The Real Cost of Hiring a Social Media Agency

by Nick Jaworski of Circle Social Inc.

This free e-guide is all you need to answer the basic questions surrounding the hiring of a social media agency for your organization. How much should it cost? What can and should they be doing? Should I hire in house or outsource? This guide should answer all your questions. However, if you have more, feel free to reach out to me, Nick Jaworski, at nick@circlesocialinc.com.
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Introduction: **How Much Does It Cost to Hire a Social Media Agency?**

This is the question every business is trying to understand. Social Media Management Agencies can range from $100 to $10,000 a month. With such a wide range, it is very hard to understand what your company should be paying. That’s why we’ve taken the time to create this guide.

I can tell you upfront that our packages start at just $1,300. That’s includes posting, engagement, AND community building. If you’ve called around, you already know that that cost is on the low end for a professional agency. You’ll learn more about what to look for in an agency and how we achieve that low cost with higher quality as you read on.

Social media can be extremely confusing and you may wonder what all your customers are doing on it. On top of that, the term “social media” is used to describe everything from YouTube to Pinterest to Snapchat, which are all wildly different in terms of who uses them and how. Each platform is not only governed by internal functionality, but also by the unwritten rules of its community of users.

Doing social right takes a significant amount of time. Learning it takes even longer. That’s why it’s important you choose an agency that fits the goals and marketing strategy for your business.
Avoid These Common Mistakes

**Mistake #1: Trying to Learn on Your Own** – Some business owners make the mistake of trying to learn it on their own. This can take hundreds of hours and they may have chosen the wrong platform for their business, resulting in a complete waste of money and time. You wouldn’t want to try and code your own website. If you do, you’ll quickly learn it takes hundreds of hours and will still look poorly designed. You also don’t want pull focus away from running other aspects of the business that you’re already good at and are driving results..

**Mistake #2: Trying to Be on Everything** – Many businesses assume they should be on everything as this will “maximize their exposure and reach”. Not only will this cost significantly more in terms of time and money, it’s often not effective. The best advice for any business is to pick one, maybe two, platforms that really work well for your brand and do them very well. Once you master one platform and are achieving serious Return-on-Investment (ROI), then it’s time to move on to another platform and repeat the process.

**Mistake #3: Hiring Millennials Because They Are “Digital Natives”** – There is nothing wrong with hiring Millennials. However, the single most common mistake we see organizations, both big and small, make is that they assume Millennials automatically know how to run social media because they “grew up with it” or “they are digital natives”.

Running social media for business purposes is extremely different than running it for personal ones. To give two simple analogies, think of Excel. Probably everyone at your company can use Excel, but the average Excel user only utilizes 1% of Excel’s overall functionality. Using Excel to track household spending is completely different from creating complex databases with pivot tables and interlocking documents. Or just think of your computer in general. You use it every day, but how many of us can fix it when something goes wrong? Everyday use does not equate to professional proficiency. The same goes for social media.
Mistake #4: Thinking Social Media is Just about Posting – As we’ll go into detail further on, only 25% of any social media strategy is actually posting. In its worst form, this may boil down to, “How many Twitter/Facebook posts did you do today?” Social media that gets results is far more than posting. If this is your mindset, or, even worse, this is all your current social media agency is doing for you, some changes need to be made now.

Mistake #5: Push Marketing—The final, and most common mistake, made by businesses is that they view social media as some kind of cheap platform to push market. Similar to the “just post a lot” philosophy, these organizations look at it as some kind of numbers game in a simplistic sales funnel. If I send out 10,000 tweets and 1 person buys, that means I just need to send out 100,000 tweets to get 10 conversions that get my business a profit.

This is the absolute wrong way to think about social. Nothing is more annoying to people on social media than organizations who just promote and are constantly shouting, “Me, me, me!” This will hurt your brand and turn away far more business than it will gain.

A strong social media strategy is 70/20/10. 70% of what you post is other people’s content. This includes commenting, sharing, retweeting, etc. The point is to make yourself part of the community and build relationships within it. Relationships will determine your ROI on social. The next 20% is sharing your own content that you’ve created. This establishes your business as an authority and drives traffic. The final 10% is the purely promotional stuff like events, discounts, and general shout outs about the business.

Why Hire an Agency?

This is simply not a good option for many small to medium-sized businesses. Hiring a full-time Social Media Manager will also cost $50,000 to $90,000 a year once you factor in taxes and benefits. Do you really need someone working 40 hours a week on social media for your business, especially if you’re not that big yet? The answer is a resounding no. A social media agency can almost always give you the same or better results for around 1/3rd the cost per year.
Another option is to hire a Marketing Director and include social in their job responsibilities. However, as you may have already found out, this often fails. Traditionally trained Marketing Directors don’t really understand social and they have so much else to do, splitting their time often proves ineffective.

One final thing that makes social media hard to manage is that it changes constantly. Google, Facebook, Twitter, Instagram, they all regularly update their algorithms, options, and functionality to meet quickly changing user and market needs. This means that constant research and staying up-to-date is a must for a good Social Media Manager, far above and beyond what is needed for most other professions. What other job role can you think of where the core components of the job may change every two weeks? This means that training is a big part of the job and this cost can be largely offset by outsourcing to an agency who has team members dedicated to keeping the agency up-to-date.

Pandamonium!!!

Think of how Google’s Panda update completely transformed website Search Engine Optimization (SEO) with almost no notice. Tried and true strategies become defunct overnight and entire organizations that were once on the first page of results now found themselves buried several pages back and had to start all over again.
In fact, platforms often keep the details of their algorithm updates hidden in order to prevent manipulation of the system. The community of social media and SEO professionals is forced to figure it out through data analysis and trial and error to even truly understand what has changed.

Then Twitter and Instagram that both updated their feeds from linear to algorithmic feeds, completely changing strategy needs.

If you haven’t figured it out already, staying on top of the social media game takes constant vigilance, learning, and agility. This is why it’s important to make the best choice for your business when considering options.

**Another Look at Cost**

There are so many options out there and no real pricing standard because package and service variety is huge. You can find agencies that will work for as little as $100 a month to as much as $20,000. With such a huge variance in pricing, how is a business supposed to know how much to spend?

You already know this, but the bottom-line is the ROI. Whatever you put in should come back with a return on investment of, at a minimum, 100-200%. Of course, this takes time. It won’t happen overnight. Just like traditional marketing practices in radio, TV, and print, 3-6 months tends to be a normal ramp up time before consistent results are realized, especially if you’re starting from scratch.

**How Do I Measure the ROI?**

Even though it may take time to see consistent results over and above your monthly spend, you should still be seeing some kind of results beforehand. Those results should come in the form of your customers spending money with you. This isn’t always easy to track and **people don’t buy on social media**. Yes, you read that right. People do not buy on social media. Both Facebook and Twitter trialed buy buttons directly from their platform and removed them not to much later as almost nobody used them. People don’t buy from TV, radio, or print ads either. They drive traffic to stores and websites, just like social will. Only social does it better.
Instead, people use social media to find things they like and then buy from the company’s website or by walking into their shop. In fact, 70% of word-of-mouth advertising from social still happens offline. It’s still much more common for an individual to see something on social media and then tell friends and family in person or over the phone than to share it with them online.

While you can’t track direct conversions, your social media agency should be able to work with you on how to track traffic to your website, lead generation, and overall increased revenue through their efforts. Double check these efforts on your own, too. If, after 6 months, you’re not seeing any rise in revenue over and above what your company normally sees for that period, you should start looking for a new social media agency.

When done right, social media will deliver results. The majority of your customers are on social media these days, the cost to get in front of them is much much cheaper than traditional media like newspapers, radio, and TV. Additionally, it’s easy to get in front of them again and again on social. With the average customer needing 7-12 interactions with your business to make a purchase decision, and the fact that people spend up to as much as 30% of their day on social, this is where they are likely to see you most often.

Many social media agencies out there will send you complicated and confusing reports. It’s great that they are sending reports, but there should either be a representative that walks you through what they mean or a strong summary of the data provided within the report itself. One of the things that sets Circle Social Inc. apart as an agency is how closely it works with its clients on overall strategy. We help you understand what we’re doing, how it affects your business, and then determine what the most effective step is for moving forward with both your social media and overall marketing strategy.

**What Determines an Effective Social Media Strategy?**

Before you determine how much you’re going to spend on social, you need to have at least a decent understanding of what kind of work goes into building a good social media strategy.

We’ll detail different options more in-depth later, but let’s take the $100 social media agency. All these companies do is post. In fact, this is what most businesses assume they need when they first make the decision to get their business marketing through social media. This is dead wrong.
Posting to social media platforms accounts for 25% or less of the overall strategy and time spent on social media.

**Beyond Posting, the Complexities of Social Media**

So if posting isn’t the main thing your social media agency should be doing, what is it that they’re actually working on?

In addition to posting, social media agencies or managers do Content Creation, Community (Market) Research, Social Listening, Data Analysis, Campaign Creation, Relationship Building, and overall Strategy. Let’s look at each one on its own and how it contributes to an overall effective strategy:

*Content Creation*

As many a business has found out, just posting to social media doesn’t gather attention or drive action these days. The best pieces of content are ones that are the most useful or interesting to your audience. A good social media agency will either help you create content or know how to rework content you’ve already created to achieve maximum reach on different platforms.

**The below is a good example of a Tweet that is a complete waste of time.**

![Tweet Example](image)

It’s got no specific information about the link and is purely promotional with annoying hashtag clutter and a picture that also says nothing new. We see tweets like this all the time and you’ll notice that there isn’t a single number down by the arrows or heart, which means it didn’t get a single click, like, or retweet. No surprise there.
Even with platforms like Twitter that only allow 140 characters, or Instagram that allows videos of no more than 1 minute, a certain amount of thought has to go into each post. You have to not only create something that your audience will engage with, but also follow the rules of the unwritten rules of the different platforms. Hashtags are great on Twitter, essential on Instagram, but detrimental on Facebook. A strong visual aesthetic is important for Instagram pictures, but not worth spending a lot of time and effort on for Twitter.

Community (Market) Research

As we often tell our clients, follower count is not very important. We’ve seen accounts with 90K followers and no engagement or sales, like the one below. As you can see in this photo combining a shot of the individual’s Twitter account as well as their Etsy shop page, the red arrows highlight that they have 14K followers on Twitter and only 168 sales on Etsy in over a 3 year period. Coupled with their 180K tweets, we’re talking about a monumental waste of effort and time.
Social Listening

Related to Market Research, this is where you monitor online conversations to determine what your customers’ pain points are and how you can solve them. Many organizations make the mistake of posting without purpose. If you know what your target customers care about and need, then you can make effective posts. Otherwise, you’re just wasting your time.

Data Analysis

Data is the key to everything. It ties all the strategies together. You need to see not just what your customers are engaging with, but also track that over to the website to see if they actually purchased because of it. Each week, content and interaction strategies need to be tweaked to maximize results. You drop what’s not working and expand on what is.

If you are not seeing improvement over time with social media outcomes, it means your agency isn’t doing any analysis, they’re just posting and wasting your money. If you ran a direct mail campaign that delivered no results, would you run the same campaign again? Absolutely not, so you should be doing the same thing with social.

The great part about social is that you can learn rapidly on a weekly basis. With direct mail or radio, you’d have to pay thousands of dollars to run multiple tests and find out what works. With social, you can continuously test and regularly adjust for a fraction of the cost.

Campaign Creation

Campaign Creation is like a mini-strategy. Rather than just posting towards general interest, entire campaigns can, and should, be developed around particular aspects of the business. In addition, you can then run contests and other promotional events centered around the campaign.

Another mistake many organizations make is that their social media strategy isn’t tied to their overall business strategy. Let’s say you run a simple contest where the winner of a poll question gets a free item at your store. Now, what happens if that person wins and goes into the store and nobody knows about it? What if somebody calls or emails your office with a question about the contest?
Relationship Building

Relationships are the ABSOLUTE key to success on social media. People don’t buy products that look great. They buy products from people they trust. This is again why an account with 50,000 pins may have far less sales than an account with 200 and strong relationships. When you interact with your customers, they get to know you and trust you. They are then willing to buy from you. Think about it, there are thousands of shops I could go to online to buy a pair of batteries. Why would I buy from your small shop vs. a big brand that’s already built up trust like Amazon?

The big guys already have a brand and that comes with a certain level of trust. There’s nothing to tell the little guys apart. One battery is as good as another and where I buy it from is not important to me. But, build a relationship with me and I guarantee you’ll be my go-to for batteries. This is what a successful social media strategy does for you, it converts passive interest into active customers. If done really well, these active customers then turn into brand advocates who do your marketing for you.

Social Media Cost Versus Results

Now that you understand some common mistakes, an intro into social media ROI, and what a good social media agency actually does, it’s time to examine cost in-depth. We’ll break down the various types of agencies, their attendant cost, and what you should be expecting from each of them.

$100 or Less

If you ask us, these are the junk agencies. They actually aren’t even agencies, but software scripts. What they’ll do is set up a bot to generate random posts or automatically like and follow accounts around your target demographic. These are most commonly seen for Instagram and Twitter.

\[\text{I don’t know you from Adam and will never buy your stuff, but I’ll follow you if you follow me back!}\]
Having taken over many accounts of clients using these services, several problems crop up.

- The account has thousands of posts and no followers.
- The account has thousands of followers, but none actually engage or purchase from the client.
- The streams are flooded with junk information and it’s very hard to actually catch information from worthwhile individuals or businesses that you’d actually like to connect with (and who are subsequently likely to buy from you).

Also be aware that any company that automates follows, likes, or RTs are strictly against Twitter’s Terms of Service (click and scroll to bottom of page).

You also need to be careful here because there are other organizations out there that allow users to market their product and sell it as their own. They make a cheap dashboard and send junk content to whoever signs up. In addition, they also allow other people to sell the product as their own. So you may sign up for an agency that charges several hundred dollars and it turns out they are actually using a program you could get for free on your own.

**$100-$1,000**

This is the freelance option. You can check sites like Upwork or Elance to find freelancers who work independently. The biggest problem here is that a good freelancer is going to charge anywhere from $75-$100 an hour, which already puts you in the same price range as a full-scale agency. There are many cheaper freelancers, but many of them are non-native English speakers, are just doing posting, and lack any understanding of overall market and business strategy. If your budget is small, but you really want to be on social, this may be an option for you.

Another note of caution here, any social strategy that’s going to get results needs a minimum of 4 hours per week per platform.
It’s easy to think you can go the cheap route and just pay a freelancer 2 hours a week, but this will get you very little results or take a very long time to build. Believe us, when we first started out, we tried to accommodate clients like this looking for lower price points by offering smaller packages. It gets no significant results or takes so long that they might as well have paid the higher price point to start seeing the ROI sooner.

$1,000-$3,000

These are your standard agencies serving Small-to-Medium-Sized Businesses (SMEs). You need to carefully speak with these agencies to determine value. Many just do posting and nothing else. As we’ve already gone over, agencies who only post are a waste of your money.

As a case in point, posted below is a screenshot of a major agency that we know. You’ll notice that they charge $2,000 and do nothing more than post for you. There is no engagement included. That price also includes only 1 newsletter and up to 2 blog posts per month! There is no ROI there for such a high cost. Furthermore, they don’t even internally manage your profiles. They simply outsource the work to freelancers. So you could get the same exact thing for a 1/3rd the cost by just going directly to freelance sites like Upwork or Elance yourself.
As we talked about above, just posting is useless unless it’s actually getting you conversions. As a business owner, you need to really dig to understand what your social media agency is doing and if it’s driving any value for your business.

$3,000–$10,000

Now we’re getting into some serious money and I would argue that no small business should be spending this much per month. This could be a good fit for medium-sized businesses with revenue of $10–$20 million. Here you’re looking at managing content and communities across several platforms. Each platform needs its own dedicated strategy as rules, both written and unwritten, are unique to each community. In addition, you need an overarching strategy that connects across platforms as well as to the current strategic marketing plan for your business as a whole.

This price point should also include newsletter and blogging options to really drive both engagement and SEO.

A Note on Content & Blogging

Some services, like the one above, may include blogging, which can be a great service if done well. The key is to have content that is relevant to your audience and is at least 1,500 words long. A solid blog post will take anywhere from 3-6 hours to research and write depending on the blogger’s familiarity with the topic. Great content is really no different than other forms of PR. It’s meant to get your name out there, establish yourself as an authority, and drive traffic to your business (in this case, your website through SEO). A solid ghost writer will cost you anywhere from $60–$100 an hour, so think an average of $400 per post.

A Note on Graphics & Video

The price point of $1,000–$3,000 also may or may not include graphic and video creation. But this is an extra service you are paying for. I often recommend against spending too much time on images and videos. Do they get more engagement?
They certainly do.

However, it’s important to think about some basic facts. The average Twitter user is only on the platform for 7 minutes at a time. That means probably less than 1/10th of your followers will ever see it. Facebook is the same. Facebook is a pay-to-play model for businesses. Many don’t know this, but, your organic reach (defined as reach you didn’t pay for) is restricted to under 5% of your followers. Given the fact that such a small percentage of your audience is seeing any one post, you can see why spending lots of time and money creating individual posts may not be a worthwhile investment.

Our advice, which isn’t right for everyone, is that the time spent creating high-end videos and images is actually better spent personally reaching out to your audience and building those relationships that will get you conversions down the road.

Exceptions to this would be for YouTube channels or image and video content that is constantly repurposed, think an image across blogs, Pinterest, Instagram, and Facebook, or widely broadcast, think ads, particularly for Facebook.

$10,000+

If you’re looking at this price range, you should really be considering hiring a full-time Social Media Manager instead. The advantage to outsourcing is that there is usually a professional team. Many organizations don’t really know what a social media manager should be doing. They think they are some kind of magical Graphic Designer, Web Developer, and Social Media Expert all rolled into one. This is highly unlikely and very few people with that diverse of a skill set exist.

A serious social media strategy for organizations with $20+ million in revenue will need a graphic designer, web developer, marketing expert, content writer, and social media manager as separate roles that work together on your account. You may also have social media strategists, analysts, and coordinators as separate roles. So you need to consider if you really need all of that or if a strong social media manager without the graphic design and web development background would be of value.
When you look at all the positions needed, you may just decide to continue outsourcing rather than hire and manage that entire team. However, a single social media manager just focused on engagement could also be just as cost effective and having that one person solely focused on your organization can be very beneficial in terms of organizational knowledge and strategy. It all depends on what’s the best fit for your business.

**Choose Wisely and May the Force Be With You**

This guide should have given you a good insight into what to look for and what price you should be paying. It’s also very smart to look outside expensive cities like New York or LA. For most social strategies, there is no need to be based locally, so finding a competitor from another big city that understand the needs of big company, but comes at a fraction of the cost, is a smart move.

If you have any questions or would just like to get started building your own audience of raving fans online, give us a holler at 847-226-7448 or nick@circlesocialinc.com.
Circle Social’s mantra is Embrace, Engage, Enrich. Today’s marketing world is noisy and full of people and brands doing a whole lot of shouting and very little actual connecting. We seek to change that and drive a new form of marketing that values not only the customer or the business, but also the opportunity to build relationships between them while actively having a positive impact on our communities.

Circle Social is not just about advertising your product or growing your followers. It is about building long-lasting relationships so that you, as the business owner, can truly see the difference you are making in the lives of those around. This commitment to a different way of doing business, one that puts people and community first, will help you grow followers and build ROI, but in a way that makes you feel good about what you’re doing.

We invite you to join us on this journey. Please reach out and connect with us through our CEO’s profiles below:

Twitter — @NBJaworski
LinkedIn — Nick Jaworski
SnapChat—@NBJaworski

I’ve been around the world and helped build start-ups, both big and small, including helping Disney with their entry into the Chinese market.

I love helping businesses connect with their local communities in meaningful ways, whether online or offline. With Circle Social Inc., I aim to build that bridge between the digital landscape and our lives in the real world.

I am extremely passionate about helping other organizations also committed to a values-based model of sustainable practice that puts people first. I love to connect with others and would be thrilled to hear from you.

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