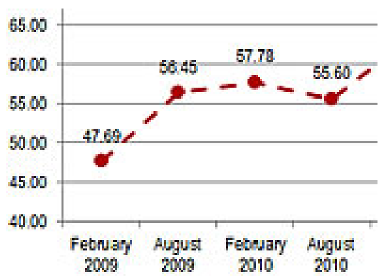
Fuqua CMO survey: Marketer optimism for US economy slumps

August 23 2012



(Phys.org)—Chief marketing officers (CMOs) are less optimistic about the U.S. economy than they were six months ago, a new survey reveals.

When asked if they were more or less optimistic about the overall U.S. economy compared to last quarter, just 29 percent of respondents expressed optimism, down 34.3 percentage points from the previous survey in February 2012. The percentage of respondents who answered they were less optimistic shot up from 8.5 percent in February to 35.8 percent in the most recent survey.

The group rating the future of the economy as "no change" increased from 28.3 percent in February to 35.2 percent.

A total of 528 CMOs responded to The CMO Survey, with 86 percent of those representing a level of vice president or above. The survey was conducted between July 17 and Aug. 3, 2012.

"The greatest pessimism lies among business-to-business companies. These companies have not seen their markets rebound," notes Christine Moorman, director of The CMO Survey and T. Austin Finch, Sr. professor of business administration at Duke's Fuqua School of Business. "Furthermore, for the first time in the history of The CMO Survey, pessimists, optimists, and the 'no change' group are nearly equal, indicating a great deal of uncertainty and no strong consensus about the direction of the economy."

Even more telling, Moorman says, is the fact that CMOs expect key customer metrics to decrease in the next 12 months, including purchase volume, purchase of related products and services, retention, and new customers entering the market. Customers are expected to be more focused on price, thereby exerting pressure on companies to drive down the prices of products and services. To make matters worse, CMOs expect competition to increase, including more competitors and more intense rivalry.

Despite the overall anxiety about the future of the U.S. economy, CMOs remain optimistic about their own companies. On an optimism scale of 0-100, CMOs gave their own company a 69.6 score compared to 58.4 for the overall economy, which is partly due to CMOs having private information about their own companies' strengths and strategies, Moorman says. The CMOs report their companies will take on more risk in the next year as they target new markets and offer new products and services.

Optimism is also fueled by continued growth among international markets, notes Moorman. CMOs report sales revenues in their company's top international market increased revenue 23.7 percent in the last year. Canada and China were most frequently noted as the top revenue growth market.

The survey also reveals that companies appear to be turning to marketing to help move their companies forward during these uncertain times. Marketing employment is on the rise—from a 5.2 percent increase in marketers hired in February 2012 to a 6.5 percent increase in this most recent survey.

Likewise, marketing budgets remain positive at 6.4 percent growth. Marketing budgets have also increased in the last six months as a percent of overall firm budgets (from 10.4 to 11.4 percent) and as a percent of firm revenues (from 8.5 to 11 percent).

Compared to the prior 12 months, CMOs also expect to increase spending on marketing knowledge in the upcoming year, including in marketing training (an anticipated 94.6 percent increase in spending), marketing consulting (a 94 percent increase), and marketing research and intelligence (a 32.3 percent increase).

New technology and social media continue to dramatically alter how marketers spend their budgets. Currently, marketers allocate 7.6 percent of their budgets to social media. CMOs expect that number to reach 18.8 percent in the next five years. Business-to-business services and business-to-consumer products are expected to see 20 percent and 24.4 percent increases, respectively, in the next five years.

Marketers continue to struggle with integrating social media to the company's overall strategy, however. On a scale of 1-7, only 6.8 percent of respondents believe that social media is "very integrated" to the firm's strategy (the highest rank for the question), while 16.7 percent believe that it is not integrated at all (the lowest rank for the question).

"Unless the social media integration gap is closed, social media spending will ultimately lose its luster," Moorman says. "CMOs will have to tie social media to the rest of their marketing strategies activities. Making this happen takes both organizational and technical systems that help transfer insights, actions and learning between social media and marketing strategy."

To address that need, CMOs report they spend 8 percent of their marketing budgets on marketing analytics and expect to increase this level in the next three years.

More information: Learn more at www.cmosurvey.org/results .

Provided by Duke University

Citation: Fuqua CMO survey: Marketer optimism for US economy slumps (2012, August 23) retrieved 26 April 2024 from https://phys.org/news/2012-08-fuqua-cmo-survey-optimism-economy.html