



CEO Guide to B2B Marketing Budgeting & Planning:

Smart Strategies.
Maximized ROI.



Hands down, the two questions we get asked most often are “**How much should I be spending on marketing?**” and “**Where should I spend my marketing dollars?**” These two questions plague nearly every CEO, particularly in B2B, where long sales cycles and multiple touch points with prospects make it difficult to track whether your marketing budget is driving the right outcomes.

The question of how you can get the most bang for your marketing buck is a tough one—especially amid a shifting business landscape. In this eBook, we’ll cover:

- ✓ **How big should your marketing budget be**
- ✓ **Factors for decision making**
- ✓ **Types of investments and allocation across programs**
- ✓ **How to measure success**

***“If you build it...
you may still
need Google
Ads.”***

JENNIFER MESENBRINK

HOW BIG SHOULD YOUR MARKETING BUDGET BE?

That depends on whose advice you want to take.

In a recent survey of 395 marketing leaders across the U.S. and the U.K., research firm, Gartner, found that:

Companies are investing

**7.7%
OF REVENUE**



back into marketing efforts, across people, tools, and advertising.¹

Smaller companies generally spend higher than average, with variability based on scale, innovation spend, and competitive pressures.

EXACT MARKETING BUDGETS SHOULD BE DETERMINED BY A RANGE OF FACTORS:

- 1 **COMPANY SIZE**
- 2 **INDUSTRY**
- 3 **DESIRED GROWTH TRAJECTORY**
- 4 **GO-TO-MARKET MODEL**
- 5 **SALES STRUCTURE**

While the current business landscape has prompted business leaders to reexamine their budgets, a number of companies we work with have actually increased their marketing spend with the goal of filling the sales funnel or tackling larger initiatives like branding, messaging, and websites in response to the market or competitors.

In a survey of 292 for-profit top marketers in the U.S., **The CMO Survey** revealed that marketing spend accounts for

9.4% OF COMPANY REVENUES

for B2B product companies

&

6.3% OF COMPANY REVENUES

for B2B service companies²

This can be about right if things are status quo. But if there are major initiatives or transformations happening, be sure to allocate the appropriate 'extra' so you aren't taking away from your steady state efforts.



COMPANY SIZE

In the table to the right, The CMO Survey found that, on average, **organizations under \$25 million spend a higher percent of their revenue (17.1%) than larger firms (7.8-12.0%). In our experience, that's not always true.** For firms in the 10-50 employee range, we tend to see smaller budget numbers—companies that invest 4-8% of their revenue into marketing. Many of these firms start at the lower end and grow their investment over time as they better understand the role marketing can play in their growth—and more specifically, understand the right investments to make and expand. Startups with very limited revenue often need to spend irrespective of their revenue in order to achieve desired growth.

REVENUE SIZE CATEGORY	MARKETING BUDGET/REVENUE
<\$10M	19.6%
\$10M - 25M	14.6%
\$26-99M	12.0%
\$100-499M	9.9%
\$500-999M	4.5%
\$1-9.9B	4.7%
\$10B+	7.8%



The CMO Survey also found that marketing budgets vary widely by industry. Marketing spend is highest in the consumer packaged goods at 18.5% and lowest in mining and construction at 1%.

For the sectors we work with most frequently, Statista shows that professional services is about 10.7% and tech platforms at 9.76%.³



If you've got aggressive growth goals, 7.7% marketing spend may not be enough for you.

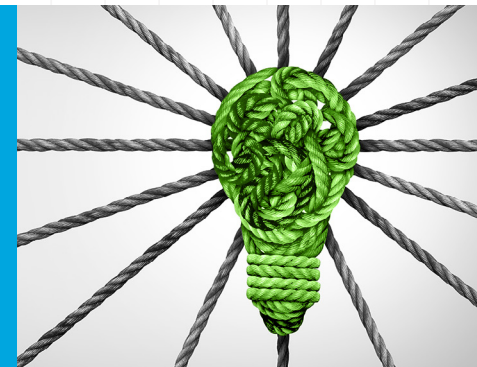
In developing your marketing budget, you must factor in your desired growth trajectory and understand what role you want marketing to play in enabling that growth.

For many firms, that means thinking about marketing more broadly than lead generation and digital marketing and truly understanding the full scope of how marketing can help shape a growth strategy.

FURTHER READING on our Blog:



From Guesswork to Game Plan: Mastering B2B Growth with a Market Assessment



Don't be afraid to spend in marketing amidst market shifts—smart investments can help bolster business in the short-term with an eye towards long-term success.



How you sell your products and services will change how much you allocate towards marketing. For example, if you sell through channel partners, you'll want to factor in ensuring their sales and marketing teams have the resources they need to sell your product or service effectively—in addition to taking advantage of potential opportunities for co-marketing. If you're a SaaS company, for example, you will want to ensure the numbers for acquisition and churn are balanced, and you have ample budget for acquisition and retention.

Senior executives are especially bullish on partner marketing spend, with 62% planning to increase spending in the next 24 months.

Source: Partner Marketing Report, Foundry



Before investing in demand generation-focused marketing, you must have the sales team in place to handle incoming leads (because if you're doing it right, you will have them!).

If the current sales team is completely inundated with prospect activity, the marketing dollars might be best spent on sales enablement to boost sales efficiency and impact. Alternatively, if the sales team is desperate for leads, it could be time to increase spend on demand generation.

One of our clients, a professional services company, was not doing any marketing at all prior to working with us. They decided to begin by investing 6% of their revenues into marketing, much of which they wanted to invest into lead generation activities. With newfound success at the very top-of-funnel, unfortunately they soon realized that their sales team did not have the time or skills to take appropriate action on the influx of leads. As a result, we evolved our marketing strategy to refocus on sales enablement and brand awareness while the sales leads underwent a series of trainings and process development efforts.



HOW SHOULD THE SIZE OF YOUR AVAILABLE BUDGET IMPACT THE TYPES OF MARKETING INVESTMENTS YOU MAKE?

Understanding the investment range that's realistic for your firm along with overall business objectives and expectations from marketing helps set the stage for the types of investments that make sense for your company. Our clients find it helpful to think across three key investment categories:





PEOPLE

This includes staff and consultants and is inclusive of all investments that require a person to execute, such as marketing strategy development, program management, and content creation. Your “people” budget will depend on company type, environment, and your stage of growth. For example, SaaS companies typically have heavy lead generation, qualification, and nurture requirements. They tend to invest more up front to set up and optimize the infrastructure for digital marketing to generate leads through digital advertising. As a result, budget for staff and consultants is often frontloaded to set up the marketing machine, and it levels off as marketing gains momentum. Services firms and companies that have highly consultative sales functions require thought leadership to set them apart, so their “people” hours stay pretty consistent. It requires constant, dedicated time to become a thought leader through content development, pitching contributed articles, social selling, and network expansion. **As a rule of thumb, this number will likely represent the highest portion of your marketing budget and range anywhere from 50–75% of total spend.**

One of the biggest risks we see in growing companies is bringing on staff too quickly—especially in today’s market. Every one of our clients’ marketing plans have shifted, and the in-house team they needed a year ago is not the team they need today, so be sure you’re confident in the roles and skills that will be most beneficial to your business. If you work with an agency, they can help you strategize and select the right people.

Whether to hire full-time staff or consultants, gain the support of an outsourced marketing firm (such as ourselves), and/or implement a hybrid model is a challenge for many companies. **It’s important to understand that there’s no one-size-fits-all approach when it comes to the decision of when to hire in-house vs. outsource.** Some firms opt to outsource for a few years until their marketing needs are stable enough to hire the right in-house resources. Other firms who have in-house marketing staff choose to bring in a full-service agency to serve as an extension of the in-house team. And others have realized the benefits of fully outsourcing the marketing function altogether.

FURTHER READING

in our eBook:



Marketing: In-House or Outsource? When Hiring is Hard, Which Solution is Right for You?





Sales and marketing technologies have become extremely sophisticated, so much so that with investment in the right marketing tools, all digital activities and many offline activities can be tracked and measured to assess whether you're making the right budget decisions for your business. **The explosion of AI use in both sales and marketing also has given rise to new tech that complements many of the core martech.**

The landscape of marketing tools and technologies has exploded and continues to grow across a wide range of categories. The basics include tools that support the infrastructure for marketing and sales efforts—CRMs (Salesforce, HubSpot CRM, etc.) and marketing automation systems (HubSpot, Pardot, etc.), as well as the data that fuels program execution, such as sales intelligence platforms like ZoomInfo and LinkedIn Sales Navigator). **This number has climbed for many firms to 23% of their budget.**



Additional expenditure should come in the form of paid programming, which can mean lots of different things. For professional services and tech companies, we think primarily in terms of digital advertising and selective event or association sponsorships. Digital advertising includes channels like Google Ads, LinkedIn advertising, retargeting platforms, and performance-based content distribution. Sponsorship can include anything from a booth at a trade show to a paid speaking opportunity to a paid content syndication partnership with a key media outlet. This category varies widely in level of investment depending on the marketing strategy and associated plan. **For many of our clients, advertising and sponsorship typically represents 10–25% of your total marketing budget.**

Title Market Players for Ad Spend



HOW SHOULD YOU ALLOCATE YOUR MARKETING BUDGET ACROSS ALL THE DIFFERENT MARKETING ACTIVITIES AND PROGRAMS?

Within each of the three categories mentioned above, people, tools & technologies, and paid programming & sponsorships, there are hundreds of places to spend on marketing, so the challenge is prioritizing what you **should** be doing of all the things you **could** be doing.

Digital dominates a growing share of paid media spend, taking

57.1% OF BUDGETS IN 2024

up from 54.9% in 2023.

Top channels include

13.6%
SEARCH

12.2%
SOCIAL
ADVERTISING

10.7%
DIGITAL DISPLAY
ADVERTISING

Among offline channels

17.1%
EVENT
MARKETING

16.4%
SPONSORSHIP

were the top channels for investment.⁴

MAKING THE CALL ON WHERE YOU SHOULD ALLOCATE YOUR MARKETING DOLLARS STARTS WITH UNDERSTANDING YOUR OBJECTIVES. IT'S IMPORTANT TO THINK IN TERMS OF:



BRAND AWARENESS

Your customer's ability to recognize your brand, particularly against your competition—direct and indirect.



DEMAND GENERATION

Targeted marketing programs that help drive interest in your solutions and deliver leads to Sales.



SALES ENABLEMENT

Providing your sales team with the information, tools, processes, and materials that help them sell better.

74%

of business buyers conduct **more than half of their research online** before making an offline purchase
(Forrester)

2/3

of the **buying process is now done digitally.**
(McKinsey)

Most conversations we're having these days with SMB and enterprise leaders are focused on demand generation or focusing on significant initiatives like company/product launches, new websites, or rebrands.

In all likelihood, your marketing dollars will be allocated across all three of the above areas, but it's important to prioritize which of them is most important to your business now (as this will likely change over time).

For each of those areas, ask yourself:



WHERE ARE WE NOW?

What's working that I can amplify or expand upon? (e.g. certain content assets, specific markets where we see better traction, etc.)

What are we not doing that we should be considering in today's market? (e.g. PR, SEO, digital advertising, etc.)

What are we currently doing that's simply not paying off?

WHERE ARE WE HEADED?

What's new in the business that marketing should help lead and/or support? (e.g. product launch, new digital needs, new channel partnerships, rebranding, etc.)

WHAT WILL IT TAKE TO GET THERE?

Where do you need to spend this year to bridge the gap between where you are now and where you want or need to take the company?

DITCH PRECONCEIVED NOTIONS

As you assess your current marketing objectives, understand your biases and force yourself to revisit them. One of our clients in the cybersecurity space had never done any PR and had a preconceived notion that it was more important for B2C companies and mainly equated to press releases. After seeing the results from some of our other B2B clients, they were willing to give it a try. Within a short time, they received several placements in high quality, targeted publications, including CSO Online—and started seeing the multiple benefits it generated for their business.

THINK OUTSIDE THE BOX

We share that story to encourage you to think outside the box—or at least outside the box of your own experiences. Some companies shy away from tech investments like marketing automation, even though efficiencies would drive major cost benefits. Others don't make the investment in paid activity like digital event sponsorships because of the high ticket price and unknown impact in terms of leads. Keep an open mind when it comes to figuring out where your marketing dollars should be allotted, and don't forget the old adage—you must spend money to make money.

If you want to develop a solid B2B marketing plan that aligns with sales and other business objectives, our **Rapid Marketing Assessment** will help you prioritize and maximize your marketing budget.



HOW DO YOU MEASURE THE IMPACT OF YOUR B2B MARKETING STRATEGY POST-INVESTMENT?

Measuring the impact or ROI of marketing programs is easier said than done. Let's be honest: if it were easy, there would be far fewer blog posts on the topic. Marketing metrics are easy to obtain and readily available, but the ability to tie those to revenue and all of the other business benefits driven by marketing is much harder and more complex.

Many people believe the best (or perhaps most straightforward) way to measure marketing effectiveness is through leads and sales, but marketing can be pivotal to other areas of your business as well. Unfortunately, some activities and programs are easier to measure than others, and some of the most critical areas are very tough to associate directly to metrics. With that said, it is critically important to know what to expect in terms of ROI.



BRANDING, POSITIONING, AND MESSAGING

This work has a direct impact on where you fit into the market, how you prioritize and segment your targets, how you are viewed against competitors, and whether your solution and differentiation resonates with your potential customers. However, it is perhaps the most difficult to measure quantitatively. If you do it right, you'll start hearing positive feedback from the market, but that may take months or even years. Eventually, this kind of work will result in larger sales from more of the right prospects, but there are too many variables to tie it back directly, short of overinvesting in brand recall studies as is done in B2C and/or large companies.



BRAND AWARENESS PROGRAMS (SOCIAL MEDIA, PR, ETC.)

These efforts can directly correlate to near term sales, but often, we find the bigger benefit is in the long term or 'pre-funnel' stage, making it hard to measure in full. Making your brand known to your target audience helps sales get calls answered, encourages analysts and journalists to engage with your company, and increases the number of inbound leads and referrals. Brand awareness is notoriously hard to measure, but a critically important component of marketing.

According to the 95-5 Rule, 95% of buyers – the source of your future cash flows – are out-market today. These buyers are best primed by brand advertising, which drives outcomes over longer time horizons.

LinkedIn B2B Institute study



SALES ENABLEMENT

Here's one area where you will have to rely heavily on qualitative feedback. As you create tools and resources for the sales team to have at their disposal, you'll be directly impacting sales, but you won't necessarily have the numbers to prove it. That being said, this work can make or break sales activities, so don't underestimate its importance among all of your marketing efforts.

Sales enablement focused on increasing rep efficiency or lead funnel optimization can be easier to measure—but requires investment in the right tools and technologies, diligent adherence to sales rep and leader data entry in the CRM and other systems, and a tight feedback loop with marketing!



DEMAND GENERATION PROGRAMS

Demand gen is generally easier to measure because you can tie activity directly to leads thanks to today's marketing technologies. Don't be fooled, though. In this area in particular, you can run through your budget quickly if you don't have clear plans, expectations, timelines, and lead qualification requirements. And to fully measure marketing demand gen to ROI, you have to have closed loop reporting and clean data—two areas where many companies struggle.

As you measure the impact of your marketing, **don't forget to think about both the short-term and the long-term results**, especially as the landscape changes throughout the year.

EXPECTATIONS: THE ROI REALITIES OF DEMAND GEN

1+
MONTH

Depending on the topic and targeting, hosting **webinars** can generate leads quickly, though some may need time to warm up post-webinar. If appropriate for your topic, do your best to make webinar topics intent-based, or something that will attract contacts considering a purchase. For example, a title like “5 Ways An Accounting Firm Can Save You Time” is strongly intent-based, where “Top 5 Accounting Tips for Small Businesses” is not intent-based.



2+
MONTHS

Depending on search volumes, **PPC (pay per click) advertising** generally requires a few months of runway to launch, optimize, and assess effectively.



6
MONTHS

SEO (search engine optimization) typically takes approximately six months to see results and requires ongoing TLC to keep pace.



While it's essential to keep a close eye on metrics whenever possible, it's equally important to balance that with having faith in the system. For some programs, there will be clear metrics that prove the investment, but for others, you'll be left wondering how to describe the value of all the incredible work that's taking place. Have patience and understand that each of these disparate pieces fit together to create a powerful B2B marketing plan.

WRAPPING IT UP

Planning your marketing budget requires time, effort, and input from various stakeholders. It's no easy task, but you're doing exactly the right thing by incorporating advice from marketing experts. **Words of advice: be prepared to invest on an ongoing basis—marketing is not a “one and done” activity.** In fact, companies that start and stop their marketing efforts are not only wasting valuable dollars, but are also at risk of jeopardizing their reputation; your audience will make their own assumptions about why things have suddenly gotten quiet.



Before jumping in, we encourage you to think holistically about your marketing budget and how you can squeeze all that you can out of your investments. For example, if you're hosting a virtual event, what can you do to leverage your hard work beyond just the event itself? You may consider writing a pre-event blog post that highlights hot topics that will be discussed, engaging during the event across your social channels with quotes and images, and following up with a summary of the event via email.

A solid, well thought out marketing budget will set you up for success throughout the year. Develop a budget that takes all of these factors into consideration, but still leaves room for flexibility as the business landscape continues to shift.

We hope this eBook was a helpful guide for you as you embark on your marketing budgeting process. Check out our full suite of [resources](#) for similar advice and expertise.

Ready to Tackle Your Marketing Plan?

Don't miss this opportunity for a personalized, complimentary Marketing Strategy Power Hour session with our seasoned marketing experts. This is your chance to ask tough questions and gain insights tailored to your business's unique needs.

We'll help you refine your strategy with clear, actionable steps designed to enhance your marketing efforts for the year ahead.

GET STARTED

THE MAGNETUDE DIFFERENCE

ABOUT MAGNETUDE CONSULTING

Magnetude is a B2B marketing firm that pioneered the fractional marketing approach for small to medium tech-related businesses. The firm offers a wide range of strategic and execution-focused marketing services to seamlessly dovetail into client growth goals. The company specializes in growth strategy consulting and fractional marketing department services including marketing strategy, messaging, branding, websites, content development, digital marketing, demand generation, sales and channel enablement, and brand visibility.

Magnetude services clients across the globe and brings specialized expertise in areas including cybersecurity, big data/AI, SaaS products, B2B professional services, and emerging and established technology related products and services. is a B2B marketing firm that specializes in working with entrepreneurial companies looking to market the right way in today's increasingly complex environment by providing full-service, fractional marketing department services.



**Interested in hearing more
about our capabilities?**

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Endnotes

¹ <https://www.gartner.com/en/marketing/topics/marketing-budget>

² https://cmosurvey.org/wp-content/uploads/2024/04/The_CMO_Survey-Highlights-and-Insights-Report-Spring_2024.pdf

³ <https://www.statista.com/statistics/742988/marketing-budget-share-category-usa/>

⁴ <https://www.gartner.com/en/newsroom/press-releases/2024-05-13-gartner-cmo-survey-reveals-marketing-budgets-have-dropped-to-seven-point-seven-percent-of-overall-company-revenue-in-2024>