

MARKETING

CMOs remain optimistic about post-COVID-19 marketing budgets

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CMOs expect marketing budgets to return post-COVID-19. Image credit: Gartner

By DIANNA DILWORTH

Even though most companies have seen their marketing budgets trimmed due to the COVID-19 pandemic, 73 percent of chief marketing officers expect these cuts to be short-lived. Most of these senior executives see a positive outlook for business within the next 18-24 months.

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Gartner's CMO Spend Survey 2020 interviewed more than 430 marketing executives in North America, United Kingdom, France and Germany from April through May and found that 44 percent of CMOs had mid-year budget cuts as a result of the pandemic and 10.7 percent of those executives expect their budgets to be further cut by another 15 percent.

"Based on the indicators they favor, CMOs have determined that the negative impacts of COVID will be short-lived, with some near-term challenges in 2020, but returning to positive growth relatively quickly essentially they see the economic curve as resembling a narrow, but deep V shape," said Ewan McIntyre, vice president analyst at Gartner for Marketers, London.

"While this is one possible scenario, it's far from the only scenario," he said. "Furthermore, it's an optimistic scenario that's out of step with the sentiments of their CEOs and CFOs."



Brand strategy beats analytics

Brand strategy has been ranked as one of the leading strategic marketing priorities in 2020 by 33 percent CMOs as a direct response to the pandemic. This positioning is a shift for the approach which was near the bottom of the list in 2019.

Indeed, it is the first time that branding has been prioritized beyond analytics, personalization and marketing technology.

Analytics remains a top priority for CMOs, but has dropped almost 10 percentage points from last year with only 27 percent of CMOs ranking it a top three priority.

Personalization, which has been a popular priority in recent years with only 14 percent of CMOs putting this marketing strategy at the top of their list this year, per [the report](#). This decrease is so significant that Gartner now predicts that 85 percent of marketers will abandon their personalization efforts by 2025 driven by a lack of return on investment.

"2020 has presented CMOs with a number of challenges, from how they adapt to the COVID-19 crisis, to how they respond to important movements such as Black Lives Matter and, recently how they consider the fit of their brand with the editorial policies of Facebook and other social platforms," Mr. McIntyre said.

"This has brought brand strategy to the fore, elevating it above analytics as the CMO's most vital capability," he said. "CMOs need to address fundamental questions concerning what their brands mean to their audiences.

"They must use that understanding to respond to issues in a meaningful and authentic way. This is no small challenge, and requires strategic intent, investment and expertise.

"However, brand and analytics are inextricably linked. Analytics is still a vitally important capability, and deployed well, should help brands build, deliver and optimize meaningful, timely and relevant messages with their audiences."



CMOs should focus on optimizing costs and being agile in 2020. Image credit: Gartner

Martech could be next

Investments in marketing and technology tools have not been cut despite the pandemic-related budget cuts to marketing programs.

These investments still make up 26 percent of marketing budgets in 2020, according to Gartner. Additionally, 68 percent of CMOs said they expect to increase their investments in martech over the next year.

However, these investments in tech face an ongoing challenge as only 58 percent of CMOs report using their martech stack's full capabilities. If brands continue to invest in tools they cannot use fully, they may be cut from future budgets.

Still, digital has only accelerated due to the pandemic and the marketing budgets are being invested there.

In 2020, investments in paid, owned and earned digital channels now account for almost 80 percent of multichannel marketing budgets. Digital advertising and search advertising make up 22 percent of budgets each, social 11.3 percent and website 10.4 percent.

Seventy-four percent of CMOs said they will increase spending on digital advertising and 66 percent expect to increase spending on paid search.

"In the early stages of the COVID-19 pandemic, the impact on offline retail presented significant challenges for luxury brands," Mr. McIntyre said. "As some markets move on from the first stages of the crisis and we look to an uncertain economic outlook, CMOs in luxury brands should focus on optimizing costs and building agile, adaptive strategies.

"Customer journeys have been transformed as a result of the crisis it's important that assumptions of the touch points and tactics that delivered value in previous years are re-appraised and re-prioritized," he said.

As marketers turn to customer journeys and digital, many are reaching out to loyal customers to help them navigate the challenges faced this year.

"Data from the survey shows that CMOs are looking to their existing customers and markets to fuel growth in 2021," Mr. McIntyre said. "This requires a deeper understanding of customers and how to build meaningful, value-adding interactions and engagements with them.

"This is why we've seen a strong, ongoing commitment to investments in martech, despite the challenging environment," he said. "Marketing is the de facto owner of the customer in the enterprise they're fundamental to delivering revenue and growth in the year ahead."

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