GARTNER CMO SPEND SURVEY 2015-2016
Digital Marketing Comes of Age

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Gartner surveyed over **330** organizations on their 2015 marketing budgets and 2016 expectations.

We found that CMO budgets are increasing, distinctions between digital marketing and marketing are vanishing, and digital commerce has become the mandate for driving profitable growth.

ABOUT THE SURVEY

The purpose of this research is to collect insight from business leaders who are responsible for marketing and knowledgeable about strategy, activities and budgets. The Gartner 2015-2016 CMO Spend Survey addresses organizations’ marketing and digital marketing spending priorities and plans for the future.

This is the fourth year Gartner has conducted a detailed marketing spending survey with large and extra-large enterprises in North America and the U.K. All companies have revenue greater than $500 million USD — the mean revenue is $4.8 billion USD.
Digital Marketing Goes MAINSTREAM

98% of marketers affirm that offline and online marketing are merging.

1/3 of marketers say digital techniques are fully incorporated into their marketing operation.

10% of marketers say they are expanding marketing’s role to create new digitally led business models.

The blurring of physical and digital worlds allows marketers the opportunity to create and test new digitally led experiences.

Source: Gartner “CMO Spend Survey 2015-2016: Digital Marketing Comes of Age”
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Marketing Budgets Continue to **Grow**

A company with $2 billion in revenue would have increased its marketing budget from $200 million in 2014 to $220 million in 2015.

2 out of 3 marketers expect their budgets will continue to grow in 2016.

Larger marketing budgets are required to fund growing expectations

Top areas where senior management’s expectations of marketing’s responsibility increased the most over the last year:

<table>
<thead>
<tr>
<th>Area</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital Commerce</td>
<td>40%</td>
</tr>
<tr>
<td>Innovation in Marketing</td>
<td>40%</td>
</tr>
<tr>
<td>Converting Leads to Sales</td>
<td>37%</td>
</tr>
<tr>
<td>Improvements in Customer Retention</td>
<td>36%</td>
</tr>
</tbody>
</table>

Source: Gartner “CMO Spend Survey 2015-2016: Digital Marketing Comes of Age”
Digital Commerce Is **SURGING**

11% of the digital marketing budget now goes to digital commerce

Up from 8% last year, making it the highest area of increase – digital commerce has become the top-ranked area of investment for marketing technology as a result.

As digital and marketing blur, marketing and selling merge as an integrated, closed loop discipline.

Initial awareness  
Engagement  
Conversion  
Transaction  
Repeat purchase

*B2C and B2B dedicate nearly the same share of their budgets to digital commerce*

B2B and B2BC companies are investing heavily and using digital commerce initiatives to build more direct bridges to their end customers.

Source: Gartner “CMO Spend Survey 2015-2016: Digital Marketing Comes of Age”
Top Areas of Technology Investment

<table>
<thead>
<tr>
<th>Investment area</th>
<th>% of marketers who ranked item in their top 5 priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social marketing</td>
<td>65%</td>
</tr>
<tr>
<td>Digital commerce</td>
<td>64%</td>
</tr>
<tr>
<td>Marketing analytics</td>
<td>61%</td>
</tr>
<tr>
<td>Customer experience</td>
<td>56%</td>
</tr>
<tr>
<td>Advertising operations</td>
<td>54%</td>
</tr>
</tbody>
</table>

Source: Gartner “CMO Spend Survey 2015-2016: Digital Marketing Comes of Age”
Increased **Accountability**

Growing expectations of marketing and accountability for results is more than just lip service.

73% of marketers own or share P&L responsibility

18% say they plan to have a P&L in the next 24 months

Only 9% don’t expect to have P&L responsibility

Source: Gartner “CMO Spend Survey 2015-2016: Digital Marketing Comes of Age”

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Customer Experience is **KEY**, but Lacks a Clear Mandate

Last year we told you customer experience is the new competitive battlefield. Rest assured, it still is. Yet it often lacks a single owner or sponsor within an organization.

56% of marketers ranked customer experience as one of their top 5 marketing tech investments

Last year, customer experience was ranked 1st. This year, it is the 4th overall priority

Because it touches many different disciplines, it’s probable that customer experience spending is also implied in other categories

Source: Gartner “CMO Spend Survey 2015-2016: Digital Marketing Comes of Age"
Big Investments in Tech and **Infrastructure**

While marketers prefer to focus on applications that deliver direct business value, the discipline has become complex enough to require a substantial investment in infrastructure.

- 33% of marketing budgets go to technology
- 28% of that is spent on infrastructure

Solutions such as subscriptions and cloud-based services allow marketers to circumvent the need for corporate IT.

80% of companies have a chief marketing technologist in title or role equivalent.

Source: Gartner “CMO Spend Survey 2015-2016: Digital Marketing Comes of Age”
Digital Marketing and **INNOVATION BUDGETS**

Marketers face a vast proliferation of tools and technologies to create business advantage.

- **71%** of marketers have an innovation budget

**AVERAGES 10% OF MARKETING SPEND**

~1 in 3 marketers with an innovation budget say they are piloting or implementing

- Virtual assistants
- Augmented reality
- Microsensors
- Digital marketing hubs
- A real-time social listening center

Another **20-25%** say they’re currently contemplating marketing initiatives using these emerging technologies.

Source: Gartner “CMO Spend Survey 2015-2016: Digital Marketing Comes of Age”

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• Choose the right channels
• Quickly shortlist marketing and technology providers
• Stay informed on market and competitors
• Save time and avoid costly mistakes

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