



OPEN MIKE



DON'T WASTE YOUR AD DOLLARS!

BY CHAD KING

John Wanamaker, often referred to as the father of modern advertising, once said, "I know that half of my advertising money is wasted, I just don't know which half."

Although Wanamaker was being funny, it's unfortunate that most businesses expect to waste money when advertising. Why do we consider this an acceptable form of business?

The sad truth is that advertising agencies created this system of failure. Agencies became overly concerned with words like "efficient," "reach" and "frequency." We convinced our clients this is what mattered. Many businesses have a marketing manager in charge of advertising that isn't responsible for sales. They don't draw a connection and the agency isn't trying to increase sales. Businesses don't generate enough revenue from advertising and get turned off by it because we all forget that advertising has one purpose and one purpose only—to create sales.

Far too often, advertising seems to be focused on winning awards, making people laugh or driving pop culture. When this happens, companies tend to lose sight of the sales-generating purpose of advertising.

I can't stress that enough, so I'll say it again: Advertising is for creating sales.

Don't get me wrong; it used to be that we could use funny commercials, company mascots or snappy songs and music to generate sales. Modern advertising is full of examples where this worked (e.g., Miller Lite, Keebler Elves, Coca-Cola), but we've been there, done that already. It doesn't work anymore. Not in 2007.

There are always exceptions, but as a general rule, small business owners need to focus all of their energy on advertising that directly creates sales. I do want to stress that it is important for a business to advertise. A new or growing business should spend 5-10 percent of expected gross

revenue on advertising. An established business should be at 3-5 percent. There are always exceptions for profit margins, but that should be your guideline.

Advertising doesn't start or end with the budget, though. It is important to get past that. You must decide how best to reach your advertising objectives. And how much money is as important as where and when.

So, how do you do it? By planning. You should plan, monitor and plan again. Just as you do with your business, closely monitor the situation at hand. When advertising, never lose sight of your target market. You should always be doing research. Who is your target market? What are their needs? What is the best way to reach these people? How can your product or service meet their needs? What do you do that your competitors don't do? There is a specific type of person that will be your customer. Try to develop a mental picture of this person—your ideal customer. It's good to narrow down your target as much as possible. Once you have done that, you can create a campaign specifically for them.

Only then will your advertising be successful.

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"Open Mike" offers a forum to address topics that impact or arise from entrepreneurship. Send signed submissions of up to 500 words, along with contact information, to openmike@kcsmbiz.com.