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**CMO SURVEY: MARKETERS PREPARE FOR BETTER TIMES AHEAD;
INCREASE FOCUS ON SOCIAL MEDIA STRATEGIES**

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DURHAM, N.C. and CHICAGO, IL — Chief marketing officers in the United States are increasingly optimistic about the economy and their customers' purchasing activities, and are embracing the power of social media as they seek to promote their brands and attract new customers.

These are some of the results of the August 2009 CMO Survey, conducted by Professor Christine Moorman of Duke University's Fuqua School of Business in conjunction with the American Marketing Association. The survey results reflect the responses of 511 top marketing executives of U.S. companies who were polled during the last two weeks of July.

Overall, 59 percent of marketers are more optimistic about the U.S. economy than they were just one quarter ago. They also report improved expectations for revenue growth, with 47 percent feeling more optimistic about prospects for revenue from end customers and 39 percent more optimistic about revenue from channel partners (who resell products to end customers), than they were just three months ago.

Marketers anticipate an acceleration in customer activity over the next year, with 48 percent expecting an increase in purchase volume, 44 percent looking forward to customers buying more related products and services, and 35 percent predicting an increase in new customers entering the market.

The recessionary belt-tightening is not over, however. Price remains the most frequently reported top priority for customers, with 34 percent of top marketers ranking it as their customers' top priority, followed by trusting relationships with companies (20 percent) and superior product quality (19 percent).

“These results indicate that marketers believe the tide had begun to turn,” Moorman said. “However, they are clearly aware that the recession has caused customers to become more price sensitive and companies are wisely keeping that in mind as they make product and marketing decisions.”

Marketers continue to report a shift in spending away from traditional advertising (with a planned overall decrease of 8 percent) and toward Internet marketing, where they expect to increase investments by 10 percent. They report plans to increase spending on social media efforts by more than 300 percent in the next five years, increasing their marketing budget allocations for social media from 3.5 percent to 13.7 percent over the next five years. Social networking (65 percent), video and photosharing (52 percent), and blogging (50 percent) dominated firms’ social media patterns. Survey respondents report the five most frequently reported uses for social media tactics are brand building, customer acquisition, new product introductions, customer retention and market research.

CMOs report plans to increase spending on marketing consulting services by 1 percent (compared to February 2009 plans to reduce consulting spending by 5 percent), and a slight uptick (from 2 percent to 3 percent) in planned spending on marketing research and intelligence. Marketing hiring is flat except in the Business-to-Business Services (+3.5 percent) and Business-to-Customer Product (+1.6 percent) sectors.

“When we last polled these companies in February, they were cutting back on all but the most critical functions,” Moorman said. “The positive change in spending on market research and consulting services indicates that they are making preparations for future growth in the market.”

The survey also asked top marketers to identify firms across all business sectors that they regarded as having exceptional marketing capabilities. The most frequently cited firms, which will receive the August 2009 “CMO Survey Award for Marketing Excellence,” were Apple Inc. and The Procter & Gamble Company.

“These firms are consistently recognized by their peers for excellence in marketing,” Moorman said. “Moreover, they have not sat still through this tough economic period. Instead, they have upped the ante on their value propositions by innovating and getting closer to their customers.”

Other key findings of the CMO Survey include:

-- Russia and Eastern Europe are the regions where marketers expect the most future growth to occur, with significant decreases in opportunities in Canada, Mexico and Western Europe.

-- CMOs expect the majority of firm growth to occur internally, with 70 percent of growth spending allocated to internal growth strategies, 13 percent to partnerships, 10 percent to acquisitions and 7 percent to licensing.

-- Despite economic pressures, there has been little turnover in CMO positions this year; top marketers report having been in their positions for an average of 4.3 years -- unchanged from February.

Detailed results, including tabular summaries of results and results by firm and industry characteristics, are available at: http://faculty.fuqua.duke.edu/cmossurvey/survey_results/.

About the survey: The CMO Survey collects and disseminates the opinions of top marketers in order to predict the future of markets, track marketing excellence and improve the value of marketing in firms and in society. Founded in August 2008, the survey is administered twice each year, with questions repeated over time to discern trends. The next survey will be in February 2010 with a bonus section on Marketing and Return on Investment. The survey will be expanded to include European CMOs beginning in 2011 and Asian CMOs in 2012.

About the American Marketing Association

The American Marketing Association (AMA) is the largest marketing association in North America. It is a professional association for individuals and organizations involved in the practice, teaching and study of marketing worldwide. It is also the source that marketers turn to every day for information/resources, education/training and professional networking. AMA members are connected to a network of experienced marketers over 30,000 strong and include leading marketing academics, researchers and practitioners from every industry. The AMA also is the source for the field's top magazines and journals, including *Marketing News*, *Marketing Management*, *Journal of Marketing* and *Journal of Marketing Research*. For more information on the American Marketing Association please visit www.MarketingPower.com.

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