

I've a limited budget where should I spend it?

When it come to online marketing there's a world of opportunities available but very often there is not a limitless budget. If this is the case it can be difficult to decide where to spend it to best effect.

Where do I look first?

Before looking at where to spend the funds you have, it's important to look at where you currently are.

Have you got a good website? That should be your number 1 priority before looking at how to get traffic coming in. If your website isn't going to convert visitors into customers then it's not worth spending your limited budget on sending traffic to it only for them to leave without converting and with a negative brand perception.

Ask customers, employees, colleagues, contacts to have a look at your site and give you their thoughts. Have a look at your current conversion rates and, if you can, where people are currently dropping out of the buying process. If you can establish some key stumbling blocks to the conversion process, spend some of your budget on this area until you believe your site is ready to convert browsers to buyers.

I believe my site is ready, where should I start spending the remainder of my budget?

Once your website is ready you need to start driving qualified traffic to it. Which marketing channels will be most beneficial for you will depend on your market, your customers and your objectives.

Before you start to spend money, make sure you are clear about what your objectives are. Do you want to gain exposure for the brand? Achieve a certain ROI? Hit a certain traffic level? Achieve a maximum number of orders? Until you know these basic objectives you can't ensure you're putting your money in the right place. If for example your main objective is brand exposure, the best channel for you may be pay-per-click (PPC) advertising. If it's to achieve a very strong ROI, it may be email marketing.

I have my budget, I have my objectives, so where do I spend my money to best effect?

The best place to spend your budget will be unique to you so below we run through the different channels available to help you determine which channel(s) suit(s) you best.

Email Marketing

Email marketing is more often than not the most effective channel from both an ROI and a conversion point of view. As long as you have a strong database of customer and enquirers.

The ongoing costs of carrying out email marketing are really quite low for the level of sales/conversion it can bring. Once you have your email template – having a clean, on-brand, HTML template is extremely important – and an email provider to send your emails, the cost of sending an email campaign is around £5 - £10 per thousand email addresses. On top of the send costs, if you don't have the ability to build the email in-house, outsourcing will cost between £500 and £1000 per email campaign.

As long as your database is full of good prospects your conversion rates should be good and the maths will quickly show how profitable a channel this can be.

For example, if you have 20,000 good email addresses, an AOV of £40 and a margin of 55%, using Indium email benchmark figures your email campaign results would look something like this:

20,000

20,000 Sent > 19,800 Delivered (99%) > 5,742 Opened (29%) > 3,216 Clicked (56%) > 145 Orders (4.5%) > £5,800 Sales (£40 AOV) > £3,190 Margin (55%)

Send cost £100 (20,000/1,000 x £5) + setup £750 (middle range) = £850

Profit £2,340 (£3,190 Margin - £850 Cost)

ROI 275% (£2,340/£850)

The larger your email file, the better ROI you'll receive as the cost of increasing your sent number is minimal in comparison with the return. In the above example, doubling the database to 40,000 would more than double profit and ROI to a profit of £5,430 and an ROI of 572%.

You can see from the above examples that if you have the data, email marketing is a very cost effective way of maximising on your current database and achieving a good profit and very strong ROI in the process.

If you don't already have a good customer and enquirer database, the above should give you a very good reason to start building one.

PPC Marketing

PPC marketing can be used in different ways and is a very transparent tool. If your objective is to drive a lot of traffic to your website, quickly, PPC is a good route to take. It can also be used very effectively to build brand awareness, to achieve a specific ROI or to market to a very specific area.

PPC marketing also allows you to monitor your budget very closely so it's easy to ensure the budget isn't exceeded. You are able to add funds as and when you have them so the channel can sit dormant when budget won't allow activity – something that isn't very easy to do with any other channel and can make it a very attractive channel for a limited budget.

Using the tracking, reporting and monitoring tools offered with your PPC provider you will also be able to closely monitor the effectiveness of every aspect of your campaign and optimise effectively. This ensures you're able to get the most value possible from every pound of your budget and such ongoing optimisation is essential for continued performance.

Once the campaign is set up the management costs can be quite low whether in-house or outsourced, however, make sure you don't try and save money by minimising ongoing optimisation as this will significantly reduce your ROI in the long term.

SEO

Search Engine Optimisation (SEO) is often overlooked as a marketing channel and can be viewed as a bit of a Pandora's box and therefore not worth time and money. However, once you've got your SEO working for you there's a relatively low on-going maintenance cost and, as organic search engine listings are free, there's no on-going marketing costs either making it a great area to spend your budget.

The downside of SEO work can be the time it takes to have an effect. If you're looking for quick results, SEO probably isn't the area for you to push budget to but if you're looking for longer term gain then it's a good place to start.

Making sure you appear high in the natural listings is a great way to stay ahead of competition too. If you're listing high and your competitors aren't it's likely to take them a long time to reach your level meaning for a period you've cornered the market. With channels such as PPC, competitors can put their ad above yours with the click of the mouse.

To ensure you get the most out of your SEO spend, make sure you research well and use the help of people in the know to ensure you're getting the most from your activity.

Affiliate Marketing

As with SEO, affiliate marketing doesn't have the immediate impact of an email or PPC campaign but with careful management it can quickly build up to an effective channel in a matter of months.

Affiliate marketing does have to be looked at with a long term view as your affiliates will want to know that if they promote you, you are going to be around for the duration. They won't be interested if there is a chance they will need to stop promoting you in the near future because your budget is too tight.

Management fees on affiliate networks can be very low – in some instances there's no monthly charge – so all you are paying is the commission on sales achieved. This means it's very easy to monitor the effectiveness of the channel and your ROI will always be consistent – you're guaranteed to only be paying out on what you're getting in.

Affiliate marketing is great at reaching to new audiences so as long as you communicate with your affiliates effectively and monitor your programme this channel should work for you from an ROI point of view. However, due to the nature of the channel it may be difficult to contain this channel within the restrictions of your budget so it may be worthwhile reviewing your budget. If affiliates are bringing you sales, do you really want to make them stop or limit them because the amount you can pay out on commission is capped?

Banner Advertising

Banner advertising was once the main channel of online marketing. However, due to the difficulty in managing its ROI and effectiveness you can now buy banner space at quite a low cost. This could mean your limited budget gets you a prominent position in a prime space.

However, make sure you always have your objectives at the front of your mind. If your objective is just brand awareness then banner advertising could work for you – though make sure you have ways of measuring its success – but if your objectives include reaching a certain ROI, banner advertising is unlikely to be the route for you.

In summary

Take a look over each of the channels above and, in conjunction with your objectives, decide which channels are most fitting to you and your budget both short and long term.