

Content Marketing ROI

Per dollar, content marketing produces
3 times more leads



- BLOG POST
- PODCAST
- VIDEO
- INTERVIEW
- ARTICLE
- ANNOUNCEMENT
- INFOGRAPHIC
- WHITEPAPER
- EBOOK

Why content marketing
can become your most
productive channel



The “soft” benefits of content marketing are obvious: public trust, more engaged prospects, happier clients. But what about the hard benefits. What about ROI? “Content Marketing ROI” is the first study to address the fundamental questions: How much does content marketing cost and is it a better financial investment than other marketing strategies? **The answer is, “Yes.”** The eBook explains why. [continue reading](#)

TABLE OF CONTENTS

Introduction

The New Rules of Marketing

This Study

Content Marketing Analysis

Content Marketing Operation

- Content Plan
- Content Organization: Managing Editor, Organizational Listeners, Internal Contributors, External Contributors, VP, Marketing, Revised Content Plan

Content Marketing Costs

Content Marketing Benefits

Comparison

- Content Marketing Summary: 24 Months
- Paid Search Summary: 24 Months

Benchmark: Paid Search Marketing

Conclusions

Content Marketing ROI Measures Up

Content Marketing is Not a Campaign

Content Marketing Must Be Managed as a Business Process

Want to get skip ahead to the ROI calculations?

Click here to see a side-by-side financial comparison of content marketing to paid search



THE ICONOGRAPHY USED IN THIS EBOOK



BLOG POST



PODCAST



VIDEO



INTERVIEW



ARTICLE



ANNOUNCEMENT



INFOGRAPHIC



WHITEPAPER



EBOOK



MID-SIZED
BUSINESSES



LARGER-SIZED
BUSINESSES



LEAD

INTRODUCTION

The New Marketing Rulebook

The rules of marketing have changed.

Foremost among marketing's many responsibilities is "filling the funnel" with new prospects. Historically, this meant marketers needed to insert their brand's message in front of as many potential customers as possible, as often as possible, giving rise to a number of advertising formats, like print, TV, radio, outdoor, direct mail, and Internet display; wherever a person enjoyed programming, (or peace), an ad could interrupt the experience.

The effectiveness of this interruptive approach is declining. A [recent study found](#) that **online display ads have a click through rate of less than one-tenth of one percent**. The drop off is due to a number of factors including:



Ad Overload:

The onslaught of advertising messages is so overwhelming that consumers are recoiling, building a form of "attention immunity" against ads.



Real Information is Elsewhere:

While consumers may have once looked to advertising as a way to stay informed about products, objective information (such as peer reviews) proliferate the Internet.



The Consumer is in Control:

People are turning ads off. Whether fast-forwarding on digital video recorders or installing ad blocking software in their browsers, consumers are armed with technology in the war for their attention.

So what can marketers do?

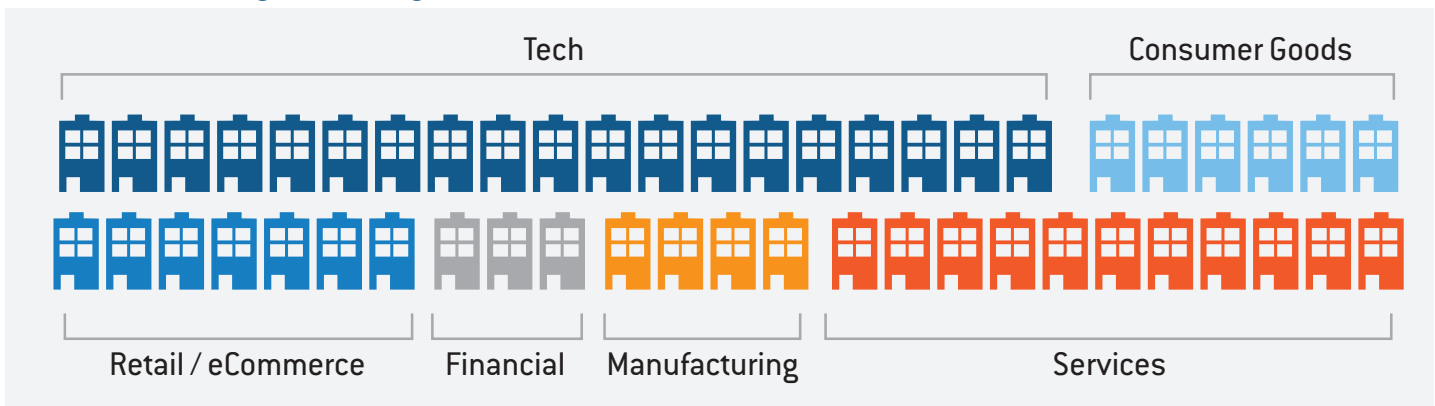
Increasingly, they're turning to a new strategy: content marketing. Rather than produce self-congratulatory ads about their products, effective marketers are publishing content that engages or entertains prospects – sometimes without any overt reference to the company's products. It's a shift in mindset for many marketers – but the phenomenon of "thinking like a publisher" is beginning to take root in many of the world's best-known brands, such as Coca-Cola, Nestle and Intel.

As a practical matter, marketers use compelling content to lure prospects to the brand's website or a specialized microsite. Visitors are eventually asked to supply information that will later be used to market more directly to them. It's at this point that content marketing and [marketing automation](#) technology form one of the tightest "alliances" in customer acquisition. Content marketing attracts prospects; marketing automation moves them through the buying journey.

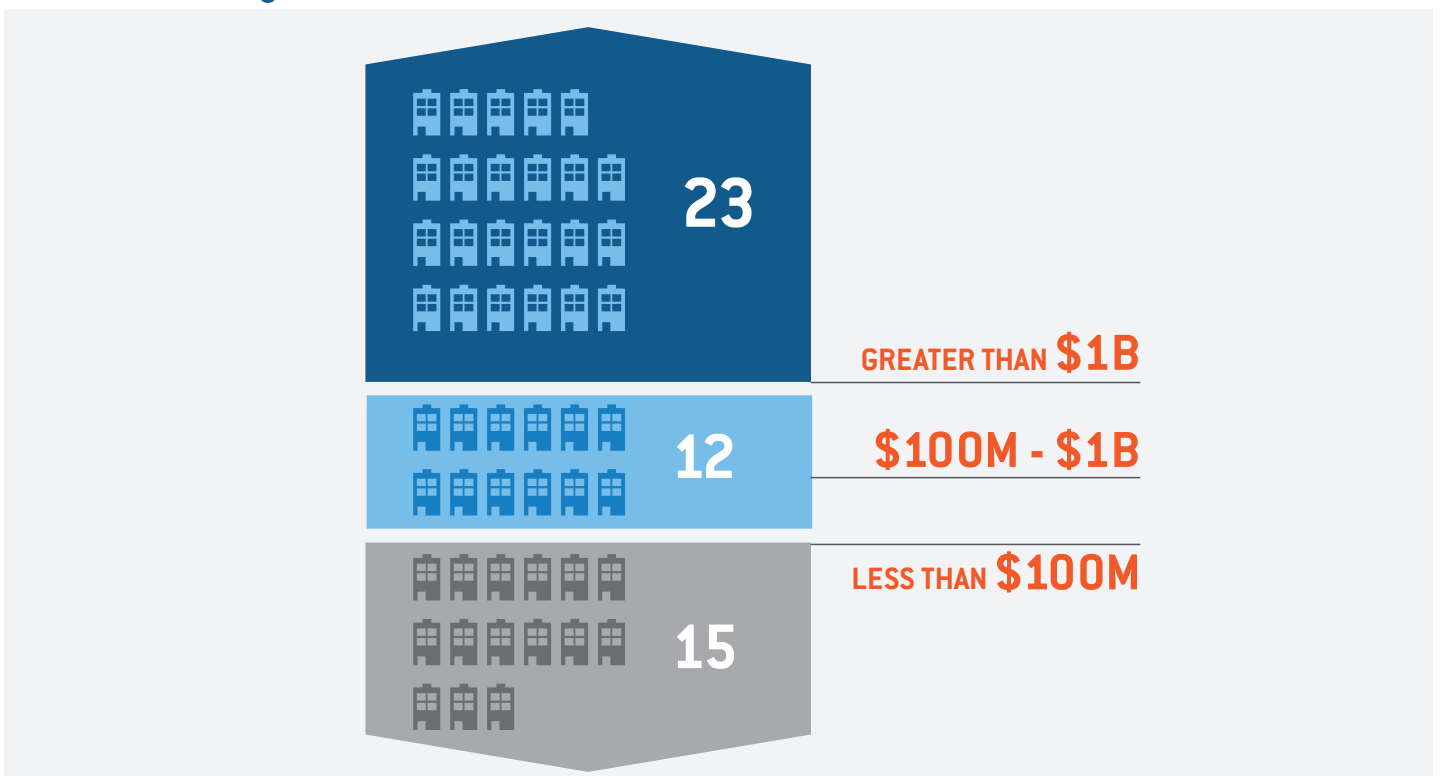
This Study

Despite the intuitive value of content marketing, few studies explore the costs and benefits of this methodology. This study by Kapost, in collaboration with marketing automation provider Eloqua, is based on data from and interviews with more than 50 different publishers running on the [Kapost Content Marketing Platform](#). The study also compares the ROI of content marketing to paid search marketing, which was recently [identified](#) as the single most productive marketing tactic.

Content publishers by industry



Content Publishers by revenue



CONTENT MARKETING ANALYSIS

Content Marketing Operation

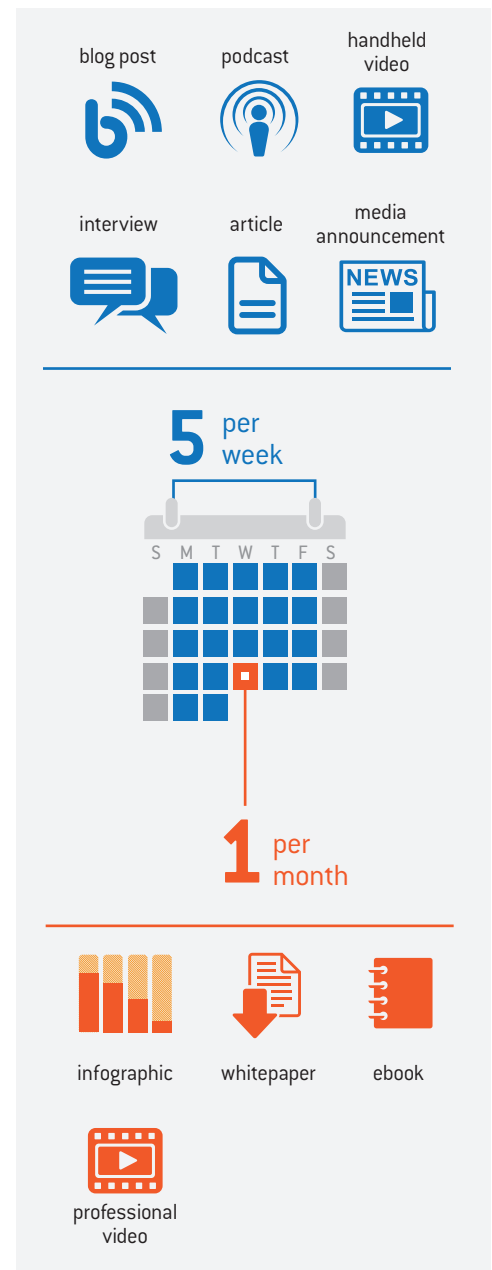
To begin analyzing content marketing, we'll review the major components of a content marketing operation.

CONTENT PLAN

How much and what kind of content an organization produces varies. Some produce as little as one or two pieces a month (though such small quantities are typically ineffective). Others such as [American Express' OpenForum](#) publish over 50 articles a week.

For purposes of this study, we'll analyze a typical operation of one piece of "lightweight" content (e.g., blog post, podcast, video, interview, contributed article, media announcement) per weekday and one major piece (e.g. infographic, white paper, eBook, etc.) per month.

We will also analyze the content marketing operations of both a mid-sized business and a larger enterprise. Predictably, the former operates on a smaller budget and the latter on a larger budget that must yield higher results.



CONTENT ORGANIZATION

Let's look now at the major roles in the content marketing operation:



Chief Content Officer

The chief content officer is the key player in the content operation. This person must have a unique blend of marketing experience and journalism/content production skills. The chief content officer is responsible for overseeing the company's content strategy and is the primary interface with the rest of the company, encouraging contributions from across the organization. The chief content officer often imagines and coordinates the production of the premium content pieces. The chief content officer is also accountable for the performance of the content marketing efforts, measuring relevant stats such as links, traffic, and even net new names added to the company's sales database.

In mid-sized organizations, the chief content officer and managing editor (see below) functions are likely to be merged into a single role.



Managing Editor

This person should be a veteran of traditional media and have a proven ability to run an editorial operation. In the ideation stage the managing editor identifies what kinds of content the company should produce. It's the managing editor's job to represent the voice of the customer. The managing editor serves as an advocate for the reader, pushing back against the organization's reflex to produce promotional, product-centric content. Social media is an invaluable tool for the managing editor because it connects him or her directly with the company's external audience. The managing editor typically runs day-to-day content production, manages the editorial calendar, architects distribution and inspires others in the company to contribute to the cause.



Community Manager

To make sure content is consistent with the needs and interests of the company's audience, listening skills are required. The community manager – the brand's representative on social channels – is a vital ally to the editorial team. The community manager should make sure content addresses the topics and issues customers, prospects, influencers and observers care about. Idea-generating community managers provide fuel for the content engine.



Internal Contributors

For a brand's content marketing to provide the highest value to the widest array of potential buyers, it's vital that subject matter experts throughout the organization contribute articles, posts, presentations and other shareable content. To ensure consistency and efficiency, the managing editor should guide internal contributors.

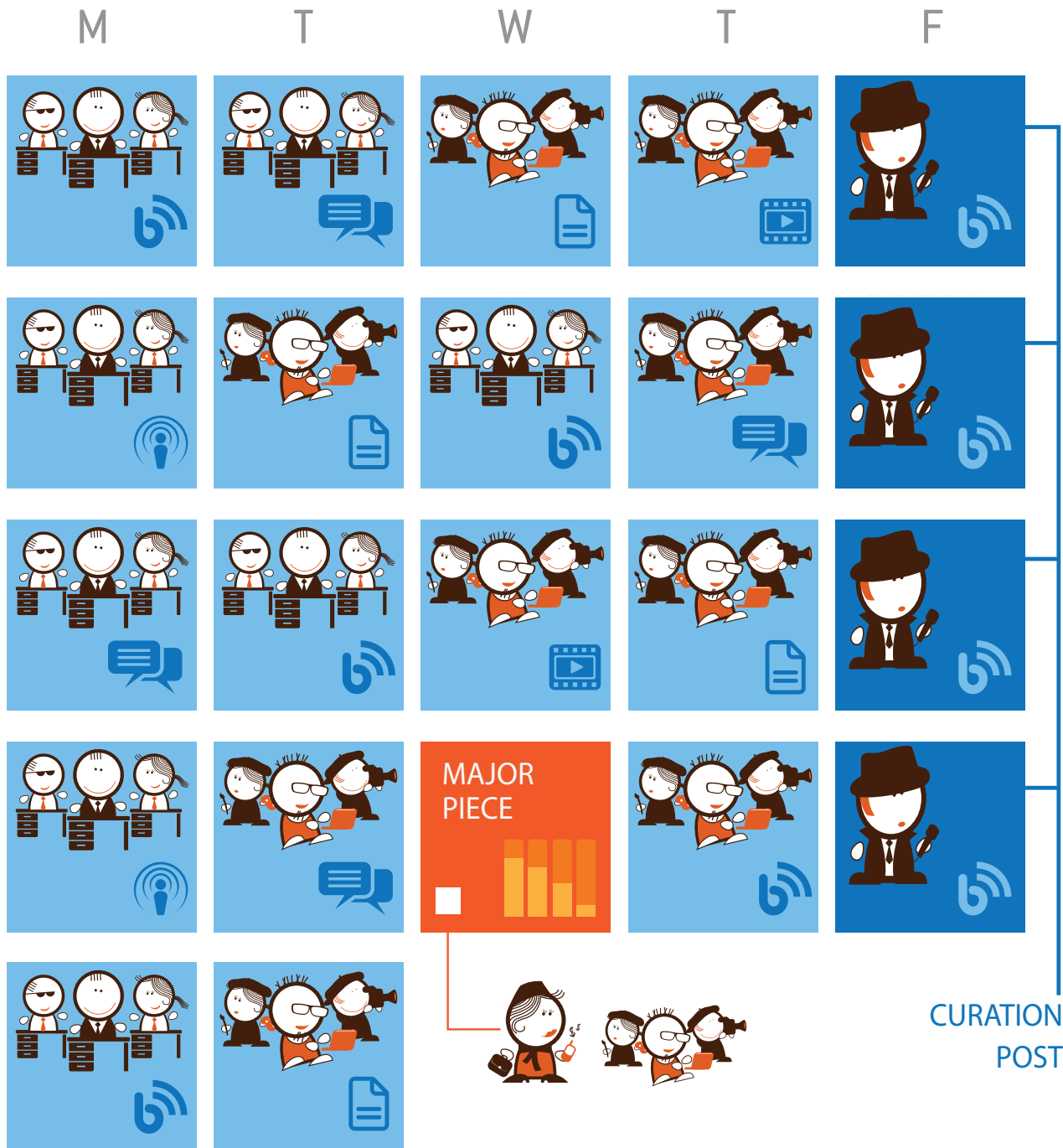


External Contributors

Successful content marketing operations often use external content creators – designers, partners, freelance writers, analysts, influencers – to supplement brand-created content with (even) more objective third-party content. Again, organizing external contributors is the responsibility of the chief content officer and/or the managing editor.

REVISED CONTENT PLAN

Based on the content organization analysis, let's update the content plan to clarify who will be producing the content. Of the 5 weekly posts and 1 larger piece of premium content (guides, eBooks, etc.):



Content Marketing Costs

Now that we've defined the content marketing operation, let's calculate the expenses of this operation. They are summarized in the following two tables, one for mid-sized businesses and one for larger organizations.

CONTENT PLAN

Content Marketing Costs: Mid-Sized		monthly
PERSONNEL		
Managing Editor		\$6,667
CONTENT		
Blog Post Costs		\$1,290
Premium Content Costs		\$2,500
TOOLS		
Software & Hosting		\$1,500
Total Expenses		\$11,957

Content Marketing Costs: Larger-Sized		monthly
PERSONNEL		
Chief Content Officer		\$16,667
Managing Editor		\$8,333
CONTENT		
Blog Post Costs		\$1,720
Premium Content Costs		\$3,500
TOOLS		
Software & Hosting		\$2,500
Total Expenses		\$32,720

The major cost element in content marketing is the dedicated staff. For Mid-Sized Businesses the fully-loaded cost of the Managing Editor is \$80,000 per year; for Larger-Sized, it is \$100,000 for the Managing Editor and \$200,000 for the Chief Content Officer. These expenses roll in for three months of planning in one-time, up-front costs and in the recurring monthly costs.

In our content plan, we've estimated 2 blog posts per week from freelancers. For mid-sized companies, at \$150 per post, that amounts to \$1,290 per month. In addition \$2,500 for a premium content piece once a month is calculated. For larger businesses, a \$200 per post rate yields \$1,720 monthly blog post costs in addition to \$3,500 spent on premium content.



On the tech side, there are \$1,500 for mid-sized and \$2,500 for large-sized of recurring expenses for software and hosting. There are also various one-time up-front expenses: 3 months of Managing Editor and Chief Content Officer expenses for their work preparing the content marketing operation; and \$2,000 / \$4,000 of site design work for mid / large.

 mid-sized businesses



Fully loaded costs
\$80,000/yr



 **\$150/post**
 **\$2,500**
/premium content



 larger-sized businesses

Fully loaded costs
\$100,000/yr



Fully loaded costs
\$200,000/yr



 **\$200/post**
 **\$3,500**
/premium content

Total expenses
for the content marketing operation

 mid-sized

 larger-sized

Monthly Recurring

\$11,957

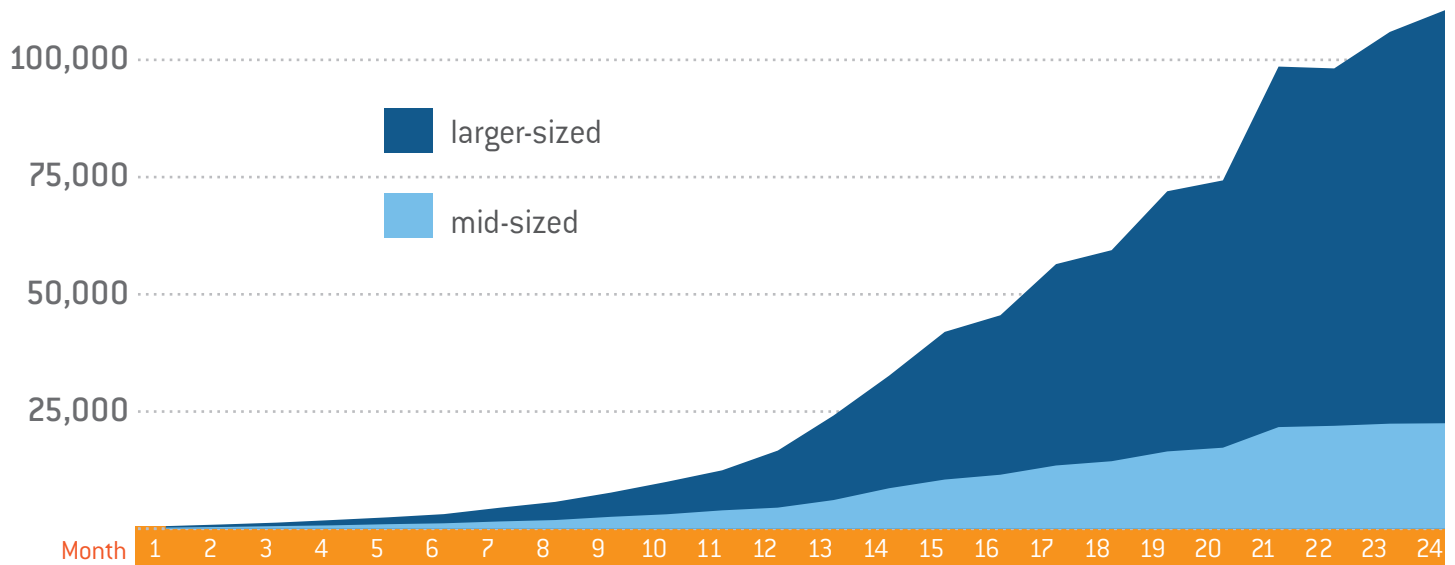
\$32,720

Content Marketing Benefits

The principal objective in content marketing is *quality* traffic to your site. There is strong variance in the amount of traffic generated by different content marketing operations. Some consumer-focused brands have succeeded in generating high traffic volumes. Niche, B2B brands achieve more modest traffic numbers but meet their objectives by building a highly targeted audience.

SITE VISITS PER MONTH

Traffic calculated for the two classes of operations



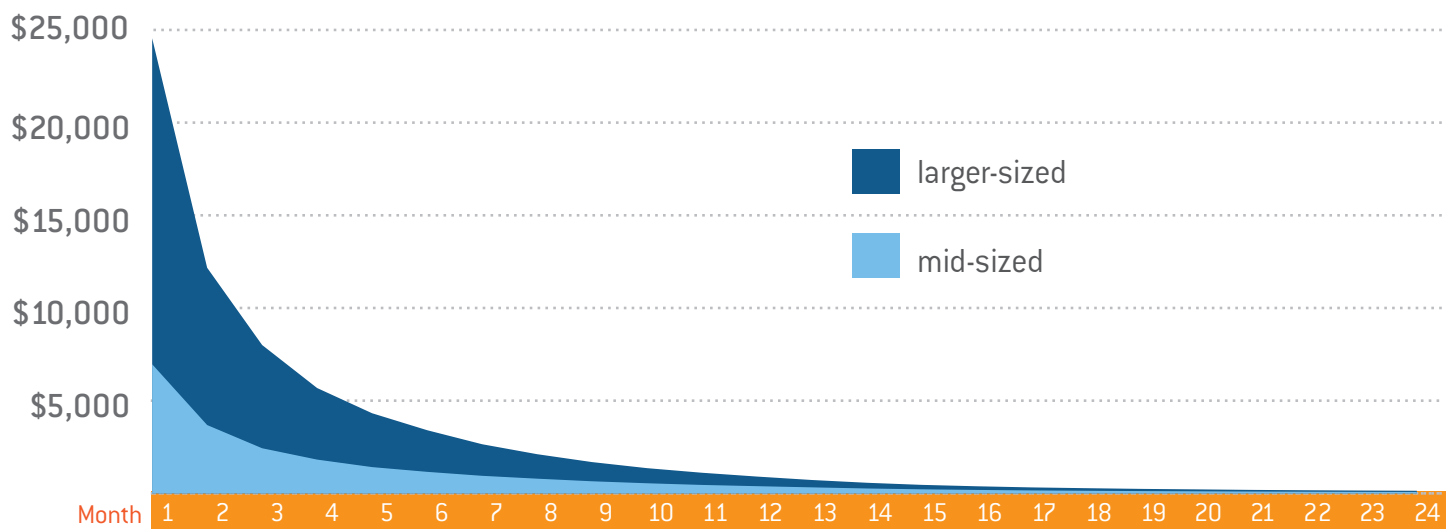
The chart above shows the traffic calculated for the two classes of operations in this study. Over time, the greater resources invested in the larger operation yields stronger results.

Content marketing efforts that begin from scratch start with very small audiences that grow over time. There is a snowball effect to building audiences; as Joe Pulizzi of the Content Marketing Institute has pointed out, [content marketing is a “war of attrition.”](#)

Although the conversion rate – the number of visitors that become sales leads – varies by company and industry, this study assumes a minimal 2% of visits convert into leads. Thus the traffic forecasts shown above yield 4,172 leads for the mid-sized organizations over 24 months and 13,569 for the larger organizations.

COST PER LEAD

Long-term yield of content marketing



**In first 5 months
costs/lead drop
80%**

The long-term yield of content marketing is illustrated in the chart above, which shows the cumulative cost per lead over the 24 months, or how much has been spent divided by how many leads have been generated over time.

COMPARISON

Content Marketing to Paid Search

CONTENT MARKETING SUMMARY

Content marketing involves moderate upfront expenses and low short-term financial results. Only after a number of months, as the operation begins to grow its audience and influence, does it begin to deliver cost-effective results.

PAID SEARCH SUMMARY

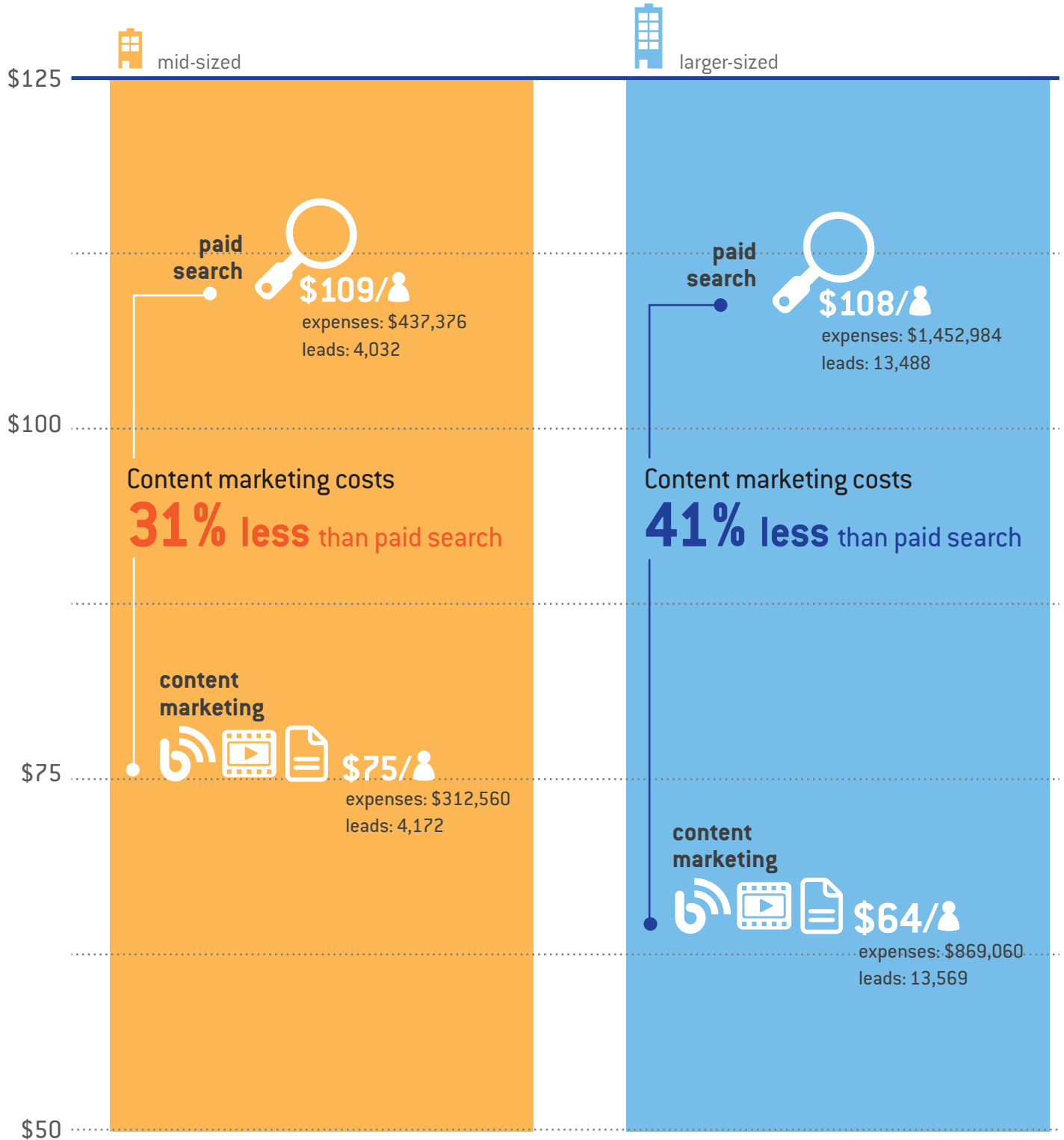
To assess the relative value of content marketing, we decided to compare the cost of a content marketing-sourced lead (\$75 / \$64) to another modern technique – paid search marketing, which [has been recognized as the most cost effective method in marketing today](#). We will analyze a paid search campaign that generates an identical number of leads to our baseline content program, calculate the costs of paid search, and then compare ROI.

The critical question in determining the requisite number of clicks in the search campaign is the conversion rate of clicks to leads. Again, the results vary depending on industry and campaign type. This study uses a rate of 4%, twice the conversion rate in the content marketing calculations, on the assumption that users who are searching have high intent in that moment (although a content marketer would argue in response that the relationship-building that occurs from recurring content yields a higher conversion rate over time).

Thus, in order to generate 4,100 leads for mid-sized / 13,500 for large-sized over 24 months to match the content marketing operation, the paid search campaign would need to buy 100,800 / 337,200 clicks.

The table on the following page summarizes the overall results of the study's content marketing operations as compared to paid search.

Cost per lead: 24 months

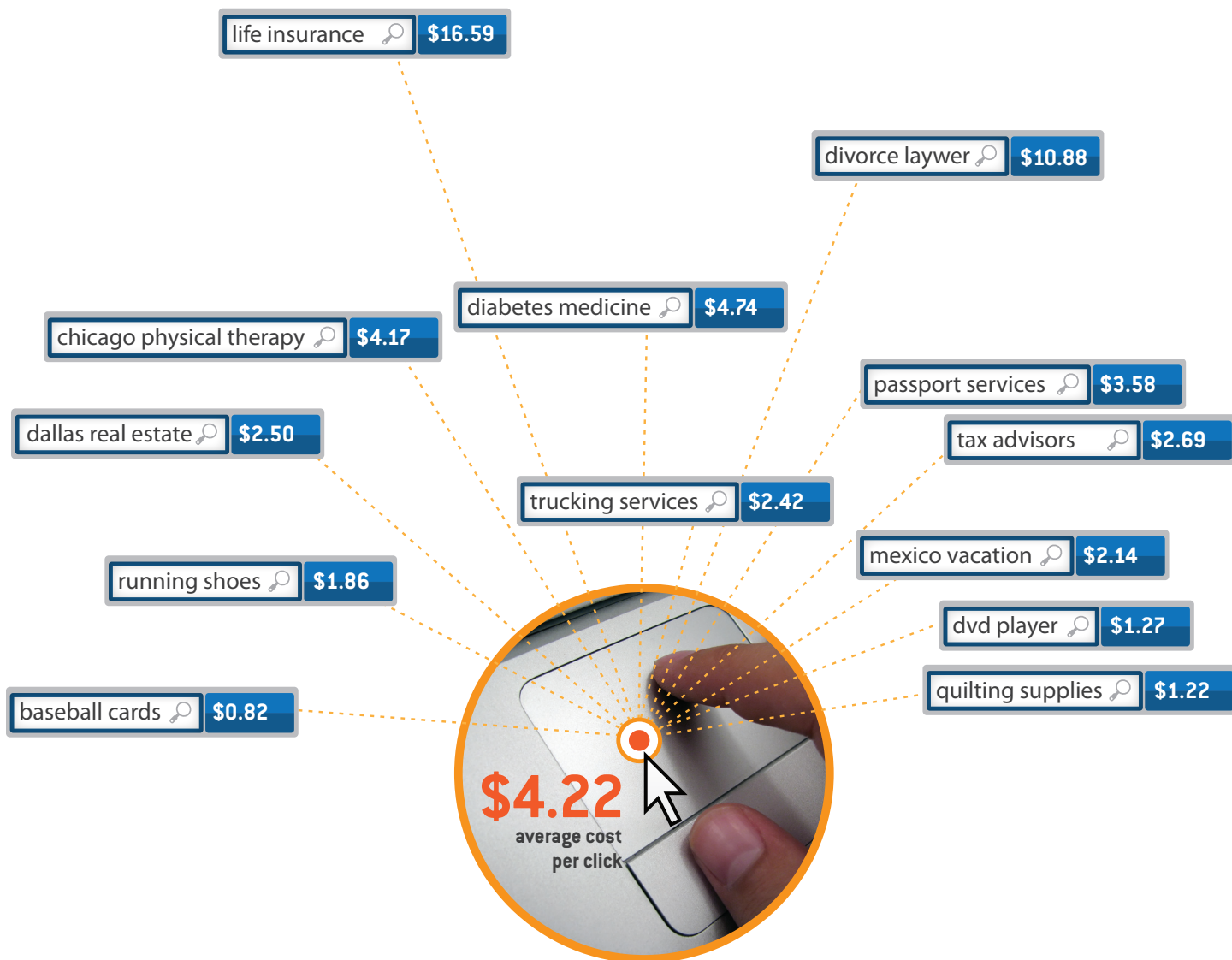


BENCHMARK: PAID SEARCH MARKETING

What is the cost per click?

Once more, prices vary greatly by keyword, industry, and market demands. This study will use a blended average of keywords across several segments, both head and tail terms, all derived from [Google's Traffic Estimator](#) tool:

Cost per click across several segments derived from Google's Traffic Estimator tool



The cost of 100,800 clicks (mid) at an average of \$4.22 is \$425,376; for 337,200 clicks (large) the cost is \$1,422,984. Adding an additional expense of \$500 / \$1,250 per month for SEM consulting over 24 months yields a total expense of \$437,376 / \$1,452,984 and **an average cost per lead of \$109 / \$108.**

CONCLUSIONS

Content Marketing ROI Measures Up

When it comes to lead generation, our study finds that content marketing delivers a higher ROI than paid search. There are certainly many factors for different brands and industries that influence the analysis, including content expense, traffic patterns, conversion rates and keyword prices. Furthermore, content marketing is often blended with advertising/paid tactics (i.e., buying paid promotion for an eBook).

But as marketers consider their channel portfolio, content marketing must be part of the mix given its strong ROI value.

Many Factors:

- Content Expense
- Traffic Patterns
- Conversion Rates
- Keyword Prices

Content Marketing is Not a Campaign

Traditionally marketing has been executed through a series of campaigns. Marketers buy exposure from media outlets that already have audiences (whether TV, billboards, or online). Campaigns are run over time, results are measured at the end of the program, and subsequent campaigns are modified according to previous performance.

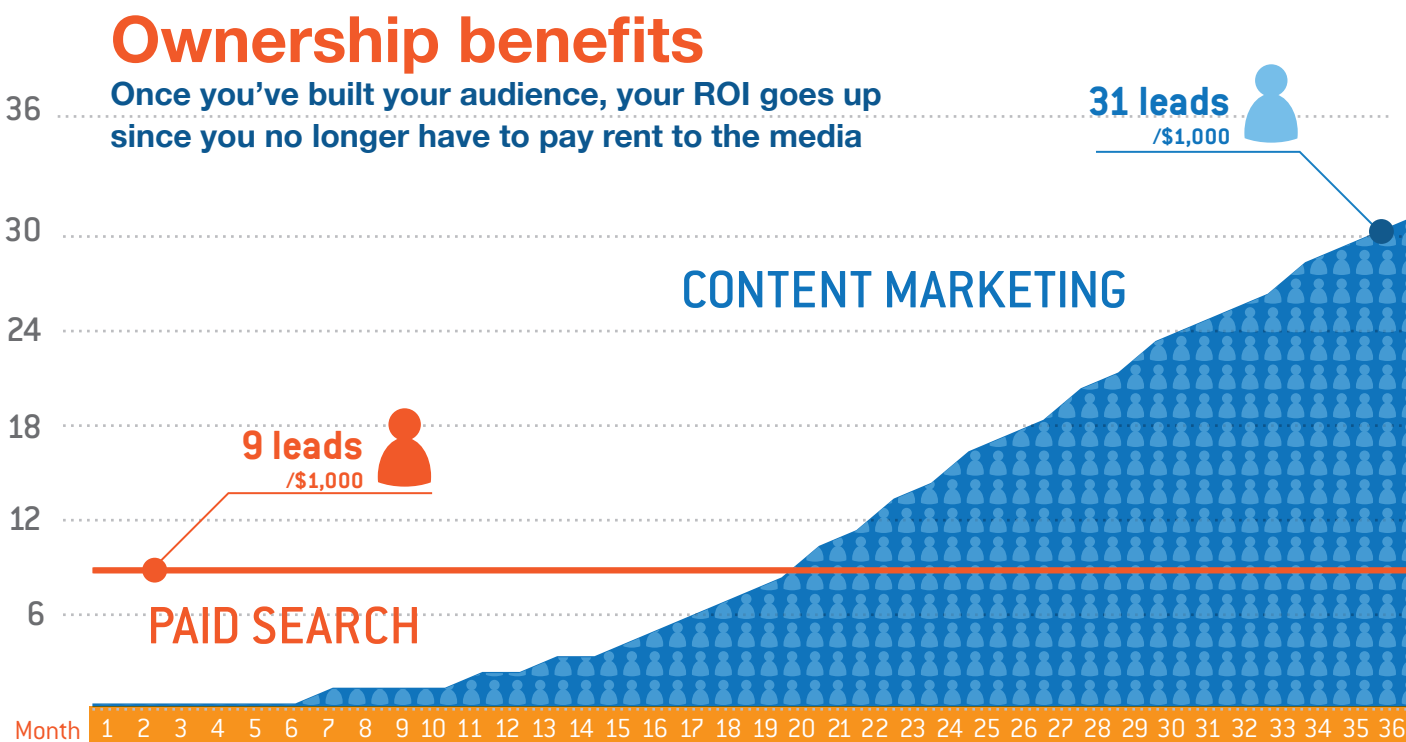
But as Pulizzi says, **content marketing is not a campaign**. The traditional dynamics of marketing are turned on their head. Instead of buying media, marketers are *becoming* the media, *owning* the media. Instead of renting an audience, they are earning an audience. This takes time.

The number of leads per \$1000 in content marketing starts very low. But at around 19 months, as the content marketing operation builds its audience, the number of leads per \$1000 surpasses that of paid search. As the audience continues to build, the effectiveness of content marketing continues to grow while the need to continue to pay for ads remains the same. After 36 months, content marketing has generated 31 leads per \$1000 spent, 3.3 greater than the 9 leads for paid search.

In content marketing, once you've built your audience, you own it and it continues to generate marketing results. You no longer have to pay rent to media.

The point is that those who embark on content marketing must understand that it is a long-term effort, requiring significant investments of time and resources before its results can measure up favorably.

The graph below compares the cumulative number of leads generated per \$1000 spent from the study's content marketing operation (large organization) and its paid search campaign:



Content Marketing Must Be Managed as a Business Process

As we've reviewed, there can be great variance in the key factors in a content marketing operation, including costs, traffic, and conversion rates.

Many marketers are experimenting with content marketing: writing on a blog, posting to YouTube, etc. But real results come when brands commit to becoming a publisher and developing a significant audience, which can be tapped for leads.

Such commitment involves a meaningful investment – of capital and human resources. To ensure that investment yields the desired results, content marketing must evolve from an experiment to a structured business process. The planning, production and distribution components of truly operating as a publisher can be complex and taxing. The productivity and effectiveness of your content marketing can be undermined if there are no processes and systems in place to manage the operation.

Additionally content marketers must measure the performance of their efforts to so that they can continuously refine their operation. Leadership needs insights into not only aggregate performance, but performance analyzed by different dimensions such as author, category and content type so that the team can understand what's working, what isn't, and why.

ABOUT THE AUTHORS

About Kapost

[Kapost](#) is the leading provider of content marketing software that enables companies to manage their content marketing as a structured business process. Through its platform that manages the ideation, production, distribution, audience development and analytics of content marketing, Kapost empowers marketers to generate more content, more traffic and more leads. Kapost customers include brands like Verizon, Eloqua, Nokia and Benjamin Moore. Kapost also produces [The Content Marketeer](#), a site providing valuable information to content marketers.

About Eloqua

[Eloqua](#) provides solutions to help its customers accelerate revenue growth through [Revenue Performance Management](#). Eloqua provides powerful business insight to inform marketing and sales decisions today that drive revenue growth tomorrow. The company's mission is to make its customers the fastest growing companies on Earth. More than 1,000 clients rely on the [marketing automation](#) power of Eloqua to improve [demand generation](#) and [lead management](#) while driving more [qualified leads](#). Eloqua's customers include Adobe, AON, Dow Jones, ADP, Fidelity, Polycom, and National Instruments.

About Eloqua & Kapost

Eloqua and Kapost have integrated their platforms to enable marketers for the first time to measure the impact each content asset has on the buyer's journey. The Eloqua / Kapost integration makes it easy for businesses to see how individual pieces of content not only boost fans and followers, but also influence lead capture, conversion and ultimately deals.