

# Seven Best Practices to Budget (and Spend) for Marketing

By Andy Slipher



For anyone charged with allocating marketing dollars, it can seem like an arduous and even dicey process to decide how much to spend annually, and on what. For some, it's the autopilot response of last year's budget, plus three to five percent. For others with limited marketing dollars, it can mean the equivalent of putting all one's eggs in a single basket. These are examples of the extremes, but not altogether unheard of in marketing.

But, all the same, there are effective ways to plan, allocate and intelligently spend marketing dollars. Each involves a step backward from the narrow framework of the budget, while interjecting the purpose of the marketing into the practice of budgeting dollars toward success. Here are seven best practices to follow when approaching any marketing budget process:

## 1 Think Bigger

Don't limit your marketing to media in the traditional sense. Go beyond even digital and new media. People immediately equate marketing spending to media. What if you could spend your marketing dollars in a way that would mean reaching your target, but not having to dump lots of dollars on big media? Marketing is also promotion, incentives, rewarding loyalty, creating positive experiences, enhanced service, direct communication with the customer, sales, relationship-building, or any combination of activities working together. Get outside the confined silo of the marketing function and media option. Begin to think how you can most efficiently impact customer conversion. Don't be afraid to be dramatic. What if time, money and scale were not consequential factors? Let your mind wander to big ideas, then find ways to work around your resource limited. If you need help, bring someone in from the outside to challenge your thinking. None of this has to be expensive— just effective.

## 2 Build the Cost of Marketing into Your Product or Service

Have you accounted for the cost to market and sell your product or service into its cost to produce? It's too easy to say, "we're not spending enough on marketing." But, you're handicapping yourself even further

if you're not building marketing into the cost of your product or service. In short, you're cheating yourself by not being realistic. The If-You-Build-It-They-Will-Come approach works only in the movies. Drawing customers (large or small numbers) to your service or product is an inherent part of selling. You're either generating such attention yourself or drafting off of something else. Either way, resources (usually in the form of people and money) need to be allocated for such activities.

## 3 Target

This might seem obvious, but basic consideration of your specific target customer in your spending strategy can make your marketing budget go much further. Knowing your best customers inside and out will enable you to do this. You don't have to speak to the universe. Just speak to your universe. Focus on the essential few with the highest chance for conversion. Budget and spend your acquisition dollars toward them first. Then, migrate out from there. If your target audience is too big, you probably don't know enough about them. Look, listen and learn in order to segment. It is well worth the time.

## 4 Focus on Behavioral Change Over Attitudes and Awareness

If you're short on marketing dollars, don't even think about building awareness. Forget consideration sets and good feelings about your brand, company or product. If you have very limited marketing dollars to spend, these are not your biggest issues. Instead, focus on differentiation, an emotional hook and getting the customer to act (i.e. buy). Demonstrate why you're better, engage them in an emotional decision and call them to action. No cheesy or cliché come-ons. Be dramatically and truthfully different in a way that convinces your customer to give you a try. Attitudes follow behavior.

## 5 Treat Marketing as an Investment

If you want it to yield a return, you must treat marketing as an investment. One of the biggest mistakes by some marketers today is throwing around the term ROI

(return on investment) in conjunction with their marketing spending, while treating it as an occasional or periodic expense. This is hypocrisy. If you want long-term, sustained ROI from your marketing, treat it as you would a true investment (in your product, service and business). Remember: the "I" in ROI stands for investment.

## 6 Strategy First

This is the single most valuable tool in your marketing arsenal. Thinking efficiently and with reverence to clearly defined marketing and business goals will help you distill your goals, intentions and plans guiding you to determine how much to spend and where to spend it. Speaking from experience, the practice of strategic thinking takes a load of time and guesswork away from determining where to best spend marketing dollars.

## 7 Zero-Base Your Budget

If you've made it as far as a strategic plan, a zero-based marketing budget should come as no surprise. Your strategic goals, business and marketing objectives will lead you to tactical media spending. Start from scratch so that your spending matches that of what you're wanting to accomplish. You'll be amazed at how focused a budget it can yield.

Budgeting for marketing is far less complicated when you can approach it with greater intention and priorities in mind. Follow these tried and true practices and your marketing budget process will be a much more effective exercise.

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