

MARKETING

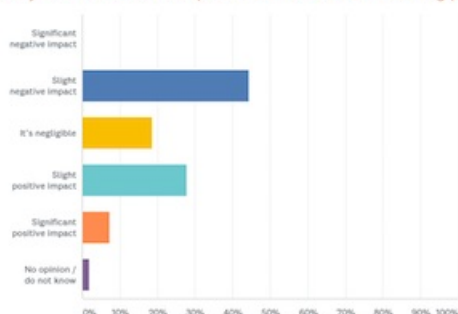
Digital marketing budgets to gain priority as CMOs fear economic slowdown

February 18, 2020

Economic climate will have little impact on growth



Q1: What is the likely impact of economic and business climates in general over the next year on your ability to meet your clients' business performance goals? (economic and budgetary outlooks amid the impact of environment on marketing performance)



CMO outlook in 2020. Courtesy of Chief Outsiders

By DIANNA DILWORTH

An economic downturn could lead to negative impacts on business this year, though luxury is partially immune, according to chief marketing officers interviewed in a new report.

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Forty-four percent of CMOs reported that the current situation will cast a shadow on 2020 business performance, per a study from Chief Outsiders, a service that employs fractional CMOs.

"All major sectors are currently experiencing decelerating growth most are in positive growth, but the rate of growth has declined," said Pete Hayes, CMO and principal of Chief Outsiders.

"Most sectors will be in recovering growth rate accelerating by the end of 2020," he said. "With this short time frame of slowing, many CMOs are looking beyond it, being bullish about net growth opportunity for the year."

Luxury advantage

Chief Outsiders conducted its first annual CMO survey on what to expect this year in market trends and company growth.

The research found that despite the trade war between the U.S. and China, economic and marketing budgets speak for a positive outlook for 2020.

However, many CMOs believe that a recession is likely, and that such a downturn could impact their companies' business performance due to lower sales and a drop in consumer confidence.

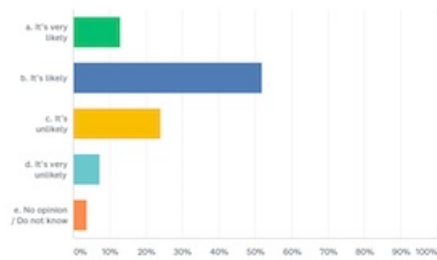
Still, the luxury sector will not be as impacted by this outlook as other areas of the economy.

"The luxury sector will benefit overall from the mildness of the 2020 economic slowdown, as consumer confidence high, and stock markets are continuing to build wealth," Mr. Hayes said.

"However, competition in luxury goods is likely to increase and fill any vacuums as demand rises," he said.

Q3: Economic indicators* show that most of the economy is in decline. Do you expect a recession to have an impact on your clients' businesses in 2020?

* ITR Economics Trends Report



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Recession trends in 2020. Courtesy of Chief Outsiders

Marketing for growth

The research revealed that a CMO's leadership and their marketing plans are an integral part of every business operation.

Understanding the customer and developing relevant strategy are the two most vital elements to growth, according to the report.

Yet marketing is evolving beyond tactics to increase customer engagement or sales funnel problems. It is the fuel for growth and CMOs are expected to take this approach within a company.

CMOs will be collaborating more across departments and will be working directly with R&D, sales, IT and customer service to achieve growth goals.

In fact, 72 percent of CMOs said greater collaboration across the organization will help them reach growth goals.

The report also found that CMOs will advise these growth-minded CEOs to overcome economic headwinds through innovation, by implementing new marketing technology and through outsourcing specific marketing tasks.

The capabilities needed to accomplish these marketing goals will be a focus on strategy development, customer experience and insight and competitive insights.

Digital marketing tops importance

CMOs reported that digital advertising is expected to grow in 80 percent of businesses this year.

Organic searches, content marketing and email marketing will be the channels with the biggest increases, the report found.

As investments increase, 88 percent of CMOs admitted that they find it challenging to stay ahead of technological advancements.

Digital content, which includes elements such as videos, blog posts and case studies, will be on the rise this year, according to the CMOs interviewed. These three elements ranked as the most important tactics for content strategy in 2020.

Additionally, these channels will help CMOs achieve their marketing strategy goals by creating stronger customer experiences and better insights.

"Traditionally, CEOs see adding sales staff as a core tactic to capture growth," Mr. Hayes said.

"In our CMOs' assessment, they believe the most progressive CEOs are putting innovation [first], which results in competitive differentiation, and buyer preference, as well as deploying new technology from ecommerce to data analytics, even getting outsourced executive support as more strategic than adding sales capacity," he said.

The report also found that advancements in predictive analytics and AI will improve qualification and prioritization of leads, as well as customer targeting and segmentation.

Additionally, CMOs said customer engagement tactics, particularly experiential marketing campaigns, will be popular this year.

As CMOs embrace new technologies and new opportunities to connect, many reported that they are bringing agency work in-house in 2020.

Some 35 percent of businesses said they would bring more marketing agency work in-house this year to reduce costs.

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