

2022 Q1 Spending Benchmarks

February–April

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Foreword



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Business spending is under intense scrutiny, amidst soaring inflation, rising interest rates, and an official bear market. Many finance teams are being tasked with lowering costs to help their organizations navigate these turbulent economic conditions. Leaders are wrestling with questions on where they should be pulling back and where they need to keep investing to maintain growth.

To help you answer these questions, we're releasing our inaugural benchmark report, analyzing thousands of aggregated, anonymized transactions on Ramp cards to identify trends in Q1, which spans from February 2022 to April 2022. We leverage merchant category codes provided by Visa to classify transactions and extrapolate figures for different expense categories. Our goal is to provide actionable insights that help you save time and money. In this report, you'll find data on:

- How business spending has trended over time
- What businesses spent on in Q1
- How business spending differed by industry and company size
- How much you should budget for ads, software, and T&E

Ramp card data is just one facet of the overall story on how companies are faring in this challenging economy. Even so, we can see signs that supply chain issues and cost concerns are forcing organizations to cut spending in areas like advertising and electronics.

Dive into the report for more details. We hope these insights help you make more informed decisions as we enter a new economic climate.

Key findings

01

Overall spending continued to grow in Q1, albeit more slowly.

Monthly spending fluctuated quite a bit, reflecting the unsettled state of the economy. The average transaction amount hit its lowest point in April relative to the last 12 months, suggesting that businesses may begin holding off on big purchases.

02

Advertising remained the biggest expense category for businesses on Ramp, but total spending dropped.

The average ad spend per business declined by 14% in Q1 vs Q4. In fact, the share of spending on Ramp cards related to ads dropped to its lowest levels in Q1 relative to the last 12 months, indicating bigger factors at play beyond seasonality.

03

Software spend rose in Q1 with the businesses on Ramp increasing their spend by 15%.

The share of spending on Ramp cards related to software expenses climbed to an all-time high in April 2022, at 13% of total transaction volume. Amazon Web Services was the top platform that businesses spent with, followed by LinkedIn.

04

T&E spend was back on the books, especially flights.

Travel and entertainment expenses reached 10% of Ramp transaction volume, a record high in the last 12 months. Flights overtook general entertainment as the third-largest T&E expense, indicating that employees were taking longer trips to visit their corporate offices or customers.

05

Supply chain woes were evident in Q1.

Rising shipping costs posed a severe challenge for enterprises, jumping from 9% of their expenses in Q4 to 20% in Q1. Electronics expenses dropped in Q1, hinting that companies may be finding it hard to procure computers and phones.

06

Spending needs differed by company size.

Small SMBs had a larger share of their card expenses going towards fees and charges from finance institutions. Large SMBs and mid-market companies invested more in advertising. As company size increased, so did T&E and shipping expenses.

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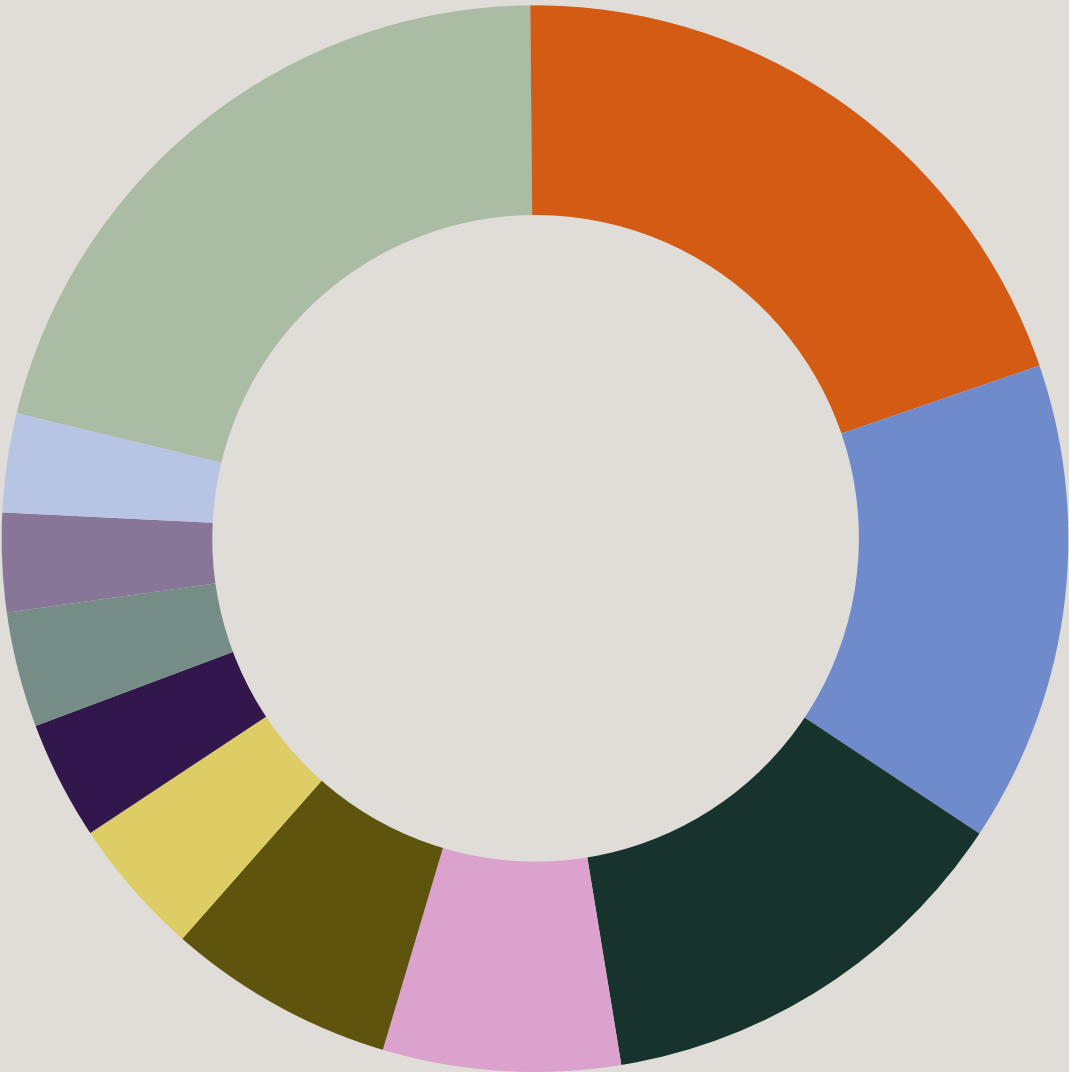
Q1 overview

Businesses spending on Ramp cards seesawed wildly in Q1. Transaction volume dipped in February, rebounded in March, and dropped once more in April.

Advertising was still the biggest expense category for businesses, but spending in the category decreased 7% after the Q4 holiday season. Electronics expenses also dropped, perhaps evidence of supply chain issues preventing companies from purchasing computers and phones. Despite the economic headwinds, spending increased for most other categories, especially lodging and restaurants, indicating a resurgence in travel and entertainment.

Chart 01

Top 10 expense categories in Q1 by transaction volume
(Share of total amount spend on Ramp cards)



19.9%	Advertising	3.6%	Cloud computing
14.6%	General merchandise	3.5%	Electronics
13.1%	SaaS/software	3%	Fees and financial institutions
7.2%	Professional services	3%	Restaurants
6.9%	Shipping	21.1%	Other
4.1%	Lodging		

Chart 02

Change in business spending in Q1 2022 vs Q4 2021

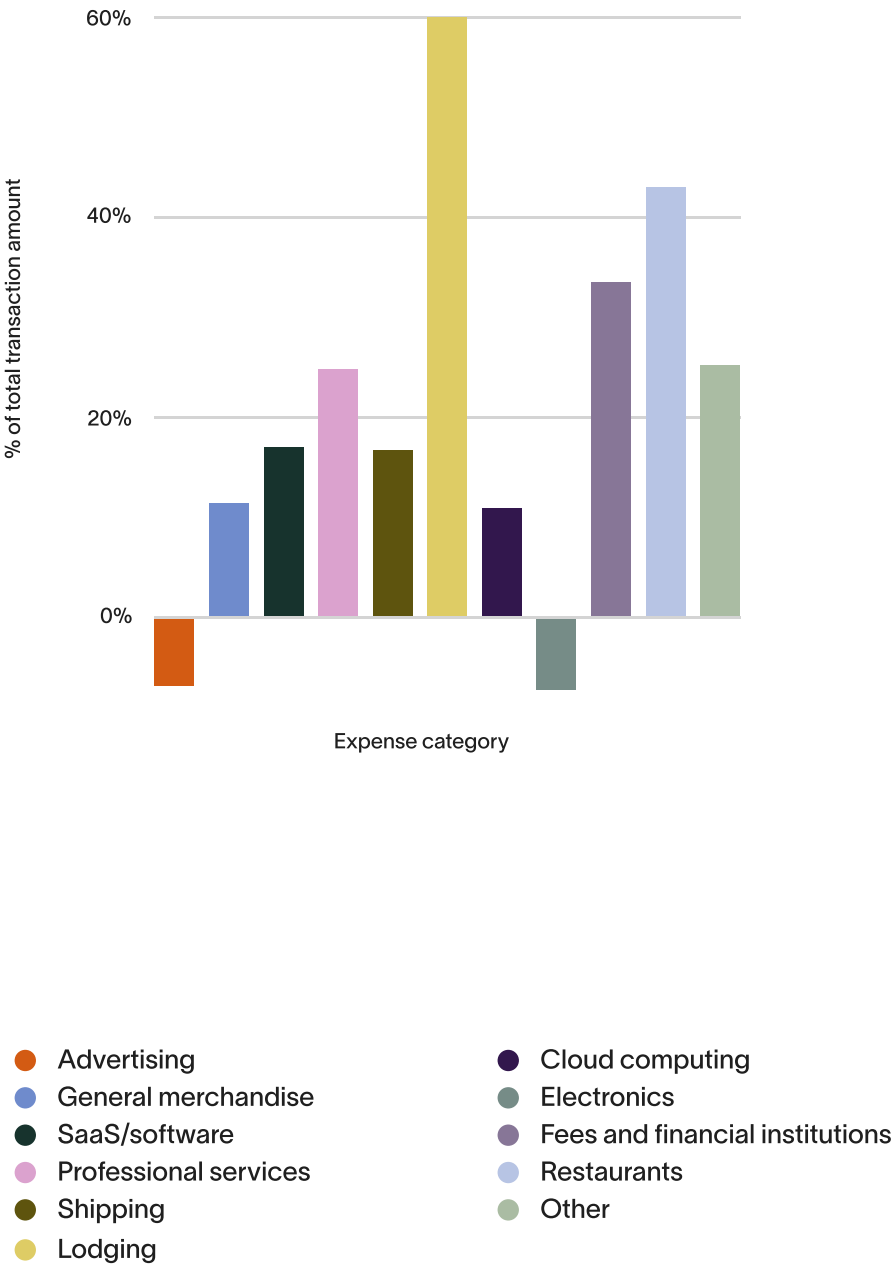
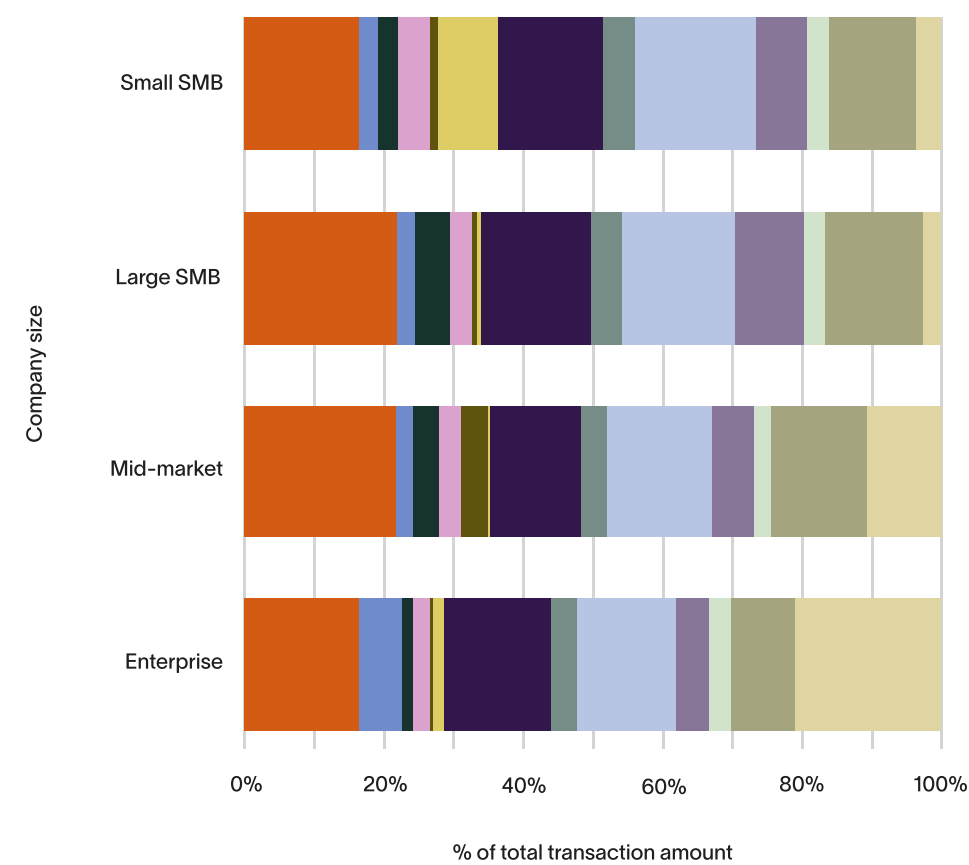


Chart 03

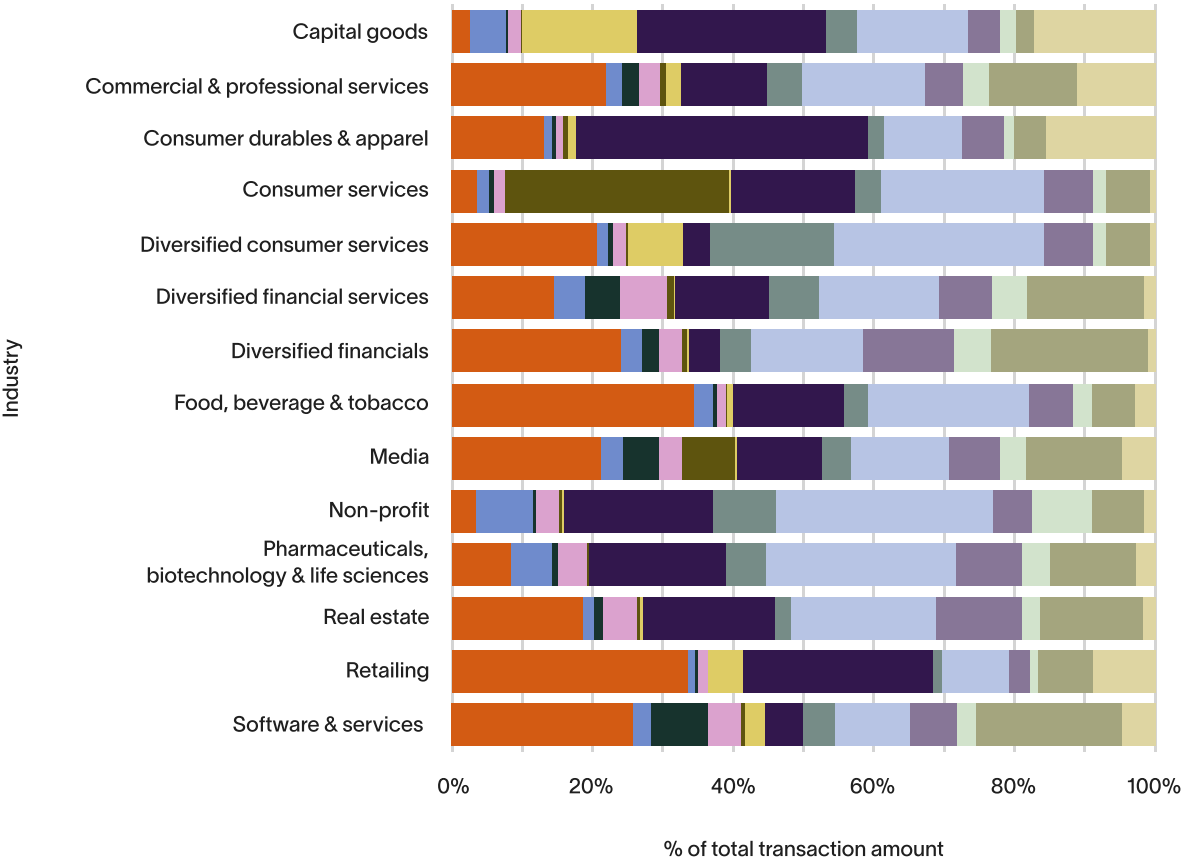
Q1 business spending by company size



Note: Small SMB 0-25 employees, Large SMB 26-75 employees, Mid-market 76-499 employees, Enterprise > 500 employees

- Advertising
- Airlines
- Cloud computing
- Electronics
- Entertainment
- Fees and financial institutions
- General merchandise
- Lodging
- Other
- Professional services
- Restaurants
- SaaS/software
- Shipping

Chart 04 Q1 business spending in top industries



- Advertising
- Airlines
- Cloud computing
- Electronics
- Entertainment
- Fees and financial institutions
- General merchandise
- Lodging
- Other
- Professional services
- Restaurants
- SaaS/software
- Shipping

With advertising being the biggest expense category for businesses, it was no surprise that Google Ads and Facebook Ads topped the list of vendors that Ramp customers spent the most with in Q1. A cloud consulting vendor was the sole new entrant on the list in Q1, overtaking Microsoft Advertising at the #10 spot and reflecting the rising demand for cloud computing in the age of hybrid work.

Chart 05

Top 10 vendors in Q1 by transaction volume

Vendor	% change in transaction volume (Q1 2022 vs Q4 2021)
1. Google Ads	0.2%
2. Facebook Ads	-16.6%
3. FedEx	30.3%
4. Amazon	29.3%
5. Amazon Web Services	6.0%
6. Payments Service *	35.8%
7. UPS	11.9%
8. Apple	-12.2%
9. LinkedIn	6.9%
10. Cloud Consulting Company *	61.5%

* = Name redacted to keep customer data private

Ad spend

Businesses on Ramp spent less of their budget on ads in Q1 than they did a year ago. Coming out of the Q4 2021 holiday season, the share of spending related to ads decreased from 33.5% of total transaction volume to 28.4%.

Mid-market companies reduced their ad spend the most. Conversely, enterprises increased their spending, perhaps indicating the pressure on them to grow market share even during a downturn.

Most industries also saw a reduction in ad spend, with consumer durables & apparel experiencing the biggest pullback.

Chart 06 **Ad spend on Ramp cards over time**

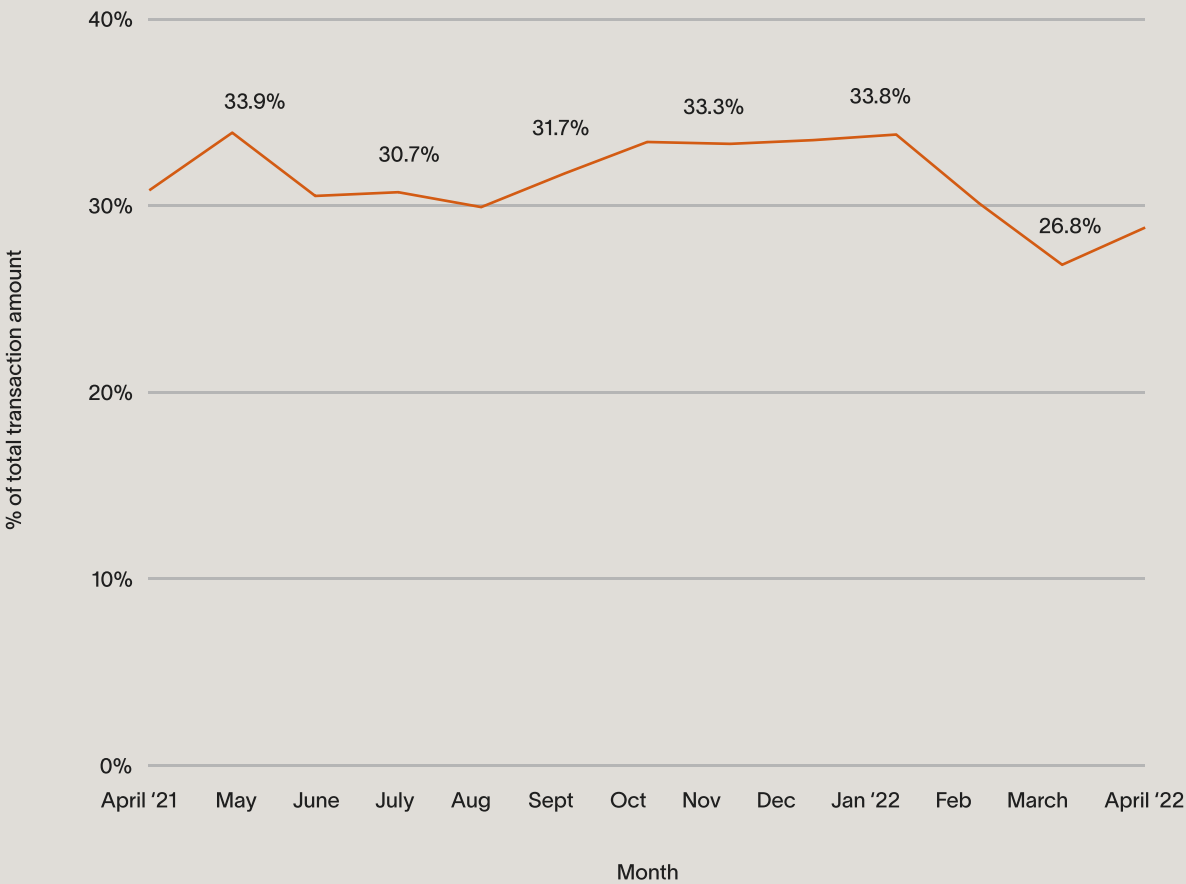


Chart 07

Q1 ad spend by company size

Company size	Average amount spent per business	% change (Q1 2022 vs Q4 2021)
Small SMB	\$45.0k	-5.5%
Large SMB	\$94.2k	-9.0%
Mid-market	\$211.3k	-22.2%
Enterprise	\$274.5k	7.6%

Note: Small SMB 0-25 employees, Large SMB 26-75 employees, Mid-market 76-499 employees, Enterprise > 500 employees

Chart 08

Q1 ad spend in top industries

Industry	Average amount spent per business	% change (Q1 2022 vs Q4 2021)
Capital goods	\$30.8k	27.1%
Commercial & professional services	\$82.6k	-10.7%
Consumer durables & apparel	\$69.9k	-59.9%
Consumer services	\$13.6k	-23.9%
Diversified consumer services	\$77.4k	0.0%
Diversified financial services	\$56.6k	-28.3%
Diversified financials	\$82.5k	25.2%
Food, beverage, & tobacco	\$159.0k	-20.8%
Media	\$75.1k	-13.4%
Non-profit	\$5.6k	45.8%
Pharmaceuticals, biotechnology, & life sciences	\$55.4k	-8.8%
Real estate	\$77.5k	104.9%
Retailing	\$232.5k	-23.4%
Software & services	\$125.6k	-9.8%

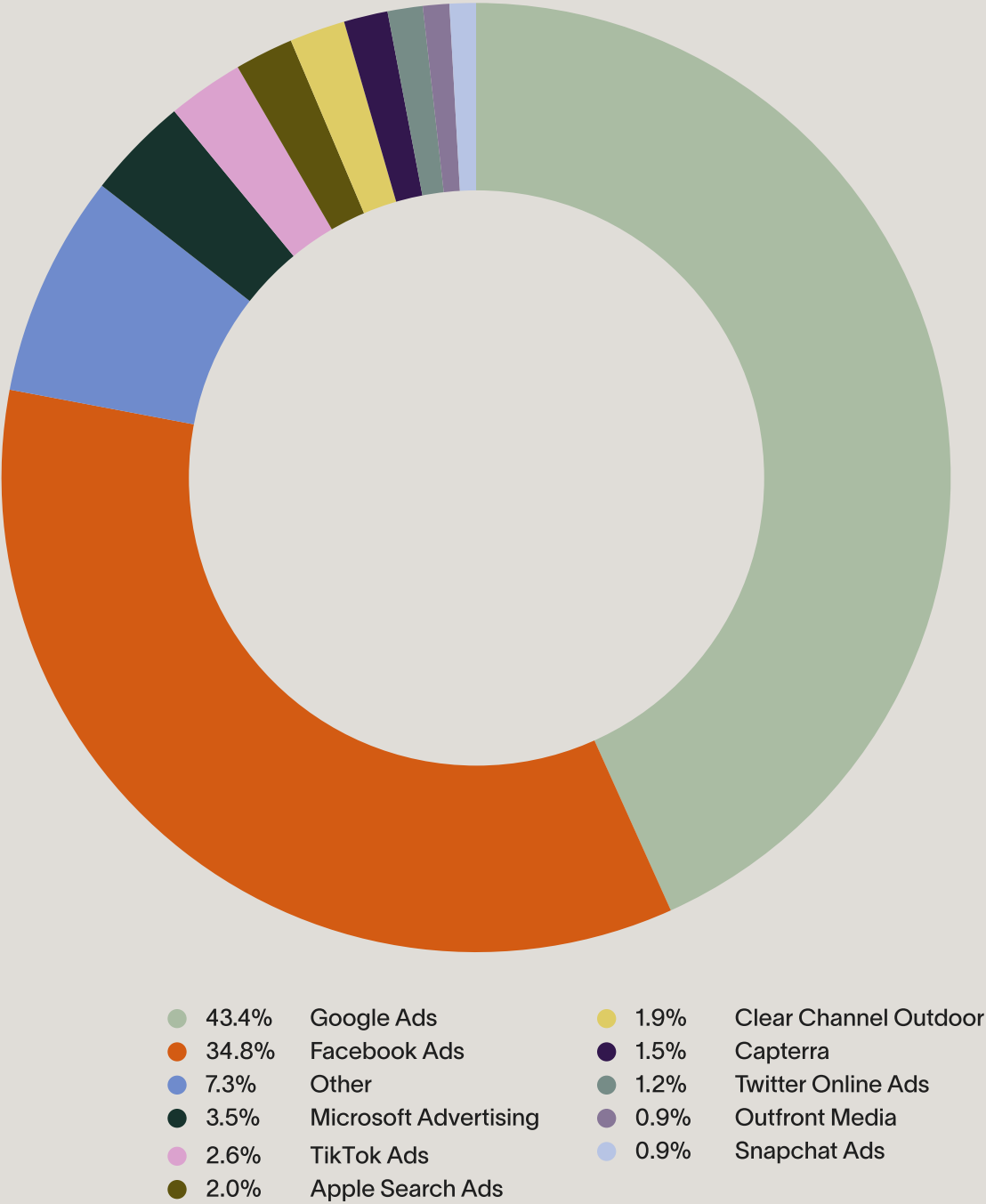
In Q1, spending on TikTok Ads rose 150%, making it the fourth-largest ad platform for Ramp customers by transaction volume. Snapchat Ads spending dropped 35%, moving it from 7th to 10th place.

With the revival of business travel, out-of-home advertising usage also increased, with Outfront Media emerging as a new top vendor. Traditional online advertising spending dropped. Ramp businesses spent less on Amazon Advertising, Facebook Ads, and Microsoft Advertising quarter-on-quarter. Spending on Google Ads remained flat.

Ad vendors that rose in popularity with Ramp customers included other mass media channels like MNTN Performance TV, Lamar Media, Taboola, Adroll, and Perform[cb].

Chart 09

Top 10 ad channels in Q1 by transaction volume
(Share of total ad spend on Ramp cards)



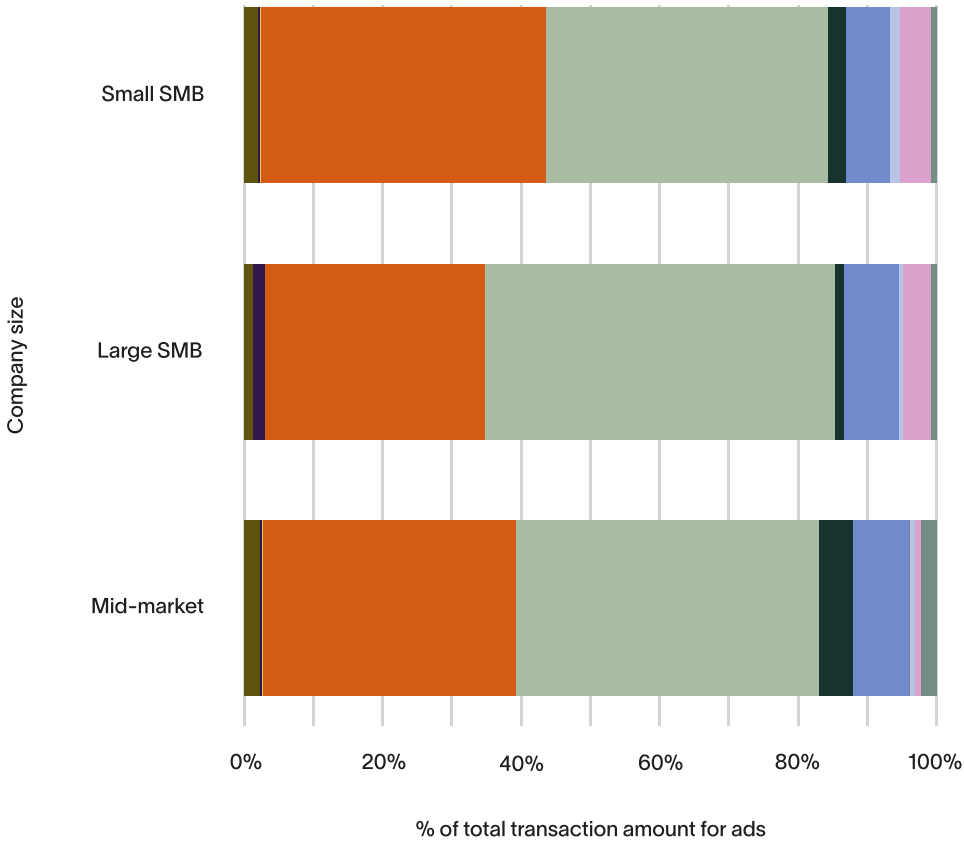
Among small SMBs, Facebook ads reigned supreme. They were also heavier users of reddit and Quora ads. However, TikTok and Twitter ads gained ground with those businesses in Q1, with spending rising 83% and 104%, respectively.

Large SMBs spread more of their ad budget across Google, Taboola, Amazon, and AdRoll. But they also spent more in Q1 on TikTok (326%), Taboola (160%), and Pinterest (135%).

Mid-market businesses also relied on Google and Amazon ads, but diversified the mix with TV ads. Enterprises chose to put more of their advertising dollars in out-of-home ad channels like Clear Channel Outdoor, Outfront Media, and Lamar Media instead of social platforms like TikTok and Snapchat.

Chart 10

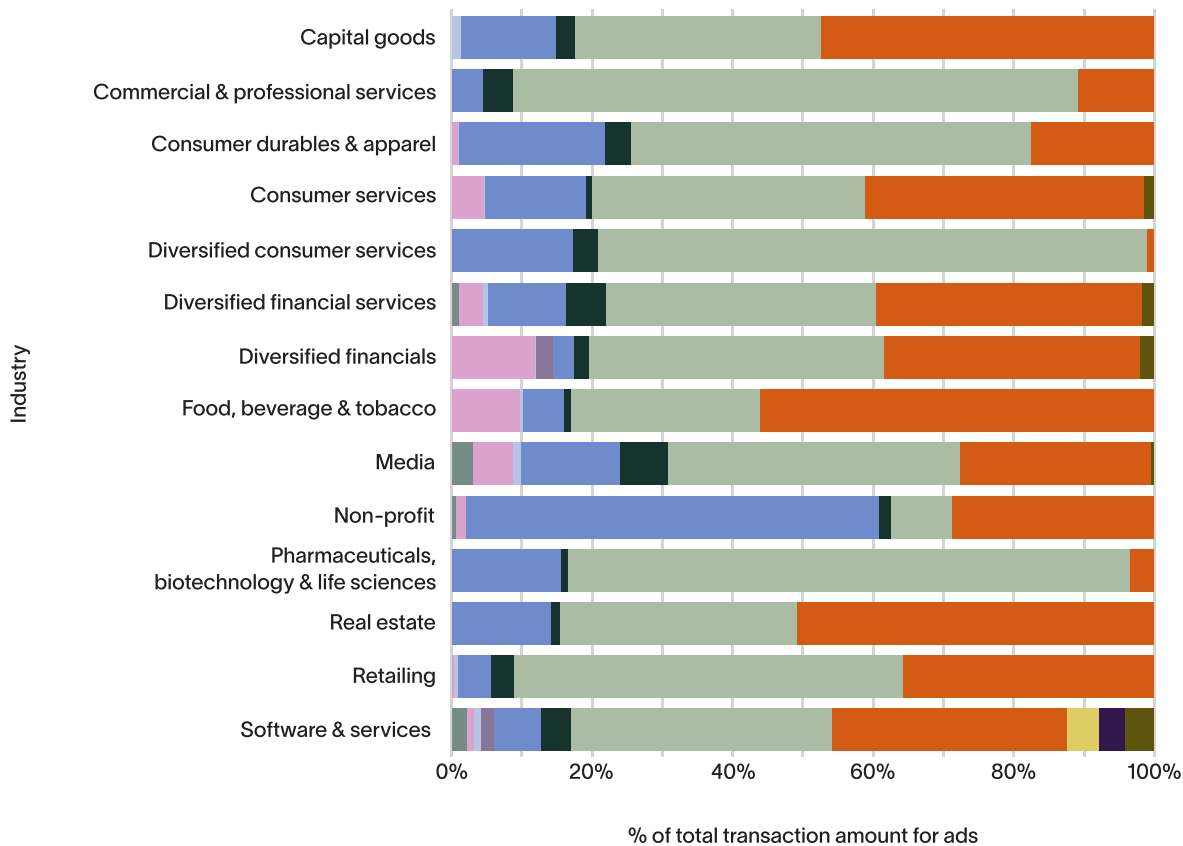
Ad channel mix by company size



Note: Small SMB 0-25 employees, Large SMB 26-75 employees, Mid-market 76-499 employees

- Google Ads
- Facebook Ads
- Other
- Microsoft Advertising
- TikTok Ads
- Apple Search Ads
- Capterra
- Twitter Online Ads
- Snapchat Ads

Chart 11 Ad channel mix in top industries



Software & cloud computing spend

Businesses might have cut back on ad spend in Q1, but spending on software and cloud computing rose, especially for large SMBs. Software spend was driven by increases in industries like diversified consumer services, diversified financials, and software & services.

Chart 12

Software and cloud computing spend on Ramp
card over time

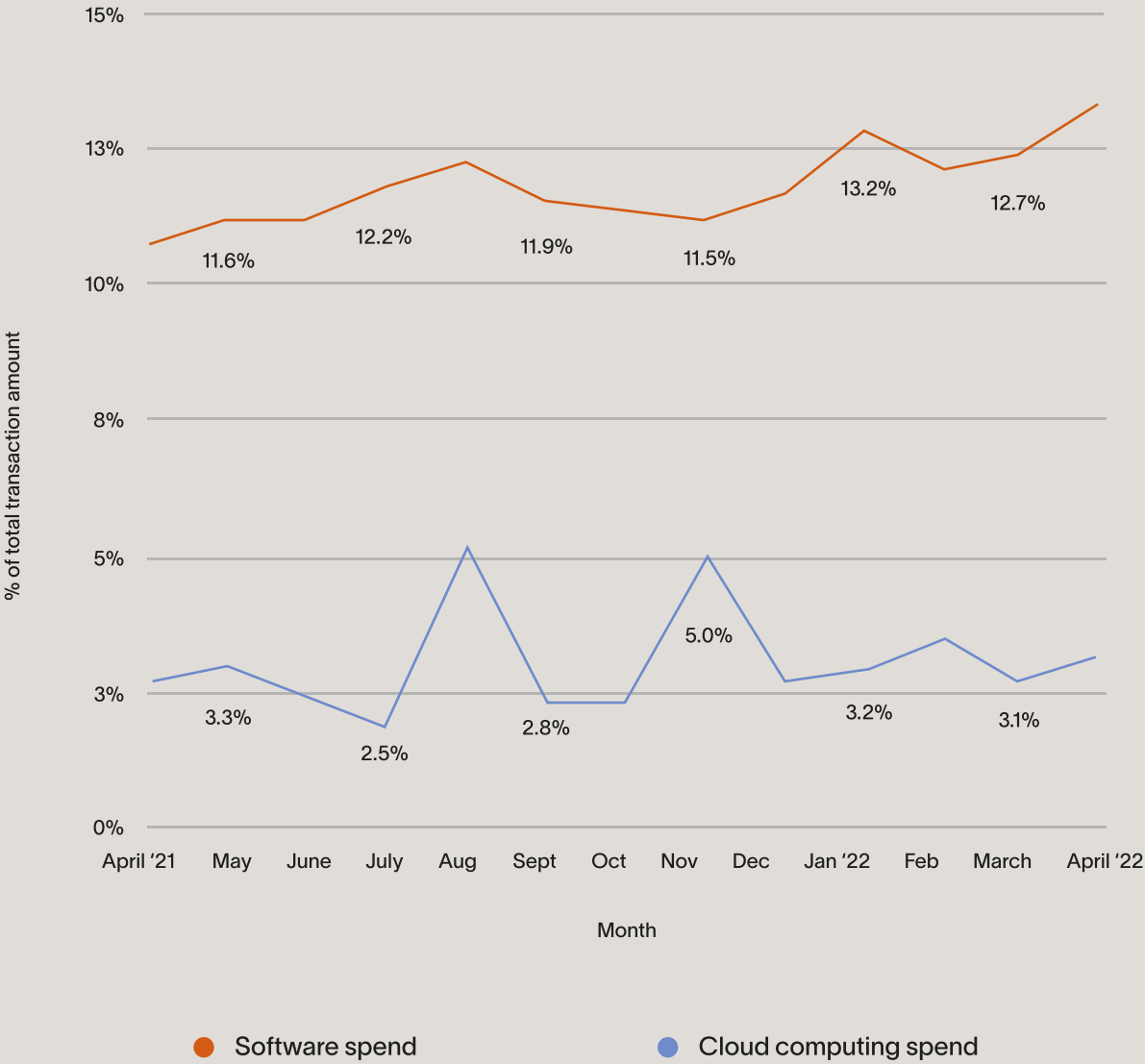


Chart 13 **Q1 software spend by company size**

Company size	Average amount spent per business	% change (Q1 2022 vs Q4 2021)
Small SMB	\$17.7k	13.7%
Large SMB	\$38.9k	20.7%
Mid-market	\$94.5k	15.1%
Enterprise	\$119.7k	18.6%

Note: Small SMB 0-25 employees, Large SMB 26-75 employees,
Mid-market 76-499 employees, Enterprise > 500 employees

Chart 14

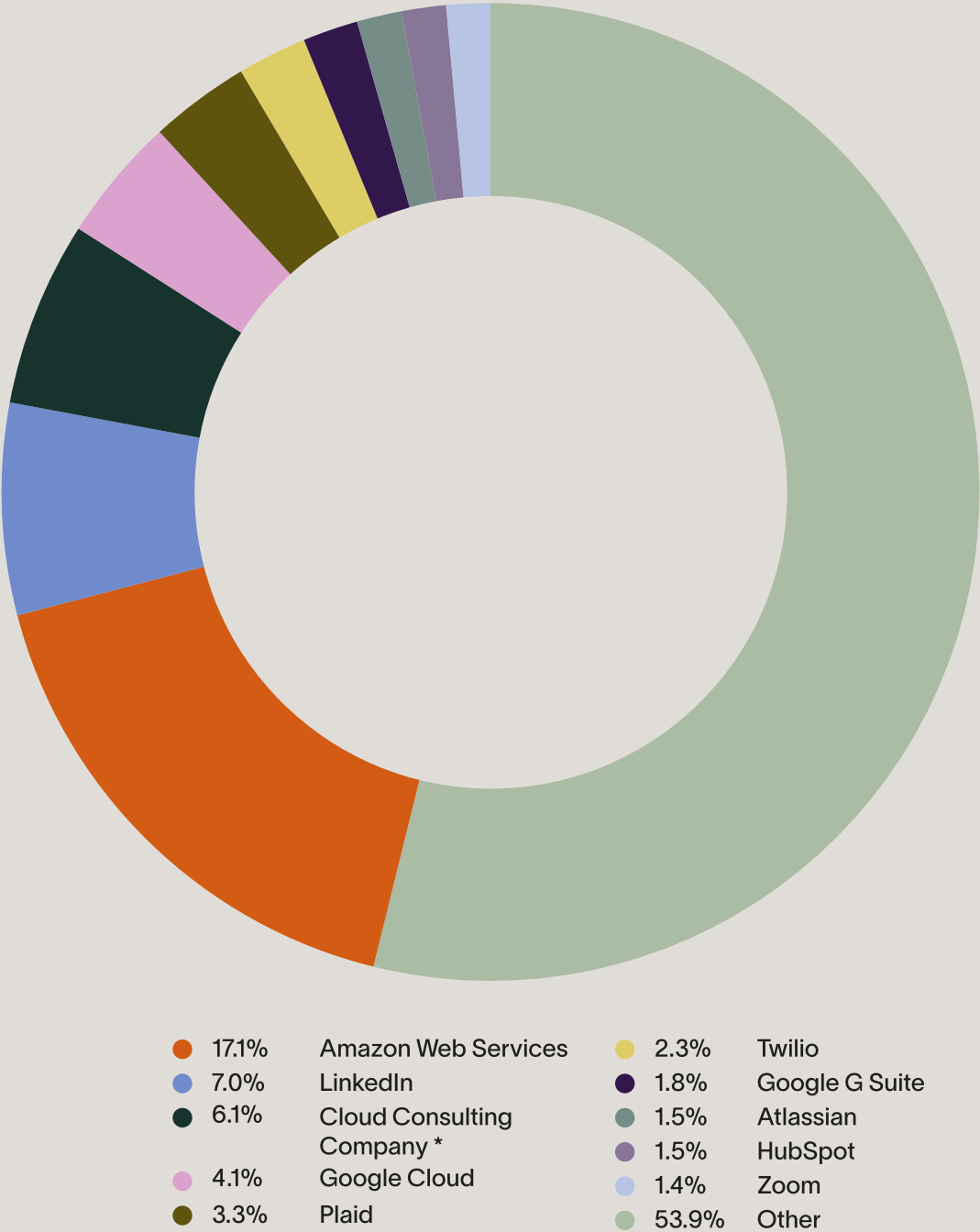
Q1 software spend in top industries

Industry	Average amount spent per business	% change (Q1 2022 vs Q4 2021)
Capital goods	\$13.8k	1.8%
Commercial & professional services	\$26.2k	1.4%
Consumer durables & apparel	\$17.5k	-25.9%
Consumer services	\$13.1k	-3.0%
Diversified consumer services	\$13.5k	45.2%
Diversified financial services	\$27.3k	8.9%
Diversified financials	\$36.1k	20.7%
Food, beverage, & tobacco	\$21.7k	6.0%
Media	\$33.3k	20.5%
Non-profit	\$6.1k	5.9%
Pharmaceuticals, biotechnology, & life sciences	\$30.6k	-12.3%
Real estate	\$38.5k	16.7%
Retailing	\$30.9k	-1.2%
Software & services	\$56.9k	23.4%

The list of top software and cloud computing vendors based on Ramp transaction volume remained largely unchanged in Q1. Amazon Web Services continued to be the #1 platform, followed by LinkedIn. HubSpot was a new entrant on the list, thanks to a 22% increase in businesses paying for it with Ramp. It displaced Microsoft Office / Azure, which saw a drop in the number of businesses transacting with it.

Chart 15

Top 10 software vendors in Q1 by transaction volume
(Share of total software and cloud computing spend
on Ramp cards)

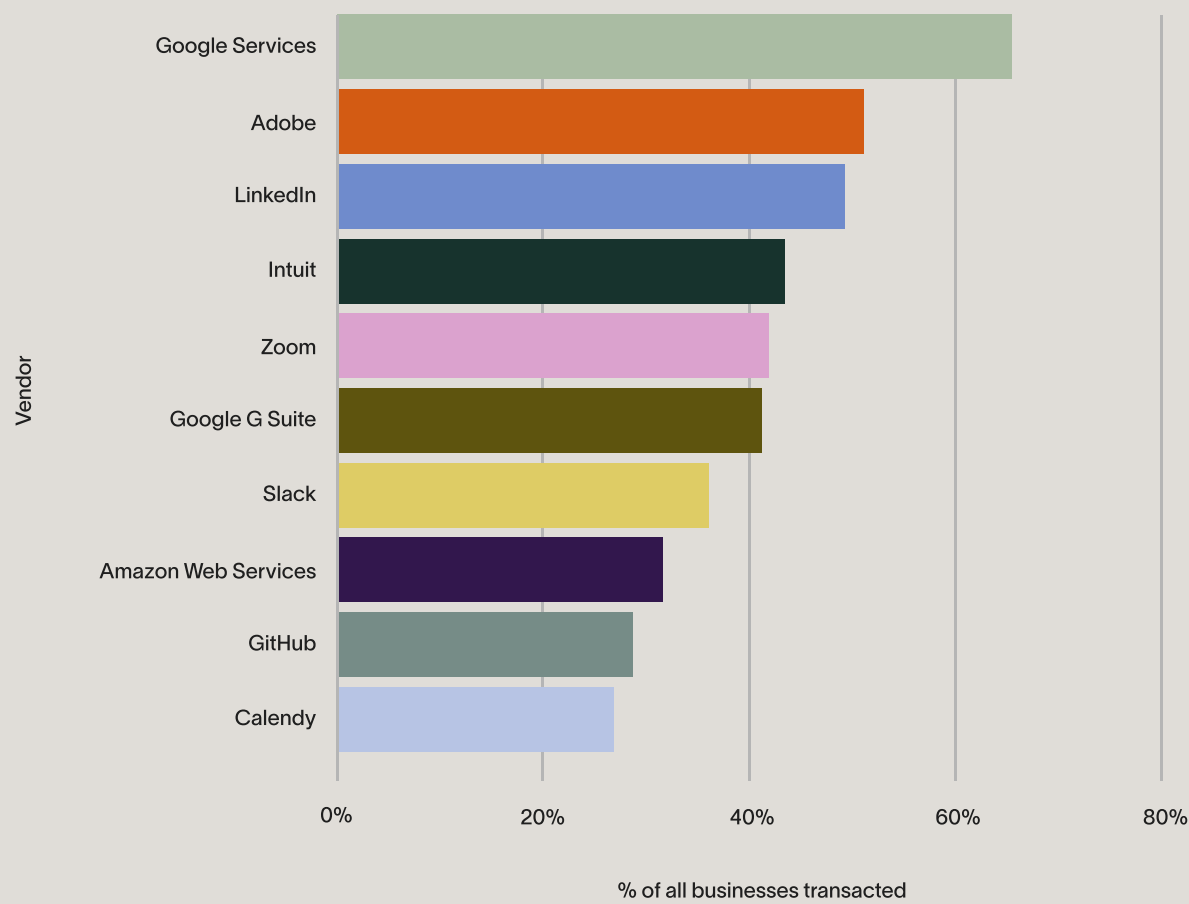


* = Vendor name redacted to keep customer data private

Spending doesn't always correlate with popularity. A different set of vendors emerged when we looked at the number of businesses transacting with each. Google Services, Adobe, and LinkedIn were the most popular with Ramp customers. Intuit, Slack, and GitHub also emerged on this list as frequently used. Usage with Microsoft Office / Azure slowed in Q1, allowing Calendly to make the list.

Chart 16

Top 10 software vendors in Q1 by customer count



Across all segments, cloud computing was the biggest expense that businesses paid for with Ramp, followed by finance and dev tools. Among top vendors, costs increased the most in Q1 for GitHub (32%), Google Cloud (30%), and Adobe (22%). Larger businesses naturally paid more for their software in most cases, but costs grew significantly at the enterprise level for Atlassian and GitHub.

Chart 17

**Average amount spent on top vendors in Q1, by
company size**

	Small SMB	Large SMB	Mid-market
Cloud computing			
Amazon Web Services	\$10.7k	\$28.6k	\$55.4k
Google Cloud	\$6.6k	\$17.2k	\$10.9k
Collaboration			
Google G Suite	\$0.8k	\$2.5k	\$5.9k
Zoom	\$0.7k	\$1.8k	\$4.4k
Slack	\$0.6k	\$1.6k	\$3.8k
Dev tools			
Twilio	\$5.4k	\$12.5k	\$7.2k
Atlassian	\$1.2k	\$3.2k	\$6.2k
GitHub	\$0.4k	\$1.2k	\$1.2k
Finance			
Plaid	\$28.0k	\$22.8k	\$123.3k
Intuit	\$0.4k	\$0.5k	\$0.7k
Marketing			
HubSpot	\$2.3k	\$6.8k	\$6.4k
Adobe	\$0.5k	\$1.0k	\$2.1k
Recruiting			
LinkedIn	\$3.0k	\$7.2k	\$14.7k

Note: Small SMB 0-25 employees, Large SMB 26-75 employees,
Mid-market 76-499 employees

T&E spend

T&E jumped to 10% of all Ramp transaction volume in Q1, an all-time high and an increase of 3.1pt from Q4. Year-on-year, the share of T&E expenses nearly doubled, from 5.4% in April 2021 to 10.7% in April 2022.

Average T&E expenses rose 46% per business in Q1 vs. Q4, with large SMBs seeing the biggest increase. Spending also increased across industries.

Chart 18 T&E spend on Ramp cards over time

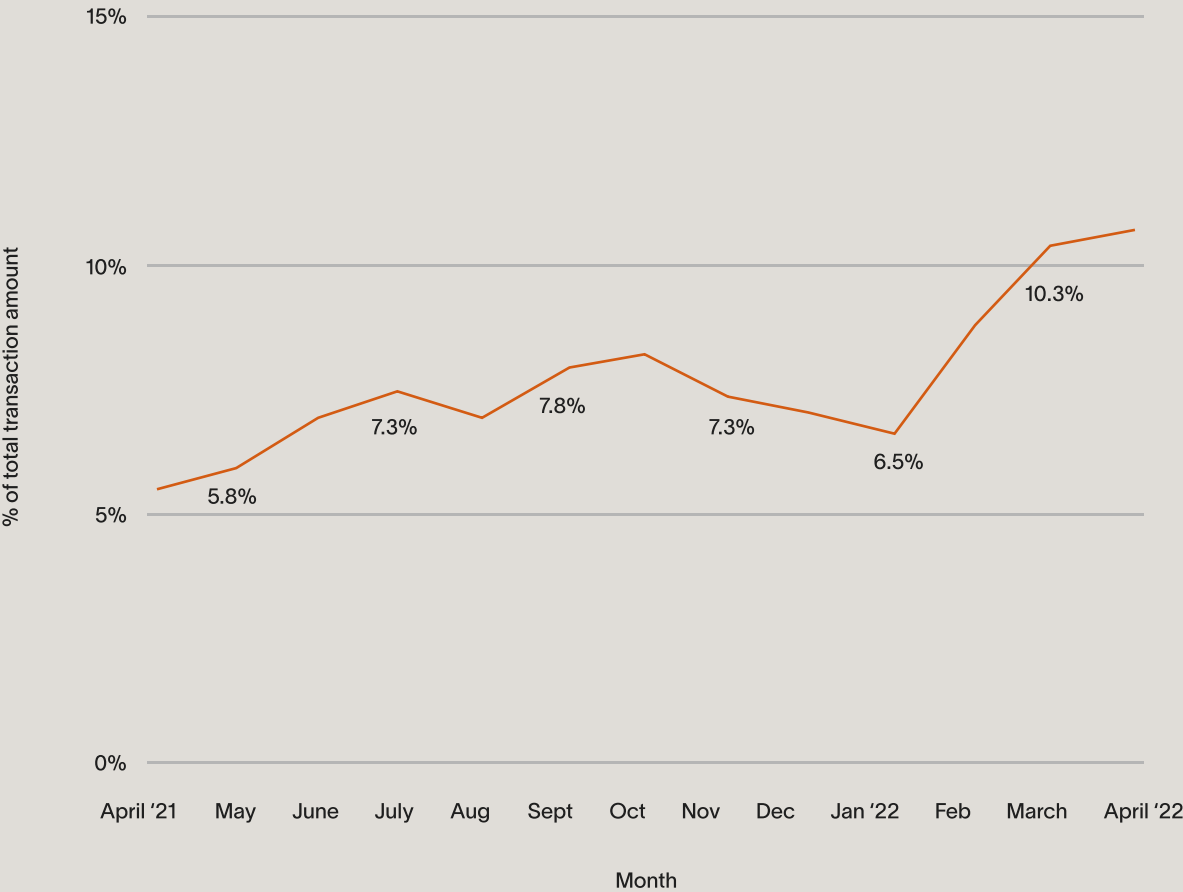


Chart 19 Q1 T&E spend by company size

Company size	Average amount spent per business	% change (Q1 2022 vs Q4 2021)
Small SMB	\$20.0k	49.1%
Large SMB	\$35.4k	68.3%
Mid-market	\$104.8k	48.7%
Enterprise	\$197.4k	35.0%

Note: Small SMB 0-25 employees, Large SMB 26-75 employees,
Mid-market 76-499 employees, Enterprise > 500 employees

Chart 20

Q1 T&E spend in top industries

Industry	Average amount spent per business	% change (Q1 2022 vs Q4 2021)
Capital goods	\$75.1k	42.1%
Commercial & professional services	\$30.2k	40.0%
Consumer durables & apparel	\$28.5k	45.5%
Consumer services	\$85.1k	22.3%
Diversified consumer services	\$24.6k	99.1%
Diversified financial services	\$35.5k	56.4%
Diversified financials	\$25.6k	52.9%
Food, beverage, & tobacco	\$44.1k	45.3%
Media	\$52.4k	15.7%
Non-profit	\$24.3k	103.1%
Pharmaceuticals, biotechnology, & life sciences	\$50.2k	38.6%
Real estate	\$20.1k	79.9%
Retailing	\$19.1k	37.6%
Software & services	\$35.6k	67.5%

Lodging remained the biggest T&E expense in Q1, followed by restaurants. Flights overtook general entertainment as the third largest T&E expense, making up 21% of all T&E expenses, an increase of 4pt from Q4.

Enterprises were the most likely to take to the air, with flights making up 38% of their T&E expenses, an increase of 9pt from Q4. Mid-market companies saw a greater share of spending on entertainment.

Chart 21

Q1 T&E spend by category
(Share of T&E spend on Ramp cards)

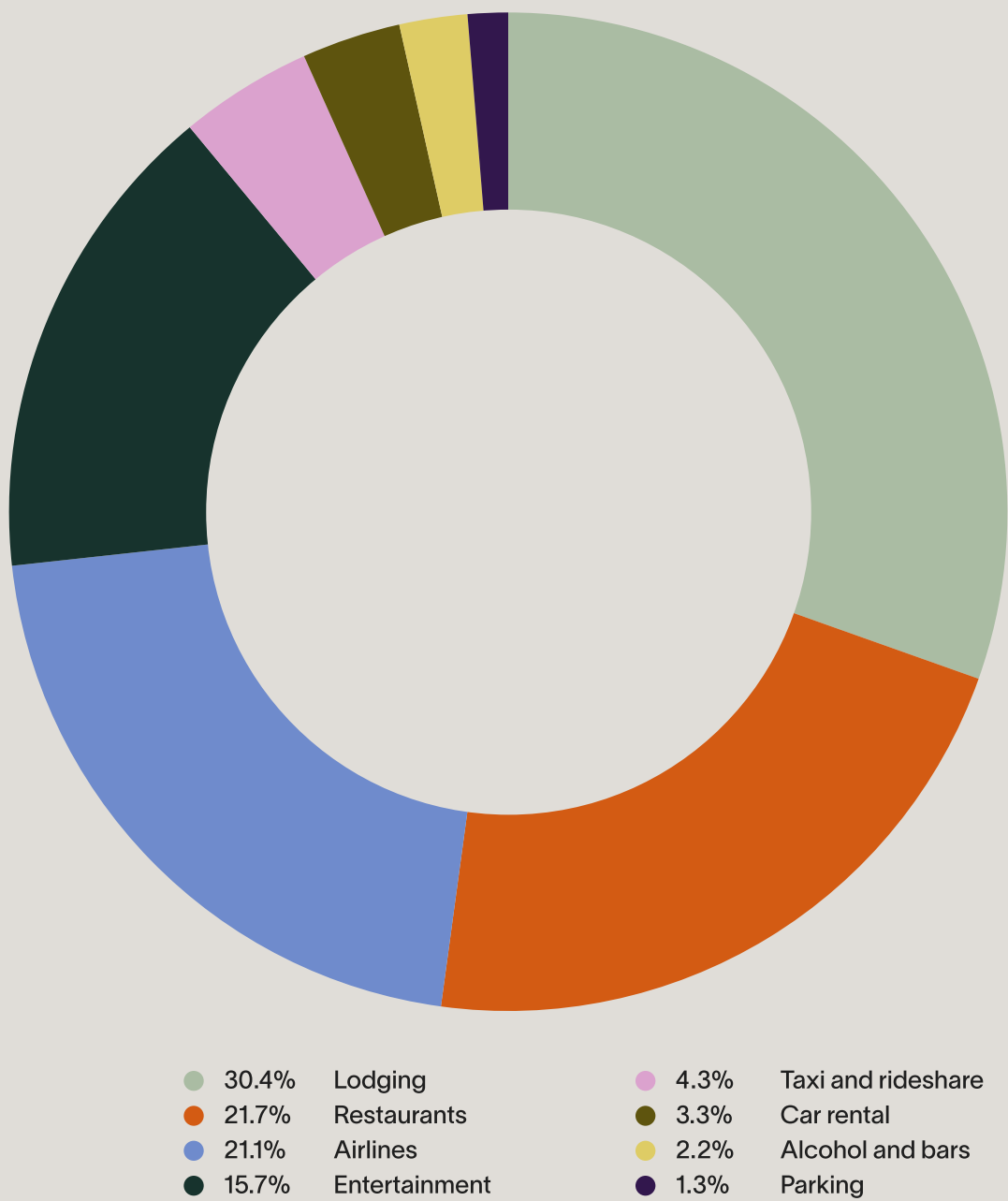
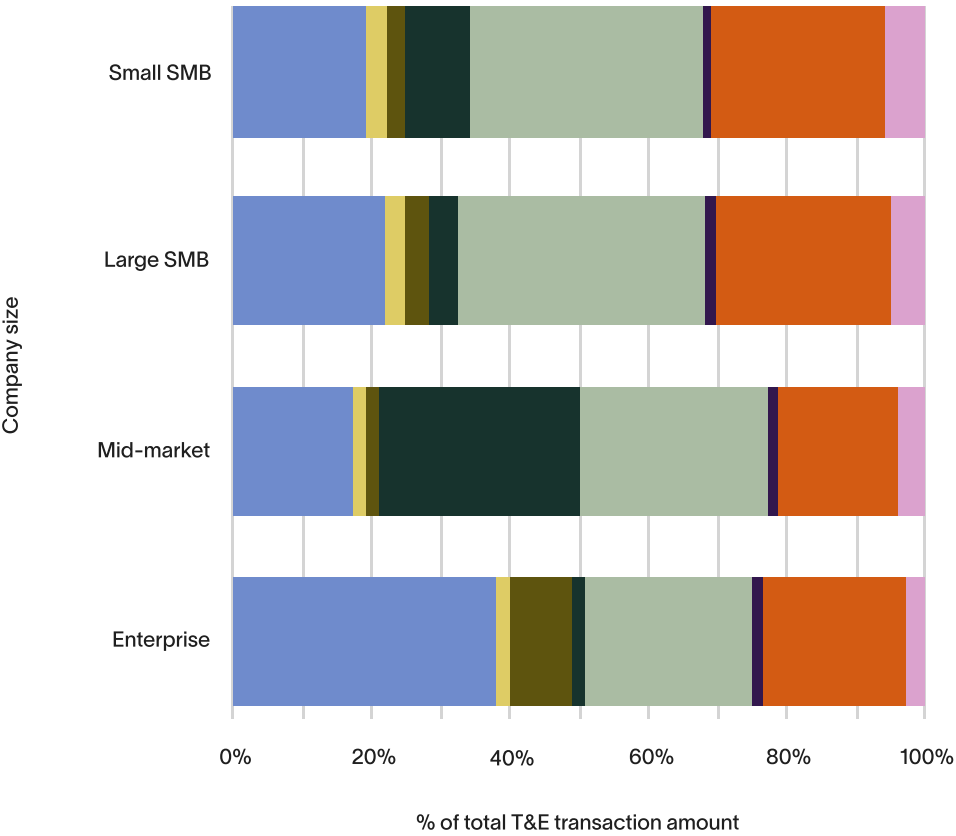


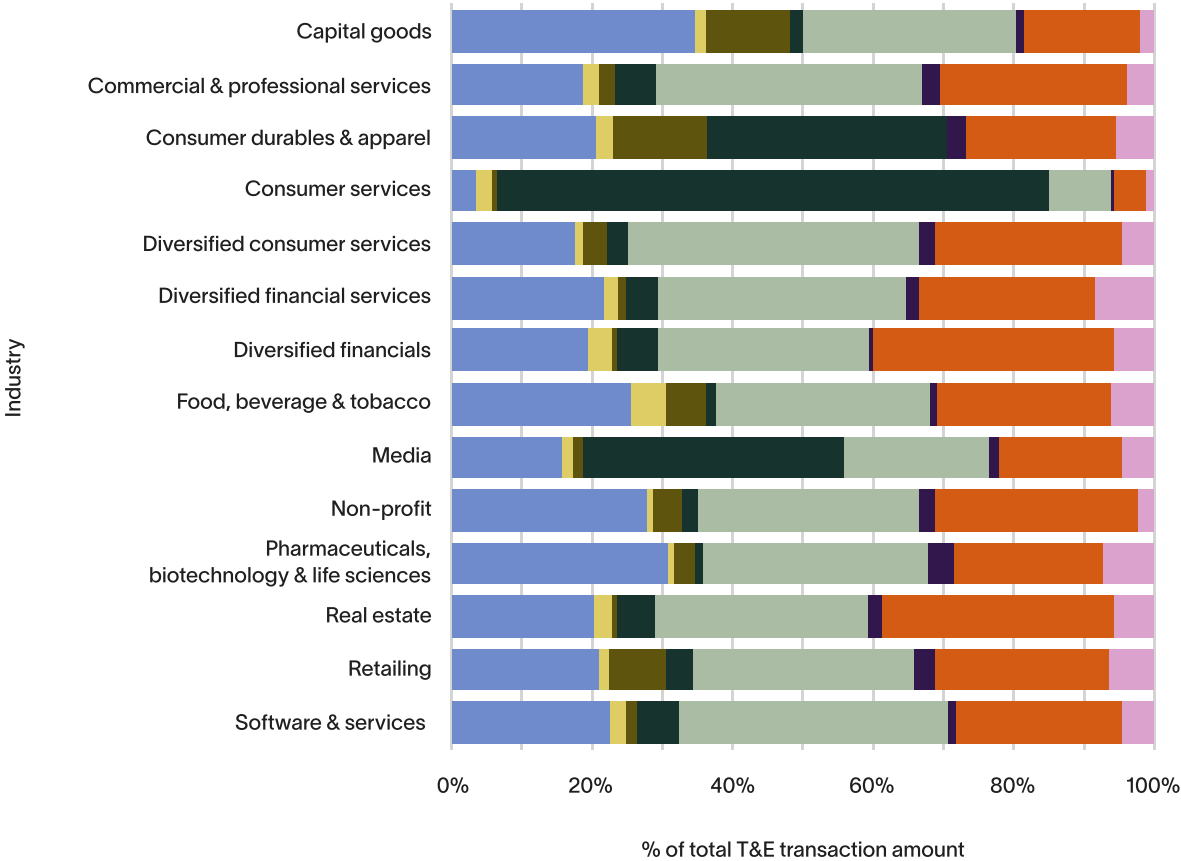
Chart 22 T&E breakdown by company size



Note: Small SMB 0-25 employees, Large SMB 26-75 employees, Mid-market 76-499 employees, Enterprise > 500 employees

- Lodging
- Restaurants
- Airlines
- Entertainment
- Taxi and rideshare
- Car rental
- Alcohol and bars
- Parking

Chart 23 T&E breakdown in top industries



Ramp allows businesses to create T&E policies with spending limits for different areas of travel. Here are the average limits that companies set in Q1. Interestingly, small SMBs have higher nightly spend and per diems, perhaps a sign of looser controls or challenges in securing reduced corporate rates. The average car rental transaction amount is especially high for enterprises because they're more likely to have agreements with car rental companies that incur monthly charges.

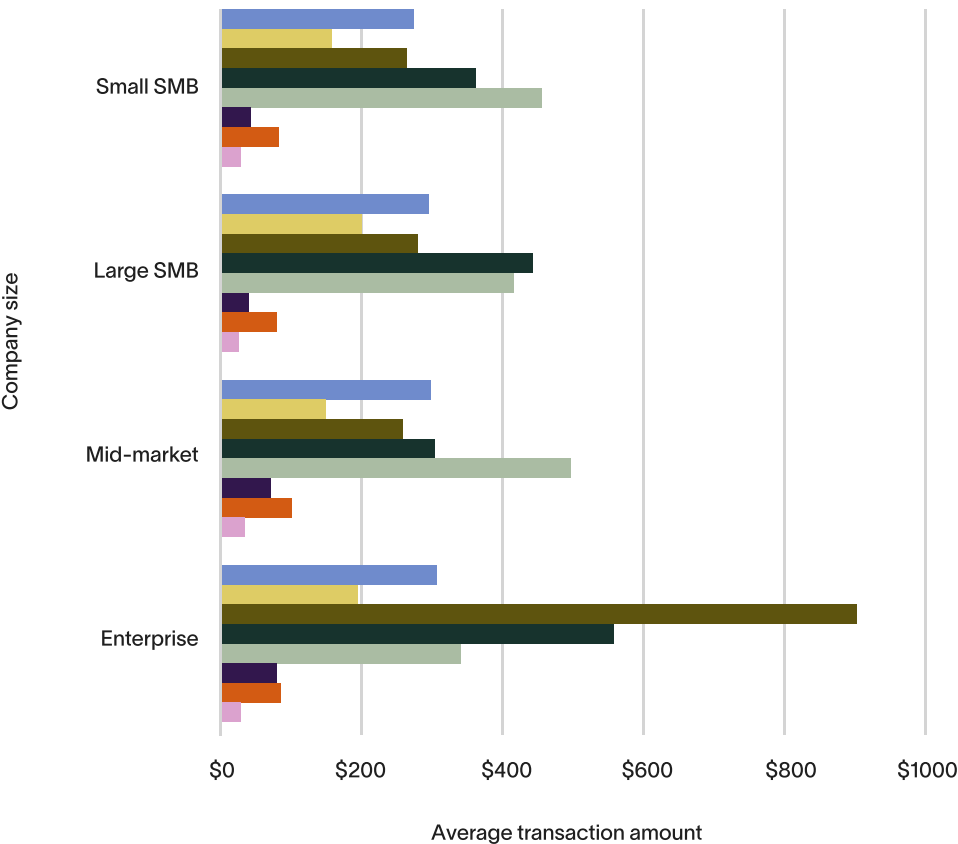
Chart 24 **Average T&E spending limits**

	Small SMB	Large SMB	Mid-market	Enterprise
Air travel				
Max airfare cost	\$1.0k	\$889	\$1.2k	N/A
Lodging				
Max nightly cost	\$301	\$294	\$283	\$300
Per diem	\$223	\$87	\$88	N/A

Note: Small SMB 0-25 employees, Large SMB 26-75 employees,
Mid-market 76-499 employees, Enterprise > 500 employees

Chart 25

Average T&E transaction amount by category



- Lodging
- Restaurants
- Airlines
- Entertainment
- Taxi and rideshare
- Car rental
- Alcohol and bars
- Parking

About Ramp

Ramp is building the next generation of finance tools—from corporate cards and expense management, to bill payments and accounting integrations—designed to save businesses time and money with every click. Thousands of businesses are spending an average of 3.3% less and closing their books 86% faster by switching to Ramp’s finance automation platform. Founded in 2019, Ramp powers the fastest-growing corporate card in America and enables billions of dollars of purchases each year on the heels of nearly 10x year-over-year growth.

ramp.com