

# State of Marketing 2012

## The CMO Council Calls 2013 “THE YEAR OF THE MARKETER”



### ABOUT THE CMO COUNCIL

The Chief Marketing Officer (CMO) Council is dedicated to high-level knowledge exchange, thought leadership, and personal relationship building among senior corporate marketing leaders and brand decision-makers across a wide range of global industries. The CMO Council's 6,000 members control more than \$300 billion in aggregated annual marketing expenditures and run complex, distributed marketing and sales operations worldwide. In total, the CMO Council and its strategic interest communities include more than 20,000 global executives in more than 100 countries covering multiple industries, segments, and markets. Regional chapters and advisory boards are active in the Americas, Europe, Asia-Pacific, India, Middle East, and Africa. More information on the CMO Council is available at [www.cmocouncil.org](http://www.cmocouncil.org).

The full 2012 “State of Marketing” report includes 55 pages of charts, graphs and detailed breakdowns of this year’s study, as well as an infographic series designed to highlight budget advancements and variances over the past several years. The report can be purchased at <http://www.cmocouncil.org/download-center.php?id=249> for \$199 (USD).

*According to the CMO Council, a November 2011 Gallup poll cited that telemarketers and “advertising practitioners” were rated among the least trusted professions in America. Only members of Congress, car salesmen and political lobbyists were lower on the respect tree. In mid-2012, a study by the Fournaise Marketing Group reported that 73% of CEOs believed marketers lack business credibility and were not proving to be growth generators for their companies. Headlines continued to ask about the life expectancy of the CMO, many times questioning if the position and the title should still exist.*

***However, the CMO believes that is long past, and states inequitably that 2013 will be the YEAR OF THE MARKETER.***

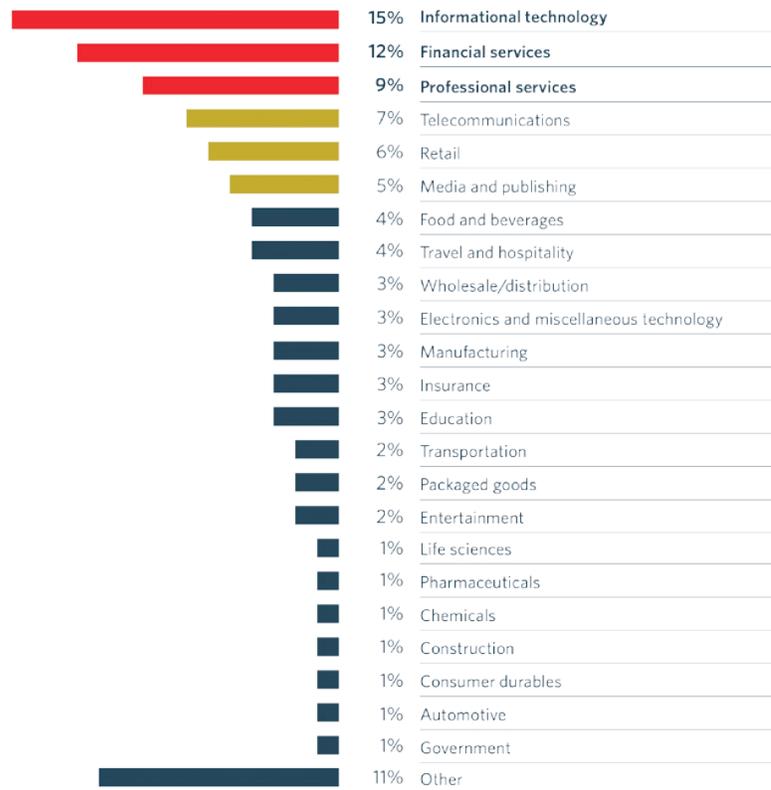
According to the 550 senior marketing executives who participated in the CMO Council’s annual “State of Marketing” study, credibility, visibility and accountability are high, compensation that is tied to the performance of the business is on the rise, and marketing’s position of being core to business growth and expansion is increasingly recognized and respected.

As a function and a leadership position, CMOs are hitting their stride. For the most part, the belief that marketing’s function is to make logos and collateral shine and give the website a refresh every year or two is safely heading into history. Today’s marketer must be a savvy strategist, customer analyst and business leader—not just a branding powerhouse and advertising genius. Marketing must do it all. But this is also precisely where some of the greatest challenges emerge.

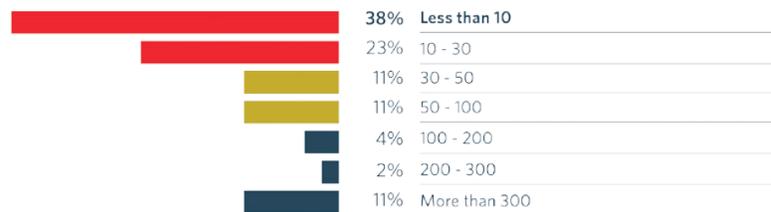
However, as marketing strives to forever secure a seat at the board table, issues ranging from budgets to organizational politics threaten to frustrate and derail the continued advancement of the top marketer.

Here are four core areas that reflected greatest interests among those surveyed:

### What best describes your company's industry sector?



### How large is your global marketing staff/team?



## BACKGROUND & METHODOLOGY:

Each year, The Chief Marketing Officer (CMO) Council provides a “State of Marketing” report that underscores the mandates, drivers and intentions of global marketers today and as they anticipate the next 12 months. This year’s “Global and Multi-Regional Marketing Assessment” was drawn from the contributions of over 550 senior marketing executives representing North America, Europe, Asia-Pacific, the Middle East, Africa and South America.

The CMO Council also affiliated with the following partners for this year’s study: Canadian Marketing Association (CMA), Northern California Business Marketing Association (NORCAL BMA), Mobile Marketing Research Association (MMRA), Mobile Marketing Association (MMA), the Marketing Association of Australia and New Zealand (MAAZA), The Russian Marketing & Advertising Association (RMAA) and the Society for Marketers of Professional Services (SMPS). Data was collected over Q3 and Q4 of 2012 by the CMO Council, who also interpreted the findings.

A quick portrait of respondents:

- Nearly 65% of the marketers surveyed report directly to a president, CEO or chief operating officer.
- Over 30% of respondents represent companies with more than \$1 billion in annual sales; 11% represent companies having between \$500 million and \$1 billion in sales; and 30% are with companies with revenues between \$50 million and \$500 million.
- 8% have a marketing team of less than 10 people; 23% have teams ranging in size from 10-30 people; and 11% of teams over 300.

## ***Digital Marketing Makeovers; Transition from Social to Mobile***

The current state of digital marketing is one of high optimism but lacks the skillstalent, budget and platforms to fully exploit the potential of digital engagement. Only 18% of respondents rated their digital marketing performance as excellent or good, but change is eminent as 50% of marketers also indicate that a digital marketing makeover is a key transformational mandate in the year to come.

In fact, 2013 may prove to be the transition from a social-focused strategy to a mobile-dominated experience. In previous years, marketers often expressed frustration or confusion around the impact, measurability and necessity of social media. Likewise, investments into mobile advertising or engagement channels had been lower on the priority list. Of the top new marketing channels being investigated for the coming year, 63% of senior marketers are looking to social. However, this is only slightly topped by mobile, which was selected by 65% of marketers as a key area of investigation.

All of this investment into digital means that some areas of the traditional marketing mix will be hard hit. For the most part, though, traditional media defection looks to be leveling off. ***Most surprising was the one key traditional engagement channel that has maintained its position as an effective brand builder and demand generator: events and trade shows.***

## ***Leading the Team of Tomorrow: New In-House Talent with New Skills***

In order to manage this new digital engagement and operational mix, senior marketers are finding that they must also bring on new talent and skills. They are also taking steps to further personal leadership and skills in order to keep teams and lead them to advance their careers.

Half of the marketers surveyed plan to bring on new talent in the coming year, with recruitment priorities including experts in social media, marketing analytics, strategic planning, search marketing, web analytics, data management and customer insight.

These areas of skill investment are linked to the key mandates and priorities for marketers to improve customer intelligence and analytics, optimize campaign performance and marketing effectiveness, and manage key investments across digital, especially social media. What is notable is that while talent is being recruited in-house, there is indication that dissatisfaction with agency resources may be leading to fewer outsourced investments.

Across internal and agency teams, senior marketers are looking to lead by example, holding both groups accountable with metrics that are more directly tied to business outcomes and performance. This should not be a shocking revelation considering that the top mandate marketing will face in the year to come is to improve bottom-line performance. Marketers are also looking at their own leadership skills and management styles to ensure key goals are met.

## ***Going Global with Complex Local Considerations***

As the digital landscape opens a new world of opportunity for many marketers, new geographic regions will also play a role in advancing the bottom line and securing new routes to revenue. Not surprisingly, China, India and Brazil top the list of targets for emerging market growth. But most notably, close contenders in the global race are regions including Southeast Asia, the Middle East and sub-Saharan Africa.

Marketers are making these global moves mainly based on market size and potential opportunity (87%), but are also looking at economic growth rates and outlook (57%) as key considerations. However, in-country marketers warn of some key issues that could potentially stymie growth opportunities and market entries. Most notably, marketers point to weakening economies and the diversity and complexity of customer markets as the most challenging aspects within their own regions. Government bureaucracies and controls—and in some cases, high levels of unemployment as well as a discontent consumer population, as in Africa—are also significant challenges.

Despite their plans for expansion, it is clear that marketing is taking the reigns over strategy and direction for new opportunities, product launches and growth markets.

### ***Compensation, Development and Mandate***

The average CEO of a public company in the U.S. made \$9.6 million dollars in 2011. The average base salary for a CFO in a U.S.-based public company is just over \$286,000. The average base salary for a CIO in a U.S.-based public company is almost \$233,000. Despite the availability of information on these roles, little data exists about the compensation and bonus structure of today's chief marketing officer.

Furthermore, the fleeting nature of the CMO job in the past was widely known and studied as breathless headlines heralded the death of marketing and 18-month CMO lifespans. According to the respondents to this study, only 11 percent of marketers felt their jobs were at risk, although this is not to say that churn would be eliminated entirely.

Interestingly, organizational culture and senior management mindset both were highlighted as key sources of aggravation for marketers. Internal dynamics play a large role in CMO satisfaction as

30 percent of respondents indicated that power plays and internal political drama were frustrating and key sources of friction. But it is important to note that while challenged by senior leaders and corporate culture, key internal relationships that could negatively impact marketing performance do not stand out at the top of the list.

In 2007, the inaugural year of the study, 21% of marketers indicated that misalignment and an adversarial relationship between marketing, sales and the channel created a significant challenge and top frustration compared to 8% who saw this as their top aggravation in 2012. This is significant and indicated that the partnership and alignment with sales (a key priority for marketers) has improved. ***In its place, however, the relationship between marketing and IT has emerged as a significant issue.***

## CONCLUSIONS

As The Year of the Marketer unfolds, it will likely reveal a continued expansion of the business territory that is attached to the CMO role. What this study clearly shows is that a new breed of top marketer will require the skills, experience and leadership to be able to continue the advancement of the customer experience across a more complex, multi-channel landscape.

But this study also reveals a requirement for marketing to begin to assess what the next move might be. For some CMOs, advancing to a CEO role and serving on a corporate board are primary career goals. And as the role of the CMO continues to evolve and bring on more diverse customer, technology, analytics, finance and operational requirements, this goal is not as far off as many once felt it could be.

Using the CMO Council's own "Succeed By The Way You Lead" 4P leadership audit, marketers looking to advance will need to know where they fall across the four critical areas of leadership and strength:

- Purpose: Having a clear agenda and outcome-oriented mindset that constantly calibrates personal contributions, customer requirements, competitive dynamics, product relevance and market dynamics
- Pull: Making marketing meaningful to the organization and mobilizing stakeholders around shared values, a clear strategic direction and well-understood business goals
- Power: Supercharging execution around a common purpose with full organizational participation and support, including both top management and LOB teams
- Productivity: Managing for strong results in order to achieve the business objective, including outstanding team leadership and marketing skills