Gartner for Marketers

The Role of Marketing in Digital Transformation and Innovation

Insights From Gartner’s Annual CMO Spend Survey
This year’s CMO Spend Survey focused on marketing innovation programs and investments. Learn how much of marketing’s budget is being set aside for innovation and the programs that innovation investments support. Understand the current state of innovation capabilities and competencies that CMOs report in support of their innovation mandate.

21% of a marketer’s budget is set aside for innovation initiatives, despite cuts in other areas.

72% report their marketing innovation spend has increased year over year.

Source: Gartner CMO Spend Survey, 2021
CMOs Perceive That They Play a Leading Role in the Enterprise Digital Business Transformation Strategy

Marketing leader involvement in digital business transformation strategy

- **Solely responsible for setting our company’s digital business transformation strategy**: 42%
- **Leader of a group responsible for setting our company’s digital business transformation strategy**: 38%
- **Influencer to a group responsible for setting our company’s digital business transformation strategy**: 16%
- **Involved in setting our company’s digital business transformation strategy**: 4%

80% of CMOs report they are solely responsible for or play a leading role in their company’s 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 CMO Spend Survey, 2021
**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

- **33%** of CMOs are early in their digital journey, demonstrating that, in 2021, there are still clear digital leaders and laggards.
- **50%** are starting to create new digital capabilities.
- **17%** already have the necessary digital capabilities and competencies to operate successfully as a digital business.

*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 CMO Spend Survey, 2021*
### Digital Business Initiatives Where Marketing Plays a Key Role in 2021

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>New digital experiences</td>
<td>51%</td>
</tr>
<tr>
<td>New sales or service channels</td>
<td>45%</td>
</tr>
<tr>
<td>New go-to-market strategy</td>
<td>41%</td>
</tr>
<tr>
<td>Technology upgrades</td>
<td>38%</td>
</tr>
<tr>
<td>Product or service changes</td>
<td>37%</td>
</tr>
<tr>
<td>Major business model change</td>
<td>35%</td>
</tr>
<tr>
<td>Optimization of existing digital channels</td>
<td>33%</td>
</tr>
<tr>
<td>New analytics capabilities</td>
<td>32%</td>
</tr>
<tr>
<td>None of these</td>
<td>2%</td>
</tr>
</tbody>
</table>

CMOs likely to lead digital business initiatives that focus on “greenfield” opportunities, building new experiences, new channels or new go-to-market strategies.

Learn more about digital transformation from the Gartner Digital Marketing Leader Survey.

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*Multiple responses allowed
n = 400 marketing leaders
Q: In which of the following digital business initiatives does your marketing organization play a key role? Source: Gartner CMO Spend Survey, 2021*
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CMOs See Innovation as the Path to Growth Amid Budget Challenges. They Aggressively Invest in Innovation Programs.

Percentage of marketing budget set aside for marketing innovation:
- **20.6%**

Change to marketing innovation investment from last fiscal year:
- **24.3%** Respondents aggressively investing in innovation across org set more of marketing budget aside for innovation.
- **47%** Significantly increased (greater than 10%)
- **47%** Moderately increased (5% to 9.9%)
- **16%** Slightly increased (less than 5%)
- **7%** Stayed about the same
- **7%** Slightly decreased (less than 5%)
- **4%** Moderately decreased (5% to 9.9%)
- **0%** Significantly decreased (greater than 10%)

**72%** Increased investments in marketing innovation over last year.

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 CMO Spend Survey, 2021
Statistics exclude values greater than or equal to 50%

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 CMO Spend Survey, 2021
CMOs Innovation Investments Are Mismatched With the Rest of the Enterprise

Company view on innovation

Only 22% of CMOs characterized their company’s view on innovation investment as “aggressive.”

- We aggressively invest in innovation: 22%
- We invest only on targeted bets: 38%
- We invest on an ad hoc basis: 34%
- We do not invest in innovation: 6%

n = 400 marketing leaders
Q: How would you characterize your company’s overall view on innovation?
Source: Gartner CMO Spend Survey, 2021
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The State of Marketing Innovation: Positives

**Process**
- 95% have a defined process for innovation management.

**People**
- 95% have dedicated headcount for innovation initiatives.

**Culture**
- 93% agree that their orgs will fund high-risk initiatives.

n = 376 marketing leaders investing in innovation
Q: Please indicate the level to which you agree with each of the following statements about innovation initiatives/programs managed by marketing.
Source: Gartner CMO Spend Survey, 2021
The State of Marketing Innovation: Challenges

**Measurement**
- 91% struggle to measure the impact of innovation.

**Results**
- 83% say that innovation has not delivered to management expectations.

n = 376 marketing leaders investing in innovation
Q: Please indicate the level to which you agree with each of the following statements about innovation initiatives/programs managed by marketing.
Source: Gartner CMO Spend Survey, 2021
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Strategy, Planning and Process Are Top Areas Where Marketers Are Investing in Innovation to Support Marketing Strategy

- Marketing strategy and planning: 48%
- Marketing processes and ways of working: 44%
- Technology acquisition and utilization: 38%
- Brand strategy and creative management: 37%
- Media planning, buying and optimization: 36%
- Demand generation and lead management: 36%
- Campaign execution and activation: 32%
- Data management and analytics: 31%
- Content design and production: 31%
- Sales channels and partners: 30%

Multiple responses allowed
n = 400 marketing leaders
Q: In which of the following digital business initiatives does your marketing organization play a key role?
Source: Gartner CMO Spend Survey, 2021

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

Learn more about strategic planning.
n = 296, marketing leaders investing in innovation for marketing processes, data and analytics, and sales channels and partners
Q. Which best describes marketing’s innovation initiative related to sales channels and partners across the following areas?
Source: Gartner CMO Spend Survey, 2021
Average percentage of responses shown across innovation initiatives
Marketing Innovation Scope — Most Innovation Investments Have a Medium-Sized Impact

Small-scale, incremental  23%

Medium-sized impact  59%

Large-scale/radical  17%

n = 296, marketing leaders investing in innovation for marketing processes, data and analytics, and sales channels and partners
Q. Which best describes marketing's innovation initiative related to sales channels and partners across the following areas?
Source: Gartner CMO Spend Survey, 2021
Average percentage of responses shown across innovation initiatives
Marketing Innovation Scope — Investments Focus on Beating Their Direct Competitive Set

- **New to our company**: 27%
- **New to our category**: 60%
- **New to the world**: 13%

n = 296, marketing leaders investing in innovation for marketing processes, data and analytics, and sales channels and partners
Q. Which best describes marketing’s innovation initiative related to sales channels and partners across the following areas?
Source: Gartner CMO Spend Survey, 2021
Average percentage of responses shown across innovation initiatives
Key Issue Take-Away

Justify innovation budget and confidence in capabilities with demonstratable return on innovation investment (ROII) and return on innovation objectives (ROIO).
Gartner’s CMO Spend and Strategy Survey, 2021

The purpose of this survey is to understand the marketing organization’s strategic priorities and 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 online 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), high tech (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.
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