

Where do the biggest brands spend their marketing dollars?

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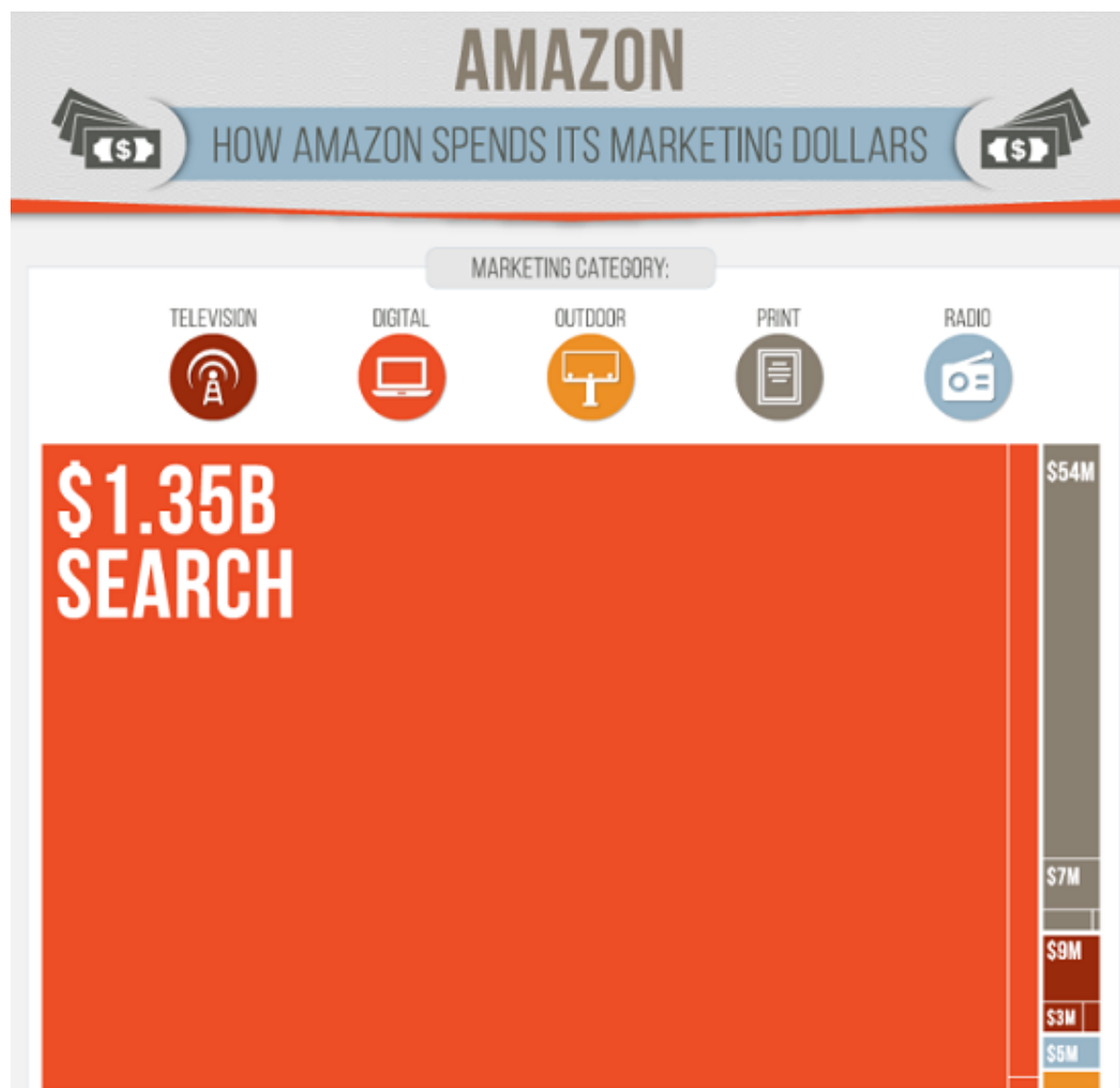


Different retailers have different priorities when it comes to their marketing budgets, but the most valuable brands – Amazon and Apple – are banking on search.

We all know **Amazon** is the undisputed king of ecommerce. From November 2014 to November 2015, the company raked in more than \$71 billion in online sales, which is more than **Walmart, Apple, Macy's, The Home Depot, Best Buy, Costco, Target, Gap Inc., Williams-Sonoma, Sears** and **Kohl's** sold. *Combined.*

What is **Amazon** doing that the others aren't?

According to **Fractl**, a Florida-based content marketing agency which [analyzed the marketing spend](#) of these massive retailers, search gets the lion's share of **Amazon's** budget. During that year period, the ecommerce giant spent \$8 million on TV and radio, a number that sounds very high in isolation. However, **Amazon** spent \$54 million on print and \$1.35 billion on search.



Among the other retailers, only **Apple** – called [the most valuable brand in the world](#) last year – and Etsy prioritize search to such a degree. **Apple** spent far more on TV and outdoor advertising than **Amazon**, though search still made up 86 percent of its spend. Search was an even higher percentage for Etsy: 91 percent, with 1.39 million going to search and \$90,000 to other **digital** channels.

The Etsy finding was the most interesting to **Lillian Podlog**, project manager at **Fractl**, who noted that Etsy doesn't have the same juggernaut status as Apple and Amazon.

"With **Amazon** and **Apple**, you can ask what came first, their success or where they put their **marketing** dollars. Maybe at this point, they can do anything, but Etsy has the same tactic and if you look at organic search rankings, it's doing really well," she says.

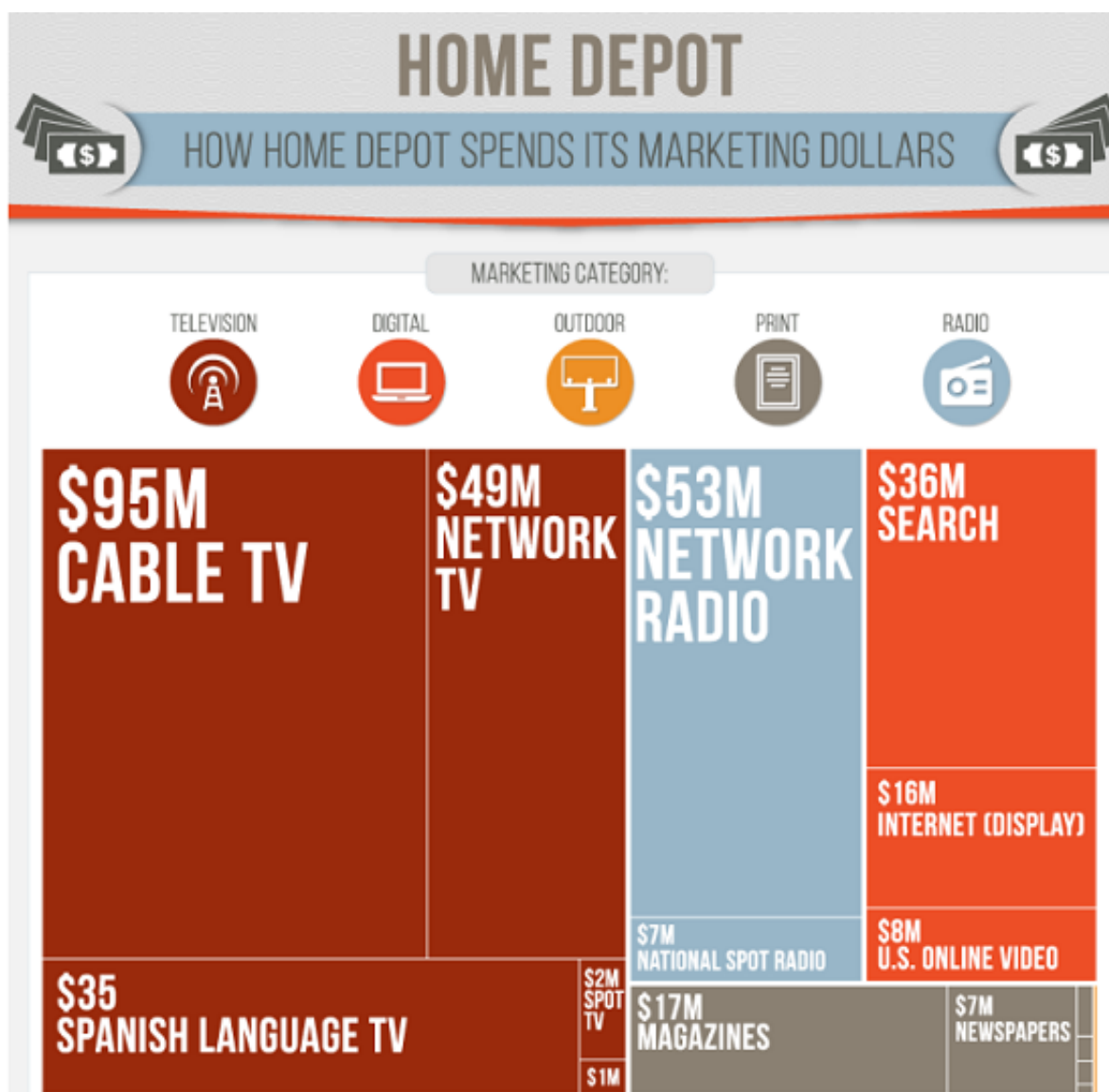
Etsy saw among the highest ROI in the study. For [every \\$1 spent on marketing](#), the online marketplace saw \$1,600 in sales. Additionally, Etsy, along with **Apple** and **Amazon**, had a disproportionately high SEMrush rankings compared with the others, which means they

saw higher organic traffic.

That's a common correlation among the brands analyzed by **Fractl**. Most of those with larger search spends have higher SEMrush rankings.

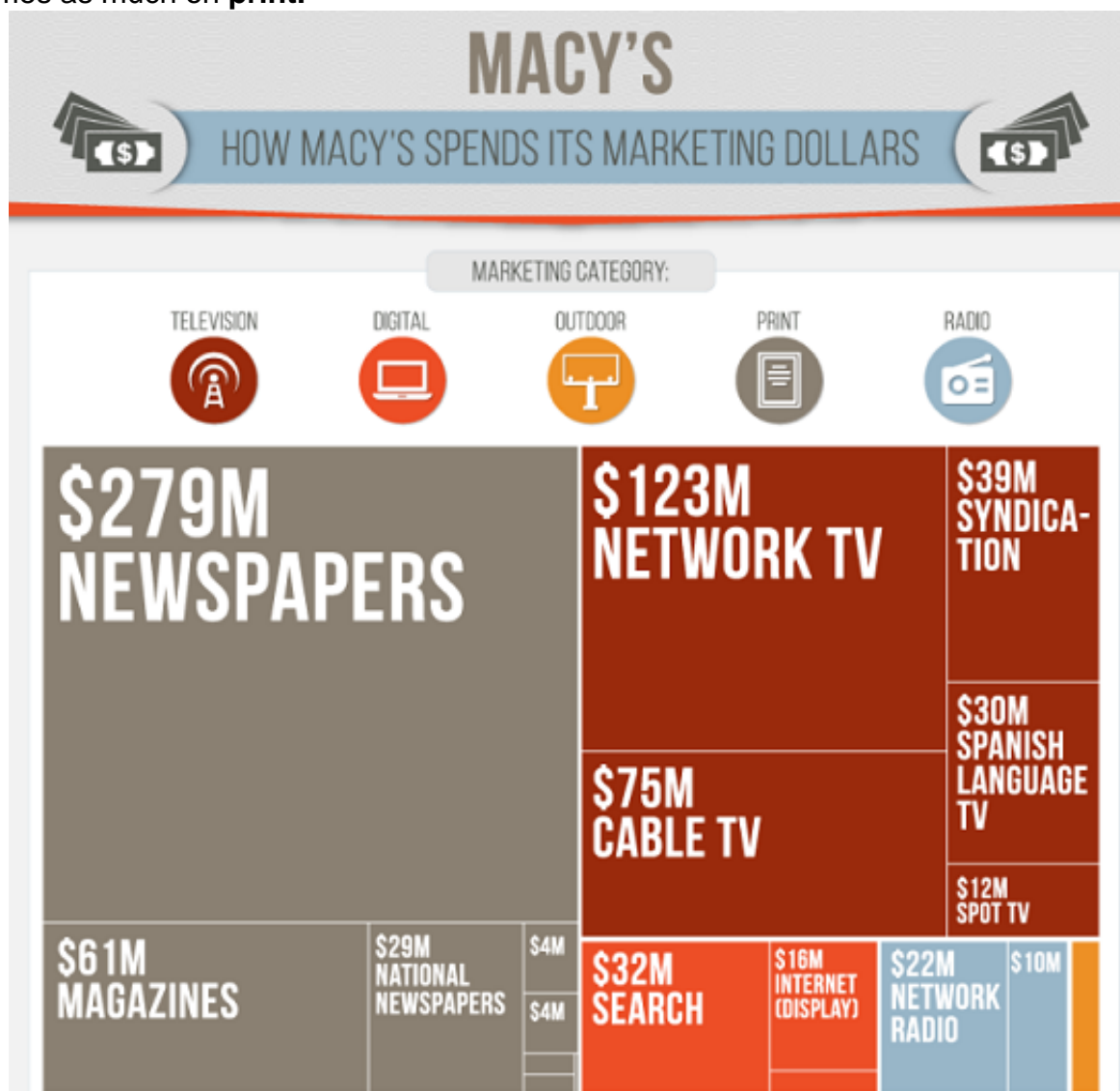
"So many people use ad blockers, so many people have blindness to display ads. Investing in search, whether its paid or building your SEO, requires you to really think about what kind of content you're putting on the Internet that would appeal to users and boost your SEO," says Podlog. "It requires you to be more thoughtful and considerate about what the customer really wants."

Among the only exceptions to that rule are **Williams-Sonoma** and **The Home Depot**. **Digital** makes up 51 percent of sales – and 57 percent of the marketing budget – for the former. Nearly a quarter of that budget goes to search, but **Williams-Sonoma** still doesn't rank particularly high. On the other hand, **The Home Depot** does, despite only spending 11 percent on search, instead prioritizing TV and radio.



Where do some of the other major players put their money?

- **Best Buy** puts the majority of its dollars in TV and **digital**, favoring network channels and display **advertising** over cable and search.
- **Costco**, on the other hand, largely eschews TV. Instead, the warehouse retailer allocates 57 percent of its marketing dollars to display and nearly all the rest to magazines and newspapers.
- **Macy's** is another one with a heavy print focus. The **brand** spends \$16 million on display and \$32 million on search, which sounds like a lot of money, but is just a drop in the bucket by comparison. **Macy's** spends 5.5 times as much on TV and more than 8 times as much on **print**.



“**Macy's** is one of those companies that has an established name and an established consumer base, but if it wants to take some of Amazon's chunk of online retail, it has to invest more in those other channels,” says Podlog. “**Macy's** has been around for so long, but I personally think that unless it changes the shape of its spending, it's going to

suffer.”

- **Nordstrom's** priority is similarly on print – \$27 million on magazines, compared with \$6 million on search, \$4 million on display, \$5 million on TV and \$2 million on outdoor – but the strategy is a bit different from that of Macy's. While Macy's spends most of its money on newspapers, Nordstrom goes for magazines, a medium that meshes better with the brand's luxury focus.
- **Netflix**, despite being heralded as one of the premier [digital disruptors](#), doesn't spend nearly as much money on digital advertising as one would assume. The streaming giant spends \$1 million each on display and online video, and \$17 million on TV with a particularly heavy focus on network. It makes to sense to Podlog, who points out that “people are watching TV, they're not on Netflix.”
- Target's **marketing** budget is probably the most balanced. The retailer spends 46 on TV, 22 on print and 28 percent on digital. The majority of that digital spend is allocated to search, but \$23 million is still set aside for online video.

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