



Market Knowledge

Managing Your Marketing Budget in an Economic Downturn

When times are slow, businesses hunker down and begin reducing expenses. Review your numbers, but don't make the mistake of cutting things that will affect the long term health of your business.

Cutting back should never become an excuse to do nothing. Unfortunately, some are using uncertainty and insecurity as a justification for not having a marketing plan. They can detail the minutiae of their cuts, but cannot begin to outline their strategy for finding business in 2009.

Instead of trying to save nickels, smart managers are implementing marketing programs to earn dollars.

One marketing director put it succinctly: "You can't cut your way to prosperity. Get rid of wasteful spending, and then allocate your remaining dollars to the highest performing marketing efforts. You can't disappear. If you get off your customers' radar, you're finished."

So how are the top companies reallocating their budgets? Here are six things to consider:

Stop doing things "just because we've always done that". Just because tradition calls for a golf tournament in July or a trade fair in March, review whether those events are still effective in generating business. If they're not, it's time to do something different. Many contractors say the leads they receive from yellow pages advertising are terrible, yet these same companies continue to renew their old, ineffective ad campaigns year after year.

Have a plan to stay visible with current clients. Don't stop marketing to your best customers. Long term clients are always potential buyers for new items and a steady source of referrals. Use tools like postcards, newsletters and telemarketing to help you mine the gold in your existing customer list.

Get your message where the buyers are. Advertising continues to be a smart way to build your brand and your reputation. Select media that reach your target audience directly and effectively. "Bargain rates" for ad space are a waste of money if the publication is not read by customers that are ready to buy your product.

Invest in winners. If pouring money into a market area didn't generate positive results in good times, stop wasting money on a lost cause. Instead, spend on geographic areas or markets that have promising statistics. For example, repair and renovation markets continue to fare well versus new construction.



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Keep salespeople focused. With the cost of a sales call averaging over \$100 for most companies, make sure your sales time is used on the best prospects. Using your talented salespeople to make blind calls or manage tiny accounts is a waste of a valuable resource. Direct mail and telemarketing can identify excellent prospects and qualify leads before the salesperson visits.

Educate your buyer. Make it clear how your company and your products provide value. Offer tips, tools and ideas to your clients that inspire them to want to learn more about what you offer.

About the Author:

Jeff Carowitz is a leading expert on marketing for the green industry. As a consultant with Strategic Force, he works with manufacturers, wholesale distributors and contractors in developing marketing programs for profitable business growth.