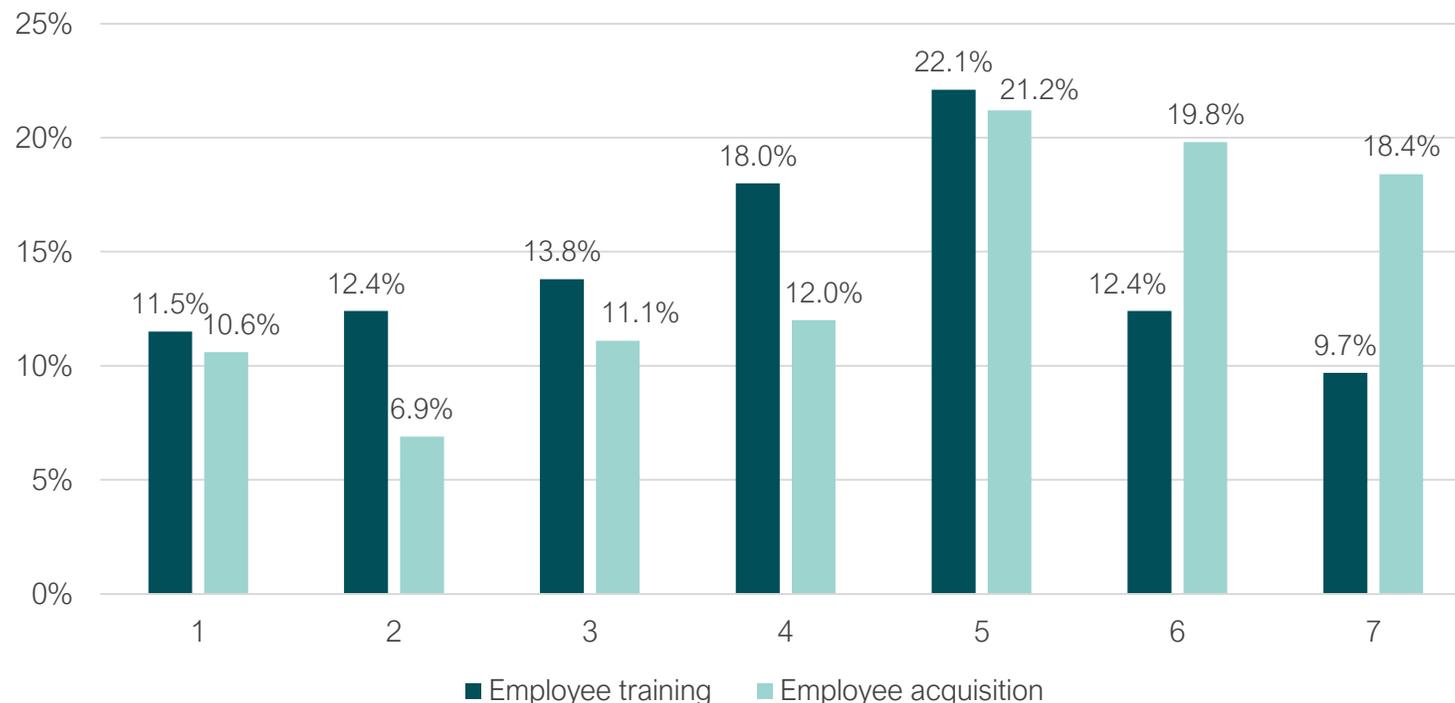


Insights

Results show that marketing leaders are slightly more likely than in previous surveys to meet one-on-one with other C-Suite members. B2C Products companies are the most likely to perceive this (5.6). Similarly, the Consumer Packed Goods industry leads on this front (5.7). This could be due to inflation and supply chain constraints putting pressure on consumer loyalty, necessitating a closer relationship between marketing and the C-Suite to stay close to customers. The larger percentage of sales through the Internet, the more likely they are to hold one-on-one meetings between marketing and the C-suite. This could be due to an increasing necessity to have a pulse on consumer sentiment through marketing's insights given the lack of face-to-face consumer contact.

Marketing teams have a stronger impact when working with HR in improvements for employee acquisition

Marketing works with the Head of HR/People to improve employee acquisition? Employee training? (1=not at all, 7=very highly)



Economic Sector

	Training	Acquisition
B2B Product	3.6	4.3
B2B Services	4.3	4.7
B2C Product	4.4	5.0
B2C Services	4.3	4.5
Overall Average	4.0	4.6



Insights

Cooperation between marketing leaders and HR managers is stronger for employee acquisition (average = 4.6) than employee training (average = 4). Cooperation levels increase for both employee acquisition and training as company size increases and in companies with fewer sales through the Internet.

Senior marketing leaders more likely to be asked by C-suite to sit at the table than participate in preparation for earnings calls

How often is the senior marketing leader asked by the CEO or CFO to participate in board meetings or preparation for earnings calls? (1=never, 7=all the time)

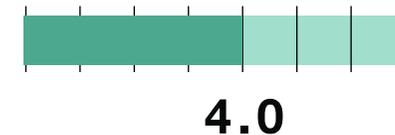
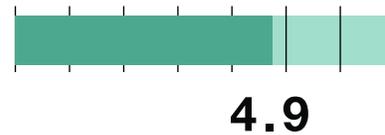


BOARD MEETINGS

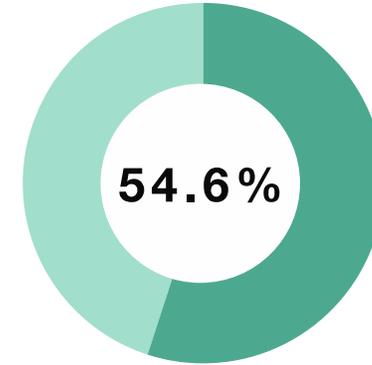
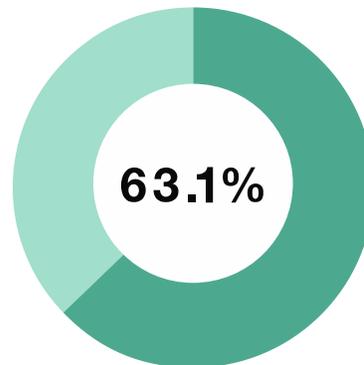


EARNING CALLS

Average participation

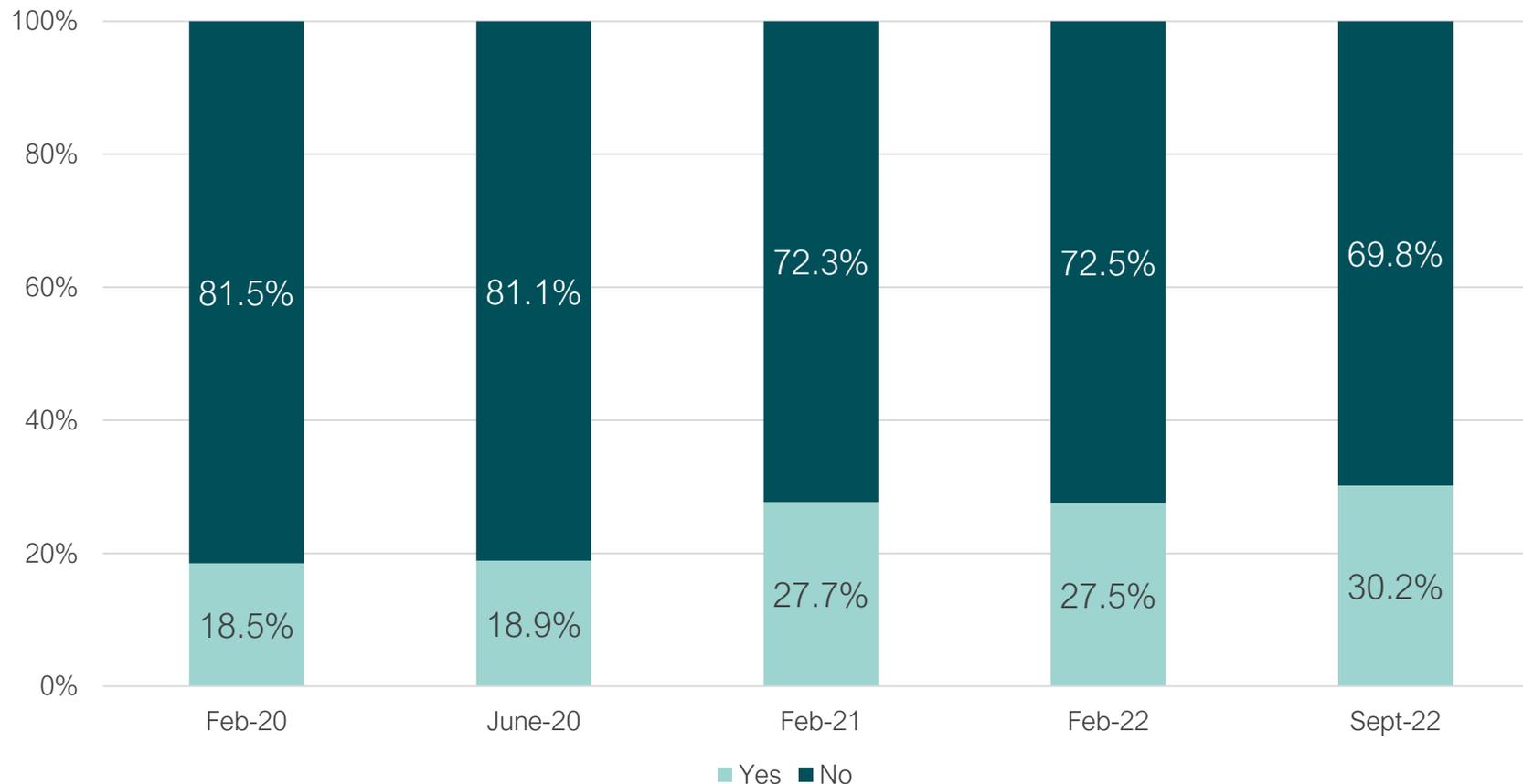


% of companies above average participation



Brands show highest level of willingness 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?

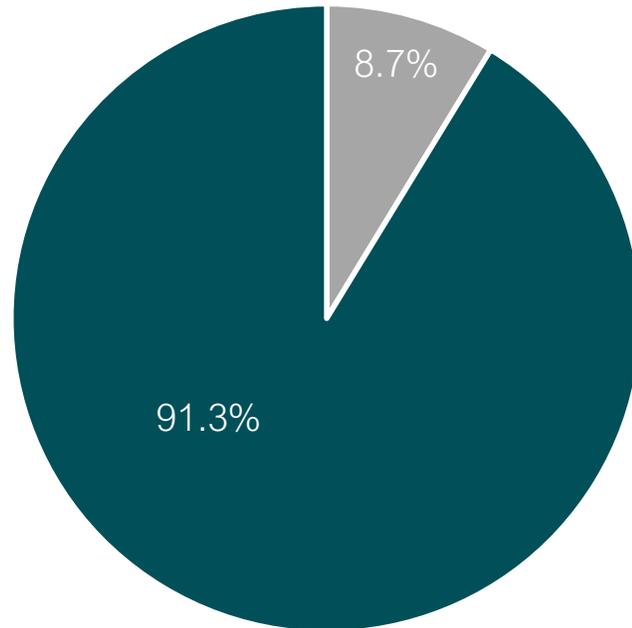


Insights

The percentage of marketing leaders who report their brands will take a stance on politically charged issues increased to 30.2%—an all-time high for The CMO Survey. B2B Service companies are most willing at 37%. Among specific sectors, Technology (46.5%) and Professional Services (45.5%) stand out as most willing. Companies with more than 10% of sales from the Internet were more willing to take a stance with more than half of all companies in the 50-99% range saying they are willing to do so.

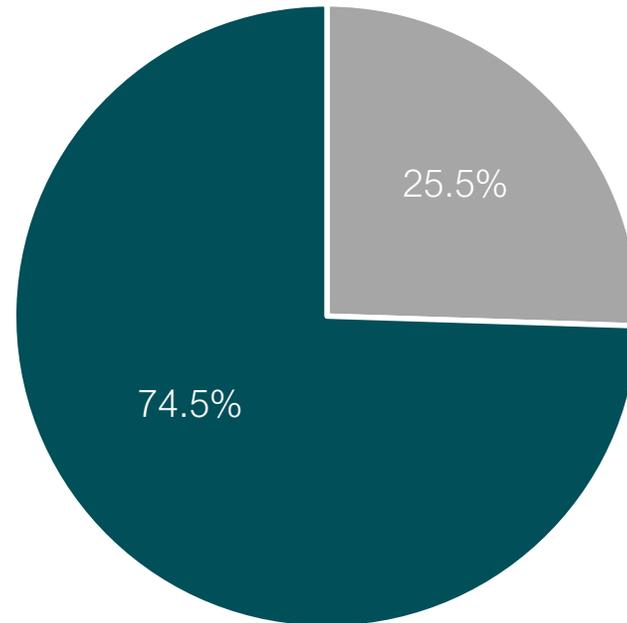
Most companies unwilling to take actions regarding the recent Supreme Court decision regarding Roe vs. Wade

Public Actions



■ Yes ■ No

Private Actions



■ Yes ■ No

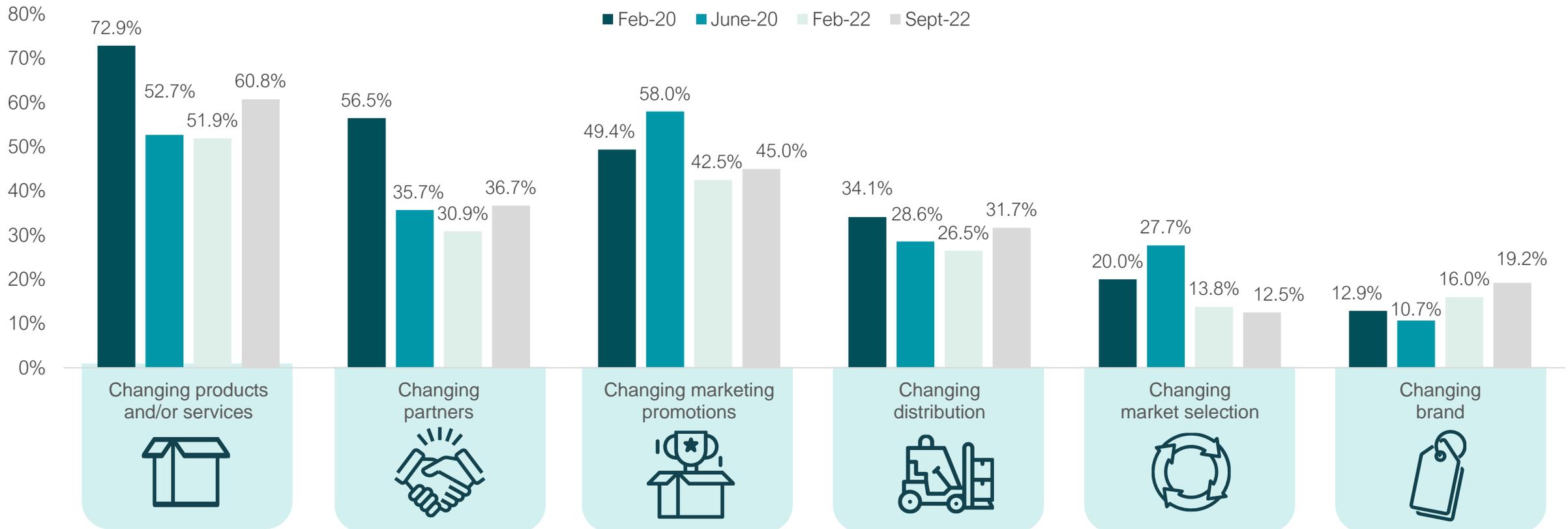


Insights

Only 25.5% of surveyed companies are willing to take private actions in response to the overturning of Roe vs. Wade and this percentage is even smaller when it comes to public actions (8.7%). Interestingly, B2B Services companies lead on both private and public actions. The largest companies, with more than \$10B in sales, are most likely to take private and public actions. In terms of employee headcount, the smallest (<50) and largest (10,000+) companies are most likely to take public action. Tech companies also stand out as most likely to take actions with 16.3% willing to take public and 47.7% willing to take private actions.

Environmental shows some lift, but fails to reach pre-COVID levels, except in changing brand

Check all of the actions your company is likely to make in order to reduce the negative impact of its marketing-related activities on the ecological environment.





Marketing and Diversity, Equity, & Inclusion

Companies report an average increase of 10.7% of marketing spend on DE&I in the last year—a level consistently achieved since August 2021. B2C Services companies spend the most at 14.0%. Larger companies as measured by sales revenues and headcount outspend smaller companies on diversity with a quite substantial difference between the largest (30.1% growth) and the smallest (7.9%). The industry with the highest level of spending is Banking/Finance/Insurance at 23.1%.

Marketing organizations contain, on average, 57.1% female, 22.1% non-white, and 2.3% disabled members. By economic sector, B2B Services leads female diversity with 59.0% as well as disabled diversity with 3.3%. B2C Product leads non-white diversity with 29.0%. The industry sector to spotlight is Education, which lead the three categories with 70.0% female diversity and 35.0% non-white diversity.

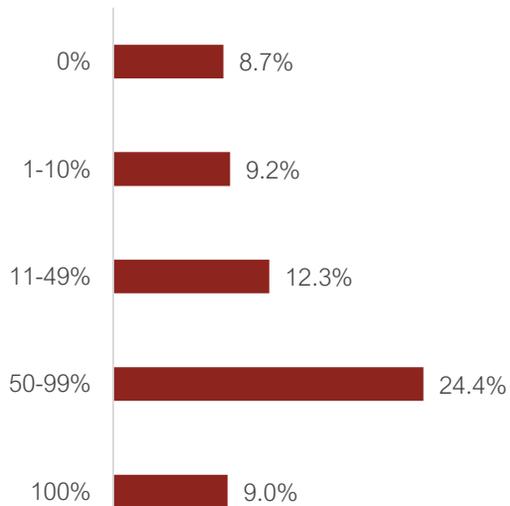
When asked what types of impact companies have been able to document for DE&I, the overall averages are weak and below the midpoint on a 7-point scale where 7=a great deal and 1=not at all. Marketing leaders report that they are most likely to show an impact on employee retention (3.9) and employee attraction (3.7). B2B Services report the highest returns in these areas (4.4 and 4.0 respectively). Considering industry sectors, Education (5.0), Professional Services (4.7), and Technology (4.6) lead for employee retention. Customer outcomes—acquisition, retention, and sales growth—have not yet materialized and an impact on stock returns lags far behind (2.1).

Companies spend more on DE&I in marketing across the board, with big companies making the biggest increases

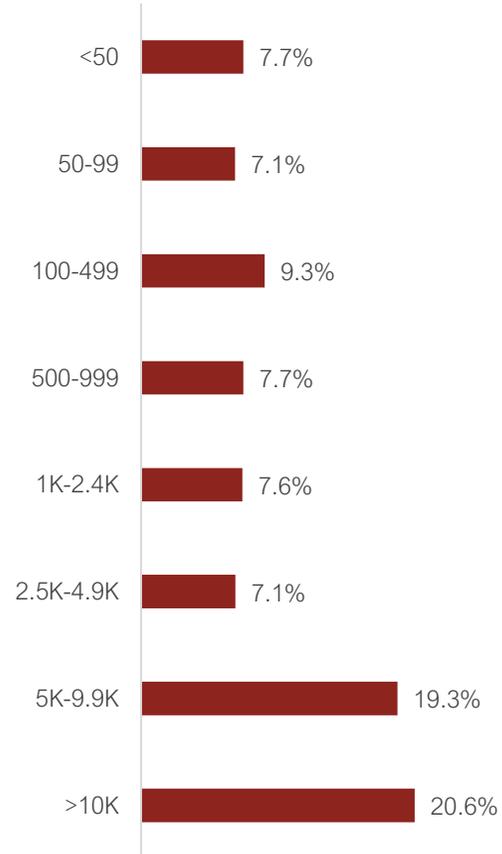
By what percent has marketing spending on DE&I changed in the last year?

10.7%
Increase in DE&I spending

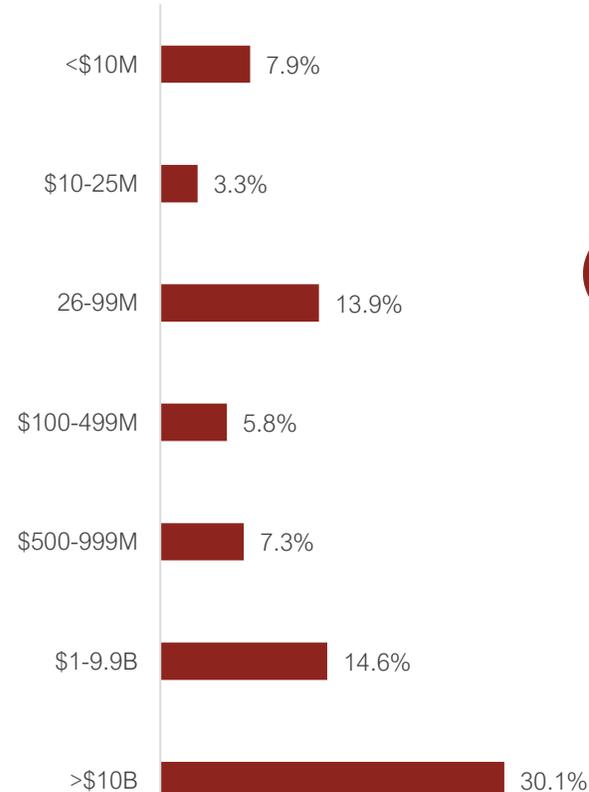
INTERNET SALES



EMPLOYEES



REVENUES



Economic Sector

- B2B Product: 10.2%
- B2B Services: 11.4%
- B2C Product: 9.2%
- B2C Services: 14.0%



Industry Sector

Top 3 Sectors

- Banking/Finance/Insurance (23.1%)
- Education (16.7%)
- Transportation (13.2%)

Bottom 3 Sectors

- Pharma/Biotech (4.0%)
- Mining/Construction (3.3%)
- Communications/Media (1.3%)

How diverse is your marketing organization?



Economic Sector

	Female	Non-White	Disabled
B2B Product	55.8%	20.9%	1.8%
B2B Services	59.0%	19.5%	3.3%
B2C Product	58.8%	29.0%	2.4%
B2C Services	54.1%	19.0%	2.0%

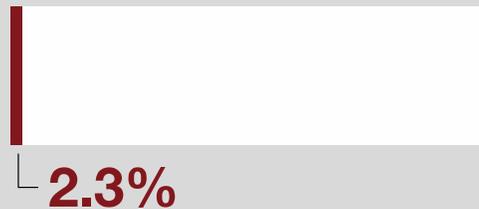


Sales Revenue

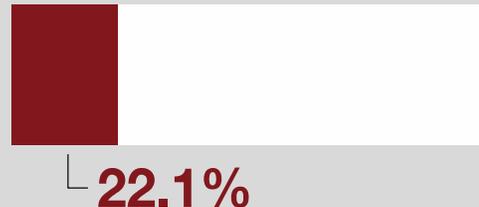
	Female	Non-White	Disabled
<\$10 million	50.9%	23.0%	1.8%
\$10-25 million	55.1%	21.8%	0.0%
\$26-99 million	54.5%	20.9%	1.0%
\$100-499 million	60.1%	20.1%	1.6%
\$500-999 million	70.9%	21.1%	3.3%
\$1-9.9 billion	58.4%	23.4%	3.5%
\$10+ billion	52.6%	27.9%	8.1%



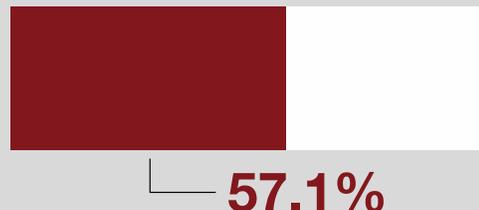
DISABLED



NON-WHITE



WOMEN



Industry Sector

Top 3 Sectors (% Female)

- Communications/Media (76.5%)
- Education (70.0%)
- Mining/Construction (61.7%)

Top 3 Sectors (% Non-White)

- Education (35.0%)
- Real Estate (34.5%)
- Consumer Packaged Goods (27.7%)

Top 3 Sectors (% Disabled)

- Consumer Services (5.0%)
- Education (5.0%)
- Real Estate (5.0%)

Marketers report weak returns from DE&I investments: Employee outcomes lead

How, if at all, have your company's DE&I marketing investments paid off in terms of the following outcomes? (1=not at all, 7=a great deal)



Insights

In general, DE&I marketing investments are weak. Payoffs from DE&I marketing investments are rated most highly for Employee Retention (3.9) and Employee Attraction (3.7)—although both areas are below the mid-point on the 7-point scale. B2B Services report the highest returns in these areas (4.4 and 4.0 respectively). Considering industry sectors, Education (5.0), Professional Services (4.7), and Technology (4.6) lead for Employee Retention. A scramble for talent has also been experienced by Professional Services and Technology firms, and internal employee-led pressure to address societal inequities could explain the increased focus on employees. Customer outcomes—acquisition, retention, and sales growth—have not yet materialized.



Marketing Analytics

Spending on marketing analytics as a percentage of marketing budgets hit an all-time high at 8.9% and this trend is expected to continue over the next three years to reach 14.5%. This lift is impressive given spending on analytics has been flat at an average of 6% or so for a decade. This pattern holds true across economic sectors, industry sectors, and company size (in terms of both sales revenue and number of employees).

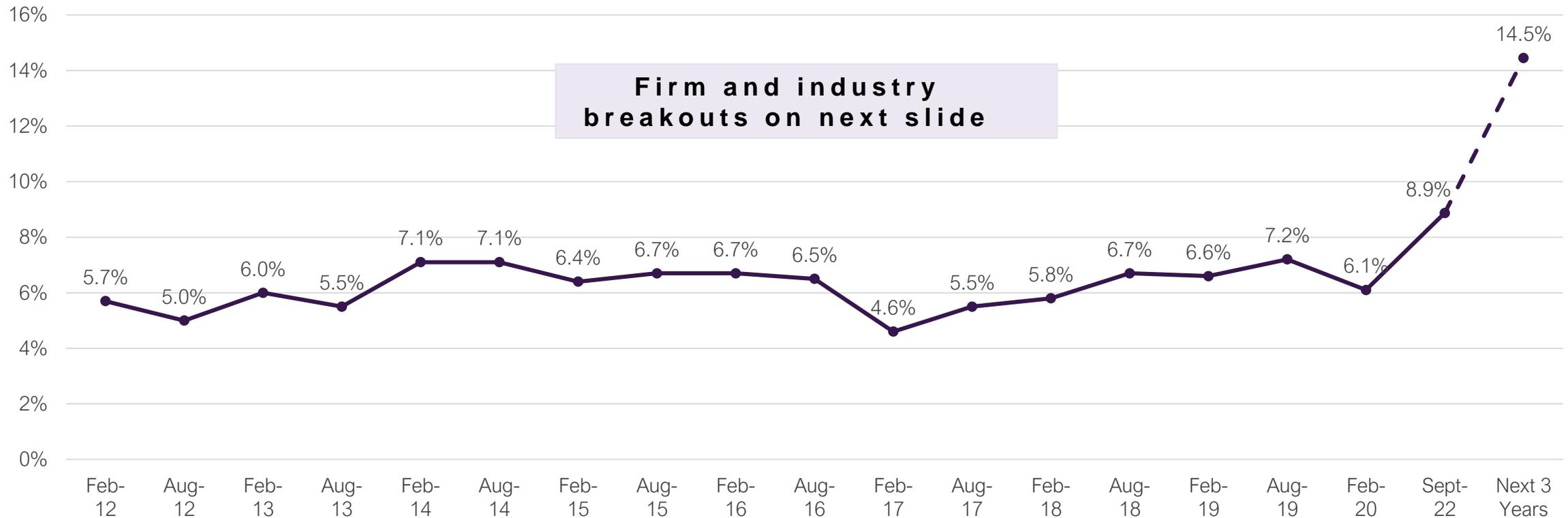
Companies are also using available or requested marketing analytics to make decisions at higher rates than ever before. Marketing analytics is now being used in nearly half of all marketing decisions, rising from 37.7% just before the pandemic. Marketing decisions that lead this trend are digital marketing and customer acquisition. Companies are least likely to use marketing analytics in product or service strategy. Consumer-facing businesses outpace B2B companies in terms of analytics use.

Companies made progress achieving a contribution from marketing analytics to company performance, reporting 4.5 on a 7-point scale where 1=not at all and 7=very highly. While the highest level achieved in a decade, there remains room for improvement. Internet pure-play companies achieve the highest level of contribution, likely due to data integration. B2C Product companies also perform at this level. One underlying challenge lies in the talent gap for analytics, with only 3.6% of marketers reporting full agreement (rated 7) with the statement “I have the right talent in my organization to fully leverage marketing analytics.”

Demonstrating the impact of marketing spending on company performance remains a challenge, with companies able to deploy quantitative approaches for short-term (48.7%) and long-term (46.4%) impact. While pointing to opportunity for improvement, it is also important to realize that these percentages have shown steady improvement over the last decade, growing from levels at approximately 15% in 2013. The use of Artificial Intelligence and machine learning in optimizing and automating marketing efforts is occurring 8.6% of the time—a very modest level. This level is expected to increase to 22.9% in the next three years. Current low adoption levels could be due to the cost-prohibitive nature of AI and lack of in-house expertise.

Spending on marketing analytics hits decade long all-time high and is predicted to grow by 63% in three years

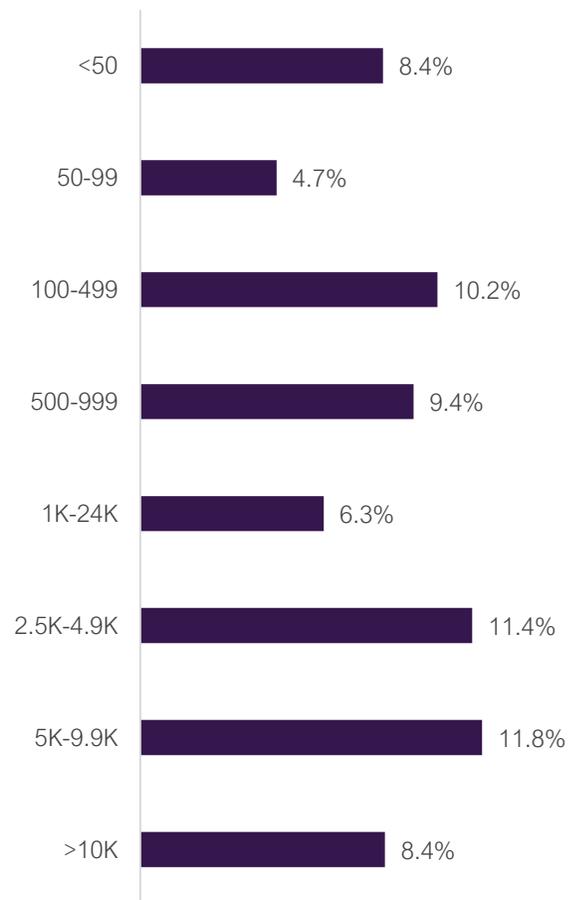
What percent of your marketing budget do you spend on marketing analytics?



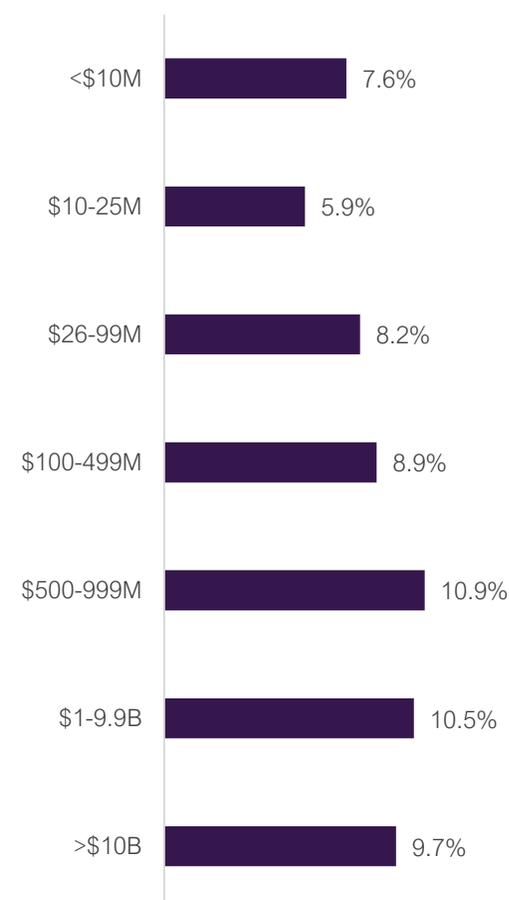
Firm and industry sector differences in percentage of current marketing budget spent on marketing analytics

8.9%
of marketing budget spent on marketing analytics

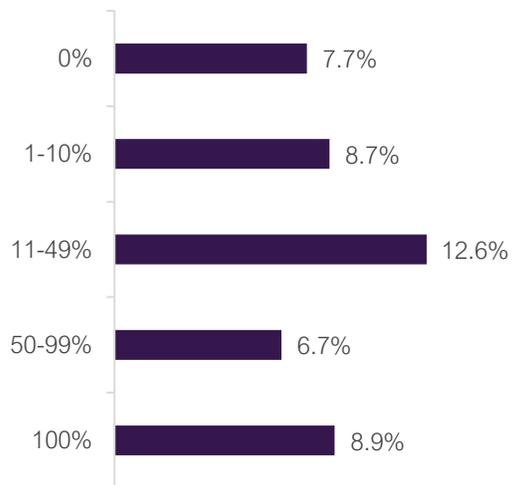
EMPLOYEES



REVENUES



INTERNET SALES



Economic Sector

- B2B Product: 10.0%
- B2B Services: 6.7%
- B2C Product: 9.4%
- B2C Services: 9.4%



Industry Sector

Top 3 Sectors

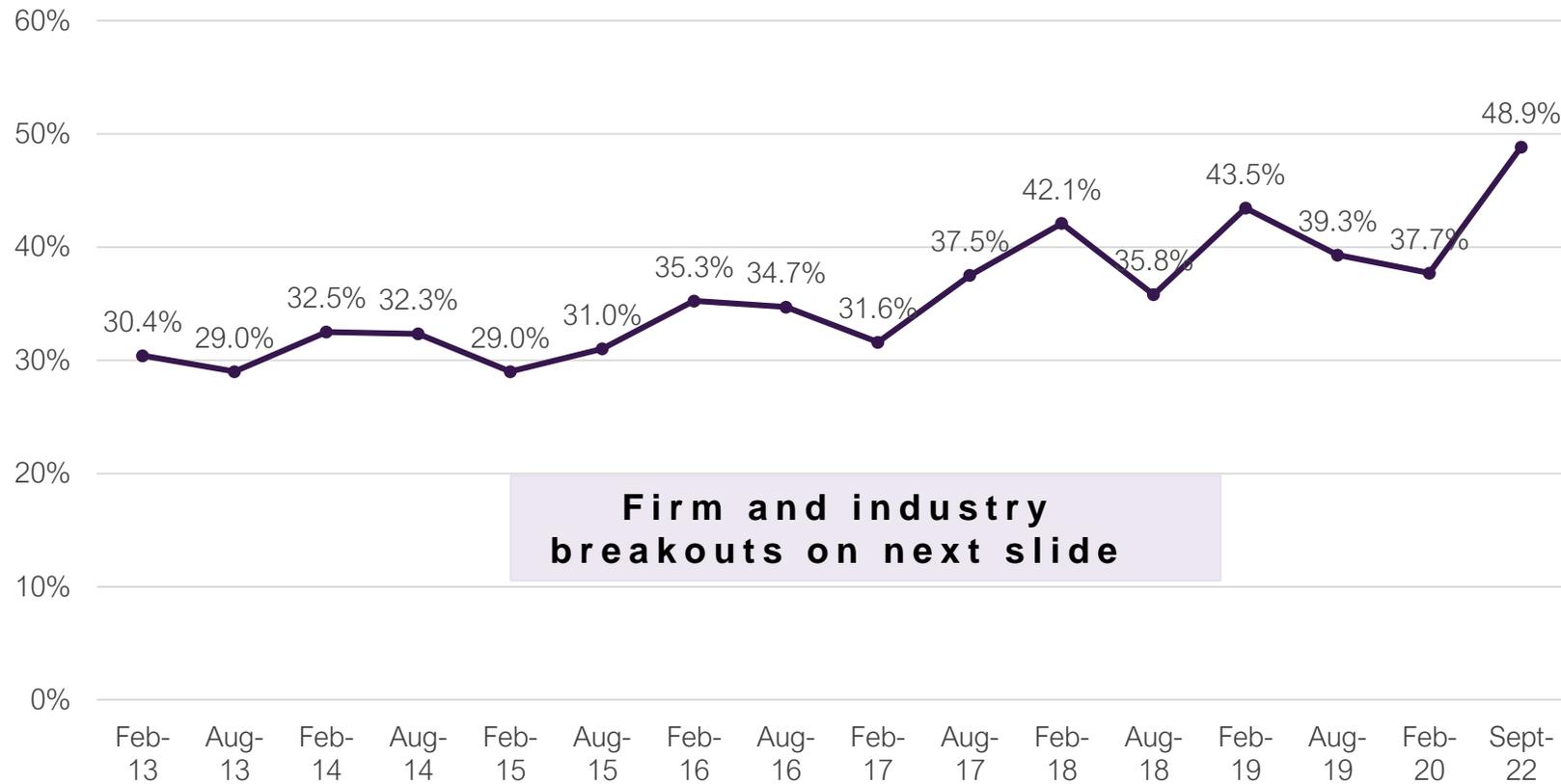
- Mining/Construction (13.3%)
- Communications/Media (11.5%)
- Pharma/Biotech (10.0%)

Bottom 3 Sectors

- Real Estate (3.0%)
- Education (4.0%)
- Consumer Services (5.8%)

Company use of marketing analytics in decision making rises to all-time high

In what percent of projects does your company use available or requested marketing analytics before a decision is made?



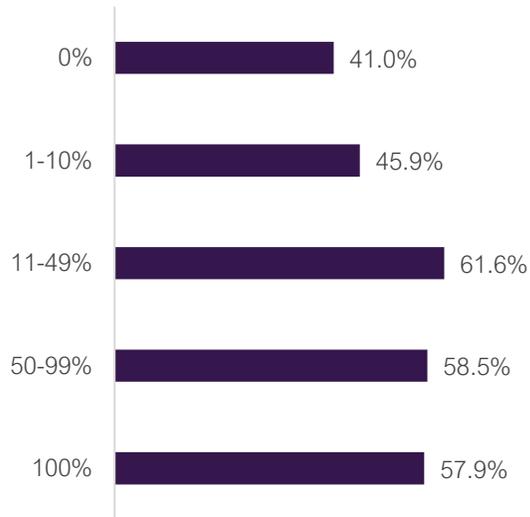
Insights

Marketing leaders are leveraging marketing analytics to make decisions at a higher rate than ever before, showing 61% growth since February 2012. This trend is led by the B2C Product economic sector (59.4%). Zooming down a level to industry sector, Consumer Services is most likely to use available or requested marketing analytics (68.8%). Medium to large companies (\$1-9.9 billion in sales revenue and 5000-9999 employees) are most likely to use marketing analytics in decision making (65.3% and 60.9%). Manufacturing (35.9%) and Transportation (37.0%) are least likely to use marketing analytics, likely due to the boom both of these industries have experienced during the pandemic recovery decreasing the perceived need for marketing analytics.

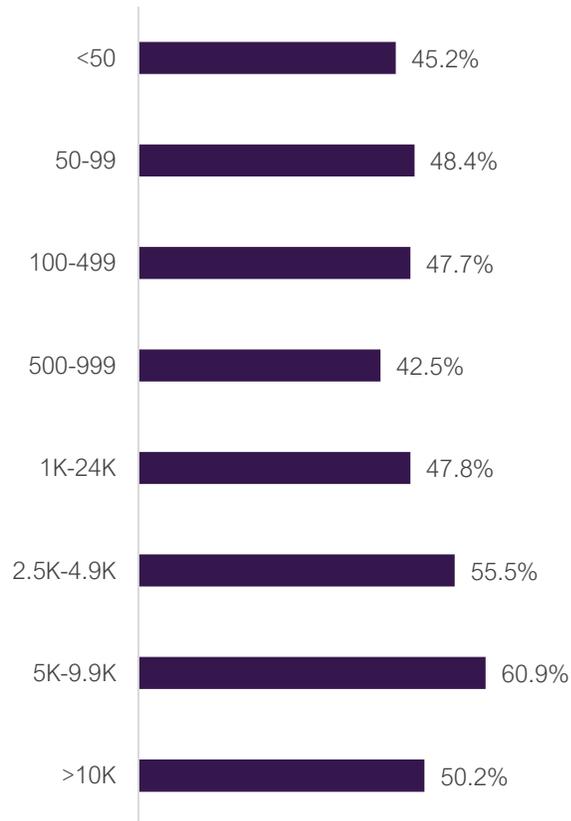
Firm and industry sector differences in company use of marketing analytics in decision making

48.9%
of projects used marketing analytics in decision making

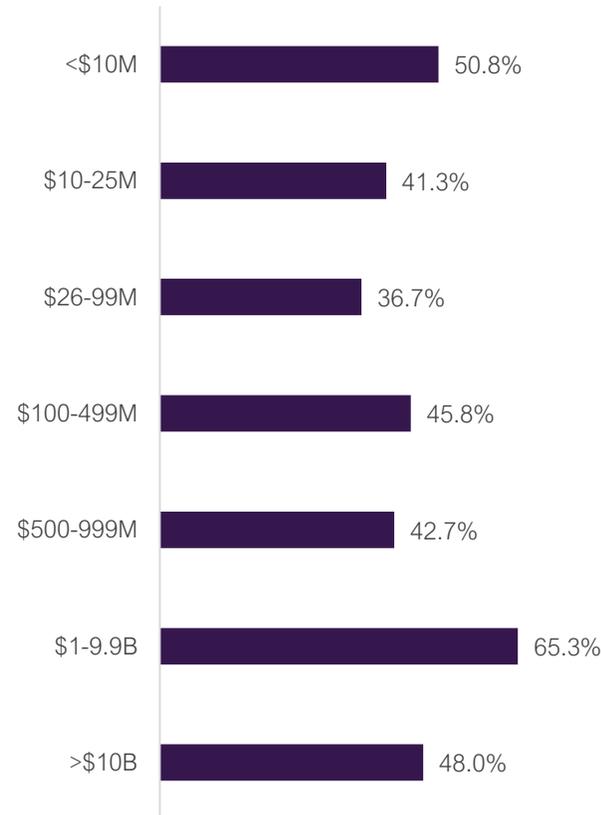
INTERNET SALES



EMPLOYEES



REVENUES



Economic Sector

- B2B Product: 43.7%
- B2B Services: 45.3%
- B2C Product: 59.4%
- B2C Services: 52.0%



Industry Sector

Top 3 Sectors

- Consumer Services (68.8%)
- Mining/Construction (66.7%)
- Pharma/Biotech (61.3%)

Bottom 3 Sectors

- Healthcare (43.8%)
- Transportation (37.0%)
- Manufacturing (35.9%)

Digital tops use of marketing analytics

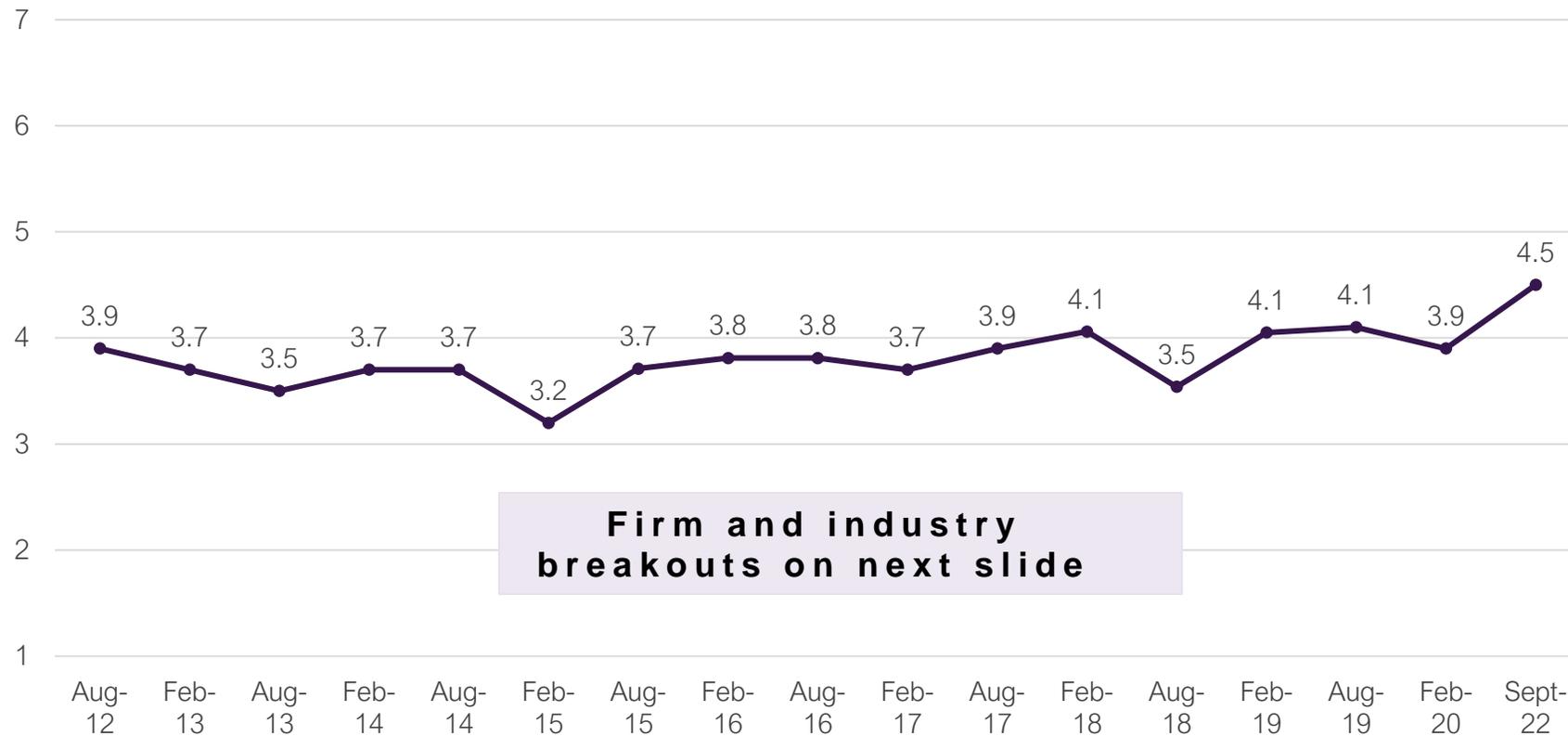
How is your company using marketing analytics to drive decision making?

Activity	% Reporting
Digital marketing	83.2%
Customer acquisition	71.7%
Social media strategy	69.1%
Customer insight	64.4%
Segmentation	54.5%
Branding strategy	52.9%
Promotion strategy	51.8%
Customer retention	50.3%

Activity	% Reporting
Marketing mix analysis	48.7%
Pricing strategy	42.4%
Multichannel marketing	40.8%
Sales strategy	38.7%
Customer service	34.6%
New product or service development	34.6%
Product or service strategy	32.5%

Marketing analytics' contribution to company performance reaches all-time high—but level still offers room for improvement

To what degree has the use of marketing analytics contributed to your company's performance?
(1= Not at all; 7= Very highly)

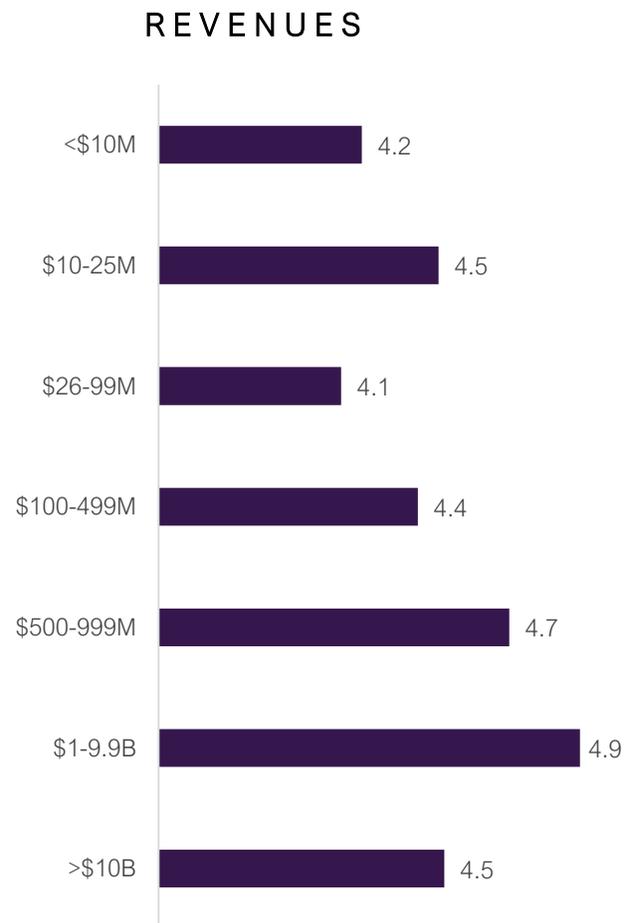
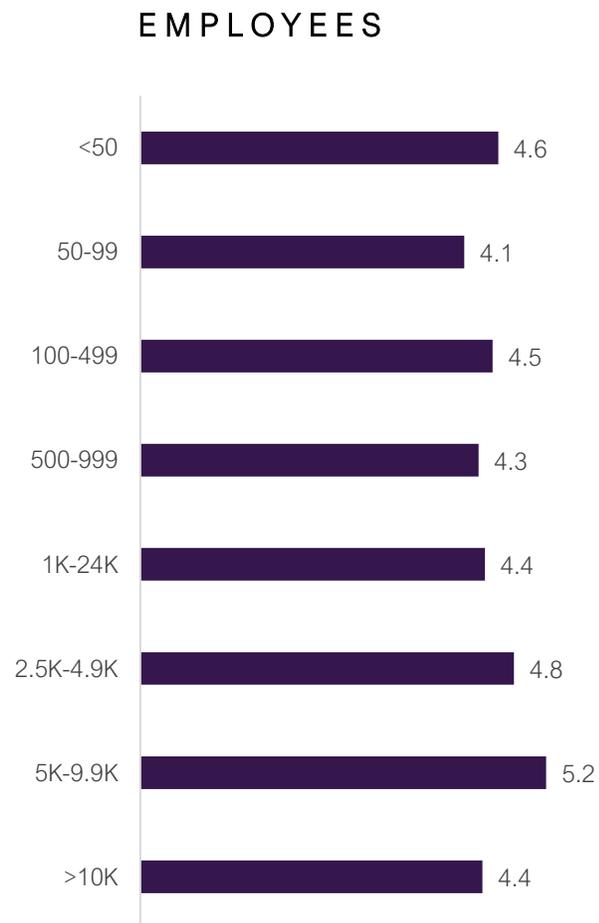
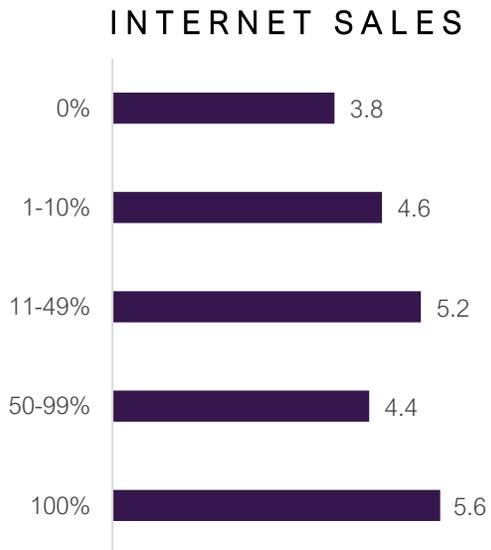


Insights

Marketing analytics are contributing to company performance at a higher rate than ever before. B2C Product companies are most likely to perceive this (5.6), as well as medium to large companies (\$1-9.9 billion and 5000-9999 employees) (4.9 and 5.2 respectively). Not surprisingly, companies with 100% of sales through the Internet also perceive that marketing analytics strongly contribute to their performance, with a mean of 5.6 out of 7. This is likely because without face-to-face interaction with customers, these companies need to rely on marketing analytics even more to be able to respond to the needs and desires of their customers.

Firm and industry sector differences in marketing analytics' contribution to company performance

4.5
 Mean rating of marketing analytics' contribution to company performance



Economic Sector

- B2B Product: 4.2
- B2B Services: 4.1
- B2C Product: 5.6
- B2C Services: 4.3

Industry Sector

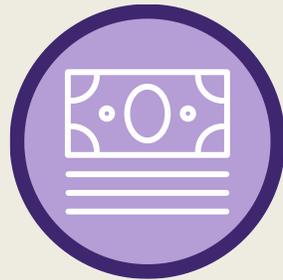
Top 3 Sectors

- Communications/Media (5.5)
- Retail/Wholesale (5.1)
- Consumer Packaged Goods (5.1)

Bottom 3 Sectors

- Real Estate (3.0)
- Banking/Finance/Insurance (4.0)
- Manufacturing (4.0)

B2C product companies show strength in marketing analytics



Percent of marketing budget spent on marketing analytics

B2C Product average
 Current: 9.4%
 3-year projection: 14.6%

Overall average

Current: 8.9%
 3-year projection: 14.5%



Percent of decisions using marketing analytics

59.4%

48.9%



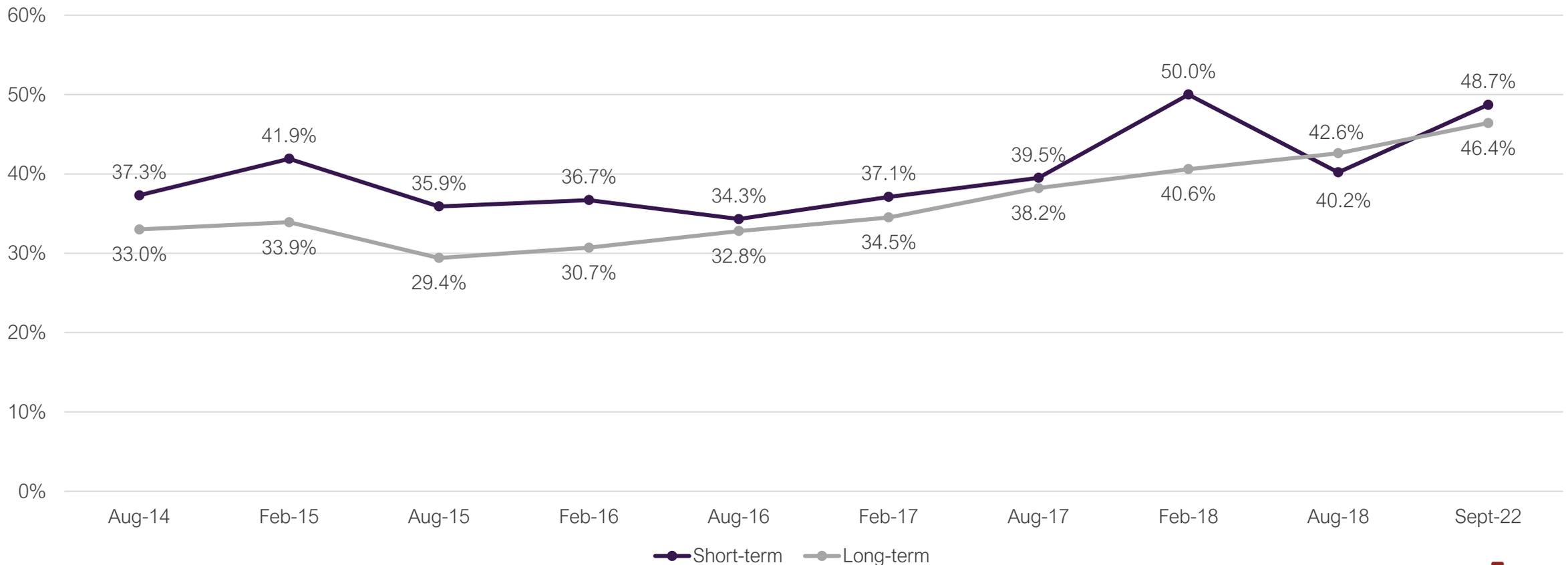
Contributions of marketing analytics to company performance (1=not at all, 7=very highly)

5.6

4.5

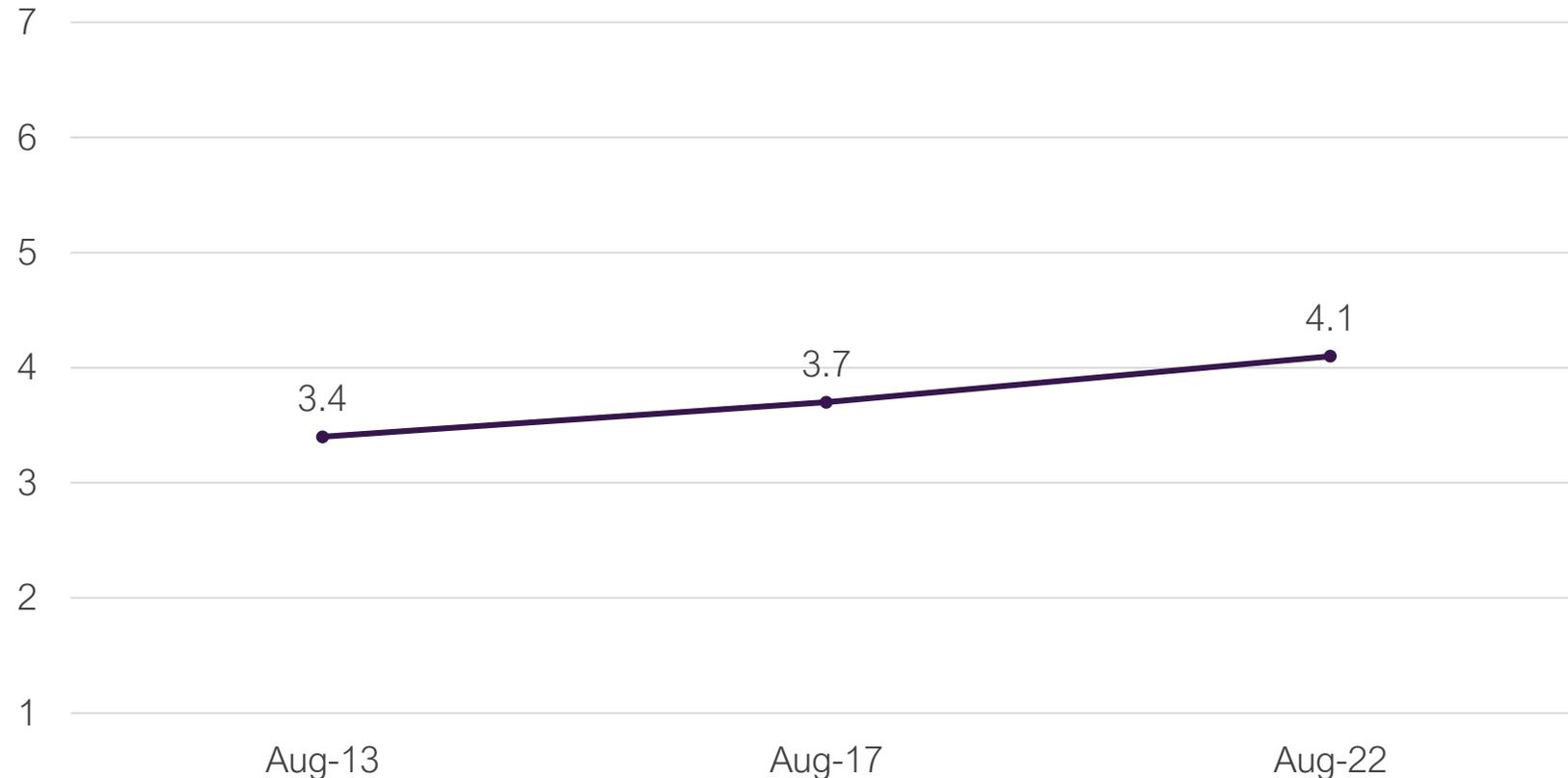
Use of quantitative tools to demonstrate marketing impact improves over 8 years

Does your company quantitatively show the short and long-term impacts of marketing spend on your business?



Steady progress on talent to leverage marketing analytics, but gaps remain

To what extent does your company have the right talent to fully leverage marketing analytics?
(1= Does not have the right talent; 7= Has the right talent)



*All available data is shown.

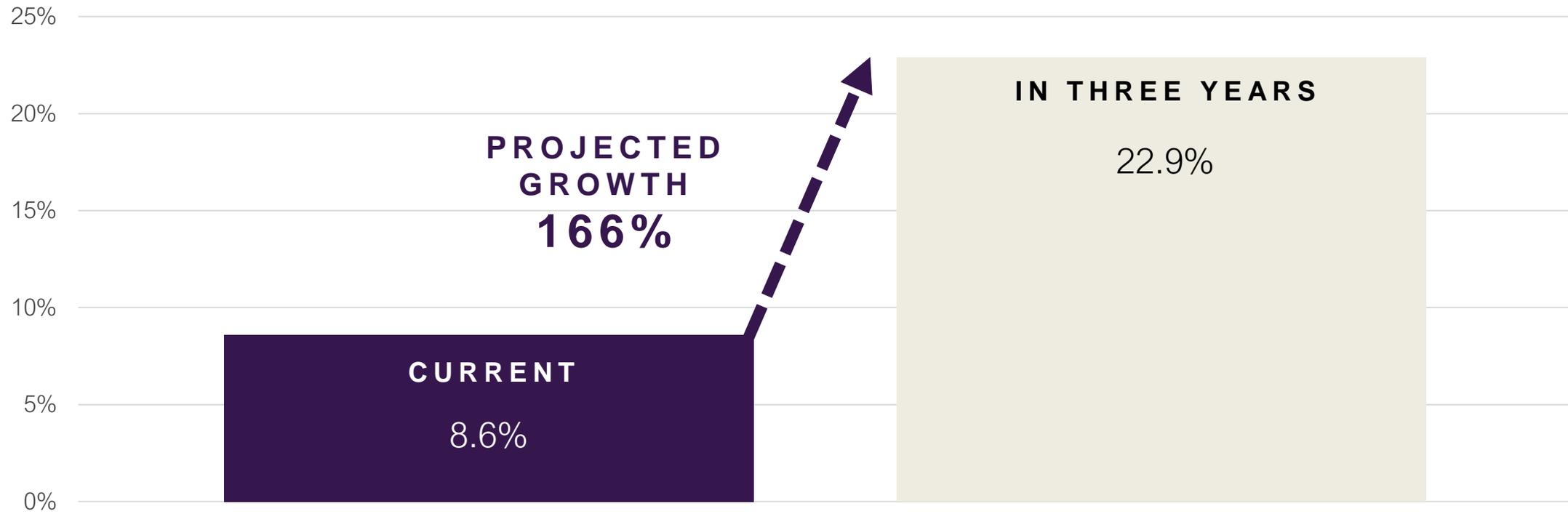


Insights

Overall, companies are generally satisfied with the talent they have to leverage marketing analytics, but B2B Product companies (9.5%) and companies with 0% of sales through the Internet (13.6%) stand out as most likely to respond “do not have the right talent.” Zooming to industry sector, this trend continues for companies in Manufacturing (15.0%), Professional Services (13.0%), and Banking/Finance/Insurance (10.5%). Looking at annual sales revenue, companies that earn \$99 million and under are most likely to be less satisfied than average with their talent to leverage marketing analytics.

Artificial intelligence and machine learning expected to grow

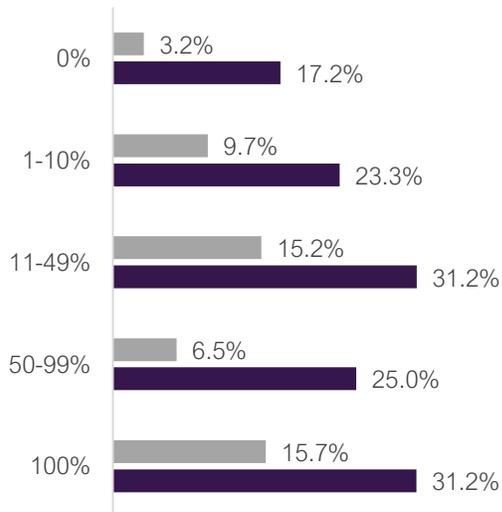
To what extent is your company using artificial intelligence or machine learning in optimizing and automating marketing efforts? (0% of the time-100% of the time)



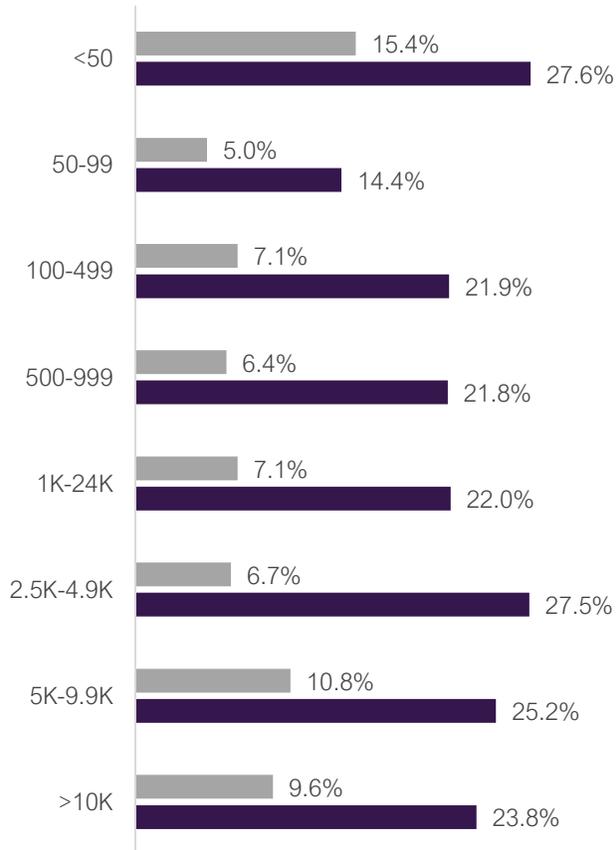
Firm and industry sector differences in artificial intelligence and machine learning in optimizing and automating marketing efforts

Current
8.6%
Next Three Years
22.9%

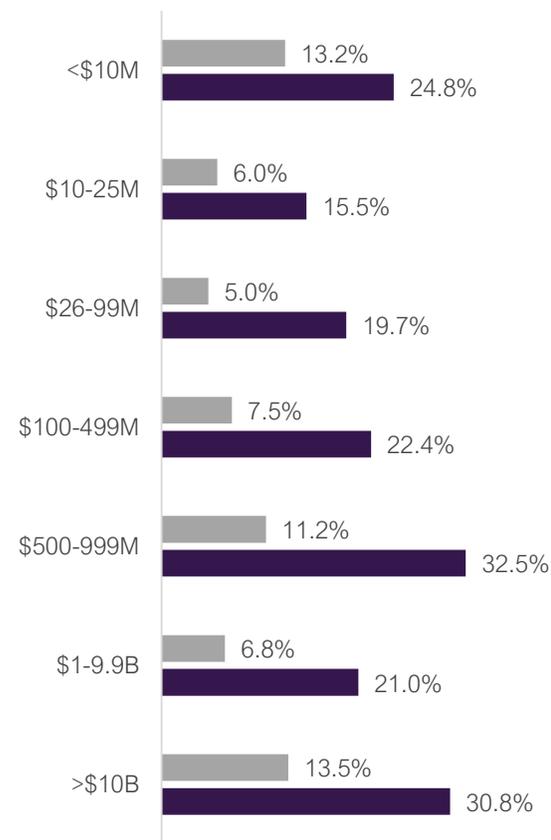
INTERNET SALES



EMPLOYEES



REVENUES



■ Currently ■ Next three years



Economic Sector

	Current	Next three years
B2B Product	7.5%	21.6%
B2B Services	8.4%	24.6%
B2C Product	11.4%	24.3%
B2C Services	7.5%	20.8%



Industry Sector

Current - Top 3 Industry Sectors

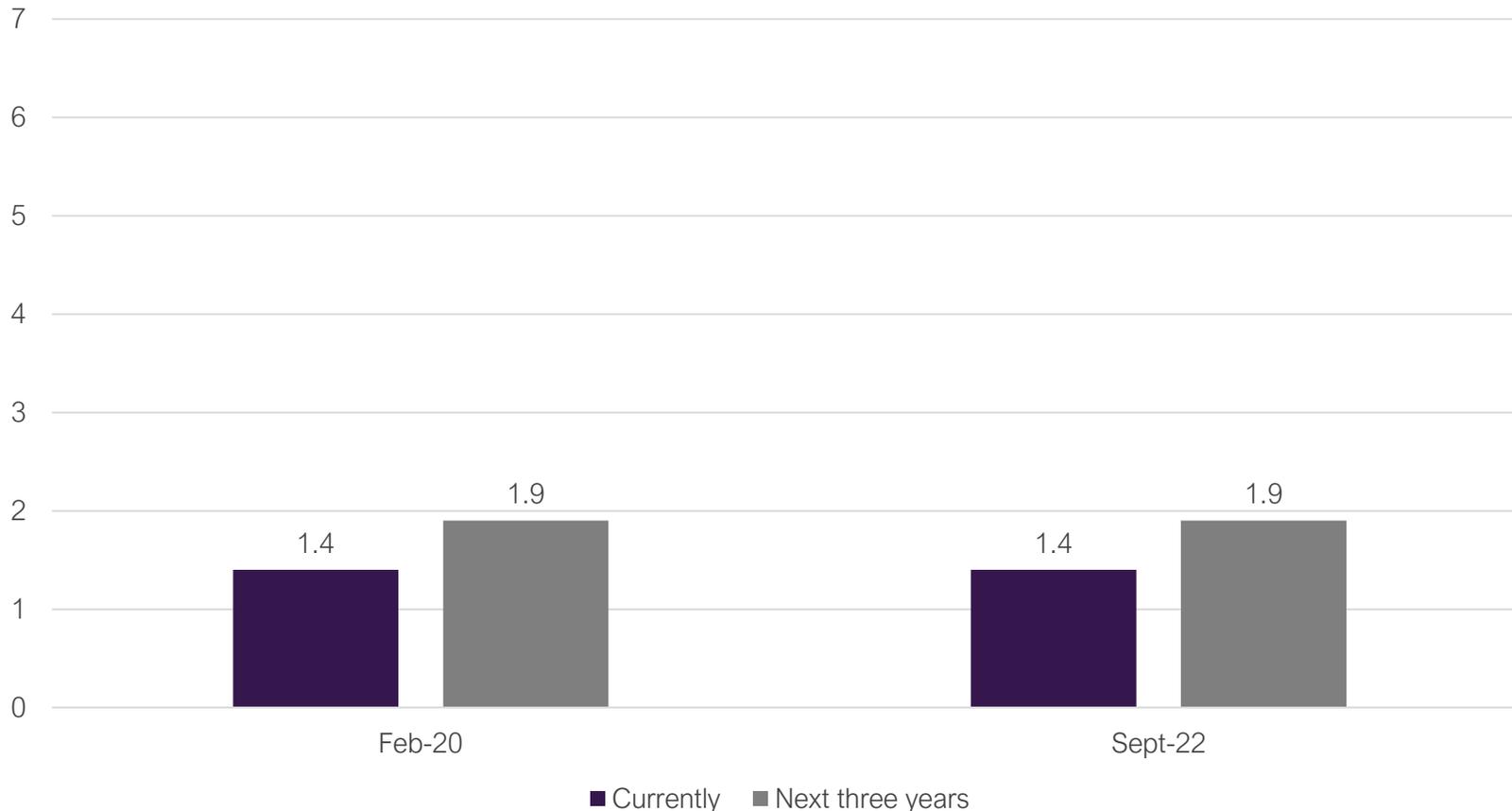
- Communications/Media (22.5%)
- Education (15.0%)
- Mining/Construction (13.3%)

Current - Bottom 3 Industry Sectors

- Real Estate (0.0%)
- Healthcare (2.5%)
- Transportation (3.0%)

Blockchain continues to have little effect on marketing strategies

To what extent are blockchain technologies affecting your company's marketing strategies? (1= Not at all; 7= Regularly)



Insights

Effects of blockchain on marketing strategies remain the same as February 2020, the last time this question was asked. Companies with 50-99% of sales through the Internet say blockchain technologies currently affect company marketing strategies to an above average extent (1.9), a trend that is anticipated to continue in the next three years (2.5). In terms of industry sector, Communications/Media companies report a higher effect from blockchain technologies on their marketing strategies than other sectors.



Marketing Knowledge

Marketers have invested in building their knowledge resources throughout the pandemic. Considering the biggest spending categories, they spent 89% more on developing knowledge about how to do marketing leads investment increases (from 7.3% to 13.8%) and 209% more on marketing research and intelligence (from 3.4% to 10.5%). The Pharma/Biotech sector leads on both investments at 25%, pointing to the industry's acknowledgement that as the pandemic winds down, it will need a refresh its customer insights to continue its pandemic-fueled growth.

Market research has changed during the pandemic, with the biggest change being that more companies report studying online consumer behavior more (63.3%). This is most pronounced among B2C Product companies (86.1%) and companies with \$10+ billion in annual sales revenue (100%). This could be because the trend to buy more online than in person was even more accelerated during the pandemic due to health concerns and business opening restrictions. Companies are also using more video interviews (57.8%), but surprisingly are not using more text analysis (18.0%) despite its availability.

These investments have paid off with the quality of all marketing knowledge resources rising during the pandemic. Marketing capabilities rates the highest, fueled by investments in developing knowledge about how to do marketing. This is followed by customer insights, improved by pandemic-inspired approaches. The larger the company, both in terms of annual sales revenue and number of employees, the more likely it is to rate marketing knowledge resources highly.

Quality of marketing knowledge improves during pandemic

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

	February 2020	September 2022
Marketing capabilities	4.7	5.0
Customer insights	4.4	4.7
Competitive intelligence	4.3	4.4
Marketing analytics	4.2	4.4
Marketing research	4.0	4.2
Marketing training	3.4	3.8

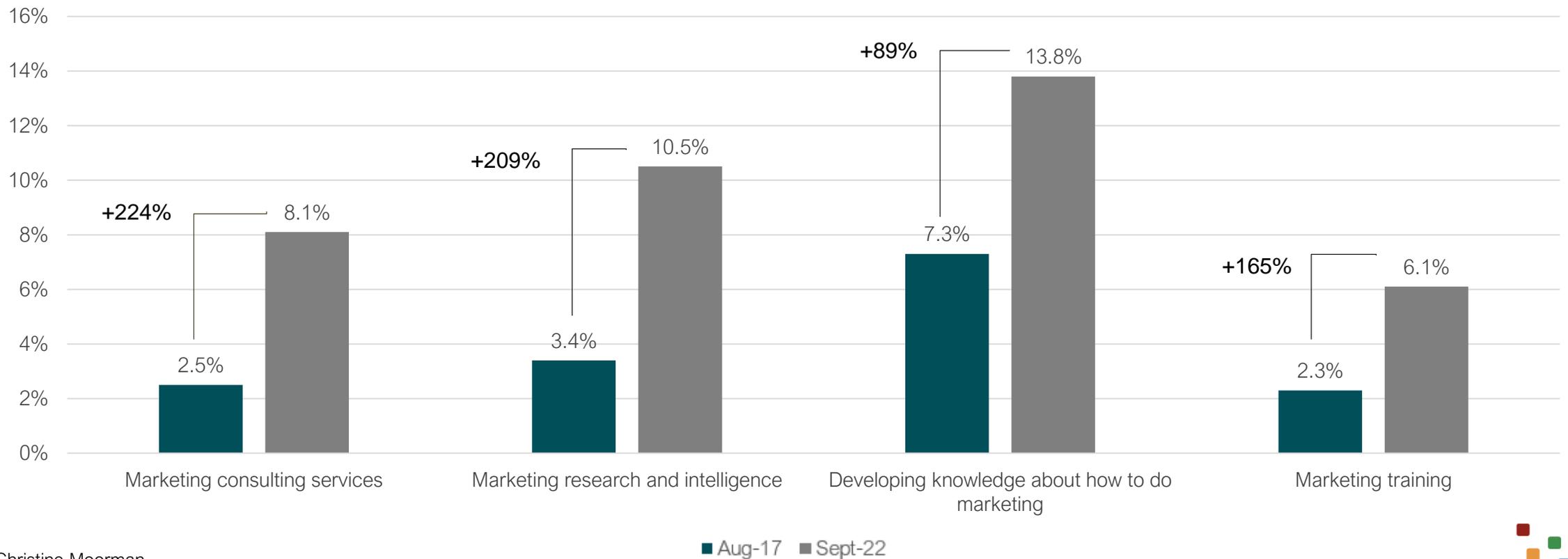


Insights

Larger companies, both in terms of sales revenue and number of employees, are more likely to rate their marketing knowledge resources more favorably across all categories. This is likely due to their ability to invest more and therefore leverage these resources. Regarding industry sectors, Energy (5.4), Mining/Construction (5.3) and Professional Services (5.0) are most likely to rate their marketing capabilities the highest. Marketing training is the area most companies rated the lowest, pointing to room to grow in this area.

Investments in marketing knowledge soar over last five years

By what percent is your spending on each type of marketing knowledge expected to change in the next 12 months?



How the pandemic has changed market research practices

How has your market research changed during the pandemic?



63.3%

Studying more
online consumer
behavior



57.8%

Doing more
video interviews



18.0%

Using more
text analysis



Marketing Performance

Compared to the previous 12 months, marketing performance remains strong and positive for all metrics, with improvement in sales revenues (12.3%) and customer retention (11.2%) leading, followed by brand value (9.8%), customer acquisition (9.0%), and profits (7.1%). Considering how these levels compare to pre-pandemic levels, sales revenue growth (profit growth) levels of 4.4% (3.8%) were the norm. Performance levels dropped in February 2021 one year into the pandemic to 0.3% sales revenue and 2.6% profits and peaked in February 2022 with sales revenue growth reaching 14.1% and profits 10.7%. Current performance far exceeds pre-pandemic levels, but is lower than levels achieved earlier in the year, pointing to inflationary and recessionary pressures. Considering sectors, the strongest performers across the board are B2B companies.

Considering the durability of the effect of marketing investments on customers, the most commonly reported length of time is “several months” (28%) with “one year” coming in second (20%). This durability rating varies quite a bit by sector with several sectors reporting modal durability ratings of up to a year—Services Consulting (35%), Healthcare (27%), and Pharma/Biotech (75%) marketers report 2-year levels and Education marketers (33%) report durability levels of 5 years.

Company performance remains strong: B2B marketers lead

Compared to 2021, rate your company's performance during the prior 12 months:

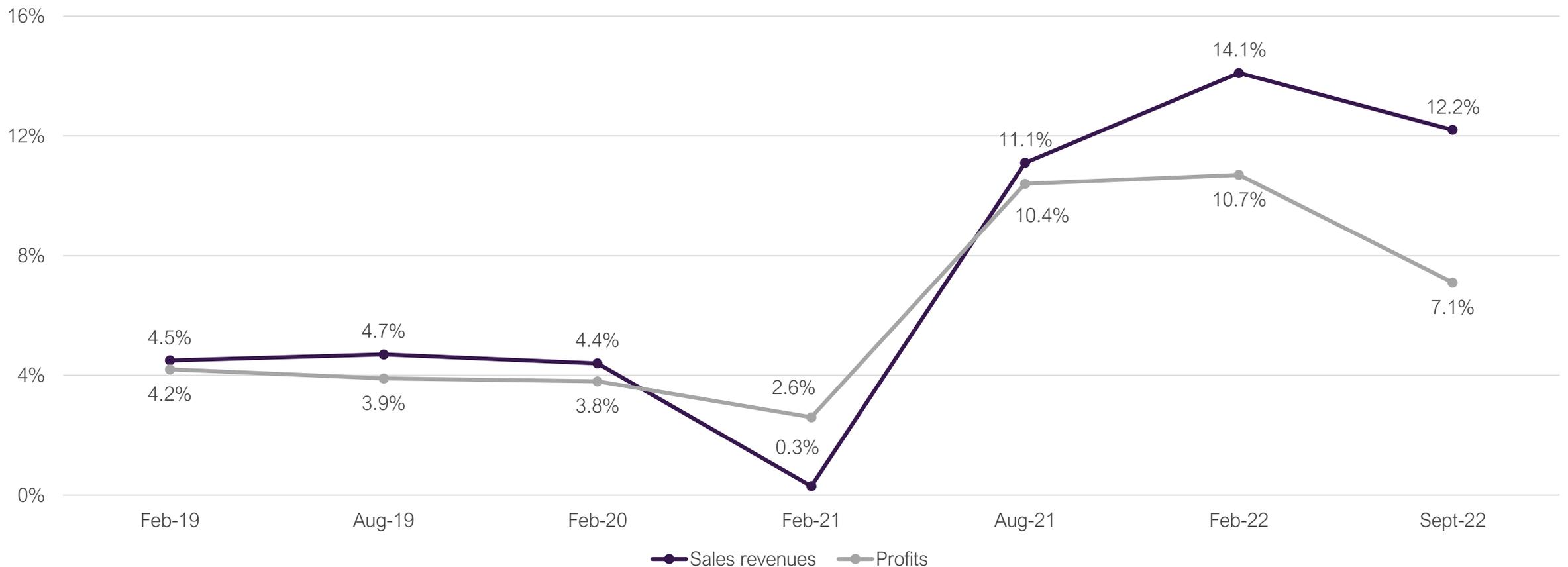


Economic Sector

	Sales Revenues	Customer Acquisition	Brand Value	Customer Retention	Profits
B2B Product	+13.7%	+9.8%	+13.2%	+17.6%	+10.2%
B2B Services	+16.9%	+9.0%	+8.9%	+11.5%	+8.6%
B2C Product	+7.2%	+8.3%	+8.1%	+4.1%	+1.0%
B2C Services	+6.8%	+8.3%	+4.2%	+2.4%	+4.4%

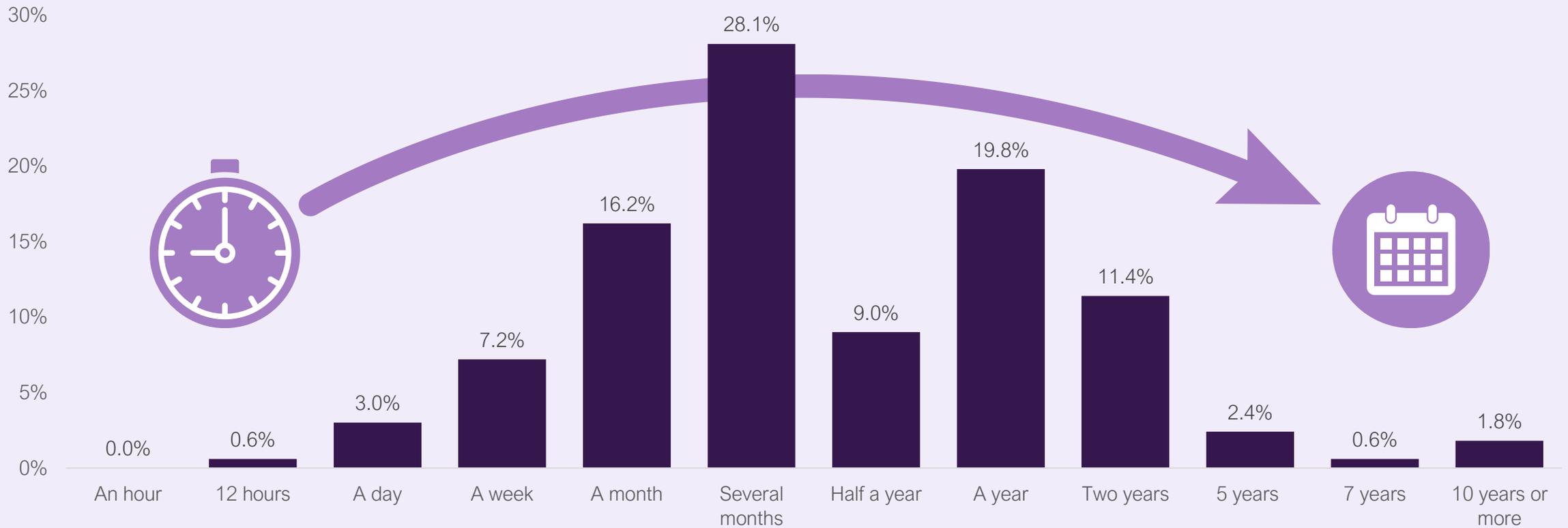
Company performance in sales and profits far exceeds pre-pandemic levels but dips from February 2022

Compared to 2021, rate your company's performance during the prior 12 months:



Effects of marketing investments on customers estimated to last several months

How durable are the effects of your company's marketing investments on customers?



How industries vary in durability of marketing investments

How durable are the effects of your company's marketing investments on customers?

<u>Industry sector</u>	<u>Modal duration*</u>
Banking/Finance/Insurance	Several months
Communications/Media	Several months
Consumer Packaged Goods	One month
Consumer Services	Several months
Education	Five years
Energy	Several months
Healthcare	One year
Pharma/Biotech	Two years
Manufacturing	One year
Mining/Construction	Several months
Professional Services	One year
Real Estate	One year
Technology	Several months
Transportation	Half a year
Retail/Wholesale	Several months



Insights

The effects of marketing spending varies among industry sectors. It is common that customers perceive goods and services differently. For example, Education (intangible service) is seen as a future investment, while buying a consumer packaged good (tangible good) could be used right away. Therefore, industries will have different marketing strategies and the duration of their effects will vary.

*If highest level is the same across categories, the highest level is reported here.

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