

## 8.2 Marketing Budgets

**Scenario:** Your client has called you and asked you about the next three months. They are putting together their budget for the quarter and have allocated \$30,000 towards marketing. Your client has tasked you to get \$100,000 in sales. Please indicate how much of the budget you will spend for each of the following channels and explain why you are allocating that amount.

Social Media, Display Advertising, Email Marketing, Website/Landing Pages

### Company Background

Home Delights specializes in specialized home gadgets that help make everyday life easier.

Their focus is on bringing high end and high technology items to the households in their local community. Their mission is to improve the lives of those around them.

In creation of this quarterly marketing budget, in-house services have been utilized to optimize the budget and increase the company's overall appeal by helping the local community. Martin, the owner, hires staff at higher than minimum wage and tries to utilize their talents and interests. He tries to give back to the community members where his store is located.

### Budget Goals and Preliminary Details

For this quarterly campaign to obtain an additional \$100,000 in sales. Martin wants to utilize the following local individuals from the community for contracted work:

- Jane – local aspiring product photographer studying at a nearby college. He has worked out pricing of \$150 per hour for her services to help her build her portfolio for graduation. Jane gives Martin full rights to use her images for marketing purposes.
- Bob – local graphic designer who owns and operates Bob's Printshop, a small community print shop. He charges \$35 per hour for his graphic design services. They have arranged a

package and associated pricing that will not only help Martin at Home Delights, but help Bob also grow his Print Shop business. Martin has agreed to put a small brochure display by each register during the quarterly campaign.

Martin is also utilizing the following in-house staff, both hourly and salary employees, who have particularly useful talents and interests:

- Suzy – an hourly employee who is studying web design at the local college. He previously contracted with Suzy to design his original website and has offered to pay her additional for work completed to maintain the website, post on the company blog, and create this campaigns web related items such as campaign landing pages. She is paid a flat rate per blog post, website update, and landing page created.
- Barbara – a salary employee making \$35,000 per year as the company email and social media expert. Martin has agreed to pay extra per assignment due to the magnitude of this campaign. She is paid \$5 per social media post she creates and schedules using Later for post automation. She is paid \$50 per email template and campaign setup.
- Judy – hourly employee who is studying merchandising at the local college and has a keen knack for product displays which not only increase interest but increase sales.
- Maggie – hourly employee who often helps Judy arrange product displays. They work well together and are very efficient.
- John – hourly employee that specializes that is not afraid of climbing the company tall ladders to hang the large signs and other store décor.
- Walter – hourly employee that frequently helps John and is popular among the customers in the home décor products.

Martin has decided that he wants to try using social media influencers for this campaign to help drive traffic online and off. He has agreed to use the following two young social media influencers from the community:

- Kevin – influencer on Instagram and Facebook who currently has 10,000 followers
- Gabby – influencer on Instagram and Facebook with only 2,500 followers but is passionate about technology driven devices.

**Estimated Quarterly Budget: \$29,861**

With the following estimated budget, we were able to increase visibility of both Home Delights and the products they offer. The budget was divided between five main categories – wages, social media, display advertising, email marketing, and website/landing pages.

This division included the following focus intents:

- Improving in-store displays and signage
- Updating existing website and blog content
- Increasing existing email campaign efforts and utilizing landing pages
- Investing in influencer marketing tactics
- Increasing social media presence and utilizing social media advertising and post boosting features – capped at weekly spending limit
- Utilizing Google Ads – capped at weekly spending limit.

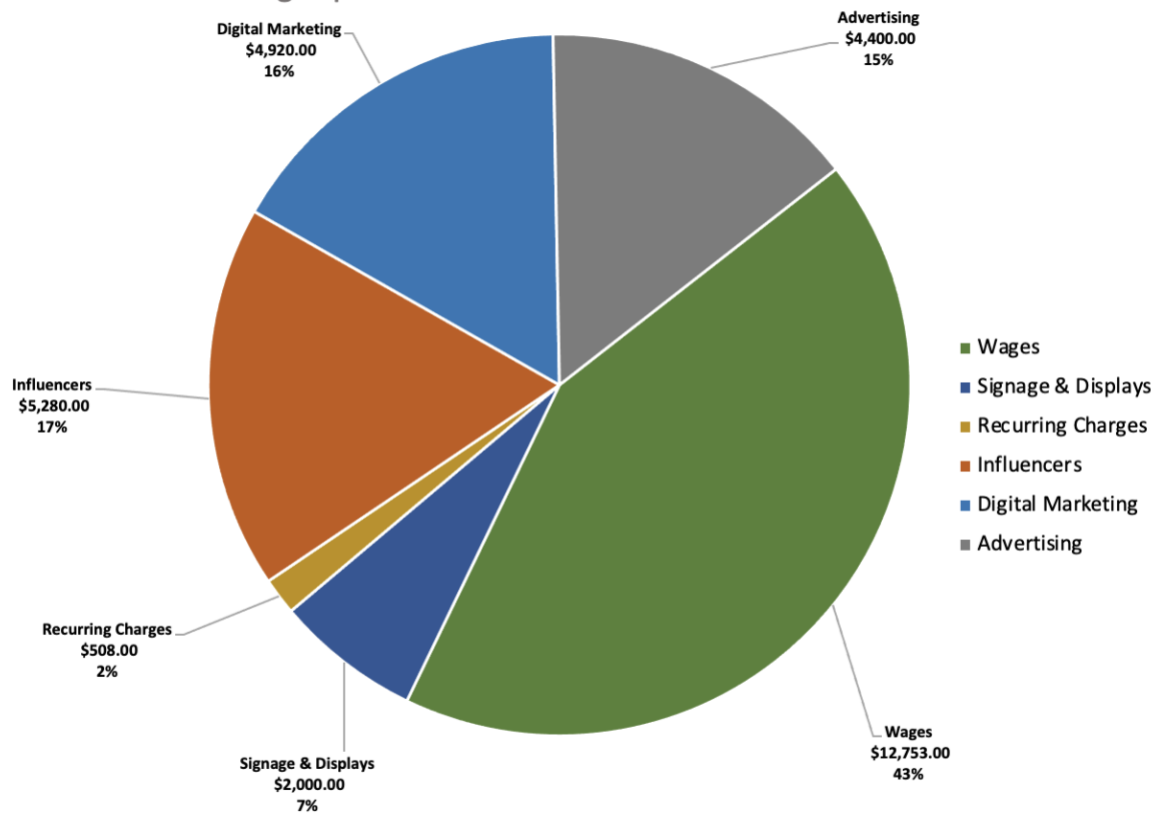
Quarterly Marketing Budget								Estimated Budget: \$ 29,861.00			
	Month 1				Month 2			Month 3			Quarter
Wages - Personnel and Contract											
Staff Members Utilized	Hours	Rate	Total	Hours	Rate	Total	Hours	Rate	Total	Total	
Suzy	40	\$ 17.50	\$ 700.00	20	\$ 18.50	\$ 370.00	20	\$ 18.50	\$ 370.00	\$ 1,440.00	
Barbara	1	\$ 2,197.00	\$ 2,197.00	1	\$ 2,197.00	\$ 2,197.00	1	\$ 2,197.00	\$ 2,197.00	\$ 6,591.00	
Judy	12	\$ 16.50	\$ 198.00	10	\$ 17.50	\$ 175.00	8	\$ 17.50	\$ 140.00	\$ 513.00	
Maggie	12	\$ 15.50	\$ 186.00	10	\$ 16.50	\$ 165.00	8	\$ 16.50	\$ 132.00	\$ 483.00	
John	12	\$ 16.50	\$ 198.00	10	\$ 17.50	\$ 175.00	8	\$ 17.50	\$ 140.00	\$ 513.00	
Walter	12	\$ 15.50	\$ 186.00	10	\$ 16.50	\$ 165.00	8	\$ 16.50	\$ 132.00	\$ 483.00	
Contractors Utilized	Hours	Rate	Total	Hours	Rate	Total	Hours	Rate	Total	Total	
Bob	24	\$ 35.00	\$ 840.00	12	\$ 35.00	\$ 420.00	12	\$ 35.00	\$ 420.00	\$ 1,680.00	
Jane	2	\$ 150.00	\$ 300.00	2	\$ 150.00	\$ 300.00	3	\$ 150.00	\$ 450.00	\$ 1,050.00	
Total wage payment	\$ 4,805.00			\$ 3,967.00			\$ 3,981.00			\$ 12,753.00	
Store Signage and Displays											
Vendor	Pkgs	Rate	Total	Pkgs	Rate	Total	Pkgs	Rate	Total	Total	
Bob's Print Shop - Large signage	2	\$ 150.00	\$ 300.00	2	\$ 150.00	\$ 300.00	4	\$ 150.00	\$ 600.00	\$ 1,200.00	
Bob's Print Shop - Small signage	4	\$ 50.00	\$ 200.00	4	\$ 50.00	\$ 200.00	8	\$ 50.00	\$ 400.00	\$ 800.00	
Total signage and displays	\$ 500.00			\$ 500.00			\$ 1,000.00			\$ 2,000.00	
Recurring Charges											
Item Vendor	QTY	Rate	Total	QTY	Rate	Total	QTY	Rate	Total	Total	
Hosting Services Skynet	1	\$ 36.00	\$ 36.00	1	\$ 36.00	\$ 36.00	1	\$ 36.00	\$ 36.00	\$ 108.00	
Email Automation MailChimp	1	\$ 80.00	\$ 80.00	1	\$ 105.00	\$ 105.00	1	\$ 170.00	\$ 170.00	\$ 355.00	
Social Media Automation Later	1	\$ 15.00	\$ 15.00	1	\$ 15.00	\$ 15.00	1	\$ 15.00	\$ 15.00	\$ 45.00	
Total recurring charges	\$ 131.00			\$ 156.00			\$ 221.00			\$ 508.00	
Influencer Marketing											
Influencer Contracted	QTY	Rate	Total	QTY	Rate	Total	QTY	Rate	Total	Total	
Kevin	8	\$ 100.00	\$ 800.00	8	\$ 150.00	\$ 1,200.00	8	\$ 200.00	\$ 1,600.00	\$ 3,600.00	
Gabby	16	\$ 25.00	\$ 400.00	16	\$ 30.00	\$ 480.00	16	\$ 50.00	\$ 800.00	\$ 1,680.00	
Total Influencer Marketing	\$ 1,200.00			\$ 1,680.00			\$ 2,400.00			\$ 5,280.00	
Digital Marketing											
Item Staff	QTY	Rate	Total	QTY	Rate	Total	QTY	Rate	Total	Total	
Blog Posts Suzy	4	\$ 15.00	\$ 60.00	6	\$ 15.00	\$ 90.00	8	\$ 15.00	\$ 120.00	\$ 270.00	
Website Updates Suzy	4	\$ 75.00	\$ 300.00	6	\$ 75.00	\$ 450.00	8	\$ 75.00	\$ 600.00	\$ 1,350.00	
Email Campaign Setup Barbara	4	\$ 50.00	\$ 200.00	4	\$ 50.00	\$ 200.00	4	\$ 50.00	\$ 200.00	\$ 600.00	
Social Media Post Creation Barbara	120	\$ 5.00	\$ 600.00	120	\$ 5.00	\$ 600.00	120	\$ 5.00	\$ 600.00	\$ 1,800.00	
Landing Page Creation Suzy	4	\$ 75.00	\$ 300.00	4	\$ 75.00	\$ 300.00	4	\$ 75.00	\$ 300.00	\$ 900.00	
Total Digital Marketing	\$ 1,460.00			\$ 1,640.00			\$ 1,820.00			\$ 4,920.00	
Advertising Campaigns											
Item Platform	QTY	Rate	Total	QTY	Rate	Total	QTY	Rate	Total	Total	
Facebook Ads Facebook	4	\$ 100.00	\$ 400.00	4	\$ 100.00	\$ 400.00	4	\$ 125.00	\$ 500.00	\$ 1,300.00	
Facebook Post Boosts Facebook	4	\$ 50.00	\$ 200.00	4	\$ 50.00	\$ 200.00	4	\$ 50.00	\$ 200.00	\$ 600.00	
Instagram Ads Instagram	4	\$ 100.00	\$ 400.00	4	\$ 100.00	\$ 400.00	4	\$ 125.00	\$ 500.00	\$ 1,300.00	
Google Ads Google	4	\$ 100.00	\$ 400.00	4	\$ 100.00	\$ 400.00	4	\$ 100.00	\$ 400.00	\$ 1,200.00	
Total advertising campaigns	\$ 1,400.00			\$ 1,400.00			\$ 1,600.00			\$ 4,400.00	

## The Budget Breakdown

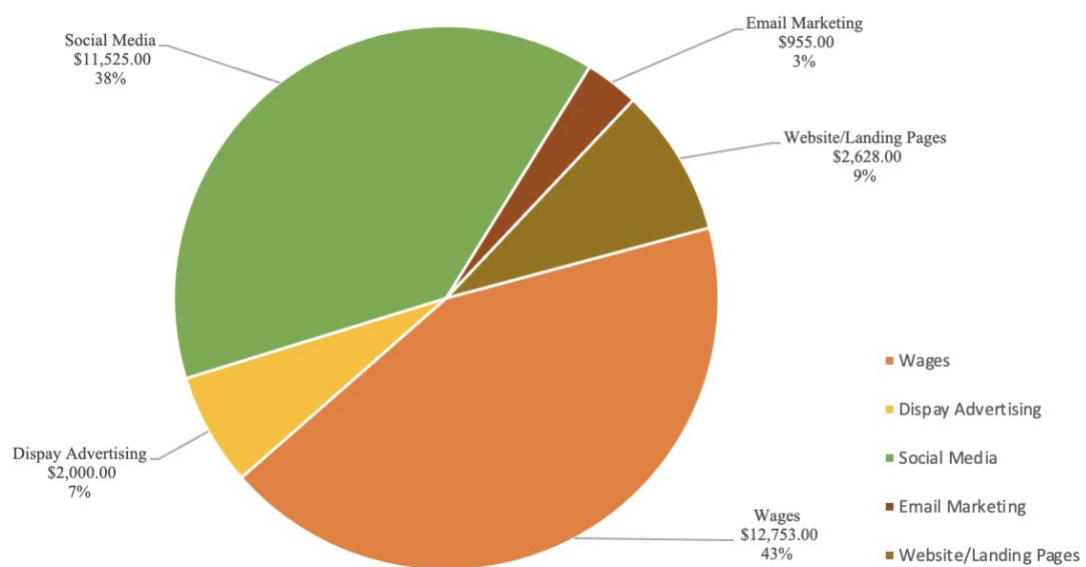
The breakdown for the budgeted focus categories is as follows:

- Wages – 43% (\$12,753)
- Social Media – 38% (\$11,525)
- Display Advertising – 7% (\$2,000)
- Email Marketing – 3% (\$955)
- Website/Landing Pages – 9% (\$2,628)

Estimated Marketing Expenditure Breakdown



Marketing Budget Breakdown



**The Estimated Results**

If the follower growth trends for each influencer continues, this will offer a considerable increase in exposure each week. Kevin, the larger influencer, is expected to grow his following from 10,000 followers to 20,000 followers by the end of month three. Gabby, the small influencer, is expected to grow her following from 2,500 followers to 5,000 followers by the end of month three. This will result in an increase of interest and business to the physical store and online. These increases overall estimated influencer expenses, but will in additional recognition, business, and sales. It is estimated that the 2% of the follower base will result in new customers with an average spend of \$100 each. With the increase of roughly 250 customers, there is estimated to be \$25,000 in additional sales.

Home Delights is expected to increase their email marketing numbers from 5,000 contacts to 15,000 contacts by the end of month three based on current growth rates. This is from instore acquisition of emails, website newsletter signups, social media campaigns, and other organic efforts. It is estimated that only 15% are paying customers not also resulting from influencer marketing. From this increase of 1,500 new customers, it is estimated that 40% from in-store customers that spend on average \$45 and an estimated 60% from online customers that spend on average \$75. This email list growth increases recurring expenses but is also expected to increase sales and revenue. This is estimated to bring an additional \$94,500 in sales.

Together these marketing efforts are expected to increase total sales an additional \$119,500 by the end of 3 months. The projected budget stays within the bounds of the \$30,000 that Home Delights allotted for this marketing budget.