



Practical guide: Set a marketing budget

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What a marketing budget decides

A marketing budget answers three questions. How much the business will spend. What it will spend it on. How anyone will know afterwards whether the money worked.

Most budgets answer the first question and guess at the other two. That is why the figure gets argued over every year and the argument never settles anything.

The number itself is the least interesting part. Two businesses of the same size spending the same amount will get results that differ by a factor of three, and the difference sits in the second and third questions.

Why the annual argument repeats

Finance asks a fair question. Spend more next quarter, and how much comes back, and how confident is the answer. Marketing answers with activity, and the conversation stops there.

The answer to that question can be built. It takes definitions written down once, a small number of channels, and enough time on each one to see an effect.

What this guide covers

Three ways to arrive at the number and when each is right. Where the money should sit once you have it. The rule that moves it. And the three figures to report every month so that next year's conversation starts from evidence.



What most budget conversations miss

The budget is usually set by one person against last year's figure, then defended once a quarter. Four things worth an hour before the figure is agreed.

The benchmark describes somebody else

Gartner's 2026 CMO Spend Survey puts marketing budgets at 7.8% of company revenue, against 7.7% in 2025. That figure comes from 401 marketing leaders in North America, the UK and Europe, and the large majority run companies with revenue above USD 1 billion.

Applying it to a Dubai business turning over AED 12 million produces a number with no evidence behind it.

Budgets are flat, so allocation is the lever

When the total does not grow, the only route to growth is moving money from activity you cannot prove to activity you can.

The report is wrong before it is read

In the UAE a large share of enquiries arrive by WhatsApp or by phone. Where neither is tracked, those sales land in the report as Direct or Organic, and the paid channel that produced them looks like waste.

Companies are spending more and proving less

The IPA Bellwether for the second quarter of 2026 found more UK companies raising budgets than cutting them, by 6.9 percentage points. Over the same quarter their confidence in their own financial prospects fell to minus 9.6 percentage points, from plus 0.6.

Two businesses of the same size, spending the same amount, will get results that differ by a factor of three.



Three ways to arrive at the number

Share of revenue

Take a percentage of revenue, current or forecast. Quick, easy to defend, and it keeps spending in proportion to the size of the business.

Use it as a sense check on a figure you reached from your own economics, or as a ceiling agreed with finance.

Its weakness is that it says nothing about whether the money will work. It also falls when revenue falls, which is often the moment the business needs demand most.

Unit economics

Work backwards from what a customer costs to win, what a customer is worth over time, and how long the business takes to earn back the cost of winning one.

Use it once you have six months of reliable figures. This is the answer that holds up in front of a board.

Objective and task

Name the commercial target, list what has to happen to reach it, and cost each item. The budget is the total.

Use it for a market entry, a launch, or any year where last year's figures describe a different business.

Its weakness is that the total usually exceeds what the business can afford, which forces a conversation about which targets are real.

The method to avoid

Last year's figure adjusted by a percentage carries forward every allocation mistake in it, compounds them, and gives the business no information at all.

In practice

Build the number from unit economics, sense check it against share of revenue, and use objective and task for anything the business has not done before.



Where the money goes, and when to move it

Split the budget three ways

Capture reaches people already looking. Search, marketplaces, comparison sites, retargeting. It converts fastest and it is capped by how many people are looking.

Create makes people look in the first place. Brand, content, events, partnerships, public relations. It works slowly and it raises the ceiling on capture.

Convert improves what happens after the click. Landing pages, offer clarity, follow-up speed, nurture. Give it 10% to 20% and it lifts the return on the other two.

Report the three separately. Blended into one figure, capture flatters create and nobody can see which is carrying the result.

Set aside money to find things out

Take 5% to 10% and spend it on answering the question you are least sure about, rather than on producing revenue this quarter. One channel, changed on its own, for long enough to see the effect.

The reallocation rule

Write it before you need it, so the decision is not taken in the middle of a bad month.

Where cost per qualified lead sits below target for two consecutive weeks, raise that channel's budget by 20%. Where it sits above target for two consecutive weeks, cut it by 20% and change one thing, the offer or the creative.

One offer test and one creative test at a time. Two variables moving together tell you nothing.

A focused budget on two channels that work beats a balanced budget across six that do not.

A warning on carry-over

Advertising keeps producing sales after it stops. Cutting a channel just before a busy season loses returns already paid for, and a monthly report is too short a period to judge most of it.



Actions before you set the figure

01

Write down what a customer costs to win

State what counts as a customer, which costs are included, which period the spend is matched to, and whether the figure is blended, by channel, by cohort or marginal.

AED 60,000 a month winning 40 customers is AED 1,500 each. Add AED 25,000 for the people managing it and it is AED 2,125. Count 200 free trials instead and it is AED 300. All three get called the same thing.

02

Track every route a customer arrives by

Call tracking, WhatsApp click events, and a compulsory source field in the CRM. Two weeks of work for most businesses.

Until this is done, every allocation decision the business makes is being taken on figures that are wrong in a known direction.

03

Set the figure from your own economics

What a customer costs to win, what a customer is worth, and how many months the business waits to get the money back. Those three give you the number.

Benchmarks give you context for it afterwards. Gartner's 7.8% describes companies above USD 1 billion in revenue, in other markets.

04

Split it into capture, create and convert

Three lines, three owners, three sets of figures. Early-stage businesses lean towards capture. Established brands can afford more create.

Blending them into one number is how businesses spend three years on paid search and wonder why nothing compounds.

Actions before you set the figure

05

Reduce the number of channels

A small budget across six channels in short bursts cannot be measured channel by channel, by anyone, at any price. The effects are smaller than the normal weekly movement in your sales.

Two or three channels, run for longer and at different times, produce figures you can act on.

06

Write the reallocation rule into the plan

The two-week threshold, the 20% step, and the person who applies it. Agreed in advance, in writing.

Without it, money moves when somebody feels uneasy, which is usually the wrong week.

07

Give finance a range, and agree how to read it

A range is more honest than a single figure. Say the return is most likely between 2.2 and 3.8 times on current data.

Finance departments plan on the bottom of a range. Have that conversation privately before you present one, or you will be funded at 2.2 while a colleague quoting a flat 3.1 is funded at 3.1.

08

Report three numbers with fixed definitions

Pipeline created, cost per qualified lead, and return on marketing spend on whichever definition you wrote down. Same three every month, definitions unchanged.

A board would rather have three numbers it believes than thirty it doubts.

A worked example

A made-up Dubai equipment supplier selling to contractors. Revenue of AED 14 million, 31 staff, marketing budget of AED 50,000 a month spread across six channels. The figures are invented and used to show the method.

Where the business was

The budget had been set at last year plus 8% for four years running. Nobody could say where the 8% came from.

Six channels: paid search, two social platforms, a trade publication, an exhibition, and a monthly email. Each got between AED 4,000 and AED 14,000 a month.

The sales director reported that most enquiries came by phone. The marketing report showed 71% of enquiries as Direct, because no calls were tracked.

Customer acquisition cost was quoted at AED 900, which counted only advertising spend and counted enquiries as customers.

The real figure

Once the marketing salary and the agency fee were included and only paying customers were counted, it was AED 4,600, against a first-order margin of AED 5,200.

What changed

Tracking first. Call tracking and a compulsory source field, live in 12 days. Two months later the Direct share had fallen from 71% to 19%.

Six channels became three. Paid search, the exhibition, and email. The two social platforms and the trade publication stopped, releasing AED 19,000 a month.

The split was written down. Capture AED 27,000, create AED 15,000, convert AED 8,000. Reported separately from the first month.

A learning line. AED 4,000 a month against the exhibition, which nobody could evaluate. On in the first half of the year, off in the second, everything else held steady.

The result after two quarters. Same total spend. Qualified enquiries up 46%, and a cost per paying customer of AED 3,100 that the finance director agreed with.



The one-page budget sheet

Complete the top three boxes before any figure is written into the table. Review the table once a quarter and the definitions once a year.

WHAT A CUSTOMER COSTS TO WIN · DEFINITION IN ONE SENTENCE · WHICH VERSION

WHAT A CUSTOMER IS WORTH · PAYBACK PERIOD IN MONTHS

THE COMMERCIAL TARGET THIS BUDGET HAS TO REACH · BY WHEN

TOTAL BUDGET · AS A SHARE OF FORECAST REVENUE · SENSE CHECK ONLY

LINE	Q1	Q2	Q3	Q4	OWNER	NUMBER IT MOVES
Capture						
Create						
Convert						
Learning line						

REALLOCATION RULE · THRESHOLD · STEP · WHO APPLIES IT

THE ONE CLEAN TEST THIS QUARTER · CHANNEL · ON DATES · OFF DATES

THE THREE NUMBERS REPORTED EVERY MONTH · DEFINITIONS AGREED WITH FINANCE ON

Mistakes to avoid and where to check

Six mistakes I see most often

- ☐ Setting the figure at last year plus a percentage nobody can explain.
- ☐ Applying a benchmark drawn from billion-dollar companies in other markets.
- ☐ Optimising to the cheapest lead while the sales team drowns in low-intent enquiries.
- ☐ Spreading a small budget across six channels, then asking which one worked.
- ☐ Quoting a customer acquisition cost that counts enquiries as customers.
- ☐ Cutting a channel in the weeks before a peak, and losing returns already paid for.

A compliance line to include

Since 1 February 2026 an Advertiser Permit from the UAE Media Council is required for promotional content on social media, websites and digital platforms, covering paid and unpaid influencer and creator work. It is free for UAE citizens and residents for the first three years and runs for a year at a time. Penalties reach AED 1 million at the top of the range. The cost to a budget is the checking rather than the fee, so build partner due diligence into any influencer line.

Sources

Gartner 2026 CMO Spend Survey, published 11 May 2026: marketing budgets at 7.8% of company revenue against 7.7% in 2025. The sample is 401 marketing leaders in North America, the UK and Europe, surveyed January to March 2026, the large majority at companies above USD 1 billion in revenue. IPA Bellwether Report, second quarter 2026, published 16 July 2026. Louise Cook, Econometrics Explained 2, Institute of Practitioners in Advertising, October 2017, for the significance and carry-over points. Michael Kaminsky, Harvard Business Review, January to February 2026, on presenting a range. Daniel McCarthy and Eva Ascarza, Measuring Customer Acquisition Cost, Harvard Business School, June 2026, for the four versions and five common errors. UAE Media Council Advertiser Permit, in force 1 February 2026. All checked 22 August 2026.

Where to check

Gartner publishes the headline CMO Spend figures without charge each May. The IPA Bellwether is quarterly and free to read. Econometrics Explained 2 is a free download from ipa.co.uk. For the permit, uaemc.gov.ae.

Related reading

On ataylorcmo.com, under Insights: marketing budget optimisation for UAE SMEs, and what you can and cannot measure on a small budget. Related guides in this series: Choose between an agency, a freelancer and a fractional CMO, and Build a board-level marketing dashboard, at ataylorcmo.com/guides.



Conclusion

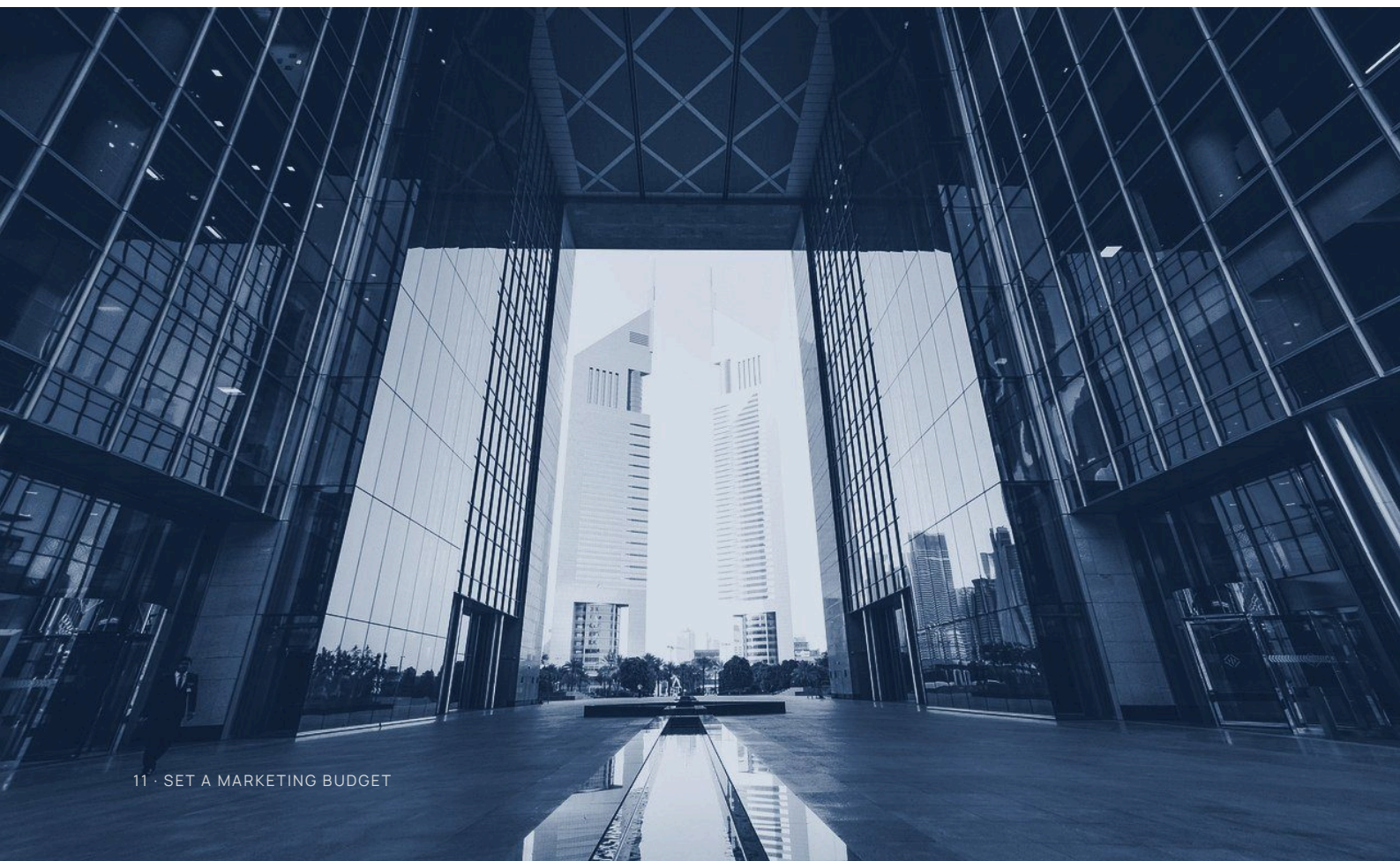
Write down what a customer costs to win and how you defined it. Track every route an enquiry arrives by. Then build the figure from your own economics, and sense check it against a benchmark afterwards.

Split it into capture, create and convert, keep the three apart in the reporting, set aside a line for finding things out, and write the reallocation rule before the month it is needed.

Next step

I offer a 30 minute discovery call at no charge, on what your current spending can show, what it cannot, and how to plan it so that it can.

Book at ataylorcmo.com, or write to adam@ataylorcmo.com.



Adam Taylor

MSc, FCIM, CDMP. A marketing leader with more than 20 years of international experience driving growth, market expansion and competitive positioning across luxury retail, real estate, free zones, automotive and mega-events.

I work as a fractional chief marketing officer for owners, executives and boards in the UAE, the UK and internationally. My career includes Group Head of Marketing at Emaar, Director of Events and Entertainment at Expo 2020 Dubai, and marketing leadership of a UAE free zone, with more than 5,000 events and activations delivered for premium brands.

Credentials

MSc Marketing. Fellow of the Chartered Institute of Marketing. Certified Digital Marketing Professional.

Experience

More than 20 years across the UAE, the wider Middle East, the UK and global markets.

Specialisms

Marketing strategy, brand positioning, UAE market entry, growth and marketing return on investment, events and experiential, and board governance.

Brands and organisations

Emaar · Expo 2020 Dubai · The Dubai Mall · IFZA · Al Tayer Motors · Ferrari · Gucci · Harvey Nichols · Bloomingdale's · Dolce and Gabbana

Contact

If you have a question about this guide, or want a second opinion on what your budget should be and how it should be split, write or call. I reply within one working day.



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