

What is the strategy and how to invest your marketing money wisely?

The strategy is built based on what you sell and where you sell it. What is your value and unique selling points (USPs)? Who will appreciate buying what you sell and what do you need to know from them to be relevant and helpful? How are you going to impress your target so they want to do business with you? Accurately answering these questions will help you build a clear path towards what to say (helpful messages/incentives based on what you should know), to whom (prospects/customers), where (location/online/offline/face to face), when (timing/frequency) and how (sensitivity/creativity/media channels). Marketing strategies require marketing budgets that cover more than just media channels and design. The strategy will provide the steps to follow and therefore, how your marketing budget should be spent:

1. Marketers need to make sure they don't waste time contacting suspects. Finding potential buyers cost money:
 - ✓ Do you know who your real target is today?
 - ✓ Do you have to invest some money on data analytics to make sure?
 - ✓ What else do you need to do to identify potential buyers?
 - ✓ How much of your marketing budget will be allocated towards all these?
 - ✓ Do you know where your target hangs out?
 - ✓ How much will it cost you to be there?
2. Once marketers find their target they will need information from them to be able to be relevant and helpful. Information costs money:
 - ✓ What do you need to know from your target and how much will that cost?
 - ✓ Is anyone selling what you need to know?
 - ✓ Will you have to incent your target directly to build their relevant information?
 - ✓ Or would you need to invest time and therefore money in social media to know your prospects better?
 - ✓ How much of your budget needs to be allocated here?
3. Now that a marketer knows their target and where they are, they also need to capture their target's attention. Capturing people's attention cost money:
 - ✓ Do you have to invest on a bulky and slick direct mailer or will an inexpensive email do?

- ✓ What will be your design and copy and how much will that cost?
- 4. After capturing their target's attention marketers might need to follow up with them in order to successfully show the value of what they sell:
 - ✓ What channels will you use to make those contacts and how much will that cost?
 - ✓ How much do you have to invest to be able to be helpful to your target so they want to buy from you?
 - ✓ Do you need to build special relationships to do business with them?
 - ✓ How would you do that and how much does it cost?
- 5. Now that potential buyers are interested, marketers need to make it easy for them to buy:
 - ✓ Do you have to offer them incentives?
 - ✓ How much does the purchasing process cost to make it a good experience to your customers?

What if the marketing budget is not large enough to implement the strategy?

Some marketers think they can't afford to start with a wider strategy from scratch; but reality is that they can't afford to start any other way. A proper strategy drives effectiveness and therefore it is the right thing for marketers to do. In the past it was more about the quantity of individuals or companies that marketers could contact; the more contacts, the better the response and therefore sales. Marketers had a clear process on how to invest their marketing budgets. They looked at their budgets and tried to figure out how they could contact as many people as possible; the larger the target lists the better. In the case of direct marketing, they had to divide their marketing budgets by their huge target lists and that provided them with how much they could afford to invest per prospect. This number, even though very low, worked in some cases due to less saturated and competitive markets with customers that had more time to listen.

Today, quality of contacts is the most important consideration; therefore, the way that marketing budgets need to be spent requires a different process. Today we have to first estimate how much we need to invest per prospect to be able to have a chance at capturing their attention with helpful and relevant messages and offers. Marketers will have to do this estimation based on the strategic methodology discussed in this article.

This approach is strategy driven so you can get better results out of your marketing budget. To successfully implement this type of approach, marketers will divide their marketing budget by the prospect investment estimation. That will give them the number of potential buyers they can afford to contact. It is always best to make an impression with a few ~~that~~ rather than being ignored by many. And what happens when you impress customers or prospects? They will tell others, which is the most effective way to reach many more potential buyers, through powerful word of mouth. A well-planned and well-executed marketing strategy with a limited budget that only hits some potential buyers is much better than incorrectly making plans based on random budget allocation which reaches many people in an inefficient way.

the old way

$$\frac{\text{total budget}}{\text{number of prospects}} = \$ \text{ available to spend / prospect}$$

the new way

$$\frac{\text{total budget}}{\text{estimate of how much you need to spend / prospect}} = \text{number of prospects you can afford to contact}$$

By German Sacristan X1 Head of Marketing and Customer Experience and author of "The Digital & Direct Marketing Goose"

Copyright © 2015 by German Sacristan. All rights reserved. No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of the author.