

## Original Paper

# Balance between Online and Offline Marketing Investments

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### **Abstract**

*Companies can develop their actions using traditional forms of promotion, as well as those related to the digital environment. One of the major challenges of a company is the determination of the marketing budget, mainly in order to perform the apportionment between what should be invested in the offline and online categories and in the Above The Line (ATL) and Below The Line (BTL) means of communication. This is mainly due to the short period of experience in the digital environment—specifically with regard to online and BTL. This research involving 50 interviewees presented the difficulties that companies have in determining the values and distribution of the marketing budget in those strategies that can bring the best results.*

### **Keywords**

*marketing budget, traditional marketing, digital marketing*

## **1. Introduction**

One of the fundamental decisions of Marketing is related to the value of the financial investment that will be used for the development of strategies to bring about results in the business of the company. Such a decision not only involves the area, but also is a decision influenced by the whole company, contextualized with strategic planning, the market and business environment. In addition, another important point is how it will be invested in strategies involving online and offline, to obtain the best results with the lowest resources. Through 50 in-depth interviews with entrepreneurs from medium and large companies, we sought to identify how they decide and distribute their financial resources and efforts, in order to develop strategies that contribute to the best commercial results.

## **2. Technology and Marketing**

Information Technology (IT) must be applied in different ways, whether in the company, or in its processes, marketing, in strategies, business and on the market. What is important is its use beyond the traditional idea that it is focused only on reducing costs and expenses, but rather on providing a favorable business and social environment. Thinking in this way, BASF (2019) has stood out not only in the use of technology to make its internal processes more productive, but also in order to maintain business excellence through new solutions for the market. As certified by the company (2019), its initiatives led to an award by 100 Open Startups, which is a platform for connecting large companies, startups and leveraging business opportunities. The award that evaluated the most engaged companies in the innovation ecosystem is the result of the work carried out by the Center for Scientific and Digital Experiences, Onono. It serves as a driving force in the creation and development of business throughout

the Company's Value System/business/sector, which involves the company, customers, suppliers of raw materials and services, employees, higher education institutions and startups. In addition to this award, another one, which was the evaluation of startups, was awarded. More than producing and marketing chemicals, the company believes that it must build a sustainable future from a technological and digital ecosystem, with social responsibility and environmental protection.

This whole process refers to the idea that Information Technology (IT), besides being an important macro environmental market variable, shapes behaviors and strategic actions and transforms the ways of being, thinking and acting in business. With this, the company strengthens its strategic positioning and its stay on the market. According to Palmer and Blake (2019), quality digital content involving low costs is available and widely used. However, considering competitive environments, the big challenge is the discovery of new technologies and/or even applications.

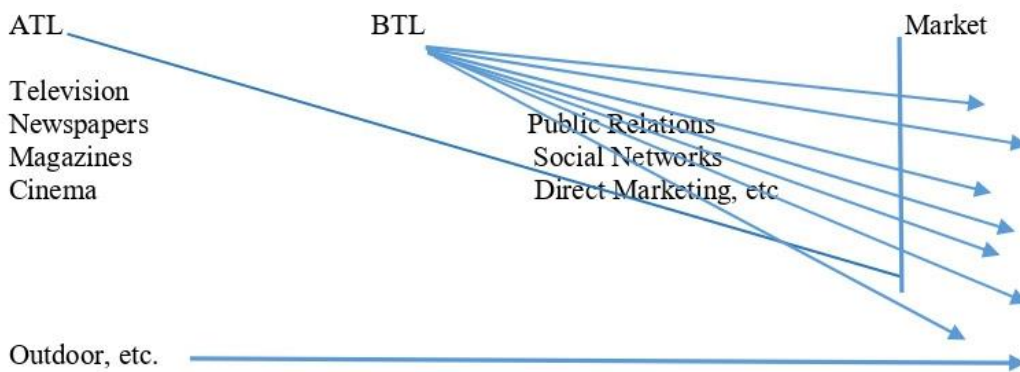
Schulze (2005) discusses the importance of the Experience Society, emphasizing the need for companies to create experiences and these will, in fact, be the ones that mobilize the economy. Products and services meet the most direct needs of the consumer, but companies must create experiences to strengthen the cognition bonds of relationships. When proposing marketing strategies, the company should know its market and especially consumers and have a clear and broad vision of the different applicability of the marketing tools available.

### **3. ATL and BTL**

According to Lovelock (2016), Product and/or Service, Market, Promotion, People, Processes, Palpability, Productivity and Price represent marketing tools. Marketing strategies derive from these tools. Considering the Promotion portfolio, they can be categorized as Above the Line (ATL) and Below the Line (BTL) (DELFINO, 2007), where the company, based on its objectives and goals recommended in its strategic planning, must adapt the intensity of its strategies in order to obtain the best cost-benefit ratio.

Above the Line (ATL) is related to the application of tools in a traditional way, as in printed and electronic media. It involves advertisements on television and radio, banners and billboards, and in magazines and the cinema, for example. It is generally related to the exposure that aims to reach consumers more broadly, in order to inform and strengthen the company, image, positioning, brand, products and services. It should have a Learning Curve (BLANCETT, 2002) with the appropriate adjustments, acquired over the years, through the application of strategies within contexts and scenarios that the company must identify and monitor, in addition to the knowledge of the experiences of direct and indirect competitors.

Below the Line (BTL) is related to non-traditional means of communication, with the aim of having a more segmented focus, on the process of communication and contacts with the consumer. They may be related to Public Relations, Direct Marketing, Social Networks, and others that aim to increase the level of relationships with the client portfolio. It also categorizes, in a more general way, marketing applications involving technology and the digital environment.



Source: Author (2021).

**Figure 1. ATL and BTL**

BTL actions are more represented by building deeper relationships in a more segmented way. They can be exemplified from Public Relations tools, through their press releases, events, direct marketing, among other actions.

One can affirm that ATL actions direct guidance to the masses (TAHARA, 2004) and BTL actions focus their efforts on the implementation of the marketing process and result in sales. According to Rogers (2017), digital technologies influence the ways we think about how we create value for the customers of the company. The development of technologies is constantly evolving and transforming, which implies the constant monitoring of what is being done, as well as what could be accomplished.

Traditional media already have studies and analyses on applications and results, resulting in a Learning Curve. According to Nonaka and Takeuchi (1997), the outsourcing of experiences generates the concept of knowledge. Digital media still do not have a long history, implying an empiricism in applications, due to the shorter period of analysis of the results obtained by companies that have adopted the practices in digital environments. Companies, according to research, reserve their budget within both categories of means, but largely using traditional metrics, considering offline and ATL.

The incorporation of digital media and forms provided at first, for companies, interesting alternatives of communication. On the other hand, this side is still unexplored in relation to its alternatives, possibilities and metrics. As an example, a few years ago a practical way of measuring the result of a campaign was related to the number of likes on social networks, but that in practice does not mean significant results and end of consumption. Currently, a more complete form is at the level of engagement, which lies in the intensity of sharing.

One of the essential points is Communication. It is not different In Digital Marketing, where the generation of interest and attractiveness are important for business development. Therefore, depending on the type of audience you want to reach, it is essential that there be an image and title, which generate a certain level of interest and initial reading. We are not considering director Quentin Tarantino's taunt in his "The Hateful Eight", with the long opening just to show camera quality. This is different, because people seek and even support the eccentricities of the director. We are dealing with the situation where we are virtually navigating and the network algorithm leads us to publication. In this case, it has to be like a great melody, which is insistently in our brain. Many want to convince people about the technical qualities and describe to them in an extensive text about their differentials and forget that people do not always have the time and sometimes the patience to read the obvious. In this case, simple words and terms are necessary to justify such differentials. Therefore, it is not stating that what the company offers

has quality, but rather that attributes valued by consumers will be met. After that, following reading identification, make promises that you can fulfill. We have already experienced an “emergency service” and to be attended only two days later and the company stating that they were busy and did not have time. Finally, sharing is one of the proofs that the content worked and allowed the ad to remain in the minds of your target audience for a long time.

Considering Digital Marketing, Content Marketing consists in creating, developing and inserting quality online content, relevant and significant, in order to make the internet users interested in reading the contents, expressing their opinion, sharing and having great interest in the acquisition of what is being marketed. This type of marketing is one of the parts to gaining engagement, which goes through the objectives of informing, educating, entertaining, creating empathy, perpetuating a cognitive bond of trust in the brand.

When we refer to the subject, we pay close attention to the text and images. Compared to the traditional structure of an advertising agency, we have the functions of the advertising writer, responsible for the texts of the campaigns, as well as the area of creation, responsible for the parts. Nevertheless, it is not just about these two formats, although they are essential for communication to take place efficiently and effectively.

#### **4. Ways to Define the Marketing Budget**

The definition of the marketing budget for the following period (usually within the period of one year), cannot be a random process, with the need to measure and predict what will be marketed and the resources involved. On the other hand, it cannot also be a static process, but a dynamic one that addresses the respective adaptations made during the current period. The amount involves how much the company wants to spend in relation to the expectation of revenue, making it essential to forecast sales.

As for sales forecasting methods, Stanton, Spiro and Rich (2007) highlight those related to customer analysis, market factors, director reviews and sales force, as well as consumer purchase intentions. Regardless of the method employed, it is of relevant importance to predict what the company can sell on the market, as it implies the definition of the Marketing budget, as well as all other areas of the company. In addition, its application in actions aims at achieving better results, as well as balanced with the goals and objectives of its strategic planning.

On the other hand, the company should keep in mind that there are other costs and expenses that should be considered, such as the production and delivery of the parts, as well as those that sustain the operations, such as the administrative costs for the maintenance of the company. Considering the online, for example, we have software and stakeholders licenses sometimes different from those of offline, which influences the negotiation and bargaining power, both in production as well as in the delivery.

The marketing budget cannot be static but treated dynamically, in order to adapt according to sales forecast and the implementation of the different goals and objectives of Marketing. To set this up, one can use the historical references, serving as a reference what was actually spent in the previous period, usually a commercial year and design it for the following period with the appropriate adjustments, including those based on quotations with those involved.

No budget, because it is a forecast, is entirely correct and each economic sector and/or company must adopt a margin of security, which should be in accordance with its financial capacity. It results in the situation that small businesses may not have the necessary flexibility in allocating and reserving financial resources, in detriment to the larger ones. An advisable measure in case of budgetary constraints is

prioritization in those actions that will result in greater results for the business of the company, as well as those considered as institutional, such as the support of positioning and brand.

### **5. Ways to Define the Distribution of Marketing Budget**

A qualitative aspect was used, having in-depth qualitative interviews as the method, with the application of a script of open questions of reason. Denzin and Lincoln (2011) state that, “the methods and approaches categorized as qualitative research are the case study, participatory research, interview, participant observation, visual methods and interpretive analysis”. The research involved 50 business owners, from different economic sectors and sizes, located in the city of São Paulo, Brazil. We contacted 86 people and the filter question selected those who frequently develop offline and online strategies, disregarding the values used in this study.

Among the sample, 100% attest fundamentally that the Marketing budget is defined according to the goals and objectives of strategic planning. Among these respondents, 60% use historical data for the complementary determination of the budget, while 30% according to the sales forecast and 10% in the expectation of results.

According to the interviews, we found that those responsible for marketing investment decisions have ease when defining the values to be used in strategies in offline environments, highlighting that 30% indicated that they use historical data, having a certain predictability in the future period. Of those interviewed, 60% indicated that they are based on the results to be obtained, within parameterization with strategic planning and another 20% with comparative means with the competition. Another 20% indicated that the most important basis refers to the experience of those involved.

Regarding the values to be used in strategies in online environments, empiricism stood out, based mainly on recent experiences the company has used, according to 60%, 20% based on competition and 20% for issues related to the affinities of the company or who decides the budget.

Considering the two environments, one of the great difficulties is the balanced determination of the available financial resources in the face of the appropriate results, since there is vast literature and reports that analyze the strategies with the media, as well as the results for traditional media, ATL and little experience in BTL. However, 80% of the interviewees stated as the main difficulty is access to information for those who wish to develop strategies in online environments, while 20% attest to the values considered high in offline means.

### **6. Conclusions**

Digital transformation has created opportunities and challenges, influencing business strategies in the face of consumers; however it is also constantly changing. Consumer markets in general cannot be considered homogeneous, but rather segmentable, where the company should modulate strategies according to the profile of desired customers, as well as a budget that should be adequate as to the capabilities of the company, as well as the expected results from the sales forecast and strategic planning. Marketing strategies can be categorized as offline and online, with the first a vast history of applications and results and the second still evolving and without a longer period of experience. Thus, within the premises of strategic planning, the company's resources must be well used, in order to obtain the best results. On the other hand, if on the one side we have the premises of strategic planning analyzed in a more descriptive way, we have a certain unbalanced level of data and information about the digital environment, which can lead to decisions based on less rational criteria and with a certain level of subjectivism.

The determination of the budget in Marketing must be inserted in the premises of strategic planning, with the proper security and business prospects of the company. Through in-depth qualitative research, difficulties were found in determining the marketing budget and mainly how to distribute in the online category, as well as in those actions involving Below The Line (BTL).

Each company must identify and monitor its strategies in order to have a history, which can guide its actions according to the Learning Curve. This curve should contain the actions contextualized with the environment where the company carries out its actions, costs and expenses involved, as well as the analysis of the respective results.

Partial or total emigration to the digital environment is not mandatory, as part of business decisions. However, it is noted that more and more we-companies and consumers-are influenced by this environment and companies that do not adhere to this reality may lose their competitive position on the market.

For future studies, it is recommended to fragment the costs and marketing expenses of companies in digital environments, in order to have a more detailed view of the composition and results.

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