



## Measuring Your Marketing ROI

By Dee A. Schiavelli

Are you marketing your business effectively? Do you have a plan? A budget? Good. All of these are important to effective marketing. Here is the BIG question...are you getting a good return on your investment (ROI)?

ROI is often not tracked by businesses unless they have a huge marketing department (read: Fortune 500 company). Most people believe their marketing activities are reaching the right people because their friends and clients tell them so. But are you really spending your marketing dollars effectively? Reaching the right audience?

Here are some tips for evaluating that.

Begin by dividing up your marketing dollars into three groups: clients, referrals and "the world" (defined as the market you are trying to reach but personally don't know who they are. Identify them by geography, industry, etc.) Sixty-percent of your marketing dollars should be going into marketing that will reach your current customers/clients. Thirty-percent should be going into marketing that will reach contacts that refer business to you. Ten-percent of your marketing budget should go into "the world."

The majority of new business statistically comes from current customers/clients. They are the ones who buy from you again and again and refer their friends. Referral sources are the people you know, who you have developed a good relationship with and they like you, respect you and believe you

provide a quality service/product. They may not need it themselves, but they will tell everyone they know about you. The “world” is the folks that come across your name, your store, or your service by accident or suddenly because of a new need. These people come from ads, listings, sales and other “shot-gun” methods of marketing. They may become important clients/customers, but they are not there yet.

Many businesses spend an inordinate amount of money marketing to the “world” hoping they will become customers, while neglecting their current ones. If you have made a sale or finished providing a service to a client, you should be following-up with them, taking care of them, learning about their future needs. They are your bread and butter. They will be your best sales force.

Now that you have evaluated your key clients and the budget spent on them, you can see where you may want to increase your spending as well as where you might want to decrease it. Your biggest ROI comes from those who are already your clients. Market to them, take care of them, and they will return again and again and bring their friends.

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