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Research Article

The Effective Use of Marketing Budgets in Medical Facilities in Germany

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Abstract

What is a marketing budget?

A marketing budget outlines how much money your business will spend on marketing over a specific period – usually a month, three months or a year. It consists of all campaign costs, including ad spend, content production, software tools and agency support.

The goal of a marketing budget is to keep your efforts organised, aligned with your business strategy and focused on real outcomes. A clear budget helps you prioritise high-impact channels, avoid overspending and make smarter decisions about where to invest next.

How to calculate a marketing budget

Calculating a marketing budget involves assessing your total revenue and determining a percentage to allocate to marketing spend. Businesses often use industry benchmarks to guide their budgeting process.

For example, small businesses may allocate a higher percentage of their gross revenue to marketing compared to larger companies.

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The marketing budget

Definition

The marketing budget

The marketing budget – i.e. the money available to a marketing department in the course of a financial year for its campaigns, measures, advertising material, lead generation and target achievement – is one of the cornerstones of the annual marketing plan.

([1] n.a., 2025, Marketing budget)

But how much money does a company's marketing department need in order to operate efficiently and successfully? The answer is both simple and complex: it depends.

The Size of the Marketing Budget is Highly Individual and Depends on a Number of Factors

There is no universal standard for determining an adequate marketing budget. The amount of money that a marketing department needs in order to operate successfully and achieve its goals differs from one company to the next and is dependent on factors such as the following ([1] n.a., 2025, Marketing budget):

- The marketing objectives that are to be achieved with the budget
- The industry/division in which the individual company operates
- The target audience and its online behaviour and the channels that the target audience uses
- The size of the company and the company's revenue
- The size of the marketing department
- In the planning of the marketing budget, a variety of methods and management approaches can be used.
- Many companies plan with traditional budgets that make up a specific percentage of the expected revenue. The budget constitutes a fixed constant, with the success of the marketing measured on the basis of how much revenue was generated with the resources provided.

- The cost coverage provides a certain level of security and control. The budget being a fixed constant also prevents revenue potential from being exploited, however. If new profitable marketing opportunities emerge, it may not be possible to exploit them if the budget has been used up or allocated to other purposes, for example.

To avoid missing out on potential revenue as the result of budget restrictions, some companies take the approach of performance-based management. The focus here is on profitability goals such as the return on investment (ROI), rather than budget or revenue objectives ([2] www.marconomy.de/marketing-budget).

Marketing Budget Planning: Example of Ads with the Goal of Lead Generation

It is common for a major block of the marketing budget to be used for paid advertising. When it is time for planning, calculations should be performed to determine how much investment is needed in order to achieve these objectives. And when it comes to planning, this is the name of the game: objectives.

If the objective is to achieve a certain amount of revenue, the first step should be to calculate how many leads this will require. To do this effectively, it is important to be aware of certain key figures. As it can often be difficult to determine these key figures in B2B, approximate values must be used:

- Average revenue per project
- Average cost per click
- Click-through rate (impression to click ratio)
- Conversion rate, website clicks to lead
- If you work with qualification stages within the lead process: conversion rates of the lead stages

In a Simplified Calculation, You Could Proceed as Follows, for Example

You need to meet a revenue objective of EUR 100,000 and you know that an average project generates EUR 10,000. You also qualify your leads and have defined the stages MQL (marketing qualified lead, the contact generated by marketing), SAL (sales accepted lead, lead accepted by sales), SQL (sales qualified lead, a genuine sales opportunity) and deal.

Your conversion rate from one stage to the next is 20%. You also know that 5% of website visitors become leads (conversion rate, website clicks to lead).

Figure 1. *Target value for sales: €100,000*

Deals needed	10	With an average revenue per project of EUR 10,000, you would need 10 deals.
SQLs needed	50	With a conversion rate of 20%, you would need to generate 50 SQLs in order to obtain 10 deals.
SALs needed	250	With a conversion rate of 20%, you would need to generate 250 SALs in order to obtain 50 SQLs.
MQLs needed	1,250	With a conversion rate of 20%, you would need to generate 1,250 MQLs in order to obtain 250 SALs.

Source: [2] n.a.[2], www.marconomy.de

This means that 1,250 leads would need to be generated in marketing in order to achieve the revenue objective of EUR 100,000. However, only some of the MQLs need to be obtained by means of paid advertising. You know that 80% of your leads find you via search engines, so paid advertising only needs to generate 20% of your leads.

Figure 2. *MQLs needed: 1,250*

Numbers of MQLs via ads	250	20% of the required MQLs are to be generated via ads.
Ad clicks needed	5,100	With a website-clicks-to-lead conversion rate of 5%, you would need 5,100 ad clicks.
Budget needed	EUR 7,650	With an average cost per click of EUR 1.50, you would need a budget of EUR 7,650.
Cost per lead	EUR 31	With costs of EUR 7,650 and 250 generated leads, the cost per lead is EUR 31.

Source: [2] n.a.[2], www.marconomy.de

With the values above, your cost per lead would be EUR 31. The aim is always to achieve the lowest possible CPL – i.e. to gain as many qualified leads as possible for the smallest amount of budget. On the basis of this key figure, you can manage the use of your budget as efficiently as possible.

It should be noted that ads do not only serve the purpose of generating leads. They are also intended to increase awareness or engagement. If you want to sponsor content or place engagement ads, you would need a larger budget ([2] n.a.[2], www.marconomy.de/marketing- budget).

What marketing measures should the budget be used for?

The marketing budget can only achieve the objectives if it is used for the right marketing measures. You can find out what the right measures are by looking at the previous years (what formats and channels generated good results?) and also by testing, investigation and market research.

At the same time, it is important not to lose sight of the target audience. You should constantly aim to improve your understanding of the target audience and its preferences and behaviours and incorporate what you learn into your budget planning.

Furthermore, Marketing and Sales should coordinate the specific measures and also the budget.

Figure 3. *Planning a marketing budget (excerpt)*

MARKETING BUDGET PLAN

Previous year's budget	EUR	130,000
New budget	EUR	135,000
Difference:	EUR	+5,000

MARKETING	COSTS PER UNIT	NUMBER	TOTAL BUDGET	PERFORMANCE, PREV. YR.
Media planning		**Units**	**€35,000.00**	
Banners	€500.00	4	€2,000.00	No measurable traffic, but awareness among target audience
Advertisements	€3,500.00	4	€14,000.00	Positive feedback, two direct customer enquiries
Native advertising	€4,000.00	2	€8,000.00	Measurable increase in traffic + SEO impact of backlinks
Sponsoring	€2,000.00	1	€2,000.00	Wrong target audience for event, no measurable positive impact
Lead generation	€4,500.00	2	€9,000.00	55 SALs in total

Source: [2] n.a.[2], www.marconomy.de/marketing-budget

The Preferences of Your Target Audience Tell You How You Need to Configure Your Marketing. This Can Also Be a Cost Factor

You should be aware of how your target customers find out about things, what channels they use, what designs and forms of communication they find appealing, and what incentives they need to pay attention to your advertising messages and act on them.

If you want to reach the target audience of engineers, for example, it may make sense to invest more of the marketing budget in specialist media, trade fairs and conferences rather than placing social media ads on Instagram.

In general, however, you should not be afraid of trying out new channels and formats. The younger target audiences are slowly but surely moving into the role of the decision-maker, which means that you cannot exclusively rely on the results of your marketing measures from previous years and must instead explore new avenues in order to reach changing target audiences.

([2] n.a.[2], www.marconomy.de/marketing-budget)

More Patient Enquiries with Digital Practice Marketing

Modern Reputation Management by Means of Website, Seo and Adverts for Practices and Clinics

When people are choosing a medical facility, they leave nothing to chance. Patients perform extensive research before visiting a specific practice or clinic – **and the initial point of contact is typically online**. Key factors for selecting a doctor are a **professional website** and **good ratings**, as well as recognisable **medical expertise.** Well-designed digital practice marketing optimises precisely these initial points of contact, making your online presence easy to find and easy to use and maximising its technical performance.

With changing information needs on the part of patients and relatives, increased cost pressure (resulting in more competition between hospitals) and liberalisation in doctors' legal right to advertise, clinics are increasingly using the internet as a communication and sales-promotion marketing tool. The potential and the problem areas of this development have been discussed. It is argued that this e-health marketing, as it known, should be understood as a field that has the economically relevant characteristics of general e-commerce but that it should remain inherently connected to e-health as a medical discipline (n.a.[3], (2023), n.t., www.thieme- connect.com/products/ejournals/abstract/10.1055/s-2006-954999).

Summary and Outlook

Advertising can be extraordinarily effective in increasing target audience demand. However, this is not the case for roughly 50% of advertising campaigns. For this reason, it makes sense to check the sales impact of costly advertising in advance. The problem is that most advertising pretests are partially or fully unable to measure sales impact, or do so unreliably. A potential solution is to integrate test market simulation measurement criteria into the advertising tests. Using 'hard' market simulation criteria is more time-consuming and requires more demanding analysis. But on the basis of several hundred investigations, we have been able to prove that this method is considerably more reliable than 'prize baskets', simple willingness-to-buy questions, introspective persuasion score or the relevant-set approach. The Ad $ales Effect Test approach also corresponds to the latest scientific findings from the fields of neurological research, emotional psychology, psychotherapy and behavioural science. The existing external validations confirm the correctness of this approach. Advertising sales impact must always be pretested! Advertising is always a gamble. Even if you are part of a leading marketing company, supported by a renowned creative agency, there is a roughly 45% chance (for new brand offerings) and a 64% chance (for established brands) that your advertising will have ZERO impact on your brand's revenue or will, in some cases, actually harm it. This finding is supported not only by our experience in over 1,000 advertising pretests and numerous subsequent validations on the market, but also by the following ex-post study findings: 45% of new US brand campaigns analysed did not respond to significant increases in advertising budgets ([4] Mayer de Groot, [5] Lodish).

67% of the advertising for established US brands showed no increase in sales despite an 85% increase in media budget use (basis: 389 US campaigns, IRI behaviour scan) ([5] Lodish). 55% of the established brand campaigns studied showed no short-term or long-term sales effect (basis: 141 advertising campaigns – 63 German and 78 American, Nielsen Single Source). ([6] Jones) 46% of the advertising tested had no short-term effect on revenue (basis: 235 campaigns for 70 brands, Millward Brown). ([7] Hollis) 50% of the advertised brands showed no revenue response despite drastic increases in advertising pressure (basis: 65 studies). ([8] Marder). In summary, certain conclusions can be drawn from our research and the ex-post study findings above. The results consistently show that advertising can be extraordinarily effective and significantly increase consumer demand shortly after being placed. Some adverts showed a high impact on sales despite having a limited budget. But roughly half of the advertising for new brands and two thirds for established brands had no effect on sales.

Excursus: Special cases

In some cases, there is practically no relationship between significant increases in advertising spending and impact on sales on the market. This was the case even though the majority of the advertising used was subjected to pretests beforehand. Different executions of advertising display significant differences in advertising effectiveness – even for the same brand. It should also be noted that seemingly small changes to the design of an advert or text can frequently lead to major differences in the sales impact: 'I have seen one advertisement campaign actually sell, not twice as much, not three times as much, but 19.5 times as much merchandise as another ad for the same product. Both advertisements occupied the same space. Both were run in the same publication. Both had photographic illustrations. Both had carefully written copy. The difference was that one used the right appeal and the other used the wrong appeal.' ([9] Caples) Advertising that does not have a positive effect on sales in the short term also fails to boost sales in the long term. There does not seem to be any 'long-term sleeper effect' in advertising. (cf. [5] Lodish, [10] McDonald) Can advertising sales impact be pretested reliably? ([4] n.a.[4], 2011, *Werbe-Abverkaufswirkung pretesten Auf jeden Fall* [Always test advertising sales impact])

The key goal of advertising is to increase sales. This is the raison dêtre of advertising. (There may be multiple intermediate steps in achieving this goal, but intermediate goals such as brand awareness, sympathy, trust, etc. cannot be ultimate goals.) Given the high flop rates of advertising mentioned above, being able to reliably determine the sales impact of advertising in advance would be a great advantage – rather than using tracking to identify the impact subsequently, after the costly placing of the advertising media. When you look for a suitable sales impact pretest for advertising, you come up against a problem: the majority of advertising pretests focus their attention on the advertising material rather than the sales impact, concentrating on issues such as the attention-grabbing effect of the advert, or understanding of the advert's message and its appeal. (These factors are, of course, useful to know and we take note of them ourselves.) However, the main goal of advertising – the impact on sales – is addressed either inadequately or not at all. The historical reason for this seems to be that most advertising pretests were developed by, or in collaboration with, advertising agencies, which are primarily interested in evaluating the adverts. When research is limited to purely advert evaluation dimensions (which are in themselves independent of the product and brands), the aspects of a communication that cause consumers to switch brands can only be measured extremely superficially. Brand selection is determined by perceived brand-specific attributes or advantages. The purpose of advertising is to influence this perception. If an advertising pretest fails to do this adequately, it serves no actual purpose. The dilemma of subsequent advert evaluation on the basis of criteria that merely assess the advertising material, without considering the sales impact, has been adeptly described by Feldwick: 'Is an advertising alternative with 10% likes and 5% dislikes better or worse than one with 40% likes and 20% dislikes? Does it matter at all if 20% of respondents did not like the advert? If not, what percentage of dislikes would be a problem? Interpretations of such questions are often based on little knowledge and are largely guided by emotion.' In this situation, it would be useful to know whether the dislikes are coming from potential buyers or from people who reject the brand as a whole and are therefore irrelevant.

Furthermore, experience has shown that advertising can have a large sales impact on the market without being particularly liked – and vice versa. If attempts are made to determine the sales impact of advertising in advance, this usually does not extend beyond measuring changes to 'prize baskets', simple willingness-to-buy questions, etc. The resulting advertising sales forecasts have unfortunately shown little or no correlation with the subsequent sales performance on the market. The above-mentioned findings corroborate this. PIMS (Profit Impact of Marketing Strategy), the world's largest and most extensive business information database, has proven that there is one factor that influences market success and profitability more than any other: the perceived quality advantages compared with the competition. PIMS has also found that most companies lack effective measurement variables and procedures for identifying relative quality. It may be helpful to briefly examine alternative and widespread approaches to measuring the sales impact of advertising in terms of their validity ([4] Mayer de Groot, 2011, *Werbe-Abverkaufswirkung pretesten Auf jeden Fall* [Always test advertising sales impact]).

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