

Building a powerful brand begins with a practical budget

By J. Spell

Building a strong brand does not happen overnight. It's the result of many conscious decisions to recognize your brand's value, clearly identify its character, build the needed mechanisms to deliver its promise and finally, consistently communicate its personality.

So, because building a brand is a process, you need a plan to direct it. You don't have to have a complex written document, but you at least need an outline, some type of schedule and a budget. And since the budget often determines what tools are available at what time, let's focus our attention on some guidelines to make the task of establishing a marketing communications budget more manageable. Consider these three key steps:

Tie Investment To Return

First, the investment should be based on the return expected. Not the media mix you prefer. Not a competitor's spending. Not your own past budget. Not even a ballpark estimate from a communications specialist. Establish a logical relationship between the financial goal you envision and the dollars you are willing to spend to accomplish that objective. It's your decision, based on your company's priorities, but here are a few generalizations to help establish a point of reference.

Long-established brands in very mature markets typically spend the least; often less than 1% of sales. Business-to-business marketers and consumer businesses where the need tends to be more practical and less emotional conservatively spend 2-3%. As aesthetics, fashion and popularity become more involved in the buying decision, the investment rises to the point that high-end clothing, fragrances and entertainment marketers spend between 10-15%. Up-to-date research on many industry segments is available through our advertising agency network if you want a more specific number to jump-start your thinking.

Make Adjusts For Non-Typical Conditions

Next, you need to make adjustments for important, non-typical market conditions. If you are trying to significantly increase your revenue, you also need to increase your communication investment. If you are repositioning a known brand or launching a new brand into the market, consider an investment double what you would typically allocate to get the ball rolling. If your competitors are being more aggressive, give yourself a little something extra to strategically raise your brand awareness. If business conditions get soft, consider aggressive marketing to secure a bigger piece of a smaller pie. If business is easy, then you can reduce your investment, but only partially, to prevent significant brand erosion you will have to make up later.



Start General And Work Toward Specifics

Finally, you need to give your overall budget figure to your communications-planning partner along with detailed information about the objectives you want to accomplish, a description of the audience you need to influence and other significant conditions in your marketing environment. Don't play guessing games about the "right amount to spend" and don't apologize for what you "can" spend. Put a real number on the table and let your communications consultant help you put the best plan together for your budget. The only "right amount" is the amount you can willingly invest.

Initially, work broadly to allocate the budget by audience, geography, product or service depending on how sales are segmented for your business. Consider their contribution to the bottom line and their potential to develop value for the future. Divide your budget within those subcategories by objective, priority or task with concern for timing, existing commitments and absolute necessities. Make your best guess but don't fret the details yet. Look for objectives within each subcategory that can be accomplished together. Examine every communication tactic for delivery and production efficiency. But don't make decisions that minimize your impact and influence. Fine tune your tools and tasks into specific action plans, specific production values, expected schedules and accurate cost estimates.

Now you have a marketing communications budget outline based on reality. Adjusted for your objectives, needs, selling process and cash flow. A plan to help you develop your brand with structure and purpose. A guideline that provides measurable standards now and for future action, management and planning.

Take the first step towards developing a truly powerful brand by developing a truly practical communications budget.

