Marketing Is Expensive. Is It Really Worth It?

Why marketing is so expensive, and what plan is right for your business.

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Sooner or later, most entrepreneurs have to face the reality that marketing is expensive. In the course of planning a new marketing campaign or trying to grow the business organically, you discover that to execute a strategy could cost thousands, or even tens of thousands of dollars, and to keep it going will cut into your bottom line.

Why is marketing so expensive? And is it really worth the cost?

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What you're paying for

Let's start by explaining why marketing is so expensive. Generally, marketing costs account for things like:

- **Salaries and human labor.** According to Glassdoor, the average marketing manager's salary is $65,834 per year. Most marketing strategies require extensive planning and execution, requiring many people coordinating together. Many of these people are highly skilled and highly paid.
- **Limited resources.** Some marketing campaigns depend on the use of finite resources, and at least some of these

resources will be in high demand. For example, there are only so many billboards on the side of the highway; if a bidding war starts, it could drive up the price of advertising considerably.

- **Risk, failure, troubleshooting and support.** Some marketers build in the cost of risk and failure; if their original efforts fail, they'll need to double down and try again. We also need to consider costs for ongoing troubleshooting and support in addition to core marketing campaign costs.

Differences in price

It should also be obvious that different types of strategies will differ in price. Depending on your approach, marketing could end up being very cheap or ridiculously expensive, often based on variables that include:

- **Strategy choice.** Some strategies are more expensive than others. TV ads are often expensive because of finite supply and high demand. By contrast, search engine optimization (SEO) is often less expensive because there are unlimited opportunities for development; that said, even SEO can be pricey under the right conditions.
- **Scale.** Most marketing campaigns vary in scale; a small mom-and-pop business and a large corporation aren't going to use the same tactics or the same number of resources. The larger your campaign is and the more people you're trying to influence, the more you're going to pay.
- **Freelance, in-house or agency.** To execute a marketing campaign, you can do the work yourself, hire a freelancer, hire someone in-house or work with a professional agency. Each of these options has different costs, as well as different strengths and weaknesses. For example, working with a freelancer can help you save money, but it might be hard to find individuals who fit

your needs, and they might not be reliable. An agency is more expensive, but it’s often worth the money because of its reliability.

- **Quality and experience.** In marketing, you get what you pay for (at least most of the time). Individuals and agencies who have more experience and skill tend to charge more because of their abilities. Accordingly, in many cases, an expensive campaign is a good sign; it means you’re getting the quality work you need. Of course, there are exceptions, and it’s possible for high costs to be excessive.

The nature of ROI

One of the most important factors you’ll need to consider when budgeting for and planning your marketing campaign is your return on investment (ROI). In other words, how much value are you getting out of your campaign compared to what you’re putting into it?

In many cases, you won’t be able to concretely measure your ROI until you actually launch the campaign. However, you might be able to come up with a reasonable estimate that’s based on your past experience and the knowledge and experience of the professionals you’re working with.

Your ROI matters more than the absolute dollar amount you’re spending. For example, let’s say in campaign A, you spend $500 and generate $1,000 in revenue. But in campaign B, you spend $1,500 and generate $5,000 in revenue. Campaign B is objectively more expensive, but it also yields a much higher ROI, both proportionally and in total amount.

Because of this, you should never rule out the possibility of a campaign just because it’s expensive.

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Operating with no marketing

We also need to consider the prospect of running a business without a marketing campaign. There are examples of businesses that have gotten successful without traditional marketing or advertising (including famous examples like AriZona Iced Tea). However, without marketing, you'll be exclusively growing your business through word of mouth and reputation, which can take a long time and can be extremely unreliable. For most businesses, marketing and advertising are practically necessary for steady growth.

Is it worth it?

Is an expensive marketing campaign worth the seemingly excessive costs? The issue is far too complicated to reduce to a simple answer. However, in many cases, there are plenty of justifications for the high cost of marketing, and if you execute a reasonable campaign, you should be able to get a high ROI and more than make all your money back. Although some types of businesses can get away with little to no marketing, most companies will strongly benefit from a marketing investment – even if it looks costly on paper.

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