

Marketing Investment

A successful business owner or two has said in the past, “I’ve gotten this far without marketing. I’m not a big believer.”

Someone said, “Just think where you’d be if your company *had* been putting proper effort into marketing!”

There are successful businesses that “don’t do any marketing.” There are also successful businesses that don’t do any training, don’t have any sales people, don’t keep up with technology, service their customers poorly or have no strategy. But couldn’t those businesses that shortchange one of these factors perform even better if they didn’t?

Marketing is an investment. Though generally accepted accounting principals put marketing dollars into the expense ledger, building your brand and increasing the value of your business is not exactly like buying paperclips. The most successful companies in the world are those that invest in good marketing.

So how much should you invest? Optimally, you’ll want to identify, through a detailed marketing plan, what tactics and investments are required in order for your company to reach its specific marketing goals. The marketing goals are driven by the overall financial objectives of the company. In other words, identify a vision and invest in achieving it.

But there are also plenty of helpful rules of thumb. Depending on your industry, committing 3%–5% of your total revenue to marketing investments is a good place to start. Of course it depends on the aggressiveness of your objectives, but if you’d like to compare your current investment level with the industry average, *Advertising Age* recently published a new list of the ad-to-sales ratios of 200 industries. It’s only the advertising portion and not the entire marketing investment, but it can be very interesting nonetheless to see how your efforts compare.

And just like any investment, beyond how much you invest, it’s how *well* you invest it. In other words, would you rather put your money into plain old marketing or *spicy* marketing?

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