

**Part 1:**  
The True Cost  
of Demand  
Creation

**what did your marketing  
budget buy you?**

Part 1: The True Cost of  
Demand Creation

## Marketing is more than just a creative campaign or two; it's a science, a process, and an investment in your target audience. It can make or break a healthy sales pipeline.

**While many businesses might see marketing expense as just another line item on the balance sheet, savvy business leaders know that it's crucial to understand the true value and cost by measuring the return on investment (ROI) on every single activity.**

### De-risking the process and budgeting for success

A good general rule when setting aside an annual budget is that almost everything should have an expected sales number associated with it.

Some activities can be trickier than others to translate directly into sales activity – PR and brand building to name a couple.

But when looking at what's directly required to fill an actionable sales pipeline, ask yourself, if it's possible to assign a number to the things you're doing otherwise, what's the point?

*As you read through the notional list of activities marketing has in its toolkit, calculate an ROI figure in your mind ready to apply at the end - there is a point to this.*

Now let's delve deeper into the components that determine the real expense of marketing.

### 1. Identifying the right strategy

Every marketing plan starts with a strategy. Determining the right strategy means really understanding the target audience, your sales plays, your point of difference,

## Part 1: The true cost of demand creation

identifying the best channels to reach them and how you stack up against your competitors.

All these elements have associated costs whether you take in advice from external consultants or your internal team do it for you.

## 2. Content creation and delivery

Whether it's a blog post, a video ad, or a social media update, content is at the heart of marketing. Here are the factors influencing cost in this area.

Buyer-First approach:

- The better you are at putting their needs first by creating content that has a purpose in the sales process, the better you'll do.

Multi-channel delivery:

- Making sure it's everywhere your buyers are, rather than hiding on your website.

Professional services:

- Hiring writers, videographers, graphic designers, or any other professionals to create volumes of content.

- Software and tools:  
Licenses for tools like Adobe Creative Suite, video editing software, or even premium versions of blogging platforms.
- Promotion:  
Ads, sponsored content, and other promotional strategies to make your content reach a broader audience.

## 3. Data Purchase and Management

Understanding your audience often requires data—sometimes, more data than you can gather organically.

Data purchase:

- Buying customer lists, demographic information, or other relevant datasets.

Data management

- Investing in databases, customer relationship management (CRM) systems, or other tools to store and analyse data. Not to forget the costs associated with maintaining data hygiene, ensuring it's up-to-date, accurate and GDPR compliant.

## 4. Systems Costs

Automating marketing tasks usually necessitates the implementation of various systems:

- Marketing automation tools: Platforms like HubSpot, Marketo, or Mailchimp, which help in automating email campaigns, lead nurturing, etc. Free versions only have limited capabilities.
- Analytics: Tools that provide insight into website traffic, user behaviour, conversion rates. Again, free versions only have limited capabilities.
- Integration: Costs associated with integrating different marketing and sales tools to create a seamless workflow.
- Website: Keeping the site current, inline with marketing and sales activity and rich in content to keep visitors returning.

## 5. Events

Often some of the biggest investments businesses make, and yet many lose sight of the value of this effort if long sales cycles prevail.

Whether a large-scale tradeshow, or in a smaller venue costs include:

- Location:  
Hire of space/venue hire
- Onsite:  
Branding/stand build/equipment hire/catering
- Selling yourself
- Promotions and swag
- Expenses:  
Hotels, subsistence, travel

Events shouldn't be viewed in isolation and should be just part of a wider demand creation strategy. If not they have a tendency to distract resource from other, more guaranteed activities.

## 6. Resources

Beyond software and tools, human resources are a significant part of marketing expenses:

- In-house team:  
Salaries, benefits, and training for marketing employees.
- External resources:  
Hiring agencies, consultants, or freelancers to fill in expertise gaps or take on specialised tasks.

## Measuring ROI

After getting a feel for the true cost, the next logical step is measuring the return on these investments.

Here's a simplified approach:

### 1. Determine the total cost:

Take your estimated (or actual) costs associated with a particular marketing campaign or strategy.

### 2. Calculate the return:

Track sales, leads, or other relevant KPIs that resulted directly from your marketing efforts.

## 3. Compute the ROI:

Use this formula:

$$\frac{\text{Sales Growth} - \text{Marketing Cost}}{\text{Marketing Cost}} \times 100 = \text{ROI}$$

\*a good ROI is 500%+

## 4. Weigh up value and cost:

Whilst it may be scary breaking away from things that are no longer working, as our old friend Albert Einstein famously said:

“The definition of insanity is doing the same things over and over again and expecting a different result”

Go back to the number I mentioned at the beginning and use it to roughly calculate whether you've been getting a big enough bang for your bucks.

Are your numbers a surprise, or as you'd expect? More importantly, do you think you could be greater value from your marketing investment and get guaranteed results?

Channel		Low	High	Average
SEO	One of the cheapest and most popular online marketing channels, there's a continuing debate about lead quality and true ROI	£14	£47	£31
Email marketing	GDPR brought a lot of insecurity to email marketing and many marketers are still feeling their way around, but it remains one of the most used channels	£33	£72	£53
Social Ads	This has become a mainstream channel for B2C, but still has a way to go in B2B. A big draw is you can measure results more effectively and in real-time, paying only where there is audience engagement	£34	£82	£58
LinkedIn Ads	We've kept LinkedIn separate from other social channels, as it's more B2B focused. In our experience, it's great for awareness, but less likely to convert audiences without additional marketing	£51	£99	£75
Display Ads	Again, quite broad and complex, display advertising targets larger audiences and, in our view, favours brand awareness over lead generation	£43	£82	£63
Webinars	So popular in lockdown, were all those webinars we sat through value for money? Not so much as you might have thought, it seems. There's usually a 50-80% drop out rate	£60	£98	£72
Content marketing	This channel offers marketers a broad scope if communication is well considered and engaging. Otherwise, scroll through and move on.	£43	£140	£92
PPC	If you think you're not getting the most from SEO, you'll most likely boost results with more investment. The cost can sky-rocket depending on your search terms.	£38	£181	£110
PR/Earned	PR and content marketing have tended to merge somewhat, but should we refocus on what PR is all about?	£108	£480	£294
In person events and trade shows	<p>The opportunity to get face-time with real people and easier than getting hold of them on the phone. According to our research, they're not cheap, delivering the most expensive leads of all channels researched.</p> <p>This is because the "warmest" conversations are followed up, the remainder get added to a contact list and included in generic campaigns, rather than being built into a post-event sequence of activity. Given the holy grail is getting to speak to prospects this has to be the most under-performing method</p>	£180	£1442	£811
Telemarketing	It's a big ask – pure cold calling – made even more difficult now prospects are working from home. It's not cost-effective to get a message across request a meeting in a couple of conversations. Yes, we know telemarketers are very skilled at what they do, but give them a hand by giving them high intent leads to convert rather than cold-call,	£200	£600	£400
LinkedIn connections	A popular choice, but is becoming another form of spamming. If sales teams don't do this themselves, you can pay agencies to do it for you. Beware LI's algorithm limits – they'll suspend your account!!	£100	£200	£150

# A win for buyers - a win for you.

Our three founders have had long careers specialising in Strategies for Growth, Communications, and Martech coming from diverse backgrounds in Technology and Retail Advertising markets.

We've witnessed the way technology buying has evolved, recognising the nuanced paths of today's decision-makers.

Today's buyers think differently; their decision-making paths aren't straightforward anymore.

Our deep understanding of the complexities, challenges and risks of not achieving adequate ROI on sales and marketing investment led to us creating this market-beating programme.

Market Activation™, is a programme designed to build buyers' trust and engagement with brands whilst supporting our clients by providing actionable data to create better-informed sales conversations.

By making ourselves accountable for the end-to-end process, we're able to guarantee the results from the start.

Through Market Activation™, we bring clarity, responsibility, and a sure-fire path to growth.

We hope you like it enough to ask us to show you how we can transform the value you get from your marketing investment in the form of better sales outcomes.

[www.theamigosnetwork.com](http://www.theamigosnetwork.com)

Book a meeting with us and see what could be the true cost of your demand creation:



**Book a Meeting**