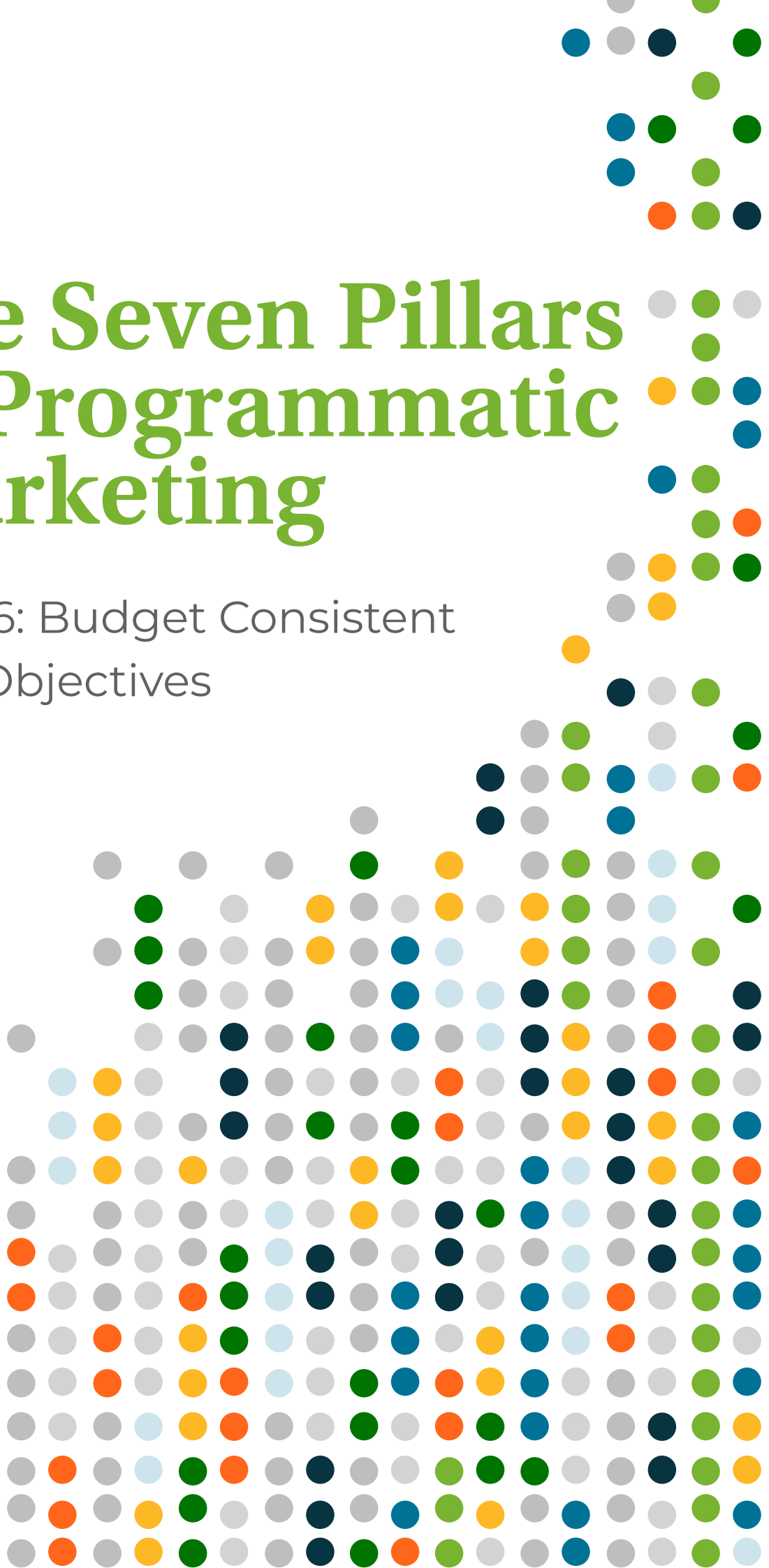




The Seven Pillars of Programmatic Marketing

Pillar 6: Budget Consistent with Objectives



Marketing budgets continue to shift in an effort to keep pace with changes in consumer shopping behavior. For the most part, brands are embracing the evolving digital marketing landscape, where consumers expect highly targeted content and offers that are readily available online. The difficult part is developing an accurate marketing budget that will reach target audiences at the right time on their preferred channels. In this sixth chapter of our series on programmatic success, we share recommended practices for creating a digital marketing budget that will achieve your clients' goals.

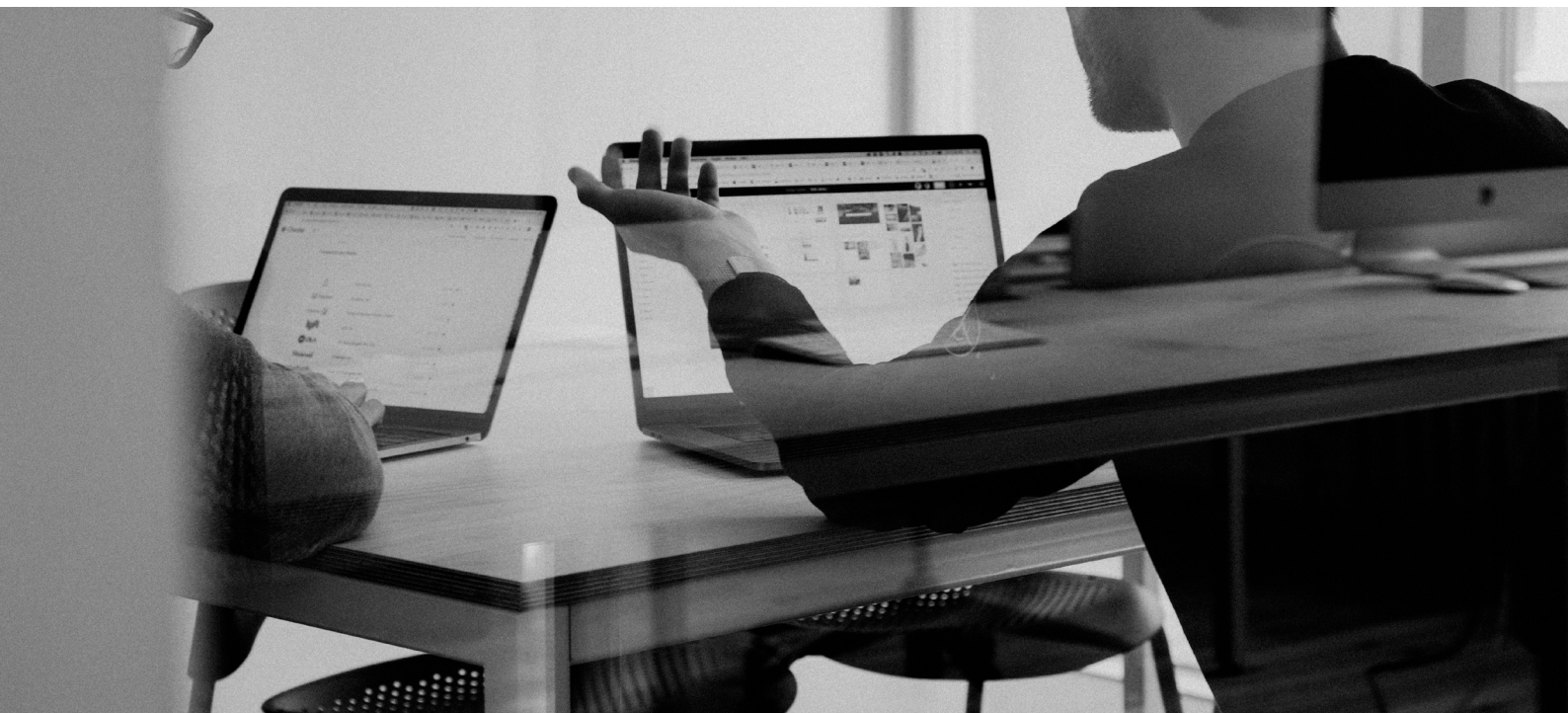


Look back to plan ahead

So, where do you start?

Try looking back at the past year's budget data to see what worked and what didn't. Reviewing campaign results can help you identify successful media tactics while still leaving room to experiment with powerful programmatic channels such as connected TV (CTV), video, and podcasts. Having actual data can make budget decisions easier. As you look ahead, think about what is happening within your agency that could impact your ability to stick to the budget. For example, changes in your team or marketing partners. When staff leave or partnerships change, it can limit or overextend your budgeting, as well as the resources available to execute media campaigns on time. Sometimes, investing in self-sustaining and in-house programmatic tools can create knowledge and expertise internally rather than forcing you to rely on outside experts or outsourcing capabilities. (More on that further down in the chapter.)

As hard as it may be, you should also consider factors that are outside of your agency's control, including vertical market trends, emerging digital channels, new competitors, and other changes that will unexpectedly impact your budget planning. For example, if a client's competitor launches a new product aimed at cutting into the brand's market share. World politics, public health crises (think Covid-19), and economic downturns can also significantly influence your budget decisions. If your budget plan is flexible, you'll be able to increase funds for new advertising campaigns or expand your reach to new audiences when necessary.



Full-funnel budget alignment

The next step is to align your budget with your marketing goals. Every company, business, or brand has different goals for their marketing efforts, but it can be difficult to accurately allocate marketing resources to reach each of them. Spend too little, and the money may be wasted on prospects outside your target markets. Spend too much, and you may end up with results that could have been achieved with a smaller investment. There is no exact formula that works for every brand.

Taking a full-funnel marketing approach will help. At the top of the funnel, building brand awareness is often underestimated when planning budgets, and in a lot of cases, it is the first line item to be cut. But when you view budgeting through the lens of a full-funnel strategy, you will spend to create value at every funnel stage. Your budget will also better reflect a long-term scope that looks at the bigger picture and keeps major goals on track. (See [Pillar 1: A Clearly Defined Media Mix Strategy](#) for a discussion of full-funnel marketing strategies and [Pillar 2: Holistic Performance Metrics and Relevant KPIs](#) for a fuller explanation of digital marketing metrics.)

Setting clearly defined goals will allow you to plan how much you will need to spend based on what success will look like. You can then approach your marketing campaigns with a high degree of confidence. Let's look at three popular digital marketing metrics that can help you align budget planning with brand awareness, consideration, and conversion goals.

“There is no exact formula that works for every brand.”

Cost-per-million (CPM)

Most effective for brand awareness campaigns, CPM shows your ad's reach. Use this metric if your goal is to increase brand awareness and promote your client's products or services.

Cost-per-acquisition (CPA)

Most commonly used for lower-funnel, conversion-focused campaigns. CPA is very effective for evaluating the cost of converting one person and finding channels that generate traffic. You can use this metric if your goal will be to drive prospects to take a specific action, like making a purchase or signing up for an email newsletter.

Cost-per-click (CPC)

Also widely used for conversion-focused marketing campaigns. CPC will show the price paid for each person that clicks on an ad—not the actual cost for getting that person to convert.

Do the math: spend within your means

One way to gauge if you are budgeting efficiently, which coincides with the performance metrics mentioned above, is to track your daily spend caps for programmatic advertising campaigns. This is also known as pacing. If you're hitting your daily budgets, your campaigns will be spending the amount of money they should be and reaching your targeted audiences. An efficient programmatic campaign should use the entire budget within the campaign flight date.

Proper audience targeting can also go a long way to increase budget efficiency and achieve brand goals at the same time. If your targeting is too broad or specific, you will miss valuable advertising opportunities and spend money unnecessarily. Remember, your programmatic advertising performance—the bang you get from your programmatic buck—will only be as good as the intelligence you can provide. It's important to define your target audiences, preferred sites and/or apps (desktop, mobile, tablet, content, traffic type, and volume), pricing, campaign length, and frequency capping (how many times each consumer will be shown an ad).

Lastly, even if you carefully define the parameters of your programmatic campaign, in terms of client expectations, target audience, and more, it still makes sense to proceed cautiously. Before budgeting a lot of time and money for an ambitious marketing plan, start small and work your way up. Continually monitor and adjust your goals, so you can test and optimize your audience segments. Assess how your campaigns measure up against your goals. Gain better visibility across your entire investment with clear insight into audience, ad performance, and spending, so you can be agile and make adjustments as needed.



Use a programmatic platform to gain control

Sticking to the budget can be challenging.

But it is important to stay on track with your marketing budget to make every dollar count and progress towards your goals. Using programmatic technology to place your ads is one way to get more for your client's money. A self-serve platform will automatically set spending limits, optimize advertising bids, and help to prevent overspending.

Here's how. Once you have defined your marketing budget, you can program spending limits into your campaign over a given time frame. Overspend mechanisms will allow you to pick a period (i.e., daily, weekly, monthly, or lifetime) and input the maximum budget you're willing to spend during that time. Once your spend hits that amount, the ad or campaign will be paused for budget control. When that time frame is up, the campaign will keep running until your budget has been used up. This will help to ensure the longevity of your campaigns by programming them to stay within your budget at all times.

But making the most of your programmatic budget isn't just about saving money. It's about making sure your campaigns are working effectively to achieve your marketing objectives. By continuing to monitor results along the way, in terms of the return you are getting for each investment, you will notice patterns that tell you which tactics are working and which should be stopped. When you can quickly identify underperforming platforms, you can remove them, save money, and maintain your budget targets.

Building a strong in-house technology capability can help your agency align programmatic strategy, budgeting, and campaign execution. You can get a jump on next year's budget planning by thinking ahead to what you will potentially need in your marketing stack. The number of different channels, tactics, and strategies continues to grow, and you will most likely have to utilize several marketing tools to be effective. Developing in-house expertise around programmatic advertising budgets and campaign execution will help to strengthen your buy-side partnerships and client relationships.

