VIEWPOINT

Marketing budget - WHICH WAY NOW?

At a time when every marketing dollar – and its return on investment – is heavily scrutinised, how are businesses dividing their budgets? Taking a strategic approach to your marketing spend is critical, as is finding that ever-elusive winning combination.

STORY SARAH HOLLINGWORTH

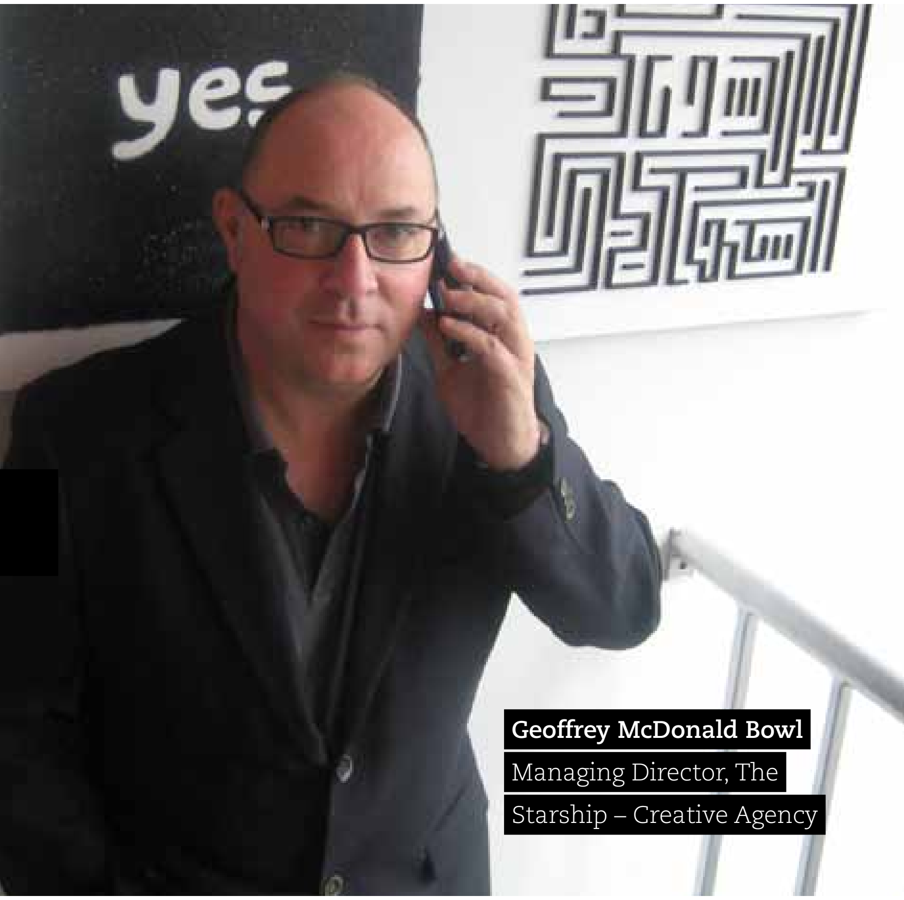
Darren Woolley
Managing Director, TrinityP3 – Marketing Management Consultants

There was a time when marketing budget decisions were based on "what we did last year, plus CPI". But as we see an increased fragmentation of media consumption by consumers, marketers are increasingly embracing new channel and media opportunities. The conundrum, however, is finding the "magic" combination to maximise awareness, conversion to sales and build long-term loyalty. It's not a matter of finding what's new, but going back and looking at some of the traditional mediums and trying new ways of approaching them.

For example, how much money do you need to spend on television to maintain awareness and, with the balance, what other activities can you invest in – search engines, sales activation, direct mail? Social media is increasing but, if you look at it from a macro media-investment level, traditional media – television, print, radio and outdoor – is still commandeering most marketers' budgets.

A lot of those traditional forms of marketing are still a great way of driving awareness, but actually engaging people in the brand often works better in a more interactive environment. So, it's about taking a very strategic approach and selecting different mediums to leverage marketing opportunities. Otherwise, you end up trying to spread your budget too thin across everything.

I think there are lots of people grappling with the role of social media. People need to ask, what role, if any, does it have to play for their particular brand? It may not be applicable to all brands and all circumstances. People look to Google and Apple as prime examples of companies that have it right. When you look at their marketing strategy, they use four or five specific channels really effectively. Apple, for example, is PR driven, with some television, outdoor and online. You don't see them using a lot of radio or press because they've found their winning combination.



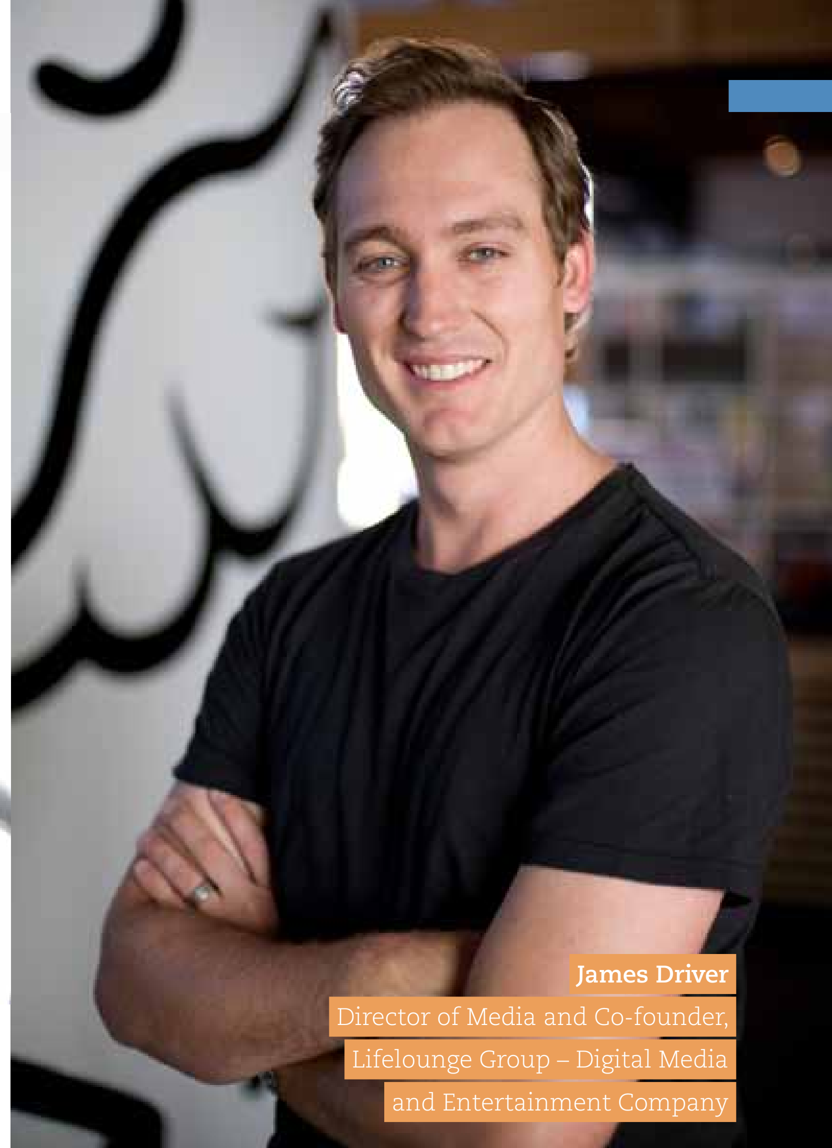
Geoffrey McDonald Bowl
Managing Director, The Starship – Creative Agency

Around six months ago, we were "tinkering" with things like Facebook, but now about 50 per cent of our business is social media. It's such a gold rush pioneer-type mentality – everyone is desperate to find out more about it. Why is it growing? Because the marketing community can finally have a two-way conversation with the public, which is phenomenally good for developing relationships and understanding your customer.

Social media enables organisations to find out precisely what people think of the brand or service and easily track the effectiveness of advertising – all with a very good demographic slice over it. And it can be done for almost no real media spend. One of the reasons it's so hotly debated, however, is the risk factor – there's this huge temptation to get involved and manipulate conversations (via Facebook, LinkedIn, Bebo or Flickr). But, if you do that and are caught out, your brand is dead. The public does not want to be eavesdropped on.

The other attraction to social media is it's growing so fast. With more than five million Australian Facebook members and 675 million around the world – all spending more than 700 billion minutes per month on it – Facebook is basically a village conversation on steroids (interestingly, it now claims to be the world's third most populous "country"). Having said that, a good strong TV campaign can capture 95 per cent of Australians within a couple of days and, because it's on the big screen, has a greater emotional impact. So, dollar for dollar, you're probably still better off being on television.

There's no doubt, however, that the increase in digital content is going to make it increasingly hard for free-to-air TV to compete for advertising. The only way they're going to get much traction is to have targeted, topical, immediate advertising around things like news and sports. Direct marketing is also a relevant channel, particularly direct mail – the surprise factor is pretty good and the cut-through very powerful.



James Driver
Director of Media and Co-founder, Lifelounge Group – Digital Media and Entertainment Company

Three years ago, everyone was saying that TV was dead and that everything was going digital. Then social media exploded and corporate dollars were shifted into that area, with larger companies spending considerable effort in hosting smaller executions through to entire campaigns on sites like Facebook.

I think the digital landscape is now maturing and that TV is certainly not dead. In fact, our latest research from Lifelounge Urban Market Research indicates that it is on the rise, with 21 per cent or more of the youth market watching over 10 hours of television per week. Public relations is also important; however, the pressure on PR companies is now even greater, as it's easy to send emails to a publisher's inbox, which can be perceived as lazy. So expect to see a shift back to relationships and quality.

The new measurable is return on relationships (ROR); it's not return on investment (ROI) anymore. Social media is the number one driver for this marketing relationship and it's vital that businesses have the right people implementing and managing this social strategy, as you have to get it correct. As far as media spend goes, digital is still the one receiving the biggest growth but traditional is still where the lion's share is going.

My future predictions are that once the next generation of marketers (those currently in their early 20s) moves into senior roles, we will see the shift to non-traditional and digital grow even more. By then, digital will probably be considered traditional!