



What is Your Marketing Budget...Or Do You Have One?

I often ask body shops, "What is your budget for marketing and advertising?" and they look at me like I just asked them to explain quantum physics (which I've learned is tougher than rocket science). You don't need to come up with a complex algorithm to devise a budget, but once you see the numbers, you might not like them. The problem is that many body shop owners have had bad experiences with marketing or advertising and now they're gun shy to say the least. In many cases, they made unwise decisions and now the word "marketing" turns their stomach. "Our Yellow Pages ad didn't work," one shop manager said. (Anyone could have told you it's a dying medium)



Roger Henson, owner of *Advertising Business Consultants* believes that every company of any size should have a marketing/advertising budget written into its initial business plan even before opening the doors

"We paid \$200 for our web site and it doesn't work." (You get what you pay for) "I didn't realize TV advertising was going to cost us so much." (Surprise—really?)

How does this relate to whether or not your shop has a marketing budget? Because, in many cases, shops that have burned themselves making bad decisions in the past

about marketing aren't really enthused about devising a marketing budget. **Dino DiGuilio**, the owner of *Body Best* in Sonoma, CA has been in the collision industry for roughly 25 years, but by learning as much as he can about marketing and advertising and through his involvement in *Management Success*, he knows more about these topics than most marketing managers at large corporations. DiGuilio has a marketing budget that fluctuates depending on the time of year and based on how many cars he has in his shop, but basically it stays the same, month after month, without interruption.

"A marketing budget is like any other budget you have in other aspects of any business—operations, employee compensation, equipment acquisition, supplies, etc.," he explained. "It's money that is set aside and earmarked for marketing and that way we don't have to

look around to find the funds when we want to do something, such as a door-to-door mailing, flyers, ads and the like."

Although several factors go into devising his marketing plan and its budget, DiGuilio says that a simple equation can be used to determine any shop's marketing budget.

"The rule is 3 percent to 7 percent of your annual gross," he said. "We never go below 5 percent no matter how busy we are, because I believe that anything less than that may affect the bottom line. During the slow season (October-January) we normally step it up to 7 percent and during the summer months when we're jammed here, we will rein it in to 5 percent."

Some of DiGuilio's marketing efforts are seasonal, but other things are year round. He said these are the staples of the business and never deviates from them.

"For instance, customers always get either a t-shirt with our name on it or a grocery bag, whatever they choose. We use a handicapped workshop for the t-shirts, so that effort is definitely a win-win. It's the perfect combination of philanthropy and promotion, so we never cut back on that. We also do a quarterly newsletter that we print rather than do it online, because we have a lot of older customers who still want something they can hold in their hands. Some of our younger clients like it too, because everything is online now and this is something tangible."

Roger Henson is the owner of *Advertising Business Consultants* in Silicon Valley. He believes that companies should devise a marketing and advertising budget that is flexible and ever-changing, based on a wide range of market conditions.

"This is an ongoing conversation that I have with many of my clients, including automotive companies of all sizes," Henson explained. "One old advertising veteran told me many years ago that when a business owner finds an advertising medium he is interested in, he finds a way to get it done. Clients who cry poverty will suddenly pony up the cash when they see an opportunity that they believe in. That works for a lot of businesses, but I don't believe it's the best way to do it."

Henson said that a marketing budget should be written into any company's business plan even before they open their doors.



Dino DiGuilio, the owner of *Body Best* in Sonoma, CA (shown here with his family) has a marketing budget that fluctuates depending on the time of year and based on how many cars he has in his shop, but sticks to a 3% to 7% formula that works for him

"It should be a line on you overall cost of doing business, just like rent, insurance, equipment, etc. Savvy owners may not have a specific budget, but they know roughly how much they can spend in any given month and that works for them. To sit there and say—

I'm going to spend 4 percent of my gross on advertising and marketing just doesn't work for some companies, so their budgets are fluid and they can either expand them or rein them in, depending on what's going on."

There are no hard and fast rules when it comes to budgeting anything and marketing is one of those situations, according to Henson, who has more than 40 years of experience in advertising and promotions.

"I tell my clients to pick a number and try to stick with it, but you don't have to be married to it. Make a plan and don't freak out if you have to change it on the fly. Five to 7 percent is a good starting point, but life changes, businesses change and the market can alter dramatically, like it did in 2008, so bend and adapt and use your ear-marked funds as you need them. Some months may cost you more, but hopefully you can make adjustments during those other months when business is good."



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