

The challenge is to spend reduced ad budgets wisely

According to a recent survey from the Association of National Advertisers in the US, 53% of marketers from a broad cross-section of categories and industries expect their advertising budgets to be reduced in the next six months as a result of the tough economic climate, and 87% of those polled are already being challenged to find cost savings or reductions within current marketing and advertising efforts.

The survey, conducted this summer in light of the troubling economy, asked ANA members if they believed their marketing budgets would be reduced, and if so, how much of a cut they were facing. The survey also asked marketers about the specific cost saving measures they were planning to enact given the current economy. Marketers working in a range of industries were surveyed, including pharmaceutical, financial services, consumer packaged goods, computers and technology, retail and others.

Bob Liodice, President and CEO of the ANA, observed that "Historically, marketing budgets are among the first to be cut in a budget crunch... (but)... spending more during tough times when competitors may be scaling back is a good way to strategically boost market share... "

53% of those identifying cost savings said their overall marketing budgets would be reduced between 1 to 10%.

- 27% thought their budgets would be reduced between 11 to 20%
- 10% were envisioning cuts of over 30%

Areas of planned reduced costs or expenditures in marketing or advertising efforts are:

- Reducing advertising campaign media budgets (69%)
- Reducing advertising campaign production budgets (63%)
- Challenging agencies to reduce internal expenses and/or identify cost reductions (63%)
- Departmental travel and expense restrictions (63%)
- Eliminating or delaying new projects (61%)

Liodice concluded that "Effective marketing spending during economic downturns is not about how much you spend but how you spend it.. "

On the other hand, perhaps measuring a different group, or uncovering a different mindset, the Kelsey Group reports that, according to the latest wave of the Local Commerce Monitor of SMB advertising behaviours, 81% of SMBs surveyed expect to maintain (47%) or increase (34%) their spending on advertising over the next 12 months, with only 9% planning to decrease ad spending.

SMBs surveyed stated the primary influences on their advertising spending decisions are:

- Performance/return on investment (31%)
- Business partner or competitor (25%)
- Information from media such as newspapers, TV and trade publications (14%)
- Friends or family members (12%)

Stephen Marshall, director, research and consulting, The Kelsey Group, said "There's an opportunity for media that can demonstrate ROI to tap into SMBs' future advertising plans... "

Though challenging possible reduced ad expenditures, the findings certainly support the plans to "wisely spend."

For more information, visit ANA [here](#), or read more from the Kelsey Group [.](#)

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