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Planning for Budget Allocation in Digital Marketing

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ABSTRACT
Globalization and increased internet usage have generated immense marketing opportunities as well as competitions. Marketing onthe internet is now an ever growing practice. Digital Marketing, marketing through digital technologies is a new form of marketing with a few mixes of traditional marketing practices. The aim of this research was to propose a budget plan for digital marketing. In Bangladesh, digital marketing practices made its way as e-commerce and steadily grew from 2000 to 2008. RACE framework was followed to narrow down the digital marketing operations into four key stages to easily manage the expenditure. In this study, nearly 50% of marketing budget was allocated to digital marketing, an expense backed by companies surveyed. This study found that the most popular digital marketing strategy in Bangladesh was Social Media Marketing (SMM) and the most popular SMM platform was Facebook. This project concluded with a budget plan heavily focused on Facebook as found by surveys from both consumers and companies.

Keywords: Digital marketing, Email marketing, SMM, SEO, PPC.

1. Introduction
Digital marketing a global era phenomenon is the marketing of products or services using digital technologies, mainly through the internet but also including mobile phone, display advertising, and any other digital medium [1]. Since the late 1990s development in digital marketing has changed the way today businesses use technology for marketing purpose. As access to the internet is becoming more available to the world and digitalization is incorporated in every sector of this modern time people are shifting towards more digital platforms for everyday life i.e. communication, shopping, consultancy, dining, entertainment etc. Marketers exploit these opportunities for their marketing campaigns and digital marketing thus becoming more prevalent and efficient. Search engine optimization (SEO), Social Media Marketing (SMM), e-commerce marketing, Email marketing are common practices in digital marketing.Nowadays, digital marketing is expanded to offline channels that provide digital media, such as mobile phones (SMS and MMS), promotion calls, and on-hold mobile ring tones [2].

2. Literature review
Tiago (2014), the paper is about digital marketing and social media. In this paper, interrelating social media with companies for a good digital marketing has been discussed. How the internet based applications enhance marketing practices and improve, was discussed in this paper [3].

Corniani (2006) published a paper about digital marketing communications. It discusses the communications which can increase digital marketing approach. Communications are to be designed in a way that there should be a question-answer option where the consumers can ask any kind of their queries and an immediate feedback is ensured to strong the bond between the consumer-seller [4].

3. Methodology and approach
Data and information required for this study were collected from both primary and secondary sources. Primary sources include structured questionnaires and data collected from different surveys done with startup companies and consumers. Secondary data was collected from the companies, agencies through websites, reports, historical and financial reports from internet and journals. As a means of budget allocation for digital marketing,the RACE framework was implemented. RACE is a digital marketing framework that simplifies the approach towards digital marketing by dividing into key steps or stages.

3.1 Data Collection Techniques
Data collection was done by
   a. Questionnaires
   b. Documents and Records
A total number of 7 companies and 30 random consumers as respondents were selected for survey questionnaires. Questionnaires for companies were to extract the data required for conducting a budget for digital marketing whereas questionnaires for consumers were mainly to understand their opinions.

3.2Data analysis
Data relevant to this project are categorized into two sectors viz. companies who do the business and consumers who the companies do business too.

Data acquired from startup companies
   a. 87.5% companies' age is less than 2.5 years and rest of the companies age is more than 2.5 years.

b. 87.5% of companies' plan their budget for 3 months and 12.5% of them for 6 months to avoid risk.

c. 25% of the companies allocate (45-50) %, 50% of the companies allocate 50 %, 12.5% of the companies allocate (45-55) % and the rest 12.5% of the companies allocate (50-55) % of their firm's budget for doing the marketing. The weighted average is 4.68%.

d. 55.6% of them rated SEO attraction level 3, 22.2% of them rated 2 and the rest 22.2% rated 4 on a scale of 5. The weighted average of attraction level is 3.

e. 88.9% of them rated SMM attraction level 5 and other 11.1% of them rated 4 on a scale of 5. The weighted average of attraction level is 4.88.

f. 100% of companies were favored towards Facebook while only 2% had an opinion on Twitter and another 2% had on Instagram along with Facebook.

g. 11% of them rated PPC attraction level 1 and 55.6% of them rated 2 and the rest 33.3% reported a level of 3 on a scale of 5. The weighted average of attraction level is 1.89.

h. 11% of them rated web optimization attraction level 1 and 55.6% of them rated 3 and the rest 33.3% reported a level of 4 on a scale of 5. The weighted average of attraction level is 3.11.

i. 11% of them rated Email Marketing attraction level 1 and 55.6% of them rated 4 and the rest 33.3% reported a level of 3 on a scale of 5. The weighted average of attraction level is 3.33.

j. 11% of them rated content marketing attraction level31 and 77.8% of them rated 4 and the rest 11.1% reported a level of 5 on a scale of 5. The weighted average of attraction level is 4.

Table 1 Company profiles

Company	Products	Website
Offerage	Aggregated discount offers	www.offerage.com
Prix.com	Price comparison site	prix.com.bd
Aponzone	Consumer electronics	www.aponzone.com
Pulpy Park	Fashion items	www.pulpypark.com
Aboyob	Handcrafts	www.facebook.com/ AboyobLifeStyle/
TailBird	Saree	www.facebook.com/ Tailbirdfashion/
Ortha	Home décor	www.orthashop.com

Data acquired from consumers

a. 66.7% of people checked ads while browsing internet mostly and 27.3% checked ads occasionally. Rest of the people checked ads hardly.

b. 57.6% people click to next page in search engine result page whereas 36.4% of themclicked occasionally and rest of them clicked hardly.

c. 57.6% of the people regularly check message/email delivered from the company and 36.4% of them check mostly and rest of the people check them hardly.

d. 60% of them visited a landing page from an online advertisement and rest of them didn't approach with that.

3.3 RACE approach implementation

To propose a recommendation on digital marketing budget allocation, RACE framework [5] is used to approach step by step which makes budgeting goal efficient and strategy oriented. It is a strategic planning process applied to digital marketing that allows an action plan to be structured for digital marketing. As for every marketing funnel, RACE starts with an initial phase called **Plan** where time horizon, targeted audience, goals,and strategies are being set. According to Plan agreement companies **Reach** to targeted audiences, gradually **Interact** with them to convert into their customers and then continues **Engaging** with them to make future frequent buyers.

Table 2 Proposedbudget allocation plan.

Phase	Activities
Plan	• Set time horizon • Target audience • Increase brand awareness and drive sales • Allocate a firm's budget for Digital Marketing
Reach	• Via Facebook posts, pages. • Paid and organic advertisements • Paid and organic searches.
Act	• Content marketing through social media. • Improved web pages • searches
Convert	• Content marketing through social media • Enhanced web page • Facebook store • Email marketing • Guest posts
Engage	• Send Emails to prospective buyers • Display ads frequently • Ask for feedbacks on products

It istherefore, recommended thatFacebook, SEO and PPC are best suited for Reach. Facebook, web optimizations, content marketing, SEO and email marketing are best suited for Act. Facebook, web optimizations, content marketing, SEO and email marketing are best suited for Convert phase. Facebook, Email marketing, web optimization and PPC are best suited for the phase of Engage.

Factoring the channels according to RACE.

Table 3 Factoring the channels(According to RACE)

Channels	Stage presented	Factors
SMM	RACE	4
Content marketing	ACE	3
Email marketing	ACE	3
Web optimization	ACE	3
SEO	RAC	3
PPC	RE	2

Ranking the channels according to attraction index (higher index represents better indication).

Table 4 Ranking the channels (According to attraction index).

Channels	Attraction index	Score
SMM	4.88	6
Content marketing	4.00	5
Email marketing	3.33	4
Web optimization	3.11	3
SEO	3.09	2
PPC	1.89	1

According to conversion rate (CVR), table 4 represents the ranking among the channels where higher rate represents better indication [6].

Table 5 Ranking the channels (According to CVR).

Channels	CVR	Score
SMM	9.21%	6
Email marketing	5%	5
Content marketing	3.75%	4
SEO	3.05%	3
Web optimization	2.95%	2
PPC	2.69%	1

According to cost per click (CPC), table 5 represents the ranking among the channels where lower cost represents a better indication [7].

Table 6 Ranking the channels (According to CPC)

Channels	CPC(BDT)	Score
SMM	1.66	6
Content marketing	9.50	5
Email marketing	9.96	4
PPC	10.458	3
SEO	44.654	2
Web Optimization	150	1

Table 7 Totaling the score obtained by channels.

Channels	Total Score (Index score +CVR score +CPC score)
SMM	6+6+6=18
Content marketing	5+4+5=14
Email marketing	4+5+4=13
PPC	3+2+1=6
SEO	2+3+2=7
Web Optimization	1+1+3=5

4. Results

Following formula will be used to allocate budget for each channel.

$$Percentage\ of\ recommended\ budget\ allocation =$$

$$\left\{ \frac{Total\ Score\ \times\ RACE\ Factor}{\sum(Total\ Score\ \times\ RACE\ Factor)} \right\} \times 100\ \%$$

Table 8 Percentage of recommended budget allocation.

Marketing channels	Percentage
SMM	36%
Content marketing	21%
Email marketing	19%
Web optimization	9%
SEO	10%
PPC	5%

5. Discussions

This paper was intended to propose a recommendation on anapproximate budget allocation for digital marketing. The first thing to take into account while conducting this researchis there is no exact budget allocation method for digital marketing and although in this research a recommendation based on data collected from various sources was proposed, it is not advised to implement this recommended budget directly without matching with goals and strategies undertaken by company policies. Bangladesh is emerging as a developing country so is in great need of start-up companies to boost commerce and trade. This paper was conducted following a typical methodology of collecting information through primary sources like surveys from companies and consumers and secondary sources such as journals, internet, annual reports etc. RACE framework approach was implemented to narrow down the vast digital marketing operations into four key stages to simplify strategies and thus budgeting. The main drawback for this research was that its planning horizon is very small and involved only tech companies.The surveys directed to companies was done with only 8 in total which of course led to a very small percentage of whole start-up companies and their budgeting information. Key information like conversion rate, how much revenue does one visitor brings, visits per page etc. was not available precisely as these are confidential data.

Opportunitiesforbudgeting in digital marketing for other kinds of companies are still open. Although this research was done with new companies, a similar project on established companies is very much recommended.

One of the difficulties in proposing a general digital marketing budget recommendation is that not all companies are consisted of what they include in their marketing budget. With all the limited information gathered and drawback faced this research concludes a general proposal for digital marketing budget plan that is intended to be a helpful and effective guide to emerging young startup tech companies in Bangladesh.

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