



Question: How many companies in the US have digital marketing budget of over \$10m ?

Highlights:

- Approximately 800 companies in US have digital advertising budget of over \$10m
- Out of 3,700 listed companies 580 (15.7%) companies may have digital marketing budget of over \$10m

Introduction:

According to an article in Chief Marketer, US B2B marketing and advertising spending will grow to \$161.4bn this year, with digital accounting for over half (\$83bn) of those expenditures. Outsell's Annual Advertising and Marketing Study 2016 shows that B2B spending will increase 5% overall. Digital spending overall grew in numerous categories, including native advertising and search, with mobile posting the highest growth rate, 25%.

According to a Forbes article, below is the table representing marketing spending as a percentage of firm revenues

Revenues	<\$25m	\$26m-\$99m	\$100m-\$499m	\$500m-\$999m	\$1.0bn-\$9.9bn	>\$10bn
Marketing Budget	13.9%	6.1%	5.9%	2.9%	6.7%	5.5%
Digital Marketing % of Marketing Budget*	NA	NA	47.0%	43.8%	46.7%	60.2%

** Calculated average of digital marketing budget (Source: Forbes)*

According to information available in the table, only the companies with revenue of above \$800m or between \$360-\$499m have digital marketing budget of over \$10m. As per Forbes list of US public companies there are 580 companies' which lie in the above range. Also there are 223 private companies which have revenue of over \$2bn (No information could be found on private companies below \$2bn revenue). So, approximately 800 companies in US have digital marketing budget of over \$10m and about 15.7% of public companies have digital marketing budget of over \$10m.

Methodology & Calculations:

Step 1: Finding marketing budget breakdown by revenue

Step 2: Finding Digital marketing expenditure on total marketing budget



For Example: Companies with revenue between \$500m-\$999m spends 2.9% on marketing, hence a company with \$800m revenue will spend approximately \$23.2m of which digital marketing budget will be 43.8% (\$10.1m) of \$23.2m .

Step 3: Find the number of companies with revenues greater than \$800m or between the range of \$360m-\$499m.

Data and Calculations for Average Digital marketing Spending.

Revenue Range		\$500-999m		
% Spending	Min	Max	Weight	
70	25	49	37	2,590
24	50	74	62	1,488
3	75	100	87.5	262.5
1			0	0
3	0	25	12.5	37.5
Weighted Average		43.78		



Revenue Range		\$1-4.9bn		
% Spending	Min	Max	Weight	
48	25	49	37	1,776
31	50	74	62	1,922
2	75	100	87.5	175
3			0	0
16	0	25	12.5	200
Weighted Average		40.73		



Revenue Range		\$5-9.9bn		
% Spending	Min	Max	Weight	
49	25	49	37	1,813
43	50	74	62	2,666
9	75	100	87.5	787.5
0			0	0
0	0	25	12.5	0
Weighted Average		52.66		



Revenue Range		> \$10bn		
% Spending	Min	Max	Weight	
20	25	49	37	740
25	50	74	62	1,550
41	75	100	87.5	3,587.5
4			0	0
11	0	25	12.5	137.5
Weighted Average		60.15		



All Companies				
% Spending	Min	Max	Weight	Product
54	25	49	37	1,998
28	50	74	62	1,736
10	75	100	87.5	875
2			0	0
7	0	25	12.5	87.5
Weighted Average				46.97



Thank You