

THE PERFECT MARKETING

NO BUDGET? PROCEED AT YOUR OWN RISK. OR, CHECK OUT OUR STRATEGIC SPENDING GUIDE FOR THE COMING YEAR

By Kevin Oakley, Contributing Editor



Working with different-size builders across the nation has taught me many things. The first is that every builder is convinced that both they and their marketplace are unique. Every once in a while, it's actually true. The second is that asking marketing or business leaders for specific budget information and breakouts often evokes a similar emotional reaction to a star salesperson being invited to an all-day training course on preparing perfect contract paperwork (hint: not "yippee!").

Half the time I discover that no real budget exists. The other half, the budget hasn't been updated since it was originally created. The irony is that there is a deep need to know what the ROI of marketing initiatives is today, and without asserting full control of your budget, the battle is already lost. Financial consultant Dave Ramsey hits it on the head when he says, "A budget is telling your money where to go instead of wondering where it went." Financial planner Carl Richards is even more direct with Budgeting = Awareness.

STOP BOOTSTRAPPING THE MOST IMPORTANT PART

No one ever argues with me when I share my belief that 100 percent of today's consumers are heavily influenced by the internet. Yet when I recently asked 50 marketing leaders what percentage of their budgets were dedicated to online, the average was roughly 30 percent. That means that the single largest factor in whether you're likely to hold a pricing appointment only gets a small portion of your financial investment. This also means that many marketing leaders know what needs to be done to improve online traffic and scheduled appointments, but they're trying to drive results on a shoestring budget. The result: delays, poor quality, and frustration for the builder and the buyer.

THINK LIKE AN INVESTOR

What would Warren Buffet do? That's rarely a bad way to look at a financial issue, and it's how I want to encourage you to look at every dollar you spend in 2017. Investors look for returns—both short term and long term. When you spend money on an ad, of any kind, it has no momentum to it. The moment you stop paying for it, it goes away and leaves very little—if any—lasting impact. It has zero long-term return.

BUDGET FOR 2017

When you invest in content, process improvement, and people, you get short *and* long-term returns. Photographs and videos that you invest in today will always be able to provide value on your website. They also can provide short-term returns by improving the effectiveness of the ads you choose to run. The key is to find the right content, processes, and people that can build positive long-term momentum while also executing for you in the short term.

THE NUMBERS

The following breakdown will serve as a useful starting point for you and your team as you put the finishing touches on your 2017 plan. Remember: A budget is never final and can always be adjusted. It serves as a tool for discussion, not an iron wall.

1% of Projected Revenue = Total Marketing Spend

As long as you fall between 0.07% and 1.5% you have my support. Anything lower than 0.07% and you're underinvesting in your own company. When the next downturn hits, you may suffer for it. Anything over 1.5% and there's significant waste. Note that this number doesn't include model-home expenses or salaries (but it does include sales offices in model homes).

50% or More Online

The majority of your investment must be in the digital world. This number includes your online ads (Google pay per click, Facebook, syndication sites, display), as well as all development costs related to your website and online sales program (servers, maintenance, upgrades, CRM) and all website content (photos, video, renderings, site maps, written descriptions).

You'll obviously want to spend the majority of your time working through the largest area of your budget. A good place to begin within this 50% is to break it into these percentages:

If 50% of your marketing budget is \$100,000:

- 50% toward advertising (\$50,000)
- 25% toward web development/tools/CRM (\$25,000)
- 25% toward content (\$25,000)

In years where you feel you don't need to heavily invest in your website, your web development budget can be lower, freeing up more money for even better content. Use the guides as a starting place and move the money around among these

three categories, but be sure to keep the total amount of your online investment at or above 50%.

12% to 20% Signage

Your signs are a direct reflection of your brand: Spend enough to keep them looking good. Faded signs are cause for concern to a sales prospect. They communicate that the good times for this community have come and gone. This budgeting number includes billboards—something that, in general, I don't recommend builders invest in. (The next time you're on the road, notice how many people are trying to use a mobile device while driving. Billboards can't compete for attention with glowing screens, plus billboards are often overpriced.)

5% to 8% Events

Your model is the ultimate experiential marketing tool. Use any excuse you can to encourage people to make a visit and fall in love. Grand openings; customer-appreciation events, such as pet adoption days; and real estate agent events will bring people to your homes.

2% to 6% Collateral

All of the paper in the sales office today is there for two groups of people: real estate agents and sales staff. Your sales prospect may show temporary interest in reviewing information on paper, but they'd much rather have it instantly accessible and accurate on your website.

16%—Everything Else

If you take the high end of each range I gave so far, you would still have 16% remaining. This can go toward gifts for buyers and real estate agents, market research, direct mail, agency support—any number of items. The only area it should not be invested in is radio or TV advertising, unless your total budget is more than \$1 million.

Start 2017 with confidence that you've created a budget that proactively chooses where you want your money to go and what result you want to achieve. Once you master the art of building and working a budget, executing on what truly drives results becomes a whole lot easier. **PB**

Kevin Oakley is managing partner at Do You Convert, a company exclusively focused on online sales and marketing for home builders and developers. Write him at kevin@doyouconvert.com.