



# Are You Leaving Money on the Table? 7 Tips to Justify Your Marketing Budget with Data

In the fast-paced world of marketing, making informed decisions about your budget allocation is essential. The last thing you want is to leave potential revenue untapped or overspend on ineffective marketing strategies.

Fortunately, data can be your guiding light in this journey. By leveraging data-backed insights, you can justify your marketing budget with confidence and maximize your return on investment.

Here are seven actionable tips to help you do just that...

# 1. Define Clear Objectives

Before you allocate a single dollar, clarify your marketing objectives. Ask yourself these questions:

- Are you aiming for brand awareness?
- Are you looking for lead generation?
- Are you focused on conversions?

Having specific goals in mind will help you allocate your budget more effectively.

## 2. Prioritize High-Performing Channels

Analyze your past campaigns and identify which channels have consistently delivered the best results. Double down on these high-performing avenues, ensuring your budget aligns with their potential to yield returns.





# 3. Explore Attribution Models

Data-driven attribution models can reveal the true impact of each touchpoint in the customer journey.

Are certain channels initiating interactions, while others drive conversions? Understanding this can help you distribute your budget wisely.

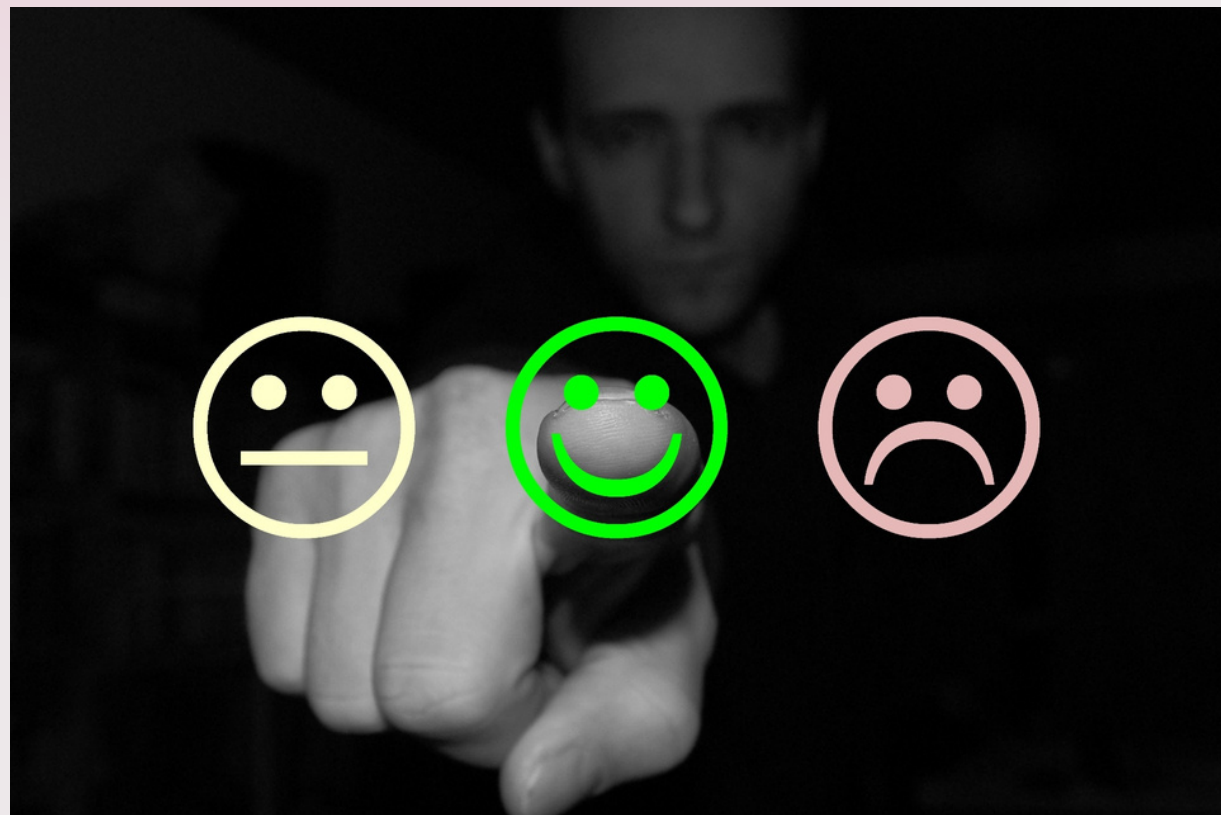


## 4. Monitor Conversion Rates

Evaluate your conversion rates across different channels. Are there channels with high traffic but low conversion rates? Determine if there's a gap in user experience or if optimization is needed to make the most of your investments.

## 5. Assess Customer Lifetime Value (CLV)

Factor in the CLV when allocating budget. High CLV customers might justify a larger investment. Analyze your customer segments to align your budget with the potential long-term value they bring.



# **What is meant by customer lifetime value?**

Customer lifetime value refers to the entire amount a business earns from the average customer over the course of their relationship with the business.

**CLV = Average Transaction Size x Number of  
Transactions x Retention Period**



**Here are some examples:**



A luxury hotel charges \$500 per night for its premium rooms. On average, their customers stay for 5 nights during each visit. The hotel's clientele tends to return for vacations twice a year and continues to do so for about 15 years.

$$\begin{aligned} \text{Customer Lifetime Value} = \\ \$500 \text{ (per night)} \times 5 \text{ (nights per} \\ \text{visit)} \times 2 \text{ (visits per year)} \times 15 \\ \text{(years)} = \$150,000 \end{aligned}$$



A retail brand sells clothing and accessories. Their average customer makes a purchase worth \$50 every two months.

This pattern of purchasing continues for approximately 5 years before the customer's preferences change.

$$\begin{aligned} \text{Customer Lifetime Value} = \\ & \$50 \text{ (per purchase)} \times 6 \\ & \text{(purchases per year)} \times 5 \\ & \text{(years)} = \$1,500 \end{aligned}$$



A lifestyle brand offers a subscription service for wellness products at \$30 per month. Subscribers tend to stay engaged with the brand around 3 years before seeking out alternative options.

$$\text{Customer Lifetime Value} = \$30 \text{ (per month)} \times 12 \text{ (months per year)} \times 3 \text{ (years)} = \$1,080$$



# How do you calculate the lifetime value of a customer?

To calculate customer lifetime value, multiply the average revenue or profit per visit by the number of visits per year, then multiply by the average number of years for the typical customer relationship. The formula for customer lifetime value is:



## 6. Utilize A/B Testing

Experimentation is key. Use A/B testing to fine-tune your strategies. Which variations of ad copy, visuals, or landing pages drive better results? Data from A/B tests can guide where to allocate budget for optimal outcomes.





## 7. Monitor Return on Investment (ROI)

Regularly track your ROI for different marketing initiatives. Is your spending translating into revenue? If certain efforts consistently fall short, reevaluate their place in your budget.



# Using Data to Validate

To validate the effectiveness of these tips, let's consider a hypothetical scenario.

A company allocated 80% of their budget to social media ads and 20% to content marketing.

After analyzing the data, they found that while social media generated initial engagement, content marketing led to more conversions and higher CLV.

By adjusting their budget to reflect this insight, they increased ROI by 25%

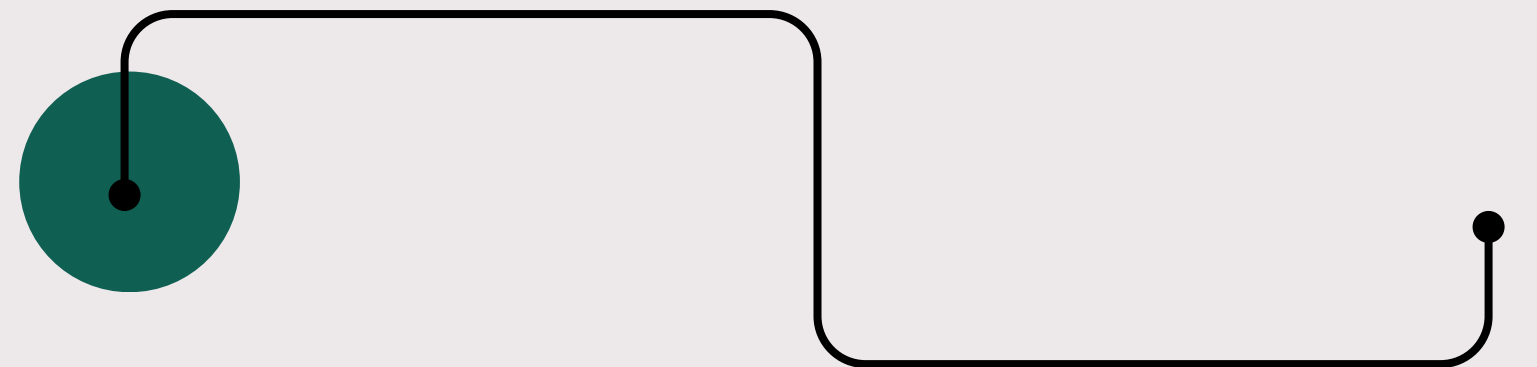
# Actionable Items + Follow-Up Questions

Analyze your past campaigns and identify which channels have consistently delivered the best results.

Double down on high-performing avenues, ensuring your budget aligns with their potential to yield returns

Step 1: Audit your past campaigns' performance data.

**Which channels consistently delivered the best results?**

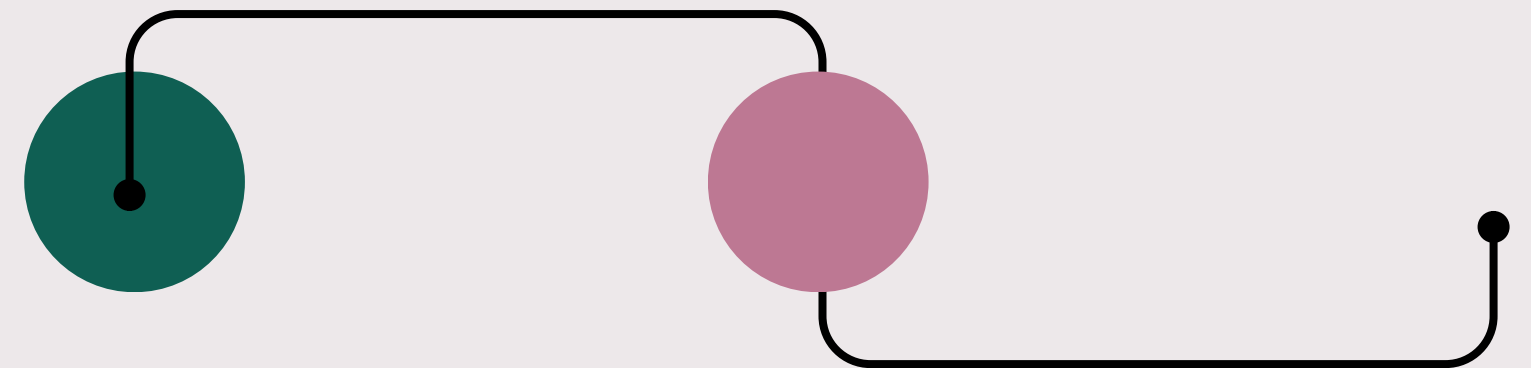


Analyze your past campaigns and identify which channels have consistently delivered the best results.

Double down on high-performing avenues, ensuring your budget aligns with their potential to yield returns

Step 2: Implement A/B testing for your ad creatives.

**What insights can you gather from A/B testing? How can you adjust your budget accordingly?**

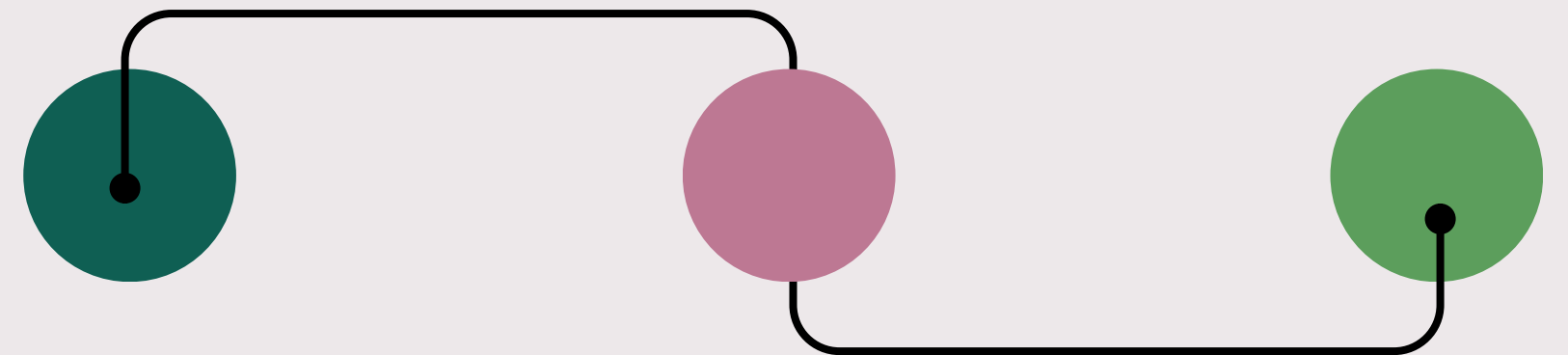


Analyze your past campaigns and identify which channels have consistently delivered the best results.

Double down on high-performing avenues, ensuring your budget aligns with their potential to yield returns

Step 3: Calculate the CLV for different customer segments.

**How can you allocate budget based on the potential lifetime value each segment offers?**



By following these seven data-driven tips and validating them with real-world examples, you can confidently allocate your marketing budget and ensure you're not leaving money on the table.

**Remember, data isn't just a tool – it's your strategic advantage in optimizing your marketing investments.**





I hope you found this guide helpful.

If you have any more questions or need assistance with practicing these exercises for your own business, **schedule a quick 10-15min call with Tiffany for a complimentary brand evaluation for a custom tailored approach.**

**SCHEDULE A CALL**