

Advertising Budgets Were Made to be Broken

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While most small business owners set advertising budgets as a part of their overall budgets, these budgets are likely to be more flexible than those of national corporations. If a sensible opportunity to increase their business is presented, the owner of a small business might decide to “bust the budget,” depending on their estimated ROI.

Make no mistake about it: most business owners are not sitting in their offices waiting around for the next media rep to walk in the door to claim their portion of an unused advertising budget. They are getting multiple calls every day from people pitching their newspapers, magazines, billboards, community shoppers, and direct mail pieces as well as by radio and television station reps. It makes sense that the more visible and successful a business is, the more advertising calls it will get. In addition, the internet has proven itself as a viable competitor to brick-and-mortar retailers. It will continue to

siphon more advertising dollars away from traditional media in the years to come.

With all this competition, how do you talk to business owners and have them seriously consider your opportunity? You need to talk their language and talk about the only thing they really care about--return on investment (ROI). At the end of the day (or at the end of the campaign) all they really care about is how much return they realized on their investments. I have even experimented with “guaranteeing results” or guaranteeing a return of their investment over a period of time, committing to run the campaign at the quoted cost until the guarantee is met. While I have been successful in enticing new business that otherwise would not have been on the station, it takes a true trusting partnership to venture in this direction. Unfortunately, with the intangible nature of the broadcast medium, it is usually too subjective and too difficult to venture in this arena.

By focusing on setting goals for the campaign, you can steer the conversation away from concern about the “advertising budget.” Help your prospects and clients to see that it is more about the “opportunity cost,” or the potential loss of revenue by not doing the campaign. I have even framed the investment decision in very simple terms by asking clients, “If you give me \$5,000 and I give you back \$7,500 in return (figures can vary), would you do it?” Most all agree that they would. The next question I ask is: “*Could* you do it? (that is, would they have the funds?)” If their answer is yes, then you have something to talk about.

The bottom line is that there has to be a correlation between the advertising budget and the anticipated results of a campaign. Typically, the greater the budget, the greater the reach (number of stations, number of weeks, number of dayparts/programs, etc.), and as a result, the greater the anticipated returns. Conversely, an advertiser who can afford only a limited number of commercials over a limited number of weeks should adjust his expectations of results accordingly.

Perceived value creates discretionary budgets.