Removing The Mystery Around
Creative Agency Pricing

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When there is a need to outsource a project or workload to an outside group, such as a marketing, advertising, or branding agency, it can be a daunting task for a company to find a collaborative partner. Then to find one that can deliver on requisite services, hit ambitious timelines and one with deep and relevant niche experience is not a simple task.

Once you get through meet-and-greet interviews and conversations, there is the area of pricing to unpack. Project pricing is often the "elephant in the room" and is commonly one of the last talking points prior to signing a scope of work agreement.

Budgets Serve as Guidelines But Do Require Flexibility

Most of our clients have established some general idea of a budget for any marketing, creative, or branding initiative they are moving ahead with. However, budgets should fall into a realistic range with the understanding that there is normally a need for some additional scope along the way that comes up organically as a project unfurls.

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A budget acts as a roadmap for anticipating the costs of various marketing endeavors and activities. For a business looking to partner with a creative or marketing agency, a budget serves to act as guidelines to fall within.

As of February 2021, **Deloitte's annual CMO Survey** reports that marketing budgets are now roughly 11.7% of a total company-wide budget. The U.S. Small Business Administration recommends small businesses (businesses with revenue less than 5 million) allocate between 7% and 8% of total revenue to marketing, assuming your business has margins in the range of 10-12%.

One helpful strategy to determine a marketing budget is to work backward from your goal. If you want to bring in $1M in sales, a range of research says that a marketing budget should be **8-12%** of that.

Aviate Creative takes into consideration budgets, their limitations and constraints as well as their overall range when putting together proposals. We are honest and transparent about sharing what goes into any particular deliverable (time, timeline, degree of difficulty, and overall effort) and we do our best to work within budget parameters. We are also more than happy to make adjustments or recommendations to a quote/ bid to help keep a project within budget.

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Pricing Should Be A Fit For Both Parties

Aviate Creative's pricing model is not your typical archaic or agency-centric system. We have an astute understanding that pricing is not a one-size-fits-all approach. After nearly two decades in the biz, we have established tenure and the wisdom that comes with that time and experience.

We believe in talking pricing before we get too far down the pike to ensure that it is a proper agency/ company fit for both parties and that we don't waste your time. Our pricing bids and proposals are grounded in honesty, transparency, clarity, and trust.

Our philosophy is that we charge for the time it will take to do any work well and the inherent value of the work.

Example: The value of creating a logo or other brand identity work is far greater than the value of crafting a graphic for a social media post or email.

We work up an estimation spreadsheet for each project that itemizes the various tasks necessary to get the deliverable across the finish line. Then we fill in the amount of time and resources it will take to accomplish each task. We also factor in project management to ensure the engagement runs smooth and communication is often.

Project-based pricing is generally a good choice for services with clear deliverables and well-defined endpoints. The foundation of the model emphasizes expertise over hours spent on the project. This can be seen as a more enticing value-add for the client because it is reliable and consistent as long as the scope doesn't shift or morph.

Legacy Data Provides a Future Gauge

By doing things this way, we glean legacy data which serves as a continual gauge for determining what level of agency time and effort will be required to complete each project's particulars.

We know that if our clients understand exactly what they are getting and agree ahead of time regarding the value of those services, then we remove any mystery from the equation and can focus on delivering exceptional work.

However, the value of creative and branding services can be a challenging one to navigate since the concept of value can be pretty subjective.

Getting Granular On The Perception vs. Reality of Value

Many times during initial discussions, we talk to clients about what result or objective is their desired destination when embarking on a specific marketing endeavor. Some organizations have worked with agencies before and some have not. So at Aviate Creative, we are 100% intentional with confirming the purpose behind any work initiative and thus we make zero assumptions.

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Taking the time to fully engage with, communicate, and educate clients or potential clients is crucial before stepping into any scope of work to hash out the real and perceived value of any marketing or branding efforts. This helps inform us and is highly beneficial in translating into pricing and budget exchanges.

Some thought leadership we share around pricing conversations includes:

✓ What is the preferred or ideal endgame metric and/or timeline that will drive the analysis of whether something is considered successful? This answer is unique to each project and client.

✓ What is the value of improving the perception of your brand by having an effective website, content, and collateral that gets buyers to say "yes" and increase your sales? A client's answer can provide insight into the value placed on brand and marketing.

✓ What is the value of working with an agency that is easy to work with, communicates well, and has sound processes and project management prowess? This answer from a prospect provides us with an awareness of priorities.

The quality of the questions you put to your prospects will determine how much value you can add to their business. Your goal is to determine what a valuable solution is worth to them.

Bringing up some of these questions can generate dialogue that allows us to get to the root of the perception vs. reality around value and settle on the understanding of value as it relates to marketing and branding services.

Why Do Agencies Charge What They Do?

We get a lot of questions about why agencies are all over the map with their pricing. While we certainly can't speak for anyone but ourselves, our staff has worked for many agency types and so we have a range of experience with what has worked (and has not).

Why Are Some Agencies Overly Expensive?

- Their overhead costs are high

- Inflated or false promises for high quality and engagement by sales staff

- Fees for unnecessary services you don't need

- Way too many meetings (which tells you project management is an issue)

- Compensation for other projects where they lost revenue

- Too much project management oversight from too many departments

Why Are Some Agencies Really Cheap?

- Work is allocated to off-shore resources

- There is a focus more on quantity than quality

- The experience level of the talent is junior or interns are assigned

- Hidden fees, that were not included in the proposal/initial quote that you don't know about until they invoice at the end of the project

- They use templates rather than create custom designs

Pricing Need Not Be An Awkward Topic

People are curious beings when it comes to pricing and spending money, it doesn't matter what the services or products are. Cost need not be an awkward conversation but simply a transparent one.

Framing a client/agency partnership in terms of value (and not just price), can help bridge the gap in a collective understanding of the varied nuances of any scope of work. Demonstrating expertise, competence, and the ability to fully comprehend goals and expectations is what matters most in bringing solutions to life.

Aviate Creative can help you get your projects designed, written, and executed well.

We aspire to take brands to new heights through remarkable identity work, graphic and web design, and copywriting.

Contact Aviate

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