

If Marketing is an Expense, Then You're Doing It Wrong

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**If Marketing is an Expense, Then You're Doing It Wrong**

**By Raynay Valles**

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What do many companies do when sales are low?

They cut costs, all costs, even marketing costs. They say,  
"Marketing is an expense. We're cutting expenses. Period."

**WHEN YOU THINK OF MARKETING AS AN EXPENSE**

In accounting, sure, marketing IS an expense. But here's  
what happens when marketing is purely viewed as an expense:

Company A thinks of marketing solely as an expense. When  
business gets slow, Company A cuts marketing. They tell  
fewer prospective customers about their products.  
Results: They get even less business.

You might ask, "How can you suggest that marketing is  
something other than an expense? Of course it's an expense  
– it sure isn't income. I write it off my taxes every year.  
You bet it's an expense."

If you think of marketing only as an expense, the odds are,  
your marketing is nowhere near as effective as it could be.

There is another way of thinking about marketing. When you  
spend money and buy stock, that's an expense AND an  
investment. When you buy a rental property, that's an  
expense AND an investment. (Whether they are good or poor  
investments is another subject.)

What would happen if you thought of your business marketing as an investment?

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## WHEN YOU TREAT MARKETING AS AN INVESTMENT

Something happens when you look at marketing as an investment. You start to require that it makes money. You will begin to look for a return on investment. For example:

Company B thinks marketing is an investment. Every time they spend marketing dollars, they track how much business

it brings. They see what's working, so they can do more of that. Results: They get more sales and waste less money.

You may market with newspaper ads, email newsletter ads, postcards and more. How do you know exactly which one is working?

## HOW TO KNOW WHAT WORKS

You don't need to put in a lot of time to find out what works. Notice how other businesses track their response.

Every time you see a commercial that says "Mention this ad for a free gift," they are tracking how well that ad works. Every coupon you see is a way for a company to track an ad. Every time someone asks, "How did you hear about us?" they are tracking what works.

When your marketing is an investment instead of just another expense, you'll hold it accountable. It's a small but important change in viewpoint that can add to your bottomline.

**You know when your business is failing when...**

**By Joann Marsili**

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## YOU KNOW YOUR BUSINESS IS FAILING WHEN...

by Joann Marsili © 2001

Over the years, we have talked with many different types of businesses. The businesses having the most difficulty being successful inevitably have the same type of issues.

## YOUR BUSINESS IS FAILING WHEN YOU....

Assume Everyone Already Knows What Your Business Is ---

Just hang out your shingle and everyone will come running, right?

Wrong! People won't notice you unless you take the time to interest them in what you do. Consumers or businesses are very busy just trying to go about their business. Tell everyone what you are doing, give everyone your business card, and volunteer to give presentations in your specialty. In addition, don't qualify people indiscriminately --- tell EVERYONE! The bank teller may have a brother who is looking for exactly your product. You never know where or how networking connections are made.

When people do express an interest, get their name, address, and phone number and start a database of potential clients. These people have pre-qualified themselves and you need to find out how to sell your product to them. If you sell to consumers, you might gather names through business-card drawings, guest books, etc. If you sell to other businesses, you might run promotional seminars or sign up to display at a trade show.

## DON'T PUT TOGETHER A MARKETING PLAN -

Who needs to market a business?

I'm in a great location and I can't afford the expense, right?

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Wrong! Marketing is the lifeblood of your business. There's an old saying that goes "nothing happens until you make a sale." If you have no one to make a sale to, you don't have a business. Marketing dollars are not an expense; it is an investment in the success of your business. Plan a monthly marketing budget and then look for ways to cost-effectively use your dollars. The decision on where to allocate your marketing dollars will depend on what type of business you have, where you are located, where your customers come from, and whether you offer a product or service. Reading anything by Jay Conrad Levinson will help set a framework for anyone involved in the marketing of a business.

Take everything an advertising representative has to say at face value. They understand advertising, so they are helping me spend my dollars wisely, right?

Wrong! This is not a knock against advertising reps, but you have to understand, they have sales goals to reach. If making you spend your money with them will help them reach their goals, they are going to push for your business. Spending money on a certain media may not be the best way to invest your marketing dollars. For instance, I had a client that opened an organic grocery store in a top 50 metropolitan markets. Before I started to assist them, a cable-advertising representative sold the store on a cable network that reached viewers 20 – 50 miles away from them. They spent most of the budget they set aside for the first 6 months of marketing on these commercials. In turn, they had nothing left to spend on advertising in their own backyard. When I audited their advertising, they didn't even realize their commercial had never run in the same marketplace as the store. Therefore, buyers beware. The easiest way to prevent this from happening is to know your market, know your customers, and talk to many different ad reps from many different types of media. You'll usually get a better view of how you can use the media to help your business. Advertising agency and marketing firms will also help you plan your media usage.

Joann Marsili has over 15 years of marketing experience from which to draw for both traditional and on-line guerilla marketing strategies. Her strength is

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conceptualizing and strategizing a marketing plan custom tailored for your business needs. Visit her web site at: <http://www.b2bstrategicmarketing.com> or <mailto:marketing@b2bstrategicmarketing.com>.



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