

Gartner®

# The State of Marketing Budget and Strategy in 2023

Actionable CMO insights to squeeze more out of less



# Marketing spending power in 2023 is curtailed by rising costs

The annual Gartner CMO Spend and Strategy Survey results are in: CMOs face budget constraints again this year — as enterprises look to contain expenses to weather inflationary pressures.

CMOs may be disappointed that marketing budgets couldn't recover further after jumping from pandemic lows in 2021, but budgets certainly aren't a disaster.

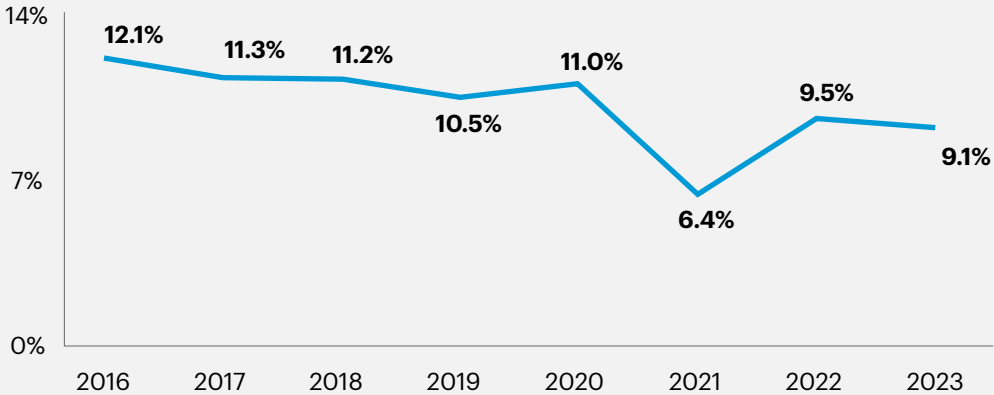
The watchword for CMOs is that it's not the dollar in your pocket that counts, it's what it buys.



**Ewan McIntyre**  
Gartner Chief of Research for Marketing

## Flat Growth, Prolonging the Spending Squeeze

2023 marketing budget of % of total revenue  
Mean percentage of budget shown



n = 410 CMOs (2023); 405 (2022); 400 (2021); 342 (2020); 342 (2019); 618 (2018); 350 (2017); 375 (2016), excluding "don't know"  
Q. What percentage of your revenue is being allocated to your total marketing expense budget in 2023?  
Source: 2023 Gartner CMO Spend and Strategy Survey

# 2023 marketing budgets at a glance

Recovery is still out of reach, with average budgets falling year-on-year.

## Marketing in 2023, by the numbers:



**Marketing budgets fall** from 9.5% of company revenue in 2022 to 9.1% in 2023.



75% of CMOs report being asked to do **more with less** in 2023, and the majority are readjusting their commitments to marketing channels, resources and programs.



75% of CMOs face pressure to **cut martech spend.**



28% of CMOs' multichannel **budgets will be spent on awareness** in 2023. Yet more than half is allocated to consider demand generation and conversion.

 **See full data and insights.**  
**Gartner CMO Spend and Strategy Survey\***

\*Research for Gartner clients

# Marketing faces a cost-of-living crisis

Inflation has reduced CMOs' spending power as costs rise and budget growth stalls. Three areas of spend are especially challenged to return value.



## Technology

The utilization rate of technology has declined 16 percentage points over the past two years, a period when tech spending has remained strong.



## Media

Despite years of consistently high investment in digital advertising, recent Gartner analysis reports that digital ad impressions are declining.



## Talent

Despite widespread reporting of layoffs, persistently high inflation and fierce competition for strategically important roles continue to push up the cost of talent.

 [Explore resource and channel allocations by year. Gartner CMO Spend and Strategy Survey Interactive Data\\*](#)

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## 3 imperatives for CMOs this year

Volatility has become the new normal, and in disrupted times, smart planning and agility are key to CMO success. This means doubling down on scenario planning, sensitivity analysis and flexibility. It's also critical to scan the environment using data and insights from a range of sources to gauge the impact of numerous variables on your strategy and determine how to iterate plans accordingly.

1

**Growth, yield and return** must be top of mind for CMOs — who will need to constantly scan the environment and recalibrate the marketing function's capabilities and investments.

2

CMOs must make **technology optimization** a goal in 2023, tasking teams to drive up utilization rates and ROI.

3

CMOs must identify the most relevant **multichannel KPIs** that clearly connect to business outcomes.



Compare budget against peer organizations, and identify potential areas to increase or decrease spending.  
[Gartner Marketing Budget & Efficiency Benchmark Tool](#)

## Recalibrate marketing's capabilities and investments

This is how most CMOs reprioritized investments between 2022 and 2023:

### Resources

- 66% changed investments in agencies, people, technology and media.

### Channels

- 82% reprioritized investments in digital channels while 59% adjusted offline channels.
- 53% were most likely to increase spend year-on-year in social advertising.
- 26% were most likely to decrease spend on search advertising.

### Programs and operational areas

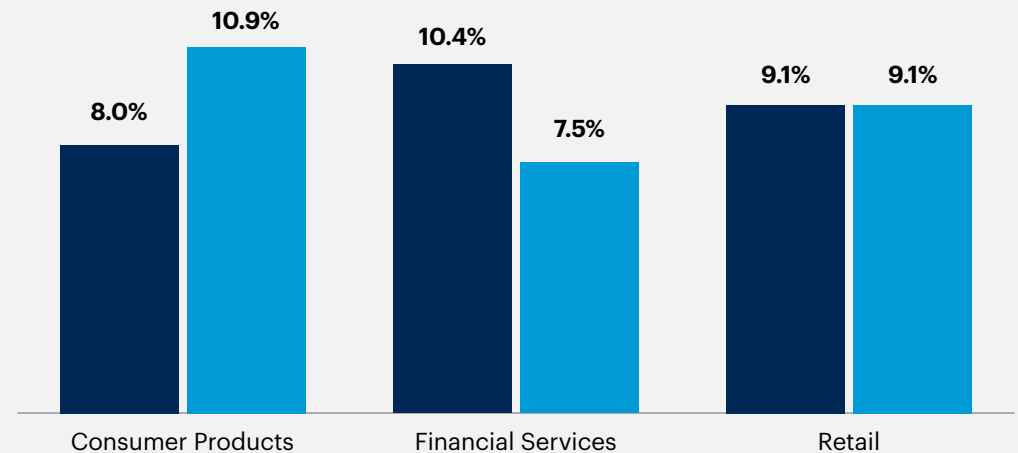
- 70% shifted spend across core programs.
- 51% increased spending on marketing data and analytics.
- 22% plan to cut spending on demand generation and sales enablement.

→ Compare budget against peer organizations, and identify potential areas to increase or decrease spending.  
[Gartner Marketing Budget & Efficiency Benchmark Tool](#)

### FS Budgets Fall, While CPG Bounces Back

2023 marketing budget as a percent of total revenue

■ 2022 ■ 2023



n = 410 CMOs (2023), bases vary by industry, 405 CMOs (2022)

Q. What percentage of your revenue is being allocated to your total marketing expense budget in 2023?

Source: 2023 Gartner CMO Spend and Strategy Survey

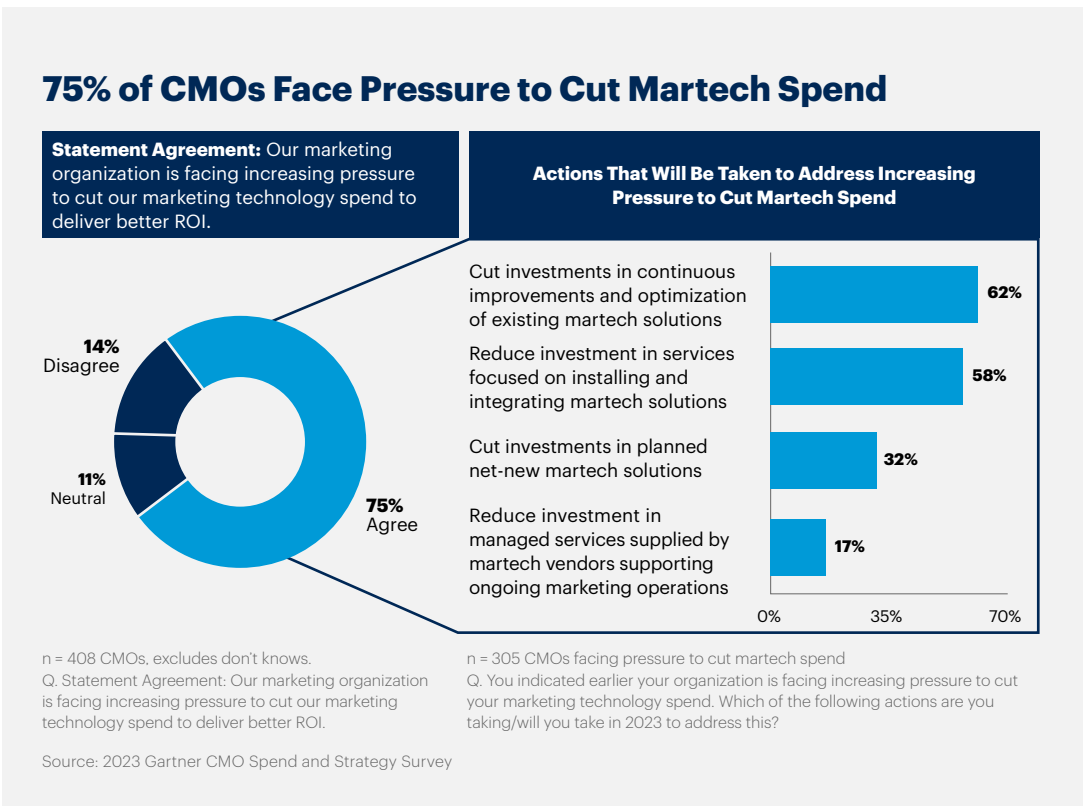
# Prioritize technology optimization

Tech utilization rates are falling — hitting a low of 42% in 2022, down from 58% in 2020.

In response, CMOs indicated that they were most likely to defund continuous optimization programs.

In an environment focused on the promise of the new, it's easy to discard legacy investments. But CMOs must face today's challenges with what they have in their toolbox today, not tools they plan to have tomorrow.

CMOs must make technology optimization a goal in 2023, tasking teams to drive up utilization rates and ROI.



➔ **Maximize the value and ROI of your martech stack.**  
**Marketing Technology Survey Interactive Data Story Benchmark\***

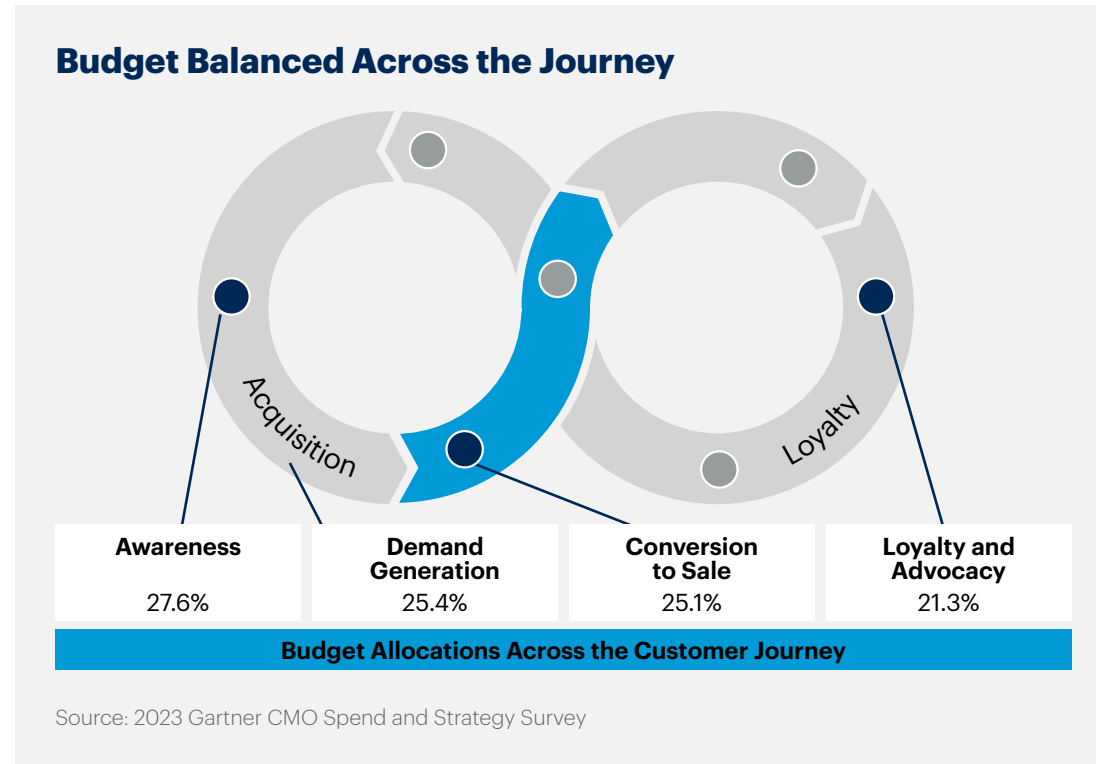
\*Research for Gartner clients

# Identify multichannel KPIs that clearly connect to business outcomes

Given a finite budget, balancing spend across awareness, demand generation, conversion, and loyalty and advocacy is one of the toughest jobs in marketing today.

CMOs must task their teams to identify the most relevant multichannel KPIs that clearly connect to business outcomes. The burning question is: Is this the right allocation?

Balancing complex multichannel journeys cannot be answered by simple broad-brush benchmarks. CMOs must first start with a view of goals and the prevailing market condition.



 Demo the tool to see how marketing leaders evolve digital strategy. **Gartner Digital IQ Index**



## Next steps: 5 key actions when creating your annual marketing budget

Use this guide to help you create a budget aligned to your strategic marketing priorities.

### 01

#### Plan for the budgeting process

Modify the base budget for strategic priorities and historical variance, and build for cost-efficiency and reduction.

##### Keys to success:

- Revise budget based on the linkage to strategic initiatives.
- Account for historical budget variance.



### 02

#### Initiate the marketing budget process

Develop an understanding of the budgeting process and create a draft budget for marketing.

##### Keys to success:

- In discussions with the corporate budgeting team, identify the model that marketing should adopt and the key steps and timelines.
- Calculate the resources required to conduct all ongoing marketing activities based on past estimates and future requirements.
- Modify the base budget for strategic priorities and historical variance, and build for cost-efficiency and reduction.



## Next steps: 5 key actions when creating your annual marketing budget

### 03

#### Revise the budget estimates

Modify the base budget for strategic priorities and historical variance, and build for cost-efficiency and reduction.

**Keys to success:**

- Revise budget based on the linkage to strategic initiatives.
- Account for historical budget variance.
- Identify inefficiency areas.
- Identify tactics to reduce cost and improve productivity.



### 04

#### Finalize and communicate the marketing budget

Seek approval for the budget and communicate it to stakeholders affected by marketing's budget decisions.

**Keys to success:**

- Present key budget insights in a compelling manner to seek approval.
- Develop a plan to communicate key budget highlights to the CFO, business unit leaders and functional heads who will be affected by marketing's resource allocation.



## Next steps: 5 key actions when creating your annual marketing budget

05

### Monitor budget performance

Review spend compared to the budget, reallocate resources to maintain funding for key initiatives and identify opportunities to improve the process.

#### Keys to success:

- Assess the budgeting process's effectiveness, solicit feedback from key stakeholders and document the key lessons.
- Compare spend with budgeted costs.
- Revise the budget to reflect business and market changes.



# How Gartner guides marketers to build a business-value budget and strategy

## Diagnose and Evaluate →

### Connect With Peers

**Attend Webinar on How to Prove the Value of Marketing to the Enterprise**

Join your peers to learn a three-step strategy for demonstrating the value of your marketing activities for B2C and B2B2C marketers.

### Benchmark & Tools

**Marketing Budget and Efficiency Benchmark Tool**

Reprioritize investments and identify spending trends to share with stakeholders.

### Actionable Insight

**Begin the Budgeting Process**

Review the Ignition Guide: Creating the Annual Marketing Budget to begin building a budget that is aligned to strategic marketing priorities.

### Expert Guidance

**Progress Check**

Engage with a Gartner expert to review best practices and pitfalls for budget planning.

\*Gartner client login required

## Develop the Plan →

### Actionable Insight

**Prepare to Plan**

Review Gartner’s Maturity Model for Managing Marketing Budgets and Resources to better manage budgets across resources.

### Expert Guidance

**Establish Strategic Marketing Objectives**

Inquiry with a Gartner expert to establish strategic marketing objectives and prioritize action steps to achieve goals using the [Marketing Strategic Planning Guide](#).

### Actionable Insight

**Explore Best Practices**

Review the best-practice Case Study: How Colgate-Palmolive Is Transforming Its Media Buying to learn effective planning and budgeting across all available resources.

### Expert Guidance

**Identify Areas for Improvement**

Engage with a Gartner expert to benchmark your digital performance against peers and identify best practices and opportunities for channel optimization to inform your strategic roadmap. Use the [Gartner Digital IQ Index](#).

## Execute the Strategy →

### Benchmark & Tools

**Apply Best Practices**

Engage with a Gartner expert to apply best practices across search, social and email marketing.

### Expert Guidance

**Create the Budget**

Engage with a Gartner expert to create a formal budget aligned to strategic marketing priorities and plan to review with key stakeholders and secure approval.

### Actionable Insight

**Show Results**

Show results based on metrics that connect to business goals, and use Gartner’s Hierarchy of Marketing Metrics to Link Execution to Goals.

### Connect With Peers

**Gartner Event**

Attend an in-person marketing executive retreat to discuss the most pressing challenges with other chief marketing officers.

## Ongoing Support

### Connect With Peers

**Gartner Marketing Symposium/Xpo™ Conference**

Attend Gartner’s premiere event for CMOs and marketing leaders.

### Actionable Insight

**Protect Your Investments**

Build agility into your strategy and decision making through “what if” scenario planning in case economic, competitive or other factors beyond your control cause a downturn for the business. Use [Scenario Planning Ignition Guide](#).

### Benchmark & Tools

**Prove the Value of Marketing**

Track, monitor and share results across marketing teams to find ways to protect investments and prove the value of marketing to the business using [3 Techniques to Prove Marketing Value](#).

# Connect With Us

Get actionable, objective insight to deliver on your mission-critical priorities. Our expert guidance and tools enable faster, smarter decisions and stronger performance. Contact us to become a client:

**U.S.:** 1 855 811 7593

**International:** +44 (0) 3330 607 044

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[gartner.com/en/marketing](https://gartner.com/en/marketing)

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