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Gartner CMO Spend Survey 2021: Reprioritize Spending to Fuel Postpandemic Growth



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What Exactly Is The CMO Spend Survey?




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Methodology

- **Gartner's CMO Spend Survey, 2021:** The purpose of this survey is to understand the marketing organization's strategic priorities, budget allocations for 2021 as well as those impediments and opportunities facing CMOs as they forge a path to success in 2021. The research was conducted on-line from March through May 2021 among 400 respondents in the U.S. (49%), Canada (1%), France (12%), Germany (11%) and the U.K. (27%). Respondents were required to have involvement in decisions pertaining to setting or influencing marketing strategy and planning, as well as have involvement in aligning marketing budget/resources. Eighty-one percent of the respondents came from organizations with \$1 billion or more in annual revenue. The respondents came from a variety of industries: financial services (51 respondents), tech products (42 respondents), manufacturing (49 respondents), consumer products (45 respondents), media (49 respondents), retail (43 respondents), healthcare providers (50 respondents), IT and business services (37 respondents), and travel and hospitality (34 respondents).
- The survey was developed collaboratively by a team of Gartner analysts and was reviewed, tested, and administered by Gartner's Research Data and Analytics (RDA) team.

 – Disclaimer: Results of this survey do not represent global findings or the market as a whole, but do reflect the sentiments of the respondents and companies surveyed.

Definitions: Marketing Expense Budget



Survey respondents were asked: When considering your **total marketing expense budget**, please take into account all expenses related to the following:



Agencies/Services (i.e. creative, campaign and media services, analytics, consulting, web design, systems integration, etc.)



Paid media (includes both digital and traditional advertising)



Labor (includes salaries, benefits, and training for in-house full-time and part-time staff)



Marketing technology (includes both internal IT cross-charges and technology purchases/maintenance)

Polling Question 1 of 3

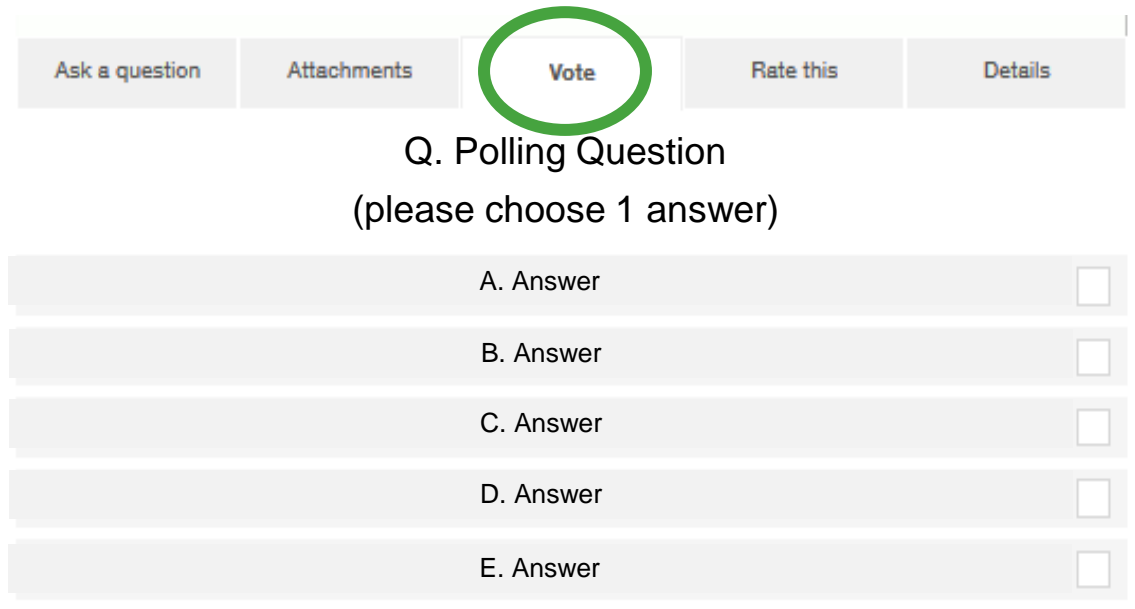
If you experienced a budget cut in 2020, has your budget been restored to pre-pandemic levels in 2021?

- A. My budget is greater now than it was pre-pandemic**
- B. My budget is back to pre-pandemic levels**
- C. My budget is still below pre-pandemic levels**
- D. I haven't experienced any budget cuts at all since the start of the Pandemic**

How to participate in our polling

If you are in full screen mode – click Esc
The poll question is on the “Vote” tab.
Please click the box to make your selection.
Upon voting you will see the results.

Thank you!

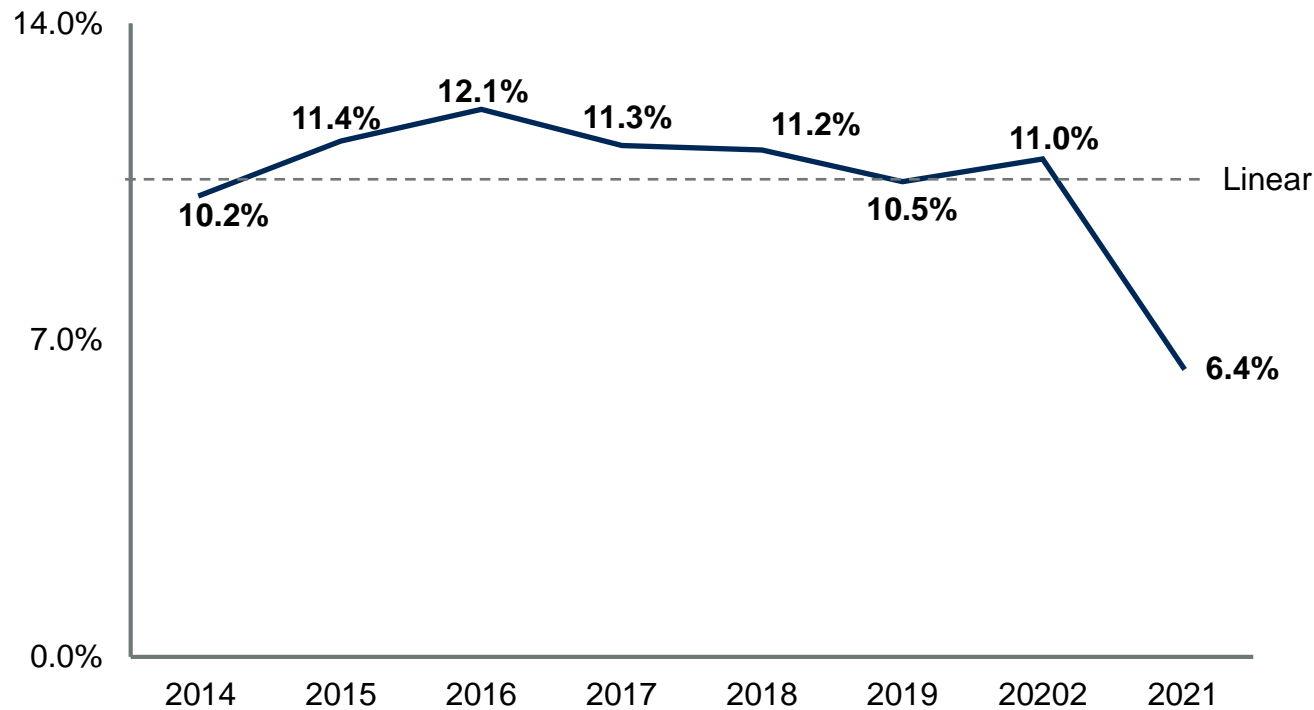


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What's Happening With Marketing Budgets In 2021?

Marketing Budgets Fall By 4.6 Percentage Points Year-Over-Year

2021 Marketing Budget of % of Total Revenue
Mean Percentage of Budget Shown



Throughout 2020, Gartner reported that the majority of CMOs faced an in-year budget cut, with some cuts being well above 15% of the total marketing budget.

However, many expected budgets to bounce back in 2021. Data from Gartner's CMO Strategic Priorities Survey 2020-2021 reported that the majority of CMOs expected budget growth of more than 5%, even if COVID-19 had negatively impacted their business' performance.

But budgetary optimism was misplaced. Marketing spending has been slashed in 2021, with the average budget falling from 11% of company revenue in 2020 to 6.4% in 2021 - a cut of 4.6 percentage points. This takes marketing budgets to their lowest point in CMO Spend Survey history.

n = 400 marketing leaders (2021); 342 (2020); 342 (2019); 618 (2018); 350 (2017); 375 (2016); 424 (2015); 363 (2014) , excluding Don't know

Q. What percentage of your revenue is allocated to your total marketing expense budget for the current fiscal year?

Source: Gartner CMO Spend Survey, 2021

ID: 754375

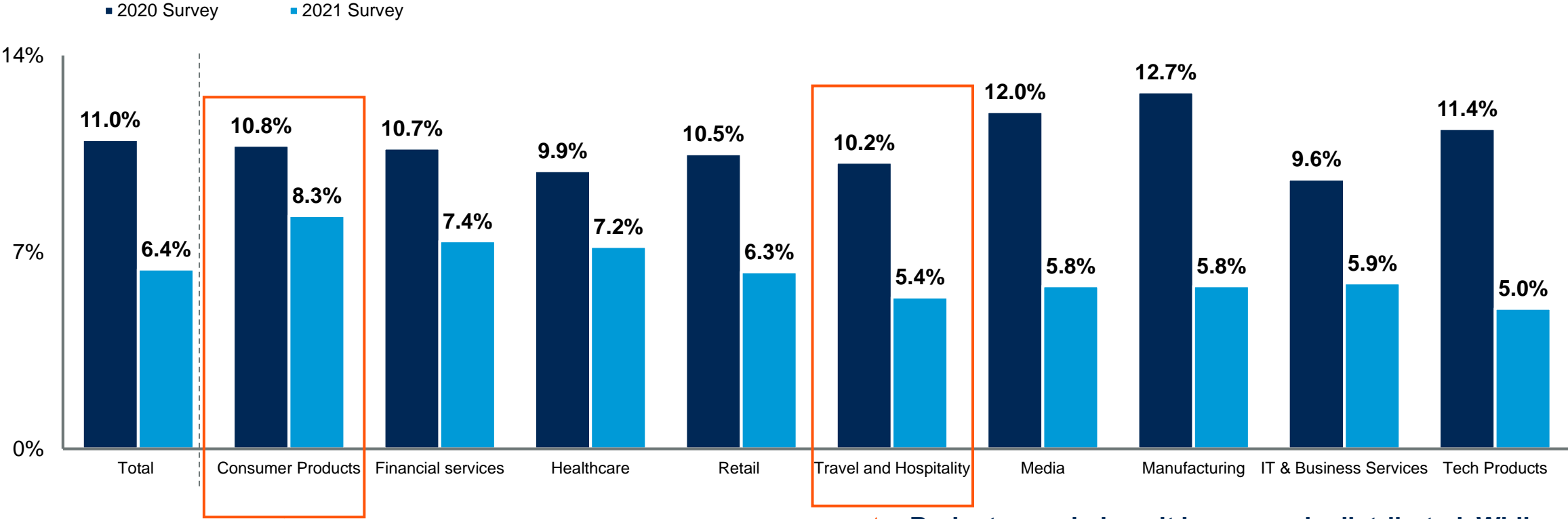
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Marketing Budgets Squeezed Across All Industries

Percentage of Revenue Allocated to Marketing 2020 vs. 2021
 Mean Percentage of Budget Shown



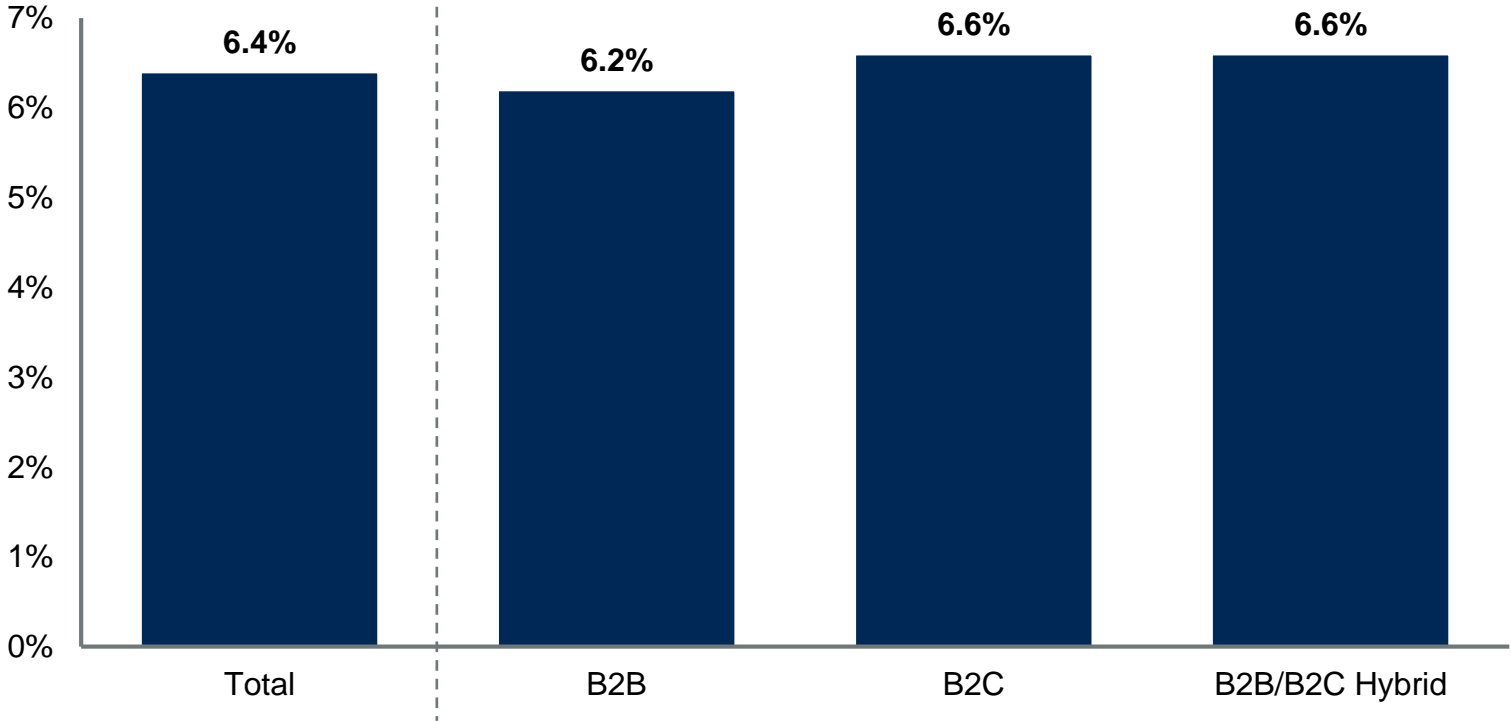
Budgetary pain hasn't been evenly distributed. While no industry achieved a double-digit budget in 2021. **Consumer products sustained the lowest budget cut, while respondents from travel and hospitality reported a reduction from 10.2% of company revenue in 2020 to 5.4%.**

n = 400 marketing leaders (2021) n = 342 (2020). Bases sizes vary by industry.
 Q. What percentage of your revenue is allocated to your total marketing expense budget for the current fiscal year?
 Source: Gartner CMO Spend Survey, 2021



Average Budget Consistent Across B2B, B2C and B2B/B2C Hybrid Respondents

Percentage of Revenue Allocated to Marketing in 2021 Mean Percentage Shown



Little variation between the average budget across different business models. **B2B comes in the lowest on average.**

n = 400 marketing leaders. Base sizes vary by business model.

Q. What percentage of your revenue is allocated to your total marketing expense budget for the current fiscal year?

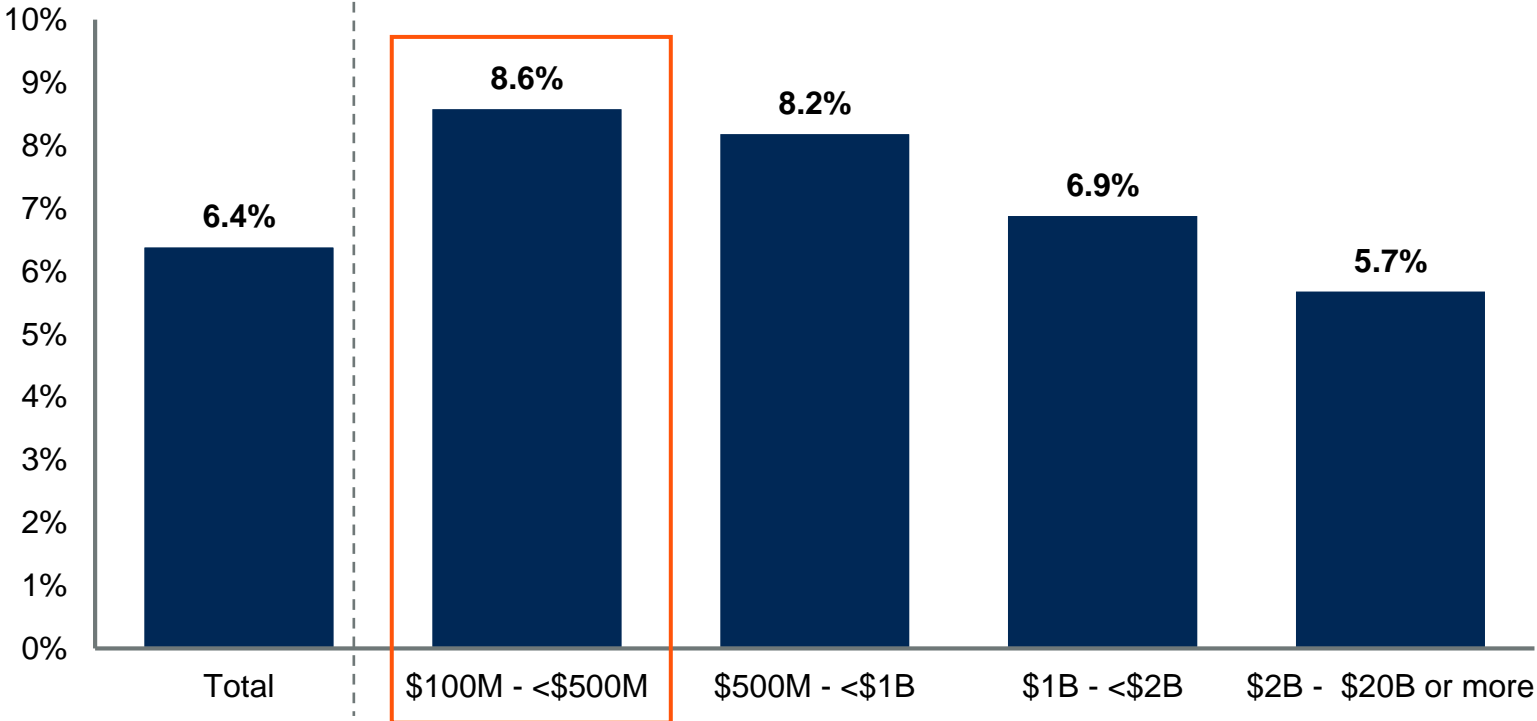
Source: Gartner CMO Spend Survey, 2021

ID: 754375

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Lowest Revenue Respondents Report Highest Budget

Percentage of Revenue Allocated to Marketing in 2021
Mean Percentage Shown



There is almost 3 percentage points difference between the budget allocation of companies reporting revenue of between \$100M to <\$500M and that of companies with revenue of \$2B to \$20B or more.

n = 400 marketing leaders. Base sizes vary by company size
Q. What percentage of your revenue is allocated to your total marketing expense budget for the current fiscal year?
Source: Gartner CMO Spend Survey, 2021
ID: 754375

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Marketing Maturity Drives Greater Budgets

Percentage of Revenue Allocated to Marketing in 2021
 Mean Percentage Shown

	Total	Level 1 Nascent	Level 2 Developing	Level 3 Intermediate	Level 4 Advanced	Level 5 Master
Percentage of Revenue Allocated to Marketing in 2021	6.4%	5.2%	6.0%	6.3%	7.1%	8.6%
Base size:	n=400	n=29	n= 139	n=129	n=79	n=24

Highly mature marketing organizations secured larger budgets than those who are still growing their maturity. **There are 3.4 percentage points difference in the budget allocations of the most and the least mature respondents.**

n = 400 marketing leaders. Base sizes vary by segment.
 Q. What percentage of your revenue is allocated to your total marketing expense budget for the current fiscal year?
 Source: Gartner CMO Spend Survey, 2021
 ID: 754375

What Does This Mean For Marketing's Channel Priorities?

Polling Question 2 of 3

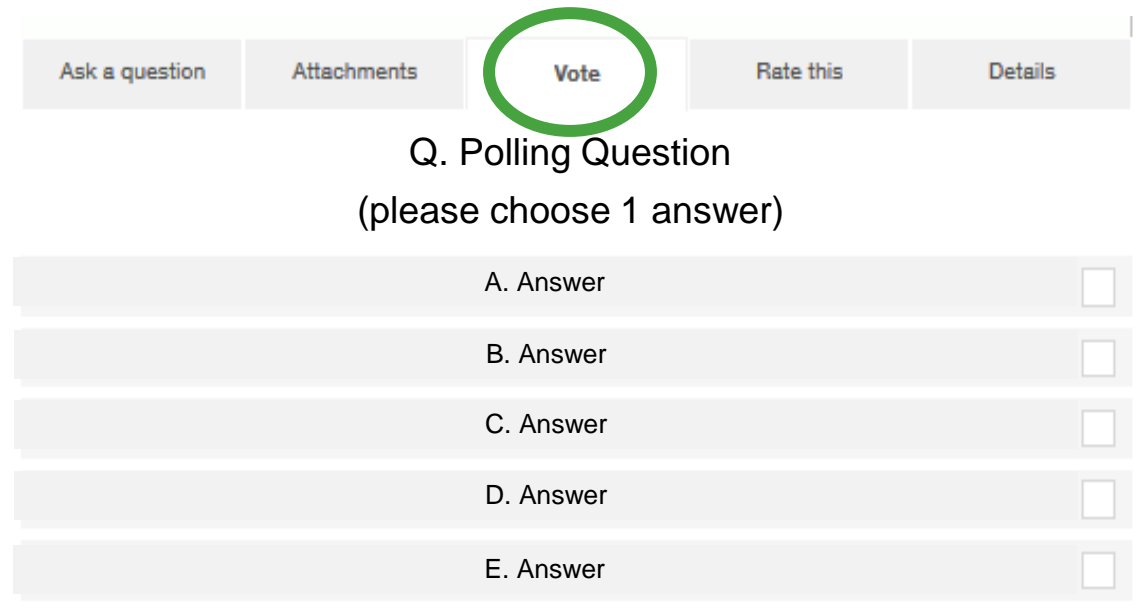
What's the top reason for changing your channel priorities over the last 12-18 months?

- A. To drive-down costs
- B. To improve brand awareness
- C. To gather more data-driven insights from digital channels
- D. I've not changed my channel priorities

How to participate in our polling

If you are in full screen mode – click Esc
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Please click the box to make your selection.
Upon voting you will see the results.

Thank you!

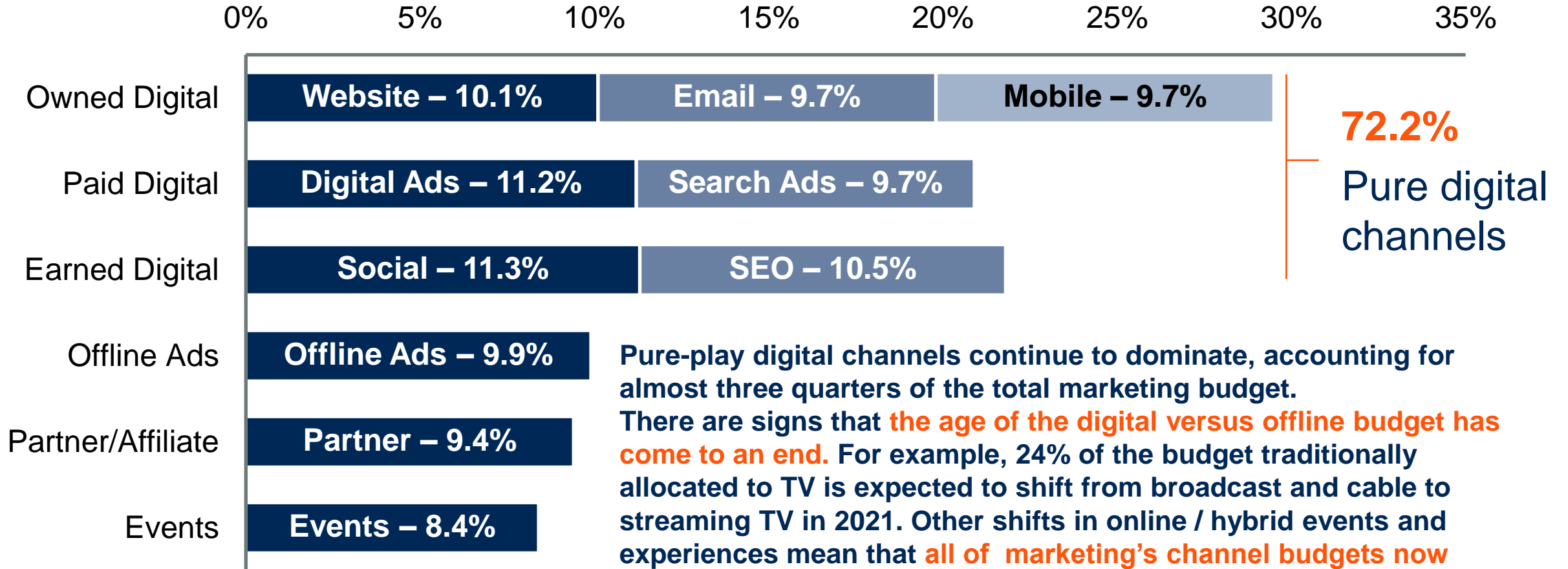


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- A. Answer
- B. Answer
- C. Answer
- D. Answer
- E. Answer

Digital Dominance Continues In 2021

Mean Percentage Shown



Pure-play digital channels continue to dominate, accounting for almost three quarters of the total marketing budget. There are signs that **the age of the digital versus offline budget has come to an end**. For example, 24% of the budget traditionally allocated to TV is expected to shift from broadcast and cable to streaming TV in 2021. Other shifts in online / hybrid events and experiences mean that **all of marketing's channel budgets now include some element of digital spend**.

n = 384 marketing leaders. Excludes don't knows.

Q. How is your total marketing expense budget for the current fiscal year being allocated to or spent on each of the following marketing channels?

Source: 2021 Gartner CMO Spend Survey

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Earned Media and Digital Ads Get Budget Boost In 2021. Offline Ads And Events Still Continue To Suffer Following A Difficult 2020.



Increasing investment in 2021

- **Social Marketing**
- **SEO**
- **Digital Ads**



Decreasing investment in 2021

- **Offline Ads**
- **Mobile**
- **Events**

n = 245 marketing leaders citing changes to channel investment prioritization

Q. Which of the following channels are you currently increasing/decreasing investments in compared to 2020?

Source: 2021 Gartner's CMO Spend Survey

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Cost Is Not The Dominant Factor Driving Channel Reallocations In 2021

Q: What are the top reasons why your investment priorities have changed over the past 12 months (top three responses)?

- 1. “To better meet the pace of change brought on advances in digital technology.” (47%)**
- 2. “To improve brand awareness.” (40%)**
- 3. “To gather data-driven insights from digital channels.” (39%)**

Only 24% of respondents ranked “to reduce costs” as a top three reason for changing their channel investment priorities.

n = 245 marketing leaders citing changes to channel investment prioritization
Q. What are the top reasons why your investment priorities have changed over the past 12 months?
Source: 2021 Gartner's CMO Spend Survey

Majority of B2B Marketers Are Now Increasing Spend on Mobile and Social Marketing

Channels Where Marketers Are Increasing Investment Compared to 2020
 Percentage of Respondents Citing Increase

■ Most Prevalent Responses

	Total	B2B	B2C
Social marketing	49%	53%	43%
SEO	46%	43%	47%
Digital advertising	45%	41%	48%
Mobile marketing	42%	52%	34%
Paid search	35%	34%	37%
Event marketing	32%	33%	30%
Email marketing	31%	35%	29%
Website	30%	34%	28%
Offline advertising	27%	27%	28%
Partner marketing	25%	36%	17%
<i>Average number of channels mentioned</i>	3.6	3.9	3.4

n = 244 marketing leaders increasing investments in channels in 2021. Base sized vary by primary business model

Q. Which of the following channels are you currently increasing investments in compared to 2020?

Source: Gartner CMO Spend Survey, 2021

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43% of B2C CMOs Now Plan to Decrease Budget for Offline Advertising; 40% in B2B Cut Events Budget

Channels Where Marketers Are Decreasing Investment Compared to 2020
Percentage of Respondents Citing Decrease

■ Most Prevalent Responses

	Total	B2B	B2C
Offline advertising	38%	32%	43%
Mobile marketing	36%	35%	35%
Event marketing	35%	40%	33%
Social marketing	29%	35%	27%
Digital advertising	29%	36%	25%
Website	28%	30%	27%
Email marketing	27%	26%	27%
SEO	26%	29%	25%
Partner marketing	26%	27%	24%
Paid search	23%	25%	23%
<i>Average number of channels mentioned</i>	3.1	3.4	2.9

n = 242 marketing leaders decreasing investments in channels in 2021. Base sized vary by primary business model.

Q. Which of the following channels are you currently decreasing investments in compared to 2020

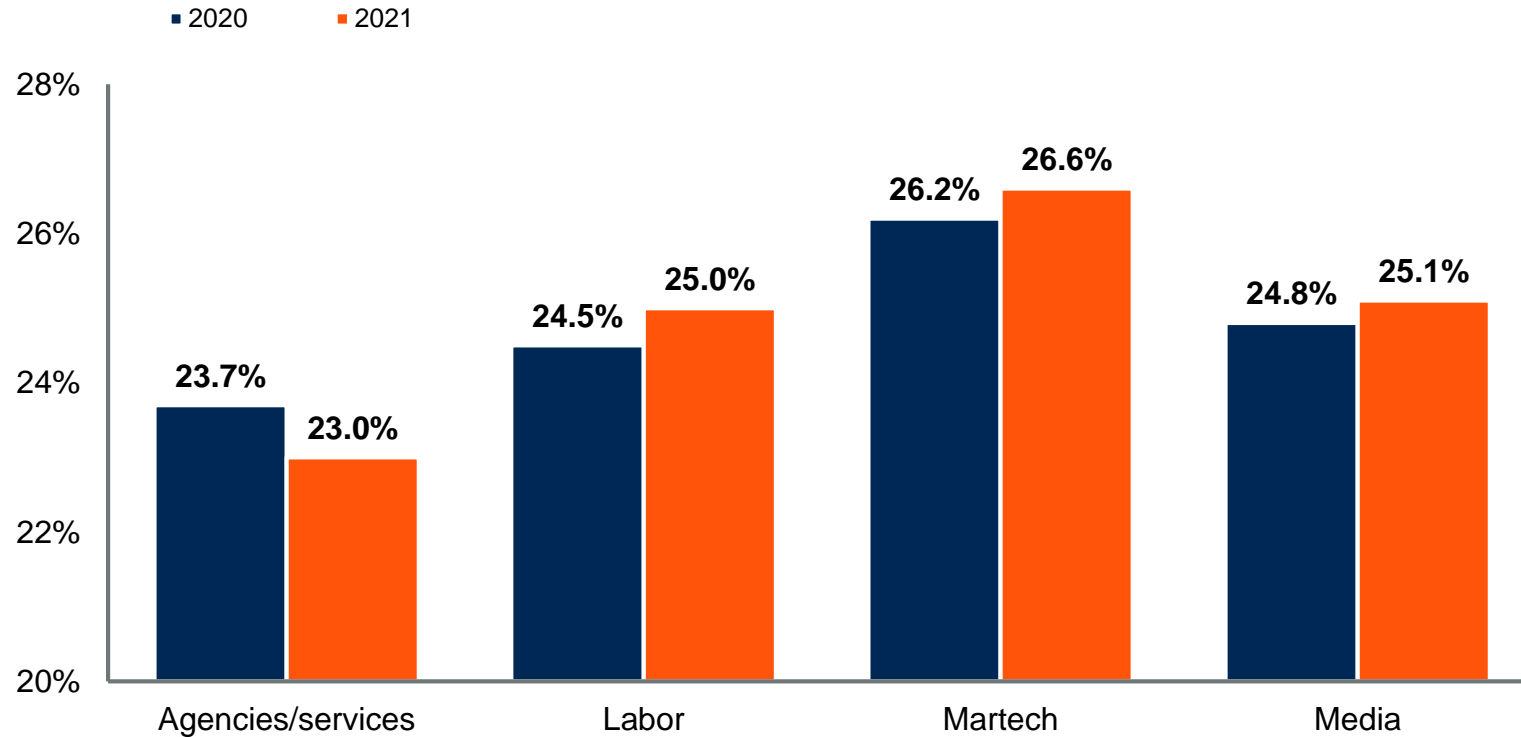
Source: Gartner CMO Spend Survey, 2021

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What's Happening With Marketing's Major Resources?

Resource Allocations Are Stable Year-Over-Year, but Against a Declining Budget. Efficiencies Are Required Across All of Marketing's Major Investments

Marketing Budget Allocation Across Major Resources



There's little movement in % resource allocations year-over-year.

But average marketing budgets have fallen by 4.6 percentage points, so all resource investments will feel pressure.

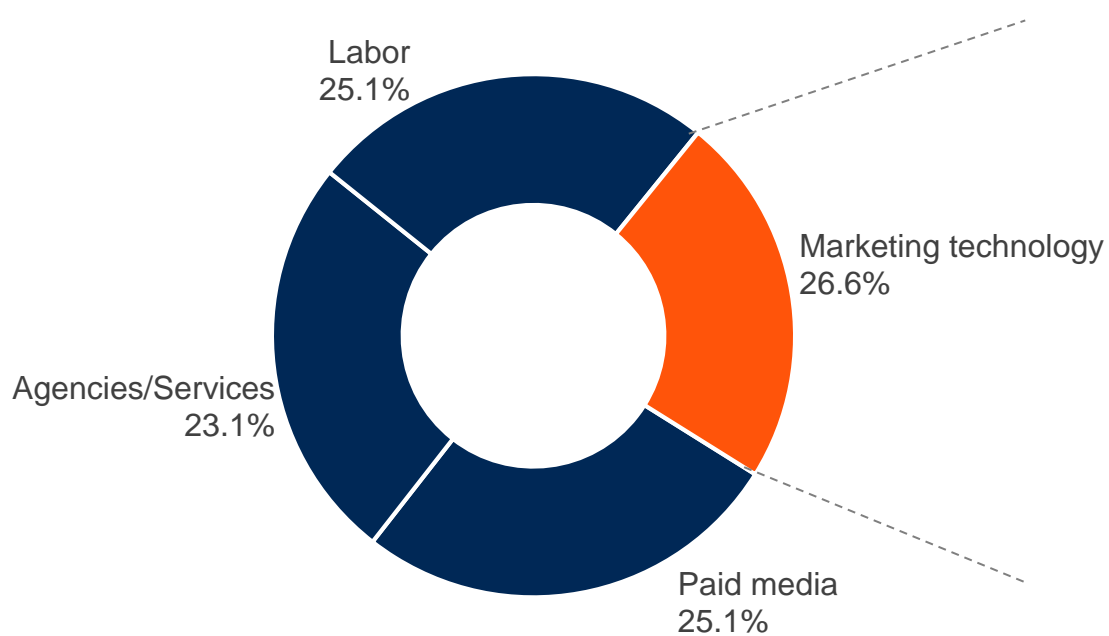
n = 380 marketing leaders (2021); n = 420 (2020). Excludes don't knows.

Q. How is your total marketing expense budget for the current fiscal year being allocated to or spent on each of the following major resource categories?

Source: Gartner CMO Spend Survey, 2021

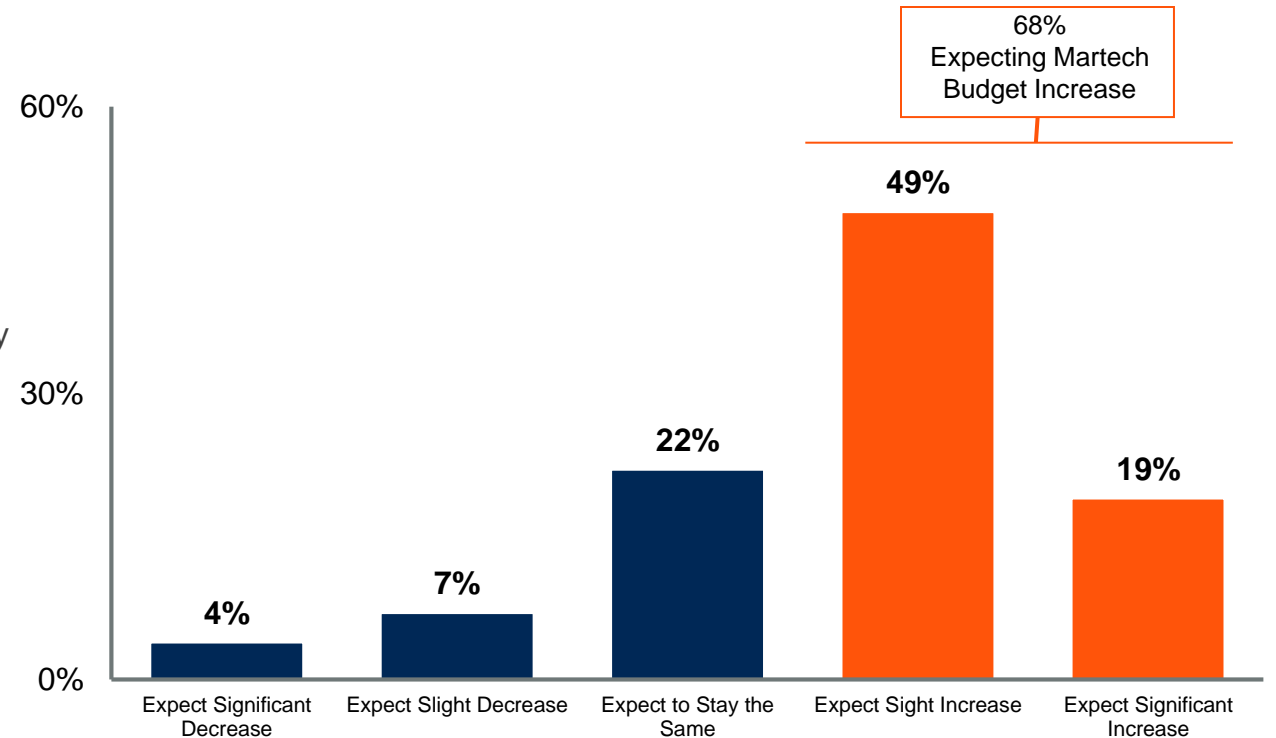
Slight Uptick to Budget Allocated to Martech Despite Shrinking Total Budget

Marketing Budget Allocation Across Major Resources
Mean % of Budget Summary



n = 380 marketing leaders, excluding Don't know
Q05A. How is your total marketing expense budget for the current fiscal year being allocated to or spent on each of the following major resource categories
Source: Gartner's CMO Spend Survey, 2021

Expected Change in Martech Budgets in Next Fiscal Year
Percentage of Respondents



n = 399 marketing Leaders, excluding Don't know
Q. Compared to the current fiscal year, how do you expect your total marketing expense budget allocated across the following major resource categories to change in the next fiscal year?
Source: Gartner CMO Spend Survey, 2021

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Allocation for Agencies/Services by Industry

Mean Summary	Total	Financial Services	Healthcare Provider	Tech Products	Manufacturing	Consumer Products	Media	Retail	IT and Business Services	Travel & Hospitality
AGENCIES/SERVICES	23.0%	22.9%	21.6%	23.3%	24.2%	23.5%	23.7%	21.0%	23.1%	23.2%



Respondents from manufacturing spend the highest % of their budget on agencies – retail spend the least. No industry allocates less than 20% of their budget to agencies, despite in-housing challenges.

n = 380 marketing leaders. Excludes don't knows. Bases sizes vary by industry
 Q. How is your total marketing expense budget for the current fiscal year being allocated to or spent on each of the following major resource categories:
 Source: Gartner CMO Spend Survey, 2021

Allocation for Marketing Technology By Industry

Mean Summary	Total	Financial Services	Healthcare Provider	Tech Products	Manufacturing	Consumer Products	Media	Retail	IT and Business Services	Travel & Hospitality
MARKETING TECHNOLOGY	26.6%	26.1%	27.1%	25.8%	26.7%	27.7%	26.3%	26.7%	29.4%	23.2%



IT and Business Services respondents spend almost 30% of their budget on martech. But even the lowest spending industry (travel and hospitality) dedicates almost a quarter of their budget to tech, and all intend to increase spending in 2022.

n = 380 marketing leaders. Excludes don't knows. Bases sizes vary by industry
 Q. How is your total marketing expense budget for the current fiscal year being allocated to or spent on each of the following major resource categories:
 Source: Gartner CMO Spend Survey, 2021

Allocation for Paid Media by Industry

Mean Summary	Total	Financial Services	Healthcare Provider	Tech Products	Manufacturing	Consumer Products	Media	Retail	IT and Business Services	Travel & Hospitality
PAID MEDIA	25.1%	25.9%	24.8%	25.1%	23.2%	27.3%	24.9%	25.0%	25.4%	24.9%



Consumer products brands spend almost as much on paid media as they do martech, as over 27% of the total budget. **Lowest spender (manufacturing) spends almost 2 percentage points less than the cross-industry average.**

n = 380 marketing leaders. Excludes don't knows. Bases sizes vary by industry
 Q. How is your total marketing expense budget for the current fiscal year being allocated to or spent on each of the following major resource categories:
 Source: Gartner CMO Spend Survey, 2021

Allocation for Labor by Industry

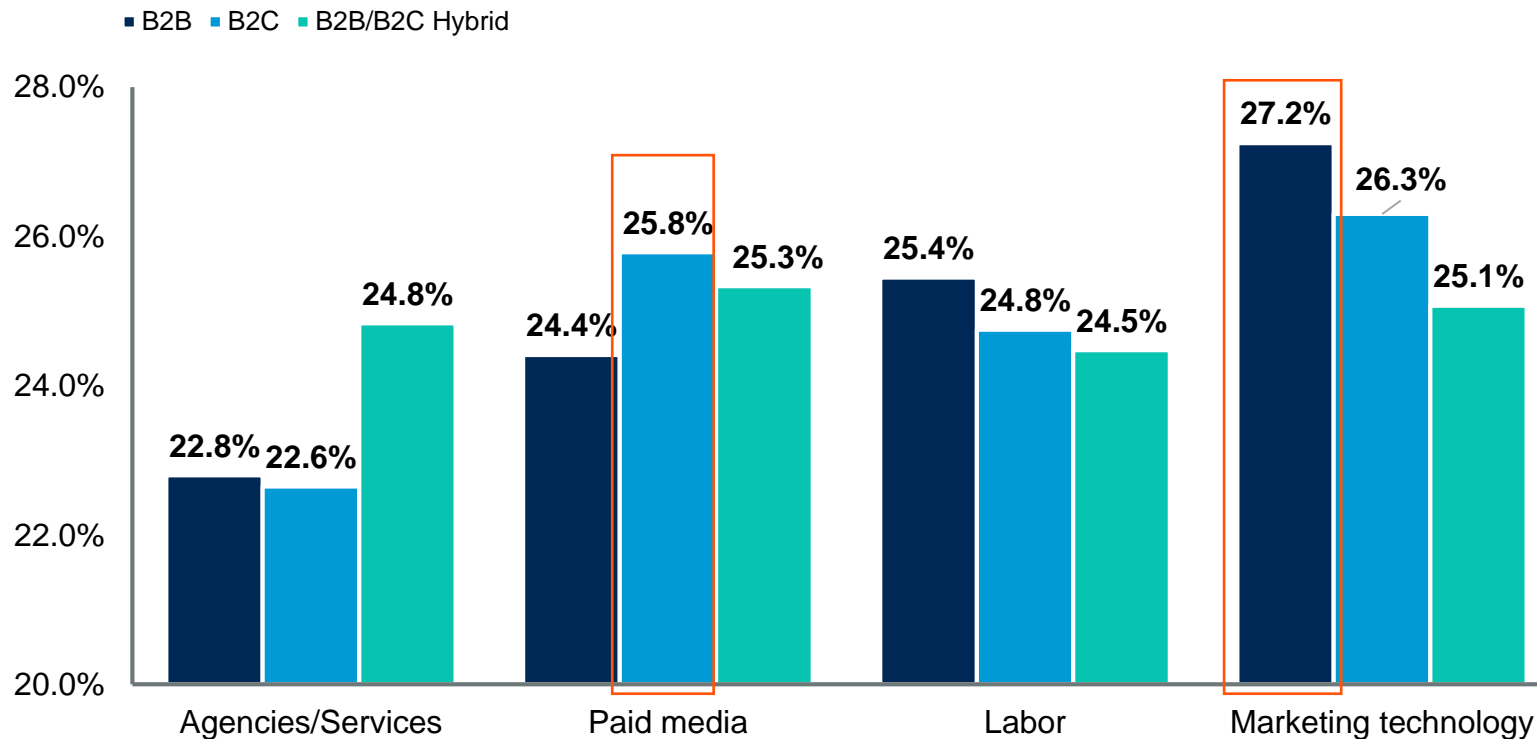
Mean Summary	Total	Financial Services	Healthcare Provider	Tech Products	Manufacturing	Consumer Products	Media	Retail	IT and Business Services	Travel & Hospitality
LABOR	25.0%	25.1%	26.5%	25.2%	25.6%	21.6%	25.1%	26.1%	21.6%	28.2%

IT and business services and consumer products under-index on in-house labor spend, both allocating only 21.6% of their budget to their people..
Highest spender (travel and hospitality) spends almost 5 percentage points more on people than they drop on martech.

n = 380 marketing leaders. Excludes don't knows. Bases sizes vary by industry
 Q. How is your total marketing expense budget for the current fiscal year being allocated to or spent on each of the following major resource categories:
 Source: Gartner CMO Spend Survey, 2021

B2B Orgs Spend The Most on Technology and People. B2C Over-Index on Paid Media. Hybrid Orgs Spend Almost as Much on Agencies as Technology

Marketing Budget Allocation Across Major Resources by Primary Business Focus



There's little movement in % resource allocations year-over-year.

But average marketing budgets have fallen by 4.6 percentage points, so all resource investments will feel pressure.

n = 380 marketing leaders. Excludes don't knows. Bases sizes vary by business focus.

Q. How is your total marketing expense budget for the current fiscal year being allocated to or spent on each of the following major resource categories:

Source: Gartner CMO Spend Survey, 2021

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In-Housing Continues Apace in 2021, as CMOs Focus on High-Value Areas of Agency Spend

29%

Proportion of agency work shifted to internal teams in last past 12 months

Top 3 areas where work has shifted from agencies to in-house teams:

1. Brand strategy
2. Innovation and technology
3. Marketing strategy development

This represents a change from 2020, when the top areas of in-housing tended towards high volume rather than high value capabilities. **Major global agencies that have gravitated towards high-value strategic services in recent years will face challenges.**

n=341 marketing leaders. Excluding don't knows.

Q. What percentage of agency work that shifted to internal marketing services over past 12 months.

.Q. In what areas did the agency work shift from external marketing services to internal marketing services over the last 12 months?

Source: Gartner CMO Spend Survey, 2021

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How Are CMOs Reprioritizing Marketing's Programs

Polling Question 3 of 3

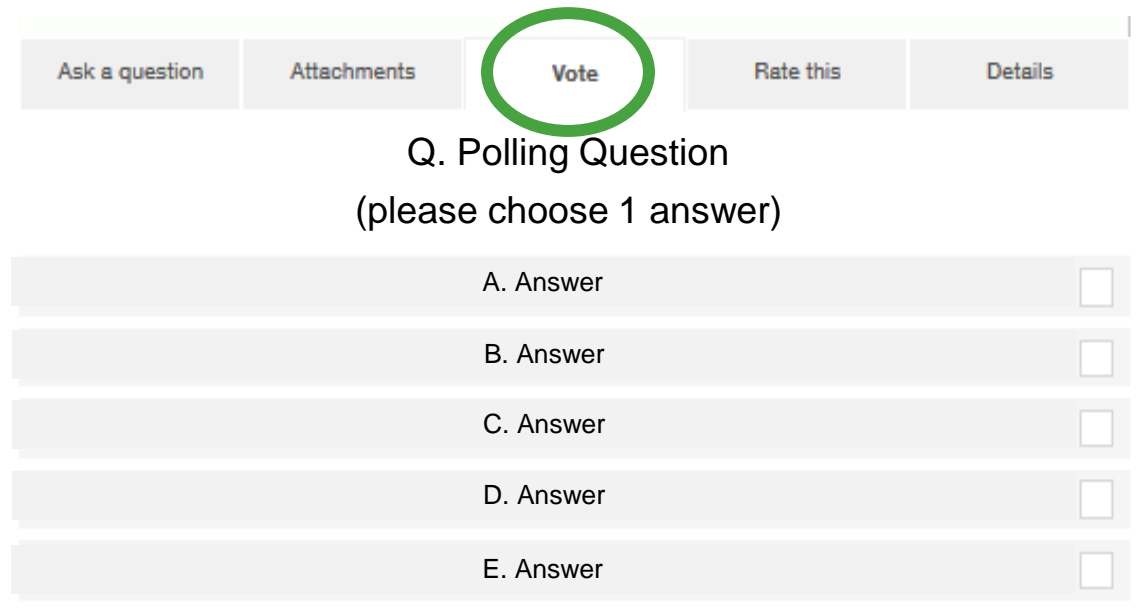
Approximately what % of your interactions have moved from offline to online channels in the last 12-18 months?

- A. Less than 5% moved from offline to online channels**
- B. Between 5% and 15% moved from offline to online channels**
- C. More than 15% moved from offline to online channels**
- D. No change - the mix of online and offline interactions are roughly the same as it was**

How to participate in our polling

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Thank you!

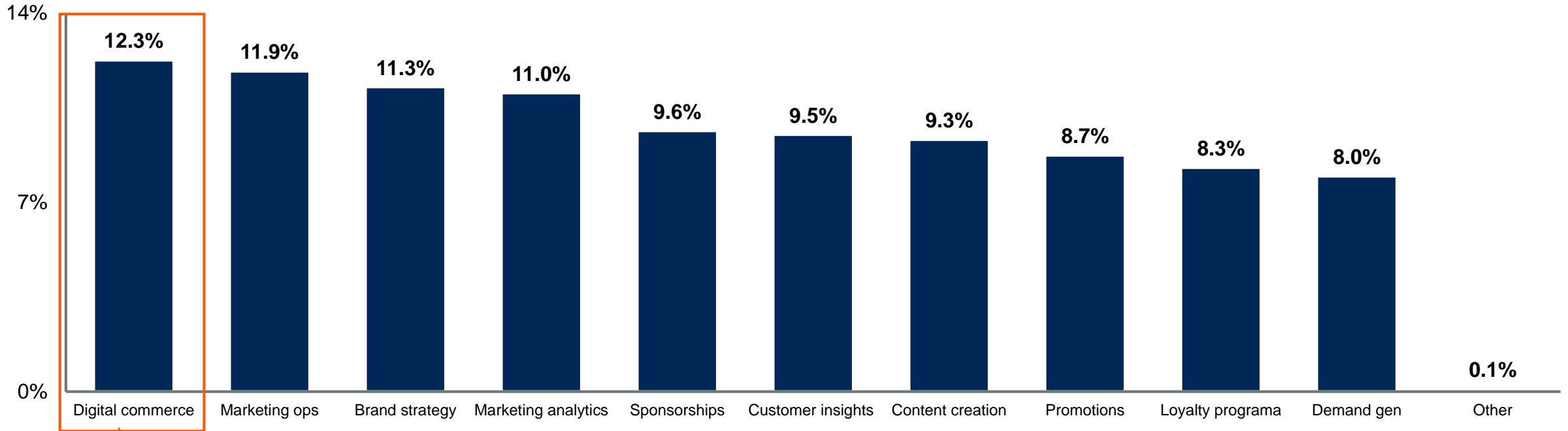


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- A. Answer
- B. Answer
- C. Answer
- D. Answer
- E. Answer

Digital Commerce Captures the Largest Share of Marketing Program Budget in Many Industries

2021 Marketing Budget Allocation Across Programs and Operations
Mean Percentage of Budget Shown



CMOs allocated, on average, **12.3%** of the marketing program and operations budget on **digital commerce**, reflecting efforts to enable and encourage customers and prospects to research, evaluate and purchase products and services online. These costs include design, promotions, product seeding, content discovery/syndication expenses.

n = 383 marketing leaders. Excludes don't knows.

Q. How is your total marketing expense budget for the current fiscal year is being allocated to or spent on the following marketing programs and operational areas?

Source: Gartner CMO Spend Survey, 2021

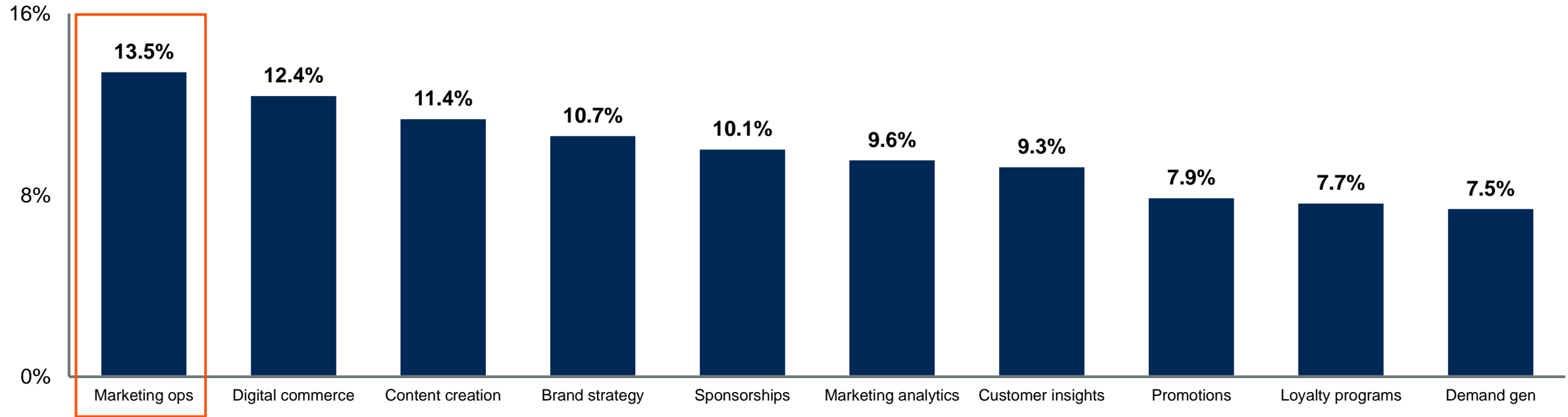
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Marketing Programs and Operations Budget Allocation by Industry

Consumer Products: CMOs Allocate the Largest Share of Program Budget to Marketing Operations

2021 Marketing Budget Allocation Across Programs and Operations
Mean Percentage of Budget Shown



CMOs in consumer products allocated 13.5% of their marketing program budget to **marketing operations**. The focus on marketing operations coincides with initiatives to shift work from agencies to in-house teams and measures to improve planning, performance management and more.

n = 42 marketing leaders in consumer products

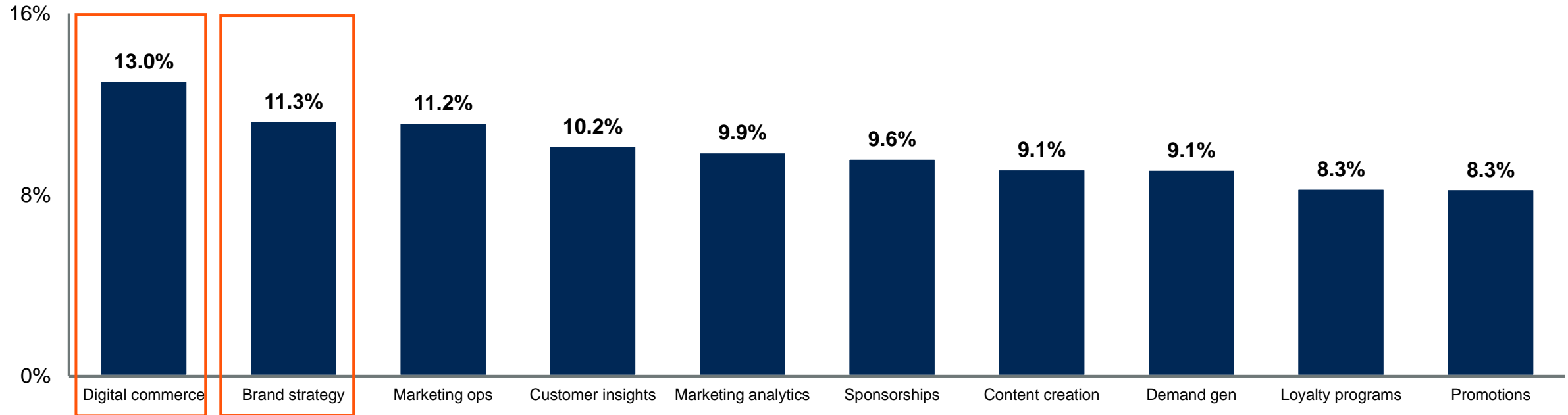
Q. How is your total marketing expense budget for the current fiscal year is being allocated to or spent on the following marketing programs and operational areas?

Source: Gartner CMO Spend Survey, 2021

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Financial Services: CMOs Prioritize Digital Commerce in Marketing Program Budgets

2021 Marketing Budget Allocation Across Programs and Operations Mean Percentage of Budget Shown



Financial services CMOs are investing in **digital commerce** in response to evolving consumer behavior and a growing fintech marketplace. In the highly competitive sector, financial services CMOs invested 11.3% of their program budget on **brand strategy**.

n = 49 marketing leaders in financial services

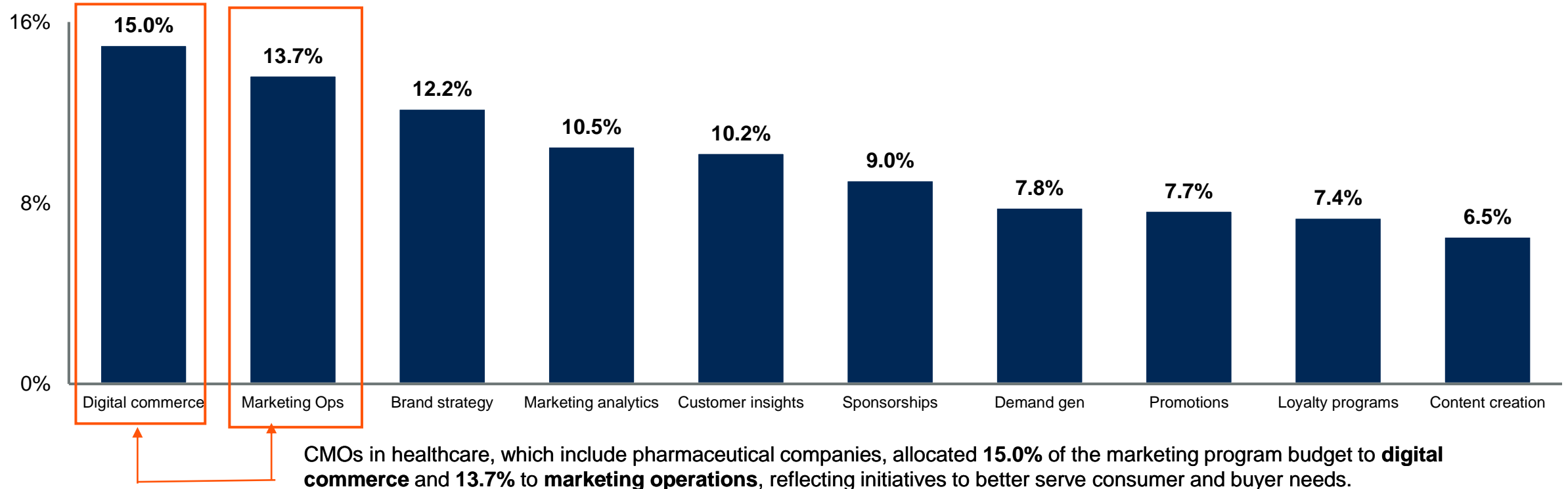
Q. How is your total marketing expense budget for the current fiscal year is being allocated to or spent on the following marketing programs and operational areas?

Source: Gartner CMO Spend Survey, 2021

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Healthcare: Largest Share of Program Budget Goes to Digital Commerce and Marketing Ops

2021 Marketing Budget Allocation Across Programs and Operations
Mean Percentage of Budget Shown



n = 43 marketing leaders in healthcare

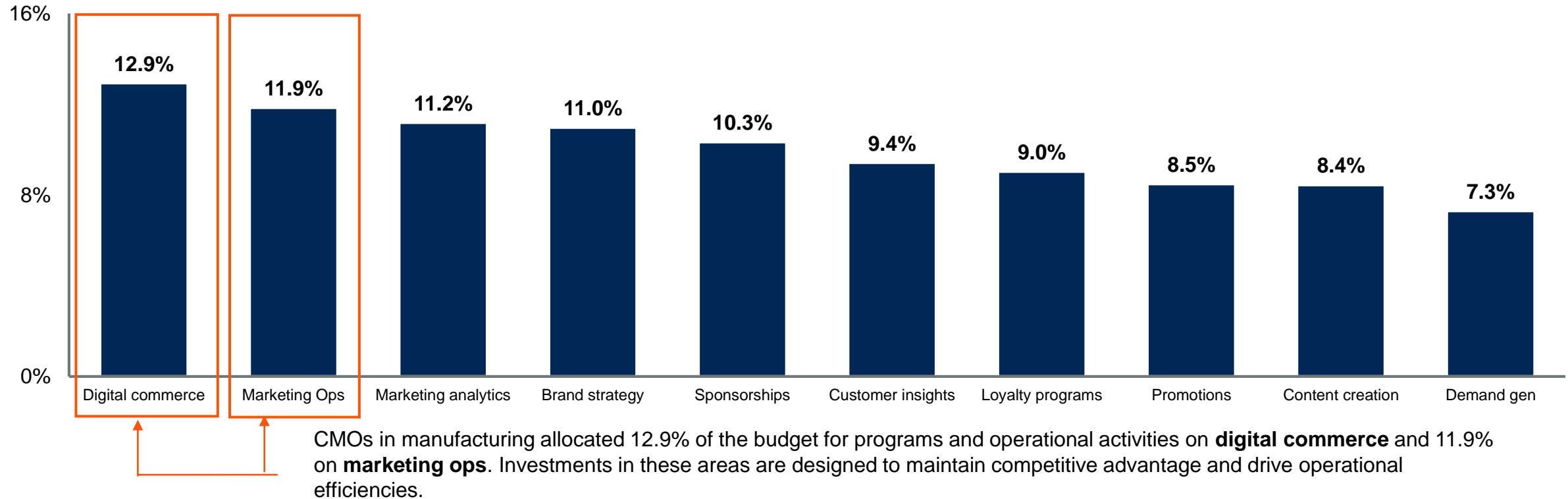
Q. How is your total marketing expense budget for the current fiscal year is being allocated to or spent on the following marketing programs and operational areas?

Source: Gartner CMO Spend Survey, 2021

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Manufacturing: CMO Budgets Prioritize Digital Commerce and Marketing Ops

2021 Marketing Budget Allocation Across Programs and Operations Mean Percentage of Budget Shown



n = 47 marketing leaders in manufacturing

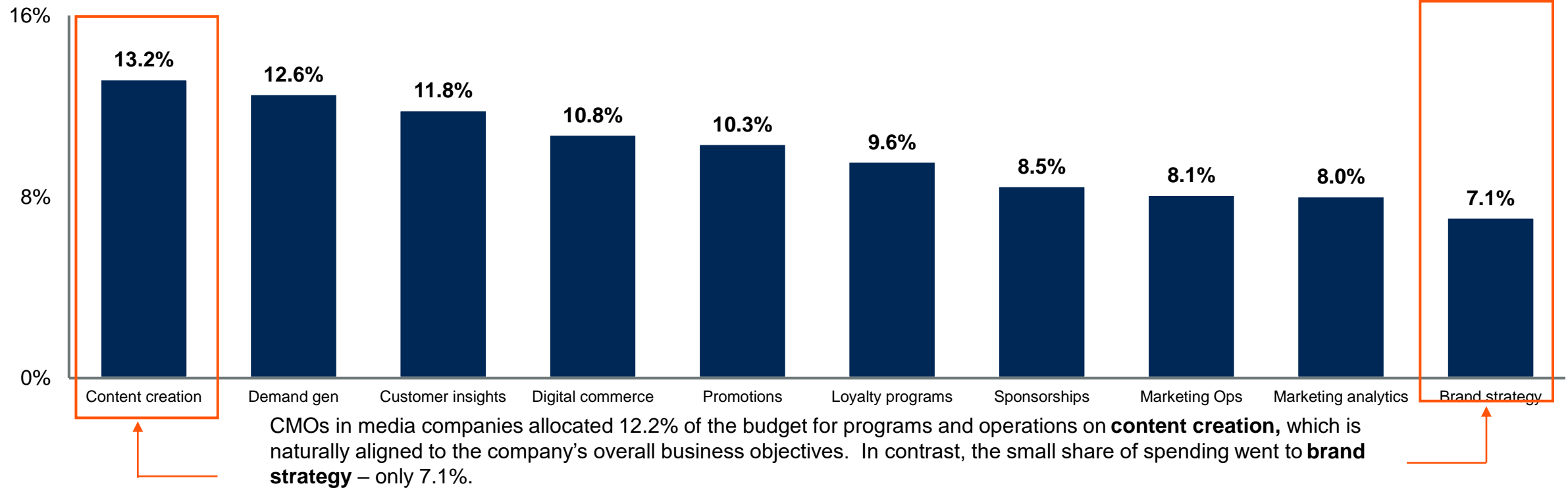
Q. How is your total marketing expense budget for the current fiscal year is being allocated to or spent on the following marketing programs and operational areas?

Source: Gartner CMO Spend Survey, 2021

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Media: CMOs Allocate the Largest Share of the Program Budget to Content, Smallest to Brand

2021 Marketing Budget Allocation Across Programs and Operations
Mean Percentage of Budget Shown



n = 49 marketing leaders in media

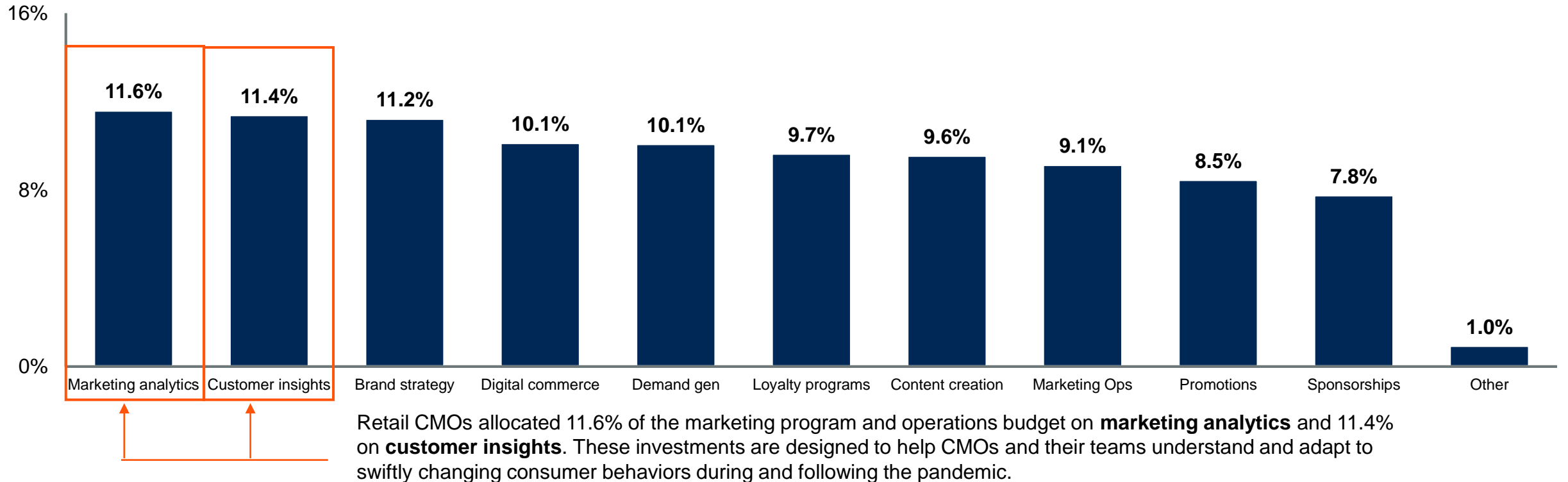
Q. How is your total marketing expense budget for the current fiscal year is being allocated to or spent on the following marketing programs and operational areas?

Source: Gartner CMO Spend Survey, 2021

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Retail: CMOs Prioritize Marketing Analytics and Customer Insights in Programs

2021 Marketing Budget Allocation Across Programs and Operations
Mean Percentage of Budget Shown



n = 43 marketing leaders in retail

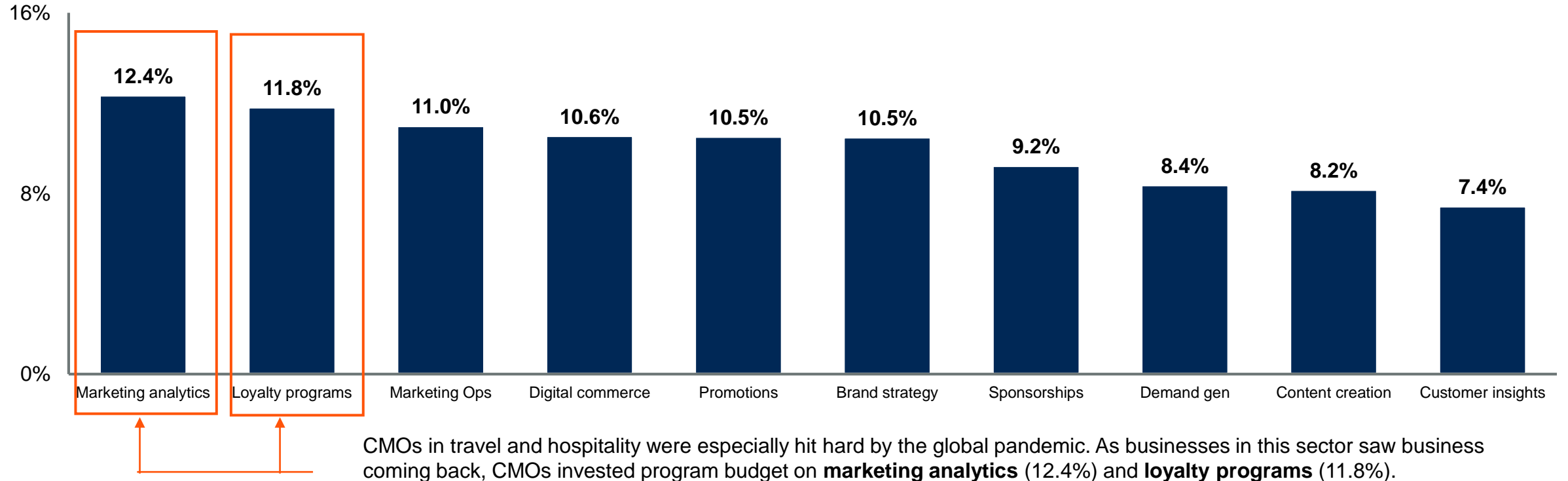
Q. How is your total marketing expense budget for the current fiscal year is being allocated to or spent on the following marketing programs and operational areas?

Source: Gartner CMO Spend Survey, 2021

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Travel and Hospitality: Marketing Analytics, Loyalty Programs Garner Top Program Spend

2021 Marketing Budget Allocation Across Programs and Operations
Mean Percentage of Budget Shown



n = 34 marketing leaders in travel and hospitality

Q. How is your total marketing expense budget for the current fiscal year is being allocated to or spent on the following marketing programs and operational areas?

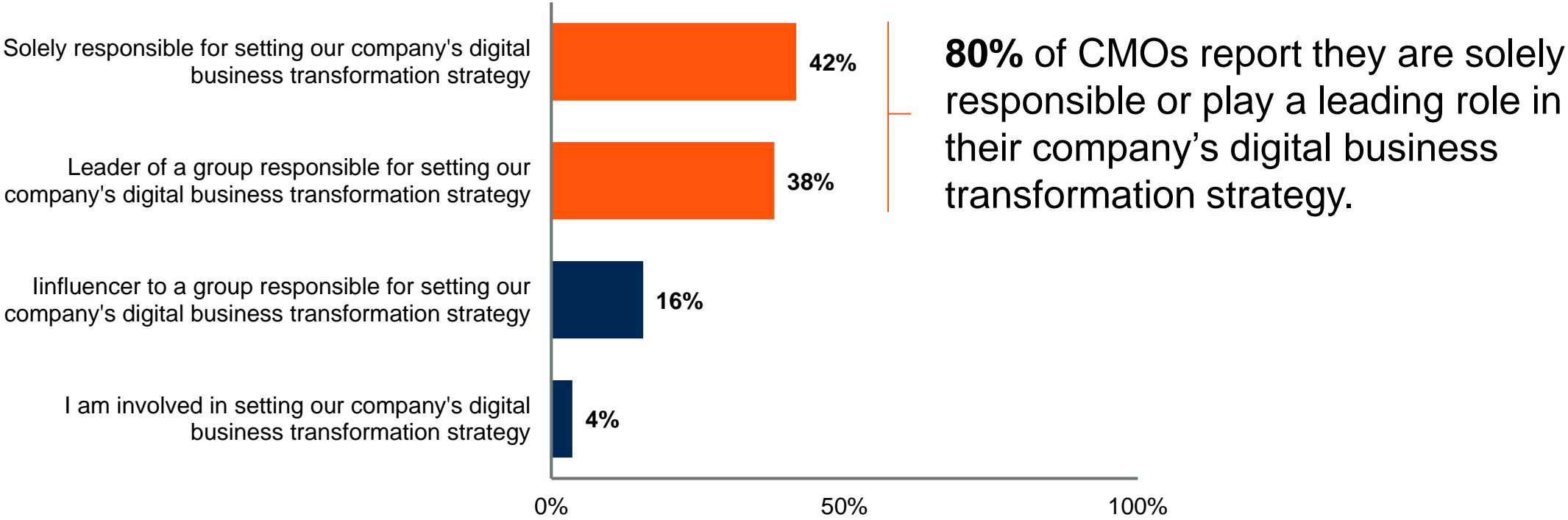
Source: Gartner CMO Spend Survey, 2021

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Marketing's Investments In Innovation And Transformation

CMOs Perceive That They Play A Leading Role In The Enterprise Digital Business Transformation Strategy

Marketing Leader Involvement In Digital Business Transformation Strategy

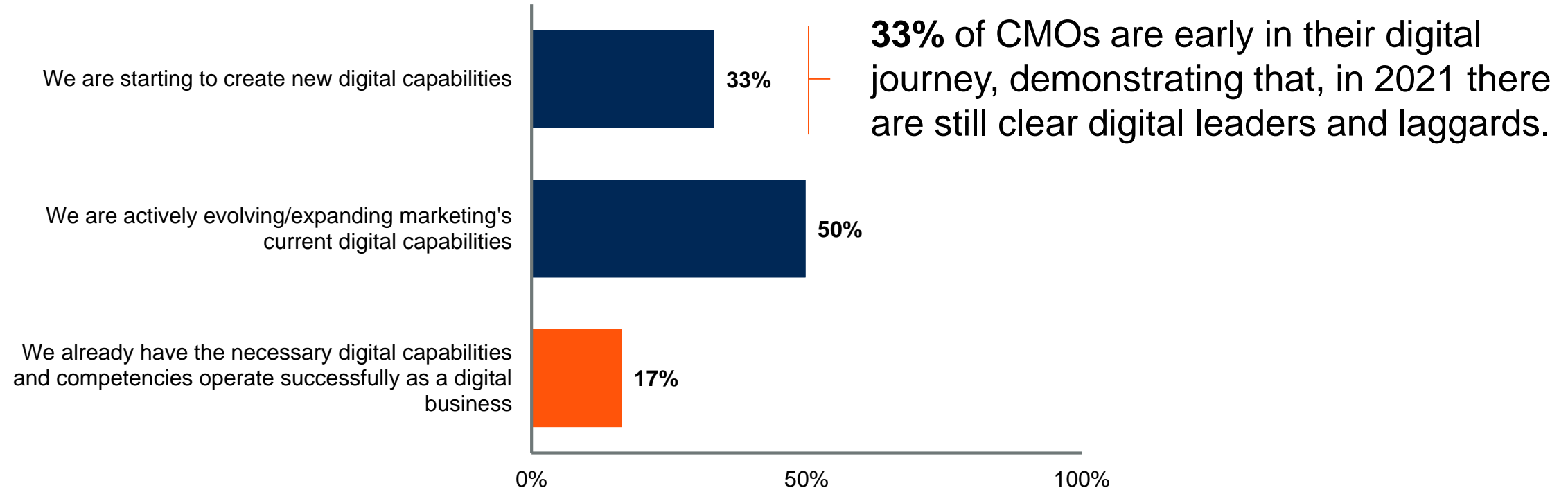


n = 398 marketing leaders. Excludes don't knows.
Q. What role do you personally play in setting your company's digital business transformation strategy?
Source: Gartner's CMO Spend Survey, 2021
ID: 754999



CMO Digital Business Accountability Not Matched By Capabilities - Less Than 20% Have The Necessary Digital Business Capabilities

Current State of Marketing Organization's Digital Strategy



n = 398 marketing leaders. Excludes don't knows.

Q.. Which of the following statements best describes the current state of your marketing organization's digital strategy?

Source: Gartner's CMO Spend and Strategy Survey, 2021-2022

ID: 754999

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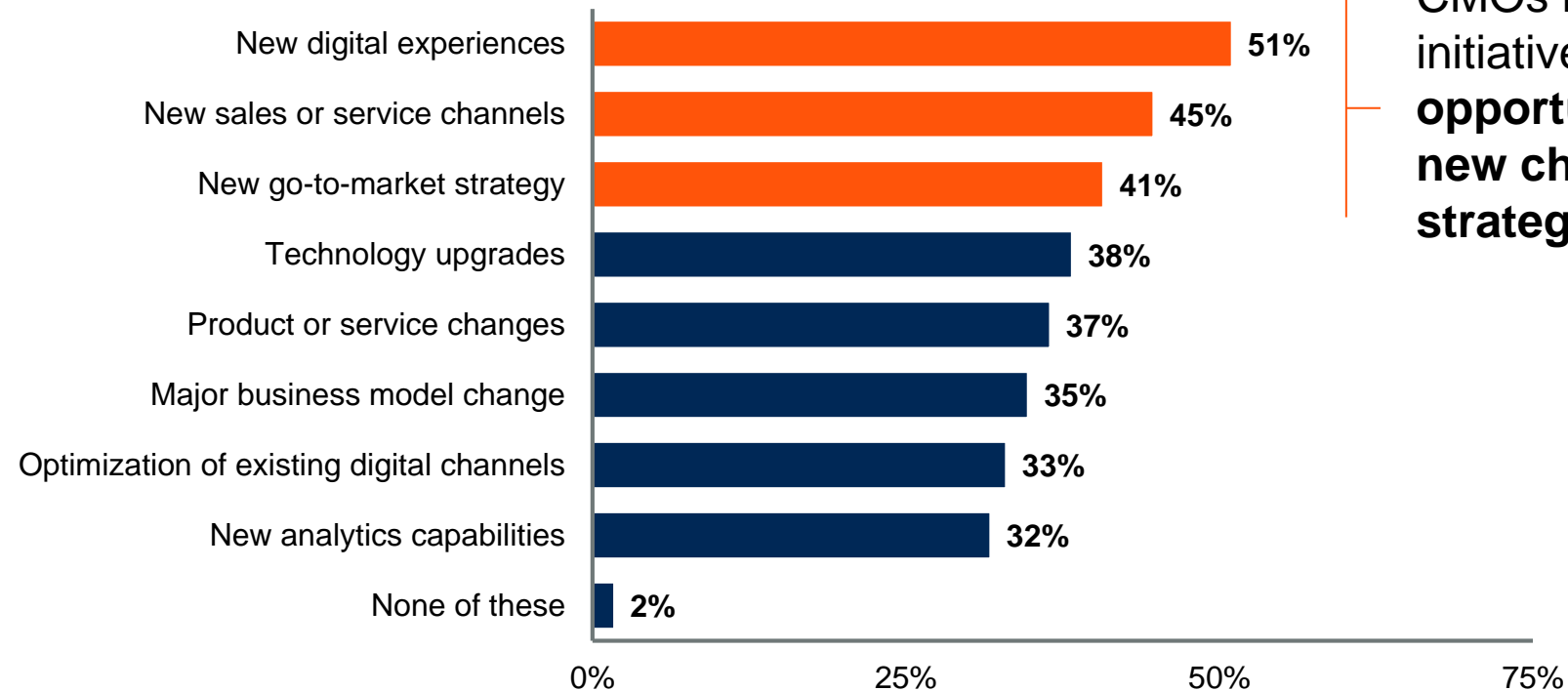
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Digital Business Initiatives Where Marketing Plays A Key Role In 2021

Digital Business Initiatives Where Marketing Plays a Key Role

Multiple responses allowed



CMOs likely to lead digital business initiatives that focus on **green field opportunities, building new experiences, new channels or new go-to-market strategies.**

n = 400 marketing leaders

Q. In which of the of the following digital business initiatives does your marketing organization play a key role?

Source: Gartner's CMO Spend Survey, 2021

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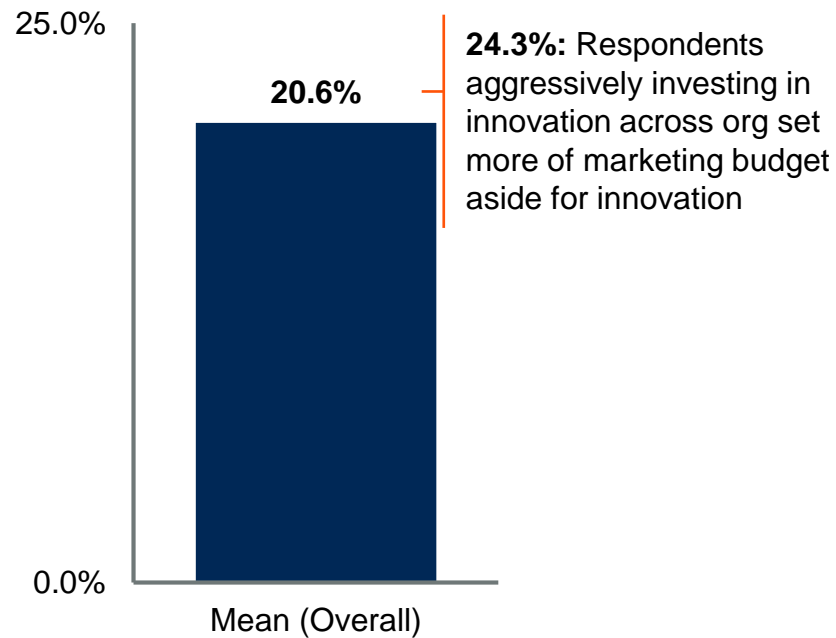
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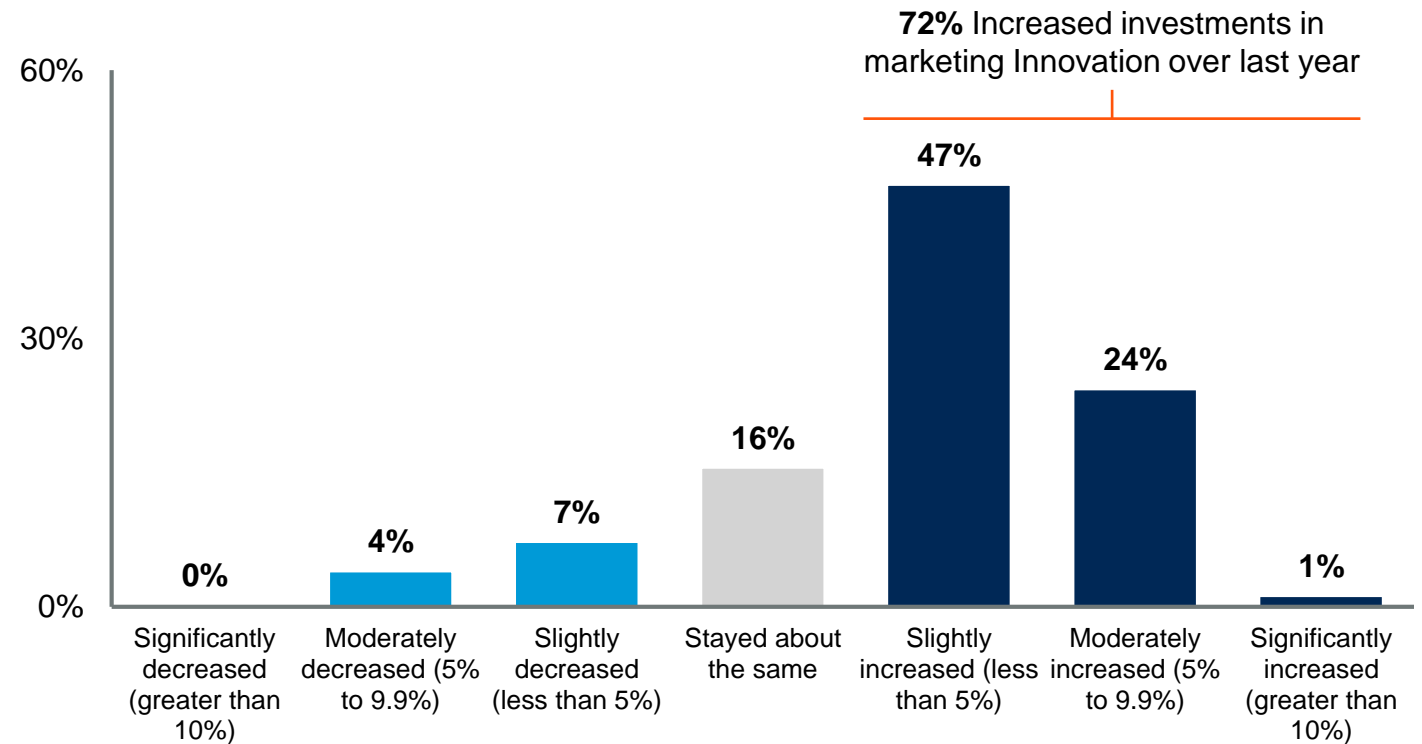
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CMOs See Innovation As The Path To Growth Amid Budget Challenges. They Aggressively Invest In Innovation Programs.

Percentage Marketing Budget Set Aside For Marketing Innovation



Change to Marketing Innovation Investment From Last Fiscal



n = 346 marketing leaders. Excludes don't knows.

Q. What percentage of your company's current fiscal year total marketing expense budget is set aside for marketing innovation?

Source: Gartner's CMO Spend Survey, 2021

Statistics exclude values greater than or equal to 50%

ID: 754999

n = 398 marketing leaders. Excludes don't knows.

Q. Compared to the last fiscal year, how has the percentage of the total marketing expense budget set aside for marketing innovation changed for the current fiscal year?

Source: Gartner's CMO Spend Survey, 2021

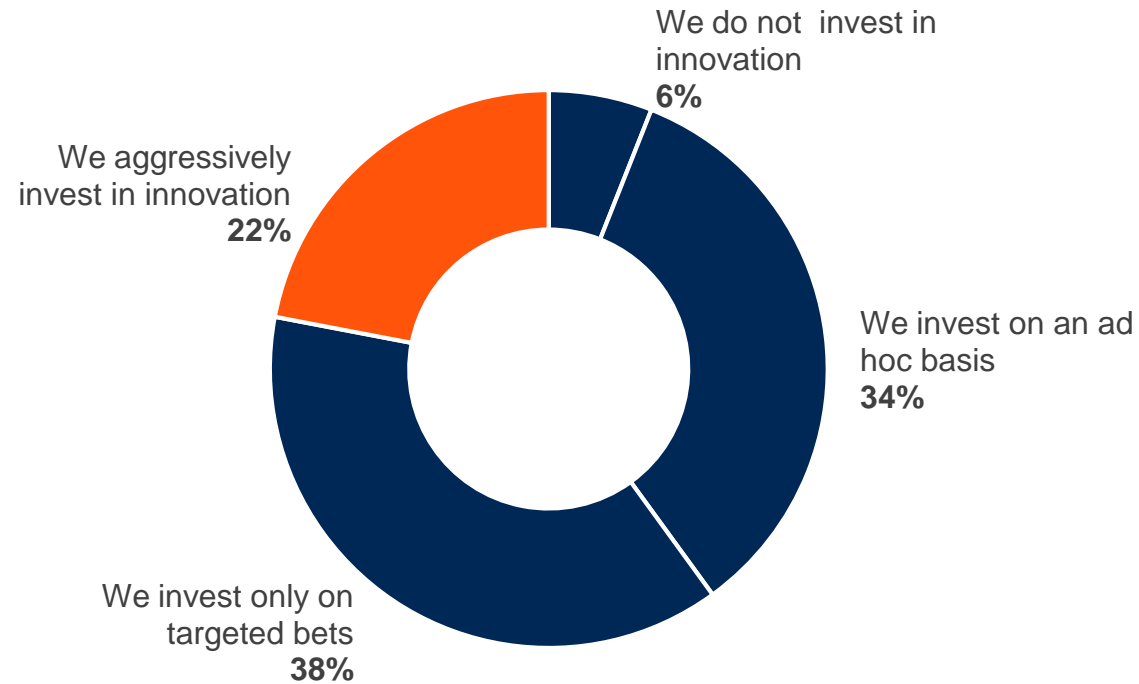
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CMOs Innovation Investments Are Mismatched With The Rest Of The Enterprise.

Company View on Innovation

Only 23% of CMOs characterized their company's view on innovation investment as "aggressive"



n = 400 marketing leaders

Q.. How would you characterize your company's overall view on innovation?

Source: Gartner's CMO Spend Survey, 2021

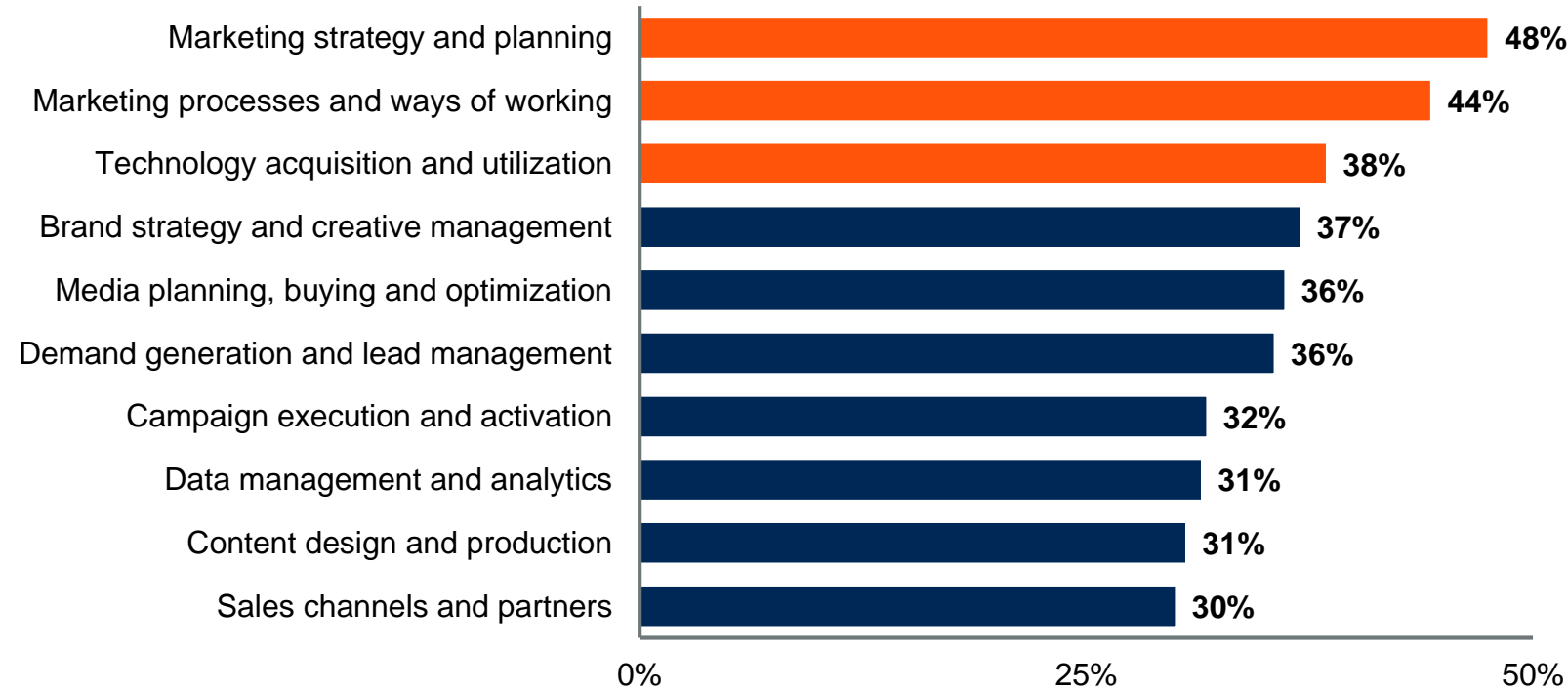
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Strategy, Planning And Process Are Top Areas Marketers Are Investing In Innovation To Support Marketing Strategy

Innovation Investments Being Made to Support Marketing Strategy

Multiple responses allowed



Marketing innovation investments focus on **planning, processes and technology**. Data, content and new channels are least likely to be funded out of marketing budget.

n = 343 marketing leaders investing in innovation. Excludes don't knows.

Q. In which of the following areas are you investing in innovation to support the delivery of your marketing strategy over the next 18 months?

Source: Gartner's CMO Spend Survey, 2021

ID: 754999

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Key takaways

What This Year's CMO Spend Survey Tells Us About The State Of Marketing Budgets

- **Budgets are still in the doldrums following a period of austerity** – CMOs will need to battle hard to regain pre-pandemic funding
- **The era of hybrid channel budgets is here** – greater agility and journey reprioritization is shaping channel choices
- **All areas of marketing's resource mix will feel the squeeze from depressed budgets** – however, strong intentions for growth in 2022
- **Digital commerce spend is a major priority** as journeys changed in the pandemic seem unlikely to ping-back any time soon
- **CMOs see innovation as a path to growth** – they need to align their risk profile with that of the wider enterprise

Ask your questions

The image shows a user interface for asking a question. At the top, there is a navigation bar with four tabs: 'Ask a question', 'Attachments', 'Rate this', and 'Details'. The 'Ask a question' tab is highlighted with an orange border, and an orange arrow points to it from the left. Below the tabs, the text 'Ask a question' is displayed. Underneath is a large text input area with a placeholder 'Type your question here...'. At the bottom right of the input area, there is a 'Send Question' button, which is also highlighted with an orange border and has an orange arrow pointing to it from the left.

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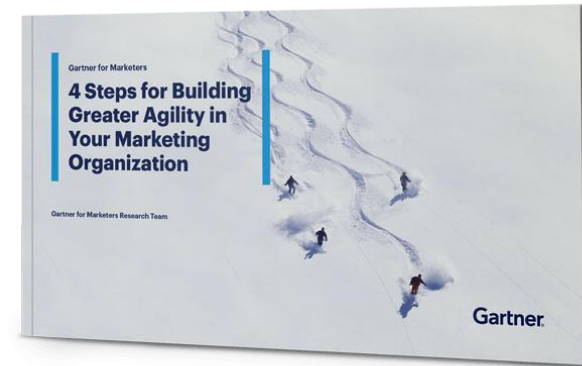
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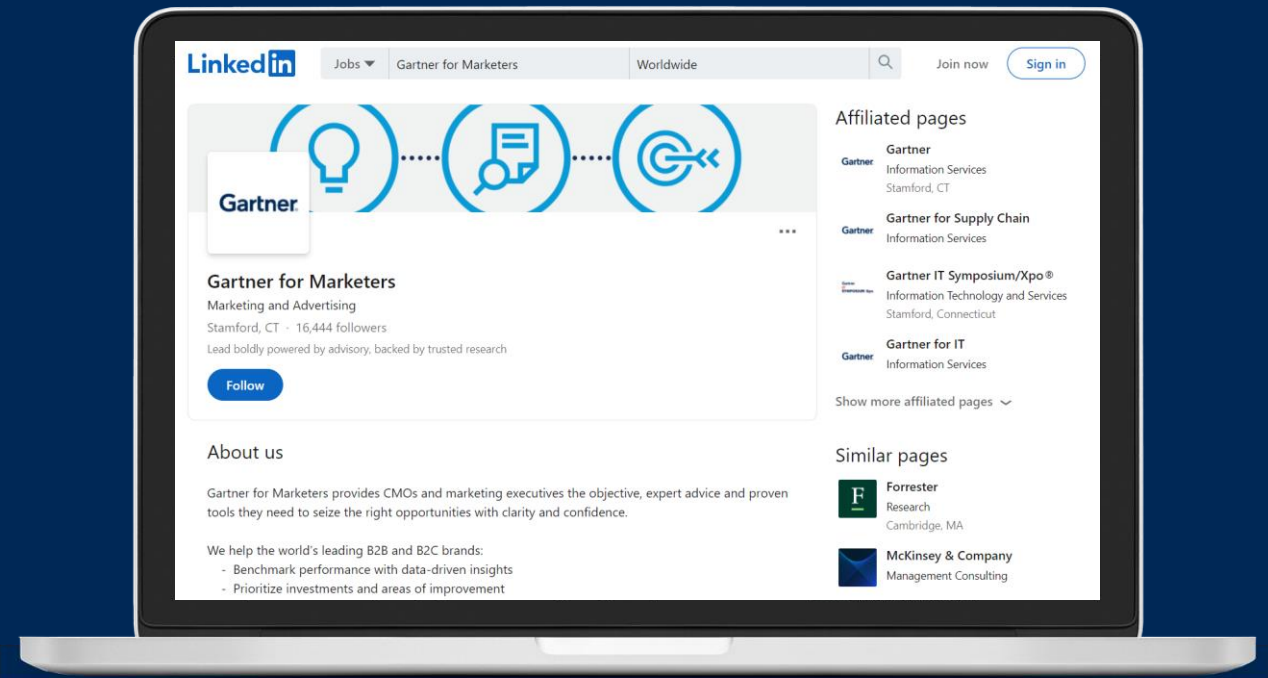
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