



MARKETING BUDGETS 101

You only have a limited amount of money you can spend on marketing a given product, service, or event. The way this money is divided up and spent is what is known as a budget.

To determine a marketing budget, the first step is to determine how much money you can afford to spend to advertise the given product, service, or event. There is no magic formula for coming up with this amount. A well-established business may be able to spend millions of dollars marketing a product (such as Coca Cola or iPods), but a new business may only have a few thousand (if not a few hundred) dollars to spare.

Each industry has different advertising trends. Some industries rely more heavily on print, others more on television, and others more on the Internet. By gaining knowledge of the industry that your business is in, you will also gain a better idea of how best to effectively position yourself within that industry and what media to use to do so.

A budget explains not only how much money will be spent but also how the money will be spent. As a result, a marketing budget is generally broken down into the ad spend for each of the different mediums that will be used in the campaign. For example, a mock sketch budget might look like the budget below:

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Media : Cost
Print : $150
Internet : $50
Promotional Items : $500
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Total : $700
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In detail, the budget will more specifically dictate which ads the money will be spent on, when they will run, and how much each will cost.

It is important to remember that budgets are fluid. Sometimes you can predict your ad spend perfectly. Other times costs may be more or less than what you expected. Always leave some wiggle room in a budget so that if an opportunity arises that you did not foresee, you are still able to take it.

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