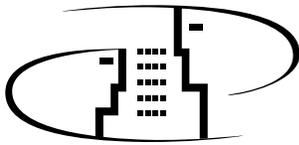


Hands Off My Marketing Budget!

How to fight for your economic development marketing program

Current issues for
economic development professionals



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It's a difficult time to be an economic development marketer.

Despite fierce competition among communities for the same “hot” sectors and a shrinking pool of skilled workers, it seems that winning support for marketing activities is getting tougher instead of easier. For example, how often have you heard these phrases at budget time?

“I don't really understand what we are trying to accomplish with our marketing activities.”

“How do we justify a budget for something like marketing when there are so many cuts taking place across the board?”

“I just can't get behind spending money on something we can't measure.”

If you've ever fought for marketing dollars, you know these concerns all too well. Marketing can be tough to conceptualize, difficult to measure, and is usually the first on the chopping block when it's time to reduce spending. This white paper will examine each of these challenges and provide concrete responses and strategies for addressing them.

Challenge #1:

“I don’t really understand what we are trying to accomplish with our marketing activities.”

Response:

Present a comprehensive marketing plan that has a clear line of sight to overall economic development goals.

Let’s face it: Sometimes marketing happens reactively. A time-sensitive advertising opportunity in a site selection magazine, a councilor asking “why we aren’t on that twitter thing yet?”, or a summer festival requesting city sponsorship are the kinds of things that can cause marketing initiatives to be fairly ad-hoc. While it is important to maintain some flexibility in order to take advantage of opportunities as they arise, it is equally important to be able to answer the question: “Does this opportunity fit with our strategic marketing objectives?”

It sounds simple, but defining what we are trying to accomplish with marketing is one of the most overlooked aspects of presenting a plan. Most of us are great at describing the types of activities we will undertake, and the associated budgets and timelines that result. But we often fail to connect the dots with WHY we are carrying out these activities.

A good marketing plan should be an extension of the overall economic development strategy. For each economic development goal, examine what marketing activities could support achieving it. You’ll find that almost every one of your goals will need some communication component in order to be successful (e.g. what good is developing a property database or tax incentive program if you don’t tell people about it?) Use these connections to show exactly how marketing will support you in accomplishing your economic development strategy. (e.g. increase traffic to the new property database by 25%, achieve 100 business sign-ups for the incentive program).

Challenge #2:

“How do we justify a budget for something like marketing when there are so many cuts taking place across the board?”

Response:

Demonstrate that more cautious economic climates present competitive advantages for those that choose to spend instead of cut.

Marketing is perceived as a “nice to have”, especially in leaner economic times. When faced with tough decisions about where to cut, marketing is usually first in line before programs that are seen as more critical to economic development health. But this view may be shortsighted.

Research shows that companies that consistently advertise even during more conservative economic times perform better in the long run. A McGraw-Hill Research study looking at 600 companies from 1980 to 1985 found that those businesses which chose to maintain or raise their level of advertising expenditures during the 1981 and 1982 recession had significantly higher sales after the economy recovered. Specifically, companies that advertised aggressively during the recession had sales 256% higher than those that did not continue to advertise.¹

In fact, this is a unique opportunity that is not available in a healthier economy. As reflected in a Kellogg School of Management study, increasing advertising spending during economic expansion often yields no improvement in market share, because 80% of your competitors are also increasing their spending. Conversely, the Association of National Advertisers found that at least half of businesses reduce their advertising spend during an economic downturn.²

When it comes to the Canadian economic development profession, a recent survey found a widening gap between EDOs that chose to increase or decrease marketing spending during the economically tumultuous conditions of 2009. According to the study, 62% of those that increased their marketing spending in 2009 planned to continue increased spending in 2010. In contrast, only 25% of those that cut back in 2009 planned to increase 2010 spending. Almost 30% of 2009 decreasees planned to further decrease budgets in 2010.³

According to the Place Marketing Group:

“While some EDOs see little choice but to slash marketing spending, it is a step that risks a loss of future growth opportunities. Experts agree that those who maintain spending often emerge the strongest when things pick up. Cuts in marketing will show the most and help the least.”⁴

The reality is that even under the bleakest economic conditions, clients and customers don’t stop making decisions. Given their own budget challenges, these decisions are likely being made with greater discernment and consideration. For economic developers, this means that dropping out of the race of promoting your municipality to save money in the short term puts you at a disadvantage compared to peers who choose to maintain marketing and communication efforts.

Challenge #3:

“I just can’t get behind spending money on something we can’t measure.”

Response:

Include a comprehensive measurement strategy that focuses on analysis and implications.

There's no magic bullet here. Marketing is a really hard thing to measure – especially for something with as many complexities and extraneous influencers as economic development. But that doesn't mean our profession gets a pass on this very important challenge. Although it may not always be an exact science, there are strategies and tools that can help us answer questions about the effectiveness of our marketing efforts. Not only does this help us build a case for our marketing programs, but it also helps us be better marketers, which in turn makes us better economic developers. So let's look at some measurement strategies that can be applied to economic development marketing.

Embrace technology

One of the most obvious advantages of our current penchant for technology and electronic forms of marketing (in addition to their lower costs) is that they are highly measurable compared to more traditional means of promoting our communities. We know who is opening our emails, what content on our website is most popular, and what percentage of people register for our events. We can send two different campaigns simultaneously and see which one is more effective to help us tweak our approach in the future. We can look at friends, followers, retweets and share of voice in social media circles. All of this data can form the basis of rich reporting and analysis to bolster the case for your marketing programs.

Ensure that your marketing approach takes advantage of technology where possible, and take the time to become versed in email metrics, social media measures and website analytics so that you are able to determine pre-marketing baselines and set goals for various marketing efforts. Tools like Google Analytics and Facebook fan page reports are free and can provide a breadth of information to build a case for marketing in your organization. If the mere mention of these technology tools makes your eyes glaze over, enlist a professional who can help you develop a measurement strategy that is grounded in your overall economic development objectives. These tools are out there and they can offer a great deal of credibility to marketing skeptics in your organization, so use them!

Set clear goals and measures

Earlier in the white paper we talked about the importance of linking marketing tactics with economic development strategy. The same is true for measurement – it must correspond to what we are trying to accomplish from an economic development standpoint. For example, if our economic development goal is to increase listings in our property database, then the marketing efforts to do so should be measured against that specific goal.

Decide precisely what you will measure at the outset before you begin any marketing tactics and determine goals for your marketing efforts that line up with your economic development strategy. Knowing what you will measure and the impact you hope to achieve will ensure that marketing programs are taken more seriously because you are able to demonstrate strategic outcomes.

Correlation is okay too

Unless we are in a scientific laboratory, it is pretty difficult to definitively prove causation. In the real world, we may suspect that x caused y, but since c, d and e happened as well it is impossible to say. When it comes to measuring economic development marketing, we've got c, d, e and pretty much the whole alphabet to contend with. But the more we do x, and the more we see y, we can be pretty certain that the correlative relationship is a meaningful result for our marketing efforts.

The key is learning to accept correlative relationships as valid and strengthening them by demonstrating the relationship repeatedly over time. If you launch a big social media campaign at the same time the economy picks up it's tough to say what caused the increased interest from skilled knowledge workers looking to relocate. But if you launch a similar campaign during more stable times and see an increase again, the correlative relationship strengthens and it's more reasonable to suggest that it was the effectiveness of your social media marketing efforts that caused the increased interest. There's nothing wrong with correlation as a measure, especially if you can repeat the results over time.

Analyze, test, learn and recommend.

Followers, fans, hits, clicks... simply reporting these numbers holds little merit for demonstrating the true effectiveness of marketing in achieving your economic development goals. Marketing will only be taken seriously if we take the time to crunch these numbers and present meaningful conclusions and recommendations to our decision-makers. Look at the data you've collected – what does it mean for the economic development strategy your community is trying to realize? So you got 1,000 facebook fans this year... so what? Did it result in new investment? Did you see an increase in numbers attending your events? Updates to your business directory? Requests for corporate visits?

It may be as simple as a “how did you hear of us?” or as complicated as setting up specific urls and dedicated campaigns, but following a site visitor to a tangible result is well worth the time and effort it takes. Use your analysis to hypothesize what might work better next time and try it out. What did you learn? How can you further tweak your efforts? Flat reports and raw numbers will do little to strengthen your case for marketing. Analysis, testing and recommendations should be built into your plan, not done as an afterthought. Ensure that you have the time and resources accounted for in your marketing strategy to make meaning from your results.

The bottom line

Now that you are armed with these strategies and responses, the common challenges raised at the beginning of this white paper shouldn't be cause for concern. To succeed:

- 1) Help naysayers to see marketing's relationship to your economic development goals;
- 2) Provide evidence that spending during leaner times provides a long-term advantage; and
- 3) Ensure that measurement is a critical component of your strategy.

These steps will greatly increase your chance of preserving your marketing program budget year over year. Despite the challenges presented to us we know marketing is critical to our work as economic developers. It's our job to demonstrate why to the decision-makers around us.

About the Author

On Three Communication Design Inc. is a creative agency specializing in promoting places not products. For more information and insight, visit them at www.onthree.ca or read the blog at <http://blog.onthree.ca>.

Endnotes

- 1** Knowledge@Wharton. "When the Going Gets Tough, the Tough Don't Skimp on Their Ad Budgets" November 2008. <http://knowledge.wharton.upenn.edu/article.cfm?articleid=2101>, Accessed January 2009.
- 2** My Creative Team. "Tough Times Call for Tough Marketers". December 2008. <http://www.my-creativeteam.com/blog/?p=873>, Accessed January 2009.
- 3** On Three Communication Design. 2009 Canadian Economic Development Marketing Survey. <http://www.slideshare.net/OnThree/marketing-survey-pdf>, Accessed May 2010.
- 4** Place Marketing Group. "Survey Says EDOs feeling the effect of the recession". July 29, 2009 <http://developmentmarketing.blogspot.com/2009/07/survey-says-edos-feeling-effect-of.html>, Accessed May 2010.

About this White Paper Series

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Hands of my Marketing Budget! - How to fight for your economic development programs

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The future of social media for economic development