



**GoldsteinGroup**  
communications

# 2016 Marketing Budgets

How Much to Spend,  
and Where to Spend It



*Measurably Better Marketing*

# Where Will I Get IMPACT?

How much to budget is an ongoing question for B-to-B decision-makers. According to the most recent CMO survey, B-to-B budgets have grown to the range of 7–9% of sales. This includes the total investment, including staff resources.

## Marketing spending as a percentage of firm revenues by economic sector

	B2B Product	B2B Services	B2C Product	B2C Product
<b>February 2015</b>	<b>7.4%</b>	<b>8.6%</b>	<b>9.1%</b>	<b>9.3%</b>

## Marketing spending as a percentage of firm revenues by company sales revenue

	<\$25 Million	<\$25-99 Million	<\$100-499 Million	<\$500-999 Million	<\$1.9-9 Million	>\$10 Million
<b>February 2015</b>	<b>11.1%</b>	<b>6.9%</b>	<b>4.5%</b>	<b>8.0%</b>	<b>6.9%</b>	<b>8.1%</b>

Source: [cmosurvey.org](http://cmosurvey.org)

## Other Surveys:

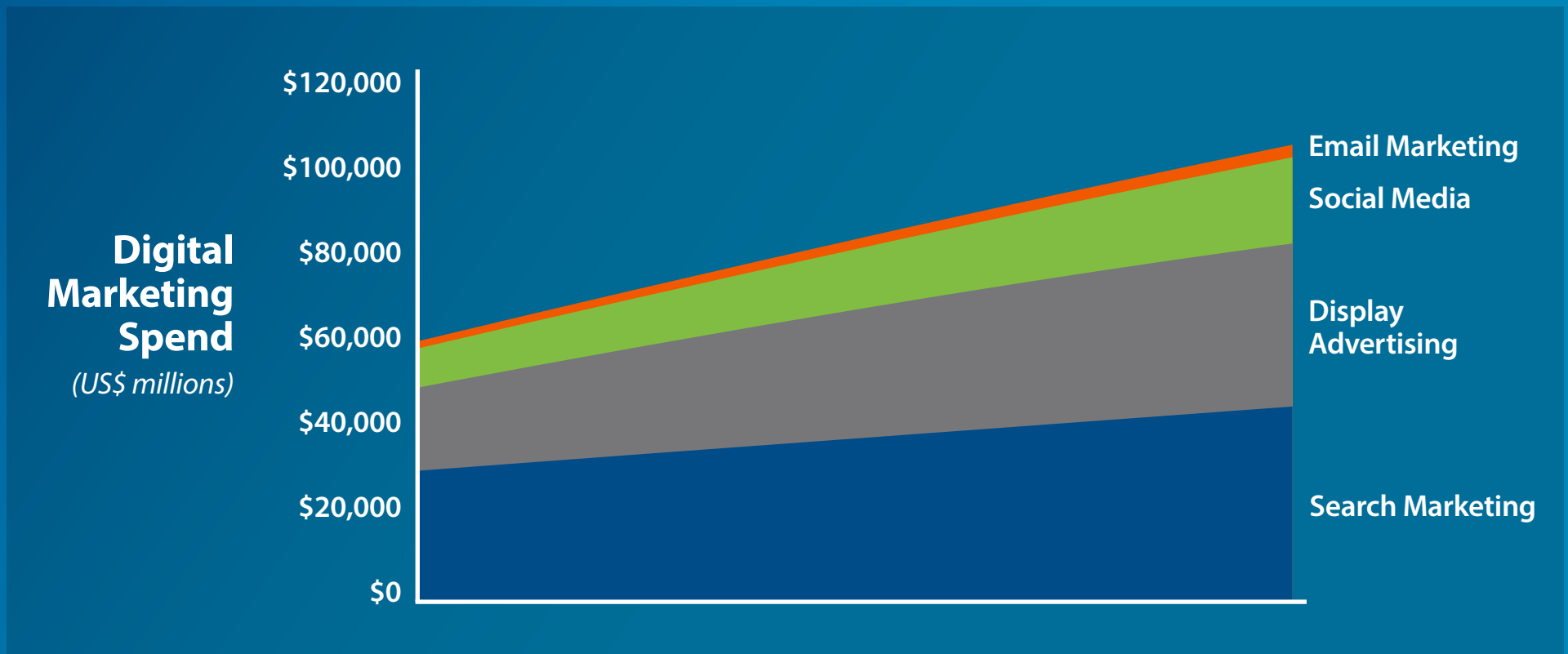
The U.S. Small Business Administration recommends spending 7 to 8 percent of your gross revenue for marketing and advertising if you're doing less than \$5 million a year in sales.

According to a 2014 Gartner Research study, "companies spent on average 10.2% of their annual 2014 revenue on overall marketing."

According to a 2014 CMO survey published by the American Marketing Association and Duke University, companies with less than \$25 million in revenue spent an average of 11% on marketing; those with \$25-\$99 million in revenue spent an average of 9% on marketing. For B-to-B companies specifically, it was 10.6%.

# Digital Marketing Consumes More of Budget

Online marketing is growing in priority, as well as in the portion of marketing budget it consumes. In 2016, 30% of the total marcom spend will be allocated to digital, growing to 35% in 2019.



Source: Forrester Research Digital Marketing Forecasts, 2014 to 2019 (US)

# Digital Marketing Consumes More of Budget

	2014	2015	2016	2017	2018	2019	CAGR
Email Marketing	\$2,067	\$2,266	\$2,466	\$2,665	\$2,865	\$3,067	8%
Social Media	\$7,518	\$9,736	\$11,724	\$13,511	\$15,359	\$17,342	18%
Display Advertising	\$19,801	\$23,680	\$27,916	\$31,281	\$34,477	\$37,574	13%
Search Marketing	\$27,899	\$31,622	\$34,995	\$38,470	\$41,890	\$45,386	10%
<b>Total</b>	<b>\$57,285</b>	<b>\$67,305</b>	<b>\$77,101</b>	<b>\$85,928</b>	<b>\$94,593</b>	<b>\$103,370</b>	<b>12%</b>
Percentage of all ad spend	24%	27%	30%	32%	33%	35%	

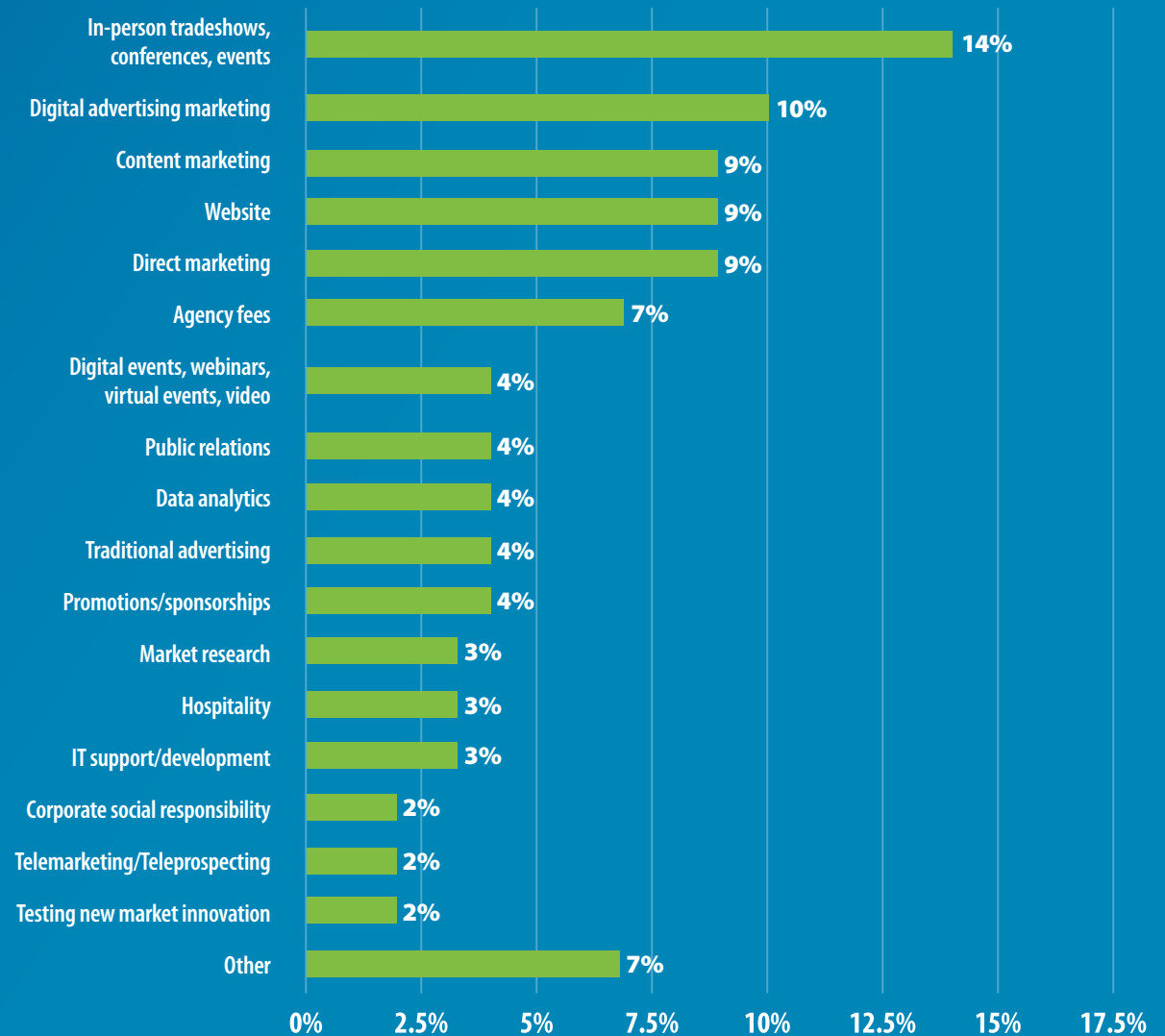
***Corollary:** Why are so many companies investing more in online marketing? Because the role of the salesperson is becoming marginalized. According to Forrester, 59% of B-to-B buyers and sellers prefer not to interact with a sales rep, and 74% find buying from a website more convenient. They go on to say that 90% of the sales process is over by the time a prospect reaches out to a salesperson. So the role of content and web marketing is more important than in the past. Forrester predicts that 1 million US salespeople will lose their jobs to ecommerce by 2020.*

Source: Forrester Research Digital Marketing Forecasts, 2014 to 2019 (US)

# Integrated Marketing Still Calls for Balance

*B-to-B Marketing Budget Allocation 2016*

There's no magic bullet in marketing. Did a sale happen because a prospect found you online, visited you at a trade show, read an article, was visited by a salesperson—or all of the above? Of course, it's all of the above, as marketing decision-making involves teams of people making complex buying decisions today. Multiple touches from consistent, sustained campaigns built around simple messages are still the success factor driving how marketing works best.

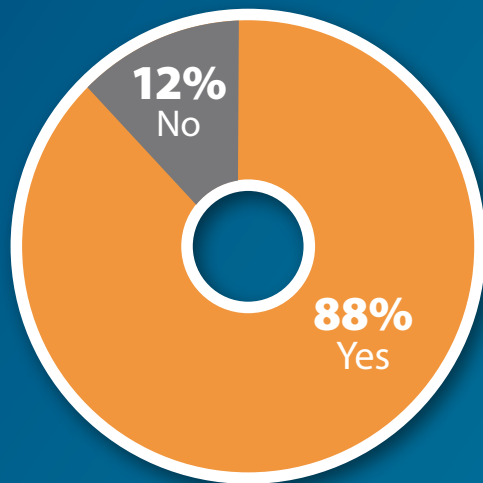


Source: statista.com

# Content Marketing: More Than the Latest Buzzword

Content Marketing is a staple of B-to-B marketing today. But only 32% describe their activities as measured, sophisticated and/or mature.

## Percent of B-to-B Companies Using Content Marketing



The role of face-to-face marketing hasn't gone away, although many companies are moving away from relying only on trade shows:

## Effectiveness Ratings for B-to-B Tactics



*SEO leads have a 14.6% close rate, while outbound leads (such as direct mail or print advertising) have a 1.7% close rate.*

Source: Content Marketing Institute/MarketingProfs



# It's About Quality Content, More Than Just Content

Google cares about the length of your content, and your prospects care about the quality of your content. Buying inexpensive "blog farm" posts for \$25 a post won't work as Google tightens its algorithm to favor the better sites. At the end of the day, you're rewarded by Google and your customers if your content is something people read, click or share. There are no shortcuts any longer.



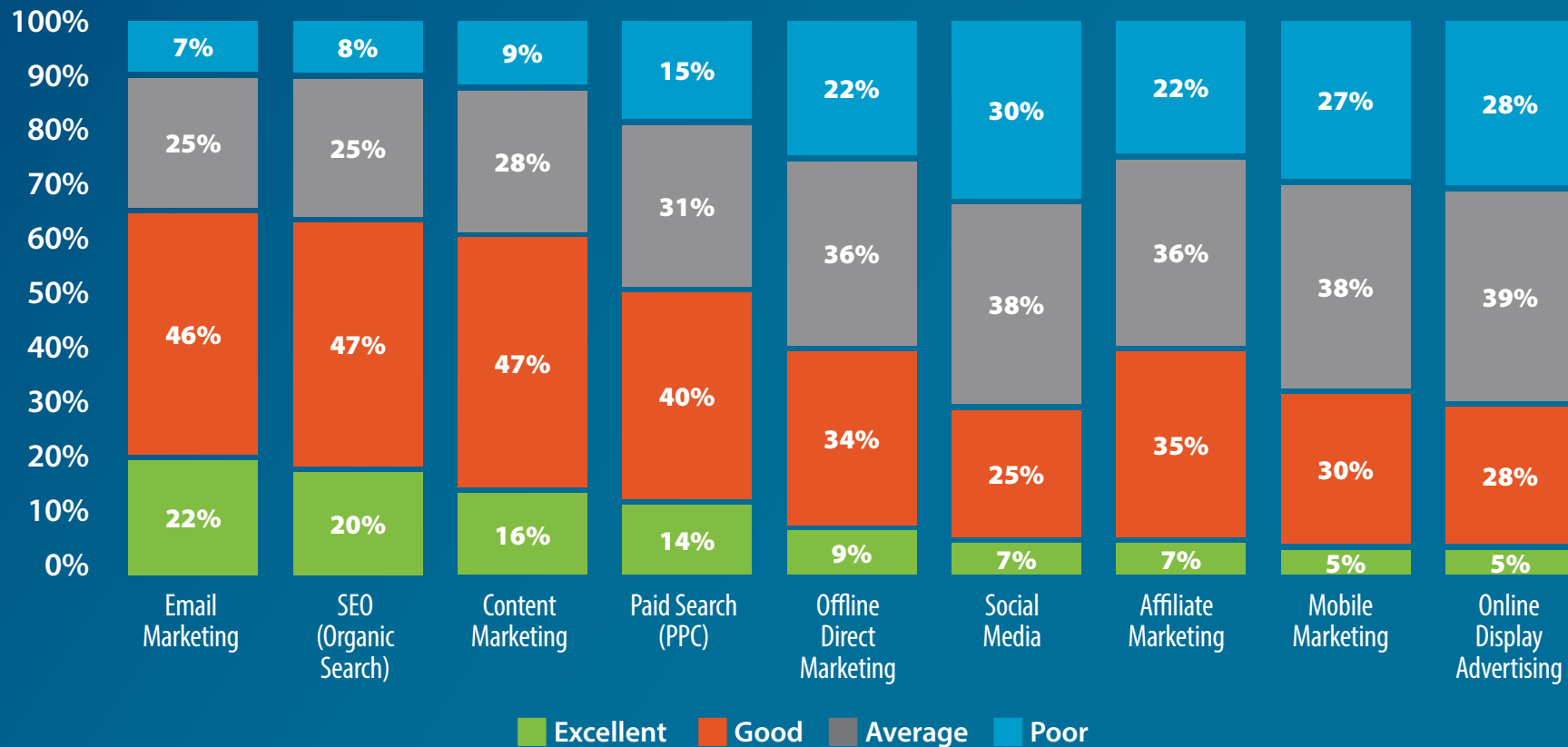
*The average content length for a web page that ranks in the top 10 results for any keyword on Google has at least 2,000 words. The higher up you go on the search listings page, the more content each web page has.*

*Source: QuickSprout*

# ROI Tactics Will Shift

Although email tops the list of where ROI is strongest today, it's likely those figures will continue to drop over time.

**How Do You Rate the Following Channels in Terms of Return on Investment?**

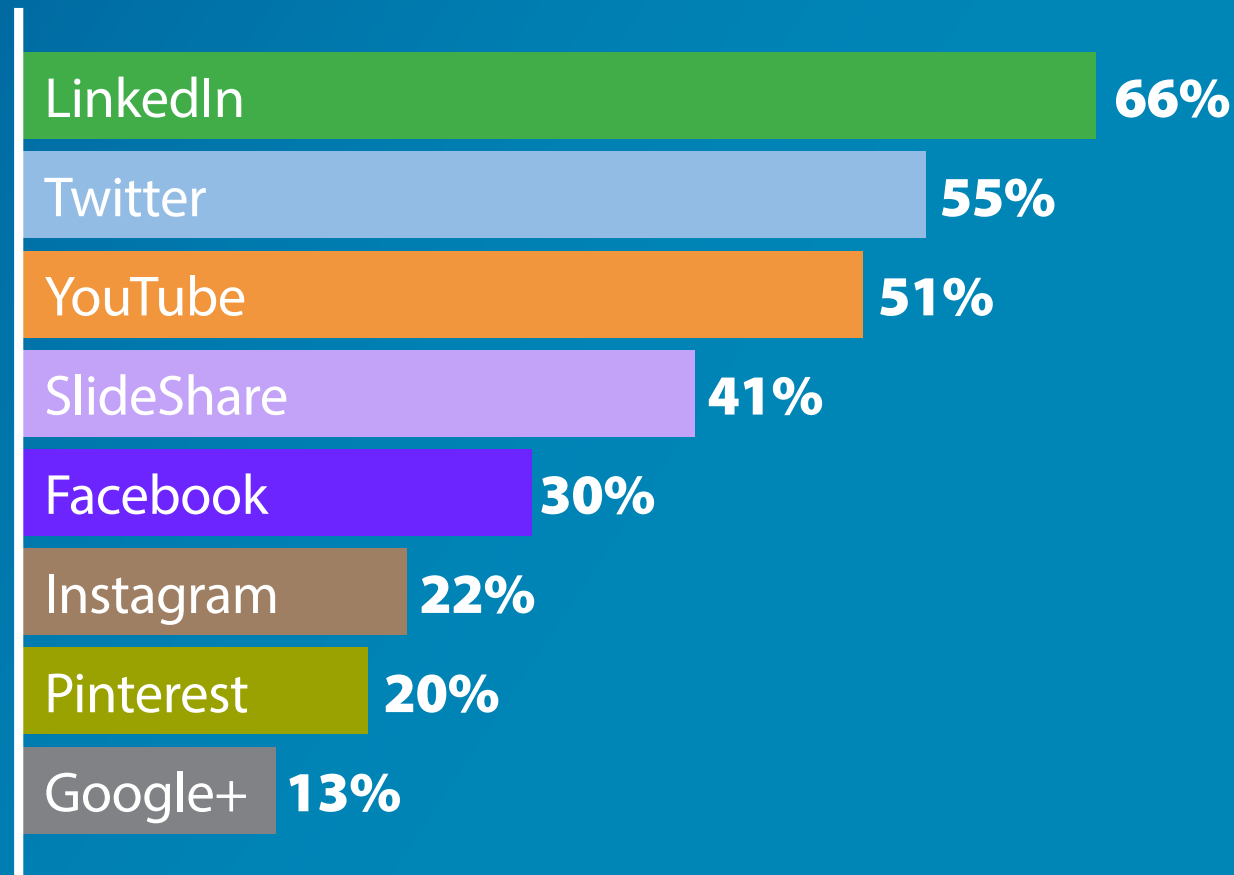


Source: Econsultancy



# Not All Social Media Networks Work Well for B-to-B

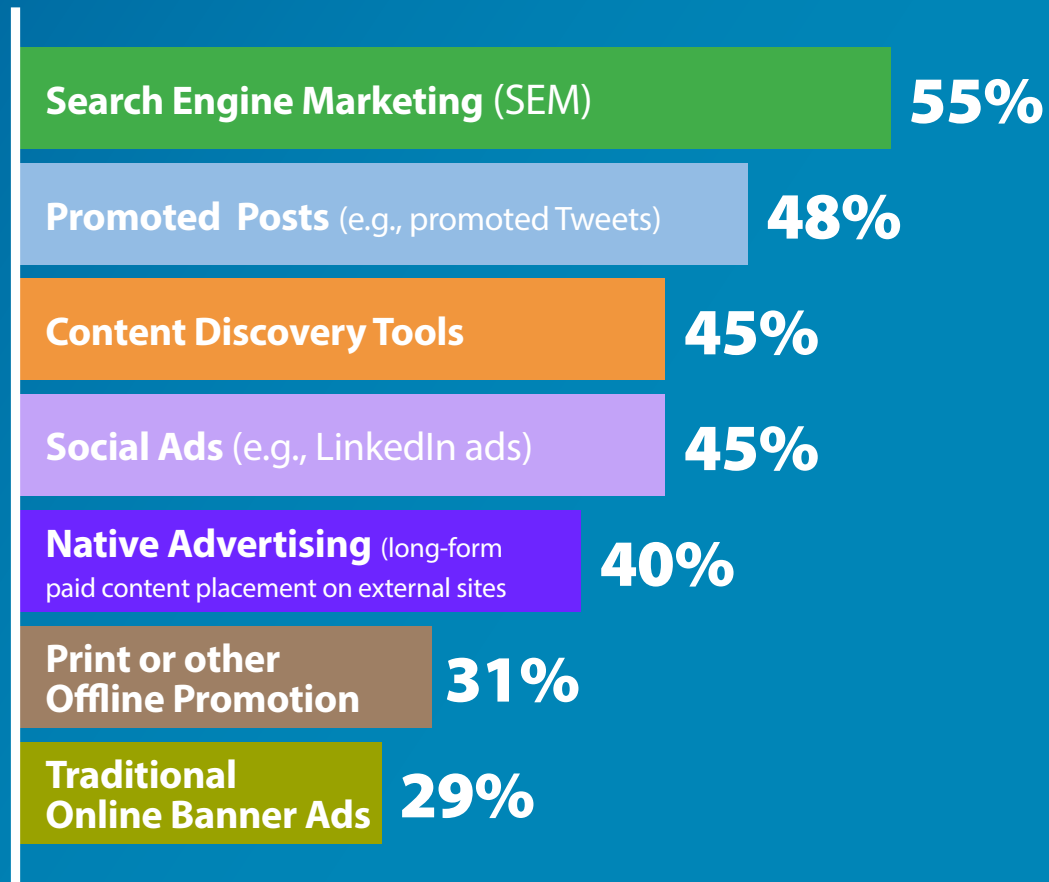
*Effectiveness Ratings for B-to-B Social Media Platforms*



*Source: Content Marketing Institute/MarketingProfs*

# Watch Out for Native Advertising as a Rising Star

## Effectiveness Ratings for B-to-B Advertising Methods

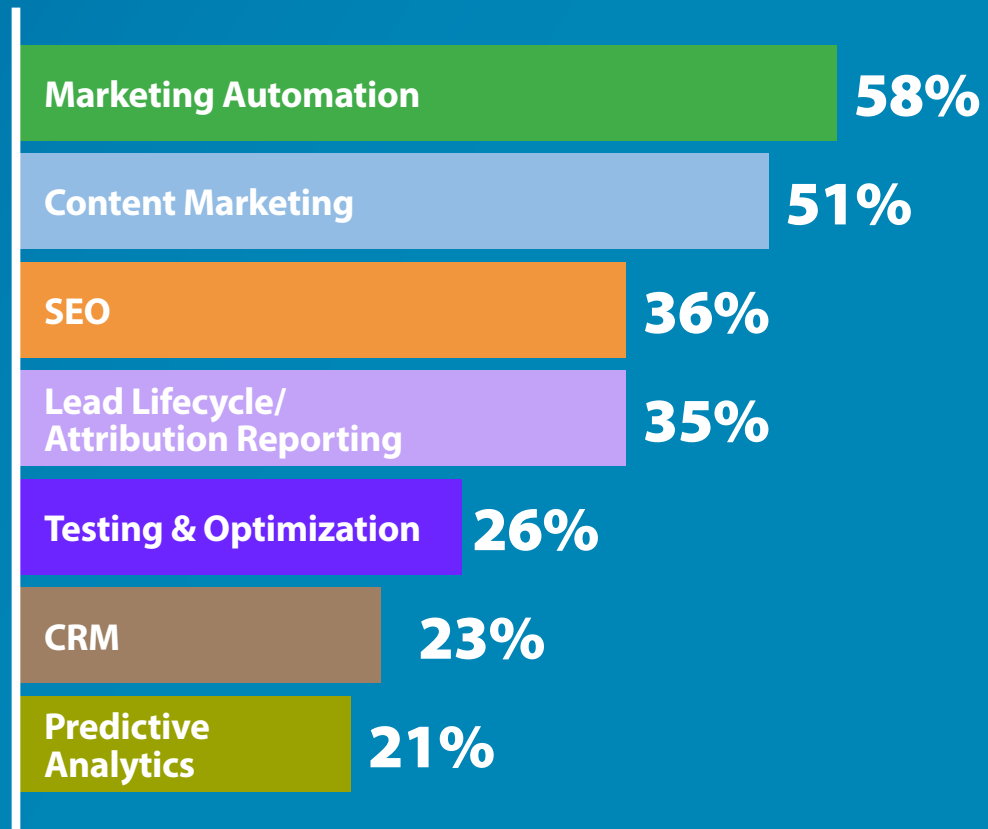


Source: Content Marketing Institute/MarketingProfs

# Making Sense of It All

Marketing Automation will be a key pillar for uncovering true ROI, in filling the gap to achieve “click-to-close” marketing to sales metrics.

*Marketing Tactics/Technologies  
that US B-to-B Marketers Expect  
to Deliver ROI, July 2015*



Source: eMarketer.com

# About Goldstein Group Communications

Goldstein Group Communications (GGC) creates high impact branding and lead generation programs for B-to-B companies that are seeking more powerful ways to find and keep customers. The agency brings an unusual combination of corporate communications management and engineer-level writing capability to its client roster. With deep experience in electronics, healthcare and industrial markets, the agency is able to draw on its skills to articulate with impact and clarity the technical advantages its clients offer their customers.

GGC was founded in 1992 as a public relations agency and today represents both entrepreneurial and billion-dollar multi-national firms throughout the country, with 60% of revenues coming from clients outside Ohio. GGC combines both left-brain analytics with right-brain creativity to provide a powerful marketing approach that leads to "Measurably Better Marketing."

