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Protect your investment

Maybe it's a hotel renovation. Or a new restaurant. A new company, a merger, an acquisition, new menu or new product.

However much money a company might spend in an effort to establish or grow their business, it makes almost no sense at all to do it and then cut corners — or do nothing at all — when it comes to advertising or promotion. “If you build it, they will come” only works in the movies.

Unfortunately, it's not unusual for a restaurant, retail store or even a museum to spend a great deal of money getting ready to open and then fail to devote the resources necessary to protect their investment by promoting it to potential customers.

“Prospects don't necessarily have you on their radar screen.”

The same holds for renovated hotels, expanded restaurants or new and improved anything. Loyal customers, of course, are going to know about it and appreciate it. But you don't do that sort of thing just to please loyal, existing customers, do you?

No. Whether it's a new business or improvements to an existing one, you do it to attract more customers or get more business from casual customers. And those people don't necessarily have your company on their radar screen.

Good business

Again, you're making an investment. Promoting it is simply good business.

Maybe promotion ought to be a line item in any renovation or construction budget. In fact, it seems that before a bank would loan anybody any money for a new enterprise or to grow and expand an existing one, they'd want to protect *their* investment — by insisting that the borrower has plans to actually promote their business and bring in customers. You'd think that if a bank is loaning somebody money for, say, a new restaurant, that they would insist that the borrower have a good plan for getting the word out about it.

But what's a proper amount or percentage to devote to marketing in these cases? Good question, and the answer will depend a bit on whom you ask. People like us — in the business of marketing communications — will want you to be aggressive. That's because we know that you'll have more success bringing in business (and creating a return on your investment) if you let a lot of people know about it.



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There are a number of ways you could come to a decision on a budget figure. For example, what is the industry average spent on advertising as a percentage of sales in your industry? What are your current sales and what sort of increase do you expect or hope to gain as a result of your investment? Start here.

Just like any other line item in a construction budget, it makes sense to build in marketing and promotion at the outset. That's what developers do when they put together a plan for a new project. Whatever the scale, the reasoning is sound. Advertising and marketing are, in a very real sense, part of any building, re-building, renovation or new-business venture if you look at the larger picture.

Or think of what percentage of any dollar you are willing to spend — on anything — to make sure the rest of it is well-spent. Two percent? Ten? More? Somewhere in the middle? You could assign that percentage of your overall construction budget to marketing and promotion.

Does that take you over budget? Cut something. That's not as harsh as it sounds. It might just be fiscal prudence. Perhaps it's worth sacrificing just a small bit of the "wow" factor to bring more customers in to see the place.

Two stories

The City Museum of Washington opened a few years ago after spending something like \$25 million to renovate a classic old Carnegie Library. There is no telling how much they spent on an ambitious

multi-media show that told the story of the city. In any case, after the first blush of novelty wore off, they found themselves — a pay-admission museum in a city full of some of the greatest free museums in the world — with no money at all for any sort of advertising. In other words, with no means of attracting crowds to bring in needed income.

The City Museum of Washington closed after just a few months. And as the director left for greener pastures, she told a business associate that if she'd had it to do over she would have "budgeted a million dollars for advertising."

"What percentage of a dollar are you willing to spend to make sure the rest of it is well-spent?"

Last year, Yin Yankee of Annapolis opened a new restaurant in Bethesda, Maryland. Bethesda is a very competitive restaurant district, with some of the best in the Washington area within walking distance of one another. This particular restaurant was practically unknown in Bethesda and opened on one of the few streets with very little walking traffic. For nine months, they built the place out. And spared no expense on the décor. It was simply gorgeous. Stainless steel beaded curtains for the cloak room, custom-made furniture and decorative lighting. Even a waterfall behind the bar. Great food too.

They lasted three months. They never had an



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advertising budget to speak of and tried to make a go of it by running a very few small ads and having college students pass out flyers in the neighborhood. Perhaps some of what was budgeted for custom furniture, custom lights or a waterfall could have been re-directed to — and maybe better spent on — promoting the place.

Our P.O.V.

Nobody is suggesting that advertising and promotion are the end-all and be-all to ensure the success of any endeavor. But things usually work out better if your customers know you're out there.

As an agency, we never know if, when a client or prospect says they “don't have any money for advertising”, they mean “we don't have any money we want to *spend* on advertising”.

“Advertising, promotion and marketing isn't something you bolt on.”

The latter might be the real answer, but it also might not be an option. Not if you want to protect your investment. If you spend money on something, you ought to think really hard before you opt out of spending any resources to tell prospective customers you did it.

The hard truth is that for most of us, the world at large just isn't out there champing at the bit to do business with us. We have to attract them somehow. Advertising — in whatever form you

want to consider it — can do this.

As an agency that specializes in challenger brands, we're major proponents of the “the smaller the budget, the bigger the idea has to be” school of thinking. That kind of thinking is inherent in our approach. We know how to do a lot with a little. So do many other agencies. So it's not a requirement that you have a huge budget. Just to have some sort of budget. There is an appropriate spending ratio of your investment to *promoting* and *protecting* your investment. You have to have some money to apply to the problem.

And be smart how you spend it.

Advertising, promotion or marketing isn't something you bolt onto a project when the construction is done and the doors are open for business. Start early to protect your investment. Budget from the very beginning an appropriate amount of money you can devote to telling potential customers how nice your new hotel is, how wonderful the renovations are, how great your new restaurant is, or how perfect it is for them that you've acquired a new subsidiary. Whatever. It's just too important to your eventual success to make it an afterthought.

Do good. Tell people.

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©2008 Nasuti+Hinkle Creative Thinking
Bethesda, Maryland

7768 Woodmont Avenue, Suite 202, Bethesda, Maryland 20814

P 301.222.0010 **F** 301.222.0015 **E** mail@nasuti.com **W** www.nasuti.com