

Marketing Budget

Kendra Arnold

Why is a Budget Important



It gives the business owner a clear overview of ALL costs associated with marketing activities over a long period of time. Typically the same amount of time as the marketing strategy.

It includes: Time, Staff, Photographers, Videographers, Ad costs, and any other costs included in proposal.

Budget Amounts



- **New companies:** Suggested amount is 12-20% of your gross revenue or projected revenue on marketing. Start-ups should be even more.
- **Established companies:** Companies in business more than five years, suggested is 6 - 12% of your gross revenue or projected revenue.

Budget Amounts: Social



- Of the total marketing budget, approximately 30% to 35% should be spent on digital marketing activities
- Of the digital marketing budget, about 15% to 25% usually gets spent on social media marketing efforts (organic and paid)

Budget for Small Business



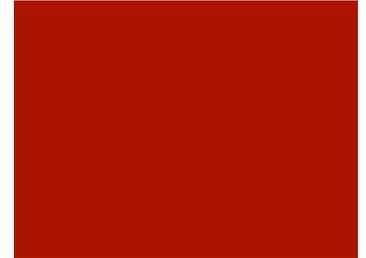
- You can't do it for free. I highly recommend you get together what you can.
- Management can be done by owners if comfortable.
- Put money into training, design and website.
- <https://www.skyword.com/contentstandard/storytelling/4-creative-solopreneurs-who-prove-you-dont-need-a-marketing-budget-to-succeed-on-social/>

Budget for Small Business: Social



- Consider owner time versus hiring
- I recommend higher percentage on social and online.
 - 75% Digital
 - 70% Social
 - 30% Other digital (after website development)
 - 25% Offline, events

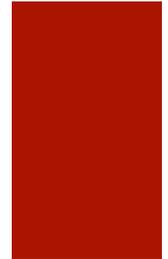
Breaking Down Cost



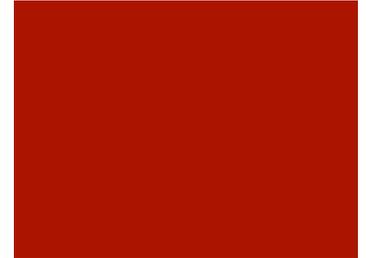
- Strategy 10%
- Project Management 5%
- Design, Graphics, Videography, Visuals 30%
- Ad Spend 40%
- Copywriting 10%
- Tracking Results 5%

Chicken or the Egg

You can't grow a business without people knowing you exist, but you can't afford the marketing if you don't have any income.



Marketing Stats



- Reports from [Forrester Research](#) and [eMarketer](#) show the estimated allocation of marketing funds offline vs. online and across the digital channels.

Here are some conclusions:

- In 2018, the average firm was expected to allocate 41% of their marketing budget to online, and this rate is expected to grow to 45% by 2020
- Search engine marketing will capture the largest share of online spend with online display (banner ads, online video, etc.) taking the second largest share

Marketing Stats



- Social media advertising investments will increase at 17% annually from 2016 to 2021, and is expected to represent 25% of total online spending in 2018.
- Mobile marketing is mixed with total online.
- Digital marketing is pacing at an 11% compound annual growth rate between 2016 and 2021 with the biggest growth in online video.
- Investment in paid search, display advertising, social media advertising, online video advertising and email marketing is predicted to account for 46% of all advertising by 2021.

Social Media Ad Spending



- The industry average settles between \$200 to \$350 per day. This average comes from an analysis by The Content Factory, looking at the cost to outsource **social media marketing** services. They found that \$4,000-\$7,000 per month was the industry average, which works out to the above per-day costs. Apr 27, 2017

[How to Spend a Social Media Budget - Buffer Blog](#)

ROI, Return on Investment



- Return on investment - or ROI - represents the financial benefit received from an investment.
- In business, it's used a great deal to measure the effectiveness of marketing.
- In its simplest form: If you spend \$100 on marketing, and from that marketing get three people walk into your store and each purchase \$100 in clothing, your ROI is 300%

ROI, The Big Picture



Rather than looking at the ROI of a single campaign, we are looking at a yearly overall ROI.

- You need to consider all work done over the year.
- You can break it down by platform and by type of marketing.
e.g Social media, Website, Digital Ads

Things to Consider



- How to measure success
- How much to spend
- What % of my budget should be devoted to social media?
- Cost of others involved, Subcontractors
- Cost of video vs. static image advertising
- Ad spend is only part of the cost: Time

Examples

- \$100,000 =

