

McKinsey
& Company

State of Marketing Europe 2026

Past forward: The modern rethinking
of marketing's core



Confidential and proprietary. Any use of this material without specific permission of McKinsey & Company is strictly prohibited.

Copyright © 2025 McKinsey & Company.
All rights reserved.

Contents

About the authors	2
Acknowledgments.....	3
Introduction.....	4
Inside the minds of Europe's marketing executives: Three themes.....	5
Theme 1: Be trusted	6
Theme 2: Be effective.....	7
Theme 3: Be bold	8
Where action is needed: Four topics	9
State of Marketing Europe: Facts and figures	11
Be trusted: Branding and authenticity	14
Doubling down on long-term brand building.....	15
Charting a new era through interactive branding	16
Embracing full-funnel, multipurpose campaigns	19
Overcoming branding challenges by adopting gen AI and agentic AI.....	21
Conclusion: Building emotional relevance and trust in a transformative era	22
Interview: How Schneider Electric is building a trusted B2B brand	22
Be effective: Marketing ROI and budget management	26
Marketing budget management to drive profitable growth	26
Investing in profitable growth	28
Managing marketing budgets to drive profitable growth.....	29
Facing obstacles in holistic MROI coverage	31
Establishing the right operating model for MROI	32
Conclusion: Focusing on three strategic pillars to drive profitable growth.....	34
Interview: How Lindt & Sprüngli is spending smartly to build the most valuable chocolate brand	35
Be bold: Gen AI and agentic AI	39
Shifting to customer-facing use cases.....	40
Overcoming challenges	41
Conclusion: Capitalizing on the next phase—agentic AI	43
Interview: Inside BMG's gen AI revolution	44

About the authors



Jesko Perrey is a senior partner in McKinsey's Düsseldorf office, advising companies on growth strategies, the development of digital business models, and a broad range of topics including commercial transformation, pricing, sales, customer experience, and digital marketing. He is a member of McKinsey's global board, and previously led the firm's global Growth, Marketing & Sales practice.



Tjark Freundt is a senior partner in McKinsey's Hamburg office and leads the firm's Growth, Marketing & Sales practice in Europe. He supports clients with holistic growth transformations in marketing and sales, particularly in logistics, retail, and energy sectors across Europe, Japan, and the US.



Kai Vollhardt is a senior partner in McKinsey's Frankfurt office and heads the firm's Growth, Marketing & Sales Practice in Germany. Since joining McKinsey in 2008, Kai has primarily focused on growth and transformation topics.



Victor Fabius is a senior partner in McKinsey's Paris office, leading the firm's Consumer Packaged Goods & Retail practice in France and the Marketing practice in Europe. He specializes in strategy, marketing, and innovation, advising global consumer goods clients on growth through insights-driven branding, product innovation, and pricing strategy.



Thomas Bauer is a partner in McKinsey's Munich office, where he leads the firm's work on marketing performance and commerce media. He focuses on growth and commercial transformation with expertise in brand strategy, marketing investment optimization, data monetization, and building commerce media businesses.



Aurélia Bettati is a partner in McKinsey's Paris office and co-leads the firm's Marketing services in Europe. She has deep expertise in marketing transformation, growth strategies, brand building, personalization, and marketing efficiency, and supports companies in industries such as retail, consumer goods, hospitality, and travel.



Jerome Königsfeld is a partner in McKinsey's Cologne office and leads the firm's growth and business building domains in Germany. He focuses on helping B2B companies drive digital growth strategies, AI applications, and digital marketing and sales.



Caroline Meder is an associate partner in McKinsey's Munich office, supporting technology, telecommunications, and consumer-facing companies with growth and commercial transformations using deep expertise in marketing effectiveness and sales acceleration.



Dominik Müller is an associate partner in McKinsey's Hamburg office, advising organizations on digitized growth models and brand and marketing approaches in the retail, consumer and technology, media and telecommunications space across Europe.



Sarah Sahel is an associate partner in McKinsey's Paris office. She partners with consumer-facing companies in hospitality, retail, and luxury to accelerate growth and commercial transformations. She has deep expertise in marketing transformation, brand strategy, marketing operating model design, and B2C pricing.

Acknowledgments

We would like to thank the numerous industry experts who participated in this year's "State of Marketing" survey, the findings from which form the foundation of this report. Our special thanks go to Benjamin Faveris, Daniel Studer, Jochen Hartmann, Ricardo Azenha, Richella Odebrecht, and Thomas Coesfeld for their time and the valuable insights they provided.

Without a strong team, this report would not have been possible. Special thanks go to the following McKinsey experts and colleagues who made significant contributions to individual chapters: Alexandre Oriez, Aline Dahmen, Amelie Huber, Annika Wiecek, Bogdan Toma, Carlotta Massari, Christian Pötzelsberger, Davide Zullo, Jan Ole Krugmann, Jan Overberg, Julia Friedl, Leila Khalil, Marta Castiella, Mateusz Michulka, Matthias Pum, Patrick Pfeiffer, Robert Schwarz, Sarah André, Sonia Hennemann, Steffen Klug, Thomas Schmitz, William Wei, and Yvonne Staack.

We also thank Barr Seitz, Cindy Van Horne, Jennifer Stetson, John-Michael Maas, Linda Dommes, Luke Collins, and Maike Moorhoff for their editorial support.

Introduction

We are excited to present McKinsey's State of Marketing Europe 2026 report, *Past forward: The modern rethinking of marketing's core*.

For this edition, we chose to adopt a wider, cross-border perspective, expanding our scope beyond Germany to take a European view. We surveyed 500 senior marketing leaders, a record for this annual report, across France, Germany, Italy, Spain, and the United Kingdom to take the pulse of their priorities and the challenges shaping today's agendas. At the heart of this report is our annual ranking of the top 20 marketing topics by importance, enriched by deeper analysis that uncovers nuanced insights. We also include case examples and perspectives across industries from the following: At Bertelsmann Media Group, we spoke with CEO Thomas Coesfeld; at Lindt & Sprüngli, we spoke with CMO Daniel Studer and Global Head of Marketing Ricardo Azenha; at Orange, we spoke with CMO Benjamin Faveris of Orange France; and at Schneider Electric we talked with Richella Odebrecht, the senior vice president of Global Marketing for Industrial Automation. We also included insights from renowned academics, including Professor Jochen Hartmann of the Technical University of Munich.

Past forward: The modern rethinking of marketing's core captures a simple dynamic—marketing leaders are returning to mastering the basics but simultaneously advancing with utilizing modern tools. They are pairing proven growth foundations such as brand and budget rigor, for example, with interactive brand building and gen AI, taking a through-cycle view on investment to stay ahead in a highly volatile market. This shift is rooted in three themes:

- **Be trusted.** Build strong brands as a steady anchor in turbulence. Trust building is changing; marketers are using authentic, interactive storytelling that fosters a two-way dialogue with customers to stand out and connect.
- **Be effective.** With ongoing economic pressure, proving impact is essential. CMOs are sharpening ROI measurement to prove marketing's value to their corporate boards and to drive continuous improvement.
- **Be bold.** Only 6 percent of European marketing leaders are mature in using gen AI, yet they report efficiency gains of more than 20 percent, which they often reinvest in growth. Despite this, most rank it last among their priorities. We believe this is a serious undervaluation. Gen AI and agentic AI are critical levers for competitiveness, and marketers must accelerate adoption by prioritizing it, experimenting at the frontier, and scaling before global peers widen the gap.

This report offers a unique opportunity to learn from Europe's top marketing decision makers. We are confident it will give readers valuable perspectives on how this critical function continues to evolve, even as it draws on its rich history.



Jesko
Perrey

Tjark
Freundt

Kai
Vollhardt

Victor
Fabius

Thomas
Bauer

Aurélia
Bettati

Inside the minds of Europe's marketing executives:

Three themes

Europe is not immune to this year's global turbulence, from navigating renewed trade uncertainty with the United States and China to battling stagnating economies in major European markets as well as declining economic and consumer sentiment indices across Europe. This has resulted in volatility and uncertainty affecting not only companies but also consumers, whose desire for stability and belonging draws them to strong, reliable brands that drive trust and affiliation.¹ At the same time, companies are looking to boost their marketing effectiveness capabilities to stay competitive and improve their performance.

Our report distills the landscape into three themes that show how European CMOs are refitting enduring priorities for today:

Be trusted puts brand strength at the center when conditions are choppy: Four of the top ten topics in this theme focus on earning and keeping trust, and the playbook is shifting towards substance over spin with authentic proof points, useful content, and interactive formats that build community and two-way dialogue.

Be effective reflects performance pressure even as marketing proves resilient and grows its relative investment: Five of the top ten priorities concern improving performance. Leaders are raising the bar on proving ROI, with sharper attribution, clearer incrementality, and faster test-and-learn cycles that demonstrate contribution to growth for the board and embed continuous improvement across the funnel.

Be bold calls for faster adoption of gen AI and agents. Only 6 percent of European marketing leaders rate their company's gen AI maturity as high, yet these front-runners already capture efficiency gains above 20 percent, which they bank or reinvest in growth. Despite this, most executives rank gen AI among the last on their agendas. We see this as a striking undervaluation of the power of gen AI. If the gap between the demonstrated power of gen AI and executives' opinion of it persists, European brands risk losing near-term efficiency gains and the long-term edge that comes from new marketing concepts and ways of working. Gen AI is among the most important levers for competitiveness, and marketers need to act with urgency by proving impact through real use cases, scaling what works, and rewiring marketing for the AI era before global peers widen the gap.

Exhibit 1 ranks the full list of 20 marketing topics cited as most important by Europe's marketing executives as they navigate this turbulent market (later in this report, Exhibit 2 sheds light on the need to act by topic, setting these priorities into perspective. For more on our research, see sidebar, "About our research" on page 8).

¹ ["An update on European consumer sentiment: Cautious, but gearing up for the holidays,"](#) McKinsey, September 5, 2025.

Exhibit 1

What's top of mind for Europe's marketing executives?

Ranking of the top 20 marketing topics by importance¹

Core report theme

● Be trusted ● Be effective ● Be bold

Top 10

- 1. Branding
- 2. Budget management
- 3. Data privacy
- 4. Authenticity
- 5. Employer branding
- 6. Marketing ROI
- 7. Connecting marketing and sales
- 8. Integrating marketing and customer experience
- 9. Agile working
- 10. Data-driven marketing

11–20

- 11. Community building
- 12. Personalization
- 13. Creative content
- 14. Sustainability-focused marketing
- 15. Channel mix
- 16. Macro developments
- 17. Gen AI and agents
- 18. Martech and adtech
- 19. Commerce media
- 20. Social media and influencers

¹Question: On a scale from 1 to 6, please rate the importance of each of the following marketing themes based on their expected relevance to your company in 2025/2026 (1 = very low importance, 6 = very high importance).

Source: State of Marketing Europe Report 2026, McKinsey, n = 500 senior marketing leaders across France, Germany, Italy, Spain, and the United Kingdom

McKinsey & Company

Theme 1: Be trusted

It may seem counterintuitive that, in an increasingly digital and personalized landscape, a “classic” topic like branding ranks first. Look closer and the logic is clear. In a period of constant disruption and rapid advances in digital and AI, CMOs are rediscovering that brand is not a relic but the bedrock of resilience and long-term growth. As tools get faster, the fundamentals matter more: trust and emotional connection become the anchor that gives customers clarity, consistency, and a sense of security.

Four of the top five priorities—branding (ranked #1), data privacy (#3), authenticity (#4), and employer branding (#5)—point to a shift from short-term activation toward long-term brand and trust building. Given its importance and the need for action to catch up to peers, this has become a critical topic for CMOs.

- **Branding (#1)** is, at its core, long-term brand building. Marketers plan to invest in distinctiveness, clear value perception, and creativity. Three trends stand out. First, interactive brand building is becoming a two-way dialogue in new formats like Audible's 2024 out-of-home campaign, using giant screens as “mass participation augmented reality” across major cities in the United States, Canada, and the United Kingdom.² Second, teams are moving from brand-only campaigns to full-funnel programs that combine long-term brand equity building with immediate sales triggers. Third, gen AI is being adopted for creative exploration and content generation, though skill and technology gaps remain (see our chapter on gen AI and agentic AI).
- Robust **data privacy (#3)** has long been a critical component of building strong, trustworthy brands, especially in Europe, where regulators have set high standards for data security since the

² Jessica Hammers, “Audible brings storybooks to life with innovative global AR campaign,” Marketing Dive, July 17, 2024.

introduction of GDPR in 2018.³ For marketing decision-makers, ensuring data privacy is not just about compliance—it is a critical cornerstone to avoid loss of trust and other damage to a carefully developed brand as customers increasingly abandon relationships with non-compliant companies. For example, one study of data breaches between 2012 and 2022 showed a subsequent average loss in market capitalization of \$1.9 billion (around 1.3 percent).⁴

- **Authenticity (#4)** is a genuine expression of a brand's values, mission, and identity through transparency and consistency that builds emotional resonance. Bottega Veneta's "Craft is our Language" illustrates the point: rather than celebrity-led work, the campaign shines a light on craft and the people behind it (for example, writers and designers), with subtle logos rather than loud slogans.⁵
- **Employer branding (#5)** remains a priority and mirrors the broader shift toward authenticity. Today's job seekers look for meaningful insights into what a company truly stands for: 83 percent of candidates read company reviews before applying for a job and higher online employer ratings significantly boost employer attractiveness.⁶ In particular, Gen Z (roughly born between 1997 and 2012) places greater value on authenticity, culture, flexibility, and purpose than on salary alone.⁷ Leading companies are moving beyond slogans to genuine storytelling and building employee advocacy.

Theme 2: Be effective

Despite concerns that marketing budgets could come under pressure due to company-wide cost-cutting programs, Europe's marketing decision-makers are signaling optimism. A significant 72 percent plan to increase their budgets (compared to 49 percent who actually did so last year, relative to sales), while 27 percent intend to keep budgets constant (versus 49 percent last year). This reflects a belief in the potential for future growth in Europe. However, this optimism comes with rising pressure from the board, as CMOs are increasingly challenged to demonstrate the value of marketing spend and operate more efficiently. Notably, five of the ten topics cited in our survey as most important by Europe's marketing executives center around proving and enhancing marketing's contribution to business outcomes, and can be further broken down into two areas:

- The interconnected topics of **demonstrating the value of marketing through budget management** (#2: sizing, allocating, and controlling marketing spend) and **ROI measurement** (#6: measuring, steering, and maximizing return of marketing activities) not only score high on importance, but the need to act. We see CMOs increasingly focused on ensuring every marketing dollar delivers measurable impact through smarter budget allocation and rigorous ROI tracking. Demonstrating marketing's contribution via robust ROI calculations is essential to create credibility across the C-suite, justifying budgets, and unlocking future growth opportunities. This works particularly well if there is a clear link to the metrics that the company is targeting overall. For example, a CFO and CMO could use the output of marketing mix modeling (an analytical tool to comprehensively evaluate media effectiveness) for joint budget and planning decisions.⁸

³ "The general data protection regulation," Council of the European Union, June 13, 2024.

⁴ Daniel Celeny et al., "Prioritizing investments in cybersecurity: Empirical evidence from an event study on the determinants of cyberattack costs," SSRN working paper, February 2024.

⁵ "Craft is our Language," Bottega Veneta, March 2024.

⁶ "The essential employer branding statistics you need to know," Glassdoor, July 21, 2025; Haitian Xie et al., *Employer reputation and the labor market: Evidence from glassdoor.com and dice.com*, working paper, May 2023.

⁷ "What is Gen Z?," McKinsey, August 28, 2024.

⁸ Aurélia Bettati, Jeff Jacobs, Kelsey Robinson, and Robert Tas, "The CMO's comeback: Aligning the C-suite to drive customer-centric growth," McKinsey, June 16, 2025.

- CMOs are also aiming to operate more effectively by *integrating marketing with sales* (#7) and *customer experience* (#8), as well as through *agile working* (#9). Two advantages come from more closely integrating the marketing, sales, and customer experience functions. First, companies can become more consistent in how their brand is portrayed, not only when sending marketing messages but also across touchpoints like product experiences and customer care. Second, it helps to limit internal friction (for example, between departments and functions) and external friction (such as with partners and agencies), enabling cost efficiencies.⁹ Additionally, CMOs are increasingly adopting agile methodologies to enhance cross-functional collaboration and respond swiftly to market changes.¹⁰

Theme 3: Be bold

While Europe's marketing decision-makers don't place gen AI and agentic AI among their top topics (#17 out of 20), the need for action suggests a very different outcome (see Exhibit 2). We believe this ranking underestimates both the urgency and the opportunity. Gen AI is already reshaping marketing economics: Gen AI leaders in our survey place it in their top five and report efficiency improvements averaging 22 percent, which they bank or reinvest in growth. Laggards, by contrast, leave it near the bottom of their agendas. If this gap continues, European brands risk ceding ground to global leaders.

⁹ Aurélia Bettati, Jeff Jacobs, Kelsey Robinson, and Robert Tas, "The CMO's comeback: Aligning the C-suite to drive customer-centric growth," McKinsey, June 16, 2025.

¹⁰ Clay Cowan, Jennifer Ellinas, and Rachael Schaffner, "When agile marketing breaks the agency model," McKinsey, September 29, 2021.

About our research

This report is based on a survey of 500 senior marketing decision-makers across France, Germany, Italy, Spain, and the United Kingdom. The research combines a standardized survey with in-depth expert interviews to capture both quantitative and qualitative insights.

The participants represent a cross-section of Europe's marketing landscape, including CMOs of multinational corporations, small- and medium-sized companies, advertising agencies, and academic thought leaders.

The companies covered in the survey span B2B (44 percent), B2C (31 percent), and B2B2C (25 percent) along 14 industries (of which the top three include telecommunications, transport and logistics, and industrials). The participants are equally distributed from the five countries where we

fielded the survey. Firms of all sizes are represented, ranging from start-ups and scale-ups with revenues less than €500 million (16 percent) to midsize firms above €500 million up to €5 billion (54 percent) and large corporations above €5 billion in revenue (30 percent).

The 20 topics included in the study were derived from interviews with marketing leaders. They cover the full spectrum of the discipline, including established fields such as brand building, emerging trends such as gen AI, and strategic approaches to operational marketing and analytics. To ensure a comprehensive view of the 2026 marketing landscape, the topics were designed to be as distinct as possible, while still reflecting relevant overlaps and interdependencies.

The critical challenge is moving beyond isolated pilots toward marketing-wide adoption that consistently creates value. **Be bold** encompasses the following four marketing topics, grouped in three areas:

- **Gen AI and AI agents** (#17). Executives generally recognize the potential of gen AI for areas such as media optimization and personalization at scale. Yet many have not matched belief with commitment. For laggards, the most common barriers are weak data and technology foundations, as well as insufficient focus on adoption and scaling. Even more advanced players often lack a clear strategy or operating model. Consumer-facing companies are more likely to lead, focusing on customer-facing applications, while B2B firms tend to restrict use to back-office efficiencies.
- Gen AI initiatives risk becoming isolated pilots with limited impact without solid data and tech foundations. Two topics in particular act as key enablers: **Data-driven marketing** (#10), and **martech and adtech** (#18). High quality first-party data, consented identity, clean rooms, and modern measurement supply the signals models need. The martech and adtech stack integrate tools and workflows so gen AI can be deployed efficiently across channels and use cases.
- Gen AI is reshaping the cost and speed curve for **personalization** (#12). True one-to-one experiences were rarely feasible at scale without gen AI as the unit cost of creating and maintaining thousands of variants, rules, and decision trees was prohibitive. With gen AI, brands can generate and adapt creative variants, assemble modular content, and orchestrate next best actions for individuals, all within brand voice and privacy guardrails.

Where action is needed: Four topics

We measured the identified need for action based on a comparison of the assessed relevance and the self-reported maturity level of each of the top 20 topics provided by the marketing executives we surveyed (Exhibit 2). What stands out is that the highest-ranking priorities also come with the greatest need for action.

Our conclusion is that when it comes to **branding**, **budget management**, and **marketing return on investment**, or **MROI**, marketing leaders are not yet satisfied with the maturity of their capabilities and will likely funnel investments going forward. Interestingly, they seem to be confident with their employer branding capability. Finally, we see a contradiction between priorities and the need for action with **gen AI and AI agents**, driven by a large majority of maturity laggards in that field that still have the ambition to catch up to leaders.

Exhibit 2

Europe's marketing executives see four topics with highest urgency to act—branding, budget management, marketing ROI, and gen AI and agents.

Need for action by marketing topic, in ranked order of topic importance¹

Need for action

- High
- Medium
- Low

1. Branding	High
2. Budget management	High
3. Data privacy	Medium
4. Authenticity	Medium
5. Employer branding	Low
6. Marketing ROI	High
7. Connecting marketing and sales	Medium
8. Integrating marketing and customer experience	Medium
9. Agile working	Medium
10. Data-driven marketing	Medium
11. Community building	Low
12. Personalization	Medium
13. Creative content	Medium
14. Sustainability-focused marketing	Low
15. Channel mix	Low
16. Macro developments	Low
17. Gen AI and agents	High
18. Martech and adtech	Medium
19. Commerce media	Medium
20. Social media and influencers	Medium
21. Gen Z	Medium

¹Action need derived by a comparison between the assessed relevance and the self-reported maturity level. Questions: On a scale from 1 to 6, please rate the importance of each of the following marketing themes based on their expected relevance to your company in 2025/2026 (1 = very low importance, 6 = very high importance). On a scale from 1 to 6, please rate your company's maturity compared to similar companies in addressing the following marketing themes (1 = very immature, 6 = very mature).

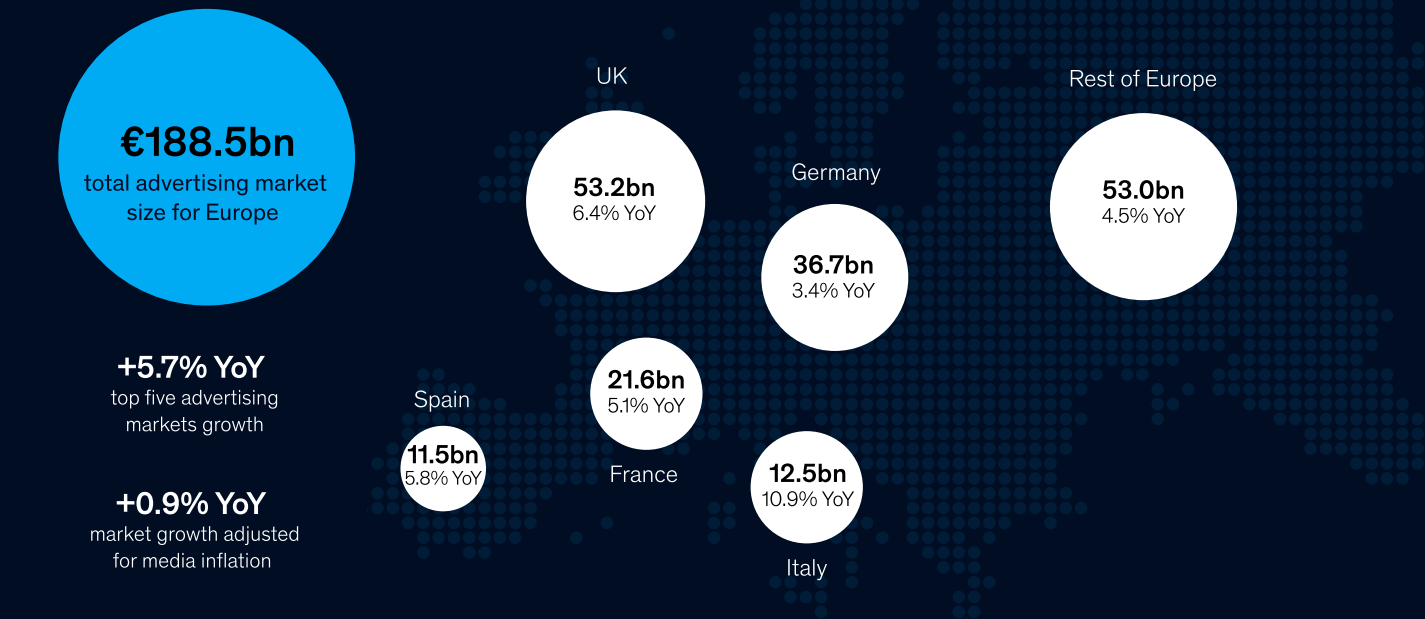
Source: State of Marketing Europe Report 2026, McKinsey, n = 500 senior marketing leaders across France, Germany, Italy, Spain, and the United Kingdom

McKinsey & Company

State of Marketing Europe: Facts and figures

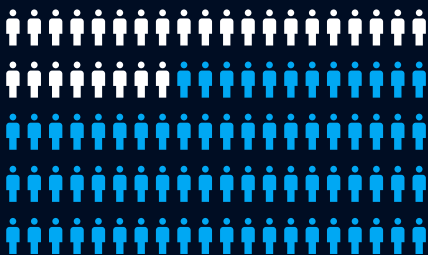
1 Europe's advertising market is expected to reach €188.5 billion in 2025, but real growth is almost flat, as rising media costs dilute increased spending.

Advertising market size and growth for Europe¹ and its top five markets, media owners' net advertising revenue, 2025, € billion



¹Includes Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovenia, Spain, Sweden, Türkiye, Ukraine, and the United Kingdom.
Source: MAGNA Global Ad Forecasts, June 2025

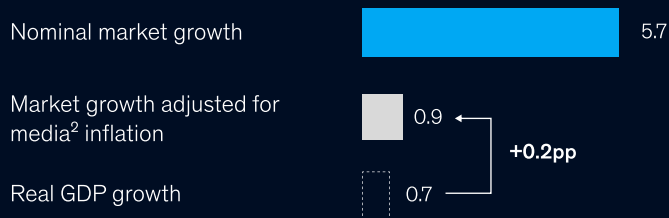
72%
of marketing leaders are expecting an increase in relative marketing spend in 2025.¹



¹Expected marketing spend as a percentage of net sales development; 2025 versus 2024.
Question: How do you expect your company's marketing spend as a percentage (%) of net sales to develop in the next year?
Source: State of Marketing Europe Report 2026, McKinsey, n = 500 senior marketing leaders across France, Germany, Italy, Spain, and the United Kingdom

Adjusted for media inflation, predicted advertising market growth is slightly above real GDP growth.

Growth of top five European advertising markets,¹ 2025 vs 2024, %



¹Accounting for ~71 percent of the European advertising market size.

²Includes TV, print, audio, out-of-home, search, social, video, and other digital formats.

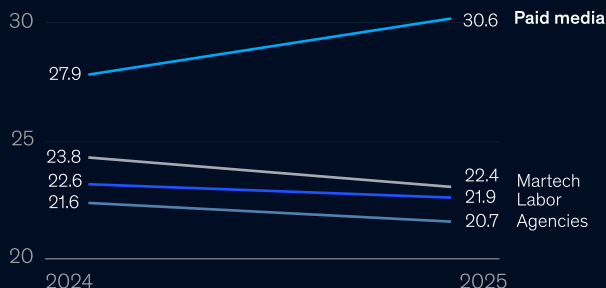
Source: MAGNA Global Inflation report, Aug 2025; Net CFM inflation forecasts, IMF World Economic Outlook, Apr 2025

2

Marketing budget allocation is shifting toward paid media, digital channels, and upper funnel.

Spend focus is further shifting toward paid media ...

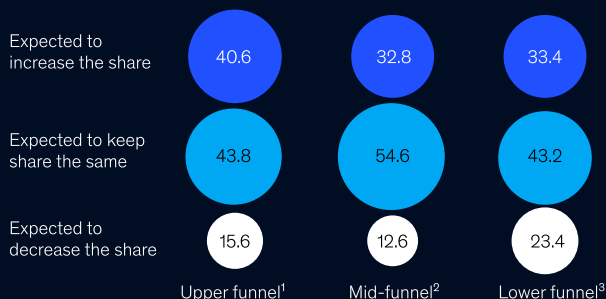
Marketing spend allocation by main spend types, 2025 vs 2024, average spend as % of total marketing expense



Note: Figures do not sum to 100%, due to "Others" category not being shown in the chart.
Question: How is your total marketing expense budget being allocated to or spent on each of the following major resource categories?
Source: Gartner CMO Survey, Mar 2025, n = 402 marketing leaders in Europe and North America

... and upper funnel spend ...

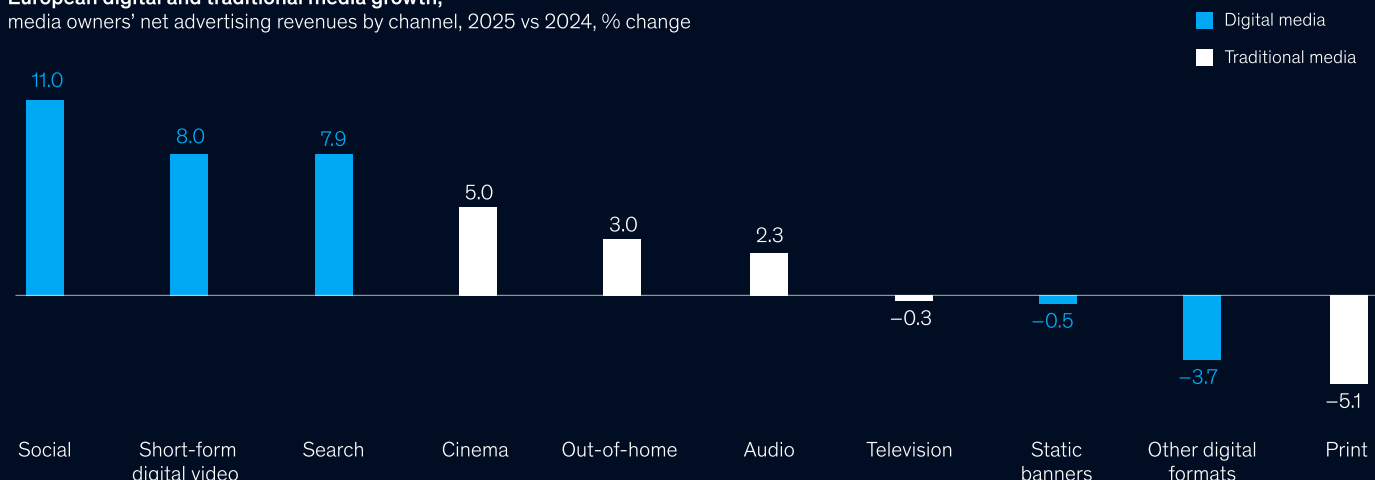
Change in marketing spend allocation across funnel stages, 2025 vs 2024, % of respondents



¹Focused on driving brand awareness and familiarity. ²Focused on driving consideration and interest. ³Focused on driving purchase/sales, conversion and loyalty.
Question: How has the distribution of your company's marketing spend as a percentage (%) of net sales changed compared to last year across the upper, middle, and lower funnel?
Source: State of Marketing Europe Report 2026, McKinsey, n = 500 senior marketing leaders across France, Germany, Italy, Spain, and the United Kingdom

... prioritizing digital channels such as social, video, and search.

European digital and traditional media growth,¹ media owners' net advertising revenues by channel, 2025 vs 2024, % change



¹Includes Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovenia, Spain, Sweden, Türkiye, Ukraine, and the United Kingdom.
Source: MAGNA Global Ad Forecasts, June 2025.

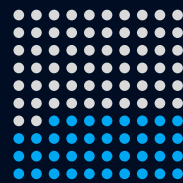
3

The size of marketing organizations is growing, but its role 'at the C-suite table' remains an underrepresented one.



Just
5%
of European marketing organizations
decreased in size ...

Question: How has the size of your company's marketing service/department evolved compared to last year?
Source: State of Marketing Europe Report 2026, McKinsey, n = 500 senior marketing leaders across France, Germany, Italy, Spain, and the United Kingdom



But
38%
of European companies don't have a
dedicated marketing leader in the C-suite.

Question: What is the most senior role that is responsible for marketing in your organization?
Source: State of Marketing Europe Report 2026, McKinsey, n = 500 senior marketing leaders across France, Germany, Italy, Spain, and the United Kingdom



Be trusted: Branding and authenticity

As customers tighten their spending amid global economic and political tensions, it is critical for brands to forge genuine connections that drive revenue, foster loyalty, and create a sustainable competitive advantage. This connection is built through active consumer engagement, moving away from traditional one-way marketing approaches. Marketers are increasingly prioritizing “interactive branding,” a strategy rooted in authenticity, which fosters a two-way dialogue with customers and ensures consistent, cohesive engagement across all channels.

At first glance, it might seem surprising that in today’s digital marketing landscape, a “classic” topic such as branding ranks as the number-one priority. But a closer look reveals why this is the case: in a time of constant disruption and digital acceleration, CMOs are rediscovering that branding is not a relic of the past, but rather the solid rock upon which to build resilience and long-term growth. The rapid evolution of AI and digital tools is reinforcing the need for marketing fundamentals (including trust and emotional connection), which have become an anchor in turbulent times, offering clarity, consistency, and emotional security to customers.

This year’s survey ranks branding and authenticity among the top five priorities for European CMOs, reflecting their critical role in driving customer engagement and business growth. Here are the definitions of *branding* and *authenticity* and why they’re important:

- **Branding** (ranked #1 among the most important topics) is the strategic process of shaping a brand’s identity, encompassing its values, messaging, and visual representation. As David Aaker, a leading authority on branding, defines it, a brand is “a set of assets (or liabilities) linked to a brand’s name and symbol that adds to (or subtracts from) the value provided by a product or service.”¹¹ A strong brand not only differentiates a company from its competitors but also fosters recognition, trust, and loyalty among customers. It creates emotional connections for both external audiences and internal stakeholders. This dual impact is reflected in this year’s survey, where employer branding is ranked #5, underscoring its growing importance for European CMOs in the competition for talents.
- **Authenticity** (ranked #4) in the context of branding designates the genuine expression of a brand’s values, mission, and identity. It involves building a meaningful connection with customers by being transparent, consistent, and true to the brand’s core principles, while remaining relatable. Authentic communication has become essential, as consumers increasingly value trust and seek deeper, more meaningful engagement with the brands they support.

This chapter examines the evolving priorities shaping the future of branding, focusing on four critical themes that enable brands to build trust and drive sustainable growth. First, long-term brand building remains a cornerstone of marketing strategy, with authenticity and creativity serving as essential tools to foster emotional connections and differentiate in competitive markets. Second, the rise of interactive branding highlights the shift toward two-way engagement, where immersive experiences and participatory formats deepen consumer relationships. Third, the integration of full-funnel, multi-purpose campaigns reflects the growing need to align brand storytelling with performance marketing, maximizing impact across the customer journey. Finally, the adoption of gen AI is transforming

¹¹ David A. Aaker, *Managing brand equity: Capitalizing on the value of a brand name*, Free Press, 1991.

branding by enabling scalable personalization and content creation, while maintaining authenticity and human oversight. Together, these themes illustrate how brands can navigate today's complex landscape to create meaningful, lasting connections with their audiences.

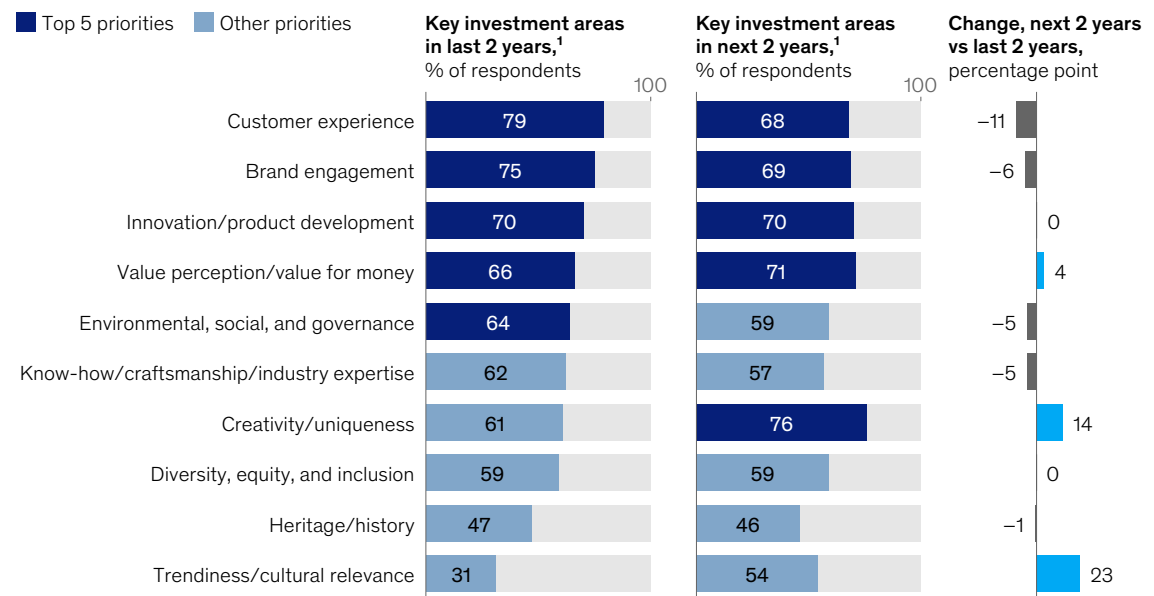
Doubling down on long-term brand building

While customer experience, brand experience and product innovation remain the foundational pillars for the European CMOs surveyed to differentiate their brands, creativity and uniqueness rise as their top investment area for the next years (Exhibit 3). Value perception emerged as a close second while trendiness and cultural relevance saw the sharpest rise in importance, reflecting a shift in brand priorities toward delivering perceived value and staying culturally relevant in the fast-moving world of social media.

Exhibit 3

Creativity and uniqueness stand out as top investment area for European CMOs to differentiate their brands.

Key investment areas for brand differentiation



Note: Figures do not sum, due to "Others" category not being shown.

¹Question: What key elements have you invested in to differentiate your brand over the past 2 years (2023–24), and which will be most crucial for differentiation in the next 2 years (2025–26)?

Source: State of Marketing Europe Report 2026, McKinsey, n = 500 senior marketing leaders across France, Germany, Italy, Spain, and the United Kingdom

McKinsey & Company

Despite budget constraints, creativity and uniqueness remain critical to stand out and build lasting awareness, credibility, and customer confidence. “Our priority is making long-term investments and building trust: customers want to know who will be there for them in the long run,” Richella Odebrecht, senior vice president of global marketing for industrial automation at Schneider Electric, said when asked about her current top marketing priorities (for more, see our interview “How Schneider Electric is building a trusted B2B brand” on page 22).

At Cannes Lions International Festival of Creativity 2025, for example, the Dove “Real Beauty” campaign won the Grand Prix in Creative Strategy, recognized for its sustained creative excellence. The campaign, first launched in 2004, challenges unrealistic beauty standards by celebrating diverse, authentic representations of women as a means to building self-esteem and redefining how beauty is seen in media and culture. It was instrumental in repositioning Dove toward a more emotionally driven and premium perception brand, and over time helped build Dove into a \$7.5 billion brand.¹²

This illustrates how creativity, anchored in authenticity and consistency, can generate measurable business impact while reinforcing long-term trust. Across sectors, about 70 percent of surveyed marketing leaders emphasized that purpose-driven, authentic brand experiences are essential for building distinctive emotional connections with customers, differentiating the brand, and driving sustainable business growth (Exhibit 4).

Charting a new era through interactive branding

Interactive branding is a dynamic strategy that fosters a two-way dialogue between a brand and its audience, encouraging participation and real-time feedback. Rather than relying on one-way promotion, brands invite consumers to co-create content, vote on product designs, or share personalized experiences through social media challenges, live events, and digital campaigns. This active involvement transforms audiences from passive observers into contributors who help shape a brand's story and image. Applied consistently across both digital and physical touchpoints, such engagement fosters stronger emotional connections and more authentic loyalty over time.

Today's marketing ecosystem is oversaturated. Consumers are exposed to anywhere from 4,000 to 10,000 advertisements daily creating noise instead of clarity.¹³ This relentless exposure fuels advertising fatigue, making it increasingly difficult for any single message to stand out. Research shows that such fatigue can cause click-through rates to drop by more than 40 percent and cost per acquisition to rise as audiences tune out repetitive messaging.¹⁴

In today's complex landscape, brands are moving beyond traditional advertising to craft distinctive and memorable experiences that foster deeper customer engagement. Marketing activations now focus on immersing audiences in the brand's universe through community-driven events, immersive technologies like VR and AR, or behind-the-scenes content that showcases the brand's authentic identity (Exhibit 5).

¹² Chris Celletti, “Dove and Ogilvy’s decades-long ‘Real Beauty’ campaign wins Creative Strategy Grand Prix,” Ogilvy, June 19, 2025.

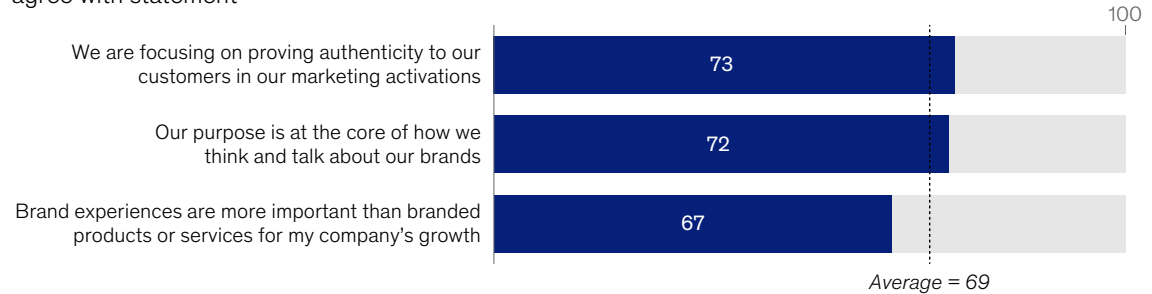
¹³ Astrid Pocklington, “Beyond the digital noise: Rethinking engagement in a saturated landscape with experiential marketing,” *Forbes*, December 17, 2024; Greg Petro, “Consumer ad overload is eroding retailers’ digital marketing efforts,” *Forbes*, November 1, 2024.

¹⁴ Madgicx blog, “How to detect creative fatigue before it doubles your ad costs,” blog entry by Yuval Yaary, September 3, 2025.

Exhibit 4

Authentic branding appears top of mind for European CMOs.

Importance of purpose-driven and authentic brand experiences,¹ % of respondents who (strongly) agree with statement



Note: Figures may not sum, due to rounding.

¹Question: On a scale from 1 to 6, to what extent do you agree with the following statements? (1 = strongly disagree, 6 = strongly agree; 5 or 6 qualified as agree.)

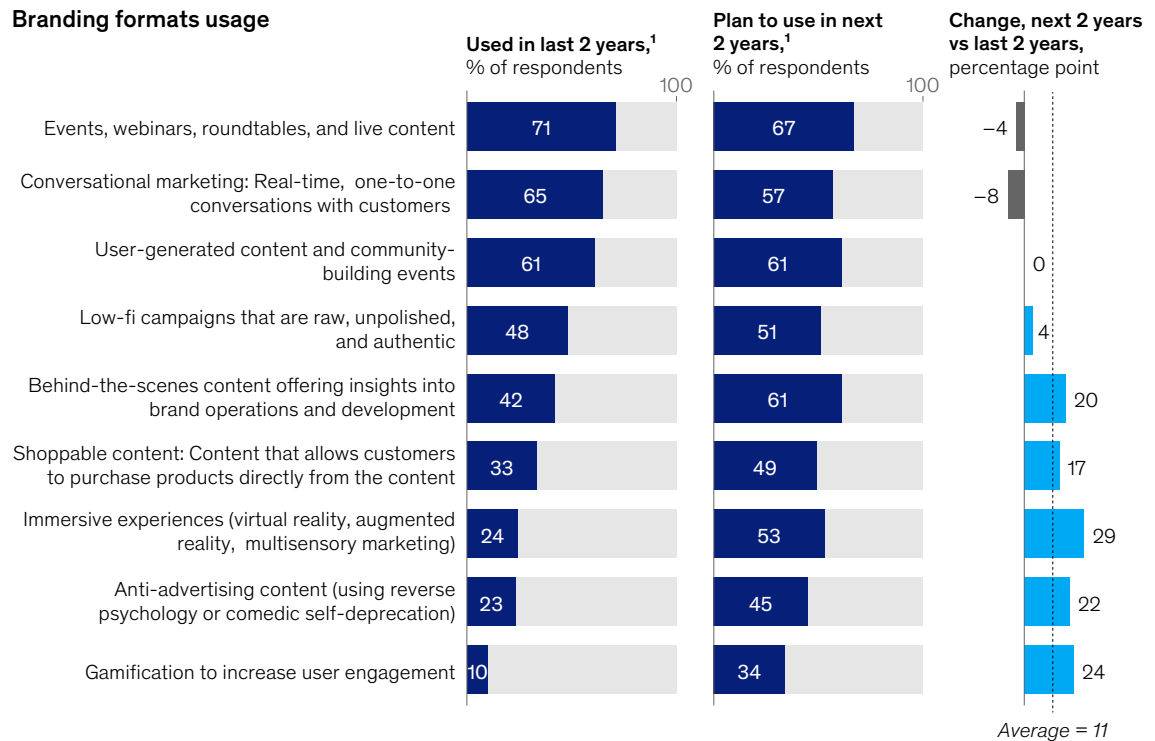
Source: State of Marketing Europe Report 2026, McKinsey, n = 500 senior marketing leaders across France, Germany, Italy, Spain, and the United Kingdom

McKinsey & Company

Exhibit 5

Interactive formats take center stage in meeting customer expectations.

Branding formats usage



Note: Figures do not sum, due to "Others" category not being shown.

¹Question: Which of the following strategies and formats did you employ in 2023 and 2024 and which do you plan to use in 2025 and 2026?

Source: State of Marketing Europe Report 2026, McKinsey, n = 500 senior marketing leaders across France, Germany, Italy, Spain, and the United Kingdom

McKinsey & Company

Examples of interactive branding are emerging across industries and delivering measurable impact on customer engagement and brand perception. One example is Coca-Cola's collaboration with Snapchat during the 2024 Paris Summer Olympics, where it introduced an AR-powered vending machine. Users interacted through body gestures and a multilingual icon-based interface to unlock drinks and exclusive merchandise. The experience delivered an average engagement time of 2.5 minutes per user and generated more than 1.7 million impressions on Snapchat—demonstrating both depth of interaction and broad digital reach.¹⁵

The luxury industry in particular has been an early mover in interactive branding. At Louis Vuitton, menswear creative director Pharrell Williams has expanded the codes of luxury by blending music, fashion, and cultural storytelling. His runway shows go beyond traditional presentations to become cultural moments, enriched with gospel choirs and trap beats. His Spring/Summer 2024 debut show on the Pont Neuf was broadcast globally, generating 775 million views on Louis Vuitton's platforms—far exceeding previous benchmarks.¹⁶ This approach fosters a more inclusive yet aspirational Louis Vuitton aesthetic that resonates with younger audiences seeking identity and community. Through collaborations, immersive pop-ups, and intentional storytelling, Williams has turned Louis Vuitton's brand into an experience where consumers feel directly engaged in the narrative. This bold new experiential lifestyle must be continuously enriched by another key driver of branding success: creativity, as exemplified over the years by the groundbreaking, fashion-redefining designs of his predecessor, the late Virgil Abloh.

In another example, Doritos launched “Triangle Tracker,” a social campaign that transformed its iconic chip shape into a viral game. Fans were invited to spot triangles in everyday life such as pizza slices and road signs and share them via a custom AR lens and the hashtag #DoritosTriangleTracker. The result? More than 4 million scans, above 40 million TikTok views, and nearly 3 billion media impressions. By blending AR, influencer marketing, and user-generated content, Doritos extended brand interaction beyond the bag and into daily culture.¹⁷

¹⁵ “Coca-Cola - The world's first AR vending machine,” Shorty Awards, accessed October 2024.

¹⁶ Joyce Li, “Pharrell Williams' Louis Vuitton debut show garnered over 1 billion views,” *Hypebeast*, July 1, 2023.

¹⁷ “Doritos creates 'triangle hunt' contest to win over Gen Z,” *Contagious*, May 23, 2023.

“

When we try to stretch the brand into new areas such as new customer segments—think younger generations and new territories further away from our core activity such as house alarms and remote monitoring—we sometimes hit roadblocks around creativity, media strategy, and budget constraints. So, one of the key questions we're grappling with is how to maintain brand coherence while speaking to new audiences.

We've also been experimenting with more interactive formats—for instance, sponsoring the first YouTube creator ever, Inoxtag, on his mission to climb Mount Everest. The project drew millions of viewers, filled cinemas, and generated extensive media coverage. Of course, initiatives like this require a careful balancing act. I mean, TV remains a trusted medium for building brand quality and trust, but it's not always the most flexible or interactive. On the other hand, digital and radio formats allow for more experimentation, but they can dilute the brand message if not executed carefully.”

— Benjamin Faveris, CMO, Orange France

Embracing full-funnel, multipurpose campaigns

With marketing budgets averaging 8.7 percent of company revenue in 2025, CMOs are under growing pressure to drive efficient growth by reallocating spend across the entire funnel, with increased emphasis on upper-funnel investment. The central challenge lies in balancing long-term brand building with short-term performance activation elements to deliver immediate revenue impact. As this competition for resources intensifies, brands are moving away from traditional one-off campaigns (typically focused on a single funnel stage, with narrow objectives and limited channels) toward multipurpose, full-funnel activations that integrate marketing and sales. In Europe, 71 percent of CMOs report adopting such integrated campaigns in 2025, a shift of nearly 30 percentage points from prior years (Exhibit 6).

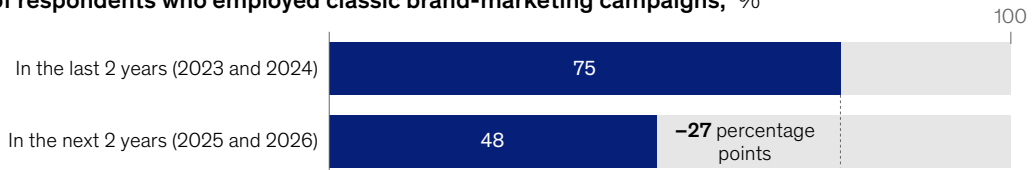
These campaigns often merge brand storytelling with conversion tactics. In 2025, Coca-Cola transformed its iconic “Share a Coke” campaign into a full-funnel activation blending awareness, engagement, and conversion. Personalized bottles and cans sparked social sharing, QR codes led to interactive digital experiences, and live-streamed events with influencers drove purchases. This integrated approach seamlessly combined brand storytelling with performance tactics, turning everyday interactions into measurable engagement and sales.¹⁸

¹⁸ “Iconic ‘Share a Coke’ is back for a new generation,” The Coca-Cola Company, March 26, 2025.

Exhibit 6

Multipurpose, full-funnel campaigns are replacing the traditional playbook.

Share of respondents who employed classic brand-marketing campaigns,¹ %



Share of respondents who (strongly) agree with statement,² %



¹Question: Which of the following strategies and formats did you employ in 2023 and 2024 and which do you plan to use in 2025 and 2026?

²Question: On a scale from 1 to 6, to what extent do you agree with the following statements? (1 = strongly disagree, 6 = strongly agree; 5 or 6 qualified as agree.)
Source: State of Marketing Europe Report 2026, McKinsey, n = 500 senior marketing leaders across France, Germany, Italy, Spain, and the United Kingdom

B2B marketers are also adopting and adapting consumer-facing formats to drive deeper engagement, from immersive experiences to shoppable and behind-the-scenes content.¹⁹ The use of proven B2C tactics by business-facing marketers is set to increase faster than the sample's average by more than 20 percentage points in 2025 and 2026 (Exhibit 7). For example, Slack actively promotes humor as part of its workplace culture, and mirrors this in its marketing strategy.²⁰ Its social content uses sincere takes on meetings and collaboration to convey authenticity and make the brand feel approachable, something not typically expected from a B2B brand.

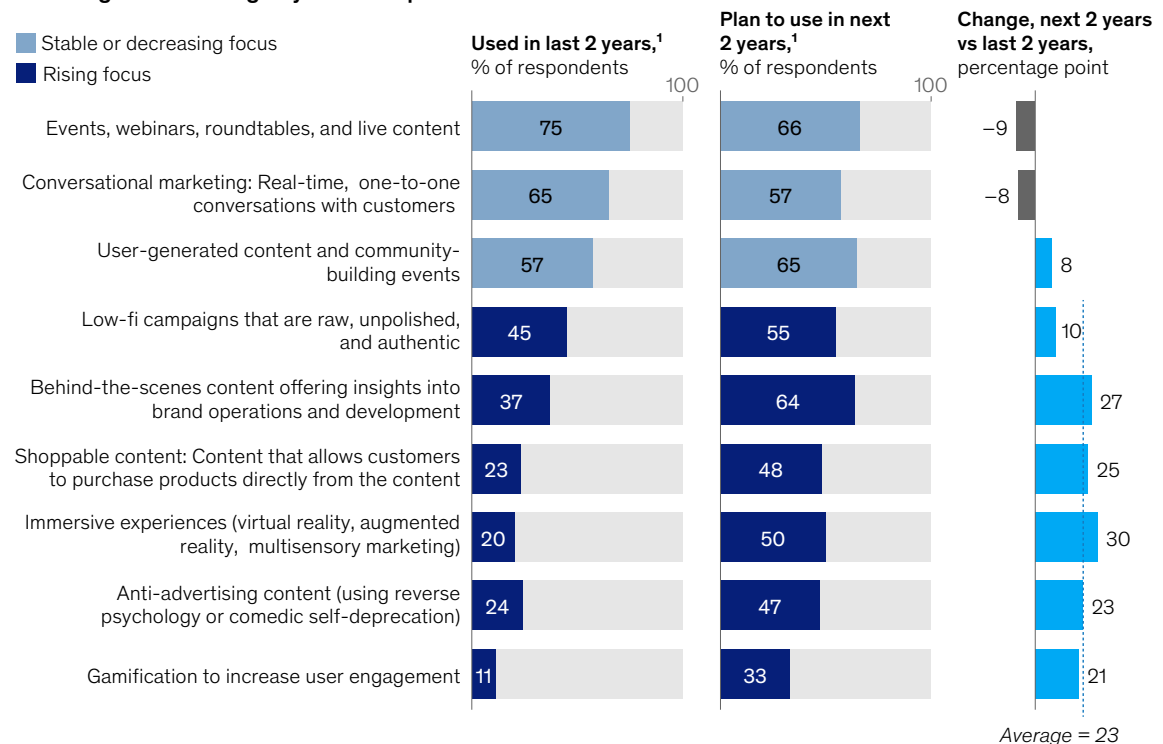
¹⁹ "How B2B companies can create a more consumer-like business experience," *Forbes*, October 3, 2024.

²⁰ "How we work with humor," Slack; "Social media in B2B marketing: Lessons from Slack social media strategy," Yaabot Media, September 28, 2024.

Exhibit 7

B2B brands are adopting and adapting B2C formats to drive deeper engagement.

Branding formats usage by B2B companies



Note: Figures do not sum, due to "Others" category not being shown.

¹Question: Which of the following strategies and formats did you employ in 2023 and 2024 and which do you plan to use in 2025 and 2026?

Source: State of Marketing Europe Report 2026, McKinsey, n = 500 senior marketing leaders across France, Germany, Italy, Spain, and the United Kingdom

McKinsey & Company

Overcoming branding challenges by adopting gen AI and agentic AI

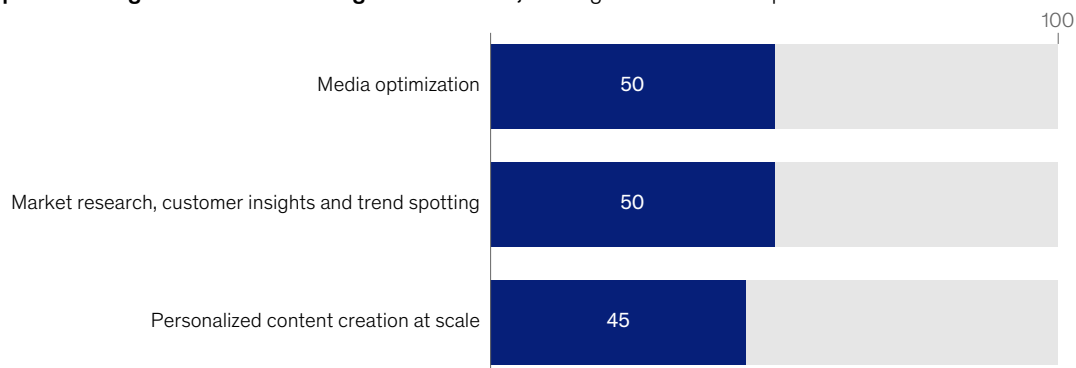
While marketing leaders are embracing this era of interactive branding, many still lack a clear strategy and struggle to execute their ambitions. We found 47 percent of European CMOs cited the need for a clearer brand strategy incorporating these formats, while 41 percent pointed to skill gaps within their organization for designing and launching such initiatives and 40 percent still needed to understand how to measure ROI effectively.

To address these challenges, growth leaders are leveraging gen AI to amplify rather than replace human ingenuity. Leading brands focus on the smart, analytical use of gen AI capabilities to optimize media, enhance customer insights, spot trends more quickly, and produce personalized content at scale, while safeguarding consumer privacy. Yet, human talent remains critical for crafting truly creative and resonant content (Exhibit 8).

Exhibit 8

Gen AI raises the creative floor—and the bar.

Top 3 current gen AI use cases for growth leaders,¹ % of growth leader respondents



Irreplaceability of human creativity,² % of respondents who agree with statement



¹Growth leaders defined as players with annual revenue growth >5%. Question: For which of the following marketing use cases is your company already using gen AI? (Multiple selections.)

²Question: To what extent do you agree with the following statements? (5 = agree; 6 = strongly agree.)

Source: State of Marketing Europe Report 2026, McKinsey, n = 500 senior marketing leaders across France, Germany, Italy, Spain, and the United Kingdom

Conclusion: Building emotional relevance and trust in a transformative era

As gen AI increasingly shapes consumer decision-making, the role of brands is shifting from providing functional benefits to fostering emotional relevance and trust. While algorithms take over tasks like product comparison and efficiency, emotional attachment and authenticity will become the primary drivers of brand value. “Credibility, confidence, and trust are key, and the best way to achieve that is through strong customer references and standout campaigns,” Schneider Electric’s Odebrecht said.

To thrive in this new landscape, brands must prioritize authenticity, creativity, and emotional resonance. Long-term brand building remains essential, as seen in campaigns like Heinz’s “It has to be Heinz,” which leveraged heritage and consistency to reignite consumer love.²¹ Interactive branding strategies demonstrate how two-way engagement can deepen connections, while full-funnel campaigns show how storytelling and sales activation can work together to drive both awareness and conversion.

Gen AI offers new opportunities to scale personalization and content creation, but its success depends on human oversight to ensure alignment with brand values, identity, and tone. In a world where functional benefits are increasingly commoditized, brands that focus on emotional relevance and trust will secure a sustainable competitive advantage. By anchoring their strategies in authenticity, creativity, and purpose, they can build lasting connections that resonate with both consumers and the algorithms shaping their choices.

Interview: How Schneider Electric is building a trusted B2B brand

Schneider Electric is a French multinational company specializing in digital automation and energy management. Richella Odebrecht, its senior vice president of global marketing for industrial automation, leads global marketing strategy with a focus on digital transformation, industrial innovation and sustainability. She has more than two decades of international leadership experience across the energy, construction, and industrial sectors, having held senior marketing and communication roles at ABB Group, LafargeHolcim, and the Linde Group. This interview has been edited for clarity and length.

McKinsey: What are your top three marketing priorities for 2026?

Richella Odebrecht, Schneider Electric: Our first priority is building brand presence. We’re working to create a stronger association in customers’ and influencers’ minds of Schneider as an industrial automation player with a distinct vision for shaping the industry. This business is about making long-term investments and building trust and customers want to know who will be there for them in the long run.

Our second priority is having relevance and presence in core segments. We’re being very specific about which segments we want to win in, what our value proposition is, and how we demonstrate depth and relevance to customers’ needs and ambitions. Customers in this space tend to stick with their current suppliers, so we need to be focused and highly targeted with a credible pitch.

Our third priority is the visibility of our product portfolio. We have a strong product lineup, but we need to ensure it’s visible in the right places, whether that’s at trade shows, through distributors and e-commerce, or in other channels.

²¹ Eliza Williams, “How Heinz used creativity to reassert its OG status,” *Creative Review*, September 6, 2023.

McKinsey: How has your approach to brand building evolved in recent years?

Richella Odebrecht: We have built a strong positioning in sustainability. What we realized is that we were less visible with our industrial automation portfolio. Since then, we've made a concerted effort to strengthen our presence in this area. We've also worked to connect the dots between automation, electrification, and digitalization, through the lens of our customers' needs and industries. Another focus has been bridging the gap between global and local activities, where we had been falling short in making global campaigns relevant to local markets. Now, we are aligning business and market priorities up front for a more cohesive strategy, shared ambitions, and clarity of resources, and we are shifting more and more to global and local co-creation within our teams.

McKinsey: Our survey suggests that creative content has become less of a priority for CMOs than it once was, reflecting a noticeable shift in focus. How do you see this playing out at Schneider?

Richella Odebrecht: We are competing for attention—not just against direct competitors but against a lot of noise. What we are all wired to seek is emotional connection, relevance, and personal benefit, even in a B2B context. It's surprising to see creativity deprioritized. I would argue the opposite: Creativity is even more critical to stand out, to be distinct and differentiated.

It's not just about consistency; it's about instilling credibility, confidence, and trust by creating a vibe or feeling that sticks with people and creates brand salience. In B2B, that's even more important: Only 5 percent of buyers are actively shopping in the market, yet 80 percent have a vendor in mind before researching, and 90 percent of those will choose one from that list. We need to make sure we're one of them.

For example, we are positioning our brand around being “better, bolder, faster through automation.” In the US, we partnered with agencies to pilot a campaign that is simple but has swagger, speaks to the outcome and benefits of the technology without talking about the products, and focuses on creating a feeling—a desire to be that person—rather than just delivering a message. It has so far achieved record awareness and digital traction, showing that B2B marketing can be fun, emotional, and unconventional. Internally, it hit the emotional angle so well that it became more than a marketing initiative, it became a declaration of what we can do when we team up to win for our customers, hitting the sweet spot where the lanes of marketing and sales teams merge.

McKinsey: We're seeing B2B marketers adopt B2C approaches like storytelling and community engagement. How is Schneider leveraging these tactics?

Richella Odebrecht: We use storytelling to uncover the *why* and *how*. It is easy to list features, but telling the story of why a customer chose a technology and how it helped them reach their ambitions brings complex technologies to life in ways that are relatable and inspiring. Like creativity, storytelling is a vehicle to deliver the core message and, most importantly, make it memorable.

Working with industry influencers, including our own experts, partners, customers, and communities, flows in a similar vein. They are an important extension of how we engage with the market and build trust. We see the highest impact when it is bi-directional and down to Earth, so a lot of this is about listening on our side as well.

We just hosted a customer, influencer, and media site visit that was inspired by an open question and an honest answer during a roundtable earlier this year. This translates into social and online platforms, too, with LinkedIn and WeChat being the most widely used. Finding the right balance between scale, consistency, and authenticity is not easy. One way is to differentiate where employees are a channel for the same message versus showing up as experts with their own voice, which means creating bespoke content. Both have their merits, and it depends on role, time, and intent.

McKinsey: What trends do you think will shape B2B marketing in the next two to three years? How will this impact you as a CMO?

Richella Odebrecht: AI for sure. Speed is a big challenge, and AI now plays a significant role in addressing this by increasing efficiency and helping with content creation, brand tone, and editorial work. A next frontier will be using AI to pair market and customer intelligence with marketing actions, to broaden how customers interact with the brand. That means moving from mapped journeys to non-linear personalized moments, based on engagement behavior, interactions, and on sensing needs and buying signals.

It takes time to train tools and teams, but I can see the shift from intrigue toward mastery. We are discovering every day how to get better results, internally and with our agency partners, and the potential is huge and exciting. The focus now needs to go from which model or tool to use to how to scale adoption and proficiency.

Then there is the growing influence of AI and technology on customers' research, self-education, and pre-qualification. We need to rethink how we support and simplify customers' decision process. It further amplifies the importance of being a known and trusted brand and of user-generated content (UGC), as several models prioritize these sources. While UGC isn't as prevalent in B2B, there's a big opportunity here to engage with communities and encourage advocacy. We also need to evaluate whether traditional websites will still be effective or if they're too slow and static for today's needs and evolving user expectations.

Beyond gen AI, there is the big demographic shift in the workforce with diverging expectations toward technologies and user experience. We need to find ways to be relevant to and influence multiple generations of users and decision-makers simultaneously, to be attractive across age groups, with our portfolio and our marketing.

Richella Odebrecht is the senior vice president of global marketing for industrial automation at Schneider Electric.

Comments and opinions expressed by interviewees are their own and do not represent or reflect the opinions, policies, or positions of McKinsey & Company or have its endorsement.



Be effective: Marketing ROI and budget management

Despite concerns that marketing budgets could come under pressure from company-wide cost-cutting programs, the participating European CMOs signaled optimism in our survey. A significant 72 percent plan to increase their relative marketing spending in 2025 (compared to 49 percent who actually did so the previous year), while 27 percent intend to keep spending constant (versus 49 percent actually doing so in 2024). This indicates a belief in the potential for growth in Europe. However, this optimism comes with pressure from the board, as CMOs are increasingly challenged to demonstrate the value of marketing spend and operate more efficiently. Notably, five of the ten topics cited as most important by the CMOs surveyed center around proving and enhancing marketing's contribution to business outcomes.

Aligned with their primary objective for 2025—achieving profitable growth—the participating marketing executives focus on driving marketing efficiency gains and re-investing freed-up spend into activities with higher effectiveness. This is enabled by two principles:

- **Budget management** (ranked #2 among the most important topics) is about strategically planning and allocating, as well as monitoring marketing spend. It aligns investments with marketing objectives and helps continuously optimize and adapt them to changing insights and market conditions.
- **Measuring the financial return from marketing activities, the MROI**, ranked sixth among respondents. It helps to create transparency and accountability for the value delivered by marketing activities, enabling a sufficient and optimized spend allocation in the future.

Marketing budget management to drive profitable growth

The European CMOs surveyed are focused on profitable growth. When asked which main objectives their companies were pursuing with their marketing activities, 60 percent named profit growth among their top three. Yet revenue growth remains a close second and was the most frequently cited number-one goal, while market share growth was third. These three goals were cited significantly more than any others (Exhibit 9).

Given the strong focus on profitable growth in a challenging and uncertain external environment, it may seem logical to anticipate cuts in marketing budgets. But while there have been suggestions that may happen—one report found around 54 percent of marketers were either likely or very likely to reduce advertising spending in 2025—there have also been forecasts that absolute advertising spending will maintain the upward momentum of 2024, albeit at a slower pace, or anticipating at least stable budgets relative to sales throughout 2025.

Our survey found virtually all participating CMOs were inclined to take a through-cycle investment perspective that balances profit and revenue ambitions. Just 1 percent of respondents expect their marketing budgets to decline relative to sales: 72 percent believe they will grow while 27 percent of CMOs surveyed said they would at least remain stable (Exhibit 10). Still, there are decision-makers in addition to CMOs involved in final budget decisions (especially the CFO and CEO) and we surveyed for budgets in relation to net sales and not total budgets, hence expectations might be slightly optimistic. However, our research indicates that investing in marketing to drive growth during tough economic times can result

in above-market total shareholder returns, while cutting spending in downturns may dampen stock price performance.²²

It's not a new approach: At the start of the Great Depression in 1929, Kellogg's and Post dominated the US cereal market. While Post cut spending and marketing budgets to preserve earnings, Kellogg's doubled down on advertising and launched new products. By 1933, Kellogg's profit had increased by 30 percent as it dominated the industry, while Post's position was sustainably weakened.²³ Similarly, United Airlines launched its biggest advertising campaign in a decade during the COVID-19 pandemic, even though air travel was still in recovery. Data from the US Bureau of Transportation Statistics shows that United achieved significant growth in passenger miles flown (up nearly 8 percent) and market share (up one percentage point) in 2023 compared to 2019.²⁴

²² Julien Boudet, Marc Brodherson, Kelsey Robinson, and Eli Stein, "Beyond belt-tightening: How marketing can drive resiliency during uncertain times," *McKinsey Quarterly*, June 26, 2023; Barbara Deleersnyder et al., "The role of national culture in advertising's sensitivity to business cycles: An investigation across continents," *Journal of Marketing Research*, January 2007.

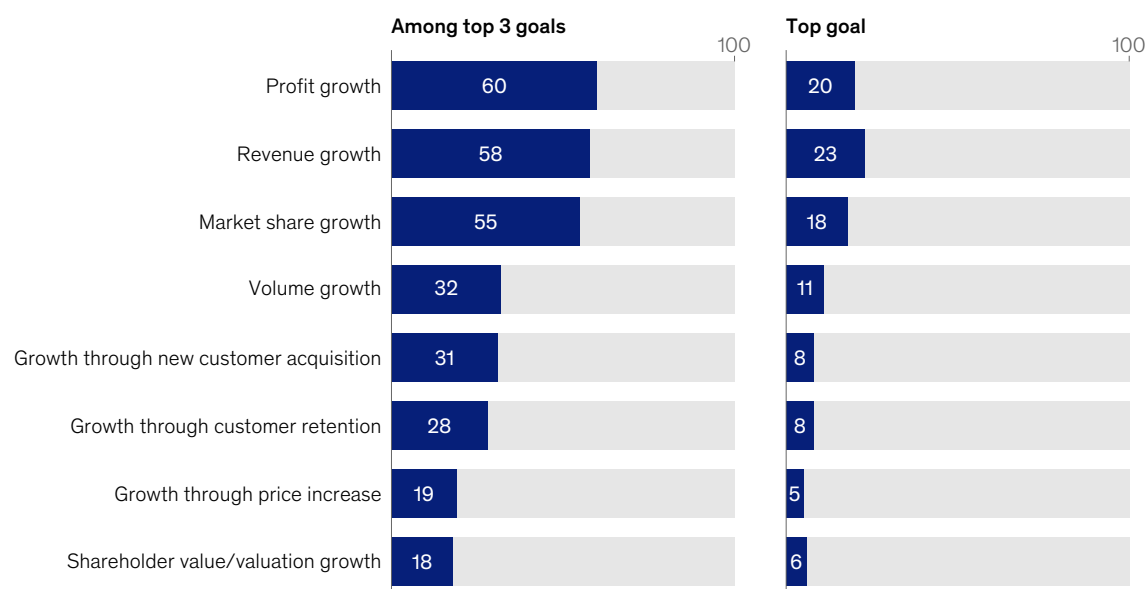
²³ James Surowiecki, "Hanging Tough," *New Yorker*, April 13, 2009.

²⁴ Airlines Rankings, US Bureau of Transport Statistics (2023, 2019); Julien Boudet, Marc Brodherson, Kelsey Robinson, and Eli Stein, "Beyond belt-tightening: How marketing can drive resiliency during uncertain times," *McKinsey*, June 26, 2023.

Exhibit 9

Profit, revenue, and volume growth are far and away European CMOs' main focus.

Ranking of most frequent goals for marketing-driven growth,¹ % of respondents



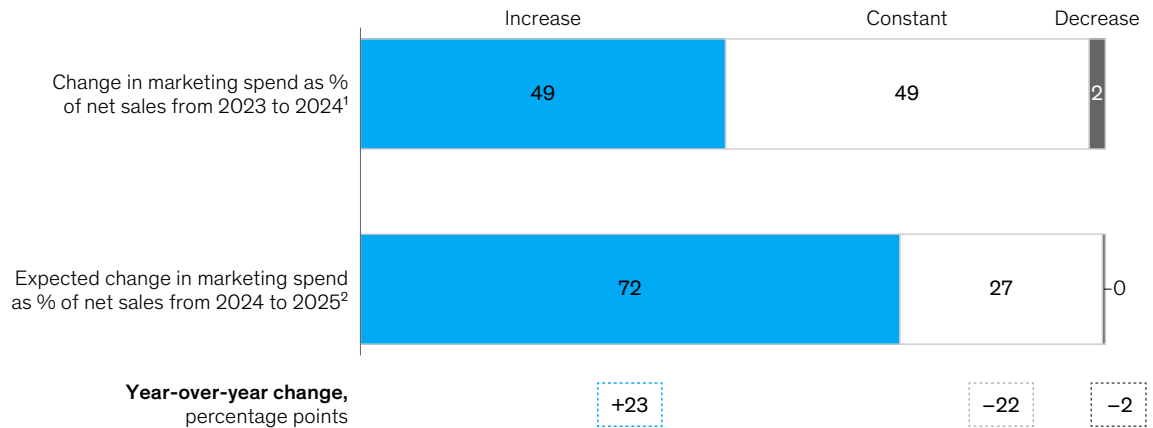
¹ Question: What are the key objectives your company is focusing on to generate marketing-driven growth? (Ranking of top 3 goals.)

Source: State of Marketing Europe Report 2026, McKinsey, n = 500 senior marketing leaders across France, Germany, Italy, Spain, and the United Kingdom

Exhibit 10

Some 99 percent of European CMOs surveyed expect relative marketing spend to remain steady or grow in 2025.

Relative marketing spend development for 2024 and 2025, % of responses



Note: Figures may not sum to 100%, because of rounding.

¹Question: How has your company's marketing spend as a percentage of net sales changed over the past year?

²Question: How do you expect your company's marketing spend as a percentage of net sales to develop in the next year?

Source: State of Marketing Europe Report 2026, McKinsey, n = 500 senior marketing leaders across France, Germany, Italy, Spain, and the United Kingdom

McKinsey & Company

Investing in profitable growth

With marketers anticipating increased marketing spending, investing these funds should be clearly linked to the goal of profitable growth. Indeed, the biggest investment priorities named in our survey either directly enable budget management and MROI measurement or strongly reflect the drive for efficiency gains and effective marketing activities.

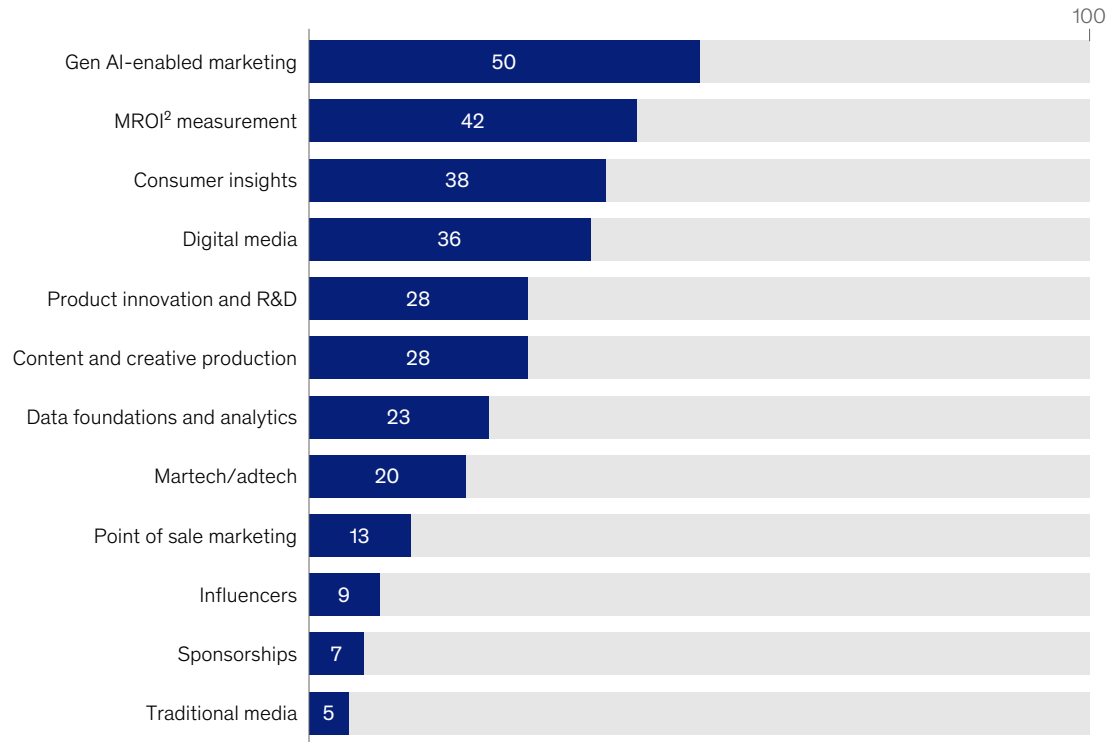
That is captured in our finding that gen AI-enabled marketing is the top category for increased investment. This may come as a surprise, as gen AI only ranks 17th among the most important marketing topics in our survey this year. The fact that respondents indicated that gen AI-enabled marketing is a high priority for greater investment may be partly attributable to the relatively low spend base for it today. This would imply a higher chance of increased spend in the future. Depending on the use case, the technology can drive greater efficiency (for example, through faster and more efficient content creation or reduced market research expenses), grow effectiveness of measures (such as the automated creation and deployment of personalized content) and directly enable MROI measurement and budget management (through the analysis of campaign performance and suggested changes toward greater ROI channels, for instance).

The second most cited area for increased marketing spending was directly improving MROI measurement capabilities, which enables CMOs to demonstrate the value of marketing and to allocate resources accordingly. Consumer insights ranked third among priorities for greater investment, which supports effectiveness by deploying more targeted consumer-facing initiatives and increasing conversion rates (Exhibit 11).

Exhibit 11

Surveyed marketers aim to increase investment in areas that clearly link to improved efficiency and effectiveness.

Key areas for increased marketing spend,¹ % of respondents mentioning among top 3



¹Question: Where do you expect the greatest increase in marketing-related spend over the next year? (Ranking of top 3 areas.)

²Marketing return on investment.

Source: State of Marketing Europe Report 2026, McKinsey, n = 500 senior marketing leaders across France, Germany, Italy, Spain, and the United Kingdom

McKinsey & Company

Managing marketing budgets to drive profitable growth

While marketing spending is expected to be resilient over the next two years, pressure remains on CMOs to prove the value of marketing investments. CEOs and CFOs often demand evidence of marketing being more than a cost center and that it contributes to key business objectives, as custody over customers becomes more fragmented and other functions are increasingly involved in customer journeys. The implementation of stringent MROI measurement systems is a critical step in quantifying and proving the value of marketing, but this must not happen in a vacuum. Close alignment between CMO and CFO is

needed to ensure that MROI metrics clearly link to the overall corporate goals, ensuring marketing is contributing directly to the KPIs that matter and making the rest of the C-suite aware of that.²⁵

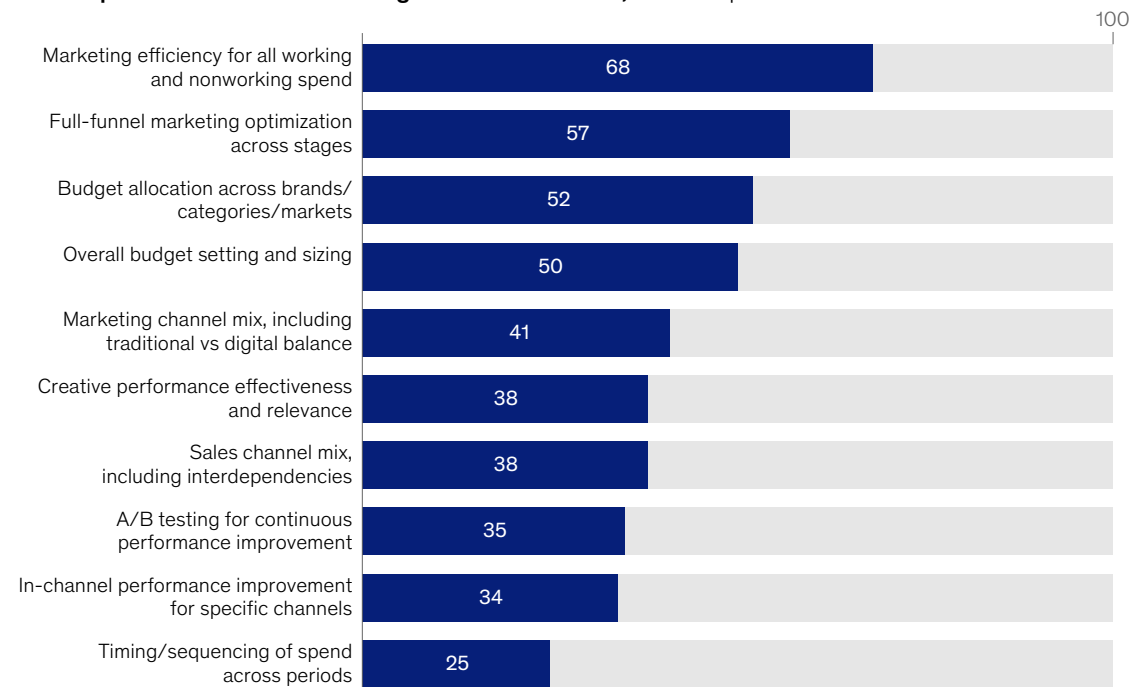
When asked to identify the most important MROI measurement areas, marketing efficiency was the clear leader, while the next three topics also address the question of how to spend for maximum impact. Notably, holistic measurements carry more weight among survey participants compared with more targeted or specialized perspectives such as the performance of individual channels or spreading spend over time. This lower stated importance of more targeted or specialized perspectives may be because these areas represent more operational tasks that are less directly relevant to CMOs (Exhibit 12).

²⁵ Aurélie Bettati, Jeff Jacobs, Kelsey Robinson, and Robert Tas, "The CMO's comeback: Aligning the C-suite to drive customer-centric growth," McKinsey, June 16, 2025.

Exhibit 12

Marketing efficiency is the most important area of marketing ROI measurement.

Most important areas for marketing ROI measurement,¹ % of responses



¹Question: What are the most important MROI measurement areas for your company today? (Up to 5 selections.)

Source: State of Marketing Europe Report 2026, McKinsey, n = 500 senior marketing leaders across France, Germany, Italy, Spain, and the United Kingdom

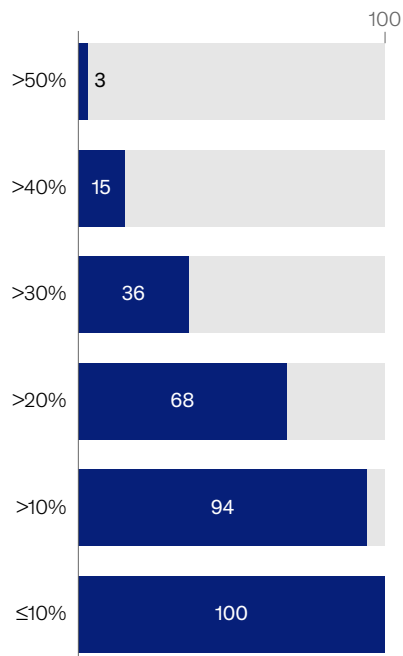
Facing obstacles in holistic MROI coverage

Given the relevance of MROI, most respondents have set up some form of MROI measurement system, with more than 90 percent able to explain at least 10 percent of spend through MROI measurement. Yet that means as much as 90 percent of spending is not covered by MROI measurement, despite its importance. And we found just 3 percent of respondents were able to explain more than 50 percent of their marketing spend through MROI measurement. But expanding MROI measurement is obstructed by persistent challenges. Survey participants cited data limitations and insufficient measurement capabilities as the most common barriers to achieving greater transparency and accountability, but they also noted a lack of strong organizational interlinkages (Exhibit 13).

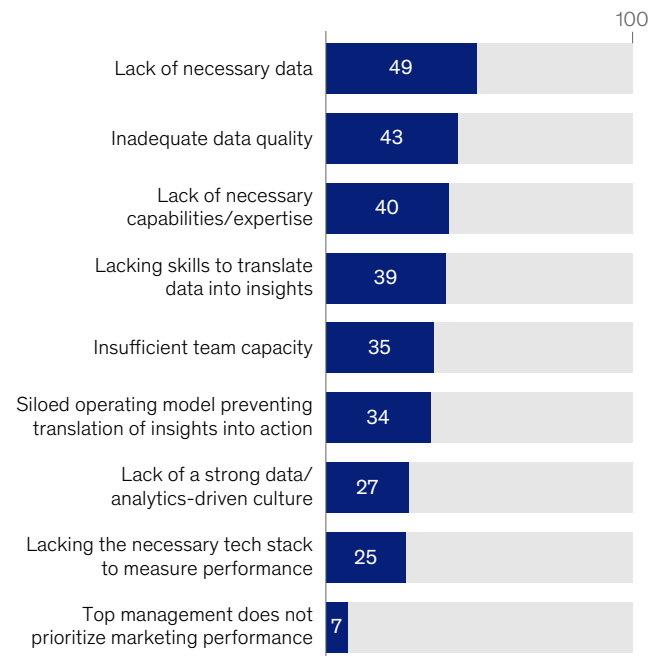
Exhibit 13

Few companies can cover more than a minority of their marketing spending through marketing ROI measurement.

Share of marketing spend covered by MROI measurement,¹ % of respondents



Key obstacles for MROI measurement,² % of respondents



¹Question: What share (%) of your marketing spend is explained through marketing return on investment (MROI) measurement?

²Question: What are the main factors limiting your company's maturity in MROI measurement? (Ranking of top 3 factors.)

Source: State of Marketing Europe Report 2026, McKinsey, n = 500 senior marketing leaders across France, Germany, Italy, Spain, and the United Kingdom

Some of these issues are exacerbated by recent developments in MROI measurement that pose new requirements for data and capabilities: While marketers once relied more on deterministic attribution (such as attributing a click on a Facebook ad directly to a purchase), increasing privacy regulations have limited this one-to-one tracking, which (while intuitive) also systematically undervalues upper-funnel and cross-channel effects. Best-in-class marketers are embracing probabilistic measurement methods that estimate the incremental impact of marketing through statistical modeling. In practice, this often means combining marketing mix modeling (MMM), which applies statistical methods to estimate the contribution of each marketing channel, with lift studies, which validate marketing incrementality through controlled experiments. Especially when combining outputs from both MMM and testing, marketers gain a more accurate and holistic view of true incrementality, unlocking the insights required by the CMO to maximize growth through data-driven decision-making.

“

Budget allocation has always been a critical focus for us, and we've made significant strides in recent years. In the past couple of years, we've invested heavily in marketing mix modeling (MMM), which has allowed us to bring transparency and facts to the discussion. MMM allows us to measure the granular impact of different levers—whether it's communication, distribution, or pricing—and has been transformative in helping us justify marketing investments to the finance team or rebalance budget from one department to another.

We've also started using micro-measurements and micro-tests to understand what drives business outcomes. For instance, we can now pinpoint the exact value of a promotion at a specific time of year. This level of granularity has been a game-changer to optimize our marketing tactics and proves the ROI of the investment we receive.”

— Benjamin Faveris, CMO, Orange France

Establishing the right operating model for MROI

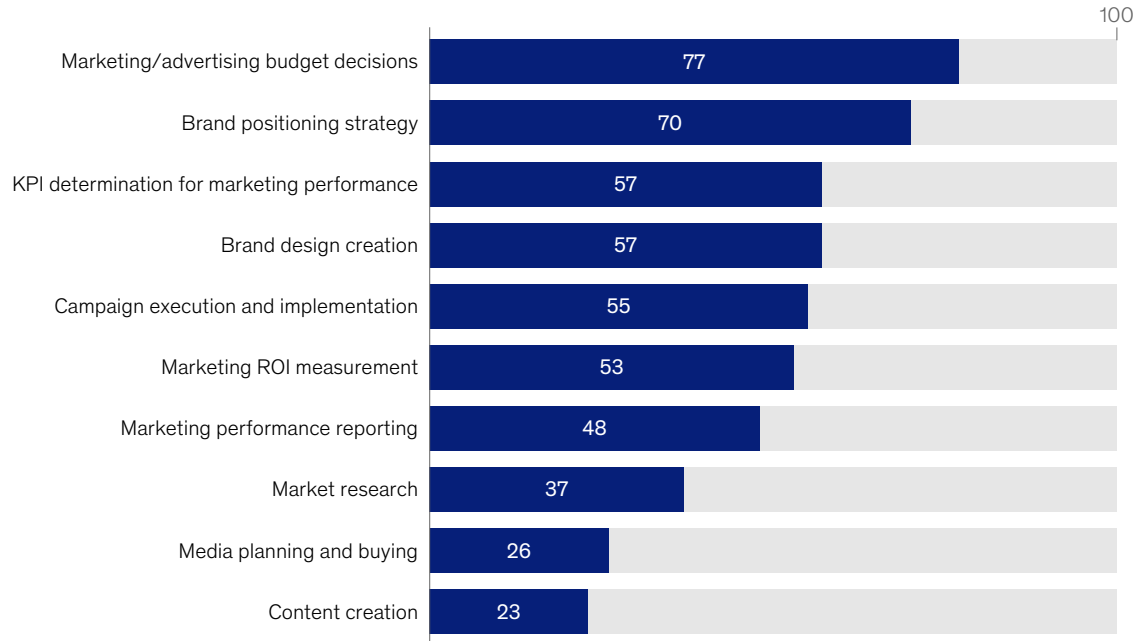
A suitable operating model for MROI is required to obtain the right insights in the right quality, as well as the right backers to support its implementation. Leading marketers typically operate with a centralized marketing measurement center of excellence that owns the relevant data and measurement tools, establishes measurement guidelines and KPIs, and acts as thought leader within the organization (“owners”). Execution is often decentralized, either in dedicated data and analytics squads or directly in the respective channel teams (“doers”). Finally, consistent upskilling across the entire organization (even beyond marketing) is required to ensure all relevant stakeholders have the required capabilities to leverage measurement insights to inform business decisions (“users”).

Our survey indicates that KPI determination is done centrally in around 60 percent of cases. While certain secondary indicators can be set by individual teams, key goals and standards that ultimately also feed into the finance function are best defined centrally (Exhibit 14).

Exhibit 14

Budget decisions, brand positioning strategy, MROI measurement, and brand design creation are centralized in most organizations.

Centralization of marketing activities,¹ % of respondents



¹Question: Which of the following marketing activities are centralized (primarily decided or managed at the corporate/headquarters level) in your company?
Source: State of Marketing Europe Report 2026, McKinsey, n = 500 senior marketing leaders across France, Germany, Italy, Spain, and the United Kingdom

McKinsey & Company

Also, though we have noted the importance of C-suite alignment at the beginning of this sub-chapter, our survey shows only about half of Europe's CMOs (strongly) agree that regular collaboration with the CFO takes place.²⁶ Implementing such exchanges on MROI metrics and strategic priorities, among other issues, can be mutually beneficial. On the one hand, it may provide greater legitimacy for the impact of marketing and help to secure more budget while, on the other, making sure that marketing drives those initiatives that really matter to the whole C-suite.

²⁶ Question: "To what extent do you agree that the following conditions currently exist in your company? We have collaboration between our CFO and CMO, ensuring alignment on marketing KPIs and a shared understanding of MROI and long-term growth," State of Marketing Europe Report 2026, McKinsey, n = 500 senior marketing leaders across France, Germany, Italy, Spain, and the United Kingdom.



We've begun integrating marketing, sales, and customer experience more closely, but it's still a work in progress. One area where we've seen success is using MMM to align marketing and sales efforts. For example, we can now model the impact of opening a new store or running a specific promotion on sales performance. But there's still work to be done in structuring our data and processes to fully leverage these insights. We're also exploring agile ways of working, but it requires a cultural shift that takes time to implement."

— Benjamin Faveris, CMO, Orange France

Conclusion: Focusing on three strategic pillars to drive profitable growth

Marketers are proving confident in the resilience of their budgets but they remain aware of the challenging environment and are putting efficiency and effectiveness first. Driving profitable future growth demands marketers prioritize three strategic pillars:

1. Enhancing MROI measurement by establishing a holistic marketing measurement ecosystem across four areas:
 - a. **Measurement principles and KPIs.** A set of measurement principles to follow across the organization, alignment on measurement use cases with outcomes that are linked to and can be tracked by fit-for-purpose primary and secondary KPIs, and a clear link toward an overarching governing KPI (including long-term effects).
 - b. **Tool ecosystem.** A full suite of measurement tools (across MMM, incrementality testing, and attribution), the required data foundations providing consistent and clean data across channels, and the integration of measurement tools for a holistic understanding of the marketing effect calibrated regularly through data refreshes and testing.
 - c. **Operating model and governance.** A central measurement owner with clear roles and responsibilities between them and other measurement practitioners and users within the organization, as well as a strict governance over operating model, decision rights and measurement guidelines.
 - d. **Capabilities and capacity.** Sufficient capacity (either internal or through external partners) and the required expertise across measurement owners, do-ers and users to execute measurement, derive insights, and translate them into actions.
2. Strengthening C-suite alignment and closely linking marketing to business growth through²⁷:
 - a. **Aligning key metrics.** CMOs and CFOs should collaborate to define and track metrics that directly link marketing efforts to business outcomes. MROI can be leveraged as proof of marketing being a true value contributor rather than cost driver. This alignment fosters trust and accountability.

²⁷ Aurélia Bettati, Jeff Jacobs, Kelsey Robinson, and Robert Tas, "The CMO's comeback: Aligning the C-suite to drive customer-centric growth," McKinsey, June 16, 2025.

- b. **Structured budget and planning.** Involving finance in annual or quarterly marketing budgeting processes ensures that allocation decisions are aligned with business priorities and provides more credibility for marketing plans. On the flip side, involving CMOs in strategic-planning processes helps to ensure customer centricity and help marketing align itself with the company goals.
 - c. **Custody of the customer.** In today's world of fragmented customer journeys, organizations need a single leader to act as a chief advocate for customers, removing friction from their journeys by aligning all business functions. With their deep customer insights, marketing leaders are uniquely positioned to take on this role and assume custody of the customer.
3. Discipline in spending to justify resilient budgets, emphasizing:
- a. **Prioritizing measurable impact.** Investments toward initiatives with clear, demonstrable outcomes for greater efficiency or effectiveness, such as concrete gen AI use cases, rather than those with uncertain or speculative returns.
 - b. **Building on proven success.** Using approaches and channels with a track record of effectiveness, ensuring resources are concentrated where they can deliver sustainable growth.
 - c. **Betting on scalability.** Verification of scalability and potential for large-scale impact when pursuing new endeavors rather than over indexing on one-off projects for small sections of the company.
-

Interview: How Lindt & Sprüngli is spending smartly to build the most valuable chocolate brand

Lindt has been an icon since 1899, when the Sprüngli family's solid chocolate company joined with Rodolphe Lindt's unique conching process to create the famous brand we know today. In this interview, Lindt & Sprüngli's Ricardo Azenha, the global head of marketing, and Daniel Studer, a member of group management responsible for global marketing and development of specific markets, discuss how the brand's marketing is evolving in a challenging global marketplace. Their comments have been edited for clarity and length.

McKinsey: What have been the most recent highlights for the Lindt brand?

Ricardo Azenha: This year, we were recognized as the most valuable chocolate brand, and ranked eighth across food and beverage, globally, in 2025 by Kantar BrandZ. It's a testament to our focus on brand equity, which we strive to improve every year. Another highlight is how our brand strength has helped us navigate rising cocoa prices. Despite these pressures, we've maintained strong performance, which reflects the trust consumers place in us.

Daniel Studer: Another highlight is the success of our Dubai-style chocolate. We managed to quickly seize on the trend thanks to our flexibility and hand-produced it for our retail stores. Demand was so high that people lined up overnight. In some US retailers, it even became the bestselling product across all brands. This success not only drove sales but also strengthened our brand's image as innovative and appealing to younger consumers.

McKinsey: How much of this success with Dubai-style chocolate was due to “smart marketing” versus having the superior product?

Daniel Studer: Product quality is always the top priority for Lindt. However, this success was also largely driven by our brand’s reputation and our quick response. From decision to execution, it took just two to three months to get the product in stores. Leveraging social media and creating exclusivity also played a key role in amplifying the buzz.

McKinsey: How have the macroeconomic challenges of the past months affected your marketing priorities?

Ricardo Azenha: Chocolate is a resilient category. Even during tough times, consumers seek small indulgences. Category value is actually up, driven by high cocoa prices, while volumes are slightly down. In this context, our focus remains on quality and maintaining consumer trust. Instead, we see this as an opportunity to strengthen our brand equity. We also stay consistent in our media planning, prioritizing long-term investments over short-term performance marketing.

McKinsey: How are you handling overall marketing spending in these times?

Daniel Studer: With rising raw material costs, we had two choices: protect margins by increasing efficiencies and passing on remaining cost increases or cut investments to stay competitive. We chose to protect margins and continue investing in our brand. As a premium brand, it’s critical to maintain our equity and desirability.

McKinsey: What are your guiding principles for where to spend your budgets?

Ricardo Azenha: We prioritize three things. First, we invest more into geographies with high growth potential. Second, our key franchise brands, Lindor and Excellence, receive the most investments, but we also strongly support new innovations where the business case justifies it. For these we very rigorously track if the investments achieve the required payoffs. Third, in paid media we focus on high-reach, high-quality channels, allocating the majority of our budget there. We also dedicate spend to ‘test-and-learn’ initiatives, which, if successful, become part of our long-term strategy.

McKinsey: How do you coordinate this learning agenda?

Ricardo Azenha: We have a global Center of Expertise, a team of media experts that pilots and coordinates test-and-learn initiatives across markets. These insights are then rolled out across the group.

McKinsey: How do you approach marketing ROI measurement?

Ricardo Azenha: We focus on long-term ROI, particularly brand equity and mental availability. In essence, how distinctive and meaningful our brand is compared to competitors. After each campaign, we review its impact on the brand and benchmark its effectiveness over time. While we also use tools like marketing mix modeling for fine-tuning budget allocations, our main goal and KPI is to build long-term equity.

McKinsey: What role do consumer insights play in driving the effectiveness of your marketing activities?

Ricardo Azenha: Strong consumer insights are the foundation of good execution. For instance, we learned that younger US consumers often find dark chocolate too bitter, which can deter them from buying it later in life. Based on this, we launched a campaign encouraging consumers to try dark chocolate and overcome negative associations they had with it, which has been effective in recruiting new buyers. We also research channel-specific insights, especially relating to the level of attention certain channels get. In our media planning we are carefully picking channels with high reach and the right attention levels.

McKinsey: Our research shows the collaboration between CMO, CFO, and CEO is vital for marketing effectiveness. How do you think about this at Lindt & Sprüngli?

Daniel Studer: We always have been a consumer- and marketing-driven company, and marketing is central to our success. Many of our leaders come from commercial roles like marketing or sales. So, there is strong alignment and all functions agree that it starts with the consumer. Also the Group CEO is deeply involved in product innovation and brand communication matters. We regularly travel together to subsidiaries to discuss growth plans. In short: Marketing isn't just a support function at Lindt & Sprüngli. Rather, it's at the core of what we do.

McKinsey: What would you say are the key success factors in the setup of your marketing function?

Ricardo Azenha: A key enabler is the close collaboration between marketing and sales, which we call our "demand team." A shared growth framework aligns both functions on certain growth levers and makes them aware of each other's KPIs, some of which are even shared.

Daniel Studer: Another unique factor is our own retail presence and stores, which are expanding rapidly. They not only drive sales but also build brand equity. For example, our new flagship store in London and our dedicated Lindor room in the "Lindt Home of Chocolate" museum create memorable brand experiences that resonate globally, strengthening both our retail and wholesale performance.

***Ricardo Azenha** is Lindt & Sprüngli's global head of marketing. **Daniel Studer** is a member of the company's group management responsible for global marketing and development of specific markets.*

Comments and opinions expressed by interviewees are their own and do not represent or reflect the opinions, policies, or positions of McKinsey & Company or have its endorsement.



Be bold: Gen AI and agentic AI

As the initial hype around gen AI fades, a sharp divide is emerging as a wake-up call: European companies are at risk of missing out on one of the most powerful efficiency and innovation levers. In Europe, only a few gen AI leaders (6 percent of surveyed CMOs) rank the technology as a priority (#5 of top 20 topics) and are seeing real efficiency gains, but average adopters and laggards place it near the bottom and struggle to scale.

Why is this the case? Several factors are holding companies back, from a lack of understanding of what gen AI can deliver to general skepticism fueled by scattered initiatives that did not (yet) pay off, insufficient capabilities, and a lack of bold leadership relative to US executives.

This is worrying, as it poses a significant risk of most European companies falling further behind globally leading organizations by not putting gen AI at the top of their marketing agendas. Yet while the implementation of gen AI increasingly appears inevitable, even high implementation maturity doesn't guarantee efficiency gains. What's emerging as critical is the ability to bridge the gap between experimentation and value creation, with agentic AI marking the next evolution, going from autonomous systems that move beyond task execution based on pre-defined rules to AI agents that are given a certain goal and make decisions and take actions to get there on their own.²⁸ Unless European marketing leaders rapidly change their attitudes, investment levels, and pace, the gap to global leaders may only widen.

- ***The implementation divide is reflected in the disparity in CMOs' priorities.*** Gen AI ranks in the lower third in importance for Europe's CMOs overall (17th), yet companies with high gen AI maturity (gen AI leaders) rank it 5th, while those with low gen AI maturity (gen AI laggards) place it near the bottom.²⁹
- ***Gen AI is no longer a question of "if" but "how."*** One in four companies have already achieved marketing efficiency gains of more than 20 percent in the past two years using gen AI, with companies with high gen AI maturity unlocking average marketing efficiency gains of 22 percent and projecting 28 percent gains in the next two years (Exhibit 15). Those saved resources can then either be reinvested into growth or reduce cost baselines.
- ***Gen AI leaders are delivering success stories across industries.*** They share a common trait: They have increased their overall marketing spending during the past year and plan to increase these investments. In contrast, less mature companies failing to scale gen AI are falling behind: 89 percent of gen AI laggards have not, or barely, materialized any efficiency gains.
- ***Many gen AI laggards operate in B2B settings,*** where proving gen AI's value in marketing is harder due to complex value chains and customer decision-making processes. Still, success stories among leaders show it is feasible, making continued investments in gen AI essential to catch up.

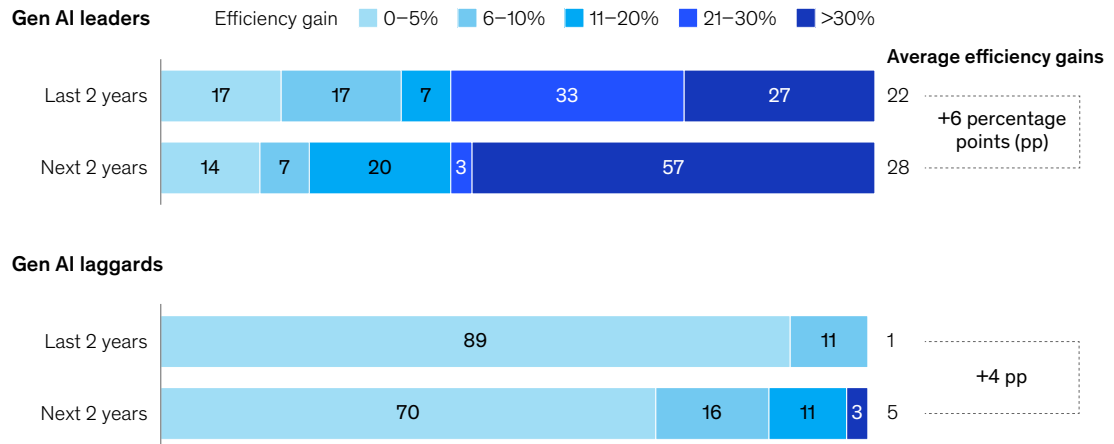
²⁸ "Seizing the agentic AI advantage," McKinsey, June 13, 2025.

²⁹ We define gen AI leaders as those with a self-reported maturity score of 5.4 or higher (at least four of nine items rated 6 or higher), and gen AI laggards as those scoring 1–2.

Exhibit 15

Gen AI leaders are already realizing considerable efficiency gains of more than 20 percent, while gen AI laggards are experiencing close to none.

Efficiency gains through gen AI for leaders vs laggards,¹ % of respondents by efficiency bracket²



Note: Figures may not sum to 100%, because of rounding. Gen AI leaders and laggards determined based on self-assessment of maturity along 9 dimensions: internal capabilities to define and lead gen AI strategy, strategy and guardrails for gen AI in marketing, data quality, technological infrastructure, pilots and proof of concept, deployment in production, process and operating model redesign, change management and training, efficiency gains through gen AI implementations. Gen AI leaders = maturity rating of 5.4 or higher, (4/9 or more questions answered with 6). Gen AI laggards = maturity rating of 1 or 2 (1 = very immature, 6 = very mature).

¹Question: What marketing efficiency gains have your company realized through gen AI over the past 2 years? What marketing efficiency gains do you project for your company from gen AI over the next 2 years?

²Efficiency gain is defined as a reduction in expenses in % without loss of revenue.

Source: State of Marketing Europe Report 2026, McKinsey, n = 500 senior marketing leaders across France, Germany, Italy, Spain, and the United Kingdom

McKinsey & Company

Shifting to customer-facing use cases

Where do CMOs believe gen AI can have the greatest impact? On one hand, internal use cases have been adopted first and show strong potential, such as media optimization as well as market research, customer insights and trend spotting. On the other hand, gen AI leaders are pushing even more, focusing on complex but high potential customer-facing use cases like personalized content creation at scale, product discovery, and creative efficiency (Exhibit 16).

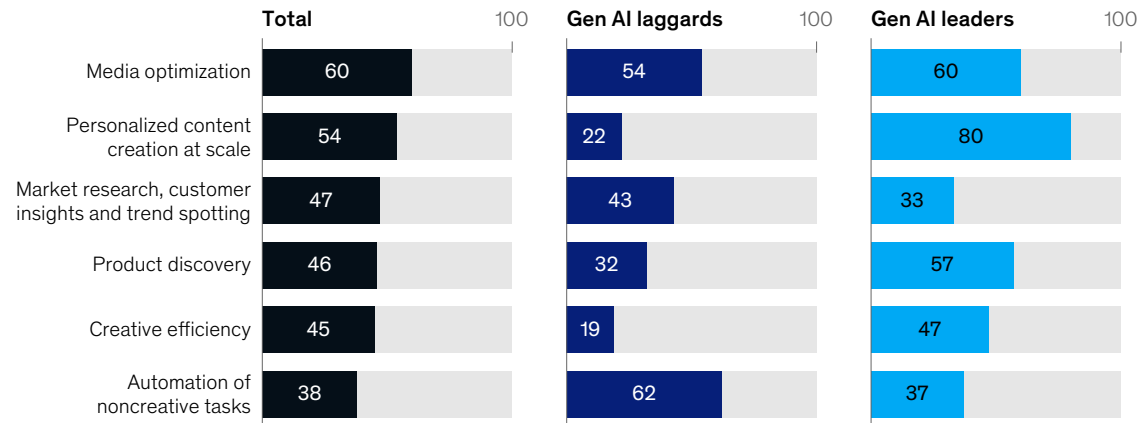
For example, Kraft Heinz leverages AI in its new “Tastemaker” platform to generate creative concepts for new flavors, test them with customers, and even execute fully-fledged media campaigns. By embedding the platform into its marketing operations, the company has accelerated creative workflows from eight weeks to just eight hours, accelerating speed-to-market eight-fold while making content production more efficient and scalable.³⁰

³⁰ Manuel Geitz, “How Kraft Heinz is using GenAI to reimagine the future of creative content,” Forrester, May 4, 2025.

Exhibit 16

CMOs see the highest potential from gen AI for media optimization, personalized content creation at scale, and market research.

Areas with the largest potential for gen AI in marketing,¹ % of respondents



Note: Gen AI leaders and laggards determined based on self-assessment of maturity along 9 dimensions: internal capabilities to define and lead gen AI strategy, strategy and guardrails for gen AI in marketing, data quality, technological infrastructure, pilots and proof of concept, deployment in production, process and operating model redesign, change management and training, efficiency gains through gen AI implementations. Gen AI leaders = maturity rating of 5.4 or higher, (4/9 or more questions answered with 6). Gen AI laggards = maturity rating of 1 or 2 (1 = very immature, 6 = very mature).

¹Question: For which of the following gen AI marketing use cases do you see the largest potential for your company? (Multiple selections).

Source: State of Marketing Europe Report 2026, McKinsey, n = 500 senior marketing leaders across France, Germany, Italy, Spain, and the United Kingdom

McKinsey & Company

Overcoming challenges

Capturing the value from gen AI is not just about technology. While gen AI leaders have addressed technological infrastructure, adoption, and scaling challenges, issues such as gen AI strategy (47 percent), operating model (37 percent), and AI models/machine learning operations tools (30 percent) remain roadblocks. Laggards still struggle with foundational issues like infrastructure (81 percent) and adoption (65 percent) (Exhibit 17).

To catch up, gen AI laggards can address foundational gaps such as data infrastructure, governance, and integration into existing workflows. Without these building blocks, gen AI efforts risk being confined to piecemeal pilots that deliver limited value. The real opportunity lies in systematically establishing these foundations to enable marketing transformations at scale, rather than fragmenting efforts through isolated experiments.

In B2C contexts, this means prioritizing high-impact, customer-facing applications, which we are already seeing across industries (such as Kraft Heinz's Tastemaker). In B2B settings, it requires bold investments in end-to-end process automation and role redesigns. Small bets are unlikely to drive big gains—closing the gap depends on committed, scalable investments in high-value use cases that jointly constitute a full transformation of the marketing domain.



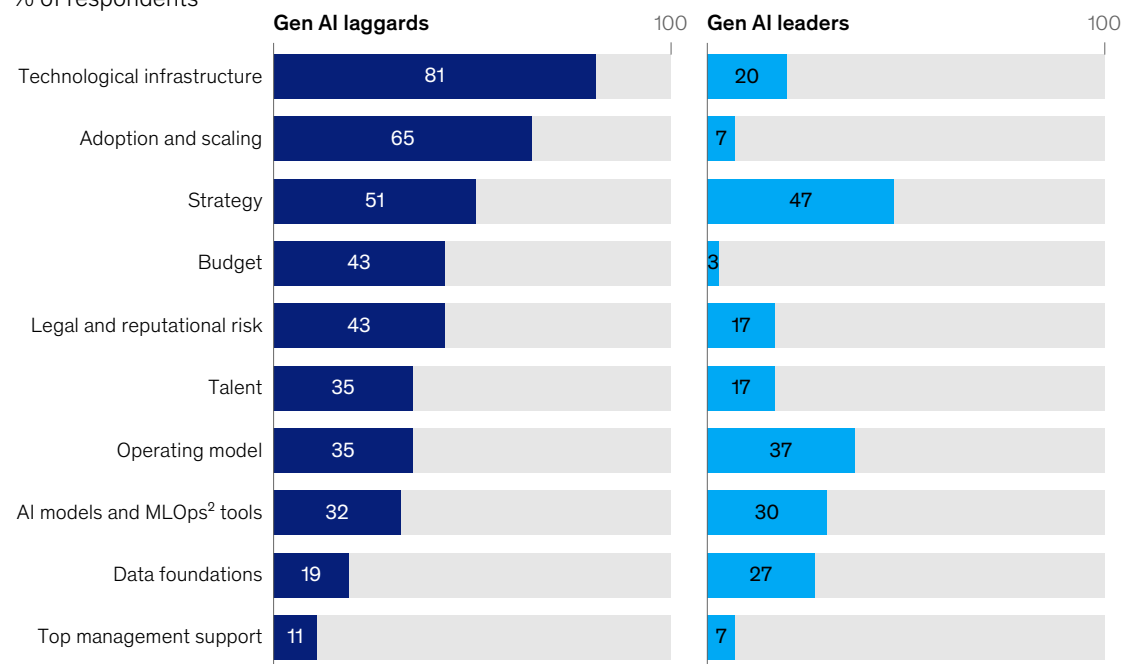
One of the biggest challenges is rethinking our processes to fully integrate gen AI. For example, while we have experts working on AI-driven tools, we often struggle to quantify their impact or scale their use across the organization. Another challenge is ensuring that these initiatives don't remain isolated pilots. We need to “rewire” our processes to make AI a core part of how we operate, rather than a side project.”

— Benjamin Faveris, CMO, Orange France

Exhibit 17

Gen AI leaders see an inadequate operating model and lack of a coherent strategy as the main challenges for capturing value from gen AI.

Top 3 challenges in capturing value from gen AI in marketing for gen AI leaders and laggards,¹
% of respondents



Note: Gen AI leaders and laggards determined based on self-assessment of maturity along 9 dimensions: internal capabilities to define and lead gen AI strategy, strategy and guardrails for gen AI in marketing, data quality, technological infrastructure, pilots and proof of concept, deployment in production, process and operating model redesign, change management and training, efficiency gains through gen AI implementations. Gen AI leaders = maturity rating of 5.4 or higher (4/9 or more questions answered with 6). Gen AI laggards = maturity rating of 1 or 2 (1 = very immature, 6 = very mature).

¹Question: What are the main challenges preventing your company from capturing value through gen AI in marketing? (Up to 3 selections.)

²Machine learning operations.

Source: State of Marketing Europe Report 2026, McKinsey, n = 500 senior marketing leaders across France, Germany, Italy, Spain, and the United Kingdom

McKinsey & Company

Conclusion: Capitalizing on the next phase—agentic AI

The rapid rise of gen AI has introduced transformative opportunities in marketing. As companies gradually adapt, gen AI itself will continue to evolve, moving beyond reactive systems like ChatGPT to AI agents: systems that not only respond but also plan, remember, and take independent action. Taking this a step further, when multiple AI agents are combined and enhanced with greater intelligence, we arrive at agentic AI—an advanced form of AI capable of acting proactively, managing complex tasks, and pursuing long-term goals without being given predefined instructions on how to realize them.

Coca-Cola recently showcased the potential of agentic AI in marketing by deploying autonomous agents to deliver personalized coupons to more than 800,000 consumers. The initiative drove nearly four times higher click-through rates, while operating at a fraction of the cost of traditional “manual” campaigns.³¹ The campaign was powered by a multi-agent system that orchestrated the entire journey end-to-end, scanning millions of public social-media posts to extract consumer insights, aligning those with profile-level data to build highly targeted micro-clusters of consumers, and generating and delivering personalized offers.

The result was a campaign executed at scale and granularity that no human team could have achieved manually. More importantly, it illustrates a fundamental change in how agents can be applied in marketing, not only to automate existing workflows, but to perform tasks that marketers would never attempt at an individual level. By breaking a complex task into coordinated sub-tasks and executing them autonomously, AI agents open entirely new ways to engage consumers.

Other industry leaders are also already embracing these advancements. L'Oréal, for instance, uses gen AI to mine millions of social media posts—comments, images, and videos—to identify emerging trends.³² Once trends are spotted, gen AI helps visualize new product concepts, which are then tested online to gather instant feedback. Beyond product innovation, L'Oréal has also launched a gen AI-powered beauty marketplace and a virtual beauty assistant, offering personalized recommendations and advice to deepen customer relationships.³³

Another standout example is Bertelsmann Music Group (BMG) which has partnered with the Technical University of Munich (TUM) to develop its lighthouse project, which focuses on creating AI-driven music marketing campaigns (for more, see our interview with BMG CEO Thomas Coesfeld and TUM professor Jochen Hartmann, “Inside Bertelsmann Music Group’s gen AI revolution,” on page 44).

Companies that fail to seize these opportunities risk falling behind by forgoing near-term efficiency gains and longer-term competitiveness that is enabled by innovative marketing concepts and ways of working. This gap extends beyond internal processes to understanding how gen AI is reshaping marketing as we know it.

For instance, the rise of answer engines is fundamentally transforming how consumers search, discover, and engage with brands, powered by the integration of large language models (LLMs) into search engines like Google’s AI Overviews and the rapid consumer adoption of gen AI chatbots. Traditional search engine optimization (SEO) is evolving into generative engine optimization (GEO), where marketers optimize their presence in gen AI-generated summaries and recommendations to remain visible in the new discovery landscape. This shift is critical: More than 50 percent of AI search users now rely on these tools to guide discovery and purchase decisions.³⁴

³¹ Asa Hiken, “How Coke used an AI agent to target ads to 828,000 fast-food fans,” *Ad Age*, May 21, 2025.

³² “Trendspotter: An AI-powered tool to fuel product innovation,” L'Oréal, accessed October 2025.

³³ Bernard Marr, “The amazing ways L'Oréal is using AI to transform the beauty industry forever,” *Forbes*, July 7, 2025.

³⁴ “New front door to the internet: Winning in the age of AI search,” McKinsey, October 16, 2025.

Beyond discovery, agentic commerce represents a paradigm shift as AI agents become capable of acting as autonomous shoppers, identifying preferences, comparing options, and even completing purchases on behalf of consumers. OpenAI has embraced this with its “Buy it in ChatGPT” feature, which allows users to make purchases directly within the platform. These developments not only demand a rethinking of brands’ marketing channel mix but also a proactive approach to ensuring they are prominently featured by generative engines.

For CMOs, this means keeping both the broader implications of gen AI and specific trends on their radar and rethinking the whole customer journey, from discovery to conversion. By proactively adapting to these changes, companies can position themselves as leaders in the next phase of marketing innovation.

Interview: Inside BMG’s gen AI revolution

Bertelsmann’s music subsidiary, BMG, has embraced gen AI, carefully exploring the opportunities presented by the technology’s capabilities. In this interview, BMG CEO Thomas Coesfeld and Technical University of Munich professor Jochen Hartmann discuss the company’s efforts, guided by TUM’s collaboration providing academic rigor, systematic validation, and access to state-of-the-art models. Their responses have been edited for clarity and length.

McKinsey: What role does AI and gen AI specifically play in BMG’s overall strategy?

Thomas Coesfeld, BMG: Gen AI, and AI more broadly, are key strategic growth drivers, that are helping us unlock new revenue opportunities and boosting effectiveness across marketing, rights management, artist and writer services, and film/TV/commercial licensing. We’re using gen AI to expand our commercial reach, deepen client value, strengthen our data and analytics, and enhance content creation and storytelling by reimagining catalog narratives. It’s also opening up entirely new ways to drive revenue growth. For example, we developed MAGE (marketing asset generation engine), a pipeline designed to enhance the effectiveness of our marketing assets through gen AI, particularly across high-impact channels like TikTok. At the same time, AI is streamlining workflows and improving decision-making speed and accuracy, enabling us to scale smarter, grow faster, and serve creators more effectively in a dynamic music industry.

Jochen Hartmann, Technical University of Munich: AI is a strategic enabler for repertoire activation, helping BMG unlock the commercial potential of its vast catalog. BMG wants to become the leading AI music company and MAGE is a flagship project for this initiative, exemplifying how gen AI can create tangible business impact and augment human artistry.

McKinsey: What motivated you to develop and implement the MAGE pipeline? What is its purpose and impact?

Thomas Coesfeld: Our primary motivation was to see if AI-generated content could drive stronger audience engagement and conversion, ultimately boosting campaign performance and revenue. We were convinced that AI can help music find its audience and deepen artist-fan engagement. At the same time, we aimed to explore cost synergies by automating parts of the asset creation process. The results were compelling, with higher click-through rates and improved engagement demonstrating that AI can drive both growth and efficiency.

Jochen Hartmann: MAGE democratizes marketing access: For some artists, especially those deep in the catalog, creating marketing assets is prohibitively costly. Thanks to the efficiency gains of MAGE—around 98 percent—BMG can now create social media marketing assets at a fraction of the cost. That unlocks untapped revenue potential from its massive catalog, much of which has remained underactivated despite substantial streaming potential. It enables personalized, high-quality video marketing at scale by taking existing artwork and producing high-quality, platform-optimized variations for TikTok, YouTube Shorts, and other channels. This allows for versioning and personalization at scale while working within an artist's visual identity, preserving artistic integrity rather than replacing creativity. BMG is already seeing strong performance, including high click-through rates on TikTok, showing how gen AI can deliver tangible business impact while keeping human artistry at its core.

McKinsey: What were the main technical and organizational challenges in developing and deploying the MAGE pipeline, and how did you overcome them?

Thomas Coesfeld: Our work with AI always starts with the artist and our teams. We approach every innovation with the understanding that technology should amplify creativity and storytelling, not replace it. On the technical side, the primary challenge was maintaining consistent, high-quality AI-generated outputs at scale while respecting the creative integrity of each artist and campaign. This meant developing structured input frameworks—essentially standardized creative templates—that could be adapted across genres and content types, while still leaving room for artistic nuance. Another technical hurdle was integrating the AI generation flow into our existing ad operations stack seamlessly and measurably, so that we could A/B test effectively and gather reliable performance data.

This phased rollout not only demonstrated measurable impact but also built confidence and trust across teams, making AI part of the workflow instead of a separate or intimidating process. Over time, this approach has created a culture where teams can experiment, iterate, and integrate AI tools into their strategies with confidence.

Organizationally, our focus is on building AI fluency by helping internal stakeholders, like our marketing teams, see AI as a creative and operational tool rather than a replacement. We are implementing this through small, results-driven pilots with clear performance tracking, working closely with marketers and creatives to demonstrate AI's practical value. This phased approach allows us to prove results, build credibility, and minimize risk before scaling the rollout further.

Jochen Hartmann: The technical challenges include maintaining visual identity consistency across 700 million possible video variants, integrating multimodal elements (audio, video, image, and text) with AI models coherently, and building a system that is agnostic to the individual AI models. Organizationally, there was initial resistance to the idea that AI could meet human quality standards and preserve artists' brand integrity. AI needed to be viewed not as a replacement threat but as a creative amplification tool. That journey was enabled by developing controlled design templates that incorporated creative team expertise; ensuring the integration of systematic feedback integration from global offices, creative teams, rep owners, and executive leadership; and by undertaking rigorous piloting and field testing.

McKinsey: Many companies hesitate to apply AI in customer-facing contexts. What made you confident to pursue this use case, and what results have you observed so far?

Thomas Coesfeld: That's a very valid concern, and one we took seriously from the outset. At BMG, we are committed to artistic expression and integrity. It is paramount to maintain and keep building this DNA, even when engaging with fans more directly. What gave us confidence to apply AI in a customer-facing

context was our ability to test in a highly controlled, low-risk environment with clear performance metrics. This format allowed us to directly A/B test AI-generated versus human-made assets, isolating the impact of the marketing materials on engagement and conversion without compromising the artist's integrity or user trust. We were also mindful to ensure the content was on-brand, emotionally resonant, and aligned with the artist's identity, which involved iterative prompt tuning and creative oversight.

The results validated our confidence: AI-generated assets consistently outperformed human-made content with higher click-through rates, higher engagement, and lower ad costs. Importantly, we didn't frame AI as a marketing replacement but as a force multiplier, enabling faster iteration and greater reach while keeping human input in the loop. This hybrid approach built trust and proved that AI can enhance audience connection when deployed thoughtfully.

Jochen Hartmann: We drove confidence through using rigorous methodology that combined state-of-the-art gen AI with controlled field experimentation. BMG's partnership with TUM provided academic rigor, systematic validation, and access to state-of-the-art models, and the template-based approach ensured brand safety while enabling creative variation. We've seen promising signs in this area. AI-generated ads, created using existing assets such as albums and singles artwork, are often perceived as more creative than human-made alternatives. There is also no notable difference in the perceived artificiality of the ads. While these results are encouraging, they reflect creative collaboration within established artist identities rather than the creation of entirely new content.

McKinsey: Where is the project anchored within BMG? Who is driving it? In your view, how important is it for such initiatives to align with a centralized AI strategy?

Thomas Coesfeld: The MAGE project is championed by BMG's corporate strategy team, which provides the strategic direction and sponsorship needed to explore AI as a growth lever. It was researched, developed, and tested in partnership with the Technical University of Munich, allowing us to tap into cutting-edge academic expertise and experiment rigorously in a structured, low-risk environment. The project was researched, validated, and implemented in close cooperation with both the marketing and catalog marketing teams, ensuring that the solution was grounded in real-world campaign needs and artist strategies from day one.

After successful validation, MAGE was implemented within the marketing function, with ongoing collaboration from catalog marketing to guide asset deployment, performance feedback, and iteration. In my view, having this kind of cross-functional alignment under a centralized AI strategy is critical. It ensures scalability, ethical consistency, and operational relevance. It also allows innovation to flow across the business rather than stay siloed, which is what enabled MAGE to evolve from a pilot into a scalable capability that fits seamlessly into BMG's broader gen AI road map.

McKinsey: As a front-runner, what are the biggest lessons you've learned during implementation? What advice would you give to organizations just starting their journey with gen AI and agentic AI in marketing?

Thomas Coesfeld: Implementing gen AI in marketing is as much about organizational adaptation as it is about technology. Organizations need to be agile and mentally flexible to continuously adapt to evolving ecosystems. From an operational standpoint, AI works best when it's not treated as a bolt-on but as the default foundation. Start by designing an end-to-end automated flow with no human steps

and only add human intervention where automation can't deliver or where you don't want it to, for reasons like creative nuance or brand tone. In this big shift, humans move from being the doers to the stewards and curators of automated systems, which is a major mindset change.

So, going back to first principles, challenging legacy processes, and being prepared to lead cultural transformation is what drives adoption. The tech will catch up, but your ability to adapt how you work is what will unlock real value.

Jochen Hartmann: Our advice is to focus on effectiveness rather than efficiency. Efficiency gains, especially in content creation, are relatively straightforward. Driving effectiveness uplifts is key. We also found that templates foster creativity rather than limit innovation—they enable consistent quality at scale and help build trust in the AI's outputs. And it's important to assess how gen AI can disrupt end-to-end workflows to materialize disruptive efficiency gains, not just incremental ones. That's also important when designing agentic AI systems and workflows.

Organizations should start with systematic experimentation—rigorous field testing beats theoretical planning. Collect data and use it to inform predictive AI systems (such as the personalization engine of MAGE); measure what matters by focusing on engagement and effectiveness metrics, not just efficiency gains; and build organizational buy-in, involving stakeholders in the development process to overcome natural skepticism and have top management lead the way.

McKinsey: Which domains/use cases are next on your gen AI road map and why?

Thomas Coesfeld: We've identified the next wave of gen AI use cases based on a combination of strategic value, technical feasibility, and speed to impact. Following our initial rollout of seven use cases across investment, finance, marketing, technology and operations, B2B, and legal, we're now focused on scaling into high-impact domains, particularly where automation, insight generation, or personalization at scale can unlock major gains in effectiveness or revenue gains. These next-wave priorities reflect a shift from isolated automation to full-stack, cross-functional enablement. Ultimately, our road map aims to embed gen AI across the business, enabling every team to operate faster, smarter, and at a radically larger scale.

***Thomas Coesfeld** is CEO of BMG, the music division of Bertelsmann. He was previously BMG's CFO and held leadership positions within Bertelsmann.*

***Jochen Hartmann** is a professor of digital marketing at the TUM School of Management, Technical University of Munich, focusing on machine learning, social media, multimodal digital advertising, and human-machine interaction.*

Comments and opinions expressed by interviewees are their own and do not represent or reflect the opinions, policies, or positions of McKinsey & Company or have its endorsement.

McKinsey & Company
November 2025
Copyright © McKinsey & Company
Designed by Darby

mckinsey.com

 @McKinsey

 @McKinsey

 @McKinsey