

# Marketing Expenditures

Marketing expenditures are critical in attracting new clients. The amount spent on marketing has a direct effect on the number of new loans booked and investment banking deals won.

Your marketing budget directly determines how many prospects you will reach. The amount of prospects generated by marketing varies by product and customer segment as shown on the chart on the right.

See Sample Calculation C-1 for an example.

However, not all prospects will respond to your marketing. The actual number of prospects applying for a new loan or interested in your investment banking services is also driven by your pricing, credit policy and research decisions.

Marketing Budget	Prospects Reached	New Applications	Marketing Costs
↗	↗	↗	↗
As you increase your Marketing budget...	...you will reach more prospects...	...leading to more new applications...	...but also increasing your Marketing Costs

Marketing Cost for a New Prospect	Small Business	Middle Market	Large Corporate
Commercial Lines of Credit	\$533	\$4,725	\$86,000
Commercial Real Estate Loans	\$5,685	\$49,600	\$894,000

Marketing Cost for a New Prospect	Small Business	Middle Market	Large Corporate
Underwriting Debt	\$49,250	\$50,200	\$180,000
Underwriting Equity	\$260,000	\$210,000	\$2,250,000
Mergers & Acquisitions	\$260,000	\$74,000	\$1,800,000