

Business coach

Dr Greg Chapman offers brokers insight on setting a marketing budget and how to undertake a competitor analysis

Q. I'M THINKING ABOUT SETTING A MARKETING BUDGET FOR THE YEAR AHEAD. HOW DO I DECIDE HOW MUCH TO PUT ASIDE?

Jessica Anderson
New South Wales

Marketing doesn't have to be expensive, but the trade-off is with your time, so it will always involve some cost.

As a mortgage broker local area marketing is often the best strategy, and tends to be low cost. However you probably want to produce brochures and flyers, a newsletter and some promotional gifts. Local advertising and sponsorships may also be part of your plan.

To do this you will need a marketing budget, which should be based on a percentage of your projected income for the year. Ideally, you should look at an amount between 5-10 per cent, although this percentage may vary depending on whether you are trying to grow your business or simply maintain it where it is at. But even if you don't want to grow your business, you must still invest in marketing to keep your business and name front of mind.

Of course, setting your marketing budget is just the start. You must then monitor the results, including scaling back those initiatives that aren't working, and ramping up those that are. A smaller budget spent well is always better than a bigger budget that isn't.

Q. I WOULD LIKE TO UNDERTAKE SOME SORT OF COMPETITOR ANALYSIS. WHAT IS THE BEST WAY TO DO THIS AND HOW SHOULD I RESPOND TO THE FINDINGS?

Paula Henderson
Western Australia

In the mortgage sector you have lots of competition (I guess you know that already!)

To simplify the process, look at the groups of competitors operating in the sector. Firstly you have the banks. You might split these further into big banks, small banks and specialist banks. Then you have the brokers who are members of a franchise. You might wish to further segment the franchises if you see they have particular focuses. The next group might be the independents. You might split them between multi-broker businesses, specialists and one person businesses.

Having segmented the competition, identify the strengths and weaknesses of each. For example, the banks have strong relationships with some customers and those customers would see their bank as the natural place to go for a loan – clearly a very strong point for that market segment. However, because of their changing staff, and their size, the relationship a big bank has with their customers will be less personal than with a small broker, a weakness.

When you have documented the strengths and weaknesses for each of the mortgage market segments, you can turn your attention to your own business and determine your strengths, and the opportunities to build on them. These strengths will appeal far more to some potential clients than others. These are your best buyers and the people where you should focus the major part of your marketing efforts. ■

 **SEND YOUR QUESTIONS TO:**
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Dr Greg Chapman is a leading business advisor, marketing strategist and author of *The Five Pillars of Guaranteed Business Success*.