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Planning Your Marketing Budget

Doing your media research and your marketing planning before you decide or commit to advertising, direct mail, or any promotion program can be one of the most effective ways of increasing your response rate — and ultimately sales.

All too often nothing is planned and promotional efforts become a knee-jerk reaction because sales took a dip last month, there's a little money in the ad budget that has to be spent before year end, or someone in the company happens to come up with something they think is a really good idea. Certainly, a percentage of your budget should be allocated to unforeseen opportunities or business developments, but planning your entire budget in this way will usually mean a response rate far lower than that which could be achieved.

It is important to get some level of frequency or repetition for your advertising or promotional efforts to work most efficiently. This is not usually the case when you don't plan your budget. Often there isn't enough money left to get any type of frequency.

By Newman P. Mallon

People in all walks of life are bombarded by hundreds of messages each day. Billboards dot the highways, signs line the streets, radio commercials blare their message as you drive along, then when you get home, you can hardly get in the door for all the mail that has been dropped through the slot in the door.

As the number of promotional avenues increase it becomes more and more important to hit your target audience over the head several times before your business name or product name finally sinks in. With a limited budget you'll probably be better off to advertise in one magazine every month or do several direct mail programs to the same people each year, rather than try and dilute your budget by doing something different as the whim arises.

If there happens to be two magazines which are widely read within the target audience and your budget is small, one way to stretch it is to advertise in each magazine on alternative months or a total of six times each year. Let's presume there's a 50% readership overlap between the two magazines. This lets you test both publications for response and allows you to hit your overlapping readership each and every month and the others six times each year. Be sure to have your salespeople ask your clients how they found out about you, and have some kind of reporting system in place to properly measure which publication is drawing more response. This can be used to plan your marketing and make it even more effective the following year.

Targeting your audience effectively is the most important aspect of getting return on your investment. Doing your homework first is essential here, but first you have to know who is likely to buy your product or service and who makes the buying decision. In many cases there may be more than one audience which has to be targeted, those who specify or do the leg-CORPORATE IMAGE / WINTER 1995



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work to arrive at a decision and those who make the final decision such as the CEO, President, V.P., or Director.

In the case of routine office supplies such as desks, chairs, pens, paper, etc., it's likely the only decision-maker is the office manager. However, for many larger ticket items it is far more likely that the upper management will be prominently involved in the final decision.

Since the CEO or President likely does not read the technically-oriented computer magazines that the Manager of Information Systems (MIS) does, it can often be best to reach the upper management with a corporate identity type of ad in a business publication and the MIS person with a more technically-oriented piece in a computer magazine.

The CEO or President isn't interested in or may not know what the exact technical specifications mean. What they care about is what it will ultimately do to improve the productivity of the business, or the benefits of purchasing rather than the features. Make it too technical and it probably won't be read, understood or remembered. Each ad must be placed, written and designed to appeal to the particular audience. The technical person will probably understand the specific benefits in terms of efficiency that are involved with a particular feature, but a CEO will likely not know this.

In highly specialized industries such as electronic components it may be possible to reach both audiences with one particular publication that is widely read in the industry. The publisher's rate card or audience breakdown should give you a breakdown by title to better assess the merit of the publication.

In other markets such as consumer products, you may have to look at socio-economic breakdowns such as sex, age, marital status or education to better ascertain the possible effectiveness of a particu-

lar medium. If your market research shows that primarily males between 30 and 40 years old purchase your jet-ski, then it only makes sense to advertise or aim your message through various media that have a high rate of readership with these specific characteristics.

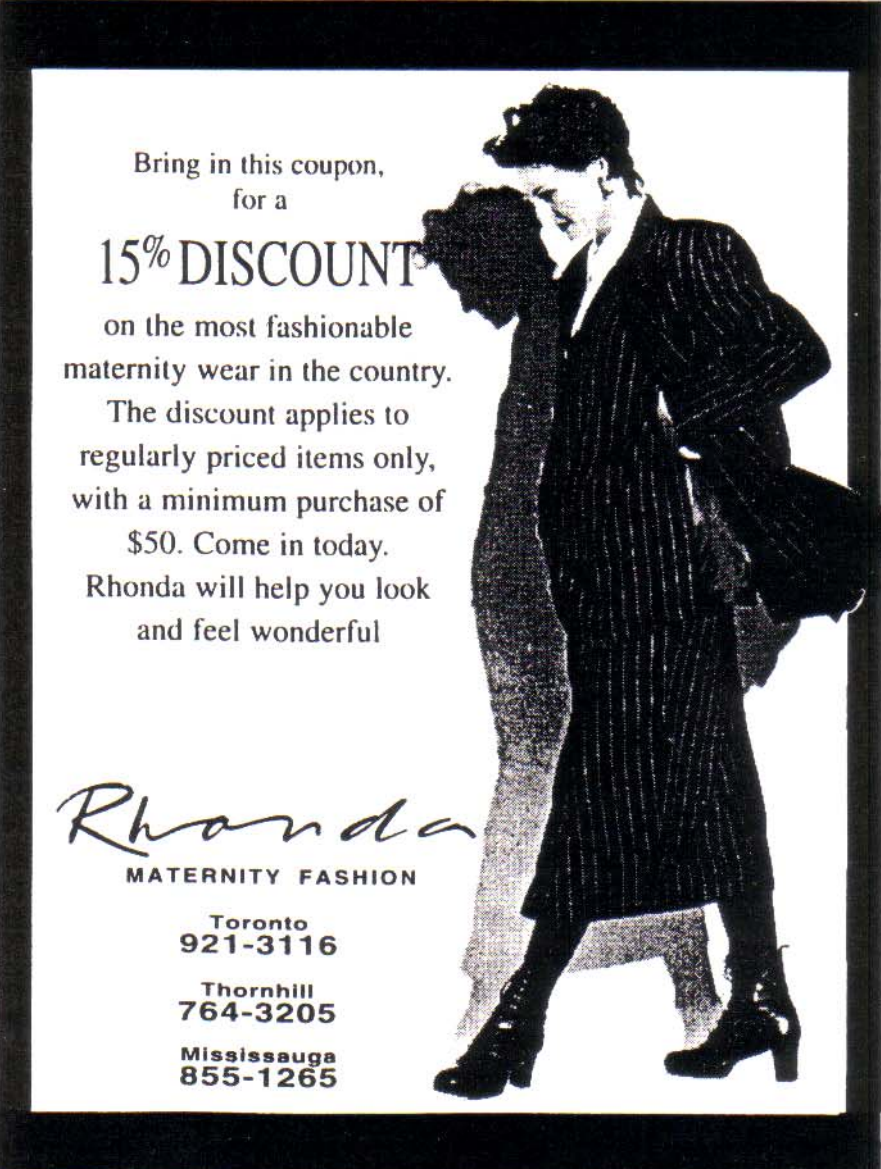
The total readership of a publication really doesn't matter if it's not hitting a reasonable portion of your target audience. If a major newspaper is delivered to 500,000 people but only 1,000 are in your predetermined audience, you will probably be further ahead by advertising in a publication with a circulation of only 10,000 of which 2,000 are likely buyers. Basically it amounts to common sense, which

often gets lost in today's high-paced corporate environment.

If you can't find a significant portion of an audience which is within your target specifications, then perhaps direct mail may be the answer. The cost per unit may be higher but you can specify certain parameters and mail only to those who are most likely to purchase.

The key to any marketing program is to plan your plan before you plan your marketing budget. Then follow your plan, except for the unforeseen items that you've built into the plan — these are always inevitable! ♦

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