

Advertising and Marketing Not the Same

Many small-business owners think marketing and advertising are the same thing. In reality, marketing is much larger.

“Marketing includes other common activities such as promotion and publicity,” says Glenn Muske, the North Dakota State University Extension Service’s rural and agribusiness enterprise development specialist. “Promotions are activities that you undertake to gain visibility for the business, such as sponsorship of a youth athletic team or involvement in charitable activities, while publicity is working to get your products and your business in the media, either traditional or online.

“But these are only part of marketing,” Muske continued. “Marketing is networking, customer service, branding and things such as loyalty programs.”

So where does advertising fit in?

“There remains a need for small businesses to continue to include advertising in their marketing efforts,” says (Insert name) of (Insert title and county). “Given the tremendous amount of information a consumer receives, paid ads are just another way of getting and remaining noticed by the consumer.”

So how much advertising does a small business need to do?

That question has no fixed answer. Often, businesses spend too much or too little. They do this for two reasons: First, they do not take the time to find out where and how their audience gets information. Second, once involved in a marketing effort, business owners often fail to gather their own data on what works and what does not work.

“General research is helpful,” says (Insert last name). “Even better, though, is data the owner can collect easily and with little expense from people coming in the door and those who buy the product.”

These are two very distinct groups.

“For a company developing its first marketing plan, look to spend the industry average on advertising,” Muske advises. “This information might be found in trade journals or from a banker or from data compiled for accountants and bankers.”

Small-business owners also need to compare their advertising expenditures with what comparable-sized businesses spend. What a major chain spends on advertising may not be what a small store needs to spend. Knowing where your intended audience is and what advertising rates are in those markets also is important.

In addition, the advertising budget must reflect whether your business is based on volume or margin. High volume typically means low margins, which results in less room for advertising and still remaining profitable.

Five percent of revenue often is mentioned as the typical advertising budget. The problem is that no business is “typical.” The 5 percent figure is a starting point from which you need to make upward or downward adjustments.

Advertising remains an important element in marketing. As a business owner, you need to be intentional about how much and where you spend these dollars, Muske says. It isn’t a question of “How much?” but of “How can we do it effectively?”

For more information on marketing, visit NDSU’s small-business support website at www.ag.ndsu.edu/smallbusiness. Sign up for the monthly newsletter. You also can contact your local Extension Service office at [insert phone number and email address] or visit www.eXtension.org/entrepreneurship. Federal and state resources such as the Small Business Administration and Small Business Development Centers also are prepared to help.

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