The CMO Survey® since 2008

The Highlights and Insights Report February 2022

Managing Digital Marketing Returns, Privacy, and Climate Impact

Deloitte.

DUKE FUQUA

COLE COACH K CENTER ON LEADERSHIP & ETHICS

AMA | AMERICAN MARKETING ASSOCIATION

The CMO Survey® since 2008

This 28th Edition of The CMO Survey finds that marketing budgets as a percent of overall budgets rise to 11.7%, resetting to pre-pandemic levels, while marketing budgets as a percent of revenues increase to 10.3%. Yearly growth in marketing spending breaks 10% for only the second time in a decade and is predicted to rise further over the next year to 13.6%. *Digital marketing spending*, which currently accounts for 57.1% of marketing budgets, is expected to grow by 16.2% during the same period. Although investments in digital marketing have increased across the board, investments in data analytics grew by nearly 40% over the last year to become the most common investment by marketers. The largest reported digital marketing challenges are integrating customer data across all touchpoints and combining digital and offline data.

Only one third of marketers surveyed report their companies have specific goals related to *climate change*. Fewer than half of marketing leaders (47.4%) think their companies are willing to make short-term financial sacrifices for climate-change. Companies are less likely than in previous years to take specific actions to reduce the negative impact of marketing-related activities on the ecological environment. Fully 40% of companies are taking no climate-related actions. One reason for this may be that only 34.0% of marketers believe customers/partners will reward climate action and only 24.5% report customers are willing to pay a higher price for more climate-friendly offerings. Concern with minimizing the impact of marketing on the ecological environment has shown no increase for a decade.

Considering the management of *privacy*, marketers expect a large increase in first-party data usage over the next two years (75% will increase use) that far exceeds use of second-party (46%) and third-party data (39%). In 2018, only 11.4% of marketers predicted a decrease in their use of third-party data and this increased to 17.7% likely in the wake of Apple allowing its users to choose which apps can access their data and Google's announcement that tracking cookies on the Chrome web browser will be phased out by 2023. Privacy concerns have not meaningfully increased since 2018 and marketers rate their worries about privacy concerns at only at moderate level. This may be due, in part, to the fact that nearly two-thirds of marketers believe customers will stay with current brands instead of switching to an alternative that offers more privacy protection and that over 90% do not believe consumers read or understand privacy disclosures. Despite this fact, marketers are still taking actions to increase trust in their brands in the face of privacy concerns, including 63% promising not to sell customer information.

All three reports contain other topics and metrics important to managing marketing. I hope these observations, insights, and benchmarks will be useful to you and your company. Special thanks to all the marketing leaders who gave their time and good will to make these findings possible.

Christine Moorman
T. Austin Finch, Sr. Professor of Business Administration
Fuqua School of Business, Duke University
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.

28th 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 28th Edition of The CMO Survey includes questions about marketing spending, managing digital marketing returns, climate change, and privacy.

SPONSORS

Sponsors for the 28th edition include Deloitte LLP, Duke University's Fuqua School of Business, the Coach K Center for Leadership and Ethics, and the American Marketing Association.

Sponsors support The CMO Survey with intellectual and financial resources.

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

DUKE FUQUA

Deloitte.

AMA | AMERICAN MARKETING ASSOCIATION

COLE COACH K CENTER ON LEADERSHIP & ETHICS

Survey Methodology and Reports

SURVEY REPORTS

- The Topline Report offers an aggregate view of Survey results
- The Highlights and Insights Report contains key Survey metrics, trends, and insights
- The Firm and Industry Breakout Report displays Survey results by sector, size, and Internet sales

Interpretive guide:

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

ADMINISTRATION

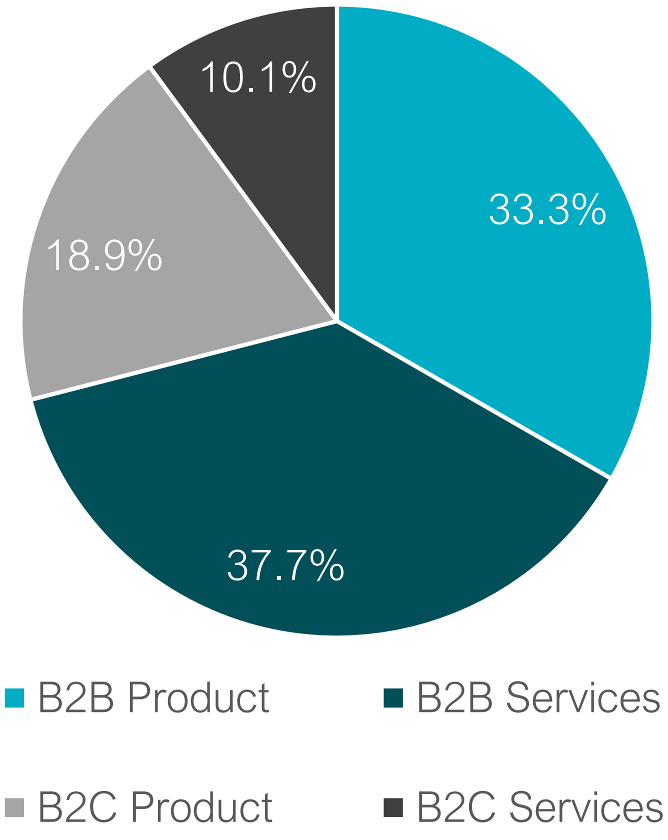
- Email contact with four follow-up reminders
- The survey was in field from January 11-February 7, 2022.

SAMPLE

- 2592 top marketers at for-profit U.S. companies
- 320 responded for a 12.3% response rate
- 96.6% of respondents VP-level or above

Survey Participants (n=320)

ECONOMIC SECTOR

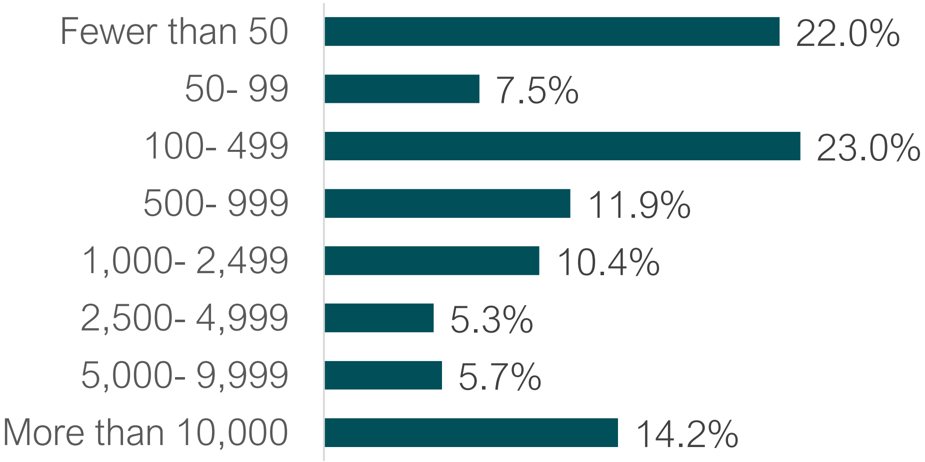


INDUSTRY SECTOR

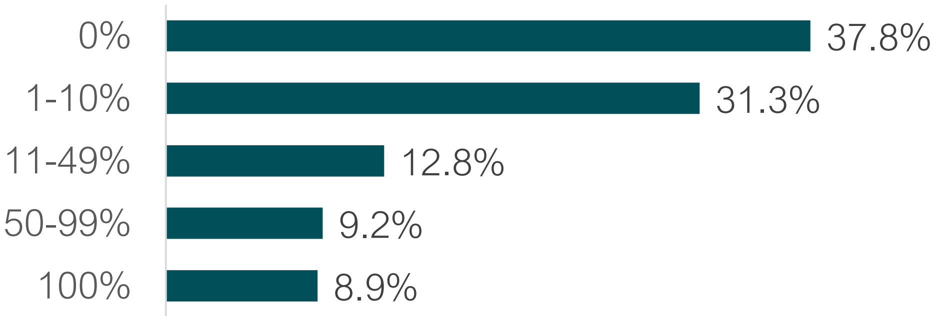
Technology [Software/Platform]	23.2%
Professional Services/Consulting	10.8%
Banking/Finance/Insurance	10.8%
Consumer Packaged Goods	9.5%
Healthcare	9.2%
Manufacturing	8.3%
Retail/Wholesale	6.4%
Communications/Media	5.7%
Energy	3.2%
Transportation	2.9%
Pharmaceuticals/Biotech	2.5%
Education	2.2%
Consumer Services	2.2%
Real Estate	1.6%
Mining/Construction	1.6%
Wholesale	1.3%

Survey Participants (n=320)

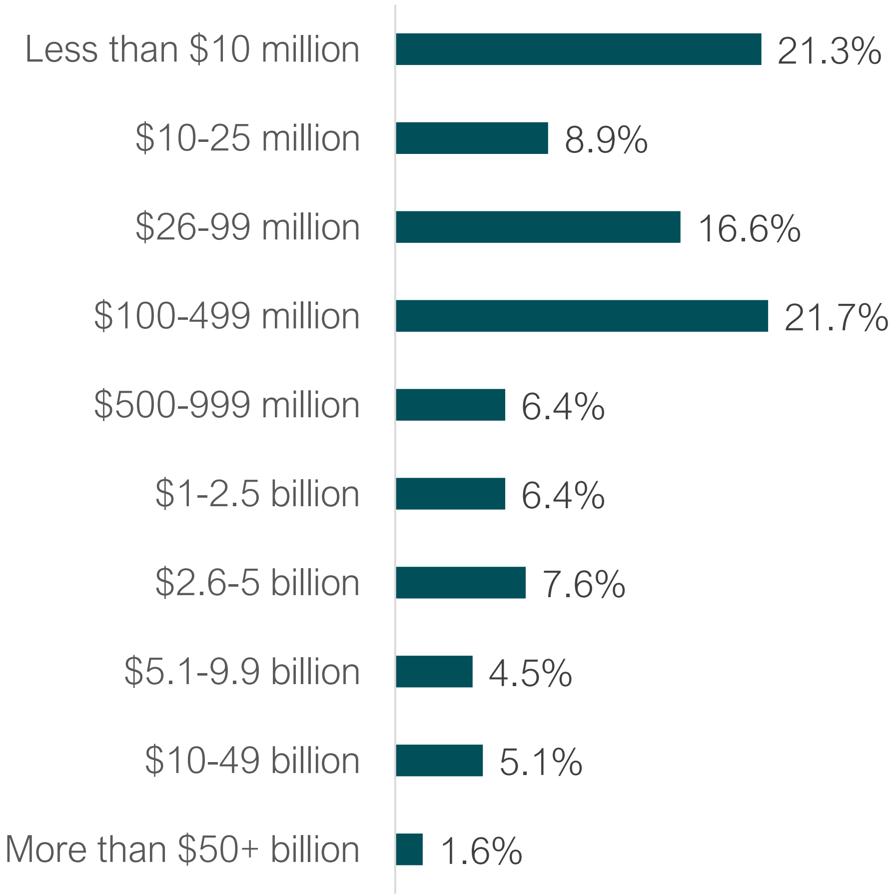
NUMBER OF EMPLOYEES



% INTERNET SALES



SALES REVENUE



28th Edition Topics

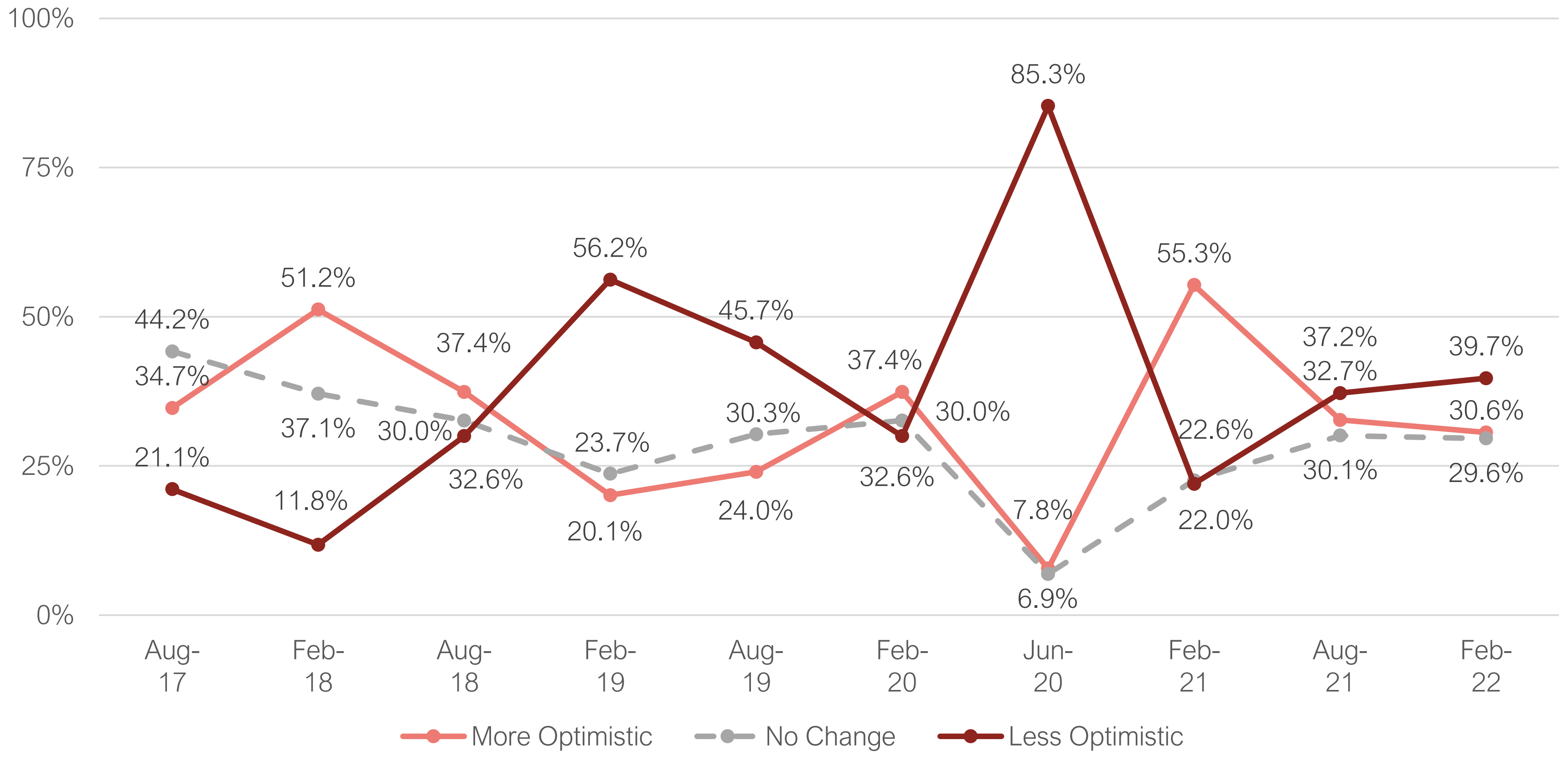
Macroeconomic Forecasts

Optimism regarding the U.S. economy's next quarter (Q2 2022) compared to last quarter (Q1 2022) weakens, with only 30.6% of marketers as "more optimistic." Consistent with this finding, 39.7% of marketers report being "less optimistic" compared to 37.2% in February 2021 and the record-setting low of 11.8% in February 2018. This decline in optimism regarding the next quarter aligns with the rise of the COVID-19 Omicron variant, inflation surges, and ongoing supply chain issues.

Optimism for the U.S. economy hit 66.8 (out of 100), down from the 69.6 reported in August 2021, but up dramatically from 50.9 at the height of the COVID-19 pandemic in June 2020. To no surprise, the industry sector driving this decrease in optimism is Education (47.9), with the ongoing pandemic impacting the quality of teaching and learning on an unprecedented scale. Transportation (77.2) and Pharma/Biotech (71.3), on the other hand, are the most optimistic. These industries' optimism is likely based on the wide-spread adoption of the COVID-19 vaccine, with over 250 million Americans having received at least one dose, and the reopening of borders and resurgence of travel.

Uncertainty about the economy entrenches; optimism dampened by COVID variants and inflation

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



Economic Sector

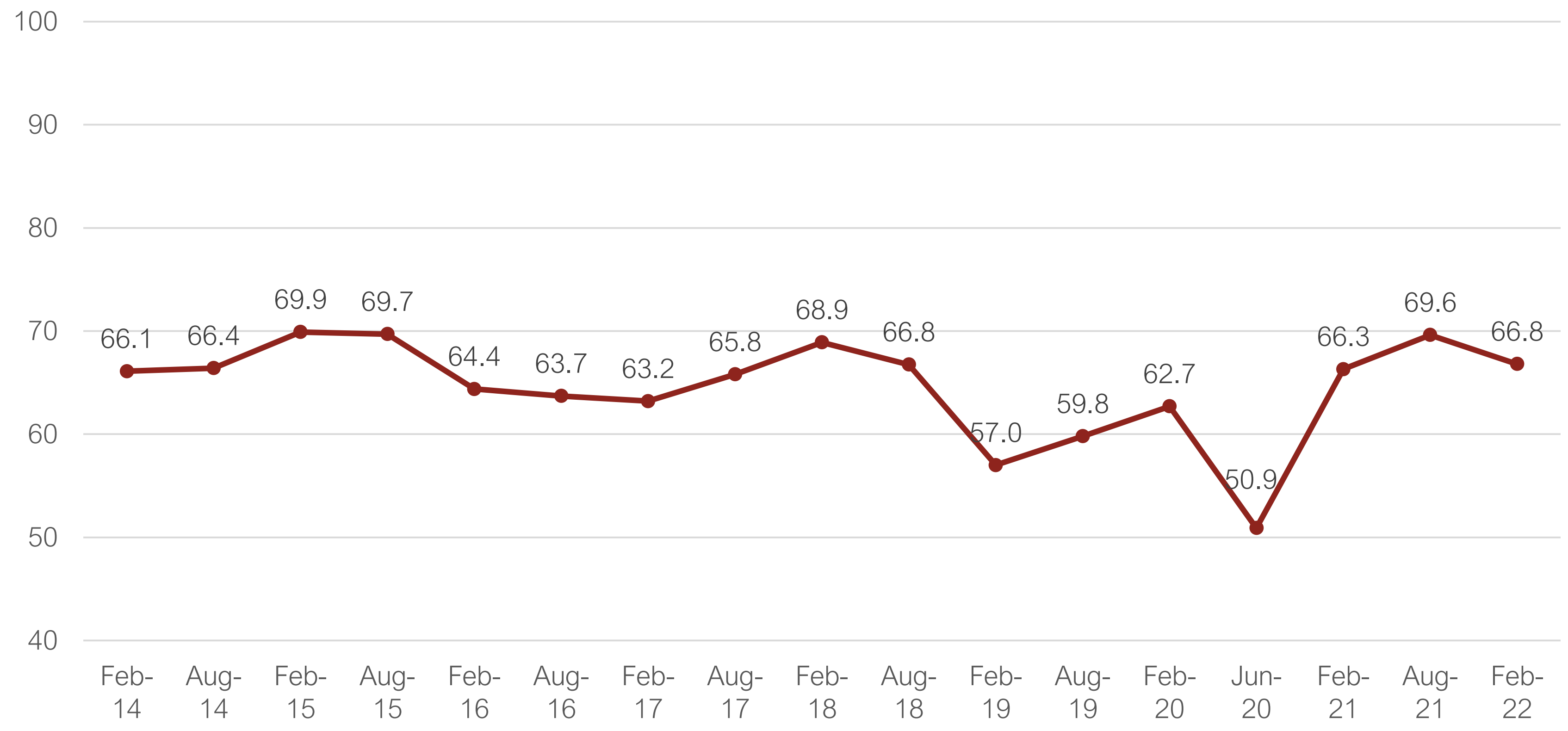
	Less-Feb-22	More-Feb-22
B2B Product	41.0%	28.6%
B2B Services	39.1%	31.3%
B2C Product	40.7%	32.2%
B2C Services	35.7%	32.1%

Insights

The smallest companies, both in terms of sales (<$10B) and number of employees (<50), are the most 'more optimistic' (44.4% and 41.8%, respectively) about the U.S. economy compared to last quarter, as well as companies with 100% of sales through the Internet (36.0%).

Optimism for the U.S. economy dips, returning to historic average

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: 66.7

B2B Services: 66.1

B2C Product: 66.8

B2C Services: 70.2

Insights

Optimism regarding the US economy is returning to historic averages across all sector breakouts. Transportation (77.2), Pharma/Biotech (71.3), and Banking/Finance/Insurance (70.2) are the most optimistic, while Education (47.9), Real Estate (55.4), and Consumer Services (57.2) are the least optimistic.

Customers and Channels

Marketers report that superior product quality (ranked as the top priority by 31.3%), excellent service (22.0%), and trusting relationships (14.3%) will be their customers' top priorities in the next year. These findings are relatively consistent with those found in August 2021, but when comparing them to those reported pre-pandemic (February 2020), we see an increased emphasis on product quality (+39.7%). This is especially true within the B2C Product sector, where product quality increased as the top priority from 7.4% to 39.3%.

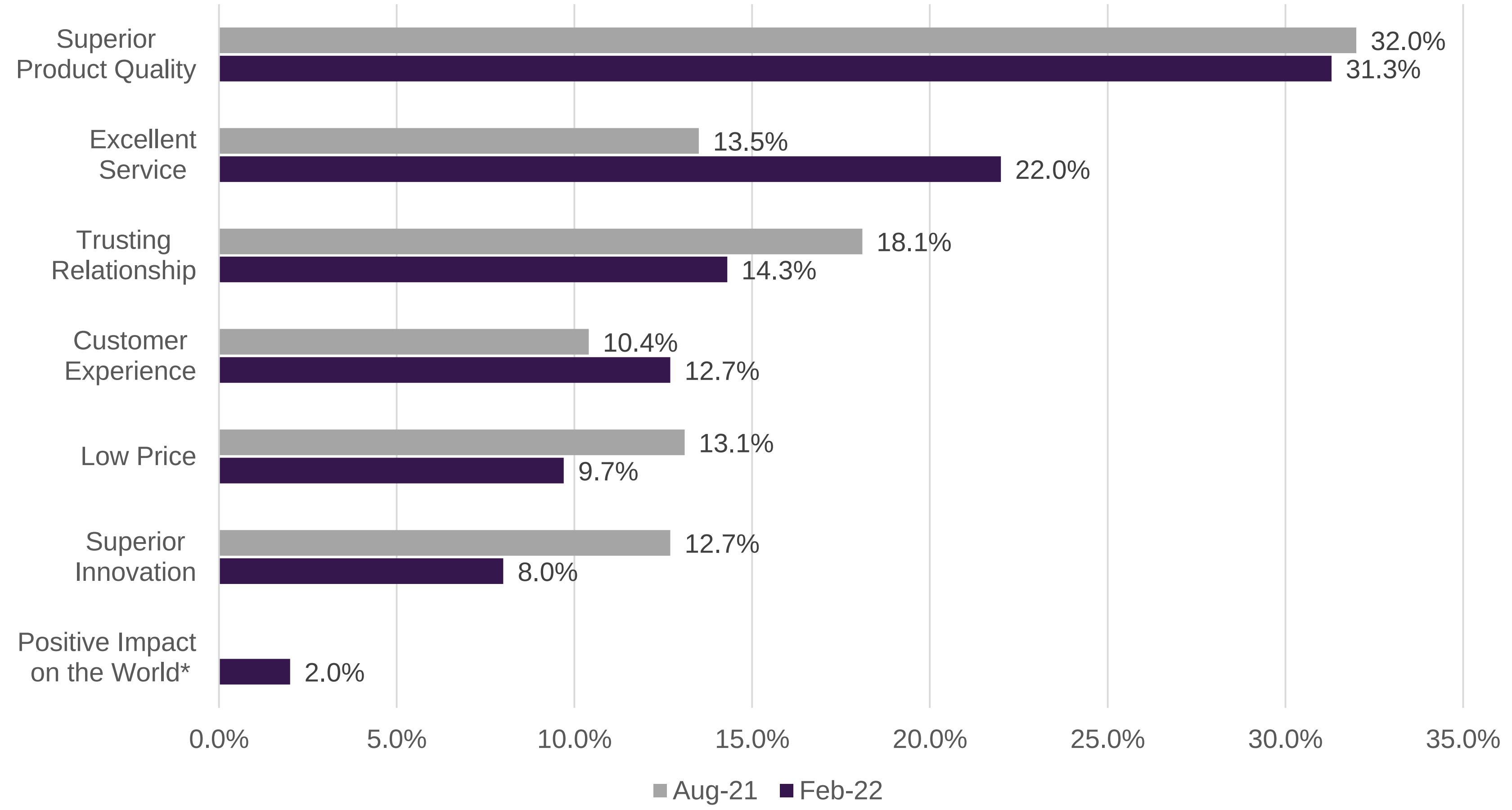
Diving one level deeper, a similar trend emerges when restricting to Consumer Packaged Goods companies, where product quality increased from being identified as the top priority by 0.0% of CPG companies in February 2020 to 39.3% just two years later. In February 2020, 45.5% of Consumer Packaged Goods companies identified superior innovation as their customers' top priority, a percentage that dropped to 10.7% as of February 2022. This trend aligns with the fact that consumers leaned into tried-and-true brand name products during their stress-induced pandemic shopping, pushing companies to shift funding away from innovation and into their core product lines.

Given this shift towards prioritization of product quality, it is no surprise that the vast majority of marketers believe that their customers trust their brand above the industry average. B2C and B2B Service companies have the strongest belief in their customers' trust, rating themselves as 8.2 and 8.1 on a scale from 1 to 10, respectively.

Marketers report a drastic decline in the use of channel partners over the last decade, moving toward disintermediation and coming to market alone. The companies that continuing to use channel partners are Consumer Packaged Goods companies (80.0%) and large companies with $10B+ in sales (76.2%). Services companies and smaller companies, on the other hand, are significantly less likely to use channel partners

Customers prioritize superior product quality

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



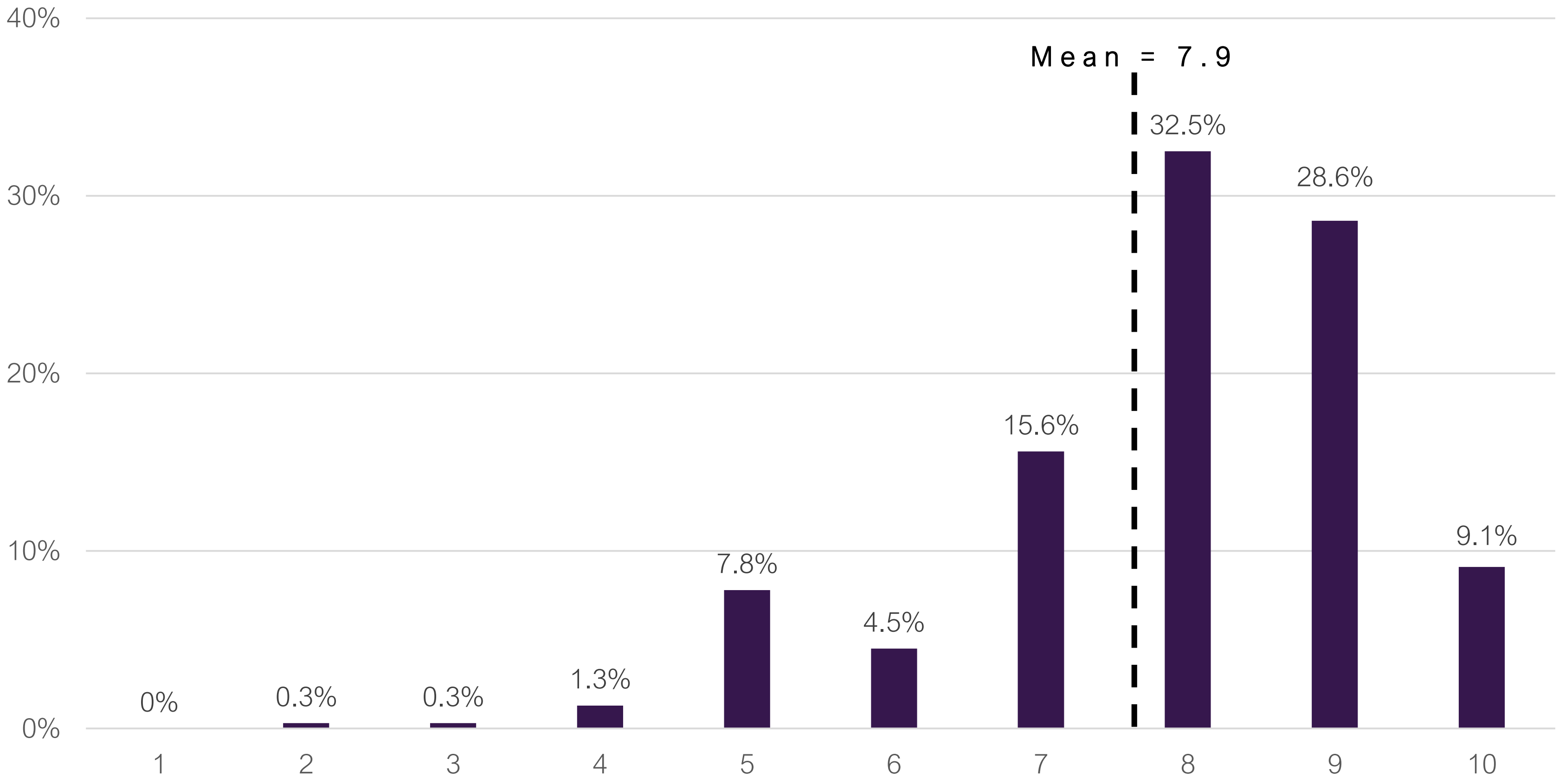
Insights

During the COVID-19 pandemic, companies have shifted their focus away from trusting relationships and superior innovation to superior product quality (+39.7% since Feb-20). This was particularly true for B2C Product companies, 39.3% of which ranked superior product quality as their customers' top priority. This trend aligns with the fact that consumers leaned into tried-and-true brand name products and services during their stress-induced pandemic purchasing, pushing companies to shift funding away from new launches and customer service and into their core product and service lines.

*This priority was not included in August 2021

Marketers report strong brand trust from their customers

How much do customers trust your brand? (1=significantly below the industry average, 10=significantly above the industry average)



Economic Sector

B2B Product: 7.8

B2B Services: 8.1

B2C Product: 7.5

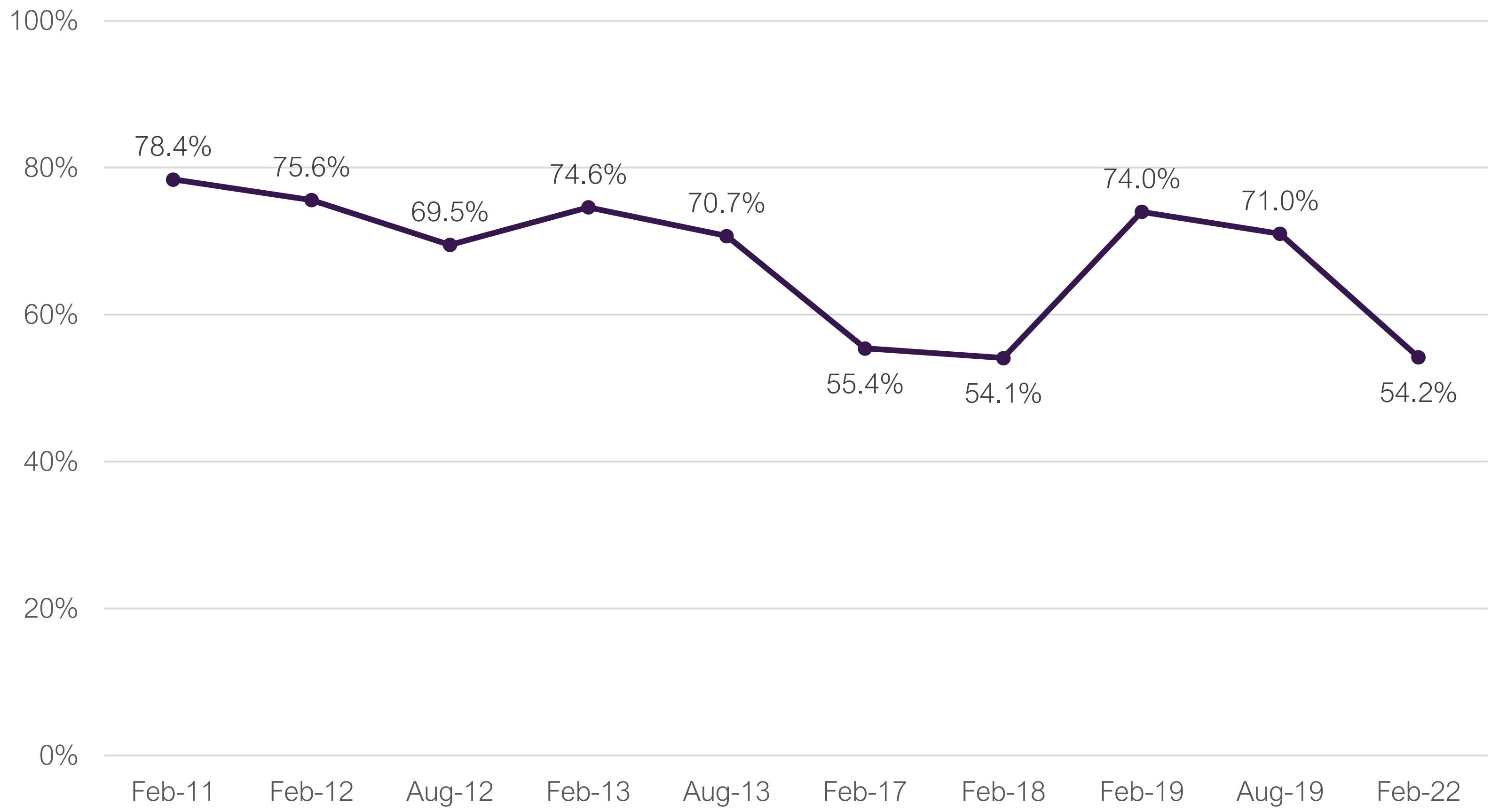
B2C Services: 8.2

Insights

While it is statistically impossible for most brands to be above average, 90.3% of companies believe that customers trust their brand more than the industry average. Amidst the global health pandemic Pharma/Biotech companies (5.6) believe they are significantly less trusted.

Disintermediation trend: Percentage of companies using channel partners hits returns to historic low

Will you use a channel partner or go directly to market? (% using channel partners)



Economic Sector

B2B Product: 70.8%
B2B Services: 38.3%
B2C Product: 66.7%
B2C Services: 34.4%

Insights

Marketers report a drastic decline in the use of channel partners over the last decade, moving toward disintermediation and coming to market alone. The companies that continuing to use channel partners are Consumer Packaged Goods companies (80.0%) and large companies with $10B+ in sales (76.2%). Services companies and smaller companies, on the other hand, are significantly less likely to use channel partners (<$10M, 35.8%; <50, 41.4%) likely due to resource constraints. Furthermore, pure play Internet companies are significantly less likely to use a channel partner, with only 25.9% of companies choosing this route.

Managing Digital Marketing Returns

Digital marketing continues to be a priority for marketers. Investment in all digital marketing activities have increased since February 2021. Investments in data analytics have jumped to the top of the list, increasing almost 40% from 56.5% in February 2021 to 77.5% in February 2022. Other top movers include marketing technology systems or platforms (+14.2%), managing privacy issues (+20.5%), and improving company apps (+32.6%). These investments signal a further push towards customer-level data management and advanced customer analytics, likely accelerated by the changes taking place regarding customer privacy (to be discussed in detail later in the report).

Marketers excel at several digital marketing activities, but there is still room for improvement. While over 60% of marketers are continuously testing and iterating their digital marketing and believe to have a good understanding of the marketing technologies available to them, fewer than 40% of marketers believe they have the right system in place to track customer data and have consolidated/integrated customer data across all touchpoints. Therefore, marketers are investing in data analytics and MarTech systems/platforms, but are not yet convinced that their companies have this right.

Approximately one third of all digital marketing activities are currently performed by external agencies, with this number expected to stay relatively constant over the next few years. B2C Product companies are the most likely to use external agencies (45.4% of the time).

The vast majority of marketers agree that their digital marketing contributed to their companies' performance during the last year, but that contribution has weakened, likely due to new investments that introduce new metrics and require a learning curve to manage well.

Data analytics investments skyrocket to top priority, with digital marketing investments increasing across the board

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

Investment	% Reporting Yes	% Change Since Feb-21
Data analytics	77.5%	+37.2%
Optimizing of company website	74.0%	+0.3%
Digital media and search	70.9%	+9.1%
Marketing technology systems or platforms	69.8%	+29.7%
Direct digital marketing (e.g., email)	68.2%	+19.0%
Online experimentation and/or A/B testing	47.3%	+4.2%
Managing privacy issues	35.3%	+23.9%
Machine learning and automation	26.4%	+29.4%
Improving our app	24.4%	NA*

*Variable was not included in the February 2021 survey

Insights

Although investments in digital marketing have increased across the board, data-related activities experienced the largest growth. Data analytics, in particular, grew 37.2% from 56.5% of companies investing in February 2021 to 77.5% of companies investing today. Larger companies are investing the most in data analytics, with 91.9% of companies with more then 10K+ employees making the investment. With data collection and purchasing becoming more complex, companies are increasing their investments in capabilities to analyze, store/manage, and automate their data. MarTech stacks are becoming more complex by the minute and companies are investing in the technologies necessary to keep up.

Current state of digital marketing activities/practices: Where marketers excel

Test & Iterate: 67.2%
We continuously test and iterate in using digital marketing

Understand Tech Roadmap: 64.8%
Marketing leaders have a good understanding of the technology roadmap and capabilities they can use to do great marketing

Include Cross Functional Info: 62.1%
Customer information from our sales, marketing, customer service, and product teams is shared across our company

Integrate Digital Data: 59.0%
Your company is able to connect its digital marketing data with other intelligence you have about your customers

Link Digital to Outcomes: 58.7%
We have been able to link digital marketing returns to business outcomes such as incremental revenues or profits

Collaborate with CIO/CTO: 56.6%
Marketing leaders are more collaborative with the CIO/CTO (or the equivalent technology leaders)

Train in MarTech: 54.1%
Marketing teams have the skills and training to best use your company's marketing systems powered by technology systems/tools

Current state of digital marketing activities/practices: Where marketers can improve

CTO/CIO Alignment: 43.4%
The CTO/CIO (or equivalent technology leader) is aware of and aligned on the objectives and path to activate (KPIs) in digital marketing

Connect to Multiple Timelines: 42.1%
We have been able to optimize and connect digital marketing performance and budgets across short-, mid-, and long-term objectives

CFO Aware of Digital KPIs: 40.0%
The CFO (or equivalent financial leader) is aware of and aligned on the objectives and path to activate KPIs in digital marketing

Systems Informed Roadmap : 39.8%
Marketing has the right systems in place to track customer engagement in a way that informs its marketing roadmap

Cross-Functional Usage: 39.1%
Customer information from our sales, marketing, customer service, and product teams is integrated effectively to improve usage

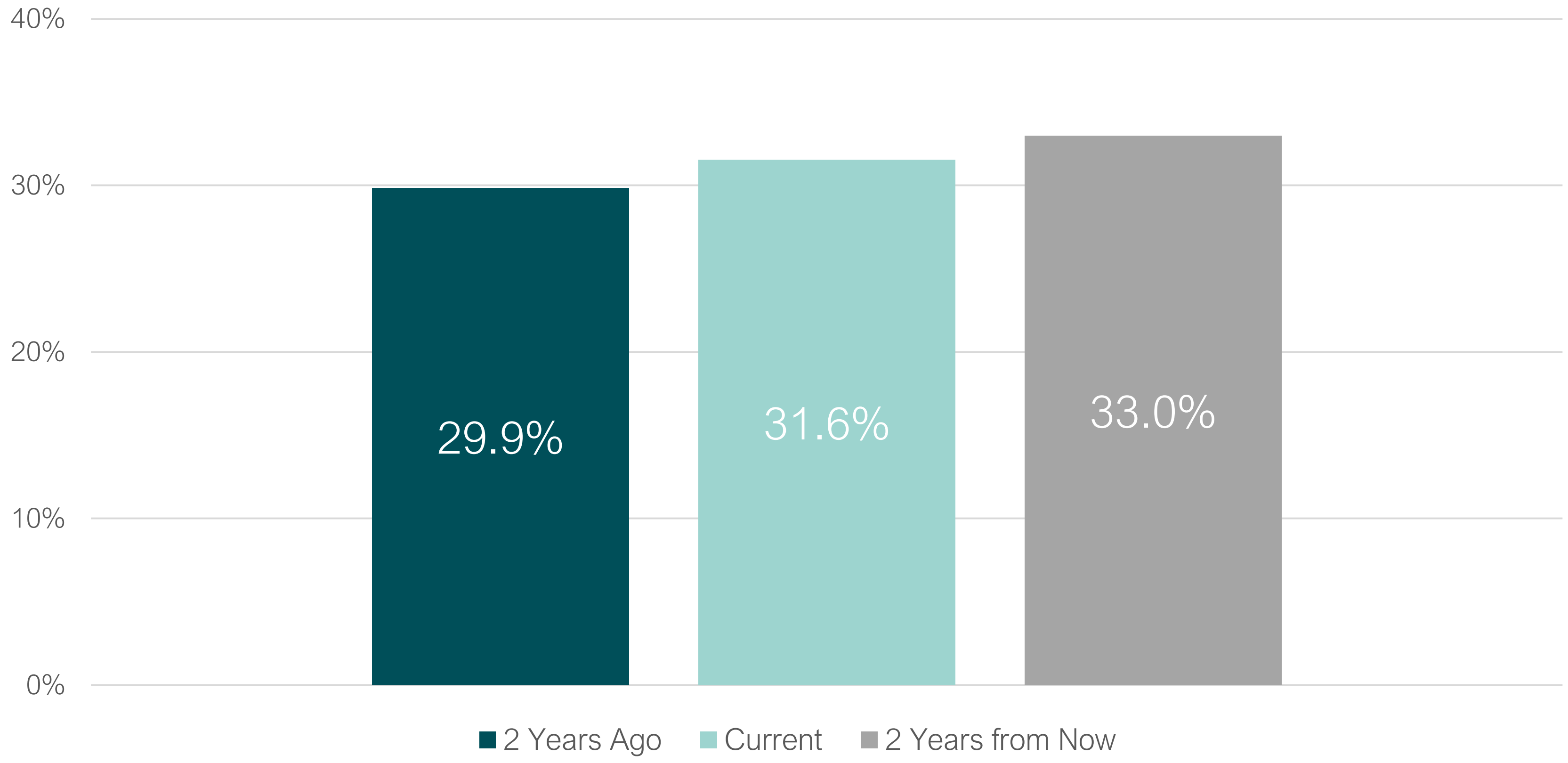
Digital-Specific Impact: 32.3%
We have been able to combine digital and offline data to create a unified data foundation for measuring the impact of digital marketing investments

Advanced Measurement: 28.5%
We have invested in advanced measurement techniques and analytics to bring more rigor (e.g. AI/ML, attribution, mix modeling, econometric models, etc.)

Integrate All Touchpoints: 27.9%
Your company has consolidated customer intelligence in a way that integrates customer data across all touchpoints

Approximately one third of marketers' digital marketing activities are performed by external parties

What percent of your digital marketing activities are performed by external agencies, partners, and services?



Economic Sector

	Current	2 Years from Now
B2B Product	29.9%	30.5%
B2B Service	26.6%	28.8%
B2C Product	45.4%	45.4%
B2C Service	33.7%	38.2%

Industry Sector

Biggest Users (current)

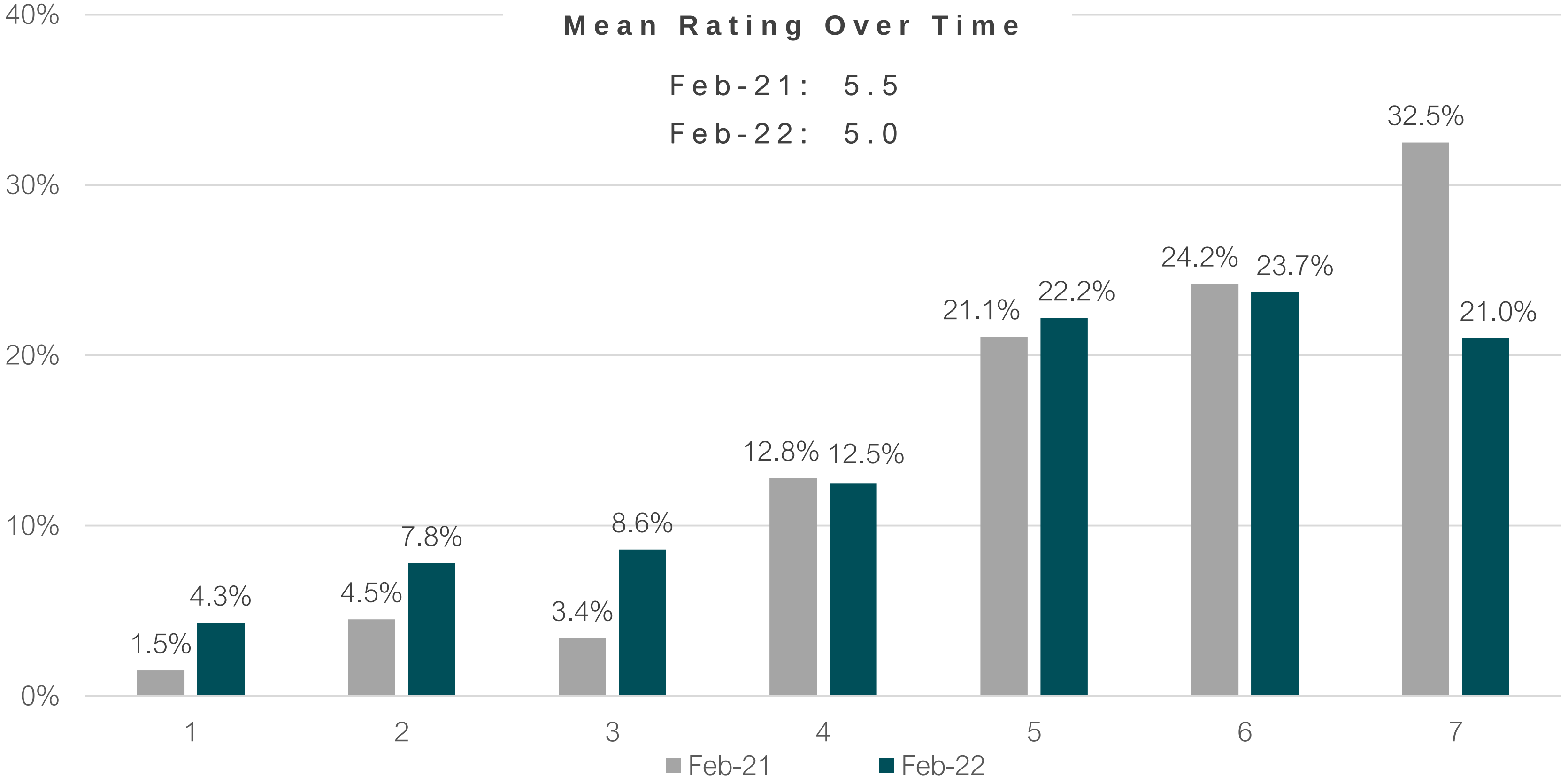
- Mining/Construction (48.5%)
- Consumer Packaged Goods (46.0%)
- Transportation (40.0%)

Smallest Users (current)

- Education (6.6%)
- Consumer Services (19.0%)
- Professional Services (21.7%)

Contributions from digital marketing weaken over last year

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 contributions from digital marketing decline as expectations heighten and attribution analyses become more advanced. Unsurprisingly, pure play Internet companies see the greatest returns on digital marketing (5.7). Consumer-facing companies also report above average returns (B2C Product, 5.4; B2C Services, 5.2). Real Estate (2.8), Energy (3.6), and Pharma/Biotech (3.9) report the weakest industry-level returns, possibly due to the planned purchase nature of their products/services.

Managing Privacy

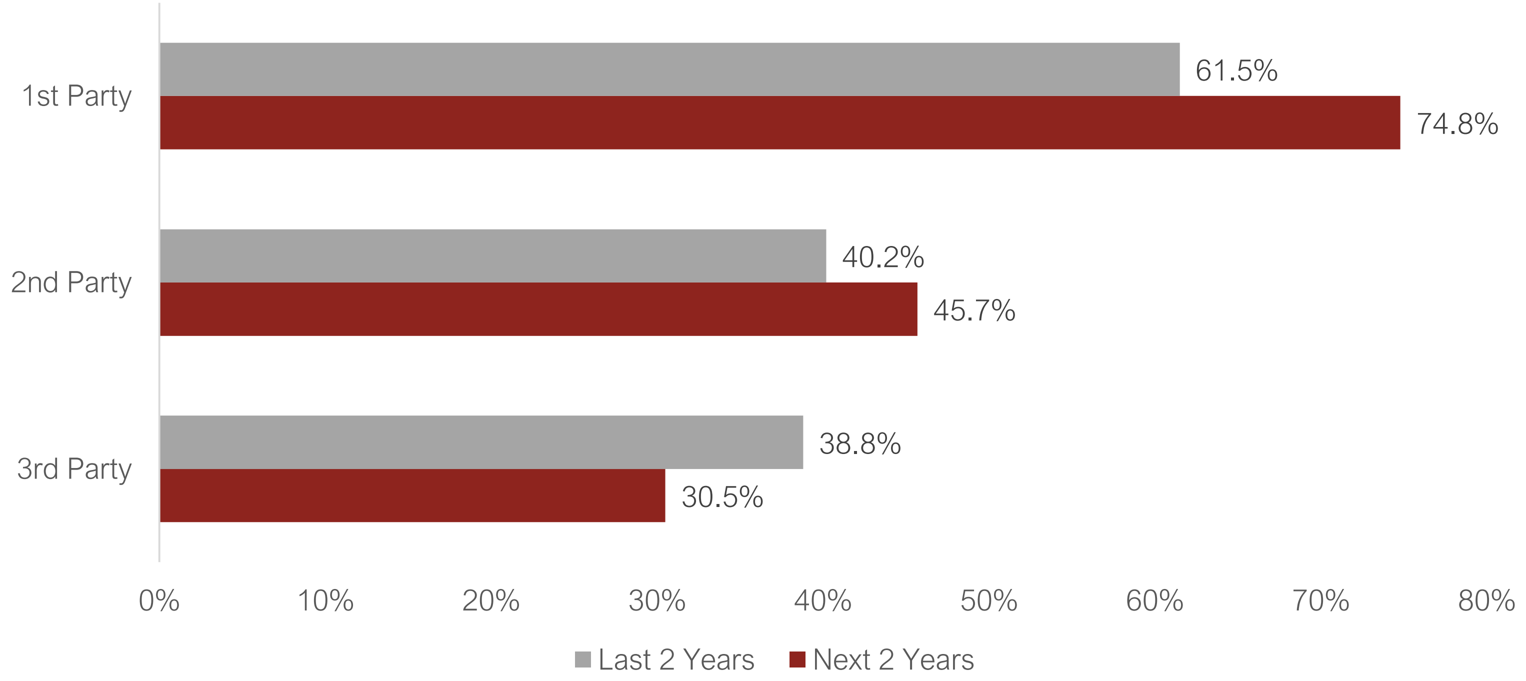
When it comes to data usage, marketers are most concerned about third-party data. Specifically, 17.7% of marketing leaders indicate they expect their companies' use of third-party data to decrease over the next two years (compared to 1.3% and 10.8% for first- and second-party data, respectively). Furthermore, on a scale of 1 to 7, marketers rate their worries regarding the privacy concerns surrounding third-party data at 3.8 (compared to 3.4 and 3.7 for first and second-party data, respectively). Although these ratings show only moderate concern, the slightly higher worries about third-party data arise in the wake of Apple allowing its users to choose which apps can access their data and Google's announcement that tracking cookies on the Chrome web browser will be phased out by 2023. Consequently, marketers are being forced to move away from third-party data and learn how to take their first-party data to the next level. Interestingly, privacy concerns with this type of data have not meaningfully increased since it was first measured in 2018.

Slightly more than half of marketing leaders report that protecting customer privacy falls under his or her job description. 58.3% of marketers report that their companies are taking steps to create stronger privacy strategies. 62.2% of marketers believe customers are loyal to brands, choosing to stay with brands as opposed to switching to alternatives that offer more privacy protection.

Almost half of marketers (45.0%) believe that sharing privacy notices with customers improves how customers think of their brand, but 95.2% believe that consumers do not read them carefully and 90.4% do not think their customers have a clear understanding of what the message means. Despite this, marketers are taking actions to increase trust with customers in the face of privacy concerns. Top actions include promising not to sell customer information (63.1%), informed consent of customer data usage (58.1%), and investing in technology that reduces the risk of data breaches (52.2%).

Marketers report a decline in third-party data that will be met by an increase in first-party data

Has your company's use of data increased, decreased, or stayed the same over the last two years? Do you expect it to increase, decrease, or stay the same over the next two years?* (% reporting increase)



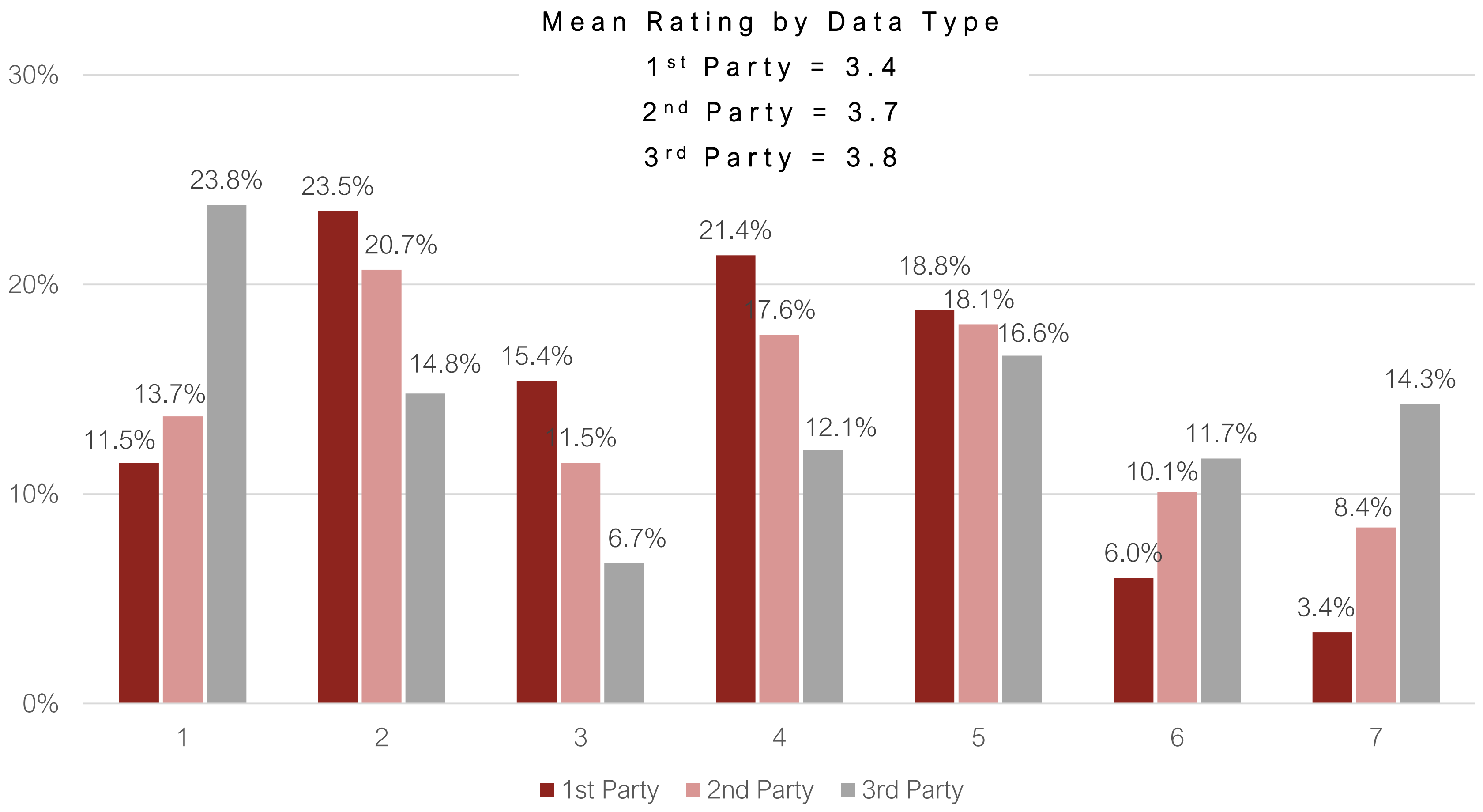
*First-party data are data your company has collected directly from your customers and followers; Second-party data are data your company has not collected yourself—in other words, you are gaining access through a partnership or a different legal arrangement; Third-party data are often collected, aggregated, and sold to companies.

Insights

Marketers expect a large increase in first-party data usage over the next two years that far exceeds use of second- and third-party data. In August of 2018, only 11.4% of marketers predicted a decrease in their use of third-party data. When asked that same question here, that number jumped to 17.7%. This distancing from third-party data and newfound reliance on first-party data is likely due to the anticipated loss of third-party cookies spearheaded by Apple and Google. In the wake of these changes, marketers must find different avenues to gather relevant user data on their own (first-party data) or to partner for such data (second-party data). As technologies enabling companies to gather and interpret first-party data continue to grow in availability, we expect this trend to continue.

Marketers are generally not worried about customer privacy concerns

How worried are you that data could raise customer privacy concerns? (1=not at all, 7=very highly)

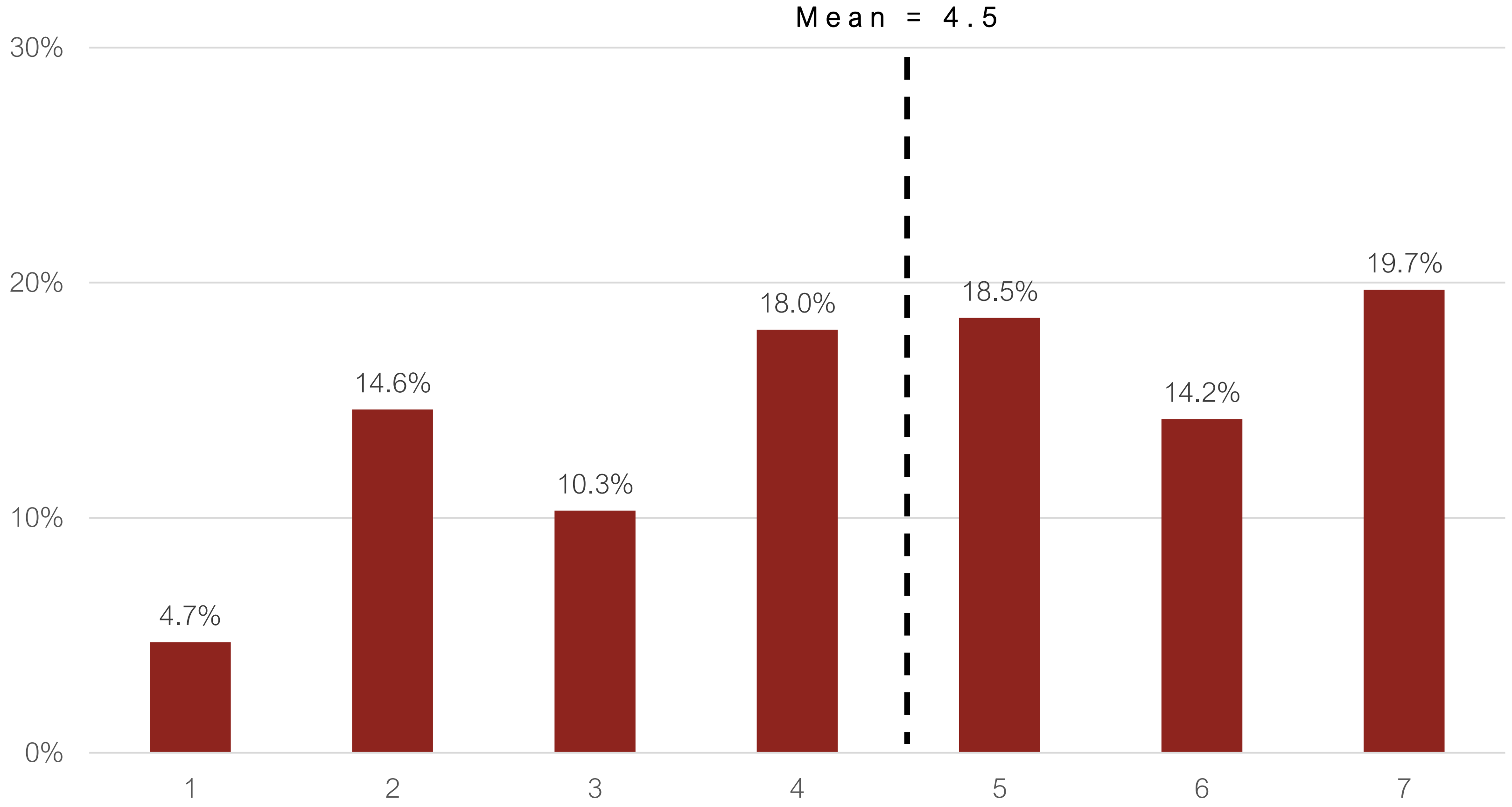


Insights

In general, marketers are not worried about customer privacy concerns raised by their data usage. Overall average concern is highest for third-party data usage (3.8 out of 7). This is up only slightly from August 2018 (3.5). Banking/Finance/Insurance and Technology companies are the most concerned about third-party data, with over 50% of both industries reporting a 5 or higher. These findings are not surprising given that Technology companies are at the forefront of aggregating user data, and Banking/ Finance/Insurance are at the forefront of new payment technologies such as touchless checkout and mobile banking. With the rise of online transactions, both industries face new challenges in protecting users' information across platforms.

Privacy is considered to be part of most marketers' jobs

To what degree is managing customer privacy part of your marketing job? (1=not at all, 7=very highly)



Insights

Healthcare ranked highest among industries, reporting an average of 5.3 on a 7-point scale. This is an industry where privacy has always been a priority and it therefore likely already has structures in place for marketers to protect it. Larger companies, both in terms of revenues and number of employees, are also more likely to delegate customer privacy to their marketing leaders, with companies with revenues greater than $10B and workforces larger than 10K both reporting an average of 5.2. Marketers at large companies are therefore more likely to be expected to handle, analyze, and manage the big data that come with big companies and big customer bases.

Marketers are creating stronger data strategies and investing in innovation in the wake of changes to third-party data

In the wake of third-party cookies disappearing, which actions has your company taken?

Top Actions	% Report Actions
Created a stronger data strategy to capture better information	58.3%
Invested in innovations to engage with customers directly	50.5%
Reduced internal data siloes to generate a more complete view of consumers	32.3%
Invested in customer data platform (CDP) that offers better information about the customer journey	30.2%
Created strategic partnerships with agencies and partners to generate data around customer touchpoints	28.6%
Offered customers incentives to provide access to their data	25.0%

Economic Sector

	Data Strategy	Investing in Innovations
B2B Product	57.4%	61.8%
B2B Services	55.7%	50.0%
B2C Product	67.6%	32.4%
B2C Services	52.9%	47.1%

Insights

Firms, especially those with sales revenues of $1-9.9 billion (70.7) and $10+ billion (85.7%), are creating stronger data strategies to capture information around customer touchpoints

Nearly half of all marketers believe that privacy notices will positively impact customers' thoughts about their brands

Privacy notices increase/decrease/have no effect on likelihood that your customers will:

Top Increases	% Report Increases
Think highly of your brand	45.0%
Stay loyal to you over time	36.5%
Give your company positive word of mouth	33.2%
Search on your website or engage with your app	25.6%
Share data with your company	19.3%
Purchase once they search on the website or app	15.9%

Economic Sector

	Think highly of brand	Positive word of mouth
B2B Product	51.3%	38.5%
B2B Services	37.8%	31.7%
B2C Product	52.5%	35.0%
B2C Services	35.0%	15.0%

Insights

19.3% of marketers feel that sharing privacy notices with customers increases customer likelihood of sharing data with a company, 25.1% believe it decreases the likelihood, and 55.6% believe it has no effect.

Marketing professionals believe most customers do not carefully read or understand privacy disclosures or allowances

When consumers click "I agree" to a privacy notice, do you believe:

95.2%

of companies surveyed do not believe that consumers have carefully read the disclosures and allowances

90.4%

of companies surveyed do not believe that consumers have a clear understanding of what the privacy notification means to them

One third of marketers believe privacy protection influences customer willingness to switch brands

Generally, do you think customers would switch from a brand they are loyal to a different brand that offers better privacy protections?

37.8%

of companies surveyed believe customers are willing to switch brands based on privacy protection

Insights

Half of pure play companies (100% sales online) report that customers are willing to switch brands over privacy protection, and almost half (48.2%) of Technology companies respond in the same way. This industry also believes that sharing privacy notices increases customers perceptions of their brand (55.8%) and increases brand loyalty over time (46.2%). 60.0% of Consumer Services, 50.0% of Education, and 44.0% of Consulting Services believe customers are willing to switch companies to secure better privacy protection.

Marketers are using varied approaches to build customer trust around personal information sharing

Which of the following actions, if any, has your company taken to increase the trust of your brand in the face of privacy concerns?

Top Actions	% Report Actions	Top Sector Reporting
Promise not to sell customer's personal information	63.1%	B2B Product (71.8%)
Asked consumers to consent to your company's use of their data (i.e. informed consent)	58.1%	B2C Product (66.7%)
Invested in technology infrastructure to reduce the likelihood of a data breach	52.2%	B2B Product (60.6%)
Invested in increasing trust in your brand reputation	50.7%	B2C Product (54.5%)
Make our privacy policy easy to understand	50.7%	B2C Service (66.7%)
Shared privacy notices with consumers that communicate how your company will use their data	45.3%	B2C Services (50.0%)
Developed a brand privacy policy	36.5%	B2C Product (45.5%)

Insights

The Pharma/Biotech industry reports taking multiple actions to increase trust, including promising not to sell information (100.0%) and customer consent for use of data (100.0%). Top activities the highest earning companies ($10+ billion) are focusing on include promising not to sell customer information (78.6%), investing in increasing brand trust (78.6%), and asking for consumer consent to use data (78.6%). Companies that generate 100% of sales through the Internet are most focused on promising not to sell their customers' personal information (68.8%).

Marketing and Climate Change

Only one third of marketers surveyed report that their companies have specific goals related to climate change and incorporated climate change issues into their brand strategies. Just about half of marketing leaders (47.4%) think their companies are willing to make short-term financial sacrifices for climate-change goals. However, 40% of companies are taking no climate-related actions.

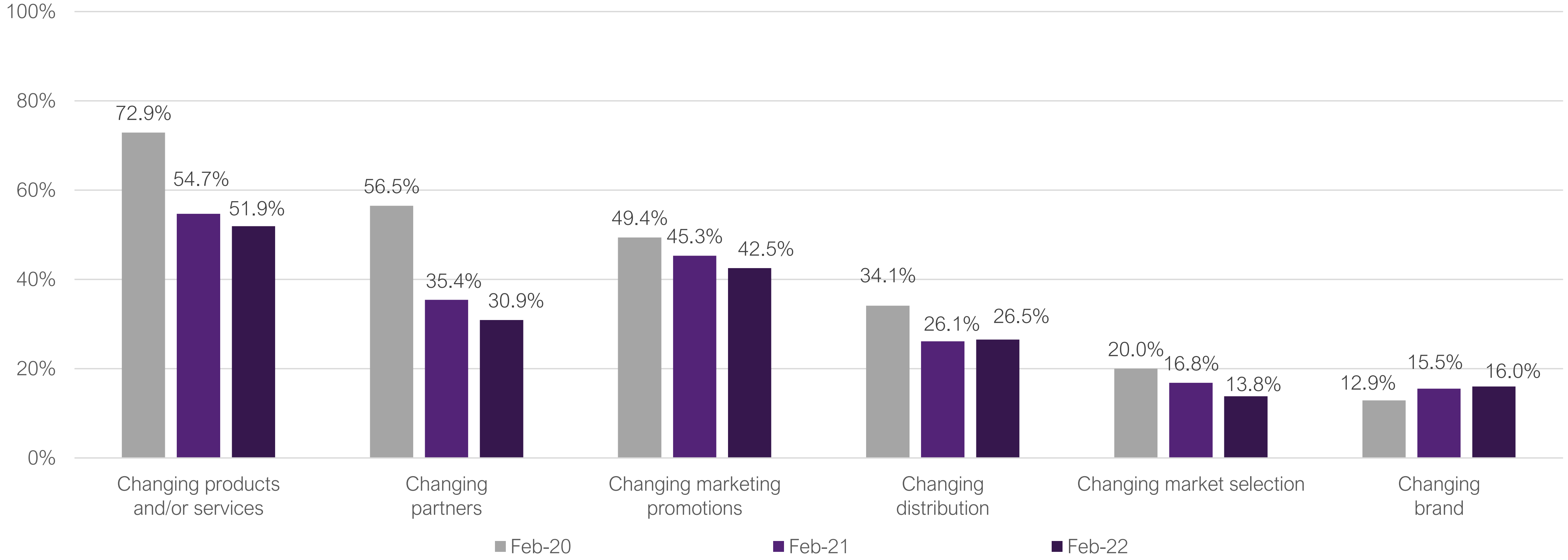
The most common climate-related actions used by marketers are reducing the climate impact of products/services (33%), increasing the reuse, resale, and recycling levels within companies (31%), and increasing innovation investments into environmentally friendly products/services (27%). All other actions were used by fewer than 25% of companies, including reducing the climate impact of packaging and offsetting climate impact by participating in environmental projects.

Considering these trends over time, companies are less likely than in previous years to take specific actions to reduce the negative impact of marketing-related activities on the ecological environment, with the exception of a minor increase in willingness to change their brand. Moreover, only 34.0% of marketers believe that they will be rewarded by customers/partners for doing so. Consistent with this, only 24.5% of marketing leaders report that customers are willing to pay a higher price for more climate-friendly products/services.

Marketers generally agree that making changes to reduce the climate impact of their product/services will not impact their customer experience (2.8 on a 7-point scale) yet only 25.5% of companies are actively using strategies to nudge their customers/partners to accept these changes. Only a quarter of marketing leaders (24.0%) report that climate change falls within marketing's responsibilities.

COVID-related drop in environmental concerns continues: All marketing-related activities down from two years ago

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.



Lackluster focus on climate reflected in number of companies taking specific actions to reduce risk of climate change

What specific actions is your company taking to reduce the risk of climate change?

Actions	% Report Action
Reducing the climate impact of products/services	32.6%
Increasing reuse, resale, or recycling levels in your company	31.1%
Increasing innovation investments into environmentally friendly products/services	27.0%
Reducing the climate impact of packaging	25.1%
Offsetting climate impact by participating in environmental projects	21.0%
Adopting climate-related metrics	18.7%

Actions	% Report Action
Adopting climate-related goals in marketing	15.7%
Selecting partners based on climate impact	15.0%
Reducing the climate impact of your distribution channel	14.6%
Reducing the climate impact of your marketing communications	12.7%
Encouraging customers/partners to buy/consume less	9.4%
Reducing the climate impact of your digital marketing activities	5.6%

Only one third of companies surveyed have explicit goals related to climate change

Does your company have explicit goals related to its impact on climate change? (% reporting yes)

33.7%

Companies surveyed have explicit goals related to their impact on climate change

Economic Sector

B2B Product: 26.8%
B2B Services: 34.3%
B2C Product: 48.0%
B2C Services: 29.2%

Insights

Larger companies, both in terms of revenue and number of employees, are more than twice as likely as the average company to have explicit goals related to their impact on climate change ($10B+, 75.0%; 10K+, 70.1%). This is likely due to a combination of internal pressure from employees and the public footprint these large companies have. Energy (77.8%), Mining/Construction (60.0%), and Real Estate (60.0%) companies are also more likely to have explicit goals. This is likely due to these companies' direct and easily observable environmental impact.

Almost half of marketing leaders think their company is willing to make short-term financial sacrifices for climate-change goals

Do you believe your company is willing to make short-term financial sacrifices to achieve climate-change goals? (% reporting yes)

47.4%

Companies surveyed are willing to make short-term financial sacrifices to achieve climate-change goals

Economic Sector

B2B Product: 45.8%
B2B Services: 50.0%
B2C Product: 54.0%
B2C Services: 29.2%

Industry Sector

Top 3 Sectors

- Consumer Services (80.0%)
- Banking/Finance/Insurance (67.9%)
- Energy (66.7%)

Bottom 3 Sectors

- Communications/Media (23.5%)
- Pharma/Biotech (28.6%)
- Healthcare (33.3%)

Climate change is considered a responsibility designated to marketing at only one fourth of companies

Is reducing climate change part of marketing's job responsibility in your company? (% reporting yes)

24.0%

Companies surveyed report that reducing climate change is part of marketing's job responsibility

Economic Sector

B2B Product: 19.8%
B2B Services: 20.8%
B2C Product: 38.8%
B2C Services: 25.0%

Insights

Larger companies, both in terms of revenue and number of employees, are more likely to consider climate change a responsibility designated to marketing ($10B+, 40.0%; 10K+, 41.5%). This aligns with the survey's aforementioned finding that larger companies tend to have explicit goals related to climate change and therefore must assign those goals to a specific department.

Demand for transparency and climate-friendly products/services from customers and partners underlie climate pressures

How is climate change affecting your customers and/or partners?

Customers and/or partners are…	% Report Action
Shifting demand to more climate-friendly products/services	57.5%
Increasing demands for transparency on climate impact	51.0%
Increasing the level of reuse, resale or recycling of products/services	44.5%
Reducing overall consumption	27.0%
Willing to pay a higher price for more climate-friendly products/services	24.5%

Economic Sector

	Climate-friendly Demand	Demand Transparency
B2B Product	54.8%	43.5%
B2B Services	69.6%	51.9%
B2C Product	47.7%	59.1%
B2C Services	33.3%	53.3%

Insights

Customers/partners continue to push for companies to take leadership on climate change, but only 24.5% of respondents perceive customers are willing to pay a higher price for more climate-friendly products/services. One notable exception is in the energy sector (42.9%).

Larger companies are putting a much higher priority on climate change issues in their brand strategies than smaller companies

Have you incorporated climate change issues into your brand strategy? (% reporting “yes”)

33.0%

Companies surveyed incorporate climate change issues into brand strategies

Economic Sector

B2B Product: 25.0%
B2B Services: 36.1%
B2C Product: 45.8%
B2C Services: 25.0%

Insights

Yet again, it is the largest companies, both in terms of revenue and number of employees, that are leading the way in incorporating climate change issues into their brand strategies. In fact, 63.2% of companies with $10B+ in revenue and 60.0% of companies with 10K+ employees report “yes.” B2C product companies are most likely to incorporate climate change issues, as compared to other primary economic sectors, possibly due to the sector’s focus on circular/100% recyclable packaging.

Nearly 40% of companies are not acting on climate change risks

What specific marketing actions is your company taking to reduce the risk of climate change?

39.7%

Companies surveyed are taking no climate-related actions

Economic Sector

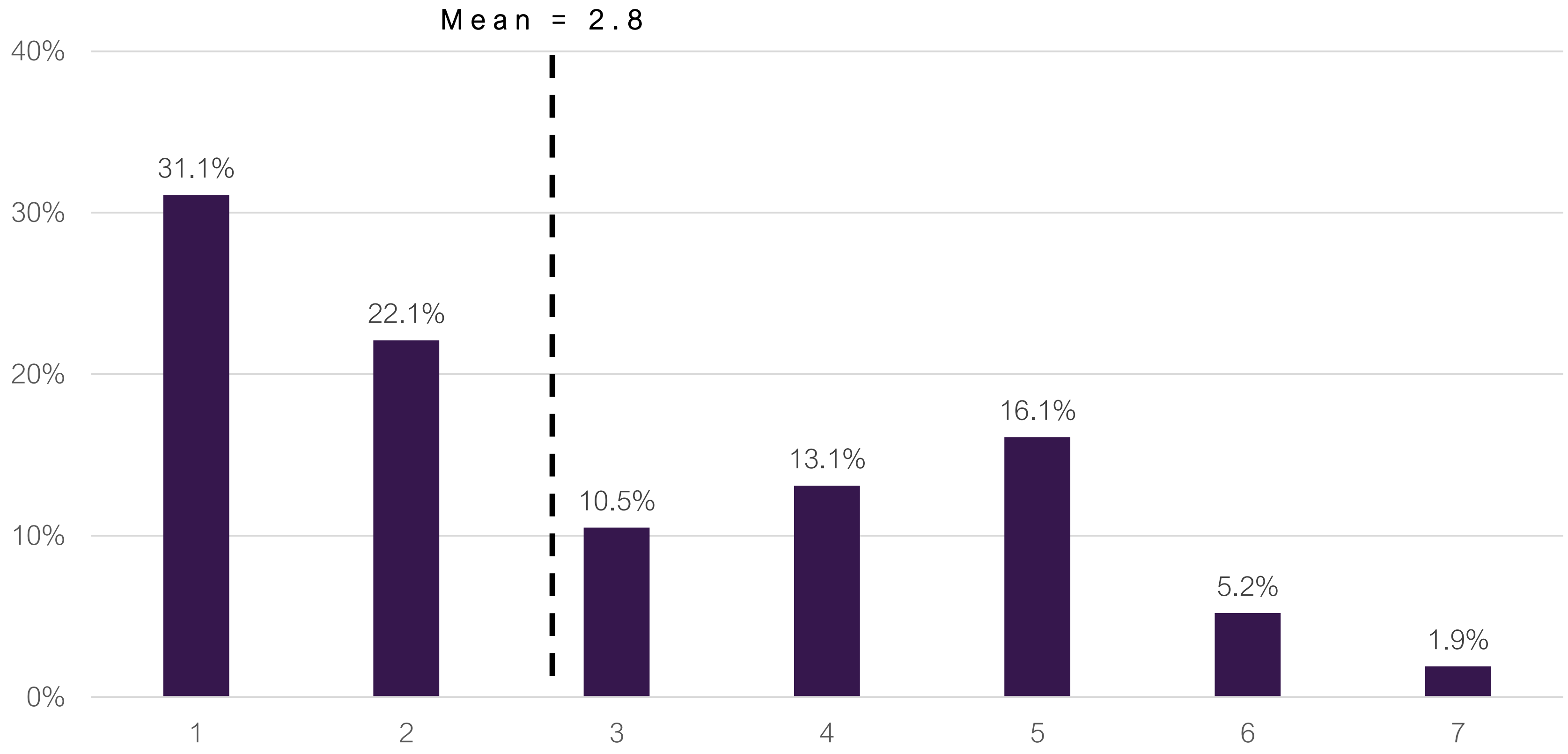
	No Action
B2B Product	41.3%
B2B Services	44.7%
B2C Product	22.4%
B2C Services	47.8%

Insights

Smaller firms, both in terms of revenue and number of employees, are significantly more likely to report that they are not taking action (<$10M, 52.6%; <50 employees, 53.4%), while virtually all of the largest companies are taking action. Sectors generally not taking action in this space include Education (100%), Consumer Services (80.0%), and Real Estate (60.0%). On the other side of the spectrum are Consumer Packaged Goods (8.0%), Energy (11.1%), and Transportation (12.5%).

Marketers do not believe that making climate-related changes to products/services will change their customers' experience

To what degree will making changes to reduce the climate impact of your products/services impact your customers' experience with your products/services? (1=not at all, 7=very highly)



Economic Sector

B2B Product: 2.7
B2B Services: 2.7
B2C Product: 3.6
B2C Services: 2.4

Insights

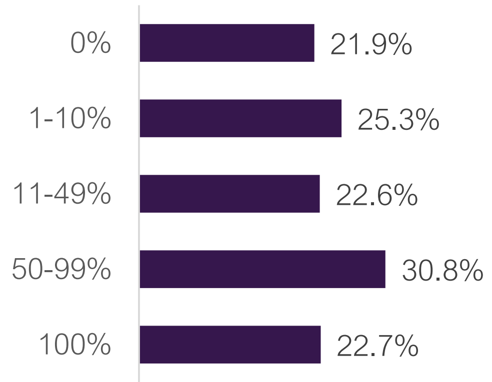
The largest companies which are making changes to reduce their impact on the climate are also the companies that believe these changes will impact their customer experience. For example, companies with revenues greater than $10B on average report a 4.0 on a 7-point scale.

Only one-quarter of companies use strategies to nudge customers/partners to accept climate-related changes

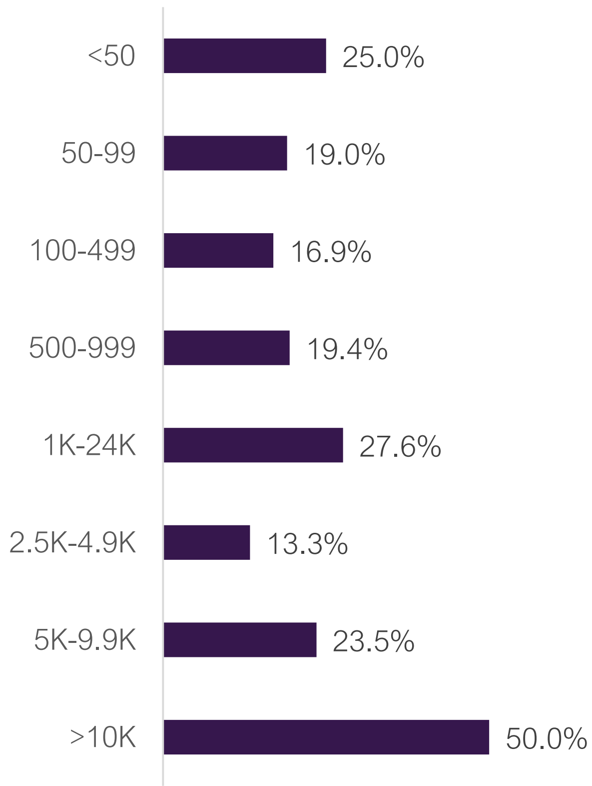
Does your company use strategies to nudge your customers/partners to accept changes your company is making to reduce its climate impact? (% reporting yes)

25.2%
of companies use strategies to nudge customers/partners

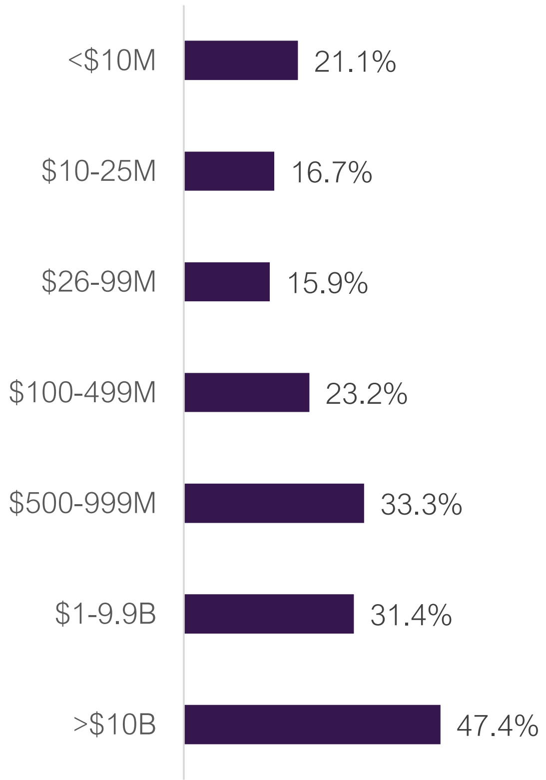
INTERNET SALES



EMPLOYEES



REVENUE



Economic Sector

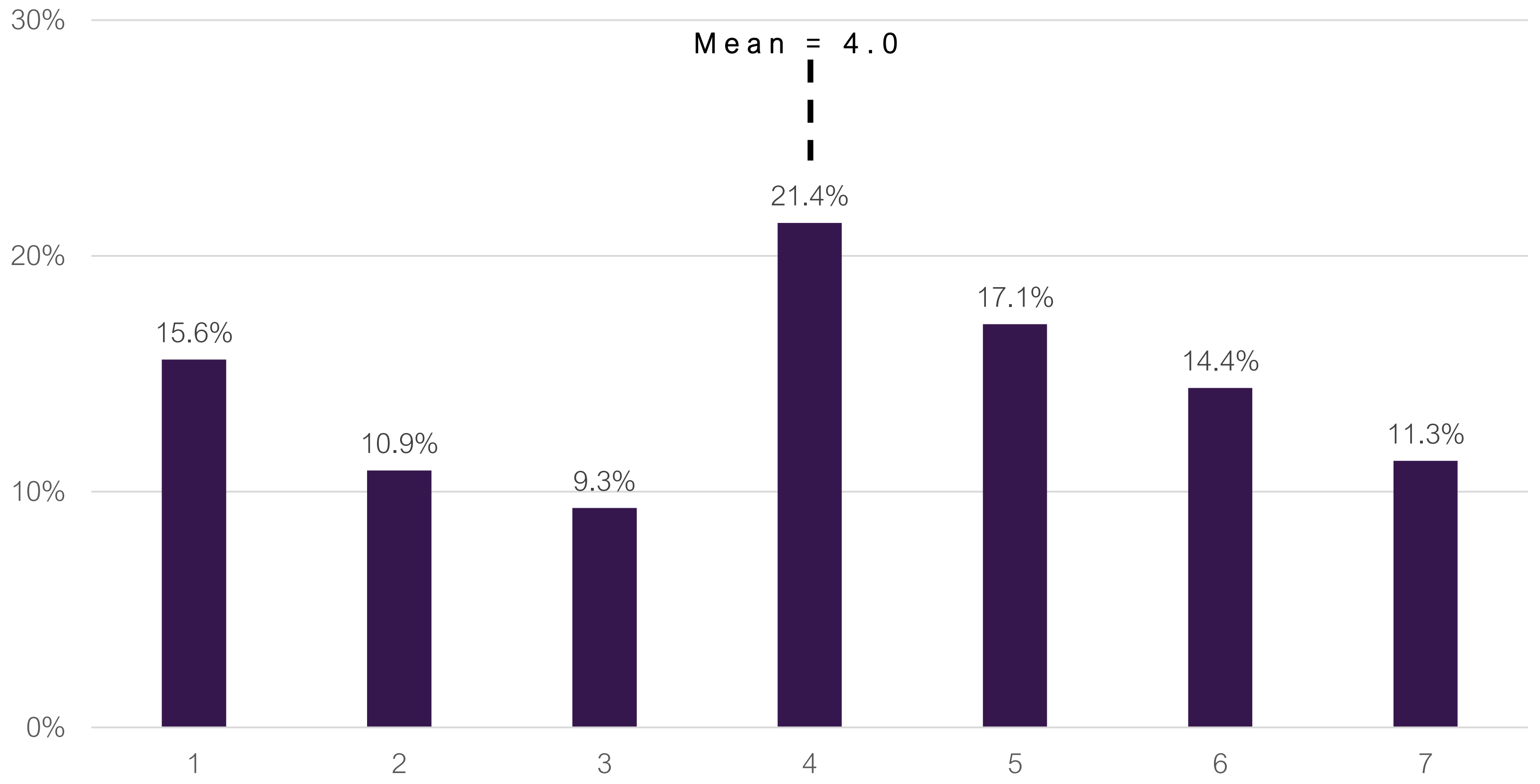
B2B Product	15.6%
B2B Services	26.9%
B2C Product	35.4%
B2C Services	36.4%

Industry Sector

Top Industry Sector	Energy (66.7%)
Bottom Industry Sector	Education (0.0%)

Difficulty of communicating ideas related to climate impact to customers/partners varies greatly across industries

Rate the difficulty of communicating ideas related to the climate impact of your business to your customers/partners. (1=not at all, 7=very highly)



Insights

Pharma/Biotech (5.3), Real Estate (5.0), and Retail/Wholesale (4.8) have the hardest time communicating climate impact to their customers/partners, while Consumer Services (2.4), Energy (2.7), and Education (2.8) excel. In fact, over a quarter of B2C Service companies report that it is not at all difficult to communicate ideas related to climate impact. This result it likely due to the necessity of these companies to frequently communicate how their business' actions will impact their customers. Specifically considering the Energy sector, the necessity to pivot its public image in the face of increased scrutiny may have helped hone its communication skills on this front.

Only one third of marketers believe their companies will be rewarded for taking climate-related action

Will customers/partners reward your company for taking actions to reduce its impact on climate change? (% reporting yes)

34.0%

Companies surveyed think customers/partners reward company for taking actions to reduce impact on climate change

Economic Sector

B2B Product: 29.5%

B2B Services: 35.9%

B2C Product: 43.8%

B2C Services: 22.7%

Industry Sector

Top 3 Sectors

- Energy (66.7%)
- Consumer Packaged Goods (52.0%)
- Professional Services (44.4%)

Bottom 3 Sectors

- Education (0.0%)
- Healthcare (12.5%)
- Communications/Media (18.8%)

Marketing Spending

Marketing budgets as a percent of overall budgets rise to 11.8%, resetting to pre-pandemic levels, while marketing budgets as a percent of revenues increase to 10.4%. Yearly growth in marketing spending breaks 10% for only the second time in a decade and is predicted to show further lifts over the next year at 13.6%. Digital marketing spending, which currently accounts for 57.1% of marketing budgets, is expected to grow by 16.2% during the same period.

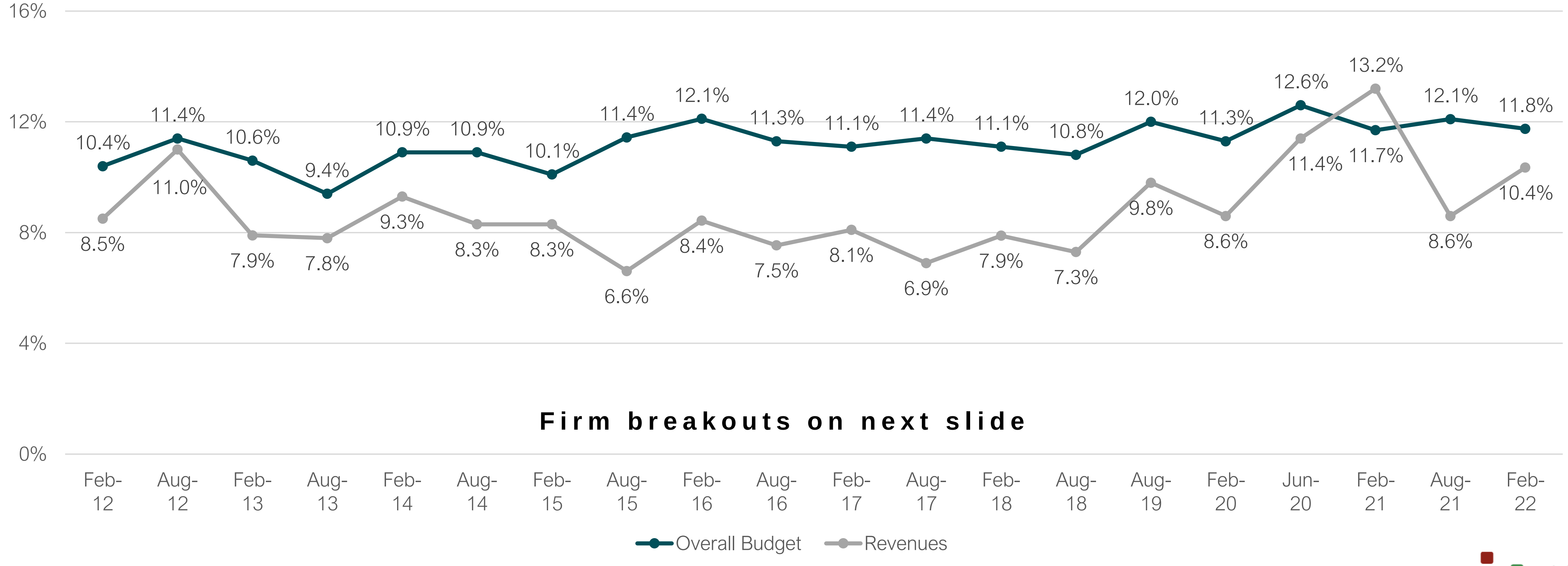
Increased marketing spending over the next year is expected across all categories, including brand building (+11.8%), customer relationship management (+9.5%), new product introductions (+8.8%), customer experience spending (+8.6%), and new service introductions (+5.3%). Traditional advertising spending (+2.9%) shows positive lifts for the second survey in a row, reversing a decade-long decline in these budgets.

Customer acquisition budgets are reported to be 14.7% larger than customer retention budgets while companies spend approximately 7% more on R&D than marketing.

The COVID-19 pandemic has influenced marketing spending for the Chinese market. Prior to the pandemic, marketers were spending on average 2.1% of their marketing budgets in China. That number has dropped to 1.1% and is not expected to reach pre-pandemic levels for about another three years.

Marketing budgets as a percent of overall budgets reset to pre-pandemic levels while increases as a percent of revenues

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



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

Marketing budgets account for

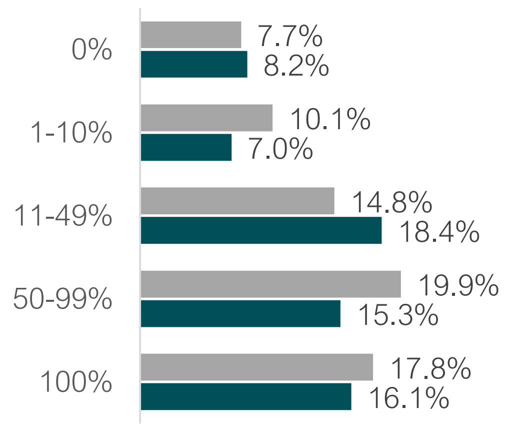
11.8%

of overall budget

10.4%

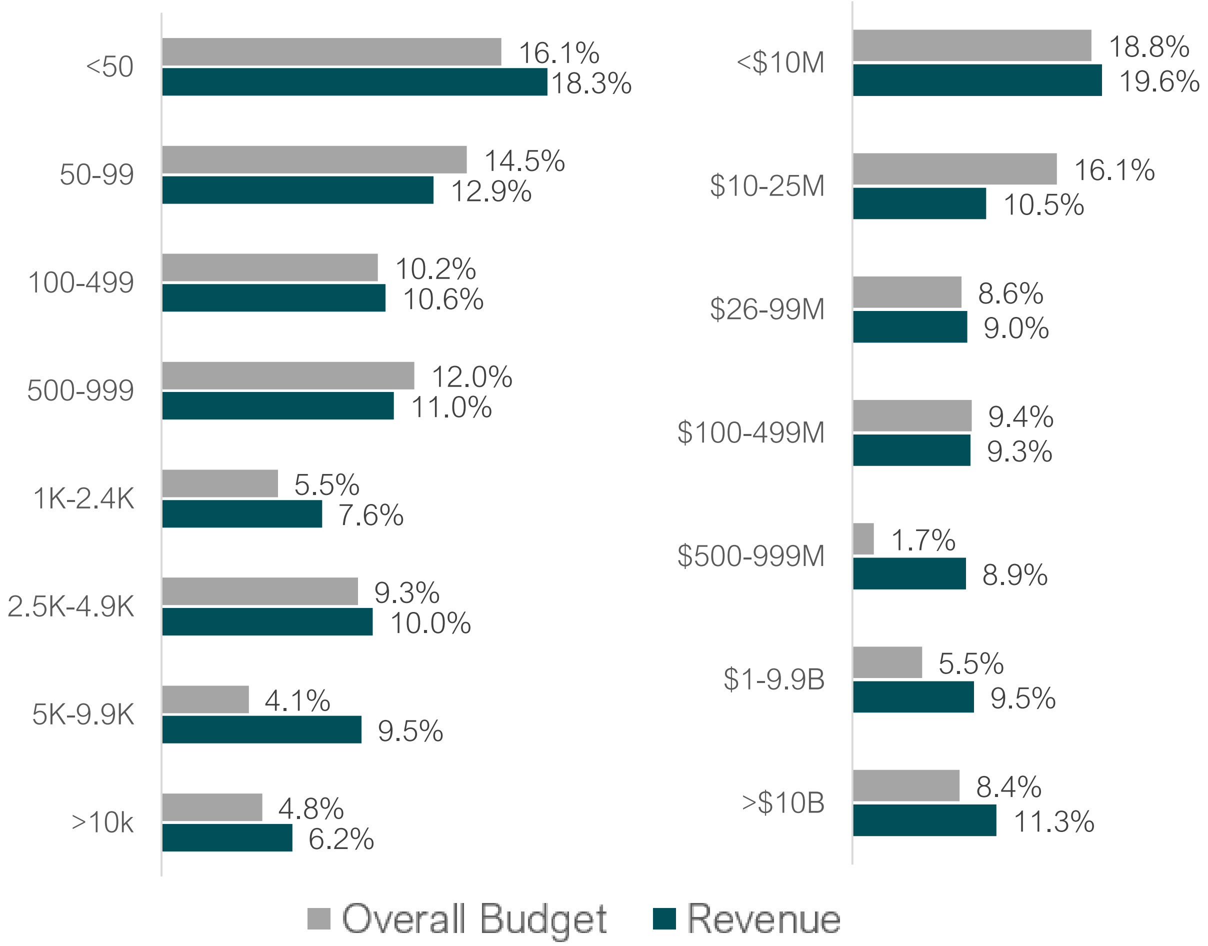
of company revenue

INTERNET SALES



EMPLOYEES

REVENUE



Economic Sector

	Overall	Revenue
B2B Product	8.8%	9.4%
B2B Services	10.7%	10.0%
B2C Product	21.1%	14.2%
B2C Services	9.9%	8.7%

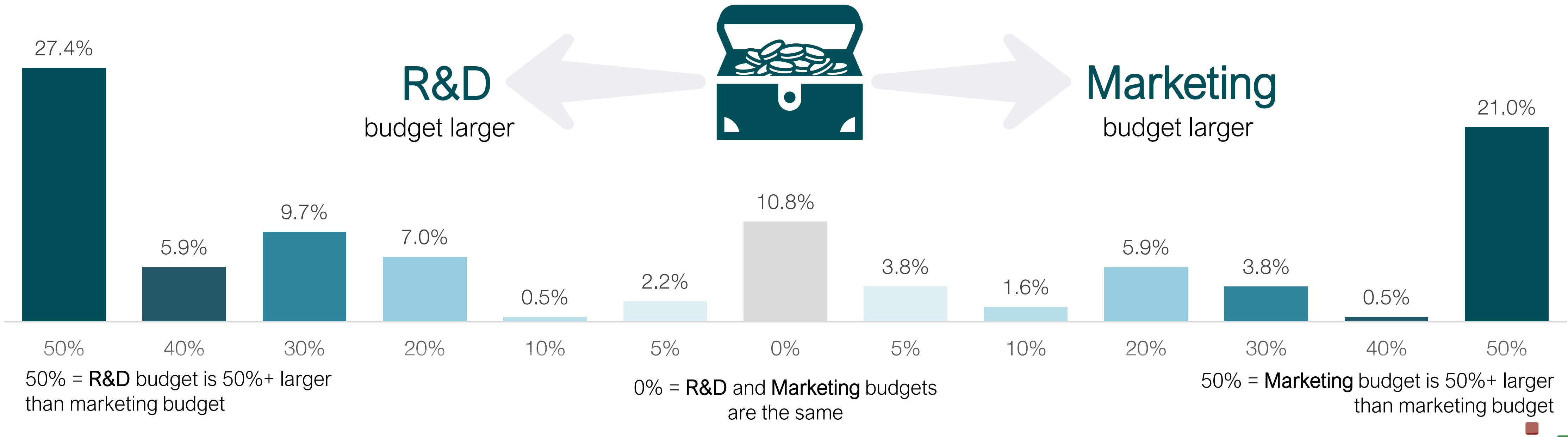
Industry Sector

	Overall	Revenue
Top Industry Sectors	Consumer Packaged Goods (24.4%)	Consumer Services (21.7%)
Bottom Industry Sectors	Healthcare (4.5%)	Real Estate (1.8%)

Over half of companies spend more on R&D than on marketing

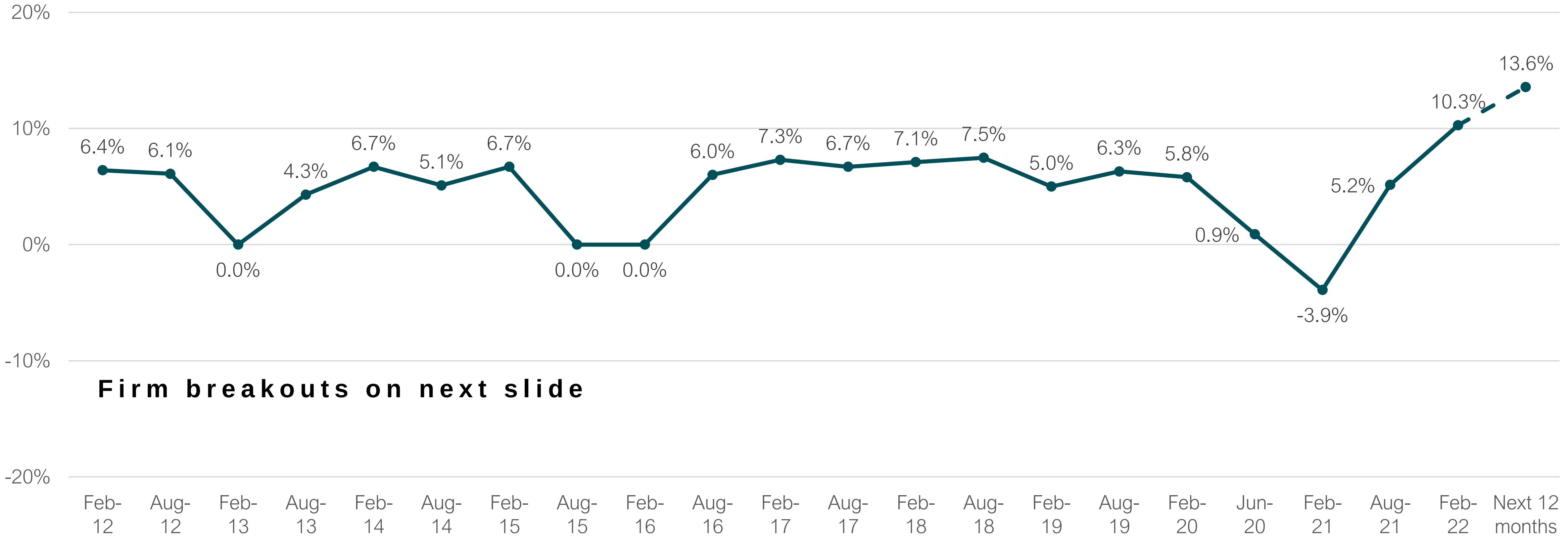
Compared to your company's R&D budget, what is the size of your company's marketing budget?

On average,
R&D Budgets are
7.2%
larger than
Marketing budgets



Marketing spending growth breaks 10% for first time in a decade; predicted to show further lifts over the next year

By what percent has your overall 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.

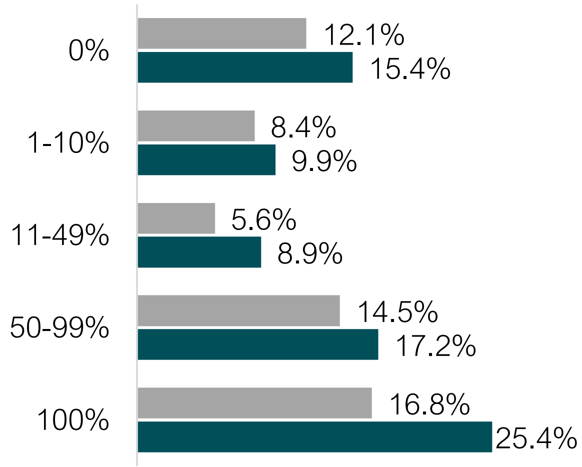


How prior and projected marketing spending growth varies by firm/industry breakouts

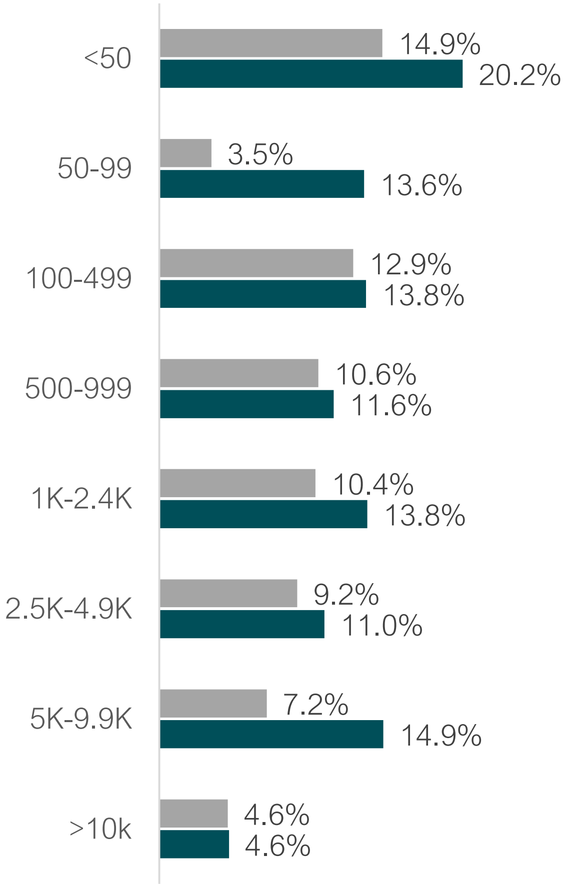
10.3% marketing spend change in prior 12 months

13.6% marketing spend change in next 12 months

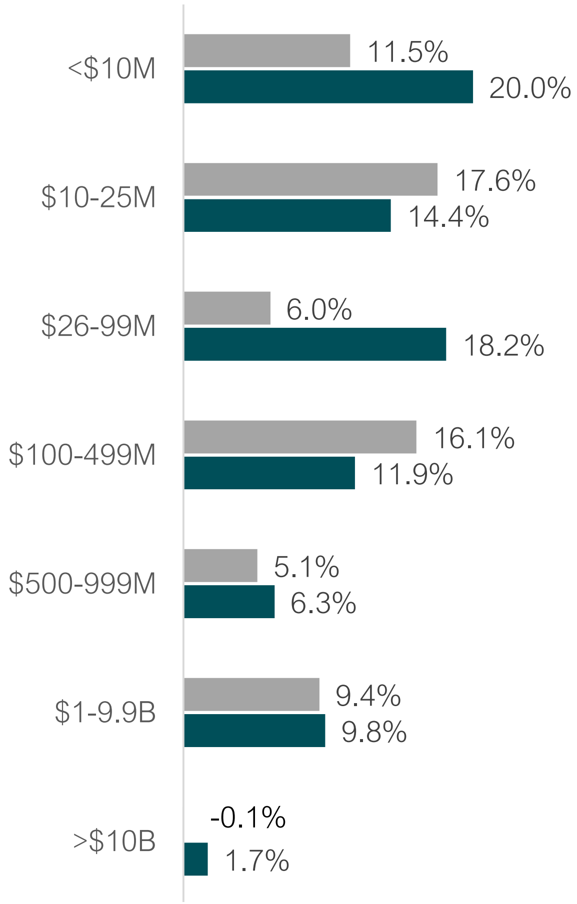
INTERNET SALES



EMPLOYEES



REVENUE



Prior 12 Months   Next 12 Months

Economic Sector

	Prior	Next
B2B Product	6.0%	9.2%
B2B Services	13.8%	17.7%
B2C Product	12.6%	14.1%
B2C Services	8.9%	14.5%

Industry Sector

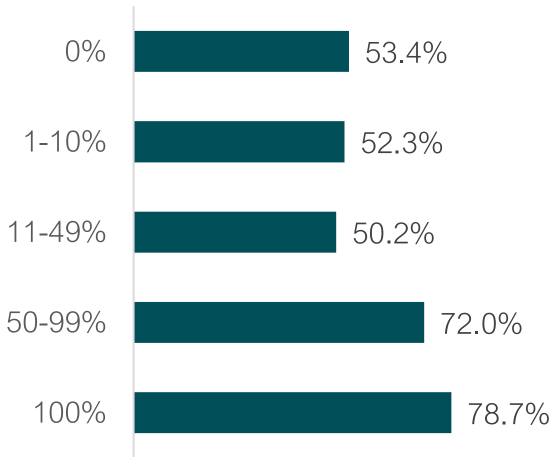
	Prior	Next
Top Industry Sectors	Real Estate (21.7%)	Pharma/ Biotech (23.4%)
Bottom Industry Sectors	Consumer Packaged Goods (4.1%)	Healthcare (6.4%)

How digital marketing spending growth varies by firm/industry breakouts

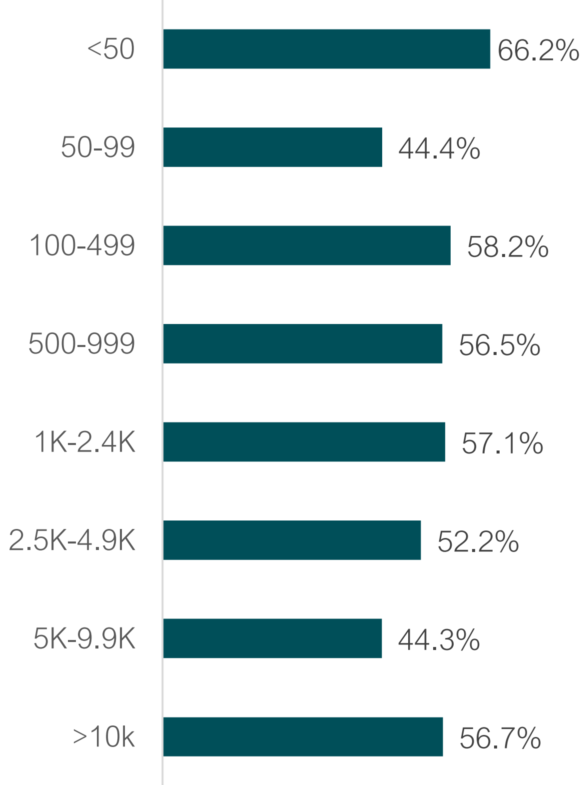
What percent of your marketing budget does your company currently spend on digital marketing activities?

57.1%
Of marketing budget is spent on digital marketing

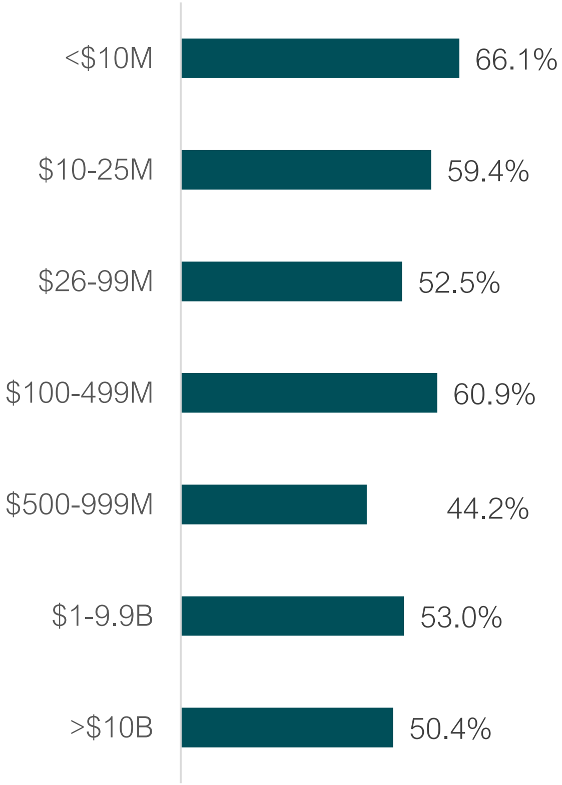
INTERNET SALES



EMPLOYEES



REVENUE



Economic Sector

	%Digital
B2B Product	53.2%
B2B Service	60.1%
B2C Product	66.6%
B2C Service	45.6%

Industry Sector

Biggest Digital Spenders
- Technology (69.9%)
- Mining/Construction (67.8%)
- Education (67.0%)

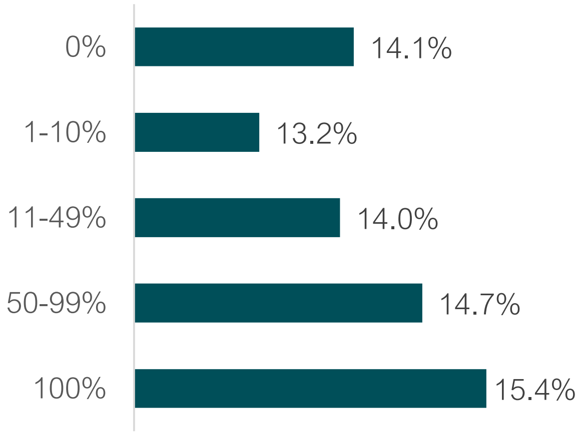
Smallest Digital Spenders
- Consumer Services (31.5%)
- Energy (33.3%)
- Real Estate (38.3%)

Medium sized firms in terms of employees and revenue most likely to spend more marketing budget on customer experience

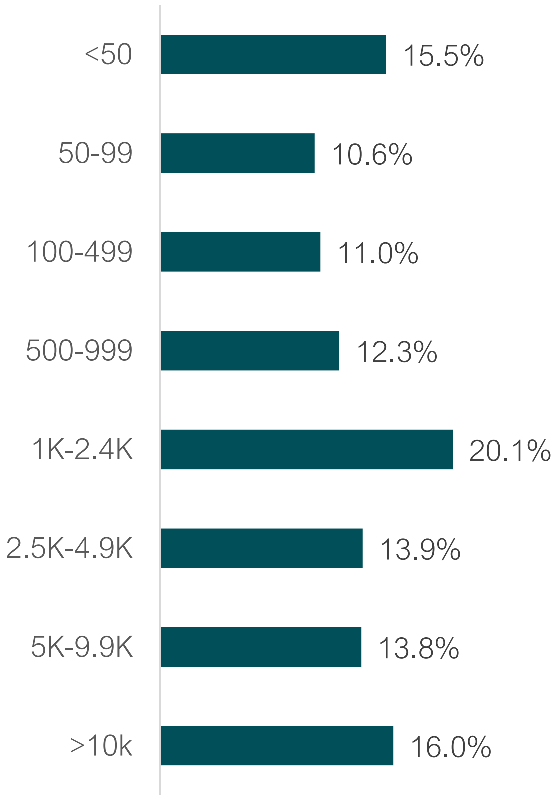
What percent of your marketing budget is currently spent on initiatives related to customer experience?

13.9%
Of marketing budget is currently used on customer experience

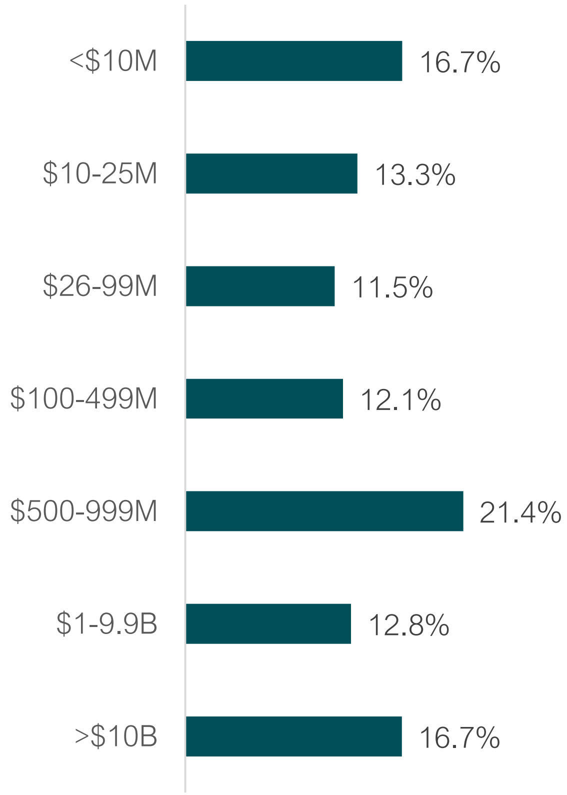
INTERNET SALES



EMPLOYEES



REVENUE



Economic Sector

B2B Product	11.6%
B2B Service	17.9%
B2C Product	12.2%
B2C Service	11.1%

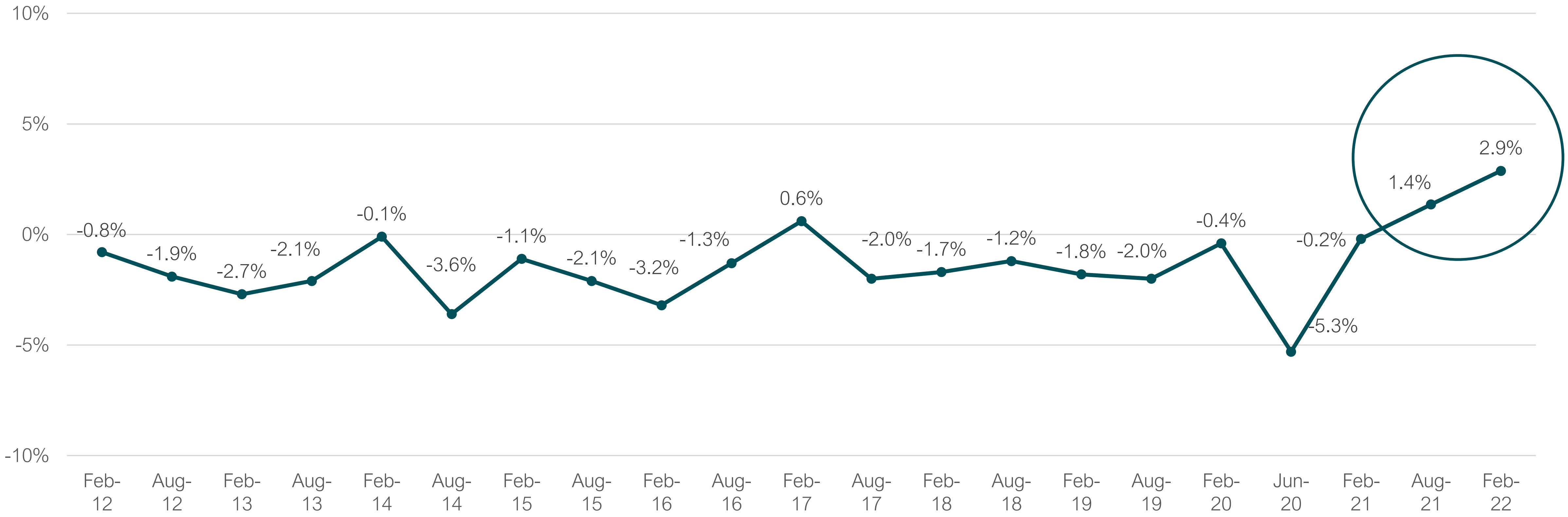
Industry Sector

Top Customer Experience Spenders
- Mining/Construction (23.8%)
- Communications/Media (19.9%)
- Banking/Finance/Insurance (15.0%)

Bottom Customer Experience Spenders
- Consumer Services (7.5%)
- Real Estate (7.5%)
- Pharma/Biotech (8.0%)
- Transportation (8.0%)

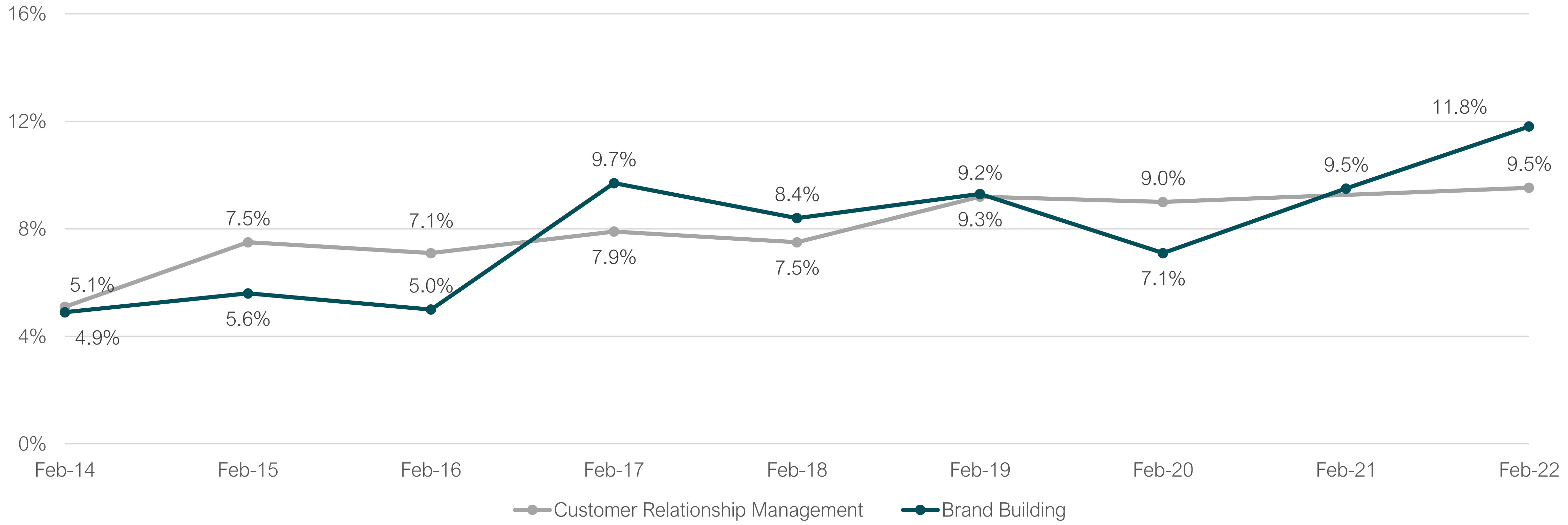
Traditional advertising marketing spend expected to rise yet again in the next year, reversing decade-long declines

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?



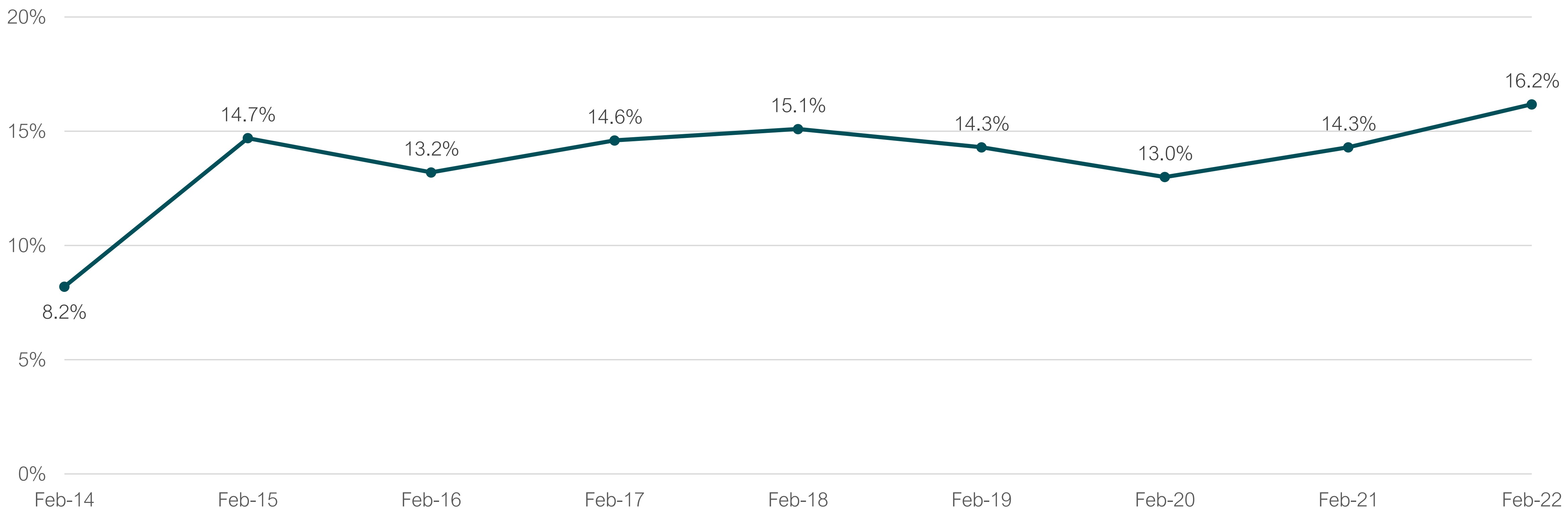
Expected increase in customer relationship management and brand building, budgets hit historic high

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?



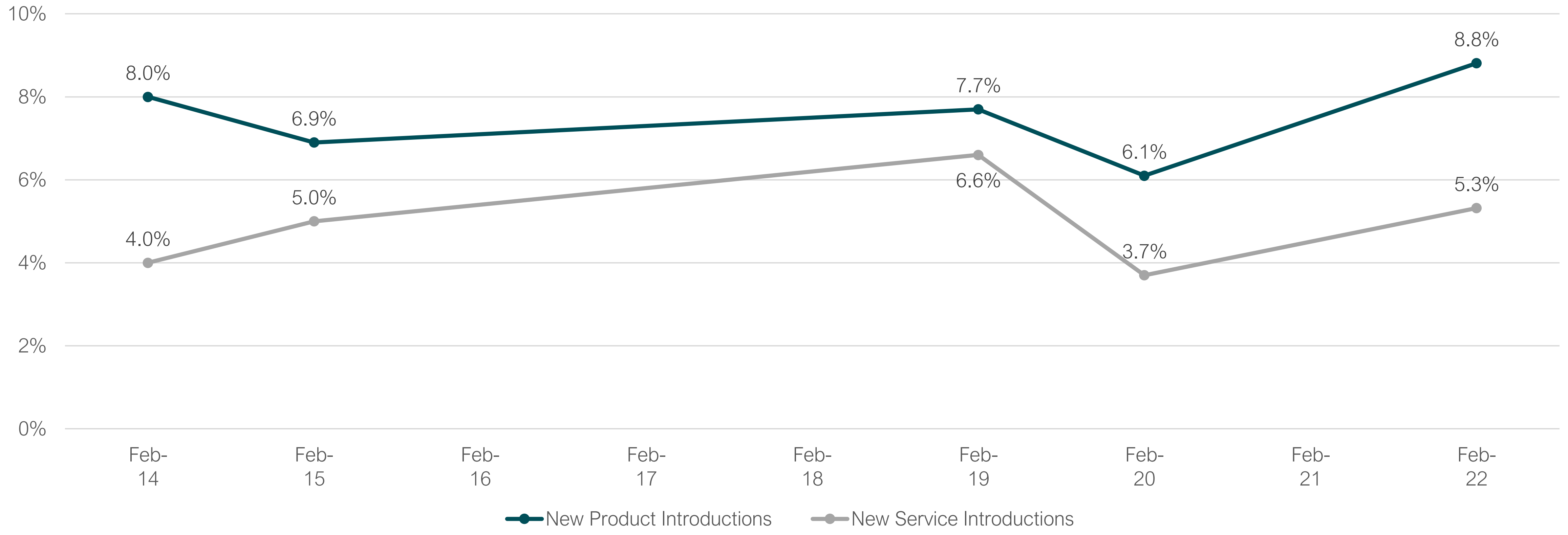
Expected increase in digital marketing budgets

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



Budgets for new products and services are expected to revive following COVID lockdowns

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?



* If point is missing, question was not asked in that survey. Trend lines inferred between available data points

Summary of what's changing in marketing budgets

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?

Digital marketing spending (+16.2%)

Overall marketing spending (+13.6%)

Brand building (+11.8%)

Customer relationship management (+9.5%)

New product introductions (+8.8%)

Customer experience spending (+8.6%)

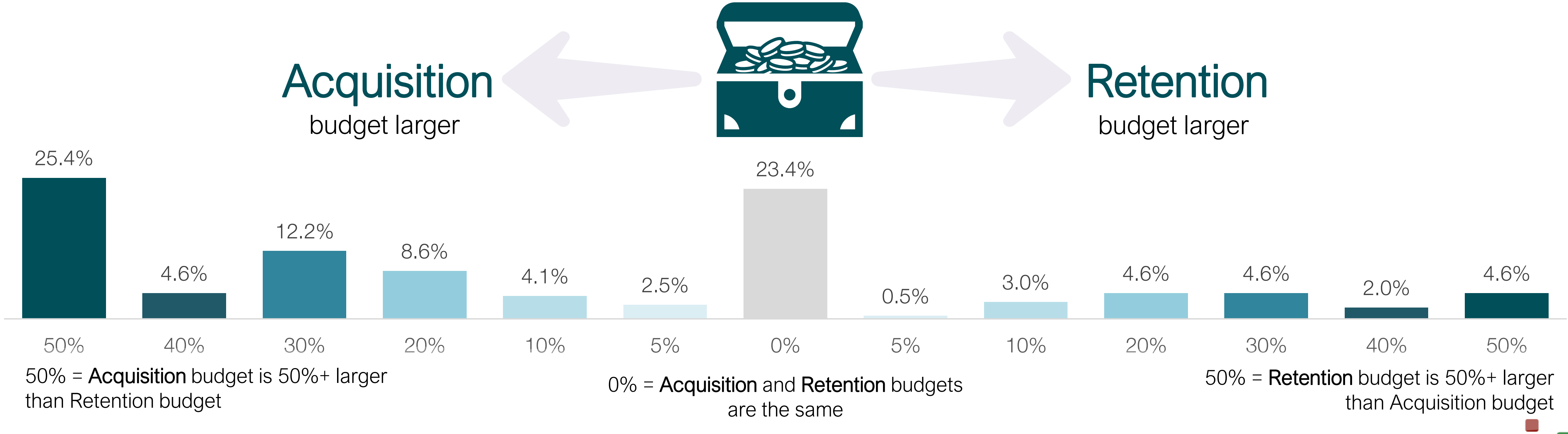
New service introductions (+5.3%)

Traditional advertising spending (+2.9%)

Companies spend significantly more of their budgets on customer acquisition than on customer retention

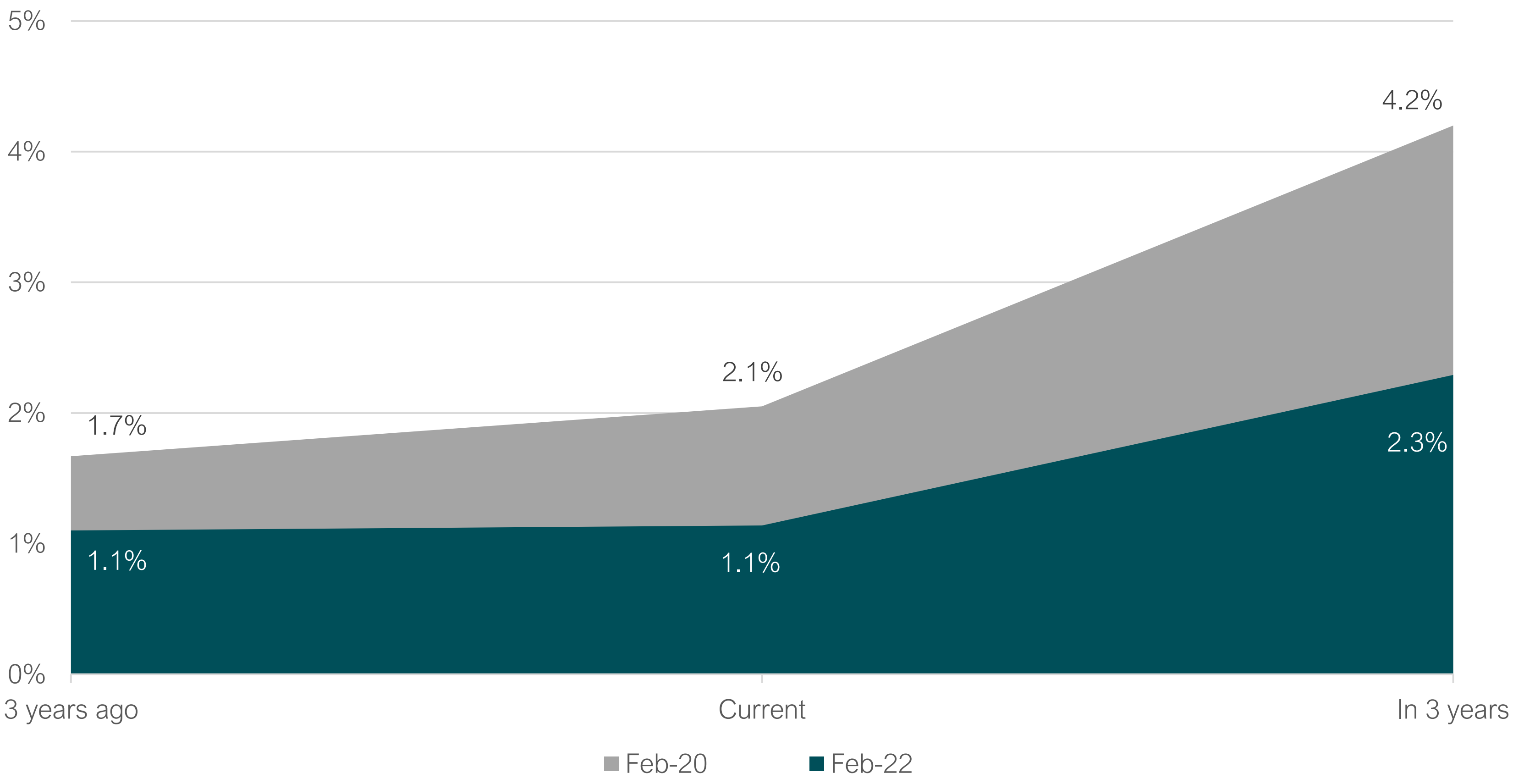
How do your company's budgets for customer acquisition and customer retention compare?

On average, acquisition budgets are
14.7%
greater than retention budgets



Marketing spend targeting China expected to double over the next three years, but nowhere near pre-pandemic predictions

What percent of your marketing budget does your company spend targeting the market in China? What was this percentage 3 years ago? What do you predict it will be 3 years from now?



Economic Sector

	Current	3 Years from now
B2B Product	1.8%	3.1%
B2B Services	1.0%	1.9%
B2C Product	0.6%	2.8%
B2C Services	0.0%	0.1%

Insights

The COVID-19 pandemic has influenced current and predicted marketing spending for the Chinese market. Prior to the U.S. lockdown, marketers were spending on average 2.1% of their marketing budgets in China. That number has dropped to 1.1% and is not expected to reach pre-pandemic levels for about another three years.

Social Media and Mobile Marketing

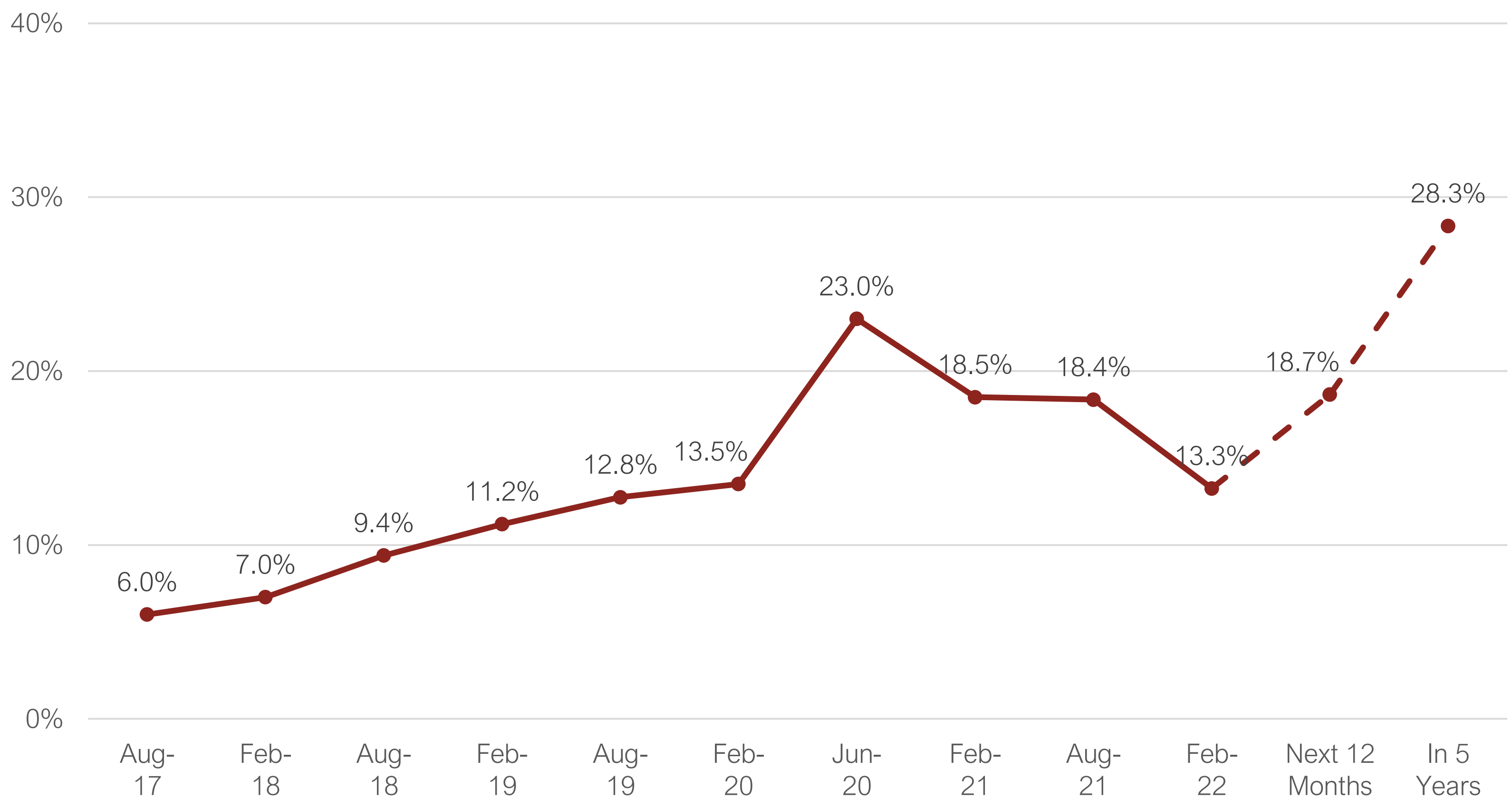
Mobile spending as a percent of marketing budgets dropped back to pre-pandemic levels (13.3%), but is predicted to return to 2021 levels over the next year (rising to 18.7%) and to 28.3% over five years. Unsurprisingly, B2C Product and Service companies are leading this acceleration, predicting to use 32.2% and 32.9% of their marketing budgets on mobile activities in the next 12 months. Consistent with this finding, B2C Product and Service companies report the highest contributions to their companies' performance from mobile marketing (3.9 and 3.7 on a 7-point scale, respectively). That said, marketers overall continue to struggle to see returns on mobile (3.0 average).

Social media spending, on the other hand, increased only slightly over the past six months (15.4% from 15.3%), but still far from peak pandemic levels of 23.2%. Marketers agree that social media spending will continue to increase at a faster pace, reaching 23.5% of marketing budgets in the next five years. Approximately one fifth of all social media activities are performed by outside agencies. Similar to mobile spending, B2C Product and Service companies report the highest social media returns (4.3 and 4.2 on a 7-point scale, respectively). B2B Service companies, in particular, indicate that social media marketing has become a pillar for their companies' strategic success, reporting a highly effective linkage between marketing strategy and social media activities (4.9 on a 7-point scale compared to the 4.6 average). The presence of influencers within the social media space is predicted to increase over the next three years, but not nearly as rapidly as marketers had predicted back in June 2020 at the height of the pandemic.

Although smartphone ownership continues to reach new heights, only 26.4% of companies report using an app. Of those that use apps, the return on investment varies significantly. The majority of companies (56.6%) report that their app generates <5% of total revenue. B2C Product companies indicate the highest returns, with 42.9% of companies reporting moderate-to-high app revenue generation.

Mobile spending declined over the past six months, but is expected to rebound at a rapid pace in both the near and distant future

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

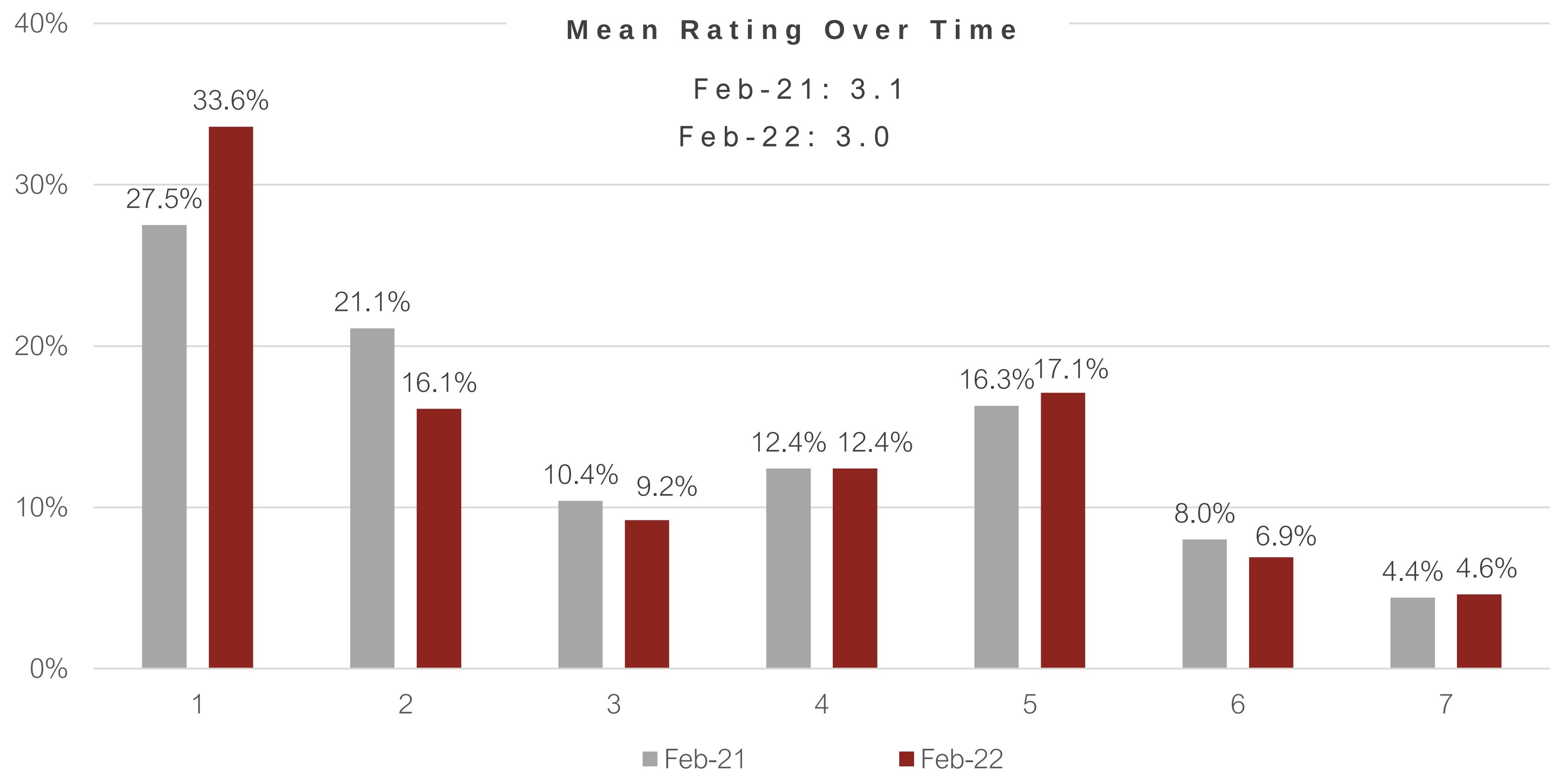
	Feb-22	Next Year
B2B Product	7.4%	10.9%
B2B Services	11.8%	16.8%
B2C Product	24.0%	32.2%
B2C Services	23.0%	32.9%

Insights

Industries leading in current mobile spend are Consumer Services (29.5%) and Consumer Packaged Goods (22.9%), while the Manufacturing (6.1%) and Professional Services (7.7%) industries lag in their current spend. Companies with $10B+ sales revenue are currently leading in spend at 25.6% and predicted to continue to lead throughout the next 12 months with 30.5% and 5 years with 48.5%.

Mobile marketing's contribution to company performance flat

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: 2.3

B2B Services: 3.2

B2C Product: 3.9

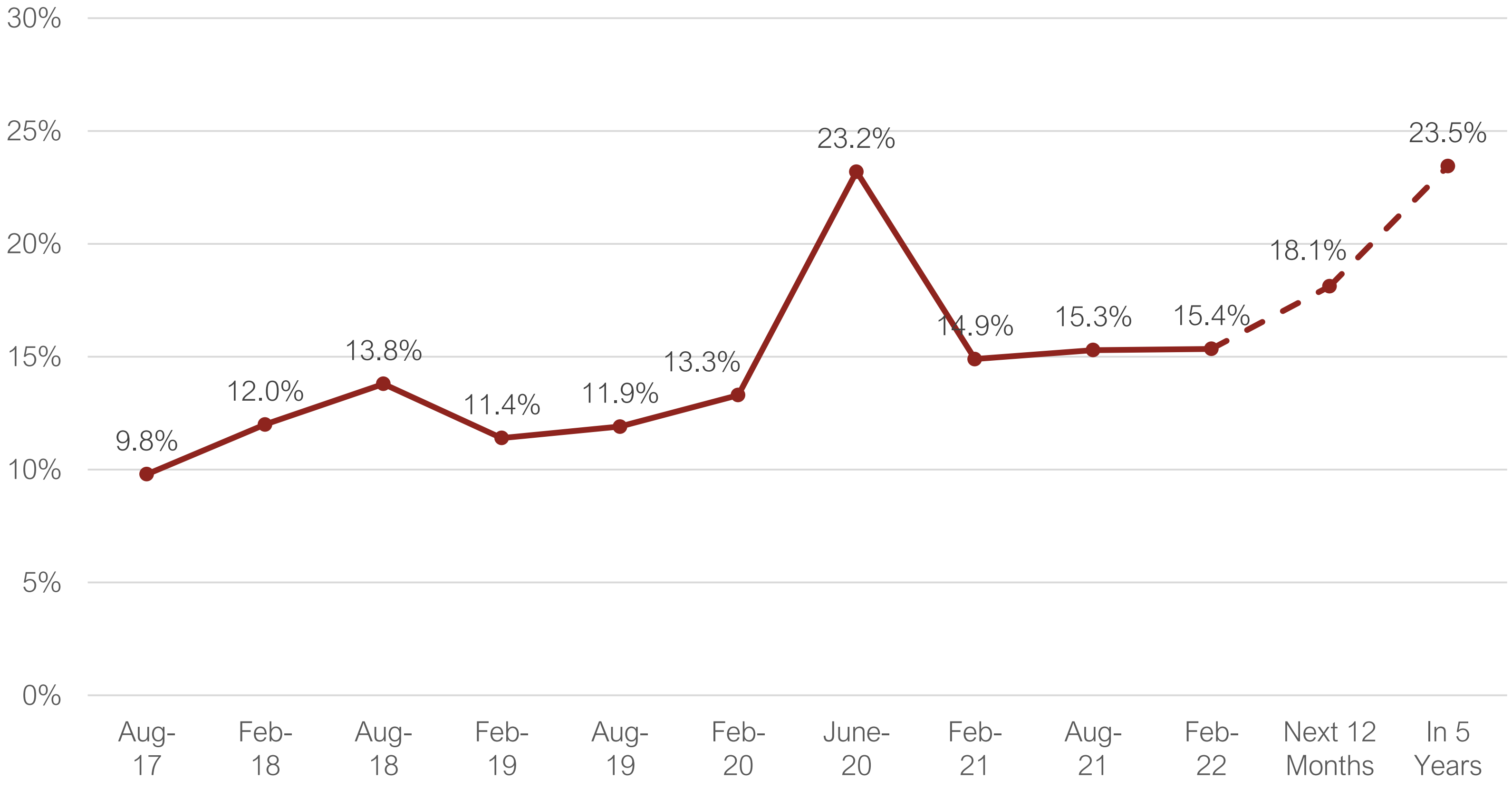
B2C Services: 3.7

Insights

Despite the fact that mobile marketing spending is expected to grow over the next few years, companies are still struggling to see returns, with only 4.6% of marketers reporting very high contributions. This struggle comes at a time when the mobile space has become more saturated and customers have become increasing numb to mobile advertisements. High revenue companies have used their marketing budgets to identify creative ways to break through the clutter ($10B+, 3.9).

Social media spend increased slightly over the past year, but is expected to increase at a much faster pace moving forward

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



Economic Sector

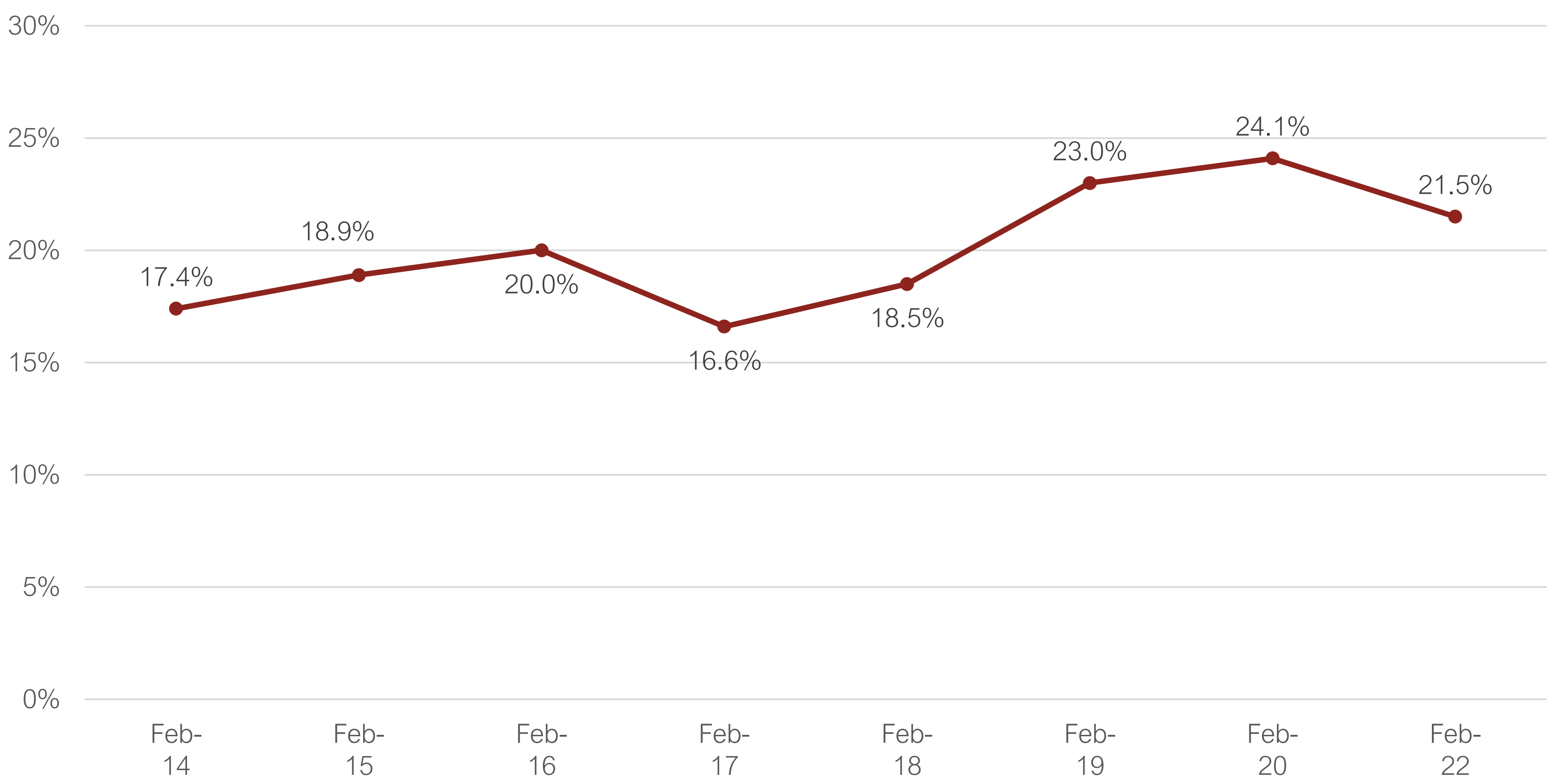
	Feb-22	Next Year
B2B Product	11.6%	14.8%
B2B Services	13.7%	16.9%
B2C Product	23.5%	25.3%
B2C Services	21.5%	23.1%

Insights

Consumer Services exceeds all other industries in its current social media spend (31.2%) and will continue to be a leader in the next 12 months (32.0%) and five years (35.8%). This is likely because these companies are attempting to meet and interact with their consumers where they are spending their time and money (i.e., social media). Companies with <$10M sales revenue also invest heavily (21.5%) and show no sign of stopping (12 months, 25.9%; 5 years, 31.3%).

Most marketers do not use outside agencies for their social media activities

What percent of your company's social media activities are performed by outside agencies?



Economic Sector

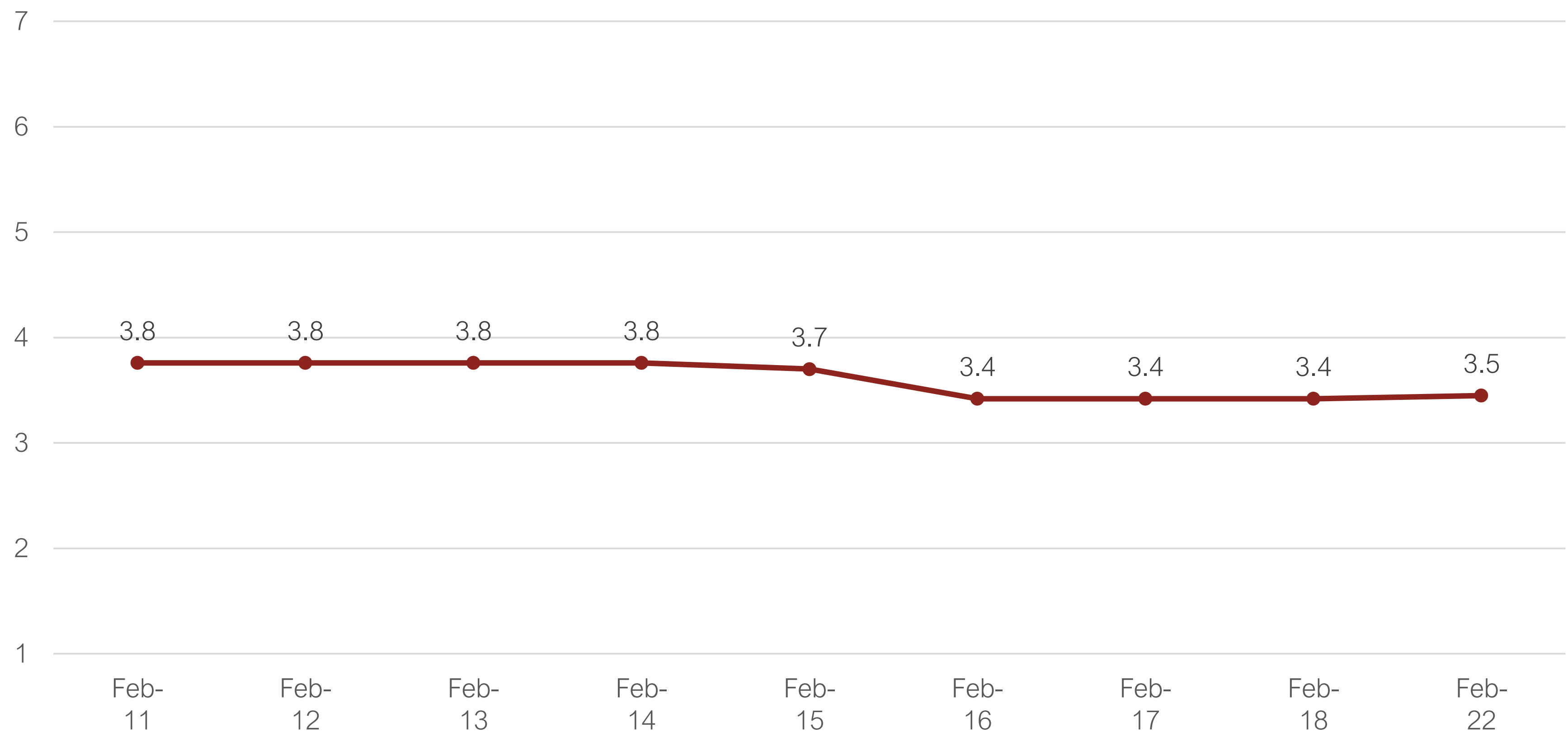
B2B Product: 21.7%
B2B Services: 15.0%
B2C Product: 32.1%
B2C Services: 29.0%

Insights

Large companies, both in terms of sales revenue and number of employees, are utilizing outside agencies to the highest degree ($10B+, 39.6%; 10,000+, 30.3%). This implies that larger companies are choosing to use their marketing budgets to send creative work to external specialized agencies as opposed to building social media capabilities internally.

After over a decade, marketers still struggle to integrate customer data across channels

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



Economic Sector

B2B Product: 3.2
B2B Services: 3.6
B2C Product: 3.8
B2C Services: 3.3

Industry Sector

Top 3 Sectors

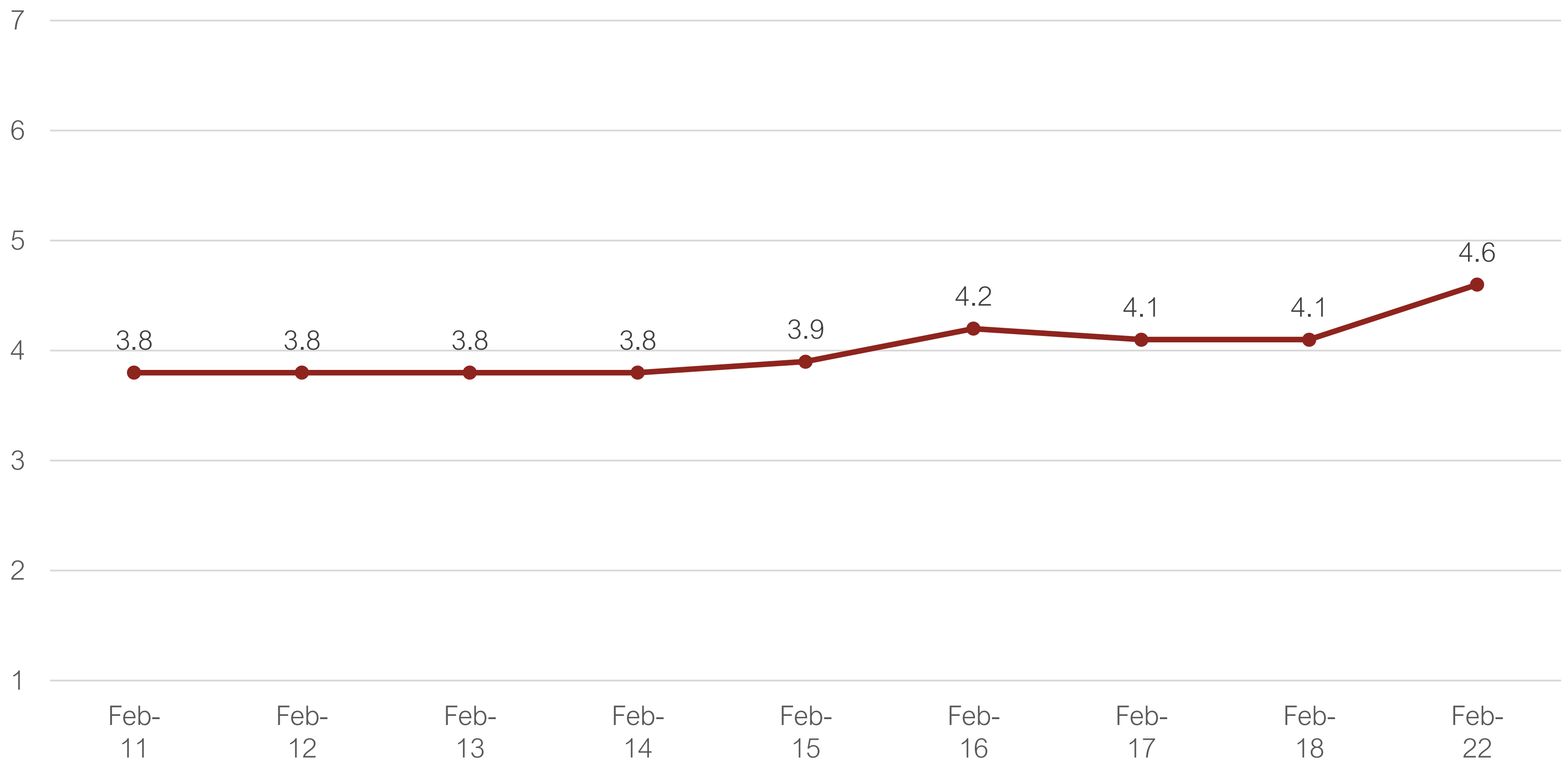
- Mining/Construction (4.5)
- Pharma/Biotech (3.8)
- Energy (3.8)

Bottom 3 Sectors

- Real Estate (2.0)
- Healthcare (2.7)
- Banking/Finance/Insurance (3.2)

Marketers improve their abilities to effectively link social media to their overarching marketing strategies

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



Economic Sector

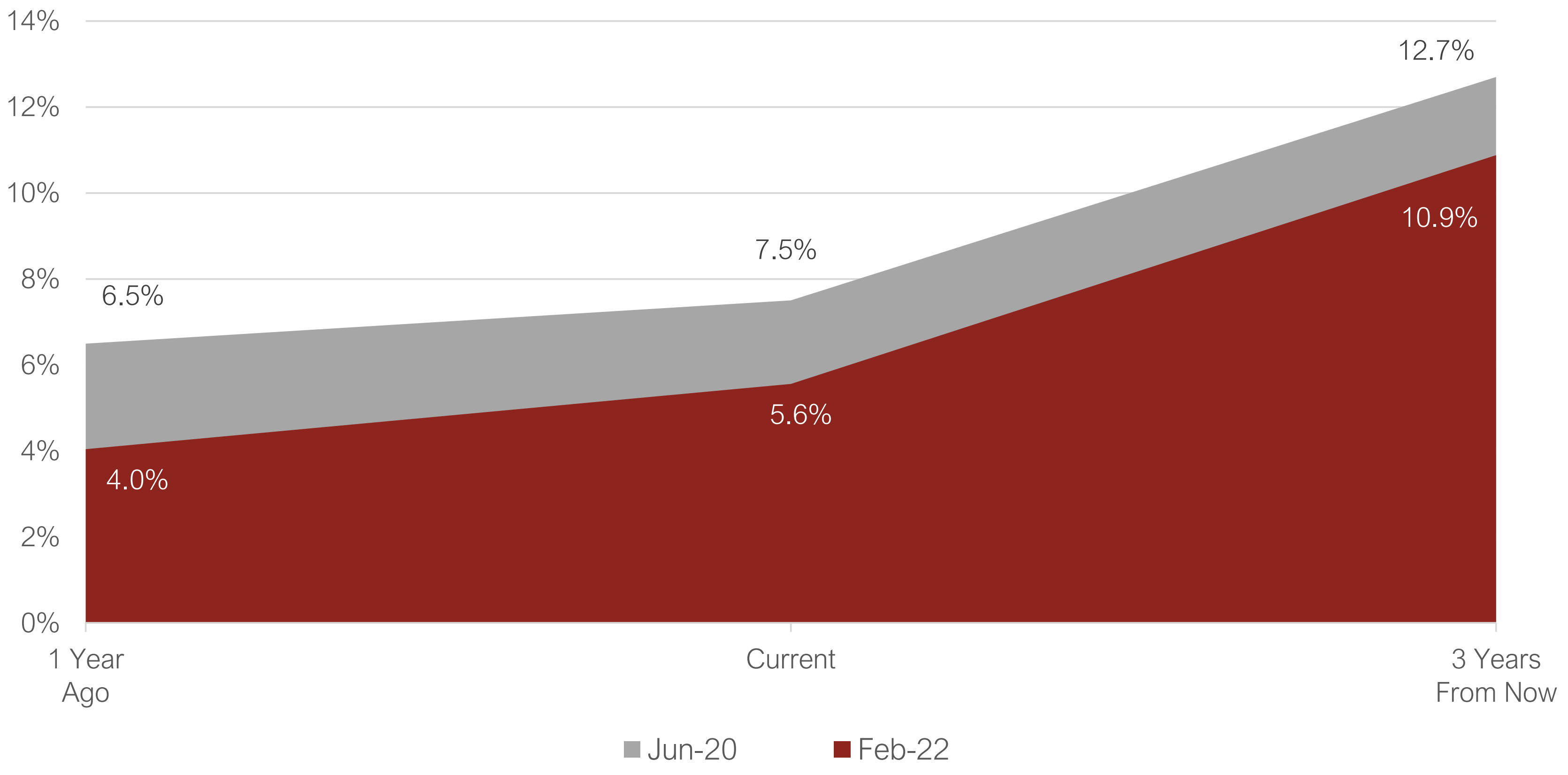
B2B Product: 4.2
B2B Services: 4.9
B2C Product: 4.9
B2C Services: 4.6

Insights

Companies with a 100% of their sales through the Internet are the most effective in linking their social media to their marketing strategy (5.3). Mining/Construction (6.0) and Professional Services (5.1) thrive, while Real Estate (2.3) struggles.

Although marketers still predict growth in the influencer space, they are not nearly as bullish as they used to be

What percentage of your marketing budget currently involves the use of any type of influencer strategy? one year ago? 3 years from now?



Economic Sector

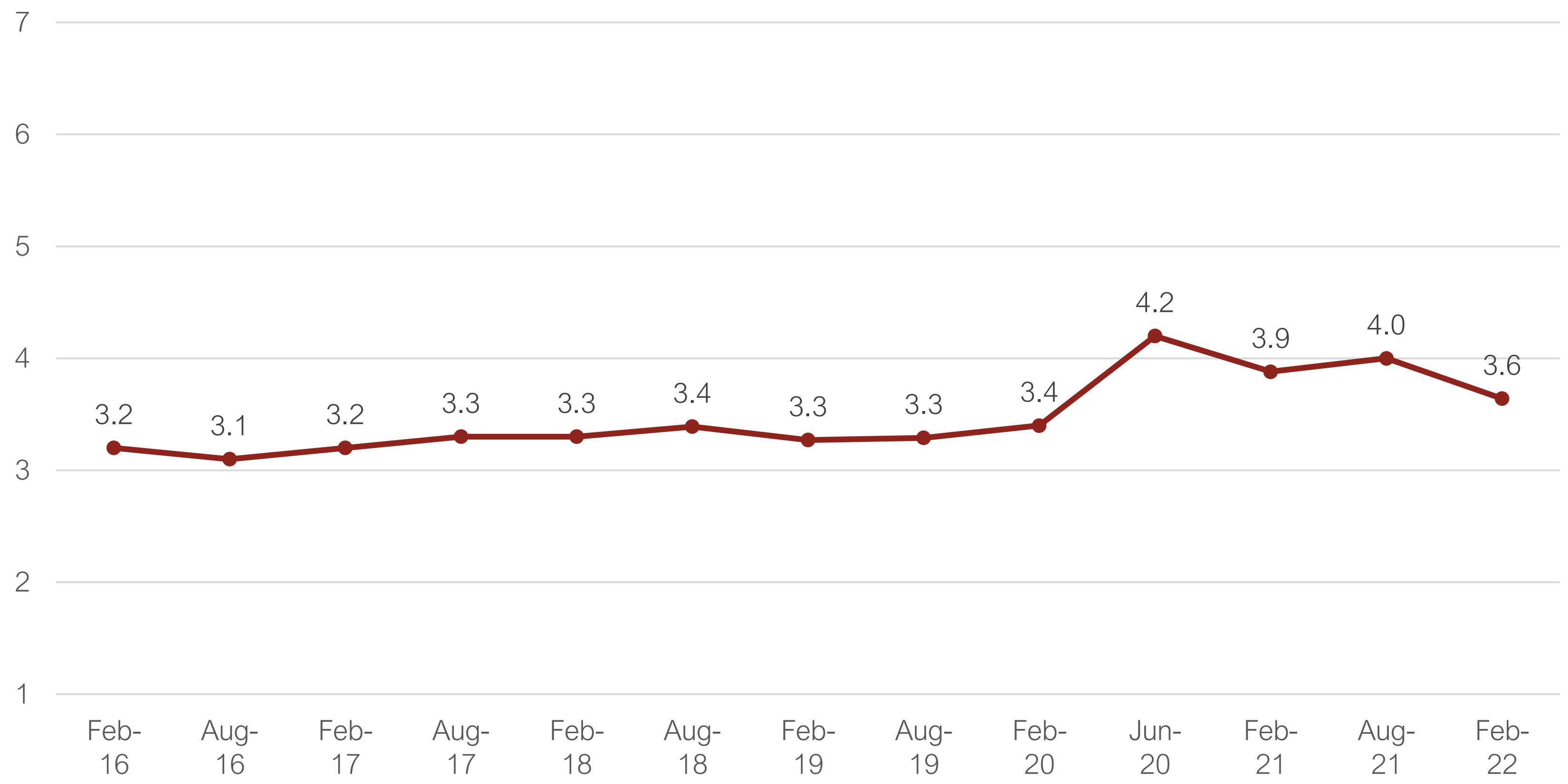
	Current	3 Years from now
B2B Product	3.8%	8.6%
B2B Services	5.4%	11.3%
B2C Product	9.9%	15.7%
B2C Services	5.4%	9.6%

Insights

To no surprise, the industries currently leading the way in influencer marketing are consumer-facing companies, such as Consumer Packaged Goods (11.3%) and Consumer Services (10.0%). Energy and Banking/Finance/Insurance companies, on the other hand, are currently dedicating less than 1.0% of their marketing budgets to influencers and predict small growth in the next three years.

Social media contributions experience slight decline but remain above historic average

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)



Economic Sector

B2B Product: 3.1
B2B Services: 3.7
B2C Product: 4.3
B2C Services: 4.2

Insights

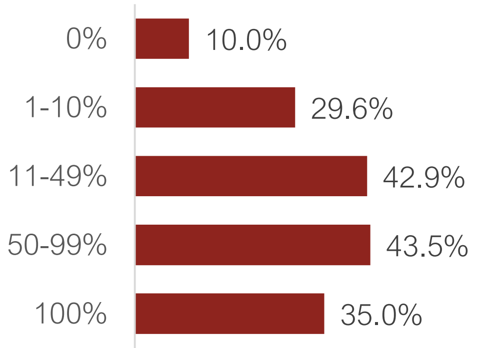
Although social media is more prevalent than ever, social media contributions are on the decline. B2C companies indicate the highest performance contribution from social media marketing, such as Consumer Services (5.3), Retail/Wholesale (4.2), and Communications/Media (4.4). Companies that make most of their sales through the Internet also see social media as a positive contributor to their performances (50-99%, 4.3; 100%, 4.1).

A quarter of all companies use apps, but larger companies and those with higher percentage of sales online are more likely

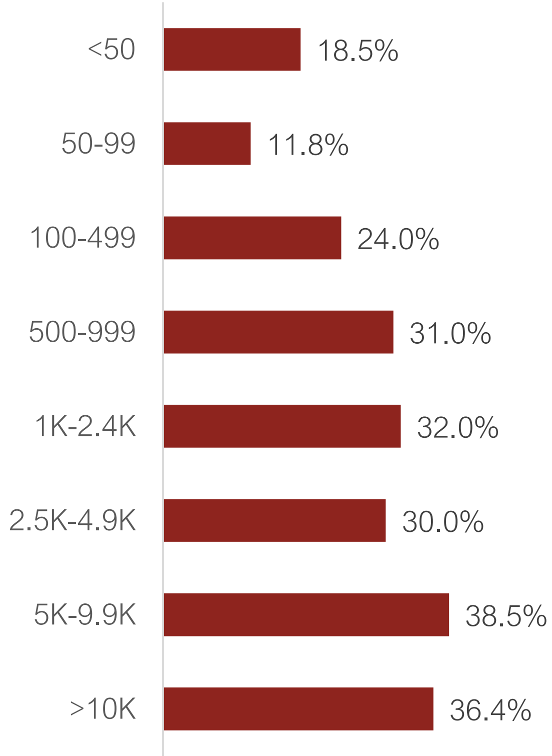
Does your company use an app? (% reporting yes)

26.4%
average of companies use an app

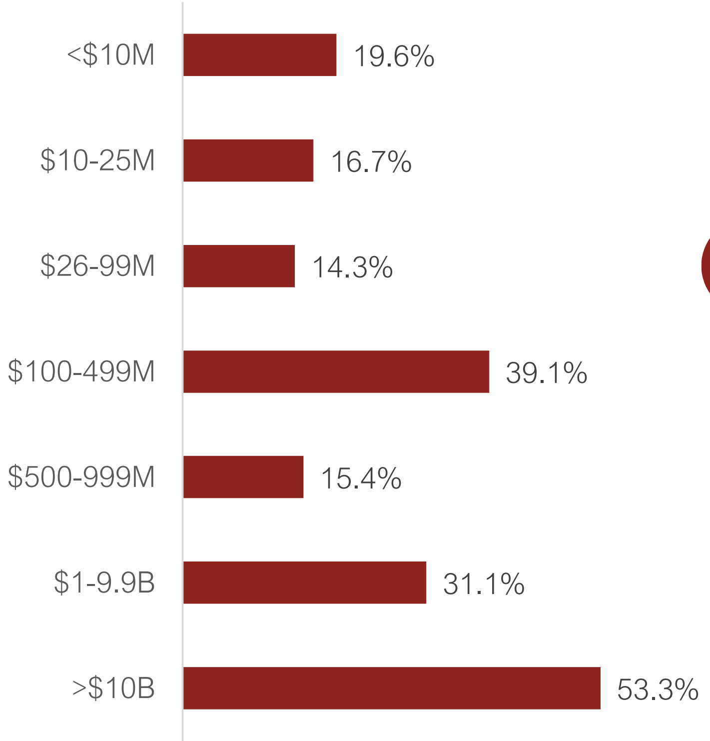
INTERNET SALES



EMPLOYEES



REVENUE



Economic Sector

B2B Product	19.8%
B2B Service	21.8%
B2C Product	35.0%
B2C Service	52.2%

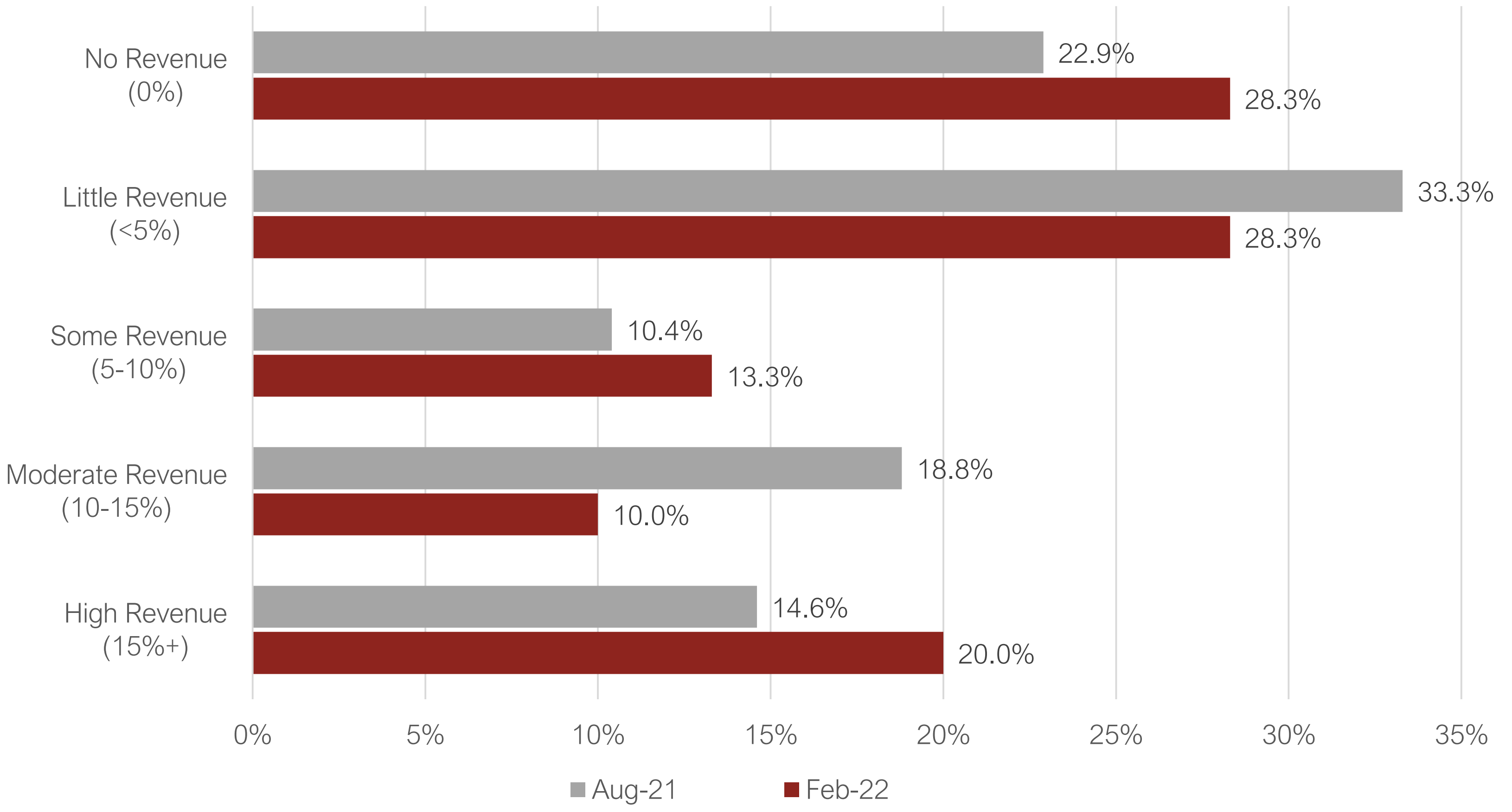
Industry Sector

Top App Users
- Retail/Wholesale (46.7%)
- Mining/Construction (40.0%)
- Transportation (40.0%)

Bottom App Users
- Pharma/Biotech (0.0%)
- Consumer Packaged Goods (10.5%)
- Professional Services (19.2%)

Apps contribute more revenue, but many companies achieve no or little impact

Approximately what percent of revenue has your app(s) generated for your business?



Economic Sector

	High Revenue
B2B Product	20.0%
B2B Services	10.5%
B2C Product	28.6%
B2C Services	25.0%

Insights

The largest proportion of companies reporting "High Revenue" from apps make the majority of their sales through the Internet (50-99% Internet, 40%; 100% Internet, 42.9%). Smaller companies, both in terms of revenue and number of employees, also report higher revenue generation, with 40.0% of companies with <$10M in sales and companies with <50 employees reporting "High Revenue".

Marketing Jobs

Despite uncertain economic conditions, companies report average marketing job growth of 12.2% in the last year. Education saw the most growth (26.3%), followed by Banking/Finance/Insurance (20.5%) and Technology (18.4%). From the standpoint of sales revenues, the highest earning companies ($10+ billion) grew their marketing teams the least (4.9%). Especially high job growth (26.5%) is reported by companies with 100% of sales online. Companies surveyed expect marketing hires to further increase by 10.5% by over the next year. Of this growth, B2C Services expects the most growth of marketing teams (14.0%), followed by B2B Services (11.8%), B2B Product (10.2%), and B2C Product (5.9%).

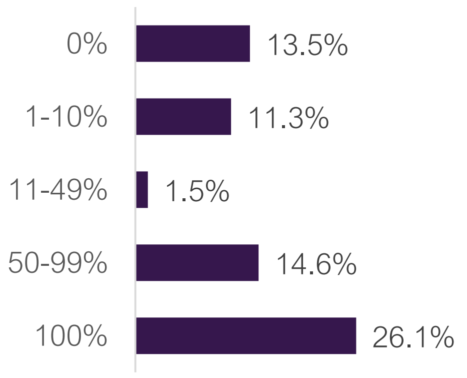
The Great Resignation was top of mind for marketing leaders. Across all economic sectors, 33.3% of voluntary resignations were attributed to The Great Resignation. Many industries were hard hit by the Great Resignation, including pure-play companies (i.e., 100% of sales through the Internet), while Healthcare, and Professional Services companies reporting that more than half of voluntary loses can be attributed to it.

Marketing teams grew by 12% percent over the last year

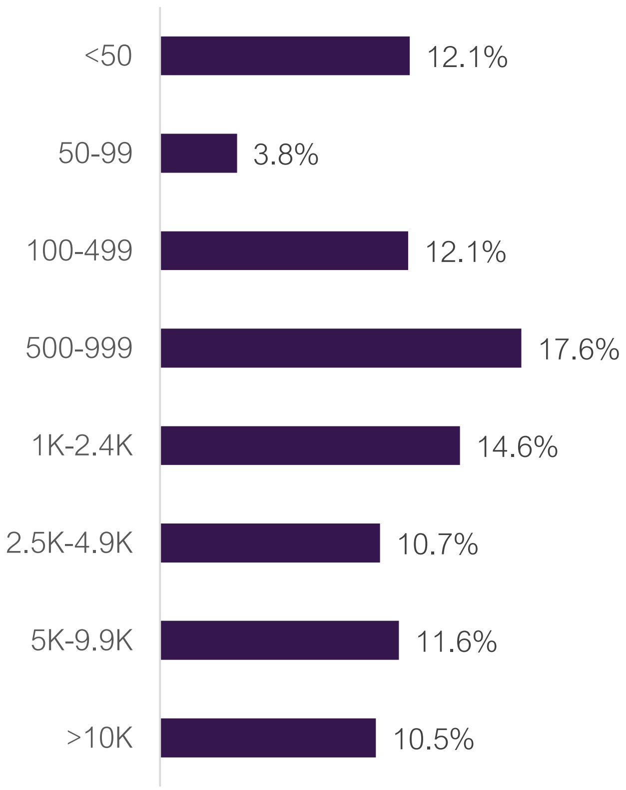
By what percent has the size of your marketing organization grown or shrunk over the last year?

12.2%
average growth in the size of marketing organizations

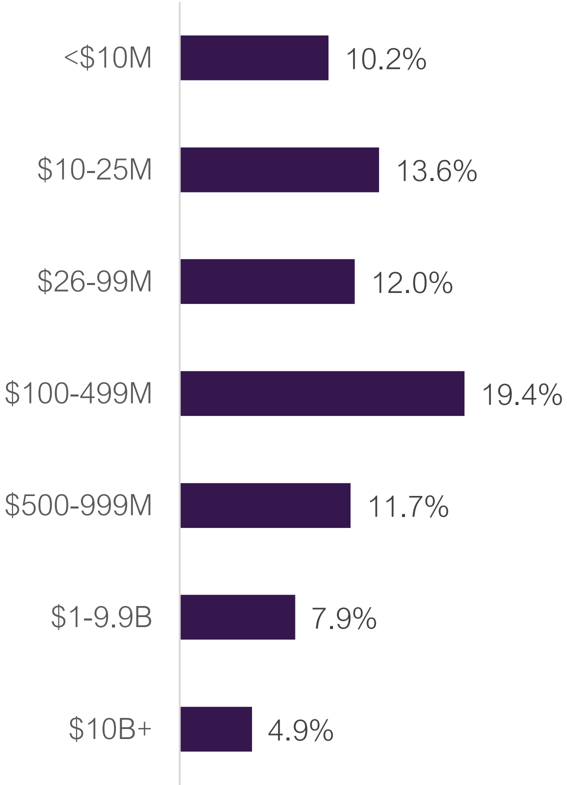
INTERNET SALES



EMPLOYEES



REVENUE



Economic Sector

B2B Product: 13.5%
B2B Services: 12.8%
B2C Product: 7.8%
B2C Services: 12.1%

Industry Sector

Largest Growth
- Education (26.3%)
- Banking/Finance/Insurance (20.5%)
- Technology (18.4%)

Smallest Growth
- Consumer Packaged Goods (2.2%)
- Real Estate (2.5%)

Marketers expect their teams to grow in the next year

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

Companies surveyed expect their number of marketing hires to increase by

10.5%

over the next year

Economic Sector

B2B Product: 10.2%

B2B Services: 11.8%

B2C Product: 5.9%

B2C Services: 14.0%

Industry Sector

Top 3 Sectors

- Consumer Services (23.8%)
- Banking/Finance/Insurance (21.1%)
- Transportation (17.9%)

Bottom 3 Sectors

- Education (-3.8%)
- Professional Services (3.5%)
- Real Estate (5.0%)

Marketing departments are feeling the effects of "the Great Resignation" within their teams

What percent of your current marketing organization departed voluntarily over the last year? What percent of these losses do you believe are part of the movement called the Great Resignation? Pandemic-related pressures?

Voluntary Resignation
(10.8% of company)

Great Resignation
(33.3%)

Pandemic Related
(17.2%)

Other
(49.5%)

Firm breakouts on next slide

Insights

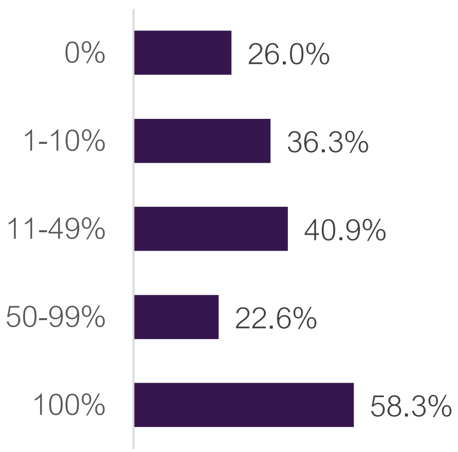
Mid-career change, desire for more flexible work, and burnout are all aspects thought to be fueling the Great Resignation. Many industries were hard hit by the Great Resignation, including Pure Play (i.e., 100% of sales through the Internet), Healthcare, and Professional Services companies that all believe more than half of their voluntary loses can be attributed to this phenomenon. Pandemic-related pressures were felt across multiple industries with Mining/Construction (33.3%), Professional Services (31.9%), and Healthcare (26.5%) attributing the highest percentage of their voluntary loses to the pandemic.

Marketing departments are feeling the effects of the "Great Resignation" within their teams

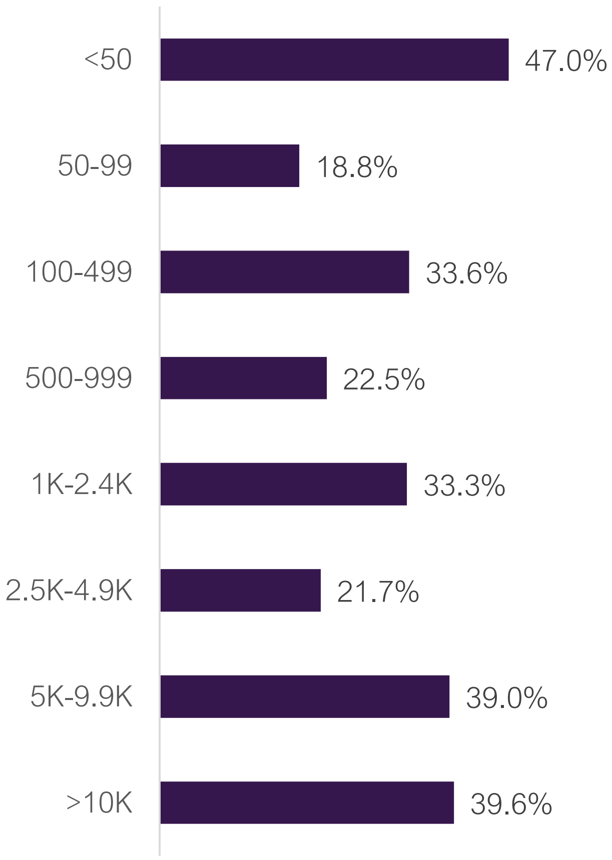
33.3%

Of voluntary resignations are attributed to the Great Resignation

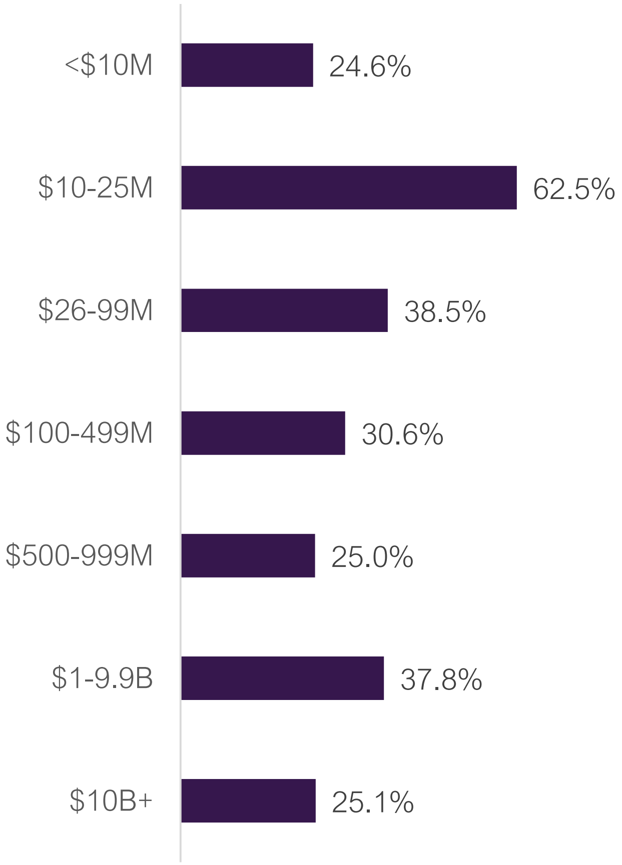
INTERNET SALES



EMPLOYEES



REVENUE



Economic Sector

B2B Product: 32.8%
B2B Services: 31.1%
B2C Product: 33.1%
B2C Services: 41.6%

Industry Sector

Most Resignations

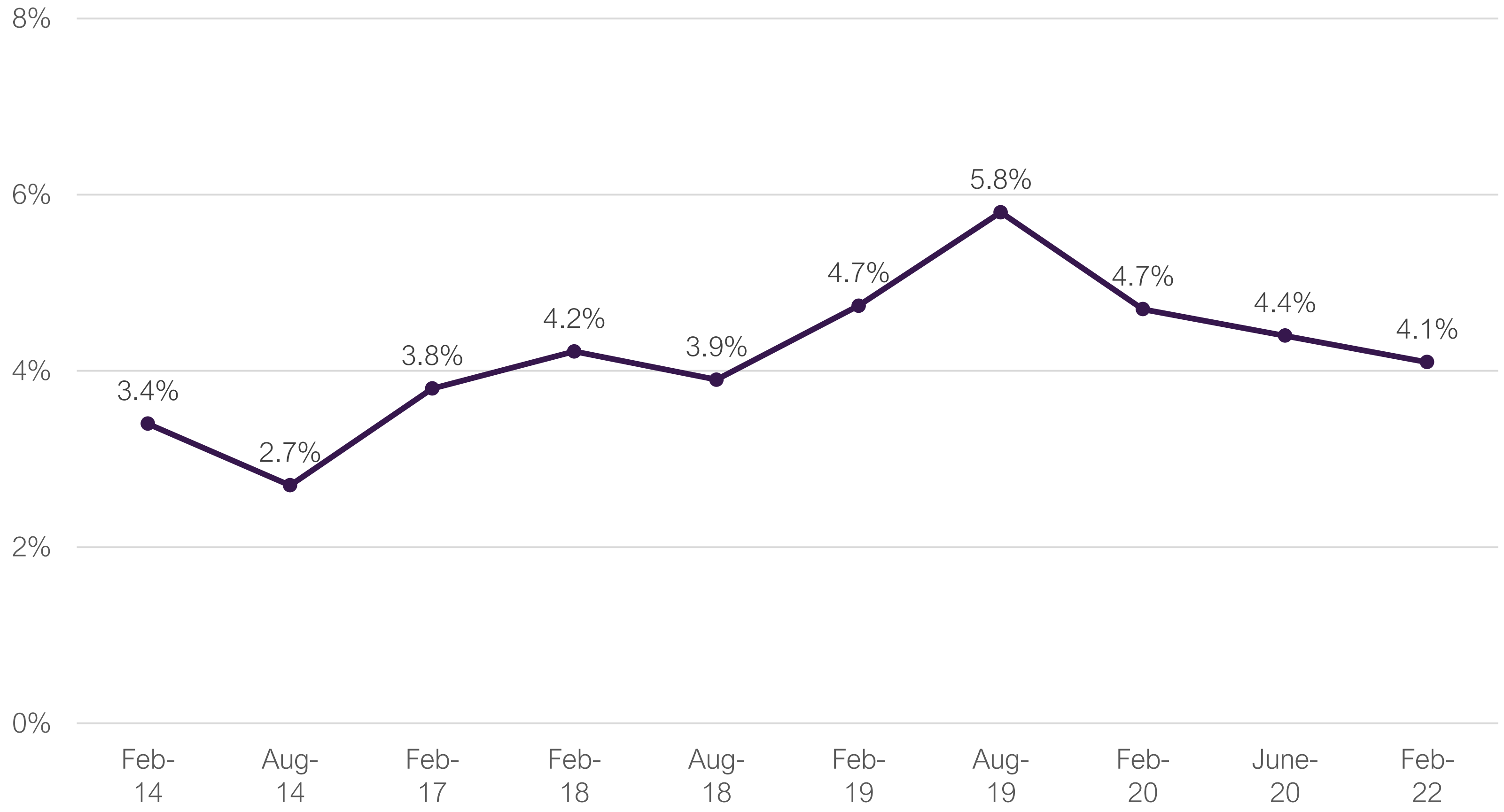
- Healthcare (59.0%)
- Professional Services (55.0%)
- Mining/Construction (50.0%)

Least Resignations

- Real Estate (0.0%)
- Transportation (6.7%)
- Communications/Media (11.9%)

On average 4% of marketing budgets are devoted to training and development, dropping from pre-COVID high of 5.8%

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



Insights

Training and development budgets fluctuate across industries. Industry-wise, Pharma/Biotech companies report the highest budget (6.0%), followed by Mining/Construction (5.6%) and Energy (5.4%). The industries with the lowest training budgets are Transportation (0.6%) and Education (2.0%). Training costs associated with technology-heavy sectors might explain budgeting decisions in different industries. Companies reporting 1-10% of revenue from Internet sales also report the highest training budget (4.5%), almost half a percent higher than any other Internet sales group.

To develop new marketing capabilities, marketers prefer to hire and train talent in-house

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

	Mean %	Top Industry Reporting
We build new marketing capabilities ourselves by training current or hiring new employees with the skills	59.2%	Education (75.0%)
We partner with other marketing agencies to learn new marketing skills	15.7%	Consumer Services (35.0%)
We partner with other consultancies to learn new marketing skills	12.0%	Mining/Construction (23.8%)
We partner with other companies to learn new marketing skills	11.9%	Banking/Finance/Insurance (18.4%)
We buy other companies to acquire new marketing skills	1.3%	Education (5.0%)

Marketing Leadership

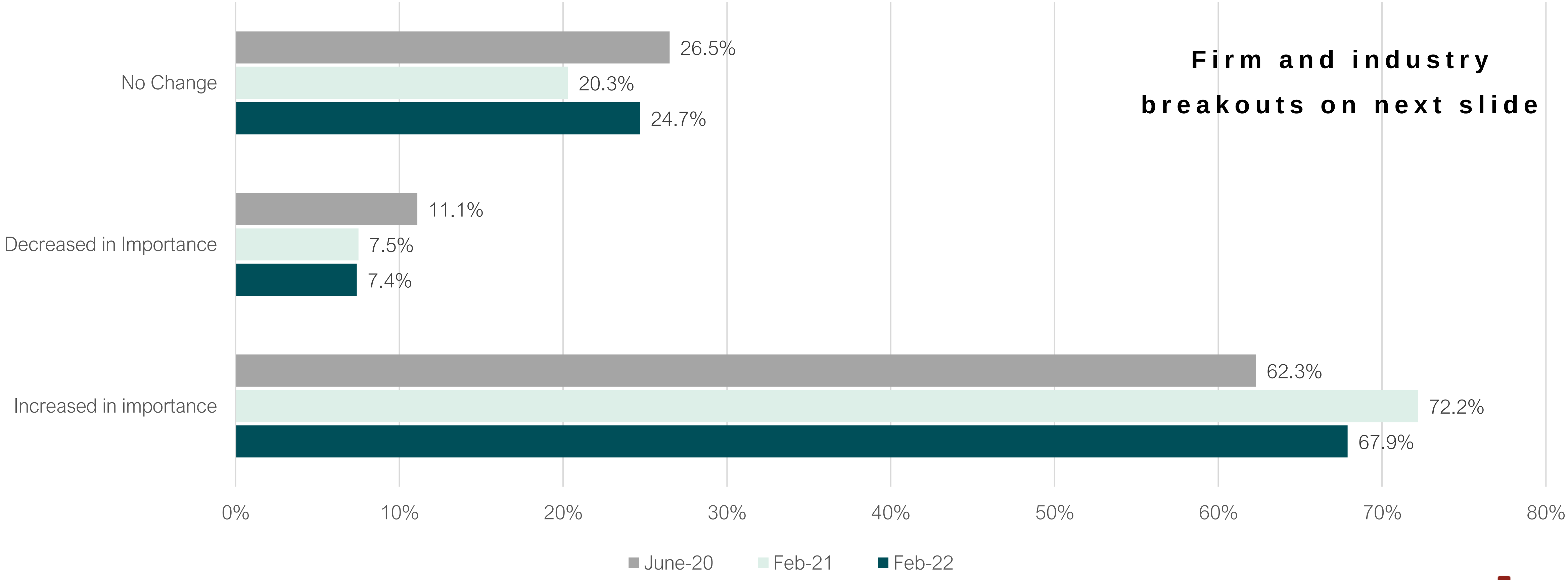
The role of marketers has continued to evolve, with marketing roles taking on more importance in 67.9% of companies during this year. This continues the shift starting in June 2020 at the height of the pandemic when this increase in importance was 62.3% and in February 2021 when it was 72.2%. Marketing leaders report a stronger alignment with finance leaders compared to a year ago (5.4 compared to 5.0 on a 7-point scale where 1=not at all, 7=very highly). This is likely due to increased pressure on marketers to justify their spending and the adoption of stronger measurement systems that foster alignment. The August 2021 survey reported marketers performing well on making the case for marketing spending by proving alignment with company objectives, setting return expectations, and explaining when and how spending would impact performance.

Managing the present remains the focus of most marketers (64.3%). Industries with a stronger emphasis on preparing for the future are Consumer Services (45.0%), Consumer Packaged Goods (43.6%), and Retail/Wholesale (40.5%), while the Real Estate (78.0%), Transportation (76.1%), and Education (75.7%) industries focus on managing the present. Firms with higher sales and revenue ($1-9.9B) also report a stronger emphasis on preparing for the future (41.2%) compared to firms with lower sales and revenue (<$10M) (36.2%).

The percentage of marketing leaders who would use their brands to take a stand on politically charged issues remains flat at 27.5%. While initially rising from 17.4% four years ago, the metric has shown no consistent pattern over the years. In this survey, B2C-Product companies are more willing at 36.4%, as are companies with more sales over the Internet (33.3%). Among specific sectors, Real Estate (60.0%), Consumer Services (50.0%), and Energy (44.4%) stand out as most willing.

Marketers report that their role has increased in importance during the last year, continuing a two-year trend

How has the role of marketing in your company changed during the last year? (% reporting increased in importance)

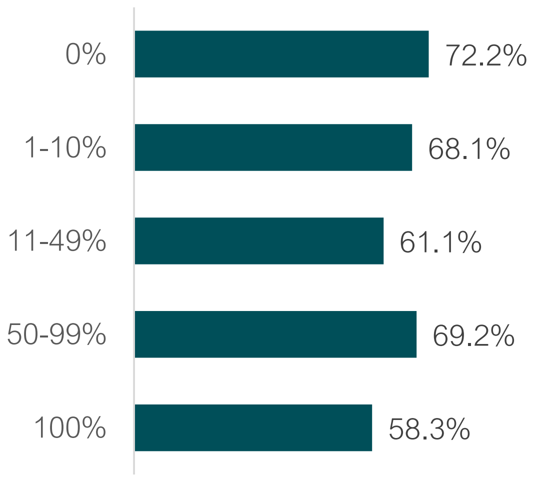


Firm and industry breakouts on next slide

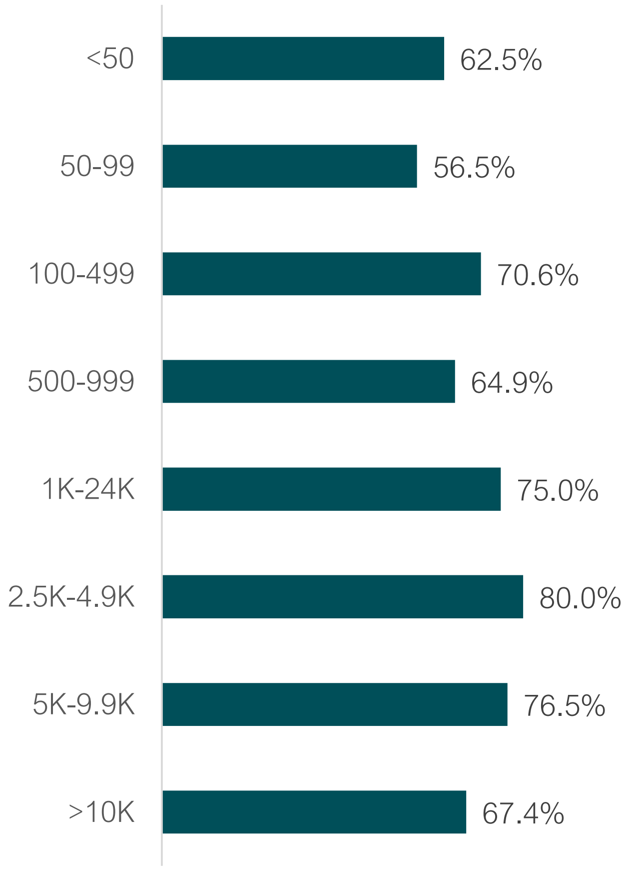
Firm and industry sector differences in the importance of the role of marketing

67.9%
Sample average increased importance of marketing

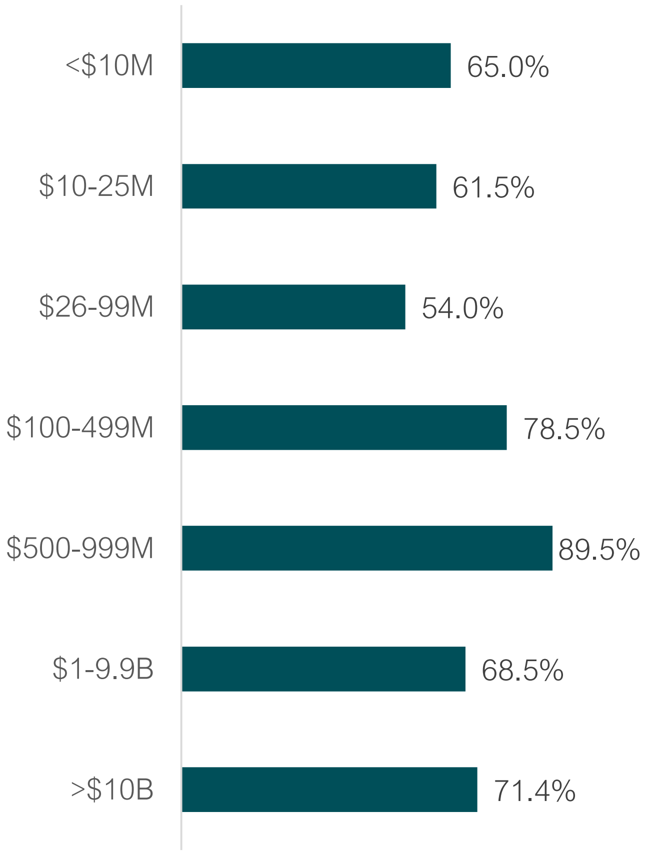
INTERNET SALES



EMPLOYEES



REVENUE



Economic Sector

B2B Product: 73.8%
B2B Services: 65.5%
B2C Product: 64.3%
B2C Services: 63.0%

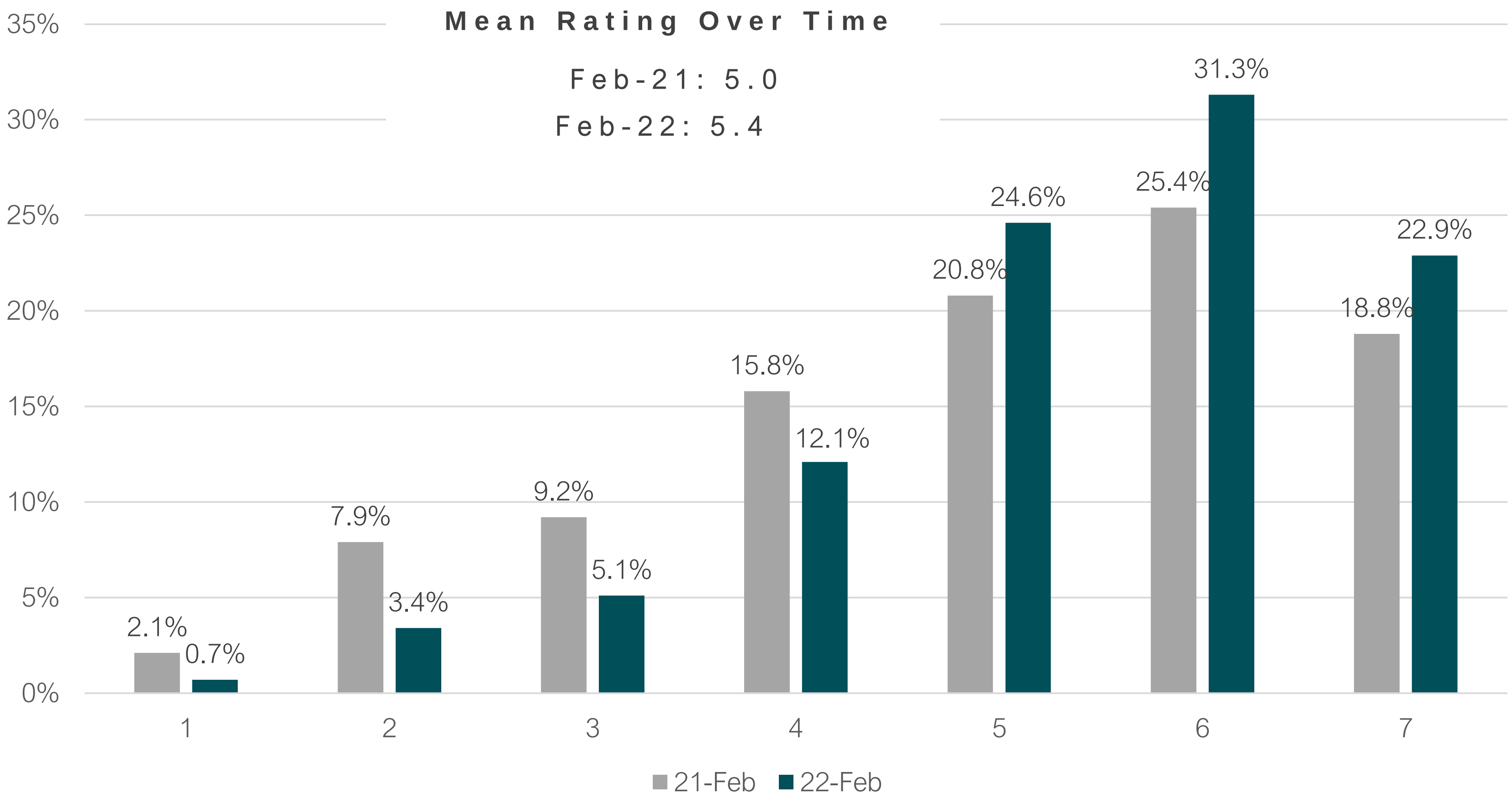
Industry Sector

Top 3 Sectors
- Mining/Construction (100%)
- Healthcare (84.0%)
- Consumer Services (83.3%)

Bottom 3 Sectors
- Education (28.6%)
- Real Estate (40%)
- Communications/Media (41.2%)

Marketing and finance leaders are more aligned now than they were a year ago

How well aligned are marketing and finance leaders in your company on goals, strategies, and tools/data? (1=not at all, 7=very highly)

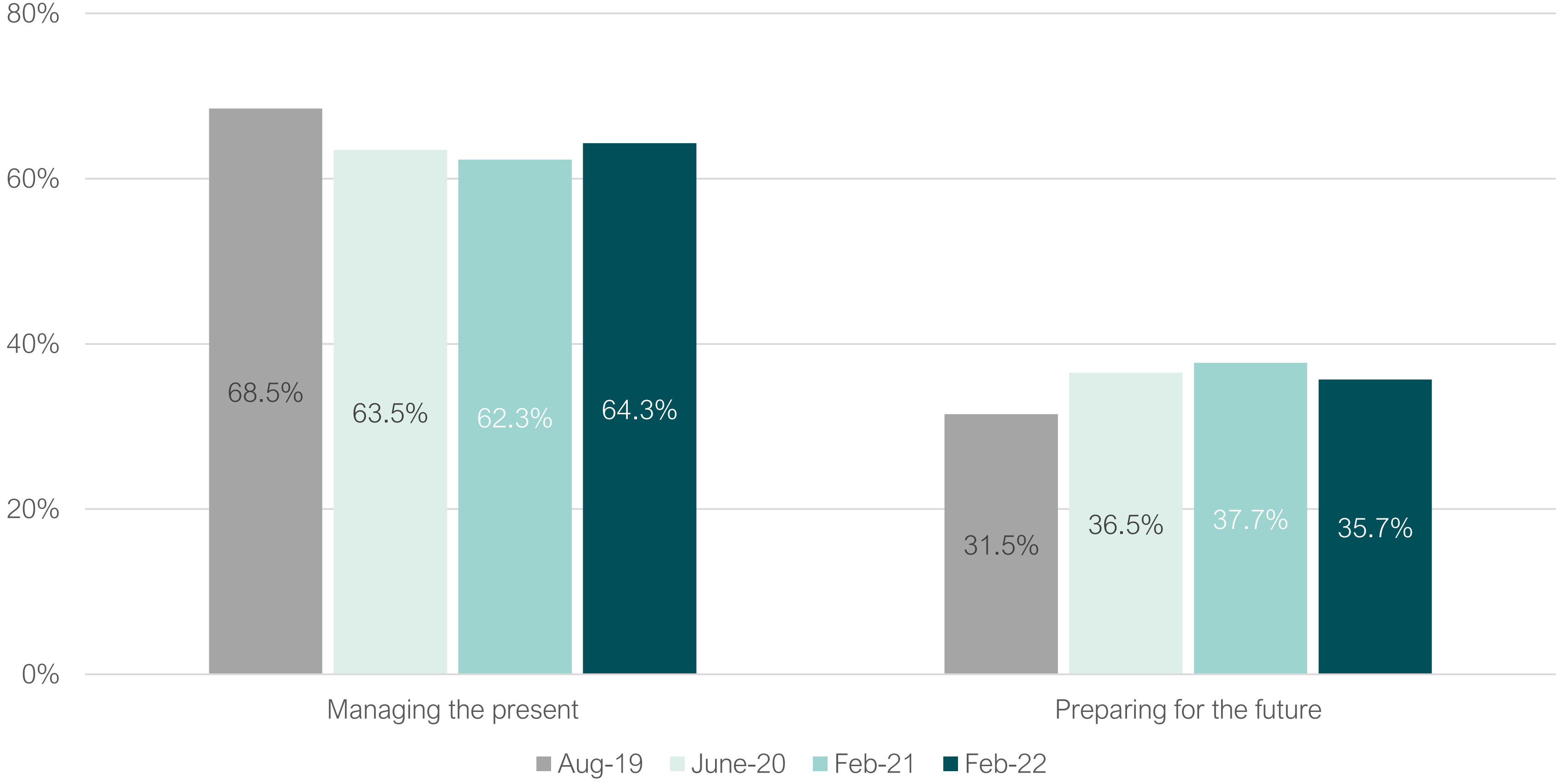


Insights

Unsurprisingly, the most well aligned companies are those with fewer than 50 employees (5.9) because a smaller workforce allows for more efficient cross-functional communication. For similar reasons, companies with <$10M in revenue are also relatively well-aligned (5.7). Industry-wise, Consumer Services (6.2), Pharma/ Biotech (6.1), and Energy (5.9) lead the way.

More companies focus on managing the present than preparing for the future

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

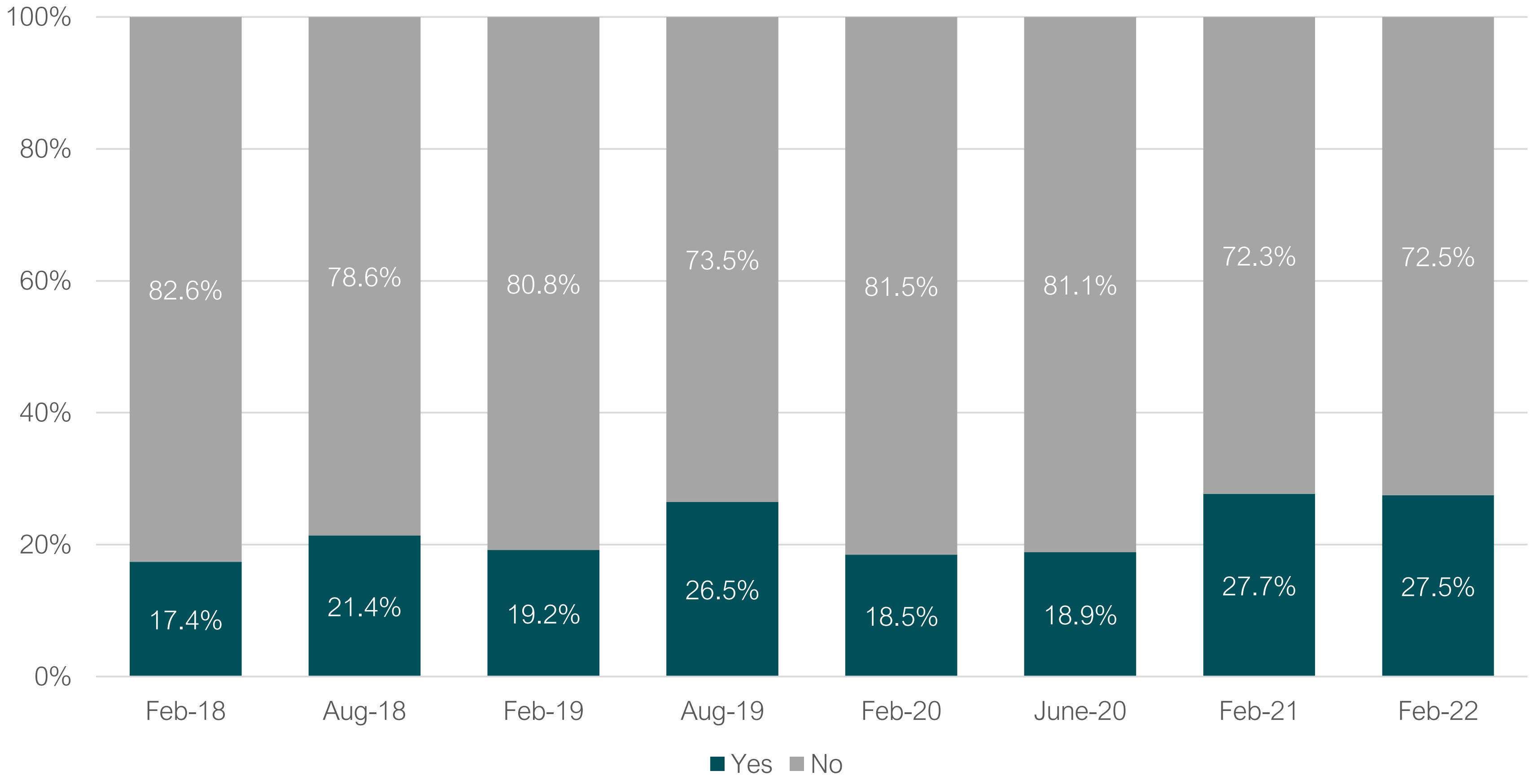


Insights

Managing the present remains the focus of most marketers. Industries that have a stronger emphasis on preparing for the future are Consumer Services (45.0%), Consumer Packaged Goods (43.6%), and Retail/Wholesale (40.5%), while the Real Estate (78.0%), Transportation (76.1%), and Education (75.7%) industries focus on managing the present. Firms with more sales and revenue ($1-9.9B) also report a stronger emphasis on preparing for the future (41.2%) compared to firms with lower revenues (<$10M) at 36.2%. On the other hand, firms with average revenues ($100-499M) report a higher priority for the present at 68.1%.

Brands maintain their distant 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 say they would use their brands to take a stand on politically charged issues remains flat at 27.5%. While initially rising from 17.4% four years ago, the metric has shown no consistent acceleration over the years. In this survey, B2C-Product companies are more willing at 36.4% as are companies with more sales over the Internet (33.3%). Among specific sectors, Real Estate (60.0%), Consumer Services (50.0%), and Energy (44.4%) stand out as most willing.

Marketing and Diversity, Equity, & Inclusion

Companies report an average increase of 10.8% of marketing spend on DE&I in the last year, compared to 8.9% in February 2021. Larger companies, measured by both sales and number of employees, spent at twice this rate. Among sectors, B2C-Product companies spent the most at 17.4%. Nearly 25% of marketers report that their companies have taken no DE&I actions.

When asked what types of impact have your company has been able to document for DE&I, marketing leaders report that they are most likely to show an impact on employee acquisition and/or retention (40.8%) and brand reputation (37.6%). Documenting the impact on customer acquisition and/or retention is significantly weaker at 15.2% as is the ability to demonstrate the impact on innovation (9.6%) and shareholder value (9.6%).

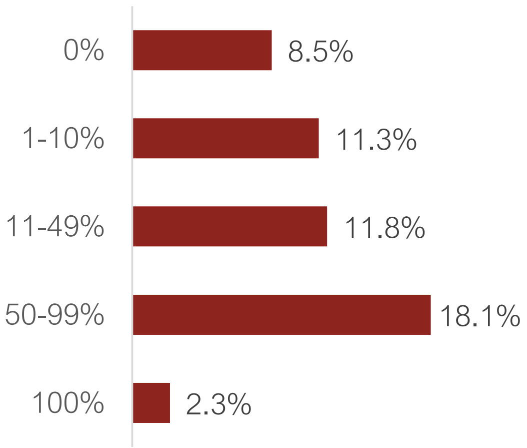
Most companies experience barriers to envisioning DE&I-related opportunities in marketing, with only 21.7% reporting no problems. The top two barriers are that other opportunities crowd out DE&I opportunities (34.6%) and not dedicating enough time to envision DE&I opportunities (30.9%).

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

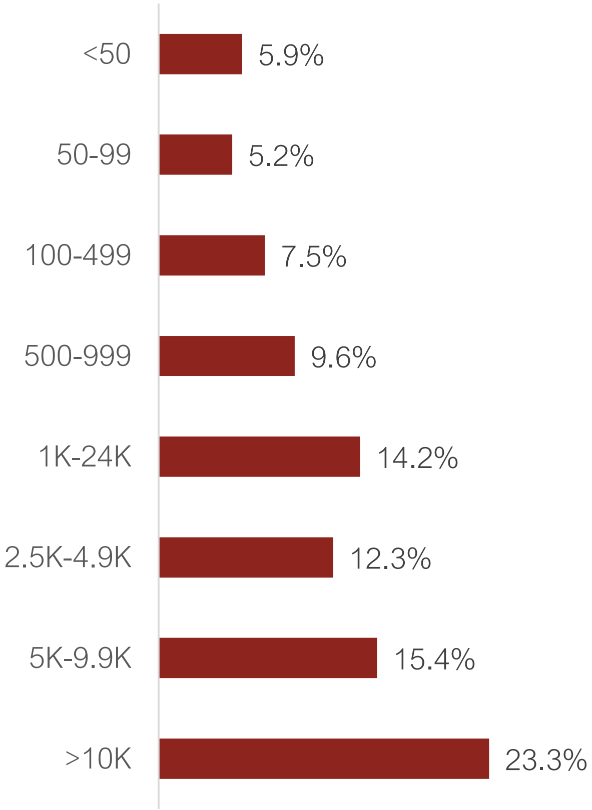
By what percent has marketing spending on DE&I changed in the last year?

10.8%
Increase in DE&I spending

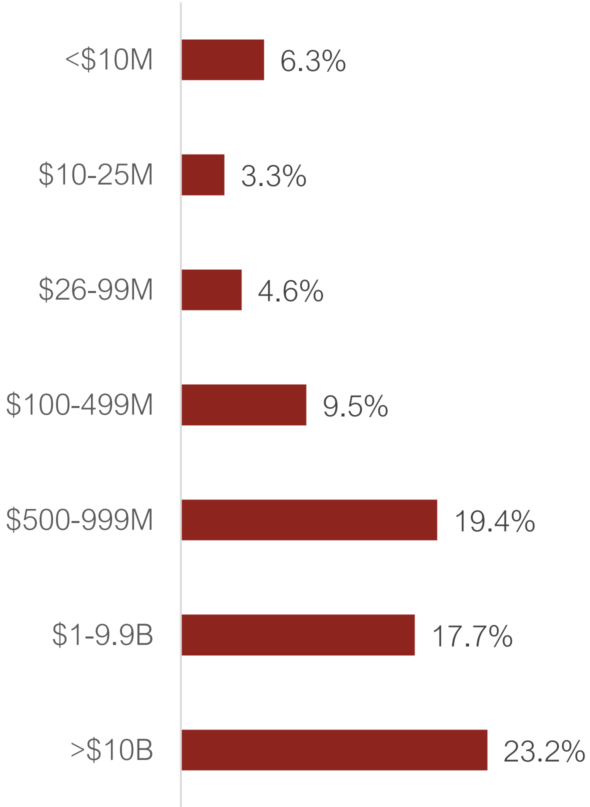
INTERNET SALES



EMPLOYEES



REVENUE



Economic Sector

B2B Product: 8.6%
B2B Services: 9.2%
B2C Product: 17.4%
B2C Services: 13.8%

Industry Sector

Top 3 Sectors
- Retail/Wholesale (25.9%)
- Communications/Media (17.1%)
- Real Estate (15.0%)

Bottom 3 Sectors
- Education (0.0%)
- Transportation (4.4%)
- Healthcare (5.2%)

DE&I makes impact on improved employee acquisition and retention and brand reputation

What types of impact have you been able to document for DE&I?

Top Impacts	% Report Impact
Increased employee acquisition and/or retention	40.8%
Improved brand reputation	37.6%
Improved relationships with other stakeholders	27.7%
We have not taken any DE&I actions	24.8%
Increased customer acquisition and/or retention	15.2%
We do not have any DE&I objectives	13.8%
Improved innovation levels	9.6%
Increased shareholder value	9.6%

Economic Sector

	Employee acquisition and/or retention	Brand Reputation
B2B Product	49.0%	34.4%
B2B Services	38.9%	42.6%
B2C Product	35.3%	33.3%
B2C Services	29.6%	37.0%

Insights

Large companies, both in terms of revenue and number of employees, document the greatest increase in employee acquisition/retention, with 81.0% of companies with $10B+ in revenue and 68.3% of companies with 10K+ employees documenting an increase. Smaller companies, on the other hand, are much more likely to not have any DE&I objectives at all (<$10M, 53.6%; <50, 50.0%). These drastic differences can likely be attributed to the pressure applied both internally and externally on larger companies.

Other opportunities crowding out DE&I is biggest DE&I barrier

What barriers do you experience when trying to envision DE&I-related opportunities in marketing?

Top Barriers	% Report Barriers
Other opportunities crowd out DE&I opportunities	34.6%
We don't dedicate enough time to envision DE&I opportunities	30.9%
Our company has not experienced any challenges in envisioning DE&I opportunities in marketing	21.7%
Our company has not considered any DE&I opportunities in marketing	18.0%
Our company does not see DE&I as part of its brand purpose	17.3%

Economic Sector

	Other opps	Doesn't envision DE&I opps	No challenges
B2B Product	35.1%	24.5%	23.4%
B2B Services	32.7%	33.7%	19.2%
B2C Product	41.7%	29.2%	22.9%
B2C Services	26.9%	46.2%	23.1%

Insights

Companies with fewer than 50 employees are the least likely to experience other opportunities crowding out DE&I or not dedicating enough time to envision DE&I opportunities (18.0% and 19.7%, respectively). Companies with 10K+ employees, on the other hand, experience these barriers quite a bit (47.4% and 39.5%, respectively).

Marketing Performance

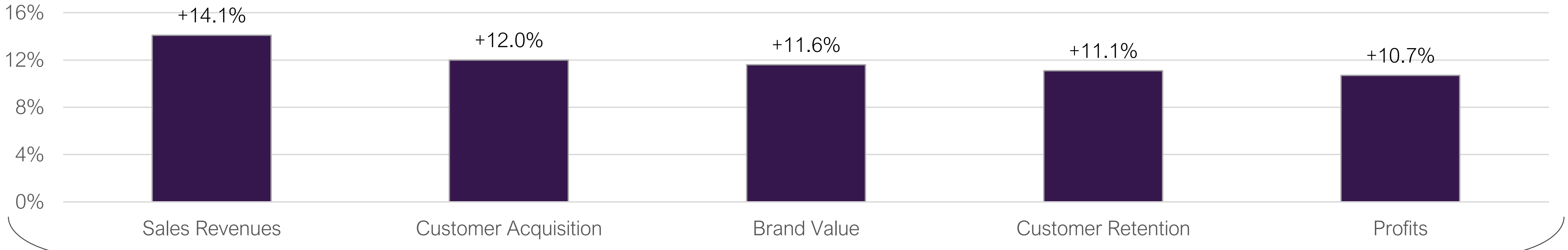
Compared to the previous 12 months, marketing performance has skyrocketed for all metrics tracked. Approximately one year into the pandemic (in February 2021), marketers report a revenue gain of 0.3% over the previous year—essentially flat. When asked the same question in February 2022, however, companies reported massive revenue gains (14.1% on average), showing significant recovery.

A similar trend emerges for profit, with marketers reporting a 2.6% gain in February 2021 compared to a 10.7% gain in February 2022. Although most companies have not been able to fully recover from the negative financial effects of the COVID-19 pandemic, these growth rates suggest they are certainly moving in the right direction.

However, from a societal stance, companies' metrics show little change over a decade. For instance, in February 2011 marketers report a rating of 3.2 for their companies marketing having a positive benefit to society compared to 3.3 in February 2022.

Company performance soars relative to 2020

Compared to 2020, rate your company's performance during the prior 12 months: (averages reported below)

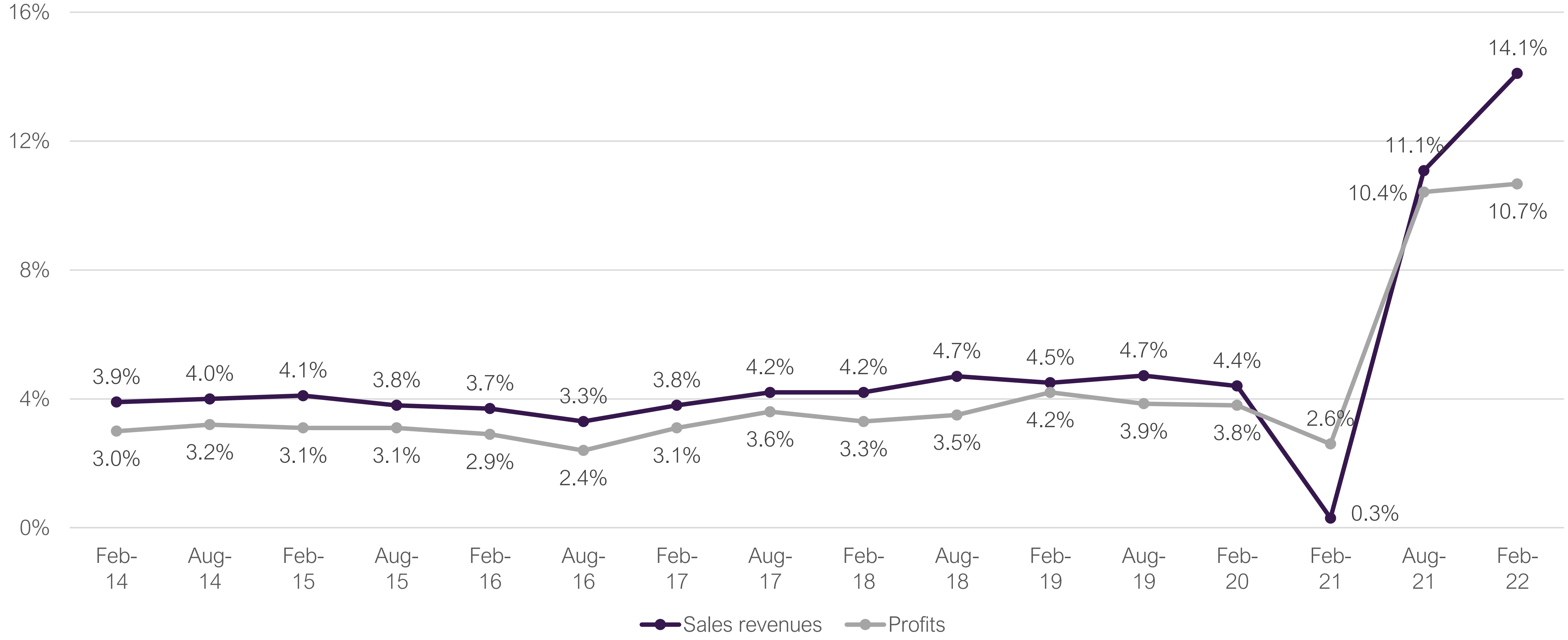


Economic Sector

	Sales Revenue	Customer Acquisition	Brand Value	Customer Retention	Profits
B2B Product	+14.8%	+11.5%	+12.7%	+14.8%	+9.7%
B2B Services	+15.6%	+15.4%	+12.9%	+8.2%	+14.9%
B2C Product	+13.0%	+10.7%	+6.6%	+14.6%	+7.4%
B2C Services	+8.0%	+3.7%	+10.9%	+2.4%	+4.8%

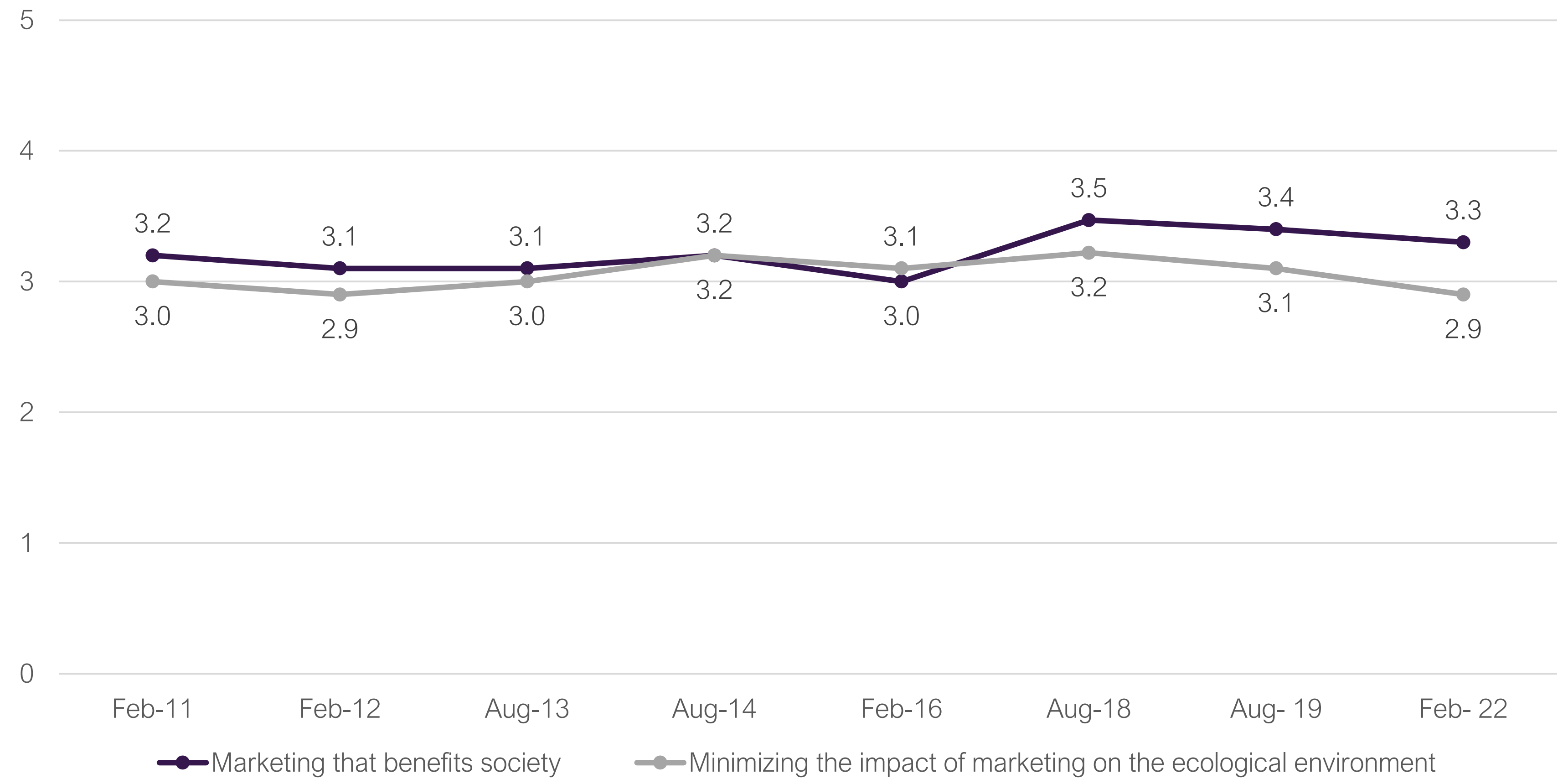
Company performance soars takes off

Compared to 2020, rate your company's performance during the prior 12 months:



Societal metrics show no change over a decade

Rate your company on each societal metric during the last 12 months. (1=poor, 5=excellent)



Insights

Pharma/Biotech companies believe that they are generating marketing that is most beneficial to society, rating themselves at a 4.0 on a 5-point scale. On the minimizing ecological impact side, Banking/Finance/Insurance companies are leading, rating themselves at a 3.5.

Award for Marketing Excellence

This award is selected by fellow marketers. It is given each February to one company that is judged to set the standard for excellence in marketing across all industries and to a set of companies viewed as setting the standard in their respective industries. Apple Inc. was the overall winner for the fifteenth straight year. Industry winners included Amazon, Salesforce, and Microsoft in Tech; Proctor & Gamble and Nike in Consumer Goods; Geico in Consumer Services; and Johnson & Johnson and Cleveland Clinic in Healthcare.

Which company across all industries sets the standard for excellence in marketing?

Apple Inc.

Apple has won this award for fourteen consecutive years. Christine Moorman discussed this accomplishment in 2012 and revisited Apple's success in 2018.

Which company in your industry sets the standard for excellence in marketing?

Technology	Consumer Goods	Financial Services	Healthcare
amazon	P&G	GEICO	Johnson & Johnson
salesforce	Nike		Cleveland Clinic
Microsoft			

The CMO Survey® since 2008

Next CMO Survey:	August 2022
Participate:	Sign up to participate in the next survey
Media:	Coverage of The CMO Survey
Blog:	Read blog coverage of results
Survey Home:	Visit for copies of all CMO Survey reports over time
Feedback:	Send comments and ideas to Christine Moorman
Sponsors:	Deloitte LLP, Duke University's Fuqua School of Business, the Coach K Center on Leadership & Ethics, and the American Marketing Association. Sponsors support The CMO Survey with intellectual and financial resources. Survey data and participant lists are held in confidence and not shared with survey sponsors or any other parties.

Deloitte. DUKE FUQUA COLE COACH K CENTER ON LEADERSHIP & ETHICS AMA AMERICAN MARKETING ASSOCIATION