HOW TO CREATE A MARKETING BUDGET FOR YOUR BAR OR RESTAURANT

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ENTERTAINMENT

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You probably have a budget for most aspects of your bar or restaurant, like your food costs and your employees' salaries. But are you paying attention to all aspects of your costs? What about the so-called "smaller" expenses, like marketing? You may not have considered creating a marketing budget, but if you don't, you may be unpleasantly surprised to see your marketing costs balloon out of control.

Not surprisingly, "winging it" isn't exactly a good strategy when it comes to marketing. It's a much better idea to have a well-planned marketing budget. But how do you go about creating your marketing budget? No worries—it's not impossible! It just requires some thought, some time, and some planning. Let's break down the important steps you need to take if you want to construct a marketing budget that will help your bar or restaurant succeed.

Ask the big questions.

If you want to get to the bottom of your marketing needs, you'll need to ask yourself some tough questions about your bar or restaurant. Here are some questions you need to answer:

- **How new are you?** If you just opened last week, you definitely need to get the word out. Your marketing budget will be higher than an established bar or restaurant that has been around for 20 years.

- **Do people know you?** Even if your business has been around for a while, be honest—do you have a lot of community recognition? Have you rebranded recently? Is your customer base smaller than you'd like?

- **What are your competitors doing?** First, figure out who your competition is. Then, pay attention to their marketing. Are they saturating the market with ads? What are they doing to market their businesses? How are they using social media? This will give you an idea of how you might want to spend your marketing dollars, and it will also let you know areas that your competitors are overlooking.

- **How much money do you really have to spend?** This is one area in which you definitely don't want to lie to yourself. You might want to undertake a grand marketing plan, but if you don't have the funds for it, that could mean the death of your bar or restaurant. Be totally honest about how much money you can actually spend on marketing.

What are you working with?

It's important to spend some serious time figuring out exactly how much money you really have to spend on marketing. Look through your financial documents from the past year. How much did you spend on marketing last year? Did your marketing plan perform well, or do you think you need to spend more (or spend differently) this year?

Figure out how much you can expect to make per month, and be conservative. Subtract your expenses including: rent, your employees' salaries, food costs, insurance costs, and anything else that you know you have to pay. What's left over? Your marketing budget definitely can't exceed this amount! No amount of marketing can save your business if it goes bankrupt.

But how much money should I spend on marketing?

Unfortunately, there's no concrete number when it comes to how much of your overall budget should be spent on marketing. One number that many people swear by is 3-6% of your overall budget, but even that depends on your personal needs. If, for example, you're a new restaurant or you've recently rebranded, you may need to spend way more! In fact, some sources suggest that you may even want to spend up to 15% of your overall budget! That probably sounds like a lot, but only you know what your bar or restaurant needs. Every business has its own unique needs.

Figure out what you want your marketing to do.

Now that you've answered some questions about your business, it's time to get down to business. You can't figure out your marketing budget if you don't know what you want your marketing plan to do.

So what are your marketing objectives? Do you want to:

- Rebrand your bar or restaurant?
- Make people aware of your business?
- Get repeat customers?
- Introduce something new (a dish, a menu, a concept)?
- Increase sales?
- Get more first time customers?
- Promote awareness of your catering options?

These are all common marketing objectives, but what are yours? Make your list as personal as possible. It's normal (and expected!) to have more than one marketing objective, but try to narrow down your final list to two or three. Remember, you can't do everything at once—you don't want to overwhelm yourself! Focus on what's most important.

How to spend it.

Once you've figured out how much money you can devote to marketing, it's time to get to the really tough stuff: what you should spend your marketing budget on. Which of the following things are important to you?

- New menus
- New table tents
- Social media campaigns
- Newsletters
- Billboards
- Local radio or TV ads
- Coupons
- Fundraising/charity/community events
- Website redesign
- Direct mail

And that's just the beginning! Only you can determine which of these you should spend money on. Which of these marketing methods are important to your bar or restaurant? Keeping your money situation in mind, decide what you can truly afford. For example, a TV ad will probably be costly. If you have a smaller budget, focusing on something free or cheap, like social media, might be a better idea.

Plan for the long-term.

Planning month-to-month or week-to-week is a recipe for failure. If you want your marketing budget to be truly effective, you need to look at the big picture. It's important to plan for the future and have money set aside for big events, like holidays, seasonal parties, and community events. Try to plan a year (or at least three to six months) in the future.

The 70/20/10 rule.

Although there aren't any set rules for creating a marketing budget, the 70/20/10 rule is a good one to keep in mind. Here's an explanation:

- 70% of your budget should be spent on things that have worked for you in the past. These are the things that you know will help your business. If local radio spots are effective, keep spending money on them!

- 10% of your budget should be focused on experimental methods that you haven't tried before. For example, you might want to develop a customer loyalty program or try out a new social media platform.

- 20% of your budget should be devoted to expanding upon the previous year's experimental 10% tactics. If you tried out something new for the first time and it worked well, you should spend some money on making it even bigger.

Track your efforts.

Remember, just because you make a marketing budget doesn't mean it has to be set in stone! It's important to track your efforts and see how they're performing. If paying to print coupons in a local publication doesn't seem to help your marketing objectives, there's no need to keep spending money on it. It's important to give all of your efforts some time to become effective, but there's also no point in pouring money into something that isn't helping you when you could be spending your money elsewhere.

Creating a marketing budget is essential if you want your bar or restaurant to succeed. By keeping these ideas in mind, you can make a marketing budget that will help you promote your bar or restaurant while keeping your costs in check.

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