

How to Set Your Marketing Budget



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When you are asked to prepare a marketing budget, there may be a few uncertainties that come to mind.

Setting a marketing budget will have different requirements than in recent years as a changing economy causes businesses of all sizes to pay close attention to budgets across all departments. Your marketing budget needs to be well thought out and strategically organized to gain approval.



Creating a marketing budget isn't just about allocating funds; it's a strategic road map that empowers us to make informed decisions, measure impact, and ensure every marketing dollar contributes to growth.



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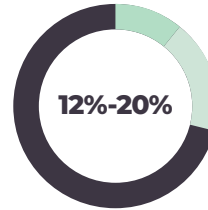
Marketing is an essential part of growing, scaling, and sustaining a successful business, and if you want it done well, it often comes with a high price tag.

Before you can consider where to allocate your marketing dollars, you'll need to take a step back to determine what goals you want to accomplish, what you can afford to spend, and which areas will give you the most bang for your buck.

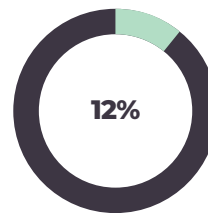
There is no one-size-fits-all when it comes to determining your overall marketing budget. There are many benchmark data points you can use to set your budget, such as:

- **Annual revenue**
- **Customer acquisition cost**
- **Customer retention rate**
- **New product launches**
- **New service offerings**
- **And much more**

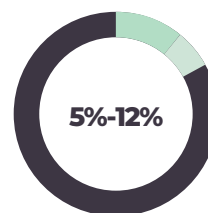
If you're not sure where to begin, we suggest using annual revenue as your starting benchmark.



For new companies, your advertising budget should range between 12%-20% of your overall gross revenue.



Companies looking to scale quickly should allocate at least 12% of your projected revenue to your marketing budget.



More established companies with a loyal client base should be prepared to spend between 5%-12% of overall gross revenue on marketing.

Marketing Budget Breakdown:

Consider Where to Allocate Your Marketing Dollars

Once you've determined your overall budget, it's time to allocate your marketing dollars into specific focus areas or "buckets."

Because of the countless marketing platforms that exist today, it's best to first break things down into categories so you can more easily determine potential costs and return on investment (ROI). Your buckets should include:

- **Website Updates and Redesign**
- **Branding and Creative**
- **Content Marketing**
- **Product Marketing**
- **Public Relations**
- **Events**
- **Paid Media**

Get Your Marketing Budget Template

Learn how to plan your marketing budget and manage your marketing spend with this free marketing budget template.

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Content Marketing

When done correctly, content marketing has the potential to completely transform your business. Organizations that invest in a strategic content plan benefit in numerous ways, including boosting their brand awareness, increasing page authority, generating traffic, providing conversion opportunities, and increasing qualified leads.

In 2023, 69% of businesses planned to increase their content marketing budgets. (Source: Semrush)

Before capping your content marketing effort and assigning a dollar amount, consider your overall goals. What are you trying to accomplish from your marketing efforts as a whole?

If your goal for the year is to attract more traffic to your website or to generate more quality leads, then you'll want to commit a healthy percentage of your marketing budget to the content category. You'll also want to research and invest in tools that will help you successfully plan and execute an effective content strategy.

To the right are the line items we've found to be most effective and worth considering for your content marketing budget:

Plan to Budget for:

Software & Publishing Tools

- Design (e.g., InDesign)
- Project management (e.g., Asana)
- Keyword research and analytics (e.g., Semrush)
- Marketing automation (e.g., HubSpot)
- Webinar hosting (e.g., Demio)
- Blogging platform (e.g., HubSpot)
- Landing page/CTA system (e.g., HubSpot)
- Premium content platform (e.g., Vimeo)

Inbound Marketing Agency Support

- Writers
- Designers
- Developers

Services

- Storage/file-sharing
- Stock photography subscription
- Licensed/syndicated content

Website Updates and Redesign

If you haven't updated your website in more than three years, you are likely due for a refresh.

Providing a seamless user experience and delivering on customer expectations is critical to your website's performance. If your website performance has started to decrease in terms of traffic or conversions, it's time to evaluate opportunities to capture more attention from your target market.

But before deciding if a website overhaul is in your budget, go back and consider your goals. Your website is a powerful sales tool, and it's the number one thing your prospects explore before committing to your product, software, or services.

If your goal is to increase your website conversions and turn your web visitors into customers, then your marketing budget needs to reflect that.

Additionally, if your top priority is aligning your sales and marketing efforts, investing in a website refresh is a step in the right direction. How much of your budget do you need to allocate to a website redesign? To the right are elements of your website you'll want to evaluate as you decide what needs to be included in your marketing budget.

Plan to Budget for:

Basics

- Domain name
- Hosting platform

Content & Design

- Wireframes
- Images and custom graphics
- Mobile/responsive design
- SEO strategy and redirects
- Copywriting
- Copy editing
- Advanced customization
- Style sheets and templates

Software

- Content management system (CMS)
- Blog
- Landing pages
- Analytics

Testing

- UX testing

Existing Content Migration

- Blog migration
- Website and landing page migration

Paid Advertising

Paid advertising is a powerful tool for brands whose goals are to improve brand awareness and increase customer acquisition. Budgeting for paid search can be tricky and extremely costly if you're not paying attention to keyword optimization.

When determining how much of your marketing budget to allocate to paid search, you need to determine the key performance indicators (KPIs) that are most important to your business, and then work backward from the figures that represent profitability. You can apply data from your existing marketing efforts to inform your Google Ads spend and campaign structure.

It's also important to conduct a keyword research analysis of your competitors to ensure you allocate enough of your budget to your high-priority keywords.

Plan to Budget for:

Google Ad Types

- Search
- Display
- Video
- Shopping
- Performance Max
- App
- Discovery
- Local
- Smart

Social Ad Platforms

- Facebook
- YouTube
- Instagram
- LinkedIn
- TikTok
- X (Twitter)
- Pinterest
- Snapchat
- Quora
- Reddit



Branding & Creative

Investing in your brand image not only shows your customers you are up-to-date and profitable, but it also helps you stand out against your competition.

Businesses looking to rebrand need to consider the big picture when considering budget allocation. A total rebrand affects many other areas of your business, meaning it can be one of the more costly projects you take on.

Keeping your brand consistent across all platforms can increase revenue by up to 23%. (Source: Forbes)

Aside from a full brand overhaul, your branding and creative budget needs to support all of the creative elements that go into producing your planned content deliverables, digital graphics, and sales enablement materials. To the right are some of some of the tools you'll want to consider when determining your budget for the upcoming year:

Plan to Budget for:

Software

- Design/photo editing (e.g., Photoshop, Illustrator, InDesign)
- Video editing (e.g., Premiere)
- Animation (e.g., After Effects)
- Wireframing (e.g., Figma)
- Prototyping (e.g., InVision)
- Project management (e.g., Trello)

Hardware & Equipment

- Graphics-optimized computer
- HD display
- SD cards/external hard drives
- Camera and tripod
- Microphone
- Lighting

Outsourcing

- Freelance design work
- Freelance video work
- Crowdsourced work (e.g., 99designs)
- Voiceover work
- Actors

Miscellaneous

- Purchased typefaces, vectors, photos
- Printing (e.g., posters, business cards)
- Travel (e.g., for on-site video shoots)
- Swag

Product Marketing

Sales teams rely heavily on product marketing materials to turn prospects into customers. Without the right materials, you'll spend money to get potential customers to the sales department, only to lose them due to a lack of resources.

Sales organizations with a content strategy have 27.1% higher win rates and 18.1% higher quota attainment. Simply bringing your sales enablement and marketing teams together to create a defined plan can go a long way toward identifying gaps and redundancies. It can also help you determine how to budget for your product marketing needs.

While not all of these items will fall on your list, it's important to consider what you'll need to spend to support new items such as product launches or service updates.

Costs associated with product marketing and sales enablement are to the right.

Plan to Budget for:

Product/Market Fit

- Paid research
- Competitive analysis
- Focus groups

Content

- White papers
- Case studies
- Product demos

Product Releases

- Product management/release software
- Launch event
- Paid ads
- PR

Product Testing

- User testing sessions
- Testing software



Public Relations

Setting your public relations (PR) budget can be tricky. There may be uncertainties surrounding annual events, future announcements, anticipated awards, and more.

In June 2022, around 50% of businesses were expected to reduce their discretionary marketing expenses, including PR, events, and sponsorships, over the next year. (Source: Agility PR Solutions)

Rather than associating public relations with cost, consider it as an investment in building loyal stakeholder relationships. How you spend is more important than what you spend. If you're spending carefully on the right communication strategies, the investment will be worth the return.

When allocating funds to your PR budget, it's important to start with established events coming up throughout the year, such as new product launches or software updates.

Once you've added the expected costs to your PR budget, we recommend adding a contingency budget in case of unexpected issues that might arise. Discover what you'll want to consider when setting your PR budget to the right.

Plan to Budget for:

Subscriptions

- Press release service (e.g., PRWeb)
- Research/contact service (e.g., Cision)
- Reputation monitoring software

Content

- Press releases
- Newsletters
- Reports
- Guest posts

Agency

- Retainer fees
- Expenses
- Other

Media Relations

- Dinners
- Gifts
- Award entry fees

Events and Tradeshow

- Admission
- Transportation
- Accommodations
- Meals

Events

By carefully estimating and planning for expenses, you can allocate resources efficiently, manage costs, and prevent budget overruns when planning for events. This proactive approach empowers you to make informed decisions, maximize the value of your events, and create a memorable experience for everybody involved.

We recommend setting a modified budget and allocating your funds to the annual events that produce the most value for your business.

It's also important to budget for small to medium in-person events as well as omnichannel conferences. We expect these formats to continue replacing large conferences. Consider the list to the right when setting.



Plan to Budget for:

Venue

- Room or event hall rental
- Furniture rentals
- Equipment rentals (speakers, microphones, etc.)
- Decorations
- Signage

Program

- Presenters
- Performers
- Presenter/performer travel
- Presenter/performer accommodations

Refreshments

- Food
- Drinks

Promotion

- Paid advertising
- Web development
- Special offers/giveaways

Miscellaneous

- Name tags/badges
- Printed agendas/programs
- Swag (stickers, keychains, etc.)
- Stationery/pens/pencils

What Are the Key Takeaways for Setting Your Marketing Budget?

Set your goals first, then determine your budget. Make sure you're investing in the channels that drive the most impact for your business. Make it a priority to test and evaluate your strategies as the year progresses and know that there will likely be some adjustments to your starting budget. Once you know which channels are producing significant results, you can invest more of your budget into those resources.



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