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Failing to plan is planning to fail

It's that time of year again and retailers are probably giving deep thought to targets and budgets for 2017 says Adèle Maritz.

Do you get to the 'marketing' line item and really give thought to the amount you allocate? The old adage is true, 'You have to spend money to make money.' But how much and where should it be spent? Many businesses have failed because they did not properly budget for and plan marketing activities. Companies

can grow to a certain point via word of mouth, but then hit a threshold and stand the risk of stalling.

1 BUDGET

Old rules of thumb have it that the amount you spend on marketing each year should range anywhere from 1% to 10% of sales, or even more

depending on the industry.

Factors to include when deciding on your budget include variables such as:

- How established is your business? (if not everybody in your catchment area has heard of you, you should probably be spending more)
- What type of industry are you in? (retail businesses in a competitive environment usually spend more than business to business type companies)
- Does your business operate on high or low profit margins?
- Does your product or service require high or low involvement when a purchasing decision is being made?
- How active are your competitors?
- Will you be launching a new product or service in the coming months?
- Do you just want to maintain your current position or grow market share?

In uncertain times it's easy to – and completely acceptable – cut back on spend and wait for things to stabilise. The reverse is also true that while competitors are hurting you could make a move and ramp up spend. Keep in mind that there are so many cheap, but highly effective web options available today that you do not have to 'spend yourself into a hole'.

2 PLAN

Once you have an amount you are comfortable with in mind, putting a marketing plan in place is of critical importance. A plan enables you to track the performance of your spend and helps you to stay on track during

the course of the year and make adjustments where needed.

The best starting point when putting together your annual marketing plan is to decide who it is that you want to target. Who are your current customers? Who are potential new customers? Spend some time thinking how best to reach them: What do they read? Where do they spend time? What would interest them?

What is your goal for the upcoming year, attracting new customers, getting current customers to increase sales or maybe re-positioning your business in the minds of customers? It goes without saying that your marketing and business strategy should align perfectly.

When starting to allocate money towards different channels keep in mind what has worked well in the past and what are potential avenues to reaching new customers. The size of your budget will also influence your plan. Bigger budgets will allow for mass reach mediums such as radio and certain magazines to be included in your plan. Smaller budgets will probably rely more on local press, leaflets aimed at a smaller local market.

I believe stronger in the value of good content than I do in the value of huge marketing budgets. A well planned, directed, interesting and perfectly executed promotion could be way more valuable than thousands being spent on, for example radio advertisements.

