How Much Should You Budget for Marketing in 2019?

Every business, no matter if it’s a startup, a small business or a large enterprise, has difficulties setting aside a budget for anything, let alone marketing. The main reason is that you can never truly predict the exact amount of funds you’ll need to invest in something important.

Costs may vary and unexpected expenses may arise practically anywhere. Therefore, you can estimate a best-case-scenario budget and set aside a bit more than you’ve planned just in case. But what about the digital marketing landscape today?

In 2019, digital marketing is as dynamic as it ever was. Technological and market trends still shape consumer behavior, which in turn influences how marketers develop their strategies, as well as their campaigns.

All of these activities can have an impact on your marketing budget. So figuring out how much and where to invest when it comes to marketing in 2019 may be a daunting task. With that in mind, here are a few ways you can determine how much should you budget for marketing this year.

How much do companies spend on marketing?

If you’re trying to answer the question of how much to spend on marketing, the answer is always “It depends”. Your goals may differ from other companies on the market, which means you may need to budget more or less on marketing efforts alone.

You can compare how much other companies spend on marketing, on average, in order to gain an approximate estimation of how much you should budget. As an example, here's average spending of companies on marketing in 2018.

Marketing budget as a percentage of a company's budget:

- B2B product – 9.2%
- B2B service – 8.9%
- B2C product – 16.0%
- B2C service – 14.9%

Marketing spending as a percentage of a company's revenue:

- B2B product – 6.3%
- B2B service – 6.9%
- B2C product – 9.6%
- B2C service – 11.8%

Invest in marketing research

Marketing research should be one of the most vital factors in your budgeting efforts. Research can help you determine the audience's preference, needs and expectations, as well as the trends they're currently following.

In addition, you can determine which marketing channels are best suited to your campaigns, as well as decide whether to consider both digital and traditional marketing in your campaign. Aside from all that, you can conduct a competitive analysis to determine which marketing efforts your competitors opt for and how much they're investing in their strategies.

Your marketing budget depends on the approach you'll implement, and research can help you develop such an approach. Even research requires investment, so it may be a good idea to keep the research budget separate from the marketing budget. That way you can clear out any confusion regarding spending and allow research to guide you in developing a budget for

your marketing efforts.

Keep the cash flow positive

As mentioned before, digital marketing is quite a dynamic landscape. Things may change sooner than you think and they may change quite often. In such cases, additional and unexpected costs are quite common.

You may have to pour funds out of other business operations to make up for marketing costs that exceed your budget. That being said, it’s very important to maintain a positive cash flow in order to avoid a negative impact on your bottom line. There are various ways you can maintain a positive cash flow, such as by reducing operational or overhead expenses.

Moreover, you can consider various debtor finance options, they can help you manage your accounts receivable and thus help you maintain a positive cash flow. The fact of the matter is that it’s always better to have good financial health when unexpected expenses arise than it is to go into unnecessary debt to cover such expenses.

Consider return on investment (ROI)

Marketing efforts will eventually yield some kind of a return on investment. How much and how long that will take depends on the effectiveness of your marketing efforts. That begs the question of where to invest, in the first place. Again, that depends on your goals and what you want to achieve with your marketing efforts.

As an example, you should consider both digital and traditional marketing methods. In 2018, the majority of companies invested 42% of their marketing budget to online efforts. Digital marketing is oversaturated these days which leaves traditional marketing with untapped potential for ROI.

In addition, consider both inbound and outbound marketing.

Inbound marketing, such as SEO (Search Engine Optimization), PPC (Pay-Per-Click) and social media may be more efficient at tracking ROI because you can use metrics to measure results from owned and earned media. On the other hand, outbound marketing, such as called call, trade shows and email promotions may be high-cost-low-gain efforts in some cases, but they may prove effective if your goals align with such methods.

Determining how much to budget for your marketing efforts can be a daunting task. However, if you make an effort to research relevant information, as well as leverage data from your previous marketing budgets, you'll be able to set aside enough funds for your marketing efforts in 2019.

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