

HOW MUCH SHOULD I SPEND ON MARKETING?

**Data and Factors to Consider
as You Set Your Company's
Marketing Budget**

THERE IS NO ONE SIZE FITS ALL.

Determining your marketing budget is relative to your organization's overall budget and the goals that you have for the upcoming year.

By no means should your marketing budget number be pulled from thin air. Every budget should be strategic and work to achieve your specific marketing goals and initiatives as efficiently as possible.

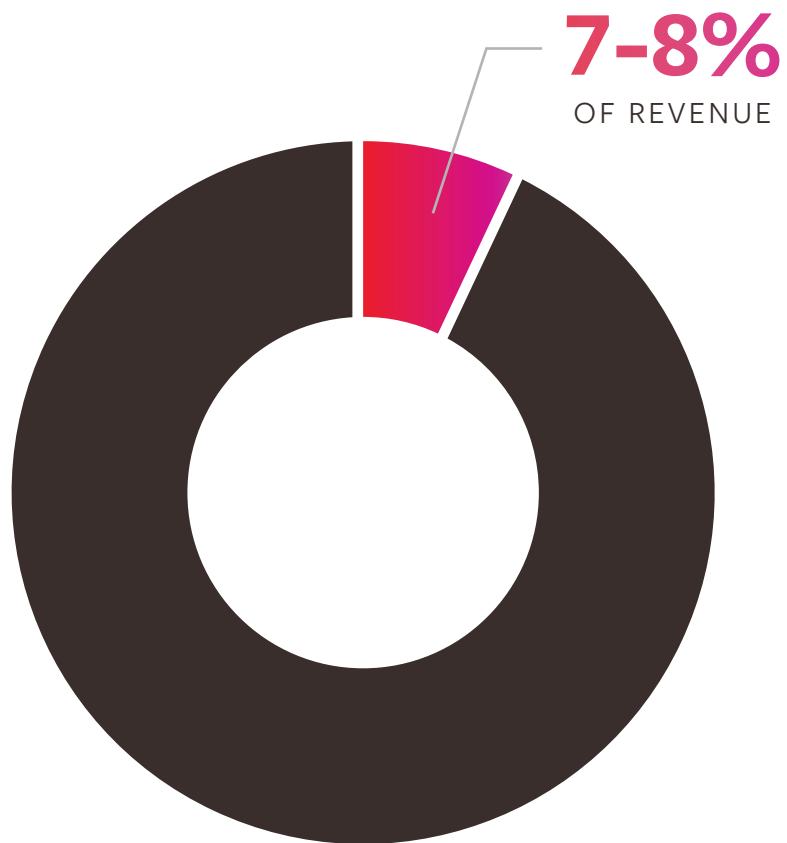


The allocation of your marketing budget depends on several factors: industry, size of your business, and growth stage of your business. For example, during the early brand building years retail businesses spend much more than other businesses on marketing – up to 20% of sales.

- 1** **INDUSTRY**
- 2** **SIZE**
- 3** **GROWTH STAGE**



Small businesses with revenues less than \$5 million typically allocate 7- 8% of their revenues to marketing.



This includes expenditures for:

- 1** Brand development costs
(website, blogs, etc.)
- 2** Sales support
(advertising, campaigns, etc.)

FOR B2B FIRMS

Marketing budgets as a % of firm revenue fell within the 7-8% range.

FOR B2C FIRMS

Marketing budgets as a % of firm revenue were around 9%.

SOURCE: [CMO Survey](#)

February 2016. Past 8 years, twice a year. Internet survey. 16th administration of survey. Sponsored by Deloitte, AMA and Duke University. 3120 U.S. marketers 9.3% response rate.





6.9%

B2B PRODUCT



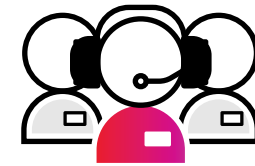
8.6%

B2B SERVICES



9.5%

B2C PRODUCT



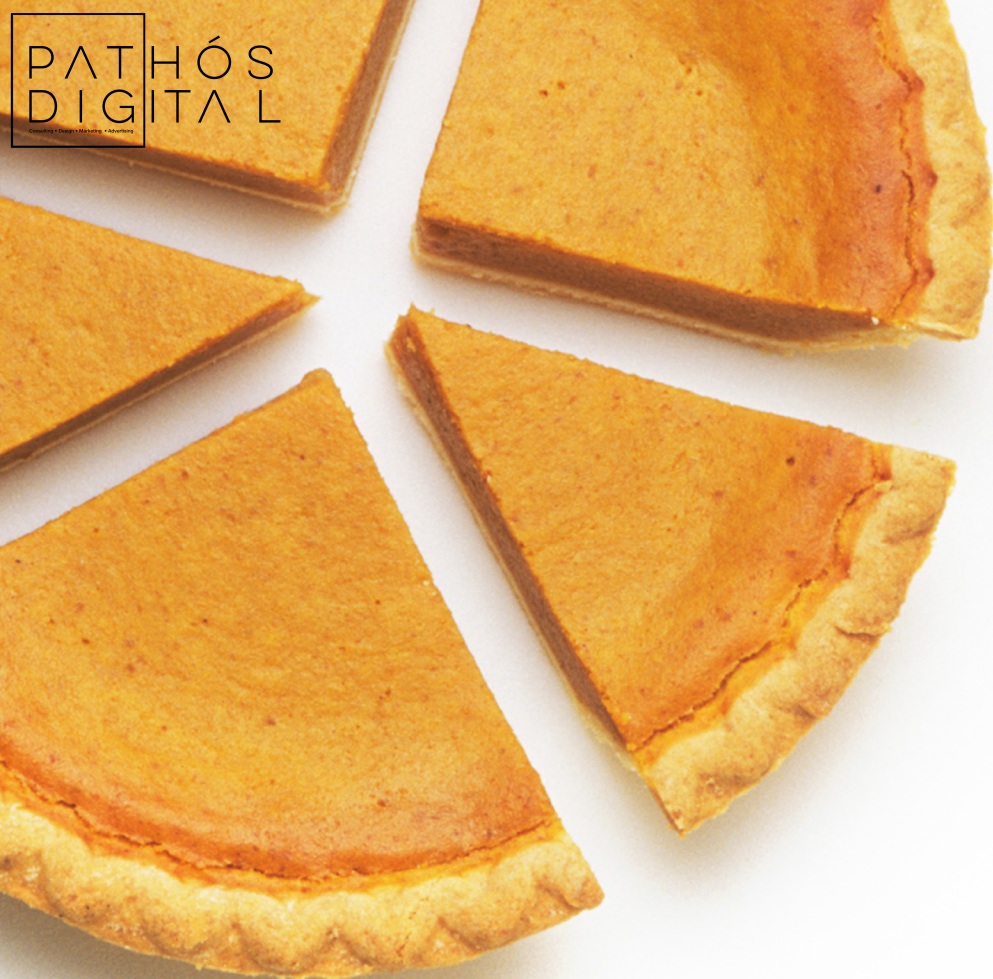
10.4%

B2C SERVICES

The average percentage of revenue spent on marketing across industries was 8.4%

SOURCE: [CMO Survey](#)

February 2016. Past 8 years, twice a year. Internet survey. 16th administration of survey. Sponsored by Deloitte, AMA and Duke University. 3120 U.S. marketers 9.3% response rate.



12.2%

< \$25 MILLION

7.0%

\$26 – 99 MILLION

5.9%

\$100 – 499 MILLION

3.4%

\$500 – 999 MILLION

6.0%

%1 – 9.9 BILLION

9.7%

> \$10 BILLION

Businesses generating less than \$25 million/year in revenue were the only business to spend more than 10% of revenue on marketing.

SOURCE: [CMO Survey](#)

February 2016. Past 8 years, twice a year. Internet survey. 16th administration of survey. Sponsored by Deloitte, AMA and Duke University. 3120 U.S. marketers 9.3% response rate.

KEEP IN MIND:

These percentages represent the total marketing investment, including:

MARKETING STAFF

ADVERTISING COSTS



TECHNOLOGY
including hardware (servers)
and software (CRM)

MEDIA SPEND



INVESTMENTS
paid to agencies and other
outside suppliers

JUST FOR FUN

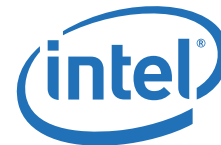
Marketing Budgets of Noteworthy Companies



7%



12%



15%



18%



20%



44%



53%

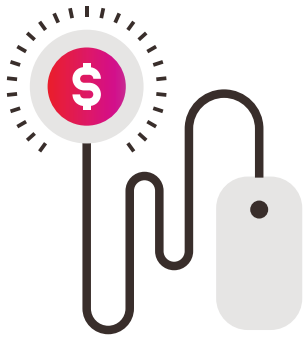
Now that you've set your budget, you're probably wondering how to allocate the funds.

How your marketing budget is allocated should be driven by the nature of your business, your competitive marketplace and how your target customers behave through the buying journey.



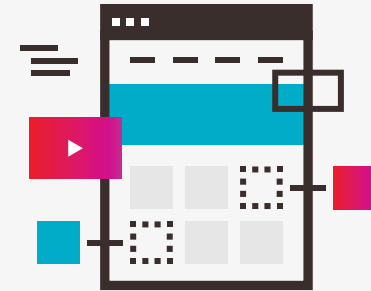
SOURCE: [Marketing Spend – Online versus Offline](#)
Forrester Report. US Digital Marketing Forecast 2014 – 2019.

CONCLUSIONS: Pathosdigital.com



In 2016, the average firm was expected to allocate 30% of their marketing budget to online efforts, this rate is expected to grow to 35% by 2019

Search engine marketing will capture the largest share of online spend with online display (banner ads, online video, etc.) taking the second largest share



Social media investments will continue to grow as an overall share of online spend, but will only represent about 15% of the total online spend

The majority of companies
are working with

\$5,000

or less to spend on
technology and training.

THE BIG PICTURE:

The average company spends 7–10% of their budget on marketing.

The exact number is dependent on your industry, company size and planned marketing & sales initiatives.

Online marketing efforts dominate budgets and are only expected to grow in importance.

