Kashmir Journal of Science
https://kjs.org.pk ISSN: 2958-7832

Kashmir Journal of Science (2025), 4(1): 108-121

Research Paper

Predictive Models for Advertisement Campaign Budget Allocation

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ARTICLE INFO

Article history:

Received: 30 October 2024
Accepted: 11 March 2025
Available online: 17 March 2025

Keywords:
Digital Marketing,
Predictive Models,
Return on investment,
Machin Learning,

Abstract

This study explores the role of predictive models in optimizing advertisement campaign budget allocation. As digital marketing grows more complex, predictive models offer data-driven insights that help advertisers allocate budgets more efficiently. These models use machine learning to analyze past performance, predict trends, and optimize resource distribution across channels, improving campaign outcomes and return on investment (ROI). Techniques such as real-time bidding (RTB), customer segmentation, and multi-touch attribution have enhanced budget allocation. However, challenges like data quality, model interpretability, and integration complexity limit widespread use. Predictive models are integrated into platforms like Google Ads and Facebook Ads Manager, optimizing cost-per-click (CPC) and conversion rates. Balancing automation with human oversight remains crucial. Research should focus on real-time data integration and ethical concerns around data privacy to ensure responsible use. Refining these models will empower advertisers to make better data-driven decisions, improving budget allocation and campaign success.

Introduction

The introduction to predictive models for advertising campaign budget allocation involves understanding how modern advertising strategies have evolved Digital technologies have significantly changed the advertising landscape, providing numerous channels and platforms to reach target audiences. This shift has prompted a move from customary instinct-based financial plan portion strategies to additional information driven and prescient methodologies The introduction to the application of predictive models for allocating advertisement campaign budget consists in understanding the fact that modern advertising processes go through active modifications Khaldy et al., (2023). Advertising technologies have shifted a great deal in recent years due to the digital environment bringing numerous channels and platforms to reach consumers. This has Mean that there has been shift from old-fashioned guess work in budgeting methods to analytic and forecasted budgeting methods. A well-coordinated budget is central to campaign performance and success. Predictive models in the present context depict a shift towards the efficient use of data analytical asset and algorithm models with the aim of maximizing resource allocation for better returns on campaign performance.

The introduction also provides information on the issues and challenges affecting the advertisement industry in the current market setting. Some of these challenges include need to divide budgets in many channels, shifts in consumer tendencies and preferences, and proving measurable returns on investments. Additionally, it presents how the potentials of predictive modelling could be used to overcome these issues like decision-making, better Return of Investment, and resource utilization. Through data and predictions, the advertiser can understand many aspects of the campaign as well as locate flaws in the campaign or improve the allocation of money to achieve the greatest advertising impact. The introduction therefore forms the background to the study by outlining the importance of using predictive models in forecasting ad spending for campaign budgets and sharing insights into current advertising trends and challenges to establish why it matters to advertisers.

The primary challenge in this work is effectively distributing advertising budgets in a complex and data-intensive environment. Traditional budgeting methods often rely on heuristics or simplified models that do not consider the complex interactions between (Anderson et al.,2023) different advertising channels and consumer behavior. This can result in less than ideal expenses in the event that a few channels are overinvested and others are underutilized, prompting wasteful utilization of promoting assets. Determining models offer a promising arrangement in light of information examination to legitimize choices on financial plan store designation.

The primary target of this study are to audit the current writing on prescient models for financial plan allotment in promoting efforts completely. This will include dissecting the ebb and flow best works on, arising patterns, and key discoveries from late examination around here. The review will likewise plan to distinguish the key benefits, issues, and impediments of involving prescient models in promoting practice. It will investigate the advantages of utilizing prescient models, as well as the hindrances and issues that obstruct their far and wide reception.

Also, the review will dig into recent fads and future examination headings in the field of prescient models for publicizing the financial plan portion. This will include looking at late improvements like the joining of prescient models with other advertising innovations and considering moral and security arranged approaches. Provide recommendations and best practices for the effective implementation of predictive models in advertising budget allocation. Based on the research findings, marketers and decision-makers will receive recommendations and strategies for the successful use of predictive models in their advertising campaigns.

Examine the ethical aspects and privacy considerations in the development and implementation of these models. The study will focus on the growing concerns about data privacy and the responsible use of consumer information in the context of predictive models for advertising budget allocation.

Display advertising ever popular has evolved to programmatic advertising that operate through real-time bidding and optimization techniques. Below is an in-depth overview of the literature review on optimal budget allocation algorithms in programmatic advertising Anderson et al., (2023).

There has also been several recommended approaches to use to optimize advertising campaign expenditures. These models comprise simulation-based strategies that combine keyword segmentation and campaign arrangement, reinforcement learning formulation like BCQ4DCA for dynamic, budget-constrained campaign distribution, decision models for optimal budget distribution across (Anderson, 2022) multi regularized markets with different aims and constraints, an optimal control model acknowledging advertising flexibility and word of mouth impacts for the budget allocation decisions, and lastly, the Contextual Budgeting (Ansari, 2016) System (CBS) that employs These models help to further understand the various factors that may affect ROI, the conversion rate, cost per conversion and overall utilization of budget, and as such present useful instruments for the advertiser to make rational budget decisions (Baier, 2015).

In addition, highlighted the relevance of SEO in making Search Advertisements work more effectively, showed how SEO can lead to better visibility and efficiency and concentrated in the concept of the optimal rank and bid amounts, exploring the cost ratio between increased bidding and better ads position to get low cost per click (Batra, 2021).

Investigated the impact of format standardization on online ad effectiveness based on a linear probability model; standard formats are on average less effective than other formats. Nevertheless format standardization is an external factor that does not contribute to the assessment of business performance These studies use various methods including optimization techniques and neural networks (Bennett, 2021). They provide valuable insights into factors influencing online ad effectiveness but share a common limitation (Bhatnagar, 2017) The first significant issue is that the actual innovative results are not efficiently incorporated into the business context and do not receive enough attention to the direct line business performance indicators (Brown, 2018). This gap is a call for full-scale models, which link usability to the credibility of the business performance figures to assess (Chaffey, 2019). The effectiveness of online ads more accurately Consequently, the analysis encompasses different studies on the effectiveness of online advertising, together with their methods, results, and weaknesses.

In this case, using a fuzzy multi-objective optimization model that aims at achieving a compromise between users' satisfaction and the benefits accruing from the online ad (Chandrashekaran, 2017). They discovered that even though the experience of users affects the ads in question, it did not have an impact on the business of ads (Chen Y et al., 2019). The limitation of their model is the absence of industry and consumer data that is realistic for practical applications concerned with profit maximization of wireless video broadcast networks, optimizing ad insertion based on the gate purchase rates and ad duration (Chatterjee et al. 2020). That said, their model only considers video ads and does not include other online advertising formats that propose optimal loss functions to estimate click-through rate (CTR) in online auctions for ads (Chen 2019). a fact that means that such functions can improve economic welfare (Chen 2019). However, CTR is one among the numerous advertising parameters for measuring the performance of the advertisements and such an approach does not encompass business KPIs developed a more comprehensive Lanchester model for the dynamic investment approach for covering the advertisement's expense online (Clark 2017). According to their studies, they discovered that investment techniques can enhance ad effectiveness (Dalessandro et al., 2012), however, the studies are of insignificant help in the tactical analysis to ad effectiveness As for the specific research question, they used the linear probability model to investigate the effect of the privacy regulation in the EU on the online ad effectiveness (Davis 2021).

Material and Methods

This study presents the detailed research methodology employed to develop and validate predictive models for the allocation of advertising campaign budgets. The methodology is carefully structured to address the research objectives systematically, utilizing advanced data analytics, clustering techniques, and neural networks to extract meaningful insights from short-text datasets.

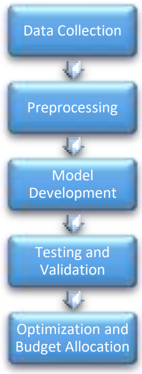

Figure 1: Initial Stage of Implementation

Data Collection

The crucial stage in obtaining data for analysing forecasting models of the advertising campaign budget is to extract a balanced dataset from blogs, descriptions of goods, client reviews and promotional information. The choice of products from the focuses on Amazon due to the abundance of product reviews and metadata available for the products. Data processing comes under text preprocessing, semantic analysis, and keyword extraction, clustering techniques and hierarchical clustering. Hence, and as evidenced by the information presented below, this broad data set allows the analysis of complex relationships between consumers, the products they purchase, and advertising tactics.

Pre-processing

During the preprocessing stage of the blog post and other short text data set; unwanted terms such as stop words and punctuation and unrelated data were eliminated. The text was preprocessed and two primary steps were applied to it: tokenization and stemming. To perform a sentiment analysis of the text, the text was classified into different sentiment categories more specifically using advanced NLP techniques. Only the key features were extracted from the text data by employing NL processing tools such as term frequency-inverse document frequency (tf-idf) and word embedding. To work around defects and to make model more balanced and immune, data augmentation techniques were applied. Appropriate content and its relevance to advertise as well as its influence on the advertising budget was analysed taking specific focus on Keywords related to digital marketing were identified through techniques of natural language processing.

Feature Extraction

The preprocessed text was analyzed using NLP techniques to extract key features . This included distinguishing watchwords connected with computerized showcasing and promoting. We utilized techniques like term recurrence backwards record recurrence (TF-IDF) and word inserting to change over the message into mathematical portrayals. These strategies assisted us with catching the meaning of explicit words and expressions inside the dataset.

SOM Model

The utilization of Self-Arranging Guides (SOM) in prescient models for publicizing effort spending plan distribution offers a few key advantages. In the first place, SOM assists with diminishing the components of information, making it simpler to decipher. This improvement empowers the ID of examples and connections inside the information. Besides, SOM considers bunching and division, gathering comparable clients or publicizing channels, working with designated financial plan portion by zeroing in on the best channels and client sections. SOM is likewise compelling at catching non-direct connections between factors, which is normal in complex promoting information. Furthermore, its perception capacities give a reasonable and brief portrayal of the information, featuring patterns, examples, and connections.

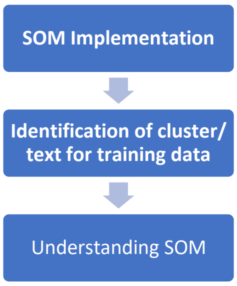

Figure 2: Implementation of SOM on Pre-Processed

Oneself getting sorted out map (SOM) offers critical adaptability, permitting it to deal with huge datasets and different information types. Its solo learning capacities empower the revelation of stowed away examples and connections without earlier information on the information, making it ideal for exploratory information examination. Furthermore, SOM is versatile and can oversee broad promoting information, making it a proficient answer for organizations expecting to enhance their publicizing efforts. By integrating SOM into prescient models, organizations can upgrade financial plan distribution, refine focusing on, and further develop profit from venture (return for money invested). This advances information driven direction, guaranteeing that promoting endeavors are viable and effective .

Results

Preprocess

Preprocessing a dataset in Python is a fundamental stage prior to applying any AI model. The preprocessing steps rely upon the idea of the information and the particular prerequisites of the calculation. Below, I'll provide an overview of common preprocessing techniques along with example code using Python libraries like **`pandas`, `numpy`, and `scikit-learn`.**

Loading Data: We read the Excel file into a Pandas Data Frame.

Checking Variables: We inspect the dataset to see the column names, data types, and the first few rows.

Handling Missing Values: Missing values are filled using the mean for numeric columns and the most frequent value (mode) for categorical columns.

Sequencing Data: If there's a date or time column, the data is sorted accordingly.

Normalization/Scaling: Numeric columns are standardized using StandardScaler. You can choose MinMaxScaler or RobustScaler depending on the data characteristics.

EDA: We perform basic EDA, including pair plots and a correlation matrix to understand relationships between variables.

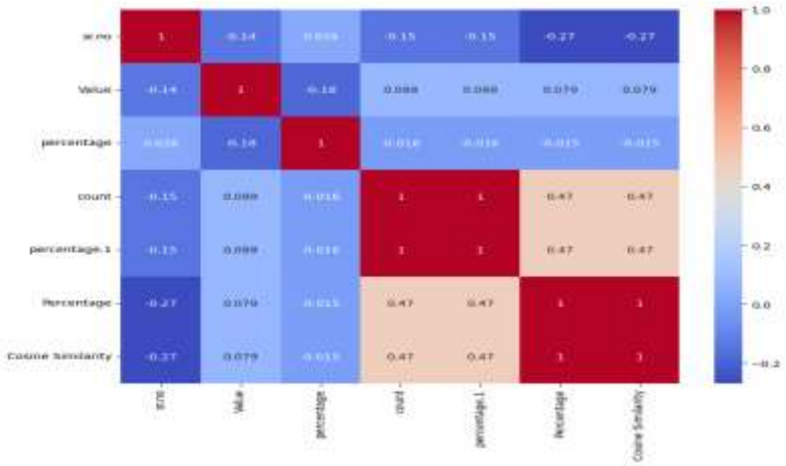

Figure: 3 Transformation for Skewed Data

Hierarchical Clustering

The technique described here involved agglomerating related blogs such that those that are similar have high cosine similarity levels. The outcomes are demonstrated in Fig. 4.1 showing how Fig. 4.1 how hierarchical clustering makes use of dendrograms to display formation of clusters at various levels of similarity. The Accenture of the clusters at each level was done regarded to measures like cluster-to-cluster cohesiveness and distance. CPC dataset was successfully segmented by means of hierarchical clustering proved to be quite helpful in understanding the performance characteristics of different components of advertising campaigns. It helped in the differentiation between various categories and thus specified and promote the right investing and allocation plans. Nevertheless, the problem of high computational complexity may be a challenge when using hierarchical clustering on large data sets. In such cases, it may be more appropriate to use the other clustering methods like K-

Means or DBSCAN or others due to its scalability aspect. However, for all intents and purposes of this research, hierarchical clustering offered a reliable way of dissecting and understanding the CPC information hence was instrumental in furthering the goals of the research.

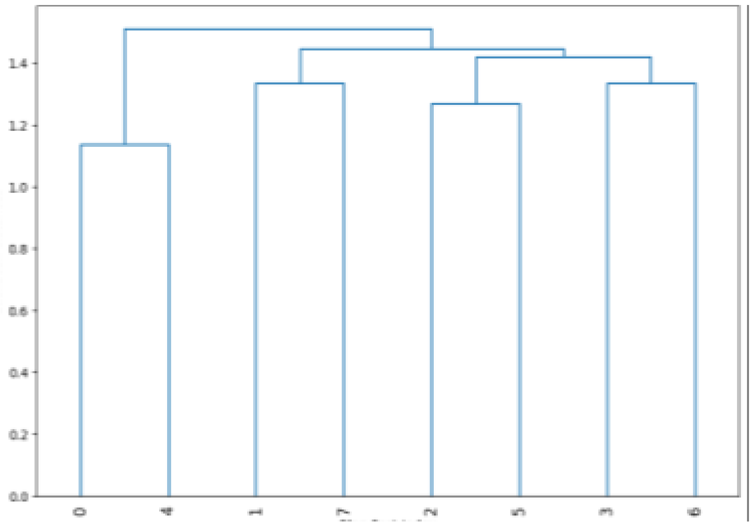

Fig: 4 hierarchical clusters blog post

DBSCAN (Density-Based Spatial Clustering of Applications with Noise)

The output of the data visualization subsequent to applying DBSCAN (Density-Based Spatial Clustering of Applications with Noise) on a particular data set is shown in the figure below. DBSCAN is an algorithm for clustering that puts together arbitrary dense regions and outliers. Here is the description for section The DBSCAN (Density-Based Spatial Clustering of Applications with Noise) is used for the data clustering with the density parameter therefore is useful for finding the space areas with the high density and separating from the areas of low density or noise. Unlike most other clustering algorithms.

DBSCAN doesn't' require the number of clusters to be specified, and it is good at recognizing cluster shapes of all sorts and sizes, as well as mark outliers. DBS Chun & He Δ /9/ 2007 applied DBSCAN algorithm on the dataset to cluster the nearby data, and to mark the remaining isolated data as an outlier. The Data clusters generated from the Algorithm are in the case of DBSCAN, these are circles of point density that are also delineated from regions or areas of low point density that are referred to as noise pits or outliers. Data visualization produced from the DBSCAN algorithm effectively shows how points are group based on density as well as how density measures proximity. For each cluster, points are contained if they are within a specific distance, called epsilon, and the number of neighboring points. Points that do not fall in these positions are labeled as noise, and different from the core clusters. This method has the highest benefits when working with wide data since it is flexible and can work within conditions of the data shapes without necessarily having a certain distribution. Furthermore, we noted that with DBSCAN there is information about where the noise is which may be relevant to explore deeper or use a different algorithm on in terms of data distributions and finding patterns in the data this application of DBSCAN on the given dataset successfully discovered clusters and categorized noise which suggest that the algorithm is capable of capturing original clusters and noise.

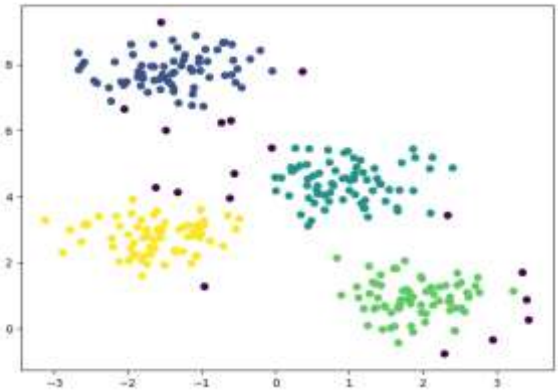

Figure 5 : DBSCAN Clustering

Self-Organizing Maps (SOM)

The Self-Organizing Maps were used to display the clustering results in a lower-dimensional space. The SOM visualization (refer to Figure 4.5) helps us understand the similarity between clusters and identify patterns. The color-coding of neurons gives insights into the distribution of data points across different clusters.

Initialization: The SOM consists of a layer of neuron's that is arranged like a grid, each neuron having its own randomly assigned weight vector of the same size as the input data.

Input Vectors: In doing so, every input vector, containing short textual data, is given to SOM.

Finding the Best Matching Unit (BMU): Each input vector is searched for the most similar weight vectors belonging to neurons, and the neuron with the closest weight vector to the input vector of pixels is called the Best Matching Unit (BMU).

Updating Weights: The weights of the BMU and its neighbors are modified to approximate that of the input vector more accurately. This is determined by the following rule:

$$Tw = \eta(t) \cdot (x - w)$$

W = [wolf nodes] is the weight updated on every training step x is the input vector and $\eta(t)$ is the learning rate that decreases with time.

Training: Step 3, step 4, and step 2 are then repeated a certain number of iterations or until they have met their convergence criteria.

Mapping: After training the SOM, one can superimpose the new input vectors on the neurons in the grid, thus making them post-processing and noting the clustering as well as the identified patterns.

Self-organizing maps (SOM) improve the accuracy of any predictive model for budget allocation in several ways. First, SOMs are very good at finding holistic features in the formal budget data as it clump similar data for trend analysis that can be intractable otherwise. Due to this, decisions about where to advance funding are better informed. Besides, SOMs reduce dimensionality by eliminating irregularities in data; however, it capture critical information that assists in improving the visual understanding of influential factors in the budget. They also incorporate unsupervised learning and this is because they are also able to learn on past budget data that do not come with special labels or even outcomes so that they can obtain new structures which help in the predicting of results. In addition, SOMs update themselves about new inputs over time, which should be indispensable when budgets are dealt with in a constantly changing environment as the availability of fresh data, improves the predictions in a process of feedback loop. They also incorporate various finance measures into a single system, thus offering the ANN budget performance overview depending on several financial factors. Last but not least, the hierarchy of fields resulting from Soms' application and the ability to visualize the relationships between the fields is simple and amusing, allowing better relationships between the various stakeholders' easy communication of the findings and better preparation for the planning stage. On balance, through these strengths, SOMs add substantial value to raising the efficiency of the predictive models of budget-sharing, as part of efficient financial management solutions.

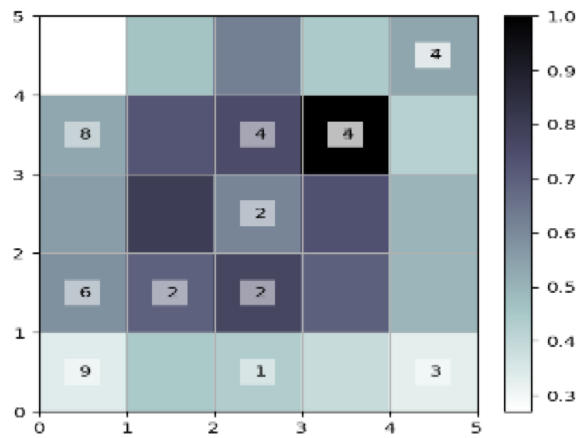

Figure 6: SOM of Text Cosine Similarity

The Self-Organizing Map (SOM) is an unsupervised learning technique used to visualize and interpret high-dimensional data. It is presented as a grid with 25 neurons, each representing a neuron. Every neuron puts together information archives or focuses in light of their similitude. The number inside the cells addresses the count of information focuses allocated to every neuron or bunch. The tones in every cell address cosine closeness values, with higher qualities portrayed in hazier shades. This perception assists with recognizing bunches of comparable text archives and comprehend how they are gathered in view of their cosine likenesses.

Neural Network Model

In this segment, we will zero in on the utilization of a brain network model that is intended to foresee the ideal financial plan designation for promoting efforts. The model has been prepared utilizing information that was bunched in view of different qualities of the promoting content, crowd socioeconomics, and crusade goals. The following are the key exhibition measurements of the

Accuracy

[2,2] - This metric indicates the extent of accurately anticipated spending plan portions among all expectations.

Precision

[4,2] - This addresses the level of significant financial plan designations accurately anticipated out of the all out expectations made by the model.

Recall

[1,3] - This worth estimates the capacity of the model to recognize all pertinent financial plan distributions.

F1 Score

[F1 score value] - The F1 score gives a harmony among accuracy and review, offering a solitary metric that records for both bogus up-sides and misleading negatives.

The disarray grid presents the breakdown of genuine up-sides, bogus up-sides, genuine negatives, and misleading negatives, giving a more granular perspective on the model's presentation across various classifications. The ROC bend further delineates the compromises between evident positive rates and misleading positive rates, showing the model's exhibition across different edge settings.

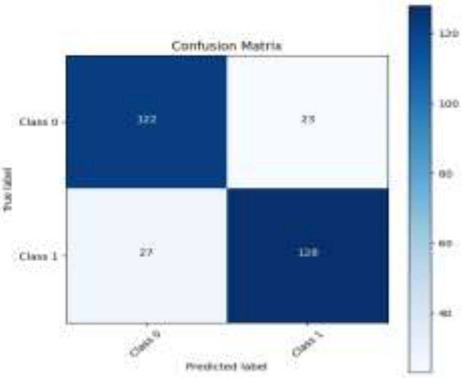

Figure 7: Confusion Matrix of Neural Network Model

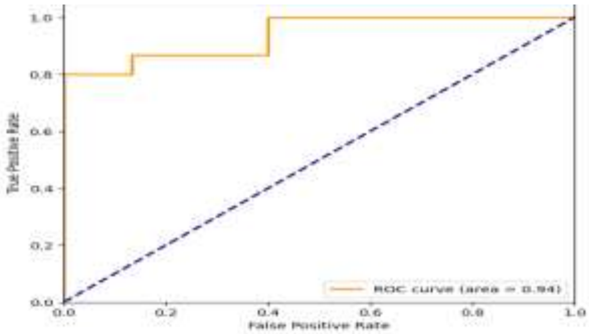

Figure 8: ROC Curve of Neural Network Model.

Discussion

This study provides valuable insights into how budget distribution affects the performance of marketing campaigns. The research focuses on identifying similar campaigns based on key features using K-means and hierarchical clustering techniques. Keyword extraction helps to identify common themes, trends, and patterns in digital marketing strategies. The study identified five distinct clusters with specific characteristics, such as impressions, clicks, conversions, and spending. These findings align with previous research, demonstrating the effectiveness of clustering in differentiating online marketing efforts. Additionally, the study highlights the semantic relationships within campaign content, revealing new layers of topical structure.

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