data
axle

5 Strategies
## to Maximize Your Marketing Budget

Introduction

In December of last year, the financial markets suffered the steepest decline in decades with the S&P 500 falling by 11% and the Dow posting the worst Christmas Eve on record, but the December sell-off was quickly followed by a rebound. These fluctuations in the financial markets have left both brands and consumers wondering whether they need to prepare for uncertain economic times. A recent survey of U.S. CMOs found that optimism about the economic environment has fallen to the lowest levels in seven years[1] and another survey of 800 marketing professionals indicated that growth in a slow economy was their most important challenge for 2019.[2]

As every marketer knows, marketing budgets can quickly see a contraction when confidence in economic growth starts to waiver. In fact, retailers have been grappling with tightening budgets for a number of years due to the significant changes in their industry. According to a recent Gartner spend survey, which polled 600 CMOs, marketing budgets as a percentage of revenue have fallen over the past three years.[3]

Marketing expense budgets
Percentage of company revenue

12.1%	11.3%	11.2%
2016	2017	2018
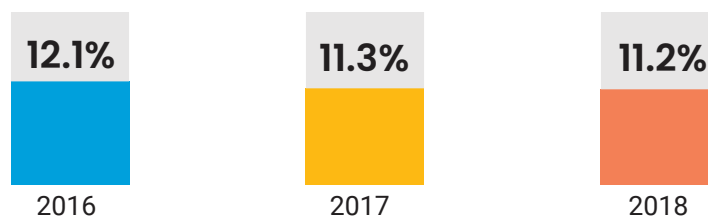
In addition, changing consumer expectations and demands for more personalized interactions with brands have created the need for marketers to do more with less.

Marketing teams affected by, or worried about, decreasing budgets can get ahead of the game by investing in the right technology and making process improvements that save time and drive results. Here are 5 strategies marketers can use to maximize their budget:

1. Use technology for the heavy lifting in your campaign development process

As the saying goes, time is money. Marketers can reduce the time it takes to create and deploy marketing messages through the use of flexible technology like email building tools, dynamic content blocks, and automated responsive design. In addition to optimizing digital marketing processes, these technologies improve personalization and help create customer experiences that consumers love.

By thinking ahead marketers can ensure that any investment in new and existing technology leads to gains in marketing ROI. Here is how:

Revisit your existing technology capabilities

Too often marketers get caught up in their daily processes, so they are not able to invest the time to understand and utilize all capabilities of the tools they already have. When trying to identify new opportunities, re-define objectives, or analyze performance, take a second look at the technology you currently have; it can help you find smart ways to improve efficiency without the cost that comes with a new solution.

Explore new solutions with the big picture in mind

After assessing your existing tools, you may discover a need for new technologies or partners that can help you develop better customer insights from the data you have on hand, create more relevant communication strategies or implement more sophisticated marketing programs to drive engagement and revenue. During this process, it is imperative to take stock of your current and future business objectives, growth plans, and target audience as well as your existing technology stack. Consider whether a new technology can promptly address your current needs and equally as important, determine if its capabilities can accommodate your changing goals long-term. This will help you avoid the high costs associated with implementing a solution that quickly becomes obsolete.

Examples

Lands' End

Smart technology integrations and a flexible deployment platform have enabled Lands' End to build dynamic content blocks that automatically populate their most up-to-date offers in every email they send. This eliminates the need to create banner images for each new campaign which saves a ton of time for the retailer's design and production teams. In addition, through custom automations and data framework, Lands' End has built a "set it and forget it" dynamic module with product recommendations that delivers personalized suggestions to each user, informed by customer demographics, available inventory and email/browse/ purchase behavior.

Dynamic Offer Banner
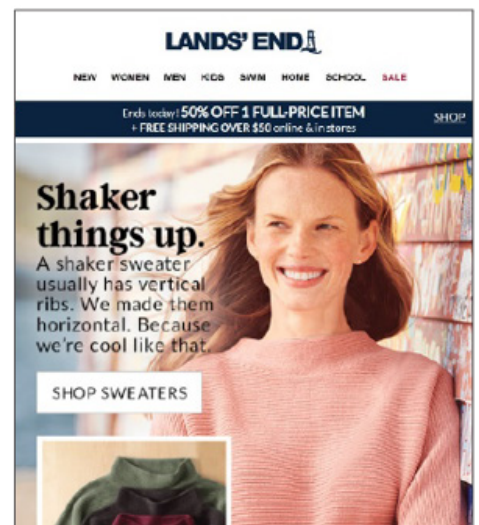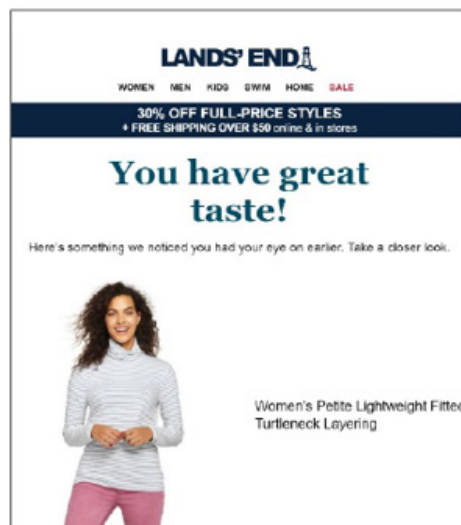
Dynamic Product

Recommendation Module
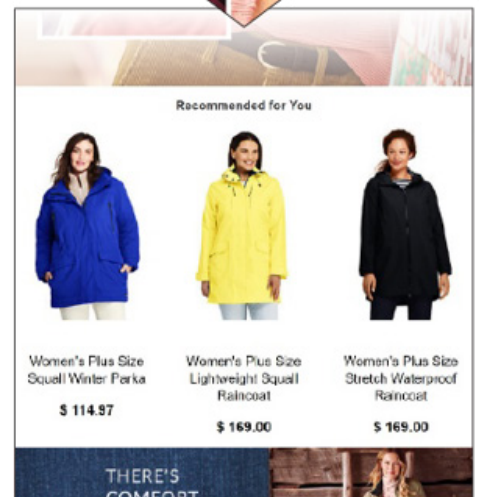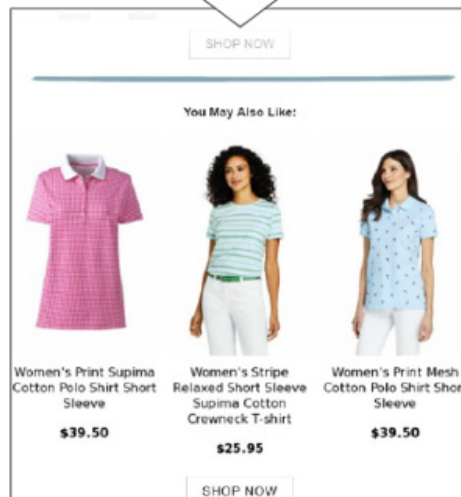
AEG

Sports and live entertainment giant, AEG, uses Email Builder to create email newsletters that can be automatically populated from their CMS platform with events details like venue, date range or geographic location. Smart integration across multiple marketing platforms and flexible message creation technology has allowed AEG to decrease their campaign execution times from **2 weeks to a few hours**.

2. Use data to find opportunities within your audience
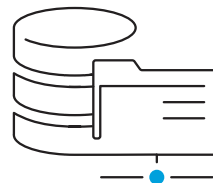
Every marketer knows that it's easier and cheaper to retain existing customers than to acquire new ones. When budgets are shrinking, brands can make their money go farther by focusing on finding new opportunities within their existing customer base. Here are some ways to get more value from the data already at your disposal:

Identifying cross-selling opportunities

You can start by analyzing existing consumer and purchase data over the last year to identify best-selling product categories and determine complementary ones. This analysis can also help you discover what product categories are most frequently purchased together, which can help identify cross-sell opportunities and barriers to purchasing.

Ramping up your customer data strategy

Getting more information about your customers can help you improve the effectiveness of your campaigns and provide insights about your best customers. Additional psychographic and demographic details about your audience can help identify niche markets or unexpected buying personas within your own customer base. Bringing together customer surveys, preference centers, or third- party data can help you build a more complete picture of your customers' interests and uncover new opportunities to engage them.

Practicing data hygiene

IBM estimates that bad data costs U.S. companies roughly $3.1 trillion dollars a year.[4] Every bad email, mailing address and duplicate record in your database means wasted marketing budget; these types of records also hurt your email deliverability and reputation with ISPs (Internet Service Providers). By improving your data hygiene practices -- like removing incomplete, closed and invalid addresses and deduplicating records -- you can cut costs and mitigate the harm caused by dirty data.

She is married   Has one child   Works in the city   Purchases in the evening

Examples
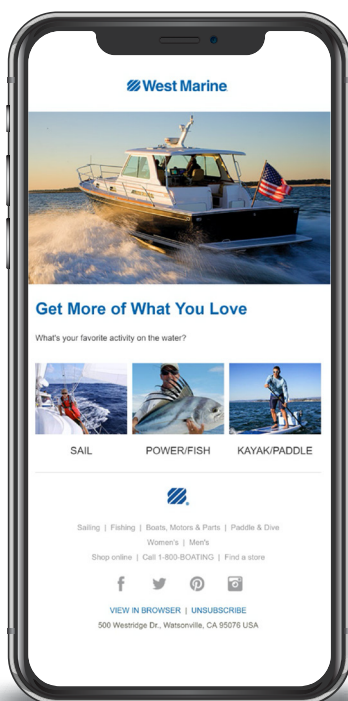
West Marine

West Marine is a luxury boating and water sports retailer that has improved their understanding of their customers by analyzing customer data to create personas and identify key lifecycle segments within their audience. The brand segments its customers by their unique interests -– including paddle/surf, power water sports, fishing, and sailing – and serves up personalized content based on these interests. By using existing data to optimize their marketing program through personalization, West Marine has achieved a **35% lift** in repeat purchase rate, a **24% growth** in their multichannel shopper segment and a **22% increase** in email driven revenue.

See's Candies

The iconic candy retailer found a new opportunity to engage their audience when they analyzed their existing customers and discovered they could drive additional revenue by targeting a customer segment they did not previously recognize – male customers. When the brand tested unique Valentine's Day content for this audience segment, they increased email opens **by 4%** and email-driven purchases **by 25%**.
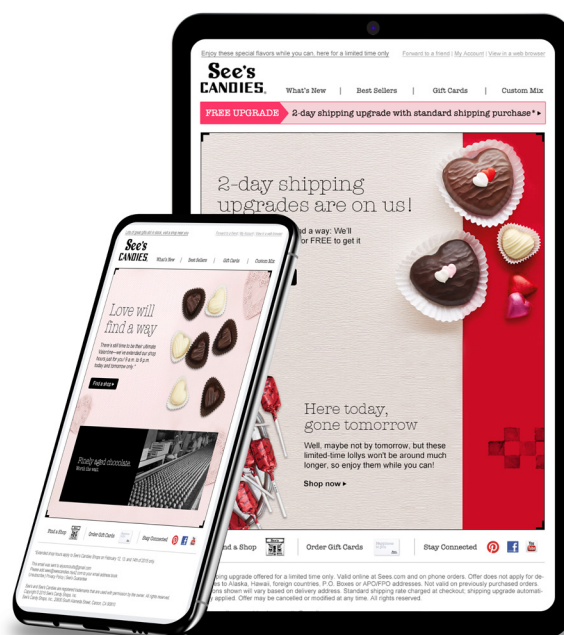
3. Acquire new customers through referrals

According to Nielsen Research, consumers are four times more likely to buy when referred by a friend.[5] In addition, the Wharton School of Business found that the lifetime value for a new referral customer is 16% higher than that for non-referrals.[6] So, when money is tight or budgets are flat, brands can make the most of their acquisition efforts by using the power of their own fans to spread the word and recruit new customers. Here are a few tactics brands can use to make a big impact with referral programs:

Incentives

You can motivate customers to share their love for your brand and refer their friends and family by offering incentives such as discounts, loyalty points, free gifts or free shipping in exchange for social shares and email forwards.

User-generated content

In a recent survey from Sprout Social, 50% of consumers said they would include a brand in their posts in order to recommend it.[7] Using this organic content in an acquisition campaign or simply re-posting it from your brand's own account can be a great way to grow your database.

Another way to drive referrals is to use positive consumer reviews to build brand trust; a pop-up prominently displaying a glowing product recommendation can be a strong driver for consumers to click the "subscribe" button on your site or the "follow" button on your YouTube channel, Facebook or Instagram page. In addition, this type of consumer-generated content can be a powerful purchase driver; including 5-star product reviews in campaigns that highlight the same product category or are informed by browse behavior lends credibility to the product and alleviates doubts about completing the purchase.

Examples
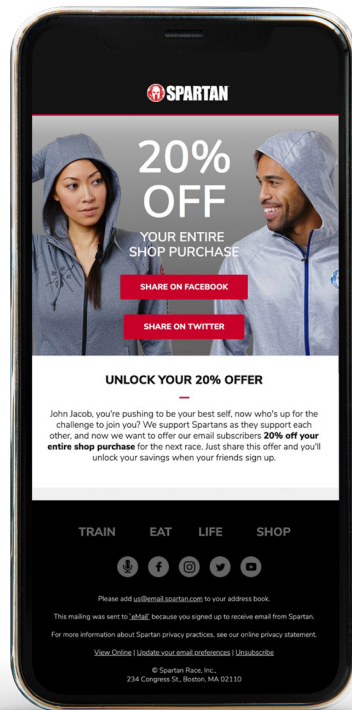
Spartan

The world's largest obstacle course race and endurance brand, Spartan, was able to harness the power of their industry's tight-knit, passionate and socially connected community. The brand created a successful customer acquisition campaign by combining email and social media. Through an email campaign, Spartan encouraged their subscribers to share a discount on their social media accounts and invite their friends and families to join the movement, thus bringing in new customers and subscribers. This campaign generated a **7% higher average order value (AOV)** than their standard emails and the new customers they acquired after just one send spent **4.5 times more** than it cost to acquire them.

Dropbox

In the early days of Dropbox, the premier file hosting service implemented a smart referral program as a key growth strategy. It was built into the brand's account set-up process and it allowed users to get 16GB additional space for referring a friend. The brand made it easy for users to spread the word with their friends via email or social media. Through their referral program, Dropbox was able to grow from 100K users to **4 million in 15 months** and keep their customer acquisition costs very low.
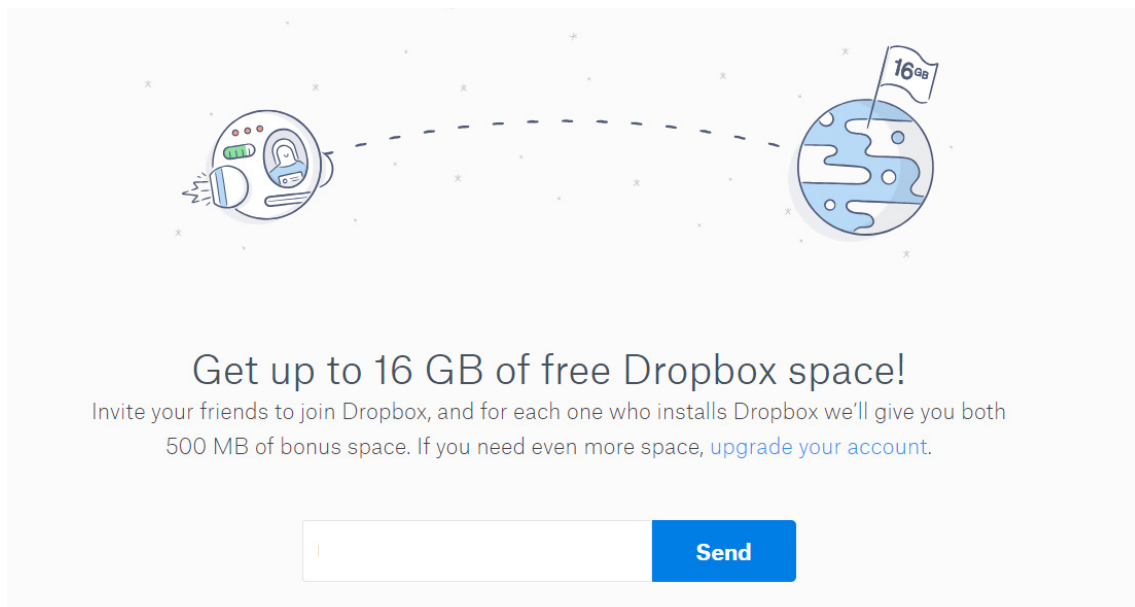
4. Determine what works through accurate attribution

Attribution is always important, but when a brand has to do more with a smaller budget, it becomes even more crucial to ensure that every dollar is used wisely. Tracking a campaign's performance is as important as all the work that goes into launching it. Brands with a good handle on attribution can improve performance even on a smaller budget by cutting what's not working and redirecting that spend towards more effective programs.

However, a recent study by Econsultancy and AdRoll found that only 39% of brands had implemented attribution on "all or most" of their marketing activities and 70% of businesses struggled to act on attribution insights.[8] These findings indicate a missed opportunity for marketers looking to be smart about their marketing spend.

Here are a few simple tactics to help you improve attribution:

Start from the beginning

There is a significant planning and development stage before kicking off any campaign so make sure that a proper measurement plan is part of the kickoff process. Many performance-tracking steps are easy-to implement, low-cost or even free. Use UTMs, campaign codes, different URLs, promotional codes, and even hashtags to track marketing KPIs – web traffic, form submissions/opt-ins, conversions – and link them back to a specific campaign.

Use technology for the heavy lifting (yes, this is the second time we've said that!)

Flexible technology makes tracking and analyzing campaign performance easier than ever before. Take a look at your current solutions and reach out to your vendors to find out what's new, especially if you haven't done that in a while. Most technology platforms have regular releases to introduce new updates and enhancements; these releases are easily missed but can greatly simplify your process or reporting. You can also help your technology partners develop the capabilities you require by communicating your reporting needs and identifying where they are not being met.

Take baby steps

Many marketers wish they could be more sophisticated with their attribution efforts, but every improvement in data collection and analysis is a step in the right direction. While you may not have found the "holy grail" of attribution yet, creating a culture that values and prioritizes analysis and testing will allow you make the best use of your budget.

Examples

Silver Star Brands

Silver Star Brands was able to substantially reduce costs after an analysis by Data Axle revealed that a subset of their customers who had received between 6 and 13 catalogs annually had not made a purchase in 2 years. Because of this finding, the brand stopped mailing catalogs to the people within this subset who were subscribed to Silver Star's email program and instead switched them to email-only communications. This strategy drove **cost savings of half a million dollars**.

At the same time, the brand conducted a test to gauge the impact that mailing catalogs versus email communications had on conversions. They discovered their "catalog and email" customer segment generated the most revenue and total marketing ROI, followed by their "email only" segment which drove more revenue and marketing ROI than their "catalog only" segment. These findings allowed Silver Star to stop mailing catalogs to high-cost, low-revenue customers and divert resources to the program providing the best return on investment.

Spartan

Spartan's customer acquisition campaign outlined on page 7 employed cross-channel attribution technology to help the brand accurately track opens, shares, new subscribers, landing page visits and revenue back to the original subscriber who shared the offer on social. The acquisition campaign generated a **353% return** on their investment after a single deployment. In addition, it enabled Spartan to identify their most influential advocates and target them in future marketing campaigns.

5. Prepare for shifting buying preferences
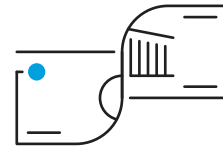
Market volatility and other economic factors like wage stagnation can cause consumers to become more cautious and modify their spending habits. Just as your budget may be tightening, consumers may also be working to make their money stretch further. Keeping close tabs on your transactional data will allow you to see patterns and adjust your offers if your customers begin to change their behaviors and become more frugal.

To be proactive, you can analyze purchase data from periods when consumer spending decreased to identify best-selling product categories that are still appealing to budget-conscious consumers. Ask yourself: did all of your customer segments respond to their budget constraints in the same way or were there different purchasing trends for each segment?

Once you have identified your "frugality-proof" product categories, you can shine a light on them to drive revenue during periods of cautious spending. Even if those times don't come, there is tremendous value in knowing your ironclad product categories.

Examples

Sephora

The beauty brand benefited from the "Lipstick Effect"[9] during the Great Recession -- when affordable luxuries like makeup became more appealing to consumers on a budget. Sephora set itself apart by creating a welcoming in-store shopping experience that invites customers to stay and try on makeup samples before buying. This approach won over budget-conscious customers by allowing them to shop with the confidence that they wouldn't waste money on the wrong product. Between 2011 and 2013, when many retailers were still suffering, Sephora arrived in **seven new countries** and opened almost **640 new stores**.

Proctor & Gamble

Proctor and Gamble fought against the Great Recession by keeping tabs on their data and making changes to their marketing spend when they identified shifting consumer behavior. When customers started "trading down" by switching to less expensive products in the same category or opting for a more value-focused brand (for example – switching from Tide to Gain laundry detergent), P&G responded by increasing marketing spend for their budget brands and lower-tier products. In addition, to appeal to budget-conscious consumers, the brand cut prices on some products and developed new low-price products.[10]

Conclusion

Regardless of whether budgets are tightening because of changes in your industry, evolving consumer expectations, or an uncertain economy – or even if budgets are not being cut – all marketers can benefit from the strategies outlined in this whitepaper. They enable marketers to improve the efficiency of their processes and increase the ROI of their marketing programs by working smartly with what they already have. By implementing automation improvements, knowing your customers, anticipating changes in consumer preferences, understanding what's working, and highlighting the right products), you can build a high-value, low-cost marketing program that drives greater revenue growth and better engagement with your customers.

Need help creating a more efficient and lean marketing program? Take a look at the attribution and modeling capabilities our analytics team has to offer and take steps to a more efficient marketing program and a better use of your budget.

Sources

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[2] https://www.marketingcharts.com/business-of-marketing-106977

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