What is marketing cost analysis for a new or existing project?

Business

Marketing cost analysis identifies the risks and potential gains in a marketing campaign. The ‘ cost’ refers to money, energy and/or time spent on a campaign.

The focus is profits and expenses. Specifically, whether it’s financially smart to invest in a new project or to expand upon an existing project.

Determining expected costs

You need to understand current and expected costs for your marketing analysis. Costs are investments, Kickstarter funds, and existing profits. This is the money you have ready for your next project. But you also need to account for expenses, such as:

- Shipping and handling fees
- Taxes on goods and services
- Staffing and training costs
- Supplies and operating expenses
- Design (logos, banners, infographics)

Cost and expenses – not just money

The costs and expenses should come from existing analytics. If this is a new venture, create thorough estimations backed by research available online, or from experts who have achieved what you’re setting out to accomplish.

Monetary expenses will take precedence in most cases of marketing cost analysis. But it is important to note the expected time and duration too.

Often there is a goal set for a specific period of time — monthly or quarterly. There needs to be enough time to pick up traction and convert, but not too much time that it drags out and saps money from the company.

For example, running Facebook Ads costs money per day. If you go past the deadline and through the proposed budget for this marketing method — without seeing tangible results — the company will suffer monetary loss. Or if the team is tasked to write and design an ebook, the price is both time and energy, on top of writing expenses.

The thing about time and energy cost is that it isn't tangible. A deficit in money can affect employee salaries, benefits, and company expenses. But time and energy can't be measured in similar ways. However, they're just as important to put in your marketing cost analysis.

Do the profits offset the expenses?

At this point, we understand the costs associated with developing a new marketing plan. Now we have to see if the potential profits offset the expenses. If they don't, this is clearly not the avenue to take. But if it is, then the project should continue.

Potential profits are not hard numbers. It can be measured in many ways, such as:

- Profits produced
- Expenses reduced
- Customer acquisition

- Time and effort saved

At this stage, the potential profits will be estimates, but need to be determined through analytical research derived from past projects. As well as cost of expenses, as necessary.

We’ll have both lists now: expenses for the marketing campaign and estimated profits. Now it’s time to compare. Do the benefits outweigh the cost? To determine this, we’ll need to divide costs from the benefits, as well as add up any one-time costs.

With the appropriate numbers subtracted, you’ll see if the marketing campaign is both worth the investment, and how much investment will be necessary.

And if it is necessary, take the investment cost and divide it by your timeframe to complete the project. It can be by the day, week, or month. It’ll show how long it should take to get back your initial investment. Any time past that, assuming everything goes to plan, will then be profit.

Marketing cost analysis complete

By creating a thorough marketing cost analysis before starting new marketing campaigns, you’ll know if it’s worth the investment before ever putting a dime into it.

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