

HOW TO ALLOCATE YOUR BUDGET

ACROSS ONLINE MARKETING CHANNELS

A guide by
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INTRODUCTION

Did you know that the first banner ad on the internet was introduced in October 1994 by an AT&T advertising campaign?

The copy read: "Have you ever clicked your mouse right HERE? YOU WILL". In 4 months, 44% of internet users have clicked on this banner.



The first banner went live on hotwired.com on 27 October, 1994

Source: <https://www.theguardian.com/media-network/media-network-blog/2013/dec/12/first-ever-banner-ad-advertising>

Digital marketing started with the publishing of that ad, now called display advertising. Display ads are only one part of the entire digital marketing industry.

After nearly 30 years since the first banner or display ad, the industry has evolved and consists into a wide range of digital strategies using the Internet to incorporate the most suitable online marketing channels to deliver the most effective combination of elements for specific campaigns.

HERE ARE THE MOST IMPORTANT CHANNELS FOR ONLINE MARKETING

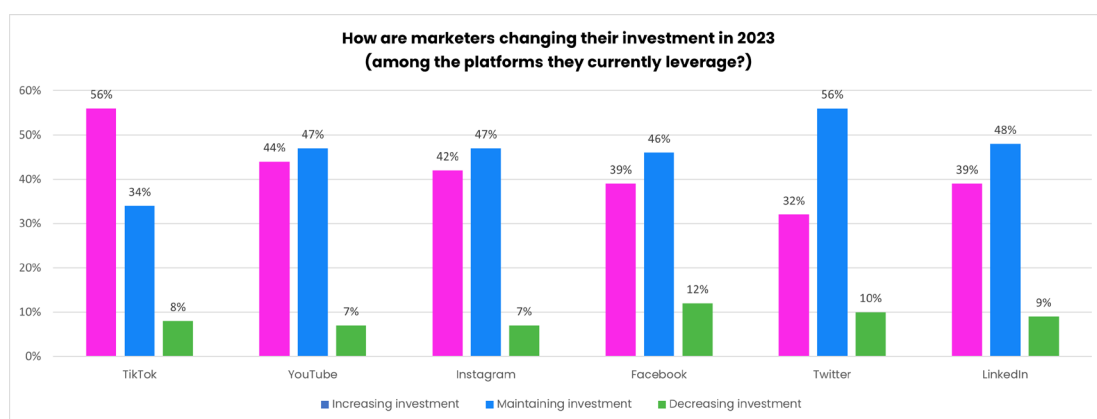
Social Media Marketing

When it comes to digital marketing channels, Social Media is one of the top ones you'll want to leverage.

With Social Media marketing, you can target your audience directly and engage it in real time. Whether you choose Instagram, Twitter, Facebook, LinkedIn, or even TikTok, there are several Social Media platforms to choose from, and your ideal audience will help you choose which platform is best for you.

According to datareportal.com, Facebook remains the most widely used social media platform, with 2.94 billion users worldwide. Since Facebook holds the position of the biggest social networking service in terms of global reach and total active users, it's imperative to understand how your content might perform and how to optimize your paid and organic reach.

However, due to its continuous growth, TikTok will quickly become much more interesting for marketers in 2023 with 56% of those using it planning to increase their investment next year, the highest increase of any social media app.



Source: <https://blog.hubspot.com/marketing/hubspot-blog-marketing-industry-trends-report>

Email marketing

Email marketing is one of the most important digital marketing channels because it has the highest ROI of any other form of marketing. You can expect an average return of \$36 for every \$1 you spend on email marketing.

In addition to being the most effective digital marketing strategy, it is important to use emails as a way to build relationships with customers by making them more personalized. This can make customers feel valued and their commitments fulfilled and also willing to open and check your email.

Video marketing

Video marketing is one of the most important marketing trends today and likely for the next 5 to 10 years.

According to HubSpot, short-form video has the highest ROI of any social media marketing strategy. People love sharing videos and do so about 2X as much as other forms of content:

- 70% of consumers say that they have shared a brand's video
- 72% of businesses say that video has improved their conversion rate
- 52% of consumers say that watching product videos makes them more confident in online purchase decisions.

Besides building brand awareness, video marketing also boosts traffic and conversions. Your content marketing strategy should include embedding video in blog posts and that way your content will get more mileage as well as attract more readers and conversions.

SEO and Organic Traffic

Search Engine Optimization is one of the most common online marketing tools. It relies on the use of relevant keywords and in addition to ranking higher on Google, you will become one of the top resources for your target audience, driving more traffic to your site and potentially more business. It also will allow your business to show up at the right time, when your audience is searching for you. Optimized conversion content, based on the buying stage your audience is in, will present them with the right message. But there is more than that - a comprehensive SEO strategy includes linkable assets, link building, and both on-page and off-page optimization.

Pay Per Click

A search advertising campaign lets you position your website near the top of search engine results, even if it isn't the place where would naturally appear and drive traffic and conversions from search engines. One advantage is that you pay only if a user clicks on one of your ads.

By using this method, you can place ads that are targeted at specific customers, and you are completely in control of your budget. PPC allows you to only allocate your budget to customers who are really interested in your services or products since you only pay when someone clicks on your ad. It is important to optimize your keywords for your particular customers, as this will make your campaign more successful.

Content marketing

Content marketing is one of the most effective digital marketing channels for producing ROI and generating leads that become loyal customers. The most important pieces of promotional content are blog posts, news, case studies, webinars, infographics and white papers.

Providing high-quality, relevant, and useful content is not only very valuable to new customers, but it is also very useful to your long-term clients as well. Aside from displaying your expertise in your field, content marketing allows you to drive more traffic to your site. This is because you can reach customers who are truly interested in what you are selling.

Affiliate & influencer marketing

The idea of affiliate marketing is to provide a commission to those who share your product and promote it across social media or a specific location.

In affiliate marketing, merchants and affiliates have a partnership to promote a product or a service based on referrals. When it comes to digital marketing strategy for eCommerce for instance, affiliate marketing is sure an important resource to expand your audience.

As digital content becomes increasingly significant, influencer marketing will be a more and more important resource to be used. In influencer marketing, people with a dedicated social following are viewed as experts in their field and are asked to endorse and mention products. Similar to celebrity endorsements, influencer marketing involves collaboration between brands and influencers to create the campaign content. Using influencer marketing effectively can boost sales, and brand visibility and reach new audiences.

Affiliate and influencer marketing represents a continuously growing segment. According to Google Trends, the interest in affiliates has increased by 300% and reached its peak popularity in July 2020. (Google Trends, 2020)

The impact of affiliate marketing on the US market is estimated to reach \$70 billion in sales. (Mediakix, 2020)

37% of shoppers were first time customers of brands they purchased from using an affiliate link.

150% The increase in the number of affiliate marketing publishers that applied on Amazon in July 2020.

Source: <https://financesonline.com/affiliate-marketing-statistics/>

BEST PRACTICES TO ALLOCATE YOUR BUDGET FOR ONLINE MARKETING CHANNELS

Having discovered the most effective digital marketing channels, you need to know how to set your marketing budget for each of them. This will enable you to have the right marketing strategy and the most efficient campaigns.

The most significant objective is to achieve your goals and deliver a high ROI by finding the appropriate mix between all channels. It can be difficult to try to have the lowest expenses but leave enough for original ideas and avoid overspending. Nonetheless, it is important to experiment with the best mix and match for your business.

Always try to go slow on your investment in a marketing channel - if you invest a huge amount of money, you will never know when you crossed the point of reducing ROI and start losing money. Just increasing the ad spend of a high-performing marketing channel will not automatically increase its performance.

Here are some ideas that you need to consider when you allocate the budget for digital marketing campaigns:



Knowing your customer

If you know how your customers convert by analysing your sales funnel, you can understand what channel is more appropriate to invest in. For instance, if your website is low in organic search/direct traffic, it might be wise to increase awareness and track views and traffic.



Set your company's marketing goals

In order to allocate budgets for different activities, it is imperative to know what your goals are for the year, what you want to achieve at the revenue level, generating leads or sales, building brand awareness etc.

A company that plans to launch a brand-new product will need marketing support and a budget on as many channels as possible. Among the first most effective channels, in this case, are social media, influencers, and video marketing, but a combination of channels is clearly more effective.



Always review the previous year and quarter results

It is important to analyze the metrics and reports from previous quarters and years. Adding or eliminating specific activities can be done if you know what worked and what didn't.

- Which marketing activities contributed more to achieving the company's goal?
- What channels performed better? What activities must be improved?
- Did you reach your goals? Accomplished an established ROI?

Those are just a few of the questions that will help you review the performance of marketing activities and also help you allocate the budget more appropriately.



Select the best channels for your business

Depending on your industry, you will use different digital marketing channels. You can choose what channels are the best fits for your business and look at the costs associated with operating in each channel.

Analyzing current online audiences will provide the insights necessary to choose the most relevant marketing channels.



Set a final marketing budget

Consider the costs of marketing activities within each channel once you have decided which activities to focus on.

Is Social Media important to you and do you want to grow on this channel? Then you must know which are the costs associated with this segment and you must add them to your marketing budget.

When you have taken into account additional costs and determine where your marketing budget should be allocated, it's time to create the final budget and submit it for approval. Make sure that your marketing plans align with your business goals.



Use a structured budget template

You need to constantly analyze your activity by tracking your expenses and their variance so you can evaluate and adjust your marketing spend and improve ROI.

This report can help you know what channel is more effective, their actual spending by category and what revenue each generates.



Take every decision based on data

It is very helpful to have precise data to back up every decision you make in business, and also in choosing your spending on all marketing channels.

Always have case studies and past data to show exactly how much a successful ad campaign costs.