



## Setting Expectations in Marketing

### What kind of results can you expect?

What should you spend? How do you measure results? What is the time frame for results to be realized? These are all great questions when it comes to marketing and sales strategy. The real question they lead to is how do you effectively and efficiently produce marketing results and grow your business? Here are some guidelines to help...

- 1. Any marketing done once is not effective.** A lot of businesses will 'test' and only do something once or twice. If it does not 'work' they stop. Unless you have a revolutionary product, you will never get instantaneous results. Even from existing clients, you will get better results, but not enough to ensure ROI. You need to create the right mix of how you reach your audience by mixing media and mediums in order to maximize the response to any marketing efforts.
- 2. Constantly seek feedback from your customers and prospects.** They know if their market condition conditions have changed better than you would and they can help you adjust to industry trends. Most companies do not know they have a problem until it is too late to fix it or it costs them business. By seeking constant feedback, you can avoid some pitfalls and build better relationships with your clients. You will more effectively farm for referrals from them.
- 3. Budget Appropriately.** Most business should be spending 2-8% of gross sales on marketing just to maintain their position in the marketplace. If you want to grow a marketing segment or product, or are entering say a new geographic region, that percentage should grow 10-15% of gross sales for that particular product/service/region. When entering into a new market, in order to establish yourself, you need a higher amount of touching in order to produce the same results. Incentives, discounts, client schmoozing and such should all be factored as part of this budget.
- 4. Maximize Client Value.** It is much more costly to go after a client the first time. You need to spend time generating repeat business, referrals, etc. You want to spend time maximizing your revenue possibilities with your existing clients, because they have already bought from you and are 5-10 times more likely to do so again that someone who has never bought from you. Yes, you do need new customers, but it is more costly to turn a prospect into a client than it is to grow revenue through selling additional products/services to an existing customer. Track the dollars by each group and spend accordingly.
- 5. The 60/30/10 spending guideline.<sup>1</sup>** Allocate your marketing budget to target three groups using this principle:
  - **Current clients.** This is generally the smallest group, but existing clients should generate the largest percentage of your profits (see #4). Devote 60 percent of your marketing efforts and budget here.
  - **Prospective clients.** Your goal is to convert prospects into clients—if they fit your targeted client profile and have problems that you can solve. Commit 30 percent of your marketing resources to win work from this group.
  - **The broader market.** This includes everybody in the world not represented in the first two



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groups. Invest 10 percent of your marketing resources in the broad market (known as pure branding). Devoting resources to this group is less efficient, but the effort has the potential to generate important contacts and leads through name recognition when they have a need or they change jobs or have a bad experience with an incumbent competitor.

Obviously this 60/30/10 principle is a rule of thumb, not gospel. If you're just starting a business, entering a new market or are in high growth mode, adjust the percentages to attract new clients. Every business is different, so customize your marketing approach to fit your objectives.



6. **Getting past 'No' and getting to 'Yes'.** Sales statistics tell us that 33% of sales come after someone initially said no. Prepare to overcome objections and address them head on. If they feel you can relate to them and understand them, it will help your position with them and build trust. Also, just because they did not respond positively this time, it might just be because 'life happens' and circumstances did not let them buy this month.
7. **Determine and then focus on your 20 percent.** For business to business, it is a researched fact that as a general business principle 80 percent of your business comes from 20 percent of your customer base. In consumer marketing, your 80 percent would generally be from one market segment or key target demographic. If you track this and spend the time to understand this data, you can adjust your marketing strategy to maximize the return on investment for your dollars.
8. **Track all of your sales costs.** This includes cost per lead, cost per qualified lead, cost per new account and cost per sale for each product/service/industry you offer and serve. Track what each of your marketing initiatives is doing for you and measure it against these metrics. If you don't understand what it costs you, then how do you know how to set the COGS (cost of goods sold) properly or keep yourself from losing money on a job or product? Promotions or incentives should not be calculated because it skews the real number. This will help you set expectations and plan more efficiently and effectively.



9. **Develop and understand your differentiators.** We are not talking about the tired old ones that every piece of collateral has, but some real differences. What are your competitive advantages? Why buy from you? You need to be able to articulate these through your marketing. If you cannot accurately communicate what these are, then your prospects and customers don't know what these are either. Spend some time to evaluate and integrate these into your marketing efforts.

10. **Change creative with copy more often than not.** If you see the same advertisement multiple times, subconsciously you will pay less attention to it because your brain will 'recognize' it and you will skip over it.

You need to change your creative in advertising in order to counteract this. If you are just changing the words in your 'template', you risk having them think they have already read the ad before. If you are spending the money to advertise, it doesn't cost a lot more to give it a fresh look and in most cases the results will increase enough to make up for the additional cost in creative.

11. **Interactive is the way to go.** If you are not utilizing e-mail, keyword (search), web, and multimedia, you are not getting the biggest bang for your buck. They have a tendency to be much more viral, measurable, and reduce the risk because you can limit your spending and spend less to test. Data and statistics are much more traceable through these media than any other form of marketing or advertising. It allows you to do much more with less money and also build the case for why those dollars should be spent. It also allows you to be available and hitting your target market and your clients on a 24-hour basis.

Footnote 1: A Guide to Guerrilla Marketing for Consultants, [www.guerillaconsulting.com](http://www.guerillaconsulting.com)