

**Topic:**  
CAD Market  
Statistics

## CAT Marketing Spend

**Suppliers reveal where their marketing budgets are being spent.**

*iCAD is produced by Business Advantage, a B2B research, business development and marketing consulting practice operating in the global IT, Digital and Telecommunication sectors.*

After a year of squeezing information out of computer aided technology users for the delectation of our readers, *iCAD* recently turned the tables and invited you to complete a web based survey on your own marketing expenditure.

Thanks to the efforts of the 101 people who responded, here is the first part of our report into the health of marketing among suppliers to computer aided technology markets.

In this issue we look at:

- the percentage of turnover devoted to marketing
- where marketing budgets are being spent
- how marketing spend has changed in the last two years.

### Areas of Responsibility

The vast majority (95%) of our respondents had either shared or sole responsibility for their companies' marketing activity. The areas for which they had responsibility for were as follows:

- 34% - one European country
- 30% - worldwide
- 12% - USA
- 11% - Europe, Middle East and Africa
- 10% - more than one European country
- 3% - other

### Prize Draw Winner!

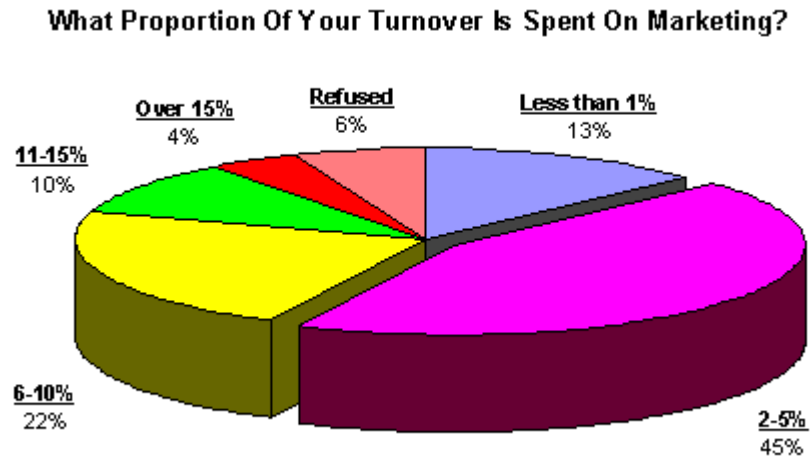
We have a lucky winner of the juicy carrot offered to those participating in this survey. **Karen Gibson of Cadtek** will shortly be receiving her Palm Pilot M105 8MB. [Cadtek](#) supply mechanical and electromechanical design solutions, and have over 500 customers throughout the UK and USA.

**Our Sample** was made up of the following:

- 33% software developers
- 25% VARs
- 8% hardware manufacturers
- 8% CAD/CAM or engineering service providers
- 6% distributors
- 6% dealers
- 4% 'consultants'
- 11% 'others'

## Pie Sizes

Respondents were asked what proportion of company turnover is devoted to marketing. Chart 1 below shows the results, with 45% of our sample spending between 2-5% on this function.

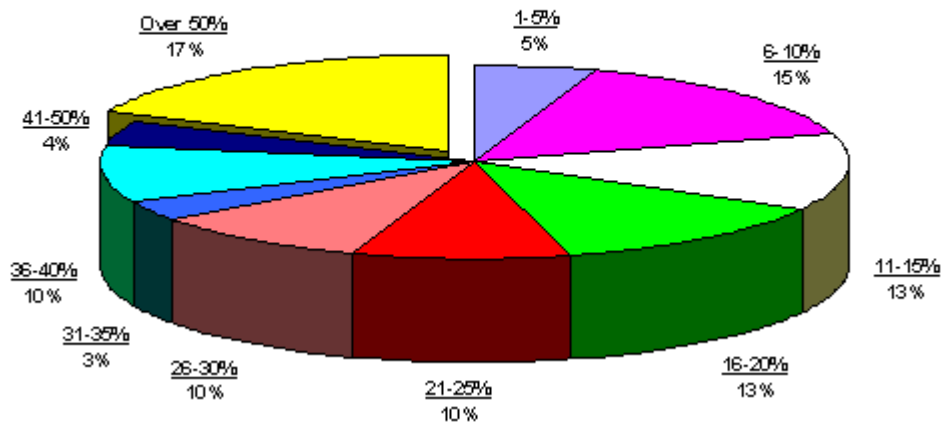


Drawing conclusions from this data is difficult due to the various factors that affect the level of marketing spend, such as the length of time a company has been operating in a particular market.

## Activity Breakdown

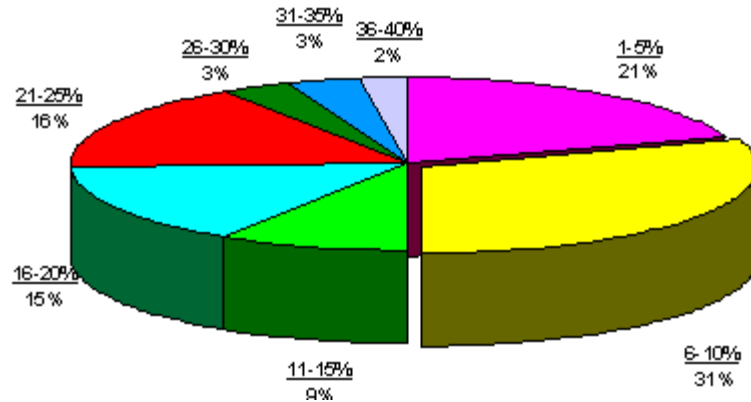
So where are the marketing bucks being aimed? Respondents were asked what proportion of their current marketing budget is spent on six activities; direct marketing (targeted email, snail mail or telemarketing), non-web advertising, market research, website and web advertising, exhibitions/conferences, and public relations. The charts below shows the range of proportions of overall marketing budget allocated to each activity.

**What Proportion Of Your Marketing Budget Is Allocated To Direct Marketing?**



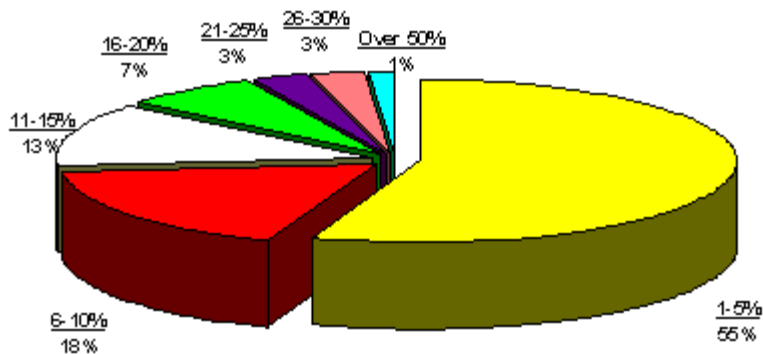
Interestingly there is no identifiable common share of the marketing budget allocated to direct marketing; for example 15% spend between 6%-10% of their overall marketing budget to this area, while a further 17% devote more than 50%.

**What Proportion Of Your Marketing Budget Is Spent On Advertising (Non-Web)?**



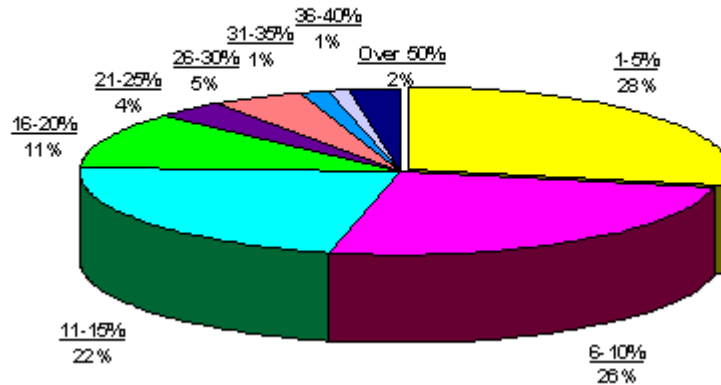
There is more commonality on the proportions of the marketing budget spent on advertising; half of our sample spend 10% or less on this activity.

**What Proportion Of Your Marketing Budget Is Spent On Market Research?**



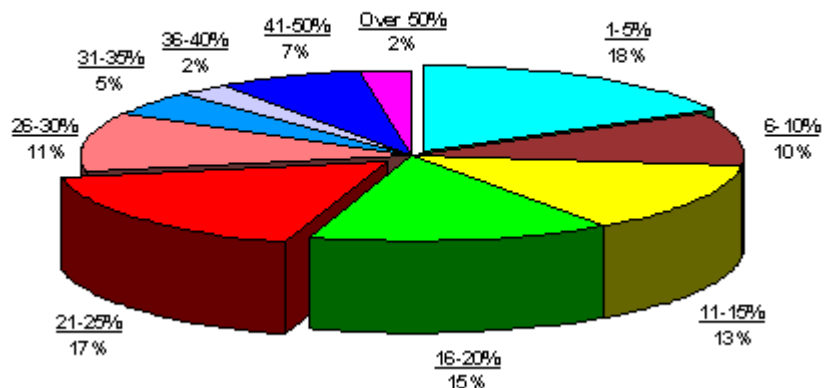
Nearly three-quarters of suppliers spend 10% or less of their marketing budget on market research. Our sample is likely to contain a high number of established companies operating in mature markets with a tendency to spend less on market research; the 7% who are spending more than a quarter of their marketing budget on this area are more likely to be those trying to break into an established market, or launch into a new one.

**What Proportion Of Your Marketing Budget Is Spent On Your Web Site & Web Marketing/Advertising?**



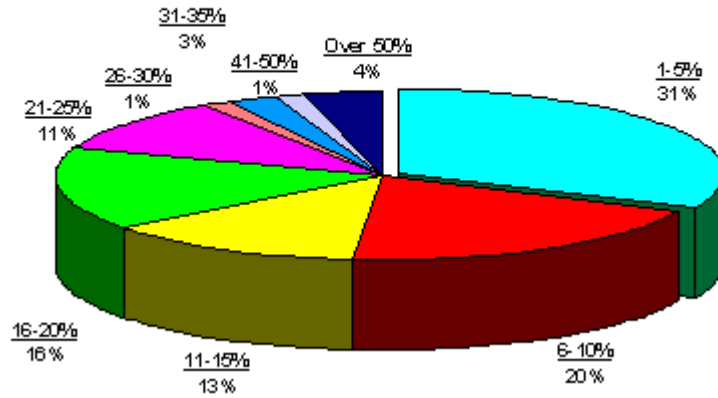
The potential for funding for web activity to come from IT budgets rather than marketing makes this chart harder to interpret. Looking at the upper levels of expenditure however is still revealing - 9% of suppliers are spending over a quarter of their marketing budget on web activity.

**What Proportion Of Your Marketing Budget Is Spent On Exhibitions/Conferences/Seminars?**



Again no commonly allocated share of the marketing budget stands out. The same proportions of our sample spend 5% or less on exhibitions/seminars as do those allocating 20%-25% to such events.

**What Proportion Of Your Marketing Budget Is Spent On Public Relations?**

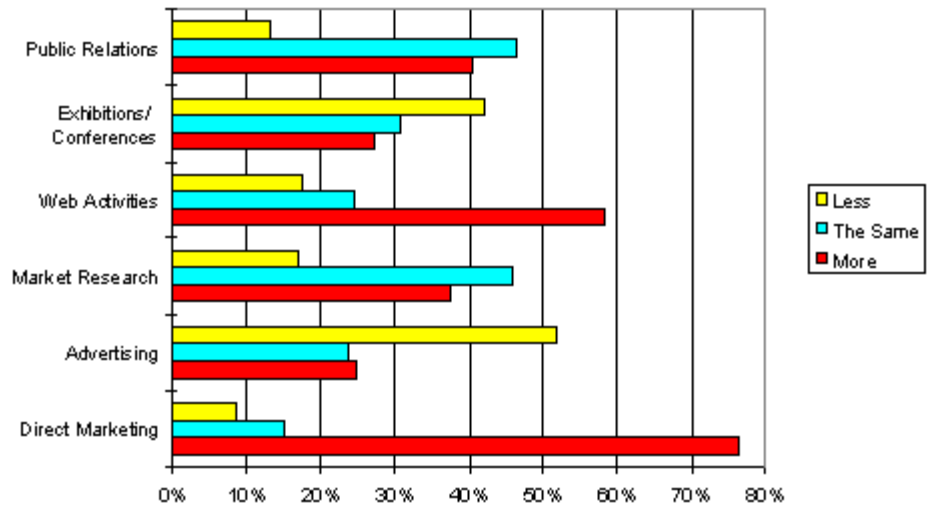


Just over half our sample spend 10% or less on PR activity.

**Changing Priorities**

Have marketing priorities changed in the last couple of years? We asked our sample if the proportions spent on the six activities detailed above had increased, decreased or stayed the same compared to two years ago; chart 8 shows the results.

**Has The Proportion Of The Marketing Budget Spent On The Following Activities Increased, Decreased Or Stayed The Same?**



Over three quarters of suppliers allocate more of their marketing budget to direct marketing now compared to two years ago, and 58% allocate more to web activity.

## Conclusion

At one level this survey reveals what you'd expect from a broad cross section of suppliers at different stages of market development, with different marketing objectives. There is little consensus on an 'appropriate' level to be spending on particular activities.

Certain trends can be picked up however. The majority of suppliers are directing a smaller proportion of the marketing budget at advertising and exhibitions/conferences compared to two years ago. As you'd expect, the majority of suppliers are investing more heavily in their Internet presence. The fact that three-quarters are relying more heavily on the power of direct marketing is significant for all suppliers - the majority of your competitors are likely to be devoting more resources to targeting the market more precisely - how are you getting your message across?

*See the March issue of iCAD to find out how suppliers think their marketing budgets and the activities they spend it on will change over the next two years - plus the main anticipated marketing challenges.*

**If you want to target potential customers in worldwide markets, our [sales and marketing services](#) can provide the solution. If you want to uncover details of the strategies of your major competitors, find out how [competitor analysis](#) can help.**

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