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55 YEARS

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Make sure there's fizz in your marketing

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So did you ever wonder why Coca Cola continues to advertise? They're so big and ubiquitous, they could stop all marketing tomorrow and...

And what? Regular marketing isn't just to retain customers or acquire new ones. For example, Coke wants to maintain their top position because that itself is a great publicity angle. ("We're the #1 soft drink so we must be the best - and you should choose us over other brands.") It's a good philosophy that smaller businesses may want to emulate. ("Coke is it." You'd like to be "it" in your industry, right?)

It's estimated Coke spends \$2.9 billion annually on marketing. Analysts say last year they spent 9% of sales promoting their products/brand. Microsoft spent less than 5%. Apple spent 2% of sales. Experts say the stronger, more differentiated the product is from its competition, the less it needs to be propped up by ads. Coke vs. Pepsi vs. Dr. Pepper - a constant battle to retain customers and reinforce their image. If you think of the color red or polar bears when you see Coke's signs, trucks or ads, they've accomplished their goal. (Did you even think about being thirsty?)

Whether you run a pizza shop, lease office space, provide dental services, or run any product or service-oriented business (or non-profit), it's important to define what makes you different, develop a concise, clear message, know your target audiences, set a budget, and create a marketing plan. Without marketing, your product may be the best in your industry, but none of your potential customers would know about it. Without marketing, sales crash, companies close.

A busy business owner doesn't have the time to devote to this, but the savvy ones find someone they trust who can manage all marketing pieces on a full-time or consulting basis, depending on company size..

Business owners should consider many factors when setting a marketing budget. One formula is to earmark a percentage of gross revenue, allowing the budget to fluctuate as the revenue does. But, marketing / advertising budgets vary based on the industry, competition, profit margins and other items.

The Small Business Administration recommends spending 7 - 8% of your gross revenue for marketing if you're doing less than \$5 million a year in sales and your net profit is in the 10- 12% range. Some experts advise that start-ups and small businesses allocate between 2- 3% of revenue for marketing, and even up to 20% in a competitive industry.

When it comes to budgets, there may not be 'correct' answers. But having a good marketing plan and a proven pro to carry it out will always point you in the right direction.

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