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Maximizing Your Online Advertising & Digital Marketing Budget



by
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I have 18 years of digital marketing expertise in Telecommunication, E-Commerce, IPTV, A.I. Development, Broadband, renewable energy and Financial industries. After spending ten years leading marketing teams for various fortune 500 companies, I decided to start Digital Marketing Experts. This marketing agency caters to small to medium size businesses in the Greater Toronto area. As a female entrepreneur, I have gained a unique perspective on the lives of female business owners. I understand the struggle and have learned how to design, execute and measure marketing strategies and customized campaigns for each business.

I believe it is essential to create a sustainable digital marketing strategy which will require a sharp vision and many metrics to accompany digital plans. Our digital expertise is in Social Media Marketing strategies, Website Development, Search Engine Marketing and Optimization, Online Advertising and Video / Mobile Marketing. For more information about our business, you can visit www.digitalmarketingexperts.ca or my LinkedIn profile <https://www.linkedin.com/in/maryamgolabgir>

In today's digital age, businesses of all sizes are allocating significant budgets towards digital marketing initiatives. However, maximizing the return on investment (ROI) from these budgets is crucial for achieving business objectives.



How to Allocate Your Marketing Budget

Determine your business's goals

Every guide on how to create a marketing budget will say that you must establish your business's goals — and it's true! You need to know what you want to achieve, so you can set a budget that allows you to achieve those goals.

You can set goals that focus on:

Earning more sales

Increasing leads

Earning more subscribers

Increasing brand awareness



Establish your sales cycle

When you create your marketing budget plan breakdown, you want to establish your sales funnel. Your sales funnel is a critical component of your marketing budget because it determines where you're going to spend your money. A typical sales funnel will have four stages:

- **Awareness:** At this stage, your audience becomes aware that they have a problem and starts looking for solutions.
- **Consideration:** At the consideration stage, your audience starts to look at the options available to them.
- **Decision:** When a lead reaches the decision stage, they start to narrow their focus on companies that provide the best solution or product for their needs.
- **Action:** Once a lead reaches the action stage, they choose your business and become a customer.



Know your outside costs

If you want to know how to prepare a marketing budget plan, start by establishing your external costs. You need to know how much everything costs your company, so you know how much you can allocate for marketing. So, what are outside costs you need to consider?

- Operational costs (creating products, shipping them)
- Costs for employing staff
- Costs for running your business (electricity, water)

You must consider these costs when creating your marketing budget plan. Not only does it determine what services you can invest in, but it also helps you set a baseline for your return on investment (ROI).



2022 marketing budgets increased as a percent of company revenue to 9.5% from 6.4% in 2021.

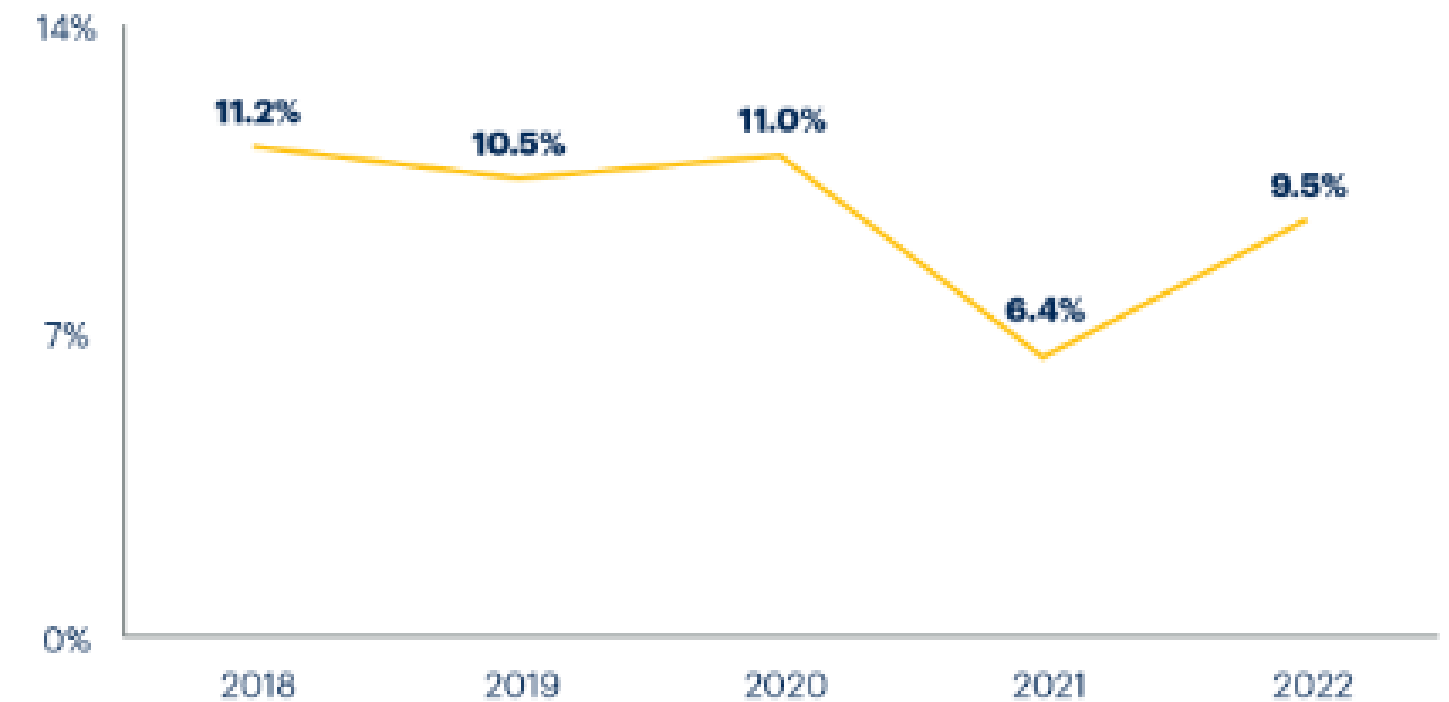
After two years of digital spending approaching 70% of marketing budgets, the allocation of digital and offline spending has shifted to a more equitable split as people are engaging more at events and in person.

More than half of digital spending is being allocated to paid channels like social, search, display, and video advertising.

SEO, content marketing, and email marketing drive the earned digital channels.

Mobile marketing has grown to a point that it's no longer tracked separately in the forecast and it's presumed to be considered across all channels

Marketing Budgets as Percentage of Total Revenue





Which Social Media Channels Should I Invest In?

Two studies from Insider Intelligence from November 2021 and April 2022 show that while Facebook and Instagram have the most users in the U.S. and Canada, TikTok, and YouTube lead the way for average time spent per day spent on the platform.

YouTube's audience is more widely spread across age groups in that a report from Statista shows over 60% of internet users in every age group use YouTube. Many of the lesser-used social platforms can be effective tools in an advertiser's toolbelt as well, depending on the target audience.

How Much Should Your Firm Budget For Marketing?

For B2B firms, marketing budgets as a percent of firm revenue fell within the 6-8% range

For B2C firms, marketing budgets as a percent of firm revenue were around 8-14%

Marketing budgets as a percent of overall firm budgets have been fairly consistent for B2B firms the past few years, in the 9-11% range, but average much higher for B2C companies, up to as much as 20%.



Economic Sector

	% Budget	% Revenue
B2B Product	9.6%	6.7%
B2B Services	9.0%	7.5%
B2C Product	19.5%	13.7%
B2C Services	17.7%	8.4%

Percent of Marketing Budgets Allocated to Digital Channels by Type



Economic Sector

B2B Product	57.1%
B2B Service	55.9%
B2C Product	61.1%
B2C Service	58.5%

Put 7-to-8% of your gross revenue towards marketing. Then, allocate 50% of your marketing budget to digital marketing.

Choose the Best Marketing Channels for Your Brand

Depending on your audience and brand, you'll want to choose the best ways to market, including the right marketing channels. Start by analyzing your needs and determining which promotional channels will yield the best ROI when you run your digital marketing campaign. This will be especially helpful in determining what you spend your digital marketing budget on to ensure you're getting the most out of what you have available.



A few questions to think about to help strategize:

1. Do I need to do outreach?
2. Will we use an inbound marketing strategy?
3. Who are we targeting?
4. Demographically?
5. Based on interests/behaviors?
6. What is the goal of the marketing campaign?
7. Brand awareness?
8. Conversions?
9. More traffic?
10. Which social media channels are my target audience on?

Content Marketing is Still Key

There's no doubting it—content marketing remains a key factor in digital marketing success, especially when it comes to establishing expertise in your industry and building a trusting bond between your brand and your audience.

According to HubSpot, 46% of marketing budgets are spent on content creation, and 24% of marketers plan to increase their content marketing investment. The software company adds that 70% of marketers are actively investing in content marketing.

Almost half (40%) of marketers say content marketing is a significant part of their overall marketing strategy.

How to Improve ROI on Your Digital Marketing Budget?



Get an idea of what strategies you want to use

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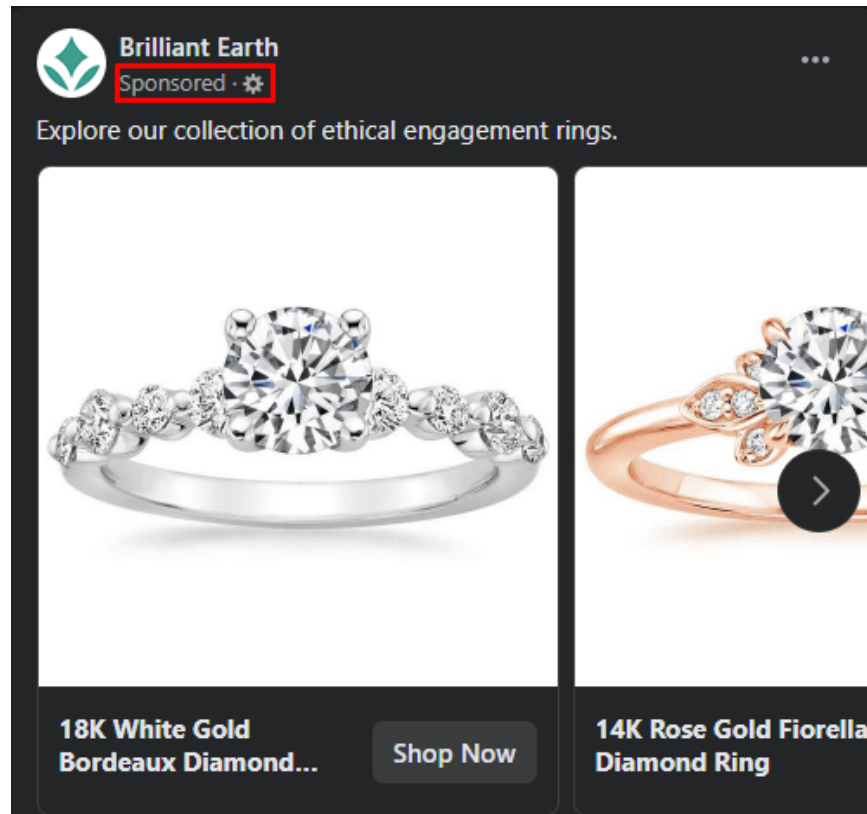
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An essential component of preparing a 2024 marketing budget is choosing your strategies. You don't need to be 100% sure about the strategies you want to use, but you should have an idea of which strategies seem to be the best fit for your business:

- **Search engine optimization (SEO):** SEO is the process of boosting your website's rankings in search results to help drive more relevant, organic traffic to your page.
- **PPC advertising:** PPC ads are paid advertisements that appear at the top of search results pages and on other web pages. These ads allow you to reach more leads that are ready to convert.



Get an idea of what strategies you want to use



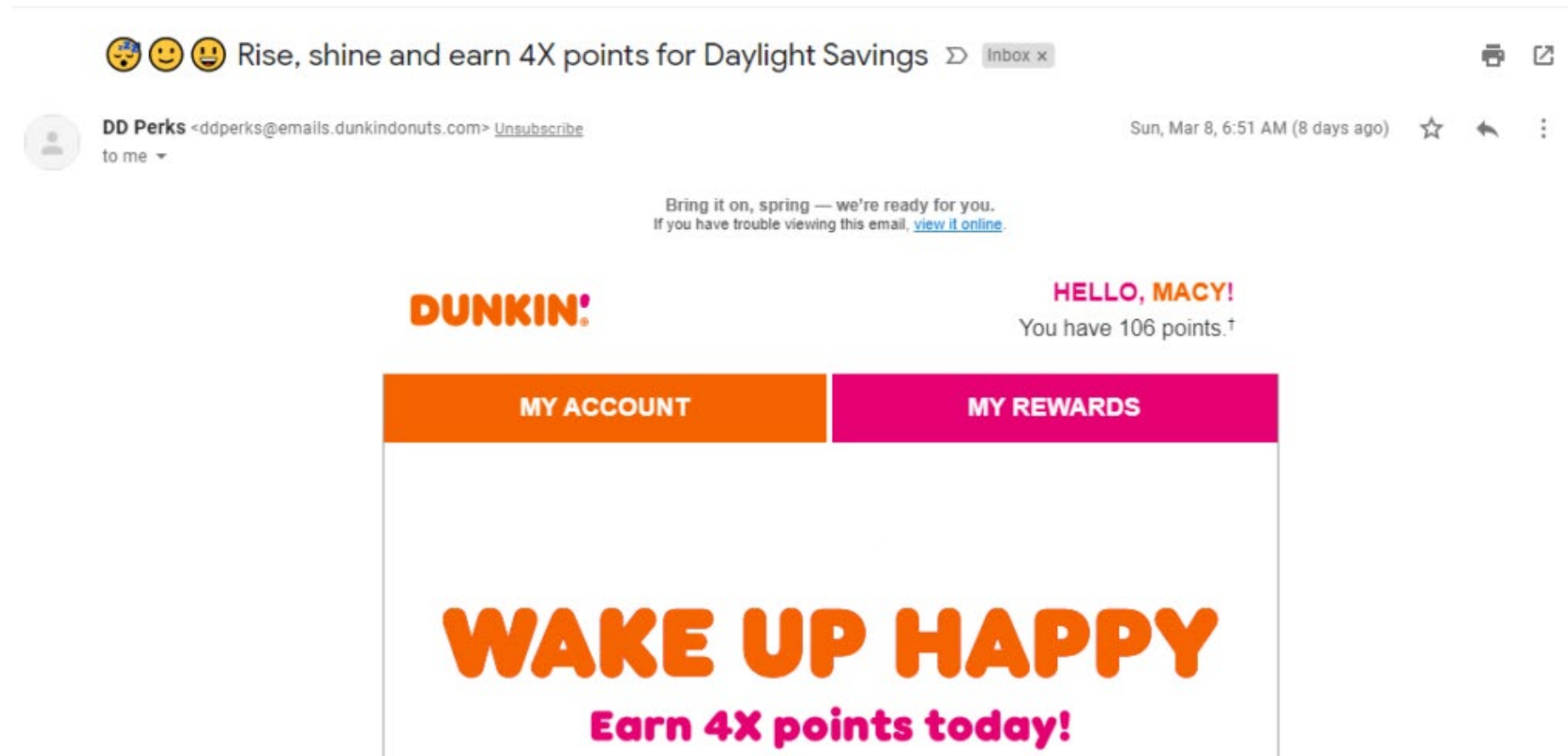
Social media marketing: Social media marketing enables you to connect with your audience one-on-one and deliver informative content to them. This strategy allows you to build relationships with leads and nurture them into customers.

Social media advertising: If you invest in social media advertising, you'll focus on creating compelling ad copy targeted at specific leads. These ads appear seamlessly in their newsfeed, allowing you to build brand recognition and earn more leads.



Get an idea of what strategies you want to use

Email marketing: Email marketing enables you to nurture leads towards conversion by sending them tailored content that fits their interests. You can send promotional emails, exclusive deals, abandoned cart reminders, and more.





Get an idea of what strategies you want to use

Map data ©2020

Rating ▾ Pizza ▾ Price ▾ Hours ▾

Prime Pizza
4.4 ★★★★★ (252) · \$ · Pizza
446 N Fairfax Ave
Closed · Opens 11AM
"But there are higher end pizza places in Los Angeles. But for a ..."

Local SEO: With local SEO, you optimize for local keywords and claim your Google Business Profile listing to help drive more local traffic to your business. Below, you can see an example of a GBP listing!





Research strategy prices

Whether you're going to run your campaigns on your own, hire a freelancer, or hire a digital marketing company, you need to know how much it costs. Your marketing budget breakdown should focus on how much each strategy will cost your business.

Freelancers:
Freelancers are people who specialize in one type of strategy or dabble in a few of them. If you hire a freelancer, you'll typically pay by the hour or on a per-project basis.

Digital marketing company: If you hire a digital marketing company, you'll get everything you need, from tools to people.

In-house: If you decide to stick to your in-house team, the cost will come in the form of salaries and materials you need to execute your campaigns.



How much do professional digital marketing services cost?

To help you get an idea, here's a range for how much you should expect to pay for online marketing strategies from a digital marketing company:

SEO: \$500 – \$20,000+ per month

PPC: 5-20% of monthly ad spend

Content marketing: \$2000 – \$20,000 per month

Social media marketing: \$250 – \$10,000 per month

Email marketing: \$300 – \$2500 per month



Common marketing budget mistakes

Here are a few common marketing budget mistakes you should avoid when planning and tracking your budget:



Funnelling spend to channels that don't provide a high return: It's essential to ensure that your marketing plan budget goes toward the channels that drive the most revenue for your business. Track the return on investment (ROI) of your strategies and ensure your budget goes to the campaigns that provide the highest return.

Not using data to implement and optimize marketing campaigns: The success of your marketing strategy is only as good as your data. Ensure your budget is going to good use by tracking and analysing campaign and audience data to constantly improve your strategies.

Discounting current customers: It costs more money to acquire new customers than it does to keep current customers coming back. Make sure to allocate some of your budget toward retaining current customers and building customer loyalty.

Using last year's marketing budget: Audience's needs and interests change year after year, which means your campaign spending will likely shift too. Don't get stuck allocating the same spend to the same channels you did last year. Analyze current market trends and ensure your budget goes toward the channels your audience is utilizing most.

Devote around 15% of your marketing budget to new, exploratory marketing channels to uncover future stable, reliable channels.



How much do different industries spend on their marketing budgets?

When it comes to how to determine a marketing budget, you can learn how much your business should budget for its marketing plan by looking at your industry and its average marketing spend in the table below.



INDUSTRY	MARKETING BUDGET (% OF COMPANY REVENUE)
Communications media	10%
Mining and construction	3%
Service consulting	21%
Consumer packaged goods	9%
Consumer services	6%
Education	3%
Energy	1%
Banking, Finance, Insurance, and Real Estate	8%
Healthcare	18%
Manufacturing	13%
Retail wholesale	14%
Technology	21%
Transportation	6%

**Do you have any
questions?**

