

Topic:
CAD/CAM Market
Statistics

Marketing Spend in the CAD Market

Spending trends amongst marketers in the CAD/CAM sector

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

Two years ago, *iCAD* conducted a web survey amongst its readers about marketing expenditure and trends in spend, both past and future. We decided to repeat the study two years on in order to see if your predictions came true, and indeed what you see to be key trends going further forward.

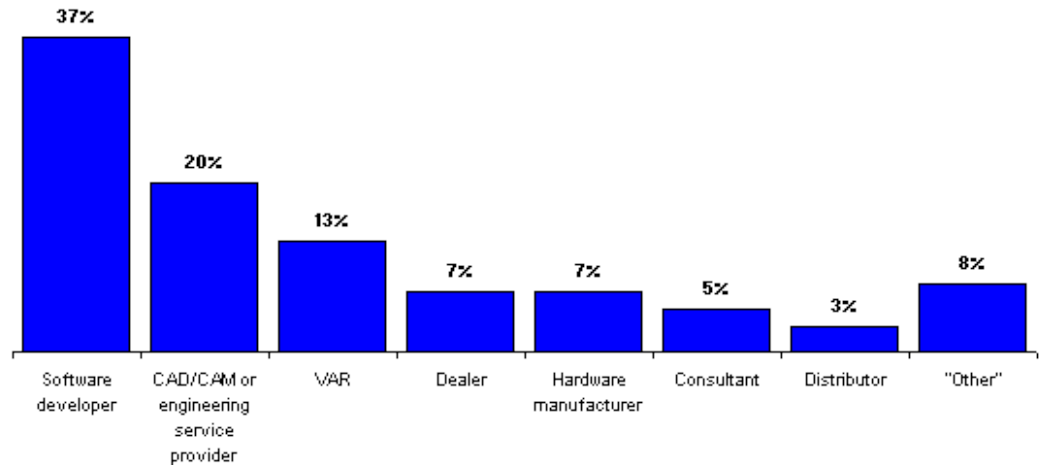
This issue, we will look at:

- the percentage of turnover devoted to marketing
- where marketing budgets are being spent
- how marketing spend has changed

and in the next issue, we will look at the trends seen for the forthcoming two years.

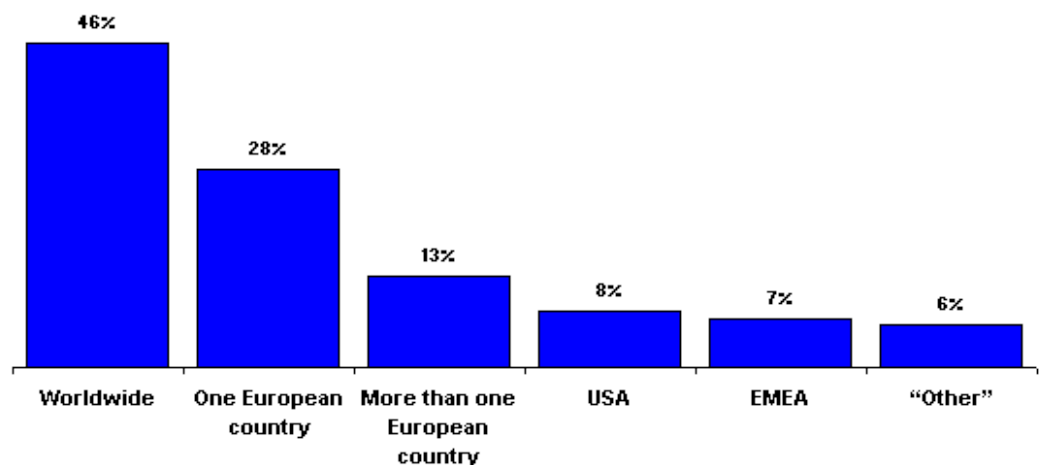
The Sample

Thank you to those of you who responded to the study. Our sample was made up of 75 respondents involved in marketing to the CAD/CAM sector. The largest proportion of these were software development companies, and the remainder broke down as follows.



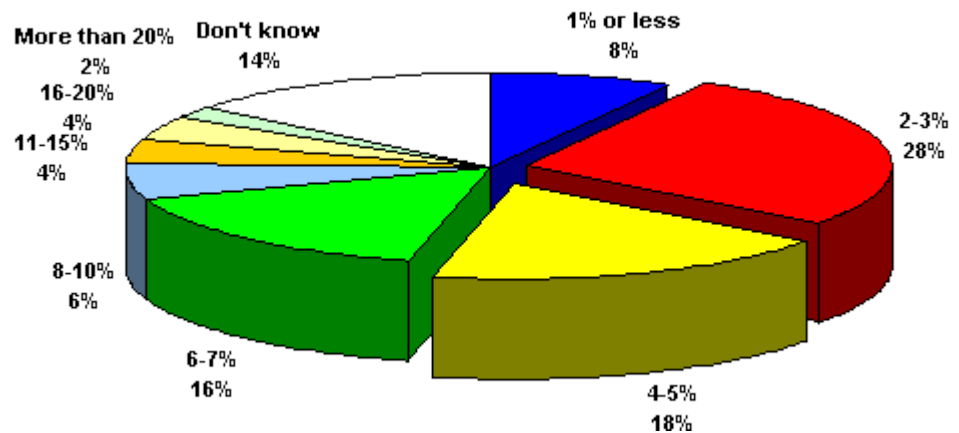
Areas of Responsibility

Two thirds of our respondents had shared responsibility for marketing in their company – the remainder were in sole charge. Almost half of all respondents had responsibility for marketing on a worldwide basis.

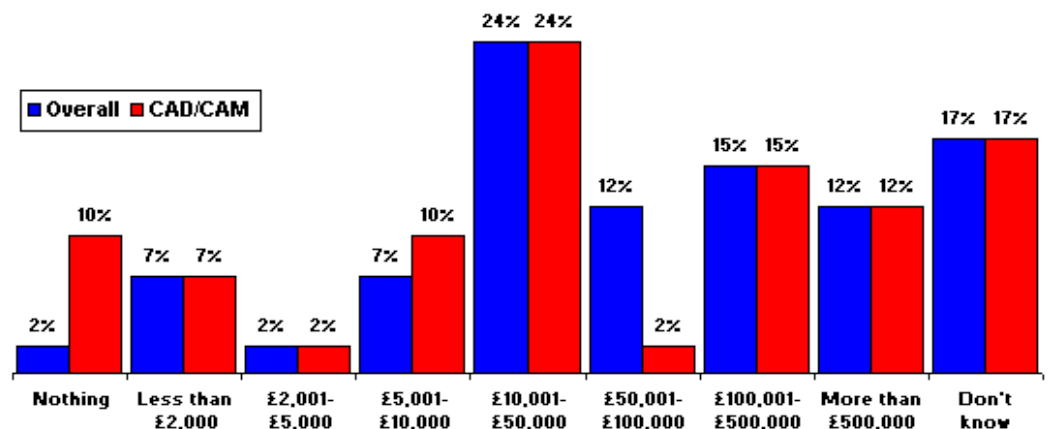


How Much is Spent on Marketing?

Respondents were asked what proportion of the company's turnover is allocated to marketing. This has not altered greatly from two years ago, with 45% of both the 2002 and 2004 sample spending 2-5% on this function.

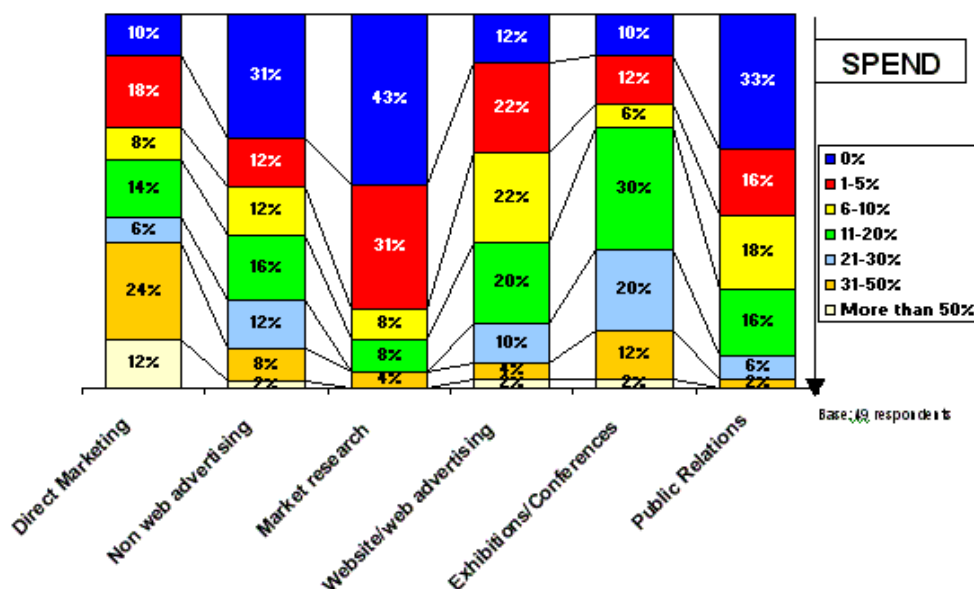


The marketing budget in actual monetary terms varies from company to company, with the majority having an overall budget of between £10,000 and £50,000. As most of the companies are CAD/CAM specialists, there is not a great difference between overall and specific marketing budgets – except for a stronger likelihood for CAD/CAM budgets to be 0, and for overall budgets to be £50,000 - £100,000.



Activity Breakdown

So how is this money being spent? Respondents were asked what proportion of their current marketing budget is spent on six specific activities, and this chart compares the proportion spent on each activity.



The lowest amount of budget is spent on market research – almost half of respondents are spending no money on research, and a further third only spend between 1 and 5% of their budget on research.

Other low spend activities are non web advertising and public relations, where a third of respondents are spending no budget.

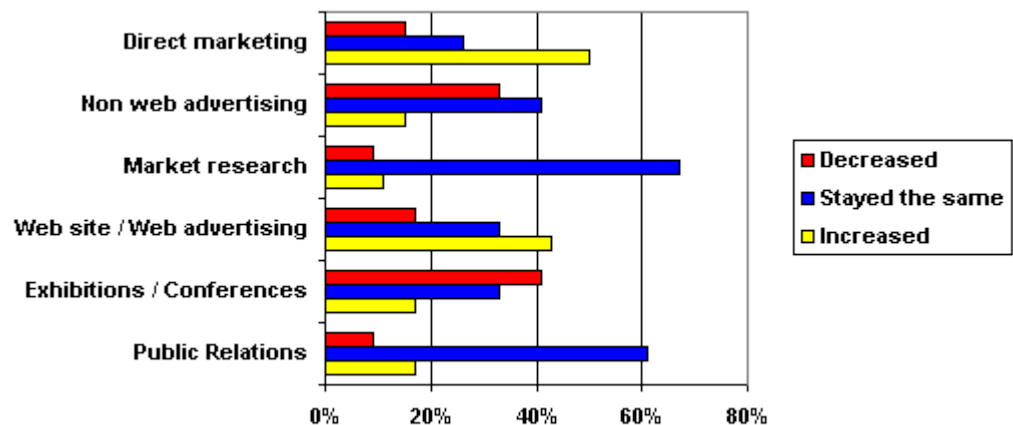
The most budget is spent on direct marketing – 12% of respondents spend more than 50% of their marketing budget on direct marketing, this being defined as targeted email, snail mail or telemarketing.

Interestingly, the amount of budget spent on website and / or web advertising has not increased since last measured, as one might have suspected. In 2002, 9% of respondents spent over 25% of their budget in this area, and this only increases to 10% in 2004.

Changes Over Time

In the last survey, respondents were asked how they saw their spend in these six areas changing in the coming two years. The predictions were that spend on PR, web activities and particularly direct marketing would increase, whilst spend on non web advertising and exhibitions was more likely to stay the same. Market research was equally stated to stay the same or increase.

In fact, spend on web activities and particularly direct marketing increased whilst spend on non-web advertising stayed the same as predicted. The spend on PR, however, stayed the same rather than increasing, and exhibition spend decreased rather than staying stable. Market research spend stayed the same.



Conclusions

Marketing budgets as a percentage of turnover have not increased greatly since measured two years ago, and the highest proportion of these budgets is still spent on direct marketing and exhibition activities. Thus with no additional money to play with, it is ever more imperative that direct marketing is targeted to as relevant an audience as possible. Although spend on exhibitions has decreased, it is still a core element of the CAD/CAM marketing mix, and again needs careful targeting to achieve maximum return on investment. Web activities have increased in the past two years, but are yet to overtake the more traditional methods of direct marketing and exhibition work.

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