



TIPS FOR BUILDING A MARKETING BUDGET

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Marketing plays a vital role in every company's success. While many factors combine to determine a company's ability to succeed, marketing and sales create exposure, promotion, and overall company growth. A strong brand and marketing strategy are powerful assets that allow a company to gain market share through brand awareness, leads, and sales.

A common assumption is that companies should spend about 10 percent of their overall budget on marketing to grow or gain more business. While that may be true in some industries, it might not be the best percentage for your company. While there is no one-size-fits-all answer to this question, considering the following factors may help:

- **Your industry type:** Marketing budgets vary by industry and audience. Marketing and sales management companies spend up to 66 percent of their revenue on marketing, while some established tech brands like Apple spend about 7 percent of their revenue on marketing. Historically, B2B companies spend less than B2C companies.
- **The size of your company:** Smaller companies often spend a larger percentage of their budget on marketing in order to gain market share.
- **The stage of the business lifecycle your company is in (development, startup, growth, expansion, maturity):** Spending is

generally higher in the earliest stages of the business lifecycle, when building customers and brand awareness are paramount.

Marketing budgets need to consist of all costs necessary to build awareness of your brand and promote leads. These budgets should include costs for planning, implementation, and production

WHAT TO INCLUDE

Think of your marketing budget as a pie and costs for advertising, public relations, and research as ingredients. Marketing costs include not only advertising but also public relations and research. The amount of money actually spent on advertising, for most industries, will likely be the highest. Include cost of staff members, outside contractors, research surveys, focus groups, IT personnel, and printers.

DETERMINING A BUDGET TYPE

Many companies use historical data from past years to determine budgets, while others look toward industry standards. Take a look at your most successful competitors, analyze what they do that works, and do it better.

Some companies have a fixed amount allocated to marketing and other companies tie spending to the percentage of sales. However, the problem with

tying spending to sales is if sales decrease, you should probably be spending more on your marketing, not less.

ANALYZING AND TRACKING

To determine if your marketing is working, analysis and tracking measures must be in place. If you are not getting the return on investment (ROI) you expected from a particular strategy, you now have the data to make a course correction.

WAYS TO LOWER MARKETING COSTS

Today, more than ever, it is easy to reduce your costs by using lower-cost inbound marketing strategies. With the growth of social media, email, e-newsletters, and content marketing, companies now have many avenues to build brand awareness, reach potential customers, and stay in touch with current customers all at a lower cost than traditional outbound strategies.

Good marketing budgets will be unique to your business and industry. When determining your marketing budget, use the above benchmarks to gain a better understanding of your current objectives, future goals, and the state of the industry. Through tracking and analysis, companies can adjust their marketing budget dollars throughout the year to use their money most effectively.