

Developing A Marketing Communications Budget

Your aerospace industry guide

Clients and prospects often ask how much should they be spending on marketing. While there is no one-size-fits-all answer, BDN Aerospace Marketing is here to provide benchmarks and relevant data as a reference and to assist with planning.

HOW MUCH DO AEROSPACE COMPANIES SPEND?

Research shows that industrial goods and services businesses, including aerospace, spend 0.5-1.5% of revenue on marketing. This is less than b-to-b companies in general. A recent study by *Forrester Research* showed that on average, 2015 b-to-b marketing budgets will make up 7% of revenue, up from 4% in 2014.

The book "Aerospace Marketing Management" supports these findings. "The communication budget depends on the objectives (in terms of awareness, image, etc.) and the initial conditions (first try, success or failure of previous actions, life cycle phase of the product being promoted, strength of competition, etc.) Even if in overall terms, that part of the turnover devoted to communication in b-to-b is less than that for the consumer goods sector, there is nonetheless a wide range of spending depending on the size of the company and its willingness to showcase itself to the general public."

So while 0.5-1.5% of revenue may be the average aerospace marketing investment, it's important to add budget for product or brand launches, competitive challenges or aggressive growth objectives.

BUDGETS ARE INCREASING, BUT...

The *Forrester* study revealed that half of b-to-b marketers planned to increase their budgets by about 6% in 2015. Thirty percent will maintain current funding levels, and 8% will cut their spend.

But despite the budget growth, marketers may not feel better prepared to achieve their goals, because their scope of responsibilities are also expanding. In fact, an *ITSMA* benchmarking study found many companies reporting that marketing is starting to assume responsibility for the sales funnel and a range of new time-consuming tactics, including marketing automation.

WHERE IS THE MONEY BEING SPENT?

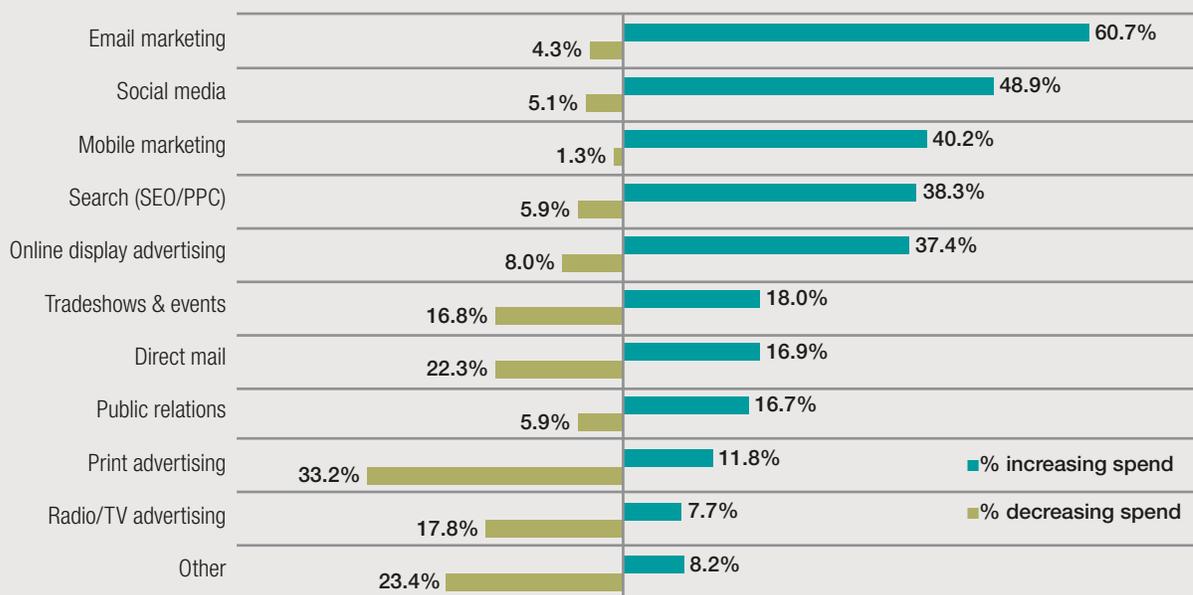
Although in-person trade shows, conferences, and events appear to be losing ground, they still receive the most funding, winning 14% of the total allocation, followed by digital marketing (10%) and content marketing (9%), brand and websites (9%) and email marketing (9%). See the chart on page two for details.

Results of a *StrongView* survey, shown below, were even more bullish for budget growth (10%), while also showing strong investments in digital marketing channels. "Clearly," *StrongView* reported, "digital is where the action is."

These digital investments are being funded in some part by reductions in the use of traditional media, which continues to suffer from planned decreases. Print advertising remains most susceptible to cuts, with almost one-third of respondents expecting a decrease in funding. Direct mail (22.3%) and TV/radio advertising (17.8%) are also under the gun, with more respondents planning to decrease than increase their budgets.

Marketing Spending Plans for 2015, by Program

Based on a survey of 377 global business leaders, almost three-quarters of whom are with companies headquartered in North America.



Source: *StrongView*, 2015

HOW TO GET THE BUDGET YOU NEED (AND IMPRESS THE BOSS)

There is a strong correlation between the corporate perception of marketing, marketing measurement practices, and the marketing budget. *Blackfrriers Marketing Index™* indicated that when companies do not measure marketing performance, 23% of executives were dissatisfied with results. With marketing performance measurement, only 9% of executives were dissatisfied with performance.

What does this mean for aerospace marketers? If you want to protect and grow your budget, you need to be measuring the effectiveness of your work and clearly demonstrate the ROI of the marketing budget.

We advocate a strategic planning process that includes the development of a marketing communications budget, in addition to a road map that identifies specific marketing communication goals and the requirements associated to achieve each marketing objective.

It is our experience that many aerospace companies do not allocate adequate resources to support the goals and objectives that they establish for their organizations. For those unwilling to make the appropriate marketing investments, scalable programs and realistic expectations are essential.

B-to-B Marketing Budget Allocations



Source: Forrester Research, 2015

THE BUDGETING PROCESS

Here is a basic blueprint for determining what specifically needs to be done to achieve desired results, how to do it, and what the costs will be.

1. Identify the specific marketing initiatives and/or sales objectives that must be accomplished and define the desired results for each. Management must clarify and approve each desired result as well as identify and define expectations and problems anticipated with accomplishing each. This step is critical to ensure alignment with corporate marketing objectives, to create accountability for successful results and to drive confidence in the budget.
2. Create a marketing communications plan or road-map identifying and defining the specific marketing communication goals that will be required to achieve each objective. Organize goals and their tasks into campaigns whenever possible (branding campaign, positioning campaign, product launch, etc.) to create momentum and economies of scale.
3. Estimate the costs of tasks and resources necessary to execute the marketing communications plan.
4. Develop metrics and a control process to justify the requested budget to management and monitor performance of the plan. Marketing communications plans call for specific time-frames and specific performance standards — these are the metrics of your plan.

ABOUT BDN AEROSPACE MARKETING

As the world's premier aerospace marketing agency, BDN works with clients to brand and market their companies, products and services. Agency capabilities encompass branding and strategy, design, advertising, trade shows, multimedia, PR/writing, and more.