



Connect!

REAL RELATIONSHIP MARKETING IDEAS



Marketing Expense or Investment?

by CHAD RUEFFERT

Good marketers all share a similar mindset. They look at a marketing budget and see it as an investment that should provide a positive return rather than as a “cost” or an “expense.”

Marketing is, and should be thought of as, the one outlay of capital that can have a direct tie to an increase of income.

Advertising Age magazine recently published the list of companies who spent the most on advertising in 2012. Procter & Gamble led the way with \$4,971,500,000. That's a **lot** of money. But that investment of **five** billion dollars led to sales of somewhere over **eighty** billion. That's a return of 16x.

Real estate social network ActiveRain did a survey last year of 2,000 real estate agents about their marketing habits. You

can find the complete report at **activerain.com/real-estate-marketing**.

One thing you can take from this report is that many, perhaps most, real estate professionals are still looking at marketing as an expense rather than an investment. According to the report (and the NAR), the average REALTOR® is spending only \$89 per month on marketing. If the math behind P&G's marketing investment held up for real estate agents that would mean monthly sales of only \$1424. Even at a very high rate of return, the investment is not enough to provide a reasonable level of income.

Of course the math doesn't hold up. But the philosophy does. Marketing is the small business person's way of investing in themselves. It's like buying stock in a company whose management and service you **know** is good. That dollar

you invest in marketing will help the company grow, be more profitable and grow the equity of your investment.

According to the survey, agents who earn more than \$100,000 per year spend about twice as much on marketing as those who make less than \$35,000 per year. Are they spending more because they are making more or are they making more because they are spending more? As you look at your monthly budgets for the next 12 months, I encourage you to move marketing out of the “expense” column. Begin thinking of it as an investment and let it begin providing you a positive return!

Chad Rueffert is the president of Braintree Marketing, Inc. and the creator of the From Your Friends Relationship Marketing program.

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